

**COMPANY PRESENTATION | Q1 2023**

**MAY 2023**



**BELSHIPS**

# Our business – Dry Bulk Shipowning and Operating



**The newest  
Ultramax fleet**

**2019**  
average built



**Capital  
discipline**

**USD 10 900**  
cash break-even



**Limited  
residual risk**

**2030**  
Optionality



**Lighthouse  
Navigation**

**13 years**  
of annual profits

# Highlights – Q1 2023

## CONTRACT COVERAGE SECURES OUTPERFORMANCE AND DIVIDEND OUTLOOK

- Operating income of USD 112.8m
- EBITDA of USD 43.7m including USD 8.2m from Lighthouse Navigation
- Net result of USD 27.8m
- Declared dividend of NOK 0.70 per share
- TCE of USD 20 559 gross per day for owned fleet – 100 per cent outperformance of market
- Acquisition of 4x Ultramax newbuildings 2024-2026
- 98 per cent of ship days in Q2 2023 are fixed at USD 19 000 gross per day
- 72 per cent of ship days in the next four quarters are fixed at USD 18 600 gross per day
- Modern fleet of 35 vessels, including newbuildings, with cash breakeven for 2023 of about USD 10 900 per vessel per day

## Earnings summary

<b>Average TCE</b> USD 20 559/day	<b>EBITDA</b> USD 43.7m
<b>Net result</b> USD 27.8m	<b>Dividend</b> NOK 0.70 per share

## Financial position

<b>Assets</b>	<b>Equity and liabilities</b>
<b>Cash and cash equivalents</b> USD 127.7m	<b>Book value equity</b> USD 295.6m
<b>Book value ships</b> USD 771.3m	<b>Lease liabilities</b> USD 465.1m
<b>Net working capital</b> USD 6.7m	<b>Bank debt</b> USD 145.0m

# Lighthouse Navigation – Dry Bulk Operating

## Track record

Profitable every year since inception in 2009

## Risk Management

Skin in the game - leading employees invested

## Volume

About 65 vessels under operation\*

## Performance

Average EBITDA of USD 11.4m last twelve quarters

## How Lighthouse Creates Value

Operational efficiency

Parcelling & Liner services

Market knowledge

Customer relations



**Lighthouse Navigation**  
*Commercial Operator*

**Vessel Owners**



**Cargo Owners**



\*Excluding Belships Owned Vessels

# New Fleet – Unparalleled Optionality

35

Ships



SUPRAMAX | ULTRAMAX

2019

Average Built

## 24 x Japanese Leased vessels

- 75 % of debt
- All with fixed interest rates, zero covenants
- All leases with purchase options, no obligations
- Average maturity in 2030

## 10 x Bank financed vessels

- 25 % of debt
- No covenants restricting dividend distributions
- Maturity in 2027

## 1 x Unencumbered vessel

- BELSOUTH is debt free

# Acquisition of Resale Newbuildings – All fully financed

4x 64 000 DWT Ultramax Bulk Carriers      Delivery



Q4 2024

- Japanese-built 64 000 dwt Ultramax represents the highest quality and efficiency available today



Q4 2025

- Japanese lease financing with fixed costs
- 100% leverage – No cash invested
- 7 years duration with optional period upto 10 years



Q4 2025

- Average cash breakeven about USD 14 000/day
- Purchase options during the charter, all in USD
- No obligation to acquire any of the vessels



