



Stock Code: 2343



**HSBC –
Shipping Day 2009, Hong Kong**

Roadshow - 18 March 2009

Pacific Basin Overview

- ▶ World's leading dry bulk owner/operator of modern handysize vessels and a top 10 handymax operator, principally operating in the Asia Pacific region
- ▶ Operating over 100 ships directly serving major industrial customers
- ▶ Carrying the dry bulk commodities required for Asia's growth
- ▶ Major presence in RoRo, Towage businesses, with supporting Maritime Services
- ▶ Headquartered in Hong Kong with 21 locations worldwide, 360+ group staff, 1,800+ seafarers *



* As at Feb 2009

2008 Results Highlights

- ▶ Profits: US\$409m (US\$472m) • Basic EPS: HK\$1.89 (HK\$2.34)
- ▶ Adjusted profit of US\$547m after one-off charges and non-cash expenses
- ▶ Strong balance sheet with cash position of US\$1bil and net cash of US\$176mil
- ▶ Time charter equivalent earnings: US\$909m (US\$700m)
- ▶ Includes US\$149.8m (US\$137.4m) disposal gains
- ▶ ROE: 35% (78%) • Net profit margin: 45% (67%)
- ▶ 2008 dividend payout ratio: 57% of eligible profits distributed and no final dividend recommended
- ▶ Average daily charter rate:

	Cover	2009	2008
Handysize	60%	US\$16,950	US\$29,250
Handymax	123%	US\$30,000	US\$35,460

Measures Taken in 2008

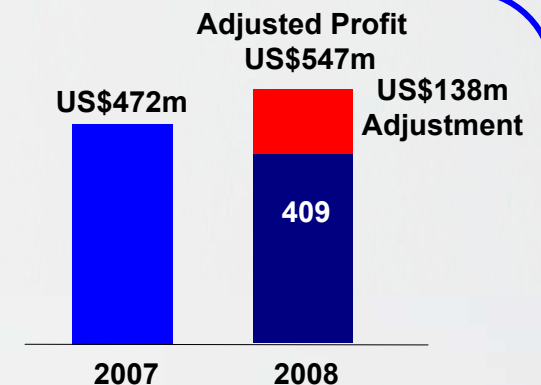
We are well positioned to weather the shipping and economic crisis and strengthen the Group:

▶ We have taken charges of US\$138m for:

- ▶ One-off advance charter hire payments (US\$42m)
- ▶ Provision for charter-in vessel contracts (US\$54m)
- ▶ Provision for vessel disposal loss in 2009 (US\$19m)

→ The above will benefit 2009 – 2012

▶ Net mark-to-market impairment for equity investment (US\$23m)



- ▶ Scale down non-core and focus on core businesses
- ▶ Anticipated 25% YoY reduction of 2009 overhead including 10% salary reduction for our most senior executives

Strategy

- ▶ 2008 strategic reorganisation:

Handysize and
Handymax
dry bulk businesses

Towage

Roll on Roll off

- ▶ Scale down non-core activities in China ports and maritime services
- ▶ Strategic capital commitments fully funded; >75% of future capex in Towage and RoRo assets
- ▶ Continue to build dry bulk cover by chartering directly with industrial commodity producers and users rather than intermediate users
- ▶ Use cash to invest in the right opportunities when they arise

Business Development

PB Towage

- ▶ Operates modern tugs in Brisbane, Sydney, Melbourne, W.Australia, Auckland and the Arabian Gulf.
- ▶ Provide harbour towage, regional specialist project towage (primarily to oil & gas and construction) and offshore work



Roll on Roll off

- ▶ 6 newbuildings will deliver in 2009 to 2011 including 2 purchase options with total consideration of US\$510m
- ▶ Good demand prospects, high average fleet age and low orderbook



Other Operations
& Business
Development

Fujairah Bulk Shipping

- ▶ Strategy to be the market leader in sourcing and transporting aggregate in the Gulf region
- ▶ In 2008, secured a major land reclamation contract in Fujairah



Port and Port Services

- APMIG
- ▶ Scaled back focusing on the Nanjing Longtan Tianyu Terminal (45% holding JV)
- In 2008, the port handled over 1.2mil tonnes of general cargo

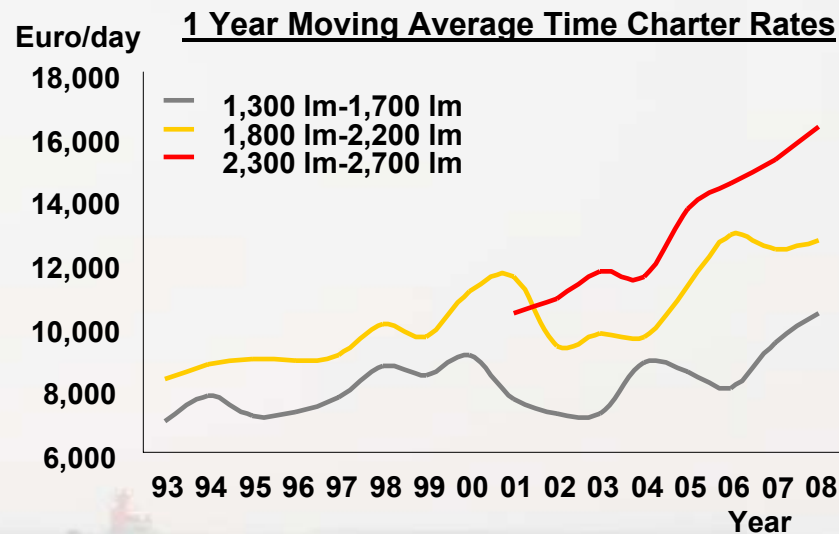


Post-Panamax

- ▶ A fifteen year bareboat charter with China Huaneng Group (CHG) and ten-year time charter with purchase option contract to a blue chip counterparty were signed

Roll On Roll Off (RoRo)

- ▶ 4 newbuildings and 2 purchase option vessels (3,600-3,800 lane metres) set to deliver from 2009 to 2011
- ▶ Used for transportation of wheeled cargoes (mostly trucks) which are loaded over a ramp
- ▶ Proven design, environmental friendly, and suitable for the common short sea trades
- ▶ The first vessel has already been fixed for 3 years (plus an optional 2 year period) to an established operator. No unfixed tonnage until early 2010
- ▶ Difficult and uncertain short-term outlook



Source: Maersk Broker Dec 2008

Attractive long term market fundamentals

- ▶ Good growth prospects in Asia Minor and Europe and, in future, the Far East
- ▶ “Motorways of the Sea” concept initiated by the EU
- ▶ Low orderbook (<20%)
- ▶ 40% of vessels aged 25 years or over

