Genco Shipping & Trading Limited



Q4 2018 Earnings Call

March 5th, 2019

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 documentation for vessel transactions and the performance of the terms thereof by buyers or sellers of vessels and us; (xviii) the terms of definitive documentation for the purchase and installation of scrubbers and our ability to have scrubbers installed within the price range and time frame anticipated; (xix) our ability to obtain any additional financing we may seek for scrubbers on acceptable terms; (xx) the relative cost and availability of low sulfur and high sulfur fuel or any additional scrubbers we may seek to install; (xxi) our ability to realize the economic benefits or recover the cost of the scrubbers we plan to install; (xxii) worldwide compliance with IMO 2020 regulations 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 our 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

- Fourth Quarter 2018 and Full Year Highlights
- Financial Overview
- Industry Overview





Fourth Quarter 2018 and Full Year Highlights

Fourth Quarter 2018 and Full Year Highlights

Q4 2018 Financials

- Net income: $18.3 million
  - Basic and diluted earnings per share: $0.44
- Adjusted net income: $16.3 million
  - Adjusted basic and diluted earnings per share: $0.39 (excluding $2.0 million gain on sale of vessels)
- EBITDA: $44.4 million, ($42.4 million excluding $2.0 million gain on sale of vessels)
- Cash position (Dec 31, 2018): $203 million

Scrubber Facility

- On February 28, 2019, we entered into an amendment to our $460 million credit facility providing an additional tranche of up to $35 million
  - To cover up to 90% of the expenses related to the acquisition and installation of exhaust gas cleaning systems (“scrubbers”) on our 17 Capesize vessels
  - Borrowings under the $35 million tranche will bear interest at LIBOR plus 250 basis points through September 30, 2019 and LIBOR plus a range of 225 to 275 basis points thereafter

Fleet Renewal Program

- Completed the sales of 8 vessels as part of our fleet renewal program including:
  - The sales of 5 vessels during Q4 2018: the Genco Cavalier, the Genco Explorer, the Genco Muse, the Genco Beauty and the Genco Knight
  - These sales were in addition to the 2 vessels sold in Q3 2018: the Genco Surprise and the Genco Progress
  - In January 2019, we sold the Genco Vigour, which was our last remaining unencumbered vessel

How 2018 Stacks Up Versus 2017

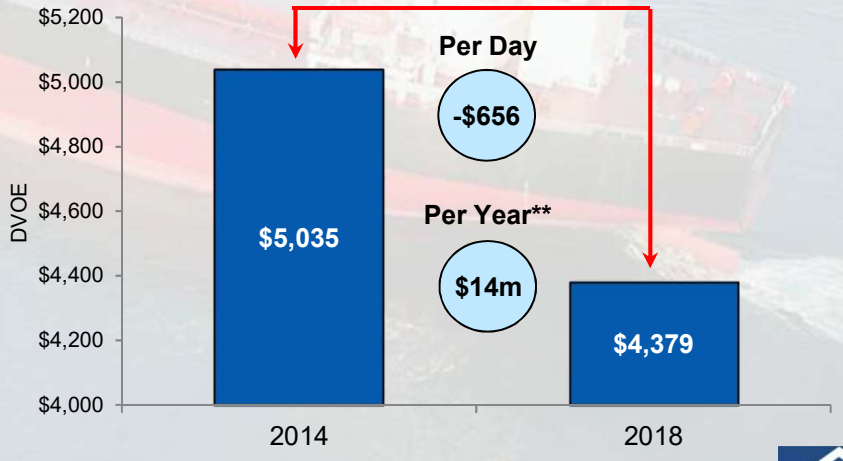
2018 proved to be a successful year for Genco as increased operating cash flow generation further solidified our already strong balance sheet

	2017	2018
Operating cash flow	$24 million	$66 million
Adjusted EBITDA	$56 million	$123 million
TCE	$8,474	$11,364
DVOE	$4,417	$4,379
Vessels acquired	0	6
Cost of Debt, LIBOR +…	4.11%	3.11%
TC-in days	0	132
Annualized Fixture Volume*	125	>400
Direct Cargo Customers*	0	>90

*Previous vs. new platform data points

- Adjusted EBITDA more than doubled in 2018 compared to 2017
- TCE was Genco's highest since 2011
- DVOE came in under our 2018 budget

Opex optimization has led to significant savings

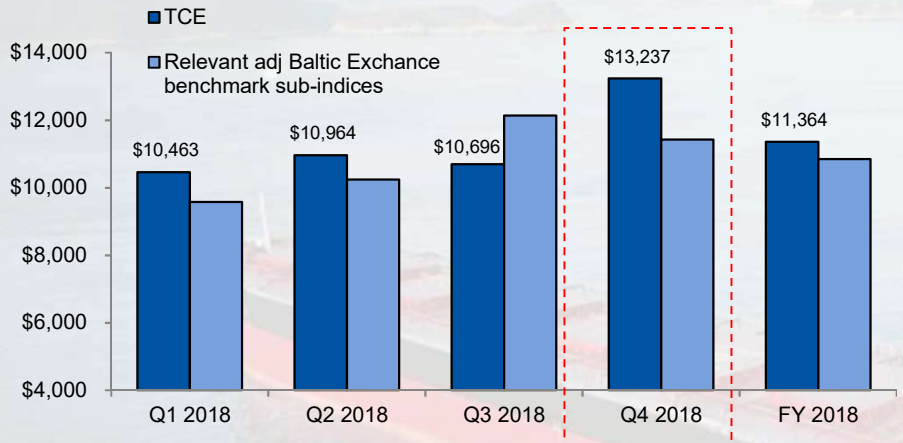


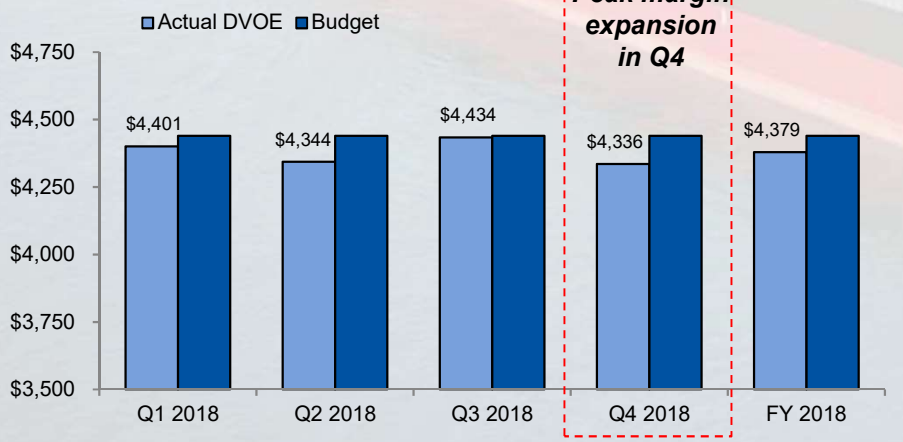
**Annualized savings presented is based on a fleet of 58 vessels and shown for illustrative purposes.

