

# 2020 BULKERS

2020 Bulkers Ltd.  
Q3 2021 Results presentation  
October 27, 2021



---

This presentation (the "**Presentation**") has been prepared by 2020 Bulkera Ltd. (the "**Company**") and is made October 27, 2021 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.

# Highlights

## **Key events during the third quarter of 2021:**

- Net profit of US\$21.6 million, EPS of US\$0.98
- Achieved average time charter equivalent earnings of approximately US\$46,000 per day, gross
- Declared total cash distributions of US\$0.97 per share for the months of July – September 2021
- Increased fixed time charter rate coverage for Q4: 490 days fixed at US\$45,680 per day + scrubber benefit

## **Subsequent events:**

- Achieved time charter equivalent earnings quarter to date in the fourth quarter of approximately US\$65,500 per day, gross
- Declared a cash distribution of US\$0.39 per share for the month of September
- Bulk Shenzhen back on hire on October 9, following repairs after collision in August

## Key Financials Q3 2021

**Income Statement**

USD million, except per share data	Q3 2021
<b>Operating Revenues</b>	<b>32.8</b>
Vessel operating expenses	(4.5)
Voyage expenses and commission	(0.4)
General and administrative expenses	(0.8)
Depreciation and amortization	(3.0)
<b>Total operating expenses</b>	<b>(8.7)</b>
<b>Operating Profit</b>	<b>24.1</b>
Interest expense	(2.4)
Other financial expense	(0.1)
<b>Total financial expense, net</b>	<b>(2.5)</b>
<b>Tax expense</b>	<b>-</b>
<b>Net Profit</b>	<b>21.6</b>
Earnings per share (USD/share)	0.98

**Comments**

- Net profit of US\$21.6 million
- Operating profit of US\$24.1 million
- EBITDA of US\$27.1 million
- Earnings per share of US\$0.98
- Operating revenues of US\$32.8 million. Average time charter equivalent earnings of approx. US\$46,000 per day, gross.
- Vessel operating expenses of US\$4.5 million which includes US\$0.3 million in repair related costs and approximately US\$0.2 million in Covid-19 related costs. Average operating expenses of approx. US\$6,100 per day per vessel
- G&A was US\$0.8 million
- Interest expense of US\$2.4 million.

## Balance Sheet Summary

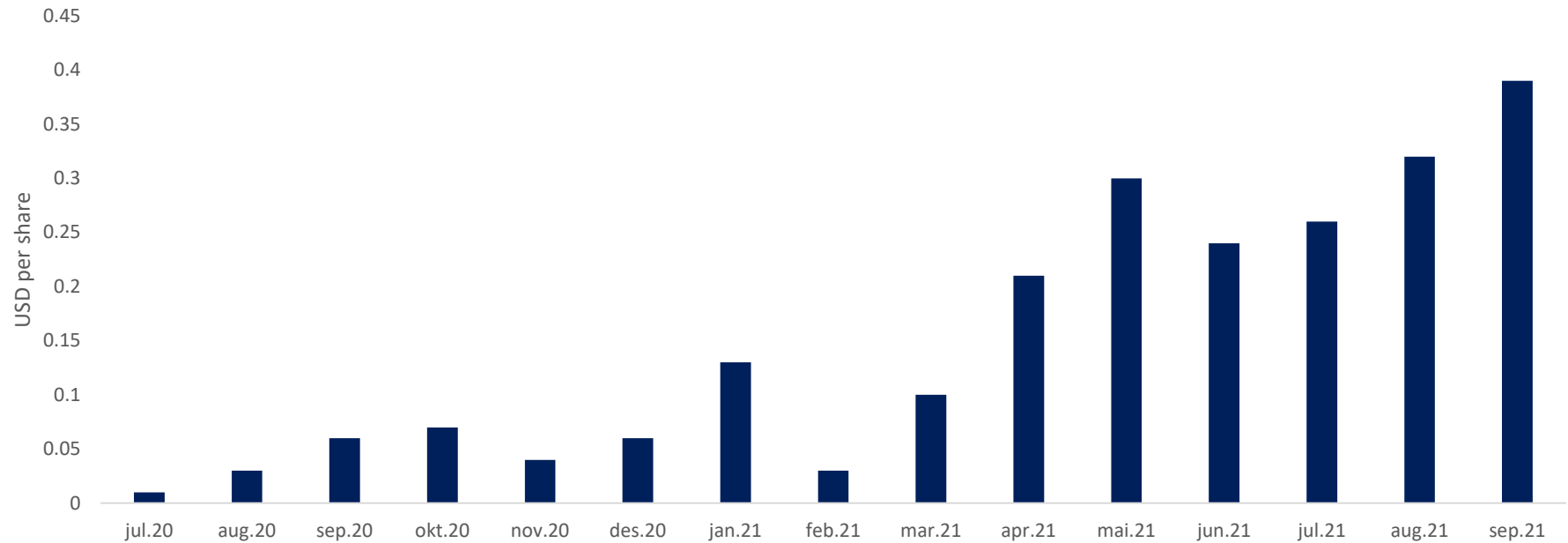
USD million	September 30, 2021
Total assets	396.6
Equity	152.2
Cash and cash equivalents	28.4
Interest bearing debt	239.0

## Comments

- Shareholders' equity of US\$152.2 million
- Interest bearing debt decreased from US\$242.7 million to US\$239.0 million during the quarter reflecting scheduled repayments during the quarter
- Cash flow from operations was US\$27.7 million in Q3 2021
- Cash distributions in total of US\$0.97 per share declared for the months of July, August and September
- Solid liquidity position with US\$28.4 million of cash.

