Genco Shipping & Trading Limited



Q1 2019 Earnings Call

May 9th, 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, 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

- First Quarter 2019 and Year-to-Date Highlights
- Financial Overview
- Industry Overview





First Quarter 2019 and Year-to-Date Highlights

First Quarter 2019 and YTD Update

Q1 2019 Financials

- Net loss: $7.8 million
  - Basic and diluted loss per share: $0.19
- Adjusted net loss: $8.4 million
  - Adjusted basic and diluted loss per share: $0.20 (excluding $0.6 million gain on sale of vessels)
- EBITDA: $17.5 million, ($16.9 million excluding $0.6 million gain on sale of vessels)
- Cash position (Mar 31, 2019): $193 million
  - We also paid $6.3 million for scrubber installations
    - We expect to draw down approximately $5.7 million in Q2 2019 to fund these Q1 2019 payments

Credit Facility Update

- We upsized our $460 million credit facility providing an additional tranche of up to $35 million on February 28, 2019
  - This will finance 90% of the expenses related to the acquisition and installation of scrubbers on our 17 Capesize vessels
  - Borrowings under the $35 million tranche bear interest at LIBOR plus 250 basis points through September 30, 2019 and LIBOR plus a range of 225 to 275 basis points thereafter
- In April, we paid down the $4.6 million of net sale proceeds from the sale of the Genco Cavalier that corresponded to debt, and subsequently amended our quarterly amortization schedule to $14.9 million

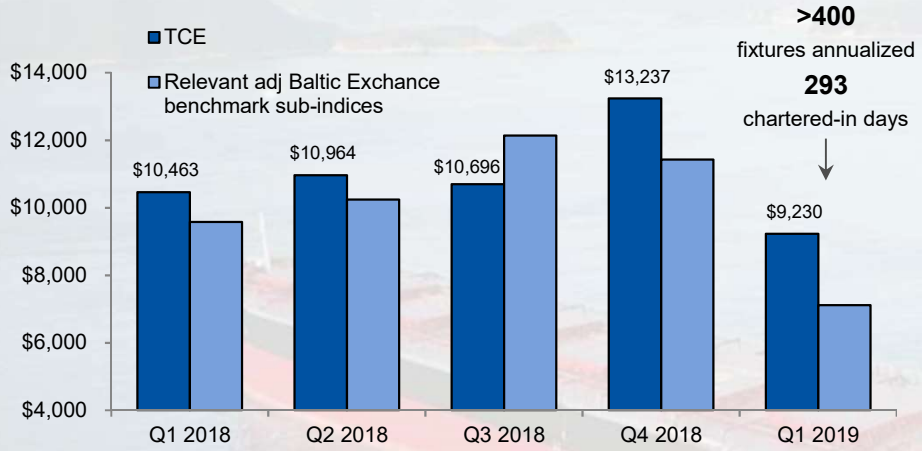
Fleet Renewal Program

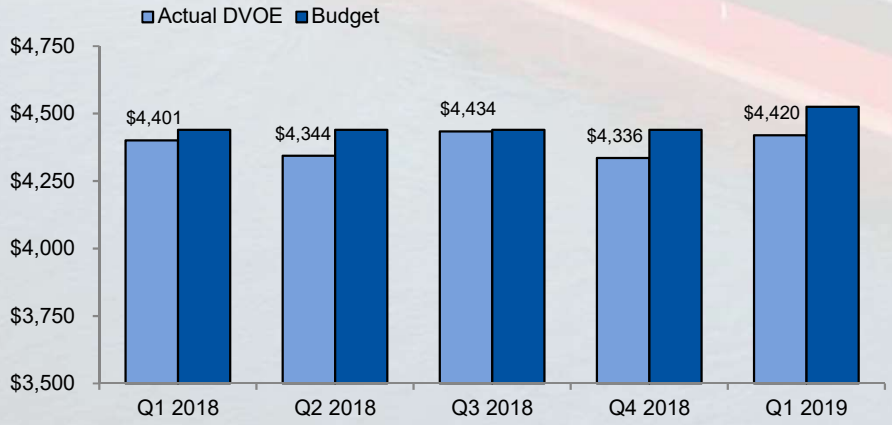
- Completed the sale of the Genco Vigour, a 1999-built Panamax vessel, in January 2019
  - This was our last remaining unencumbered vessel

Genco's Leading Market Position

Significant improvement in margins driven by successful implementation of our commercial platform together with continued cost optimization

Quarterly TCE & DVOE





Q1 2019 Outperformance

~$2,100
per vessel per day vs. relevant adjusted Baltic Exchange benchmark sub-indices

~$11 million
of additional net income due to outperformance

$4,420
per vessel per day vs. 2019 budget of $4,525 per vessel per day

Q2 2019 to date

TCE: $7,220, for ~64%
of Q2 2019 days, as of May 8, 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.
Q2 2019 DVOE presented is based on our budget and is subject to change. Actual results for Q2 2019 TCE and DVOE will vary.