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

2018 Quarterly TCE & DVOE





2018 Outperformance

~$500
per vessel per day vs. relevant adjusted Baltic Exchange benchmark sub-indices

~$11 million
of additional net income due to outperformance

$4,379
per vessel per day vs. 2018 budget of $4,440 per vessel per day

Q1 2019 to date

TCE: $10,042
~85% of Q1 2019 days, as of Feb 28, 2019

DVOE: $4,525
2019 budget

Note: TCE relative performance is benchmarked against the weighted average of the relevant sub-indices of the Baltic Dry Index as published by the Baltic Exchange (BCI 5TC, BPI, BSI 58 and BHSI) net of 5% for commissions, adjusted for our owned-fleet composition as well as the characteristics of our vessels.
Please see the appendix for our definition of TCE as well as further detail regarding TCE calculations.
Q1 2019 DVOE presented is based on our budget and is subject to change. Actual results for Q1 2019 TCE and DVOE will vary.

2019 Drybulk Market Outlook

Following two consecutive years of demand growth outpacing supply growth, in 2019, drybulk market fundamentals appear more balanced

Drybulk Market Catalysts

1 Iron Ore Trade Growth

- Focus remains on high quality seaborne iron ore from Brazil and Australia
- Clarity needed on output from Vale
- Anglo American to produce +15MT more in 2019

2 Coal Trade Linked to Developing Economies

- India likely to continue to drive seaborne coal trade
- Growth expected from smaller developing Asian nations
- China remains x-factor

3 Soybean Trade

- Strong Brazilian crop expected
- Upside potential if US-China trade dispute gets resolved

4 Low Fleet Growth

- 2% to 3% net fleet growth anticipated
- Supply side disruption ahead of IMO 2020 towards end of the year

2019 Supply & Demand Estimates

	Vessel*	Clarksons	Marsoft
Iron Ore 	Capesize	-1.0%	+0.6%
Coal 	Capesize Panamax	+2.1%	+1.8%
Grain 	Panamax Supramax Handysize	+4.9%	+5.2%
Minor Bulk 	Supramax Handysize	+4.3%	+3.1%
Total Demand		+2.5%	+2.2%
Fleet Growth		+2.5%	+2.5%

~0.5% of fleet factored in to be out of service due to scrubber installation

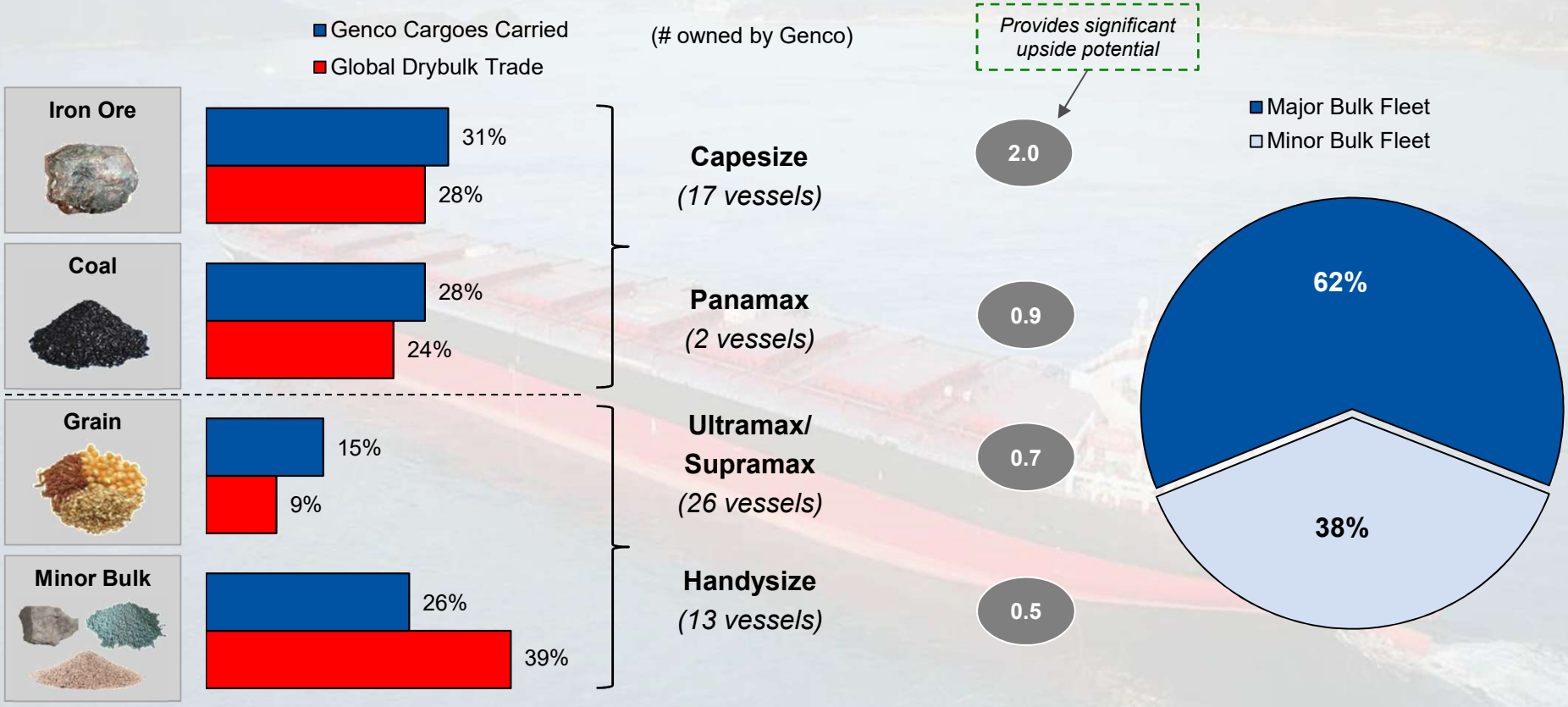
*Indicates the primary vessel type that carries these commodities. Supply and demand forecasts are based on Marsoft's base case as of February 2019 and Clarksons February Drybulk Outlook.

