



BELSHIPS

COMPANY PRESENTATION

Q2 2020

AUGUST 2020

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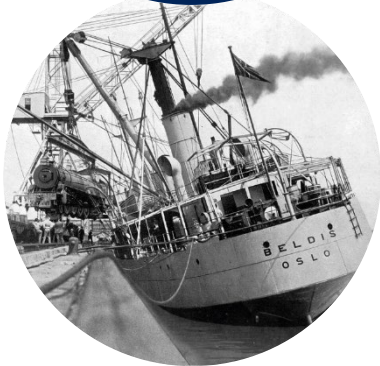
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Investment highlights

Founded 1918
and stock listed
since 1937



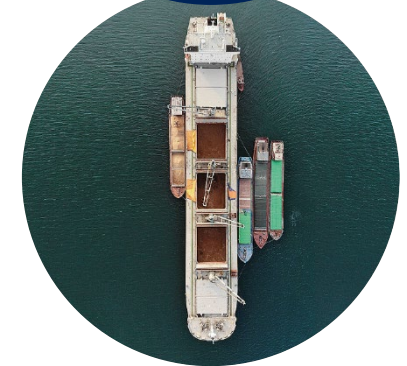
Fully integrated
ship owning
and operating
company



Proven ability to
deliver
accretive
growth



Shareholder
friendly strategy
and corporate
governance



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Highlights – Q2 2020

A CHALLENGING QUARTER – IMPROVING OUTLOOK AHEAD

- Operating income of USD 28.6 million (Q2 2019: USD 29.6m)
- EBITDA of USD 1.9m (USD 8.0m)
- Net result of USD -14.6m (USD 0.1m). Net result includes non-cash impairment of USD 4.9m total for the four oldest vessels in the fleet
- Net TCE earnings per ship of USD 6 927 per day versus BSI index of USD 5 210 net per day
- Realised FFA gains equivalent to USD 1 117 net per vessel day resulting in total outperformance of the Baltic Supramax market index of 54 per cent
- 60 per cent of remaining ship days in 2020 are booked at USD 9 600 net per day
- Taken delivery of BELHAVEN and issued shares
- Modern fleet of 23 vessels with an average age of 5 years including newbuildings

Earnings

Q2 2020	FY 2019
Average TCE USD 6 927/day	Average TCE USD 11 201/day
EBITDA USD 1.9m	EBITDA USD 34.7m
Net result USD -14.6m	Net result USD 5.1m

Financial position

Assets	Equity and liabilities
Owned ships USD 225.8m	Equity USD 153.4m (34%)
Leased ships USD 159.2m	Mortgage loans USD 143.7m
Cash and cash equivalents USD 34.4m	Lease liabilities USD 141.9m
Other assets USD 38.2m	Other liabilities USD 18.6m

Integrated owner and operator of geared dry bulk vessels



BELSHIPS

SHIPOWNING

COMMERCIAL OPERATIONS

TECHNICAL & CREWING



- ⚓ 23x Supra/Ultramax bulk carriers
- ⚓ Head office with industry low G&A

- ⚓ Chartering performed by our subsidiary Lighthouse Navigation (50.01%)
- ⚓ Lighthouse engages in cargo trading, liner services and agency

- ⚓ Complete technical management
- ⚓ In-house crewing platform

Strong corporate governance

SHIP MANAGEMENT

Belships performs all commercial and technical management in-house and has no related party transactions.

BOARD INDEPENDENCE

Belships board of directors consists of seven members, whereof four are independent. Since 2007, more than 40 per cent of the board has been represented by female board members.

FINANCE AND VESSEL TRANSACTIONS

Belships utilizes only external advisors or brokers in any transactions and no related third parties.

BOARD POLICY

The board has separate Audit and Board Nomination committees. Belships does not have any shareholder disenfranchisement policies such as poison pills or similar.

TRANSPARENCY

The company and board maintain sound principles of transparency and fairness in regard to availability of information, presentations and practices.

