Genco Shipping & Trading Limited



Q1 2018 Earnings Call

May 9th, 2018

Forward Looking Statements

"Safe Harbor" Statement Under the Private Securities Litigation Reform Act of 1995

This presentation contains forward-looking statements made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements use words such as “anticipate,” “budget,” “estimate,” “expect,” “project,” “intend,” “plan,” “believe,” and other words and terms of similar meaning in connection with a discussion of potential future events, circumstances or future operating or financial performance. These forward-looking statements are based on management’s current expectations and observations. Included among the factors that, in our view, could cause actual results to differ materially from the forward looking statements contained in this report are the following: (i) declines or sustained weakness in demand in the drybulk shipping industry; (ii) continuation of weakness or declines in drybulk shipping rates; (iii) changes in the supply of or demand for drybulk products, generally or in particular regions; (iv) changes in the supply of drybulk carriers including newbuilding of vessels or lower than anticipated scrapping of older vessels; (v) changes in rules and regulations applicable to the cargo industry, including, without limitation, legislation adopted by international organizations or by individual countries and actions taken by regulatory authorities; (vi) increases in costs and expenses including but not limited to: crew wages, insurance, provisions, lube, oil, bunkers, repairs, maintenance and general, administrative, and management fee expenses; (vii) whether our insurance arrangements are adequate; (viii) changes in general domestic and international political conditions; (ix) acts of war, terrorism, or piracy; (x) changes in the condition of the Company’s vessels or applicable maintenance or regulatory standards (which may affect, among other things, our anticipated drydocking or maintenance and repair costs) and unanticipated drydock expenditures; (xi) the Company’s acquisition or disposition of vessels; (xii) the amount of offhire time needed to complete repairs on vessels and the timing and amount of any reimbursement by our insurance carriers for insurance claims, including offhire days; (xiii) the completion of definitive documentation with respect to charters; (xiv) charterers’ compliance with the terms of their charters in the current market environment; (xv) the extent to which our operating results continue to be affected by weakness in market conditions and charter rates; (xvi) our ability to maintain contracts that are critical to our operation, to obtain and maintain acceptable terms with our vendors, customers and service providers and to retain key executives, managers and employees; (xvii) the completion of definitive documentation and fulfillment of conditions precedent under our proposed $460 million credit facility; and other factors listed from time to time in our public filings with the Securities and Exchange Commission including, without limitation, the Company’s Annual Report on Form 10-K for the year ended December 31, 2017 and its subsequent reports on Form 10-Q and Form 8-K. 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. We do not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Agenda

- First Quarter 2018 and Year to Date Highlights
- Financial Overview
- Industry Overview





First Quarter 2018 and Year to Date Highlights

First Quarter 2018 and Year to Date Highlights

$460 Million Credit Facility

- Entered into a commitment letter for a senior secured term loan facility with an aggregate principal amount of up to $460 million to –
  - Refinance our existing credit facilities
  - Remove restrictions on vessel acquisitions and additional indebtedness
  - Provide the Company with the ability to pay dividends

Key Financial Metrics

- Cash position of $201.2 million as of March 31, 2018 – one of the highest among our drybulk peer group
- Net revenue totaled $55.8 million during Q1 2018, nearly 60% higher YOY(1)
- Recorded a net loss of $55.8 million for the first quarter of 2018
  - Basic and diluted loss per share of $1.61
- Adjusted net income of $0.6 million or adjusted basic and diluted earnings per share of $0.02, after excluding $56.4 million of non-cash impairment charges(2)
- Paid down the $400 Million Credit Facility by $11.3 million on February 13, 2018 from cash flow from operations during Q4 2017
  - Generated an additional $4.1 million of excess cash flow in Q1 2018 which is expected to be paid in May 2018

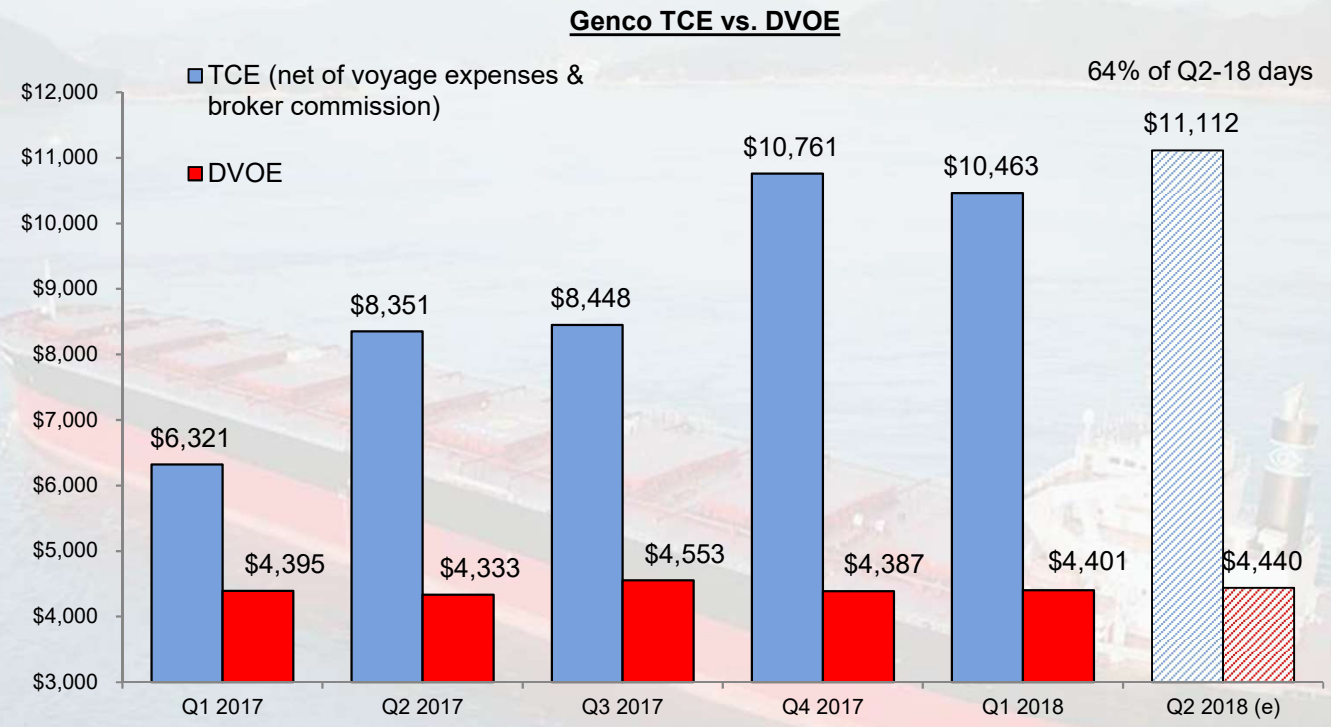
Commercial Operating Platform Performance

