



BELSHIPS

COMPANY PRESENTATION

Q1 2020

MAY 2020



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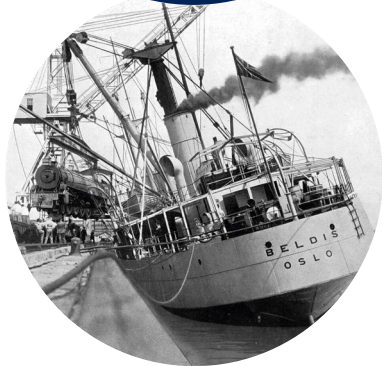
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Investment highlights

Founded 1918
and stock listed
since 1937



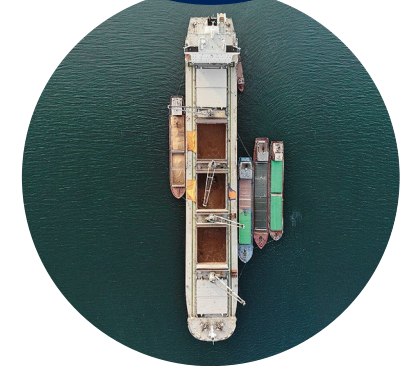
Fully integrated
ship owning
and operating
company



Ability to deliver
accretive
growth



Shareholder
friendly strategy
and corporate
governance



Agenda



Highlights – Q1 2020

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Highlights – Q1 2020



Commercial outperformance in challenging times

- Operating income of USD 33.6 million (Q1 2019: USD 31.1m)
- EBITDA of USD 4.9m (USD 10.1m)
- Net result of USD 0.2m (USD 2.5m)
- Net TCE earnings per ship of USD 8 636 per day versus BSI index of USD 6 232 net per day
- Outperformance of Baltic Supramax market index of 39 per cent
- 40 per cent of remaining ship days in 2020 are booked at USD 8 500 net per day
- 1 215 days, equivalent to 20 per cent of remaining ship days in 2020, have been hedged with FFA at USD 9 900 per day
- Average cash breakeven per vessel about USD 9 500 per day for next 12 months
- Commercial platform set to expand with establishment of Oslo office
- Taken delivery of newbuilds BELFUJI, BELMOIRA and BELAJA
- Modern fleet of 23 vessels with an average age of 5 years including newbuildings

Earnings

Q1 2020	FY 2019
Average TCE	Average TCE
USD 8 636/day	USD 11 201/day
<i>BSI index USD 6 232/day net</i>	<i>BSI index USD 9 451/day net</i>
EBITDA	EBITDA
USD 4.9m	USD 34.7m
Net result	Net result
USD 0.2m	USD 5.1m

Financial position

Owned ships USD 206.2m	Equity USD 156.4m (35%)
Leased ships USD 161.2m	Mortgage loans USD 129.6m
Cash and cash equivalents USD 34.8m	Lease liabilities USD 143.5m
Other assets USD 47.5m	Other liabilities USD 20.2m

