Corporate Participants

Petros Pappas
Star Bulk - Chairman

Spyros Capralos
Star Bulk - President and CEO

Simos Spyrou
Star Bulk - Chief Financial Officer

Conference Call Participants

Noah Parquett
Maxim Group

Presentation

Operator

Thank you for standing by, ladies and gentlemen, and welcome to the Star Bulk conference call on the Third Quarter 2013 Financial Results. We have with us Mr Petros Pappas, Chairman; Mr Spyros Capralos, President and Chief Executive Officer; and Mr Simos Spyrou, Chief Financial Officer of the Company. At this time, all participants are in a listen-only mode. There will be a presentation followed by a question-and-answer session. (Operator Instructions). I must advise you the conference is being recorded today, Tuesday, November 26th 2013.
We now pass the floor to one of your speakers today, Mr Petros Pappas. Please go ahead, sir.

Petros Pappas

Thank you, Operator. I'm Petros Pappas, the Chairman of the Board of Directors of Star Bulk Carriers, and I would like to welcome you to the Star Bulk Carriers' Third Quarter and Nine Months 2013 Financial Results conference call. Along with me today to discuss our financial results are our President and CEO, Mr Spyros Capralos, and our CFO, Mr Simos Spyrou.

Before we begin, I kindly ask you to take a moment to read the Safe Harbor statement on slide number 2 of our presentation.

Before we begin the presentation, and while you read our Safe Harbor statement, I would like to summarise our recent strategic initiatives as presented on slide number 4. First of all, we have expanded and upgraded our fleet with both fuel-efficient Newbuildings from top-class yards, as well as opportunistic acquisitions of premium second-hand tonnage at what is essentially the bottom of the Drybulk shipping cycle. We have adopted a flexible commercial strategy so as to maintain long-term spot market exposure, taking full advantage of the savings from our fuel-efficient Newbuildings. We have diversified the composition of our fleet by weighing more on larger vessels that will benefit mostly from a broad market recovery - due to economies of scale they offer on a freight-per-ton basis and the increase in long-haul shipments.

Furthermore, I have been the Company's Chairman and sponsor since its inception and remain committed to continue supporting the Company in the future. I have been in the Drybulk shipping industry for more than 35 years and have extensive experience operating fleets of privately-owned vessels and a public Drybulk Company, during both the good and bad times in shipping. I personally have experience and have successfully managed through more than four major historic cycles in the industry. Recently, as a show of confidence in Star Bulk's highly-experienced management team, my family's joint venture Oaktree Capital Management has entrusted Star Bulk's management with its entire Drybulk fleet.

Finally, despite being in an ultra-growth mode, we remain committed to the cornerstone of our goals, i.e. maximising total returns to shareholders. As our fleet expands and the Drybulk market recovers, we will evaluate favourably the potential return of capital to our shareholders in a manner consistent with our overall business strategy, cash flows and liquidity position.

I will now turn the floor to Spyros, who will guide you through an overview of the company, as well as our performance this quarter.

Spyros Capralos
Thank you, Petros. Good morning to everyone. I am Spyros Capralos and I will take you through our performance for the Third Quarter and Nine Months 2013.

Please let's turn to slide 5 of the presentation for the preview of the Third Quarter 2013 financial highlights in comparison to last year's. In the three months ended September 30th 2013, net revenues amounted to $17 million, representing a 2% increase versus the same period of 2012. Net revenues represent our total revenues adjusted for non-cash items less voyage expenses. The reason we refer to our net revenues is because this figure nets out any difference in the number of voyage charters we performed in each period and, therefore, is directly comparable to

other periods. During this quarter, net revenues increased due to higher management fee income from third-party ship management services, since we had on average 5.1 vessels under management, compared to one during the Third Quarter of 2012.

G&A expenses were $2.5 million in Q3 2013, versus $2 million in Q3 2012; however, this quarter's number includes approximately 450,000 of stock-based compensation. If we exclude the non-cash stock-based compensation and other management fee income earned, net cash G&A expenses per vessel in Q3 2013 were $1,338 per day reduced by 6.6% versus the same quarter last year, despite the fact that the headcount increased by more than 13% during this period to cater for the needs of our continuously expanding ship management business. We will touch upon this issue in more detail later in the presentation.

Our Third Quarter 2013 operating income stood at $1.4 million, compared to $306.8 million of operating loss during the Third Quarter of 2012, the latter including $303.2 million impairment loss associated with the mark-to-market of our vessels incurred in this period. Overall, during the Third Quarter of 2013, the Company had a marginal net loss of $200,000 compared to a net loss of $308.6 million in Q3 201 2. Excluding non-cash items, our new income for the quarter amounted to $2.3 million, compared to an adjusted net loss of $3.8 million in Q3 2012. Adjusted EBITDA for the Third Quarter 2013 was $7.8 million increased by 2.4% versus last year respective figure.

