Pacific Basin

3Q17 Trading Update

Morgan Stanley Asia Pacific Summit 2017
Singapore, Nov 2017

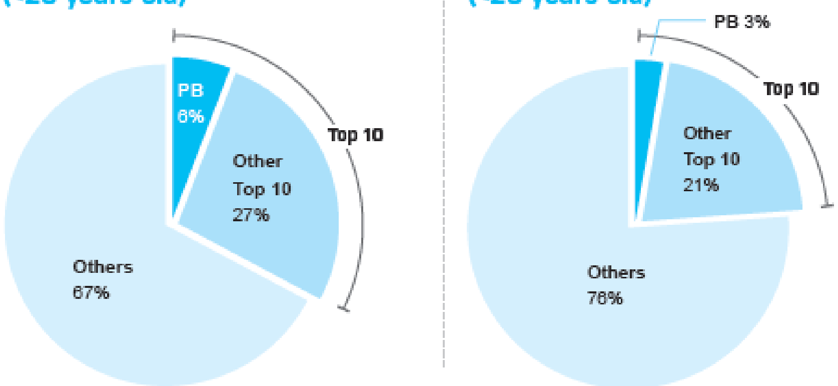
Pacific Basin Overview

- A leading dry bulk owner/operator of Handysize & Supramax dry bulk ships
- Cargo system business model – outperforming market rates
- About 260 dry bulk ships on the water serving major industrial customers around the world
- Hong Kong headquarters, 12 offices worldwide, 330 shore-based staff, 3,000 seafarers*
- Our vision: To be a shipping industry leader and the partner of choice for customers, staff, shareholders and other stakeholders

OUR MARKET SHARE

Handysize (<20 years old)

Supramax (<20 years old)



We operate approximately 6% of global 25-40,000 dwt Handysize ships of less than 20 years old

We operate approximately 3% of global 50-65,000 dwt Supramax ships of less than 20 years old

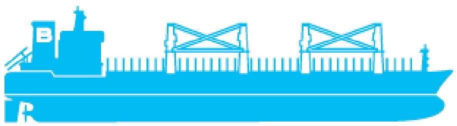
Source: Pacific Basin, Clarksons Platou

www.pacificbasin.com
Pacific Basin business principles and our Corporate Video

* As at Jan 2017

Understanding Our Core Market

THE DRY BULK SECTOR



Bulk Carriers for dry bulk commodities

OTHER MAINSTREAM SHIPPING SECTORS

Containerships for containerised goods

Tankers for oil, gas & chemicals

	Bulk Carrier Ship Types	Percentage of Global Dry Bulk Capacity	Versatility	Main Commodities Carried
Minor bulks with cranes (Our Focus)	**Handysize** 25,000-39,999 dwt	10%	More Versatile	**Minor Bulks** Metals: • Ores & Concentrates • Alumina • Bauxite Energy: • Coal/Coke • Petcoke Minerals: • Salt • Sand & Gypsum Agricultural Products: • Grains • Fertiliser • Sugar Construction Materials: • Logs & Forest Products • Cement & Clinker • Steel & Scrap Other Bulks
Minor bulks with cranes (Our Focus)	**Handymax (incl. Supramax)** 40,000-64,999 dwt	24%	More Versatile	
Major bulks without cranes	**Panamax & Post-Panamax** 65,000-119,999 dwt	27%	Less Versatile	**Major Bulks** • Iron ore • Coal • Grains
Major bulks without cranes	**Capesize** 120,000+ dwt	39%	Less Versatile	

Few ports, few customers, few cargo types, low scope for triangulation ⟷ **Many ports, many customers, many cargo types, high scope for triangulation**

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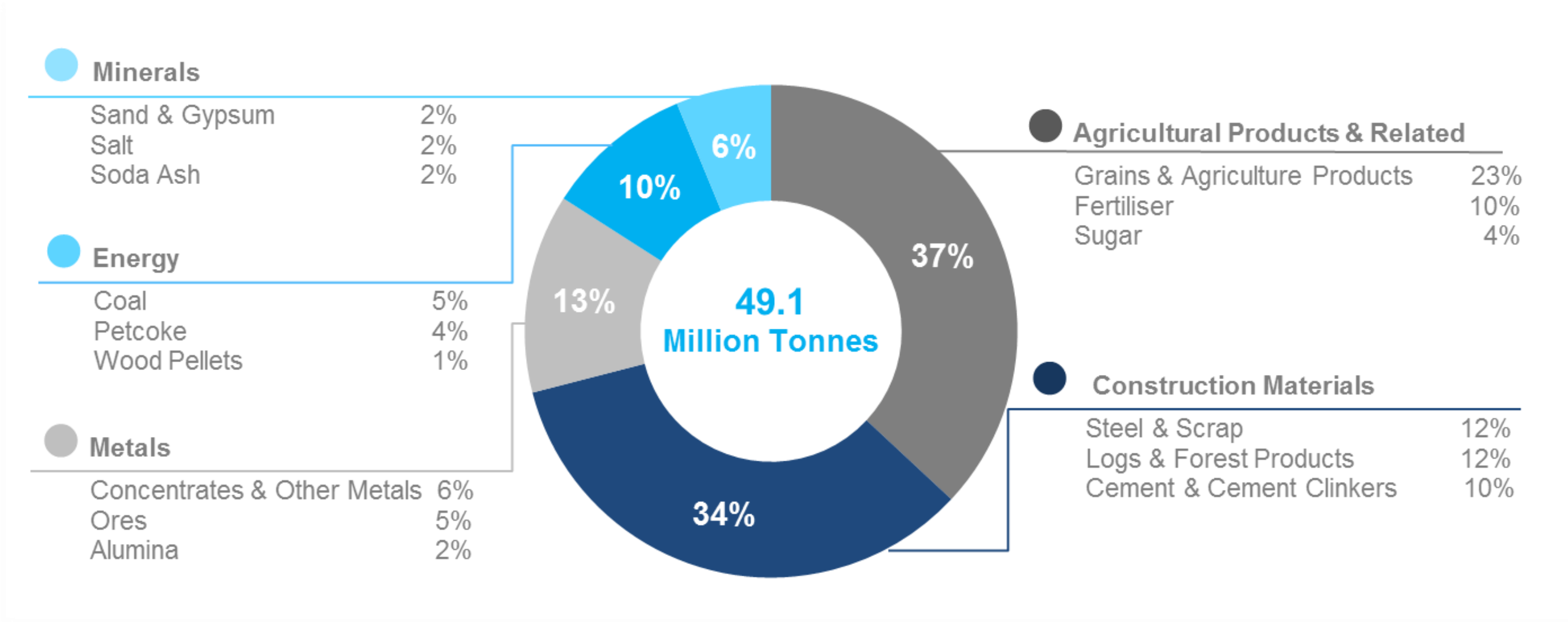
Diversified Cargo & Customer Exposure

Our Dry Bulk Cargo Volumes 1Q-3Q 2017



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

Large Fleet of Modern Versatile Ships

Pacific Basin Dry Bulk Fleet: 264
Average age of core fleet: 7.3 years old

www.pacificbasin.com
Customers > Our Fleet

	Owned [1]	Chartered [2]	Total
Handysize	80	85	165
Supramax	25	72	97
Post-Panamax	1	1	2
Total	106	158	264

[1] Two recent acquisitions (one secondhand Handysize and one Supramax newbuilding resale) will join our owned fleet when they deliver in Q4 2017 and Q1 2018 respectively.
[2] Average number of vessels operated in Sep 2017
Fleet as at 10 Oct 2017

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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

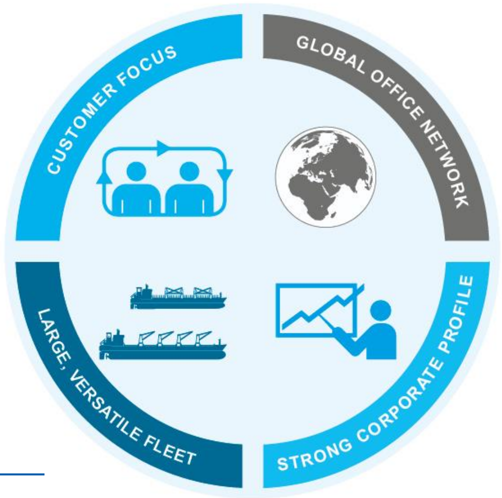
Close partnership with customers generates enhanced access to spot cargoes and long-term cargo contract opportunities of mutual benefit

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

Why Handysize? Why Minor Bulk?

