



**Pacific Basin**

**2015  
First Quarter  
Trading Update**

2 April 2015



To Partner

To Deliver



## ***Pacific Basin Dry Bulk***

- PB Handysize vessel earnings of US\$8,100/day
  - outperformed weak first quarter spot market by 60%
- We are managing our business for a continued weak market in the medium term
- Currently operate 209 dry bulk ships of which 80 are owned, 40 are long-term chartered
- Currently not buying ships on taking ships on long-term charter - fully focused on core dry bulk business
- Total G&A expenses in 1Q reduced to approx. US\$14m from US\$19m in 1Q14 (prorated) after towage sale, cost savings and organisational changes
- Focused on safeguarding our strong cash and balance sheet position
- Continue to take a cautious view on freight earnings outlook in medium term

## ***PB Towage***

- Remaining towage operations were marginally profitable in 1Q15

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## ***More concise quarterly updates → earlier announcement of TCE earnings & forward cargo cover***

- Follows our introduction last year of more detailed analysis of our cover by completed and remaining quarters
- Reflects the streamlining of our business to a fully dry bulk-focused operation



# Pacific Basin Dry Bulk – Earnings Coverage

Comparative data shows cargo cover secured as at 27 March 2015 vs. 7 April 2014

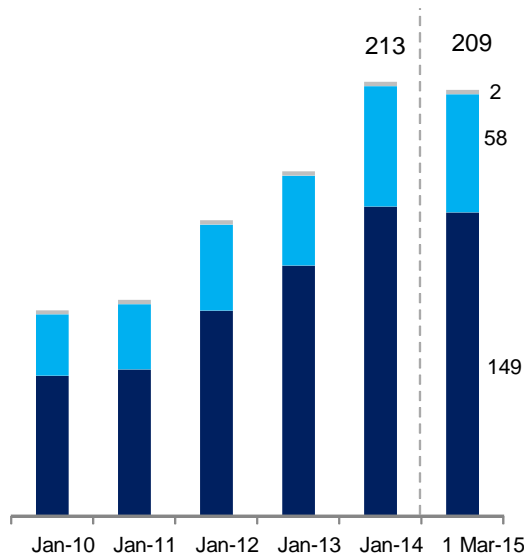
Currency: US\$

## PB Dry Bulk Fleet Development

Average number of vessels operated

2015: proportionally more owned ships:

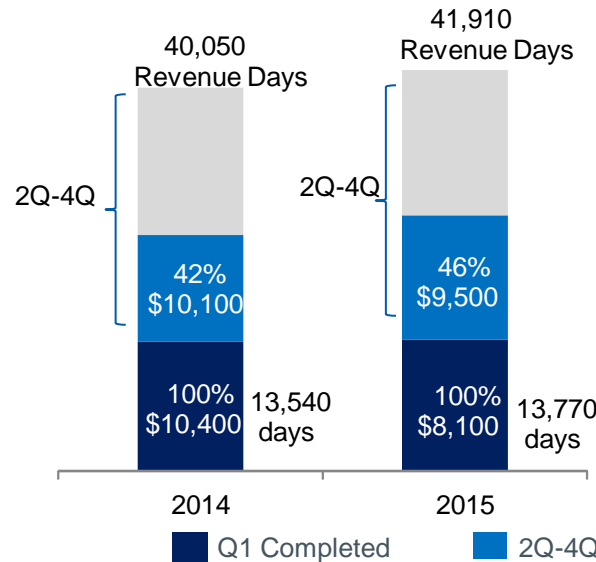
- better stability
- lower cash breakeven
- better service



■ Handysize  
■ Handymax  
■ Post-Panamax

As at 1 Mar 2015

## Handysize

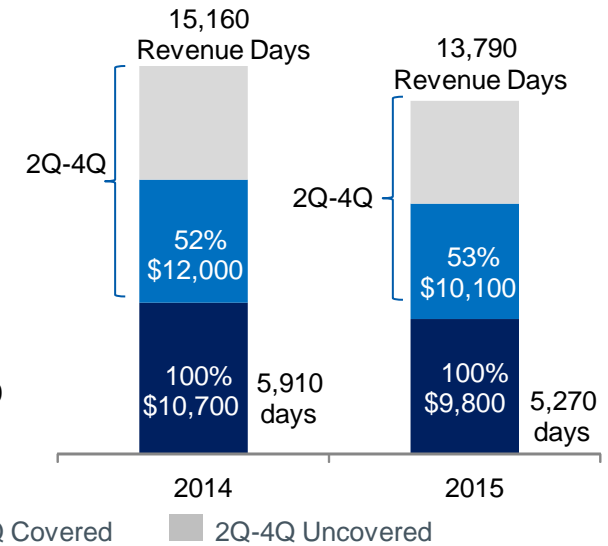


Market Rate (US\$ net)

2014 Avg. \$7,300

31 Mar 15: \$5,522

## Handymax



2014 Avg. \$9,330

31 Mar 15: \$6,457

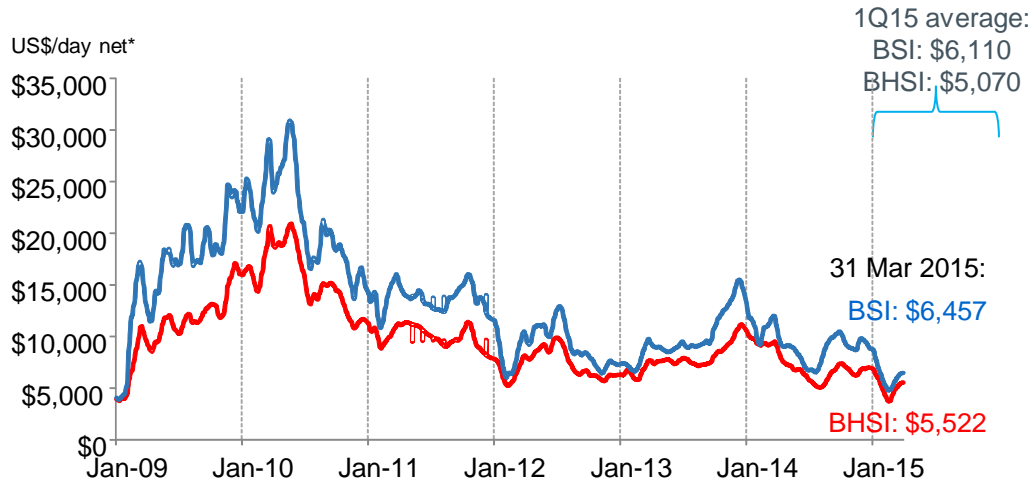
- Ship operators typically face significant exposure to spot market, our long-term cover provides a degree of earnings visibility
- 2015 uncovered days excludes revenue days related to inward chartered vessels on index-linked rates



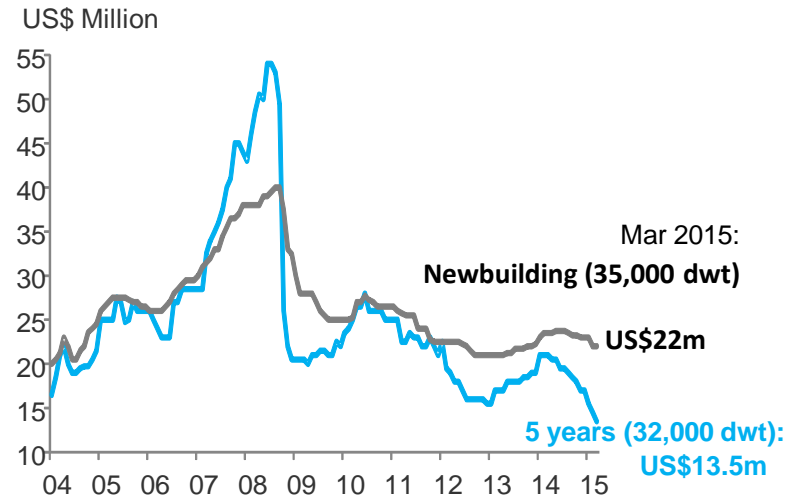
# Dry Bulk Market Information

- Freight rates dropped to lowest since indices began in 1985 – average 1Q Handy rates down 45% YOY, but gradually improved since lunar new year albeit from a very low base
  - Newbuilding deliveries deferred from 2014 into Jan and Feb
  - Chinese lunar new year → seasonal demand slow down
  - Weather-related seasonal cargo disruptions in key trade areas
- Significantly wider gap between secondhand and newbuilding ship values
  - 5 year old Handysize value: US\$13.5m (-36% since March 2014)
  - Early signs secondhand values are bottoming out - several shipowners withdrawing their for-sale ships

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



## Handysize Vessel Values

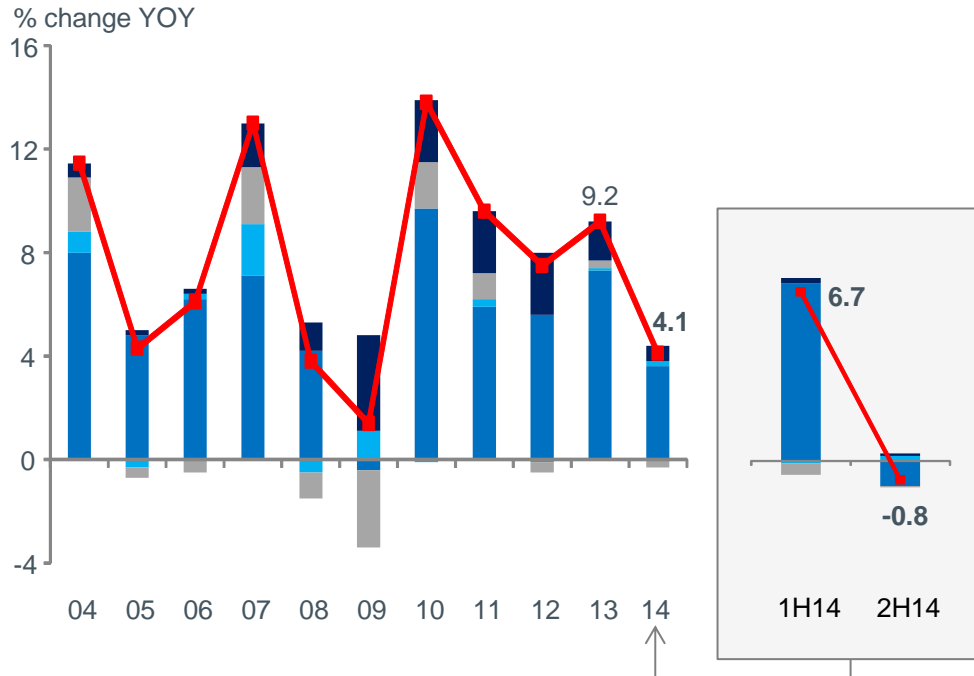


\* US\$ freight rates are net of 5% commission  
Source: Clarksons, The Baltic Exchange



