Company Name: Star Bulk
Company Ticker: SBLK US
Date: 2019-11-21
Event Description: Q3 2019 Earnings Call

Market Cap: 978.806346303
Current PX: 10.6689996719
YTD Change($): 1.52899967194
YTD Change(%): 16.729

Bloomberg Estimates - EPS
Current Quarter: 0.567
Current Year: 0.424
Bloomberg Estimates - Sales
Current Quarter: 193.286
Current Year: 593.25

Q3 2019 Earnings Call

Company Participants

- Simos Spyrou, Co-Chief Financial Officer
- Petros Pappas, Chief Executive Officer, Director
- Hamish Norton, President
- Nicos Rescos, Chief Operating Officer
- Unidentified Speaker,
- Charis Plakantonaki, Chief Strategy Officer

Other Participants

- Amit Mehrotra
- Chris Robertson
- Chris Snyder
- Benjamin J. Nolan

Presentation

Operator

Thank you for standing by, ladies and gentlemen, and welcome to the Star Bulk Carriers Conference Call on the Third Quarter 2019 Financial Results. We have with us Mr.Petros Pappas, Chief Executive Officer; Mr.Hamish Norton, President; Mr.Simos Spyrou and Mr.Christos Begleris, Co-Chief Financial Officers of the company; and Mr.Nicos Rescos, Chief Operating Officer of the company. At this time, all participants are in a listen-only mode. There will be a presentation followed by a question-and-answer session. (Operator Instructions)

I must advise you that this conference is being recorded today. And we now pass the floor to one of your speakers today, Mr.Spyrou. Please go ahead, sir.

Simos Spyrou, Co-Chief Financial Officer

Thank you, operator. I'm Simos Spyrou, Co-Chief Financial Officer of Star Bulk Carriers, and I would like to welcome you to the Star Bulk Carriers conference call regarding our financial results for the third quarter of 2019.

Before we begin, I kindly ask you to take a moment to read the safe harbor statement on Slide number 2 of our presentation.

Let us now turn to Slide number 3 of the presentation for a summary of our third quarter 2019 financial highlights. In the 3 months ending September 30, 2019, TCE revenues amounted to $131.3 million, 1.6% higher than the $129.2 million for the same period in 2018.

Adjusted EBITDA for the third quarter of 2019 was $72.2 million versus $80.1 million in the third quarter of 2018. Adjusted net income for the third quarter amounted to $17.3 million or $0.18 earning per share versus $30.5 million adjusted net income or $0.35 gain per share in Q3 2018.

Our adjusted EBITDA and adjusted net income figures include an adjustment of $8.5 million for the accelerated dry dock expenses brought forward from 2020 to 2019. Although, we have decided to accelerate to 2019, the dry dock schedule for the vessel that had work during 2020, in order to complete works concurrently with the scrubber installations and have pure stoppages in 2020, maximizing our scrubber return.

Our Time Charter Equivalent Rate during this quarter was $14,688 per vessel per day. During the third quarter of 2019, our average daily operating expenses were $3,693 per vessel per day. In terms of fleet update as of today, we have taken delivery of all our new building vessels and have agreed to sell 2 of our older Supermax vessels as part of our fleet renewal. The vessels are expected to be delivered to the new owners by the end of this month. This leaves Star Bulk with a fleet of 116 vessels going forward. Total cash as of today stands at $130 million with net debt at $1.48 billion. Regular debt amortization including scrubber debt principal repayment for 2020 will be at $197 million with current projected interest expense at approximately $72.5 million next year.

In Slide 4, we'll discuss our new dividend policy. We are happy to be announcing a cash dividend for the quarter of $0.05 per share, as well as establishing a transparent dividend policy under which the company will distribute dividends once our quarterly total cash balance in the set thresholds presented in the slide. We aim to gradually increase the quarterly cash thresholds over the next 8 quarters, reaching a final threshold of $2.1 million per vessel in Q3 2021. We believe the policy safeguards our strong balance sheet, whilst creating value by returning cash to our shareholders.

Please turn now to Slide 5, where we summarize our operational performance for the quarter. Operating expenses were $3,693 per day per vessel for the quarter and $3,876 per day for the nine-month period of 2019. As many of our vessels are close to or have affirmed a dry dock recently, they'll usually spend less on OpEx. Investors should be looking at our 9 months OpEx figure as a better guidance for the expected OpEx levels going forward.

