

NASDAQ: SBLK

# 3<sup>rd</sup> Quarter and 9 Months 2013 Financial Results

November 2013



*Except for the historical information contained herein, this presentation contains among other things, certain forward-looking statements, within the meaning of the Private Securities Litigation Reform Act of 1995 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).*

*Forward-looking statements include statements regarding:*

- The delivery and operation of assets of Star Bulk;*
- Star Bulk's future operating or financial results;*
- Future, pending or recent acquisitions, business strategy. Areas of possible expansion, and expected capital spending or operating expenses; and*
- Dry bulk market trends, including charter rates and factors affecting vessel supply and demand.*

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## Financial Highlights



## ★ Expand and upgrade the fleet at a low point in the shipping cycle

- ★ Ordered new fuel - efficient vessels from top tier yards with attractive delivery slots prior to the recent increase in vessel prices
- ★ Opportunistically purchase modern second-hand tonnage

## ★ Optimize revenues through spot exposure and vessel diversity

- ★ Use short-term fixed-rate charters to reduce downside risk in the current challenging rate environment
- ★ Maintain flexibility to transition to spot exposure to take advantage of rate recovery and full economic benefit of fuel efficient newbuild designs
- ★ Diversify fleet composition to provide additional protection while emphasizing larger vessels, which will generate larger benefits from fuel efficiency and spot rate recovery

## ★ Leverage management's history of successfully investing in shipping cycles

- ★ Chairman Petros Pappas has over 35 years of ship owning and operating experience as founder of Oceanbulk Group and has demonstrated a successful history of trading bulk carrier vessels across different market cycles
- ★ As part of the broader Oceanbulk Group, Star Bulk benefits from strong global relationships with shipyards, brokers, charterers and capital providers
- ★ Continue as a best-in-class operator, managing the company's lean cost base while expanding in-house technical and commercial vessel management to generate riskless revenue

## ★ Commitment to return capital to shareholders as the dry bulk shipping market recovers

# 3<sup>rd</sup> Quarter 2013 Financial Highlights



	<u>3Q 2013</u>	<u>3Q 2012</u>	<u>Variance %</u>
Net revenues*	\$17.0m	\$16.6m	2.16%
G&A expenses	\$2.5m	\$2.0m	25.70%
Operating income	\$1.4m	\$(306.8)m	100.46%
Net income	\$(0.2)m	\$(308.7)m	99.95%
EBITDA Adjusted	\$7.8m	\$7.6m	2.36%
Net income Adjusted	\$2.3m	\$(3.8)m	160.15%
TCE Adjusted	\$14,652	\$15,201	(3.61%)
Average daily OPEX per vessel	\$5,675	\$4,878	16.33%
Average daily Net Cash G&A expenses per vessel **	\$1,338	\$1,432	(6.61%)
<b>EPS Adjusted</b>	<b>\$0.13</b>	<b>\$(0.70)</b>	<b>119.33%</b>

★ 3Q 2012 figures artificially low due to off-hire time of Star Polaris.

★ 3Q 2013 figures impacted by increased insurance premiums and new tonnage tax regime.

"Adjusted" figures exclude non-cash items

\*Net revenues = Total gross revenues adjusted for non-cash items – Voyage expenses

\*\* Net Cash G&A expenses = G&A expenses adjusted for non cash items – Management Fee Income

# 9 Months 2013 Financial Highlights



	<u>9M 2013</u>	<u>9M 2012</u>	<u>Variance %</u>
Net revenues*	\$51.4m	\$55.5m	(7.42%)
G&A expenses	\$7.2m	\$7.3m	(1.60%)
Operating income	\$7.1m	\$(307.3)m	102.31%
Net income	\$1.8m	\$(313.1)m	100.57%
EBITDA Adjusted	\$24.9m	\$34.0m	(26.68%)
Net income Adjusted	\$7.6m	\$(0.6)m	1,441.20%
TCE Adjusted	\$14,414	\$15,560	(7.37%)
Average daily OPEX per vessel	\$5,622	\$5,239	7.31%
Average daily Net Cash G&A expenses per vessel **	\$1,439	\$1,445	(0.43%)
<b>EPS Adjusted</b>	<b>\$0.82</b>	<b>\$(0.11)</b>	<b>881.23%</b>

"Adjusted" figures exclude non-cash items

\*Net revenues = Total gross revenues adjusted for non-cash items – Voyage expenses

\*\* Net Cash G&A expenses = G&A expenses adjusted for non cash items – Management Fee Income



## Company Update



- ★ **\$70 million follow on equity offering completed on October 7, 2013**
  - ★ Substantial institutional investor participation (76% allocation of offered common shares)
  - ★ Market capitalization has expanded further to over \$230 million versus \$30 million in July
  - ★ Certain of our largest institutional shareholders participated in the offering
- ★ **Expansion of our newbuilding program**
  - ★ 5 more newbuilding vessels added to the existing 4 vessels already ordered in July
  - ★ Total 9 newbuildings on order, having an aggregate purchase price of \$368.4 million
- ★ **Accretive acquisition of 2 Ultramaxs announced on November 18, 2013**
  - ★ Modern, high specification vessels, with increased cargo carrying capacity
  - ★ Expected deliveries in December 2013 and January 2014 respectively
- ★ **Third party ship management services expanded to 9 dry bulk vessels vs 4 as of 30/06/2013. One more vessel to be added in December 2013.**
  - ★ Added 5 additional third party vessels under our management within the 3<sup>rd</sup> quarter 2013.
  - ★ Ship management of one more vessel to be undertaken within December 2013
  - ★ 10 third party vessels under management by the end of 2013.

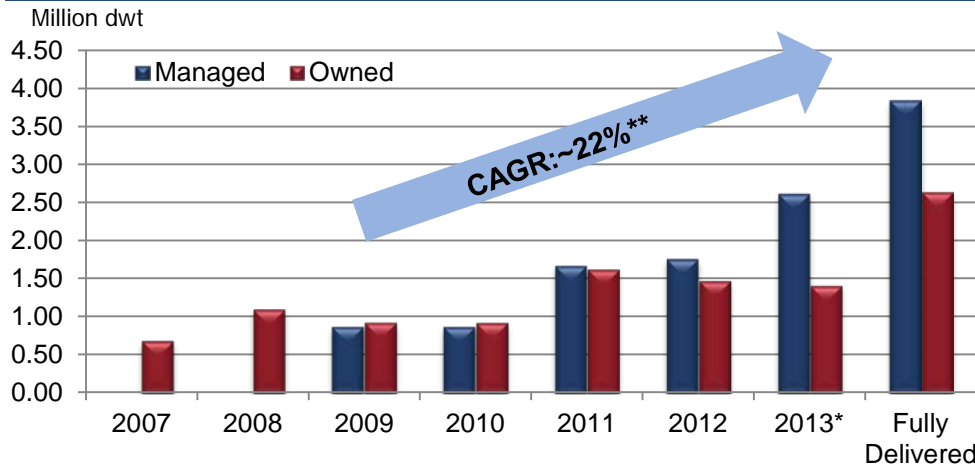


# Modern, In - Demand fleet



- ★ Fleet of 15 owned in-the-water dry bulk vessels
- ★ 2 modern Ultramax vessels recently acquired
- ★ 9 newbuilding (“Newbuildings”) to be delivered in 2015-2016
- ★ Average in-the-water fleet age of ~9.5 years
- ★ Management of 10 third-party vessels by the end of 2013
- ★ Third party managed fleet could exceed 30 vessels by 2015