# Dry Bulk Demand

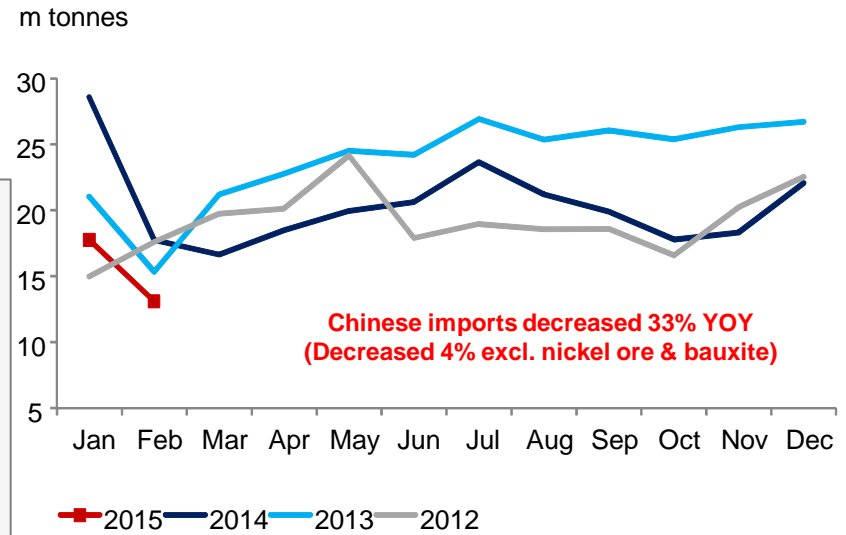
### Dry Bulk Effective Demand



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

- 2Q continues to be weak as sluggish demand fails to fully absorb oversupply of ships
- Bauxite, nickel and iron ore stockpiles in China ↓
- Potential Chinese economic stimulus to support of approx. 7% target economic growth → could benefit dry bulk sector
- Agricultural products remain robust in long term
- US economic growth stimulating demand for construction material

### Chinese Minor Bulk Imports



Chinese imports decreased 33% YOY (Decreased 4% excl. nickel ore & bauxite)

—■ 2015 —■ 2014 —■ 2013 —■ 2012

These 7 commodities make up over one third of the cargo volumes we carry

China imports of a basket of 7 important minor bulks: logs, soyabean, fertiliser, bauxite, nickel, copper concs & manganese ore



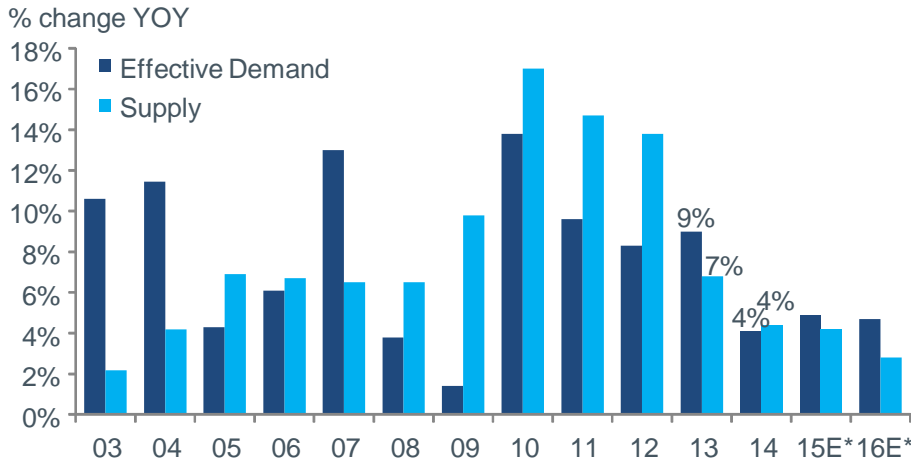
# Global Dry Bulk Fleet Development

net fleet growth	Handysize	Dry Bulk overall
1Q15	+0.4%	+0.7%
YOY	+1.8%	+3.3%

Dry bulk net fleet growth in 1Q15:

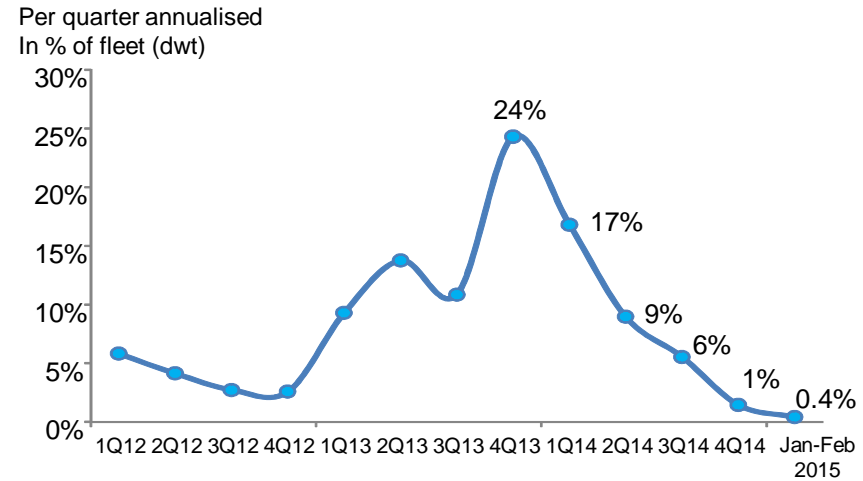
- Reduced newbuilding deliveries (15m tonnes)
- Partially offset by increased scrapping (9m tonnes)

## Dry Bulk Supply & Demand

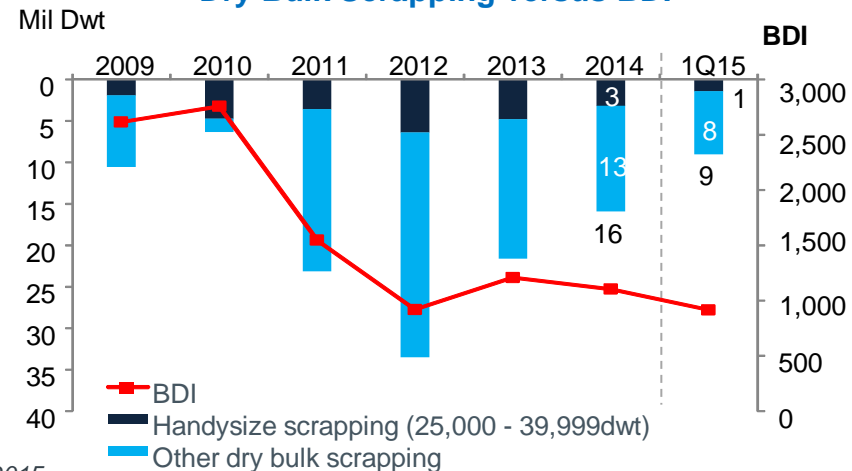


Source: RS Platou, Clarksons, Bloomberg, as at Mar 2015  
\* Estimated by RS Platou

## Dry Bulk New Ship Ordering



## Dry Bulk Scrapping versus BDI





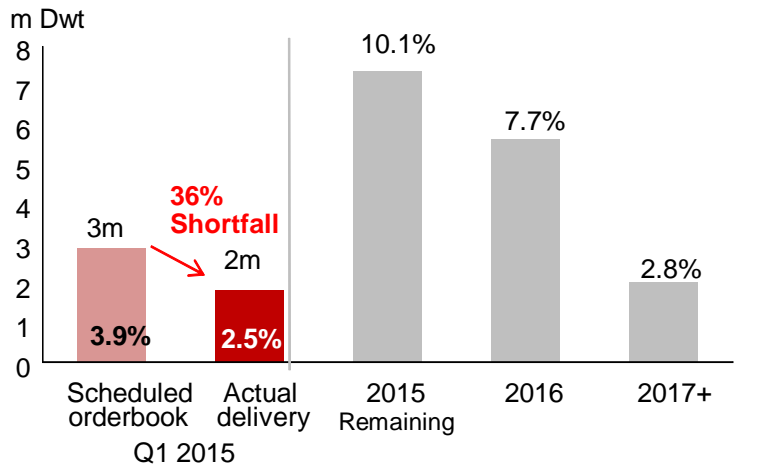


# Pacific Basin

# Dry Bulk Orderbook

## Handysize Orderbook

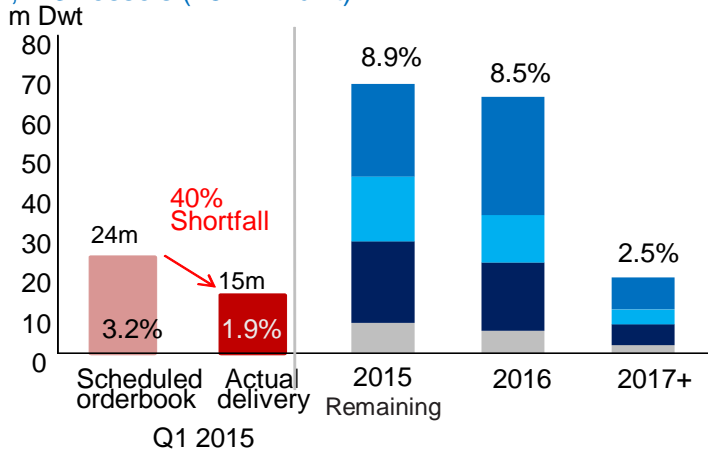
410 vessels (15.0m dwt)



- Current orderbook: 20% (Handysize: 21%)
- Deliveries expected to fall short of schedule
- Cancellations, delays, conversions will have larger effect on 2016
- New ship ordering lowest since 2001

## Total Dry Bulk Orderbook

1,743 vessels (151.4m dwt)



