



**ARCTIC SHIPPING SESSION**

**19 JANUARY 2022**



**BELSHIPS**



### The newest Ultramax fleet

27x bulk carriers



### Strong financial position

Accretive growth and  
capital discipline



### Corporate governance leader

Transparency and zero  
conflicts of interest



### Lighthouse Navigation

Commercial  
management and  
operating platform

**3.7 years**

average vessel age

**USD 10 500**

cash break-even per day 2021

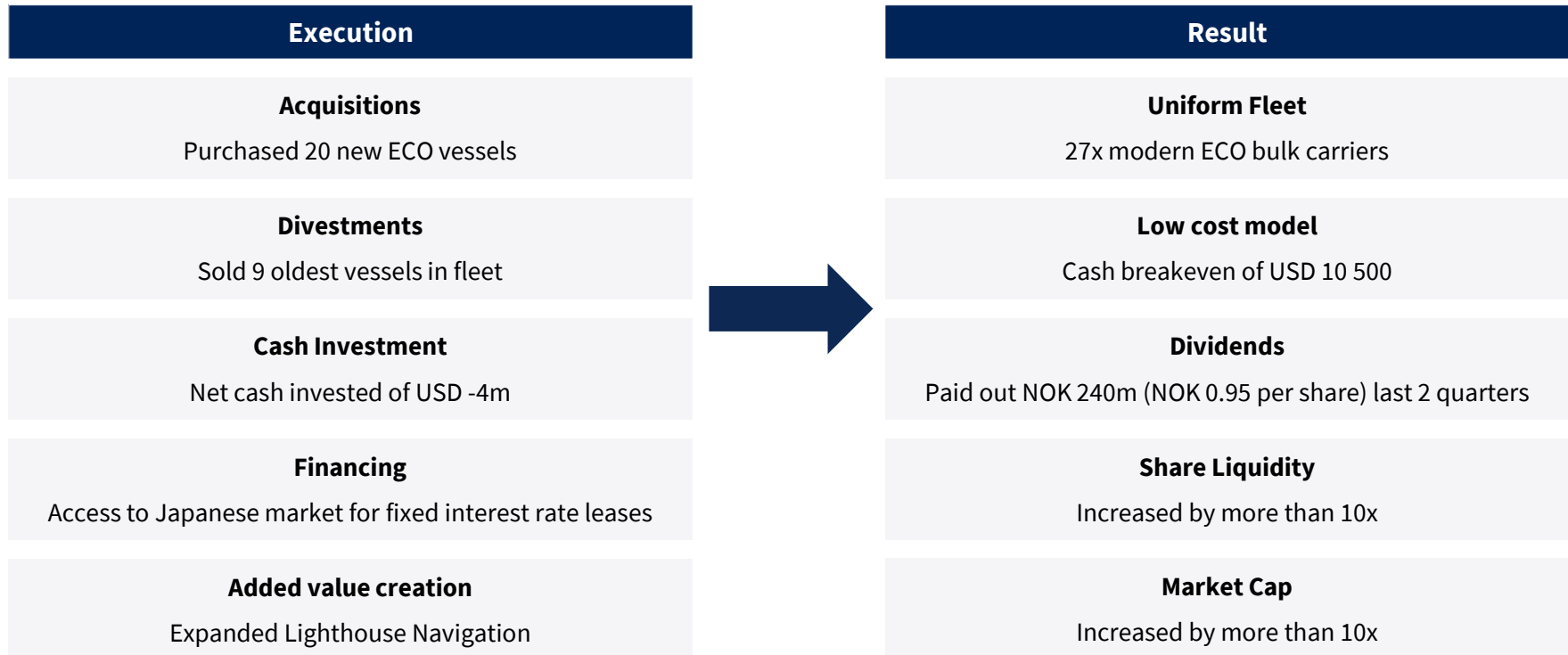
**Founded 1918**

stock listed since 1937

**12 years**

of annual profits

# Proven Ability to Execute Growth Strategy



# Highlights – Q3 2021

## STRONG QUARTER – RETURNING VALUE TO SHAREHOLDERS

- Operating income of USD 205.3m (USD 43.3m)
- EBITDA of USD 57.1m (USD 5.9m) including USD 23.3m from Lighthouse Navigation
- Net result of USD 35.2m (USD -4.2m)
- Declared dividend of USD 16.0m (NOK 0.55 per share)
- Net TCE of USD 25 378 per day for owned fleet
- Entered into agreements to acquire two new Ultramax bulk carriers
- 77 per cent of ship days in Q4 are booked at about USD 29 000 net per day.

