



**COMPANY PRESENTATION | Q1 2022**

**MAY 2022**



**BELSHIPS**

# Belships ASA – Owner and Operator of Bulk Carriers



## The newest Ultramax fleet

29x bulk carriers



## Strong financial position

Capital discipline and dividend policy



## Corporate governance leader

Transparency and zero conflicts of interest



## Lighthouse Navigation

Dry bulk operating platform

**3.5 years**

average vessel age

**USD 10 000**

cash break-even per day 2022

**Founded 1918**

stock listed since 1937

**12 years**

of annual profits

# Highlights – Q1 2022



## RECORD QUARTER – EXTRAORDINARY DIVIDEND AND POSITIVE MARKET OUTLOOK

- Operating income of USD 229.5m (USD 76.4m)
- EBITDA of USD 60.5m (USD 14.7m) including USD 22.6m from Lighthouse Navigation
- Net result of USD 59.5m (USD 16.5m)
- Declared ordinary dividend of USD 26.2m (NOK 1.00 per share)
- Declared extraordinary dividend of USD 32.7m (NOK 1.25 per share)
- TCE of USD 25 466 gross per day for owned fleet
- Secured long term lease agreements for four vessels at competitive terms
- 90 per cent of ship days in Q2 are booked at about USD 24 700 gross per day. 70 per cent of ship days in the next four quarters are booked at about USD 24 000 gross per day.
- Modern fleet of 29 vessels with an average age of 3.5 years and daily cash breakeven for 2022 of about USD 10 000 per vessel

## Subsequent events

- Belships has entered into agreements for the acquisition of two modern Japanese 64 000 dwt Ultramax bulk carriers built in 2019 and 2020. The vessels are financed through time charter lease agreements for a fixed period of about 5 years with options to extend for a further 2 years. Cash breakeven will be about USD 11 200 per day per vessel. Belships will pay a total of USD 12.0m as down payment. The agreements come with options to repurchase the vessels significantly below current market levels. Delivery of the vessels is expected within Q2 2022.
- Declared option to purchase Ultramax bulk carrier BELNIPPON with strike price significantly below current market levels. Conclusion is expected within Q3 2022.

