



NASDAQ: SBLK

OSE: SBLK

# Financial Results Q4 2019



February 2020

# 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 (i) general dry bulk shipping market conditions, including fluctuations in charterhire rates and vessel values (ii) the strength of world economies, the stability of Europe and the Euro, fluctuations in interest rates and foreign exchange rates (iii) changes in demand in the dry bulk shipping industry, including the market for our vessels (iv) changes in our operating expenses, including bunker prices, dry docking and insurance costs (v) changes in governmental rules and regulations or actions taken by regulatory authorities (vi) the impact of regulation and regulatory, investigative and legal proceedings and legal compliance risks, including the impact of IMO's MARPOL ANNEX VI and IMO 2020 regulations and any changes thereof (vii) potential liability from pending or future litigation (viii) general domestic and international political conditions and potential disruption of shipping routes due to accidents or political events (ix) the availability of financing and refinancing (x) potential conflicts of interest involving our Chief Executive Officer, his family and other members of our senior management, , (xi) vessel breakdowns and instances of off-hire, risks associated with vessel construction and potential exposure or loss from investment in derivative instrument (xii) our ability to have scrubbers installed within the price range and time frame anticipated (xiii) our ability to obtain any additional financing we may seek for scrubbers on acceptable terms (xiv) the relative cost and availability of low sulfur and high sulfur fuel (xv) our ability to realize the economic benefits or recover the cost of the scrubbers we plan to install. Our ability to pay dividends in any period will depend upon various factors, including the limitations under any credit agreements to which we may be a party, applicable provisions of Marshall Islands law and the final determination by the Board of Directors each quarter after its review of our financial performance. The timing and amount of dividends, if any, could also be affected by factors affecting cash flows, results of operations, required capital expenditures, or reserves. As a result, the amount of dividends actually paid may vary.*

*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. The estimations of daily TCE rates are provided using the discharge-to-discharge method of accounting, while as per US GAAP we recognize revenues in our books using the load-to-discharge method of accounting. Both methods recognize the same total TCE revenues over the completion of a voyage, however discharge-to-discharge method recognizes revenues over more days, resulting in lower daily TCE rates. Under the load-to discharge method of accounting, increased ballast days at the end of the quarter will reduce the revenues that can be booked, following the accounting cut-off, in the relevant quarter, resulting in reduced daily TCE rates for the respective period.*

*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.*

# Q4 2019 Financial Highlights



	Q4 2019	Q4 2018	% Change
Voyage Revenues	\$248.6m	\$209.4m	18.7%
Net Revenues (Voyage Revenues - Voyage Expenses)	\$184.6m	\$162.8m	13.4%
TCE Revenues <sup>(1)</sup>	\$148.0m	\$136.8m	8.2%
<b>Adjusted EBITDA <sup>(2)</sup></b>	<b>\$88.5m</b>	<b>\$82.4m</b>	<b>7.4%</b>
Net Income/(Loss)	\$23.5m	\$11.7m	100.6%
<b>Adjusted Net Income/(Loss)</b>	<b>\$34.5m</b>	<b>\$30.3m</b>	<b>13.8%</b>
<b>TCE</b>	<b>\$15,535</b>	<b>\$14,036</b>	<b>10.7%</b>
Average daily OPEX per vessel <sup>(3)</sup>	\$3,899	\$3,938	(1.0)%
Average daily Net Cash G&A expenses per vessel	\$925	\$969	(4.5)%
Average No. of Vessels	117.6	106.4	10.5%
<b>Adjusted EPS, basic</b>	<b>\$0.36</b>	<b>\$0.33</b>	<b>9.8%</b>
EPS GAAP, basic	\$0.25	\$0.13	93.6%
Weighted average number of shares outstanding, basic	95,797,142	92,457,989	3.6%

## Cash & Debt Position<sup>(4)</sup>

- **Total Cash (including minimum liquidity):** \$ 110 m
- **Total Debt & Capital lease obligations:** \$ 1,591 m

### Notes:

- (1) TCE revenues = Total voyage revenues – Voyage expenses – Charter-in hire expenses+ Realized gain/(loss) from bunker and FFAs
- (2) Adjusted for the accelerated drydocking expenses brought forward from 2020 to 2019
- (3) Excludes predelivery and one-off expenses
- (4) As of February 14<sup>th</sup> 2020

# FY 2019 Financial Highlights



	FY 2019	FY 2018	% Change
Voyage Revenues	\$821.4m	\$651.6m	26.1%
Net Revenues (Voyage Revenues - Voyage Expenses)	\$598.4m	\$530.0m	12.9%
TCE Revenues <sup>(1)</sup>	\$476.2m	\$438.0m	8.7%
<b>Adjusted EBITDA <sup>(2)</sup></b>	<b>\$237.2m</b>	<b>\$260.9m</b>	<b>(9.1)%</b>
Net Income/(Loss)	<b>\$(16.2)m</b>	\$58.4m	-
<b>Adjusted Net Income/(Loss)</b>	<b>\$24.2m</b>	<b>\$86.1m</b>	<b>(71.9)%</b>
<b>TCE</b>	<b>\$13,027</b>	<b>\$13,796</b>	<b>(5.6)%</b>
Average daily OPEX per vessel <sup>(3)</sup>	\$3,882	\$3,994	(2.8)%
Average daily Net Cash G&A expenses per vessel	\$929	\$1,004	(7.4)%
Average No. of Vessels	112.1	87.7	27.9%
<b>Adjusted EPS, basic</b>	<b>\$0.26</b>	<b>\$1.12</b>	<b>(76.9)%</b>
EPS GAAP, basic	<b>\$(0.17)</b>	\$0.76	-
Weighted average number of shares outstanding, basic	93,735,549	77,061,227	21.6%