Fleet Profile

Fleet numbers as at 28 Feb 2008

Total **119** ships

Dry Bulk Fleet (excluding short term) – 86

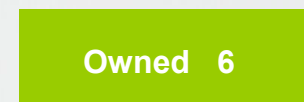
Short Term Chartered¹ – 28

Average Fleet Age: 6.7 years

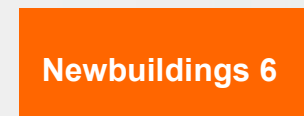
Towage – 27

Tugs: 21

Barge: 6

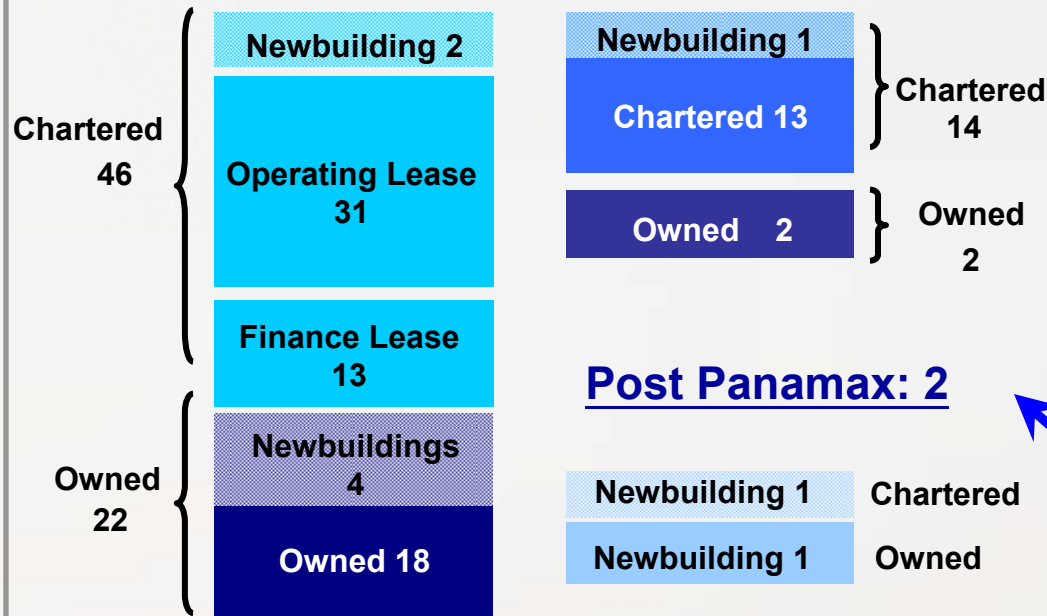


Roll on Roll off² – 6



Handysize: 68

Handymax: 16



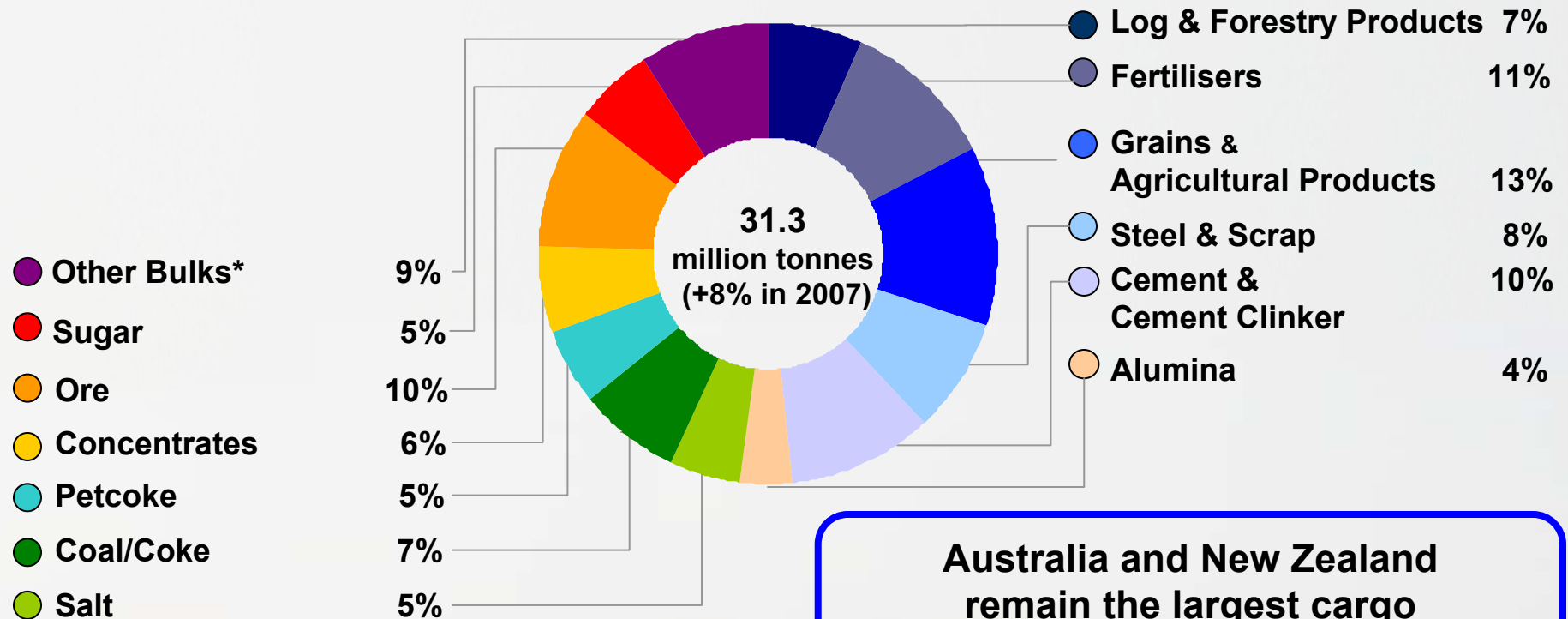
Includes 25 operating vessels with purchase options and finance leases

¹ Short term charters are generally those with charter periods not exceeding six months

² Two of the RoRo newbuilding vessels can be acquired by the Group within approx. 2 months of their delivery from the shipyard subject to the exercise of purchase options

Diversified Cargo

Total Handysize and Handymax Cargo Volume Mix 2008



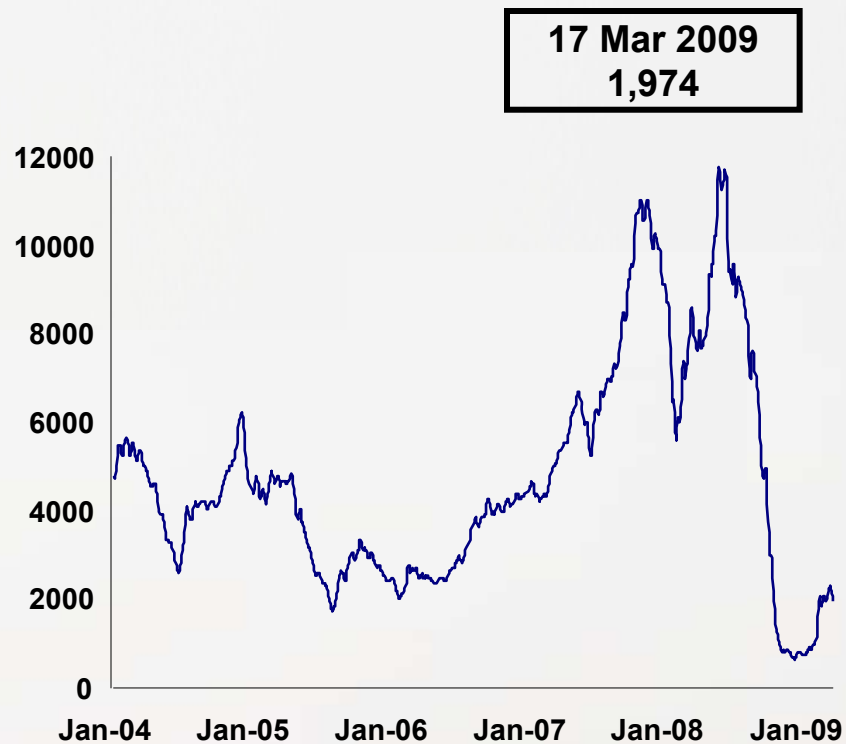
Australia and New Zealand remain the largest cargo loading and discharging areas

We carry a broad range of commodities and thus experience less volatility than larger dry bulk vessels

