With you for the long haul
Listed in Hong Kong

Long term assets and newbuilding commitments of US$2 billion and book equity of US$1 billion

Fully focused on Handysize & Handymax bulkers

Global geographically

Diversified cargo & 400 customers

Substantially completed exit of non-core activities and significant growth of core Dry Bulk business
# Understanding Our Core Market

<table>
<thead>
<tr>
<th>Bulk Carrier Ship Types</th>
<th>Percentage of Global Dry Bulk Capacity</th>
<th>Versatility</th>
<th>Main Commodities Carried</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Major bulks without cranes</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capesize 120,000+ dwt</td>
<td>40%</td>
<td>Major Bulks</td>
<td></td>
</tr>
<tr>
<td>Panamax &amp; Post-Panamax 65,000-120,000 dwt</td>
<td>28%</td>
<td>Less Versatile</td>
<td></td>
</tr>
<tr>
<td><strong>Minor bulks with cranes</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Handymax 40,000-65,000 dwt</td>
<td>22%</td>
<td>More Versatile</td>
<td></td>
</tr>
<tr>
<td>Handysize 25,000-40,000 dwt</td>
<td>10%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Our Focus**

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

**Major Bulks**
- Iron ore
- Coal
- Grains

**Minor Bulks**
- Logs & Forest Products
- Agriculture Products
- Fertiliser
- Cement & Cement Clinker
- Bauxite
- Alumina
- Ores
- Steel & Scrap
- Concentrates
- Salt
- Coal/Coke
- Petcoke
- Sugar
- Other Bulks

With you for the long haul
**OUR LARGE VERSITILE FLEET**

Fleet scale and interchangeable high-quality dry bulk ships facilitate service flexibility to customers, optimised scheduling and maximised vessel utilisation.

In-house technical operations facilitate enhanced health & safety, quality and cost control, and enhanced service reliability and seamless, integrated service and support to customers.

**OUR 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.

**OUR STRONG CORPORATE & FINANCIAL PROFILE**

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

Robust balance sheet through conservative financial structure sets us apart as a preferred counterparty.

Well positioned to deploy capital through selective investment in our core market when conditions are right.

Responsible observance of stakeholder interests and our commitment to good corporate governance and CSR.

**OUR COMPREHENSIVE GLOBAL OFFICE NETWORK**

Integrated international service enhanced by commercial and technical offices 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.

---

With you for the long haul
Diverse range of commodities reduces product risk
China and North America were our largest market
60% of business in Pacific and 40% in Atlantic

More than 400 customers!
Pacific Basin Values – With You for the Long Haul

Everyone in Pacific Basin is a corporate ambassador – each of us embodies these values and creates excellence through dedication, continuous improvement and teamwork.

- We believe in the importance of human interaction and the personal touch.
- We are determined to find and deliver the right solutions to problems and challenges faced by our customers.
- We strongly believe in the value of long term relationships over short term gain.
- We always honor our commitments.
- We operate with the highest standards of diligence and care as individuals and as a company.
- We are a nimble and dynamic organisation with quick decision making at all levels.
- We always look for ways to make it easier to do business with us.
- We take a considered approach to everything we do.

With you for the long haul
Cargo Contract Business Model – Outperforming Market Rates

- Large portfolio of cargo contracts – No outward time-charters
- Large fleet of high-quality substitutable ships
- High laden percentage
- Model allows for both/either owning or chartering in ships
- Average premium last 5 years = US$2,330/day

Performance vs Market

**Handysize**

28% outperformance compared to market

<table>
<thead>
<tr>
<th>Year</th>
<th>PB Handysize Performance</th>
<th>BHSI – net rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>$15,000</td>
<td>$8,200</td>
</tr>
<tr>
<td>2011</td>
<td>$13,000</td>
<td>$8,600</td>
</tr>
<tr>
<td>2012</td>
<td>$10,460</td>
<td>$9,520</td>
</tr>
<tr>
<td>2013</td>
<td>$9,520</td>
<td>$9,340</td>
</tr>
<tr>
<td>2014</td>
<td>$7,300</td>
<td>$7,180</td>
</tr>
</tbody>
</table>
Why Handysize?