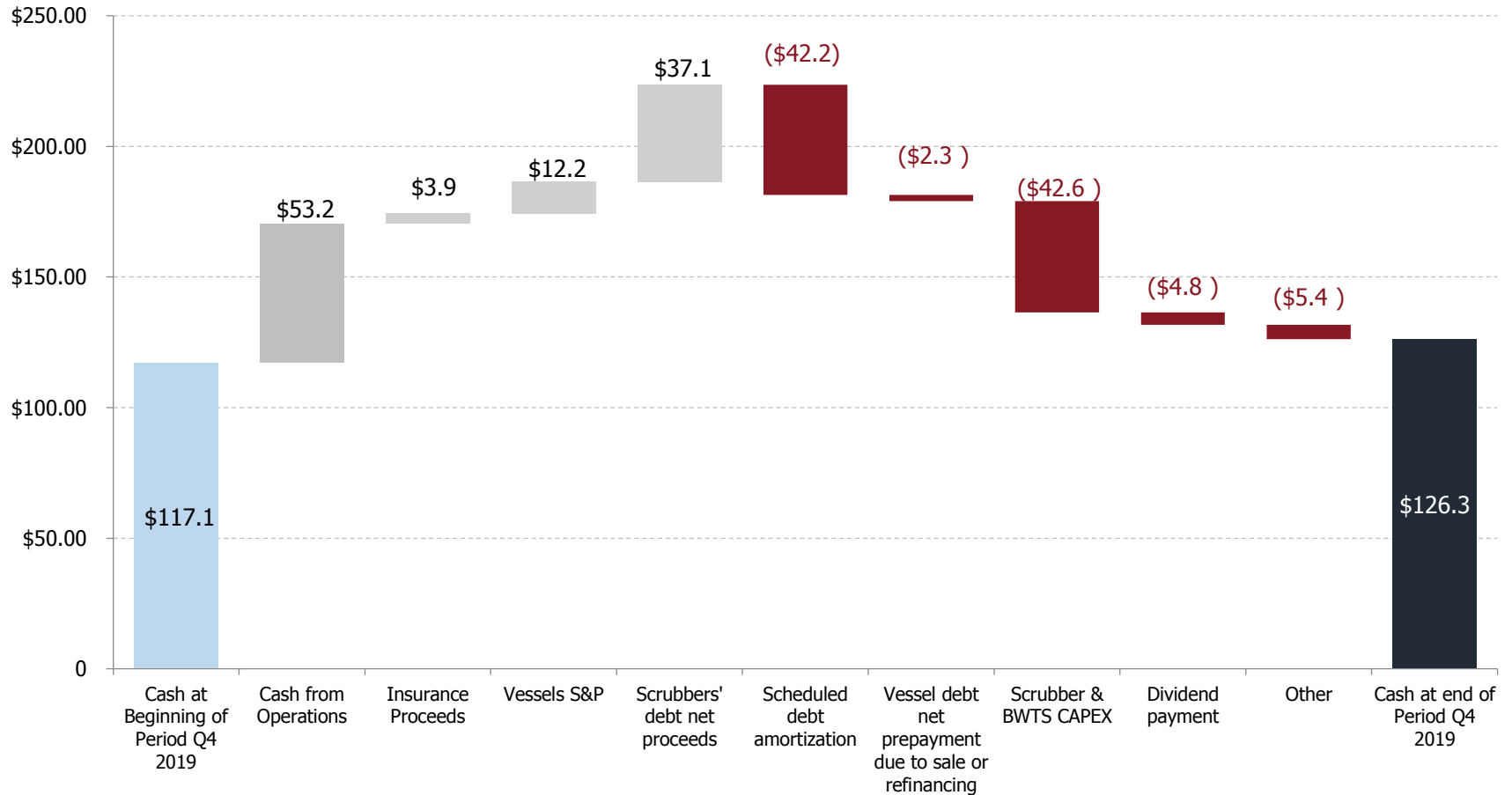
Notes:

- (1) TCE revenues = Total voyage revenues – Voyage expenses – Charter-in hire expenses+ Realized gain/(loss) from bunker and FFAs
- (2) Adjusted for the accelerated drydocking expenses brought forward from 2020 to 2019
- (3) Excludes predelivery and one-off expenses

# Q4 Cash Flow Generation



## Q4 Cash Flow Breakdown



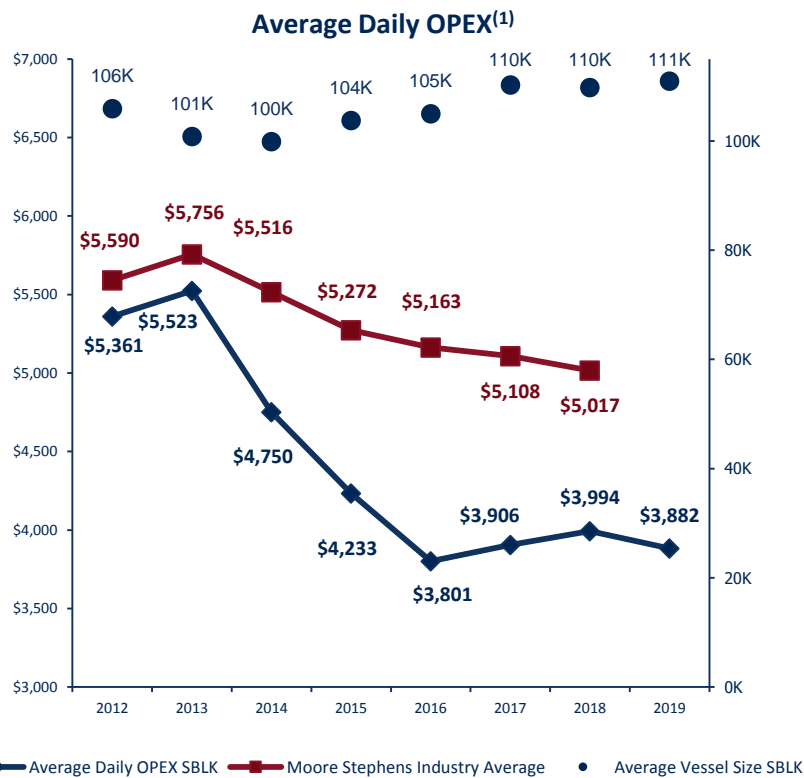
# Continued Operational Excellence



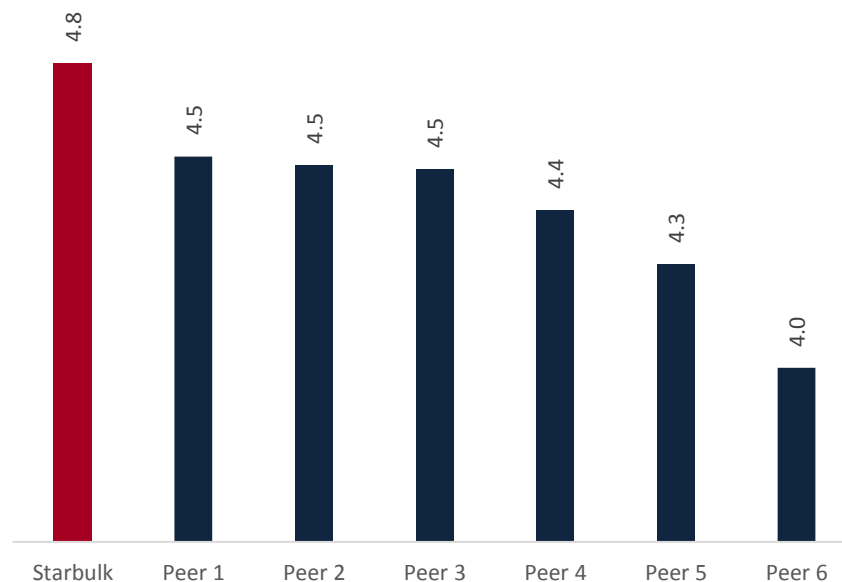
- For Q4 2019 vessel OPEX<sup>(1)</sup> were \$3,899 per vessel per day and \$3,882 for 2019
- Net cash G&A<sup>(2)</sup> expenses per vessel per day were \$925 for Q4 2019 and \$929 for 2019
- We are consistently in the top 5 dry bulk operators amongst our peer group in Rightship Ratings

