

# 2020 BULKERS

2020 Bulkera Ltd.  
Q4 2021 Results presentation  
January 26, 2022





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# Highlights

## Highlights:

- Q4 2021 Net profit of US\$26.3 million, EPS of US\$1.18
- Q4 2021 time charter equivalent earnings of approximately US\$52,900 per day, gross
- Declared total cash distributions of US\$1.2 per share for the months of October – December 2021
- Total cash distributions for 2021 of US\$3.18 per share
- Refinanced term loan facility maturing in August 2024 with a new term loan facility maturing in March 2027
- New 10-13 month index-linked time charter agreements with Koch for Bulk Seoul and Bulk Shanghai
- Jens Martin Jensen resigned as a Director of the Company, Magnus Halvorsen appointed as Chairman of the Board
- Herman Billung appointed as CEO of 2020 Bulkera Management AS, effective as of February 1, 2022
- Achieved time charter equivalent earnings so far in Q1 2022 of approximately US\$22,400 per day, gross

## Key Financials Q4 2021

## Income Statement

USD million, except per share data	Q4 2021
<b>Operating Revenues</b>	<b>37.7</b>
Vessel operating expenses	(4.8)
Voyage expenses and commission	(0.6)
General and administrative expenses	(0.9)
Depreciation and amortization	(2.9)
<b>Total operating expenses</b>	<b>(9.2)</b>
<b>Operating Profit</b>	<b>28.5</b>
Interest expense	(2.3)
Other financial income	0.1
<b>Total financial expense, net</b>	<b>(2.2)</b>
<b>Tax expense</b>	<b>-</b>
<b>Net Profit</b>	<b>26.3</b>
Earnings per share (USD/share)	1.18

## Comments

- Net profit of US\$26.3 million
- Operating profit of US\$28.5 million
- EBITDA of US\$31.4 million
- Earnings per share of US\$1.18
- Operating revenues of US\$37.7 million. Average time charter equivalent earnings of approx. US\$52,900 per day, gross.
- Vessel operating expenses of US\$4.8 million which includes approximately US\$0.6 million in Covid-19 related costs and US\$0.15 million additional insurance deductible for the Bulk Shenzhen incident. Average operating expenses of approx. US\$6,600 per day per vessel
- G&A was US\$0.9 million including US\$0.1 million in legal fees (in connection with refinancing of term loan facility)
- Interest expense of US\$2.3 million.

## Balance Sheet Summary

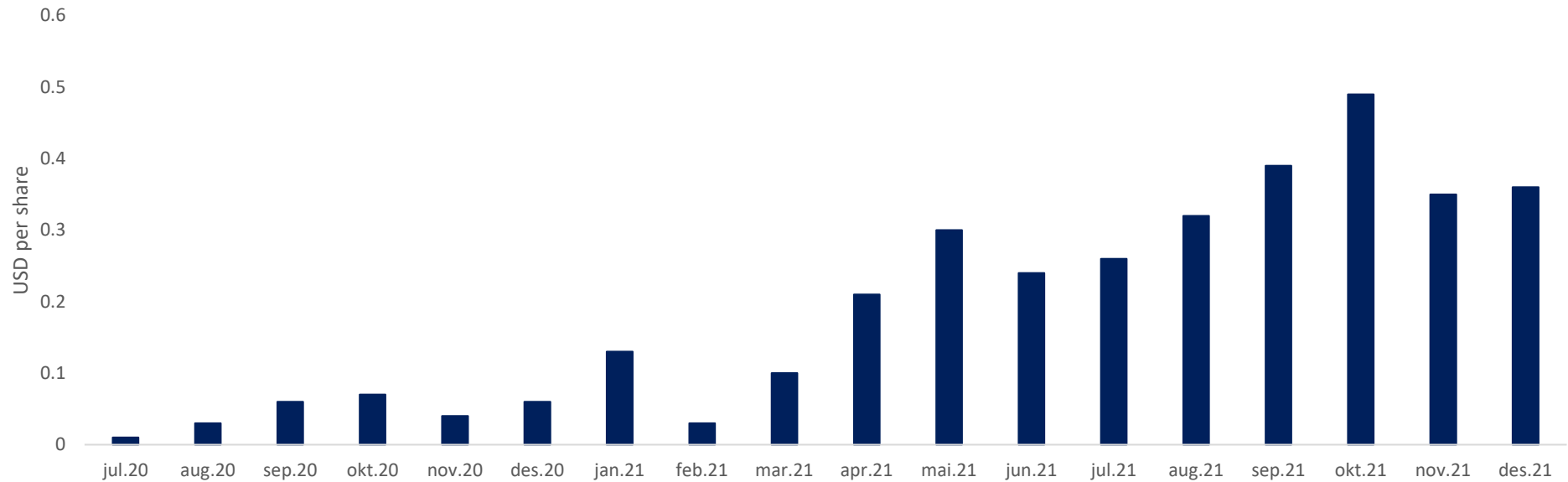
USD million	December 31, 2021
Total assets	390.6
Equity	151.7
Cash and cash equivalents	24.0
Interest bearing debt	236.1

## Comments

- Shareholders' equity of US\$151.7 million
- Interest bearing debt decreased from US\$239.0 million to US\$236.1 million during the quarter reflecting scheduled repayments
- Cash flow from operations was US\$26.8 million in Q4 2021
- Cash distributions in total of US\$1.2 per share declared for the months of October, November and December
- Solid liquidity position with US\$24.0 million of cash.

