



**Himalaya Shipping Ltd.  
Q1 2024 Results Presentation**

*23 May 2024*



# DISCLAIMER



## Forward Looking Statements

This results presentation and any related discussions contain forward-looking statements as defined in Section 21E of the Securities Exchange Act of 1934. 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”, “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, contracts to acquire newbuilding vessels and associated financing agreements, including expected timing of delivery of our vessels under our newbuilding program, expected growth in the capesize market, cash return potential based on different scenarios and assumptions, statements about the benefits of our vessels, including the flexibility and ability to bunker with LNG, LSFO, or HSFO, fuel flexibility premium potential, estimated break-even, the terms of our charters and chartering activity, dry bulk industry trends and market outlook, including activity levels in the industry, expected trends, including trends in the global fleet, expected demand for and supply of vessels and utilization of the global fleet and our fleet, including expected average rates, fleet growth, new orderings, the impact of an aging global fleet, trends in iron ore and coal imports, limited supply growth of dry bulk vessels and yard capacity, replacement needs and capacity going into dock, statements about our dividend objectives and plans, 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: general economic, political and business conditions; general dry bulk market conditions, including fluctuations in charter hire rates and vessel values; our ability to complete the purchase of the vessels we have agreed to acquire and on schedule; 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 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, hostilities or political events; our ability to procure or have access to financing and to refinance our debt as it falls due; our continued borrowing availability under our sale and leaseback agreements in connection with our vessels and compliance with the financial covenants therein; 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 impact of the foregoing on 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 filed with the U.S. Securities and Exchange Commission on March 27, 2024.

You should not place undue reliance on these forward-looking statements, which speak only as of the date of this press release. Unless legally required, Himalaya Shipping undertakes no obligation to update publicly any forward-looking statements after the date of this press release whether as a result of new information, future events or otherwise, except as required by law.

## Non-GAAP Financial Measures

This presentation contains certain selected financial measures on a basis other than U.S. generally accepted accounting principles (“GAAP”), including average daily TCE earnings, gross, Adjusted EBITDA, and illustrative free cash flow. Average daily TCE earnings, gross, as presented here, represents time charter revenues and voyage charter revenues adding back address commissions and divided by operational days. Adjusted EBITDA represents our net income/(loss) 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. For a reconciliation of Adjusted EBITDA and average daily 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 March 31, 2024, Appendix entitled “Unaudited Non-GAAP Measures And Reconciliations”. For a discussion of illustrative free cash flow see slide 17 including the footnotes thereto. We are unable to prepare a reconciliation of illustrative free cash flow without unreasonable efforts.

## Q1 2024 Highlights:

- Total operating revenues of \$23.6 million, an average time charter equivalent earnings of approximately US\$30,600/day, gross.
- Net income of \$2.5 million and adjusted EBITDA of \$16.8 million for the quarter ended March 31, 2024.
- Successful delivery and commencement of operations of an additional three Newcastlemax dual fuel newbuildings in January 2024.
- Final instalments for two delivered vessels financed by sale and leaseback facilities provided by wholly-owned subsidiaries of Jiangsu Financial Leasing Co. Ltd. totalling \$98.6 million.
- Final instalment for one delivered vessel financed by sale and leaseback facility provided by a wholly-owned subsidiary of CCB Financial Leasing Co. Ltd. (“CCBFL”) totalling \$49.2 million.
- Conversion of index linked charters on Mount Bandeira and Mount Hua to fixed charters from February 1, 2024 to June 30, 2024 at an average of \$26,866 per day.
- Conversion of index linked charter on Mount Etna to fixed charter from April 1, 2024 to December 31, 2024 at \$40,810 per day.
- Declaration and payment of cash distribution for January 2024 of \$0.01 per common share.
- Declaration of cash distribution for February 2024 of \$0.03 per common share, which was paid in April 2024.

## Subsequent events:

- Declaration of cash distribution for March 2024 and April 2024 of \$0.03 and \$0.04, respectively, per common share.
- Conversion of index linked charters on Mount Neblina and Mount Blanc to fixed charters from May 1, 2024 to June 30, 2024 at \$36,750 and \$37,800 per day respectively.
- Delivery and commencement of operations of Mount Denali in April 2024.

# Key Financials Q1 2024



## Income statement

<i>US\$ millions, except per share data</i>	<b>Q1 2024</b>	<b>Q4 2023</b>	<b>Variance</b>
<b>Operating revenues</b>	<b>23.6</b>	<b>18.3</b>	<b>5.3</b>
Vessel operating expenses	(4.9)	(3.6)	(1.3)
Voyage expenses and commission	(0.4)	(0.2)	(0.2)
General and administrative expenses	(1.5)	(1.1)	(0.4)
Depreciation and amortization	(5.4)	(3.6)	(1.8)
<b>Total operating expenses</b>	<b>(12.2)</b>	<b>(8.5)</b>	<b>(3.7)</b>
<b>Operating profit</b>	<b>11.4</b>	<b>9.8</b>	<b>1.6</b>
Interest expense	(9.1)	(5.6)	(3.5)
Other financial items	0.2	0.4	(0.2)
<b>Total financial expense, net</b>	<b>(8.9)</b>	<b>(5.2)</b>	<b>(3.7)</b>
<b>Tax expense</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net income (loss)</b>	<b>2.5</b>	<b>4.6</b>	<b>(2.1)</b>
Earnings per share	0.06	0.11	
Adjusted EBITDA	16.8	13.4	3.4

## Comments

- Increase in operating revenues of \$5.3 million in Q1 2024, due to additional 3 vessels delivered in January 2024. Average TCE, gross of approx. US\$30,600/day in Q1 2024 vs US\$34,400/day in Q4 2023.
- Cash break-even TCE estimated to be approximately \$24,600/day.
- Increase in vessel operating expenses of \$1.3 million in Q1 2024 due to additional 3 vessels delivered in January 2024. Average vessel operating expenses of approx. \$6,200/day per vessel in Q1 2024 vs \$6,500/day per vessel in Q4 2023.
- General and administrative expenses increased by \$0.4 million in Q1 2024 mainly due to bonuses paid of \$0.3 million.
- Increase in Interest expense of \$3.5 million in Q1 2024 due to higher loan principal following the sale and leaseback financing on the 3 vessels delivered in January 2024.
- Increase in operating profit by \$1.6 million in Q1 2024.
- Net income of \$2.5 million in Q1 2024 vs \$4.6 million in Q4 2023.
- Adjusted EBITDA of \$16.8 million in Q1 2024, an increase of \$3.4 million over Q4 2023.

