



NASDAQ: SBLK

# Starbulk Carriers Corp. Financial Results Q3 2016



November 22<sup>nd</sup>, 2016

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# Q3 2016 Financial Highlights



	<u>Three months ended</u> <u>September 30, 2016</u>	<u>Three months ended</u> <u>September, 2015</u>	<u>Increase /</u> <u>(Decrease)</u> <u>%</u>
Net revenues <sup>(1)</sup>	\$43.7	\$49.1	(11.0%)
Adjusted EBITDA	\$11.9	\$6.1	93.7%
Net Loss	(\$39.4)	(\$42.0)	-
Adjusted Net Loss	(\$20.3)	(\$25.0)	-
TCE	\$7,558	\$8,691	(13.0%)
Average daily OPEX per vessel <sup>(2)</sup>	\$3,784	\$4,237	(10.7%)
Average daily Net Cash G&A expenses per vessel <sup>(3)</sup>	\$1,047	\$1,057	(0.9%)
Average No. of Vessels	69.5	71.2	-
Adjusted EPS	(\$0.44)	(\$0.57)	-
EPS GAAP	(\$0.86)	(\$0.96)	-
Weighted average number of shares outstanding, diluted <sup>(4)</sup>	45,734,704	43,824,122	-

Notes: (1) Net revenues = Total gross revenues adjusted for non-cash items – Voyage expenses

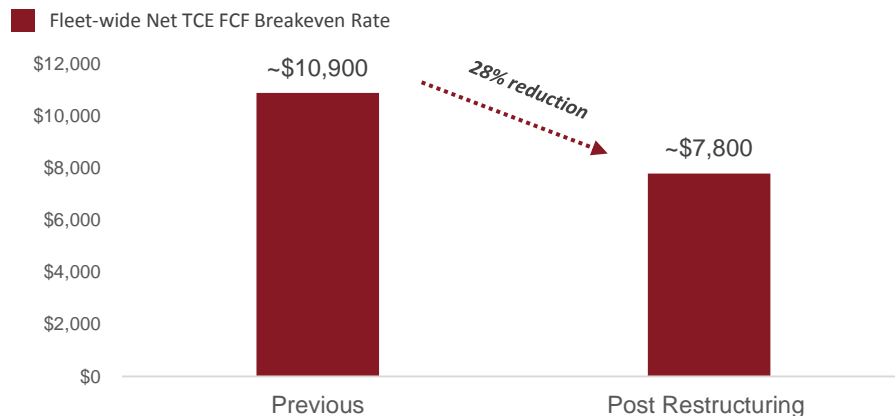
(2) Excludes pre-delivery expenses

(3) Excludes one-off severance payments, share incentive plans and termination charges, includes management fees

(4) Numbers reflect reverse split announcement on June 2016

# Strong Liquidity Position

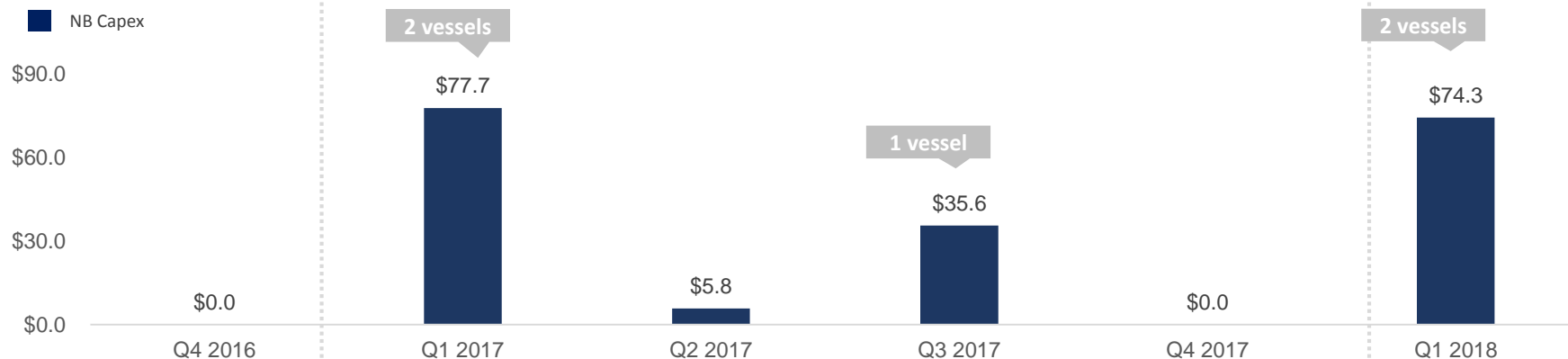
## Fleet-wide Net TCE FCF Breakeven Rate Reduction



