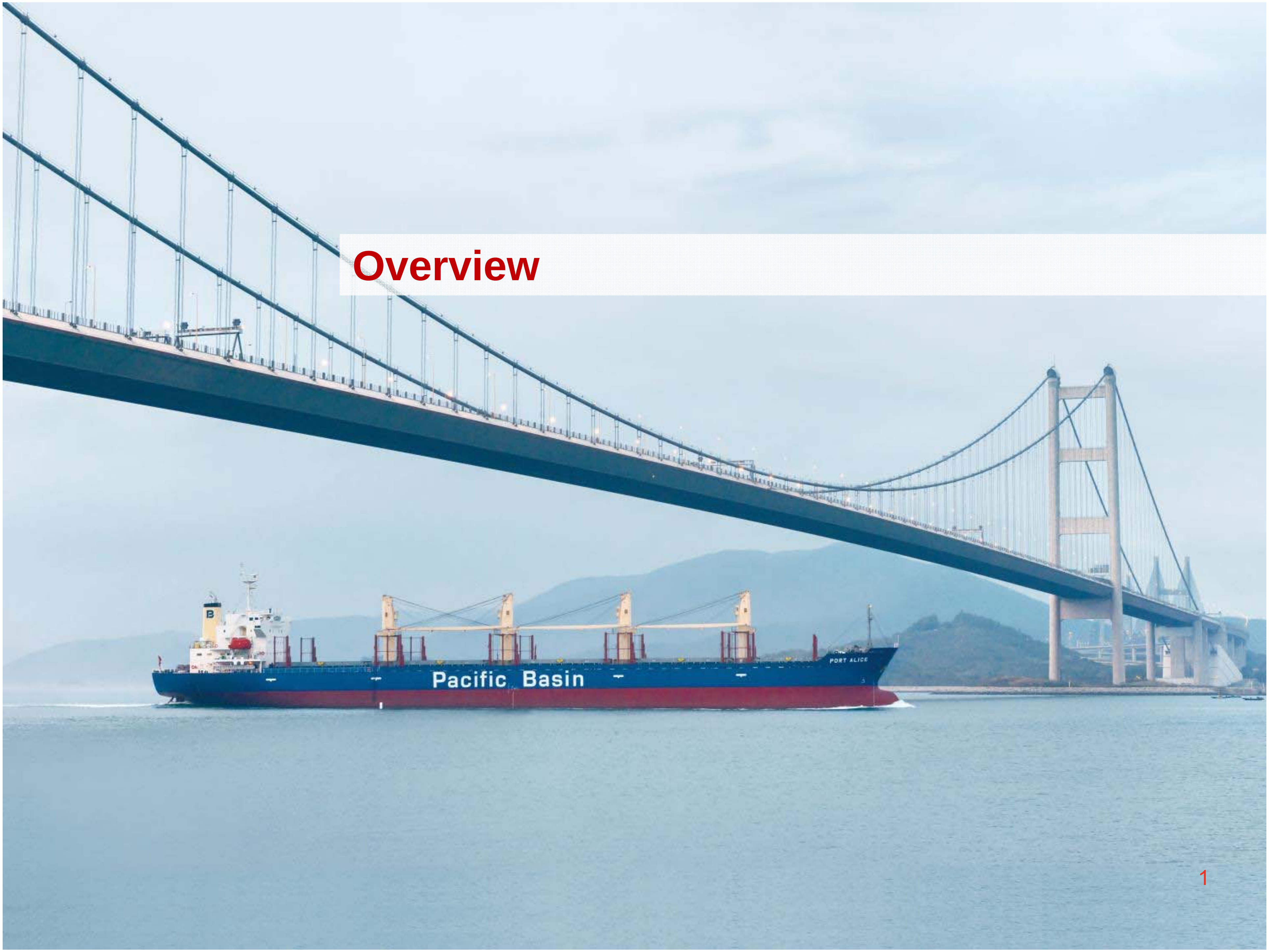
Pacific Basin

Morgan Stanley Ninth Annual Hong Kong Investor Summit
Hong Kong, March 2019

11 March 2019

Overview



Pacific Basin Overview

- World's largest owner and operator of modern Handysize & Supramax ships
- Cargo system business model – consistently outperforming market rates
- Own 111* Handysize and Supramax vessel, with total 220+ dry bulk ships on the water serving major industrial customers around the world
- Hong Kong headquartered and HKEx listed, 12 offices worldwide, 336 shore-based staff, 3,800+ seafarers#
- Strong balance sheet with US$2bn+ total assets and US$300mn+ cash
- 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
and our Corporate Video

An additional 2 vessels purchased and 1 sold during the period are scheduled to deliver by end March 2019
As at January 2019

Understanding Our Core Market

The Dry Bulk Sector

Other Mainstream Shipping Sectors

Bulk Carriers for dry bulk commodities

Tankers for oil, gas & chemicals

Containerships for containerised goods

	Bulk Carrier Ship Types	Percentage of Global Dry Bulk Capacity	Versatility
Our Focus – Minor Bulks with cranes	**Handysize** 25,000–41,999 dwt	10%	More Versatile
Our Focus – Minor Bulks with cranes	**Supramax** (formerly Handymax) 42,000–64,999 dwt	24%	More Versatile
Major Bulks without cranes	**Panamax & Post-Panamax** 65,000–119,999 dwt	27%	Less Versatile
Major Bulks without cranes	**Capesize and larger** 120,000+ dwt	39%	Less Versatile

Main Commodities Carried

Minor Bulks

- Ores
- Coal/Coke
- Sugar
- Concentrates
- Petcoke
- Logs/Forest Products
- Alumina
- Salt
- Cement & Clinker
- Bauxite
- Sand & Gypsum
- Scrap
- Grains
- Fertiliser
- Steel

Major Bulks

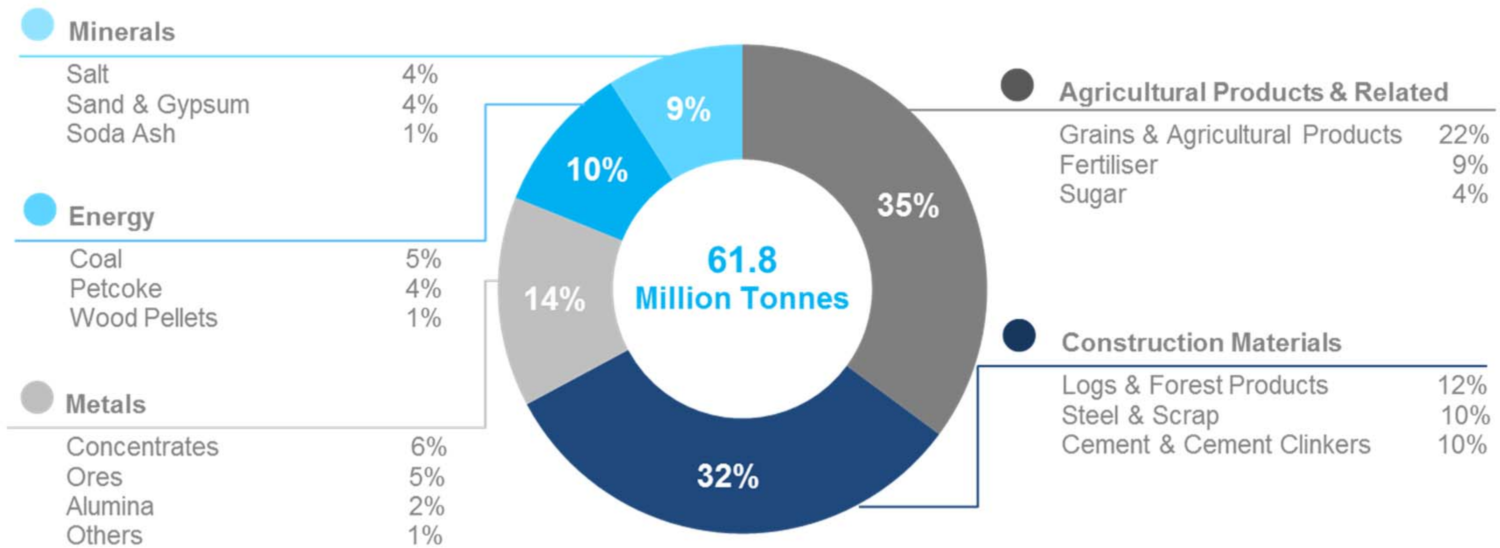
- Grains
- Coal
- Iron Ore

Few ports, few customers, few cargo types, low scope for triangulation

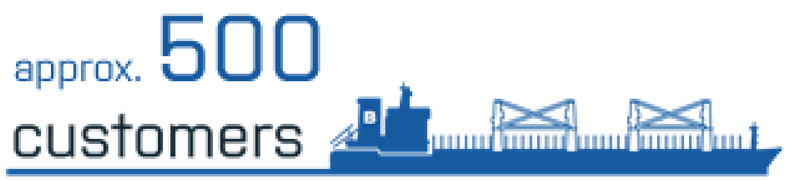
Many ports, many customers, many cargo types, high scope for triangulation

Pacific Basin Dry Bulk – Diversified Cargo

Our Dry Bulk Cargo Volumes in 2018



- 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



Fleet List – 31 January 2019

www.pacificbasin.com
Our Fleet

111 Vessels owned[1]

27 LT Chartered

79 ST Chartered[2]

217 Total

	Vessels owned	LT Chartered	ST Chartered	Total
Handysize	83	19	30	132
Supramax	27	7	49	83
Post-Panamax	1	1	0	2

