

2020 BULKERS



2020 Bulkera Ltd.

Second Quarter 2020 Results

13 August, 2020

This presentation (the "**Presentation**") has been prepared by 2020 Bulkera Ltd. (the "**Company**") and is made 13 August, 2020 solely for information purposes. The Presentation does not constitute any recommendation to buy, sell or otherwise transact with any securities issued by the Company.

No representation, warranty or undertaking, express or implied, is made by the Company and no reliance should be placed on the fairness, accuracy, completeness or correctness of the information or the opinions contained herein. The Company shall have no responsibility or liability whatsoever (for negligence or otherwise) for any loss arising from the use by any person or entity of the information set forth in the Presentation. All information set forth in the Presentation may change materially and without notice. In making the Presentation public the Company undertakes no obligation to provide additional information or to make updates thereto. The information set forth in the Presentation should be considered in the context of the circumstances prevailing at the date hereof and has not been and will not be updated to reflect material developments which may occur after such date unless specifically stated in such update(s).

Matters discussed in the Presentation include "forward looking statements". "Forward looking statements" are statements that are not historical facts and are usually identified by words such as "believes", "expects", "anticipates", "intends", "estimates", "will", "may", "continues", "should" etc. These "forward looking statements" reflect the Company's beliefs, intentions and current expectations concerning, among other things, the Company's results, financial condition, liquidity position, prospects, growth and strategies. "Forward looking statements" include statements regarding: objectives, goals, strategies, outlook and growth prospects, future plans, events or performance and potential for future growth, liquidity, capital resources and capital expenditures, economic outlook and industry trends, developments in the Company's market, the impact of regulatory initiatives and the strength of the Company's competitors. "Forward looking statements" involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. The "forward looking statements" included herein are based upon various assumptions, many of which, in turn, are based upon further assumptions. This includes, without limitation, the Company's review of historical operating trends, data contained in the Company's records and data available from third parties. Although the Company believes that these assumptions were reasonable when the relevant statements were made, they are inherently subject to significant known and unknown risks, uncertainties, contingencies and other factors which are difficult or impossible to predict and which are beyond the Company's control. "Forward looking statements" are not guarantees of future performance and such risks, uncertainties, contingencies and other important factors which are inherent thereto could cause the actual results of operation, financial condition and liquidity position of the Company or the industry in which it operates to differ materially from those results which, expressed or implied, are contained herein. No representation to the effect that at any of the "forward looking statements" or forecasts will come to pass or that any forecasted result will be achieved are made.

The Presentation and the information contained herein does not constitute or form a part of and should not be construed as an offer for sale or subscription or of solicitation or invitation of any offer to subscribe for or purchase any securities issued by the Company.

Key events during the second quarter of 2020:

- Net profit of US\$2.4 million, EPS US\$0.11
- Completed the Company's newbuilding program, with the delivery of two Newcastlemax vessels. Both vessels commenced their respective time charters with ST Shipping/Glencore upon departing the shipyard
- Converted index linked time charters for Bulk Sandefjord and Bulk Sydney into fixed rate charters at US\$14,378 per day, gross and US\$14,002 per day, gross respectively, for the remainder of 2020.
- Achieved average time charter equivalent earnings of approximately US\$19,100 per day, gross. The Baltic 5TC Capesize Index averaged US\$9,932, per day during the quarter

Subsequent events:

- Declared dividend of US\$0.01 per share, payable on or about September 5 to shareholders on record as of August 18, 2020
- Achieved time charter equivalent earnings quarter to date in the third quarter of approximately US\$23,100 per day, compared to the Baltic 5TC Capesize index average of US\$23,400 per day

Key Financials Q2 2020

Income Statement

USD million, except per share data	Q2 2020
Operating Revenues	10.8
Vessel operating expenses	(2.9)
Voyage expenses	(0.5)
G&A	(0.5)
Depreciation	(2.2)
Total operating expenses	(6.1)
Operating Profit	4.7
Interest expense, net of cap. interest	(2.1)
Other financial expense	(0.2)
Total financial expense, net	(2.3)
Tax expense	-
Net Profit	2.4
Earnings per share (USD/share)	0,11

