



BELSHIPS

COMPANY PRESENTATION

Q4 2019

FEBRUARY 2020



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Investment highlights

Founded 1918
and stock listed
since 1937



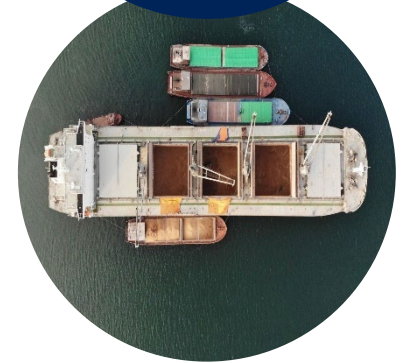
Fully integrated
ship owning
and operating
company



Ability to deliver
accretive
growth



Shareholder
friendly strategy
and corporate
governance



Agenda

Highlights – Q4 2019

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Company introduction

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Highlights – Q4 2019

Continued spot performance and growth

- Operating income of USD 40.4 million (Q4 2018: USD 29.2m)
- EBITDA of USD 7.4m (USD 5.9m)
- Net result of USD 2.1m (USD 1.2m, excl. purchase bargain gain)
- Net TCE earnings per ship of USD 11 992 per day versus BSI index of USD 10 226 net per day
- 70% of total ship days in Q1 2020 have been booked at USD 9 625 net per day
- Average cash breakeven per vessel about USD 9 500 per day for next 12 months
- Ship-for-shares acquisition of 2017-built 63 000 dwt Ultramax for delivery in Q2 2020
- Bareboat agreement with purchase options for 64 000 dwt Ultramax for delivery 2H 2020
- BELEAST delivered to its charterer in December for the agreed bareboat and subsequent sale
- Agreement for bareboat charter and subsequent sale of PACIFIC LIGHT
- Modern fleet with an average age of 5 years including newbuildings
- Initiated carbon footprint fleet study

Key figures

Q4 2019	FY 2019
Average TCE	Average TCE
USD 11 992/day	USD 11 201/day
<i>BSI index USD 10 266/day net</i>	<i>BSI index USD 9 451/day net</i>
EBITDA	EBITDA
USD 7.4m	USD 32.2m
Net result	Net result
USD 2.1m	USD 5.1m

Integrated owner and operator of geared dry bulk vessels

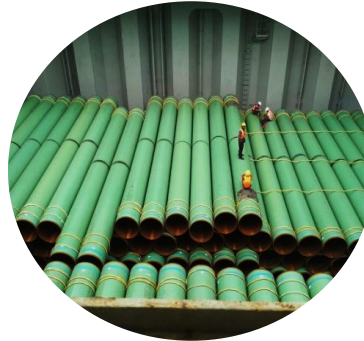
**Three profitable business segments
enhancing knowhow and earnings**

Shipowning



- ⚓ 24x Supra/Ultramax bulk carriers
- ⚓ Head office with industry low G&A

Commercial operations



- ⚓ Chartering performed by our subsidiary Lighthouse Navigation (50.01%)
- ⚓ Lighthouse engages in cargo trading, liner services and agency

