2018 First Quarter Trading Update

- Handysize and Supramax freight market indices YTD have followed similar pattern as in recent years, although at a significantly higher level with a short seasonal decline in early 2018 and recovery after Chinese New Year.

- In Jan 18 we took delivery of the last of 5 vessels we committed to acquire in Aug17, increasing our owned fleet to 106 ships on the water.

- Our capacity in 1Q18 was substantially unchanged from a year ago as we operated more owned ships but took in fewer short-term chartered ships primarily due to reduced Chinese steel export volumes.

- Market improvement since last year benefits our increased proportion of owned ships which have mainly fixed costs.

- We continue to look at good quality secondhand ship acquisition opportunities as prices are still historically attractive, resulting in reasonable break-even levels and shorter payback times.

- Minor bulk improvement in 1Q18 is encouraging with supply fundamentals looking more positive - we are cautiously optimistic for a continued market recovery, although with some volatility along the way.
## 2018 First Quarter Performance and 2018 Cover

<table>
<thead>
<tr>
<th>US$/day</th>
<th>Handysize</th>
<th>Supramax</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market (BHSI/BSI) index net rate</td>
<td>8,070</td>
<td>10,190</td>
</tr>
<tr>
<td>PB daily TCE net rate</td>
<td>9,360</td>
<td>11,250</td>
</tr>
<tr>
<td>PB outperformance</td>
<td>16% / 1,290</td>
<td>10% / 1,060</td>
</tr>
</tbody>
</table>

**Cover as at 6 Apr 2018**

<table>
<thead>
<tr>
<th></th>
<th>Handysize</th>
<th>Supramax</th>
</tr>
</thead>
<tbody>
<tr>
<td>PB daily TCE net cover rate</td>
<td>9,710</td>
<td>11,490</td>
</tr>
<tr>
<td>% cover for remaining contracted days</td>
<td>44%</td>
<td>66%</td>
</tr>
<tr>
<td>PB daily TCE net cover rate (FY)</td>
<td>9,540</td>
<td>11,370</td>
</tr>
<tr>
<td>% of contracted days covered</td>
<td>61%</td>
<td>79%</td>
</tr>
</tbody>
</table>

**Improvement over 1Q17:**
- **Handysize:** +25% / $1,900
- **Supramax:** +40% / $3,220

**Improvement over FY17 (actual):**
- **Handysize:** +15% / $1,220
- **Supramax:** +18% / $1,760
Market Review
Freight Market Recovery Continues

- YTD 2018 freight indices are following a similar seasonal pattern as last year, although at a higher level
- Demand was partly driven by strong 9% increase in Chinese dry bulk imports, especially minor bulks which increased about 17% YOY (Jan-Feb)
- In the Pacific, stronger market freight rates were partly supported by a shortage of suitable capacity and a continuing recovery in demand for commodities such as concentrates and logs from Australia / NZ
- In the Atlantic, Brazil and Argentina agri-bulk exports grew strongly YOY, partly offset by weaker US exports

* excludes 5% commission

# BSI is now based on a standard 58,000 dwt bulk carrier

Source: Baltic Exchange, data as at 2 May 2018
## Impact of Recent Trade Tariffs

<table>
<thead>
<tr>
<th>Recent Protectionist Measures</th>
<th>Impact to the Dry Bulk industry and Pacific Basin</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>March</strong></td>
<td></td>
</tr>
</tbody>
</table>
| US imposed tariffs on steel and aluminum from certain countries | - Now in effect but we do NOT expect a material impact  
Dry bulk cargo flows threatened by these protectionist measures account for only a small fraction of the trades in which Pacific Basin is engaged and we do NOT expect them to have a material impact on overall dry bulk market |
| China announced retaliatory measures in response to US trade measures |                                                  |
| **April**                    |                                                  |
| US proposed further trade restrictions on China in retaliation of alleged unfair trade practices and unauthorised intellectual property transfer targeting US$100 billion in Chinese goods | - Could impact cargo flows and has already generated some negative sentiment in the market  
Timing and scale of Chinese tariffs depend on the eventual form of the US measures which remain subject to lengthy public consultation  
- Several important points to bear in mind:  
  - Total US soybean exports to China in 2017 represent about 0.6% of total dry bulk seaborne trade  
  - Majority of this volume moves in Panamax and Kamsarmax  
  - No implementation date for the tariffs has yet been set  
  - Impact on trade volumes in the medium term would likely be limited as high season for US soybean exports does not start until 4Q  
  - While Chinese buyers will still depend on significant soybean imports from the US, they will likely continue to buy more from Brazil  
While we believe these protectionist actions could affect the dry bulk trade, the impact would be largely outweighed by positive dry bulk supply fundamentals and continued global dry bulk trade growth overall |
| China promptly announced plan to impose retaliatory import tariffs, including on US soybean and other agricultural products |                                                  |
Slower growth in global dry bulk capacity was a key driver of the improved freight market during 1Q18
- Combined Handysize and Supramax orderbook has reduced to 5.5%, the lowest since 1990s
- Significantly lower orderbook for Handysize and Supramax in 2019 and beyond

