Pacific Basin

Credit Suisse
Asian Investment Conference 2010
Mar2010, Hong Kong

2009 Annual Results

16 Mar 2010

Pacific Basin Overview

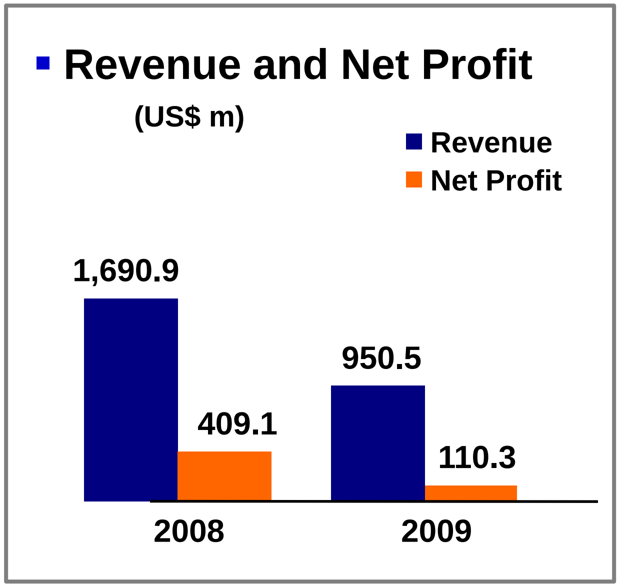
- One of the world's leading dry bulk owners/operators of modern handysize and handymax vessels
- Flexible Pacific Basin dry bulk business model
  - Large scale fleet of uniform, interchangeable modern vessels
  - Mix of owned, long-term and short-term chartered ships
  - Diversified customer base of mainly industrial end users
- Growing presence in
  - Energy & Infrastructure Services
  - RoRo sector
- Over 160 vessels serving major industrial customers
- Hong Kong headquarters, 20 offices worldwide, 350+ Group staff, 1,700+ seafarers *

As announced:

- Dr. Simon Lee (Non-executive Director) passed away aged 82, one of Pacific Basin's greatest supporters

* As at Jan 2010

2009 Group Highlights & 2010 Goals



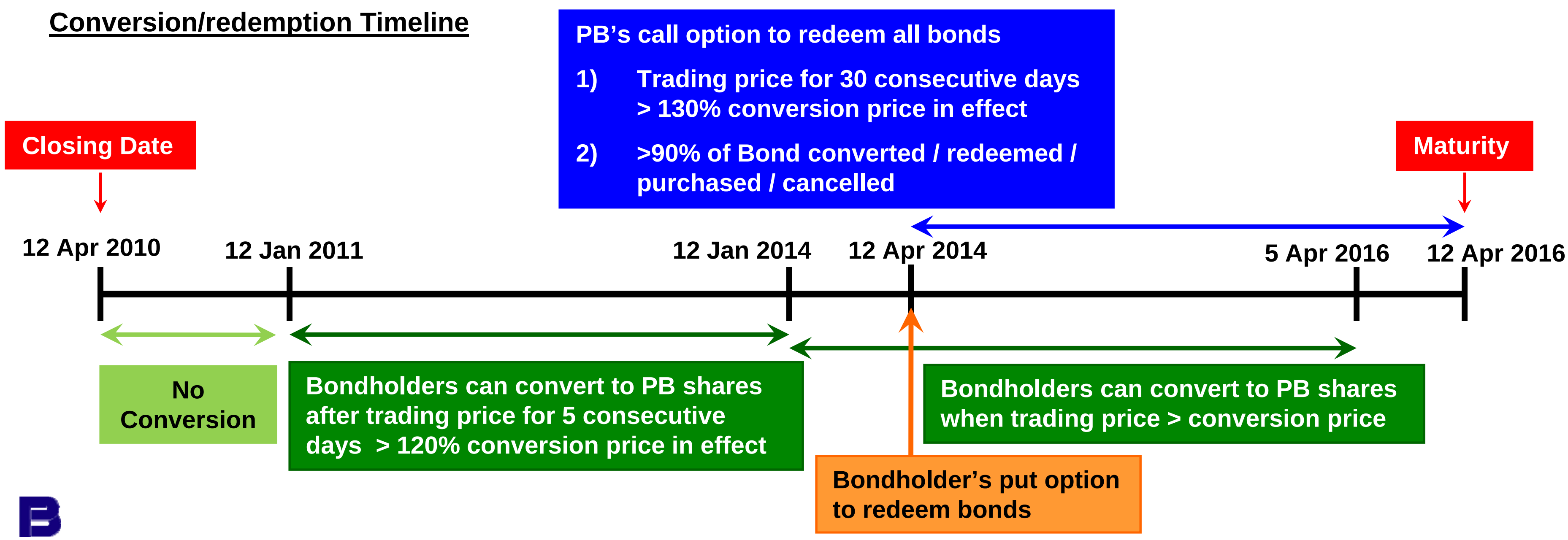
- **Net Profit: US$110m** (2008: US$409m)
- **Basic EPS: HK$0.46** (2008: HK$1.89)
- **ROE: 8%** (2008: 35%)
- **Net Profit Margin: 12%** (2008: 24%)
- **US$145m operating cash flow** (2008: US$459m)
- **2009 Dividend per share (HK$): HK$0.23** (2008: HK$0.76)
  Including proposed final dividend of HK$0.15
- **Results incorporate:**
  - **US$25m impairment of RoRo investment**
  - **net US$25m write-back of onerous dry bulk contracts for future periods**

- **Ambitions recalibrated and goals set for 2010 and beyond**
  - **Significantly expand our dry bulk fleet subject to price and market developments**
  - **Grow our energy and infrastructure services operations in specialised markets with high entry barriers and focus on Australasia and Middle East**
  - **Secure employment for our remaining RoRo newbuildings delivering in second half 2010 and 2011**

Proposed Convertible Bonds Due 2016

Issue size	US$230 million
Maturity Date	12 April 2016 (6 years)
Investor Put Date and Price	12 April 2014 (4 years) at par
Coupon	1.75% p.a. payable semi-annually in arrears on 12 April and 12 October
Redemption Price	100%
Initial Conversion Price	HK$7.98 (27% premium to pricing of HK$6.28 on 4 March 2010)
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 remaining part of the Existing Convertible Bonds should bondholders' request on 1 Feb 2011 or maturity in 2013
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

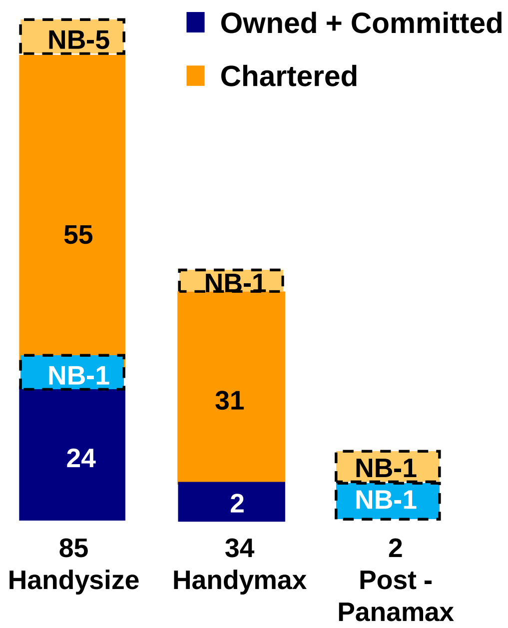


Pacific Basin Dry Bulk – 2009 Performance

- **Dry bulk net profit: US$138m**
  - **Handysize: US$124m**
  - **Handymax: US$14m**
- **Fleet employed worldwide carrying a mix of contract (COA) and spot cargoes**
- **28.8mil tonnes of cargoes were carried in 2009:**
  - **Handysize: logs & forest products, grain & agriculture products, metal concentrates**
  - **Handymax: coal/coke, ore, grain & agriculture products**
- **Strategy:**
  - **Secure forward cargo cover for 2011 and beyond**
  - **Maintain a cost-competitive fleet**
  - **Fleet expansion**
    - **Since Dec 2009, purchased 5 ships at some of the lowest prices of the past 5 years**
    - **Long-term chartered 3 ships**

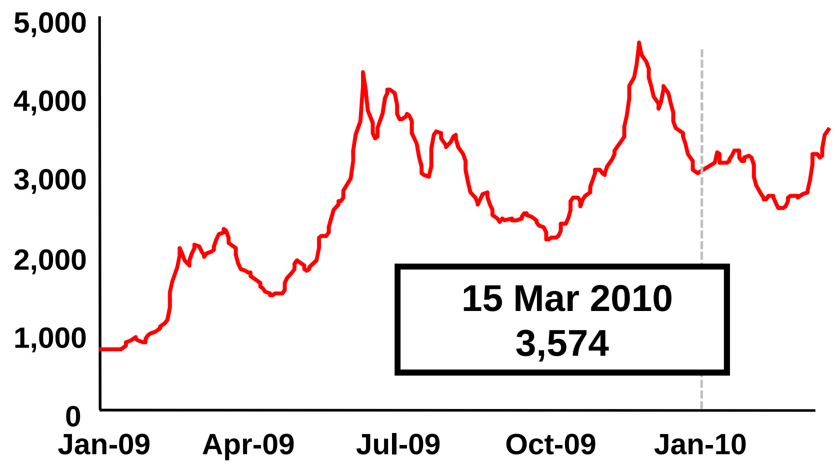
Pacific Basin Dry Bulk Fleet: 121 (as at 28 Feb 2010)

Average age: 6.8 years
Average net book value:
(33 delivered owned vessels)
- **Handysize: US$17.8 m**
- **Handymax: US$16.8 m**