Our time charter equivalent during this quarter was $14,652 per day, compared to $15,201 last year. Our average daily operating expenses were $5,675 per vessel, compared to $4,878 during the same period last year. I would like to remind you that last year one of our Capesize vessels, the Star Polaris, sustained engine failure damage and thus was non-operational throughout the full quarter. This resulted, firstly, in artificially low operating expenses for the Third Quarter of 2012 and, secondly, to higher insurance premiums for our fleet this year. Our operating expenses for Third Quarter of 2013 are also affected by the new tonnage tax regime introduced in 2013.

The adjusted net income of $2.3 million represents an adjusted-earnings per share of $0.13 per share basic and diluted versus an adjusted net loss of $0.77 basic and diluted, during the respective period in 2012. The adjusted EPS of $0.13 per share basic and diluted are substantially higher than analyst consensus of adjusted net loss of $0.03 per share for the Third Quarter of 2013.

Please turn now to slide 6 for the presentation of a preview of our Nine Months 2013 financial highlights in comparison to last year's. In the Nine Months ended September 30th 2013, net

revenues amounted to $51.4 million, representing a 7% reduction versus the same period of 2012. General and administrative expenses were $7.2 million in the Nine Months of 2013 versus the $7.3 million in the Nine Months of 2012. However, both numbers include a non-cash component of stock-based compensation. Adjusting for this component and netting with the respective management fee income, net daily G&A expenses per vessel during the Nine Months of 2013 were $1439, slightly lower than last year's $1445 per day figure.

Our Nine Months operating income stood at $7.1 million, compared to $307.3 million of operating loss during the Nine Months of 2012 due to the impairment loss explained earlier. Overall, during the Nine Months of 2013, the Company had a net income of $1.8 million compared to a net loss of $313 million in Nine Months 2012. Excluding non-cash items, our net income for the Nine Months amounted to $7.6 million, compared to an adjusted net loss of $600,000 in the Nine Months 2012. Adjusted EBITDA for the Nine Months 2013 was $24.9 million, compared to $34 million during the same period of 2012.

Our time charter equivalent during this nine-month period was $14,414 per day compared to $15,560 last year. Our average daily operating expenses were $5,622 per vessel, compared to $5,231 during the same period last year. The adjusted net income of $7.6 million for the Nine Months of 2013 represents an adjusted EPS of $0.82 per share, basic and diluted, versus an adjusted net loss of $0.11 per share, basic and diluted, during the respective period in 2012.

Please turn now to slide 8, for a brief review of our recent key commercial developments during clearly another busy quarter. On October 7th we have completed a follow-on offering of 8.05 million of our common shares, resulting in gross proceeds of approximately $70.8 million. The offering was partly subscribed by certain of our larger shareholders, including Oaktree; Monarch and BlueShore, expanding our market capitalization to over $230 million. At the same time, having substantial financial power, we expanded our Newbuilding program by adding five additional vessels with fuel efficient specifications, bringing the total vessels on order to 9, with an aggregate purchase price of $368.4 million.

We also returned to the sales and purchase market by acquiring recently two modern Ultramaxes, renamed to Star Challenger and Star Fighter built at Imabari, Japan, in November 2012 and September 2013, respectively. Ultramaxes represent a new larger type of Supramax vessels with increased cargo carrying capacity. Currently there are few such vessels in the water and thus we clearly believe that these acquisitions provide us with competitive edge when pursuing charterer's business. The first vessel will be delivered to us in a few days and the second one not later than January 15th 2014, thus both of them will help in the 2014 results of the Company.

Finally, we extended our third-party ship management business by adding 5 additional vessels while we will add one more in December, raising the total number of third-party vessels under management to 10.

Please turn to slide 9 to give you a brief overview of our fleet profile. We currently own 15 Drybulk vessels, 5 of which are Capesizes, 2 Ultramaxes and 8 Supramaxes, with a total deadweight capacity of 1.41 million deadweight tons and an average age of about 9.5 years. We have a Newbuilding program consisting of a total of 9 fuel-efficient eco-friendly vessels under order in first-class shipyards, consisting of 3 Newcastlemaxes, 2 Capesizes and 4 Ultramaxes, with deliveries spreading between 2015 and early 2016. Upon delivery of our Newbuildings, we will own a total of 24 vessels from 15 vessels today. The fleet is managed internally, which provides full efficiency and transparency to our shareholders. Aside from the management of our own fleet, we also provide ship management services to 9 third-party vessels.

