



**COMPANY PRESENTATION | Q2 2021**

**August 2021**



**BELSHIPS**

# Belships ASA – Owner and operator of bulk carriers



**The most attractive midsize fleet**

27x  
Supra/Ultramax bulk carriers



**Fully integrated shipowner and operator**

Quality in-house management platforms delivering profits



**Strong financial position and sponsors**

Capital discipline and track record of accretive growth



**Leading in corporate governance**

Track record for transparency and zero conflicts of interest

**4 years**

average fleet age

**5 offices**

global company, local presence

**USD 10 500**

cash break-even per day 2021

**Founded 1918**

stock listed since 1937

# Highlights – Q2 2021

## STRONG MARKET – RETURNING VALUE TO SHAREHOLDERS

- Operating income of USD 140.4m (USD 28.6m)
- EBITDA of USD 36.0m (USD 1.9m) including USD 14.5m from Lighthouse Navigation
- Net result of USD 22.5m (USD -14.6m)
- Declared dividend of USD 11.4m (NOK 0.40 per share)
- Net TCE per ship of USD 18 031 per day
- Entered into agreements to acquire five new Ultramax bulk carriers
- Two oldest Supramax vessels sold
- 42 per cent of available ship days in the next four quarters are booked at about USD 22 400 net per day. 80 per cent of available days in 2022 remain open.
- Modern fleet of 27 vessels with an average age of about 4 years and average cash breakeven of about USD 10 500 per day

## Earnings summary

Q2 2021	Q2 2020
<b>Average TCE</b> USD 18 031/day	<b>Average TCE</b> USD 6 927/day
<b>EBITDA</b> USD 36.0m	<b>EBITDA</b> USD 1.9m
<b>Net result</b> USD 22.5m	<b>Net result</b> USD -14.6m

## Financial position

Assets	Equity and liabilities
<b>Owned ships</b> USD 203.8m	<b>Equity</b> USD 203.9m (38%)
<b>Leased ships</b> USD 179.4m	<b>Mortgage loans</b> USD 123.2m
<b>Cash and cash equivalents</b> USD 63.4m	<b>Lease liabilities</b> USD 156.1m
<b>Other assets</b> USD 92.6m	<b>Other liabilities</b> USD 56.0m

# Proven ability to execute growth strategy



## Key milestones 2019 - 2021



7 → 27 bulk carriers

Uniform Ultramax fleet

USD 30m → 360m

Market cap increased by 12x

# 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 the commercial manager of seven handysize vessels owned by SFL Corporation Ltd.

## Track record

Profitable every year since its inception in 2009

## Vessels under management

More than 70 vessels managed during the quarter

## Expanding operation

Present in 4 countries with over 80 employees

## Low risk profile

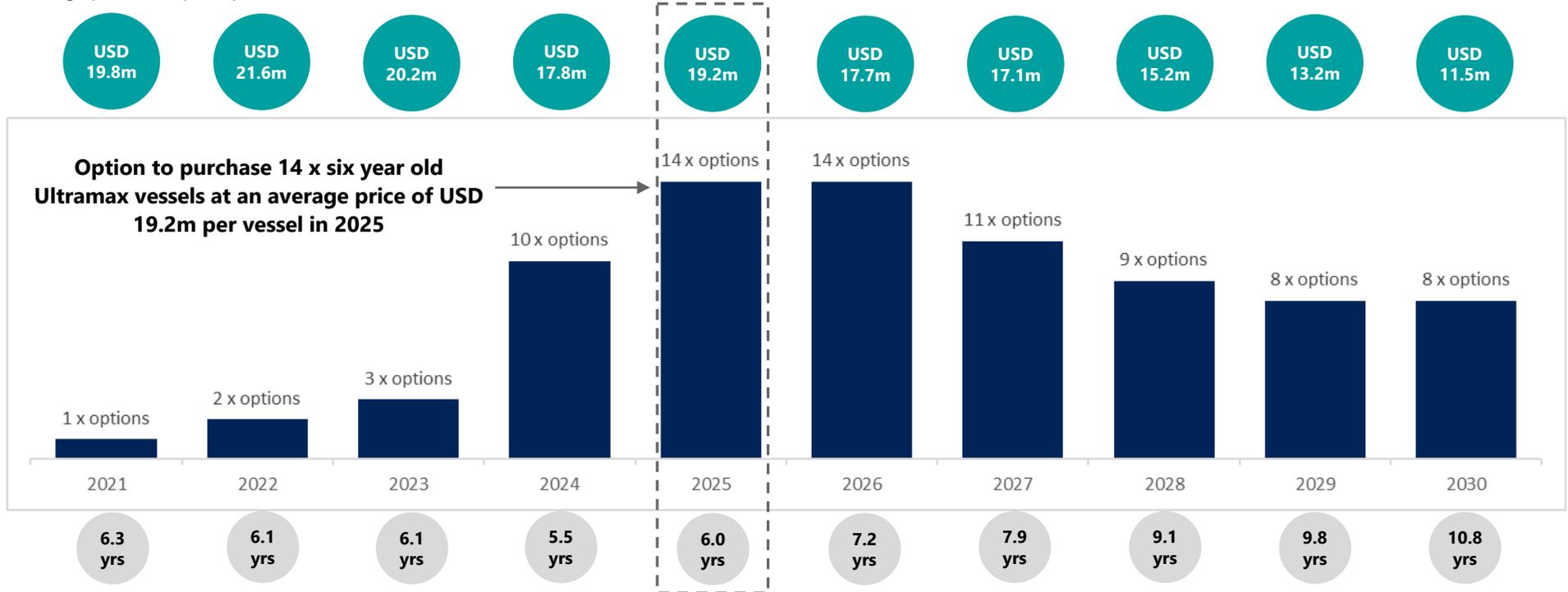
Hands-on approach with leading employees invested