- Time charter equivalent ("TCE") increased to $10,463 in Q1 2018, marking a YOY improvement of 66% while outperforming benchmarks
  - Currently have fixed 64% of our Q2 2018 days at a TCE of $11,112
- Further expanded our commercial footprint by establishing a Copenhagen presence to focus on the minor bulks
  - Creates a 24-hour cargo logistics operation complementing our New York and Singapore operations

1) Net revenue calculated as voyage revenues minus voyage expenses.
2) We believe the non-GAAP measure presented provides investors with a means of better evaluating and understanding the Company's operating performance.

Genco's Leading Market Position

Significant improvement in margins driven by successful implementation of our commercial platform together with continued cost optimization and improved market conditions



- Q2 2018 estimated TCE is based on current fixtures as of May 8, 2018 and represents 64% of days contracted for the quarter
- TCE is presented net of voyage expenses and third-party broker commission
- Actual results will vary
- DVOE is based on the Q2 2018 budget and is subject to change

Note: We define TCE rates as our voyage revenues less voyage expenses and charter-hire expenses, divided by the number of the available days of our owned fleet during the period, which is consistent with industry standards. TCE rate is a common shipping industry performance measure used primarily to compare daily earnings generated by vessels on time charters with daily earnings generated by vessels on voyage charters, because charterhire rates for vessels on voyage charters are generally not expressed in per-day amounts while charterhire rates for vessels on time charters generally are expressed in such amounts.

Genco is Uniquely Positioned to Capture Market Upside

Revamped Commercial Strategy

- Enhanced commercial strategy focused on increasing margins and outperforming benchmarks
- Full in-house logistics solution to major cargo owners
- Fleet concentrated on major and minor bulks
  - Capesize: upside potential linked to iron ore trade
  - Ultra/Supra/Hsize: steadier income stream, versatile cargo carrying capabilities
- Fleet deployment mix with a short-term bias providing optionality in a rising market

Active Approach to Revenue Growth

- Commercial strategy centered around maximizing individual vessel returns
- Leverage our in-house commercial expertise and relationships
- Substantially increased our customer base providing a full-service logistics solution to cargo customers

Global Presence

- Headquartered in New York with a commercial presence in Singapore and Copenhagen
- Implemented real-time management of the Capesize and minor bulk fleet
- Created a 24-hour operation leading to effective decision making
- Provides global footprint for Genco to get close to cargo customers and end users



Financial Overview

First Quarter Earnings

	Three Months Ended March 31, 2018	Three Months Ended March 31, 2017
	(Dollars in thousands, except share and per share data) (unaudited)	
INCOME STATEMENT DATA:		
Revenues:		
Voyage revenues	$ 76,916	$ 38,249
Total revenues	76,916	38,249
Operating expenses:		
Voyage expenses	21,093	3,241
Vessel operating expenses	23,767	24,884
General and administrative expenses (inclusive of nonvested stock amortization expense of $0.5 million and $0.7 million, respectively)	5,218	4,909
Technical management fees	1,948	1,981
Depreciation and amortization	16,886	18,173
Impairment of vessel assets	56,402	-
Gain on sale of vessels	-	(6,369)
Total operating expenses	125,314	46,819
Operating loss	(48,398)	(8,570)
Other (expense) income:		
Other expense	(85)	(65)
Interest income	794	173
Interest expense	(8,124)	(7,138)
Other expense	(7,415)	(7,030)
Loss before income taxes	(55,813)	(15,600)
Income tax expense	-	-
Net loss	$ (55,813)	$ (15,600)
Net loss per share - basic	$ (1.61)	$ (0.47)
Net loss per share - diluted	$ (1.61)	$ (0.47)
Weighted average common shares outstanding - basic	34,577,990	33,495,738
Weighted average common shares outstanding - diluted	34,577,990	33,495,738

March 31, 2018 Balance Sheet

	March 31, 2018 (unaudited)	December 31, 2017
	(Dollars in thousands)	
BALANCE SHEET DATA:		
Cash (including restricted cash)	$ 201,199	$ 204,946
Current assets	221,280	217,239
Total assets	1,452,567	1,520,959
Current liabilities (excluding current portion of long-term debt)	29,443	27,952
Current portion of long-term debt	24,308	24,497
Long-term debt (net of $8.5 million and $9.0 million of unamortized debt issuance costs at March 31, 2018 and December 31, 2017, respectively)	477,000	490,895
Shareholders' equity	919,048	975,027

	Three Months Ended March 31, 2018	March 31, 2017
	(Dollars in thousands) (unaudited)	
OTHER FINANCIAL DATA:		
Net cash provided by (used in) operating activities	$ 9,461	$ (6,567)
Net cash provided by investing activities	1,449	13,125
Net cash used in financing activities	(14,657)	(1,731)
	(unaudited)	
EBITDA Reconciliation:		
Net loss	$ (55,813)	$ (15,600)
+ Net interest expense	7,330	6,965
+ Income tax expense	-	-
+ Depreciation and amortization	16,886	18,173
EBITDA[(1)]	$ (31,597)	$ 9,538

1) EBITDA represents net (loss) income plus net interest expense, taxes, and depreciation and amortization. EBITDA is included because it is used by management and certain investors as a measure of operating performance. EBITDA is used by analysts in the shipping industry as a common performance measure to compare results across peers. Our management uses EBITDA as a performance measure in consolidating internal financial statements and it is presented for review at our board meetings. We believe that EBITDA is useful to investors as the shipping industry is capital intensive which often results in significant depreciation and cost of financing. EBITDA presents investors with a measure in addition to net income to evaluate our performance prior to these costs. EBITDA is not an item recognized by U.S. GAAP (i.e. non-GAAP measure) and should not be considered as an alternative to net income, operating income or any other indicator of a company's operating performance required by U.S. GAAP. EBITDA is not a measure of liquidity or cash flows as shown in our consolidated statement of cash flows. The definition of EBITDA used here may not be comparable to that used by other companies.

