



NASDAQ: SBLK

## Investor Presentation



September 2018

# 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 general dry bulk shipping market conditions, including fluctuations in charterhire rates and vessel values, the strength of world economies, the stability of Europe and the Euro, fluctuations in interest rates and foreign exchange rates, changes in demand in the dry bulk shipping industry, including the market for our vessels, changes in our operating expenses, including bunker prices, dry docking and insurance costs, changes in governmental rules and regulations or actions taken by regulatory authorities, potential liability from pending or future litigation, general domestic and international political conditions, potential disruption of shipping routes due to accidents or political events, the availability of financing and refinancing, potential conflicts of interest involving our Chief Executive Officer, his family and other members of our senior management, our ability to meet requirements for additional capital and financing to complete our newbuilding program and our ability to complete the restructuring of our loan agreements, vessel breakdowns and instances of off-hire, risks associated with vessel construction and potential exposure or loss from investment in derivative instruments. 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.*

*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. This presentation is strictly confidential. This presentation is not an offer to sell any securities and it is not soliciting an offer to buy any securities in any jurisdiction where the offer or sale is not permitted.*

## **Largest US Listed Dry Bulk Company**

- Star Bulk is the largest U.S. listed dry bulk company with a fleet of 111 high quality vessels on a fully delivered basis and an average age of approximately 7.5 years

## **Strong Financial Position**

- Total cash of over ~\$234.4<sup>(1)</sup> million, one of the highest cash balances amongst dry bulk peers
- Fully delivered net leverage of ~50%
- No remaining equity capex for the newbuilding vessels

## **Scrubber Fitted Fleet by January 2020**

- Star Bulk has embarked on a scrubber installation program to have the fleet scrubber fitted by January 2020
- Debt financing of ~70% of the total cost of the scrubber installation program is secured with an average margin < 3.0%
- Star Bulk's fleet mix with an average deadweight of ~114k dwt is geared towards maximizing the benefits of the new regulations

## **Spot Exposure in a Rising Market**

- Fleet primarily exposed to spot market
- Fleet geared towards larger vessel sizes (Newcastlemax and Capesize) which offer the highest exposure to a rising market
- Voyage charters will enable Star Bulk to take advantage of Scrubber investment program

## **Capital Markets and M&A experience**

- Dual listed on NASDAQ and Oslo Bors with a market capitalization of over \$1.1 bn<sup>(2)</sup>

## **Strong Corporate Governance**

- Strong independent Board of Directors comprised of financial investors and experienced shipping professionals
- In-house technical and commercial management platform

(1) Cash as of September 7, 2018

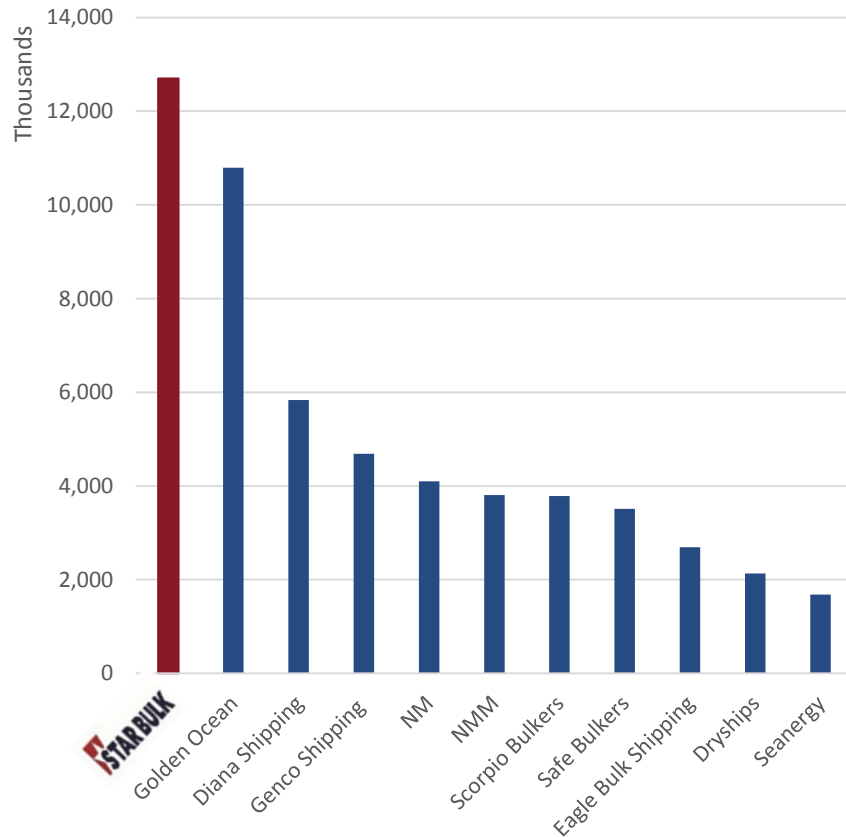
(2) Market capitalization calculated on the basis of approximately 92.9 million shares outstanding and the share price as of September 6th, 2018