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

**...without compromising quality**



**Jan 2020 - Average Rightship risk rating status vs peer companies on dry sector**



RIGHTSHIP

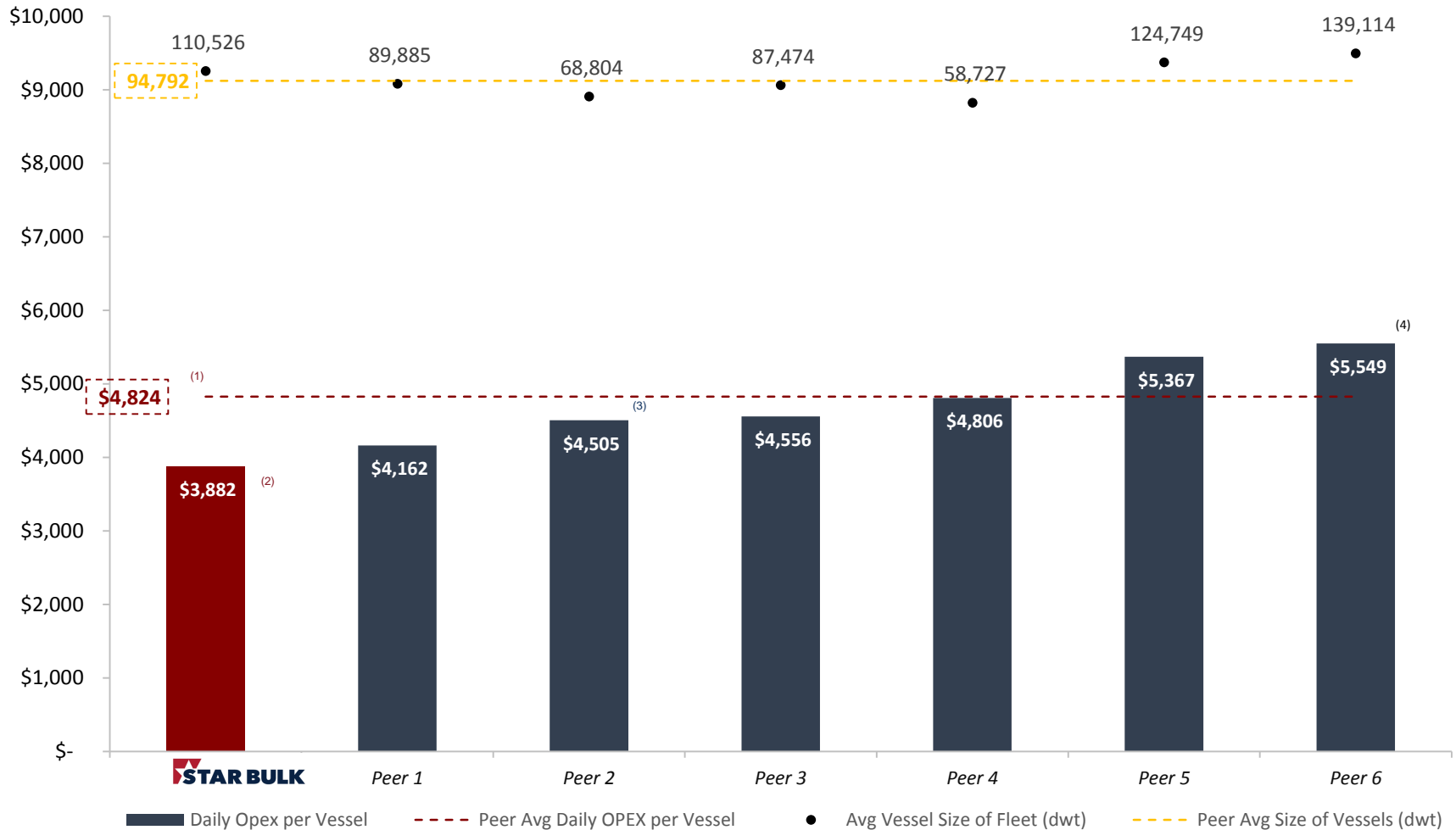


(1) Figures exclude pre-delivery expenses  
 (2) Excludes share incentive plans, includes management fees

# Industry Leading OPEX FY 2019



## OPEX Benchmarking based on latest published financial statements



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

4) Includes management fees

# Scrubbers Project – Installation Update up to 15Feb20

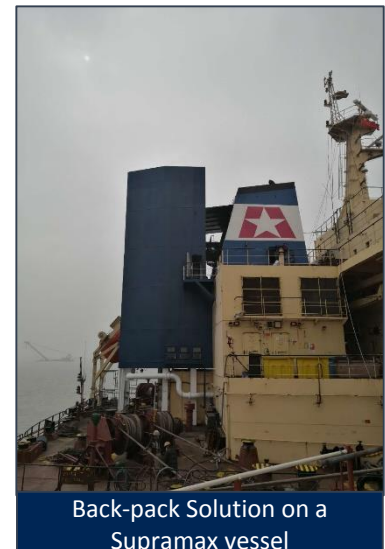
- As of February 19<sup>th</sup> 2020, 90 out of 114 EGCS systems are certified and operational
- First steps into IMO 2020 successful with 98,4% of scrubber operating days availability
- Six (6) remaining scrubber installations completed at sea to be certified within next 10 days (end Feb 2020)
- Eighteen (18) remaining vessels at shipyards across China
  - 13 of which expected to be certified and operational by end March 2020
  - 5 of which expected to be certified and operational by end April 2020
- Expect to have 109 certified and operational scrubbers by end March 2020 and 114 by April 2020



