



Pacific Basin

2018 Analyst Day

31 May 2018

Dalian





Agenda

Time	Topics	Speaker
8.30am-9.00am	Introduction	Mats Berglund
9.00am-10.00am	Beating the Market	Surinder Brrar
10.00am-10.15am	Break	
10.15am-11.15am	Steaming Towards Better Markets	Morten Ingebrigtsen
11.15am-12.15pm	Ship Management of PB Owned Fleet	Jay Pillai
12.15pm-1.00pm	Forecasting Our Business (Served with lunch)	Peter Schulz
1.00pm-2.00pm	Transfer to COSCO Dalian Shipyard	
2.00pm-5.00pm	PB Ship visit (MV Longview Logger) and shipyard visit	Small group tours lead by Jay Pillai and his technical team
5.00pm-6.00pm	Return to Dalian City	
6.00pm-8.00pm	Dinner	

An aerial photograph of a large industrial lumber yard. The yard is filled with numerous neat stacks of cut lumber, organized into rows. A large red and blue cargo ship is docked at a pier on the right side of the yard. In the background, a coastal town is visible on a hillside overlooking a bay. The surrounding area is lush with green trees and vegetation.

Introduction

- Mats Berglund, CEO

Our Business Model Continues to Outperform

Our business model has been refined over many years. We are able to generate a TCE earnings premium over market rates because of our high laden percentage (minimum ballast legs), which is made possible by a combination of:

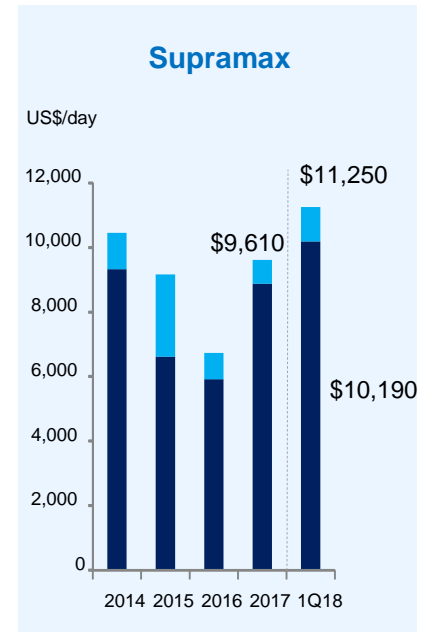
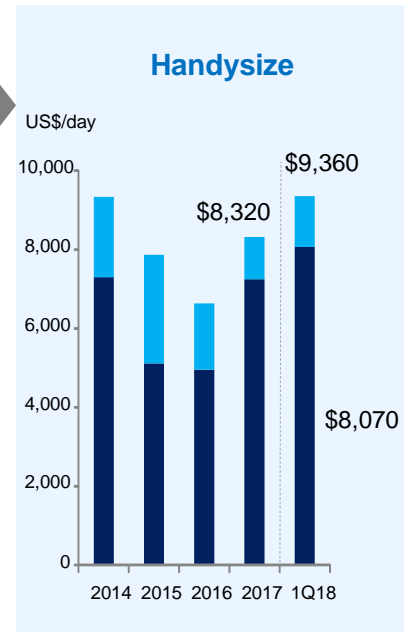
- Our fleet scale
- High-quality interchangeable ships
- Experienced staff
- Global office network
- Our cargo contracts, relationships and direct interaction with end users
- Our fleet has a high proportion of owned vessels facilitating greater control and minimising trading constraints
- Our segment's versatile ships and diverse trades



Our TCE Outperformance Compared to Market in Last 5 Years

US\$1,850
Daily Handysize
Premium

US\$1,290
Daily Supramax
Premium

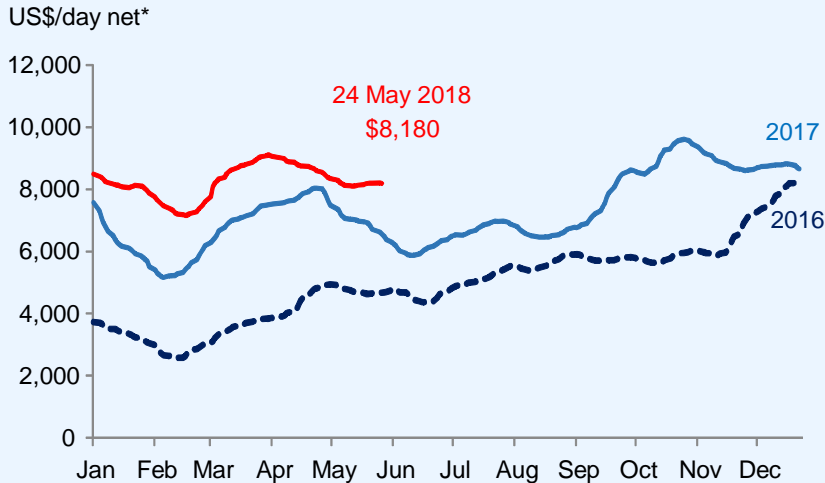


■ Baltic Indices ■ PB Premium

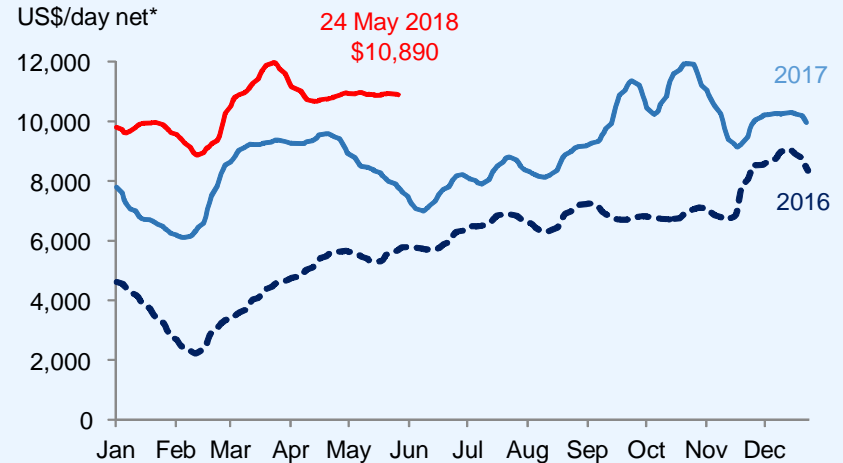


Freight Market Recovery Continues

Handysize Market Spot Rates in 2016-2018



Supramax Market Spot Rates in 2016-2018



- YTD 2018 freight indices have followed a similar seasonal pattern as last year at improved levels
- Agri-bulk volumes out of the US in Q1 failed to reach the high levels of last year and although Brazilian agri exports were higher this was not sufficient to create the Atlantic rally typically seen during April. Pacific earnings benefited from the usual post-Chinese New Year rally before starting its seasonal retreat from late March
- Apart from North and South American agricultural exports, demand was influenced by strong growth for Chinese coal imports in Q1. Also minor bulk trades were well supported with Chinese imports in Q1 17% increased YOY. This includes logs imports to China which in 1Q were 13% stronger than the year before. Chinese exports of steel, fertiliser and cement were reduced and this drives more ballasting out of China which reduces fleet efficiency and thereby helps to support earnings
- Reduced newbuilding deliveries in 2018 have also been a contributing factor for the improved earnings, especially in the Pacific where the yards are based

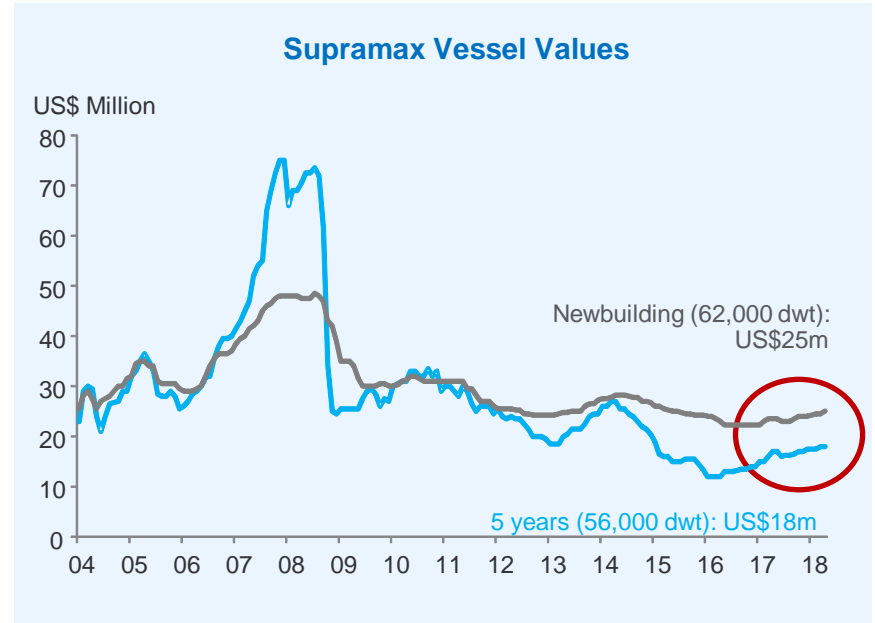
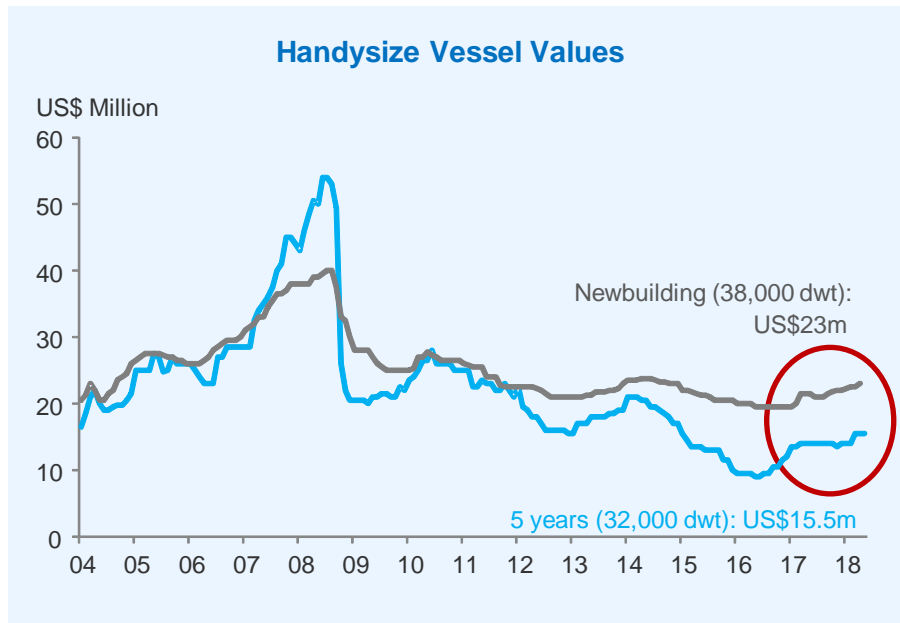
* excludes 5% commission

BSI is now based on a standard 58,000 dwt bulk carrier

Source: Baltic Exchange, data as at 24 May 2018

2018 Analyst Day

Improved Outlook Supports Vessel Values



- Improved freight market conditions supported both newbuilding and secondhand vessel values
- However, gap between newbuilding and secondhand prices continues to discourage new ship ordering
- We still see upside in secondhand values

PB Acquires 4 Ships with 50% Equity Funding

Acquisition of four attractive modern ships:

	Supramax built 2010	Supramax Resale newbuild	Handysize built 2015	Handysize Resale newbuild	Total
Shipbuilder	Tsuneishi	Tsuneishi	Imabari	Imabari	
Dwt	58,000	64,000	37,000	37,000	
Total consideration US\$m	15.5	28.0	20.5	24.5	88.5
Expected Delivery	1Q19	Mid-18	4Q18	4Q18	

Consideration comprises:	(a) New PB shares to ships' sellers	US\$44.29m
	(b) Existing cash	US\$44.21m
		US\$88.5m

The new shares are to be issued under the Company's General Mandate, and will in aggregate represent approx. 3.68% of PB's enlarged issued share capital after the allotment and issue of all these new shares

Issue price of HK\$2.036 per share is equal to the average closing price for the last five trading days immediately prior to the date of the ship acquisition contracts

The acquisitions and share issue were conditional upon HKSE approval of the listing of the new shares

The ship sellers' new shares are locked up for 90 days after delivery of the respective vessels



Reasons for the Transaction


- To grow and renew our fleet with modern, efficient ships of the best design for our trades at still historically low prices
- To increase further the proportion of our owned vs. chartered-in vessels (especially Supramax) at what we consider to be an attractive time
- To enhance our operating cash flow while strengthening our balance sheet. The transactions lower our P&L breakeven levels and are accretive to our EPS
- One of the acquisitions is currently under a long-term time charter to PB which will be terminated upon the ship's delivery into our ownership. The transaction will replace our charter cost with significantly lower operating costs, thus benefitting our operating cash flow

This opportunity is made possible because reputable Japanese shipowners believe in the longer term prospects for PB and its ability to create shareholder value

Unrelated to this transaction, PB acquired a 2009 Japanese-built 32,000 dwt Handysize log/bulk carrier in April in an all-cash deal with expected delivery in June 2018. Following the delivery of all these 4+1 vessels, our owned fleet will grow to 111 ships



New Regulations

New Regulations	Content	Impact on the Industry	PB actions
IMO Ballast Water Treatment - Installation required at first dry-docking after 8 Sep 2019	<ul style="list-style-type: none"> International Maritime Organization (IMO) requires ballast water treatment equipment (BWTS) to be fitted on all ships US Coast Guard requires all ships sailing to US to use approved BWTS 	<ul style="list-style-type: none"> Increased capex for existing shipowners Increased potential scrapping 	<ul style="list-style-type: none"> System selected, pending US Coast Guard approval Installation in 2018-2023 for our owned vessels
Low Sulphur Emissions Cap - 1 Jan 2020 	<ul style="list-style-type: none"> IMO has set a global 0.5% sulphur limit for marine fuel oil, effective 2020 (in addition to existing 0.1% sulphur limit in Emission Control Areas) Exception: Shipowners can use higher sulphur fuel if they fit scrubbers (costing several million US\$) to clean exhaust gas 	<ul style="list-style-type: none"> Low sulphur fuel is more expensive <ul style="list-style-type: none"> Increased demand for low sulphur fuel Decreased demand for heavy fuel oil More slow-steaming contributes to better supply-demand balance Increased capex (if installing scrubbers) Uncertainty of ship design should hold back newbuild ordering Increased potential scrapping <p>Low uptake of scrubbers expected by 2020</p>	<ul style="list-style-type: none"> We do NOT think sulphur scrubbers are an effective solution, neither technically nor environmentally Much prefer a mandate to use low sulphur fuel which would support a level playing field, lower speeds and lower emissions (incl. CO₂)

We believe the new regulations will penalise poor performers and older ships while benefitting stronger companies with high quality ships that are better positioned to adapt and cope practically and financially with compliance

We Like Low Risk / High Return Vessels

The beauty of age (if well kept and operated within PB's cargo system....)

