



NASDAQ: SBLK

OSF: SBLK

# Corporate Presentation



April 2019

# 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, the impact of regulation and regulatory, investigative and legal proceedings and legal compliance risks, including the impact of IMO's MARPOL ANNEX VI and any changes thereof 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 109 high quality vessels on a fully delivered basis and an average age of approximately 7.8 years

## **Strong Financial Position**

- Total cash of over ~\$207<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
- No remaining equity Capex for Scrubber Program

## **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**

- Dual listed on NASDAQ and Oslo Bors

## **Strong Corporate Governance**

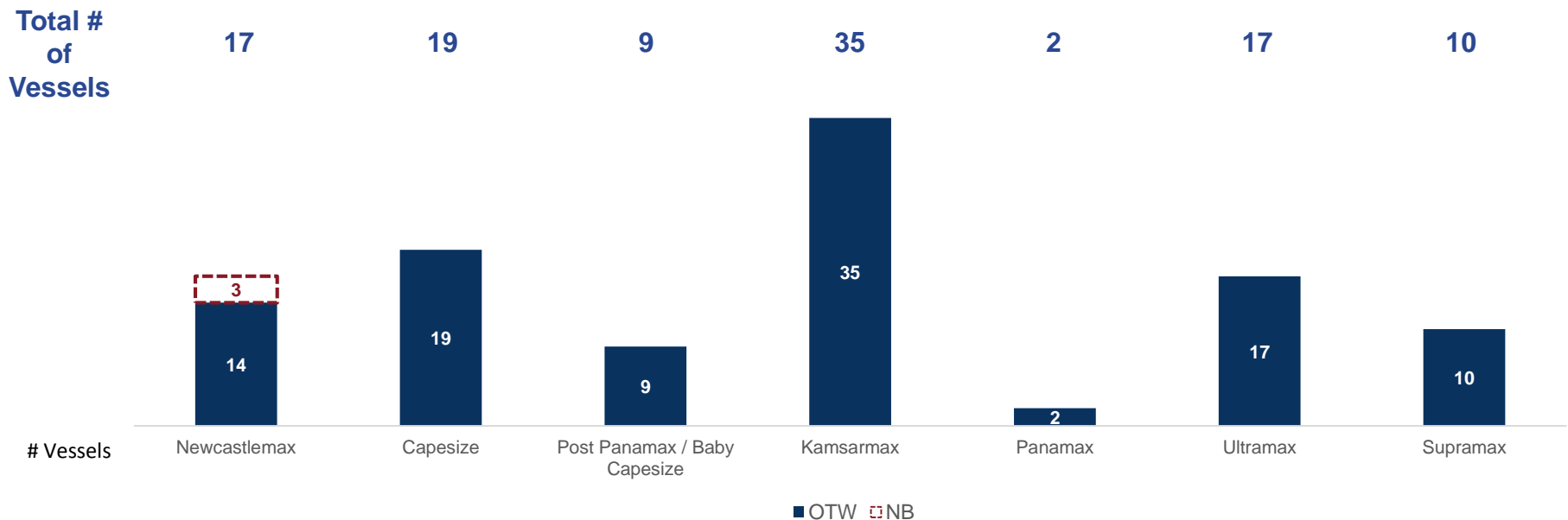
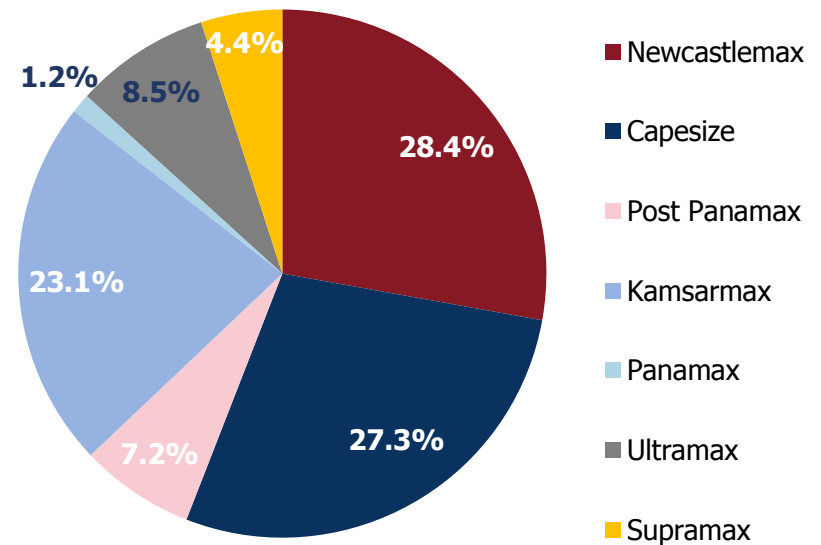
- Strong independent Board of Directors comprised of financial investors and experienced shipping professionals
- In-house technical and commercial management platform

