Pacific Basin

2014 Annual Results

26 Feb 2015
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
**Pacific Basin Dry Bulk – 2014 Performance**

- **Handysize**
  - Outperformed Market by: 28%
  - Daily Earnings: US$9,340 (↓2% YOY)
  - Daily Costs: US$8,750 (↑3% YOY)

- **Handymax**
  - Outperformed Market by: 12%
  - Daily Earnings: US$10,460 (↓4% YOY)
  - Daily Costs: US$11,050 (↑6% YOY)

- 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>US$ million</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Dry Bulk net loss</strong></td>
<td>(30.0)</td>
</tr>
<tr>
<td>- Handysize contribution</td>
<td>28.5</td>
</tr>
<tr>
<td>- Handymax contribution</td>
<td>(14.8)</td>
</tr>
<tr>
<td>- Direct overheads</td>
<td>(49.2)</td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td>94.0</td>
</tr>
<tr>
<td><strong>Return on net assets</strong></td>
<td>(6)%</td>
</tr>
</tbody>
</table>
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

**Handysize Vessel Values**

- 23 Feb 2015:
  - BSI: $4,890
  - BHSI: $3,780

* US$ freight rates are net of 5% commission

* Source: Clarksons, The Baltic Exchange
Dry Bulk Demand

Dry Bulk Effective Demand

% change YOY

International cargo volumes
Congestion effect
Tonne-mile effect
China coastal cargo, off-hire & ballast effect
Net demand growth

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></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><strong>2014</strong></td>
<td><strong>+2.7%</strong></td>
<td><strong>+4.4%</strong></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

Dry Bulk New Ship Ordering

Dry Bulk Scrupping versus BDI

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

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

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**2014 Annual Results**

<table>
<thead>
<tr>
<th>Towage net loss</th>
<th>2014 US$ million</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(15.1)</td>
</tr>
</tbody>
</table>

**EBITDA**

(6.0)

**PB Towage Fleet: 23 vessels**

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

*Based on year-end exchange rates*
## 2014 Annual Financial Highlights

### Segment net (loss)/profit
- Treasury
- Discontinued Operations - RoRo
- Non direct G&A

### Underlying (loss)/profit
- Sale of Harbour Towage and OMSA JV
- Towage Exchange (loss)/gain
- Towage impairments and provisions
- Provision for onerous contracts
- Unrealised derivative (expenses)/income
- RoRo exchange loss
- Other impairments and provisions
- Expenses on exercising 10 finance lease purchase options

### (Loss)/Profit attributable to shareholders

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Segment net (loss)/profit</td>
<td>(45.9)</td>
<td>36.0</td>
</tr>
<tr>
<td>- Treasury</td>
<td>-</td>
<td>(4.4)</td>
</tr>
<tr>
<td>- Discontinued Operations - RoRo</td>
<td>(0.2)</td>
<td>(0.5)</td>
</tr>
<tr>
<td>- Non direct G&amp;A</td>
<td>(9.4)</td>
<td>(15.5)</td>
</tr>
<tr>
<td>Underlying (loss)/profit</td>
<td>(55.5)</td>
<td>15.6</td>
</tr>
<tr>
<td>- Sale of Harbour Towage and OMSA JV</td>
<td>(7.6)</td>
<td>-</td>
</tr>
<tr>
<td>- Towage Exchange (loss)/gain</td>
<td>(12.7)</td>
<td>5.1</td>
</tr>
<tr>
<td>- Towage impairments and provisions</td>
<td>(70.5)</td>
<td>-</td>
</tr>
<tr>
<td>- Provision for onerous contracts</td>
<td>(100.9)</td>
<td>(0.7)</td>
</tr>
<tr>
<td>- Unrealised derivative (expenses)/income</td>
<td>(28.9)</td>
<td>1.8</td>
</tr>
<tr>
<td>- RoRo exchange loss</td>
<td>(5.0)</td>
<td>(7.8)</td>
</tr>
<tr>
<td>- Other impairments and provisions</td>
<td>(3.9)</td>
<td>2.8</td>
</tr>
<tr>
<td>- Expenses on exercising 10 finance lease purchase options</td>
<td>-</td>
<td>(15.3)</td>
</tr>
<tr>
<td>(Loss)/Profit attributable to shareholders</td>
<td>(285.0)</td>
<td>1.5</td>
</tr>
</tbody>
</table>

