



providing optimized global transportation
of drybulk commodities



Sidoti Spring 2019 Conference
March 2019

Disclaimer

This presentation contains certain statements that may be deemed to be “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, Section 21E of the Securities Exchange Act of 1934, as amended, and the Private Securities Litigation Reform Act of 1995, and are intended to be covered by the safe harbor provided for under these sections. These statements may include words such as “believe,” “estimate,” “project,” “intend,” “expect,” “plan,” “anticipate,” and similar expressions in connection with any discussion of the timing or nature of future operating or financial performance or other events. Forward-looking statements reflect management’s current expectations and observations with respect to future events and financial performance. Where we express an expectation or belief as to future events or results, such expectation or belief is expressed in good faith and believed to have a reasonable basis. However, our forward-looking statements are subject to risks, uncertainties, and other factors, which could cause actual results to differ materially from future results expressed, projected, or implied by those forward-looking statements.

The forward-looking statements in this presentation are based upon various assumptions, many of which are based, in turn, upon further assumptions, including without limitation, examination of historical operating trends, data contained in our records and other data available from third parties. Although Eagle Bulk Shipping Inc. believes that these assumptions were reasonable when made, because these assumptions are inherently subject to significant uncertainties and contingencies which are difficult or impossible to predict and are beyond our control, Eagle Bulk Shipping Inc. cannot assure you that it will achieve or accomplish these expectations, beliefs or projections.

The principal factors that affect our financial position, results of operations and cash flows include, charter market rates, which have declined significantly from historic highs, periods of charter hire, vessel operating expenses and voyage costs, which are incurred primarily in U.S. dollars, depreciation expenses, which are a function of the cost of our vessels, significant vessel improvement costs and our vessels’ estimated useful lives, and financing costs related to our indebtedness. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors which could include the following: (i) changes in demand in the dry bulk market, including, without limitation, changes in production of, or demand for, commodities and bulk cargoes, generally or in particular regions; (ii) greater than anticipated levels of dry bulk vessel new building orders or lower than anticipated rates of dry bulk vessel scrapping; (iii) changes in rules and regulations applicable to the dry bulk industry, including, without limitation, legislation adopted by international bodies or organizations such as the International Maritime Organization and the European Union or by individual countries; (iv) actions taken by regulatory authorities; (v) changes in trading patterns significantly impacting overall dry bulk tonnage requirements; (vi) changes in the typical seasonal variations in dry bulk charter rates; (vii) changes in the cost of other modes of bulk commodity transportation; (viii) changes in general domestic and international political conditions; (ix) changes in the condition of the Company’s vessels or applicable maintenance or regulatory standards (which may affect, among other things, our anticipated drydocking costs); (x) the outcome of legal proceedings in which we are involved; and (xi) and other factors listed from time to time in our filings with the SEC.

We disclaim any intent or obligation to update publicly any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required under applicable security laws.

Agenda

1 Introduction

2 Company

3 Scrubber Initiative

4 Summary

* Appendix

Introduction

Company Profile

Eagle is a fully-integrated shipowner-operator engaged in the global transportation of drybulk commodities

- Exclusive focus on the midsize Supramax/Ultramax vessel segment: 46 owned vessels
- Perform all management services inhouse: strategic, commercial, operational, technical, & administrative
- Employ an Active Management approach to fleet trading
- Maintain strong Corporate Governance structure with no related party business dealings; majority independent Board



Our vision is to be the leading shipowner-operator through consistent outperformance and sustainable growth

Drybulk Trade Totals ~5.3b Tons per Year

Major Bulk commodities represent ~60% of total drybulk trade



IRON ORE (27%)



COAL (24%)



GRAIN (9%)

Minor Bulk commodities represent ~40% of total drybulk trade



STEEL (8%)



FOREST PRODUCTS (7%)



FERTILIZER (3%)



BAUXITE (2%)



CEMENT (2%)



SCRAP (2%)



PETCOKE (1%)



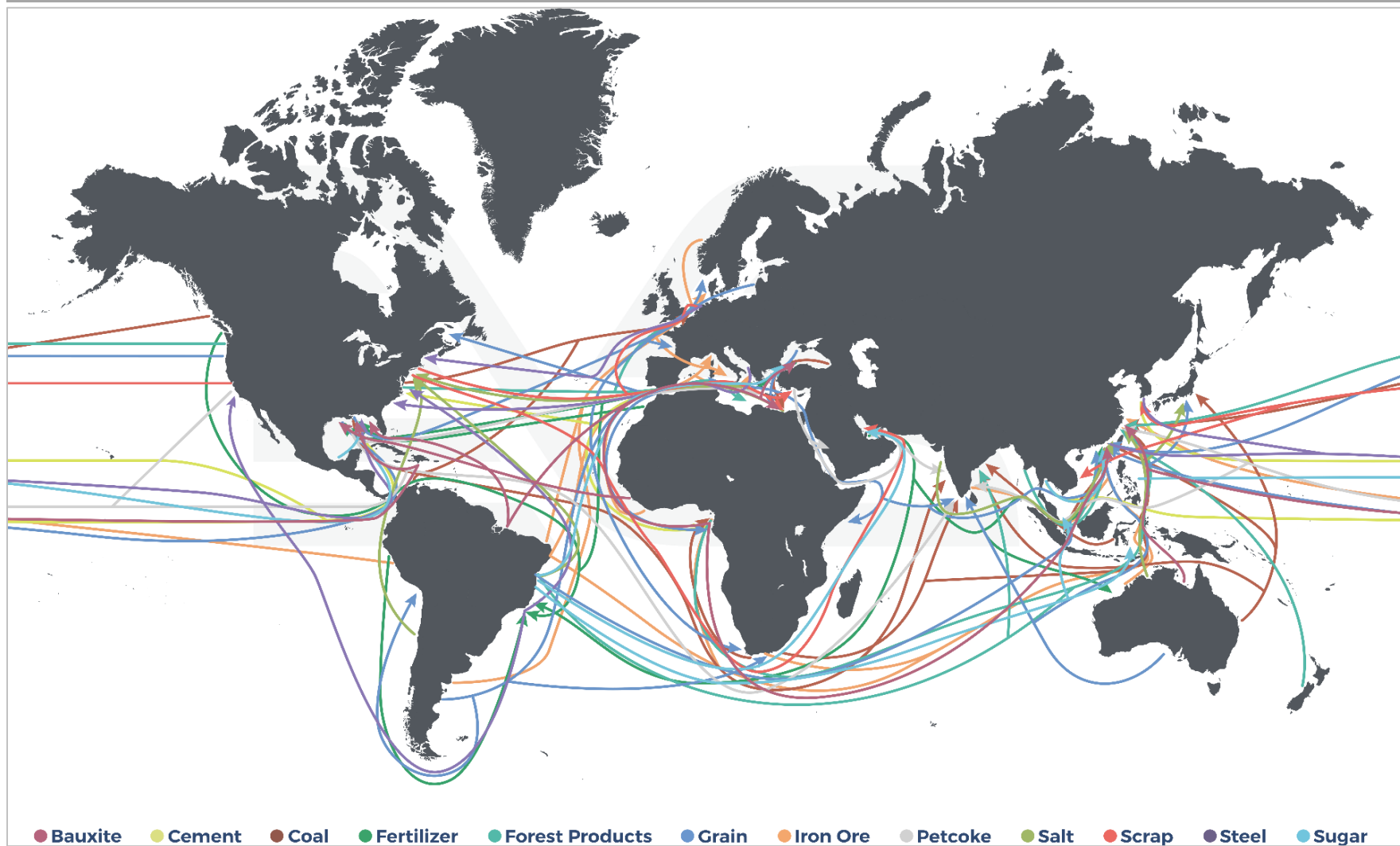
SUGAR (1%)



SALT (1%)

2019 Drybulk Ton-mile Demand Growth of +2.5%

Selected Drybulk Trade Flows



Supramax/Ultramax: Most Versatile Asset Class

Drybulk Vessel Segment Classification

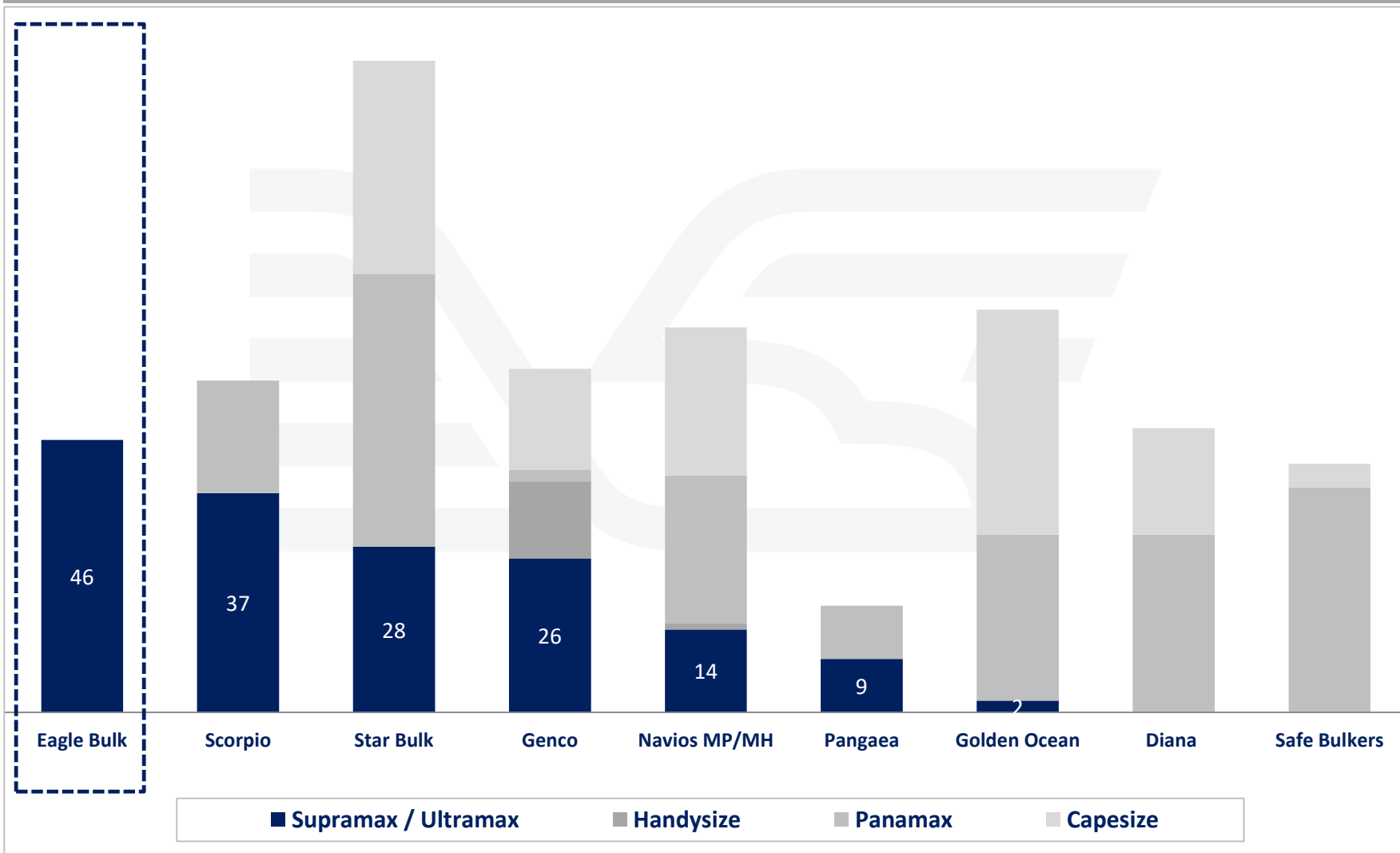
VESSEL	Asset Class	Handysize / Handymax	Supramax / Ultramax	Panamax / Kamsarmax	Capesize
	Size (DWT)	10-50k	50-65k	65-100k	>100k
MAJOR BULK	Iron Ore		✓	✓	✓
	Coal		✓	✓	✓
	Grain	✓	✓	✓	
MINOR BULK	Bauxite	✓	✓	✓	
	Steel	✓	✓		
	Scrap	✓	✓		
	Cement	✓	✓		
	Salt	✓	✓		
	Forest Products	✓	✓		
	Potash / Fertilizer	✓	✓		
	Coke	✓	✓		
	Nickel Ore	✓	✓		
	Sugar	✓	✓		
	Other	✓	✓		

Supramax/Ultramax vessels are able to carry all drybulk commodities due to their optimal size and ability to load/discharge cargo using onboard gear

