Genco Shipping & Trading Limited



Q4 2020 Earnings Presentation

February 25th, 2021

Forward Looking Statements

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

This release 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 our 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, general and administrative expenses, 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 freight 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) 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, worldwide compliance with sulfur emissions regulations that took effect on January 1, 2020 and our ability to realize the economic benefits or recover the cost of the scrubbers we have installed.; (xix) our financial results for the year ending December 31, 2021 and other factors relating to determination of the tax treatment of dividends we have declared; (xx) the duration and impact of the COVID-19 novel coronavirus epidemic, which may negatively affect general global and regional economic conditions; our ability to charter our vessels at all and the rates at which are able to do so; our ability to call on or depart from ports on a timely basis or at all; our ability to crew, maintain, and repair our vessels, including without limitation the impact diversion of our vessels to perform crew rotations may have on our revenues, expenses, and ability to consummate vessel sales, expense and disruption to our operations that may arise from the inability to rotate crews on schedule, and delay and added expense we may incur in rotating crews in the current environment; our ability to staff and maintain our headquarters and administrative operations; sources of cash and liquidity; our ability to sell vessels in the secondary market, including without limitation the compliance of purchasers and us with the terms of vessel sale contracts, and the prices at which vessels are sold; and other factors relevant to our business described from time to time in our filings with the Securities and Exchange Commission; and (xxii) other factors listed from time to time in our filings with the Securities and Exchange Commission, including, without limitation, our Annual Report on Form 10-K for the year ended December 31, 2020 and subsequent reports on Form 8-K and Form 10-Q. 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 2020 and Year-to-Date Highlights
- Financial Overview
- Industry Overview

Fourth Quarter 2020 and Year-to-Date Highlights

Fourth Quarter 2020 and YTD Update

Q4 2020 financial performance

- Cash position: $179.7 million, including $35.5 million of restricted cash related to vessel sales
- Adjusted net income of $9.3 million, basic and diluted earnings per share of $0.22 (excluding $74.2 million non-cash impairment of vessels and $1.0 million loss on sale of vessels)
  - Net loss: $65.9 million, basic and diluted loss per share: $1.57
- Adjusted EBITDA: $29.7 million



Commercial operating platform

- Voyage revenues totaled $95.5 million and net revenue (voyage revenues minus voyage expenses and charter hire expenses) totaled $57.3 million during Q4 2020
- Q4 TCE: $13,167 per day marking the highest company-wide quarterly TCE in two years
- FY 2020 fleet-wide TCE of $10,221, resulting in benchmark outperformance of ~$800 per day
  - 2020 marks the third consecutive year of minor bulk TCE benchmark outperformance
- Signed the Neptune Declaration on Seafarer Wellbeing and Crew Change to address the unprecedented crew change crisis caused by COVID-19



Capital allocation strategy

- Declared a regular quarterly divided of $0.02 per share for Q4 2020
  - Payable on or about March 17, 2021 to all shareholders of record as of March 10, 2021
- Declared cumulative dividends of $0.755 per share over the last six quarters



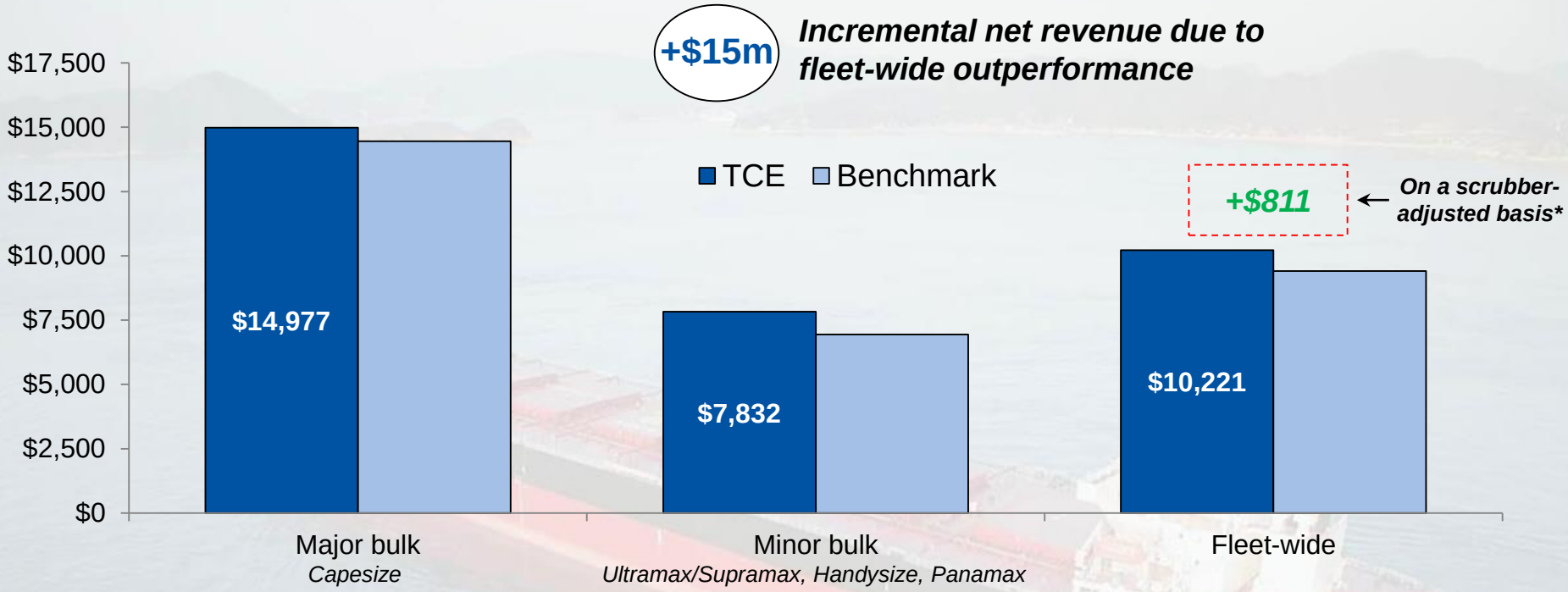
Fleet renewal update – divestiture portion completed

- **Completed vessel swap:** acquired 3 modern, fuel efficient Ultramax vessels in exchange for six older, non-core Handysize vessels
- **Vessel sales:** delivered 4 vessels to their new owners in Q4 2020 and 3 vessels in Q1 2021
- **Agreed to 2 other vessel sales** which we expect to complete by 1H 2021

Note: Please refer to slide 6 and 7 for further detail regarding TCE outperformance. For a reconciliation of Adjusted EBITDA, a non-GAAP financial measure, please refer to slide 14.

Genco's commercial platform continues to outperform benchmarks

Genco's major and minor bulk FY 2020 TCE performance vs benchmark*



- Booked ~400 fixtures and added nearly 20 new customers in 2020
- Major bulk fleet consists of 17 scrubber-fitted Capesize vessels
- Minor bulk fleet represents the balance of our fleet which in 2020 included Ultramax, Supramax, Handysize and Panamax vessels

*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 (BPI, BSI 58 and BHSI) as well as the Platts Scrubber Fitted Capesize Index net of 5% for commissions, adjusted for our owned-fleet composition as well as the characteristics of our vessels. We benchmark our fully scrubber-fitted Capesize fleet of 17 vessels against the Platts Scrubber Fitted Capesize Index as we view this as a more relevant benchmark as compared to the Baltic Capesize Index which represents a non-scrubber fitted vessel. Please see the appendix for our definition of TCE as well as further detail regarding TCE calculations.