On the bottom left graph, you can see that, upon completion of our Newbuilding program, we'll have grown our total fleet under management (that is including third-party vessels managed by us), to 3.8 million deadweight, representing a 22% compounded annual rate of growth on a deadweight basis from 2009. This figure is not inclusive of an additional number of up to 30 third-party vessels that we expect to take under management over the next couple of years.

In slide 10 we have given you the detailed list of our third-party managed fleets. We currently operate 9 Drybulk vessels owned by third parties, which we manage at a daily fee of $750 per day per vessel. By the end of this year, we'll operate a total of 25 vessels, 15 owned and 10 managed. This business supplements and diversifies Star Bulk's consolidated cash flows, with essentially no additional business risk. Taking into account our Newbuilding program as well as a planned expansion of the number of third-party vessels under management, we expect to ultimately operate a total of more than 50 vessels upon the delivery over our last Newbuilding. This will give us the scale to benefit from the global market recovery that we started to see take shape. Operating a larger fleet provides us with higher purchasing power and economies of scale.

Please turn to slide 11. Here we'll try to give you some insight on the factors that we have considered before reaching the agreements for the 9 Newbuildings. First of all is the quality of the shipyards we do business with - all three yards are very experienced and well-known for the quality of the vessels they build. This is a very important factor because low-quality vessels usually require higher maintenance and operating cost, which makes them less economical to operate and quite loss-making in a low-freight environment. A low-quality vessel, even though it will usually bought at a lower price than higher-quality one, may prove to be much less profitable

in the long term. Furthermore, top-tier shipyards can offer improved vessel designs and can credibly guarantee the advertised efficiencies of their vessels and their delivery times.

Secondly, the designs of these vessels are new and improved compared to most existing vessels. These vessels have a higher carrying capacity than the closest model vessel used by the Baltic Exchange. This additional capacity can be translated into higher earning capacity and greater effectiveness from the charterer's perspective. Furthermore, these vessels are environmentally friendly as they have reduced carbon emissions, minimising the need for regulatory-imposed technical upgrades in the future. In our view, we are moving towards a stricter regulation period in the future, whereby older vessels will face increased compliance costs. Timing-wise, the recent surge in vessel prices, both for Newbuildings and second-hand vessels, has justified our strategic decision to order at a low point in the shipping cycle.

As you can see in the graph, back in July, Newbuilding prices have dropped very close to their historical lows, as adjusted for inflation, limiting the downside for such investments significantly in our view. During the past four months, Capesize and Supramax Newbuilding prices have increased by 11% and 5% respectively. We are currently sitting on 9 Newbuilding contracts that have experienced approximately a $40 million increase in aggregate value, or about 10% of their contracted price. Lastly, and perhaps more importantly, the vessels are fuel-efficient. We estimate that, compared to conventional vessels, our Newbuilding Capes will consume 8 tons less fuel while slow-steaming, while fuel savings could double at higher speeds. Assuming an average of 250 steaming days per year and $600 per ton of fuel, this vessel will be saving approximately $1.2 million while slow-steaming.

Moving to slide 12, we provide you with a detailed overview of our Newbuilding program. We currently have 9 vessels on order at three shipyards, SWS and NACKS in China and JMU in Japan, for a total price $368.4 million. Newcastlemax vessels are the larger version of Capesize vessels, having a deadweight of 208,000 tons, 209,000 tons. Ultramaxes are the larger version of Supramax vessels, with size between 60,000 and 64,000 deadweight tons. All of our Newbuildings are being built with eco-specifications, allowing for reduced fuel consumption and fewer carbon emissions.

In terms of delivery dates, we will have four Ultramaxes and one Capesize to be delivered to us during the second half of 2015, with the remaining four vessels, the three Newcastlemaxes and one Capesize, being delivered from January 16th up to April 16th. Our ship-building contracts have relatively tail-heavy payment terms, with 60% to 70% of the contract price being due on delivery of the vessel. Exceptions to the above are the two Capesizes we have on order at SWS, for which we have already deposited the 30% of the contract price in exchange of $600,000

discount per vessel. As of today, we have paid a total amount of $67.1 million for the advances in relation to our Newbuildings.

Please turn now to slide 13 to discuss our latest second-hand acquisitions. On November 18th, just ten days ago, we announced the unblock acquisition of two modern Ultramaxes, renamed Star Challenger and Star Fighter, for a total purchase consideration of $58.1 million. The vessels are nearly newbuild, since they were built in November 2012 and September 2013 respectively, by Imabari Shipbuilding, one of the top shipbuilders in the world. As customary in such transactions, we already advanced 10% of the aggregate purchase consideration, or $5.8 million, while the remaining amount is due on delivery of the vessels, December 7th 2013 and January 2014, respectively.