# Dividends and cash distributions

## Monthly dividends and cash distributions

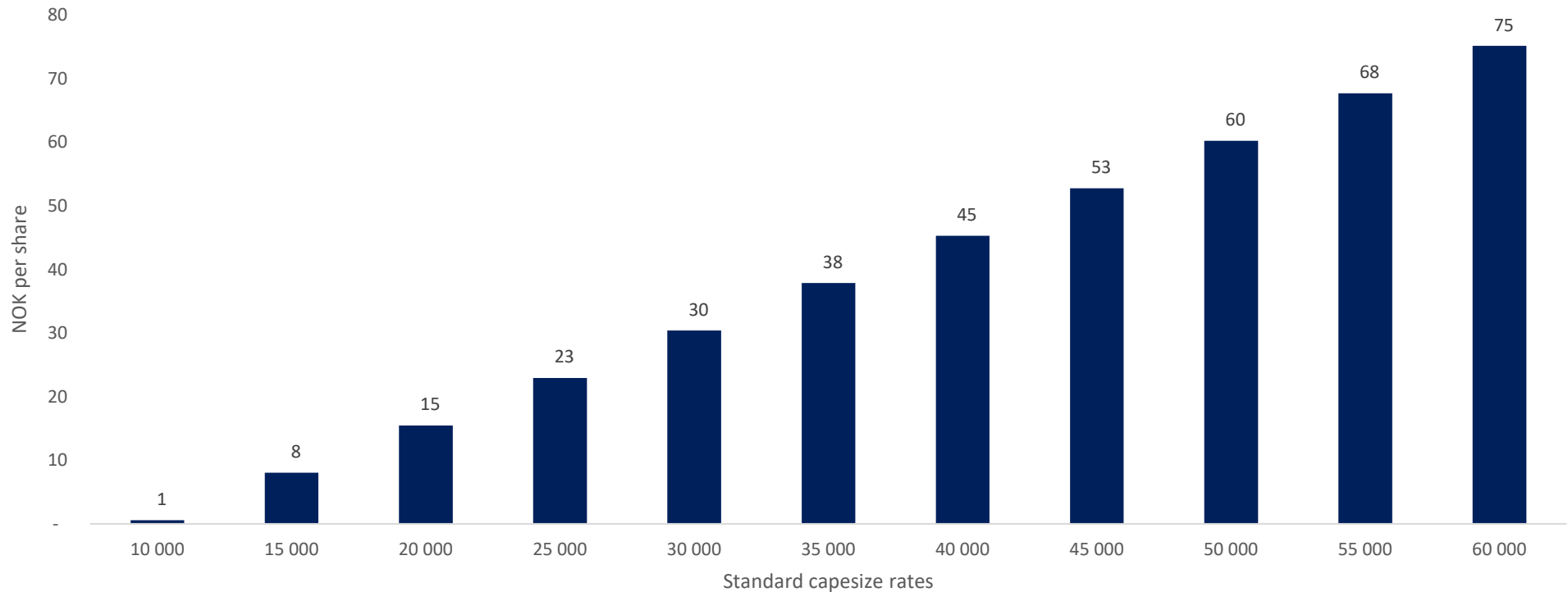


- 2020 Bulkers has returned free cash flow to shareholders on a monthly basis for 18 consecutive months
- Q4 cash distributions of US\$1.2 per share equals ~45% annualized yield\*
- 2020 Bulkers has to date returned 57% of total paid-in equity to shareholders

\* Based on closing price of NOK 95 as of January 25

# Our dividend potential is significant

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



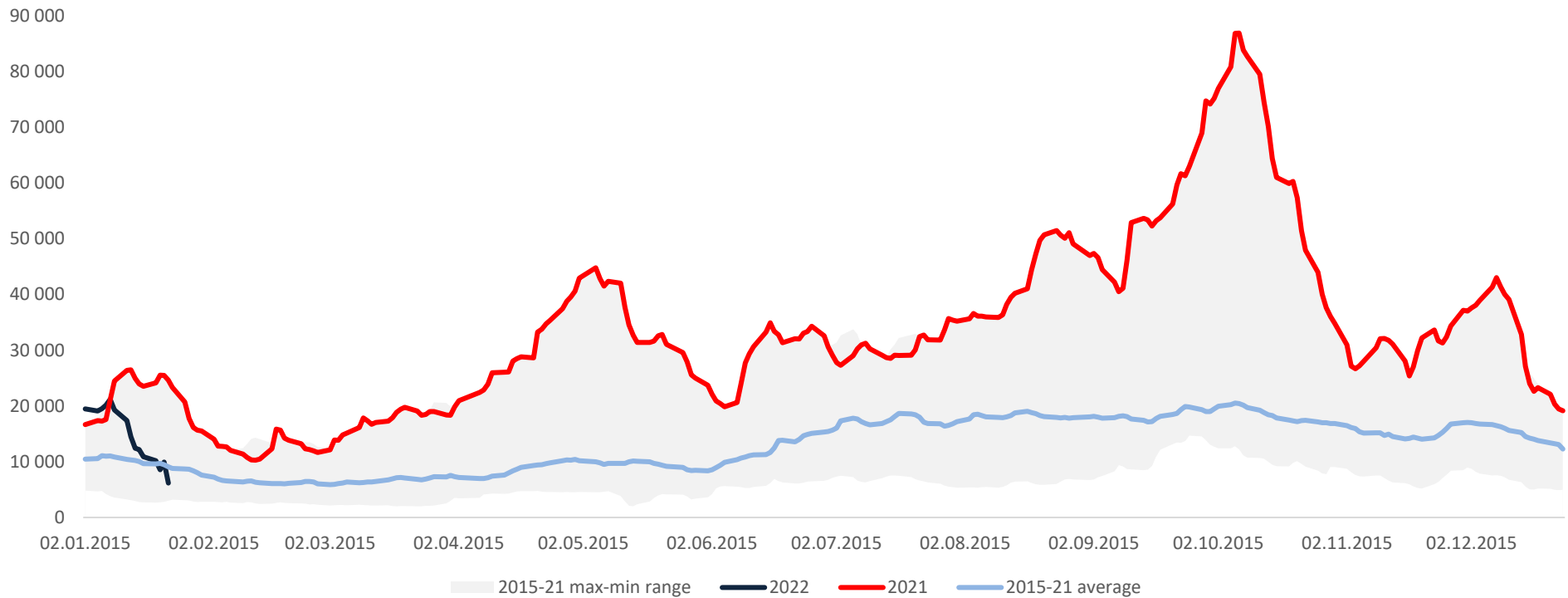
8 vessels on index linked time charters with scrubber profit share. Can be converted to fixed rate at our option

February – December 2022 Capesize FFA curve is ~US\$ 23,000 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 25 January 2021

# Capesize rates



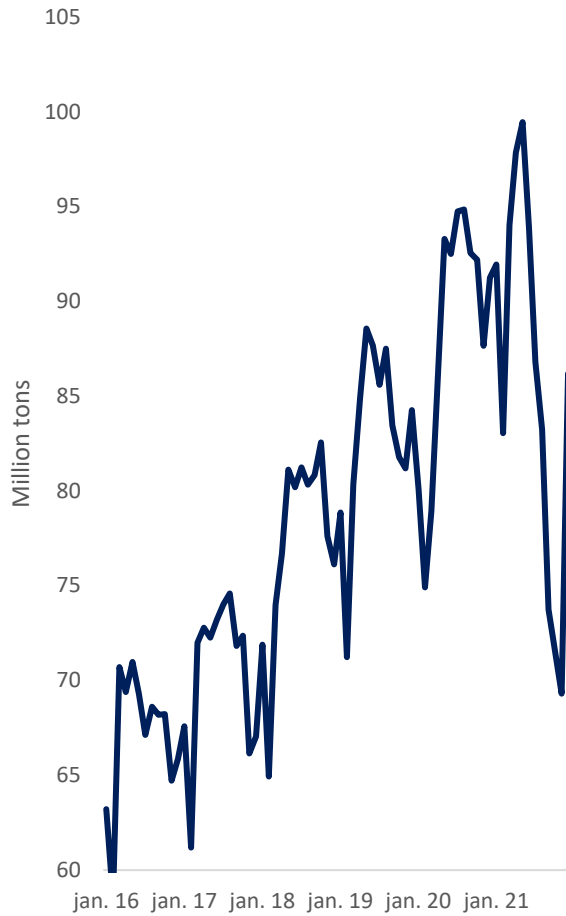
## YTD comments:

- Q1 seasonal weakness in Brazilian exports exacerbated by heavy rainfall in Minas Gerais region

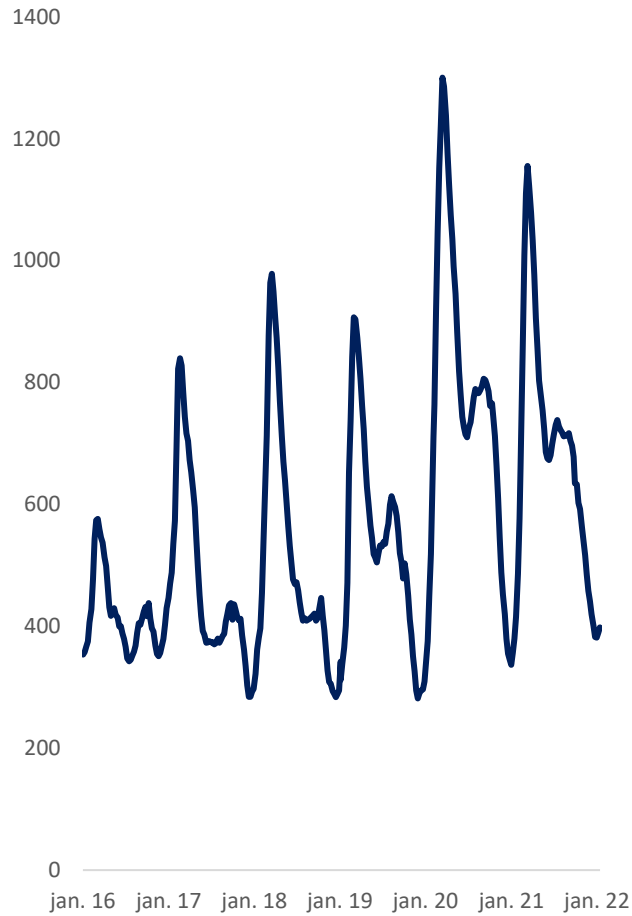


# Chinese steel market

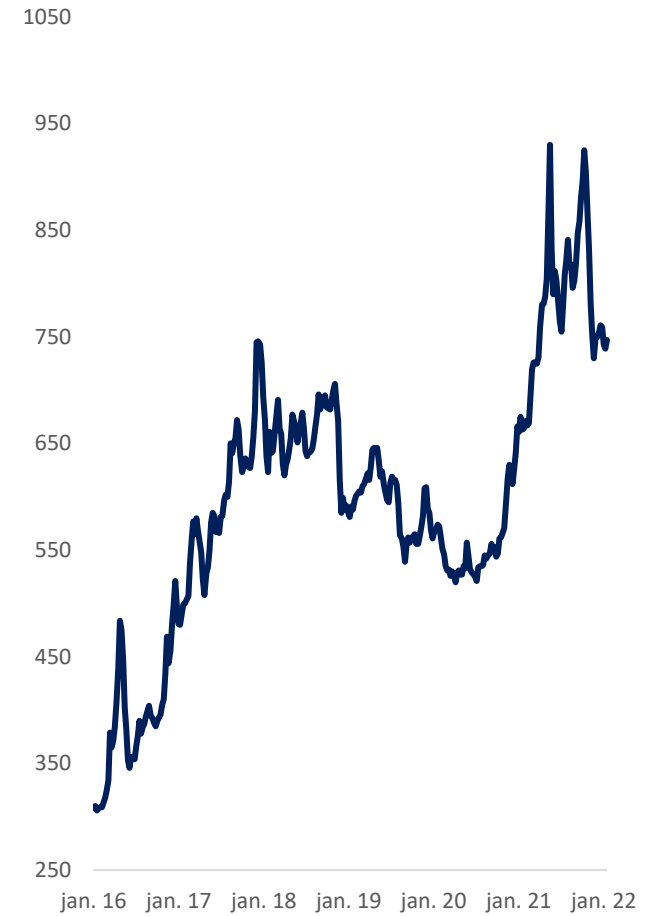
**China monthly steel production**



**China rebar inventories**



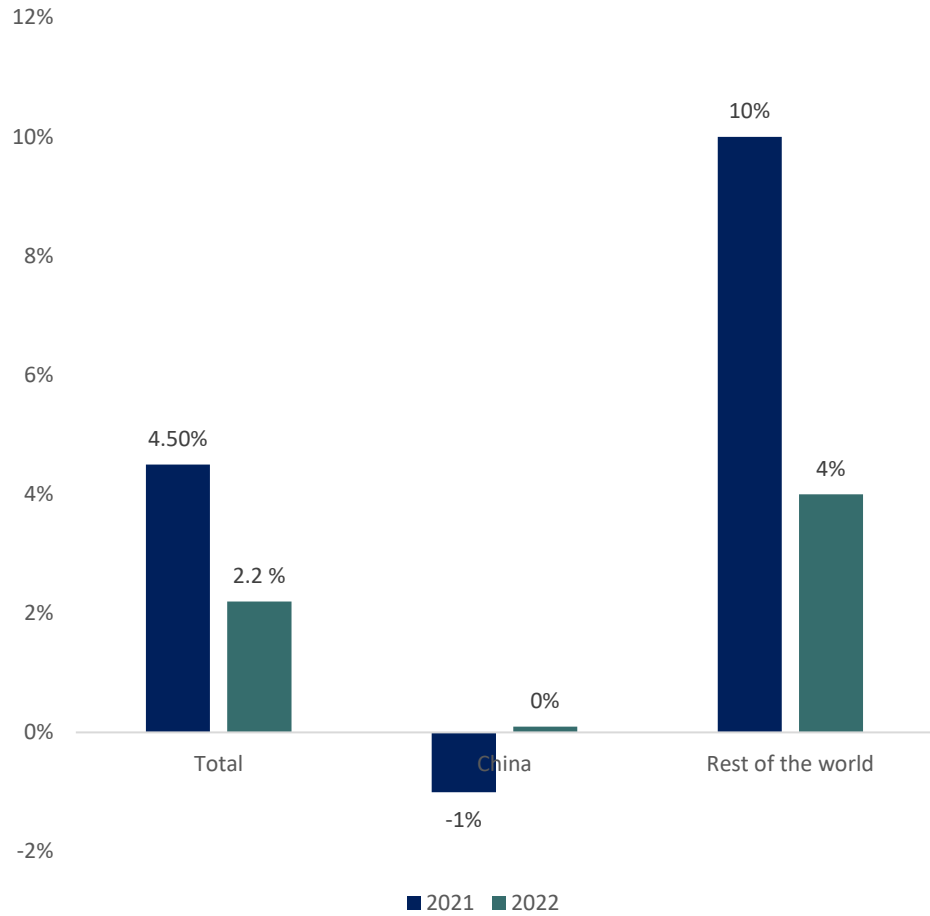
