



**BELSHIPS**



# Belships ASA – Q2 update

*30 August 2019 – Lars Christian Skarsgård, CEO*

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## Key investment highlights

Fully integrated dry bulk  
shipowning and  
operating company

Building on 100 years of  
history – founded 1918  
and stocklisted 1937

Positioned to benefit  
from tightening market  
balance

Shareholder friendly  
strategy and corporate  
governance

Proven ability to deliver  
accretive growth

Attractive contract  
portfolio and spot  
market performance

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# Belships ASA - Q2 highlights

## CONTINUED STRONG OPERATIONAL PERFORMANCE AND GROWTH

- Operating income of USD 29.6 million (Q2 2018: USD 21.6 m)
- EBITDA of USD 8.0 m (USD 3.5 m)
- Net result of USD 0.1 m (USD -0.1 m) impacted by one-off costs
- All ships operating normally – modern fleet – average age 7 years
- Efficient utilization and continued outperformance of spot market
- Net TC earnings per ship of USD 10 996 per day versus net BSI index of USD 8 167 per day
- Proposal of dividend payment in Q3 of NOK 0.05 per share
- Private placement successfully completed
- Cash breakeven about USD 7 000 per day for remaining open days next 12 months
- 90% of ship days in Q3 have been booked at USD 11 250 net per day
- All owned Vessels changed to Norwegian flag (NIS)
- Three bareboat charter agreements with purchase options concluded in Q3

## Key performance indicators

**Average TCE Q2-19:  
USD 10,996/day**

*Spot TCE USD 9,094/day  
Net BSI TCE USD 8,167/day<sup>1</sup>*

**EBITDA: USD 8.0m  
(18.1m 1H/2019)**

**Average opex/vessel:  
USD 4,632/day**

**Net Result: USD 0.1m  
(2.6m 1H/2019)**

**TCE guidance Q3-19:  
90% booked at ~USD 11,250/day**

1) Net of commission of 3.75%

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# Fully integrated owner and operator of geared dry bulk vessels

## Shipowning<sup>1</sup>



**13x Ultramax**



**9x Supramax**

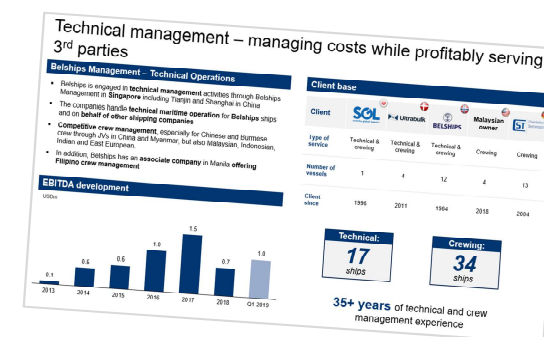
**Pure play on the dry bulk market, with attractive portfolio of spot market exposure and charter backlog**

## Lighthouse Navigation<sup>2</sup>



**Commercial Operations delivering outsized spot market performance and operating profits**

## Belships Management



**Complete in-house technical management and crewing platform delivering cost control and operating profits**

**Three profitable business segments enhancing knowhow and earnings**

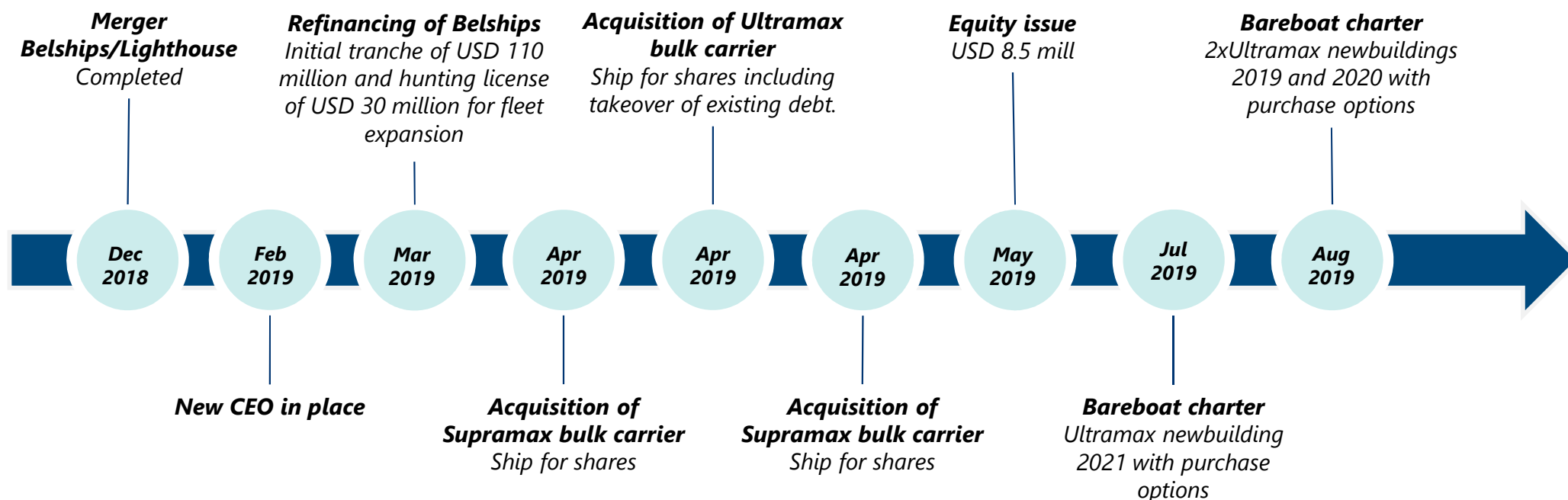
1) Including long term TC and BB charters with purchase options  
 2) Owned 50.01% by Belships ASA, remaining 49.99% owned by leading employees

# Creating the best in-class listed dry bulk company




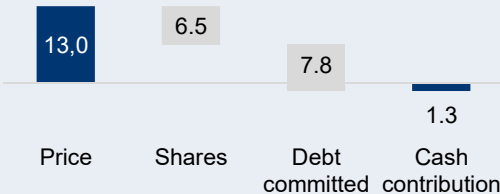



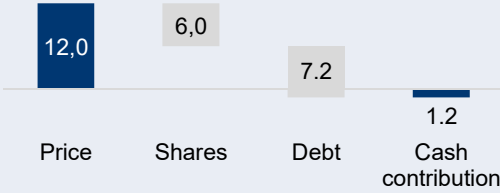


## Recent activity post merger – Pushing the growth agenda



**Market capitalization growth from USD 30 to of USD 165 million**

# Three vessel acquisitions financed by ship/shares structures

Vessel	Transaction details	Funding (USDm)	Impact on liquidity (USDm)
 Belcago	<ul style="list-style-type: none"> <li>Announced 2<sup>nd</sup> April</li> <li>Supramax - 58,700 dwt</li> <li>2008 built at Tsuneishi HI (Cebu)</li> <li>Ship-for-shares transaction</li> <li>Acquired from Wenaas Shipping</li> <li>60% LTV raised under accordion tranche</li> </ul>	 <p>Price 13,0    Shares 6,5    Debt committed 7,8    Cash contribution 1,3</p>	+ 1.3
 Bellight	<ul style="list-style-type: none"> <li>Announced 10<sup>th</sup> April</li> <li>Ultramax - 63,000 dwt</li> <li>2016 built at New Times</li> <li>Attractive existing financing</li> <li>Charter to ED&amp;F until March 2021</li> <li>Acquisition of all shares in Sofie Victory AS EGD (80%) and Blossom Shipmanagement (20%)</li> </ul>	 <p>Price 24,2    Current debt 14,0    Cash 2,0    WC 1,3    Shares<sup>1</sup> 8,7    Cash 0,7</p>	- 0.7
 Belfri	<ul style="list-style-type: none"> <li>Announced 30<sup>th</sup> April</li> <li>Supramax - 55,866 dwt</li> <li>2007 built at Kawasaki HI</li> <li>Ship-for-shares transaction</li> <li>Acquired from Prospero Marine Ltd (Kulukundis)</li> <li>60% LTV raised under accordion tranche</li> </ul>	 <p>Price 12,0    Shares 6,0    Debt 7,2    Cash contribution 1,2</p>	+ 1.2

