



NASDAQ: SBLK

# Corporate Presentation



December 2016

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## Low cash breakeven levels gives runway into 2019 even under existing market conditions

### Strong Financial Position

- ❖ Agreement with banks enhances liquidity
- ❖ Continued low operating cost
- ❖ Fleetwide cash breakeven rates reduced to ~\$7,800 per day
- ❖ Total cash of \$ ~200.0 million following

## An Opportunity to Invest in a Leading Drybulk Operator at a Low Point in the Cycle

### Attractive Platform

- ❖ One of the largest US listed drybulk operator with 73 ships on a fully delivered basis
- ❖ Strong commercial and operating platforms that have consistently outperformed industry benchmarks
- ❖ Low cost operator with industry leading OPEX and SG&A
- ❖ In-house technical and commercial management for all owned vessels
- ❖ Proven support from banks and key shareholders

### Industry Supply / Demand Update

- ❖ Asset values have stabilized close to multi-year lows
- ❖ Low fleet growth driven by high demolition activity and slippage
- ❖ Record low contracting of new capacity over the last 18 months
- ❖ Trade growth anticipated to gradually improve during 2H 2016 and 2017

## Agreement with Banks

- **Push back debt repayments of \$223.9 million**
  - **100% amortization waiver** of principal repayments for 25 months from all Banks (for period starting June 1<sup>st</sup>, 2016 and ending June 30<sup>th</sup>, 2018)
  - Extension of HSH and Commerzbank facilities from September / October 2016 for two years
  
- **Waivers / Relaxation on Corporate Financial Covenants until December 31st, 2019**
  
- **Successfully raised \$51.5 million of gross equity proceeds**
  - Our major shareholders Oaktree Capital Management L.P., Caspian Capital L.P and entities affiliated with Mr. Pappas intend to subscribe for each's pro rata share of the offering

# Strong Liquidity Position

## Fleet-wide Net TCE FCF Breakeven Rate Reduction



## Cash & Debt position<sup>(1)</sup>

- ◆ Total Cash (including minimum liquidity)<sup>(1)</sup>: \$ 203.9 m
- ◆ Total Debt & Capital lease obligations<sup>(1)</sup>: \$ 968.7 m

## Remaining Capex



	2016	2017	2018	Total 2016-2018
	Remaining <sup>(1)</sup>	FY	FY	Remaining <sup>(1)</sup>
NB Capex <sup>(1)</sup>	\$0.0	\$119.1	\$74.3	\$193.4
Expected Debt Amount <sup>(2)</sup>	\$0.0	\$104.2	\$64.3	\$168.5