US\$	New 37 dwt	5 yr 32 dwt	10 yr 32 dwt	15 yr 28 dwt	TC In
TCE	10,600	10,000	10,000	9,100	10,600
Opex / TC in rate	3,600	4,000	4,100	4,200	10,500
Drydocking	500	600	650	700	-
G&A	850	850	850	850	450
Depreciation (to scrap value)	2,466	1,781	1,553	1,096	-
Result before interest/day	3,184	2,769	2,847	2,254	(350)
Result before interest/year	1,146,329	996,904	1,025,096	811,479	(126,000)
Market Value	25,000,000	15,500,000	11,000,000	6,500,000	-
Return on total capital	4.6%	6.4%	9.3%	12.5%	Neg
EBITDA break even/ day	4,950	5,450	5,600	5,750	10,950
P&L break even/ day	7,416	7,231	7,153	6,846	10,950

Plus much less residual value risk & technology risk on the older ships

Vessel Speed Optimisation Example

- Higher fuel oil prices allow freight rates to increase without increasing speed and hence supply

Optimal MCR / Speed Matrix on Typical Handysize Ship
(Japanese-built 32,000 dwt, all weather)

		TCE US\$/day																	
US\$		1,000	2,000	3,000	4,000	5,000	6,000	7,000	8,000	9,000	10,000	11,000	12,000	13,000	14,000	15,000	16,000	17,000	18,000
Bunker Cost / mt	100		50%																
	150		34%	50%	69%														
	200			38%	50%	65%													
	250			31%	40%	50%	62%	69%											
	300				34%	42%	50%	60%	69%	69%									
	350				36%	43%	50%	58%	58%	67%	69%								
	400				32%	38%	44%	50%	50%	57%	65%	69%							
	450					34%	39%	44%	44%	50%	56%	62%	68%	69%					
	500					31%	35%	40%	40%	45%	50%	56%	62%	68%	69%				
	550						32%	36%	36%	41%	45%	50%	55%	61%	66%	69%			
600						30%	34%	34%	38%	42%	46%	50%	55%	60%	65%	69%	69%		

Full Practical Speed about 85% MCR
(around 13.2 knots)

Minimum Practical
about 30% MCR
(around 9.2 knots)

- 30% MCR = 9.2knots
- 50% MCR = 11knots
- 70% MCR = 12knots
- 85% MCR = 13.2knots



Pacific Basin

Well Positioned for a Recovering Market

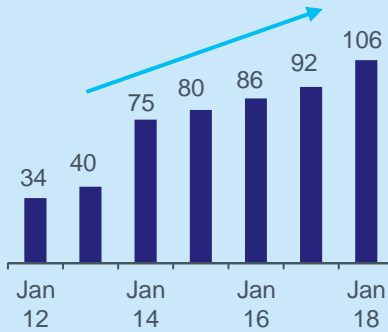
Our TCE Outperforms Market

Average PB premium over market indices in last 5 years¹:

US\$1,850/day
Handysize TCE

US\$1,290/day
Supramax TCE

More Owned Vessels with Fixed Costs



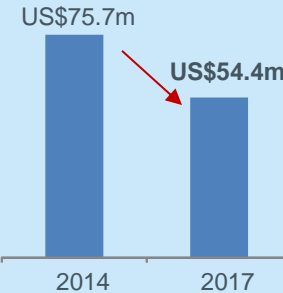
Owned Vessel Breakeven
Incl. G&A overheads

US\$8,300/day
Handysize²

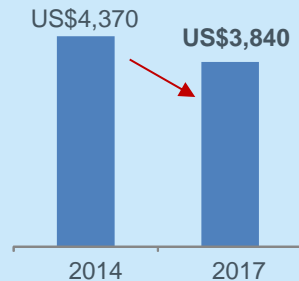
US\$9,100/day
Supramax³

Efficient Cost Structure

Annual Group
G&A Overheads



Daily Vessel
Operating Expenses
(Combined Handysize and Supramax)



Sensitivity toward Market Rates⁴

Market Rate
+/-
US\$1,000
daily TCE



Impact on our
Underlying Results
+/-
US\$
35-40m

¹ PB Premium as at 6 Apr 2018

² 2017 PB owned Handysize \$7,480/day + G&A overheads \$840/day ≈ US\$8,300/day

³ 2017 PB owned Supramax \$8,210/day + G&A overheads \$840/day ≈ US\$9,100/day

⁴ Based on current fleet and commitments

An aerial photograph of a large cargo ship, primarily blue and red, docked at a long pier. The ship has a prominent green helipad on its deck. The pier is a long, narrow structure extending from the shore into the clear blue water. The background shows a sandy beach and some industrial structures on the land.


Beating the Market
- Surinder Brrar, Chartering Director



Our Vision

“To be a leading ship owner/operator in dry bulk shipping, and the first choice partner for customers and other stakeholders.”

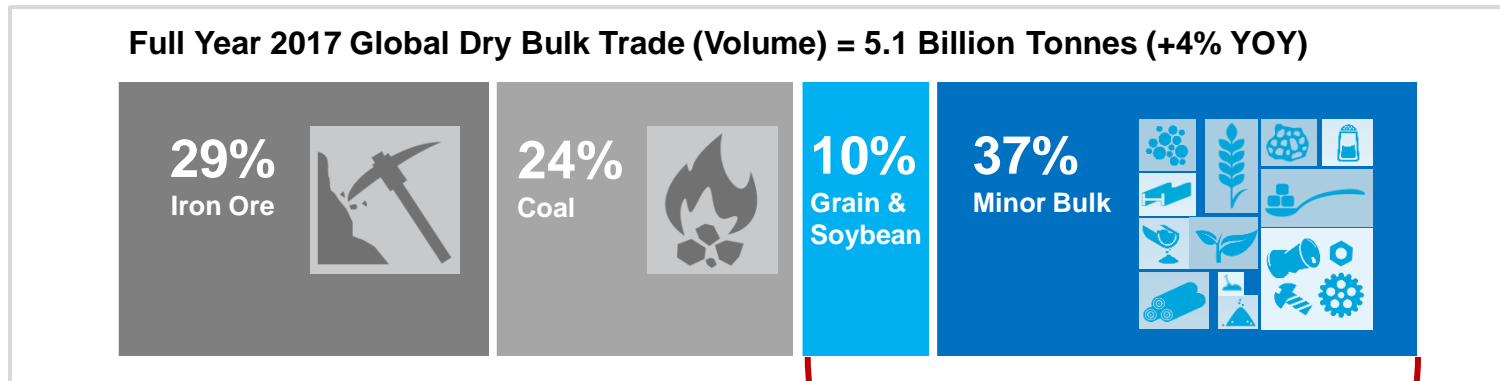
www.pacificbasin.com

Pacific Basin business principles and our Corporate Video 

Beating the market: Overview

- Total global dry bulk trade volumes of 5.1B mt per annum
 - What choices have we made in the cargo segments and why?
- Total global dry bulk fleet of 11,200 ships
 - What choices have we made in the vessel sizes and why?
- Our people and network of offices
 - What choices have we made in our people and global office network and why?
- Our trading patterns
 - What choices have we made about trading patterns and why?
- Shipping cycle management
 - What choices are there to better manage our business through the market cycles?
- Pacific Basin is a cargo-focused ship owner/operator
- We have a global network of commercial executives focused on servicing our customers' transportation needs through long-term Contracts of Affreightment (ca. 20% of our business) and on a spot basis

Dry Bulk Trade Volumes



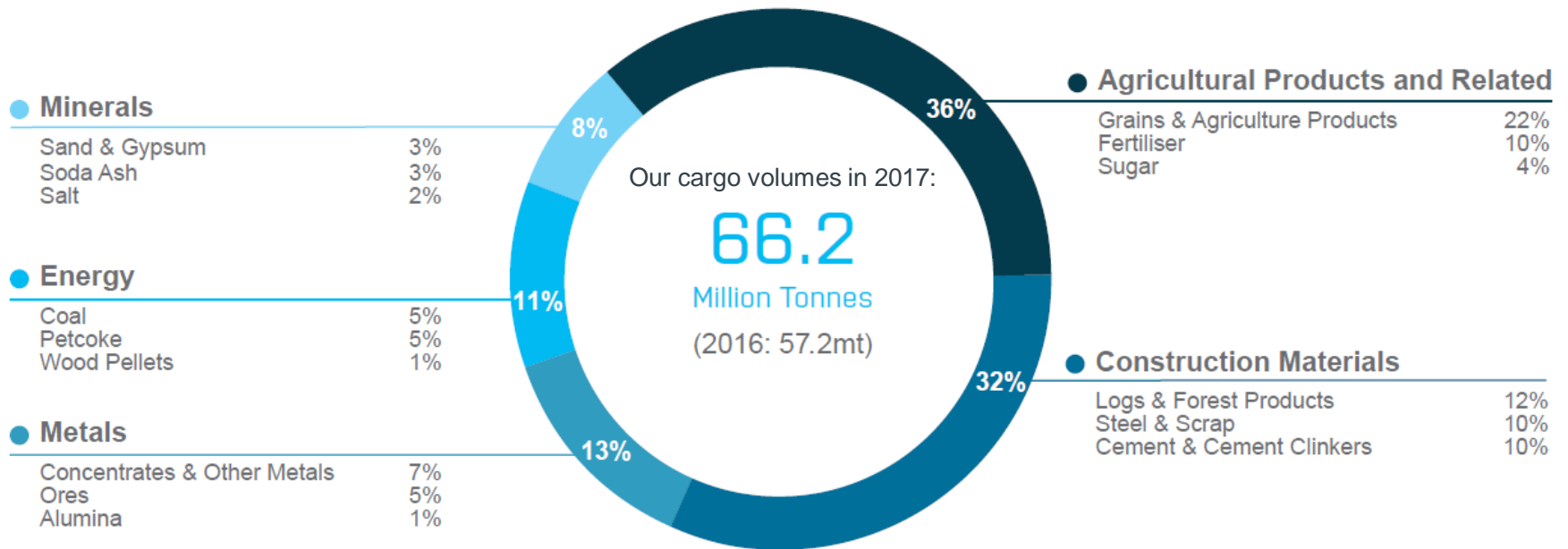
- ✓ Minor Bulks & Grain is 47% of total Dry Bulk demand
- ✓ Pacific Basin focuses on these growing markets

Why we choose this segment

- More diverse customer, cargo and geographical exposure enables high utilisation
- Lower volatility in overall demand is key to developing better cargo systems
- A segment where global scale and local operational expertise make a difference
- Opportunity for better daily TCE earnings than the market average by achieving high laden-to-ballast ratio
- Sound long-term demand expectations and more modest fleet growth

Diverse Cargoes & Customers

- Diverse range of commodities reduces product risk
- Diverse customers reduces counterparty risk



approx. **500**
customers





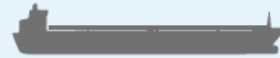
Minor Bulk Ships: our strategic focus

The Dry Bulk Sector



Bulk Carriers for dry bulk commodities

Other Mainstream Shipping Sectors



Tankers for oil, gas & chemicals



Containerships for containerised goods

Bulk Carrier Ship Types		Percentage of Global Dry Bulk Capacity	Versatility	Main Commodities Carried
Minor Bulks with cranes	Handysize 25,000-41,999 dwt	10%	More Versatile	Minor Bulks <ul style="list-style-type: none"> Ores & Concentrates Alumina Bauxite Coal/Coke Petcoke Salt Sand & Gypsum Grains Fertiliser Sugar Logs/Forest Goods Cement & Clinker Steel Scrap
	Supramax (formerly Handymax) 42,000-64,999 dwt	24%		
Major Bulks without cranes	Panamax & Post-Panamax 65,000-119,999 dwt	27%	Less Versatile	
	Capesize & larger 120,000+ dwt	39%		



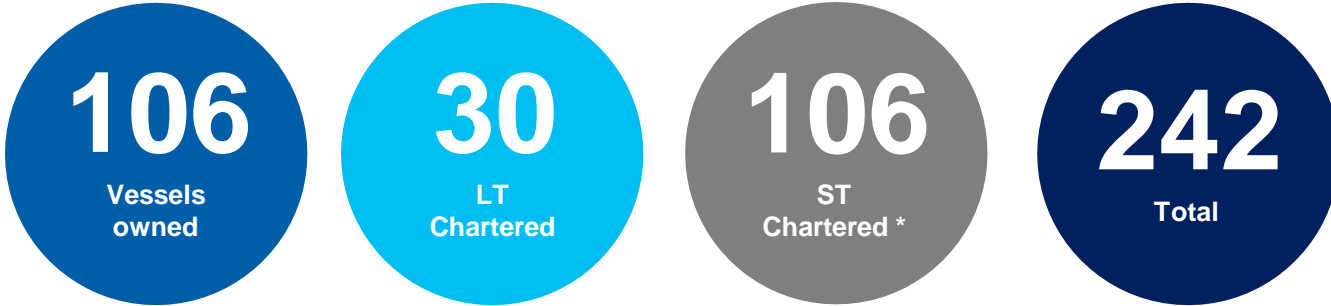
Our Focus

Few ports, few customers, few cargo types, low scope for triangulation

Many ports, many customers, many cargo types, high scope for triangulation

Fleet List – 31 Mar 2018

www.pacificbasin.com
Our Fleet 



	Handysize	Supramax	Post-Panamax	Total
80	21	45		146
25	8	61		94
1	1	0		2

* Average number of vessels operated in Mar 2018
Average age of core fleet: 8.2 years old