**China rebar prices**



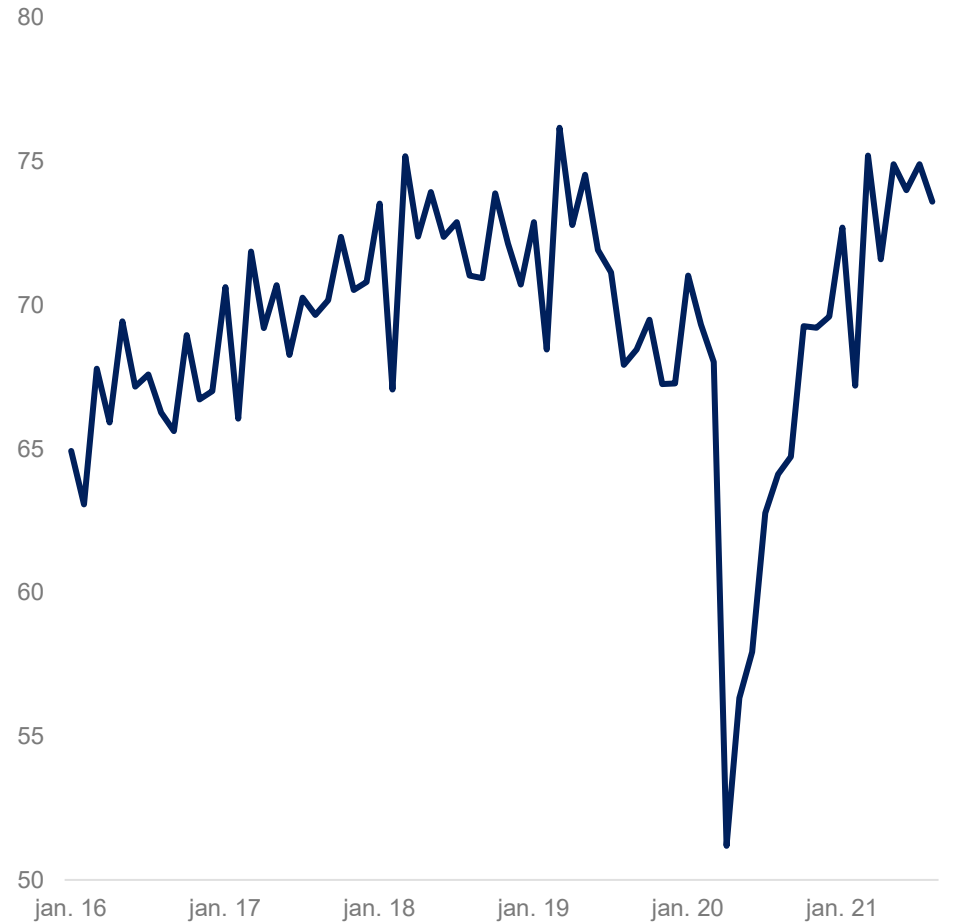
Sources: Arrow Shipbroking group, Bloomberg

# Global steel market

Expected growth in steel demand



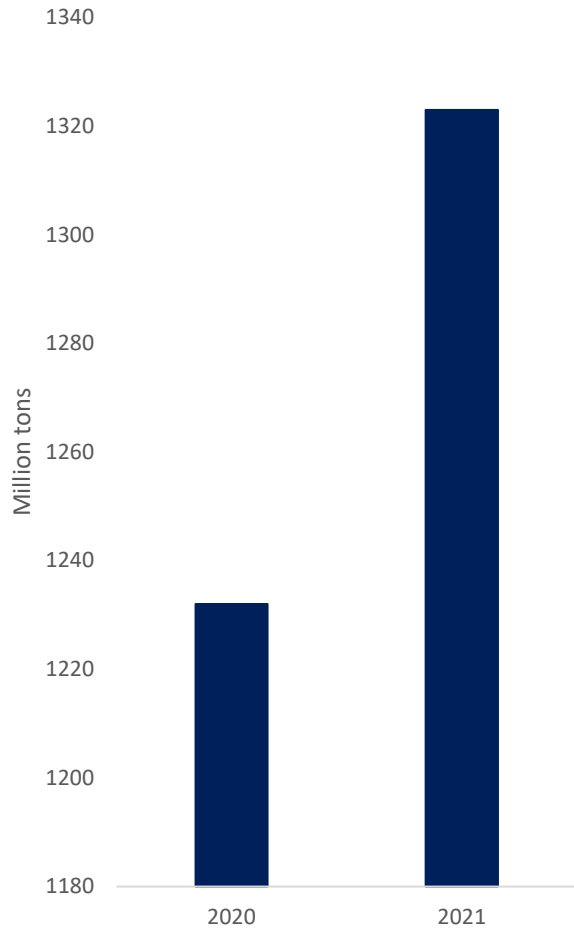
World ex-China steel output



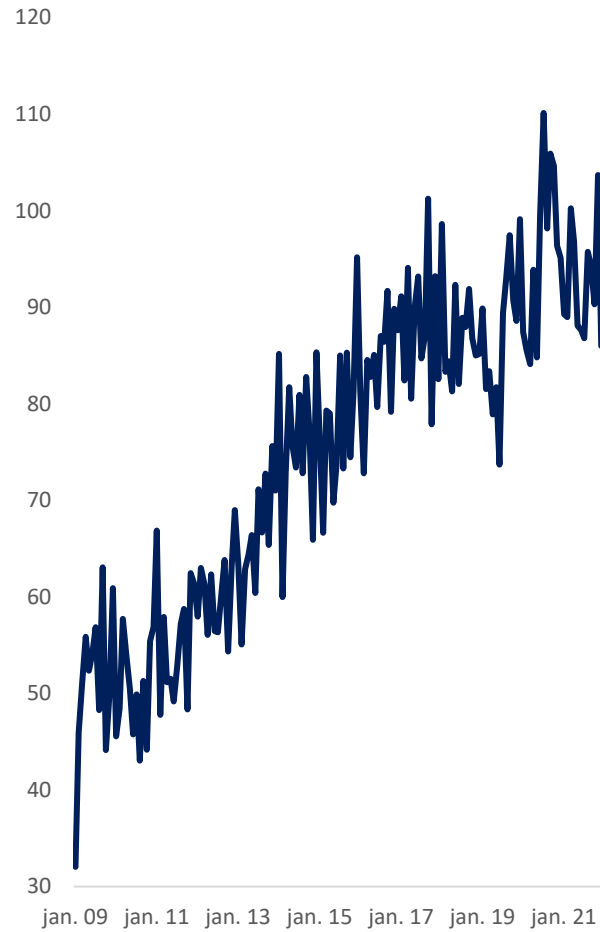
Source: World Steel Association, Arrow Shipbroking group

