Genco Shipping & Trading Limited



Q4 2019 Earnings Call

February 26th, 2020

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 maintenance, repairs, and installation of equipment to comply with applicable regulations 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 relative cost and availability of low sulfur and high sulfur fuel or any additional scrubbers we may seek to install; (xix) our ability to realize the economic benefits or recover the cost of the scrubbers we have installed; (xx) worldwide compliance with IMO 2020 regulations; (xxi) our financial results the year ending December 31, 2019 and other factors relating to determination of the tax treatment of dividends we have declared; (xxii) the duration and impact of the Covid-19 coronavirus epidemic; 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, 2018 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 2019 and Year-to-Date Highlights
- Financial Overview
- Industry Overview





Fourth Quarter 2019 and Year-to-Date Highlights

Fourth Quarter 2019 and YTD Update

Q4 2019 financial performance

- Cash position as of December 31, 2019: $162 million
- Net income: $0.9 million
  - Basic and diluted earnings per share: $0.02
- Adjusted net income: $3.0 million
  - Adjusted basic and diluted earnings per share: $0.07 (excluding $1.3 million non-cash impairment of vessel assets and $0.8 million non-cash loss on sale of vessels)
- Adjusted EBITDA: $27.9 million excluding impairments and loss on sale of vessels mentioned above ($25.8 million prior to adjustments)





Capital allocation strategy

- Declared a regular quarterly dividend of $0.175 per share for Q4 2019
  - Payable on or about March 16, 2020 to all shareholders of record as of March 6, 2020
- Cumulative dividends declared for the last two quarters of $0.675 per share



IMO 2020 update

- Completed our scrubber installation program across all 17 of our Capesize vessels as part of our comprehensive strategy towards fully compliance with IMO 2020

Genco's 2019 year-end review

Executed a capital allocation strategy

Utilized our strong balance sheet to return cash to shareholders

- December 31, 2019 cash balance of $162 million
- Over the last two quarters, we have declared cumulative dividends of $0.675 per share

Busiest operations year in Company history

Completed 20 x special surveys, 17 x BWTS installations, 17 x scrubber installations

- Successfully prepared the entire fleet for IMO 2020
- Capesize vessels fully scrubber fitted by the early stages of compliance

Continued to enhance debt structure

Significantly eased dividend restrictions and obtained attractive scrubber financing

- Amended dividend covenants providing the flexibility to execute our capital allocation strategy
- Executed a $35m scrubber tranche under our $495 million credit facility

Vessel sales

Opportunistically divested select older, less fuel efficient vessels at firm values

- Agreed to sell 5 older vessels including 2 x Panamaxes and 3 x Handysizes
- Completes our exit from the Panamax sector

Further progressed our commercial operating platform

Further increased customer integration and advanced the overall platform

- Minor bulk TCE outperformance of over $700 per day in 2019*
- ~420 overall fixtures booked across our 3 global offices while adding 38 new customers in 2019

*Please see p.8 for further detail.

2019 was the busiest drydocking year in Company history…

…ahead of a significant shift in the environmental and regulatory landscape

17 **Scrubbers installed on our Capesizes**

- Able to capture wide fuel spreads early in the compliance period
- Remaining fleet consuming VLSFO – tank cleaning successfully completed



17 **Ballast Water Treatment Systems**

- 17 BWTS installed in 2019
- 28 BWTS installed fleet-wide, representing more than 50% of our vessels



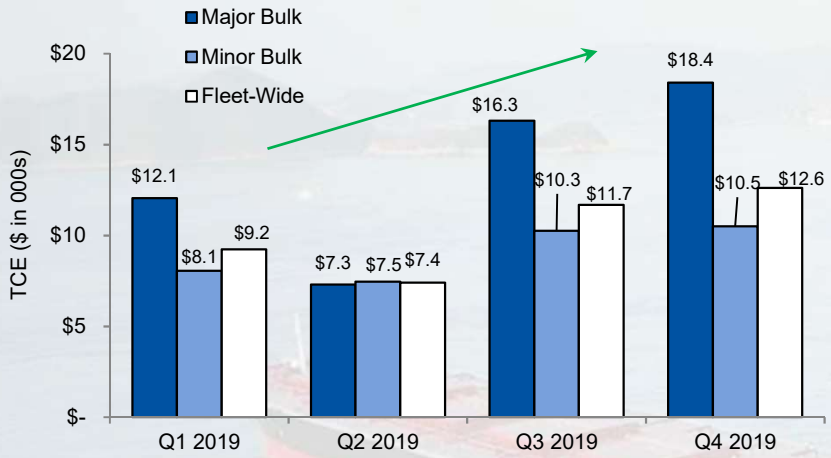
20 **Special surveys**

- 20 special surveys completed
- Approximately 40% of our fleet undertook a special survey in 2019