Pacific Basin

Our Worldwide Network

Our Worldwide Network and Trading Areas



- Strong local relationships with customers
- Experienced commercial and operations staff around the world
- Being local facilitates clear understanding of and response to customers' needs and first-rate personalised service
- Better access to cargoes, better direct relationships, quicker and better view of customer demand

Our People

Close to our customers

12 local dry bulk offices

24/7 support



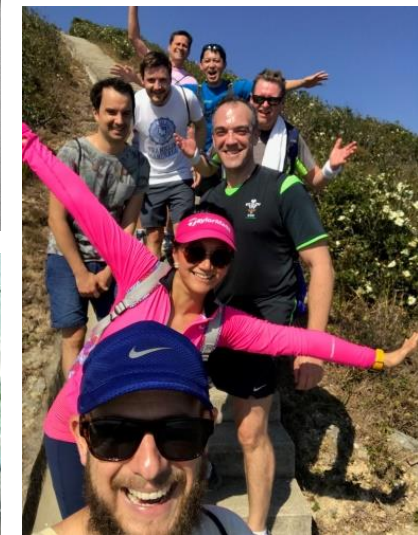
With you for the long haul



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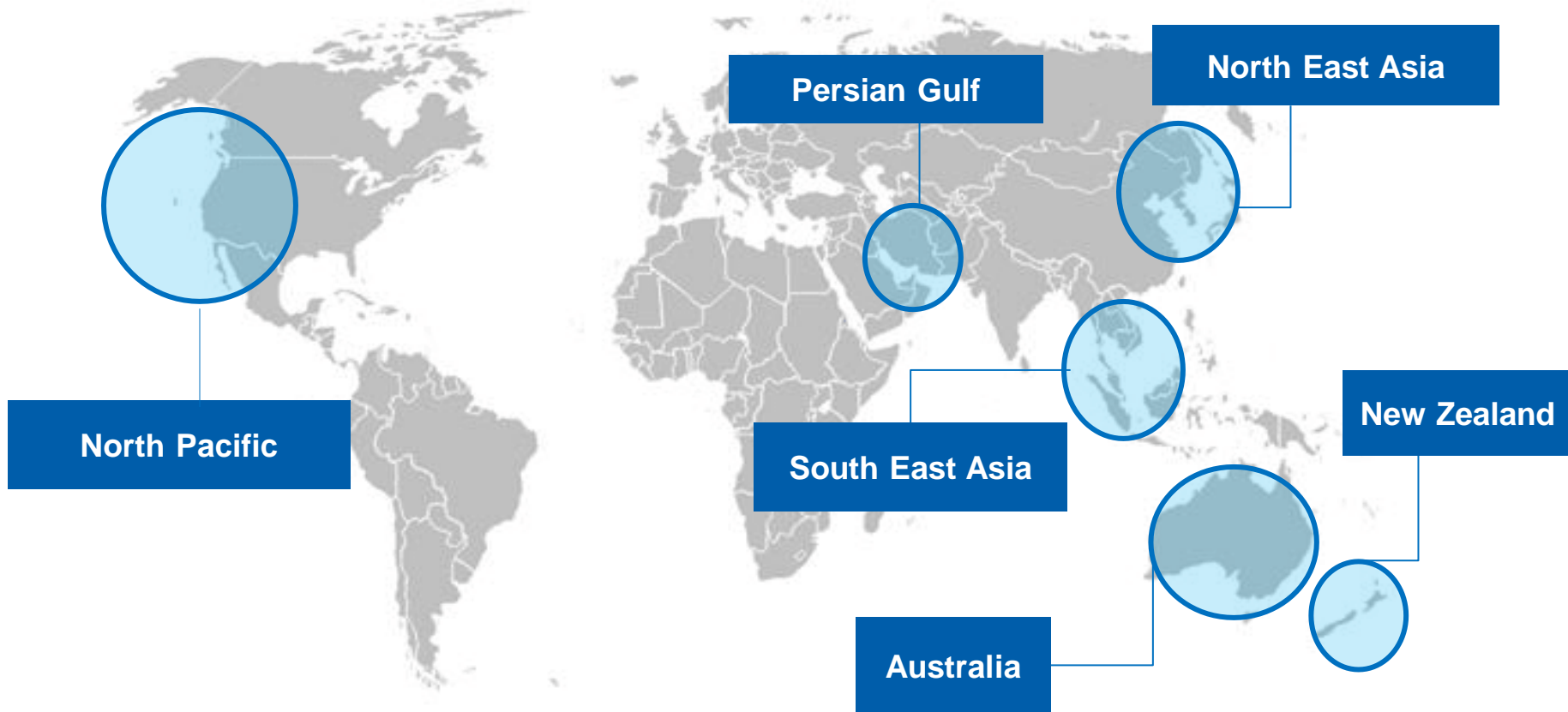
Our People

- Diverse backgrounds - 28 nationalities
- Well established trainee program since 2008
- Staff given global exposure
- Emphasis on shipping as a career, not just a job
- Preference for internal promotions and succession
- Lateral hires at mid-management level bringing fresh knowledge, new ideas
- Passion for our business and our brand

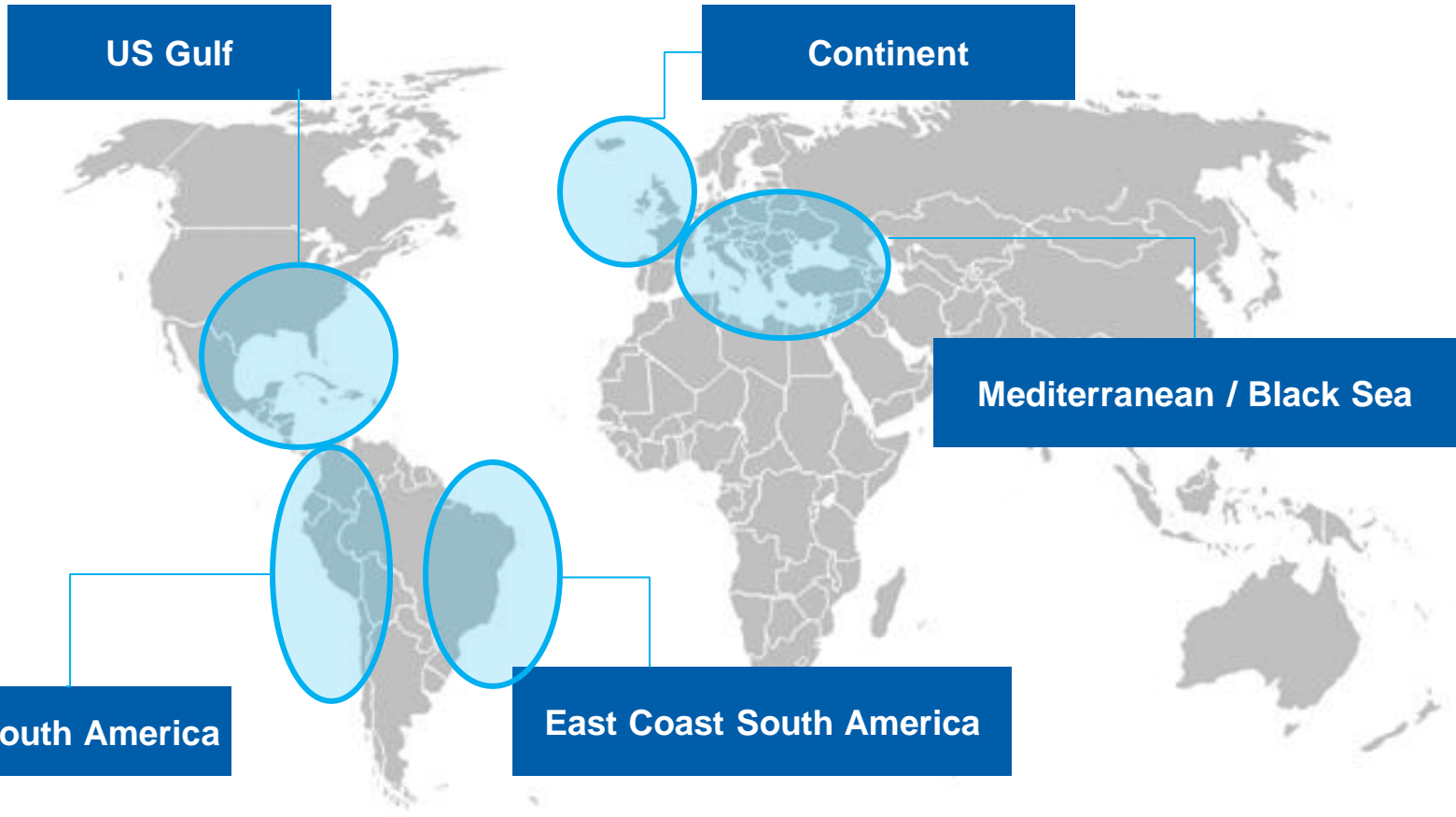


Key Trading Areas – Pacific

- Diverse trades reduce impact of geopolitical & trade pattern changes



Key Trading Areas – Atlantic



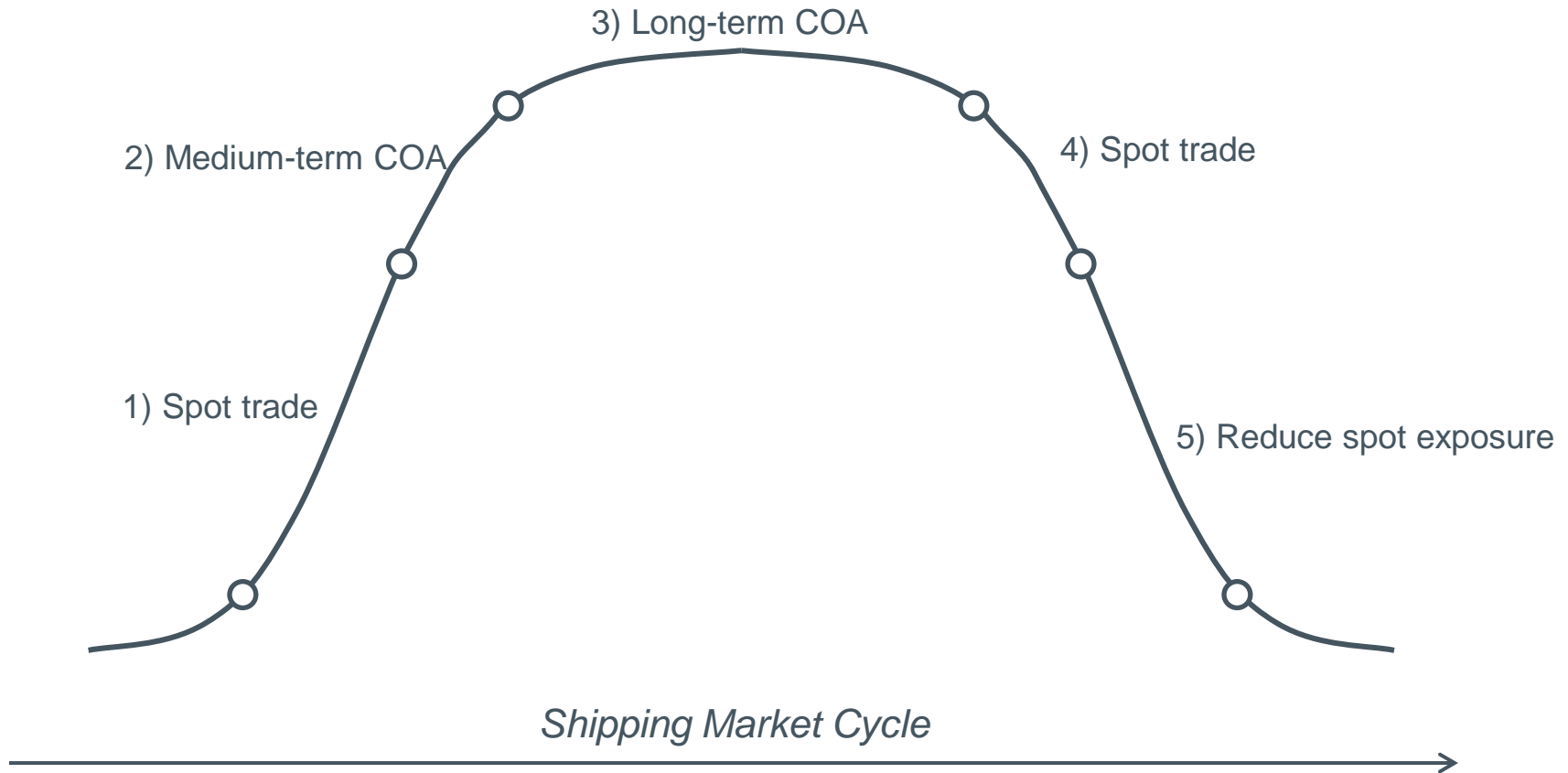
Optimising Cargo Systems

Our Worldwide Network and Trading Areas



- A normal cargo system comprises 1 empty ballast leg + 1 laden fronthaul leg
- **By combining backhaul and fronthaul cargoes, we achieve higher utilisation and outperform the market (Baltic Exchange indices)**
- Operating activity also contributes to our outperformance

Shipping Cycle Management



- **General chartering strategy changes with the cycle**
- **Getting it right requires anticipation, flexibility and action**



Strategic Model

Pacific Basin

MARKET-LEADING CUSTOMER FOCUS & SERVICE

Priority to build and sustain long-term customer relationships

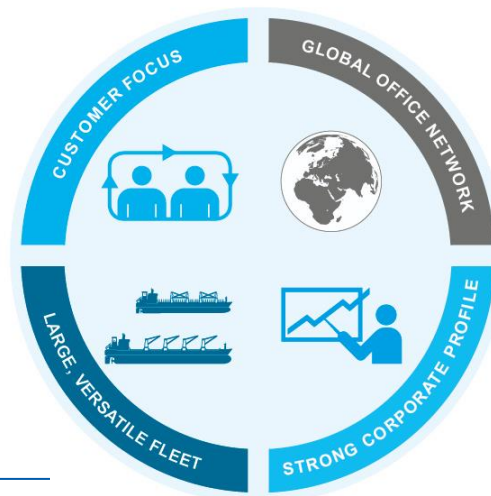
Solution-driven approach ensures accessibility, responsiveness and flexibility towards customers

Close partnership with customers generates enhanced access to spot cargoes and long-term cargo contract opportunities of mutual benefit