Eagle's Focus

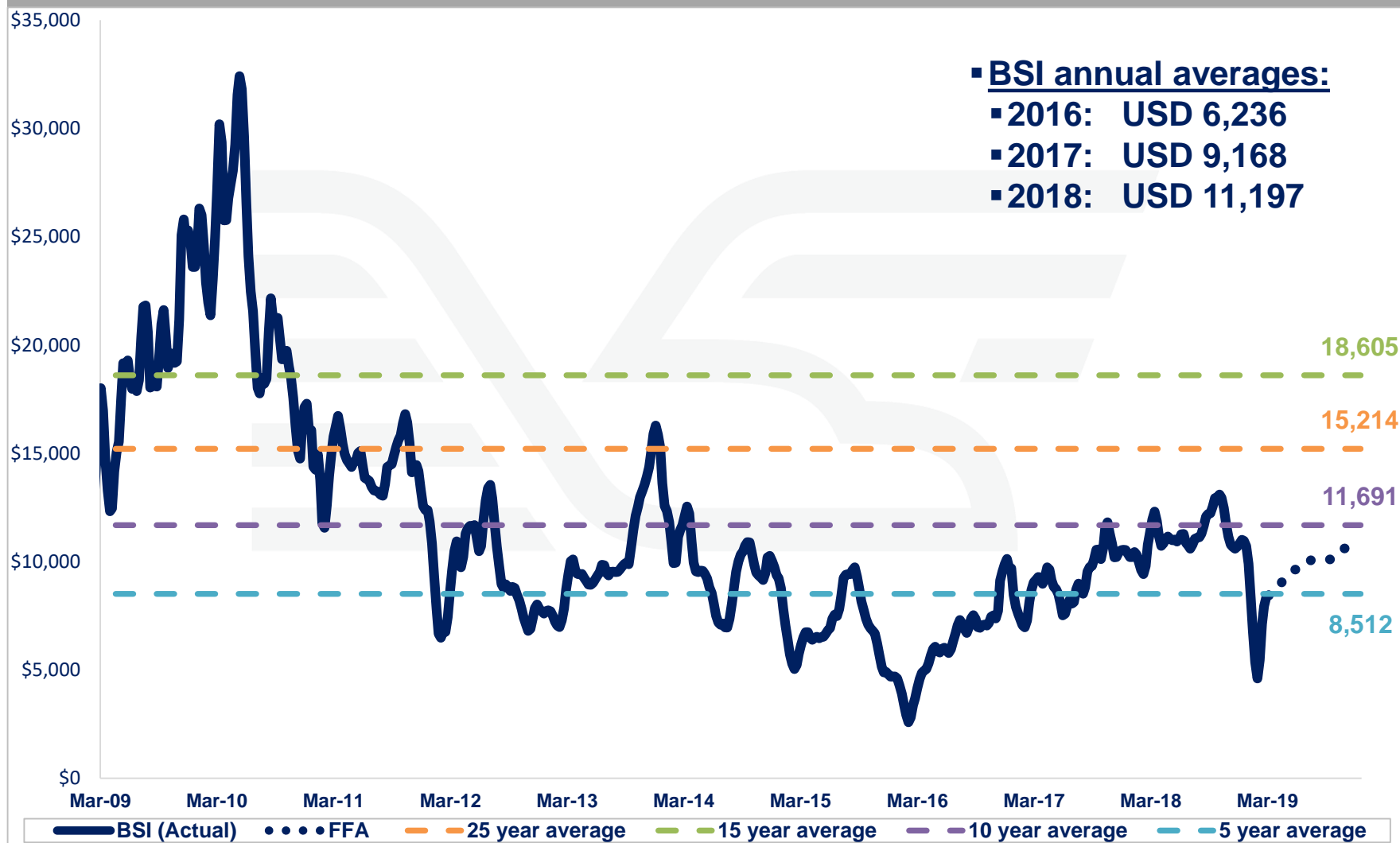
Eagle: Leader in the Supramax/Ultramax Segment

U.S.-Listed Peer Group Fleet Profiles

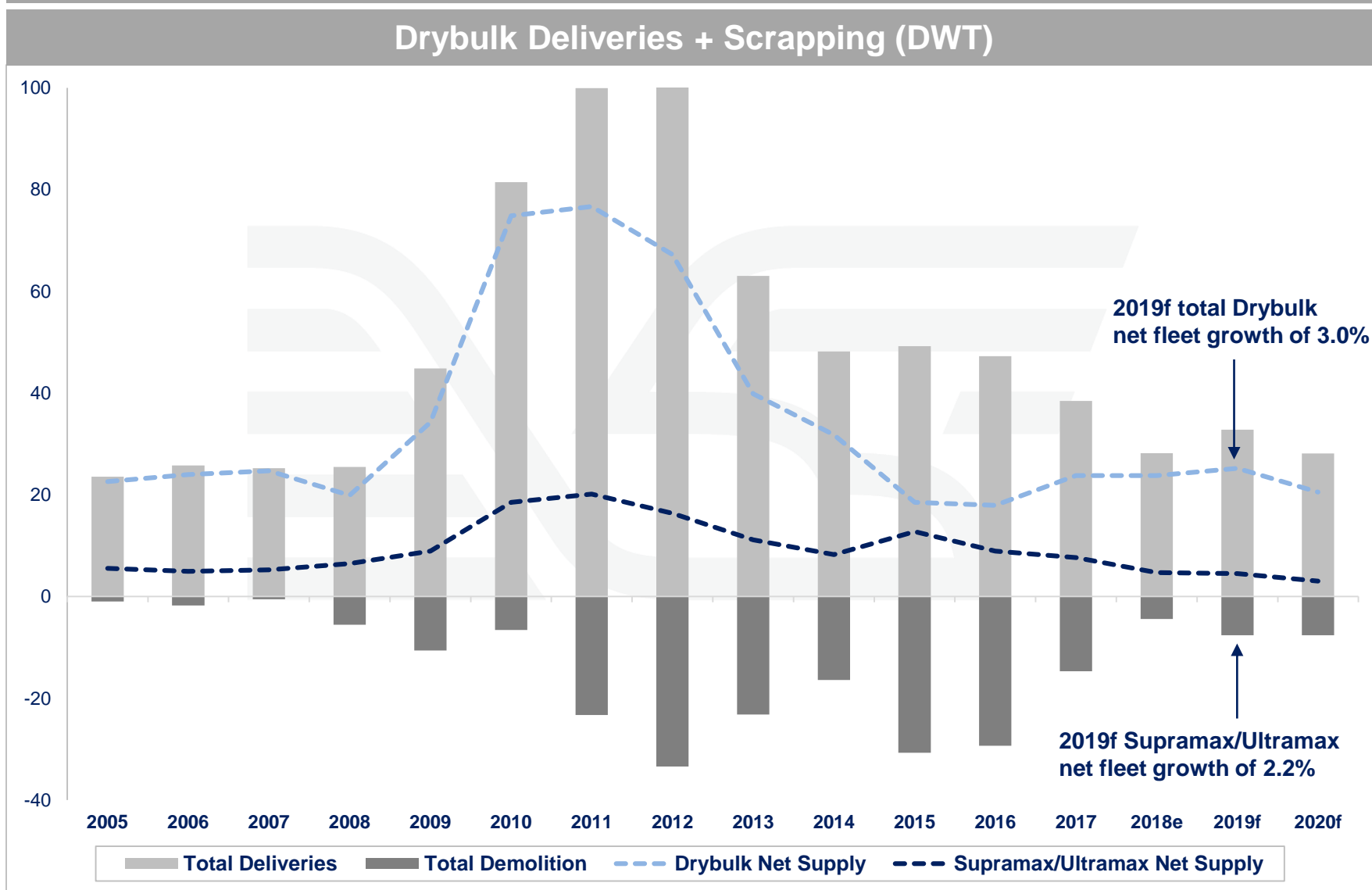


Historical Supramax Rates + Forward Curve

Baltic Supramax Index (BSI)



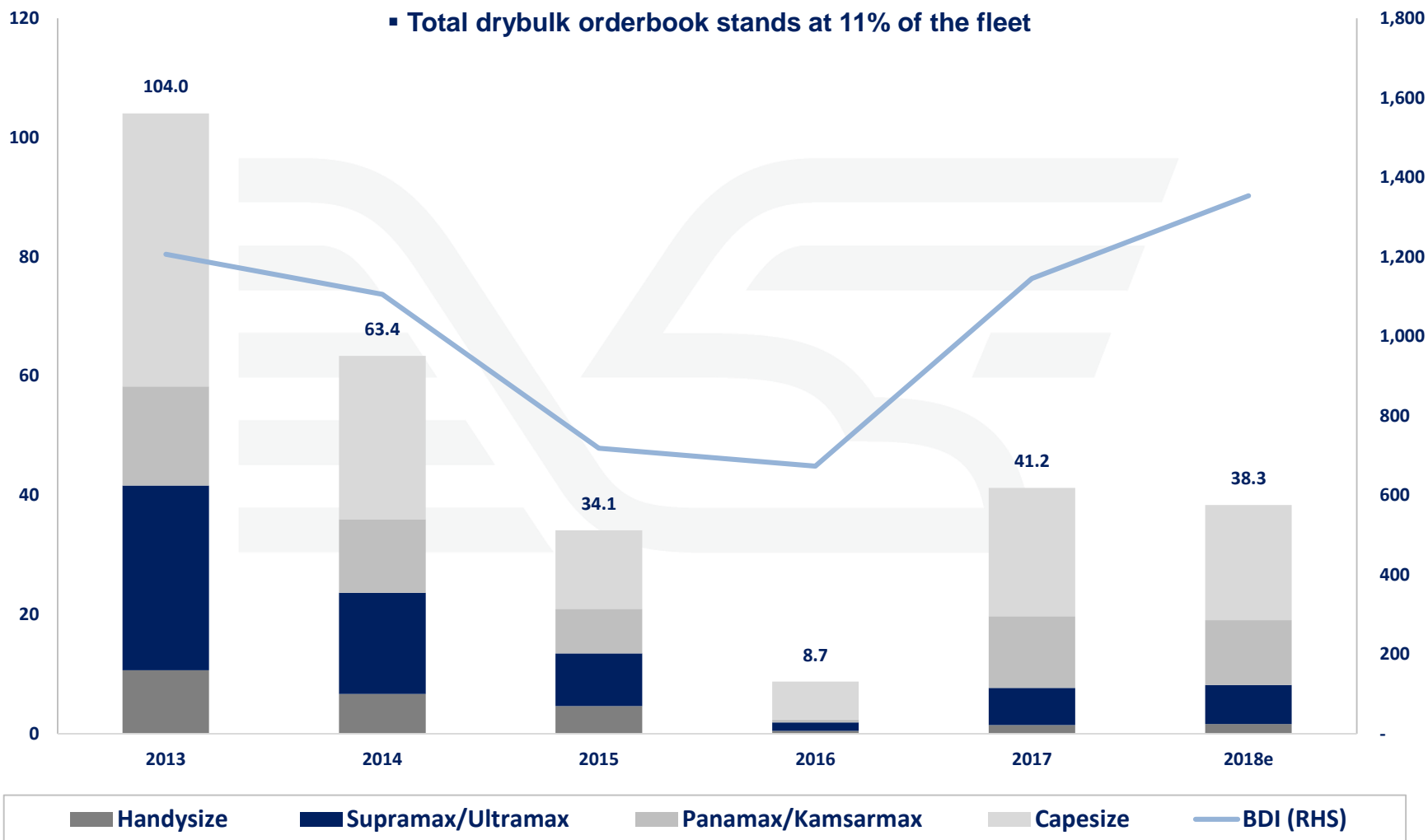
2019f Supramax/Ultramax Net Fleet Growth of ~2%