Comments

- Net profit of US\$2.4 million
- Operating profit of US\$4.7 million
- EBITDA of US\$6.9 million
- Earnings per share of 11 cents
- Operating revenues of US\$10.8 million. Average time charter equivalent earnings of approx. US\$19,100 per day, gross.
- Vessel operating expenses of US\$2.9 million. Average operating expenses of approx. US\$4,900 per day per ship.
- “Bulk Sao Paulo” and “Bulk Santos” commenced their time charter contracts on June 6 and 18, 2020, respectively.
- 584 operational ship days for the quarter, approximately 730 days per quarter now that the full fleet is delivered
- G&A includes a non-cash share option cost of US\$0.1 million
- Interest expense, net of capitalized interest of US\$2.1 million
- In April 2020, the company entered into interest rate swaps agreements, effectively securing an all-in interest rate of 3% of the outstanding loan under the term loan facility.

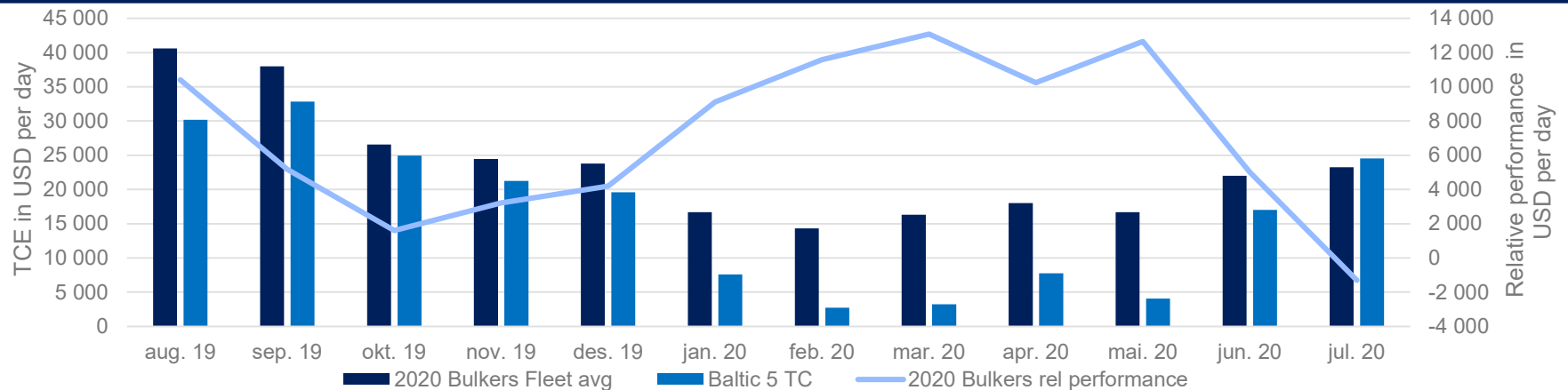
Balance Sheet Summary

USD million	June 30, 2020
Total assets	398.6
Equity	137.9
Cash and cash equivalents	16.3
Interest bearing debt	257.6

Comments

- Equity of US\$137.9 million and equity ratio of 34.6%
- Interest bearing debt increased from US\$200.4 million to US\$257.6 million during the quarter, primarily reflecting the draw down on the term loan facility on delivery of Bulk Sao Paulo and Bulk Sanos.
- Cash flow from operations was US\$6.0 million in Q2 2020
- Solid liquidity position with US\$16.3 million of cash.