LARGE FLEET & MODERN VERSATILE SHIPS

Fleet scale and interchangeable high-quality ships facilitate service flexibility for customers, optimised scheduling and maximised vessel and fleet utilisation

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



COMPREHENSIVE GLOBAL OFFICE NETWORK

Integrated international service enhanced by experienced commercial and technical staff 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

STRONG CORPORATE & FINANCIAL PROFILE

Striving for best-in-class internal and external reporting, transparency and corporate stewardship

Strong cash position and track record set us apart as a preferred counterparty

Hong Kong listing, scale and balance sheet facilitate good access to capital

Responsible observance of stakeholder interests and our commitment to good corporate governance and CSR

Business Foundation

Our People



Close to you



12 local dry bulk offices



24/7 support

Our Record



Trusted and transparent



Strong public balance sheet and track record



Award winning CSR policy and environmental focus

Our Fleet



Managed In-house and Highly Versatile

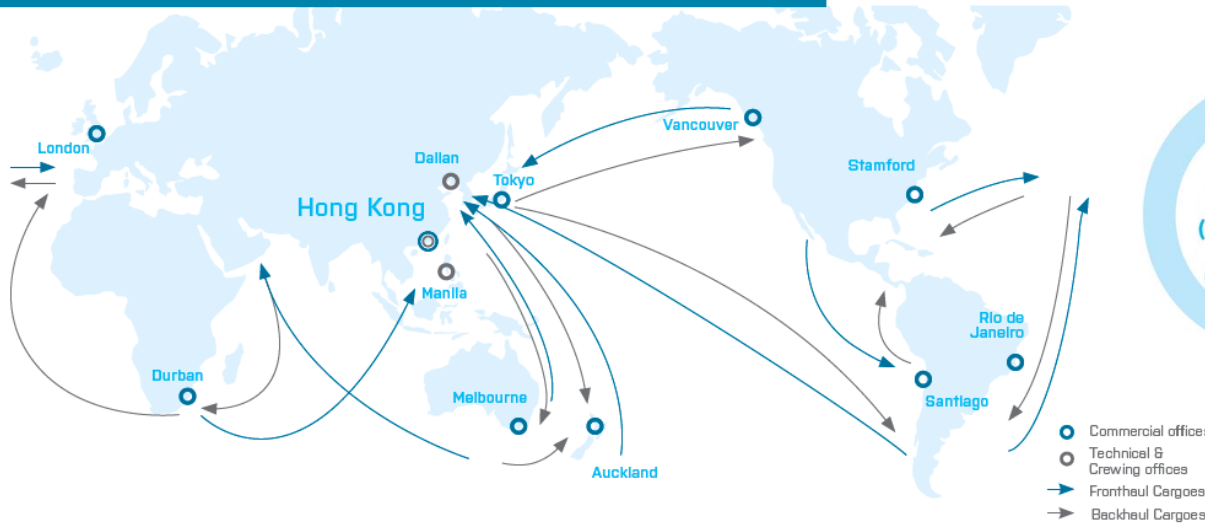


Modern quality ships with the best-in-class design

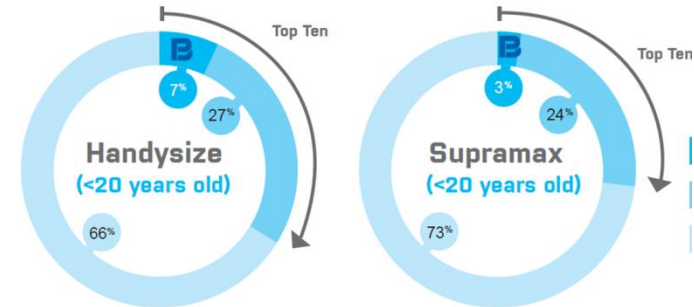


Low breakeven cost and fuel efficient

Our Worldwide Network and Trading Areas



Our Market Shares



We operate approx. 7% of global 25-42,000 dwt Handysize ships of less than 20 years old; and approx 3% of global 50-65,000 dwt Supramax of less than 20 years old

Q&A Session





Steaming towards better markets
- Morten Ingebrigtsen, Director, Asset Management



Reduced yard deliveries ahead

→ GOOD

Scrapping already very low
with limited downside

→ GOOD

World cargo prospects
are positive → GOOD

A regulatory curve ball is
helpful to limit appetite
for newbuildings

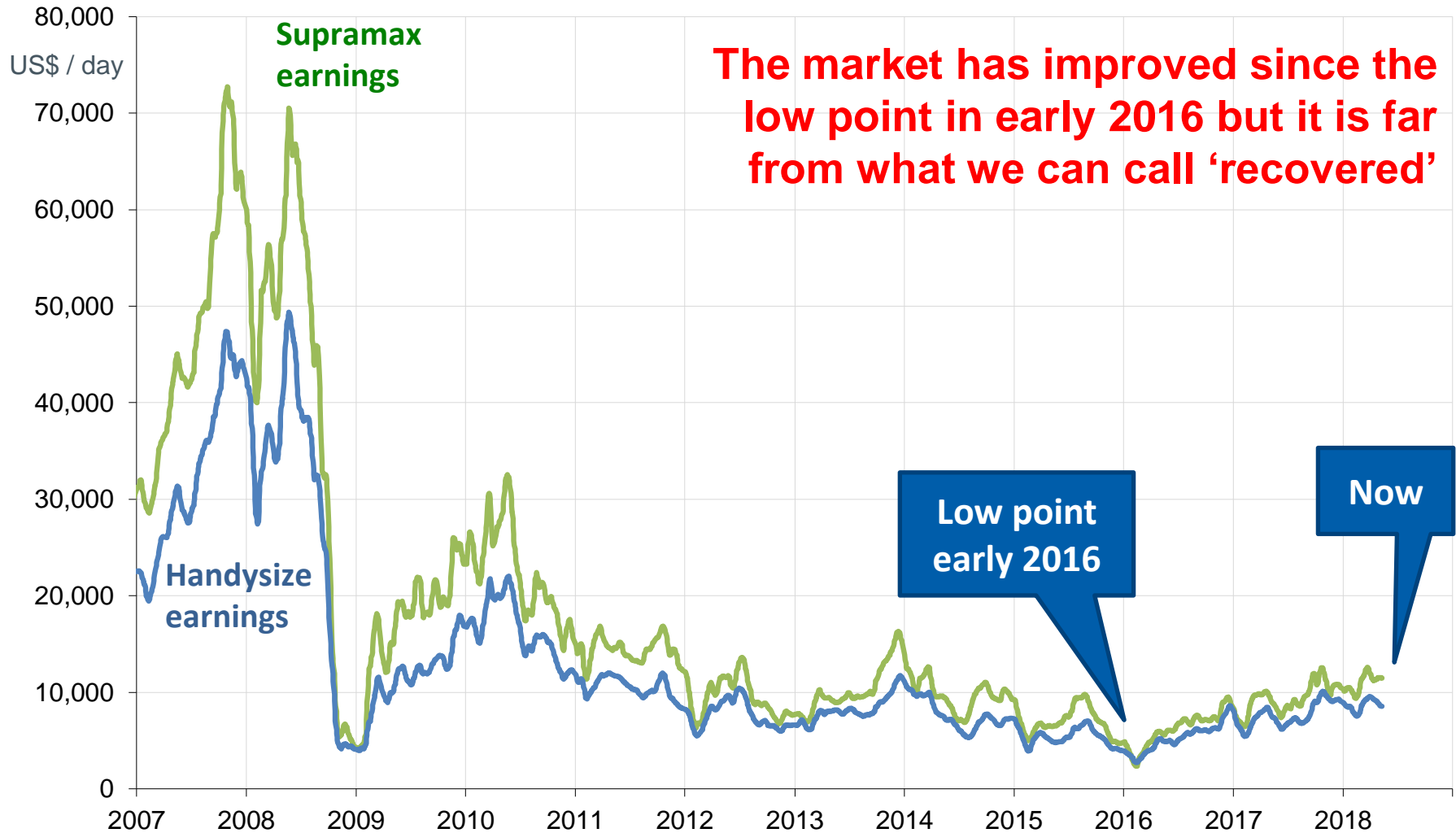
→ INTERESTING

With you for the long haul



Freight Market Earnings - Update

Pacific Basin





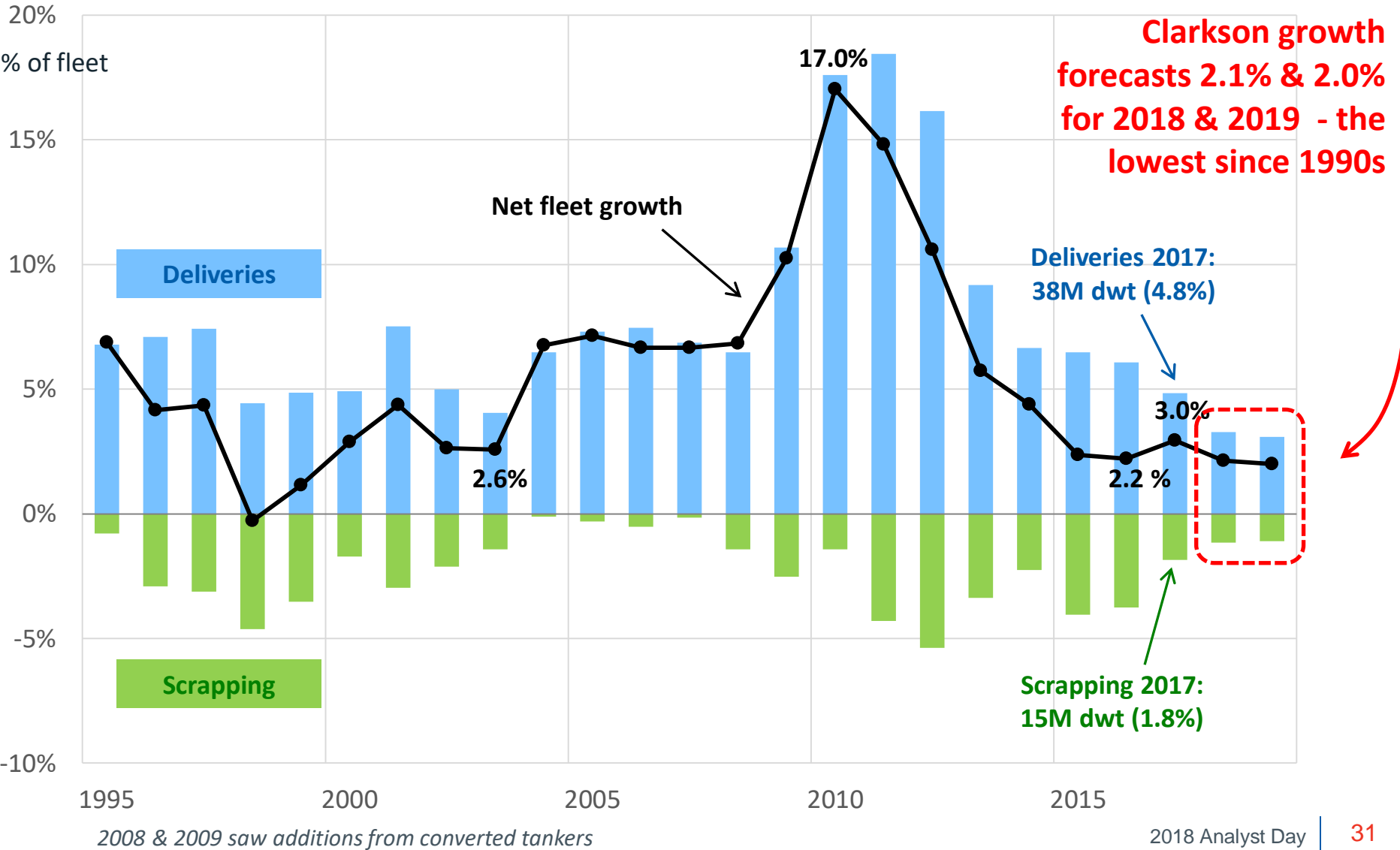
What can we say about the Supply Side?

- **Yard deliveries** are reducing and we expect net fleet growth to slow from +3.0% last year to +2.1% this year and to 2.0% in 2019 – the lowest since the 1990s. Net fleet growth for 2020 and beyond is too much of an open book to forecast
- **Scrapping** would normally reduce as earnings increase but BWTS and the Global Sulphur Cap from 2020 will have a positive impact on scrapping in the years ahead
- **Average speeds are currently in between practical high and low** and has the potential to increase supply with 5-10%. But supply can also shrink if the fuel price continues to go up (price of low sulphur fuel is higher)
- **Newbuilding contracting** has picked in 2H 2017 but mainly for capesize+ and panamax vessels with Supramax and Handysize remaining well below long term replacement level. Future ordering is capped by uncertainty on the design side








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Long Term View on Net Fleet Growth Gives Us Reason to be Positive