## 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

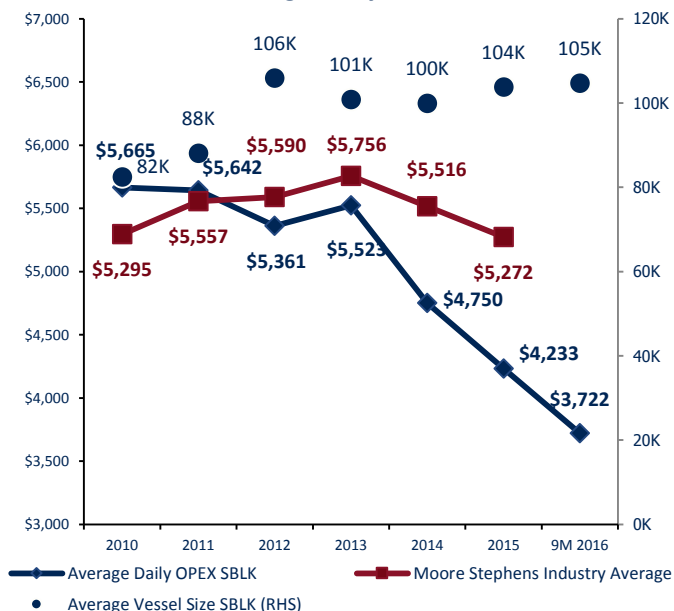
(1) As of November 18<sup>th</sup>, 2016

# 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

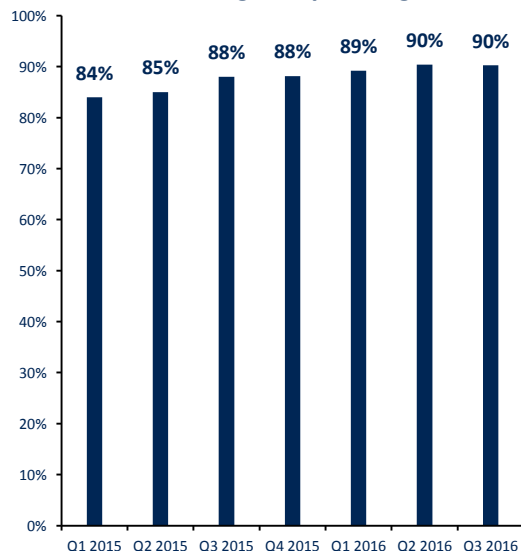
**We operate a fleet with one of the lowest average daily OPEX...**