1H 2026

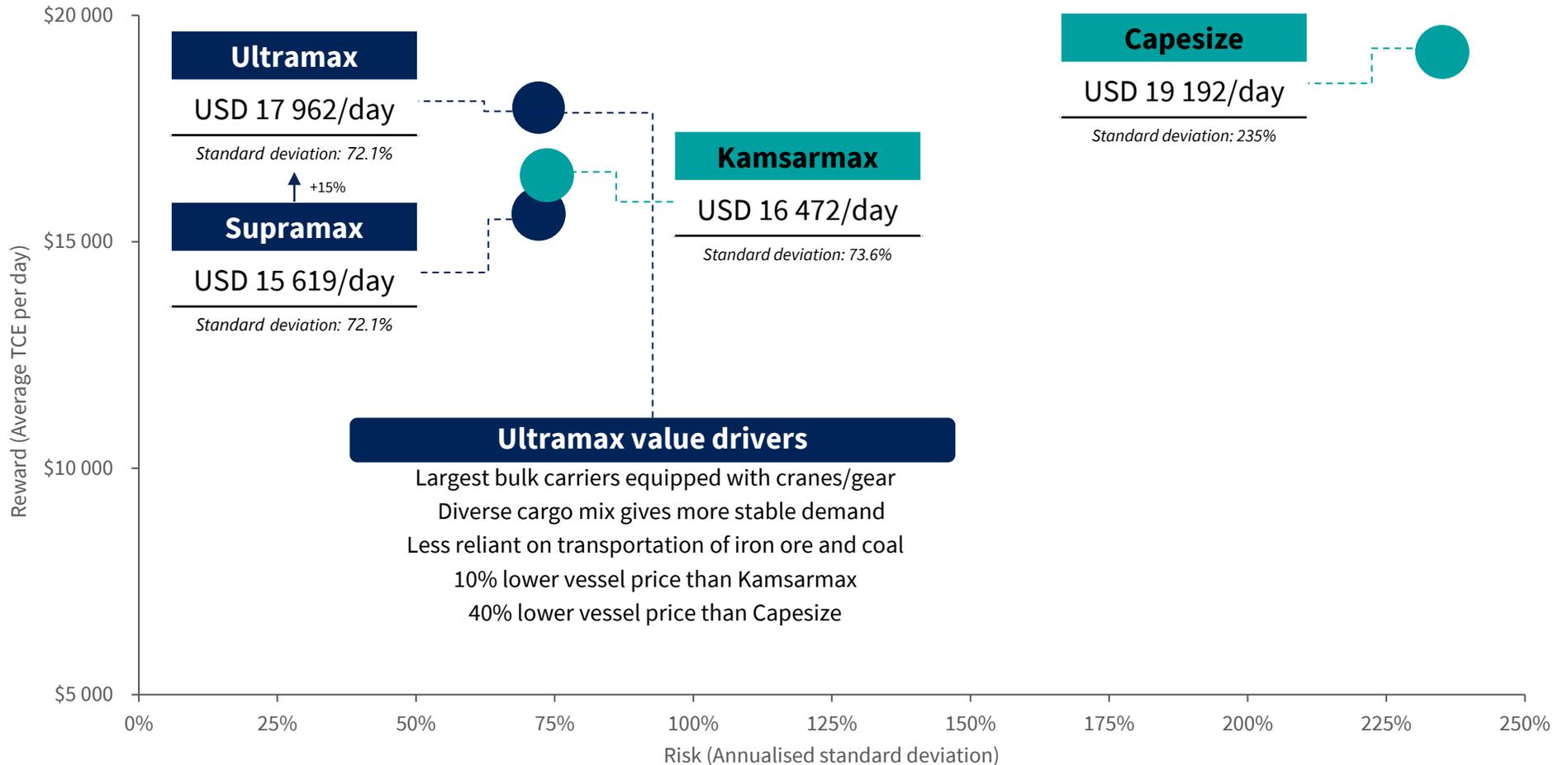
- A levered bet on a historically low order book

