

2020 BULKERS



2020 Bulkera Ltd.

Company Presentation

16 March, 2020

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Corporate and commercial update

	2020 balance	2021	2022
Available ship days	2 191	2920	2920
Days on fixed timecharter	1 164		
Open/index linked days	1 027	2920	2920
G&A (USD mill)	2,2	2,2	2,2
OPEX (USD mill)	10,3	14,6	15,2
Debt Ammortization (USD mill)	10,7	14,8	14,8
Interest assuming 3M Libor 0,85% (USD mill)	7,8	9,7	9,1
Operating Cash breakeven (USD mill)	31	41	41
Fixed Charter coverage (USD mill)	24	0	0
Costs to be covered by open/index ships (USD mill)	7	41	41
Operating Cash breakeven (USD/ship/day)	14 136	14 146	14 146
Operating Cash breakeven for open/index ships (USD/ship/day)	6 910	14 146	14 146
Sensitivities - cash flow per share (USD)			
Standard capesize rates +/- USD 1000 per day	0,06	0,17	0,17
HFO/LSFO spread +/- USD 50/ton	0,06	0,18	0,18

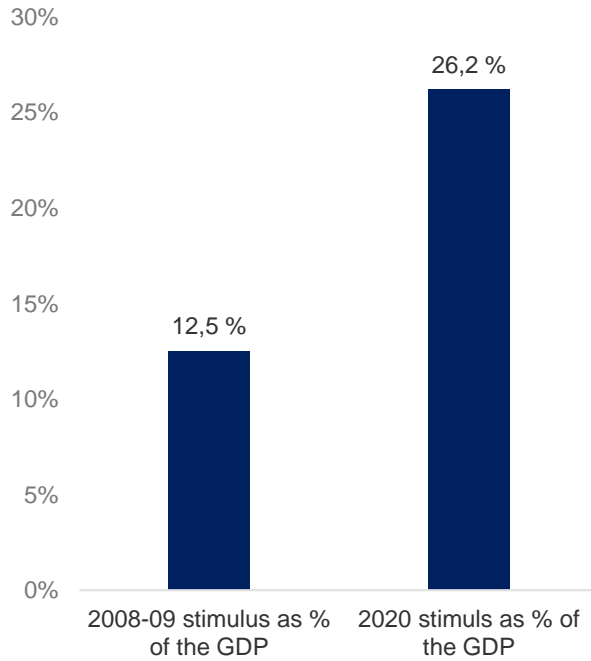
Ship name	Delivery	Charterer	Rate	Charter expiry
Bulk Sandefjord	Aug 19	Koch	Index linked + scrubber benefit	Aug 22
Bulk Santiago	Sep 19	Koch	19 525 until Dec 20, index linked + scrubber benefit thereafter	Nov 21 - Jan 22
Bulk Seoul	Oct 19	Koch	22 250 until Dec 20, index linked + scrubber benefit thereafter	Dec 21 - Feb 22
Bulk Shanghai	Nov 19	Glencore	22 673	Dec 20
Bulk Shenzhen	Jan 20	Glencore	21 919	Dec 20
Bulk Sydney	Jan 20	Koch	Index linked + scrubber benefit	Jan 23
Bulk Sao Paulo	May 20			
Bulk Santos	Jun 20			

- Delivery dates for remaining two newbuilds confirmed for early May and June ~4 weeks total delay vs original schedule
- All newbuild capex is covered by cash at hand and comitted bank debt
- Operating cash breakeven for the balance of 2020 estimated at USD 14,136 per day
- 53% of available ship days for 2020 fixed at average TCE of USD 21,591, gross
- Rates required for open or index-linked ships to achieve operating cash breakeven is estimated at USD 6,910 per day for the balance of 2020
- Forward freight market is in steep contango:
 - TC market for scrubber fitted Newcastlemax for the balance of 2020 is estimated at USD 19,700 per day¹⁾
 - TC Market for scrubber fitted Newcastlemax for Q3 and Q4 is estimated at USD 22,680 per day¹⁾

1) Based on FFA curve as of 13 March, with 38% Newcastlemax premium and assumed 75% of scrubber benefits