# Industry Leading Dry Bulk Owner



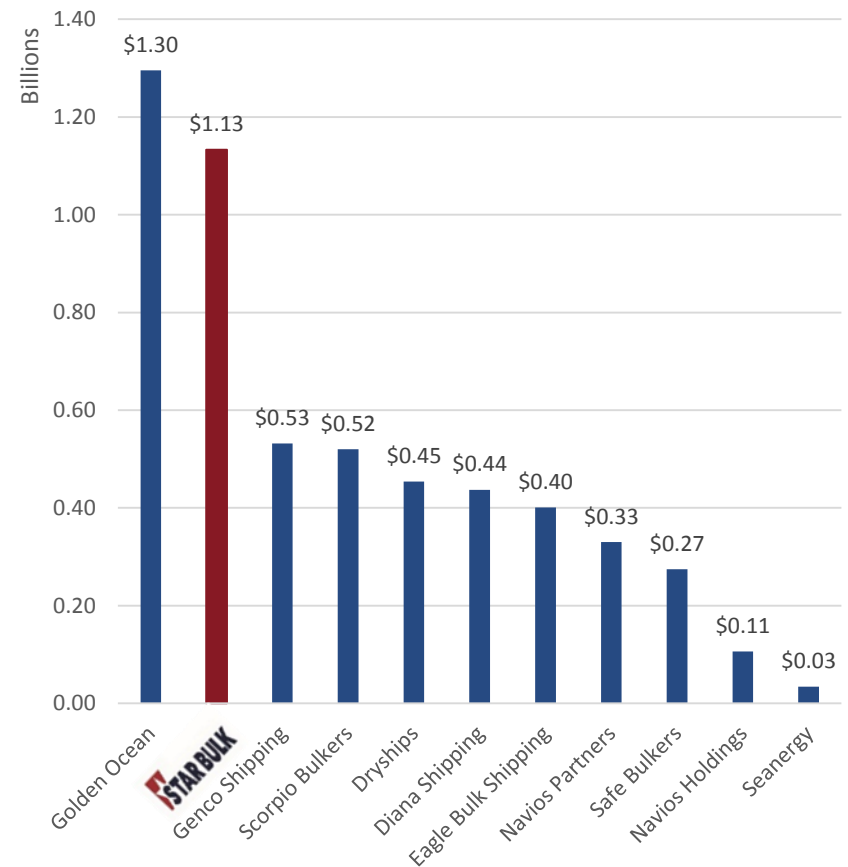
- The largest US listed owner (by dwt) of drybulk vessels
- Market capitalization >\$1.1 billion

## Peer Comparison according to DWT



Source: Public filings and information from public sources as of September 7, 2018

## Peer Comparison according to Market Cap<sup>(1)</sup>

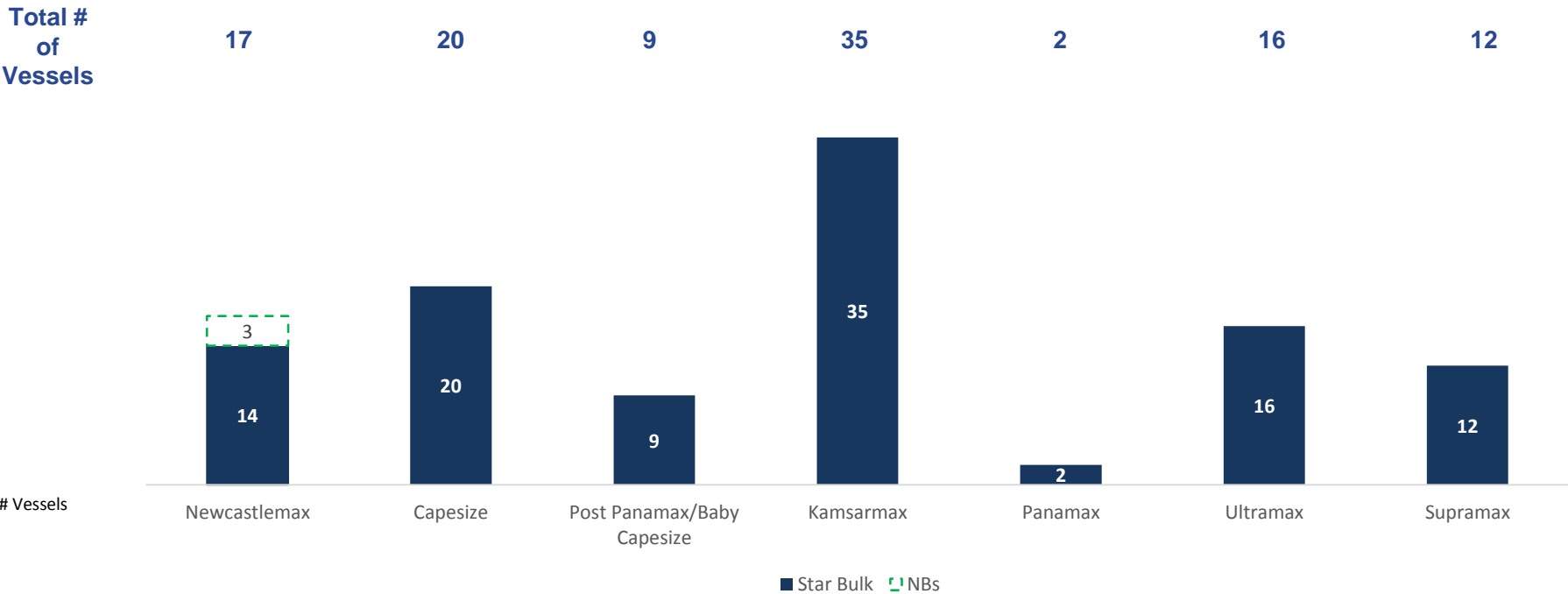
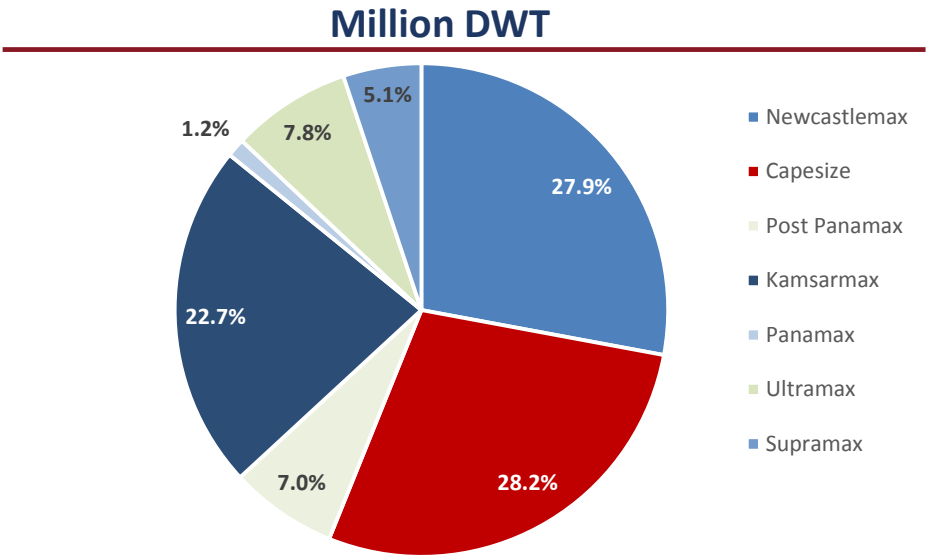