## Earnings summary

Q3 2021	Q3 2020
<b>Average TCE</b> USD 25 378/day	<b>Average TCE</b> USD 9 067/day
<b>EBITDA</b> USD 57.1m	<b>EBITDA</b> USD 5.9m
<b>Net result</b> USD 35.2m	<b>Net result</b> USD -4.2m

## Financial position

Assets	Equity and liabilities
<b>Owned ships</b> USD 203.1m	<b>Equity</b> USD 231.6m (31%)
<b>Leased ships</b> USD 308.7m	<b>Mortgage loans</b> USD 135.2m
<b>Cash and cash equivalents</b> USD 106.5m	<b>Lease liabilities</b> USD 281.4m
<b>Other assets</b> USD 124.0m	<b>Other liabilities</b> USD 94.1m

# Lighthouse Navigation – Commercial Operations

Lighthouse Navigation was established in 2009 and is the commercial arm of Belships ASA providing chartering and operations with a long track record of positive results. The commercial operations and operating activities have expanded and is now present in Bangkok, Oslo, Singapore and Melbourne. Lighthouse is also a commercial manager for bulk carriers owned by SFL Corporation Ltd.

## Track record

Profitable every year since its inception in 2009

## Performance

Average EBITDA of USD 11.5m last four quarters

## Volume

About 70 vessels operated during the quarter

## Growth

Offices in 4 countries with 80 employees

## Risk

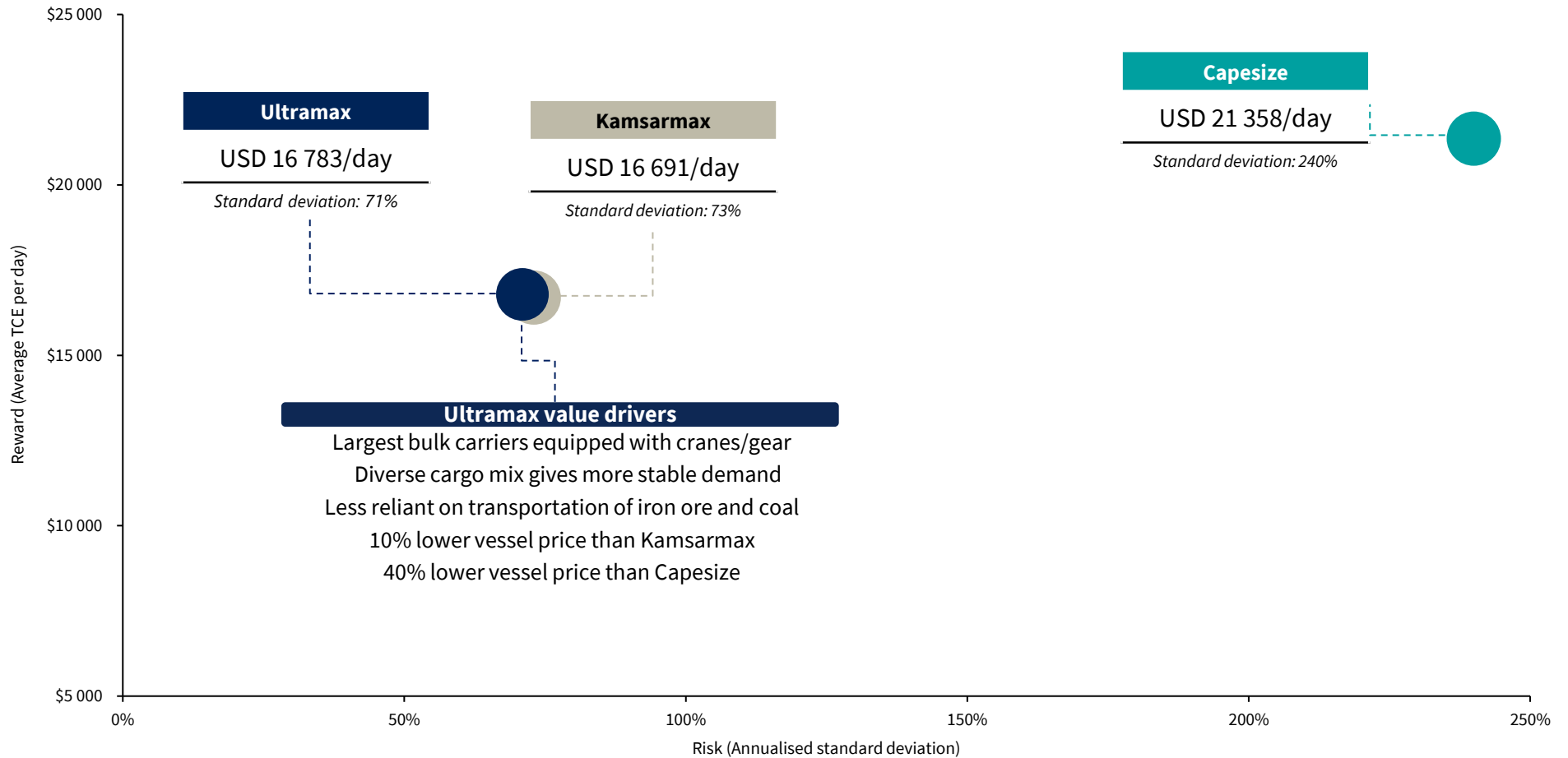
Skin in the game - leading employees invested



