

Star Bulk Carriers Corp.
Second Quarter 2025 Financial Results
August 9, 2025

Presenters

Petros Papas, Chief Executive Officer
Hamish Norton, President
Simos Spyrou, Co-Chief Financial Officer
Christos Begleris, Co-Chief Financial Officer
Nicos Rescos, Chief Operating Officer
Charis Plakantonaki, Chief Strategy Officer
Constantinos Simantiras, Head of Market Research

Q&A Participants

Chris Robertson - Deutsche Bank AG, Research Division
Omar Nokta - Jefferies LLC, Research Division

Operator

Thank you for standing by, ladies and gentlemen, and welcome to the Star Bulk Carriers Conference Call on the Second Quarter 2025 Financial Results.

With us today, Mr. Petros Papas, Chief Executive Officer; Mr. Hamish Norton, President; Mr. Simos Spyrou; and Mr. Christos Begleris, Co-Chief Financial Officers; Mr. Nicos Rescos, Chief Operating Officer; Mrs. Charis Plakantonaki, Chief Strategy Officer of the company; and Constantino Simantiras, Head of Market Analysis 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 at which time, if you wish to ask a question, please press “*”, “1” on your telephone keypad and wait for your name to be announced.

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

Simos Spyrou

Thank you, Operator. I'm Simos Spyrou, Co-Chief Financial Officer of Star Bulk Carriers, and I would like to welcome you to our conference call regarding our financial results for the second quarter of 2025.

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

In today's presentation, we will go through our Q2 highlights, results, actions taken to create value for our shareholders, cash evolution during the quarter, a short update on the merger

synergies, vessel operations, fleet update, the latest on the regulatory front and our views on the industry fundamentals, before opening up for questions.

Let us now turn to Slide #3 of the presentation for a summary of our second quarter 2025 highlights. The company reported the following: Net income amounted to \$40,000 with adjusted net income of \$13.2 million, or \$0.11 per share adjusted net income. Adjusted EBITDA was \$69 million for the quarter.

During the second quarter, we repurchased 3.3 million shares for a total of \$54 million. Our Board of Directors decided to continue prioritizing returns to shareholders, given the company's strong position, declaring a dividend of \$0.05 per share for the quarter, payable on September 10.

Our total cash today stands at \$407 million. Meanwhile, our total debt stands at \$1.12 billion. Through undrawn revolver facilities, we have additional liquidity of \$115 million, resulting to pro forma liquidity of more than \$0.5 billion. Finally, we currently have 12 debt-free vessels with an aggregate market value of \$246 million.

On the top right of the page, you will see our daily figures per vessel for the quarter. Our time charter equivalent rate was \$13,624 per vessel, per day. Our combined daily operating expenses and net cash G&A expenses, per vessel, per day, amounted to \$6,277 per vessel. Therefore, our time charter equivalent, less OpEx, less G&A, is approximately \$7,35, per day, per vessel.

Slide 4 provides an overview of the company's capital allocation policy over the last three years and the various levers we have used to strengthen the company, increase the intrinsic value of our shares and return capital to our shareholders. In total, since 2021, we have taken actions totaling \$2.75 billion in dividends, share buybacks and debt repayment to create value for our shareholders.

At the same time, Star Bulk has been growing the platform at opportune times through consecutive fleet buyouts by issuing shares at or above NAV.

On the bottom of the page, we show our net debt evolution. Since 2021, our average net debt has been reduced by 46%, reaching a level where it is covered by the fleet scrap value. Given the fleet growth on a per vessel basis, it has decreased from \$11.2 million per vessel to \$5.3 million per vessel, a reduction of more than 53%.

Slide 5 graphically illustrates the changes in the company's cash balance during the second quarter. We started the quarter with \$437 million in cash. We generated positive cash flow from operating activities of \$55 million. After including debt proceeds and repayments, CapEx payments for energy-saving devices and ballast water treatment systems installations, vessel

sale proceeds, share buybacks and the first quarter dividend payment, we arrived at a cash balance of \$431 million at the end of the quarter.