Rising TCE rates seen in 2H 2019

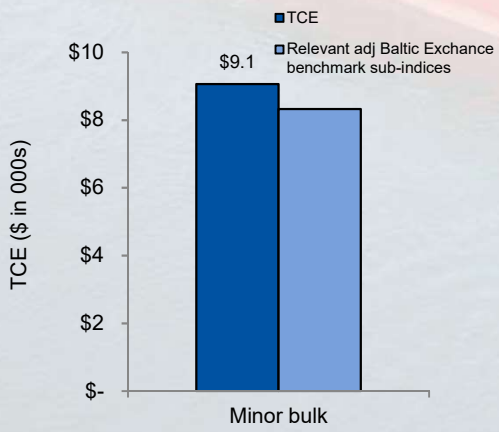
TCE increases highlight strong operating leverage



Aim to maximize Capesize utilization in 2020

	2019	2020
Genco's Capesize fleet *(# of vessels)*	17	17
Special surveys	7	0
BWTS installation	5	0
Scrubber installation	16	1

Minor bulk TCE
(FY2019)



- **Our significant operating leverage** is highlighted by the large improvement in TCE in 2H
- **Capesize fleet TCE upside materializing,** while fleet positioning on select vessels is helping to support minor bulk fleet earnings
- Outperformance of **over $700 per day on the minor bulk fleet** while TCE performance of the Capesize fleet in 2019 was impacted by IMO 2020 investments and Pacific trading during the second half of the year

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.



Financial Overview

Fourth Quarter Earnings

	Three Months Ended December 31, 2019	Three Months Ended December 31, 2018	Twelve Months Ended December 31, 2019	Twelve Months Ended December 31, 2018
	(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	$ 108,705	$ 112,185	$ 389,496	$ 367,522
Total revenues	108,705	112,185	389,496	367,522
Operating expenses:				
Voyage expenses	45,254	36,305	173,043	114,855
Vessel operating expenses	23,949	24,785	96,209	97,427
Charter hire expenses	3,436	302	16,179	1,534
General and administrative expenses (inclusive of nonvested stock amortization expense of $0.5 million, $0.5 million, $2.1 million and $2.2 million, respectively)	6,263	6,380	24,516	23,141
Technical management fees	1,857	2,075	7,567	8,000
Depreciation and amortization	18,292	18,370	72,824	68,976
Impairment of vessel assets	1,315	-	27,393	56,586
Loss (gain) on sale of vessels	779	(2,004)	168	(3,513)
Total operating expenses	101,145	86,213	417,899	367,006
Operating income (loss)	7,560	25,972	(28,403)	516
Other (expense) income:				
Other (expense) income	(22)	95	501	367
Interest income	803	1,058	4,095	3,801
Interest expense	(7,459)	(8,842)	(31,955)	(33,091)
Impairment of right-of-use asset	-	-	(223)	-
Loss on debt extinguishment	-	-	-	(4,533)
Other expense	(6,678)	(7,689)	(27,582)	(33,456)
Net income (loss)	$ 882	$ 18,283	$ (55,985)	$ (32,940)
Net earnings (loss) per share - basic	$ 0.02	$ 0.44	$ (1.34)	$ (0.86)
Net earnings (loss) per share - diluted	$ 0.02	$ 0.44	$ (1.34)	$ (0.86)
Weighted average common shares outstanding - basic	41,832,942	41,704,296	41,762,893	38,382,599
Weighted average common shares outstanding - diluted	41,989,553	41,792,956	41,762,893	38,382,599

December 31, 2019 Balance Sheet

BALANCE SHEET DATA:	December 31, 2019	December 31, 2018
	(Dollars in thousands) (unaudited)	
Cash (including restricted cash)	$ 162,249	$ 202,761
Current assets	223,195	270,451
Total assets	1,528,892	1,627,470
Current liabilities (excluding current portion of long-term debt)	57,908	35,547
Current portion of long-term debt	69,747	66,320
Long-term debt (net of $13.1 million and $16.3 million of unamortized debt issuance costs at December 31, 2019 and December 31, 2018, respectively)	412,983	468,828
Shareholders' equity	978,428	1,053,307