- Modest Handysize fleet growth
- Older age profile – higher scrapping
- Driven by minor bulk demand
- A segment in which scale & operations make a difference

Source: Clarksons, 1 Jan 2015
Pro-active Asset Management

- More volatility in second hand ships – less capital & higher return – if managed correctly
- Well designed secondhand Japanese ships remain operationally competitive
- Lower bunker price but fleet still slow-steaming
- Our newbuildings are primarily 38,000dwt vessels not available in secondhand market

Handysize Vessel Values

Source: Clarksons
Taking Advantage of Strong Balance Sheet & Historically Low Prices

- Owned fleet of bulkers grow from 37 to 80
- Ships acquired are Japanese built
- Balance sheet remains strong with net gearing of 40% and cash of US$363 mil by the end of 2014
- 18 newbuildings will deliver 2015-2017, remaining commitments of 384 million financed with US$350 million of Japanese export credit
- 2014 underlining loss of US$(55.5) million of which US$(30) million from Dry Bulk
- 2014 EBITDA of US$82.2 million, US$94 million from Dry Bulk
Dry Bulk Market Situation

The Market is Weak

Optimism Turned into Pessimism

BSI and BHSI

Handysize Secondhand Values

New Vessel Ordering is Down and Scrapping is Up

Total Drybulk Year-on-Year Net Fleet Growth (%)

Vessel Ordering

Source: Clarksons
Demand Development

Dry Bulk Supply & Demand Forecast

- Remaining overcapacity from 2010-2012
- Lower imports of coal to China affecting the overall Dry Bulk market negatively

Chinese Imports 7 Minor Bulks – Down Due to Indonesian Export Ban

Source: R.S. Platou, Bloomberg
Capital & Management Now Fully Focused on Our World Leading Handy Dry Bulk Business

**Start 2012**
- Four business units
- US$1.6 billion of long term assets

**2015**
- Fully Dry Bulk Focused
- US$2 billion of long term assets
- Including NB commitments

<table>
<thead>
<tr>
<th>Business Units</th>
<th>2012</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dry Bulk Ships</td>
<td>Strong platform but only about 25% of fleet owned</td>
<td>World’s largest Handysize owner &amp; operator 40-50% of fleet owned</td>
</tr>
<tr>
<td>RoRo</td>
<td>Minor player No competitive advantage</td>
<td></td>
</tr>
<tr>
<td>Terminal, etc</td>
<td>Minor player No competitive advantage</td>
<td></td>
</tr>
<tr>
<td>Towage</td>
<td>Minor player No competitive advantage</td>
<td></td>
</tr>
</tbody>
</table>

G&A: 77 million

G&A reduced

18 Newbuildings

80 Dry Bulk Ships

8 Newbuildings

SOLD

SOLD

SOLD
Well positioned in a Cyclical Business

- 58% cover for 2015 & continued outperformance
- Better equipped than arguably any other Dry Bulk company
- Out of non core – now well structured
- Times will not be bad forever
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 & 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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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 and Linkedin!
In a very difficult market, our results were influenced by:
- the impact on revenues of very low dry bulk market rates
- US$130 million non-cash impairments and provisions reflecting significant changes in the dry bulk and bunker fuel markets
- US$91 million towage related impairment and business disposal charges
- Positive EBITDA US$82m
- Robust balance sheet:
  - US$363m total cash and deposits
  - 40% group net gearing
  - US$350m undrawn committed bank facilities
  - US$69m towage sale proceeds (harbour towage + OMSA) received in early 2015
- US$385m Dry Bulk vessel capital commitments

### 2014 Annual Results – Group Highlights

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net (Loss) / Profit</td>
<td>US$(285.0)m</td>
<td>US$1.5m</td>
</tr>
<tr>
<td>Cash Position</td>
<td>US$363m</td>
<td>US$486m</td>
</tr>
<tr>
<td>Net Gearing</td>
<td>40%</td>
<td>34%</td>
</tr>
<tr>
<td>Dividend per Share</td>
<td>HK¢5 (proposed)</td>
<td>HK¢5</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Underlying Profit</th>
<th>US$m</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>15.6</td>
</tr>
<tr>
<td>2014</td>
<td>(55.5)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>EBITDA</th>
<th>US$m</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>118.2</td>
</tr>
<tr>
<td>2014</td>
<td>82.2</td>
</tr>
</tbody>
</table>

With you for the long haul
Pacific Basin Dry Bulk – 2014 Performance

- Group results affected by non-cash accounting charges of $130m:
  - US$101m for inward chartered vessel contracts taken at higher rates primarily in 2010;
  - Unrealised derivative charge of US$29m mainly on bunker fuel hedges following >50% drop in fuel prices
- US$94m positive EBITDA reflects (i) value of our business model enabling market outperformance and; (ii) good opex control
- Taken delivery of all 33 secondhand ships acquired since 2012
- Percentage of owned ships increasing ➔ enhanced stability, EBITDA generation and quality service