Net cash G&A expenses were reduced to $828 per day per vessel for the quarter. And $931 per vessel per day for the 9 months 2019 period. We expect that our daily vessel net cash G&A expenses going forward will bring the rates between $950 to $1,000 per day per vessel. The combination of our in-house management and the scale of the group enable us to provide our services at very competitive costs, complemented by excellent ship management capabilities with Star Bulk recently ranking among the top 5 managers evaluated by Rightship.

Slide 6 highlights that Star Bulk is the lowest cost operator among our U.S. -- dry dock peers with operating expenses approximately 21% below the industry average, based on latest publicly available information.

In Slide 7, we are providing an update on our scrubber retrofit program. As of today, we have 88 scrubber towers installed across our fleet, 50 of which are already commissioned. We are working to have approximately 106 scrubber towers installed and maybe 3 commissioned during the turn of the year. We believe that having the majority of our vessels cover fitted in advance of 2020 will create significant commercial and operational benefits for the company, minimizing the payback period for our investment.

Out of the remaining 31 vessels to be commissioned during 2020, 14 vessels will be in the shipyards at the turn of the year, finalizing works and classification, another 14 vessels have existing time charters that finish during the first quarter of 2020 or are part of the Delphin fleet that has been acquired earlier this year.

Slide 8 has another view of the total CapEx payments for our scrubber program. Our total expected CapEx for the scrubber project is estimated at $209 million, with approximately $150 million of secured debt financing in place. As of November 20, the remaining CapEx is up $74.6 million, out of which $70.6 million will be from debt financings, and only $4 million is the remaining equity CapEx.

The graph in Slide 9 illustrates the current estimated scrubber tower installation schedule broken down by vessel segment and by quarter, based on expected future milestones. As of today, we have installed 88 scrubber towers and commissioned 50.

Slide 10 summarizes our future dry docking schedule, estimated dry dock expenses and total acquired days for the forthcoming quarters for dry docks as well as scrubber installations. This is based on current vessels planning, vessel employment and yard capacity. We provide this light to give guidance about our future expenses relating to our accelerated dry dock program. These figures incorporate our current understanding of present and future shipyard congestion, but shipyard congestion is significant and we cannot be certain that these figures will not increase.

Slide 11 provide Star Bulk's employment coverage for the fourth quarter of 2019. We have fixed deployments for approximately 68% of the days in Q4 2019, at TCE rates of $16,284 per day per vessel.

I will now pass the floor to our CEO, Petros Pappas for a market update and his remarks.

Petros Pappas, Chief Executive Officer, Director

Thank you, Simos. Please turn to Slide 12 for a brief update of supply. During the first 10 months of the year, 35.2 million deadweight were delivered and the 7 million deadweight were sent for demolition, for a net fleet growth of 27.9 million deadweight or 8.3%.

During the same period, a total of 18 million deadweight has been reported by Clarkson's as firm orders. The other book currently stands between 10% and 11% of the fleet, the lowest level since 2002. During the third quarter, scrubber retrofits accelerated and are estimated to have observed approximately 2% of the total fleet and especially in cape sizes up to 6% of the fleet.

As of October, approximately 9% of the dry bulk fleet is estimated to have been fitted with scrubbers. The average steaming speed of the dry bulk fleet currently stands at approximately 11.6 knots, an increase of 0.2 knots to the first half hours. During 2020, the fleet is projected to expand at the pace of approximately 3.3%. However, after accounting for off hires related to scrubber installations and an incentive to slow steam, effective supplies unlikely to expand by more than 2%.

Let's now turn to Slide 13 for a brief update of demand. Following a series of dry disruptions during the first half, the dry bulk market shares grew multi-year highs during the third quarter. According to Clarkson's, dry bulk trade during 2019 will expand by 1.4% from 2.8% growth in 2018. Iron ore trade during 2019 will decline by 1.3% and 3.2% in tons and ton miles respectively.

China crude steel and pig iron production has increased by 7% and 6.2% respectively. China iron-ore imports have contracted by 1.5% due to strong supply disruptions in Brazil and Australia at the start of the year. And the combination has led to 30 million reduction of stockpiles. Brazil iron-ore experts have contracted 12% or 40 million tons because of a Vale dam accident. The strong increase of iron-ore prices during the start of 2019 hit steel margins across the globe and has led to a 1.8% decrease in crude steel production outside of China.