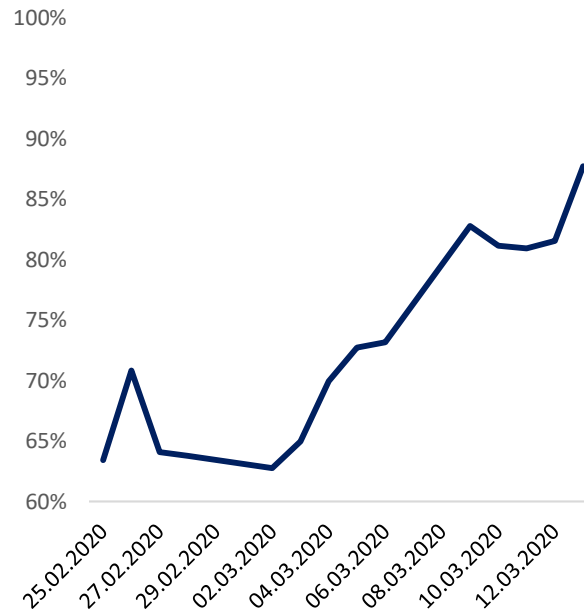
China has announced significant stimulus, economic activity is normalizing

China with significant stimulus



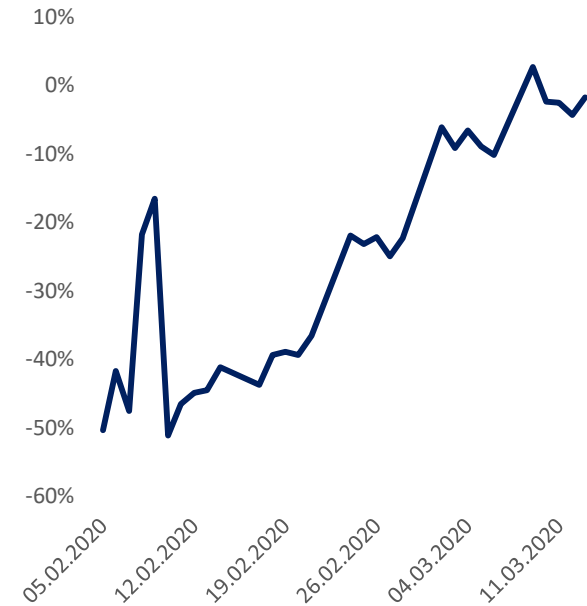
- Seven provinces in China has launched ~USD 3,5 trillion of investment projects to combat the impact of the coronavirus on the economy
- The amount is ~6x the stimulus announced in 2008-2009 following the Financial Crisis and more than 2x that amount if measured as a % of GDP

Coal burn compared to 2019



- Coal burn at China's six major coastal powerplants is currently down 12% year over year

Traffic congestion compared to 2019

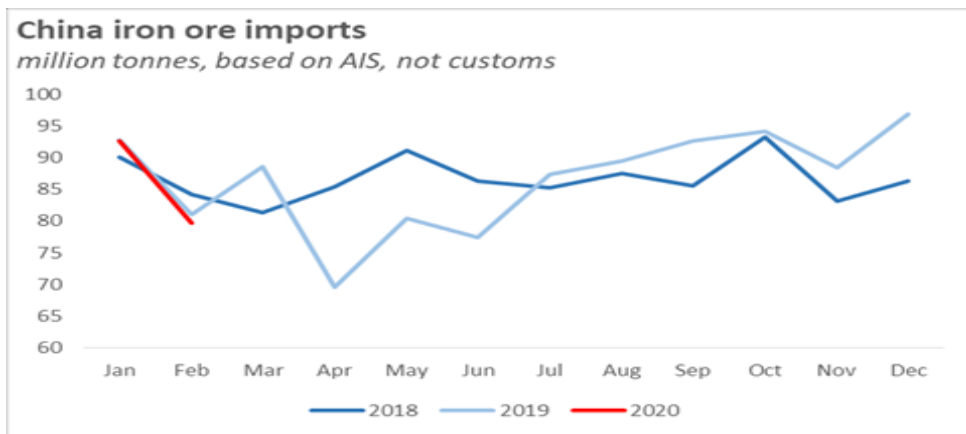


- Traffic congestion in five major Chinese cities is back around normal levels

Source: Arrow Shipbroking Group, Commodeore Research

Chinese iron ore demand has held up well, but more Brazilian export volumes are needed to balance Capesize market

