Pacific Basin

Morgan Stanley – Annual Asia Pacific Summit
Singapore, November 2013

3Q 2013
Trading Update

18 Oct 2013

Pacific Basin

2013 Third Quarter Highlights

Pacific Basin Dry Bulk

- Our 3Q average daily earnings (net):
  Handysize: US$9,550/day on 14,410 revenue days
  Handymax: US$10,420/day on 6,090 revenue days

- Handysize spot market rates averaged US$7,500/day net
- Our fleet scale and cargo-focused business model continues to enable us to outperform

- Our forward cargo cover for 2014:
  Handysize: 22% covered at US$10,320/day
  Handymax: 42% covered at US$11,570/day

- Global Handysize capacity registered zero net growth during 3Q
- Acquired 32 dry bulk ships and chartered 23 ships on long-term inward charters since Sep 2012
- Growing difficulty in finding good value opportunities – pace of acquisitions will likely be slower than past 12 mos

PB Towage

- Commenced operations in Newcastle where initial job numbers are encouraging
- OMSA JV's Gorgon contract extended to Dec 2015
- Secured a 5-year contract for trans-shipment of iron ore in Australia's Northern Territories

Financing

- We secured a further US$51million, 12-year Japanese export credit agency loan for 2 Handymax vessels

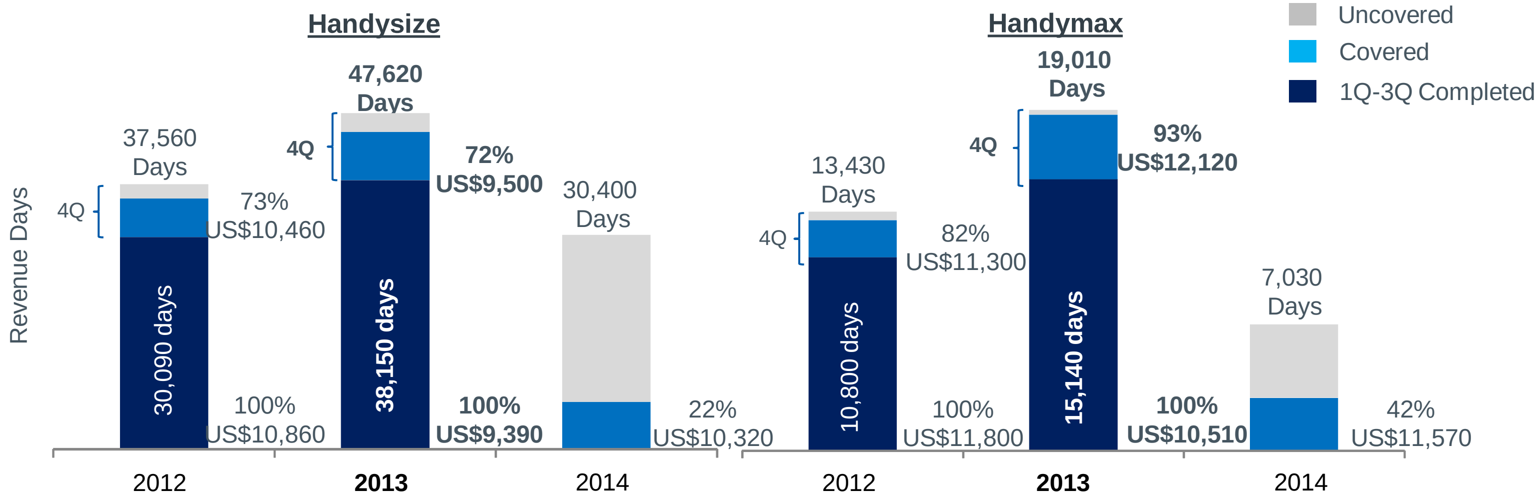
Pacific Basin Dry Bulk

Earnings Cover as at 3Q Trading Update

Strong dry bulk business model enables us to outperform the spot market:

av. BHSI: $7,500

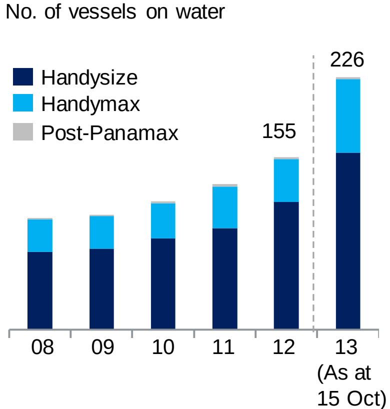
av. BSI: $9,300



Pacific Basin Dry Bulk Fleet: 251 (on the water: 226) average age of core fleet: 6 years old

	Owned		Chartered		Total	Last year
	Delivered	Newbuilding	Delivered	Newbuilding	15 Oct 2013	31 Dec 2012
Handysize	58[1]	6	106	14	184	134
Handymax	12[1]	2	48	3	65	51
Post-Panamax	1	0	1	0	2	2
Total	71	8	155	17	251	187

PB Dry Bulk Fleet Development

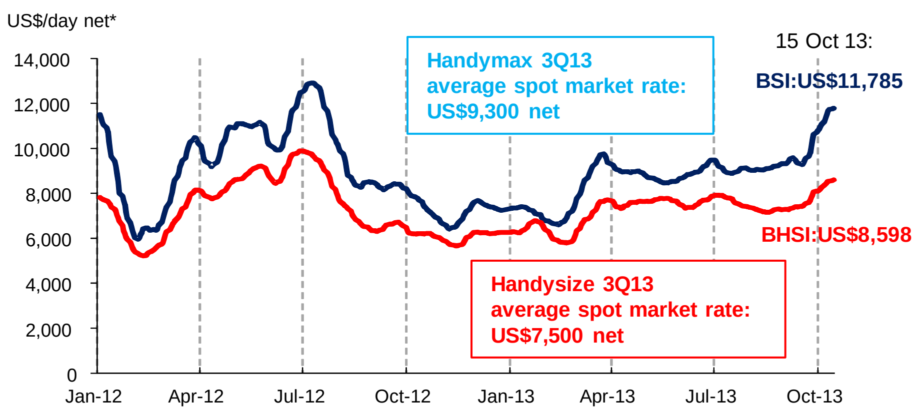


[1] Including recent secondhand acquisitions of 2 Handysize and 1 Handymax vessels not yet delivered

Dry Bulk Market Information

- Gradual upward trend in Handysize rates since low point in 4Q 2012
- Overall dry bulk market developments dominated by strong increase in Capesize rates – despite significant expansion of Capesize capacity over past 3 years
- Seasonal improvement towards the fourth quarter:
  - Pre-winter stock building for key commodities
  - Iron ore restocking in China
  - Increased exports from expanding mining capacity
  - Significantly lower net fleet growth in Capesize segment
- 5-year old Handysize value: US$18.5m (+19% since 9-year low at start of 2013)

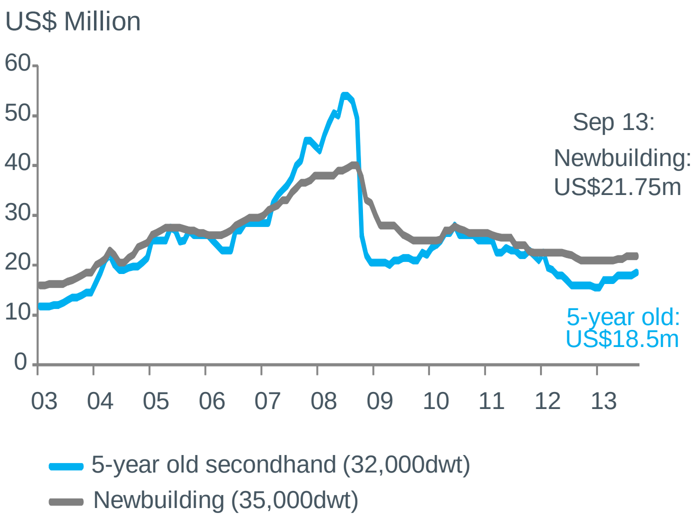
Baltic Handysize Index (BHSI) & Baltic Supramax Index (BSI)