Technical & Crewing



- ⚓ Complete technical management
- ⚓ In-house crewing platform

Creating the best in-class listed dry bulk company

Fully integrated
owner / operator

Lean & effective
organization

Strong sponsors

Proprietary deal flow
and financing

Corporate governance

Ambitious targets

1

The most attractive
midsize fleet



2

Cost and earnings
leadership



3

Double the fleet
from the merger

In progress

4

Attractive share
liquidity and trading

In progress

5

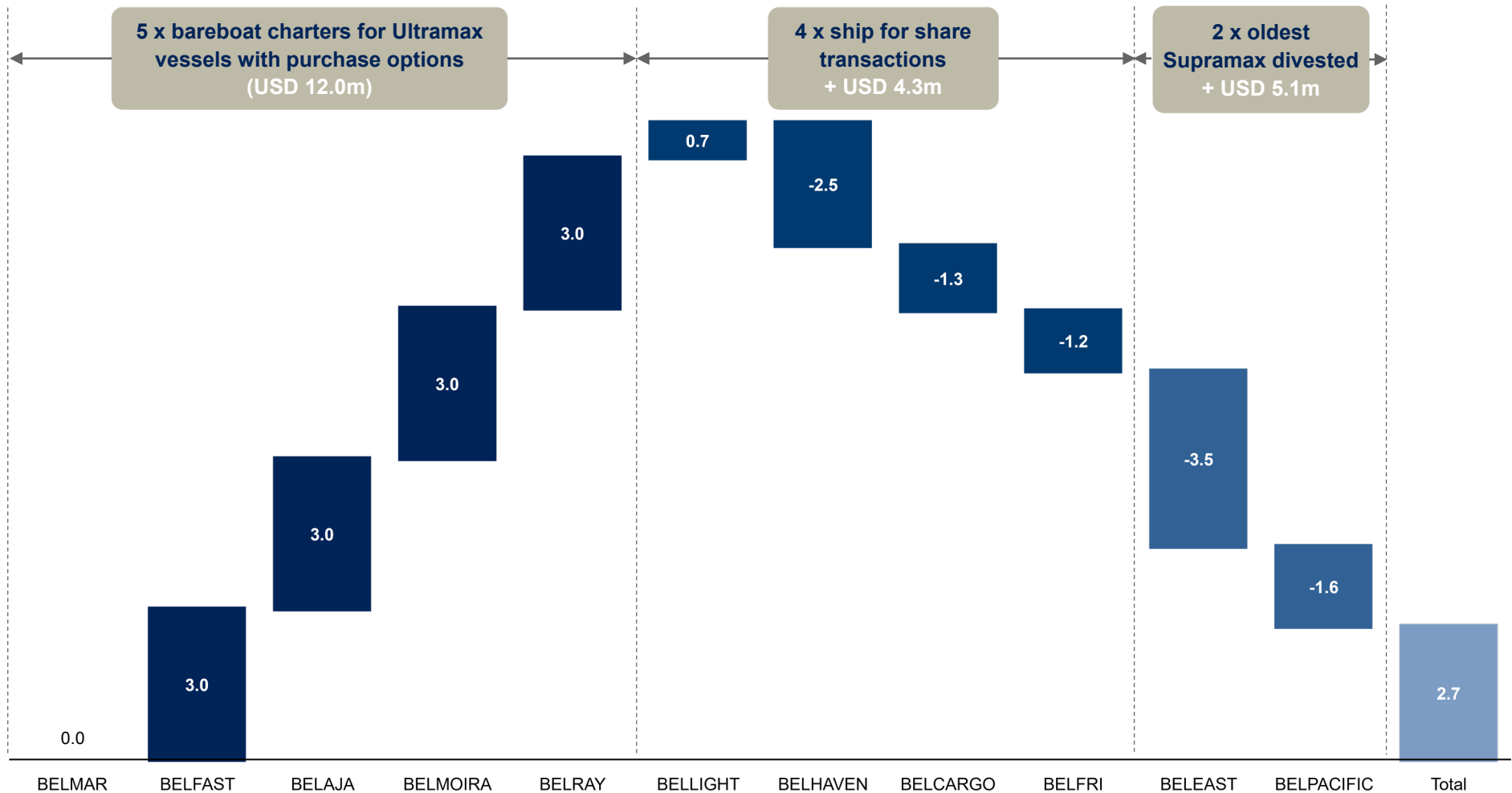
Leading total return

Target

- **2020 Ultramax Bareboat** - In October, Belships agreed a 7-year bareboat charter for a 61 000 dwt Ultramax bulk carrier newbuilding from Shin Kurushima, Japan. The estimated cash breakeven for the Vessel upon delivery is about USD 11 000 per day including operational expenses. The vessel was delivered in February 2020 and named BELAJA. Belships paid a sum of USD 3m prior to delivery. The agreement comes with purchase options below current market values and can be exercised after the fourth year until the end of the charter.
- **2020 Ultramax Bareboat** - In December, Belships announced it had entered into agreement for a 10-year bareboat charter of a 64 000 dwt Ultramax bulk carrier newbuilding. The vessel will be delivered by Imabari Shipyard during second half of 2020. Estimated cash breakeven for the vessel upon delivery is about USD 10 750 per day including operational expenses. Belships will pay a sum of USD 3m upon signing contract, expected to occur during March 2020. The agreement comes with purchase options below current market values and can be exercised after the fourth year until the end of the charter.
- **2017 Ultramax ship-for-shares (NOK 7.15 per share)** - In December, acquisition was announced for a modern secondhand Ultramax bulk carrier from Japanese Owners for a price of USD 24.5m. The 63 000 dwt vessel was built in 2017 by Imabari Shipyard. Delivery is expected during the second quarter of 2020. The payment for the vessel will be settled by issuing new shares equivalent to 50 per cent of the purchase price at a subscription price of NOK 7.15 per share, and the remaining in cash upon delivery. Utilising Accordion Tranche basis 60% financing, the transaction will have a positive cash effect of about USD 2.45 million.
- **PACIFIC LIGHT bareboat and subsequent sale** - Belships has entered into an agreement with Marti Shipping & Ship Management of Turkey for a bareboat charter and subsequent sale of PACIFIC LIGHT. The 50 000 dwt bulk carrier was built in 2007, and is currently the oldest ship in Belships' fleet. Belships will realize a gain of approximately USD 2.4m upon delivery in March or April 2020. The Charterer has an obligation to purchase the vessel within 24 months and the net cash flow during the period will be approximately USD 1.8m after repayment of outstanding loans.