Sources: Marsoft, Clarksons

Genco's Fleet Directly Aligns with Global Trade Dynamics

Genco's Capesize exposure provides upside earnings potential while minor bulk fleet provides steadier income

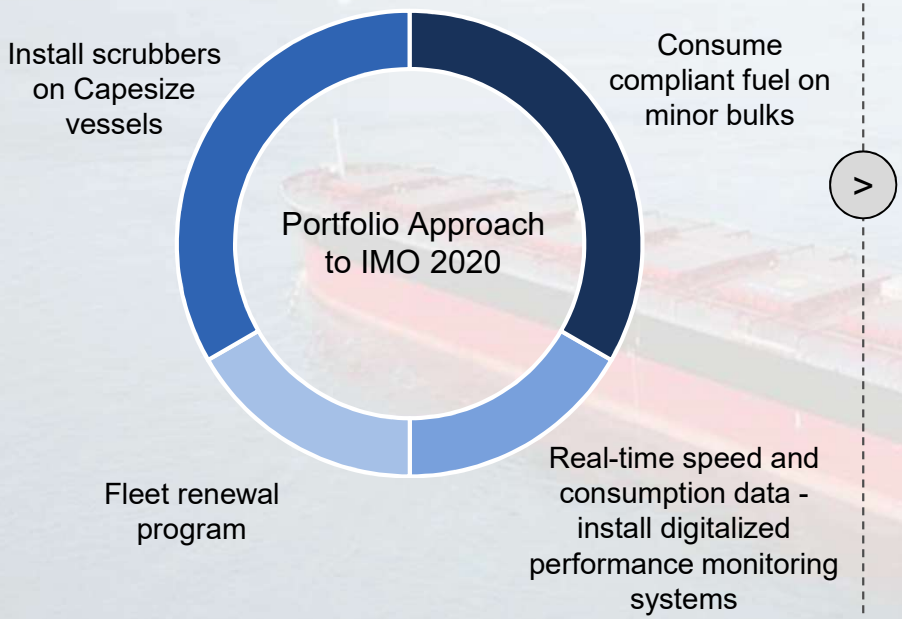
Commodity	Percentage of Trade - 2018	Primary Vessel Type	Shipping Market Beta	Genco Fleet Distribution (dwt)



Sources: Marsoft Incorporated, Clarksons Research Services Limited 2019

Balanced IMO 2020 Strategy – Optimal for Evolving Marine Fuel Market

Genco's Comprehensive Plan



>

Install Scrubbers on Capesize Vessels
Evaluate Installation on Select Minor Bulk Vessels

- Greatest benefit likely to occur in the early stages of compliance
- Shorter payback period on larger vessels, reducing risk profile
- Agreements to install scrubbers on 17 Capesizes
- Evaluating options to install scrubbers on certain minor bulk vessels

Burn Compliant Fuel in Minor Bulk Fleet

- Immediate compliance
- Does not require upfront capex

Fleet Renewal Program

- Completed sale of older, unencumbered vessels
- Improved fleet-wide fuel efficiency



Financial Overview

Fourth Quarter Earnings

	Three Months Ended December 31, 2018	Three Months Ended December 31, 2017	Twelve Months Ended December 31, 2018	Twelve Months Ended December 31, 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	$ 112,185	$ 74,918	$ 367,522	$ 209,698
Total revenues	112,185	74,918	367,522	209,698
Operating expenses:				
Voyage expenses	36,305	15,579	114,855	25,321
Vessel operating expenses	24,785	24,219	97,427	98,086
Charter hire expenses	302	-	1,534	-
General and administrative expenses (inclusive of nonvested stock amortization expense of $0.5 million, $0.5 million, $2.2 million and $4.1 million, respectively)	6,380	5,640	23,141	22,190
Technical management fees	2,075	1,925	8,000	7,659
Depreciation and amortization	18,370	17,582	68,976	71,776
Impairment of vessel assets	-	-	56,586	21,993
Gain on sale of vessels	(2,004)	-	(3,513)	(7,712)
Total operating expenses	86,213	64,945	367,006	239,313
Operating income (loss)	25,972	9,973	516	(29,615)
Other (expense) income:				
Other income (expense)	95	(12)	367	(164)
Interest income	1,058	546	3,801	1,551
Interest expense	(8,842)	(7,938)	(33,091)	(30,497)
Loss on debt extinguishment	-	-	(4,533)	-
Other expense	(7,689)	(7,404)	(33,456)	(29,110)
Income (loss) before income taxes	18,283	2,569	(32,940)	(58,725)
Income tax expense	-	-	-	-
Net income (loss)	$ 18,283	$ 2,569	$ (32,940)	$ (58,725)
Net earnings (loss) per share - basic	$ 0.44	$ 0.07	$ (0.86)	$ (1.71)
Net earnings (loss) per share - diluted	$ 0.44	$ 0.07	$ (0.86)	$ (1.71)
Weighted average common shares outstanding - basic	41,704,296	34,559,830	38,382,599	34,242,631
Weighted average common shares outstanding - diluted	41,792,956	34,682,302	38,382,599	34,242,631

December 31, 2018 Balance Sheet

	December 31, 2018	December 31, 2017
	(Dollars in thousands) (unaudited)	
BALANCE SHEET DATA:		
Cash (including restricted cash)	$ 202,761	$ 204,946
Current assets	270,451	217,239
Total assets	1,627,470	1,520,959
Current liabilities (excluding current portion of long-term debt)	35,547	27,952
Current portion of long-term debt	66,320	24,497
Long-term debt (net of $16.3 million and $9.0 million of unamortized debt issuance costs at December 31, 2018 and December 31, 2017, respectively)	468,828	490,895
Shareholders' equity	1,053,307	975,027

	Three Months Ended		Twelve Months Ended	
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
	(Dollars in thousands) (unaudited)		(Dollars in thousands) (unaudited)	
OTHER FINANCIAL DATA:				
Net cash provided by operating activities	N/A		$ 65,907	$ 24,071
Net cash (used in) provided by investing activities			(195,375)	17,405
Net cash provided by (used in) financing activities			127,283	(5,598)
	(unaudited)		(unaudited)	
EBITDA Reconciliation:				
Net income (loss)	$ 18,283	$ 2,569	$ (32,940)	$ (58,725)
+ Net interest expense	7,784	7,392	29,290	28,946
+ Depreciation and amortization	18,370	17,582	68,976	71,776
EBITDA[(1)]	$ 44,437	$ 27,543	$ 65,326	$ 41,997
+ Impairment of vessel assets	-	-	56,586	21,993
- Gain on sale of vessels	(2,004)	-	(3,513)	(7,712)
+ Loss on debt extinguishment	-	-	4,533	-
Adjusted EBITDA	$ 42,433	$ 27,543	$ 122,932	$ 56,278

(1) EBITDA represents net income (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.

Fourth Quarter Highlights

	Three Months Ended (unaudited)		Twelve Months Ended (unaudited)	
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
FLEET DATA:				
Total number of vessels at end of period	59	60	59	60
Average number of vessels (1)	62.1	60.0	61.0	60.8
Total ownership days for fleet (2)	5,716	5,520	22,249	22,207
Total chartered-in days (3)	19	-	132	-
Total available days (4)	5,728	5,514	22,231	21,759
Total available days for owned fleet (5)	5,710	5,514	22,099	21,759
Total operating days for fleet (6)	5,661	5,468	21,975	21,466
Fleet utilization (7)	98.7%	99.1%	98.5%	98.1%
AVERAGE DAILY RESULTS:				
Time charter equivalent (8)	$ 13,237	$ 10,761	$ 11,364	$ 8,474
Daily vessel operating expenses per vessel (9)	4,336	4,387	4,379	4,417

(1) Average number of vessels is the number of vessels that constituted our fleet for the relevant period, as a 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 in the table above for the period ended December 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.

