Star Bulk Carriers
Second Quarter 2026 Earnings Conference Call
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<u>Presenters</u>
Hamish Norton, President
Simos Spyrou, Co-Chief Financial Officer
Christos Begleris, Co-Chief Financial Officer
Constantine Nanopoulos, Deputy Chief Financial Officer
Nicos Rescos, Chief Operating Officer
Charis Plakantonaki, Chief Strategy Officer
Constantinos Simantiras, Head of Market Research

<u>Q&A Participants</u>
Omar Nokta – Clarksons Securities
Chris Robertson - Deutsche Bank
Stephanie Moore - Jefferies

Operator
Thank you for standing by, ladies and gentlemen, and welcome to the Star Bulk Carriers Conference Call on the Second Quarter 2026 Financial Results.

We have with us Mr. Hamish Norton, President; Mr. Simos Spyrou, Co-Chief Financial Officer; Mr. Christos Begleris, Co-Chief Financial Officer; Mr. Constantine Nanopoulos, Deputy Chief Financial Officer; Mr. Nicos Rescos, Chief Operating Officer; Mrs. Charis Plakantonaki, Chief Strategy Officer; Mr. Constantinos Simantiras, Head of Market Research.

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 your speakers today, Mr. Spyrou. Please go ahead, sir.

Simos Spyrou
Thank you, Operator. Good morning, ladies and gentlemen, and thank you for joining us, today. 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 2026. Before we begin, I kindly ask you to take a moment to read the safe harbor statement on Slide #2 of the presentation.

In today's presentation, we will review our second quarter 2026 company highlights, financial performance, capital allocation initiatives, cash evolution during the quarter, operational performance and cash flow potential, our continued investments in the fleet, developments on the regulatory front and our perspective on industry fundamentals. We will then open the floor for questions.

Turning to Slide 3. The second quarter was characterized by strong profitability, disciplined capital allocation initiatives and continued balance sheet strength. For the second quarter of 2026, net income amounted to $144.9 million, while adjusted net income reached $134.8 million, or $1.21 adjusted earnings per share.

Adjusted EBITDA was $184.2 million, demonstrating the robust cash generating capacity of our platform.

Shareholder returns. We continue to actively return capital to shareholders through our policy of distributing 100% of our operating cash flow, subject to maintaining a minimum cash balance of $2.1 million per vessel. Our Board of Directors declared a $0.90 per share dividend for the quarter, payable on September 3 to all shareholders of record as of August 21.

Our balance sheet remains a key strategic advantage. Total cash and cash equivalents are approximately at $532 million. Outstanding debt is approximately $955 million, undrawn revolver capacity at $110 million. Importantly, we also currently own 29 debt-free vessels with an aggregate market value close to $790 million.

During the third quarter of 2026, we expect to collect net sale proceeds of approximately $31.5 million for the sold vessels. Our low leverage as well as unencumbered asset base provides substantial financial flexibility to fund growth opportunities, as well as downside protection.

On the top right of the slide, you can see our per vessel daily performance metrics for the quarter. Time charter equivalent of $24,486 per day per vessel, combined daily operating expenses and net cash G&A expenses of $6,542 per day per vessel. This results in a daily cash margin of approximately $17,944 per vessel per day, before debt service and CapEx. These numbers highlight the operating efficiency of our platform and our ability to generate meaningful cash flow.

Slide 4 summarizes our capital allocation track record, since 2021. Over this period, we have executed approximately $3.2 billion in value-enhancing actions, including dividends, share repurchases and debt repayment. Namely, we have returned approximately $14.9 per share in dividends, representing approximately 52% of our current share price.

We have reduced total net debt by 66%, bringing leverage to a level where net debt stands at 50% of demolition value of our fleet. We have also expanded the fleet opportunistically, through accretive fleet acquisitions, issuing equity at or above NAV, thereby increasing scale, while protecting per share value. The result is a larger, more efficient platform with materially lower financial risk and significantly enhanced free cash flow per share potential.

Slide #5 illustrates the movement in our cash balance, during the second quarter. We began the second quarter with $409 million in cash. We generated $150 million in operating cash flow. After vessel sale proceeds, debt roll downs and repayments, CapEx payments related to newbuilding installments and ESD and ballast water treatment installations and the fourth quarter dividend payment, we ended up with $565 million in cash. This sequential increase in cash underscores the strong internal cash generation of the company, even after substantial shareholder returns and investments in fleet upgrades.