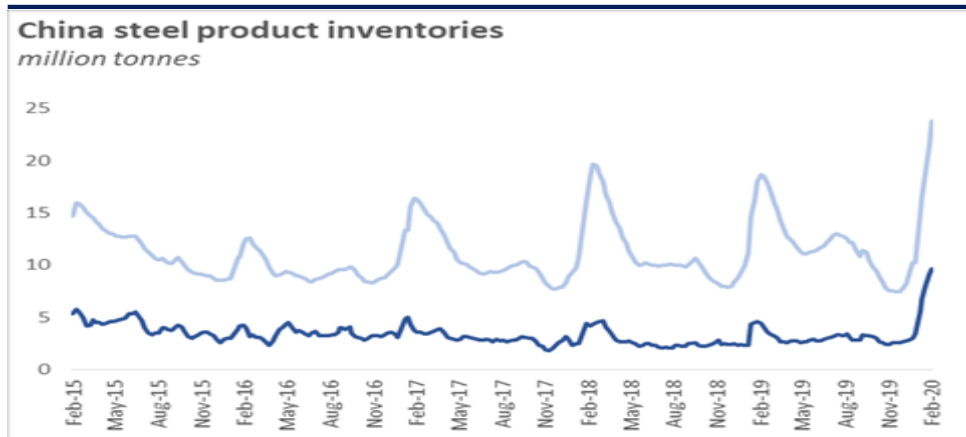
Chinese Iron Ore imports has held up well



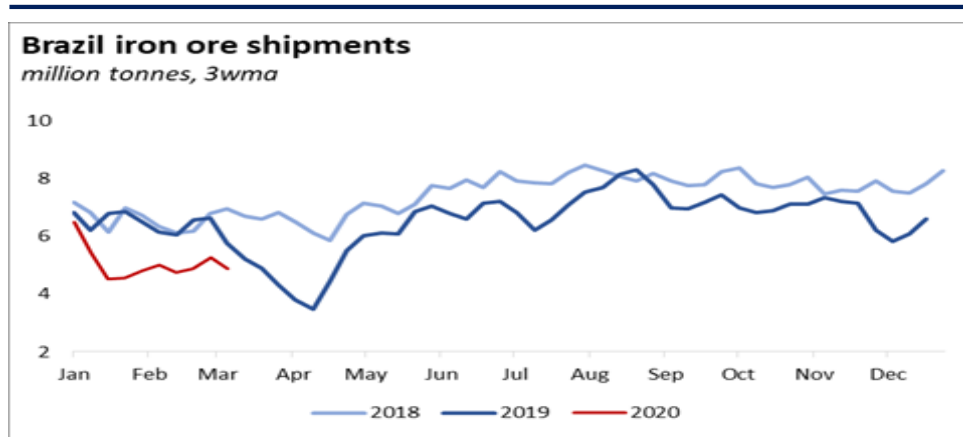
While Iron Ore inventories have continued to draw



Steel inventories above normal – to be digested by stimulus?