* US$ freight rates are net of 5% commission

Source: The Baltic Exchange, data as at 17 Oct 2013

Handysize Vessel Values

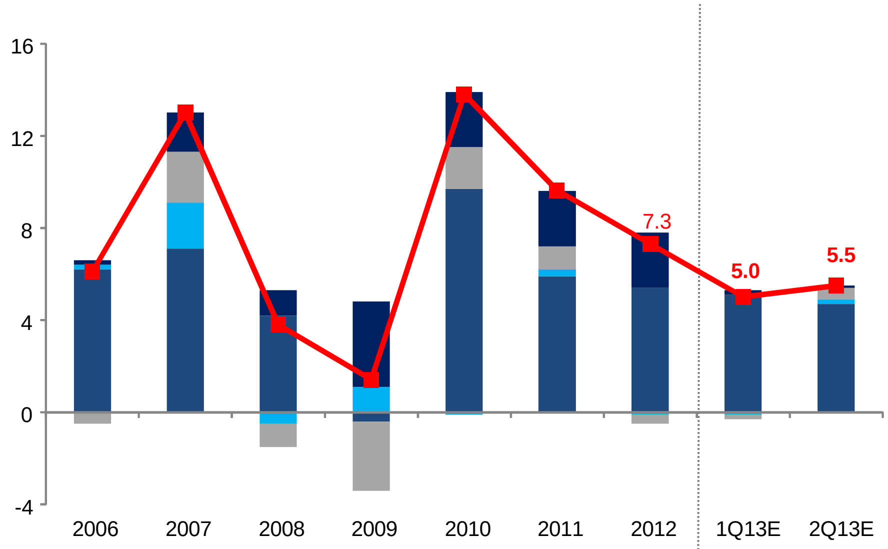


Source: Clarksons

Dry Bulk Demand

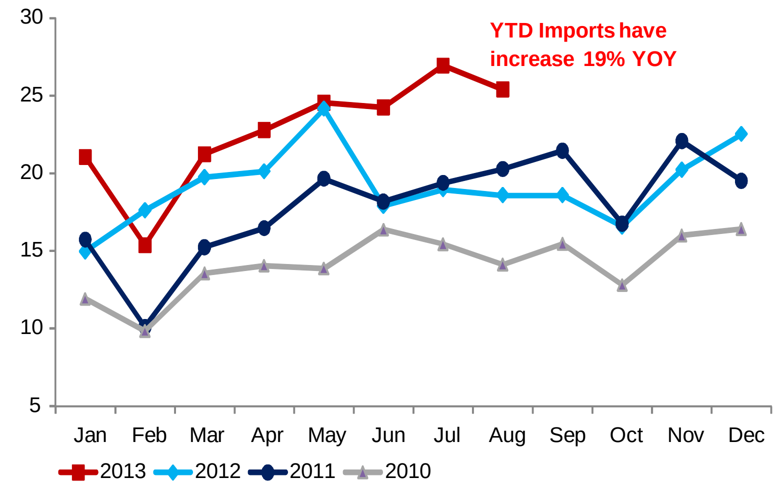
Dry Bulk Effective Demand

% change YOY



Chinese Minor Bulk Imports

Million tonnes



China imports of a basket of 7 important minor bulks: logs, soyabean, fertiliser, bauxite, nickel, copper concs & manganese ore

- International cargo volumes
- Congestion effect
- Tonne-mile effect
- China coastal cargo, off-hire & ballast effect
- Net demand growth

- 1Q & 2Q dry bulk demand increased 5% and 5.5% YOY respectively
- Demand growth influenced by:
  - Expanded Chinese imports of iron ore – 7% greater YTD than same period in 2012
  - 19% increase in Chinese imports of seven key minor bulks in first 8 months...

    …lending strong support to global demand for Handysize and Handymax ships

Source: R.S. Platou, Bloomberg

Pacific Basin

Pacific Basin Dry Bulk – Diversified Cargo

Our Dry Bulk Cargo Volumes in 1Q- 3Q13

Energy

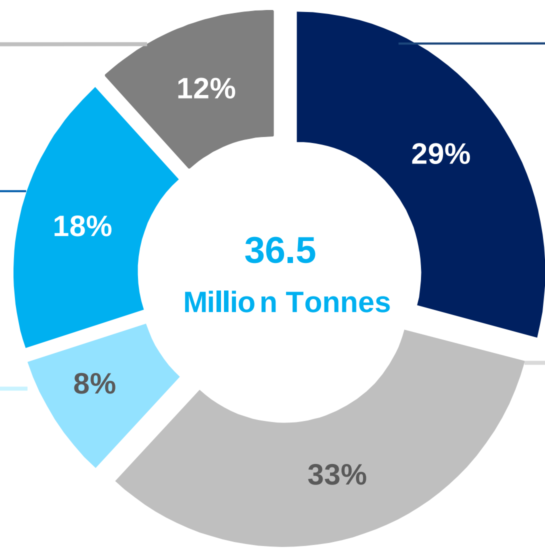
Coal	5%
Petcoke	7%

Metals

Alumina	5%
Ores	7%
Concentrates& Other Metals	6%

Minerals

Salt	3%
Sand & Gypsum	5%



AgriculturalProducts

Grains & Agriculture Products	16%
Fertiliser	9%
Sugar	4%

ConstructionMaterials

Logs & Forest Products	18%
Steel & Scrap	6%
Cement & Cement Clinkers	9%

- Diverse range of commodities reduces product risk
- Australasia and China were our largest loading and discharging zones respectively

Pacific Basin

Global Dry Bulk Fleet Development

Net fleet growth:	Handysize	Dry Bulk overall
1 Jul – 30 Sep	+0%	+1%
YTD	+0.95%	+5.6%

Dry bulk fleet development YTD:

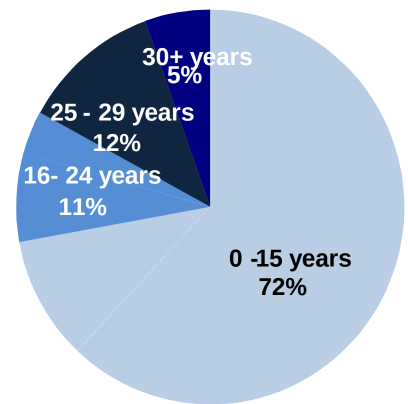
- New deliveries: 47m tonnes YTD
- Scrapping: 17m tonnes YTD

R.S Platou forecast net fleet growth:

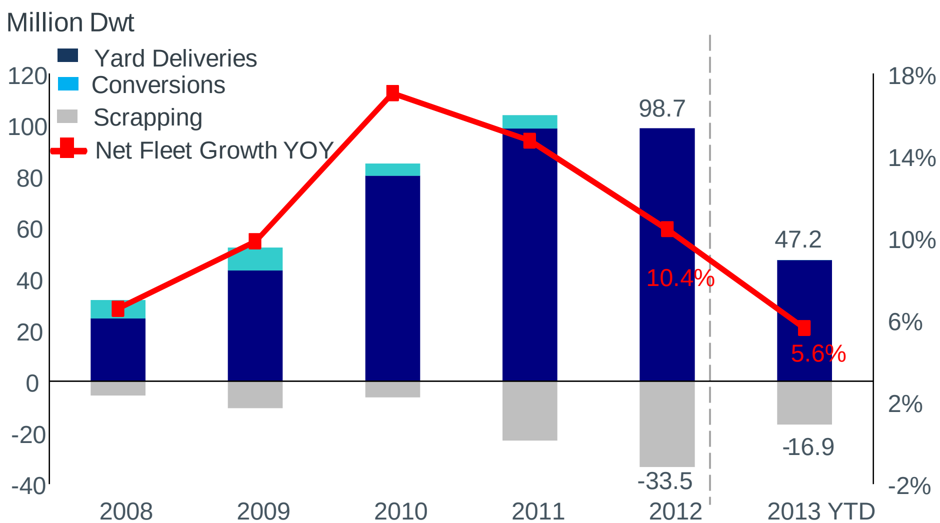
- 7.9% in FY2013
- <5% in 2014

Handysize Age Profile (25,000-39,999 dwt)

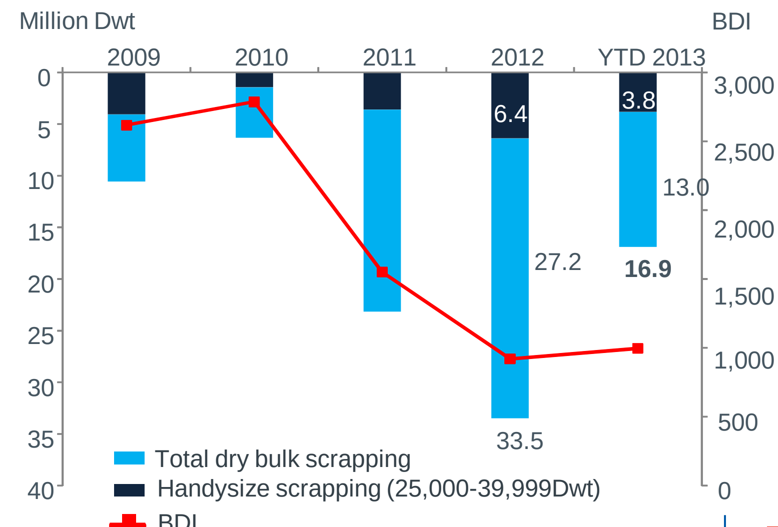
2,138 vessels (68.9m dwt)