I will now pass the floor to our Chief Operating Officer, Nicos Rescos, for an update on synergies and our operational performance.

Nicos Rescos

Thank you, Simo. Slide 6 provides an update on the Eagle integration and synergies. We're now closing the first year mark since the Eagle acquisition, nearing completion of our strategy and realizing significant cost savings in the operating and general and administrative expenses. Over \$53 million of cumulative cost synergies have been achieved, since April, 2024.

Cost synergies achieved during Q2, 2025, stands at approximately \$13 million with operating expense and G&A savings for the Eagle fleet of approximately \$1,990, per vessel, per day. We expect to complete the phase out of third-party crew managers by Q3, 2025, and replacing with our crew platform, hence, meeting our targeted cost optimization.

Please turn to Slide 7, where we provide an operational update. Operating expenses for Q2 2025, stands at \$4,928. Net cash G&A expenses were \$1,349, per vessel, per day, for the same period. In addition, we continue to rate at the top amongst our listed peers in terms of rideship safety score.

Slide 8 provides a fleet update and some guidance around our future dry dock and the relevant total off-hire days. On the bottom of the page, we provide our expected dry dock expense schedule which, for the remaining of the year, is estimated at \$33 million for the dry docking of 30 vessels. In total, we expect to have approximately 1,000 off-hire days for the same period.

On the top right of the page, we have our CapEx schedule, illustrating our newbuilding CapEx and vessel energy efficiency upgrade expenses.

Based on our latest construction schedule, our five Kamsarmax newbuilding vessels constructed at Qingdao Shipyard are expected to be delivered, during 2026. For these vessels, we have secured \$130 million of debt financing against the newbuilding installments.

In line with IMO carbon reduction regulations, we will continue investing and upgrading our fleet with the latest operational technologies available, aimed in improving our fuel consumption and reducing our environmental footprint and enhancing the commercial attractiveness of the Star Bulk fleet.

Regarding our energy-saving technologies retrofit program, we have so far completed 47 installations with another 13 planned for 2025.

Please turn to Slide 9 for an update on our fleet. On the vessel sales front, we continue disposing non-Eco vessels, opportunistically, reducing our average age and improving overall fleet efficiency.

During the second quarter, we agreed to sell and deliver to the new owners some of our less efficient Supramax and Kamsarmax vessels, Tufin Bulker, Star Canary, Star Petrel, Oriole and Star Georgia. Furthermore, during the second quarter, we have further agreed to sell Star Nighthawk, Star Runner, Star Danai, Star Goal, Star Sandpiper and Star O, which are expected to be delivered to the new owners by the end of the year.

We expect to receive, on aggregate, net sales proceeds of \$104 million during Q3 and Q4, 2025. Following the rollover of Eagle Bulk, existing chartering contracts, we now have a total of eight chartering vessels.

Considering the aforementioned changes in our fleet mix, we operate one of the largest dry bulk fleets amongst U.S. and European listed peers with 142 vessels on a fully delivered basis and with an average age of 11.9 years.

I will now pass the floor to our Chief Strategy Officer, Charis Plakantonaki, for an update on recent global environmental regulation developments.

Charis Plakantonaki

Thank you, Nico. Please turn to Slide 10, where we highlight progress on our ESG priorities. In anticipation of the 84 IMO October 2025, we continue to assess the impact of the net zero framework approved by the IMO last April and future strategies to ensure timely and efficient compliance with the forthcoming global regulations expected to take effect in January, 2028. On the fueling maritime front, we have reviewed compliance options and strategy for 2025-2026, entering a pooling agreement with an external party to cover 100% of tons CO2 deficit for 2025 and partial needs for 2026, given the cost-effectiveness of purchasing surplus units.

Star Bulk remains committed to supporting the professional development of the next generation in the shipping industry. A total of 32 interns from (inaudible) are taking interest across various departments of our company. During Q2 2025, the company renewed its social responsibility commitment, including the sponsorship of athletes from the national skeet shooting team and our continued support of the Union of Greek Shipowners scholarship program.