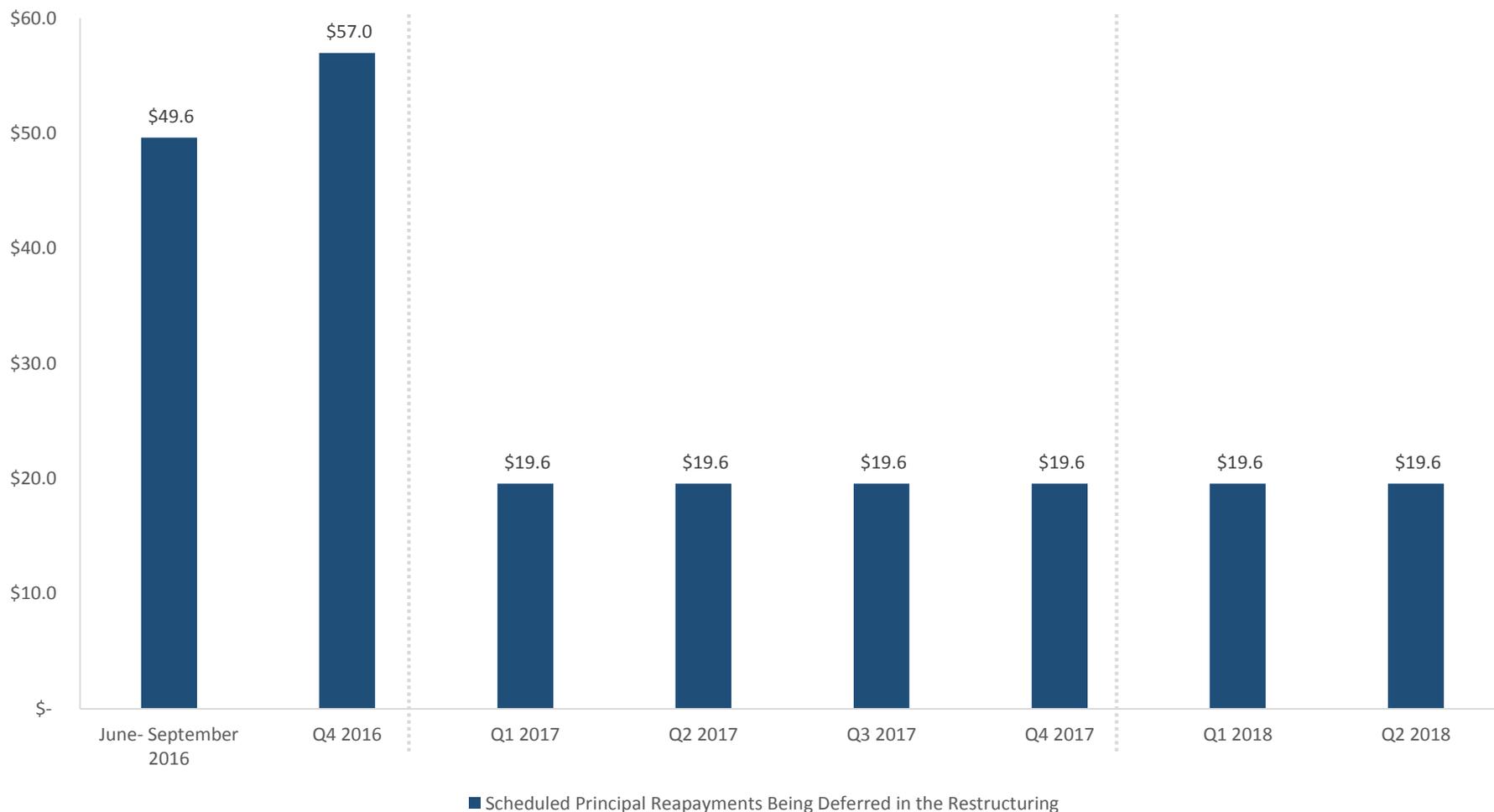
(1) As of November 18<sup>th</sup>, 2016

(2) Based on current market valuations and 60% LTV financing

# All Bank Principal Deferred Past Q2 2018

- Total principal amount deferred of \$223.9 million<sup>(1)</sup>

Bank debt principal repayment deferral by quarter <sup>(2)</sup>



(1) Excluding one-time restructuring fee of 25 bps on deferred amounts as well as additional interest of 25bps on deferred amounts only

(2) Previous bank debt repayments exclude vessels sold and NB vessel Star Gemini, expected to be delivered in Q3 2017

# Continued Operational Excellence



- Vessel OPEX<sup>(1)</sup> were \$3,784 per day in Q3 2016, reduced by ~10.7% compared to the respective \$4,237 for Q3 2015 and \$3,722 for the 9M 2016
- Net cash G&A expenses per vessel per day were \$1,047 in Q3 2016, and \$1,116 for the 9M 2016
- Over 90% of managed vessels<sup>(3)</sup> have a 5 star Rightship rating