Source: Clarksons Research, as at 1 Apr 2018
## Better Fundamentals for Handysize

<table>
<thead>
<tr>
<th></th>
<th>Orderbook as % of Existing Fleet</th>
<th>Average Age</th>
<th>Over 20 Years</th>
<th>Over 15 Years</th>
<th>YTD Scrapping as % of Existing Fleet as at 1 Apr 2018 (annualised)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Handysize – 81m dwt</strong></td>
<td>6.2%</td>
<td>10</td>
<td>11%</td>
<td>17%</td>
<td>0.6%</td>
</tr>
<tr>
<td>(25,000-41,999 dwt)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Supramax – 195m dwt</strong></td>
<td>5.2%</td>
<td>9</td>
<td>7%</td>
<td>15%</td>
<td>0.4%</td>
</tr>
<tr>
<td>(42,000-64,999 dwt)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Panamax – 219m dwt</strong></td>
<td>8.2%</td>
<td>9</td>
<td>6%</td>
<td>17%</td>
<td>0.3%</td>
</tr>
<tr>
<td>(65,000-119,999 dwt)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Capesize and larger – 312m dwt</strong></td>
<td>15.3%</td>
<td>8</td>
<td>6%</td>
<td>12%</td>
<td>1.4%</td>
</tr>
<tr>
<td>(120,000+ dwt)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Dry Bulk – 824m dwt</strong></td>
<td>9.9%</td>
<td>10</td>
<td>7%</td>
<td>15%</td>
<td>0.8%</td>
</tr>
<tr>
<td>(&gt;10,000 dwt)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

We now refer to the Handymax, Supramax and Ultramax segments more generally as “Supramax”, and we now consider 42,000 dwt as the cut-off between Handysize and Supramax.
Favourable Dry Bulk Supply and Demand Outlook

- Demand outpacing supply
- Progressively fewer new ships will deliver from shipyards in 2018 and 2019
- Clarksons Research estimate: 3.5% tonne-mile demand growth and 2.0% net fleet growth in 2018 (3.2% deliveries – 1.2% scrapping)
- Expected actual deliveries will be around 26m dwt compared to 38m dwt in 2017

### Dry Bulk Supply and Demand

<table>
<thead>
<tr>
<th>Year</th>
<th>Tonne-mile Demand Growth (%)</th>
<th>Net Fleet Growth (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>6.0%</td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>4.5%</td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>3.5%</td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>3.0%</td>
<td></td>
</tr>
<tr>
<td>2018E</td>
<td>2.0%</td>
<td></td>
</tr>
</tbody>
</table>

Source: Clarksons Research, as at 1 Apr 2018
Improved freight market conditions supported both newbuilding and secondhand vessel values.

- However, gap between newbuilding and secondhand prices continues to discourage new ship ordering.
- We still see upside in secondhand values.

Source: Clarksons Research, as at 27 Apr 2018
Outlook and Strategy
Competitive Owned Vessel Break-Even Levels

2018 YTD PB TCE cover rate*  
**US$9,540/day**

2017 PB TCE rate  
**US$8,320/day**

80 Handysize ships

- $3,850
- $2,820
- $840
- $810

Break-even  
≈ US$8,300/day

25 Supramax ships

- $3,780
- $3,260
- $840
- $1,170

Break-even  
≈ US$9,100/day

* 2018 1Q Actual + 2Q to 4Q Cover as at 6 Apr 2018
Our business model has been refined over many years. We are able to generate a TCE earnings premium over market rates because of our high laden percentage (minimum ballast legs), which is made possible by a combination of:

- Our fleet scale
- High-quality interchangeable ships
- Experienced staff
- Global office network
- Our cargo contracts, relationships and direct interaction with end users
- Our fleet has a high proportion of owned vessels facilitating greater control and minimising trading constraints
- Our segment's versatile ships and diverse trades
Well Positioned for a Recovering Market

Our TCE Outperforms Market

Average PB premium over market indices in last 5 years¹:

- US$1,850/day Handysize TCE
- US$1,290/day Supramax TCE

More Owned Vessels with Fixed Costs

Owned Vessel Breakeven Incl. G&A overheads

- US$8,300/day Handysize²
- US$9,100/day Supramax³

Efficient Cost Structure

Annual Group G&A Overheads
US$75.7m → US$54.4m

Daily Vessel Operating Expenses (Combined Handysize and Supramax)

- US$4,370 → US$3,840

Sensitivity toward Market Rates⁴

Market Rate
+/-
US$1,000 daily TCE

Impact on our Underlying Results

+/-
US$35-40m

¹ PB Premium as at 6 Apr 2018
² 2017 PB owned Handysize $7,480/day + G&A overheads $840/day ≈ US$8,300/day
³ 2017 PB owned Supramax $8,210/day + G&A overheads $840/day ≈ US$9,100/day
⁴ Based on current fleet and commitments
Our Outlook and Strategy

Outlook

- 1Q18 market improvement for minor bulk is encouraging, and all-important supply fundamentals look more positive
- Possible market drivers in the medium term:
  - Positive economic growth and commodity demand outlook, low deliveries, and new regulations
  - Increased protectionism, risk of reduced Chinese coal and ore imports, increased new ship ordering and higher ship operating speeds
- We are cautiously optimistic for a continued market recovery, although with some volatility along the way

Strategy – Well Positioned for a Recovering Market

- Continue to focus on our world-leading Handysize and Supramax business
- Maximise our fleet utilisation and TCE earnings by combining minor bulk characteristics with our large fleet of interchangeable ships and global network
- We continue to look at good quality secondhand ship acquisition opportunities
- No newbuildings in the medium term, we continue to watch technological, fuel and regulatory developments closely
- Healthy cash and net gearing positions enhance our ability to take advantage of opportunities to grow our business and attract cargo as a strong partner
- Robust business model, larger owned fleet and competitive cost structure position us well to navigate and benefit from the recovering market
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 (PDF & Online) & Interim Reports
  - 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, Linkedin, YouTube and WeChat!
## Appendix: Pacific Basin Overview

### Our Vision

“To be a leading ship owner/operator in the dry bulk shipping space, and the first choice partner for customers and other stakeholders.”

### Owned Fleet

| Handysize & Supramax Bulk Carriers | 106 |

### Hong Kong HQ

- 12 Global Offices
- 330+ Shore-based staff
- 3,400+ Seafarers

### 200+ Handysize and Supramax vessels

- World’s largest owner and operator of modern Handysize tonnage

### Total Volume Carried in 2017

- **66.2m tonnes**
- 9,000+ Port Calls

### Secure counterparty

- **US$2bn+** total assets + strong balance sheet

### 500+ Major Industrial Customers

- 1,500+ voyages/year

---

[www.pacificbasin.com](http://www.pacificbasin.com)

Pacific Basin business principles and our Corporate Video

As at Feb 2018

1Q18 Trading Update

With you for the long haul
Appendix: Business Foundation

Our People

- Close to you
- 12 local dry bulk offices
- 24/7 support

Our Record

- Trusted and transparent
- Strong public balance sheet and track record
- Award winning CSR policy and environmental focus

Our Fleet

- Managed in-house and highly versatile
- Modern quality ships with the best-in-class design
- Low breakeven cost and fuel efficient

Our Worldwide Network and Trading Areas

Our Market Shares

- Handysize (<20 years old)
  - We operate approx. 7% of global 25-42,000 dwt Handysize ships of less than 20 years old;
  - approx 3% of global 50-65,000 dwt Supramax of less than 20 years old

As in 2017 Annual Report
Appendix: Strategic Model

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

LARGE FLEET & MODERN VERSATILE SHIPS
Fleet scale and interchangeable high-quality ships facilitate service flexibility for customers, optimised scheduling and maximised vessel and fleet utilisation
In-house technical operations facilitate enhanced health & safety, quality and cost control, and enhanced service reliability and seamless integrated service and support for customers

COMPREHENSIVE 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

STRONG CORPORATE & FINANCIAL PROFILE
Striving for best-in-class internal and external reporting, transparency and corporate stewardship
Strong cash position and track record set us apart as a preferred counterparty
Hong Kong listing, scale and balance sheet facilitate good access to capital
Responsible observance of stakeholder interests and our commitment to good corporate governance and CSR
Appendix: Understanding Our Core Market