(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 total available days in a period less the aggregate number of days that the 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.

(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 time charter-in days less days our vessels spend in drydocking.

(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.

Favorable Debt Structure

Simplified and efficient debt structure offers more flexibility and visibility into Genco's capital structure – Highlights Genco's access to high quality commercial bank financing

Consolidation of our credit facilities enabled Genco to:

- Reduce interest expense
  - Weighted average margin dropped by 100 bps
- Simplify our capital structure
- Push out debt maturities to 2023
- Obtain a covenant light structure

- Ease restrictions on our ability to:
  - Use cash on the balance sheet
  - Incur additional indebtedness
  - Pay dividends
  - Execute our fleet renewal strategy

Simplified Debt Structure – Dec 31, 2018

$551m
Total debt outstanding consisting of two facilities…

$460m Credit Facility	$108m Credit Facility
Debt Outstanding $445.0m	**Debt Outstanding** $106.4m
Quarterly Amortization $15.0m	**Quarterly Amortization** $1.6m
Pricing L + 3.25% (thru 12/31/18), L + 3.00-3.50% (thereafter)	**Pricing** L + 2.50% (thru 9/30/19) L + 2.25-2.75% (thereafter)

>

Closed Scrubber Facility in Feb 2019

$35m
Total commitment – the lesser of $35m or 90%

Key terms include

- LTV: 90%
- Pricing: L + 2.50% thru Sep 30, 2019
  - L + 2.25% to 2.75% thereafter
- Covenants: same as existing $460m credit facility

Select Balance Sheet Items

Selected Financial Information

December 31, 2018

(Dollars in thousands)

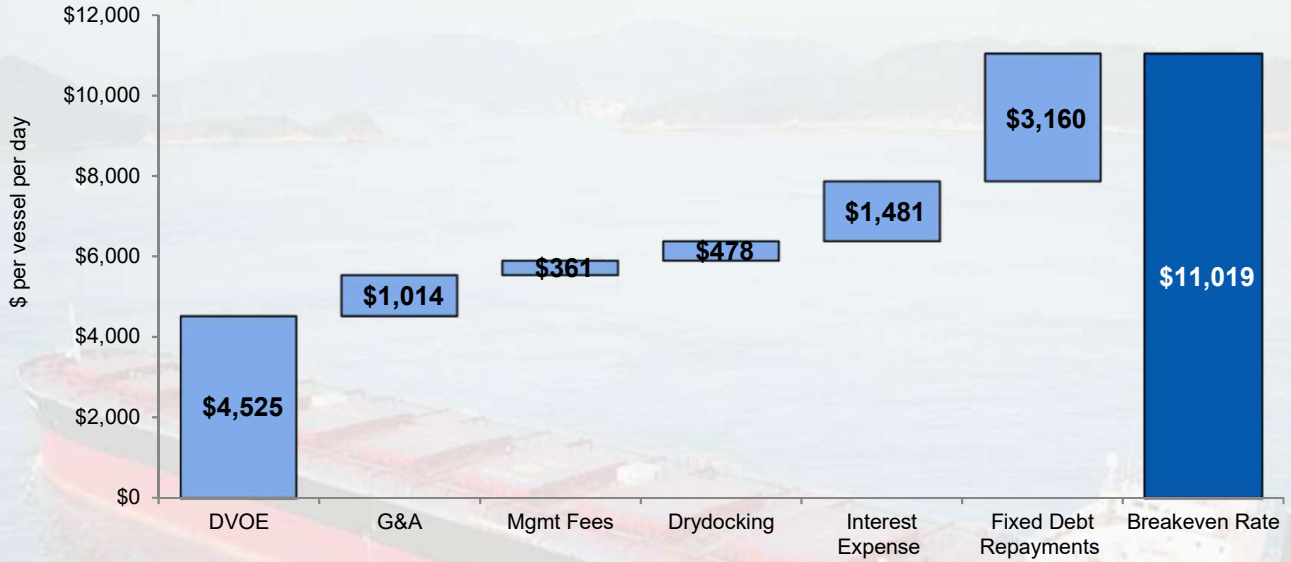
Balance Sheet	
Cash	**$202,761**
Debt	**$551,420**
Shareholders' Equity	**$1,053,307**

- Following $6.4 million of net proceeds from the sale of the Genco Vigour in January 2019, our pro forma cash position is $209 million
- Cash balance is a key differentiator for Genco providing us with significant optionality and flexibility

Estimated Q1 2019 Cash Breakeven Rates(1)

Fleet Breakeven Rates – Estimated Q1 2019

(Detailed Q1 2019 Estimated B/E Rates in Appendix)



Estimated Drydocking Days	
Vessel Type	**Q1 2019**
Capesize	-
Panamax	-
Ultramax	-
Supramax	40
Handymax	-
Handysize	-
Total	**40**

During Q1 2019, we anticipate drydocking two vessels

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 Q1 2019, please refer to the appendix.

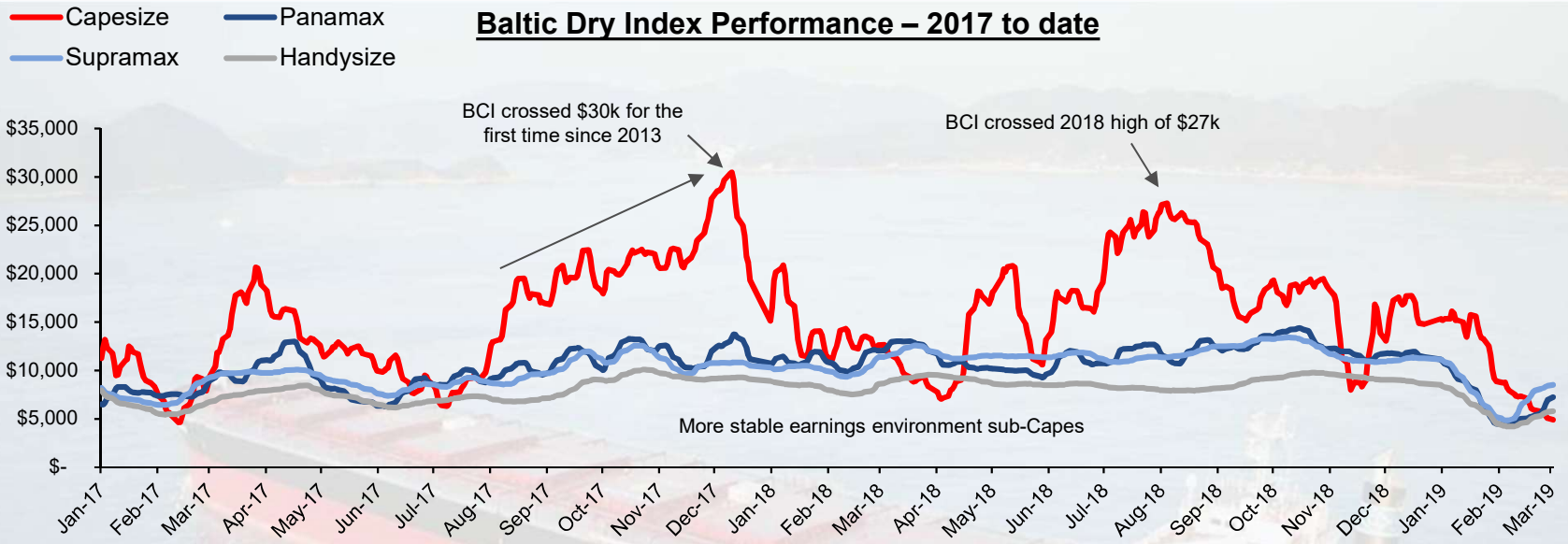
(1) Breakeven rate is based on the 2019 budget, which is subject to change. Based on a fleet of 58.30 vessels due to the sale of the Genco Vigour in January 2019; presented for illustrative purposes only. Actual breakeven rates will vary.