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



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

**5 star Rightship Rating**

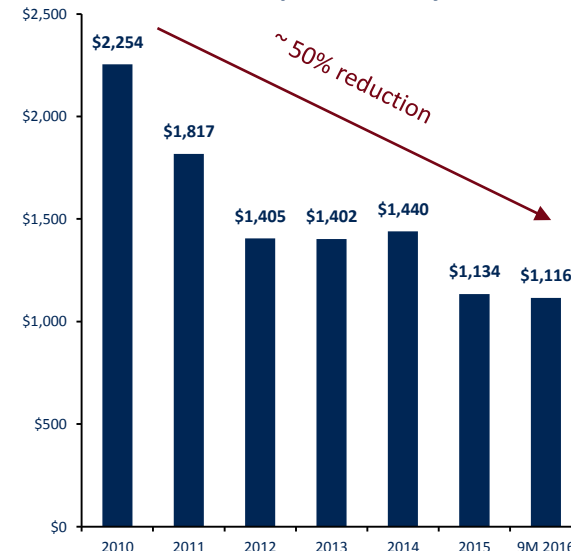


**RIGHTSHIP**



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

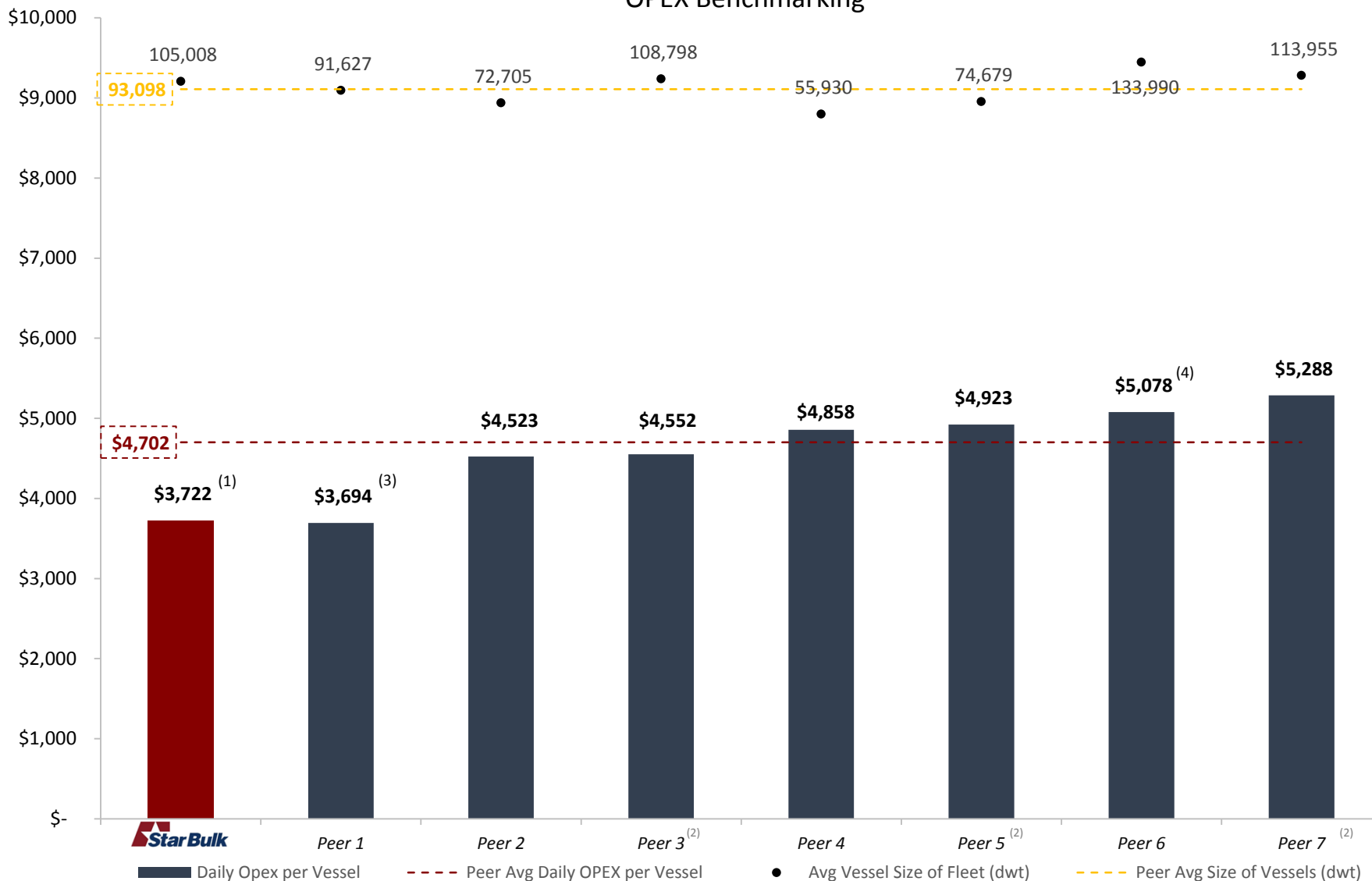
**Net Cash G&A Expenses /Daily /Vessel<sup>(2)</sup>**