### The Dry Bulk Sector

<table>
<thead>
<tr>
<th>Bulk Carrier Ship Types</th>
<th>Percentage of Global Dry Bulk Capacity</th>
<th>Versatility</th>
<th>Main Commodities Carried</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Major Bulks</strong> without cranes</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Panamax &amp; Post-Panamax</td>
<td>27%</td>
<td>Less Versatile</td>
<td>Grains, Coal, Iron Ore</td>
</tr>
<tr>
<td>Capesize &amp; larger</td>
<td>39%</td>
<td></td>
<td>Many ports, many customers, many cargo types, high scope for triangulation</td>
</tr>
<tr>
<td><strong>Minor Bulks</strong> with cranes</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Handysize</td>
<td>10%</td>
<td>More Versatile</td>
<td>Grains, Alumina, Weather, Sugar, Coal/Coke, Petcoke, Salt, Sand &amp; Gypsum</td>
</tr>
<tr>
<td>Supramax (ex-Handymax)</td>
<td>24%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Our Focus**

- **Major Bulks** with cranes
  - Panamax & Post-Panamax: Grains, Coal, Iron Ore
  - Capesize & larger: Many ports, many customers, many cargo types, high scope for triangulation

- **Minor Bulks** with cranes
  - Handysize: Grains, Alumina, Weather, Sugar, Coal/Coke, Petcoke, Salt, Sand & Gypsum
  - Supramax (ex-Handymax): Grains, Alumina, Weather, Sugar, Coal/Coke, Petcoke, Salt, Sand & Gypsum

Other Mainstream Shipping Sectors

- Tankers for oil, gas & chemicals
- Containerships for containerised goods

As in 2017 Annual Report
Appendix: Why Handysize? Why Minor Bulk?

Full Year 2017 Global Dry Bulk Trade (Volume) = 5.1 Billion Tonnes (+4% YOY)

- 29% Iron Ore
- 24% Coal
- 10% Grain & Soybean
- 37% Minor Bulk

- Minor Bulks & Grain is 47% of total Dry Bulk demand
- Pacific Basin focuses on these growing markets

- More diverse customer, cargo and geographical exposure enables high utilisation
- A segment where scale and operational expertise make a difference
- Better daily TCE earnings driven by a high laden-to-ballast ratio
- Sound long-term demand expectations and more modest fleet growth

Source: Clarksons Research, 1 Feb 2018
Appendix:
Fleet List – 31 Mar 2018

Pacific Basin Dry Bulk Fleet: 242
Average age of core fleet: 8.2 years old

[Vessels
owned]

106

[Vessels
Chartered *]

136

Handysize

Supramax

Post-Panamax

<table>
<thead>
<tr>
<th></th>
<th>Vessels owned</th>
<th>Vessels Chartered</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Handysize</td>
<td>80</td>
<td>66</td>
<td>146</td>
</tr>
<tr>
<td>Supramax</td>
<td>25</td>
<td>69</td>
<td>94</td>
</tr>
<tr>
<td>Post-Panamax</td>
<td>1</td>
<td>1</td>
<td>2</td>
</tr>
</tbody>
</table>

* Average number of vessels operated in Mar 2018

www.pacificbasin.com
Customers > Our Fleet
Appendix: Earnings Cover in 2018

Contracted Revenue Days

**Handysize**

<table>
<thead>
<tr>
<th>Year</th>
<th>1Q 2017</th>
<th>2Q-4Q 2017</th>
<th>FY18</th>
<th>2Q-4Q Uncovered</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>12,380 days</td>
<td>29,880 days</td>
<td>$8,520</td>
<td>37%</td>
</tr>
<tr>
<td>2018</td>
<td>12,750 days</td>
<td>29,880 days</td>
<td>$9,710</td>
<td>44%</td>
</tr>
</tbody>
</table>

**Supramax**

<table>
<thead>
<tr>
<th>Year</th>
<th>1Q 2017</th>
<th>2Q-4Q 2017</th>
<th>FY18</th>
<th>2Q-4Q Uncovered</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>12,270 days</td>
<td>12,270 days</td>
<td>$8,030</td>
<td>100%</td>
</tr>
<tr>
<td>2018</td>
<td>7,730 days</td>
<td>12,270 days</td>
<td>$11,250</td>
<td>100%</td>
</tr>
</tbody>
</table>

Currency in US$, 2018 data as at 6 April 2018
2017 data as announced in April 2017
Diverse range of commodities reduces product risk
- China and North America were our largest markets
- About 60% of business in Pacific and 40% in Atlantic
## Appendix: New Regulations