In preparation for the company's annual report to be published in the third quarter of 2025, we are conducting a new impact analysis of our ESG material topics engaging our internal stakeholders in accordance with the global reporting initiative standards. We continue to invest in digitalization, cyber security, including the rollout starting and onward (inaudible) and while actively exploring applications of AI technology.

I will now pass the floor to our Head of Market Analysis, Constantinos Simantiras, for a market update and closing remarks.

Constantinos Simantiras

Thank you, Charis. Please turn to Slide 11 for a brief update of supply. During the first half of 2025, a total of 18.1 million deadweight was delivered and 2.2 million deadweight was sent to demolition. that brings net fleet growth of 15.9 million deadweight or 1.5% year-to-date and 2.9%, over the last 12 months. The newbuilding order book remains modest at 10.8% of the existing fleet. Contracting activity was soft in the first half, falling to a 9-year low of just 9.7 million deadweight.

Limited shipyard capacity up to second half 2027, high shipbuilding costs and uncertainty over future green propulsion have kept new orders under control. At the same time, the fleet is aging, and by the end of 2027, approximately 50% of the current fleet will be over 15 years old. Moreover, the increasing number of vessels undergoing their third special survey is estimated to reduce effective capacity by approximately 0.5% per annum, between 2025 and 2027.

The average steaming speed of the fleet has slightly rebounded from Q1 record lows, supported by firmer freight rates and a relatively stable bunker environment. However, speeds remain below last year levels and have stabilized at around 11 knots. Furthermore, new IMO carbon regulations are expected to continue to incentivize slow steaming and moderate effective supply in the medium term.

Finally, global port congestion, after experiencing a brief recovery in Q1, has now returned to long-term averages. For the remainder of 2025 and 2026, we expect congestion to follow seasonal trends and to have a neutral or slightly positive impact on the supply and demand balance.

Let us now turn to Slide 12 for a brief update of demand. According to Clarksons, total dry bulk trade during 2025 is projected to contract by 0.9%, while ton miles are expected to expand by 0.2%. For 2026, trade growth is estimated at 0.3% in tons and 0.6% in ton miles.

President Trump's aggressive tariff negotiations and policy shifts have added uncertainty to traditional forecasting models. Nevertheless, the global economy showed considerable resilience in the first half of the year. In its latest report, the IMF upgraded global GDP forecast following easing trade tensions in recent U.S. deals with the EU, Japan and other nations.

World growth was revised up by 0.2 percentage points to 3% for 2025 and 3.1% for 2026, while U.S. and China GDP forecast, for 2025 were upgraded by 0.2% and 0.8%, respectively. Similar upward revisions in trade forecast should be expected over the next coming months, especially if the trade route between the U.S. and China is extended, over the next quarter.

During the first half of 2025, total dry bulk volumes underperformed, due to strong declines in coal and grain shipments. Iron ore trade was stable, while bauxite and minor bulk flows increased significantly. During the second half -- during the second quarter, ton-miles found support by stronger Atlantic exports, longer Pacific trade distances and the ongoing Red Sea rerouting.

Chinese dry bulk imports contracted by 4.2% year-over-year in the first half, following two years of strong expansion in domestic output, imports and rising stockpiles. However, China's GDP growth has exceeded expectations on the back of aggressive stimulus measures that began in September with an aim to revive domestic consumption, stabilize the housing market and offset the impact of tariffs.

Dry bulk demand from the rest of the world has experienced a strong recovery over the last seven quarters, a trend that is expected to continue, supported by lower commodity prices and a weaker U.S. dollar.

During the first half of 2025, imports rose by 2.8%, year-over-year, driven by Southeast Asia, India and Middle East demand.

Iron ore trade is projected to contract by 1.2% in tons and by 0.7% in ton-miles, during 2025. Chinese steel production fell 2.2% year-on-year, during the first half, driven by Q2 output reductions to address overcapacity. However, iron ore imports are expected to gain support as port stockpiles have declined in recent months and domestic iron ore production contracted by 8.4%, year-to-date. Furthermore, record high steel exports have partially offset weaker domestic demand, while steel production in the rest of the world was stable, year-over-year.