Supramax/Ultramax Orderbook at 7% of the Fleet

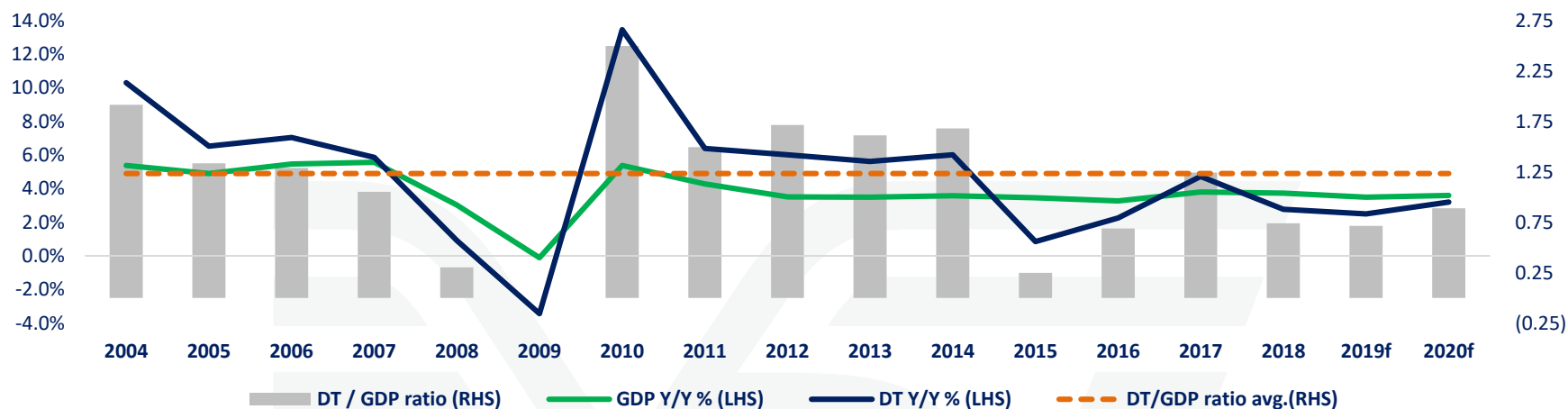
Full year Contracting (by DWT) vs BDI

▪ Total drybulk orderbook stands at 11% of the fleet



Minor Bulk Demand Leading Drybulk Growth

Drybulk Trade (DT) vs. Global GDP



Annualized Growth Rates

	Historical 2015-17	Last 2018	Current 2019f	Next 2020f
Global GDP	3.5%	3.7%	3.5%	3.6%
China	6.8%	6.6%	6.2%	6.2%
India	7.3%	7.3%	7.5%	7.7%
Dry Bulk Trade	1.8%	2.3%	2.2%	2.2%
Iron Ore	3.2%	0.0%	0.5%	1.4%
Coal	-0.3%	3.3%	1.9%	1.5%
Grains	5.4%	0.0%	4.0%	3.0%
Minor Bulk	1.5%	3.8%	3.3%	3.1%



Company

“New” Eagle Milestones

Appointed Gary Vogel as CEO

Executed comprehensive balance sheet recapitalization providing USD 105m of incremental liquidity

Relocated headquarters to Stamford, Connecticut

Raised USD 88m in new growth equity

Opened new European Commercial office based in Hamburg, Germany

Raised USD 100m in additional growth equity

Recruited Frank De Costanzo as new CFO

Recruited new General Counsel

Closed on new USD 61.2m 5-yr credit facility financing 40% of the purchase price on Greenship Bulk 9-Ultramax fleet acquisition

Refinanced USD 270m in debt extending all debt maturities to 2022: issued 5-yr USD 200m Bond, executed a new 5-yr USD 65m Credit Facility, and arranged for a new USD 15m RCF

Arranged for 40% financing on the 2015 CROWN-63 Ultramax acquired

Entered into agreements to purchase up to 37 exhaust gas cleaning systems (“scrubbers”) to be retrofitted on vessels within the fleet at a cost ~USD 2 million per system.

Closed on a new 5yr senior secured credit facility totalling USD 208m, including USD 55m RCF. Proceeds used to repay ~USD 142m in existing debt and fund scrubber CAPEX

2H15

2016

2017

2018

2019

Recruited new Head of Operations

Sold four vessels during 2016 (averaging 15-yrs in age and 50k DWT)

Recruited new Chief Commercial Officer and new Head of Technical Management

Purchased 2016 NACKS-61 Ultramax for USD 18.9m

Purchased 2017 SDARI-64 (resale) Ultramax for USD 17.9m

Sold four vessels during 2017 (averaging 12-yrs in age and 52k DWT)

Acquired nine CROWN-63 Ultramax vessels (built 2012-2015) from Greenship Bulk for USD 153m enbloc, or USD 17m per vessel

Purchased 2015 CROWN-63 Ultramax for USD 21.3m

Purchased 2014 SDARI-64 Ultramax for USD 21.2m

Sold two 8-yr old 53k DWT vessel

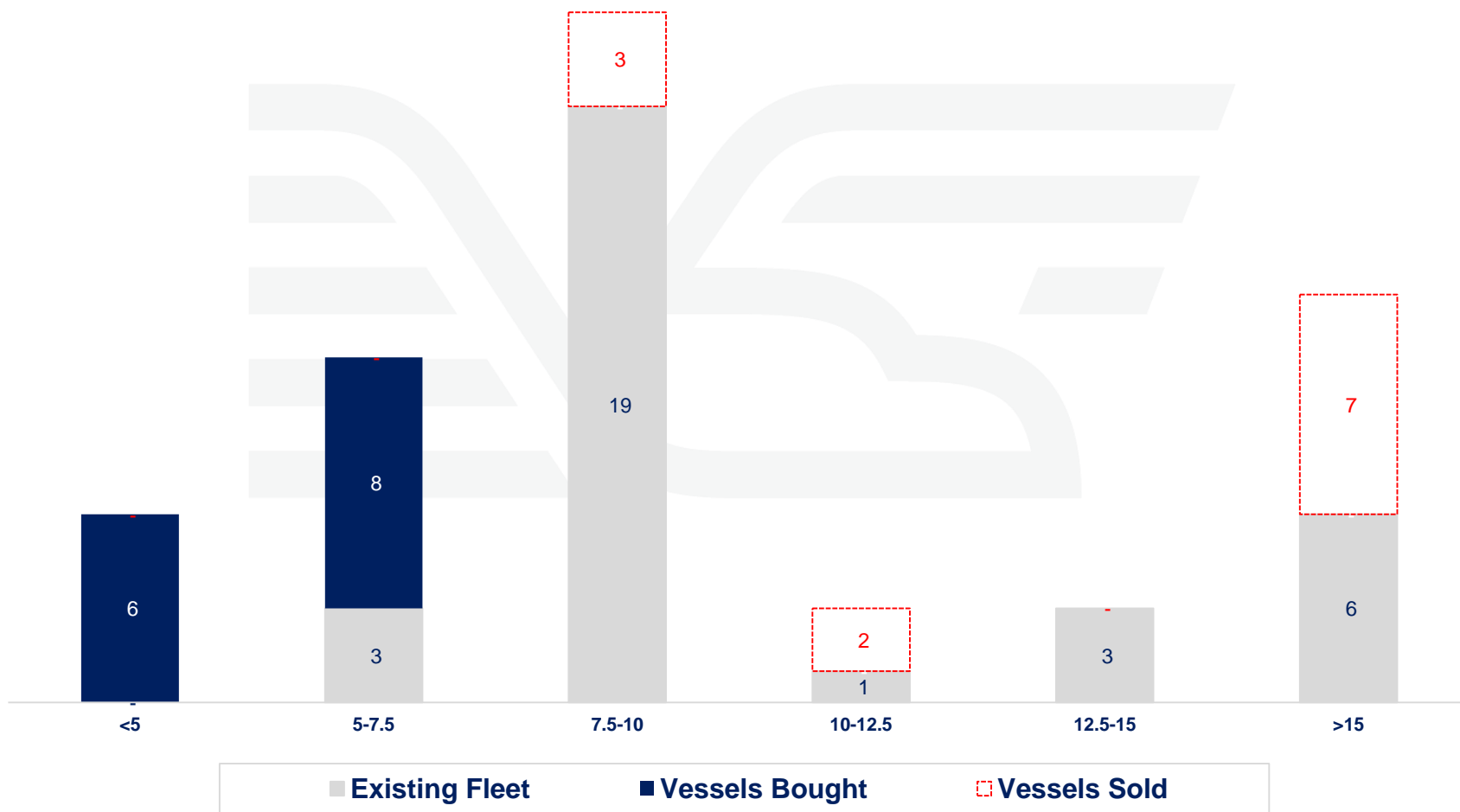
Purchased 2015 SDARI-64 Ultramax for USD 20.4m

