



Pacific Basin

# With you for the long haul



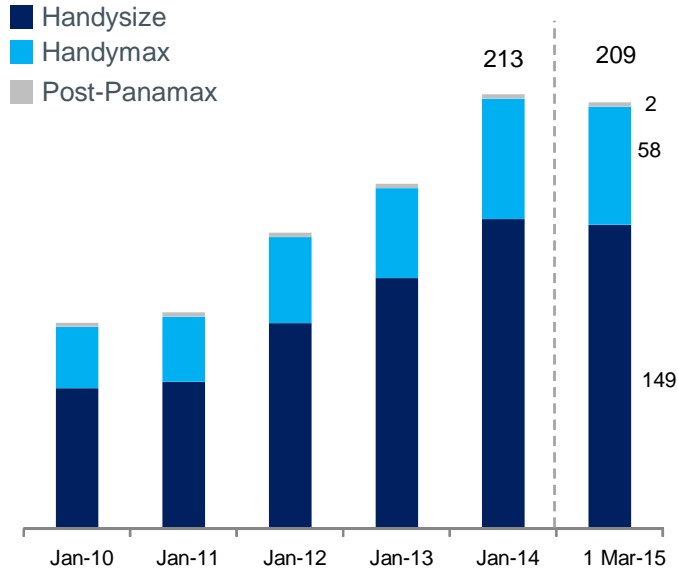
Pacific Logger departing Tauranga pass Mount Maunganui

18 June 2015



## PB Dry Bulk Fleet Development

Average number of vessels operated







2015: proportionally more owned ships:

- Better control & quality of service to customers
- Better control of costs – relying less on charter-in ships

As at 1 Mar 2015

- Listed in Hong Kong
- Long term assets and newbuilding commitments of US\$2 billion and book equity of US\$1 billion
- Fully focused on Handysize & Handymax bulkers
- Global geographically
- Diversified cargo & 400 customers
- Substantially completed exit of non-core activities and significant growth of core Dry Bulk business

# Understanding Our Core Market

Bulk Carrier Ship Types			Percentage of Global Dry Bulk Capacity	Versatility	Main Commodities Carried
Major bulks without cranes		<b>Capesize</b> 120,000+ dwt	40%	Less Versatile	Major Bulks • Iron ore • Coal • Grains
		<b>Panamax &amp; Post-Panamax</b> 65,000-120,000 dwt	28%		
Minor bulks with cranes		<b>Handymax</b> 40,000-65,000 dwt	22%	More Versatile	Minor Bulks • Logs & Forest Products • Agriculture Products • Fertiliser • Cement & Cement Clinker • Bauxite • Alumina • Dross • Steel & Scrap • Concentrates • Salt • Coal/Coke • Petcoke • Sugar • Other Bulks
		<b>Handysize</b> 25,000-40,000 dwt	10%		

Our Focus



## OUR LARGE VERSITILE FLEET

Fleet scale and interchangeable high-quality dry bulk ships facilitate service flexibility to customers, optimised scheduling and maximised vessel utilisation

In-house technical operations facilitate enhanced health & safety, quality and cost control, and enhanced service reliability and seamless, integrated service and support to customers

## OUR MARKET LEADING CUSTOMER FOCUS & SERVICE

Priority to build and sustain long-term customer relationships

Solution-driven approach ensures accessibility, responsiveness and flexibility towards customers

Close partnership with customers generates enhanced access to spot cargoes and long-term cargo contract opportunities of mutual benefit



## OUR STRONG CORPORATE & FINANCIAL PROFILE

Striving for best-in-class internal and external reporting, transparency and corporate stewardship

Robust balance sheet and strong track record sets us apart as a preferred counterparty

Hong Kong listing & location facilitates good access to capital

Responsible observance of stakeholder interests and our commitment to good corporate governance and CSR