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

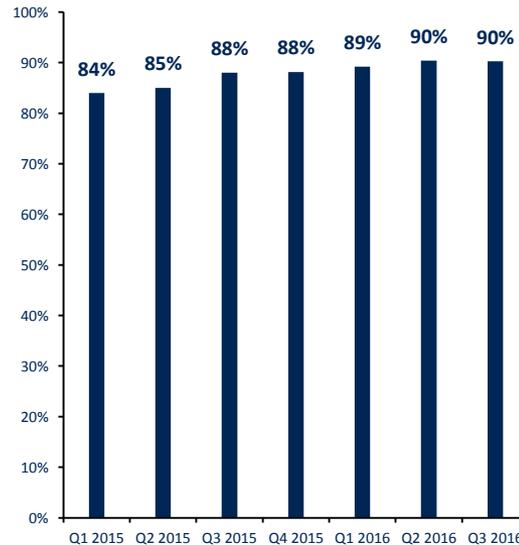
**...without compromising quality...**

**...and competitive Net Cash G&A<sup>(2)</sup> Expenses due to economies of scale**

**Average Daily OPEX<sup>(1)</sup>**



**5 star Rightship Rating**



**Net Cash G&A Expenses /Daily /Vessel<sup>(2)</sup>**



**RIGHTSHIP**

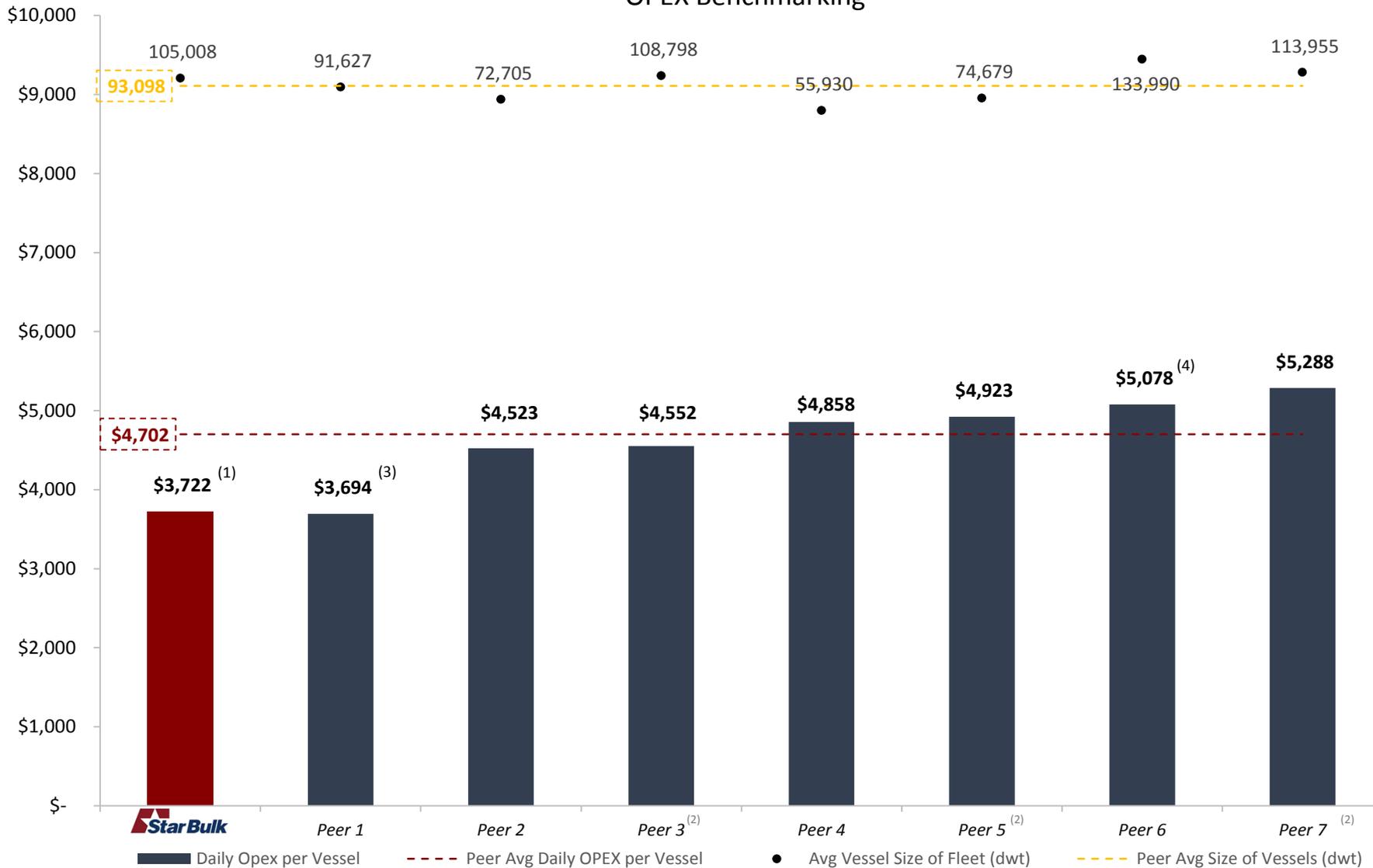


(1) Figures exclude pre-delivery expenses  
 (2) Excludes one-off severance payments, share incentive plans and termination charges, includes management fees  
 (3) Excludes one vessel that is in lay up