Moving to Slide #6, in the second quarter of 2026, Starbucks delivered a well-balanced operating performance across all segments, supported by our diversified fleet of 138 vessels and over 12,200 ownership days.

Newcastlemax and Capesize vessels contributed 35% of our revenue and 39% of our adjusted EBITDA, benefiting from strong market positioning and representing 41% of our fleet market value.

Panamax and Kamsarmax segment continued to provide stable earnings, contributing 28% of revenue and 24% of adjusted EBITDA, namely, $77.7 million and $42.4 million, respectively.

Ultramax and Supramax vessels remain the largest contributor to revenue at 37%, generating $104.4 million in revenue and $66.5 million in adjusted EBITDA, reflecting the strength of our exposure in geared segment.

Slide #7 highlights the inherent operating leverage embedded in our business model. With approximately 49,000 fleet available days on an annualized basis for the next 12 months and based on the current next 12 month FFA curve of approximately $22,000 per day on a fleet-wide basis, the company would generate approximately $4.1 per share of free cash flow, representing 14.3% implied cash flow yield. The slide illustrates the strength of our platform in a rising market.

Every $1,500 per share fleet-wide increase in TCE equates to an EBITDA increase of $72 million. This would translate to $0.64 per share of incremental dividend to our shareholders, given our existing approach to distribution.

In summary, during the second quarter, we delivered solid profitability, strengthened our liquidity position, continuing to reduce leverage, return meaningful capital to shareholders and preserved significant optionality for future capital allocation.

Our balance sheet resilience, operating efficiency and disciplined capital allocation framework position us, well, to navigate market volatility, while continuing to enhance per share value.

With that, I will now pass the floor to our COO, Nicos Rescos, for an update on our operational performance and the continued investments we are making in our fleet.

Nicos Rescos
Thank you, Simos. Turning to Slide 8, which covers our operational performance. We continue to operate one of the most cost-efficient platforms in the dry bulk sector. Daily OpEx for the second quarter came in at $5,180 per vessel and net cash G&A at $1,362, both among the lowest in our peer group, as illustrated. Our sustained cost discipline reflects our scale, our integrated management platform, which translates directly into superior cash generation, through the cycle.

Moving to Slide 9, which outlines our fleet-wide investment program. On the newbuilding front, all five of our latest generation high-specification Kamsarmax newbuildings are on track for delivery during 2026, with $122 million of CapEx remaining. Financing is in place where we expect to draw down up to $129 million of debt against the five newbuilding vessels, leaving the program fully funded on competitive terms.

In a strengthening Kamsarmax market, the prompt deliveries of these vessels remain highly attractive to our customers, combined with a mark-to-market gain of approximately $56 million for our shareholders.

On vessel upgrades, during the second quarter, we continue pushing through with energy-saving devices and with high-efficiency propeller installations. Having completed 62 ESD installations across the fleet with a further seven scheduled for the year, 88% of our fleet is now fitted with ESDs.

On vessel efficiency, we continue to invest in high upgrades in way of optimized propellers, silicon paints and deployment of car cleaning robots where we measure tangible performance improvements ranging between 7% and 15%. This translates into improved commercial performance, lower emissions and strengthens our competitiveness.

The top right of the slide illustrates our CapEx schedule, presenting both the remaining newbuilding installments and our vessel efficiency upgrade spending, alongside the corresponding debt drawdowns.

At the bottom, you can see our dry dock schedule for the remainder of '26 and '27. For Q3 and Q4 2026, approximately $611 million and around 460 and 280 off-hire days, respectively. For 2027, we expect to have $17 million in dry dock costs and 450 off-hire days.

Turning to Slide 10 for our fleet update. We continue to actively rejuvenate the fleet through a disciplined combination of selective disposals and newbuilding deliveries, prioritizing the divestment of [inaudible] to reduce our average age and lift overall efficiency.

As previously announced, the sales of Star Scarlett and Star Mariella were completed in Q2, 2026.

During the second quarter, we agreed to sell one mini kit and Kamsarmaxes, namely Star Emma, Star Moria, and Pendulum. Star Moria and Pendulum were delivered to the new owners in June and July, 2026, while Star Eva is expected to be delivered during the third quarter of this year.

In connection with the sales mentioned above, in the second quarter of 2026, we collected sales proceeds of approximately $60.2 million, net of commissions and made debt repayments of approximately $21.4 million. While in the third quarter, we expect to collect sales proceeds approximately $31.5 million, net of commissions. Overall, a total amount of approximately $70.3 million, net of commission and debt repayments, will be collected from the vessel sales.