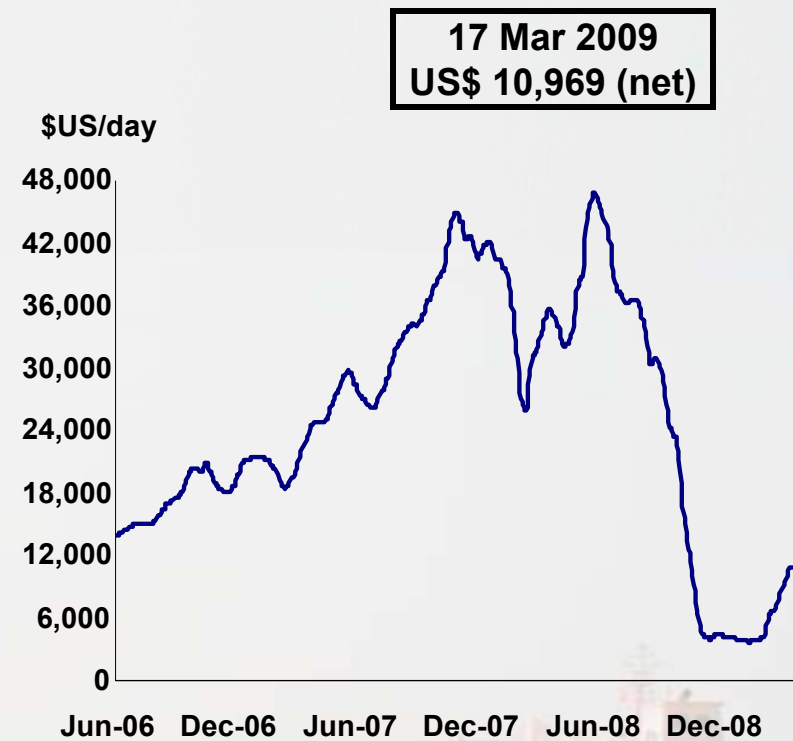
Other bulks: Gypsum, Sands, Soda Ash, Aggregates and other bulks

Baltic Exchange Indices

The Baltic Dry Index (BDI)

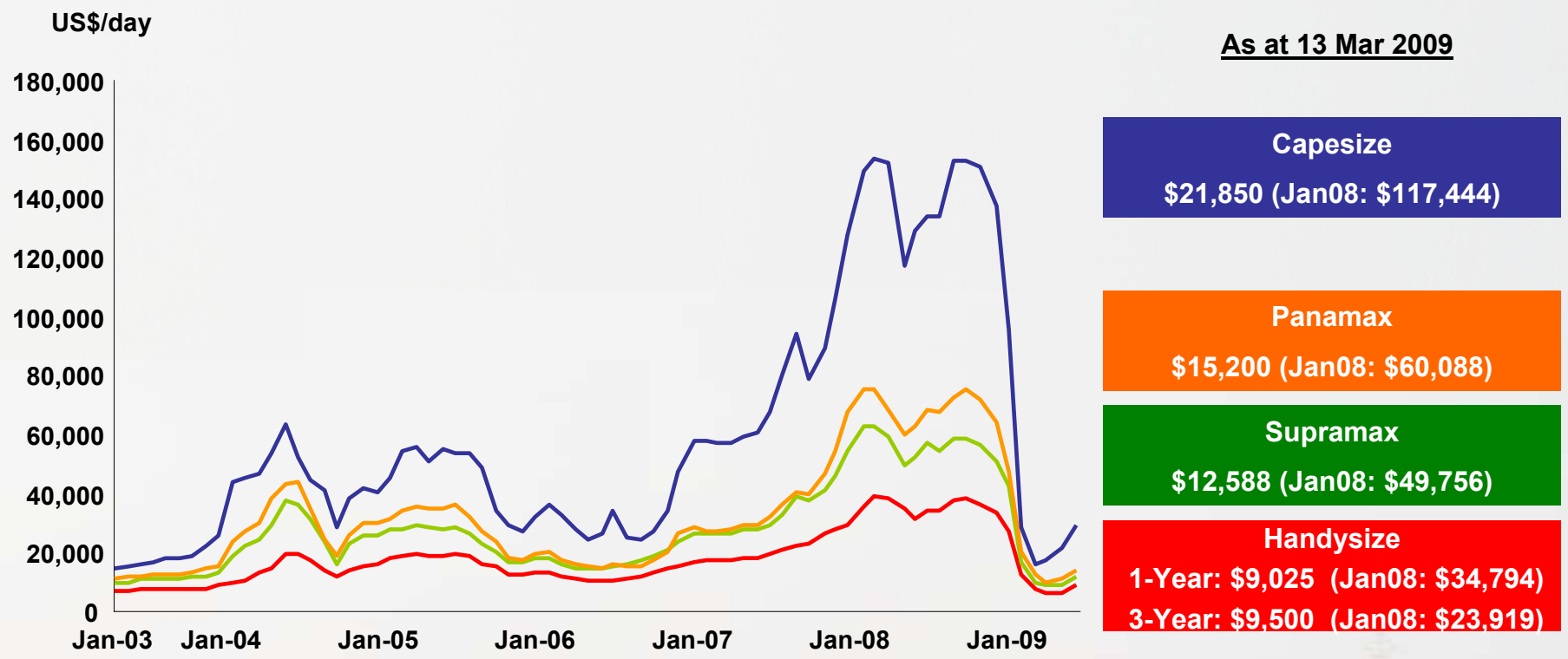


The Baltic Handysize Index (BHSI)



BHSI officially started on 2 January 07
Sources: The Baltic Exchange, Bloomberg LP

