



Q2 2014 Financial Results

Management Team

**Polys
Hajioannou**
*Chairman and
CEO*

**Dr. Loukas
Barmparis**
President

**Konstantinos
Adamopoulos**
*Chief Financial
Officer*

Ioannis Foteinos
*Chief Operating
Officer*

Forward Looking Statements

This presentation contains forward-looking statements (as defined in Section 27A of the Securities Exchange Act of 1933, as amended, and in the Section 21E of the Securities Act of 1934, as amended) concerning future events, the Company's growth strategy and measures to implement such strategy, including expected vessel acquisitions and entering into further time charters. Words such as "expects," "intends," "plans," "believes," "anticipates," "hopes," "estimates" and variations of such words and similar expressions are intended to identify forward-looking statements. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct. These statements involve known and unknown risks and are based upon a number of assumptions and estimates that are inherently subject to significant uncertainties and contingencies, many of which are beyond the control of the Company. Actual results may differ materially from those expressed or implied by such forward-looking statements. Factors that could cause actual results to differ materially include, but are not limited to, changes in the demand for drybulk vessels, competitive factors in the market in which the Company operates, risks associated with operations outside the United States and other factors listed from time to time in the Company's filings with the Securities and Exchange Commission. The Company expressly disclaims any obligations or undertaking to release any updates or revisions to any forward-looking statements contained herein to reflect any change in the Company's expectations with respect thereto or any change in events, conditions or circumstances on which any statement is based.

Industry Fundamentals

SUPPLY

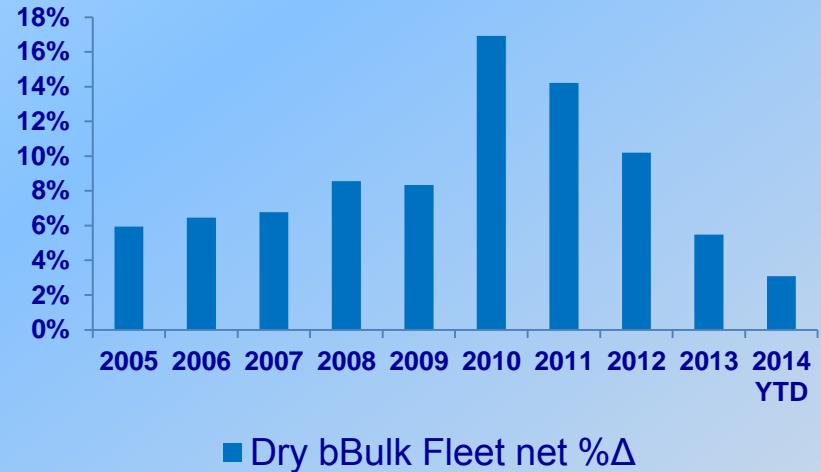
Order book declining 2014 onwards

- ✓ Double digit increase in 2010-2012 and 5.5% in 2013.
- ✓ 1st Half 2014 deliveries: 27 m dwt
- ✓ 2nd Half 2014 orderbook: 32 m dwt of which:
 - 7.4 m dwt Panamax
 - 12 m dwt Capes
- ✓ 3% net increase YTD same as the respective period in 2013.

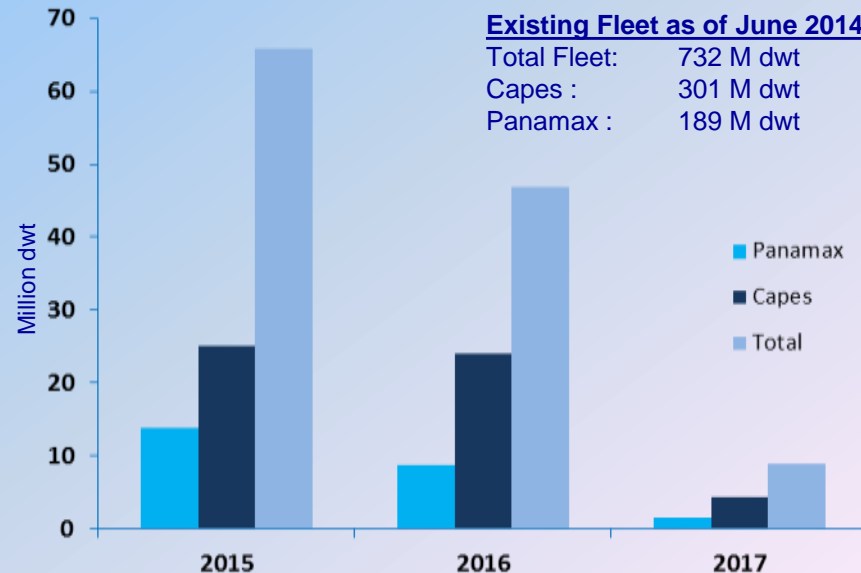
Scrapping activity

- ✓ 21.7 m dwt scrapped in 2013
- ✓ 7.4 m dwt scrapped in the 1st Half 2014 or 27% of the newbuilds entered the market.

Dry Bulk Fleet net %Δ



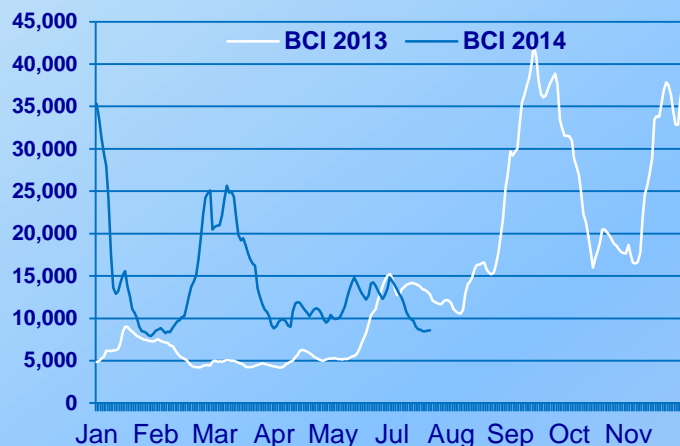
ORDERBOOK



Existing Fleet as of June 2014

Total Fleet:	732 M dwt
Capes :	301 M dwt
Panamax :	189 M dwt

Cape & Panamax AVG 4TC 2013 vs. 2014



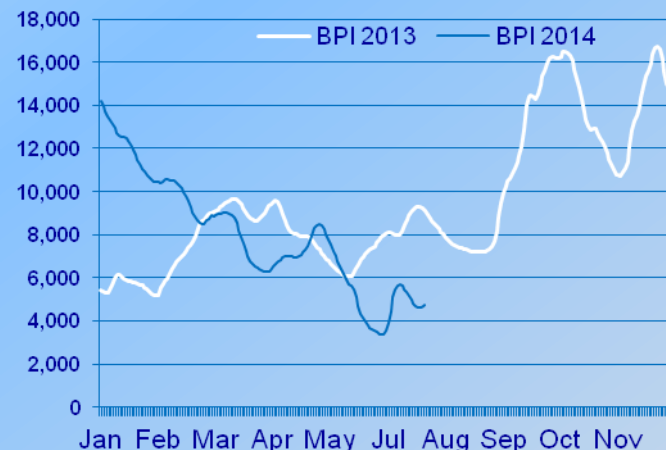
Capes YTD performance

- ✓ Capes outperformed previous year average earnings in the first 7 months of 2014.
- ✓ Average 2014 YTD at ~\$14k vs. ~\$7k for YTD 2013.
- ✓ Currently seasonal slow down affects spot market and rates are just below \$10k for Capes.