Sold two 18-yr old 50k DWT vessels

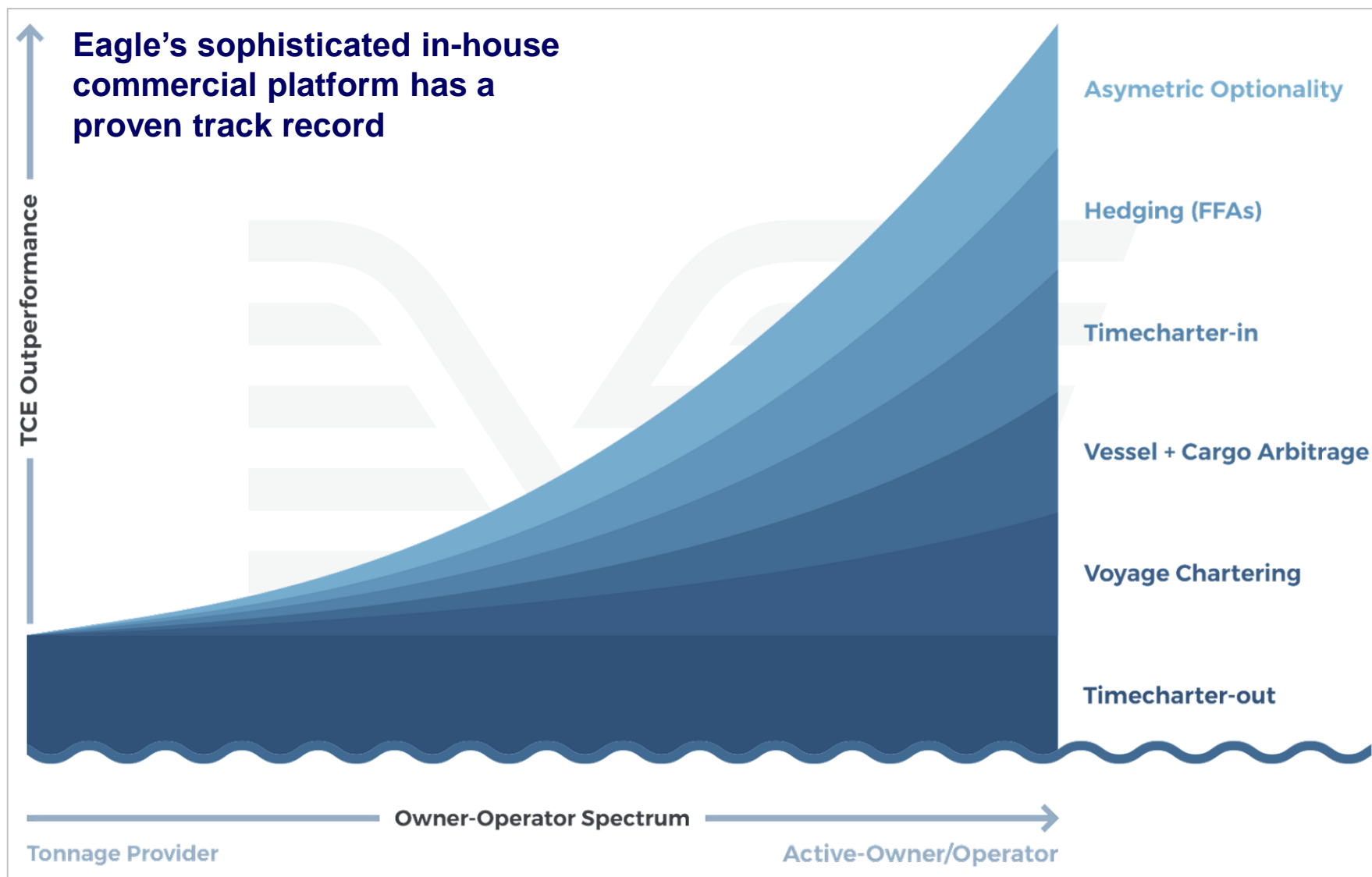
Actively Renewing/Growing the Fleet

Eagle Fleet by Age Grouping

Total fleet = 46 vessels | ~8.7 yrs

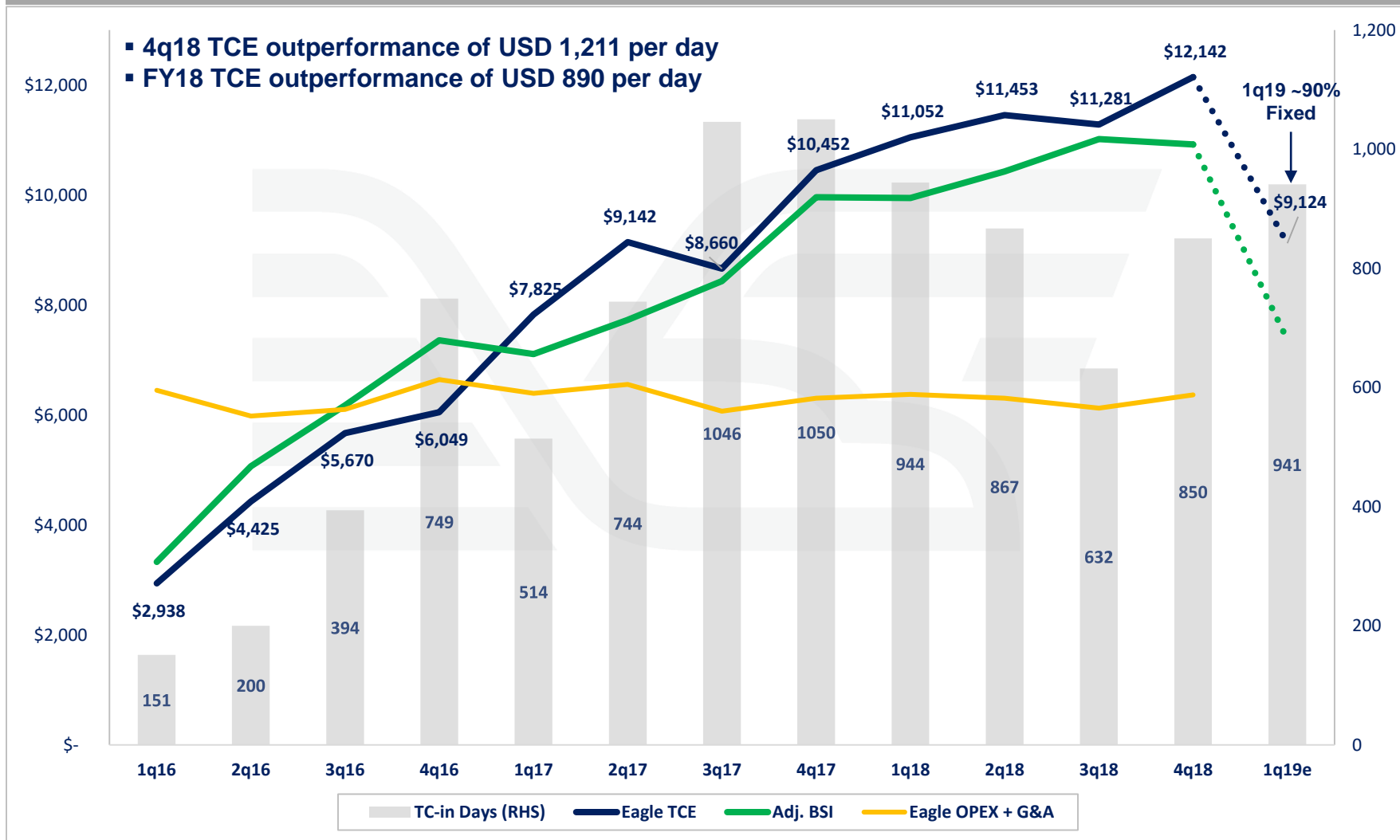


Creating Value Through Active Management



TCE Outperformance for 8 Consecutive Quarters

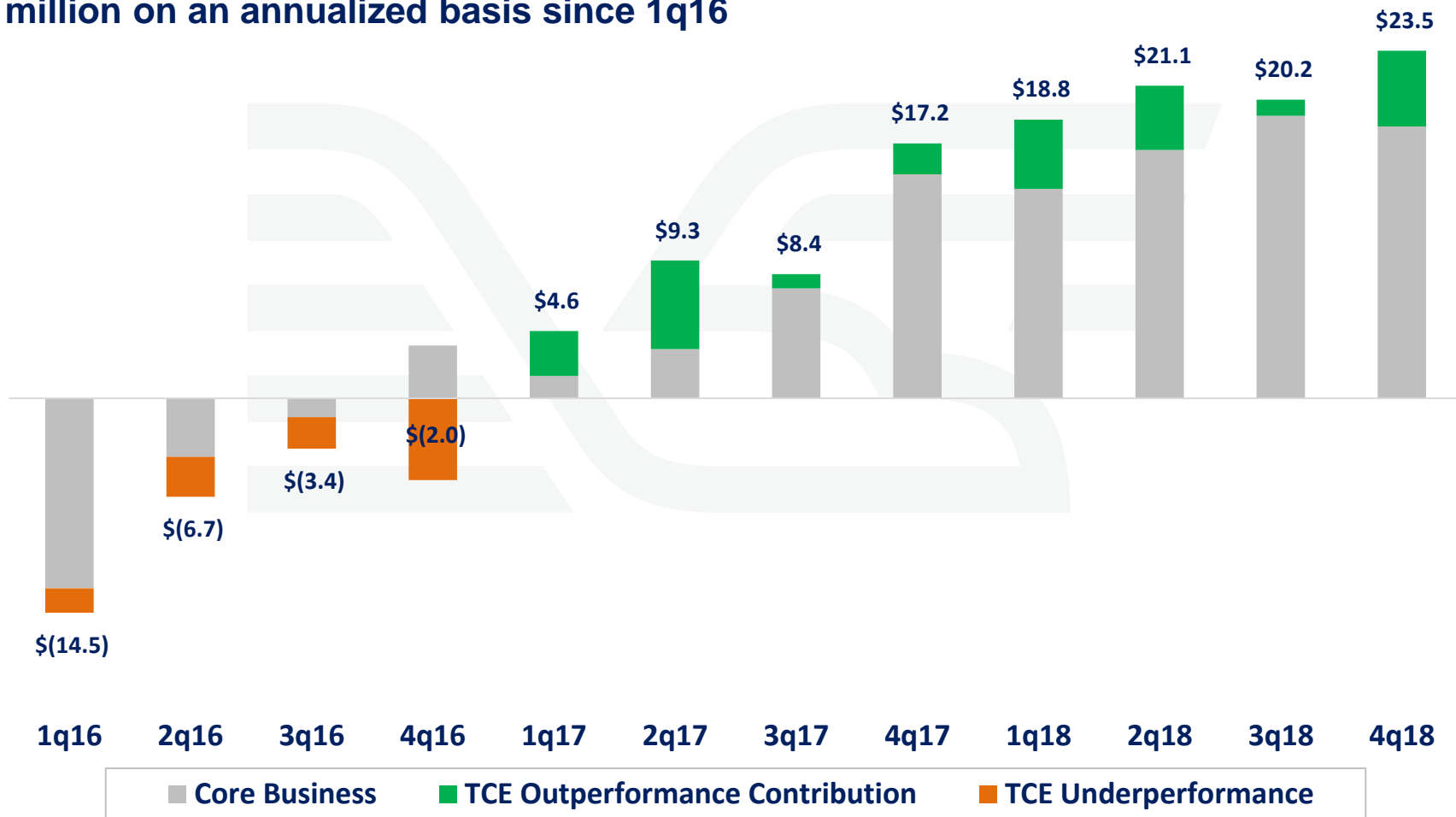
Eagle Revenue + Cost Performance



Significant Improvement in Operating Margins

Adj. EBITDA

Adj. EBITDA has increased by ~USD 152 million on an annualized basis since 1q16



Balance Sheet + Liquidity

Liquidity Position (December 31, 2018)

Cash (including restricted cash)	78,164
Undrawn availability	20,000

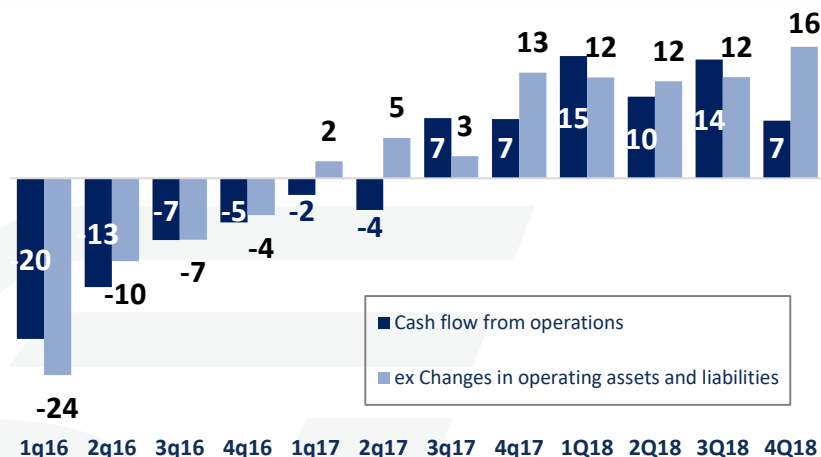
Total Liquidity	98,164
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Balance Sheet (December 31, 2018)

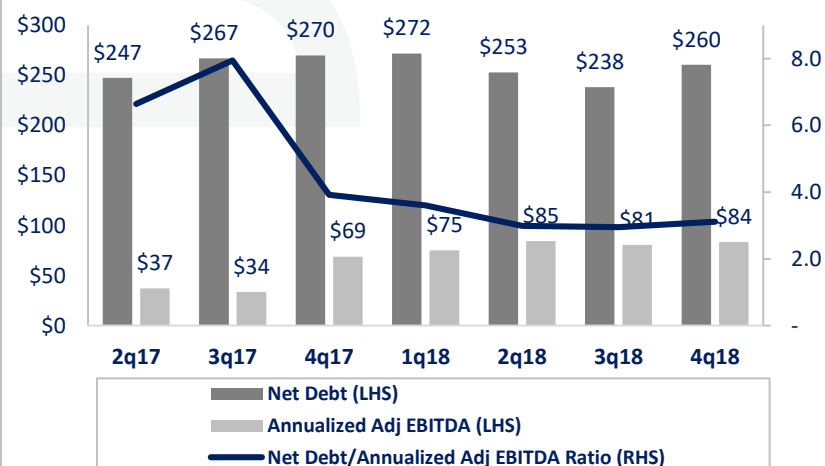
Cash*	78,164
Accounts Receivable	19,786
Inventory	16,138
Other Current Assets	15,341
Vessels, net	684,985
Other Assets	31,796
Total Assets	846,209

Accounts Payable	14,161
Current Liabilities	19,656
Debt (including \$29.2M current)	330,760
Other Noncurrent Liabilities	2,027
Total Liabilities	366,603
Stockholder's Equity	479,606
Total Liabilities and Stockholder's Equity	846,209

Cash Flow from Ops – Quarterly (in millions)



Net Debt/Adjusted EBITDA (in millions)



Scrubber Initiative

Eagle Fleet Scrubber Initiative Update

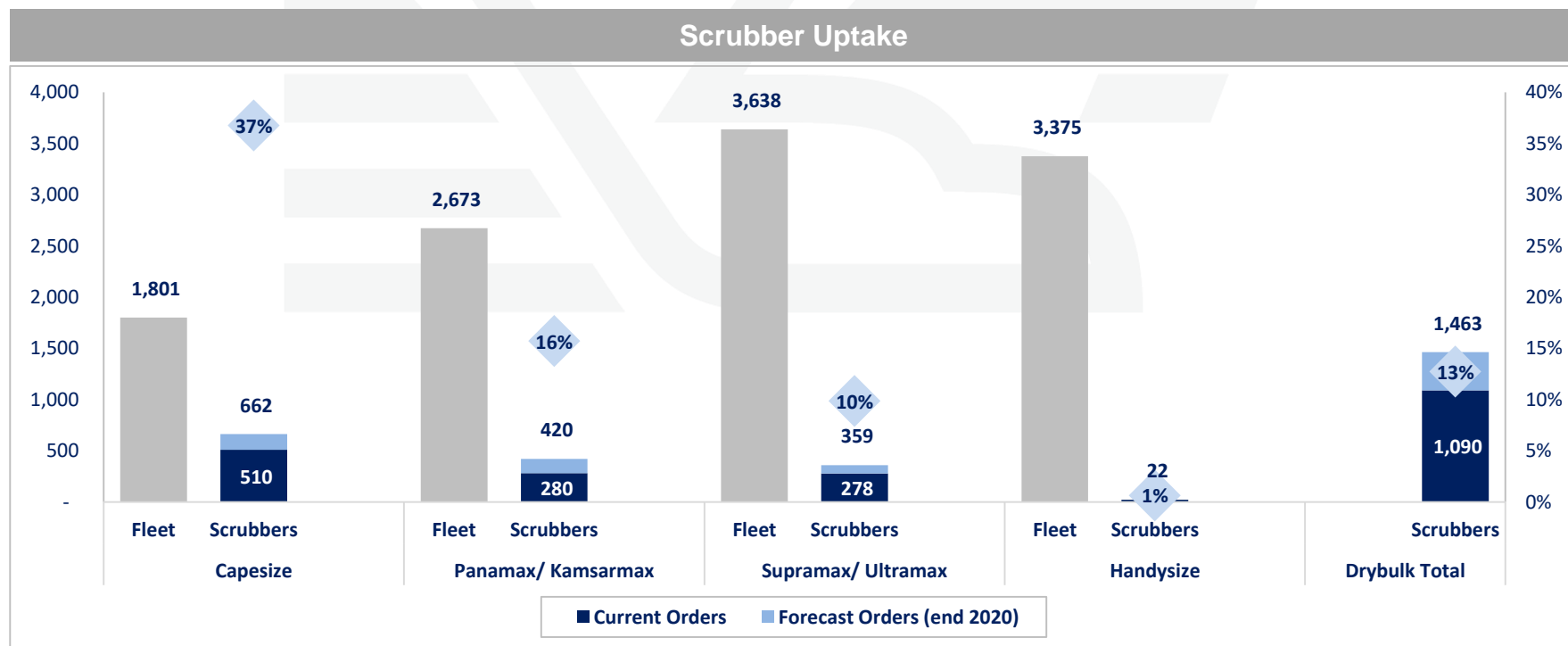


- **Thirty-seven vessels to be retrofitted with scrubbers**
- **First scrubber install underway with 4 more expected by April**
 - Thirty-four scrubbers expected to be installed by January 2020, with remaining three to be installed in early 2020 during statutory drydocks
- **Project cost estimated at USD 83 million – basis 37 scrubbers**
 - Funding is planned basis cash on-hand and amounts available under credit facilities