# Iron ore

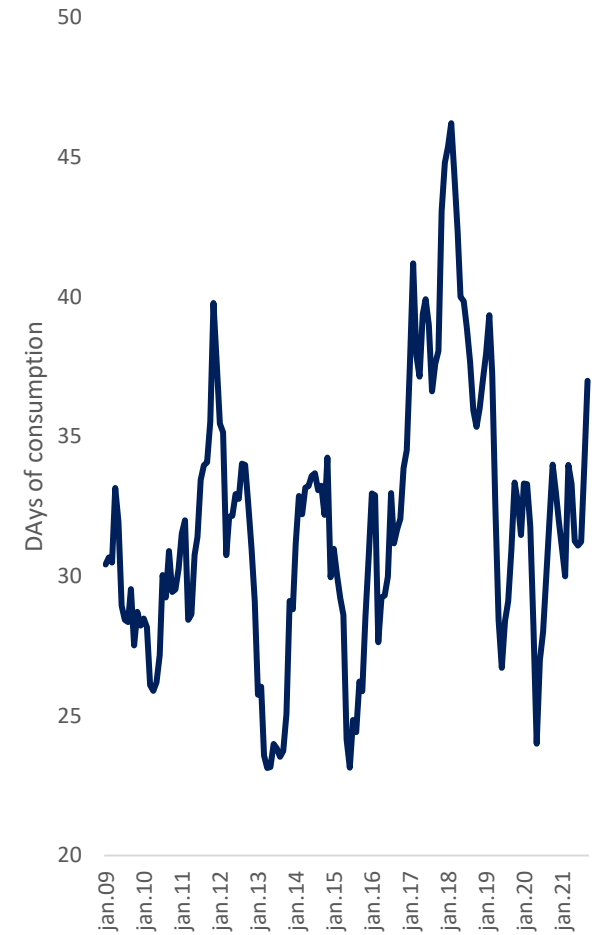
**Global iron ore exports**



**Chinese iron ore imports**

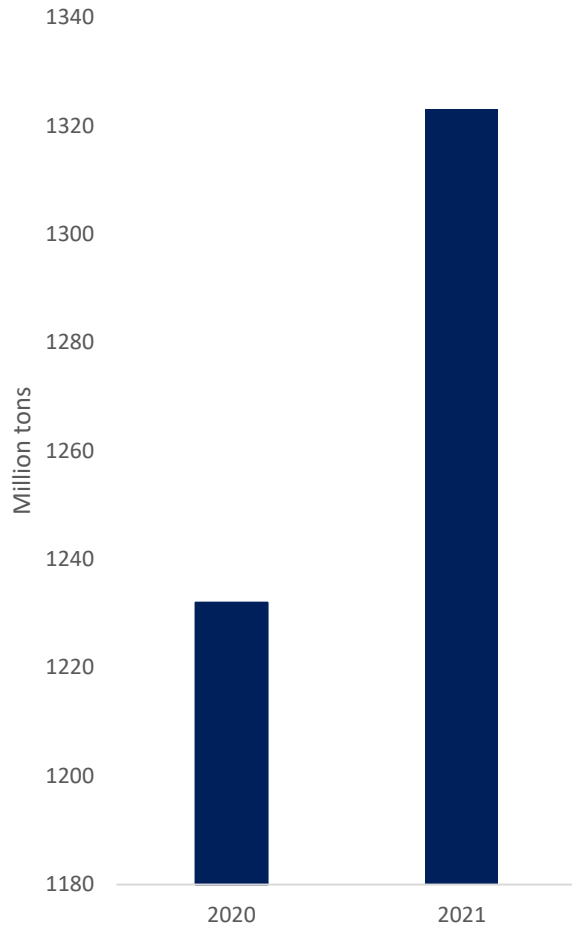


**Chinese iron ore inventories**

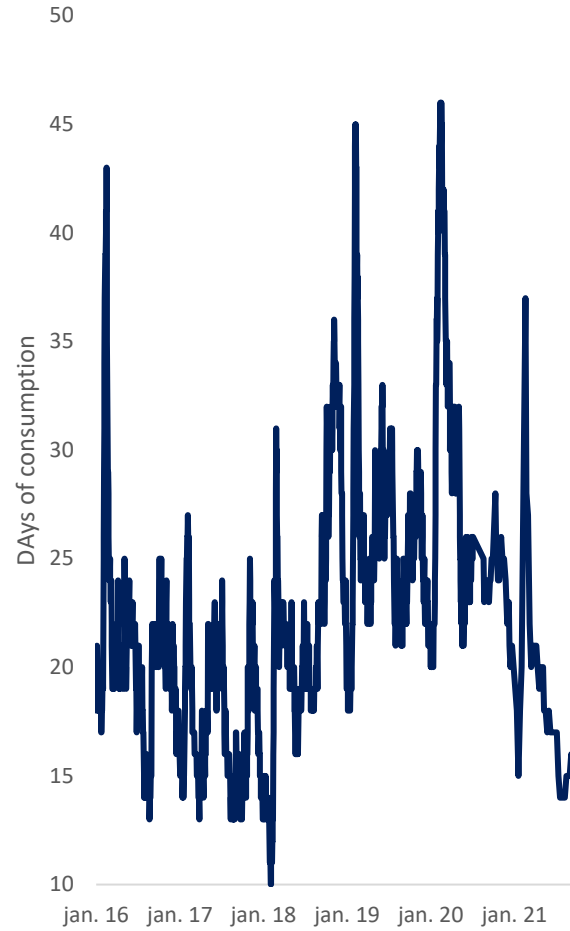


Source: Sea/analytics, Shipping Intelligence Network