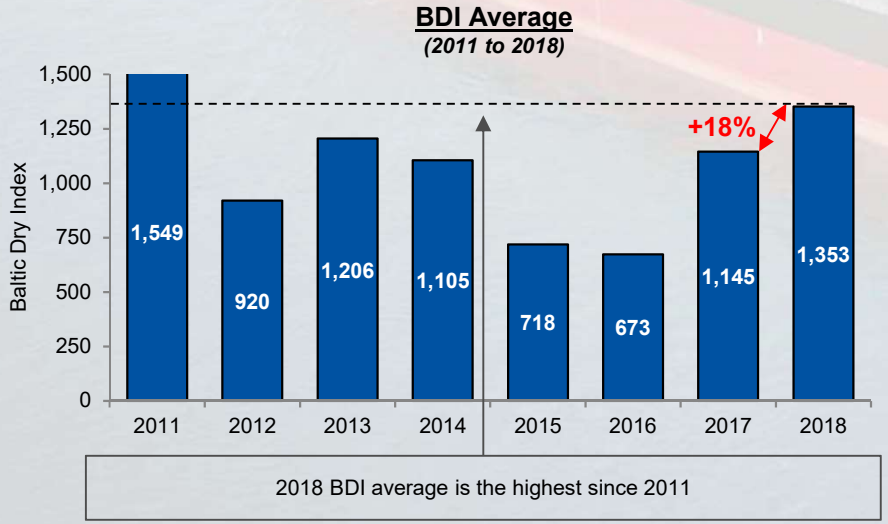


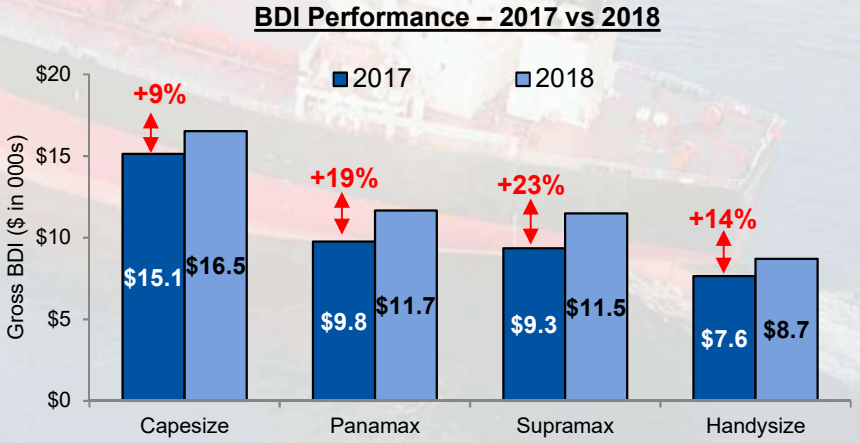
Industry Overview

Drybulk Freight Rate Development Since Jan 2017

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







Current Drybulk Market Drivers

Typical first quarter seasonality has been exacerbated by recent events described below but near term drivers could support the drybulk market in the months ahead

Seasonal factors affecting freight rates

1) Frontloaded orderbook leading to higher N/B deliveries and net fleet growth in Q1
2) Chinese New Year holiday in February
3) Weather related disruptions impacting cargo availability

On top of these seasonal factors, unique developments include…

1) Vale dam breach incident
2) Lingering US-China trade dispute
3) Reports of coal restrictions in China

>

Potential near term demand drivers

1) Peak spring construction season in China
2) Potential iron ore restocking
3) South American grain season
4) Potential US-China trade resolution
5) Increased seaborne coal demand from China if limited domestic output growth materializes

Above met by a backdrop of low net fleet growth

1) 2-3% net fleet growth expected for 2019 with a large portion frontloaded
2) Supply side disruption expected in 2H 2019 due to scrubber installations ahead of Jan 1, 2020
3) Potential for increased scrapping due to current market conditions and upcoming environmental regulations

Vale Incident and Impact on Drybulk Trade

What Vale has said:

- ***40MT*** of iron ore production to be impacted as similar dams are decommissioned
- Output is to be ***partially*** made up from other mines
- Vale has yet to provide updated production guidance
- Prior to this incident, Vale had been planning to reduce output from their southern system
  - While ramping up S11D in the northern system

Government intervention on top of this

- Mines producing annual output of ***30MT*** had licenses revoked, Vale had to declare force majeure on several contracts – Vale is disputing this claim

Negative timing and location impact

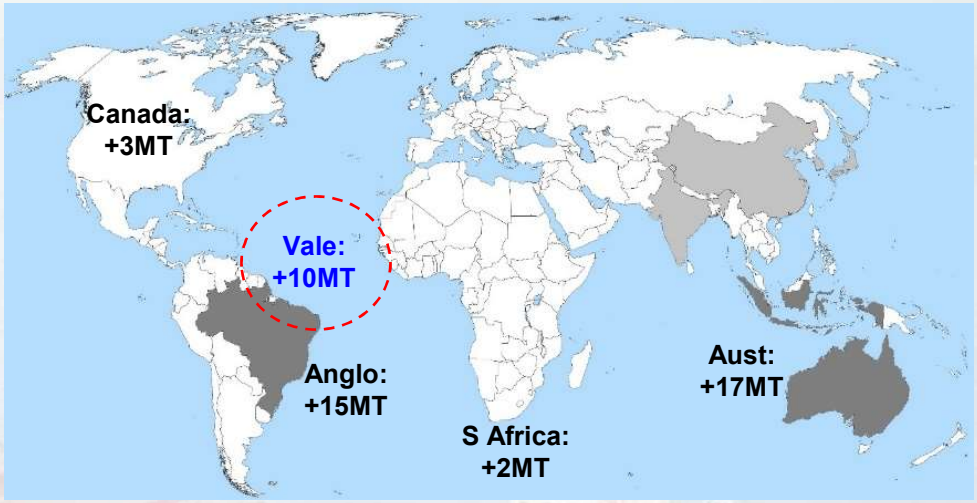
- These tons remain out of the market – while incremental tons could be made up over time throughout the year but primarily from shorter distances
- Seasonal weather related disruptions make it difficult for Vale to bring on offsetting tons in Q1