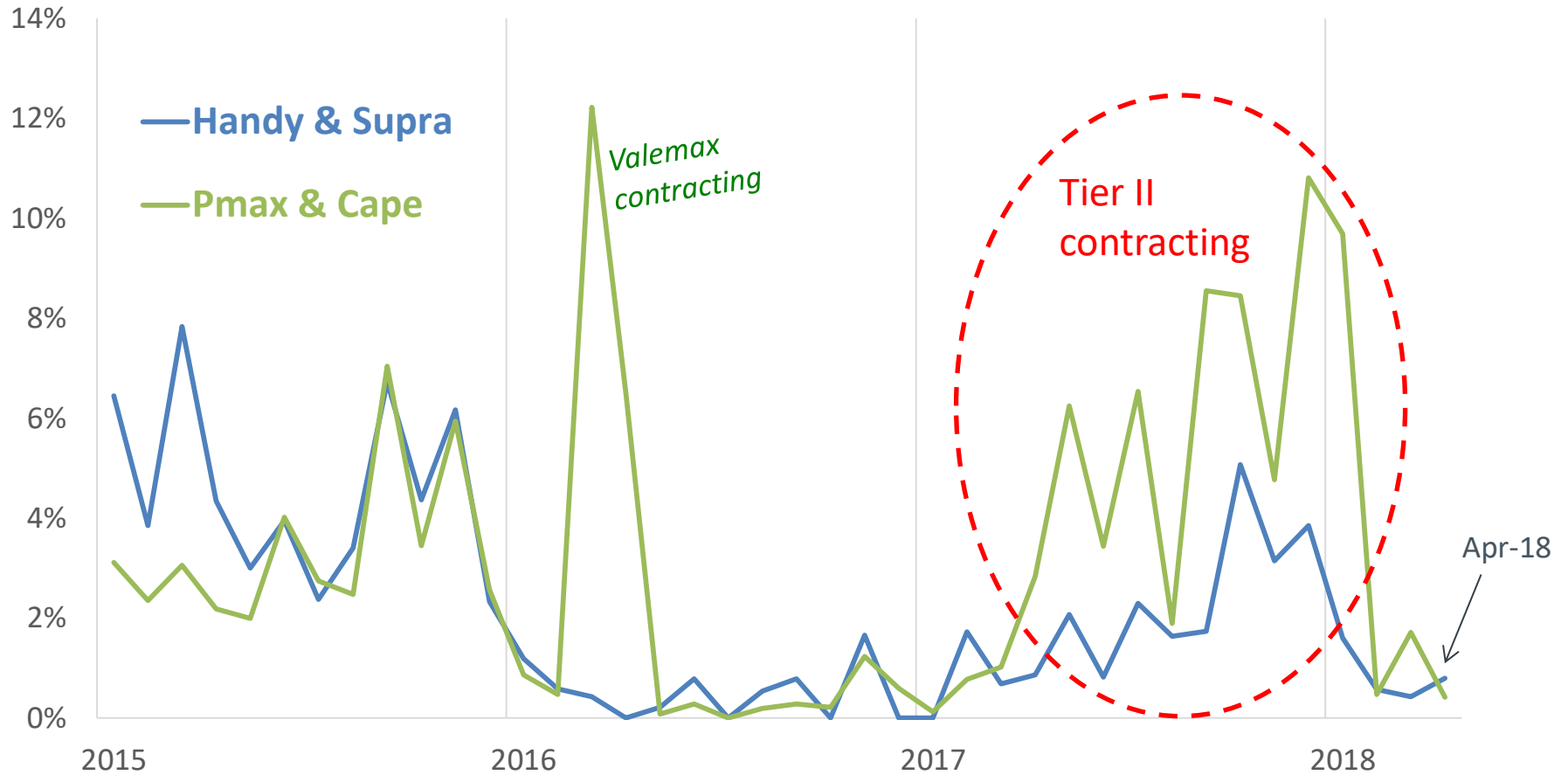
Clarkson's Fleet Forecast by Sector Shows Reduced Growth for Sub-cape Vessel Types

		Year-on-Year net fleet growth				
		All BC	Cape	Pmax	Smax	Handy
2017	Actual	3.0%	2.8%	2.7%	4.0%	1.9%
						
		Lower	Same	Lower	Lower	Lower
2018	F'cast	2.1%	2.8%	1.6%	1.7%	1.8%
2019	F'cast	2.0%	2.8%	1.7%	1.3%	1.4%

Based on Clarkson's fleet forecast April 2018

Contracting Picked Up in 2017 from Near Zero as Market Sentiment Improved

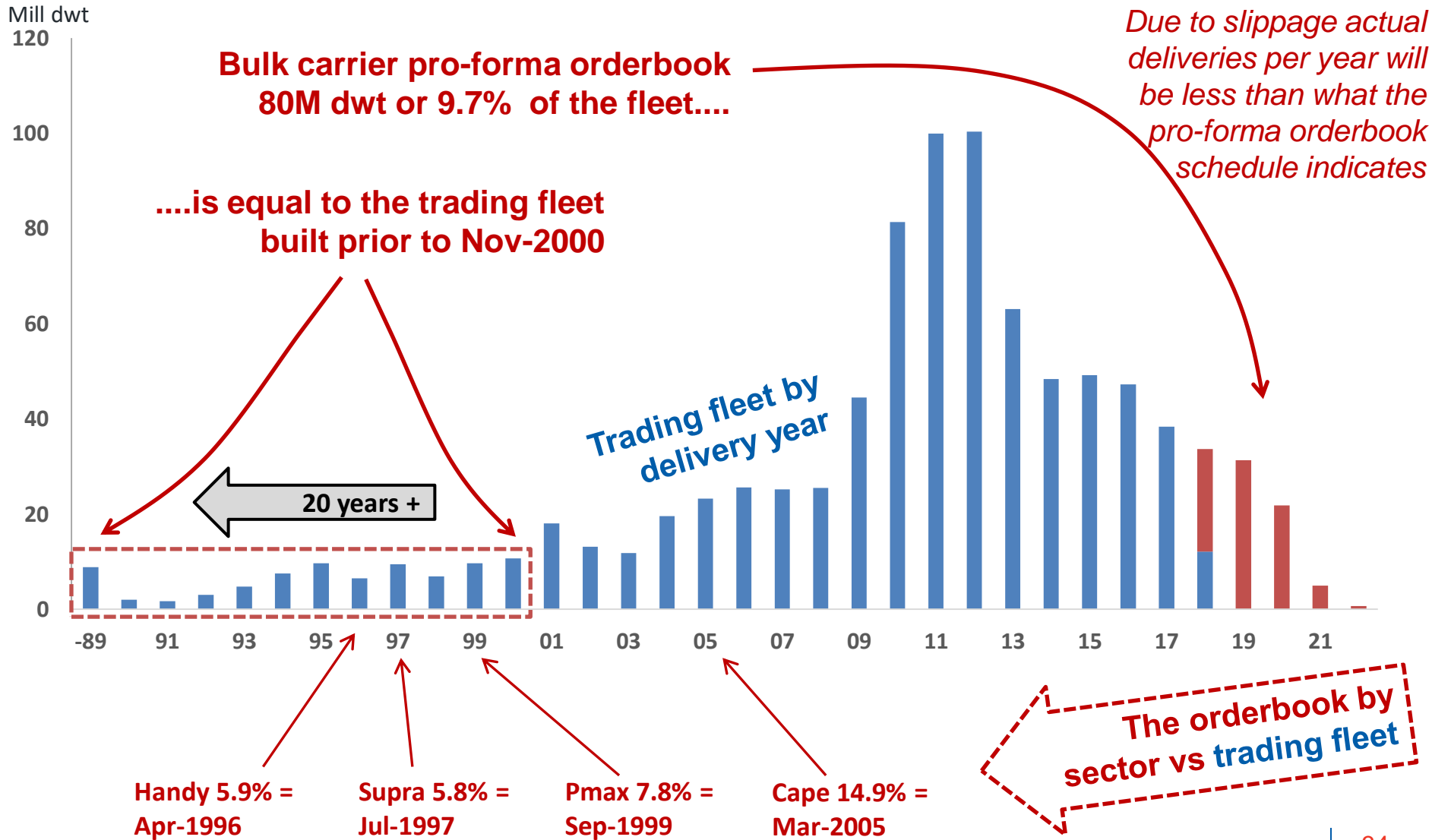
Contracting (annualised % of fleet)





Pro-forma Orderbook vs Fleet Profile by Build-year

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Unprecedented Uncertainty on Design Front

- **New design regulation:** Deliveries after June 2020 will have to comply with new CSR regulation requiring a new more expensive design with greater steel input. Tier III main engines are more expensive. This means a higher NB cost for ships. Additional cost in excess of US\$3 million for ultramax (according to Japanese shipyards) before even considering the low sulphur issue
- **Low Sulphur fuel compliance (max 0.5% sulphur):** The shipping industry is uncertain what is the best manner to comply. Existing vessels can burn expensive MDO or install expensive scrubber. Newbuildings have to choose between scrubber-installed / scrubber-ready / LNG / dual-fuel / single MDO engine and this uncertainty reduces the appetite for new contracting
- **Future IMO emission initiatives:** Increased focus on environmental issues could cause future more strict emission standards meaning that today's compliant technology may be tomorrow's dinosaur
- The above will make **newbuildings more expensive** than in the past and the **uncertainty over design** is encouraging a delay before making decisions on newbuildings – a delay which is good for shipping
- **Ballast water:** BWTS is still to be installed for a vast majority of the world fleet and will promote scrapping of older tonnage

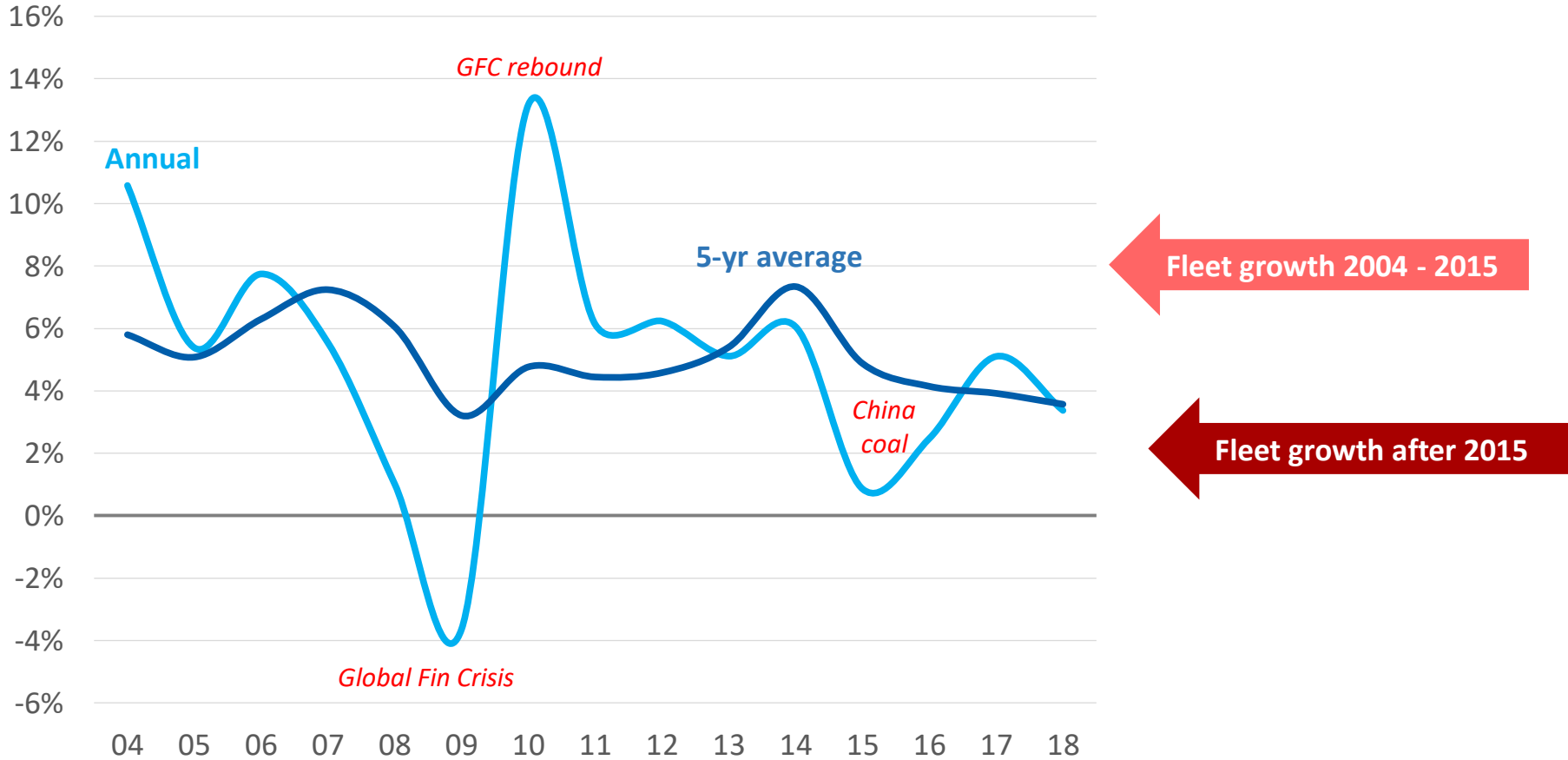


What can we say about the Demand Side?

- The **demand side in 2017** surprised on the upside with Clarkson's estimating +5.1% on tonne-mile basis led by coal & grain, but also minor bulks saw good expansion at the highest level since 2011
- Total **demand in 2018** is forecast by Clarkson to grow at a slower +3.4% on tonne-mile basis but well above expected fleet growth, and minor bulk demand is expected to see accelerated expansion compared to last year
- **China remains responsible** for the vast majority of the increase in dry bulk imports with two thirds of total volume growth in 2017, and 2018 has started on a positive note

Long Term Demand Overview

Demand development (t-mile basis)