Creating the best in-class listed dry bulk company



Fully integrated owner / operator

Lean & effective organization

Strong sponsors

Proprietary deal flow and financing

Corporate governance

Ambitious targets

1

The most attractive midsize fleet



2

Cost and earnings leadership



3

Double the fleet from the merger

In progress

4

Attractive share liquidity and trading

In progress

5

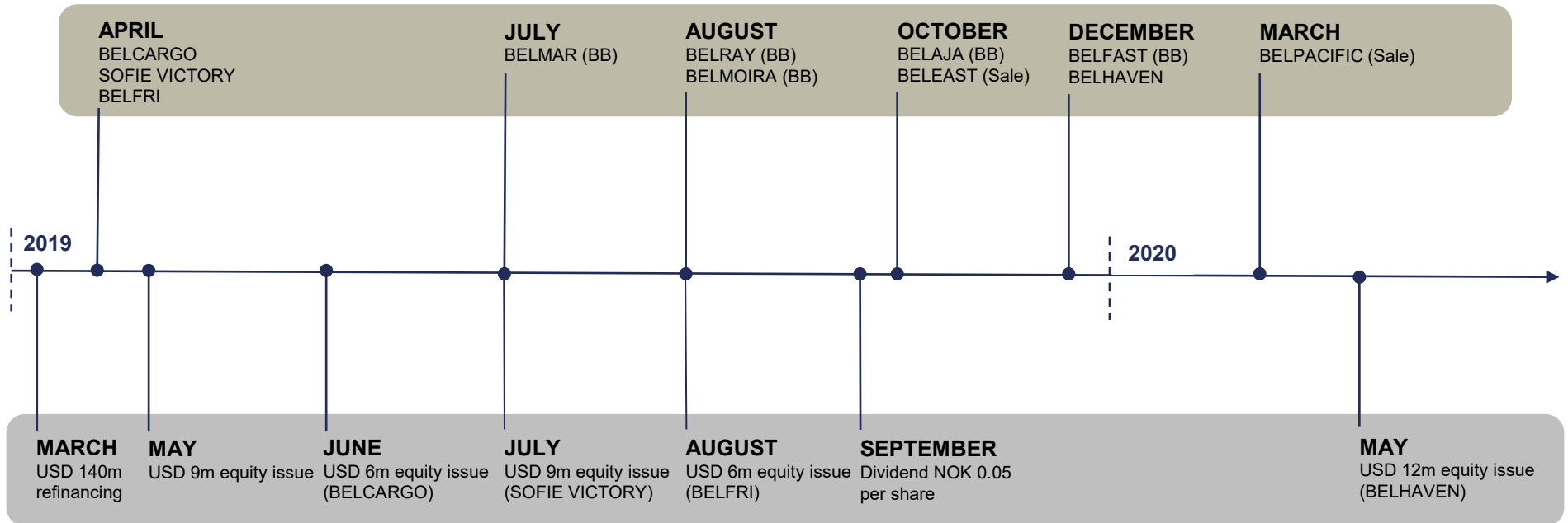
Leading total return

Target

Proven ability to create opportunities and execute deals