Having sold 50 vessels since 2023, we have reinvested most of the net sales proceeds to fund accretive share buybacks throughout this period. This quarter also marked the start of our newbuilding delivery cycle with the latest generation Kamsarmax vessels joining the fleet. We took delivery of three out of the eight Kamsarmax newbuilding vessels and expect to take delivery of the five remaining during Q3 and Q4, 2026.

We continue to maintain seven long-term chartering contracts, which provide commercial flexibility, across market cycles. Star Bulk operates one of the largest dry bulk fleet among U.S. and European listed peers with 138 vessels on a fully delivered basis and an average age of approximately 12.4 years, providing scale, modernity and operating leverage to compound shareholder value, as the market cycle evolves.

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

Charis Plakantonaki
Thank you, Nico. Please turn to Slide 11, where we highlight our progress across ESG priorities. Ahead of the upcoming IMO Marine Environment Protection Committee, Star Bulk remains actively engaged through the relevant industry organizations in the discussions on the net zero framework and its alternative proposals, committed to advancing practical, realistic and effective greenhouse gas reduction regulations with consistent global obligations.

On the European front, the emissions trading system was revised across sectors, keeping maritime in the scheme at 50% of emissions on voyages, broadening its scope and creating a dedicated allowance reserve for sustainable marine fuels.

Star Bulk continues to participate in the Maritime Emissions Reduction Center, whose membership has expanded to include Cargill and Dubai Dry Docks. Current programs of work, spans hull and propeller coatings, hull-grooming robotics, wind-assisted propulsion, onboard carbon capture and shaft generator retrofits.

On the social front, we are advancing our people agenda through the development of a new crewing campaign in Manila and the company portal to enhance corporate communication alongside extensive program supporting new talent development. Fifteen Star Bulk vessels take part in the "Adopt a Ship" education program, bringing the experience of life in the schools, across Greece.

On governance, fiscal year 2026 marks Star Bulks first sustainability reporting cycle under the Corporate Sustainability Reporting directive with disclosures aligned to the European sustainability reporting standards, reinforcing data quality, internal controls and assurance readiness.

We continue to embed artificial intelligence responsibly across our operations, advancing the four pillars of our AI strategy: leveraging the AI capabilities of our software providers, piloting off-the-shelf AI tools, building custom AI solutions and continuously spanning new technological developments. Recognizing the cyber risks associated with AI, we have deployed CrowdStrike AI Detection & Response, conducted the second consecutive year mandatory cybersecurity awareness training for all onshore staff and performed at the lowest reconciliation.

We also introduced a new AI policy user's policy, governing the responsible use of AI by Star Bulk staff, in line with the AI user regulation.

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

Constantinos Simantiras
Thank you, Charis. Please turn to Slide 12 for a brief update of supply. During the first half of 2026, a total of 22.2 million deadweight was delivered and 1.9 million deadweight was sent for demolition. That brings net fleet growth to 20.3 million deadweight or 1.9% year-to-date, or 3.3% growth, over the last 12 months.

The newbuilding order book has increased over the past three years and presently stands at approximately 13.9% of the fleet. Despite an increase in Capesize orders during the past few quarters, total dry bulk contracting remains under relative control, reflecting limited shipyard availability until late 2029, high shipbuilding costs and ongoing uncertainty around green propulsion technologies. At the same time, the fleet continues to age and by the end of 2027, approximately 50% of the current fleet would be over 15 years old. Furthermore, the growing number of vessels undergoing their third special survey is estimated to reduce effective fleet capacity by more than 0.5% per annum, during 2026 and 2027.

The average steaming speed of the fleet remains at low levels of around 11 knots for a prolonged period despite firm freight rates, as elevated bunker prices supported by tensions in the Middle East, continue to encourage slow steaming.

Finally, global port congestion fully normalized during 2025 and is now following seasonal patterns. Nevertheless, congestion has recently experienced a rebound due to adverse weather conditions and war-related inefficiencies.

Let us now turn to Slide 13 for a brief update of demand. According to Clarkson, total dry bulk trade during 2026 is projected to expand by 2.4% in tons and 3.8% in ton miles. For 2027, trade growth is estimated at 1.1% in tons and 1.8% in ton miles.