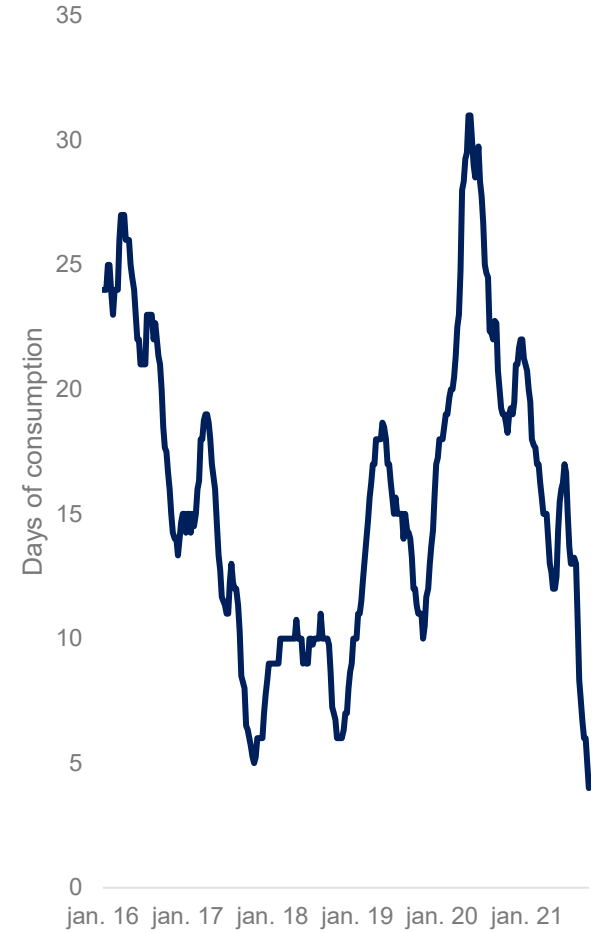
### Global coal exports



### China coal inventories



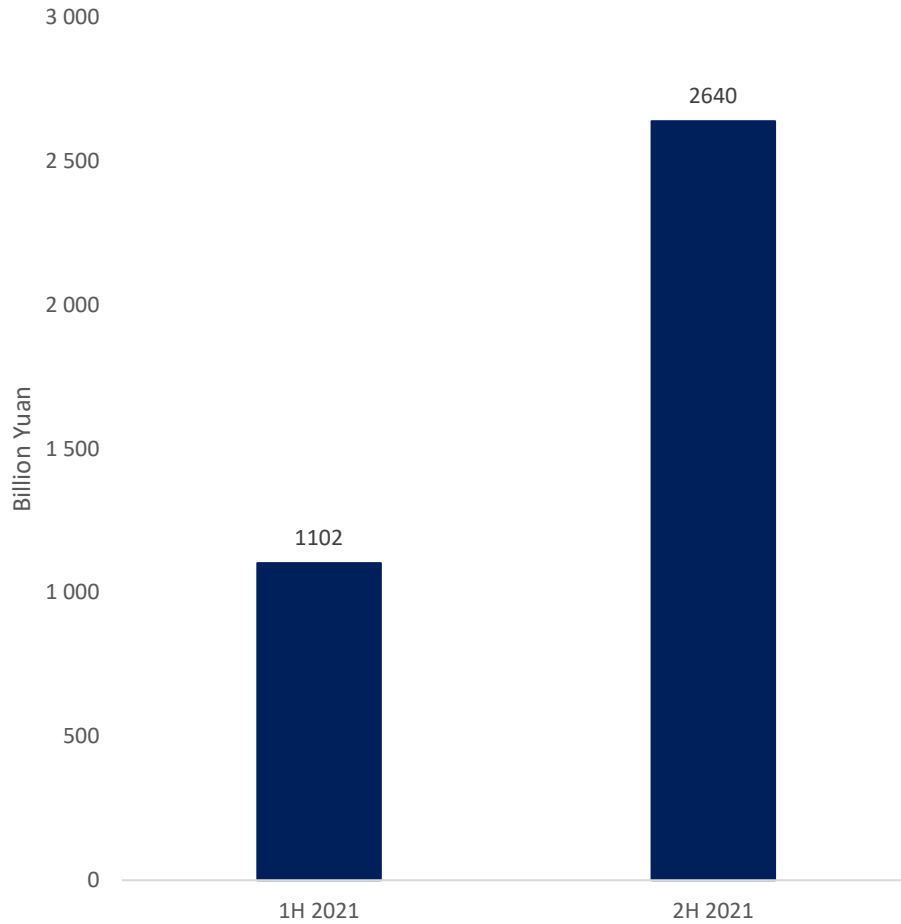
### India coal inventories



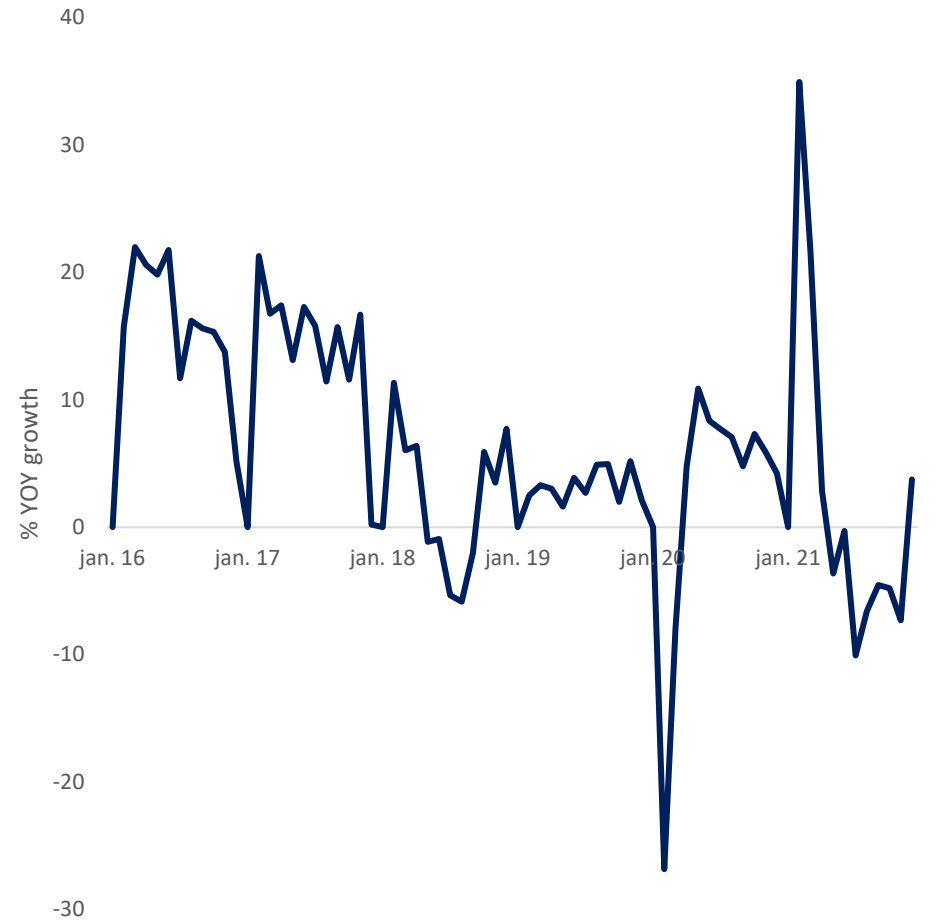
Source: Sea/analytics, Arrow Shipbroking group