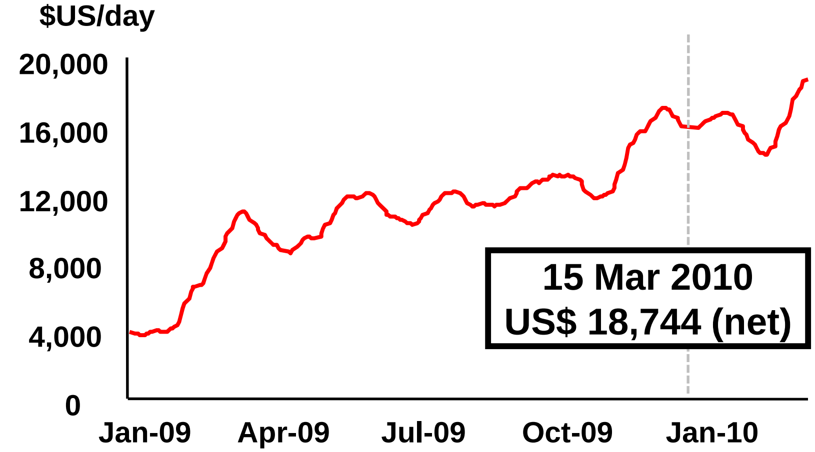


Dry Bulk Market Information

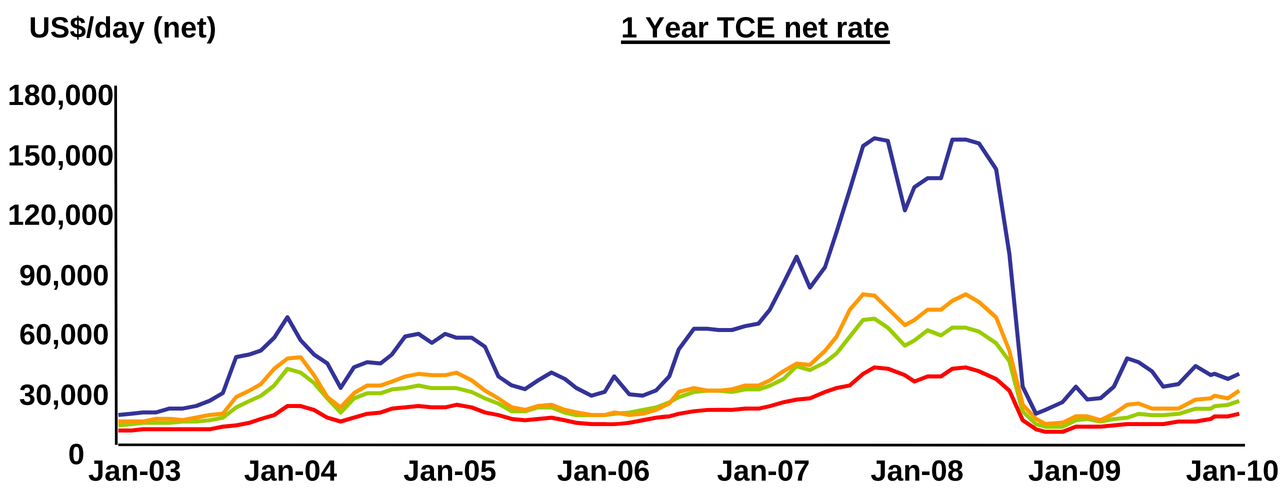
Baltic Dry Index



The Baltic Handysize Index (BHSI)



1 Year TCE net rate



As at 12 Mar 2010

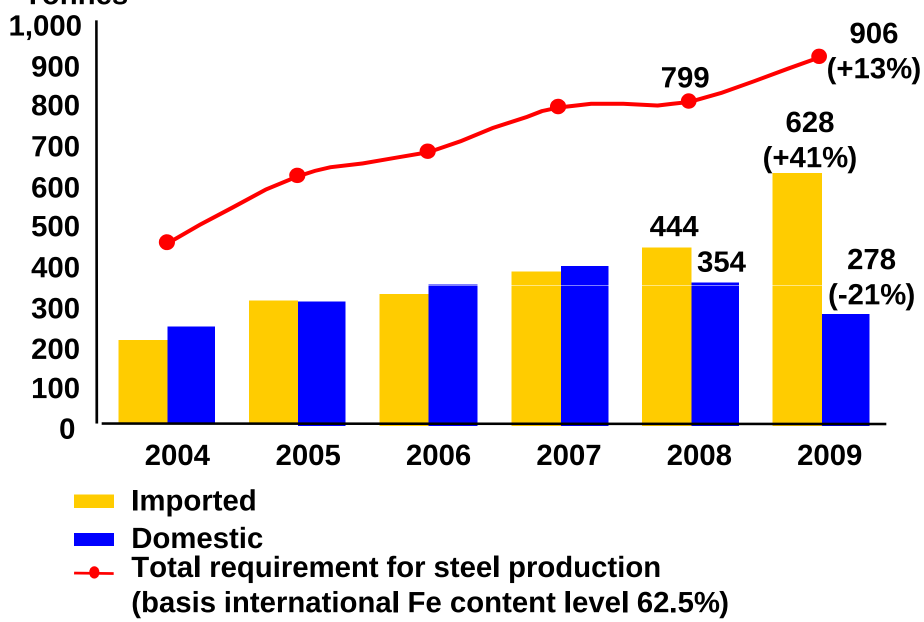
- Capesize - $35,625
- Panamax - $27,075
- Supramax - $22,325
- Handysize
  - 1-Year: $15,675
  - 3-Year: $13,538

BHSI officially began on 2 January 07

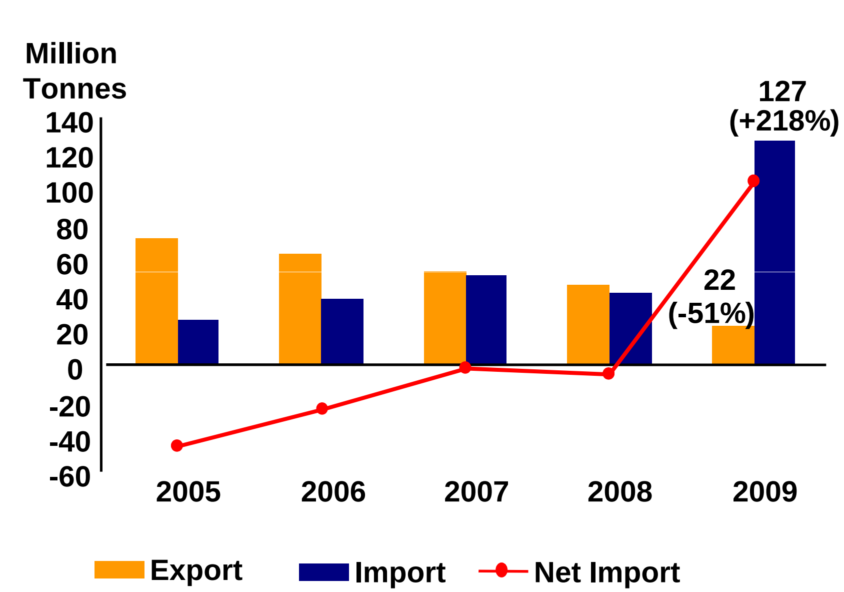
Sources: Clarksons, The Baltic Exchange, Bloomberg LP

Chinese Commodity Demand

China Iron Ore Sourcing for Steel Production



China is a Net Importer of Coal



China iron ore and coal imports increased 41% and 218% respectively yoy

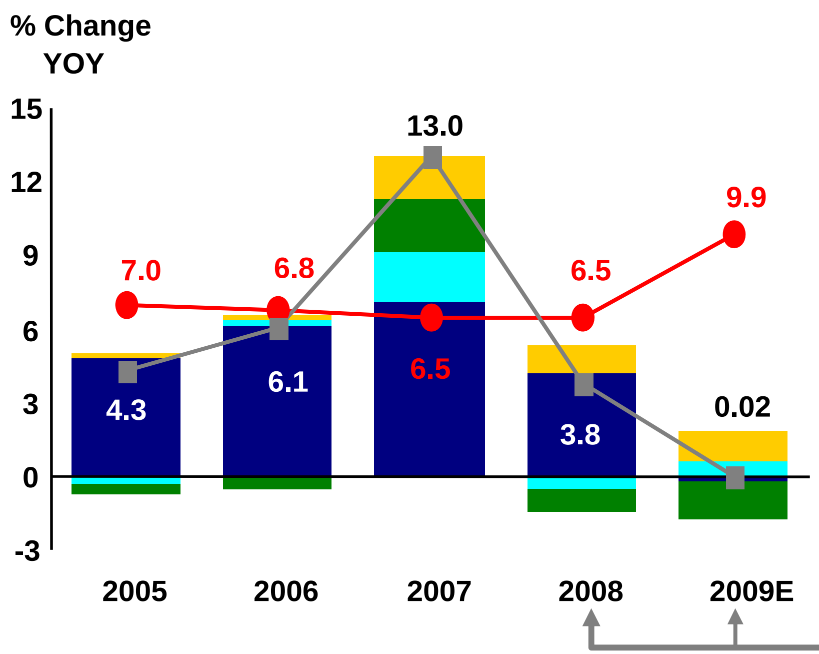
China's decision on where it imports commodities from significantly impacts overall tonne-mile demand