As mentioned earlier, these vessels belong to the Ultramax category, as they are larger than the standard Supramax vessels. Currently, there is a limited number of Ultramax in the water, a 148 vessels only according to Clarksons, representing the top 5% of the entire Handymax and Supramax fleet. Even if we take into account the current order book, and assuming no further scrapping and slippage, these two vessels will be in the top 12% of the Handymax and Supramax fleet on a fully delivered basis. Furthermore, according to our estimates, these vessels will have a low cash-flow break-even, being able to navigate safely during any market downside as well. So, overall, we certainly feel that this is an attractive acquisition, which allows us to expand and renew our fleet immediately, while improving our competitive position in the future.

Please turn now to slide 14 to discuss our balance sheet profile. Currently, our total debt stands at $190.7 million; our current cash position at $107.8 million and our net debt at $82.9 million. Furthermore, the market value of our fleet in the water stands currently at $332.3 million, including of the two Ultramaxes recently acquired. As explained above, the current market value of our 9 Newbuildings currently is $407 million, 10% above their contracted price, bringing our total fleet value on a fully delivered basis was approximately $739 million. We have paid $72.9 million in the form of advance payments for the 11 vessels on order or acquired and, assuming 60% debt financing, we have approximately $97.7 million in remaining equity capital expenditure, an amount we feel quite comfortable in funding, given our current liquidity position and cash-flow generation of our fleet.

Taking all the above into account, we calculate our net asset value per share on a charter-free basis at $10.40 per share, a level at which recent trading prices of our common shares imply a rather steep discount of approximately 20%. Following the agreements with our lenders in early January 2013 and the principal repayment related to the sale of Star Sigma, our remaining principal repayment obligations over 2013 stand at $400,000. As you can see in the graph, on

principal repayment so far this year we are at $33.4 million, while our scheduled principal repayments for 2014 and 2015 stand at $18 million and $28 million respectively.

As it is evident from the graph in the right bottom, assuming 60% debt financing, our remaining equity capital expenditures from today until the end of 2014 are $26 million, with the majority being related to the acquisition of the two Ultramax vessels mentioned earlier. Overall, we have a smooth debt repayment profile over the next two years, while our remaining capital expenditure obligations are tail-heavy and fully supported by our current liquidity position.

Please turn to slide 15 for an overview of our fleet employment and our charter counterparts. Currently, we have secured 96% of our operating days in 2013, 19% for 2014 and 6% in 2015. Specifically, our time charter coverage in the Capesize segment is a 100% for this year, 46% for 2014 and 18% for 2015, while our Supramax coverage stands at 94% for 2013 and 6% for 2014.

Overall, our total contracted revenue amounts to approximately $35.9 million, while it’s worth noting that we no longer have legacy charges from the high levels of 2008, and that flexible commercial strategy mostly focuses on short-term time charter employment, maintaining increased exposure to a long-term recovery in freight rates. This allows us to relatively insulate our fleets from adverse market movements in the short term, while maintaining our upside potential on the gradual market recovery which is starting to take place

Please turn now to slide 16. Year after year we continue our efforts to improve our operational performance. Our cost-cutting efforts in our operating and G&A expenses have played an important role in our financial and operating performance in this challenging market environment. This, of course, has been achieved without a compromise in our high quality and operational standards. On the top right graph, you can see that for the Nine Months of 2013, if we exclude the effect of Star Sigma, which was sold in April, our fleet utilisation ratio is up 98.2%, essentially in line with our historical levels.

I would also like to note that the utilisation ratio for 2012 is not really truly reflective as well since it was negatively affected by the substantial off-hire time of Star Epsilon also sold in the first quarter of 2012. On the left graph, you can see the weighted average size of our vessels versus our average daily operating expenses. Since 2009, our daily operating expenses have been reduced from $6,903 to $5,622 in the Nine Months of 2013, a 19% cumulative decrease. At the same time, our average vessel size increased by 11% on a cumulative basis, from 92,000 deadweight tons to a 102,000 deadweight tons.

On the bottom right graph, you can see the total carrying capacity of our managed fleet versus our G&A expenses, which exclude one-off severance payments and stock based compensation.

These G&A expenses are of course reflective of the in-house vessel management capabilities we have developed since our inception. As you can see on the bottom right graph, the annualized G&A expenses for the Nine Months of 2013, excluding non-cash items, are 5% higher than in 2012 while at the same time our total fleet under management has increased by 48% on a deadweight tonnage basis. Moving forward, we remain focused on further optimising operating costs and implementing our quality objectives to the benefit of our own fleet and our managed fleet and of course our shareholders.

