



NASDAQ: SBLK

OSE: SBLK

# Financial Results Q1 2020



May 2020

# Forward-Looking Statements

*Except for the historical information contained herein, this presentation contains among other things, certain forward-looking statements that involve risks and uncertainties. Such statements may include, without limitation, statements with respect to the Company's plans, objectives, expectations and intentions and other statements identified by words such as "may", "could", "would", "should", "believes", "expects", "anticipates", "estimates", "intends", "plans" or similar expressions. These statements are based upon the current beliefs and expectations of the Company's management and are subject to significant risks and uncertainties, including those detailed in the Company's filings with the Securities and Exchange Commission. Actual results, including, without limitation, operating or financial results, if any, may differ from those set forth in the forward-looking statements. These forward-looking statements involve certain risks and uncertainties that are subject to change based on various factors (many of which are beyond the Company's control).*

*In addition to these important factors, other important factors that, in the Company's view, could cause actual results to differ materially from those discussed in the forward-looking statements include (i) general dry bulk shipping market conditions, including fluctuations in charterhire rates and vessel values (ii) the strength of world economies, the stability of Europe and the Euro, fluctuations in interest rates and foreign exchange rates (iii) changes in demand in the dry bulk shipping industry, including the market for our vessels (iv) changes in our operating expenses, including bunker prices, dry docking and insurance costs (v) changes in governmental rules and regulations or actions taken by regulatory authorities (vi) the impact of regulation and regulatory, investigative and legal proceedings and legal compliance risks, including the impact of IMO's MARPOL ANNEX VI and IMO 2020 regulations and any changes thereof (vii) potential liability from pending or future litigation (viii) general domestic and international political conditions and potential disruption of shipping routes due to accidents or political events (ix) the availability of financing and refinancing (x) potential conflicts of interest involving our Chief Executive Officer, his family and other members of our senior management, , (xi) vessel breakdowns and instances of off-hire, risks associated with vessel construction and potential exposure or loss from investment in derivative instrument (xii) our ability to have scrubbers installed within the price range and time frame anticipated (xiii) our ability to obtain any additional financing we may seek for scrubbers on acceptable terms (xiv) the relative cost and availability of low sulfur and high sulfur fuel (xv) our ability to realize the economic benefits or recover the cost of the scrubbers we plan to install. Our ability to pay dividends in any period will depend upon various factors, including the limitations under any credit agreements to which we may be a party, applicable provisions of Marshall Islands law and the final determination by the Board of Directors each quarter after its review of our financial performance. The timing and amount of dividends, if any, could also be affected by factors affecting cash flows, results of operations, required capital expenditures, or reserves. As a result, the amount of dividends actually paid may vary.*

*Please see our filings with the Securities and Exchange Commission for a more complete discussion of these and other risks and uncertainties. The information set forth herein speaks only as of the date hereof, and the Company disclaims any intention or obligation to update any forward-looking statements as a result of developments occurring after the date of this communication.*

*Certain financial information and data contained in this presentation is unaudited and does not conform to generally accepted accounting principles ("GAAP") or to Securities and Exchange Commission Regulations. We may also from time to time make forward-looking statements in our periodic reports that we will furnish to or file with the Securities and Exchange Commission, in other information sent to our security holders, and in other written materials. We caution that assumptions, expectations, projections, intentions and beliefs about future events may and often do vary from actual results and the differences can be material. This presentation includes certain estimated financial information and forecasts that are not derived in accordance with GAAP. The Company believes that the presentation of these non-GAAP measures provides information that is useful to the Company's shareholders as they indicate the ability of Star Bulk, to meet capital expenditures, working capital requirements and other obligations. The estimations of daily TCE rates are provided using the discharge-to-discharge method of accounting, while as per US GAAP we recognize revenues in our books using the load-to-discharge method of accounting. Both methods recognize the same total TCE revenues over the completion of a voyage, however discharge-to-discharge method recognizes revenues over more days, resulting in lower daily TCE rates. Under the load-to discharge method of accounting, increased ballast days at the end of the quarter will reduce the revenues that can be booked, following the accounting cut-off, in the relevant quarter, resulting in reduced daily TCE rates for the respective period.*

*We undertake no obligation to publicly update or revise any forward-looking statement contained in this presentation, whether as a result of new information, future events or otherwise, except as required by law. In light of the risks, uncertainties and assumptions, the forward-looking events discussed in this presentation might not occur, and our actual results could differ materially from those anticipated in these forward-looking statements.*

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# Q1 2020 Financial Highlights



