

# Himalaya Shipping – Q4 2024 Investor Presentation

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*February 2025*



# Forward looking statements



This results presentation and any related discussions, including any related written or oral statements made by us, contain forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934 that involve risks and uncertainties. Forward-looking statements are statements that do not reflect historical facts and may be identified by words such as “aim”, “believe”, “assuming”, “anticipate”, “could”, “expect”, “intend”, “estimate”, “forecast”, “project”, “likely to”, “due to”, “plan”, “potential”, “will”, “may”, “should”, “indicative”, “illustrative”, “potential” or other similar expressions and include statements about plans, objectives, goals, strategies, future events or performance, including outlook, prospects, financing agreements associated with our vessels and expected cash break-even, illustrative free cash flow per share and earnings potential based on different scenarios and assumptions, statements about the benefits of our vessels, including the reduced emissions when running on LNG, the terms of our charters and chartering activity, dry bulk industry trends and market outlook, including market conditions and activity levels in the industry, expected demand for vessels and expected drivers of demand including projects and underlying assumptions, utilization of the global fleet and our fleet, including expected average rates and the information under “Chartering position” and “The supply situation,” fleet growth, vessel orders and order book, expected trends regarding iron ore demand, mandatory dry docking trends and impacts on expected supply of dry bulk vessels and yard capacity, including the information under “Mandatory dry docking to increase in 2025,” replacement needs, statements about our dividend objective and plans,, expectations on demand, and other non-historical statements. These forward-looking statements are not statements of historical fact and are based upon current estimates, expectations, beliefs, and various assumptions, many of which are based, in turn, upon further assumptions, and a number of such assumptions are beyond our control and are difficult to predict. These statements involve significant risks, uncertainties, contingencies and factors that are difficult or impossible to predict and are beyond our control, and that may cause our actual results, performance or achievements to be materially different from what is expressed, implied or forecasted in such forward-looking statements.

Numerous factors, risks and uncertainties that could cause our actual results, level of activity, performance or achievements to differ materially from those expressed, implied or forecasted in the forward-looking statements include but are not limited to: general economic, political and business conditions; general dry bulk market conditions, including fluctuations in charter hire rates and vessel values; our ability to achieve charter rates above our break-even rate; our ability to meet the conditions and covenants in our financing agreements; changes in demand in the dry bulk shipping industry, including the market for our vessels; changes in the supply of dry bulk vessels; our ability to successfully re-employ our dry bulk vessels at the end of their current charters and the terms of future charters; changes in our operating expenses, including fuel or bunker prices, dry docking and insurance costs; changes in governmental regulation, tax and trade matters and actions taken by regulatory authorities; compliance with, and our liabilities under governmental, tax, environmental and safety laws and regulations; potential disruption of shipping routes due to accidents or political events; our ability to refinance our debt as it falls due; fluctuations in foreign currency exchange rates; potential conflicts of interest involving members of our board and management and our significant shareholder; our ability to pay dividends and the amount of dividends we ultimately pay; risks related to climate change, including climate-change or greenhouse gas related legislation or regulations and the impact on our business from climate-change related physical changes or changes in weather patterns, and the potential impact of new regulations relating to climate change, as well as the performance of our vessels; other factors that may affect our financial condition, liquidity and results of operations; and other risks described under “Item 3. Key Information – D. Risk Factors” in our Annual Report on Form 20-F for the year ended December 31, 2023 filed with the U.S. Securities and Exchange Commission on March 27, 2024.

The foregoing factors that could cause our actual results to differ materially from those contemplated in any forward-looking statement included in this report should not be construed as exhaustive. You should not place undue reliance on these forward-looking statements, which speak only as of the date of this investor presentation. Except as required by law, Himalaya Shipping undertakes no obligation to update publicly any forward-looking statements after the date of this investor presentation, whether as a result of new information, future events or otherwise.

## *Non-GAAP Financial Measures*

This presentation contains certain selected financial measures on a basis other than U.S. generally accepted accounting principles (“GAAP”), including Adjusted EBITDA, average TCE earnings, gross, and illustrative free cash flow. Adjusted EBITDA represents our net income plus depreciation of vessels and equipment; total financial expenses, net; and income tax expense. Adjusted EBITDA is presented here because the Company believes this measure increases comparability of total business performance from period to period and against the performance of other companies. Average TCE earnings, gross, as presented here, represents time charter revenues and voyage charter revenues adding back address commissions and divided by operational days. Average TCE earnings, gross, is presented here because the Company believes this measure provides additional meaningful information for investors to analyse our fleets’ daily income performance. For a reconciliation of Adjusted EBITDA and average TCE earnings, gross, to the most directly comparable financial measures prepared in accordance with US GAAP, please see the section of our preliminary results for the quarter ended December 31, 2024, Appendix entitled “Unaudited Non-GAAP Measures And Reconciliations”. For a discussion of illustrative free cash flow, see slide 12 including the footnotes thereto. We are unable to prepare a reconciliation of illustrative free cash flow without unreasonable efforts.

## **Q4 2024 Highlights:**

- All delivered vessels generated total operating revenues of \$29.6 million, an average time charter equivalent earnings of approximately US\$27,800/day, gross.
- Net income of \$1.0 million and Adjusted EBITDA of \$21.3 million for the quarter ended December 31, 2024.
- Declaration of cash distributions for September, October and November 2024 of \$0.10, \$0.04 and \$0.01 per common share, respectively.

## **Subsequent Events:**

- Declaration of cash distributions of \$0.005 per common share for each of December 2024 and January 2025.
- Entered into a new time charter agreement for Mount Norefjell for 14 to 38 months. The vessel will earn an index linked rate, reflecting a premium to the Baltic 5TC index that is higher than the average premium on our current charters.



# Financial Update

## Income statement

US\$ millions, except per share data	Q4 2024	Q3 2024	Variance
<b>Operating revenues</b>	<b>29.6</b>	<b>39.2</b>	<b>(9.6)</b>
Vessel operating expenses	(6.8)	(6.5)	(0.3)
Voyage expenses and commission	(0.5)	(0.4)	(0.1)
General and administrative expenses	(1.0)	(1.3)	0.3
Depreciation and amortization	(7.3)	(7.3)	(0.0)
<b>Total operating expenses</b>	<b>(15.6)</b>	<b>(15.5)</b>	<b>(0.1)</b>
<b>Operating profit</b>	<b>14.0</b>	<b>23.7</b>	<b>(9.7)</b>
Loss from equity method investment	-	-	-
Interest expense	(13.2)	(13.3)	0.1
Other financial items	0.2	0.3	(0.1)
<b>Total financial expense, net</b>	<b>(13.0)</b>	<b>(13.0)</b>	<b>(0.0)</b>
<b>Tax expense</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net income</b>	<b>1.0</b>	<b>10.7</b>	<b>(9.7)</b>
Earnings per share	0.02	0.24	
Adjusted EBITDA	21.3	31.0	(9.7)

## Comments

- Operating revenues of \$29.6 million in Q4 2024, a decrease of \$9.6 million in comparison to the prior quarter. Decrease mainly due to the decrease in BCI rates in Q4 2024. Average TCE, gross of approximately US\$27,800 per day in Q4 2024 versus US\$36,800 per day in Q3 2024.
- Cash break-even TCE estimated to be approximately \$24,600 per day.
- Total operating expenses of \$15.6 million in Q4 2024 remained materially consistent with the prior quarter.
- Operating profit of \$14.0 million in Q4 2024, a decrease of \$9.7 million in comparison to the prior quarter.
- Interest expense of \$13.2 million in Q4 2024, a decrease of \$0.1 million in comparison to the prior quarter. Decrease is a result of a decrease in loan principal outstanding due to quarterly loan repayments.
- Net income of \$1.0 million in Q4 2024, a decrease of \$9.7 million in comparison to the prior quarter.
- Adjusted EBITDA of \$21.3 million in Q4 2024, a decrease of \$9.7 million in comparison to the prior quarter.