# Dividends and cash distributions

## Monthly dividends and cash distributions

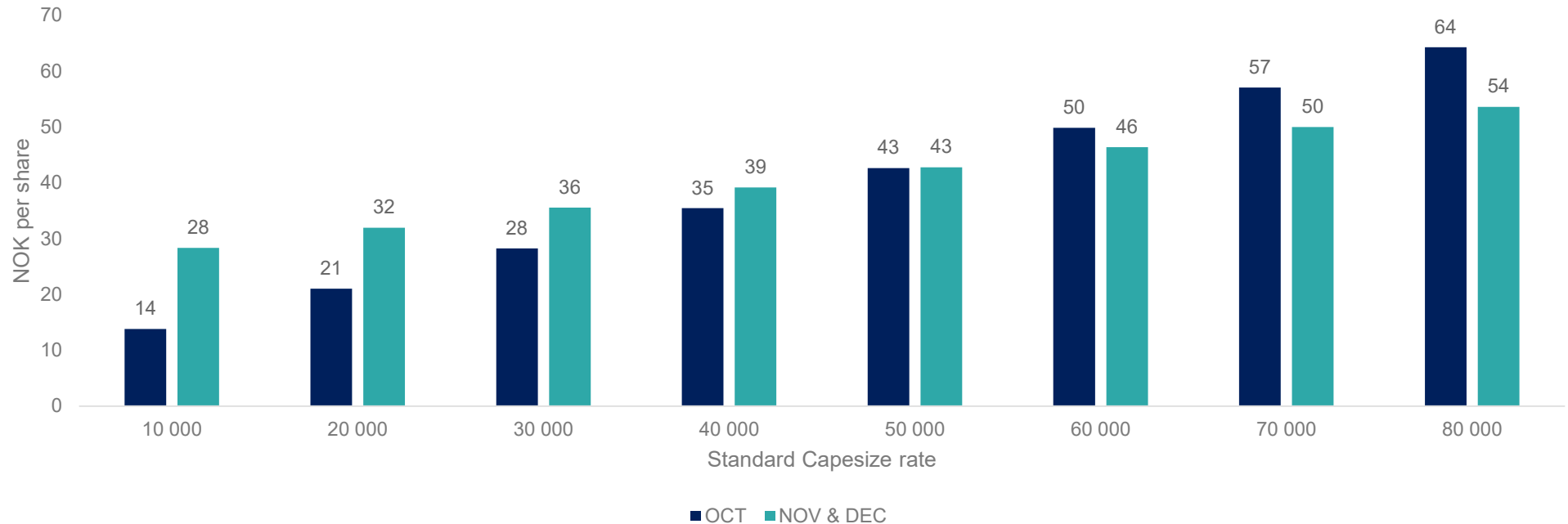


- 2020 Bulkera has returned free cash flow to shareholders on a monthly basis for 15 consecutive months
- Q3 cash distributions of US\$0.97 per share equals ~27% annualized yield\*
- 2020 Bulkera has to date returned 38% of total paid-in equity to shareholders

\* Based on closing price of NOK 122 as of October 26, 2021

# Our dividend potential is significant

Balance of 2021 indicative dividend capacity (annual run-rate)<sup>1)</sup>



4 vessels fixed at an average of US\$40,600, gross + scrubber profit share for October 2021

6 vessels fixed at an average of US\$47,400, gross + scrubber profit share for November & December 2021

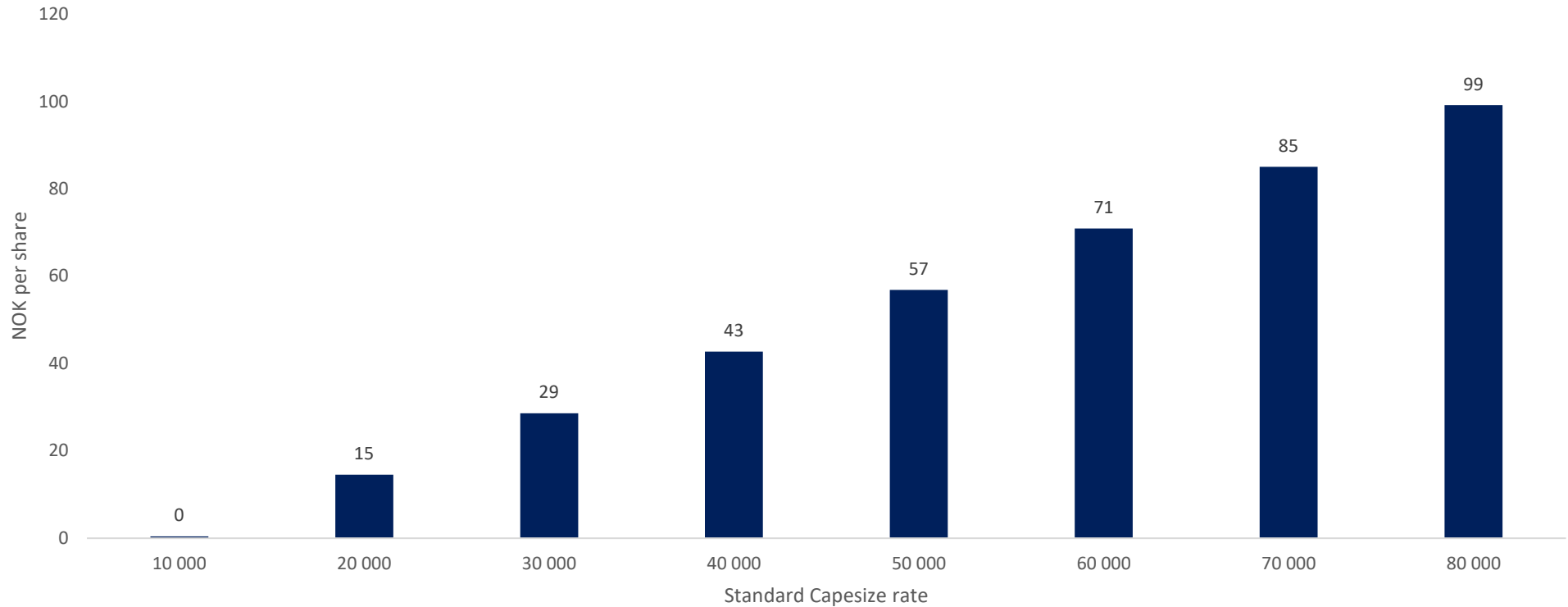
Remaining vessels on index-linked time charters with scrubber profit share