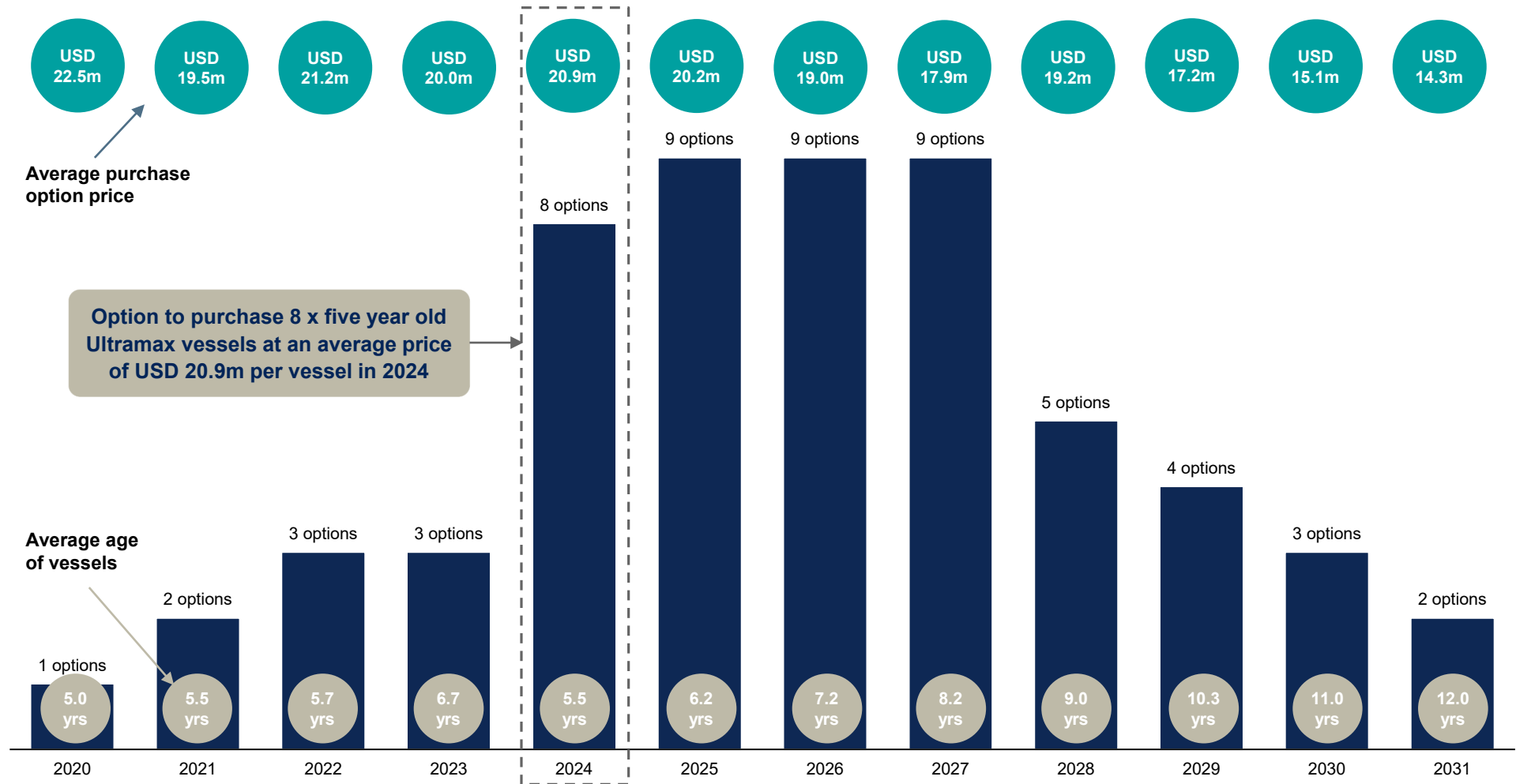
Pushing the growth agenda – net cash invested USD 2.7m

Cash effect recent transactions (USDm)



Purchase options provide flexibility and reduce risk

Overview of vessel purchase options 2020 – 2031



Modern fleet of 24 vessels with average age of ~5 years

Ultramax vessels

	Vessel	Built	DWT	Yard	Ownership
16 x Ultramax	BELMAR (NEWBUILD)	2021	64,000	Japan	BB-in ¹
	BELFAST (NEWBUILD)	2020	64,000	Japan	BB-in ²
	BELAJA (NEWBUILD)	2020	61,000	Shin Kurushima	BB-in ³
	BELMOIRA (NEWBUILD)	2020	61,000	Shin Kurushima	BB-in ³
	BELFUJI (NEWBUILD)	2020	63,000	Imabari	TC-in ⁴
	BELRAY (NEWBUILD)	2019	61,000	Shin Kurushima	BB-in ⁵
	BELNIPPON	2018	63,000	Imabari	TC-in ⁶
	BELHAVEN (TBD)	2017	63,000	Japan	Owned ⁷
	BELISLAND	2016	61,000	Imabari	BB-in ⁸
	BELFOREST	2015	61,000	Imabari	BB-in ⁹
	BELINDA	2016	63,000	Hantong	Owned
	BELMONT	2016	63,000	Hantong	Owned
	BELATLANTIC	2016	63,000	Hantong	Owned
	SOFIE VICTORY	2016	63,000	New Times	Owned
	BELPAREIL	2015	63,000	Hantong	Owned
	BELSOUTH	2015	63,000	Hantong	Owned

Supramax vessels

	Vessel	Built	DWT	Yard	Ownership
8 x Supramax	BELOCEAN	2011	58,000	Dayang	Owned
	BELNOR	2010	58,000	Dayang	Owned
	BELSTAR	2009	58,000	Dayang	Owned
	BELCARGO	2008	58,000	Tsuneishi	Owned
	BELFRI	2007	55,000	Kawasaki	Owned
	BELORIENT	2008	50,000	PT Pal	Owned
	BELFORT	2008	50,000	PT Pal	Owned
	PACIFIC LIGHT ¹	2007	50,000	PT Pal	Owned