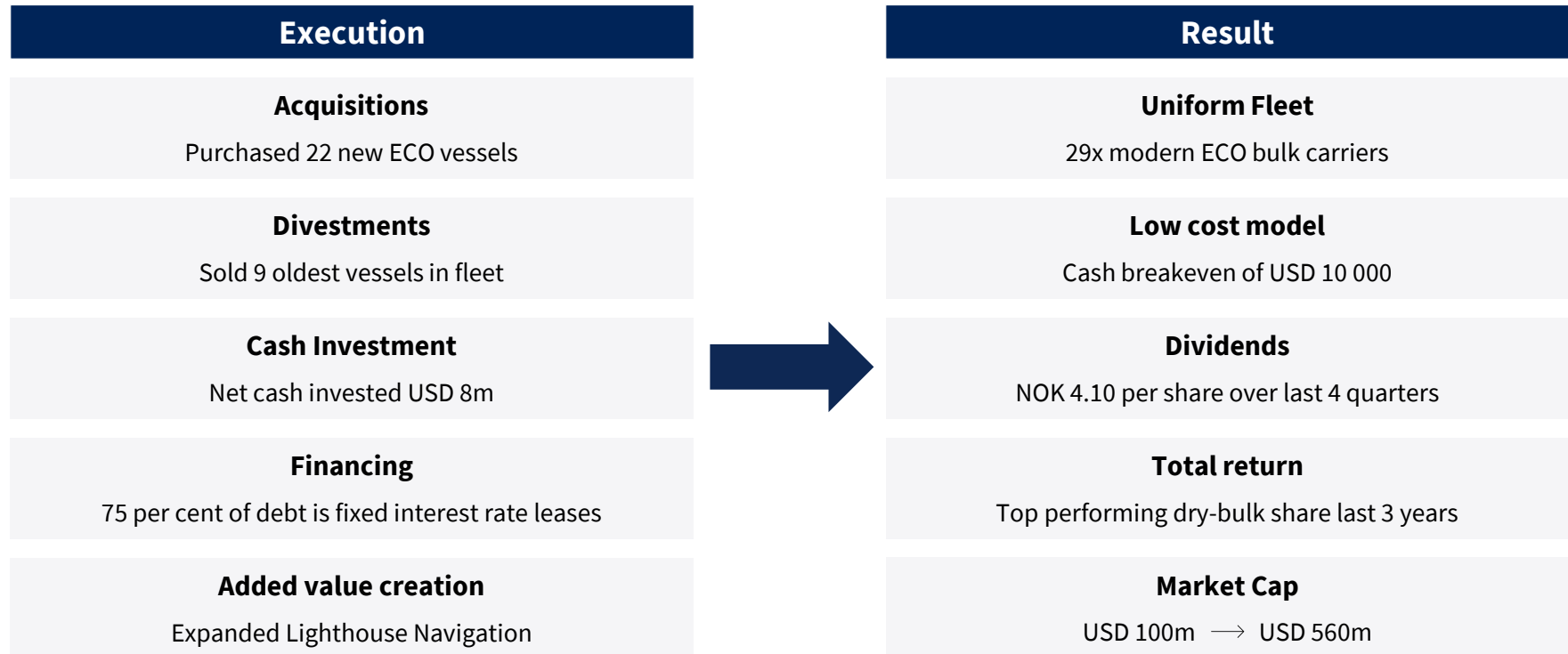
## Earnings summary

Q1 2022	Q1 2021
<b>Average TCE</b> USD 25 466/day	<b>Average TCE</b> USD 12 802/day
<b>EBITDA</b> USD 60.5m	<b>EBITDA</b> USD 14.7m
<b>Net result</b> USD 59.5m	<b>Net result</b> USD 16.5m

## Financial position

Assets	Equity and liabilities
<b>Cash and cash equivalents</b> USD 161.2m	<b>Book value Equity</b> USD 295.1m
<b>Ships</b> USD 574.1m	<b>Interest bearing debt</b> USD 461.8m
<b>Other assets</b> USD 139.7m	<b>Other liabilities</b> USD 118.1m