## Total Dry Bulk >10,000 dwt

Category	Orderbook as % of Existing Fleet	Average Age	Over 25 Years	Annualised Scrapping as % of Existing Fleet
Handysize (25,000-39,999 dwt)	20%	9	4%	5%
Handymax (40,000-64,999 dwt)	21%	10	11%	8%
Panamax (65,000-119,999 dwt)	25%	8	4%	2%
Capesize (120,000+ dwt)	16%	8	3%	3%
Capesize (120,000+ dwt)	21%	8	2%	7%

Source: Clarksons, as at 1 Apr 2015

1Q15 Trading Update

# 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





Pacific Basin

US\$m

# 2014 Annual Financial Highlights

As in Annual Report

## 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
- } Towage related including disposal
- } Mainly bunker fuel

## (Loss)/Profit attributable to shareholders

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

- 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



# 2014 Daily Vessel Costs – Handysize

## Pacific Basin

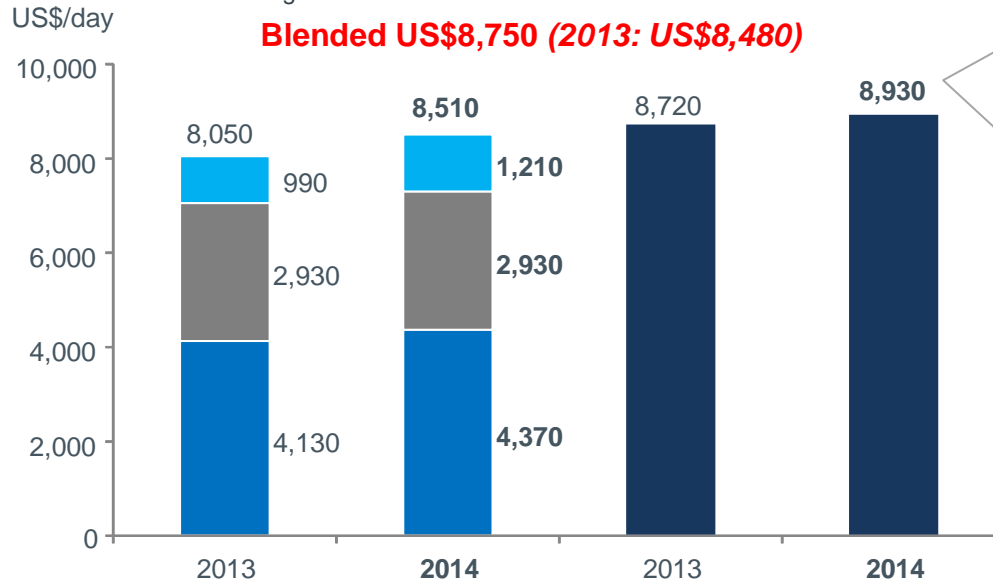
- Finance cost
- Charter-hire : Short-term (ST) / Long-term (LT)
- Depreciation
- Charter-hire : Index-linked
- Opex

### Owned

Including finance lease vessels

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

### Chartered



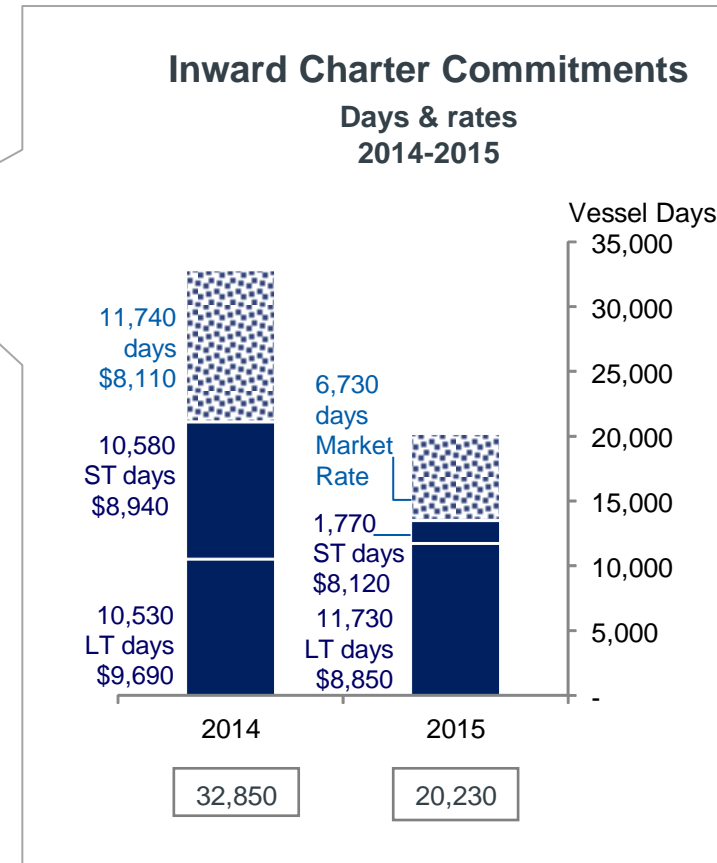
### Vessel Days



As at 31 December 2014

### Inward Charter Commitments

Days & rates  
2014-2015



- In addition, direct overheads of US\$620/day (2013: US\$540/day)
- 2014 average owned and chartered daily cash cost: US\$7,520 (2013: US\$7,410) → 2015 indicative average daily cash cost: US\$7,020\*
- 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



# 2014 Daily Vessel Costs – Handymax

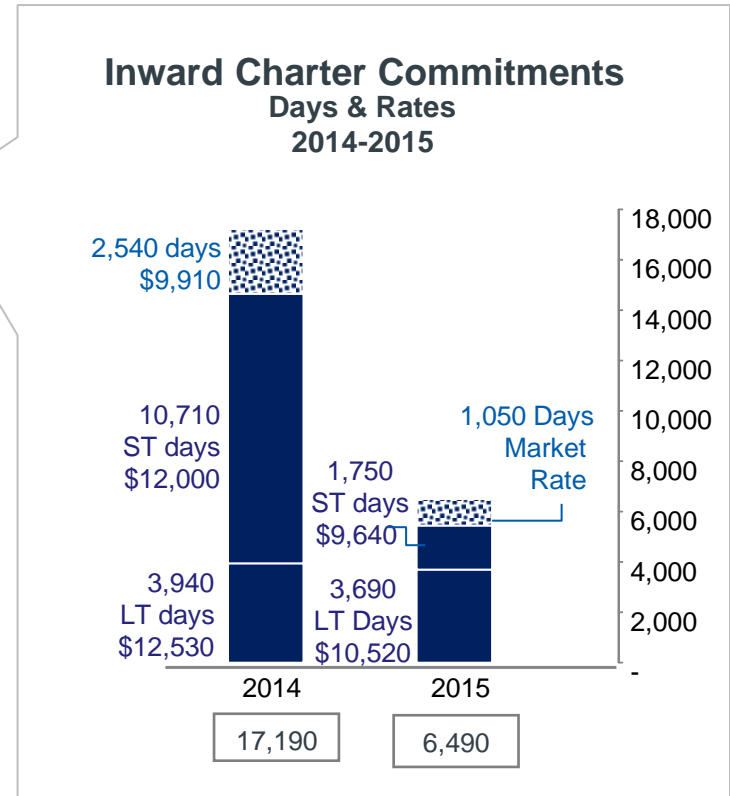
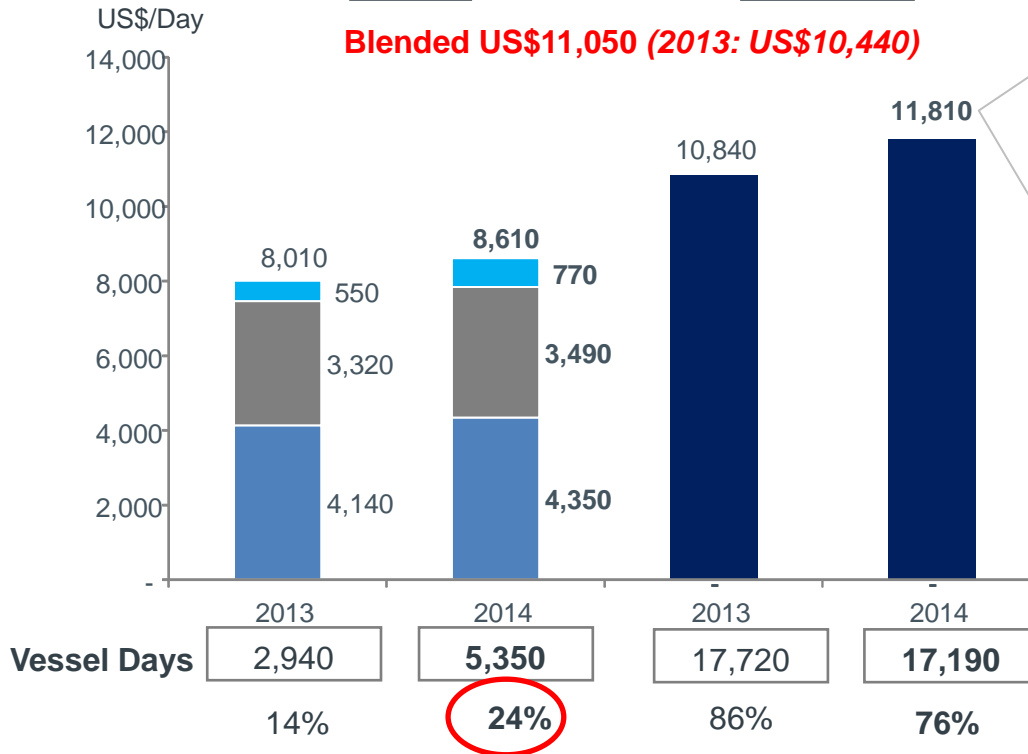
## Pacific Basin

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

As at 31 December 2014

**Owned** **Chartered**

**Blended US\$11,050 (2013: US\$10,440)**



- 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
- 2014 average owned and chartered daily cash cost: US\$10,220 (2013: US\$9,970) → 2015 indicative average daily cash cost: US\$8,440\*
- 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