Sailing from shipyard with operational scrubber



The new scrubber tower during descent in the existing funnel at the yard



Back-pack Solution on a Supramax vessel



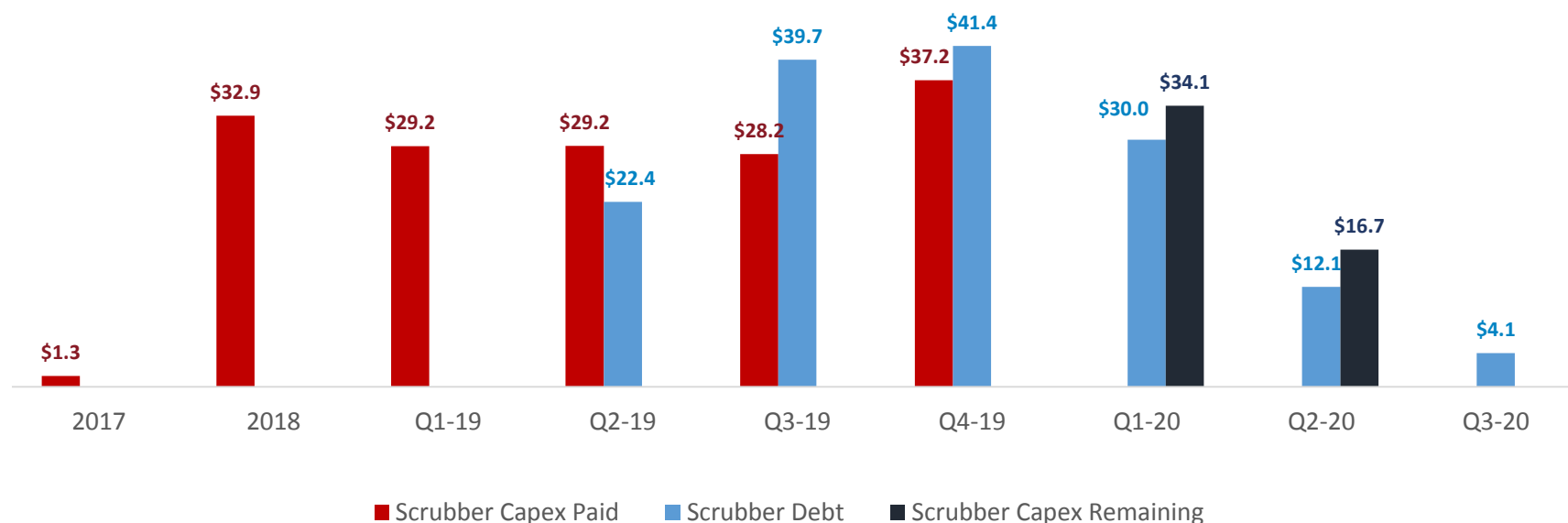
# Scrubbers CAPEX

## Total Figures<sup>(1)</sup>

- Expected Total cost of Scrubber project \$209.0 million for 114 scrubber systems
- Secured debt financing of approximately 72%, ~\$150.0 million
- Remaining Scrubber CAPEX as of February 14<sup>th</sup>, 2019: ~\$30.3 million

As of February 14 <sup>th</sup> 2020	CAPEX	Equity	Debt
Paid / Drawn	\$178.7	\$63.7	\$115.0
Remaining	\$30.3	(\$4.4)	\$34.7
<b>Total</b>	<b>\$209.0</b>	<b>\$59.2</b>	<b>\$149.8</b>

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



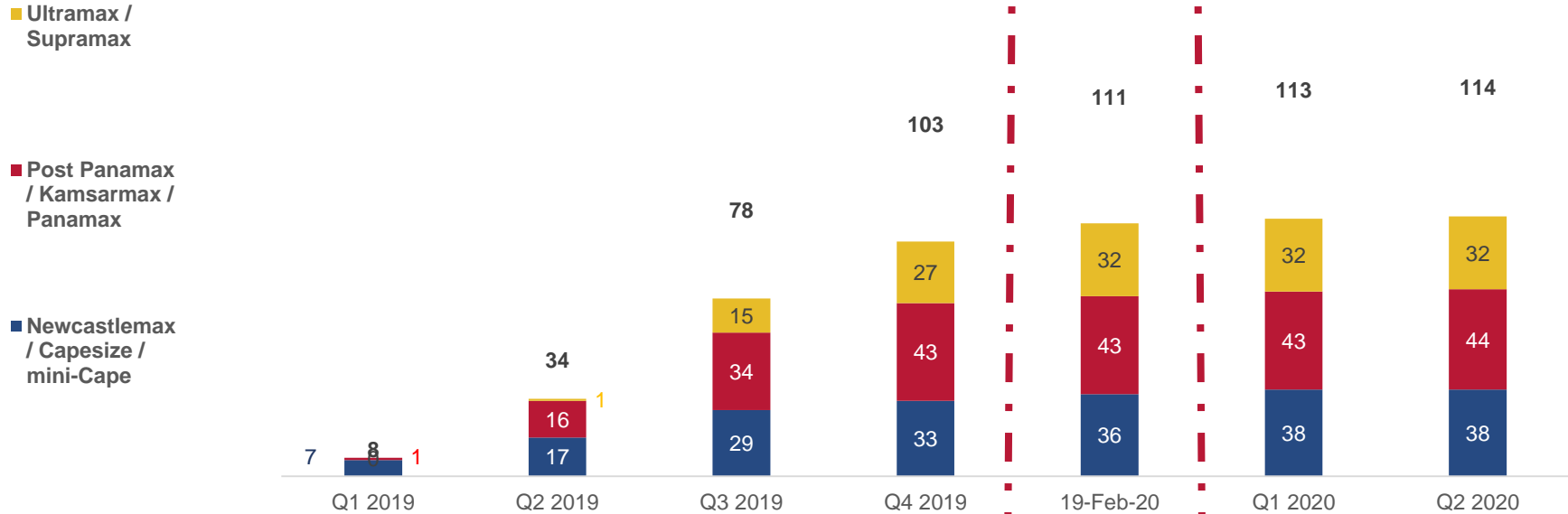
Note:

(1) As of February 14<sup>th</sup>, 2020, for 114 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)

# Scrubbers Installation Schedule

## Scrubber Tower Installations



	Q1 2019	Q2 2019	Q3 2019	Q4 2019	19Feb20	Q1 2020	Q2 2020
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Scrubbers Certified and Operational