Average age of core fleet: 8 years old

[1] An additional 2 vessels purchased and 1 sold during the period are scheduled to deliver by end March 2019

[2] Average number of short-term + index-linked vessels operated in January 2019

2018 Results, Market Review and Outlook

2018 Annual Results Highlights

	US$m	2018	2017	US$m Change
P&L	EBITDA	**215.8**	133.8	+82.0
	Underlying profit	**72.0**	2.2	+69.8
	Net profit	**72.3**	3.6	+68.7
	Full-year dividends	**HK6.2¢** (Final: HK3.7¢)	-	
B/S	Cash	**341.8**	244.7	
	Net gearing	**34%**	35%	
Fleet	Owned/Total[1]	**111/ 217**	106 / 222	

- Continued strong outperformance and very competitive opex at US$3,850[2]
- 7 modern vessels acquired including 4 funded 50% by issuing shares
- We closed revolving credit and term loan facilities of US$365m
- Dry Bulk Operator of the Year (Lloyd's List Global Awards)
- Customer Care Award (IBJ)

ibj AWARDS 2018

[1] An additional 2 vessels purchased and 1 sold during the period are scheduled to deliver by end March 2019
[2] Blended Handysize and Supramax vessels
Data as at 31 January 2019

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2018 TCE Performance and 2019 Cover

2018

US$/day	Handysize	Supramax
Market (BHSI/BSI) index net rate	8,270	10,910
PB daily TCE net rate	10,060	12,190
PB outperformance	22% / 1,790	12% / 1,280
Revenue Days	50,120	29,980

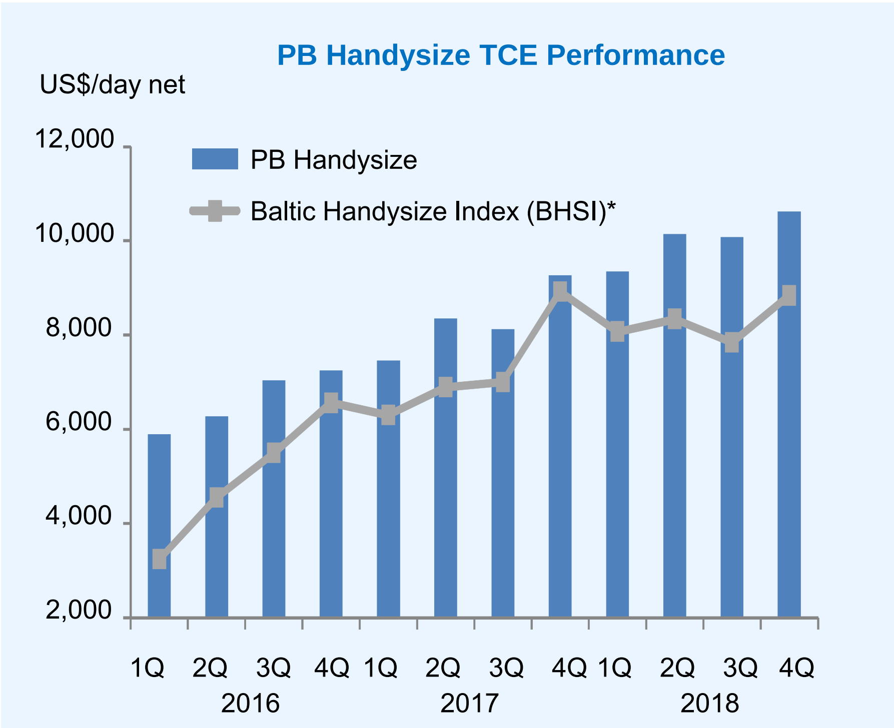
Improvement over 2017:
Handysize:
+21% / $1,740
Supramax:
+27% / $2,580

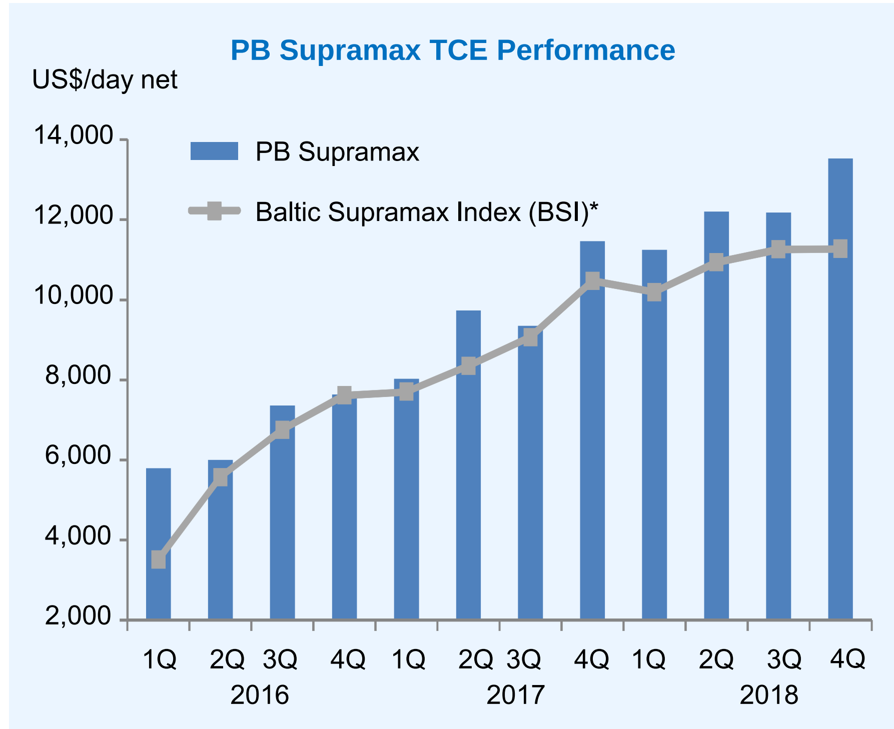
2019

Cover as at mid-Feb 2019

US$/day	Handysize	Supramax
PB daily TCE net rate	9,370	10,570
% of contracted days covered	44%	63%

Three Years of Improving TCE

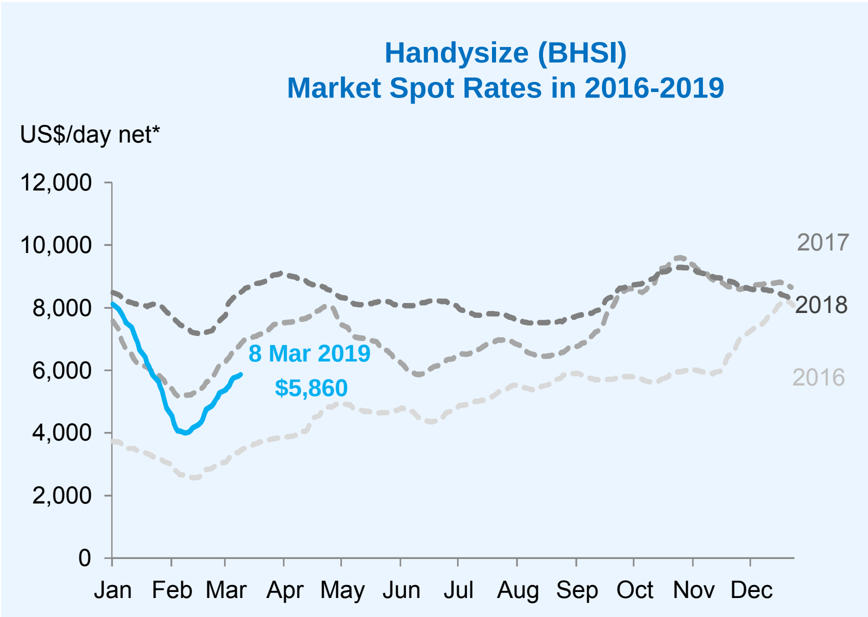


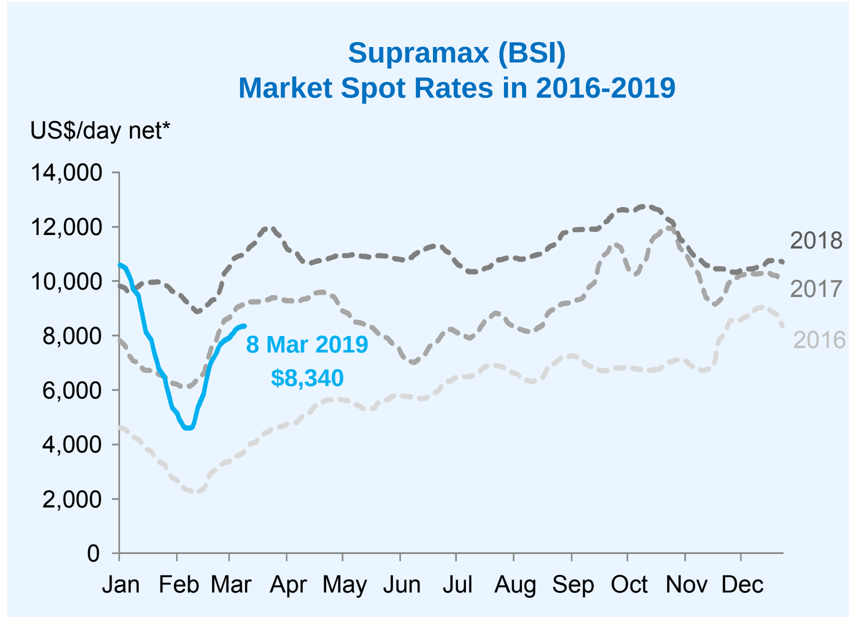


- In 2018, rates continued to recover from cyclical low in 2016
- Minor bulk market driven by 5.3% demand growth
- PB's 4Q TCE earnings were highest since winter 2013/2014