(1) Market capitalization calculated on the basis of approximately 92.9 million shares outstanding and the share price as of September 6, 2018

# Diverse Fleet Covering All Segments

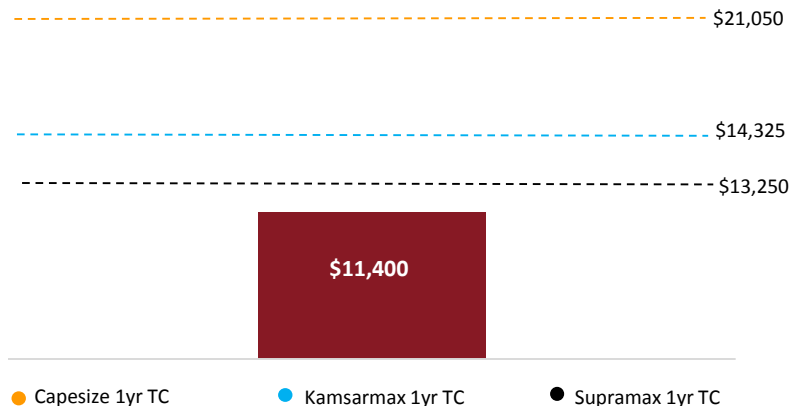


- Fully delivered fleet of 111 vessels
- 40,515 ownership days on a fully delivered basis
- Average age of ~7.5 years
- 37 Newcastlemax / Capesize vessels



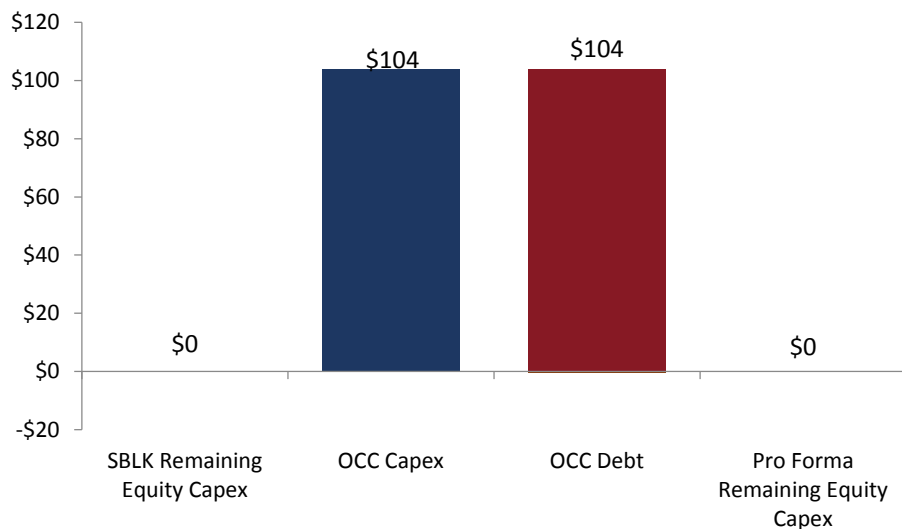
# Strong Liquidity Position

## Fleet-wide Net TCE FCF Breakeven Rate <sup>(2)</sup>



<sup>(2)</sup> Source: Clarkson Research Services Ltd. (Shipping Intelligence Network, database), as of 31 August 2018