# Industry Leading OPEX 9M 2016



## OPEX Benchmarking



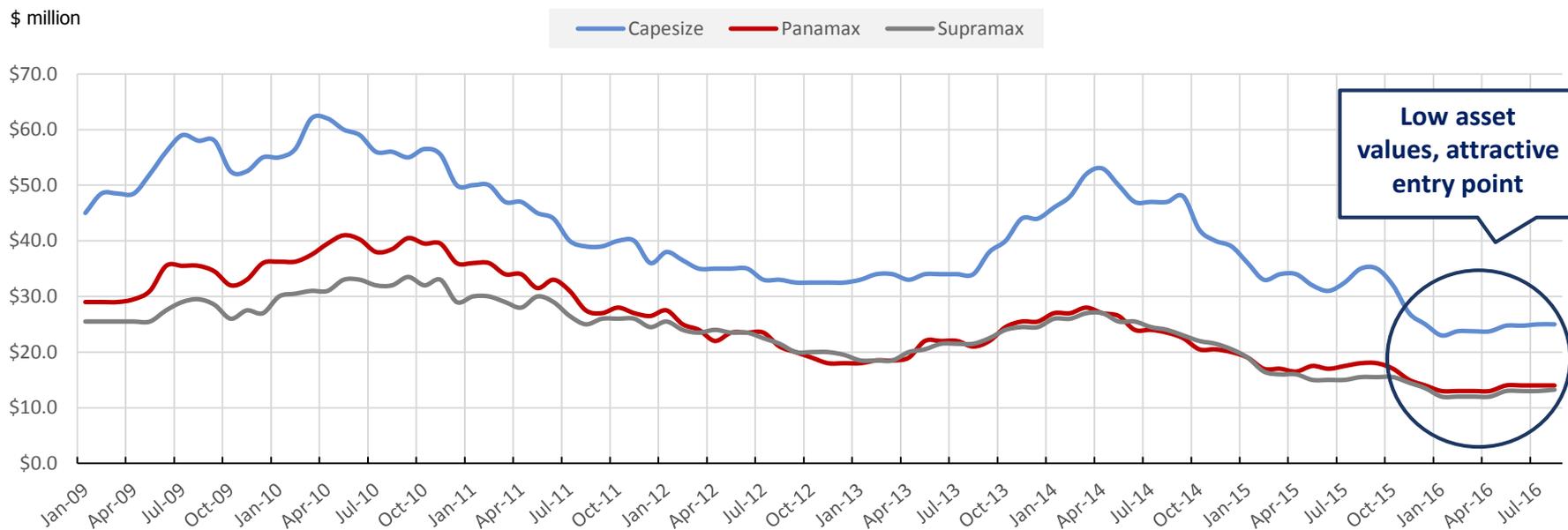
1) Excludes pre-delivery expenses

2) Peer Average figures exclude SBLK

3) Includes dry-docking costs

4) Fleet-wide estimate based on corporate presentation

## 5 year Old Dry Bulk Asset values



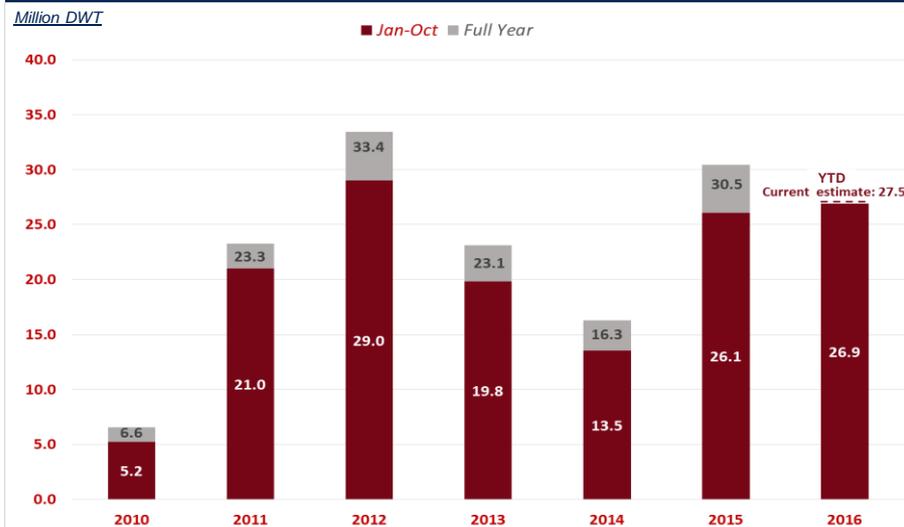
Capesize	Panamax	Supramax
<ul style="list-style-type: none"> <li>5 Year Old prices bottomed at \$23 million in January 2016</li> <li>Prices have currently recovered +8.7% from their bottom</li> <li>Current price at \$25 million</li> <li>Period High: \$62 million in March 2010</li> <li>7 years average: \$41.52 million</li> </ul>	<ul style="list-style-type: none"> <li>5 Year Old prices bottomed at \$13 million in January 2016</li> <li>Prices have currently recovered +7.7% from their bottom</li> <li>Current price at \$14 million</li> <li>Period High: \$41 million in May 2010</li> <li>7 years average: \$25.54 million</li> </ul>	<ul style="list-style-type: none"> <li>5 Year Old prices bottomed