## 2014 Balance Sheet

US\$m	PB Dry Bulk	PB Towage	Treasury	31 Dec 14	31 Dec 13
Vessels & other fixed assets	1,539	42	-	<b>1,585</b>	1,622
<b>Total assets</b>	<b>1,754</b>	<b>119</b>	<b>425</b>	<b>2,308</b>	<b>2,537</b>
Total borrowings	1,000	-	-	<b>1,000</b>	1,037
<b>Total liabilities</b>	<b>1,237</b>	<b>13</b>	<b>9</b>	<b>1,306</b>	<b>1,233</b>
Net assets	517	106	416	<b>1,002</b>	1,304
Net borrowings after total cash of <b>US\$363m</b>				<b>636</b>	551
Net borrowings to net book value of property, plant and equipment <b>KPI</b>				<b>40%</b>	34%

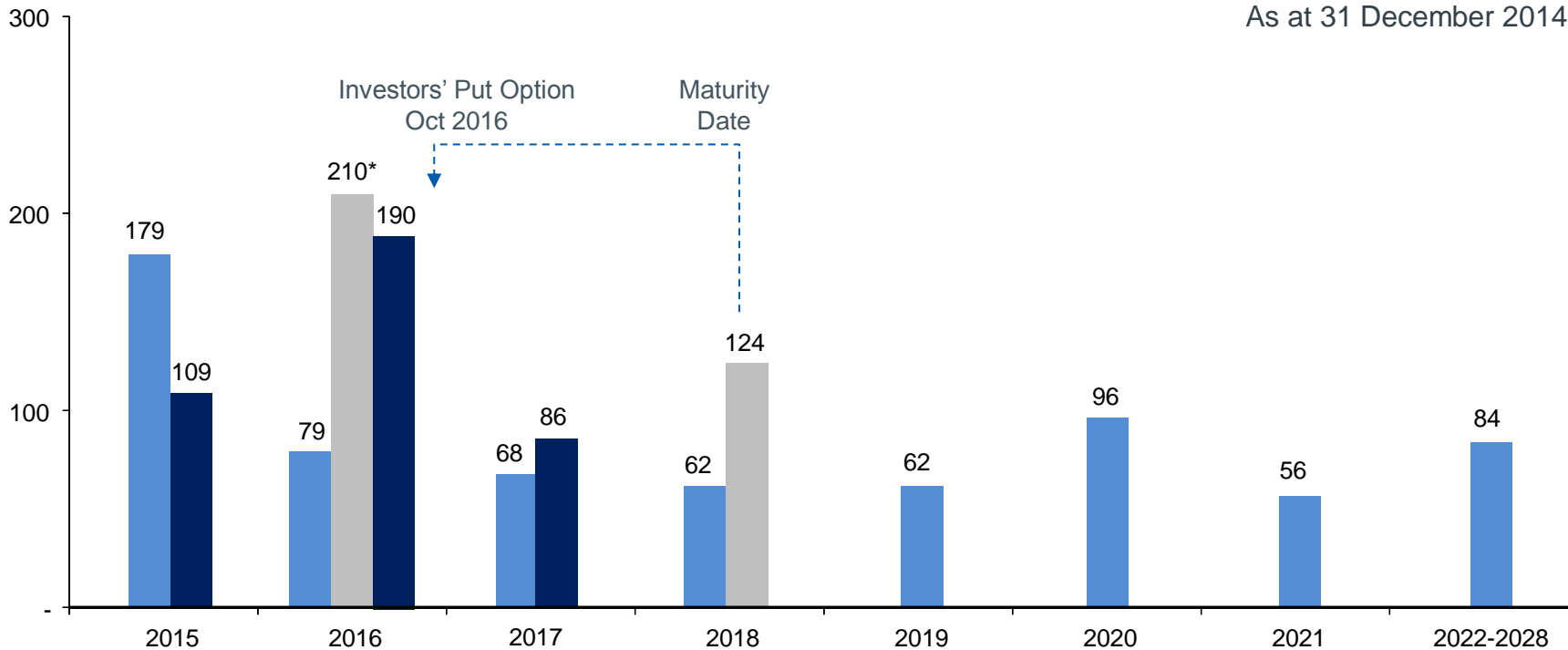
- Vessel average net book value: Handysize \$16.1m, 8.9 years  
Handymax \$23.7m, 5.9 years
- KPI: net gearing below 50%



# Borrowings and Capex

US\$m

As at 31 December 2014



- Bank borrowings (US\$668 million) & finance lease liabilities (US\$18 million due 2015)
- Convertible bonds
  - i) face value US\$210 million, book value US\$203 million, conversion price: HK\$7.10, maturity April 2016
  - ii) face value US\$124 million, book value US\$111 million, conversion price: HK\$4.84, maturity October 2018, investor put option October 2016
- Vessel capital commitments (US\$385 million)

\* (1) 2016 Convertible Bonds with face value of US\$18 million was repurchased and cancelled in March 2015  
 (2) A new \$125 million Convertible Bonds due July 2021 with investors' put option in July 2019 is to be issued subject to shareholders' approval around 22 May 2015; conversion price: HK\$4.08



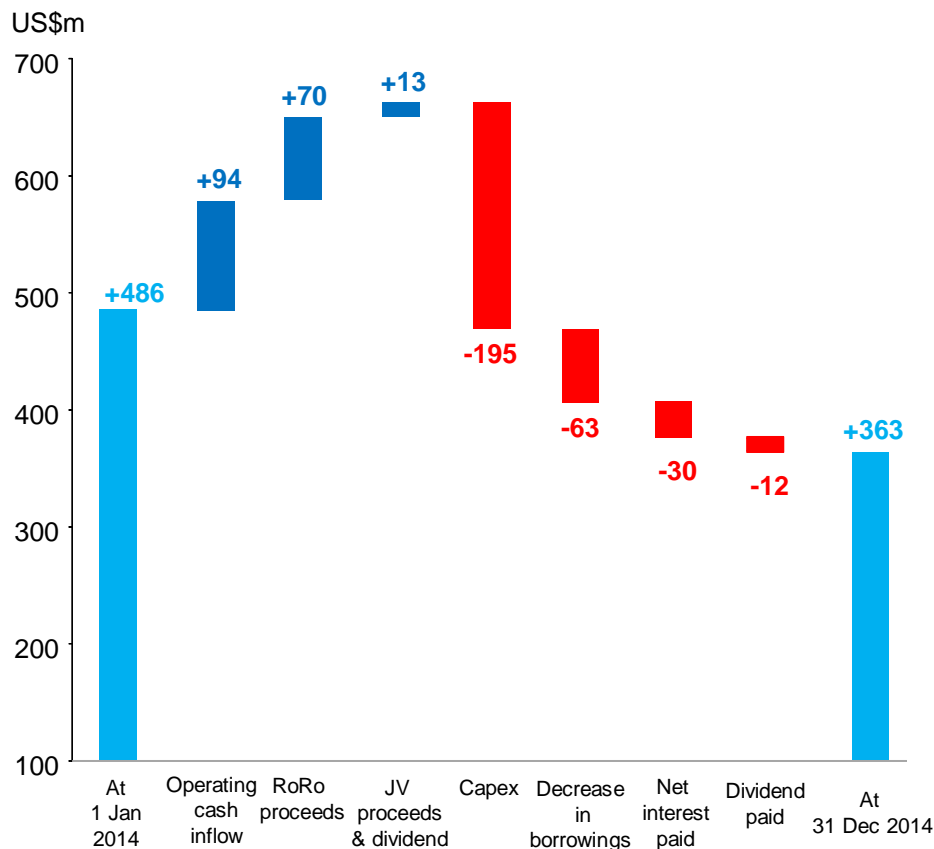
Pacific Basin

# Cash Flow – 2014 Sources and Uses of Group Cash Flow

As in Annual Report

As at 31 December 2014

■ Cash inflow ■ Cash outflow



Operating cash flow	US\$94m
EBITDA	US\$82m

2015 & 2016 cash flows	
US\$179m borrowings due during 2015	Funded by: <ul style="list-style-type: none"> <li>US\$122m new bank borrowings drawn in late 2014</li> <li>US\$60m RoRo sale proceeds expected in 2015</li> </ul>
US\$109m of capex in 2015	<ul style="list-style-type: none"> <li>Draw down US\$94m from US\$350m Japanese ECA</li> </ul>
US\$190m of capex in 2016	<ul style="list-style-type: none"> <li>Draw down US\$154m of Japanese ECA</li> </ul>
US\$210m Convertible Bond due 2016	Can be funded by: <ul style="list-style-type: none"> <li>New bank borrowing – being arranged in 2015 with unmortgaged dry bulk vessels</li> <li>US\$69m towage sale proceeds received in early 2015</li> </ul>





## 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

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



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### **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

[www.pacificbasin.com](http://www.pacificbasin.com)  
Pacific Basin business principles



## OUR LARGE VERSITILE FLEET

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

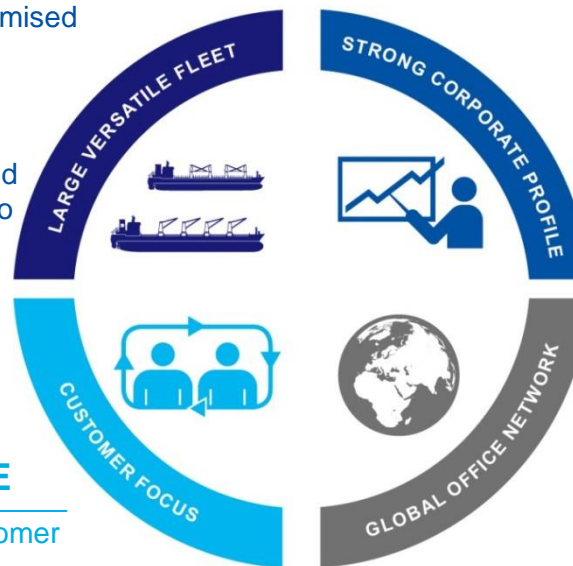
In-house technical operations facilitate enhanced health & safety, quality and cost control, and enhanced service reliability and seamless, integrated service and support to customers