Commercial performance relative to Baltic 5TC index



Balanced charter composition with solid counterparts

Ship name	Delivery	Charterer	Rate	Charter expiry
Bulk Sandefjord	Aug 19	Koch	14 378 + scrubber benefit until Dec 20. Index linked + scrubber benefit thereafter	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	14 002 + scrubber benefit until Dec 20. Index linked thereafter + scrubber benefit thereafter	Jan 23
Bulk Sao Paulo	Jun 20	Glencore	Index linked + scrubber benefit	Jun 23
Bulk Santos	Jun 20	Glencore	Index linked + Scrubber benefit	Jun 23

Dividends and Cash breakeven

Monthly dividends reinstated

- Monthly dividends reinstated with dividend of US\$0.01 per share payable on or about September 5th to shareholders on record as of August 18, 2020
- Based on current spot rates, the Company would expect to be able to regularly pay out the majority of any monthly operating free cash flow as dividends, from October 2020 onwards, based on earnings from September 2020 onwards

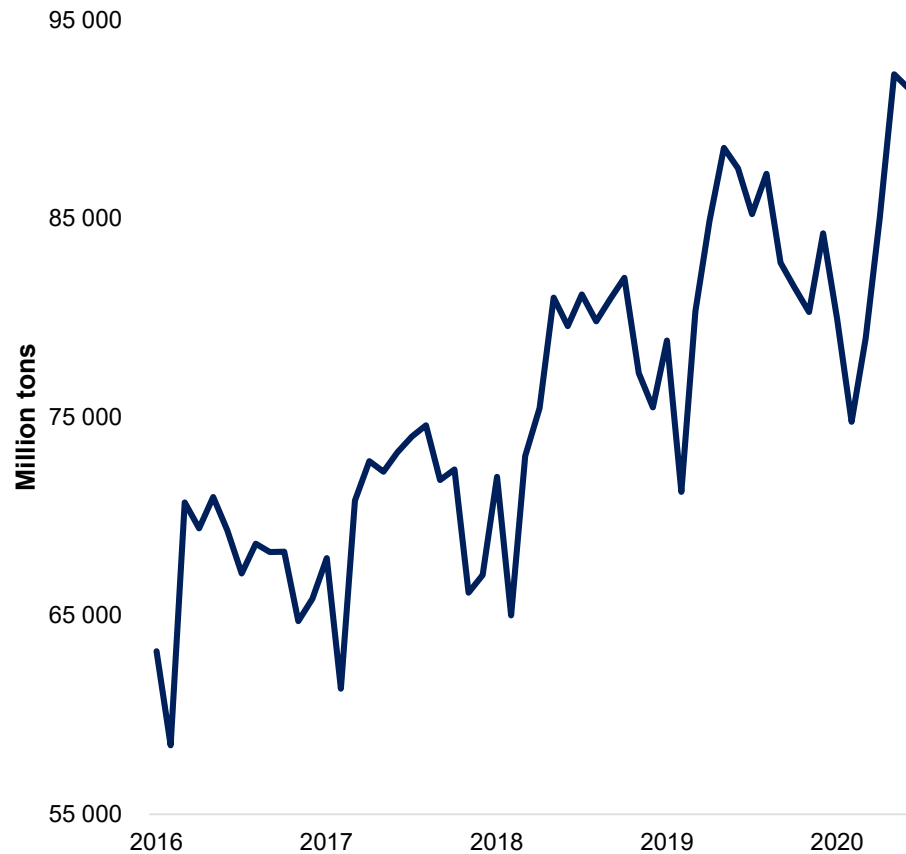
Cash breakeven

- Fixed time charter coverage for 6 vessels for the balance of 2020 covers 98% of budgeted operating cash breakeven for all 8 vessels
 - Rates required for index-linked ships to achieve operating cash breakeven is estimated at US\$1,252 per day for the balance of 2020
 - The current FFA market implies estimated earnings for a scrubber fitted Newcastlemax for the balance of 2020 of US\$30,000 per day
 - Operating cash breakeven after debt service for 2020 is estimated at approximately US\$14,000 per day
-