Global Dry Bulk Fleet Development



Dry Bulk Scrapping versus BDI

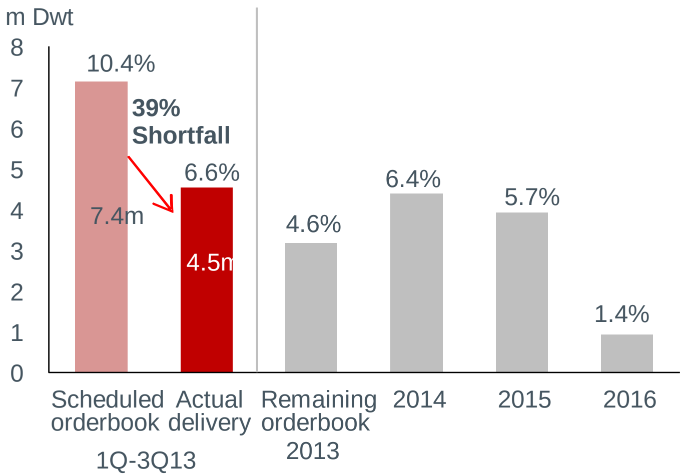


Source: Clarksons, Bloomberg, as at 1 Oct 2013

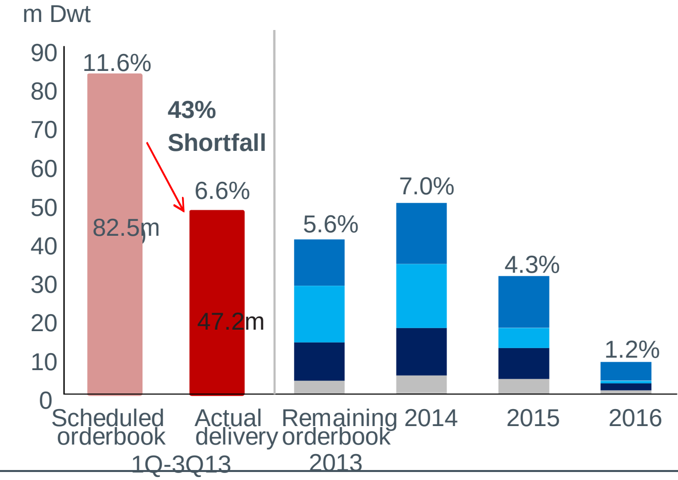
Source: Clarksons

Dry Bulk Orderbook

Handysize Orderbook
350 vessels (12.4m dwt)



Total Dry Bulk Orderbook
1,649 vessels (128.3m dwt)



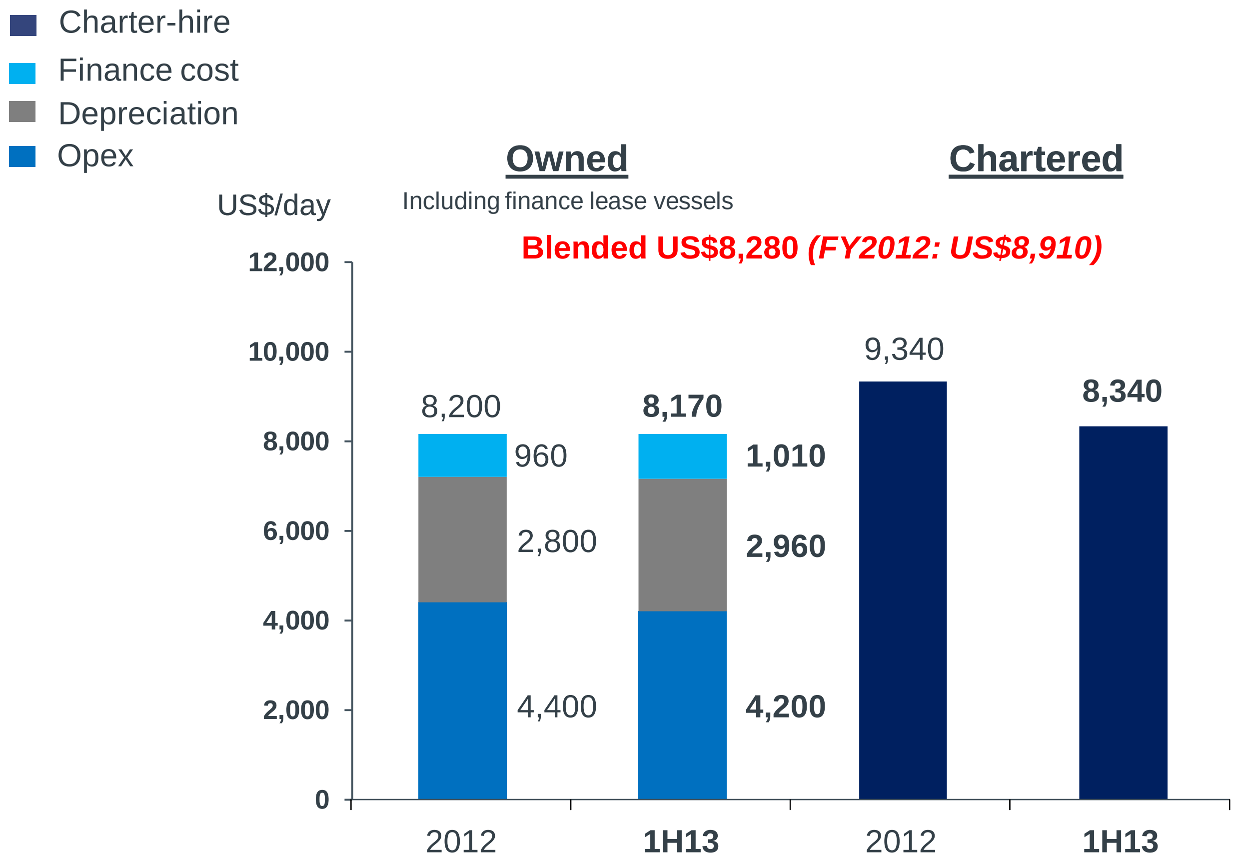
- New orders YTD are up 110% YOY (from low base in 2012) – mainly Capesize & large Handymax
- Scheduled orderbook for 2015/16 deliveries remains relatively small… but continued ordering at this pace would be a concern

	Orderbook as % of Existing Fleet	Average Age	Over 25 Years	Scrapping as % of Existing Fleet (Annualised)
Total Dry Bulk >10,000 dwt	18%	10	8%	3%
Handysize (25,000-39,999 dwt)	18%	11	17%	7%
Handymax (40,000-64,999 dwt)	21%	9	6%	3%
Panamax (65,000-119,999 dwt)	19%	7	1%	1%
Capesize (120,000+ dwt)	17%	8	1%	2%

Source: Clarksons, as at 1 Oct 2013

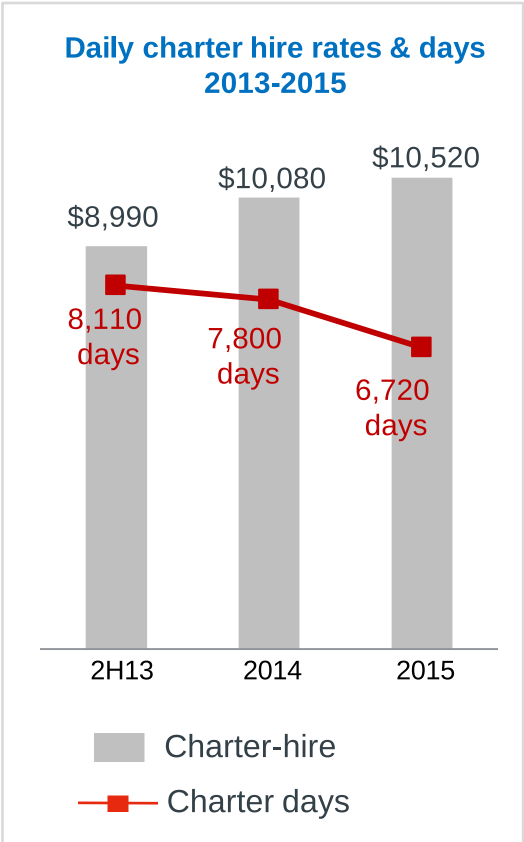
Daily Vessel Costs – Pacific Basin Handysize

As at 30 June 2013



	2012	1H13	2012	1H13
Vessel Days	15,570	**8,710**	25,630	**15,230**
	38%	**36%**	62%	**64%**

Inward Charter Commitments



- Overall direct overheads for Handysize and Handymax vessels US$550 per day

PB Towage

3Q13 Performance

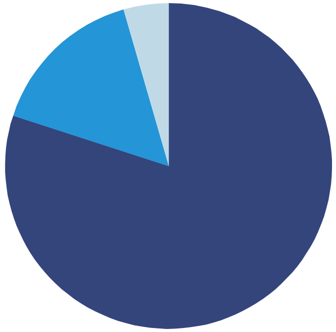
Offshore Towage

- OMSA JV's contract to supply marine logistics services to Gorgon was extended to Dec 2015
  - Expect a gradual and phased decline in construction work scope as the project approaches its production phase
- Secured a 5-year contract for trans-shipment of iron ore at a new location in Australia's Northern Territories
  - We will redeploy 4 tugs and acquire 4 barges for the project
- PBT is tendering for other LNG related projects, working on longer-term opportunities in market for project cargo transportation, and pursuing potential expansion into neighbouring geographic, niche markets

Harbour Towage

- Steady growth in harbour towage sector
  - 3Q harbour jobs increased 15% YOY
- Commenced new harbour towage operation in Newcastle in July
  - secured NYK as our foundation client