By late 2025, iron ore ton miles will receive support from new high-grade Atlantic iron ore mines that are expected to gradually replace lower quality imports and Chinese domestic production. Coal trade is projected to contract by 5.8% in tons and by 7.6% in ton-miles during 2025. Export volumes pulled back during the first half after reaching new record highs, during the second half of 2024.

Chinese and Indian thermal electricity production declined, domestic coal production increased and stockpiles reached all-time highs. Weak coal fundamentals and rising renewable energy production in China create downside risks. However, global focus on energy security, strong demand from Southeast Asian economies and the recovery of Australia coal ton miles should gradually provide support on coal trade.

Grain trade is projected to contract marginally by 0.1% in tons, but to expand by 1.9% in ton-miles, during 2025. During the first half, total grain volumes dropped by 3.7%, year-over-year, driven by a sharp decline in Black Sea and European exports and weaker Chinese demand.

Latin America exports remained relatively flat at elevated levels, following a strong Brazilian soybean season and increased volumes from Argentina. Moreover, falling commodity prices, a weaker U.S. dollar and pent-up demand are expected to boost grain trade activity during the rest of 2025 and 2026. Minor bulk trade is projected to expand by 2.1% in tons and by 3.6% in ton-miles, during 2025. Minor bulk trade is closely tied to global GDP growth and has benefited from improving outlook, across major economies.

The favorable price arbitrage continues to fuel Chinese steel exports and backhaul trades, while bauxite exports from West Africa expanded by 31% in the first half, generating strong ton miles for the Capesize fleet.

As a final comment, despite ongoing global geopolitical uncertainties, we remain optimistic about the medium-to-long-term outlook for the dry bulk market, supported by favorable supply outlook stricter IMO environmental regulations and China's accumulating stimulus measures.

We remain focused on actively managing our diverse scrubber-fitted fleet, to capitalize on market opportunities and deliver value to our shareholders. Without taking any more of your time, I will now pass the floor over to the operator to answer any questions you may have.

Operator

Thank you. Ladies and gentlemen, if you do have questions, please press “*”, followed by “1”. You will hear a tone that your line has been acknowledged. Please make sure to lift the speaker on the handset of your speaker, before pressing the keys.

And your first question will be from Chris Robertson at Deutsche Bank. Please go ahead.

Chris Robertson

Thank you, Operator, and good morning, everybody.

Petros Papas

Good morning, Chris.

Chris Robertson

Just given the recent strengthening in the midsize segment in terms of the rates, do you have any expectations around further divestment of older tonnage in kind of the smaller segments? Or do you expect to target maybe one particular segment or another or just particular age profiles, going forward?

Petros Papas

Hi, Chris, the intention is to continue disposing of smaller vessels, smaller, older and inefficient vessels, going forward. And that is also a kind of a hedge in case the market does not go the way we think it will.

Chris Robertson

Got you. I guess as a follow-up to that, when you think about investing in the fleet on the vessels that you do decide to keep, there's obviously the current technologies out there like different paints and whole treatment and things like that. But what other technology options are you guys looking into or you expect to maybe come on to the scene over the next few years that will help continue to improve efficiency of the current fleet, without having to invest in alternative fuel technology is another more expensive options?

Nicos Rescos

Hi, Chris, this is Nicos. We're looking at various technologies and testing all sorts of -- from cleaning robots to testing carbon capture technology. We think this is going to be a long journey until we are able to replace engines to new fuels. So we are looking at various options of how to optimize performance. We're lately changing propellers on the bigger ships, where together with efficiency devices, ESPs, we're able to reduce consumption by about 10%. So there are measures. There are investments to be made with a short return on investment horizon. And we see this has been the trend for the next, let's say, five to seven years.

Chris Robertson

Great, that's helpful. Thank you for taking my questions. I'll turn it over.