VESSEL TRANSACTIONS

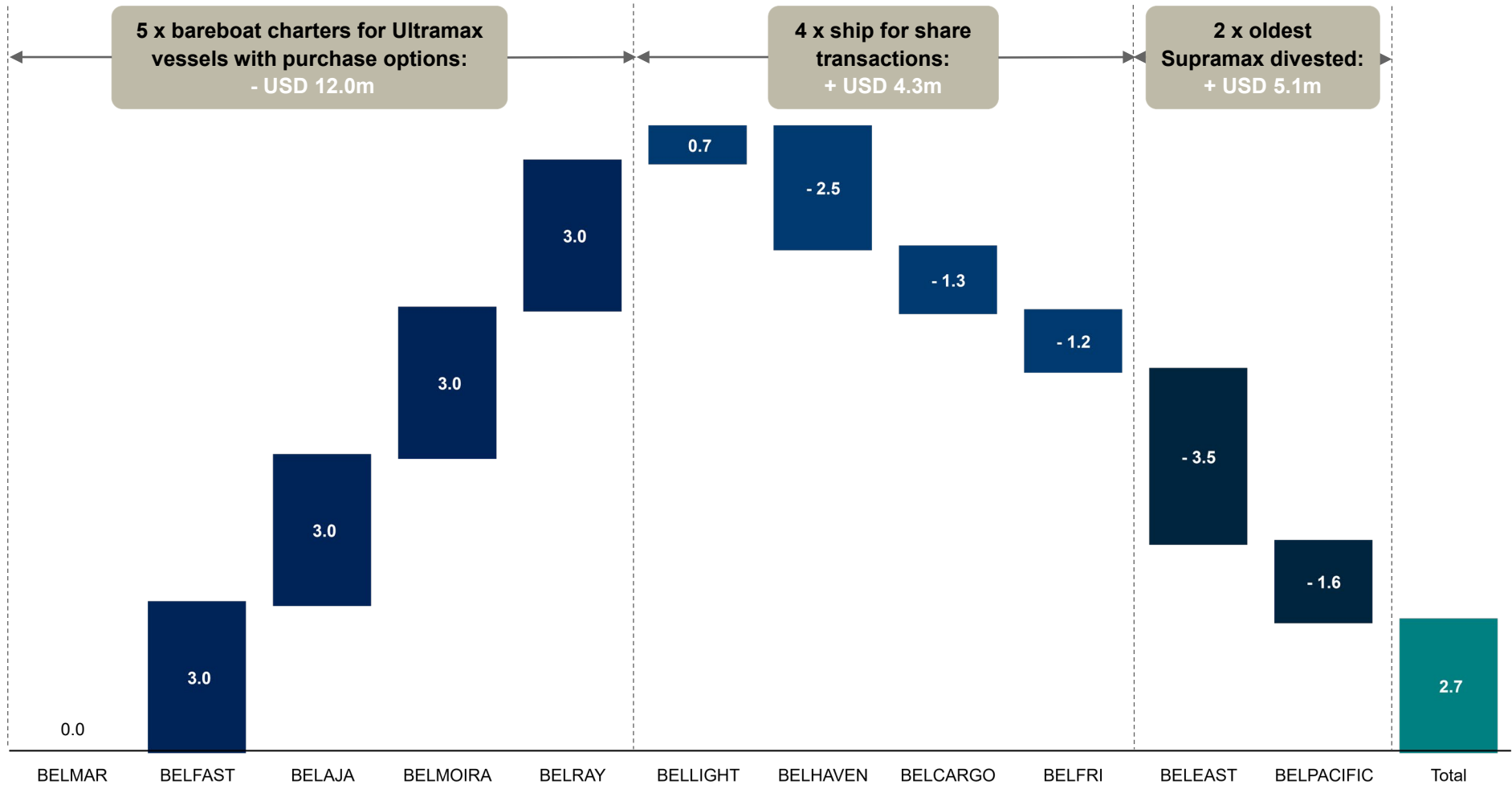


EQUITY & DEBT TRANSACTIONS

Pushing the growth agenda – net cash invested USD 2.7m

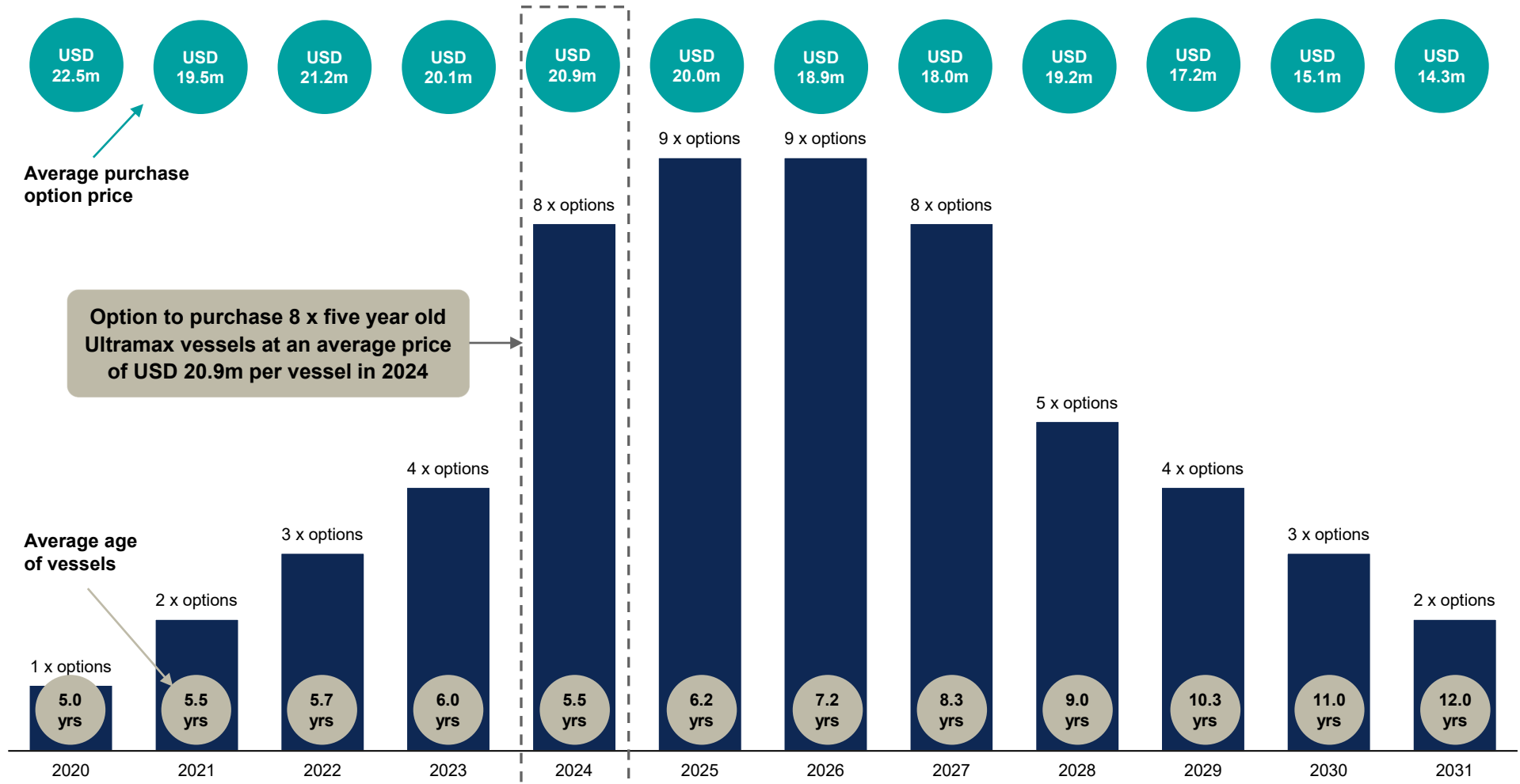


Cash effect recent transactions (USDm)



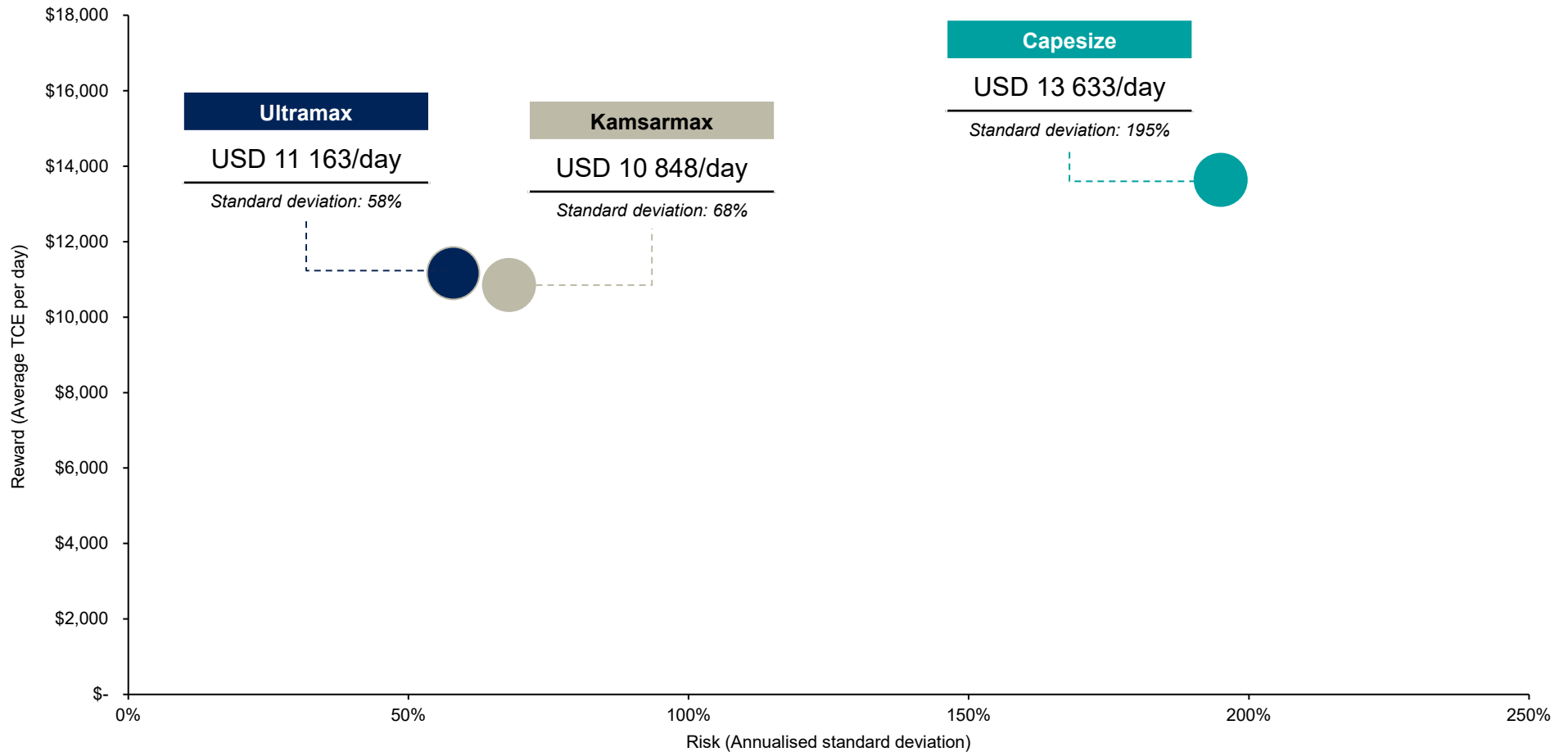
Purchase options provide flexibility and reduce risk

Overview of vessel purchase options 2020 – 2031



Ultramax segment – superior risk/reward

Average earnings per day - last 10 years



Ultramax: BSI58 plus 10% premium. BSI58 is BSI52 plus \$293 per day prior to 2015