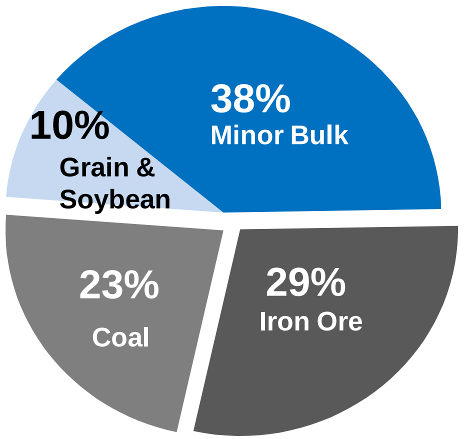
- More diverse customer, cargo and geographical exposure enables high utilisation
- A segment where scale and operational expertise make a difference
- Better daily TCE earnings driven by a high laden-to-ballast ratio
- Sound long-term demand expectations and modest historical Handysize fleet growth

Full Year 2017E Global Dry Bulk Trade

5.1 billion tonnes (+3.5% YOY)

Pacific Basin focuses on these growing markets

Minor Bulks & Grain is 48% of total Dry Bulk demand



Source: Clarksons Platou, 1 Jan 2017

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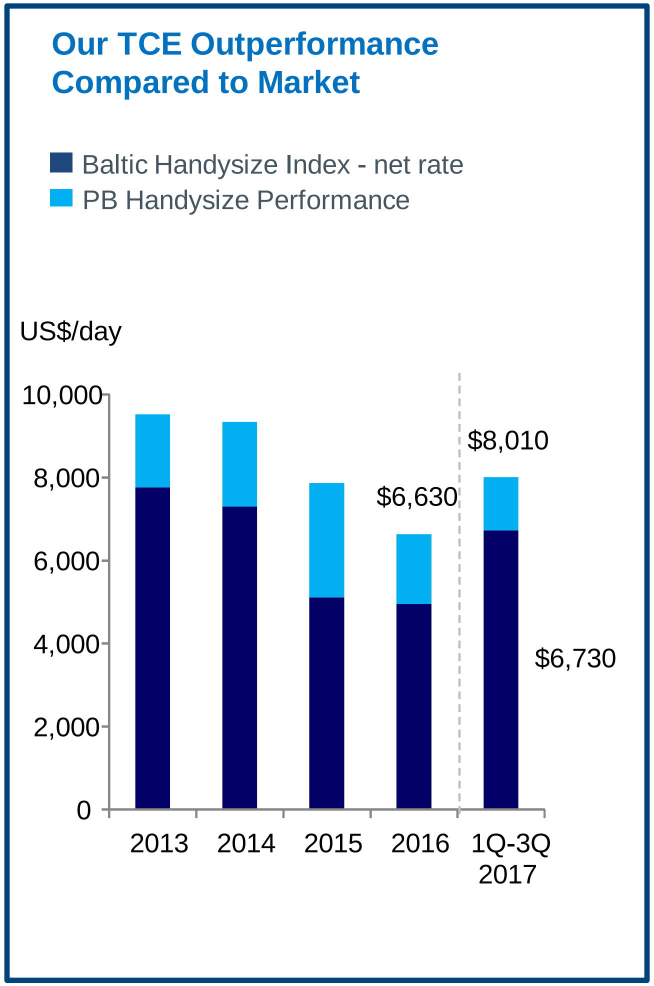
Our Ability to Outperform



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:

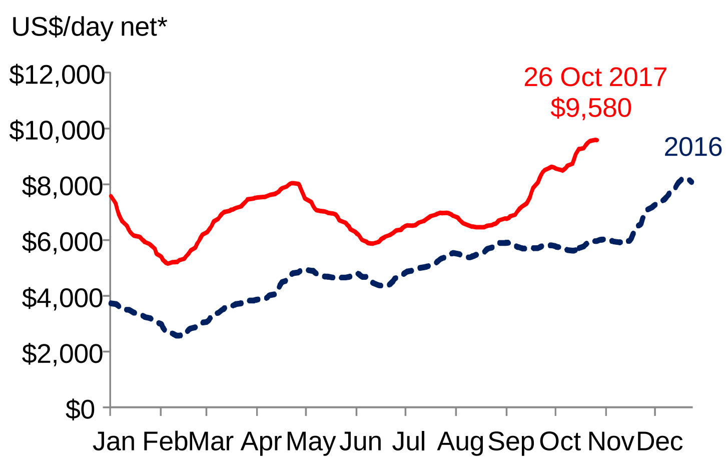
- Our fleet scale
- High-quality substitutable ships
- Experienced staff
- Global office network
- Our cargo contracts, relationships & direct interaction with end users
- Our fleet has a high proportion of owned vessels facilitating greater control and minimising trading constraints
- Our segment's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

Average PB premium over market indices in last 5 years:

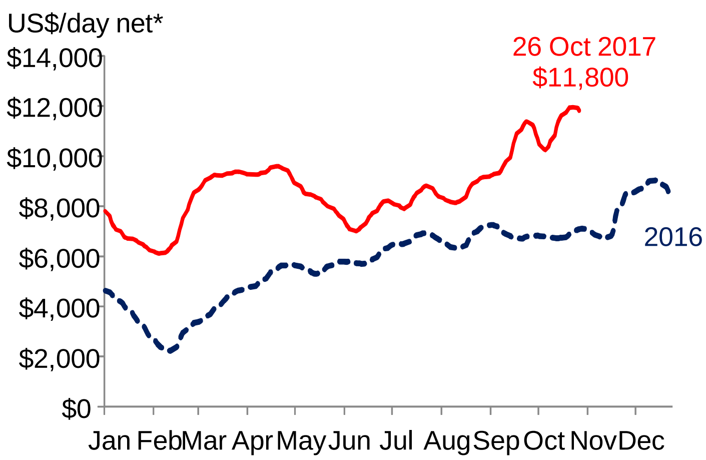
- Handysize TCE: **US$1,940/day**
- Supramax TCE: **US$1,290/day**

Market Rates Development YTD 2017

Handysize Market Spot Rates in 2016-2017



Supramax Market Spot Rates in 2016-2017



- Similar freight market pattern YTD as last year, but at higher level
- Seasonal mid-year decline affected 3Q rates
- Recent increase in rates is positive, but benefit is limited in 2017 due to lag between fixing and earning and because much of 4Q is already covered

** excludes 5% commission*

Source: Baltic Exchange (BSI 58,000 dwt), data as at 26 Oct 2017

Key Demand Drivers for 2017

- 1H17 actual dry bulk effective demand growth about 4.5%
- Clarksons estimate full year 2017 dry bulk effective demand growth will exceed 5% (compared to +1.9% in 2016 and -0.9% in 2015)
- Strong American grain exports, including record high 3Q volumes from Brazil
- SE Asia coal imports increased
- Strong imports of minor bulks into China +18% YOY to highest level since 2013
- Soybean, bauxite and logs growing at healthy levels

Source: Clarksons Platou

Our Performance in 3Q17

As at 10 Oct 2017

	US$/day	Handysize	Supramax
3Q	PB daily TCE 3Q17	$8,130 (+15% YOY)	$9,350 (+27% YOY)
3Q	Market Index Rate	$7,000	$9,070
1Q- 3Q17	PB daily TCE YTD [1]	$8,010 (+25%YOY)	$9,060 (+41% YOY)
1Q- 3Q17	Market Index Rate YTD	$6,730	$8,370
1Q- 3Q17	PB Outperformance YTD	19%	8%

[1] Excluding short-term days: Handysize daily TCE US$8,120; Supramax daily TCE US$9,650