First Quarter Highlights

	Three Months Ended March 31, 2018 (unaudited)	Three Months Ended March 31, 2017 (unaudited)
FLEET DATA:		
Total number of vessels at end of period	60	61
Average number of vessels (1)	60.0	62.9
Total ownership days for fleet (2)	5,400	5,662
Total available days for fleet (3)	5,335	5,538
Total operating days for fleet (4)	5,292	5,510
Fleet utilization (5)	98.9%	99.1%
AVERAGE DAILY RESULTS:		
Time charter equivalent (6)	$ 10,463	$ 6,321
Daily vessel operating expenses per vessel (7)	4,401	4,395

(1) Average number of vessels is the number of vessels that constituted our fleet for the relevant period, as measured by the sum of the number of days each vessel was part of our fleet during the period divided by the number of calendar days in that period.

(2) We define ownership days as the aggregate number of days in a period during which each vessel in our fleet has been owned by us. Ownership days are an indicator of the size of our fleet over a period and affect both the amount of revenues and the amount of expenses that we record during a period.

(3) We define available days, which Genco has recently updated and incorporated in the table above to better demonstrate the manner in which Genco evaluates its business, as the number of our ownership days and chartered-in days less the aggregate number of days that our vessels are off-hire due to familiarization upon acquisition, repairs or repairs under guarantee, vessel upgrades or special surveys. Amounts for available days in the table above for the period ended March 31, 2017 have been adjusted for our updated method of calculating available days. Companies in the shipping industry generally use available days to measure the number of days in a period during which vessels should be capable of generating revenues.

(4) We define operating days as the number of our available days in a period less the aggregate number of days that our vessels are off-hire due to unforeseen circumstances. The shipping industry uses operating days to measure the aggregate number of days in a period during which vessels actually generate revenues. Amounts for operating days in the table above for the period ended March 31, 2017 have been adjusted for our updated method of calculating available days.

(5) We calculate fleet utilization, which Genco has recently updated and incorporated in the table above to better demonstrate the manner in which Genco evaluates its business, as the number of our operating days during a period divided by the number of ownership days plus chartered-in days less drydocking days. Amounts for fleet utilization in the table above for the period ended March 31, 2017 have been adjusted for our updated method of calculating fleet utilization.

(6) We define TCE rates as our voyage revenues less voyage expenses and charter-hire expenses, divided by the number of the available days of our owned fleet during the period, which is consistent with industry standards. TCE rate is a common shipping industry performance measure used primarily to compare daily earnings generated by vessels on time charters with daily earnings generated by vessels on voyage charters, because charterhire rates for vessels on voyage charters are generally not expressed in per-day amounts while charterhire rates for vessels on time charters generally are expressed in such amounts.

(7) We define daily vessel operating expenses to include crew wages and related costs, the cost of insurance expenses relating to repairs and maintenance (excluding drydocking), the costs of spares and consumable stores, tonnage taxes and other miscellaneous expenses. Daily vessel operating expenses are calculated by dividing vessel operating expenses by ownership days for the relevant period.

Overview of the New Credit Facility up to $460 Million

Entered into a commitment letter for a $460 million credit facility

Existing Credit Facilities

(Mar 31, 2018 Balances)

1. **$400m Nordea Facility**

Debt – $393.5m, **Pricing** – L + 3.75%

2. **$98m Hayfin Facility**

Debt – $91.4m, **Pricing** – L + 6.125%

3. **$33m Sinosure Facilities**

Debt – $24.9m, **Pricing** – L + 2.50%

New Facility

1. **$460m Facility**
Mandated Lead Arrangers & Bookrunners:
Nordea, SEB, ABN, DVB, CA, Danish Ship Finance

Debt – $460.0m

Pricing – L + 3.25% (thru Dec 31,2018), L + 3.00-3.50% (thereafter based on total net indebtedness to LTM EBITDA)

7 Unencumbered Vessels*
4 Panamax
2 Handysize
1 Handymax
(to be sold)

Key Points of the New Facility

- Simplifies debt structure
- Lowers interest expense
- Improves terms and removes restrictions on additional indebtedness and vessel acquisitions
- Provides the Company with the ability to pay dividends
- Alleviates refinancing risk of $98 Million Credit Facility due in 2020
- Enhances flexibility to execute upon our fleet growth and renewal program
  - Includes a replacement vessel mechanism
- Debt amortization of ~$15 million per quarter starting on December 31, 2018**

*Vessels to be unencumbered include: Genco Beauty, Genco Knight, Genco Surprise, Genco Vigour, Genco Muse, Genco Explorer and Genco Progress.
**Debt amortization is to be based on a repayment profile in which the loan will be repaid to nil when the average age of the vessels serving as collateral from time to time reaches 17 years following an initial non-amortization period ending December 31, 2018. The amortization amount is to be recalculated based on changes in collateral vessels upon our request.

Pro Forma Balance Sheet Items

Selected Financial Information

March 31, 2018

(Dollars in thousands)

Balance Sheet	
Cash	**$137,689**
Debt	**$460,000**
Shareholders' Equity	**$919,048**

- Pro forma cash and debt balances reflect the pay down of $49.8 million of debt as well as estimated fees to be incurred during Q2 2018 as part of the refinancing of our existing credit facilities

See the Appendix for a reconciliation of pro forma to actual figures.