<table>
<thead>
<tr>
<th>New Regulations</th>
<th>Content</th>
<th>Impact on the Industry</th>
<th>PB actions</th>
</tr>
</thead>
</table>
| **IMO Ballast Water Treatment - Installation required at first dry-docking after 8 Sep 2019** | ▪ International Maritime Organization (IMO) requires ballast water treatment equipment (BWTS) to be fitted on all ships  
▪ US Coast Guard requires all ships sailing to US to use approved BWTS | ▪ Increased capex for existing shipowners  
▪ Increased potential scrapping | ▪ System selected, pending US Coast Guard approval  
▪ Installation in 2018-2023 for our owned vessels |
| **Low Sulphur Emissions Cap - 1 Jan 2020** | ▪ IMO has set a global 0.5% sulphur limit for marine fuel oil, effective 2020 (in addition to existing 0.1% sulphur limit in Emission Control Areas)  
▪ Exception: Shipowners can use higher sulphur fuel if they fit scrubbers (costing several million US$) to clean exhaust gas | ▪ Low sulphur fuel is more expensive  
▪ Increased demand for low sulphur fuel  
▪ Decreased demand for heavy fuel oil  
▪ More slow-steaming contribute to better supply-demand balance  
▪ Increased capex (if installing scrubbers)  
▪ Uncertainty of ship design should hold back newbuild ordering  
▪ Increased potential scrapping  
Low uptake of scrubbers expected by 2020 | ▪ We do NOT think sulphur scrubbers are an effective solution neither technically nor environmentally  
▪ Much prefer a mandate to use low sulphur fuel which would support a level playing field, lower speeds and lower emissions (incl. CO₂) |

We believe the new regulations will penalise poor performers and older ships while benefitting stronger companies with high quality ships that are better positioned to adapt and cope practically and financially with compliance.
Appendix: We Will Not Order More Newbuildings Today

- Market does not need more newbuildings
  - Extra capacity remains in the global fleet through potentially higher operating speed
  - Limited efficiency benefits from newbuildings compared to good quality Japanese-built secondhand ships
- The industry needs a more reasonable level of profitability
- Risk and payback time for newbuildings is currently excessive due to several uncertainties
  - How best to comply with the global sulphur emissions cap from 2020
  - Which ballast water treatment system to install
  - Questions about the future price, types and availability of fuel
  - Potential additional new regulations (e.g. NO\textsubscript{x} and CO\textsubscript{2} emissions, etc)
  - Faster and potentially more significant technological developments in the longer term
- Attractive secondhand prices compared to newbuilding prices
- New accounting rules requiring time charters to be capitalised from 2019
**Appendix: 2017 Annual Results - Highlights**

<table>
<thead>
<tr>
<th>US$m</th>
<th>2017</th>
<th>2016</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA</td>
<td>133.8</td>
<td>22.8</td>
<td>+111.0</td>
</tr>
<tr>
<td>Net profit</td>
<td>3.6</td>
<td>(86.5)</td>
<td>+90.1</td>
</tr>
<tr>
<td>Cash</td>
<td>244.7</td>
<td>269.2</td>
<td></td>
</tr>
<tr>
<td>Net gearing</td>
<td>35%</td>
<td>34%</td>
<td></td>
</tr>
<tr>
<td>Owned fleet / Total fleet *</td>
<td>105 / 225</td>
<td>92 / 226</td>
<td></td>
</tr>
</tbody>
</table>

- Significantly improved dry bulk market supported a much improved EBITDA and positive net result in 2017
- During the year, we took delivery of our last 7 newbuildings and recommenced secondhand acquisitions – purchasing 8 modern ships at historically low asset values
- Our innovative combination of a share issue and private placement in Aug 2017 enabled us to grow our fleet with 5 modern ships while strengthening our balance sheet
- We are cautiously optimistic for a continued market recovery albeit with some volatility along the way

* As at 31 Dec

As in 2017 Annual Report
## Appendix: Significant Improvement in 2017 Financial Results