2H 2019 & 2020 Drybulk Outlook

2H 2019 fundamentals could improve off of the 1H lows – further improvement is expected in 2020

Drybulk Market Catalysts

1 Iron Ore Trade Growth

- Focus remains on high quality seaborne iron ore from Brazil and Australia
- Restart of Vale operations + Anglo American to produce 15MT more in 2019
- Iron ore restock

2 Coal Trade Linked to Developing Economies

- India continued to drive seaborne coal trade
- Growth expecting from smaller developing Asian nations
- China remains x-factor

3 Soybean Trade

- Strong Brazilian crop expected
- Normalized North American grain season dependent on US-China trade agreement

4 Low Fleet Growth

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

2H 2019 & 2020 Supply & Demand Estimates

	Vessel*	2H 2019	2020
Iron Ore 	Capesize	+3.9%	+3.3%
Coal 	Capesize Panamax	+1.9%	+1.6%
Grain 	Panamax Supramax Handysize	+4.1%	+1.6%
Minor Bulk 	Supramax Handysize	+1.5%	+3.3%
Total Demand		+2.8%	+2.6%
Fleet Growth		+1.1%	+1.5%

2H vs 1H 2019

*Indicates the primary vessel type that carries the respective commodities. Supply and demand forecasts are based on Marsoft's base case as of April 2019.

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 steady income potential

Commodity	Percentage of Trade - 2018	Primary Vessel Type	Shipping Market Beta	Genco Fleet Distribution
	■ Genco Cargoes Carried ■ Global Drybulk Trade	(# owned by Genco)	*Provides significant upside potential*	(# of vessels basis)
Iron Ore	31% / 28%	**Capesize** *(17 vessels)*	2.0	■ Major Bulk Fleet □ Minor Bulk Fleet
Coal	28% / 24%	**Panamax** *(2 vessels)*	0.9	33% / 67%
Grain	15% / 9%	**Ultramax/ Supramax** *(26 vessels)*	0.7	
Minor Bulk	26% / 39%	**Handysize** *(13 vessels)*	0.5	

Sources: Marsoft Incorporated, Clarksons Research Services Limited 2019

We advocate for the effective enforcement of the global sulfur cap…

…as a method to reduce overall air emissions around the world

The following initiatives have been undertaken by Genco to reduce Greenhouse Gas (GHG) emissions

Established comprehensive IMO 2020 plan to address upcoming environmental regulations

- IMO has implemented global regulations to limit the sulfur content in fuel consumed by vessels from 3.5% to 0.5%
- We plan to install exhaust gas cleaning systems on 17 Capesize vessels
  - Ability to reduce sulfur content in fuel to 0.1%, thereby improving air quality
- Balance of our fleet, which consumes less fuel than the larger ships, will consume compliant fuel with a sulfur content of 0.5% or less

Target modern, fuel efficient assets

- Purchased modern, fuel efficient vessels while divesting older, less fuel efficient vessels

Installed energy saving devices on vessels

- Mewis ducts installed on 17 vessels, reducing fuel consumption

Collect real-time speed and consumption data

- Optimize fuel consumption and vessel performance to reduce fuel emissions

Fuel efficient ships reduce fuel consumption

Sold 8 Older Less Efficient Vessels	Bought 6 Eco Capes & Ultras
Avg Age (yrs): 18	Avg Age (yrs): 3
Avg dwt: 57,094	Avg dwt: 140,789
Fuel burn per dwt: 0.40*	**Fuel burn per dwt: 0.20***

*Average fuel consumption at eco speed in the laden condition divided by dwt in thousands.



Financial Overview

First Quarter Earnings

	Three Months Ended March 31, 2019	Three Months Ended March 31, 2018
	(Dollars in thousands, except share and per share data) (unaudited)	
INCOME STATEMENT DATA:		
Revenues:		
Voyage revenues	$ 93,464	$ 76,916
Total revenues	93,464	76,916
Operating expenses:		
Voyage expenses	43,022	21,093
Vessel operating expenses	23,190	23,767
Charter hire expenses	2,419	-
General and administrative expenses (inclusive of nonvested stock amortization expense of $0.5 million and $0.5 million, respectively)	6,310	5,218
Technical management fees	1,940	1,948
Depreciation and amortization	18,076	16,886
Impairment of vessel assets	-	56,402
Gain on sale of vessels	(611)	-
Total operating expenses	94,346	125,314
Operating loss	(882)	(48,398)
Other (expense) income:		
Other income (expense)	329	(85)
Interest income	1,327	794
Interest expense	(8,575)	(8,124)
Other expense	(6,919)	(7,415)
Loss before income taxes	(7,801)	(55,813)
Income tax expense	-	-
Net loss	$ (7,801)	$ (55,813)
Net loss per share - basic	$ (0.19)	$ (1.61)
Net loss per share - diluted	$ (0.19)	$ (1.61)
Weighted average common shares outstanding - basic	41,726,106	34,577,990
Weighted average common shares outstanding - diluted	41,726,106	34,577,990

March 31, 2019 Balance Sheet

BALANCE SHEET DATA:	March 31, 2019 (unaudited)	December 31, 2018
	(Dollars in thousands)	
Cash (including restricted cash)	$ 192,975	$ 202,761
Current assets	249,763	270,451
Total assets	1,606,170	1,627,470
Current liabilities (excluding current portion of long-term debt)	30,247	35,547
Current portion of long-term debt	70,351	66,320
Long-term debt (net of $16.0 million and $16.3 million of unamortized debt issuance costs at March 31, 2019 and December 31, 2018, respectively)	448,522	468,828
Shareholders' equity	1,045,958	1,053,307

