Genco Shipping & Trading Limited



Q2 2018 Earnings Call

August 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 New Credit Facility; (xviii) completion of documentation for vessel transactions and the performance of the terms thereof by buyers or sellers of vessels and us; 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

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





Second Quarter 2018 and Year to Date Highlights

Second Quarter 2018 and Year to Date Highlights

Equity Offering

- In June 2018, we completed a common stock offering for gross proceeds of $115.7 million
  - Issued 7,015,000 new shares, which included the exercise in full of the underwriters' option to purchase up to 915,000 shares of common stock

Vessel Acquisitions and Fleet Renewal Program

- Agreed to acquire a total of six high specification, fuel efficient Capesize and Ultramax vessels
  - Four vessels for $141 million in June 2018 and two Capesize vessels in July 2018 for $98 million
  - On July 26, 2018, we took delivery of the Genco Weatherly, a 2014-built 61,000 dwt Ultramax vessel
  - We anticipate five of the six acquisition vessels to deliver to us by the end of August with the sixth vessel to deliver in early September
- In July 2018, we entered into agreements for the sale of three 1990s-built vessels
  - One Panamax, the Genco Surprise; and two Handysizes, the Genco Explorer and the Genco Progress

Credit Facilities

- In June 2018, we closed the $460 million facility which refinanced our four prior credit facilities
- In July 2018, we received a commitment for a five-year senior secured credit facility with an estimated aggregate principal amount of approximately $107 million to partially finance or refinance the acquisitions of the six vessels
- The facility is expected to close in mid-August

Q2 2018 Financials

- Net loss of $1.1 million for the second quarter of 2018
  - Basic and diluted loss per share of $0.03
- Adjusted basic and diluted net income of $3.6 million or $0.10 per share, excluding $4.5 million of charges due to a loss on debt extinguishment and $0.2 million of non-cash impairment charges
- Genco's cash position is $270.3 million as of June 30, 2018 (pro forma cash of $153.0 million following acquisitions, agreed upon vessel sales and the closing of the new credit facility)

Genco Continues to Display a Proven Track Record of Execution

Executed initiatives successfully undertaken since May 2018 include…

Credit Facility Refinancing > Equity Offering > Vessel Acquisitions > Acquisition Credit Facility

$460m
credit facility refinanced all existing facilities

$116m
of equity capital raised

6
Vessels to be acquired including 4 Capes & 2 Ultras

~$107m
Credit facility to finance acquisition vessels

Actions taken in the debt, capital and S&P markets build on our commercial operations leadership highlighting the strength of the Genco platform in every aspect of the business



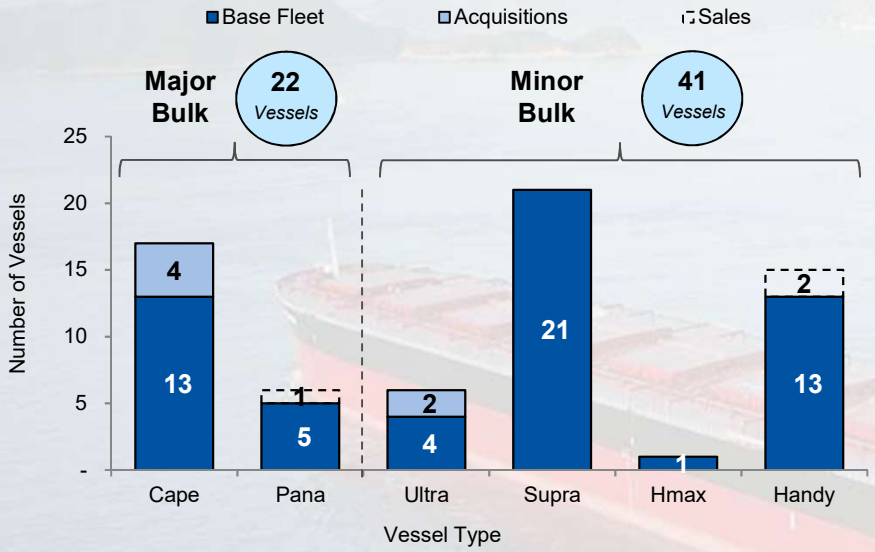




Where Genco Stands – Post Completion of Announced Transactions

Following the execution of the refinancing, the equity offering and the acquisitions, Genco's improved fleet and balance sheet are expected to be as follows

Pro Forma Fleet Distribution



	Pro Forma	Previous
Total Fleet Size	63 *Vessels*	60 *Vessels*
Avg Age	9.2 *Years*	10.3 *Years*
Carrying Capacity	5.4 *mdwt*	4.7 *mdwt*
Avg Vessel Size	86k *dwt*	78k *dwt*

Pro Forma Metrics*

- **June 30, 2018 balances:**
  - Cash: $270 million
    - Pro forma: $153 million
  - Debt: $460 million
    - Pro forma: $567 million