(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

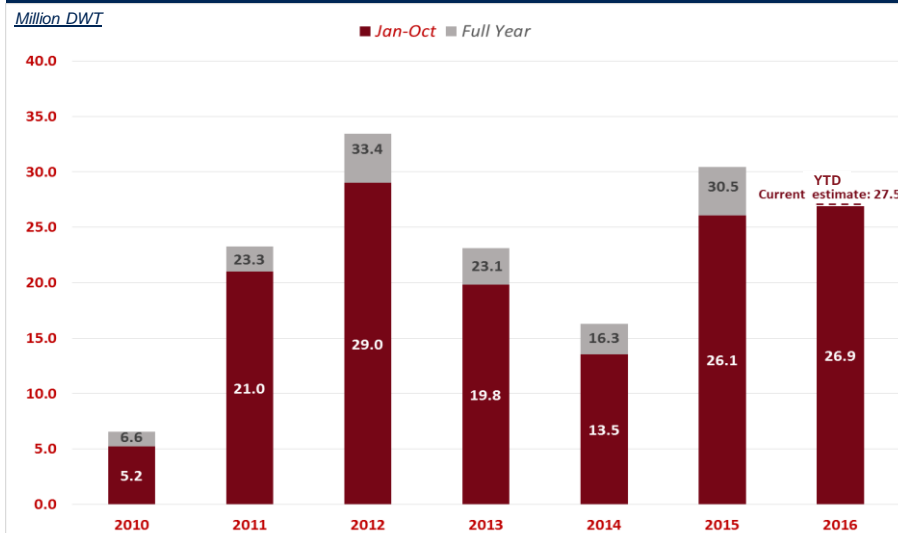
4) Fleet-wide estimate based on corporate presentation



