



BELSHIPS

Belships ASA

April 2018



Highlights

1

Experienced owner and operator of high quality ships on medium to long-term charters to highly reputable customers

2

USD 45m fixed multi-year charter backlog providing predictable revenues

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Founded in 1918 and listed on the Oslo stock exchange since 1937 – one of the longest listed companies in Oslo



3

Continued focus on fleet expansion of modern dry bulk tonnage

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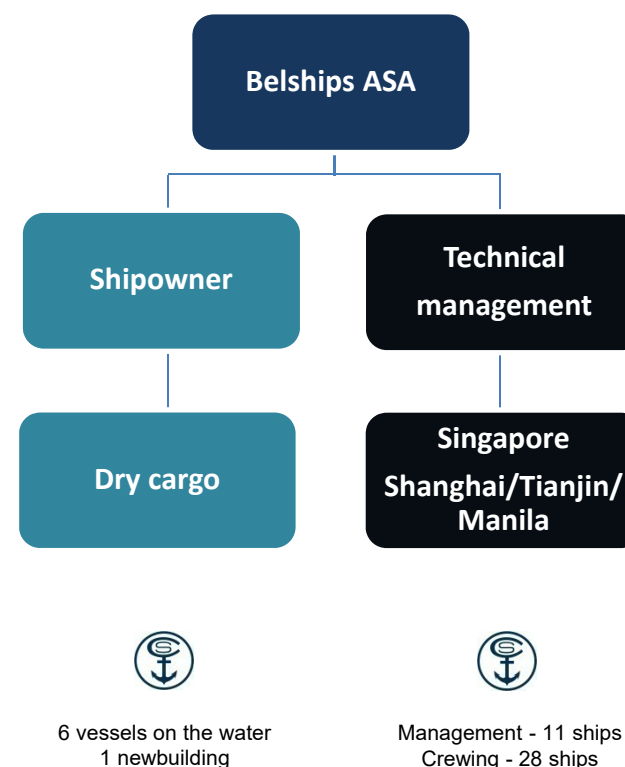
Widely anticipated improving dry bulk market balance represents attractive window of opportunity for earnings- and asset value recovery

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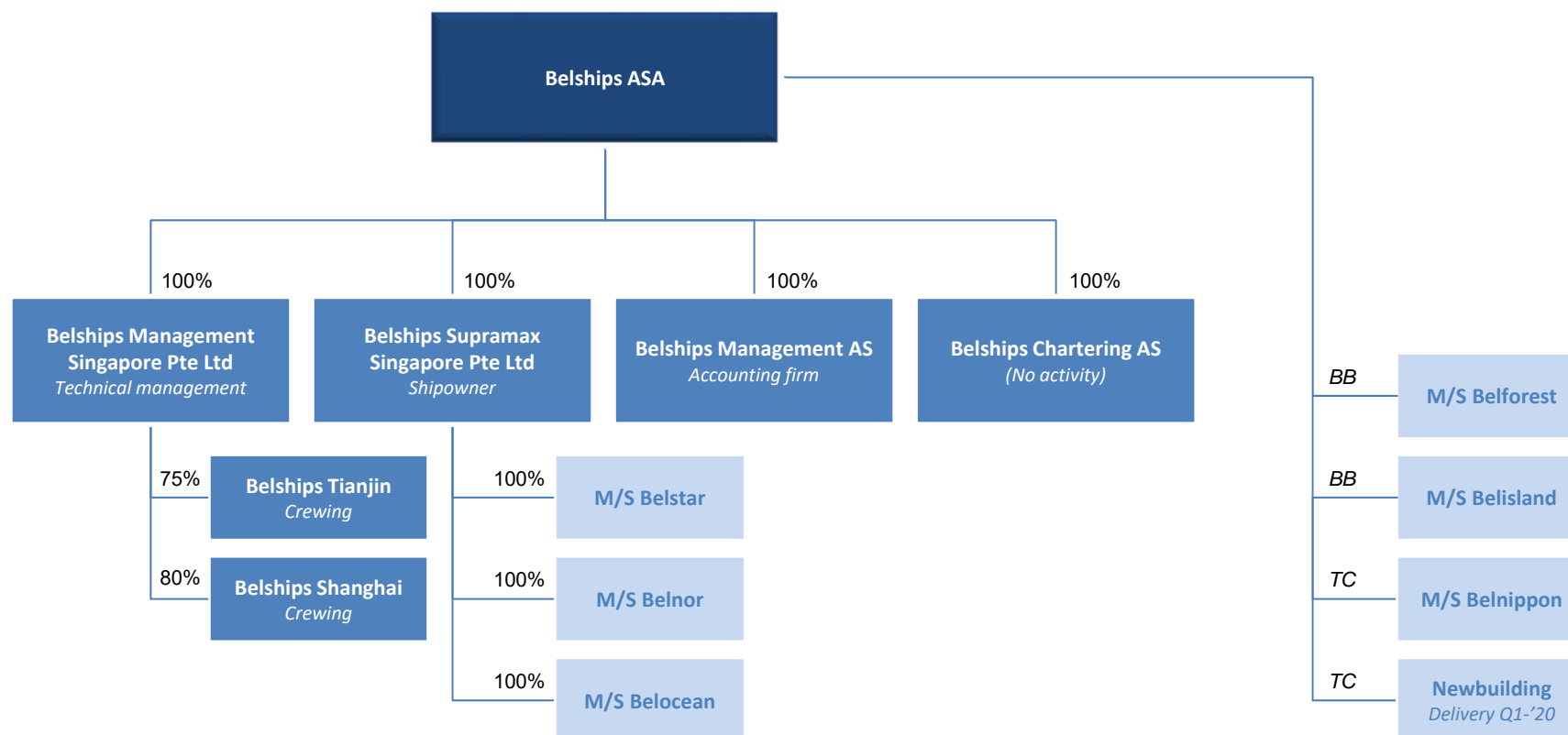
Management team with proven operational and growth track record

