



**PARETO ENERGY CONFERENCE**  
**15 SEPTEMBER 2022**



**BELSHIPS**

# Belships ASA – Owner and Operator of Bulk Carriers



## The newest Ultramax fleet

31x bulk carriers



## Strong financial position

Capital discipline and dividend policy



## Corporate governance leader

Transparency and zero conflicts of interest



## Fully integrated shipowning

Commercial and Technical management in-house

**3.6 years**

average vessel age

**USD 10 000**

cash break-even per day 2022

**Founded 1918**

stock listed since 1937

**12 years**

of annual profits

# Uniform and Modern Fleet of 31 Bulk Carriers



Vessel	Built	DWT	Design
Newbuild TBN BELMONDO	2023	64 000	Japan
Newbuild TBN BELYAMATO	2022	64 000	Japan
BELTOKYO	2021	64 000	Japan
BELFORCE	2021	61 000	Japan
BELKNIGHT	2021	61 000	Japan
BELTRADER	2021	61 000	Japan
BELGUARDIAN	2021	61 000	Japan
BELMAR	2021	64 000	Japan
BELFAST	2021	64 000	Japan
BELAJA	2020	61 000	Japan
BELMOIRA	2020	61 000	Japan
BELFUJI	2020	63 000	Japan
BELGRACE	2020	63 000	Japan
BELTANGO	2020	64 000	Japan
BELFORTE	2019	64 000	Japan
BELRAY	2019	61 000	Japan

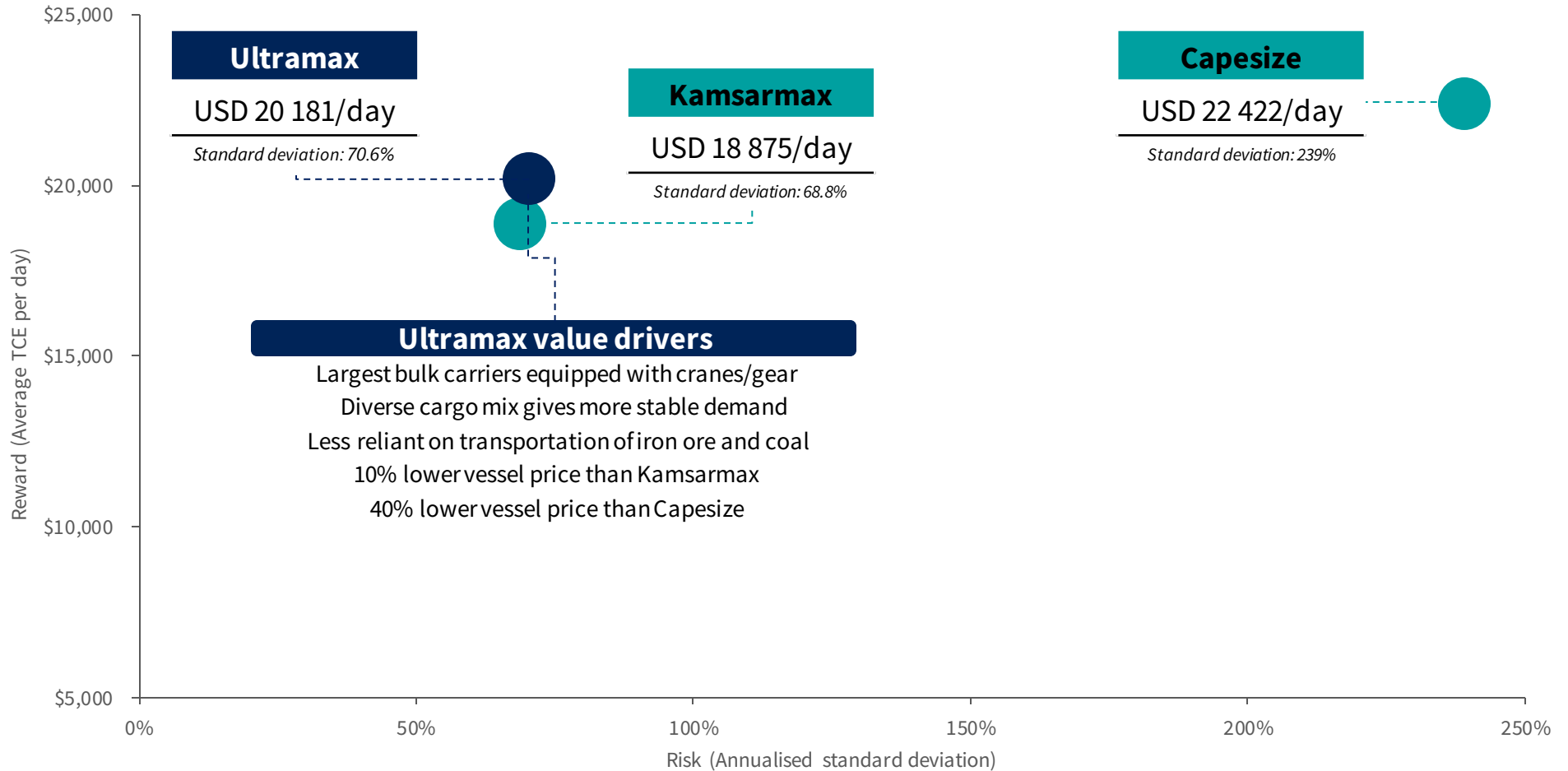
Vessel	Built	DWT	Design
BELNIPPON	2018	63 000	Japan
BELAFONTE	2017	63 000	Japan
BELHAVEN	2017	63 000	Japan
BELTIGER	2017	63 000	China
BELISLAND	2016	61 000	Japan
BELINDA	2016	63 000	China
BELMONT	2016	63 000	China
BELATLANTIC	2016	63 000	China
BELLIGHT	2016	63 000	China
BELFRIEND	2016	58 000	Japan
BELTIDE	2016	58 000	Japan
BELVEDERE	2015	66 000	Japan
BELFOREST	2015	61 000	Japan
BELHAWK	2015	61 000	Japan
BELSOUTH	2015	63 000	China