1) Indicative calculation based on current operating budgets, vessel employment, FX rates and fuel prices. Includes 9.6 days offhire insurance for Bulk Shenzhen in October. Actual results may deviate

2) As of 26 October 2021

# Our dividend potential is significant

2022 Indicative dividend capacity (annual run-rate)<sup>1)</sup>



8 vessels on index linked time charters with scrubber profit share

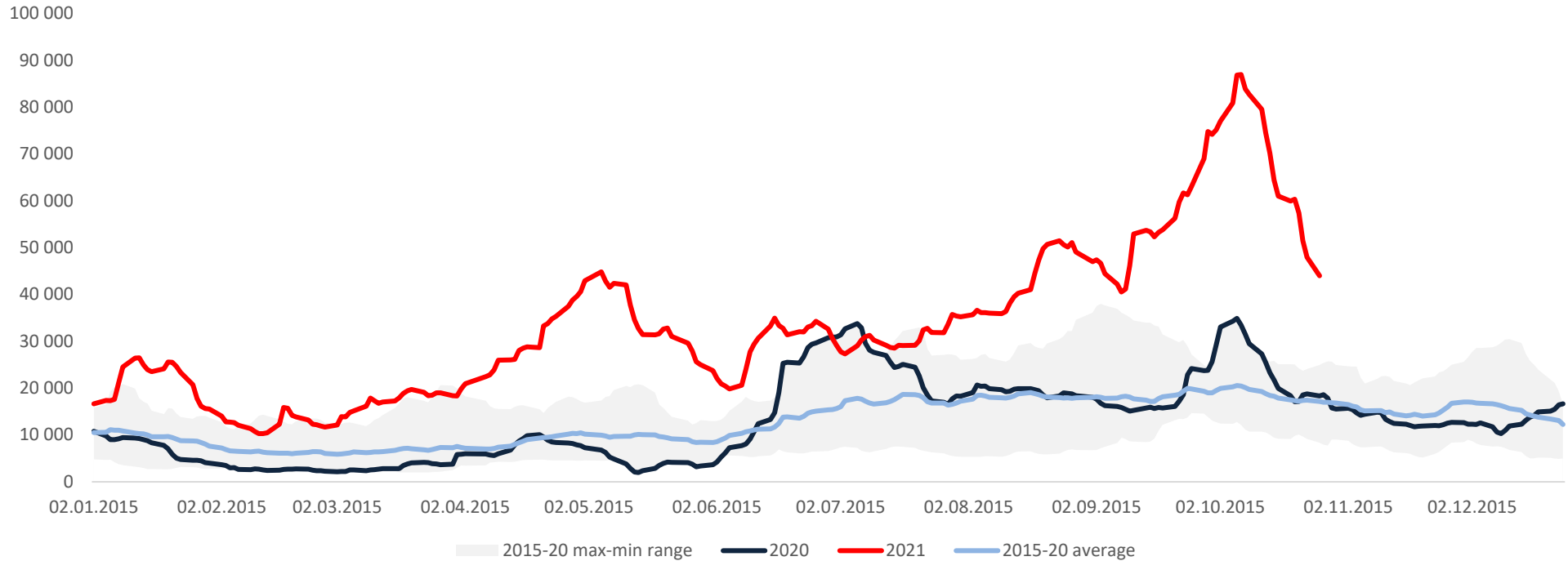
2022 Capesize FFA curve is ~US\$ 22,800 per day<sup>2)</sup>

1) Indicative calculation based on current operating budgets, vessel employment, FX rates and fuel prices. Actual results may deviate.