## Fleet Growth \*



Vessel	Type	Built	Dwt
Star Aurora	Capesize	2000	171,199
Star Big	Capesize	1996	168,404
Star Borealis	Capesize	2011	179,678
Star Mega	Capesize	1994	170,631
Star Polaris	Capesize	2011	179,546
Star Challenger	Ultramax	2012	61,462
Star Fighter	Ultramax	2013	61,462
Star Cosmo	Supramax	2005	52,247
Star Delta	Supramax	2000	52,434
Star Epsilon	Supramax	2001	52,402
Star Gamma	Supramax	2002	53,098
Star Kappa	Supramax	2001	52,055
Star Omicron	Supramax	2005	53,489
Star Theta	Supramax	2003	52,425
Star Zeta	Supramax	2003	52,994
Hull 198	Newcastlemax	2016	209,000
Hull 1342	Newcastlemax	2016	208,000
Hull 1343	Newcastlemax	2016	208,000
Hull 1338	Capesize	2015	180,000
Hull 1339	Capesize	2016	180,000
Hull 196	Ultramax	2015	61,000
Hull 197	Ultramax	2015	61,000
Hull 5040	Ultramax	2015	60,000
Hull 5043	Ultramax	2015	60,000
<b>Total</b>	<b>24 Vessels</b>		<b>2,640,526</b>

\*Up to November 25, 2013 including the effect of the acquisition of Star Challenger & Star Fighter and 10 third party vessels under management.

\*\* Pertains to Managed fleet.

# Third-party Managed Fleet Profile



Vessel #	Type	Category	Effective date under our management	Dwt	Built
1	Bulk Carrier	Capesize	Oct-12	181,433	2011
2	Bulk Carrier	Capesize	Oct-13	180,181	2004
3	Bulk Carrier	Capesize	Oct-13	177,643	2004
4	Bulk Carrier	Capesize	Aug-13	174,109	2007
5	Bulk Carrier	Panamax	Jun-13	74,732	1999
6	Bulk Carrier	Panamax	Aug-13	74,470	2001
7	Bulk Carrier	Supramax	Sep-12	58,722	2012
8	Bulk Carrier	Supramax	Sep-13	55,742	2006
9	Bulk Carrier	Supramax	Jun-11	53,688	2006
<b>Total</b>				<b>1,030,720</b>	

- ★ Total Operating Fleet: 24 vessels, 15 owned and 9 third party vessels
- ★ One more third party vessel to join our managed fleet within December 2013
- ★ 9 newbuildings to be added in our owned fleet in 2015 and 2016
- ★ We plan to have more than 30 third party vessels under management by the end of 2015
- ★ Management Revenues of \$750 per managed vessel per day



- ★ Total Operating Fleet (fully delivered basis): Over 50 vessels (owned & third party)

- ★ High quality shipyards – high quality vessels
- ★ Improved design – attractive to charterers
- ★ Low purchase price compared to historical inflation adjusted standards
- ★ Operational and fuel efficiency versus second hand vessels:

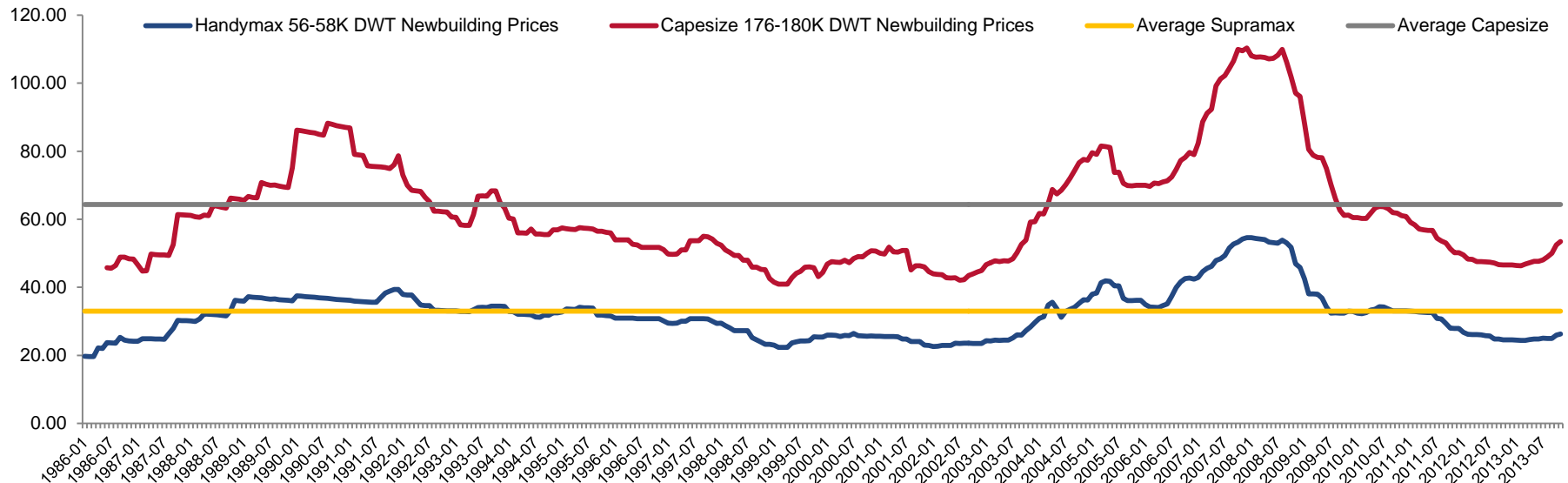
Capesizes

- ★ Estimated potential annual fuel savings of \$1.20 million

Ultramaxes

- ★ Estimated potential annual fuel savings of \$0.50 million

## Inflation-adjusted Newbuilding Prices



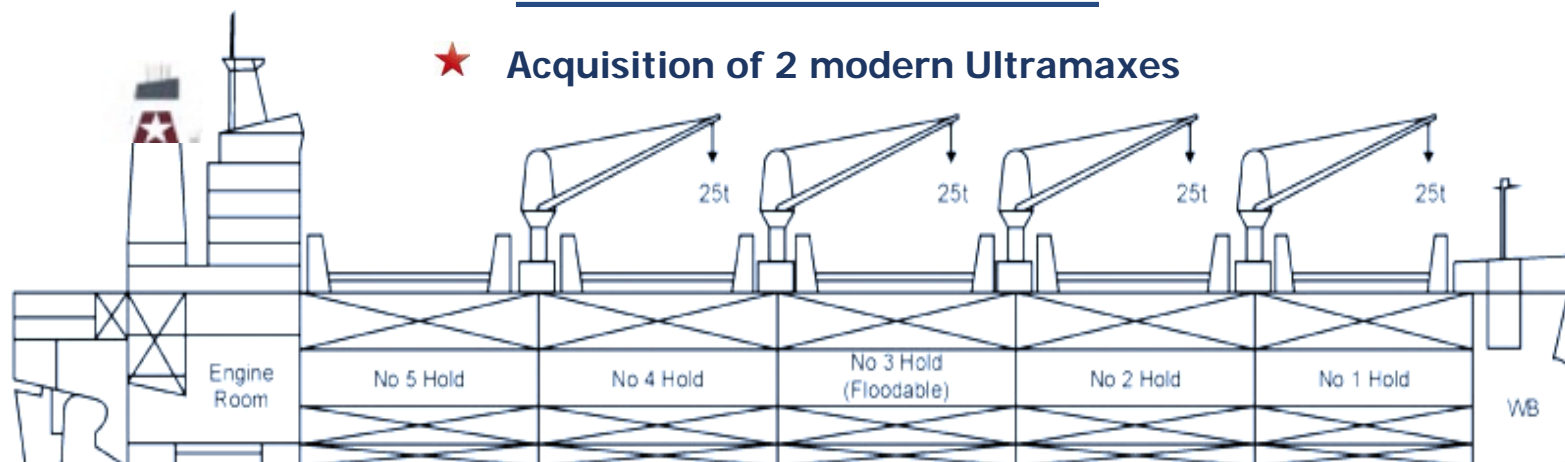
# Contracted Growth via Newbuilding Program



