Pacific Basin

2026 Interim Results
Presentation Transcript
6 August 2026

Speaker: Martin Fruergaard

SLIDE 1 – INTRODUCTION

Thank you all for your patience and welcome, and thank you for attending Pacific Basin's 2026 Interim Result call. We will start by highlighting the key points in the published presentation followed by Q&A.

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SLIDE 2 - OUTPERFORMING IN STRONGER MARKET CONDITIONS

Dry bulk freight markets strengthened year to date, supported by geopolitical disruption and trade inefficiencies, particularly those arising from the conflict in the Arabian Gulf. We were well positioned to benefit from the improved freight market, enabling us to continue outperforming the market and deliver strong financial results in the first half of 2026.

During the period, we generated an EBITDA of US$197.8 million, underlying profit of US$94.9 million, and net profit of US$105 million. This represented a year-on-year increase of over 300% in net profit, reflecting both stronger market conditions and continued commercial outperformance.

Our balance sheet remained robust. We had a net cash of US$157.2 million. We had available committed liquidity of US$673.6 million and operating cashflow of US$143.5 million.

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SLIDE 3 - DISTRIBUTING 100% OF NET PROFIT, EXCLUDING VESSEL DISPOSAL GAINS

We remain committed to delivering value to shareholders through dividends and share buybacks.

For the six months ended 30 June 2026, the Board declared an interim dividend of 15.5 HK cents per share, amounting to US$102.2 million. This is consistent with our revised dividend policy, which allows us to distribute up to 100% of annual net profit, excluding vessel disposal gains, when the Company is in a net cash position.

In addition, we repurchased approximately 9.5 million shares for US$3.5 million during the first half of 2026 under our share buyback programme of up to US$40 million for the year. As our shares continue to trade below our fair market value NAV, we will continue to evaluate further buyback opportunities.

Including the interim dividend and share buybacks completed year to date, Pacific Basin returned approximately US$106 million to shareholders, equivalent to 103% of our net profit for the period excluding vessel disposal gains.

This reflects our continued commitment to delivering sustainable shareholder returns.

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SLIDE 4 - DISCIPLINED FLEET GROWTH WITH MAXIMUM OPTIONALITY

As of 30 June 2026, we have a total of 254 vessels in operation, comprising 107 owned vessels, 13 long-term chartered and 134 short-term chartered vessels.

In terms of fleet renewal, we reshaped and expanded our newbuilding programme during the period and we now have ten newbuilding vessels in our orderbook, comprising six Handysize and four Ultramax vessels. We also hold the option on two dual-fuel Ultramax newbuildings. Including these two dual-fuel Ultramax vessels, we will have 12 newbuildings in total with expected delivery between 2028 and the first half of 2029.

In addition to newbuildings and after declaring purchase option on two handysize vessels for delivery in 2nd half 2026, we hold purchase options on additional 13 long-term chartered vessels which are declarable between 2026 and 2031.

During the period, we completed the sale of one Supramax vessel and we have committed to sell another with completion in August 2026.

We will continue to look for different ways to renew our fleet. We maintain a disciplined approach to cash, debt and capital allocation, balancing fleet investment, financial strength and returns to shareholders. We take a long-term, counter-cyclical approach in fleet renewal while maintaining flexibility when considering fleet ownership and chartering. This enables us to shift between owned vessels, long-term charters and short-term charters as market conditions evolve and allow us to have the maximum optionality to grow our fleet. Our fleet is a result of many years of disciplined investment, which has created substantial earnings capacity and underlying value.

Given the cyclicality of the industry and high asset values, it is important for us to maintain discipline and flexibility when managing our fleet and the deployment of our capital.

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

Speaker: Jimmy Ng

Thank you, Martin. Good afternoon, ladies and gentlemen. I will share with you the highlights of our business performance in the first half of 2026 and a snapshot of our financial performance for the period.

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SLIDE 6 - PROGRESSIVELY IMPROVING MARKET FREIGHT RATES IN THE FIRST HALF OF 2026

The market saw strong, but also volatile freight rates in the first half of 2026. Geopolitical disruptions continued to be the key driver of the market throughout the period. In particular, the conflict in the Arabian Gulf, the temporary closure of the Strait of Hormuz, the resulting vessel rerouting and fluctuations in bunker prices all contributed to market uncertainty and increased tonne-mile demand.