Update on IMO Regulation + Scrubber Orderbook

Regulation Update: PPR 6 Subcommittee

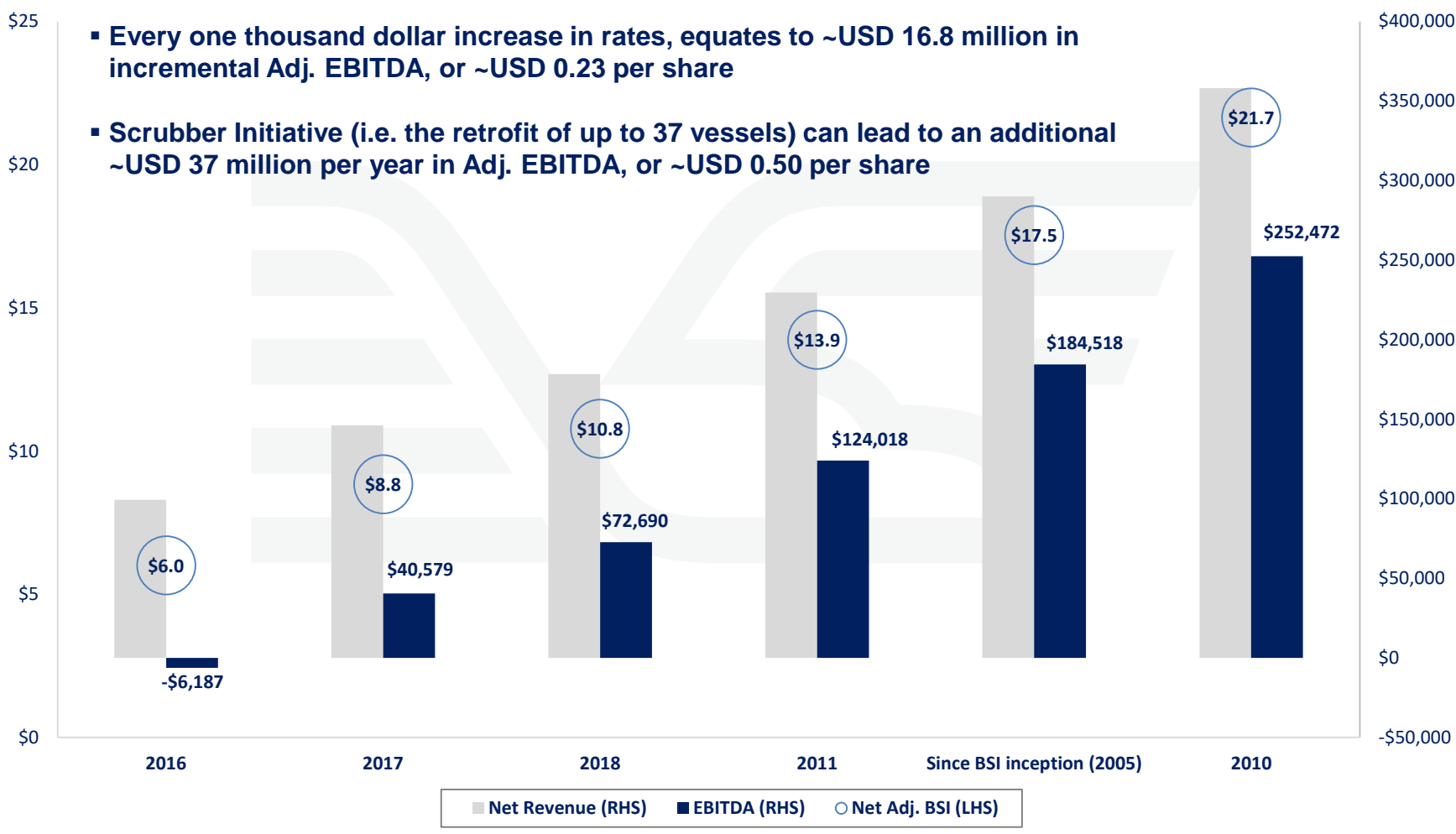
- Recommended actions for Flag and PSC to take in non-compliance scenarios
- Fuel Oil Non-Availability Report (FONAR) template adopted
- Grandfathering provision will apply to systems installed before adoption of revised 2015 guidelines (expected mid-2020)
- Referred recommendation for further study on washwater to MEPC-74 meeting in May



Summary

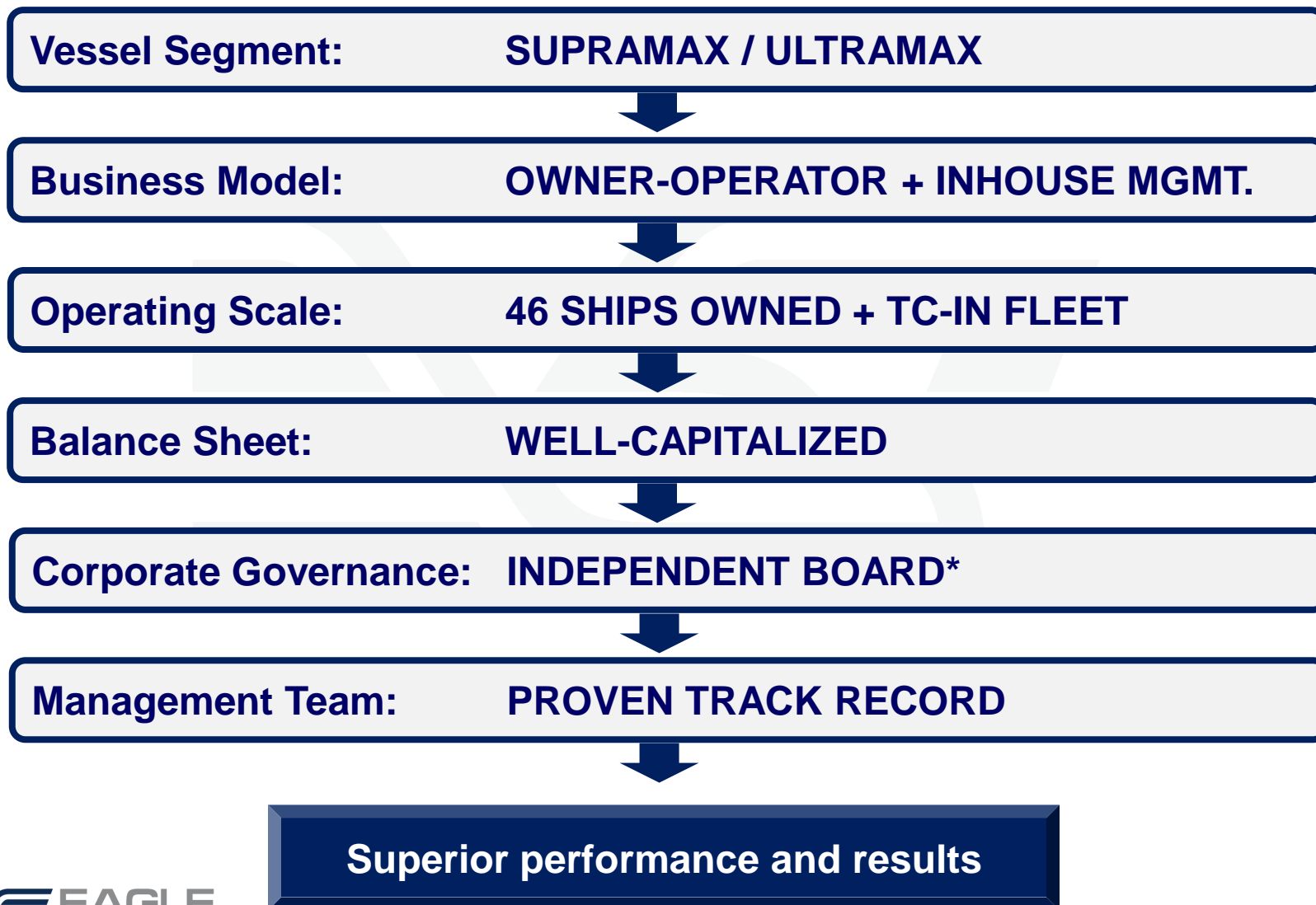
Significant Operational Leverage

Net Revenue + Adj. EBITDA Generation in Different Rate Environments



For Illustrative Purposes Only

Uniquely Positioned to Capitalize on Market





APPENDIX

Experienced and Seasoned Leadership Team

Senior Management

Gary Vogel | Chief Executive Officer

- 31+ years experience in drybulk | former CEO of Clipper Group | Managing Director of Van Ommeren Bulk Shipping

Frank De Costanzo | Chief Financial Officer

- 32+ years experience in finance/banking | former CFO at Catalyst Paper | Global Treasurer at Kinross Gold

Bo Westergaard Jensen | Chief Commercial Officer

- 27+ years experience in drybulk | former Co-head of Chartering at Clipper Group | Chartering and Operations at J. Lauritzen

Archie Morgan | VP, Head of Technical Management

- 31+ years experience in ship management / former Global Technical Manager at Tidewater / Operations at Alliance Marine Services / Fleet Manager at American Ship Mgmt. / Chief Engineer at Denholm Ship Mgmt.

Michael Mitchell | General Counsel

- 29+ years experience in shipping/law | former General Counsel at The American Club | Partner at Holland & Knight | Head of Operations at Principal Maritime

Costa Tsoutsoplides, CFA | Senior Director- Strategy

- 17+ years experience in shipping/finance/banking | former VP at Citigroup (Foreign Exchange and High Yield)

Board of Directors

Paul M. Leand, Jr. | Chairman

- Chief Executive Officer of AMA Capital Partners | Director of Seadrill | Director of Frontline 2012 | Director of Golar LNG

Randee Day | Director

- 31+ years experience in shipping | President and CEO of Day & Partners | Director of International Seaways | former CEO of DHT Maritime | former Division Head of JP Morgan's Shipping Group

Justin A. Knowles | Director

- Founder of Dean Marine Advisers Ltd. | former finance at Bank of Scotland

Bart Veldhuizen | Director

- 26+ years experience in shipping/banking | former Member of the Board of Managing Directors at DVB | MD & Head of Shipping at Lloyds Banking Group

Gary Weston | Director

- Former Chairman and CEO of C Transport Maritime S.A.M (CTM) | former CEO of Clarksons PLC | former CEO of Carras

Gary Vogel | Chief Executive Officer | Director

Best-in Class Corporate Governance

Eagle is ranked #1 out of 56 listed companies in Wells Fargo's Shipping Corporate Governance Scorecard and is the only drybulk company listed within the top 10

WF Corporate Governance Scorecard

Volume V- 2018 (May 2018)

Top Ten Ranked Companies:

1. Eagle Bulk
2. International Seaways
3. OSG
4. Triton
5. Matson
6. Navigator
7. Avance Gas
8. Euronav
9. Gaslog
10. DHT

WF Scorecard Governance Criteria

(eight categories total)

1. Related Party Commercial Management

Eagle performs all commercial management in-house and has NO related party transactions

2. Related Party Technical Management

Eagle performs all technical management in-house and has NO related party transactions

3. Related Party Sale & Purchase Fees

Eagle utilizes third-party brokers in S&P transactions and pays NO related party fees

4. Related Party Other Transactions

Eagle has NO related party transactions

5. Board Independence

Eagle Board is comprised of 5 independent Directors (including Chairman) plus CEO