Market conditions and prospects

- ✓ Dropping Iron Ore prices stimulate imports.
- ✓ Current prices below \$100 per tone encourage imports as Chinese domestic production is less cost efficient.
- ✓ Record Chinese Iron Ore Imports 24% increase YOY.
- ✓ Stable growth in China ranging ~7.5% and governmental announcements for multibillion US\$ stimulus for urbanization is likely to provide support to the market.

Source: Baltic Exchange



Panamax YTD performance

- ✓ Average 2014 YTD at ~\$8k vs. ~\$7.5k for YTD 2013
- ✓ Commodity trading issues have pushed market lower:
 - Heavy winter in US and mild winter in Europe disturbed coal trading.
 - Indonesia exports ban for non ferrous metal caused a decrease in Chinese imports of more than 100Mill tones YTD.

Market conditions and prospects

- ✓ Expectations for record grains season ex-America (1billion tones global corn crop).
- ✓ Recent political developments in Indonesia will likely restore non ferrous metal exports.
- ✓ Seasonality trade patterns on Panamax sector leaves expectations for strong year end.

Industry
Fundamentals

DEMAND

Investing alongside Management

- ✓ **Hajioannou family invests in drybulk shipping since 1958 gaining experience through many shipping cycles.**
- ✓ **CEO Polys Hajioannou invests in shipping only through Safe Bulkers and currently controls ~57% of the company.**
- ✓ **Aligned interests of shareholders with Management.**

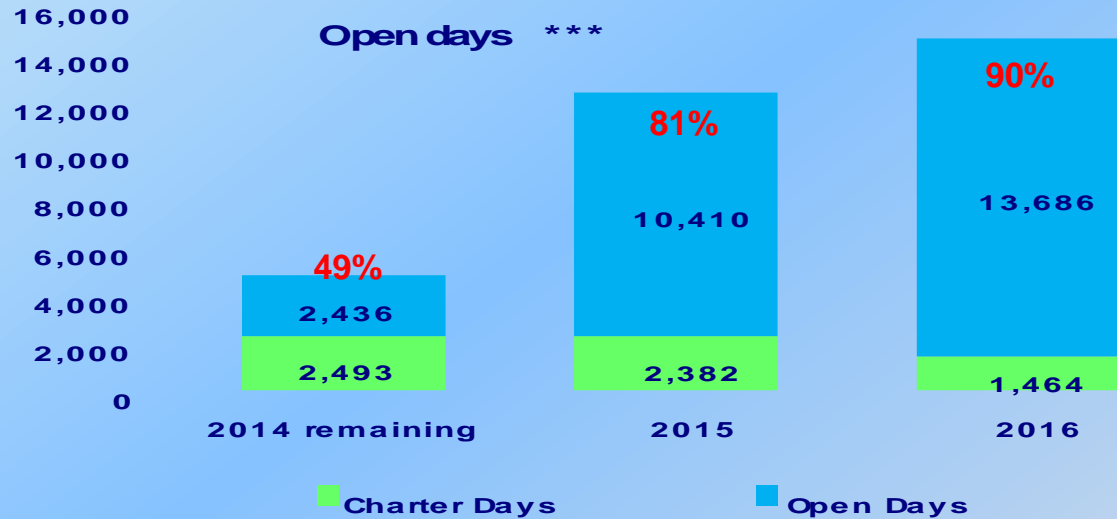
Facts

- ✓ **Growth:** 13 new eco-design newbuild dry bulk vessels on order through 2017 with average price of \$31.1 million.
- ✓ **Exposure to spot market:** 49% of open days for the remainder of 2014.
- ✓ **Low leverage:** \$8.1 million net debt per vessel as of June 30, 2014, for an average fleet age of 5.5 years; a 5 year old Panamax stands currently at \$24.5 million.
- ✓ **Lean operations:** \$5,691 per day per vessel in total for OPEX and G&A (including management fees) for the second quarter of 2014.
- ✓ **Low financing costs:** 1.69% p.a., average interest rate, including the margin, for all bank loan and credit facilities during the H1 of 2014.
- ✓ **Dividend payer:** \$0.06 dividend on common shares declared for the second quarter of 2014.