Operator

Thank you. Once again, ladies and gentlemen, if you do have questions, please press “*”, “1” on your telephone keypad, at this time. And next question will be from Omar Nokta at Jefferies. Please go ahead, Omar.

Omar Nokta

Hey, guys, good afternoon. Just wanted to ask about the market, and you touched on it a little bit. But we have seen a bit of a resurgence here, perhaps not maybe substantially, but definitely an improvement from the first half, which maybe seems a bit unexpected, I would say, for this time of year. Can you give me just a sense of what's behind this move from your angle? And especially given that we're seeing it across all segments, what's it telling us about seasonality and perhaps maybe your outlook as a result of what we're seeing, today?

Petros Papas

Hi, Omar, yes, seasonality is a factor. But also keep in mind that June exports actually reached an all-time high. So that actually was the beginning of the better market that we saw. We think that part of it is expediting import exports, prior to potential effects of the tariffs. And we also have another theory in this office, which we call ocean imbalance.

We realized at some point a couple of months ago, that there were many vessels in the Pacific, many more than usual and lesser vessels in the Atlantic. And that actually started an upturn in the Atlantic. And also, think about it physically, when there are less vessels than what's

required, they need to ballast. And therefore, that adds into the inefficiencies. Also, we saw some extra grain exports from Brazil, and that helped as well.

Now as far as the future is concerned, we're pretty positive about Q4. As we've said in the past, the second half of the year, there's more trade than the first half of the year with the well-known 54%, 46% ratio between the two halves; 54 for the second half. That, of course, changes over time.

Then we see a number of iron ore shipments coming from Brazil and Australia in the second half, where the weather is better as well. The U.S. soybean season is starting. Coal seems to be doing a bit better than previously. Of course, the ocean imbalance is going to remain. This is not something that is mended, immediately.

One question we have about Q4 is the tariffs, what effect they will have and what is going to happen there, but that's something nobody can tell. And if you won't go further for 2026, I could talk to you for the next 10 minutes. But we're generally -- we generally are looking forward to a relatively good year for 2026. If you want me to expand, I could.

Omar Nokta

Thank you, Petros, that's helpful. I appreciate the detail there. And maybe just for a point of clarity, you mentioned at the beginning of your remarks -- answer to my question that June exports hit a high. Was that just -- are you referring to a specific commodity, or was that just naturally kind of the seaborne trade?

Petros Papas

I'm referring to tons traded.

Omar Nokta

Okay. Okay. And then maybe just a bit more of like a financial question. Given, obviously, the stock has done well this year and recently, you've been very active buying back the stock. You just recharged with the \$100 million buyback. How do you view kind of the use of the buyback here in the second half? You obviously, again, you're fairly active in the past few months. The stock has reacted favorably. Do you continue this path? Or do you kind of maybe go back to the idea of the dividend taking up a bigger percentage of the free cash flow?

Hamish Norton

Well, so Omar, it's Hamish Norton. We are basically going to try to do what's the right thing for the shareholders. That's basically how we think. If our stock gets cheaper, we'll probably use cash flow to -- or at least cash from ship sales to buy back stock and maybe some cash flow as, well. If our stock does well, we'll probably use cash to basically build up a reserve on our balance sheet for opportunities that we think may get quite good, later on.

At this point, we're probably not going to buy ships because we think that the pricing is a little high for building up the fleet, but we do think there will be some opportunities in the foreseeable future. Probably we will not increase our dividend above roughly 60% of cash flow, and it may not be that much. But we will pay a dividend.

Omar Nokta

Okay, thanks, Hamish, appreciate that. And Petros, thanks as well. I'll turn it back.

Petros Papas

Thanks, Omar.

Operator

And at this time, we have no other questions. I will turn the call back to the management team.

Petros Papas

Thank you, Operator. No further comments. Have a great summer, everybody, and thank you for following our call.

Operator

Thank you, sir. Ladies and gentlemen, this does indeed conclude your conference call for today. Once again, thank you for attending, and we do ask that you please disconnect your lines.