3-year track record of Ultra/Supra benchmark outperformance

Ultra / Supra TCE outperformance - incremental TCE per day

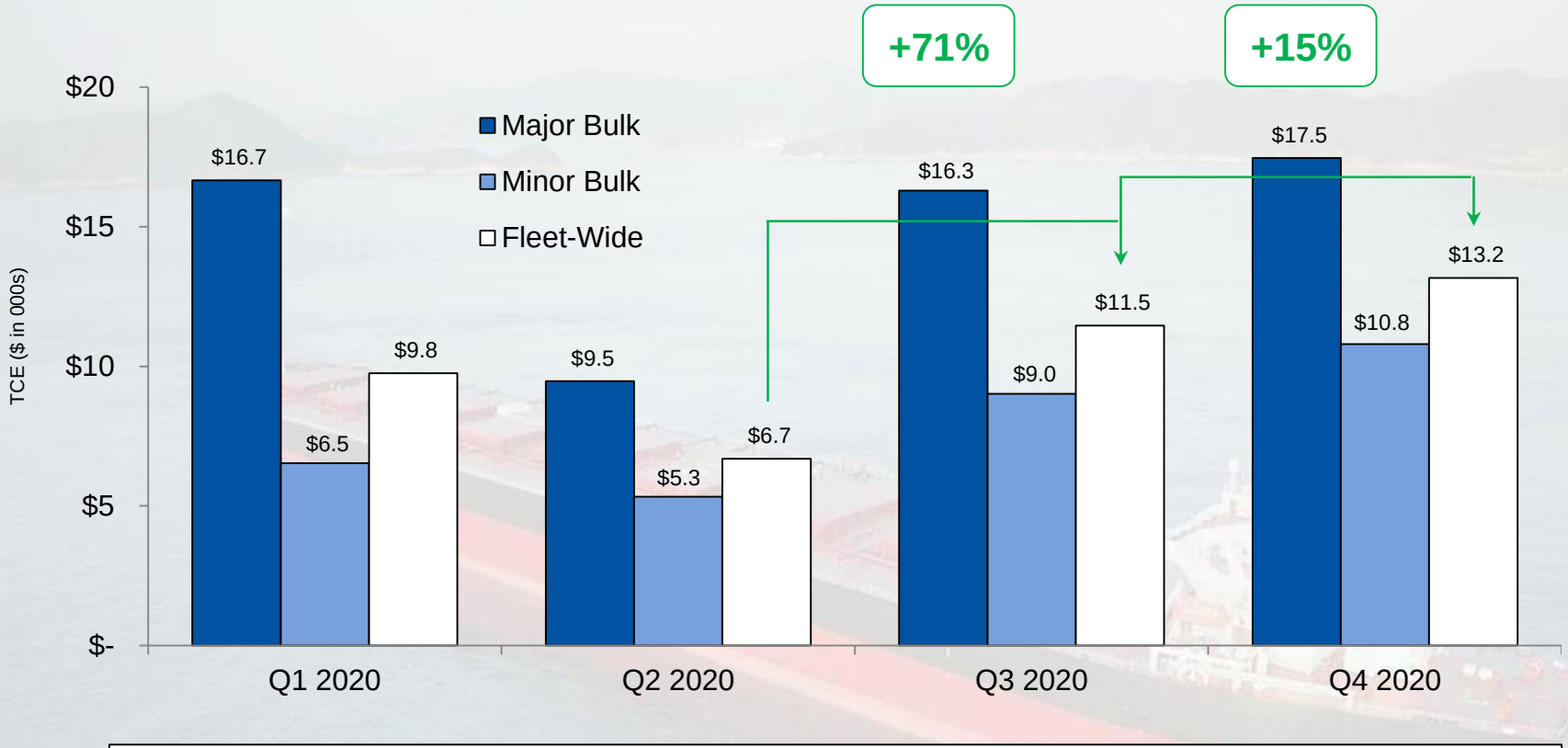


- Following the completion of vessel sale and purchase activity, Genco's minor bulk fleet will be fully concentrated on Ultramax and Supramax vessels
- TCEs for 2018, 2019 and 2020 for the Ultramax and Supramax sectors were: $10,786, $9,408 and $8,515, respectively

*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 (BSI 58) 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.

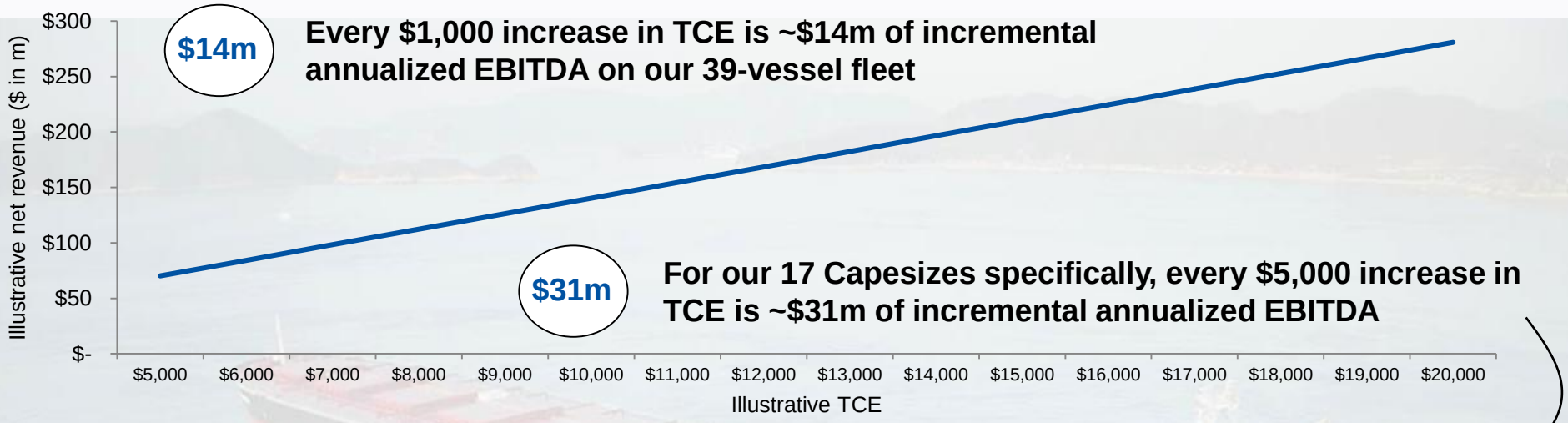
FY 2020 TCE highlights significant 2H improvement

Our vessel deployment strategy remains weighted towards short-term fixtures which provides us with optionality on our sizeable fleet

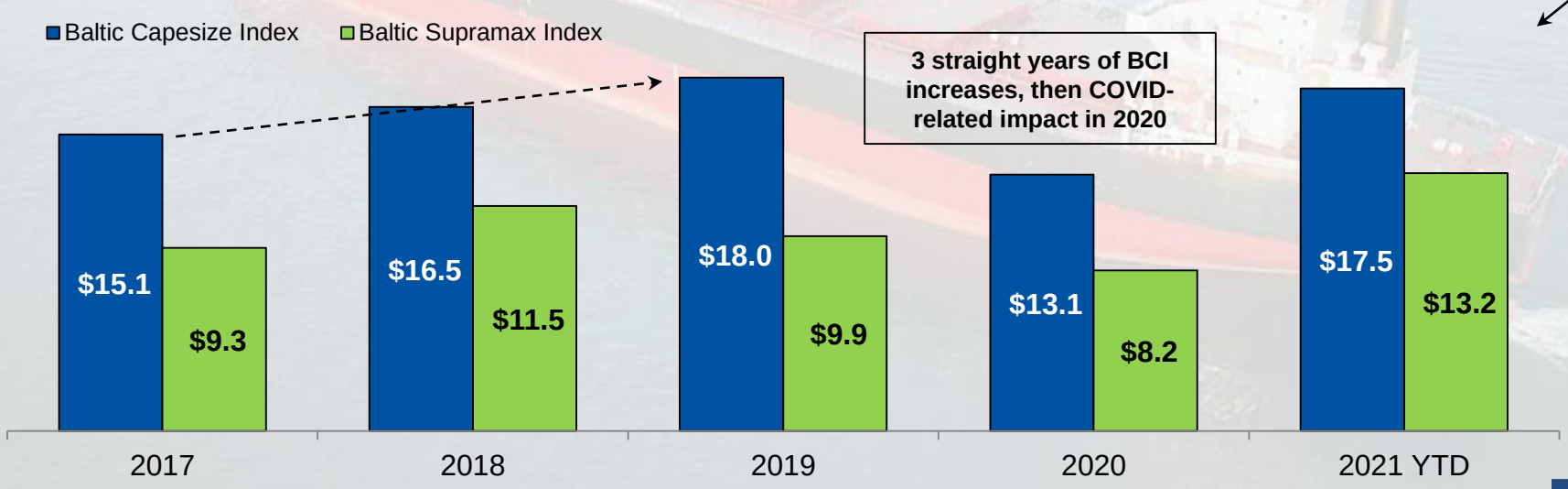


- Our sizeable fleet provides us with significant operating leverage in what has been a recovering freight market since June 2020
- Firm drybulk market from 2H 2020 has carried over into 2021 to date