## Balance Sheet Summary

<i>US\$ millions</i>	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>Variance</b>
Cash and cash equivalents	25.7	25.6	0.1
Vessels and equipment	647.7	428.6	219.1
Newbuildings	67.1	132.6	(65.5)
<b>Total assets</b>	<b>748.6</b>	<b>599.2</b>	<b>149.4</b>
<b>Short-term and long-term debt</b>	<b>583.3</b>	<b>439.5</b>	<b>143.8</b>
<b>Total equity</b>	<b>155.1</b>	<b>154.2</b>	<b>0.9</b>

## Comments

- Net cash generated by operating activities in Q1 2024 of \$11.1 million.
- Net cash used in investing activities in Q1 2024 was \$153.8 million, primarily relating to the final instalment on the 3 vessels delivered in January 2024, net of \$5.1 million on the charterer's portion which was paid in December 2023.
- Net cash provided by financing activities in Q1 2024 was \$142.8 of which \$147.8 million was from the sale and leaseback financing on the 3 vessels delivered in January 2024, partially offset by deferred loan costs of \$1.1 million, loan repayments of \$3.4 million and cash distribution paid of \$0.4 million;
- Vessels and equipment increased primarily due to the delivery of 3 vessels in January 2024.
- Decrease in newbuildings was primarily due to the delivery of 3 vessels in January 2024.
- Increase in short-term and long-term debt was primarily due to the closing of the sale and leaseback financing on the 3 vessels delivered in January 2024, offset by loan repayments.
- Total remaining shipyard capex (inc scrubbers) of \$155.7 million. Current committed sale lease-back financing of \$147.6 million.
- \$10 million available to draw-down under the RCF with Drew Holdings Ltd.

## Fleet status report – May 2024

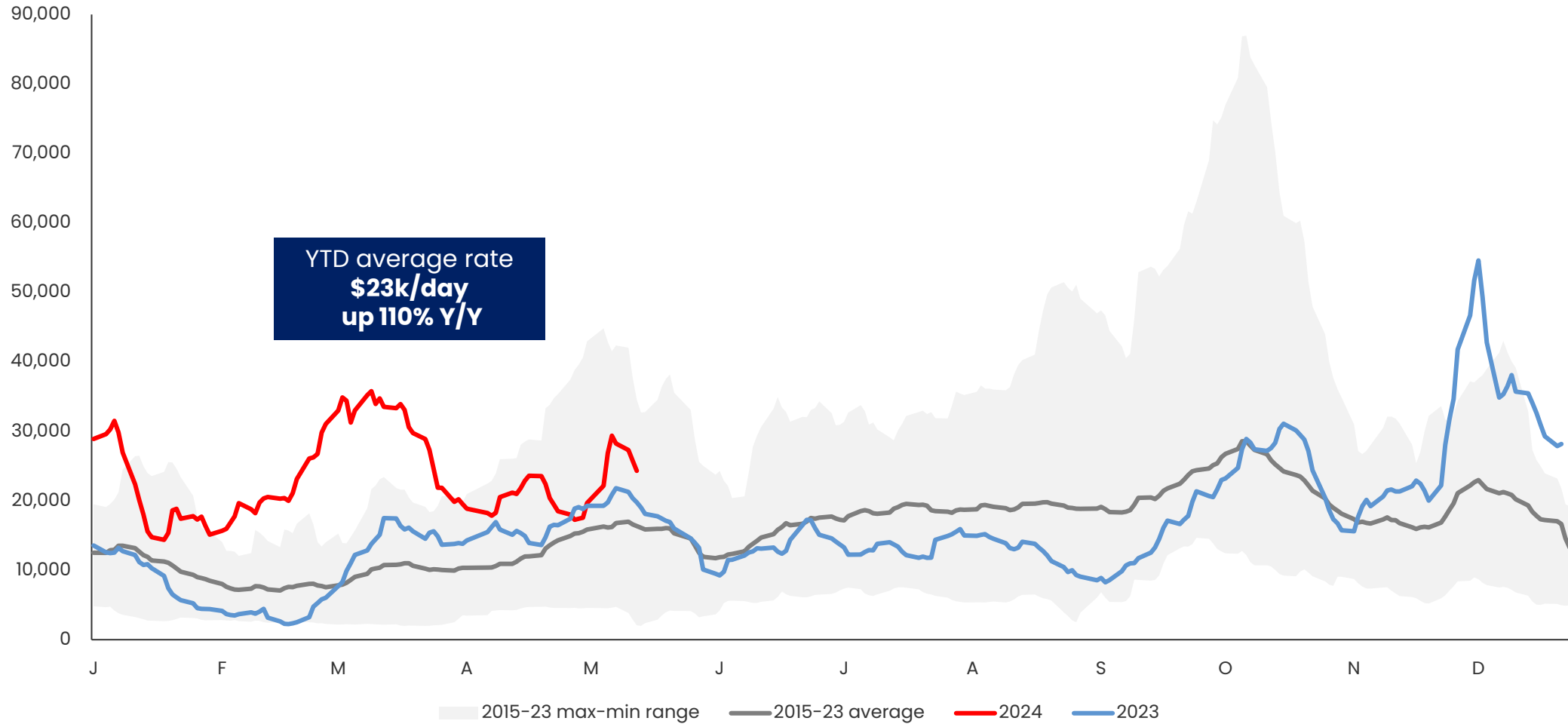


Vessel Name	Built	Type	2024			2025				2026				2027			
			Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>Dual Fuel Newcastlemax</b>																	
Mount Norefjell	2023	DF Newcastlemax	30,000			→											
Mount Ita	2023	DF Newcastlemax	Index			Option											
Mount Etna	2023	DF Newcastlemax	40,810*			Index →											
Mount Blanc	2023	DF Newcastlemax	37,800*	Index		→											
Mount Matterhorn	2023	DF Newcastlemax	Index			Option											
Mont Neblina	2023	DF Newcastlemax	36,750*	Index		→											
Mount Bandeira	2024	DF Newcastlemax	28,350*	Index		→											
Mount Hua	2024	DF Newcastlemax	25,382.5*	Index		→											
Mount Elbrus	2024	DF Newcastlemax	Index			Option											
Mount Denali	2024	DF Newcastlemax	Index			→											
Mount Acancagua	2024	DF Newcastlemax	Under Construction	Index		Option											
Mount Emai	2024	DF Newcastlemax	Under Construction	Index		Option											