Forward cover for 4Q17 and 2018

As at 10 Oct 2017

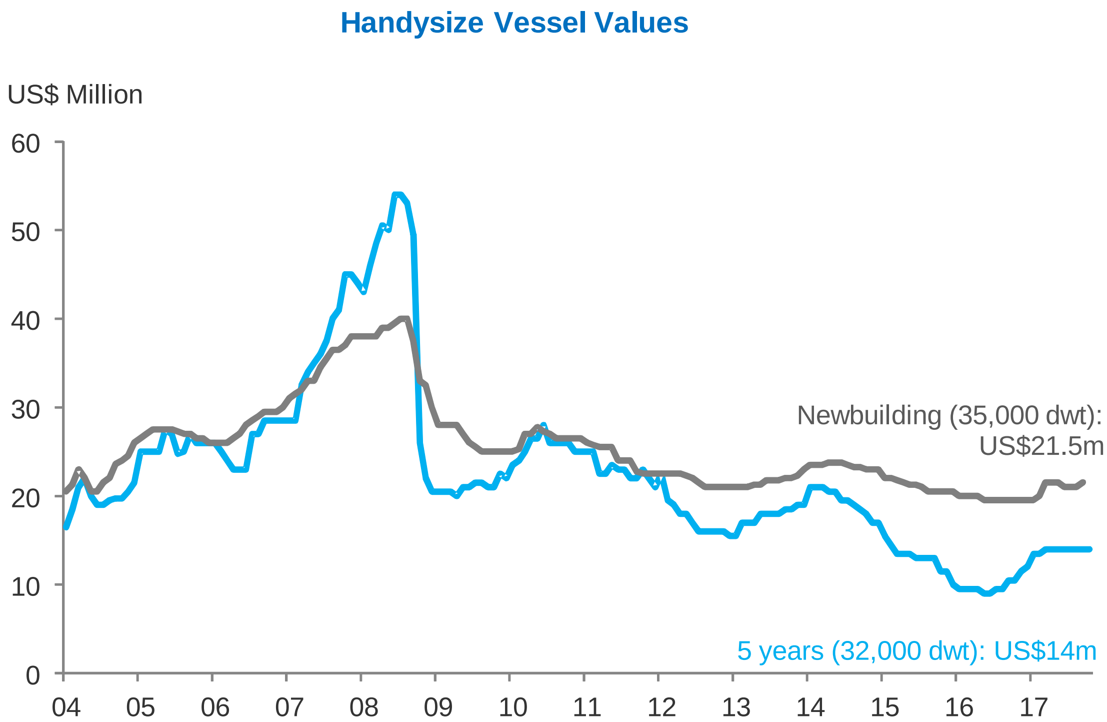
	US$/day	Handysize	Supramax
4Q	PB TCE Cover Rate for 4Q17	$8,890	$10,600
	% of Contracted Days Covered	70%	79%
2018	PB TCE Cover Rate for 2018	$7,690	$9,640
	% of Contracted Days Covered	14%	32%

2017 Third Quarter Trading Update

- Market improvement since last year benefits our owned and long term chartered ships which have mainly fixed costs
- Market rates increased at end of 3Q but, due to lag between fixing and earning and 4Q is already mostly covered, these stronger rates will have marginal effect on our 2017 results
- Our capacity has increased YOY due to larger owned fleet (soon 106 ships), complemented by ships on shorter-term charters
  - Acquired 5 modern dry bulk ships in Aug funded by:
    - New PB shares issued to the sellers
    - Cash raised through a share placement
    - Cash from our existing cash resources

- Continue to look at attractive secondhand ship acquisition opportunities if they can generate a reasonable payback at prevailing asset prices and freight earnings
- Our final tug sold in 3Q thus concluding our exit from non-core towage activity

Vessel Values Increased YOY



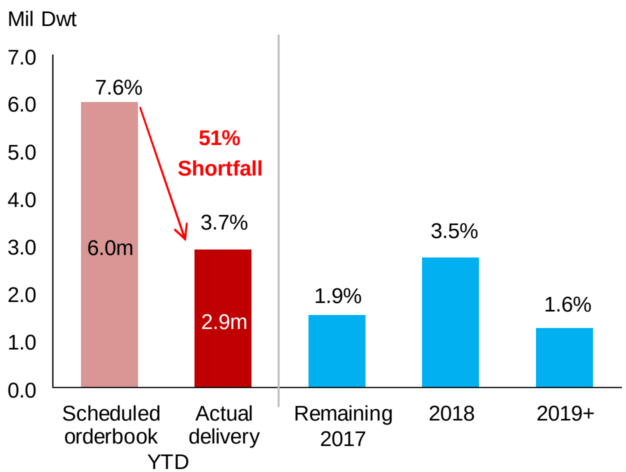
- Improved freight market conditions supported increased vessel values
- Newbuilding and secondhand prices have increased YOY, but secondhand values remain below the low of 2013
- Gap between newbuilding and secondhand prices continues to discourage new ship ordering

Source: Clarksons Platou, as at 20 Oct 2017

Orderbook Continues to Shrink

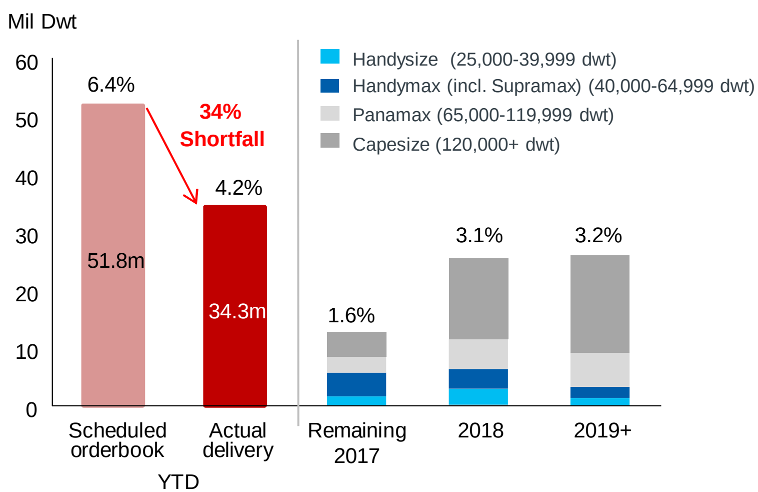
Handysize Orderbook

149 vessels (5.5 million dwt)

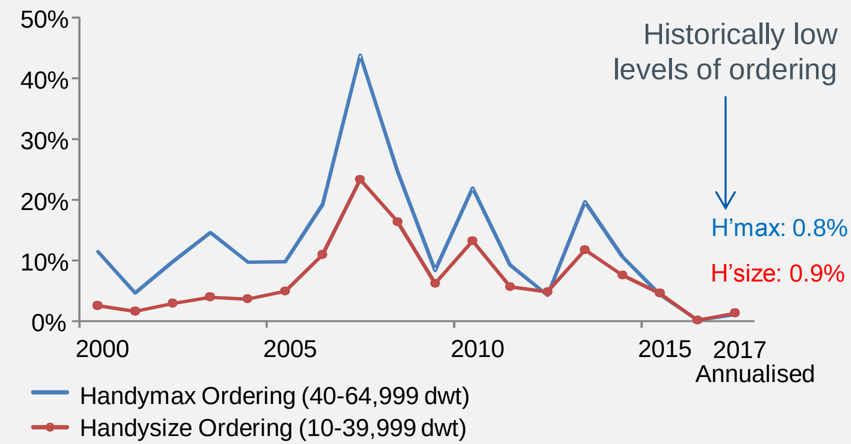


Total Dry Bulk Orderbook

623 vessels (64.1 million dwt)



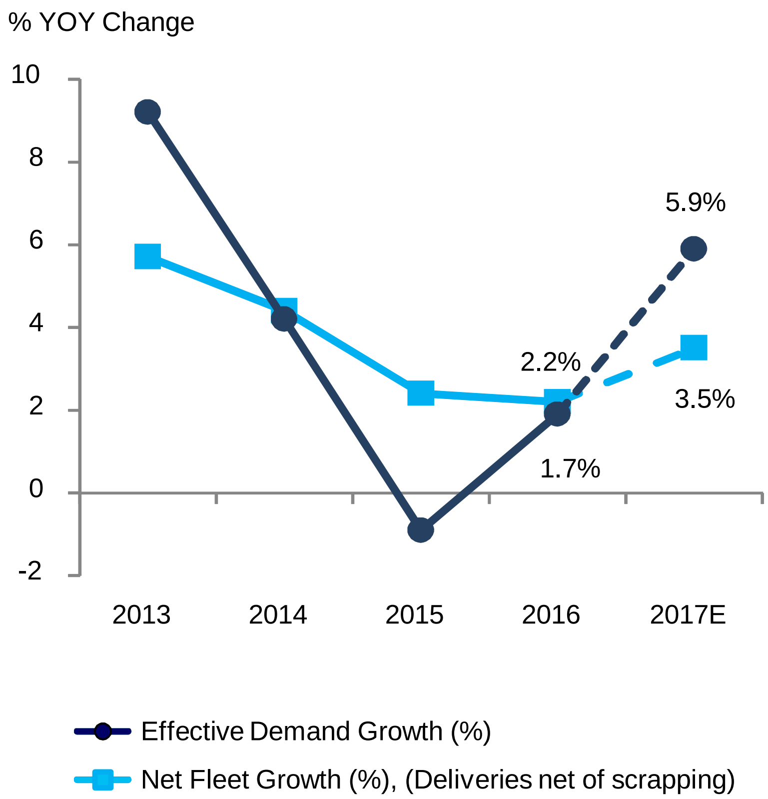
New Vessel Ordering is Down



- Combined Handysize and Supramax orderbook now at 5.4%, lowest since Oct 1999
- Net fleet growth estimated at about 3.5% in FY17
- Very low new vessel ordering in last 18 months influenced by:
  - Secondhand values still low
  - New low sulphur and Ballast Water Treatment System regulations create uncertainty of design
  - New accounting rules from 2019 discouraging new long-term time charters

