Maritime Shipping

Dry Bulk Sector Panel

Randy Giveans
Maritime Shipping Group Head
Equity Analyst
rgiveans@jefferies.com
713.651.3829

Jefferies LLC
Disclaimer: Important Disclosures

This material has been prepared by Jefferies LLC a U.S.-registered broker-dealer, employing appropriate expertise, and in the belief that it is fair and not misleading. Any third-party information upon which this material is based was obtained from sources believed to be reliable, but has not been independently verified, therefore, we do not guarantee its accuracy. This is not an offer or solicitation of an offer to buy or sell any security or investment. Any opinion or estimates constitute our best judgment as of this date, and are subject to change without notice. Jefferies LLC and Jefferies International Limited and their affiliates and their respective directors, officers and employees may buy or sell securities mentioned herein as agent or principal for their own account.

This communication is being provided strictly for informational purposes only. This information is not a solicitation or recommendation to purchase securities of Jefferies and should not be construed as such.

Reproduction without written permission of Jefferies is expressly forbidden. All logos, trademarks and service marks appearing herein are property of Jefferies LLC.
Panelists

- Mr. Jan Dieleman, President - Cargill
- Mr. John Wobensmith, CEO - Genco Shipping & Trading Ltd. (NYSE: GNK)
- Mr. Polys Hajioannou, CEO - Safe Bulkers, Inc. (NYSE: SB)
- Mr. Robert Bugbee, President - Scorpio Bulkers Inc. (NYSE: SALT)
- Mr. Stamatis Tsantanis, CEO - Seanergy Maritime Holdings Corp. (NASDAQ: SHIP)
- Mr. Hamish Norton, President - Star Bulk Carriers Corp. (NASDAQ: SBLK)
Dry Bulk Shipping Spot Rates

Average Dry Bulk Spot Rates

Source: Clarksons Research Services Limited (CRSL)
Dry Bulk Shipping Time Charter Rates

Average Dry Bulk Time Charter Rates

Source: Clarksons Research Services Limited (CRSL)
Iron Ore Expansion

Iron Ore Expansion (2017-2020E)

Source: Company presentations, Jefferies estimates
Chinese Iron Ore Inventories

Source: Bloomberg
Chinese and Indian Coal Inventories

Source: Bloomberg
Global Grain Trade

Grain Exports

<table>
<thead>
<tr>
<th>Year</th>
<th>Barley</th>
<th>SBM</th>
<th>Wheat</th>
<th>Corn</th>
<th>Soybeans</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2018E</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Howe Robinson

Randy Giveans, Equity Analyst, (713) 651-3829, rgiveans@jefferies.com
US Steel & Aluminum Import Tariffs

- President Trump signs order to place a 25% tariff on imported steel and a 10% tariff on imported aluminum

“We are on the losing side of almost all trade deals. Our friends and enemies have taken advantage of the U.S. for many years. Our Steel and Aluminum industries are dead. Sorry, it’s time for a change! MAKE AMERICA GREAT AGAIN!”

President Trump
Twitter, March 4, 2018
## Dry Bulk Fleet Profiles

<table>
<thead>
<tr>
<th></th>
<th>Newcastlemax</th>
<th>Capesize</th>
<th>Post-Panamax</th>
<th>Kamsarmax</th>
<th>Panamax</th>
<th>Ultramax</th>
<th>Supramax</th>
<th>Handymax</th>
<th>Handysize</th>
<th>Total Fleet</th>
</tr>
</thead>
<tbody>
<tr>
<td>GNK</td>
<td>-</td>
<td>13</td>
<td>-</td>
<td>-</td>
<td>6</td>
<td>4</td>
<td>21</td>
<td>1</td>
<td>15</td>
<td>60</td>
</tr>
<tr>
<td>SALT</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>18</td>
<td>-</td>
<td>38</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>56</td>
</tr>
<tr>
<td>SB</td>
<td>-</td>
<td>3</td>
<td>13</td>
<td>9</td>
<td>14</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>39</td>
</tr>
<tr>
<td>SBLK</td>
<td>9</td>
<td>13</td>
<td>4</td>
<td>20</td>
<td>2</td>
<td>14</td>
<td>10</td>
<td>-</td>
<td>-</td>
<td>72</td>
</tr>
<tr>
<td>SHIP</td>
<td>-</td>
<td>9</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2</td>
<td>-</td>
<td>11</td>
</tr>
</tbody>
</table>