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

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

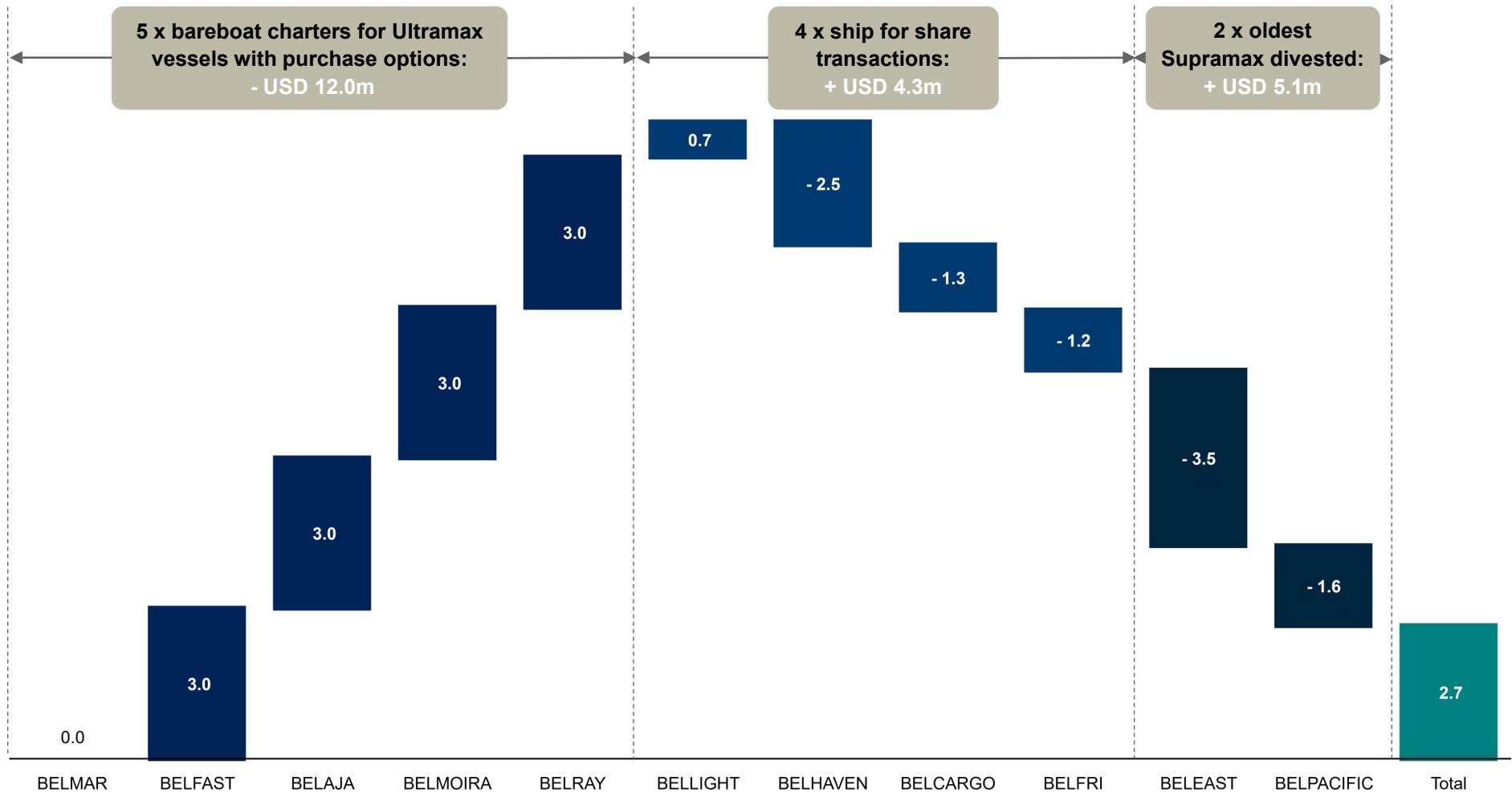
Leading total return

Target

Pushing the growth agenda – net cash invested USD 2.7m

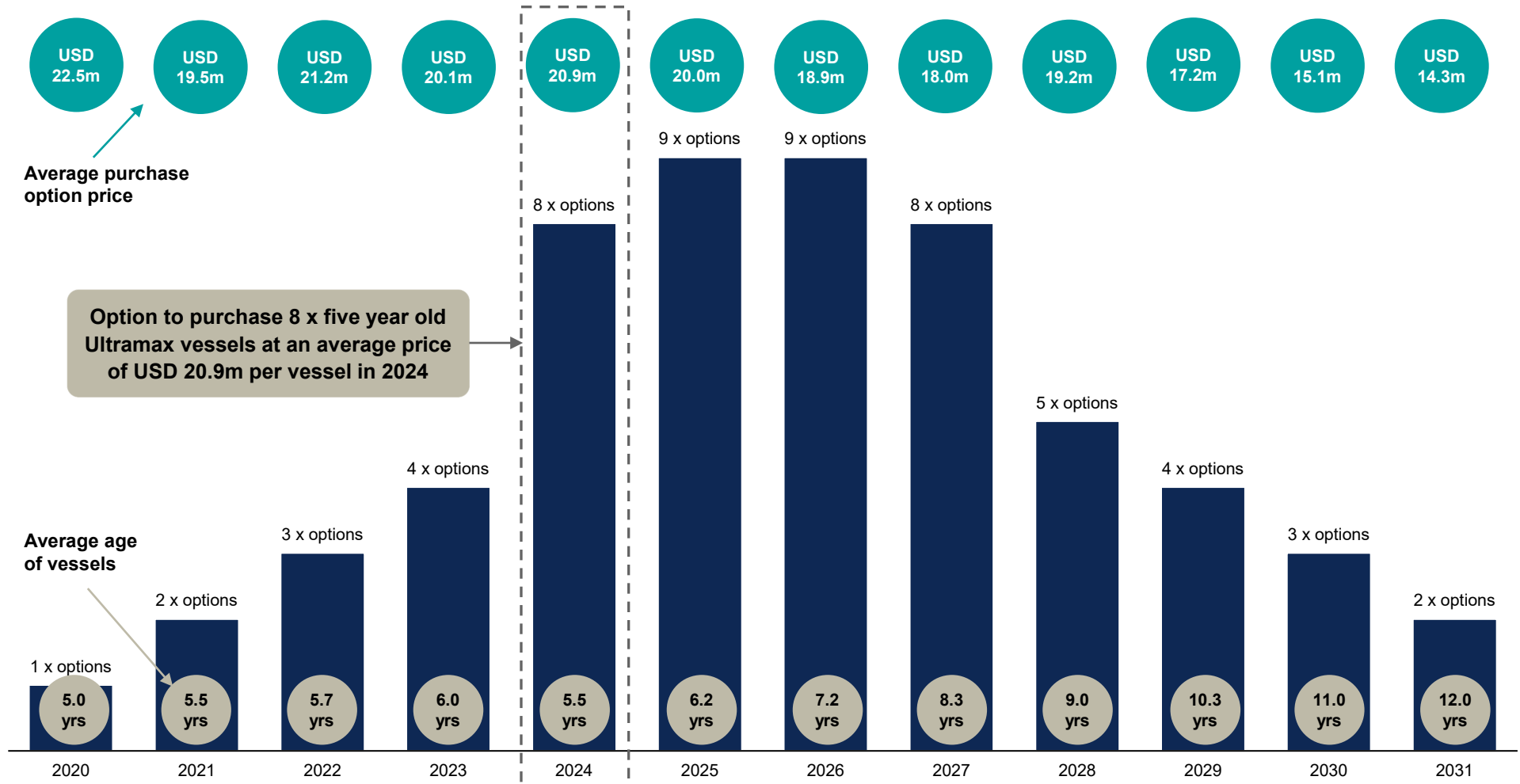


Cash effect recent transactions (USDm)



Purchase options provide flexibility and reduce risk

Overview of vessel purchase options 2020 – 2031



Modern fleet with average age of ~5 years

Ultramax vessels

	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 (TBD)	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 vessels