# Newbuildings	3 vessels	2 vessels	2 vessels	2 vessels
Type	<u>Newcastlemax</u>	<u>Capesize</u>	<u>Ultramax</u>	<u>Ultramax</u>
Purchase Price (\$million)	<b>\$368.4</b>			
Yard/Country	NACKS, China (1vsl), SWS, China (2vsls)	SWS, China	JMU, Japan	NACKS, China
Size (dwt)	209,000 (1vsl) / 208,000 (2vsls)	180,000	60,000	61,000
Eco specifications	Fuel - efficient, carbon emissions optimized			
Delivery date	March 2016 (1vsl) /January & April 2016 (2vsls)	October 2015 & January 2016	June & September 2015	October & November 2015
Payment Terms	20/10/5/5/60% (1vsl) 10/10/10/70% (2vsls)	30/70%	10/10/10/70%	20/10/5/5/60%
Deposits Paid YTD (\$ million)	<b>\$67.1</b>			

## Transaction Overview

★ Acquisition of 2 modern Ultramaxes



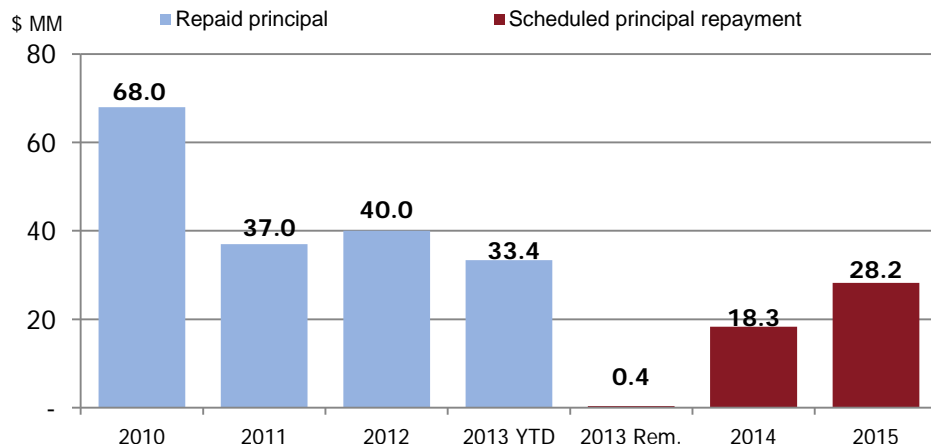
Vessel	Star Challenger	Star Fighter
Purchase Price (\$ million)	\$29.05	\$29.05
Yard/Country	Imabari, Japan	Imabari, Japan
Built Date	November 2012	September 2013
Type	Ultramax Bulk Carrier	Ultramax Bulk Carrier
Size (dwt)	61,462	61,462
Delivery Date	December 2013	January 2014
Payment Terms	10/90%	10/90%
Deposit Paid YTD (\$ million)	\$2.905	\$2.905

# Balance Sheet and Stable Leverage Profile



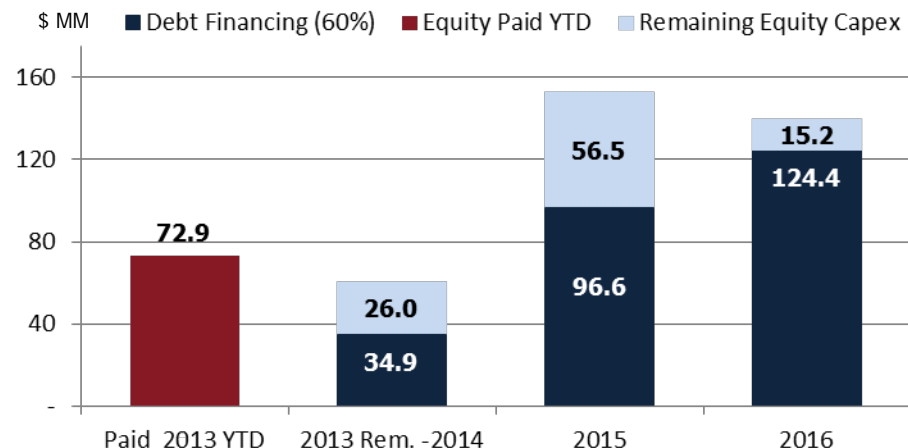
★ Total Outstanding Debt <sup>(1)</sup>	\$190.7m
★ Cash <sup>(1)</sup>	\$107.8m
★ Net Outstanding Debt	\$82.9m
★ Current Market Value "in the water" fleet	\$332.3m
★ Current Market Value Newbuildings	\$407.0m
★ Newbuildings Contracted Price	\$368.4m
★ Advances Paid for Vessel Acquired/Under Construction <sup>(1)</sup>	\$72.9m
★ Remaining Equity Capex (assuming 60% debt financing) <sup>(1)</sup>	\$97.7m
★ NAV Charter - free/share	\$10.4
★ 2013 Remaining Principal Repayment <sup>(1)</sup>	\$0.4m

### Principal Repayment Schedule



(1) As of November 25, 2013

### Remaining Capex Payment Schedule



All figures approximate

# Fleet Employment Profile -Leverage to Upside

- ★ Current Fleet Coverage<sup>(1)</sup>: 96% for 2013 – 19% for 2014 – 6% for 2015
- ★ Capesize Fleet Coverage<sup>(1)</sup>: 100% for 2013 – 46% for 2014 – 18% for 2015
- ★ Supramax Fleet Coverage<sup>(1)</sup>: 94% for 2013 – 6 % for 2014
- ★ Total contracted gross revenue of approximately \$35.9 million<sup>(1)</sup>

Vessel	Charterer	2013				2014				Gross TC Rate
		1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	
Star Aurora	Major Mining Company									\$17,000
Star Big	Major Mining Company									\$25,000
Star Borealis	Major Trading Company									\$27,000
Star Mega	Major Mining Company									\$24,500
Star Polaris	Louis Dreyfus Commodities									\$16,500
Star Challenger	N/A									N/A
Star Fighter	N/A									N/A
Star Cosmo	Short term TC									\$15,500
Star Delta	N/A									At dry dock
Star Epsilon	Short term TC									\$9,750
Star Gamma	Cargill									\$9,400
Star Kappa	Short term TC									\$9,400
Star Omicron	Short term TC									\$15,500
Star Theta	Short term TC									\$8,900
Star Zeta	Short term TC									\$9,000