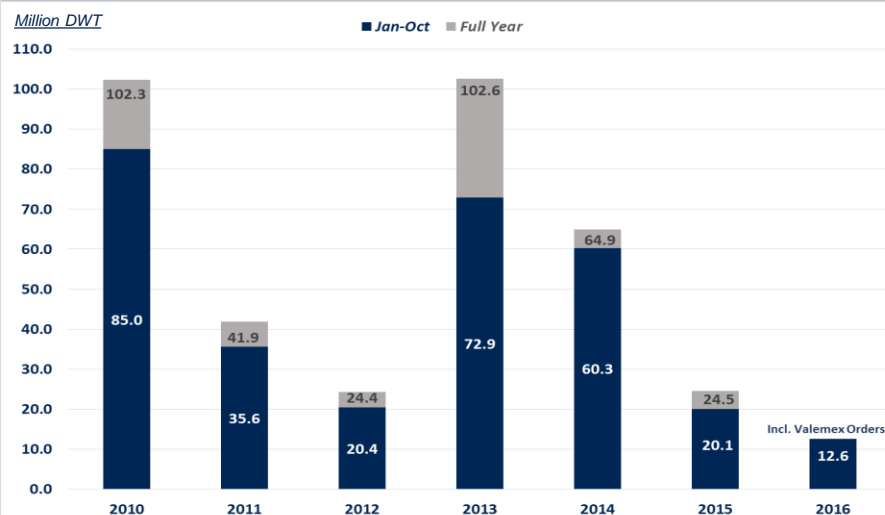
# Dry Bulk Supply Update

- 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%

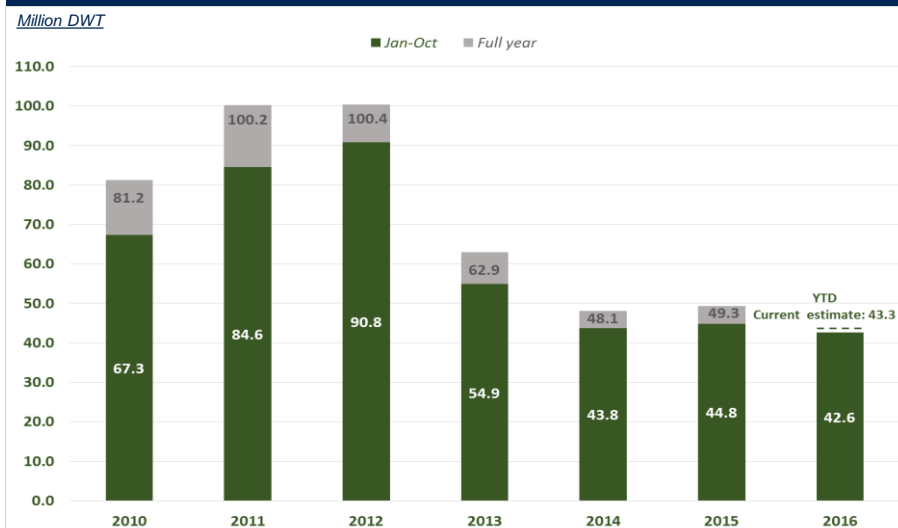
## Dry Bulk Demolition



## Dry Bulk New Orders

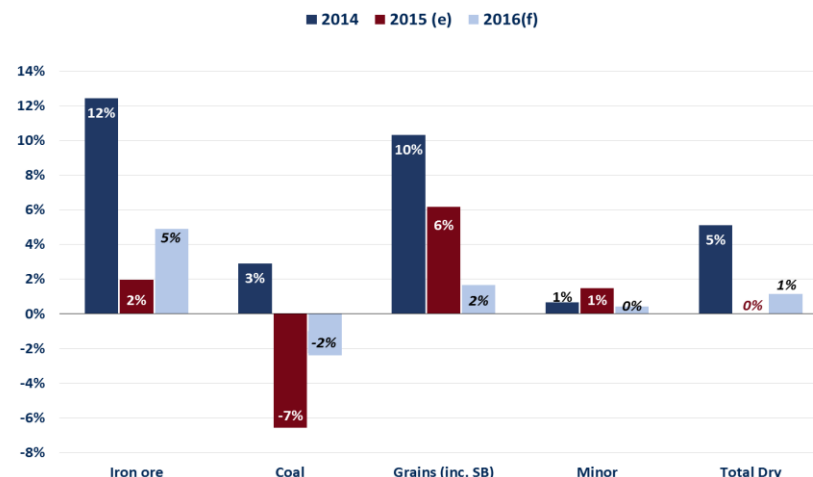


## Dry Bulk Deliveries

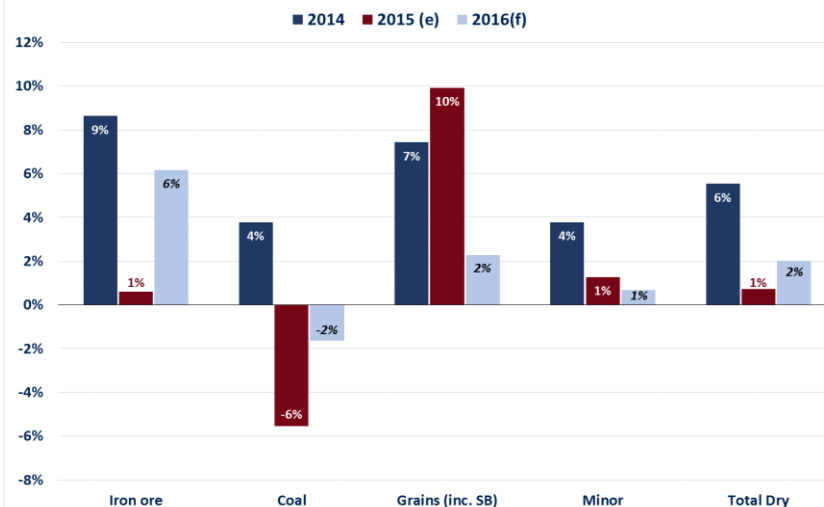


- Commodity prices found a bottom during the first half of 2016:
  - From Q1 lows: Iron ore prices +98%, Steel product prices +68.0%  
Thermal coal prices +100.0% and Coking coal +300%
- Total dry bulk ton miles projected to increase 2.0% during FY 2016
  - Iron ore ton-miles: +6.2% vs +0.6% in 2015
  - 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)