## DEPTH OF STAFF & GLOBAL OFFICE NETWORK

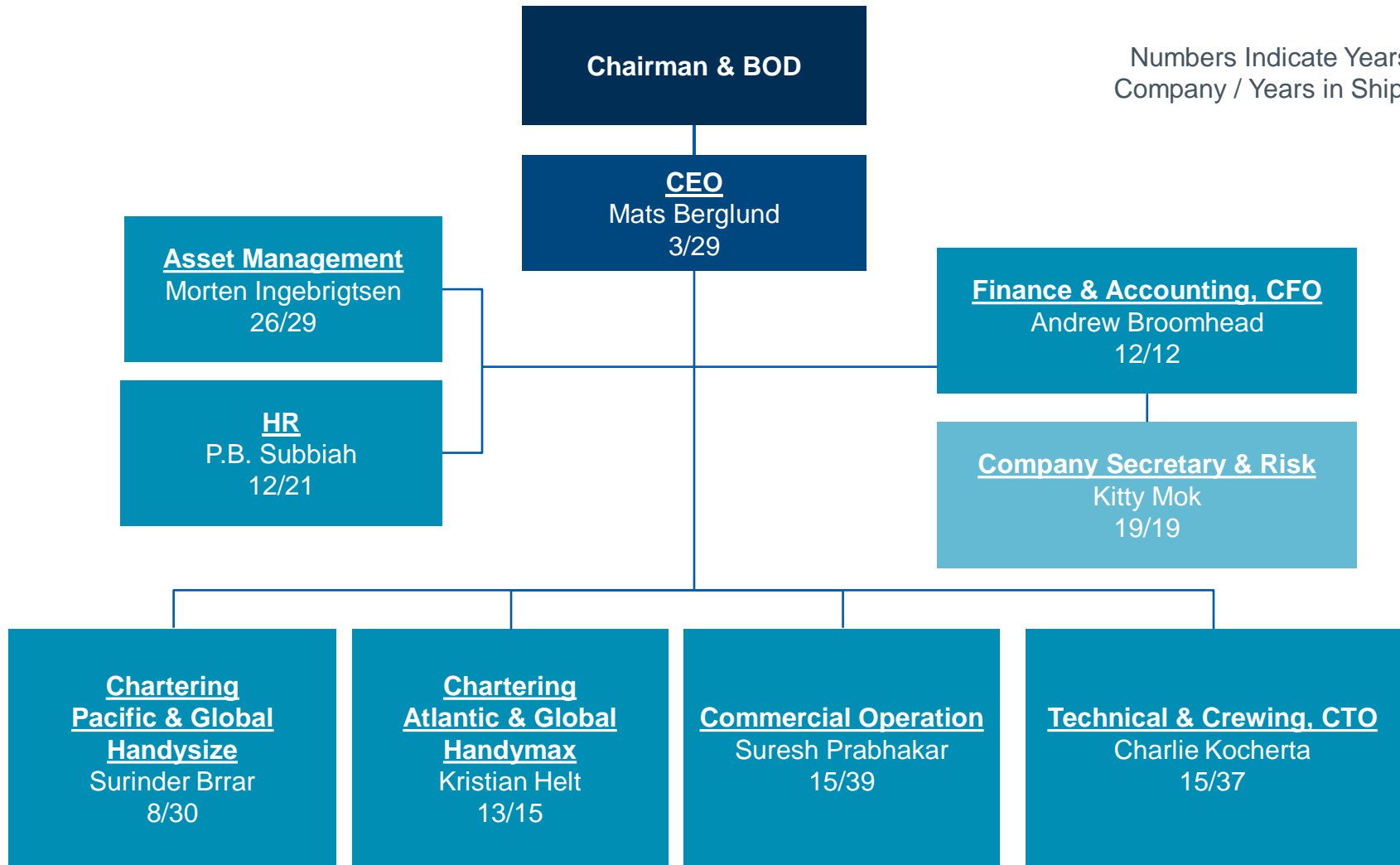
Integrated international service enhanced by experienced commercial and technical staff around the world

Being local facilitates clear understanding of and response to customers' needs and first-rate personalised service

Being global facilitates comprehensive market intelligence and cargo opportunities, and optimal trading and positioning of our fleet