# Increased infrastructure stimulus leading to an uptick in investments

**China Local Government Special Bond Issuance**



**China fixed asset infrastructure investment**

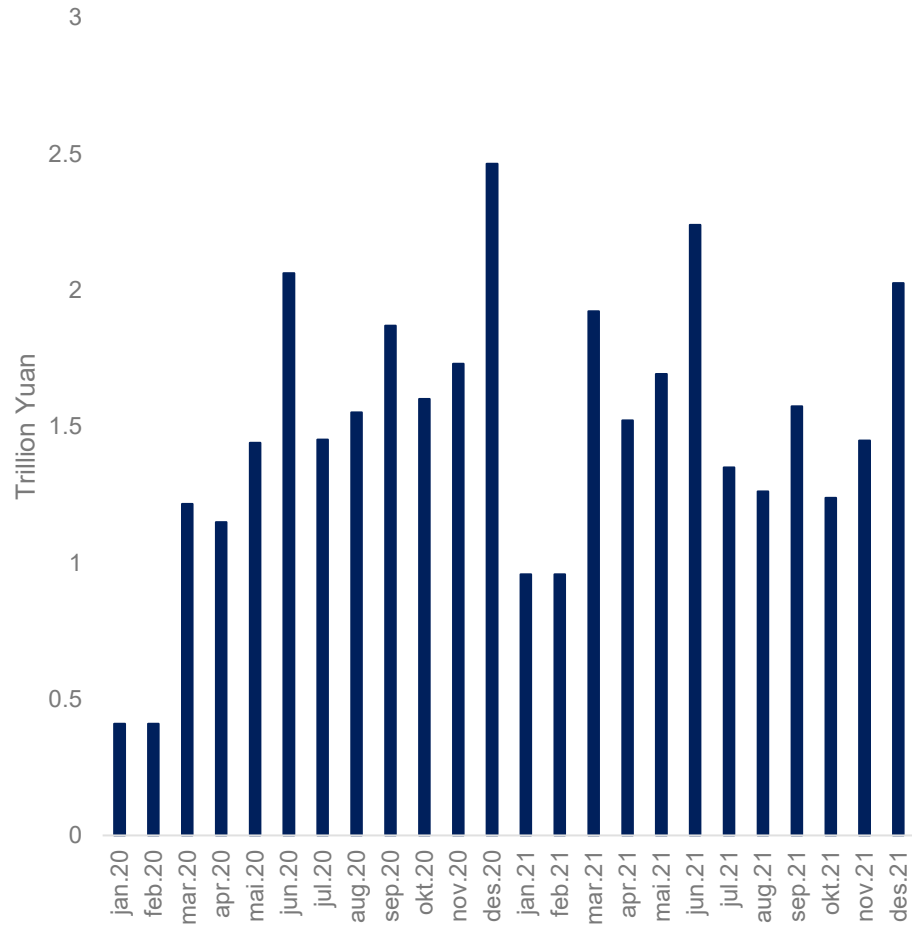


Source: Arrow Shipbroking group, Clarksons

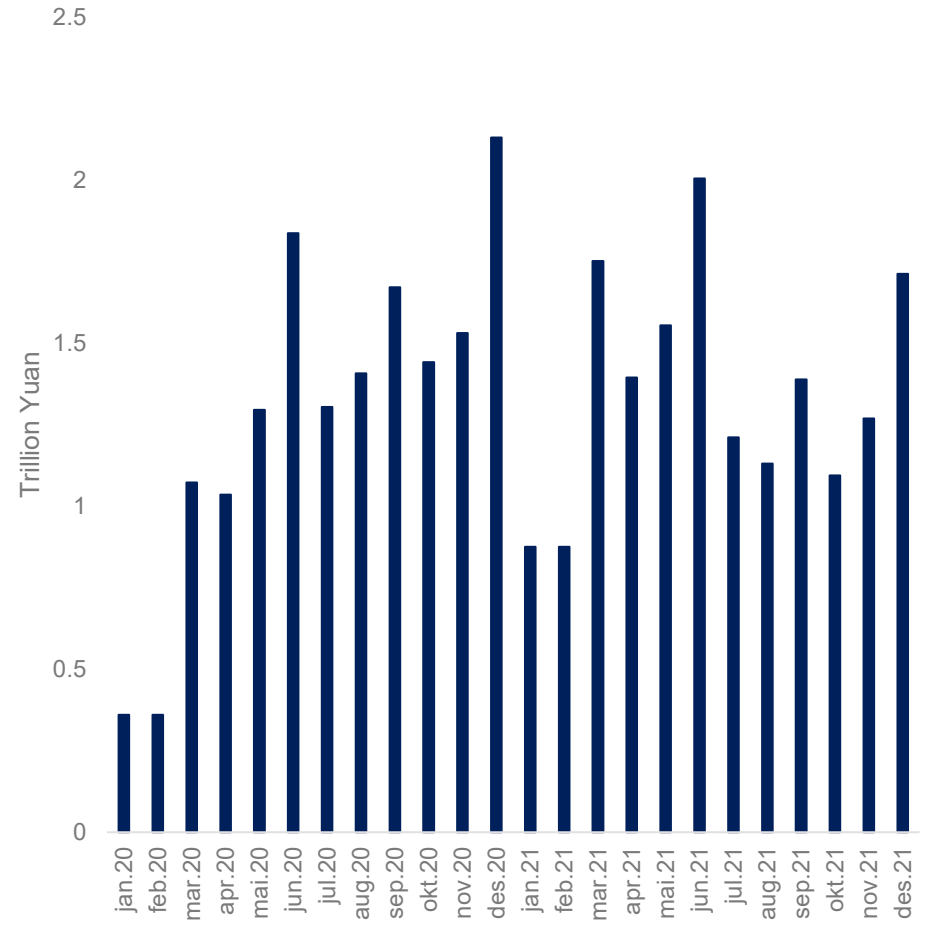


# China building sales recovered to six month high in December 2021 <sup>2020</sup> BULKERS

Sale of commercial buildings



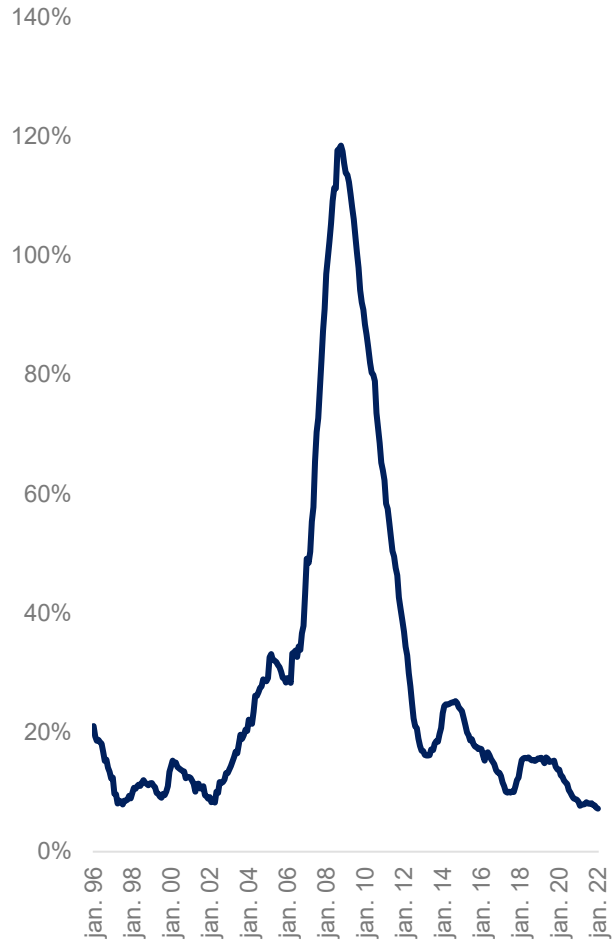
Sale of residential buildings



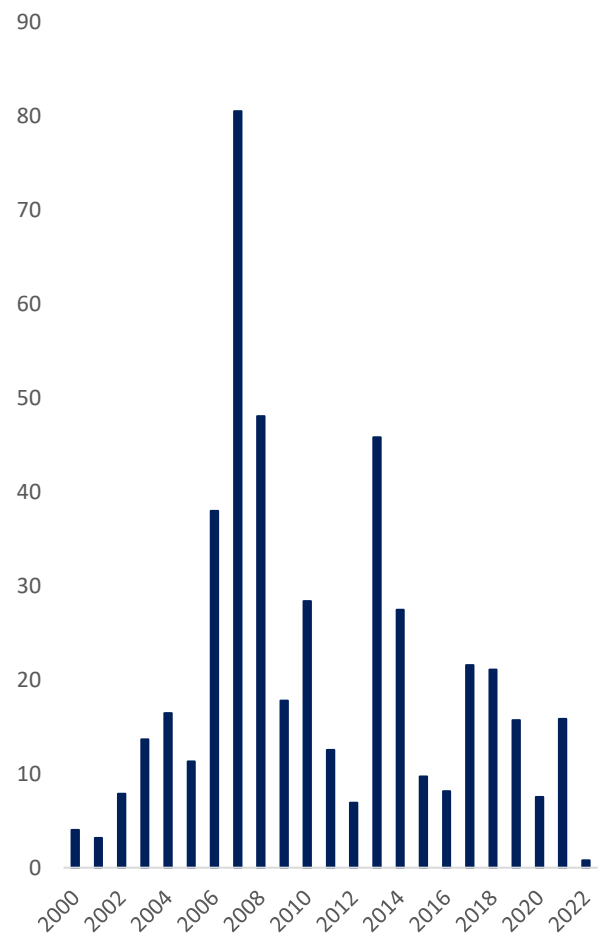
Source: Commodore Research

## Most favorable supply side in decades

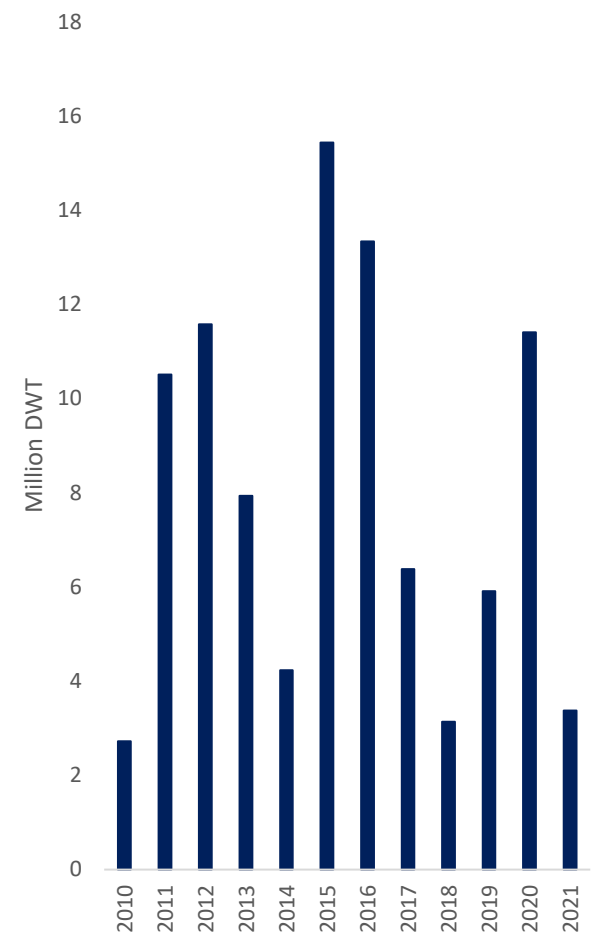