Source: Clarksons Platou, as at 1 Oct 2017

Dry Bulk Supply & Demand



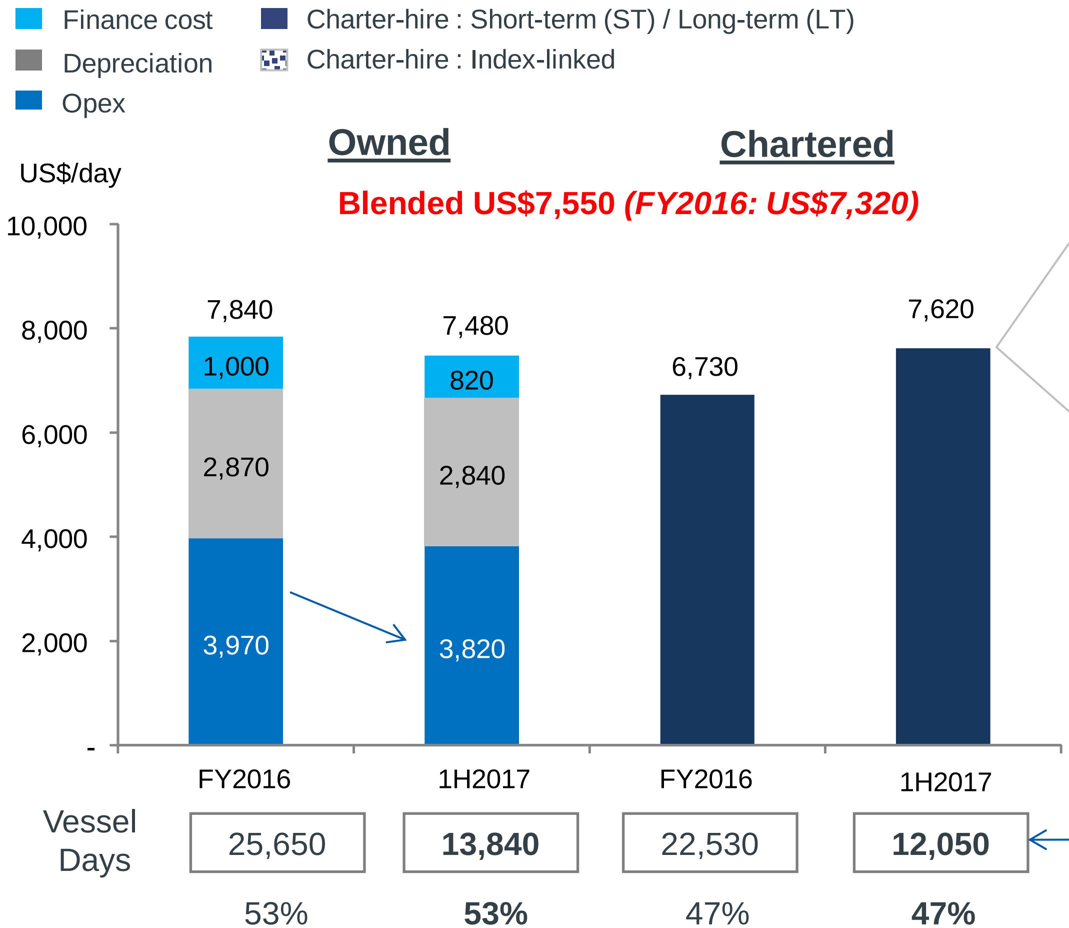
- Demand is recovering and outpacing supply so far in 2017
- For full year 2017:
  - Clarksons estimate effective demand growth to exceed 5%
  - PB estimate net supply growth around 3.5%

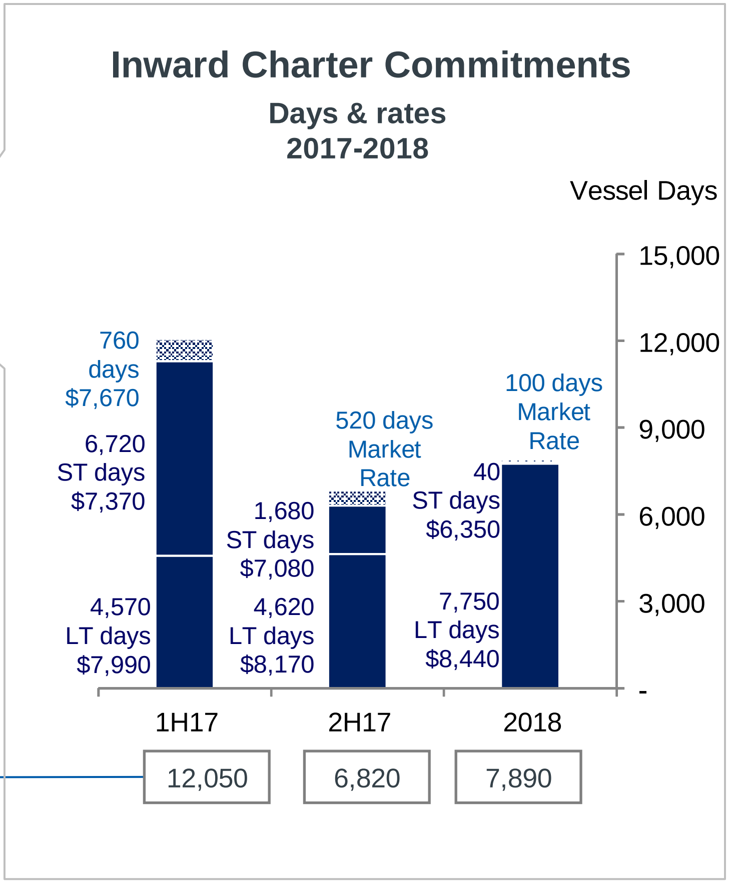
    (5.0% deliveries – about 1.5% scrapping)
- Progressively fewer new ships will deliver from shipyards in 2018 and 2019
- However, risk of new ordering and the potential for increased vessel speeds remain negative factors