✓ **3 ship for share transactions**

✓ **~26m shares<sup>2</sup> issued at NOK 7.0 per share**

✓ **8 new high quality shareholders**







✓ **60% LTV**

✓ **USD 1.8m cash freed up**

1) Estimated based on approximately 11m shares, to be determined upon transaction closing

2) Final share issue to be determined upon closing of transactions

# Three bareboat charters with purchase options proving ability to create exposure with industry low cost of capital

Vessel	Transaction details	Structure	Impact on liquidity (USDm)
 Newbuilding	<ul style="list-style-type: none"> <li>Announced July</li> <li>Ultramax – 64,000 dwt</li> <li>2021 built in Japan</li> <li>10 year Bareboat charter</li> </ul>	<ul style="list-style-type: none"> <li>Estimated cash break even upon delivery: USD 11,250 per day</li> <li>100% LTV – zero upfront equity</li> <li>Purchase options from end of 4<sup>th</sup> year, at around today's market values<sup>1</sup></li> </ul>	 + 0.0
 Newbuilding	<ul style="list-style-type: none"> <li>Announced August</li> <li>Ultramax – 61,000 dwt</li> <li>2019 built in Japan</li> <li>7 year Bareboat charter</li> </ul>	<ul style="list-style-type: none"> <li>Estimated cash break even upon delivery: USD 11,000 per day</li> <li>90% LTV – USD 3 mill paid upfront</li> <li>Purchase options from end of 4<sup>th</sup> year, below today's market values<sup>1</sup></li> </ul>	 - 3.0
 Newbuilding	<ul style="list-style-type: none"> <li>Announced August</li> <li>Ultramax – 61,000 dwt</li> <li>2020 built in Japan</li> <li>7 year Bareboat charter</li> </ul>	<ul style="list-style-type: none"> <li>Estimated cash break even upon delivery: USD 11,000 per day</li> <li>90% LTV – USD 3 mill paid upfront</li> <li>Purchase options from end of 4<sup>th</sup> year, below today's market values<sup>1</sup></li> </ul>	 - 3.0

✓ **3 brand new Japanese Ultramaxs**

✓ **Flexible and unique exposure**

✓ **93% LTV => 5.50% CoC**

✓ **Enhancing Return on Equity**

✓ **Total USD 6.0m cash invested**

1) Basis valuations given by shipbrokers

## Modern uniform fleet with average age of 7 years

	Vessel	Type	Built	DWT	Yard	Ownership
13x Ultramax	Newbuilding – TBN	Ultramax	2021	64 000	Imabari	BB-in <sup>1</sup>
	Newbuilding – Belfuji	Ultramax	2020	63 000	Imabari	TC-in <sup>2</sup>
	Newbuilding – Belmoira	Ultramax	2020	61 000	Shin Kurushima	BB-in <sup>3</sup>
	Newbuilding – Belray	Ultramax	2019	61 000	Shin Kurushima	BB-in <sup>4</sup>
	Belnippon	Ultramax	2018	63 000	Imabari	TC-in <sup>5</sup>
	Belisland	Ultramax	2016	61 000	Imabari	BB-in <sup>6</sup>
	Belforest	Ultramax	2015	61 000	Imabari	BB-in <sup>7</sup>
	Belinda	Ultramax	2016	63 000	Hantong	Owned
	Belmont	Ultramax	2016	63 000	Hantong	Owned
	Belatlantic	Ultramax	2016	63 000	Hantong	Owned
	Sofie Victory	Ultramax	2016	63 000	New Times	Owned
	Belpareil	Ultramax	2015	63 000	Hantong	Owned
	Belsouth	Ultramax	2015	63 000	Hantong	Owned
9x Supramax	Belocean	Supramax	2011	58 000	Dayang	Owned
	Belnor	Supramax	2010	58 000	Dayang	Owned
	Belstar	Supramax	2009	58 000	Dayang	Owned
	Belcargo	Supramax	2008	58 000	Tsuneishi	Owned
	Belfri	Supramax	2007	55 000	Kawasaki	Owned
	Belorient	Supramax	2008	50 000	PT Pal	Owned
	Belfort	Supramax	2008	50 000	PT Pal	Owned
	Belpacific	Supramax	2007	50 000	PT Pal	Owned
	Beleast	Supramax	2006	50 000	PT Pal	Owned
<b>Total of 22 vessels</b>		<b>1.3 million DWT</b>				

1) Bareboat charter period 10 years from 2H/2021 with purchase options after the fourth year 2) Time charter period of 8+1+1 years from Feb-20 with purchase options after the fourth year 3) Bareboat charter period 7 years from Q4/2019 with purchase options after the fourth year 4) Bareboat charter period 7 years from Q1/2020 with purchase options after the fourth year 5) Time charter period of 8+1+1+1 years from Jan-18 with purchase options after the fourth year 6) Bareboat charter lease period of 15 years from Mar-16 with purchase options after the fifth year 7) Bareboat charter lease period of 12 years from Sep-15 with purchase options after the third year

# Belships managed the lowest part of the cycle – now we have flexibility and exposure to upside

## Charter backlog and spot exposure

	Vessel	Charter period			Net TC rate
		2019	2020	2021	
10x Ultramax	Imabari Newbuild	Under construction			Open
	Belnippon	Cargill			USD 10.8k/d
	Belisland	Canpotex			USD 17.3k/d
	Belinda				Spot
	Belmont	Western Bulk			USD 11.9k/d
	Belatlantic				Spot
	Sofie Victory	ED&F Man Shipping			USD 11.0k/d <sup>1</sup>
	Belforest	Cargill			USD 10.7k/d
	Belpareil				Spot
	Belsouth	Western Bulk			USD 11.9k/d
9x Supramax	Belocean	Cargill			USD 11.6k/d
	Belnor	Canpotex			USD 16.0k/d
	Belstar	Canpotex			USD 16.0k/d
	Belorient				Spot
	Belfort				Spot
	Belcargio				Spot
	Belpacific				Spot
	Belfri				Spot
	Beleast				Spot

## Solid charter counterparties



One of the world's largest potash exporters, selling about one-third of global capacity



Largest private US company by revenue, with major business areas within agricultural services



Specialist merchant of agricultural commodities, trading specifically in sugar, grains, coffee, molasses, animal feed and pulses



World's third largest operator of Supramax vessels with a commercially controlled fleet over 150 ships

1) Rate based on BSI index with a net minimum floor of USD 10.9k/d (above current market levels)