Estimated Q2 2018 Cash Breakeven Rates(1)

Fleet Breakeven Rates
Estimated Q2 2018 – Does Not Reflect New Facility Structure
(Detailed Q2 2018 Estimated B/E Rates in Appendix)



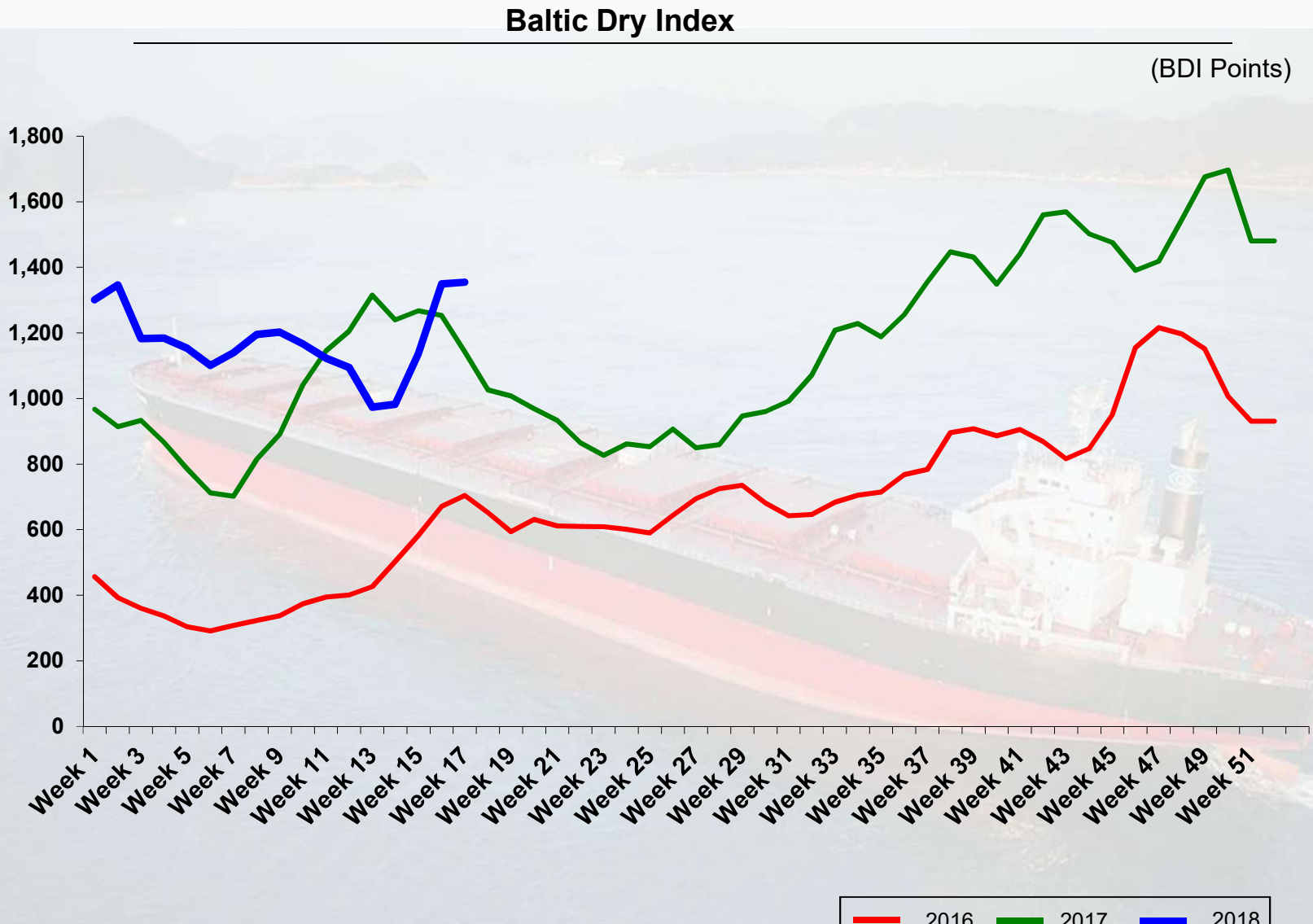
Estimated Drydocking Days			
Vessel Type	**Q2 2018**	**Q3-Q4 2018**	**Total**
Capesize	20	-	20
Panamax	-	45	45
Ultramax	-	-	-
Supramax	-	-	-
Handymax	-	20	20
Handysize	-	-	-
Total	**20**	**65**	**85**

Note: Free cash flow breakeven rates consist of direct vessel operating expenses, general and administrative expenses, technical management fees, drydocking, interest expenses and fixed debt repayments.
For a complete reconciliation of non-GAAP financial measures and detailed estimated breakeven rates for Q2 2018, please refer to the appendix.
(1) Breakeven rate is based on the 2018 budget which is subject to change. Based on a fleet of 60 vessels; presented for illustrative purposes only. Actual breakeven rates will vary.