**Well positioned for new environmental regulations 2023 onwards**

# Ultramax – Superior Risk/Reward



## Average earnings per day - Last 3 years



Ultramax: BSI58 plus 10% premium

Kamsarmax: BPI82

Capesize: BCI 5TC

Source: Baltic Exchange

# Fully Financed – Unparalleled Optionality

## 20x Japanese Lease vessels

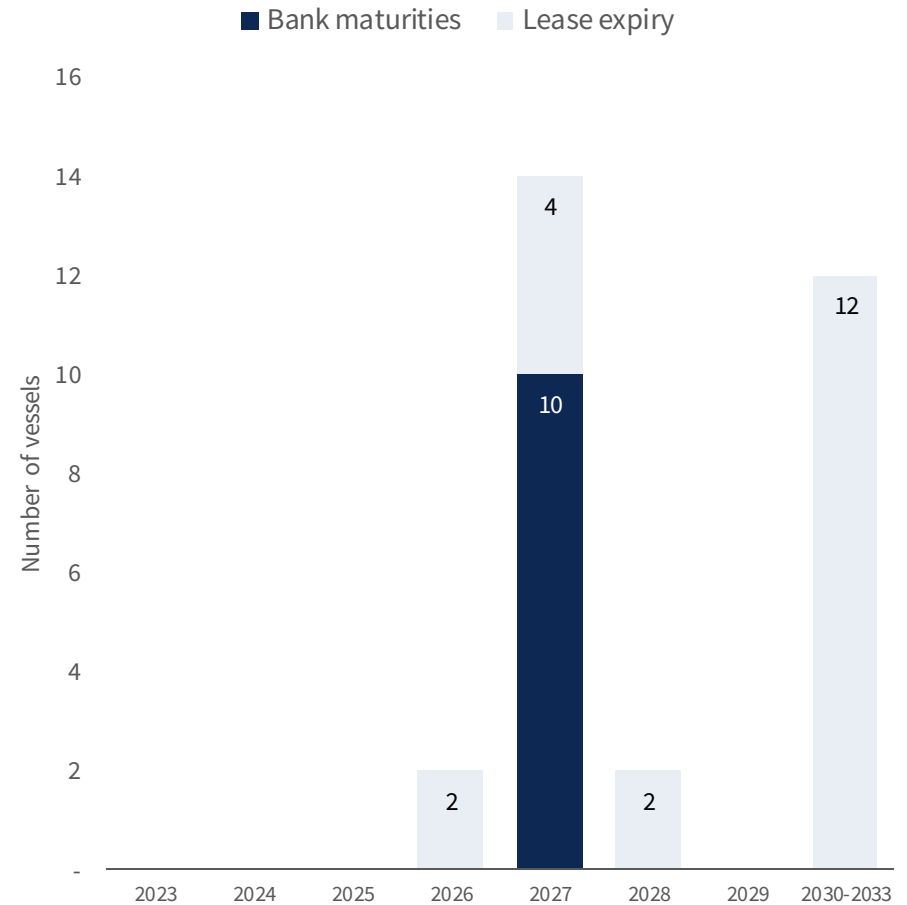
- 75% of total interest bearing debt
- All with fixed interest rates, zero covenants
- All leases with purchase options
- There are zero obligations to purchase vessels at end of leases
- Long duration with expiry Q3 2026 – Q1 2033