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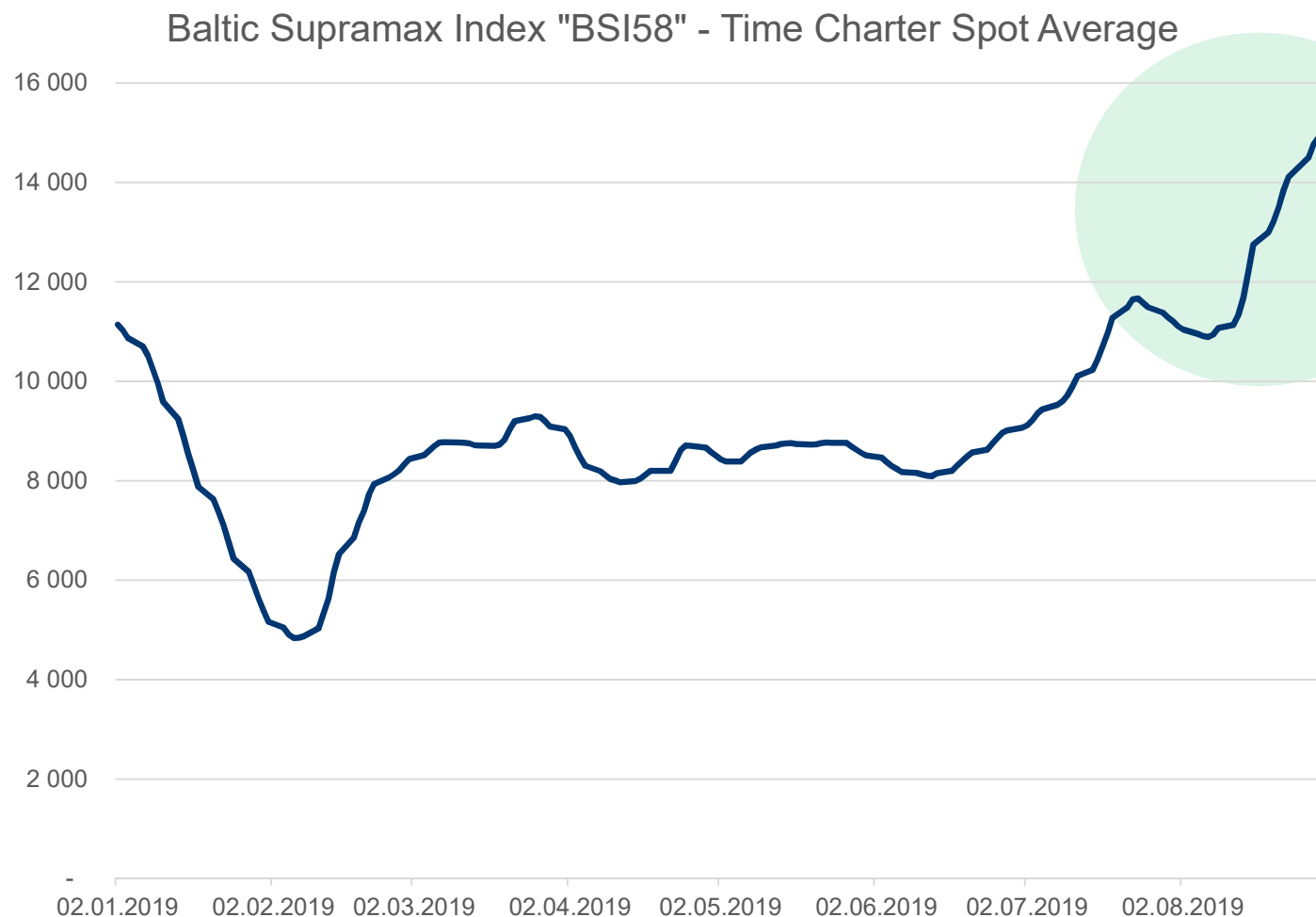
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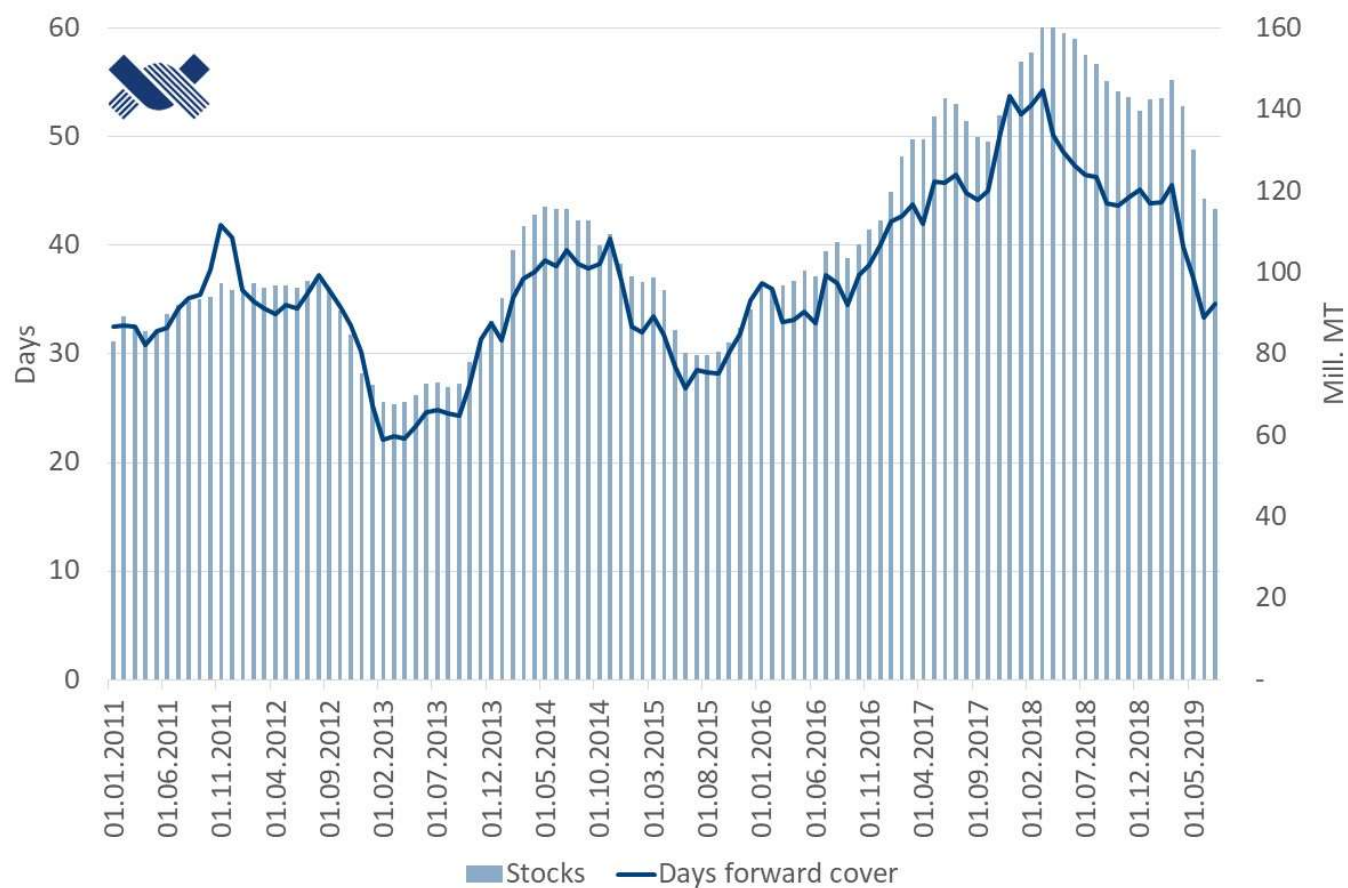
While global markets are nerve-racking, dry bulk is performing well

**Last 30 days** the Baltic Supramax spot indices have increased 33% from 11,287 to 15,056 per day

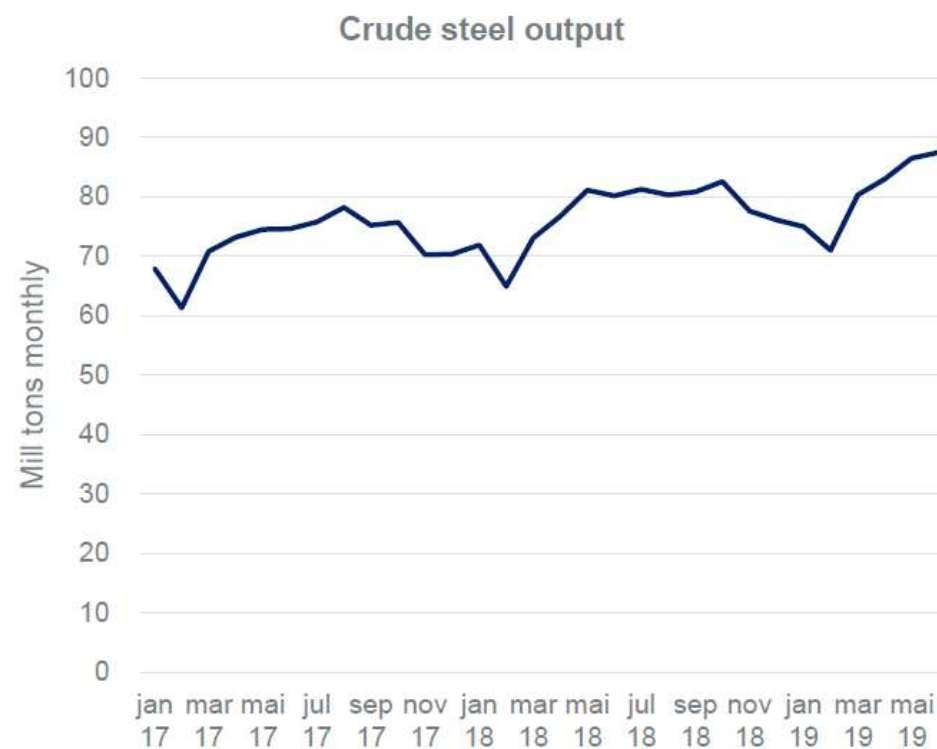
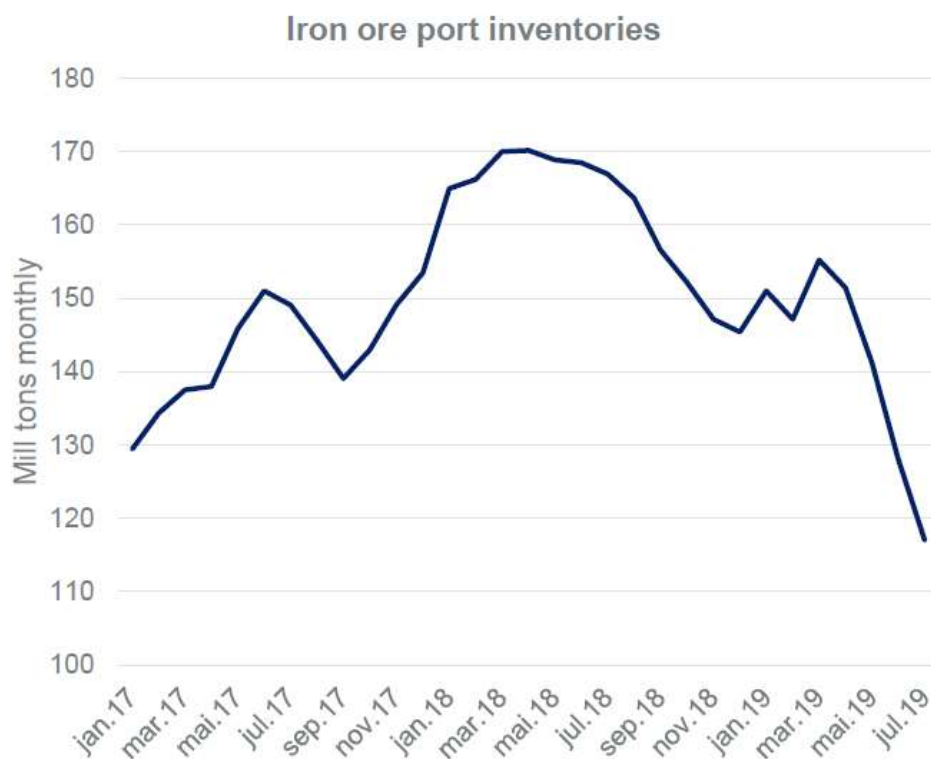