OTHER FINANCIAL DATA:	Three Months Ended March 31, 2019	March 31, 2018
	(Dollars in thousands) (unaudited)	
Net cash provided by operating activities	$ 11,612	$ 9,461
Net cash (used in) provided by investing activities	(4,122)	1,449
Net cash used in financing activities	(17,276)	(14,657)
	(unaudited)	
EBITDA Reconciliation:		
Net loss	$ (7,801)	$ (55,813)
+ Net interest expense	7,248	7,330
+ Income tax expense	-	-
+ Depreciation and amortization	18,076	16,886
EBITDA[(1)]	$ 17,523	$ (31,597)
+ Impairment of vessel assets	-	56,402
- Gain on sale of vessels	(611)	-
Adjusted EBITDA	$ 16,912	$ 24,805

(1) EBITDA represents net loss plus net interest expense, taxes, and depreciation and amortization. EBITDA is included because it is used by management and certain investors as a measure of operating performance. EBITDA is used by analysts in the shipping industry as a common performance measure to compare results across peers. Our management uses EBITDA as a performance measure in consolidating internal financial statements and it is presented for review at our board meetings. We believe that EBITDA is useful to investors as the shipping industry is capital intensive which often results in significant depreciation and cost of financing. EBITDA presents investors with a measure in addition to net income to evaluate our performance prior to these costs. EBITDA is not an item recognized by U.S. GAAP (i.e. non-GAAP measure) and should not be considered as an alternative to net income, operating income or any other indicator of a company's operating performance required by U.S. GAAP. EBITDA is not a measure of liquidity or cash flows as shown in our consolidated statement of cash flows. The definition of EBITDA used here may not be comparable to that used by other companies.

First Quarter Highlights

	Three Months Ended March 31, 2019 (unaudited)	Three Months Ended March 31, 2018 (unaudited)
FLEET DATA:		
Total number of vessels at end of period	58	60
Average number of vessels (1)	58.3	60.0
Total ownership days for fleet (2)	5,247	5,400
Total chartered-in days (3)	293	-
Total available days (4)	5,496	5,335
Total available days for owned fleet (5)	5,203	5,335
Total operating days for fleet (6)	5,383	5,292
Fleet utilization (7)	97.4%	98.9%
AVERAGE DAILY RESULTS:		
Time charter equivalent (8)	$ 9,230	$ 10,463
Daily vessel operating expenses per vessel (9)	4,420	4,401

(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. 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.

Key Balance Sheet Items ($ in millions)

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

Select Financial Information – Mar 31, 2019

Key balance sheet items	
Cash	$193.0
Debt[1]	$534.8
Shareholders' Equity	$1,046.0

Cash balance is a key differentiator for Genco, providing us with significant optionality and flexibility

Simplified Debt Structure – Mar 31, 2019

$495m Credit Facility	$108m Credit Facility
Debt Outstanding $430.0m	**Debt Outstanding** $104.8m
Quarterly Amortization $14.9m	**Quarterly Amortization** $1.6m

Included in the $495m Credit Facility is a $35m tranche - commitment is based on the lesser of $35m or 90%

Key terms include

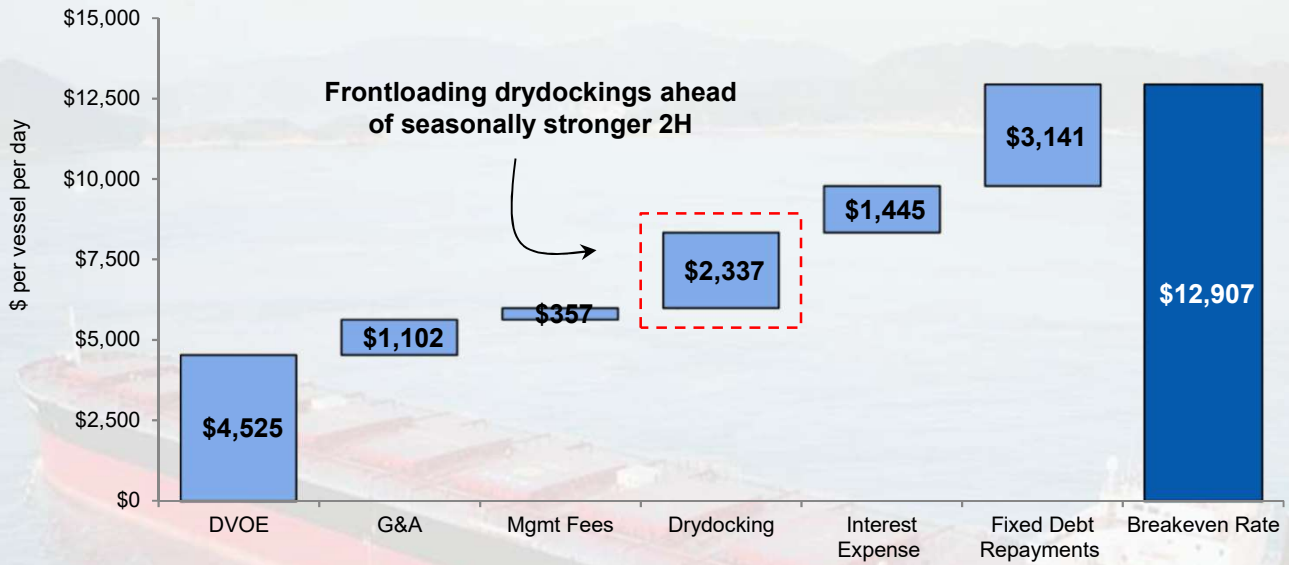
- LTV: 90%
- Pricing: L + 2.50% thru Sep 30, 2019
  - L + 2.25% to 2.75% thereafter
- Covenants substantially the same as the original $460m credit facility

1) Gross of $16.0 million of deferred financing costs

Estimated Q2 2019 Cash Breakeven Rates(1)

Fleet Breakeven Rates – Estimated Q2 2019

(Detailed Q2 2019 Estimated B/E Rates in Appendix)



In Q2, we plan to incur one-time costs for BWTS installation of ~$6.2m or $1,175 per vessel per day

Estimated Drydocking Days	
Vessel Type	**Q2 2019**
Capesize	180
Panamax	-
Ultramax	20
Supramax	160
Handysize	40
Total	**400**

During Q2 2019, we anticipate 16 of our vessels to drydock

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 Q2 2019, please refer to the appendix.