## Remaining Capex - Fully Financed

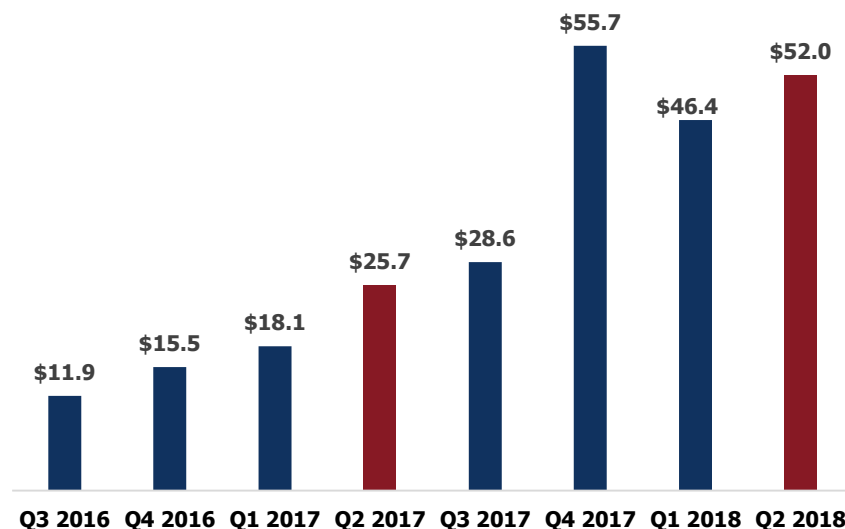


(1) SBLK cash and debt as of September 7, 2018

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

- ❖ Total Cash (including minimum liquidity)<sup>(1)</sup>: \$ 234.4 m
- ❖ Total Debt & Capital lease obligations<sup>(1)</sup>: \$ 1.48 b

## Adjusted EBITDA evolution



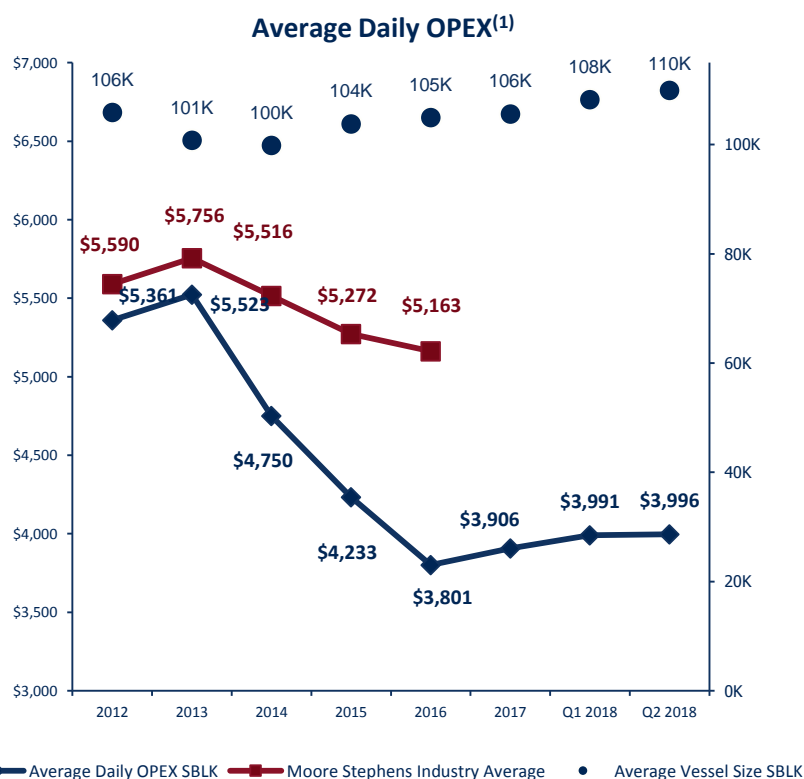
(2) Pro forma for 111 vessels on a fully delivered basis

# Continued Operational Excellence

- For Q2 2018 vessel OPEX were \$3,996<sup>(1)</sup> per vessel per day
- Net cash G&A<sup>(2)</sup> expenses per vessel per day were \$1,072 for Q2 2018
- We are consistently in the top 5 dry bulk operators in Rightship Ratings