## Balance Sheet Summary

## Comments

US\$ millions	December 31, 2024	September 30, 2024	Variance
Cash and cash equivalents	19.4	21.5	(2.1)
Vessels and equipment	853.0	860.3	(7.3)
Equity method investment	0.3	0.3	0.0
Total assets	880.1	890.3	(10.2)
Short-term and long-term debt	713.9	719.7	(5.8)
Total equity	154.7	160.2	(5.5)

- Net cash generated by operating activities in Q4 2024 was \$10.5 million.
- Net cash used in financing activities in Q4 2024 was \$12.6 million consisting of loan repayments of \$6.5 million and cash distributions paid of \$6.1 million;
- Minimum cash balance required under the sale and leaseback arrangements of \$12.3 million presented as part of cash and cash equivalents as of December 31, 2024.
- Decrease in vessels and equipment primarily due to depreciation of \$7.3 million recognized during Q4 2024.
- Decrease in short-term and long-term debt of \$5.8 million primarily due to loan repayments of \$6.5 million, offset by deferred finance cost amortisation of \$0.7 million.
- \$8 million available to draw down under the RCF with Drew Holdings Ltd. following the \$2 million drawn down in 2025.

## Income statement

US\$ millions, except per share data	YTD Q4 2024
<b>Operating revenues</b>	<b>123.6</b>
Vessel operating expenses	(23.8)
Voyage expenses and commission	(1.6)
General and administrative expenses	(5.0)
Depreciation and amortization	(26.5)
<b>Total operating expenses</b>	<b>(57.0)</b>
<b>Operating profit</b>	<b>66.6</b>
Interest expense	(46.6)
Interest income	1.0
Other financial items	-
<b>Total financial expense, net</b>	<b>(45.6)</b>
<b>Tax expense</b>	<b>-</b>
<b>Net income</b>	<b>21.0</b>
Earnings per share	0.48

## Comments

- Operating revenues of \$123.6 million on all delivered vessels. Average time charter equivalent earnings of approx. US\$32,500/day, gross.
- Vessel operating expenses of \$23.8 million. Average vessel operating expenses of approx. \$6,100/day per vessel.
- General and administrative expenses of \$5.0 million, including \$0.5 million in share-based compensation, \$1.6 million in management fees, \$0.7 million of D&O insurance, \$0.7 million of employee related costs and directors' fees, and \$0.7 million in legal, audit and accounting fees.
- Interest expense of \$46.6 million on the sale & leaseback financing net of interest capitalized.
- Operating profit of \$66.6 million
- Net income of \$21.0 million
- Adjusted EBITDA of \$93.1 million



# Company update



## Fleet status report – Current



Himalaya Shipping

### Fleet Status Report

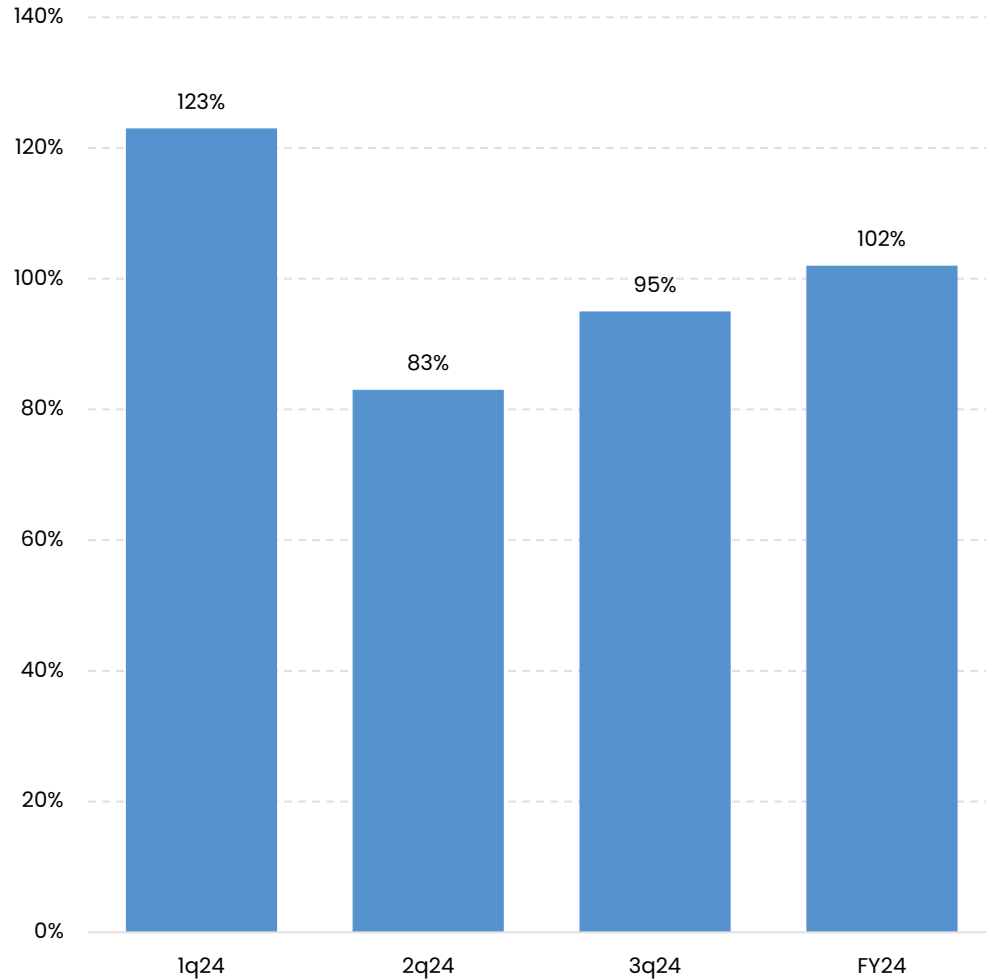
Vessel Name	Built	Type	2024	2025				2026				2027			
			Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>Dual Fuel Newcastlemax</b>															
Mount Norefjell	2023	DF Newcastlemax	30,000	Index											
Mount Ita	2023	DF Newcastlemax	Index												
Mount Etna	2023	DF Newcastlemax	Index				→								
Mount Blanc	2023	DF Newcastlemax	Index				→								
Mount Matterhorn	2023	DF Newcastlemax	Index												
Mont Neblina	2023	DF Newcastlemax	Index				→								
Mount Bandeira	2024	DF Newcastlemax	Index				→								
Mount Hua	2024	DF Newcastlemax	Index				→								
Mount Elbrus	2024	DF Newcastlemax	Index												
Mount Denali	2024	DF Newcastlemax	Index				→								
Mount Acancagua	2024	DF Newcastlemax	Index												
Mount Emai	2024	DF Newcastlemax	Index												

Available
  Option
 ⇨ Evergreen
\* + Scrubber

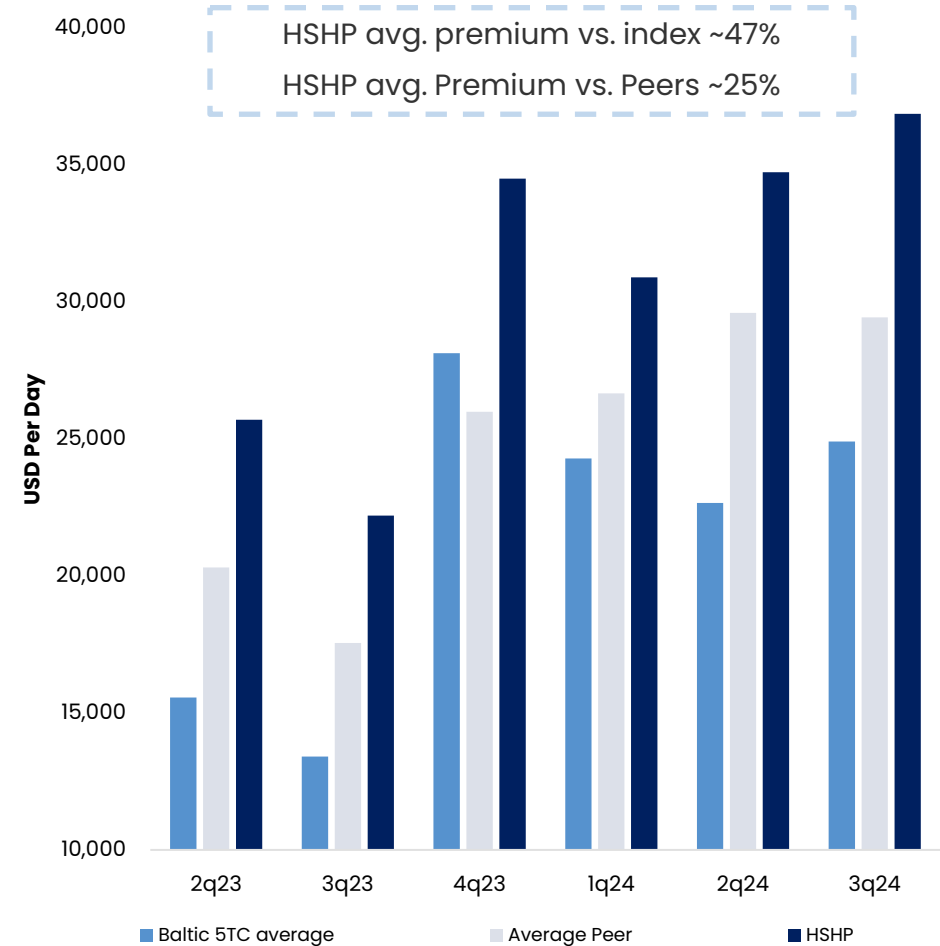
# Proven Outperformance through Large and Modern Tonnage