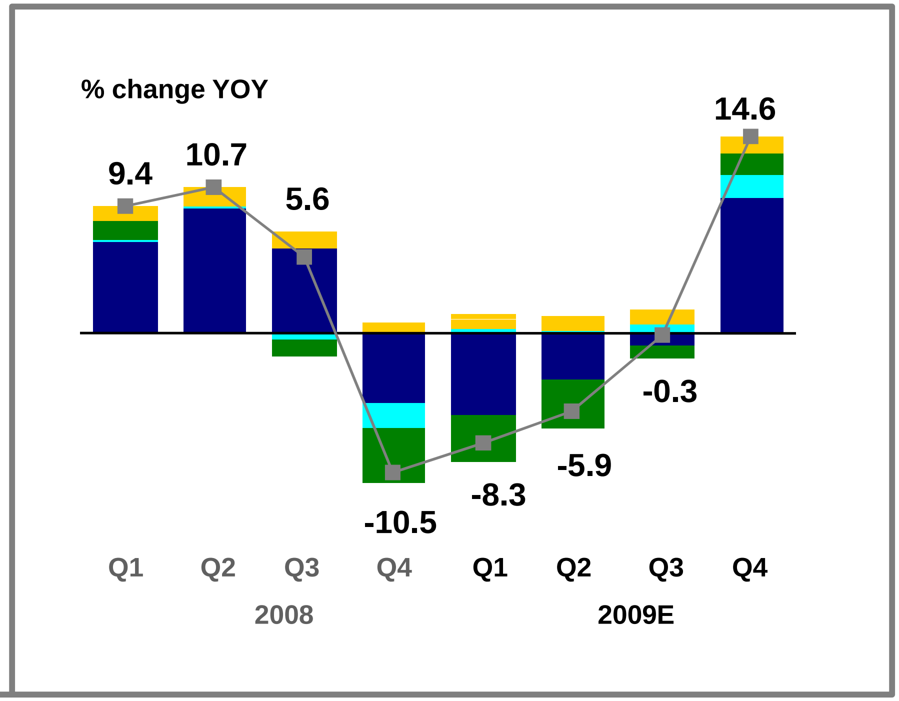
Port congestion and China's domestic coastal trade increased

Source: Bloomberg LP, Macquarie, Pacific Basin

Dry Bulk Demand

Dry Bulk Fleet Demand and Supply 2003 - 2009





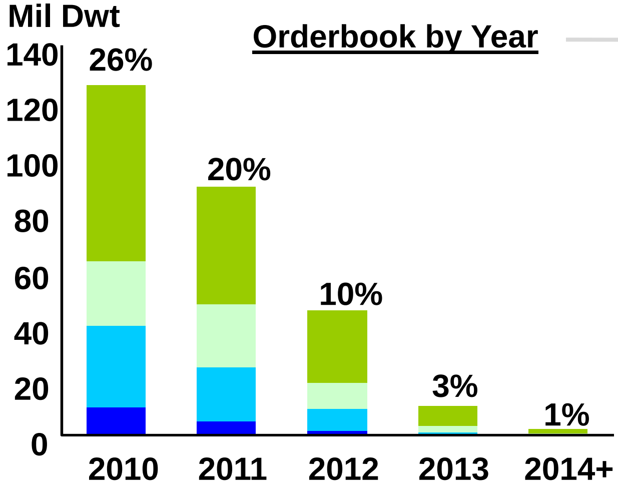
China Coastal Cargo Effect
Congestion Effect
Tonne-mile Effect
International Cargo Volumes
Net Demand Growth
Supply Growth

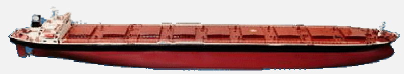
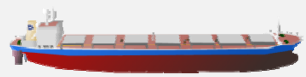
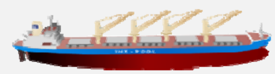
- Strong 2009 freight market improvement cannot be easily explained by fundamentals
- 2009 demand growth did not exceed supply growth
- Sharp improvement from exceptionally weak starting point
- Large improvement in Q4 demand yoy

Source: R.S. Platou, Clarksons

Dry Bulk Orderbook

Orderbook by Year



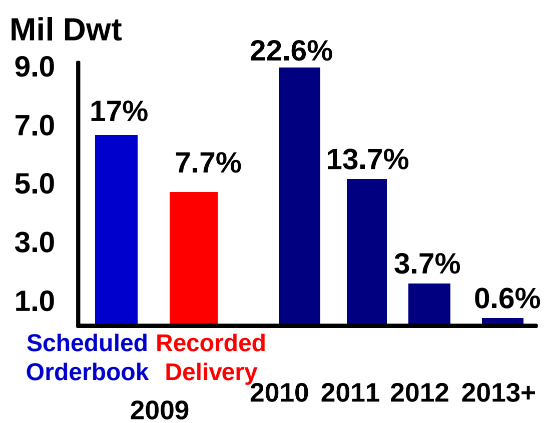
		Orderbook as % of Existing Fleet	Average Age
Total Dry Bulk >10,000 Dwt		60%	
Capesize		84%	11
Panamax		49%	12
Handymax (35,000-59,999 Dwt)		52%	15
Handysize (25,000-34,999 Dwt)		41%	16

- Orderbook peaks in 2010 dominated by Capesize

- 2009 handysize net fleet growth : -0.4%
- Ageing fleet and relatively small orderbook

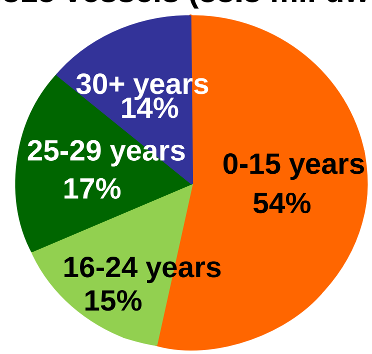
Handysize Orderbook

497 vessels (15.7 mil dwt) - 41%



Handysize Age Profile

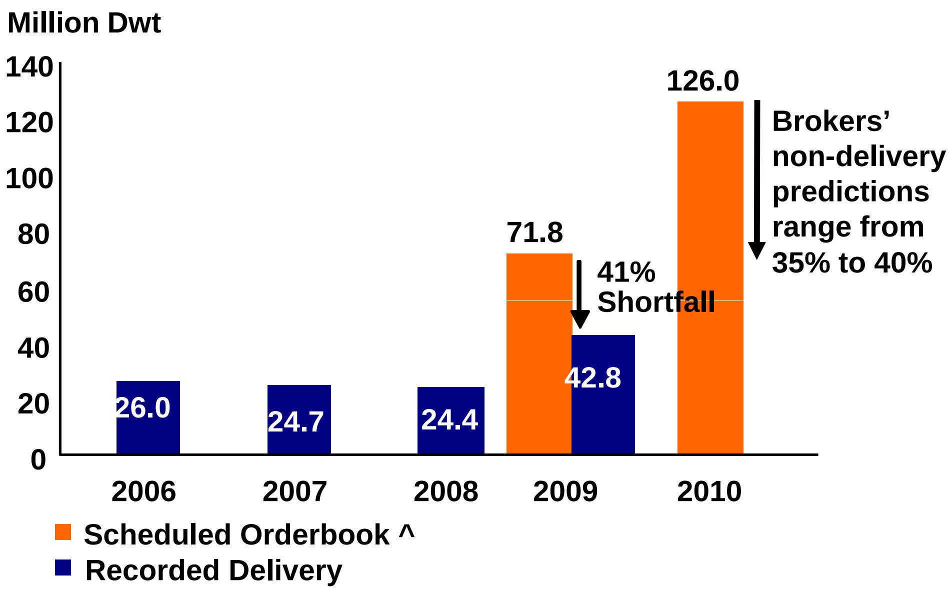
1,315 vessels (38.8 mil dwt)



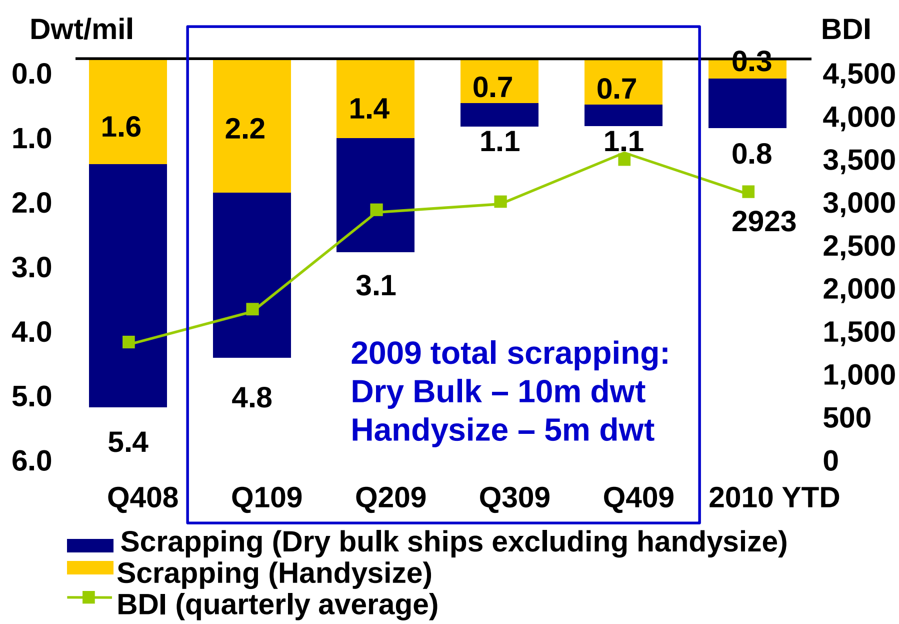
Source: Clarksons 1 Feb 2010
** Handysize is defined as 25,000-34,999 Dwt*