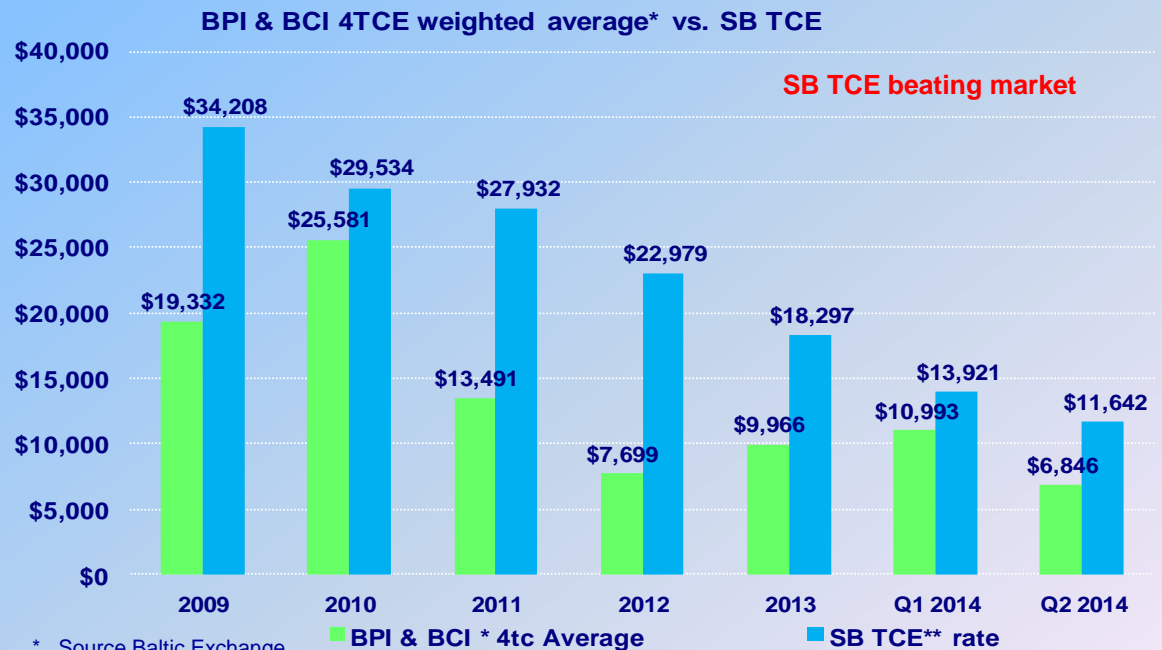
Recent Activity

- ✓ **\$57.5 million gross offering proceeds from Public Offering in May of 2.3 million Series C cumulative redeemable perpetual preferred shares of 8% coupon.**
- ✓ **\$80.0 million gross offering proceeds from Public Offering in June of 3.2 million Series D cumulative redeemable perpetual preferred shares of 8% coupon.**

Spot market exposure



Chartering performance

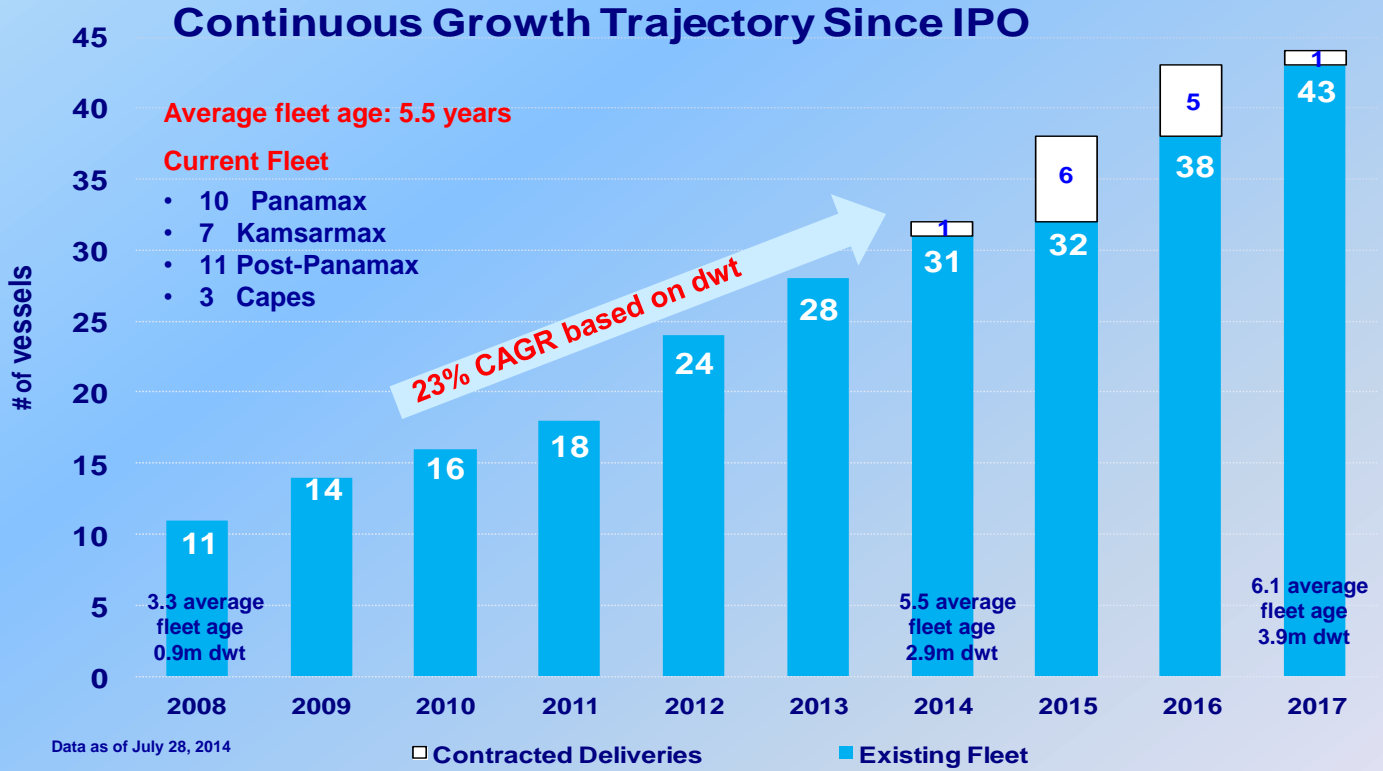


* Source Baltic Exchange

** Safe Bulkers data

*** Data as of July 28, 2014. Charter coverage includes vessels to be delivered.

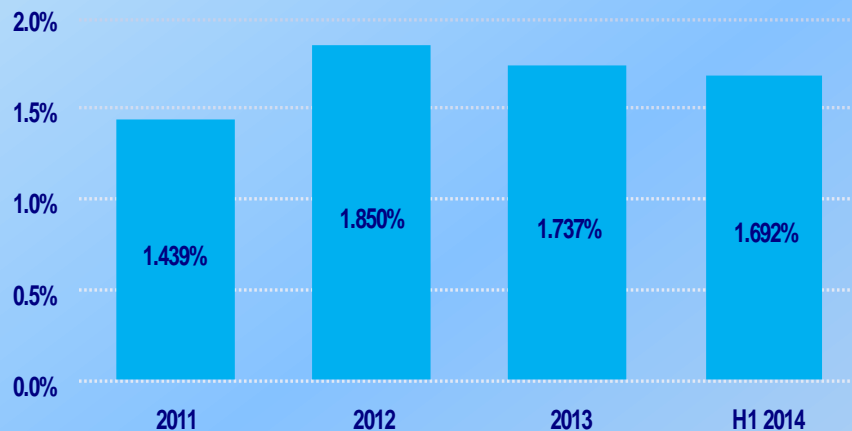
Expand and
renew fleet with
eco-design
vessels