**Zero impact on cash and dividend capacity during construction period**

# Ultramax – Superior Risk/Reward



## Average earnings per day last 5 years



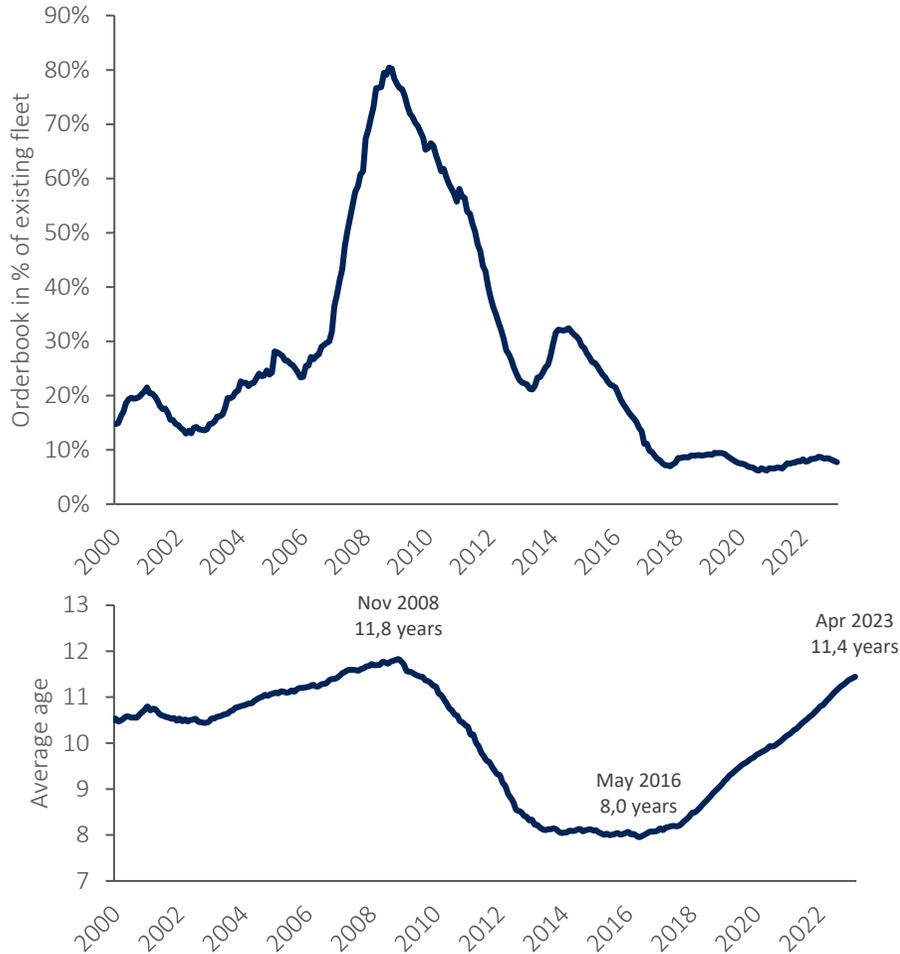
**Ultramax value drivers**

- Largest bulk carriers equipped with cranes/gear
- Diverse cargo mix gives more stable demand
- Less reliant on transportation of iron ore and coal
- 10% lower vessel price than Kamsarmax
- 40% lower vessel price than Capesize

Supramax: BS158  
 Kamsarmax: BP182  
 Capesize: BCI 5TC  
 Source: Baltic Exchange

# Compelling Supply Side – Historically Low Orderbook

## Lowest fleet growth in decades – Ageing fleet



**ORDERBOOK/SUPPLY** - The order book for Supra/Ultramax bulk carriers is about 7 per cent. In relative terms, we are heading towards the lowest rate of supply growth in 30 years. Reduced amount of newbuildings coupled with very little scrapping/recycling has led to a consistently ageing fleet (see graph left below).

**NUMBERS FOR THOUGHT:** Currently there are about 4 000 ships on the water in the 45 – 65 000 dwt bracket. Only 1/3 of these are Ultramax vessels. The rest – are smaller, older and/or non-economical.

100x vessels are scheduled to be delivered in 2023. We assume the same level of newbuilding deliveries in 2024 and 2025. Even if newbuilding supply doubled it would take a decade to modernise the existing fleet – let alone be sufficient to scale the adaptation of new fuels like ammonia/methanol.