That completes my presentation. Now I will ask Mr Simos Spyrou, our CFO, to discuss on the financials and give you an update on the market developments. Please go ahead, Simos.

Simos Spyrou

Thank you, Spyros. Please turn now to slide 18 for an overview of our balance sheet as of September 30th 2013. Our total cash balance stood at $84.66 million, while other current assets were at $8.2 million. Our fixed assets amounted to $272 million; advances for Newbuildings stood at $28.6 million, while fair value of above-market acquired time charter stood at $9.58 million and other non-current assets at $1.29 million. Summing up the above, total assets amounted to $404.4 million. Total debt stood at $194.4 million; other liabilities were $12.4 million and stock-holders equity was at $197.5 million. The net debt was $109.8 million, reduced by 43% versus December 31st 2012, respective figures.

As you can see from the top right graph, our net debt-to-total capitalisation ratio currently stands at 28% substantially lower than 2012. We remain committed in maintaining a healthy balance sheet while growing and expanding our fleet. In particular, since 2008, we have reduced our gross debt by $102 million while, as you can see from the bottom right graph, at the same time, the average number of owned vessels has increased from 10.8 vessels in 2008 to 13.4 vessels for the Nine Months of 2013. As a result, the net debt per vessel has dropped to $8 million from $23 million in 2008, a 65% decrease over this period.

Turning now to slide 19 to discuss our Third Quarter 2013 income statement, I would like to point out that our results include non-cash items, which are depicted in the middle column, while the adjusted figures on the right exclude them. For the Third Quarter of 2013, non-cash adjusted revenues amounted to $19.3 million, compared to $20 million in the same period last year. In particular, non-cash items include a $1.6 million related to the amortization of above-market acquired time charters for the vessels Star Big and Star Mega, which are long-term chartered to the well known mining giant.

Voyage expenses amounted to $2.4 million for the Third Quarter 2013 from $3.4 million in the same quarter last year. Adjusted net revenues, net of voyage expenses, amounted to $17 million this quarter compared to $16.6 million the same period last year, an increase of 2%. I believe that this number is an accurate measure of our actual comparable revenue, plus it nets out the effect of the voyage charters on the revenue and the voyage expenses line. This 2% increase was mainly attributed to the increase in the management fee income from the ship management of third-party vessels.

Vessel operating expenses stood at $6.8 million versus $6.3 million last year. Dry-docking expenses amounted to approximately $1.6 million versus $2 million last year. This quarter we had two vessels, viz. Star Aurora and Star Theta, that underwent dry-docking on August while, during the same period in 2012, we had one Capsize and one Supramax vessel undergoing dry-dock, with the former having increased cost due to its older age. Currently, we have Star Delta on dry-dock while one more of our Supramaxes, Star Zeta, will join as well next month.

G&A expenses adjusted for non-cash stock-based compensation totalled $2.1 million during the Third Quarter 2013 compared to $1.9 million during the Third Quarter 2012, despite the increase in the average number of employees by 13% to support our current and upcoming managed fleet growth. Excluding non-cash items, daily G&A expenses by owned vessels, netted for management fee revenues, were reduced by 7% in the Third Quarter 2013 versus the same quarter last year.

Other operational loss and other operational gain represent mainly commercial claims that the Company had initiated in the past and are non-recurring items. Nonetheless, the Company had a cost inflow of $1.3 million. Overall, the Company's adjusted net income amounted to $2.3 million, compared to an adjusted net loss of $3.8 million in the Third Quarter of 2012.

Let us now move to slide 20 to discuss our Nine Months 2013 income statement. For the Nine Months of 2013, non-cash adjusted revenues amounted to $58.3 million, compared to $73 million in the same period last year. In particular, non-cash items included $4.75 million related again to amortization of the above-market acquired time charters for Star Big and Star Mega. Voyage expenses amounted to $6.9 million for the Nine Months 2013 from $17.5 million in the Nine Months 2012. Adjusted net revenues net of voyage expenses amounted to $51.4 million, compared to $55.5 million the same period last year, namely reduction of 7%. This 7% reduction was mainly due to our smaller average number of vessels during this period and lower freight rate achieved by certain of our vessels.

Vessel operating expenses stood at $20.5 million, almost unchanged versus last year. Dry-docking expenses amounted to approximately $2.1 million versus $3 million last year. G&A expenses, adjusted for non-cash stock-based compensation, totalled $6.2 million during the Nine Months of 2013, compared to $5.9 million during the Nine Months of 2012, namely a 5% increase and a 10% increase in the average number of our employees to support our current and upcoming management fleet growth.