Source: Clarksons Platou, Pacific Basin

1H17 Daily Vessel Costs – Handysize

As at 30 June 2017

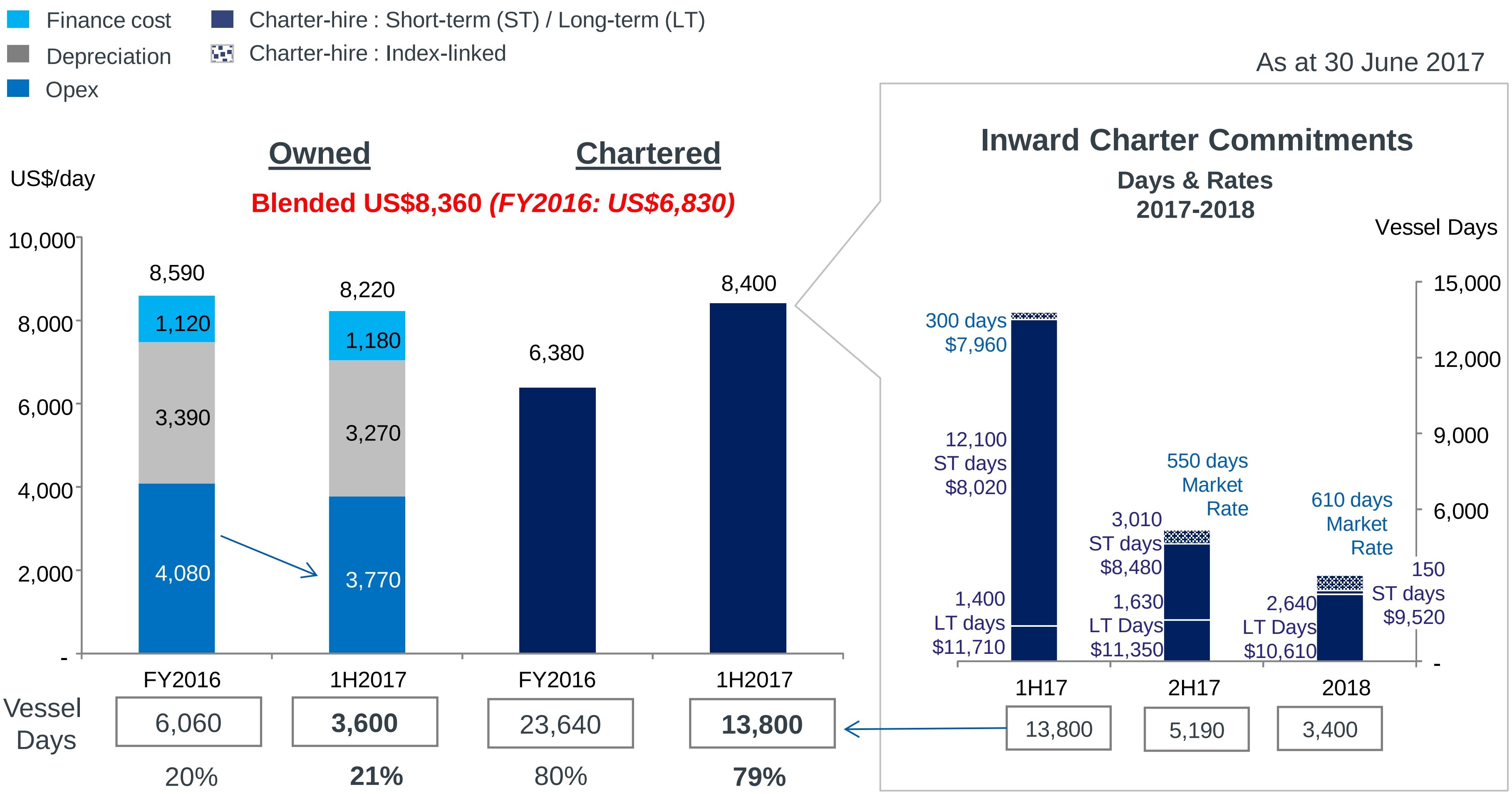




- Daily cash cost before overhead: US$6,310 (1H16: US$6,010)
- Charter-hire costs increased due to new ST charters in stronger market
- Opex further reduced due to scale benefits
- **Overheads** reduced to US$590/day (1H16: US$680/day) - includes all direct & indirect costs

* Chartered rates are shown net of provision

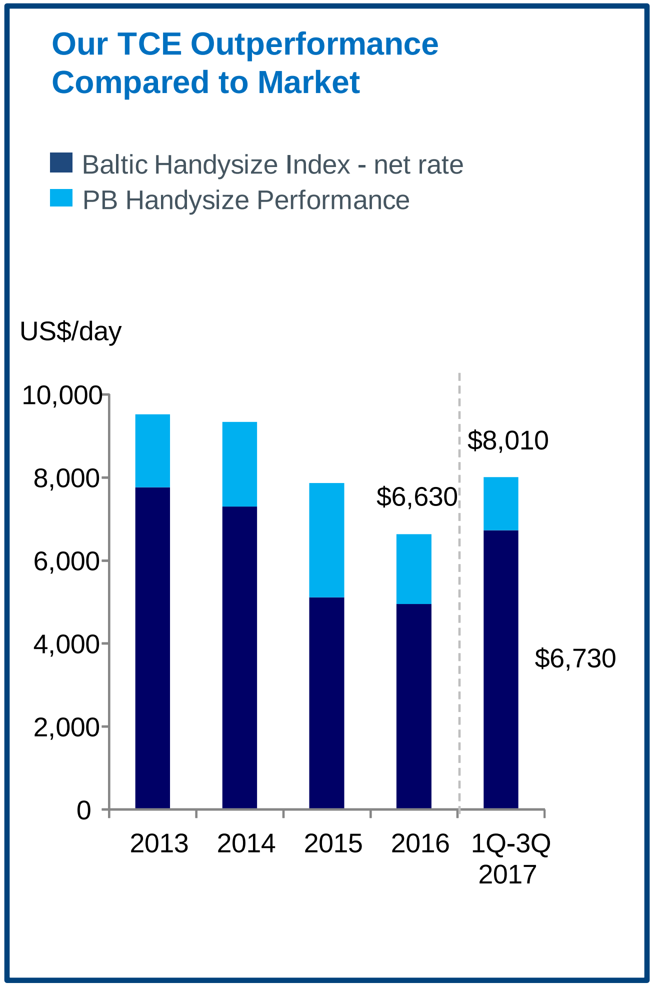
1H17 Daily Vessel Costs – Supramax



- Daily cash cost before overhead: US$7,850 (1H16: US$5,940)
- Charter-hire costs increased due to new ST charters in stronger market
- Opex further reduced due to scale benefits
- **Overheads** reduced to US$590/day (1H16: US$680/day) - includes all direct & indirect costs

** Chartered rates are shown net of provision*

Our Ability to Outperform



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- Supramax TCE: **US$1,290/day**

Our Outlook and Strategy

Dry Bulk Outlook

- Market conditions have improved since last year and we believe the worst of the current Dry Bulk market cycle is behind us
- Demand has recovered and benefit from growing grain consumption for animal feed and increased government stimulus in China
- The shrinking orderbook bodes well for long-term but more time, scrapping and limited ordering are required for a more normal market balance to be sustained

Strategy

- Continue to focus on our world-leading Handysize & Supramax business
- Maximise our fleet utilisation and TCE earnings by combining minor bulk characteristics with our large fleet of substitutable ships & global office network
- Continue to assess attractive secondhand vessel acquisition opportunities if they can generate reasonable return & payback
- Healthy cash and net gearing positions enhance our strong corporate profile: preferred, strong, reliable, safe partner for customers and other stakeholders
- We are well positioned for a recovering market

Pacific Basin Benefits:

Fully Handysize & Supramax focused

+

Business Model → Premium

+

High-quality predominantly Japanese-built fleet

+

Experienced staff, globally

+

Strong counterparty

→Well positioned

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
  - 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

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- **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
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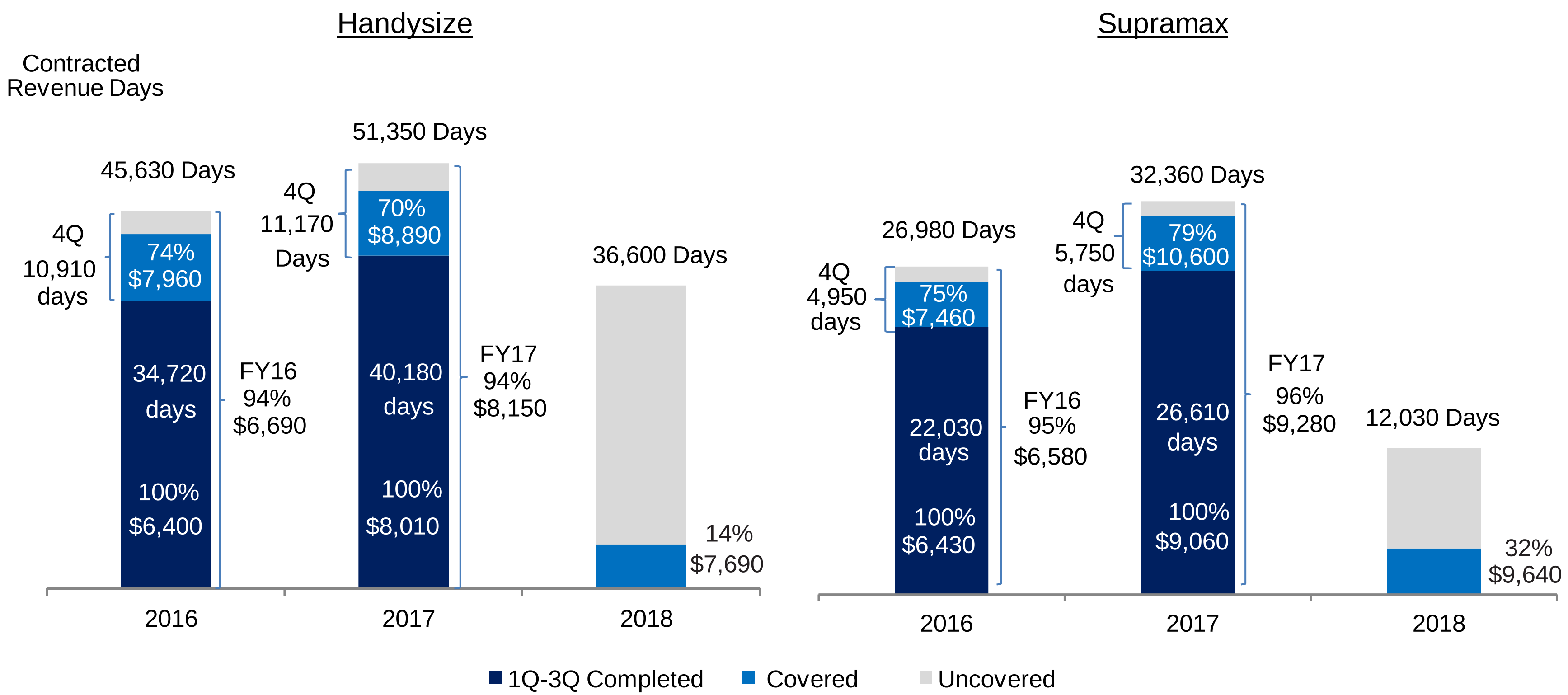
Appendix:
Earnings Cover in 2017