## 10x Bank financed vessels

- 25% of total interest bearing debt
- No covenants restricting dividend distributions
- No maturities before Q1 2027
- No installments until 2024

## 1x Unencumbered vessel

- BELSOUTH (2015) is debt free



# 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 12.7m last eight quarters

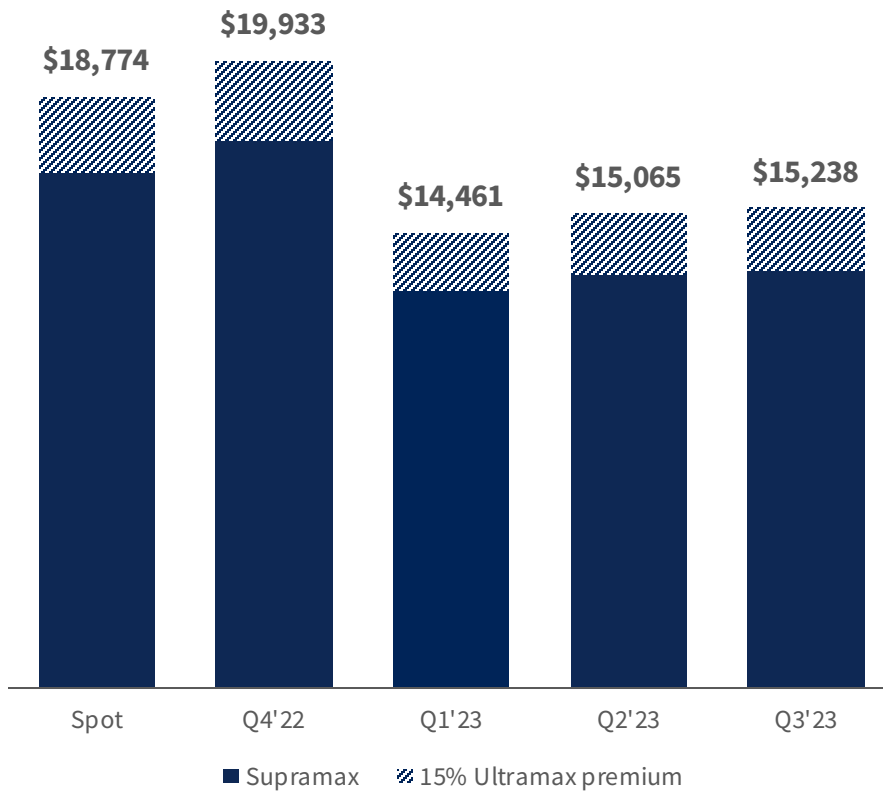


\*Excluding Belships Owned Vessels

# Market Update – Spot Market Correction, Still Highly Profitable



## Current freight market – Spot and FFA



### MARKET

- The Baltic Supramax Index (BSI-58) averaged USD 27 000 per day in H1 2022
- Markets have corrected in July-August
- Currently trading at USD 20 000 for an Ultramax for rest of 2022