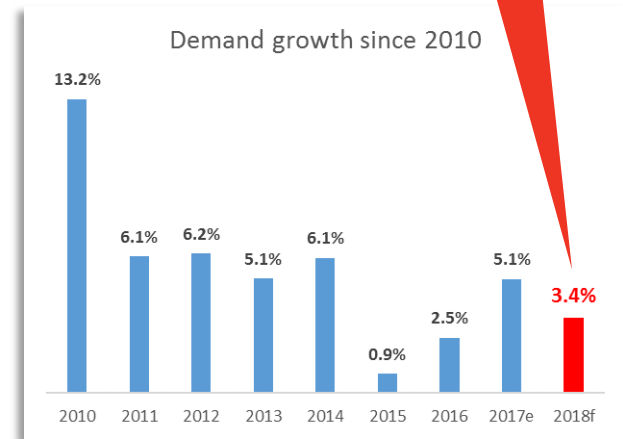
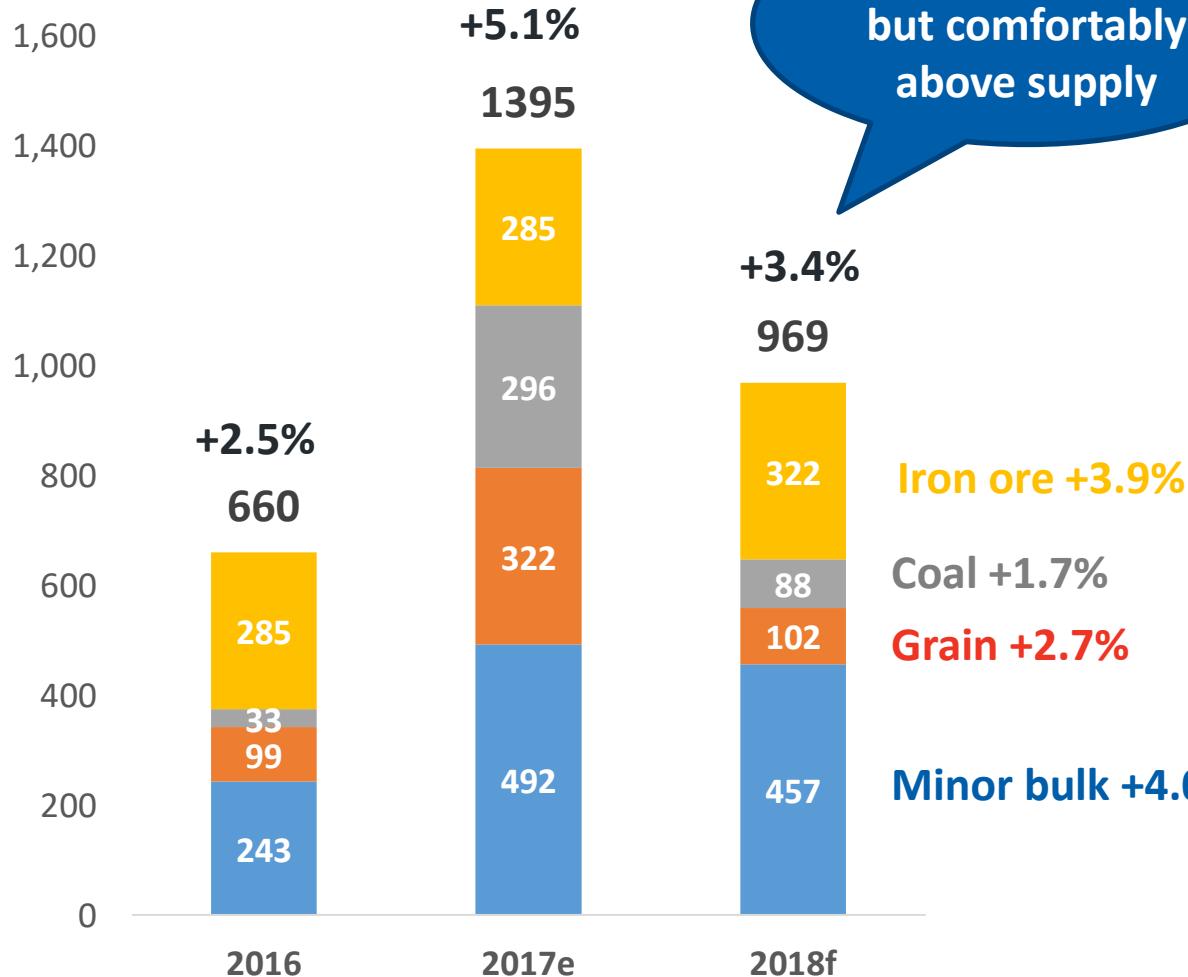




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2018 Demand is Forecast to Grow 3.4% with Minor Bulks at +4.0%

Annual change dry bulk demand Bn tonne-miles



Fastest growing cargo type in 2018



2018 Demand Forecast

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2018E Dry Bulk Trade Volumes

Million Tonnes YOY

Iron Ore	1,520	3%
Coal	1,228	2%

Major bulk total	2,748	2.5%
------------------	-------	------

Bauxite / Alumina	140	8%
Manganese Ore	34	6%
Scrap Steel	118	5%
Sugar	62	5%
Nickel Ore	46	5%
Salt	51	4%
Soybean	157	4%
Others	275	4%
Copper Concentrates	32	4%
Fertiliser	166	3%
Cement	108	3%
Forest Products	374	3%
Agribulks	178	2%
Steel Products	392	1%
Wheat / Grains	364	0%

PB focus cargoes total	2,497	2.7%
------------------------	-------	------

2018E Total Dry Bulk	5,245	2.6%
----------------------	-------	------

PB Focus

Key Drivers in so far in 2018

- Broad based economic recovery seen through increased steel output, also outside China
- Increased Q1 coal trade, including long haul exports out of North America, and Chinese imports well up on last year
- Grain exports ex US down while Brazil is up
- Minor bulk trades growing with Indonesian minor ore export ban being loosened and Chinese Q1 imports up 17% driven by greater volume for bauxite, nickel ore and logs

Longer Term Trends beyond 2018

- Solid world GDP (+3.7%*) – main driver for dry bulk demand growth
- Continued growth grain demand for animal feed due to shift towards meat-based diet but US/China trade dispute adds uncertainty
- Government policy in China and India could affect coal trades - up or down
- Risk of steel trade becoming 'political'

2018 tonne-mile effect

- Longer average distances forecast to supplement volume growth by an additional 0.8% for total demand = 3.4%

* 2017E: 3.7%; 2018E: 3.9%

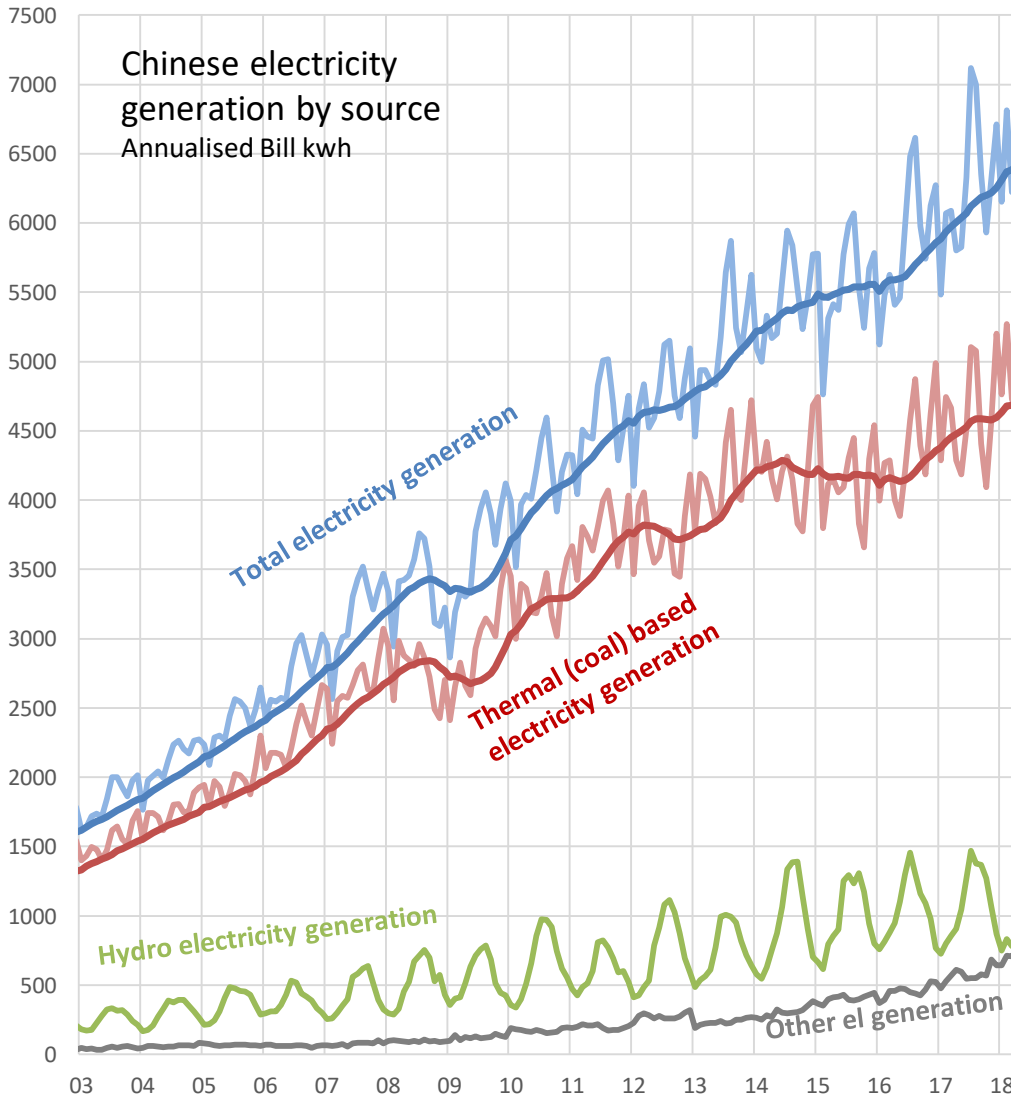
Source: International Monetary Fund (IMF) as at 11 Jan 2018; Clarksons Research, as at 1 Apr 2018

2018 Analyst Day



Growth in Chinese Electricity Generation Drives Higher Consumption of Coal

Pacific Basin



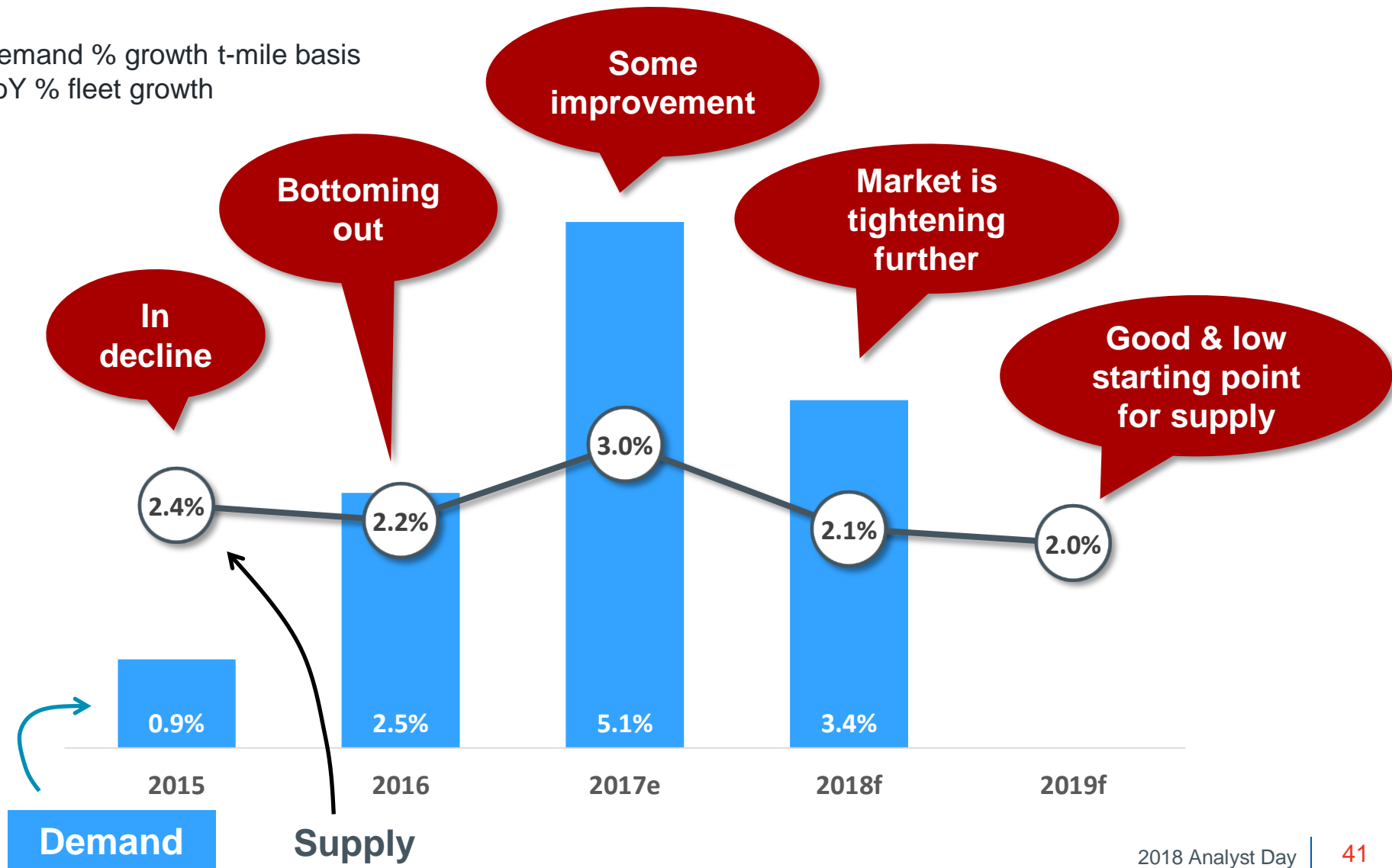
Chinese electricity generation grows

China continues to rely on thermal (coal) based generation to support its growth in electricity consumption

Non-thermal electricity generation is growing but from a small base

Simplistic Supply / Demand Balance Since 2015 with Forecast

Demand % growth t-mile basis
YoY % fleet growth





Summary

Pacific Basin

Finally the **supply side** is under control

- Contracting has increased since last year but mainly for larger vessel types and design uncertainty is limiting owners' appetite for new ordering
- Scrapping is low and this is good as it can't decline much more

Demand expectations for 2018 are moderate but well above supply growth

This points to **an improvement in 2018** which we have seen in earnings so far and the expected supply growth for 2019 is low so the demand hurdle for next year remains benign

Market in 2020 will likely be affected by how the low sulphur fuel issue plays out. Disruptions on the supply side could reduce fleet efficiency and thereby assist earnings

Ship Management of PB Owned Fleet - Jay Pillai, Fleet Director



Ship Management of PB Owned Fleet

Our vision: to be a leading ship owner/operator in dry bulk shipping, and to be the first choice partner for customers and other stakeholders

Our mission: to be the best in our field by continuously refining our business model, our service and our conduct in everything we do



Ship Management of PB Owned Fleet

- 1) Overview of the Ship Management Function & Organization
- 2) Our Asset – Our People at Sea & on Shore
- 3) Industry leading Focus on Outcome
- 4) Environmentally friendly ships and Operation
- 5) Secondhand S&P Inspections and
Newbuilding Evaluation & Supervision
- 6) Dry-docking & Asset Preservation
- 7) Projects
- 8) Upcoming Regulations
- 9) Future of Ship Safety



Overview of the Ship Management Function

- ✓ In-house Ship Management Team in Hong Kong
 - ✓ crewing and training centers in Dalian & Manila
 - ✓ focus on safe & efficient operation of Owned Fleet
-
- Technical and crew management of 105 ships
 - Pacific Basin Management System certified to HSEQ standards by LRQA
 - OHSAS 18001:2007
 - ISM Code
 - ISO14001:2015
 - ISO9001:2015