Currency in US$, data as at 10 Oct 2017
*2016 data as announced in Oct 2016

Pacific Basin

Appendix: 2017 Interim Results and Highlights

As in 2017 Interim Report

- 2017 Market freight rates well above historic lows one year ago and demand outpacing supply
- Much increased positive 1H17 EBITDA of US$56.6m from negative $5m in 1H16
- Much reduced 1H17 underlying loss of US$6.7m from a loss of US$61.6m in 1H16
- Took delivery of our final 7 newbuildings in 1H17 and our cash position was US$248m at mid-year
- We are operating about 250 dry bulk ships overall and with 8 secondhand acquisitions during the year, our owned fleet will expand to 106 ships
- We opened a new commercial office in Rio and relocated our HK Headquarters to an improved lower cost office
- Our vessel opex and our G&A per day reduced further, lowering the breakeven levels for our owned ships

www.pacificbasin.com
2017 Interim Report

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Appendix:
2017 First Half Financial Highlights

As in 2017 Interim Report

US$m	1H17	1H16
Dry Bulk	(6.3)	(60.4)
Towage & Others	(0.4)	(1.2)
Underlying loss	(6.7)	(61.6)
▪ Unrealised derivative (expenses)/income	(2.6)	13.7
▪ Office relocation costs	(1.4)	-
▪ Impairment of towage vessels	(0.9)	-
▪ Sales of vessels	(0.4)	(1.9)
Loss attributable to shareholders	(12.0)	(49.8)

- Revenue and cost of services increased by 44% and 33% respectively, mainly due to improved market conditions
- US$(2.6)m unrealised derivative accounting loss:
  - M2M of existing and new bunker swap contracts to be completed
- US$(0.4) disposal loss:
  - Sales of 2 tugs and 1 Supramax

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Appendix:
1H17 By Vessel Segment

As in 2017 Interim Report

Handysize		1H17	1H16	Change
Revenue days	(days)	**25,660**	23,070	+11%
TCE earnings	(US$/day)	**7,920**	6,080	+30%
Owned + chartered costs	(US$/day)	**7,550**	7,300	-3%
Handysize contribution	(US$m)	**7.8**	(30.2)	>+100%

Supramax		1H17	1H16	Change
Revenue days	(days)	**17,330**	14,180	+22%
TCE earnings	(US$/day)	**8,920**	5,910	+51%
Owned + chartered costs	(US$/day)	**8,360**	6,370	-31%
Supramax contribution	(US$m)	**9.1**	(6.8)	>+100%

- Both Handysize and Supramax contributions returned to positive territory as we continue to leverage our business model to outperform in the improved but still challenging market
- Excluding short-term vessel days:
  - Handysize daily TCE US$8,010 on 21,460 days
  - Supramax daily TCE US$9,890 on 8,980 days

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Appendix: Balance Sheet

As in 2017 Interim Report

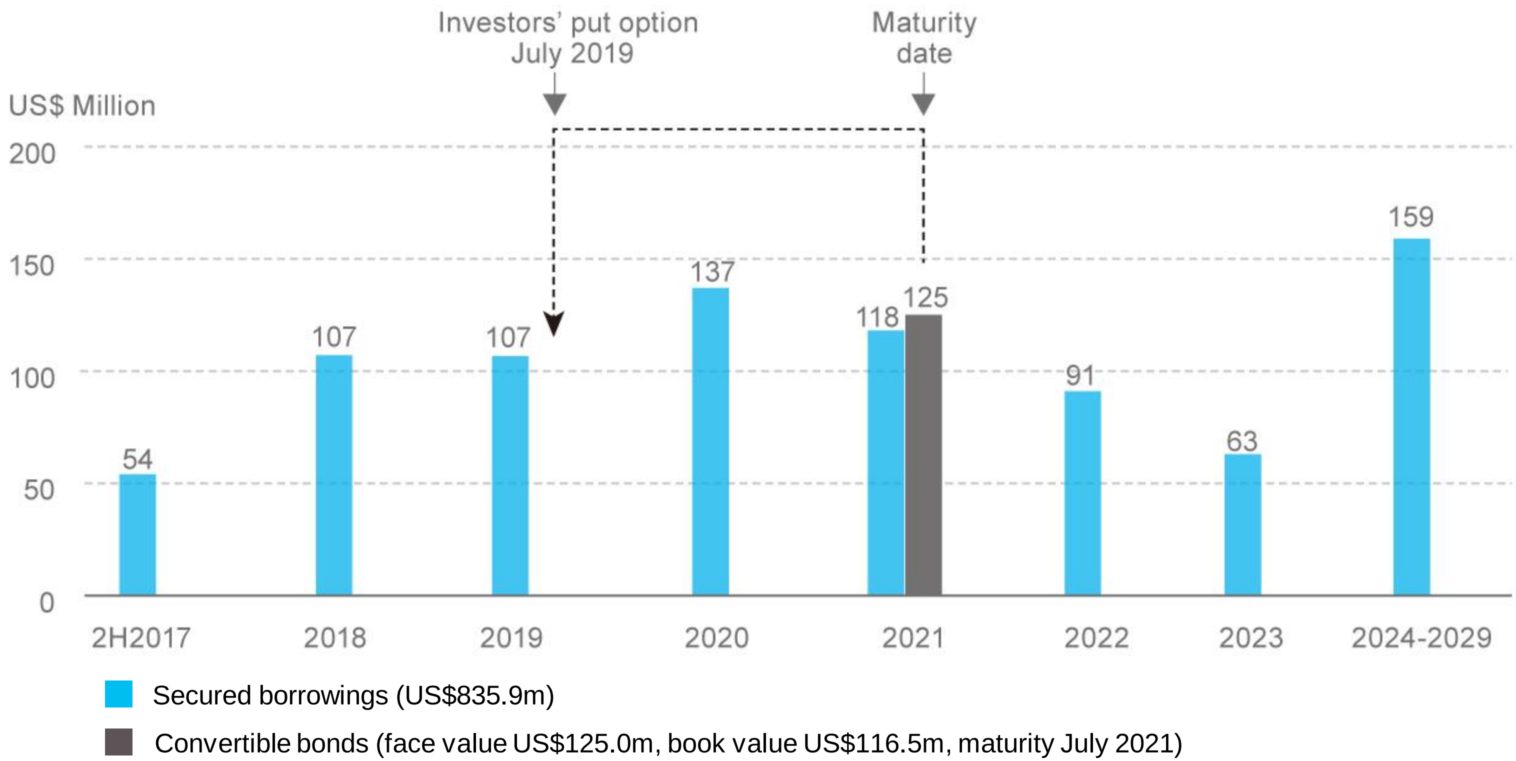
US$m	30 Jun 17	30 Dec 16
Vessels & other fixed assets	**1,763**	1,653
Total assets	**2,204**	2,107
Total borrowings	**952**	839
Total liabilities	**1,174**	1,066
Net assets	**1,030**	1,041
Net borrowings (total cash US$248m)	**705**	570
Net borrowings to net book value of property, plant and equipment KPI	**40%**	34%

- Vessel average net book value: Handysize $15.6m (9.4 years); Supramax $22.8m (6.3 years)
- KPI: maintain net gearing below 50%
- Group in compliance with all loan covenants

Appendix: Borrowings and Capex

As in 2017 Interim Report

As at 30 June 2017



- Our final 7 newbuildings delivered in 1H17, all remaining facilities were drawn down