Option
  Available
  Under Construction
  Evergreen
 \* + Scrubber

# Strongest start to the year since 2010

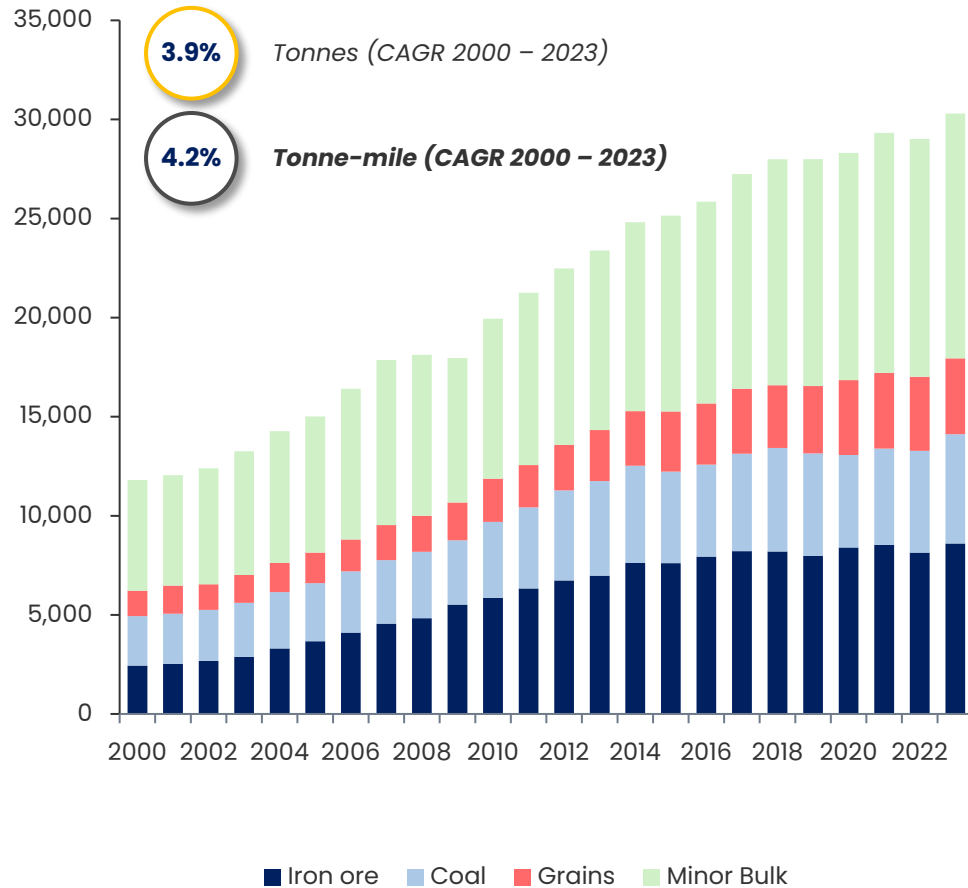
## Baltic 5TC index rate



# Strong demand

## Tonne-mile demand historically outpaced volume growth

Global seaborne trade volume (billion tonne-miles)



## Solid demand YTD up 11%

Commodity	Capesize	Commodity	Panamax	Commodity	Supramax	Commodity	Handysize
Iron ore	271.0bn	Grains	78.1bn	Steel products	88.6bn	Other	57.8bn
Coal	22.9bn	Other	47.4bn	Other	53.1bn	Grains	27.9bn
Bauxite	16.7bn	Coal	27.6bn	Iron ore	25.0bn	Steel products	20.7bn
Other	10.8bn	Fertilisers	26.1bn	Forest products	19.5bn	Iron ore	7.3bn
Manganese ore	10.1bn	Agribulks	8.4bn	Grains	19.2bn	Cement/Clinker	5.8bn
Pet coke	4.8bn	Bauxite	6.4bn	Fertilisers	18.6bn	Agribulks	4.2bn
Steel products	2.8bn	Steel products	5.1bn	Cement/Clinker	7.4bn	Copper ore	3.3bn
Fertilisers	1.6bn	Nickel ore	4.0bn	Pet coke	3.5bn	Coal	3.0bn
Cement/Clinker	-0.2bn	Minerals	1.8bn	Minerals	2.8bn	Alumina	0.7bn
Minerals	-0.6bn	Alumina	0.6bn	Aggregates	1.3bn	Manganese ore	0.0bn
Grains	-1.1bn	Scrap	-0.4bn	Alumina	0.4bn	Pet coke	-0.8bn
		Copper ore	-0.5bn	Bauxite	-1.0bn	Bauxite	-1.0bn
		Manganese ore	-0.5bn	Scrap	-1.9bn	Scrap	-1.9bn
		Cement/Clinker	-1.2bn	Copper ore	-2.7bn	Minerals	-2.0bn
		Aggregates	-2.3bn	Agribulks	-9.1bn	Fertilisers	-3.3bn
		Forest products	-2.4bn	Nickel ore	-9.6bn	Aggregates	-3.6bn
		Pet coke	-5.0bn	Manganese ore	-15.8bn	Nickel ore	-3.8bn
		Iron ore	-16.3bn	Coal	-25.1bn	Forest products	-10.8bn

339bn	10.8%	176bn	8.7%	174bn	8.7%	105bn	10.5%
Net Change	Percent Change	Net Change	Percent Change	Net Change	Percent Change	Net Change	Percent Change



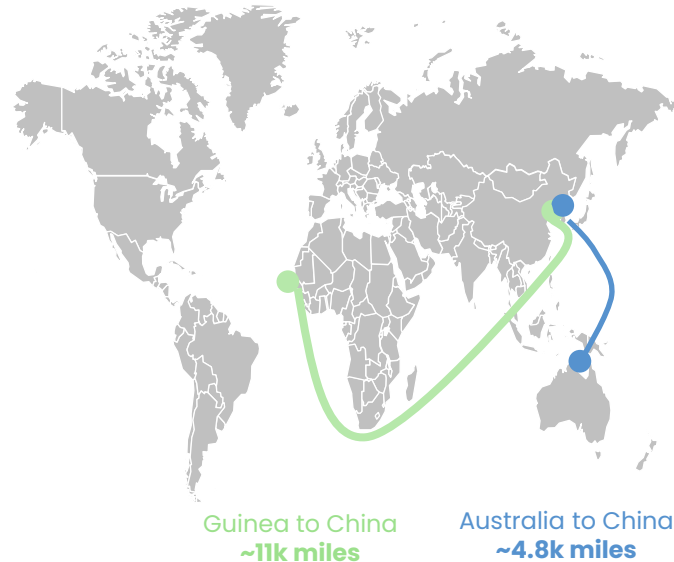
# Capesize shipping – a growth market

## Simandou Guinea iron ore project



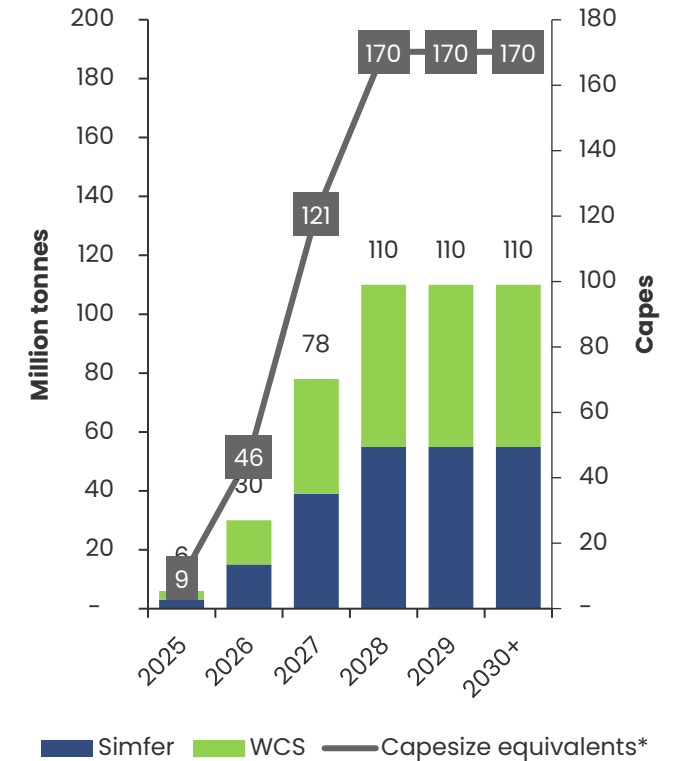
Rio Tinto and CIOH targets 110 MT/year of iron ore from mines Simfer and WCS by 2028 – start-up 2025