# Proven Ability to Execute Growth Strategy



# Lighthouse Navigation – Dry Bulk Operating

## Track record

Profitable every year since inception in 2009

## Risk Management

Skin in the game - leading employees invested

## Growth

Offices in 4 countries with 80 employees

## Volume

About 65 vessels under operation\*

## Performance

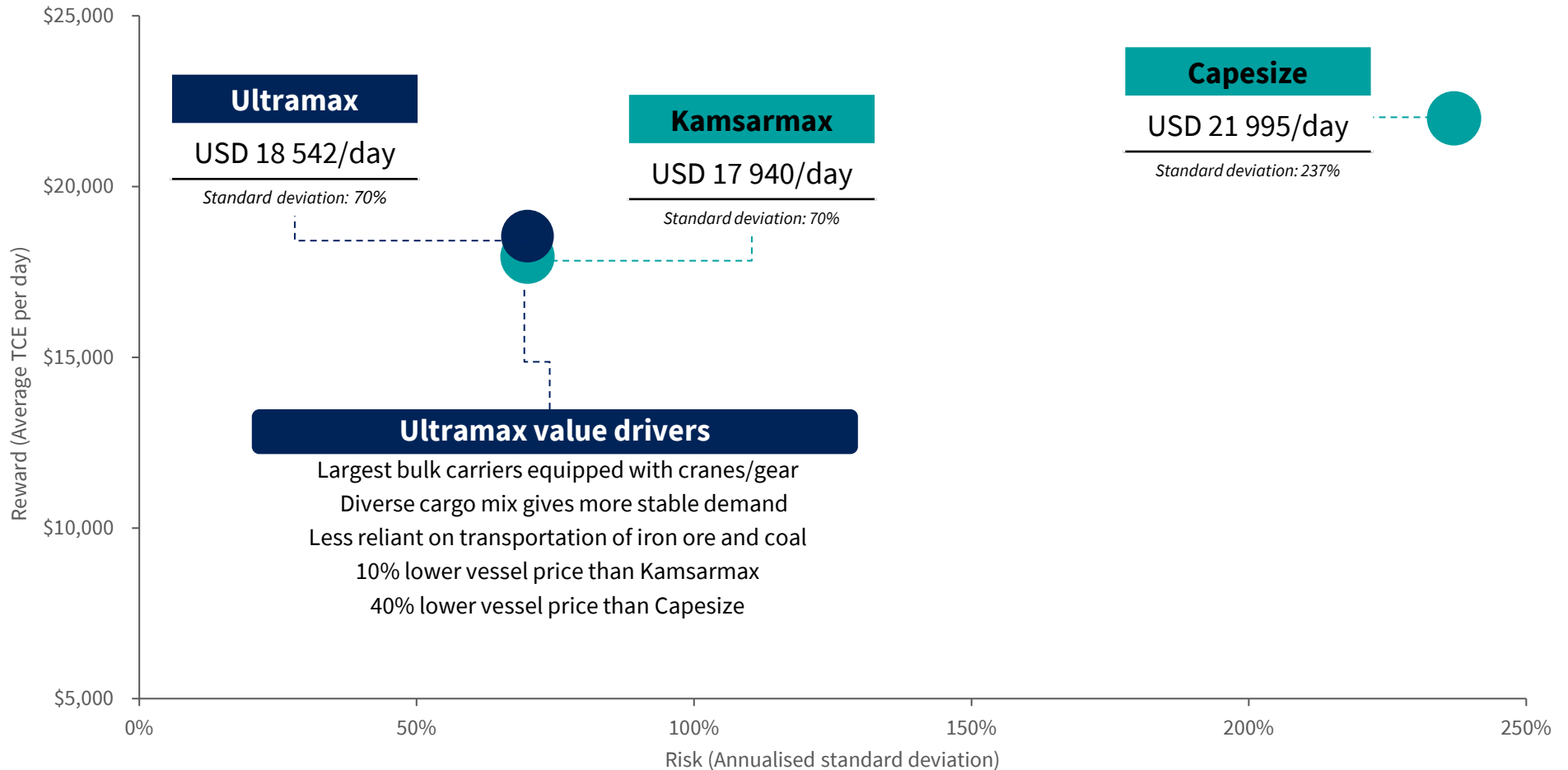
Average EBITDA of USD 20.8m last four quarters