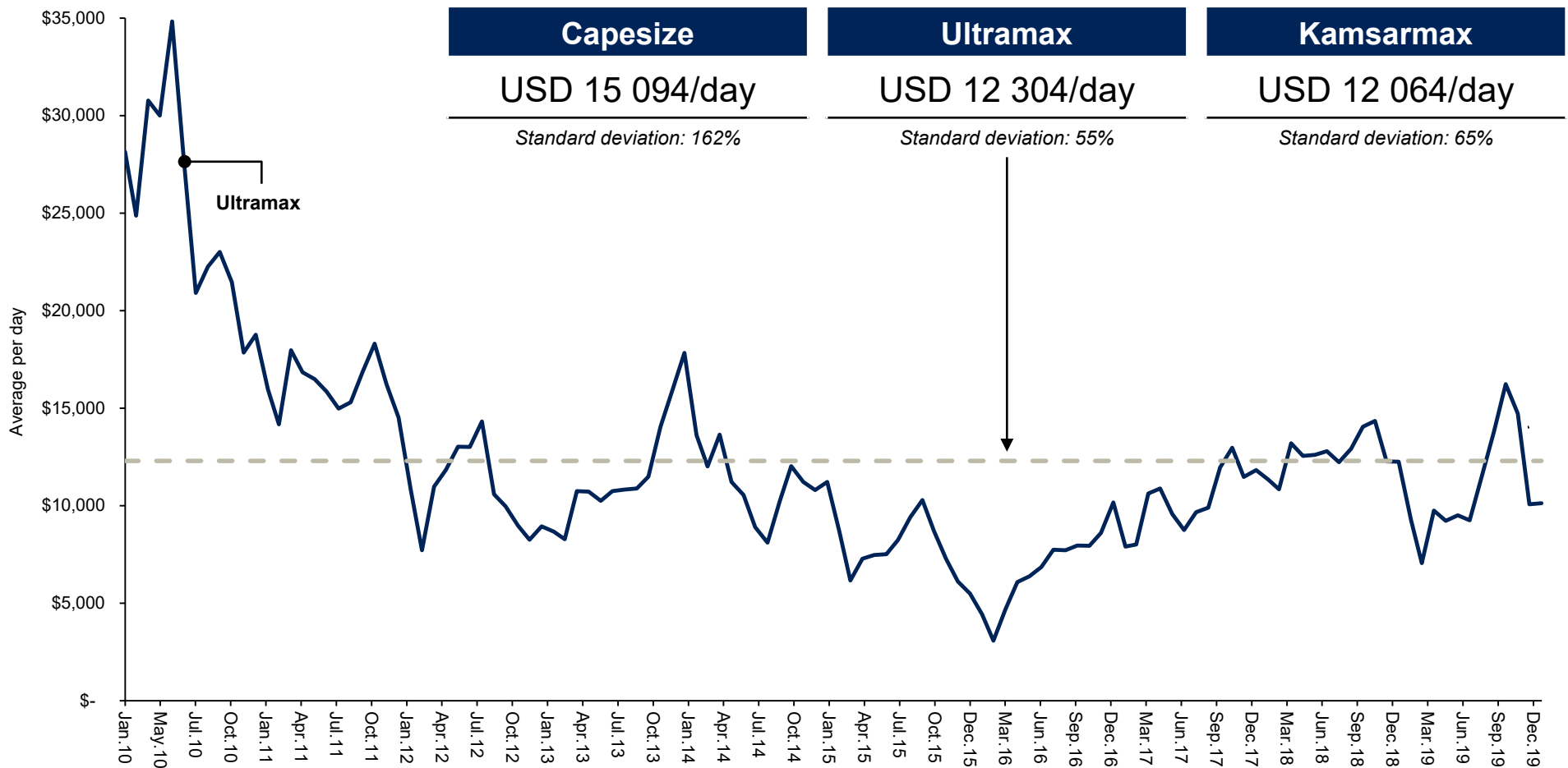
1) To enter into two year bareboat charter during March or April 2020. The vessel will be sold to the charterers as part the agreement.

- 1) On Delivery 2H 2021 ten years bareboat charter with purchase options after fourth year.
- 2) Delivery 2H 2020 ten years bareboat charter with purchase options after fourth year.
- 3) Delivery Q1 2020 for seven years bareboat charter with purchase options after fourth year.
- 4) Delivery Q1 2020 for eight years time charter with purchase options after fourth year.
- 5) Delivered in October 2019 seven years bareboat with purchase options after fourth year.
- 6) Eight years time charter with purchase options after fourth year.
- 7) Delivery Q2 2020.
- 8) Fifteen years bareboat charter with purchase options after fifth year.
- 9) Twelve years bareboat charter with purchase options after third year.

There are no purchase obligations on any of the lease agreements.