<sup>(1)</sup> Pro forma for the expected debt to be raised for Star Anna, Star Magnanimus and Scrubber financing

# Diverse Fleet Covering All Segments

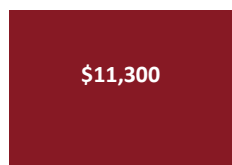
- Fully delivered fleet of 109 vessels
- 39,785 ownership days on a fully delivered basis
- Average age of ~7.8 years
- 36 Newcastlemax / Capesize vessels

Million DWT



# Strong Liquidity Position

## Fleet-wide Net TCE FCF Breakeven Rate <sup>(1)</sup>



## Remaining NB Capex - Fully Financed

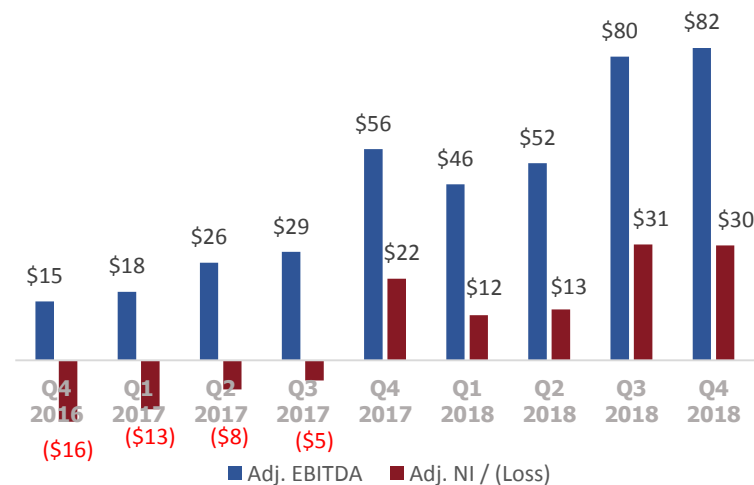


## Pro Forma Cash & Debt Position<sup>(1)</sup>

❖ Total Cash (including minimum liquidity)<sup>(2)</sup>: \$ 207.4m

❖ Total Debt & Capital lease obligations<sup>(2)</sup>: \$ 1.49b

## Performance Evolution<sup>(3)</sup>



## Zero remaining Equity CAPEX

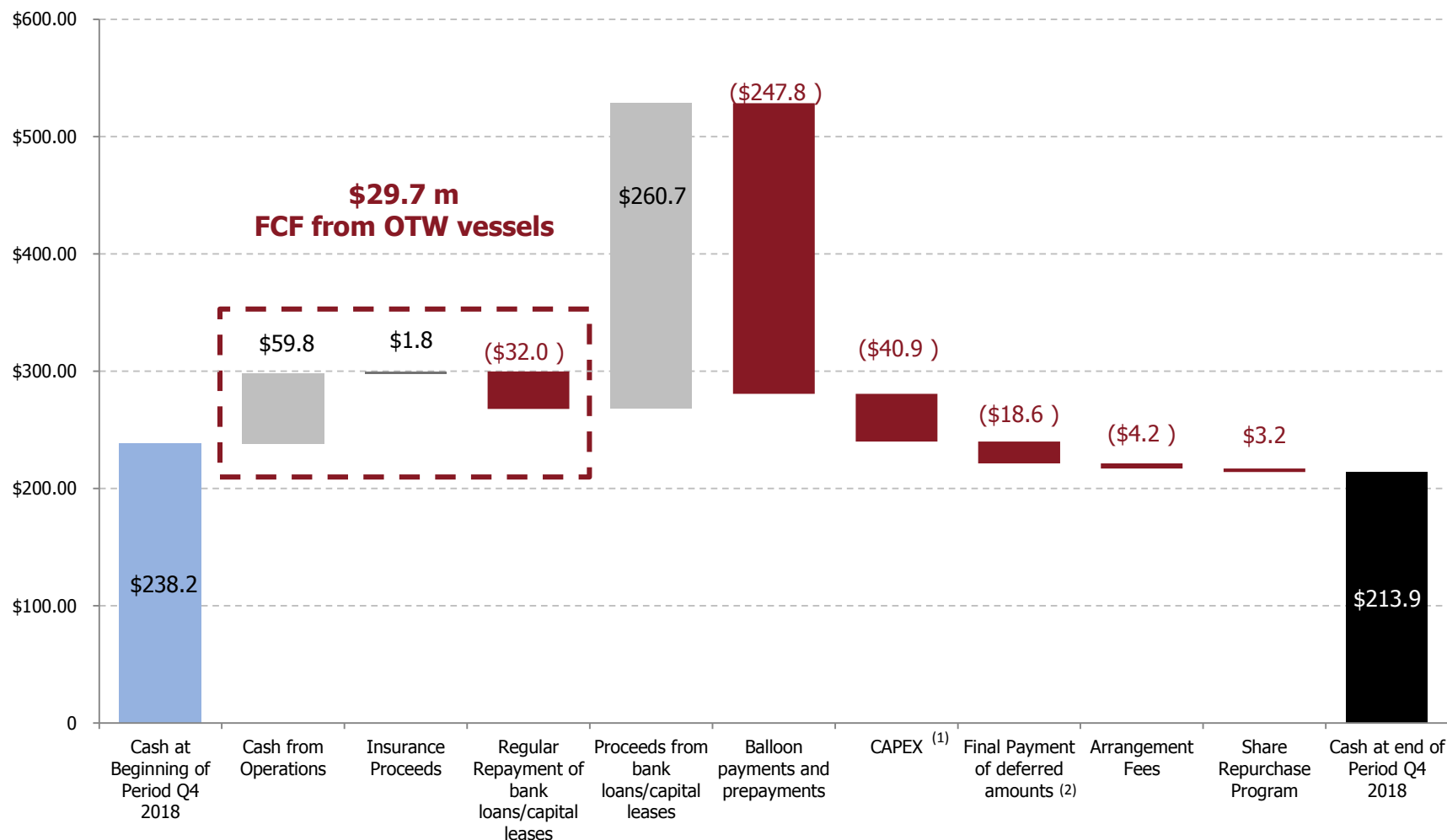
(1) SBLK cash and debt as of March 27<sup>th</sup>, 2019