Business strategy and core activities

- Tonnage provider to highly reputable and good credit risk customers
- Pursue growth in portfolio size and customer base
- Seek medium to long term charter arrangements maintaining a duration spread
- Pure play on the dry bulk market
- Preference for fuel efficient newbuildings
- Cost efficiency in operation and administration
- Transparency, impeccable corporate governance and shareholder friendly information philosophy
- Targeting an efficiently priced equity with an attractive dividend – flexibility to buying back own shares if undervalued



Legal structure



Modern fleet with average age 4.5 years

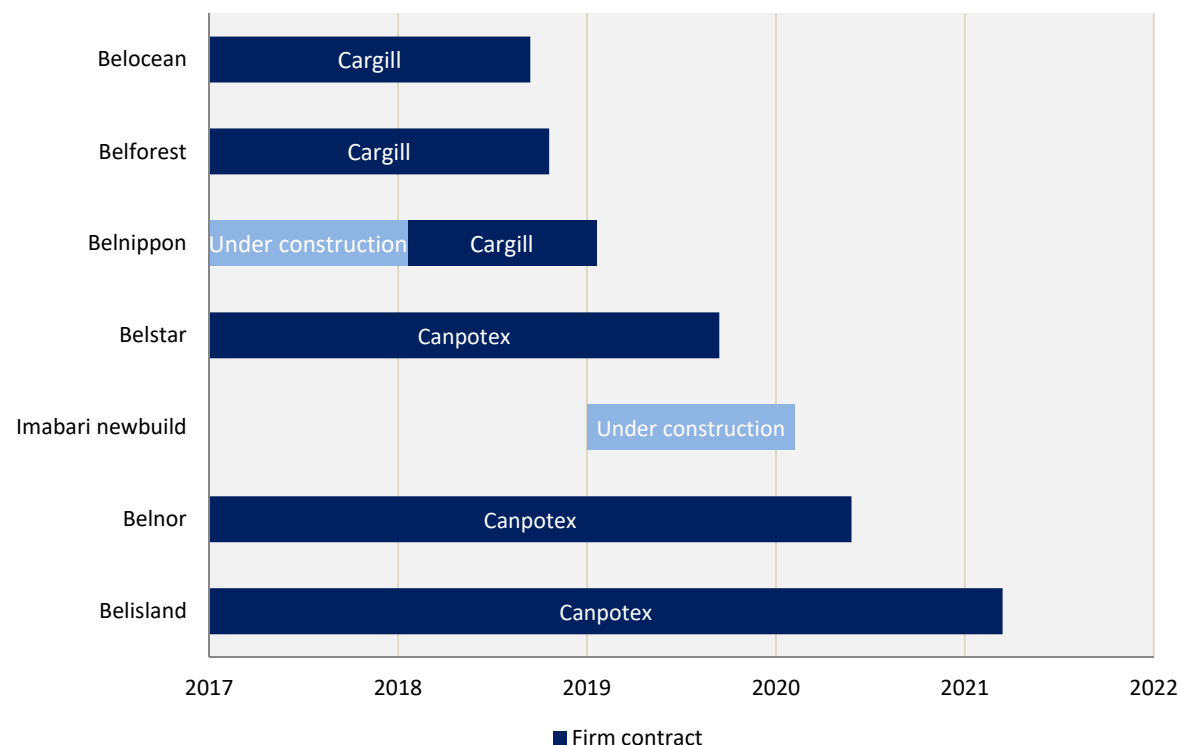
Vessel name	Dwt	Built/yard	Type	Customer
Belstar	58,000	2009/Dayang	Supramax bulk	Canpotex
Belnor	58,000	2010/Dayang	Supramax bulk	Canpotex
Belocean	58,000	2011/Dayang	Supramax bulk	Cargill
Belforest i)	61,250	2015/Imabari	Ultramax bulk	Cargill
Belisland ii)	61,250	2016/Imabari	Ultramax bulk	Canpotex
Belnippon iii)	63,600	2018/Imabari	Ultramax bulk	Cargill
Imabari n/b iv)	63,600	2020/Imabari	Ultramax bulk	Open