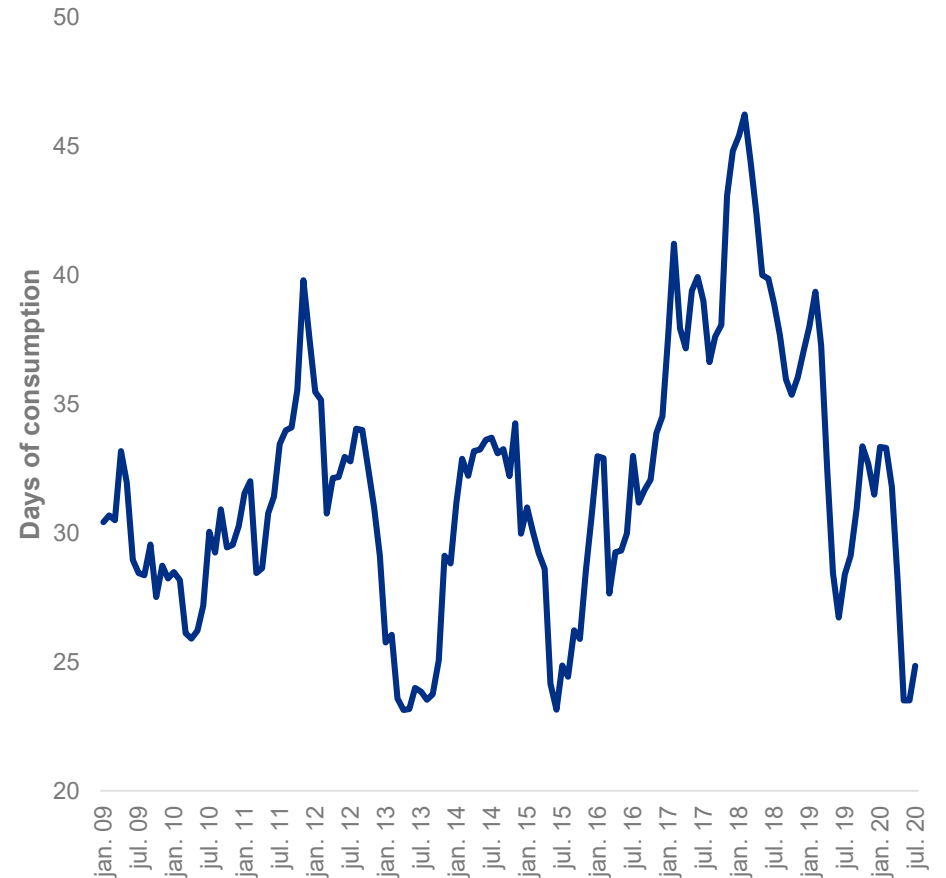
Market update

High Chinese steel production requires more iron ore imports

Chinese steel production are at record high levels

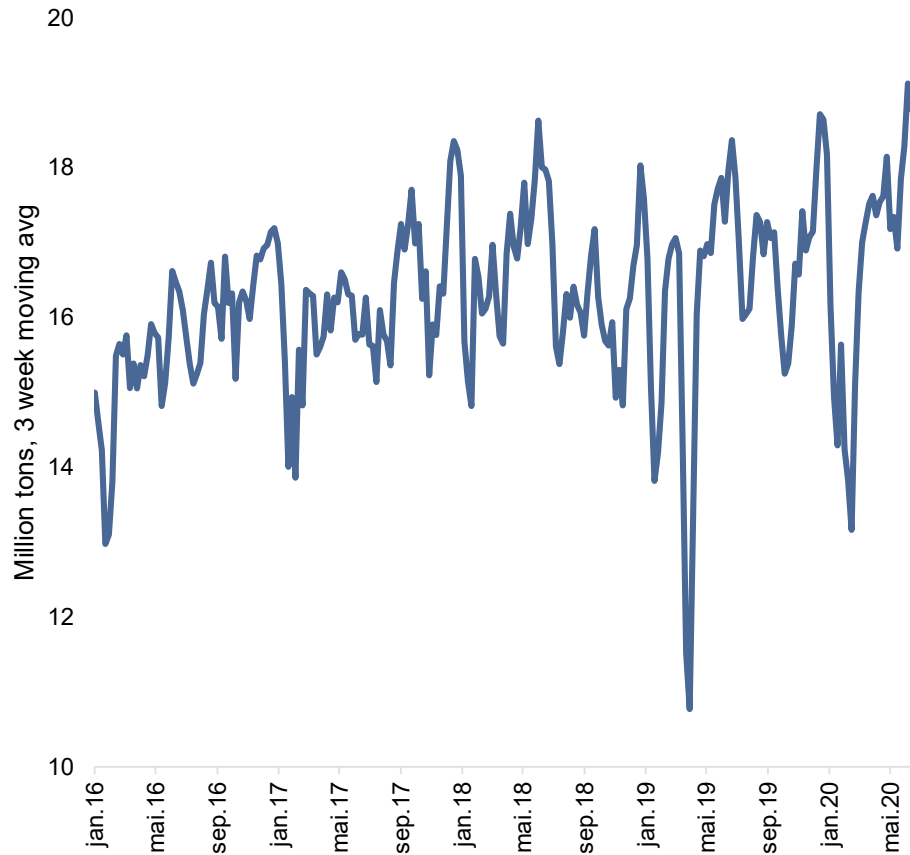