Looking into 2020, we expect the gradual recovery of Vale exports and a more competitive price environment for iron ore to support global steel production and iron ore trade. Coal trade 2019 is projected to increase by 1.2% in tons, but to decline by 0.8% in ton miles, assorted distances have been favored during the first half of 2019.

China domestic coal production expanded by 5.4%, while thermal electricity generation expanded at a lesser 3.6%, a strong hydropower during the first half of the year, since thermal coal requirements. This trend seems to be reversing during the last few months and may support coal paid in the medium-term. Coal imports increased 10%, raising stocks ahead of winter and end-of-the-year import restrictions.

India and Southeast Asia are expected to be the main drivers of coal imports over the next years. Indian 2019 imports are to increase by 10%, but not by 35% and the Philippines by 12%. Grain and soybean trade during 2019 is projected to increase by 1.5% and 4.8% in tons and ton miles respectively, as Brazil corn exports increased by one-third percent [ph] or 20.5 million tons, while soybean exports contracted by 6.3% or 4.7 million tons due to the depletion of stocks during 2018.

China soybean imports have decreased by 8%, due to the dispute with the U.S. and to the 4% reduction of the pig population in an effort by China to contain the African swine fever outbreak. Minor bulk rate during 2019 is projected to increase by 3.6% and 4.5% in tons and ton miles respectively. Clarkson's estimate for 2020 is for 2.4% increase or around 50 million tons.

Bauxite, nickel and manganese ore trade volumes are projected to increase to more than 250 million tons during 2019 from 215 million tons during 2018. The Indonesia excel ban on nickel ore is expected to remove approximately 15 million tons from dry bulk trade during 2020. However, due to the small distances involved, we expect the negative effect on LIBOR trade to be minimal.

Finally, as a general comment, we expect inflationary pressures related to IMO 2020 less favorably for the dry bulk market. On the supply side, smaller sizes are likely to benefit the most from slow steaming incentives due to the lower scrubber penetrations in Capes. On the demand side however, we expect Capes to benefit the most from cargo cascade as a switch to middle distillates will make larger vessels more economical. As a result, we remain optimistic for 2020 as well as 2021. And expect that the combination of supply constraints and recovering iron-ore export volumes is likely to surprises to the upside.

Without taking any more of your time, I will now pass the floor over to the operator to answer any questions you may have.

(Question And Answer)

Operator

Thank you. (Operator Instructions) So we now take our first question.

Amit Mehrotra

Hi. It's Amit Mehrotra here from Deutsche Bank. Good morning, afternoon. I wanted to ask some specific questions on the numbers related to the new dividend policy. And I'm just trying to understand the walk from EBITDA to what's available for dividends next year.

Simos, you touched on it, but I just want to just as -- for illustrative purposes, if the company does $500 million of EBITDA next year in 2020, does that translate to $165 million of dividends under your definition? Because I think you said, there's $70 million, -- a little over $70 million interest, $177 million in debt amortization, maybe $19 million related to scrubber debt repayments and there's $69 million of incremental cash flow to get to your minimum liquidity requirements. So just taking all that into consideration, it seems like $500 million EBITDA would translate to $165 million in dividends, that am I looking at it correctly or am I missing something?

Simos Spyrou, Co-Chief Financial Officer

We said Amit, not $177 million, $197 million of debt amortization.

Amit Mehrotra

But that includes the $19 million of scrubber debt, is that correct?

Simos Spyrou, Co-Chief Financial Officer

Correct.

Amit Mehrotra

Yes. So it $177 million of regular way debt amortization plus $19 million of scrubber debt repayment, correct?

Simos Spyrou, Co-Chief Financial Officer

Correct.

Amit Mehrotra

Okay. So aside from that, there's $69 million and $70 million related to cash build and interest expense, respectively. So other than that, are there any other moving parts that get to your definition for dividends?

Simos Spyrou, Co-Chief Financial Officer

No.

Amit Mehrotra

Okay. So it just seems like under $500 million of EBITDA, the company will pay of 16% dividend yield next year. And I think even with that payments basically we'll delever the balance sheet next year, right? Because you're paying $200 million of amortization, -- that includes $200 million of amortization, right? Debt repayment?

Simos Spyrou, Co-Chief Financial Officer

Correct.

Petros Pappas, Chief Executive Officer, Director

Yes.

Amit Mehrotra

Correct. Okay.

Petros Pappas, Chief Executive Officer, Director

We're counting on the Mehrotra family to import a lot of iron ore to Queens next year.