6. Board Composition

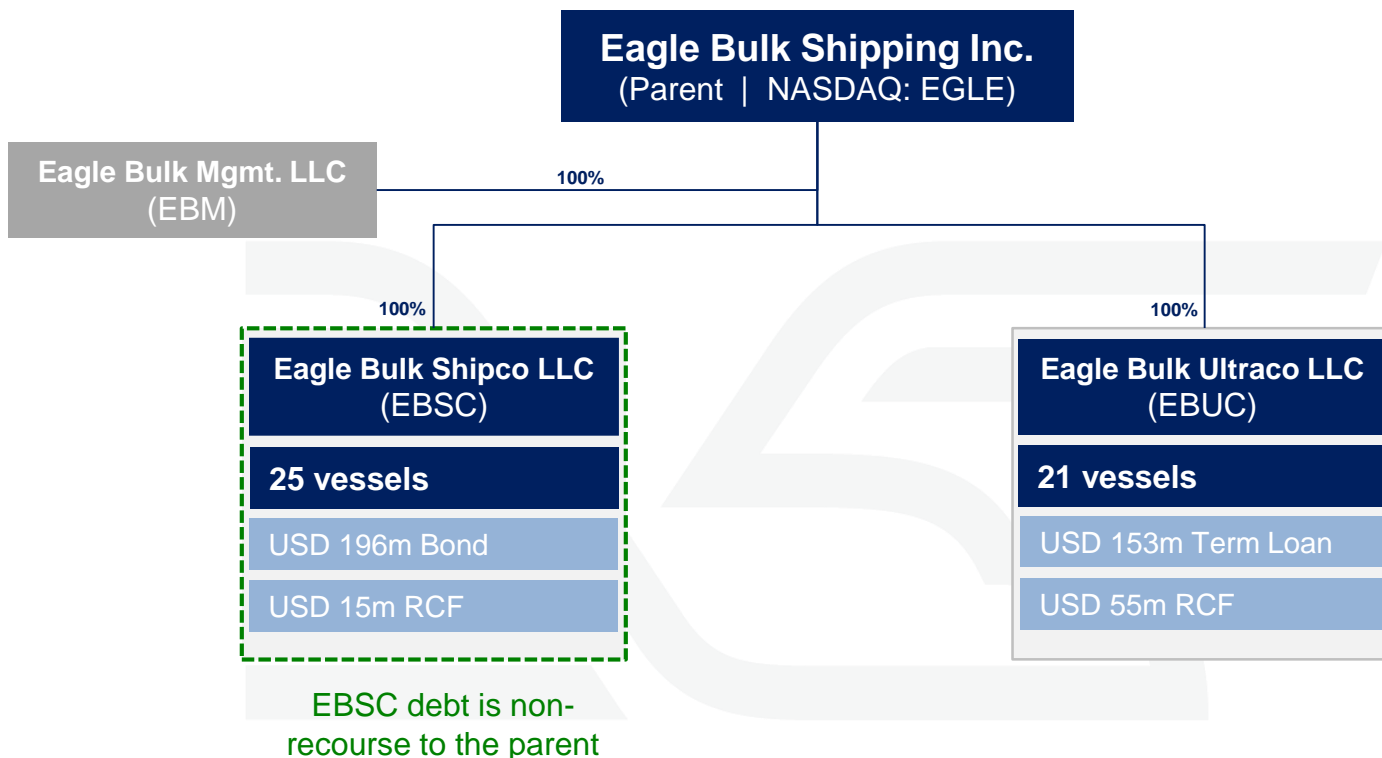
Eagle Board has separate committees for Audit, Governance, and Compensation

7. Board Policy

Eagle does not have any shareholder disenfranchisement tools; such as Poison Pill or Classified Board

8. Subjective

Corporate Structure



All management services (strategic / commercial / operational / technical / administrative) are performed inhouse by EBM, a wholly-owned subsidiary of the Parent

Eagle Debt Terms

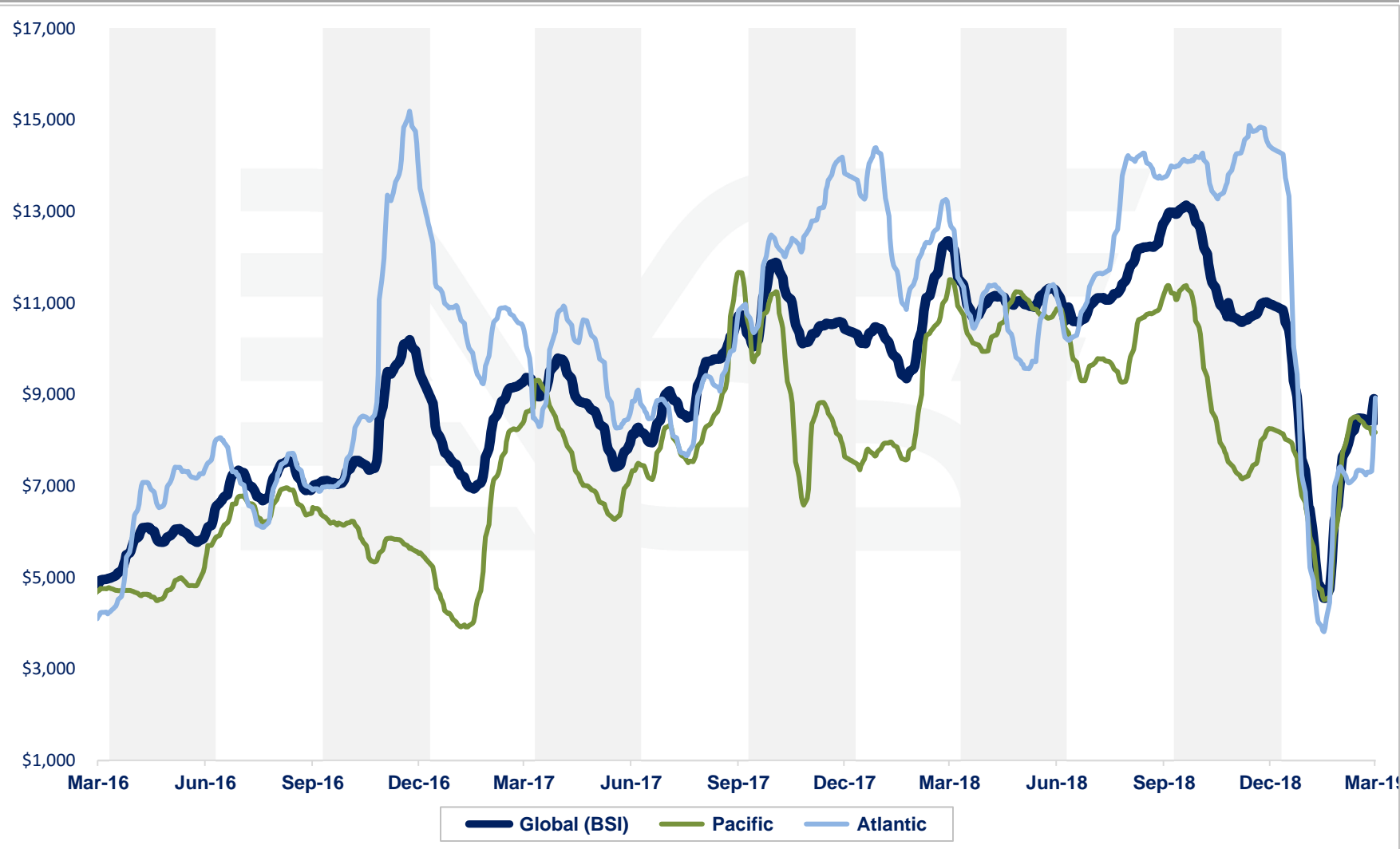
CLOSED	November 2017		January 2019	
PARENT	Eagle Bulk Shipping Inc.			
ISSUER/BORROWER	Eagle Bulk Shipco LLC		Eagle Bulk Ultraco LLC	
LOAN TYPE	Bond	RCF	Term Loan	RCF
AMOUNT	USD 200m	USD 15m	USD 153m	USD 55m
OUTSTANDING	USD 196m	-	USD 153m	-
SECURITY	Senior Secured	Super Senior Secured	Senior Secured	
RECOURSE	Ringfenced and non-recourse to the Parent		Parent Guarantee	
COLLATERAL	25 vessels		21 vessels	
INTEREST RATE	8.25% fixed	L+200bps	L+250bps	
TENOR	5 years		5 years	
MATURITY	2022		2024	
AMORTIZATION	USD 8m/year	N/A	USD 20.2m for first year (starting April 2019) and USD 26.1m/year thereafter	

Owned Fleet

Total Fleet: 46 Vessels		2669 DWT (MT, thousands)	8.7 Age
EBSC		EBUC	
Vessel	DWT	Vessel	DWT
1 Singapore Eagle	63.4	1 New London Eagle	63.1
2 Stamford Eagle	61.5	2 Cape Town Eagle	63.7
3 Sandpiper Bulker	57.8	3 Westport Eagle	63.3
4 Roadrunner Bulker	57.8	4 Hamburg Eagle	63.4
5 Puffin Bulker	57.8	5 Madison Eagle	63.3
6 Petrel Bulker	57.8	6 Greenwich Eagle	63.3
7 Owl	57.8	7 Groton Eagle	63.3
8 Oriole	57.8	8 Fairfield Eagle	63.3
9 Thrasher	53.4	9 Southport Eagle	63.3
10 Egret Bulker	57.8	10 Rowayton Eagle	63.3
11 Crane	57.8	11 Mystic Eagle	63.3
12 Canary	57.8	12 Stonington Eagle	63.3
13 Bittern	57.8	13 Nighthawk	57.8
14 Stellar Eagle	56.0	14 Martin	57.8
15 Crested Eagle	56.0	15 Kingfisher	57.8
16 Crowned Eagle	55.9	16 Jay	57.8
17 Jaeger	52.2	17 Ibis Bulker	57.8
18 Cardinal	55.4	18 Grebe Bulker	57.8
19 Kestrel I	50.3	19 Gannet Bulker	57.8
20 Skua	53.4	20 Imperial Eagle	56.0
21 Shrike	53.3	21 Golden Eagle	56.0
22 Tern	50.2		
23 Osprey I	50.2		
24 Goldeneye	52.4		
25 Hawk I	50.3		
25 Vessels	1,392.0	21 Vessels	1,276.6

Atlantic vs. Pacific Historical Rates

Baltic Supramax Index (BSI)



Evaluating TCE Relative Performance

This page is meant to assist analysts/investors on how to potentially evaluate and forecast vessel/fleet TCE relative performance within the Supramax/Ultramax segment

- Since the Supramax/Ultramax segment is comprised of a number of different ship types / sizes / designs, TCE generation ability can differ significantly from the standard vessel used to calculate the BSI-52 benchmark
- For example, a 2013-built Chinese 60-65k DWT Ultramax should be expected to earn a significant premium to a 2013-built 55-60k Supramax, particularly given the incremental cost of the 60-65k DWT vessel
- Ultimately, it's about yield – the expected earnings ability of a vessel versus its cost

Supramax/Ultramax TCE Performance Matrix						
SHIP TYPE	SIZE (DWT)		VESSEL TYPE INDEX FACTOR (AS COMPARED TO THE BSI VESSEL)			
			JAPANESE		CHINESE	
	FROM	TO	FROM	TO	FROM	TO
BSI-52	52,000		100.0%			
1	50,000	55,000	94.0%	100.0%	85.0%	90.0%
2	55,000	60,000	98.0%	107.0%	92.0%	100.0%
3	60,000	65,000	112.0%	120.0%	112.0%	116.0%

Matrix depicts the estimated TCE Earnings Performance range for a generic Supramax/Ultramax vessel type as compared to the BSI-52 ship

The BSI-52 is based on the 52k DWT Japanese TESS-52 design Supramax and is gross of commissions