Pro forma for acquisitions, new credit facility and vessel sales

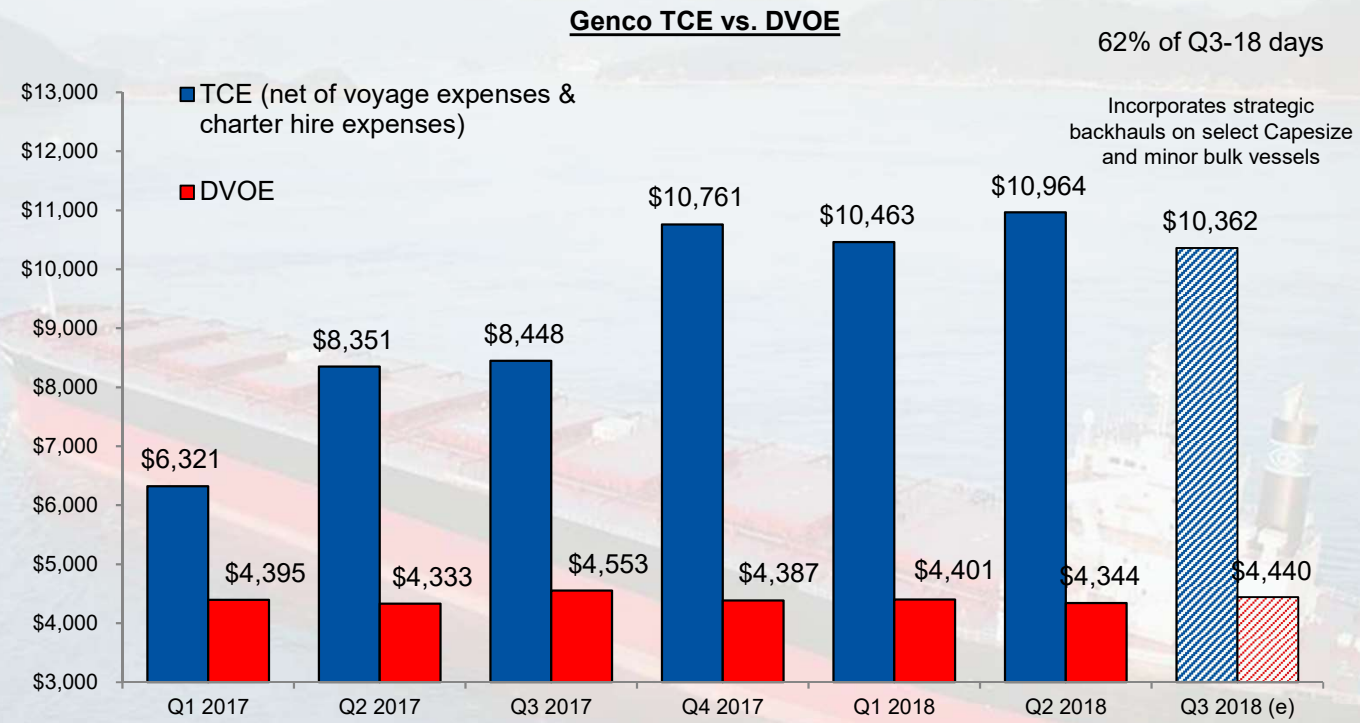
- **Current debt structure:**
  - 2 credit facilities
  - Weighted average interest expense: L + **3.11%**
- **Previous debt structure:**
  - 4 credit facilities
  - Weighted average interest expense: L + **4.11%**

100bps decline in borrowing costs post refinancing or ~$5m per year

*Please see the appendix for further detail.

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



- Q3 2018 estimated TCE is based on current fixtures as of August 8, 2018 and represents 62% of days contracted for the quarter
- TCE is presented net of voyage expenses, third-party broker commission and charter hire expenses
- Actual results will vary
- DVOE is based on the Q3 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.



Financial Overview

Second Quarter Earnings

	Three Months Ended June 30, 2018	Three Months Ended June 30, 2017	Six Months Ended June 30, 2018	Six Months Ended June 30, 2017
	(Dollars in thousands, except share and per share data) (unaudited)		(Dollars in thousands, except share and per share data) (unaudited)	
INCOME STATEMENT DATA:				
Revenues:				
Voyage revenues	$ 86,157	$ 45,370	$ 163,073	$ 83,619
Total revenues	86,157	45,370	163,073	83,619
Operating expenses:				
Voyage expenses	25,983	951	47,075	4,192
Vessel operating expenses	23,720	23,852	47,487	48,736
Charter hire expenses	509	-	509	-
General and administrative expenses (inclusive of nonvested stock amortization expense of $0.6 million, $1.6 million, $1.1 million and $2.3 million, respectively)	6,510	5,752	11,727	10,661
Technical management fees	1,950	1,871	3,898	3,852
Depreciation and amortization	16,450	18,185	33,336	36,358
Impairment of vessel assets	184	3,339	56,586	3,339
Gain on sale of vessels	-	(1,343)	-	(7,712)
Total operating expenses	75,306	52,607	200,618	99,426
Operating income (loss)	10,851	(7,237)	(37,545)	(15,807)
Other (expense) income:				
Other income (expense)	144	(50)	59	(115)
Interest income	887	338	1,681	512
Interest expense	(8,469)	(7,564)	(16,593)	(14,702)
Loss on debt extinguishment	(4,533)	-	(4,533)	-
Other expense	(11,971)	(7,276)	(19,386)	(14,305)
Loss before income taxes	(1,120)	(14,513)	(56,931)	(30,112)
Income tax expense	-	-	-	-
Net loss	$ (1,120)	$ (14,513)	$ (56,931)	$ (30,112)
Net loss per share - basic	$ (0.03)	$ (0.42)	$ (1.62)	$ (0.89)
Net loss per share - diluted	$ (0.03)	$ (0.42)	$ (1.62)	$ (0.89)
Weighted average common shares outstanding - basic	35,516,058	34,430,766	35,049,615	33,965,835
Weighted average common shares outstanding - diluted	35,516,058	34,430,766	35,049,615	33,965,835

June 30, 2018 Balance Sheet

	June 30, 2018	December 31, 2017
	(Dollars in thousands) (unaudited)	
BALANCE SHEET DATA:		
Cash (including restricted cash)	$ 270,311	$ 204,946
Current assets	322,282	217,239
Total assets	1,508,098	1,520,959
Current liabilities (excluding current portion of long-term debt)	32,791	27,952
Current portion of long-term debt	45,000	24,497
Long-term debt (net of $16.1 million and $9.0 million of unamortized debt issuance costs at June 30, 2018 and December 31, 2017, respectively)	398,937	490,895
Shareholders' equity	1,028,243	975,027