## 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

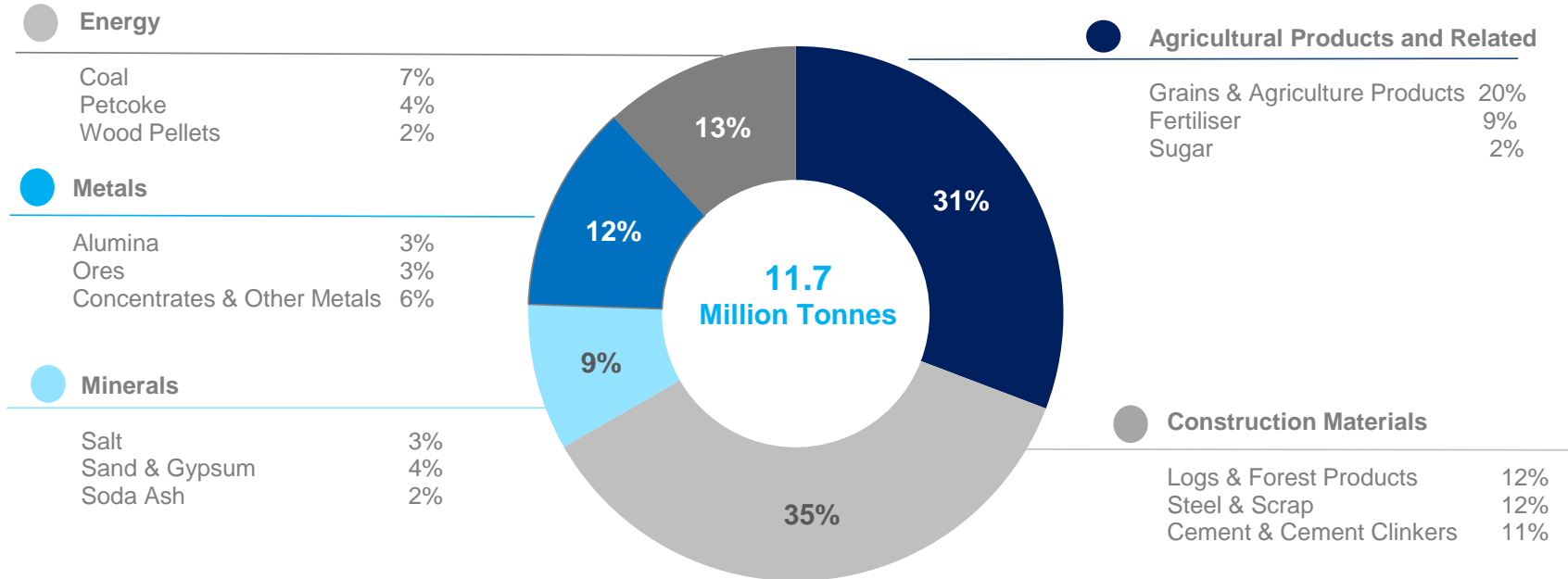
Integrated international service enhanced by commercial and technical offices around the world

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

# Appendix: Pacific Basin Dry Bulk – Diversified Cargo

Pacific Basin Dry Bulk Cargo Volume  
1 Jan - 25 Mar 2015




- 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 – 1 March 2015\*

## Pacific Basin Dry Bulk Fleet: 237

average age of core fleet: 7.1 years old

	Owned		Chartered		Total
	Delivered	Newbuilding	Delivered <sup>1</sup>	Newbuilding	
Handysize	64	12	85	8	169
Handymax	15	6	43	2	66
Post-Panamax	1	0	1	0	2
<b>Total</b>	<b>80</b>	<b>18</b>	<b>129</b>	<b>10</b>	<b>237</b>



[www.pacificbasin.com](http://www.pacificbasin.com)  
Fleet Details

## PB Towage : 22

	Owned		Chartered		Total
	Delivered	Newbuilding	Delivered	Newbuilding	
Tugs	13	0	1	0	14
Barges	6	0	0	0	6
Others	1	0	1	0	2
<b>Total</b>	<b>20</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>22</b>

\* Excluding 2 RoRo ships

<sup>1</sup> Average number of vessels operated in Feb 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

[www.pacificbasin.com](http://www.pacificbasin.com)  
CSR report

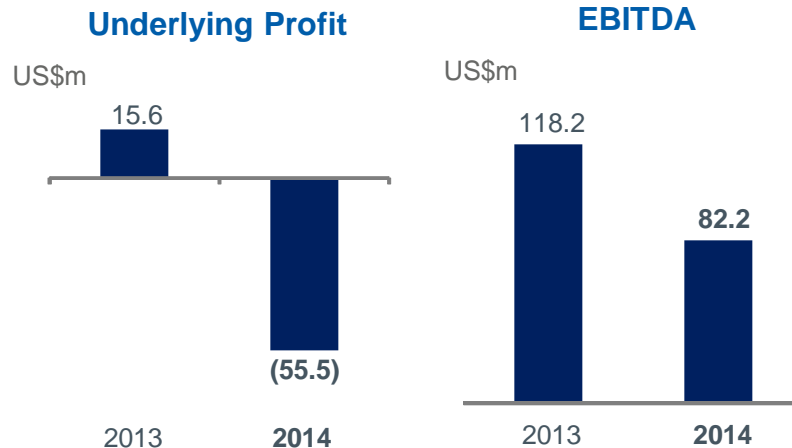


## Corporate Governance & Risk Management

- 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](http://www.pacificbasin.com)  
Corporate Governance





	2014	2013
Net (Loss) / Profit	US\$(285.0)m	US\$1.5m
Cash Position	US\$363m	US\$486m
Net Gearing	40%	34%
Dividend per Share	HK¢5 (proposed)	HK¢5

- 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

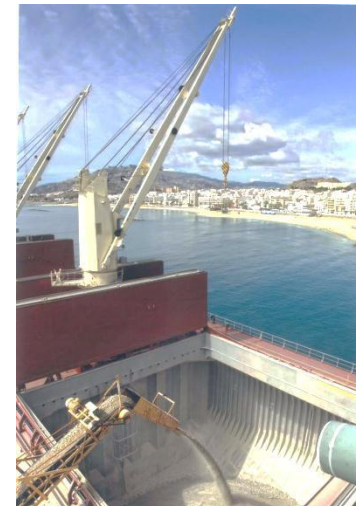
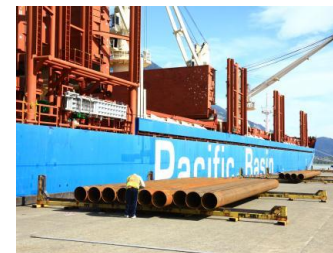
# Appendix: Pacific Basin Dry Bulk – 2014 Performance

As in Annual Report

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

US\$ million	2014
<b>Dry Bulk net loss</b>	<b>(30.0)</b>
▪ Handysize contribution	28.5
▪ Handymax contribution	(14.8)
▪ Direct overheads	(49.2)
<b>EBITDA</b>	<b>94.0</b>
<b>Return on net assets</b>	<b>(6)%</b>

- 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



Dry Bulk		1H14	2H14	2014	2013	Change
Handysize contribution	(US\$m)	26.2	2.3	28.5	51.9	-45%
Handymax contribution	(US\$m)	(10.7)	(4.1)	(14.8)	8.5	-274%
Post-Panamax contribution	(US\$m)	2.7	2.8	5.5	5.7	-5%
Segment operating performance before overheads	(US\$m)	18.2	1.0	19.2	66.1	-71%
Direct overhead	(US\$m)	(24.7)	(24.5)	(49.2)	(40.0)	-23%
<b>Segment net (loss)/profit</b>	<b>(US\$m)</b>	<b>(6.5)</b>	<b>(23.5)</b>	<b>(30.0)</b>	26.1	-215%
Segment EBITDA	(US\$m)	53.4	40.6	94.0	115.0	-18%
Annualised return on net assets	(%)	-2%	-9%	-6%	5%	-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

		1H14	2H14	2014	2013	Change
<b>Handysize</b>						
Revenue days	(days)	27,200	29,010	56,210	52,550	+7%
TCE earnings	(US\$/day)	10,210	8,520	9,340	9,520	-2%
Owned + chartered costs	(US\$/day)	9,120	8,400	8,750	8,480	-3%
Handysize contribution	(US\$m)	26.2	2.3	28.5	51.9	-45%
<b>Handymax</b>						
Revenue days	(days)	11,640	10,770	22,410	20,660	+8%
TCE earnings	(US\$/day)	11,100	9,770	10,460	10,880	-4%
Owned + chartered costs	(US\$/day)	11,890	10,130	11,050	10,440	-6%
Handymax contribution	(US\$m)	(10.7)	(4.1)	(14.8)	8.5	-274%

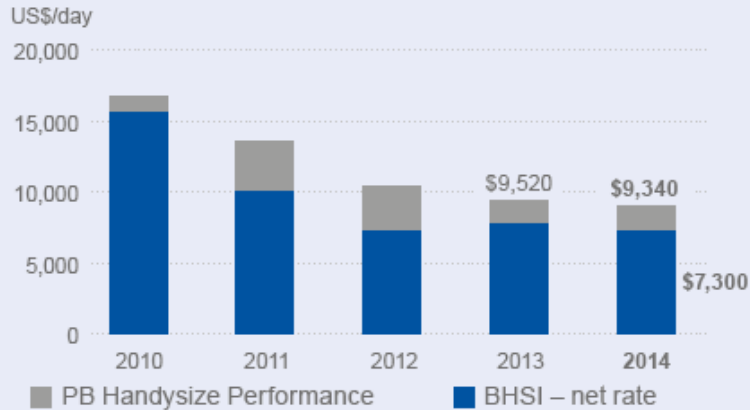
- Increased revenue days reflects new vessel deliveries:
  - Owned: 5 Handysize, 2 Handymax
  - Long-term inward charter: 4 Handysize, 2 Handymax
- Weak second half impacted both Handysize and Handymax
- Higher cost short-term Handymax charters of 2013 expired in 1H, benefiting results in 2H

## Performance vs Market

KPI

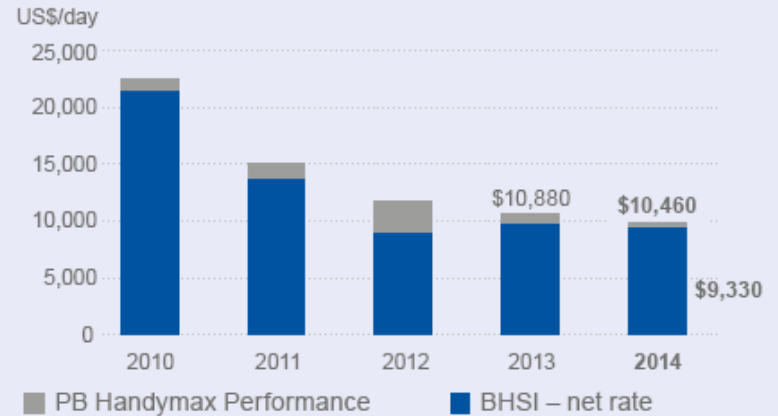
### Handysize

**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

[www.pacificbasin.com](http://www.pacificbasin.com)  
Annual Report – Key Performance Indicators