** excludes 5% commission*
Source: Baltic Exchange

Weaker Start to 2019

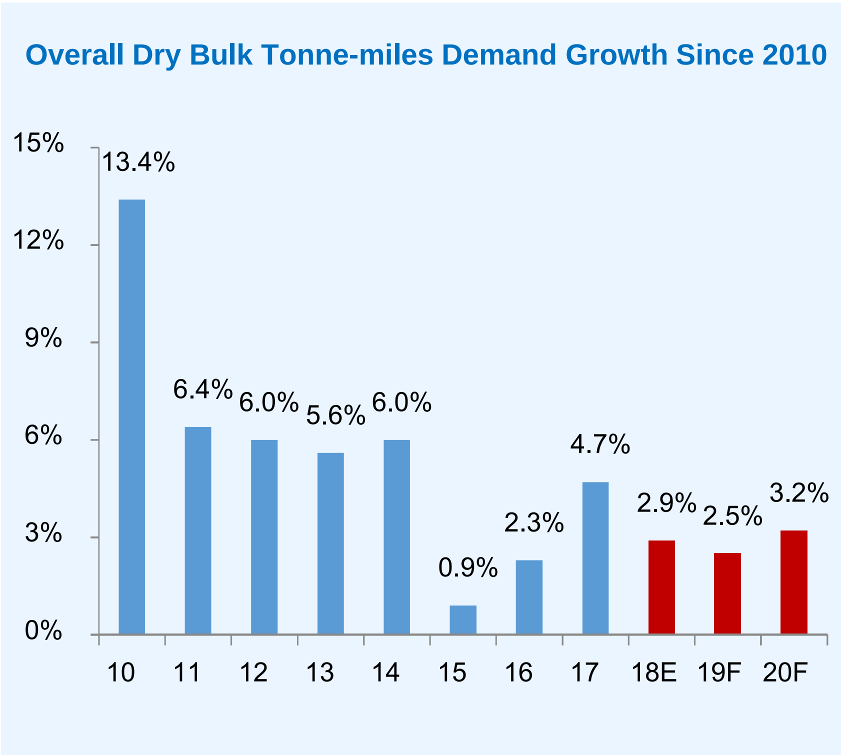


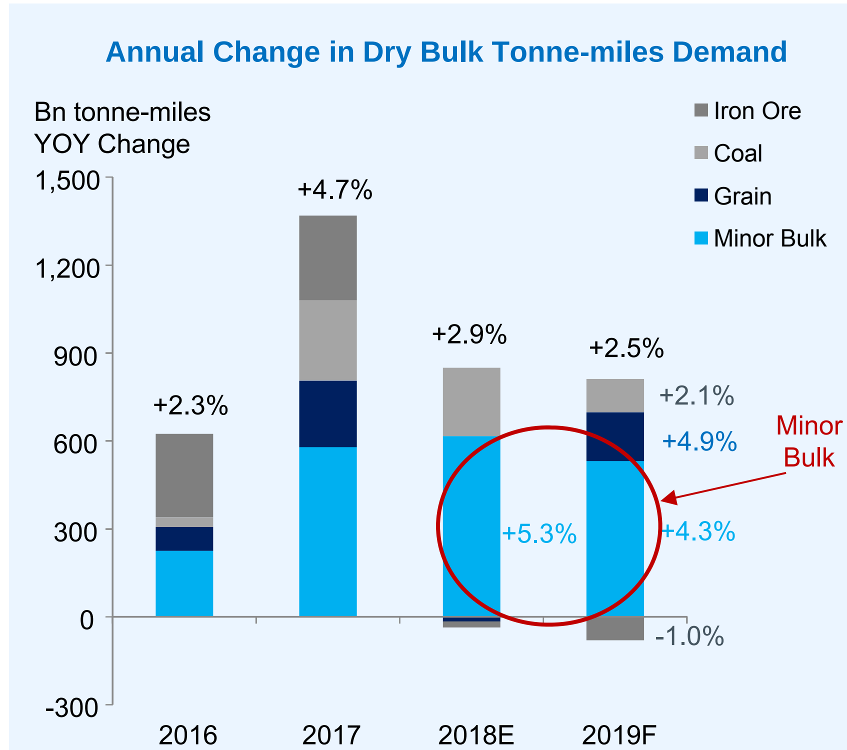


- 2019 has started weaker than last two years with a more pronounced CNY dip:
  - Trade conflict – less soybean from US to China
  - Chinese coal imports restrictions
  - Brazilian iron ore infrastructure disruptions
- However, the seasonal recovery is now underway

** excludes 5% commission*
Source: Baltic Exchange, data as at 8 March 2019

Minor Bulk Expected to Drive Demand in 2019





2018

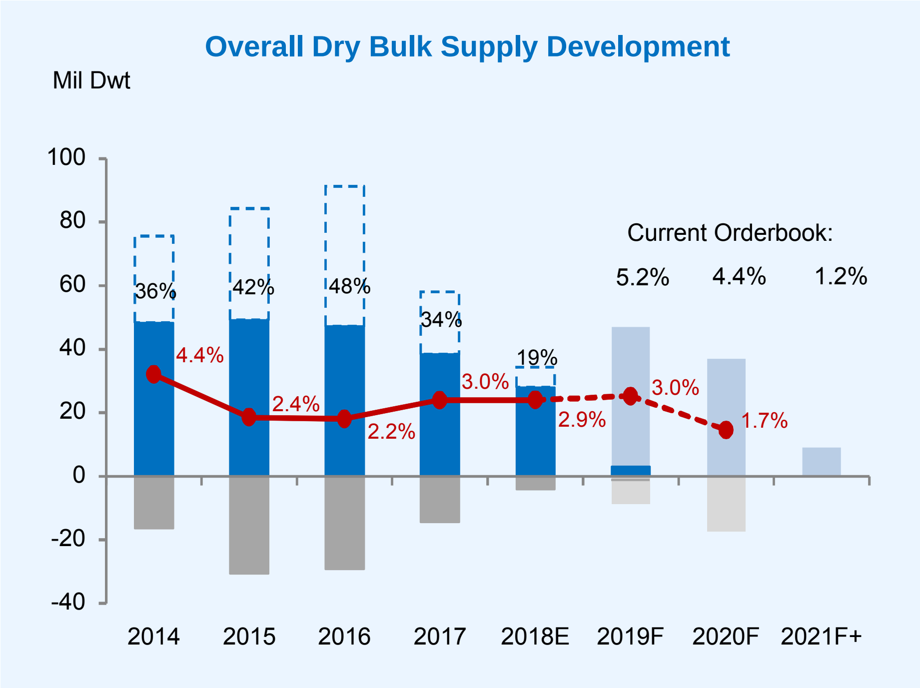
- Despite weaker US-China trade, minor bulk demand increased by 5.3%
- Overall demand growth weaker than 2017 due to grain and iron ore

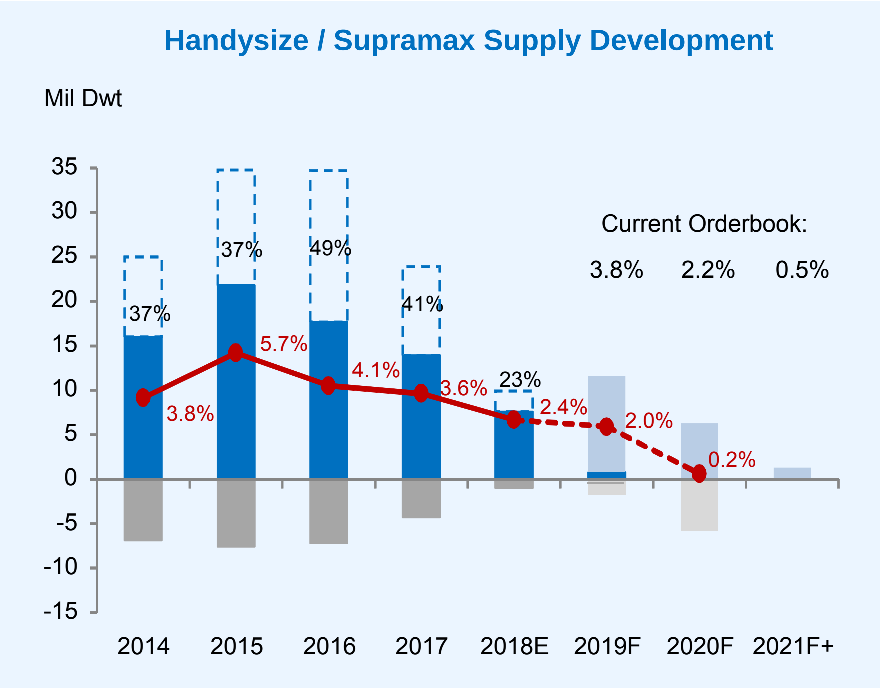
2019

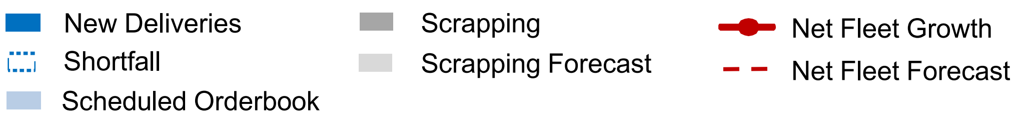
- Expect continued solid growth in minor bulk demand and grain to bounce back
- A resolution to trade tensions in 2019 would provide a welcome boost to the market