During the period, market spot rate for Handysize was approximately US$12,200 per day, which is 40% higher year on year, and the rate for Supramax was approximately US$14,180 per day and 62% higher year on year. FFA for the remainder of the year remained strong, suggesting market expectations of favourable freight market conditions to continue.

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SLIDE 7 - IMPROVED PB TCE EARNINGS AND CONTINUED OUTPERFORMANCE

In the first half of 2026, our average daily TCE earnings of US$14,150 for Handysize and US$16,550 for Supramax, representing year on year increases of 29% and 35% respectively.

Our TCEs outperformed the average spot market rates during the first half by US$1,950 per day for Handysize and US$2,370 per day for Supramax. This equates to outperformance of 16% for Handysize and 17% for Supramax. Looking forward, for the third quarter of 2026, we have already covered 78% and 82% of our committed vessel days for our Handysize and Supramax core fleet at US$15,810 and US$18,680 per day, respectively.

Complementing our core business, our operating activity generated a daily average margin of US$1,060 per day over 12,650 operating days in the first half, representing a 49% increase in operating activity margin year on year.

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SLIDE 8 - MAINTAINING OUR COST COMPETITIVENESS

We continued to maintain our cost competitiveness of past years, reflecting disciplined vessel management, effective procurement and continued focus on efficiency.

Looking into the composition of vessel costs on the right, average daily OPEX for both segments was broadly stable at around US$4,790. The increase in depreciation for Supramax vessels was primarily attributable to higher drydocking costs. Average daily finance costs decreased by 15% to around US$110, mainly due to lower average borrowings.

Long-term chartered vessel daily costs for Handysize remained substantially unchanged, while costs for Supramax were 5% higher mainly due to higher long term charter hire cost.

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SLIDE 9 - ROBUST PERFORMANCE IN A STRONGER MARKET

We delivered solid interim results, benefiting from strong execution in an improved freight market. Revenue increased 9% year on year to US$1.1 billion, while TCE earnings rose 20% to US$666 million.

As mentioned earlier, owned vessel costs remained well controlled and broadly in line with the previous year. Chartered vessel costs increased by 10%, mainly due to the stronger freight rates during the period for our short-term chartered-in vessels. Operating performance before overheads increased to US$138 million from US$62 million in the first half of 2025.

With the robust performance, underlying profit increased to US$94.9 million. Profit attributable to shareholders rose to US$105 million, demonstrating the resilience of our business model in the highly-cyclical market.

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SLIDE 10 - FINANCIAL FLEXIBILITY ENABLES OPTIONALITY FOR FUTURE GROWTH

We continued to be disciplined with our capital allocation and our financial position remained robust with net cash of US$157.2 million and available committed liquidity of US$673.6 million as at the end of the period.

As of 30 June, the total net book value of our 107 owned vessels was approximately US$1.6 billion, while the estimated market value based on independent brokers' estimates was US$2.1 billion.

Our strong financial position provides a solid foundation for us to pursue a wide range of growth opportunities while retaining the flexibility to capitalise on attractive market opportunities as they arise.

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SLIDE 11 - STRONG CASH GENERATION ABILITY

Our operating cash inflow for the period was US$143 million, inclusive of all long and short-term charter hire payments. We also realised US$9.5 million from the sale of one Supramax vessel. During the period, with our strong operating cash flow, we prepaid certain loans, resulting in a net cash outflow of US$88.9 million in borrowings.

Capex amounted to US$57.3 million, which included US$19.3 million for one Ultramax vessel that was delivered into our fleet in January 2026, along with US$20.1 million for dry dockings and other additions. In January and April, we paid an initial amount of US$17.9 million out of the total consideration of US$178.8 million for six contracted conventional-fuel Handysize newbuilding vessels. We also paid a total of US$39.5 million for the 2025 final dividends.

Our effective commercial execution and capital management enabled strong cash generation, allowing us to have the liquidity for future opportunities.

With that, I will now hand you back to Martin for the updates on the market and our strategy.

Speaker: Martin Fruergaard

Thank you, Jimmy. Please turn to slide 13

SLIDE 13 – GEOPOLITICAL DISRUPTION TIGHTENED MARKET CONDITIONS

Minor bulk demand remained resilient, as ongoing disruptions and inefficiencies in the market led to longer voyage distances.

Although minor bulk volumes declined by 6% during the first half, vessel rerouting due to geopolitical conflicts and tensions offset some of the decrease, limiting the decline in tonne-mile demand to just 1%.