Overall, the Company's adjusted net income amounted to $7.6 million, compared to an adjusted net loss of $560,000 last year. I would like to remind you that the Nine Month periods of 2012 adjusted net income included $6.5 million gain from the early time charter termination related to the Star Sigma at that time, which is of course a non-recurring item.

Turning to slide 21 for a review of our cash-flow generation during the Nine Months of 2013, we considered on December 31st 2012 our total cost balance, including restricted and pledged costs, stood at $31.8 million. During the Nine Months of 2013, we generated $22.4 million cash from operations, while we had an additional $2.66 million of cash inflow from investing activities, exclusive of Newbuilding advances and the sale of Star Stigma. Included in this amount are $3.9 million of insurance proceeds related to the main engine failure of Star Polaris last year.

Our debt repayment requirements, excluding any prepayments made in connections with the agreement with our lenders and the sale of Star Stigma, were at $13.8 million for the Nine Months of 2013, thus leading to a free cash flow of $11.3 million on an adjusted recurring basis. So, despite the low freight environment, our fleet has been significantly cash-flow positive in 2013. For the Nine Months of 2013, we have paid a total amount of $28.5 million in advances related to four of our Newbuildings initially ordered back in July.

In April of 2013, we sold one of our oldest Capesize vessels, Star Sigma, for $8.3 million, while we proceeded with debt prepayments of $16.1 million in one of our loan facilities. The above resulted in a net repayment of approximately of $8 million. Finally, including the net proceeds from our Rights Offering in July, we arrive at the total cost balance as of September 30th 2013 which stood at $84.7 million.

I would like now to give you a brief update on Drybulk markets, if we can turn to slide 23 to summarise the iron ore trade demand dynamics - as most of you know, iron ore and coal are the two most important commodities for Drybulk shipping, accounting for more than half of the seaborne Drybulk trade. On the top right graph, you can see how Chinese crude steel production and Chinese iron ore imports have evolved in the last eight years. As we have explained in previous presentations, Chinese domestic iron ore is a very low quality compared to international

commercial mining standards, due to its low ferrous content. This trend has been consistent over the past 10 years with China producing iron ore of lower ferrous content year-on-year.

Overall, as you can see from the bottom right graph, a large part of Chinese iron ore production is non-competitive with high cost break-even, due to small production scale, low quality of iron ore reserves and long distance from Chinese steel mills. On the other hand, the major international iron ore exporters comprising mainly of Vale, Rio Tinto, BHP and Fortescue enjoy low break-even price levels due to large scale of operations and high quality of iron ore reserves.

Furthermore, as you can see from the bottom left graph, substantial addition of mining capacity is expected to come online over the next years, mainly by these companies. To put this into perspective, Vale alone has lined up an investment of 90 million tons per annum additional iron ore mining capacity in 2015, a truly significant amount for a sole project.

Overall it is apparent that the international iron ore market will see substantial additional supply coming from producers that have the ability of aggressive pricing, in order to capture market share. This is expected to drive the international iron ore price to lower levels, i.e. at approximately $100 per ton, a level at which the majority of small private Chinese producers are non-competitive. Therefore, we believe that the substitution of the expensive Chinese iron ore production with imported ore can provide a significant support to iron ore trade even with zero steel production growth.

Please turn now to slide 24. On the left bottom graph, you can see how Chinese coal trade has evolved for the last eight years. The growth of this trade has been truly remarkable. China's increased energy needs have turned the country from a traditional coal exporter to the single biggest coal importer in the world in half a decade. From significant coal trade surpluses up until 2005, China had a coal trade deficit of around 332 million tons during the last 12 months. What is even more impressive is the growth potential of this trade.

China's coal production in 2012 was more around 4 billion tons so, as you can understand, the 332 million tons of net imports represents only around 8.3% of the total Chinese coal consumption. As China continues growing, we expect the need for energy in general and coal-fired energy in particular to continue growing as well. We believe the potential for additional coal imports is large and so long as additional mining capacity comes online, we will continue to see rapid growth in this trade.

Another major importer of coal is India, which lacks material reserves to satisfy its huge consumption needs. As you will see from the bottom right graph, Indian coal imports have increased with a compounded annual growth of 25% during the period 2006 to 2012, reaching

157 million tons per annum. The main driver of this trade partner has been the increasing reliance of the currency to coal-fired electricity production and hence on thermal coal. In the absence of many economically viable derivatives, Indian thermal coal imports have increased substantially during the past years. Going forward, according to Clarksons, India is expected to reach 195 million tons per annum in coal imports in 2014, an increase of 25% versus 2012 levels.