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

**...without compromising quality...<sup>(3)</sup>**

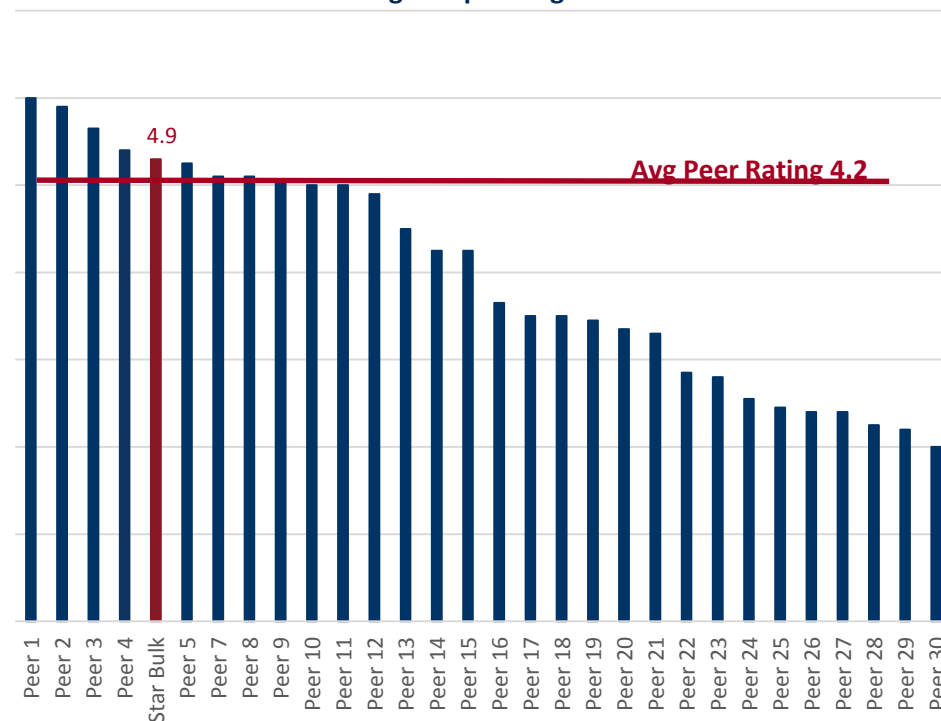


Source: Moore Stephens, Company Filings

(1) Figures exclude pre-delivery expenses

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

## Rightship Rating



**RIGHTSHIP**



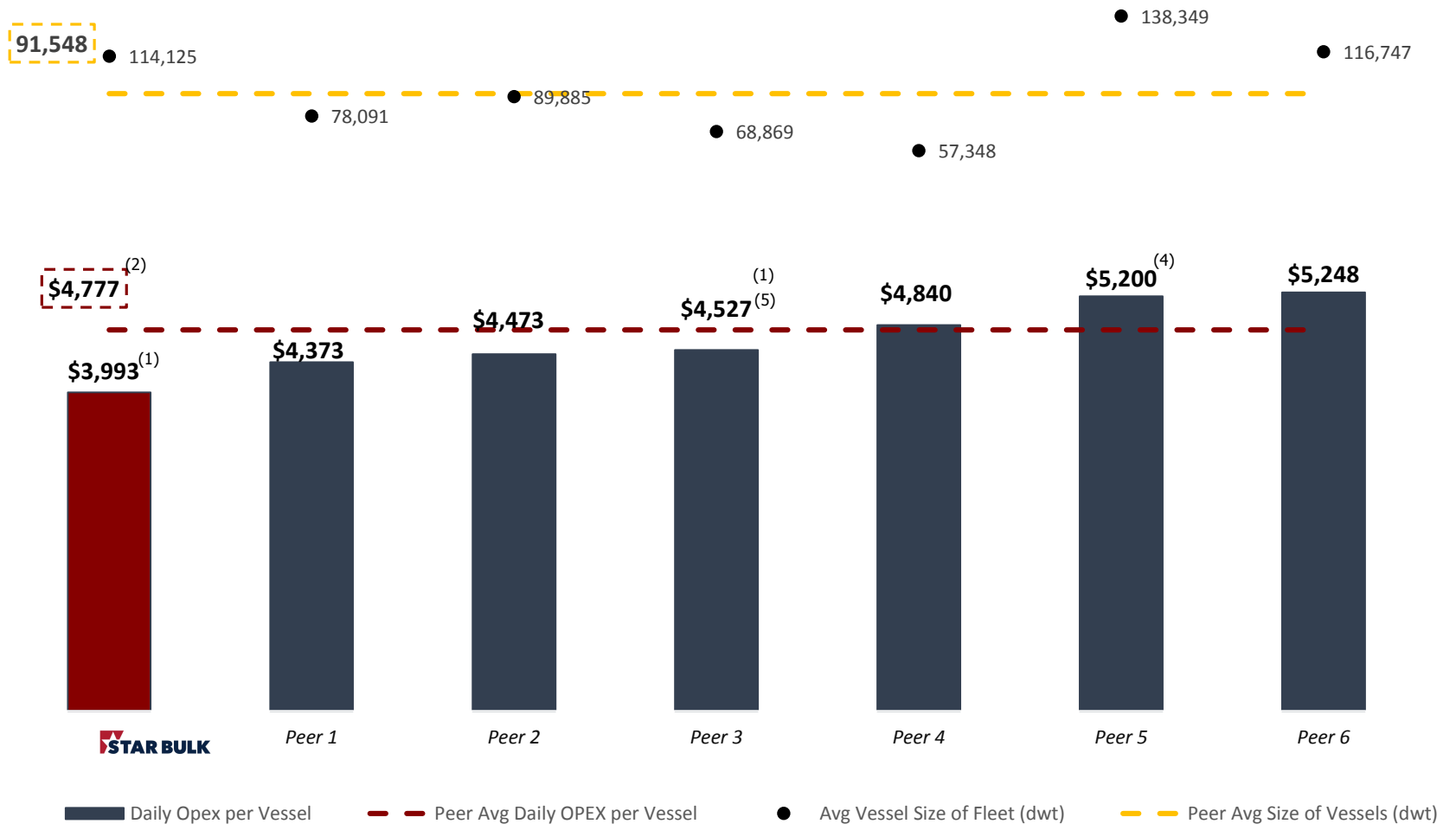
(3) As of June 2018



# Industry Leading OPEX H1 2018



OPEX Benchmarking based on latest published financial statements



1) Excludes pre-delivery expenses  
 2) Peer Average figures exclude SBLK

3) Includes dry-docking costs  
 4) Includes management fees

5) Excludes management fees of \$438 per day (\$160k per year)



# Star Bulk to Install Scrubbers on its Entire Fleet



## Fully Scrubber Fitted Fleet

- SBLK will have its entire fleet scrubber fitted early 2020
- 2 Newcastlemax vessels in operation are already fitted with scrubbers
- Two high quality scrubber manufacturers have been selected with more than 230 marine scrubber installations to date
- Star Bulk's fleet mix with an average deadweight of ~114k dwt is geared towards maximizing the benefits of the new regulations