- i) Bareboat charter lease period of 12 years from 09/15 with USD purchase options after the third year.
- ii) Bareboat charter lease period of 15 years from 03/16 with USD purchase options after the fifth year.
- iii) Time charter period of 8+1+1+1 years from 01/18 with purchase options after the fourth year.
- iv) Time charter period of 8+1+1 years from 02/20 with purchase options after the fourth year.

USD 45m fixed charter backlog with solid counterparties

Charter backlog



Solid counterparties



Canpotex

Share of revenue: **61%**

- One of the world's largest potash exporters, selling over 10 million tonnes of potash every year, representing about one-third of global capacity
- Canpotex is a joint venture that is wholly owned by the two Saskatchewan potash producers, Mosaic and Nutrien



Share of revenue: **39%**

- Largest private US company in terms of revenue, with USD 109.7bn in revenues in 2017 and ~150,000 employees worldwide
- Major business areas within agricultural services, crop and livestock, food, health and pharmaceuticals, and industrial and financial risk management



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Daily Summary of Baltic Exchange dry indices and time charter averages

Date: 23 April 2018

Daily Summary of the Baltic Exchange Time Charter Routes

Route	Description	Size (MT)	Value (\$)	Change
BCI timecharter average	Weighted average of the 5 T/C routes	180000	16437	+671 ▲
BPI 82 timecharter average	Weighted average of the 5 T/C routes	82500	11895	-68 ▼
BPI timecharter average	Weighted average of the 4 T/C routes	74000	10286	-61 ▼
BSI timecharter average	Weighted average of the 10 T/C routes	58328	11346	+7 ▲
BSI 52 timecharter average	Derived value	52454	10995	+44 ▲
BHSI 38 timecharter average	Weighted average of the 7 T/C routes	38200	10714	-47 ▼
BHSI timecharter average	Weighted average of the 6 T/C routes	28000	9100	-21 ▼



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Baltic Exchange Sale & Purchase Assessments

Date: 23rd April 2018

Vessel Type	Description	Size (MT)	Price in \$ m	Change
VLCC	5 years old	305 000	61,441	0,000
AFRAMAX	5 years old	105 000	29,823	-0,028
PR_PROD_TKR	5 years old	51 000	25,655	0,350
CAPE SIZE	5 years old	180 000	33,748	0,021
PNMX_(DRY)	5 years old	74 000	21,635	0,069
SUPER_HANDY	5 years old	56 000	18,084	0,065



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Alternative Scenarios

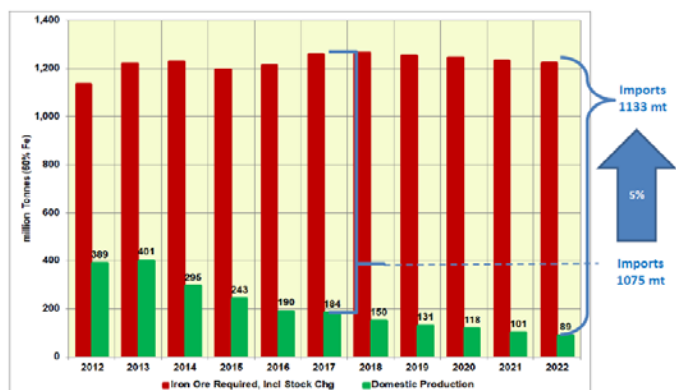


- Base Case (50-60%)
 - Chinese Demand Grows Modestly
 - Developing Asia Picks Up Some of the Slack
 - Fleet Growth Slows Thru 2019, Then Accelerates
- Low Case (20-25%)
 - Global Economic Slowdown Starts In 18H2
- High Case (20-25%)
 - China & India See Further Gains In Coal Imports
 - Port Delays Stay High
- Wild Card
 - US Steel Tariffs