OTHER FINANCIAL DATA:	Three Months Ended December 31, 2019	Three Months Ended December 31, 2018	Twelve Months Ended December 31, 2019	Twelve Months Ended December 31, 2018
	(Dollars in thousands) (unaudited)		(Dollars in thousands) (unaudited)	
Net cash provided by operating activities	N/A		$ 59,526	$ 65,907
Net cash used in investing activities			(22,849)	(195,375)
Net cash (used in) provided by financing activities			(77,189)	127,283
	(unaudited)		(unaudited)	
EBITDA Reconciliation:				
Net income (loss)	$ 882	$ 18,283	$ (55,985)	$ (32,940)
+ Net interest expense	6,656	7,784	27,860	29,290
+ Depreciation and amortization	18,292	18,370	72,824	68,976
EBITDA[(1)]	$ 25,830	$ 44,437	$ 44,699	$ 65,326
+ Impairment of vessel assets	1,315	-	27,393	56,586
+ Impairment of right-of-use asset	-	-	223	-
+ Loss (gain) on sale of vessels	779	(2,004)	168	(3,513)
+ Loss on debt extinguishment	-	-	-	4,533
Adjusted EBITDA	$ 27,924	$ 42,433	$ 72,483	$ 122,932

(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.

Fourth Quarter Highlights

	Three Months Ended (unaudited)		Twelve Months Ended (unaudited)	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
FLEET DATA:				
Total number of vessels at end of period	55	59	55	59
Average number of vessels (1)	56.1	62.1	57.6	61.0
Total ownership days for fleet (2)	5,161	5,716	21,023	22,249
Total chartered-in days (3)	255	19	1,326	132
Total available days (4)	5,011	5,728	20,995	22,231
Total available days for owned fleet (5)	4,756	5,710	19,669	22,099
Total operating days for fleet (6)	4,864	5,661	20,589	21,975
Fleet utilization (7)	96.4%	98.7%	97.5%	98.5%
AVERAGE DAILY RESULTS:				
Time charter equivalent (8)	$ 12,619	$ 13,237	$ 10,182	$ 11,364
Daily vessel operating expenses per vessel (9)	4,640	4,336	4,576	4,379

(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 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. 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 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.

Estimated Q1 2020 Cash Breakeven Rates(1)

Cash as of December 31, 2019: **$162** *million*

Fleet breakeven rates – estimated Q1 2020

(Detailed Q1 2020 estimated b/e rates in appendix)



Genco's Estimated Ownership and Owned Available Days - Q1 2020			
Vessel Type	**Ownership Days**	**Drydocking Days**	**Owned Avail Days**
Capesize	1,547	16	1,531
Panamax	64	-	64
Ultramax	546	40	506
Supramax	1,820	60	1,760
Handysize	964	20	944
Total	**4,941**	**136**	**4,805**

We anticipate 7 of our vessels will spend time in the shipyard during Q1 2020

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. One-time costs associated with ballast water treatment system installation expected to be incurred during Q1 2020 of $1.2 million or ~$240 per vessel per day are not included in the above. For a complete reconciliation of non-GAAP financial measures and detailed estimated breakeven rates for Q1 2020, please refer to the appendix.

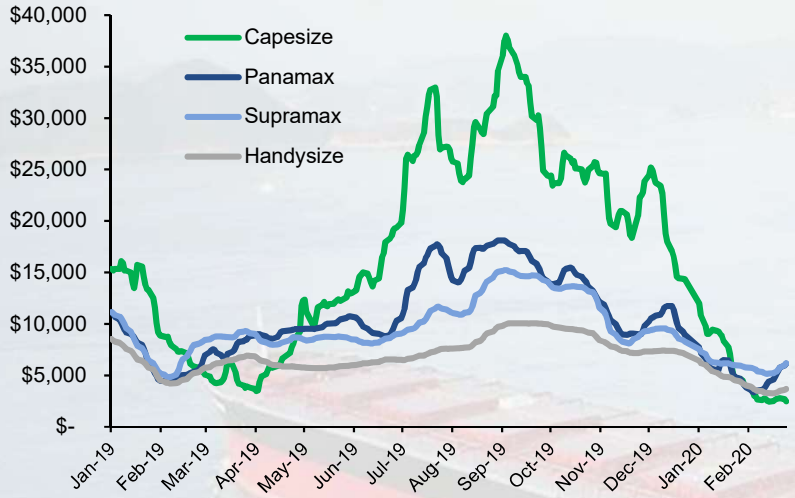
(1) Breakeven rate is based on the 2020 budget, which is subject to change. Based on a fleet of 54.30 vessels; presented for illustrative purposes only. Actual breakeven rates will vary.