Fleet-wide operating leverage



Capesize and Supramax rates quoted by the Baltic Exchange ($ in 000s)

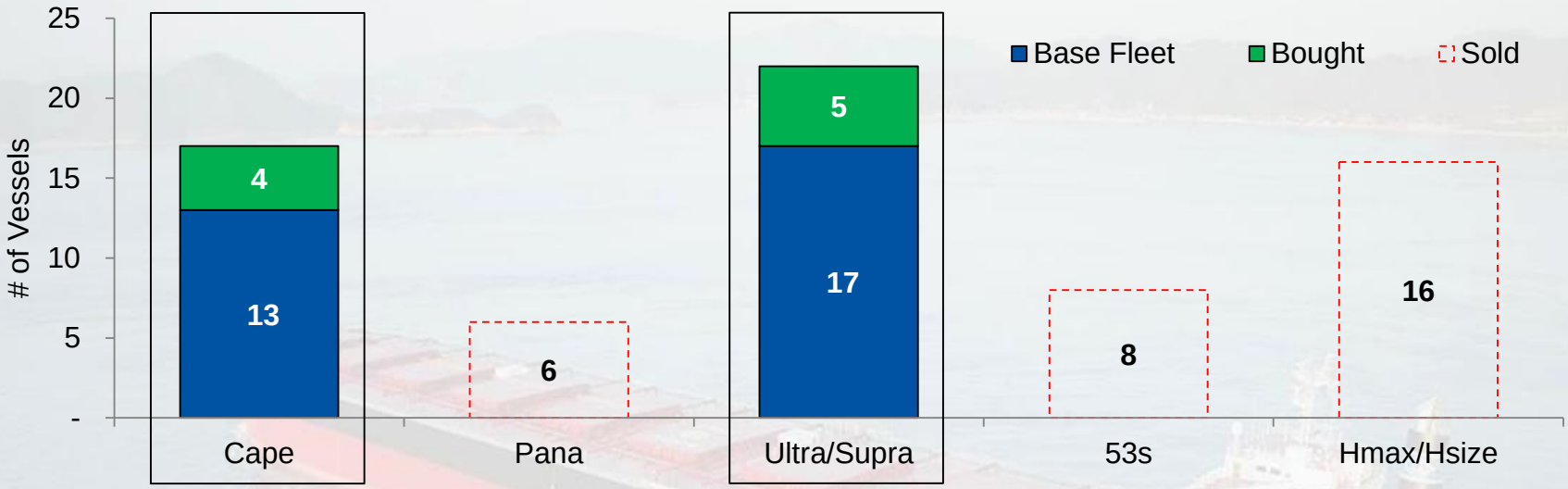


Sources: Clarksons Research Services 2021, Baltic Exchange
Note: based on a fleet of 39 ships, for illustrative purposes only

Fleet renewal program: divestiture portion complete

Genco's pro forma fleet composition

(based on sale and purchase activity from 2018 to date)



- **Fleet composition strategy:** "barbell" approach to fleet composition concentrated on the ownership of Capesize and Ultramax/Supramax vessels
- **Completed vessel swap transaction:** acquired 3 modern, eco Ultramaxes in exchange for 6 older, non-core Handysize vessels – grew in the core Ultramax sector while completing our exit of Handysizes
- **Expand in the Ultramax sector** – looking to further expand in the Ultramax sector utilizing proceeds from recent minor bulk vessel sales

Note: Pro forma fleet is based upon agreed upon vessel sales (Baltic Leopard and Genco Lorraine)..

GNK stock performance

GNK's large shareholders' % ownership*



Since Dec 11, 2020: GNK share price has lagged the peer group of listed drybulk shipping companies during a time in which significant large shareholder sales have been occurring

- We believe large stock sales have contributed to GNK trading at a discount to net asset value
- Total value of GNK shares traded: $357 million (based on closing share price x daily volume)
- Total value of GNK shares traded by 3 current and former large shareholders: $74 million or 21% of total volume over this period*

*Represents ownership of large shareholders with representation on Genco's board of directors. Prior to December 2020, Genco had three such shareholders. On December 15, 2020, the sole director affiliated with Strategic Value Partners, LLC ("SVP") resigned from our board, and investment funds affiliated with SVP reported sales reducing their ownership to approximately 1.3 million Genco shares, or approximately 3%. Additionally, based on filings with the SEC through February 24, 2021, investment funds affiliated with Centerbridge Partners, L.P. and investment funds managed by affiliates of Apollo Global Management, LLC reported sales that reduced their ownership of our stock to approximately 9.2 million and 4.4 million shares, respectively. As a result, we have two remaining large shareholders with board representation who own an aggregate of approximately 13.6 million shares, or approximately 32% of our stock.

Financial Overview

Fourth Quarter Earnings

	Three Months Ended December 31, 2020	Three Months Ended December 31, 2019	Twelve Months Ended December 31, 2020	Twelve Months Ended December 31, 2019
	(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	$ 95,495	$ 108,705	$ 355,560	$ 389,496
Total revenues	95,495	108,705	355,560	389,496
Operating expenses:				
Voyage expenses	33,435	45,254	156,985	173,043
Vessel operating expenses	21,088	23,949	87,420	96,209
Charter hire expenses	4,780	3,436	10,307	16,179
General and administrative expenses (inclusive of nonvested stock amortization expense of $0.5 million, $0.6 million, $2.0 million and $2.1 million, respectively)	4,912	6,263	21,266	24,516
Technical management fees	1,645	1,857	6,961	7,567
Depreciation and amortization	15,549	18,292	65,168	72,824
Impairment of vessel assets	74,225	1,315	208,935	27,393
Loss on sale of vessels	1,012	779	1,855	168
Total operating expenses	156,646	101,145	558,897	417,899
Operating (loss) income	(61,151)	7,560	(203,337)	(28,403)
Other (expense) income:				
Other income (expense)	49	(22)	(851)	501
Interest income	79	803	1,028	4,095
Interest expense	(4,898)	(7,459)	(22,413)	(31,955)
Impairment of right-of-use asset	-	-	-	(223)
Other expense	(4,770)	(6,678)	(22,236)	(27,582)
Net (loss) income	$ (65,921)	$ 882	$ (225,573)	$ (55,985)
Net (loss) earnings per share - basic	$ (1.57)	$ 0.02	$ (5.38)	$ (1.34)
Net (loss) earnings per share - diluted	$ (1.57)	$ 0.02	$ (5.38)	$ (1.34)
Weighted average common shares outstanding - basic	41,933,926	41,832,942	41,907,597	41,762,893
Weighted average common shares outstanding - diluted	41,933,926	41,989,553	41,907,597	41,762,893

