

2020 BULKERS



2020 Bulkers Ltd.

Clarksons Platou Securities Drybulk Seminar

29 October, 2019

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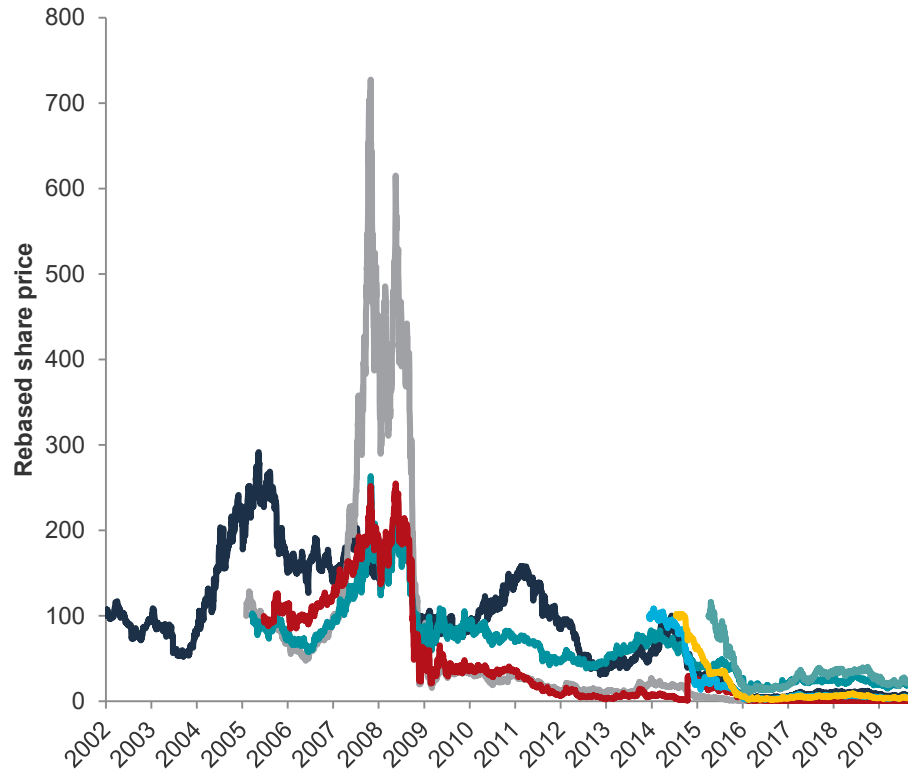
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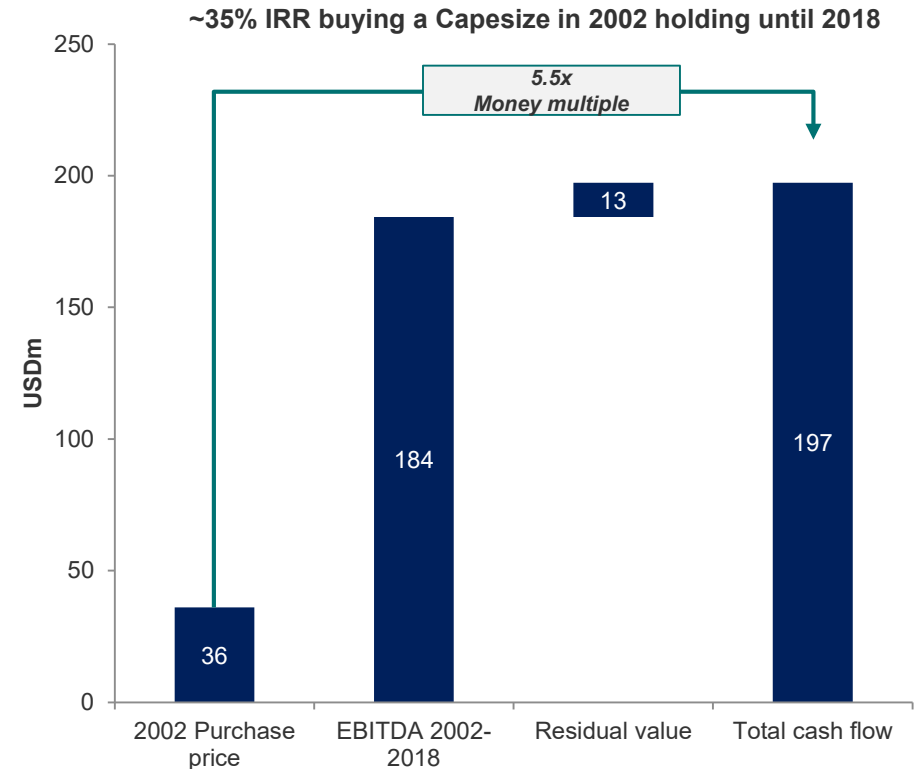
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A new business model is needed for listed drybulk companies

Significant value destruction in shipping stocks historically...