(2) Pro forma for the expected debt to be raised for Star Anna, Star Magnanimus and Scrubber financing

(3) Please refer to our Financial Statements for a reconciliation regarding Adjusted EBITDA and Adjusted Net Income to the closest comparable GAAP metric

# Q4 Cash Flow Generation

## Q4 Cash Flow Breakdown



(1) \$17.3 million for scrubber capex

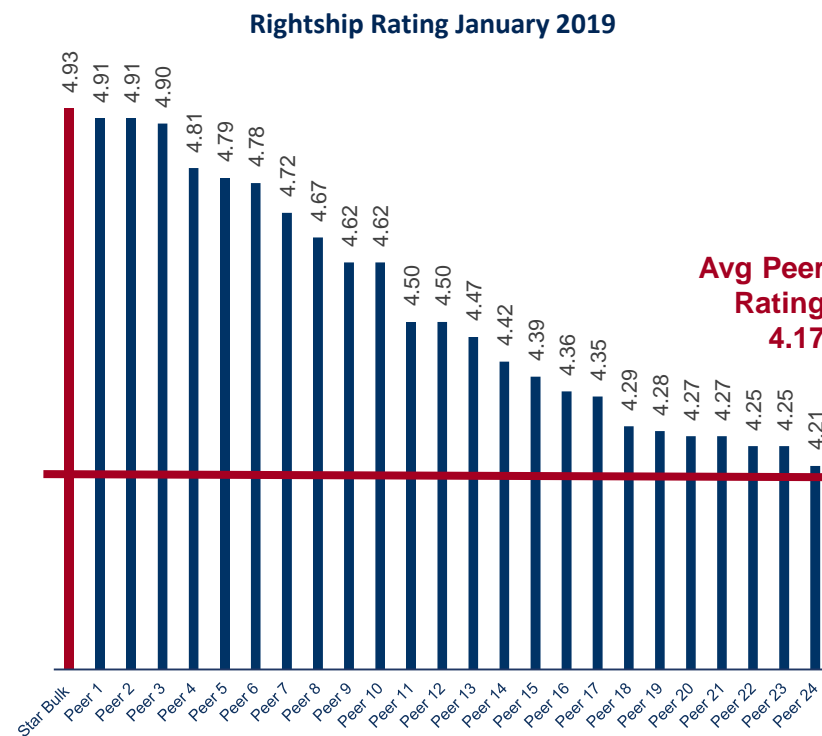
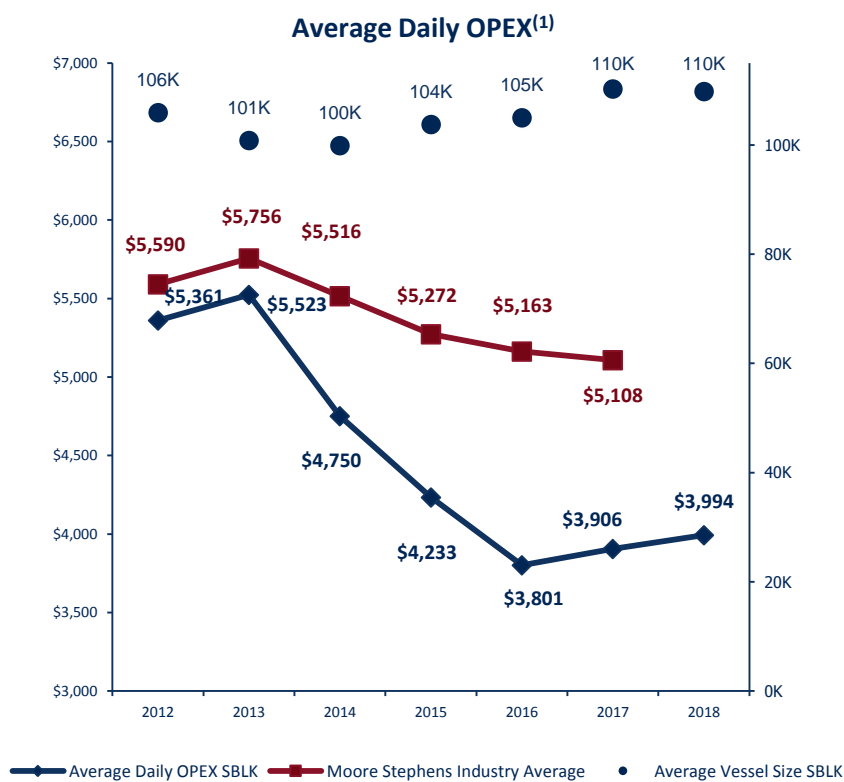
(2) This represents final repayment of deferred amounts