<table>
<thead>
<tr>
<th></th>
<th>Outperformed Market by: 28%</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Daily Earnings</td>
<td>US$9,340</td>
<td>↓2% YOY</td>
</tr>
<tr>
<td>Daily Costs</td>
<td>US$8,750</td>
<td>↑3% YOY</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Outperformed Market by: 12%</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Daily Earnings</td>
<td>US$10,460</td>
<td>↓4% YOY</td>
</tr>
<tr>
<td>Daily Costs</td>
<td>US$11,050</td>
<td>↑6% YOY</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>US$ million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dry Bulk net loss</td>
<td>(30.0)</td>
</tr>
<tr>
<td>Handysize</td>
<td>28.5</td>
</tr>
<tr>
<td>Handymax</td>
<td>(14.8)</td>
</tr>
<tr>
<td>Direct overheads</td>
<td>(49.2)</td>
</tr>
<tr>
<td>EBITDA</td>
<td>94.0</td>
</tr>
</tbody>
</table>

- Handysize outperformed market by 28%
- Handymax outperformed market by 12%

Daily Earnings:
- Handysize: US$9,340 (↓2% YOY)
- Handymax: US$10,460 (↓4% YOY)

Daily Costs:
- Handysize: US$8,750 (↑3% YOY)
- Handymax: US$11,050 (↑6% YOY)

Return on net assets: (6)%
Ship operators typically face significant exposure to spot market, our long-term cover provides a degree of earnings visibility

2015 cover excludes revenue days chartered in on index-linked basis
Dry Bulk Market Information

- Freight market trended sharply down in 2014 – 63% fall in BDI over the year
  - Continued global oversupply of vessels
  - Regional demand-side weaknesses, less coal imports to China
  - Collapse in Atlantic rates in 2Q resulting from ships repositioning for S. American grain season
  - Indonesian mineral export ban from Jan 2014 weakened Pacific rates
  - Less pronounced and short-lived improvement in 4Q
- Ship values started strong but declined over the year
  - 5 year old Handysize value: US$14.5m (-34% since start of 2014)

**Baltic Handysize Index (BHSI) & Baltic Supramax Index (BSI)**

- 2014 average:
  - BSI: $9,330
  - BHSI: $7,300
- 16 Mar 2015:
  - BSI: $6,070
  - BHSI: $5,140
- 17 Mar 2015:
  - Newbuilding (35,000 dwt):
    - US$22.0m
  - 5 years (32,000 dwt):
    - US$14.5m

*US$ freight rates are net of 5% commission
Source: Clarksons, The Baltic Exchange*
Dry Bulk Effective Demand

- Overall dry bulk demand increased 4.1% YOY – weighed down by disappointing 2H Chinese cargo imports
  - ↑ hydro-electric power and China protecting its domestic coal industry ➔ Coal imports ↓11%
  - Minor bulk demand growth impacted by Indonesian ban on bauxite and nickel ore exports:
    - ↓ 12% in Chinese imports of 7 important minor bulks (other minor bulks increased, but not enough to offset)
    - India coal imports grew by 26 million tonnes

Source: R.S. Platou, Bloomberg, Macquarie
Global Dry Bulk Fleet Development

<table>
<thead>
<tr>
<th>net fleet growth</th>
<th>Handysize</th>
<th>Dry Bulk overall</th>
</tr>
</thead>
<tbody>
<tr>
<td>1H14</td>
<td>+1.9%</td>
<td>+2.7%</td>
</tr>
<tr>
<td>2H14</td>
<td>+0.7%</td>
<td>+1.7%</td>
</tr>
<tr>
<td>2014</td>
<td>+2.7%</td>
<td>+4.4%</td>
</tr>
</tbody>
</table>

Dry bulk net fleet growth:
- Driven by 48m tonnes of new capacity
- Partially offset by 16m tonnes of scrapping

Widespread slow steaming continued, but dramatic drop in fuel prices led to early signs of increased vessel speeds

Dry Bulk Supply & Demand

Source: RS Platou, Clarksons, Bloomberg, as at 1 Jan 2015
*Estimated by RS Platou
Current orderbook: 21% (Handysize: 23%)
- Deliveries expected to fall short of schedule
- Cancellations, delays, conversions will have larger effect on 2016
- New ship ordering lowest since 2001

Handysize Orderbook
456 vessels (16.8m dwt)

Total Dry Bulk Orderbook
1,954 vessels (162.7m dwt)

Total Dry Bulk >10,000 dwt

Source: Clarksons, as at 1 Feb 2015
Pacific Basin Dry Bulk – Outlook

**Opportunities**

- Growth in Chinese imports of minor bulks on re-stocking or economic stimulus
- Solid US economic growth stimulates global economy
- Lower oil and other commodity prices stimulating greater demand and dry bulk exports
- Market pressures causing actual newbuilding deliveries to fall significantly short of scheduled deliveries

**Threats**

- Low fuel prices causing a general increase in vessel operating speeds → increasing supply
- Further reduction in Chinese economic growth
- Lower commodity prices shutting out smaller producers often using Handy ships
- Declining newbuilding prices → increasing new ship ordering
- Greater national protectionism