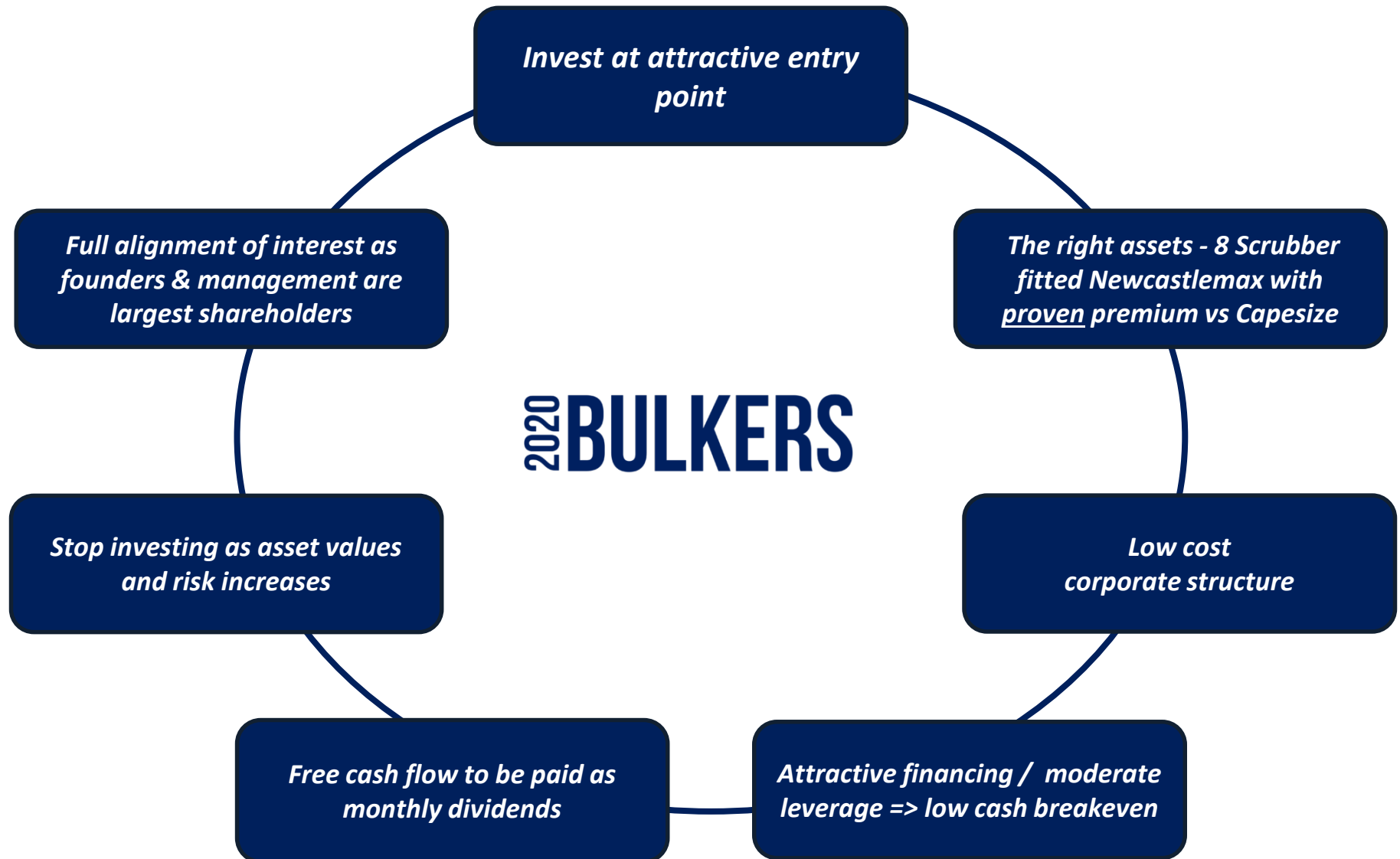


...however the underlying business was good



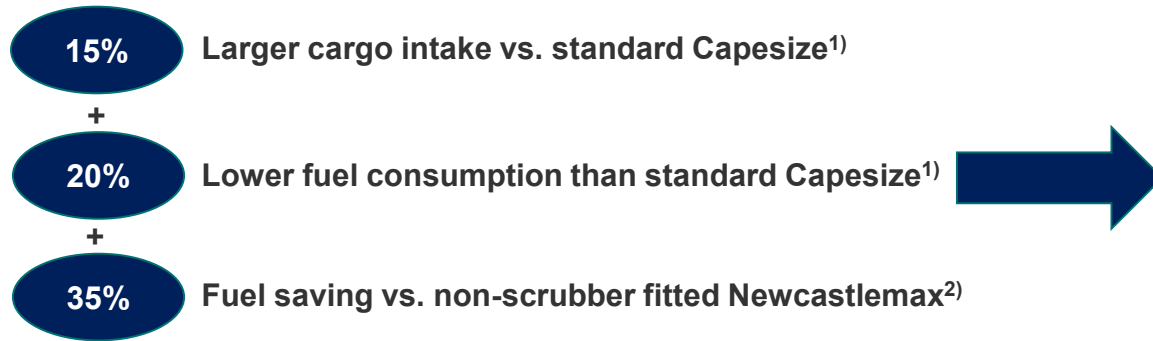
2020 Bulkers with strong focus on capital discipline, low cash breakeven and dividends. Strong alignment with shareholders

Source: Company, Bloomberg, Clarkson Research Services Limited (SIN)



Our ships earn a significant premium to a standard Capesize

High Performing assets delivering into a strong market



- **Proven premium vs. standard Capesize¹⁾ based on 6 concluded fixtures with 1st class counterparts**
- **Average index-linked earnings of ~USD 34,000³⁾ per day based on today's spot market, before taking into account scrubber economics which will apply from Jan 1st 2020**

Name	Built/Delivery	Charter terms	Charterer
Bulk Sandefjord	August, 2019	3 years index-linked timecharter with share of scrubber profit	Koch Supply & Trading
Bulk Santiago	September, 2019	12-15 months timecharter @ usd 19,525 per day	Koch Supply & Trading
Bulk Seoul	October, 2019	12-16 months timecharter @ usd 22,250 per day	Koch Supply & Trading
Bulk Shanghai	November, 2019	11-13 months index-linked timecharter with share of scrubber profit	ST Shipping (Glencore)
Bulk Shenzhen	January, 2020	11-13 months index-linked timecharter with share of scrubber profit	ST Shipping (Glencore)
Bulk Sydney	January, 2020	3 years index-linked timecharter with share of scrubber profit	Koch Supply & Trading
Bulk Sao Paulo	April, 2020		
Bulk Santos	May, 2020		

7,25 ship years on the water in 2020

(1) Baltic Exchange Capesize reference vessel
 (2) Based on current 2020 Swaps for HFO vs LSFO Singapore
 (3) Gross TCE rate based on Baltic 5TC index on 29 Oct, 2019