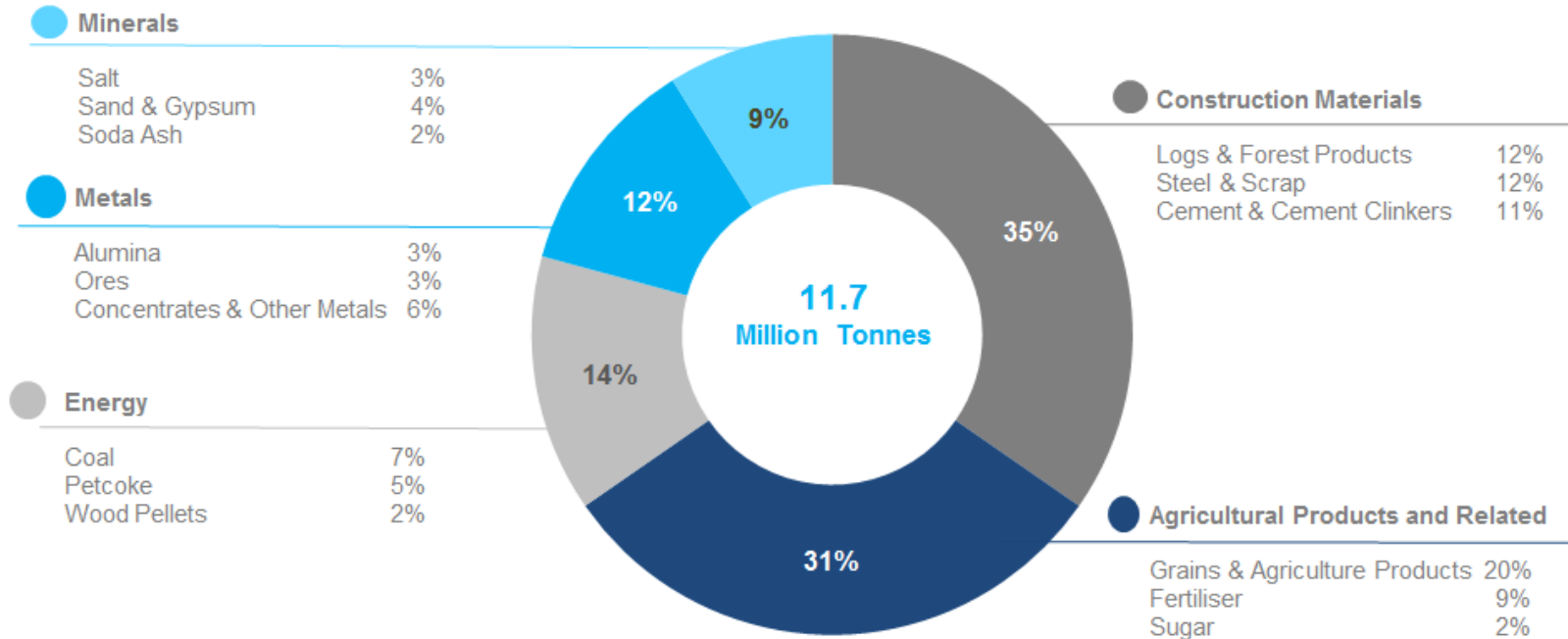


# Experienced Management - Team



# Pacific Basin Dry Bulk – Diversified Cargo

Pacific Basin Cargo Volume  
1 Jan – 25 Mar 2015

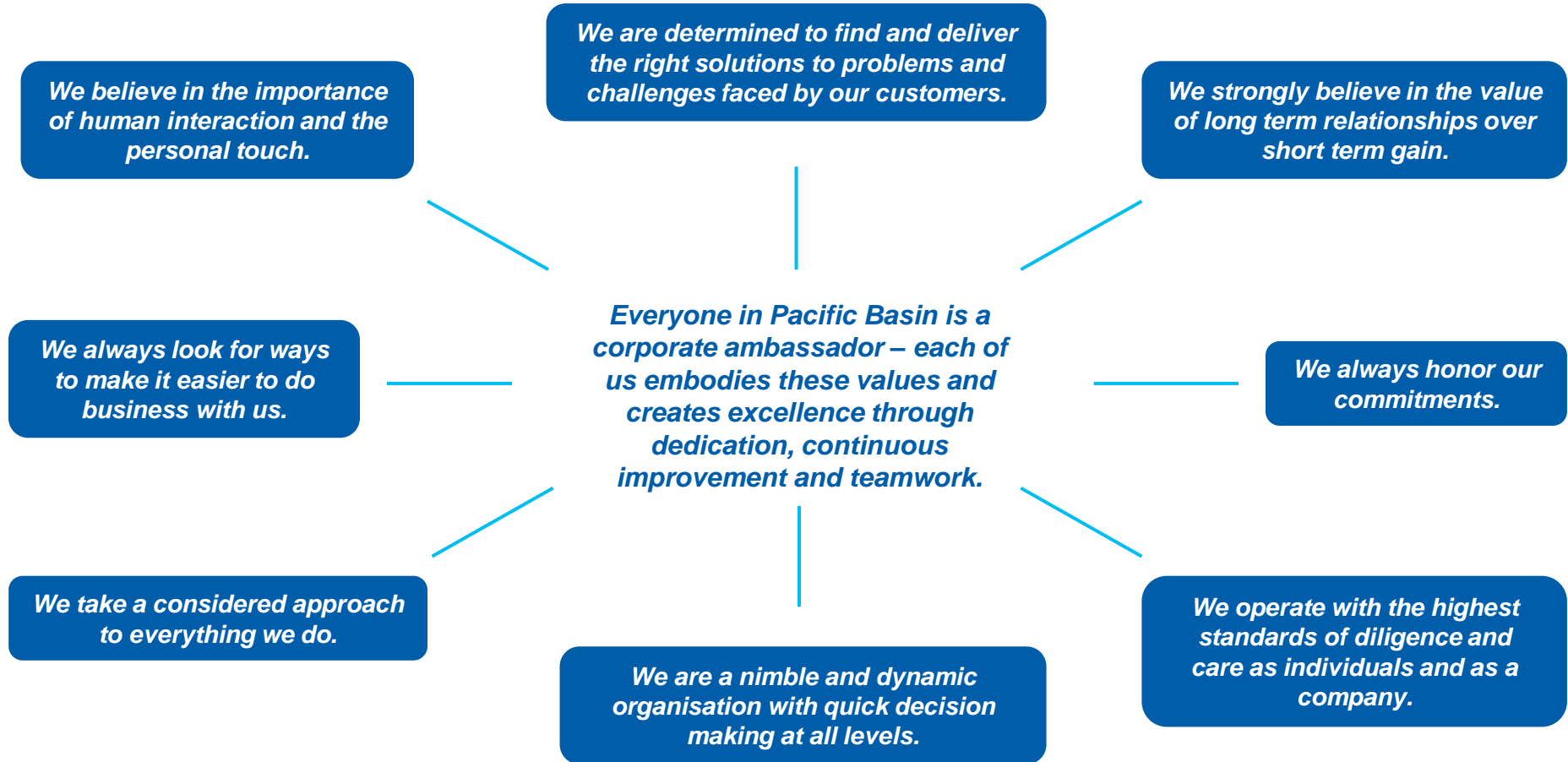


- Diverse range of commodities reduces product risk
- China and North America were our largest markets
- 60% of business in Pacific and 40% in Atlantic

More than  
400 customers!



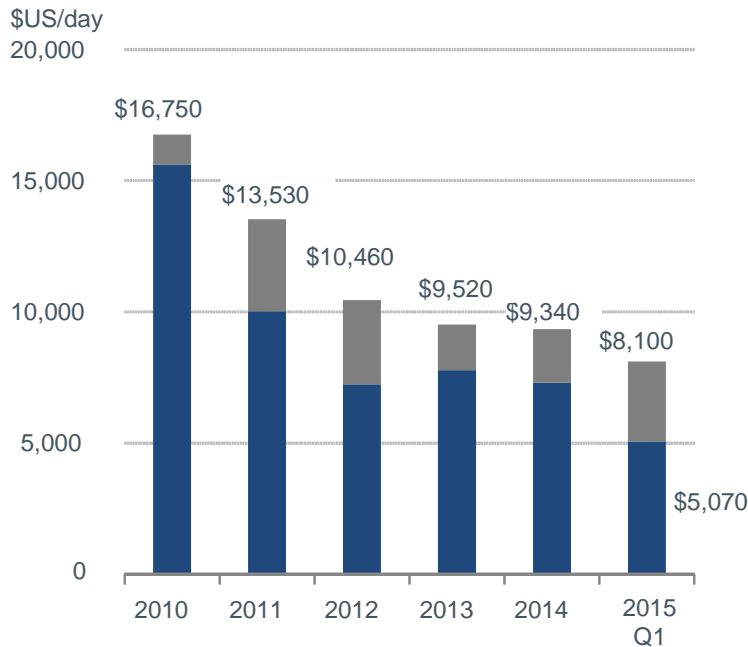
# Pacific Basin Values – With You for the Long Haul