# Ultramax – Superior Risk/Reward



## Average earnings per day - last 3 years



Ultramax: BSI58 plus 10% premium

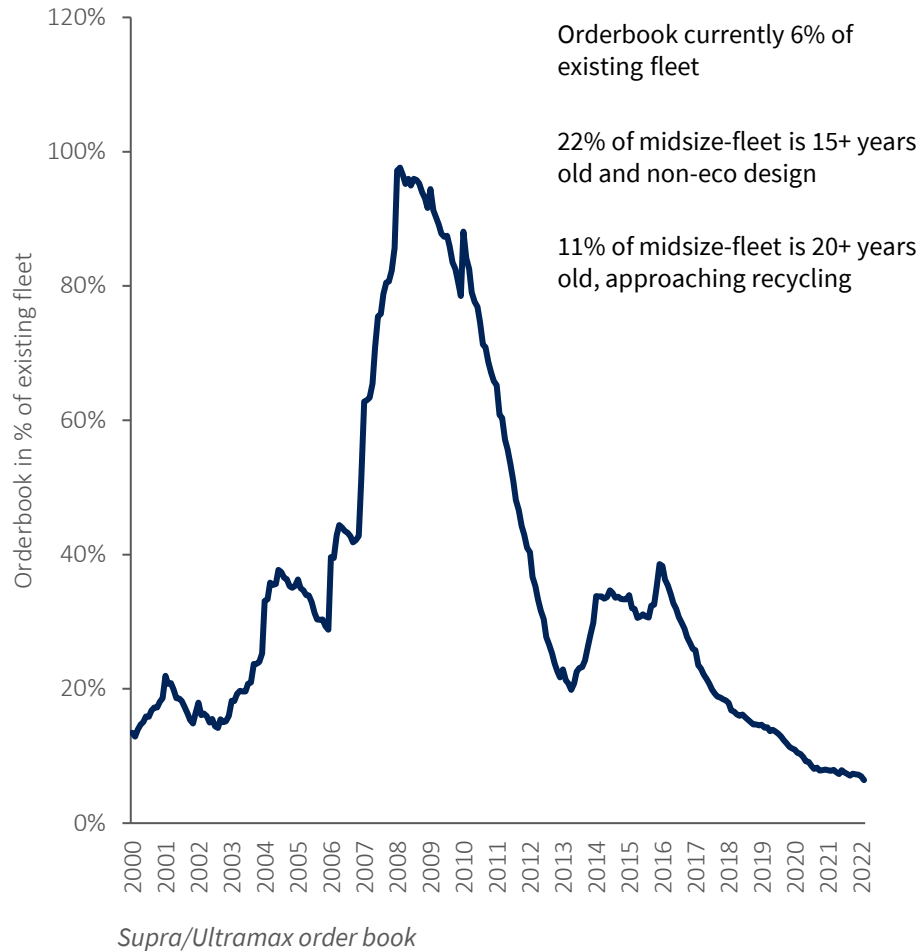
Kamsarmax: BPI82

Capesize: BCI 5TC

Source: Baltic Exchange

# Market Update – Low Orderbook, Increasing Ship Values

## Lowest fleet growth in decades



**ORDERBOOK/SUPPLY** - The order book for Supra/Ultramax bulk carriers is 6 per cent. In relative terms, we are heading towards the lowest rate of supply growth in 30 years. 28 Supra/Ultramax bulk carriers were delivered in the first quarter. 101 vessels are scheduled to be delivered for the remaining part of the year. However, it will likely be even lower, as some registered orders usually are cancelled, deferred or simply incorrect.

The new regulations (EEXI) in 2023 might cause a slight contraction on the supply side as older vessels may have to reduce their maximum sailing speed. However, high bunker prices have already resulted in a moderate reduction in average sailing speeds.

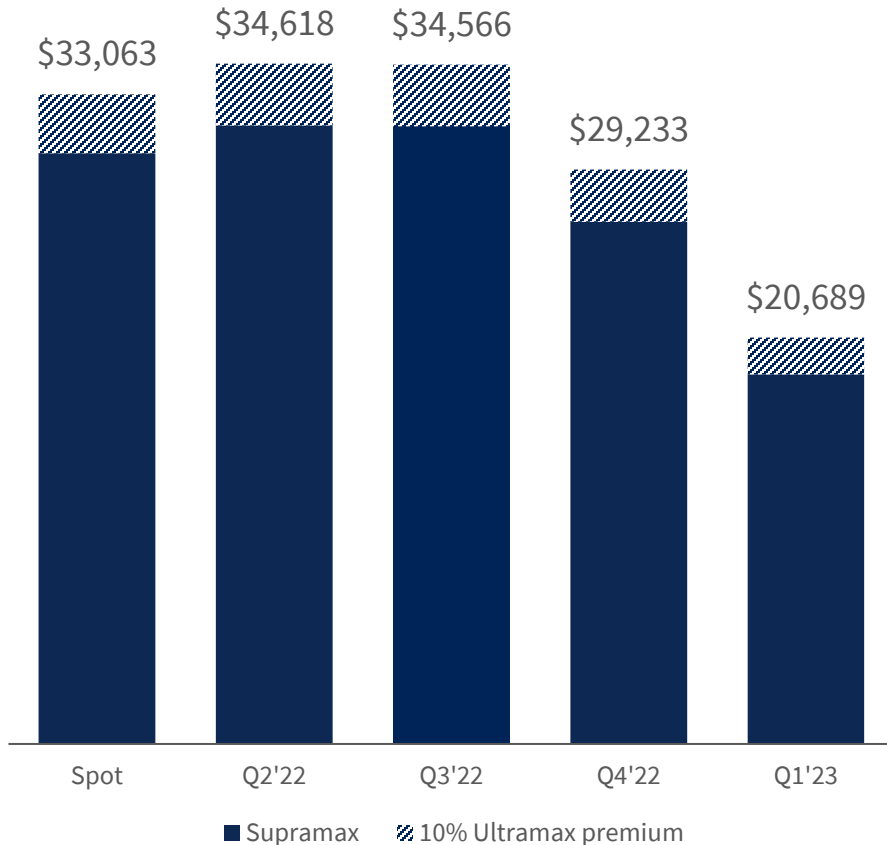
**NEWBUILDING PRICES:** Ordering activity for bulk carriers remain relatively low, prices have increased due to rising steel prices and high demand from other shipping segments. This has reduced the available shipbuilding capacity for bulk carriers for the next two years. A Japanese Ultramax newbuilding would today cost in the region of USD 38m (up from USD 36m last quarter) with delivery end 2024/2025.