As at 31 December 2014

## Commitments Excluding Index-linked Vessels

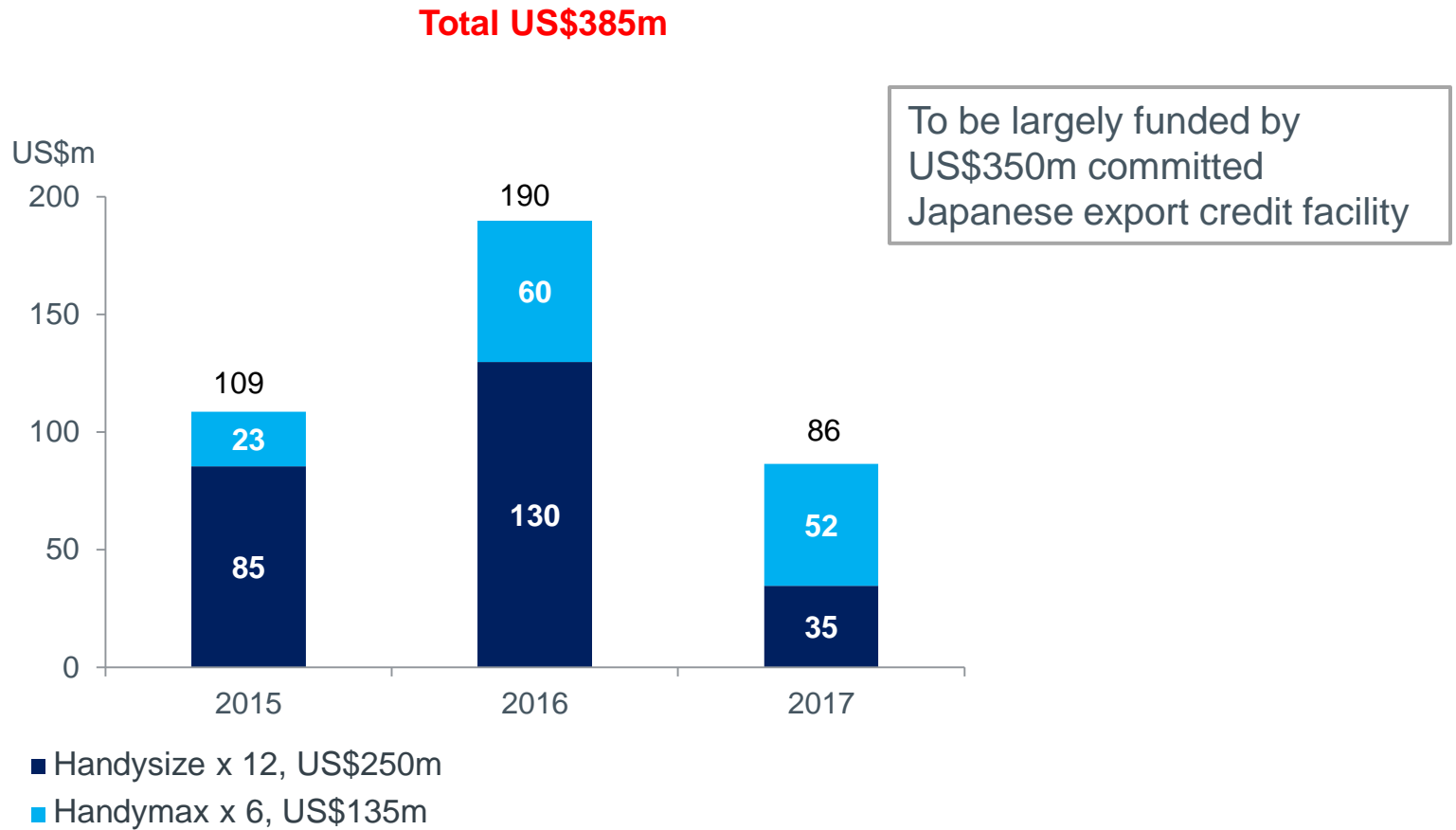
Year	Provision Write-back (US\$m)	Vessel days	Handysize		Vessel days	Handymax	
			Average daily rate Before provision write-back (US\$)	After provision write-back (US\$)		Average daily rate Before provision write-back (US\$)	After provision write-back (US\$)
2015	21.3	13,500	9,670	8,760	5,440	11,880	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	
<b>Total</b>	<b>100.9</b>	<b>56,560</b>			<b>19,410</b>		
Aggregate operating lease commitments			US\$590.2m		US\$244.9m		

As at 31 December 2014

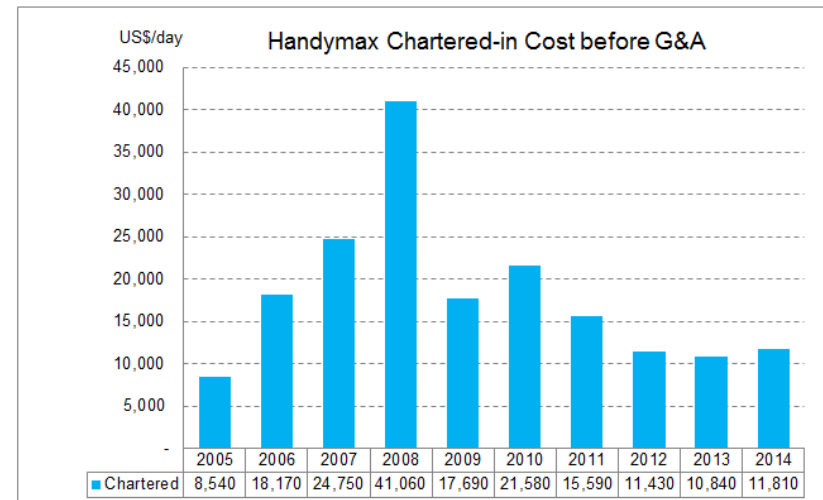
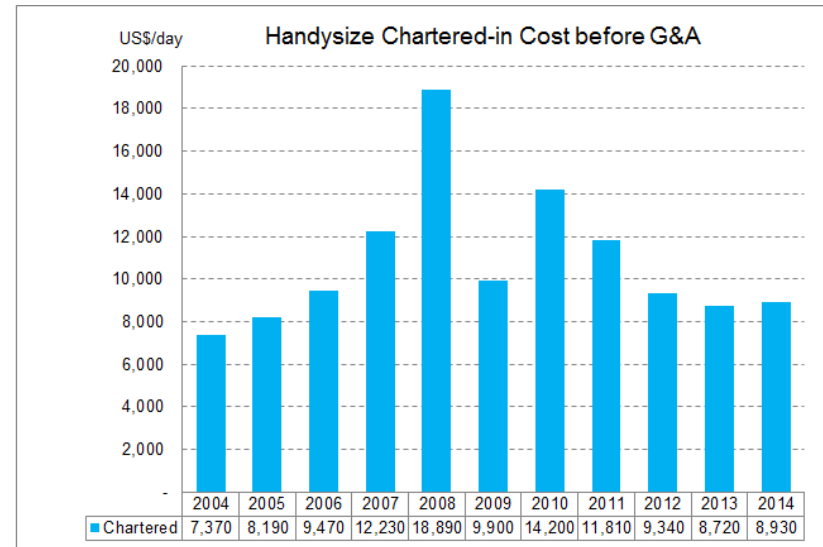
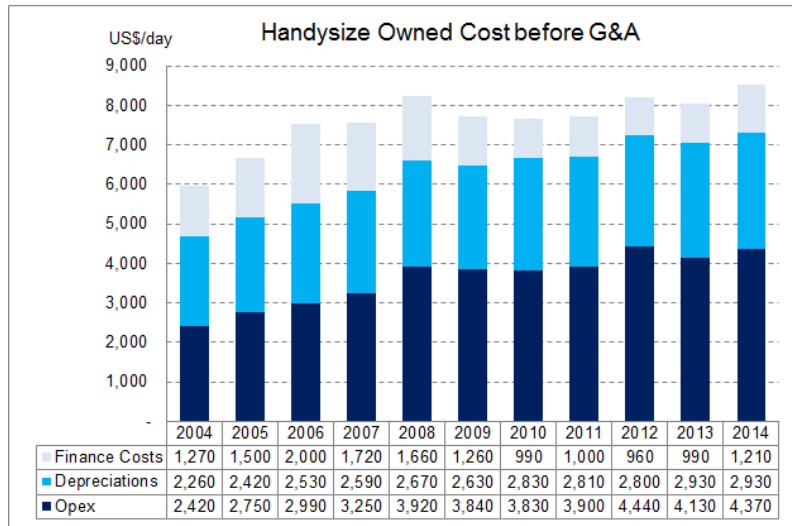
## 2015 Commitments Including Index-linked Vessels

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:

	2014		1H2015		2H2015	
	Vessel Days	Average daily rate (US\$)	Vessel Days	Average daily rate (US\$)	Vessel Days	Average daily rate (US\$)
<b>Handysize</b>						
Long-term (> 1 year)	10,530	9,690	6,040	8,770	5,690	8,940
Short-term	10,580	8,940	1,770	8,120	–	–
Index-linked	11,740	8,110	4,200	Market rate	2,530	Market rate
<b>Total</b>	<b>32,850</b>	<b>8,930</b>	<b>12,010</b>		<b>8,220</b>	
<b>Handymax</b>						
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
<b>Total</b>	<b>17,190</b>	<b>11,810</b>	<b>4,270</b>		<b>2,220</b>	



# Appendix: Historical Owned and Chartered-in Cost



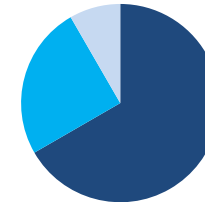
Group results affected by:

- 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)

US\$million	Net book loss / gain	Exchange loss
Sale of harbour towage	(9.9)	(9.3)
Sale of OMSA JV	2.3	(3.4)