# Continued Operational Excellence

- For Q4 2018 vessel OPEX were \$3,938<sup>(1)</sup> per vessel per day and \$3,994 for 2018
- Net cash G&A<sup>(2)</sup> expenses per vessel per day were \$969 for Q4 2018 and \$1,004 for 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**



**RIGHTSHIP**



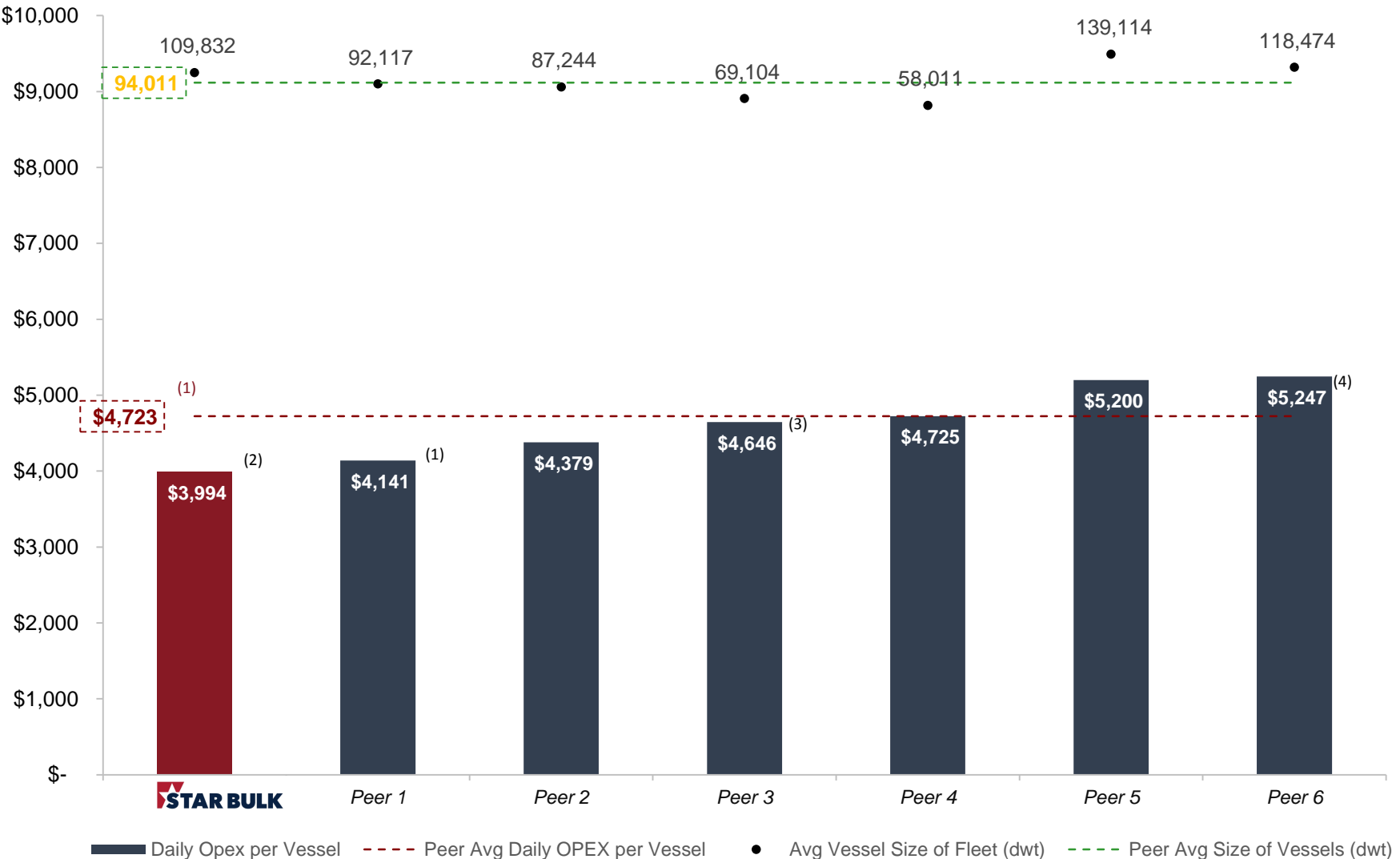
(1) Figures exclude pre-delivery expenses