**PB Outlook:**

- Medium term – cautious view on freight earnings outlook
- Freight market becoming dysfunctional in some regions, limited cargo availability
- Larger dry bulk supply surplus now than a year ago due to disappointing demand
- Longer term – positive on our own business – better protection in Handy segment in weak markets; acquired ships at historically attractive prices → competitive cost base

**Strategy:**

- Firmly focused on Handy segments → managing for weak market scenario
- Reduce costs, grow our customer relationships → enhance access to cargo
- Safeguarding strong cash position and EBITDA generation
- We are currently neither buying nor taking long-term charter
- Difficult market will present acquisition opportunities for companies able to access capital
PB Towage

- Group results affected by:
  - US$70.5m non-cash impairments / provisions (incl. US$64m in 1H14)
  - US$7.6m business disposal loss and related US$12.7m exchange loss (sale of harbour towage and our OMSA JV interest)

<table>
<thead>
<tr>
<th>US$million</th>
<th>Net book loss / gain</th>
<th>Exchange loss</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sale of harbour towage</td>
<td>(9.9)</td>
<td>(9.3)</td>
</tr>
<tr>
<td>Sale of OMSA JV</td>
<td>2.3</td>
<td>(3.4)</td>
</tr>
</tbody>
</table>

US$3.5m-US$1.2m (reclassified as consultancy fee)

**Offshore Towage**

- Sold our interest in OMSA
- Towage customers Western Desert Resources (WDR) entered voluntary administration in September.
  - No buyer yet → US$5.7m additional charges was booked

**Harbour Towage**

- Sold our harbour towage business to Smit Lamnalco → staff / crew transferred as integral part of the transaction and saves us significant vessel dockings costs in 2015

**Outlook**

- Remaining towage vessel net book value: US$41.5m – 13 offshore tugs and 6 barges
- Our remaining towage presence is mainly in Middle East
- Significantly downsized New Zealand and Australian offshore towage organisation (marketing remaining idle vessels for sale)
- Outlook remains challenging, worsened by the fall in oil prices → impacting oil & gas projects in Middle East

* Based on year-end exchange rates

PB Towage Fleet: 23 vessels
(as at 31 Jan 2015)

- 15 Tugs (13 Owned + 2 Chartered)
- 6 Barges (6 Owned)
- 1 owned bunker tanker and 1 chartered passenger/supply vessel
## 2014 Annual Financial Highlights

US$m

<table>
<thead>
<tr>
<th>Segment net (loss)/profit</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Treasury</td>
<td>(45.9)</td>
<td>36.0</td>
</tr>
<tr>
<td>Discontinued Operations - RoRo</td>
<td>-</td>
<td>(4.4)</td>
</tr>
<tr>
<td>Non direct G&amp;A</td>
<td>(0.2)</td>
<td>(0.5)</td>
</tr>
<tr>
<td></td>
<td><strong>(9.4)</strong></td>
<td><strong>(15.5)</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Underlying (loss)/profit</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sale of Harbour Towage and OMSA JV</td>
<td>(55.5)</td>
<td>15.6</td>
</tr>
<tr>
<td>Towage Exchange (loss)/gain</td>
<td>(7.6)</td>
<td>-</td>
</tr>
<tr>
<td>Towage impairments and provisions</td>
<td>(12.7)</td>
<td>5.1</td>
</tr>
<tr>
<td>Provision for onerous contracts</td>
<td>(70.5)</td>
<td>-</td>
</tr>
<tr>
<td>Unrealised derivative (expenses)/income</td>
<td>(100.9)</td>
<td>(0.7)</td>
</tr>
<tr>
<td>RoRo exchange loss</td>
<td>(28.9)</td>
<td>1.8</td>
</tr>
<tr>
<td>Other impairments and provisions</td>
<td>(5.0)</td>
<td>(7.8)</td>
</tr>
<tr>
<td>Expenses on exercising 10 finance lease purchase options</td>
<td>(3.9)</td>
<td>2.8</td>
</tr>
<tr>
<td></td>
<td>-</td>
<td>(15.3)</td>
</tr>
<tr>
<td></td>
<td><strong>(285.0)</strong></td>
<td><strong>1.5</strong></td>
</tr>
</tbody>
</table>

### (Loss)/Profit attributable to shareholders

- Segment and underlying results affected by both weak dry bulk and towage results
- Provision for dry bulk onerous contracts to align inward charters with TC market
- Non direct G&A reduced, total G&A to come down further in 2015
### Pacific Basin Dry Bulk