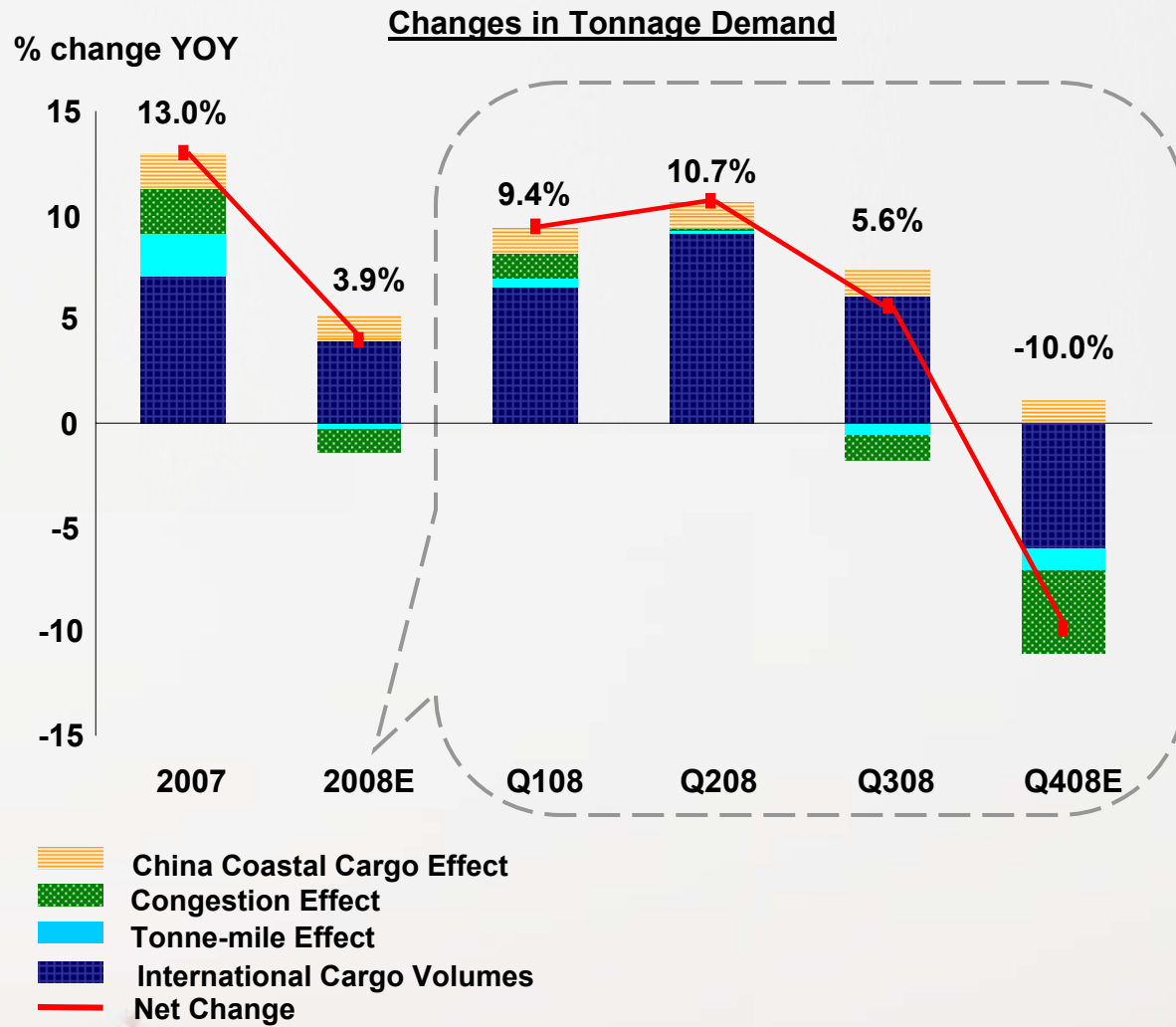
Dry Bulk – 1 Year Time-Charter Rate



Source: Clarkson



Tonnage Demand Contracting



Significant decrease in 4Q demand due to financial crisis, lack of trade credit, recession and slowdown in economic growth globally

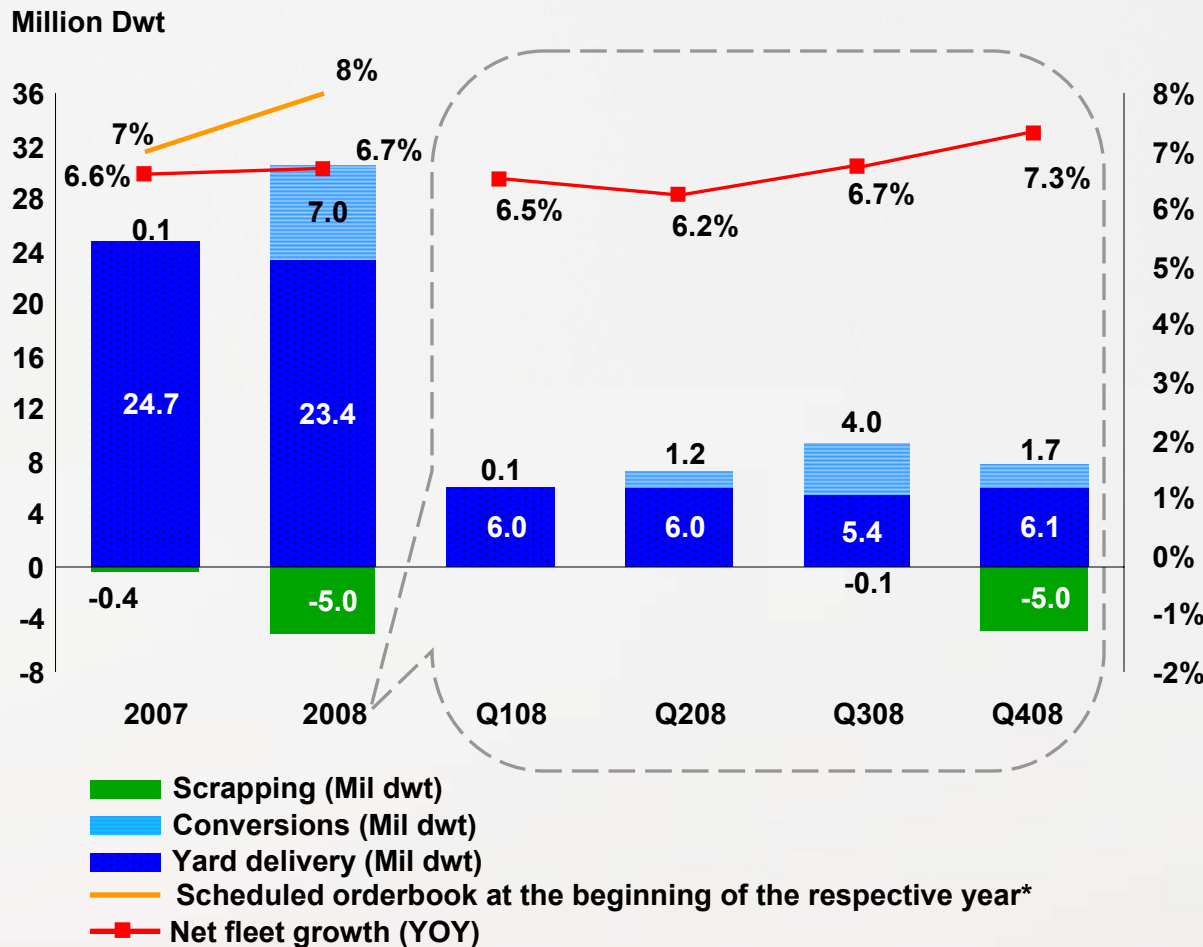
Long term, the industrialisation of China, India and other countries should support dry bulk demand for many years to come

Source: R.S. Platou Feb 2009



Fleet Development

Fleet Development 2007 - 2008







*Data as at Jan 2007 and Jan 2008 from Clarkson's World Shiptype Monitor
Source: Clarkson

Steady newbuildings delivery throughout 2008 and a surge of converted tankers in 2H08

Additional supply was partially offset by a revival in demolition. 5 million tonnes of dry bulk capacity was scrapped in Q408

Cancelled or delayed ship order resulted in a difference between orderbook and actual yard delivery

Orderbook

<u>Type of Vessels</u>	<u>Orderbook as % of Existing Fleet (dwt)</u>	<u>Ave. Age</u>
Dry Bulk *	70%	
Capesize 100K + 	106%	11.5
Panamax 60-100K 	53%	12.0
Handymax 35K-60K 	61%	15.3
Handysize 25,000- 34,999 	46%	17.7