Dry Bulk Fleet Changes

Dry Bulk Fleet Delivery & Scheduled Orderbook



Dry Bulk Scrapping versus BDI



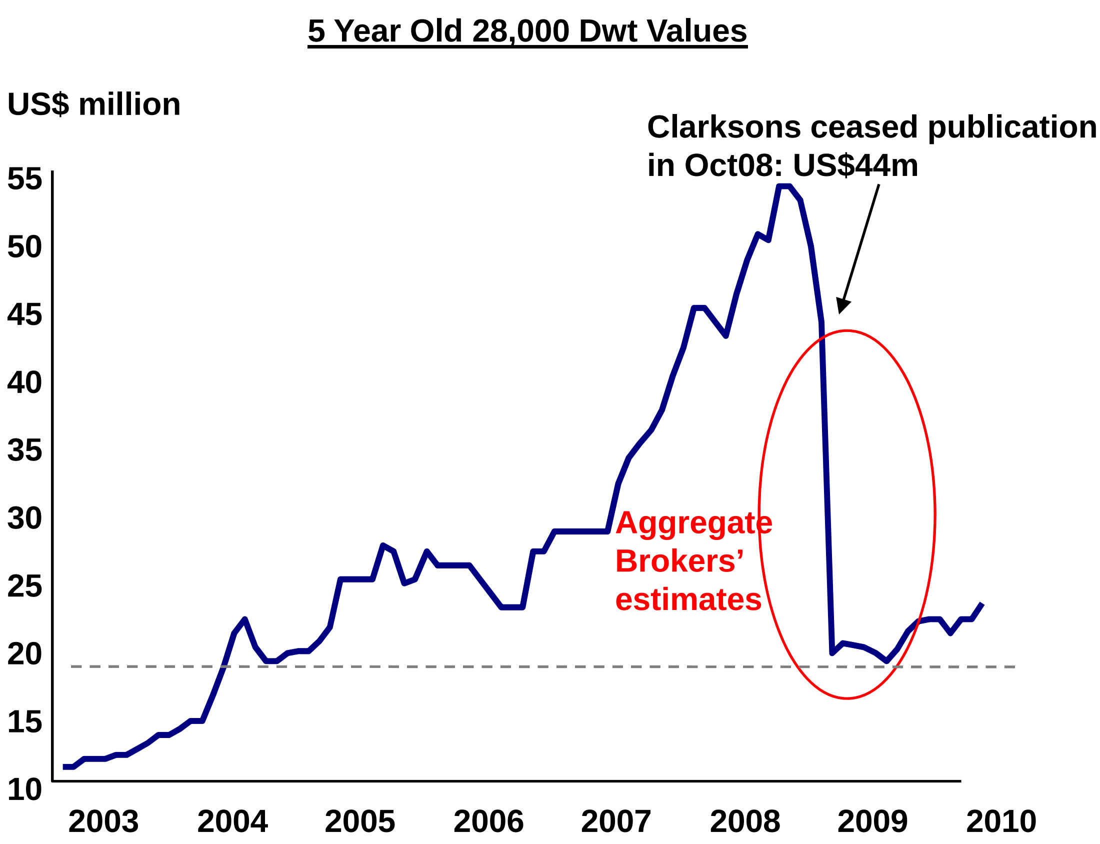
World dry bulk fleet expanded by 10% yoy, significantly above the 7% of previous 5 years

41% delivery shortfall against schedule in 2009 mainly due to ineffective orders and construction delays

Scrapping dropped when freight rates recovered strongly in 2H09

Source: Clarksons Jan 2010
^Clarksons Jan 2009 and Jan 2010

Handysize Vessel Values



Sales and purchase activity return after stagnation for most of 2009

Clarksons resumed publication of ship values January 2010: US$23 million for 5 year old

PB purchased 5 vessels since Dec 2009

Source: Clarksons (up to Oct 2008, since Jan 2010), Aggregate brokers estimates (from Oct 2008 to Dec 2009)

Dry Bulk Outlook

+

- Global economic recovery
- Strong cargo demand from China
- Port congestion & others botternecks
- Slippage and non-realisation of 2010 scheduled newbuilding deliveries

–

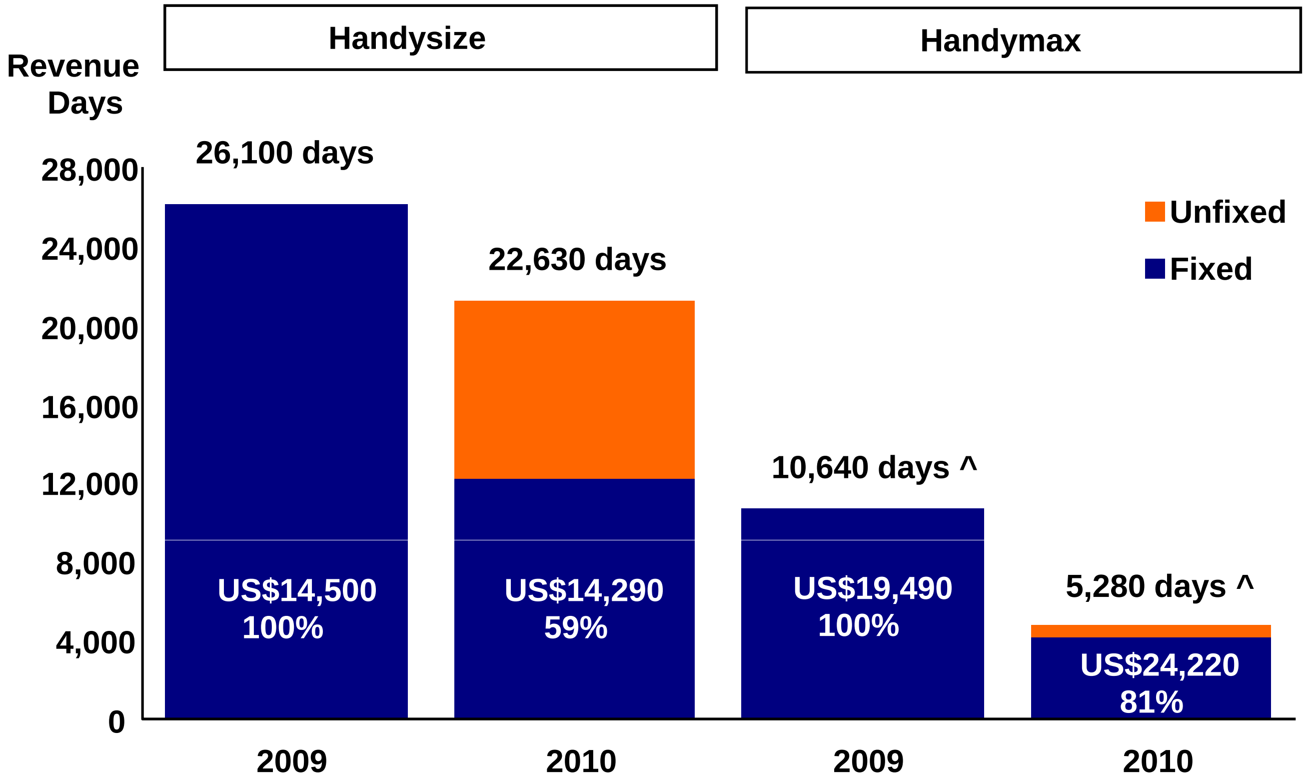
- Unwinding Chinese economic stimulus
- Enormous orderbook for 2010
- Increasing commodity prices favour domestic production over imports

PB Conclusion

- Shift from a negative to a neutral market view for 2010
- Investing in dry bulk vessels
- Maintain cost-competitive fleet and avoid significant inflation of break-even cost
- Building cover for 2011 and beyond

PB Dry Bulk Earnings Coverage

as at 22 Feb 2010



59% of 2010 handysize revenue days covered at US$14,290

Total combined cover * 64% for 2010

^ Excludes 2 handymax vessels on long term charter out

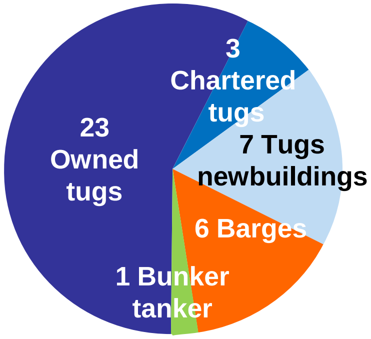
*As at 22 Feb 2009, we had combined cover of 64% of handysize / handymax fleet (covered 59% of our 2010 handysize revenue days and 81% of our 2010 handymax revenue days, equating to approximately 64% of our handysize equivalent days)

PB Energy & Infrastructure Services

FBSL | PB Towage

PB Sea-Tow (Offshore Projects) | PB Towage Australia (Harbour Towage) | PB Towage Middle East (Offshore Projects)

Towage Fleet: 40 vessels
(as at 28 Feb 2010)



PB Energy & Infrastructure Services	
Offshore and project supply and harbour towage services ("Towage")	1.0
Fujairah Bulk Shipping ("FBSL")	6.3
PacMarine Services	0.9
Segment net profit	**8.2**

- Return on assets: 4%
- 2009 Performance:
  - Offshore tug utilisation of 72% but at a lower margin
  - Low oil price resulted in weak demand for offshore towage
  - Container market slump led to fewer tug jobs at depressed rates
  - Strong profitable growth in infrastructure projects (mainly FBSL)
  - Gorgon project has been successful from the outset with 5 tugs employed

PB Energy & Infrastructure –
Fujairah Bulk Shipping

- **FBSL contribution to PB results: US$6.3m**
  (2008: US$0.3m)
- **Land reclamation for Municipality of Fujairah requiring approx. 54m tonnes of rock & aggregates of which over 30m tonnes already delivered**
- **FBSL well positioned for growth:**
  - **Construction of Abu Dhabi Crude Oil Pipeline to Fujairah**
  - **New regional projects**

Oil pipeline from Fujairah to Abu Dhabi
FBSL's land reclamation project

Reclamation

Logistics

About FBSL
- JV between PB (50%) and Government of Fujairah
- Staff: >600
- Services: Rock & aggregates export, domestic reclamation, fully integrated supply chain including transportation & logistics in the Gulf Region

Energy & Infrastructure – Outlook

+

- Global economic recovery
- High entry barriers
- Increase in oil and energy prices
- Resumption of infrastructure and offshore projects
- Low orderbook
- High scrapping potential