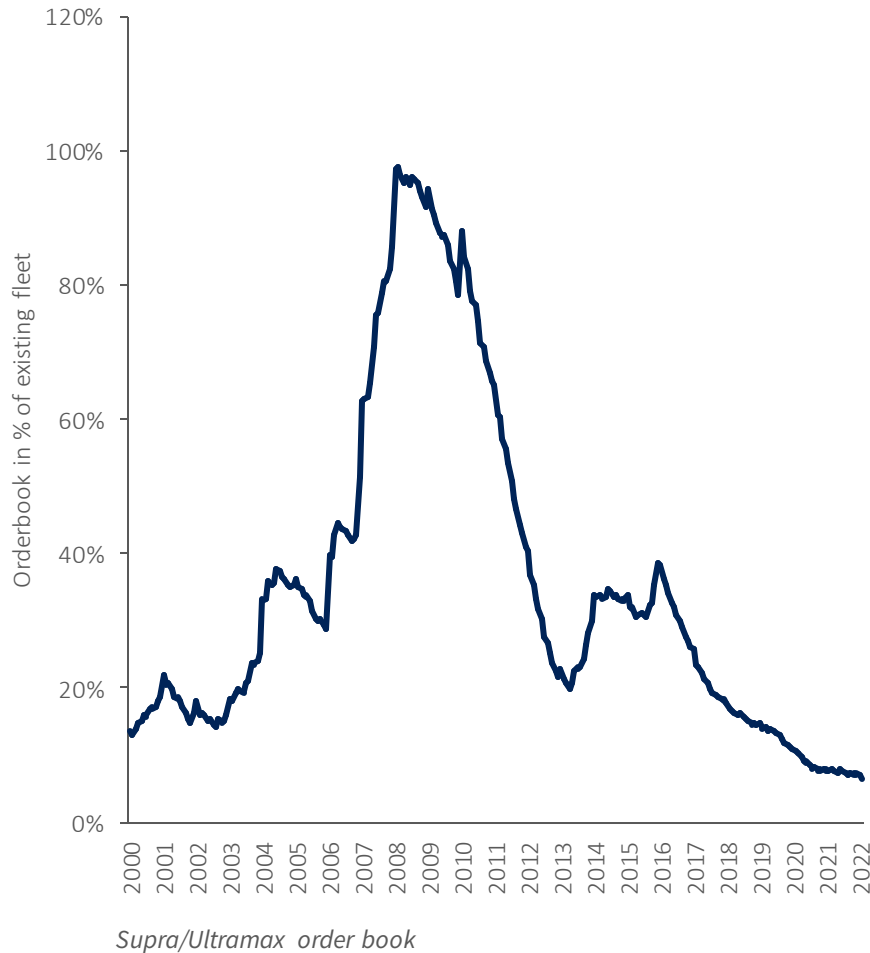
### SPOT MARKET CORRECTION FACTORS

- Easing port congestion. Now at 3 days waiting time, down from peak at above 4 days. Normalised pre-COVID was 2.5 days.
- Lock downs in China, lower demand for iron ore, Y-o-Y decline for Chinese steel production
- Ukraine/Russian war, lower grain and steel product volumes

### PROSPECTS

- Dry Bulk is driven by demand for food, energy and infrastructure
- Continued growth for minor bulks, in favour of Supra/Ultramax segment
- Short term potential for iron ore, grains and coal already lifting the market
- Chinese economic stimulus expected to continue, supportive for infrastructure and dry bulk demand

## Lowest fleet growth in decades



### ORDERBOOK/SUPPLY

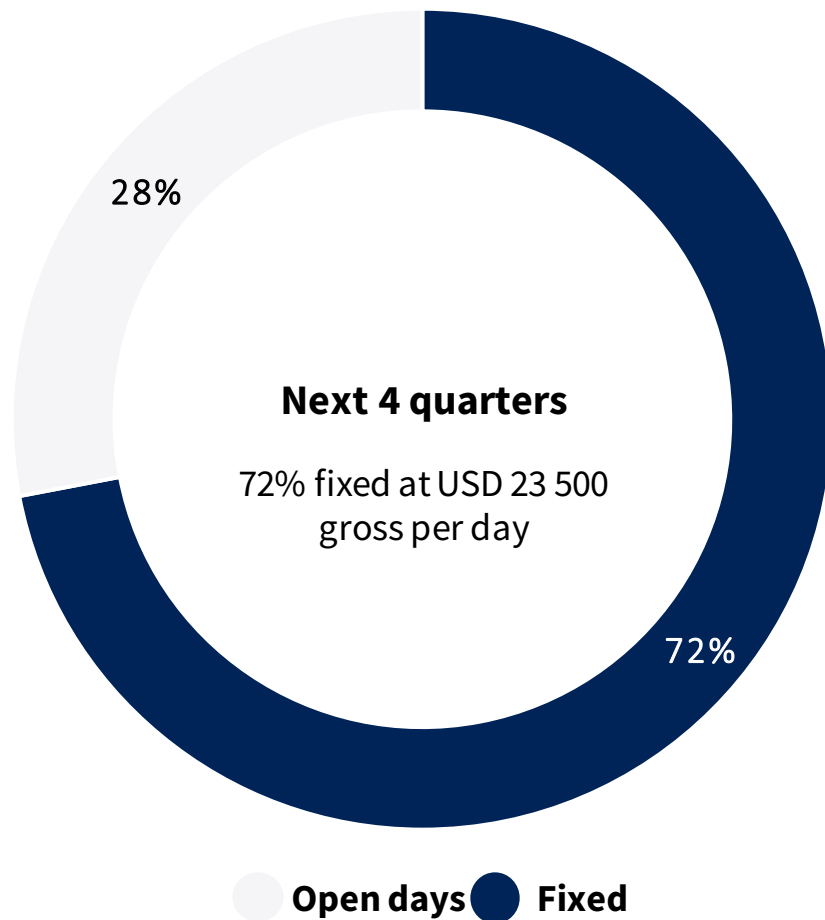
- Total of 240 Ultramax vessels on order, which is less than 7% of the existing fleet
- 103 vessels are scheduled to be delivered in 2023 (20% less than in 2022)
- 11% of midsize-fleet is 20+ years old, approaching recycling
- More than 70% of the existing fleet is non-compliant with new regulations