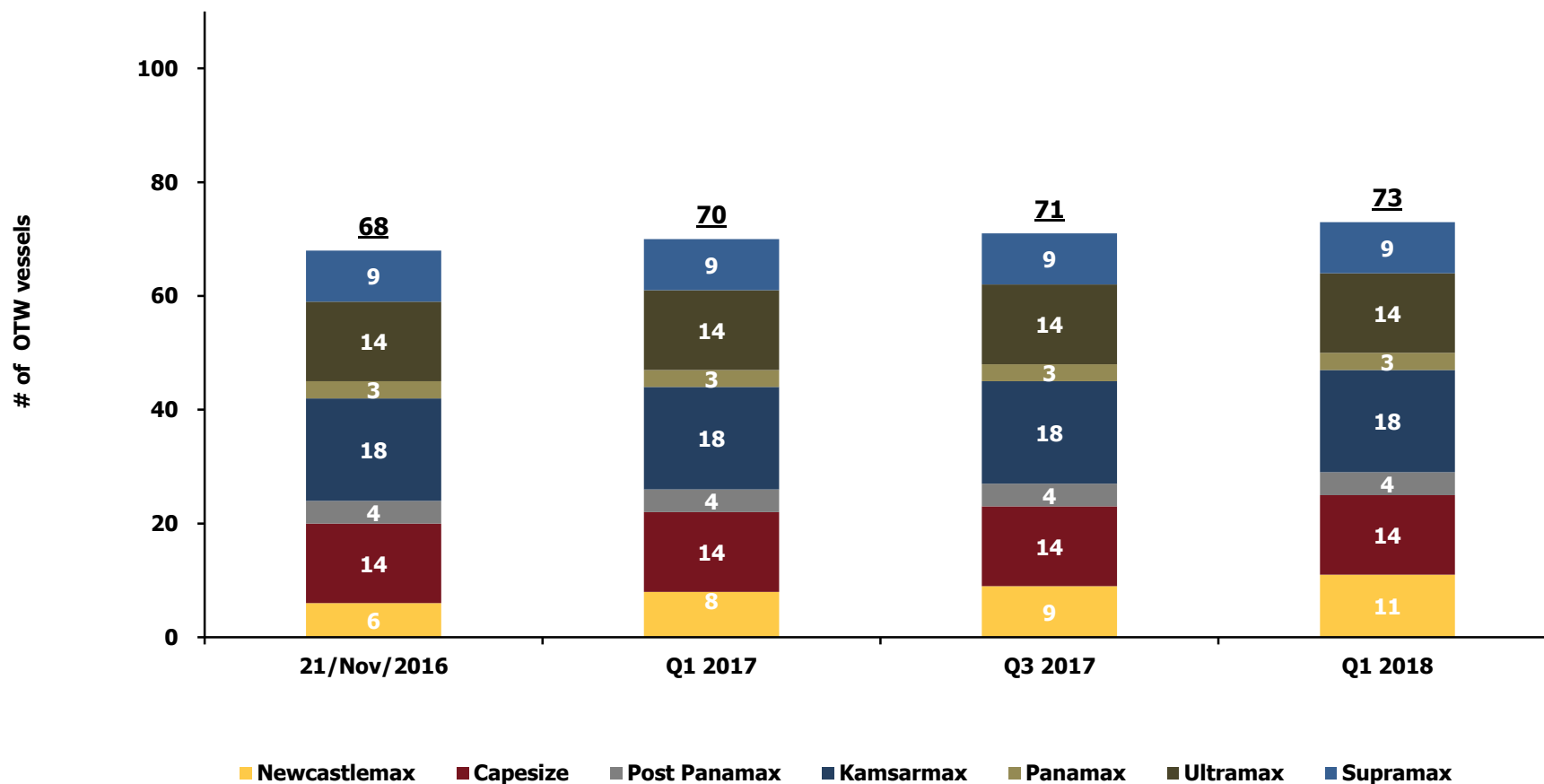




## Appendix



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	
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