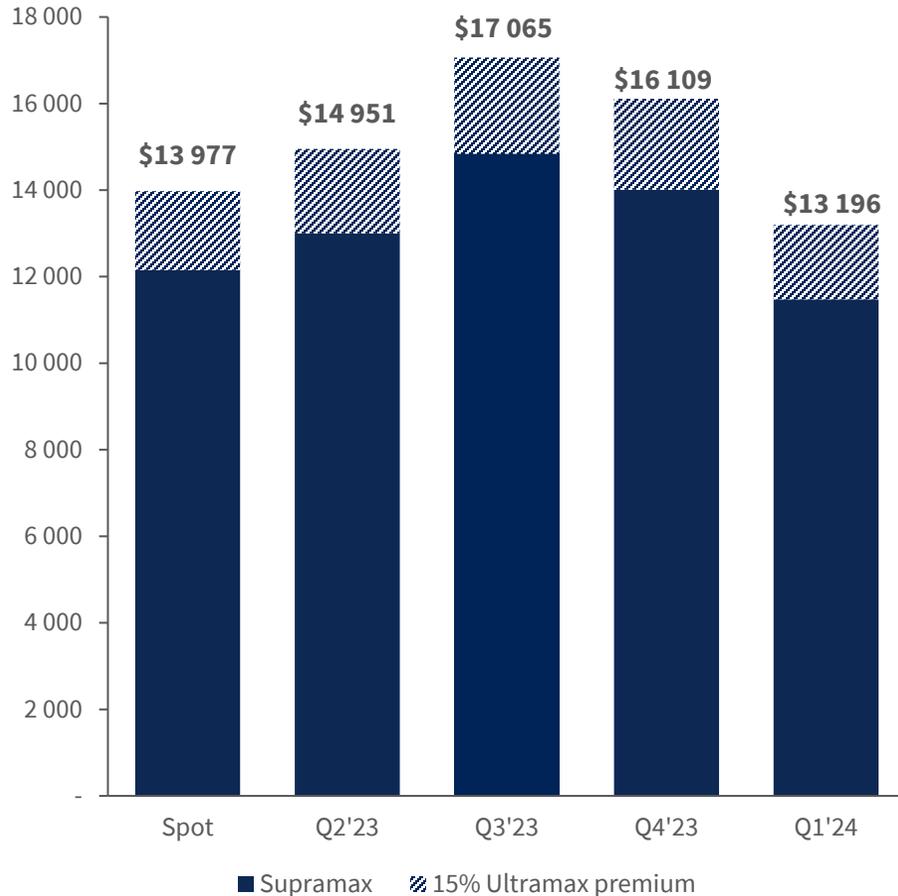
**REGULATIONS:** The new regulations (EEXI) in 2023 and Carbon Intensity Index (CII) from 2024 are clear signs of a new emission landscape emerging. Many old/non-economical ships may have to reduce max speed in order to achieve compliance. We believe it will be a competitive advantage to operate the most modern fleet possible over the next 5-10 years.

**NEWBUILDING PRICES:** Ordering activity for bulk carriers remains low, cost inflation and high demand from other shipping segments has reduced the available shipbuilding capacity for bulk carriers for the next 3 years. A Japanese Ultramax newbuilding would today cost in the region of USD 37m with delivery in Q2 2026.

**SECONDHAND VESSEL VALUES:** Secondhand values decreased about 20 per cent during 2H 2022. Values for new/modern vessels held up better than old ships. Sentiment has picked up and values for modern ships are up 15% since the bottom in December.

# Early signs of life, expectations are high

## Current freight market - Spot and FFA



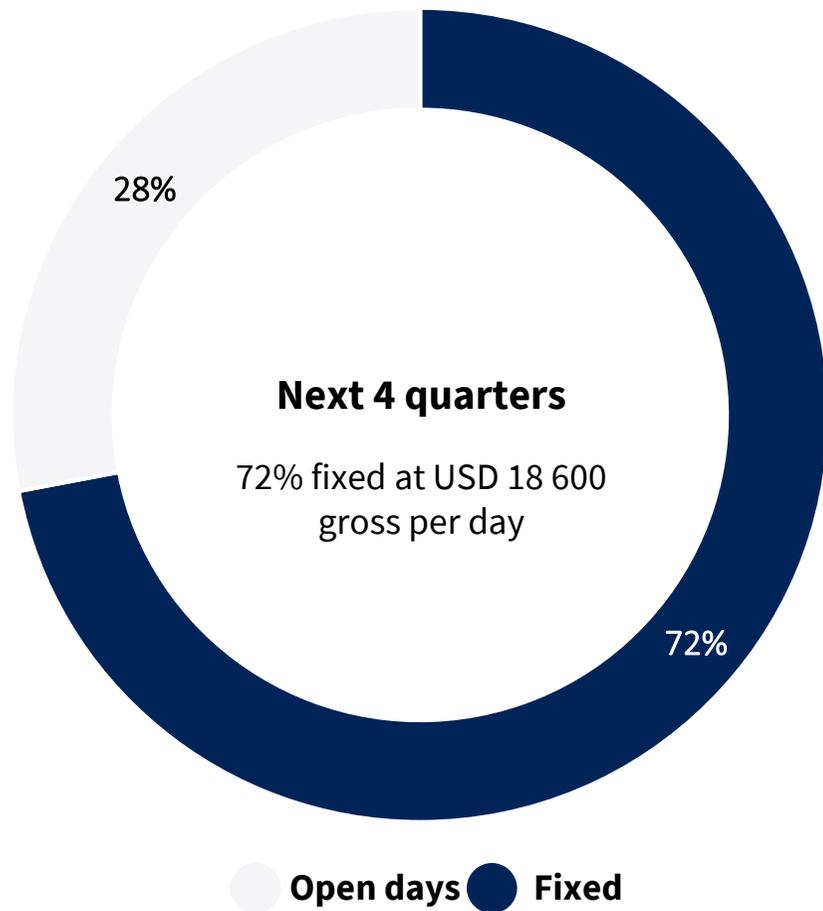
**RATES** – The Baltic Supramax Index (BSI-58) averaged 10 200 per day – down from 14 800 in Q4 and 19 700 in Q3. The Baltic Exchange Supramax spot index is currently about USD 12 500 and has improved YTD. Freight Forward Agreements (FFA) currently indicate a market average of about USD 16 000 for an Ultramax for the remaining part of the year.