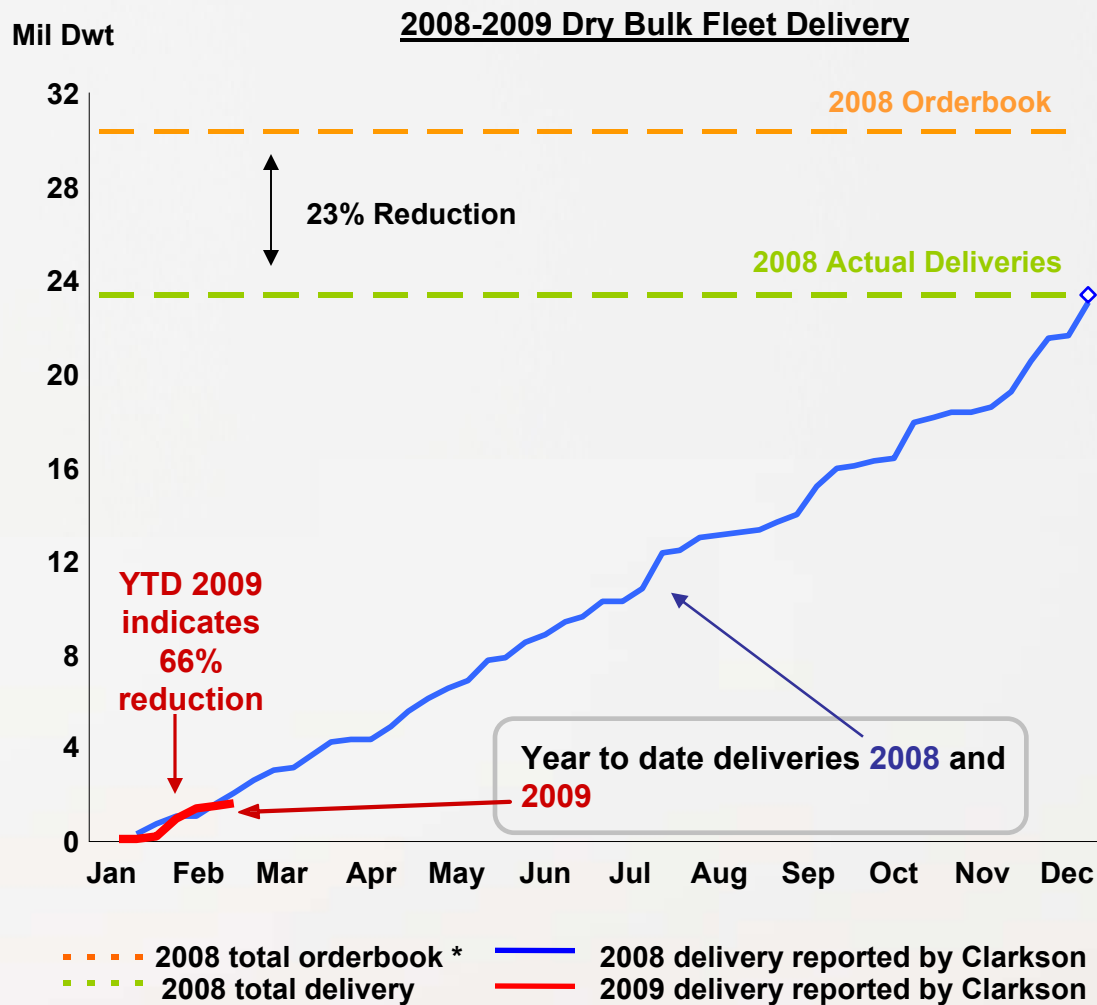
**Fleet orderbook
since 3Q08;
Few new orders placed**

**Bank constraints
limit desire
and ability to order**

Source: Clarkson 1 Feb 2009

Note: * >10,000 Dwt

Slow Pace of Deliveries



**In 2008,
Orderbook: 30.4mil *
VS
Actual delivery: 23.4mil**

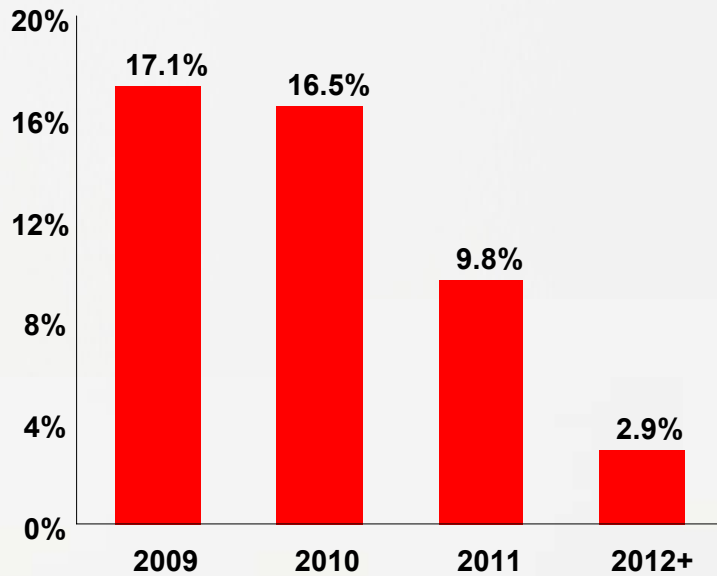
**2009 Orderbook:
68.9mil dwt**

**Preliminary figures
indicate less vessels
may deliver than the
orderbook implies**

Source: Clarkson
* Clarkson's Dry Bulk Trade Outlook Jan 2008

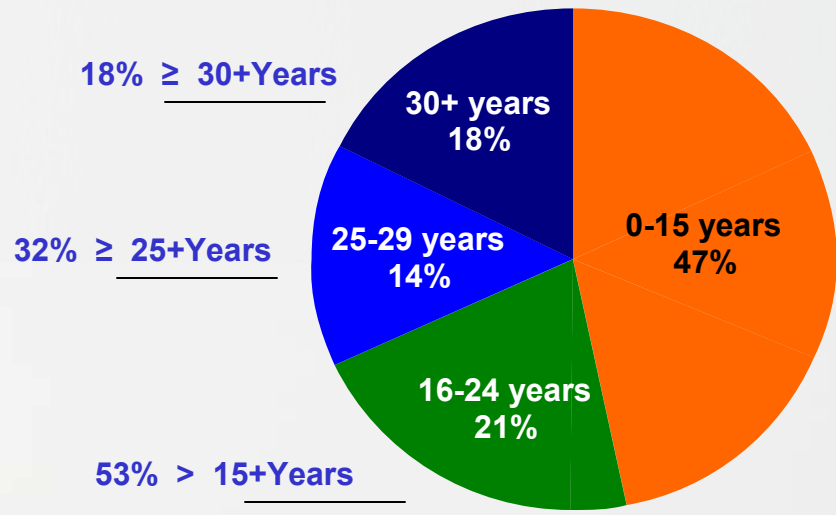
Handysize Age Profile

Orderbook
25,000-34,999dwt (46%)



Existing Fleet

Total handysize 25,000- 34,999 dwt fleet :
1,284 Vessels (37.8 mil dwt)



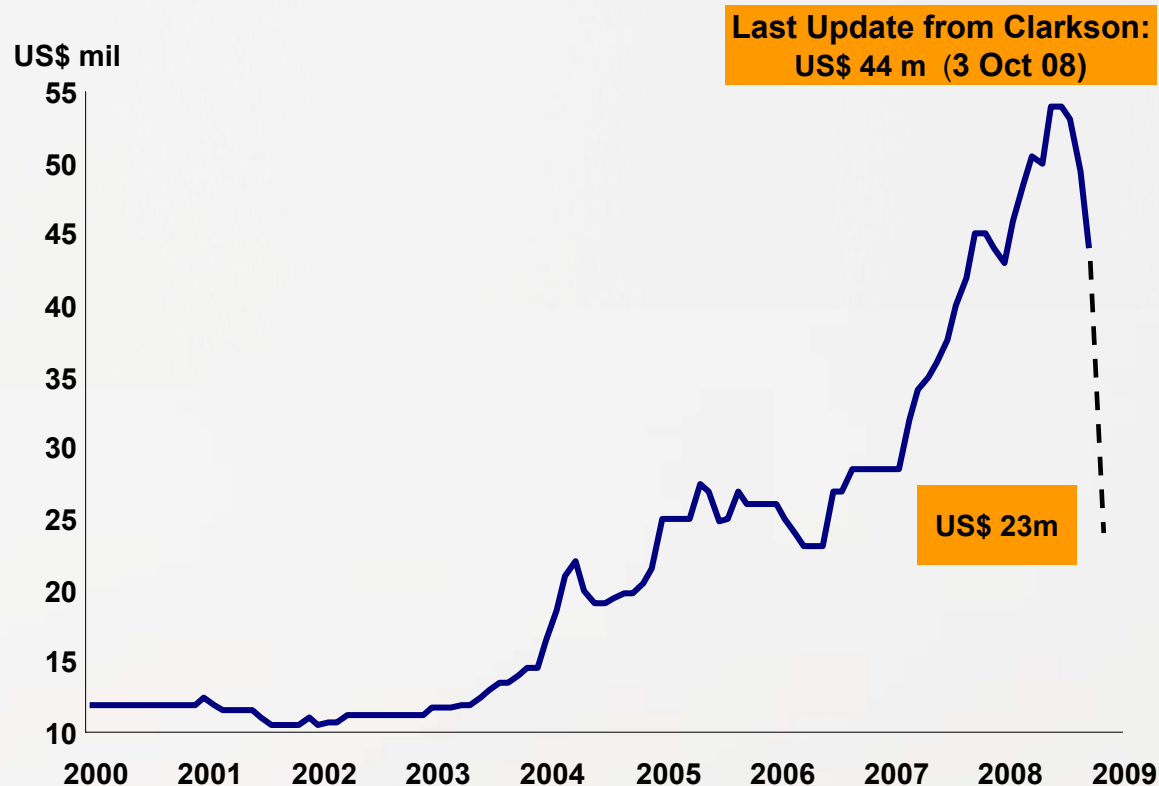
Uncertainty over actual deliveries in 2009/2010, compounded by financial crisis