Source: Clarksons Research, as at February 2019

Better Supply Fundamentals for Handysize / Supramax (I)







- Scrapping reduced to almost zero and can only go up
- Steadily reducing net fleet growth in Handysize / Supramax segment

Source: Clarksons Research, as at February 2019

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Better Supply Fundamentals for Handysize / Supramax (II)

	Scheduled Orderbook as % of Existing Fleet	Average Age	Over 20 Years	Over 15 Years	2018 Scrapping as % 1 Jan 2019 Existing Fleet
Handysize – 83m dwt (25,000-41,999 dwt)	**5%**	**10**	**11%**	**19%**	**0.4%**
Supramax – 198m dwt (42,000-64,999 dwt)	**7%**	**10**	**8%**	**17%**	**0.3%**
Panamax – 224m dwt (65,000-119,999 dwt)	**10%**	**10**	**8%**	**19%**	**0.1%**
Capesize and larger – 321m dwt (120,000+ dwt)	**16%**	**9**	**6%**	**13%**	**0.9%**
Total Dry Bulk – 844m dwt (>10,000 dwt)	**11%**	**10**	**8%**	**17%**	**0.5%**

Lower orderbook

More older ships

Source: Clarksons Research, as at 1 February 2019

New Regulations Benefitting Stronger Companies

New Regulations	Content	Impact on the Industry	PB actions
IMO Ballast Water Treatment: Installation required at first dry-docking after 8 Sep 2019	▪ IMO and USCG requirement	▪ Capex for shipowners ▪ Increased scrapping	▪ 14 PB owned vessels fitted ▪ Retrofitting 97 owned vessels with system based on filtration and electrocatalysis ▪ Completion in 2022
Sulphur Emissions Cap: 1 Jan 2020 Reduce capacity in short term	▪ IMO global 0.5% sulphur cap requires: i) low-sulphur fuel or; ii) exhaust gas cleaning systems ("scrubbers")	▪ Majority of global fleet (esp. Handysize) will comply using low-sulphur fuel **→slow-steaming and tighter supply** ▪ Larger vessels (incl. some Supramaxes) installing scrubbers **→docking ships for several weeks for scrubber retrofit**	▪ Cannot risk being competitively disadvantaged ▪ Arrangements in place with yards and scrubber makers to install scrubbers on Supramaxes ▪ Fitting and testing scrubbers to gain experience early
IMO greenhouse gas emissions reduction Reduce capacity in medium and long term	▪ Cut total greenhouse gas emissions from shipping by at least 50% by 2050 (compared to 2008), requiring efficiency improvements of at least 40% by 2030 and 70% by 2050	▪ Reducing speed ▪ Development of new fuels, engine technology and vessel designs ▪ Discouraging new ship ordering in short and medium term ▪ Increased scrapping	▪ No newbuild ordering ▪ Monitoring new technology and designs

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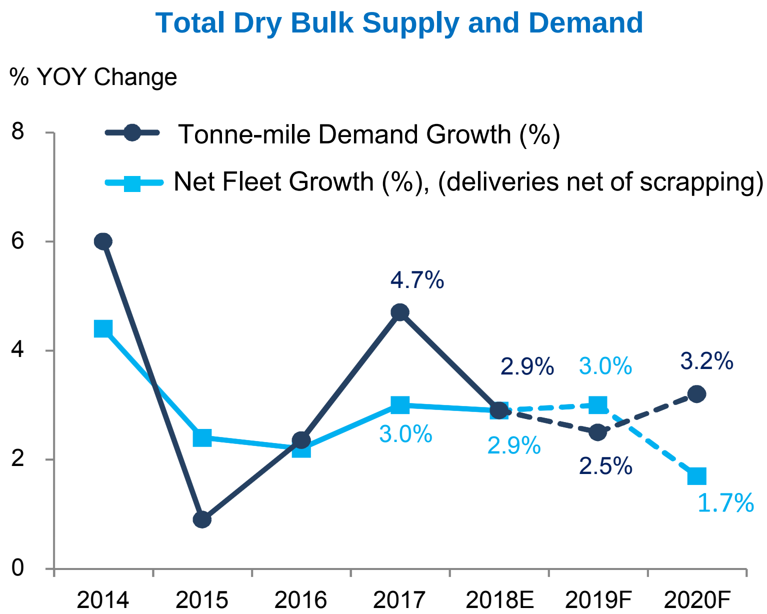
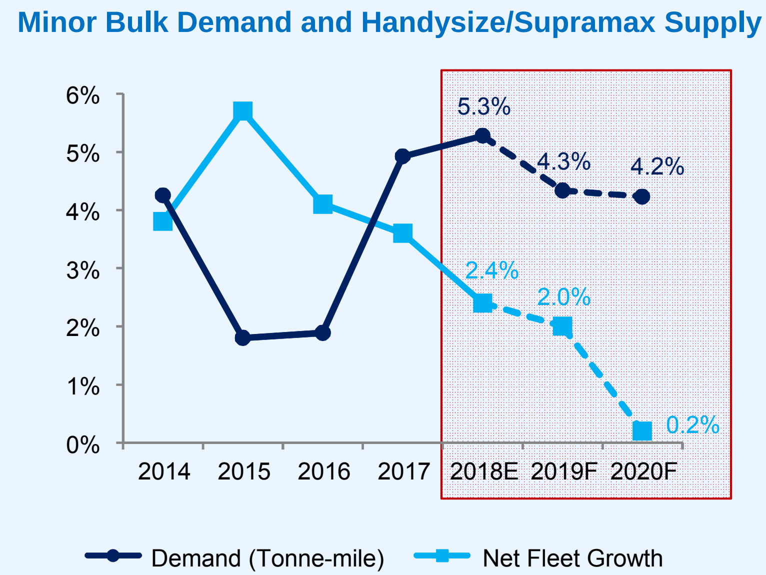
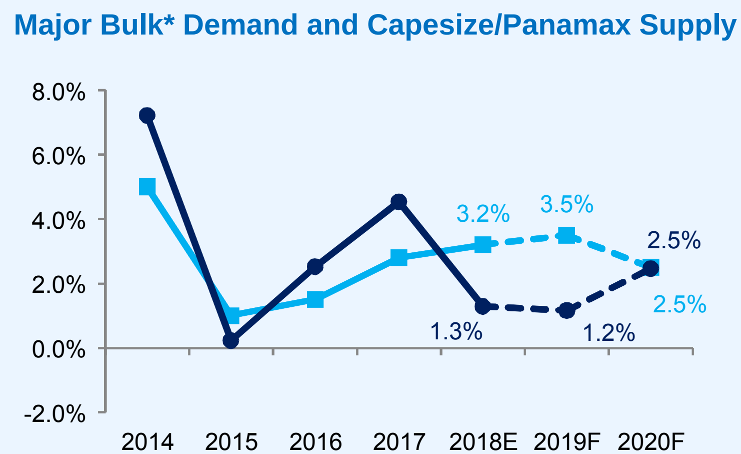
Favourable Minor Bulk Supply and Demand Outlook



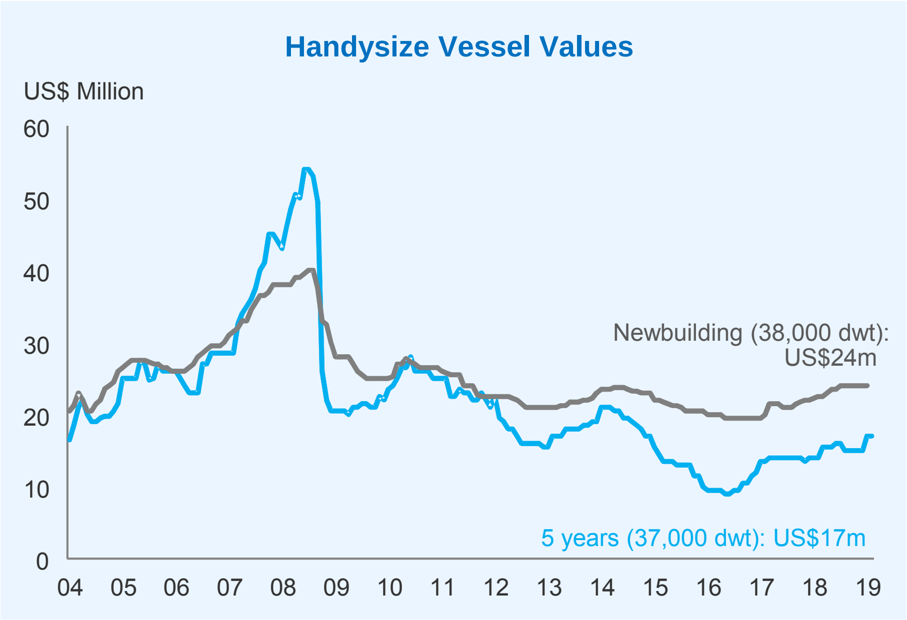
- 2019 weak start – trade war uncertainty and Chinese coal restrictions
- Attractive supply fundamentals in our segments approaching IMO 2020
- Other factors than supply and demand can also drive rates: bunker prices and speed, off-hire, congestion, sentiment, etc.