PB Towage Fleet: 50 vessels
(as at 15 Oct 2013)

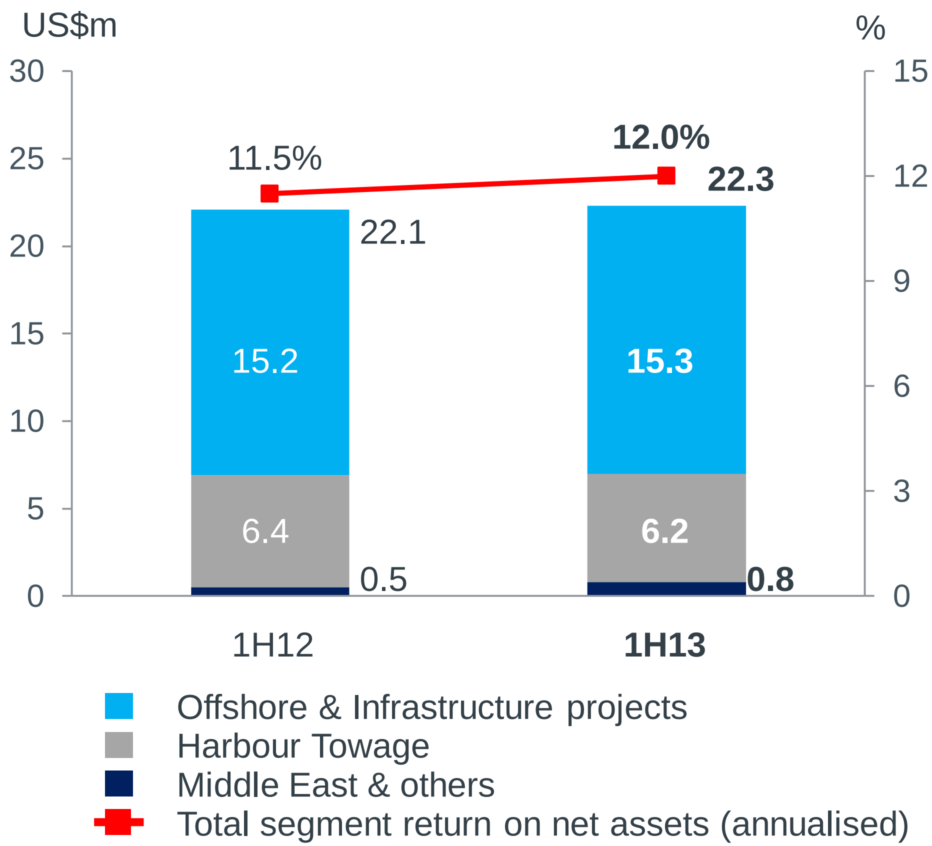


- 39 Tugs (31 Owned + 8 Chartered)
- 9 Barges (6 Owned)
- 1 owned bunker tanker and 1 chartered passenger/supply vessel

	1H13 US$ million
Towage net profit	12.6
EBITDA	19.8
Return on net assets	12% (annualised)

Towage Segment
Operating Performance Before Overheads

As at 30 June 2013



Operating performance	**US$22.3m**
Direct overheads	**US$(9.7)m**
Segment net profit	**US$12.6m**
EBITDA	**US$19.8m**

Pacific Basin

Balance Sheet

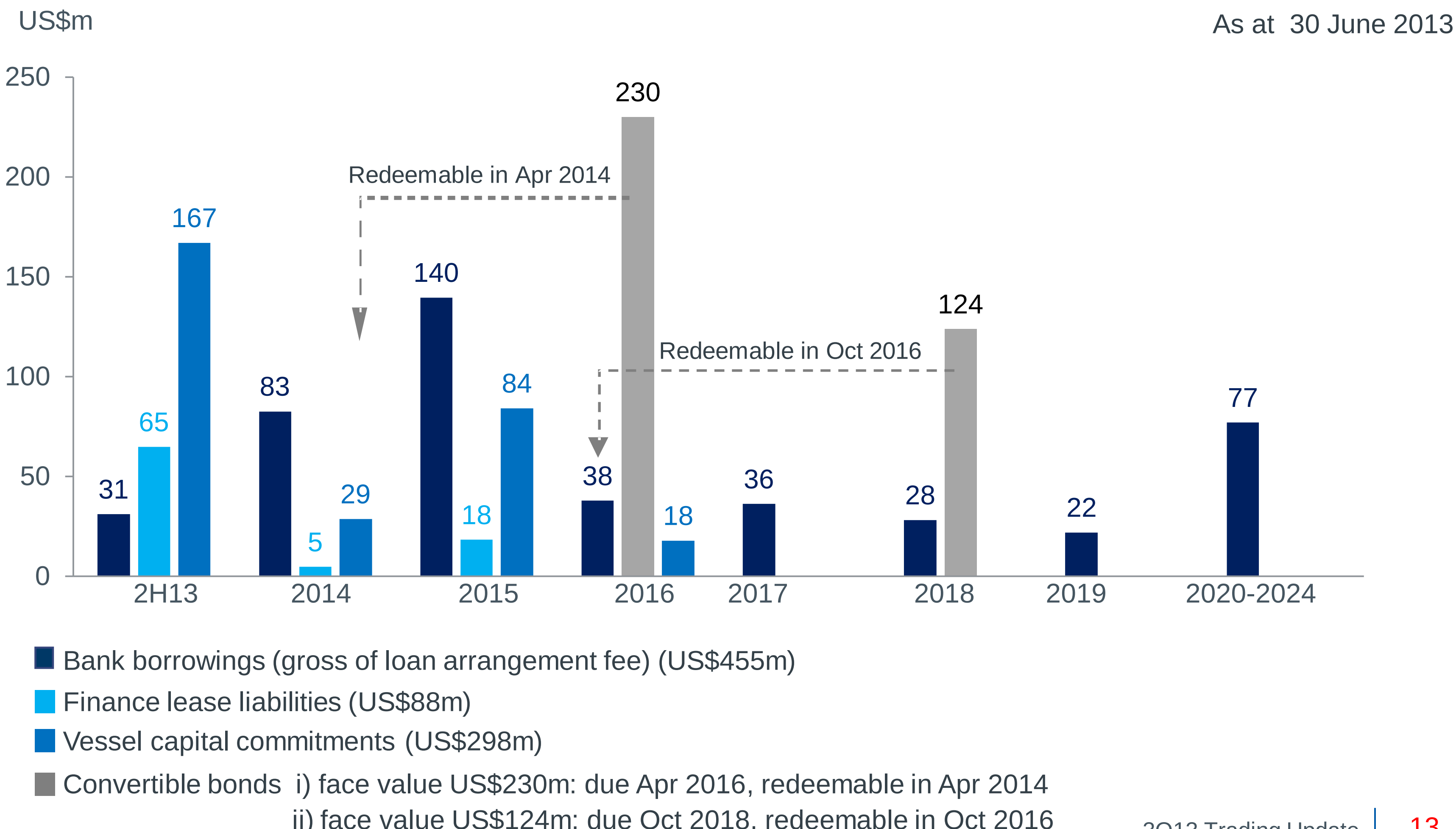
US$m	PB Dry Bulk	PB Towage	Treasury	Discontinued RoRo	30 Jun 13	31 Dec 12
Vessels & other fixed assets	1,250	181	-	-	**1,436**	1,270
Total assets	1,501	249	544	32	**2,347**	2,470
Long term borrowings	466	25	366	-	**857**	931
Total liabilities	616	39	373	3	**1,051**	1,138
Net assets	885	210	171	29	**1,296**	1,332
Net borrowings (after total cash of US$442m)					**415**	178
Net borrowings to net book value of property, plant and equipment					**29%**	14%

- US$136m Japanese export credit loan facility arranged in the period and partially drawn
- Finance lease liabilities have been reduced following exercise of the purchase option
- Cash has been used for our vessel commitments
- We plan to secure new bank facilities in due course

Note: 30 June 2013 total includes other segments and unallocated

Borrowings and Capex

The Group had cash balances of US$442m, borrowings of US$857m and a net borrowings ratio of 29% against the Net Book Value of property, plant and equipment



Pacific Basin

Our Outlook and Strategy

We remain focused on growth

Dry Bulk

- Expect seasonally stronger demand & reduced newbuilding deliveries late in the year to support stronger Handysize and Handymax spot market in 4Q 2013… before seasonal softening early in the new year
- Handysize & Handymax spot markets to continue to demonstrate gradual recovery in medium term
- Demand to remain relatively healthy, fundamentals improving, but will take time to absorb over-supply of larger ships and for cyclical upturn/sustained recovery to take hold
- Strategy:
  - Expand our fleet of high-quality owned and chartered Handysize and Handymax ships

    NB growing difficulty in finding good value opportunities, so our pace of acquisitions is likely to be slower
  - Expand our customer and cargo portfolio – including new dry bulk presence in Dubai in January 2014

Towage

- Expect continued long-term demand for logistics and construction support services and harbour towage service on Australian coast… Long-term outlook for PB Towage remains positive
- Shorter-term contribution from PB Towage is likely to be impacted by costs and reduced revenue and reduced utilisation as we redeploy our assets and resources from completed projects to new projects
- Strategy:
  - Target profitable growth opportunities in both harbour and marine logistics support sectors
  - Harbour - continue to consolidate position in existing ports, including Newcastle, and pursue potential opportunities to operate at exclusive ports
  - Project/offshore – concentrate on delivering best possible service on existing contracts while also seeking opportunities in Australia and internationally including shipment of modular project cargo

Disclaimer

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

Contact IR – Emily Lau
E-mail: elau@pacificbasin.com
ir@pacificbasin.com
Tel : +852 2233 7000

- **Company Website - www.pacificbasin.com**
  - Corporate Information
  - CG, Risk Management and CSR
  - Fleet Profile and Download
  - Investor Relations:
  - financial reports, news & announcements, excel download, awards, media interviews, stock quotes, dividend history, corporate calendar and glossary
- **Social Media Communications**
  - Follow us on Facebook, Twitter and Linkedin!