## Attractive Scrubber Cost

- The estimated total cost to install the scrubbers on the whole fleet will be below \$2 million per vessel on average
- The Company has been able to take advantage of the size of its order and first mover advantage to secure very attractive scrubber prices
- This includes the cost of the equipment and the installation

## Fully financed project

- The Company has arranged debt financing at ~70% of the total cost with an average margin <3.0%
- New debt is a combination of senior bank debt, capital leases and ECA financing
- Equity Capex to be financed by operating cash flows and cash on hand → No new equity to be issued

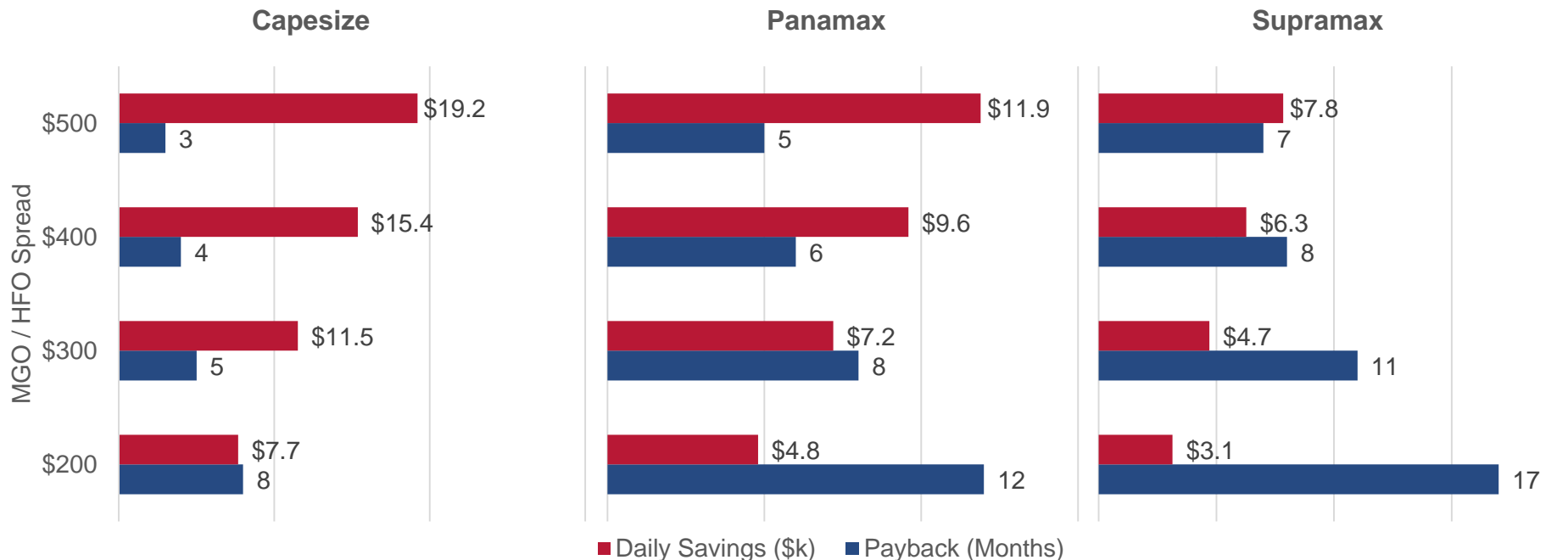
## Installation Underway

- We have agreed with leading shipyards to carry out the scrubber installations within 2019
- In order to reduce off hire time we will be using riding teams to perform preparatory installation work at sea ahead of the scrubber installation on ~35% of our installations
- We have already successfully installed a scrubber using a riding team at sea

**Compelling Investment with Short Payback Period**

# Scrubber Economics

- Star Bulk's commercial strategy will focus on voyage charters through which the full fuel savings are captured, thus reducing payback period
- Daily Opex increase is negligible
- Below we present illustrative payback sensitivities<sup>(1)</sup> across the vessel classes

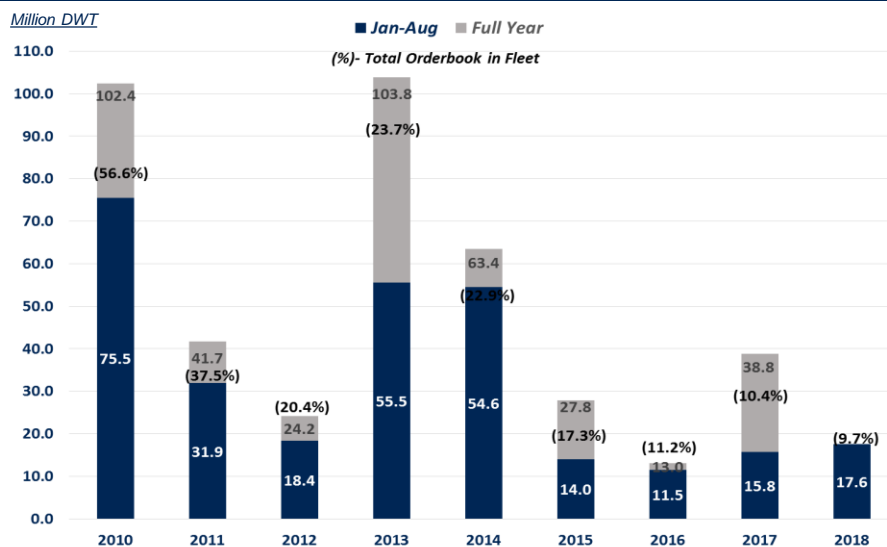


(1) Calculations assume fixed speed of 13 knots for all vessels and average consumption of this vessel type 100% benefit from fuel savings and sailing days of: 275 Capesize, 250 Panamax, 220 Supramax