# Ultramax – Superior Risk/Reward



## Average earnings per day - last 3 years



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

Kamsarmax: BPI82 2018-2021, BPI74 plus \$1 300 day prior to 2018

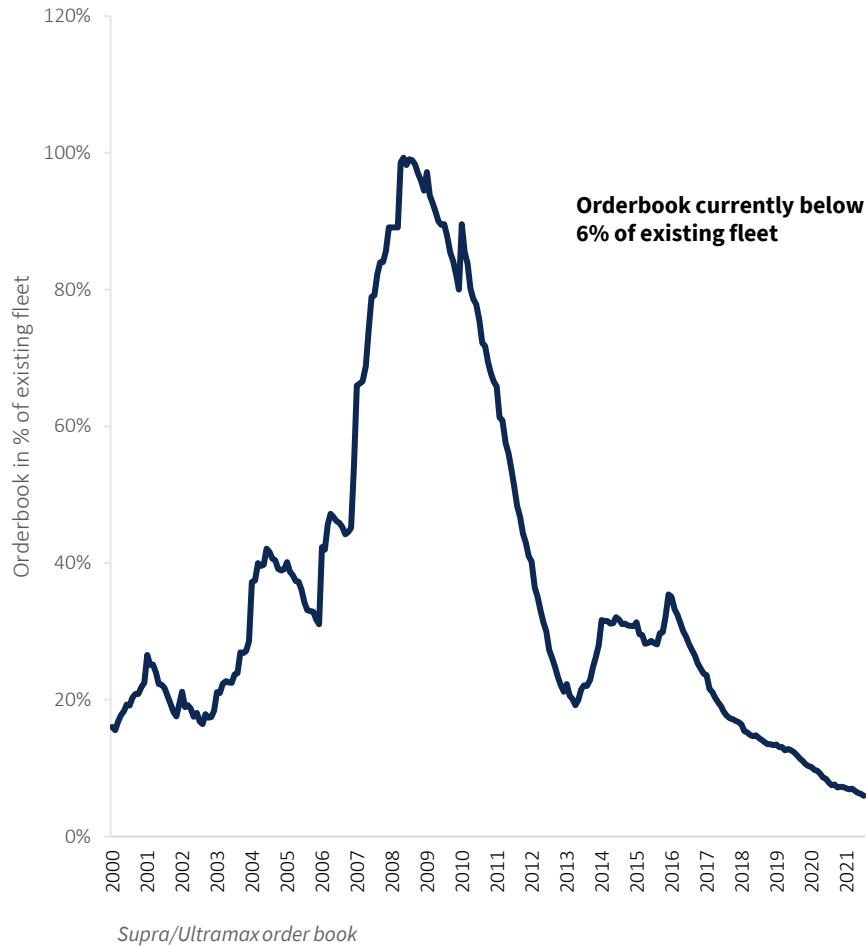
Capesize: BCI 5TC 2014-2021, BCI 4TC prior to 2014