2) As of 26 October 2021



# Capesize rates year to date are the strongest in a decade

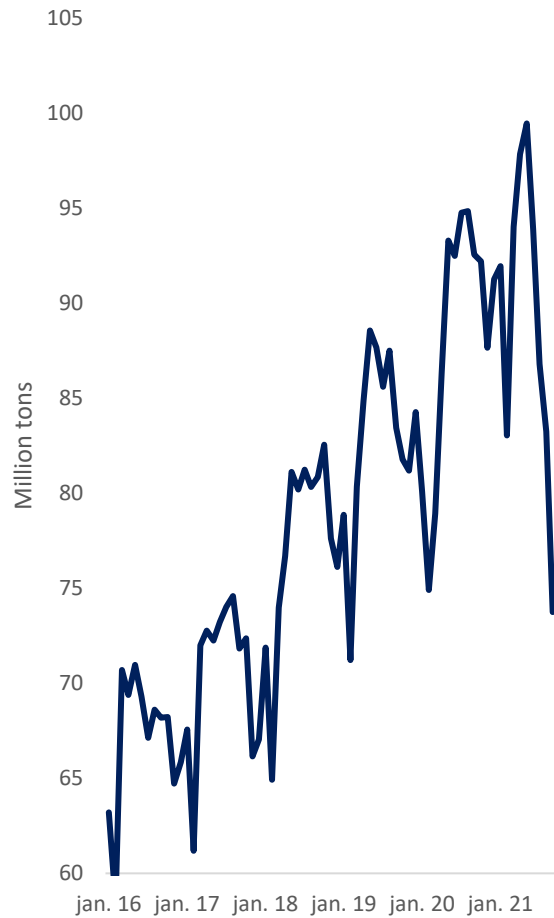


## Key market drivers:

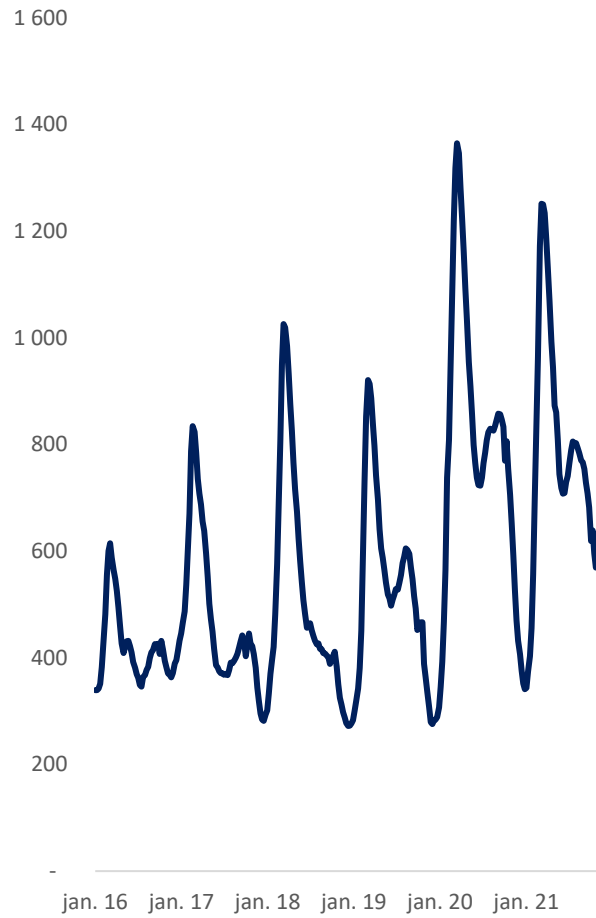
- Strong iron ore volumes with YTD Brazilian exports +8% while Australian exports are flat YoY
- Global coal exports + 8% YoY
- Modest fleet growth in 2021 with orderbook of 18 million DWT, compared to 25 million DWT delivered in 2020