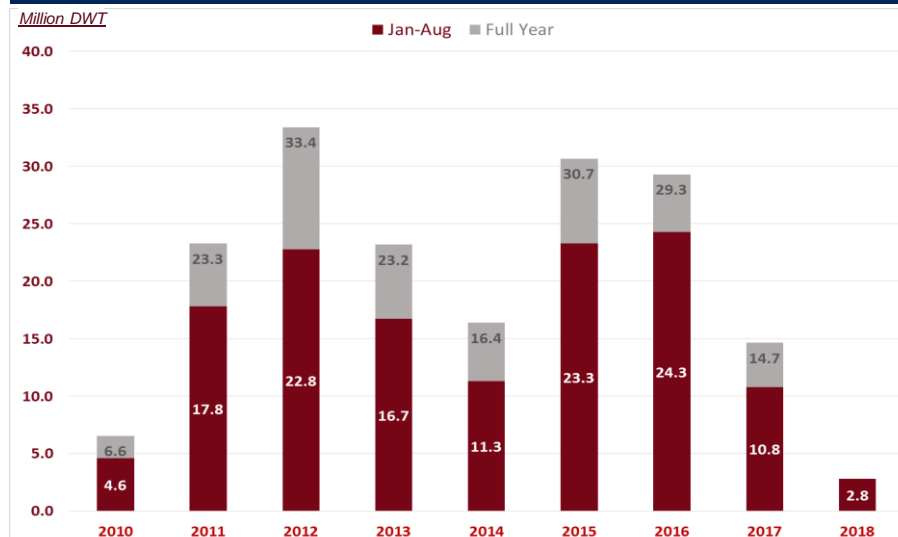
# Dry Bulk Supply Update

- Fleet growth is currently running at +2.4% down from +3.7% during the same period in 2017
  - YTD Demolition activity has declined to 2.8 mdwt from 10.8 mdwt during Jan-Aug 2017
  - YTD Deliveries activity has declined to 20.1 mdwt down from 32.4 mdwt during Jan-Aug 2017, the lowest in a decade
  - Contracting activity increased to 17.6 mdwt slightly up from 15.6mdwt during Jan-Aug 2017
- Orderbook currently estimated at ~9.7% of the fleet
- Vessels above 15 years of age currently at ~14.4% of the fleet
- Low 2015/16 contracting expected to trim 2018/19 deliveries and contain net fleet growth between +2.0%~+2.5%