While iron ore inventories are at low levels historically

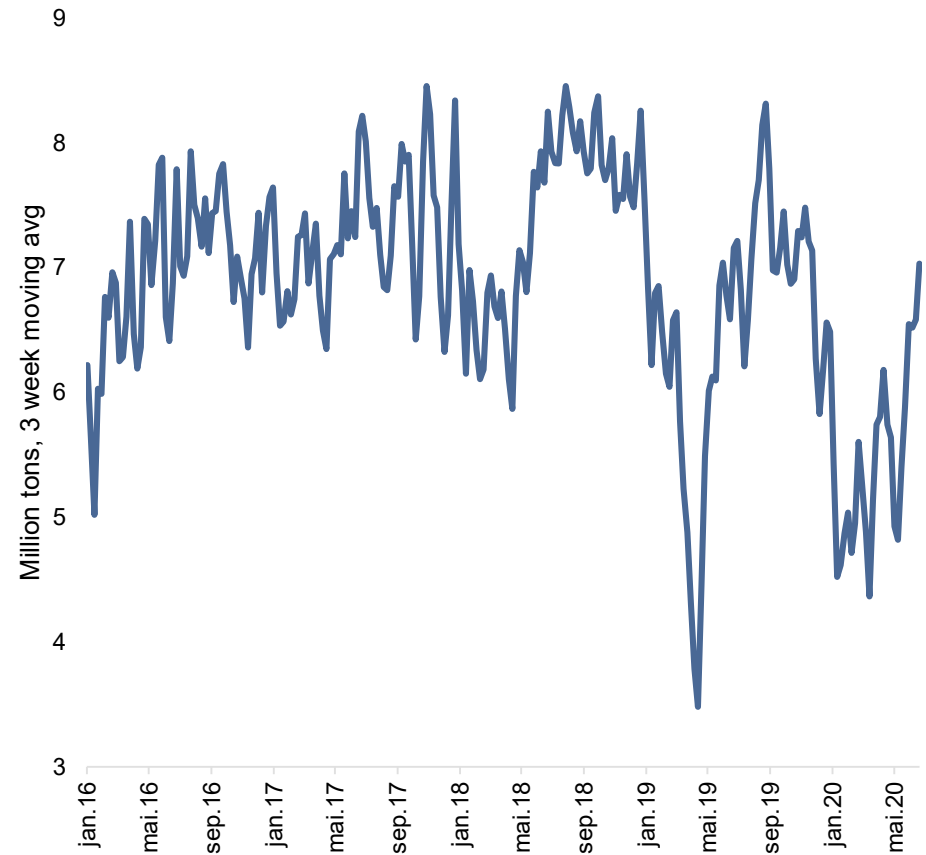


Increased Brazilian exports is finally helping the freight market

Australian iron ore exports at record levels in 1H 2020



