Pacific Basin

27 Nov 2018

Overview

Pacific Basin Overview

- World's largest owner and operator of modern Handysize & Supramax ships
- Cargo system business model – consistently outperforming market rates
- Own 108* 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, 335 shore-based staff, 3,400+ 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 3 vessels we purchased will deliver in 2H18 and early 2019
# As at Jul 2018

Pacific Basin

2018 Interim

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

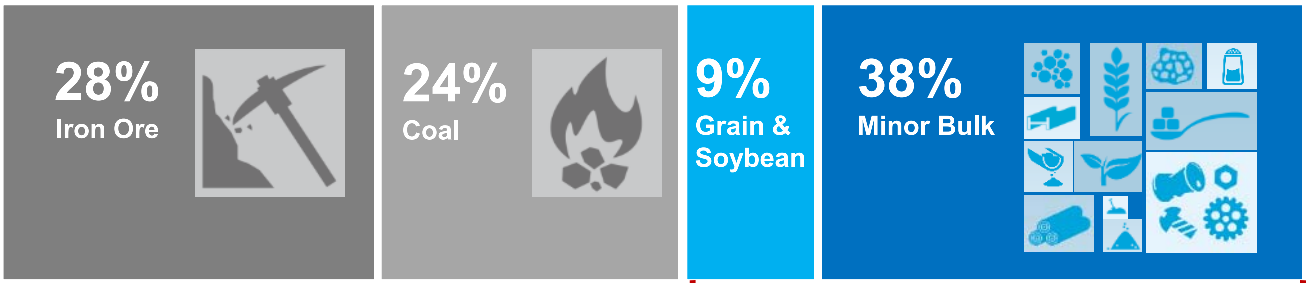
Our Focus	Bulk Carrier Ship Types		Percentage of Global Dry Bulk Capacity	Versatility	Main Commodities Carried
Minor Bulks with cranes	B	**Handysize** 25,000–41,999 dwt	10%	More Versatile	**Minor Bulks**: Ores & Concentrates, Grains, Alumina, Fertiliser, Bauxite, Sugar, Coal/Coke, Logs/Forest Goods, Petcoke, Cement & Clinker, Salt, Steel, Sand & Gypsum, Scrap
	B	**Supramax** (formerly Handymax) 42,000–64,999 dwt	24%		
Major Bulks without cranes		**Panamax & Post-Panamax** 65,000–119,999 dwt	27%	Less Versatile	**Major Bulks**: Grains, Coal, Iron Ore
		Capesize 120,000+ dwt	39%		

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

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

Why Handysize and Supramax?
Why Minor Bulk?

Full Year 2018E Global Dry Bulk Trade (Volume) = 5.2 Billion Tonnes (+2.4% YOY)



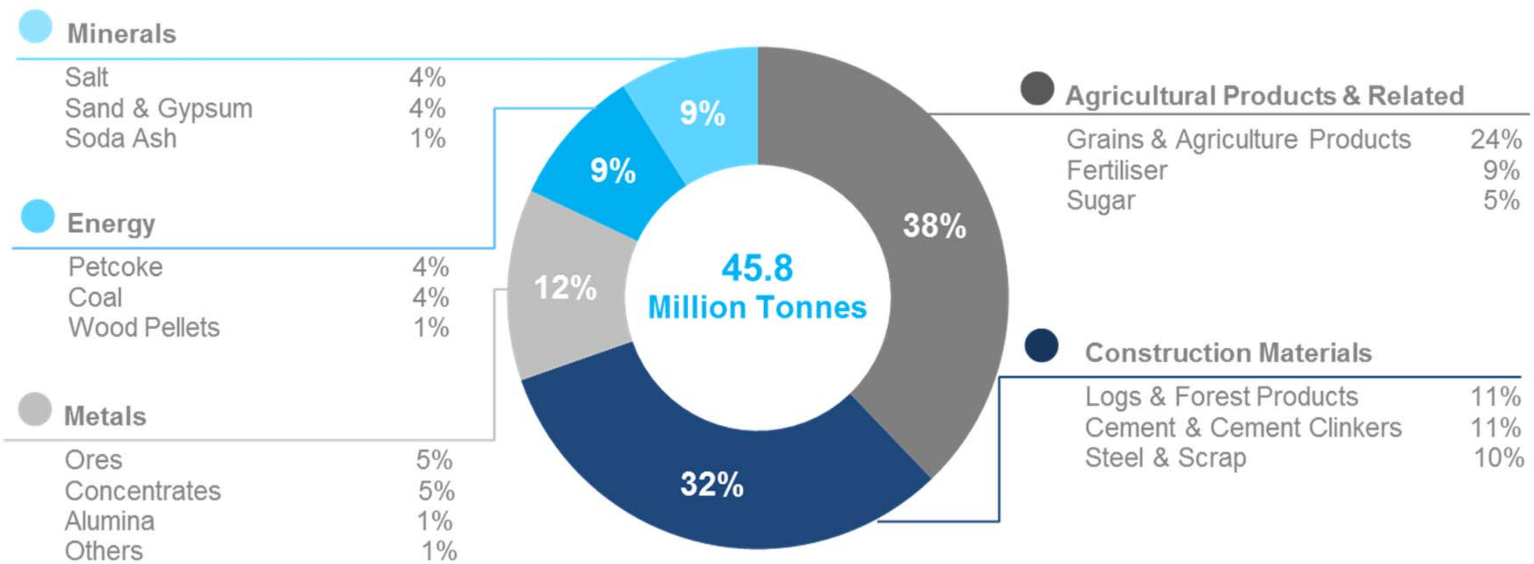
- ✓ Minor Bulks & Grain is 47% of total Dry Bulk demand
- ✓ Pacific Basin focuses on these growing markets

- 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

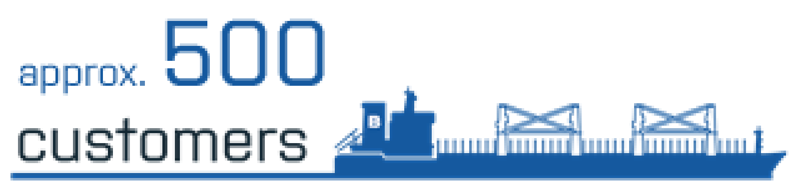
Source: Clarksons Research, 1 Feb 2018

Pacific Basin Dry Bulk – Diversified Cargo

Our Dry Bulk Cargo Volumes in 1Q-3Q 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



3Q18 Trading Update

Pacific Basin

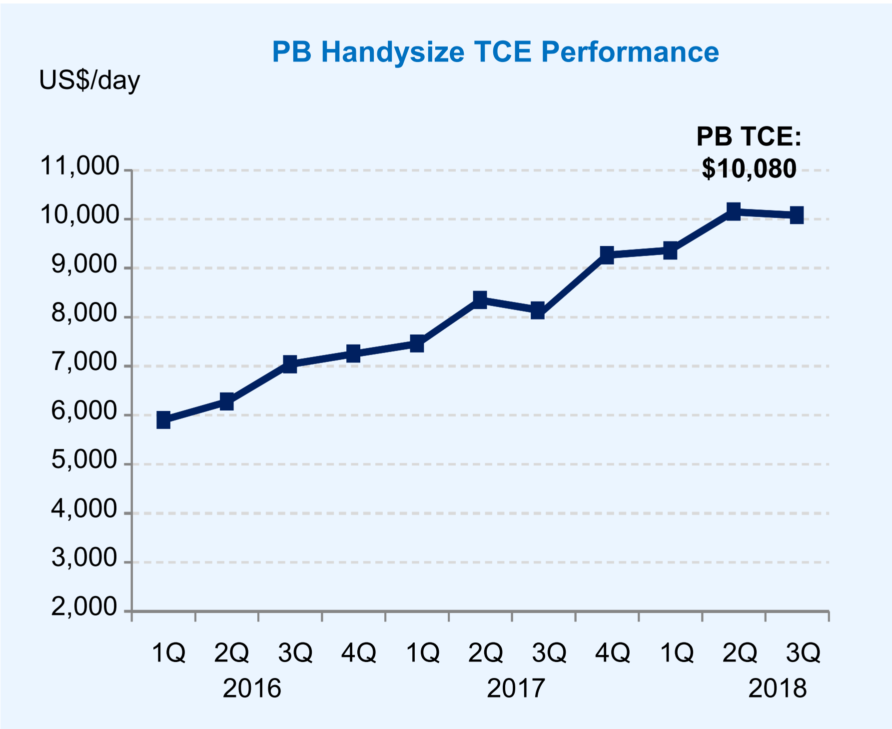
PB Daily TCE Earnings in 3Q Improved by 24% and 30%

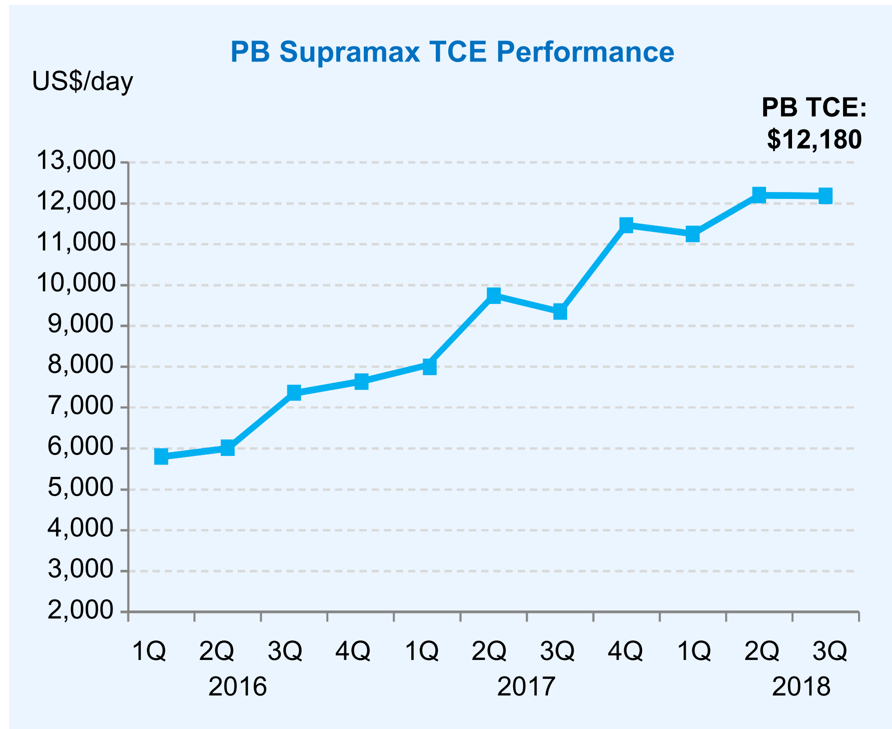
- Handysize and Supramax freight market indices reached their highest 3Q levels since 2011, and our average Handysize and Supramax daily TCE earnings in 3Q improved by 24% and 30% YOY respectively
- During 3Q, we purchased and took delivery of one modern secondhand Supramax vessel
- Three of four modern vessels we committed to purchase in May 2018 (50% funded by equity) are scheduled to deliver into our ownership over the next five months, taking our owned fleet to 112 ships