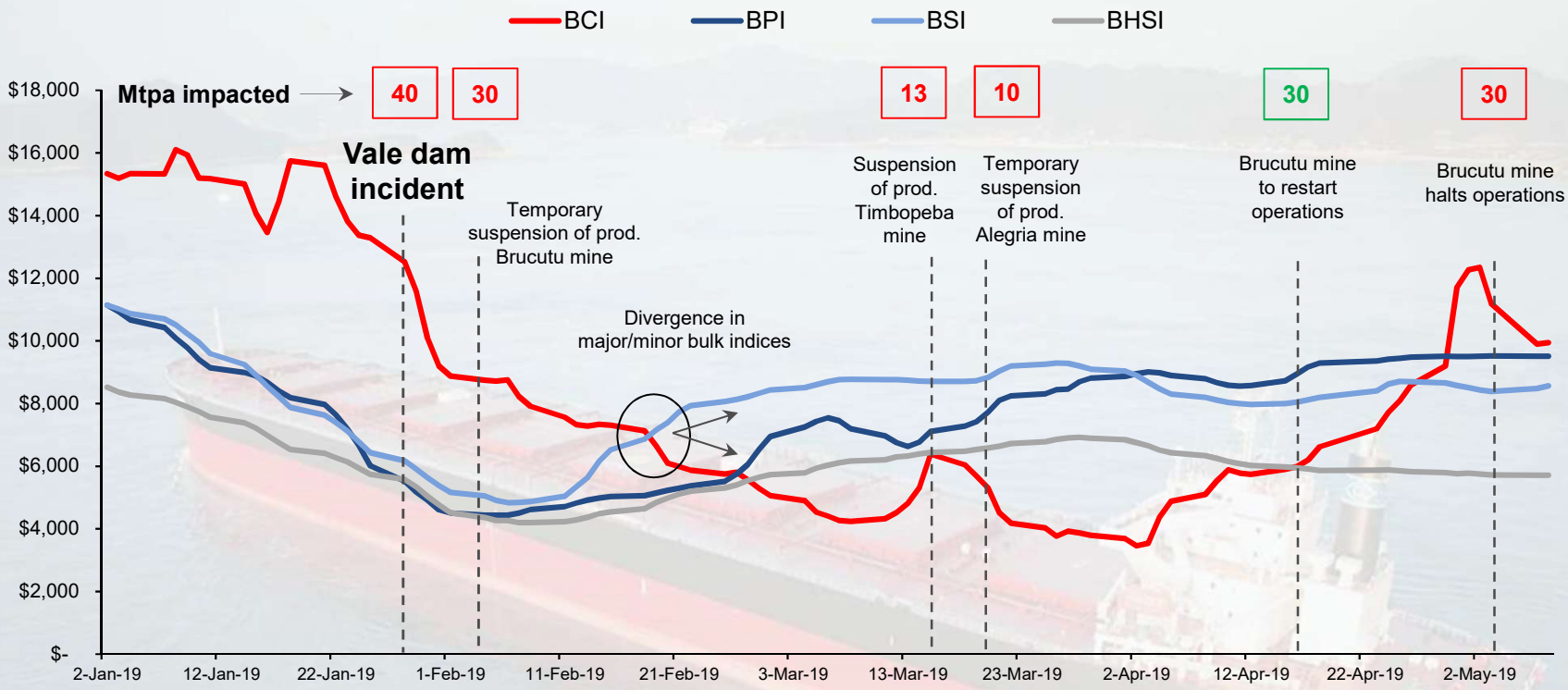
(1) Breakeven rate is based on the 2019 budget, which is subject to change. Based on a fleet of 58 vessels; presented for illustrative purposes only. Actual breakeven rates will vary.



Industry Overview

Market development since the start of 2019

Typical first quarter seasonality was exacerbated by Vale incident but near term drivers could support the drybulk market in the months ahead



Seasonal factors impacting Q1…

- Increased N/B deliveries
- Timing of CNY
- Weather related cargo disruptions

...the impact of which was accentuated by…

- Vale dam collapse and subsequent announcements
- Lingering US/China trade dispute
- Reports of China's coal import restrictions

…but near-term drivers remain…

- Peak spring construction season
- Potential iron ore restock
- South American grain season