	Three Months Ended		Six Months Ended	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
	(Dollars in thousands) (unaudited)		(Dollars in thousands) (unaudited)	
OTHER FINANCIAL DATA:				
Net cash provided by (used in) operating activities	N/A		$ 25,019	$ (1,169)
Net cash provided by investing activities			1,869	15,780
Net cash provided by (used in) financing activities			38,477	(2,684)
	(unaudited)		(unaudited)	
EBITDA Reconciliation:				
Net loss	$ (1,120)	$ (14,513)	$ (56,931)	$ (30,112)
+ Net interest expense	7,582	7,226	14,912	14,190
+ Income tax expense	-	-	-	-
+ Depreciation and amortization	16,450	18,185	33,336	36,358
EBITDA[(1)]	$ 22,912	$ 10,898	$ (8,683)	$ 20,436
+ Impairment of vessel assets	184	3,339	56,586	3,339
- Gain on sale of vessels	-	(1,343)	-	(7,712)
+ Loss on debt extinguishment	4,533	-	4,533	-
Adjusted EBITDA	$ 27,629	$ 12,894	$ 52,436	$ 16,063

(1) EBITDA represents net loss 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.

Second Quarter Highlights

	Three Months Ended (unaudited)		Six Months Ended (unaudited)	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
FLEET DATA:				
Total number of vessels at end of period	60	60	60	60
Average number of vessels (1)	60.0	60.5	60.0	61.7
Total ownership days for fleet (2)	5,460	5,505	10,860	11,167
Total chartered-in days (3)	49	-	49	-
Total available days (4)	5,492	5,319	10,826	10,853
Total available days for owned fleet (5)	5,442	5,319	10,777	10,853
Total operating days for fleet (6)	5,422	5,204	10,699	10,705
Fleet utilization (7)	98.4%	96.7%	98.5%	97.9%
AVERAGE DAILY RESULTS:				
Time charter equivalent (8)	$ 10,964	$ 8,351	$ 10,716	$ 7,318
Daily vessel operating expenses per vessel (9)	4,344	4,333	4,373	4,364

(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 chartered-in days as the aggregate number of days in a period during which we chartered-in third-party vessels.

(4) 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 periods ended June 30, 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.

(5) We define available days for the owned fleet as available days less chartered-in days.

(6) 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 periods ended June 30, 2017 have been adjusted for our updated method of calculating available days.

(7) 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 periods ended June 30, 2017 have been adjusted for our updated method of calculating fleet utilization.

(8) 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.

(9) 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.

Revamped Debt Structure

In June 2018, we closed on our $460 million credit facility which refinanced 4 previously existing credit facilities into one

This credit facility was oversubscribed, highlighting Genco's access to commercial bank financing

New and simplified debt structure offers more flexibility and visibility into Genco's capital structure

Commercial Bank Financing

$460m Credit Facility

Debt – $460.0mm

Pricing – L + 3.25% (thru Dec 31, 2018), L + 3.00-3.50% (thereafter)

New Credit Facility Commitment

Debt – ~$107mm

Pricing – L + 2.50% (thru Sep 30, 2019), L + 2.25-2.75% (thereafter)

6 Remaining Unencumbered Vessels*

3 Panamax
2 Handysize
1 Handymax
(to be sold)

In July 2018, we received a commitment for a new credit facility to fund a portion of the recently announced vessel acquisitions

Utilized the excess demand from the $460 million facility to achieve improved pricing and amortization profile

Highlights

- Simplified debt structure
- Lowered margins by 1.00% on a weighted average basis
- Improved terms
- Removed restrictions on additional indebtedness and vessel acquisitions
- Provided the Company with the ability to pay dividends
- Enhanced flexibility to execute upon fleet growth and renewal program
- Debt amortization of $15 million per quarter starting on December 31, 2018 for the $460 million facility**
- Debt amortization estimated at ~$1.6 million per quarter starting on December 31, 2018 for the new credit facility

*Unencumbered vessels currently include: Genco Beauty, Genco Knight, Genco Vigour, Genco Muse, Genco Explorer and Genco Progress. The Genco Surprise was sold on August 7, 2018. The Genco Explorer and the Genco Progress have been contracted to be sold as well.

**Follows an initial non-amortization period ending December 31, 2018. The amortization amount is to be recalculated based on changes in collateral vessels, prepayments as a result of collateral dispositions, or voluntary prepayments upon our request, subject to a minimum 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. Final payment of $190,000,000 due on May 31, 2023.

Pro Forma Balance Sheet Items

Selected Financial Information

June 30, 2018

(Dollars in thousands)

Balance Sheet	
Cash	**$152,961**
Debt	**$567,000**
Shareholders' Equity	**$1,028,243**

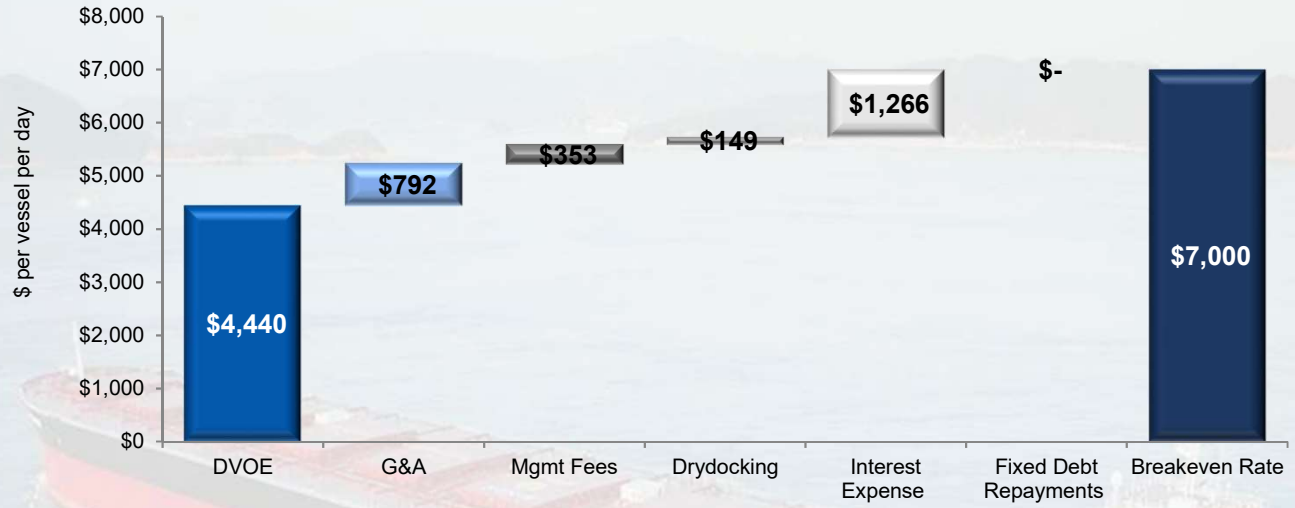
- Pro forma cash and debt balances reflect the remaining installment payment obligations for the acquisition vessels, estimated debt draw downs associated with these acquisitions as well as estimated net proceeds from agreed upon vessel sales