ASSET MANAGEMENT

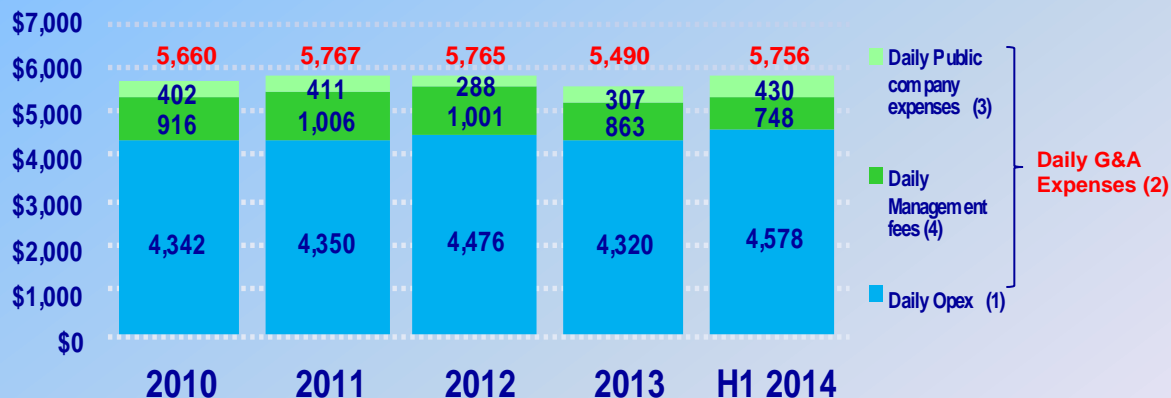
Low financing cost

Average Interest Rate including Margin*



* Average Interest Rate p.a including margin for all bank loan and credit facilities

Operating & G&A Expenses per day in \$US



Low OPEX & G&A cost

(1) Daily vessel operating expenses include the costs for crewing, insurance, lubricants, spare parts, provisions, stores, repairs, maintenance, statutory and classification expense, dry-docking, intermediate and special surveys, tonnage taxes and other miscellaneous items. Daily vessel operating expenses are calculated by dividing vessel operating expenses by ownership days for the relevant period

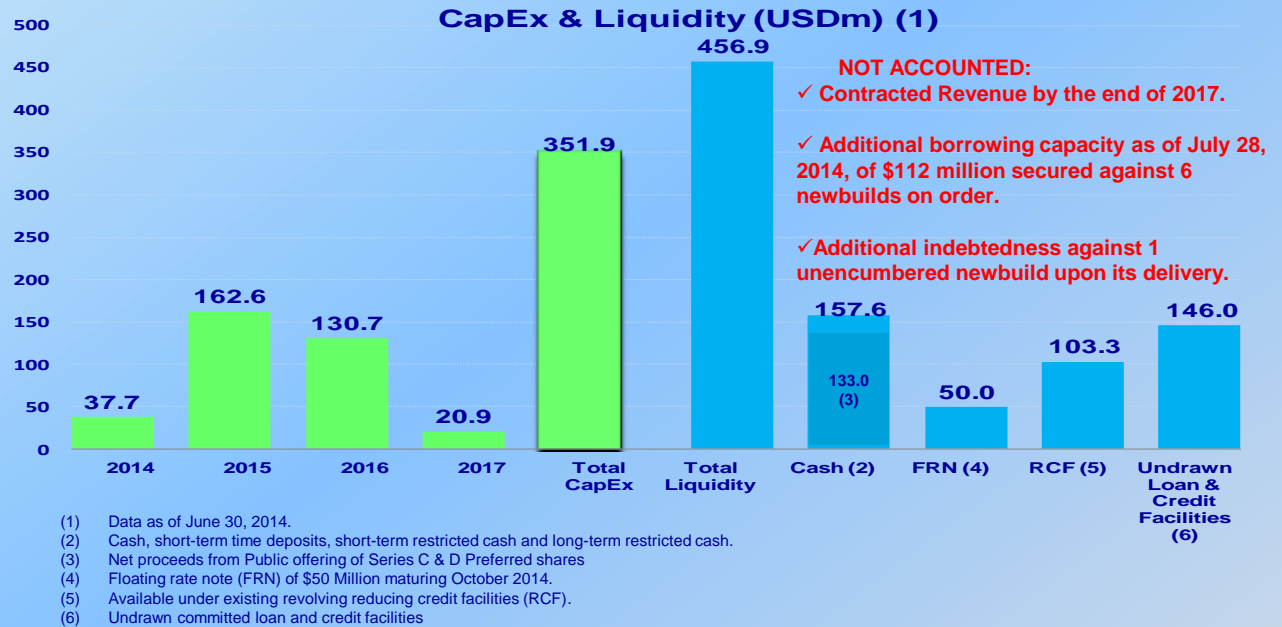
(2) Daily general and administrative expenses in US\$ include daily management fees and the costs in relation to our operation as public company defined below. Daily vessel general and administrative expenses are calculated by dividing general and administrative expenses by ownership days for the relevant period.

(3) Daily public company expenses include the costs in relation to our operation as public company divided by ownership days for the relevant period.

(4) Daily management fees include the fixed and the variable fees payable to our Manager divided by ownership days for the relevant period.

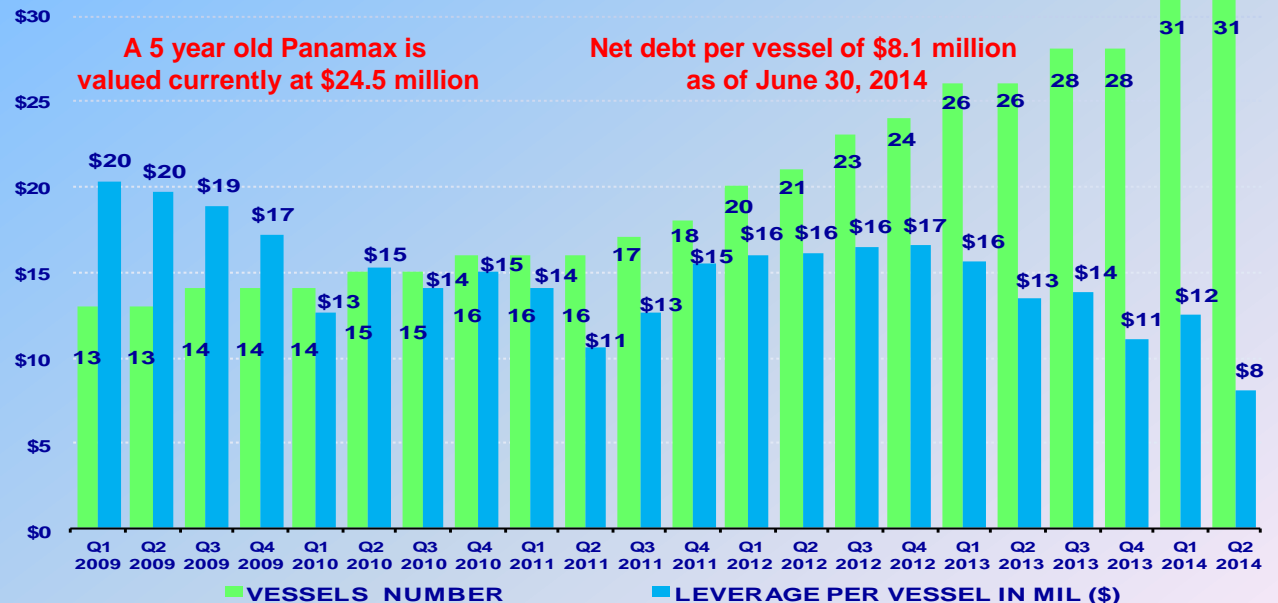
OPERATING

Expansion
fully
financed



FINANCING

Net debt per vessel in USD million(*)