(2) Excludes share incentive plans and termination charges, includes management fees

# Industry Leading OPEX 12M 2018



OPEX Benchmarking based on latest published financial statements



1) Peer Average figures exclude SBLK  
2) Excludes pre-delivery expenses  
3) Excludes management fees  
4) Includes Management fees

# Star Bulk to Install Scrubbers on its Entire Fleet

## Fully Scrubber Fitted Fleet

- SBLK will have its entire fleet scrubber fitted before 2020
- 15 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 has been financed by operating cash flows and cash on hand → No new equity required

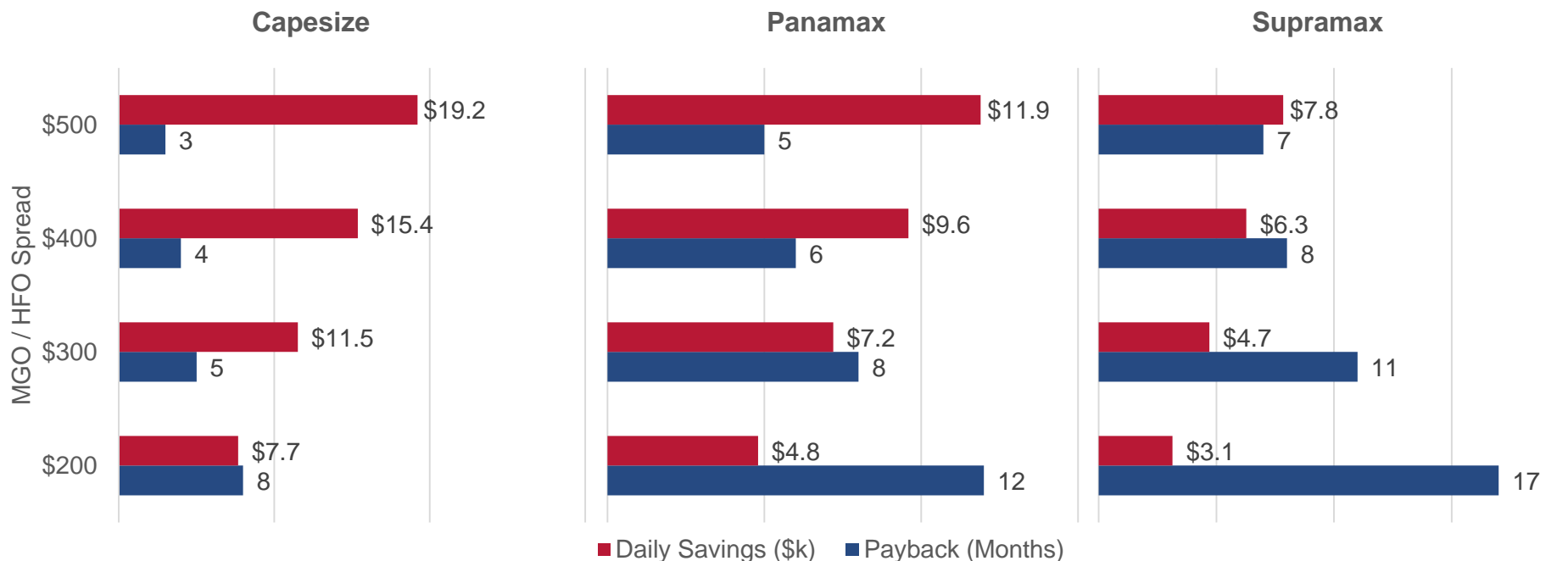
## Installation Underway

- 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

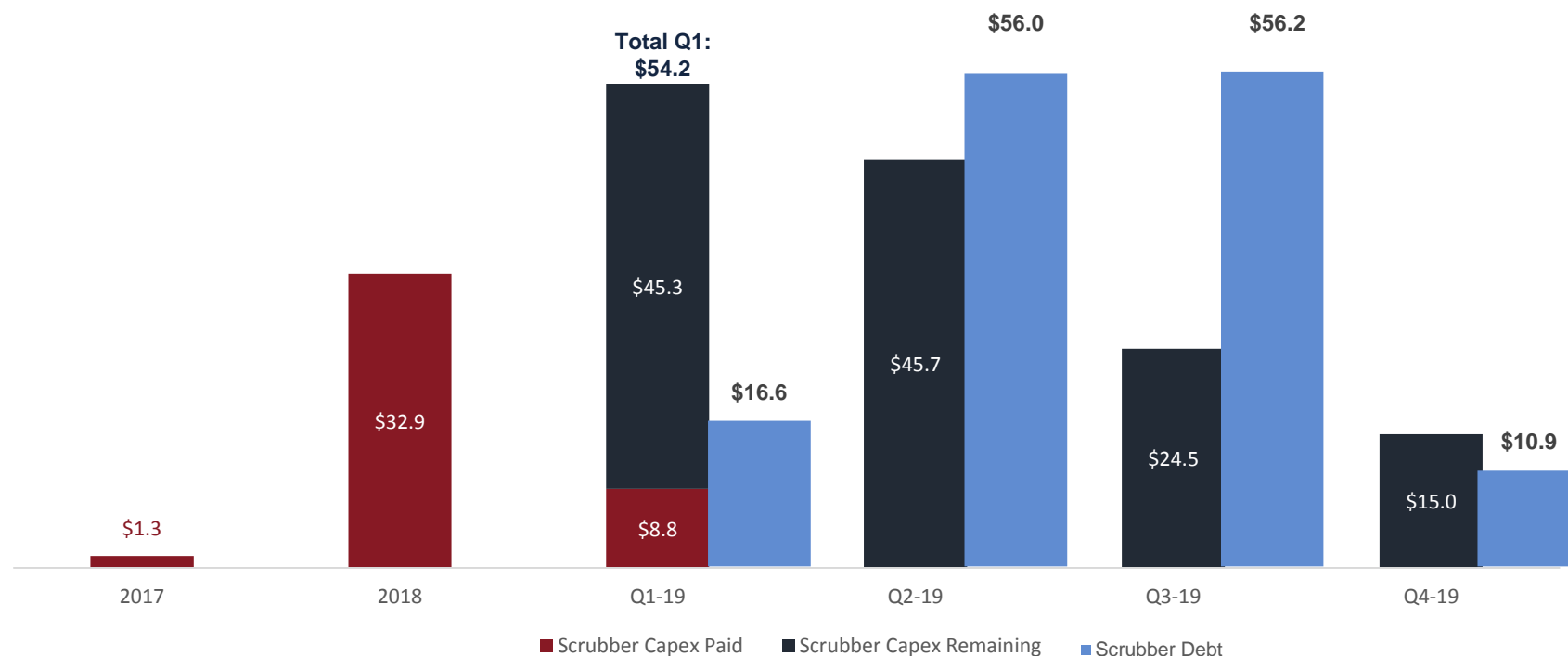