	Q1 2020	Q1 2019	% Change
Voyage Revenues	\$160.9m	\$166.5m	(3.4%)
TCE Revenues <sup>(1)</sup>	\$100.3m	\$104.2m	(3.7%)
<b>EBITDA</b>	<b>\$57.6m</b>	<b>\$46.4m</b>	<b>24.1%</b>
<b>Adjusted EBITDA</b>	<b>\$32.6m</b>	<b>\$43.9m</b>	<b>(25.6%)</b>
Net Income/(Loss)	\$2.8m	\$(5.3)m	-
<b>Adjusted Net Income/(Loss)</b>	<b>\$(22.2)m</b>	<b>\$(8.5)m</b>	-
<b>TCE</b>	<b>\$10,949</b>	<b>\$11,192</b>	<b>(2.2%)</b>
Average daily OPEX per vessel <sup>(2)</sup>	\$4,047	\$4,015	0.8 %
Average daily Net Cash G&A expenses per vessel	\$1,057	\$971	8.8 %
Average No. of Vessels	116.0	107.3	8.1%
<b>Adjusted EPS, basic</b>	<b>(\$0.23)</b>	<b>(\$0.09)</b>	-
EPS GAAP, basic	\$0.03	\$(0.06)	-
Weighted average number of shares outstanding, basic	95,797,142	93,080,589	2.9%

## Cash & Debt Position<sup>(3)</sup>

- **Total Liquidity:** \$ 107 m
- **Total Debt & Capital lease obligations:** \$ 1,605 m

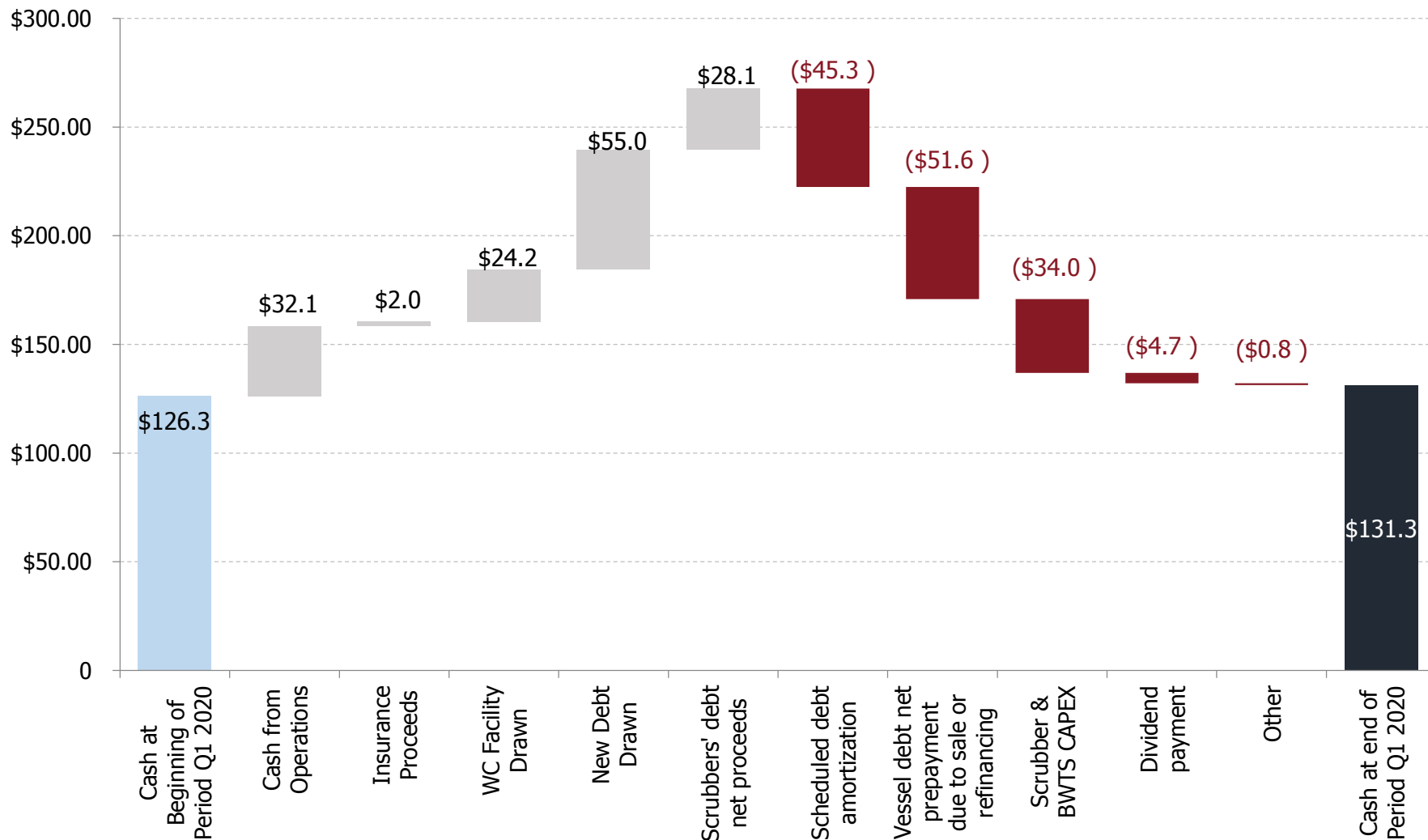
### Notes:

- (1) TCE revenues = Total voyage revenues – Voyage expenses – Charter-in hire expenses+ Realized gain/(loss) from bunker and FFAs
- (2) Excludes predelivery and one-off expenses
- (3) As of May 22<sup>nd</sup> 2020

# Q1 2020 Cash Flow Generation



## Q1 2020 Cash Flow Breakdown



# Liquidity Enhancing Measures



- **Refinancings**
  - Committed refinancings from 3 major European lenders providing additional liquidity of ~ \$27.5 million
  - In discussions to obtain additional refinancing commitments
- **Freight Coverage<sup>(1,2)</sup>**
  - Through physical coverage and FFA contracts for 2020 we have covered:
    - 74% of Q2 at ~\$8,500 on an unscrubbed basis
    - 50% of H2 at ~\$11,000 on an unscrubbed basis
  - Our all – in (including debt principal amortization) break even is at \$11,300 per day including scrubber cost and debt service
- **Bunker Hedging**
  - For 2020, we have hedged the differential between HFO and LSFO, for 153,000 tons for an average price of \$212 per ton
- **Interest Rate Coverage**
  - We have hedged 24% of our base rate exposure: \$380 million of our future interest rate exposure at an average 0.66%
- **OPEX and G&A Expenses Savings**
  - On the basis of FY 2019 figures, our average dry bulk peers have a average OPEX and G&A expense per day of \$6,192 vs SBLK of \$4,811
  - This is an annual saving of \$58.5 million for our fleet compared to our bulk peers

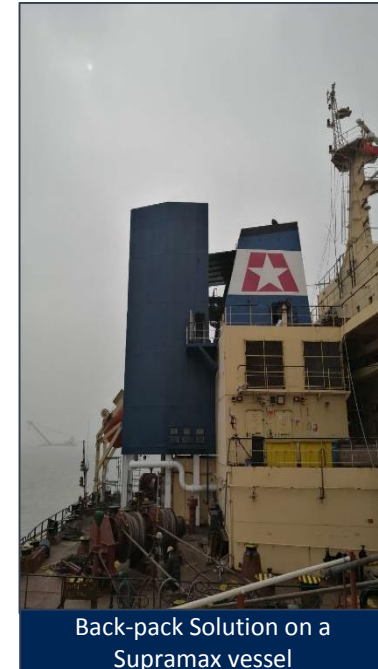
(1) Note: As of May 22<sup>nd</sup>, 2020

(2) The above forward-looking estimated daily TCE rates are calculated using the discharge-to-discharge method of accounting while U.S. GAAP requires us to recognize revenues in our books using the load-to-discharge method of accounting. Both methods recognize the same total TCE revenues over the completion of a voyage. The discharge-to-discharge method, however, recognizes revenues over more days, affecting the daily TCE rates. Under the load-to-discharge method of accounting, increased ballast days at the end of the quarter will reduce the revenues that can be booked following the accounting cut-off at the end of the quarter, affecting the daily TCE rates for the respective period. The forward TCE figures listed above are calculated on the basis of Platts spot bunker prices and not the FIFO method our Company follows as per the U.S. GAAP accounting standard. The final reported TCE figures for the relevant future periods will be calculated on the basis of FIFO and will vary by the degree the bunkers in our inventory is different than spot prices.



# Completion of Scrubbers Project

- As of May 15<sup>th</sup> 2020, 114 EGCS installations are fully operational with ~ 15,000 running days experience
- Completed, commissioned and certified 17 vessels during height of COVID19 crisis in China with remote supervision
- 57 scrubber installations were carried out alongside a shipyard / at sea with 39 specialist teams onboard
- 57 scrubber installations carried out during routine dry dockings in line with class requirements
- 11 shipyards primarily based from North to South China and in Greece