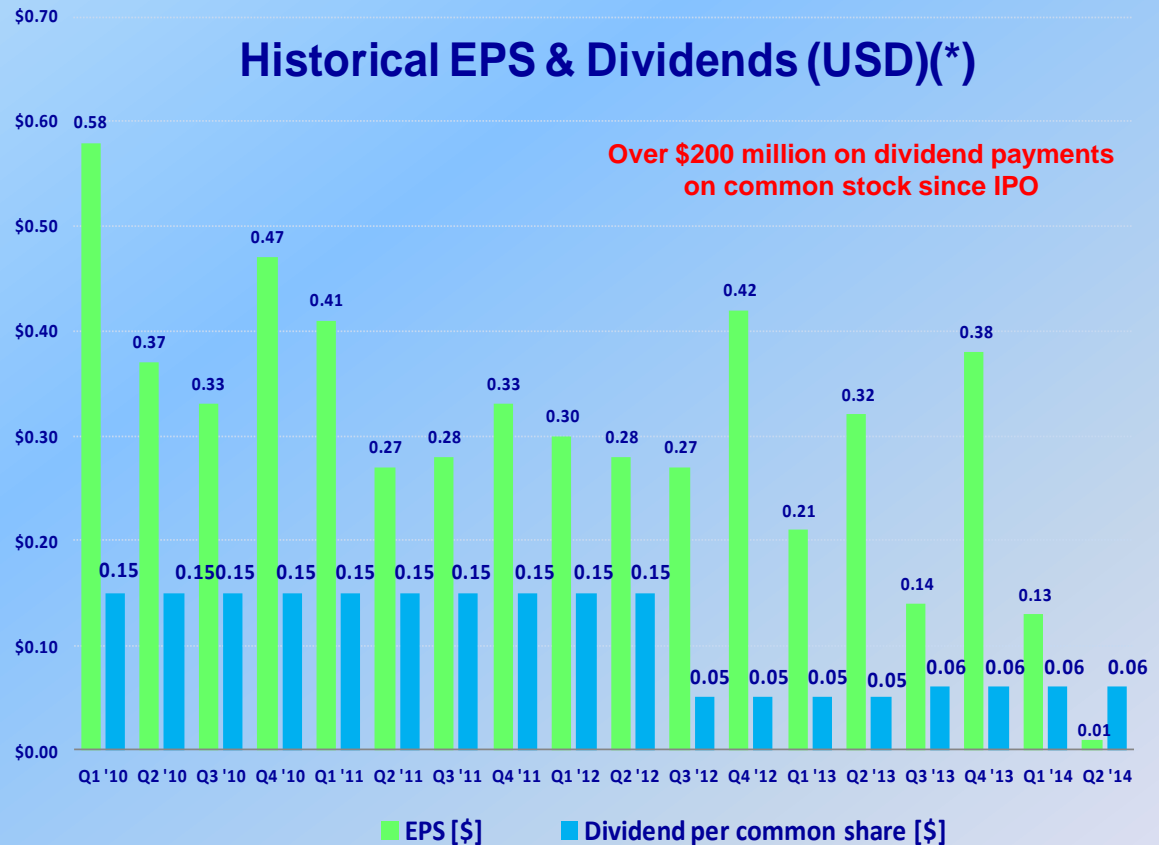
Comfortable
leverage



(*) Data as of June 30, 2014. Net debt per vessel consists of total debt less cash, time deposits, restricted cash, long-term floating rate note and advances for newbuilds divided by number of vessels "in the water" as of quarter end. Assumption: Contracted value of newbuilds equals market value.

Dividend Payer

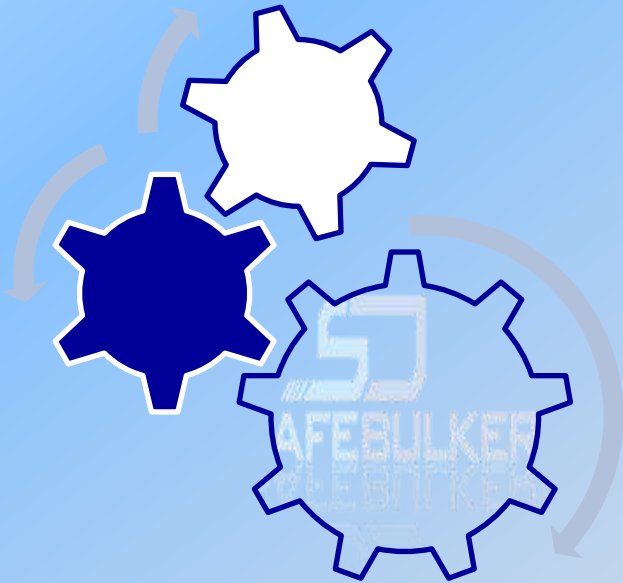
Historical EPS & Dividends (USD)(*)



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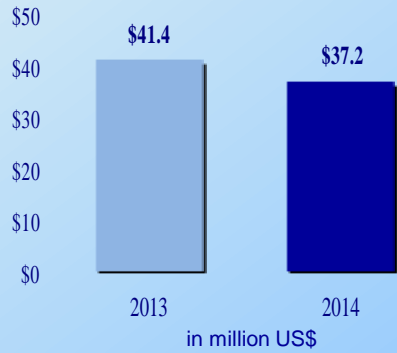
The declaration and payment of dividends, if any, will always be subject to the discretion of our board of directors. The timing and amount of any dividends declared will depend on, among other things: (a) our earnings, financial condition and cash requirements and available sources of liquidity, (b) decisions in relation to our growth strategies, (c) provisions of Marshall Islands and Liberian law governing the payment of dividends, (d) restrictive covenants in our existing and future debt instruments and (e) global financial conditions. Dividends might be reduced or not be paid by us. Our ability to pay dividends may be limited by the amount of cash we can generate from operations following the payment of fees and expenses and the establishment of any reserves, as well as additional factors unrelated to our profitability. In addition, cash dividends on our common stock are subject to the priority of dividends on our 1,600,000 outstanding shares of Series B Preferred Shares issued in June 2013, on our 2,300,000 outstanding shares of Series C Preferred Shares issued in May 2014 and on our 3,200,000 outstanding shares of Series D Preferred Shares issued in June 2014.