**SECONDHAND VESSEL VALUES:** Today's 1 year time charter contracts for Ultramax vessels are in the region of USD 29-30 000 per day. Net annual cash flow per vessel is USD 6m+.

Following the historical pattern of very high correlation between the 1-year period contract and the price for secondhand bulk carriers, the value of a five-year old Japanese vessel should be significantly higher than today, and at least equal to the cost of a newbuilding with 2-year forward delivery.

# Market Update – Highly Profitable Levels, Strong Outlook

## Current Spot market spot and FFA



**RATES** – The Baltic Supramax Index (BSI-58) averaged 25 155 per day in Q1 2022 – the highest start to a year since 2008. The freight market continue to display the advantages of the versatile Supra/Ultramax segments compared to the larger vessel segments. The FFA market is currently trading at USD 29 000 for Supramaxes for the remaining part of 2022, with Ultramax earning an additional premium.

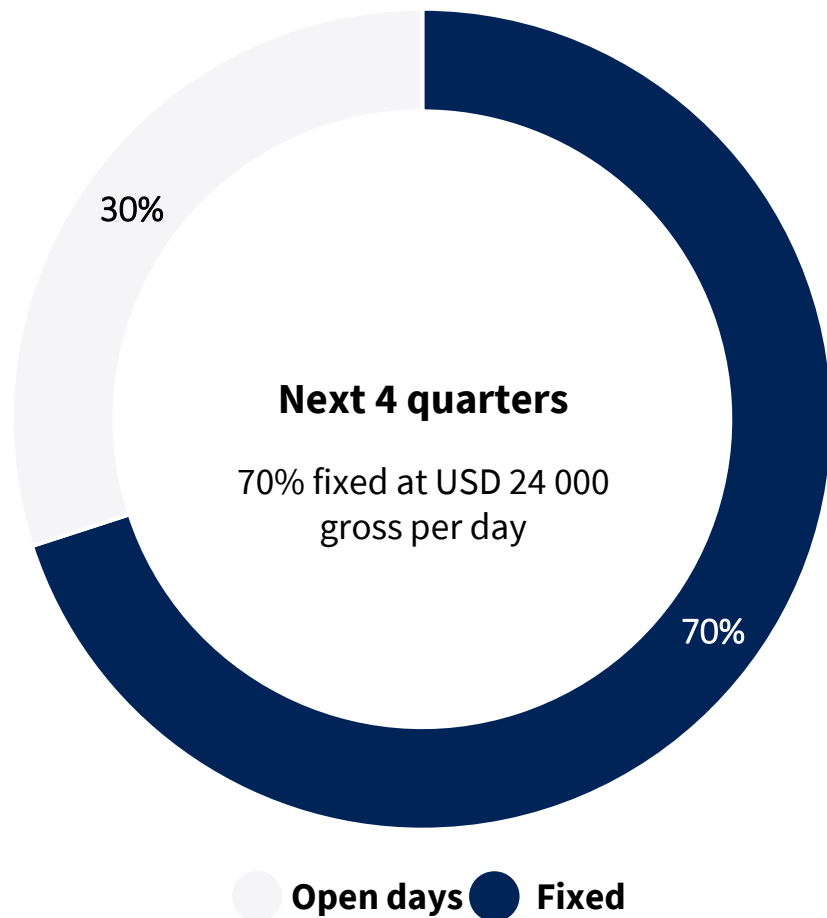
**CONGESTION** – Extra waiting time in port continues unabated causing fleet inefficiencies which contribute to tighter market dynamics. This may seem a short-term inefficiency, however, the trend has been apparent over the past several years.

**CARGO** – Breakbulk and other minor bulks grew by 7 and 9 per cent, year on year, whereas coal and iron ore dropped by 22 and 52 per cent, respectively. The strong growth in minor bulk commodities reflect high rates of global industrial production, whereas the drop in coal was due to Indonesia’s temporary export ban, and the drop in iron ore was due to lower demand from China and seasonal factors. Shipment volumes for April indicate an upwards trend in volumes . High demand in the container markets continue to add support as some cargoes typically transported in containers are being shipped in bulk carriers. This is a swing factor to watch carefully as one should expect normalised trade flows over time.