- 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

<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$m)</td>
<td>(24.7)</td>
<td>(24.5)</td>
<td>(49.2)</td>
<td>(40.0)</td>
<td>-23%</td>
</tr>
<tr>
<td><strong>Segment net (loss)/profit</strong> (US$m)</td>
<td>(6.5)</td>
<td>(23.5)</td>
<td>(30.0)</td>
<td>26.1</td>
<td>-215%</td>
</tr>
<tr>
<td>Segment EBITDA (US$m)</td>
<td>53.4</td>
<td>40.6</td>
<td>94.0</td>
<td>115.0</td>
<td>-18%</td>
</tr>
<tr>
<td>Annualised return on net assets (%)</td>
<td>-2%</td>
<td>-9%</td>
<td>-6%</td>
<td>5%</td>
<td>-11pts</td>
</tr>
</tbody>
</table>

- 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
## Pacific Basin Dry Bulk

### 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>26.2</td>
<td>2.3</td>
<td>28.5</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>(10.7)</td>
<td>(4.1)</td>
<td>(14.8)</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
### Daily Vessel Costs – Handysize

As at 31 December 2014

#### Finance cost

- Charter-hire: Short-term (ST) / Long-term (LT)
- Depreciation
- Charter-hire: Index-linked
- Opex

#### Inward Charter Commitments

**Days & rates**

<table>
<thead>
<tr>
<th>Year</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>LT days</td>
<td>$8,120</td>
<td>$8,850</td>
</tr>
<tr>
<td>ST days</td>
<td>$8,940</td>
<td>$8,110</td>
</tr>
<tr>
<td>Market Rate</td>
<td>6,730</td>
<td>1,770</td>
</tr>
<tr>
<td>LT days</td>
<td>$9,690</td>
<td>$8,110</td>
</tr>
<tr>
<td>ST days</td>
<td>$10,580</td>
<td>$11,740</td>
</tr>
</tbody>
</table>

**Vessel Days**

<table>
<thead>
<tr>
<th>Year</th>
<th>2013</th>
<th>2014</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Owned</td>
<td>19,260</td>
<td>23,880</td>
<td>36%</td>
<td>42%</td>
</tr>
<tr>
<td>Chartered</td>
<td>33,650</td>
<td>32,850</td>
<td>58%</td>
<td></td>
</tr>
</tbody>
</table>

- 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
Daily Vessel Costs – Handymax

As at 31 December 2014

- 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>

- **Net borrowings after total cash of US$363m**
  - 31 Dec 14: 636
  - 31 Dec 13: 551

- **Net borrowings to net book value of property, plant and equipment (KPI)**
  - 31 Dec 14: 40%
  - 31 Dec 13: 34%

- **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

2014 Annual Results

With you for the long haul
Borrowings and Capex

- Bank borrowings (US$668 million) & finance lease liabilities (US$18 million due 2015)
- Convertible bonds
- Vessel capital commitments (US$385 million)

2014 Annual Results
### 2014 Sources and Uses of Group Cash Flow

**Operating cash flow**  
US$94m

**EBITDA**  
US$82m

#### 2015 & 2016 cash flows

<table>
<thead>
<tr>
<th>Cash Flow</th>
<th>Amount (US$ Million)</th>
<th>Details</th>
</tr>
</thead>
</table>
| US$179m borrowings due during 2015 | Funded by:  
- US$122m new bank borrowings drawn in late 2014  
- US$60m RoRo sale proceeds expected in 2015 |
| US$109m of capex in 2015 | • Draw down US$94m from US$350m Japanese ECA |
| US$190m of capex in 2016 | • Draw down US$154m of Japanese ECA |
| US$210m Convertible Bond due 2016 | Can be funded by:  
- New bank borrowing – being arranged in 2015 with unmortgaged dry bulk vessels  
- US$69m towage sale proceeds received in early 2015 |
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
Disclaimer

This presentation contains certain forward looking statements with respect to the financial condition, results of operations and business of Pacific Basin and certain plans and objectives of the management of Pacific Basin.

