3Q25 Quarterly Trading Update

Presentation Transcript

16 October 2025

Speaker: Martin Fruergaard

Slide 1 – Introduction

Welcome ladies and gentlemen and thank you for attending Pacific Basin's 2025 Third Quarter Trading Update call. My name is Martin Fruergaard, CEO of Pacific Basin and I am joined by our CFO, Jimmy Ng - this time we are calling in from our office in Singapore.

Assuming you have already gone through the presentation, we will highlight key points discussed in it before we proceed to Q&A.

I'll first hand over to Jimmy for a quick overview of the third quarter performance and market review.

Speaker: Jimmy Ng

Thank you, Martin. Good evening, ladies and gentlemen. I will share with you some observations on the market and a snapshot of our business performance for the third quarter.

Please turn to slide 3.

Slide 3 – FREIGHT RATES EXHIBIT SUSTAINED UPWARD MOMENTUM SINCE CNY

In the third quarter of 2025, Handysize and Supramax market freight rates showed good upward momentum post Chinese New Year, especially sharply in the Supramax segment.

Market spot rates for Handysize and Supramax vessels averaged about US$11,600 and US$14,300 net per day respectively, representing a decrease of 1% and an increase of 4% compared to the same period in 2024.

The Baltic average Handysize FFA rate for the remainder of 2025 is US$13,090 net per day, and the average Supramax FFA rate is US$14,140 net per day.

Please turn to slide 4.

Slide 4 – DRY BULK TRADE HAS BEEN CATCHING UP AFTER A SLOW Q1

In the first 9 months of the year, global **minor bulk** loadings rose 4% compared to the same period last year, mainly driven by bauxite, fertilizers, minor ores and concentrates. Chinese steel exports were up 10% year-to-date, as demand from emerging markets remained resilient.

Bauxite loadings from Guinea into China continued to be strong. If we exclude bauxite loadings, year on year growth of minor bulk would be around 3%.

Grain loadings, on the other hand, decreased 9% year on year. Grain imports to China dropped by 15% on the back of China's record high domestic harvest. China has switched soybean sourcing away from the US towards Brazil, at the same time reducing corn purchases. Even so, US grain exports were up 12% year on year as there were buyers in the Middle East, North Africa, Southeast Asia and also Latin America.

Next if we look at **coal**, coal loadings reduced 6% year on year due to weaker demand from China, South Korea, Taiwan and India. China seaborne coal imports fell by 15% because of higher stock levels, migration to renewables as well as overland trade from Mongolia. The drop in imports to North Asia and India was partially offset by increase in coal imports into other emerging Asian countries such as Bangladesh, Vietnam and Malaysia.

Finally, on the rightmost column, **Iron ore** loadings also dropped 3% year on year, with bad weather impacting Australian exports in the first quarter, as well as a reduction in exports from India. Although Australia has been trying to catch up with its targets in Australia, Australian exports were still down by 3% year on year. India also saw exports dropping by 27% in the third quarter.

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Slide 5 – TCE EARNINGS IMPROVED

Our core business generated average daily TCE earnings of US$11,680 for Handysize and US$13,410 for Supramax in the third quarter, representing a year on year decrease of 15% for Handysize and an increase of 10% for Supramax.

When comparing to the market, our average net daily TCE earnings outperformed the BHSI Handysize index by US$90 per day in the period, but we underperformed the BSI Supramax index by US$900 per day. This was mainly because of the strong uptick in market rates in the third quarter, especially in the Supramax sector. We typically underperform in fast-rising freight markets due to the time lag between spot market fixtures and voyage execution. However, when we compare our year to date performance with the market, our average Handysize and Supramax TCE earnings have outperformed by US$1,540 and US$1,960 per day, respectively.

For the fourth quarter of 2025, we have currently covered 72% and 87% of our committed vessel days for our Handysize and Supramax core fleet at US$12,380 and US$14,060 per day, respectively.

In addition to our core business, our operating activity generated a daily average margin of US$750 per day over 6,830 operating days in the third quarter. Our operating activity complements our core business by matching our customers' spot cargoes with short-term chartered vessels, making a margin and contributing positively to our results throughout the cycle.

I will now hand you back to Martin for market outlook and strategy.

Speaker: Martin Fruergaard

Thank you, Jimmy. Please turn to slide 7.

Slide 7 – GROWTH IN PB FOCUS CARGO PROJECTED TO REMAIN RESILIENT

Looking at Clarkson's latest forecast for 2025 and 2026, forecast coal and iron ore volume growth continues to be weak. On the other hand, minor bulk and grains are expected to see healthy growth going forward, with especially bauxite, alumina, manganese ore and scrap steel growth anticipated to remain robust.

The decreasing coal volumes are mainly because China, the world's biggest coal consumer already has stockpile for security and is expected to source more coal overland from Mongolia.

Soybean volumes are projected to be strong with Brazil projected to achieve a record crop in 2025. Meanwhile China continues to reduce its reliance on imports.

Overall, in the dry bulk segments that we are focused on, trade volumes are expected to remain resilient.