at \$12 million in January 2016</li> <li>Prices have currently recovered +10.4% from their bottom</li> <li>Current price at \$13.25 million</li> <li>Period High: \$33.5 million in September 2010</li> <li>7 years average: \$23.21 million</li> </ul>

# Dry Bulk Supply Update

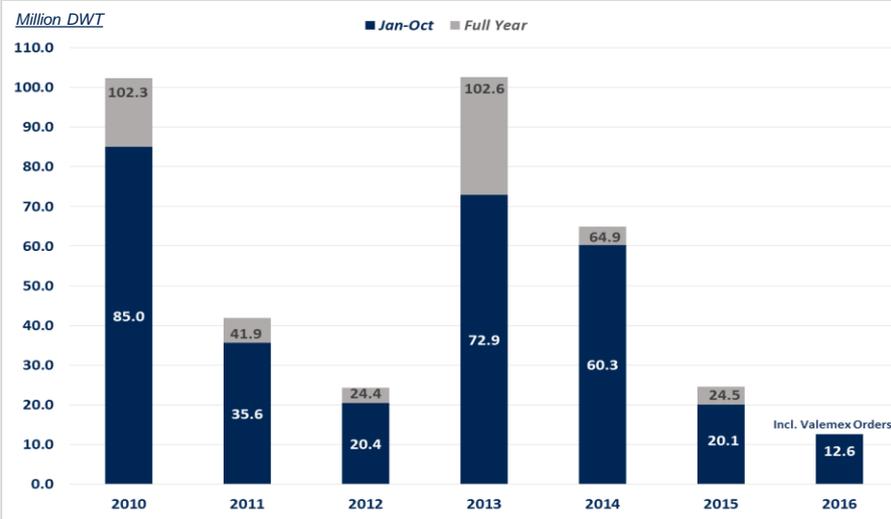


- **2016 Fleet growth running at +2.0% y-o-y**
  - Demolition activity: approx. 27.5 million dwt
  - Slippage is estimated to affect more than 40% of scheduled deliveries
- **Orderbook currently estimated below 12.0% from 18.0% last year**
  - YTD Contracting: 12.6 million Dwt from 20.1 million dwt last year. 2016 figures include 12.0 million dwt for 30 Valemax delivery 2018+
  - Cancellations & Conversions expected to continue during 2016/17
- **Fleet above 15 years of age currently at approx. 14.7% of the fleet**
- **Record low contracting expected to gradually trim 2017/18 deliveries**
  - 2016 Net fleet growth projected between 2.0% and 2.5%
  - 2017 Net fleet growth projected between 1.0% and 2.0%