Ultramax segment – superior risk/reward

Comparison last 10 years



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

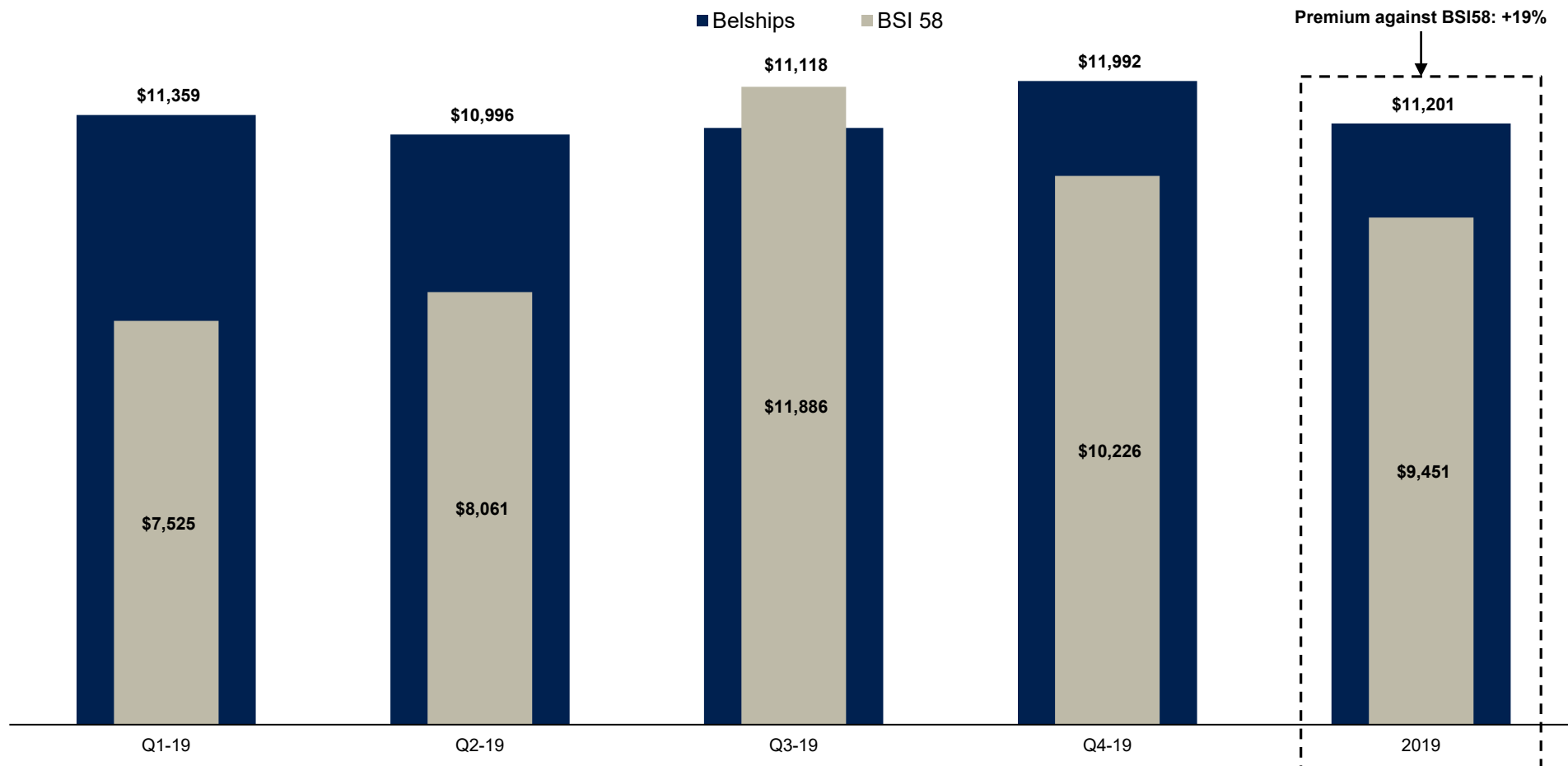
Kamsarmax: BPI82 2018-2019, BPI74 plus \$1 300 day prior to 2018

Capesize: BCI 5TC 2014-2019, BCI 4TC prior to 2014

Source: Baltic Exchange, Belships

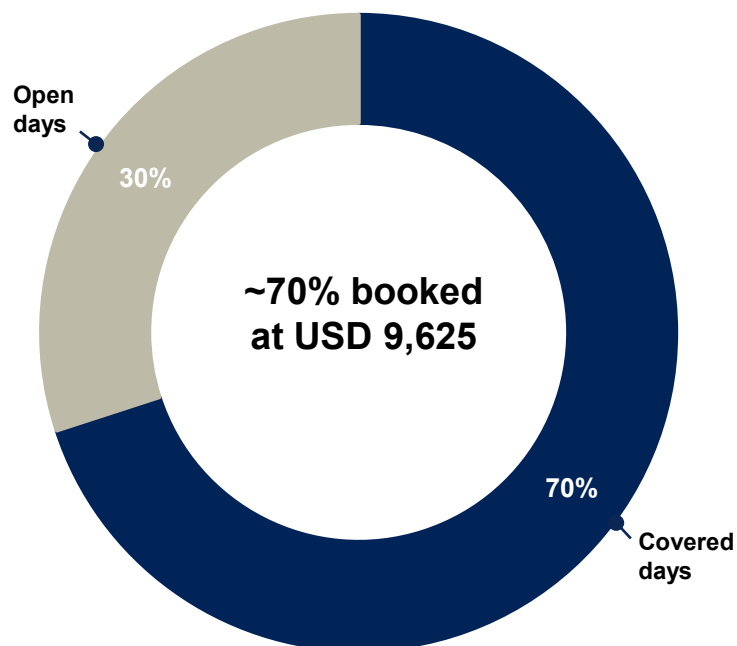
19% outperformance of the BSI index in 2019

Belships TCE vs BSI 58 (net USD per day)