Overview of the Ship Management Function

Pacific Basin

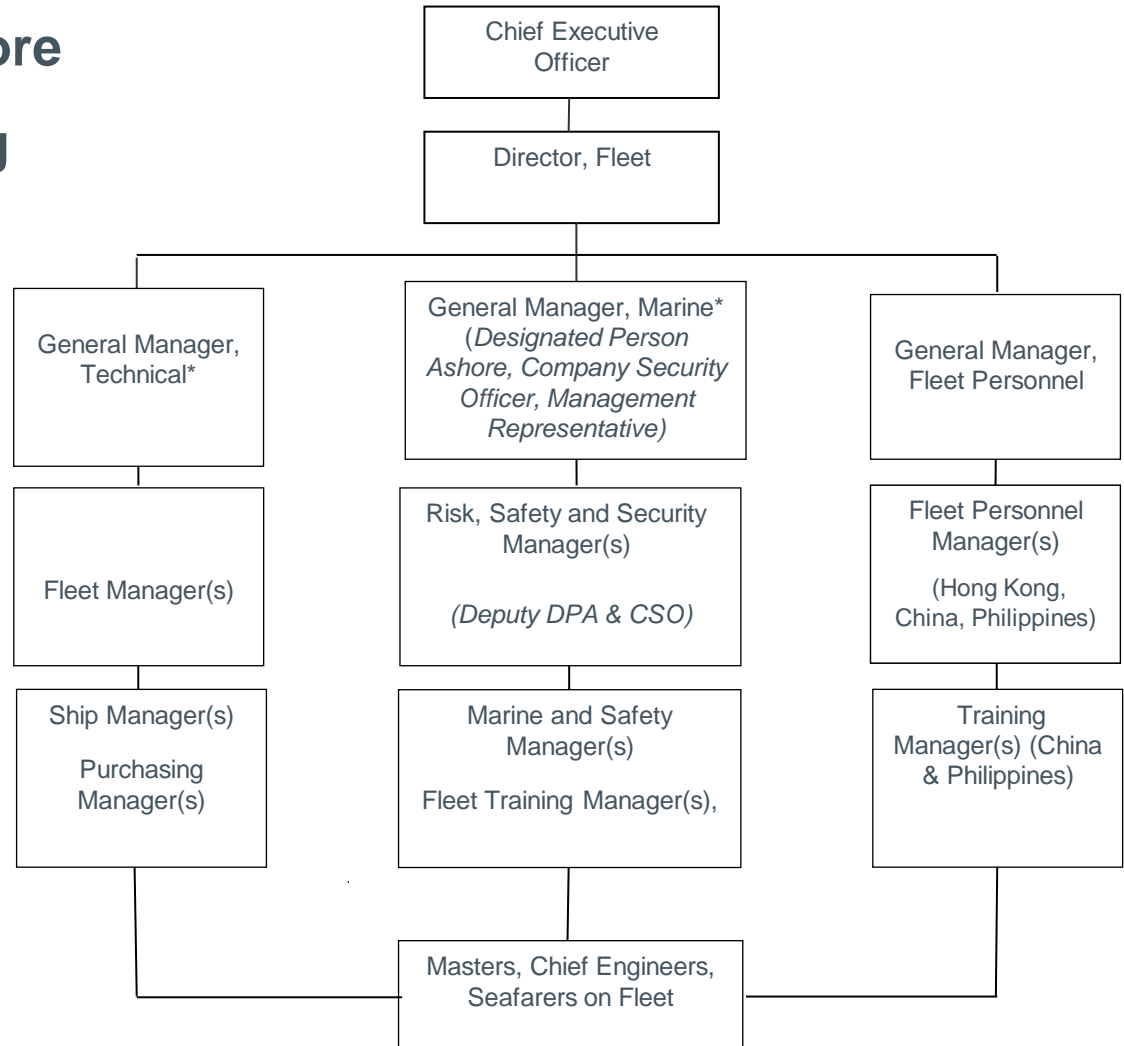
- Pacific Basin Management System (cont.)
 - Focused on 3 crew pools
 - PRC
 - Philippines
 - FSU (Russia, Ukraine)
 - also some from Hong Kong and Bangladesh
 - with Officer Cadet program: 1~2 cadets per ship, healthy budget for training
 - Sector-leading Marine & HSEQ training for crew
 - Regulatory compliance for world-wide trading
 - Audits, incident management, investigation & root cause analysis, training and continual improvement of systems for safe operation at industry leading Opex
 - Procurement, repair & maintenance of ships and dry docking supervision
 - Speed optimised for cost-efficient operation (basis prevailing freight rate & bunker price)
- Technical support for ship S&P activities incl. secondhand ship inspections, and newbuilding/contracting support and supervision for enhanced quality
- Retrofit projects for upcoming regulations and enhanced environmental performance



Organisation

Pacific Basin

- 106 technical staff ashore
- 12 roving Fleet Training Managers
- 4 DD Superintendents
- 55 Technical Managers are ex-seafarers
 - 25 Captains
 - 27 Chief Engineers
 - 3 E/Off
- More than 50% of our Managers have sailed on PB ships as Masters, C/Engineers or Electrical Officers





Pacific Basin

Our Asset: Our People at Sea & on Shore



- 4+ Officer Training Seminars per year



3,400+ PB Seafarers

Ships	Handysize	Supramax	PRC Crew	Filipino / FSU Crew
105	80	25	58	47

	Standard	No Electrical Officer	UMS*
Crew Size	20	19	17
No. of Ships	8	50	47

*UMS = Unattended Machinery Spaces

Control systems in engine room are designed for “No watch-keeping in engine room” enabling reduced manning for engine crew

Vessels have 1~2 Officer Cadets per ship in addition to the above crew sizes

Technical Teams at Sea

	Standard	No Electrical Officer	UMS
Master	1	1	1
Navigating Officers	3	3	3
Chief Engineer	1	1	1
Engineer Officers	3	3	2
Electrical Officer	1		
Deck Ratings	5	5	5
Engine Ratings	4	4	3
Catering Ratings	2	2	2
Total	20	19	17

- Navigating Officers and Engineer Officers keep watch: 4 hrs on & 8 hrs off at sea
- Officers' tours of duty: 4~6 months
- Ratings' tours of duty: 9 months
- UMS Ships - Engineer Officers do not keep watch in Engine room but remain on duty in cabin to monitor alarms and attend engine room as and when needed
- Vessels have 1~2 Officer Cadets per ship in addition to the above crew sizes

Technical Teams at Sea

We are passionate about
our **brand**, our **business** and our **people**



22 Crew, 22 Owners™

Nobody is perfect, but a Team can be

- ✓ Technical team ashore (106 staff) is the support team of technical teams at sea (3,400+ crew)
- ✓ We strive to provide our colleagues at sea the best shore-based support and empower Master and Chief Engineer (on-board managers) and crew to Care for Ship and Cargo with passion and sense of belonging
- ✓ Motivate crew to think safe and work safe



Career Progression from Sea to Shore

- Cadet to Master/Chief Engineer, Ship Manager/Marine Manager/Training Manager, Fleet Manager/Risk Manager, Personnel Manager

Leisure on Board

- Indoor sports, games and fitness, entertainment equipment (eg TV, video & audio equipment, karaoke)
- Entertainment budget for each ship to buy crew welfare items (books, magazines, videos, musical instruments, etc.)
- Free mail to/from vessel
- Free e-mail computer accessible to all crew (“Crew Kiosk”), and Wireless Internet access provided for crew
- Free news service in crews’ language (daily e-newspaper or streamed video)



Compassion & Family Welfare

- Compassionate sign-off and repatriation worldwide for crew members with serious family or personal issues where reasonable (whether covered by P&I Insurance or not)
- For Filipino crew
 - Dedicated Family Welfare Center in PB Manila handling PB seafarer family issues
 - We pay crews' PhilHealth contribution benefiting crew and their families, and crews' monthly retirement contributions (Social Security System) and PAG-IBIG Home Development Mutual Fund
 - We provide cash advance to our crew needed in cases of family emergencies
 - Crew family Christmas party held in different locations in the Philippines every year
 - Family health welfare seminars by our company healthcare providers
- For all Non-PRC crew
 - Free Healthcare Insurance provided by Marine Benefits AS for all seafarers, spouses and children
- PRC Crew
 - We pay Chinese Social Welfare contributions for all PRC seafarers which covers work injury insurance, medical insurance, old age insurance and unemployment insurance

87% Crew Retention

94% Officer Retention

79% Ratings Retention

Communicate clearly and freely, develop mutual trust, respect, harmony and stress-free working environment



Good leaders create a positive working environment

Positive people think and act positively

Happy crew will run safe ship, make satisfied customers and stakeholders

Stopping Unsafe Acts: 3W Risk Assessment for each task

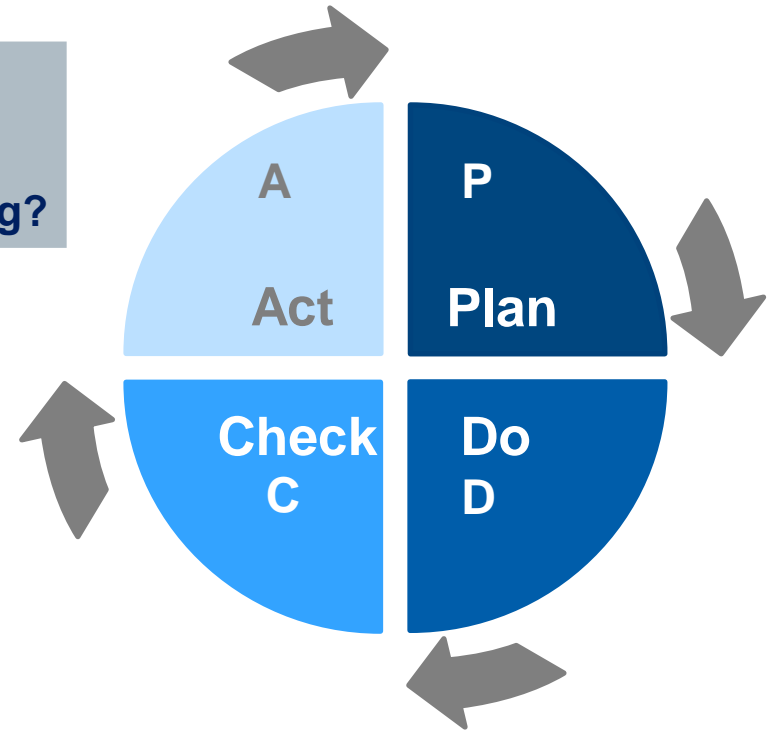
3W	What can go wrong?
	What factors can cause it to go wrong?
	What shall I do to prevent it going wrong?

One-Man Errors, accidents, injuries occur when people don't:

- do 3W Risk Assessments for each task
- care for each other
- work as a team
- raise concern

Senior Officers (top 4 officers) discuss issues daily and motivate crew to:

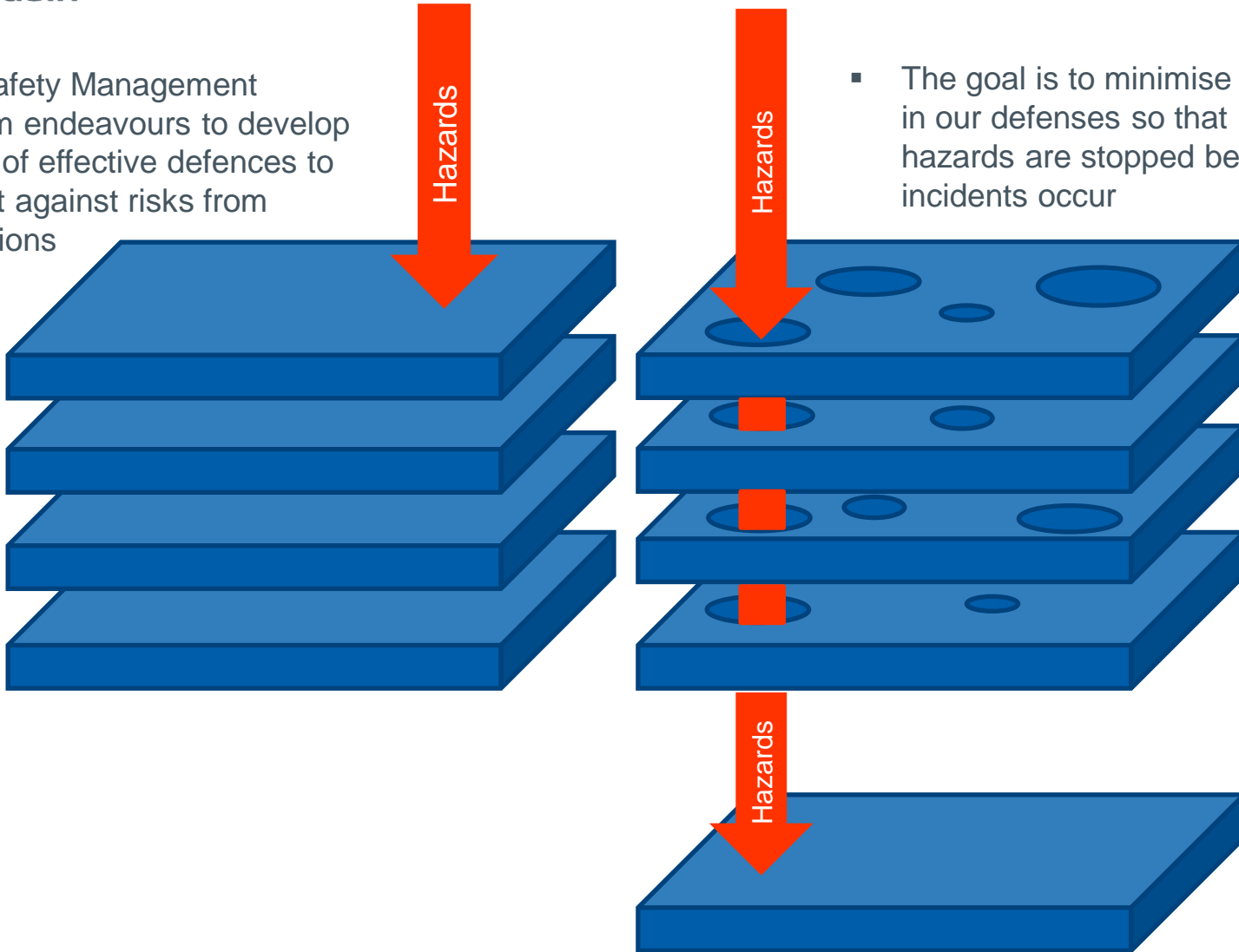
- Speak up, raise concern without hesitation or fear of rank for a *Safe Outcome*
- Prevent avoidable accidents and learn from incidents arising in PB fleet and relevant incidents in the industry