# Cargo System Business Model – Outperforming Market Rates

**Outperforming Market Rates with  
US\$2,390/day last 5 years**



■ BHSI - net rate  
■ PB Handysize Performance

- Large fleet of high-quality substitutable ships
- Large portfolio of cargo contracts & relationships – No outward time-charters
- Direct end-user interaction
- Experienced staff & global office network
- High laden percentage
- Average premium last 5 years = US\$2,390/day





# 2015 First Quarter Trading Update

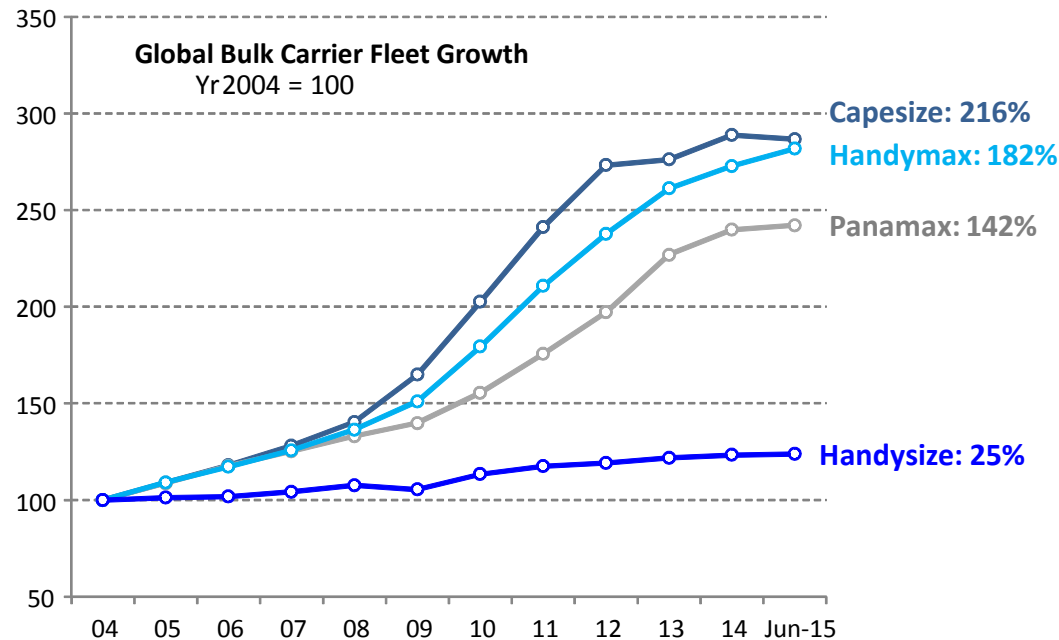
- Much improved performance vs Market – Especially Handymax

US\$		Actual TCE/day	Index Rate	Premium	
Handymax	1Q15	9,800	6,100	+3,700	+4,100/day
	1Q14	10,700	11,100	-400	
Handysize	1Q15	8,100	5,100	+3,000	+2,100/day
	1Q14	10,400	9,500	+900	

- Handymax strategy concentrated to Atlantic trade and steel parcel operating activity
- G&A reduced to US\$14 million 1Q15 (1Q14: US\$19 million)
- Remaining Towage marginally profitable
- New US\$125 million Convertible Bond successfully issued

# Handysize Benefits

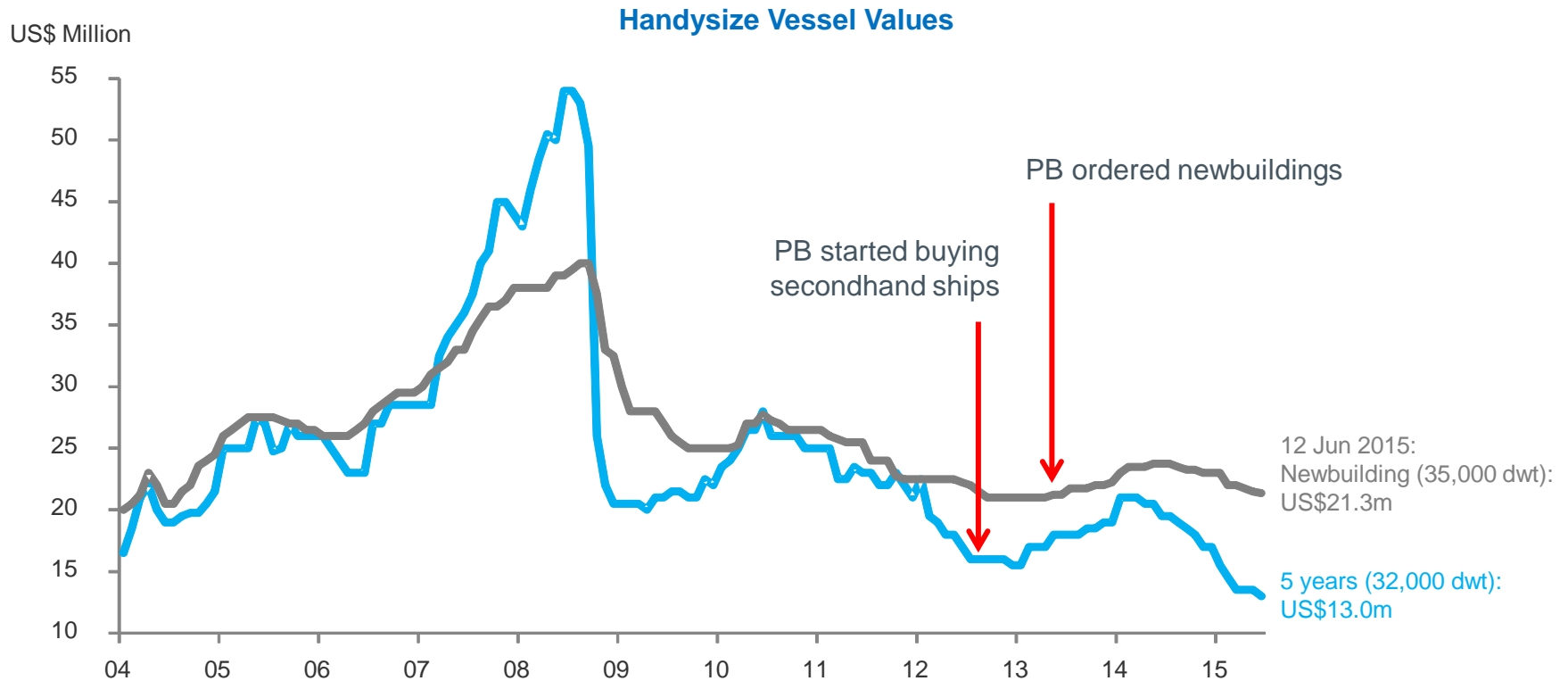
- A segment in which scale & operations make a difference
- Holds up better in weak market
- Driven by minor bulk demand
- Older age profile – higher scrapping
- Modest Handysize fleet growth