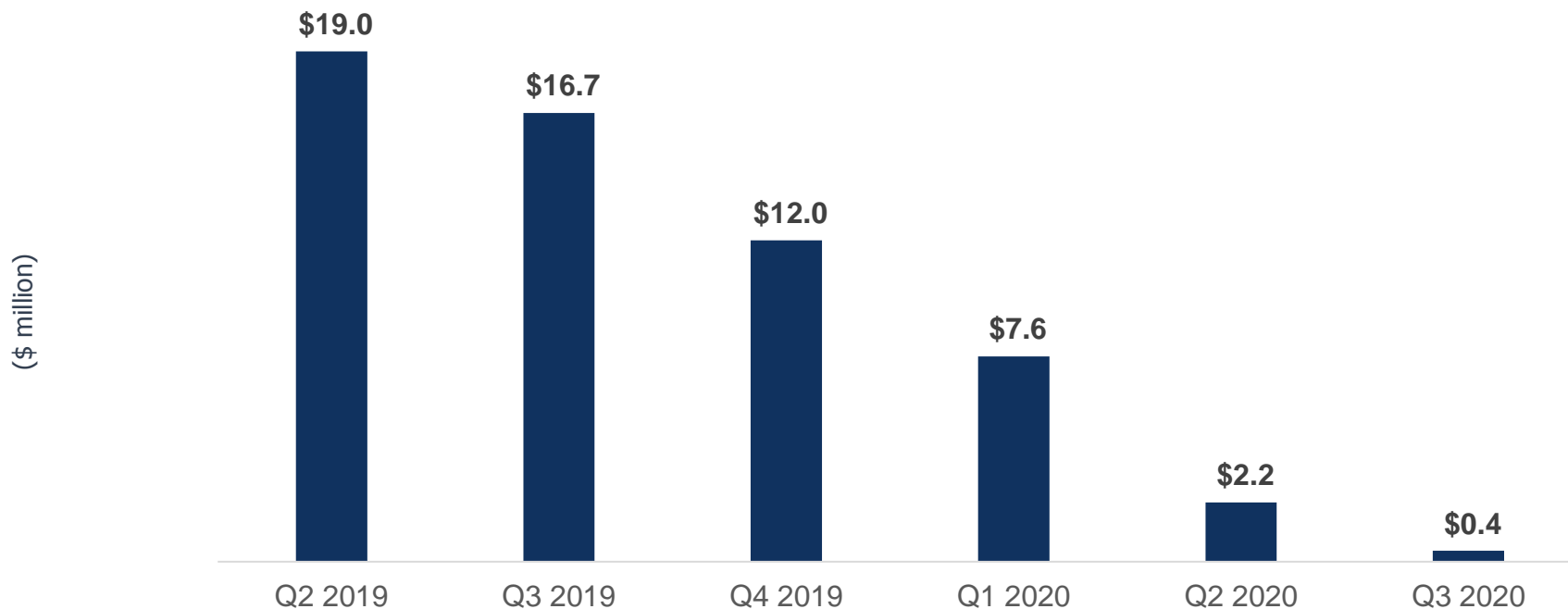
Scrubbers Certified and Operational	0	11	24	73	90	109	114
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Total installed

Total installed	8	34	78	103	111	113	114
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# Drydocking Schedule

## Dry docking expense

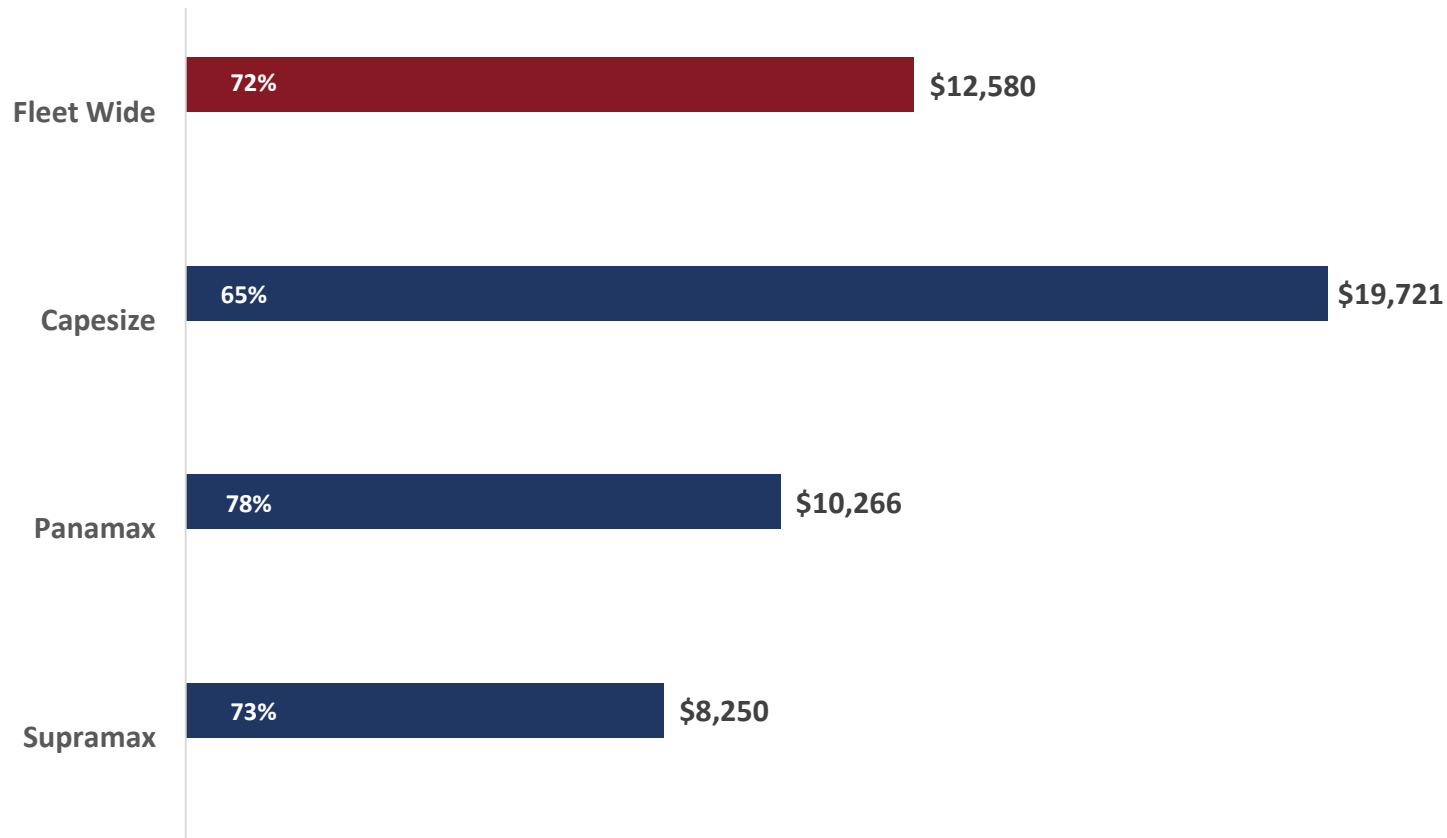


	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020
Offhire days due to DD & scrubber installation	930	1,766	1,286	1,208	95	20