Such forward looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results or performance of Pacific Basin to be materially different from any future results or performance expressed or implied by such forward looking statements. Such forward looking statements are based on numerous assumptions regarding Pacific Basin's present and future business strategies and the political and economic environment in which Pacific Basin will operate in the future.

Our Communication Channels:

- **Financial Reporting**
  - Annual (PDF & Online) & Interim Reports
  - Voluntary quarterly trading updates
  - Press releases on business activities

- **Shareholder Meetings and Hotlines**
  - Analysts Day & IR Perception Study
  - Sell-side conferences
  - Investor/analyst calls and enquiries

Contact IR – Emily Lau
E-mail: elau@pacificbasin.com
      ir@pacificbasin.com
Tel   : +852 2233 7000

- **Company Website - www.pacificbasin.com**
  - Corporate Information
  - CG, Risk Management and CSR
  - Fleet Profile and Download
  - Investor Relations:
    - financial reports, news & announcements, excel download, awards, media interviews, stock quotes, dividend history, corporate calendar and glossary

- **Social Media Communications**
  - Follow us on Facebook, Twitter and Linkedin!
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

* As at Jan 2015

www.pacificbasin.com
Pacific Basin business principles
Appendix: Strategic Model

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 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 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 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.
Sustainability

- 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

www.pacificbasin.com CSR report

www.pacificbasin.com Corporate Governance
Diverse range of commodities reduces product risk
- China and North America were our largest market
- 60% of business in Pacific and 40% in Atlantic
## 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></th>
<th>Chartered</th>
<th></th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Delivered</td>
<td>Newbuilding</td>
<td>Delivered</td>
<td>Newbuilding</td>
<td></td>
</tr>
<tr>
<td><strong>Handysize</strong></td>
<td>64</td>
<td>12</td>
<td>93</td>
<td>12</td>
<td>181</td>
</tr>
<tr>
<td><strong>Handymax</strong></td>
<td>15</td>
<td>6</td>
<td>44</td>
<td>2</td>
<td>67</td>
</tr>
<tr>
<td><strong>Post-Panamax</strong></td>
<td>1</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>80</td>
<td>18</td>
<td>138</td>
<td>14</td>
<td>250</td>
</tr>
</tbody>
</table>

**PB Towage : 23**

<table>
<thead>
<tr>
<th></th>
<th>Owned</th>
<th></th>
<th>Chartered</th>
<th></th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Delivered</td>
<td>Newbuilding</td>
<td>Delivered</td>
<td>Newbuilding</td>
<td></td>
</tr>
<tr>
<td><strong>Tugs</strong></td>
<td>13</td>
<td>0</td>
<td>2</td>
<td>0</td>
<td>15</td>
</tr>
<tr>
<td><strong>Barges</strong></td>
<td>6</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>6</td>
</tr>
<tr>
<td><strong>Others</strong></td>
<td>1</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>20</td>
<td>0</td>
<td>3</td>
<td>0</td>
<td>23</td>
</tr>
</tbody>
</table>

* Excluding 2 RoRo ships  
¹ Average number of vessels operated on 31 Jan 2015
Appendix: Vessels Commitments

Total US$385m

To be largely funded by US$350m committed Japanese export credit facility

Handysize x 12, US$250m
Handymax x 6, US$135m
## Appendix: Vessel Operating Lease Commitments