**HSHP – DPS in % of EPS ratio**



**HSHP TCE vs Peers and Index**



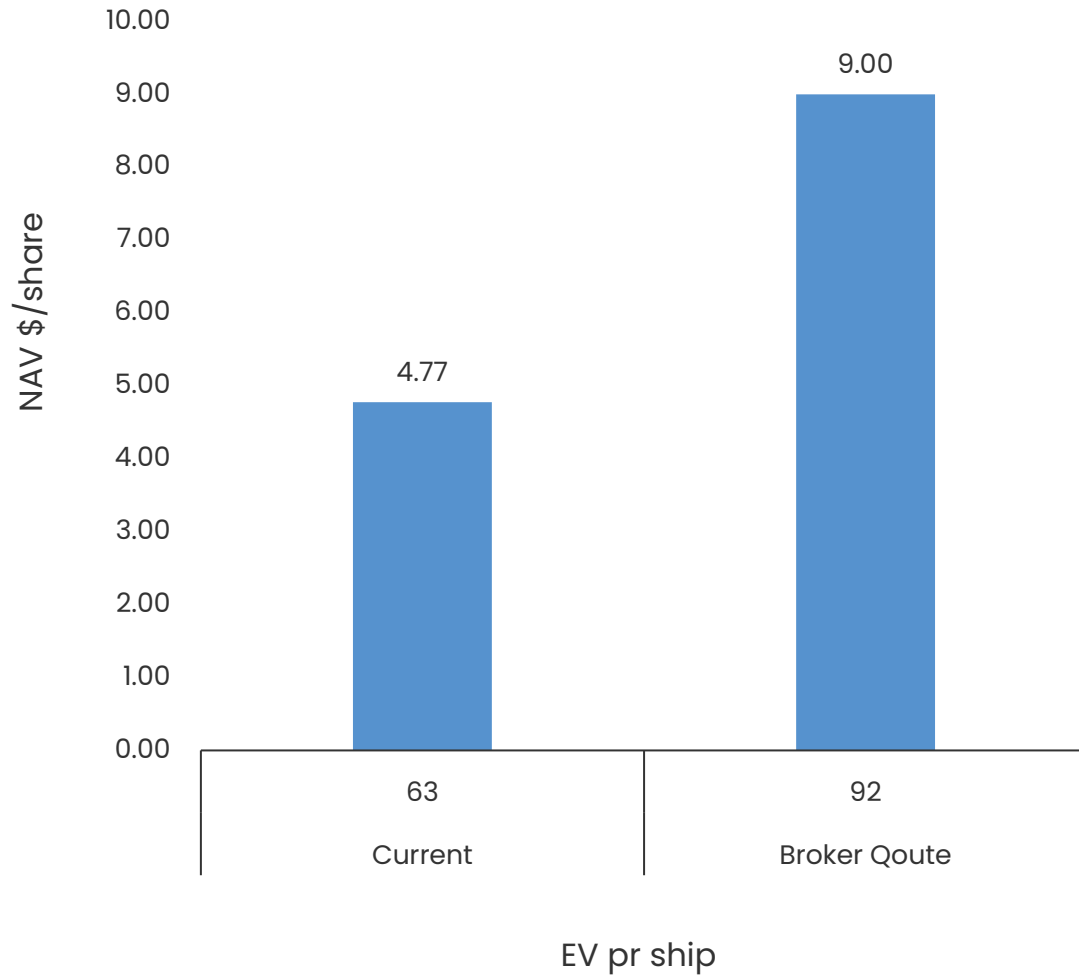
Source: Fearnleys, Company Data, Shipping Intelligence

Peers: GOGL, SBLK, SHIP, GNK, 2020 (reported Cape/Newcastlemax TCE)

# Ordered at the right time – financed the right way



## The value case



## The financing case

		HSHP	Newbuild
Value of ship (average purchase price)	\$m	71.6	95
<b>Financing (average debt financing)</b>	"	<b>62.5</b>	<b>85.5</b>
Loan to purchase price	%	87%	90%
Fixed bareboat day-rate	\$/day	~16 600**	-28 300
Estimated Opex	"	~6 400	-6 400
Estimated SG&A	"	~732	-732
<b>Estimated cash break-even</b>	"	<b>~23 700</b>	<b>~35 400</b>

9% interest  
18y profile  
annuity loan\*

<b>Capesize equivalent cash break-even rate</b>	~15 700	<b>~23 600</b>
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**\$23.6k/day BCI = 21% yield in HSHP**

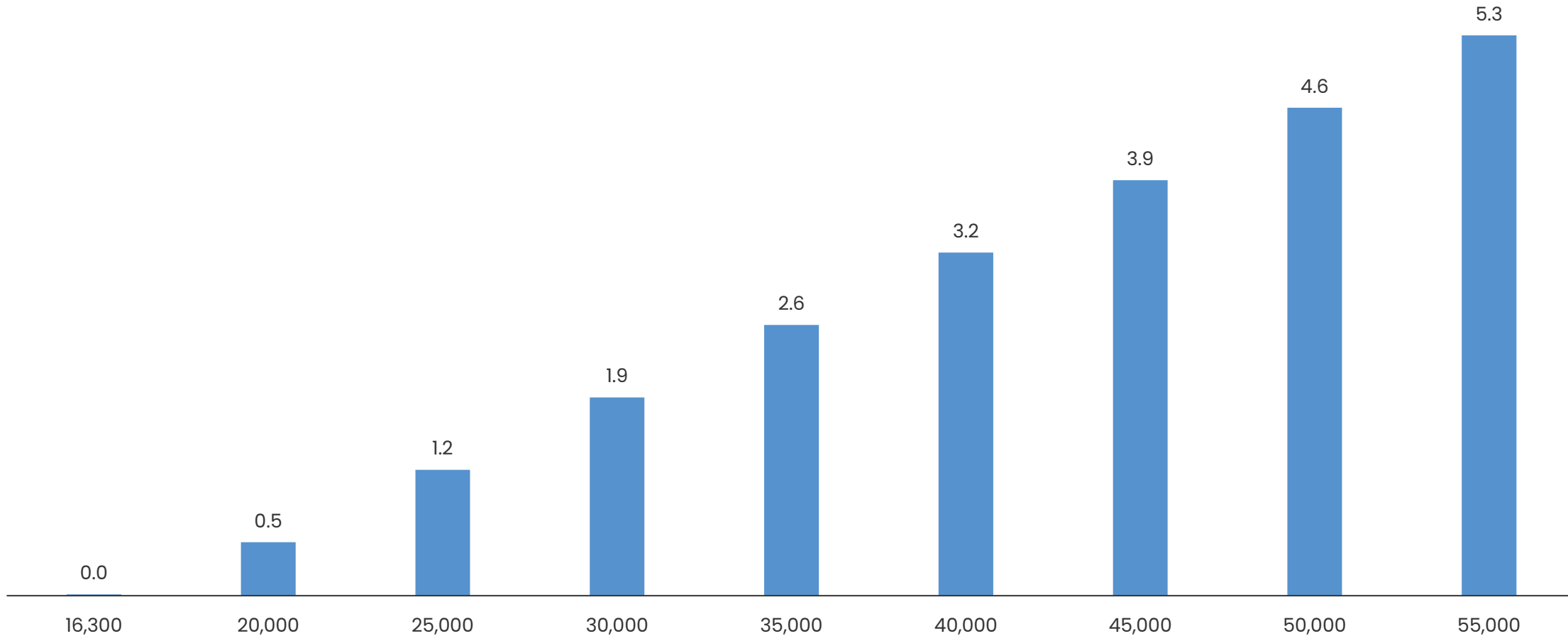
\*Assumed current best case financing cost