# High Quality Japanese Ships

- Well designed secondhand Japanese ships remain very competitive – especially at slow speeds
- Our newbuildings are primarily Japanese 38,000dwt vessels not available in secondhand market
- All ships designed & equipped to fit our trades long term
- Japanese ships = Superior reliability, longevity, fuel efficiency, and second hand value

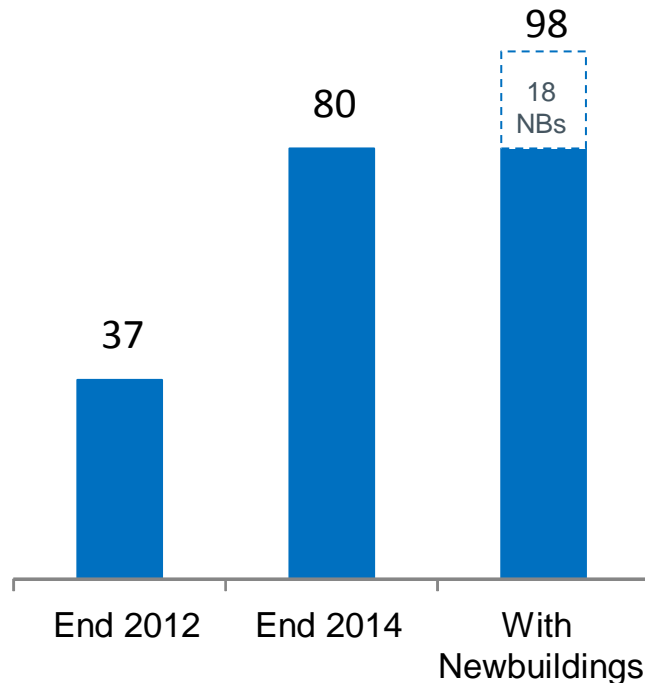


Source: Clarksons



## Investing in Our Core Business

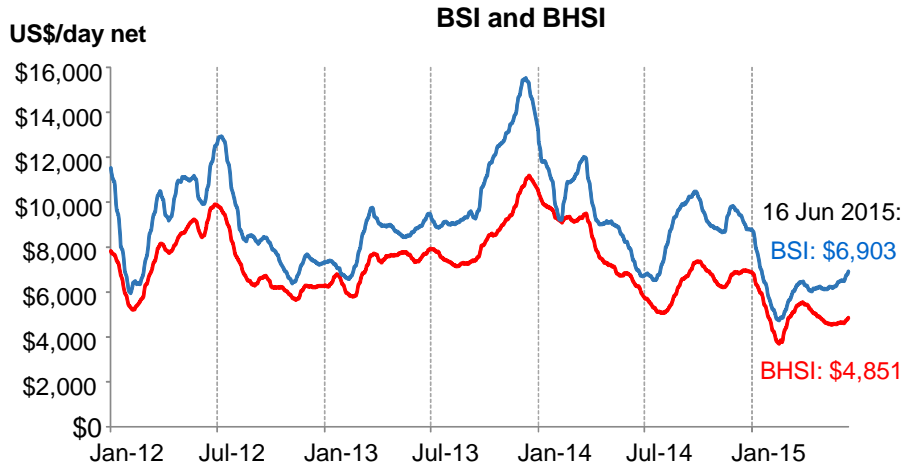
Pacific Basin Dry Bulk  
Owned Fleet on the Water



- Owned fleet of bulkers grow from 37 to 80 to 98
- Balance sheet remains robust with net gearing of 40% and cash of US\$363 mil by the end of 2014
- 18 newbuildings will deliver 2015-2017, remaining commitments of 384 million financed with US\$350 million of Japanese export credit
- 2014 underlining loss of US\$(55.5) million of which US\$(30) million from Dry Bulk
- 2014 EBITDA of US\$82.2 million, US\$94 million from Dry Bulk