	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

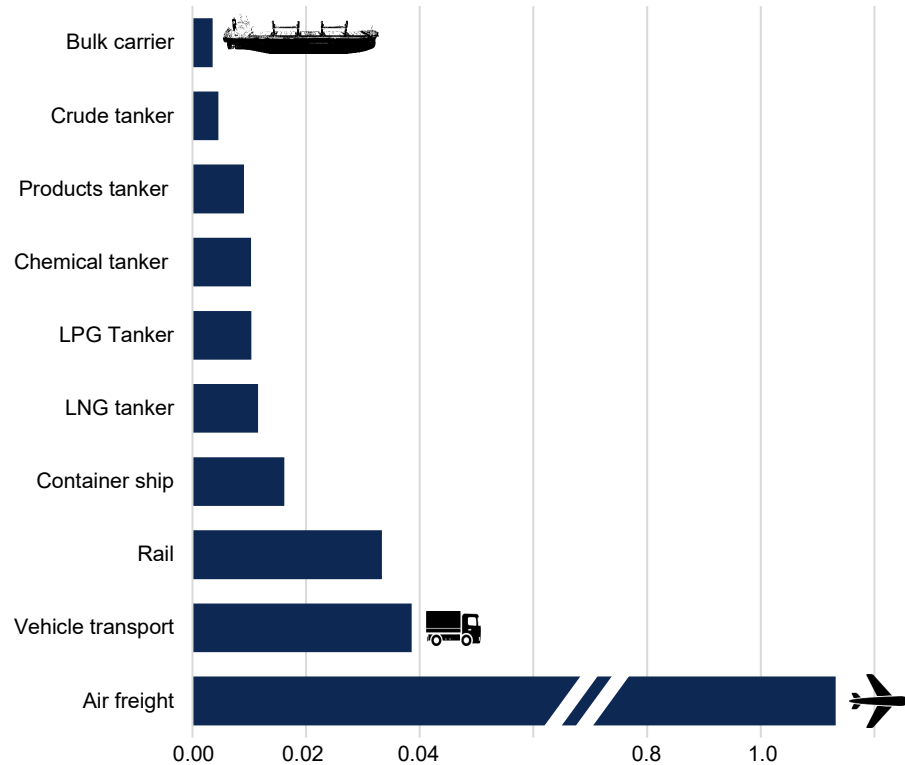
BELFAST and PACIFIC LIGHT have been delivered to Marti Shipping & Ship Management of Turkey for bareboat charter and subsequent sale.

- 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

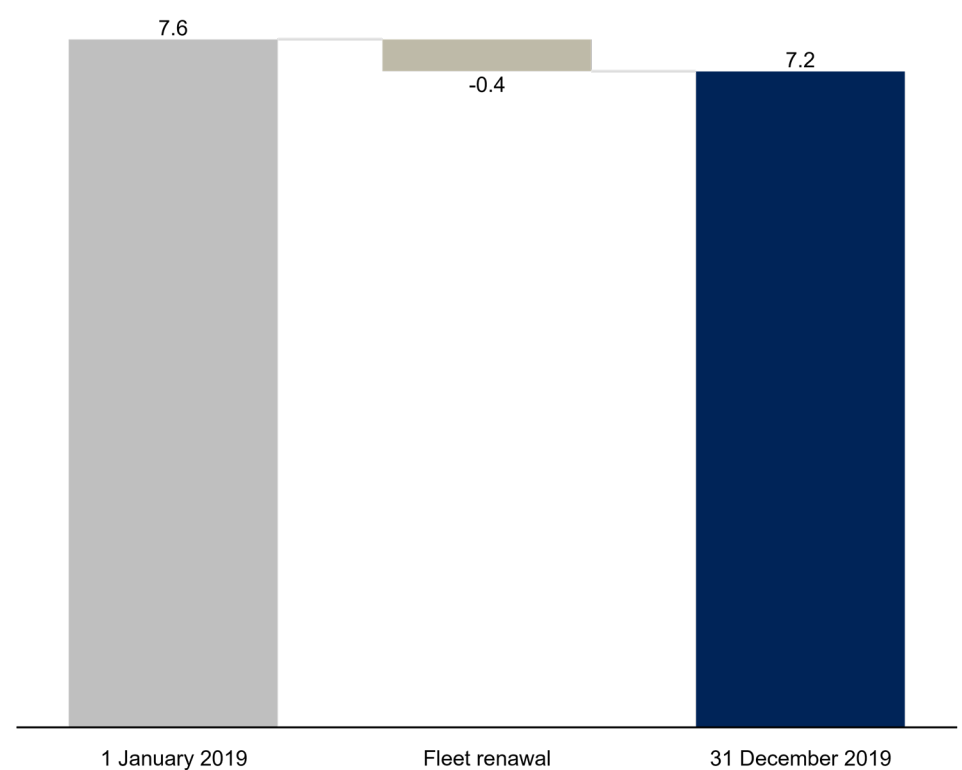
There are no purchase obligations on any of the above lease agreements.

