Genco Shipping & Trading Limited



Genco's Comprehensive IMO 2020 Plan

October 2018

Forward Looking Statements

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

This presentation contains forward-looking statements made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements use words such as "anticipate," "budget," "estimate," "expect," "project," "intend," "plan," "believe," and other words and terms of similar meaning in connection with a discussion of potential future events, circumstances or future operating or financial performance. These forward-looking statements are based on management's current expectations and observations. Included among the factors that, in our view, could cause actual results to differ materially from the forward looking statements contained in this report are the following: (i) declines or sustained weakness in demand in the drybulk shipping industry; (ii) continuation of weakness or declines in drybulk shipping rates; (iii) changes in the supply of or demand for drybulk products, generally or in particular regions; (iv) changes in the supply of drybulk carriers including newbuilding of vessels or lower than anticipated scrapping of older vessels; (v) changes in rules and regulations applicable to the cargo industry, including, without limitation, legislation adopted by international organizations or by individual countries and actions taken by regulatory authorities; (vi) increases in costs and expenses including but not limited to: crew wages, insurance, provisions, lube, oil, bunkers, repairs, maintenance and general, administrative, and management fee expenses; (vii) whether our insurance arrangements are adequate; (viii) changes in general domestic and international political conditions; (ix) acts of war, terrorism, or piracy; (x) changes in the condition of the Company's vessels or applicable maintenance or regulatory standards (which may affect, among other things, our anticipated drydocking or maintenance and repair costs) and unanticipated drydock expenditures; (xi) the Company's acquisition or disposition of vessels; (xii) the amount of offhire time needed to complete repairs on vessels and the timing and amount of any reimbursement by our insurance carriers for insurance claims, including offhire days; (xiii) the completion of definitive documentation with respect to charters; (xiv) charterers' compliance with the terms of their charters in the current market environment; (xv) the extent to which our operating results continue to be affected by weakness in market conditions and charter rates; (xvi) our ability to maintain contracts that are critical to our operation, to obtain and maintain acceptable terms with our vendors, customers and service providers and to retain key executives, managers and employees; (xvii) the completion of 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 financing for scrubbers on acceptable terms; (xx) the relative cost and availability of low sulphur and high sulphur fuel, (xxi) 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 its subsequent reports on Form 10-Q and Form 8-K. Our ability to pay dividends in any period will depend upon various factors, including the limitations under any credit agreements to which we may be a party, applicable provisions of Marshall Islands law and the final determination by the Board of Directors each quarter after its review of our financial performance. The timing and amount of dividends, if any, could also be affected by factors affecting cash flows, results of operations, required capital expenditures, or reserves. As a result, the amount of dividends actually paid may vary. We do not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Executive Summary

On Jan 1, 2020, the maximum sulphur emissions limit for vessels globally will be reduced from 3.5% to 0.5%

IMO 2020 Focus

- New IMO regulations will have significant impact on the marine fuel market
- Genco conducted an extensive analysis to optimize compliance with regulations with a focus on:
  - Reducing its environmental footprint
  - Maximizing shareholder returns
  - Lowering fuel costs

Genco's Strategy

- Formulated balanced strategy based on evolving marine fuel markets and fuel spreads:
  - Install scrubbers on 17 Capesizes
  - Consume compliant fuel on minor bulk vessels
    - Options for scrubbers on 15 minor bulk vessels
    - Exercise of options will depend on evolution of fuel spreads
  - Continue executing previously announced fleet renewal program

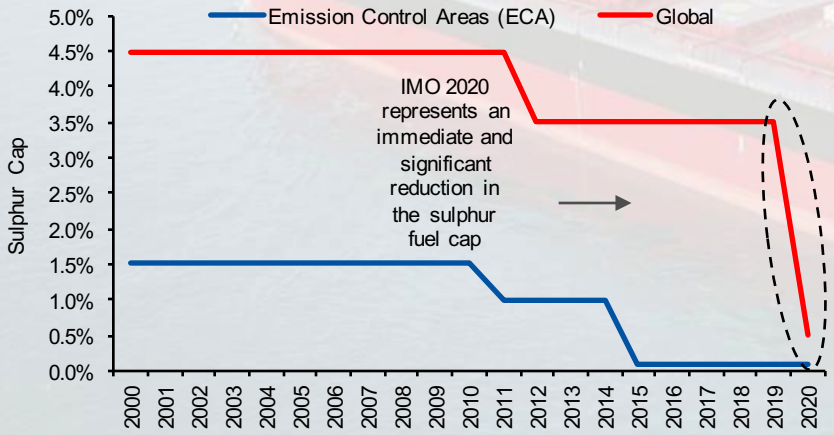
Potential Impact on Drybulk Shipping Market