December 31, 2020 Balance Sheet

	December 31, 2020	December 31, 2019
	(Dollars in thousands) (unaudited)	
BALANCE SHEET DATA:		
Cash (including restricted cash)	$ 179,679	$ 162,249
Current assets	247,202	223,195
Total assets	1,232,809	1,528,892
Current liabilities (excluding current portion of long-term debt)	32,979	57,908
Current portion of long-term debt	80,642	69,747
Long-term debt (net of $9.7 million and $13.1 million of unamortized debt issuance costs at December 31, 2020 and December 31, 2019, respectively)	358,933	412,983
Shareholders' equity	744,994	978,428

	Three Months Ended		Twelve Months Ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
	(Dollars in thousands) (unaudited)		(Dollars in thousands) (unaudited)	
OTHER FINANCIAL DATA:				
Net cash provided by operating activities	N/A		$ 36,896	$ 59,526
Net cash provided by (used in) investing activities			37,439	(22,849)
Net cash used in financing activities			(56,905)	(77,189)
	(unaudited)		(unaudited)	
EBITDA Reconciliation:				
Net (loss) income	$ (65,921)	$ 882	$ (225,573)	$ (55,985)
+ Net interest expense	4,819	6,656	21,385	27,860
+ Depreciation and amortization	15,549	18,292	65,168	72,824
EBITDA[(1)]	$ (45,553)	$ 25,830	$ (139,020)	$ 44,699
+ Impairment of vessel assets	74,225	1,315	208,935	27,393
+ Impairment of right-of-use asset	-	-	-	223
+ Loss on sale of vessels	1,012	779	1,855	168
Adjusted EBITDA	$ 29,684	$ 27,924	$ 71,770	$ 72,483

(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, 2020	December 31, 2019	December 31, 2020	December 31, 2019
FLEET DATA:				
Total number of vessels at end of period	47	55	47	55
Average number of vessels (1)	48.5	56.1	51.8	57.6
Total ownership days for fleet (2)	4,462	5,161	18,957	21,023
Total chartered-in days (3)	400	255	1,216	1,326
Total available days (4)	4,751	5,011	19,636	20,995
Total available days for owned fleet (5)	4,350	4,756	18,420	19,669
Total operating days for fleet (6)	4,637	4,864	19,204	20,589
Fleet utilization (7)	96.8%	96.4%	97.1%	97.5%
AVERAGE DAILY RESULTS:				
Time charter equivalent (8)	$ 13,167	$ 12,619	$ 10,221	$ 10,182
Daily vessel operating expenses per vessel (9)	4,726	4,640	4,612	4,576

(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. 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.

Genco's industry leading balance sheet

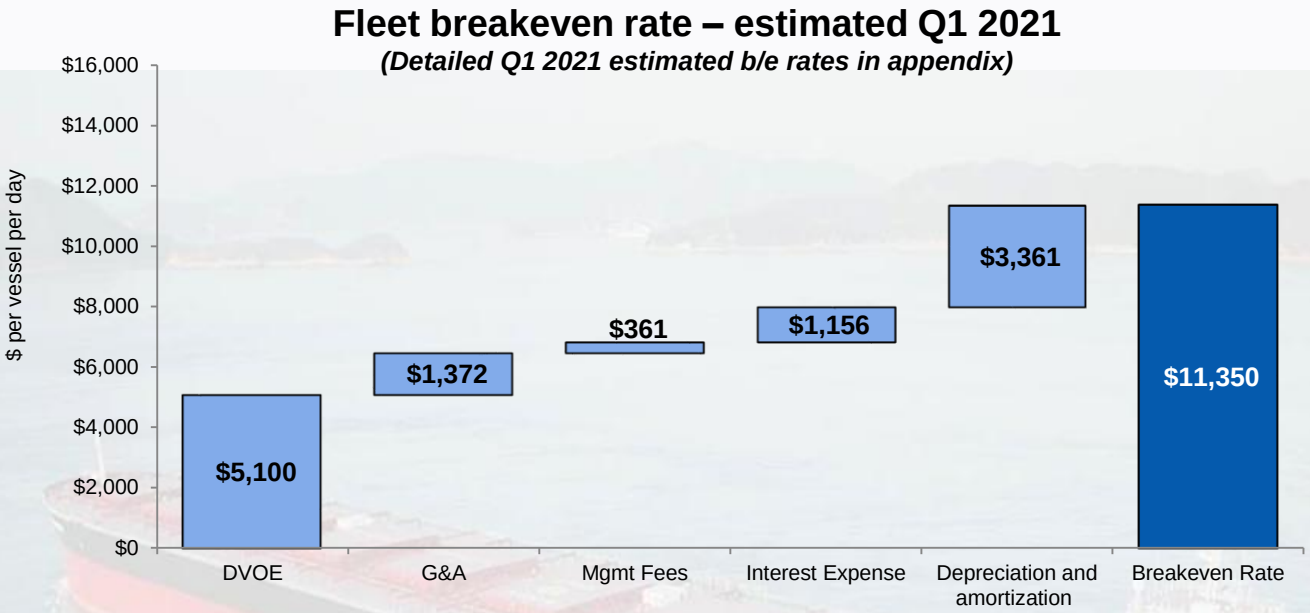
Key balance sheet items as of December 31, 2020

Cash[1]	Debt[2]	Net Debt[3]
$179.7 million	$449.2 million	$269.5 million

- **Strong financial position:** Genco continues to maintain one of the highest liquidity positions and lowest leverage profiles among our drybulk peer group

1) Cash balance as of December 31, 2020 includes $35.8 million of restricted cash.
2) The debt balance presented is gross of $9.7 million of unamortized debt issuance costs.
3) Net debt is equal to debt minus cash

Estimated Q1 2021 Net Income Breakeven Rate(1)



Genco's Estimated Ownership and Owned Available Days - Q1 2021			
Vessel Type	**Ownership Days**	**Drydocking Days**	**Owned Avail Days**
Capesize	1,530	20	1,510
Ultramax	733	-	733
Supramax	1,407	-	1,407
Handysize	225	-	225
Total	**3,895**	**20**	**3,875**

We anticipate one of our vessels will drydock during Q1 2021

Note: Breakeven rate consists of direct vessel operating expenses, general and administrative expenses, technical management fees, interest expenses and deprecation and amortization. Please refer to the appendix for further detail.

(1) Breakeven rate is based on the 2021 budget, which is subject to change. Based on a fleet of 43.28 vessels; presented for illustrative purposes only. Actual breakeven rates will vary.