\*\*After full repayment of scrubber financing by Q1 2026

# Solid dividend capacity



## Illustrative FCF \$ per share based on Capesize index rate



1. This information has been prepared for illustrative purposes only and does not represent the Company's forecast. It is based, among other things, on industry data, internal data and estimates of the Company and is inherently subject to risk and uncertainties. Actual results may differ materially from the assumptions and circumstances reflected in the above illustrative financial information. 2. Assumes BC15 Index rates + 42% premium (less 5% commission) + \$2,200 in scrubber benefit less \$24,540/d in cash breakeven x 12 ships, divided on 43,900,000 shares outstanding

Cash-break even of ~\$16k/day on Capesize index equivalent vs BCI average 22k last four years

Full alignment between shareholders and management – board and sponsors own ~1/3 of the equity

No reinvestment plans – youngest fleet in the industry means limited capital needs

Cash flow from operation targets to be distributed in monthly dividends

12 consecutive monthly dividends – \$0.15c for Q4 2024



# Market update

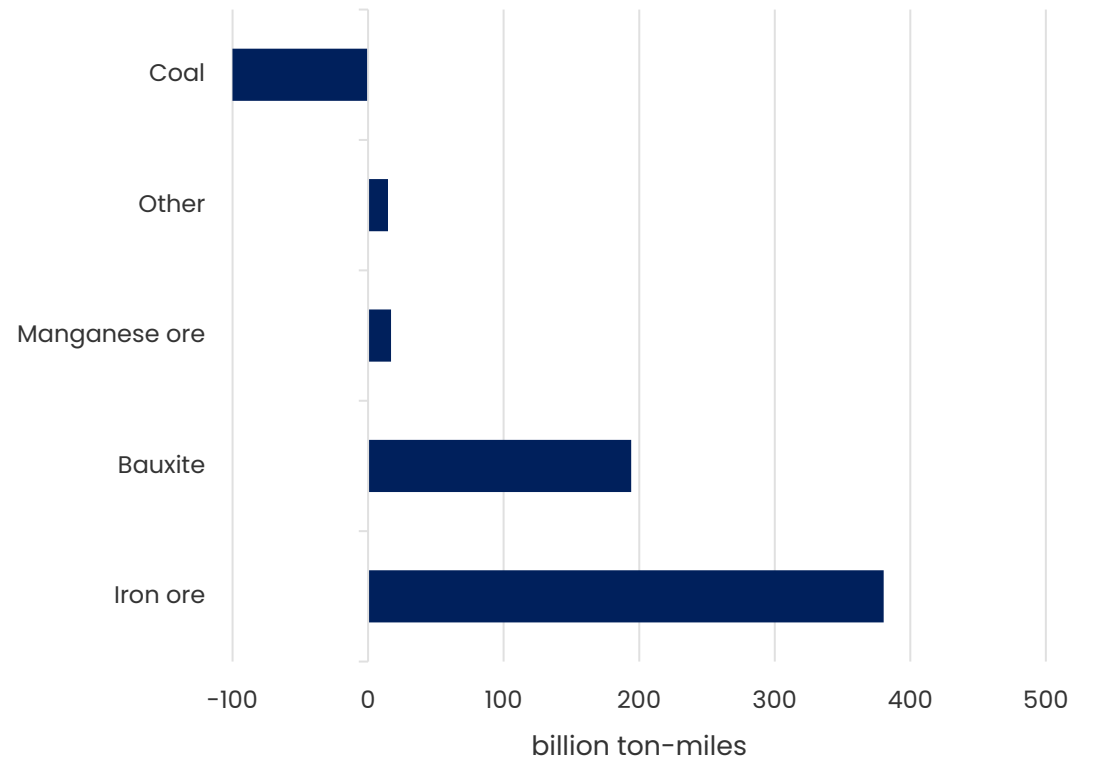
# 2024 total growth healthy – Capesize market correction in q4