**DEMAND** – According to Fearnleys, Q1 2023 shipment volumes were 260 million tonnes, compared to 256 million tonnes shipped in Q4 2022. The highest growth was seen in the iron ore trades increasing 80%, grains by 9%, whilst minor bulks fell 9% from Q4. Overall flattish development into Q2 as steell margins tighten and commodity prices have receded from very high levels.

Port congestion normalised to pre-COVID levels. Congestion may again increase this year, however we believe that it could be offset by an increase in the average sailing speed of the vessels.

**FOOD, ENERGY AND INFRASTRUCTURE** – Seaborne iron ore is predominantly driven by Chinese demand for steel production, whereas minor bulks tend to correlate closer with wider GDP growth. Rising inflation and recession fears has lowered GDP growth estimates, though indicators are mostly positive for 2023. China reopening and pent-up demand effects from last year, coupled with economic stimulus is expected to support dry bulk demand in the medium term.

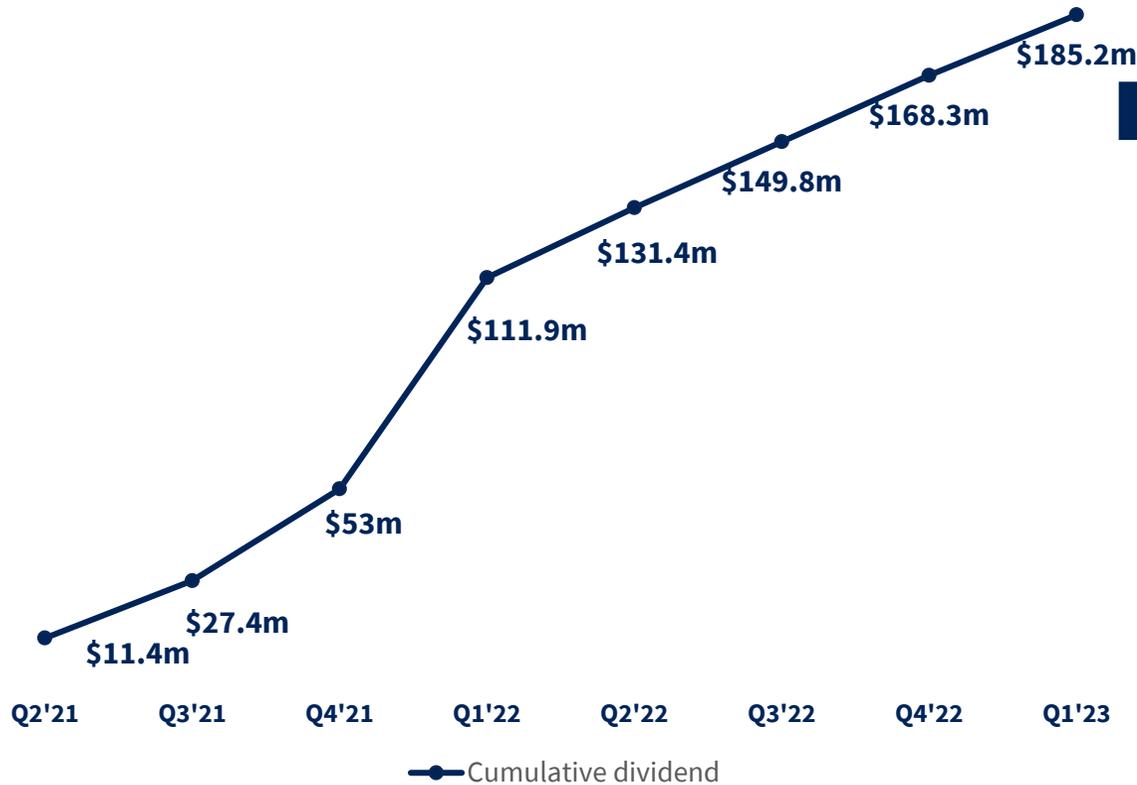
# Significant de-risk: Highly Profitable Contract Coverage