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

Estimated Q3 2018 Cash Breakeven Rates(1)

Fleet Breakeven Rates – Estimated Q3 2018

(Detailed Q3 2018 Estimated B/E Rates in Appendix)



Estimated Drydocking Days			
Vessel Type	**Q3 2018**	**Q4 2018**	**Total**
Capesize	20	-	20
Panamax	-	-	-
Ultramax	-	-	-
Supramax	-	-	-
Handymax	-	20	20
Handysize	-	-	-
Total	**20**	**20**	**40**

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 Q3 2018, please refer to the appendix.

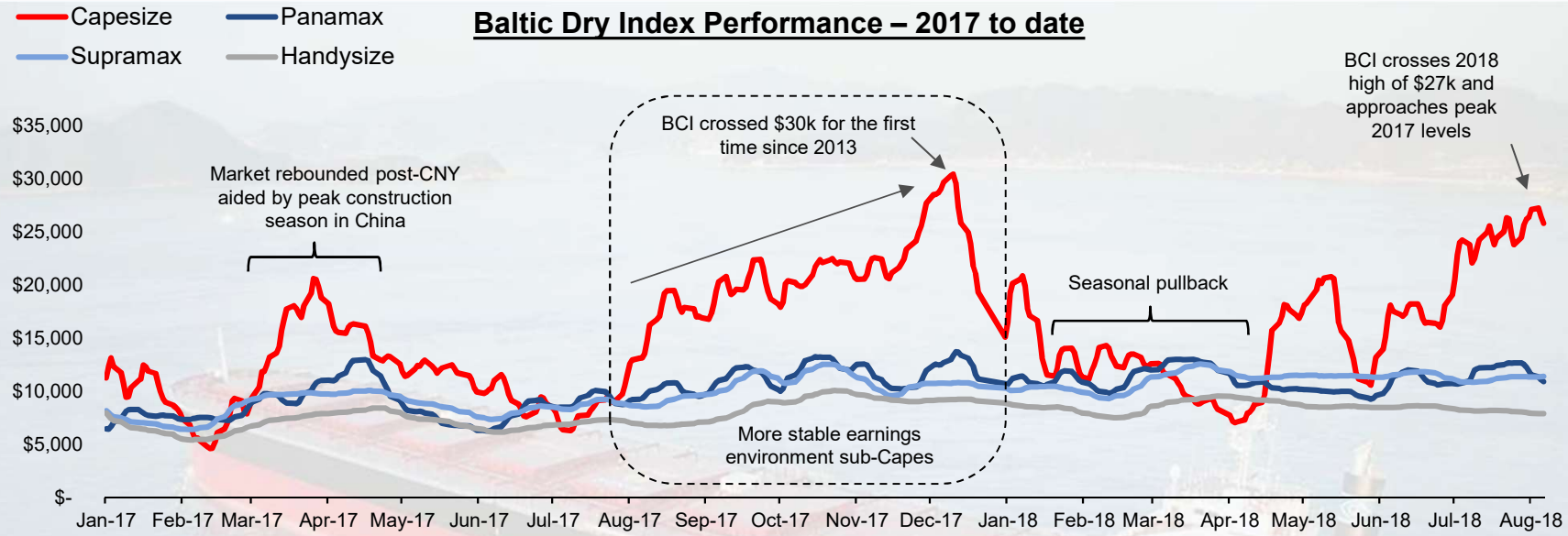
(1) Breakeven rate is based on the 2018 budget which is subject to change. Based on a fleet of 62.18 vessels; presented for illustrative purposes only. Actual breakeven rates will vary.