**Capesize Daily Billion Tonne-mile Development (30dms\*)**



**Capesize ton-miles grew 3.1% from 2023**



Tonne-mile Growth	Q1	Q2	Q3	Q4
Y/Y Capesize	+8.7%	+4.9%	+3.4%	-4.3%

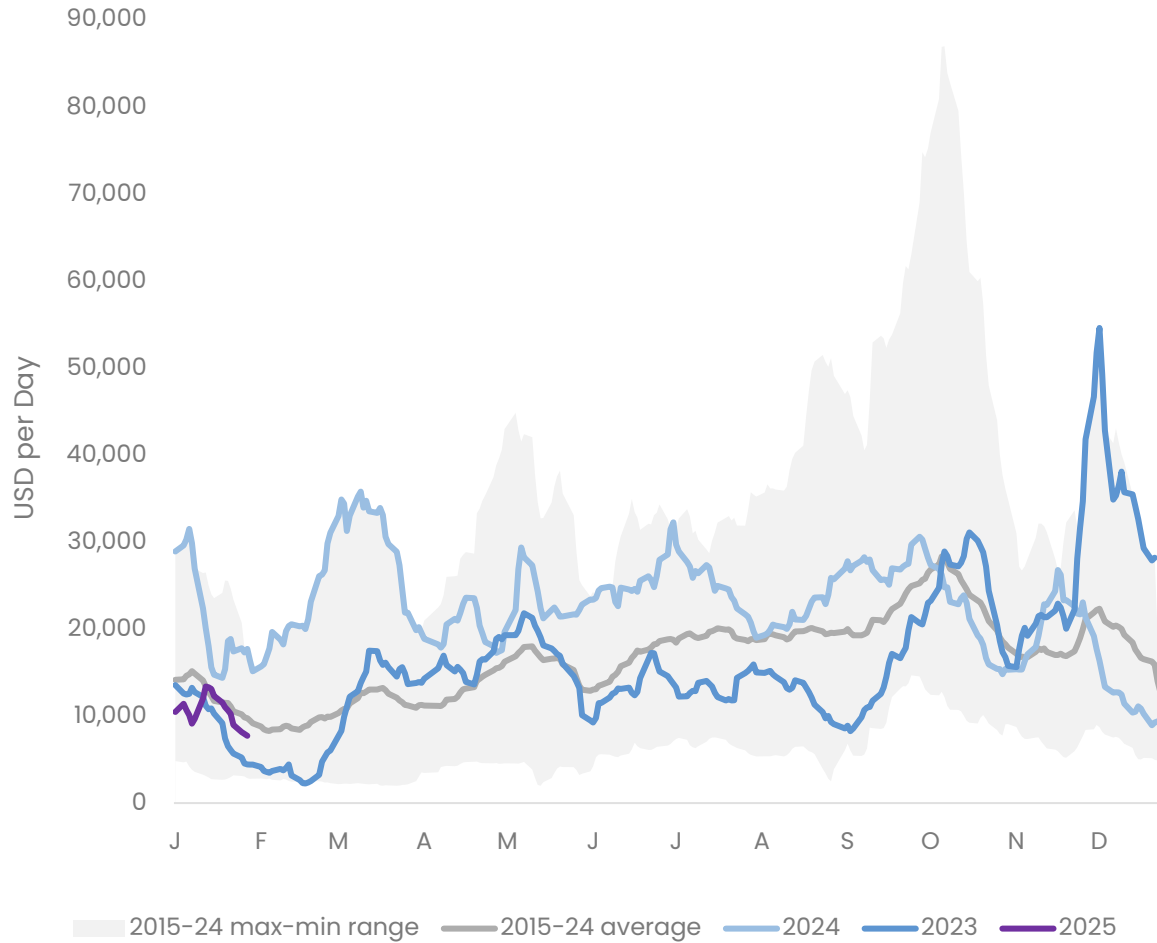
Q1-Q3	FY24
+5.5%	+3.1%

\*30-day moving sum

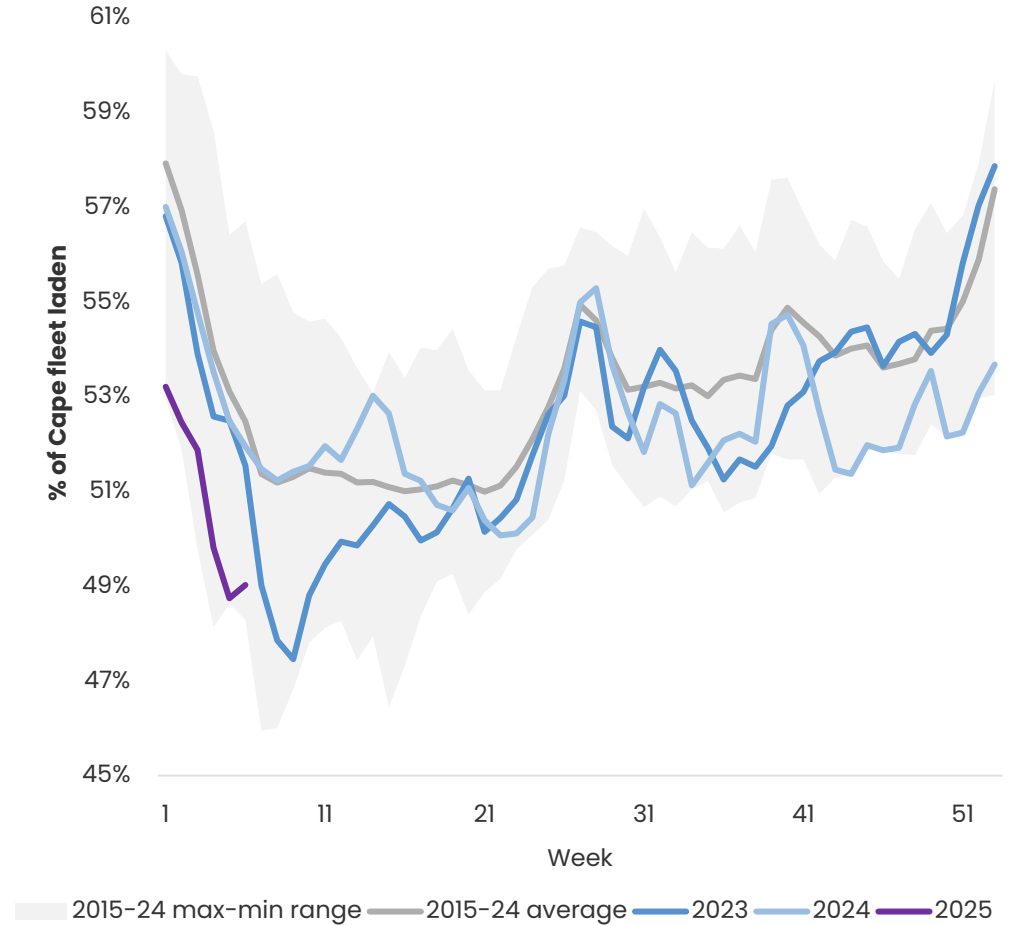
Source: Arrow

# Average start to the year, strong seasonality ahead

### Baltic 5TC Index



### Tonnage balance at seasonal low

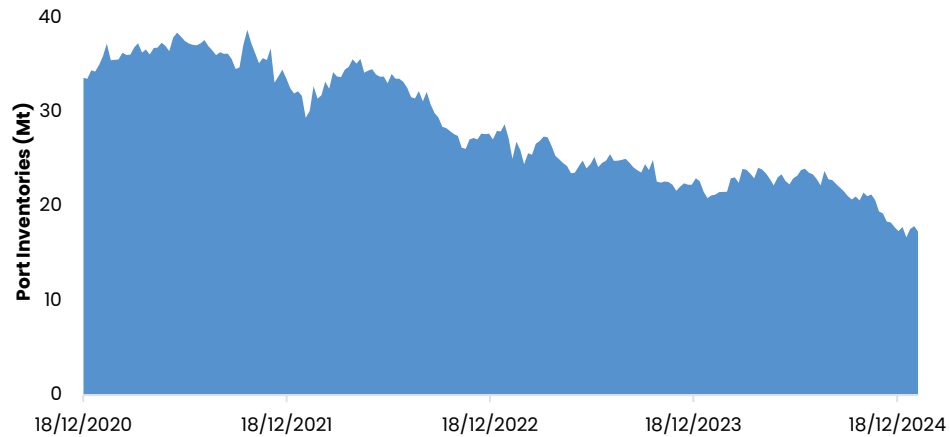




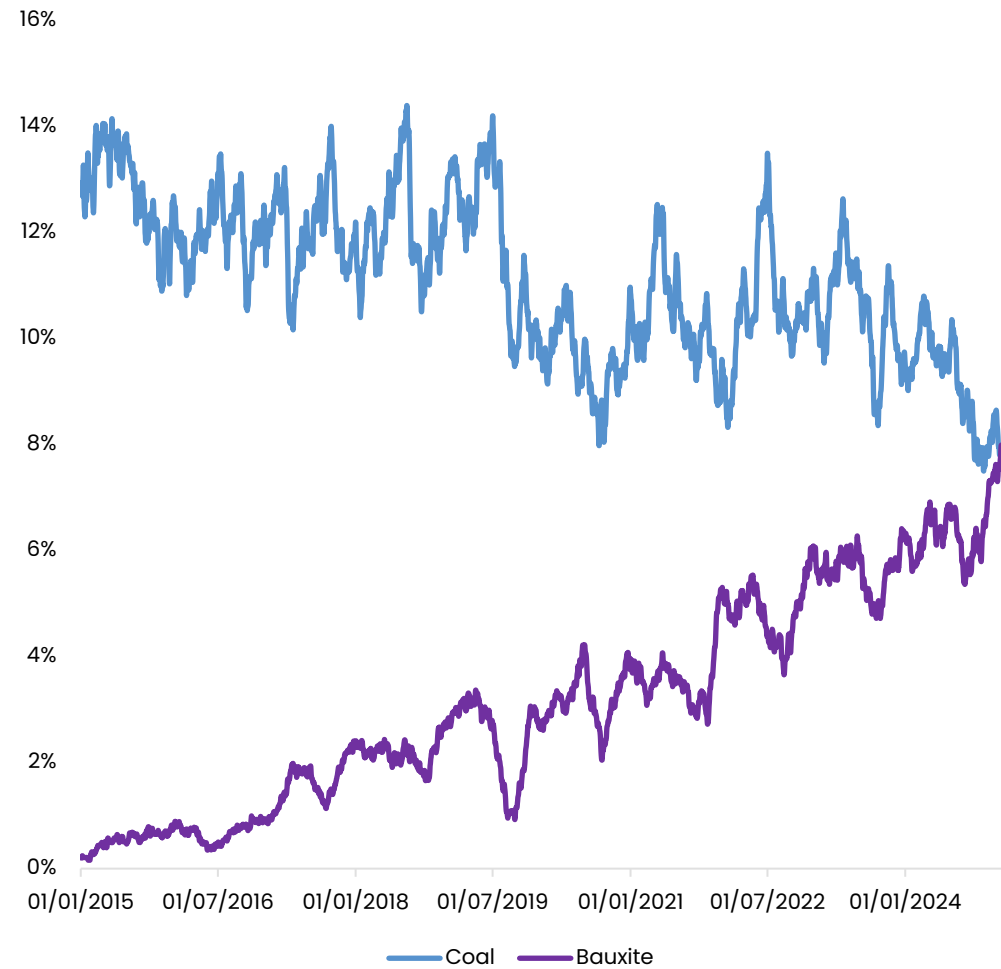
# Bauxite market continue to flourish – Increasingly important for Capesize