The duration and extent of the Middle East conflict remains the key uncertainty for the global macroeconomic outlook. The IMF projects global GDP growth to slow from 3.5% in 2025 to 3% in 2026 amid higher energy prices and inflationary pressures, before recovering to 3.4% in 2027.

So far, dry bulk trade has remained resilient as direct exposure to the Strait of Hormuz is relatively limited, while increased coal cargoes and restocking have provided strong support to the sector.

During the first half of 2026, total dry bulk trade increased by 3.3% year-on-year, supported by record high grain volumes, a recovery in coal exports during the second quarter and growth in iron ore, bauxite and minor bulk trades. Ton miles expanded at a faster pace of 4.5%, driven by strong Atlantic exports and longer Pacific distances.

Chinese dry bulk imports increased by 5% year-over-year in the first half, against a low base last year. However, during the second quarter, the country's economy grew at its lowest pace in more than three years, reflecting weak domestic consumption, the prolonged downturn in the property sector and lower fixed asset investment, while higher energy prices have added further pressure. This has increased expectations for additional stimulus measures during the second half of the year.

Dry bulk imports from the rest of the world continued to recover, increasing by 2.8% year-over-year, despite the sharp decline in Middle East imports, supported by ongoing global restocking needs and strong commodity demand from Southeast Asia.

Breaking it down by key commodities, iron ore trade is projected to expand by 2.8% in tons and by 3.1% in ton miles in 2026. China steel production declined by 3.1% year-over-year during the first half, driven by policy curves on steel supply, while production in the rest of the world increased by 0.9%. Chinese steel exports declined by 5.6% from last year's record levels amid rising protectionism but remain elevated.

At the same time, domestic iron ore production fell by 6.5%, while stockpiles have declined from Q1 highs, indicating healthy demand going forward. Having said that, the iron ore market remains supply driven and ton miles are expected to receive strong support from the continued ramp-up of high-quality iron ore from Simandou and stronger Brazil exports.

Coal trade is projected to grow by 1% in tons and 2.7% in ton miles during 2026, with demand forecast recently revised upwards following a strong recovery during the second quarter and the war-related dislocation in global energy markets.

In China, thermal power generation rose 2.9% during the first half, while domestic production fell by 2.2%, widening the gap that seaborne cargoes must fill. India showed a similar pattern with stockpiles drawn down sharply in recent months. A developing El Nino is expected to keep Northern Hemisphere temperatures elevated through the summer, adding to cooling demand. Together, these factors should sustain coal volumes at elevated levels, through the remainder of 2026.

Grain trade is projected to expand by 6.5% in tons and by 9.8% in ton miles in 2026. Total grain exports increased by 10% year-over-year during the first half, driven by record shipments from Latin America and seasonally strong U.S. exports, following the delayed trade throughs with China last October. Grain volumes are expected to remain elevated during the second half of the year as uncertainty over 2027 growth prospects, combined with escalating attacks on vessels in the Black Sea is encouraging importers to build inventories.

Minor bulk trade is projected to expand by 1.9% in tons and by 3% in ton miles in 2026. Exports increased marginally by 0.7% in the second quarter, as a 45% decline in Middle East volumes weighed on fertilizer, steel and building materials trade.

Guinea Bauxite exports, by contrast, rose 16% during the first half and generated strong ton miles for the Capesize fleet.

As a final comment, we remain optimistic about the dry bulk market outlook, supported by a favorable supply backdrop, new long-distance Atlantic exports and tightening environmental regulations.

In a period of heightened geopolitical uncertainty, we remain focused on actively managing our diversified 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. We will now be conducting a question-and-answer session. If you would like to ask a question, please press “*”, “1” on your telephone keypad. A confirmation tone will indicate your line is in the question queue. You may press “*”, “2” if you would like to remove your question from the queue. For participants using speaker equipment, it may be necessary to pick up your handset, before pressing the star keys. One moment please while we poll for questions.

Our first question is from Omar Nokta with Clarksons. Please proceed with your question.

Omar Nokta
Thank you. Hi, guys, good afternoon. Thank you for the update on the market and the company, overall. And I guess I just wanted to dive just a little bit more into kind of the strategy at Star Bulk at the moment.

You've got the cash position out to $500 million. You're about to finalize the deliveries of the newbuilding Kamsarmaxes, over the next several months. Dividend is ramping up with the strong dry bulk market we're seeing here. And just, I guess, as we think about your footprint in the market today and given the better valuation of the stock, how are you thinking about the fleet and growth? Does it make sense to be a bit more acquisitive in this environment? Or what do you think about the fleet as it stands today?