(1) Calculations assume fixed speed of 13 knots for all vessels and average consumption of this vessel type 100% benefit from fuel savings and sailing days of: 275 Capesize, 250 Panamax, 220 Supramax

# Scrubber CAPEX<sup>(1)</sup>

- We have completed the installation of scrubbers on 15 of our larger vessels enabling us to have our fleet scrubber fitted ahead of the January 1<sup>st</sup> 2020 implementation date.
- We have started preparatory work in numerous vessels in order to minimize off hire period
- Remaining Scrubber CAPEX as of February 8<sup>th</sup>, 2019: \$130 million
- Secured debt financing of approximately 70%, ~\$140 million

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



Note:

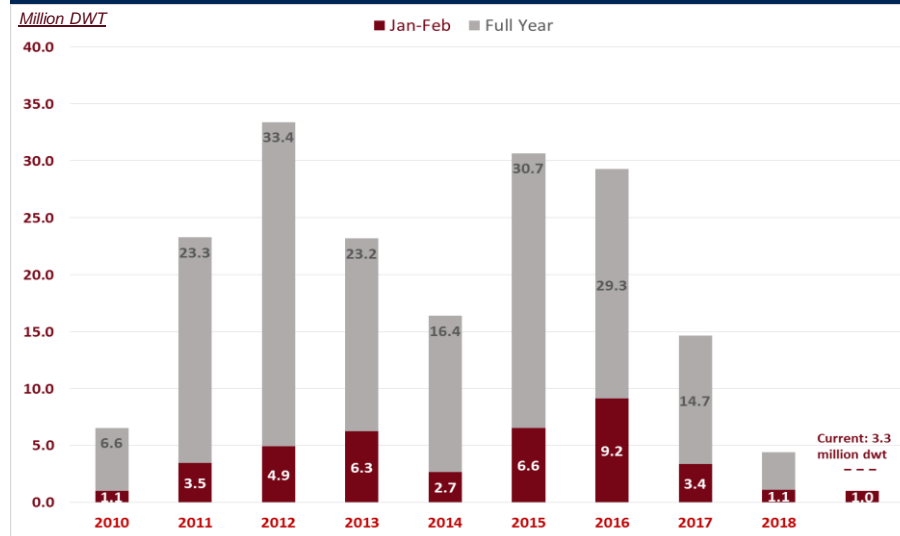
(1) As of February 8<sup>th</sup>, 2019 for 104 vessels