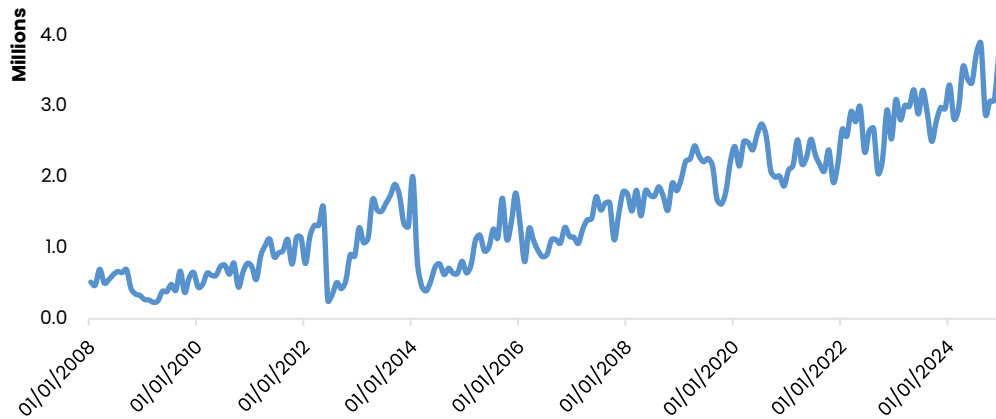
### China Imported Bauxite Port Inventories (Mt) vs. Prices



### Capesize Fleet Carrying Coal/Bauxite (% of fleet)



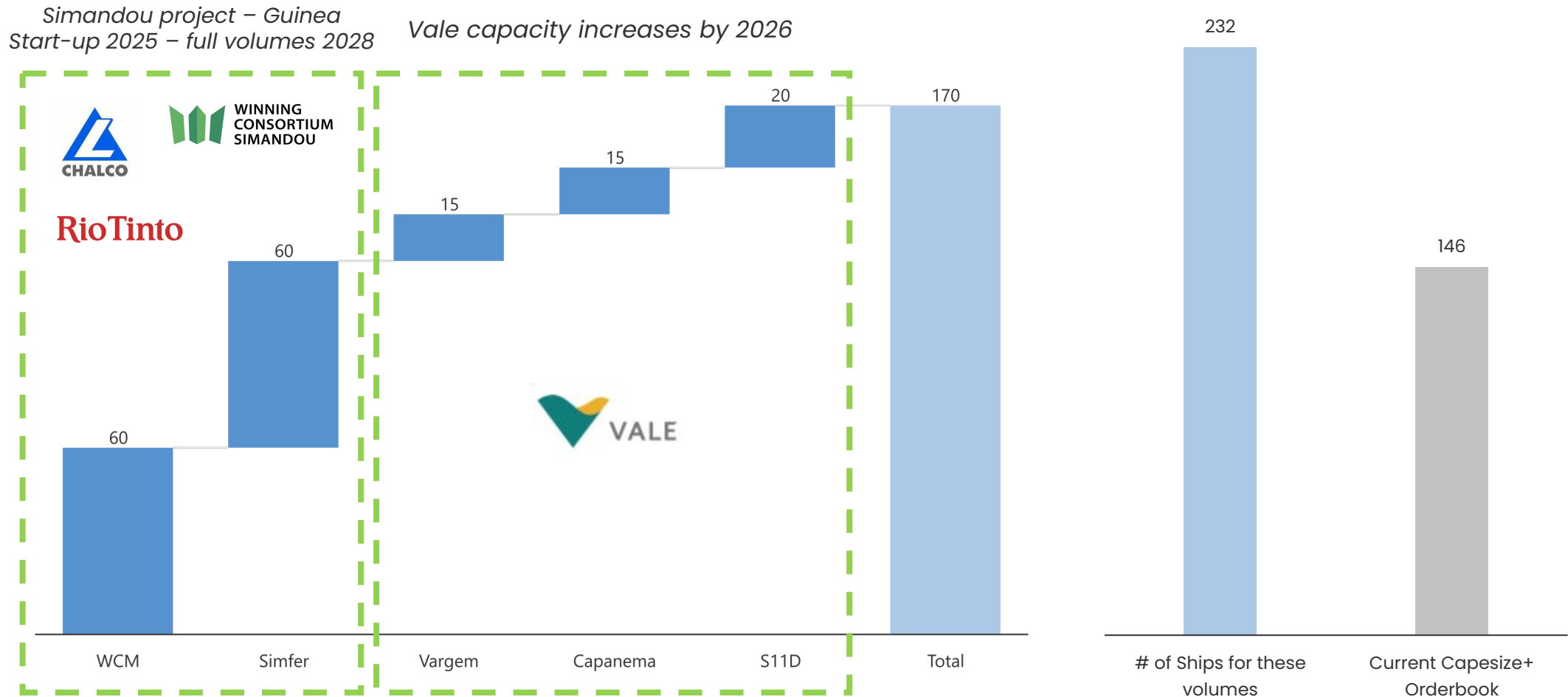
### China Bauxite Imports (Mt/week)



# Significant iron ore volumes coming – driving tonne-mile demand

**Addition iron ore volumes in Atlantic basin (MT/y) – 3x longer than from Australia**

**Required # ships > orderbook<sub>1</sub>**



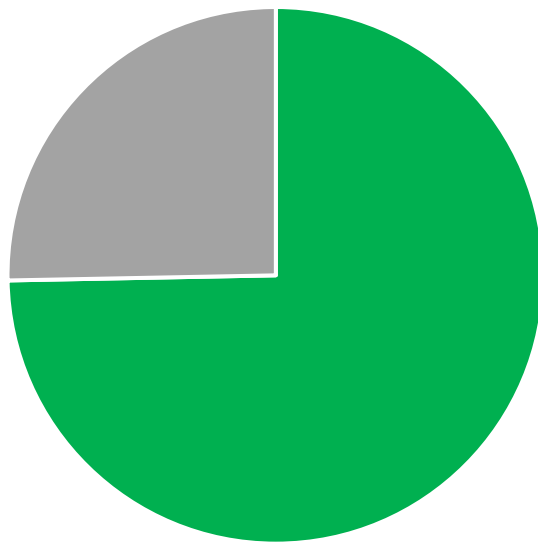
Source: Clarksons, Rio Tinto, Vale, Himalaya Shipping. 1) Assumed 170MT pr year carried on 210k DWT Newcastlemaxes (95% fully loaded). Each ship able to do 3.65 round voyages pr year