As at 31 Dec

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>1,488.0</td>
<td>1,087.4</td>
</tr>
<tr>
<td>Voyage expenses</td>
<td>(701.5)</td>
<td>(555.4)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Time-charter equivalent earnings (&quot;TCE&quot;)</td>
<td>786.5</td>
<td>532.0</td>
</tr>
<tr>
<td>Owned vessel costs</td>
<td>(279.2)</td>
<td>(260.8)</td>
</tr>
<tr>
<td>Charter costs*</td>
<td>(451.0)</td>
<td>(305.5)</td>
</tr>
<tr>
<td>Operating profit/(loss)</td>
<td>56.3</td>
<td>(34.3)</td>
</tr>
<tr>
<td>Total G&amp;A overheads</td>
<td>(54.4)</td>
<td>(52.9)</td>
</tr>
<tr>
<td>Taxation &amp; others</td>
<td>0.3</td>
<td>(0.5)</td>
</tr>
<tr>
<td>Underlying profit/(loss)</td>
<td>2.2</td>
<td>(87.7)</td>
</tr>
<tr>
<td>Derivatives M2M and one-off items</td>
<td>1.4</td>
<td>1.2</td>
</tr>
<tr>
<td>Profit/(loss) attributable to shareholders</td>
<td>3.6</td>
<td>(86.5)</td>
</tr>
<tr>
<td>EBITDA</td>
<td>133.8</td>
<td>22.8</td>
</tr>
</tbody>
</table>

- In view of small net profit in 2017, the Board recommends not to pay a dividend for 2017
- However, we continue to target a pay-out ratio of at least 50% of net profits excluding disposal gains once we return to a more meaningful level of profitability

*including write-back of onerous contract provisions
**Appendix: Improvement in Both Handysize and Supramax Segments**

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Handysize contribution</strong> (US$m)</td>
<td>31.4</td>
<td>(37.1)</td>
<td>&gt;+100%</td>
</tr>
<tr>
<td>Revenue days (days)</td>
<td>53,360</td>
<td>47,590</td>
<td>+12%</td>
</tr>
<tr>
<td>TCE earnings (US$/day)</td>
<td>8,320</td>
<td>6,630</td>
<td>+25%</td>
</tr>
<tr>
<td>Owned + chartered costs (US$/day)</td>
<td>7,660</td>
<td>7,320</td>
<td>-5%</td>
</tr>
<tr>
<td><strong>Supramax contribution</strong> (US$m)</td>
<td>19.8</td>
<td>(3.3)</td>
<td>&gt;+100%</td>
</tr>
<tr>
<td>Revenue days (days)</td>
<td>34,510</td>
<td>29,590</td>
<td>+17%</td>
</tr>
<tr>
<td>TCE earnings (US$/day)</td>
<td>9,610</td>
<td>6,740</td>
<td>+43%</td>
</tr>
<tr>
<td>Owned + chartered costs (US$/day)</td>
<td>9,000</td>
<td>6,830</td>
<td>-32%</td>
</tr>
<tr>
<td><strong>Post Panamax contribution</strong> (US$m)</td>
<td>5.5</td>
<td>5.5</td>
<td>-</td>
</tr>
<tr>
<td><strong>Dry Bulk G&amp;A overheads and tax</strong> (US$m)</td>
<td>(54.1)</td>
<td>(52.7)</td>
<td>-3%</td>
</tr>
<tr>
<td><strong>Total Dry Bulk contribution</strong> (US$m)</td>
<td>2.6</td>
<td>(87.6)</td>
<td>&gt;+100%</td>
</tr>
</tbody>
</table>

Note: Positive changes represent an improving result and negative changes represent a worsening result.
Appendix: Handysize – Owned Vessel Costs Reducing

US$7,660/day
Blended P/L Costs before
G&A Overheads
(2016: US$7,320)

US$6,360/day
Blended Cash Cost before
G&A Overheads
(2016: US$6,090)

US$600*
Daily G&A Overheads
(2016: US$660)

2017 Daily Vessel Costs - Handysize

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vessel Days</td>
<td>25,650</td>
<td>28,410</td>
</tr>
<tr>
<td></td>
<td>22,530</td>
<td>25,440</td>
</tr>
</tbody>
</table>

US$/day

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Owners</td>
<td>7,840</td>
<td>7,480</td>
</tr>
<tr>
<td>Charter</td>
<td></td>
<td>6,730</td>
</tr>
<tr>
<td>charter</td>
<td></td>
<td>7,850</td>
</tr>
</tbody>
</table>

Finance cost
Depreciation
Operating expenses (Opex)

* Comprising US$840/day for owned ships and US$450/day for chartered-in ships
# Chartered rates are shown on a P&L basis (including write-back of onerous contract provision)
Appendix: Supramax – More Owned Ships with Lower Daily Cost

As at 31 Dec

### US$9,000/day
Blended Daily P/L Costs before G&A Overheads
(2016: US$6,830)

### US$8,310/day
Blended Daily Cash Cost before G&A Overheads
(2016: US$6,390)

### US$600*
Daily G&A Overheads
(2016: US$660)

---

#### 2017 Daily Vessel Costs - Supramax

<table>
<thead>
<tr>
<th>Vessel Days</th>
<th>2016</th>
<th>2017</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Owned</td>
<td>6,060</td>
<td>7,800</td>
<td>23,640</td>
<td>26,840</td>
</tr>
<tr>
<td>Chartered</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### Inward Charter Commitments #