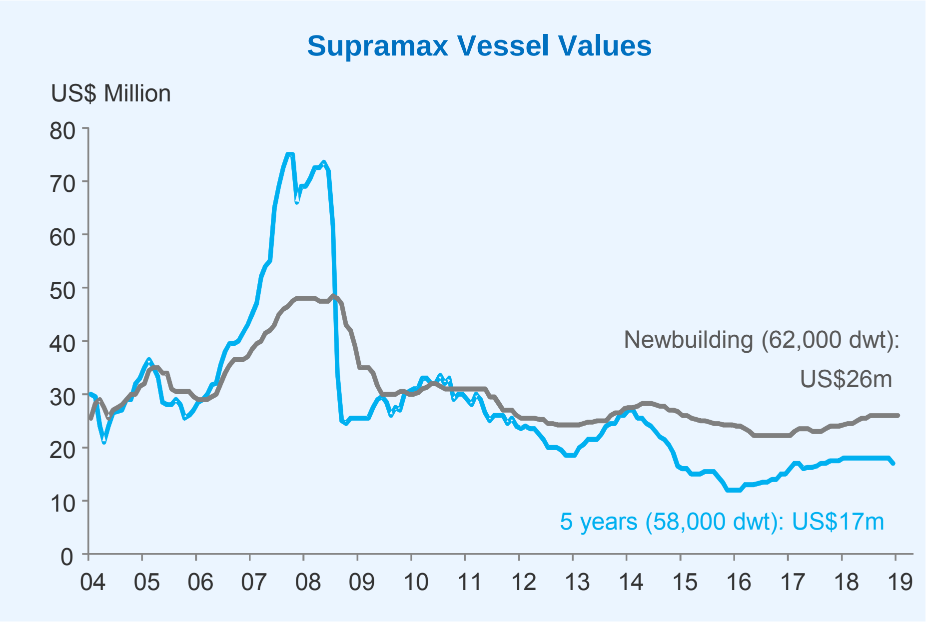




** Major Bulk includes iron ore, coal and grains*
Source: Clarksons Research, as at February 2019

Secondhand Values Remain Attractive



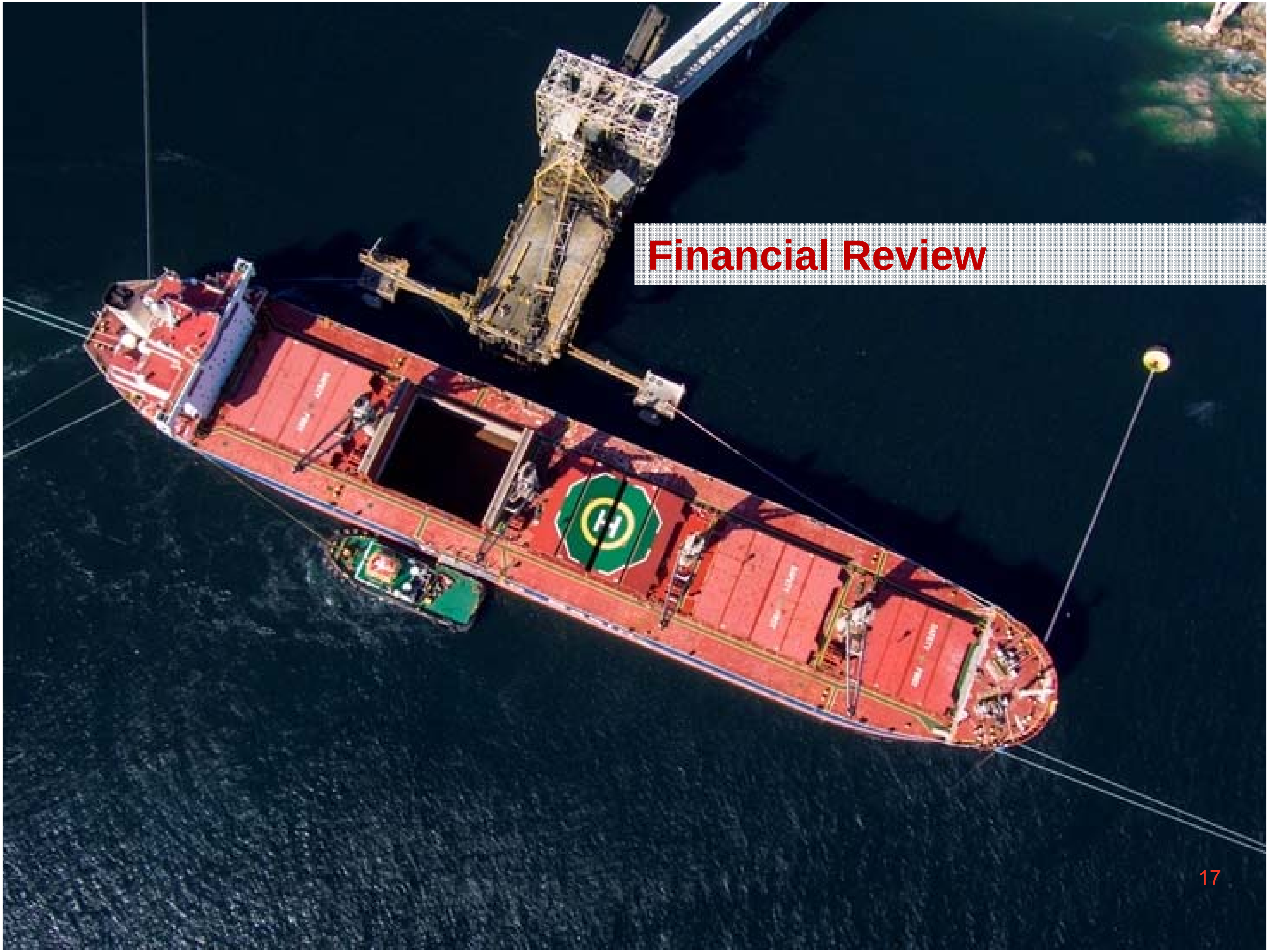


- Large gap between newbuilding and secondhand prices and uncertainty over future ship designs discourage new ship ordering
- Upside in secondhand values
- We will continue to look opportunistically at attractive secondhand ship acquisitions

Secondhand 5 years old benchmark Handysize and Supramax vessels defined as 37,000 dwt (up from 32,000 dwt) and 58,000 dwt (up from 56,000 dwt) respectively

Source: Clarksons Research, as at 8 March 2019

Financial Review



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Significant Improvement in 2018 Financial Results

As at 31 December 2018

US$m	2018	2017
Revenue	**1,591.6**	1,488.0
Voyage expenses	**(710.5)**	(701.5)
Time-charter equivalent ("TCE") earnings	**881.1**	786.5
Owned vessel costs	**(296.6)**	(279.2)
Charter costs*	**(451.4)**	(451.0)
Operating performance before overheads	**133.1**	56.3
Total G&A overheads	**(59.8)**	(54.4)
Taxation & others	**(1.3)**	0.3
Underlying profit KPI	**72.0**	2.2
Derivatives M2M and one-off items	**0.3**	1.4
Profit attributable to shareholders	**72.3**	3.6
EBITDA	**215.8**	133.8

Owned vessel costs

	2018	2017
Opex	**(149.7)**	(139.3)
Depreciation	**(114.5)**	(107.6)
Finance	**(32.4)**	(32.3)

Derivatives M2M and one-off items

	2018	2017
Derivative M2M	**(11.7)**	5.4
Write-back of onerous contract provisions	**12.7**	-
Others	**(0.7)**	(4.0)

- The Board proposes a final dividend of HK3.7¢/share
- With HK2.5¢/share interim dividend, total payout represents 50% of net profits

*net of release of onerous contract provisions

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Improvement in Handysize and Supramax Segments

