



Pacific Basin

2025 Annual Results
Presentation Transcript
3 March 2026

Speaker: Martin Fruergaard

SLIDE 1 – INTRODUCTION

Welcome ladies and gentlemen and thank you for attending Pacific Basin's 2025 Annual Results earnings call. My name is Martin Fruergaard, CEO of Pacific Basin and I am joined by our CFO, Jimmy Ng.

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

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SLIDE 2 - 2025 FINANCIAL HIGHLIGHTS

2025 was a year with various evolving geopolitical and market challenges. 2026 has begun with an escalation of these challenges, not least the outbreak of war in the Middle East over the weekend. However, It was gratifying to see that our integrated platform again demonstrated agility and resilience leading to a solid financial performance in 2025. During the year, we generated an EBITDA of US\$263.1 million, underlying profit of US\$59.2 million, and net profit of US\$58.2 million.

Our balance sheet remains strong, and we closed the year with net cash of US\$134 million and undrawn committed facilities of US\$485.5 million, illustrating our strong liquidity. All in all, we delivered solid shareholder value in 2025 with a total distribution of US\$90.5 million through share buybacks and dividends declared for the year. Total shareholder return for 2025 was 46%.

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Slide 3 - DELIVERING SHAREHOLDER VALUE

We remained committed to returning value to our shareholders through both dividends and share buybacks. The Board has declared a final dividend of 6 HK cents per share, which together with the interim dividend of 1.6 HK cents per share distributed in August 2025 amounts to approximately US\$51 million or 100% of our net profit for the year, excluding vessel disposal gains. In addition to the dividend, we completed in 2025 our announced share buyback of US\$40 million.

All in all our committed distribution reaches 179% of 2025 net profit, excluding vessel disposal gains. This demonstrates our ongoing commitment to return meaningful value to our shareholders.

I'll now hand over to Jimmy for a quick overview of 2025 performance and financial 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 financial performance for the year.

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SLIDE 5 – MARKET FREIGHT RATES & INDUSTRY HEADWINDS

The industry faced significant macro headwinds in 2025. Geopolitical risk has remained elevated at the start of 2026 and heightened with the situation in the Middle East developing over the past few days. Market freight rates fell significantly in the first half of 2025 as supply outpaced demand, and that gradually picked up in the later part of the year. During the year, market spot rates for Handysize and Supramax vessels averaged about US\$10,570 and US\$11,610 per day, representing a decrease of 5% and 10% year on year, respectively.

However, the FFA saw an uplift since the beginning of 2026, average at US\$13,730 per day for Handysize, and US\$15,580 per day for Supramax.

FFA for the remainder of 2026 points to a stable outlook. There is no suggestion yet that the most recent increases in FFAs are due to the war in the Middle East. The conflict could tighten markets by creating new inefficiencies. But equally it could lead to cargo cancellations and discounted vessels.

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SLIDE 6 – TCE EARNINGS WAS LOWER, BUT WE CONTINUED TO OUTPERFORM WITH HIGH COVER

In 2025, our average daily TCE earnings of US\$11,490 for Handysize and US\$12,850 for Supramax represented 11% and 6% decrease as compared to the rates in 2024 respectively.

Despite the decrease year on year, our TCEs continued to outperform the average spot market rates by US\$910 per day for Handysize and US\$1,220 per day for Supramax.

For the first quarter of 2026, we have covered 88% and 100% of our committed vessel days for our Handysize and Supramax core fleet at US\$11,890 and US\$14,450 per day, respectively. These rates are higher than the current market spot rates, as well as the FFA.

Our operating activity margin also improved and contributed US\$22.9 million in 2025. Operating activity days increased 1% year on year to 27,850 days and generated a margin of US\$820 per day, which represented a 30% increase year on year.

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SLIDE 7 - DAILY CORE VESSEL COST - HANDYSIZE & SUPRAMAX

In terms of vessel costs, we continue our leading position in cost-efficiency. Our core daily operating costs for both Handysize and Supramax vessels remained well controlled. Average daily OPEX for both segments was broadly stable at around US\$4,780.