# Income Statement 3<sup>rd</sup> Quarter 2016



(in \$000's)	Jul 1 - Sep 30, 2016	Non-cash Adjustments	Adjusted Jul 1 - Sep 30, 2016	Adjusted Jul 1 - Sep 30, 2015
<b>REVENUES:</b>	<b>59,912</b>	<b>0</b>	<b>59,912</b>	<b>70,767</b>
<b>EXPENSES:</b>				
Voyage expenses	(16,217)		(16,217)	(21,676)
Charter in expense	(777)	(19)	(796)	(132)
Vessel operating expenses	(24,202)		(24,202)	(29,373)
Drydocking expenses	(1,448)		(1,448)	(6,202)
Management fees	(1,869)		(1,869)	(2,362)
General and administrative expenses	(5,957)	1,099	(4,858)	(4,894)
Vessel Impairment Loss	(11,843)	11,843	0	0
Other operational loss	3		3	0
Other operational gain	1,344		1,344	0
Loss on sale of vessel	(8,365)	8,365	0	0
<b>Total expenses</b>	<b>(69,331)</b>	<b>21,288</b>	<b>(48,043)</b>	<b>(64,639)</b>
<b>EBITDA</b>	<b>(9,375)</b>	<b>18,543</b>	<b>11,869</b>	<b>6,128</b>
Depreciation	(20,746)		(20,746)	(21,702)
<b>Operating Loss</b>	<b>(30,165)</b>	<b>18,606</b>	<b>(8,877)</b>	<b>(15,574)</b>
Interest and finance costs	(10,603)	145	(10,458)	(7,563)
Interest income and other	354		354	(26)
Loss on debt extinguishment	(451)	451	0	0
Loss on derivative financial instrument	1,396	(2,682)	(1,286)	(1,827)
<b>Total other income (expenses), net</b>	<b>(9,304)</b>	<b>(2,086)</b>	<b>(11,390)</b>	<b>(9,416)</b>
Equity in income of investee	63	(63)	0	0
<b>Net Income / Loss</b>	<b>(39,406)</b>	<b>16,520</b>	<b>(20,267)</b>	<b>(24,990)</b>
<b>EPS</b>	<b>(\$0.86)</b>		<b>(\$0.44)</b>	<b>(\$0.57)</b>

# Balance Sheet as of September 30, 2016



(in \$ '000s)	Sept 30 ,2016 (unaudited)	Dec 31, 2015
<b>ASSETS</b>		
Cash and cash equivalents	183,199	208,056
Vessels held for sale	6,000	-
Other current assets	51,068	44,002
<b>TOTAL CURRENT ASSETS</b>	<b>240,267</b>	<b>252,058</b>
Advances for vessels (under construction and acquisition of vessels and other assets)	57,114	127,910
Vessels and other fixed assets,net	1,749,824	1,757,552
Other non-current assets	11,430	11,326
<b>TOTAL ASSETS</b>	<b>2,058,635</b>	<b>2,148,846</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Short-term debt & Capital lease obligations	6,148	131,631
Other current liabilities	27,312	35,318
<b>TOTAL CURRENT LIABILITIES</b>	<b>33,460</b>	<b>166,949</b>
Long-term debt & Capital lease obligations	904,155	795,267
8% 2019 Senior Notes	48,648	48,323
Other non-current liabilities	3,378	2,949
<b>TOTAL LIABILITIES</b>	<b>989,641</b>	<b>1,013,488</b>
<b>STOCKHOLDERS' EQUITY</b>	<b>1,068,994</b>	<b>1,135,358</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>2,058,635</b>	<b>2,148,846</b>
<b>DEBT AND CAPITALIZATION</b>		



# THANK YOU

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