**ECONOMIC STIMULUS AND GROWTH** – Credit growth and economic stimulus is positive for the dry bulk market. Seaborne iron ore is predominantly driven by Chinese demand, whereas minor bulks tend to correlate closer with wider GDP growth. General consensus points toward continued economic growth in 2022.



# Significant de-risk: Highly Profitable Contract Coverage



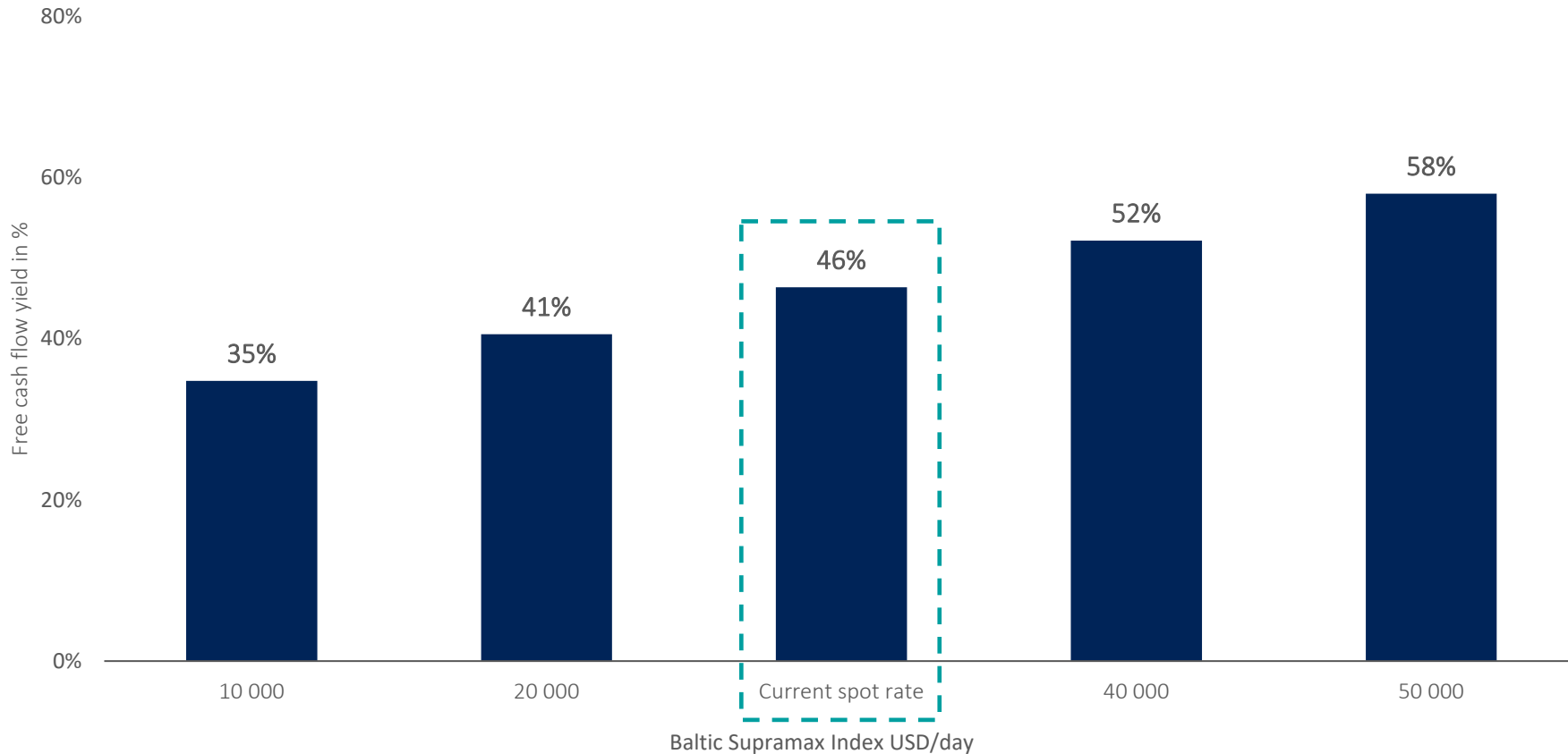
Period	Contract coverage	TCE (USD/day)
Q2 2022	90 %	24 758
Q3 2022	75 %	23 486
Q4 2022	69 %	23 617
Q1 2023	52 %	23 716
Q2 2023	40 %	23 432
Q3 2023	29 %	23 260