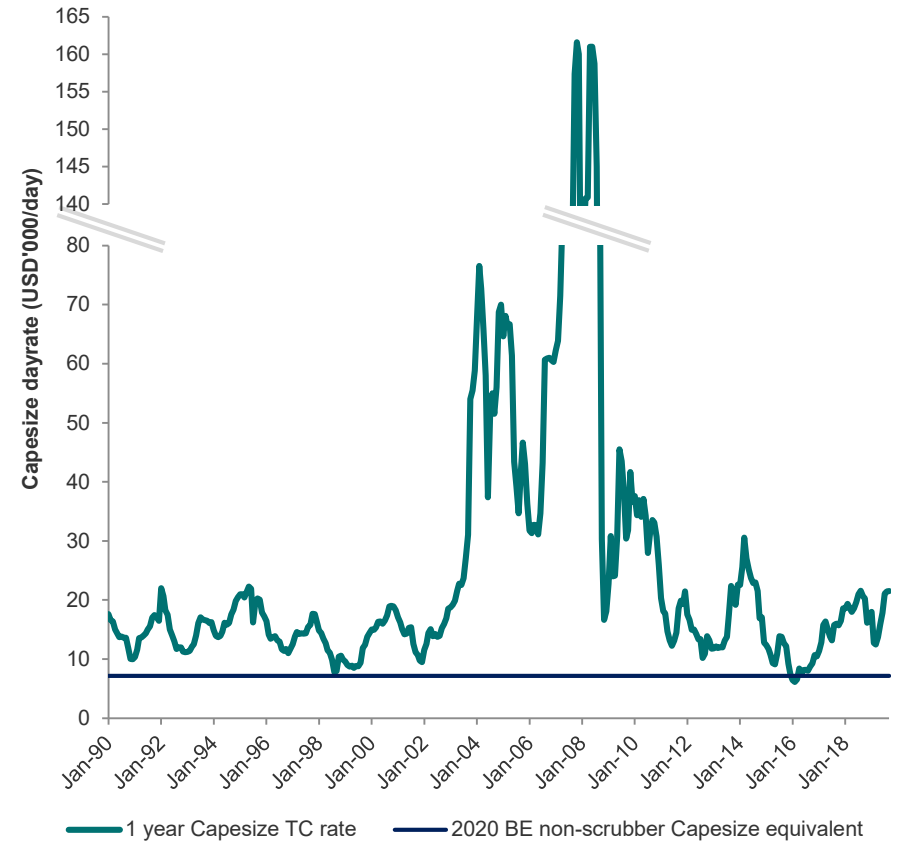
FY 2020 Cash breakeven budget of USD 14 150 per day ¹⁾

Last done index fixture compared to a standard Capesize ²⁾

Standard Capesize rate	“	7 145
38% Newcastlemax Premium (last done in the market)	“	2 715
75% of scrubber benefit at USD 245 per ton LSFO vs HFO	“	5 035
- 5% commission	“	(745)
- Newcastlemax premium (35% vs Baltic type Capesize)	“	3 122