Average Daily Gross Fixed Rate

Capesize: \$23,246

Supramax: \$11,075

Fleet wide: \$20,550

Redelivery dates:	Earlier	Latest	Vessel not in our possession
Notes:	Capesize		
	Supramax		

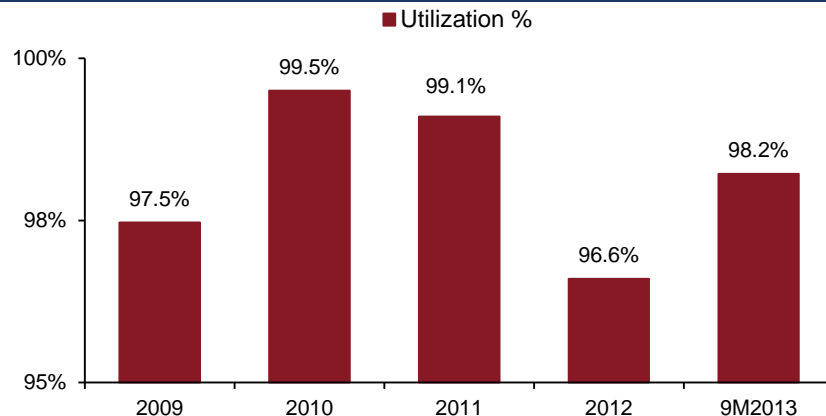
(1) As of November 25, 2013.

# Management Efficiency and Optimization



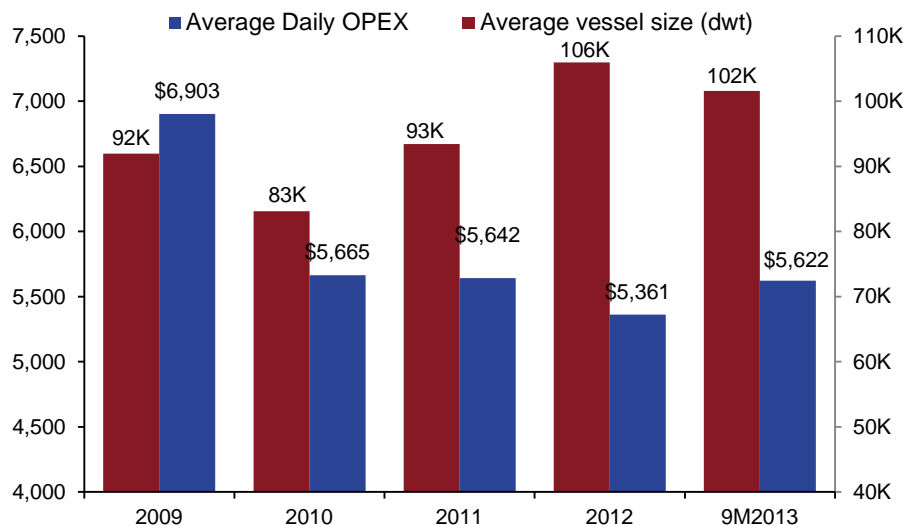
- ★ Adjusted for the sale of Star Sigma, fleet utilization is essentially in line with our historical levels.
- ★ Vessel OPEX reduced while average vessel size expands.
- ★ Overall vessel quality at high levels through rigorous quality controls.
- ★ G&A expenses contained while management capacity grows.

