# GENCO SHIPPING & TRADING LIMITED




## BTIG Non-Deal Investor Presentation

NYSE: GNK

March 22nd, 2022

# 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 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) 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 are 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 financial results we achieve for each quarter that apply to the formula under our new dividend policy, including without limitation the actual amounts earned by our vessels and the amounts of various expenses we incur, as a significant decrease in such earnings or a significant increase in such expenses may affect our ability to carry out our new value strategy; (xxi) the exercise of the discretion of our Board regarding the declaration of dividends, including without limitation the amount that our Board determines to set aside for reserves under our dividend policy; (xxii) 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 (xxiv) 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, 2021 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, market developments, and the best interests of the Company and its shareholders. 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.

# Presenters

**John C. Wobensmith**
*Chief Executive Officer*

- Over 25 years of experience in the shipping industry
- Strong background in managing all aspects of a drybulk shipping company including commercial, technical and finance
- Holds CFA designation

**Apostolos Zafolias**
*Chief Financial Officer*

- 17 years of experience in the shipping industry
- Significant experience in M&A, S&P, commercial bank financing and capital market transactions
- Holds CFA designation

**Peter Allen**
*SVP, Strategy & Finance*

- 14 years of experience in the shipping industry
- Also serves as the Company's drybulk market analyst
- Holds CFA designation







# Executive summary

# Genco Shipping & Trading overview

- Genco is the **largest U.S. based** drybulk shipowner
- We are headquartered in **New York** with global offices in **Singapore** and **Copenhagen**
- Our fleet consists of **44 modern, high quality** drybulk vessels (both major + minor bulk)
- Focused on the **global transportation of commodities**
- **Direct exposure to all drybulk trades** transported across world-wide shipping routes
- Provides a **full-service logistics solution** to our customers
- **Transparent US filer** with no related party transactions
- **Rated #1** in the Webber Research **2021 ESG scorecard**
- **NYSE listed** under ticker symbol **GNK**









# Current drybulk market snapshot

## Drybulk market catalysts

| | |
|---|---|
| 6.6% | Historically low orderbook as a percentage of the fleet to limit net fleet growth |
| ~4% | Strong projected 2022 and 2023 global GDP growth |
| 5.5% | China shifting to more accommodative policies to defend 5.5% GDP growth target in 2022 |
| 2023 | Environmental regulations have led to lower newbuilding orders, could result in increased scrapping / slower vessel speeds |

## Current drybulk market dynamics

| | |
|---|---|
| Ukraine | Russia's war on Ukraine resulting in longer coal ton miles while grain exports have been reduced – longer term dynamics remain unknown |
| Q1 | Seasonality of drybulk market (weather incidents, timing of CNY and newbuilding deliveries) briefly weighed on freight rates |
| Q2-Q4 | Seasonal uplift in steel production + cargo volumes |
| 370mtpa | Recovery and growth of Brazilian iron ore exports expected after a soft Q1 – Vale targeting a 370mtpa output runrate by YE 2022 |
| $800-$1,000/mt | Bunker fuel prices at multi-year highs has driven down vessel speeds |

Sources: Clarksons Research Services Limited 2022, Vale, IMF

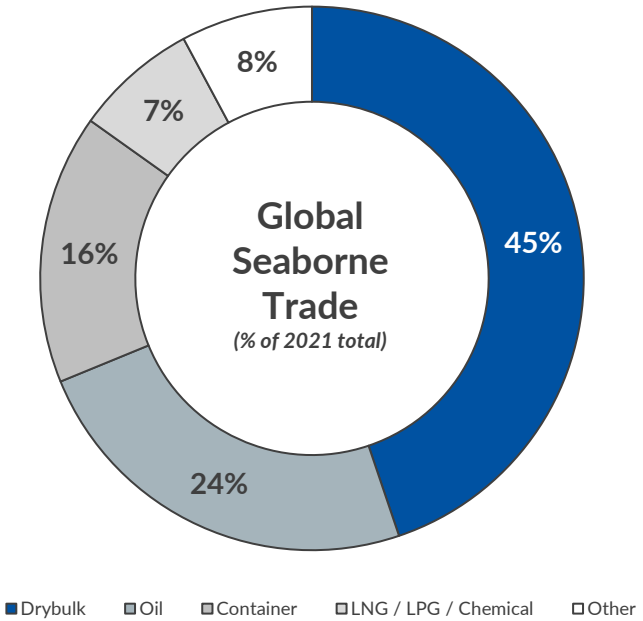
# Genco transported 25mdwt of drybulk commodities in 2021

We employ a diversified asset base consisting of large Capesize vessel and medium size Ultra/Supramax vessels, enabling us to carry a wide range of cargoes worldwide

### Genco's commodities carried

- Iron ore: 51%
- Met / thermal coal: 15%
- Grains: 12%
- Cement: 6%
- Potash/Fertilizer: 5%
- Steel/Pig Iron: 2%
- Alumina/Bauxite: 2%
- Limestone: 1%
- Miscellaneous: 7%

### Drybulk trade is ~half of seaborne trade volume




| Commodity | % of drybulk trade | Primary use |
|---|---|---|
| Iron ore | 30% | Steel production |
| Met / thermal coal | 17% | Steel production + power generation |
| Grain | 14% | Human consumption + feed livestock |
| Minor bulks | 39% | Various uses, linked to global GDP growth |



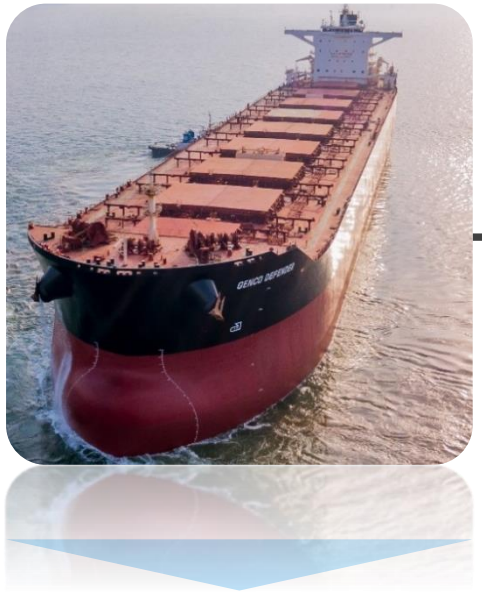



# Genco's "barbell" approach to fleet composition

...combines upside potential of Capesize vessels with the more stable earnings stream of minor bulk vessels

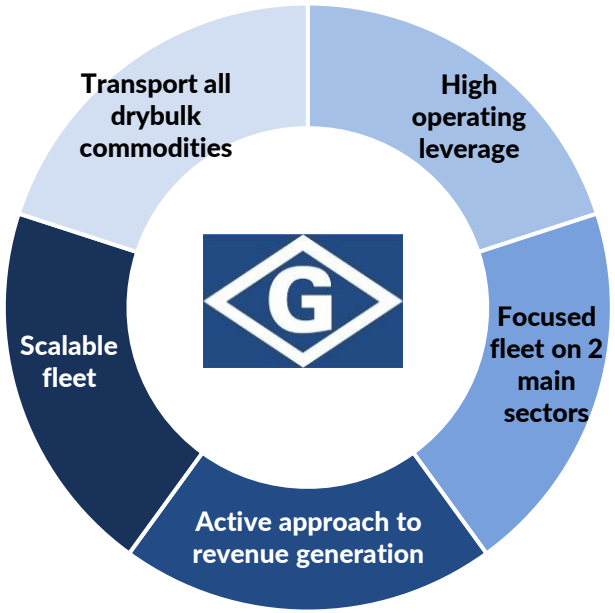
## Major bulk Capesize

**17** vessels



- Higher industry beta leading to greater upside potential
- Focused on iron ore trade
- Driven by world-wide steel production

**These two sectors provide complementary characteristics for Genco's value strategy...**




## Minor bulk Ultra/Supra

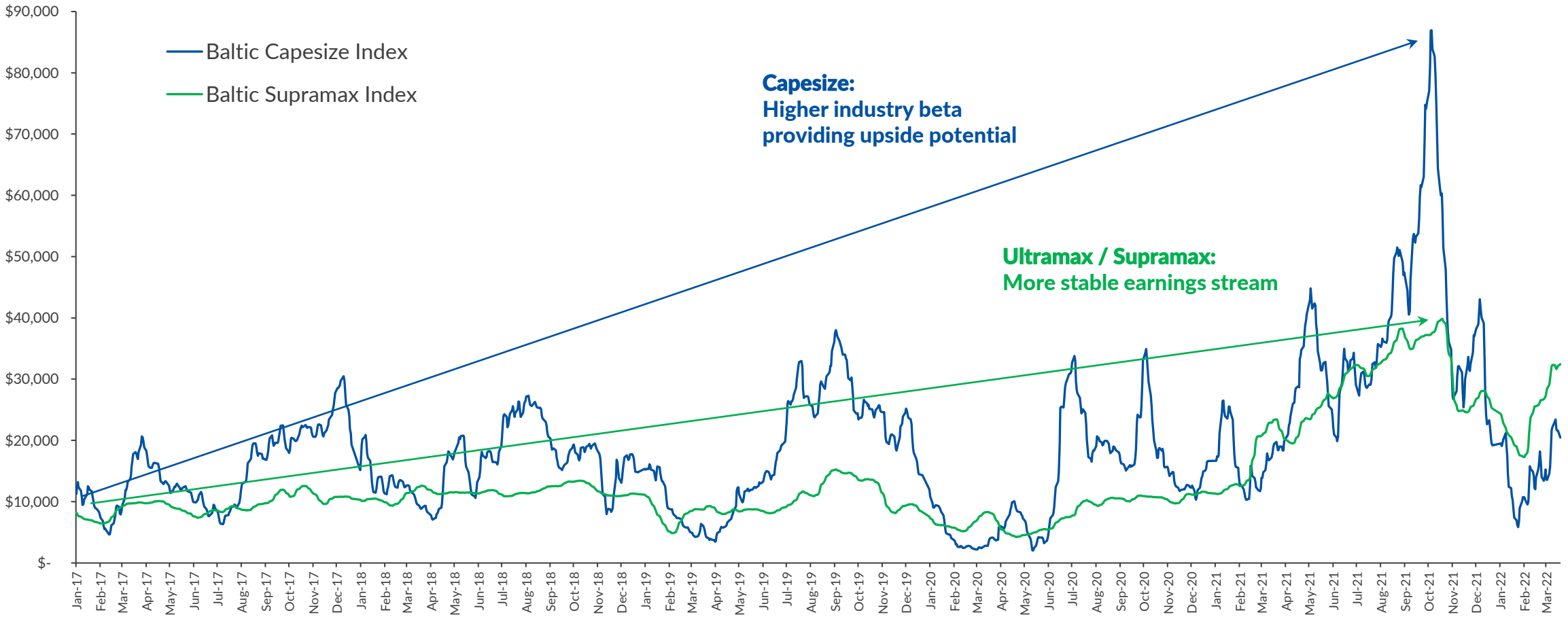
**27** vessels



- More stable earnings
- Diverse trade routes
- Linked to global GDP
- Cargo arbitrage opportunities