Source: Company Presentations, Jefferies
Capesize/Newcastlemax/Valemax Delivery Schedule

Source: Clarksons, Research Services Limited (CSRL), Jefferies
Newbuilding Contracting and Orderbook-to-Fleet Ratio

Newbuild Ordering vs. Orderbook-to-Fleet

Source: Clarksons Research Services Limited (CRSL), Jefferies

Randy Giveans, Equity Analyst, (713) 651-3829, rgiveans@jefferies.com
Dry Bulk Scrapping

Annual Fleet Demolitions/Removals

Source: Clarksons Research Services Limited (CRSL), Jefferies
Cargill Time Chartered-In Fleet

Cargill Time Chartered-In Fleet (Dec. 2017)

Source: Cargill
Dry Bulk Asset Values

Capesize Resale and 5-Year Secondhand Price

Source: Clarksons Research Services Limited (CRSL)

Panamax Resale and 5-Year Secondhand Price

Source: Clarksons Research Services Limited (CRSL)
Fleet Profiles by Age

Source: Company presentations

Average Age

<table>
<thead>
<tr>
<th>Company</th>
<th>Average Age</th>
</tr>
</thead>
<tbody>
<tr>
<td>SBLK</td>
<td>8.1</td>
</tr>
<tr>
<td>GNK</td>
<td>9.7</td>
</tr>
<tr>
<td>SALT</td>
<td>2.0</td>
</tr>
<tr>
<td>SB</td>
<td>7.5</td>
</tr>
<tr>
<td>SHIP</td>
<td>8.9</td>
</tr>
</tbody>
</table>

# of Vessels

- <5
- 5-10
- 10-15
- 15-20

Fleet Profiles by Age
### Average Daily Opex

<table>
<thead>
<tr>
<th>Company</th>
<th>4Q17 Daily Opex per Vessel</th>
<th>Peer Avg Daily Opex per Vessel</th>
<th>Peer Avg Size Vessel (dwt)</th>
<th>Avg Vessel Size of Fleet (dwt)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Star Bulk</td>
<td>$3,850</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Safe Bulkers</td>
<td>$3,914</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Genco</td>
<td>$4,387</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Scorpio Bulkers</td>
<td>$4,822</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Seanergy</td>
<td>$4,988</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Source: Company Presentations*
Chartering: In-House or Third Party/Pool?

- Genco: recently completed the withdrawal of 19 vessels from pools and integrated these into in-house commercial management
- Safe Bulkers: entered into Management Agreements pursuant to which the Managers provide SB with technical, administrative, and commercial services
- Scorpio Bulkers: all vessels employed in Scorpio Group Pools
- Seanergy: Fidelity Marine, an unrelated third party, undertakes the commercial management of the fleet and is exclusive to Seanergy for the Capesize fleet
- Star Bulk: conducts a significant portion of the commercial and technical management of its vessels in-house through its wholly owned subsidiaries
Slow Steaming

Average Dry Bulk Vessel Speed

Knots

Source: Bloomberg
Ballast Water Treatment Regulations

- In July 2017, the IMO extended the regulatory requirement of compliance to the BWM Convention standards from September 8, 2017 to September 8, 2019
- Vessels trading internationally will have to comply with the BWM Convention standards upon their next special survey after that date

Source: SALT 4Q17 earnings presentation
IMO 2020 Global Sulphur Cap

- The International Maritime Organization announced in October it was going ahead with a global sulfur cap of 0.5% on marine fuels starting from January 1, 2020

- A few options to comply:
  - Scrubbers?
  - Marine Gasoil (MGO), Diesel/Fuel Oil blend?
  - LNG?

- Implementation delays?

- Global enforcement?

Source: IMO, Platts
Industry Consolidation?

Share of Fleet by Owner Group

Source: Clarksons Research Services Limited (CRSL)
Use of $50 Million?
Biggest Winner?
Important Disclosures

Clarkson Research Services Limited ("Clarksons Research") have not reviewed the context of any of the statistics or information contained in the commentaries and all statistics and information were obtained by [Client] from standard Clarksons Research published sources. Furthermore, Clarksons Research have not carried out any form of due diligence exercise on the information, as would be the case with finance raising documentation such as Initial Public Offering (IPOs) or Bond Placements. Therefore reliance on the statistics and information contained within the commentaries will be for the risk of the party relying on the information and Clarksons Research does not accept any liability whatsoever for relying on the statistics or information.