Industry Overview

Current drybulk market developments

Rates have come under pressure off of 2019 highs



Factors driving the current drybulk market

1) Increased newbuilding deliveries *(~7% net fleet growth in Jan 2020)*
2) Weather related disruptions impacting cargo availability in Brazil and Australia
3) Timing of Lunar New Year in China
4) Uncertainty around Coronavirus and impact on manufacturing activity in China

Vessel supply side response materializing

Scrapping has started to increase due to…

- Poor market conditions
- The onset of IMO 2020
  - Older, non-scrubber fitted Capesizes are becoming increasingly uncompetitive
  - Higher fuel costs make ballasting to the Atlantic very costly
- ~100 Capes >=18 years old
- Older VLOC conversions likely to come under further scrutiny

Incremental iron ore volumes expected in 2H 2020

Increased seaborne iron ore exports volumes in 2H

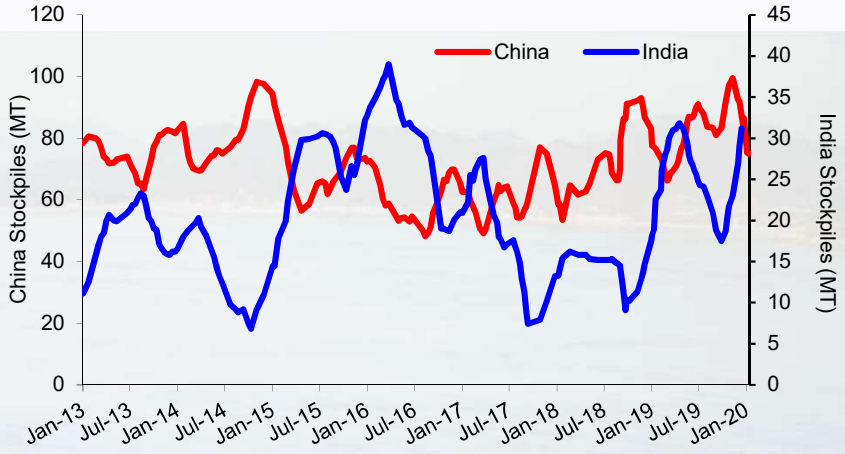
- Vale reiterated full year 2020 iron ore production guidance despite reducing Q1 estimates
  - Implies a higher weighting of iron ore production in Q2 to Q4
- Historically, Brazilian iron ore exports are ~20% greater in 2H as compared to 1H
  - Increased long-haul shipments could be supportive for the Capesize market

Source: Clarkson Research Services Limited 2020

China's steel production growth remains strong

Global Steel Production (million tons)[1]			
	FY 2019	FY 2018	% Variance
China	996.3	920.0	8.3%
European Union	159.4	167.7	-4.9%
Japan	99.3	104.3	-4.8%
India	111.2	109.3	1.8%
South Korea	71.4	72.5	-1.4%
Global Production	1,848.5	1,786.0	3.5%
Ex-China	852.2	866.0	-1.6%

Coal Power Plant Stockpiles[2]



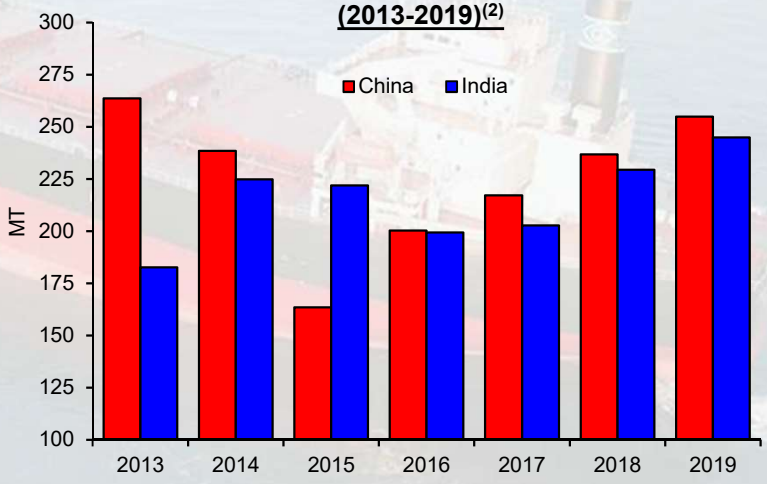
Steel Production

- Chinese steel production increased by 8.3% in 2019 YOY[1]
- China's iron ore imports exceeded the 90MT threshold during each month of 2H 2019, marking the first time this has occurred on record[2]