Financial Section

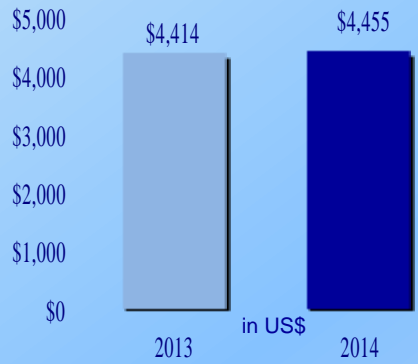


SELECTED QUARTERLY FINANCIAL HIGHLIGHTS

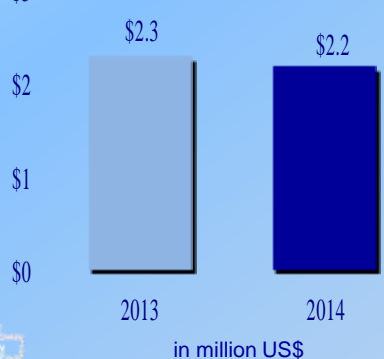
NET REVENUE



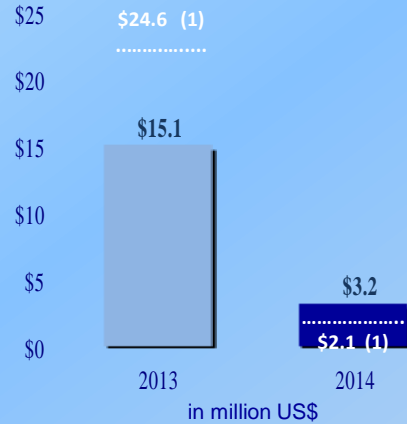
DAILY OPEX



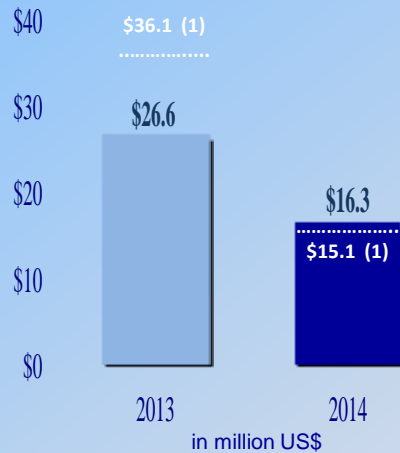
INTEREST EXPENSE



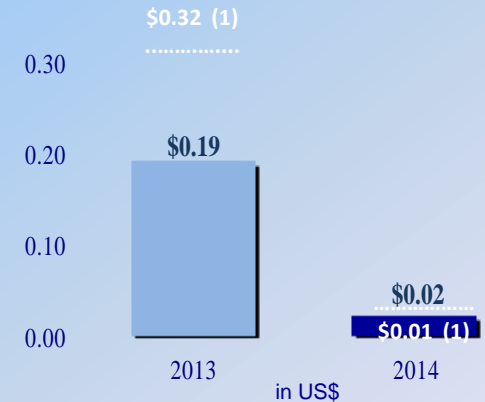
ADJUSTED NET INCOME (2)



ADJUSTED EBITDA (2)



ADJUSTED EPS (2)



(1) Non-Adjusted figures.

(2) For definition and reconciliation of Adjusted Net Income, EPS and EBITDA please refer to Slide 15.

FINANCIAL FUNDAMENTALS

RECONCILIATION OF ADJUSTED NET INCOME, EBITDA, ADJUSTED EBITDA AND ADJUSTED EPS

(In thousands of U.S. Dollars except for share and per share data)

	Three-Months Period Ended June 30,		Six-Months Period Ended June 30,	
	2013	2014	2013	2014
<u>Net Income - Adjusted Net Income</u>				
Net Income	24,574	2,072	40,643	13,304
Less Gain on asset purchase cancellation	-	-	-	(3,633)
Less Early Redelivery (income)/cost	(7,050)	-	(7,050)	532
Less (gain)/loss on Derivatives	(2,473)	1,097	(2,536)	1,544
Plus Foreign Currency loss/(gain)	10	59	(26)	97
Adjusted Net Income	15,061	3,228	31,031	11,844
<u>EBITDA - Adjusted EBITDA</u>				
Net Income	24,574	2,072	40,643	13,304
Plus Net Interest Expense	2,054	1,973	4,358	3,907
Plus Depreciation	9,153	10,766	17,989	21,033
Plus Amortization	325	318	634	619
EBITDA	36,106	15,129	63,624	38,863
Less Gain on asset purchase cancellation	-	-	-	(3,633)
Less Early Redelivery (income)/cost	(7,050)	-	(7,050)	532
Plus (gain)/loss on Derivatives	(2,473)	1,097	(2,536)	1,544
Plus Foreign Currency loss/(gain)	10	59	(26)	97
ADJUSTED EBITDA	26,593	16,285	54,012	37,403
<u>EPS – Adjusted EPS</u>				
Net Income	24,574	2,072	40,643	13,304
Less preferred dividend	151	1,499	151	2,299
Net income available to common shareholders	24,423	573	40,492	11,005
Weighted average number of shares	76,679,328	83,444,365	76,676,422	83,442,759
EPS	0.32	0.01	0.53	0.13
Adjusted Net Income	15,061	3,228	31,031	11,844
Less preferred dividend	151	1,499	151	2,299
Adjusted Net Income available to common shareholders	14,910	1,729	30,880	9,545
Adjusted EPS	0.19	0.02	0.40	0.11

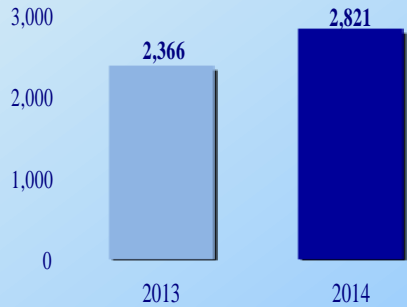
EBITDA, Adjusted EBITDA, Adjusted Net Income, Adjusted Net Income available to common shareholders and Adjusted EPS are not recognized measurements under US GAAP. Adjusted Net Income represents net income before gain on asset purchase cancellation, early redelivery cost, gain/(loss) on derivatives and foreign currency, respectively. Adjusted Net Income available to common shareholders represents Adjusted Net Income less Preferred dividend.