Insofar as the statistical and graphical market information comes from Clarksons Research, Clarksons Research points out that such information is drawn from the Clarksons Research database and other sources. Clarksons Research has advised that: (i) some information in Clarksons Research’s database is derived from estimates or subjective judgements; and (ii) the information in the databases of other maritime data collection agencies may differ from the information in Clarksons Research’s database; and (iii) whilst Clarksons Research has taken reasonable care in the compilation of the statistical and graphical information and believes it to be accurate and correct, data compilation is subject to limited audit and validation procedures and may accordingly contain errors; and (iv) Clarksons Research, its agents, officers and employees do not accept liability for any loss suffered in consequence of reliance on such information or in any other manner; and (v) the provision of such information does not obviate any need to make appropriate further enquiries; (vi) the provision of such information is not an endorsement of any commercial policies and/or any conclusions by Clarksons Research; and (vii) shipping is a variable and cyclical business and any forecasting concerning it cannot be very accurate.
Important Disclosures

Analyst Certification

I, **Randy Giveans**, certify that all of the views expressed in this research report accurately reflect my personal views about the subject security(ies) and subject company(ies). I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in this research report.

Other Important Disclosures

Jefferies Equity Research refers to research reports produced by analysts employed by one of the following Jefferies Group LLC ("Jefferies") group companies:

United States: Jefferies LLC, which is an SEC registered firm and a member of FINRA.

United Kingdom: Jefferies International Limited, which is authorized and regulated by the Financial Conduct Authority; registered in England and Wales No. 1978621; registered office: Vintners Place, 68 Upper Thames Street, London EC4V 3BJ; telephone +44 (0)20 7029 8000; facsimile +44 (0)20 7029 8010.

Hong Kong: Jefferies Hong Kong Limited, which is licensed by the Securities and Futures Commission of Hong Kong with CE number ATS546; located at Suite 2201, 22nd Floor, Cheung Kong Center, 2 Queen’s Road Central, Hong Kong.
Important Disclosures

Singapore: Jefferies Singapore Limited, which is licensed by the Monetary Authority of Singapore; located at 80 Raffles Place #15-20, UOB Plaza 2, Singapore 048624, telephone: +65 6551 3950.

Japan: Jefferies (Japan) Limited, Tokyo Branch, which is a securities company registered by the Financial Services Agency of Japan and is a member of the Japan Securities Dealers Association; located at Hibiya Marine Bldg, 3F, 1-5-1 Yuraku-cho, Chiyoda-ku, Tokyo 100-0006; telephone +81 3 5251 6100; facsimile +81 3 5251 6101.

India: Jefferies India Private Limited, which is licensed by the Securities and Exchange Board of India as a Merchant Banker (INM000011443) and a Stock Broker with Bombay Stock Exchange Limited (INB011438539) and National Stock Exchange of India Limited (INB231438533) in the Capital Market Segment; located at 42/43, 2 North Avenue, Maker Maxity, Bandra-Kurla Complex, Bandra (East) Mumbai 400 051, India; Tel +91 22 4356 6000.

This material has been prepared by Jefferies employing appropriate expertise, and in the belief that it is fair and not misleading. The information set forth herein was obtained from sources believed to be reliable, but has not been independently verified by Jefferies. Therefore, except for any obligation under applicable rules we do not guarantee its accuracy. Additional and supporting information is available upon request. Unless prohibited by the provisions of Regulation S of the U.S. Securities Act of 1933, this material is distributed in the United States ("US"), by Jefferies LLC, a US-registered broker-dealer, which accepts responsibility for its contents in accordance with the provisions of Rule 15a-6, under the US Securities Exchange Act of 1934. Transactions by or on behalf of any US person may only be effected through Jefferies LLC. In the United Kingdom and European Economic Area this report is issued and/or approved for distribution by Jefferies International Limited and is intended for use only by persons who have, or have been assessed as having, suitable professional experience and expertise, or by persons to whom it can be otherwise lawfully distributed. Jefferies International Limited has adopted a conflicts management policy in connection with the preparation and publication of research, the details of which are available upon request in writing to the Compliance Officer. For Canadian investors, this material is intended for use only by professional or institutional investors. None of the investments or investment services mentioned or described herein is available to other persons or to anyone in Canada who is not a "Designated Institution" as defined by the Securities Act (Ontario).
Important Disclosures