Please turn now to slide 25 for an update on the supply side. Drybulk vessel deliveries have eased during the last three months. We expect deliveries in the remaining months of 2013 to continue at a slower pace, compared to the last two years. As you can see on the top right-hand graph, deliveries in the period 2008 to 2012 had an average slippage rate of around 30%. Many analysts believe that this rate of slippage is likely to continue into 2014, during the scarcity of financing, while it is worth noting that the respective figure for 2013 based on annualized year-to-date deliveries, is approximately 37%. On the bottom right-hand graph, we provide the order book for the remainder of 2013, 2014, 2015 and 2016.

As you can see, while the Drybulk industry still has to go through a process of absorbing a very large number of new vessels that have come into the market in 2011 and 2012, the current order book stands at the significantly lower levels. What is important and encouraging is a fact that bulk carrier demolition has stayed at the record high levels the last couple of years. 2011 all-time record of 22.3 million deadweight tons was by far suppressed by 2012 scrapping activity of 33.7 million deadweight tons. During the first 10 months of 2013, scrapping activity stood around 18.3 million deadweight tons which implies an annualized 22 million deadweight tons. While this annualized number is significantly lower than last year's all-time record high, it still represents one of the highest figures historically and it will certainly help mitigate this year's fleet growth.

Please turn now to slide 26. After four years of consecutive record high deliveries, 2013 will be a year of fairly-balanced fleet growth. Just to put these record deliveries into perspective, the Drybulk fleet has grown from 418 million deadweight tons in the beginning of 2009 to 710 million deadweight tons in the beginning of this month. This represents a massive cumulative net growth of around 69%. Also keep in mind that these numbers take into account 90 million deadweight tons of scrapping during this period. The fact that deliveries have dropped to lower and more sustainable levels these last 10 months is in our view positive and, based on the current order book, we expect deliveries to slow down further going forward.

Another encouraging element in the supply side is the reduction of the average speed of the fleet or slow steaming, which effectively reduces the available fleet carrying capacity. According to Fernley, the average speed of the Drybulk fleet stood at 11 knots in 2012, compared to 14 knots in 2009. Overall, the recent freight strength has inspired some optimists in the market, while

many analysts believe that Drybulk demand growth could outstrip supply growth towards the end of the year.

The recent surge in the Drybulk freight rates, while essentially unexpected before summer, is not totally disconnected from the long-term demand and supply fundamentals, which in our view are attractive. In our view, as the supply growth pressures continue to ease over the next couple of years, the growth in Drybulk shipping demand will be more easily transformed into a broader freight market recovery.

I would like now to pass the floor back to Spyros for his closing remarks.

Spyros Capralos

Thank you, Simos. In conclusion, as you can see on slide 28, we believe that investing in Star Bulk offers certain distinct benefits. First of all, through our flexible chartering strategy, our fleet is poised to benefit from the Drybulk market recovery, while we have the financial power to capitalise on any distressed opportunities that might arise. Secondly, our investors get exposure to superior assets with a diverse quality of modern fleets, including nine top-spec eco Newbuildings' orders ordered at 30 yards in Japan and China. Furthermore, we focus on what we do best, i.e. owning and operating Drybulk vessels, while we have diversified our asset base to higher-earning vessels, such as Newcastlemaxes and Ultramaxes.

Being experienced fleet managers led by our Chairman, Mr Petros Pappas, we have expanded our shareholder base to accredited institutions such as Oaktree Capital and Monarch Alternative Capital, clearly a vote of confidence in our transparent and efficient operations. Lastly, we possess strong in-house ship-managing capabilities, of which we take full advantage by managing third-party vessels as well. This activity generates risk-less revenues, diversifying our consolidated cash flows. Overall, we believe Star Bulk has a good set of characteristics that play us among the most promising companies in the Drybulk sector.

In closing, I would like to thank our shareholders for their ongoing support and loyalty, and we assure them that we will continue our efforts to ensure the Company's long-term viability and enhanced shareholder value.

Without taking any more of your time (we have taken already a lot), I will now pass the floor over to our operator and, in case you have any questions, all of us will be happy to answer them.

Questions and Answers

Operator

Thank you very much indeed, sir. (Operator Instructions). From Stifel, you have a question from the line of Ben Nolan. Please ask your question. Mr Nolan, your line is open, sir.

Steve Setzer

Hi. This is actually Steve Setzer filling in for Ben Nolan. Thank you for taking my question. It really relates to the Newbuild; given the slight increase in Newbuilding prices, do you feel that in the future, to incrementally increase the size of your fleet, would you preferred to purchase Newbuilds or acquire second-hand vessels?