Period	Contract coverage	TCE (USD/day)
Q2 2023	98 %	19 000
Q3 2023	81 %	18 600
Q4 2023	69 %	18 400
Q1 2024	43 %	18 100
Q2 2024	15 %	17 700
Q3 2024	13 %	17 300

**2023 Belships cash break-even USD 10 900 per vessel per day**

# Payouts 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
Q3 2022	0.75
Q4 2022	0.75
Q1 2023	0.70
<b>Total</b>	<b>7.05 NOK</b>

**Creating value and returning it to shareholders**

# A Safe Harbour in High Seas

## Modern Ultramax Fleet

35x vessels with an average age of 4 years

## Fully Financed

Fixed interest rates on 75% of debt

## Market Dynamics

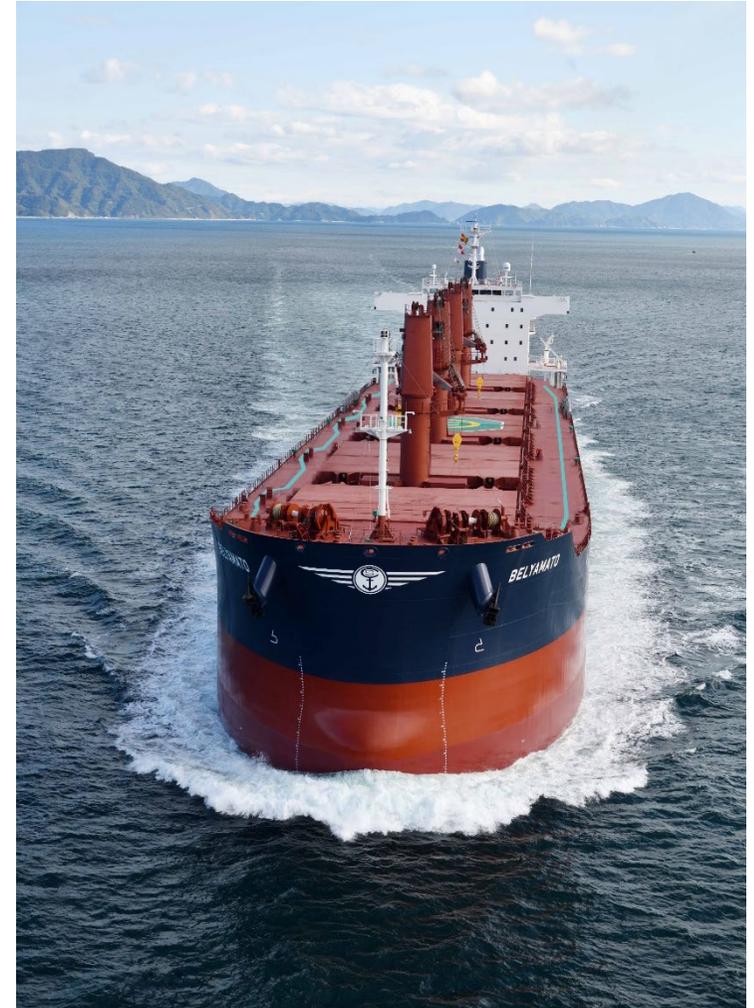
Short term headwinds vs lowest orderbook in 30 years

## Solid Contract Coverage

Dividend capacity secured for 2023

## Value

Discount to NAV and outsized dividend yield



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# Consolidated Statement of Income and Financial Position