# Dry Bulk Market Situation

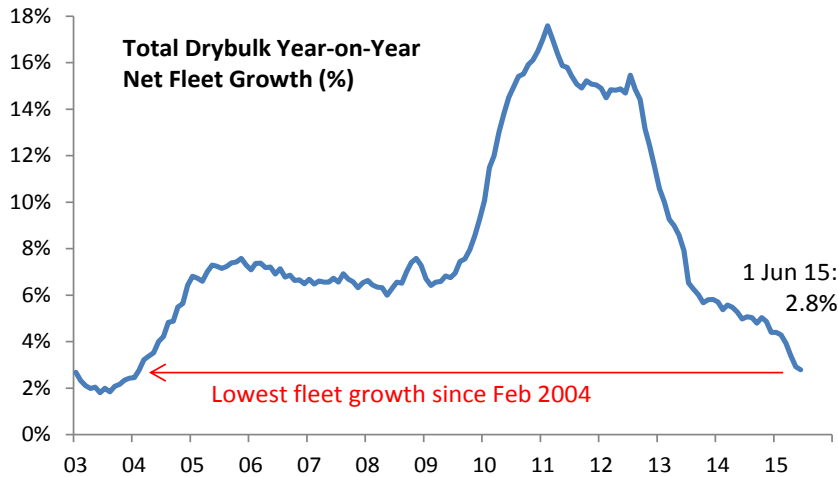
## The Market is Weak



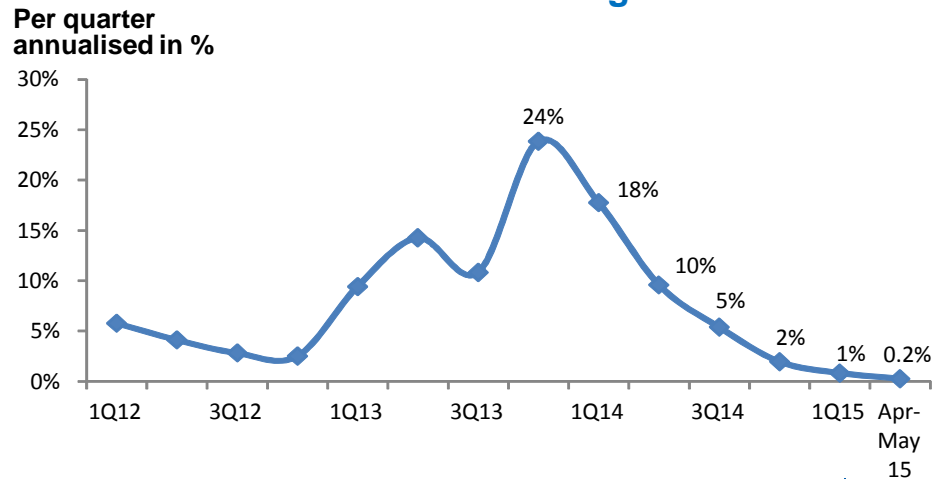
## Optimism 2H13 Turned into Pessimism 2H14