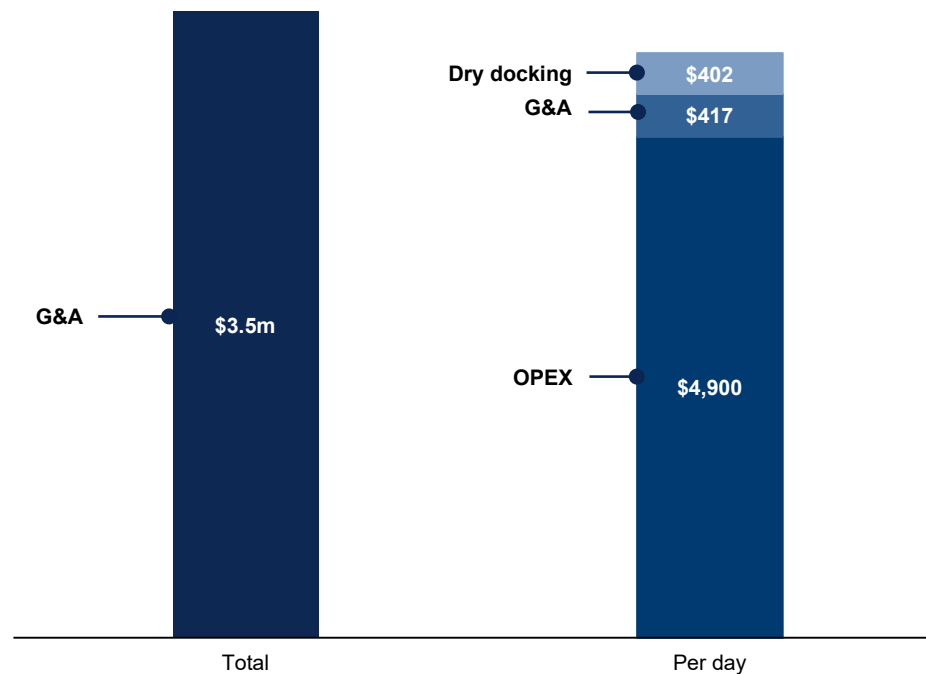


2020 guidance – low cash break even and cost base

TCE guidance – Q1 2020



OPEX and G&A guidance - 2020



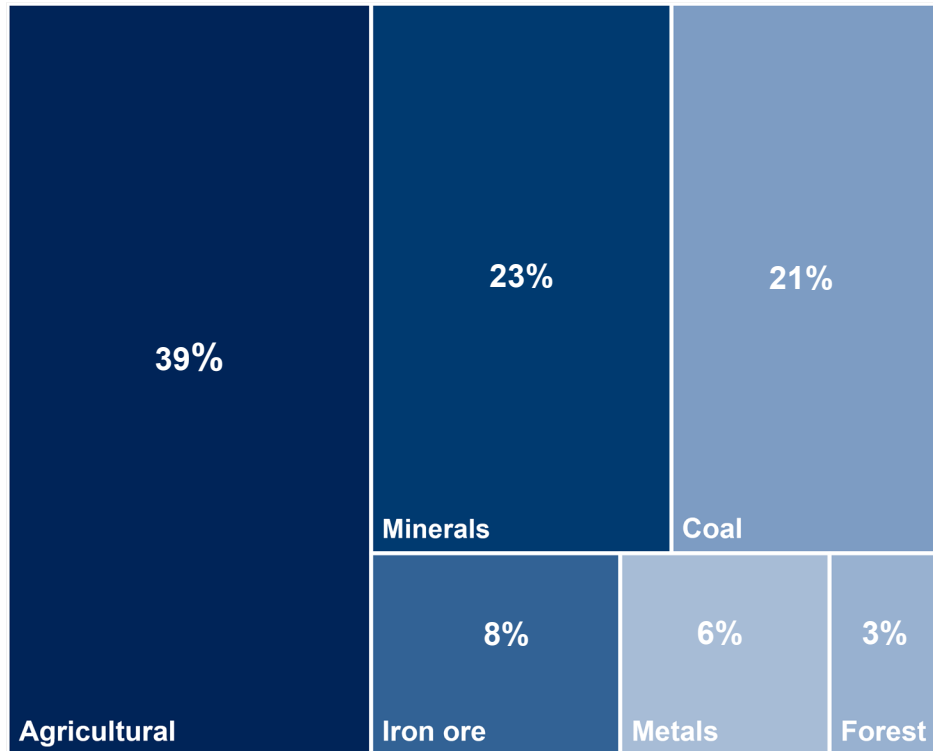
Cash break even next twelve months
~USD 9,500/day

Low G&A and OPEX compared to peers

- **2019** - The year of trade wars and iron ore supply disruption, both set to normalise this year
- **CORONA** - Dramatic start to 2020 driven by negative economic impacts stemming from Corona virus, shutdowns and extended Chinese New Year
- **IMO 2020** - Fuel price differences between 3.5 and 0.5 per cent sulphur content peaked at USD 300 per mt in December
- **ORDERBOOK/SUPPLY** - Historically low orderbook and fleet growth to decrease sharply from 2H 2020
- **STIMULUS** - Leading indicators are pointing to continued economic growth, low interest rates and energy prices. Continued credit growth and economic stimulus in Chinese economy
- **REBOUND** - Near-term outlook much depends on when China resumes normal activity, which may lead to positive effect from pent-up demand on top of normal volume normalisation
- **CONTANGO** - Forward rates for remaining days in 2020 have already started to move