**Cash breakeven for remaining open days next four quarters below zero**

# Undervalued – Strong Downside Protection



## Potential cash yield from operations next four quarters



**Significant free cash flow and dividend capacity**

# Belships ASA - Investment Highlights



## Platform

Proven track record – growth delivered

## Market

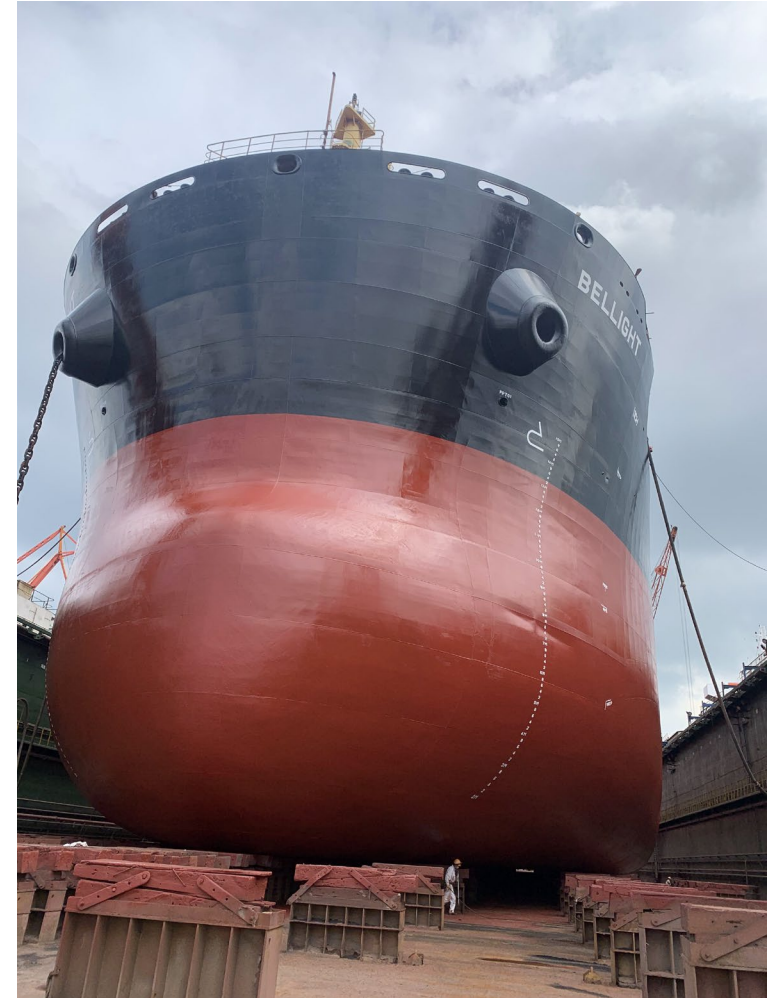
Infrastructure/raw materials boom and the lowest orderbook in 30 years

## Visibility

Highly profitable contract coverage

## Value

Discount to NAV and outsized dividend yield



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# Consolidated Statement of Income and Financial Position



## Consolidated statement of income

USD 1 000		Q1 2022	Q1 2021	2021
Gross freight revenue	Note	258 287	107 290	808 237
Voyage expenses		-30 802	-32 354	-164 929
<b>Net freight revenue</b>	2	<b>227 485</b>	74 936	643 308
Management fees		2 003	1 453	7 366
<b>Operating income</b>	2	<b>229 488</b>	76 389	650 674
Share of result from j/v and assoc. comp.		12 366	760	14 323
T/C hire expenses		-156 818	-46 672	-400 710
Ship operating expenses		-13 362	-10 815	-50 457
Operating expenses management companies		-8 564	-914	-30 756
General and administrative expenses		-2 601	-4 018	-4 795
<b>Operating expenses</b>		<b>-168 979</b>	-61 659	-472 395
<b>EBITDA</b>		<b>60 509</b>	14 730	178 279
Depreciation and amortisation	3	-8 236	-7 540	-28 735
Gain on sale of ships	3	12 308	0	15 333
Other gains/(-losses)		3 494	-6 734	-4 048
<b>Operating result (EBIT)</b>		<b>68 075</b>	456	160 829
Interest income		4	219	815
Interest expenses		-5 079	-3 516	-15 881
Other financial items		-1 628	-148	-2 308
Currency gains/(-losses)		-641	-247	-1 325
<b>Net financial items</b>		<b>-7 344</b>	-3 692	-18 699
<b>Result before taxes</b>		<b>60 731</b>	-3 236	142 130
Taxes		-1 197	19 743	-8 708
<b>Net result</b>		<b>59 534</b>	16 507	133 422
Hereof majority interests		46 738	14 914	103 983
Hereof non-controlling interests		12 796	1 593	29 439
Earnings per share		0.24	0.07	0.54
Diluted earnings per share		0.23	0.07	0.53