Coal

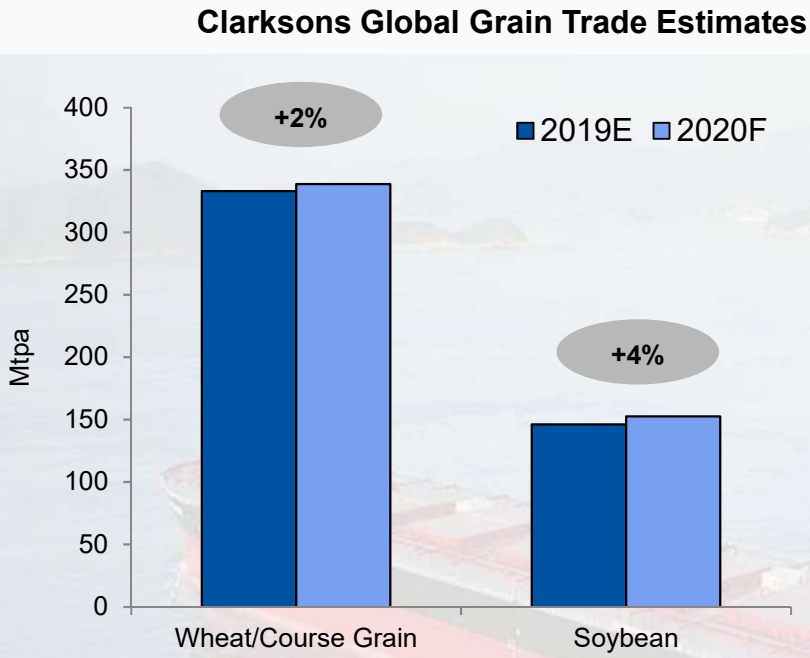
- China's coal power plant stockpiles are currently at the lowest level since last April[3]
  - Stockpiles currently stand at 75MT

China and India Coal Imports (2013-2019)[2]



1) Source: World Steel Association
2) Source: Clarkson Research Services Limited 2020
3) Source: Commodore Research

Steady grain trade with seasonal impact



Seaborne Wheat / Course Grain Trade (MT)			
Exporter	**2019 (e)**	**2020 (f)**	**% Variance**
Argentina	47	50	6%
Australia	14	14	2%
Canada	26	26	0%
EU	37	40	7%
US	60	68	13%
Others	148	140	-6%
Total	**333**	**339**	**2%**

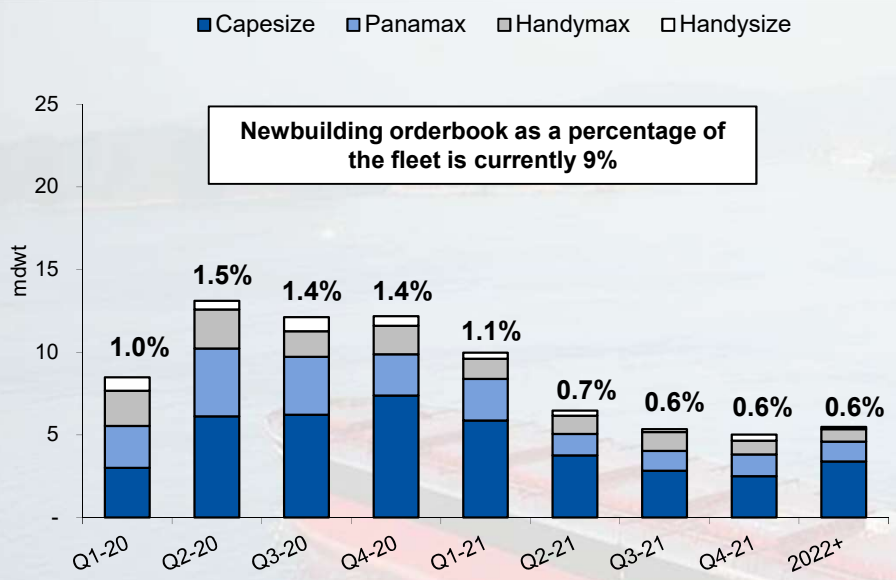
Seaborne Soybean Trade (MT)			
Exporter	**2019 (e)**	**2020 (f)**	**% Variance**
United States	46	48	5%
Brazil	74	77	4%
Argentina	9	10	4%
Paraguay	5	5	6%
Canada	5	5	-9%
Uruguay	2	3	11%
Others	4	5	14%
Total	**146**	**153**	**4%**

- South American grain season to commence in March with Brazil expected to have another strong soybean crop
- China has reportedly agreed to purchase large amounts of American agriculture products in the coming months as part of a Phase-1 trade deal with the US
- China significantly increased imports of bauxite in 2019
  - Imports of the commodity increased by 22% YOY