# Purchase options provide upside and flexibility



Average purchase option price



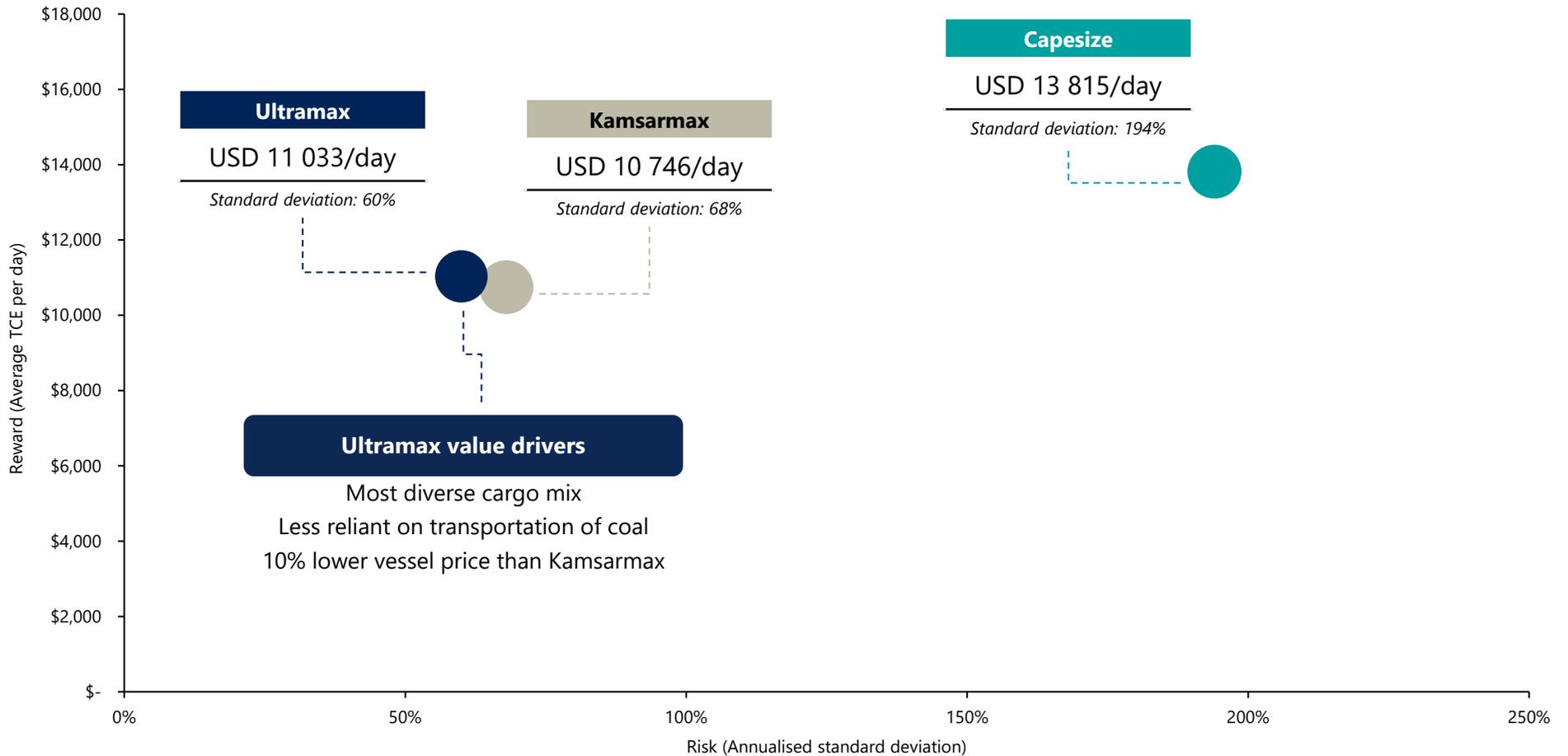
Average age of vessels

**Purchase options on 55% of fleet**

**No purchase obligations on any vessels**

# 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 2018-2021, BPI74 plus \$1 300 day prior to 2018

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

Source: Baltic Exchange

# Uniform fleet of 27 Supra/Ultramax bulk carriers

## Ultramax

Vessel	Built	DWT	Yard	Ownership
BELYAMATO (NEWBUILD)	2022	64,000	Imabari	TBD <sup>1</sup>
BELTOKYO (NEWBUILD)	2021	64,000	Imabari	BB-in <sup>2</sup>
BELFORCE (NEWBUILD)	2021	61,000	Dacks	BB-in <sup>3</sup>
BELKNIGHT (NEWBUILD)	2021	61,000	Dacks	BB-in <sup>4</sup>
BELTRADER	2021	61,000	Dacks	BB-in <sup>5</sup>
BELGUARDIAN	2021	61,000	Dacks	BB-in <sup>5</sup>
BELMAR (NEWBUILD)	2021	64,000	Imabari	BB-in <sup>6</sup>
BELFAST	2021	64,000	Imabari	BB-in <sup>7</sup>
BELAJA	2020	61,000	Shin Kurushima	BB-in <sup>8</sup>
BELMOIRA	2020	61,000	Shin Kurushima	BB-in <sup>8</sup>
BELFUJI	2020	63,000	Imabari	TC-in <sup>9</sup>
BELRAY	2019	61,000	Shin Kurushima	BB-in <sup>10</sup>
BELNIPPON	2018	63,000	Imabari	TC-in <sup>11</sup>
BELHAVEN	2017	63,000	Imabari	Owned
BELTIGER	2017	63,000	New Times	Owned <sup>12</sup>
BELISLAND	2016	61,000	Imabari	BB-in <sup>13</sup>
BELLIGHT	2016	63,000	New Times	Owned
BELINDA	2016	63,000	Hantong	Owned
BELMONT	2016	63,000	Hantong	Owned
BELATLANTIC	2016	63,000	Hantong	Owned
BELHAWK (TO BE DELIVERED)	2015	61,000	Imabari	BB-in <sup>14</sup>
BELFOREST	2015	61,000	Imabari	BB-in <sup>15</sup>