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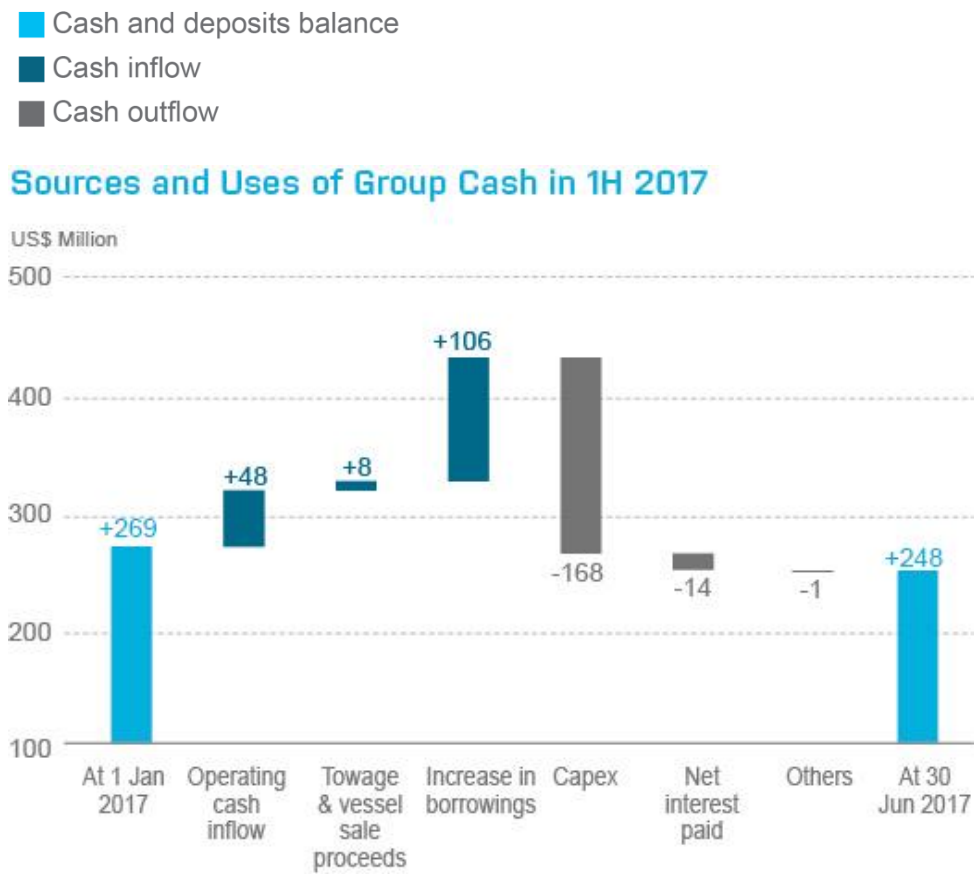
Appendix: Cash Flow in 1H17

As in 2017 Interim Report



As at 30 June 2017

1H17 Operating cash flow	**US$47.6m**
1H17 EBITDA	**US$56.6m**

Borrowings increased by US$106m due to:

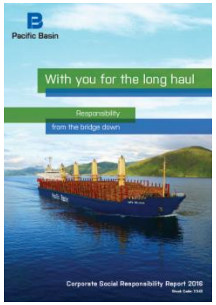
- Net repayment of US$52m of secured borrowings
- Drew down US$158m:
  - US$140m Japanese export credit facilities
  - US$18m other borrowings on 2 existing vessels

Capex US$119m newbuildings and US$31m three secondhand vessel purchased

We drew down our remaining committed banking facilities

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**



2016 CSR Report
www.pacificbasin.com/ar2016

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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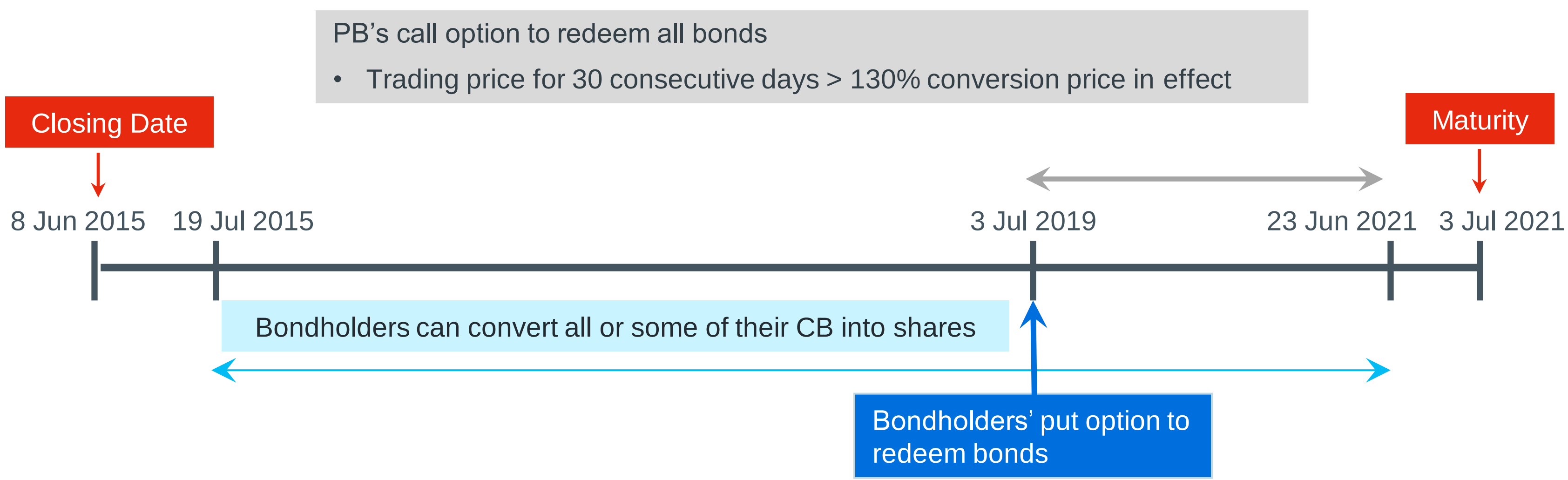
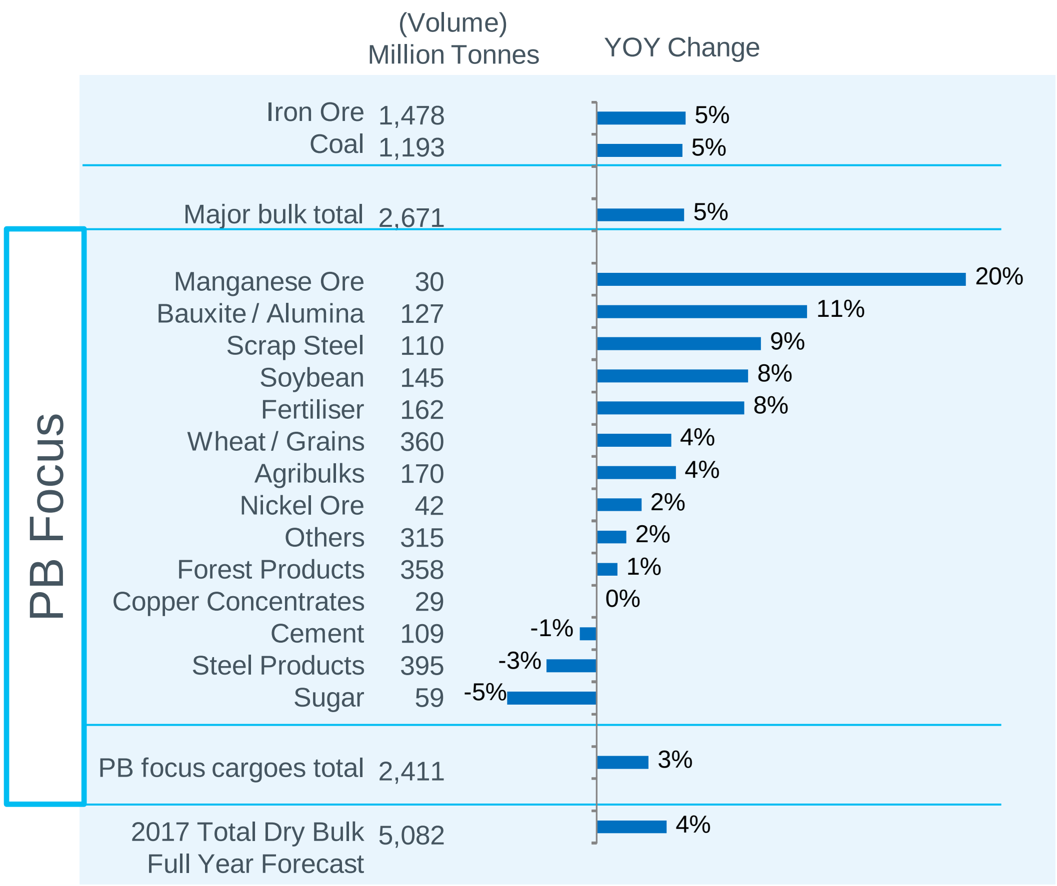
Appendix: Convertible Bonds Due 2021

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$3.07 with effect from 30 May 2016)
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