Well Positioned for a Continued Recovery:

- Despite increasing trade tensions, the outlook for widely-spread global GDP growth remains favourable, which bodes well for dry bulk demand
- In addition, new regulations will discourage new ship ordering and constrain supply due to increased off-hire and slower ship operating speeds
- We continue to be cautiously optimistic for a continued market recovery, although with some volatility along the way
- Our robust customer-focused business model, global office network, experienced people, larger owned fleet with substantially fixed and competitive cost, position us well to benefit from the recovering market

Our Quarterly TCE has Improved Significantly Since Early 2016





- PB TCE earnings currently highest since winter 2013/2014

3Q18 Performance and 2018 / 2019 Cover

Cover as at 10 Oct 2018

	US$/day	Handysize	Supramax
3Q18	PB daily TCE net rate 3Q18	10,080	12,180
	Market (BHSI/BSI) index net rate 3Q18	7,840	11,260
	PB outperformance	28% / 2,240	8% / 920
1Q-3Q18	PB daily TCE net rate YTD	9,870	11,780
	Market (BHSI/BSI) index net rate YTD	8,080	10,800
	PB outperformance YTD	22% / 1,790	9% / 980

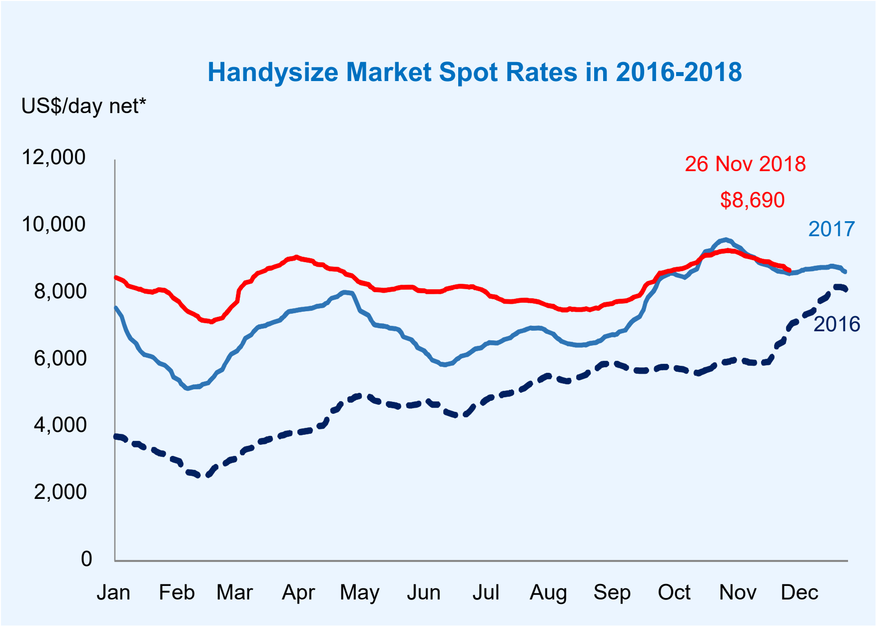
Improvement over 3Q17:
Handysize:
+24% / $1,950
Supramax:
+30% / $2,830

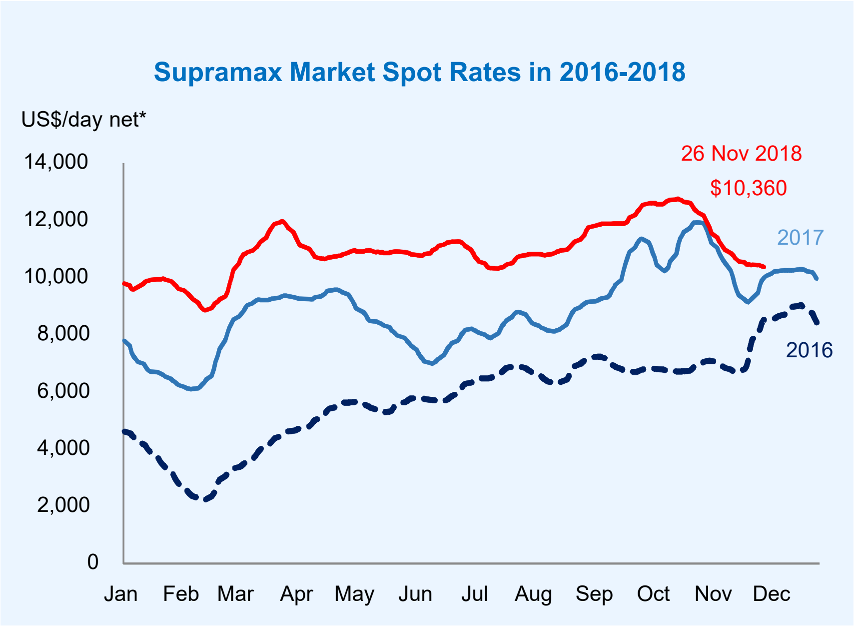
	Forward Cover for 4Q18 and 2019		
4Q18	PB daily TCE net rate 4Q18	10,560	11,970
	% of contracted days covered	68%	78%
2019	PB daily TCE net rate FY2019	9,100*	11,640*
	% of contracted days covered	17%	20%

* Note that our 2019 forward cargo contract cover is back-haul heavy

Market Review

Freight Market Continues to Improve



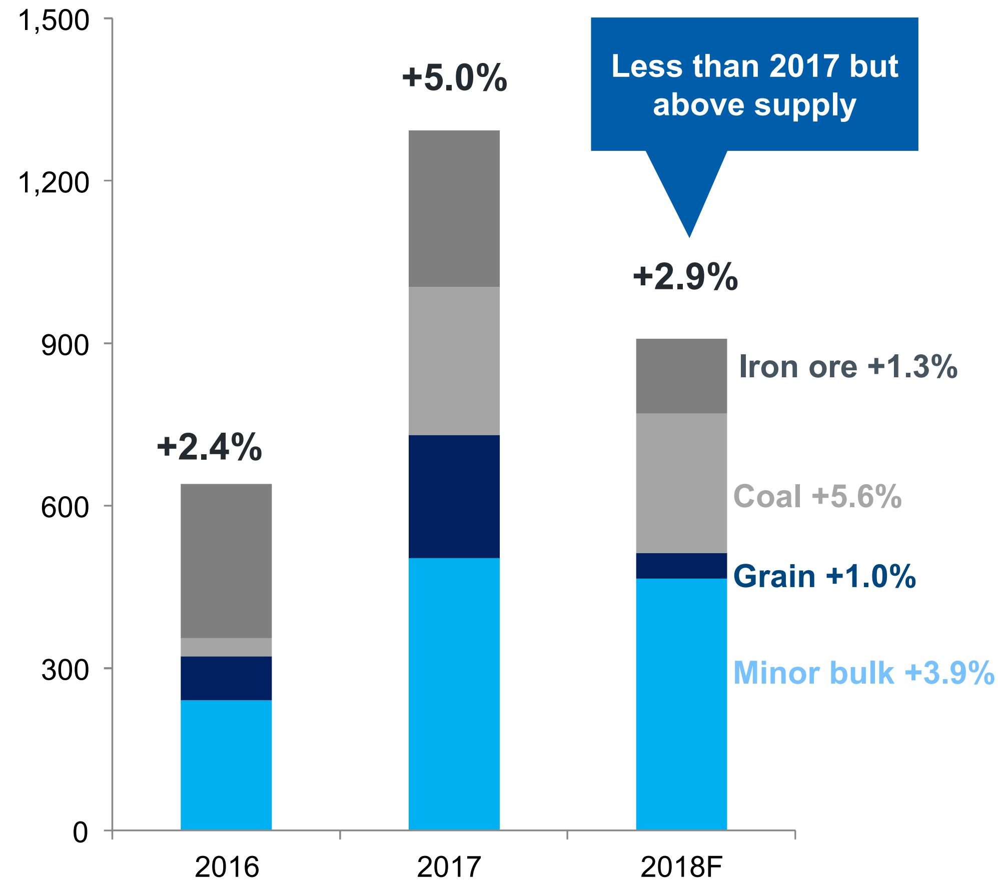


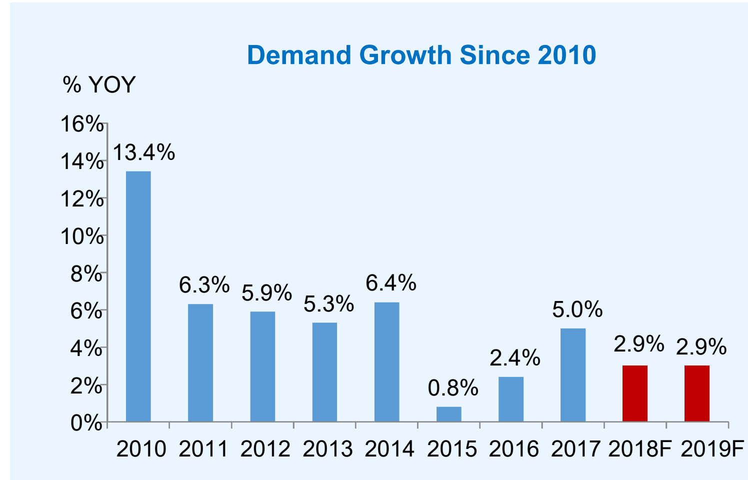
- YTD 2018 freight indices have followed a similar seasonal pattern as in recent years, although at a higher level
- Both Handysize and Supramax spot earnings reached their highest 3Q levels since 2011 after a softer summer market followed by improving market conditions since late September
- Demand was partly driven by healthy North American grain exports in the Atlantic and solid growth in Indonesian coal and minor bulk exports in the Pacific, as well as growth in Chinese imports of coal, minor bulks and logs
- In addition, fuel oil prices have increased contributing to slower ship operating speeds since May and, in turn, reducing dry bulk supply and therefore improved market conditions

** excludes 5% commission*
 # BSI is now based on a standard 58,000 dwt bulk carrier
Source: Baltic Exchange, data as at 26 Nov 2018

2018 Demand is Forecast to Grow 2.9% with Minor Bulks at +3.9%

Annual change dry bulk demand
Bn tonne-miles





- Trade conflict between the US and China could impact cargo flows in the minor bulk segment, including US agricultural products, primarily soybean, as well as forestry products and cement
- Protectionist actions to date impact only a small fraction of the trades in which Pacific Basin is engaged, and commodity trade flows tend to shift rather than cease as a result of tariffs