- Increased 0.5% sulphur compliant fuel costs could lead to:
  - A slowdown in the world fleet
  - Higher scrapping of older, less fuel efficient vessels
  - Therefore potentially improved rate environments

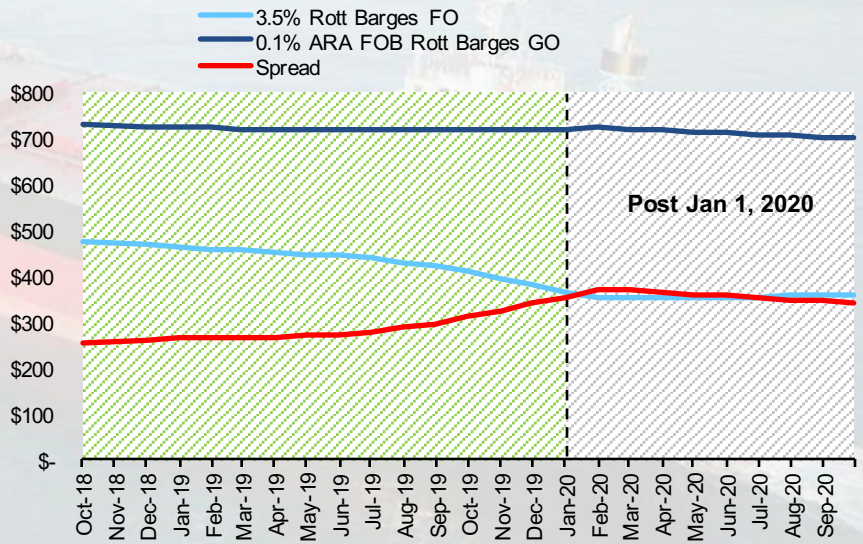
Evolution of Marine Fuel Fundamentals

- Several factors that will affect the economics of scrubbers on vessels are developing in the market ahead of the 0.5% sulphur cap introduction, including:
  - Availability of high sulphur fuel globally – potential displacement of HSFO in smaller ports as 0.5% compliant fuel is introduced in the market
  - Duration of spread between high and low sulphur fuel
  - Global fleet-wide compliance

Sulphur Cap Development (2000 to 2020)



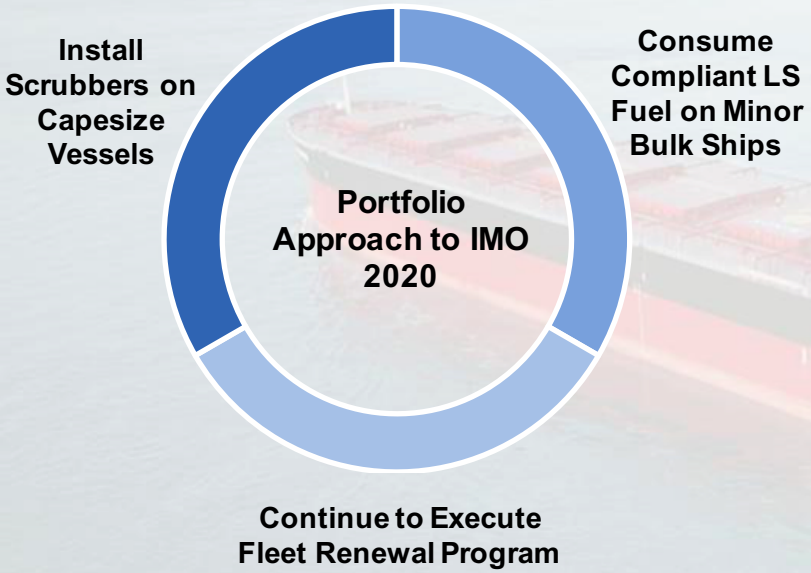
Fuel Price Forward Curve*



*Spread is based on 0.1% gas oil, as 0.5% sulphur compliant fuel does not currently have a forward curve published. Forward curve for 3.5% FO and 0.1% GO as presented above is provided by World Fuel Services as of October 5, 2018