Industry Overview

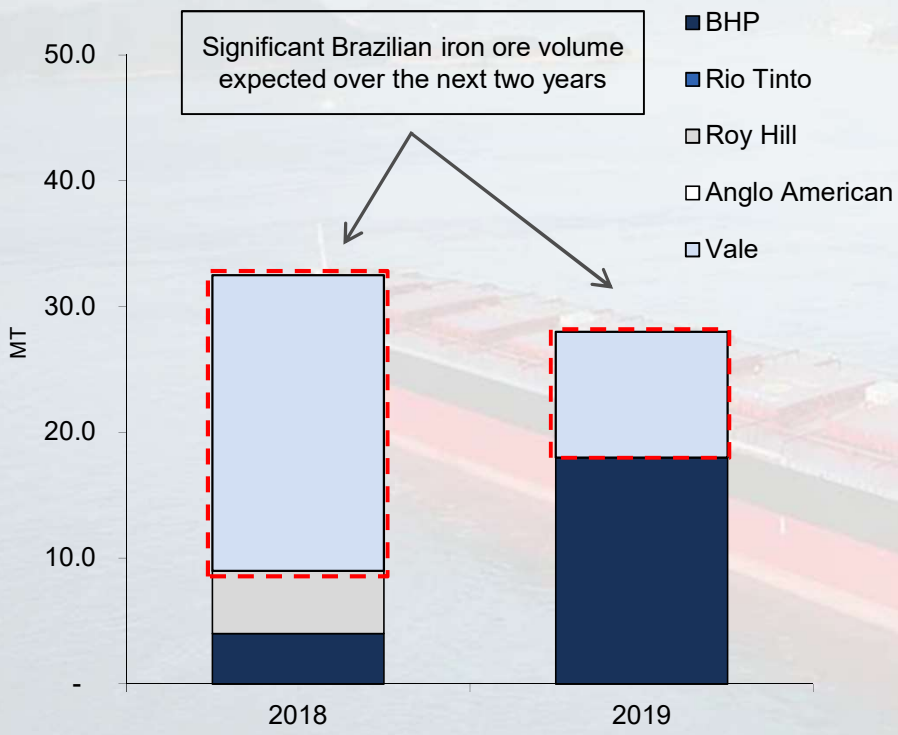
Market Update and Industry Overview



Source: Clarkson Research Services Limited 2018

Recent Market Developments

Key Iron Ore Expansion Plans[2]



Recent Developments

- In Q1 2018 seasonal factors that impacted the drybulk market include:
  - Timing of newbuilding deliveries towards the beginning of the year
  - Weather related disruptions
  - Lunar New Year
- Chinese iron ore imports are flat through the first four months of 2018 YOY[1]
- Brazilian iron ore exports were down by 4% YOY during the first four months of 2018
  - Vale reiterated 2018 iron ore production guidance of 390MT which would mark an increase of 23MT compared to 2017

1) Source: Clarkson Research Services Limited 2018
2) Source: Public statements by subject companies

Major Bulks

Global Steel Production (million tons)[1]			
	3 Mos 2018	3 Mos 2017	% Variance
China	212.2	201.2	5.4%
European Union	43.1	42.7	0.9%
Japan	26.4	26.2	0.7%
India	26.7	25.7	3.7%
South Korea	17.8	17.3	2.8%
Global Production	426.6	409.8	4.1%
Ex-China	214.4	208.5	2.8%

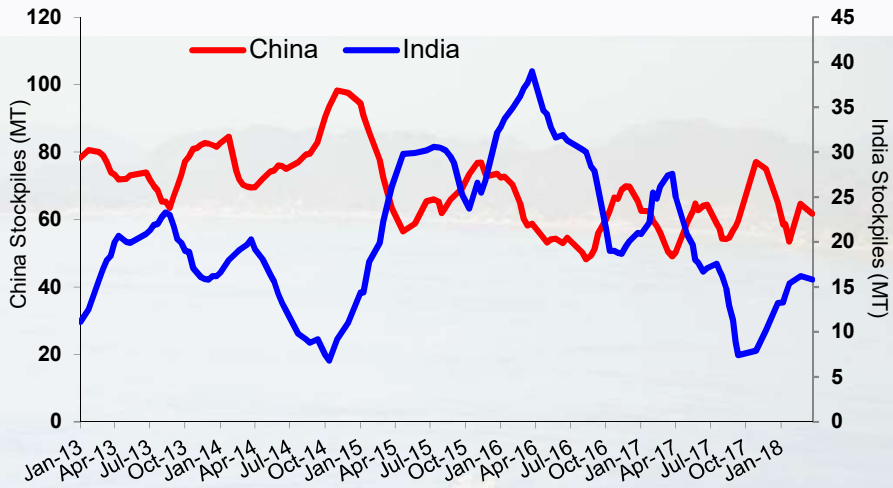
Steel Production

- Chinese steel production has increased by 5.4% in Q1 2018 YOY[1]
  - Strong margins for steel mills in China have incentivized greater production
  - Ex-China steel production rose by nearly 3% during the same period led by a 3.7% YOY increase in output from India
- Steel inventories in China increased in Q1 2018 in line with historical seasonality but have been rapidly destocked in recent weeks[2]

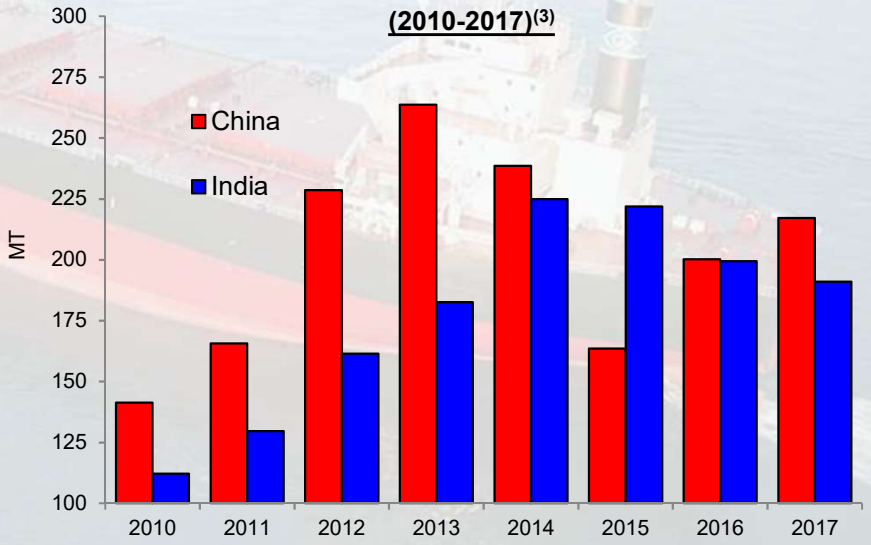
Coal

- China's coal imports increased by 9% through April 2018 YOY
  - Coal imports during January 2018 reached the highest point since early 2014
  - Mining accidents at Chinese domestic coal mines continue to occur which could lead to additional mine inspections and closures[2]
- India's coal power plant stockpiles remain near three year lows[2]