How the market has responded to date

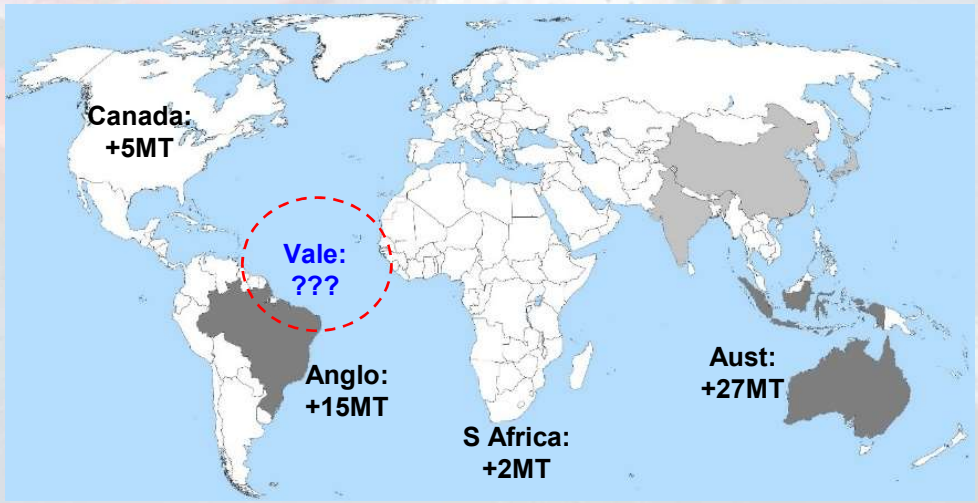
- Iron ore prices have spiked to multi year highs
- This could lead to a push from major miners to increase sales as well as the re-entry of marginal suppliers
- Could lead to a further draw down of iron ore inventories in China's supply chain

Incremental 2019 iron ore trade forecast

Prior **to Vale incident**



Post **Vale incident**



Australia and Canada could increase shipments in response to the Vale incident

Source: Clarkson Research Services Limited 2019

Major Bulks – Global Steel Production Growth Remains Strong

Global Steel Production (million tons)[1]			
	2018	2017	% Variance
China	928.3	870.9	6.6%
European Union	168.1	168.5	-0.3%
Japan	104.3	104.7	-0.3%
India	106.5	101.5	4.9%
South Korea	72.5	71.0	2.0%
Global Production	1,789.6	1,712.5	4.5%
Ex-China	861.3	841.6	2.3%

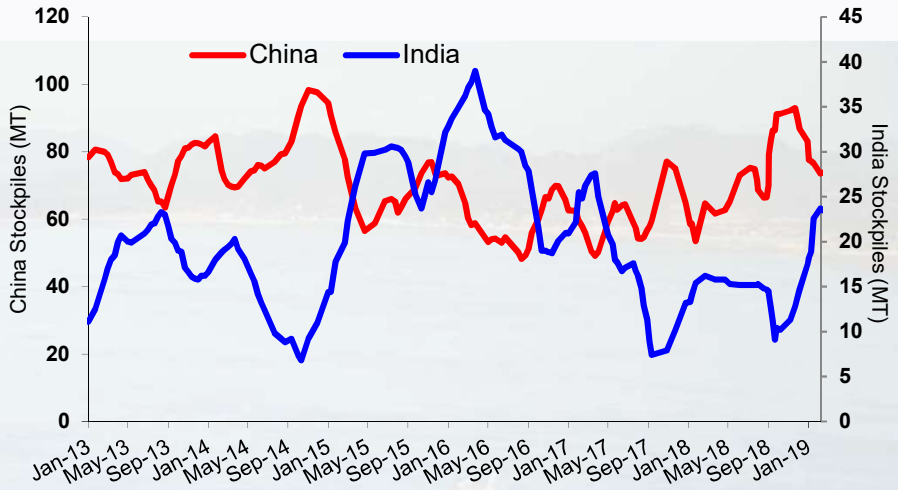
Steel Production

- Chinese steel production increased by 6.6% in 2018 YOY[1]
  - Ex-China steel production rose by 2.3% during the same period led by a 4.9% YOY increase in output from India
- 2018 iron ore imports were slightly down YOY, which can be partially attributed to a drawdown of inventories within the supply chain[3]

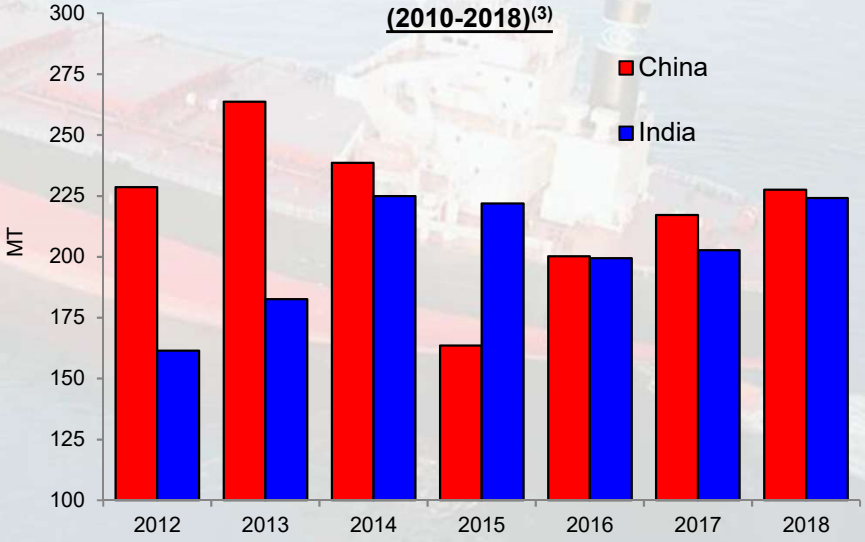
Coal

- China's coal imports increased by 4% in 2018 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 has increased but remain below required amounts[2]
- India's rising steel production continues to support demand for coking coal[3]

Coal Power Plant Stockpiles[2]