## Fleet Utilization \*

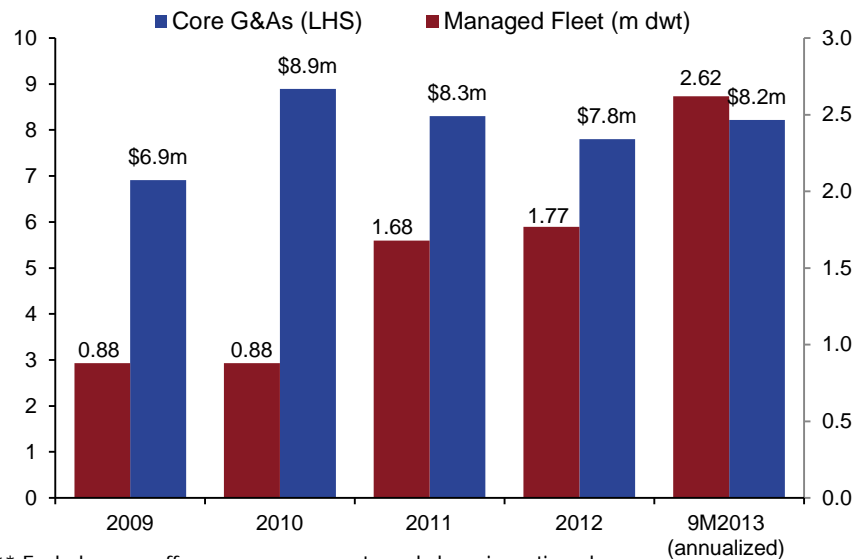


\* 9M 2013 figures exclude Star Sigma, sold on April 2013

## Average Daily OPEX vs Vessel Size



## G&A Expenses\*\* vs Managed Fleet



\*\* Excludes one-off severance payments and share incentive plans





# Financial Results

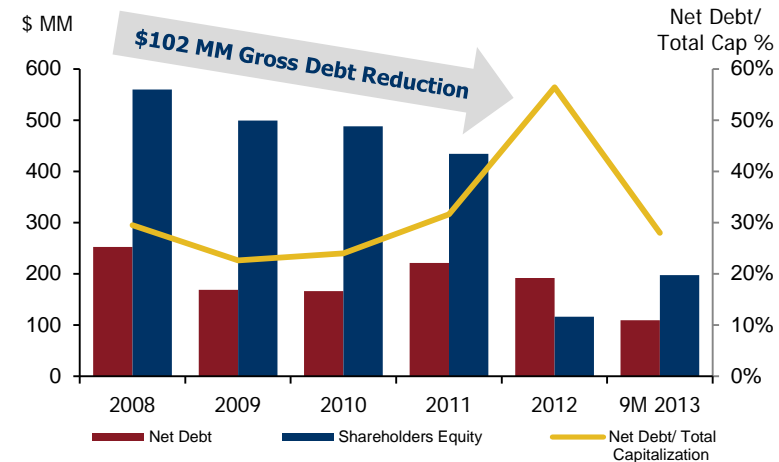


# Balance Sheet as of September 30, 2013

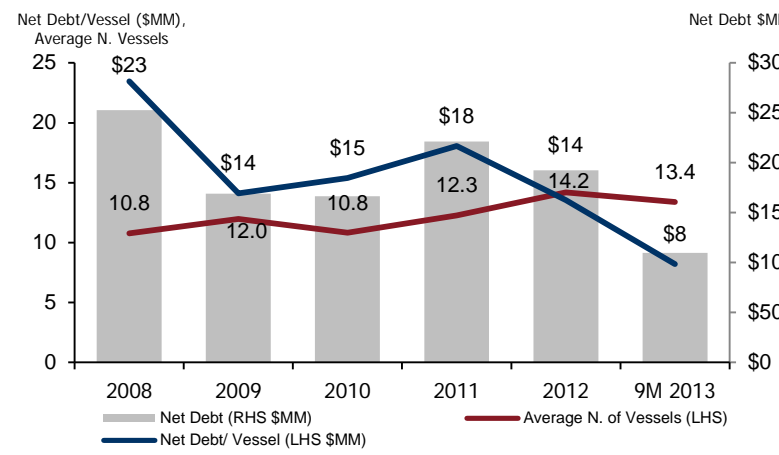


(in \$ '000s)	Sep 30, 2013 (unaudited)	Dec 31, 2012 (audited)
<b>ASSETS</b>		
Cash and restricted cash (current and non-current)	84,666	31,846
Other current assets	8,216	15,687
Fixed assets, net	271,993	291,207
Advances for vessels under construction	28,632	-
Fair value of above market acquired time charter	9,579	14,330
Other non-current assets	1,288	1,636
<b>TOTAL ASSETS</b>	<b>404,374</b>	<b>354,706</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Total debt	194,424	224,114
Total other liabilities	12,444	13,846
Stockholder's equity	197,506	116,746
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>404,374</b>	<b>354,706</b>
Net Debt	109,758	192,268
Total Capitalization (Debt + Equity)	391,930	340,860
Debt / Total Capitalization	49.6%	65.7%
Net Debt / Total Capitalization	28.0%	56.4%

## Capital Structure



## Financial Leverage & Fleet Growth



**Growing the fleet while optimizing leverage**

# Income Statement 3<sup>rd</sup> Quarter 2013



(in \$000's)	Jul 1 - Sep 30, 2013	Non-cash Adjustments	Adjusted Jul 1 - Sep 30, 2013	Adjusted Jul 1 - Sep 30, 2012
<b>REVENUES:</b>	<b>17,727</b>	<b>1,601</b>	<b>19,328</b>	<b>20,018</b>
<b>EXPENSES:</b>				
Voyage expenses	-2,375		-2,375	-3,424
Vessel operating expenses	-6,787		-6,787	-6,283
Drydocking expenses	-1,605		-1,605	-1,971
Gain/Loss on derivative instruments	-378	378	0	-23
General and administrative expenses	-2,499	444	-2,055	-1,916
Gain on time charter agreement termination	0		0	0
Other operational Loss	-338		-338	-663
Other Operational gain	1,641		1,641	1,891
Loss on sale of vessel	-6	6	0	0
<b>Total expenses</b>	<b>-12,347</b>	<b>828</b>	<b>-11,519</b>	<b>-12,389</b>
<b>EBITDA</b>	<b>5,380</b>	<b>2,429</b>	<b>7,809</b>	<b>7,629</b>
Depreciation	0		0	0
<b>Operating (loss)/ income</b>	<b>5,380</b>	<b>2,429</b>	<b>7,809</b>	<b>7,629</b>
Interest and finance costs	-1,711		-1,711	-1,905
Interest income and other	0		0	0
Loss on debt extinguishment	120		120	52
<b>Total other income (expenses), net</b>	<b>-1,591</b>		<b>-1,591</b>	<b>-1,853</b>
<b>Net income</b>	<b>-168</b>	<b>2,429</b>	<b>2,261</b>	<b>-3,759</b>

# Income Statement 9 Months 2013

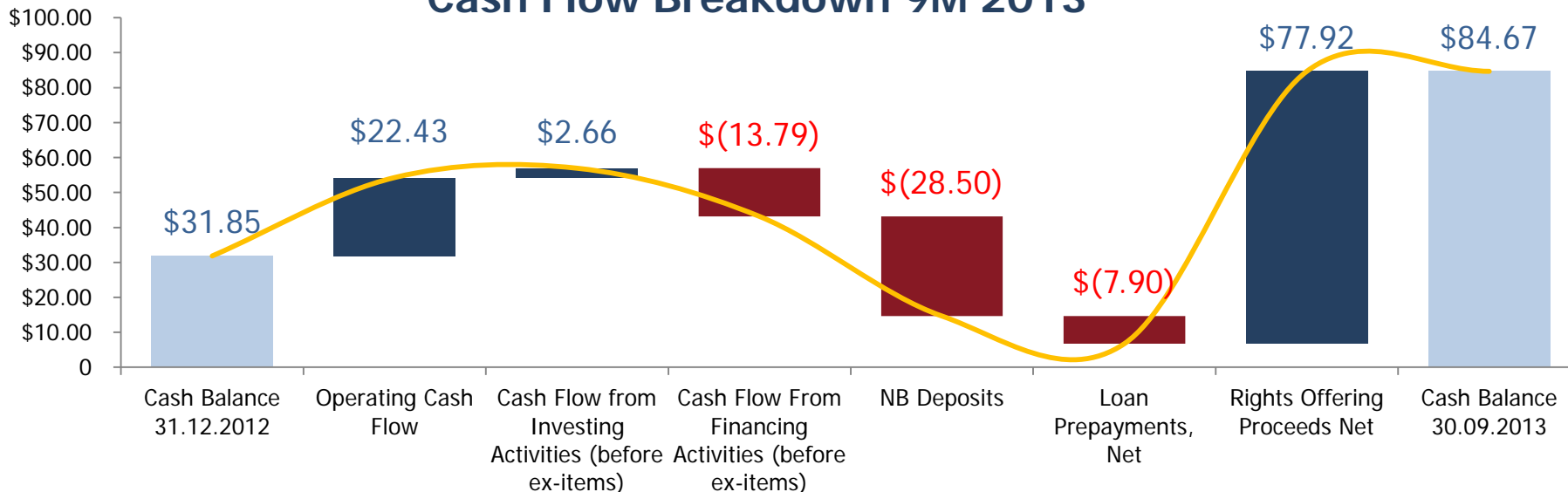


(in \$000's)	Jan 1 - Sep 30, 2013	Non-cash Adjustments	Adjusted Jan 1 - Sep 30, 2013	Adjusted Jan 1 - Sep 30, 2012
<b>REVENUES:</b>	<b>53,545</b>	<b>4,751</b>	<b>58,296</b>	<b>72,992</b>
<b>EXPENSES:</b>				
Voyage expenses	-6,880		-6,880	-17,453
Vessel operating expenses	-20,519		-20,519	-20,452
Drydocking expenses	-2,177		-2,177	-2,997
Gain/Loss on derivative instruments	60	-60	0	-41
General and administrative expenses	-7,208	1,044	-6,164	-5,851
Gain on time charter agreement termination	0		0	6,454
Other operational Loss	-900		-900	-663
Other Operational gain	3,288		3,288	2,031
Loss on sale of vessel	-87	87	0	0
<b>Total expenses</b>	<b>-34,423</b>	<b>1,071</b>	<b>-33,352</b>	<b>-38,972</b>
<b>EBITDA</b>	<b>19,122</b>	<b>5,822</b>	<b>24,944</b>	<b>34,020</b>
Depreciation	-12,027		-12,027	-28,732
<b>Operating (loss)/ income</b>	<b>7,095</b>	<b>5,822</b>	<b>12,917</b>	<b>5,288</b>
Interest and finance costs	-5,505		-5,505	-6,047
Interest income and other	206		206	191
Loss on debt extinguishment	0		0	0
<b>Total other income (expenses), net</b>	<b>-5,299</b>		<b>-5,299</b>	<b>-5,856</b>
<b>Net income</b>	<b>1,796</b>	<b>5,822</b>	<b>7,618</b>	<b>-568</b>

# Cash Flow Generation 9 Months 2013

Amounts in \$ million

## Cash Flow Breakdown 9M 2013



(in \$000's)

<b>Cash Balance 31.12.2012</b>	<b>31,846</b>
Cash Flow from Operations	22,431
Cash Flow from Investing Activities (before ex-items)	2,663
Cash Flow from Financing Activities (before ex-items)	(13,791)
<b>Free Cash Flow (before ex - items)</b>	<b>11,303</b>
NB Deposits	(28,500)
Loan Prepayments, Net	(7,903)
Rights Offering Proceeds, Net	77,920
<b>Cash Balance 30.09.2013</b>	<b>84,666</b>



★ Cash generation before growth capex, debt prepayments, sale of Star Sigma and rights offering net proceeds.