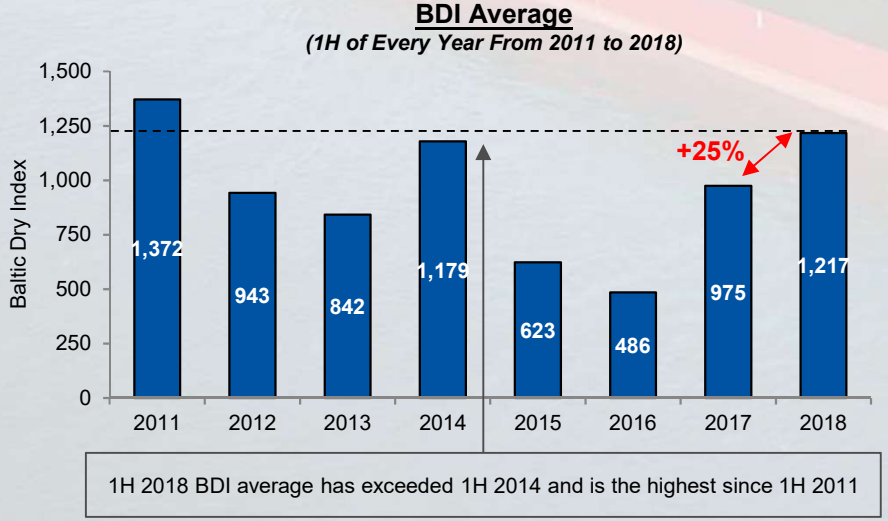


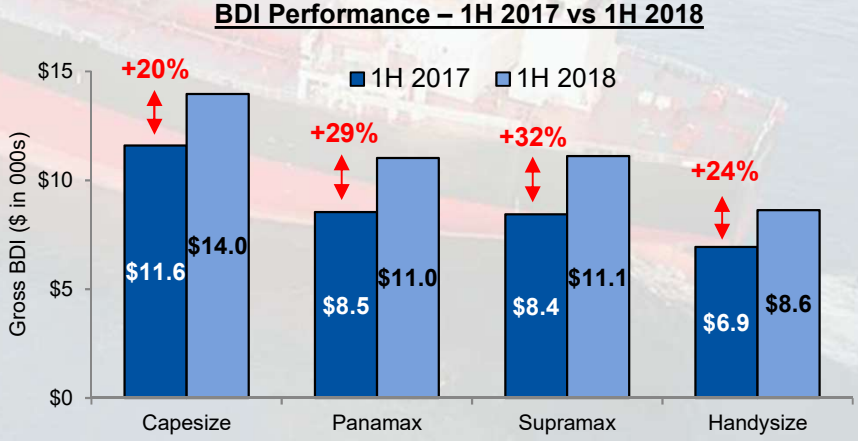
Industry Overview

Drybulk Freight Rate Development Since Jan 2017

Capesize exposure provides upside earnings potential while minor bulk fleet provides a steadier income stream



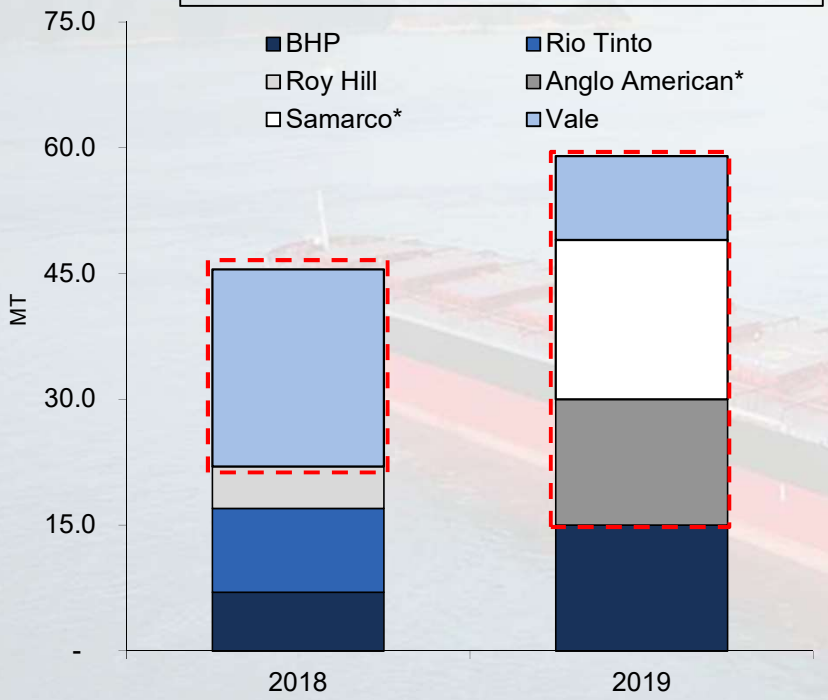




Recent Market Developments

Key Iron Ore Expansion Plans[2]

Significant Brazilian iron ore volume expected over the next two years



*Samarco and Anglo American's Minas Rio mine to possibly restart iron ore operations in 2019 following supply disruptions.

Recent Developments

- Net vessel supply growth of 1.9% in the YTD
- Global steel production has increased by 4.6% through the first six months of 2018
- Capesize spot rates have hit 2018 highs led by strong iron ore exports from Brazil
  - Brazilian iron ore exports increased by 8% in Q2 2018 YOY
  - Further strength in Brazilian iron ore exports seen in July registering a 15% YOY rise
  - Vale reiterated 2018 iron ore production guidance of 390MT
    - Implies an increase of 33MT in 2H 2018 as compared to 1H 2018
- Chinese iron ore imports are marginally down through the first seven months of 2018 YOY[1]

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

Major Bulks – Global Steel Production Growth Remains Strong

Global Steel Production (million tons)[1]			
	6 Mos 2018	6 Mos 2017	% Variance
China	451.2	425.4	6.0%
European Union	87.3	86.0	1.6%
Japan	53.0	52.3	1.3%
India	52.8	50.3	5.1%
South Korea	36.1	34.8	3.7%
Global Production	881.5	842.4	4.6%
Ex-China	430.3	416.9	3.2%

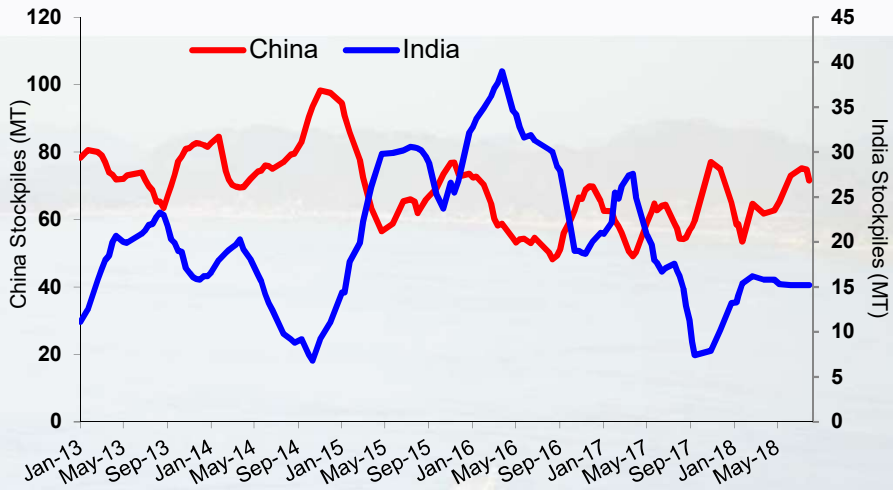
Steel Production

- Chinese steel production has increased by 6.0% in 1H 2018 YOY[1]
  - Strong margins for steel mills in China have incentivized greater production
  - Ex-China steel production rose by 3.2% during the same period led by a 5.1% YOY increase in output from India
- Steel inventories in China increased in Q1 2018 in line with historical seasonality but have been rapidly destocked since then[2]