BELPAREIL	2015	63,000	Hantong	Owned
BELSOUTH	2015	63,000	Hantong	Owned

24 x Ultramax

## Supramax

Vessel	Built	DWT	Yard	Ownership
BELOCEAN	2011	58,000	Dayang	Owned
BELNOR	2010	58,000	Dayang	Owned
BELSTAR	2009	58,000	Dayang	Owned
BELCARGO	2008	58,000	Tsuneishi	Owned <sup>17</sup>
BELFRI	2007	55,000	Kawasaki	Owned <sup>16</sup>

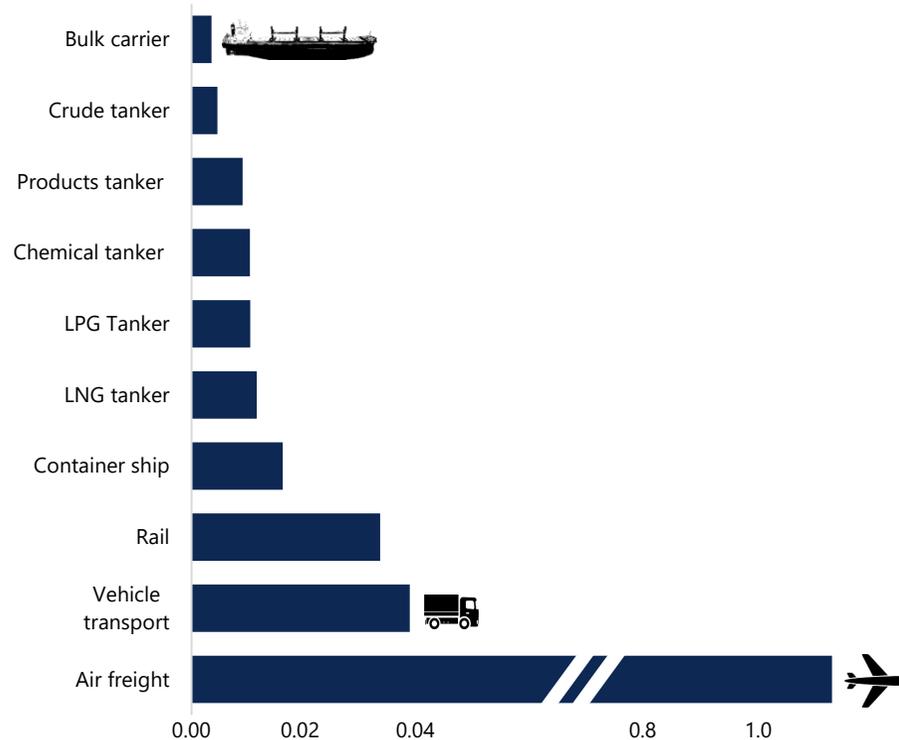
3x Supramax

- 1) On delivery 2H 2022
- 2) On delivery 2H 2021 12 years bareboat charter with purchase options after fourth year
- 3) On delivery 2H 2021 10 years bareboat charter with purchase options after third year
- 4) On delivery 2H 2021 7 years bareboat charter with purchase options after third year
- 5) Delivered Q3 2021 10 years bareboat charter with purchase options after fourth year
- 6) On delivery 2H 2021 10 years bareboat charter with purchase options after fourth year
- 7) Delivered Q1 2021 10 years bareboat charter with purchase options after fourth year
- 8) 7 years bareboat charter with purchase options after fourth year
- 9) 8 years time charter with purchase options after fourth year
- 10) 7 years bareboat with purchase options after fourth year
- 11) 8 years time charter with purchase options after fourth year
- 12) Delivered Q3 2021
- 13) 11 years bareboat charter with purchase options after third year
- 14) On delivery 2H 2021 9.5 years bareboat charter with purchase options after third year
- 15) 12 years bareboat charter with purchase options after third year
- 16) Sold with expected delivery to buyer in September/October 2021
- 17) Sold with expected delivery to buyer in October/November 2021