# Freight rate development and earnings

…highlight the importance of owning large Capesize vessels together with minor bulk ships






Source: Clarksons Research Services Limited 2022

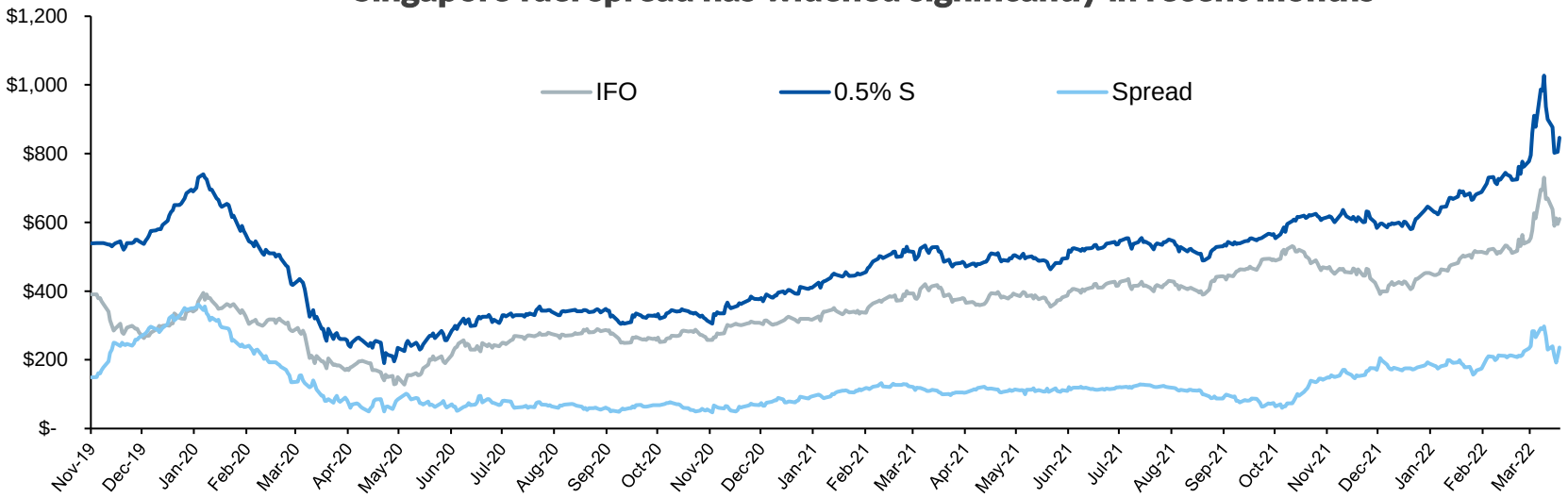
# Portfolio approach to scrubber installation

## Genco is capturing the widening fuel spreads thru scrubbers installed on 17 Capesize vessels

- Genco implemented a portfolio approach towards IMO 2020 compliance
- Installed scrubbers on Capesize vessels + consuming VLSFO on our minor bulk vessels
- Equipment + installation cost of our Capesize scrubbers has been paid off
- Scrubbers on Capesize vessels are a lower risk, higher return investment as these vessels: 1) consume the most fuel 2) spend the most time at sea 3) bunker at main ports




### Singapore fuel spread has widened significantly in recent months




**Illustrative fuel spread sensitivity (17 Capes)**

| Fuel spread ($/ton) | Scrubber benefit ($ in m) | Illustrative IRR |
|---|---|---|
| $ 150 | $ 28.1 | 38% |
| $ 175 | $ 32.7 | 42% |
| $ 200 | $ 37.4 | 46% |
| $ 225 | $ 42.1 | 50% |

Note: illustrative fuel spread sensitivity assumes 40mt of fuel consumed per day and 275 sailing days per year. Shown for Genco's 17 Capesize vessels which have scrubbers installed. Illustrative IRR is based on the cost of Genco's scrubbers and actual fuel spreads realized to date plus the sensitized fuel spreads as listed in the chart. The calculation period is over three years starting on Jan 1, 2020.

# Comprehensive value strategy

# Genco's comprehensive value strategy

Focused on 3 key elements…

| Significant dividends | Deleveraging | Growth |
|---|---|---|
| Cash flow generation | Debt repayments | Use shares as a currency to grow |
| Reduced cash flow breakeven rate | Debt prepayments utilizing cash on the balance sheet + operating cash flow | Utilize reserve + revolver |
| | | Opportunistically sell older ships + redeploy |

**$246m** — **Reached target debt outstanding** *(~50% of fleet's current scrap value)*

**45%** — **Paid down $203m of debt in 2021**

**15%** — **Net LTV at year-end 2021**

**Strategy closely integrates with our barbell approach to fleet composition** in which our minor bulk fleet provides more stable cash flows, while our Capesize vessels provide meaningful upside potential and operating leverage

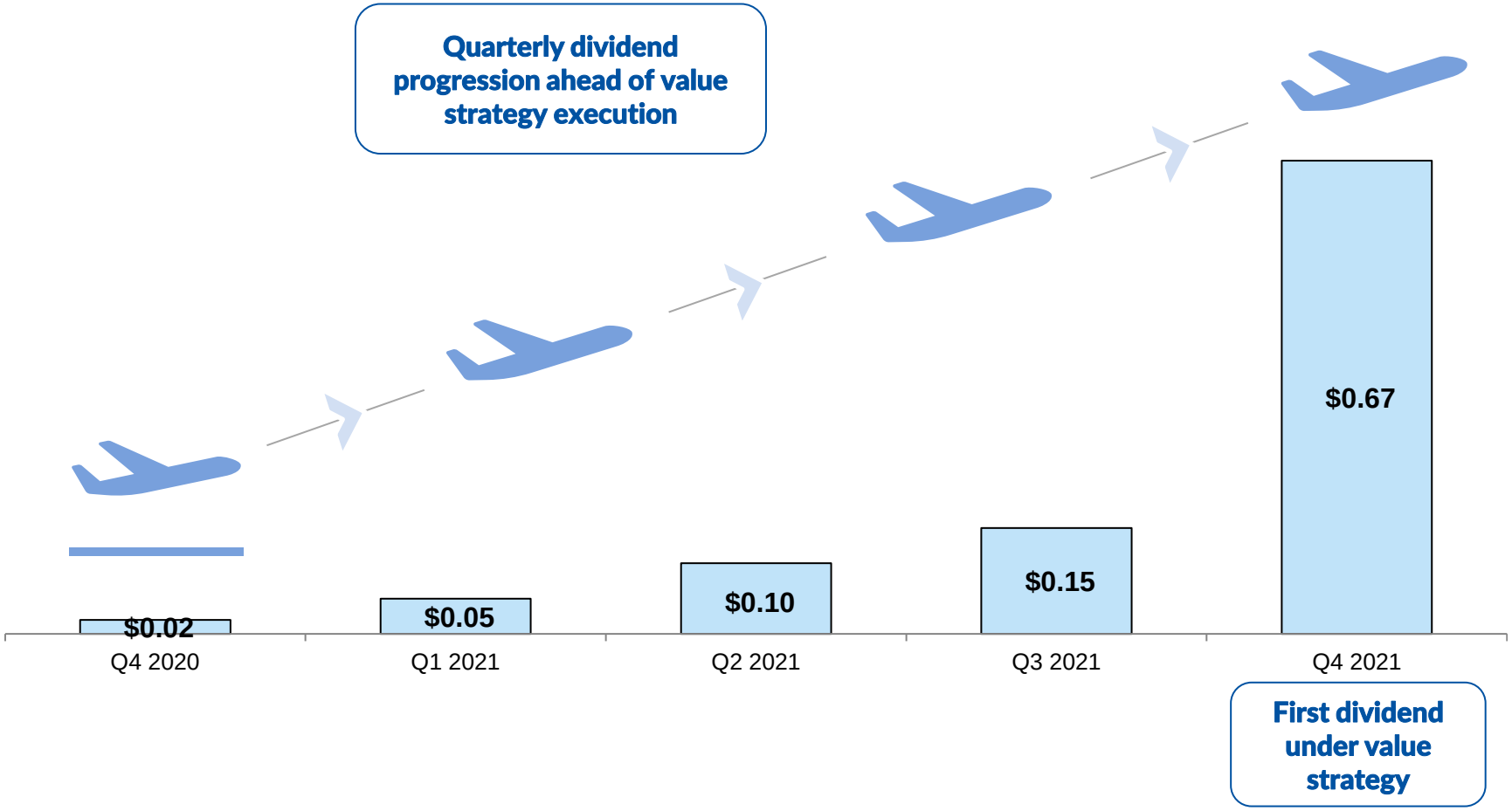


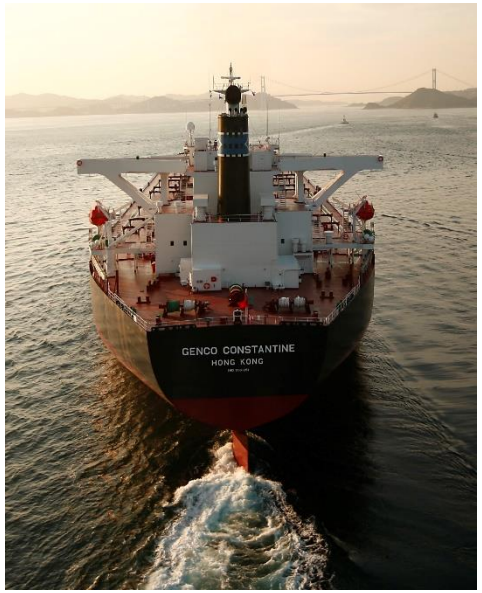
Note: figures are as of December 31, 2021, net LTV is based on VesselsValue.com estimates pro forma for the delivery of two Ultramax vessels in January 2022.