## But Fleet Growth is Reducing



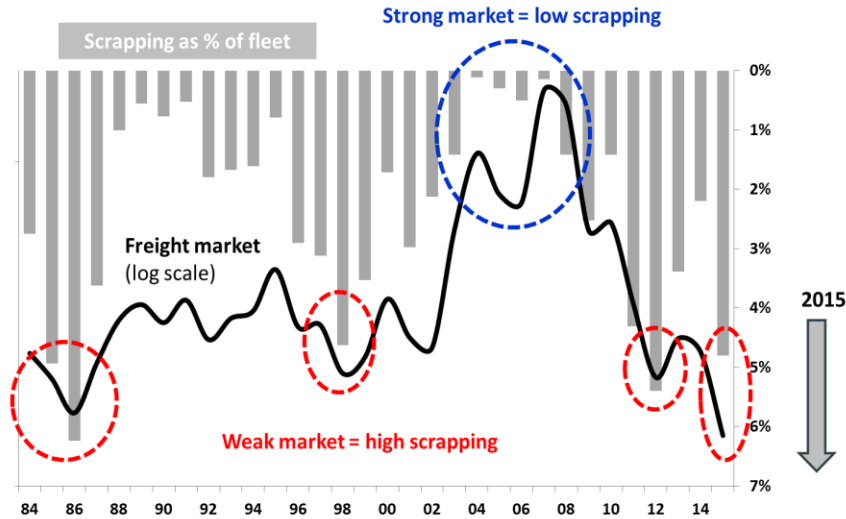
## New Vessel Ordering is Down



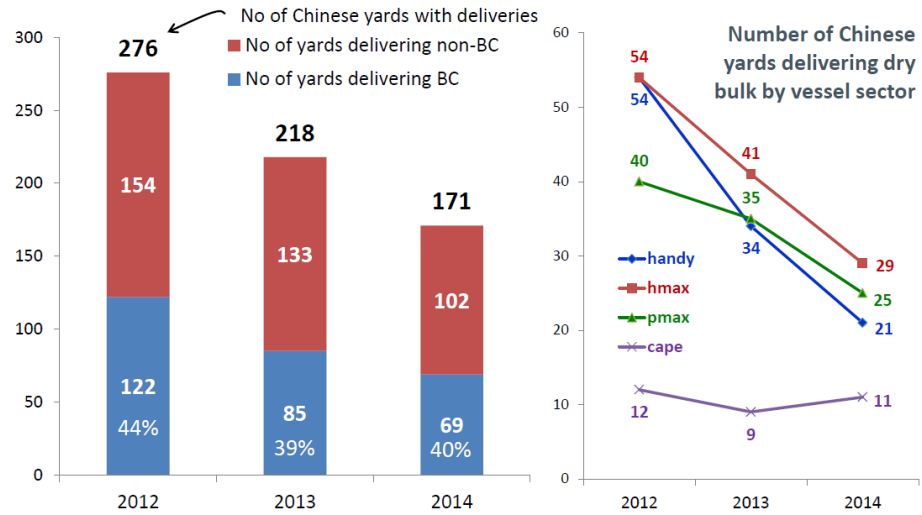
Source: Clarksons, Baltic Exchange

# Dry Bulk Self-Correcting Factors

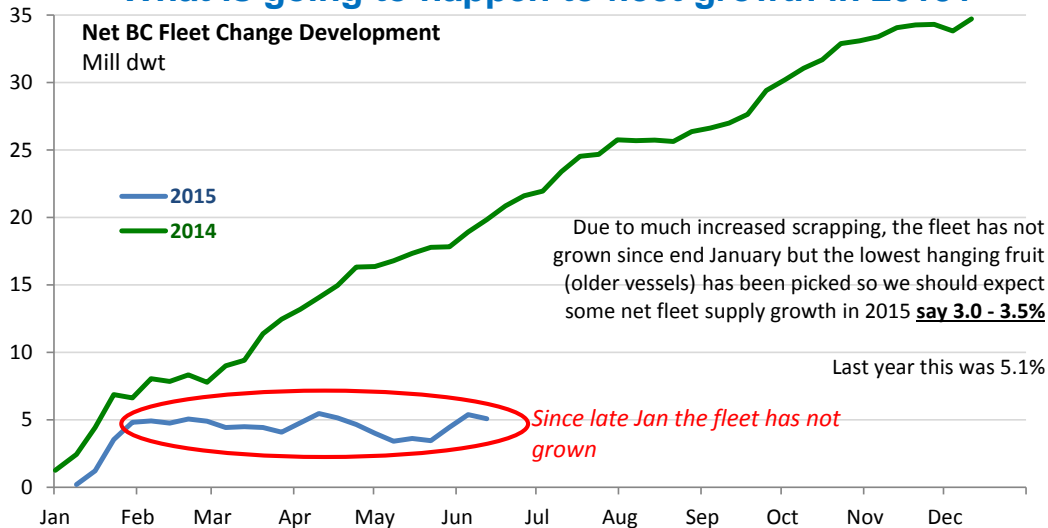
## Increased Scrapping



## The Chinese Yard Sector is Shrinking



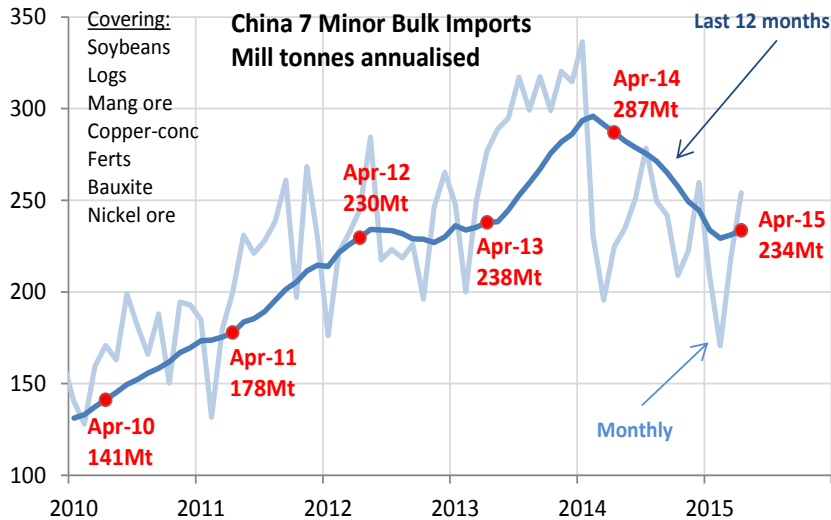
## What is going to happen to fleet growth in 2015?



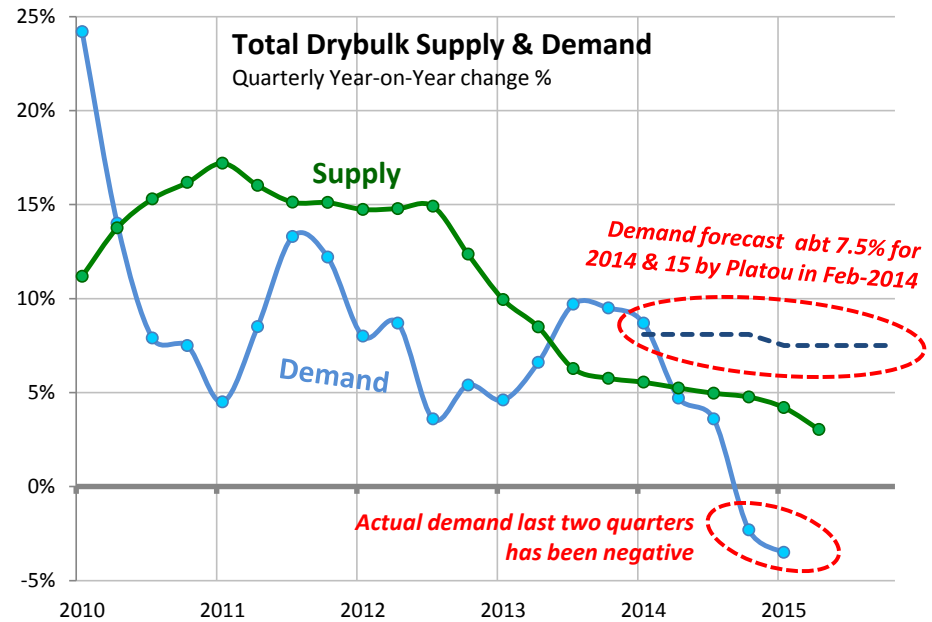


# Demand Development

## Chinese Imports 7 Minor Bulks – Down Due to Indonesian Export Ban



## Dry Bulk Supply & Demand Forecast



Main Reasons for the weak market:

- Remaining overcapacity from 2010-2012
- Lower imports of coal to China affecting the overall Dry Bulk market negatively
- Lower Bauxite & Nickel shipments due to Indonesian export ban

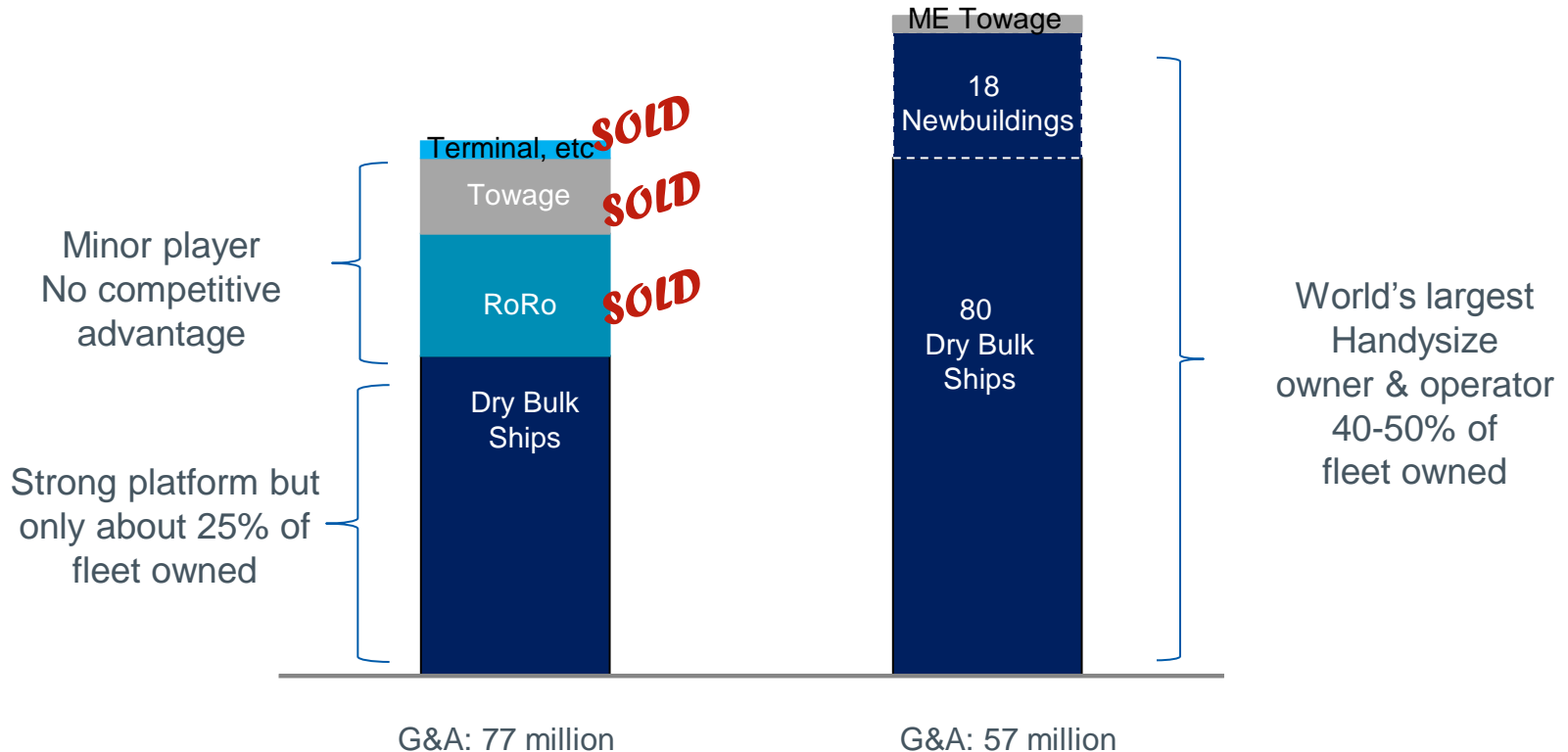
# Capital & Management Now Fully Focused on Our World Leading Handy Dry Bulk Business

**Start 2012**

**Four business units**  
US\$1.6 billion of long term assets

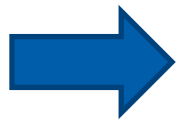
**2015**

**Fully Dry Bulk Focused**  
US\$2 billion of long term assets  
Including NB commitments





- Fully focused on core world leading Handy Dry Bulk business – Now well structured & out of non core
- Business model consistently delivering premium over market rates
- Large quality fleet of predominantly Japanese built ships
- Depth & experience of staff & offices throughout the world
- Large portfolio of customer contracts & relationships
- Hong Kong listing, good governance, access to capital



Well Positioned in a cyclical business

*This presentation contains certain forward looking statements with respect to the financial condition, results of operations and business of Pacific Basin and certain plans and objectives of the management of Pacific Basin.*

*Such forward looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results or performance of Pacific Basin to be materially different from any future results or performance expressed or implied by such forward looking statements. Such forward looking statements are based on numerous assumptions regarding Pacific Basin's present and future business strategies and the political and economic environment in which Pacific Basin will operate in the future.*

## Our Communication Channels:

- **Financial Reporting**
  - Annual & Interim Reports
  - Voluntary quarterly trading updates
  - Press releases on business activities
- **Shareholder Meetings and Hotlines**
  - Analysts Day & IR Perception Study
  - Sell-side conferences
  - Investor/analyst calls and enquiries
- **Company Website - [www.pacificbasin.com](http://www.pacificbasin.com)**
  - Corporate Information
  - CG, Risk Management and CSR
  - Fleet Profile and Download
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    - financial reports, news & announcements, excel download, awards, media interviews, stock quotes, dividend history, corporate calendar and glossary
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