The group has no purchase obligations on any of the lease agreements

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

## CO2 per tonne km



**Shipping is the most energy efficient means of transporting goods and resources**

## Agenda

### 2020

- Modernisation continues, with three fully-financed new eco Ultramax vessels being delivered in 2020
- New carbon footprint study initiated with DNVGL
- Belships regarded as leading within corporate governance by Danske Bank and on course for delivering emission cuts in line with industry ambitions for 2030
- Part of the Maritime Anti-Corruption Network (MACN) working towards the vision of a maritime industry free of corruption

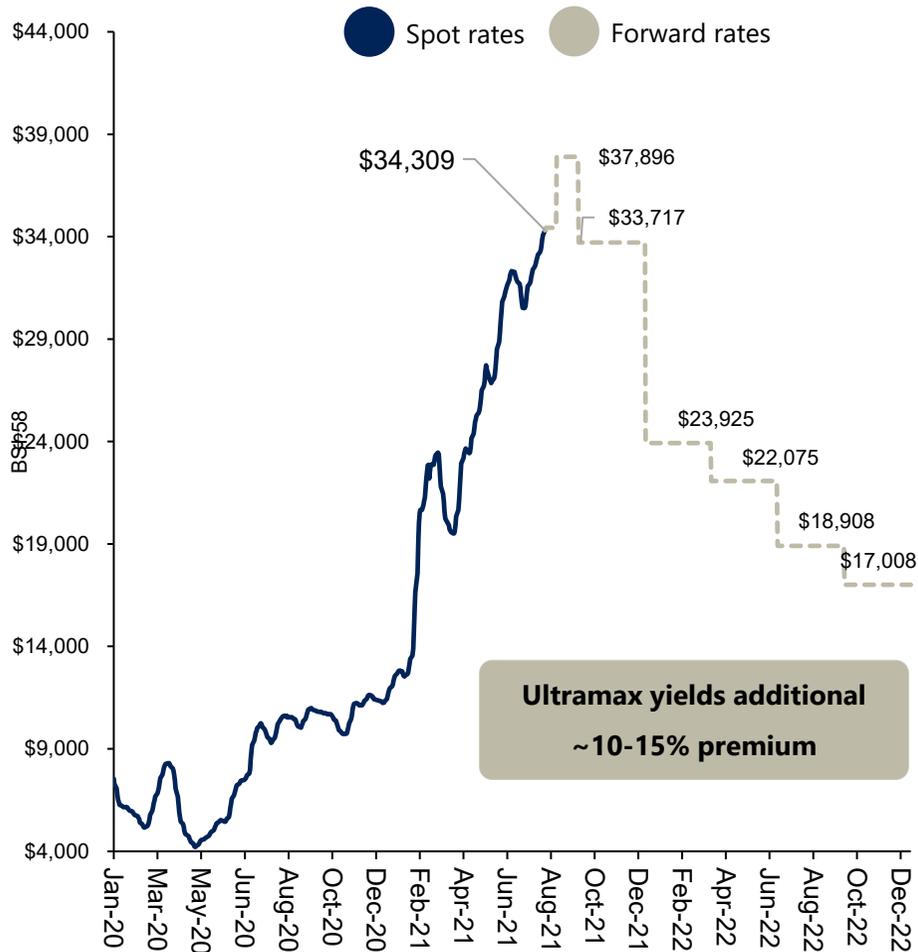
### 2021

- 11 x ECO Ultramax Newbuildings to be delivered in 2019-2022
- Signed the Neptune declaration as part of ongoing work to mitigate impact of Covid-19 on our seafarers
- Issued first comprehensive ESG report in accordance with the Marine Transport Framework

**Contributing towards sustainable shipping through modernisation and transparency**

# Market update – Strongest in a decade

## Current Supramax spot and FFA curve



**CORONA (COVID-19)** – Port closures and vessel waiting times especially in Asia are causing fleet inefficiencies which is adding to the tight market dynamics. Economies are continuing to recover after last year historical dip and pent-up demand is driving the market. Manufacturing PMI has rebounded strongly and is currently indicating continued growth.

**CARGO** – The rally in commodity markets since the beginning of the year has resulted in the strongest first half year in a decade for dry cargo markets. Import figures for most regions are showing growth in terms of volumes – evidencing a widespread demand recovery. Iron ore prices peaked at record levels in Q2 and guided volumes ex Brazil for the upcoming 12 months are strong which should support the freight market next year. Grain exports from Europe has significantly increased demand for ships in the Atlantic basin. The disruptions in the container markets are creating certain spill over effects as some cargo typically transported in containers are now being shipped in bulk carriers.

**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 has increased, 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 a stronger market sentiment.