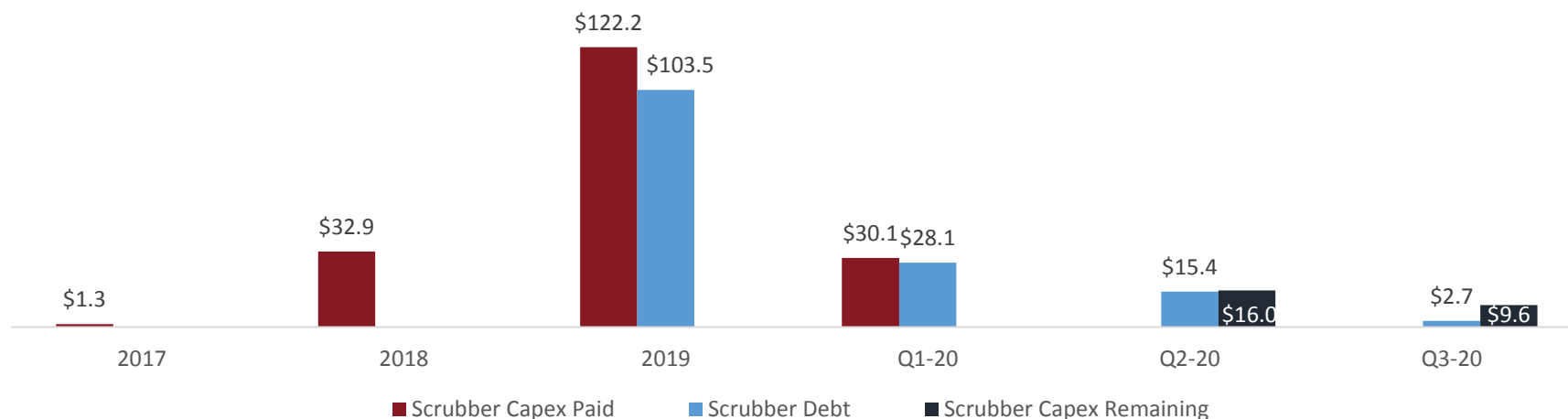
# Scrubbers CAPEX

## Total Figures<sup>(1)</sup>

- Expected Total cost of Scrubber project \$212 million for 114 scrubber systems
- Secured debt financing of approximately 71%, ~\$150 million
- Remaining Scrubber CAPEX as of May 22<sup>nd</sup>, 2020: ~\$12 million

As of May 22 <sup>nd</sup> 2020	CAPEX	Equity	Debt
Paid / Drawn	\$200	\$58	\$143
Remaining	\$12	\$5	\$7
<b>Total</b>	<b>\$212</b>	<b>\$62</b>	<b>\$150</b>

## Estimated Remaining Scrubber CAPEX<sup>(1) (2)</sup>



Note:

(1) As of May 22<sup>nd</sup>, 2020, for 114 vessels

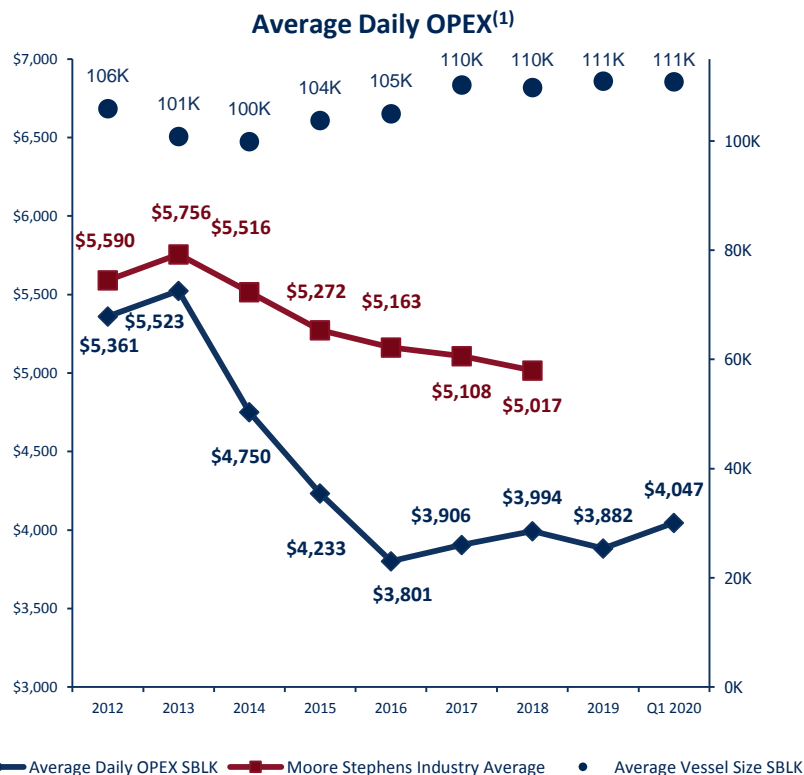
(2) Indicative schedule based on current forward FX rates, expected milestone dates and relevant contract obligations. Schedule may be altered due to various reasons (manufacturers' logistics, vessel itineraries, FX rate movement etc)