### NEWBUILDING PRICES

- Ordering activity for bulk carriers remains low
- Reduced capacity until 2025
- Significant drop in no. of active shipyards building Ultramax: 52 in 2012, only 14 today
- Prices have increased due to rising input costs and high demand from other shipping segments
- Current prices for newbuildings appear expensive compared to second hand values



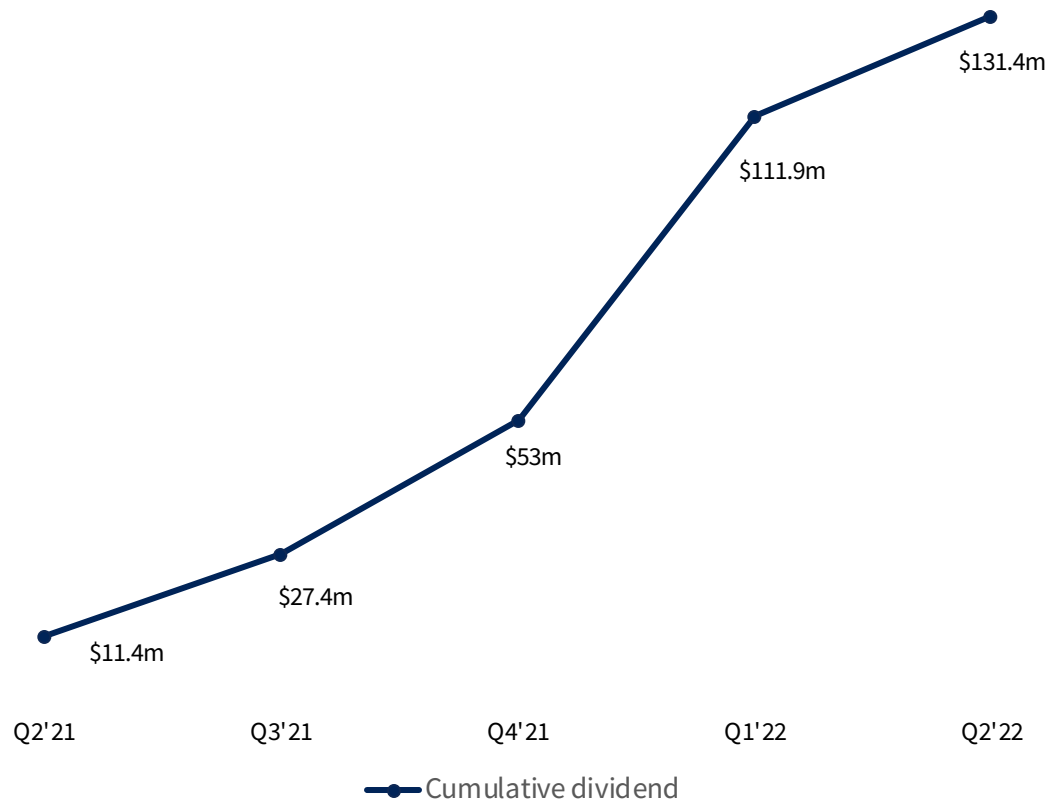
# Significant de-risk: Highly Profitable Contract Coverage



Period	Contract coverage	TCE (USD/day)
Q3 2022	97 %	24 200
Q4 2022	79 %	23 400
Q1 2023	65 %	23 200
Q2 2023	50 %	22 600
Q3 2023	40 %	22 200
Q4 2023	33 %	22 000