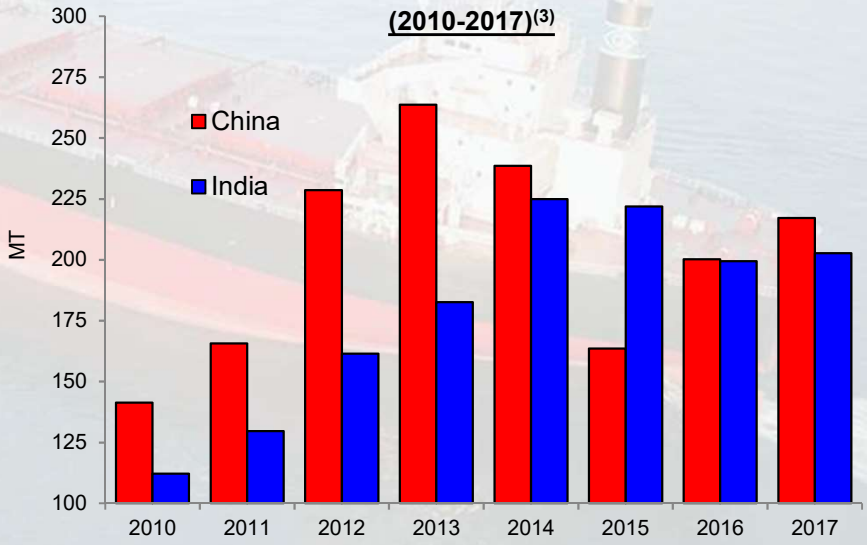
Coal

- China's coal imports increased by 14% through July 2018 YOY
  - Coal imports during July 2018 reached the highest point of the year and increased by nearly 50% YOY
  - 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]

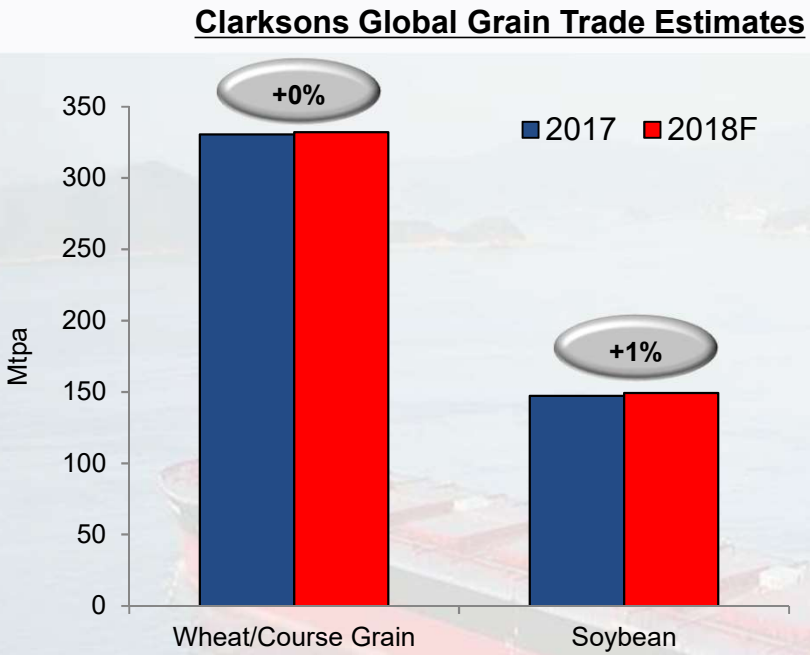


China and India Coal Imports (2010-2017)[3]



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

Minor Bulks – Steady Grain Trade with Seasonal Impact



Seaborne Wheat / Course Grain Trade (MT)			
Exporter	**2017**	**2018 (f)**	**% Variance**
Argentina	40	42	5%
Australia	31	27	-13%
Canada	21	22	6%
EU	38	39	1%
US	75	71	-5%
Others	125	131	5%
Total	**331**	**332**	**0%**

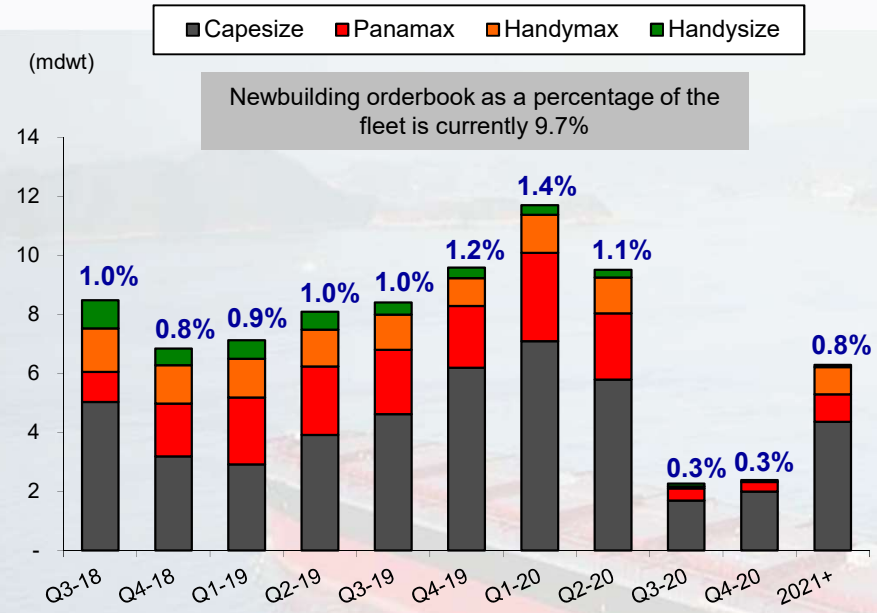
Seaborne Soybean Trade (MT)			
Exporter	**2017**	**2018 (f)**	**% Variance**
United States	54	52	-3%
Brazil	68	73	7%
Argentina	7	5	-32%
Paraguay	6	7	10%
Canada	4	5	13%
Uruguay	3	3	0%
Others	4	4	0%
Total	**147**	**149**	**1%**