# Genco's dividend ramp up ahead of "take off"…

**10** quarters — Declared 10 consecutive quarterly dividends since Q3 2019

**$1.725** Per share — Declared $1.725 per share of dividends in aggregate since Q3 2019



# Quarterly dividend calculation / framework

## Straight-forward and transparent dividend formula

**$24,215** **Estimate of Q1 2022 for 87% of days fixed as of Feb 24, 2022** *(Q1 2022 owned available days: 3,849 for the full quarter)*

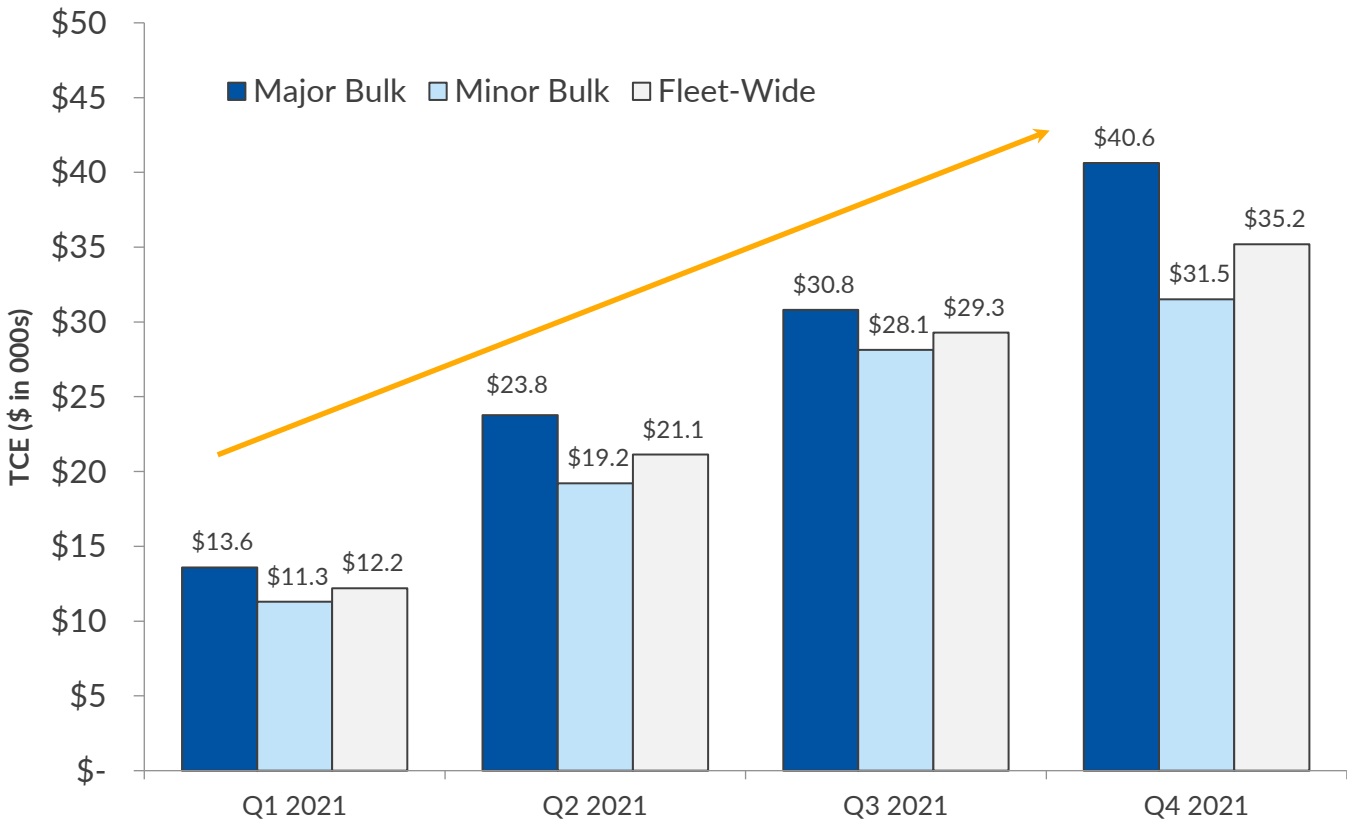
| | Dividend calculation (numbers in m except per share amounts) | Q4 2021 actual | Q1 2022 estimates | Commentary |
|---|---|---|---|---|
| Operating cash flow | Net revenue | $ 132.70 | Fixtures to date + market | Calculated as voyage revenue less voyage expenses and charter hire expenses |
| | Operating expenses | $ (31.79) | $ (31.63) | Consists of vessel opex, G&A ex restricted stock, interest expense ex deferred financing costs, technical mgmt fees - based on our estimated cash flow breakeven rate |
| | Less: debt repayments | $ (59.00) | $ (8.75) | Represents voluntary debt paydowns |
| | Less: drydocking/BWTS/ESD upgrades | $ (2.92) | $ (5.90) | Subject to timing of actual drydockings |
| | Less: reserve | $ (10.75) | $ (10.75) | Based on the following quarter's voluntary debt repayment of $8.75m + anticipated interest expense |
| | **Cash flow distributable as dividends** | **$ 28.25** | Sum of the above output | A |
| | Number of shares to be paid dividends | 42.4 | 42.4 | B |
| | **Dividend per share** | **$ 0.67** | A ÷ B | |

- Management plans to communicate the following information to the market a quarter ahead in order to provide a basis for estimating the next quarter's dividend:
  - TCE estimate
  - Estimated cash flow breakeven / expense levels
  - Debt repayment and quarterly reserve
- We plan to base the quarterly reserve on the next quarter's debt repayments and interest expense
- Reserve optionality: uses include debt prepayments, vessel acquisitions, and general corporate purposes

Note: Operating expenses, debt repayments, and drydocking/BWTS/ESD upgrades for Q1 2022 are estimates presented for illustrative purposes. The amounts shown will vary based on actual results. Determinations of whether to pay a dividend, the amount of any dividend, and the amount of reserves used in any dividend calculation will remain in our board of directors' discretion. Please see the Appendix for a reconciliation of the above figures. Q1 2022 estimates are based on figures provided in our Q4 2021 earnings release / presentation in Feb 2022.

# Q4 2021 TCE is our highest since 2008

## Q1 2022 estimates to date point to another strong quarter




**$24.2k** Q1 2022 TCE estimate to date is fixed for ~87% of the quarter's available days

**+20%** Q4 2021 is 20% higher vs Q3 2021

**+98%** Q1 2022 TCE estimate to date is 98% higher than Q1 2021

- Significant operating leverage
- Sizeable fleet
- Major + minor bulk exposure

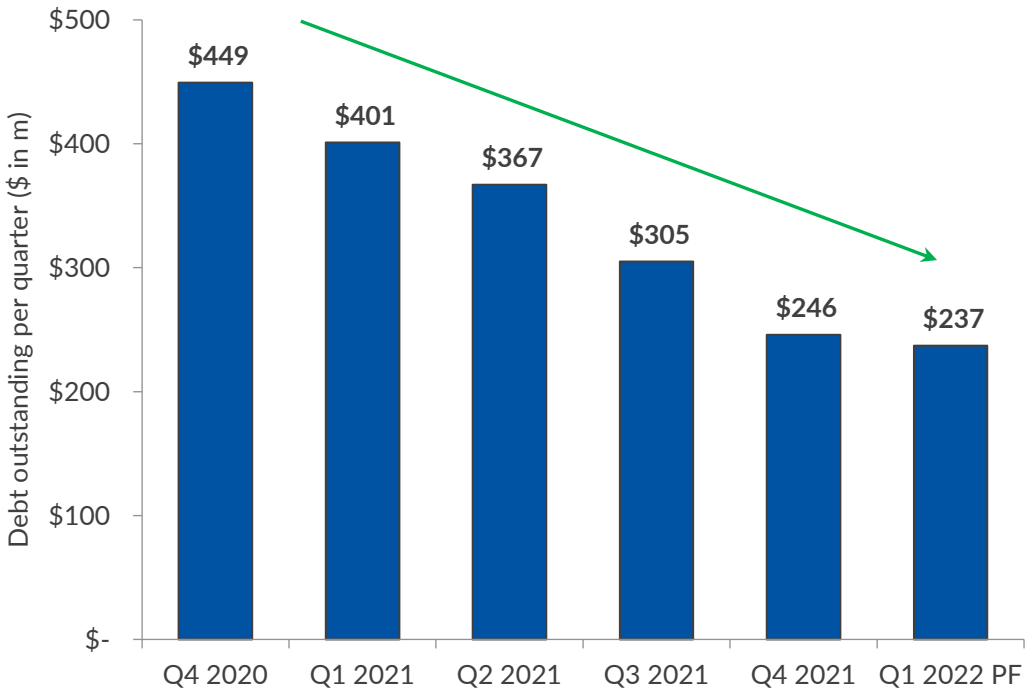


Note: our Capesize vessels are considered major bulk vessels, while Panamax, Ultramax, Supramax and Handysize vessels are considered minor bulk.

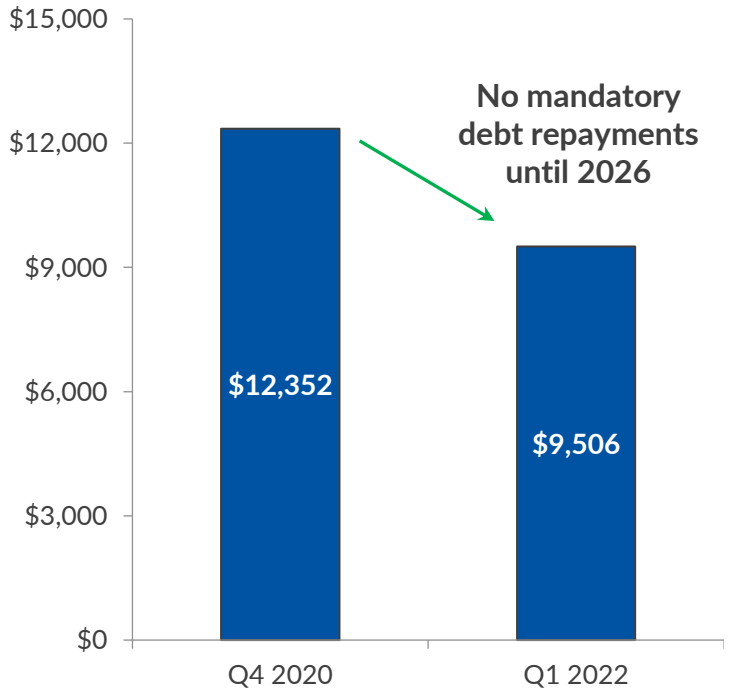
# Genco's industry low cash flow breakeven rate

Genco accentuated its financial de-leveraging thru large scale debt paydowns (in addition to asset value appreciation) creating the strongest balance sheet among its peer group

**Meaningful reduction in debt outstanding thru large-scale debt paydowns in 2021…**




**…significantly reduced our cash flow breakeven rate to the lowest in the peer group**




- We have no mandatory debt repayments due in 2022
- Genco will voluntarily pay down debt during the year
- Paid down $8.75m in Q1 2022
- Medium term goal of net debt zero



Note: cash flow breakeven figures shown are based on estimates provides in the Q3 2020 and Q4 2021 Genco earnings presentations, actual results to differ. Please see the appendix for further detail. Q1 2022 pro forma debt balance is after a voluntary debt paydown of $8.75m.