#### Segment Results

<table>
<thead>
<tr>
<th></th>
<th>1H14</th>
<th>2H14</th>
<th>2014</th>
<th>2013</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Handysize contribution (US$m)</td>
<td>26.2</td>
<td>2.3</td>
<td>28.5</td>
<td>51.9</td>
<td>-45%</td>
</tr>
<tr>
<td>Handymax contribution (US$m)</td>
<td>(10.7)</td>
<td>(4.1)</td>
<td>(14.8)</td>
<td>8.5</td>
<td>-274%</td>
</tr>
<tr>
<td>Post-Panamax contribution (US$m)</td>
<td>2.7</td>
<td>2.8</td>
<td>5.5</td>
<td>5.7</td>
<td>-5%</td>
</tr>
<tr>
<td>Segment operating performance before overheads (US$m)</td>
<td>18.2</td>
<td>1.0</td>
<td>19.2</td>
<td>66.1</td>
<td>-71%</td>
</tr>
<tr>
<td>Direct overhead (US$m)</td>
<td>(24.7)</td>
<td>(24.5)</td>
<td>(49.2)</td>
<td>(40.0)</td>
<td>-23%</td>
</tr>
</tbody>
</table>

#### Segment net (loss)/profit (US$m)

- **Segment net (loss)/profit**: (US$m)
  - **2014**: (30.0)
  - **2013**: 26.1
  - **Change**: -215%

#### Segment EBITDA (US$m)

- **2014**: 94.0
- **2013**: 115.0
- **Change**: -18%

#### Annualised return on net assets (%)

- **2014**: -6%
- **2013**: 5%
- **Change**: -11pts

- Segment results affected by weak second-half dry bulk market
- Direct overhead up due to full-year effect of increase headcount (linked to fleet expansion), but lower total G&A
### Handysize

<table>
<thead>
<tr>
<th></th>
<th>1H14</th>
<th>2H14</th>
<th>2014</th>
<th>2013</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue days (days)</td>
<td>27,200</td>
<td>29,010</td>
<td>56,210</td>
<td>52,550</td>
<td>+7%</td>
</tr>
<tr>
<td>TCE earnings (US$/day)</td>
<td>10,210</td>
<td>8,520</td>
<td>9,340</td>
<td>9,520</td>
<td>-2%</td>
</tr>
<tr>
<td>Owned + chartered costs (US$/day)</td>
<td>9,120</td>
<td>8,400</td>
<td>8,750</td>
<td>8,480</td>
<td>-3%</td>
</tr>
<tr>
<td>Handysize contribution (US$m)</td>
<td><strong>26.2</strong></td>
<td><strong>2.3</strong></td>
<td><strong>28.5</strong></td>
<td>51.9</td>
<td>-45%</td>
</tr>
</tbody>
</table>

### Handymax

<table>
<thead>
<tr>
<th></th>
<th>1H14</th>
<th>2H14</th>
<th>2014</th>
<th>2013</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue days (days)</td>
<td>11,640</td>
<td>10,770</td>
<td>22,410</td>
<td>20,660</td>
<td>+8%</td>
</tr>
<tr>
<td>TCE earnings (US$/day)</td>
<td>11,100</td>
<td>9,770</td>
<td>10,460</td>
<td>10,880</td>
<td>-4%</td>
</tr>
<tr>
<td>Owned + chartered costs (US$/day)</td>
<td>11,890</td>
<td>10,130</td>
<td>11,050</td>
<td>10,440</td>
<td>-6%</td>
</tr>
<tr>
<td>Handymax contribution (US$m)</td>
<td><strong>(10.7)</strong></td>
<td><strong>(4.1)</strong></td>
<td><strong>(14.8)</strong></td>
<td>8.5</td>
<td>-274%</td>
</tr>
</tbody>
</table>

- Increased revenue days reflects new vessel deliveries:
  - Owned: 5 Handysize, 2 Handymax
  - Long-term inward charter: 4 Handysize, 2 Handymax
- Weak second half impacted both Handysize and Handymax
- Higher cost short-term Handymax charters of 2013 expired in 1H, benefiting results in 2H
As at 31 December 2014

**Daily Vessel Costs – Handysize**

**Finance cost**

**Depreciation**

**Charter-hire**

- Short-term (ST) / Long-term (LT)
- Index-linked

---

**Blended US$8,750 (2013: US$8,480)**

- In addition, direct overheads of US$620/day (2013: US$540/day)
- 2015 expected owned days: 24,970

* Based on using the same 2014 daily opex and fin costs and existing committed 13,500 chartered-in days
As at 31 December 2014

**Daily Vessel Costs – Handymax**

- In addition, direct overheads of US$620/day (2013: US$540/day)
- Chartered in costs increased 9% mainly due to significantly higher short term chartered-in fixtures at the end of 2013
- 2015 expected owned days: 5,650

* Based on using the same 2014 daily opex and fin costs and existing committed 5,440 chartered-in days
# Balance Sheet