- Currently in South American grain season, strong soybean exports in June and July from Brazil have been reported
- China is the world's largest soybean importer at over 95MT in 2017, nearly 90% of which came from Brazil and the US
- US soybean shipments are seasonal and are expected to ramp up significantly towards the end of Q3 and into Q4
- China's tariffs on US soybean shipments could lead to rerouting of cargoes
- 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

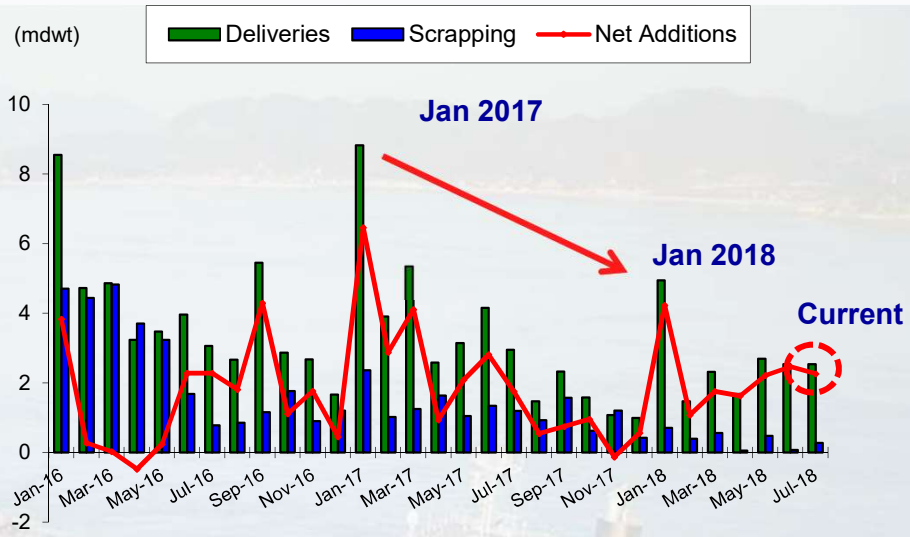
Source: Clarksons Research Services Limited 2018