<table>
<thead>
<tr>
<th></th>
<th>LT</th>
<th>ST</th>
<th>Index</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Days</td>
<td>2,840</td>
<td>23,040</td>
<td>960</td>
<td>26,840</td>
</tr>
<tr>
<td>Rate</td>
<td>$11,670</td>
<td>$8,940</td>
<td>$9,180</td>
<td>$9,240</td>
</tr>
<tr>
<td>1H18</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Days</td>
<td>1,400</td>
<td>1,570</td>
<td>410</td>
<td>3,380</td>
</tr>
<tr>
<td>Rate</td>
<td>$11,700</td>
<td>$9,940</td>
<td>Market</td>
<td>-</td>
</tr>
<tr>
<td>2H18</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Days</td>
<td>1,170</td>
<td>-</td>
<td>20</td>
<td>1,190</td>
</tr>
<tr>
<td>Rate</td>
<td>$11,650</td>
<td>-</td>
<td>Market</td>
<td>-</td>
</tr>
</tbody>
</table>

---

* Comprising US$840/day for owned ships and US$450/day for chartered-in ships

* Charter rates are shown on a P&L basis (including write-back of onerous contract provision)
## Appendix: Strong Balance Sheet and Liquidity

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vessels &amp; other fixed assets</td>
<td>1,798</td>
<td>1,653</td>
</tr>
<tr>
<td>Total assets</td>
<td>2,232</td>
<td>2,107</td>
</tr>
<tr>
<td>Total borrowings</td>
<td>881</td>
<td>839</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>1,070</td>
<td>1,066</td>
</tr>
<tr>
<td>Total Equity</td>
<td>1,161</td>
<td>1,041</td>
</tr>
</tbody>
</table>

| Net borrowings (total cash US$245m) | 636  | 570  |
| Net borrowings to net book value of vessels & other fixed assets | 35%  | 34%  |

- Vessel average net book value: Handysize $15.3m (9.3 years); Supramax $21.9m (6.1 years)
- KPI: maintain net gearing below 50%
Appendix: No Newbuilding Capex Ahead

As at 31 Dec

Cash Flow in 2017

Cash and deposit balance
Cash inflow
Cash outflow

Schedule of Repayments and Vessel Capital Commitments

Cash & Deposits
Unmortgaged (approx. US$173m market value)

3.9% Average P/L interest rate

No Newbuilding Capex

*Including 1 Supramax delivered in Jan 2018
Atlantic market driven by strong South American grain exports and US coal exports pushing Atlantic earnings to outperform the Pacific in 2017.

Pacific earnings peaked in Oct17 and have since declined impacted by Chinese anti-pollution policy reducing some industrial activities and, more recently, the coming of the Lunar New Year.

* excludes 5% commission

# BSI is now based on a standard 58,000 dwt bulk carrier

Source: Baltic Exchange, data as at 2 May 2018
### Appendix: 2017 Was a Demand Story

#### Dry Bulk Trade Volumes

<table>
<thead>
<tr>
<th>Cargo Category</th>
<th>Million Tonnes</th>
<th>YOY change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Iron Ore</td>
<td>1,474</td>
<td>4%</td>
</tr>
<tr>
<td>Coal</td>
<td>1,201</td>
<td>5%</td>
</tr>
<tr>
<td>Major bulk total</td>
<td>2,675</td>
<td>4%</td>
</tr>
<tr>
<td>Manganese Ore</td>
<td>30</td>
<td>14%</td>
</tr>
<tr>
<td>Bauxite / Alumina</td>
<td>130</td>
<td>14%</td>
</tr>
<tr>
<td>Salt</td>
<td>49</td>
<td>13%</td>
</tr>
<tr>
<td>Soybean</td>
<td>151</td>
<td>11%</td>
</tr>
<tr>
<td>Scrap Steel</td>
<td>112</td>
<td>7%</td>
</tr>
<tr>
<td>Nickel Ore</td>
<td>44</td>
<td>7%</td>
</tr>
<tr>
<td>Fertiliser</td>
<td>160</td>
<td>7%</td>
</tr>
<tr>
<td>Agribulks</td>
<td>174</td>
<td>7%</td>
</tr>
<tr>
<td>Wheat / Grains</td>
<td>362</td>
<td>4%</td>
</tr>
<tr>
<td>Forest Products</td>
<td>364</td>
<td>3%</td>
</tr>
<tr>
<td>Copper Concentrates</td>
<td>29</td>
<td>1%</td>
</tr>
<tr>
<td>Others</td>
<td>263</td>
<td>-2%</td>
</tr>
<tr>
<td>Steel Products</td>
<td>392</td>
<td>-3%</td>
</tr>
<tr>
<td>Cement</td>
<td>106</td>
<td>-4%</td>
</tr>
<tr>
<td>Sugar</td>
<td>58</td>
<td>-6%</td>
</tr>
<tr>
<td>PB focus cargoes total</td>
<td>2,424</td>
<td>3%</td>
</tr>
<tr>
<td>2017 Total Dry Bulk</td>
<td>5,099</td>
<td>4%</td>
</tr>
</tbody>
</table>