**Cash breakeven for remaining open days in 2023 is below zero**

# Payout since dividend policy Q2 2021



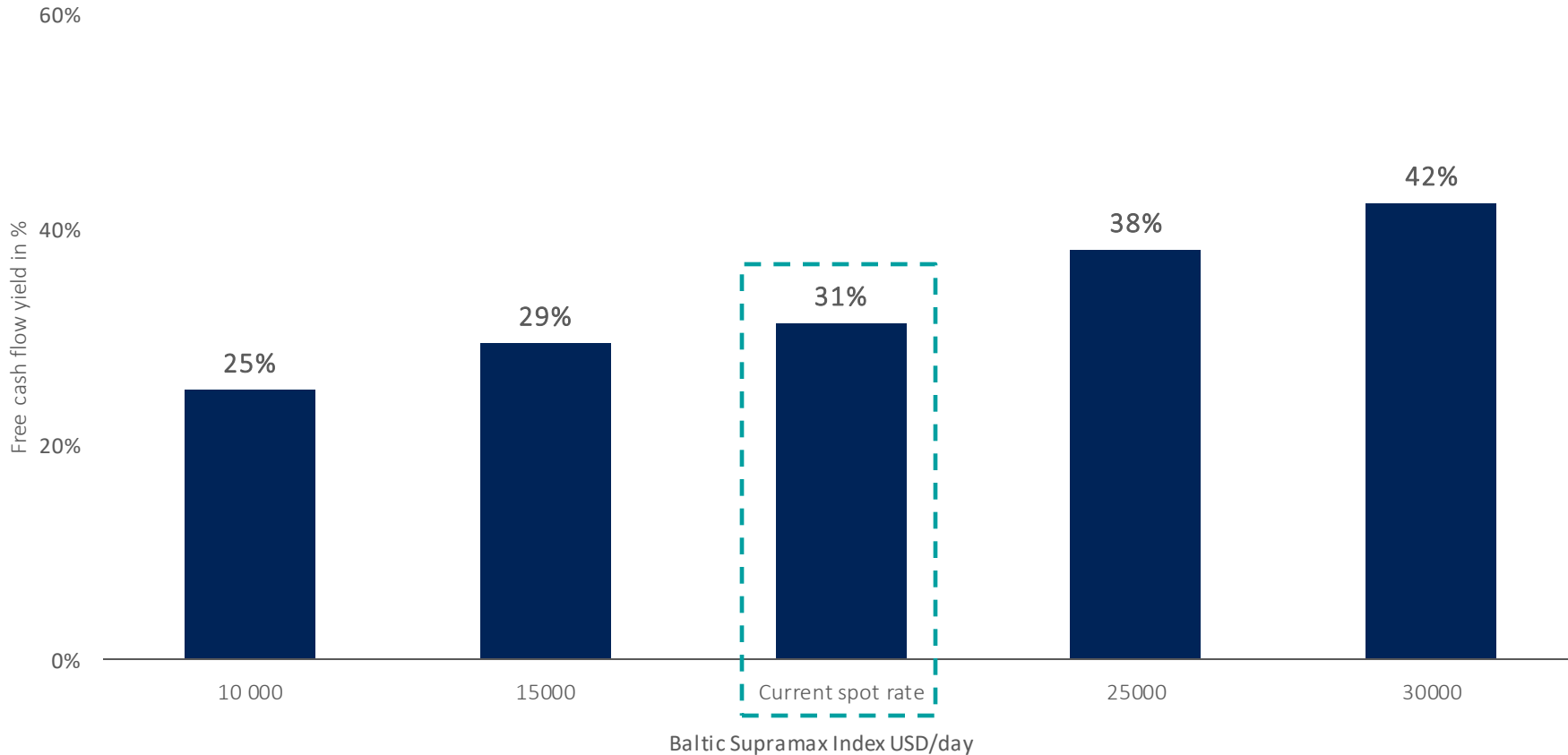
Period	Dividend per share
Q2 2021	0.40
Q3 2021	0.55
Q4 2021	0.90
Q1 2022	2.25
Q2 2022	0.75
<b>Total</b>	<b>4.85 NOK</b>

**Focus on returning value to shareholders**

# Undervalued – Strong Downside Protection



## Potential free cash flow yield next four quarters from owned vessels



**Significant free cash flow and dividend capacity**

Free cash flow is defined as: Cash flow from operations less the aggregate of i) Debt and lease payments ii) Dry docking expenses {USD/NOK 9.8, Mcap USD 380m, BSI 16 199} – basis 12 Sep 22  
Free cash flow yield basis Belships' current contract coverage and without adding contribution from Lighthouse Navigation