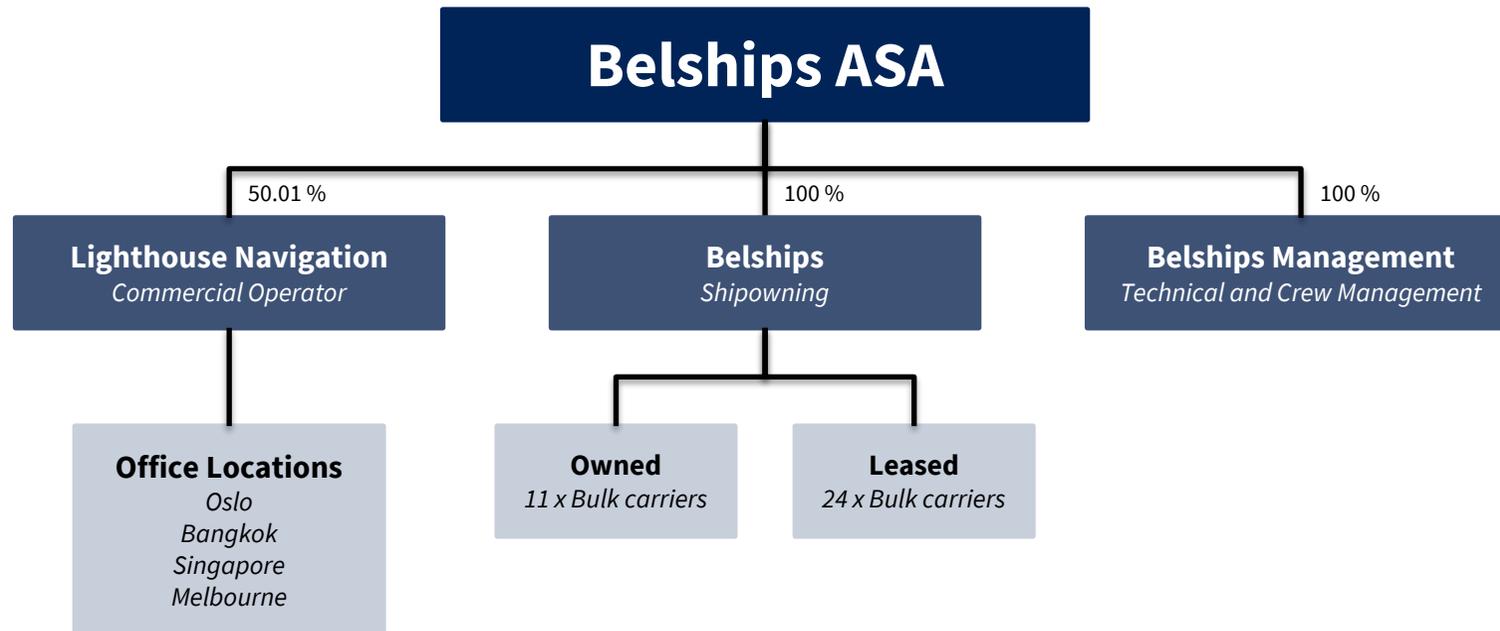
## Consolidated statement of income

USD 1 000		Q1 2023	Q1 2022	2022
Gross freight revenue	Note	147 864	258 287	926 494
Voyage expenses		-36 768	-30 802	-204 769
<b>Net freight revenue</b>	2	<b>111 096</b>	<b>227 485</b>	<b>721 725</b>
Management fees		1 801	2 003	8 996
<b>Operating income</b>	2	<b>112 897</b>	<b>229 488</b>	<b>730 721</b>
Share of result from j/v and assoc. comp.		3 460	12 366	31 065
T/C hire expenses		-51 731	-156 818	-450 524
Ship operating expenses		-14 335	-13 362	-55 571
Operating expenses management companies		-5 278	-8 564	-26 663
General and administrative expenses		-1 340	-2 601	-7 068
<b>Operating expenses</b>		<b>-69 224</b>	<b>-168 979</b>	<b>-508 761</b>
<b>EBITDA</b>		<b>43 673</b>	<b>60 509</b>	<b>221 960</b>
Depreciation and amortisation	3	-11 286	-8 236	-39 031
Gain on sale of ships	3	0	12 308	22 274
Other gains/(-losses)		1 830	3 494	1 342
<b>Operating result (EBIT)</b>		<b>34 217</b>	<b>68 075</b>	<b>206 545</b>
Interest income		413	4	962
Interest expenses		-8 472	-5 079	-26 106
Other financial items		-556	-1 628	-1 895
Currency gains/(-losses)		2 254	-641	-2 362
<b>Net financial items</b>		<b>-6 361</b>	<b>-7 344</b>	<b>-29 401</b>
<b>Result before taxes</b>		<b>27 856</b>	<b>60 731</b>	<b>177 144</b>
Taxes		-88	-1 197	-2 084
<b>Net result</b>		<b>27 768</b>	<b>59 534</b>	<b>175 060</b>
Hereof majority interests		23 190	46 738	146 886
Hereof non-controlling interests		4 578	12 796	28 174
Earnings per share		0.11	0.24	0.69
Diluted earnings per share		0.11	0.23	0.69