EBITDA represents net income before interest, income tax expense, depreciation and amortization. Adjusted EBITDA represents EBITDA before gain on asset purchase cancellation, early redelivery cost, gain/(loss) on derivatives and foreign currency, respectively. EBITDA and Adjusted EBITDA are not recognized measurements under US GAAP. EBITDA and Adjusted EBITDA assist the Company's management and investors by increasing the comparability of the Company's fundamental performance from period to period and against the fundamental performance of other companies in the Company's industry that provide EBITDA and Adjusted EBITDA information. The Company believes that EBITDA and Adjusted EBITDA are useful in evaluating the Company's operating performance compared to that of other companies in the Company's industry because the calculation of EBITDA generally eliminates the effects of financings, income taxes and the accounting effects of capital expenditures and acquisitions and the calculation of Adjusted EBITDA generally further eliminates the effects from gain/(loss) on asset purchase cancellation, early redelivery income/(cost) and gain/(loss) on derivatives and foreign currency, items which may vary for different companies for reasons unrelated to overall operating performance.

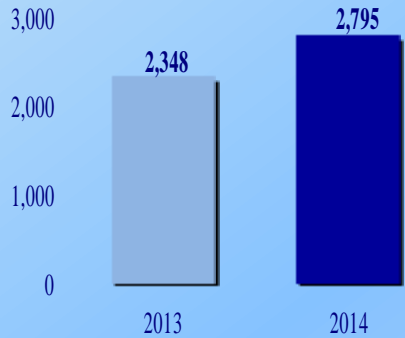
EBITDA, Adjusted EBITDA, Adjusted Net Income and Adjusted EPS have limitations as analytical tools, and should not be considered in isolation, or as a substitute for analysis of the Company's results as reported under US GAAP. EBITDA and Adjusted EBITDA should not be considered as substitutes for net income and other operations data prepared in accordance with US GAAP or as a measure of profitability. While EBITDA and Adjusted EBITDA are frequently used as measures of operating results and performance, they are not necessarily comparable to other similarly titled captions of other companies due to differences in methods of calculation.

SELECTED QUARTERLY OPERATIONAL HIGHLIGHTS

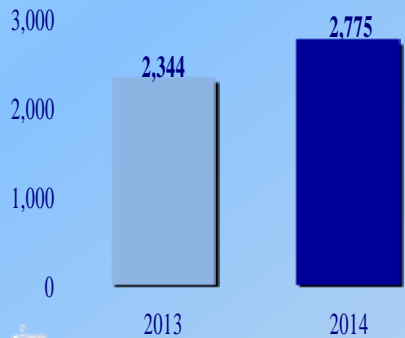
OWNERSHIP DAYS*



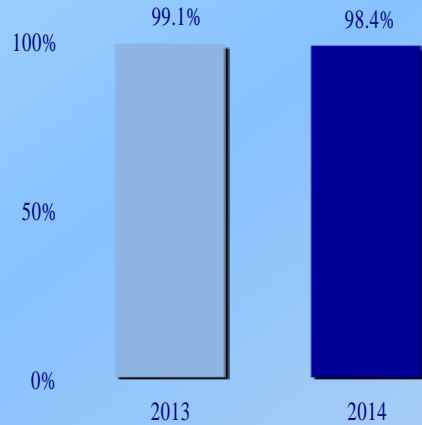
AVAILABLE DAYS*



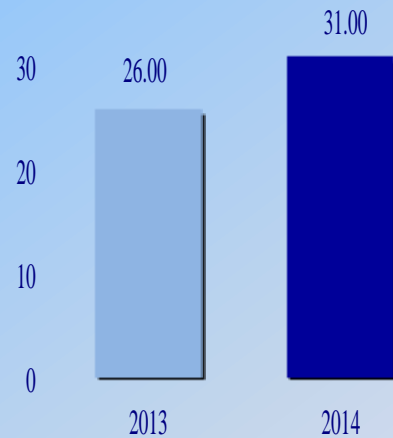
OPERATING DAYS*



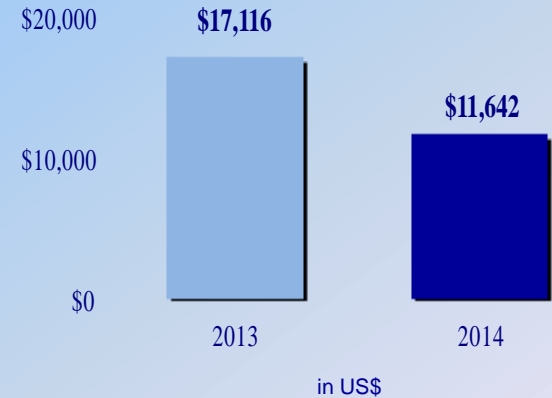
FLEET UTILIZATION*



AVERAGE NUMBER OF VESSELS IN PERIOD*



TIME CHARTER EQUIVALENT RATE*



(*) For definition and reconciliation of operational highlights please refer to Slide 17

OPERATIONAL FUNDAMENTALS

FLEET DATA AND AVERAGE DAILY INDICATORS	Three-Months Period Ended June 30,		Six-Months Period Ended June 30,	
	2013	2014	2013	2014
FLEET DATA				
Number of vessels at period's end	26	31	26	31
Average age of fleet (in years)	5.21	5.53	5.21	5.53
Ownership days (1)	2,366	2,821	4,613	5,508
Available days (2)	2,348	2,795	4,567	5,452
Operating days (3)	2,344	2,775	4,558	5,431
Fleet utilization (4)	99.1%	98.4%	98.8%	98.6%
Average number of vessels in the period (5)	26.00	31.00	25.49	30.43
AVERAGE DAILY RESULTS				
Time charter equivalent rate (6)	\$17,116	\$11,642	\$17,600	\$12,753
Daily vessel operating expenses (7)	\$4,414	\$4,455	\$4,413	\$4,578
Daily general and administrative expenses(8)	\$1,234	\$1,236	\$1,205	\$1,178

- 1) Ownership days represent the aggregate number of days in a period during which each vessel in our fleet has been owned by us.
- 2) Available days represent the total number of days in a period during which each vessel in our fleet was in our possession net of off-hire days associated with scheduled maintenance, which includes major repairs, drydockings, vessel upgrades or special or intermediate surveys.
- 3) Operating days represent the number of our available days in a period less the aggregate number of days that our vessels are off-hire due to any reason, excluding scheduled maintenance.
- 4) Fleet utilization is calculated by dividing the number of our operating days during a period by the number of our ownership days during that period.
- 5) Average number of vessels in the period is calculated by dividing ownership days in the period by the number of days in that period.
- 6) Time charter equivalent rates, or TCE rates, represent our charter revenues less commissions and voyage expenses during a period divided by the number of our available days during the period.
- 7) Daily vessel operating expenses include the costs for crewing, insurance, lubricants, spare parts, provisions, stores, repairs, maintenance, statutory and classification expense, drydocking, intermediate and special surveys and other miscellaneous items. Daily vessel operating expenses are calculated by dividing vessel operating expenses by ownership days for the relevant period.
- 8) Daily general and administrative expenses include daily fixed and variable management fees payable to our Manager and daily costs in relation to our operation as a public company. Daily general and administrative expenses are calculated by dividing general and administrative expenses by ownership days for the relevant period.