Brazilian iron ore exports recovering after a weak 1H 2020

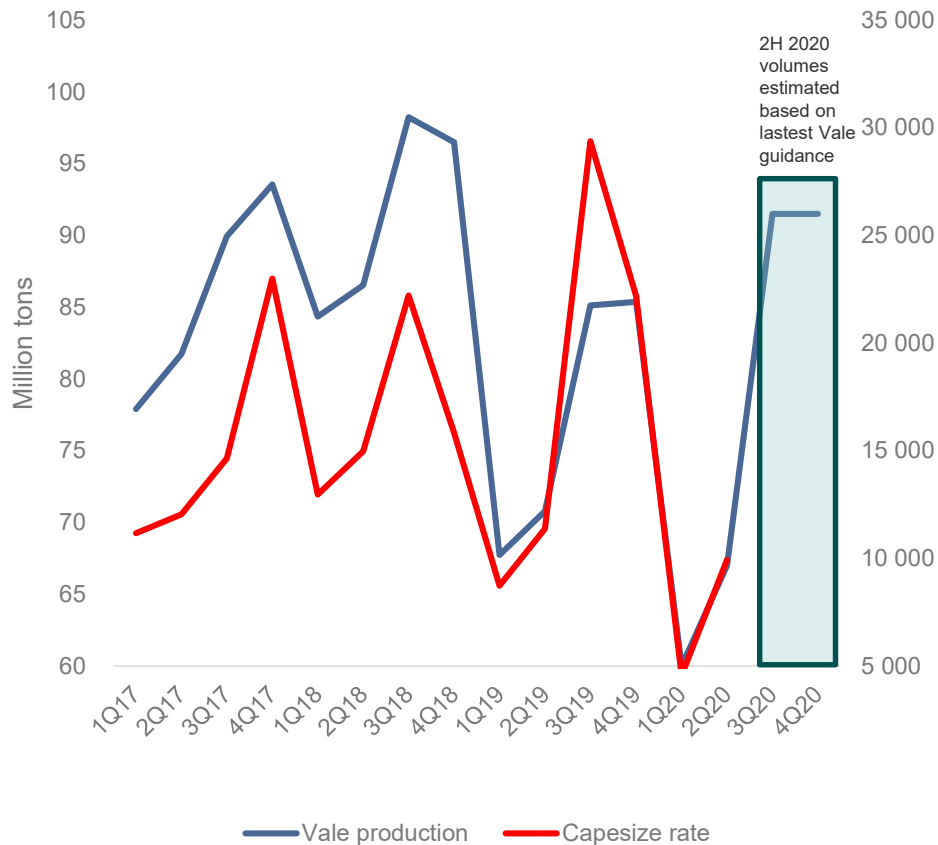


Brazil iron ore exports should be picking up with Vale guiding for significant increase in production in 2H vs 1H 2020