More than 32% older than 25 years, scrapping started due to freight rate reduction

Source: Clarkson, 1 Feb 2009
Note: % of the existing fleet expressed in Dwt
* 25,000-34,999 Dwt

Dry Bulk Carrier Sale & Purchase Market

2nd-hand five year old handysize vessel price (25K-35K dwt)



Source: Clarkson, 3 Oct 08

Clarkson has stopped publishing handysize (indeed any dry bulk carrier) vessel values

Market turbulence has affected secondhand vessel prices

Sale and purchase activity started to return in November 2008 as owners and operators adjusted to the lower market

We estimate price of a 5 year old secondhand handysize at ~US\$23m

2008 Financial Highlights

TCE Earnings (US\$m)

Vessel disposal gains

Reported net profit

One-off termination payments

Provision for onerous charter contracts

Net mark-to-market expenses for equity investment

Impairment for vessels to be disposed in 2009

Adjusted net profit

Basic EPS (HK¢)

Return on average shareholders' equity

Dividends (HK¢ per share)

Eligible profits payout ratio

2008

909.4

149.8

409.1

41.8

53.9

23.1

19.5

547.4

189

35%

76.0

57%

2007

700.5

137.4

472.1

-

-

-

-

472.1

234

78%

120.0

52%

Results – Handysize Freight & Charter-hire

Drivers of the results

		1H08	2H08	2008	2007	% Change
Revenue days	(days)	11,540	11,230	22,770	20,100	+13%
TCE earnings	(US\$/day)	32,460	25,950	29,250	23,200	+26%
Owned + chartered cost	(US\$/day)	12,840	13,590	13,210	10,240	+29%
Contribution	(US\$m)	226.4	138.8	365.2	260.5	+40%
<i>One-off early termination charterhire payments</i>				(28.8)		
<i>Provision for onerous charter contracts</i>				(53.9)		

Blended daily cost reflects more chartered in vessels

Blended daily cost excludes one-off payments and provisions

2H08 still profitable after one-off payment & provision

Results – Handymax Freight & Charter-hire

Drivers of the results

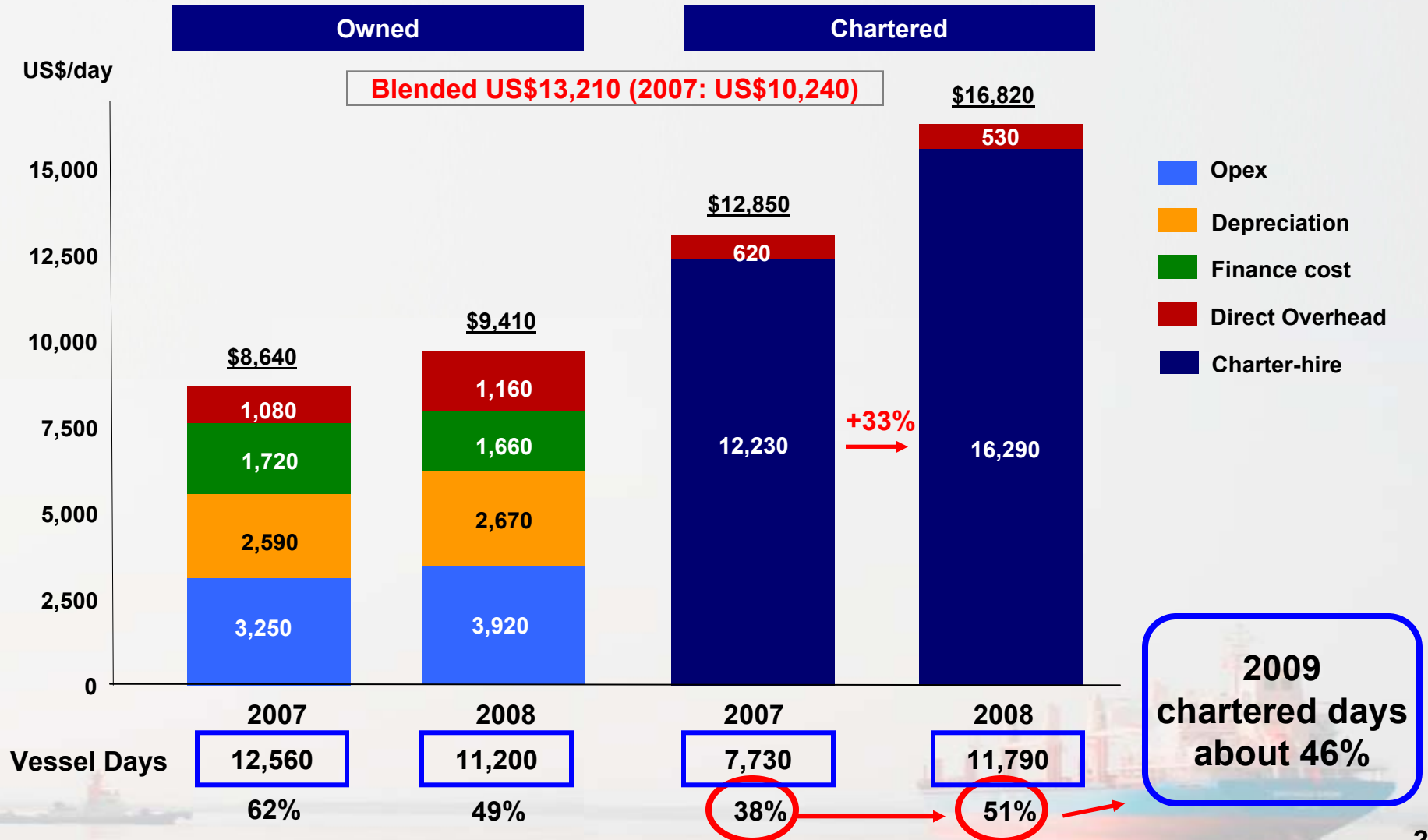
		1H08	2H08	2008	2007	% Change
Revenue days	(days)	2,900	2,790	5,690	4,870	+17%
TCE earnings	(US\$/day)	46,100	43,590	44,870	30,040	+49%
Owned + chartered cost	(US\$/day)	32,940	38,120	35,460	23,050	+54%
Contribution	(US\$m)	38.2	15.3	53.5	34.0	+57%
<i>One-off early termination charterhire payments</i>				(13.0)		

More chartered in vessels
Increased revenue days

2008 TCE rates reflect use of
short term chartered in vessels

Daily Vessel Costs - Handysize

As at 31 Dec 08



Lower Future Charter Expenses

2 adjustment items:

One-off early termination payments US\$41.8 million for new lower cost charters

Provision for onerous charter contracts US\$53.9 million

US\$/day	PB Handysize Operating leases			PB Handymax Operating leases		
	<i>Before</i>	<i>After</i>	<i>Days</i>	<i>Before</i>	<i>After</i>	<i>Days</i>
Year						
2009	15,260	10,130	9,590	29,000	25,710	3,650
2010	13,870	9,160	6,180			
2011	10,800	8,620	2,840			
2012	11,250	11,090	2,510			