Annex A Operational and Financial data

COMPANY STOCK

Public Offering of Series C and Series D Preferred Shares

In May 2014, the Company concluded its previously announced public offering of 2,300,000 shares of its 8.00% Series C Cumulative Redeemable Perpetual Preferred Shares, par value \$0.01 per share, liquidation preference \$25.00 per share (the “Series C Preferred Shares”) at a price of \$25.00 per share, which included 300,000 shares sold pursuant to the full exercise of the underwriters’ overallotment option. The aggregate gross proceeds from this public offering, before the underwriting discount and other offering expenses, were \$57,500,000.

In June 2014, the Company concluded its previously announced public offering of 3,200,000 shares of its 8.00% Series D Cumulative Redeemable Perpetual Preferred Shares, par value \$0.01 per share, liquidation preference \$25.00 per share (the “Series D Preferred Shares”) at a price of \$25.00 per share, which included 400,000 shares sold pursuant to the partial exercise of the underwriters’ overallotment option. The aggregate gross proceeds from this public offering, before the underwriting discount and other offering expenses, were \$80,000,000.

The Series C and Series D Preferred Shares are traded on the New York Stock Exchange under the ticker symbol SB.PR.C and SB.PR.D, respectively.

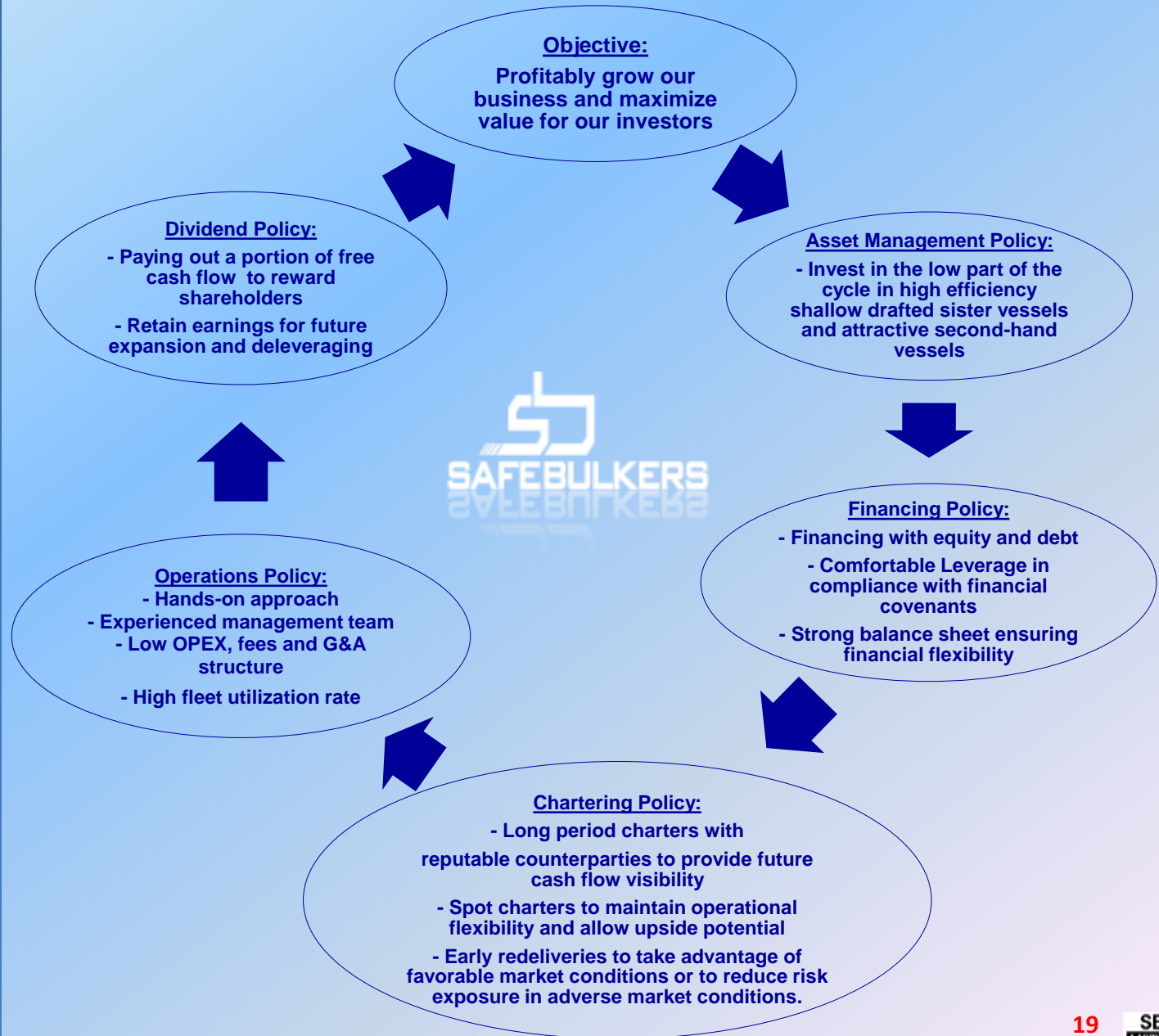
In July 2014, the Company declared a cash dividend of \$0.50 per share on its 8.00% Series B Preferred Shares for the period from April 30, 2014 to July 29, 2014 and a cash dividend of \$0.46667 per share on its 8.00% Series C Preferred Shares for the period from May 7, 2014 to July 29, 2014. Each dividend will be paid on July 30, 2014 to all shareholders of record as of July 25, 2014 of the Series B Preferred Shares and Series C Preferred Shares, respectively. This is the fifth consecutive cash dividend declared on the Company’s Series B Preferred Shares and the first cash dividend declared on its Series C Preferred Shares, since their respective commencement of trading on the New York Stock Exchange.

The Company has 1,600,000 Series B Preferred Shares, 2,300,000 Series C Preferred Shares and 3,200,000 Series D Preferred Shares outstanding as of today.

Dividend Declaration on Common Shares

The Board of Directors of the Company declared a cash dividend on the Company’s common stock of \$0.06 per share payable on or about August 29, 2014 to shareholders of record at the close of trading of the Company’s common stock on the New York Stock Exchange (the “NYSE”) on August 19, 2014. The Company has 83,445,974 shares of common stock issued and outstanding as of today’s date.

Consistent policies





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THANK YOU