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

CO2 per tonne km



Average EEOI per vessel



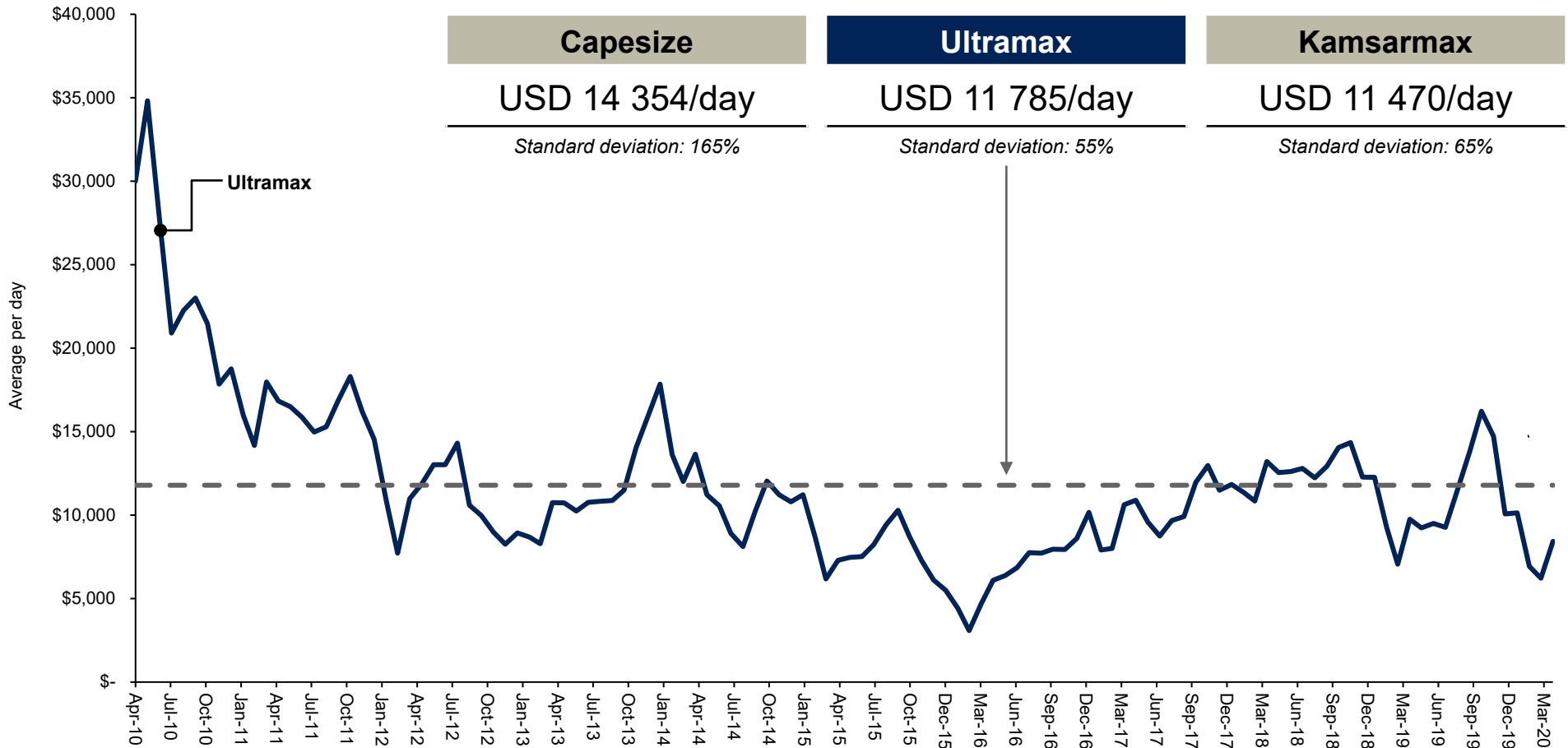
The most energy efficient means of transporting goods and resources

Reducing carbon footprint through modernisation

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

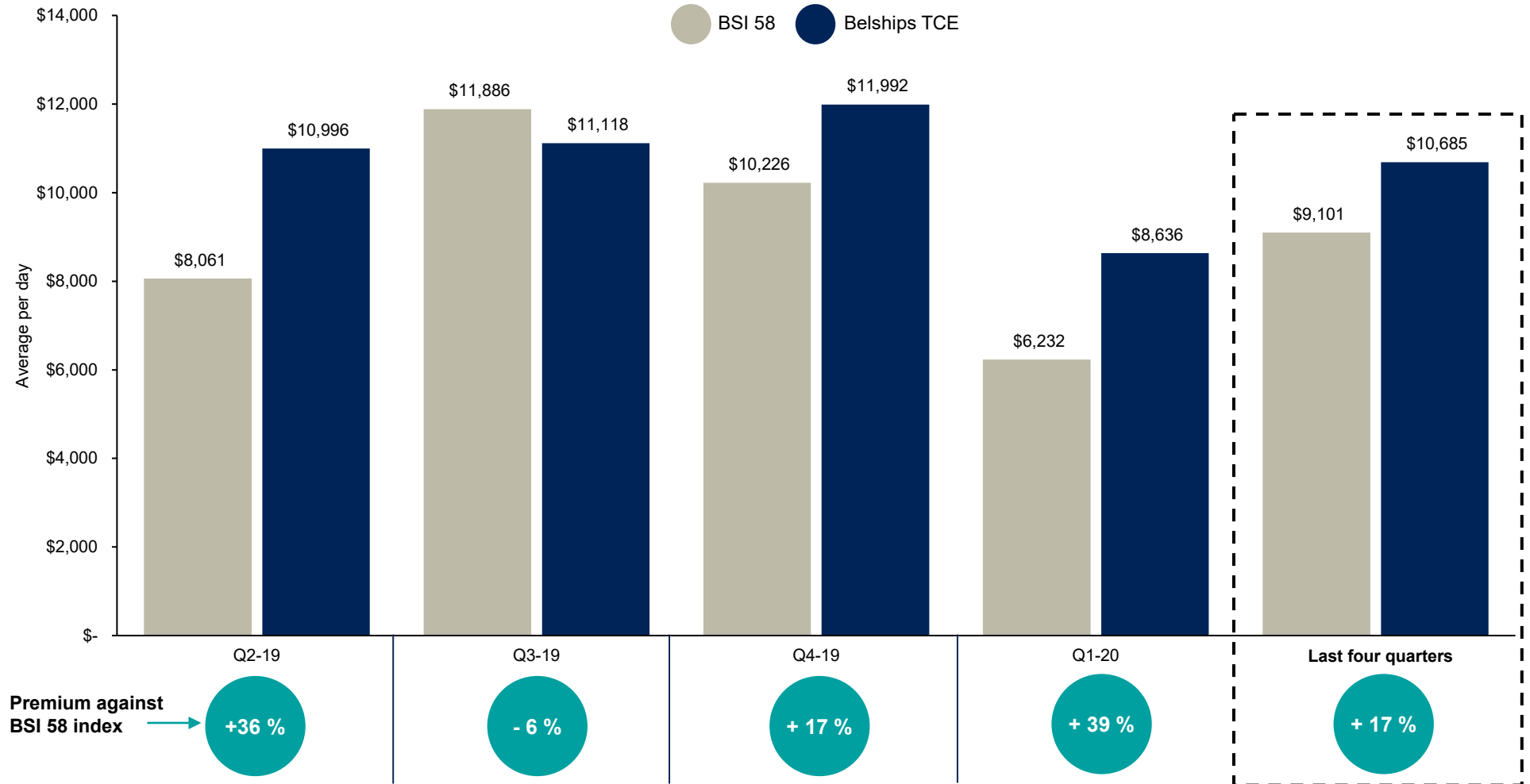
Capesize: BCI 5TC 2014-2020, BCI 4TC prior to 2014