Appendix:
Pacific Basin Overview

- A leading dry bulk owner/operator of Handysize & Handymax dry bulk ships
- Flexible Pacific Basin Dry Bulk business model
  - Large fleet of uniform, interchangeable, modern ships
  - Mix of owned and long-term, short-term chartered ships
  - Operating mainly on long term cargo contract (COA) and spot basis
  - Diversified customer base of mainly industrial producers and end users
  - Extensive network of offices positions PB close to customers
- Also owning/operating offshore and harbour tugs
- >260 vessels serving major industrial customers around the world
- Hong Kong headquarters, 16 offices worldwide, 350 shore-based staff, 2,500 seafarers*
- Our vision: To be a shipping industry leader and the partner of choice for customers, staff, shareholders and other stakeholders

www.pacificbasin.com
Pacific Basin business principles

* As at July 2013

Appendix: How we create value

Our large, flexible Fleet

- Large scale, high-quality dry bulk fleet
- Interchangeable nature provides flexibility to customers and ability to optimise scheduling
- Modern fleet of tugs and barges provides reliable service in harbours and for offshore projects
- Comprehensive in-house technical operations function

Our strong corporate profile

- Founded in 1987
- Strong balance sheet enhancing our profile as a preferred counterparty for cargo customers and tonnage providers
- Well-positioned to invest , expand
- Commitment to good corporate governance and CSR

Our customer focus priority

- Customer-focused model - strong relationship with >300 customers
- Spot cargoes and long-term cargo contracts – affording customers reliable freight cover
- Responsive, accessible and problem-solvers at every turn

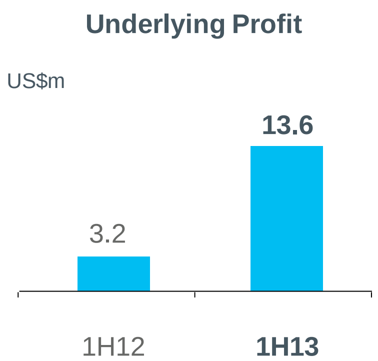
Our global office network

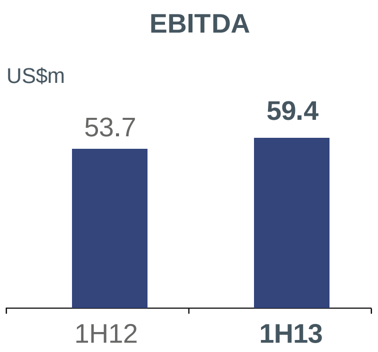
- 16 offices globally – including 12 dry bulk offices across 6 continents
- Localised chartering and operations support
- Facilitates comprehensive, accurate market intelligence

Pacific Basin

Appendix: 2013 Interim Results – Group Highlights

	1H13	1H12
Underlying Profit	US$13.6m	US$3.2m
EBITDA	US$59.4m	US$53.7m
Net Profit / (Loss)	US$0.3m	US$(195.9)m
Earnings per Share	HK¢0.1	HK¢(79)
Cash Position	US$442.3m	US$753.5m (31 Dec)

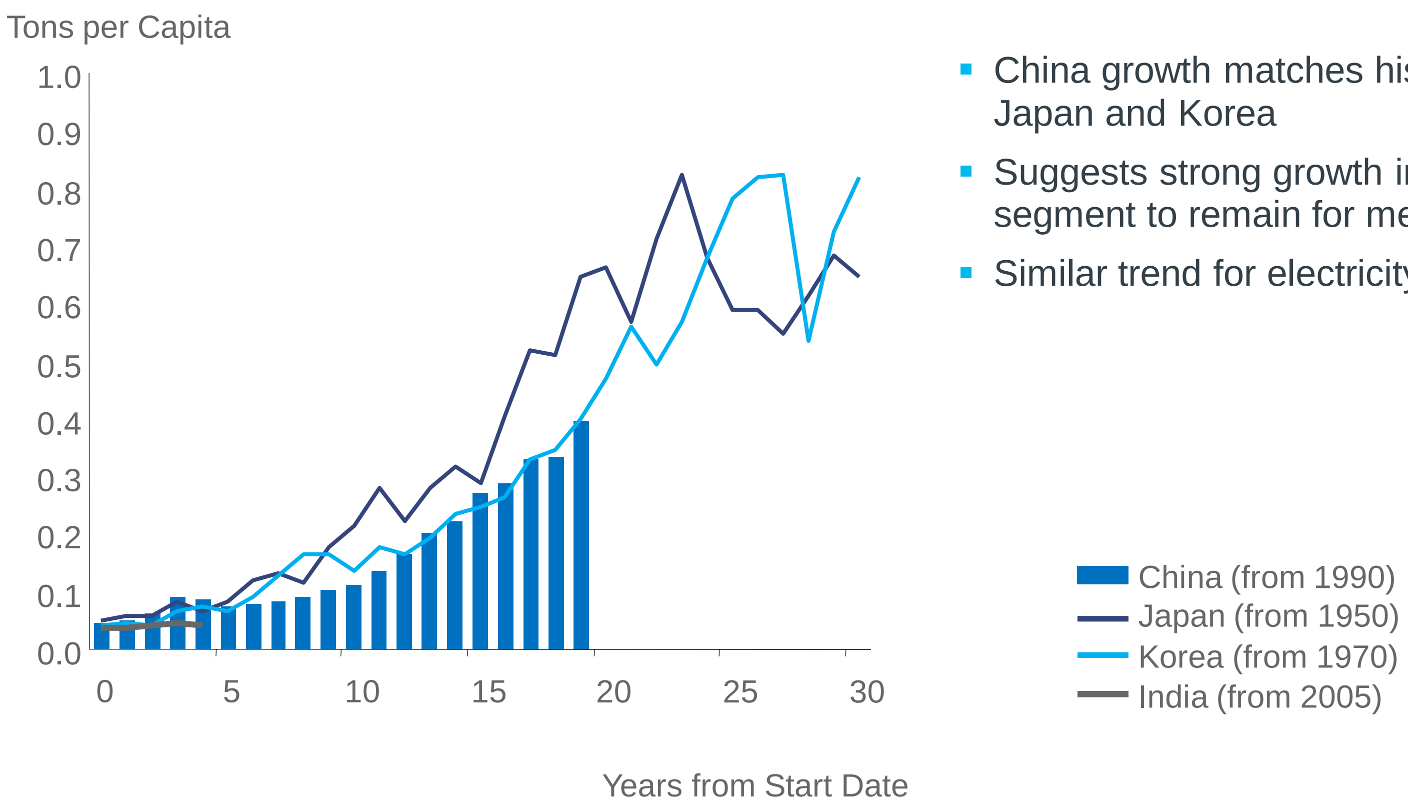




- Group results were impacted by:
  - \+ valuable cargo book & business model → 32% outperformance
  - \+ 16-18% reduction in our daily vessel costs
  - \+ solid US$12.6m contribution from PB Towage
  - \- weakest half-year dry bulk market since 1986
  - \- one-off US$6m lease break costs and exchange rate losses
- Balance sheet remains healthy with substantial cash position:
  - US$442m total cash and deposits
  - 29% group net gearing
- Acquired 27 dry bulk ships and long-term chartered another 9 YTD
- Fully-funded capital commitments of US$298m relating to 19 dry bulk ships
- No dividend for first half…
  …but will consider a payout based on the Group's full-year performance