Source: Clarksons Research, 1 Oct 2018

Better Fundamentals for Handysize

	Orderbook as % of Existing Fleet	Average Age	Over 20 Years	Over 15 Years	YTD Scrapping as % of Existing Fleet as at 1 Oct 2018 (annualised)
Handysize – 82m dwt (25,000-41,999 dwt)	**4.6%**	**9**	**10%**	**17%**	**0.4%**
Supramax – 197m dwt (42,000-64,999 dwt)	**5.8%**	**9**	**7%**	**15%**	**0.3%**
Panamax – 222m dwt (65,000-119,999 dwt)	**9.2%**	**9**	**6%**	**16%**	**0.1%**
Capesize and larger – 319m dwt (120,000+ dwt)	**14.6%**	**8**	**6%**	**11%**	**0.8%**
Total Dry Bulk – 836m dwt (>10,000 dwt)	**9.9%**	**9**	**7%**	**15%**	**0.5%**

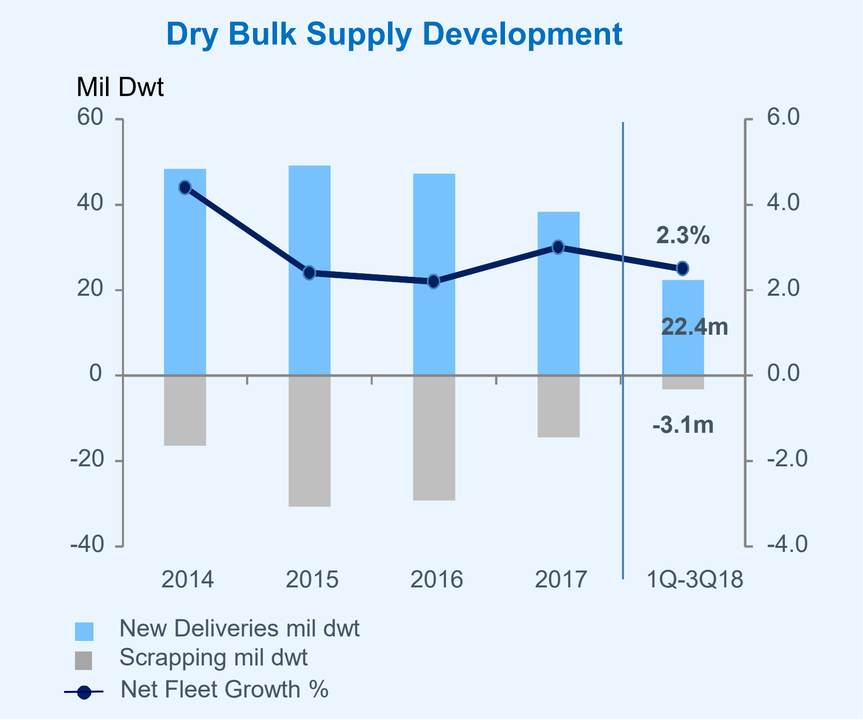
Lower orderbook

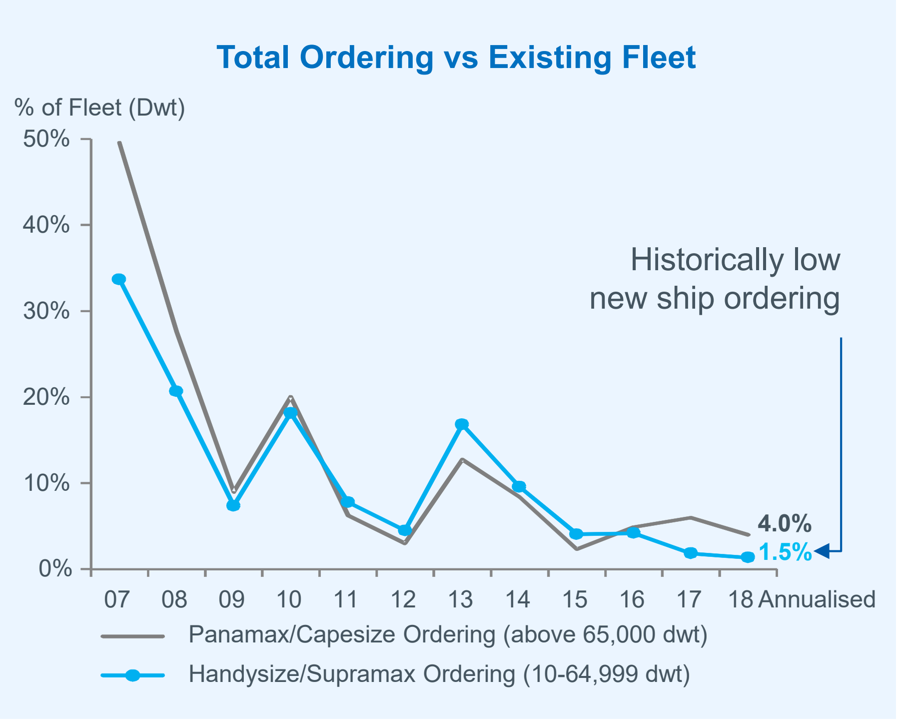
More older ships

- Combined Handysize and Supramax scheduled orderbook has reduced to 5.5%, lowest since 1990s

Source: Clarksons Research, as at 1 Oct 2018

Newbuilding Deliveries Continue to Reduce

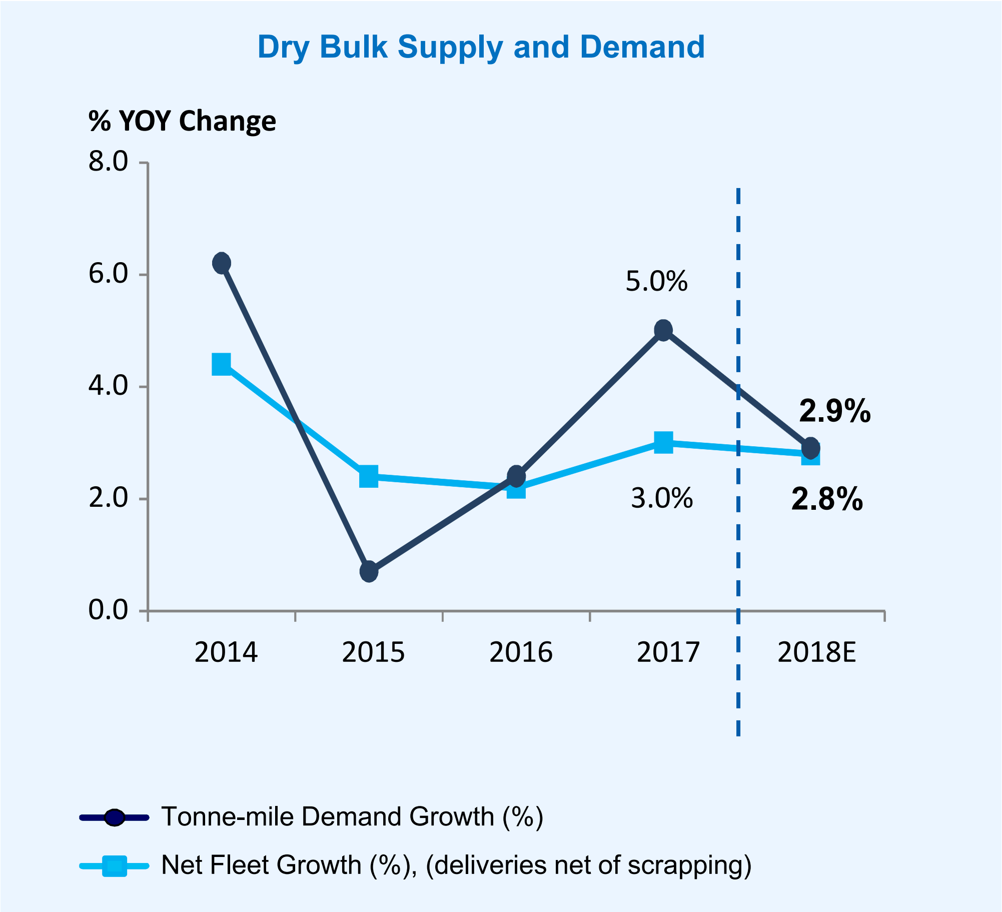




- 2.3% net fleet growth in 1Q-3Q18 (2.7% deliveries less 0.4% scrapping)
- Very limited ordering in Handysize and Supramax (historically low 1.5% of fleet)
  + continued orderbook delivery shortfall
  ➔ should result in continued low new ship deliveries in coming years

Source: Clarksons Research, as at 1 Oct 2018

Favourable Dry Bulk Supply and Demand Outlook



Clarksons Research estimates FY18:

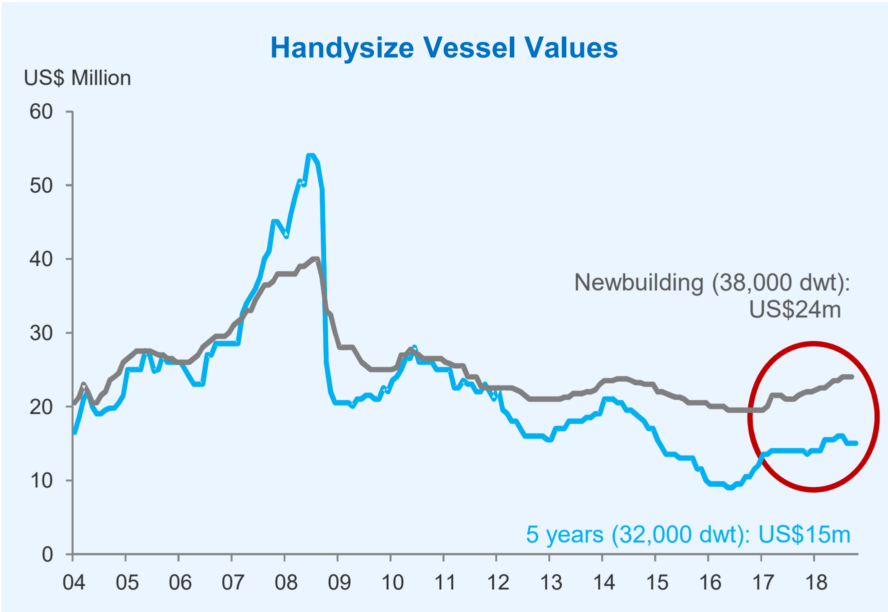
- 2.9% tonne-mile demand growth
- 2.8% net fleet growth
  (3.4% deliveries – 0.6% scrapping)

