

Western Bulk Chartering AS – Forth quarter and preliminary 2016 results

Oslo, 27 February 2017

Market rates and operating performance continued to improve in Q4-16

The market rates improved during Q4-16, with rate levels strengthening in the Atlantic basin, while rates in the Pacific basin remained very low. The Group has a significant presence in both areas. For the fleet that was operated in the Atlantic, the Group benefited from the improved market. The Group's operating performance continued to improve in Q4-16, with both an increased operated fleet and increased Net TC from the previous quarter.

"I am pleased to see that the positive development in our margins and the operated fleet continue, and that the dry bulk market has shown some signs of life again during Q4-16, with substantial rate improvements in the Atlantic basin. This basin difference and volatility in rates increase the opportunities for the Group" says Jens Ismar, Chief Executive Officer of Western Bulk Chartering.

Outlook 2017

2017 has started with a continued positive trend for the Group's operating performance, as the January Net TC result of USD 1.8 million (USD 424 per ship day) was the best monthly Net TC result since the beginning of 2016.

The market is expected to remain challenging for 2017, but is likely to yield somewhat better average rates than in 2016. In line with the Group's improved performance during second half of 2016 and in January 2017, the operating performance is expected to be better in 2017 than in 2016. The Group's overall aim is to return to profits in 2017.

USD 18 million equity increase to be completed in Q1-17

As previously communicated, the Group will strengthen the book equity and cash position by raising additional equity from its existing shareholders in a private placement. Western Bulk Chartering AS will raise USD 18 million (increased from USD 15 million as previously communicated), in an offering that will be launched today and completed before the end of March 2017. The transaction is backed in full by a subscription and guarantee agreement from the two largest shareholders; Kistefos AS and Ojada AS.

Key figures (un-audited)¹

WB Chartering Group, Condensed Income Statement (USDm)	Q4 2016	Q3 2016	FY 2016	FY 2015
Net T/C result ¹⁾	2,2	0,9	4,4	44,5
Administration expenses	(5,9)	(6,3)	(23,5)	(35,4)
EBITDA ¹⁾	(3,7)	(5,4)	(19,2)	9,1
Profit/(loss) after tax ²⁾	(2,6)	(7,4)	(20,0)	7,2
Net TC Margin per ship day (USD) ¹⁾	178	78	96	785
Average number of ships operated	132	126	125	155
<p>1) FY 2016 figure is excluding USD -4.4 million Net TC loss related to counterparty default</p> <p>2) Q4 2016 figure is excluding USD -8.8m write-offs, provisions and other impairment charges, with no cash effect</p> <p>FY 2016 figure is excluding USD -16.9m losses, write-offs, provisions and impairment charges</p> <p>FY 2015 figure is excluding USD -23.3 million in write-offs</p>				

¹ Figures for Q4 2016 and FY 2016 are preliminary until the annual report is published.

Definition of Net TC Result: The Net TC result equals gross revenues, less charter hire paid for the vessels, commissions, bunker fuel expenses, port charges and other voyage related expenses, including any realised gain/loss from hedging instruments related to the performed activity in the relevant period. Office expenses, administrative overhead, salaries and bonuses to on-shore staff are not included.

WB Chartering Group, Condensed Balance Sheet (USDm)	31.12.16	30.09.16	31.12.16	31.12.15
Non current assets	2,6	1,9	2,6	1,8
Bank deposits ³⁾	33,0	35,9	33,0	52,7
Other current assets ⁴⁾	63,1	50,5	63,1	62,8
Total assets	98,6	88,3	98,6	117,3
Equity ⁴⁾	13,8	10,6	13,8	47,1
Long term liabilities	36,3	39,2	36,3	5,2
Short term liabilities	48,6	38,5	48,6	65,0
Total equity and liabilities	98,6	88,3	98,6	117,3
<i>3) Of which restricted cash amounts to (USDm)</i>	5,9	6,7	5,9	6,4
<i>4) The book equity amount as of 31.12.16 includes USD 15 million related to the private placement which will be completed before end of March. This equals the minimum amount which was guaranteed prior to year-end. The corresponding receivable for the subscription amount is included as Other current assets at the balance sheet date</i>				

Comments to the key figures for Q4-16:

The Group improved its operating performance from Q3-16 to Q4-16. The Net TC result improved from USD 0.9 million in Q3-16 to USD 2.2 million in Q4-16. At the same time, the operated fleet increased from 126 vessels in Q3-16 to 132 vessels on average for Q4-16.

With the improved performance, the EBITDA improved from USD -5.4 million in Q3-16 to USD -3.7 million in Q4-16. The Group's net result was USD -2.6 million in Q4-16 compared to USD -7.4 million the previous quarter.

The Group's cash flow was only slightly negative during Q4-16, with USD -2.9 million in cash flow from operations. The cash position at the end of the quarter, was USD 33.0 million (including USD 5.9 million in restricted cash). The Group's USD 6 million bank credit line remains undrawn.

Frequency of financial reporting

The Group changes its frequency of financial reporting, and will no longer publish quarterly financial reports. The Group will, until further notice, publish its Annual Reports within 3 months after the end of the year, and its Half-Year Reports within 2 months after the end of the first half of the year.

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About Western Bulk Chartering:

Western Bulk Chartering AS is a major dry bulk shipping operator. The company is privately owned by a group of about 250 shareholders. See www.westernbulk.com for more information. Western Bulk Chartering AS has an outstanding bond loan trading on Nordic ABM under the ticker symbol "WBULK01 PRO".

DISCLAIMERS

This press release contains forward-looking statements. Forward-looking statements are statements that are not historical facts and may be identified by words such as "believe," "expect," "anticipate," "intends," "estimate," "will," "may," "continue," "should" and similar expressions. The forward-looking statements in this release are based upon various assumptions, many of which are based, in turn, upon further assumptions. Although Western Bulk Chartering believes that these assumptions were reasonable when made, these assumptions are inherently subject to significant known and unknown risks, uncertainties, contingencies and other important factors which are difficult or impossible to predict and are beyond its control. Such risks, uncertainties, contingencies and other important factors could cause actual events to differ materially from the expectations expressed or implied in this release by such forward-looking statements.

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