2020 **BULKERS**

Strong correlation between Vale production and Capesize rates

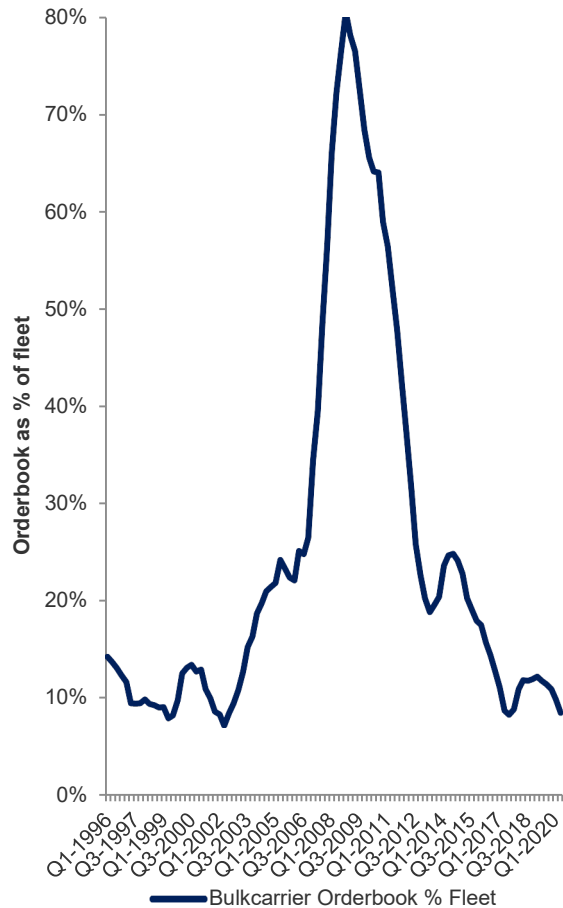
Comments



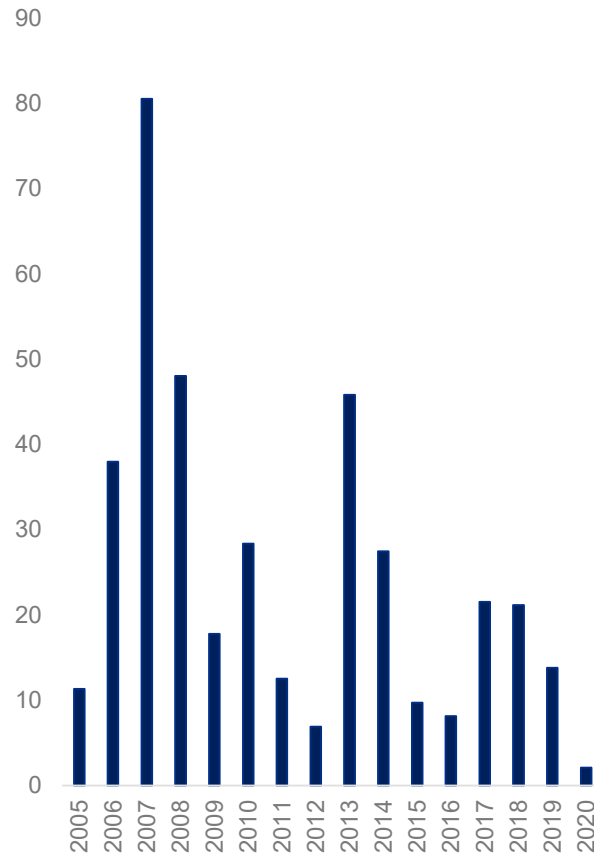
- Vale produced 60 and 67 million tons of iron ore in Q1 and Q2 2020, respectively
- Vale's guidance of 310 – 330 million tons for 2020 implies that run rate production in Q3-Q4 2020 will be almost 50% above the Q1 2020 production volumes
- There has historically been a strong correlation between Vale's production, Brazilian exports and observed Capesize rates

Limited supply growth on the horizon and high scrapping activity

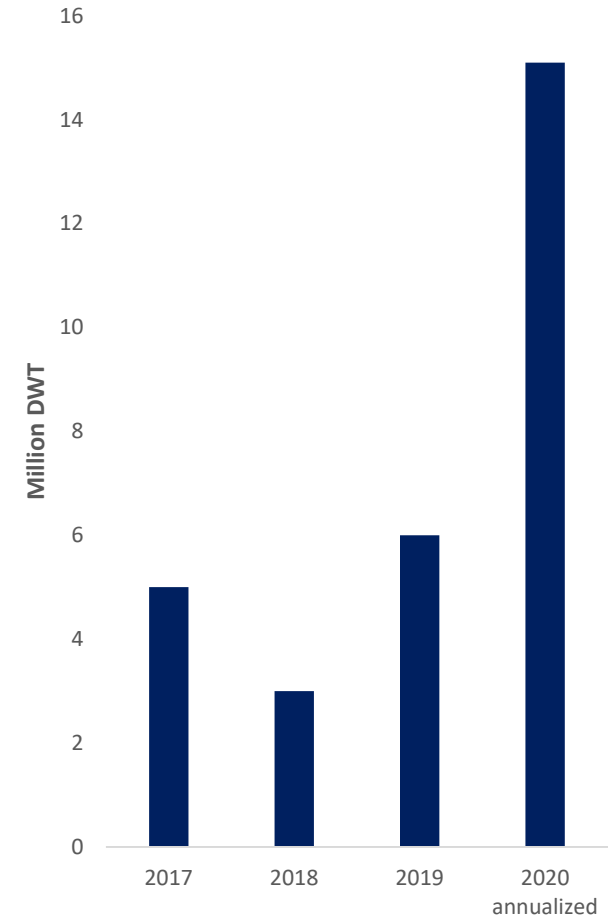
Dry bulk orderbook as % of fleet



Capesize bulk newbuild contracts



Capesize scrapping⁽¹⁾



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

Questions?