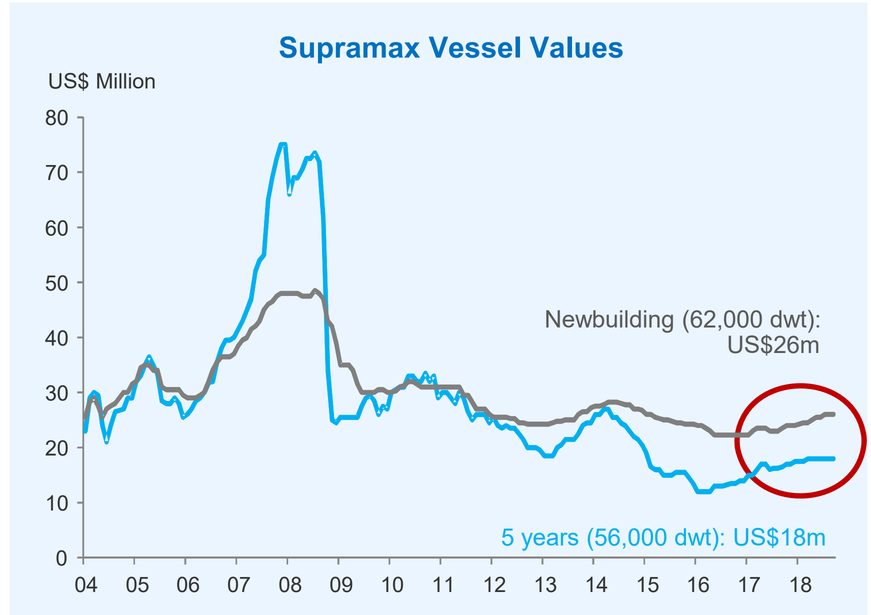
- Actual deliveries expected to be around 27m dwt compared to 38m dwt in 2017
- Progressively fewer new ships will deliver from shipyards in 2018 and 2019

The supply fundaments are more favourable for the Handysize and Supramax segment with expected net fleet growth of 2.2% for 2018 and below 2% for both 2019 and 2020

Source: Clarksons Research and Pacific Basin, as at 1 Oct 2018

Significant gap between Newbuilding and Secondhand prices





- The value of a benchmark five year old Handysize bulk carrier is up 7% YTD but slightly down since mid-year due to subdued buying interest for Handysize ships during the softer summer and as buyers monitored developments of the ongoing trade dispute between the US and China
- The increasing gap between newbuilding and secondhand prices (and uncertainty over future ship design requirements) continues to discourage new ship ordering

Source: Clarksons Research, as at 23 Nov 2018

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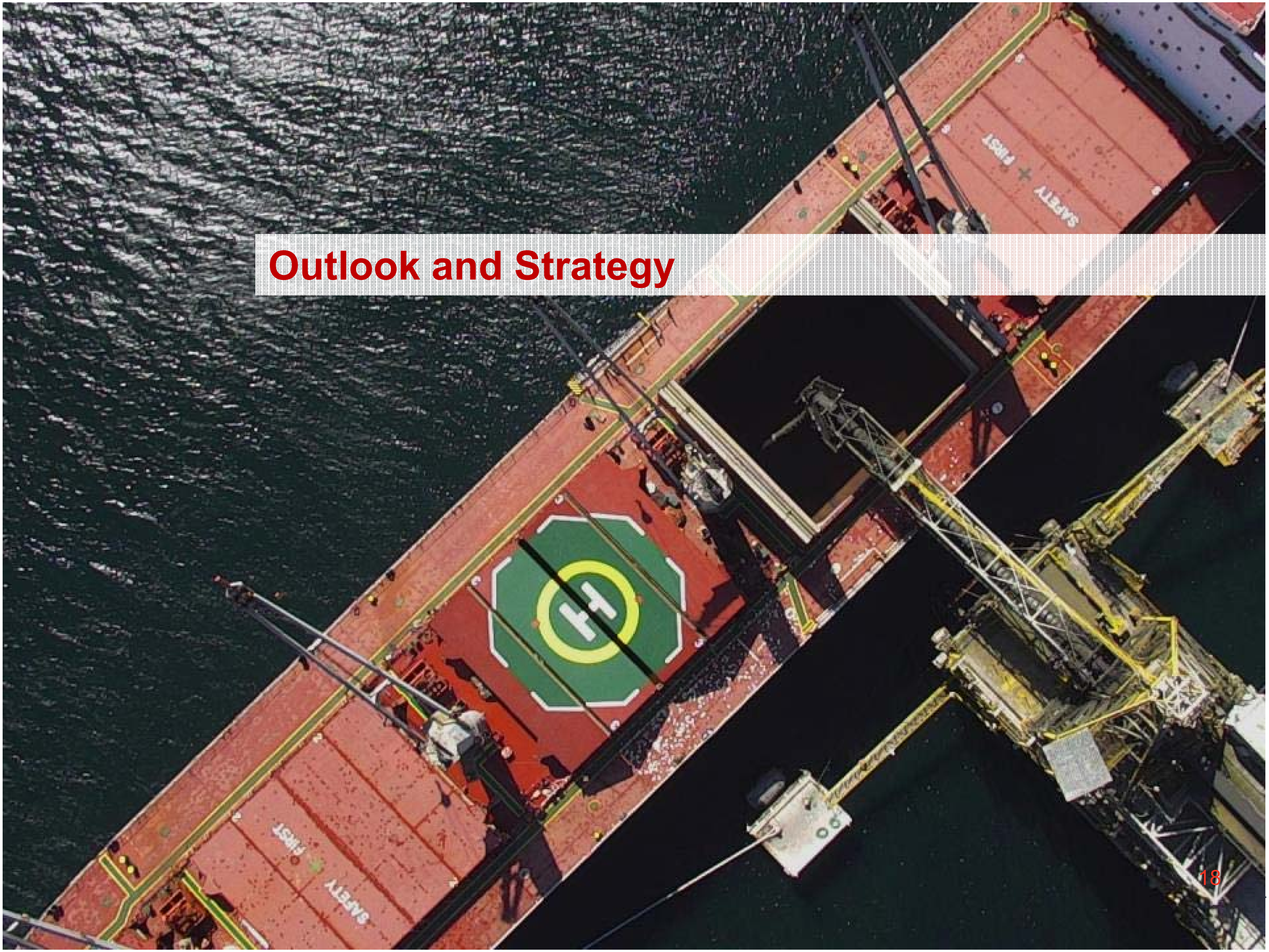
New Regulations

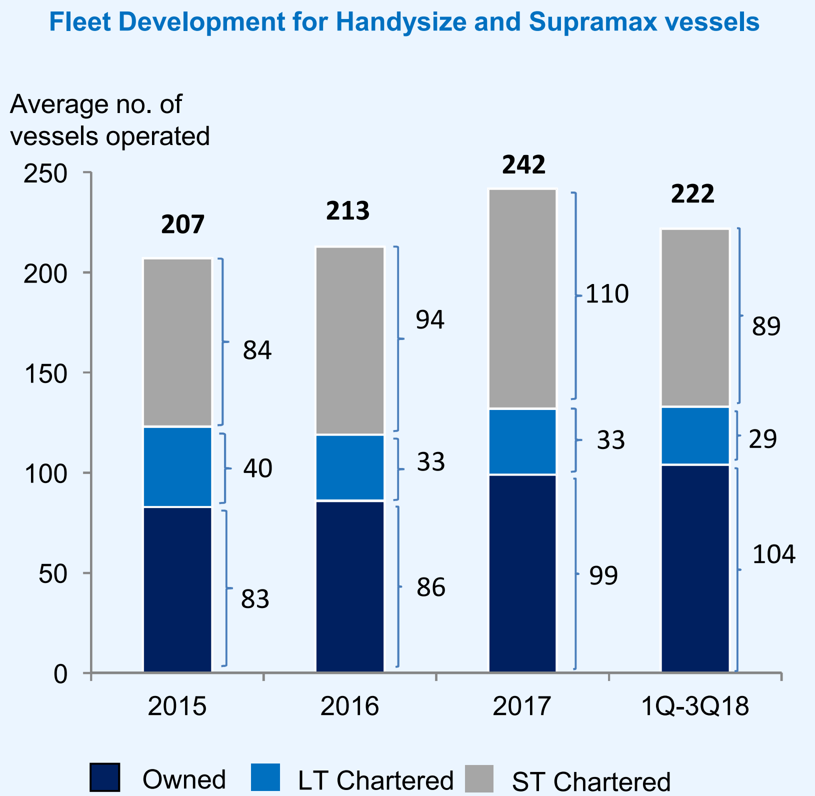
New Regulations	Content	Impact on the Industry	PB actions
IMO Ballast Water Treatment: Installation required at first dry-docking after 8 Sep 2019	▪ International Maritime Organization (IMO) requires ballast water treatment equipment (BWTS) to be fitted on all ships ▪ US Coast Guard requires all ships sailing to US to use approved BWTS	▪ Increased capex for existing shipowners ▪ Potentially increased scrapping	▪ We have arranged BTWS for all our owned vessels ▪ 9 owned vessels are already fitted with BWTS and 2 acquisitions will soon deliver pre-fitted ▪ Committed to retrofit our remaining 100 owned vessels with a system based on filtration and electrocatalysis ▪ Well positioned to complete implementation by 2023
Low Sulphur Emissions Cap: 1 Jan 2020 Larger impact on the industry	▪ 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 leading to more slow-steaming ▪ Increased capex and off-hire (if installing scrubbers) ▪ Uncertainty of ship design discourages newbuild ordering ▪ Potentially increased scrapping ➔ **Leading to reduced supply**	▪ We are well-prepared for both the low sulphur fuel and scrubber options, but continue to believe that the majority of the geared dry bulk fleet (especially smaller ships like Handysize) will comply by using low sulphur fuel
Reducing carbon and greenhouse gas emission by 2050 Larger impact on the industry	▪ IMO announced to cut total carbon and greenhouse gas emissions from shipping by at least 50% by 2050 (compared to 2008), requiring average efficiency improvements of at least 40% by 2030 and 70% by 2050	▪ Reducing speed of vessels to reduce emission ▪ Development of new fuels, engine technology and vessel designs ▪ Potentially increased scrapping ➔ **Leading to reduced supply**	▪ Holding back ordering of new ships and closely monitoring the development of new technology and designs