# Continued Operational Excellence

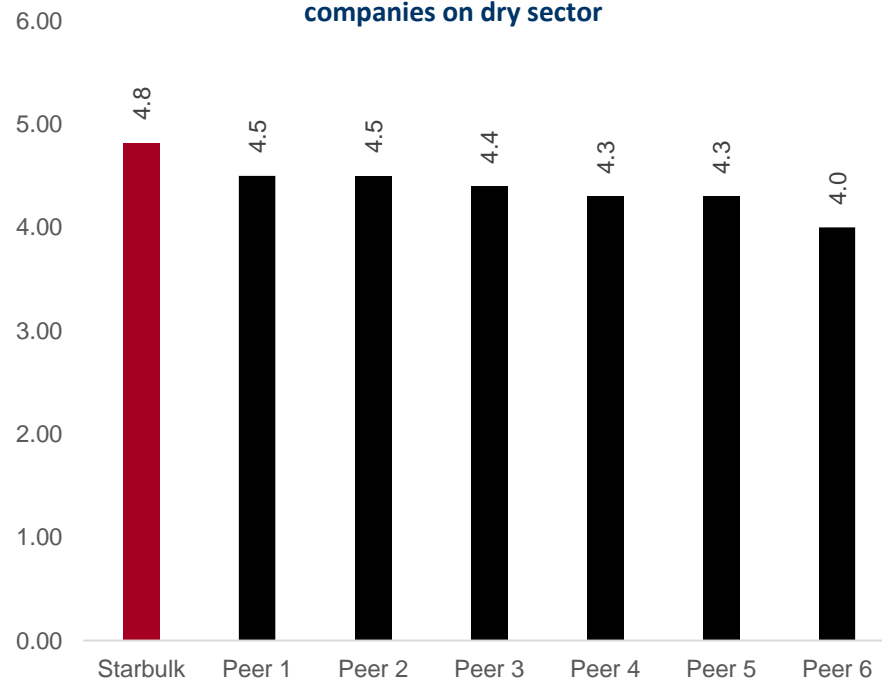
- For Q1 2020 vessel OPEX<sup>(1)</sup> were \$4,047 per vessel per day and \$4,015 for 2019
- Net cash G&A<sup>(2)</sup> expenses per vessel per day were \$1,057 for Q1 2020 and \$971 for Q1 2019
- We are consistently in the top 5 dry bulk operators amongst our peer group in Rightship Ratings

**We operate a fleet with one of the lowest average daily OPEX...**

**...without compromising quality**



**May 2020 - Average Rightship risk rating status vs peer companies on dry sector**



Source: Moore Stephens, Company Filings



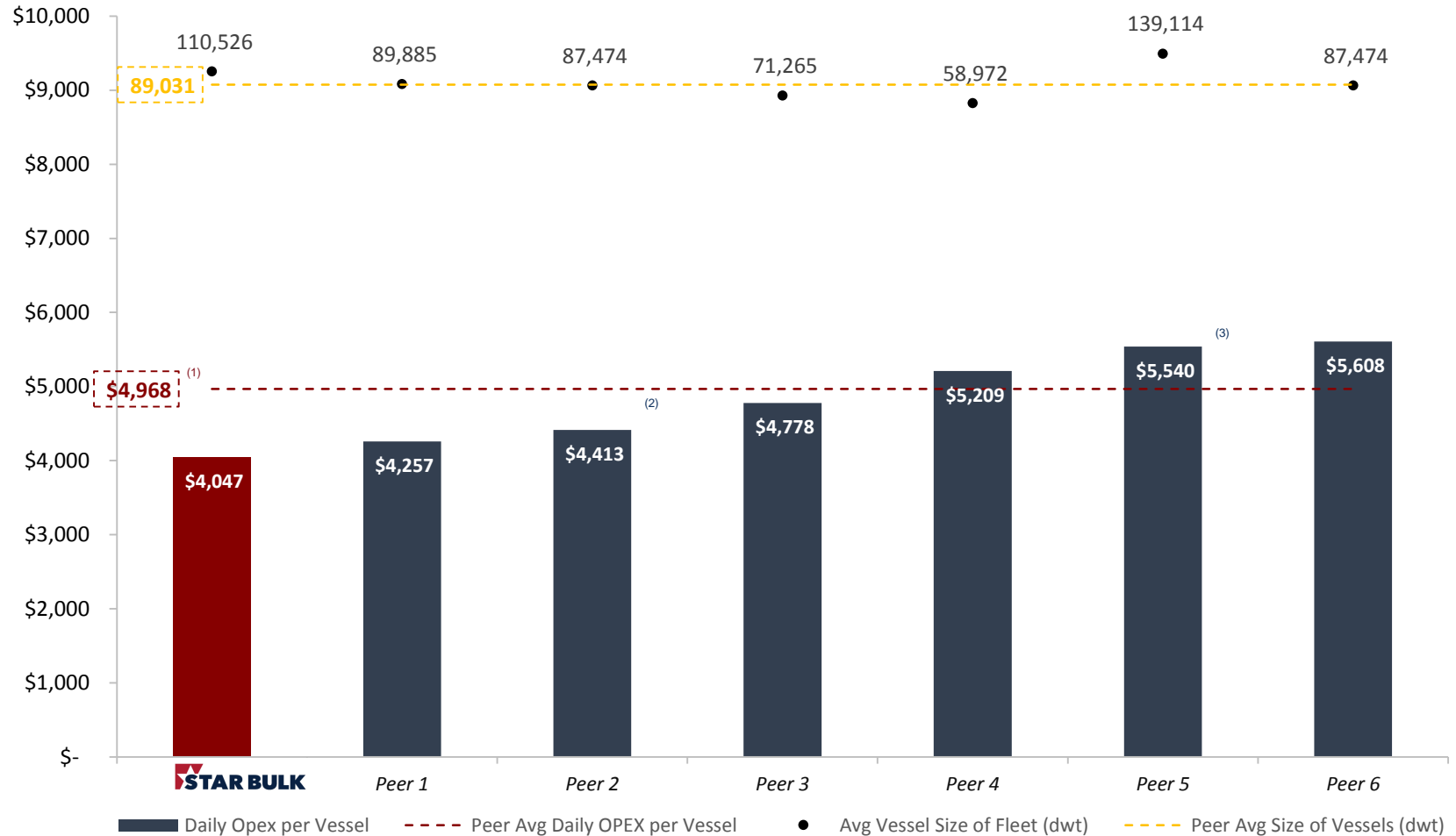
(1) Figures exclude pre-delivery expenses  
 (2) Excludes share incentive plans, includes management fees