Newcastlemax earnings with Capesize rate of USD 7 145 /day 14 150

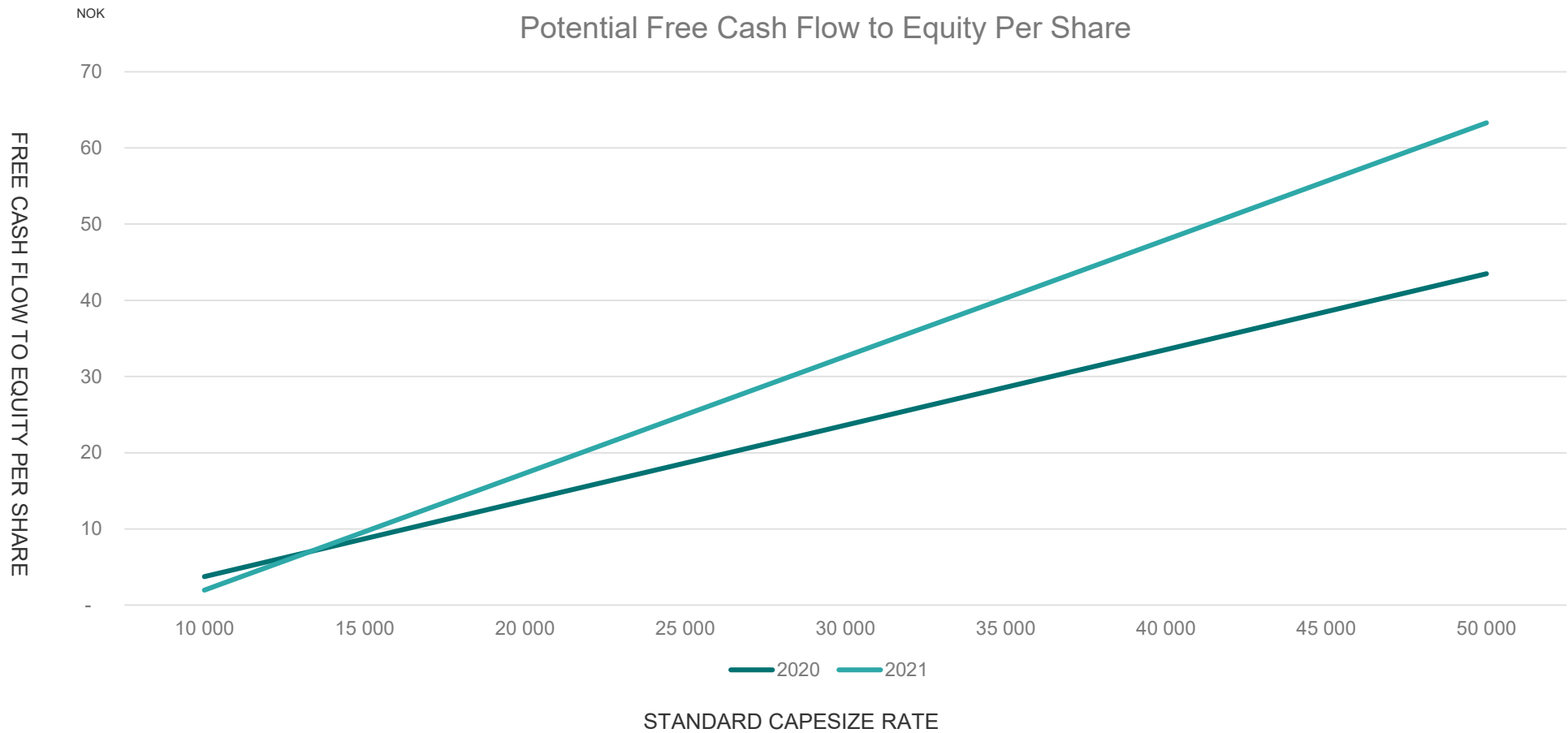
Capesize historical rates ³⁾



Based on last done index fixtures, 2020 Bulkera covers its average cash breakeven when a standard Capesize earns USD 7 145 per day

(1) Based on Libor rate of 2%
 (2) Baltic Exchange Capesize reference vessel
 (3) 1 year TC for Baltic Exchange reference Capesize 180,000 DWT without scrubbers. Monthly data.
 Source: Company, Clarkson Research Services Limited (SIN)

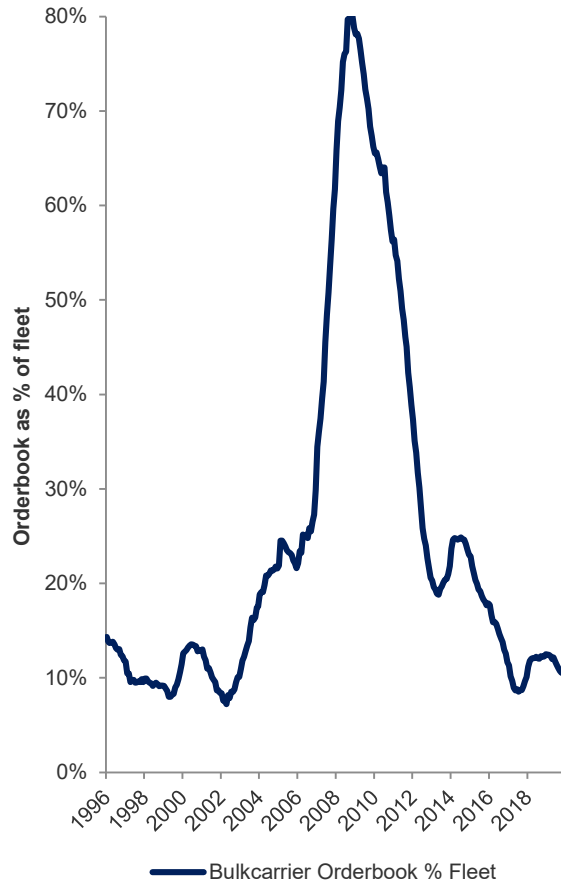
Potential free cash flow to equity per share



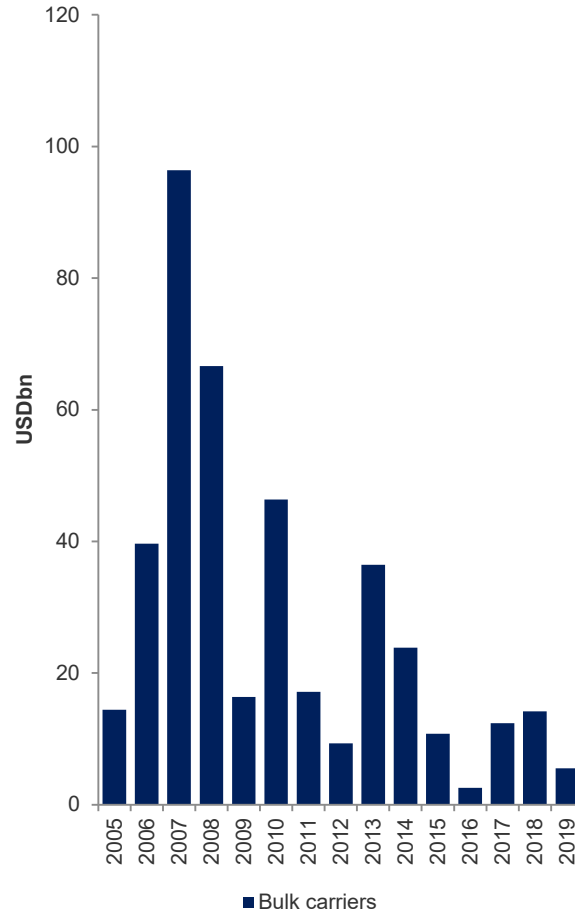
- Assumes open ships chartered at Baltic Capesize Index + 38% and 75% share of scrubber economics
- Free cash flow to equity = revenues – opex – g&a – debt service
- All calculations are indicative and no guarantee can be given for actual achieved results