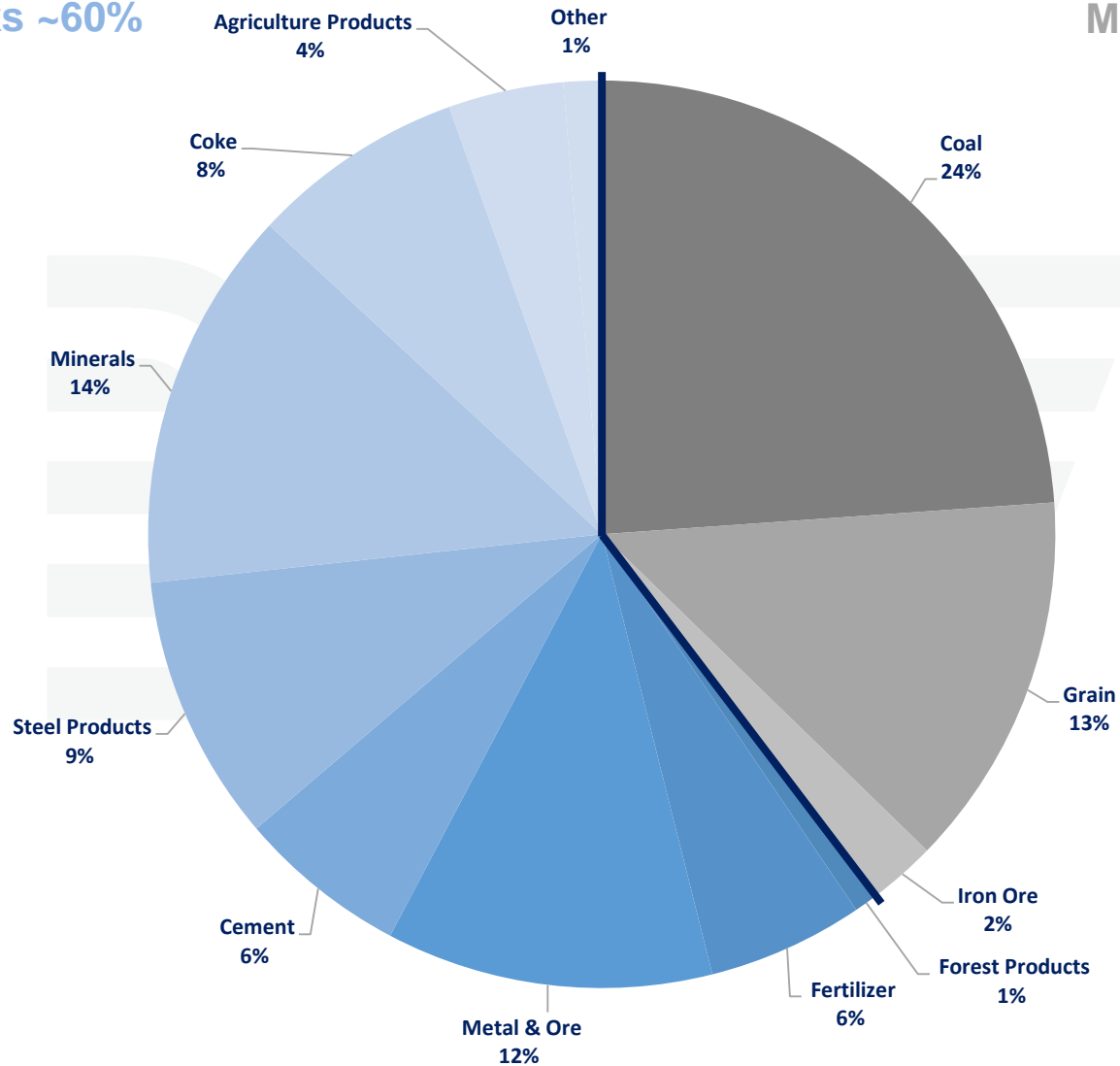
A Chinese 60-65k DWT Ultramax should earn a premium of 12-16% to the net BSI-52, depending on its specific design characteristics, due to cargo carrying capacity, speed, and fuel consumption differences

For Illustrative Purposes Only

Eagle Cargo Mix – 2018

Minor Bulks ~60%

Major Bulks ~40%



Earnings

\$ Thousands except EPS	4q18	3q18	4q17	4q18YTD	4q17YTD
REVENUES, net of commissions	86,692	69,093	74,587	310,094	236,785
EXPENSES					
Voyage expenses	24,721	15,126	18,155	79,566	62,351
Charter hire expenses	10,210	7,460	11,313	38,046	31,284
Vessel expenses	20,111	19,569	21,233	81,336	78,607
Depreciation and amortization	9,708	9,460	9,196	37,717	33,691
General and administrative expenses	8,464	8,883	8,136	36,157	33,126
Gain on sale of vessels	6	(236)	(34)	(335)	(2,135)
Total operating expenses	73,220	60,262	67,999	272,487	236,924
OPERATING INCOME / (LOSS)	13,472	8,831	6,588	37,607	(139)
OTHER EXPENSES					
Interest expense, net	6,273	6,445	8,103	25,158	28,726
Loss/(Gain) on derivatives	713	(199)	100	(126)	(38)
Loss on debt extinguishment	-	-	14,969	-	14,969
Total other expense, net	6,986	6,246	23,172	25,032	43,657
Net Income / (Loss)	6,486	2,585	(16,584)	12,575	(43,796)
EPS (Basic and Diluted)	\$ 0.09	\$ 0.04	\$ (0.24)	\$ 0.18	\$ (0.63)
Adjusted EBITDA	23,489	20,184	17,219	83,641	39,476

TCE Reconciliation

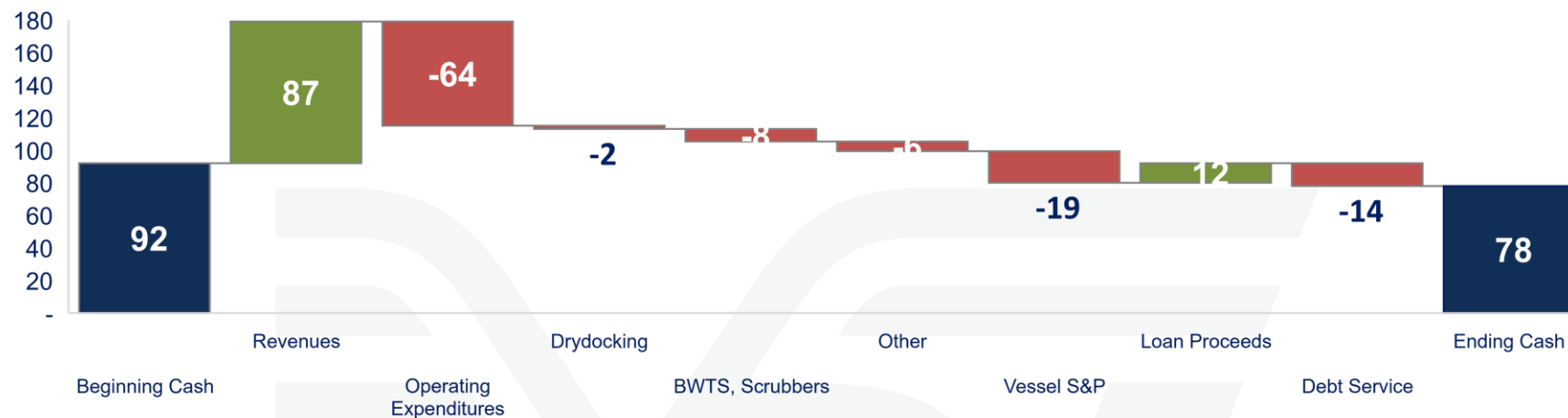
\$ Thousands except TCE and days	1q16	2q16	3q16	4q16	1q17	2q17	3q17	4q17	1q18	2q18	3q18	4q18
Revenues, net	\$ 21,278	\$ 25,590	\$ 35,788	\$ 41,836	\$ 45,855	\$ 53,631	\$ 62,711	\$ 74,587	\$ 79,371	\$ 74,939	\$ 69,093	\$ 86,692
Less:												
Voyage expenses	(9,244)	(7,450)	(11,208)	(14,192)	(13,353)	(13,380)	(17,463)	(18,155)	(22,515)	(17,205)	(15,126)	(24,721)
Charter hire expenses	(1,489)	(1,668)	(3,822)	(5,866)	(3,873)	(6,446)	(9,652)	(11,312)	(10,268)	(10,108)	(7,460)	(10,209)
Reversal of one legacy time charter	1,045	793	670	432	(302)	584	329	426	(86)	(404)	497	(226)
Realized gain/(loss) - FFAs & Bunker Swaps	-	-	(449)	(113)	-	83	248	(349)	117	345	284	(211)
TCE revenue	\$ 11,590	\$ 17,265	\$ 20,979	\$ 22,097	\$ 28,326	\$ 34,473	\$ 36,173	\$ 45,197	\$ 46,619	\$ 47,567	\$ 47,288	\$ 51,326
Owned available days *	3,945	3,902	3,700	3,653	3,620	3,771	4,177	4,324	4,218	4,153	4,192	4,227
TCE	\$ 2,938	\$ 4,425	\$ 5,670	\$ 6,049	\$ 7,825	\$ 9,142	\$ 8,660	\$ 10,452	\$ 11,052	\$ 11,453	\$ 11,281	\$ 12,142

EBITDA Reconciliation

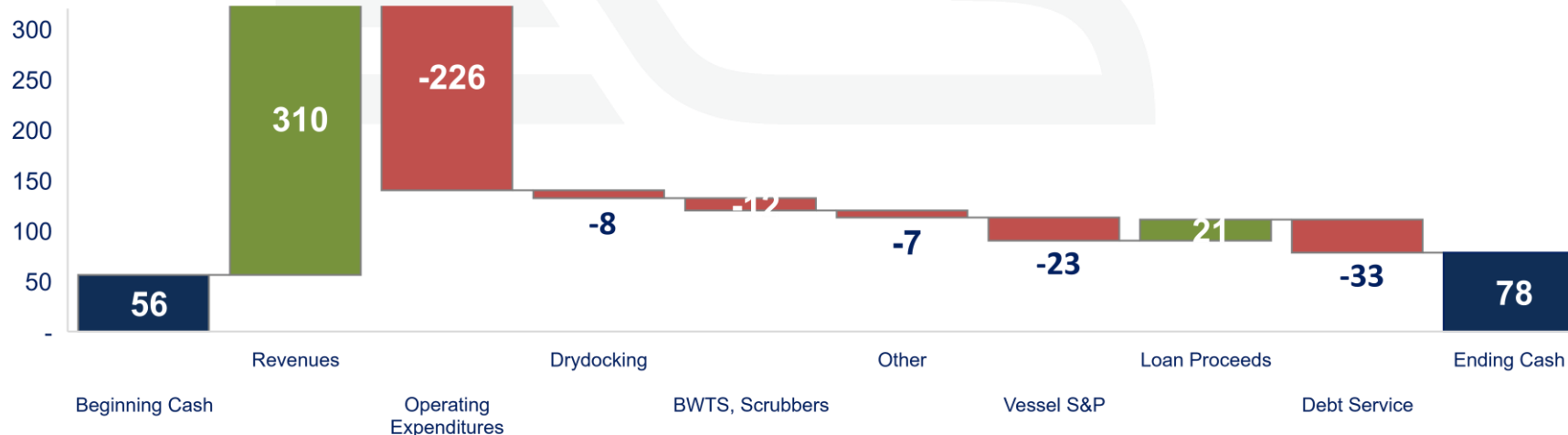
\$ Thousands	1q16	2q16	3q16	4q16	1q17	2q17	3q17	4q17	1q18	2q18	3q18	4q18
Net Income / (Loss)	\$(39,279)	\$(22,496)	\$(19,359)	\$(142,389)	\$(11,068)	\$(5,888)	\$(10,255)	\$(16,584)	\$ 53	\$ 3,451	\$ 2,585	\$ 6,486
Less adjustments to reconcile:												
Interest expense	2,818	4,903	7,434	6,644	6,445	6,859	7,837	8,236	6,261	6,387	6,574	6,521
Interest income	(3)	(0)	(88)	(124)	(190)	(186)	(143)	(133)	(95)	(112)	(129)	(248)
EBIT	(36,464)	(17,593)	(12,013)	(135,868)	(4,813)	785	(2,561)	(8,481)	6,219	9,726	9,030	12,759
Depreciation and amortization	9,397	9,654	9,854	9,979	7,493	8,021	8,981	9,196	9,276	9,272	9,460	9,708
EBITDA	(27,068)	(7,939)	(2,159)	(125,889)	2,680	8,805	6,420	715	15,495	18,998	18,490	22,467
Less adjustments to reconcile:												
Stock based compensation	827	842	(735)	1,273	2,171	2,478	2,350	1,740	3,511	2,410	2,100	1,187
One-time and non-cash adjustments	11,756	436	(509)	122,656	(297)	(1,977)	(373)	14,764	(170)	(276)	(406)	(165)
Adjusted EBITDA*	\$(14,486)	\$ (6,661)	\$ (3,403)	\$ (1,961)	\$ 4,553	\$ 9,307	\$ 8,397	\$ 17,219	\$18,835	\$21,132	\$20,184	\$23,489

Cash Flow

4q18 (\$ Millions)



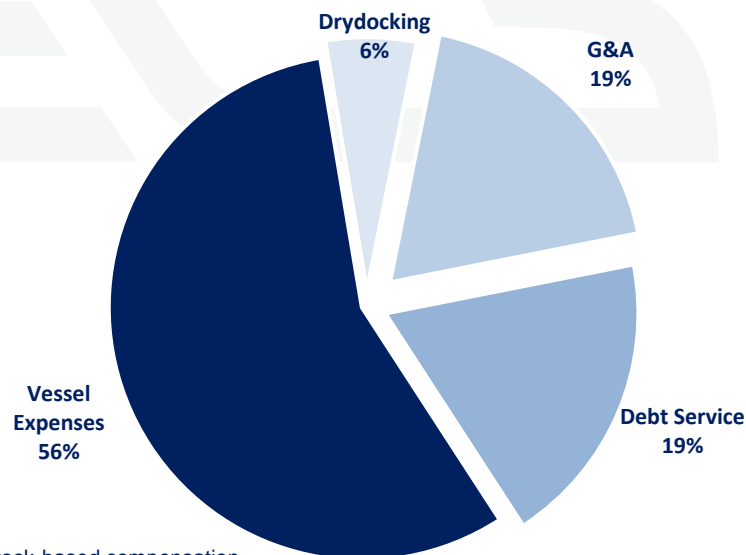
2018 Full Year (\$ Millions)