Kamsarmax: BPI82 2018-2020, BPI74 plus \$1 300 day prior to 2018

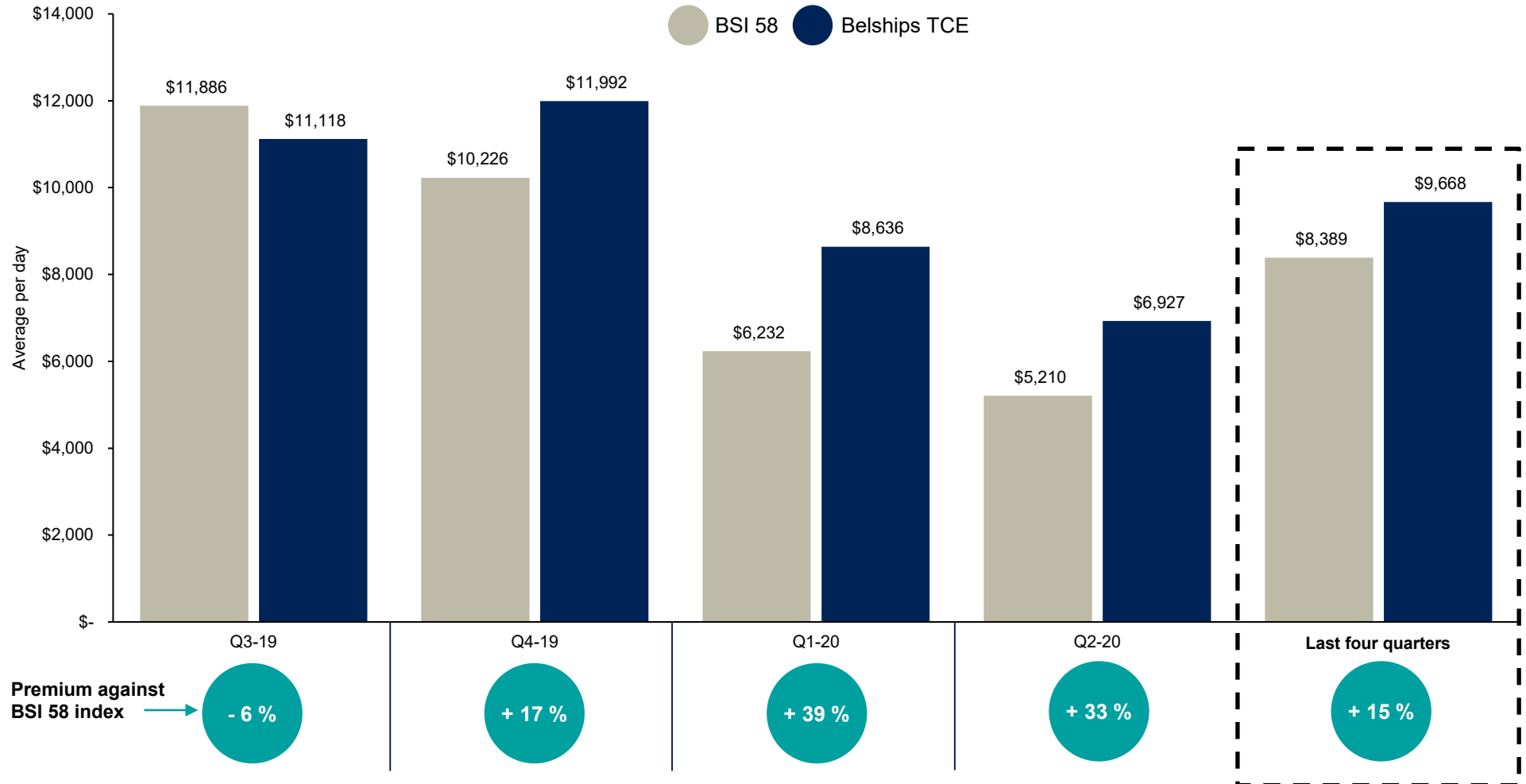
Capesize: BCI 5TC 2014-2020, BCI 4TC prior to 2014

Source: Baltic Exchange

15% outperformance of the BSI index last four quarters



Belships TCE vs BSI 58 (net per day)



Uniform fleet of 23 Supra/Ultramax vessels



Ultramax

	Vessel	Built	DWT	Yard	Ownership
16 x Ultramax	BELMAR (NEWBUILD)	2021	64,000	Imabari	BB-in ¹
	BELFAST (NEWBUILD)	2020	64,000	Imabari	BB-in ²
	BELAJA	2020	61,000	Shin Kurushima	BB-in ⁴
	BELMOIRA	2020	61,000	Shin Kurushima	BB-in ⁴
	BELFUJI	2020	63,000	Imabari	TC-in ³
	BELRAY	2019	61,000	Shin Kurushima	BB-in ⁵
	BELNIPPON	2018	63,000	Imabari	TC-in ⁶
	BELHAVEN	2017	63,000	Imabari	Owned
	BELISLAND	2016	61,000	Imabari	BB-in ⁷
	BELFOREST	2015	61,000	Imabari	BB-in ⁸
	BELINDA	2016	63,000	Hantong	Owned
	BELMONT	2016	63,000	Hantong	Owned
	BELATLANTIC	2016	63,000	Hantong	Owned
	SOFIE VICTORY	2016	63,000	New Times	Owned
	BELPAREIL	2015	63,000	Hantong	Owned
	BELSOUTH	2015	63,000	Hantong	Owned

Supramax

	Vessel	Built	DWT	Yard	Ownership
7 x Supramax	BELOCEAN	2011	58,000	Dayang	Owned
	BELNOR	2010	58,000	Dayang	Owned
	BELSTAR	2009	58,000	Dayang	Owned
	BELCARGO	2008	58,000	Tsuneishi	Owned
	BELFRI	2007	55,000	Kawasaki	Owned
	BELORIENT	2008	50,000	PT Pal	Owned
	BELFORT	2008	50,000	PT Pal	Owned

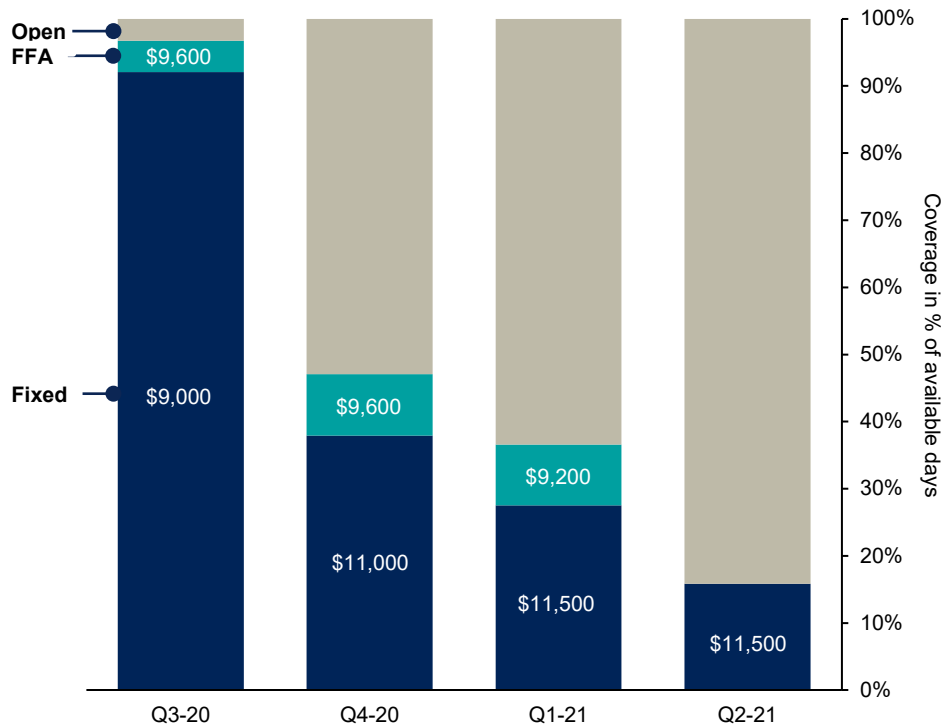
BELFAST and PACIFIC LIGHT have been delivered to Marti Shipping & Ship Management of Turkey for bareboat charter and subsequent sale.