Amit Mehrotra

Okay. Can you -- I think it's important, because the way you guys talk about dividends, now, we have to pay more close attention to the quarterly cadence of cash flows. And so I wanted you, Christos or Simos to help us with the 22 -- is there any lumpiness in the cash calls in 2020 related to interest or debt repayment? And then in the fourth quarter, I think you've got some CapEx related to the scrubbers, I don't think we should expect a big dividend in February, but I could be wrong, if you can just help us with that?

Simos Spyrou, Co-Chief Financial Officer

No. Amit, I don't think, you're wrong. As you correctly said, we have updated in our presentations the CapEx schedule for the following few quarters, as well as dry bulk expenses for the fourth quarter. And then effectively, we don't have any dry bulks for 2020. We don't have any maturities in 2020 that we will need to use our cash balance. And therefore all things -- all other things have been equal, our cash flow should be on the expense side relatively smooth and predictable.

Amit Mehrotra

Even the interest payments will be smooth over the quarters?

Petros Pappas, Chief Executive Officer, Director

Yes.

Simos Spyrou, Co-Chief Financial Officer

Yes, $72.5 million can be broken down evenly between the four quarters.

Petros Pappas, Chief Executive Officer, Director

And that's on the basis of the current LIBOR curve, right? The current sort of three month LIBOR curve.

Amit Mehrotra

Right. And then the other thing I had and I will hop off soon, just to get off the queue. But when you guys pay down the $200 million of debt next year, your interest expense goes down as well, right? So is that $60 million in 2021, is that how we should think about it? (Technical Difficulty) interest rates I guess, but

Petros Pappas, Chief Executive Officer, Director

Yes. That's great. But we go down -- basically, interest rate, it goes down to approximately $66 million on the basis of today's LIBOR curve, and then in 2021, it would go down to $55 million. So it reduces by approximately $11 million per year.

Amit Mehrotra

Okay. That's helpful. And just last one for me, if I could for Hamish or Petros? Just more conceptual. I think this is obviously, -- we think it's very positive in terms of the company is committing now 100% of surplus cash flow to shareholders, but you have had instances in the past where shipping companies have had a variable dividend policy and then walked away from that. So I just want to understand what your commitment is to this policy? Are there any checks and balances? In case, there's something that you think is more accretive[ph] that comes along that -- a year from now, we might be looking at, walking away from this policy. Just talk about your commitment to the policy in the context of maybe some other more accretive opportunities in your mind coming along?

Simos Spyrou, Co-Chief Financial Officer

Sure. Look, we've designed this dividend policy in order to be able to follow it for the long term. And frankly, our hope is that by sticking to this dividend policy, investors will be well rewarded and will value the company appropriately, and if the company is valued appropriately, we will have a currency that will allow us to finance accretive opportunities without walking away from this dividend policy hopefully ever. And we're pretty committed to sticking with this policy.

Amit Mehrotra

Okay. Yes, that's clear. All right, congrats guys, this is great. Thank you very much.

Petros Pappas, Chief Executive Officer, Director

Thank you, Amit.

Operator

We will now take our next question. Go ahead.

Chris Robertson

Hi, this is Chris Robertson on with Jefferies.

Petros Pappas, Chief Executive Officer, Director

Hi, Chris.

Chris Robertson

Hey. Yes, so just -- as it relates to the dividend policy, Hamish, what are your thoughts around in share repurchases or early debt repayments? Does this kind of negate the need for any share repurchase program?

Hamish Norton, President

Well. As -- Certainly our focus will be on trying to do things that maximize this dividend at least with the share price where it is currently or hopefully higher. We would take another look at that if contrary to our expectations, the share price drops significantly. But I think our focus is on maintaining or trying to increase the dividend.

And in terms of getting the debt down, look, first of all, we're -- we are building up some cash. We're building up basically about $150,000 per ship per quarter in order that we have a cash buffer in the company that makes us comfortable. But if the share were to trade significantly above net asset value, we would be fine with using the share to start to reduce the debt, and reducing the debt is significantly accretive to the dividend per share. Because of our significant principal amortization, basically, debt service is over 16% of total debt. So every dollar of debt we reduce, basically reduces debt service by over $0.16, which should significantly increase the dividend per share even if there might be a few more shares outstanding as a result. So let's see, if we're able to do that.

Chris Robertson

Okay, thanks Hamish, that's pretty clear. I wanted to ask a question related to the scrubber installations versus the -- installations versus commission. So can you walk us through the process of what it takes for it to be commissioned and how long that takes?