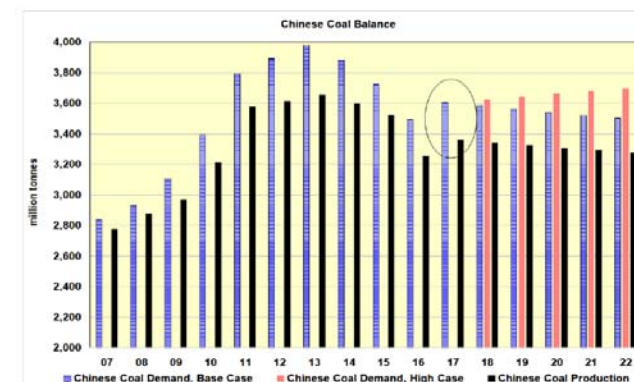


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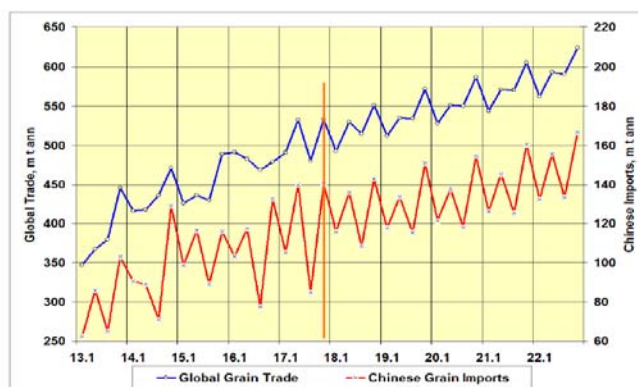
Chinese Iron Ore Imports Rise Due To Lower Domestic Production



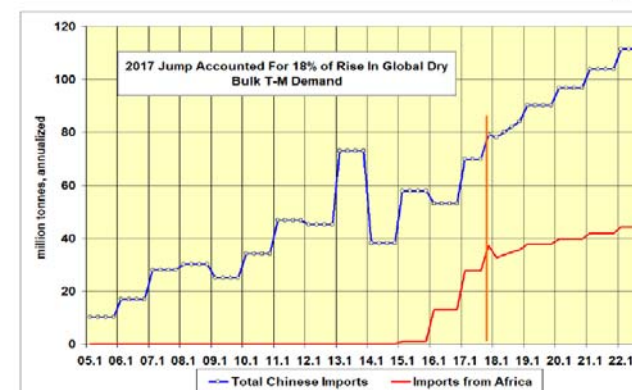
Chinese Coal Balance



Grain Trade



Chinese Bauxite/Alumina Imports





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Impact of New Low Sulphur Regs



- ~10% of Fleet Expected To Have Scrubbers By 2020
 - Mostly From New Deliveries
- Rest of Fleet Expected To Use MGO
 - \$200-250/tonne Premium Expected
- Should Result In Slower Fleet Speed In 2020/21
 - Despite Relatively Firm Rates