# Chinese steel market

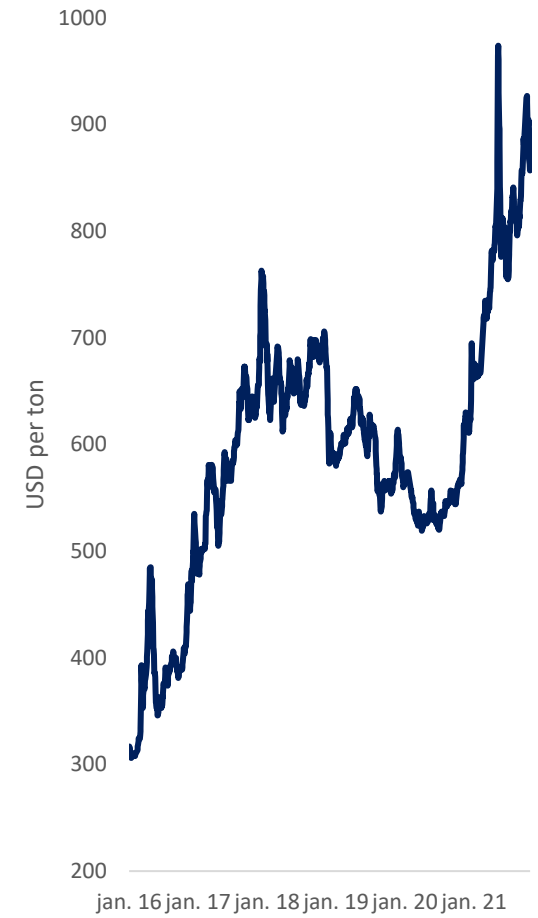
**China monthly steel production**



**China rebar inventories**



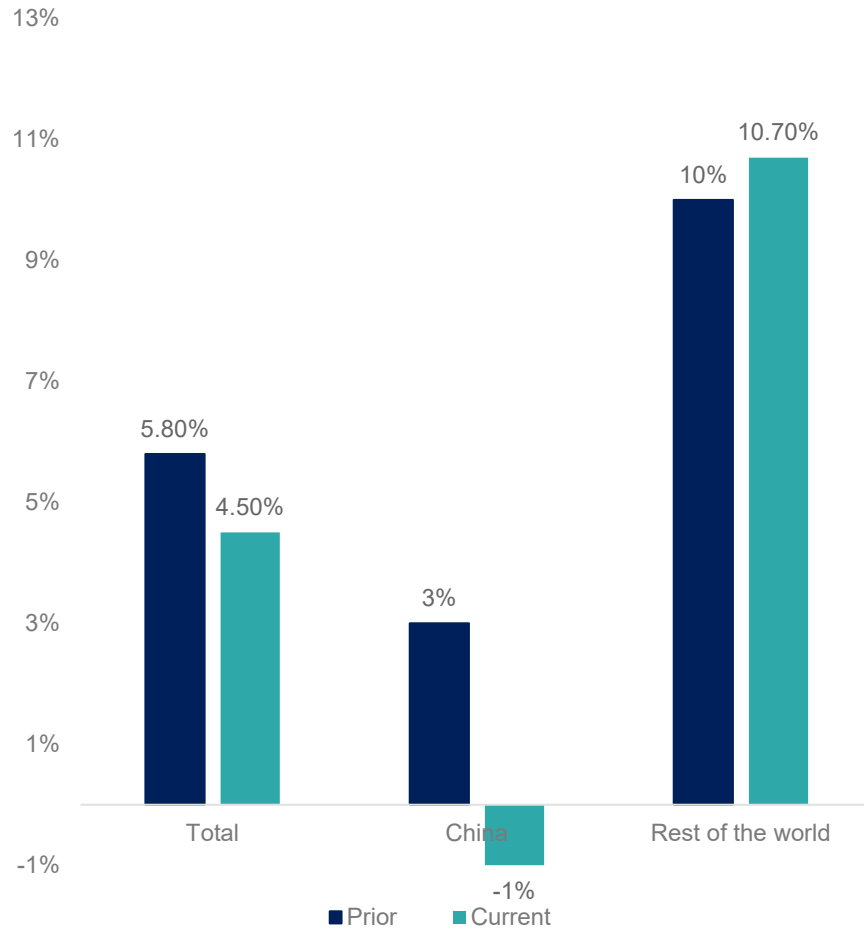
**China rebar prices**



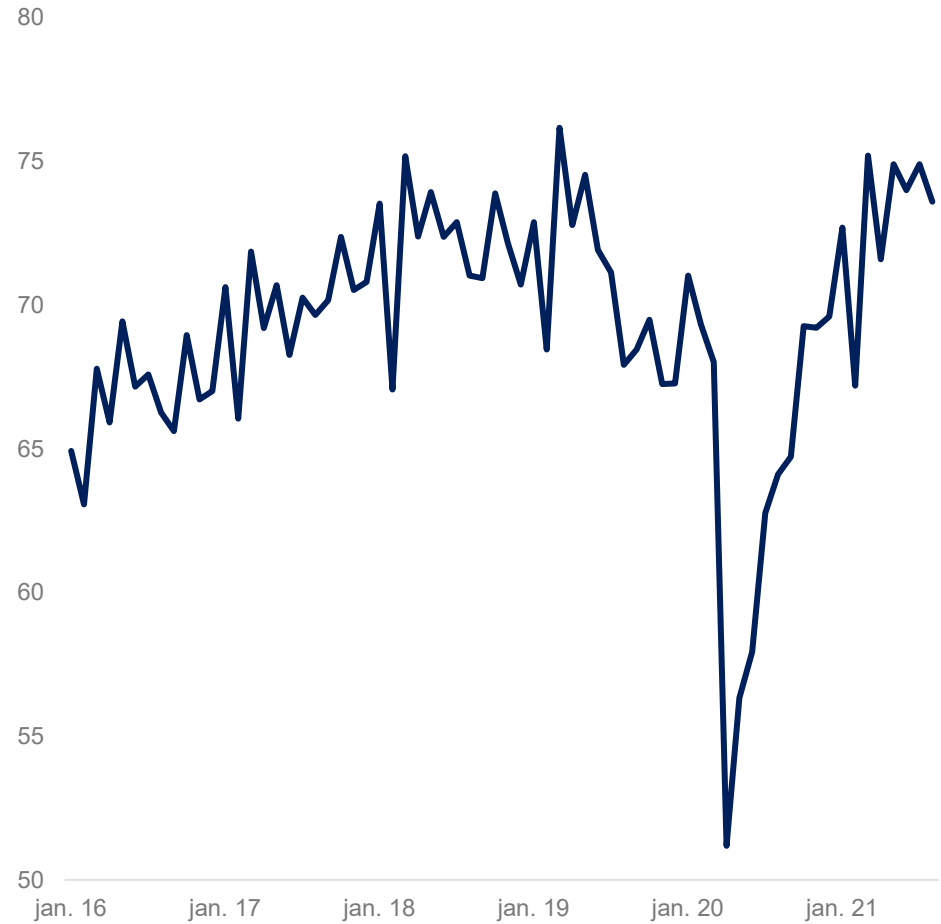
Sources: Arrow Shipbroking group, Bloomberg