## Consolidated statement of financial position

USD 1 000		31 Mar 2022	31 Mar 2021	31 Dec 2021
<b>NON-CURRENT ASSETS</b>	Note			
Intangible assets		0	19 752	0
Ships	3	574 108	388 795	580 628
Prepayment of ships		10 050	0	0
Property, Plant, and Equipment		4 090	5 002	4 227
Investments in j/v and assoc. companies		26 829	3 492	13 997
Other non-current assets		230	119	821
<b>Total non-current assets</b>		<b>615 307</b>	417 160	599 673
<b>CURRENT ASSETS</b>				
Assets held for sale	3	0	6 701	23 933
Bunker inventory		27 155	9 551	16 492
Current receivables		71 333	44 701	52 332
Cash and cash equivalents		161 162	51 570	105 204
<b>Total current assets</b>		<b>259 650</b>	112 523	197 961
<b>Total assets</b>		<b>874 957</b>	529 683	797 634
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Paid-in capital		132 014	154 206	158 802
Retained earnings		122 804	20 980	82 739
Non-controlling interests		40 275	7 692	31 378
<b>Total equity</b>		<b>295 093</b>	182 878	272 919
<b>Non-current liabilities</b>				
Long term interest bearing debt	4	437 127	267 227	412 881
Other non-current liabilities		1 733	2 264	1 757
<b>Total non-current liabilities</b>		<b>438 860</b>	269 491	414 638
<b>Current liabilities</b>				
Current portion of interest bearing debt	4	24 640	29 435	24 467
Other current liabilities		116 364	47 879	85 610
<b>Total current liabilities</b>		<b>141 004</b>	77 314	110 077
<b>Total equity and liabilities</b>		<b>874 957</b>	529 683	797 634

# Uniform and Modern Fleet of 29 Bulk Carriers



Vessel	Built	DWT	Yard
Newbuild TBN BELMONDO	2023	64 000	Imabari
Newbuild TBN BELYAMATO	2022	64 000	Imabari
BELTOKYO	2021	64 000	Imabari
BELMAR	2021	64 000	Imabari
BELFAST	2021	64 000	Imabari
BELFORCE	2021	61 000	Dacks
BELKNIGHT	2021	61 000	Dacks
BELTRADER	2021	61 000	Dacks
BELGUARDIAN	2021	61 000	Dacks
BELAJA	2020	61 000	Shin Kurushima
BELMOIRA	2020	61 000	Shin Kurushima
BELFUJI	2020	63 000	Imabari
Acquisition I	2020	64 000	Japan
Acquisition II	2019	64 000	Japan
BELRAY	2019	61 000	Shin Kurushima

Vessel	Built	DWT	Yard
BELNIPPON	2018	63 000	Imabari
BELHAVEN	2017	63 000	Imabari
BELTIGER	2017	63 000	New Times
BELISLAND	2016	61 000	Imabari
BELINDA	2016	63 000	Hantong
BELMONT	2016	63 000	Hantong
BELATLANTIC	2016	63 000	Hantong
BELLIGHT	2016	63 000	New Times
BELFRIEND	2016	58 000	Tsuneishi
BELTIDE	2016	58 000	Tsuneishi
BELFOREST	2015	61 000	Imabari
BELHAWK	2015	61 000	Imabari
BELPAREIL	2015	63 000	Hantong
BELSOUTH	2015	63 000	Hantong