Coal Power Plant Stockpiles[2]



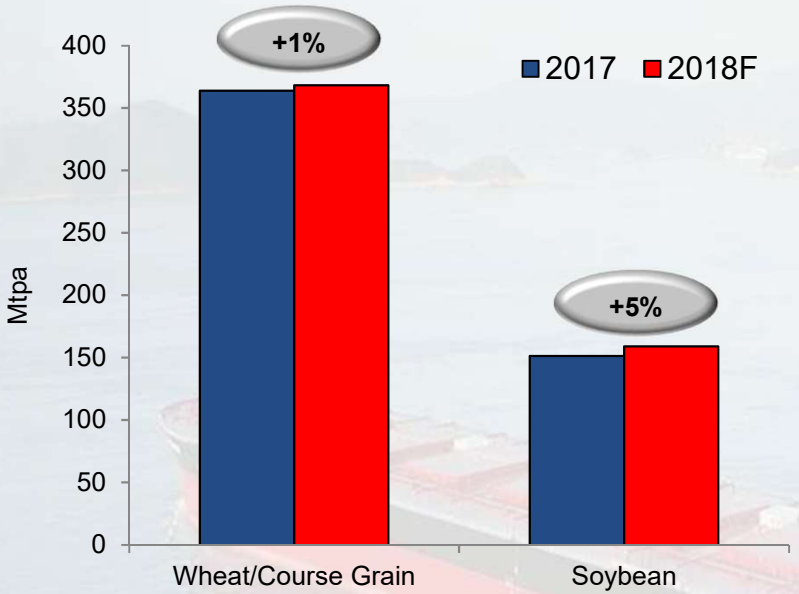
China and India Coal Imports (2010-2017)[3]



1) Source: World Steel Association
2) Source: Commodore Research
3) Source: Clarkson Research Services Limited 2018

Minor Bulks

Clarksons Global Grain Trade Estimates



Seaborne Wheat / Course Grain Trade (MT)			
Exporter	**2017**	**2018 (f)**	**% Variance**
Argentina	41	45	11%
Australia	32	28	-11%
Canada	26	27	3%
EU	32	35	10%
US	86	90	4%
Others	147	143	-3%
Total	**364**	**368**	**1%**

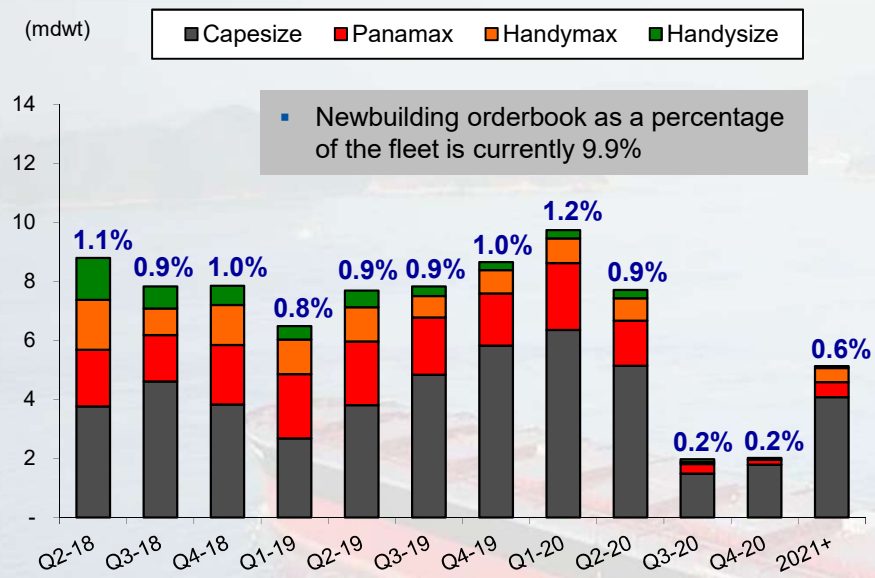
Seaborne Soybean Trade (MT)			
Exporter	**2017**	**2018 (f)**	**% Variance**
United States	56	57	3%
Brazil	68	71	4%
Argentina	7	9	20%
Paraguay	6	6	-2%
Canada	5	6	20%
Uruguay	2	2	34%
Others	7	8	7%
Total	**151**	**159**	**5%**

- Currently in South American grain season
- Increased bauxite shipments from Guinea are expected to add ton mile demand going forward
- Strengthening global economy is expected to increase demand for minor bulk commodities
- Chinese steel exports have declined due to:
  - Increased domestic demand
  - Measures taken by certain countries against inexpensive Chinese steel shipments

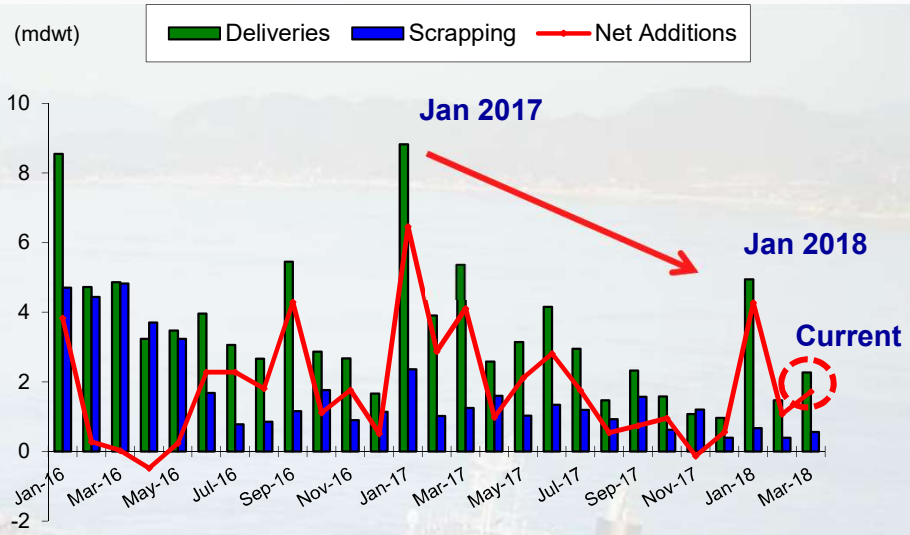
Source: Clarksons Research Services Limited 2018