# 2022 illustrative dividend sensitivity…

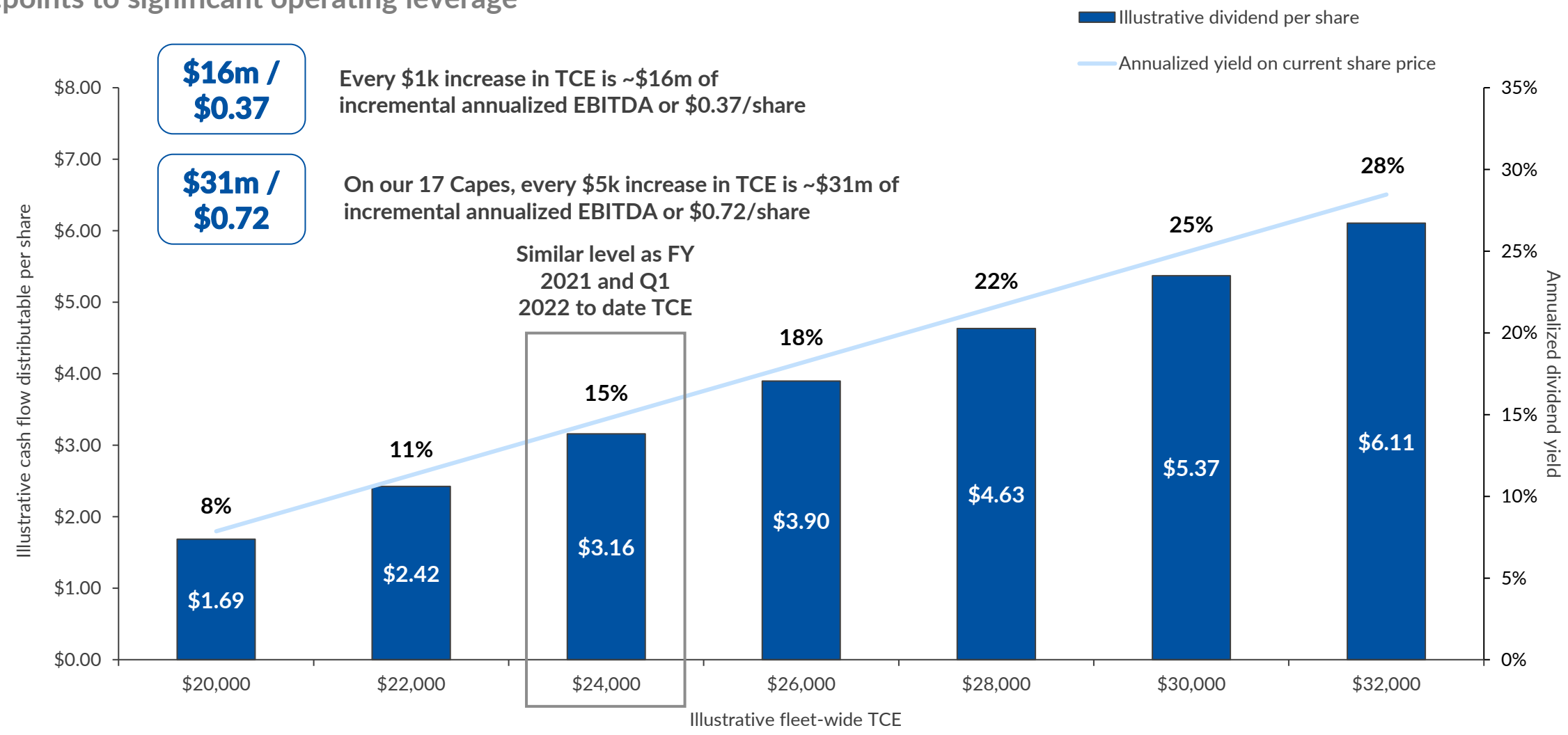
…points to significant operating leverage

**$16m / $0.37**

Every $1k increase in TCE is ~$16m of incremental annualized EBITDA or $0.37/share

**$31m / $0.72**

On our 17 Capes, every $5k increase in TCE is ~$31m of incremental annualized EBITDA or $0.72/share

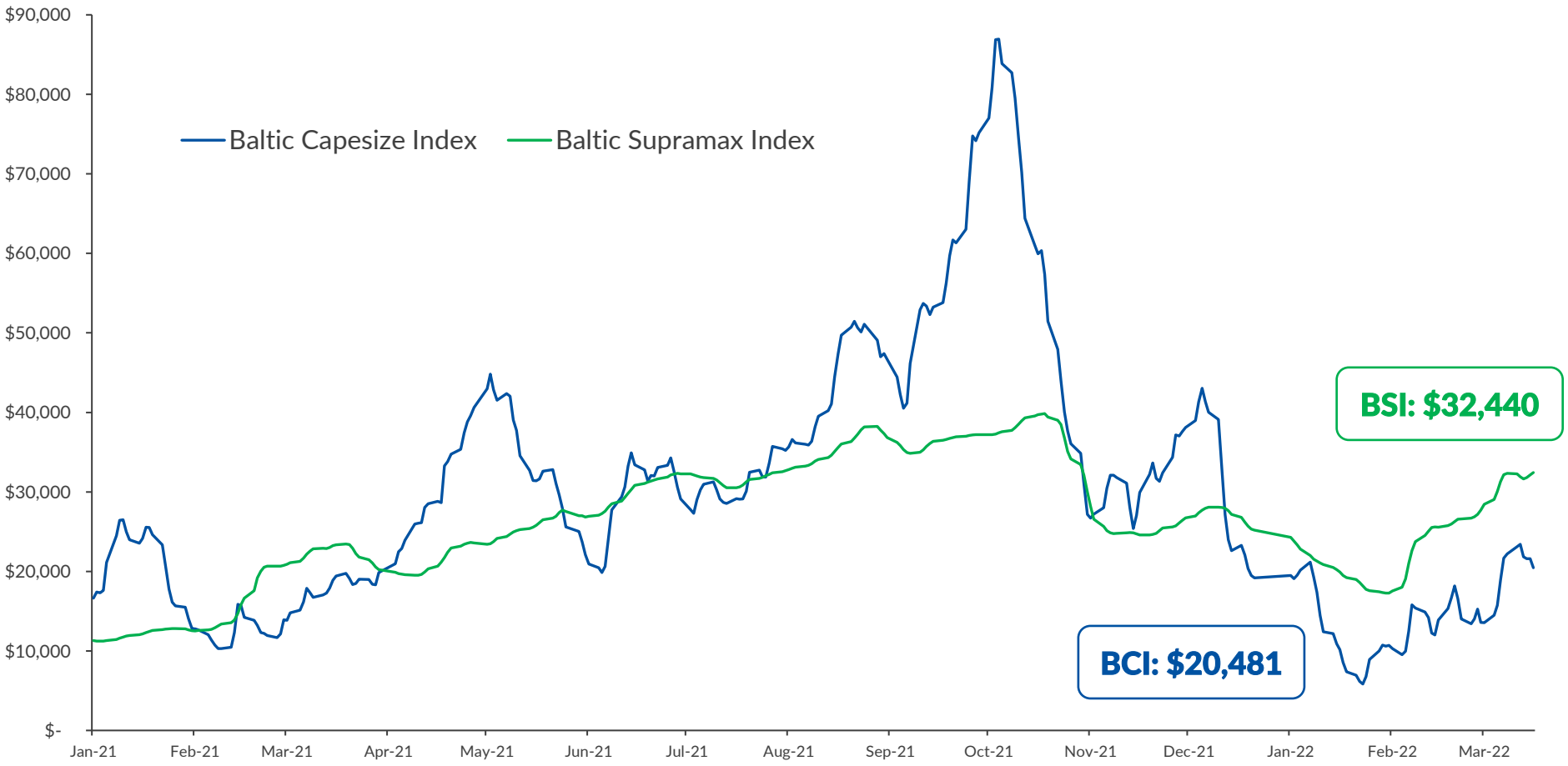



Note: based on GNK's share price as of March 21, 2022. Illustrative cash flow distributable per share is based on sensitized TCE rates shown above less the annualized 2022 expense levels. The reserve and voluntary debt paydown amounts are based on Q1 2022 annualized figures. The amounts set forth above are for illustrative purposes only, and actual amounts will vary. 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 our Board of Directors each quarter after its review of our financial performance. Operating cash flow and TCE are non-GAAP financial measures. For further details and a reconciliation of operating cash flow to net income, the most comparable financial measure presented in accordance with GAAP, please see the Appendix of this presentation. TCE rates are assumed for analytical purposes and encompass a number of underlying assumed variables. Accordingly, we are unable to provide, without unreasonable efforts, a reconciliation of TCE to the most comparable financial measure presented in accordance with GAAP.

# Industry Overview

# Freight rate development

Strong 2021 followed by Q1 seasonal decline, although rates have increased off recent lows





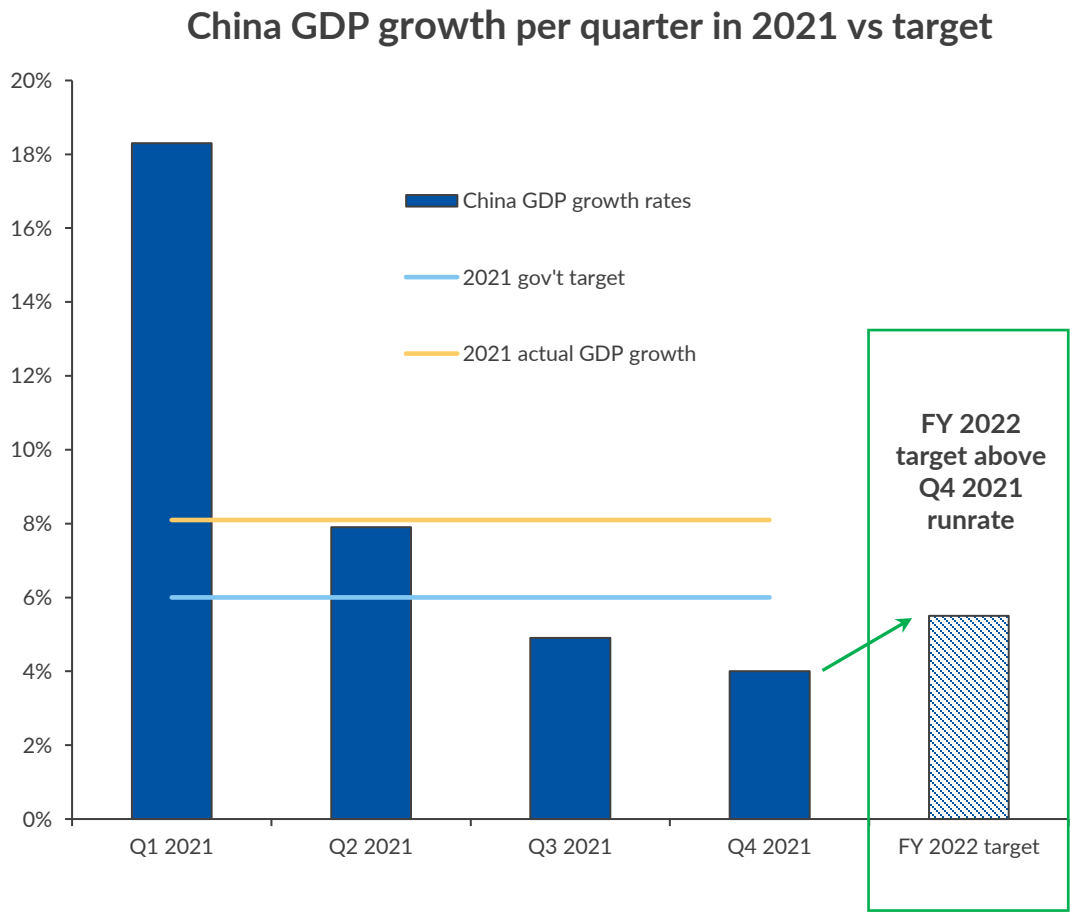







Source: Clarksons Research Services Limited 2022

# China's policies becoming more accommodative




- China set 2022 GDP growth target of 'around 5.5%'
- Credit growth in China has been increasing in recent months
  - Leading indicator for raw materials demand
- China is accelerating infrastructure projects to support growth