# Belships ASA – A Safe Harbour in High Seas



## Market

Short term headwinds vs lowest supply-side in 30 years

## Assets

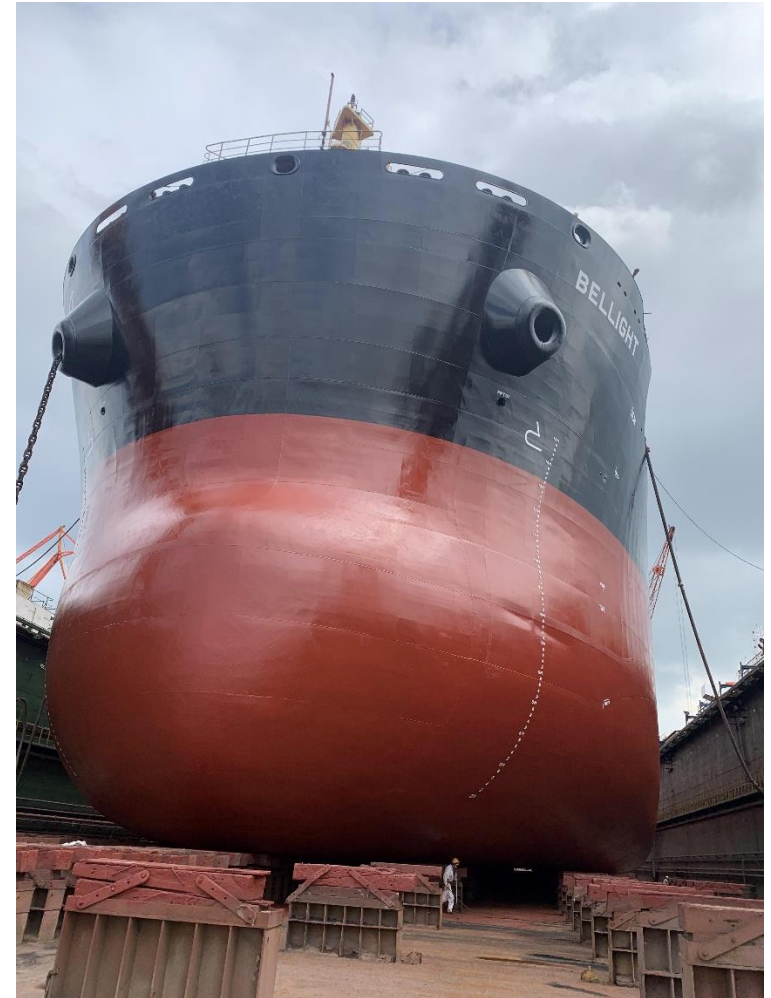
The most modern Ultramax fleet

## Cash flow

Highly profitable contract coverage

## Value

Discount to NAV and outsized dividend yield



# Highlights – Q2 2022

## CONTINUED GROWTH, PROFITABILITY, AND DIVIDEND

- Operating income of USD 194.0m (USD 140.4m)
- EBITDA of USD 48.9m (USD 36.0m) including USD 9.4m from Lighthouse Navigation
- Net result of USD 31.6m (USD 22.5m)
- Declared dividend of USD 19.5m (NOK 0.75 per share)
- TCE of USD 24 437 gross per day for owned fleet
- Acquired five modern Ultramaxs and divested one vessel, net cash invested USD 6m
- Secured time charter contracts for five vessels for periods of about 2 years
- 97 per cent of ship days in Q3 are booked at about USD 24 200 gross per day
- 72 per cent of ship days in the next four quarters are booked at about USD 23 500 gross per day
- Modern fleet of 31 vessels with an average age below four years and daily cash breakeven for 2022 of about USD 10 000 per vessel

## Earnings summary

Q2 2022	Q2 2021
<b>Average TCE</b> USD 24 437/day	<b>Average TCE</b> USD 18 031/day
<b>EBITDA</b> USD 48.9m	<b>EBITDA</b> USD 36.0m
<b>Net result</b> USD 31.6m	<b>Net result</b> USD 22.5m

## Financial position

Assets	Equity and liabilities
<b>Cash and cash equivalents</b> USD 130.8m	<b>Book value Equity</b> USD 266.5m
<b>Ships</b> USD 696.0m	<b>Interest bearing debt</b> USD 567.3m
<b>Other assets</b> USD 136.7m	<b>Other liabilities</b> USD 129.7m