Impact of Financial Instruments

US\$ mil	Year ended 31 December			
	Realised	Unrealised	2008	2007
Net Gains / (Losses)				
Interest rate swap contracts	(0.8)	(5.9)	(6.7)	(1.4)
Bunker swap contracts	11.8	(59.0)	(47.2)	35.4
Forward freight agreements	5.2	71.8	77.0	(51.9)
	16.2	6.9	23.1	(17.9)

**Completed in period
& cash settled**

**i) Contracts to be settled
in future period
+
ii) Accounting reversal of
earlier period contracts
now completed**

Balance Sheet

US\$mil

Net book value of fixed assets ¹

Gross borrowings

Cash

Net cash / (borrowings)

Shareholder's equity

Net cash (borrowings) / Fixed assets

Net cash (borrowings) / Shareholder's equity

31 Dec 08

794.6

847.8

1,023.7

175.9

1,218.7

21.8%

14.4%

31 Dec 07

755.9

660.2

649.5

(10.7)

867.6

(1.4)%

(1.2)%

Note 1

30 delivered dry bulk, NBV = US\$528.9m

Avg NBV:

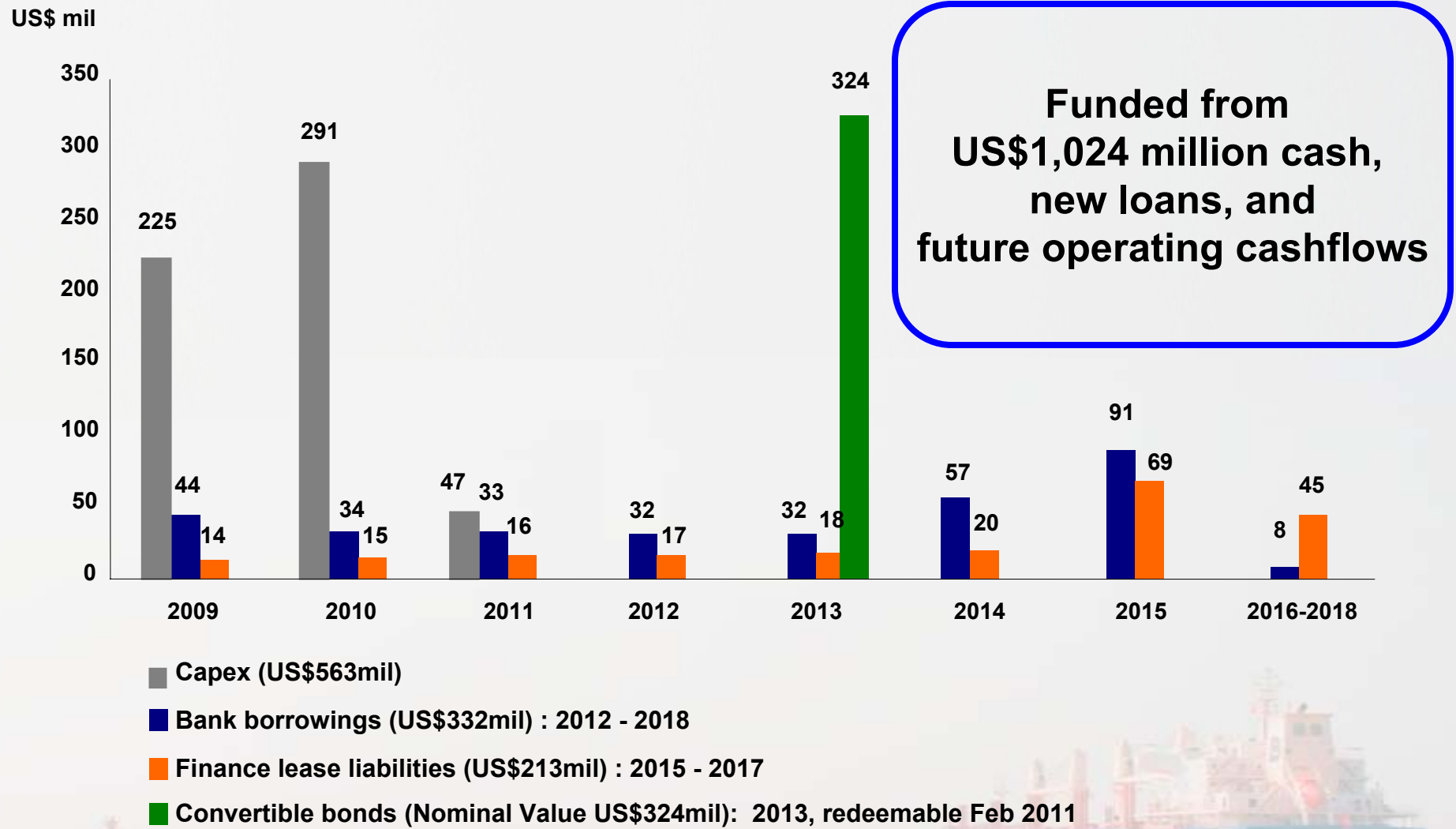
HS: US\$17.7m, HM: US\$16.4m

Avg replacement value: HS: US\$29.0m, HM: US\$31.5m

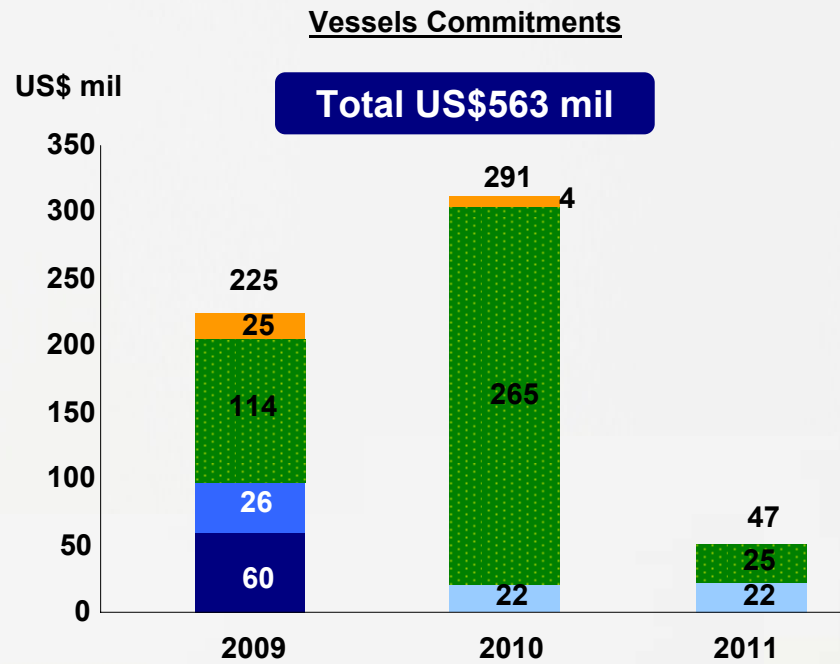
Replacement values of vessels with Ownership interest US\$1.7bn