Hamish Norton
Well, the opportunity to be more acquisitive, it certainly looks better than it looked a couple of months ago. But on balance with cash, we think that probably cash is going to be better conserved for a little bit. We think the asset prices are relatively high but with the share trading better, we'll see if there's an opportunity to use that as a currency and grow the platform.

We can only do what we can do. It's been, as you know, difficult over the last couple of years to do anything with the equity.

Nicos Rescos
And if I may add, Omar, this is Nicos. We run calculations all the time on potential acquisitions of vessels. And as Hami said, to justify a cash acquisition at today's levels, the

breakeven rate to produce a meaningful return to equity shareholders is quite high. So if we could use our share accretively, we will definitely do so.

Omar Nokta
Okay, thanks for that color. And I guess just maybe touching on that a bit. I recall a few quarters ago, Petros had discussed the idea of going after the Kamsarmax versus the Capesize class because the ROE was better.

Do you still feel that way? Is it still more attractive if you were to deploy capital? I guess it sounds like secondhand is it on the price side. But if you look at it, whether it's secondhand or new buildings, is the Kamsarmax still a bit more of an attractive asset class relative to Capes, purely when you look at it from an ROE perspective?

Constantinos Simantiras
Hi, Omar, this is Constantinos. We definitely see a more balanced spread between the two, I would say, compared to the previous, the comments we made a couple of quarters ago. I mean, values have increased on the Kamsarmaxes and the spread case have balanced in a way.

Hamish Norton
And we demonstrated an ability to do substantially better than index on both Kamsarmaxes and Ultramaxes.

Nicos Rescos
And hi, Omar, this is Nikos. There are windows in a market where there will be an arbitrage like we did with the latest Kamsarmax at the beginning of the year, where there is a good mark-to-market profit that is sitting there. We feel that with newbuilding window moving now well into '29 and 2030 and prices still firming up on the larger vessels, opportunities are more scarce.

But as I said, there are some windows where we could combine a transaction with perhaps the commercial ability to secure part of the income going forward and reduce the breakeven that Christos mentioned earlier. So we are cautious to see how the market evolves in the next 12 days.

Omar Nokta
Okay, yeah, thank you. Thank you, all, for the responses. I'll turn it over.

Hamish Norton
Thanks, Omar.

Operator
Our next question is from Chris Robertson with Deutsche Bank. Please proceed with your question.

Chris Robertson
Thank you, Operator and good morning and good afternoon, team Star Bulk. Thank you for taking my questions.

Hamish Norton
Hi, Chris.

Chris Robertson
Just kind of following up on Omar's questions there. We talked a lot about being an acquirer of potential looking for secondhand assets and kind of the price push in there. But you could also be a seller into this market of some of the older tonnage. Just wanting to get your comments on what are the discussions like potentially, there, given that secondhand prices are elevated, is that preventing you from potentially going out and divesting some of the older assets and kind of the bid-ask spread between what you'd like to get and what potential buyers of those assets are seeking?

Nicos Rescos
Thank you, Chris. This is Nicos. We are in the market, every day, just to see what is the opportunity to dispose the remaining older assets, less vessels. We see that the older vessels still command a good premium from the Chinese. We also see that the revenue side of these assets provides good yields for the company at the time being.

So, we are pacing ourselves, forecasting what we think the market will be before we dispose the next batch of say, older Kamsarmaxes. I think it will happen. But at the moment, the earnings are very attractive, and we see prices perhaps firming a bit further before we make a decision to sell a few more.

Hamish Norton
And I think it's not directly relevant, but we haven't actually talked about the fact that the geopolitical situation has caused the spread between heavy fuel oil and very low sulfur fuel oil to be quite large, recently. It's over $150 a ton.

Nicos Rescos
$170.

Constantinos Simantiras
It's close to around $250 in Singapore. And the spreads on the older vessels really boost their yield.

And I think we should also add that now that with our share trading at a smaller discount to NAV, the incentive to sell those high-yield earning vessels is less. Yes.

Chris Robertson
Makes sense. Thank you for that color. Just turning to the broader market here. As you think about voyaging cargoes from Brazil, whether it's iron ore, agricultural products, and as it relates to the Panama Canal. So of course, there's a few reduced transits today. There could be risk here of drought as it relates to El Nino, going forward. How much of your fleet, in particular, is being diverted via Cape of Good Hope, rather than going through the canal?