### Capesize orderbook as % of fleet



### Capesize bulk newbuild contracts



### Capesize scrapping



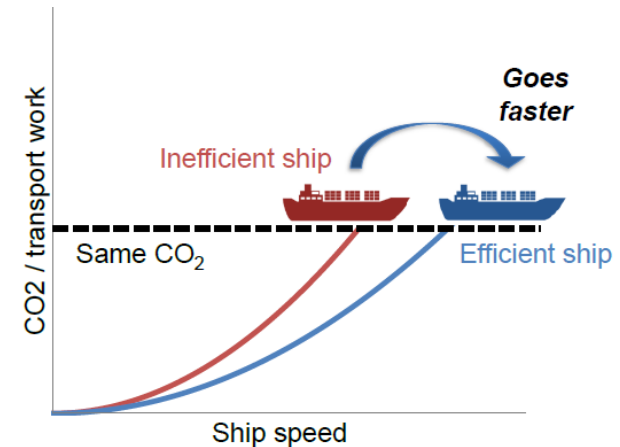
Source: Arrow Shipbroking Group, Shipping Intelligence Network

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

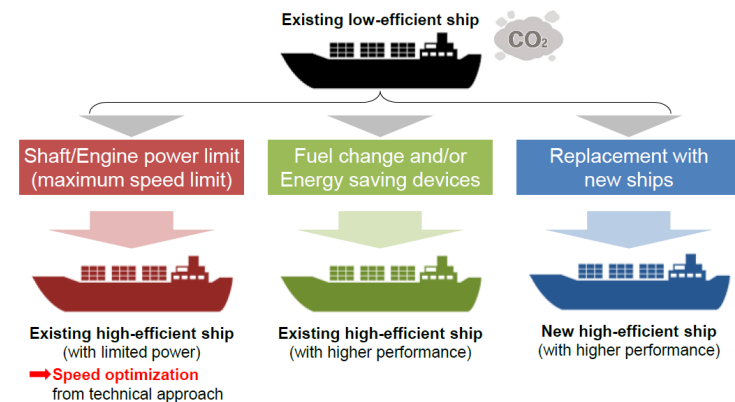
### Summary

- 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 2 years*

*2022 CBE budget of USD 14,900/ship/day*

*8 vessels on index linked time charters with scrubber profit share*

*Index linked charters can be converted to fixed rates on the basis of the FFA curve*

*FFA curve implies TCE for a scrubber fitted Newcastlemax of ~US\$33,000 per day for 2022\**

*Free cash flow paid as monthly dividends*

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