Main issue for the Capesize market is low Brazil exports YTD

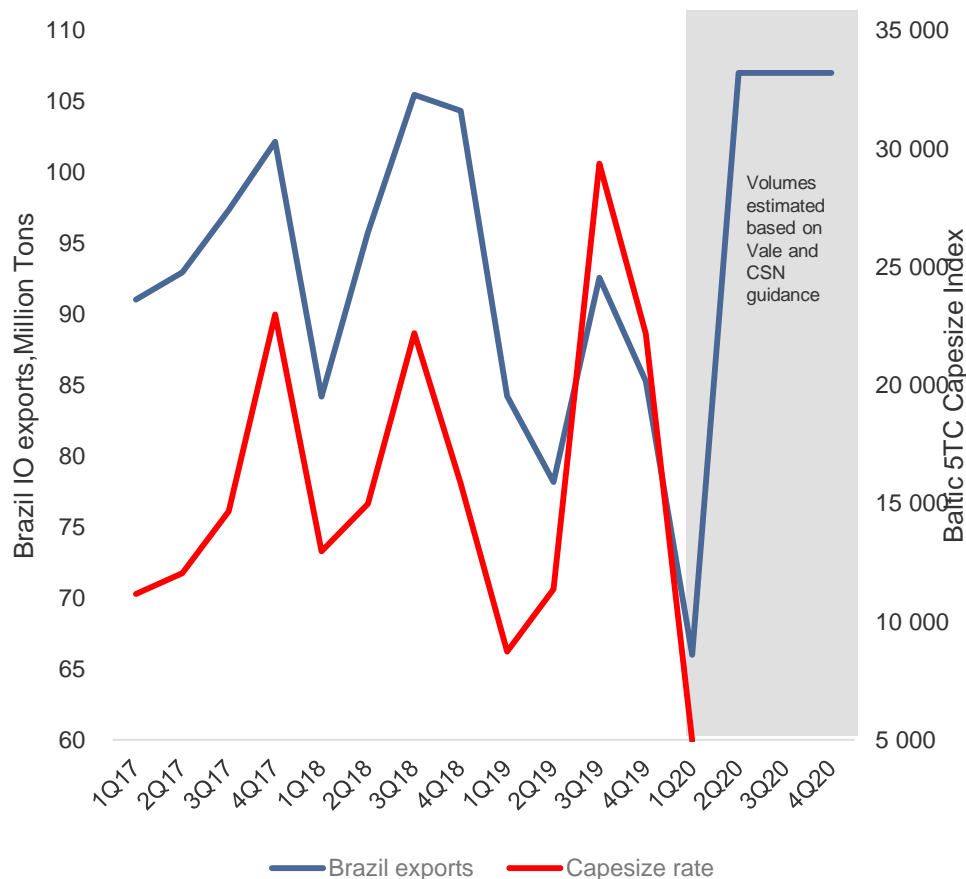


Source: Arrow Shipbroking Group

Brazil iron ore exports should be picking up with Vale and CSN guiding for significant increase in exports 2Q-4Q vs Q1 2020

Strong correlation Vale sales, Brazil exports and Cape rates

Comments

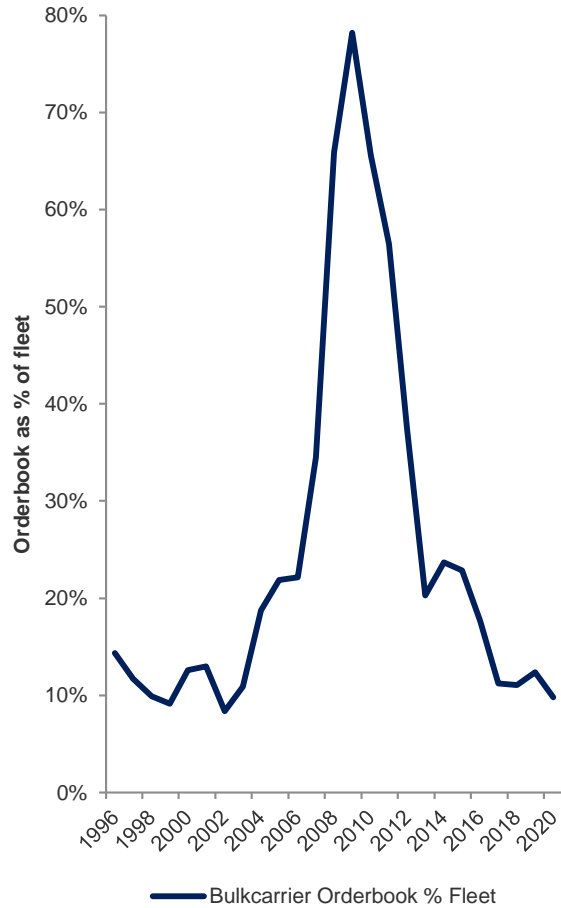


- AIS data suggests Iron Ore exports from Brazil will be around 66 million tons in Q1
- Vale and CSN has guided total exports of 387 million tons for 2020, implying run-rate exports in Q2-Q4 will be ~60% above Q1 levels
- There has been a strong correlation historically between Vale sales volumes, Brazilian Iron Ore Exports and Capesize rates