And what are you seeing in the broader market in terms of potential disruptions there that could only add to greater inefficiency and greater ton miles?

Operator
Ladies and gentlemen, please remain on the line. We are experiencing a technical difficulty. Once again, please remain on the line, we are experiencing a technical difficulty.

Ladies and gentlemen, we are back. Chris, if you are there, you may continue with your question.

Chris Robertson
Sorry, guys. I don’t know how much of my question you heard but I would say, just speaking on as related to Brazilian volumes, whether iron or ag and going through the Panama Canal versus diverting the Cape of Good Hope, how much of your fleet is going via Cape? How much is the greater fleet is doing that? And I guess what's the expectation here around potential water conditions from El Nino and drought potential and how much of that could potentially impact effective capacity and increased ton-mile demand, later this year?

Constantinos Simantiras
Okay, hi, Chris, this is Constantinos. So on the Panama Canal, we expect that we will see less crossing. It's worth mentioning that the dry bulk vessels crossing the Panama Canal over the last few years have decreased in any case, especially last year, where we could say that they've been priced out slightly.

However, the water levels are decreasing, as you mentioned, because of El Nino. We expect to see a positive effect, especially on the Panamax vessels carrying during the U.S. soybean season. And this is something that will be more pronounced during the September, November months. And as a fleet, we currently, on the larger vessels, we go through the Cape of Good Hope, as you mentioned.

Chris Robertson
All right, great, thanks for the color. I’ll turn it over. Thank you.

Operator
Once again, if you would like to ask a question, please press "*", "1" on your telephone keypad. Our next question is from Stephanie Moore with Jefferies. Please proceed with your question.

Stephanie Moore
Hi, thank you. I appreciate the question.

Hamish Norton
Hi, Stephanie.

Stephanie Moore
Hi, there. You've pretty consistently highlighted that the Simandou project is a definitely major source of future ton-mile growth. Could you maybe give us an update on timing, expected export volumes over the 12 to 24 months, when investors should be able to start to see a meaningful impact one with utilization or other demand or maybe any other demands that are getting traction? Any update there, especially on timing would be helpful. Thank you.

Operator
Ladies and gentlemen, we are experiencing technical difficulty. Once again, please remain on the line. We are experiencing a technical difficulty.

Hello, ladies and gentlemen. We are back and, Stephanie, if you are there, you may proceed with your question.

Stephanie Moore
Hi, there. So I don't know if you heard that question, but I wanted to ask on the Simandou project. So obviously--

Operator
--Stephanie, I'm so sorry. They have disconnected, again. I'm going to try dialing in a different number. Please hold.

Ladies and gentlemen, we have returned. Stephanie, if you are on the line, please continue your question.

Stephanie Moore
Yes, hi, guys. I just wanted to touch on the Simandou project. So, obviously, in the past, you talked a lot about this being a major source of ton-mile growth. So could you just give us an update on timing, expectations that you think that project will continue to ramp over the next 12 months to 14 months, when we should start to see kind of that major contribution?

And then also, it's always helpful if there are any other kind of projects or demand initiatives that are on our radar even over the next couple of years? That’s it for me. Thank you.

Constantinos Simantiras
Thank you. Stephanie. This is Constantinos. I apologize for the technical issues we had. So, on Simandou, there were a few delays at the end of last year. It is ramping up, this year. It's running at a pace of approaching almost 20 million per annum capacity. I think the number will be somewhere between 15 million and 20 million by the end of the year, but the pace is ramping up.

And now we're going through the seasonality in Guinea during the third quarter, due to rainy season. So volumes actually pulled back during the pace -- pulled back during July, August. But the expectations are that by 2027, the pace would ramp up to about between 45 million to 50 million tons per annum and further pushing in 2028 will accelerate in 2028 closer approaching close to 100 million tons. And by 2029, we might reach the full capacity of 120 million tons. Now we will closely follow. It's difficult to make sure that this will be followed, strictly followed.

Now there are other volumes around in West Africa, which could add between 10 million and 20 million tons, over the next two years. And there's also expansion in Brazil, adding again about 10 million to 20 million tons. So over the next three years, four years, we should see an increase of high-quality iron ore volumes of as much as 150 million tons from the Atlantic, combined.

Operator
We have reached the end of the question-and-answer session. I would like to turn the floor back over to management for closing remarks.

Hamish Norton
No closing remarks, Operator. Thank you very much.

Operator
Okay. This concludes today's teleconference. You may disconnect your lines at this time. Thank you for your participation.