Source: Mysteel

# Drybulk impact of Russia's war on Ukraine

**Drybulk market**

- Evolving situation, shipments from Ukraine stopped, changing trade patterns
- Leading to rising commodity and fuel prices resulting in higher inflation
- Sanctions + countries not wanting to do business with Russia + force majeure

**Grain**

- Limited grain exports from Black Sea region expected going forward
- Next crop season is highly uncertain due to planting + infrastructure
- Potential draw down of existing stockpiles from alternative regions to help fill the supply gap

**Coal**

- Sanctions on Russian oil exports
- Tightness in energy markets and rising prices has increased coal demand
- Re-routing of cargo flows from longer ton mile origins (ie Aust to Europe)

**Genco update**

- None of our ships are in the Black Sea region or Russia
- Focused on safety of Ukrainian crew
- Of our ~900 crew members, 10 are Ukrainian

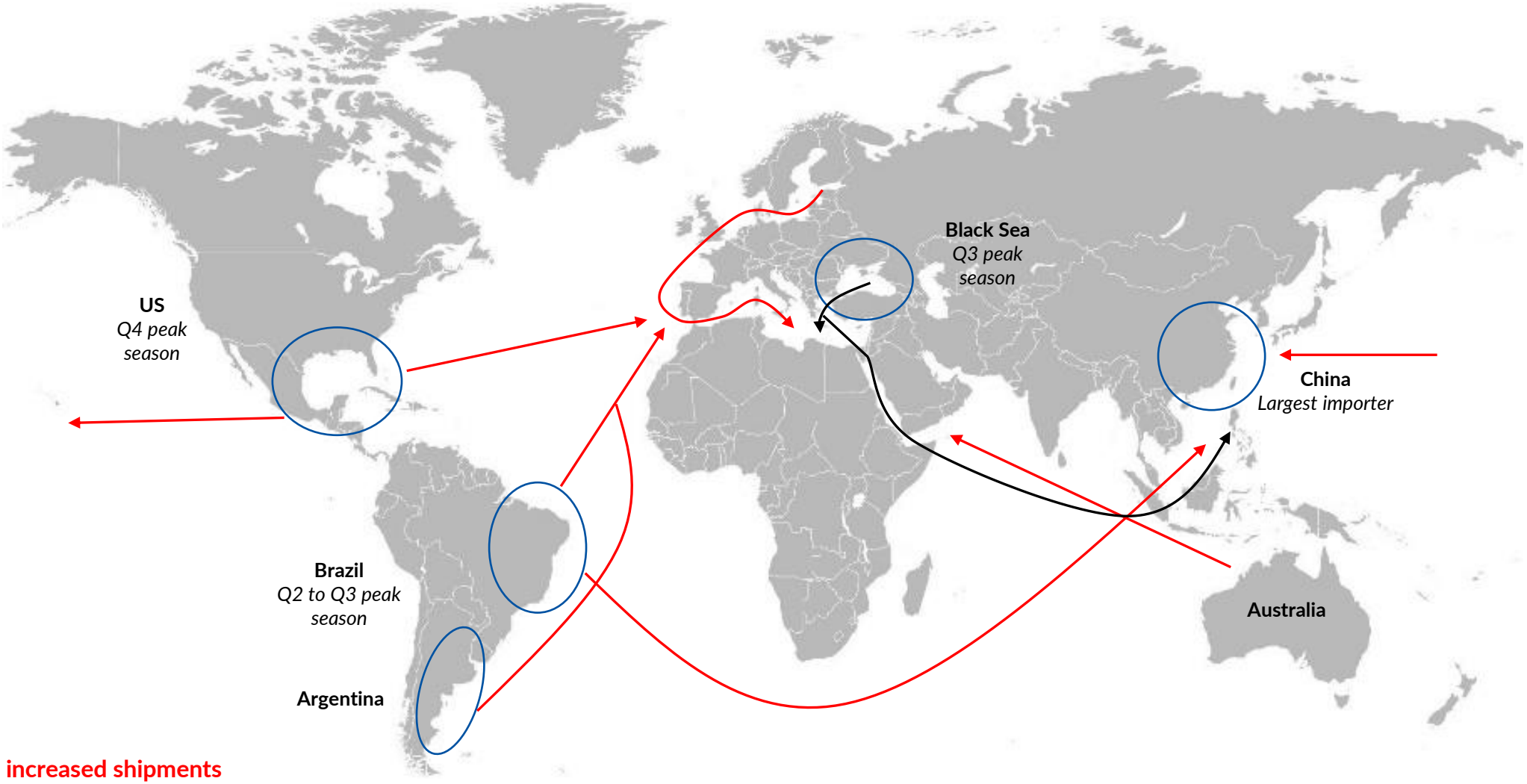
**Drybulk S&D impact**

- Changing trading patterns increasing ton miles despite possibly lower overall export volumes
- Increased fleet inefficiencies
- Slower fleet speeds due to higher bunker prices
- Switch from gas to coal
- Increases in commodity prices + restocking in the short-term
- Potential demand destruction from high commodity prices persist

Source: Clarksons Research Services Limited 2022

# Grain trade re-routing of cargo flows

Black Sea grain supplies have been reduced causing buyers to focus on US + South America