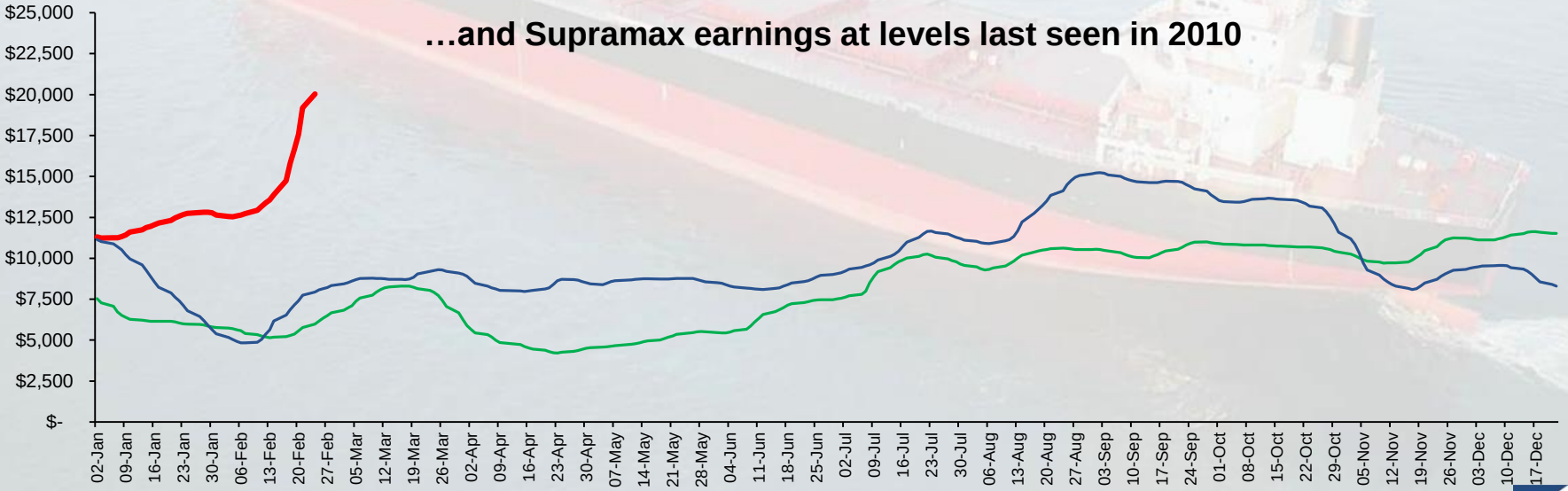
Industry Overview

Freight rates have started 2021 off strong…

…with Capesize rates reaching their highest point for a first quarter since 2014…



…and Supramax earnings at levels last seen in 2010



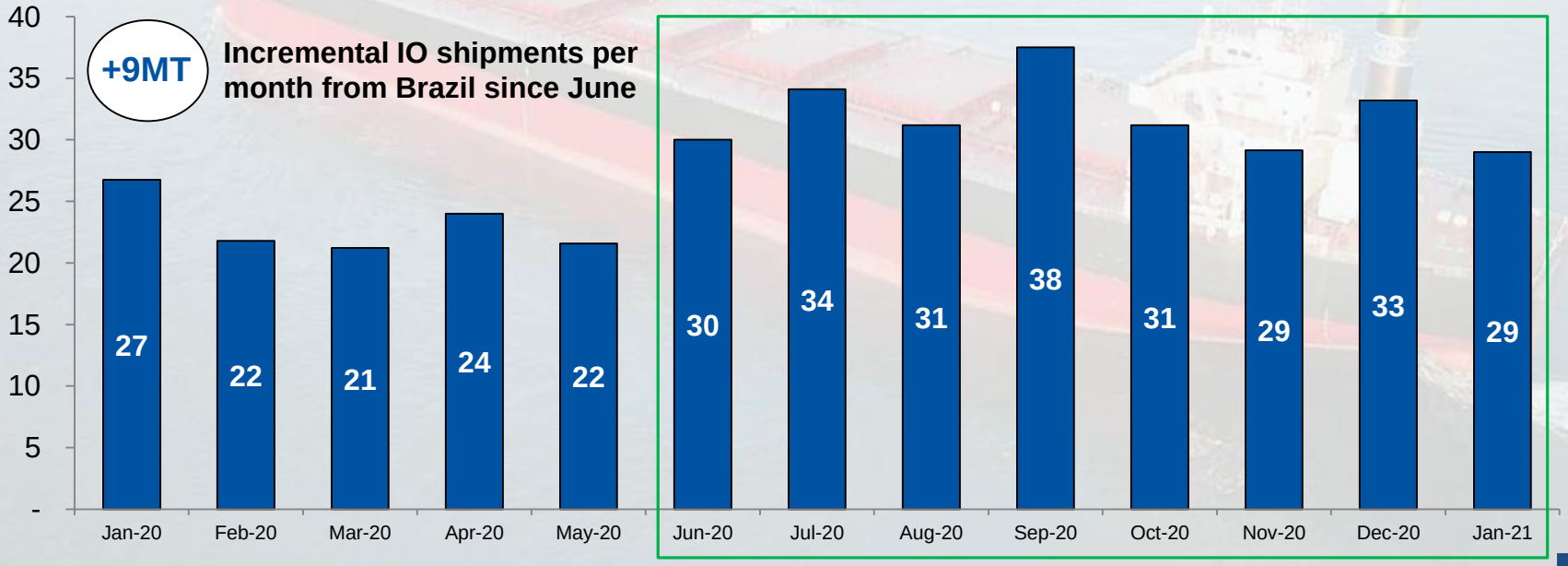
Source: Baltic Exchange

Brazilian iron ore exports have recovered…

…following poor weather conditions and operational challenges that disrupted production and shipments during most of 1H 2020

- Brazilian iron ore exports have exceeded 30MT in 6 out of the last 8 months
  - January 2021 exports rose by over 8% YOY
- Vale has issued 2021 production guidance of 315-335MT
- Vale forecasts to reach a runrate of 350mtpa by the end of 2021 and 400mtpa by the end of 2022

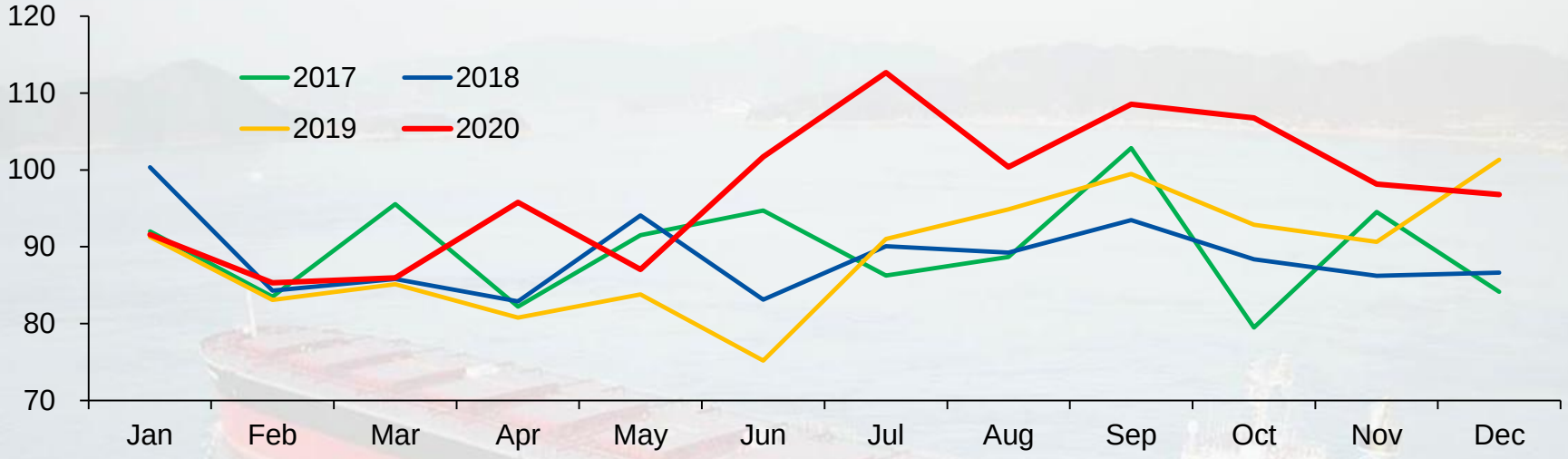
Brazil IO exports over the past 8 months averaged 32MT vs 23MT in the prior 5