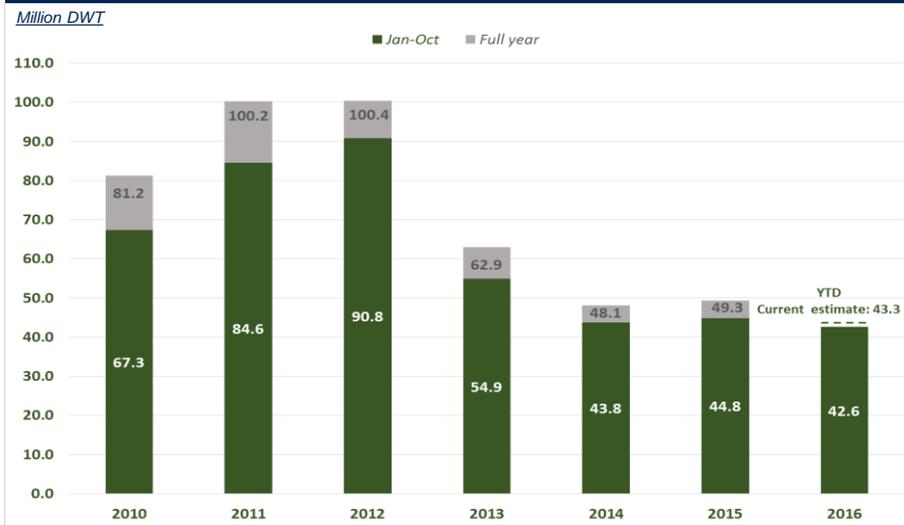
## Dry Bulk Demolition



## Dry Bulk New Orders

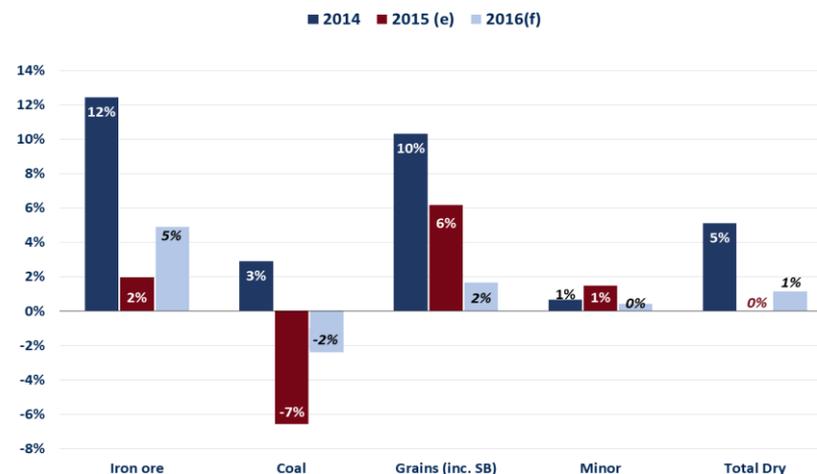


## Dry Bulk Deliveries

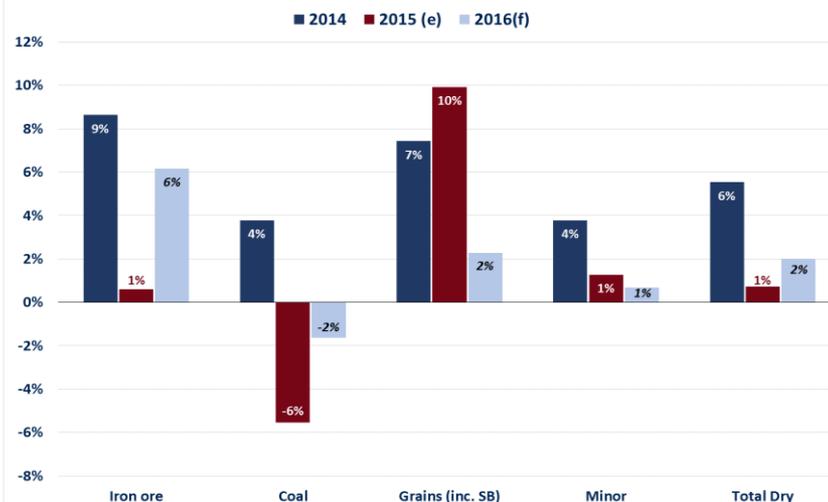


- **Commodity prices found a bottom during the first half of 2016:**
  - From Q1 lows: Iron ore prices +98%, Steel product prices +68.0%  
Thermal coal prices +100.0% and Coking coal +300%
- **Total dry bulk ton miles projected to increase 2.0% during FY 2016**
  - Iron ore ton-miles: +6.2% vs +0.6% in 2015
  - Thermal & Coking Coal ton miles: -1.6% vs -5.5% in 2015
  - Grains incl. soybeans ton-miles: +2.3% vs +9.9% in 2015
- **Trade growth expected to gradually improve during 2017**
  - Need to replenish depleted stocks to higher levels (Iron ore, Coal, Steel, Bauxite, Nickel ore) as commodity prices recover
  - Chinese fiscal and monetary stimuli to sustain real estate investment – House prices on a strong recovery path
  - Chinese domestic coal capacity cuts on massive domestic production to stimulate import recovery. Potential downside from China’s recent policies to contain galloping prices
  - Coal ton-miles boost from Indonesian export share substitution