Source: Baltic Exchange

# Positive Outlook Supported by Lowest Orderbook in 30 Years



## Lowest fleet growth in decades



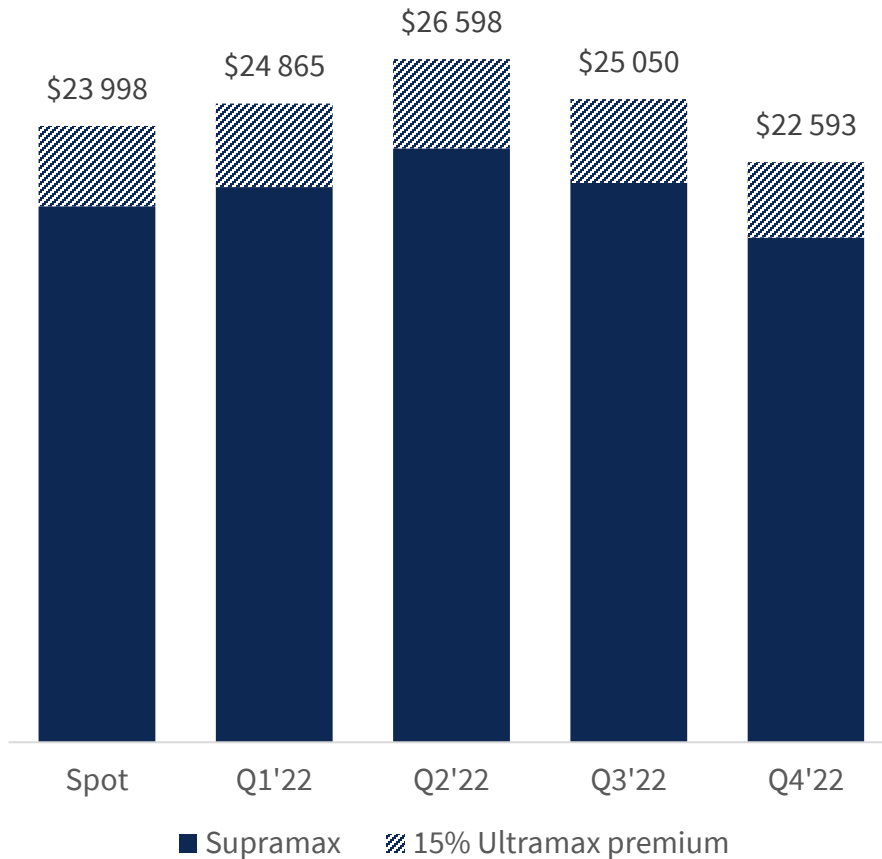
**ORDERBOOK/SUPPLY** - The publicly quoted order book for the Supra/Ultramax segment is below 6 per cent – historically very low. In relative terms, we are heading towards the lowest rate of supply growth in 30 years. The average sailing speed increased in 2021, showing that the market has been able to absorb this inherent fleet supply during a sharp increase in spot rates. This is an important indicator of positive market fundamentals.

**STIMULUS AND ECONOMIC GROWTH** – Credit growth and economic stimulus was evident before COVID-19, and has continued as a reaction from governments to counter the economic effects of the pandemic. This has been positive for the dry bulk market and may last well into 2022 as the effects of fiscal stimulus usually lags about 12-24 months. Seaborne iron ore is predominantly driven by Chinese demand, whereas minor bulks tend to correlate closer with GDP. General consensus points towards continued economic growth in 2022.

**GREEN SHIFT, INFRASTRUCTURE BOOM OR ENERGY CRISIS** – All three contribute to dry bulk demand. We expect this trend to continue and the green shift has accelerated this. Infrastructure in US and Europe appears to be an added demand factor.