Supply Side Fundamentals

Current Drybulk Vessel Orderbook by Type

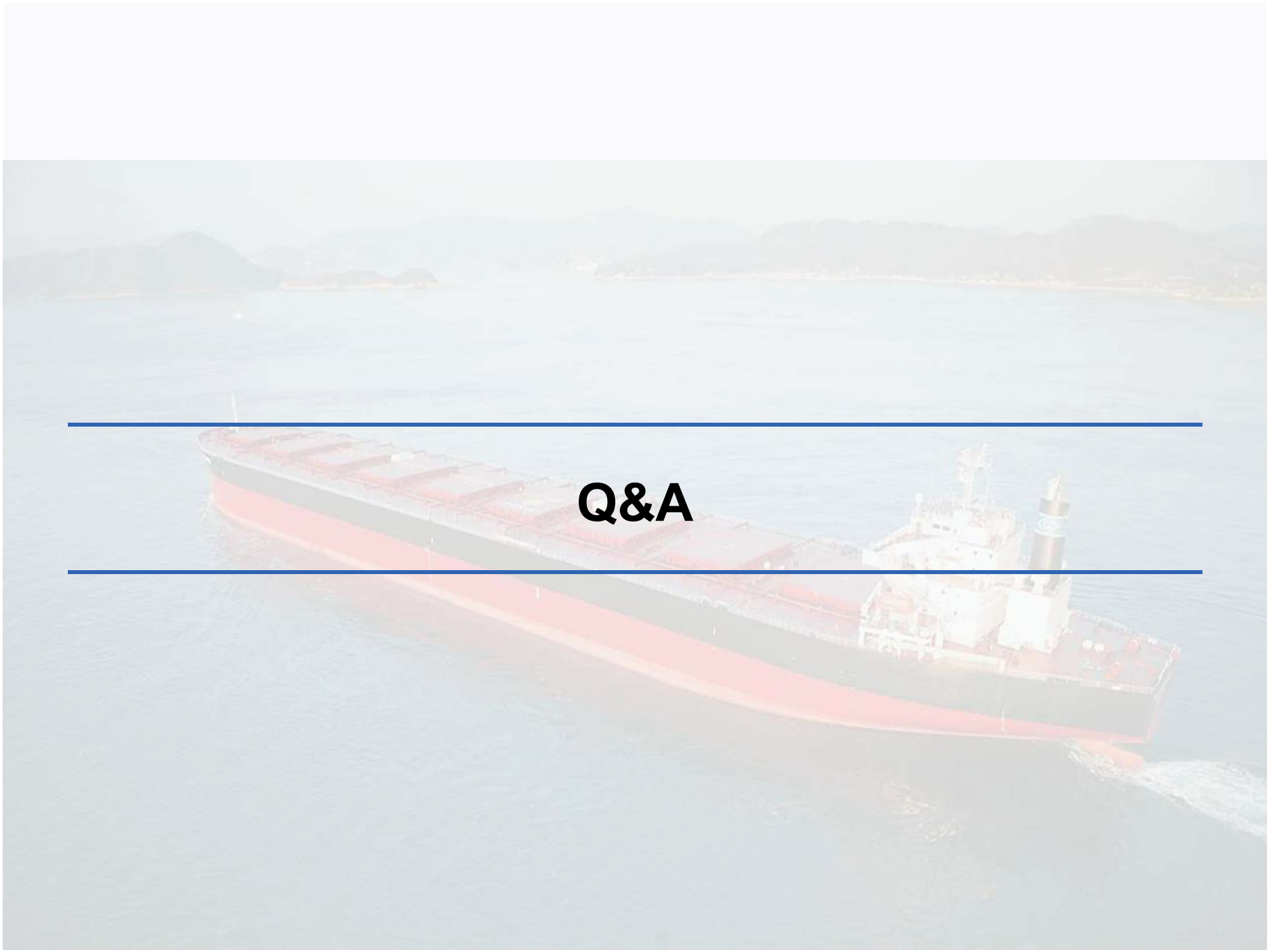


Drybulk Vessel Deliveries vs. Scrapping



- Total newbuilding deliveries are down by over 40% YOY through the first seven months of 2018
- Slippage rate has remained high in the YTD at approximately 25%
- The pace of scrapping has eased so far in 2018 falling by 74% YOY through the first seven months of 2018
- Orderbook as a percentage of the fleet is currently at similar levels to this time last year at 9.7%
- 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

Pro Forma Genco Fleet List*

Major Bulk		
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
Genco Endeavour	2015	180,000
Genco Resolute	2015	180,000
Genco Defender	2016	180,000
Genco Liberty	2016	180,000
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

Minor Bulk		
Vessel Name	**Year Built**	**Dwt**
Ultramax		
Baltic Hornet	2014	63,574
Baltic Mantis	2015	63,470
Baltic Scorpion	2015	63,462
Baltic Wasp	2015	63,389
Genco Columbia	2016	60,000
Genco Weatherly	2014	61,556
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

Minor Bulk		
Vessel Name	**Year Built**	**Dwt**
Handymax		
Genco Muse	2001	48,913
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 Champion	2006	28,445
Genco Challenger	2003	28,428
Genco Charger	2005	28,398

Pro forma modern, diversified fleet

17 Capesize

5 Panamax

6 Ultramax

21 Supramax

1 Handymax

13 Handysize

Capesize



17

Panamax



5

Ultramax/Supramax/Handymax



28

Handysize



13

* Genco fleet list pro forma for announced vessel acquisitions and sales.

Time Charter Equivalent Reconciliation(1)

	Three Months Ended		Six Months Ended	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
	(unaudited)		(unaudited)	
Total Fleet				
Voyage revenues (in thousands)	$ 86,157	$ 45,370	$ 163,073	$ 83,619
Voyage expenses (in thousands)	25,983	951	47,075	4,192
Charter hire expenses (in thousands)	509	-	509	-
	59,665	44,419	115,489	79,427
Total available days for owned fleet	5,442	5,319	10,777	10,853
Total TCE rate	$ 10,964	$ 8,351	$ 10,716	$ 7,318

	Three Months Ended				
	March 31, 2017	June 30, 2017	September 30, 2017	December 31, 2017	March 31, 2018
	(unaudited)				
Total Fleet					
Voyage revenues (in thousands)	$ 38,249	$ 45,370	$ 51,161	$ 74,918	$ 76,916
Voyage expenses (in thousands)	3,241	951	5,550	15,579	21,093
Charter hire expenses (in thousands)	-	-	-	-	-
	35,008	44,419	45,611	59,339	55,823
Total available days for owned fleet	5,538	5,319	5,399	5,514	5,335
Total TCE rate	$ 6,321	$ 8,351	$ 8,448	$ 10,761	$ 10,463

(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.

Adjusted Net Income Reconciliation

Adjusted Net Income Reconciliation	Three Months Ended June 30, 2018 (unaudited)
Net loss	$ (1,120)
+ Impairment of vessel assets	184
+ Loss on debt extinguishment	4,533
Adjusted net income	$ 3,597
Adjusted net earnings per share - basic	$ 0.10
Adjusted net earnings per share - diluted	$ 0.10
Weighted average common shares outstanding - basic	35,516,058
Weighted average common shares outstanding - diluted	35,758,969
Weighted average common shares outstanding - diluted as per financial statements	35,516,058
Dilutive effect of stock options	69,952
Dilutive effect of restricted stock awards	172,959
Weighted average common shares outstanding - diluted as adjusted	35,758,969

Pro Forma Balance Sheet Items Reconciliation ($ in thousands)

	Jun 30, 2018 Actual	Adjustment	Jun 30, 2018 Pro Forma
Cash[(1)]	$270,311	$(117,350)	$152,961
Debt[(2)]	$460,000	$107,000	$567,000
Shareholders' Equity	$1,028,243	-	$1,028,243

(1) June 30, 2018 pro forma cash is reduced by the remaining installment payment obligations for the agreed upon acquisitions of vessels aggregating $238.3 million, estimated debt proceeds from the New Credit Facility of approximately $107 million less estimated fees, and estimated net vessel sale proceeds of $16.0 million.

(2) June 30, 2018 pro forma debt is increased by the estimated proceeds from the New Credit Facility of approximately $107 million.

Q3 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)	792	986
Technical Management Fees(5)	353	353
Drydocking(6)	149	-
Interest Expense(7)	1,266	1,409
Fixed Debt Repayments(8)	-	-
Depreciation(9)	-	3,153
Daily Expense(10)	**$7,000**	**$10,341**
Number of Vessels(11)	62.18	62.18

The above figures are estimates and are subject to change

(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 Q3 2018.

(7) Interest expense is based on our debt level as of June 30, 2018 less scheduled fixed debt repayments in Q3 2018 and assumes the closing of the New Credit Facility in Q3 2018. 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 Q3 2018 aggregate to $0.0 million under our outstanding and committed credit facilities.

(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 weighted average fleet of 62.18 vessels based on the latest vessel itineraries received from sellers regarding the acquisition vessels and based on our agreed upon vessel sales.