## Iron ore chinese port stocks and days forward cover

Since the end of March, inventories have been drawn by about 30 million tonnes – partly driven by the Brazilian and Australian operational challenges in 2q19.



## China, Iron ore: Inventories down, steel production up





# Projected Scrubber Uptake

Proportion Of Fleet Set To Be Fitted With Scrubbers Varies Across Key Sectors

Sector	As Of Start July 2019 (%Fleet/Orderbook GT)			Projected Scrubber Fitted Fleet*, End 2019 (% GT)	Projected Scrubber Fitted Fleet*, End 2020 (% GT)
	Scrubber-Fitted	Retrofit Pending	Orderbook		
VLCC (200,000+ Dwt)	8%	16%	70%	23%	35%
Suezmax (125-199,999 Dwt)	6%	14%	42%	16%	21%
Aframax (85-124,999 Dwt)	4%	12%	23%	12%	18%
<b>Total Tanker</b>	<b>5%</b>	<b>11%</b>	<b>51%</b>	<b>14%</b>	<b>20%</b>
Capesize (100,000+ Dwt)	6%	15%	52%	20%	26%
Panamax (65-99,999 Dwt)	2%	4%	8%	6%	10%
Handymax (40-64,999 Dwt)	1%	4%	7%	5%	7%
<b>Total Bulkcarrier</b>	<b>3%</b>	<b>8%</b>	<b>29%</b>	<b>10%</b>	<b>14%</b>
Post-Panamax (15,000+ TEU)	3%	9%	61%	20%	28%
Neo-Panamax (8-14,999 TEU)	4%	20%	51%	14%	21%
<b>Total Containership</b>	<b>3%</b>	<b>11%</b>	<b>50%</b>	<b>10%</b>	<b>15%</b>
LPG	5%	5%	63%	10%	16%
Cruise	62%	3%	25%	74%	77%
Passenger Ferry	9%	1%	11%	13%	17%
Ro-Ro	21%	5%	66%	24%	30%
<b>Total Fleet</b>	<b>4%</b>	<b>8%</b>	<b>33%</b>	<b>11%</b>	<b>15%</b>

\*Not including pending retrofits.

Source: Clarksons Research. Projections as of March 2019.

## Fleet inefficiencies expected next 6-9 months

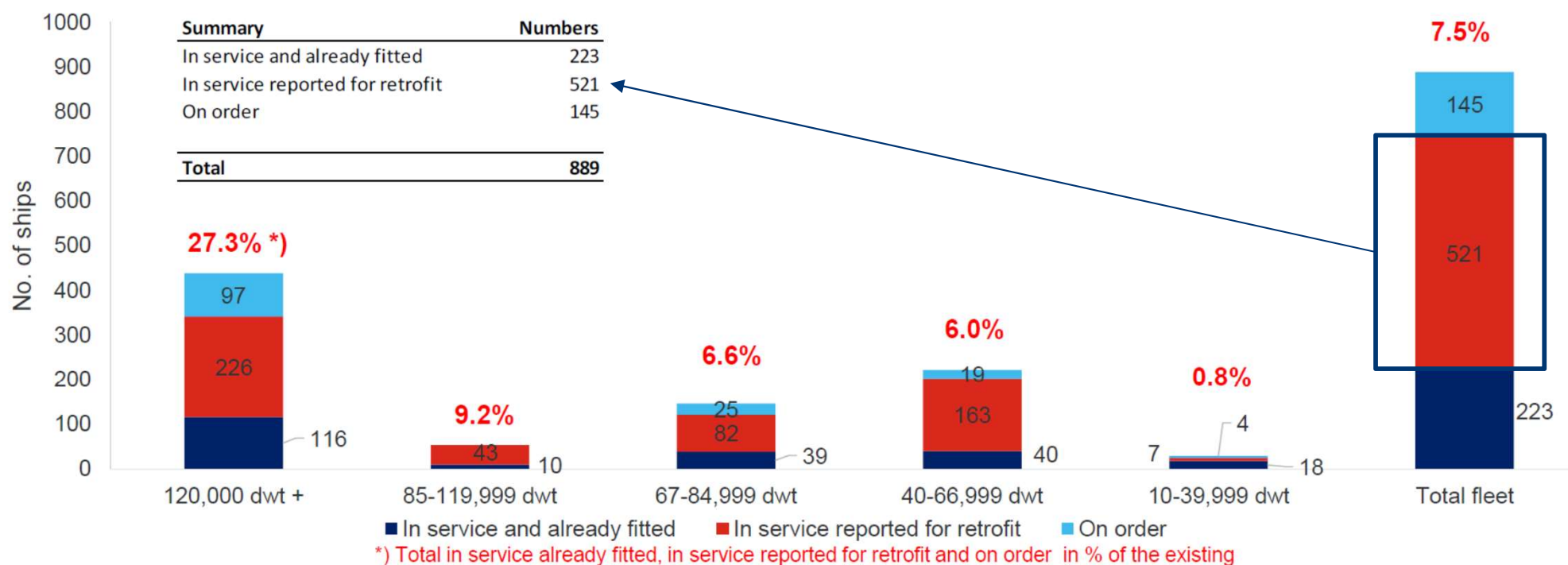
Drydocking time for scrubber retrofitting **28-30 days** – partly explaining current strong spot market

Expected to continue to aid utilisation





## Scrubber fitted Bulk Carriers





## Supra/Ultramax Fleet & Orderbook

At the end of 2018, 148 Supramax/Ultramax newbuildings were scheduled for delivery in 2019