–

- Container-related harbour towage market still weak

PB Conclusion

- Positive market outlook in 2010
- Expand in infrastructure and offshore projects
- Needs to build scale, realise synergies, optimise systems and processes
- Not yet able to reap full benefit of good market position

PB RoRo

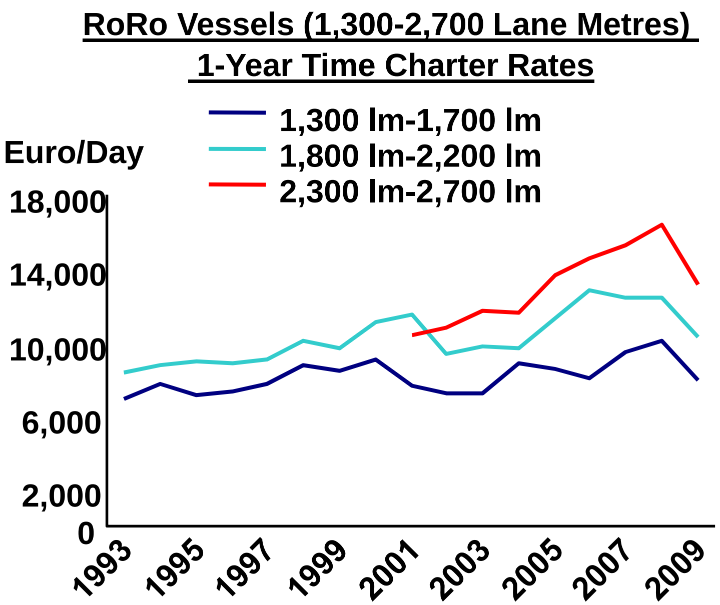
2009 net profit US$0.1 m

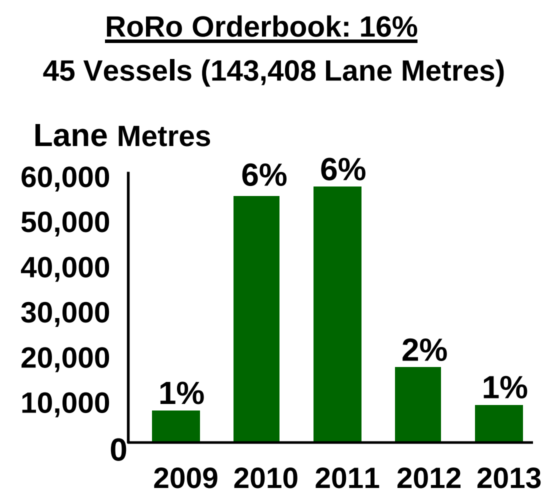
- **Group incurred US$25m impairment reflecting our concern about ability to deploy RoRo vessels profitably in 2010 and 2011**
- **First vessel "Humber Viking" fixed to Norfolk Line for 3 years from Sep 2009**
- **5 newsbuildings remain on order**
  - **2 chartered in vessels with purchase options to deliver late 2010**
  - **3 postponed newbuildings to deliver in 2011**
- **Strategy**
  - **Become a tonnage supplier to major European freight service operators**
  - **Actively continue to explore employment opportunities within and outside European**
  - **We do not anticipate investing in further RoRo ships until our existing orderbook has been profitably employed**

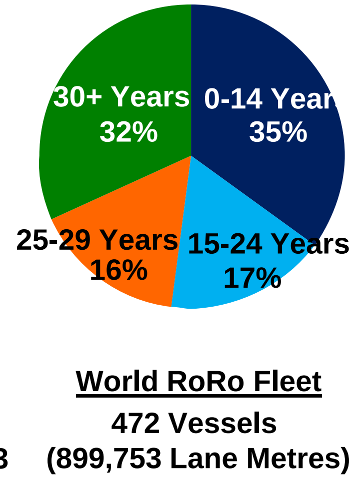
Favourable design of our RoRo vessels for European market:

- **High speed**
- **Low fuel consumption**
- **Optimal deck heights**
- **Wide fixed ramps**
- **High degree of maneuverability**

RoRo Market







RoRo Market Development in 2009 (estimates)

Europe trailer demand: ↓ 20-25%
1 year moving average TCE rate: ↓ 35%
Vessel values: ↓ 10-15%

- **Long-term fundamentals attractive**
- **Ageing RoRo fleet → scrapping**
- **Low orderbook: 16%**

Source: Maersk Broker Jan 2010, Danske Bank

RoRo – Outlook

+

- Slow economic recovery in Europe
- Increasing environmental regulation, trend towards use of larger, more fuel efficient RoRos
- Scrapping (ageing RoRo fleet)

–

- Increased RoRo newbuilding deliveries expected in 2010/ 2011
- Limited employment potential
- Indebtedness of UK economy affecting trailer traffic volumes

PB Conclusion

- Expect challenging, only moderately improving trading environment for RoRos in 2010
- Positive outlook for long term with revival of European economic growth and favourable demand/supply balance

2009 Financial Highlights

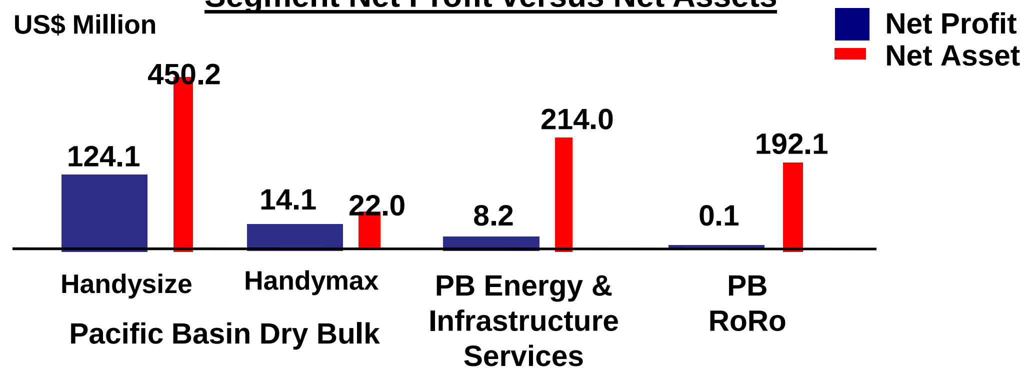
As at 31 December 2009

	2009	2008
Segment net profit	**141.9**	**311.5**
Treasury	(13.8)	21.0
Non direct G&A	(12.3)	(11.8)
Underlying profit	**115.8**	**320.7**
Vessel impairment losses – RoRo / Dry bulk	(25.0)	(19.5)
Unrealised derivative (expenses)/income	(4.5)	6.9
Net Dry bulk vessel disposal (losses)/gains	(1.2)	154.6
Future onerous contracts - net provision write-back/(provision)	25.2	(53.9)
Profit attributable to shareholders	**110.3**	**408.8**

Returns on net assets

	2009
Pacific Basin Dry Bulk	
Handysize	28%
Handymax	64%
PB EIS	4%
PB RoRo	0%

Segment Net Profit versus Net Assets



Pacifc Basin Dry Bulk – Handysize

As at 31 December 2009		1H09	2H09	2009	2008	Change
Revenue days	(days)	12,460	13,640	26,100	24,890	+5%
TCE earnings	(US$/day)	13,610	15,310	14,500	29,600	-51%
Owned + chartered cost	(US$/day)	9,380	9,970	9,690	14,960	-35%
Segment net profits	(US$m)	52.1	72.0	124.1	331.9	-63%
Return on net assets	(%)			28%	86%	-58%

Earnings:

- Average BHSI reduced 61%
- Our TCE reduced 51%

Costs:

- Cheaper chartered-in vessels
- US$26.7m write-back of onerous contracts provision relating to 2009
- Cost reduction

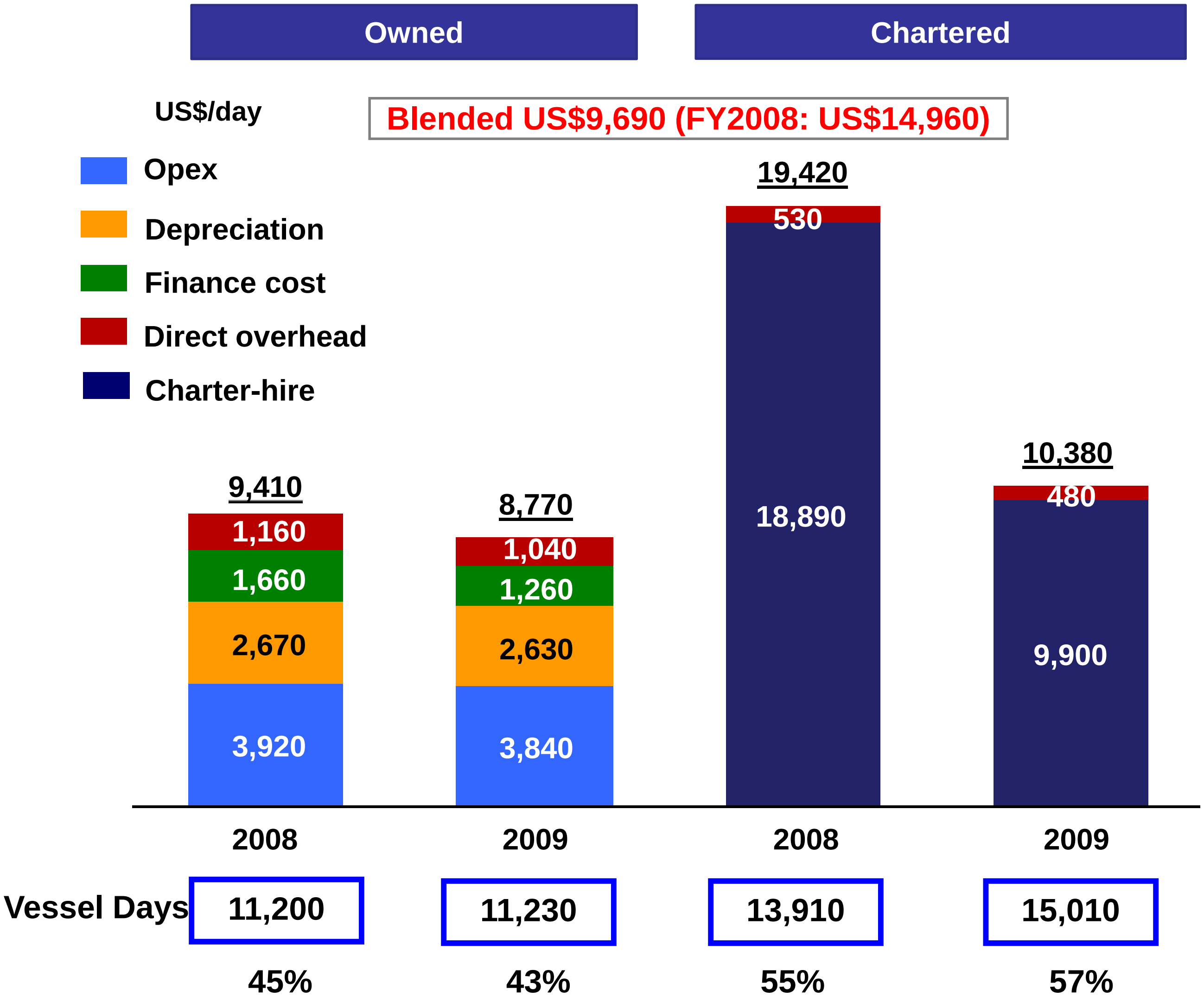
Segment result excludes:

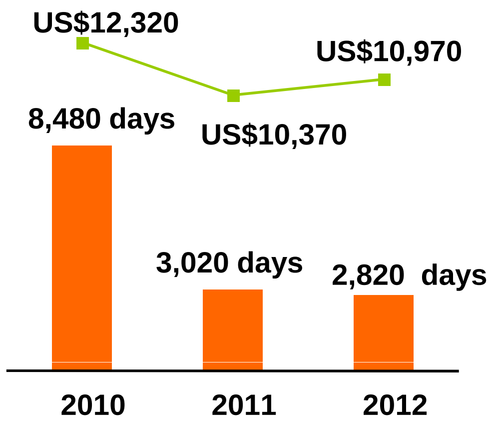
- US$27.2m write-back of onerous contracts provision for future periods
- US$3.8m unrealised net derivatives income

Daily Vessel Costs - Handysize

As at 31 Dec 2009

Blended US$9,690 (FY2008: US$14,960)





Charter-in days decreased over 64% from 2010-2012

As at 31 December 2009

Balance Sheet

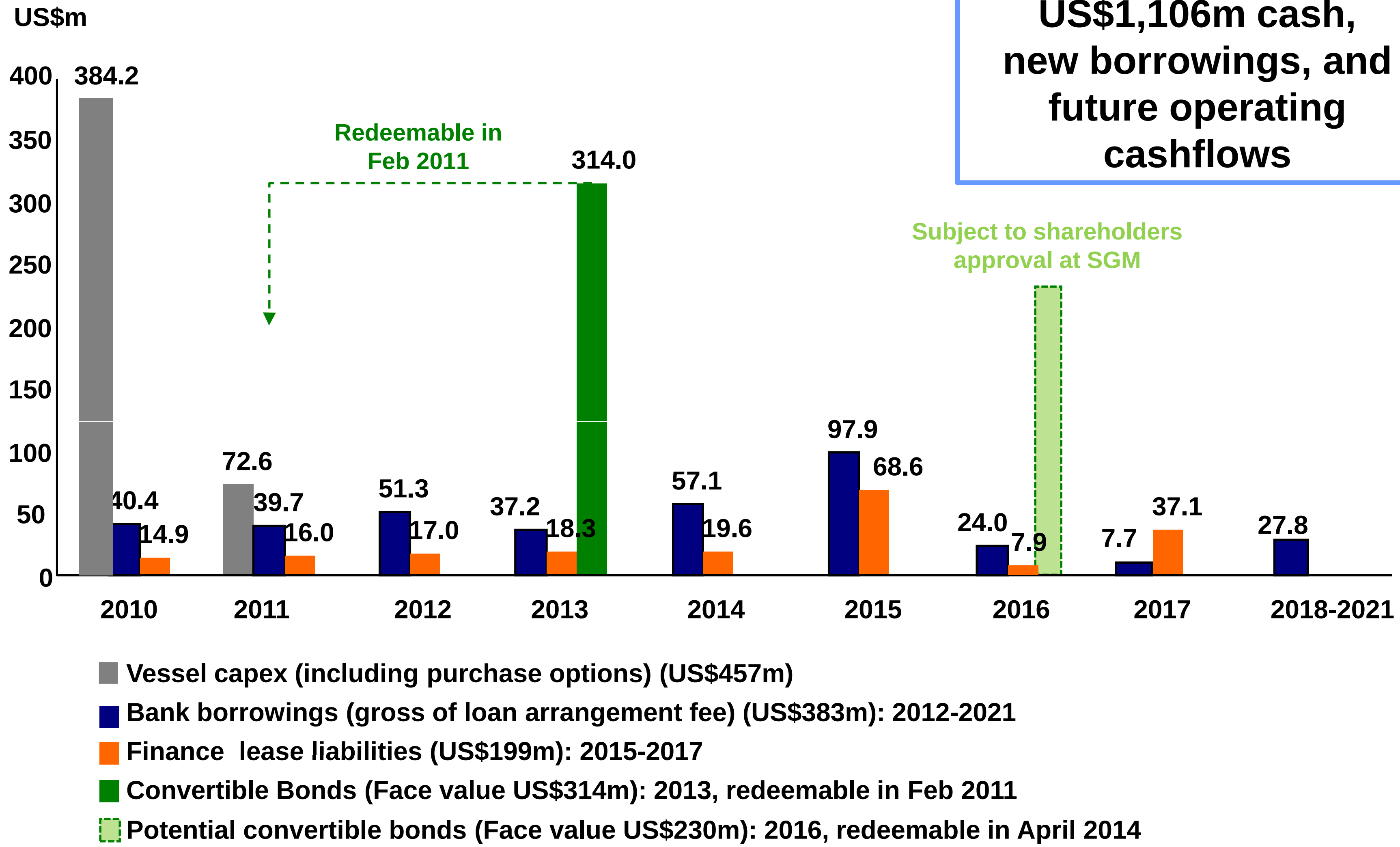
US$m	PB Dry Bulk	PB EIS	PB RoRo	Treasury	31 Dec 09	31 Dec 08
Vessels & other fixed assets	611	160	211	-	998	861
Total assets	767	271	259	1,036	2,470	2,331
Long term borrowings	199	41	65	572	877	848
Total liabilities	295	57	67	572	1,014	1,112
Net assets	472	214	192	464	1,456	1,219
Net cash					229	176
Net cash / Fixed assets					23%	22%
Net cash / Shareholder's equity					16%	14%

Notes: - 31 Dec 2009 total includes other segments and unallocated
- RoRo vessels are net of US$25.0m impairment charge

Borrowings and Capex

As at 31 Dec 2009

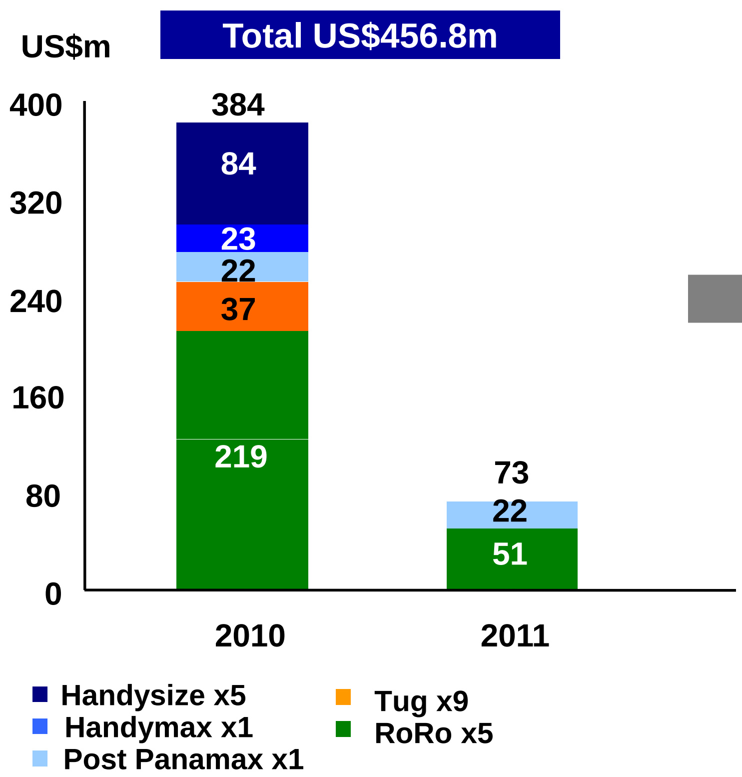
Funded from US$1,106m cash, new borrowings, and future operating cashflows