Spyros Capralos

Thank you, Steven, for your question. As you know, we are a flexible organisation. We're examining, on a daily basis, our options ahead. I think we are very good in ordering those 9 Newbuildings at the beginning of the summer again and then in early September and, since then, we've seen prices going up. I think more or less we have completed the Newbuilding program. However, in case we find something attractive, we would also consider it. We bought, in the meantime, those two second-hand vessels which are almost new. They are top of their class and we think that these vessels will also permit us to have some nice cash-flow earnings for the whole of 2014 and 2015, until the time that the Newbuilding vessels will reach and will increase our fleet.

Steve Setzer

Okay. Thank you. That's very helpful. And then my final question relates to the two acquisitions you recently made - when do you expect to receive bank financing from them?

Spyros Capralos

That's a very good question. We are talking to our banks. Currently, we have received few offers and we are examining them. I think we are going to be very happy to make the announcement

when it comes, but what I can tell you is that we have received some quite attractive offers and we'll do the bank financing - we'll announce it in the next few weeks.

Simos Spyrou

Steven, we do not have any - since we have plenty of cash right now, we will probably acquire the vessels with cash on hand in early December - next week, actually, and we will be concluding the financing most probably within January, so the debt financing will be received within January.

Steve Setzer

Okay. That does it for my questions. Thank you for your time.

Noah Parquett – *Maxim Group*

Thank you. Thanks for taking my question. Firstly, I just wanted to get your view on - you've been obviously very active ordering Newbuilds and they're all at Chinese yards - you have seen the Korean and Japanese yards kind of exit from the Drybulk side of the business; what do you see in terms of Drybulk shipper capacity and slot availability going through 2016?

Spyros Capralos

Yes, you're right on your comment that the Koreans and the Japanese are trying to build high-value added vessels and, therefore, they are not so much involved, even though the Japanese - they have their own local ship owners and they are contracting vessels for their clientele. We know that there aren't many berths left for 2015 or very limited berths left, and we have already heard that many of the yards are full even for 2016, so I don't see much new ordering happening, but still I am sure that the yards - they do have some capacity left for Newbuilding vessels.

Overall, I think the biggest positive development in our business is that people do not order from second quality Chinese yards and they will not be flooding the market with low-quality vessels, which I think is also positive because also the banking side and the people financing them, they are not prepared to finance low-quality assets in the water.

Noah Parquett – *Maxim Group*

Okay. You mentioned that you are essentially done with your Newbuilding program here. Is that part of the - are you happy with the size or are you just not comfortable with going out past 2016? Would you be more inclined to look at second-hand ships like those two Ultramaxes - just kind of talk us through that a little bit?

Spyros Capralos

Yes, as you know, we are mainly focused on two classes of vessels - we are looking at the largest vessels, Capesizes and Newcastlemaxes because, as we explained during our presentation, we believe that the demand and the numbers are there for the future, and also we are looking at the largest Supramax vessels (the ones called Ultramaxes, the 61,000 to 64,000) because there also we have our existing fleet. We know the clients, the charterers, and we believe that these are assets that have shown less volatility in the difficult days and we think that will benefit the most.

We are looking, and we have our ears open - we're looking for distressed assets from banks, if they come in the market - we're looking for second hand vessels that make sense and that will provide cash flow, and we have done the biggest portion of our Newbuilding program. We don't want to go further away, into 2016 or later, because I think the time element is quite important in these things. I think that unless we find something that we believe that is quite interesting on the Newbuilding side, we'll stick to the second-hand vessels right now.

Noah Parquett – *Maxim Group*

And how much, like fire-power, would you estimate you are comfortable with right now, with the cash that you have on the balance sheet? You mentioned that NAV is a little over 10 - would you be more comfortable with additional stock as you are little closer to that NAV level?

Spyros Capralos

No, as we explained when we bought the two second-hand Ultramaxes, we do not need additional equity right now. And, from the figures that we have in our finances, we do not contemplate of having any needs in the next couple of years to issue more equity and, therefore, we are perfectly happy. We have a lot of cash sitting in our bank accounts and we are ready even to buy more vessels without needing to go to the equity markets again.

Noah Parquett – *Maxim Group*

Thank you very much.

Operator

Thank you very much. (Operator Instructions) As there appear to be no further questions, gentlemen, I will pass the floor back to you for closing remarks.

Simos Spyrou

I think that concludes our presentation with our Third Quarter results. We thank you all for joining us today in our conference call. Our 2013 Fourth Quarter Results, and actually our Yearly Results, are scheduled for March 5th 2014. Until that time, we wish you all happy end of the year holidays and we hope and we wish the Drybulk market to improve more, and next year will be a better year for all of us. Thank you all.

Operator

With many thanks to all our speakers today that does conclude our conference. Thank you for participating. You may now all disconnect. Thank you, Mr Spyrou. Thank you, gentlemen.