- 1) Delivery 2H 2021 ten years bareboat charter with purchase options after fourth year.
- 2) Delivery 2H 2020 ten years bareboat charter with purchase options after fourth year
- 3) Delivered January 2020 eight years time charter with purchase options after fourth year
- 4) Delivered Q1 2020 seven years bareboat charter with purchase options after fourth year
- 5) Delivered October 2019 seven years bareboat with purchase options after fourth year
- 6) Delivered January 2018 eight years time charter with purchase options after fourth year
- 7) Delivered 2016 fifteen years bareboat charter with purchase options after fifth year
- 8) Delivered 2015 twelve years bareboat charter with purchase options after third year

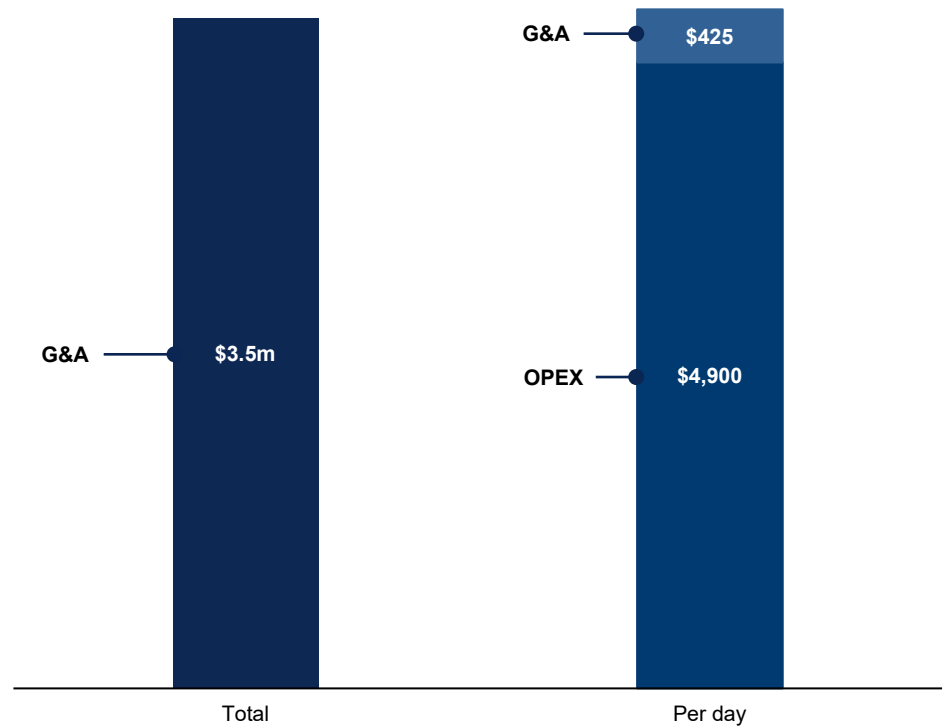
There are no purchase obligations on any of the above lease agreements.

Increasing upside as markets recover

Coverage next four quarters (USD net per day)