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



Outlook and Strategy

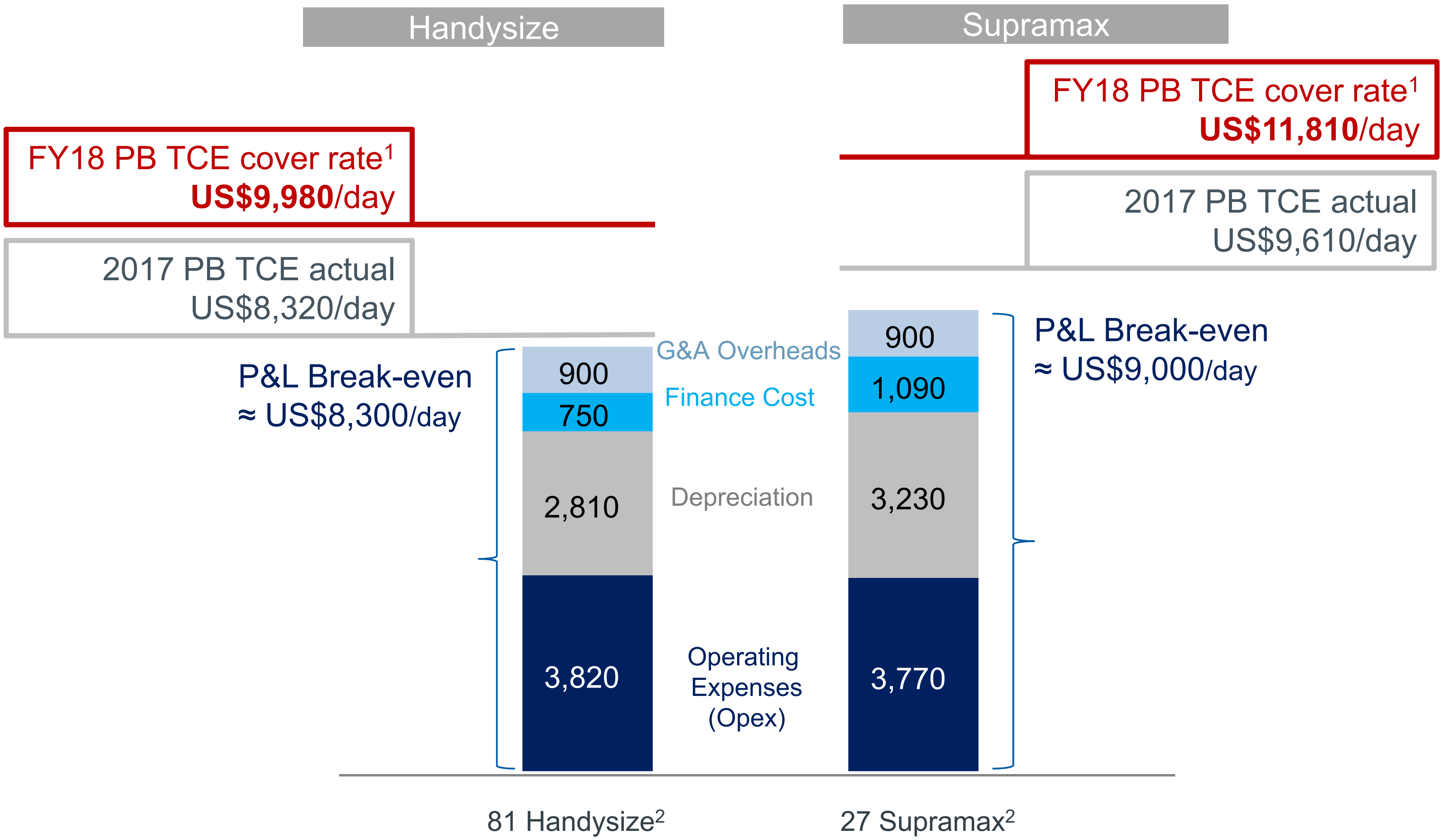
PB's Fleet Mix is Changing



Note: Average number of Handysize and Supramax vessels operated during the period

- Our number of owned ships is increasing providing us with greater operational control and earnings leverage
- Owned vessels are replacing LT charters as these get re-delivered, which should further improve earnings
- Our ST chartered fleet fluctuates with market requirements and achievable operating margin. The reduction since 2017 is mainly due to reduced Chinese steel export volumes because of strong domestic demand

Competitive Owned Vessel Break-Even Levels



[1] FY18 Cover as at 3Q18
[2] An additional 3 vessels we purchased will deliver in 2H18 and early 2019

Our Business Model Continues to Outperform

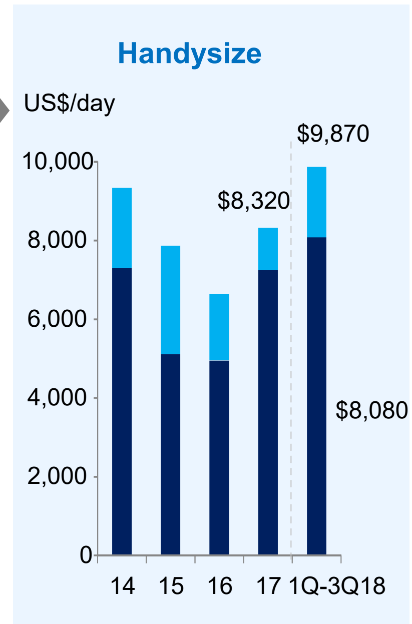
Our business model has been refined over many years. We are able to generate a TCE earnings premium over market rates because of our high laden percentage (minimum ballast legs), which is made possible by a combination of:

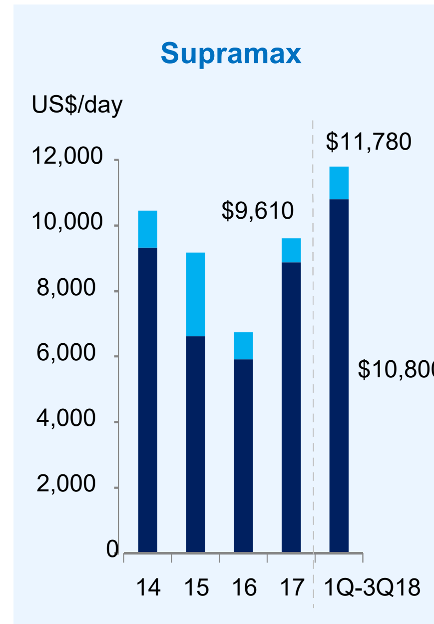
- Our fleet scale
- High-quality interchangable ships
- Experienced staff
- Global office network
- Our cargo contracts, relationships and direct interaction with end users
- Our fleet has a high proportion of owned vessels facilitating greater control and minimising trading constraints
- Our segment's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

Our TCE Outperformance Compared to Market in Last 5 Years

US$1,870
Daily Handysize Premium

US$1,260
Daily Supramax Premium





Baltic Indices PB Premium

Pacific Basin

Well Positioned for a Recovering Market

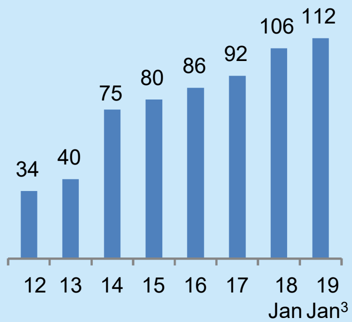
Our TCE Outperform Market

Average PB premium over market indices in last 5 years:

US$**1,870**/day
Handysize TCE

US$**1,260**/day
Supramax TCE

More Owned Vessels with Fixed Costs



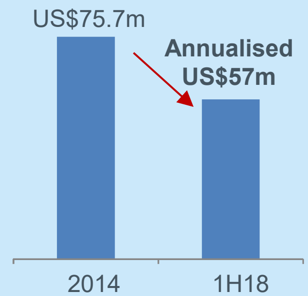
Owned Vessel Breakeven
Incl. G&A overheads

US$**8,300**/day
Handysize[1]

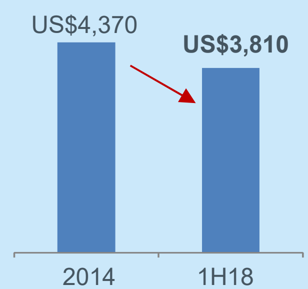
US$**9,000**/day
Supramax[2]

Efficient Cost Structure

Annual Group
G&A Overheads



Daily Vessel
Operating Expenses
(Combined Handysize and Supramax)



Sensitivity toward Market Rates*

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

Our Underlying Result

+/-
US$ 35-40m

[1] 1H18 PB owned Handysize $7,380/day + G&A overheads $900/day ≈ US$8,300/day
[2] 1H18 PB owned Supramax $8,090/day + G&A overheads $900/day ≈ US$9,000/day
[3] An additional 3 vessels we purchased will deliver in 2H18 and early 2019
* Based on current fleet and commitments, and all other things being unchanged

Our Outlook and Strategy

Pacific Basin

Outlook

- The minor bulk freight market has improved again since late September. Despite increasing trade tensions, the outlook for widely-spread global GDP growth remains favourable and bodes well for dry bulk demand. In addition, supply fundamentals are now more positive
- Possible market drivers in the medium term:
  - ➕ Positive economic growth and commodity demand outlook, low deliveries, and new regulations discouraging new ship ordering and constraining supply due to increasing off-hire and slower ship operating speeds
  - ➖ Risk of reduced Chinese coal and ore imports, trade tariffs and trade conflict escalation impacting dry bulk demand; increased new ship ordering and faster 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 substitutable ships and global office network
- No newbuildings in the medium term, we will watch technological and regulatory developments closely
- Healthy cash and net gearing positions enhance our corporate profile as a preferred, strong, reliable, safe partner for customers and other stakeholders

Pacific Basin

Fully Handysize & Supramax focused

\+ Business model generating outperformance

\+ High-quality predominantly Japanese-built fleet

\+ Experienced staff, globally

\+ Strong partner

= **Well Positioned**

Pacific Basin

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

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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
- **Social Media Communications**
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WeChat

Appendix: Business Foundation

Pacific Basin

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

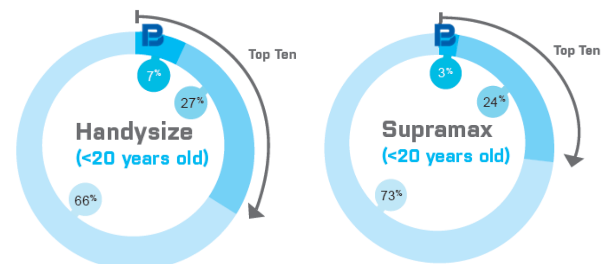
Managed In-house and Highly Versatile

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. 7% of global 25-42,000 dwt Handysize ships of less than 20 years old; and approx 3% of global 50-65,000 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