# China import dependency rising

## China Iron Ore import dependency

China imports share of demand

2015: 69%  
2024: 75%

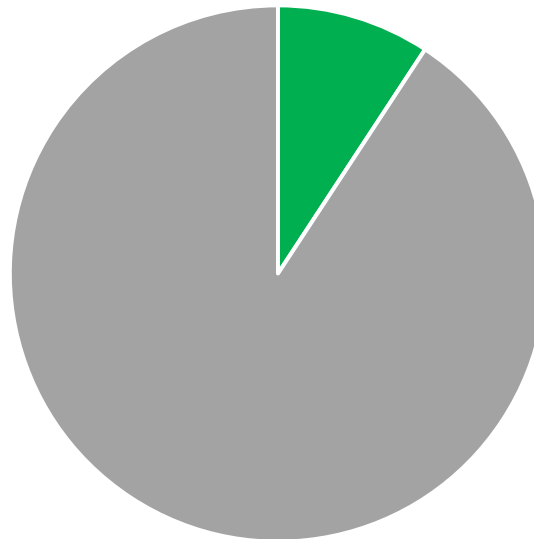


■ Imports ■ Domestic production

## China Coal import dependency

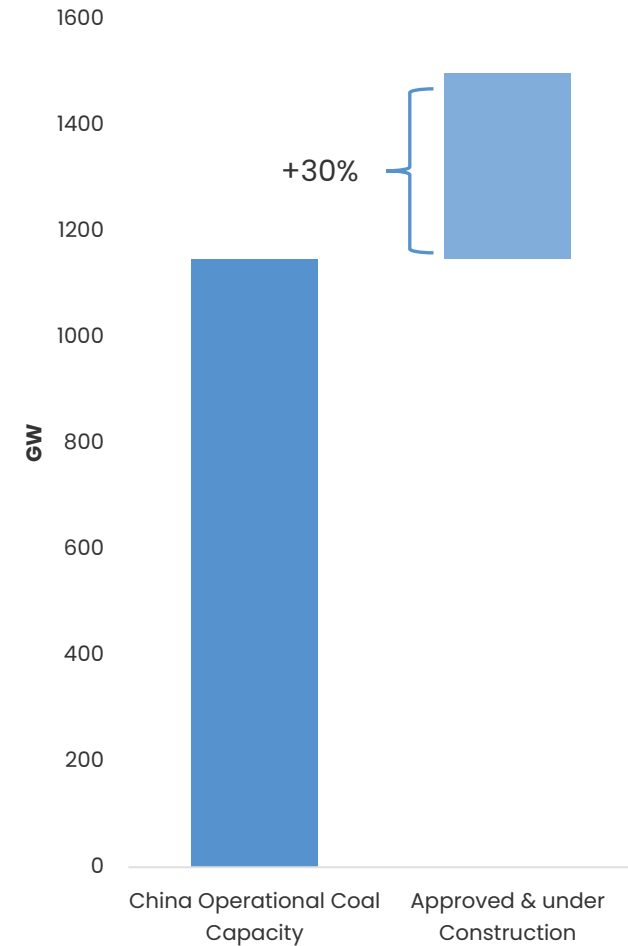
China imports share of demand

2015: 5%  
2024: 13%



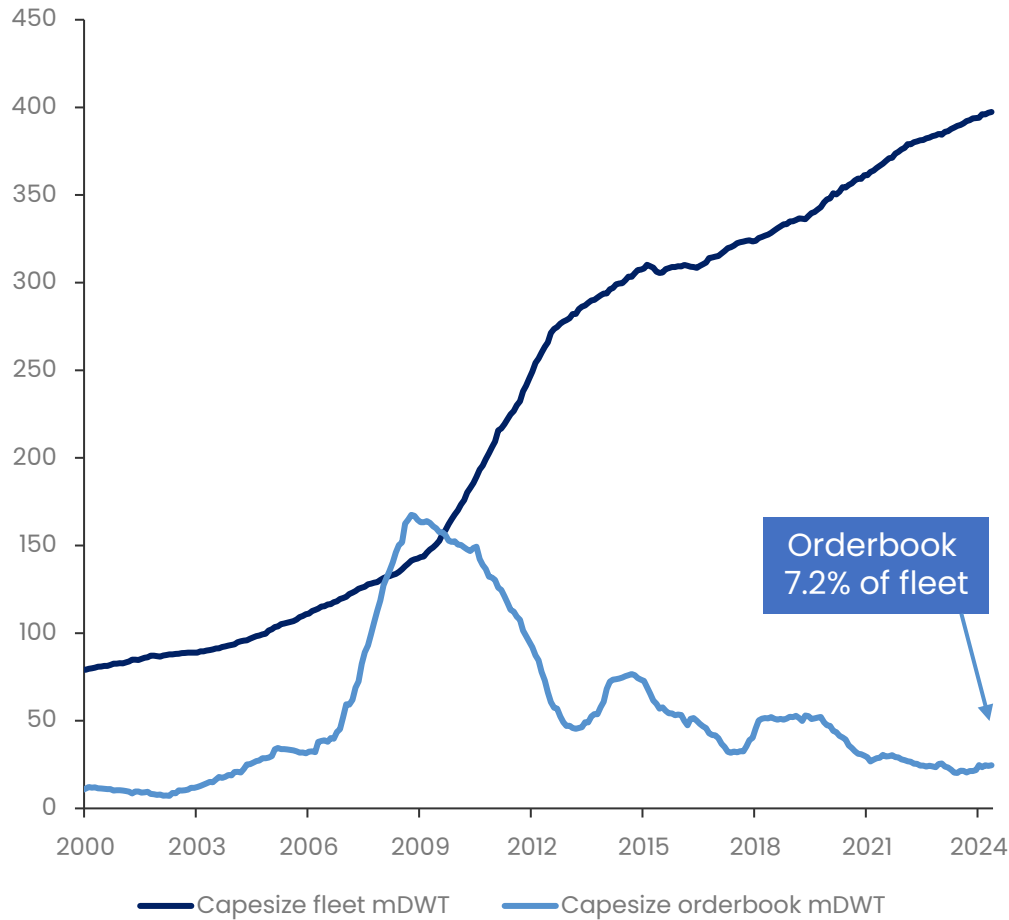
■ Imports ■ Domestic production

## China Coal fired power plant capacity

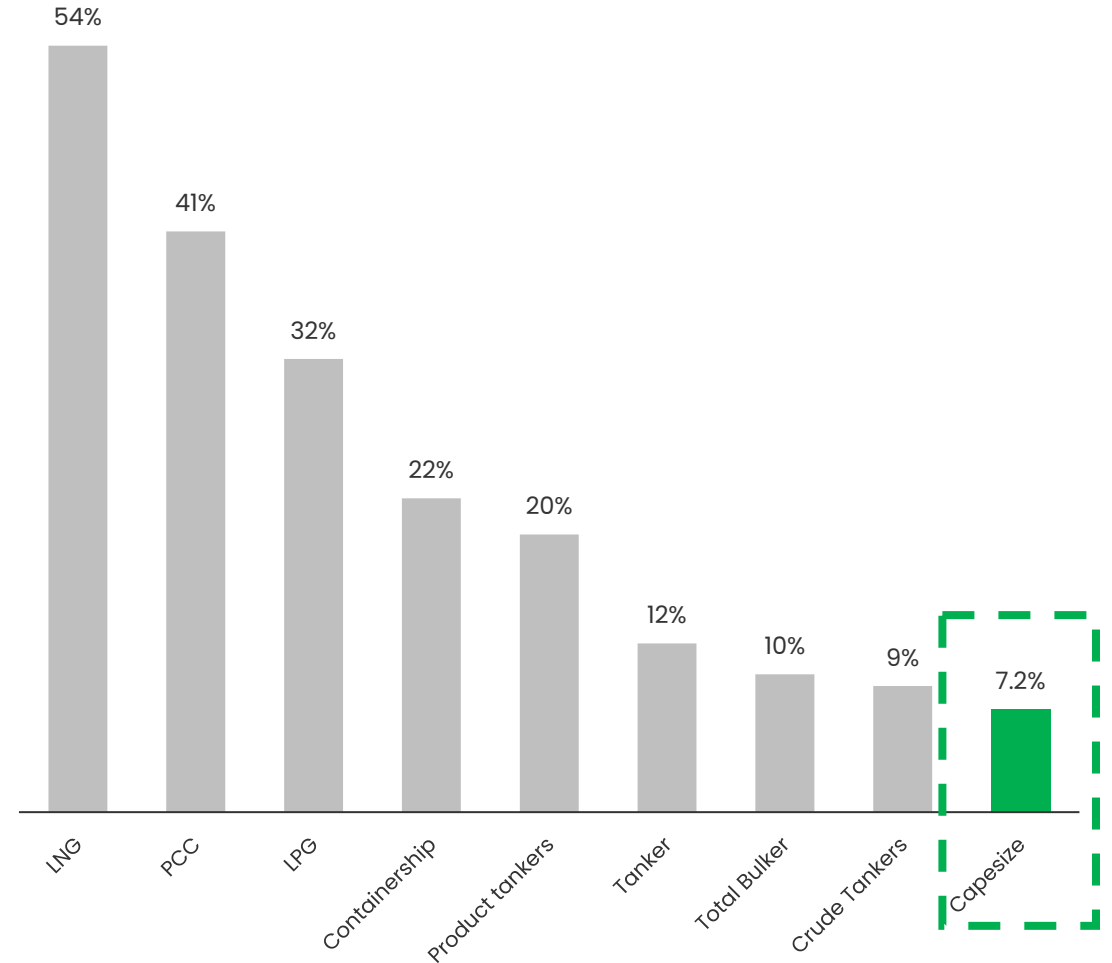


# Limited supply of new ships

## 25-year low orderbook

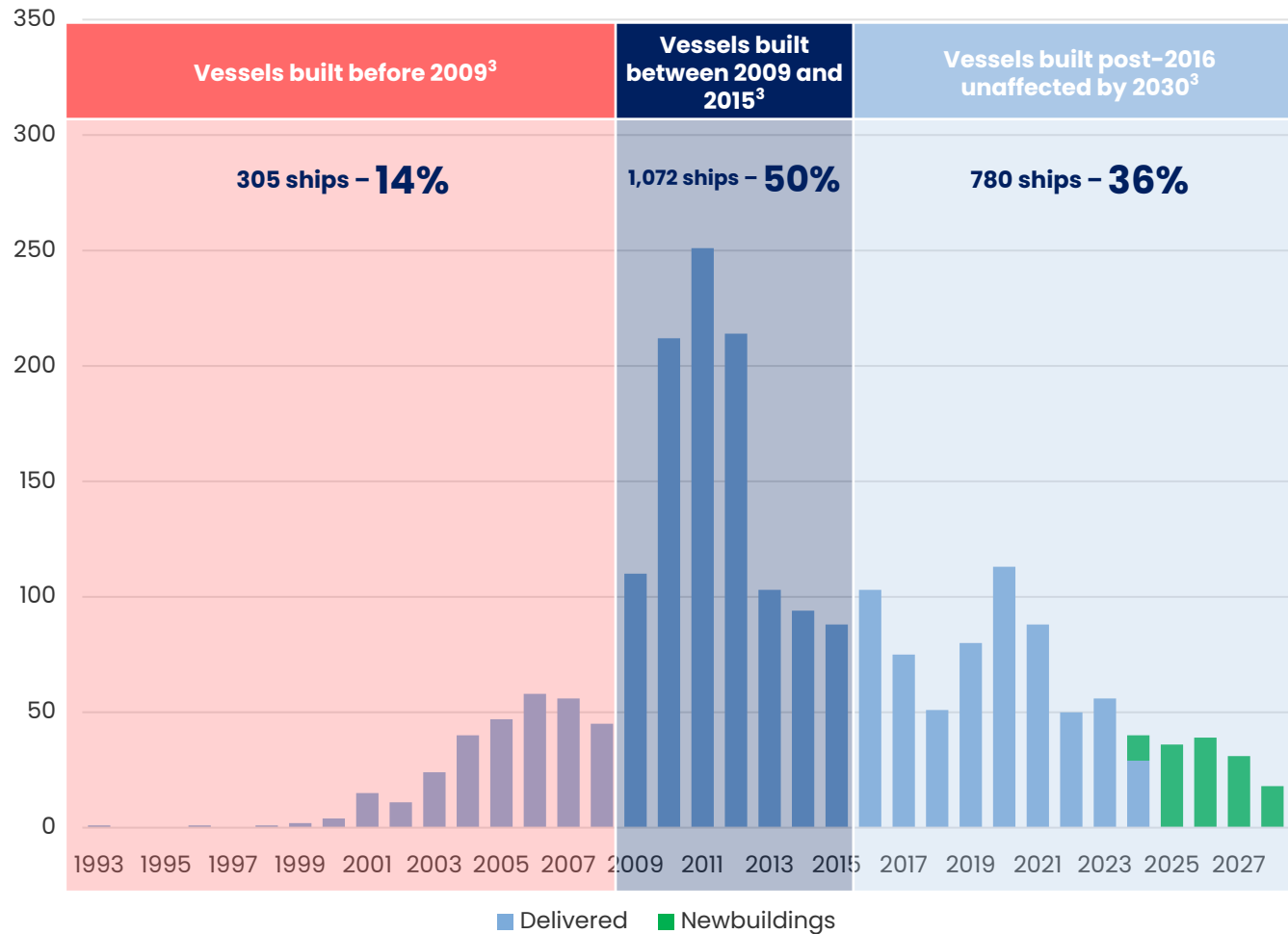


## Highly supportive OB/Fleet Ratio



# The supply situation

## Capesize+ fleet by delivery year in # ships



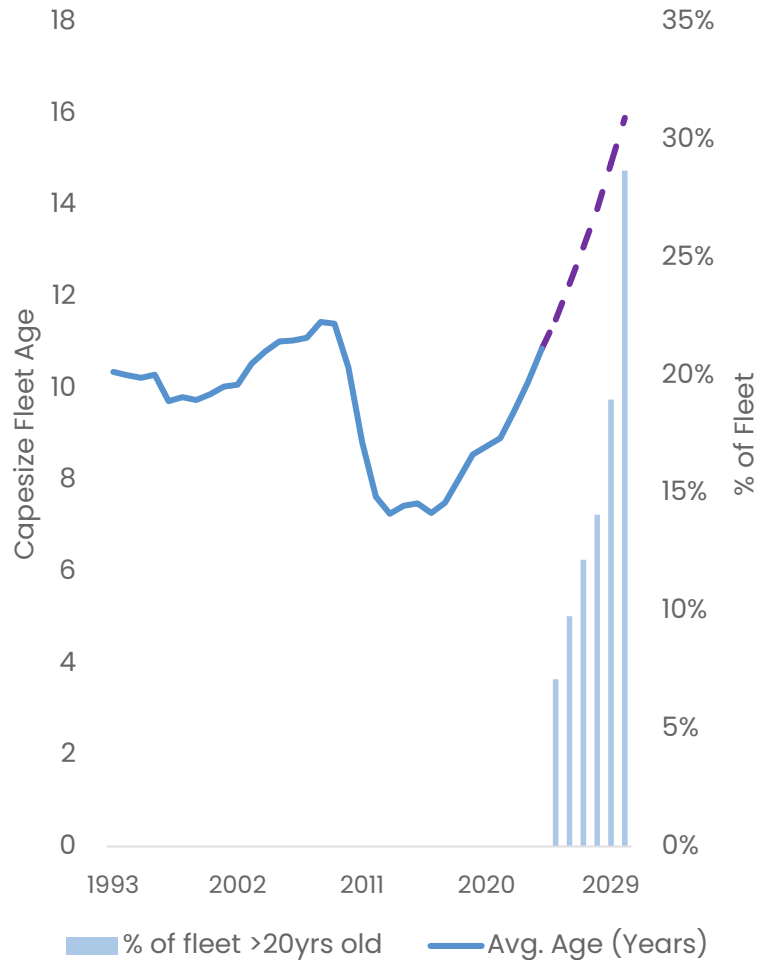
## 60% of the fleet >20 years by 2033

Year	# ships turning 20 years	% of fleet >20 years