# Market Update – Highly profitable levels

## Current Supramax spot and FFA



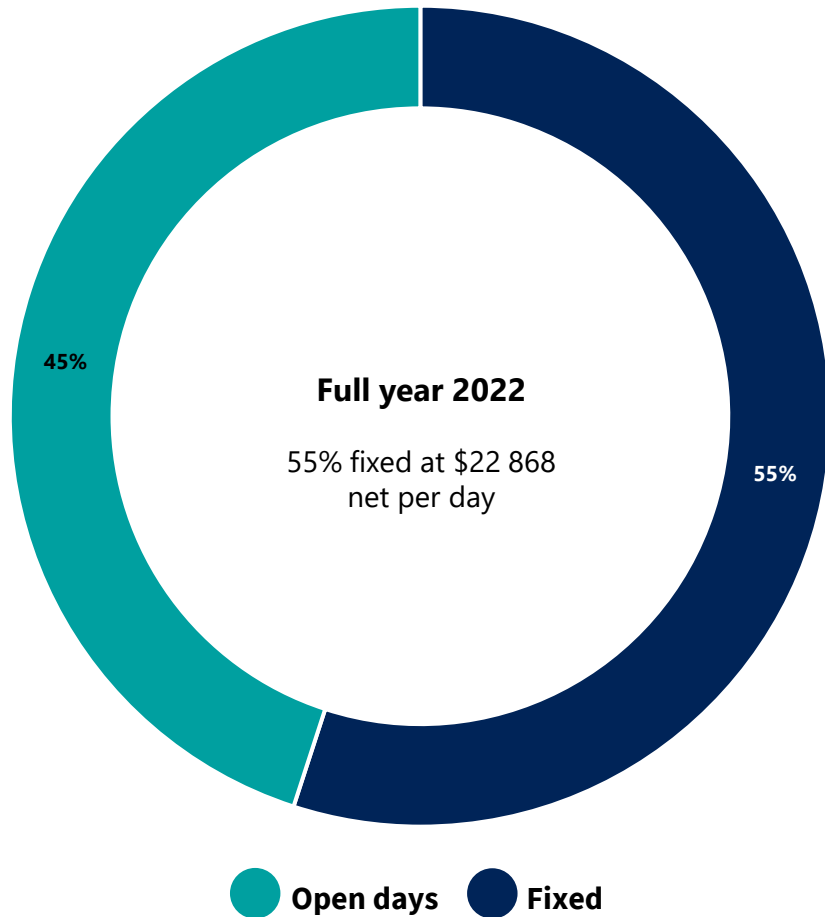
**CORONA (COVID-19)** – Port closures and vessel waiting times especially in Asia are causing fleet inefficiencies which contribute to tighter market dynamics. Economies are continuing to recover after last years historical dip as evidenced by rising interest rates in many OECD economies. Manufacturing PMI has rebounded strongly and is currently indicating continued growth.

**CARGO** – The rally in commodity markets last year resulted in increased import figures for most regions – evidencing a widespread demand recovery. Prices for iron ore and coal are down from peak levels, guided ore volumes ex Brazil for next year appear supportive, yet unclear. Grain exports from Australia and coal rebound on the back of a brewing energy crisis appear to be the main triggers short term. The disruptions in the container markets continue to add support as some cargo typically transported in containers are now being shipped in bulk carriers.

**RATES** – The first quarter has displayed softening spot rates, in line with usual seasonality. This is a reminder that freights are sensitive to swings both ways regardless of fundamentals. Steel production y-o-y has also softened. Capesize vessels dependent on iron ore volumes are the lowest, and Ultramaxs again are outperforming on the back of more stable volumes in minor bulks. The FFA market is trading at levels above USD 20 000 per day all year for Ultramaxs.



# Significant de-risk: Highly Profitable Contract Coverage



## Period time charter contracts entered into since August

BELISLAND	2 years USD 22 000
BELINDA	1 year USD 27 000
BELFORCE	2 years USD 24 000
BELHAVEN	2 years USD 26 250
BELSOUTH	2 years USD 25 500
BELAJA	1 year USD 22 500
BELFAST	1 year USD 25 000
BELGUARDIAN	1 year USD 24 700
BELLIGHT	1 year USD 25 000