For investors in the Republic of Singapore, this material is provided by Jefferies Singapore Limited pursuant to Regulation 3.2C of the Financial Advisers Regulations. The material contained in this document is intended solely for accredited, expert or institutional investors, as defined under the Securities and Futures Act (Cap. 289 of Singapore). If there are any matters arising from, or in connection with this material, please contact Jefferies Singapore Limited. In Japan this material is issued and distributed by Jefferies (Japan) Limited to institutional investors only. In Hong Kong, this report is issued and approved by Jefferies Hong Kong Limited and is intended for use only by professional investors as defined in the Hong Kong Securities and Futures Ordinance and its subsidiary legislation. In India this report is made available by Jefferies India Private Limited. In Australia this information is issued solely by Jefferies International Limited and is directed solely at wholesale clients within the meaning of the Corporations Act 2001 of Australia (the "Act") in connection with their consideration of any investment or investment service that is the subject of this document. Any offer or issue that is the subject of this document does not require, and this document is not, a disclosure document or product disclosure statement within the meaning of the Act. Jefferies International Limited is authorised and regulated by the Financial Conduct Authority under the laws of the United Kingdom, which differ from Australian laws. Jefferies International Limited has obtained relief under Australian Securities and Investments Commission Class Order 03/1099, which conditionally exempts it from holding an Australian financial services licence under the Act in respect of the provision of certain financial services to wholesale clients. Recipients of this document in any other jurisdictions should inform themselves about and observe any applicable legal requirements in relation to the receipt of this document.

This report is not an offer or solicitation of an offer to buy or sell any security or derivative instrument, or to make any investment. Any opinion or estimate constitutes the preparer's best judgment as of the date of preparation, and is subject to change without notice. Jefferies assumes no obligation to maintain or update this report based on subsequent information and events. Jefferies, its associates or affiliates, and its respective officers, directors, and employees may have long or short positions in, or may buy or sell any of the securities, derivative instruments or other investments mentioned or described herein, either as agent or as principal for their own account. Upon request Jefferies may provide specialized research products or services to certain customers focusing on the prospects for individual covered stocks as compared to other covered stocks over varying time horizons or under differing market conditions. While the views expressed in these situations may not always be directionally consistent with the long-term views expressed in the analyst's published research, the analyst has a reasonable basis and any inconsistencies can be reasonably explained. This material does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any advice or recommendation in this report is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. The price and value of the investments referred to herein and the income from them may fluctuate. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. Fluctuations in exchange rates could have adverse effects on the value or price of, or income derived from, certain investments.
This report has been prepared independently of any issuer of securities mentioned herein and not in connection with any proposed offering of securities or as agent of any issuer of securities. None of Jefferies, any of its affiliates or its research analysts has any authority whatsoever to make any representations or warranty on behalf of the issuer(s). Jefferies policy prohibits research personnel from disclosing a recommendation, investment rating, or investment thesis for review by an issuer prior to the publication of a research report containing such rating, recommendation or investment thesis. Any comments or statements made herein are those of the author(s) and may differ from the views of Jefferies.

This report may contain information obtained from third parties, including ratings from credit ratings agencies such as Standard & Poor’s. Reproduction and distribution of third party content in any form is prohibited except with the prior written permission of the related third party. Third party content providers do not guarantee the accuracy, completeness, timeliness or availability of any information, including ratings, and are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use of such content. Third party content providers give no express or implied warranties, including, but not limited to, any warranties of merchantability or fitness for a particular purpose or use. Third party content providers shall not be liable for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including lost income or profits and opportunity costs) in connection with any use of their content, including ratings. Credit ratings are statements of opinions and are not statements of fact or recommendations to purchase, hold or sell securities. They do not address the suitability of securities or the suitability of securities for investment purposes, and should not be relied on as investment advice.

Jefferies research reports are disseminated and available primarily electronically, and, in some cases, in printed form. Electronic research is simultaneously available to all clients. This report or any portion hereof may not be reprinted, sold or redistributed without the written consent of Jefferies. Neither Jefferies nor any officer nor employee of Jefferies accepts any liability whatsoever for any direct, indirect or consequential damages or losses arising from any use of this report or its contents. For Important Disclosure information, please visit our website at https://javatar.bluematrix.com/sellside/Disclosures.action or call 1.888.JEFFERIES

© 2018 Jefferies Group LLC