2025	47	7%
2026	58	10%
2027	56	13%
2028	45	15%
2029	110	21%
2030	212	31%
2031	251	44%
2032	214	55%
2033	103	60%

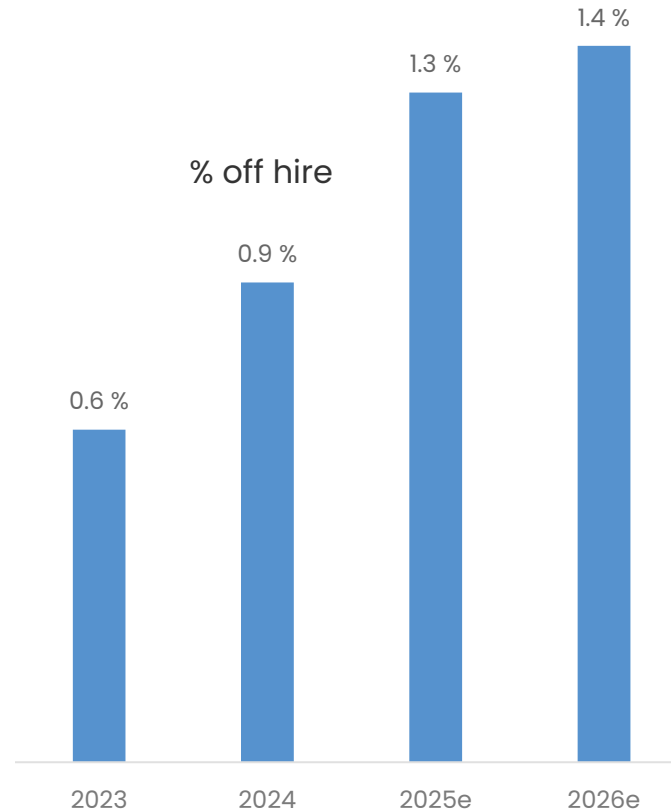
Unlikely to be able to build significant capacity before 2028

# Mandatory dry docking to increase in 2025

## Capesize average age



## Off hire due to increase from docking schedule



## Supply constraints

- ~50% y/y increase in estimated offshore days due to DD in '25
- 2010 was a big delivery year - hence over 10% of the fleet will engage in 15 year SS in 2025 (23% of the cape fleet will need dry dock in total)
- With an aging fleet forced to drydock or be scrapped, this will be an additional positive impact on cape/newc freight rates
- The large number of dry dockings in 2025 may lead to yard congestion



**Thank you**