Limited supply growth on the horizon

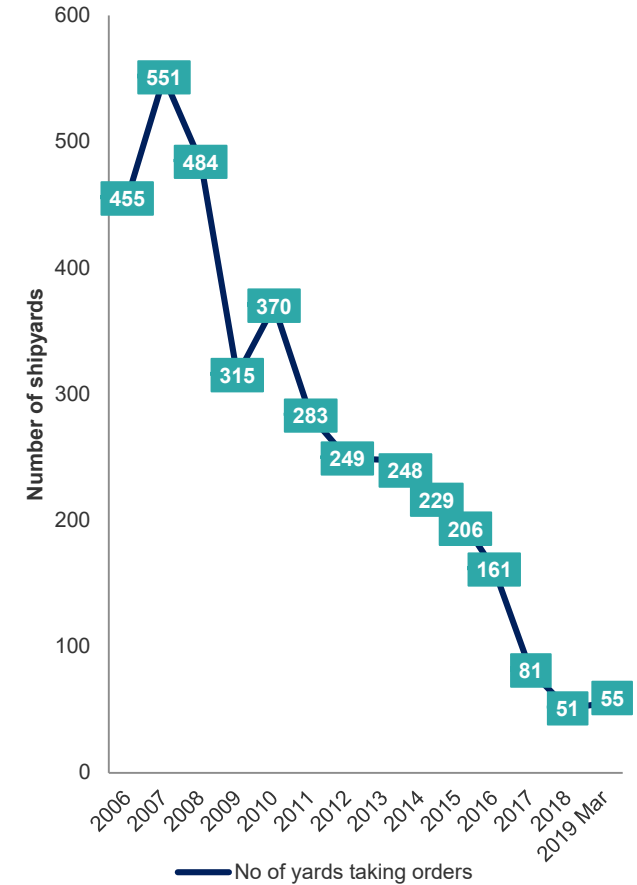
Dry bulk orderbook as % of fleet



Dry bulk Newbuild contracts⁽¹⁾



Number of active shipyards⁽²⁾



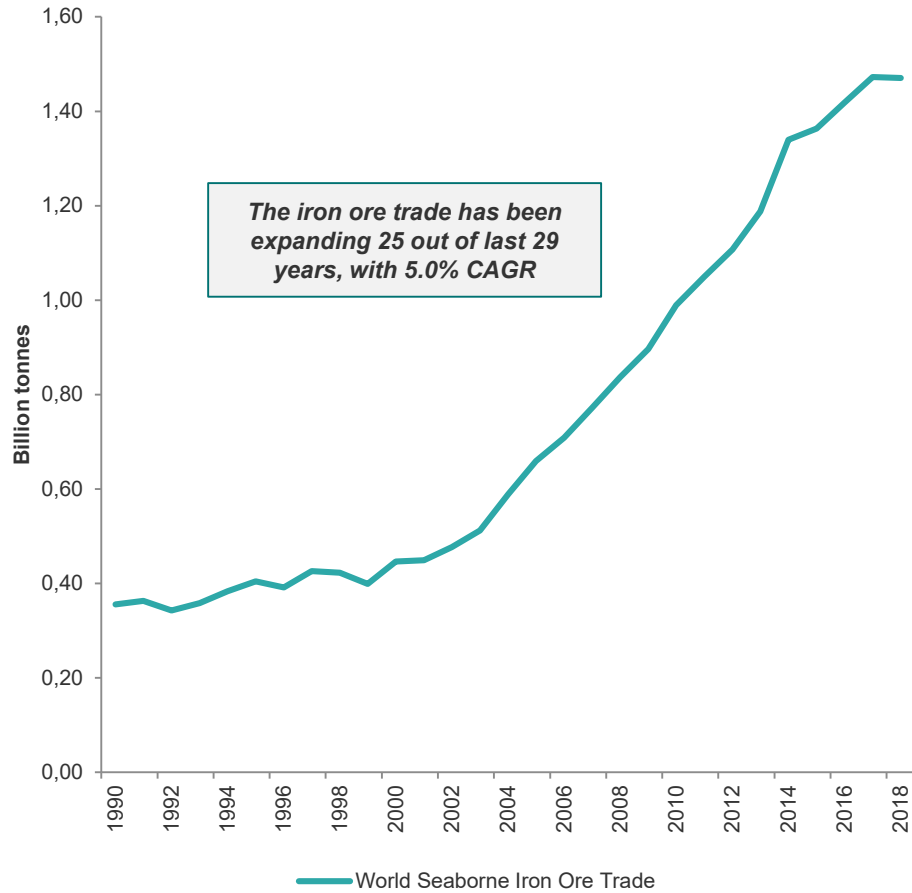
(1) For vessels larger than 20,000 dwt

(2) With at least one order larger than 1,000 GT on order, includes merchant and ship-shaped offshore vessels

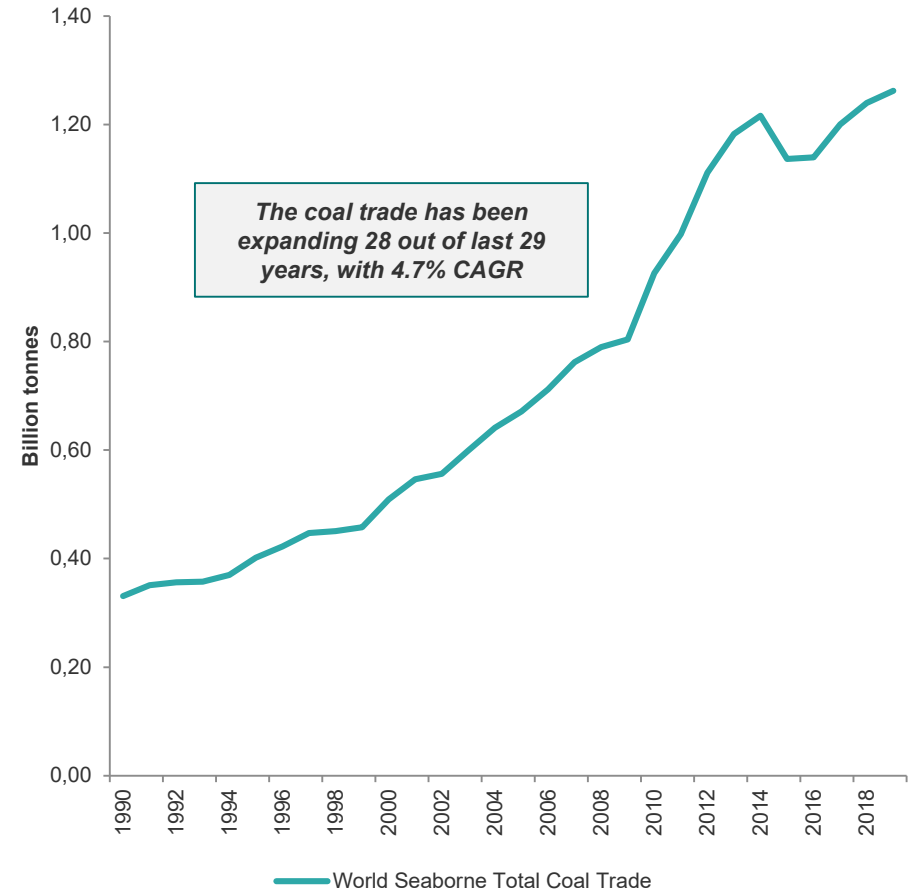
Source: Clarkson Research Services Limited