# Q1 2020 Coverage

- We have fixed more than 72.3 % of our fleet for Q1 2020

## Fleet Employment – Q1 2020<sup>(1)</sup>

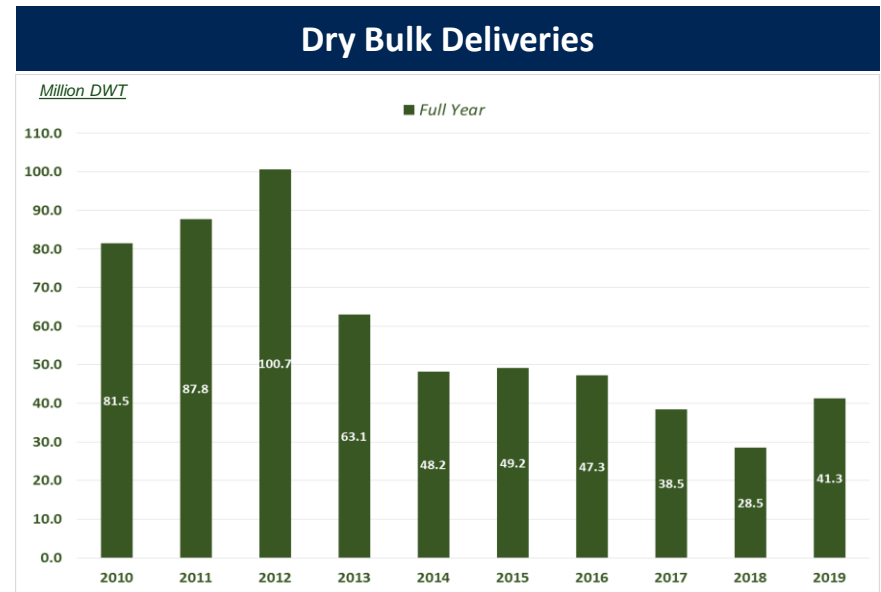
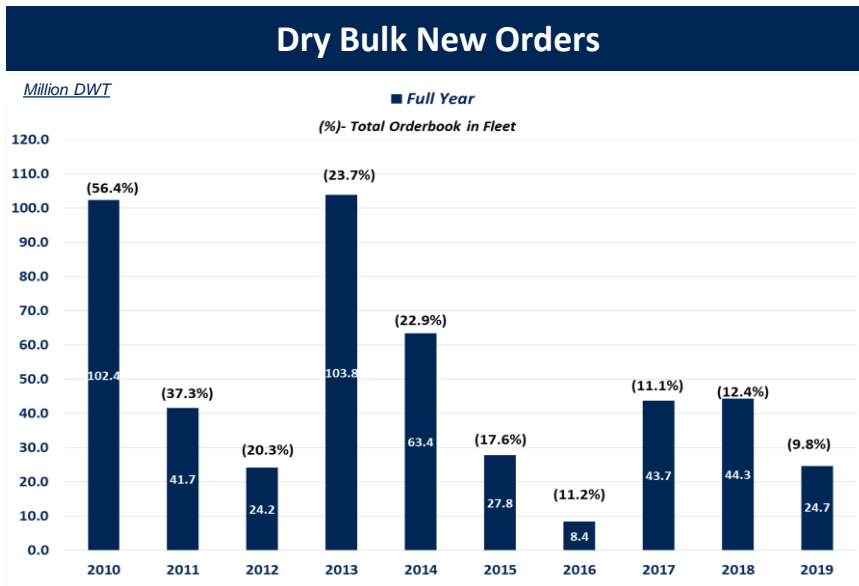
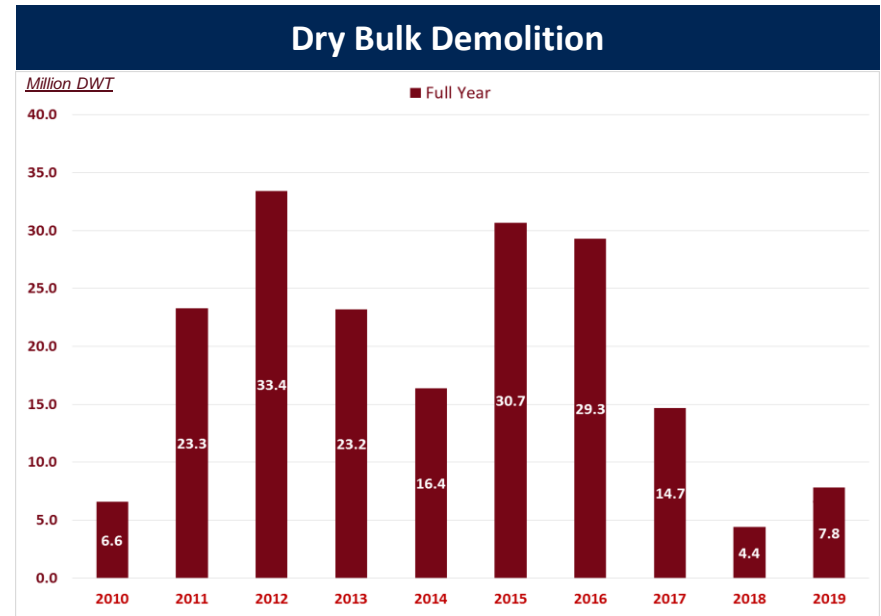


(1) Note: As of February 18<sup>th</sup>, 2020

(2) The above estimated daily TCE rates are provided using the discharge-to-discharge method of accounting, while as per US GAAP we recognize revenues in our books using the load-to-discharge method of accounting. Both methods recognize the same total TCE revenues over the completion of a voyage, however discharge-to-discharge method recognizes revenues over more days, resulting in lower daily TCE rates. Under the load-to discharge method of accounting, increased ballast days at the end of the quarter will reduce the revenues that can be booked, following the accounting cut-off, in the relevant quarter, resulting in reduced daily TCE rates for the respective period. Including FFA hedging.

# Dry Bulk Supply Update

- Dry bulk fleet growth +3.9% y-o-y in 2019 vs +2.9% during 2018.
  - Full 2019 deliveries: 41.3 million dwt - Up from 28.5 million dwt
  - Full 2019 demolition: 7.8 million dwt - Up from 4.4 million dwt
  - Full 2019 contracting: 24.7 million dwt - Down from 44.5 mdwt
- Orderbook currently estimated at ~9.0% of the fleet, lowest since 2002
- Vessels above 15 years of age currently at ~15.4% of the fleet.
- Higher bunker cost environment to incentivize slow steaming and to gradually push the freight rate equilibrium higher.
- Low contracting, slippage and demolition should keep net fleet growth contained at below 2.0% per annum during 2020-2022