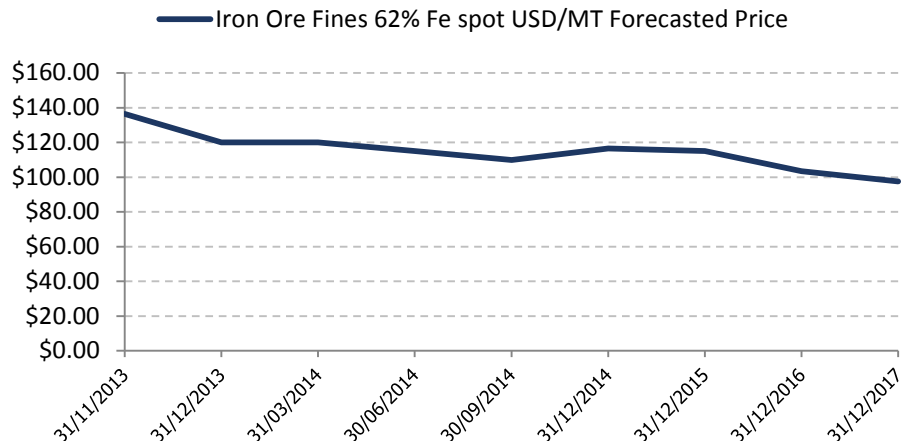
## Industry Update



# Iron Ore Trade Demand Dynamics

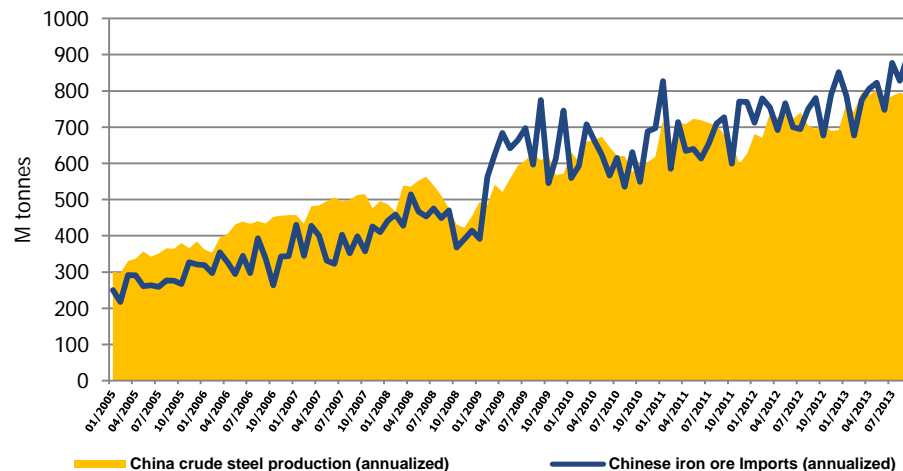


## Iron Ore Price Consensus



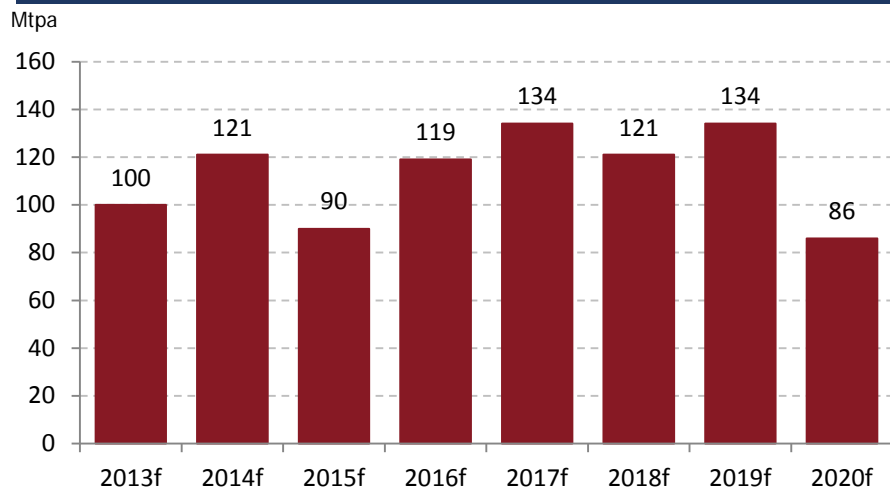
Source: Bloomberg, Consensus Analysts Estimates, November 2013

## Chinese Steel Production & Iron Ore Imports



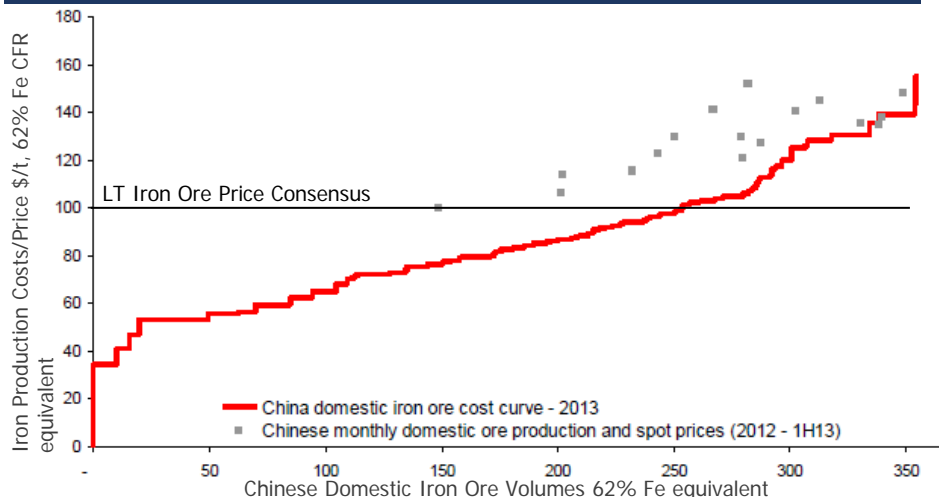
Source: Chinese Customs, Bloomberg, October 2013