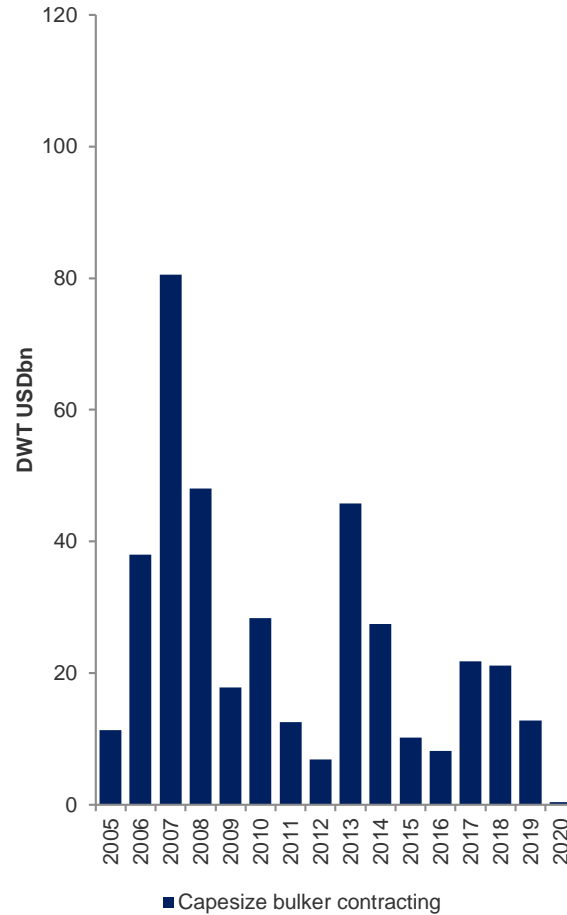
Sources: Vale, CSN, Arrow Shipbroking Group

Limited supply growth on the horizon and high scrapping activity

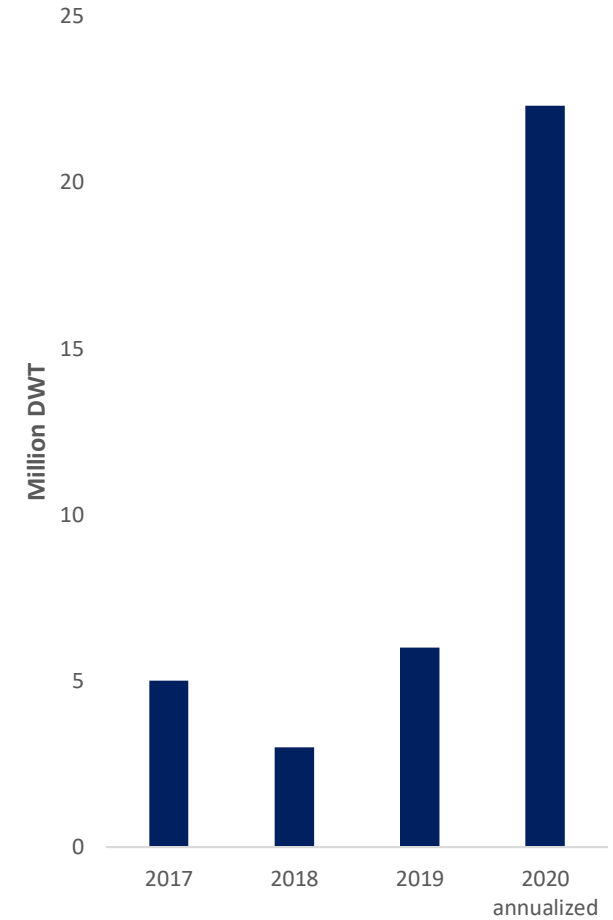
Dry bulk orderbook as % of fleet



Capesize bulk Newbuild contracts⁽¹⁾



Capesize scrapping⁽²⁾



(1) For vessels larger than 20,000 dwt

(2) Drybulk vessels larger than 100,000 dwt, Source: Clarkson Research Services Limited, Arrow Shipbroking Group, Tradewinds