OPEX and G&A – 2020 guidance

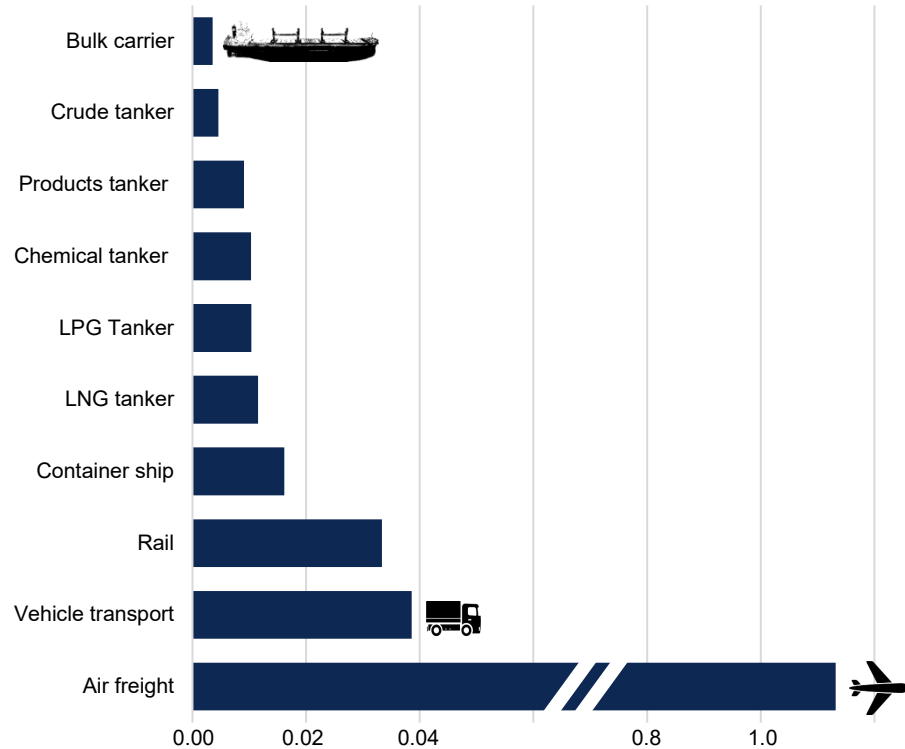


60 per cent of remaining ship days in 2020 are booked at USD 9 600 net per day

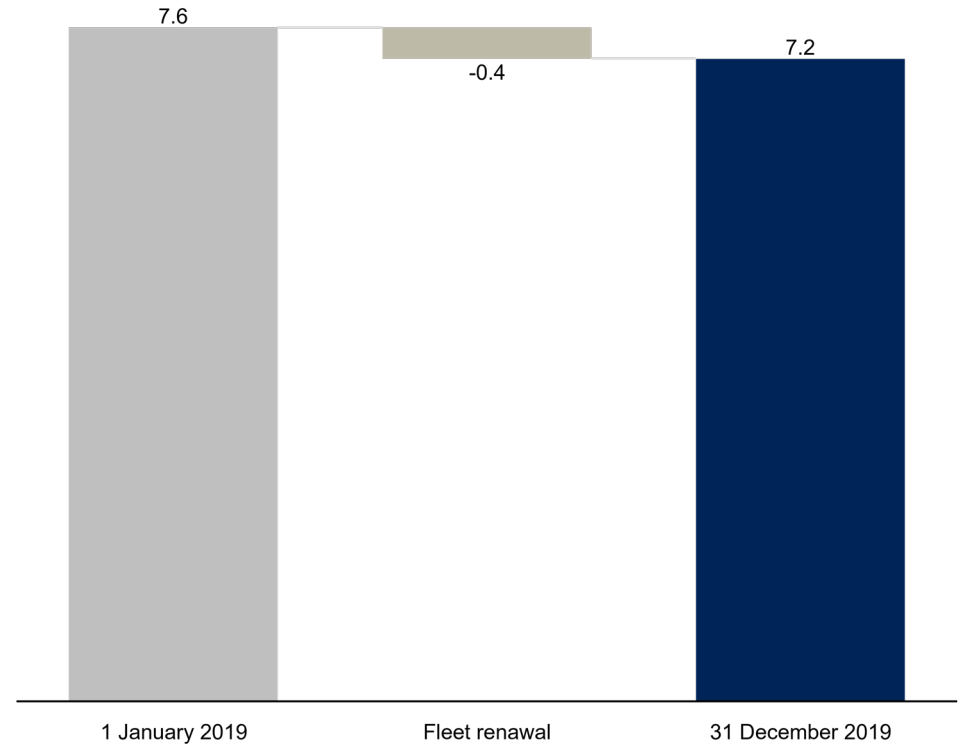
Low G&A and OPEX compared to peers

Belships is determined to be proactive and contribute to a sustainable shipping industry

CO2 per tonne km



Average EEOI per vessel



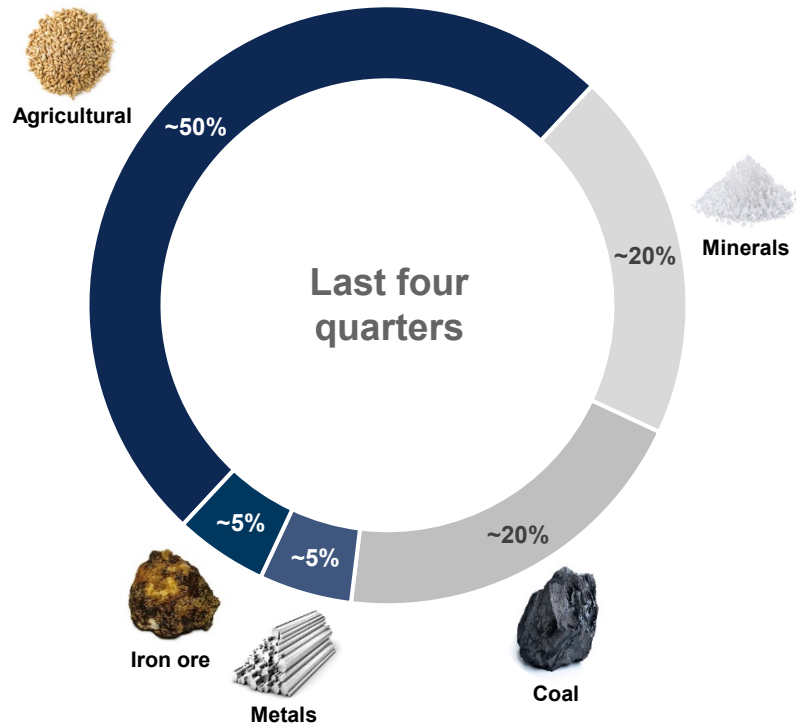
The most energy efficient means of transporting goods and resources

Reducing carbon footprint through modernisation

- **CORONA (COVID-19)** — The effects of the outbreak and the restrictions imposed to mitigate the spread of the disease left the markets reeling into the second quarter. Gradually as some economies opened up for business after lockdown, the resurrection in trade started showing signs of a rebound. However GDP statistics for the quarter as a whole represented a historic fall in economic activity. The effect on shipping has been evident with weak rates and a subdued market environment. The repatriation of crew has been virtually impossible. Through extensive efforts by management and crew, we are satisfied to see the fleet operating close to normal.
- **CARGO** — Volumes carried on Supramax and Ultramax vessels in the quarter continued to increase compared to previous year and from July we have seen a strong growth in especially iron ore and grain volumes. Chinas imports of iron ore during July reached all time high levels whilst inventory levels remain below historical levels. This is evidence of a very active steel making industry and that the expected effect of stimulus into the Chinese economy is noticeable.
- **ORDERBOOK/SUPPLY** — Recycling of older tonnage continued to be virtually non-existent. The publicly quoted Supramax and Ultramax order book is now about 5 per cent of the total fleet – historically low. Evidently, the orderbook is set to diminish quickly as we approach 2021. As such we believe we have passed the peak in net increase in the supply of new tonnage. It is also encouraging to observe that the average sailing speed of the fleet has increased, showing that the market has been able to absorb this inherent fleet supply during a rebound in spot rates.
- **STIMULUS** — Chinese economic stimulus as an indicator points toward continued trade growth, however global GDP forecasts have been highly uncertain whilst the COVID-19 has marred the industry. Low interest rates seem to be the new norm. Continued credit growth and economic stimulus in China is expected to aid a recovery in dry bulk. Seaborne iron ore is predominantly driven by Chinese demand whereas minor bulks tend to correlate closer with GDP.
- **REBOUND, RECOVERY AND THEN AHEAD** — The near-term outlook shifted to positive as spot rates have basically doubled since April. There are expectations for a healthier rate environment in 2H 2020 as Freight Forward Agreements (FFA) currently indicate a market for Supramax and Ultramax vessels of about USD 10 500 and 11 500 per day for the remaining part of the year. Inventory levels in China are still below historical averages. Steel production is still running high. The seasonal grain volumes are here. Towards the end of the year there are question marks to iron ore volumes and reductions in Chinese coal imports. From next year, however, against a backdrop of falling supply growth we believe we are seeing the early signs of a potentially tight market in 2021 and 2022.

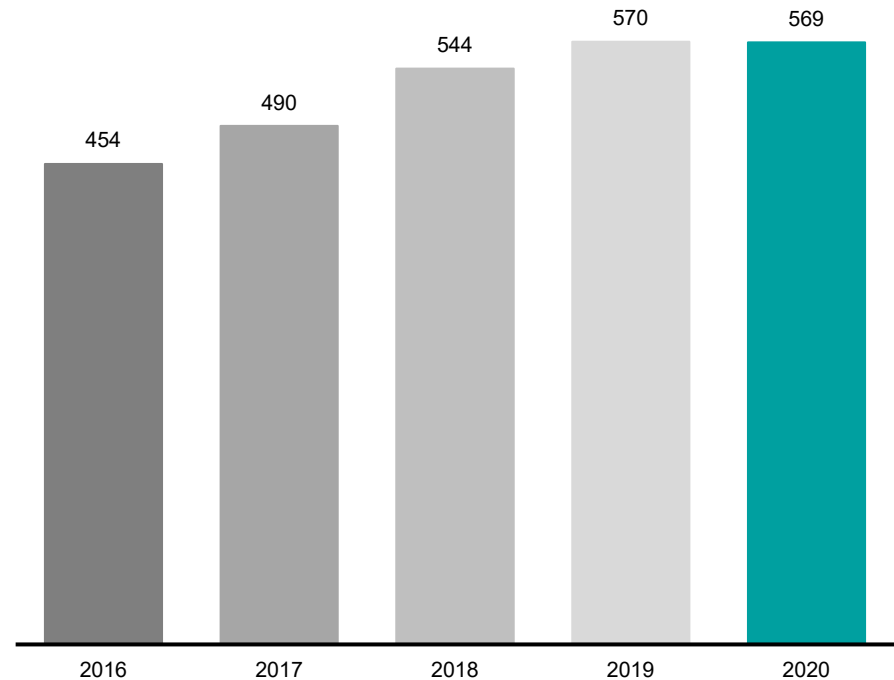
Diversified cargo base – volume expected to increase