As at 31 December 2018

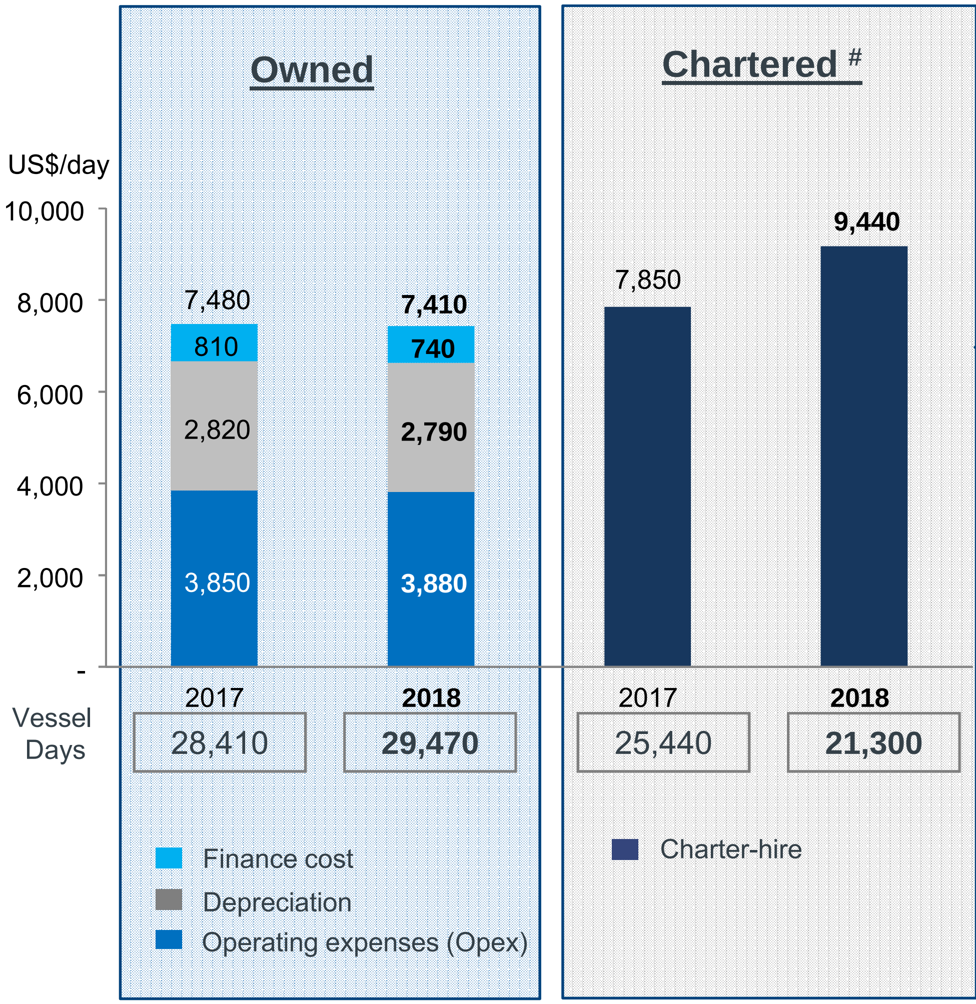
		2018	2017	Change
Handysize contribution	(US$m)	**85.5**	31.4	+172%
Revenue days	(days)	**50,120**	53,360	-6%
TCE earnings	(US$/day)	**10,060**	8,320	+21%
Owned + chartered costs	(US$/day)	**8,260**	7,660	-8%
Supramax contribution	(US$m)	**42.1**	19.8	+113%
Revenue days	(days)	**29,980**	34,510	-13%
TCE earnings	(US$/day)	**12,190**	9,610	+27%
Owned + chartered costs	(US$/day)	**10,740**	9,000	-19%
Post-Panamax contribution	(US$m)	**5.5**	5.5	-
G&A overheads and tax	(US$m)	**(61.1)**	(54.5)	-12%
Underlying profit	(US$m)	**72.0**	2.2	>+1,000%

+/- Note: Positive changes represent an improving result and negative changes represent a worsening result

Handysize – Good Control of Owned Vessel Costs

As at 31 December 2018

2018 Daily Vessel Costs - Handysize



US$8,260/day

Blended Daily P/L Costs before G&A Overheads
(2017: US$7,660)

2018 Charter Costs #

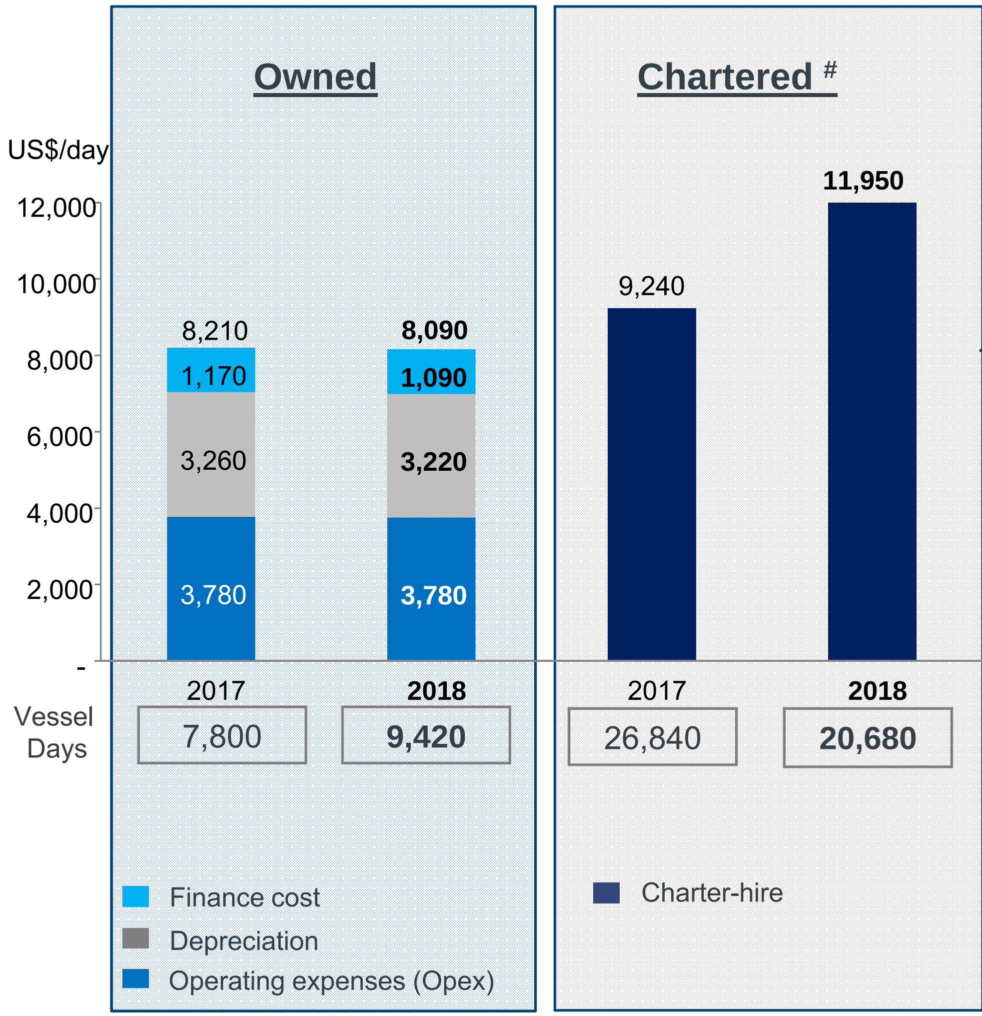
	Vessel days	Average daily P/L rate (US$)
Fixed in nature		
Long-term (>1 year)	7,450	8,600
Variable in nature		
Short-term	13,250	9,960
Index-linked	600	8,380
Total	21,300	9,440

Chartered rates are shown on a P&L basis (net of the release of onerous contract provisions)

Supramax – More Owned Ships with Lower Daily Cost

As at 31 December 2018

2018 Daily Vessel Costs - Supramax



US$10,740/day
Blended Daily P/L Costs before G&A Overheads
(2017: US$9,000)

2018 Charter Costs #

	Vessel days	Average daily P/L rate (US$)
Fixed in nature		
Long-term (>1 year)	2,820	11,530
Variable in nature		
Short-term	16,770	12,100
Index-linked	1,090	10,790
Total	20,680	11,950

Chartered rates are shown on a P&L basis (net of the release of onerous contract provisions)

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Significant Operational Leverage

		Handysize			Supramax		
		2018 avg. TCE (US$/d)	Vessel Days	Costs incl. G&A[1] (US$/d)	2018 avg. TCE (US$/d)	Vessel Days	Costs incl. G&A[1] (US$/d)
Largely Fixed Cost	Owned	10,060	29,470	8,360	12,190	9,420	9,040
	LT Chartered		7,450	9,140		2,820	12,070
Largely Variable Cost	ST Chartered		13,250	10,500		16,770	12,640
	Index		600	8,920		1,090	11,330

Sensitivity[2]

Largely Fixed Cost: +/- US$1,000 daily TCE **US$35-40m**

Largely Variable Cost: **Margin business, less sensitive to rates movement**

Includes US$16.1m reversal of onerous contract provisions in 2018 → Not available in 2019

Adjusted for ca. 20-25% typical long-term forward cargo cover at any point in time

Owned vessels (US$/d)

	Handysize	Supramax
Opex	3,880	3,780
Depreciation	2,790	3,220
Fin Costs	740	1,090
	7,410	8,090
G&A	950	950
Total	**8,360**	**9,040**

[1] Comprising G&A US$950/day for owned ships and US$540/day for chartered-in ships

[2] Based on current fleet and commitments, and all other things equal

As at 31 December 2018

Pacific Basin

Strong Balance Sheet and Liquidity

As at 31 December 2018

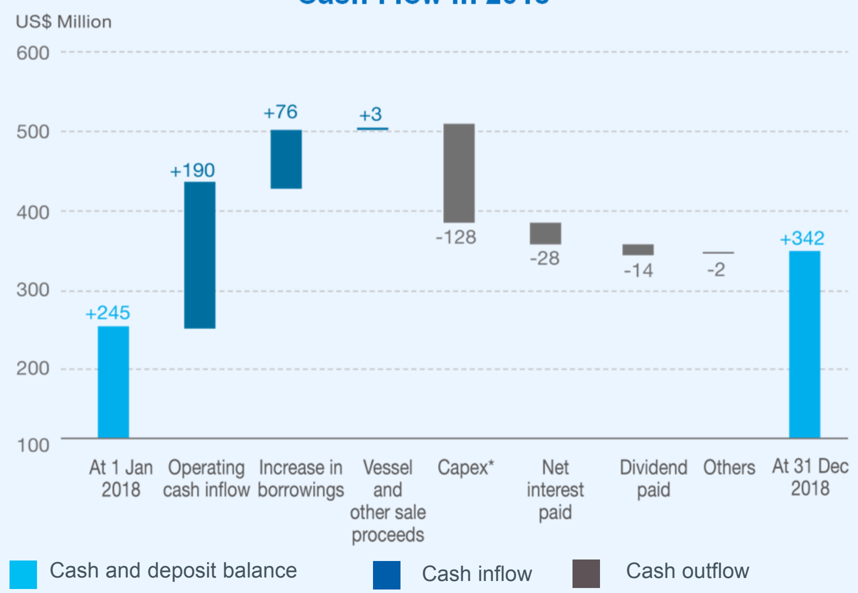
US$m	2018	2017
Vessels & other fixed assets	**1,808**	1,798
Total assets	**2,366**	2,232
Total borrowings	**961**	881
Total liabilities	**1,135**	1,070
Total Equity	**1,231**	1,161
Net borrowings (total cash US$342m)	**619**	636
Net borrowings to net book value of owned vessels KPI	**34%**	35%