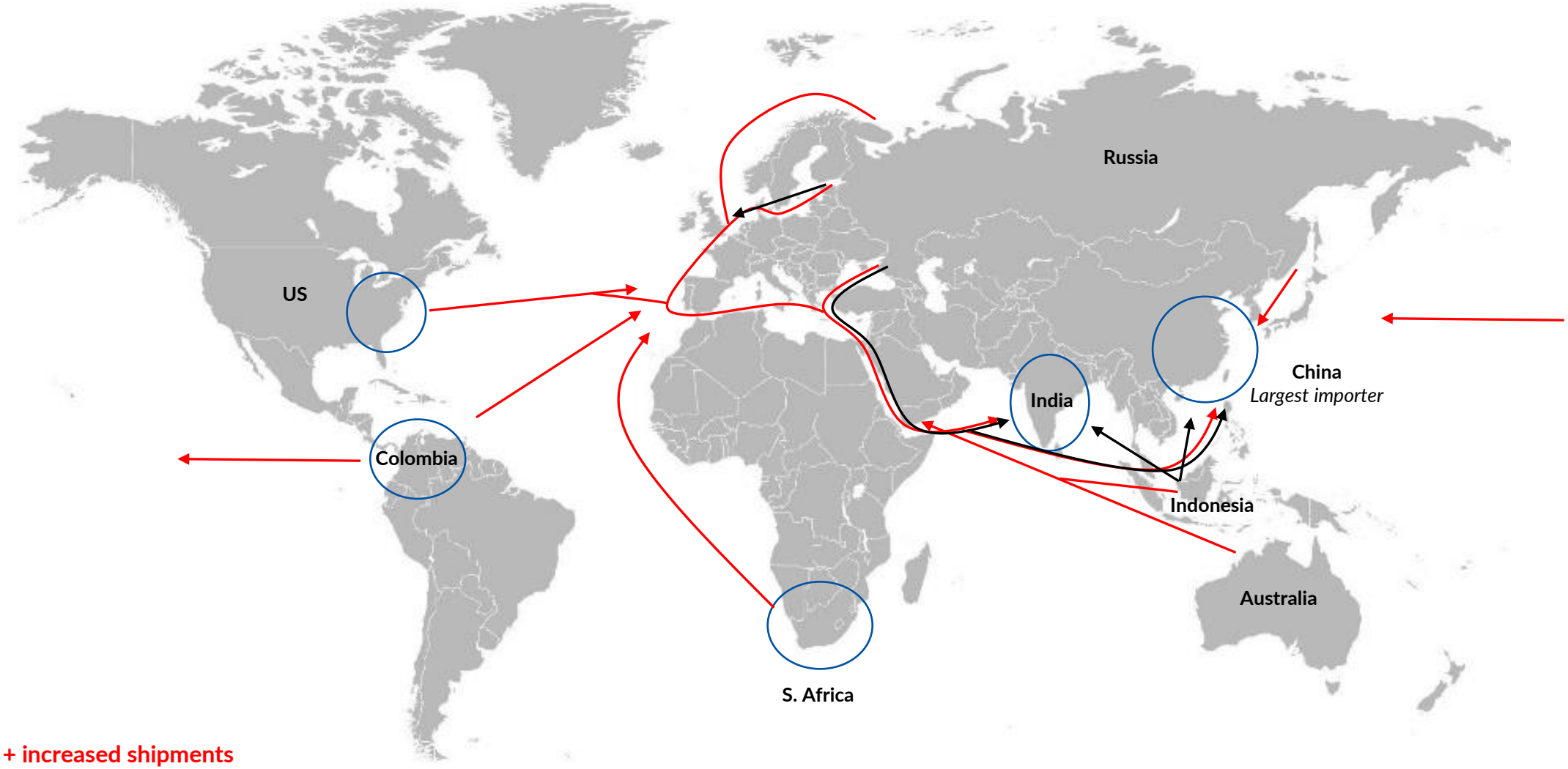



**Re-routing + increased shipments**

Select previous trade routes

# Coal trade re-routing of cargo flows

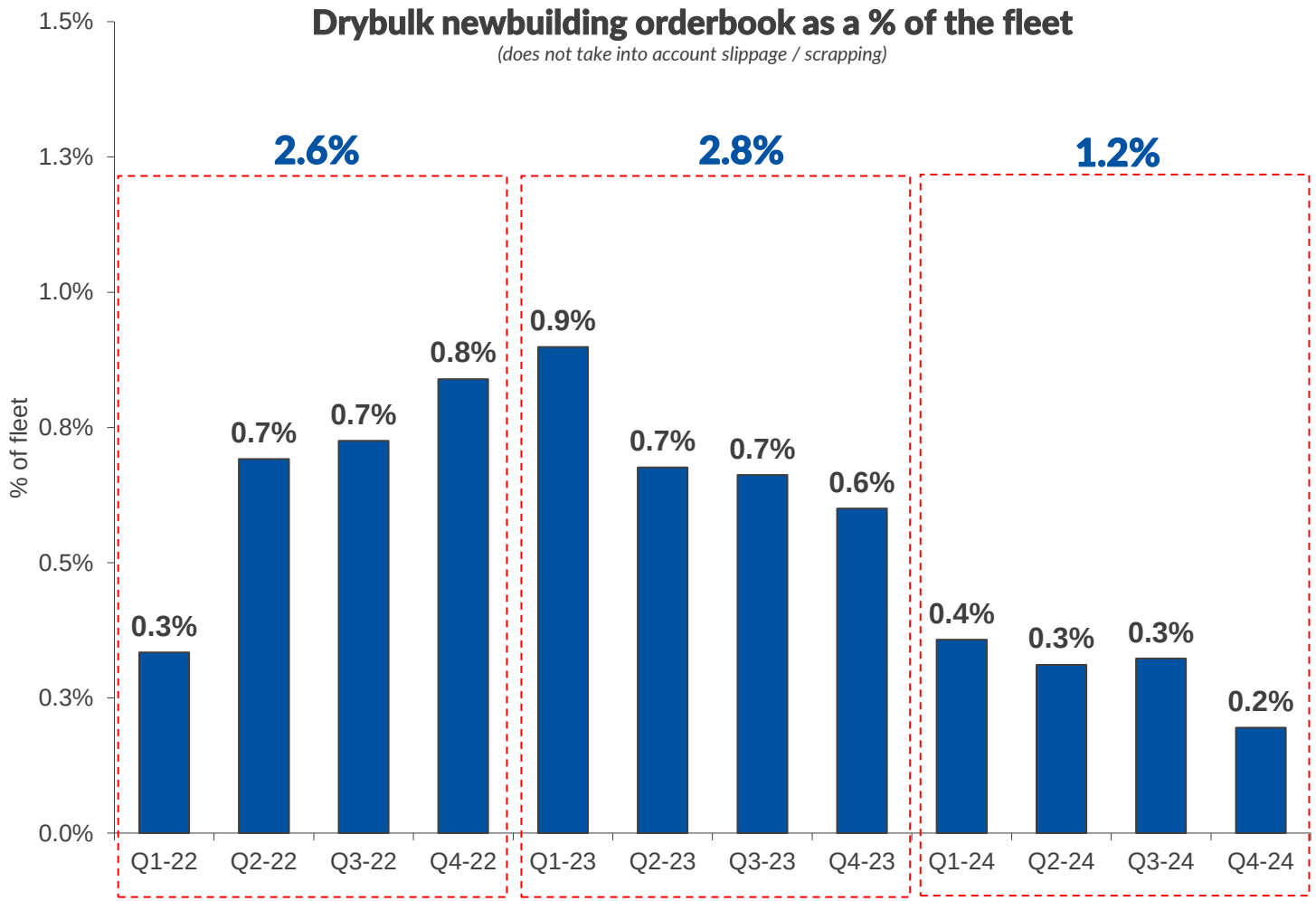
European coal imports sourced from longer ton mile origins




**Re-routing + increased shipments**

Select previous trade routes

# Historically low newbuilding orderbook




**6.6%** Orderbook as a % of the total drybulk fleet

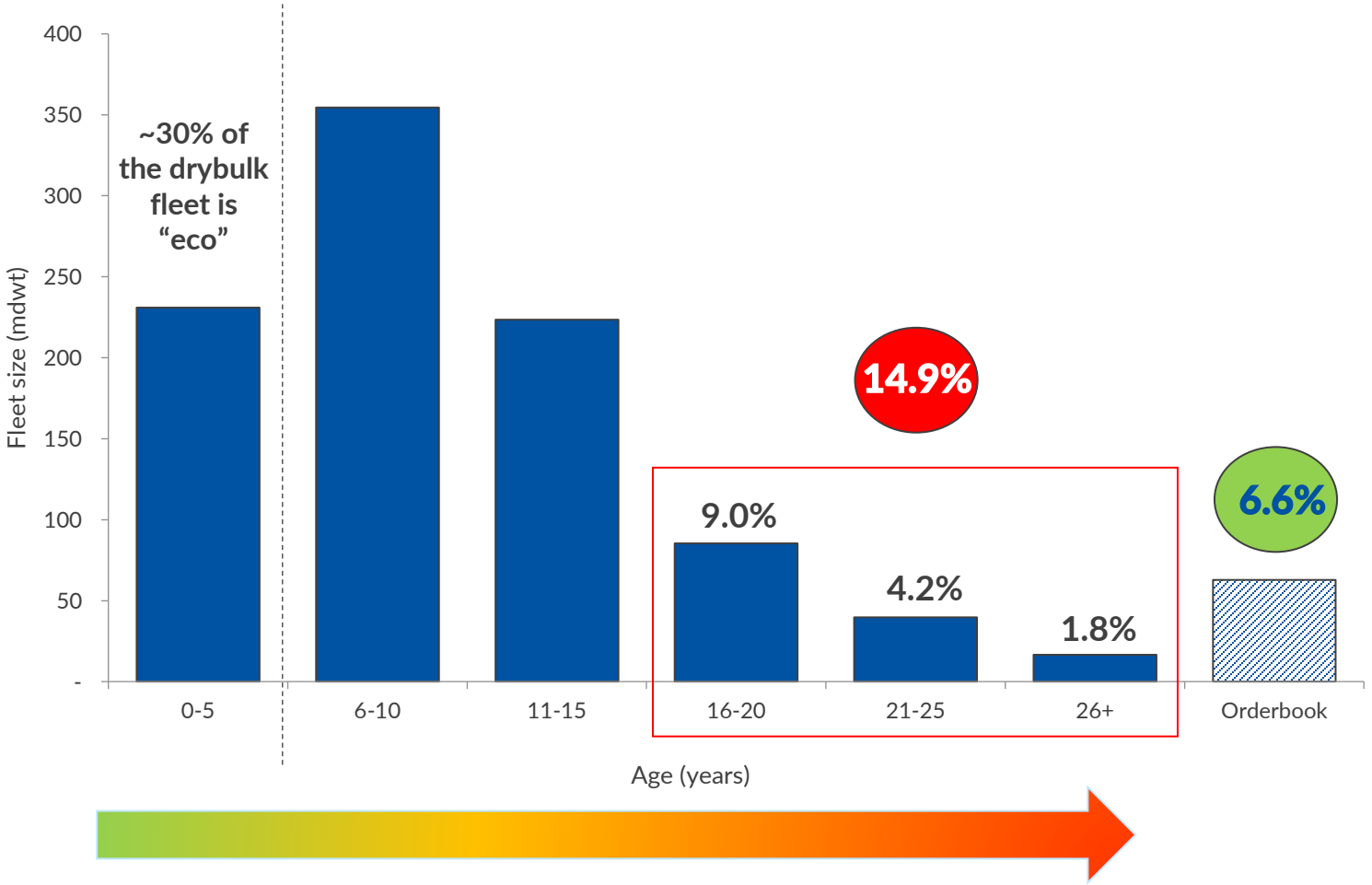
**7.6%** % of the on the water fleet >=20 years old

**-22%** Newbuilding deliveries down 22% in 2021 YOY



Source: Clarksons Research Services Limited 2022

# Fleet-wide impact of environmental regulations




- **Slower maximum speeds** due to EPL installations + CII compliance
- **Older ships becoming less competitive**, possibly increased scrapping
- **Longer times in drydocking** for installation of energy saving devices (think scrubbers, but to a lesser extent)
- **Chartering impact:** large charterers could "force" owners into compliance by not fixing certain vessels



Source: Clarksons Research Services Limited 2022

# Freight rate catalysts and drybulk outlook

## Marsoft 2022 to 2023 S&D growth estimates

| | Vessel* | 2022 | 2023 |
|---|---|---|---|
| Iron Ore  | Capesize | +3.0% | +3.2% |
| Coal  | Capesize<br>Panamax | +3.2% | +0.2% |
| Grain  | Panamax<br>Supramax<br>Handysize | +6.2% | +1.0% |
| Minor Bulk  | Supramax<br>Handysize | +4.3% | +3.5% |
| **Total Demand** | | +3.9% | +2.2% |
| **Net Fleet Growth** | | +2.1% | +1.4% |

*Indicates the primary vessel type that carries the respective commodities. Supply and demand forecasts are based on Marsoft's base case from February 2022

## Drybulk market catalysts

1. Record low orderbook as a percentage of the fleet to limit net fleet growth
2. Strong 2022 global GDP growth forecast
3. China to potentially shift to more accommodative policies to defend economic growth targets in 2022
4. ROW continues economic improvement
5. Recovery and growth of Brazilian iron ore exports

Sources: Marsoft, Clarksons, IMF

# Conclusion

# Genco provides an attractive risk-reward balance…

…while being well-positioned to capture market upside

| | |
|---|---|
| **Leadership** | ■ Experienced US-based management team + US-filer with high corporate governance standards |
| **Drybulk Market** | ■ Demand and supply dynamics forecast to continue to improve in 2022 + 2023 |
| **Best-in-Class Commercial Platform** | ■ Active mgmt. thru global commercial platform + full-service logistics solution + track record of benchmark outperformance |
| **Fleet Modernization** | ■ Grew our Ultramax fleet with nine vessel acquisitions since Dec 2020 |
| **Genco's Fleet** | ■ Barbell approach to fleet composition |
| **Value strategy** | ■ Meaningful dividends to shareholders + low leverage + strong cash position |

# Appendix

# Fourth quarter earnings

| | Three Months Ended December 31, 2021 | Three Months Ended December 31, 2020 | Twelve Months Ended December 31, 2021 | Twelve Months Ended December 31, 2020 |
|---|---|---|---|---|
| | (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 | $ 183,277 | $ 95,495 | $ 547,129 | $ 355,560 |
| Total revenues | 183,277 | 95,495 | 547,129 | 355,560 |
| Operating expenses: | | | | |
| Voyage expenses | 36,610 | 33,435 | 146,182 | 156,985 |
| Vessel operating expenses | 22,467 | 21,088 | 82,089 | 87,420 |
| Charter hire expenses | 13,964 | 4,780 | 36,370 | 10,307 |
| General and administrative expenses (inclusive of nonvested stock amortization expense of $0.6 million, $0.5 million, $2.3 million and $2.0 million , respectively) | 6,838 | 4,912 | 24,454 | 21,266 |
| Technical management fees | 1,213 | 1,645 | 5,612 | 6,961 |
| Depreciation and amortization | 14,822 | 15,549 | 56,231 | 65,168 |
| Impairment of vessel assets | - | 74,225 | - | 208,935 |
| (Gain) loss on sale of vessels | (5,818) | 1,012 | (4,924) | 1,855 |
| Total operating expenses | 90,096 | 156,646 | 346,014 | 558,897 |
| Operating income (loss) | 93,181 | (61,151) | 201,115 | (203,337) |
| Other income (expense): | | | | |
| Other income (expense) | 101 | 49 | 541 | (851) |
| Interest income | 10 | 79 | 154 | 1,028 |
| Interest expense | (2,402) | (4,898) | (15,357) | (22,413) |
| Loss on debt extinguishment | - | - | (4,408) | - |
| Other expense, net | (2,291) | (4,770) | (19,070) | (22,236) |
| Net income (loss) | $ 90,890 | $ (65,921) | $ 182,045 | $ (225,573) |
| Less: Net income attributable to noncontrolling interest | 38 | - | 38 | - |
| Net income (loss) attributable to Genco Shipping & Trading Limited | $ 90,852 | $ (65,921) | $ 182,007 | $ (225,573) |
| Net earnings (loss) per share - basic | $ 2.16 | $ (1.57) | $ 4.33 | $ (5.38) |
| Net earnings (loss) per share - diluted | $ 2.13 | $ (1.57) | $ 4.27 | $ (5.38) |
| Weighted average common shares outstanding - basic | 42,102,187 | 41,933,926 | 42,060,996 | 41,907,597 |
| Weighted average common shares outstanding - diluted | 42,709,594 | 41,933,926 | 42,588,871 | 41,907,597 |