<table>
<thead>
<tr>
<th>US$m</th>
<th>PB Dry Bulk</th>
<th>PB Towage</th>
<th>Treasury</th>
<th>31 Dec 14</th>
<th>31 Dec 13</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vessels &amp; other fixed assets</td>
<td>1,539</td>
<td>42</td>
<td>-</td>
<td>1,585</td>
<td>1,622</td>
</tr>
<tr>
<td>Total assets</td>
<td>1,754</td>
<td>119</td>
<td>425</td>
<td>2,308</td>
<td>2,537</td>
</tr>
<tr>
<td>Total borrowings</td>
<td>1,000</td>
<td>-</td>
<td>-</td>
<td>1,000</td>
<td>1,037</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>1,237</td>
<td>13</td>
<td>9</td>
<td>1,306</td>
<td>1,233</td>
</tr>
<tr>
<td>Net assets</td>
<td>517</td>
<td>106</td>
<td>416</td>
<td>1,002</td>
<td>1,304</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>31 Dec 14</th>
<th>31 Dec 13</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net borrowings after total cash of US$363m</td>
<td>636</td>
<td>551</td>
</tr>
<tr>
<td>Net borrowings to net book value of property, plant and equipment</td>
<td>40%</td>
<td>34%</td>
</tr>
</tbody>
</table>

- Vessel average net book value: Handysize $16.1m, 8.9 years
  Handymax $23.7m, 5.9 years
- KPI: net gearing below 50%

Note: Total includes other segments and unallocated
Borrowings and Capex

- **Bank borrowings (US$668 million) & finance lease liabilities (US$18 million due 2015)**
- **Convertible bonds**
- **Vessel capital commitments (US$385 million)**
Cash Flow – 2014 Sources and Uses of Group Cash Flow

Operating cash flow | US$94m
---|---
EBITDA | US$82m

<table>
<thead>
<tr>
<th>2015 &amp; 2016 cash flows</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>US$179m borrowings due during 2015</td>
<td>Funded by:</td>
</tr>
<tr>
<td></td>
<td>• US$122m new bank borrowings drawn in late 2014</td>
</tr>
<tr>
<td></td>
<td>• US$60m RoRo sale proceeds expected in 2015</td>
</tr>
<tr>
<td>US$109m of capex in 2015</td>
<td>• Draw down US$94m from US$350m Japanese ECA</td>
</tr>
<tr>
<td>US$190m of capex in 2016</td>
<td>• Draw down US$154m of Japanese ECA</td>
</tr>
<tr>
<td>US$210m Convertible Bond due 2016</td>
<td>Can be funded by:</td>
</tr>
<tr>
<td></td>
<td>• New bank borrowing – being arranged in 2015 with unmortgaged dry bulk vessels</td>
</tr>
<tr>
<td></td>
<td>• US$69m towage sale proceeds received in early 2015</td>
</tr>
</tbody>
</table>
Our Outlook and Strategy

Dry Bulk Outlook

- Poor start to 2015 - BDI fell to lowest since 1986, dysfunctional freight market in some regions
- Expect weak market to continue in 2015 – taking a cautious view on freight earnings outlook
- Reduced net fleet growth, but excessive dry bulk supply not yet fully absorbed
- Low fuel prices → faster ship speeds → potential additional increase in supply
- Demand growth continues to be threatened by softer growth outlook

Strategy

- Firmly focused on Handysize and Handymax segment ← will receive even more attention after towage business scales down
- Well placed to capitalise on improved trading condition when return
- Strive to deliver profitable contributions in weak market, safeguarding our continued strong cash position and EBITDA generation
- Currently neither buying nor taking long-term charter, but will consider pursuing opportunities difficult market will present
Appendix: Pacific Basin Overview

- A leading dry bulk owner/operator of Handysize & Handymax dry bulk ships
- Flexible Pacific Basin Dry Bulk business model
  - Large fleet of uniform, interchangeable, modern ships
  - Mix of owned and long-term, short-term chartered ships
  - Operating mainly on long term cargo contract (COA) and spot basis
  - Diversified customer base of mainly industrial producers and end users
  - Extensive network of offices positions PB close to customers
- Also owning/operating offshore tugs
- >250 vessels serving major industrial customers around the world
- Hong Kong headquarters, 13 offices worldwide, 340 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

www.pacificbasin.com
Pacific Basin business principles

* As at Jan 2015
Applying sustainable thinking in our decisions and the way we run our business
Creating long-term value through good corporate governance and CSR

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

Corporate Governance & Risk Management
- Adopted recommended best practices under SEHK’s CG Code (with quarterly trading update)
- Closely integrated Group strategy and risk management
- Transparency priority
- Stakeholder engagement includes in-depth customer and investor surveys
- Risk management committee interaction with management and business units
- Integrated Reporting following International <IR> Framework of IIRC
### Appendix: Fleet List – Jan 2015*