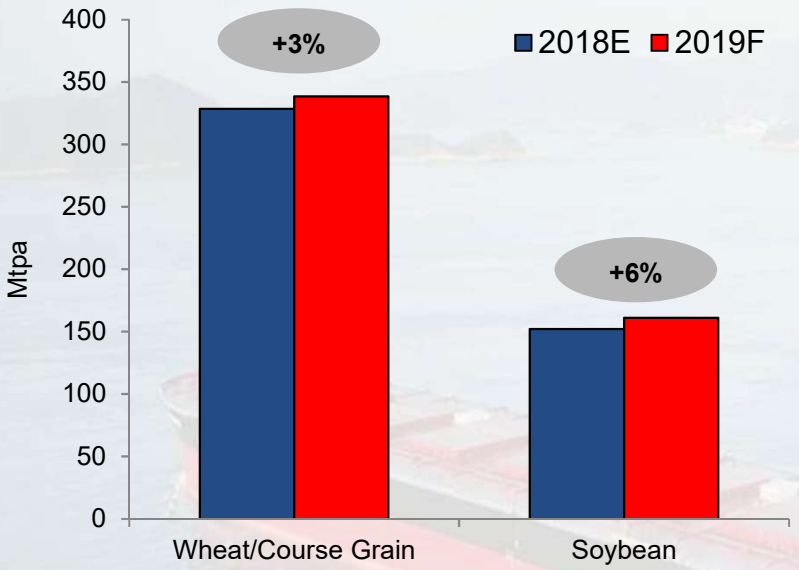
China and India Coal Imports (2010-2018)[3]



1) Source: World Steel Association
2) Source: Commodore Research
3) Source: Clarkson Research Services Limited 2019

Minor Bulks – Steady Grain Trade with Seasonal Impact

Clarksons Global Grain Trade Estimates



Seaborne Wheat / Course Grain Trade (MT)			
Exporter	**2018 (e)**	**2019 (f)**	**% Variance**
Argentina	40	41	1%
Australia	22	24	10%
Canada	23	24	2%
EU	35	38	7%
US	80	83	4%
Others	128	129	1%
Total	**328**	**338**	**3%**

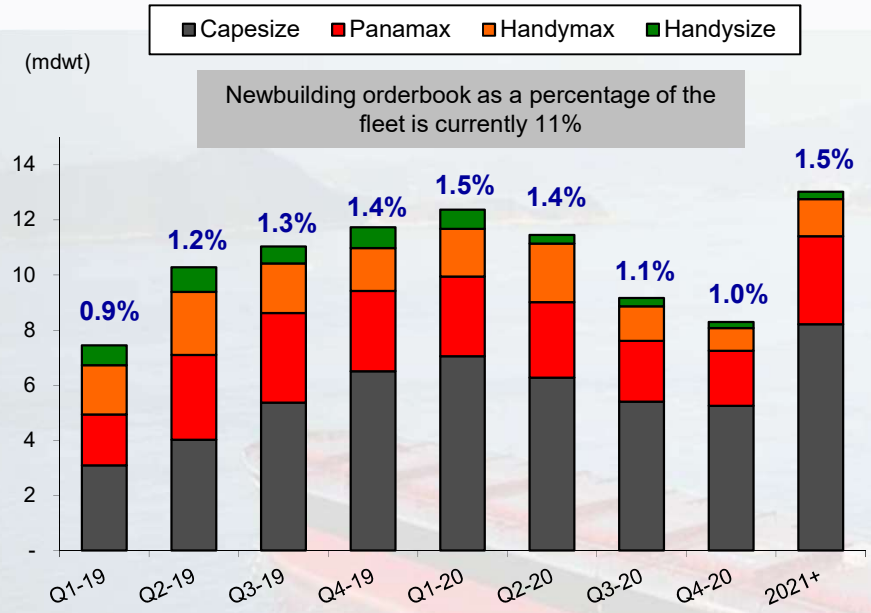
Seaborne Soybean Trade (MT)			
Exporter	**2018 (e)**	**2019 (f)**	**% Variance**
United States	47	52	11%
Brazil	84	83	-1%
Argentina	3	7	138%
Paraguay	7	6	-5%
Canada	5	5	-1%
Uruguay	2	3	20%
Others	4	5	7%
Total	**152**	**161**	**6%**

- China has begun purchasing US soybeans and agreed to purchase an additional 10MT in the coming months
- Another strong Brazilian crop is expected to ramp up shortly
  - This, together with US soybeans entering the market, could be supportive to minor bulk shipments
- Increased bauxite shipments from Guinea are expected to continue to add ton mile demand going forward
  - Malaysia plans to lift its ban on bauxite exports after March 31, 2019

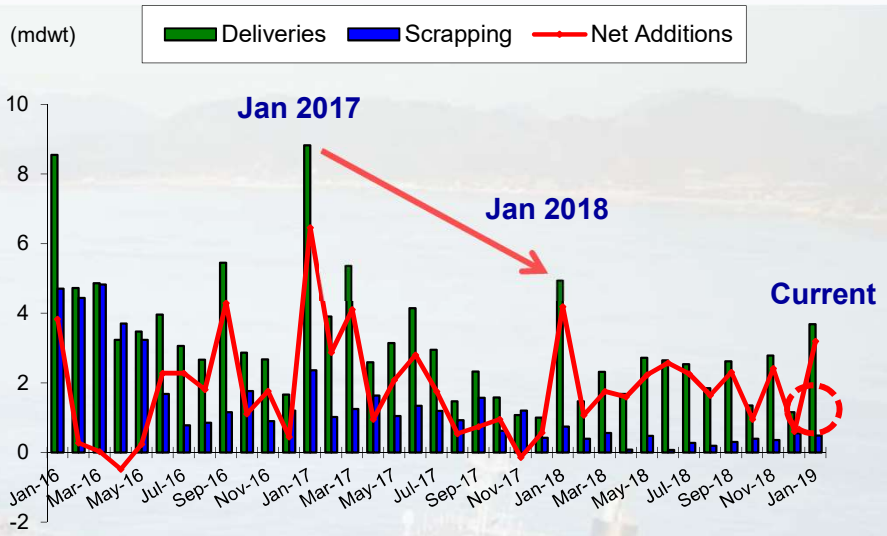
Source: Clarksons Research Services Limited 2019