# Global steel market

2021 Expected growth in steel demand



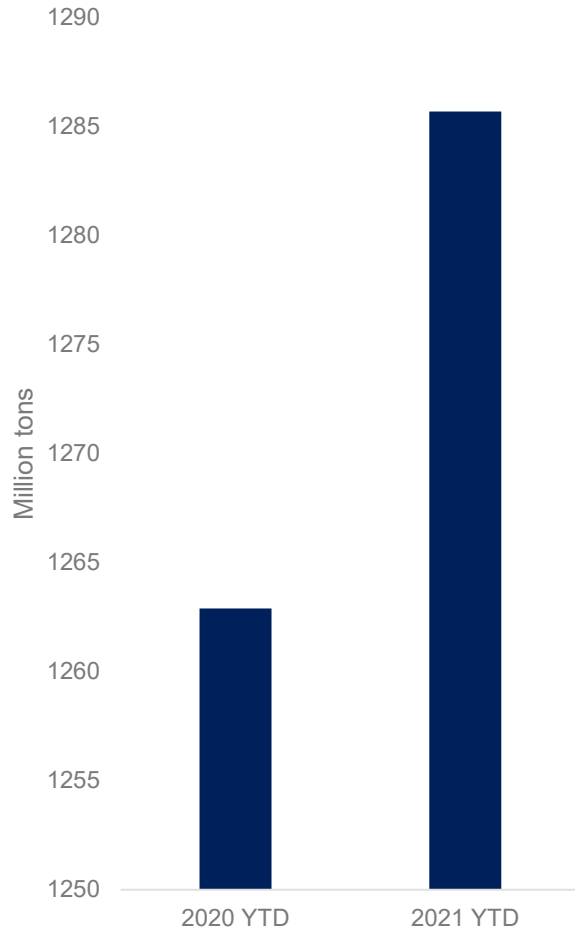
World ex-China steel output



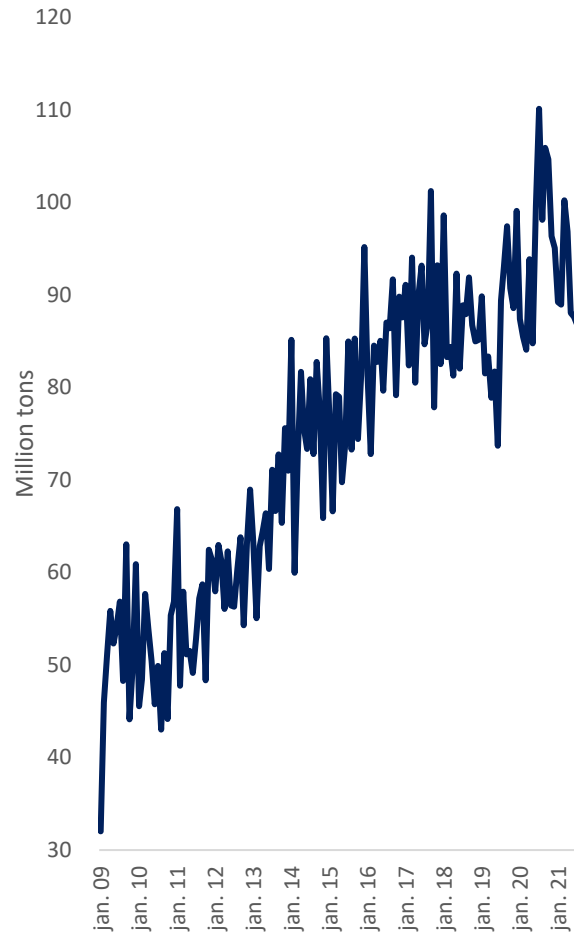
Source: World Steel Association, Arrow Shipbroking group