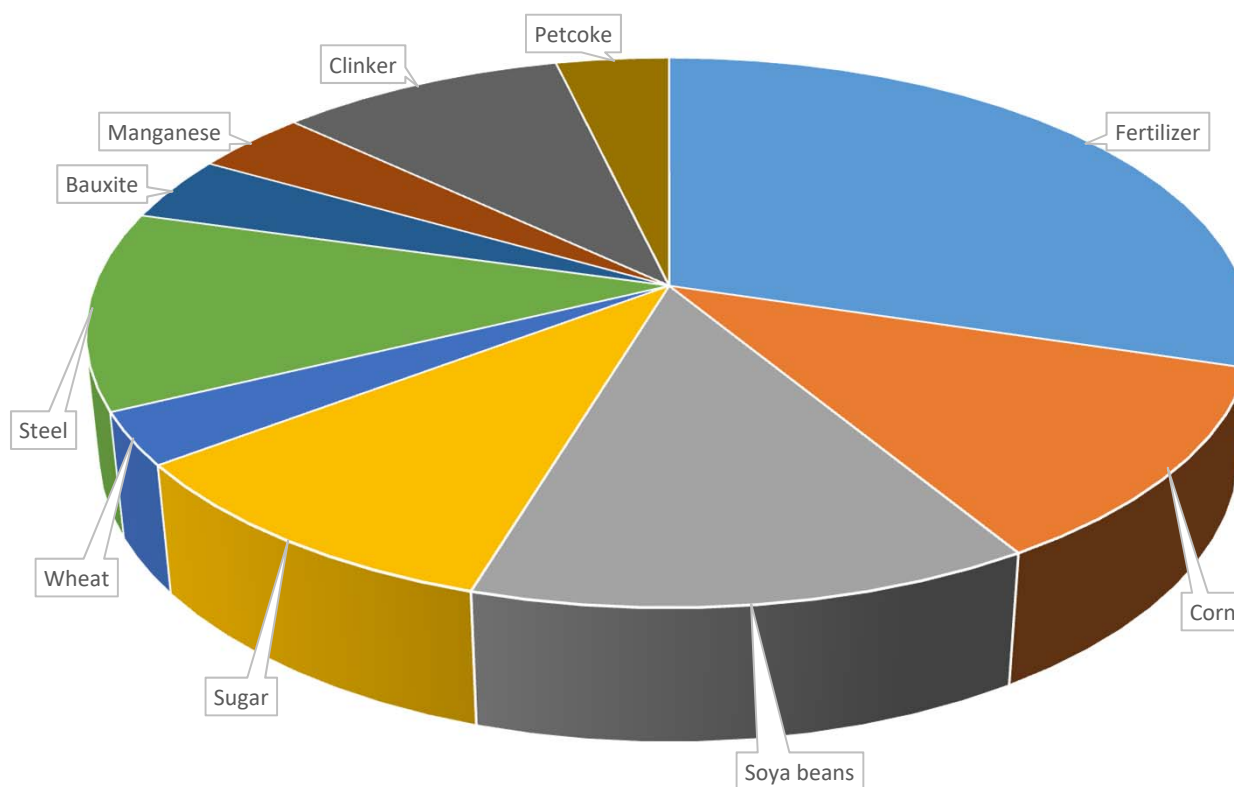
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Ultramax Spot Rates