  - Inefficient Iron ore producers in China closing down and replaced by imports.
  - Minor bulk ton miles: West African bauxite, ASEAN and India infrastructure development acceleration, Lift of Iran sanctions
  - Indian coal needs for electricity generation and steel making may exceed domestic coal production growth in the medium term
  - Expectations of a La Nina already materializing this winter highly likely to boost short term energy needs and stimulate restocking activity.

## Dry Bulk Trade – Full Year Growth (Tons)



## Dry Bulk Trade – Full Year Growth (Ton-Miles)





# Appendix





## Shareholder Base Breakdown

51.8%



### Oaktree Capital Management L.P.

- One of the largest private equity firms with \$100 billion assets under management
- Extensive involvement in shipping over the last decade

6.6%

CASPIAN

### Caspian Capital L.P.

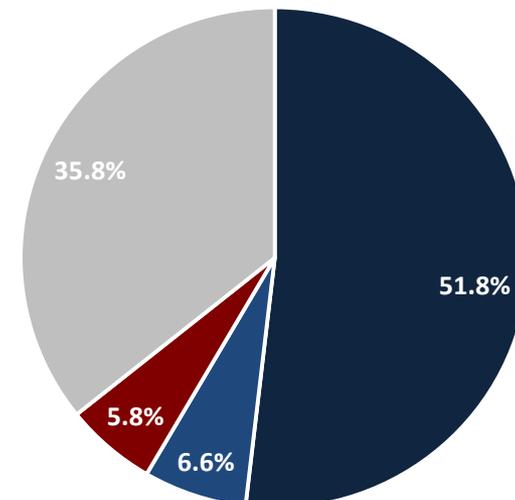
- \$4.7 billion assets under management

5.8%



### Pappas Family & Affiliates

- More than 30 years vessel management and operations experience
- Strong track record of well-timed vessel acquisitions and disposals