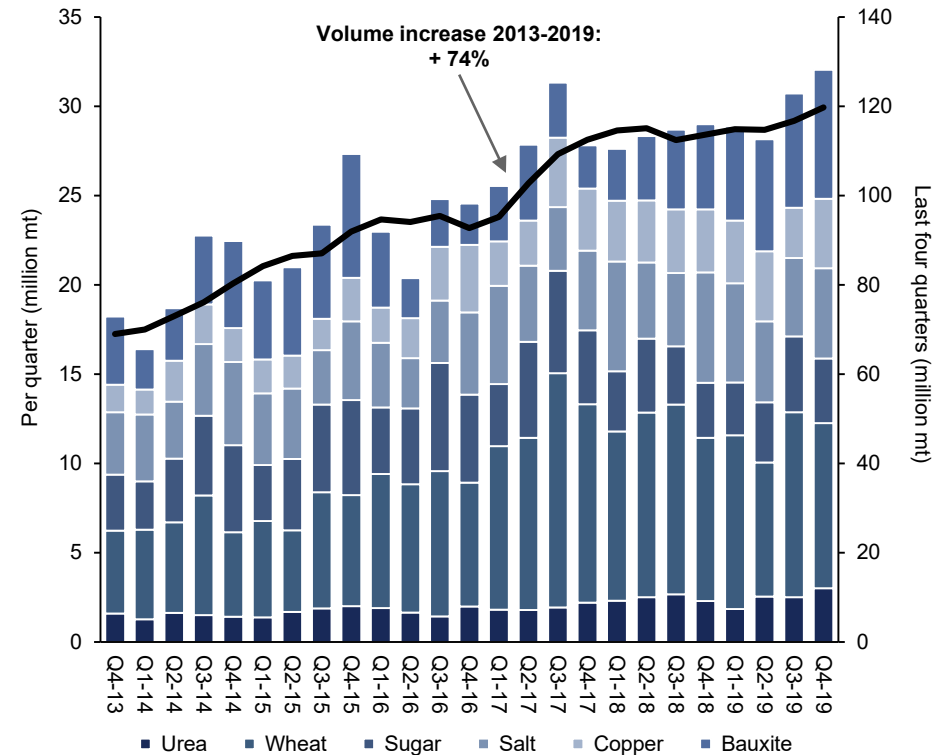
Belships' Cargo mix

Cargo per category - 2019



Diverse cargo base reduces risk

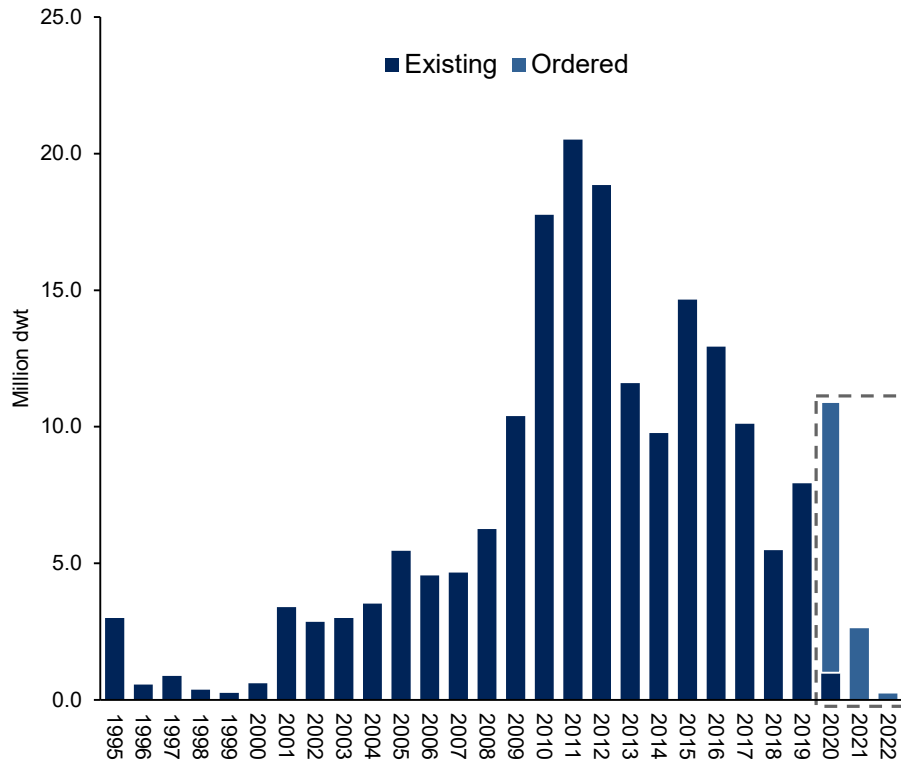
Supramax/Ultramax shipments – agricultural and minerals