(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 )

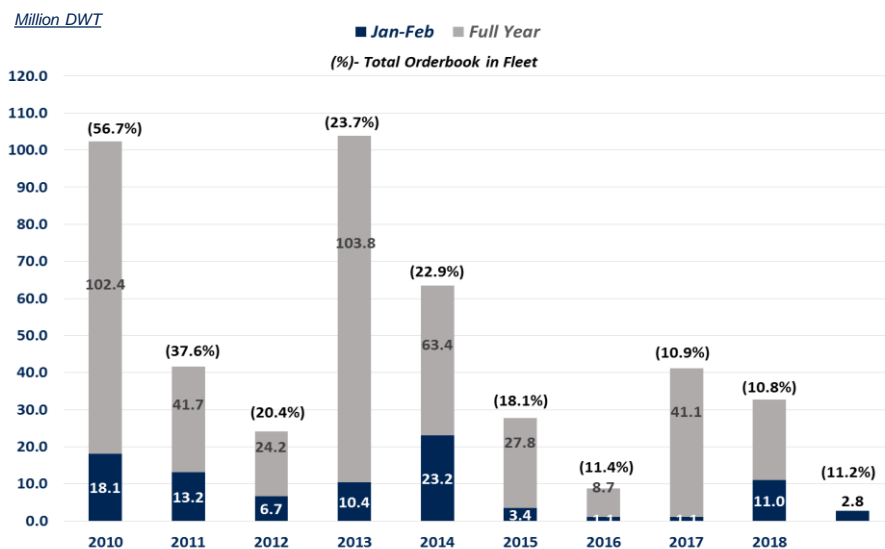
# Dry Bulk Supply Update

- Fleet growth is currently running at +2.6% y-o-y down from +2.9% in 2018
  - YTD deliveries activity has declined to 7.5 mdwt vs 8.7 mdwt during Jan-Mar 2018
  - Demolition activity has increased to 3.3 mdwt from 1.7 mdwt during Jan-Mar 2018
  - Contracting activity has softened to approx. 3.0 mdwt down from 14.1 mdwt during Jan-Mar 2018
- Orderbook currently estimated at ~11% of the fleet
- Vessels above 15 years of age currently at ~14.8% of the fleet
- Limited contracting is expected to keep 2019/2021 deliveries close to multi year lows.
- IMO 2020 regulation expected to limit effective supply as of 2019 through increased off hires and slow steaming