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

	2014 US\$ million
Towage net loss	(15.1)
EBITDA	(6.0)



**PB Towing 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

## 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

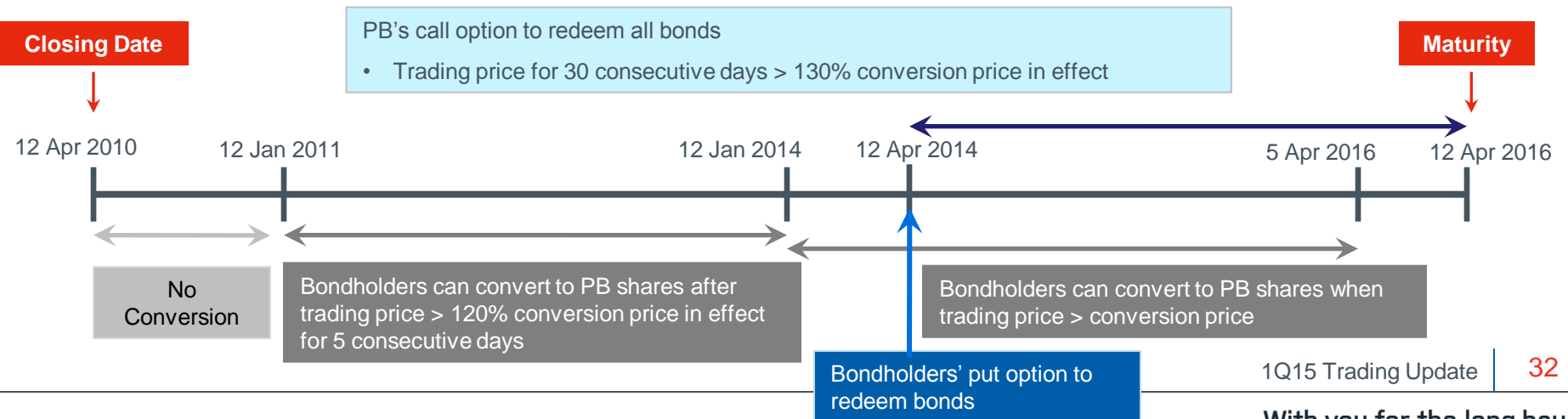
## Outlook

- 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

# Appendix: Convertible Bonds Due 2016

Issue size	US\$230 million (US\$20.5m face value put back and repaid on 14 April 2014; Remaining: US\$210m)	
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 (Current conversion price: HK\$ 7.1 with effect from 23 April 2014)	
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	<ul style="list-style-type: none"> <li>Shareholders' approval at SGM to approve the issue of the New Convertible Bonds and the specific mandate to issue associated shares.</li> <li>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</li> </ul>	

## Conversion/redemption Timeline

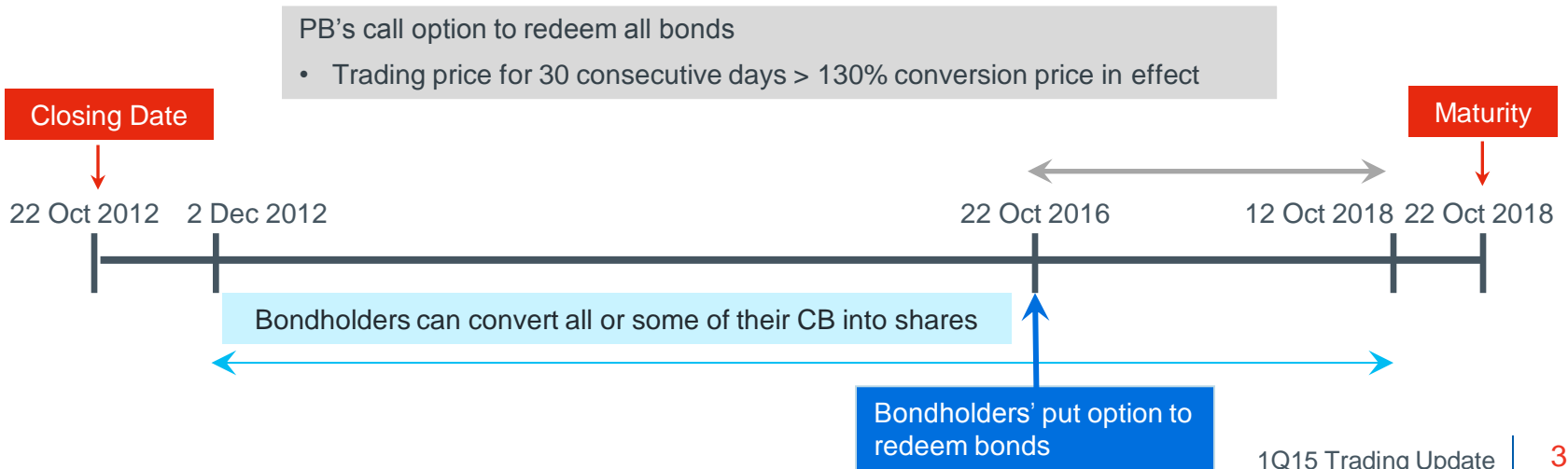




# Appendix: Convertible Bonds Due 2018

Issue size	US\$123.8 million
Maturity Date	22 October 2018 (6 years)
Investor Put Date and Price	22 October 2016 (4 years) at par
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

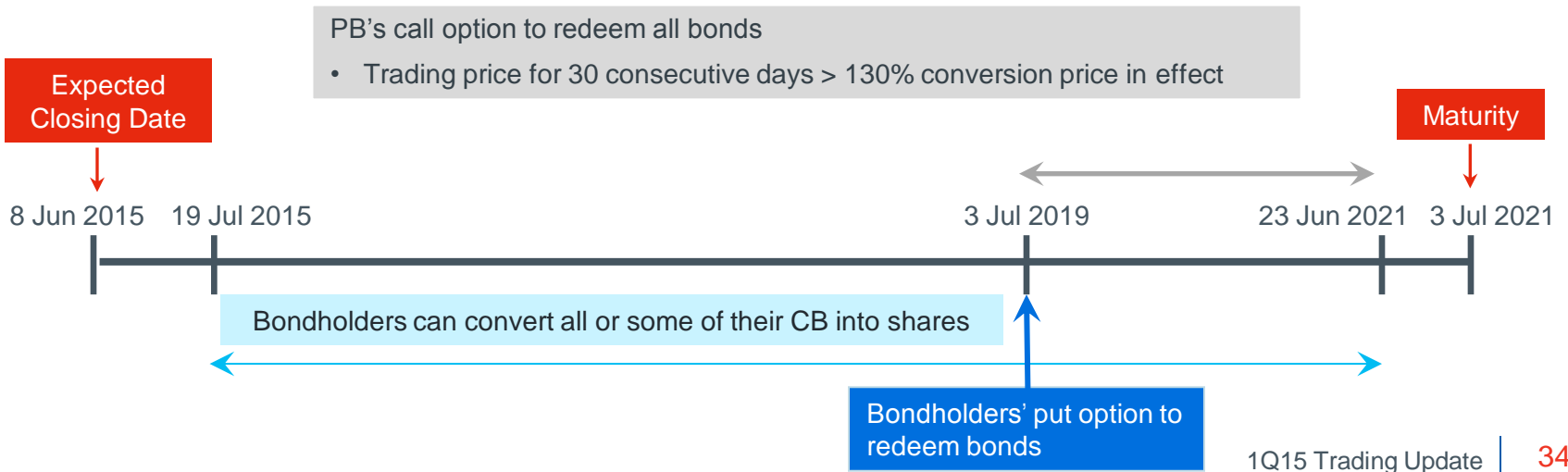
## Conversion/redemption Timeline



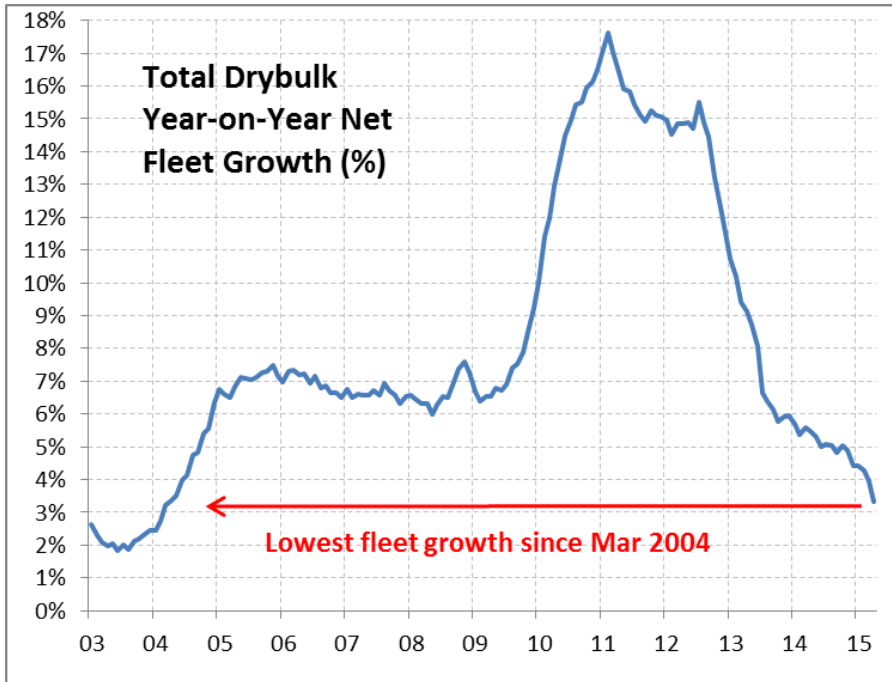
# Appendix: Convertible Bonds Due 2021

Issue size	US\$125 million
Maturity Date	3 July 2021 (approx. 6 years)
Investor Put Date and Price	3 July 2019 (approx. 4 years) at par
Coupon	3.25% p.a. payable semi-annually in arrears on 3 January and 3 July
Redemption Price	100%
Initial Conversion Price	HK\$4.08
Intended Use of Proceeds	To maintain the Group's balance sheet strength and liquidity and to continue to proactively manage its upcoming liabilities, including its Existing Convertible Bonds, as well as for general working capital purposes
Conditions	Shareholders' approval through a specific mandate at a SGM to be held on or around 22 May 2015 to approve the issue of the new Convertible Bonds and the issue of new shares upon conversion of the new Convertible Bonds.