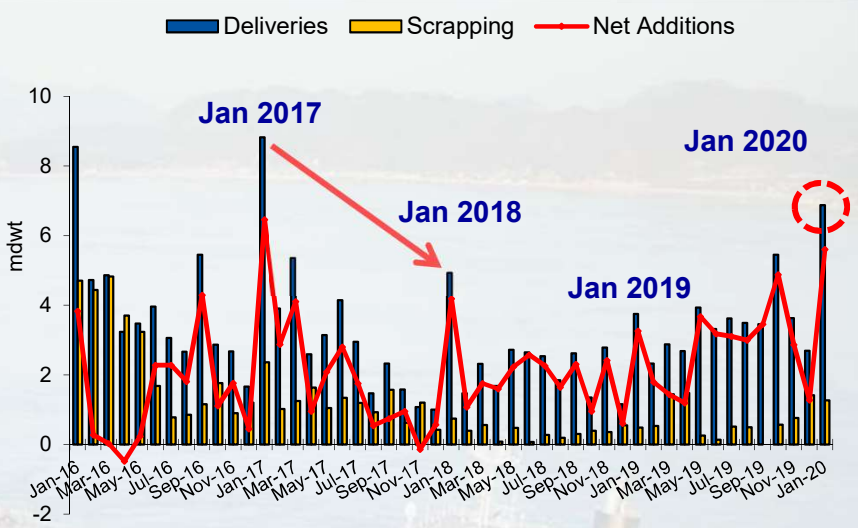
Source: Clarkson Research Services Limited 2020

Supply Side Fundamentals

Current Drybulk Vessel Orderbook by Type

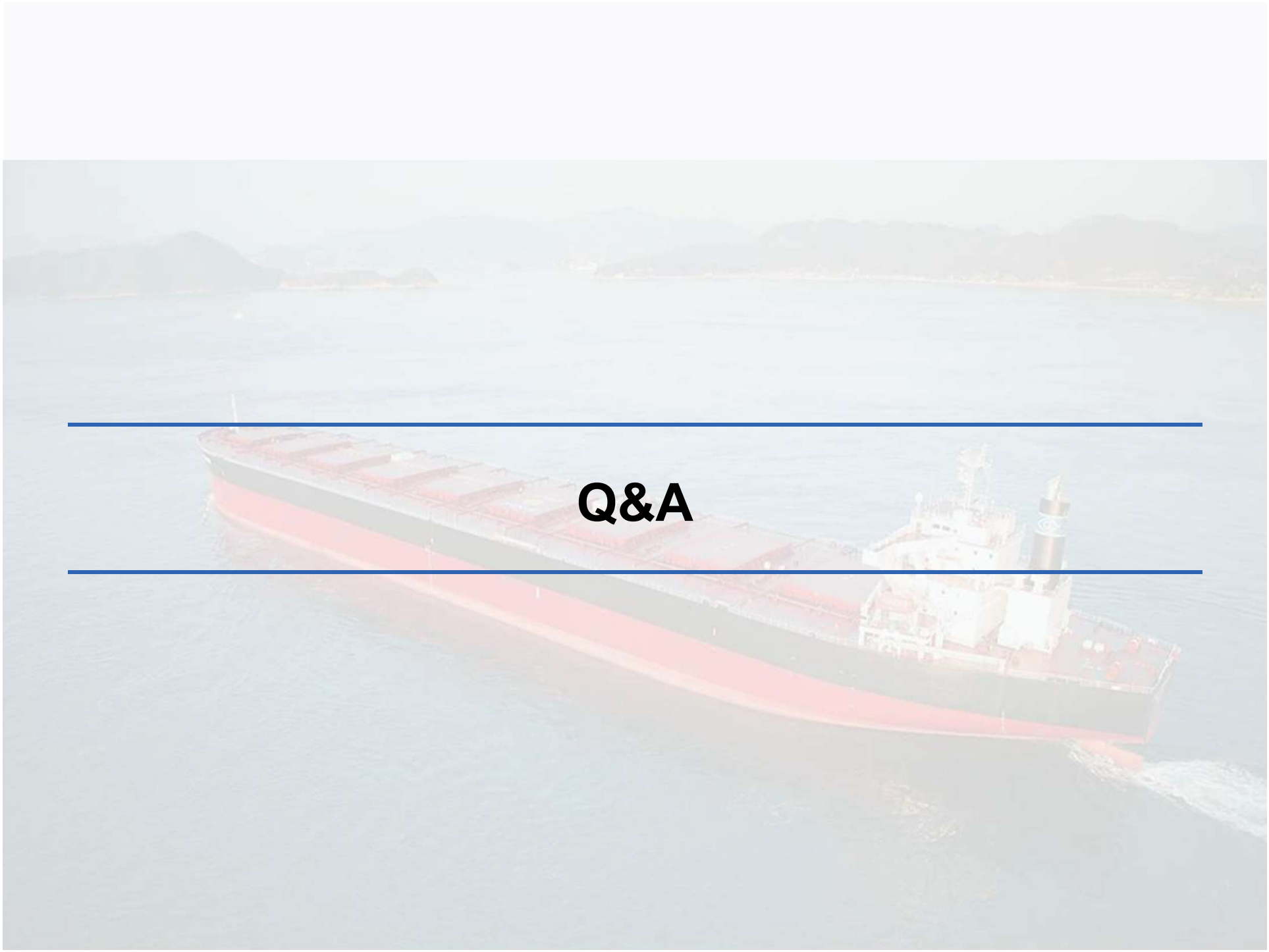


Drybulk Vessel Deliveries vs. Scrapping



- January represented the largest month for newbuilding deliveries since January 2017
- Scrapping levels in 2020 have been strong in the YTD, with 13 Capesize demolitions already reported
- Orderbook as a percentage of the fleet is currently at approximately 9%
- 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 2020