Depreciation cost rose slightly by 2% for Handysize and 6% for Supramax respectively, mainly reflecting drydocking and fuel-efficiency upgrades.

Average daily finance costs decreased by 13% to around US\$130, mainly due to lower average borrowings.

Long-term chartered vessel daily costs also improved. Costs for Handysize remained substantially unchanged, while Supramax were 12% lower mainly attributable to the redelivery of vessels that had been chartered at higher rates.

Overall, our costs remained stable, with our owned-fleet's breakeven at approximately US\$4,820 per day for Handysize and US\$5,020 per day for Supramax.

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SLIDE 8 – RESILIENT PERFORMANCE AMID A SOFTER 2025 FREIGHT MARKET

Overall 2025 freight market was softer than last year but our performance has been resilient. Our top line decreased due to the softer market, and our owned vessel costs were lowered by 3%, mainly due to the disposal of 8 older vessels.

A 24% improvement in chartered vessel costs was due to the weaker freight markets. As a result of the changes in revenue and cost items, our operating performance before overheads decreased by 28% year on year to US\$142 million. One-off items also had an unfavourable change in 2025 mainly due to expenses related to the structural changes we implemented during the year for compliance with USTR. Profit attributable to shareholders was \$58.2 million for 2025.

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SLIDE 9 - FINANCIAL FLEXIBILITY ENABLES OPTIONALITY IN OUR STRATEGY

We continued to be disciplined with our capital allocation and remained debt free on a net basis with a net cash position of US\$134 million and available committed liquidity of US\$756.1 million at the end of 2025.

The total net book value of our 107 vessels was US\$1.6 billion, while the estimated market value was US\$1.96 billion, reflecting a healthy buffer above book values based on composite broker valuations. This financial flexibility is further enhanced by the new US\$250 million sustainability-linked facility secured in July 2025. The facility helped strengthen both our liquidity position and our ability to respond quickly to market developments.

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SLIDE 10 - STRONG CASH GENERATION ABILITY AND IMPROVEMENT IN LIQUIDITY

Our strong balance sheet, high liquidity, and fleet optionality positioned us well to continue executing our strategy and capturing opportunities in a dynamic market environment. And we are confident that this will continue in the current disrupted environment.

Our operating cash inflow for the year was US\$229 million, inclusive of all long and short-term charter hire payments. We also realised US\$66.8 million from the sale of 5 older Handysize and 3 Supramax vessels. During the year, we closed a new US\$250 million revolving credit facility as mentioned on the previous page.

Our Capex amounted to US\$116.4 million, which included US\$59.2 million for 3 Handysize vessels delivered into our fleet in 2025 and 1 Ultramax vessel purchase option exercised in late 2025 and subsequently delivered in January 2026, along with US\$57.2 million for dry dockings and other additions.

We paid a total of US\$44 million in dividends, which included the 2024 final dividend of HK 5.1 cents per share, totalling US\$33.4 million, and the 2025 interim dividend of HK 1.6 cents per share, totalling US\$10.7 million.

We also spent US\$40 million to repurchase our own shares under our buyback programme announced last year; and our net cash outflow from borrowings was US\$97 million dollars in 2025.

The strong cash generation ability allowed us to have an improved liquidity for any future opportunities.

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SLIDE 11 - PRUDENT BUT PROACTIVE CAPITAL MANAGEMENT STRATEGY

We will continue to focus on maintaining a robust balance sheet and optimising our cost structure.

The Board has conducted a review of the Company's long-standing dividend policy of paying out at least 50% of net profit excluding disposal gains. Having considered the needs of the business and best practice capital allocation, the Board has decided to expand the policy to enhance shareholder returns.

With effect from 2026, the Company's amended dividend policy is to pay dividends of 50% of annual net profit, excluding disposal gains, increasing up to 100% of annual net profit (also excluding disposal gains) when the Company is in a net cash position at year end. The Board may decide to make additional distributions in the form of special dividends and/or share buybacks.

We will continue with our share buyback programme, to purchase up to US\$40 million worth of shares in 2026 subject to market conditions.

I will now hand you back to Martin to run you through the market dynamics and update on our strategy.

Speaker: *Martin Fruergaard*

Thank you, Jimmy. Please turn to slide 13.