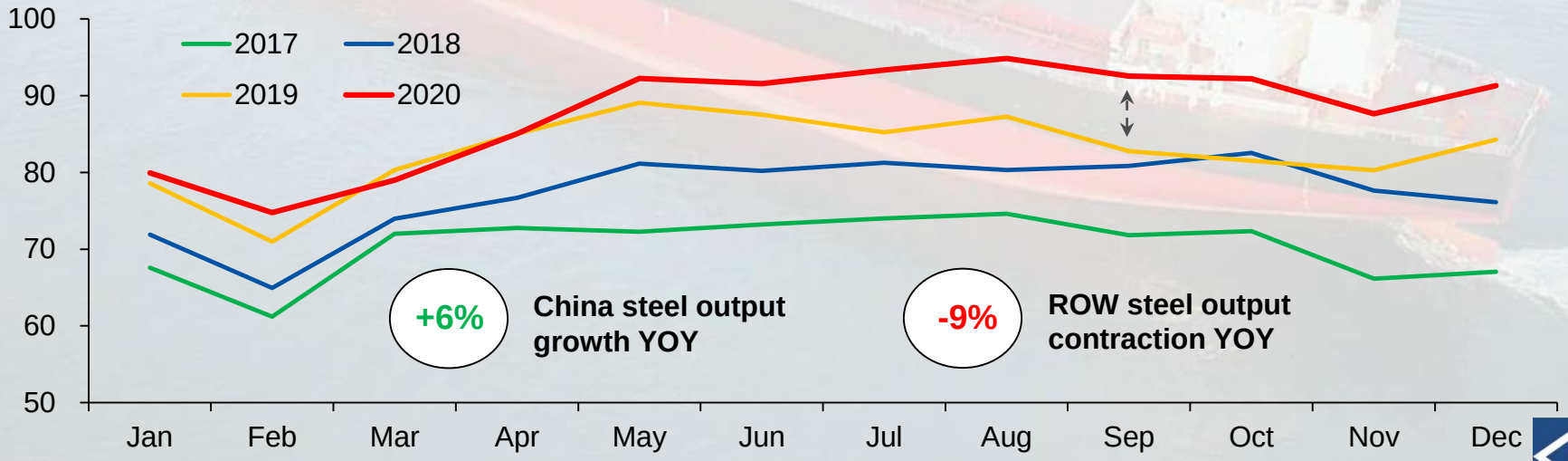
Source: Clarksons Research Services Limited 2021, Vale

China's record IO imports led by all-time high steel output

China's IO imports rose by *9%* YOY in 2020…



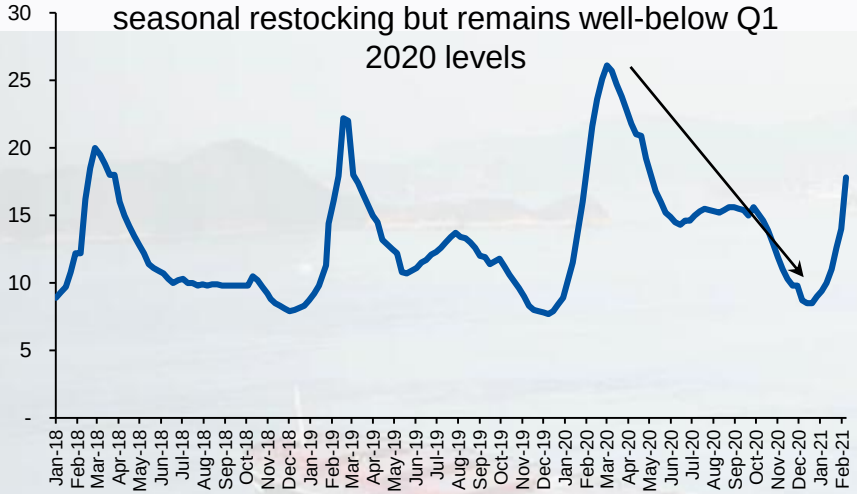
…as China's steel output continues to set records and gain global market share



Source: Clarksons Research Services Limited 2021, World Steel

Inventory levels for key major bulk trades

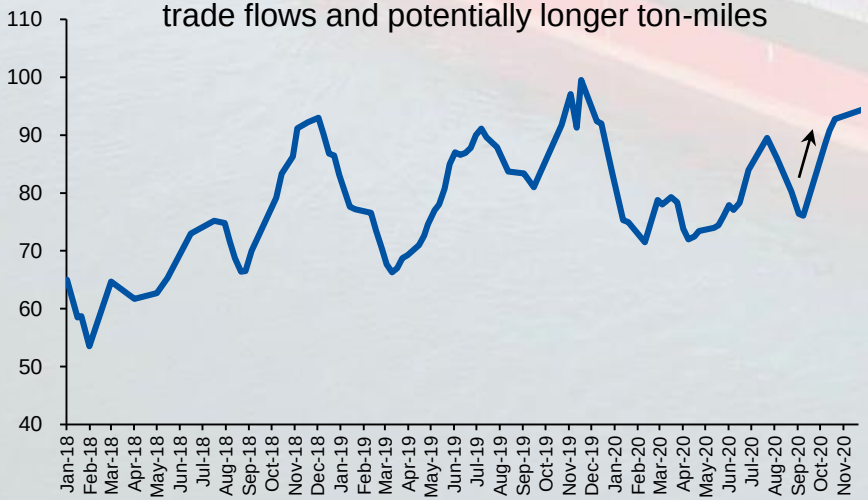
China's steel inventory currently experiencing seasonal restocking but remains well-below Q1 2020 levels



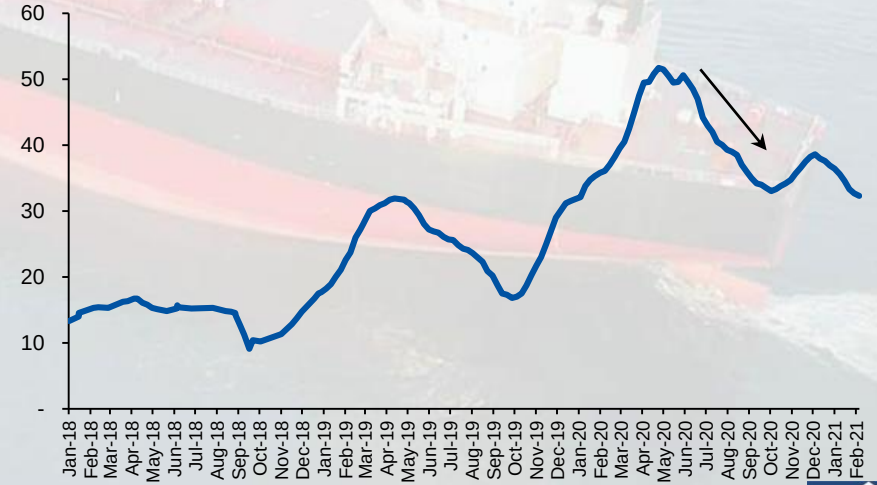
China's iron ore port inventories gradually restocked in the 2H 2020, but have declined to start the year



China's coal powerplant stockpiles have risen together with demand – Aust coal ban resulting in a redirection of trade flows and potentially longer ton-miles