Supply Side Fundamentals

Current Drybulk Vessel Orderbook by Type

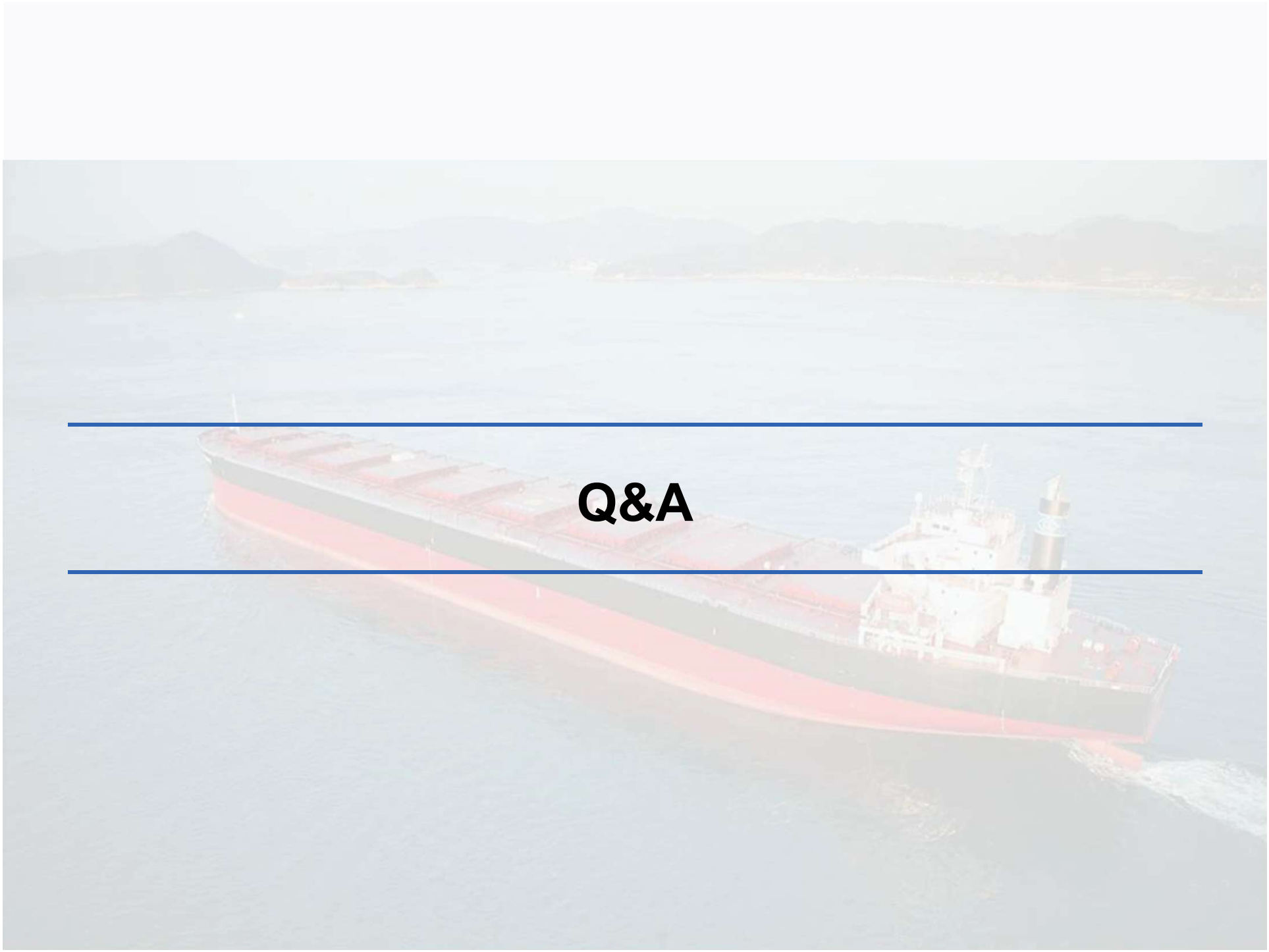


Drybulk Vessel Deliveries vs. Scrapping



- Total newbuilding deliveries were down by approximately 27% in 2018 YOY
- Slippage rate in 2018 was approximately 20%
- The pace of scrapping dropped dramatically in 2018 falling by 67% YOY, the lowest point since 2007
- Newbuilding ordering declined by 8% in 2018 YOY
- Orderbook as a percentage of the fleet is currently at approximately 11%
- On the water tonnage greater than or equal to 20 years old totals 7% of the fleet on a dwt basis

Source: Clarkson Research Services Limited 2019



Q&A



Appendix

Genco Fleet List

Major Bulk		
Vessel Name	**Year Built**	**Dwt**
Capesize		
Genco Resolute	2015	181,060
Genco Endeavour	2015	181,060
Genco Constantine	2008	180,183
Genco Augustus	2007	180,151
Genco Liberty	2016	180,032
Genco Defender	2016	180,021
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

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 Weatherly	2014	61,556
Genco Columbia	2016	60,294
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 Normandy	2007	53,596
Baltic Jaguar	2009	53,473
Baltic Leopard	2009	53,446

Minor Bulk		
Vessel Name	**Year Built**	**Dwt**
Baltic Cougar	2009	53,432
Genco Loire	2009	53,430
Genco Lorraine	2009	53,417
Baltic Panther	2009	53,350
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

2 Panamax

6 Ultramax

20 Supramax

13 Handysize

Capesize



17

Panamax



2

Ultramax/Supramax



26

Handysize



13

- Red boxes indicate sales candidates under the Company's previously announced fleet renewal plan

Time Charter Equivalent Reconciliation(1)

	Three Months Ended		Twelve Months Ended	
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
	(unaudited)		(unaudited)	
Total Fleet				
Voyage revenues (in thousands)	$ 112,185	$ 74,918	$ 367,522	$ 209,698
Voyage expenses (in thousands)	36,305	15,579	114,855	25,321
Charter hire expenses (in thousands)	302	-	1,534	-
	75,578	59,339	251,133	184,377
Total available days for owned fleet	5,710	5,514	22,099	21,759
Total TCE rate	$ 13,237	$ 10,761	$ 11,364	$ 8,474

	Three Months Ended		
	March 31, 2018	June 30, 2018	September 30, 2018
	(unaudited)		
Total Fleet			
Voyage revenues (in thousands)	$ 76,916	$ 86,157	$ 92,263
Voyage expenses (in thousands)	21,093	25,983	31,475
Charter hire expenses (in thousands)	-	509	723
	55,823	59,665	60,065
Total available days for owned fleet	5,335	5,442	5,615
Total TCE rate	$ 10,463	$ 10,964	$ 10,696

(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

	Three Months Ended December 31, 2018
	(unaudited)
Adjusted Net Income Reconciliation	
Net Income	$ 18,283
- Gain on sale of vessels	(2,004)
Adjusted net income	$ 16,279
Adjusted net earnings per share - basic	$ 0.39
Adjusted net earnings per share - diluted	$ 0.39
Weighted average common shares outstanding - basic	41,704,296
Weighted average common shares outstanding - diluted	41,792,956
Weighted average common shares outstanding - basic as per financial statements	41,704,296
Dilutive effect of stock options	-
Dilutive effect of restricted stock awards	88,660
Weighted average common shares outstanding - diluted as adjusted	41,792,956

Q1 2019 Genco Estimated Breakeven Rates (1)

Daily Expenses by Category	Free Cash Flow(2)	Net Income
Direct Vessel Operating(3)	$4,525	$4,525
General and Administrative Expenses(4)	1,014	1,089
Technical Management Fees(5)	361	361
Drydocking(6)	478	-
Interest Expense(7)	1,481	1,653
Fixed Debt Repayments(8)	3,160	-
Depreciation(9)	-	3,403
Daily Expense(10)	**$11,019**	**$11,031**
Number of Vessels(11)	58.30	58.30

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 Q1 2019.

(7) Interest expense is based on our debt level as of December 31, 2018 less scheduled fixed debt repayments in Q1 2019. 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 Q1 2019 aggregate to $16.6 million under our outstanding 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 58.30 vessels as we sold the Genco Vigour in January 2019.