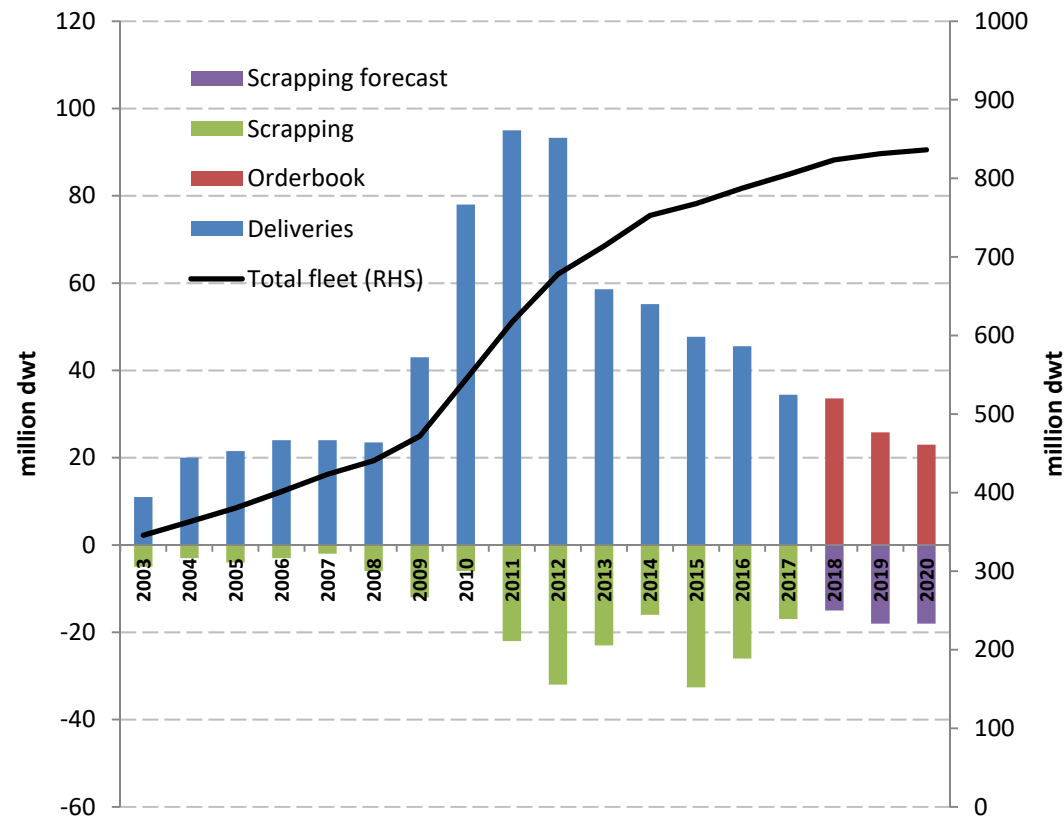
Marsoft



Cargo composition for Belships' fleet



Low fleet growth next three years is unprecedented and should boost rates



Estimated net fleet growth	
2018	2.3%
2019	0.9%
2020	0.6%

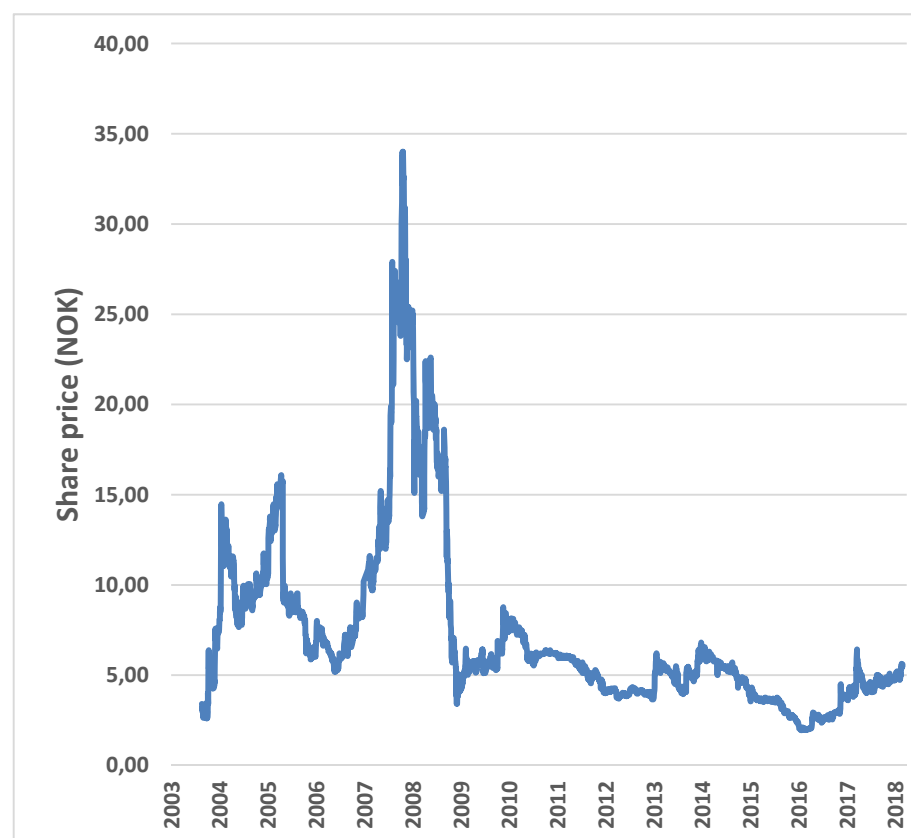


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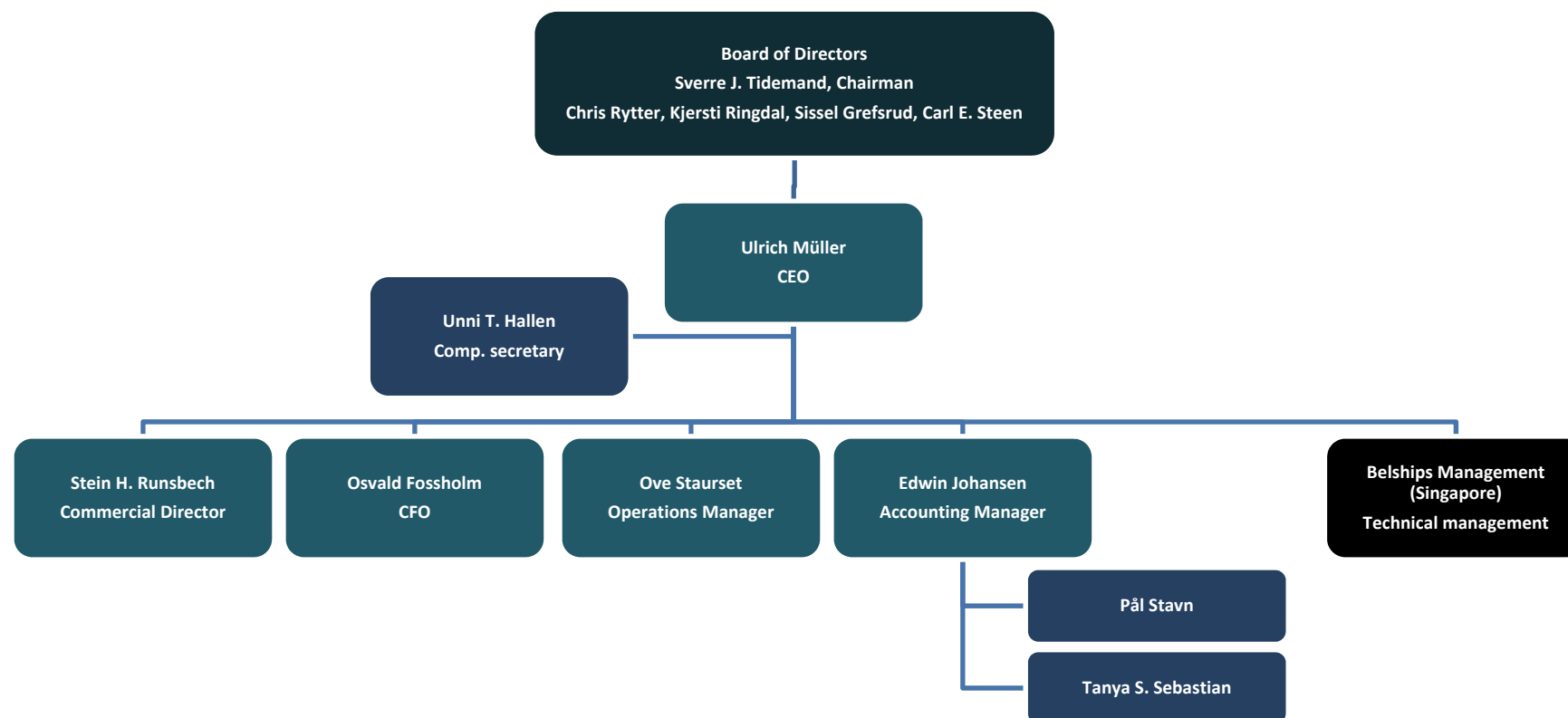
Ownership and share price performance

Shareholder overview

Shareholder	# shares	%
Sonata AS (Sverre J. Tidemand)	31 747 492	67.0%
Tidships AS (Otto G. Tidemand)	5 007 583	10.6%
Eitzen Rederi AS	806 134	1.7%
Belships ASA	498 000	1.1%
AR Fonds AS	416 183	0.9%
Nagatsuka Toru	330 000	0.7%
Chrem Capital AS	320 000	0.7%
Tidinvest II AS	315 414	0.7%
Jenssen & Co. AS	302 816	0.6%
Citibank (nominee account)	273 547	0.6%
Carl Erik Steen	269 154	0.6%
Jovoko AS	250 000	0.5%
Liv Sjøland	240 000	0.5%
JSL AS	231 191	0.5%
ASL Holding AS	225 000	0.5%
AR Vekst AS	212 055	0.4%
Bernhard Kielland	200 000	0.4%
HKG Holding AS	168 117	0.4%
Kjell Egil Larsen	160 000	0.4%
Jomaho AS	160 000	0.4%
Other Shareholders	5 219 314	11.0%
Total outstanding shares	47 352 000	100.0%