#### Key Drivers in 2017

- Stronger seaborne trade growth apparent across most dry bulk cargo categories – both major and minor bulks
- Stronger Chinese industrial activity
- Record South American grain exports
- Longer trade distances supported stronger seaborne tonne-mile demand (5.1%)
- Reduced steel and cement shipments primarily due to strong Chinese domestic demand limiting export

#### Long-Term Trends

- Strong world GDP (+3.7%*) – highly correlated with dry bulk demand growth
- Continued strong grain demand for animal feed due to shift towards meat-based diet
- Strong industrial growth and infrastructure investment in China and Asian countries
- Environmental policy in China encouraging shift from domestic to imported supply of resources

---

*2017E: 3.7%; 2018E: 3.9%

Source: International Monetary Fund (IMF) as at 11 Jan 2018; Clarksons Research, as at 1 Feb 2018
Appendix: China Major and Minor Bulk Trade

China Coal Trade

[Graph showing China Coal Trade from 2006 to 2018 with Import, Export, and Net Import data]

2018 Chinese Minor Bulk Imports

[Graph showing increased 17% YOY with data for 2016, 2017, and 2018]

China Iron Ore Sourcing for Steel Production

[Graph showing China Iron Ore Sourcing data for 2006 to 2018 with Import, Domestic, and Total requirement for steel production data]

China Steel Export

[Graph showing China Steel Export data for 2004 to 2018 with Import and Domestic data]

Source: Bloomberg, Clarksons Research

Trading Update

1Q18
Appendix: Sustainability

- Applying sustainable thinking in our decisions and the way we run our business
- Creating long-term value through good corporate governance and CSR

Corporate Social Responsibility (CSR)
- Guided by strategic objectives on (i) workplace practices (primarily safety), (ii) the environment, and (iii) our communities (where our ships trade and our people live and work)
- Active approach to CSR, with KPIs to measure effectiveness
- Reporting follows SEHK’s ESG Reporting Guide
- Disclosure also through CDP, HKQAA, CFR for HK-listed companies

Corporate Governance & Risk Management
- Adopted recommended best practices under SEHK’s CG Code (with quarterly trading update)
- Closely integrated Group strategy and risk management
- Transparency priority
- Stakeholder engagement includes in-depth customer and investor surveys
- Risk management committee interaction with management and business units
- Integrated Reporting following International <IR> Framework of IIRC
Appendix: Convertible Bonds Due 2021

<table>
<thead>
<tr>
<th>Issue size</th>
<th>US$125 million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maturity Date</td>
<td>3 July 2021 (approx. 6 years)</td>
</tr>
<tr>
<td>Investor Put Date and Price</td>
<td>3 July 2019 (approx. 4 years) at par</td>
</tr>
<tr>
<td>Coupon</td>
<td>3.25% p.a. payable semi-annually in arrears on 3 January and 3 July</td>
</tr>
<tr>
<td>Redemption Price</td>
<td>100%</td>
</tr>
<tr>
<td>Initial Conversion Price</td>
<td>HK$4.08 (current conversion price: HK$3.07 with effect from 30 May 2016)</td>
</tr>
<tr>
<td>Intended Use of Proceeds</td>
<td>To maintain the Group’s balance sheet strength and liquidity and to continue to proactively manage its upcoming liabilities, including its Existing Convertible Bonds, as well as for general working capital purposes</td>
</tr>
</tbody>
</table>

Conversion/redemption Timeline

PB’s call option to redeem all bonds
- Trading price for 30 consecutive days > 130% conversion price in effect

Closing Date: 8 Jun 2015 - 19 Jul 2015
Maturity: 3 Jul 2021

Bondholders can convert all or some of their CB into shares

Bondholders’ put option to redeem bonds: 23 Jun 2021 - 3 Jul 2021