Source: Baltic Exchange, Belships

17% outperformance of the BSI index last four quarters



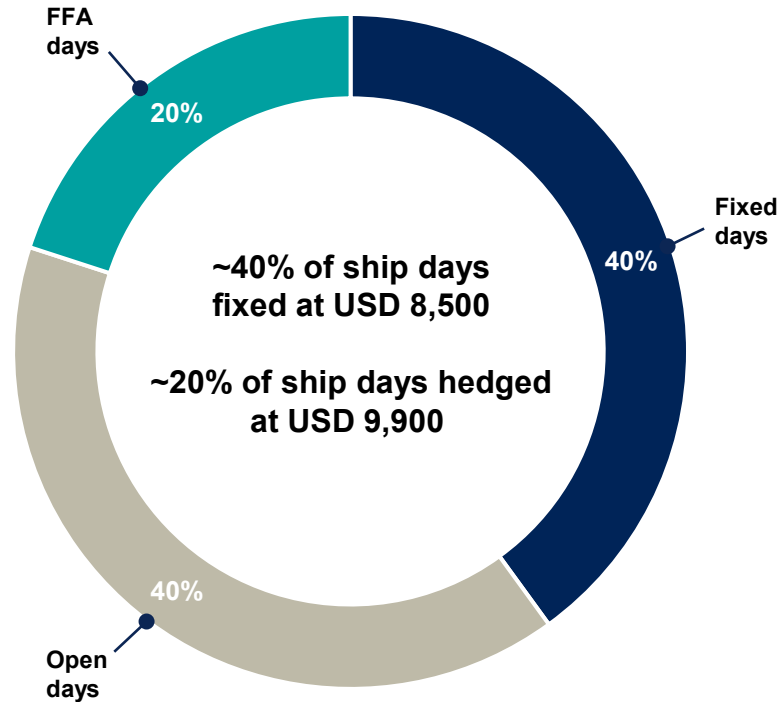
Belships TCE vs BSI 58 (net per day)



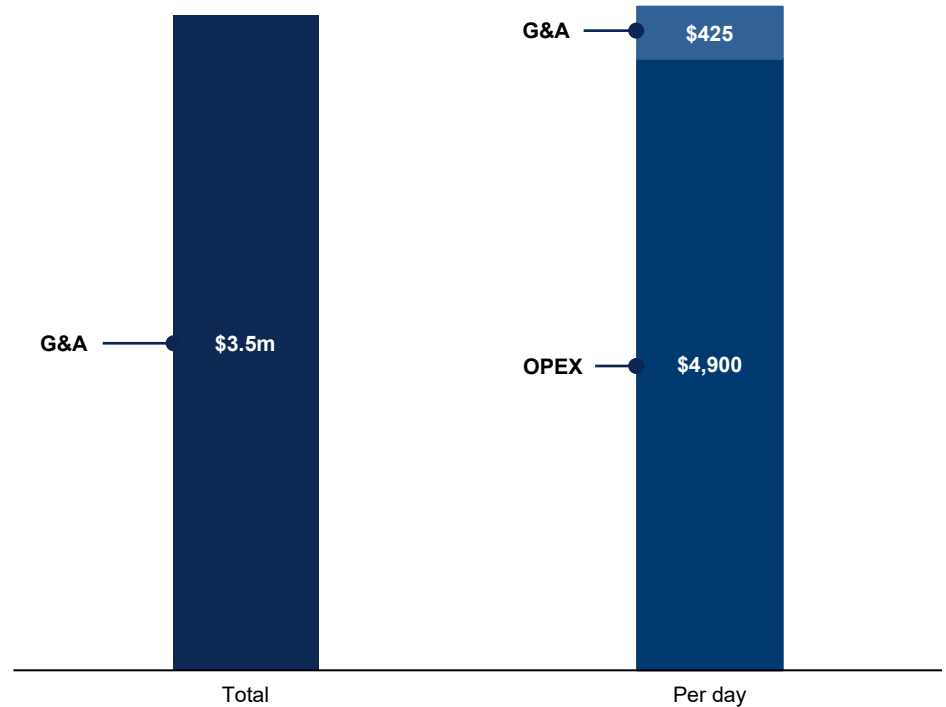
Guidance for 2020 – low cash break even and cost base