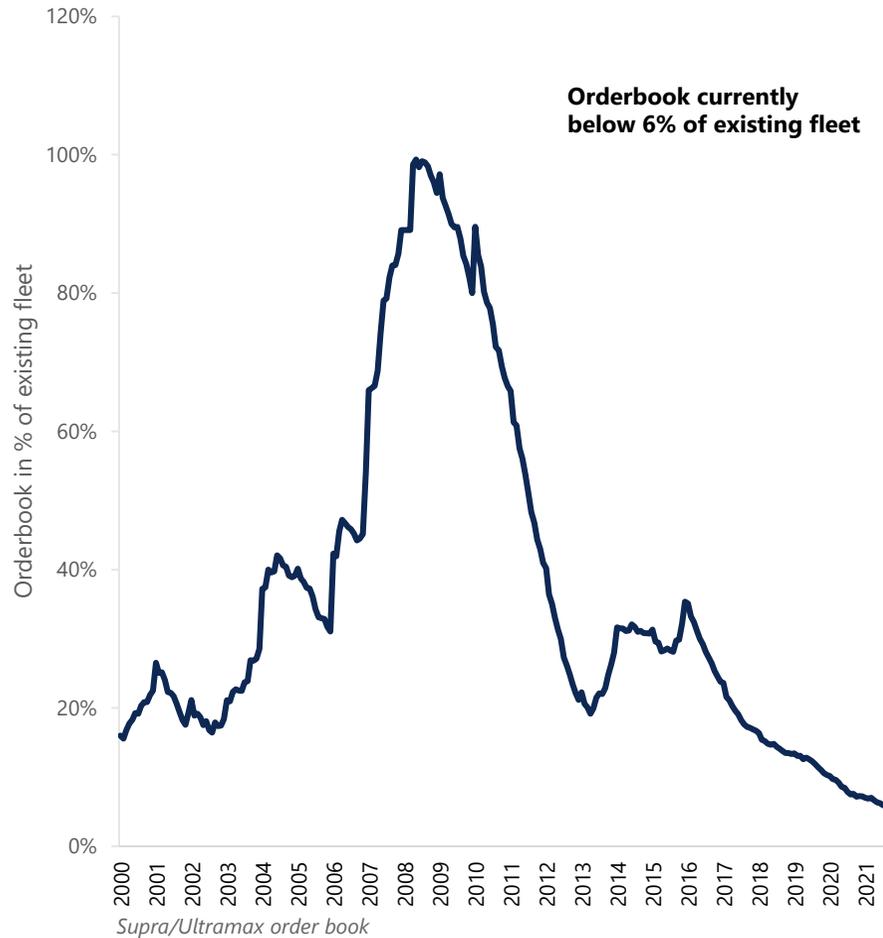
**STIMULUS AND ECONOMIC GROWTH** – Continued credit growth and economic stimulus is expected to support the dry bulk market in 2022-23 as the effects of fiscal stimulus usually lags about 12-24 months. Seaborne iron ore is predominantly driven by Chinese demand whereas minor bulks tend to correlate closer with GDP. GDP has rebounded in 2021. General consensus points towards healthy levels of economic activity for 2022.

**MARKET PROSPECTS** – The market outlook is strong and sentiment for 2022 and 2023 have been revised upwards. With the rate of growth on the supply side diminishing and post-COVID-19 normalisation now occurring in tandem with a wider commodity rally it appears that the stars are aligning for the dry bulk market in 2021-22. Ship values have started to increase sharply. However, significant upside remains if ship values are to reflect rates and values according to historical correlations.