- Vessel average net book value: 82 Handysize (10 years): $14.6m/ship
  27 Supramax (6 years): $21.3m/ship

Extended Repayment Profile and Reduced Cost of Funding

As at 31 December 2018

Cash Flow in 2018



* Excluding US$18m Capex in shares

Schedule of Repayments of Borrowings

US$342m
Cash & Deposits

8 vessels
Unmortgaged
(approx. US$147m market value)

KPI
3.9%
Average Cash Interest Rate

Strategy and Position

Our Business Model Continues to Outperform

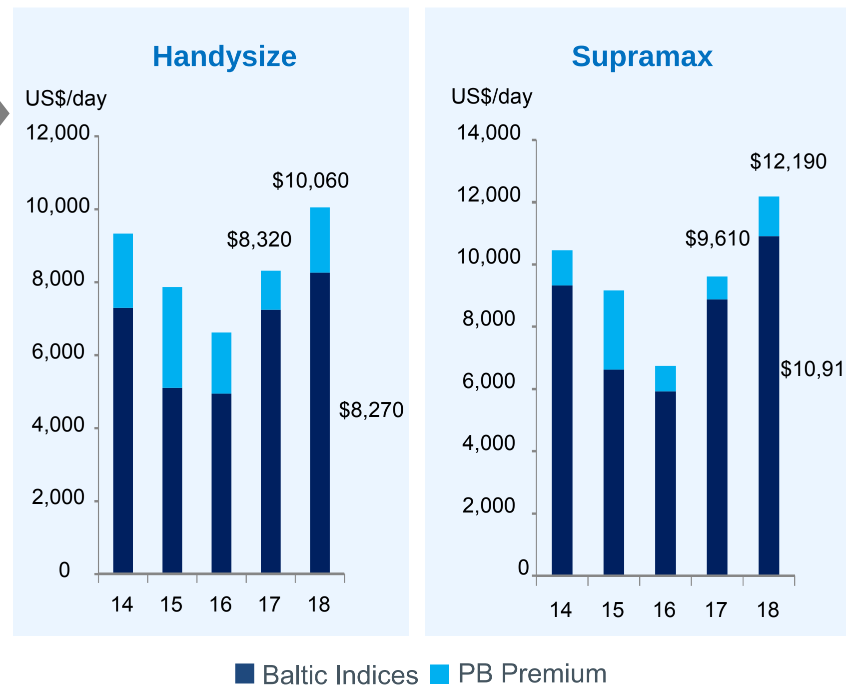
Our business model has been refined over many years. We are able to generate a TCE earnings premium over market rates because of our high laden percentage (minimum ballast legs), which is made possible by a combination of:

- Fleet scale
- High-quality interchangable ships
- Experienced staff
- Global office network
- Cargo contracts, relationships and direct interaction with end users
- High proportion of owned vessels facilitating greater control and minimising trading constraints
- Versatile ships and diverse trades in minor bulk

TCE Outperformance Compared to Market in Last 5 Years

US$1,870
Daily Handysize Premium

US$1,300
Daily Supramax Premium



Competitive at Every Level

1	**TCE/day**	▪ Outperforming indexes and most publicly reporting companies ▪ Cargo focused business model with 90% plus laden percentage	
2	**Opex/day**	▪ US$3,850*/day in 2018 ▪ Scale, focus and sister ship effects ▪ In-house management	
3	**G&A/day**	▪ Scale benefits and efficient systems ▪ US$740/day spread over both owned and chartered ships in 2018	
4	**Capital Cost/day**	▪ Focused on good quality, predominantly Japanese-built secondhand ships ▪ Fleet financed through long-term secured facilities at industry leading cost	

* US$3,850*/day is 2018 blended daily opex cost of Handysize and Supramax

Pacific Basin

Our Strategic Direction and Priorities

- **Maintain and grow our cargo focus and scale**
- **Continue to be both a fully integrated owner and operator**
  – Not only owned ships, not only asset light
- **Maintain empowered local chartering and operations close to customers**
  – With best in class centralised support & systems
- **Keep building our brand**
  – Long term thinking, safety, care and quality in everything we do
- **Continue to grow our owned fleet with quality second hand acquisitions**
- **Opportunistically trading up smaller older ships to larger younger ships**
- **Avoid buying newbuildings**
  – due to high price, low return, and new regulations will change technology
- **Continue to reduce long term charters**
  – Replace with owned ships, and medium and short term chartered in ships
- **Thorough preparations for IMO 2020**
  – Fuel contracts, cleaning of tanks, installation and testing of scrubbers, new clauses
- **Keep our balance sheet strong**

Well Positioned for the Future

Our TCE Outperform Market

Average PB premium over market indices in last 5 years:

US$1,870/day
Handysize TCE

US$1,300/day
Supramax TCE

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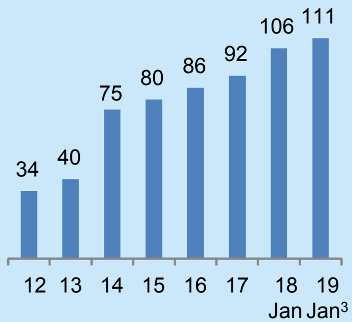
More Owned Vessels with Fixed Costs



Owned Vessel Breakeven
Incl. G&A overheads

US$8,360/day
Handysize[1]

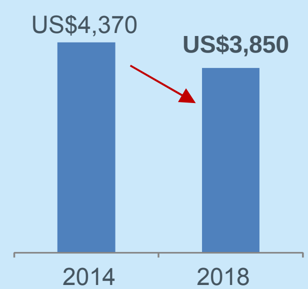
US$9,040/day
Supramax[2]

\+

Efficient Cost Structure

Annual Group G&A Overheads

Daily Vessel Operating Expenses
(Combined Handysize and Supramax)



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Sensitivity toward Market Rates*

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

Our Underlying Result

+/-

US$ 35-40m

[1] 2018 PB owned Handysize $7,410/day + G&A overheads $950/day ≈ US$8,360/day
[2] 2018 PB owned Supramax $8,090/day + G&A overheads $950/day ≈ US$9,040/day
[3] An additional 2 vessels we purchased and 1 sold during the period are scheduled to deliver by end Mar 19, data as at 31 Jan 19
* Based on current fleet and commitments, and all other things equal

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:
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

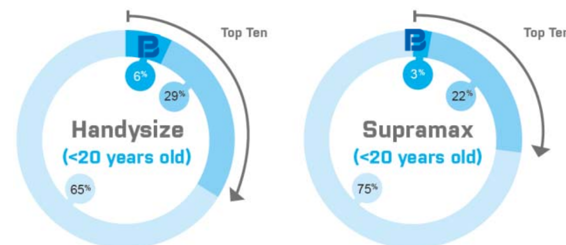
Managed In-house and Highly Versatile

Modern quality ships with the best-in-class design

Low breakeven cost and fuel efficient

Our Worldwide Network and Trading Areas

Our Market Shares



We operate approx. 6% of global 25-42,000 dwt Handysize ships of less than 20 years old; and approx 3% of global 42-65,000 dwt Supramax of less than 20 years old

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

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

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

STRONG CORPORATE & FINANCIAL PROFILE

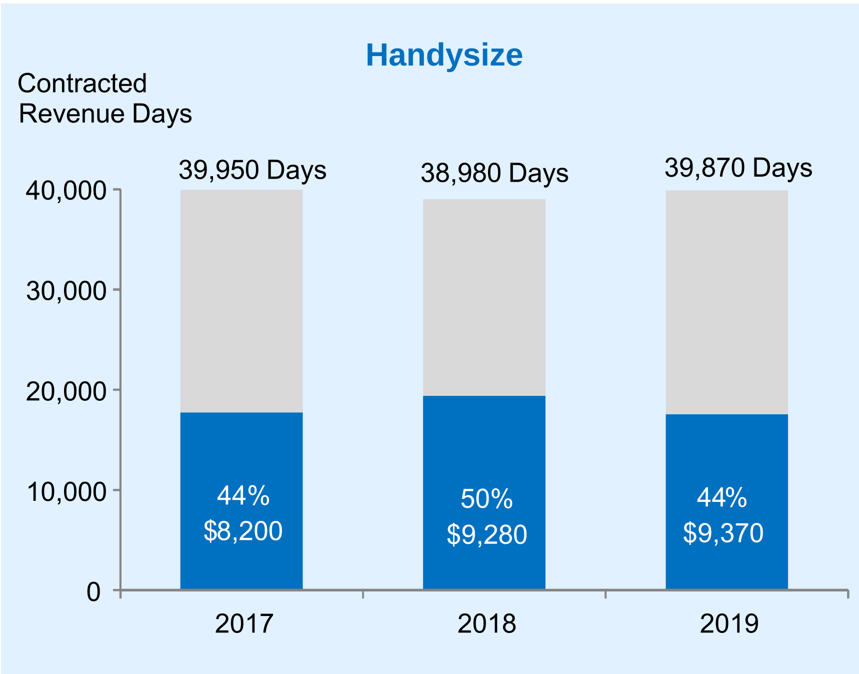
Striving for best-in-class internal and external reporting, transparency and corporate stewardship