Trade growth for key commodities traded by Capesize and Newcastlemax has been strong and relatively stable historically

World seaborne iron ore trade (28.2% of dry bulk trade in 2018)



World seaborne coal trade (23.8% of dry bulk trade in 2018)

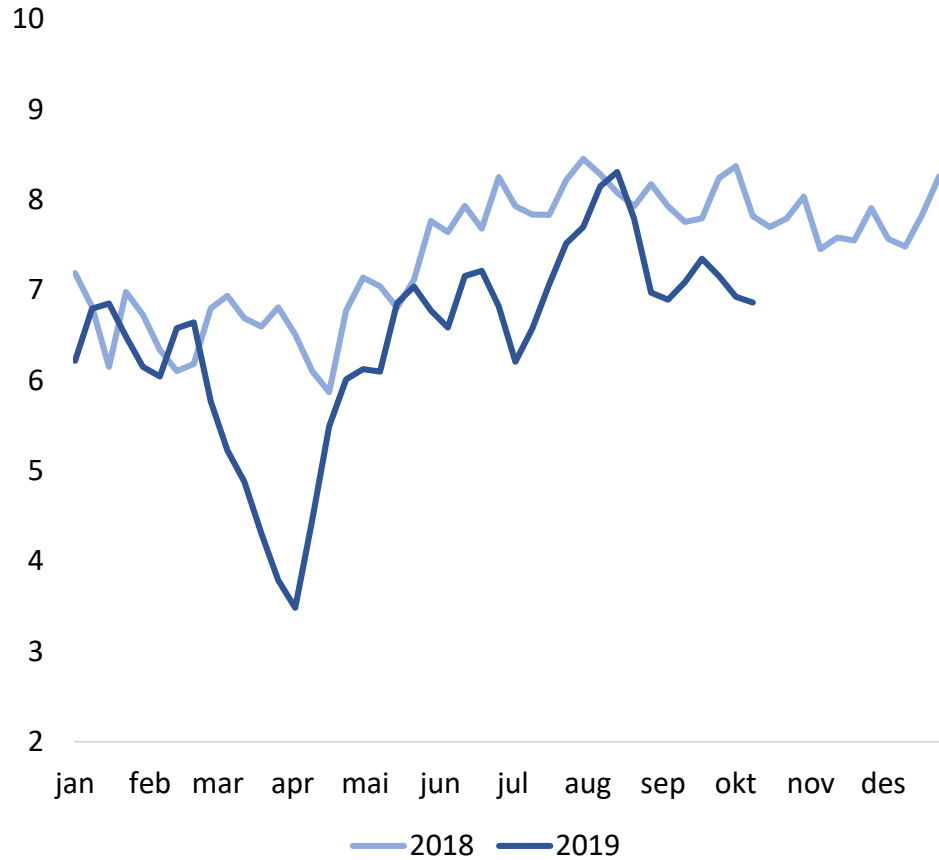


Source: Clarkson Research Services Limited (SIN)