## A long-haul trade



~11,000 nautical miles – similar to Brazil to China trade

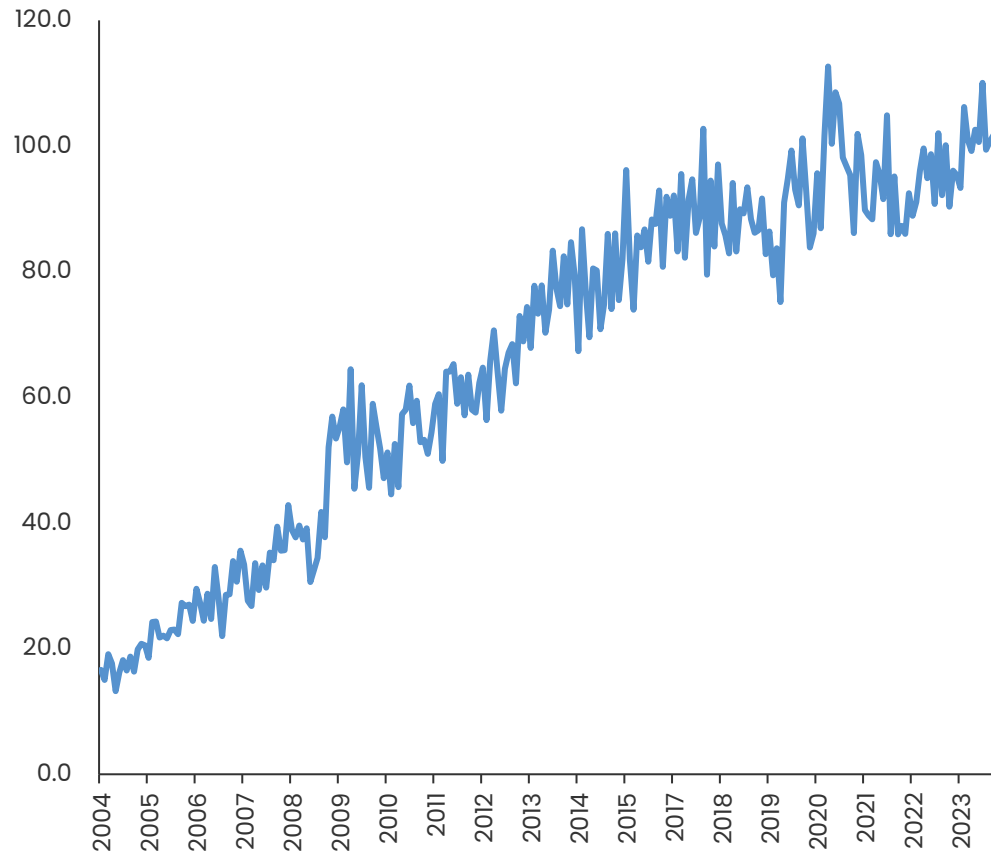
## Potentially requires 170 capesize



Project alone requires 170 capesize equivalent ships vs orderbook of 96 ships

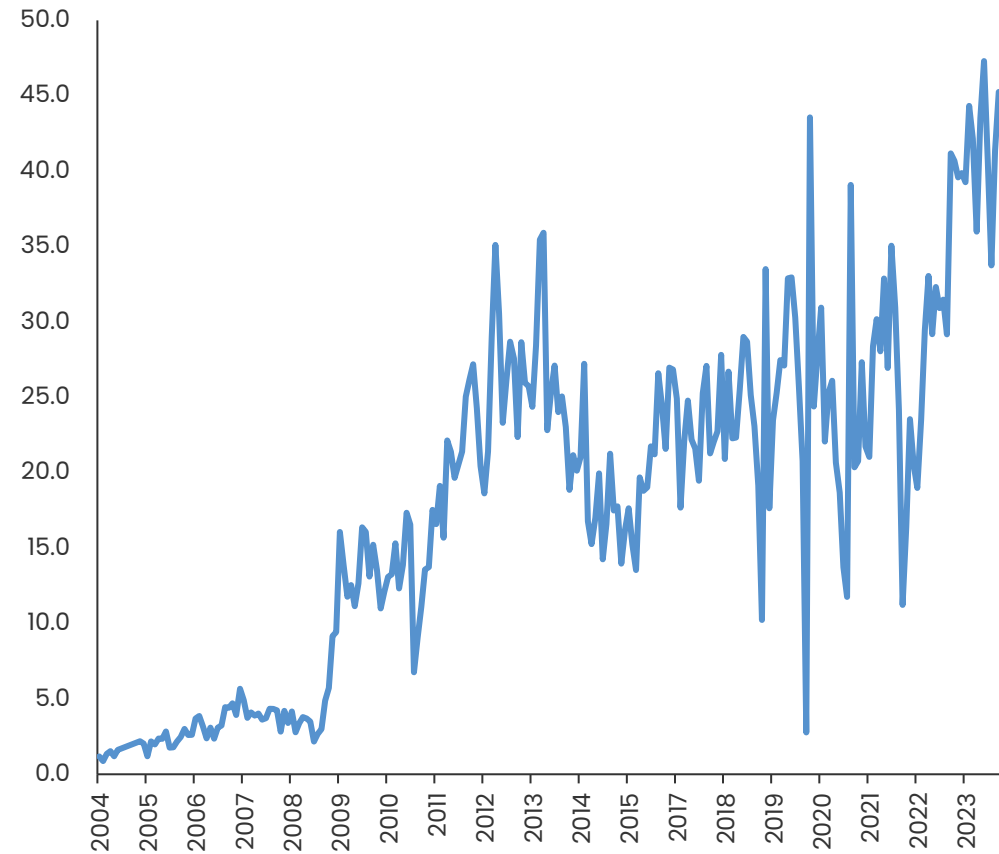
# China – iron ore and coal imports gaining traction

### China iron ore imports (MT/month)



Imported iron ore @ 62% Fe content vs China domestic @ 25% Fe content – imports to gain market share as higher quality iron ore reduces CO<sub>2</sub> emissions – current market share 74%

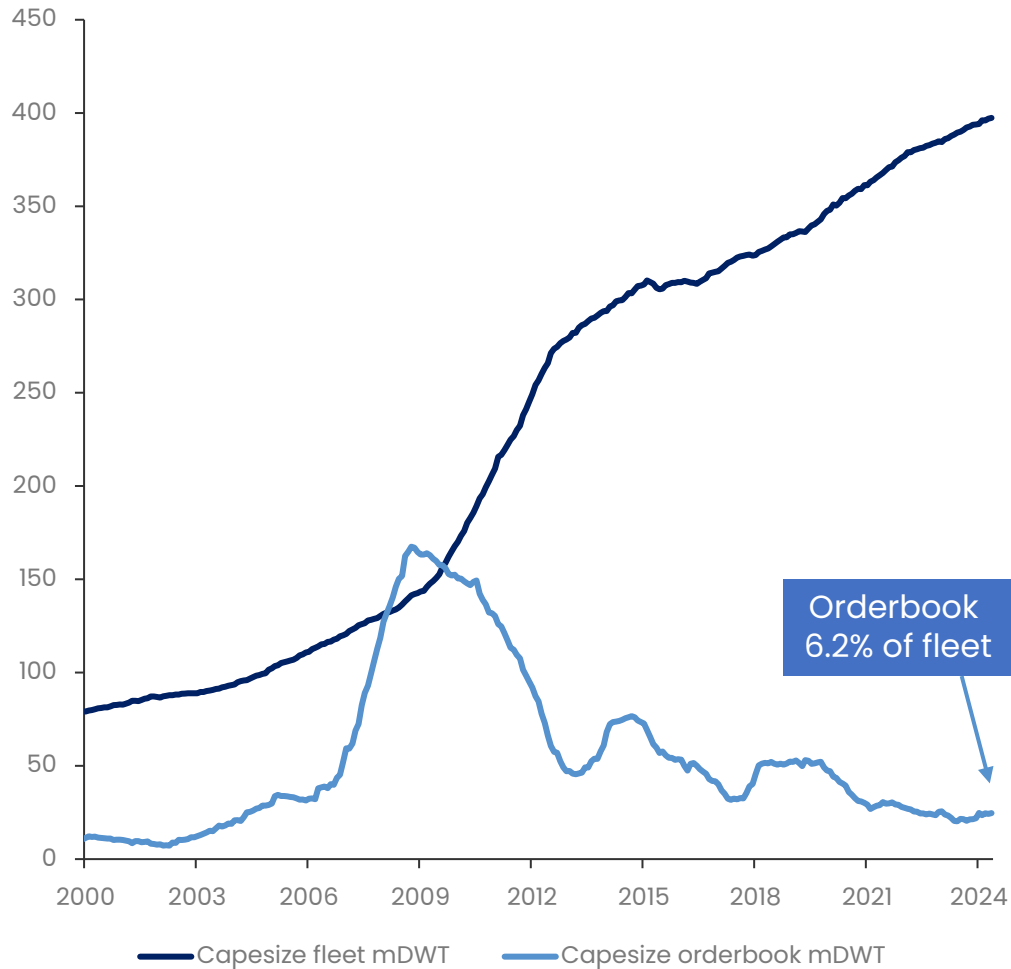
### China coal imports (MT/month)