## Sale of vessels entered into since August

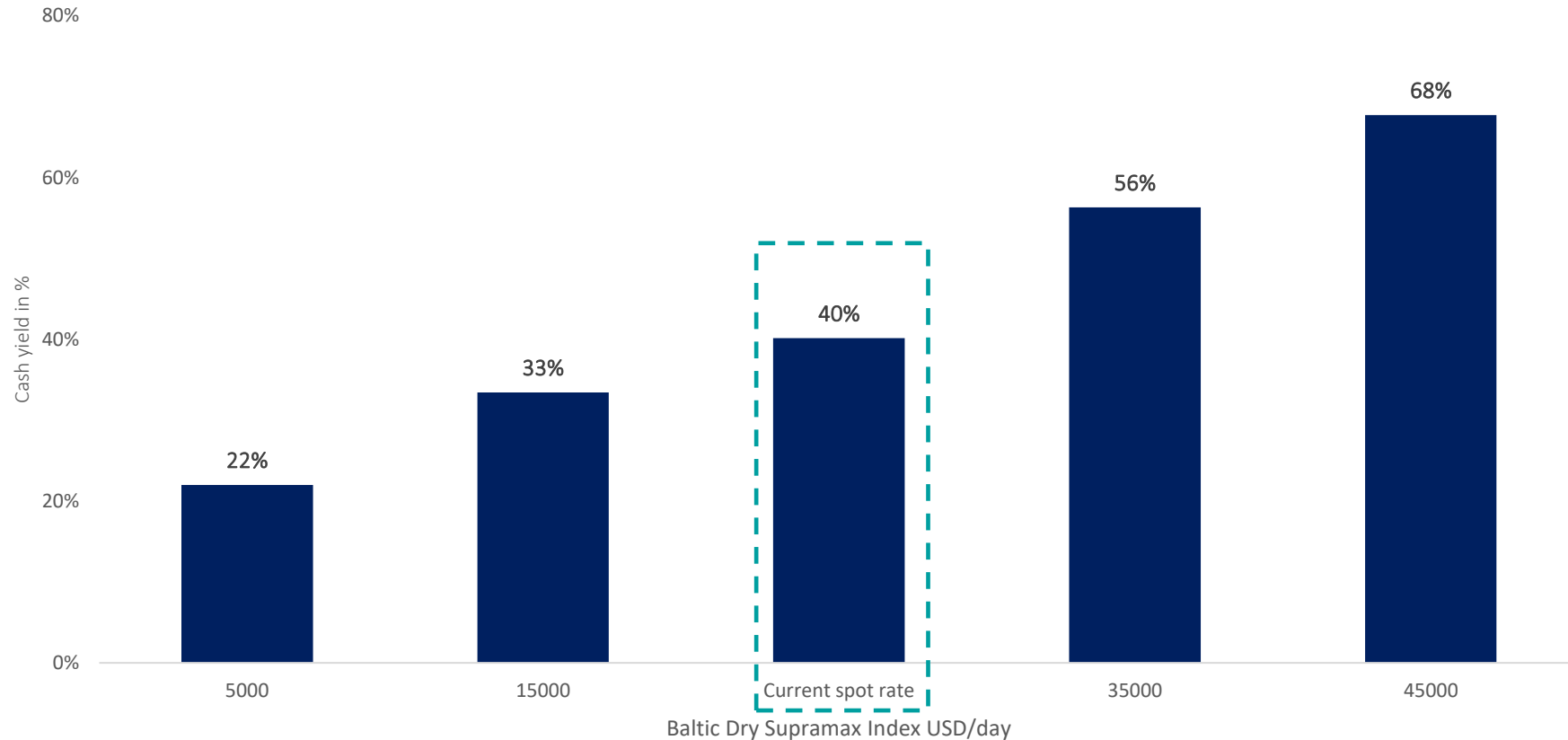
- BELCARGO (2008)  
Sold USD 17.0m (Q4'21/Gain USD 5.5m, net cashflow USD 11.0m)
  
- BELSTAR (2009)  
Sold USD 16.8m (Q1'22/Gain USD 5.9m, net cashflow USD 12.4m)
  
- BELNOR (2010)  
Sold USD 17.5m (Q4'21/Gain USD 5.1m, net cashflow USD 12.0m)
  
- BELOCEAN (2011)  
Sold USD 19.6m (Q1'22/Gain USD 5.6m, net cashflow USD 13.0m)

**Cash breakeven for remaining open days in 2022 below zero**

# Undervalued – Strong Downside Protection



## Potential cash yield from operations in 2022 (excluding Lighthouse Navigation)



**Dividend policy of minimum 50 per cent of net result**

# Belships ASA - Investment Highlights



## Platform

Proven track record – growth delivered

## Governance

Simple structure, low costs and transparency leader

## Visibility

Highly profitable contract coverage

## Key drivers

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