## Iron Ore Supply Capacity Additions



Source: Company Data, Macquarie, September 2013

## Chinese iron ore cost curve

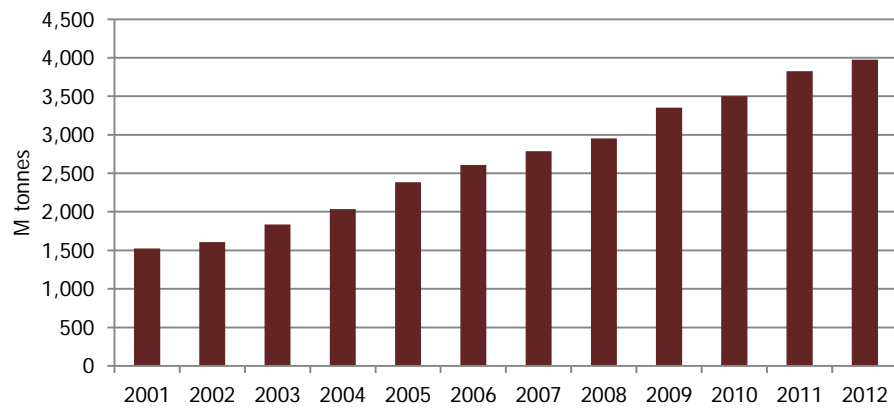


Source: Macquarie Research, SMM, Company Data

# Coal Trade Demand Fundamentals

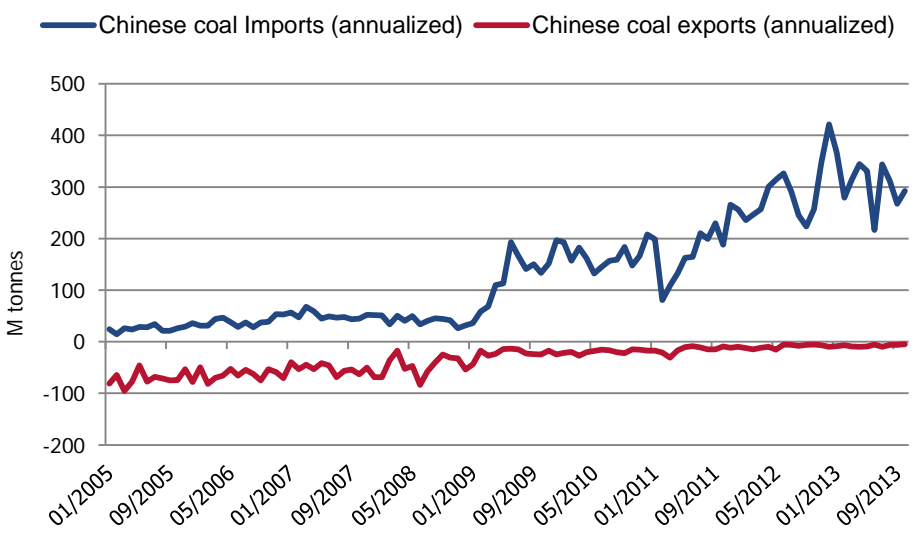
- ★ China has turned from a net exporter to the world's biggest coal importer in 3 years
- ★ Huge potential for Chinese coal imports, currently at 256 million tonnes (YTD)
- ★ China had ~4 billion tonnes annual coal consumption in 2012
- ★ India, a traditional major coal importer is expected to expand coal imports by ~10% in 2014

## Chinese Coal Consumption



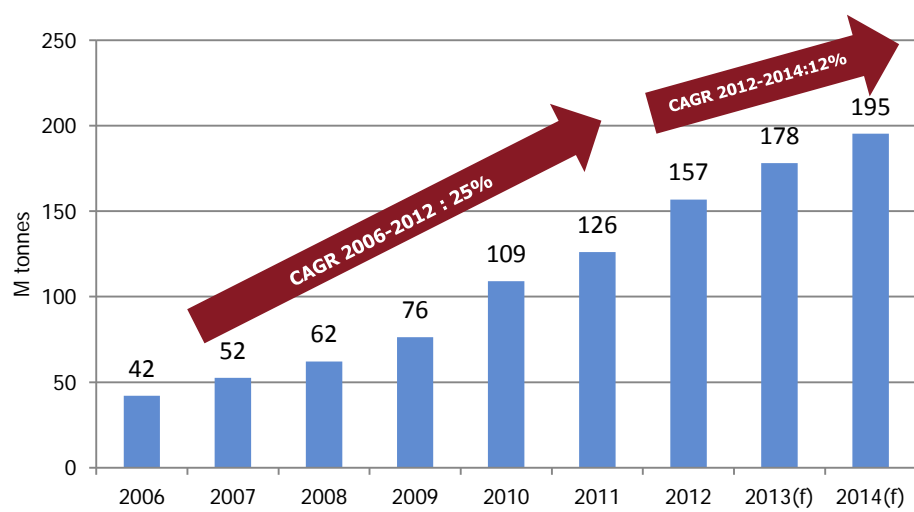
Source: DOE, Bloomberg, October 2013

## Chinese Coal Trade



Source: Chinese Customs, Bloomberg, October 2013

## Indian Coal Imports



Source: Clarksons, October 2013

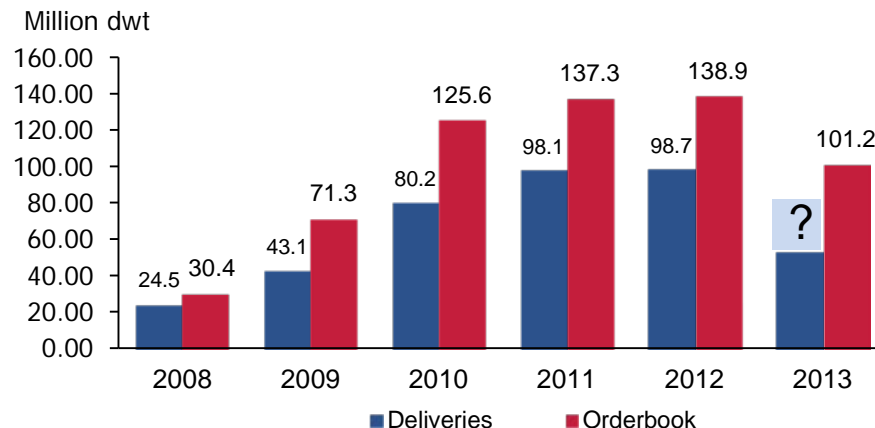


# Supply More Rational Today



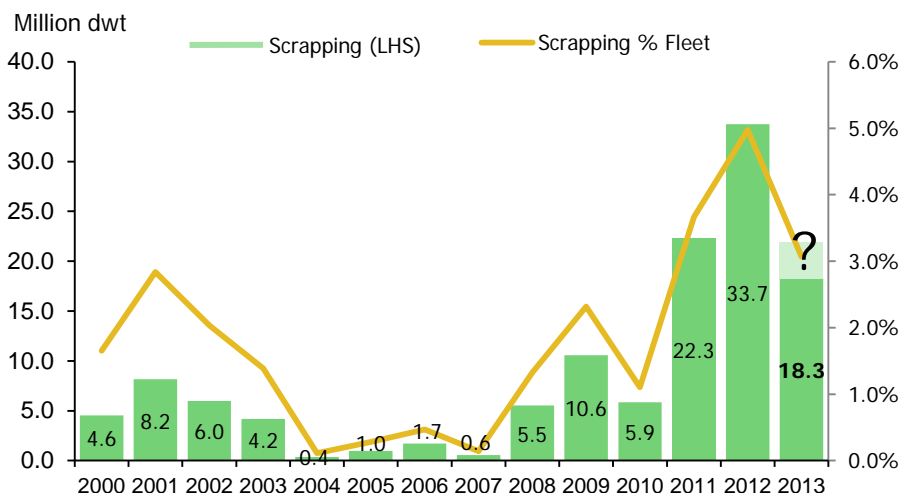
- ★ 2008-2012 average delivery slippage ~30%
- ★ ~48% of the current fleet delivered in the last 4 years
- ★ Deliveries expected to continue slowing down going forward
- ★ Scrapping at all-time high in 2012
- ★ Scrapping continues at slower pace