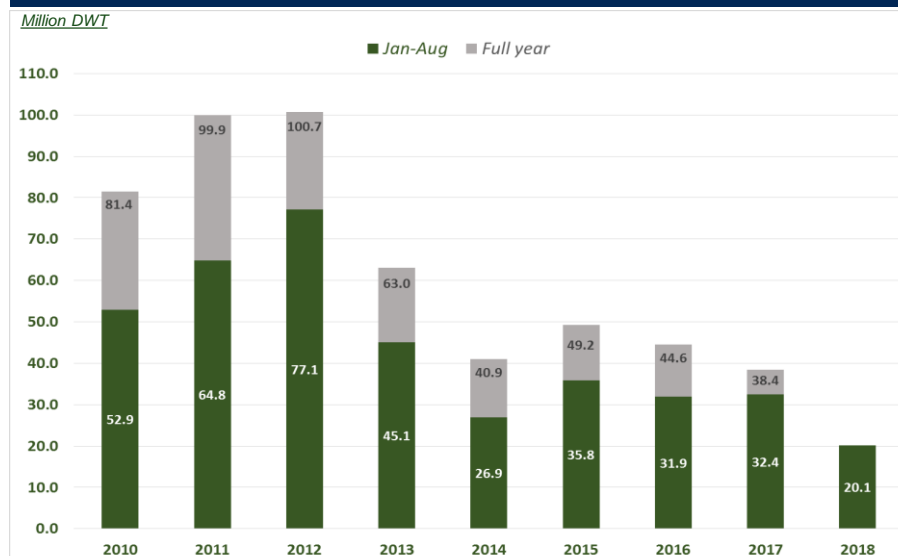
## Dry Bulk New Orders



## Dry Bulk Demolition



## Dry Bulk Deliveries



# Dry Bulk Demand Update

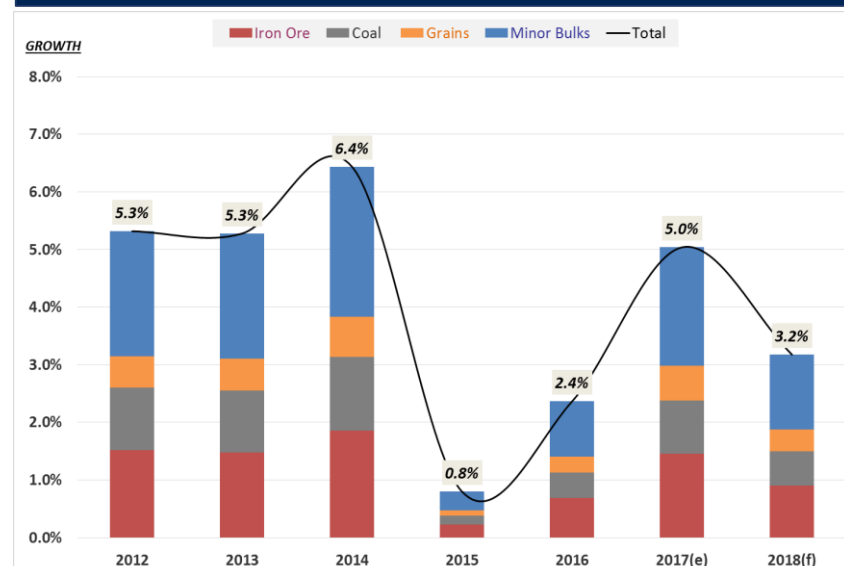
- Dry Bulk trade seasonally improved during Q2, despite ongoing supply disruptions in Brazil amid strikes
- Dry bulk demand fundamentals look solid for the rest of the year, despite the uncertainties triggered by the US-China trade war
- Full Year 2018 trade projected to grow +2.6% y-o-y, while ton-miles are projected to grow at a faster pace +3.2% y-o-y

## Key Dry bulk cargoes:

- Iron ore trade in 2018 projected to grow +2.1% y-o-y (+1.7% in ton-miles)
  - China supply side reforms and environmental restrictions supporting steel prices at record high levels; new floor space under construction approx. +14.4% y-o-y (Jan-Jul); Strong demand for high grade iron ore mainly produced in Brazil positive for ton-miles (SD 11 mine); increase in global steel production further stimulates growth in iron ore demand
- Thermal & Coking Coal projected to grow +3.4% (+4.9% in tons-miles)
  - China and India coal needs for electricity generation currently exceeding domestic coal production growth while low stocks have supported imports. Coal increasing distances due to lower North Pacific production and exports as of 2018.
- Grains incl. soybeans projected to grow +1.0% y-o-y (+1.4% in ton-miles)
  - Healthy demand from the Pacific and Atlantic exports concentration has been positive for dry bulk ton-miles. Brazil's (Jan-Aug YTD) soybean exports +12.1% y-o-y. Uncertainty surrounding US-China tariffs remains, but pricing will dictate potential shift of US exports
- Minor bulk projected to grow +2.9% y-o-y (+4.0% in ton-miles)
  - Global minor bulk growth recovery in line with global GDP revisions. West African bauxite ton-mile generation, ASEAN and India infrastructure development acceleration. One Belt One Road project expected to support growth looking forward.

Dry Bulk Trade (Million tons)	2014	2015	2016	2017(e)	2018 (f)
Iron ore	1,340	1,364	1,418	1,473	1,503
Coal	1,216	1,138	1,142	1,205	1,246
Grains	408	429	450	478	483
Minor Bulks	1,852	1,882	1,882	1,939	1,995
<b>Total Dry</b>	<b>4,816</b>	<b>4,812</b>	<b>4,892</b>	<b>5,095</b>	<b>5,226</b>
Annual Growth (tons)	259	-4	80	203	131
Annual Growth (%)	5.7%	-0.1%	1.7%	4.2%	2.6%
Ton-miles growth	6.4%	0.8%	2.4%	5.0%	3.2%

## Dry Bulk Ton-miles – Full Year Growth



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

# APPENDIX



# 32 Vessels Fixed on Period Charters

- We have fixed 32 vessels on period charters:

Fleet Employment							
Vessel	Size	2018		2019			Charter Rate
		3Q	4Q	1Q	2Q	3Q	
ABOY Karlie	Newcastlemax	Redelivery date: Q4 2020					\$18,250
Star Triumph	Capesize						\$17,500
ABY Scarlett							\$12,500
Star Angie							\$17,600
Star Aurora							\$16,050
Big Fish							\$22,000
Star Vega	Post Panamax						\$14,388
Star Sirius							\$15,500
Star Sophia	Kamsarmax						\$14,000
Songa Delmar							\$13,400
Star Nina							\$13,750
Songa Flama							\$12,500
Pendulum							\$12,250
Star Markella							\$12,500
Star Renee							\$12,925
Star Charis							\$13,250
Songa Devi							\$14,250
Songa Sky							\$13,250
Star Maria							\$13,200
Songa Moon							\$13,600
Star Iris	Panamax						\$12,450
Star Antares							\$13,500
Star Aquarius	Ultramax						\$13,250
Wolverine							\$13,750
Mackenzie							\$11,750
Star Challenger							\$13,250
Roberta							\$13,100
Star Fighter	Supramax						\$13,750
Star Omicron							\$11,250
Star Epsilon							\$10,750
Diva							\$11,750
Songa Glory							\$12,000



# THANK YOU

## **Contacts**

### **Company:**

Simos Spyrou, Christos Begleris  
Co - Chief Financial Officers  
Star Bulk Carriers Corp.  
c/o Star Bulk Management Inc.  
40 Ag. Konstantinou Av.  
Maroussi 15124  
Athens, Greece  
Tel. +30 (210) 617-8400  
Email: [info@starbulk.com](mailto:info@starbulk.com)  
[www.starbulk.com](http://www.starbulk.com)

### **Investor Relations / Financial Media:**

Nicolas Bornozi  
President  
Capital Link, Inc.  
230 Park Avenue, Suite 1536  
New York, NY 10169  
Tel. (212) 661-7566  
E-mail: [starbulk@capitallink.com](mailto:starbulk@capitallink.com)  
[www.capitallink.com](http://www.capitallink.com)