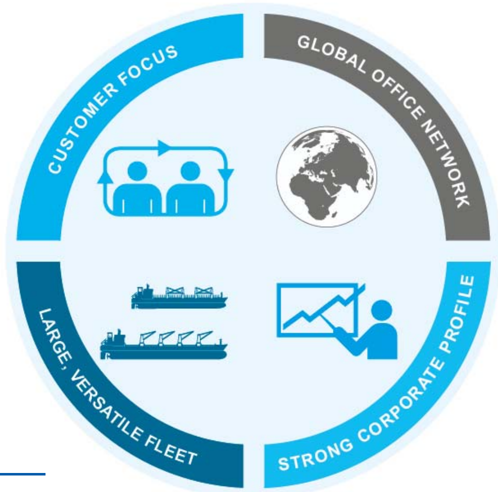
Close partnership with customers generates enhanced access to spot cargoes and long-term cargo contract opportunities of mutual benefit

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:
Fleet List – as at 30 Sep 2018

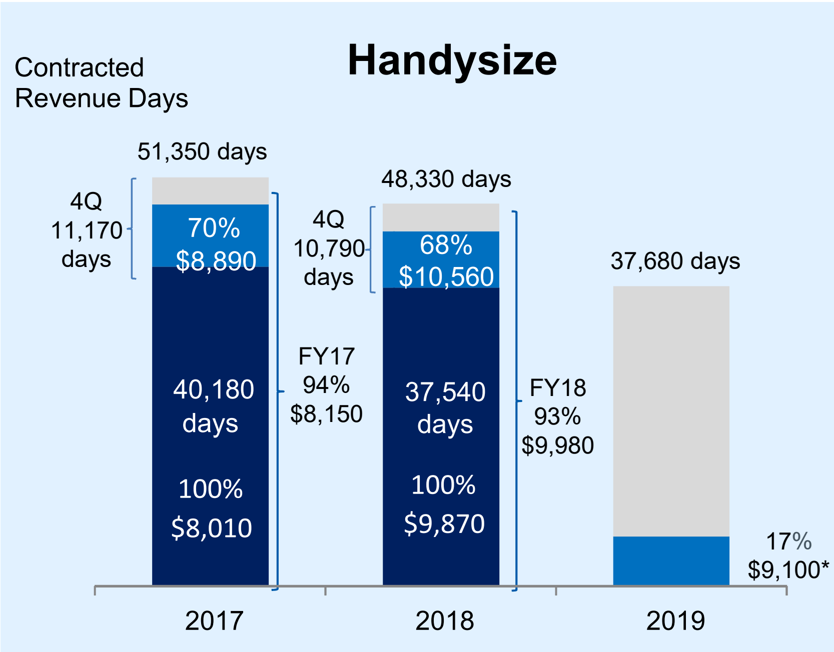
www.pacificbasin.com
Our Fleet

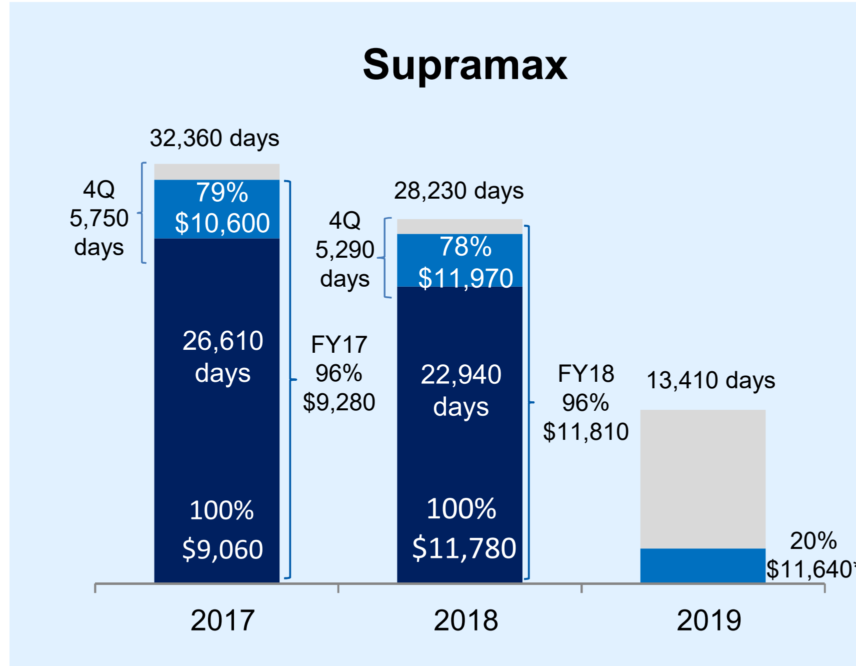
109 Vessels owned [1]	30 LT Chartered	82 ST Chartered [2]	221 Total

	Vessels owned	LT Chartered	ST Chartered	Total
Handysize	81	21	36	138
Supramax	27	8	46	81
Post-Panamax	1	1	0	2

[1] An additional 3 vessels we purchased during the period are scheduled to deliver into our fleet by January 2019
[2] Average number of short-term + index-linked vessels operated in September 2018
Average age of core fleet: 8.1 years old
Note: we operated an average of 216 ships overall during the 3Q18

Appendix:
3Q18 Performance and Future Cover





■ 1Q-3Q Completed ■ Covered ■ Uncovered

* Note that our 2019 forward cargo contract cover is back-haul heavy

Currency in US$, 2017 data as at Oct 2017

Cover as at 10 Oct 2018

Appendix:
2018 Interim Results - Highlights

US$m	1H18	1H17	Change
EBITDA	**99.3**	56.6	+42.7
Underlying profit / (loss)	**28.0**	(6.7)	+34.7
Net profit	**30.8**	(12.0)	
Dividends	**HK2.5¢**	-	
US$m	**30 June 18**	31 Dec 17	
Cash	**317.1**	244.7	
Net gearing	**36%**	35%	
Owned fleet / Total fleet *	**108 / 224**	106 / 222	

- Better minor bulk market rates combined with our continued outperformance and competitive cost structure supported much improved results
- We have declared an interim dividend of HK2.5¢/share
- We secured a US$325m revolving credit facility that significantly extends our repayment profile and lowers our finance costs
- We acquired 5 modern vessels including 4 funded 50% by equity, which will grow our owned fleet to 111 ships
- Trade dispute actions to date impact only a small fraction of trades in which we are engaged, but an escalating global trade war could impact global GDP and dry bulk demand
- We remain cautiously optimistic for a continued market recovery, with some volatility along the way

* *An additional 3 vessels we purchased will deliver in 2H18 and early 2019*

Pacific Basin

Appendix: Strong Balance Sheet and Liquidity

2018 Interim

US$m	**30 Jun 18**	31 Dec 17
Vessels & other fixed assets	**1,821**	1,798
Total assets	**2,358**	2,232
Total borrowings	**974**	881
Total liabilities	**1,163**	1,070
Total Equity	**1,195**	1,161
Net borrowings (total cash US$317m)	**657**	636
Net borrowings to net book value of vessels & other fixed assets KPI	**36%**	35%

- Vessel average net book value: Handysize $14.9m (10.3 years); Supramax $21.9m (6.5 years)
- KPI: maintain net gearing below 50%

Appendix:
Significant Improvement in 1H18 Financial Results

As at 30 Jun

US$m	1H18	1H17
Revenue	795.6	702.9
Voyage expenses	(360.6)	(339.8)
Time-charter equivalent earnings ("TCE")	435.0	363.1
Owned vessel costs	(144.7)	(134.8)
Charter costs*	(233.4)	(209.3)
Operating profit/(loss)	56.9	19.0
Total G&A overheads	(28.4)	(26.2)
Taxation & others	(0.5)	0.5
Underlying profit/(loss) KPI	28.0	(6.7)
Derivatives M2M and one-off items	2.8	(5.3)
Profit/(loss) attributable to shareholders	**30.8**	(12.0)
EBITDA	**99.3**	56.6

Owned vessel costs

	1H18	1H17
Opex	**(72.5)**	(66.9)
Depreciation	**(56.3)**	(52.2)
Finance	**(15.9)**	(15.7)

Derivatives M2M and one-off items

	1H18	1H17
Derivative M2M	**4.4**	(2.6)
Write-off of loan arrangement fee	**(1.6)**	-
Office relocation costs	-	(1.4)
Impairments and sales of towage vessels	-	(1.3)

- In view of the recovering market conditions and our return to a meaningful level of profitability, the Board has declared an interim dividend of HK2.5¢/share

*net of the write-back of onerous contract provisions

Pacific Basin

2018 Interim

Appendix: Improvement in Both Handysize and Supramax Segments

		1H18	1H17	Change
Handysize contribution	(US$m)	**38.4**	7.8	+392%
Revenue days	(days)	**25,210**	25,660	-2%
TCE earnings	(US$/day)	**9,750**	7,920	+23%
Owned + chartered costs	(US$/day)	**8,150**	7,660	-6%
Supramax contribution	(US$m)	**15.8**	9.1	+74%
Revenue days	(days)	**15,650**	17,330	-10%
TCE earnings	(US$/day)	**11,730**	8,920	+32%
Owned + chartered costs	(US$/day)	**10,690**	9,000	-19%
Post-Panamax contribution	(US$m)	**2.7**	2.7	-
G&A overheads and tax	(US$m)	**(28.9)**	(25.7)	-13%
Underlying profit (US$m)		**28.0**	(6.7)	+518%

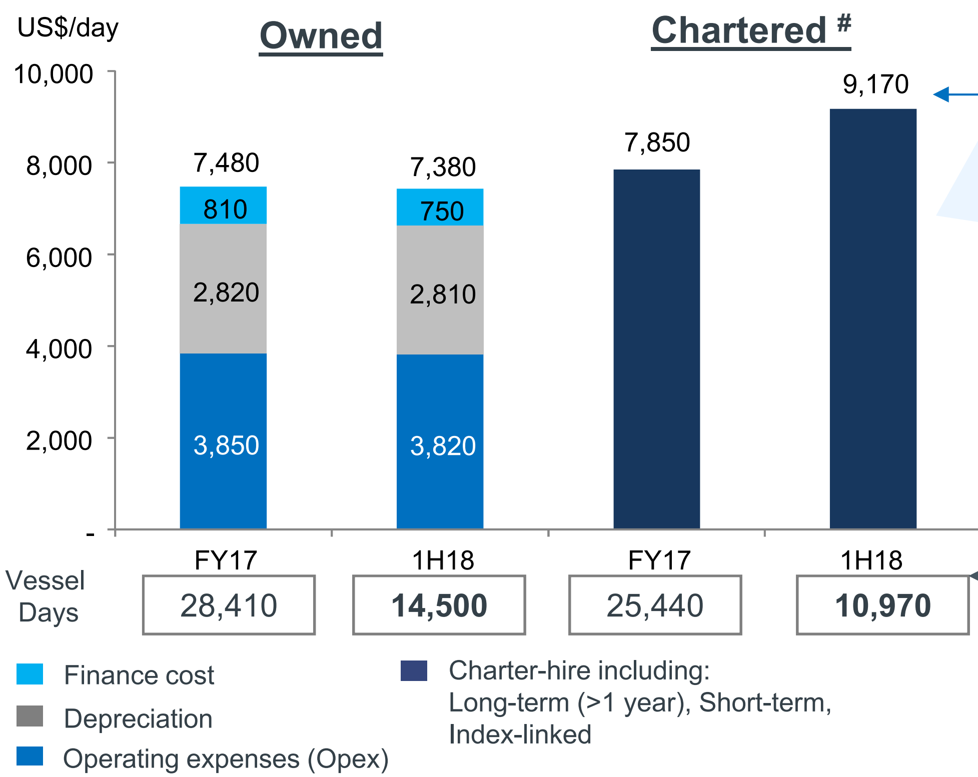
+/- Note: Positive changes represent an improving result and negative changes represent a worsening result