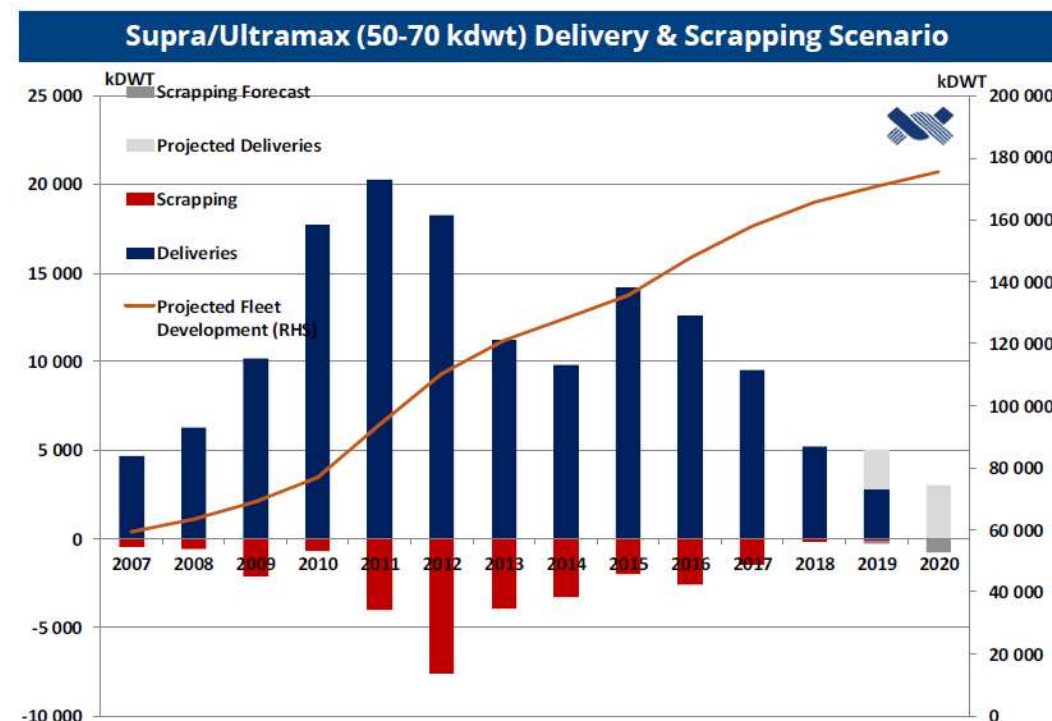
- 58 vessels have been delivered 1H/2019. Based on recent years' annual delivery profile we should not expect more than another 20-25 vessels entering service in 2019
- a significant shortfall compared to the reported orderbook.

There has been delivered 3,9 million deadweight year to date for a net fleet growth of 2,2%.

Fearnleys' full year estimate is currently for fleet growth to end around the same level as last year.

Next year it is going to drop to the lowest level in over 10 years, with our current estimate at 1,3%.

22 vessels of about 1.3 m dwt have been contracted so far this year. This is less than half the number contracted at this time in 2018 and points towards a historically very low fleet growth in the coming years.

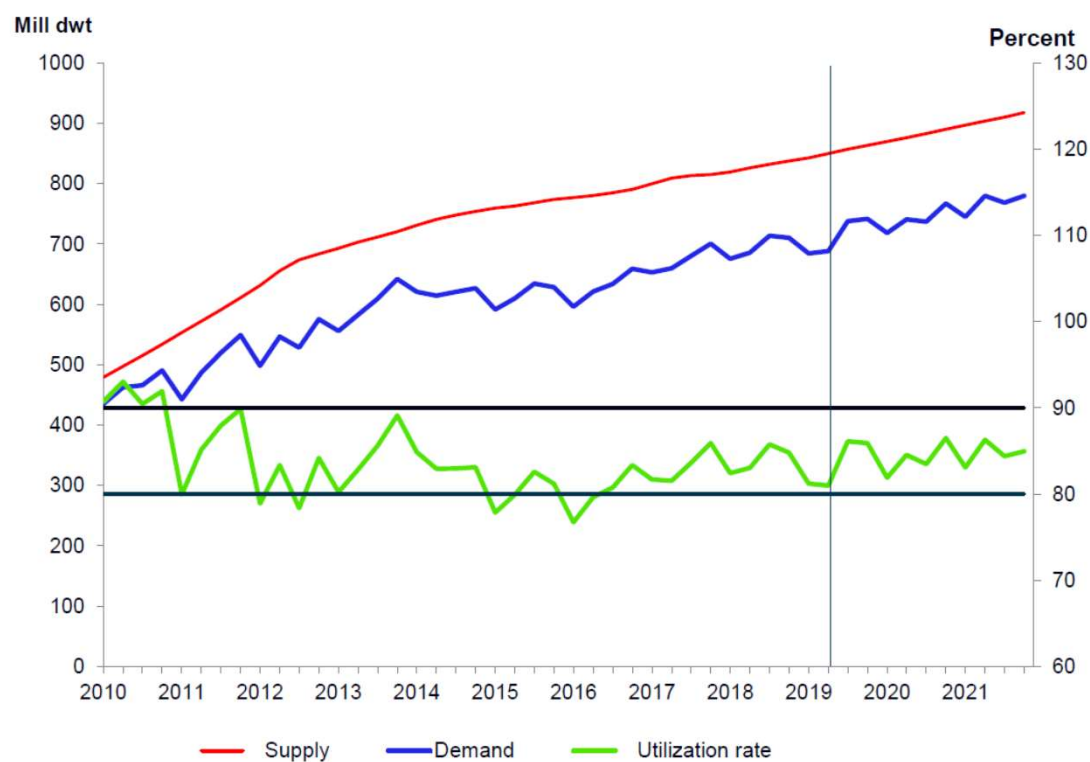


	Kdwt	% y-o-y change
<b>Currently Existing</b>	<b>174,593</b>	Ytd Fleet Growth: 2,2%
Existing 01.01.2019	170,788	3,0%
2019 deliveries	3,941	
2019 scrapping	-0,135	
Existing 01.01.2020	175,514	3,2%
2020 deliveries	3,000	
2020 scrapping	-0,750	
Existing 01.01.2021	177,764	1,3%



## Dry Bulk Market fundamentals

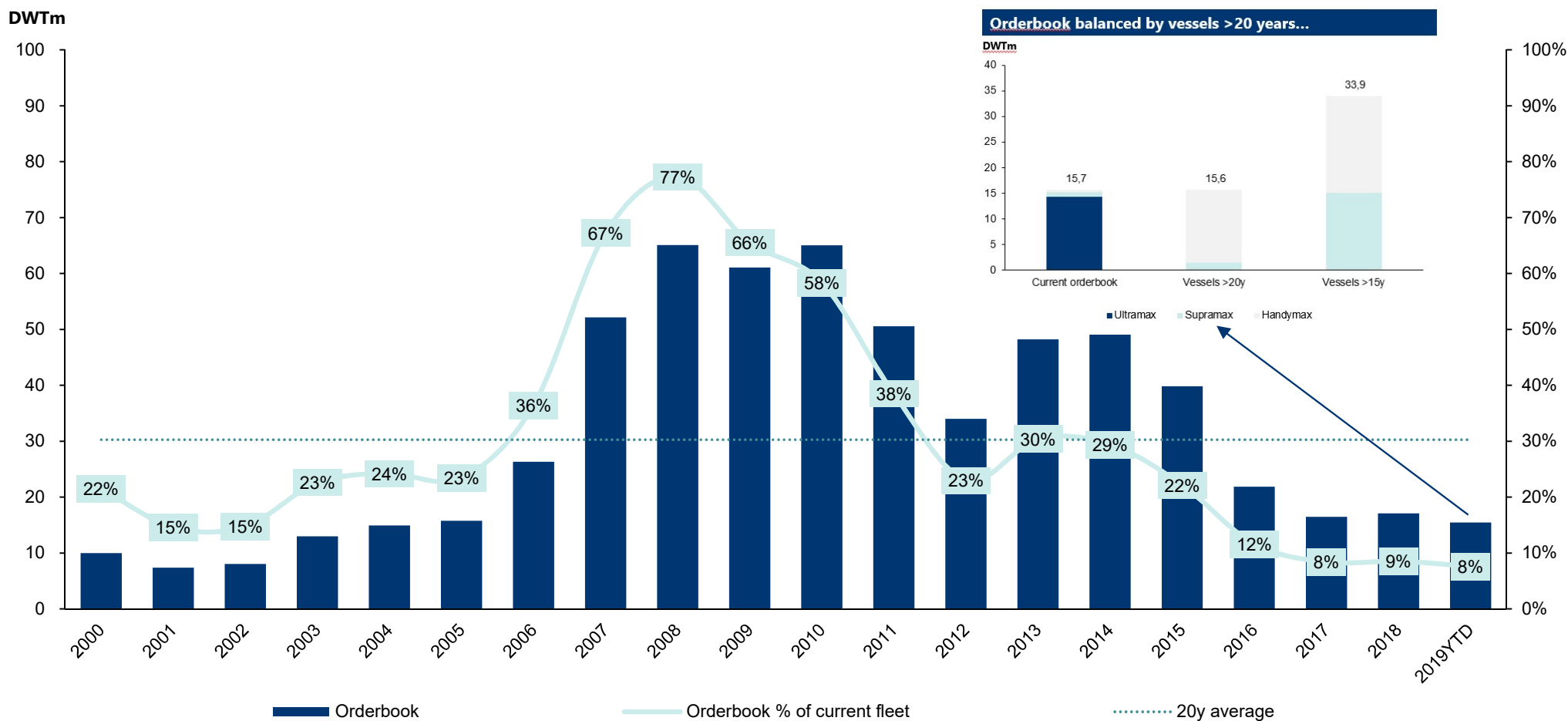
Supply, demand and utilization rate – 10,000 dwt +