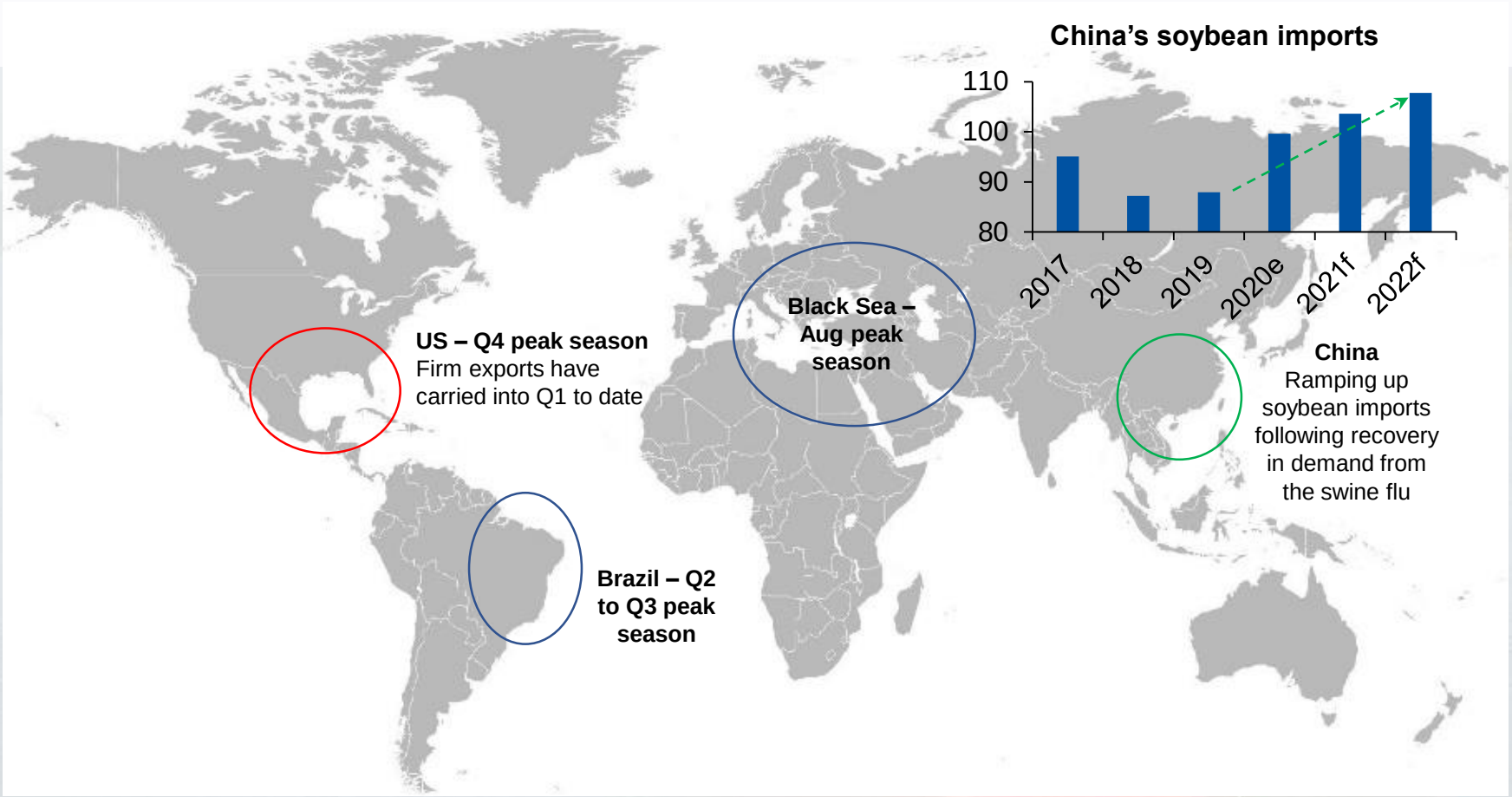


India's coal powerplant stockpiles have declined from record levels



Source: Commodore Research

Strong grain trade + improvement in other minor bulk trades

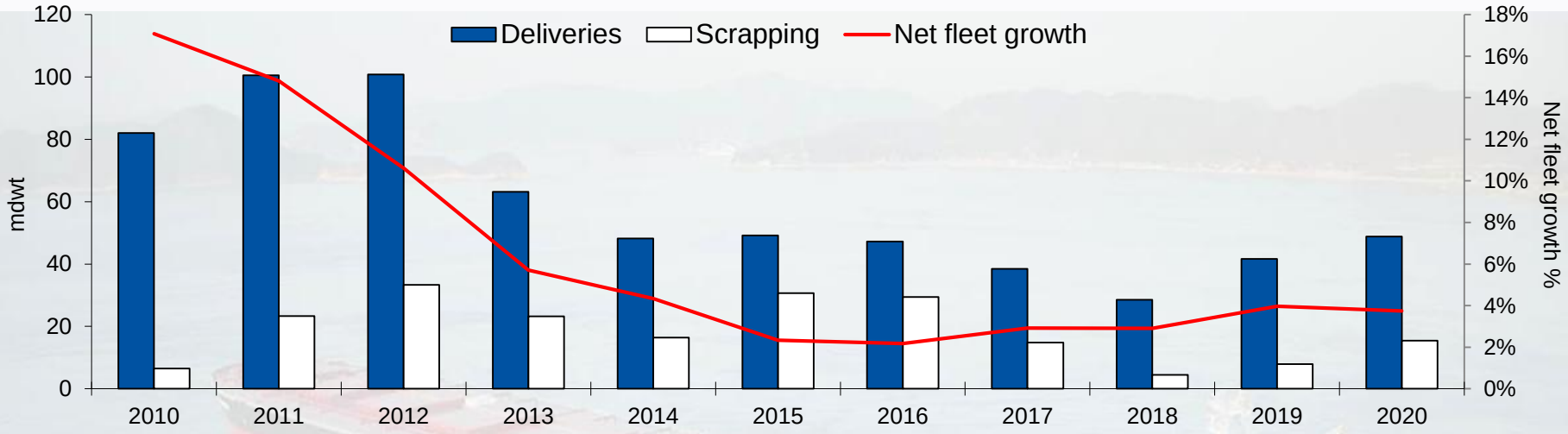


- **Minor bulk trades** are expected to further improved in 2021 given IMF's forecast of over 5% global GDP growth
- **Grain trade** has been resilient as China recovers from the swine fever outbreak in 2019 + strong Brazil crop
- Large scale purchases of US agricultural products have been made by China in recent months which has resulted in a firm US export season

Source: Clarksons Research Services Limited 2021

Supply side fundamentals

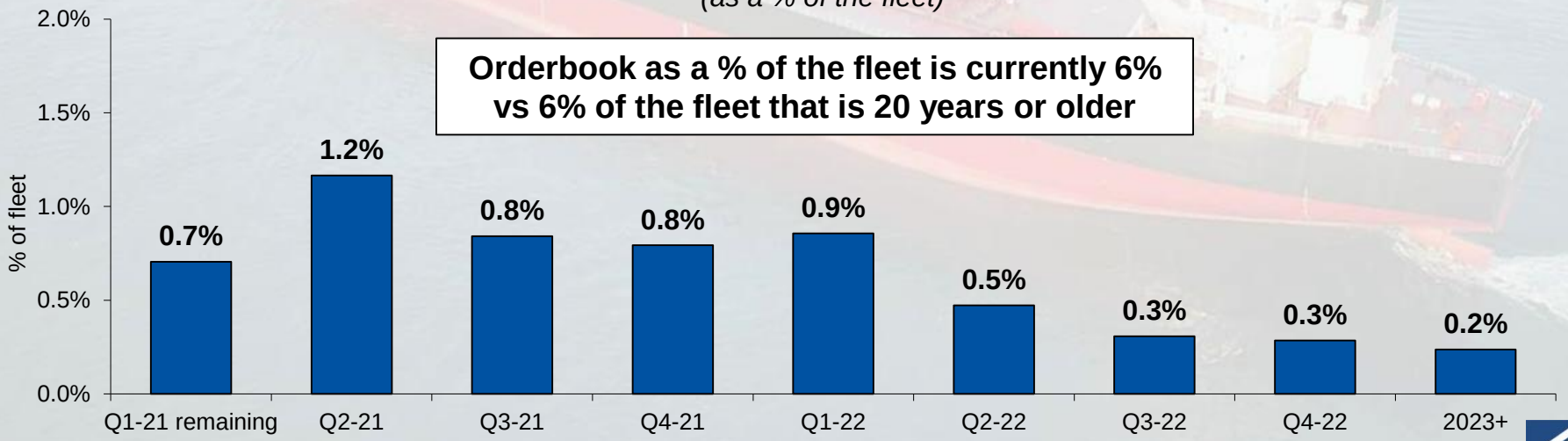
Drybulk net fleet growth



Current drybulk newbuilding orderbook

(as a % of the fleet)

Orderbook as a % of the fleet is currently 6% vs 6% of the fleet that is 20 years or older