Iron ore shipments are recovering after 1H disruptions

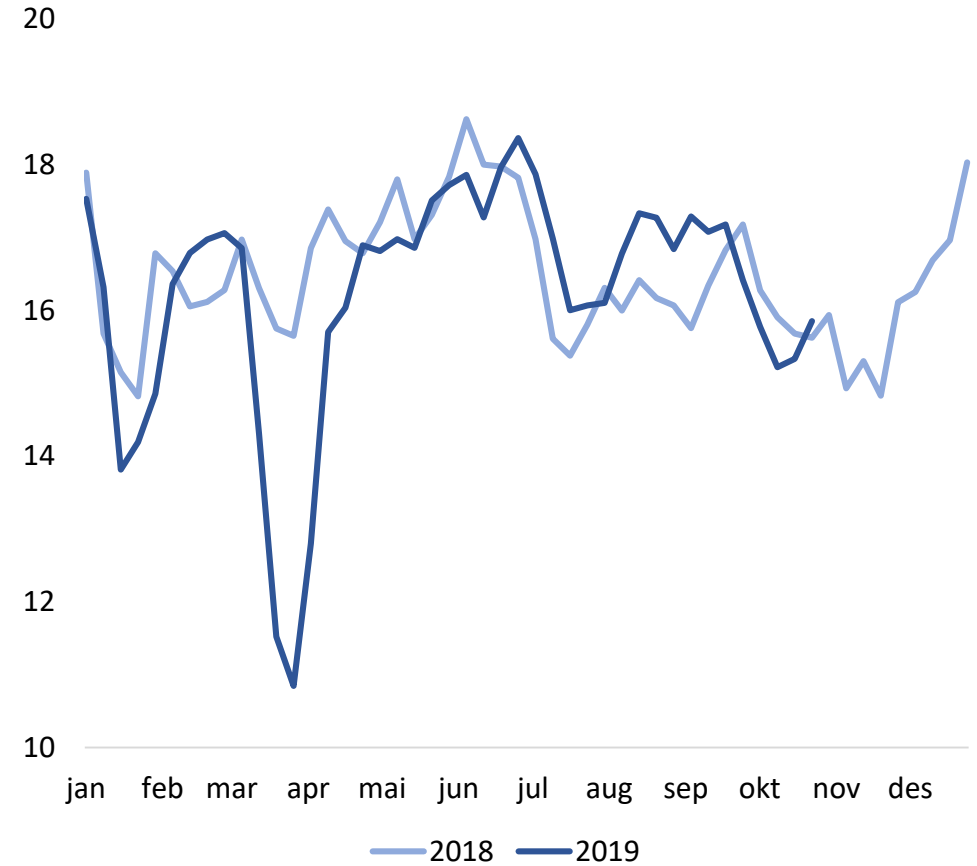
Brazilian iron ore shipments

Million tonnes, 3-week moving average



Australian iron ore shipments

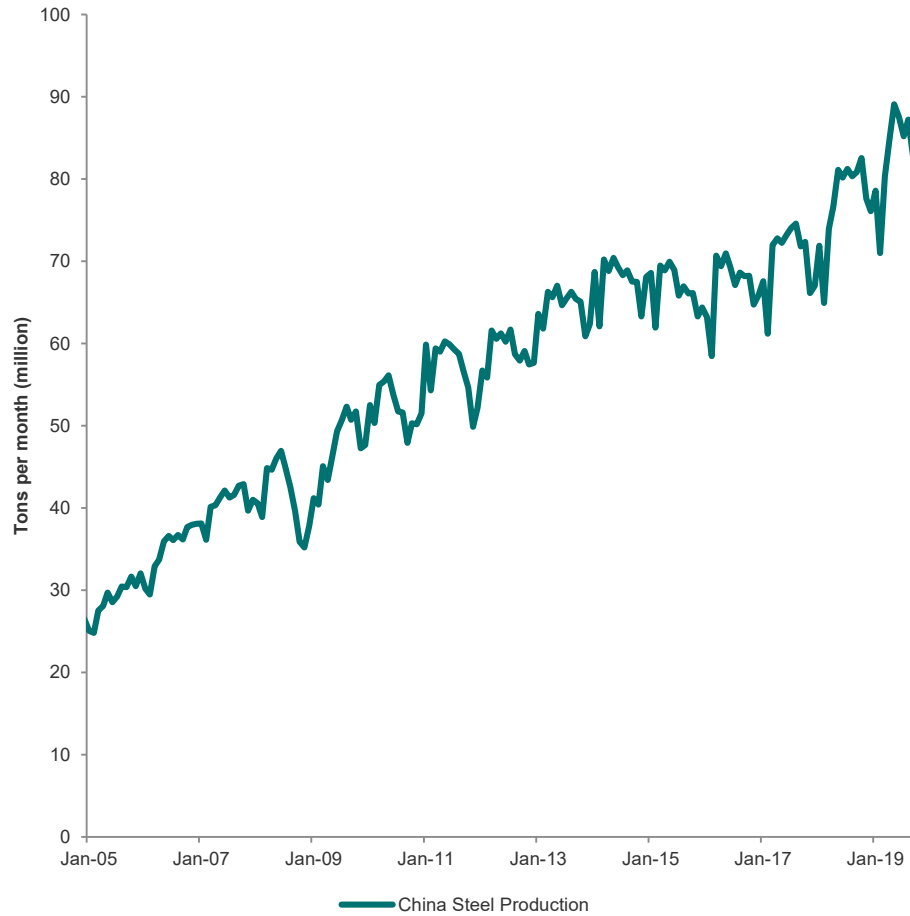
Million tonnes, 3-week moving average



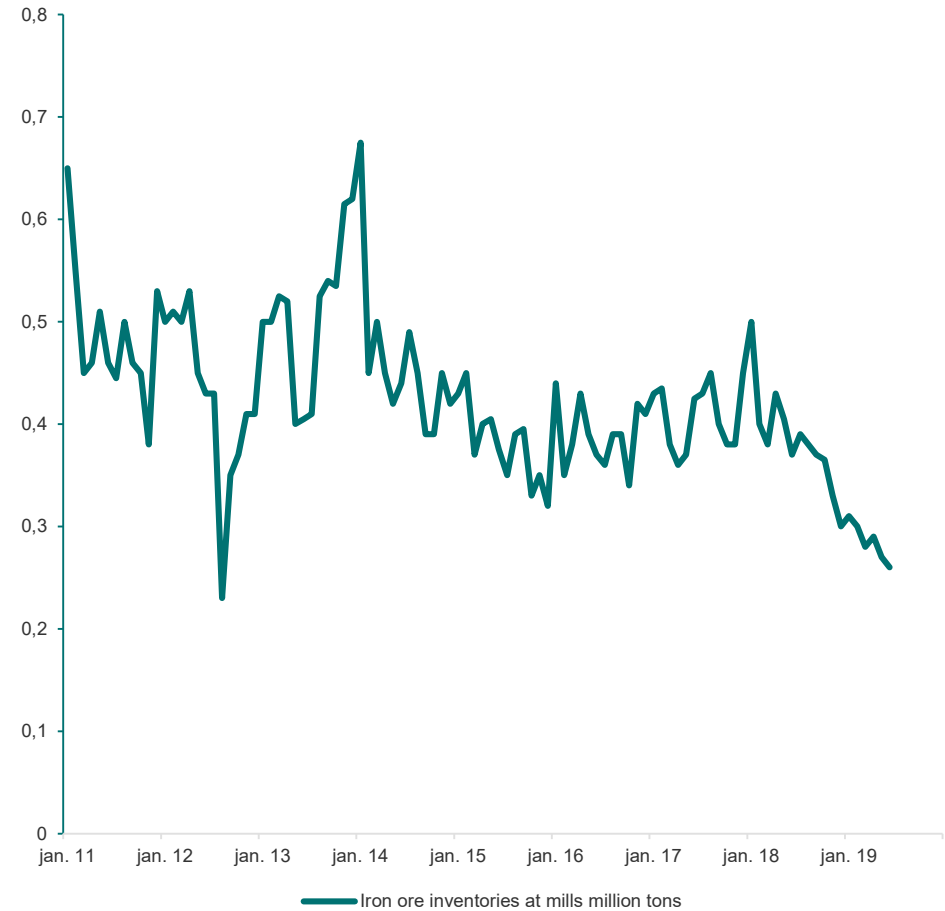
Source: Arrow Shipbroking Group

China will eventually need to restock iron ore inventories

Chinese steel production remains strong...



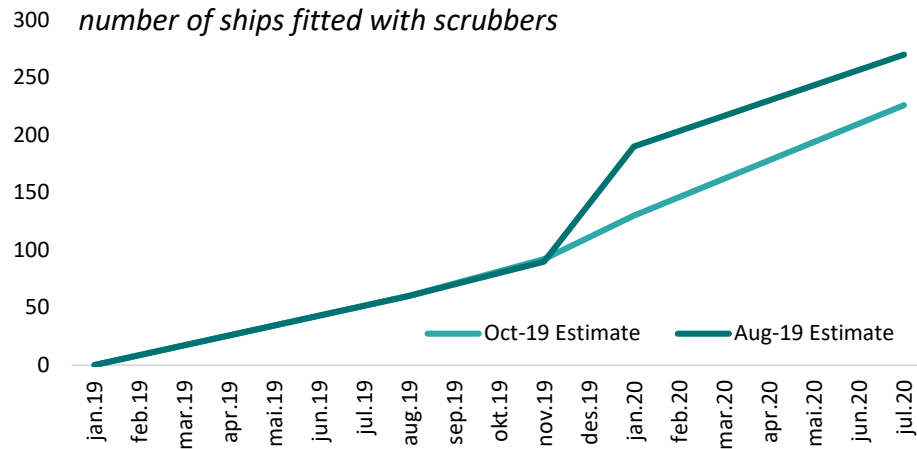
While Chinese mills have been destocking iron ore inventories¹⁾



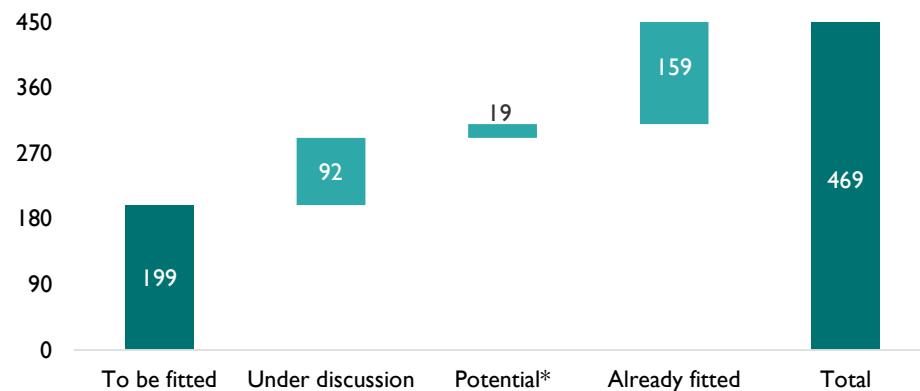
(1) Inventory shown as average per mill based on survey sample of 64 mills, representing ~30% of Chinese steel output
 Source: MySteel, Bloomberg, J.P. Morgan, Reuters, Company, Clarkson Research Services Limited (SIN)

Impact of IMO 2020 regulations is reducing effective supply

Capesize scrubber retrofiting timeline



Capesize scrubber installations by end 2020



Increased reports of delays for scrubber retrofits

- Average retrofit times estimated around 40 days, with reports of some retrofits taking up to 60 days
- Some repair yards have overbooked their capacity
- Reports of delayed deliveries of scrubbers from manufacturers
- Number of estimated total retrofits up by ca 5% since end Q2

Higher fuel prices will reduce speeds for ships without scrubbers

Impact on non scrubber fitted Capesize vessels

Decrease in optimal speed	-7,50 %