**Pacific Basin Dry Bulk Fleet: 250**

average age of core fleet: 7.3 years old

<table>
<thead>
<tr>
<th></th>
<th>Owned</th>
<th>Chartered</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Delivered</td>
<td>Newbuilding</td>
<td>Delivered</td>
</tr>
<tr>
<td>Handysize</td>
<td>64</td>
<td>12</td>
<td>93</td>
</tr>
<tr>
<td>Handymax</td>
<td>15</td>
<td>6</td>
<td>44</td>
</tr>
<tr>
<td>Post-Panamax</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>80</td>
<td>18</td>
<td>138</td>
</tr>
</tbody>
</table>

**PB Towage : 23**

<table>
<thead>
<tr>
<th></th>
<th>Owned</th>
<th>Chartered</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Delivered</td>
<td>Newbuilding</td>
<td>Delivered</td>
</tr>
<tr>
<td>Tugs</td>
<td>13</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td>Barges</td>
<td>6</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Others</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>20</td>
<td>0</td>
<td>3</td>
</tr>
</tbody>
</table>

* Excluding 2 RoRo ships

¹ Average number of vessels operated on 31 Jan 2015

www.pacificbasin.com Fleet Details
Appendix: Vessels Commitments

Total US$385m

To be largely funded by US$350m committed Japanese export credit facility
## Appendix:
### Vessel Operating Lease Commitments

As at 31 December 2014

**Commitments Excluding Index-linked Vessels**

| Year | Provision Write-back (US$m) | Handysize | | | | Handymax | | | |
|------|-----------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
|      |                             | Vessel days | Average daily rate | Vessel days | Average daily rate | Vessel days | Average daily rate |
|      |                             | Before provision write-back (US$) | Before provision write-back (US$) | After provision write-back (US$) | After provision write-back (US$) |
| 2015 | 21.3                        | 13,500    | 9,670      | 8,760      | 5,440      | 11,880    | 10,230    |
| 2016 | 24.5                        | 8,920     | 10,310     | 8,850      | 3,490      | 12,900    | 9,600     |
| 2017 | 20.0                        | 8,470     | 10,310     | 9,060      | 2,920      | 12,950    | 9,730     |
| 2018 | 18.9                        | 7,340     | 10,830     | 9,390      | 2,730      | 12,940    | 9,900     |
| 2019 | 16.2                        | 6,620     | 10,970     | 9,520      | 2,190      | 12,950    | 9,940     |
| 2020+|                             | 11,710    | 10,950     |            | 2,640      | 12,810    |           |
| Total|                             | 100.9     | 56,560     |            | 19,410     |           |           |

| Aggregate operating lease commitments | US$590.2m | US$244.9m |
### Appendix:
**Vessel Operating Lease Commitments**

As at 31 December 2014

#### 2015 Commitments Including Index-linked Vessels

Our fixed, after provision, rate and variable rate index-linked lease commitments showing 2014 completed and 2015 outstanding lease periods can be analysed as follows:

<table>
<thead>
<tr>
<th>Handysize</th>
<th>2014 Vessel Days</th>
<th>2014 Average daily rate (US$)</th>
<th>1H2015 Vessel Days</th>
<th>1H2015 Average daily rate (US$)</th>
<th>2H2015 Vessel Days</th>
<th>2H2015 Average daily rate (US$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long-term (&gt; 1 year)</td>
<td>10,530</td>
<td>9,690</td>
<td>6,040</td>
<td>8,770</td>
<td>5,690</td>
<td>8,940</td>
</tr>
<tr>
<td>Short-term</td>
<td>10,580</td>
<td>8,940</td>
<td>1,770</td>
<td>8,120</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Index-linked</td>
<td>11,740</td>
<td>8,110</td>
<td>4,200 Market rate</td>
<td></td>
<td>2,530 Market rate</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>32,850</td>
<td>8,930</td>
<td>12,010</td>
<td></td>
<td>8,220</td>
<td></td>
</tr>
</tbody>
</table>

| Handymax             |                  |                               |                    |                                |                   |                                 |
|----------------------|                  |                               |                    |                                |                   |                                 |
| Long-term (> 1 year) | 3,940            | 12,530                        | 1,850              | 10,340                          | 1,840             | 10,710                          |
| Short-term           | 10,710           | 12,000                        | 1,750              | 9,640                           | -                 | -                              |
| Index-linked         | 2,540            | 9,910                         | 670 Market rate    |                                 | 380 Market rate   |                                 |
| Total                | 17,190           | 11,810                        | 4,270              |                                 | 2,220             |                                 |
Appendix: Historical Owned and Chartered-in Cost
Appendix: Historical earnings