Appendix:
China at late-Industrialisation Stage

Steel Consumption Per Capita

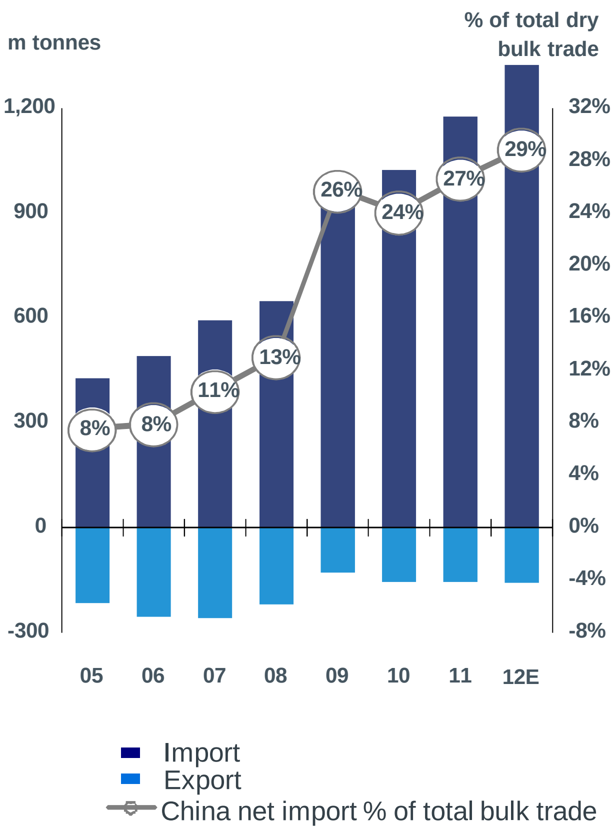


- China growth matches historical trend in Japan and Korea
- Suggests strong growth in dry bulk segment to remain for medium term
- Similar trend for electricity and cement

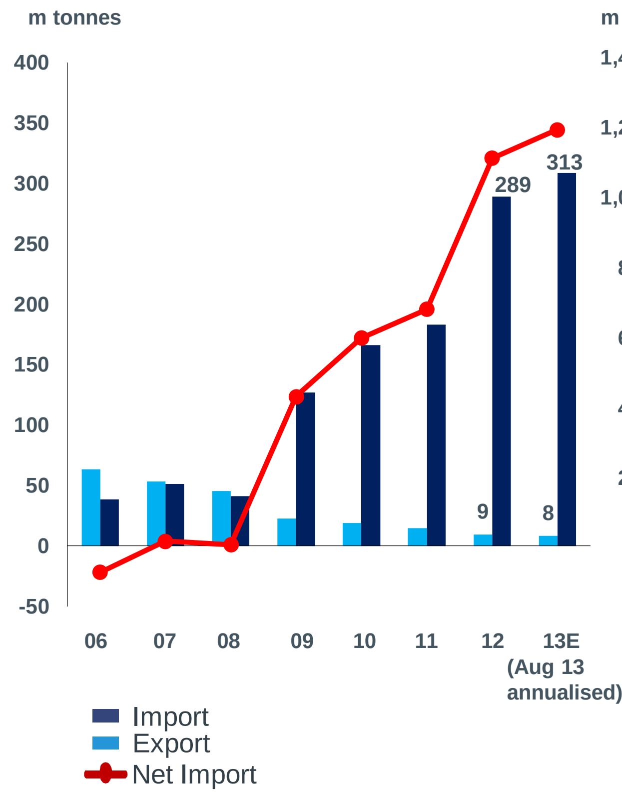
Pacific Basin

Appendix: China Dry Bulk Trade, Iron Ore & Coal Demand

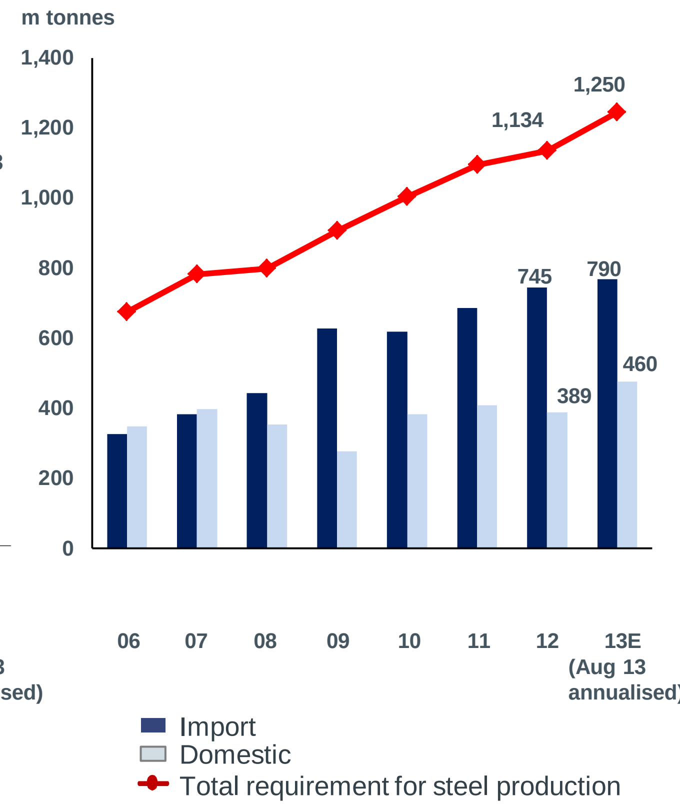
Chinese Dry Bulk Trade Volume



China is a significant net importer of coal in 1H13



China Iron Ore Sourcing for Steel Production



Source: Clarksons, Bloomberg, data as at 1 Sep 2013

Pacific Basin

Appendix: 2013 Interim Financial Highlights

US$m	1H13	1H12
Segment net profit	**25.8**	18.2
▪ Treasury	**(4.3)**	(0.9)
▪ Discontinued Operations - RoRo	**(0.8)**	(8.5)
▪ Non direct G&A	**(7.1)**	(5.6)
Underlying profit	**13.6**	3.2
▪ Unrealised derivative expenses	**(3.5)**	(9.1)
▪ RoRo vessel exchange loss & impairment charge	**(8.3)**	(190.0)
▪ Expenses relating exercising five purchase options under finance leases	**(6.1)**	-
▪ Towage exchange gain	**4.6**	-
Profit/(Loss) attributable to shareholders	**0.3**	(195.9)

- Underlying profit increase reflected increased Handymax contribution and reduced loss from discontinued RoRo operation
- RoRo foreign exchange loss was released from reserves upon commencement of 3 bareboat charters

Appendix:
Pacific Basin Dry Bulk

Handysize		**1H13**	1H12	Change
Revenue days	(days)	**23,740**	19,210	+24%
TCE earnings	(US$/day)	**9,290**	10,540	-12%
Owned + chartered costs	(US$/day)	**8,280**	9,250	-11%
Handysize contribution	(US$m)	**22.4**	22.8	-2%
Handymax contribution	(US$m)	**4.3**	(1.4)	+407%
Post Panamax contribution	(US$m)	**2.9**	2.8	+4%
Direct overhead	(US$m)	**(18.3)**	(16.7)	-10%
Dry Bulk Net profit	**(US$m)**	**11.3**	7.5	+51%
Annualised return on net assets (%)		**3%**	2%	+1%

- Revenue day increase reflects increased index-linked chartered-in vessels
- Daily costs reduction reflects lower market rates for chartered-in vessels

Appendix:
Pacific Basin Dry Bulk – Handymax

		1H13	1H12	Change
Revenue days	(days)	**9,050**	6,940	+30%
TCE earnings	(US$/day)	**10,570**	11,520	-8%
Owned + chartered costs	(US$/day)	**10,060**	11,720	-14%
Handymax contribution	(US$m)	**4.3**	(1.4)	+407%
Post Panamax contribution	(US$m)	**2.9**	2.8	+4%
Total contribution	(US$m)	**7.2**	1.4	+414%

- Earnings: Time Charter Equivalent (TCE) rates reflect weaker spot freight market
- Costs: Blended daily costs reflect lower chartered-in costs market vessels
- Net profit: excludes US$1.4m unrealised net derivatives expenses