Source: Clarksons Research Services Limited 2021

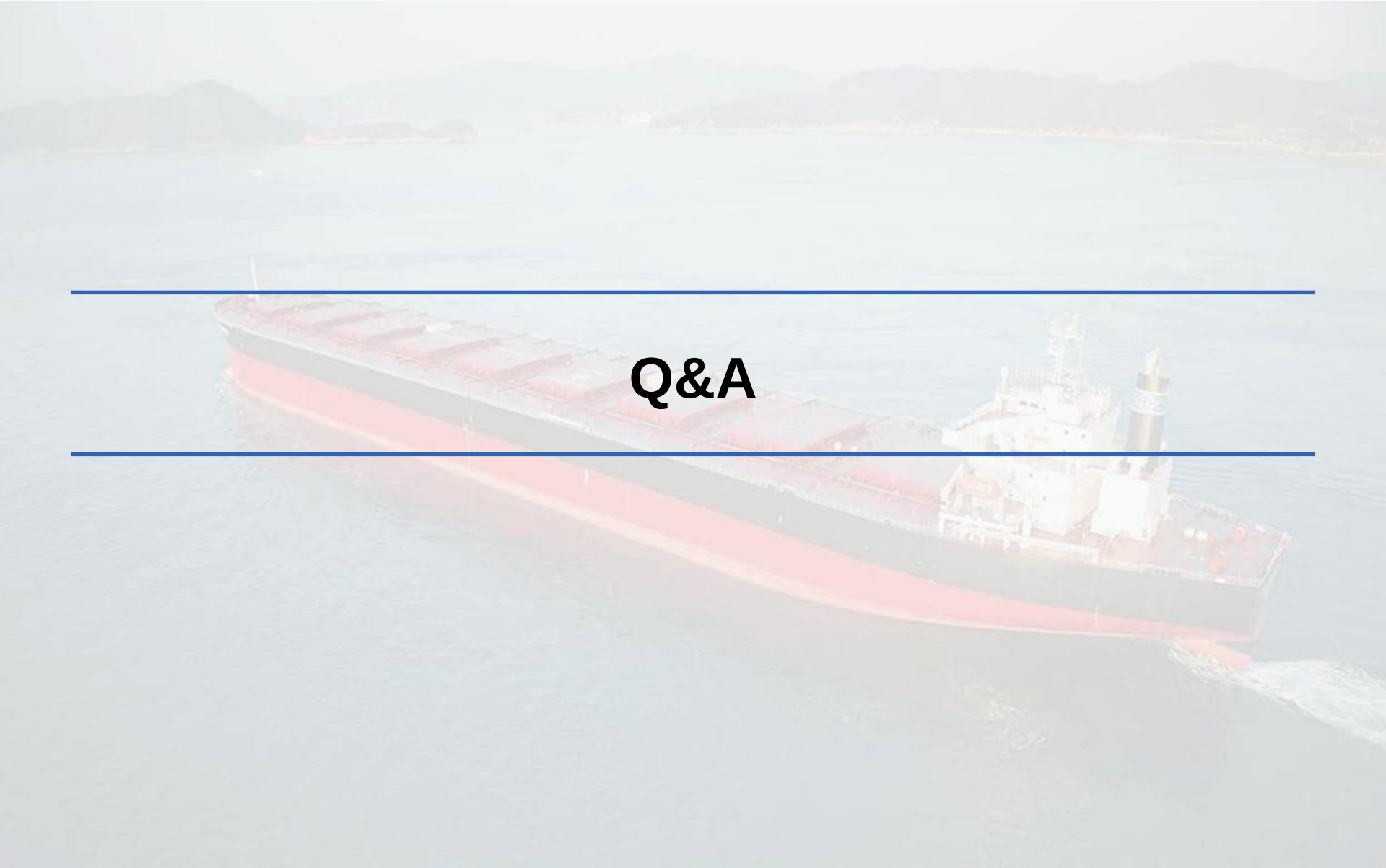
Freight rate catalysts for 2021

We believe 2021 will be an improved year for the drybulk market relative to 2020 due to the following factors…

1. **Record low orderbook as a percentage of the fleet to limit net fleet growth**
2. **Unprecedented levels of global stimulus – global GDP forecast to rise by 5% in 2021***
3. **China's economy to continue to lead while ROW continues economic improvement**
4. **Recovery and growth of Brazilian iron ore exports**
5. **India's coal imports and steel production to continue their rebound**

Primary risk factor remains trajectory of COVID-19, further lockdown measures and timing of large-scale vaccine distribution

*IMF forecast



Q&A

Appendix

Genco pro forma 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
Genco Freedom	2015	63,498
Genco Vigilant	2015	63,498
Baltic Mantis	2015	63,470
Baltic Scorpion	2015	63,462
Genco Magic	2014	63,446
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

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

17 *Capesize*

22 *Ultra/Supra*







Note: Pro forma fleet is based upon agreed upon vessel sales (Baltic Leopard and Genco Lorraine). We completed the acquisition of the three Ultramax vessels during Q1 2021: Genco Magic (Dec 23, 2020), Genco Vigilant (Jan 28, 2021), Genco Freedom (Feb 20, 2021).

Time Charter Equivalent Reconciliation(1)

	Three Months Ended		Twelve Months Ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
	(unaudited)		(unaudited)	
Total Fleet				
Voyage revenues (in thousands)	$ 95,495	$ 108,705	$ 355,560	$ 389,496
Voyage expenses (in thousands)	33,435	45,254	156,985	173,043
Charter hire expenses (in thousands)	4,780	3,436	10,307	16,179
	57,280	60,015	188,268	200,274
Total available days for owned fleet	4,350	4,756	18,420	19,669
Total TCE rate	$ 13,167	$ 12,619	$ 10,221	$ 10,182

	Three Months Ended		
	March 31, 2020	June 30, 2020	September 30, 2020
	(unaudited)		
Total Fleet			
Voyage revenues (in thousands)	$ 98,336	$ 74,206	$ 87,524
Voyage expenses (in thousands)	48,368	41,695	33,487
Charter hire expenses (in thousands)	3,075	1,432	1,020
	46,893	31,079	53,017
Total available days for owned fleet	4,807	4,643	4,628
Total TCE rate	$ 9,755	$ 6,693	$ 11,456

(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. 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, 2020
	(unaudited)
Adjusted Net Income Reconciliation	
Net loss	$ (65,921)
+ Impairment of vessel assets	74,225
+ Loss on sale of vessels	1,012
Adjusted net income	$ 9,316
Adjusted net earnings per share - basic	$ 0.22
Adjusted net earnings per share - diluted	$ 0.22
Weighted average common shares outstanding - basic	41,933,926
Weighted average common shares outstanding - diluted	41,933,926
Weighted average common shares outstanding - basic as per financial statements	41,933,926
Dilutive effect of stock options	-
Dilutive effect of restricted stock awards	-
Weighted average common shares outstanding - diluted as adjusted	41,933,926

Q1 2021 Genco Estimated Breakeven Rates[1]

Daily Expenses by Category	Free Cash Flow[2]	Net Income
Direct Vessel Operating[3]	$5,100	$5,100
General and Administrative Expenses[4]	1,287	1,372
Technical Management Fees[5]	361	361
Drydocking[6]	237	-
Interest Expense[7]	906	1,156
Fixed Debt Repayments[8]	5,176	-
Depreciation[9]	-	3,361
Daily Expense[10]	**$13,067**	**$11,350**
Number of Vessels[11]	43.28	43.28

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 2021.

(7) Interest expense is based on our debt level as of December 31, 2020 less scheduled fixed debt repayments in Q1 2021. 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 2021 aggregate to $20.2 million under our outstanding credit facilities. Repayment of debt amounting to $8.8 million 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 43.28 vessels.


Thank you