# December 31, 2021 balance sheet

| | December 31, 2021 | December 31, 2020 |
|---|---|---|
| | (Dollars in thousands) (unaudited) | |
| **BALANCE SHEET DATA:** | | |
| Cash (including restricted cash) | $ 120,531 | $ 179,679 |
| Current assets | 174,830 | 247,202 |
| Total assets | 1,203,002 | 1,232,809 |
| Current liabilities (excluding current portion of long-term debt) | 41,895 | 32,979 |
| Current portion of long-term debt | - | 80,642 |
| Long-term debt (net of $7.8 million and $9.7 million of unamortized debt issuance costs at December 31, 2021 and December 31, 2020, respectively) | 238,229 | 358,933 |
| Shareholders' equity | 916,675 | 744,994 |



| | Three Months Ended December 31, 2021 | Three Months Ended December 31, 2020 | Twelve Months Ended December 31, 2021 | Twelve Months Ended December 31, 2020 |
|---|---|---|---|---|
| | (Dollars in thousands) (unaudited) | | (Dollars in thousands) (unaudited) | |
| **OTHER FINANCIAL DATA:** | | | | |
| Net cash provided by operating activities | N/A | | $ 231,119 | $ 36,896 |
| Net cash (used in) provided by investing activities | | | (67,573) | 37,439 |
| Net cash used in financing activities | | | (222,694) | (56,905) |
| | (unaudited) | | (unaudited) | |
| **EBITDA Reconciliation:** | | | | |
| **Net income (loss) attributable to Genco Shipping & Trading Limited** | $ 90,852 | $ (65,921) | $ 182,007 | $ (225,573) |
| + Net interest expense | 2,392 | 4,819 | 15,203 | 21,385 |
| + Depreciation and amortization | 14,822 | 15,549 | 56,231 | 65,168 |
| **EBITDA[(1)]** | $ 108,066 | $ (45,553) | $ 253,441 | $ (139,020) |
| + Impairment of vessel assets | - | 74,225 | - | 208,935 |
| + (Gain) loss on sale of vessels | (5,818) | 1,012 | (4,924) | 1,855 |
| + Loss on debt extinguishment | - | - | 4,408 | - |
| **Adjusted EBITDA** | $ 102,248 | $ 29,684 | $ 252,925 | $ 71,770 |

(1) EBITDA represents net income (loss) attributable to Genco Shipping & Trading Limited 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 December 31, 2021 (unaudited) | Three Months Ended December 31, 2020 (unaudited) | Twelve Months Ended December 31, 2021 (unaudited) | Twelve Months Ended December 31, 2020 (unaudited) |
|---|---|---|---|---|
| **FLEET DATA:** | | | | |
| Total number of vessels at end of period | 42 | 47 | 42 | 47 |
| Average number of vessels (1) | 42.4 | 48.5 | 41.6 | 51.8 |
| Total ownership days for fleet (2) | 3,897 | 4,462 | 15,177 | 18,957 |
| Total chartered-in days (3) | 352 | 400 | 1,472 | 1,216 |
| Total available days (4) | 4,122 | 4,751 | 16,412 | 19,636 |
| Total available days for owned fleet (5) | 3,770 | 4,350 | 14,940 | 18,420 |
| Total operating days for fleet (6) | 4,082 | 4,637 | 16,165 | 19,204 |
| Fleet utilization (7) | 97.4% | 96.8% | 97.9% | 97.1% |
| **AVERAGE DAILY RESULTS:** | | | | |
| Time charter equivalent (8) | $ 35,200 | $ 13,167 | $ 24,402 | $ 10,221 |
| Daily vessel operating expenses per vessel (9) | 5,766 | 4,726 | 5,409 | 4,612 |

(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 fleet list

| Major Bulk | | | Minor Bulk | | | | | |
|---|---|---|---|---|---|---|---|---|
| Vessel Name | Year Built | Dwt | Vessel Name | Year Built | Dwt | Vessel Name | Year Built | Dwt |
| **Capesize** | | | **Ultramax** | | | **Supramax** | | |
| Genco Resolute | 2015 | 181,060 | Genco Freedom | 2015 | 63,671 | Genco Hunter | 2007 | 58,729 |
| Genco Endeavour | 2015 | 181,060 | Baltic Hornet | 2014 | 63,574 | Genco Auvergne | 2009 | 58,020 |
| Genco Liberty | 2016 | 180,387 | Genco Vigilant | 2015 | 63,498 | Genco Ardennes | 2009 | 58,018 |
| Genco Defender | 2016 | 180,377 | Genco Enterprise | 2016 | 63,473 | Genco Bourgogne | 2010 | 58,018 |
| Genco Constantine | 2008 | 180,183 | Baltic Mantis | 2015 | 63,470 | Genco Brittany | 2010 | 58,018 |
| Genco Augustus | 2007 | 180,151 | Baltic Scorpion | 2015 | 63,462 | Genco Languedoc | 2010 | 58,018 |
| Genco Tiger | 2011 | 179,185 | Genco Magic | 2014 | 63,446 | Genco Pyrenees | 2010 | 58,018 |
| Baltic Lion | 2012 | 179,185 | Baltic Wasp | 2015 | 63,389 | Genco Rhone | 2011 | 58,018 |
| Genco London | 2007 | 177,833 | Genco Mayflower | 2017 | 63,304 | Genco Aquitaine | 2009 | 57,981 |
| Baltic Wolf | 2010 | 177,752 | Genco Constellation | 2017 | 63,304 | Genco Warrior | 2005 | 55,435 |
| Genco Titus | 2007 | 177,729 | Genco Madeleine | 2014 | 63,166 | Genco Predator | 2005 | 55,407 |
| Baltic Bear | 2010 | 177,717 | Genco Weatherly | 2014 | 61,556 | Genco Picardy | 2005 | 55,257 |
| Genco Tiberius | 2007 | 175,874 | Genco Mary | 2022 | 61,085 | | | |
| Genco Commodus | 2009 | 169,098 | Genco Laddey | 2022 | 61,085 | | | |
| Genco Hadrian | 2008 | 169,025 | Genco Columbia | 2016 | 60,294 | | | |
| Genco Maximus | 2009 | 169,025 | | | | | | |
| Genco Claudius | 2010 | 169,001 | | | | | | |

**17**
*Capesize*



**27**
*Ultra/Supra*



# Securing cash flows in this strong earning environment

| Vessel | Type | Rate | Duration | Min Expiration |
|---|---|---|---|---|
| Baltic Bear | Capesize | $ 32,000 | 10-14 months | Mar-22 |
| Baltic Wolf | Capesize | $ 30,250 | 22-28 months | Jun-23 |
| Genco Maximus | Capesize | $ 27,500 | 24-30 months | Sep-23 |
| Genco Vigilant | Ultramax | $ 17,750 | 11-13 months | Sep-22 |
| Genco Freedom | Ultramax | $ 23,375 | 20-23 months | Mar-23 |
| Baltic Hornet | Ultramax | $ 24,000 | 20-23 months | Apr-23 |
| Baltic Wasp | Ultramax | $ 25,500 | 23-25 months | Jun-23 |
| Genco Claudius | Capesize | 94% of BCI | 11-14 months | Jan-23 |
| Genco Resolute | Capesize | 121% of BCI | 11-14 months | Jan-23 |

- We continue to utilize a portfolio approach to fixture activity to capture this strong earnings environment
- Our Ultramax fixtures have been concluded to lock in returns on acquisition vessels – most notably, with the last 3 time charters above, we were able to book an unlevered cash-on-cash return of ~50% over 2 years
- We continue to evaluate a variety of fixture options to optimize revenue generation including further longer term coverage on an opportunistic basis

# EBITDA reconciliation(1)

| Adjusted EBITDA 2017 to 2021 | | | | | | |
|---|---|---|---|---|---|---|
| | 2017 | 2018 | 2019 | 2020 | Q4 2021 | FY 2021 |
| Net (loss) income | $ (58,725) | $ (32,940) | $ (55,985) | $ (225,573) | $ 90,852 | $ 182,006 |
| Net interest expense | 28,946 | 29,290 | 27,860 | 21,385 | 2,392 | 15,203 |
| Income tax (benefit) expense | - | - | - | - | - | - |
| Depreciation/amortization | 71,776 | 68,976 | 72,824 | 65,168 | 14,822 | 56,231 |
| **EBITDA** | **$ 41,997** | **$ 65,326** | **$ 44,699** | **$ (139,020)** | **$ 108,066** | **$ 253,440** |
| Impairment of vessels | $ 21,993 | $ 56,586 | $ 27,393 | $ 208,935 | $ - | $ - |
| (Gain) loss on vessel sales | (7,712) | (3,513) | 168 | 1,855 | (5,818) | (4,924) |
| Loss on debt extinguishment | - | 4,533 | - | - | | 4,408 |
| Impairment of right of use asset | - | - | 223 | - | - | - |
| **Adjusted EBITDA** | **$ 56,278** | **$ 122,932** | **$ 72,483** | **$ 71,770** | **$ 102,248** | **$ 252,924** |

(1) EBITDA represents net income (loss) attributable to Genco Shipping & Trading Limited 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.