Assumptions	2018	2019f	2020f	2021f
Fleet growth	2.0%	3.0 %	3.1%	3.0%
Dwt demand	3.5%	2.7 %	3.8%	3.5 %
Fleet utilization rate (yearly average )	84.4%	84.2%	84.8%	85.2 %

# Supramax/Ultramax orderbook at historical low levels

## Supramax/Ultramax orderbook by dwt



# Market snapshot

- Softer macro economic expectations, recession risks loom, however China stimulus is strong signal for 2019/2020.
  - Interest rate cuts and other stimulus measures has resulted in surging Chinese credit growth this year - highest growth rate since 2014. China credit growth typically leads dry bulk markets by roughly one year.
- Trade wars escalating, however
  - Soy beans sourced from South america and Black Sea strong grain exports
- Coal trades increasing, India and other Asian emerging economies
- Brazilian iron ore exports back in market, Brucutu mine operative and Vale ramping up alternative supplies
- IMO 2020 – leading to lower fleet efficiency, scrubber retrofitting taking longer than expected
  - Potential for slow steaming though current fleet not running at full speed
- Historical low orderbook – and deliveries are already less than expected

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# Near-term strategic priorities

## Continue accretive fleet growth

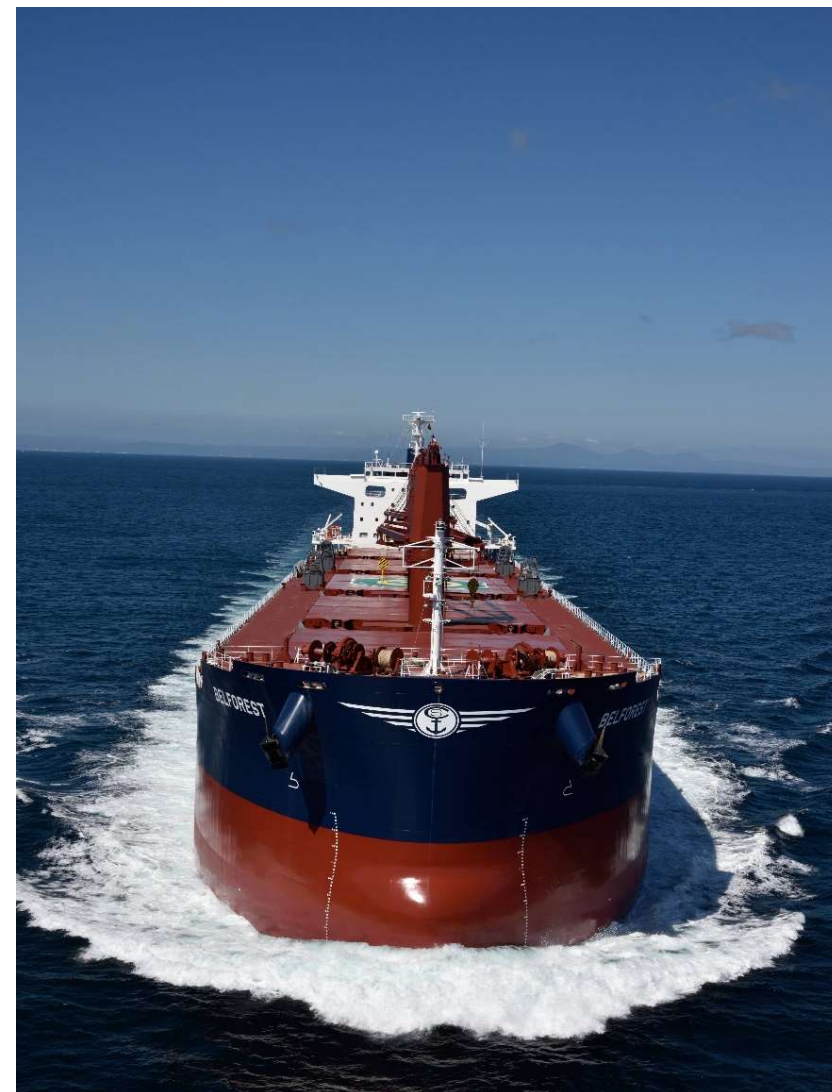
- Capacity to double the fleet to 30 vessels
- Additional ship-for-share deals or optional leases

## Increase free float and liquidity in the share

- Continue to build free float through ship/shares or equity issues
- Maintain focus on capital market and IR

## Financial discipline

- Low costs and cash break-even
- Strong balance sheet and healthy liquidity position for solidity though the cycle
- Build dividend capacity as market conditions improve





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CONSOLIDATED STATEMENT OF INCOME		Q2	Q1	YTD Q2	Q2	Q1	YTD Q2	
USD 1 000		2019	2019	2019	2018	2018	2018	2018
Gross freight revenue	Note	35 127	36 176	71 303	29 840	24 864	54 704	127 735
Voyage expenses		-8 068	-7 737	-15 805	-9 479	-5 334	-14 813	-10 698
<b>Net freight revenue</b>	2	<b>27 059</b>	28 439	<b>55 498</b>	20 361	19 530	39 891	117 037
Management fees		2 511	2 637	5 148	1 193	967	2 160	4 865
<b>Operating income</b>	2	<b>29 570</b>	31 076	<b>60 646</b>	21 554	20 497	42 051	121 902
Share of result from j/v and assoc. comp.		608	634	1 242	230	395	625	2 012
T/C hire expenses		-12 121	-12 515	-24 636	-13 048	-11 617	-24 665	-80 014
Ship operating expenses		-6 465	-5 975	-12 440	-3 547	-4 080	-7 627	-16 094
Operating expenses ship management		-916	-971	-1 887	0	0	0	-420
General and administrative expenses		-2 700	-2 143	-4 843	-1 682	-1 406	-3 088	-7 837
<b>Operating expenses</b>		<b>-21 594</b>	-20 970	<b>-42 564</b>	-18 047	-16 708	-34 755	-102 353
<b>EBITDA</b>		<b>7 976</b>	10 106	<b>18 082</b>	3 507	3 789	7 296	19 549
Depreciation and amortisation	3	-4 702	-4 555	-9 257	-2 356	-1 847	-4 203	-7 813
Purchase bargain gain		0	0	0	0	0	0	12 849
<b>Operating result (EBIT)</b>		<b>3 274</b>	5 551	<b>8 825</b>	1 151	1 942	3 093	24 585
Interest income		57	56	113	8	4	12	56
Interest expenses		-2 652	-2 617	-5 269	-1 230	-879	-2 109	-4 754
Other financial items		-350	-138	-488	-37	-315	-352	-351
Currency gains/(-losses)		-32	-156	-188	6	-29	-23	-94
<b>Net financial items</b>		<b>-2 977</b>	-2 855	<b>-5 832</b>	-1 253	-1 219	-2 472	-5 143
<b>Result before taxes</b>		<b>297</b>	2 696	<b>2 993</b>	-102	723	621	19 442
Taxes		-164	-150	-314	0	0	0	-247
<b>Net result</b>		<b>133</b>	2 546	<b>2 679</b>	-102	723	621	19 195
Hereof majority interests		85	1 838	1 923	635	39	674	18 169
Hereof non-controlling interests		48	708	756	-737	684	-53	1 026
Earnings per share		0.00	0.01	0.01	0.00	0.01	0.01	0.20
Diluted earnings per share		0.00	0.01	0.01	0.00	0.01	0.01	0.20