# Industry Leading OPEX Q1 2020



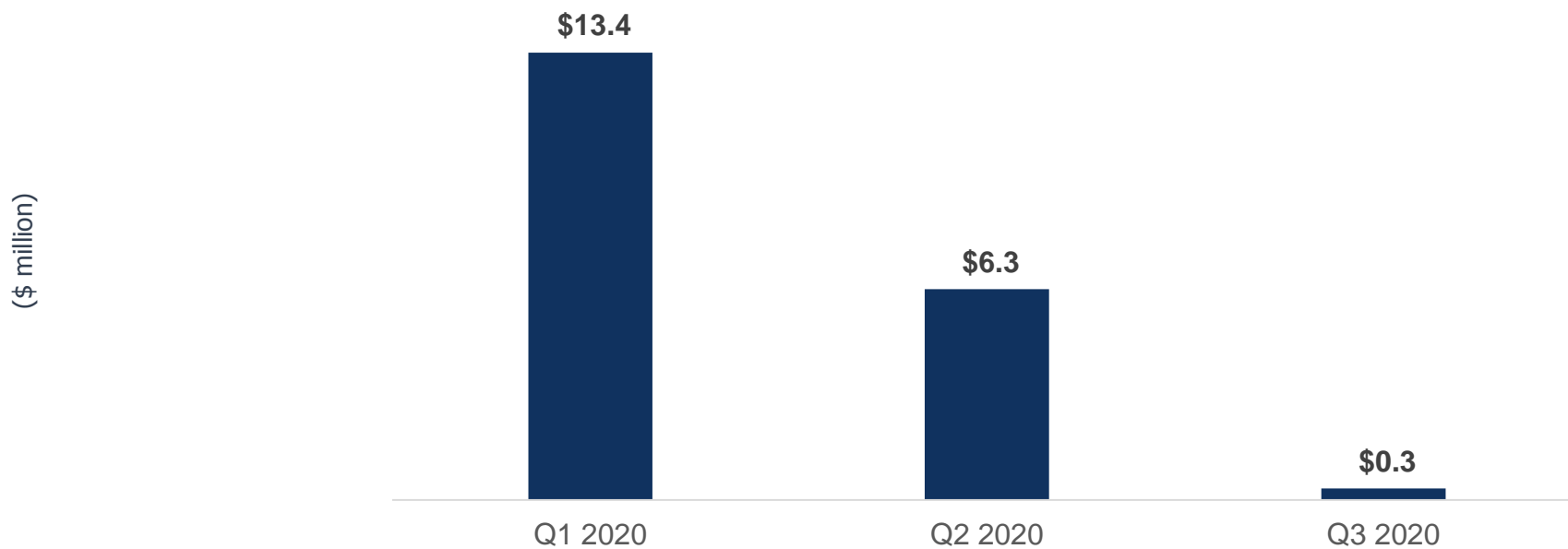
## OPEX Benchmarking based on latest published financial statements



- 1) Peer Average figures exclude SBLK
- 2) Excludes management fees
- 3) Includes management fees