# Consolidated Statement of Income and Financial Position

## Consolidated statement of income

USD 1 000	Q2 2022	Q2 2021	YTD Q2 2022	YTD Q2 2021	2021
Gross freight revenue	Note 251 431	165 691	509 718	272 981	808 237
Voyage expenses	-61 712	-27 006	-92 514	-59 360	-164 929
<b>Net freight revenue</b>	<b>2 189 719</b>	<b>138 685</b>	<b>417 204</b>	<b>213 621</b>	<b>643 308</b>
Management fees	4 298	1 719	6 301	3 172	7 366
<b>Operating income</b>	<b>2 194 017</b>	<b>140 404</b>	<b>423 505</b>	<b>216 793</b>	<b>650 674</b>
Share of result from j/v and assoc. comp.	6 521	1 723	18 887	2 483	14 323
T/C hire expenses	-128 402	-88 253	-285 220	-134 925	-400 710
Ship operating expenses	-13 698	-9 550	-27 060	-20 365	-50 457
Operating expenses management companies	-7 839	-6 953	-16 403	-10 916	-30 756
General and administrative expenses	-1 650	-1 404	-4 251	-2 373	-4 795
<b>Operating expenses</b>	<b>-145 068</b>	<b>-104 437</b>	<b>-314 047</b>	<b>-166 096</b>	<b>-472 395</b>
<b>EBITDA</b>	<b>48 949</b>	<b>35 967</b>	<b>109 458</b>	<b>50 697</b>	<b>178 279</b>
Depreciation and amortisation	3 -9 099	-6 313	-17 335	-13 853	-28 735
Gain on sale of ships	3 0	0	12 308	0	15 333
Other gains/(-losses)	1 075	-5	4 569	-6 739	-4 048
<b>Operating result (EBIT)</b>	<b>40 925</b>	<b>29 649</b>	<b>109 000</b>	<b>30 105</b>	<b>160 829</b>
Interest income	96	212	100	431	815
Interest expenses	-5 637	-3 325	-10 716	-6 841	-15 881
Other financial items	-3 818	-196	-5 446	-344	-2 308
Currency gains/(-losses)	690	99	49	-148	-1 325
<b>Net financial items</b>	<b>-8 669</b>	<b>-3 210</b>	<b>-16 013</b>	<b>-6 902</b>	<b>-18 699</b>
<b>Result before taxes</b>	<b>32 256</b>	<b>26 439</b>	<b>92 987</b>	<b>23 203</b>	<b>142 130</b>
Taxes	-696	-3 951	-1 893	15 792	-8 708
<b>Net result</b>	<b>31 560</b>	<b>22 488</b>	<b>91 094</b>	<b>38 995</b>	<b>133 422</b>
Hereof majority interests	27 015	15 565	73 753	30 479	103 983
Hereof non-controlling interests	4 545	6 923	17 341	8 516	29 439
Earnings per share	0.12	0.09	0.36	0.16	0.54
Diluted earnings per share	0.12	0.09	0.35	0.16	0.53

## Consolidated statement of financial position

USD 1 000	30 Jun 2022	30 Jun 2021	31 Dec 2021
<b>NON-CURRENT ASSETS</b>	Note		
Intangible assets	0	17 074	0
Ships	3 677 316	383 190	580 628
Prepayment of ships	13 500	12 210	0
Property, Plant, and Equipment	3 955	4 836	4 227
Investments in j/v and assoc. companies	18 295	4 176	13 997
Other non-current assets	472	2 553	821
<b>Total non-current assets</b>	<b>713 538</b>	<b>424 039</b>	<b>599 673</b>
<b>CURRENT ASSETS</b>			
Assets held for sale	3 18 651	0	23 933
Bunker inventory	33 607	12 220	16 492
Current receivables	66 899	39 586	52 332
Cash and cash equivalents	130 797	63 363	105 204
<b>Total current assets</b>	<b>249 954</b>	<b>115 169</b>	<b>197 961</b>
<b>Total assets</b>	<b>963 492</b>	<b>539 208</b>	<b>797 634</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Paid-in capital	157 637	154 319	158 802
Retained earnings	64 002	36 499	82 739
Non-controlling interests	44 820	13 115	31 378
<b>Total equity</b>	<b>266 459</b>	<b>203 933</b>	<b>272 919</b>
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax	4 595	0	0
Long-term interest bearing debt	4 516 445	254 434	412 881
Other non-current liabilities	1 676	2 247	1 757
<b>Total non-current liabilities</b>	<b>522 716</b>	<b>256 681</b>	<b>414 638</b>
<b>CURRENT LIABILITIES</b>			
Current portion of interest bearing debt	4 50 839	24 858	24 467
Other current liabilities	123 478	53 736	85 610
<b>Total current liabilities</b>	<b>174 317</b>	<b>78 594</b>	<b>110 077</b>
<b>Total equity and liabilities</b>	<b>963 492</b>	<b>539 208</b>	<b>797 634</b>

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