Appendix:
Daily Vessel Costs – Handymax

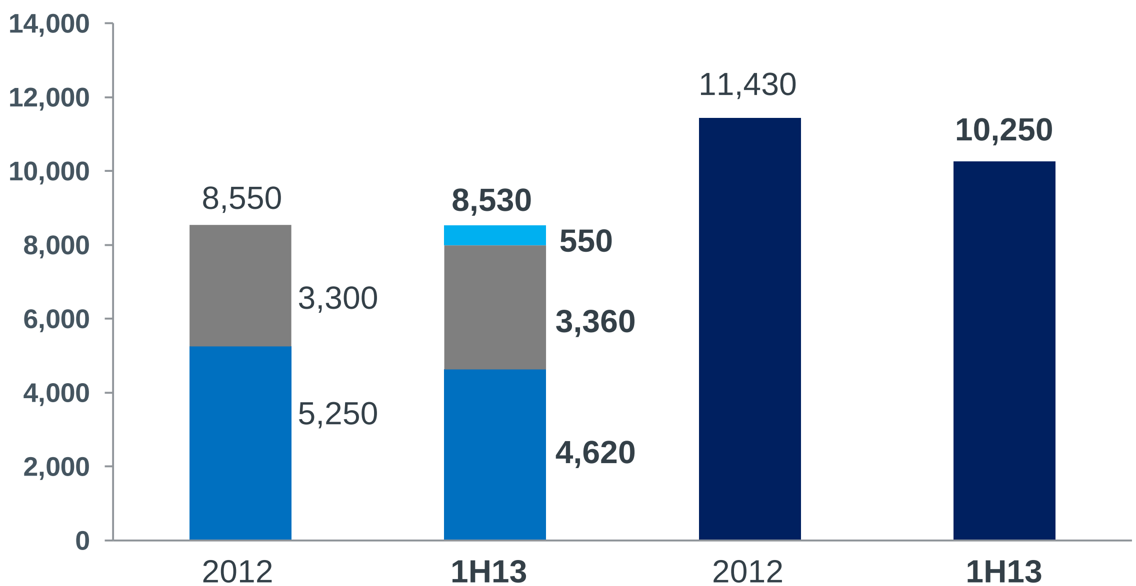
As at 30 June 2013

- Charter-hire
- Finance cost
- Depreciation
- Opex

US$/Day

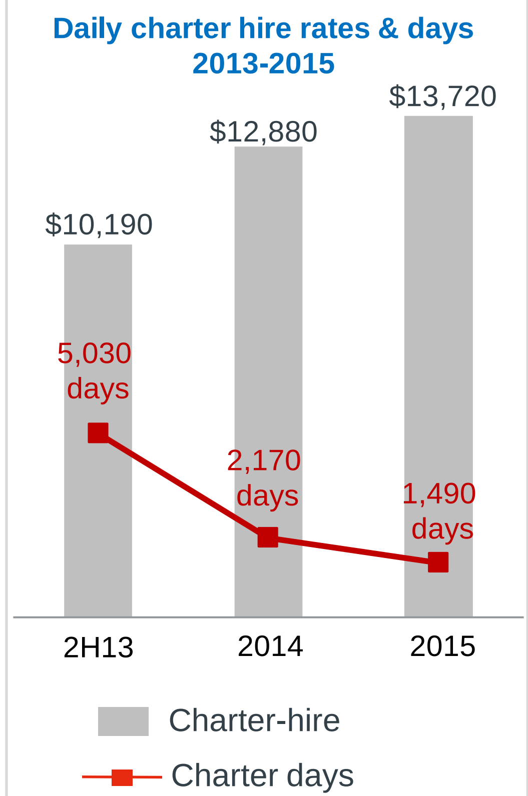
Owned | **Chartered**

Blended US$10,060 *(FY2012: US$11,240)*



	2012	**1H13**	2012	**1H13**
Vessel Days	940	**1,010**	13,690	**8,070**
	6%	**11%**	94%	**89%**

Inward Charter Commitments

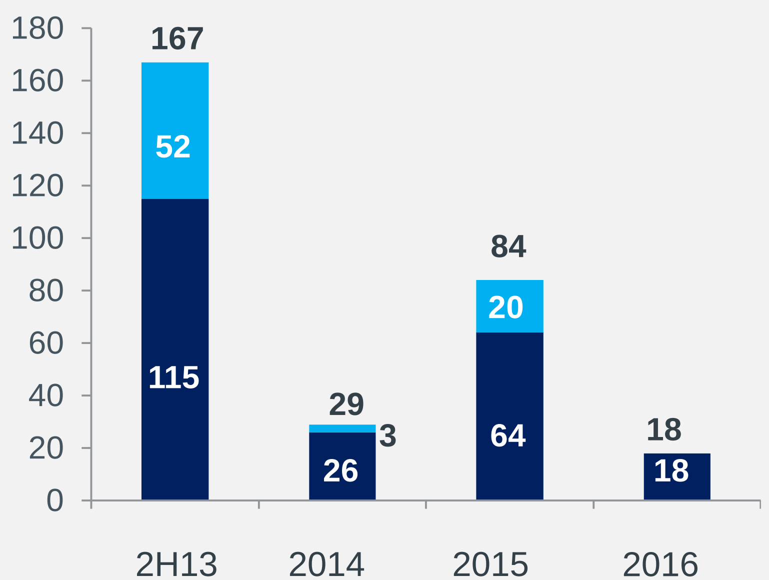


Appendix:
Capex and Combined Vessel Value

As at 30 June 2013

Vessels Commitments

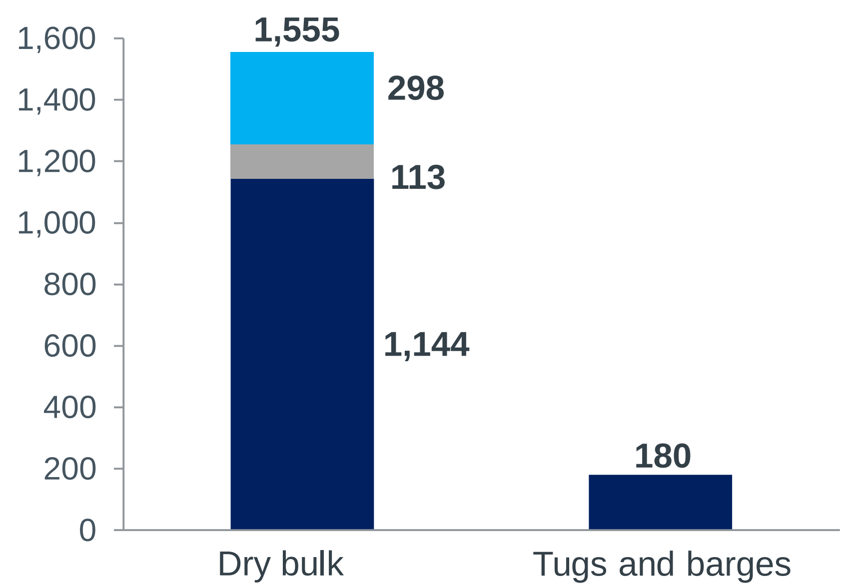
Total US$298m



- Handysize x 15, US$223m
- Handymax x 4, US$75m

A Combined View of Vessel Carrying Values and Commitments

Total US$1,735m



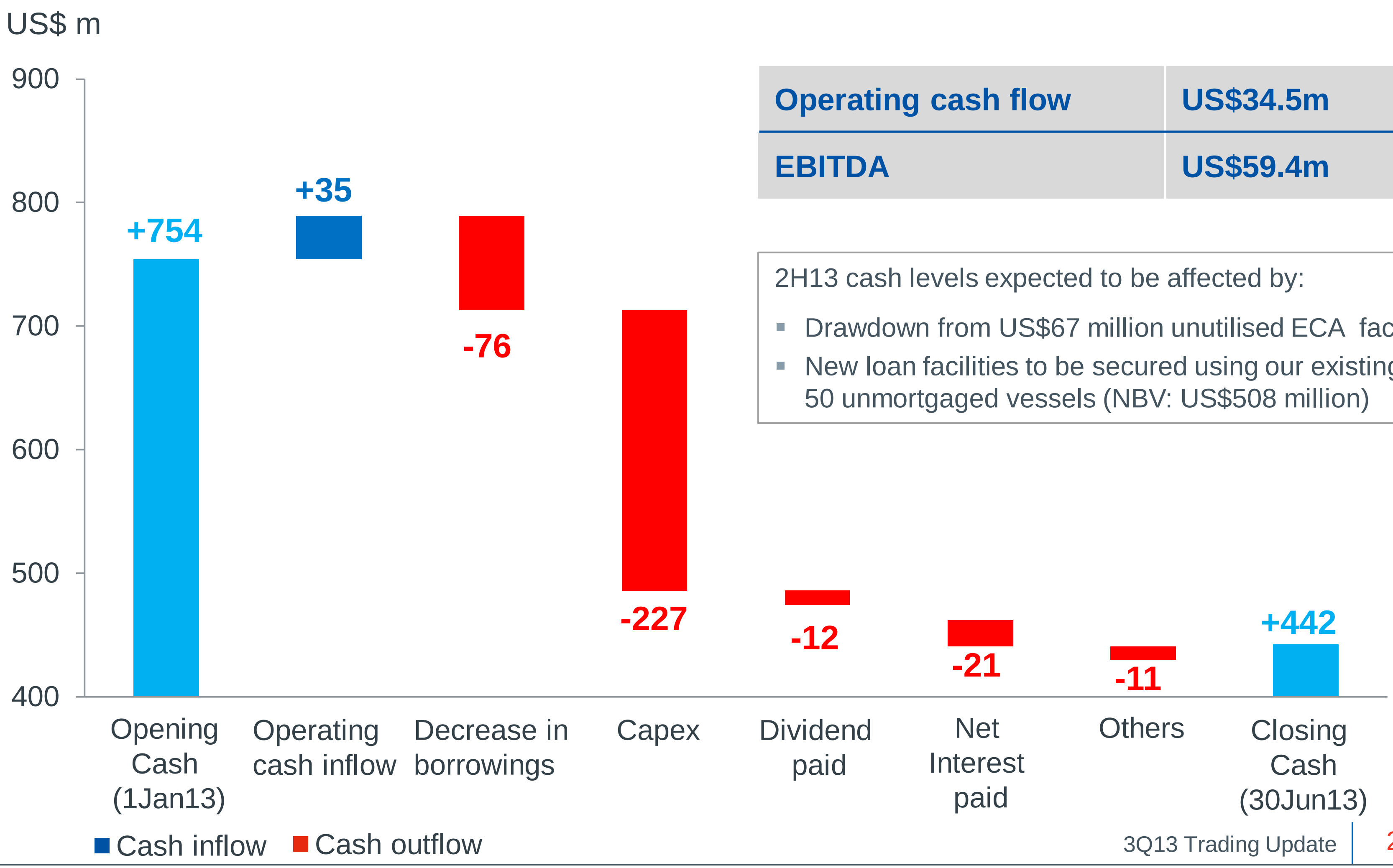
- Vessel carrying values, US$1,324m
- Progress payments made, US$113m
- Future installments due, US$298m