…to be met by a backdrop of low net fleet growth

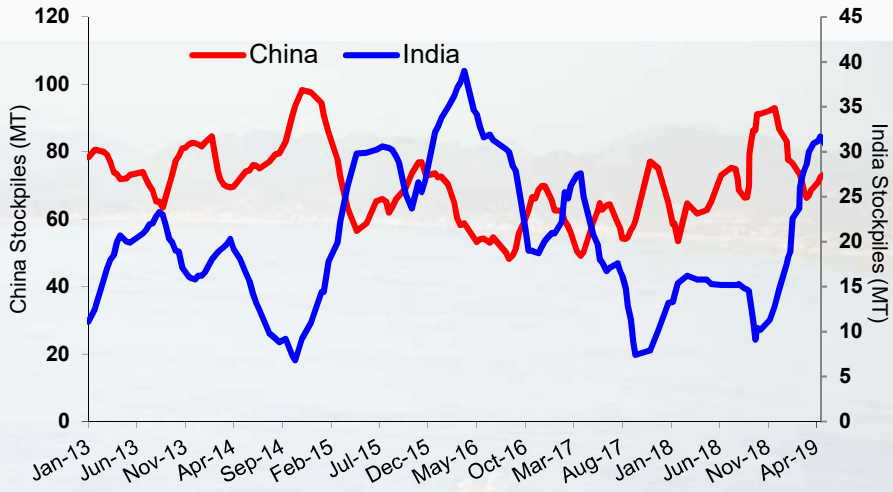
- ~2% net fleet growth for 2019
- Increased scrapping / slippage
- Supply side disruption in 2H due to IMO 2020

Source: Clarkson Research Services Limited 2019

Major Bulks – Global Steel Production Growth Remains Strong

Global Steel Production (million tons)[1]			
	3 Mos 2019	3 Mos 2018	% Variance
China	231.1	210.2	9.9%
European Union	42.3	43.2	-2.0%
Japan	25.0	26.4	-5.4%
India	27.3	27.4	-0.3%
South Korea	18.1	17.8	1.6%
Global Production	444.1	425.1	4.5%
Ex-China	213.0	214.9	-0.8%

Coal Power Plant Stockpiles[2]



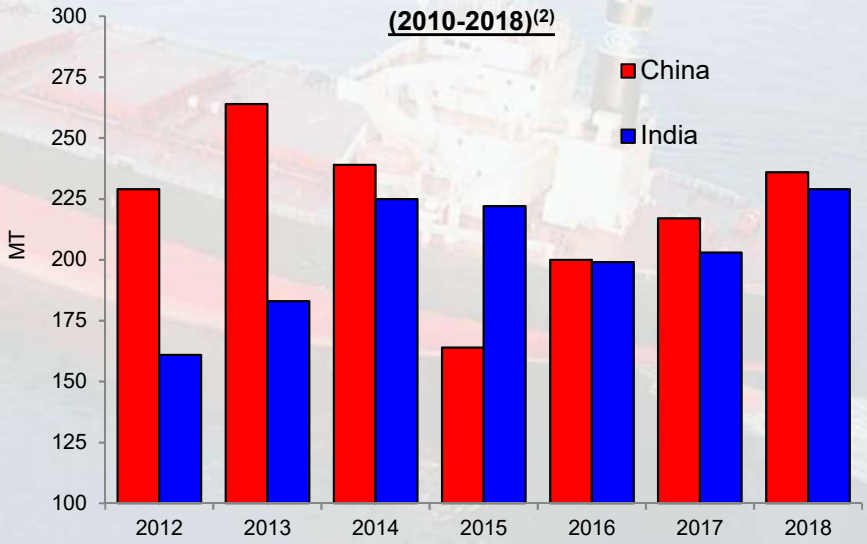
Steel Production

- Chinese steel production increased by 9.9% during Q1 2019 YOY[1]
- China's iron ore imports declined by 3% through April YOY, which can be partially attributed to a drawdown of inventories within the supply chain[2]

Coal

- China's coal stockpiles have fallen from 82.4MT in early February to 72.6MT at the end of April, a decline of approximately 12%[3]
  - Mining accidents at Chinese domestic coal mines continue to occur, which could lead to additional mine inspections and closures[3]
- India's coal power plant stockpiles have increased but remain below required amounts[3]

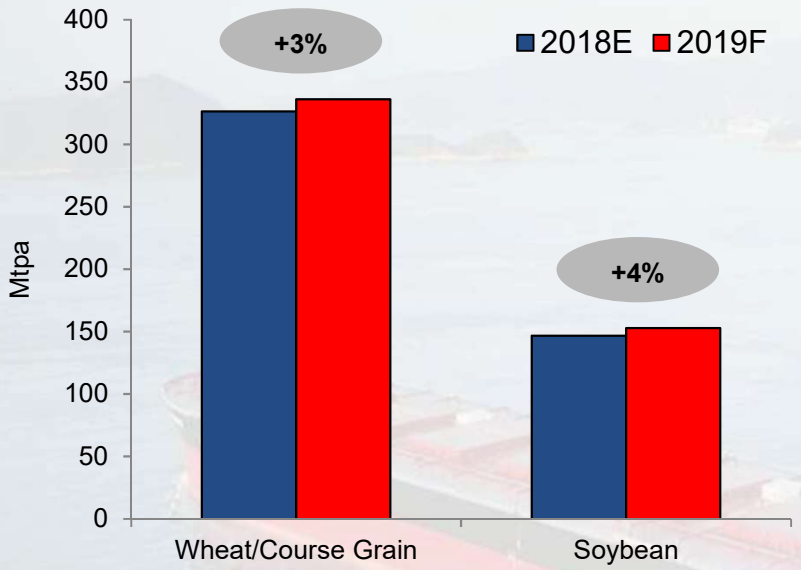
China and India Coal Imports (2010-2018)[2]