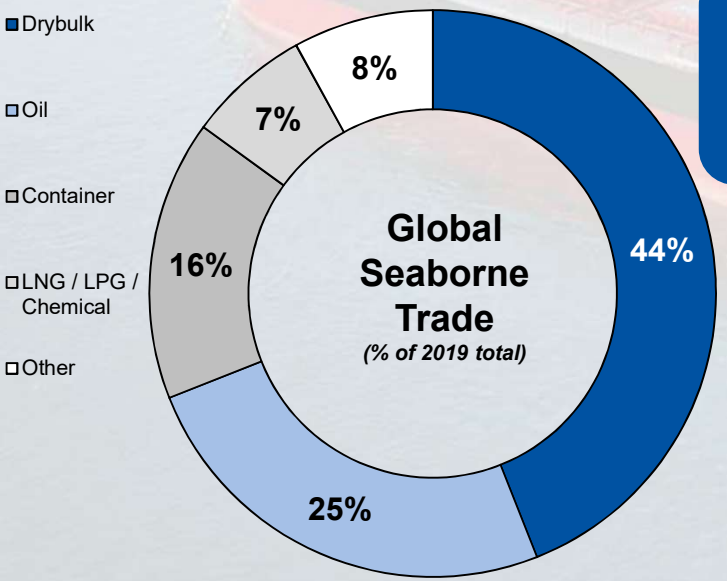
Q&A



Appendix

Shipping plays an essential role in global development

- Shipping is a **fundamental pillar** of the global economy
- Transportation by sea is a **cost-effective and fuel-efficient** way to move goods and raw materials in large scale around the world
- Maritime activity plays a key role in **alleviating extreme poverty and hunger** – also provides a large source of income and employment for many developing countries creating jobs globally
- Raw materials, such as iron ore which (integral in the steelmaking process), are **building blocks for daily life**



Drybulk trade is nearly half of seaborne trade volume



Shipping contributes to a circular economy

Sources: IMO, World Steel Association, Clarksons Research Services Limited 2020

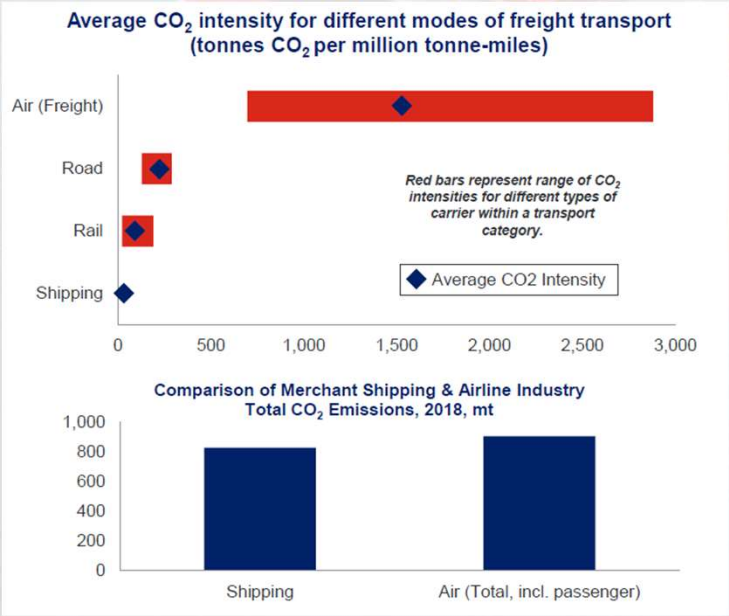
Shipping is a highly efficient mode of freight transport

~90% **of global trade is carried by the international shipping industry**
but shipping only accounts for…

2.3% **…of global CO2 emissions** *(down from 2.7% in 2008)*

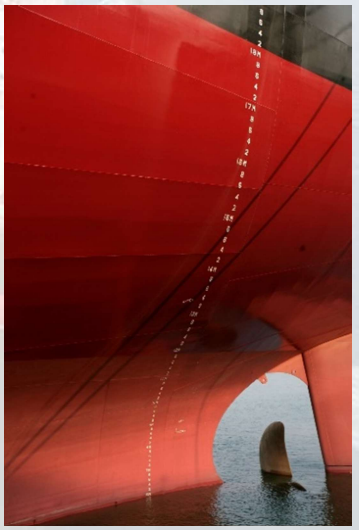
-18% **Global fuel consumption of the world shipping fleet has declined by 18% from 2008 levels, despite a…**