# Iron ore

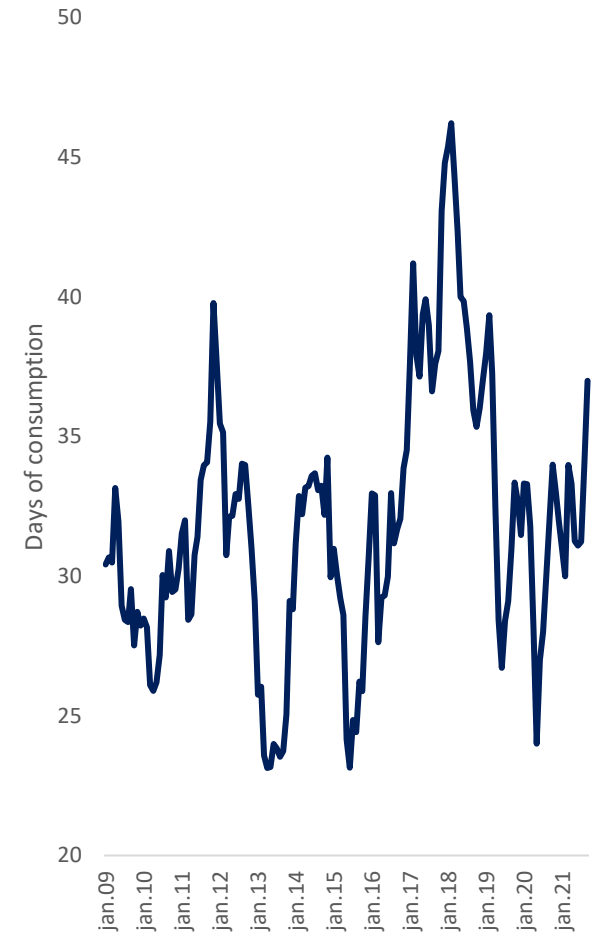
**Global iron ore exports**



**Chinese iron ore imports**

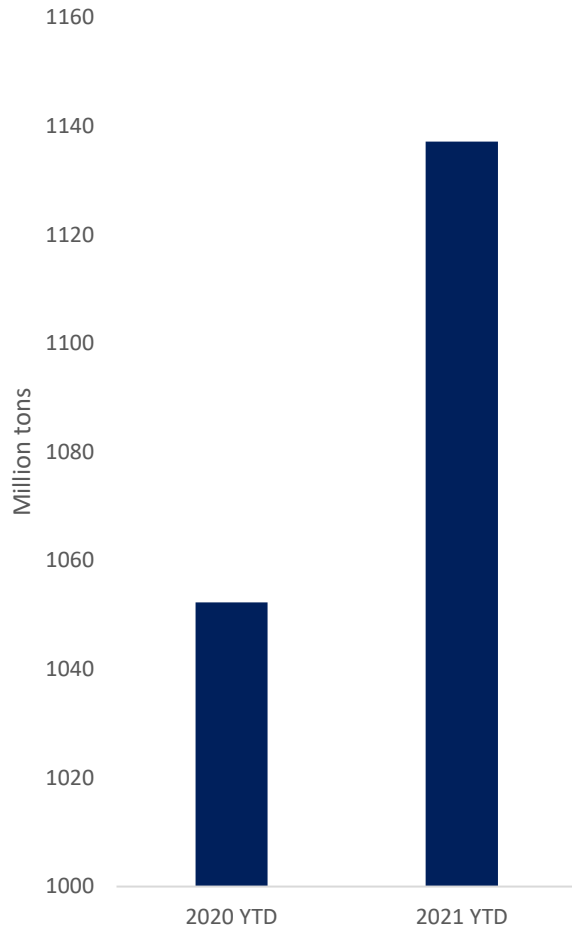


**Chinese iron ore inventories**

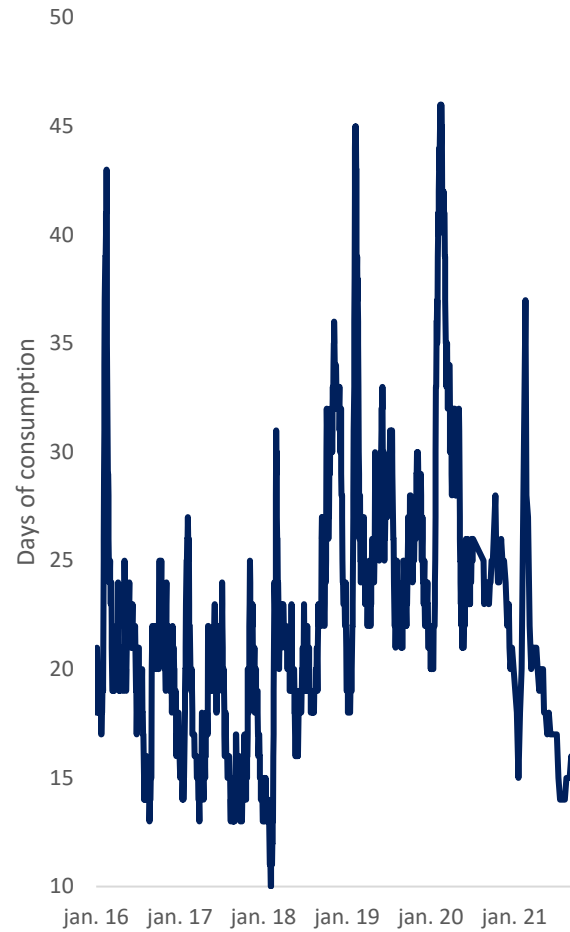


Source: Oceanbolt, Shipping Intelligence Network

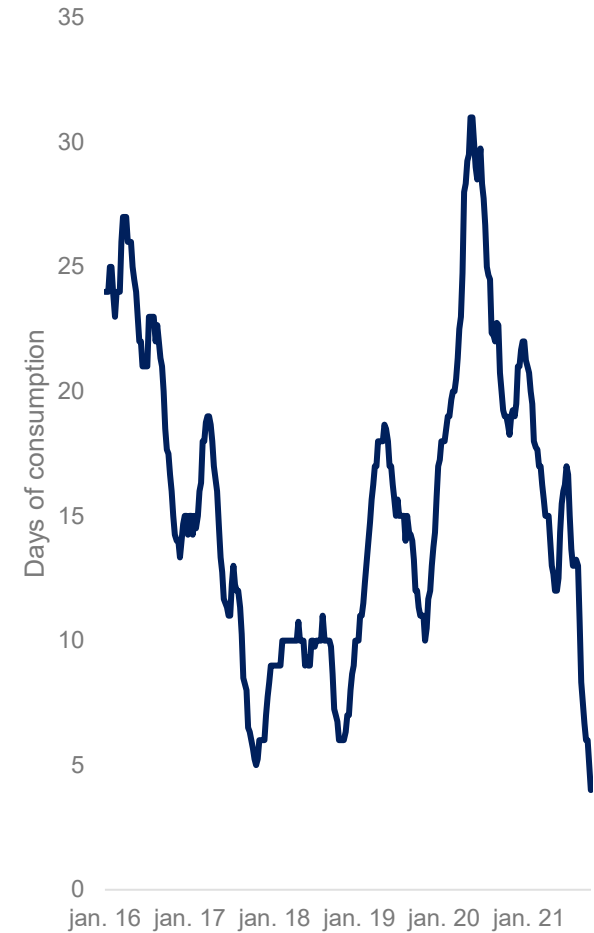
### Global coal exports



### China coal inventories



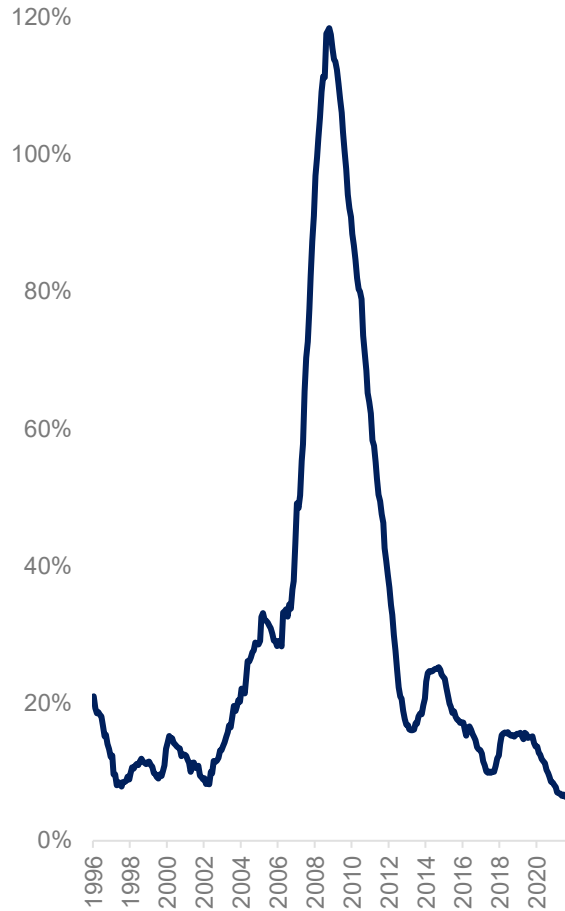
### India coal inventories



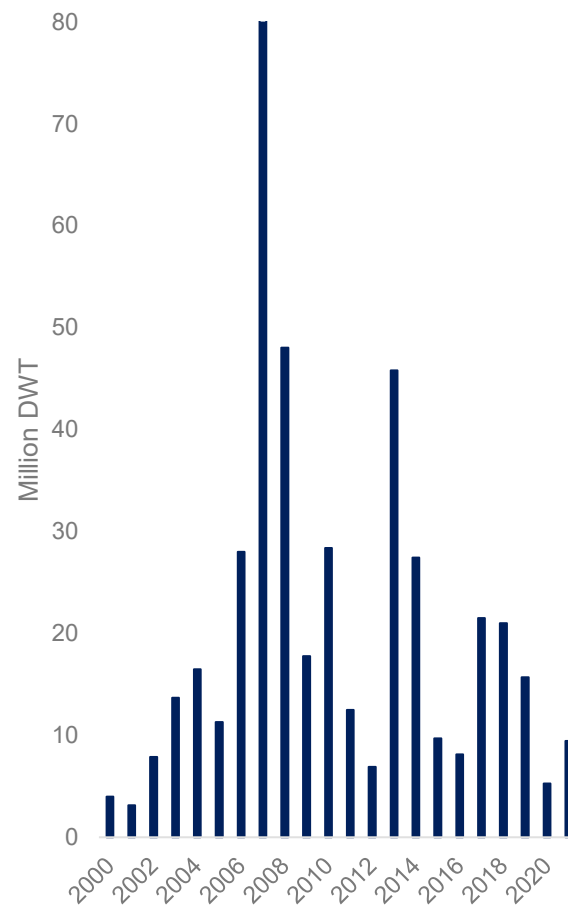
Source: Oceanbolt, Arrow Shipbroking group