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

Minor Bulks – Steady Grain Trade with Seasonal Impact

Clarksons Global Grain Trade Estimates[1]



Seaborne Wheat / Course Grain Trade (MT)			
Exporter	**2018 (e)**	**2019 (f)**	**% Variance**
Argentina	37	38	1%
Australia	19	21	10%
Canada	24	25	2%
EU	33	36	7%
US	83	86	4%
Others	130	131	1%
Total	**326**	**336**	**3%**

Seaborne Soybean Trade (MT)			
Exporter	**2018 (e)**	**2019 (f)**	**% Variance**
United States	43	47	9%
Brazil	84	81	-3%
Argentina	4	8	114%
Paraguay	6	5	-10%
Canada	5	5	-1%
Uruguay	1	2	82%
Others	4	4	7%
Total	**147**	**153**	**4%**

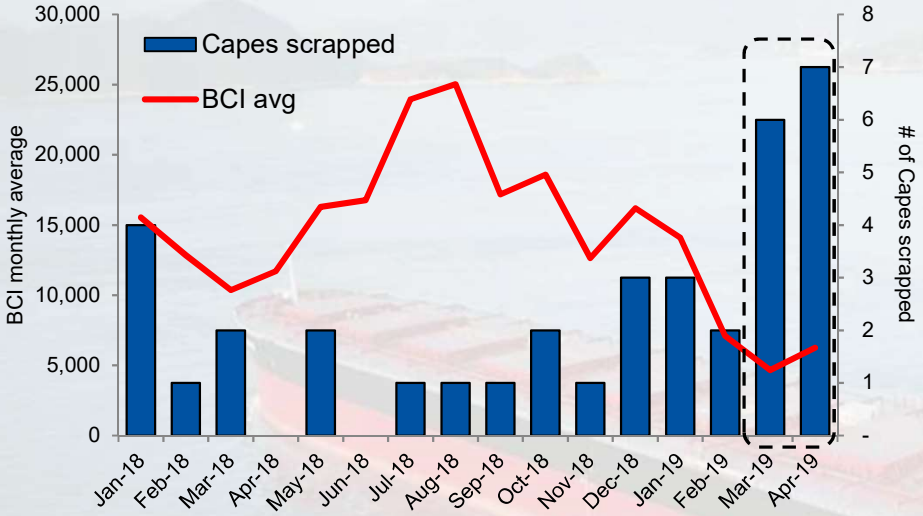
- In Q1 2019, China purchased approximately 4.6MT of U.S. soybeans[2]
  - While down 25% YOY, this marks an improvement over the Q4 2018 total of 0.3MT[2]
- Currently in peak South American grain season
  - Another firm Brazilian crop is expected
- Increased bauxite shipments from Guinea are expected to continue to add ton mile demand[1]

1) Source: Clarkson Research Services Limited 2019
2) Source: BullPositions

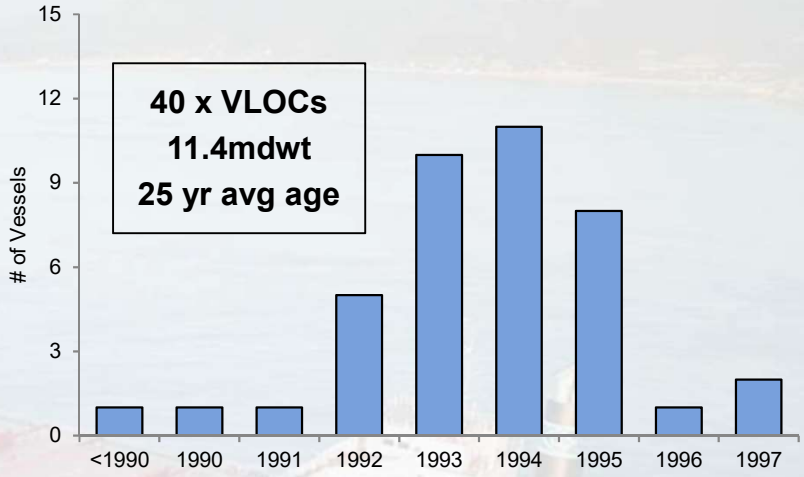
The supply response to market conditions…

…has materialized through increased scrapping of older tonnage and slippage of newbuilding deliveries

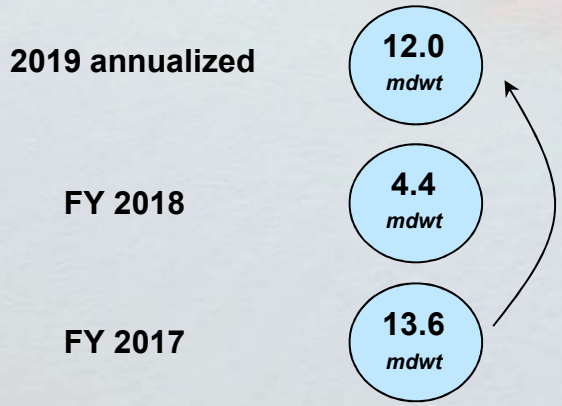
Capesize scrapping has reached its highest point since Jan 2017…