Portion of fleet without scrubber YE 2020	80 %
Avg time at sea	65 %
Reduction in effective supply	-3,9 %

Impact on scrubber fitted Capesize vessels

Increase in optimal speed	3,60 %
Portion of fleet with scrubber YE 2020	20 %
Avg time at sea	65 %
Increase in effective supply	0,5 %

Net reduction in effective Capesize supply **-3,4 %**

Key reasons for investing in 2020 Bulkera

- Assets with proven earnings power delivering at attractive point in the cycle.
- Based on last done index fixtures – 2020 Bulkera earns its cash breakeven when a standard Capesize earns ~USD 7,000 per day.
- Solid Balance sheet
- Significant dividend yield capacity driven by low cash breakeven combined with performance of Newcastlemax:
 - Current spot rates imply >NOK 25 per share free cash flow to equity ¹⁾
- 2020 Bulkera aims to pay monthly dividends once full fleet is delivered, targeting first payout in Q4 2019
- Sponsors and Management are the largest shareholder and are focused on capital discipline and shareholder alignment
- Favorable supply demand balance near term:
 - Iron Ore production and export volumes recovering after 1H 2019 disruptions
 - Expected supply side inefficiencies driven by scrubber retrofits and lower speed as IMO 2020 regulations are implemented

1) Mark to market - assuming 8 Newcastlemax trading spot at Index linked charter reflecting Baltic 5TC Index + 38% with 75% share of scrubber economics based on HFO vs LSFO spread of USD 245 per ton.

Questions?