Cash Breakeven per Vessel per Day

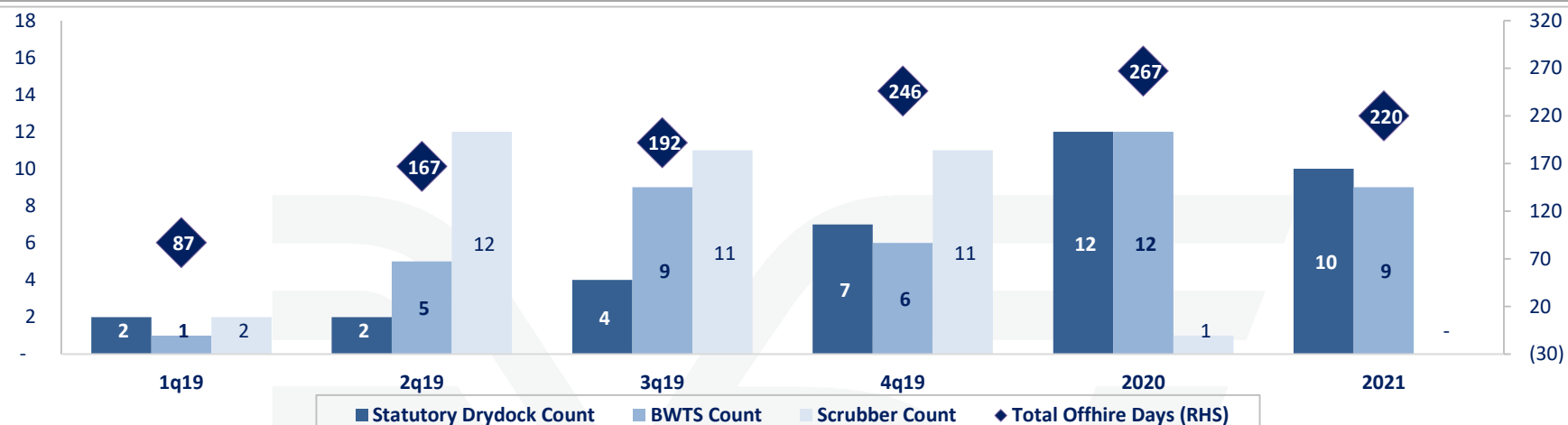
	4q18	3q18	FY 18	FY17
OPERATING				
Vessel Expenses	\$ 4,674	\$ 4,547	\$ 4,725	\$ 4,825
Drydocking	415	442	484	158
G&A	1,691	1,576	1,566	1,497
Total Operating	6,780	6,565	6,775	6,480
DEBT SERVICE				
Interest Expense	1,350	1,390	1,351	819
Debt Principal Repayment	930	-	232	-
TOTAL CASH BREAKEVEN	\$ 9,060	\$ 7,955	\$ 8,358	\$ 7,299

Full Year 2018 Cash Breakeven by Category

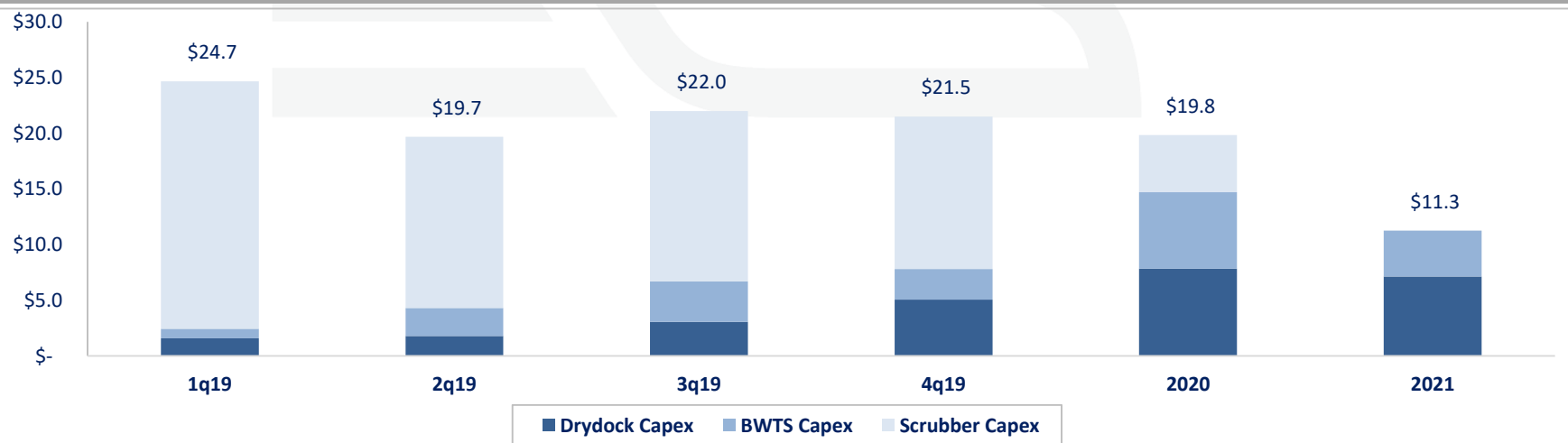


CAPEX Schedule

Count of Dry Dockings, Ballast Water Treatment/Scrubber Installations, Estimated Offhire Days



Estimated Capital Expenditure



Eagle Commercial Strategies

1. Timecharter-out

The most basic method of employing a vessel, Timecharter-out involves leasing out a ship for an agreed period of time at a set USD per day rate. The shipowner-operator essentially hands over commercial management to the charterer who performs the voyage(s). The length of timecharters can range from as short as one voyage (approximately 20-40 days) to multiple years.

2. Voyage Chartering

This involves the employment of a vessel to carry cargo from one port to another based on a USD per ton rate. In contrast to a Timecharter-out strategy, in a Voyage Charter, the shipowner-operator maintains control of the commercial operation and is responsible for managing the voyage, including vessel scheduling and routing, and for any related costs such as fuel, port expenses, etc. Having the ability to control and manage the voyage, the shipowner-operator is able to generate increased margin through operational efficiencies, business intelligence and scale. Additionally, contracting to carry cargoes on voyage terms often gives the shipowner-operator the ability to utilize a wide range of vessels to perform the contract (as long as the vessel meets the contractual parameters), thereby giving significant operational flexibility to the fleet. Vessels used to perform this type of business may include not only ships owned by the company, but also third-party ships which can be timechartered-in on an opportunistic basis (the inverse of a Timecharter-out Strategy).

3. Vessel + Cargo Arbitrage

With this strategy, the shipowner-operator contracts to carry a cargo on voyage terms (as described in Voyage Chartering) with a specific ship earmarked to cover the commitment. As the date of cargo loading approaches, the shipowner-operator may elect to substitute a different vessel to perform the voyage, while securing alternate employment for the ship that was initially earmarked for the voyage. Taken as a whole, this strategy can generate increased revenues, on a risk-managed basis, as compared to the initial cargo commitment.

Eagle Commercial Strategies

4. Timecharter-in

This strategy involves leasing a vessel from a third-party shipowner at a set USD per day rate. As referenced above, vessels can be timechartered-in to cover existing cargo commitments, or to effect Vessel+Cargo Arbitrage. These ships may be chartered-in for periods longer than required for the initial cargo or can be chartered-in opportunistically in order to benefit from rate dislocations and risk-managed exposure to the market overall.

5. Hedging (FFAs)

Forward Freight Agreements (“FFAs”) are cleared financial instruments, which can be used to hedge market rate exposure by locking in a fixed rate against the eventual forward market. FFAs are an important tool to manage market risk associated with the time chartering-in of third party vessels. FFAs can also be used to lock in revenue streams on owned vessels or against forward cargo commitments the company may have entered into.

6. Asymmetric Optionality

This is a blended strategy approach that uses a combination of timecharters, cargo commitments, and FFAs in order to hedge market exposure, while maintaining upside optionality to positive market volatility. For example, in a scenario where a ship may be timechartered-in for one year with an option for an additional year, Eagle, dependent on market conditions, could sell an FFA for the firm 1-year period commitment (essentially eliminating exposure to the market), while maintaining full upside on rate developments for the optional year.

Definitions

Adjusted EBITDA

Adjusted EBITDA is a non-GAAP financial measure that is used as a supplemental financial measure by our management and by external users of our financial statements, such as investors, commercial banks and others, to assess our operating performance as compared to that of other companies in our industry, without regard to financing methods, capital structure or historical costs basis. Our Adjusted EBITDA should not be considered an alternative to net income/(loss), operating income/(loss), cash flows provided by/(used in) operating activities or any other measure of financial performance or liquidity presented in accordance with U.S. GAAP. Our Adjusted EBITDA may not be comparable to similarly titled measures of another company because all companies may not calculate Adjusted EBITDA in the same manner. Adjusted EBITDA represents EBITDA adjusted to exclude the items which represent certain non-cash, one-time and other items such as vessel impairment, gain/(loss) on sale of vessels, stock-based compensation and restructuring expenses that the Company believes are not indicative of the ongoing performance of its core operations.

TCE

Time charter equivalent ("TCE") is a non-GAAP financial measure that is commonly used in the shipping industry primarily to compare daily earnings generated by vessels on time charters with daily earnings generated by vessels on voyage charters, because charter hire rates for vessels on voyage charters are generally not expressed in per-day amounts while charter hire rates for vessels on time charters generally are expressed in such amounts. The Company defines TCE as shipping revenues less voyage expenses and charter hire expenses, adjusted for the impact of one legacy time charter and realized gains on FFAs and bunker swaps, divided by the number of owned available days. TCE provides additional meaningful information in conjunction with shipping revenues, the most directly comparable GAAP measure, because it assists Company management in making decisions regarding the deployment and use of its vessels and in evaluating their financial performance. The Company's calculation of TCE may not be comparable to that reported by other companies. The Company calculates relative performance by comparing TCE against the Baltic Supramax Index ("BSI") adjusted for commissions and fleet makeup.

Owned available days is the aggregate number of days in a period during which each vessel in our fleet has been owned by us less the aggregate number of days that our vessels are off-hire due to vessel familiarization upon acquisition, repairs, vessel upgrades or special surveys. The shipping industry uses available days to measure the number of days in a period during which vessels should be capable of generating revenues.

Evaluating TCE Relative Performance

This page is meant to assist analysts/investors on how to potentially evaluate and forecast vessel/fleet TCE relative performance within the Supramax/Ultramax segment

- Since the Supramax/Ultramax segment is comprised of a number of different ship types / sizes / designs, TCE generation ability can differ significantly from the standard vessel used to calculate the BSI-52 benchmark
- For example, a 2013-built Chinese 60-65k DWT Ultramax should be expected to earn a significant premium to a 2013-built 55-60k Supramax, particularly given the incremental cost of the 60-65k DWT vessel
- Ultimately, it's about yield – the expected earnings ability of a vessel versus its cost

Supramax/Ultramax TCE Performance Matrix						
SHIP TYPE	SIZE (DWT)		VESSEL TYPE INDEX FACTOR (AS COMPARED TO THE BSI VESSEL)			
			JAPANESE		CHINESE	
	FROM	TO	FROM	TO	FROM	TO
BSI-52	52,000		100.0%			
1	50,000	55,000	94.0%	100.0%	85.0%	90.0%
2	55,000	60,000	98.0%	107.0%	92.0%	100.0%
3	60,000	65,000	112.0%	120.0%	112.0%	116.0%

Matrix depicts the estimated TCE Earnings Performance range for a generic Supramax/Ultramax vessel type as compared to the BSI-52 ship

The BSI-52 is based on the 52k DWT Japanese TESS-52 design Supramax and is gross of commissions

A Chinese 60-65k DWT Ultramax should earn a premium of 12-16% to the net BSI-52, depending on its specific design characteristics, due to cargo carrying capacity, speed, and fuel consumption differences

For Illustrative Purposes Only

2020 Global Sulphur Limit

IMO Regulation

- Global limit for sulphur content of ships' fuel will decrease from 3.50% to 0.50%
- New limit will come into effect on 1 January 2020
- Ships can meet requirements by either using low-sulphur compliant fuel or installing exhaust cleaning systems ("scrubbers")
- High sulfur fuel carriage ban for ships without scrubbers will enter force March 1, 2020 – providing a robust enforcement mechanism for IMO 2020 compliance

Implications on shipping

- Higher fuel costs encourage slow steaming to reduce fuel consumption
- Slow steaming effectively reduces supply thereby improving global fleet utilization leading to higher rates
- Scrapping may increase for vessels that are older and less fuel-efficient