- Further commitments expected in Dry Bulk

Appendix: Cash Flow

As at 30 June 2013

1H2013 Sources and Uses of Group Cash Flow



Operating cash flow	**US$34.5m**
EBITDA	**US$59.4m**

2H13 cash levels expected to be affected by:

- Drawdown from US$67 million unutilised ECA facility
- New loan facilities to be secured using our existing 50 unmortgaged vessels (NBV: US$508 million)

Appendix:
Pacific Basin Dry Bulk – Outlook

- China's continued strong demand for minor bulks despite slower economic growth
- Continued US economic recovery and reviving industrialisation in North America
- High level of scrapping and decreasing newbuilding deliveries leading to zero or negative Handysize net fleet growth
- Bank lending remains selective, limiting funding for ship acquisitions to shipowners with track records and healthy balance sheets

- Excessive newbuilding capacity, especially in China, and competition from shipyards to win new orders
- Credit squeeze in China leading to slower economic and industrial growth and slower growth in dry bulk imports
- Shipowner optimism resulting in less scrapping and increased vessel ordering

PB Outlook:

- Expect seasonally stronger demand combined with reduced newbuilding deliveries late in the year to support a stronger Handysize and Handymax spot market in 4Q 2013

  (benefitting also from current strength in larger ship segments)

- Handysize & Handymax spot markets to continue to demonstrate gradual recovery in medium term, but…
- Will take time to absorb over-supply of larger ships and for cyclical upturn/sustained recovery to take hold

Strategy:

- Expand our fleet of high-quality owned and chartered Handysize and Handymax ships

  (growing difficulty in finding good value opportunities, so our pace of acquisitions is likely to be slower)

- Expand our customer and cargo portfolio – including new dry bulk presence in Dubai in January 2014

Appendix: PB Towage – Outlook

- Growth in Australian bulk exports and port infrastructure development
- Exclusive licences in a number of bulk ports up for tender in 2015 onwards
- Potential for long-term LNG terminal towage contracts as projects move from construction to production phase
- Growth in international and domestic project cargo movements in LNG and mining sectors

- Volatile global markets and hesitation in global economic recovery, amplified by a credit squeeze in China, impacting growth in dry bulk trades and Australian port activity
- Labour market shortages and cost pressures in Australia impacting returns from capital investment projects and oil companies' appetite for investment
- Exchange rate movements affecting business drivers including Australia's export competitiveness, imports and trade balance

PB Outlook:

- LNG projects under construction expected to drive continued long-term demand for logistics and construction support services on Australian coast
- Further expansion of mines and minerals sector expected to support Australian seaborne trade growth and, in turn, sustained steady growth in harbour towage job numbers
- Long-term outlook for PB Towage remains positive
- Shorter-term contribution from PB Towage is likely to be impacted by costs and reduced revenue and utilisation as we redeploy our assets and resources from completed projects to new projects

Strategy:

- Target profitable growth opportunities in both the harbour and marine logistics support sectors
- In harbour sector, continue to consolidate our position in existing ports, including Newcastle, and pursue potential opportunities to operate at exclusive ports
- In the project sector, concentration remains on delivering best possible service on existing contracts while also seeking opportunities in Australia and internationally including shipment of modular cargo

Appendix:
PB RoRo

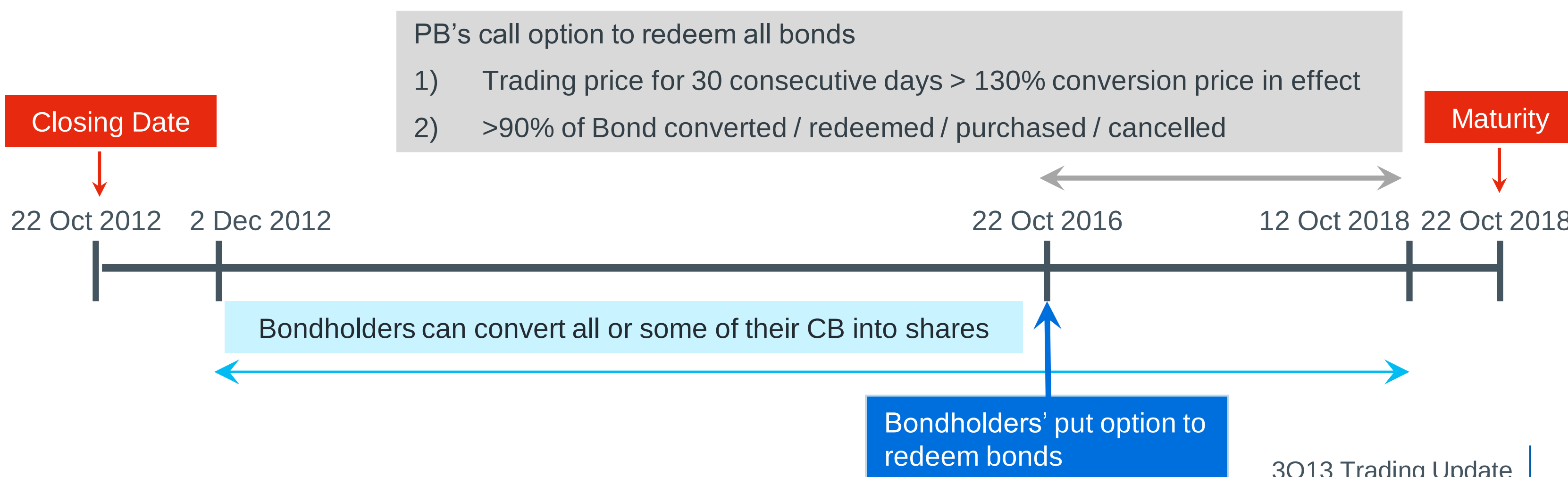
US$ Million	2H13	2014	2015	Total
Interest Income - Treasury	3.8	6.1	2.9	12.8
Exchange Losses - Unallocated	-	(5.0)	-	(5.0)
Total	3.8	1.1	2.9	7.8

- Considered a discontinued operation
- 2012: Agreed sale of all 6 RoRos to Grimaldi for Eur153m (approx. US$188m)
- All 6 vessels to be bareboat chartered by buyers until transfer of ownership
- 5 bareboat charters commenced:
  - 2 in Oct 2012
  - 3 in Feb 2013 (ownership transfer of 1 completed in June 2013)
  - 1 to commence in March 2014, after current time charter
- At least one vessel to be purchased by end of each 6-month period ending June 2013 through Dec 2015

Appendix: Convertible Bonds Due 2018

Issue size	US$123.8 million
Maturity Date	22 October 2018 (6 years)
Investor Put Date and Price	22 October 2016 (4 years) at par
PB's Call Option	1) Trading price for 30 consecutive days > 130% conversion price in effect 2) >90% of Bond converted / redeemed / purchased / cancelled
Coupon	1.875% p.a. payable semi-annually in arrears on 22 April and 22 October
Redemption Price	100%
Initial Conversion Price	HK$4.96 (current conversion price: HK$4.90 with effect from 24 April 2013)
Intended Use of Proceeds	To acquire additional Handysize and Handymax vessels, as well as for general working capital

Conversion/redemption Timeline



Pacific Basin

Appendix: Convertible Bonds Due 2016

Issue size	US$230 million
Maturity Date	12 April 2016 (6 years)
Investor Put Date and Price	12 April 2014 (4 years) at par
Coupon	1.75% p.a. payable semi-annually in arrears on 12 April and 12 October
Redemption Price	100%
Initial Conversion Price	HK$7.98 (Current conversion price: HK$ 7.18 with effect from 24 April 2013)
Conversion Condition	Before 11 Jan 2011: No Conversion is allowed 12 Jan 2011 – 11 Jan 2014: Share price for 5 consecutive days > 120% conversion price 12 Jan 2014 – 5 Apr 2016: Share price > conversion price
Intended Use of Proceeds	To purchase the 3.3% Existing Convertible Bonds due 2013, then redeem the 2013 Convertible Bonds (now all redeemed & cancelled)
Conditions	▪ Shareholders' approval at SGM to approve the issue of the New Convertible Bonds and the specific mandate to issue associated shares. ▪ If the specific mandate is approved by the shareholders at the SGM, the Company would not pursue a new general share issue mandate at the forthcoming AGM on 22 April 2010

Conversion/redemption Timeline