Supply Side Fundamentals

Current Drybulk Vessel Orderbook by Type

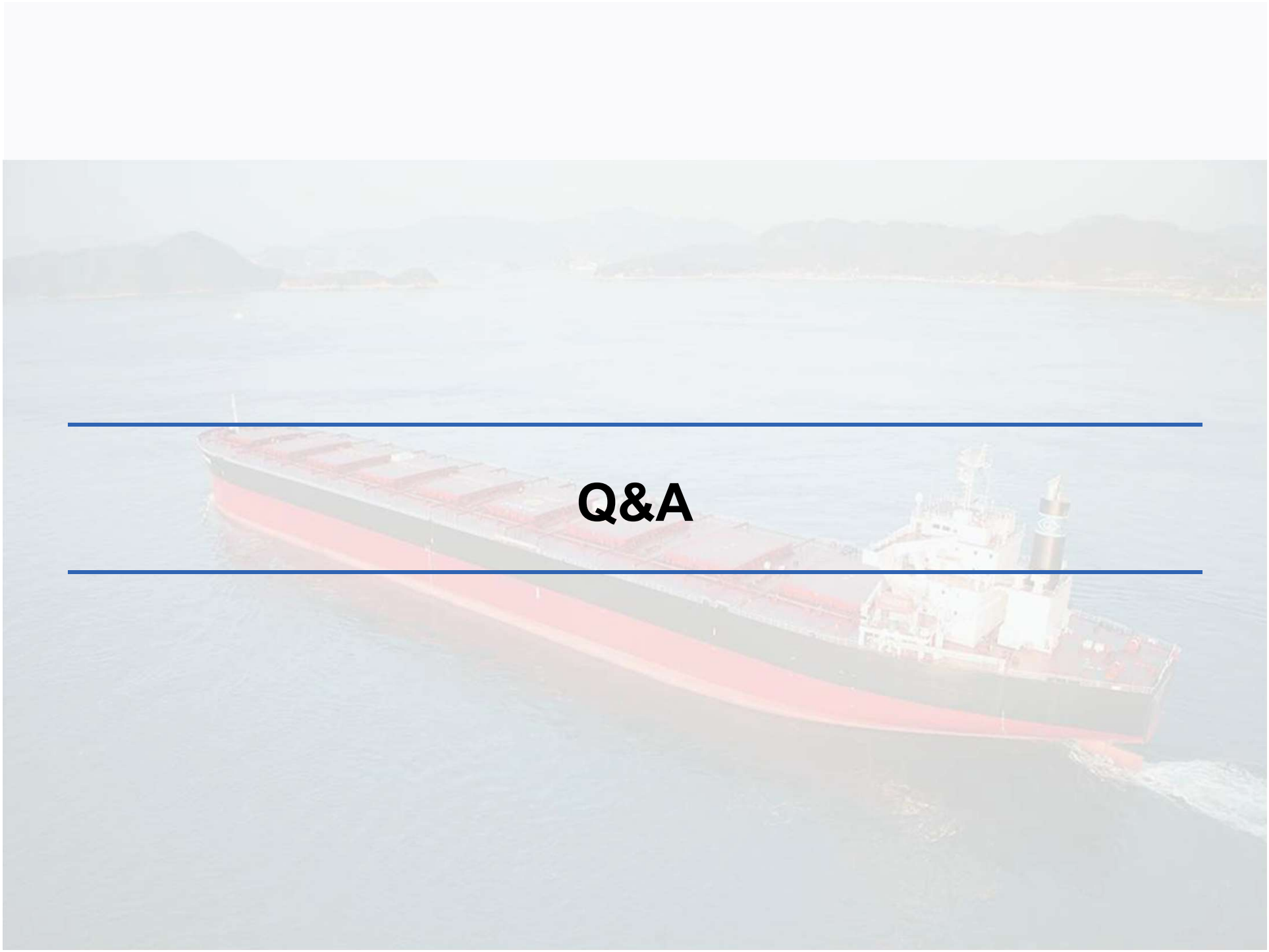


Drybulk Vessel Deliveries vs. Scrapping



- Despite the seasonal rise in newbuilding deliveries, total deliveries are down by over 50% YOY in Q1 2018
- Slippage rate has remained high in the YTD at approximately 40%
- The pace of scrapping has eased so far in 2018 falling by 65% YOY through the first three months of 2018
- Orderbook as a percentage of the fleet is currently at similar levels to this time last year at 9.9%
- On the water tonnage greater than or equal to 20 years old totals 7.0% of the fleet on a dwt basis

Source: Clarkson Research Services Limited 2018



Q&A



Appendix

Genco Fleet List*

Vessel Name	Year Built	Dwt
Capesize		
Genco Constantine	2008	180,183
Genco Augustus	2007	180,151
Genco Tiger	2011	179,185
Baltic Lion	2012	179,185
Genco London	2007	177,833
Baltic Wolf	2010	177,752
Genco Titus	2007	177,729
Baltic Bear	2010	177,717
Genco Tiberius	2007	175,874
Genco Commodus	2009	169,098
Genco Hadrian	2008	169,025
Genco Maximus	2009	169,025
Genco Claudius	2010	169,001
Panamax		
Genco Thunder	2007	76,588
Genco Raptor	2007	76,499
Genco Beauty	1999	73,941
Genco Knight	1999	73,941
Genco Vigour	1999	73,941
Genco Surprise	1998	72,495
Ultramax		
Baltic Hornet	2014	63,574
Baltic Mantis	2015	63,470
Baltic Scorpion	2015	63,462
Baltic Wasp	2015	63,389