# Dry Bulk Demand Update

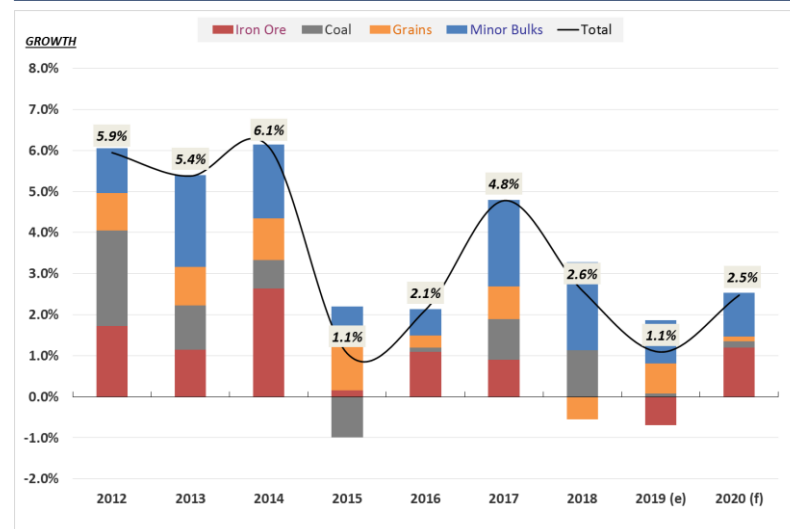
- During full year 2019, total dry bulk trade is estimated to have grown +1.2% in tons and +1.1% in ton miles as a result of major disruptions in Iron ore exports
- During full year 2020, total dry bulk trade is projected to accelerate and grow by +2.0%, in tons and +2.5% in ton miles.
  - Current trade disruptions related to the Coronavirus and IMO Sulphur implementation are exacerbating the first half seasonal weakness and are likely to inflate second half demand growth.

## Key Dry bulk cargoes:

- **Iron ore trade growth in 2019 estimated at -1.0% y-o-y (-2.6% y-o-y in ton-miles)** (2020 ton-miles projected at +4.3% y-o-y)
  - Full year 2019 ton-miles negatively affected by disruptions to Vale’s iron ore production after the tailings dam collapse in January and weather disruptions in Australia. China’s steel demand indicators remain positive.
- **Thermal & Coking Coal growth in 2019 at +2.6% y-o-y (+0.4% y-o-y in ton-miles)** (2020 tons-miles projected at +0.8% y-o-y)
  - China and India coal needs for electricity generation exceed domestic coal production growth. Potential domestic supply deficit due to the Coronavirus can weigh positively during 2020. SE Asia coal demand accelerating.
- **Grains incl. soybeans growth in 2019 at +1.5% y-o-y (+6.3% in ton-miles)** (2020 ton-miles projected at +1.1% y-o-y)
  - China soybean imports during 2019 have been affected by the “trade war” and the African swine fever outbreak. Brazil corn exports boosted ton-miles. US export volumes have remained weak but expected to recover after the recently agreed exemptions and Phase 1 trade deal.
- **Minor bulk growth in 2019 at +1.8% (+2.5% in ton-miles)** (2020 ton-miles projected at +2.5%)
  - Bauxite from West Africa to continue to support ton-miles for Capesize vessels. Indonesia nickel ore export ban inflating Q1 Pacific oversupply.

Dry Bulk Trade (Million tons)	2013	2014	2015	2016	2017	2018	2019 (e)	2020 (f)
Iron ore	1,188	1,340	1,364	1,418	1,473	1,477	1,463	1,501
Coal	1,183	1,217	1,138	1,141	1,202	1,263	1,297	1,311
Grains	363	409	430	450	476	472	479	491
Minor Bulks	1,826	1,848	1,892	1,881	1,939	2,014	2,050	2,092
<b>Total Dry</b>	<b>4,560</b>	<b>4,814</b>	<b>4,823</b>	<b>4,890</b>	<b>5,090</b>	<b>5,227</b>	<b>5,289</b>	<b>5,395</b>
Annual Growth (tons)	249	254	9	67	200	137	62	106
Annual Growth (%)	5.8%	5.6%	0.2%	1.4%	4.1%	2.7%	1.2%	2.0%
Ton-miles growth	5.3%	6.1%	1.1%	2.1%	4.8%	2.6%	1.1%	2.5%

## Dry Bulk Ton-miles – Full Year Growth



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

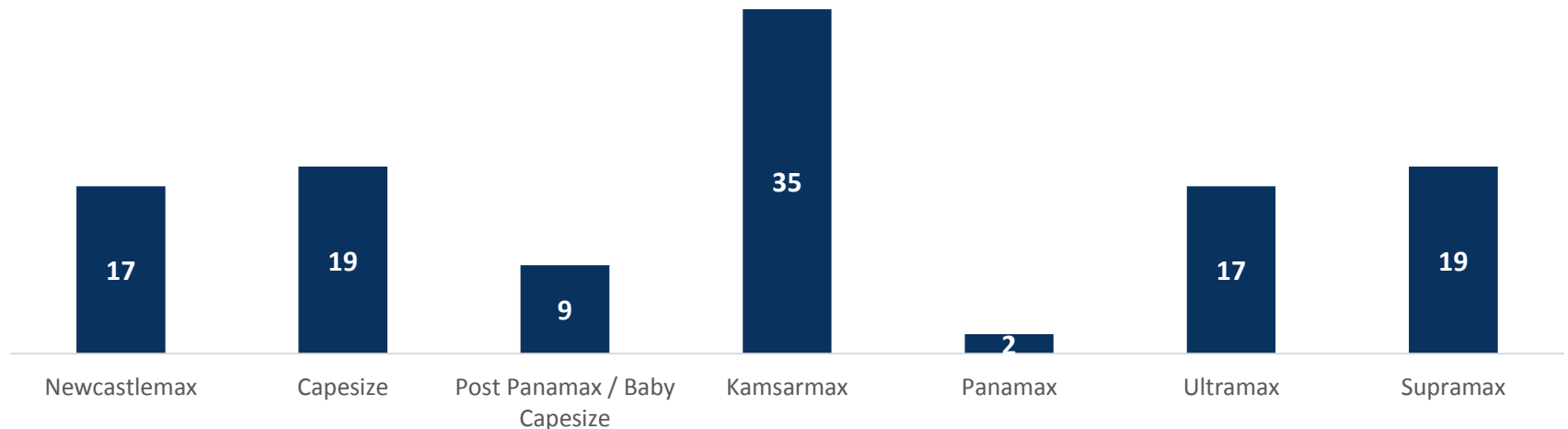
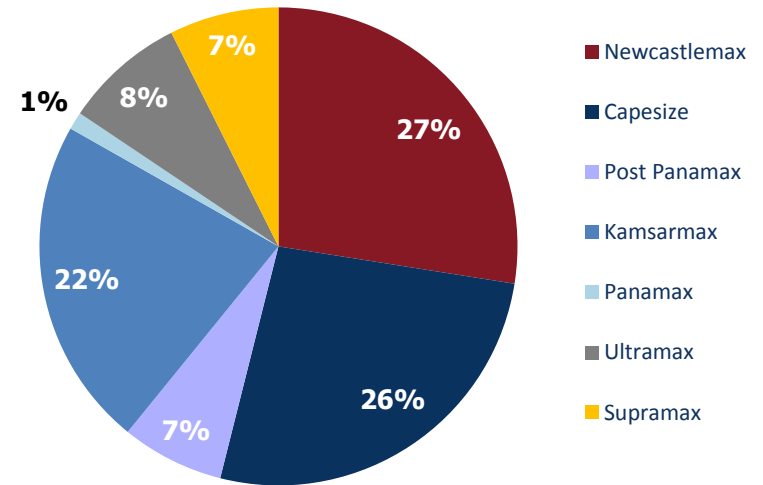
**APPENDIX**