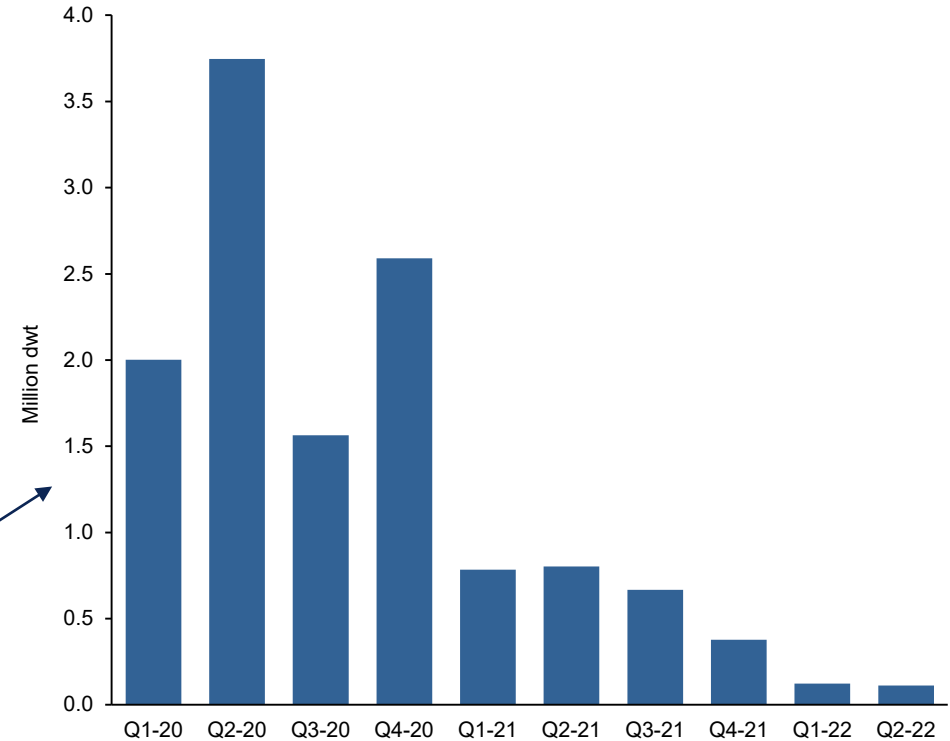
Strong and stable volume growth

Low orderbook – lowest fleet growth since 2001-2003

Supramax and Ultramax – historical orderbook



Supramax and Ultramax – orderbook per quarter



Supra/Ultramax orderbook

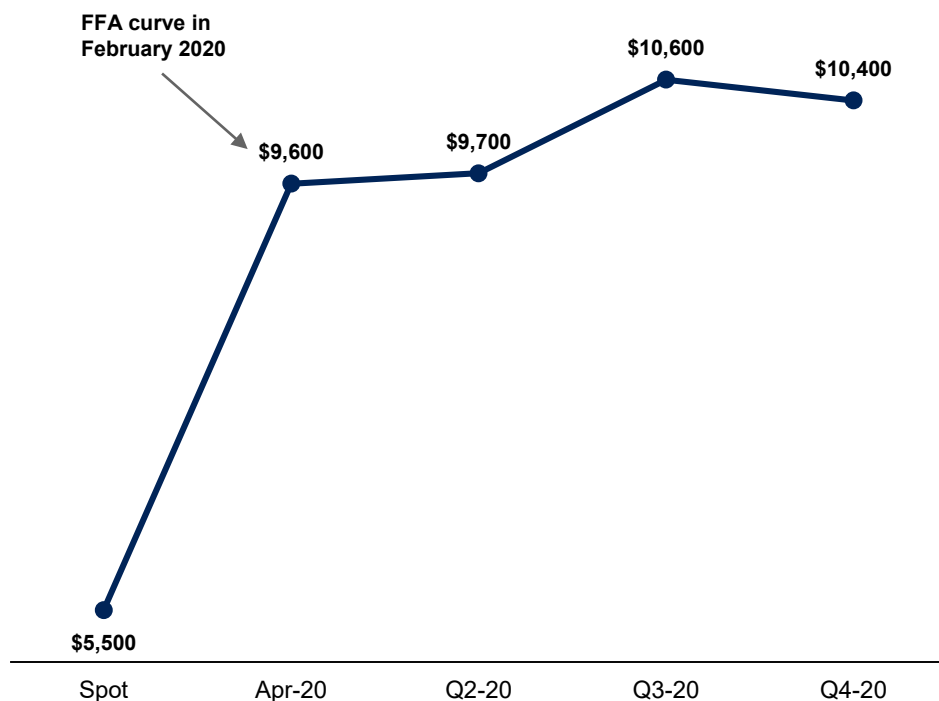
7%

Orderbook contracted before 2016

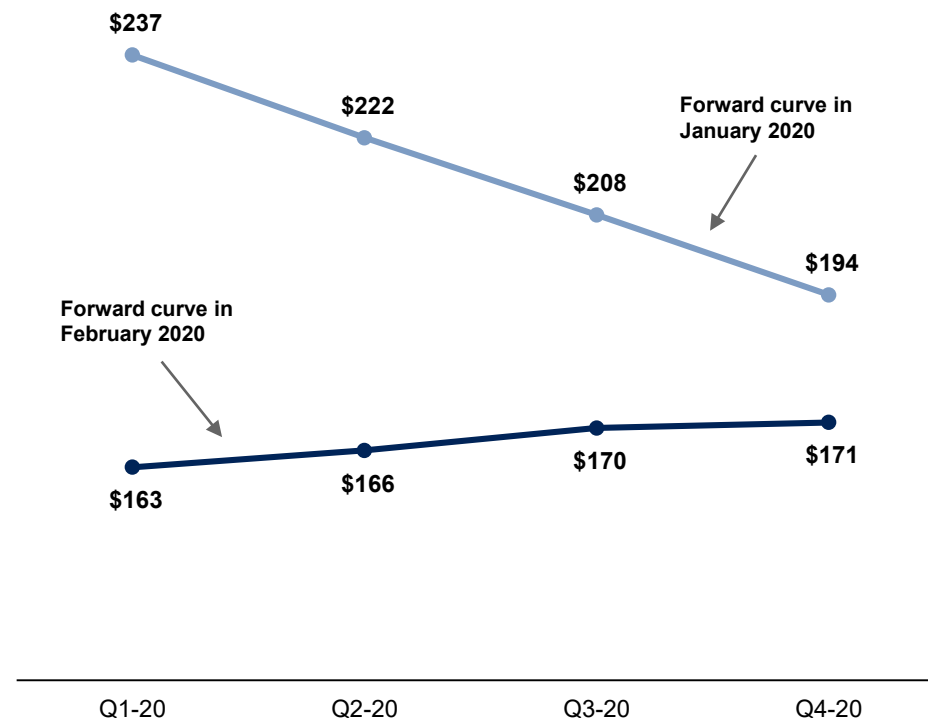
40%

Markets started to improve in February

FFA rates for 2020 (USD per day)



HFO vs VLSFO spread (USD per mt)



2020 FFA rates
Supramax ~USD 10.000/day
Ultramax ~USD 11,300/day

2020 HFO vs VLSFO spread
~USD 197 per mt

Growth

- Capacity to increase the fleet to 30 vessels
- Additional ship-for-share deals or optional leases

Liquidity

- Continue to build free float through ship for shares transactions where accretive
- Capital markets and IR

Capital discipline

- Low costs and cash break-even
- Strong balance sheet
- Build dividend capacity

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