SLIDE 13 - RESILIENT MINOR BULK DEMAND

Before running through last year's volumes, we should say that ports and countries within the Straits of Hormuz account for approximately 2% of total dry bulk cargoes. Taken together with the Red Sea and Suez Canal, 5% of dry bulk shipping transits these chokepoints. This is lower than in the tanker and container shipping sectors but it is still enough to create significant new sources of market inefficiencies if voyages are diverted.

From Pacific Basin's own fixtures in 2025, 3.6% of our total cargo volumes loaded within the Straits of Hormuz and 1.3% of our total cargo volumes discharged in the region.

In 2025, minor bulk demand remained resilient. Tonne-mile demand grew 4% as supported by China's exports of cement and fertilisers and its imports of minor metal ores and concentrates. Flows of semi-processed materials from China to developing markets continued to rise sharply, supported by China's structural production surpluses and ongoing demand from Belt and Road partner economies, leading to more parcelling and longer loading/discharging times.

Grain loadings decreased 6% year-on-year, mainly due to the sharp reduction in exports from Ukraine and Russia. At the same time, major exporters such as the US, Brazil, and Argentina entered 2026 with strong momentum, with forecasting agencies predicting large harvests ahead.

Coal loadings also decreased 6%, reflecting changes in China's policy targets and a shift in stockpiling dynamics. India has become the world's largest buyer of metallurgical coal, and with its steel sector aiming to nearly double its output by 2030, it is expected to play an increasingly important role in future coal demand.

Iron ore loadings fell 2%, impacted by weather-related disruptions in Australia early in the year. Looking ahead, volumes are expected to be supported by the ramp-up of Simandou in Guinea from 2026, which could displace higher-cost production in China and Australia and extend average sailing distances, adding to shipping demand.

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SLIDE 14 - DISCIPLINED APPROACH TO FLEET GROWTH AND RENEWAL, WITH GROWTH OPTIONALITY

We continue to adopt a disciplined approach to fleet growth and renewal, seeing increasing vessel values and strong market interest in modern, efficient tonnage. The chart on the left shows the upward trend in both newbuild and secondhand values for Ultramax and Handysize vessels, reflecting healthy sentiment in the asset market.

As at 31 December 2025, our core fleet stood at 120 vessels, comprising 107 owned vessels and 13 long-term chartered. Throughout the year, we actively renewed and optimised the fleet by selling 3 Supramax and 5 Handysizes vessels, while exercising 3 Handysize purchase options and took delivery of 3 long term TC-in newbuildings from Japan.

For 2026 we will have delivery of additional long term TC-in newbuildings and our now 8 newbuilding to be delivered in 2028 and 2029. We also retain additional purchase options on a number of our long-term TC-in Handysizes that can be exercised or extended subject to market conditions.

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SLIDE 15 - STRATEGIC NEWBUILDING ORDER OF FOUR HANDYSIZE VESSELS IN DEC 2025

In December 2025, we committed to the acquisition of four 40,000-dwt Handysize newbuildings for a total consideration of US\$119.2 million, with deliveries scheduled for the first half of 2028.

These competitively priced ships with early delivery will add meaningful value to our fleet. They incorporate the latest fuel-efficient designs, including open-hatch and logs-fitted configurations, with enhanced tank-top and deck strength. This provides greater flexibility and upgraded cargo-handling capability which allow for more triangulated trading, support stronger utilisation and TCE outperformance. In addition, these vessels are significantly more fuel-efficient than the older single-fuel ships they will replace, and we secured them at competitive pricing with early delivery slots.

Looking into our order book, we have 4 Handysize vessels to be delivered in 2028, 4 Ultramax LEV vessels scheduled between late 2028 and 2029, and at the moment 14 long-term chartered vessels with purchase options stretching to 2032. Altogether, this represents 22 potential additions to our core fleet over the next few years.

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SLIDE 16 - MINOR BULK TONNE-MILE FORECAST TO GROW 2.1% IN 2026

Looking ahead, our segment has proved resilient with stable growth in demand during recent market disruptions. War in the Middle East could tighten the market if ships are diverted. But equally it could lead to cancelled cargoes in the area. Our focus cargoes are estimated to rise by about 3.5% in 2025 and a further 2.5% in 2026, reinforcing the structural demand support for our segments.