The quarterly figures are not audited

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*The quarterly figures are not audited*

USD 1 000		30 Jun 2019	31 Mar 2019	31 Dec 2018
<b>NON-CURRENT ASSETS</b>				
Intangible assets	Note	5 816	7 182	8 536
Ships	3	264 177	253 778	230 425
Property, Plant, and Equipment		4 444	4 183	4 210
Investment in jv and assoc. companies		2 762	2 897	1 939
Other non-current assets		1 498	59	343
<b>Total non-current assets</b>		<b>278 697</b>	<b>268 099</b>	<b>245 453</b>
<b>CURRENT ASSETS</b>				
Inventories		6 836	4 971	4 230
Current receivables		9 915	10 139	11 897
Cash and cash equivalents		47 389	34 736	32 034
<b>Total current assets</b>		<b>64 140</b>	<b>49 846</b>	<b>48 161</b>
<b>Total assets</b>		<b>342 837</b>	<b>317 945</b>	<b>293 614</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Paid-in capital		111 184	96 893	96 870
Retained earnings		25 661	25 576	23 738
Non-controlling interests		3 930	3 882	3 174
<b>Total equity</b>		<b>140 775</b>	<b>126 351</b>	<b>123 782</b>
<b>Non-current liabilities</b>				
Mortgage debt	4	95 555	75 781	94 513
Lease liability	4	59 405	60 801	38 653
Other non-current liabilities		3 229	3 425	3 446
<b>Total non-current liabilities</b>		<b>158 189</b>	<b>140 007</b>	<b>136 612</b>
<b>Current liabilities</b>				
Curr. portion of mortgage debt/lease liability	4	26 098	34 719	14 619
Other current liabilities		17 775	16 868	18 601
<b>Total current liabilities</b>		<b>43 873</b>	<b>51 587</b>	<b>33 220</b>
<b>Total equity and liabilities</b>		<b>342 837</b>	<b>317 945</b>	<b>293 614</b>

# Experienced management and Board of Directors with aligned incentives with shareholders

## Management



### Lars Christian Skarsgård, CEO

0.44m shares  
5.0m options

Lars Christian Skarsgård has served as CEO of Belships ASA since 13 March, 2019. Mr. Skarsgård has wide ranging shipping experience from sailing as a deck crew, shipbroking to ship owning and management. Before joining Belships ASA, he served as Director and Global head of S&P with Fearnleys AS. BA Economics from Liverpool University.



### Osvald Fossholm, CFO

35k shares  
66k options

Osvald Fossholm has served as Belships CFO since 1993. He graduated from BI Norwegian Business School in 1985 as an accountant, and is also a certified public accountant from the Norwegian School of Economics and Business Administration. He worked at Arthur Andersen & Co from 1985 to 1990, and became financial manager of Belships in 1990.

## Board of Directors



### Peter Frølich, Chairman of the Board

75k shares

- Lawyer with vast financial and board member experience
- Currently involved in i.a. Fana Sparebank, Fjord Line AS and Kredittforeningen for Sparebanker



### Frode Teigen, Board member

133m shares

- Owner Kontrari AS and Kontrazi AS
- Majority owner and acting board member in Belships ASA, Egersund Group AS, Fjord Line AS and Nordic Halibut AS
- Held various management positions in Thoresen Thai in addition to being one of the largest shareholders – exit in 2005



### Sverre J. Tidemand, Board member

17m shares

- Owner Sonata AS
- Managing director of Belships from 1979 to May 2011 and previously chairman of the board



### Carl Erik Steen, Board member

50k shares

- Extensive experience in ship finance
- Currently Chairman of the BoD in Euronav and board member in several companies i.a. Bertel O. Steen Holding AS and Wilh. Wilhelmsen Holding ASA



### Sissel Grefsrud, Board member

- Director of ABN Amro Bank's Energy & Transportation division.
- Previously been an executive in the Songa Group and First Olsen Tankers Ltd.



### Jorunn Seglem, Board member

50k shares

- CEO and board member Knutsen Ballast Water AS
- Board member Knutsen Nyk Offshore Tankers AS



### Birthe Cecilie Lepsøe, Board member

7.5k shares

- Partner, Vest Corporate Advisors AS
- Board member in several companies, i.a. Inventura Group AS, Smedvig AS and Sparebank 1 SR-Bank ASA

# Belships' IMO 2020 considerations

## IMO 2020

Scrubber	Compliant fuel	LNG/LPG propulsion
<ul style="list-style-type: none"> <li>✓ Continue using HSFO</li> <li>✓ Fuel availability</li> <li>✗ Costly investment</li> <li>✗ Increased bunker consumption</li> <li>✗ Operational risk</li> <li>✗ Technical risk</li> </ul>	<ul style="list-style-type: none"> <li>✓ No off-hire</li> <li>✓ No investment</li> <li>✗ Bet on price differential between VLSFO and HSFO</li> </ul>	<ul style="list-style-type: none"> <li>✓ Significant reduction in CO<sub>2</sub>, NO<sub>x</sub> and SO<sub>x</sub></li> <li>✗ Significant investment</li> <li>✗ Fuel availability</li> </ul>

### Key implications

*Slow steaming*

*Increased offhire during installation process*

*Trigger scrapping of older vessels*

## Belships' strategy

### Belships are proactive and remain agile



**Hedge the spread**



**No offhire in market upturn**



**Reduced operational and technical risk**

### Belships hedges 2020 fuel costs

Belships ASA (OSE: BEL) has entered into an agreement to hedge the price differential between compliant 0.5% sulphur fuel oil (VLSFO) and 3.5% sulphur fuel oil (HSFO).

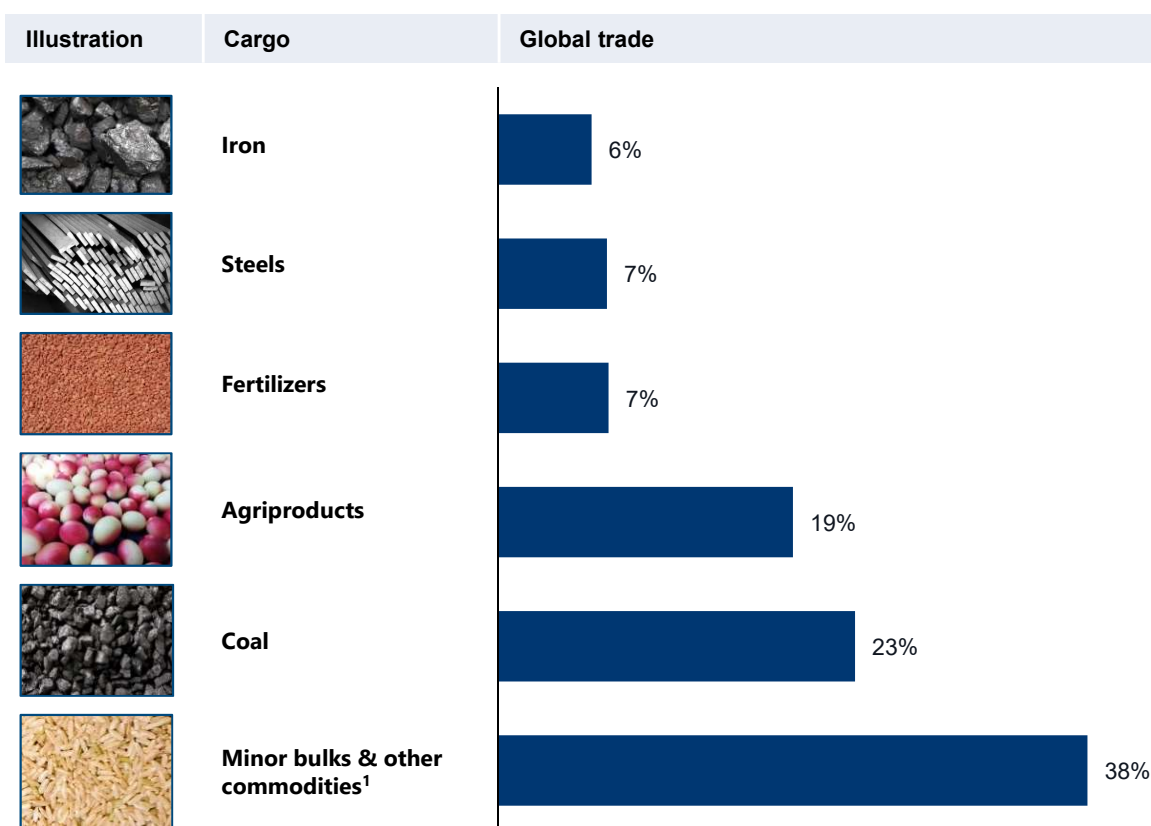
The secured exposure is for 24,000 tons of bunkers for the full calendar year 2020. The volume equals the annual fuel consumption of about four vessels. The fixed price differential is USD 198 per ton, with monthly settlements in 2020.