# Drydocking Schedule

## Dry docking expense



Offhire days due to DD & scrubber installation

Q1 2020

1,413

Q2 2020

207

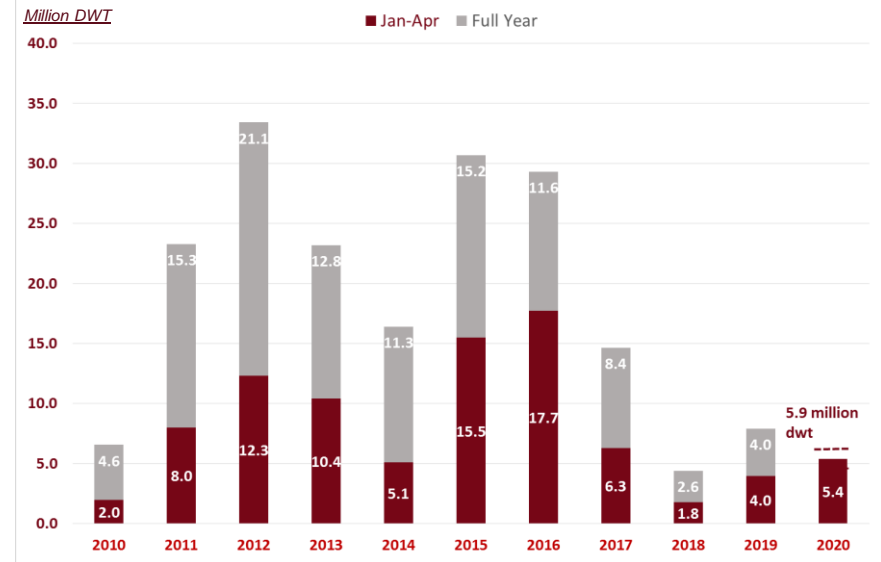
Q3 2020

20

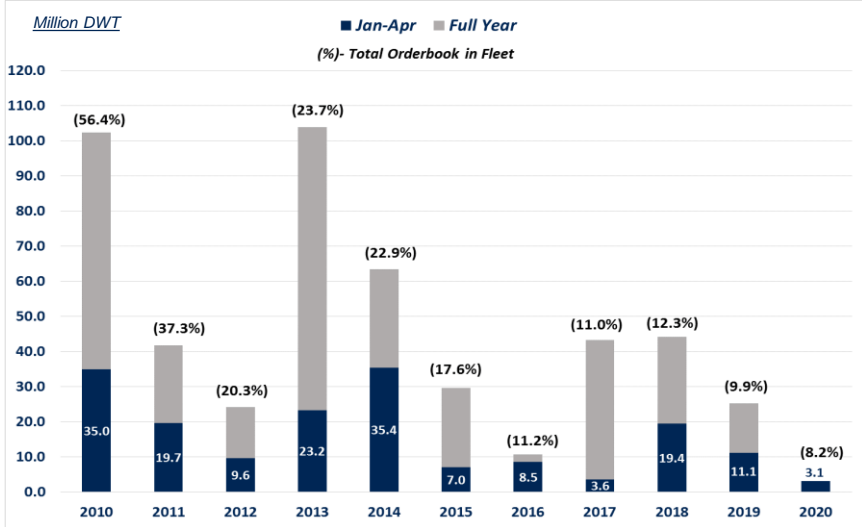
# Dry Bulk Supply Update

- Dry bulk fleet growth at +4.3% vs +2.8% during same period in 2019.
  - Jan-Apr 2020 deliveries: 17.7 million dwt - Up from 11.7 million dwt
  - Jan-Apr 2020 demolition: 5.9 million dwt - Up from 4.0 million dwt
  - Jan-Apr 2020 contracting: 3.1 million dwt - Down from 11.4 million dwt
- Orderbook currently estimated at ~8.2% of the fleet, the lowest since 2002.
- Vessels above 15 years of age currently at ~15.5% of the fleet.
- Covid-19 has delayed newbuilding deliveries and postponed scheduled dry docks. Lockdowns and quarantines on crews have brought demolition to a halt despite the low freight rate environment.
- Low contracting, slippage and demolition expected to keep net fleet growth contained at below 2.0% per annum during 2021-2023