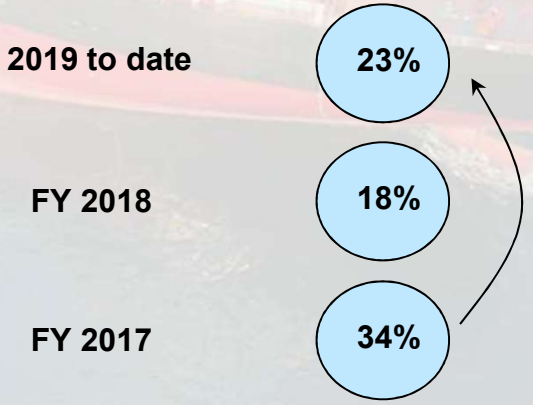
…as 4 x VLOCs have exited the market, with possibly others to follow



Overall scrapping is closing in on FY 2018 levels and approaching 2017…

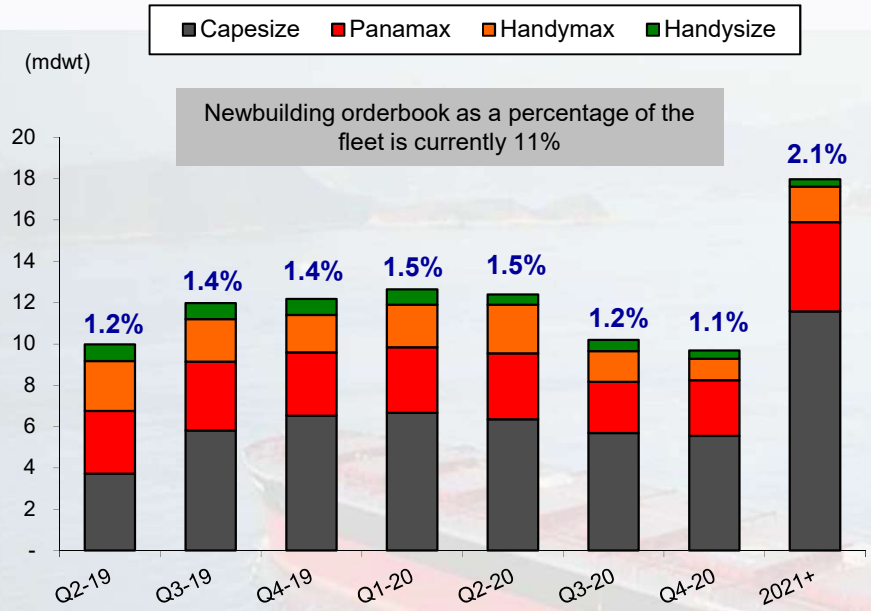


…while, slippage rates have increased due to delayed delivery of N/B tonnage

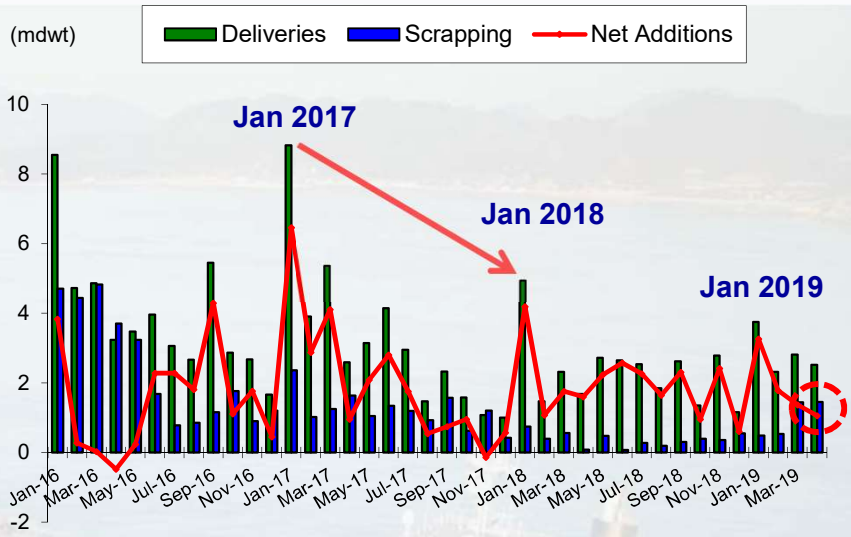


Supply Side Fundamentals

Current Drybulk Vessel Orderbook by Type

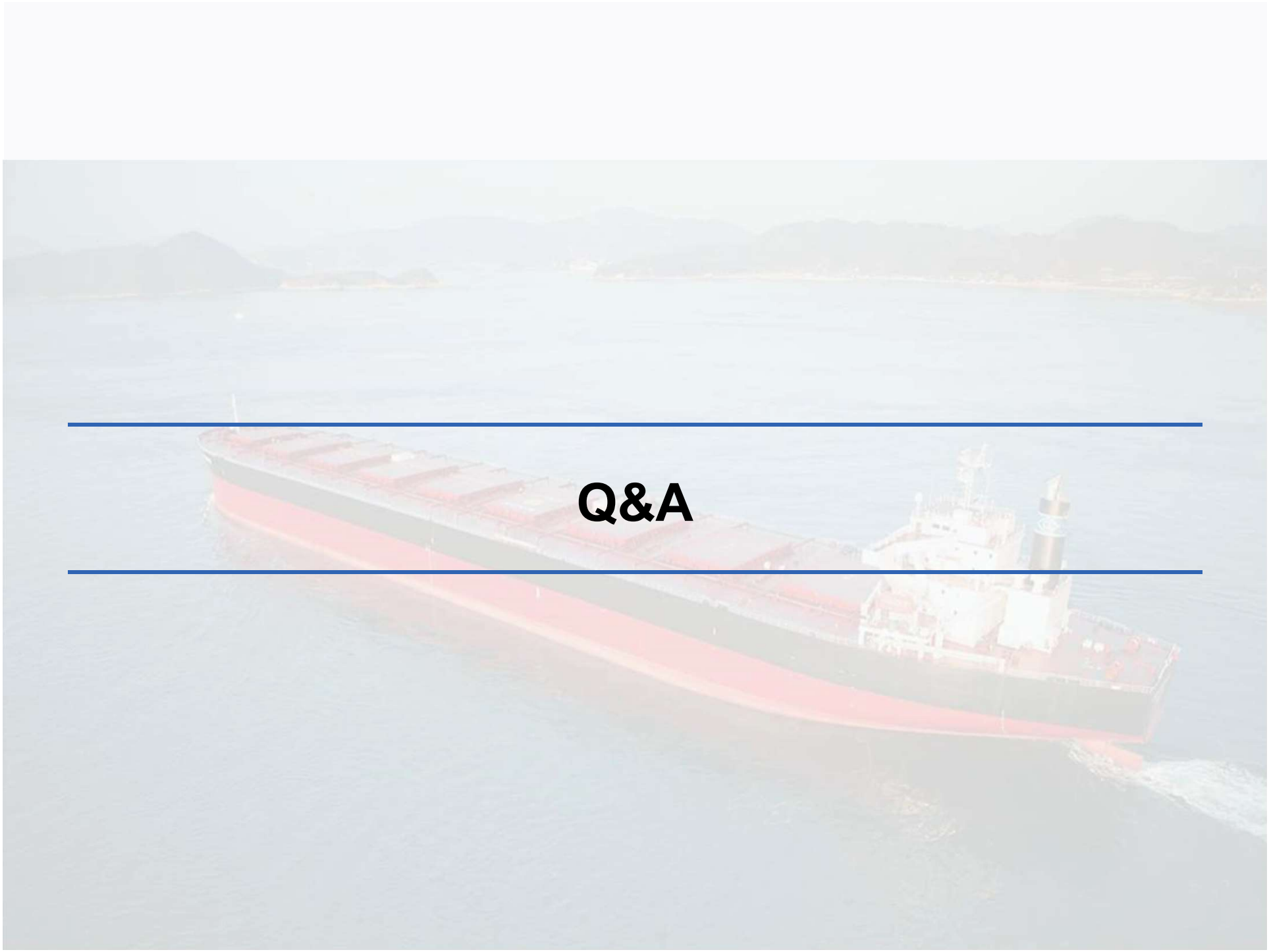


Drybulk Vessel Deliveries vs. Scrapping



- 2019 annualized net fleet growth is 2.7% through April
- Slippage rate in 2019 to date has been approximately 23%
- The pace of scrapping has increased significantly so far in 2019, with approximately 3.9mdwt scrapped to date as compared to 4.4mdwt scrapped in all of 2018
- 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

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 sale candidates under the Company's previously announced fleet renewal plan

Time Charter Equivalent Reconciliation(1)

	Three Months Ended March 31, 2019	Three Months Ended March 31, 2018
	(unaudited)	
Total Fleet		
Voyage revenues (in thousands)	$ 93,464	$ 76,916
Voyage expenses (in thousands)	43,022	21,093
Charter hire expenses (in thousands)	2,419	-
	48,023	55,823
Total available days for owned fleet	5,203	5,335
Total TCE rate	$ 9,230	$ 10,463

	Three Months Ended June 30, 2018	Three Months Ended September 30, 2018	Three Months Ended December 31, 2018
	(unaudited)		
Total Fleet			
Voyage revenues (in thousands)	$ 86,157	$ 92,263	$ 112,185
Voyage expenses (in thousands)	25,983	31,475	36,305
Charter hire expenses (in thousands)	509	723	302
	59,665	60,065	75,578