■ Oaktree Capital Management

■ Caspian Capital

■ Pappas Family & Affiliates

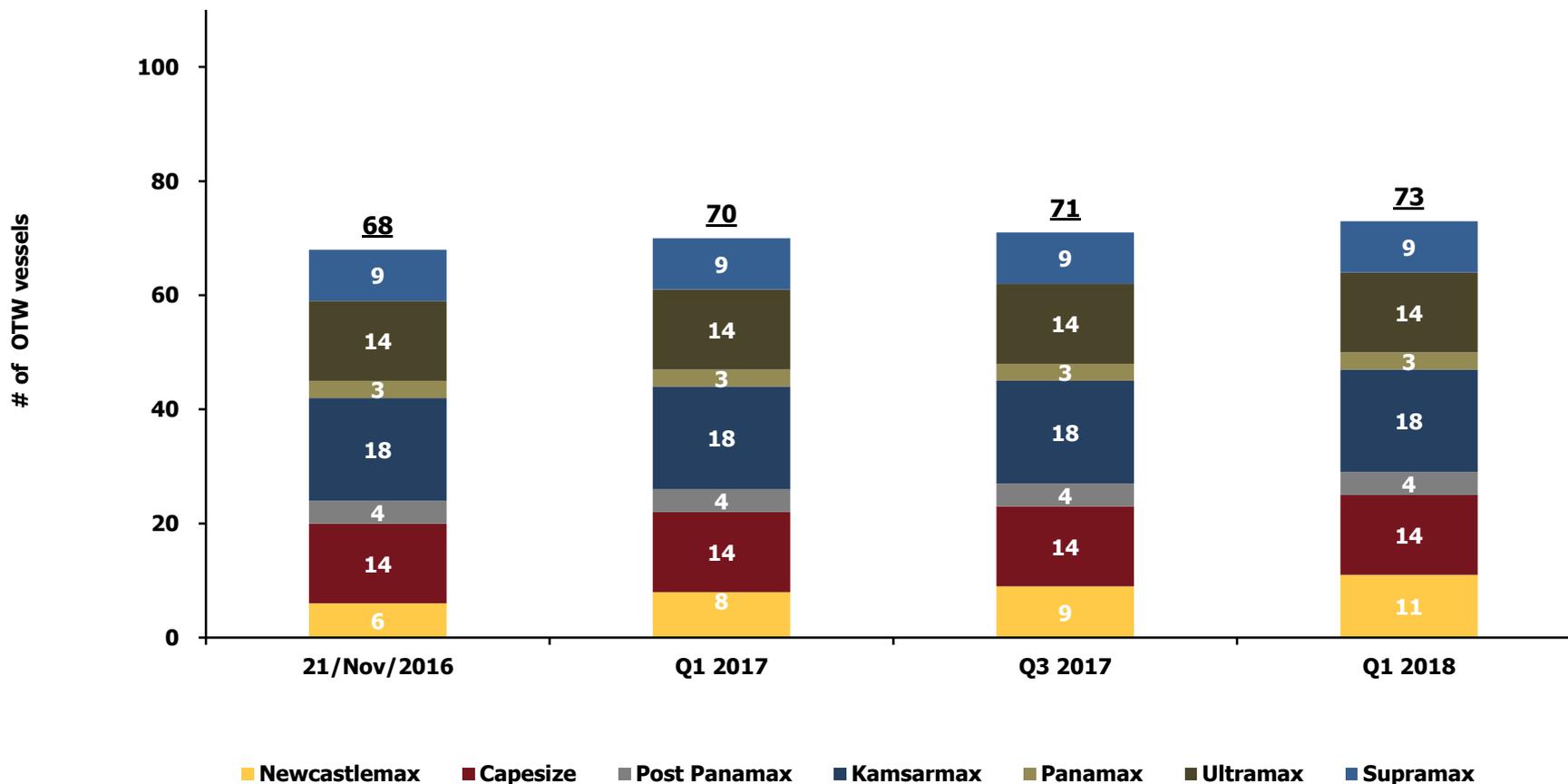
■ Public

(1) Ownership percentages upon completion of September 2016 equity offering

# Fleet Update



On a fully delivered basis, our fleet will consist of 73 vessels with 8.2 million dwt with average age of 8.1 years <sup>(1)</sup>



(1) Represents January 2018 average age; excluding 90's built vessels

# Fleet Employment Update

 From Q3 onwards we have fixed 15 vessels on period charters:

- Average fixed rate of ~ \$8,000
- Average remaining duration of 7.0 months

Fleet Employment										
Vessel	Size	Charterer	2016					2017		Gross TC Rate
			4Q	1Q	2Q	3Q	4Q	4Q	4Q	
Star Angie	CAPESIZE	Major Shipping Company								\$8,150
Star Aurora		Major Trading Company								\$8,050
Big Fish		Shipping Operator								\$9,125
Amami	POST-PANAMAX	Major Trading Company								\$7,050
Star Sirius		Major Trading Company								\$7,000
Madredeus		Major Trading Company								\$8,250
Mercurial Virgo	KAMSARMAX	Major Trading Company								\$5,750
Pendulum		Trading Company								\$7,250
Star Nasia		Trading Company								\$7,350
Star Angelina		Major Shipping Company								\$7,500
Star Laura		Trading Company								\$7,450
Star Moira		Shipping Operator								\$8,000
Star Vanessa	PANAMAX	Major Trading Company								\$7,750
Kaley	ULTRAMAX	Major Trading Company								\$6,900
Star Pisces		Shipping Operator								\$8,800

# THANK YOU

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