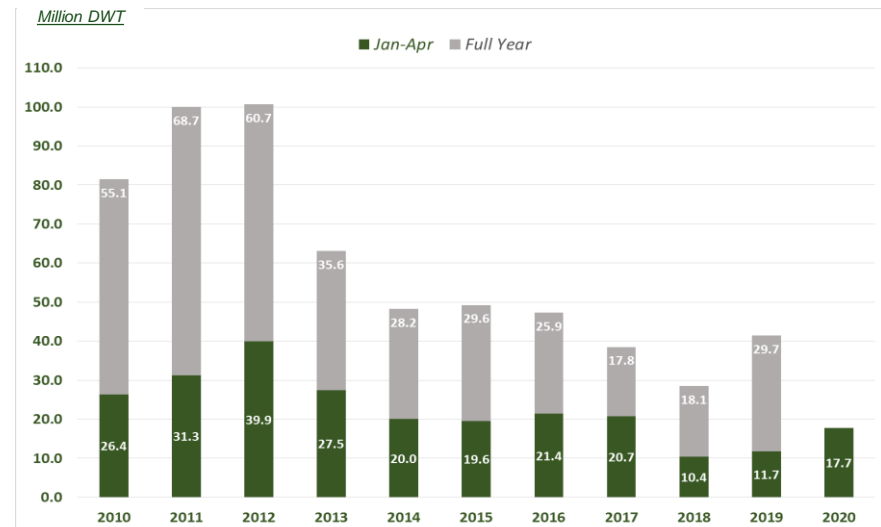
## Dry Bulk Demolition



## Dry Bulk New Orders



## Dry Bulk Deliveries



# Dry Bulk Demand Update

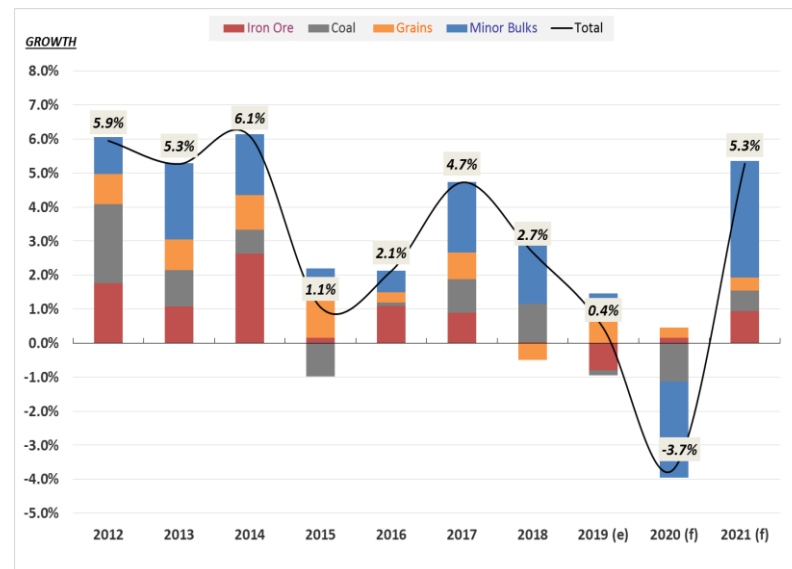
- During Q1 2020, the dry bulk market has been negatively affected by strong disruptions related to the coronavirus outbreak and weak seasonality.
- Nevertheless, while 2020 trade growth is projected to contract, the negative effect is expected to be concentrated during the first half of 2020.
- Synchronized global economic stimulus is expected to inflate trade activity during second half 2020 and 2021.

## Key Dry bulk cargoes:

- **Iron ore trade growth in 2020 projected at +0.1% y-o-y (+0.6% y-o-y in ton-miles)** (up from -1.5% and -2.9% respectively in 2019)
  - Major supply disruptions in Brazil since first half 2019. COVID19 negative effect on the global steel industry. China's steel production remained largely unaffected and the combination has led to iron ore inventories depletion
- **Coal trade in 2020 projected at -5.0% y-o-y (-6.4% y-o-y in ton-miles)** (down from +2.1% and -0.7% respectively in 2019)
  - Covid-19 lockdowns have exacerbated thermal coal oversupply in India and China, pushing stocks higher. Electricity generation gradually recovering with international thermal coal prices at very attractive levels.
- **Grains incl. soybeans growth in 2020 at +1.7% y-o-y (+2.5% in ton-miles)** (up from +0.5% and down from +6.2% respectively in 2019)
  - Strong ECSA soybeans exports season. US soybean exports to rebound during second half 2020 in the context of Phase 1 trade deal. China's soybean demand expected to increase as hog herd recovers from African Swine Fever.
- **Minor bulk growth in 2020 at -6.6% (-6.9% in ton-miles)** (down from +1.1% and +1.7% respectively in 2019)
  - COVID 19 negative impact on semi manufacturers activity and steel exports during 1H2020. Global economic stimulus response to support minor bulk trade in the second half 2020. Bauxite from West Africa to continue to support ton-miles for Capesize vessels.

Dry Bulk Trade (Million tons)	2014	2015	2016	2017	2018	2019 (e)	2020 (f)	2021 (f)
Iron ore	1,340	1,364	1,418	1,473	1,477	1,455	1,456	1,485
Coal	1,217	1,138	1,141	1,202	1,263	1,290	1,224	1,256
Grains	409	430	450	476	475	477	485	500
Minor Bulks	1,848	1,892	1,881	1,937	2,012	2,035	1,901	2,045
<b>Total Dry</b>	<b>4,814</b>	<b>4,823</b>	<b>4,890</b>	<b>5,088</b>	<b>5,227</b>	<b>5,257</b>	<b>5,067</b>	<b>5,286</b>
Annual Growth (tons)	254	9	67	198	139	30	-190	219
Annual Growth (%)	5.6%	0.2%	1.4%	4.0%	2.7%	0.6%	-3.6%	4.3%
Ton-miles growth	6.1%	1.1%	2.1%	4.7%	2.7%	0.4%	-3.7%	5.3%

## Dry Bulk Ton-miles – Full Year Growth



Source: Clarkson Research Services Ltd. (Shipping Intelligence Network, database)



# THANK YOU

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