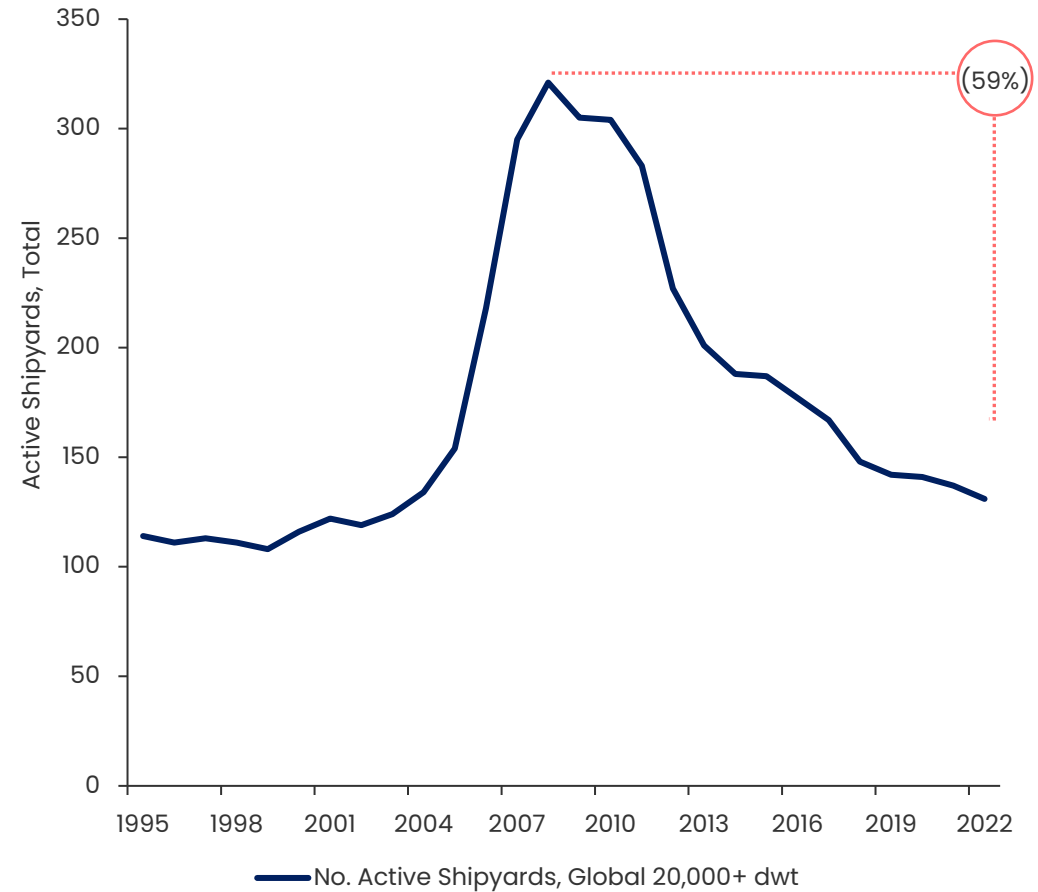
Market share imported coal growing driven by higher quality coal imports and environmental crack-down on high-risk mining production in China – market share now ~10% vs 3% in Q1 2022

# Limited supply of new ships

## 25 year low orderbook



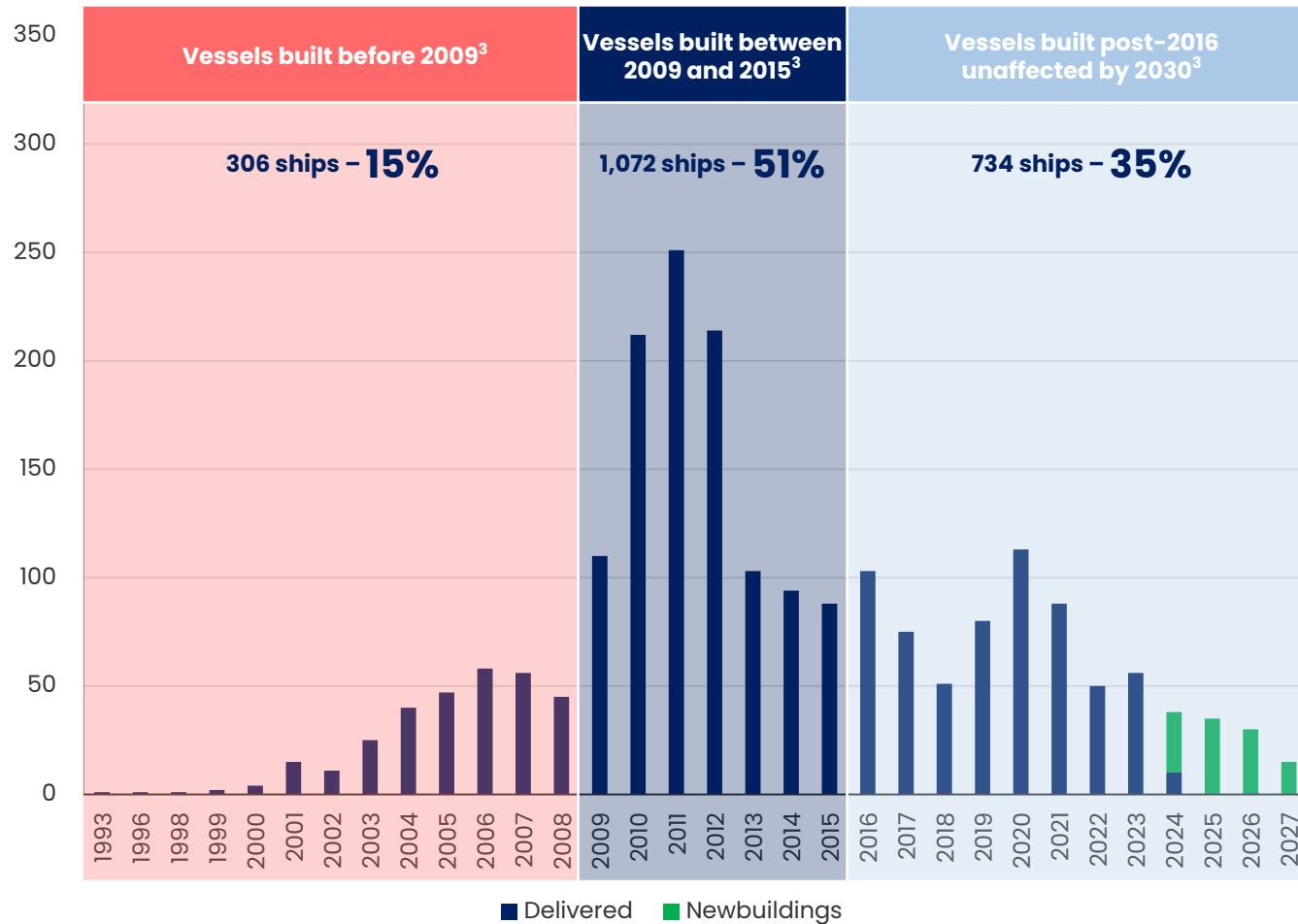
## Significant reduction in yard capacity