Appendix: Estimated 4% Growth in Seaborne Dry Bulk Volume in Full Year 2017

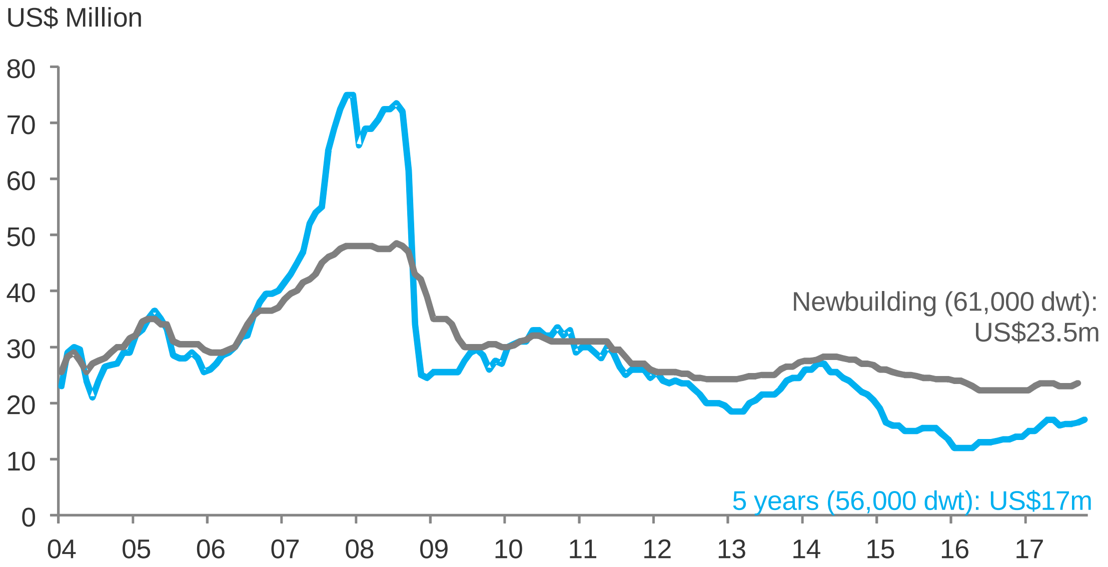


Clarksons estimate FY2017:

- >5% Effective Demand Growth

Source: Clarksons Platou, as at 1 Oct 2017

Appendix:
Supramax Vessel Values



Source: Clarksons Platou, as at 20 Oct 2017

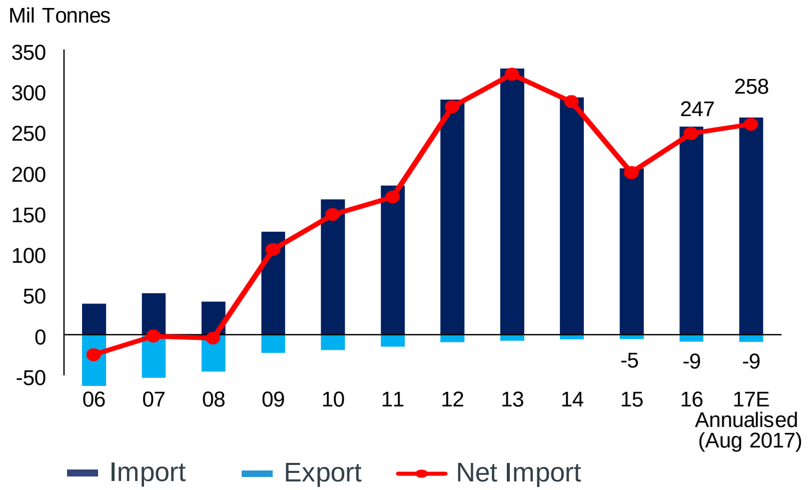
Appendix: Dry Bulk Supply

	Orderbook as % of Existing Fleet	Average Age	Over 20 Years	Over 15 Years	YTD Scrapping as % of Existing Fleet as at 1 Oct 2017 (annualised)
Handysize (25,000-39,999 dwt)	**7%**	**9**	**9%**	**16%**	**1.6%**
Handymax (incl. Supramax) (40,000-64,999 dwt)	**5%**	**8**	**7%**	**14%**	**2.0%**
Panamax (65,000-119,999 dwt)	**6%**	**8**	**5%**	**16%**	**1.8%**
Capesize (120,000+ dwt)	**11%**	**8**	**7%**	**11%**	**2.1%**
Total Dry Bulk >10,000 dwt	**8%**	**9**	**7%**	**14%**	**2.0%**

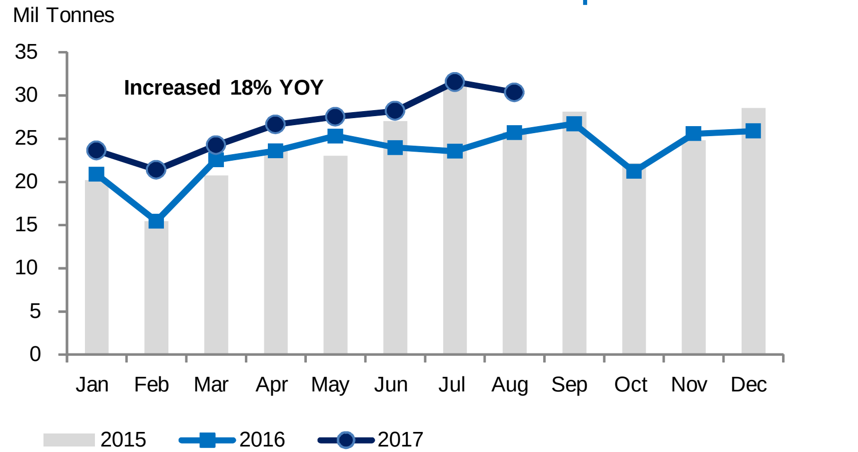
Source: Clarksons Platou, as at 1 Oct 2017

Appendix:
China Major and Minor Bulk Trade

China Coal Trade

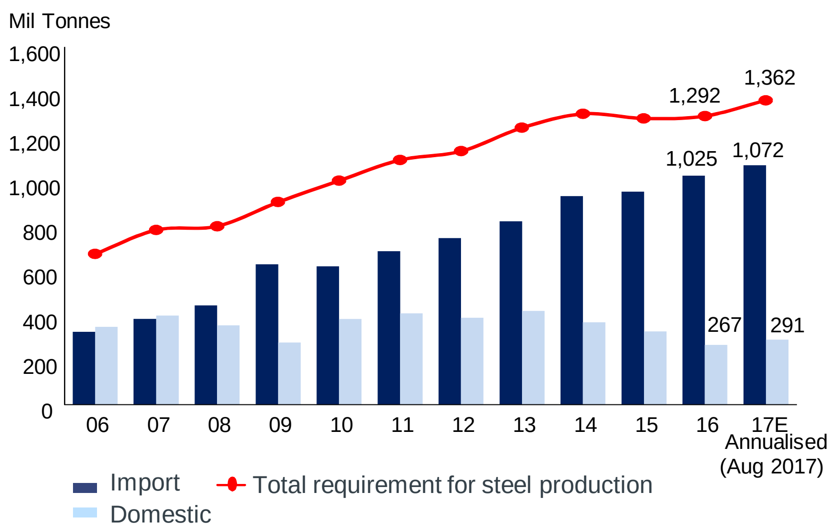


2017 Chinese Minor Bulk Imports

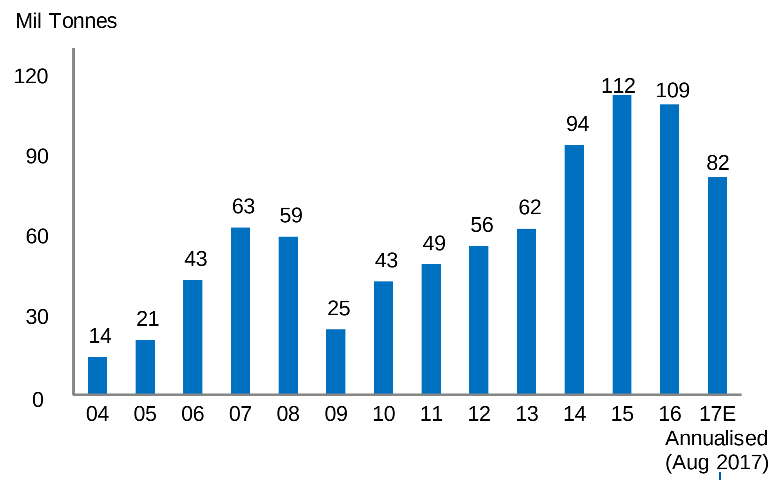


Chinese imports of 8 minor bulks including Logs, Soyabean, Cereals, Fertiliser, Bauxite, Nickel Ore, Copper Concentrates & Manganese Ore

China Iron Ore Sourcing for Steel Production



China Steel Export



Source: Bloomberg, Clarksons Platou