# Current freight rates supported by strong fundamentals



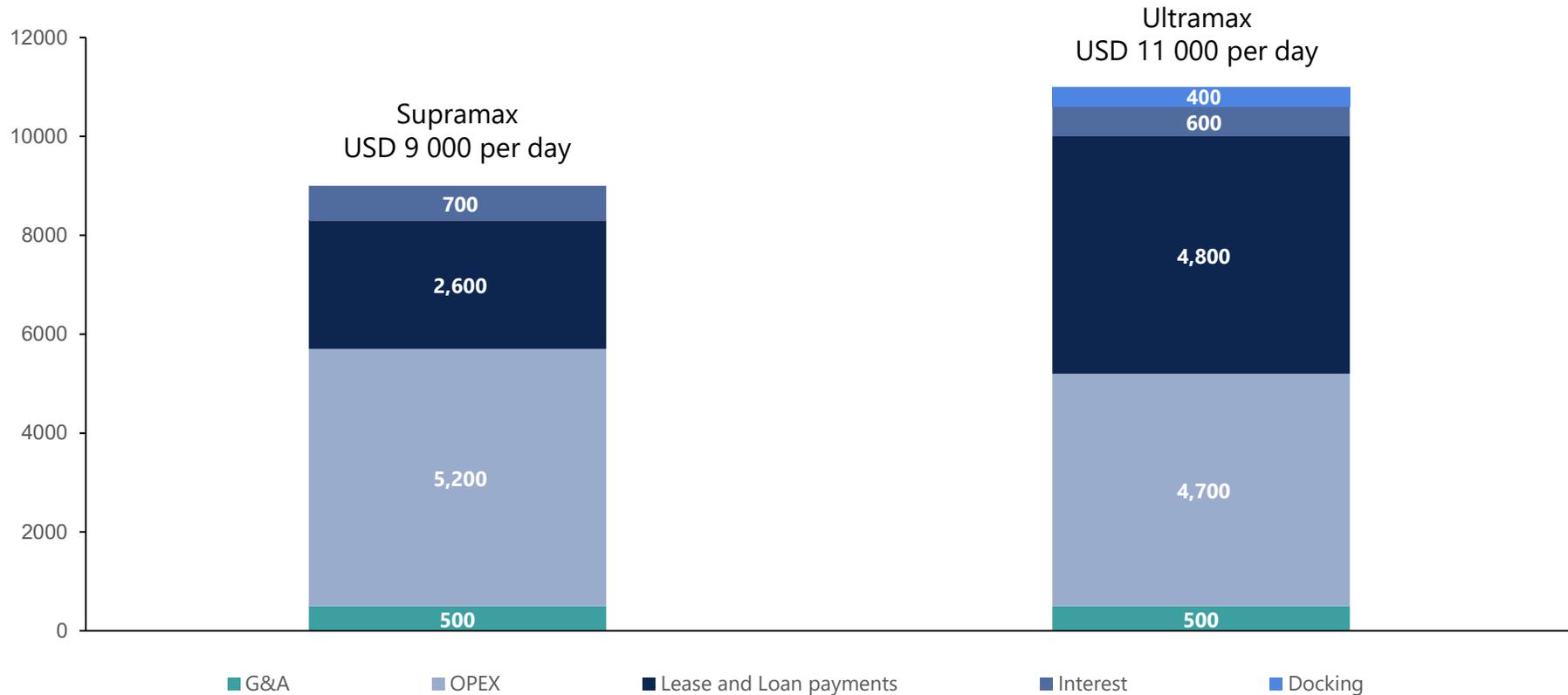
## Lowest fleet growth in decades



## Surging commodity prices



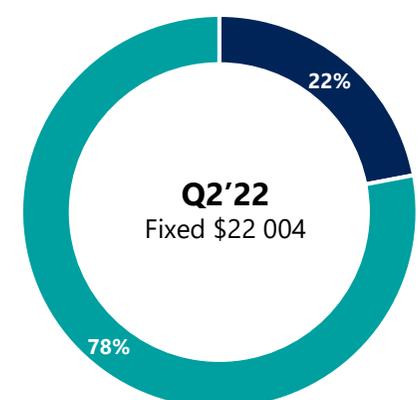
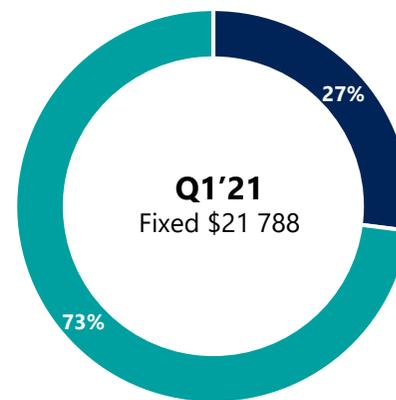
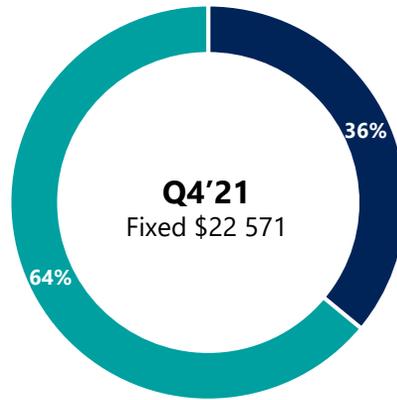
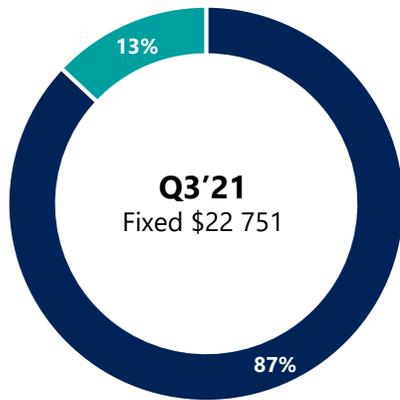
## Cash break-even per segment