# Significant replacement needs

## Capesize+ fleet by delivery year in # ships



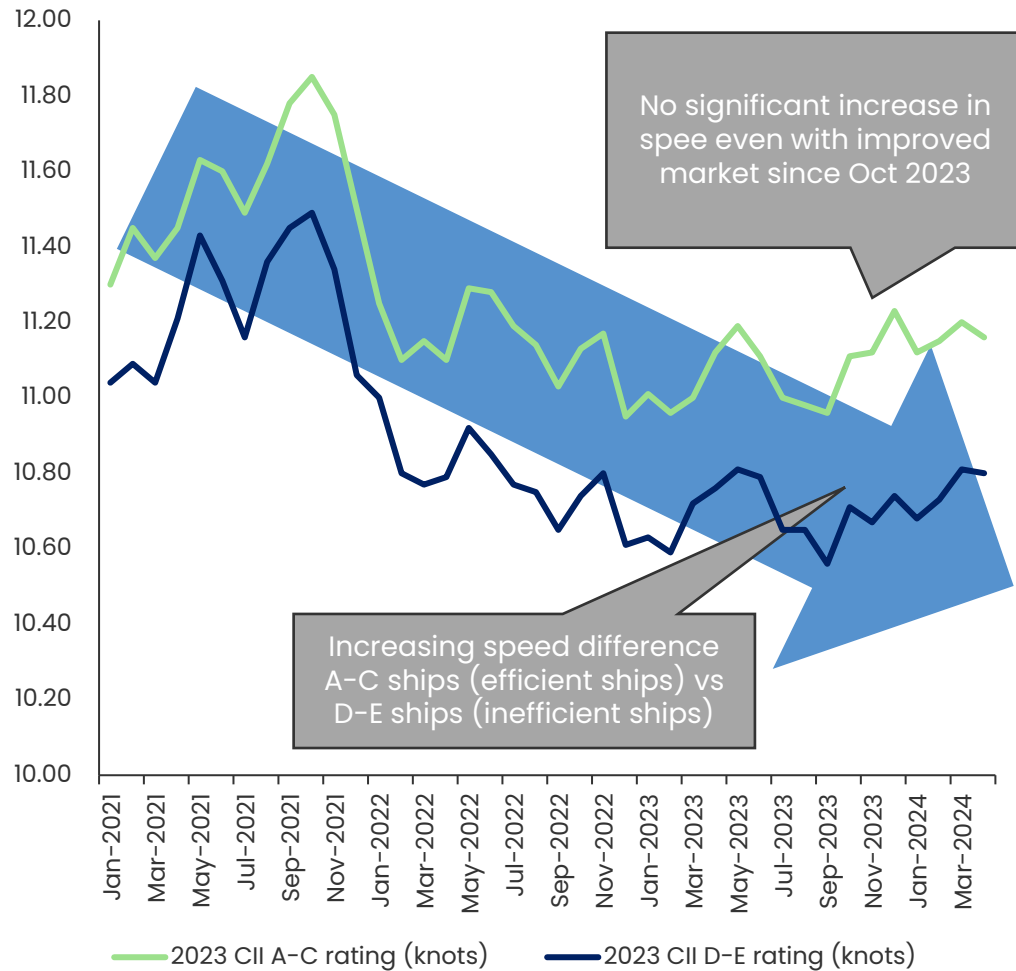
## 60% of the fleet >20 years by 2033

Year	# ships turning 20 years	% of fleet >20 years
Current	77	4%
2024	22	1%
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%

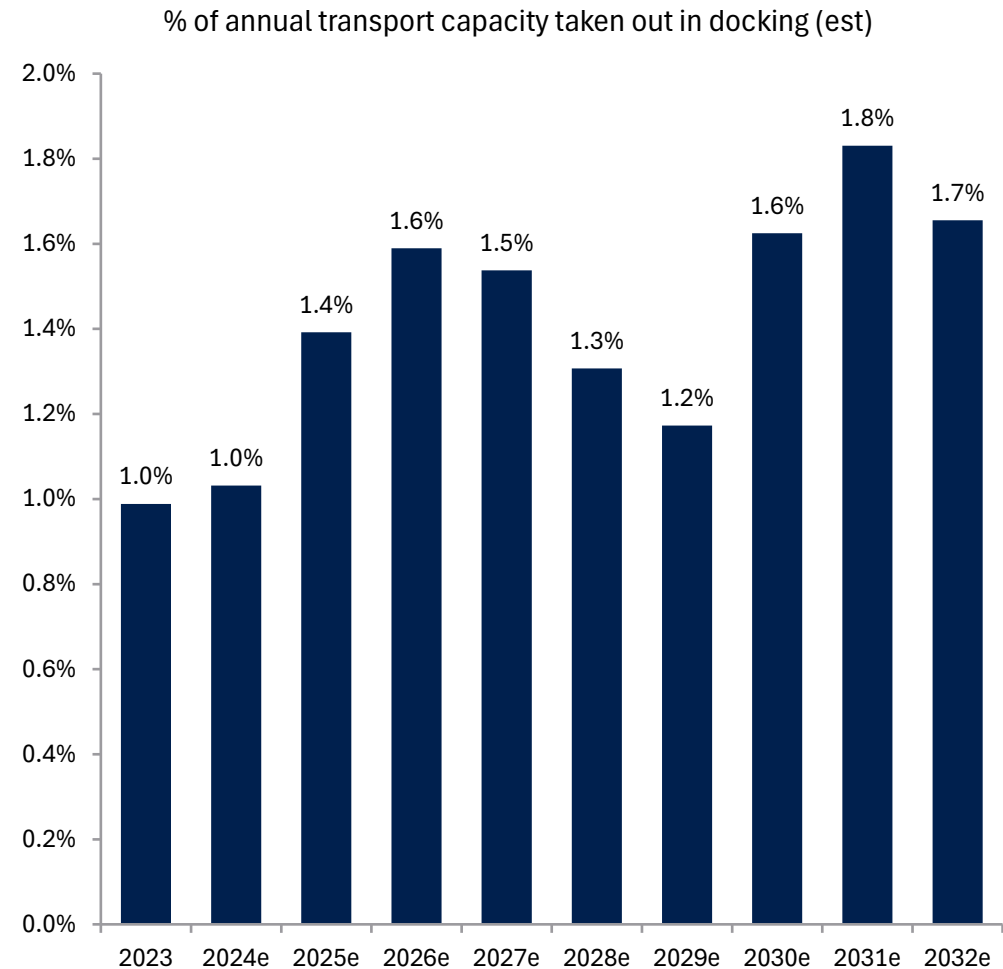
Unlikely to be able to build significant capacity before 2028