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Slide 8 – MINOR BULK FLEET ABSORBS PEAK DELIVERIES IN 2025 AND RATES STAY STRONG

According to Clarksons Research, the combined global fleet of Handysize and Supramax vessels is estimated to grow 4.3% in 2025 and 3.9% in 2026. Newbuilding vessel deliveries account for 4.8% and 4.4% in the growth forecast, while scrapping is estimated at a very low 0.4% and 0.5% for 2025 and 2026 respectively.

The orderbook stands at 10.3% of the existing fleet, but newbuild ordering dropped by a significant 76% year on year given the concerns arising from the latest decarbonisation rules and the ongoing uncertainties in respect to various port fee schemes. Meanwhile, the global fleet of Handysize and Supramax continues to age, with nearly 14% of the ships being 20 years or older.

The minor bulk fleet supply passed peak growth in 2025 and with supply growth appearing manageable going forward we remain positive about the minor bulk supply and demand outlook in the longer term.

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Slide 10 – DISCIPLINED FLEET RENEWAL AND GROWTH, WITH GROWTH OPTIONALITY

Vessel values have remained high since 2021, and we continue to maintain disciplined in managing our fleet renewal.

Or core fleet currently consists of 120 owned and long-term chartered vessels. During the quarter, we sold one Supramax vessel and exercised purchase options on two Handysize vessels which were delivered from our long-term chartered fleet into our owned fleet. We exercised another purchase option on one Ultramax vessel that is yet to be delivered in the coming months. We have also taken delivery of two long-term chartered Ultramax newbuildings of 64,000 dwt.

Looking ahead, we maintain fixed priced purchase options on 13 long term chartered vessels and in addition we will take delivery of one Ultramax and one Handysize long-term chartered newbuilding during 1st half 2026. Our four low-emission dual-fuel methanol Ultramax newbuildings from Japan will be delivered in 2028 onwards.

We will continue to strategically renew and grow our fleet and continue to expand our growth optionality.

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Slide 11 – STRUCTURAL CHANGES TO COMPLY WITH LATEST REGULATIONS

In preparation for the implementation of new port tariffs, we have taken all required proactive steps within our control to protect our business and position Pacific Basin to continue serving our global customers freely and competitively across all safe ports and countries, including China and the United States.

This includes:

Expanding our Singaporean company structure which holds our Singapore owned and flagged vessels. We have already transferred several vessels under an initial plan to transfer about half of our owned fleet to Singaporean ownership and flag.

In addition:

Responsibility for the Company’s overall and ultimate strategic leadership and commercial decision-making along with responsibility for technical management of our Singapore-owned fleet are located in Singapore.

And our board composition has changed as announced 13th October, for the purpose of compliance with the regulations.

Pacific Basin is an independent, publicly-listed company with approximately 99% publicly traded shares with no controlling shareholder. As such, the Company's shares are traded freely every day and are broadly held by investors across the world.

Based on public disclosure of interests notices filed with the Stock Exchange of Hong Kong Limited as of 15 October 2025, Pacific Basin does not believe that 25% or more of its equity interest is held directly or indirectly by either US or Chinese entities or persons.

We do believe the special port fees under both the US and Chinese schemes are not applicable to us.

In an abundance of caution, we continue to work with our advisers to analyse the rules and their revisions, while also engaging with authorities to clarify and mitigate any applicability or impact they may have on our Company, our vessels and our operations.

For further details, please refer to our Third Quarter Trading Update as published to the Stock Exchange website.

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Slide 12 – CAPITAL ALLOCATION FOR SHAREHOLDER VALUE

Our commitment to returning value to shareholders remains intact.

In respect to our share buyback programme - we have so far used approximately US$26 million out of the announced US$40 million to buy back and cancel about 109 million of Pacific Basin shares.

That's about 65% of the targeted share buyback programme completed, and it is our intentions to execute the remainder of the programme within 2025.

Please turn to slide 13.

Slide 13 – 2026 MARKET OUTLOOK

The dry bulk market is firm and, while seasonality as well as volatility and uncertainty due to shipping tariff actions are to be expected, near-term market conditions are expected to benefit from steady minor bulk demand growth and likely increasing supply disruption which would support tighter freight market conditions going forward.

Supply fundamentals are also favourable and, overall, the age profile of the global minor bulk fleet, combined with limited newbuilding orders driven by industry uncertainties, suggest a potential structural undersupply in minor bulk shipping in the future.

We are prepared for continuing general macroeconomic and industry uncertainty and volatility, remaining vigilant and nimble to safely navigate the challenges that arise and continue to capture opportunities along the way.

Our financial strength, low cash breakeven level, agile business model, enhanced growth optionality and the experience of our global team position us very well for the changing market conditions.

We thank our customers, shareholders and advisers for their ongoing loyal support to Pacific Basin and I also thank our skilled team of colleagues, all over the world, for their dedicated efforts and hard work dealing with multiple complex external challenges during the year.

That concludes our 2025 third quarter trading update presentation.

I will now hand over the call to our operator for Q&A.

[Following Q&A]

I'd like to thank you again for joining us today and for your continued support of Pacific Basin. If you have any further questions, please contact Luna Fong of our Investor Relations department.

Have a great evening.