Appendix: Handysize – Owned Vessel Costs Reducing

As at 30 June 2018

US$8,150/day	US$6,690/day	US$690*
Blended P/L Costs before G&A Overheads (FY2017: US$7,660)	**Blended Cash Cost** before G&A Overheads (FY2017: US$6,360)	Daily G&A Overheads (FY2017: US$600)

1H18 Daily Vessel Costs - Handysize



Inward Charter Commitments #

		LT	ST	Index	Total
1H18 (P/L)	Rate	$8,530	$9,570	$8,390	$9,170
	Days	3,730	6,730	510	10,970
2H18 (P/L)	Rate	$8,770	$9,920	Market	-
	Days	3,970	1,010	10	4,990
2019	Rate	$10,240	-	-	-
	Days	7,060	-	-	7,060

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. No write-back of onerous contract provisions will be applicable from 2019 onwards.

Comprising US$900/day for owned ships and US$510/day for chartered-in ships

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

Appendix: Supramax – More Owned Ships with Lower Daily Cost

2018 Interim

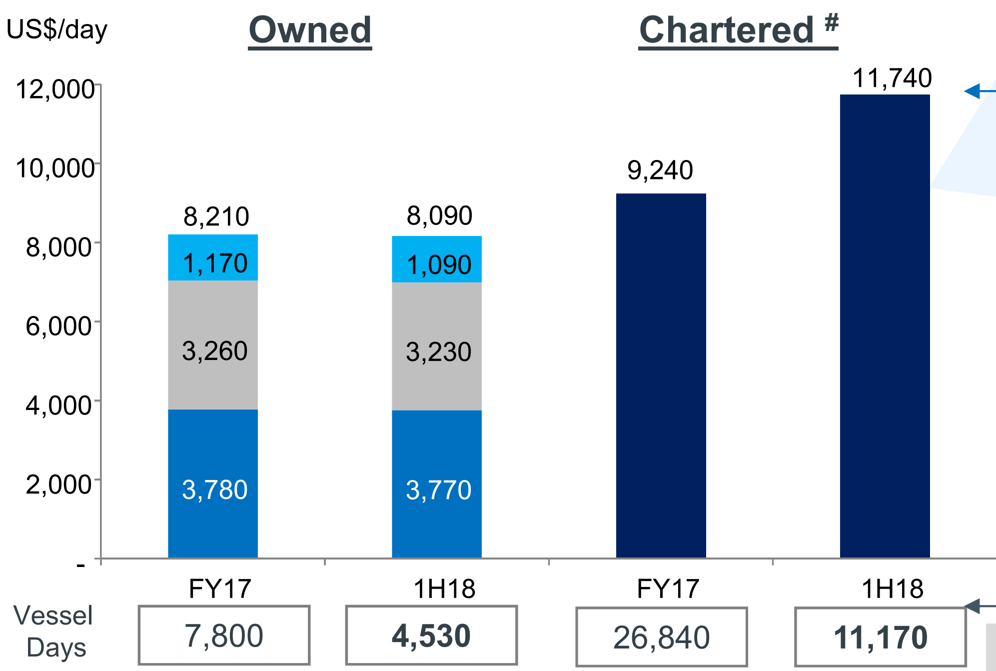
As at 30 June 2018

US$10,690/day
Blended Daily P/L Costs before G&A Overheads (FY2017: US$9,000)

US$9,790/day
Blended Daily Cash Cost before G&A Overheads (FY2017: US$8,310)

US$690*
Daily G&A Overheads (FY2017: US$600)

1H18 Daily Vessel Costs - Supramax



Finance cost
Depreciation
Operating expenses (Opex)
Charter-hire including: Long-term (>1 year), Short-term, Index-linked

Inward Charter Commitments #

		LT	ST	Index	Total
1H18 (P/L)	Rate	$11,670	$11,810	$10,760	$11,740
	Days	1,430	9,050	690	11,170
2H18 (P/L)	Rate	$11,610	$11,760	Market	-
	Days	1,360	1,720	280	3,360
2019	Rate	$13,050	$10,820	Market	-
	Days	2,360	150	50	2,560

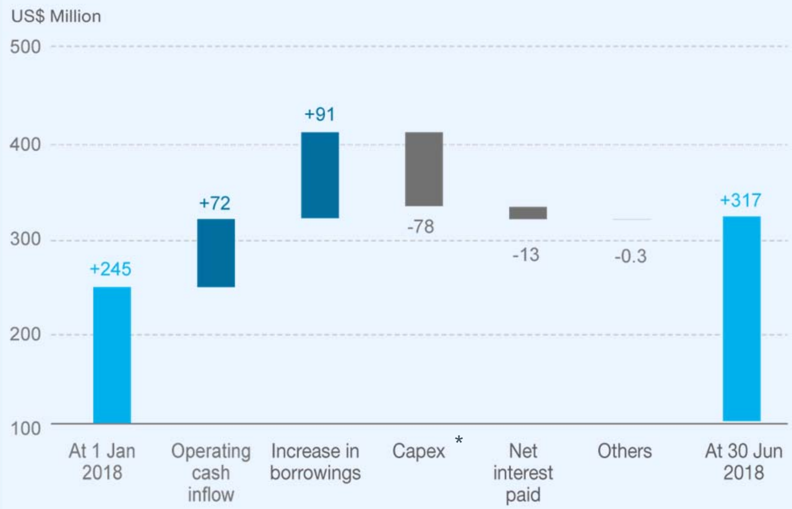
Note:
Following the adoption of new accounting standard HKFRS16 Leases on 1 Jan 2019, charter-in operating leases of longer than 12 months will be accounted for on balance sheet as right-of-use assets and lease liabilities. No write-back of onerous contract provisions will be applicable from 2019 onwards.

* *Comprising US$900/day for owned ships and US$510/day for chartered-in ships*
\# *Chartered rates are shown on a P/L basis (net of the write-back of onerous contract provisions)*

Appendix: Extended Repayment Profile and Reduced Cost of Funding

As at 30 June 2018

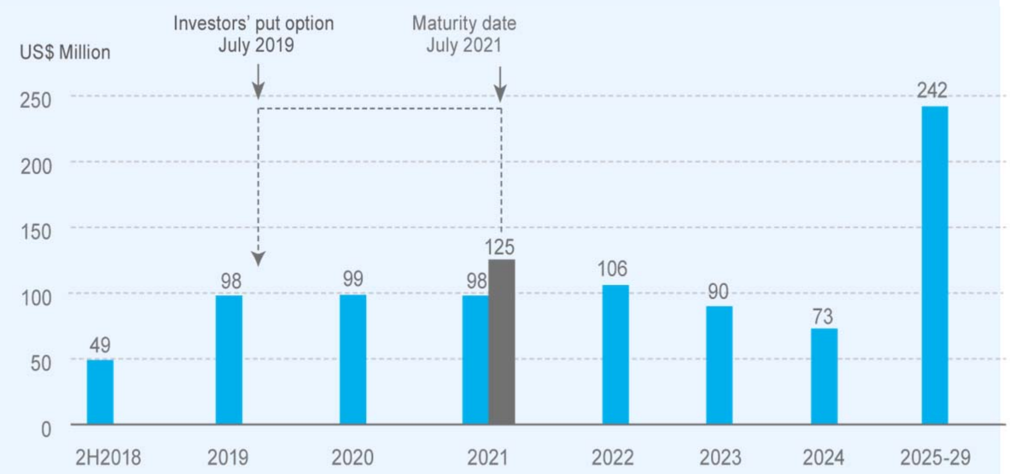
Cash Flow in 1H18



* Excluding US$8m Capex in shares

Cash and deposit balance | Cash inflow | Cash outflow

Schedule of Repayments of Borrowings



Secured borrowings (US$855m) | Convertible bond (face value US$125m), book value US$119m, maturity July 2021

- In June, we closed a new US$325m syndicated 7-year reducing revolving credit facility secured against 50 ships (including 9 un-mortgaged vessels) at Libor +1.5%. The facility refinanced 6 existing committed loan facilities and raised an additional US$136m in available funding. Upon closing, the facility was fully drawn.

US$317m Cash & Deposits	**6 vessels**[1] Unmortgaged (approx. US$120m market value)	**US$50m Capex**[2] 3 secondhand Vessels in 2H18 & 2019	KPI **3.8%** Average Cash Interest Rate

[1] Including 3 vessels to be delivered in 2H18 and early 2019
[2] US$50m Capex = US$13.5m in cash + US$36.5m in shares

2018 Interim

Appendix:
Dry Bulk Outlook in the Medium Term

Possible market drivers in the medium term

Opportunities

- Strong industrial growth and infrastructure investment in China and beyond enhancing demand for dry bulk shipping
- Positive and widely spread growth outlook for all major economic areas
- Continued strong grain demand primarily for animal feed due to shift towards meat-based diet
- Environmental policy in China encouraging shift from domestic to imported supply of resources
- Environmental maritime regulations encouraging ship scrapping from current minimal levels and discouraging new ship ordering
- Low newbuilding deliveries in the medium term
- Periods of higher fuel oil prices encouraging slower ship operating speeds which decreases supply and emissions
- Expanding thermal coal imports into emerging south and south-east Asian countries

Threats

- 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
- Trade tariffs between US and its major trading partners resulting in short-term reduction in trade volumes while importers seek alternate commodity sources
- 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 and emissions

Appendix:
We Will Not Order More Newbuildings Today

2018 Interim

Pacific Basin

- 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
  - Additional new regulations (e.g. NO_x and CO_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