Belships' cargo mix



Volume development

Total volume January – July (million mt)

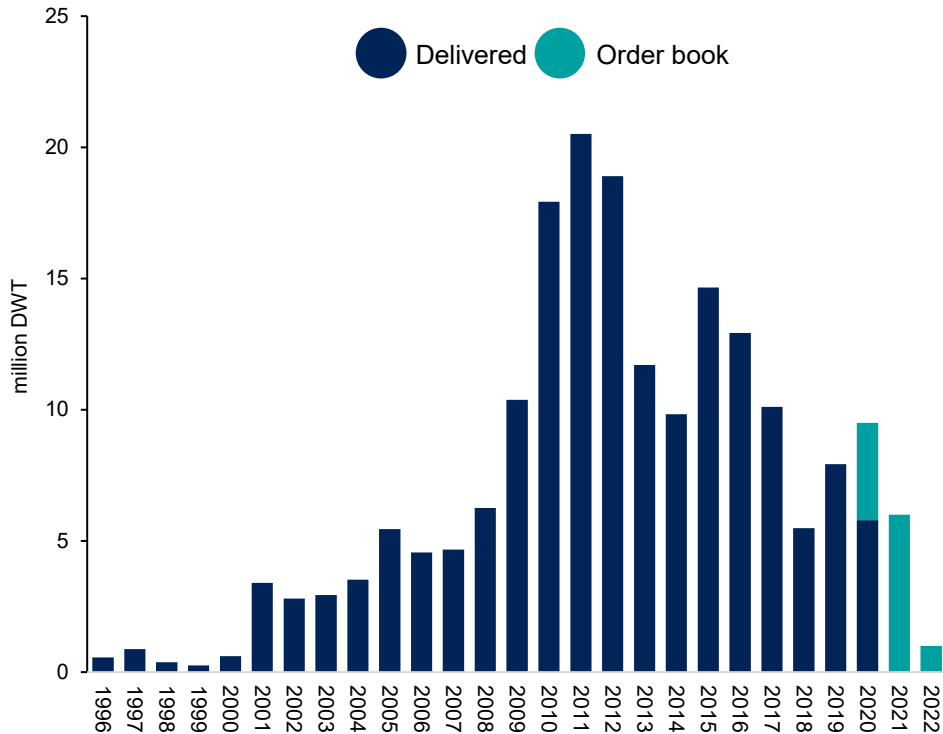


Diverse cargo base reduces risk

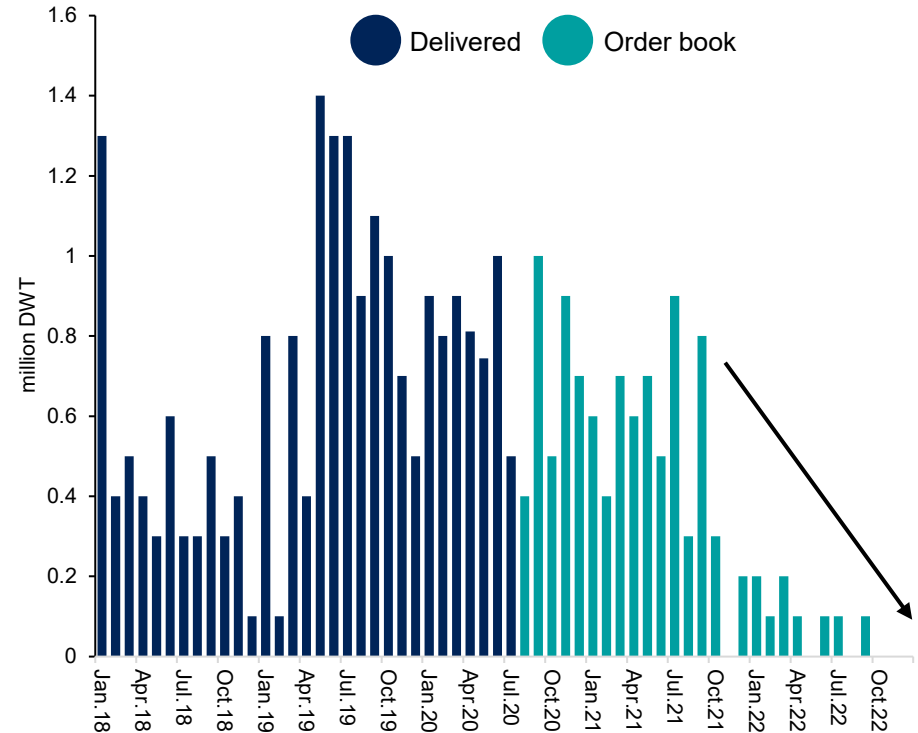
Shipments from January to July at five-year high despite coronavirus lockdowns