## Most favorable supply side in decades

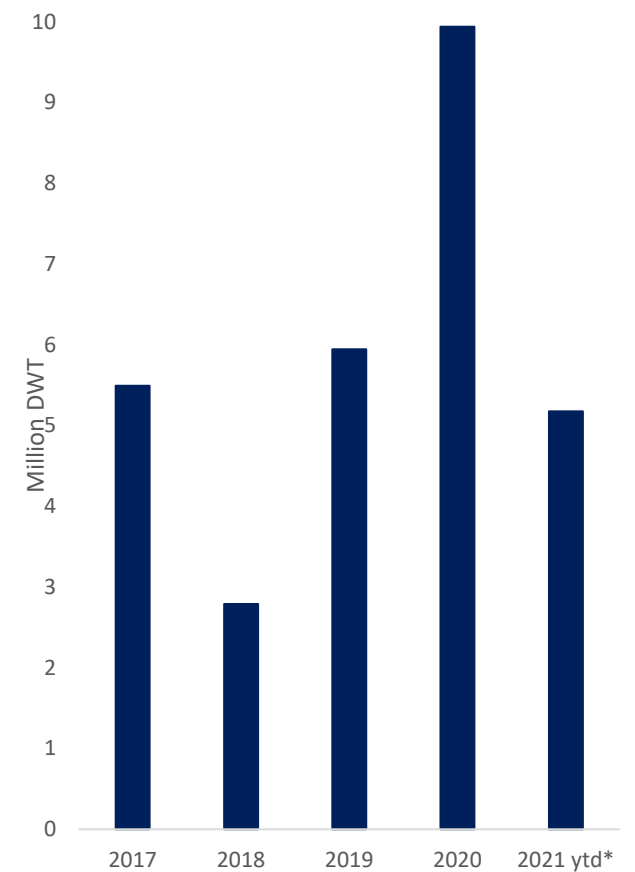
### Capesize orderbook as % of fleet



### Capesize bulk newbuild contracts



### Capesize scrapping



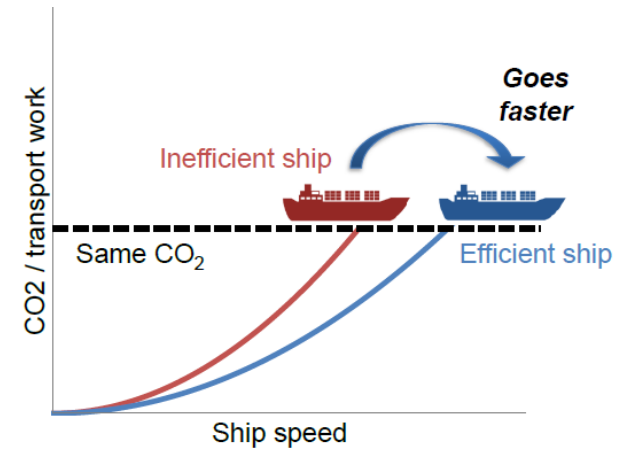
Source: Arrow Shipbroking Group, Shipping Intelligence Network

## New IMO regulations to reduce CO<sub>2</sub> emissions

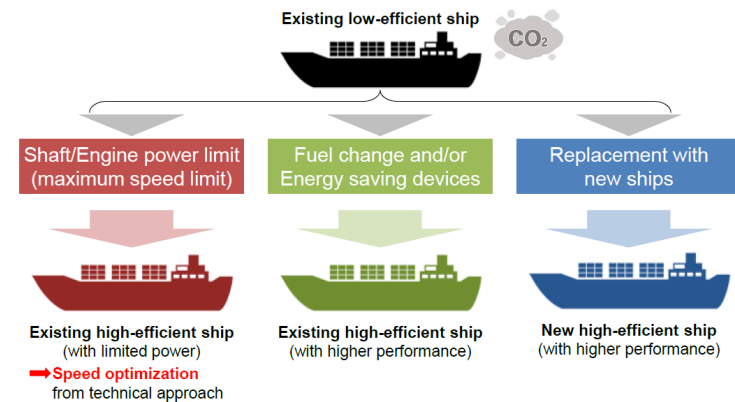
### Summary

- The IMO targets reduction in CO<sub>2</sub> intensity from international shipping by 40% from 2008 levels by 2030 and will implement EEXI (Energy Efficiency Existing Ship Index) and CII (Carbon Intensity Indicator) by January 2023
- Non-compliant ships may apply performance enhancing measures and/or reducing the engine's power output.
- Part of the trading fleet may not be able to comply and may have to be retired
- The implementations of EEXI and CII are expected to reduce the average sailing speed of the global fleet, which may lead to efficient ships being favored by charterers and commanding a larger earnings premium
- ABS estimates more than 80% of bulk carriers require corrective action to become compliant
- Based on an assessment from ABS, 2020 Bulkera fleet is in the top 8% percentile of trading capesize vessels

### Emission reduction through goal-based measure



### Alternatives for complying



## 2020 Bulkera Summary

*Fleet of 8 Newcastlemax vessels, average age 1,5 year, the most modern fleet among listed peers*

*Our index vessels earn ~ US\$ 60,000 per day at today's spot rates\**

*2021 CBE budget of USD 14,500/ship/day*

*Six ships fixed for November & December at an average of US\$47,400 per day*

*FFA curve implies TCE for a scrubber fitted Newcastlemax of ~US\$32,000 per day for 2022\**

*Free cash flow paid as monthly dividends*

*Most favorable supply side dynamics in more than 30 years*