## Consolidated statement of financial position

USD 1 000		31 Mar 2023	31 Mar 2022	31 Dec 2022
<b>NON-CURRENT ASSETS</b>	Note			
Ships	3	<b>771 282</b>	574 108	747 042
Prepayment of ships		<b>0</b>	10 050	6 900
Property, Plant, and Equipment		<b>3 930</b>	4 090	3 702
Investments in j/v and assoc. companies		<b>14 936</b>	26 829	29 483
Other non-current assets		<b>1 080</b>	230	1 076
<b>Total non-current assets</b>		<b>791 228</b>	615 307	788 203
<b>CURRENT ASSETS</b>				
Bunker inventory		<b>15 862</b>	27 155	14 675
Current receivables		<b>59 991</b>	71 333	57 544
Cash and cash equivalents		<b>127 691</b>	161 162	139 871
<b>Total current assets</b>		<b>203 544</b>	259 650	212 090
<b>Total assets</b>		<b>994 772</b>	874 957	1 000 293
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Paid-in capital		<b>158 359</b>	157 435	158 359
Retained earnings		<b>103 046</b>	97 383	98 864
Non-controlling interests		<b>34 192</b>	40 275	40 112
<b>Total equity</b>		<b>295 597</b>	295 093	297 335
<b>NON-CURRENT LIABILITIES</b>				
Long-term interest bearing debt	4	<b>580 047</b>	437 127	555 202
Other non-current liabilities		<b>1 780</b>	1 733	1 729
<b>Total non-current liabilities</b>		<b>581 827</b>	438 860	556 931
<b>CURRENT LIABILITIES</b>				
Current portion of interest bearing debt	4	<b>30 022</b>	24 640	50 053
Other current liabilities		<b>87 326</b>	116 364	95 974
<b>Total current liabilities</b>		<b>117 348</b>	141 004	146 027
<b>Total equity and liabilities</b>		<b>994 772</b>	874 957	1 000 293

# Appendix: Belships ASA – Group Structure



# Appendix: Uniform and Modern Fleet of 35 Bulk Carriers



Vessel	Built	DWT	Yard
NEWBUILD TBN	2026	64 000	Japan
NEWBUILD TBN	2025	64 000	Japan
NEWBUILD TBN	2025	64 000	Japan
NEWBUILD TBN	2024	64 000	Japan
BELMONDO	2023	64 000	Imabari
BELYAMATO	2022	64 000	Imabari
BELTOKYO	2021	64 000	Imabari
BELFORCE	2021	61 000	Dacks
BELKNIGHT	2021	61 000	Dacks
BELTRADER	2021	61 000	Dacks
BELGUARDIAN	2021	61 000	Dacks
BELMAR	2021	64 000	Imabari
BELFAST	2021	64 000	Imabari
BELAJA	2020	61 000	Shin Kurushima
BELMOIRA	2020	61 000	Shin Kurushima
BELFUJI	2020	63 000	Imabari
BELNIKE	2020	63 000	Imabari
BELTANGO	2020	64 000	Mitsui

Vessel	Built	DWT	Yard
BELFORTE	2019	64 000	Mitsui
BELRAY	2019	61 000	Shin Kurushima
BELNIPPON	2018	63 000	Imabari
BELAFONTE	2017	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
BELVEDERE	2015	66 000	Mitsui
BELFOREST	2015	61 000	Imabari
BELHAWK	2015	61 000	Imabari
BELSOUTH	2015	63 000	Hantong