Petros Pappas, Chief Executive Officer, Director

I think that's a question for Nicos Rescos.

Nicos Rescos, Chief Operating Officer

Hi, Chris. Well, as long as installation is complete on the shipyard, it typically takes us three to four days to commission a system. And by now, we've said, is almost on the same day that would get the ship certified. So compared to like six months ago, while we manage to optimize the process was very short one of approximately three to four days from sailing from a shipyard.

Chris Robertson

Okay. And then what's the kind of average time at the shipyard now, is it closer to 40 days or closer to 50 days?

Unidentified Speaker,

Well, it depends on whether we're talking about straight scrubber installations or we're talking about dry bulks. We have so far concluded 50 scrubber installation calls at the shipyard. And having had the effect of writing things which is now proven quite valuable, our average down time at the shipyard is of 25.4 days over 50 ships.

If -- I will talk about dry docks, we'll have carried out 38 of the 46 planned for this year at an average of 44 days. And this is a -- the process where the main milestone is reversal of vessel rather than the scrubber for our shipyard.

Chris Snyder

Okay. Finally, a question on kind of the market, what are your thoughts around Capes versus the smaller asset classes? And why might there be diverging expectations for the rest of the year and into 2020?

Petros Pappas, Chief Executive Officer, Director

Hi, Chris. We expect that at least till the end of this year, as there going to be several more scrubber installations as well as Q1 next year, we expect that Capes, where most of installations are taking place, will do much better compared to previous years, of course. Because that always Q1 is a slower quarter than the rest of the quarters. So we think that because of that we will see a better market for Capes. We also believe we will see more iron-ore trade, and that of course favours Capes. And finally, we believe that as fuel prices will get more expensive, this will get us into a cascade effect where Capes will be more economical compared to smaller sizes in Nigerian cargos. For those reasons, we believe that Capes are going to be doing better than the smaller vessels.

Chris Robertson

All right. Appreciate it. Thank you for taking my questions.

Petros Pappas, Chief Executive Officer, Director

Thank you.

Operator

Thank you. We will now take our next question.

Benjamin J. Nolan

Hi guys, this is Ben Nolan. Good news on the dividend policy, really like it. But I was curious certainly over the last few years and even over the summer, you guys have used your shares for vessel acquisitions, and I think successfully. And in particular, as you draw closer -- hopefully closer to NAV or above NAV, your currency should improve. Curious though, what the targets at looks like now? You've done quite a bit -- Do you think maybe the low-hanging first has been picked or are there other situations similar to what you've done, you may be able to execute on.

Petros Pappas, Chief Executive Officer, Director

Well, we really don't know. The -- whether something is low-hanging fruit or not, depends very much on the outlook of the shareholders of the target company, and that outlook changes from day-to-day and so we can be surprised. Basically, if we can do transactions for cash and shares that are accretive to our dividend and make good business sense, otherwise, we remain happy to do things like that. In such a way that it doesn't increase the leverage of Star Bulk, it doesn't harm the dividend. And in fact, I think at this point, it would have to be accretive to the dividend, and we'd be happy to do it. And we may find such opportunities, we just don't know.

Benjamin J. Nolan

Okay. But the sample said it isn't--

Petros Pappas, Chief Executive Officer, Director

We've been surprised in the past positively. So that's why I'm saying, we don't know. Because frankly, we didn't know about the other opportunities that we had until they appeared.

Benjamin J. Nolan

Got it. Okay. Well, that's helpful. And then just following up on the dividend question, just to make sure that I have it bit. So as it relates to sort of how you think about it, and I know that there was a caveat] in the release saying that you made prepaid debt and that would take away a little bit or vessel acquisitions totally understand. But as it stands right now for the $197 million of amortization, that's sort of all that you envision for 2020 paying down, there's no aspirations at the moment of prepaying additional debt for now, correct?

Petros Pappas, Chief Executive Officer, Director

We're not planning to prepay anything with operating cash flow. And I think the point we were trying to make in the dividend disclosure was that if we sold securities, we sold ships, that we might use those proceeds to prepay debt or to buy ships and would not therefore dividend those proceeds of security sales or ship sales out. But we weren't contemplating prepaying debt or buying ships with operating cash flow.

Benjamin J. Nolan

Understood, very clear. That's very creative policy, I like it. Thanks for taking my questions.

Petros Pappas, Chief Executive Officer, Director

Our pleasure. Thanks, Ben.