As at 31 December 2014

### Commitments Excluding Index-linked Vessels

<table>
<thead>
<tr>
<th>Year</th>
<th>Provision Write-back (US$m)</th>
<th>Handysize</th>
<th>Handymax</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Vessel days</td>
<td>Average daily rate</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Before write-back (US$)</td>
<td>After write-back (US$)</td>
</tr>
<tr>
<td>2015</td>
<td>21.3</td>
<td>13,500</td>
<td>9,670</td>
</tr>
<tr>
<td>2016</td>
<td>24.5</td>
<td>8,920</td>
<td>10,310</td>
</tr>
<tr>
<td>2017</td>
<td>20.0</td>
<td>8,470</td>
<td>10,310</td>
</tr>
<tr>
<td>2018</td>
<td>18.9</td>
<td>7,340</td>
<td>10,830</td>
</tr>
<tr>
<td>2019</td>
<td>16.2</td>
<td>6,620</td>
<td>10,970</td>
</tr>
<tr>
<td>2020+</td>
<td></td>
<td>11,710</td>
<td>10,950</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>100.9</td>
<td>56,560</td>
</tr>
</tbody>
</table>

 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></th>
<th>2014</th>
<th></th>
<th>1H2015</th>
<th></th>
<th>2H2015</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Vessel Days</td>
<td>Average daily rate (US$)</td>
<td>Vessel Days</td>
<td>Average daily rate (US$)</td>
<td>Vessel Days</td>
<td>Average daily rate (US$)</td>
</tr>
<tr>
<td>Handysize</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<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</td>
<td>Market rate</td>
<td>2,530</td>
<td>Market rate</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:
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>

<table>
<thead>
<tr>
<th>Conversion Condition</th>
<th>Before 11 Jan 2011: No Conversion is allowed</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>12 Jan 2011 – 11 Jan 2014: Share price for 5 consecutive days &gt; 120% conversion price</td>
</tr>
<tr>
<td></td>
<td>12 Jan 2014 – 5 Apr 2016: Share price &gt; conversion price</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Conditions</th>
<th>▪ Shareholders’ approval at SGM to approve the issue of the New Convertible Bonds and the specific mandate to issue associated shares.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>▪ 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</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Conversion/redemption Timeline</th>
<th>PB’s call option to redeem all bonds</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1) Trading price for 30 consecutive days &gt; 130% conversion price in effect</td>
</tr>
<tr>
<td></td>
<td>2) &gt;90% of Bond converted / redeemed / purchased / cancelled</td>
</tr>
<tr>
<td></td>
<td>Bondholders can convert to PB shares after trading price &gt; 120% conversion price in effect for 5 consecutive days</td>
</tr>
<tr>
<td></td>
<td>Bondholders can convert to PB shares when trading price &gt; conversion price</td>
</tr>
<tr>
<td></td>
<td>Bondholders’ put option to redeem bonds</td>
</tr>
</tbody>
</table>

Closing Date: 12 Apr 2010
12 Jan 2011
12 Jan 2014
12 Apr 2014
5 Apr 2016
12 Apr 2016

Maturity

12 Apr 2016
12 Apr 2016

No Conversion

2014 Annual Results

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

<table>
<thead>
<tr>
<th><strong>Issue size</strong></th>
<th>US$123.8 million</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Maturity Date</strong></td>
<td>22 October 2018 (6 years)</td>
</tr>
<tr>
<td><strong>Investor Put Date and Price</strong></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**

- **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 all or some of their CB into shares

Bondholders’ put option to redeem bonds

Closing Date: 22 Oct 2012  2 Dec 2012

Maturity: 22 Oct 2018  22 Oct 2018
Appendix: Dry Bulk Fleet Profile

Age Profile of Handysize Vessel (25,000-39,999 Dwt)
2,256 vessels (73.4 mil dwt)

- 0-15 years: 77.0%
- 16-24 years: 11.2%
- 25-29 years: 4.6%
- 30+ years: 7.2%

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