- 46 Dry bulk = 1.3bn
- 4 RoRos = 0.3bn
- 27 Tugs & barges = 0.1bn

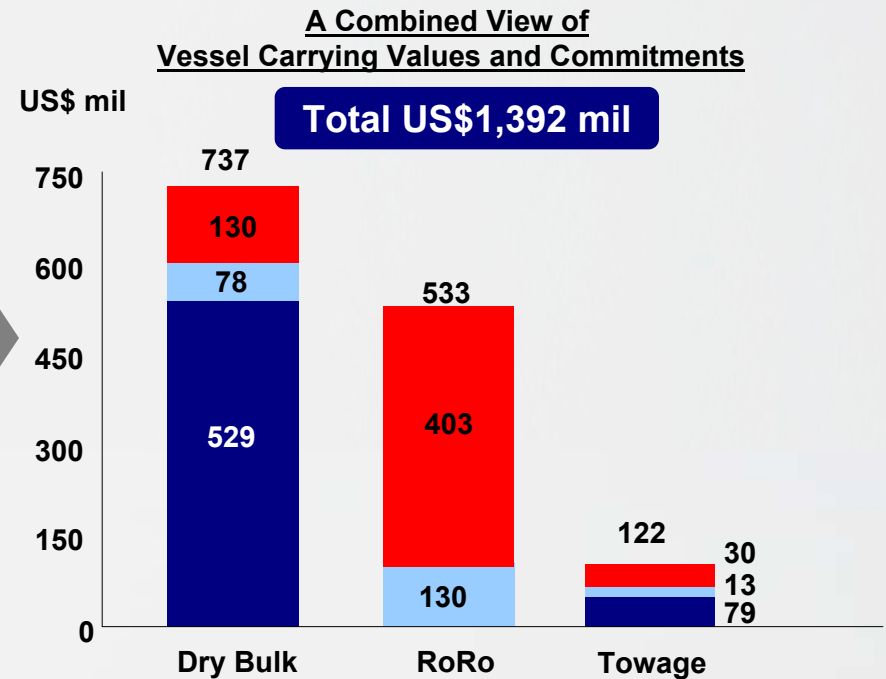
Borrowings and Capex



Capex and Combined Value by Vessel Types



- Handysize
- Handymax
- Post Panamax
- RoRo
- Tug & Barge



- Future installments US\$563mil
- Progress Payment Made US\$221 mil
- Vessels Carrying Values US\$608 mil

Funded from operating cashflow, existing cash + new debt (as required)

Further commitments expected in these areas

Cashflow

US\$ mil

Operating cash inflows

Investing cash (out) / inflows

- Vessels & other fixed assets related payments
- Sales of vessels
- Jointly controlled entities related payments
- Purchase of available-for-sale financial assets
- Others

Financing cash in/ (out) flows

- Proceeds from placement / issuance of convertible bonds
- Repurchase of convertible bonds
- Net drawdown / (repayment) of borrowings
- Dividends paid
- Others, mainly interest paid

Cash and bank balances

2008

459.1

(244.5)

(378.1)

313.5

(84.7)

(66.5)

(28.7)

110.8

271.0

(44.5)

239.1

(323.0)

(31.8)

1,023.7

2007

314.0

102.0

(259.4)

365.9

(1.5)

-

(3.0)

170.3

384.2

-

(59.8)

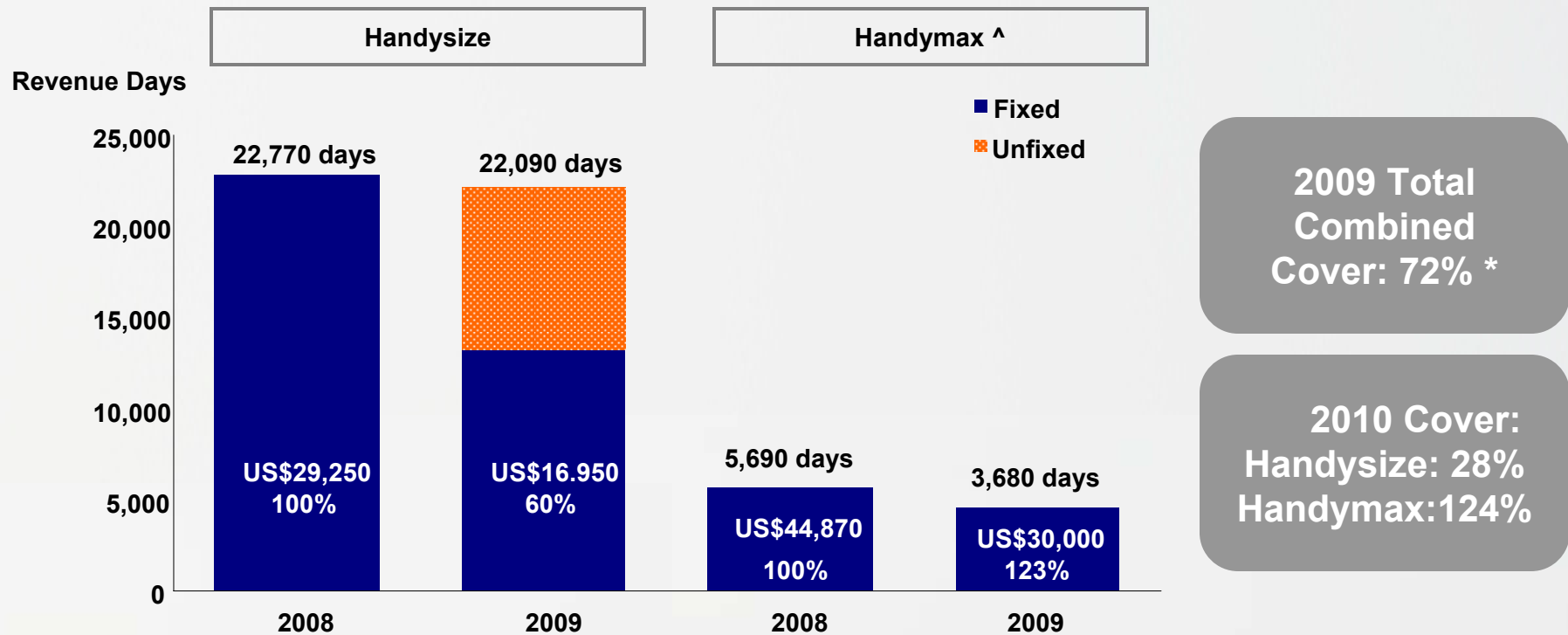
(136.3)

(17.8)

649.5

Earnings Coverage

Earnings coverage as at 20 February 2008



2009 Total Combined Cover: 72% *

2010 Cover:
Handysize: 28%
Handymax: 124%

60% of 2009 Handysize revenue days covered at rates significantly above market

Handymax 123% covered in 2009, meaning that we have contracted more cargo than tonnage; well positioned for a weaker market

^ Excludes 2 handymax vessels on long term charter

* As at 25 February 2009, we had covered 60% of our 22,090 2009 handysize revenue days and 123% of our 3,680 2009 handymax revenue days, equating to approximately 72% of our 2009 handysize equivalent days

Counterparty Risk Management

Customer

- ▶ Diversified customer base (over 200 customers) & ~100 different commodities carried
- ▶ 95%-100% of contracted dry bulk freight is payable upon completion of loading
- ▶ Fixing long term contracts with large, often blue chip commodity companies with a successful track record and reputation
- ▶ Assessing the credit worthiness of customers to ensure vessels are chartered to customers with an appropriate payment history

Forward Freight Agreements (FFA)

- ▶ Mainly trading with banks (minimum S&P - A Rating)
- ▶ Trading through a clearing house to settle accounts and maintain margin monies
- ▶ Assessing the counterparties for those previous contracts entered in the OTC market. We now substantially trade through the clearing system

Bunker

- ▶ Mainly trading with creditworthy oil companies & trading houses with minimum S&P - A Rating

Outlook

- ▶ **Focus on three core segments of dry bulk, towage, and RoRo**
- ▶ **Solid balance sheet – US\$176 million net cash, and shareholders' equity of US\$1.2 billion**
- ▶ **60% of 2009 handysize days covered at almost US\$17,000 per day; current spot market stands at US\$7,600 per day net. 2009 total combined cover is 72%**
- ▶ **Unchanged dividend policy - continue to pay out a minimum of 50% of profits excluding vessel disposal gains**
- ▶ **Challenging and uncertain market conditions in 2009**

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.