Operator

We now take our next question.

Amit Mehrotra

Hey, it's Amit here from Deutsche. Just a follow up, thanks for taking it. Quick question on the minimum liquidity numbers you put out there. You get -- you want to get to $2 million by the end or middle of 2021, it just seems like $2 million per vessel is just so much more than what your minimum liquidity covenants are? I don't know where they are, but last time I checked a few years ago, there were probably like $0.5 billion range. So if you could just -- I understand, there's obviously some conservatism in American volatility of the market. But if you can just help us think about how you came up with that $2 million, just given the gap between that number and the minimum liquidity covers? Because that doesn't mean there's like a $100 million of extra cash on the balance sheet that arguably could go back as dividends further depends on the road.

Simos Spyrou, Co-Chief Financial Officer

Yes. Well, I think what we were thinking was that the $2.1 million of debt service per vessel is more or less a year's worth of cash per vessel, is more or less a year's worth of debt service. And in 2016, that kind of cash balance was looking mighty thin and today it looks like a lot, but it's a very volatile business.

Amit Mehrotra

Yes. Okay, that makes sense. And then --

Simos Spyrou, Co-Chief Financial Officer

And Amit, you're very much correct. The minimum cash balance probation last for loan facilities is at half a million, therefore we are leaving a significant buffer.

Amit Mehrotra

Got it. Okay. And then the last question for me, -- I think the bigger question here is what is kind of the two, three, four, year vision for the company from a size perspective, from a capital structure perspective? It seems like the dividend is going to drive -- at least the vision for the dividends is to drive a re-rating in the currency of the company that can use that currency to deleverage the balance sheet. But I would say zero debt -- zero net debt is not necessarily the most efficient capital structure for any company. Maybe it is for shipping, because it helps you with the currency relative to NAV. So Hamish, can you just help us kind of that --

Hamish Norton, President

I think in shipping, basically there is very little advantage to having debt. And if you look at just -- if you get very technical and look at the capital asset pricing model, the only benefit to debt is from the tax shield on the interest payments. But we don't get any tax shield from the interest payments, because we don't owe any income tax. So we pay the full interest, we don't get any deduction for interest. And --

Amit Mehrotra

I would argue that the cap -- the weighted average cost of capital can go down as debt, And we want to get hold of the academic here.

Hamish Norton, President

But -- it doesn't, because what happens is as you add debt, the data of the stock increases by enough that your weighted average cost of capital stays the same, in fact. So, actually our weighted average cost of capital should drop if we have less debt, because our stock will be larger. And as the company gets larger, the liquidity premium, the size premium on the cost of capital drops. And basically my experience has been that companies in the shipping industry with no debt have traded at the highest multiples of NAV of any shipping companies. And you've seen Knightsbridge Tankers, when it had no debt in the 90s, Nordic American Tanker shipping, when it had no debt in the 90s and 2000s, Diana Shipping for that brief period when it had no debt, it's very, very, very well. And if we had no debt, we would be able to pay dividends in essentially any market conditions. And the dividends could be quite large, because again, because we have no tax. So I think shipping is a -- you have to think a little bit out of the box, because it's tax and financial situation are so different. And we have so much operating leverage in this business that we really don't need financial leverage. So that's our long-term vision, let's hope we get there.

Amit Mehrotra

Okay. Alright, thank you very much. Appreciate it.

Operator

(Operator Instructions) There are no further questions coming through at the moment. I'd like to hand back to the speaker.

Petros Pappas, Chief Executive Officer, Director

Operator, our Chief Strategy Officer, Mrs.Plakantonaki would like to say a few words about ESG.

Charis Plakantonaki, Chief Strategy Officer

Thank you Petros. So we would like to report that during Q3 2019, we have established our first standard ability report which is available on the company's website and which provides transparency on all our company's activities on ESG, including our targets and actions plans on how to continuously improve on our sustainability performance.

We would also like to report that Star Bulk has recently joined the Global Maritime Forum and they're getting to zero coalition, which is a Global Alliance within the Maritime and other related industries committed to getting viable deep sea zero emission vessels powered by zero emission fuel into operation by 2030. We believe that collective action is the way forward to get us to the IMO's vision on reducing greenhouse gas emissions, and we are committed to working with the rest of the industry to contribute to this critical effort.

Petros Pappas, Chief Executive Officer, Director

Thank you, operator.

Operator

Thank you. That will conclude our conference for today.

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