# Aging fleet means less productivity

## Speed trending down – inefficient ships slowing down most

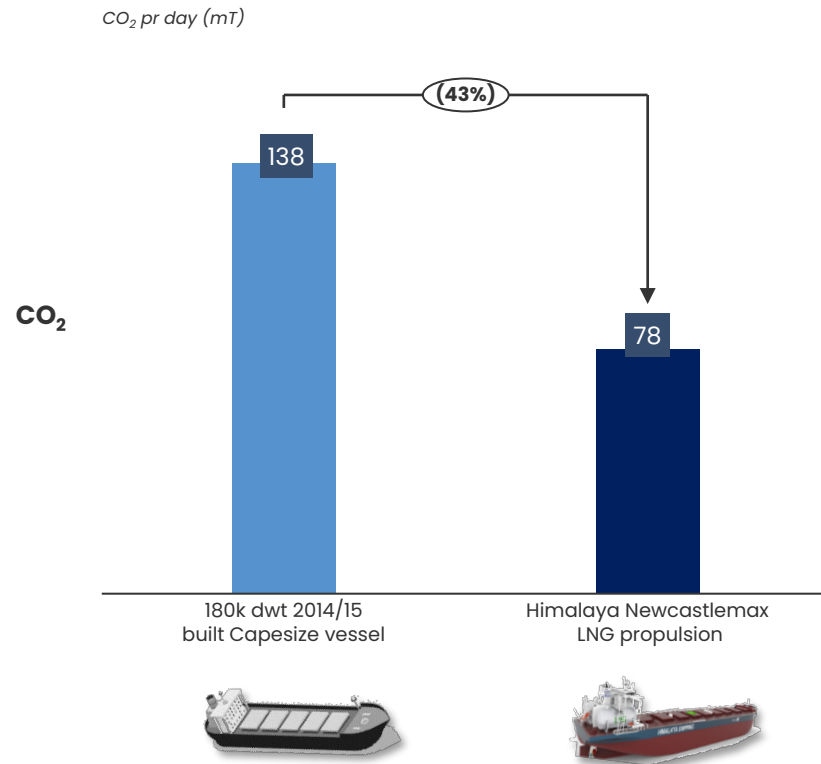


## More capacity going into dock



# Himalaya have the right ships

## 43% more CO<sub>2</sub> efficient than a standard Capesize<sup>1</sup>



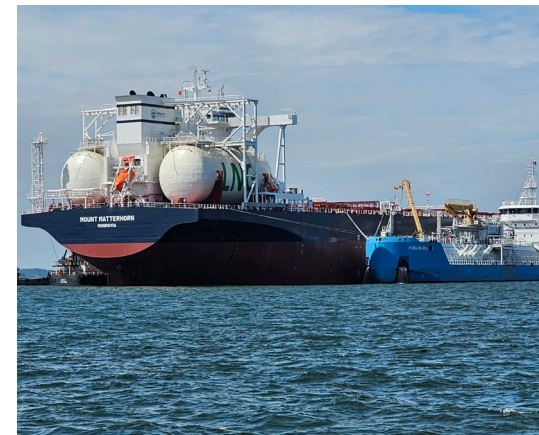
## Dual fuel gives flexibility



	\$/HFO-ton			LNG	METHANOL (GREY)	AMMONIA (BLUE)
	HFO 380	LSMGO	VLSFO			
Houston	490	773	616	344	788	-
West Mediterranean	546	825	631	447	-	-
Rotterdam	488	747	601	452	684	1,125
Singapore	510	762	630	463	-	937
China	523	814	647	486	584	937

Himalaya have fuel flexibility – can run on LNG, HFO or VLSFO

Current LNG prices (April 2024) quoted by Affinity Shipbrokers as the cheapest fuel option