# Time charter equivalent reconciliation[(1)]

| | Three Months Ended | | | | | Twelve Months Ended | |
|---|---|---|---|---|---|---|---|
| | Dec 31, 2020 | Mar 31, 2021 | Jun 30, 2021 | Sep 30, 2021 | Dec 31, 2021 | Dec 31, 2020 | Dec 31, 2021 |
| | (unaudited) | | | | | (unaudited) | |
| **Total Fleet** | | | | | | | |
| Voyage revenues (in thousands) | $ 95,495 | $ 87,591 | $ 121,008 | $ 155,252 | $ 183,277 | $ 355,560 | $ 547,129 |
| Voyage expenses (in thousands) | 33,435 | 35,074 | 36,702 | 37,797 | 36,610 | 156,985 | 146,182 |
| Charter hire expenses (in thousands) | 4,780 | 5,435 | 8,325 | 8,644 | 13,964 | 10,307 | 36,370 |
| | 57,280 | 47,082 | 75,981 | 108,811 | 132,703 | 188,268 | 364,577 |
| Total available days for owned fleet | 4,350 | 3,860 | 3,595 | 3,715 | 3,770 | 18,420 | 14,940 |
| Total TCE rate | $ 13,167 | $ 12,197 | $ 21,137 | $ 29,287 | $ 35,200 | $ 10,221 | $ 24,402 |

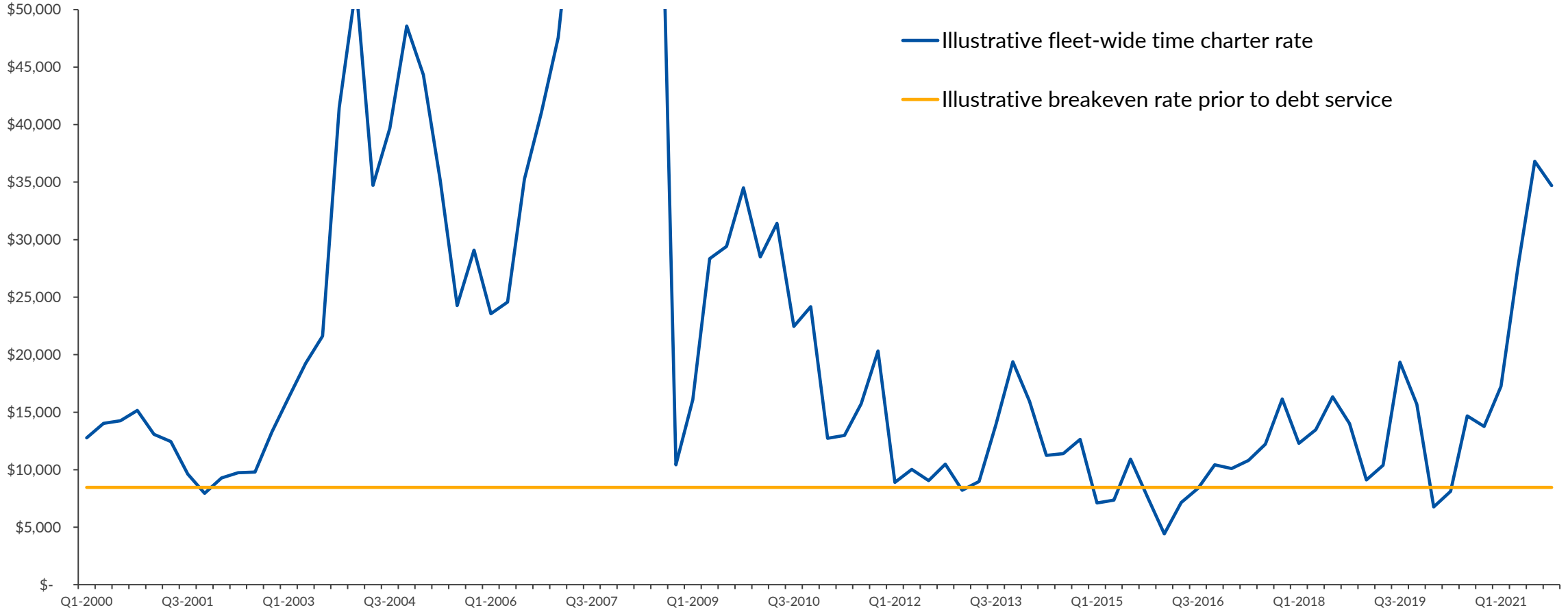
(1) We define TCE rates as our voyage revenues less voyage expenses and charter-hire expenses, divided by the number of the available days of our owned fleet during the period. TCE rate is a common shipping industry performance measure used primarily to compare daily earnings generated by vessels on 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, 2021 |
|---|---|
| | (unaudited) |
| **Adjusted Net Income Reconciliation** | |
| Net income attributable to Genco Shipping & Trading Limited | $ 90,852 |
| + Gain on sale of vessels | (5,818) |
| **Adjusted net income** | $ 85,034 |
| | |
| Adjusted net earnings per share - basic | $ 2.02 |
| Adjusted net earnings per share - diluted | $ 1.99 |
| | |
| Weighted average common shares outstanding - basic | 42,102,187 |
| Weighted average common shares outstanding - diluted | 42,709,594 |
| | |
| Weighted average common shares outstanding - basic as per financial statements | 42,102,187 |
| Dilutive effect of stock options | 380,055 |
| Dilutive effect of restricted stock units | 227,352 |
| Weighted average common shares outstanding - diluted as adjusted | 42,709,594 |

# Breakeven rate prior to debt service…

…is covered in nearly every rate environment over the last 2 decades






Assumptions: Illustrative fleet-wide time charter rate is based on the quarterly averages of the Baltic Capesize Index and Baltic Supramax Index since 2000 weighted based on Genco's pro forma fleet composition of 44 vessels.
An assumed scrubber premium is included together with a target minor bulk outperformance figure. Illustrative breakeven rate prior to debt service is based on our Q1 2022 expense budget.

# Q1 2022 estimated fleet-wide expenses[1]

| Daily Expenses by Category | Free Cash Flow[2] | Net Income |
|---|---|---|
| Direct Vessel Operating[3] | $5,825 | $5,825 |
| G&A Expenses[4] | 1,296 | 1,391 |
| Technical Management Fees[5] | 361 | 361 |
| Drydocking[6] | 971 | - |
| Fuel efficiency upgrade investment / BWTS[7] | 523 | - |
| Interest Expense[8] | 530 | 636 |
| Mandatory debt repayments[9] | - | - |
| Depreciation[10] | - | 3,532 |
| **Total** | **$9,506** | **$11,745** |
| **Number of Vessels[11]** | **43.87** | **43.87** |

- Our year-end debt is $246m following voluntary debt paydowns totaling $59 million in Q4 2021
- No mandatory debt amortizations payments until 2026
- In Q1 2022, we prepaid $8.75 million of debt
- We plan to continue to voluntarily pay down our debt
- Our medium term objective is to reduce net debt to zero

**Est Ownership / Owned Available Days - Q1 2022**

| Vessel Type | Own. Days | DD Days | Owned Avail Days |
|---|---|---|---|
| Capesize | 1,530 | 36 | 1,494 |
| Ultramax | 1,338 | 42 | 1,296 |
| Supramax | 1,080 | 21 | 1,059 |
| **Total** | **3,948** | **99** | **3,849** |



Note: please refer to the Appendix for further details and footnotes.

# Footnotes to Q1 2022 estimated fleet-wide expenses

(1) Estimated expenses are presented for illustrative purposes. The amounts shown will vary based on actual results.

(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 2022 and include costs relating to energy saving devices and ballast water treatment systems.

(7) Represents costs associated with fuel efficiency upgrades on select vessels as part of Genco's comprehensive IMO 2023 plan together with regulatory costs related to the installation of ballast water treatment systems.

(8) Interest expense is based on our debt level as of December 31, 2021, less anticipated voluntary debt repayments in Q1 2022. Deferred financing costs are included in calculating net income interest expense. Interest expense is calculated based on an assumed LIBOR rate and margin under our credit facility.

(9) In Q1 2022, Genco has no mandatory debt repayments scheduled. The Company paid down $8.75 million in Q1 2022.

(10) Depreciation is based on cost less estimated residual value and amortization of drydocking costs. Depreciation expense utilizes a residual scrap rate of $400 per LWT.

(11) Based on a weighted average fleet of 43.87 vessels.

**Q1 2022 operating expense reconciliation**

| Operating expenses ($ in m) | Q1 2022 free cash flow est | Adj to GAAP measure | Q1 2022 Net income est |
|---|---|---|---|
| Vessel operating expenses | $ (23.00) | $ - | $ (23.00) |
| General & administrative expenses | $ (5.12) | $ (0.38) | $ (5.49) |
| Technical management fees | $ (1.43) | $ - | $ (1.43) |
| Interest expense | $ (2.09) | $ (0.42) | $ (2.51) |
| **Total operating expenses** | **$ (31.63)** | **$ (0.79)** | **$ (32.43)** |

# Assumptions to illustrative dividend sensitivity

- **Fleet size:** Based on a fleet of 44 vessels.
- **Illustrative rates used to calculate net revenue:** Net revenue is defined as voyage revenues less voyage expenses less charter hire expenses. Illustrative time charter equivalent rates are presented on a net basis and are sensitized based on estimates provided by third-party industry research firms. TCE presented is multiplied by the estimated available days of the fleet resulting in an illustrative net revenue figure.
- **Expenses:** Illustrative expenses are based on Genco's 2022 budget, including a daily fleet-wide vessel operating expense budget of $5,825 per vessel per day, which represents the Q1 2022 amount annualized. Fleet-wide G&A and technical management fees remain the same as in our Q1 2022 budget amount annualized.
- **Drydocking / ballast water treatment system capex:** Based on Genco's 2022 capex budget of $34 million.
- **Quarterly debt amortization:** While we have no mandatory debt repayments until 2026, we will continue to voluntarily paydown debt. For the purposes of this calculation, we are assuming voluntary quarterly debt repayments of $8.75 million.
- **Operating cash flow:** Defined as voyage revenue less voyage expenses, charter hire expenses, vessel operating expenses, general and administrative expenses other than non-cash restricted stock expenses, technical management fees, and interest expense other than non-cash deferred financing costs.
- **Illustrative dividend per share:** Based on 42.4 million shares.
- **Reserve:** The reserve will be set on a quarterly basis in advance of the subsequent quarter at the discretion of our Board of Directors and is anticipated to be based on future quarterly debt repayments and interest expense. Reserve for this calculation is based on estimated debt repayments of $8.75 million per quarter plus estimated interest expense for the year.
- **Reconciliation of operating cash flow ($ in m):**

**2022 illustrative analysis based on cash flow sensitivity**

| **Fleet-wide net TCE - 2022** | **$ 20,000** | **$ 22,000** | **$ 24,000** | **$ 26,000** | **$ 28,000** | **$ 30,000** | **$ 32,000** |
|---|---|---|---|---|---|---|---|
| Net revenue | $ 312 | $ 344 | $ 375 | $ 406 | $ 437 | $ 469 | $ 500 |
| Vessel operating expenses | (94) | (94) | (94) | (94) | (94) | (94) | (94) |
| General & administrative expenses | (20) | (20) | (20) | (20) | (20) | (20) | (20) |
| Technical management fees | (6) | (6) | (6) | (6) | (6) | (6) | (6) |
| Interest expense | (9) | (9) | (9) | (9) | (9) | (9) | (9) |
| **Operating cash flow** | **$ 184** | **$ 215** | **$ 246** | **$ 278** | **$ 309** | **$ 340** | **$ 371** |

| **Adjustment to GAAP measure** |
|---|
| $ - |
| - |
| (1) |
| - |
| (2) |

**Illustrative net income equivalent figures**

| $ 312 | $ 344 | $ 375 | $ 406 | $ 437 | $ 469 | $ 500 |
|---|---|---|---|---|---|---|
| (94) | (94) | (94) | (94) | (94) | (94) | (94) |
| (21) | (21) | (21) | (21) | (21) | (21) | (21) |
| (6) | (6) | (6) | (6) | (6) | (6) | (6) |
| (11) | (11) | (11) | (11) | (11) | (11) | (11) |


Thank You