Growth in bauxite was strong as expanding output from Guinea benefited from newly developed transport infrastructure originally built to support planned iron ore projects that have yet to reach full production.

Grain volumes increased as a result of favourable harvests in most major exporting regions. Iron ore was supported by Chinese imports and stockpiling and Brazilian and Australian mining majors recovered strongly from the weather-related disruptions last year. Coal tonne-mile demand was up given the closure of the Strait of Hormuz constraining LNG deliveries to Asia and a spike in natural gas prices.

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SLIDE 14 – MODERATING FLEET GROWTH

The global dry bulk net fleet growth is forecast to increase to 3.9% while the combined global fleet of Handysize and Supramax vessels is forecast to grow by 4.2% in 2026.

The total dry bulk orderbook currently stands at 14% of the existing fleet, while the combined Handysize and Supramax orderbook is at 12% of existing fleet; both remain moderate by historical standards and are significantly lower than orderbook levels in the tanker and containership sectors.

Recycling remains historically low since 2021, leaving a large pool of potential scrapping candidates, with approximately 14% of Handysize and Supramax fleet capacity now over 20 years old.

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SLIDE 15 - UPDATES ON ARABIAN GULF CONFLICT

Turning to the situation in the Middle East, the conflict has continued to create volatility in both the commodity and shipping markets. Following a brief reopening, the Strait of Hormuz was closed again, with around 1% of the sub-Capesize fleet remaining trapped within the Arabian Gulf.

Bunker prices, which rose sharply at the onset of the conflict, have come back down but continue to be volatile.

The conflict also led to a spike in both natural gas and coal prices. While the increase in coal demand in Europe was short-lived, we continue to see a widening premium of gas over coal in Asia, prompting some power utilities to increase coal purchases and providing support for coal trade.

For Pacific Basin, we currently do not have any vessels trapped in the Arabian Gulf, and the impact on our operations has been manageable.

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SLIDE 16 – LOOKING AHEAD

Looking ahead, although geopolitical disruptions will remain a key influence on the industry, we maintain a positive outlook for the dry bulk market.

IMF forecasts global GDP to grow by 3.0% and China by 4.6% in 2026, reflecting resilient global economic activity.

In terms of market dynamics, although supply growth is outpacing demand growth, freight markets continue to be supported by disruption-related inefficiencies, including higher bunker prices, fuel supply constraints, longer voyage distances, adverse weather and congestion.

Overall, we expect dry bulk market conditions to remain resilient. At the same time, we remain mindful of key uncertainties, including geopolitical developments, the pace of fleet deliveries and weather-related disruptions.

Against this backdrop, our strategic priorities reflect our agility in operations and commitment to shareholder returns. We will continue to grow and renew our fleet in a disciplined, counter-cyclical manner, advance our fuel transition strategy, leverage digital and AI capabilities to enhance commercial and operational performance, strengthen our cost competitiveness, and strive to enhance our performance and shareholder returns.

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SLIDE 17 - HOW WE OUTPERFORM AND CREATE VALUE

Our consistent outperformance is underpinned by the integrated platform we have built over many years.

Our global network, longstanding customer relationships and deep market knowledge enable us to secure better employment opportunities for our fleet and respond effectively to constantly evolving market conditions.

Our extensive in-house capabilities, deep fleet management expertise and relentless focus on efficiency and safety enable us to deliver reliable transportation services to customers worldwide while maintaining a competitive cost base.

Disciplined capital management is another important pillar of our resilience. We take a long-term, counter-cyclical approach to investing in, renewing and growing our fleet. By maintaining financial flexibility and strategic optionality, we can adapt to and manage changing market conditions.

Together, these strengths form the foundation of our outperformance, enabling us to consistently outperform freight markets, generate attractive and sustainable returns through the cycle, and create long-term value for our shareholders.

With that, I conclude our 2026 Interim Results presentation and hand the call back to the operator for the Q&A session.

Closing Remarks:

Overall, earnings have improved progressively during 2026, and we are well positioned to maximise earnings in the anticipated positive freight environment for the remainder of the year. As we navigate market volatility arising from existing and potential new disruptions, we will remain focused on enhancing our operational excellence, maintaining a disciplined capital allocation and preserving maximum optionality in our growth ambitions. Ultimately, with the aim to deliver sustainable returns to our shareholders.

Thank you again for joining the call today. If you have any further questions, please feel free to contact us. Thank you very much.