Portfolio Approach Provides Optimal Solution in Evolving Market

Genco's Comprehensive Plan



Install Scrubbers on Capesize Vessels Options 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
- Install scrubbers on 17 Capesize vessels due to:
  - Long-haul nature of trades maximize sailing days and scrubber utilization
  - Greater degree of certainty of HSFO availability at major ports
  - Higher fuel consumption of larger assets
- Options on 15 minor bulk vessels

Burn Compliant Fuel in Minor Bulk Fleet

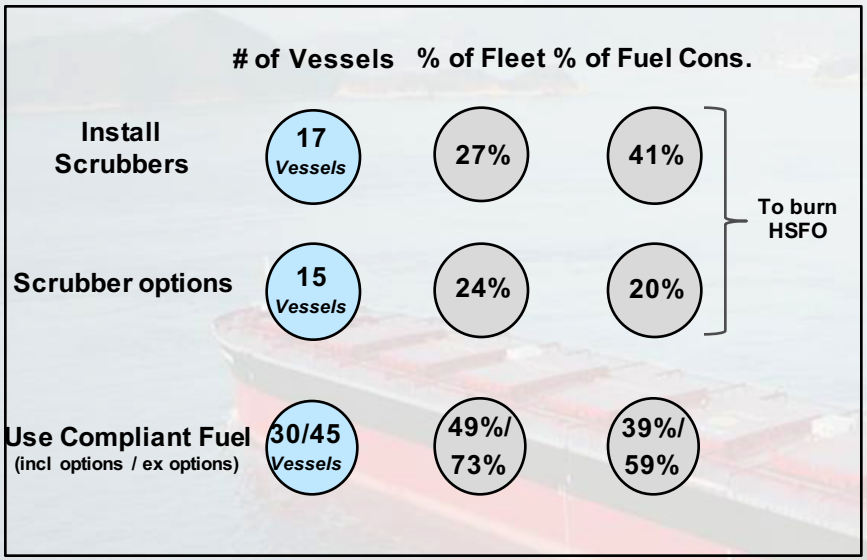
- Immediate compliance
- Does not require upfront capex

Continue Previously Announced Fleet Renewal Program Execution

- Sell older, less fuel efficient vessels
- Use proceeds towards purchase of high specification, fuel efficient vessels
- Improve fleet-wide fuel efficiency
- Reduce emissions

Current Fleet-Wide Distribution for IMO 2020 Compliance

Balanced Approach to IMO 2020



- Installation of scrubbers on Capesize vessels provides a natural hedge against widening fuel spreads for over 40% of our fleet's total fuel consumption
- Options to install scrubbers on 15 minor bulk vessels expected to provide flexibility to react to market conditions that develop in the near future
  - Could hedge up to 60% of total fuel consumption

Complementary to New Commercial Strategy

- Focus on direct cargo and voyage business enables benefits to accrue to Genco
- Lack of long term charters allows flexibility towards evolving market conditions



Installation Costs and Investment Returns

Favorable Scrubber Payback Period for Capesize Vessels

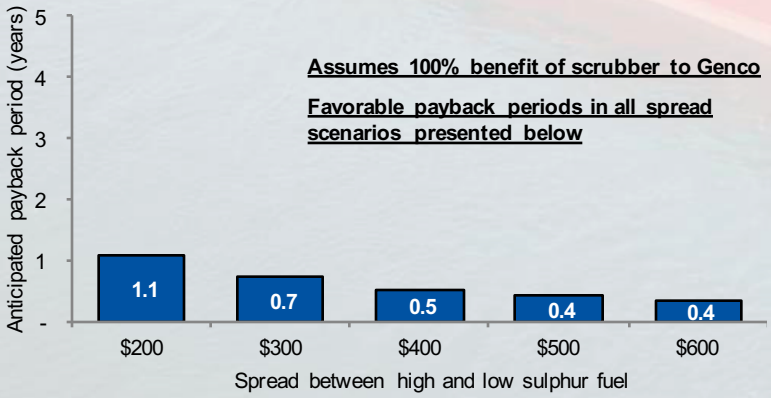
Main variables

1. Spread between HSFO and LSFO
2. Sailing days of the vessel
3. Percentage of time in which the benefit of the scrubber can be realized (ie ability to burn HSFO)
4. Fuel consumption characteristics
5. Chartering strategy