**Superior cash break-even driven by low costs and competitive financing**

# Majority of fleet open next twelve months

● Fixed ● Open days

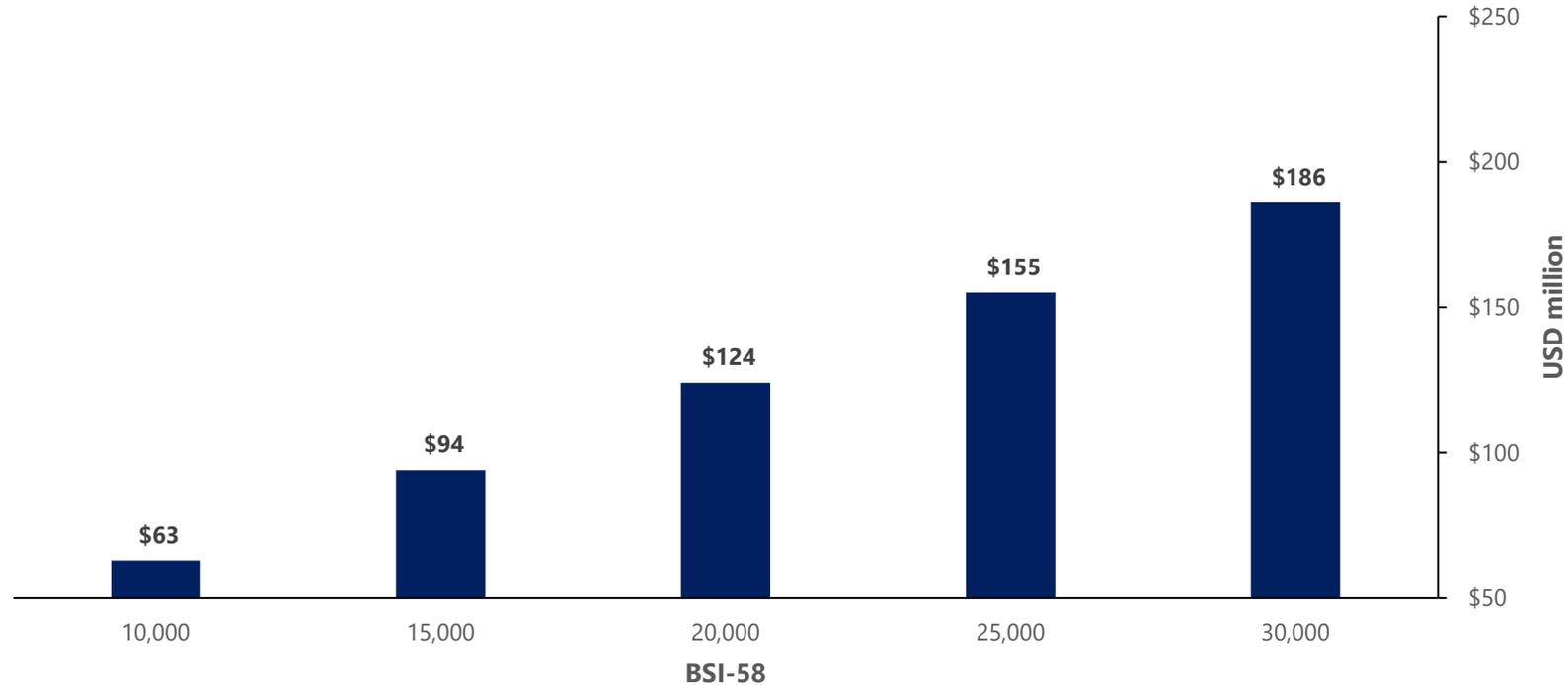


**42 per cent of available ship days in the next four quarters are booked at about USD 22 441 net per day**

# Cash flow scenarios enabling significant dividend capacity



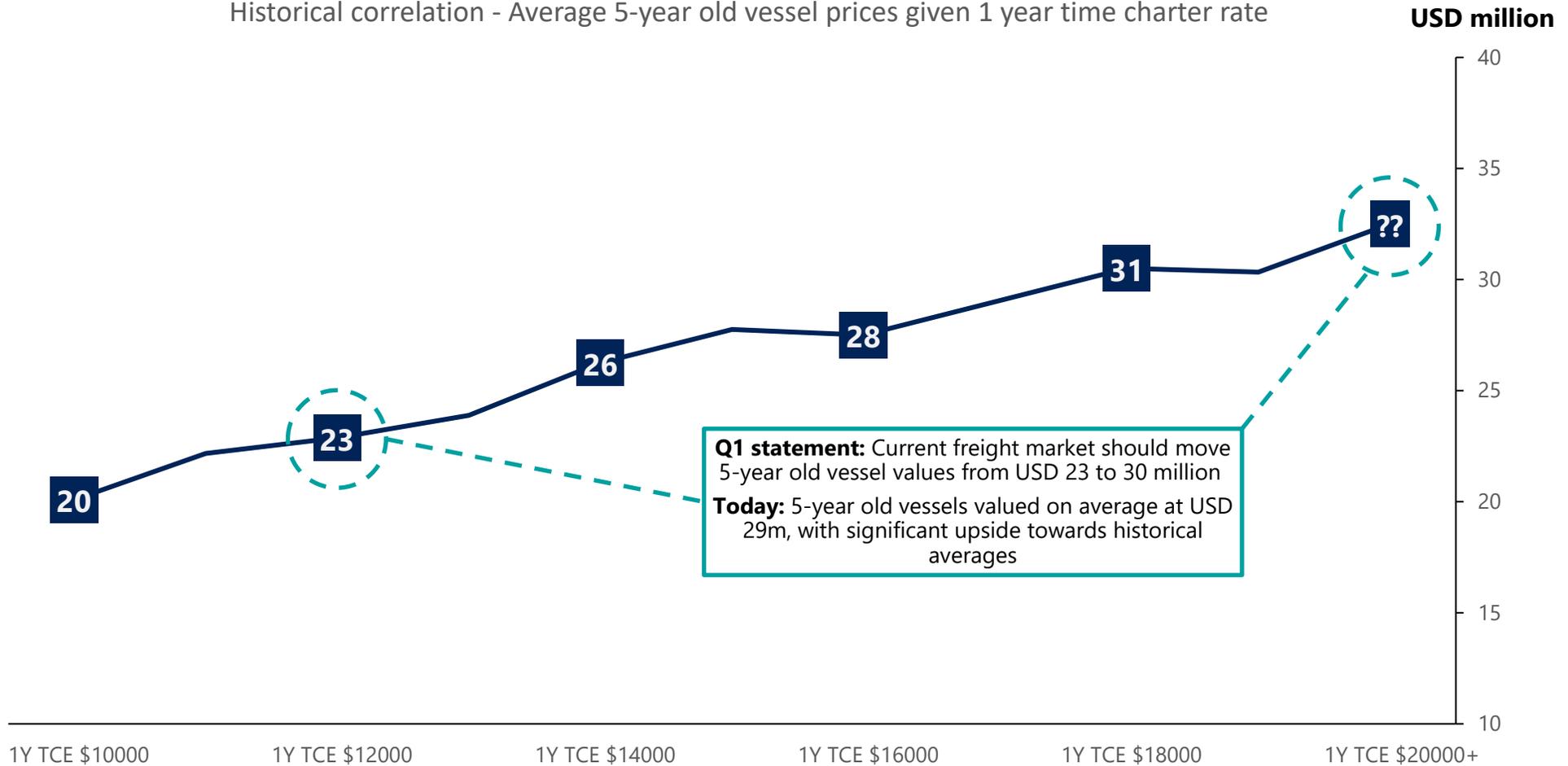
Cash flow from operations in 2021 given freight rates