Organization



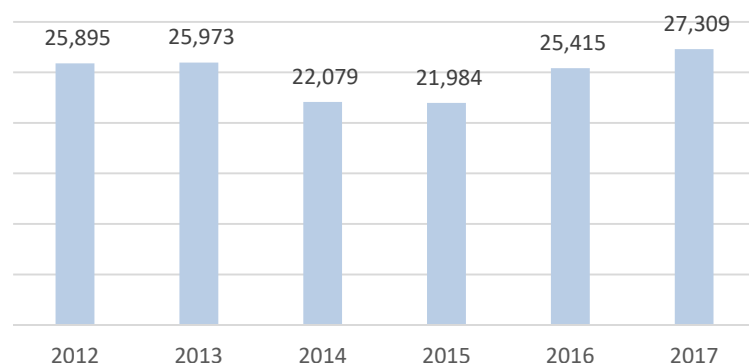


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Historical financials

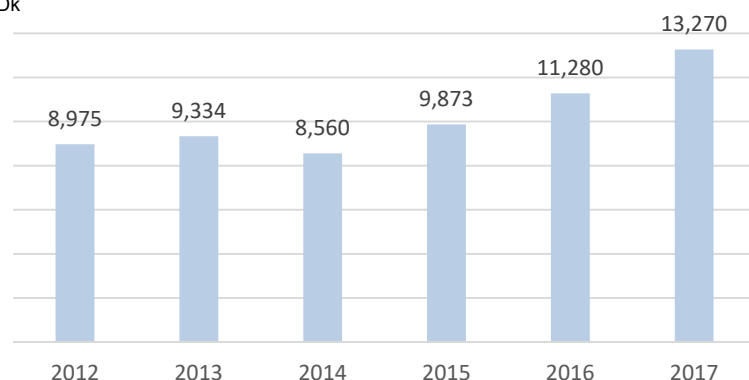
Operating revenue

USDk



EBITDA

USDk



Financial statement

USDk	2015	2016	2017
Freight revenue	17,570	21,338	22,646
Management fees	4,414	4,077	4,663
Operating income	21,984	25,415	27,309
Ship operating expenses	-5,717	-8,197	-8,175
Operating expenses ship management	-3,694	-3,405	-3,371
General and administrative expenses	-2,700	-2,533	-2,493
EBITDA	9,873	11,280	13,270
<i>Margin</i>	45%	44%	49%
Depreciation and amortisation	-4,686	-4,901	-4,597
Reversal / impairment of ships	-31,847	-13,823	2,544
Loss on sale of ship	0	-1,463	397
EBIT	-26,660	-8,907	11,614
<i>Margin</i>	Nm	Nm	43%
Interest income	29	13	26
Interest expense	-2,185	-4,833	-4,735
Other financial items	-674	-761	-361
Currency gains / (losses)	-483	69	114
Result before taxes	-29,973	-14,419	6,658
Taxes	-177	-174	-294
Net result	-30,150	-14,593	6,364
<i>Margin</i>	-137%	-57%	23%
Total assets	103,248	105,612	102,129
Net debt	59,151	76,339	67,345
Equity	34,831	20,144	26,382



Year 2017

<i>Amounts in USDm</i>	2017	2016
Operating income	27.3	25.4
EBITDA	13.3	11.3
Reversal/Impairment of ships	2.5	-13.8
Operating result	11.6	-8.9
Net result before tax	6.7	-14.4

Year 2017

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

USD 1 000	2017	2016
Freight revenue	22 646	21 338
Management fees	4 663	4 077
Operating income	27 309	25 415
Ship operating expenses	-8 175	-8 197
Operating expenses ship management	-3 371	-3 405
General and administrative expenses	-2 493	-2 533
Operating expenses	-14 039	-14 135
Operating result (EBITDA)	13 270	11 280
Depreciation and amortisation	-4 597	-4 901
Net impairment of ships	2 544	-13 823
Loss on sale of ship/effect on onerous contracts	397	-1 463
Operating result (EBIT)	11 614	-8 907
Interest income	26	13
Interest expenses	-4 735	-4 833
Other financial items	-361	-761
Currency gains/(-losses)	114	69
Net financial items	-4 956	-5 512
Result before taxes	6 658	-14 419
Taxes	-294	-174
Net result	6 364	-14 593
Hereof non-controlling interests	60	53
Hereof majority interests	6 304	-14 646
Other comprehensive income		
Actuarial gain/(loss) on defined benefit plans	-6	-39
Total comprehensive income	6 358	-14 632
Hereof non-controlling interests	60	53
Hereof majority interests	6 298	-14 685
Earnings per share (US cent)	13.60	-31.18
Diluted earnings per share (US cent)	13.48	-31.18

Year 2017

CONSOLIDATED BALANCE SHEET

USD 1 000	31 Dec 2017	31 Dec 2016
ASSETS		
Fixed assets		
Ships	91 242	93 009
Prepaid timecharter hire	405	1 500
Other fixed assets	2 080	1 974
Total fixed assets	93 727	96 483
Current assets		
Short-term receivables	1 848	1 211
Prepaid timecharter hire	1 095	0
Cash and cash equivalents	5 459	7 918
Total current assets	8 402	9 129
Total assets	102 129	105 612
EQUITY AND LIABILITIES		
Equity		
Paid-in capital	43 620	43 620
Retained earnings	-17 589	-23 887
Non-controlling interests	351	411
Total equity	26 382	20 144
Long-term liabilities		
Mortgage debt	22 999	30 883
Bareboat commitment	40 816	42 811
Financial instruments	8	323
Pension obligations	530	648
Other long-term liabilities	1 458	1 407
Total long-term liabilities	65 811	76 072
Short-term liabilities		
Mortgage debt	5 000	5 000
Bareboat commitment	1 940	1 778
Other short-term liabilities	2 996	2 618
Total short-term liabilities	9 936	9 396
Total equity and liabilities	102 129	105 612