Vessel Name	Year Built	Dwt
Supramax		
Genco Hunter	2007	58,729
Genco Auvergne	2009	58,020
Genco Ardennes	2009	58,018
Genco Bourgogne	2010	58,018
Genco Brittany	2010	58,018
Genco Languedoc	2010	58,018
Genco Pyrenees	2010	58,018
Genco Rhone	2011	58,018
Genco Aquitaine	2009	57,981
Genco Warrior	2005	55,435
Genco Predator	2005	55,407
Genco Provence	2004	55,317
Genco Picardy	2005	55,257
Genco Cavalier	2007	53,617
Genco Normandy	2007	53,596
Baltic Jaguar	2009	53,473
Baltic Leopard	2009	53,446
Baltic Cougar	2009	53,432
Genco Loire	2009	53,430
Genco Lorraine	2009	53,417
Baltic Panther	2009	53,350
Handymax		
Genco Muse	2001	48,913

Vessel Name	Year Built	Dwt
Handysize		
Genco Spirit	2011	34,432
Genco Mare	2011	34,428
Genco Ocean	2010	34,409
Baltic Wind	2009	34,408
Baltic Cove	2010	34,403
Genco Avra	2011	34,391
Baltic Breeze	2010	34,386
Genco Bay	2010	34,296
Baltic Hare	2009	31,887
Baltic Fox	2010	31,883
Genco Explorer	1999	29,952
Genco Progress	1999	29,952
Genco Champion	2006	28,445
Genco Challenger	2003	28,428
Genco Charger	2005	28,398

Modern, diversified fleet

13 Capesize
6 Panamax
4 Ultramax
21 Supramax
1 Handymax
15 Handysize

Total capacity of ~4,688,000 dwt

Capesize



13

Panamax



6

Ultramax/Supramax/Handymax



26

Handysize



15

* Genco fleet list as of May 9, 2018.

Time Charter Equivalent Reconciliation(1)

	Three Months Ended	
	March 31, 2018	March 31, 2017
	(unaudited)	
Total Fleet		
Voyage revenues (in thousands)	$ 76,916	$ 38,249
Voyage expenses (in thousands)	21,093	3,241
	55,823	35,008
Total available days	5,335	5,538
Total TCE rate	$ 10,463	$ 6,321

	Three Months Ended			
	March 31, 2017	June 30, 2017	September 30, 2017	December 31, 2017
	(unaudited)			
Total Fleet				
Voyage revenues (in thousands)	$ 38,249	$ 45,370	$ 51,161	$ 74,918
Voyage expenses (in thousands)	3,241	951	5,550	15,579
	35,008	44,419	45,611	59,339
Total available days	5,538	5,319	5,399	5,514
Total TCE rate	$ 6,321	$ 8,351	$ 8,448	$ 10,761

(1) We define TCE rates as our voyage revenues less voyage expenses and charter-hire expenses, divided by the number of the available days of our owned fleet during the period, which is consistent with industry standards. TCE rate is a common shipping industry performance measure used primarily to compare daily earnings generated by vessels on time charters with daily earnings generated by vessels on voyage charters, because charterhire rates for vessels on voyage charters are generally not expressed in per-day amounts while charterhire rates for vessels on time charters generally are expressed in such amounts.

Pro Forma Balance Sheet Items Reconciliation ($ in thousands)

	Mar 31, 2018 Actual	Adjustment	Mar 31, 2018 Pro Forma
Cash[(1)]	$201,199	$(63,510)	$137,689
Debt[(2)]	$509,767	$(49,767)	$460,000
Shareholders' Equity	$919,048	-	$919,048

(1) March 31, 2018 pro forma cash is reduced by the paydown of our existing credit facilities totaling $49.8 million as well as estimated fees associated with the refinancing.
(2) March 31, 2018 pro forma debt is reduced by the paydown of $49.8 million as described above.

Q2 2018 Genco Estimated Breakeven Rates (1)

Daily Expenses by Category	Free Cash Flow(2)	Net Income
Direct Vessel Operating(3)	$4,440	$4,440
General and Administrative Expenses(4)	830	1,008
Technical Management Fees(5)	357	357
Drydocking(6)	156	-
Interest Expense(7)	1,511	1,618
Fixed Debt Repayments(8)	604	-
Depreciation(9)	-	3,096
Daily Expense(10)	**$7,898**	**$10,518**
Number of Vessels(11)	60.00	60.00

The above figures are estimates and are subject to change

Figures presented do not reflect the new facility structure

(1) Estimated pro-forma daily expenses are presented for illustrative purposes.

(2) Free Cash Flow is defined as net income plus depreciation less capital expenditures, primarily vessel drydockings, plus other non-cash items, namely nonvested stock amortization and deferred financing costs, less fixed debt repayments. However, this does not include any adjustment for accounts payable and accrued expenses incurred in the ordinary course of business. We consider Free Cash Flow to be an important indicator of our ability to service debt.

(3) Direct Vessel Operating Expenses are based on management's estimates and budgets submitted by our technical managers. We believe DVOE are best measured for comparative purposes over a 12-month period.

(4) General & Administrative Expenses are based on a budget set forth at the beginning of the year. Actual results may vary.

(5) Management Fees are based on the contracted monthly rate per vessel for the technical management of our fleet.

(6) Drydocking expenses represent estimated drydocking expenditures for Q2 2018.

(7) Interest expense is based on our debt level as of March 31, 2018 less scheduled fixed debt repayments in Q2 2018 under our current credit facilities and does not assume that we exercise our option to PIK 150 bps of the 375 bps margin under our $400 Million Credit Facility. Deferred financing costs are included in calculating net income interest expense. Interest expense is calculated based on an assumed LIBOR rate under our credit facilities plus the facilities' respective margins.

(8) Genco's fixed debt repayments for Q2 2018 aggregate to $3.3 million under all outstanding credit facilities. Fixed debt repayments excludes $4.1 million to be paid down under the $400 Million Credit Facility in May 2018 from cash flow from operations in Q1 2018.

(9) Depreciation is based on cost less estimated residual value and amortization of drydocking costs. Depreciation expense utilizes a residual scrap rate of $310 per LWT.

(10) The amounts shown will vary based on actual results.

(11) Based on a fleet of 60 vessels.