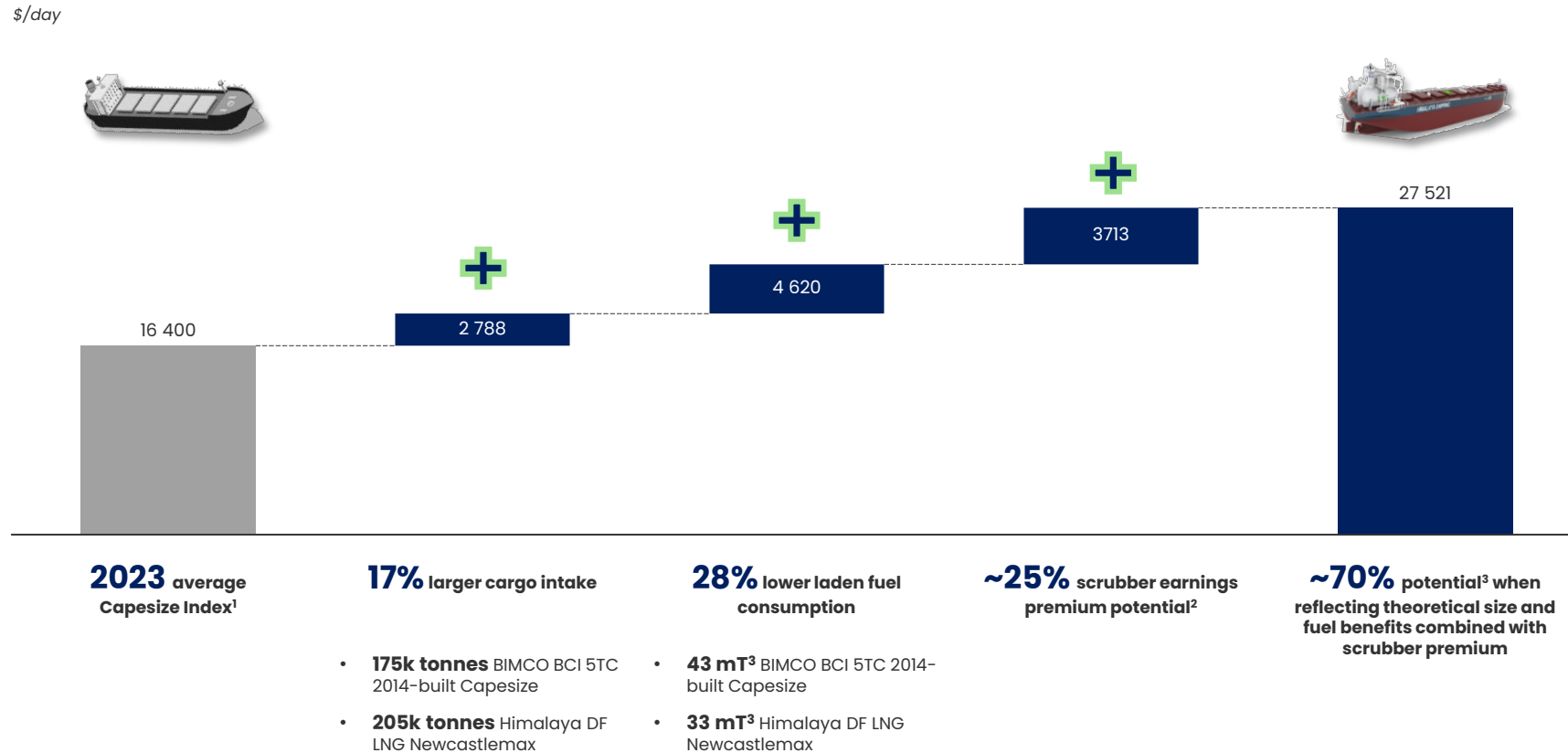


LNG bunkering operations on Mount Matterhorn

1. When running on LNG, basis 43 mT pr day fuel consumption and 3.2 CO<sub>2</sub> pr mT for a 180k dwt 2014/15 built Capesize vessel and 28 mT pr day fuel consumption and 2.8 CO<sub>2</sub> pr mT for a Himalaya newbuild. Source: Bloomberg and Company estimates . 2. Himalaya Shipping vessel is estimated to save 43% compared to a Bimco standard Cape, and realise a 25% saving through a carbon savings clause.



## Fuel flexibility unlocking premium potential vs. conventional vessels



1. 2023 average of the 5 T/C Routes for Baltic Capesize Index of \$16,363. 2. Scrubber benefit based on VLSFO – HSFO spread of \$150 basis Singapore bunkering for average March 2024. 3. Premium achieved will depend on the terms Himalaya Shipping is able to achieve in contracts entered into, including the variable scrubber earnings.

Source: Clarksons Shipping Intelligence Network (<https://sin.clarksons.net/>) as of March, 2024, Bloomberg and Company estimates

# Himalaya have the right financing



## Estimated cash break-even of a fully delivered basis

Value of ship (average purchase price)	\$m	71.6
<b>Financing (average debt financing)<sup>1</sup></b>	"	<b>63.1</b>
Loan to purchase price	%	88%
Fixed bareboat day-rate <sup>2</sup>	\$/day	16,567
Scrubber financing <sup>3</sup>	\$/day	841
Estimated Opex	"	6,400
Estimated SG&A	"	732
<b>Estimated cash break-even</b>	"	<b>24,540</b>
Estimated scrubber benefit when sailing <sup>4</sup>	\$/day	(3,100)
Earnings premium <sup>5</sup>	42%	(6,300)
<b>Capesize index eq cash break-even rate</b>	\$/day	<b>~15,900<sup>6</sup></b>

## Last upcycle Capesize rates vs. est. equivalent cash break-even

1 year Capesize timecharter rates 2003 – 2010, (\$/day)

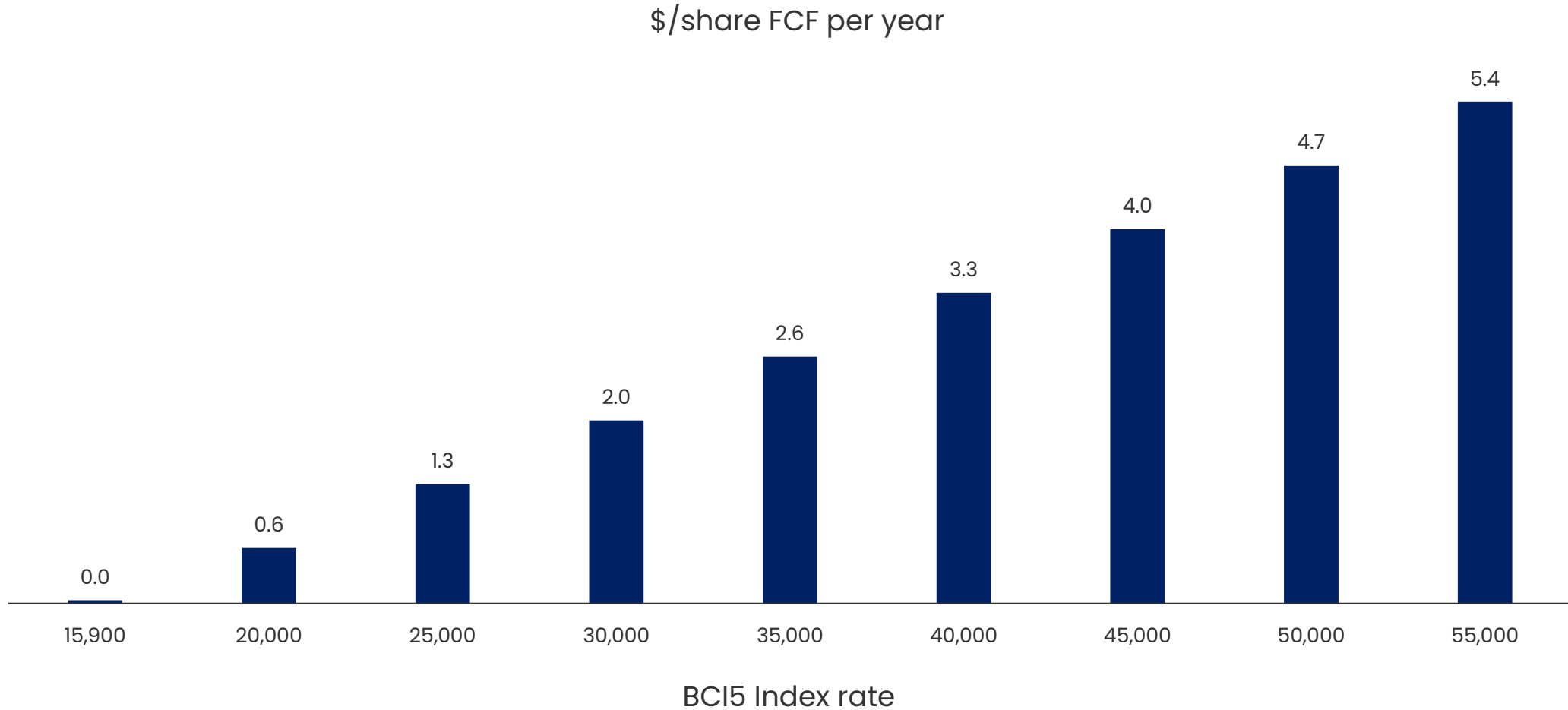


1. Based on Company estimated average debt financing for 12 vessels, including scrubber financing for four vessels. 2. Blended fixed bareboat day-rate. 3. Floating interest rate scrubber financing for four vessels. 4. VLSFO – HSFO spread of \$150 basis Singapore bunkering for a consumption of 10,000 tons per year with 75% benefit to the Shipowner. Platts quoted bunker spread 14 Feb 2024 is \$210/t. 5. 11 index-linked charters with a contracted premium to BCI 5TC of 42%. Source: Clarksons Shipping Intelligence Network (<https://sin.clarksons.net/>) as of February 14, 2024 and Company estimates. 6. Capesize index rate adjusted for 5% commission

# Solid cash return potential



## Illustrative \$/FCF per share<sup>2</sup> based on BCI5 Index rates



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 BCI5 Index rates + 42% premium (less 5% commission) + \$3,100 in scrubber benefit less \$24,540/d in cash breakeven x 12 ships, divided on 43,900,000 shares outstanding