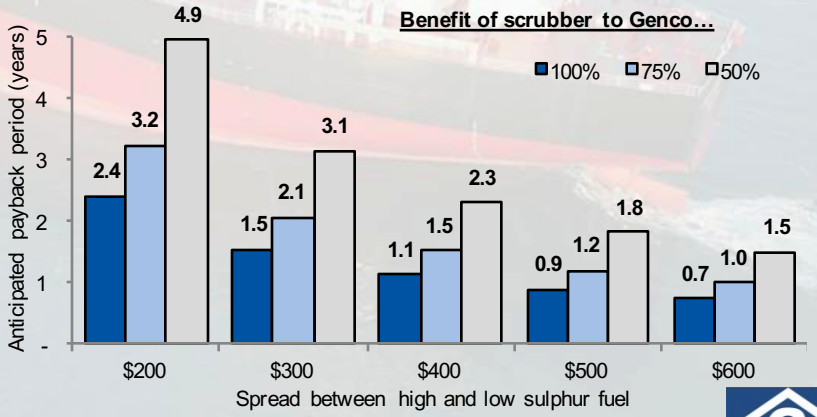
Capesize vessels are ideal candidates

1. Spread between HSFO and LSFO does not need to remain wide for extended period
2. Capesize vessels spend a significant portion of time trading at sea as opposed to waiting in port due to longer trade routes
3. Capesize vessels primarily bunker at major ports which will most likely stock HSFO
4. Capesize vessels consume the most fuel of all vessel classes
5. Fleet wide emphasis on voyage charters enables benefits to accrue to Genco's bottom line

Favorable payback period for Capesize vessels



Potentially longer payback on minor bulk vessels



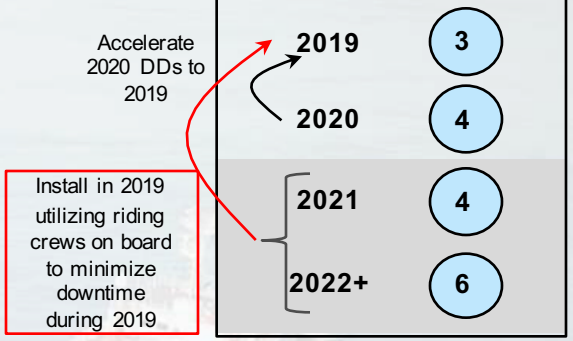
Key Assumptions: Scrubber cost plus installation of approximately $2m, 20 day installation time, incremental opex and fuel consumption due to scrubber operation, vessels sail at eco-speed, sailing days of 285 days per year for Capesize and 240 days per year on minor bulk.

Anticipated Scrubber Installation and Costs

Expect to have all 17 Capesize vessels fitted with scrubbers ahead of January 1, 2020
Vessels with scrubbers installed anticipated to see the maximum benefit in the early days of compliance

Cost per scrubber *(including installation)*	■ Approximately $2 million
Installation	■ Prior to January 1, 2020 for 17 Capesize vessels
Options	■ Options for systems on an additional 15 vessels
Type of scrubber	■ Open loop, hybrid ready system – protects against potential additional environmental regulations in the future
Installation time	■ 7 vessels scheduled to drydock: 3 weeks in shipyard ■ 10 vessels not scheduled to drydock: riding crew on board to minimize down time, 2 weeks in shipyard
Financing	■ Currently in discussions with existing lenders ■ Pursuing traditional bank financing structure

17 Capes Planned Drydocking Schedule



To minimize downtime, we plan to…

- Install scrubbers on vessels with scheduled DD
- Utilize riding crews on vessels not scheduled to DD in 2019/20
- Work closely with experienced shipyards
- Undertake piping prep ahead of time
- Benefit from installation of scrubbers on sister vessels



Summary

Summary: Genco's IMO 2020 Comprehensive Plan

Genco believes a portfolio approach to the upcoming environmental regulations is prudent given economics on larger vessels and the continuous evolution of the marine fuel market

Genco's Portfolio Approach to IMO 2020 Compliance…

- Install scrubbers on 17 Capesize vessels covering over 40% of total fleet fuel consumption
  - Options for installation on 15 additional minor bulk vessels covering an additional 20% of total fleet fuel consumption
  - Expect to install scrubbers on all 17 Capesize vessels by January 1, 2020
  - Minimize downtime for installation by utilizing riding crews
- The balance of the fleet is to consume compliant low sulphur fuel
- Continue to execute commercial strategy
  - Emphasis on direct cargo and voyage business enables fuel savings to flow to the bottom line
- Continue to execute the Company's fleet renewal program to:
  - Improve fleet-wide fuel efficiency and,
  - Reduce emissions