Discouraging new ship ordering

Appendix:
Dry Bulk Demand in 2018

2018E Dry Bulk Trade Volumes

	Million Tonnes	YOY
Iron Ore	1,486	0.9%
Coal	1,249	4.0%
Major bulk total	2,735	2.3%
PB Focus		
Bauxite / Alumina	145	9.8%
Copper Concentrates	34	9.7%
Nickel Ore	48	9.1%
Manganese Ore	37	8.8%
Scrap Steel	119	6.3%
Salt	52	6.1%
Others	282	4.4%
Cement	110	3.8%
Forest Products	374	2.7%
Fertiliser	173	1.8%
Soybean	149	1.4%
Wheat / Grains	335	1.2%
Steel Products	175	0.0%
Agribulks	392	-0.3%
Sugar	55	-7%
PB focus cargoes total	2,480	2.6%
2018E Total Dry Bulk	5,215	2.4%

** 2017: 3.6%; 2018E: 3.7%; 2019E: 3.7%*
Source: International Monetary Fund (IMF) as at Oct 2018; Clarksons Research, as at 1 Oct 2018

Key Drivers in 3Q18

- Broad based economic recovery seen through increased steel output, also outside China
- US coal exports grew strongly
- Stronger minor bulk demand in the Atlantic driven by Brazilian and US agricultural exports; Pacific demand benefited from increased trade in bauxite, nickel ore, copper concentrates and forestry products and other minor bulks in which we specialise

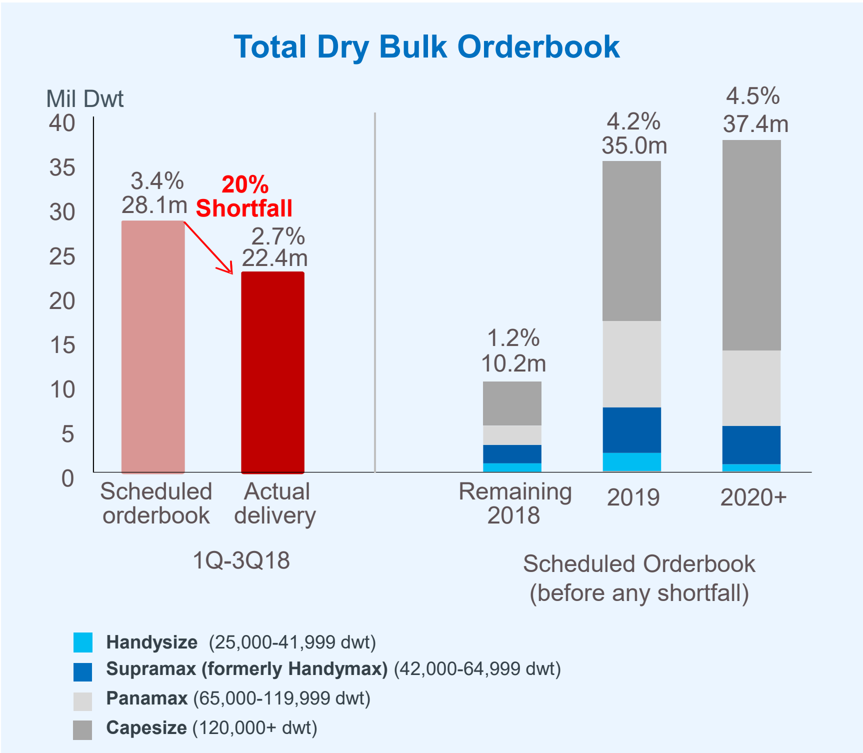
Longer-Term Trends beyond 2018

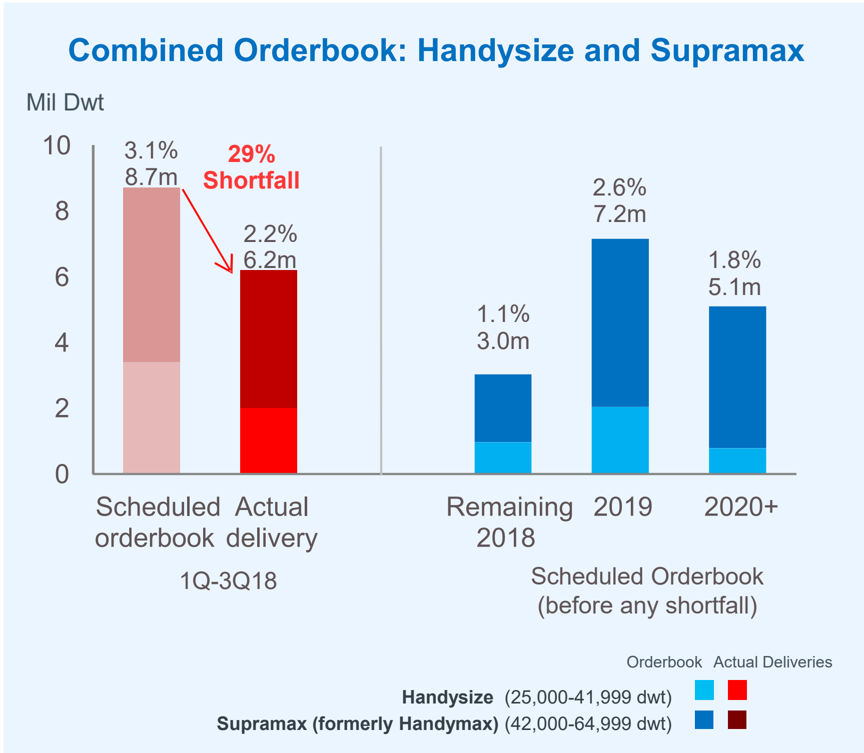
- Solid world GDP – main driver for dry bulk demand growth
- Continued growth in grain demand for animal feed due to shift towards meat-based diet
- Trade disputes between US and its key trading partners appear so far to have had only limited impact on agricultural and steel trade volumes globally, but an escalating global trade war could impact global GDP and dry bulk demand
- Government policy in China and India could affect coal trades - up or down

2018 tonne-mile effect = 2.9%

- Longer average distances are forecast to supplement volume growth by an additional 0.5%, generating total demand growth of **2.9%** (+3.9% for minor bulk)

Appendix:
Handysize and Supramax Scheduled Orderbook at Historically Low Level





- Combined Handysize and Supramax scheduled orderbook has reduced to 5.5%, lowest since 1990s

Source: Clarksons Research, as at 1 Oct 2018

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%	

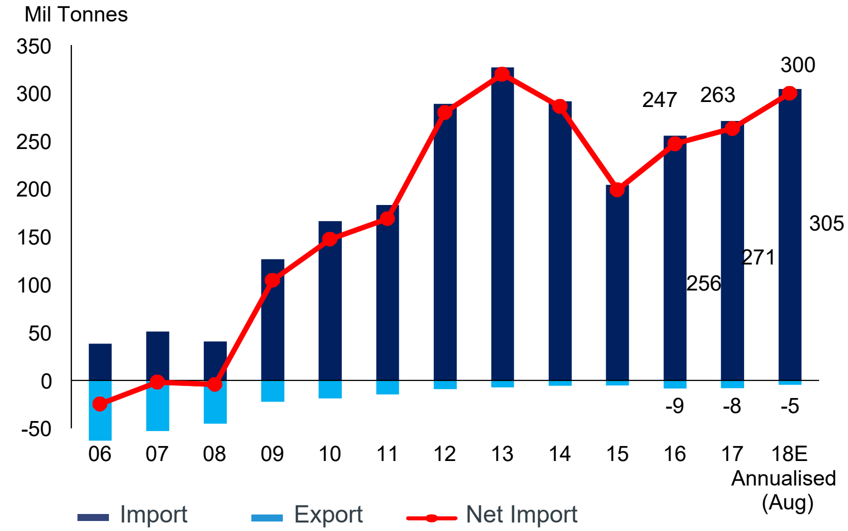
Minimium Practical about 30% MCR (around 9.2 knots)

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

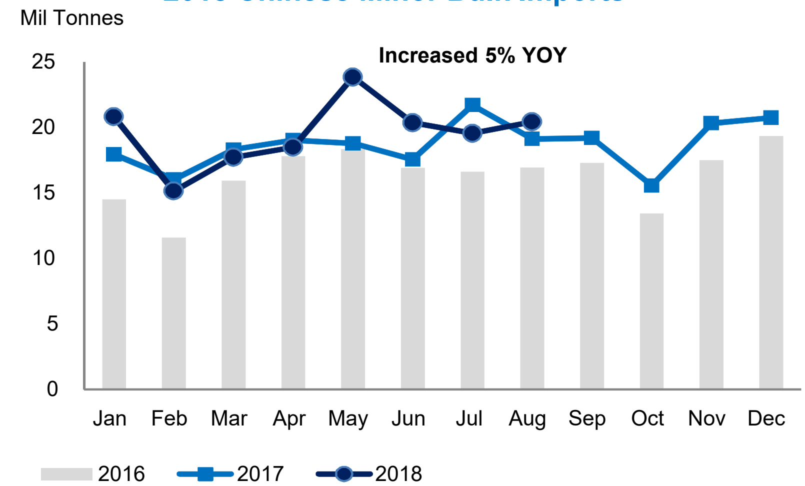
30% MCR = 9.2knots
50% MCR = 11knots
70% MCR = 12knots
85% MCR = 13.2knots

Appendix: China Major and Minor Bulk Trade

China Coal Trade



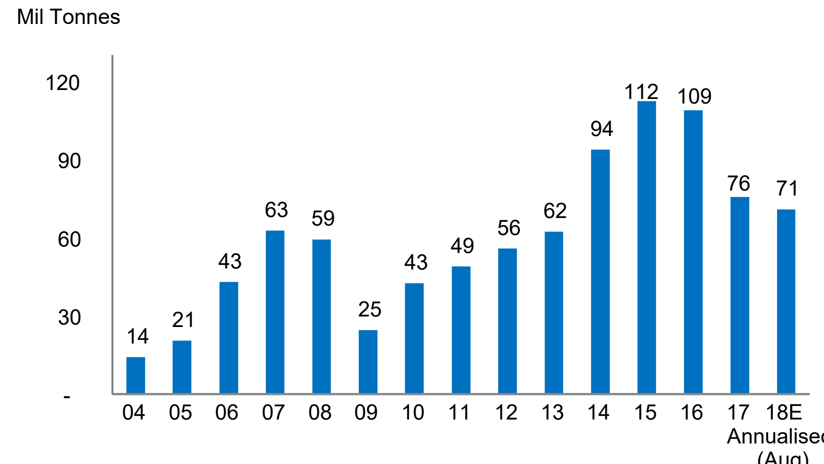
2018 Chinese Minor Bulk Imports



Chinese imports of 6 minor bulks including Logs, Soyabean, Cereals, Fertiliser, Copper Concentrates & Manganese Ore (Excluding bauxite and nickel ore for which data is not yet available)

China Iron Ore Sourcing for Steel Production

China Steel Export



Source: Bloomberg, Clarksons Research

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**

2017 CSR Report
www.pacificbasin.com/ar2017

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

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