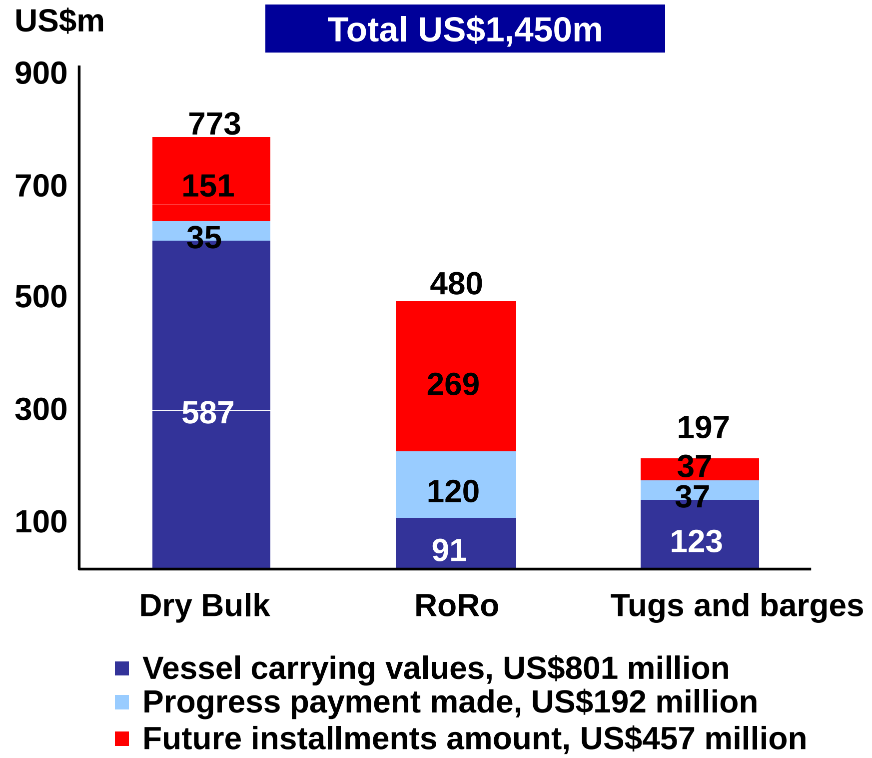
Capex and Combined Value by Vessel Types

As at 31 Dec 2009

Vessels Commitments (including options)



A Combined View of Vessel Carrying Values and Commitments



Further commitments expected in dry bulk

Cashflow

As at 31 December 2009

US$m	2009	2008
Operating cash inflows	**145**	**459**
Investing cash outflows	**(176)**	**(244)**
- Vessels & other fixed assets related payments	(297)	(381)
- Sales of vessels	105	314
- Jointly controlled entities related payments and receipts	45	(77)
- Purchase of available-for-sale financial assets	-	(67)
- Net receipts from forward foreign exchange contracts	17	-
- Change in restricted cash & notes receivables	(58)	(50)
- Others	12	17
Financing cash in/ (out) flows	**56**	**111**
- Proceeds from placement	97	271
- Repurchase of convertible bonds	(9)	(45)
- Net drawdown / (repayment) of borrowings	24	239
- Dividends paid	(20)	(323)
- Others, mainly interest paid	(36)	(31)
Cash and bank deposits	**1,106**	**1,024**

Outlook

- **Focus on three core businesses:**

Pacific Basin Dry Bulk	PB Energy & Infrastructure Services	PB RoRo

- **Slow, gradual recovery of global economy & international trade**
- **Continued demand growth in China / Asia – stronger for longer**
- **Our outlook for dry bulk market view improves from negative to neutral -- volatility to remain**
- **Business model and balance sheet position us well for opportunities in 2010**
- **Three key goals for 2010 and beyond:**
  - **Significantly expand our dry bulk fleet**
  - **Grow our energy and infrastructure services operations**
  - **Secure profitable employment for remaining RoRo newbuildings**

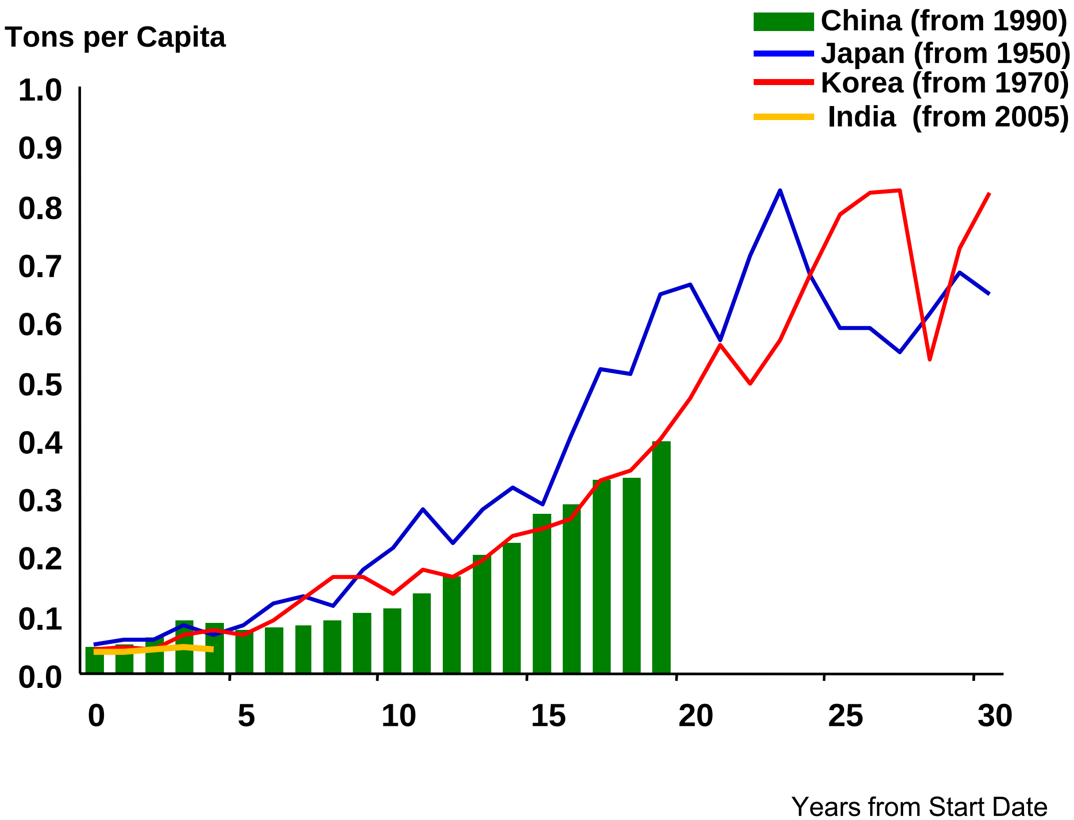
Disclaimer

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.

Appendix:
China at Mid-Industrialisation Stage

Steel Consumption Per Capita



Source: UBS, IISI, Pacific Basin

China growth matches historical trend in Japan and Korea

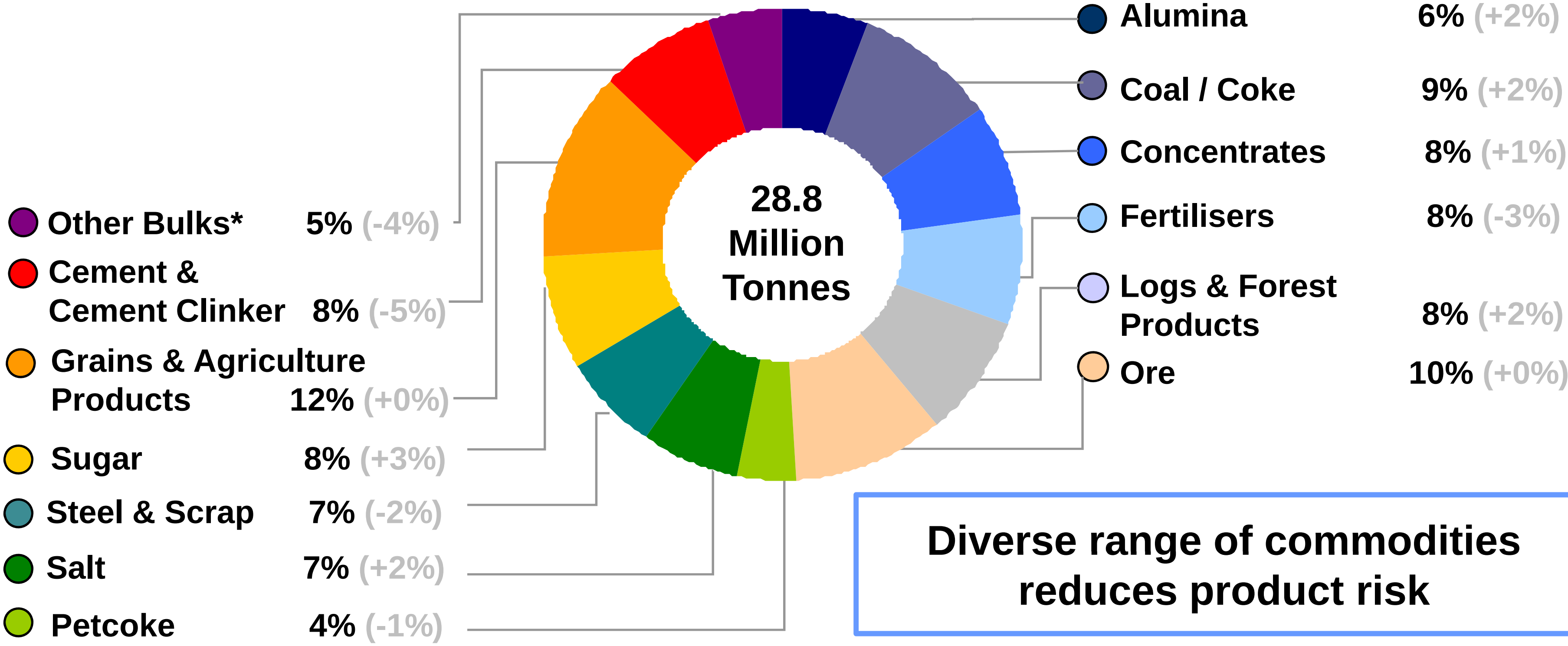
Suggests strong growth in dry bulk segment to remain for medium term

Similar trend for electricity and cement

Appendix:

Pacific Basin Dry Bulk - Diversified Cargo

Pacific Basin Dry Bulk Cargo Volume 2009 (Handysize and Handymax)



Diverse range of commodities reduces product risk

Australia and China were our largest loading & discharge zones in 2009 respectively

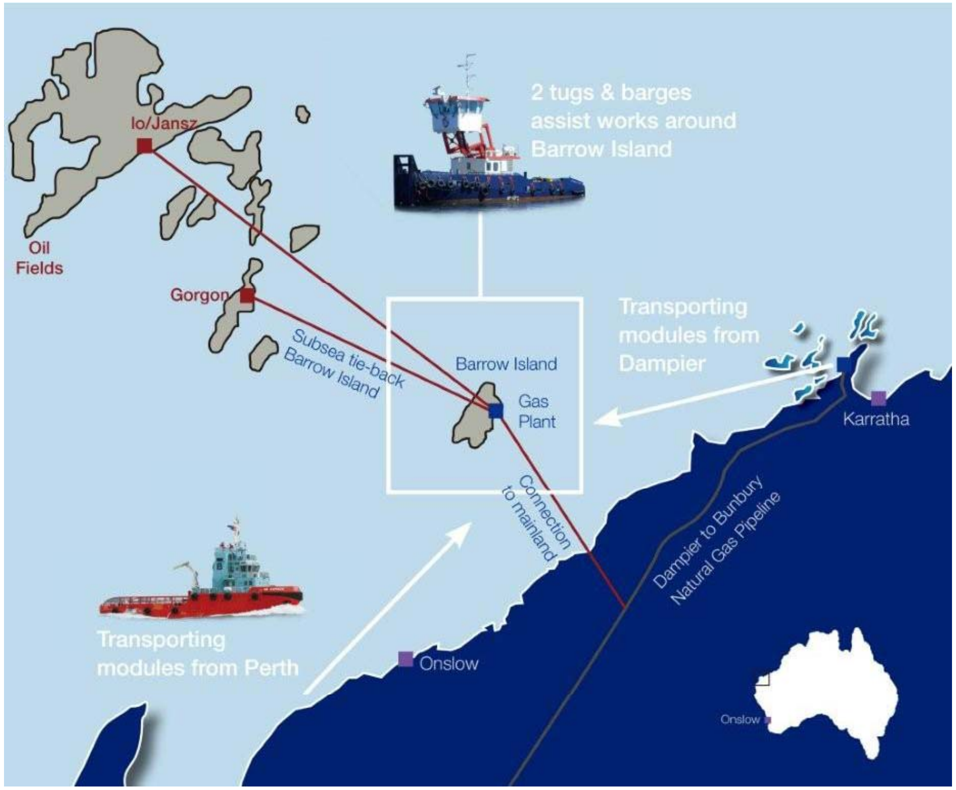
**Other bulks: Gypsum and Sands*
( ) % changes against 2008

Appendix:
Towage Financial Drivers

- 2009 Towage net profit: US$1.0m

	Offshore Towage	Harbour Towage
Operation	Providing project/module transportation and offshore support with associated tug/barge services	Operating harbour tugs in the ports of Melbourne, Brisbane and Botany (Sydney), and a number of bulk ports in Western Australia
Fleet size *(As at 29 Feb 2010)*	16	17
Geographical presence	Australasia, S.E. Asia, Middle East	Australia
Financial Drivers	▪ Utilization rates - Dependent on special projects (e.g. Oil & Gas) ▪ Mostly spot rates, leverage on PB Sea-Tow expertise ▪ Higher variable cost, mainly repairs & maintenance ▪ Strategy: Seeking longer term project charters	▪ No. of jobs / days - Dependent on visiting ship movements ▪ Mostly pre-agreed rates ▪ Higher fixed costs relative to variable costs e.g. crews ▪ Strategy: Pursuing exclusive harbour towage licenses

Appendix: PB Energy & Infrastructure – Gorgon Project



Pacific Basin's role:

- **1/3 partner in Offshore Marine Services Alliance (OMSA)**
- **Secured a A$350m marine logistics contract for the Gorgon Project**
- **Phase 1: 5 tugs on bareboat charter to the JV**
- **Outlook: Seeking opportunities to deploy additional vessels on Gorgon and other related projects in the region**

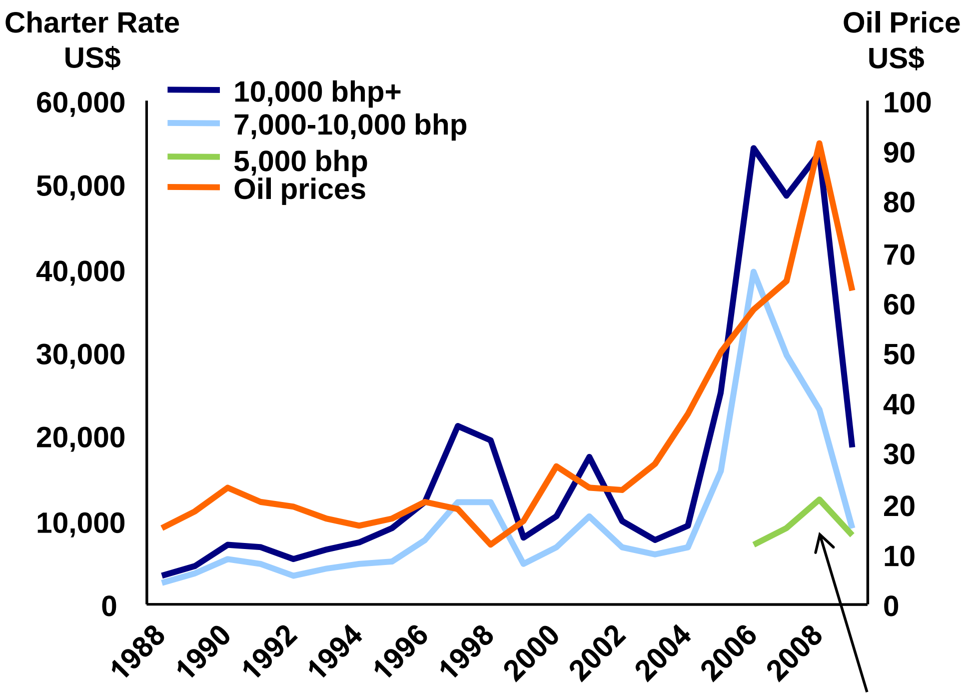
Gorgon Project

An LNG project under development in Western Australia:

- *development of Greater Gorgon gas fields*
- *subsea gas-gathering infrastructure*
- *LNG plant on Barrow Island, expected to export 15 mil tonnes of LNG per annum*

Source: Chevron Australia, Pacific Basin

PB Energy & Infrastructure – Towage Market



Pacific Basin's chosen sector

Towage Market overview
- Fragmented sector
- Almost 14,000 vessels of very different size, age and type
- Average age (21 years)
- Various uses globally

Oil price collapse in 2008 & 2009 resulted in weakened demand and steep decline in offshore charter market

Economic crisis negatively affected shipping traffic and demand for harbour towage services. Ship movements in Australian container ports fell approx. 20%

Supply/demand affected by:
- Price of oil and gas
- Barriers to entry
- Cabotage regulations
- Specific market requirements
- High redeployment costs

Appendix:
PB RoRo Operations

Loading and discharging cargoes over the stern ramp

A wide range of goods on wheeled trailers.
Examples:
• Chilled vegetables from Holland to the UK
• Chemicals from the UK to Holland

Our first RoRo vessel has been chartered to Norfolk Line Shipping and is now sailing between Holland and the UK

Only the trailers remain on board while the trucks' head units & drivers leave the ship

Appendix:
PB Energy & Infrastructure Services
PB RoRo

As at 31 December 2009

	2009	2008
PB Energy & Infrastructure Services		
Offshore and project supply and harbour towage services (“Towage”)	1.0	(16.0)
Fujairah Bulk Shipping (“FBSL”)	6.3	0.3
PacMarine Services	0.9	1.3
Segment net profit	**8.2**	**(14.4)**
PB RoRo segment net profit	**0.1**	**(1.7)**

PB E&I:

- Towage: Expansion phase; Tugs & barges increased to 28
- FBSL: Reclamation project commenced
- PacMarine: Ship survey and inspection services

PB RoRo

- First RoRo vessel operated from September 2009
- Group results charged US$25.0m impairment losses due to expected lower earnings in 2010 & 2011

Appendix:

Pacifc Basin Dry Bulk – Handymax

As at 31 December 2009

		1H09	2H09	2009	2008	Change
Revenue days	(days)	5,150	5,490	10,640	11,050	-4%
TCE earnings	(US$/day)	19,840	19,160	19,490	44,610	-56%
Owned + chartered cost	(US$/day)	17,580	18,630	18,120	40,070	-55%
Segment net profits	(US$m)	11.5	2.6	14.1	36.4	-61%
Return on net assets	(%)			64%	52%	+12%

Earnings:

- Average BHSI reduced 58%
- Our TCE reduced 56%

Costs:

- Cheaper chartered-in vessels
- Cost reduction
- No write-back of onerous contracts provision

Segment result excludes:

- US$2.0m provision for onerous contracts
- US$8.3m unrealised net derivatives expenses

Appendix:

Impact of Financial Instruments

US$ m	Year ended 31 December			
	Realised	Unrealised	2009	2008
Net Gains / (Losses)				
Forward freight agreements	28.3	(54.0)	(25.7)	77.0
Bunker swap contracts	(0.8)	46.5	45.7	(47.2)
Interest rate swap contracts	(4.2)	3.0	(1.2)	(6.7)
	23.3	(4.5)	18.8	23.1

- Cash settlement of contracts completed in the year
- Included in segment results

- Contracts to be settled in future years
- Accounting reversal of earlier period contracts now completed
- Not part of segment results