Contract coverage Q2-Q4



OPEX and G&A – 2020 guidance



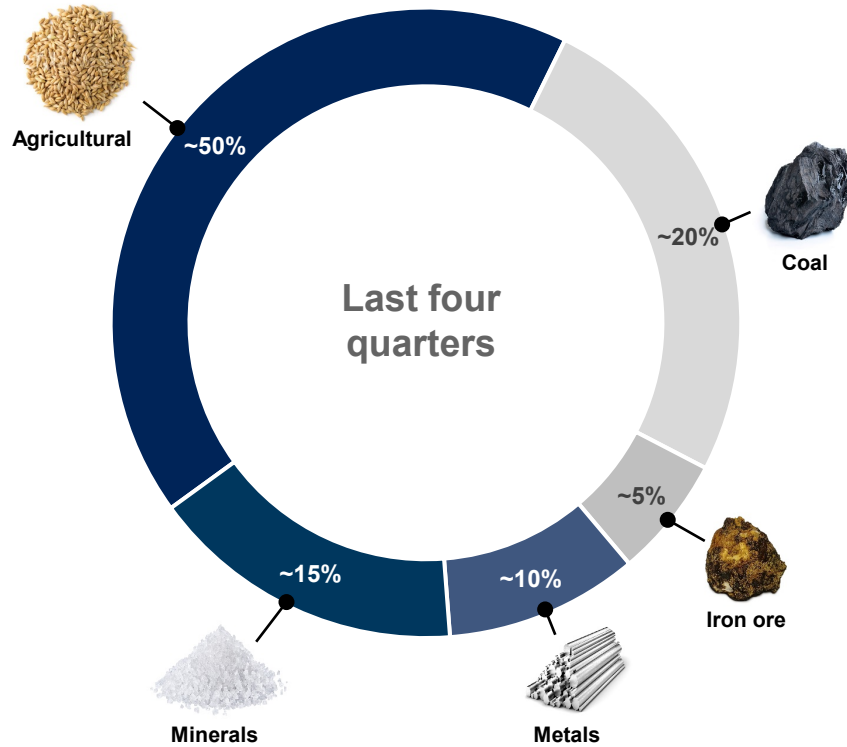
Cash break even next twelve months
~USD 9,500/day

Low G&A and OPEX compared to peers

- **CORONA (COVID-19)** - The effects of the outbreak and the restrictions imposed to mitigate the spread of the disease has caused economies to implode. Dry bulk markets were in seasonal recovery mode mid-February after an extended Chinese New Year, however, this turned out to be short lived as Europe and US have since battled the spread of Coronavirus thru widespread lockdown or other restrictive measures.
- **CARGO** – In contrast to perception, volumes carried on Supramax and Ultramax vessels in the first quarter continued to increase compared to previous years. This highlights the fact that the supply side needs to adjust. Recycling of older tonnage has been virtually non-existent since India imposed travel restrictions and neither Pakistan, Bangladesh nor China were active. We expect this to resume as national borders reopen for repatriation of seafarers.
- **ORDERBOOK/SUPPLY** - The publicly quoted Supramax and Ultramax order book is about 6 per cent of the total fleet – the lowest in almost 20 years. Importantly, one third of the registered order book is scheduled for delivery by the end of July which together with normalised recycling activity points towards fleet growth peaking soon.
- **STIMULUS** - Leading indicators are pointing to continued trade growth, however GDP forecasts have been adjusted downwards significantly. Low interest rates seem to be the new norm for the foreseeable future, together with low energy prices. 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 wider with GDP.
- **REBOUND** - The near-term outlook is negative, however much depends on when China resumes normal activity, which may lead to positive effect from pent-up demand on top of normal volume normalisation. There are clear expectations for a healthier rate environment in 2H/2020 as Freight Forward Agreements (FFA) currently indicate a market for Supramaxes and Ultramaxs of around USD 8 500 and 9 500 per day within the end of the year.

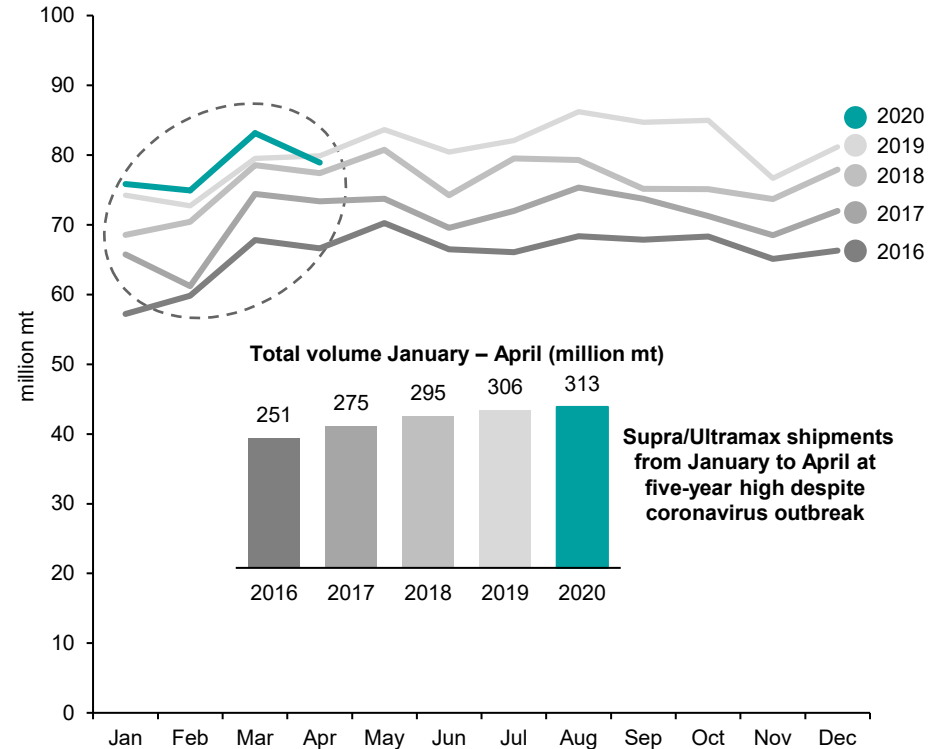
Diversified cargo base and continued volume growth