Performance vs Market

Handysize

28% outperformance compared to market

Handymax

12% outperformance compared to market

- Our outperformance compared to spot market indices reflects the value of our business model, fleet scale and cargo book, and our ability to optimise cargo combinations and match the right ships with the right cargoes.
Appendix:
Convertible Bonds Due 2016

<table>
<thead>
<tr>
<th>Issue size</th>
<th>US$230 million (US$20.5m face value put back and repaid on 14 April 2014; Remaining: US$210m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maturity Date</td>
<td>12 April 2016 (6 years)</td>
</tr>
<tr>
<td>Investor Put Date and Price</td>
<td>12 April 2014 (4 years) at par</td>
</tr>
<tr>
<td>Coupon</td>
<td>1.75% p.a. payable semi-annually in arrears on 12 April and 12 October</td>
</tr>
<tr>
<td>Redemption Price</td>
<td>100%</td>
</tr>
<tr>
<td>Initial Conversion Price</td>
<td>HK$7.98 (Current conversion price: HK$ 7.1 with effect from 23 April 2014)</td>
</tr>
</tbody>
</table>

Conversion Condition

- Before 11 Jan 2011: No Conversion is allowed
- 12 Jan 2011 – 11 Jan 2014: Share price for 5 consecutive days > 120% conversion price
- 12 Jan 2014 – 5 Apr 2016: Share price > conversion price

Intended Use of Proceeds

To purchase the 3.3% Existing Convertible Bonds due 2013, then redeem the 2013 Convertible Bonds (now all redeemed & cancelled)

Conditions

- Shareholders’ approval at SGM to approve the issue of the New Convertible Bonds and the specific mandate to issue associated shares.
- If the specific mandate is approved by the shareholders at the SGM, the Company would not pursue a new general share issue mandate at the forthcoming AGM on 22 April 2010

Conversion/Redemption Timeline

<table>
<thead>
<tr>
<th>Closing Date</th>
<th>Maturity</th>
</tr>
</thead>
<tbody>
<tr>
<td>12 Apr 2010</td>
<td>12 Apr 2016</td>
</tr>
<tr>
<td>12 Jan 2011</td>
<td>5 Apr 2016</td>
</tr>
</tbody>
</table>

- PB’s call option to redeem all bonds
  1) Trading price for 30 consecutive days > 130% conversion price in effect
  2) >90% of Bond converted / redeemed / purchased / cancelled

- Bondholders can convert to PB shares after trading price > 120% conversion price in effect for 5 consecutive days

- Bondholders can convert to PB shares when trading price > conversion price

- Bondholders’ put option to redeem bonds

With you for the long haul
# Appendix: Convertible Bonds Due 2018

<table>
<thead>
<tr>
<th>Issue size</th>
<th>US$123.8 million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maturity Date</td>
<td>22 October 2018 (6 years)</td>
</tr>
<tr>
<td>Investor Put Date and Price</td>
<td>22 October 2016 (4 years) at par</td>
</tr>
</tbody>
</table>
| PB’s Call Option| 1) Trading price for 30 consecutive days > 130% conversion price in effect  
2) >90% of Bond converted / redeemed / purchased / cancelled |
| Coupon           | 1.875% p.a. payable semi-annually in arrears on 22 April and 22 October |
| Redemption Price | 100% |
| Initial Conversion Price | HK$4.96 (current conversion price: HK$4.84 with effect from 23 April 2014) |
| Intended Use of Proceeds | To acquire additional Handysize and Handymax vessels, as well as for general working capital |

**Conversion/redemption Timeline**

<table>
<thead>
<tr>
<th>Closing Date</th>
<th>22 Oct 2012</th>
<th>2 Dec 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maturity</td>
<td>22 Oct 2018</td>
<td>12 Oct 2018</td>
</tr>
</tbody>
</table>

PB’s call option to redeem all bonds
1) Trading price for 30 consecutive days > 130% conversion price in effect
2) >90% of Bond converted / redeemed / purchased / cancelled

Bondholders’ put option to redeem bonds
Appendix: Dry Bulk Fleet Profile

Source: Clarksons, as at 1 Feb 2015
Appendix: China at late-Industrialisation Stage

- China growth matches historical trend in Japan and Korea
- Suggests strong growth in dry bulk segment to remain for medium term
- Similar trend for electricity and cement

Steel Consumption Per Capita

- China (from 1990)
- Japan (from 1950)
- Korea (from 1970)
- India (from 2005)
Appendix:
China Dry Bulk Trade, Iron Ore & Coal Demand

Chinese Dry Bulk Trade Volume

China is a significant net importer of coal

China Iron Ore Sourcing for Steel Production

Source: Clarksons, Bloomberg