## Deliveries vs Orderbook



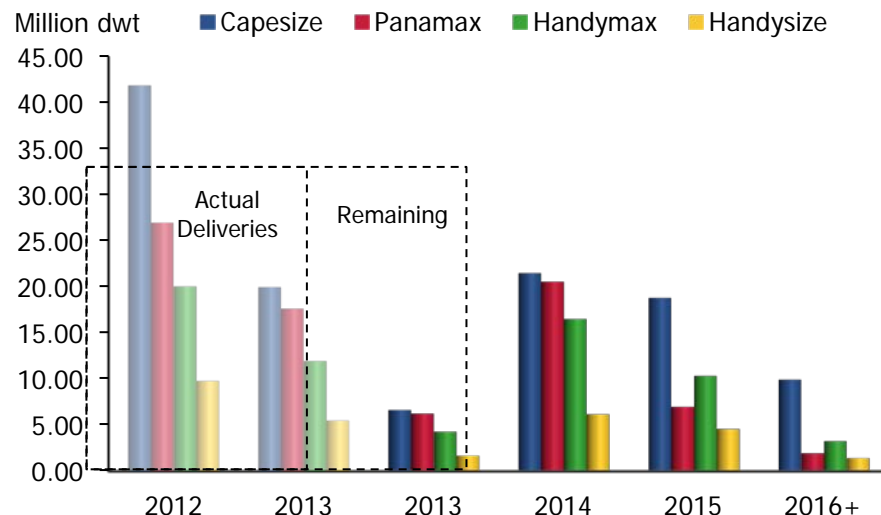
Source: Clarksons, October 2013

## Scrapping History



Source: Clarksons, October 2013

## Dry bulk Orderbook

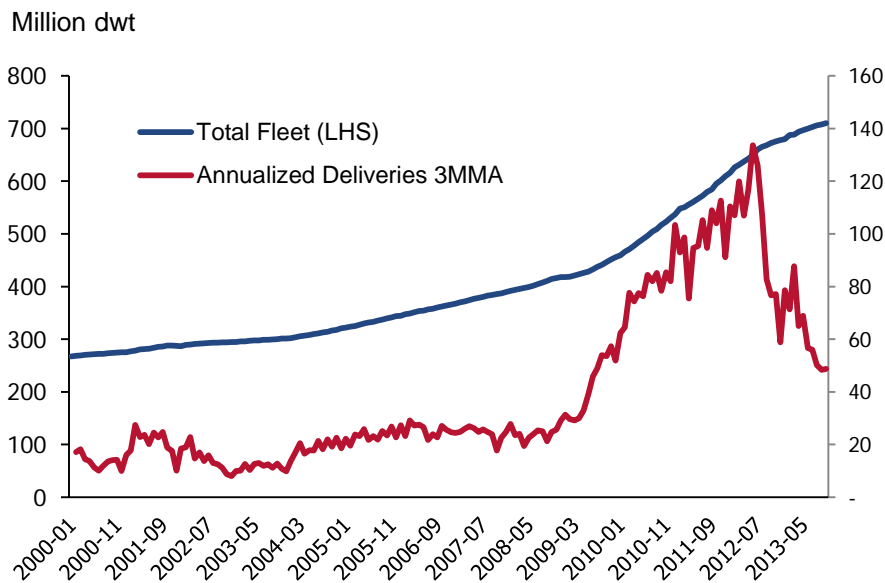


Source: Clarksons, October 2013

# Rates Recovering as a Result

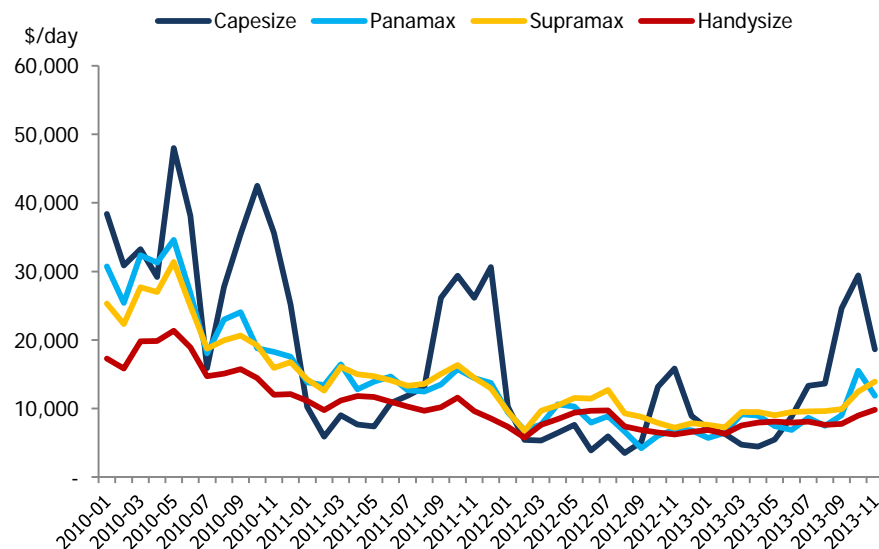
- ★ In 2009 global economic slowdown coincided with exceptionally strong supply
- ★ 2013 will break a 4-year streak of record high deliveries
- ★ Massive fleet growth has muted the impact of resilient demand growth post financial crisis
- ★ Scrapping and slow-steaming effectively reduced available carrying capacity
- ★ The observed ease in actual deliveries and supply has allowed for demand spike to translated into precipitous increase in Capesize freight rates

## Deliveries vs Fleet



Source: Clarksons, October 2013

## Baltic Spot Rates



Source: Clarksons, November 2013



## Closing Remarks



## Dry Bulk Market Recovery

- ★ Continued strong outlook for demand
- ★ Slowing dry bulk fleet growth will lead to increased utilization
- ★ Opportunities to capitalize on depressed asset values

## Superior Assets

- ★ High-quality existing fleet of 15 modern vessels with an average of 9.5 years
- ★ 9 'ECO' dry bulk carriers ordered from the top shipyards in Japan and China
- ★ The company's pro forma asset value is weighted towards new fuel efficient vessels

## Attractive Strategy

- ★ Sole focus of owning and operating dry bulk carriers
- ★ Short-term charter coverage with exposure to longer term recovery in rates
- ★ Diverse asset base with emphasis on large vessels with greater upside

## Strong Sponsorship

- ★ Experienced managers lead by Chairman Petros Pappas who has owned and managed over 120 vessels across cycles during his 35 year career
- ★ Strategic and financial support provided by Monarch Alternative Capital LP and Oaktree Capital Management L.P., the company's largest shareholders

## Strong Operating Capabilities

- ★ Internal commercial and technical management capabilities
- ★ Growing third party management business generates riskless revenue through the management of third party vessels



**Thank you**