Belships' cargo mix



Diverse cargo base reduces risk

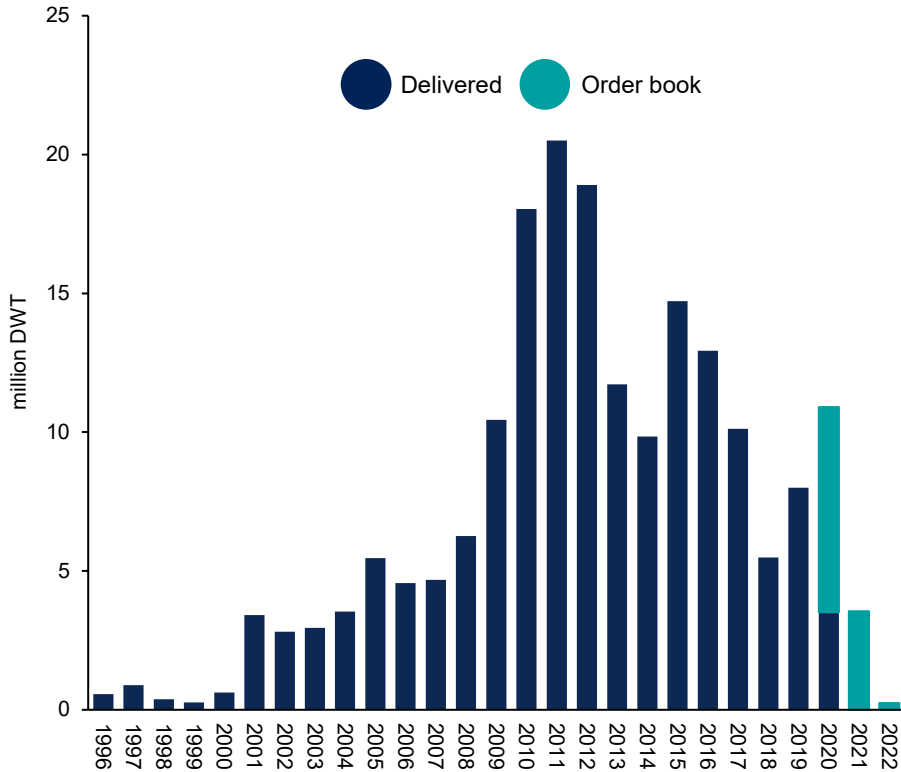
Volume development



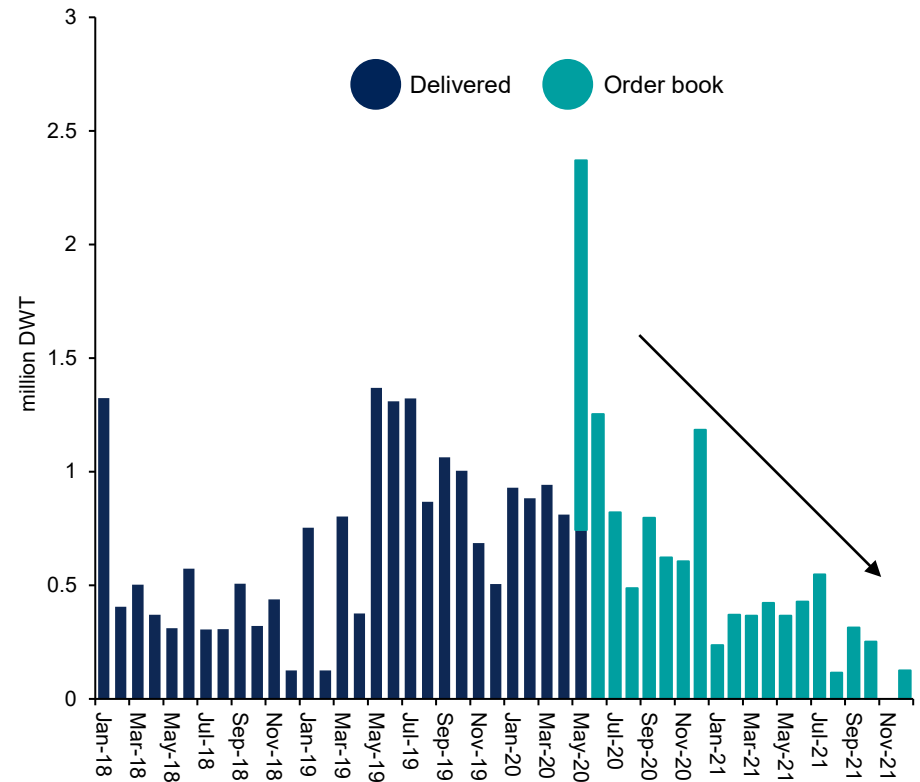
Strong and stable volume growth

Potentially lowest fleet growth in 20 years

Historical deliveries



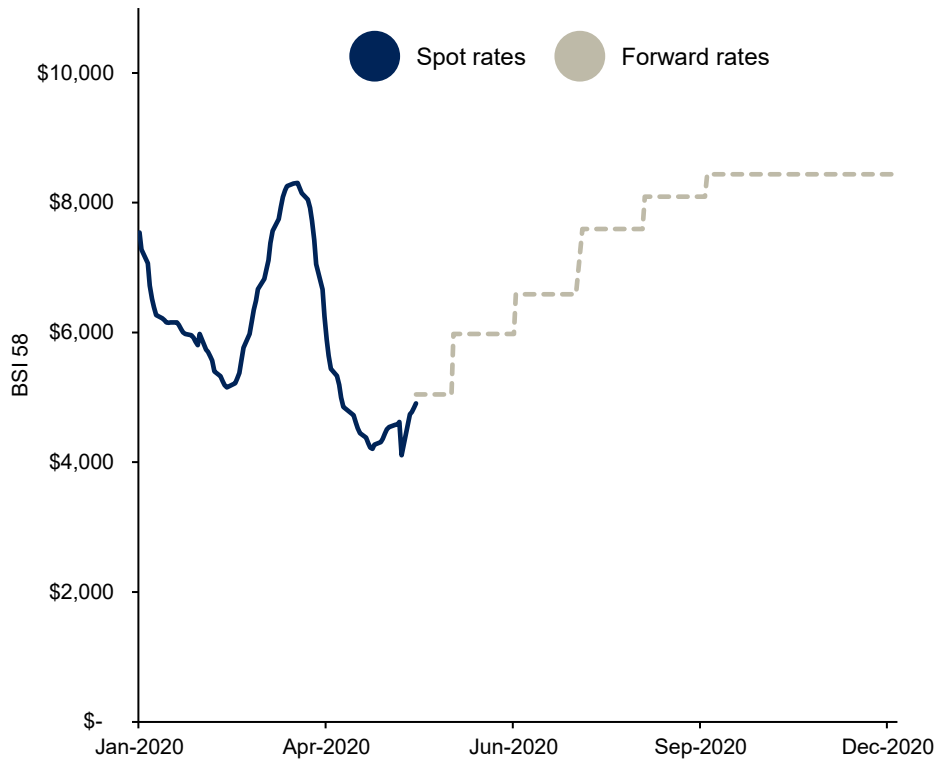
Monthly delivery schedule



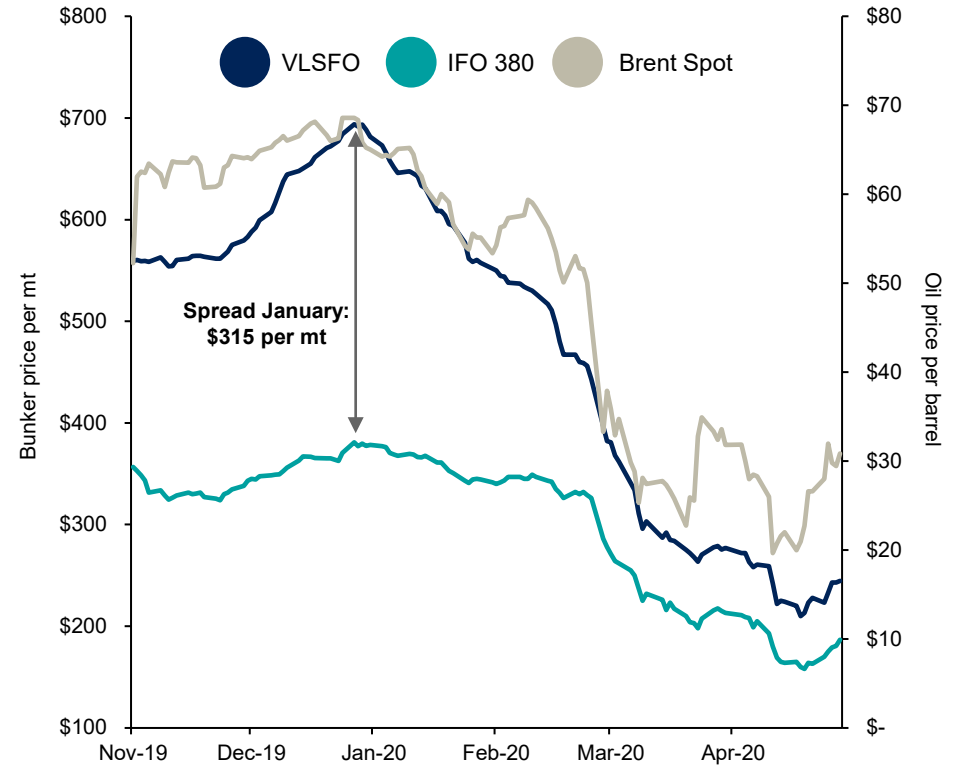
Supra/Ultramax orderbook
6%

1/3 of orderbook scheduled for delivery during the next three months

Supramax spot and FFA curve



Bunker spread



Ultramax premium typically between 10 and 15 per cent

**High vs low sulphur spread
~USD 75 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



 **Belships ASA**
Oslo
+47 22 52 76 00
mail@belships.no

 **Lighthouse Navigation**
Bangkok
+66 2 654 3100
chartering@lighthousenavigation.com

 **Belships Management**
Singapore
+65 6507 3939
general@belships.com.sg