# Diverse Fleet Covering All Segments

Million DWT

- Fully delivered fleet of 116 vessels
- Average age of ~8.3 years
- 36 Newcastlemax / Capesize vessels
- 42,456 ownership days on a fully delivered basis



(1) Pro forma for the delivery of two sold vessels, Star Cosmo and Star Epsilon



# Income Statement 4<sup>th</sup> Quarter 2019



(in \$000's)	Q4 2019	Non-cash Adjustments/ One time expenses	Adjusted Q4 2019	Adjusted Q4 2018
<b>REVENUES:</b>	<b>248,639</b>	<b>(499)</b>	<b>248,140</b>	<b>208,317</b>
Voyage expenses	(64,058)	-	(64,058)	(46,628)
Charter in expense	(33,826)	-	(33,826)	(25,478)
Realized Gain/(Loss) on forward freight agreements and bunker swaps	(2,718)	-	(2,718)	(1,005)
<b>Adjusted TCE Revenues</b>	<b>148,037</b>		<b>147,538</b>	<b>135,206</b>
<b>EXPENSES:</b>				
Vessel operating expenses	(42,188)	-	(42,188)	(38,544)
Drydocking expenses <sup>(1)</sup>	(12,060)	4,138	(7,922)	(3,125)
Management fees	(4,699)	-	(4,699)	(4,042)
Unrealized gain/(Loss) on forward freight agreements and bunker swaps	333	(333)	-	-
General and administrative expenses	(8,051)	1,573	(6,478)	(6,886)
Bad debt expenses	(357)	357	-	-
Impairment Loss	-	-	-	-
Other operational loss/(gain)	-	-	-	(191)
Other Operational gain	2,237	-	2,237	(39)
Gain/(Loss) on sale of vessel	(4,723)	4,723	-	-
<b>Total expenses</b>	<b>(69,508)</b>		<b>(59,050)</b>	<b>(52,827)</b>
<b>EBITDA</b>	<b>77,996</b>		<b>88,488</b>	<b>82,379</b>
Depreciation	(32,293)	-	(32,293)	(30,814)
<b>Operating (loss)/ income</b>	<b>46,236</b>		<b>56,195</b>	<b>51,565</b>
Interest and finance costs	(21,380)	-	(21,380)	(22,024)
Loss on debt extinguishment	(1,577)	1,008	(569)	-
Interest income and other	293	-	293	836
Gain/(Loss) on derivative financial instrument	-	-	-	-
<b>Total other income (expenses), net</b>	<b>(22,664)</b>		<b>(21,656)</b>	<b>(21,188)</b>
Equity in income /loss of investee	(34)	34	-	-
<b>Net income before tax</b>	<b>23,538</b>		<b>34,539</b>	<b>30,377</b>
Income tax	(39)	-	(39)	(61)
<b>Net income</b>	<b>23,499</b>		<b>34,500</b>	<b>30,316</b>
<b>Earnings per share, basic</b>	<b>\$0.25</b>		<b>\$0.36</b>	<b>\$0.33</b>

(1) We adjust for the accelerated drydocking expenses brought forward from 2020 to 2019

# Income Statement FY 2019



(in \$000's)	YTD - 12-months period ended December 31, 2019	Non-cash Adjustments / One time expenses	YTD - 12-months period ended December 31, 2019	YTD - 12-months period ended December 31, 2018
<b>REVENUES:</b>	<b>821,365</b>	<b>(2,013)</b>	<b>819,352</b>	<b>649,741</b>
Voyage expenses	(222,962)	-	(222,962)	(121,596)
Charter in expense	(126,813)	-	(126,813)	(92,896)
Realized Gain/(Loss) on forward freight agreements and bunker swaps	4,657	-	4,657	892
<b>Adjusted TCE Revenues</b>	<b>476,247</b>		<b>474,234</b>	<b>436,141</b>
<b>EXPENSES:</b>				
Vessel operating expenses	(160,062)	-	(160,062)	(128,872)
Drydocking expenses <sup>(1)</sup>	(57,444)	22,569	(34,875)	(8,970)
Management Fees	(17,500)	-	(17,500)	(11,321)
Unrealized gain/(Loss) on forward freight agreements and bunker swaps	(246)	246	-	-
General and administrative expenses	(34,819)	7,943	(26,876)	(25,900)
Bad Debt expenses	(1,607)	1,607	-	-
Impairment Loss	(3,411)	3,411	-	-
Other operational loss	(110)	-	(110)	(191)
Other Operational gain	2,423	-	2,423	-
Gain/(Loss) on sale of vessel	(5,493)	5,493	-	-
<b>Total expenses</b>	<b>(278,269)</b>		<b>(237,000)</b>	<b>(175,254)</b>
<b>EBITDA</b>	<b>196,019</b>		<b>237,234</b>	<b>260,887</b>
Depreciation	(124,280)	-	(124,280)	(102,852)
<b>Operating (loss)/ income</b>	<b>73,698</b>		<b>112,954</b>	<b>158,035</b>
Interest and finance costs	(87,617)	-	(87,617)	(73,601)
Loss on debt extinguishment	(3,526)	1,228	(2,298)	-
Interest income and other	1,299	-	1,299	1,866
Gain/(Loss) on derivative financial instrument	-	-	-	(141)
<b>Total other income (expenses), net</b>	<b>(89,844)</b>		<b>(88,616)</b>	<b>(71,876)</b>
Equity in income /loss of investee	54	(54)	-	-
<b>Net income before tax</b>	<b>(16,092)</b>		<b>24,338</b>	<b>86,159</b>
Income tax	(109)	-	(109)	(61)
<b>Net income</b>	<b>(16,201)</b>		<b>24,229</b>	<b>86,098</b>
<b>Earnings per share, basic</b>	<b>(\$0.17)</b>		<b>\$0.26</b>	<b>\$1.12</b>

(1) We adjust for the accelerated drydocking expenses brought forward from 2020 to 2019

# THANK YOU

## **Contacts**

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