+37% **…increase in global seaborne trade**









Sources: IMO, Clarksons Research Services Limited 2020

Genco transported 32 mdwt of drybulk commodities in 2019…

We employ a diversified asset base consisting of the larger Capesize vessels, medium size Ultramax / Supramax vessels as well as the smaller Handysize vessels enabling us to carry a wide range of cargoes worldwide

55 *vessels* — **Genco's owned fleet as of December 31, 2019** *(# of vessels)*

4.9 *mdwt* — **Of cargo carrying capacity**

420 — **Fixtures booked by our in-house commercial team across 3 global offices**

38 — **New customers that we conducted business with in 2019**

Commodities carried


Iron ore: 46%


Coal: 16%


Grains: 15%


Steel/Pig Iron: 4%


Potash/Fertilizer: 4%


Alumina/Bauxite: 2%


Limestone: 1%


Miscellaneous: 12%

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

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

Minor Bulk		
Vessel Name	**Year Built**	**Dwt**
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
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

17 *Capesize*

26 *Ultra/Supra*

10 *Handysize*







Note: Genco Thunder is excluded from the above as the vessel is expected to deliver to new buyers in Q1 2020.

Time Charter Equivalent Reconciliation[1]

	Three Months Ended		Twelve Months Ended	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
	(unaudited)		(unaudited)	
Total Fleet				
Voyage revenues (in thousands)	$ 108,705	$ 112,185	$ 389,496	$ 367,522
Voyage expenses (in thousands)	45,254	36,305	173,043	114,855
Charter hire expenses (in thousands)	3,436	302	16,179	1,534
	60,015	75,578	200,274	251,133
Total available days for owned fleet	4,756	5,710	19,669	22,099
Total TCE rate	$ 12,619	$ 13,237	$ 10,182	$ 11,364

	Three Months Ended		
	March 31, 2019	June 30, 2019	September 30, 2019
	(unaudited)		
Total Fleet			
Voyage revenues (in thousands)	$ 93,464	$ 83,550	$ 103,776
Voyage expenses (in thousands)	43,022	41,800	42,967
Charter hire expenses (in thousands)	2,419	4,849	5,475
	48,023	36,901	55,334
Total available days for owned fleet	5,203	4,978	4,735
Total TCE rate	$ 9,230	$ 7,412	$ 11,687

(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. Our estimated TCE for the fourth quarter of 2019 is based on fixtures booked to date. Actual results may vary based on the actual duration of voyages and other factors. Accordingly, we are unable to provide, without unreasonable efforts, a reconciliation of estimated TCE for the fourth quarter to the most comparable financial measures presented in accordance with GAAP.

Adjusted Net Income Reconciliation

	Three Months Ended December 31, 2019
	(unaudited)
Adjusted Net Income Reconciliation	
Net income	$ 882
+ Impairment of vessel assets	1,315
+ Loss on sale of vessels	779
Adjusted net income	$ 2,976
Adjusted net earnings per share - basic	$ 0.07
Adjusted net earnings per share - diluted	$ 0.07
Weighted average common shares outstanding - basic	41,832,942
Weighted average common shares outstanding - diluted	41,989,553
Weighted average common shares outstanding - basic as per financial statements	41,832,942
Dilutive effect of stock options	52,252
Dilutive effect of restricted stock awards	104,359
Weighted average common shares outstanding - diluted as adjusted	41,989,553

Q1 2020 Genco Estimated Breakeven Rates[1]

Daily Expenses by Category	Free Cash Flow[2]	Net Income
Direct Vessel Operating[3]	$4,590	$4,590
General and Administrative Expenses[4]	1,038	1,096
Technical Management Fees[5]	357	357
Drydocking[6]	870	-
Interest Expense[7]	1,236	1,428
Fixed Debt Repayments[8]	3,692	-
Depreciation[9]	-	3,729
Daily Expense[10]	**$11,783**	**$11,200**
Number of Vessels[11]	54.30	54.30

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 2020.

(7) Interest expense is based on our debt level as of December 31, 2019 less scheduled fixed debt repayments in Q1 2020 as well as commitment fees and drawdowns under our scrubber facility of up to $35 million. 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 2020 aggregate to $18.2 million under our outstanding credit facilities. Repayment of debt due to vessel sales is excluded from this calculation.

(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 54.30 vessels.


Thank you