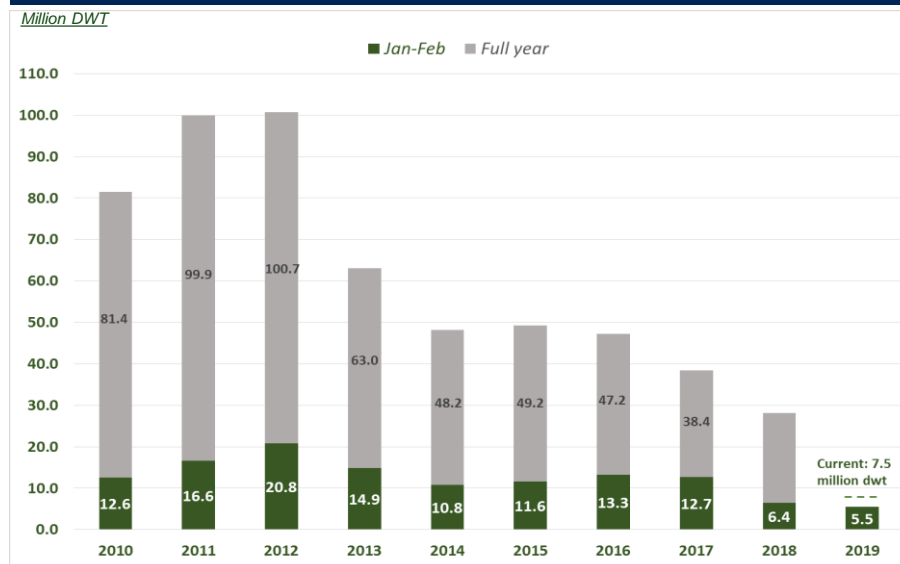
## Dry Bulk Demolition



## Dry Bulk New Orders



## Dry Bulk Deliveries



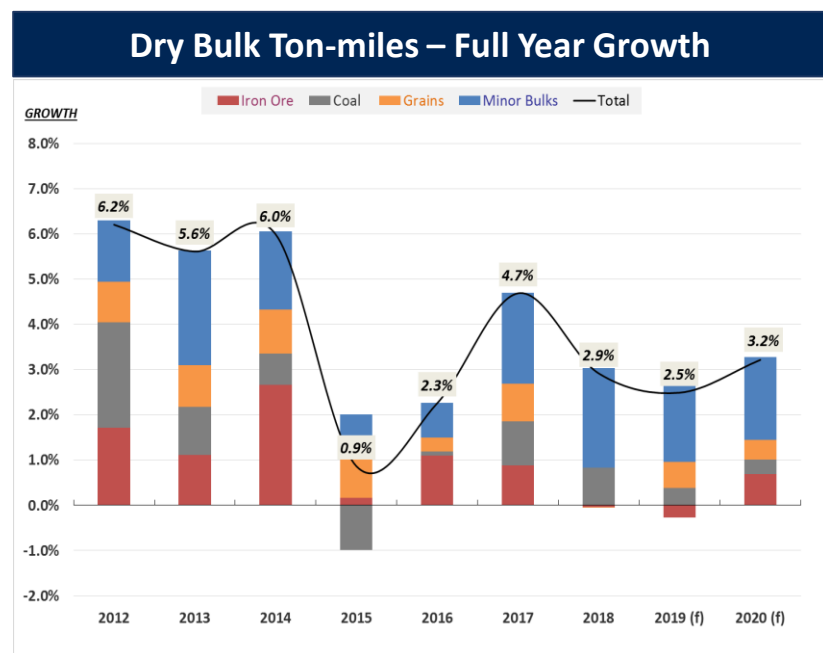
# Dry Bulk Demand Update

- Full Year 2018 dry bulk trade is estimated to have grown +2.3% y-o-y. Ton-miles grew at a slightly higher pace of approx. +2.9% y-o-y.
- During 2019, dry bulk growth is projected to slow down in ton-mile terms mainly due to iron ore supply disruptions in Brazil, weather related incidents, while China-US trade tension still creates uncertainty.

## Key Dry bulk cargoes:

- **Iron ore trade growth in 2019 projected at +0.5% y-o-y vs 0.0% in 2018**  
(2019 ton-miles -1.0% vs -0.1% in 2018)
  - Ton-miles will be affected by disruptions to Vale's iron ore production (up to 90mt capacity) after the tailings dam collapse in Jan. Following the increase of iron ore prices, part of these volumes is likely to be replaced by other miners (Australia, Anglo America Minas Rio and internal ramp up of the SD11 mine)
- **Thermal & Coking Coal growth in 2019 at +2.0% y-o-y vs +3.3% in 2018**  
(2019 tons-miles +2.1% vs +4.5% in 2018)
  - China and India coal needs for electricity generation exceeding domestic coal production growth, but China imports restrictions creating uncertainty
- **Grains incl. soybeans growth in 2019 at +4.0% y-o-y vs +0.1% in 2018**  
(2019 ton-miles +4.9% vs -0.2% in 2018)
  - Tariffs hurt the US export season during 2018 typically peaking during Q4. Brazil's soybean exports +86.6% y-o-y during Jan-Feb 2019; US volumes remain weak and a recovery is dependent on a US-China agreement
- **Minor bulk growth in 2019 at +3.2% y-o-y vs +3.8% in 2018**  
(2019 ton-miles +4.3% vs +5.3% in 2018)
  - Bauxite from West Africa boosting ton-miles for Capesize vessels. ASEAN and India infrastructure development supporting growth. Expected restocking during the second half ahead of IMO 2020 inflationary pressures.

Dry Bulk Trade (Million tons)	2014	2015	2016	2017	2018	2019 (f)	2020 (f)
Iron ore	1,340	1,364	1,418	1,473	1,473	1,480	1,501
Coal	1,216	1,137	1,140	1,200	1,240	1,264	1,283
Grains	407	429	450	477	477	496	511
Minor Bulks	1,867	1,899	1,893	1,949	2,023	2,089	2,153
<b>Total Dry</b>	<b>4,830</b>	<b>4,828</b>	<b>4,900</b>	<b>5,098</b>	<b>5,213</b>	<b>5,329</b>	<b>5,448</b>
Annual Growth (tons)	249	-2	72	198	115	116	119
Annual Growth (%)	5.4%	0.0%	1.5%	4.0%	2.3%	2.2%	2.2%
Ton-miles growth	6.0%	0.9%	2.3%	4.7%	2.9%	2.5%	3.2%



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

# THANK YOU

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