Potentially lowest fleet growth in 20 years

Historical deliveries



Monthly delivery schedule

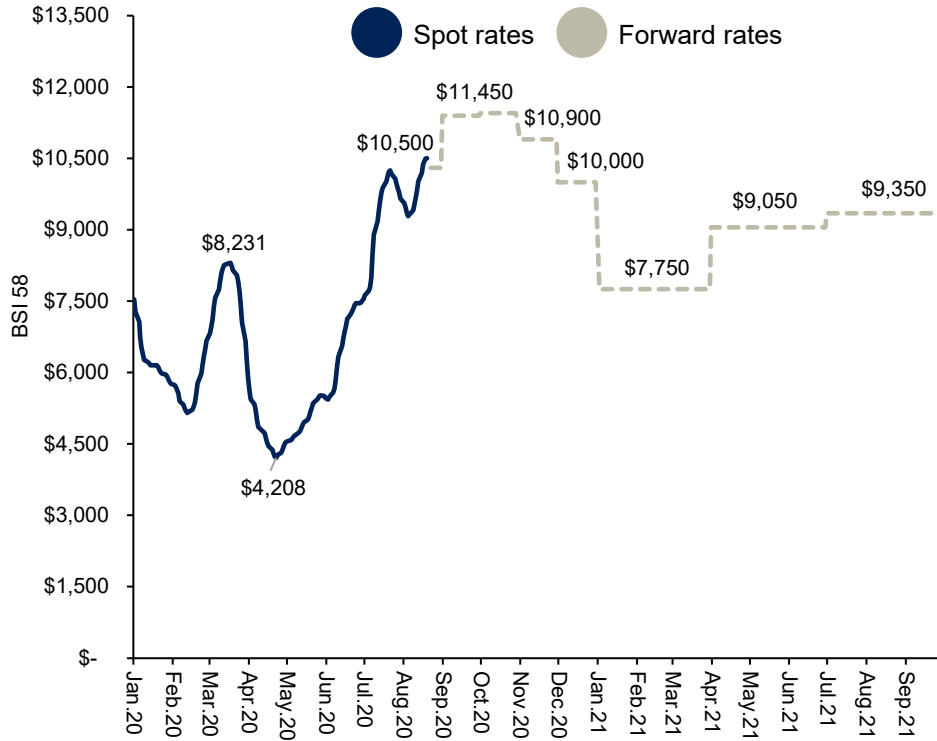


**Supra/Ultramax orderbook
5% of the fleet**

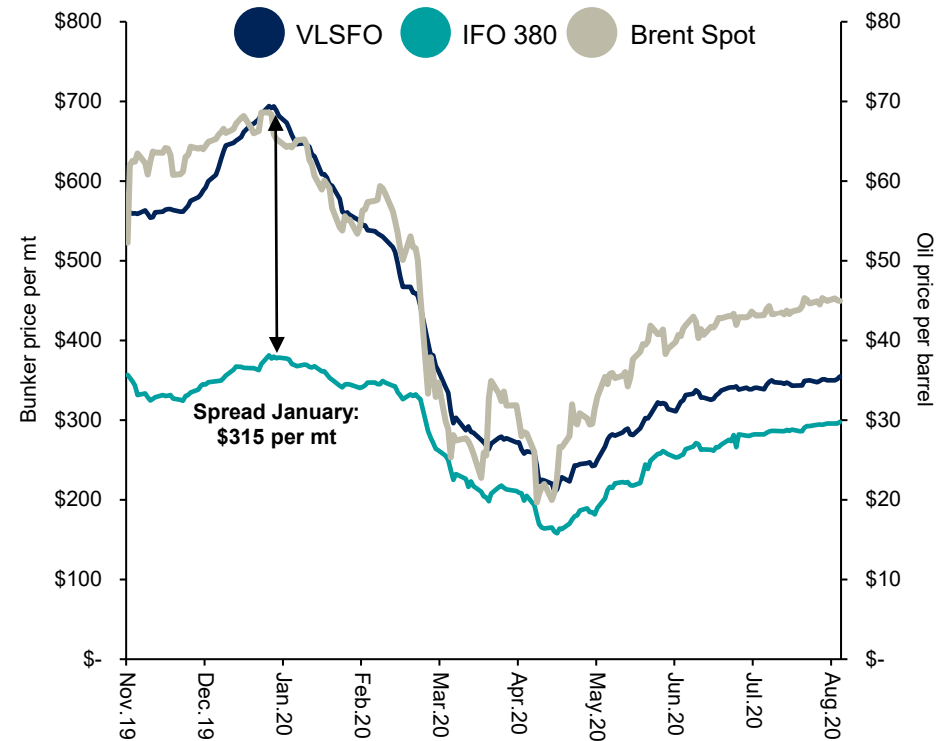
Diminishing tonnage supply

Forward curve above cash B/E for remainder of 2020

Supramax spot and FFA curve



Bunker spread



Ultramax premium typically between 10 and 15 per cent

High vs low sulphur spread ~USD 60 per mt

1

Growth

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

2

Liquidity

- Continue to build free float through ship for shares transactions where accretive
- Capital markets and IR

3

Capital discipline

- Low costs and cash break-even
- Strong balance sheet
- Build dividend capacity

Our main offices



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Consolidated statement of income and financial position



Consolidated statement of income

USD 1 000	Q2 2020	Q2 2019	FY 2019
Gross freight revenue	37 873	35 127	153 909
Voyage expenses	-10 764	-8 068	-30 243
Net freight revenue	27 109	27 059	123 666
Management fees	1 508	2 511	7 650
Operating income	28 617	29 570	131 316
Share of result from j/v and assoc. comp.	742	608	2 715
T/C hire expenses	-14 692	-12 121	-49 825
Ship operating expenses	-9 467	-6 465	-33 558
Operating expenses ship management	-865	-916	-4 125
General and administrative expenses	-2 462	-2 700	-11 815
Operating expenses	-26 744	-21 594	-96 608
EBITDA	1 873	7 976	34 708
Depreciation and amortisation	-7 699	-4 702	-23 074
Impairment of ships	-4 868	-	-
Gain on sale of ships	-	-	4 381
Other gains	-598	-	2 119
Operating result (EBIT)	-11 292	3 274	18 134
Interest income	257	57	283
Interest expenses	-3 410	-2 652	-10 522
Other financial items	-152	-350	-1 127
Currency gains/(-losses)	82	-32	-13
Net financial items	-3 223	-2 977	-11 379
Result before taxes	-14 515	297	6 755
Taxes	-70	-164	-1 655
Net result	-14 585	133	5 100
Hereof majority interests	-13 896	85	3 487
Hereof non-controlling interests	-689	48	1 613
Earnings per share	-0.07	0.00	0.03
Diluted earnings per share	-0.07	0.00	0.03

Consolidated statement of financial position

USD 1 000	30 Jun 2020	30 Jun 2019	31 Dec 2019
Intangible assets	3 053	5 816	4 629
Ships, owned	225 803	188 036	213 052
Ships, right-of-use assets	159 176	76 141	92 720
Prepayment of lease obligations on ships	-	-	6 000
Property, Plant, and Equipment	4 372	4 444	4 790
Investments in j/v and assoc. companies	2 995	2 762	3 303
Other non-current assets	13 937	1 498	8 311
Total non-current assets	409 336	278 697	332 805
Bunker inventory	7 235	6 836	5 832
Current receivables	6 697	9 915	14 576
Cash and cash equivalents	34 363	47 389	44 428
Total current assets	48 295	64 140	64 836
Total assets	457 631	342 837	397 641
Paid-in capital	137 705	111 184	125 927
Retained earnings	11 861	25 661	25 717
Non-controlling interests	3 850	3 930	4 471
Total equity	153 416	140 775	156 115
Mortgage debt	133 376	95 555	127 249
Lease liability	133 106	59 405	73 646
Other non-current liabilities	2 355	3 229	3 060
Total non-current liabilities	268 837	158 189	203 955
Mortgage debt	10 368	20 631	9 388
Lease liability	8 841	5 467	7 315
Other current liabilities	16 169	17 775	20 868
Total current liabilities	35 378	43 873	37 571
Total equity and liabilities	457 631	342 837	397 641