Overall dry bulk market in the coming year will be affected by geopolitics and energy transition, but we expect our segments will remain resilient.

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SLIDE 17 - STEADY FLEET GROWTH

In 2025, global dry bulk net fleet growth remained steady at 3%, with Handysize and Supramax supply at roughly 4.1%. Handysize and Supramax newbuilding deliveries were up year-on-year.

Total dry bulk newbuilding deliveries increased 7% year-on-year and supply growth peak in 2025. New ordering has slowed and the combined Handysize and Supramax orderbook remains manageable at around 11% of the fleet.

The scrapping pool continues to increase. Around 15% of Handysize and Supramax capacity is now over 20 years old.

Total dry bulk and minor bulk supply growth is expected to exceed demand growth in 2026, driven by higher newbuilding deliveries and limited scrapping activity, this was also the case at the same time last year.

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SLIDE 18 - 2026 MARKET OUTLOOK

The IMF expects global GDP to grow 3.3%, and China at around 4.5%, but tariffs, political uncertainty, and shifting geopolitics will continue to affect trade flows. If the war in the Middle East proves protracted, a sustained rise in global energy costs would hamper economic activity and create downside risks to this base case scenario – particularly for those economies that are more dependent on energy imports.

On the commodity side, geared bulk segments should benefit from steady growth in minor bulks and grains, supported by green-energy infrastructure and urbanisation in developing markets. China's exports of semi-processed materials under the Belt and Road Initiative also remain an important driver.

From the fleet perspective, around 15% of the Handysize and Supramax fleet is now over 20 years old, though high delivery volumes and limited scrapping mean supply is still expected to outpace demand in 2026.

Overall, tonne-mile demand is forecast to rise by about 2.1% for minor bulks and 1.9% for total dry bulk, against net fleet growth of 4.0% and 3.5% respectively. But tonne-mile demand rise will be impacted by the ongoing disruptions that continue to impact trade routes.

Freight forward agreements indicate a healthy market going forward, with FFA curves for the next two years being at or near 12 months high. Yesterday was the first trading day since the war in the Middle East started and FFAs rose

further. So overall the current spot market is strong, and outlook appears positive, despite the war, and supply seeming outgrowing demand during 2026.

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SLIDE 19 - STRATEGIC FOCUS FOR 2026

Against this market backdrop, our strategic priorities for 2026 remain very clear and focused on areas where we can drive the most value.

We will continue to renew and expand the fleet selectively and in a disciplined way — through modern second-hand vessels, targeted newbuildings, long-term charters with purchase options, and accretive opportunities that offer a strong strategic fit.

We continue to focus on improving our cost structure and leveraging our productivity tools and initiatives to further improve our cost competitiveness while striving to grow our fleet.

As the decarbonisation rules will drive the gradual transition to green fuels, we are transforming our fuel team into a Sustainable Energy Solutions team to drive further decarbonisation as well as monetisation of our investments.

We will continue to build on our excellent progress in respect to digitalisation and our AI-enabled technologies to further ramp up our fuel and voyage optimisation drive for improved efficiency, cost savings, TCE outperformance and sustainability.

And finally we will continue to reinforce strong performance management, leveraging our integrated platform and strong balance sheet to grow our business, improve customer service, and maximise total shareholder return.

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SLIDE 20 – EXCELLENT PLATFORM FOR DELIVERING SUSTAINABLE SHAREHOLDER VALUE

Our platform is well positioned to deliver sustainable shareholder value.

We operate one of the world's largest modern Handysize and Supramax fleets with 250 vessels, managed by our global commercial platform and supported by a diversified base of more than 600 industrial customers.

Over the years, we have continuously delivered outperformance with the support of our strong platform, disciplined capital management, and sector-leading cost efficiency.

As Jimmy noted earlier, we have expanded our dividend policy effective from 2026. The improved policy will enable us to deliver better shareholder return.

Here I would like to conclude our 2025 Annual Results presentation by thanking our colleagues at sea and ashore for their contributions to our results.

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