**Belships aims to distribute quarterly cash dividends targeting about 50 per cent of net result adjusted for non-recurring items.**

# Significant upside in vessel values

Historical correlation - Average 5-year old vessel prices given 1 year time charter rate



# Belships ASA - Investment highlights



## Platform

Proven track record – growth delivered

## Governance

Simple structure, low costs and governance leader

## Flexibility

More than 55% of the fleet with purchase options – no obligations

## Leverage

High operational leverage providing significant upside and dividend capacity

## Key drivers

Infrastructure boom ahead of lowest orderbook in 30 years



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# Consolidated statement of income and financial position



## Consolidated statement of income

USD 1 000		Q2 2021	Q2 2020	YTD Q2 2021	YTD Q2 2020	2020
Gross freight revenue	Note	165,691	37,873	272,981	87,348	220,332
Voyage expenses		-27,006	-10,764	-59,360	-28,556	-61,065
<b>Net freight revenue</b>	2	<b>138,685</b>	27,109	<b>213,621</b>	58,792	159,267
Management fees		1,719	1,508	3,172	3,381	6,095
<b>Operating income</b>	2	<b>140,404</b>	28,617	<b>216,793</b>	62,173	165,362
Share of result from j/v and assoc. comp.		1,723	742	2,483	1,315	3,052
T/C hire expenses		-88,253	-14,692	-134,925	-30,275	-90,401
Ship operating expenses		-9,550	-9,467	-20,365	-19,368	-38,675
Operating expenses management companies		-6,953	-2,689	-10,916	-5,612	-11,861
General and administrative expenses		-1,404	-638	-2,373	-1,507	-3,491
<b>Operating expenses</b>		<b>-104,437</b>	-26,744	<b>-166,096</b>	-55,447	-141,376
<b>EBITDA</b>		<b>35,967</b>	1,873	<b>50,697</b>	6,726	23,986
Depreciation and amortisation	3	-6,313	-7,699	-13,853	-14,427	-27,286
Impairment	3	0	-4,868	0	-4,868	-4,957
Gain on sale of ships		0	0	0	2,469	2,469
Other gains/(-losses)	6	-5	-598	-6,739	2,338	1,165
<b>Operating result (EBIT)</b>		<b>29,649</b>	-11,292	<b>30,105</b>	-7,762	-4,623
Interest income		212	257	431	507	985
Interest expenses		-3,325	-3,410	-6,841	-7,049	-13,668
Other financial items		-196	-152	-344	-376	-729
Currency gains/(-losses)		99	82	-148	354	875
<b>Net financial items</b>		<b>-3,210</b>	-3,223	<b>-6,902</b>	-6,564	-12,537
<b>Result before taxes</b>		<b>26,439</b>	-14,515	<b>23,203</b>	-14,326	-17,160
Taxes		-3,951	-70	15,792	-107	-583
<b>Net result</b>		<b>22,488</b>	-14,585	<b>38,995</b>	-14,433	-17,743
Hereof majority interests		15,565	-13,896	30,479	-13,896	-19,898
Hereof non-controlling interests		6,923	-689	8,516	-537	2,155
Earnings per share		0.09	-0.07	0.16	-0.06	-0.08
Diluted earnings per share		0.09	-0.07	0.16	-0.06	-0.08

## Consolidated statement of financial position

USD 1 000		30 Jun 2021	30 Jun 2020	31 Dec 2020
<b>NON-CURRENT ASSETS</b>	Note			
Intangible assets		17,074	3,053	1,770
Ships, owned	3	203,790	225,803	214,494
Ships, right-of-use assets	3	179,400	159,176	157,143
Prepayment of lease obligations on ships		12,210	0	3,000
Property, Plant, and Equipment		4,836	4,372	4,878
Investments in j/v and assoc. companies		4,176	2,995	2,123
Other non-current assets		2,553	13,937	5,394
<b>Total non-current assets</b>		<b>424,039</b>	409,336	388,802
<b>CURRENT ASSETS</b>				
Asset held for sale		0	0	5,917
Bunkers		12,220	7,235	5,344
Current receivables		39,586	6,697	30,431
Cash and cash equivalents		63,363	34,363	33,985
<b>Total current assets</b>		<b>115,169</b>	48,295	75,677
<b>Total assets</b>		<b>539,208</b>	457,631	464,479
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Paid-in capital		154,319	137,705	137,962
Retained earnings		36,499	11,861	5,956
Non-controlling interests		13,115	3,850	6,099
<b>Total equity</b>		<b>203,933</b>	153,416	150,017
<b>Non-current liabilities</b>				
Mortgage debt	4	108,924	133,376	119,561
Lease liability	5	145,510	133,106	127,754
Other non-current liabilities		2,247	2,355	2,769
<b>Total non-current liabilities</b>		<b>256,681</b>	268,837	250,084
<b>Current liabilities</b>				
Mortgage debt	4	14,268	10,368	22,176
Lease liability	5	10,590	8,841	11,986
Other current liabilities		53,736	16,169	30,216
<b>Total current liabilities</b>		<b>78,594</b>	35,378	64,378
<b>Total equity and liabilities</b>		<b>539,208</b>	457,631	464,479