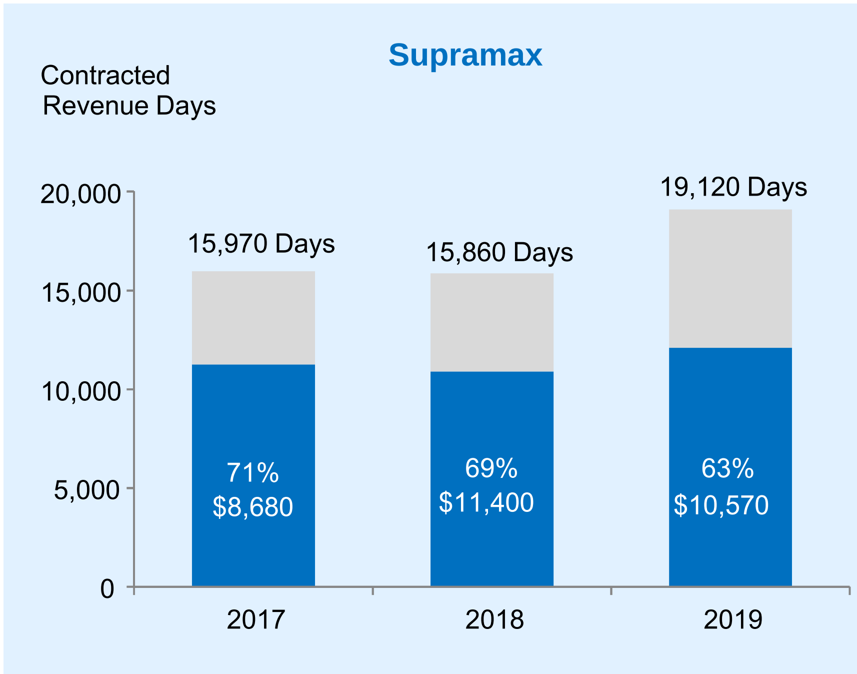
Strong cash position and track record set us apart as a preferred counterparty

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:
2019 Future Cover





■ Covered ■ Uncovered

* Note that our 2019 forward cargo contract cover is back-haul heavy
Currency in US$
Cover as at mid-February, for comparison the graphs show the level of cover secured as at the same time in February in recent years

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Appendix:
Inward Charter-in Commitments

As at 31 December 2018

	Handysize						Supramax					
	Long-term (> 1 year)		Short-term		Total		Long-term (> 1 year)		Short-term		Total	
Year	Vessel days	Average rate	Vessel days	Average rate	Vessel days	Average rate	Vessel days	Average rate	Vessel days	Average rate	Vessel days	Average rate
1H 2019	3,590	10,260	910	10,240	4,500	10,250	1,090	13,170	2,960	12,010	4,050	12,320
2H 2019	3,350	10,160	60	11,260	3,410	10,180	1,080	13,210	210	11,410	1,290	12,920
2019	6,940	10,210	970	10,310	7,910	10,220	2,170	13,190	3,170	11,970	5,340	12,460
2020	4,020	10,420	–	–	4,020	10,420	1,560	13,030	–	–	1,560	13,030
2021	3,130	10,150	–	–	3,130	10,150	590	12,240	–	–	590	12,240
2022	2,490	9,920	–	–	2,490	9,920	130	12,500	–	–	130	12,500
2023	1,470	10,620	–	–	1,470	10,620	–	–	–	–	–	–
2024+	1,020	11,310	–	–	1,020	11,310	–	–	–	–	–	–
Total	19,070		970		20,040		4,450		3,170		7,620	

Note:
Following the adoption of new accounting standard HKFRS16 Leases on 1 Jan 2019, charter-in operating leases of longer than 12 months will be accounted for on balance sheet as right-of-use assets and lease liabilities.

Appendix:
Dry Bulk Demand in 2018 and 2019 Forecast

2018E Dry Bulk Trade Volumes

	Million Tonnes	YOY
Iron Ore	1,473	0%
Coal	1,240	3.3%
Major bulk total	2,713	1.5%
PB Focus		
Nickel Ore	57	30%
Manganese Ore	40	18%
Cement	129	12%
Bauxite / Alumina	145	10%
Salt	53	8%
Copper Concentrates	33	6%
Others	279	4%
Scrap Steel	117	4%
Forest Products	373	2%
Soybean	149	2%
Fertiliser	173	2%
Steel Products	393	0%
Agribulks	174	-1%
Wheat / Grains	328	-1%
Sugar	57	-7%
PB focus cargoes total	2,500	3.1%
2018E Total Dry Bulk	5,213	2.3%

(tonne-mile effect = 2.9%)

2019F Dry Bulk Trade Volumes

	Million Tonnes	YOY
Iron Ore	1,480	0.5%
Coal	1,264	1.9%
Major bulk total	2,744	1.1%
PB Focus		
Manganese ore	45	13%
Nickel ore	64	12%
Bauxite / Alumina	159	10%
Copper concentrates	35	6%
Soybean	158	6%
Salt	55	4%
Others	288	3%
Wheat / Grains	338	3%
Cement	132	2%
Fertiliser	177	2%
Agribulks	178	2%
Forest products	380	2%
Sugar	58	2%
Scrap steel	119	2%
Steel products	399	2%
PB focus cargoes total	2,585	3.4%
2019F Total Dry Bulk	5,329	2.2%

(tonne-mile effect = 2.5%)

Source: Clarksons Research, as at February 2019

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Appendix:
Vessel Speed Optimisation Example

- Higher fuel oil prices allow freight rates to increase without increasing speed and hence supply

Optimal MCR / Speed Matrix on Typical Handysize Ship
(Japanese-built 32,000 dwt, all weather)

	TCE US$/day																	
Bunker Cost / mt US$	1,000	2,000	3,000	4,000	5,000	6,000	7,000	8,000	9,000	10,000	11,000	12,000	13,000	14,000	15,000	16,000	17,000	18,000
100		50%																
150		34%	50%	69%														
200			38%	50%	65%													
250			31%	40%	50%	62%	69%											
300				34%	42%	50%	60%	69%	69%									
350				36%	43%	50%	58%	58%	67%	69%								
400				32%	38%	44%	50%	50%	57%	65%	69%							
450					34%	39%	44%	44%	50%	56%	62%	68%	69%					
500					31%	35%	40%	40%	45%	50%	56%	62%	68%	69%				
550						32%	36%	36%	41%	45%	50%	55%	61%	66%	69%			
600						30%	34%	34%	38%	42%	46%	50%	55%	60%	65%	69%	69%	

Minimium Practical about 30% MCR (around 9.2 knots)

Full Practical Speed about 85% MCR (around 13.2 knots)

30% MCR = 9.2knots
50% MCR = 11knots
70% MCR = 12knots
85% MCR = 13.2knots

Appendix:
Dry Bulk Outlook in the Medium Term

Possible Market Drivers in the Medium Term

Opportunities

- Continued strong industrial growth and infrastructure investment in emerging markets and China, boosted by economic stimulus, enhancing demand for dry bulk shipping
- Easing of US-China trade tariffs and restrictions resulting in improved sentiment and dry bulk trade activity
- Environmental policy in China encouraging shift from domestic to imported supply of resources
- Limited newbuilding ordering and deliveries supporting tighter supply in the medium term
- Environmental maritime regulations encouraging increased ship scrapping from current minimal levels and discouraging new ship ordering
- Supply contraction due to slower operating speed of ships burning more expensive low-sulphur fuel and time out of service for ships installing scrubbers to meet the IMO 2020 sulphur cap
- Expanding thermal coal imports into emerging south and south-east Asian countries

Threats

- Slowing global economic growth affecting the trade in dry bulk commodities
- Reduction in Chinese industrial growth and investments impacting demand for dry bulk shipping
- Environmental policy in China encouraging greater shift to renewable energy, possibly impacting coal imports
- Escalating trade disputes impacting global GDP growth, weakening sentiment and undermining dry bulk demand
- Excessive new ship ordering if the price gap between newbuilding and secondhand ships closes
- Periods of low fuel prices supporting faster ship operating speeds which increases supply
- Iron ore infrastructure disruptions in Brazil impacting global iron ore tonne-mile trade flows

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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**

2018 CSR Report
www.pacificbasin.com/ar2018

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

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Appendix:
Convertible Bonds Due 2021

Issue size	US$125 million
Maturity Date	3 July 2021 (approx. 6 years)
Investor Put Date and Price	3 July 2019 (approx. 4 years) at par
Coupon	3.25% p.a. payable semi-annually in arrears on 3 January and 3 July
Redemption Price	100%
Initial Conversion Price	HK$4.08 (current conversion price: HK$3.03 with effect from 9 Aug 2018)
Intended Use of Proceeds	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

Conversion/redemption Timeline