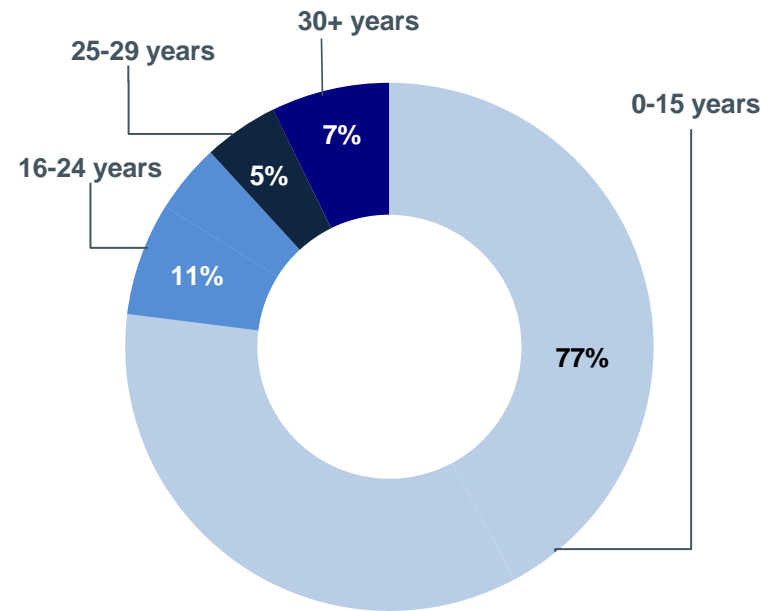
## Conversion/redemption Timeline



# Appendix: Dry Bulk Fleet Profile



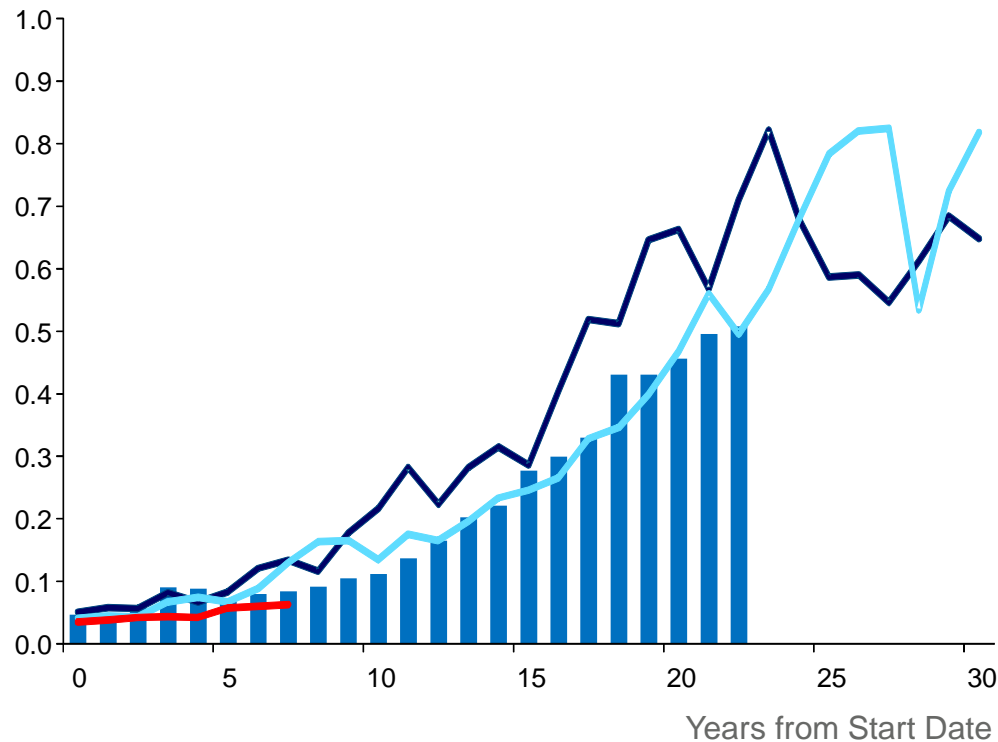
**Age Profile of Handysize Vessel (25,000-39,999 Dwt)**  
2,255 vessels (73.1mil dwt)



# Appendix: China at late-Industrialisation Stage

## Steel Consumption Per Capita

Tons per Capital

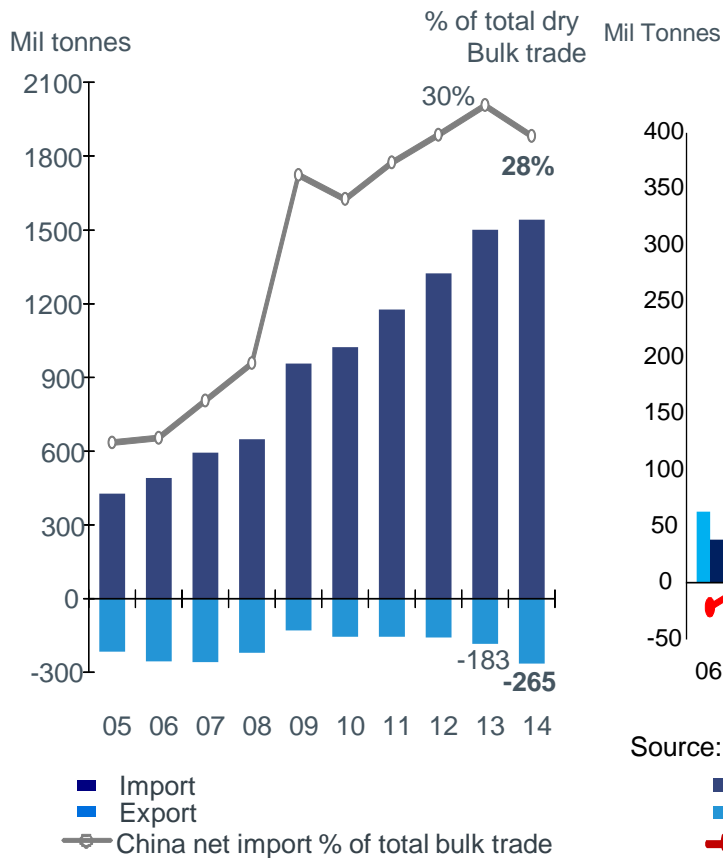


- China growth matches historical trend in Japan and Korea
- Suggests strong growth in dry bulk segment to remain for medium term
- Similar trend for electricity and cement

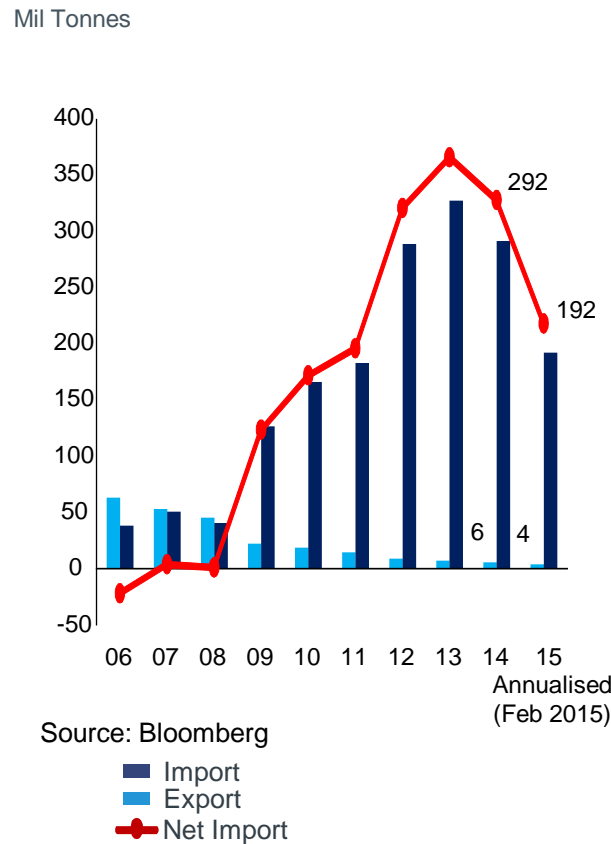
■ China (from 1990)  
 ■ Japan (from 1950)  
 ■ Korea (from 1970)  
 ■ India (from 2005)

# Appendix: China Dry Bulk Trade, Iron Ore & Coal Demand

### Chinese Dry Bulk Trade Volume

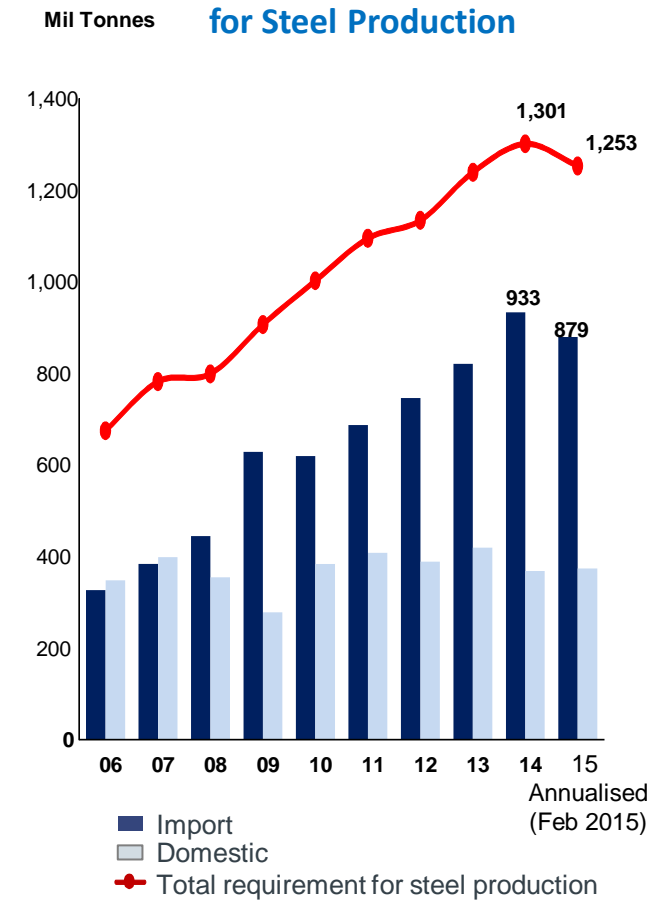


### China Coal Demand



Source: Bloomberg

### China Iron Ore Sourcing for Steel Production



Source: Clarksons, Bloomberg