The company's trading fleet will be physically ready by January 2020 to comply with the IMO Sulphur Cap 2020, which prohibits marine bunkering fuels containing more than 0.5 per cent sulphur in order to improve the shipping industry's environmental footprint.

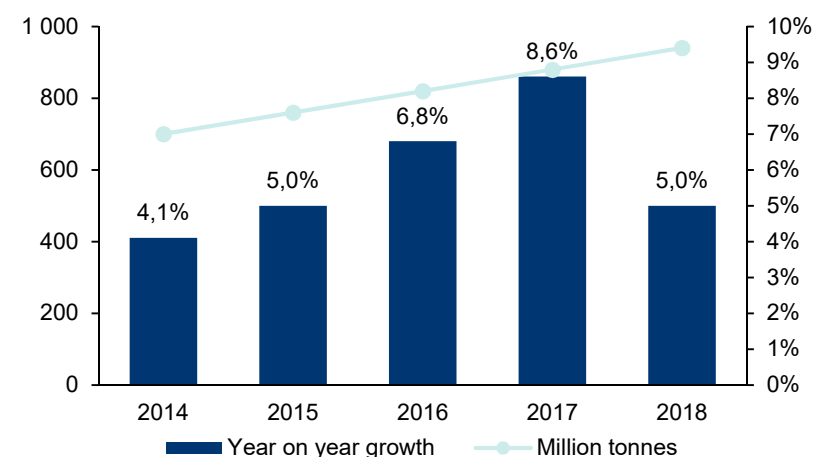
The bunker price differential hedge reduces downside risks and represents an efficient alternative to costly installations of scrubbers, whilst retaining full utilization of the fleet and the flexibility to adjust the position as the market develops.

# Benefitting from growing steady growth in minor bulks

## Supramax and Ultramax demand by cargo type



## Demand growth for Supra/Ultramax bulkers



## Key characteristics

- 
**Cargo diversity**  
 With a variety of products to transport both within major and minor bulk, Belships is less dependent on the iron-ore and coal trade than the typical Capesize / Panamax company
- 
**Global diversification**  
 Due to the vast number of trade routes for minor bulks, Belships is less exposed to country specific demand by e.g. China and Brazil

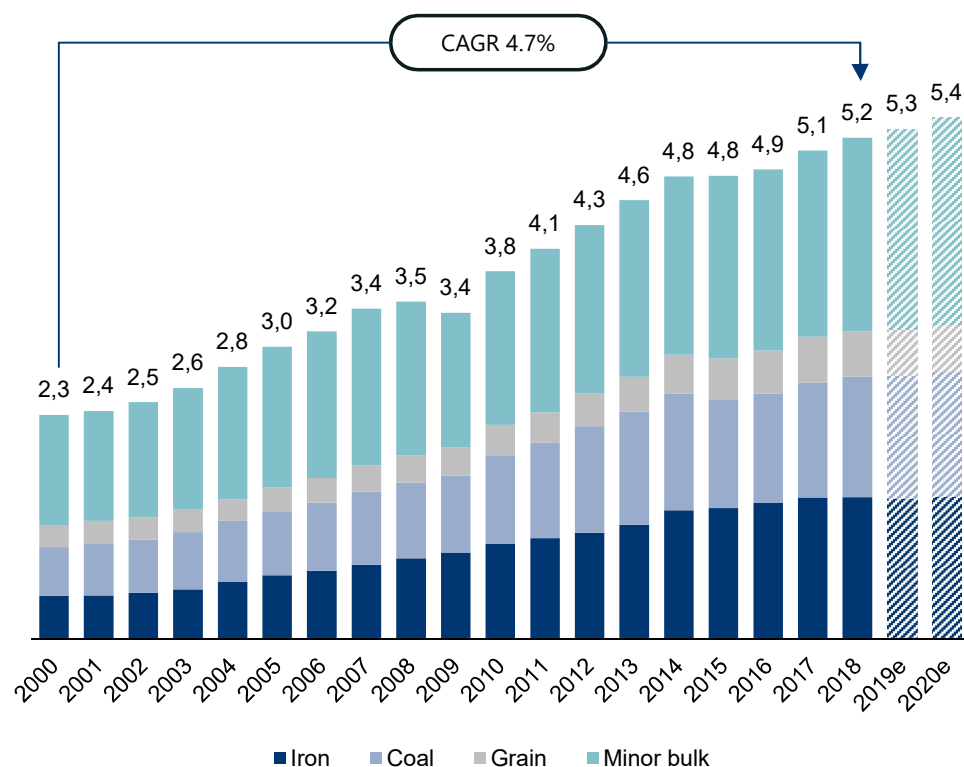
1) Minor bulks: steel products, cement, gypsum, metal ores or concentrates, sugar, salt, sulphur, sand, fertilizers, forest products and wood chips.  
 Source: Clarksons, Company information



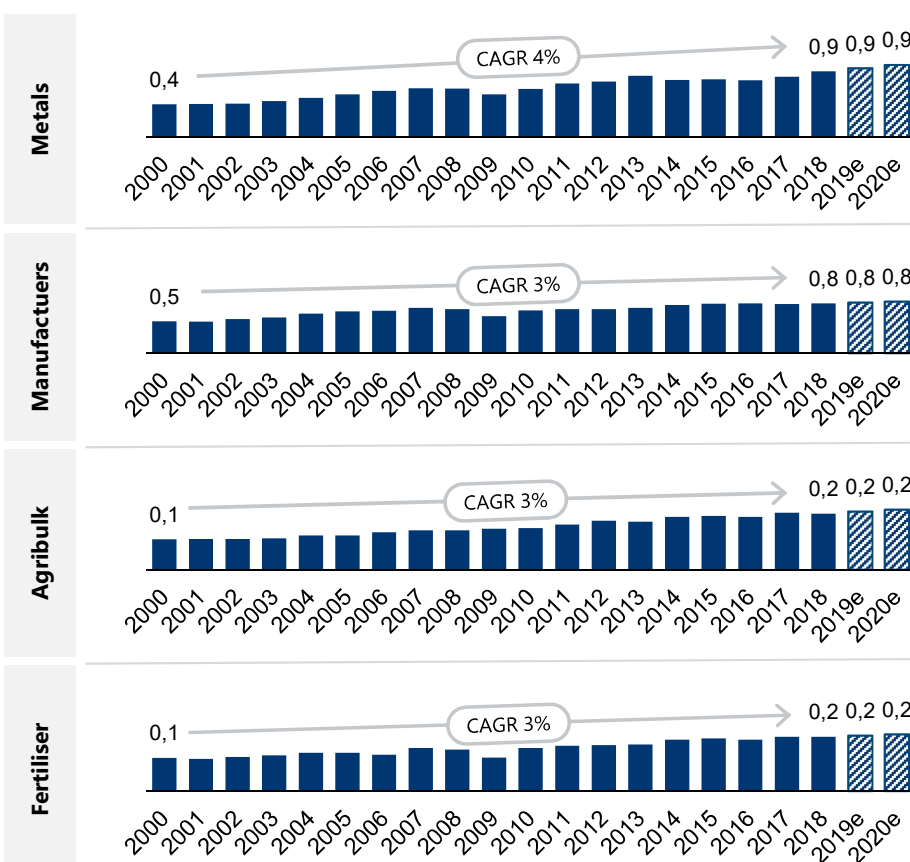
# Key commodities exhibit strong and stable demand growth

## Drybulk demand (million tonnes dwt)

DWTm



## Top traded minor bulks (million tonnes dwt)



# Ultramax/Supramax stronger yield over time compared to Capesize and Panamax

Average of weekly dayrates 2010-Q2/2019