Total available days for owned fleet	5,442	5,615	5,710
Total TCE rate	$ 10,964	$ 10,696	$ 13,237

(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 Loss Reconciliation

	Three Months Ended March 31, 2019
	(unaudited)
Adjusted Net Loss Reconciliation	
Net loss	$ (7,801)
- Gain on sale of vessels	(611)
Adjusted net loss	$ (8,412)
Adjusted net loss per share - basic	$ (0.20)
Adjusted net loss per share - diluted	$ (0.20)
Weighted average common shares outstanding - basic	41,726,106
Weighted average common shares outstanding - diluted	41,726,106
Weighted average common shares outstanding - basic as per financial statements	41,726,106
Dilutive effect of stock options	-
Dilutive effect of restricted stock awards	-
Weighted average common shares outstanding - diluted as adjusted	41,726,106

Q2 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)	1,102	1,183
Technical Management Fees(5)	357	357
Drydocking(6)	2,337	-
Interest Expense(7)	1,445	1,625
Fixed Debt Repayments(8)	3,141	-
Depreciation(9)	-	3,475
Daily Expense(10)	**$12,907**	**$11,165**
Number of Vessels(11)	58.00	58.00

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 Q2 2019.

(7) Interest expense is based on our debt level as of March 31, 2019 less scheduled fixed debt repayments in Q2 2019 as well as commitment fees and expected drawdowns under our new $35 million scrubber facility agreed upon in February 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 Q2 2019 aggregate to $16.4 million under our outstanding credit facilities. Additionally, during Q2 2019, we paid down $4.6 million associated with the sale of the Genco Cavalier in Q4 2018.

(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 58.00 vessels.