Stopping Unsafe Acts: 3W Risk Assessment for each task

- Our Safety Management System endeavours to develop layers of effective defences to protect against risks from operations



- The goal is to minimise holes in our defenses so that hazards are stopped before incidents occur

Avoid One-Man Errors

- Think safe, work smart...
Safeguard our licenses, careers and families
- Be alert, avoid overconfidence in routine and repetitive tasks
- Communicate freely among the team
- Speak up, share views, raise concerns, listen with respect

**Nobody is Perfect, but OUR team can be
if we speak up, listen and work together**

Leadership in Dry Bulk Shipping

Five Focus Areas to “Make Complacency History”

Safety of Crew	Zero Lost Time Injuries
Safety of Environment	Zero MARPOL Violations
Safety of Navigation	Zero Navigational Accidents
Safety of Machinery	Zero Issues from Improper Overhaul
PB Brand & Business	Zero Issues from Neglect of Maintenance

Think Safe, Work Safe and Be Safe

I take pride in my job and the great work I do for myself and my family

My family awaits my safe return

I will:

- ✓ Stop & report unsafe acts & conditions
- ✓ Correct my colleagues if I see them doing anything wrong
- ✓ Maintain the ship and equipment and leave the ship in a better condition

I have a responsibility to be safe in my work and for safety of my teammates

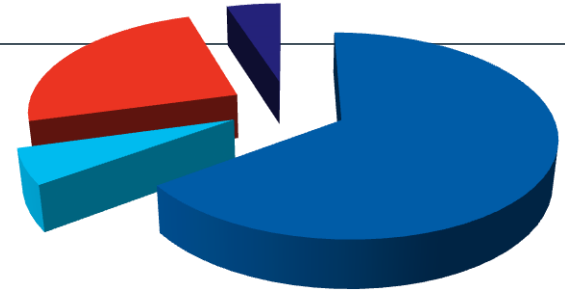


Pacific Basin

Industry Leading Opex

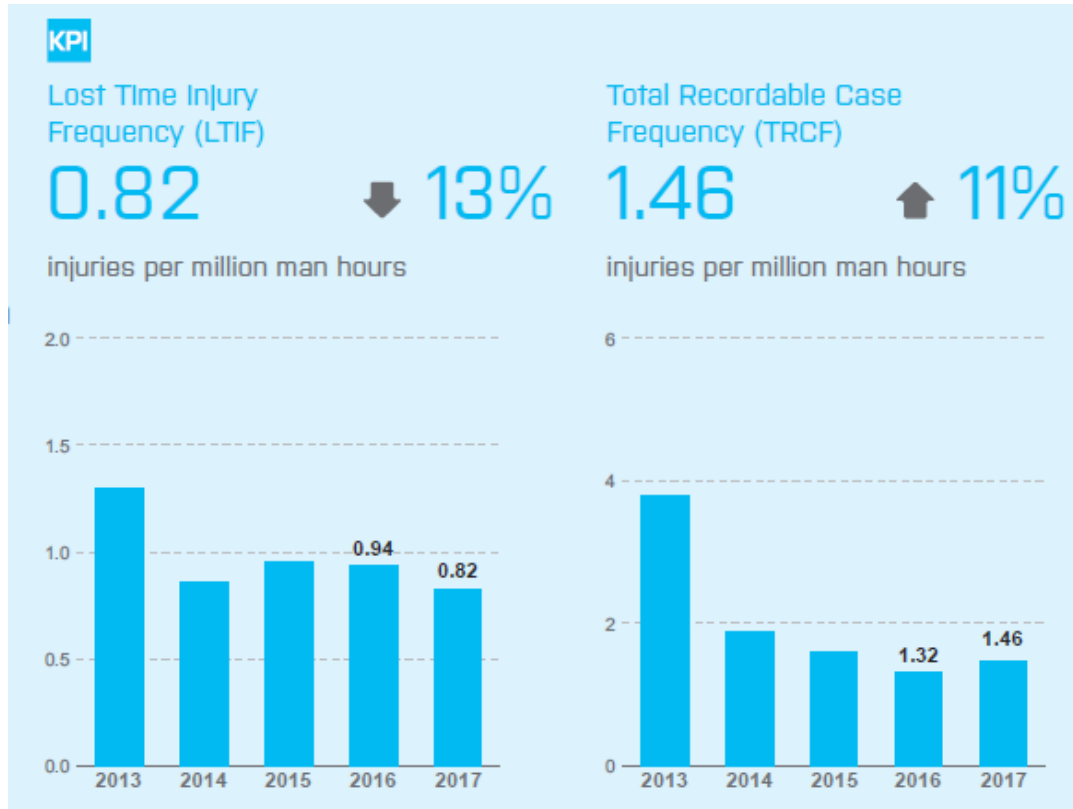
2017 Opex: \$3,840/day

- Crewing & messing
- Repairs & maintenance
- Insurance
- Sundries & others



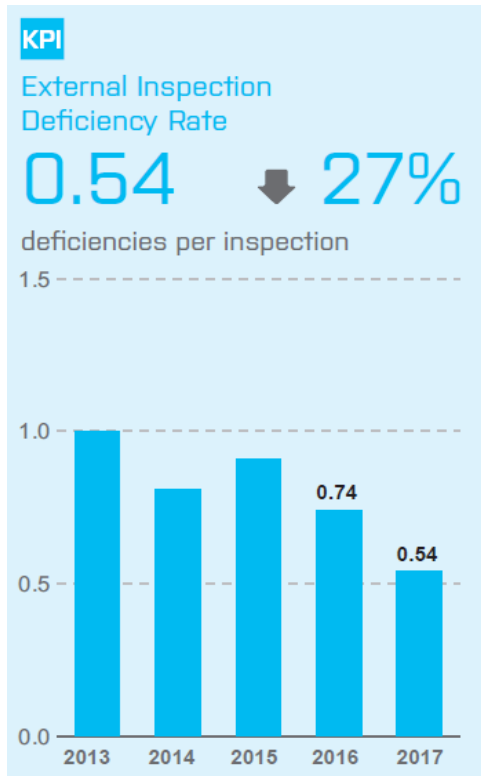
- Saving of \$66 per day in crew costs on 47 UMS ships from reduced manning of engineering crew
- Policy to own reliable Japanese-built tonnage (or select PRC tonnage if built under PB supervision), maintain and incur maintenance costs as if owning/operating vessels for at least 25 years
- Procurement efficiency with planning: Long-term contracts with suppliers for lubes and stores; bulk purchase of original spares from makers for long-term reliability; consolidation and use of Electronic Ship Management System developed with an industry leading firm
- Monitoring and mentoring PB staff for planned maintenance: 3~4 ship inspections p.a. by our Ship Managers, Marine Managers and Fleet Training Superintendents to develop our colleagues at sea for **care of ship as their own property** and **empowering them** to make risk-based decisions with a **focus on Safety and PB Brand** with our in-house Voyage Prompt software
- Healthy training budget per ship for pre-joining training, 2 cadets, 6 crew seminars, 12 roving Fleet Training Managers for on-board training, monitoring effectiveness analyses of preventive actions and action plans with crew to enhance risk management
- Pro-active learning from detailed incident investigations, industry incidents and learning from OPM (Own and Other People's Mistakes) with detailed Experience Feedback System

Industry Leading Ship Management Standards



- **0.82 is our best ever LTIF result**

Industry Leading Ship Management Standards



- 78% of our Port State Control inspections found zero regulatory deficiencies



Top global & regional industry awards in 2017

- Lloyd's List Global Awards 2017
 - Company of the Year
- International Bulk Journal Awards 2017
 - Safety Award
- Seatrade Maritime Awards 2017
 - CSR Award

So far in 2018...

- Hong Kong Marine Department Award 2018
 - Outstanding Performance award in global Port State Control inspections (tenth time in eleven years)

Notable other awards in recent years

- Safety Award at Lloyd's List Global Awards 2016
- Ship Operator Award at Lloyd's List Awards Asia 2015 and 2016
- Best CSR Award at Asian Excellence Recognition Awards 2015
- Shipping Company of the Year at BIMCO Awards 2014
- Ship Manager of the Year and Environment Award at Lloyd's List Asia Awards 2011
- Environment Award at Lloyd's List Global Awards 2011 and IBJ Awards 2012
- Seafarer of the Year at Lloyd's List Global Awards 2011 - (Captain Zhu Qianchun)

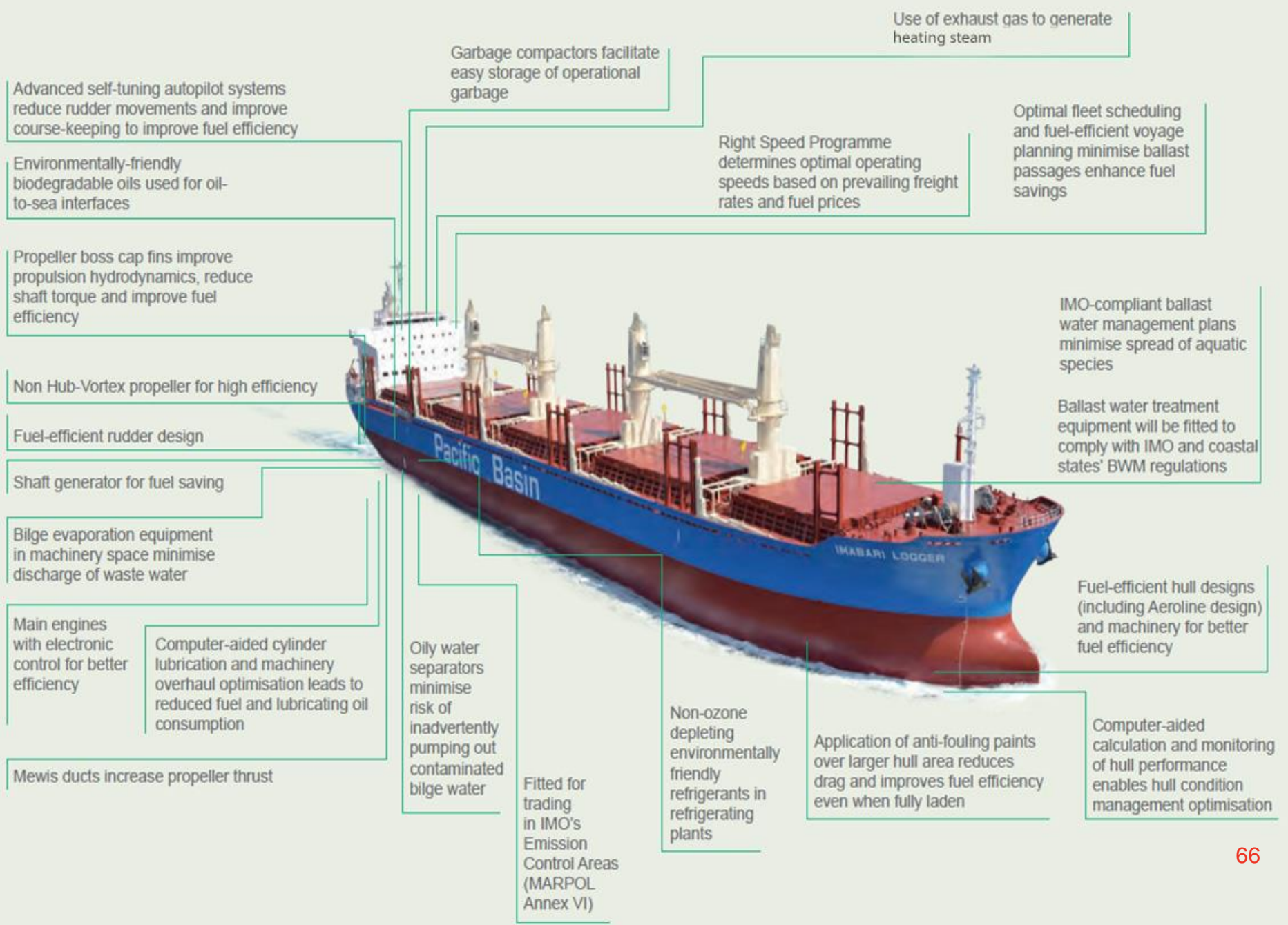
Shipping Company of the Year (2017)



Environmentally-friendly Ships and Operation



Environmentally-friendly Features





Energy Efficiency Projects

- Optimise speed down to 30% engine load
 - minimises CO2 emissions and impact on environment
- Enhance fleet performance with regular hull & machinery maintenance
- Operational inputs at design stage to reduce dry docking and environmental impact
 - cargo holds, cargo gear, hold washing and retention of wash water, machinery and systems
 - applying 5 year paint scheme on hull
- Reduced fuel consumption with improved hull form and fuel saving devices:
 - larger propeller
 - optimised propeller and rudder
 - de-rated engines
 - main engine with electronic fuel injection
 - aero-shaped bow, aero/tower type accommodation
- Using waste heat from engine to evaporate bilge water and avoid bilge water discharge to sea

Eco Devices

- Non hub-vortex propeller
- Prop-rudder transition bulb
- Mewis duct + post-swirl



- Propeller boss cap fins
- Pre-duct
- Silicon paint



Secondhand Sale & Purchase

- Technical support for PB's discerning secondhand ship acquisition activity

Newbuilding Support

- Contracting support and newbuilding site supervision
- PB built 15 Handysize ships to high standard at JNS shipyard in PRC
- These ships trade smoothly on tough USWC, NZ and Aussie logs trades with rigorous inspections by longshoremen and PSC inspectors
- In-house Newbuilding Team (within Technical Team) enables benefits of teamwork and focus on long-term asset value and OPEX for smooth PB trade (less so in the case of a standalone NB consultancy team with its own KPIs)
- PB selected equipment makers to ensure reliable and cost-efficient operation
- PB-built PRC Handysize ships are rated highly by our customers and crew



Dry-Docking Management

- Requirement: 2 dockings every 5 years (max. 36 months between dockings)
- **Intermediate Survey (IS)** every 2.5 years
 - Vessels can skip IS if <12.5 yrs old and classed for “In Water Survey” or specially permitted by Class
 - Typical cost ≈ US\$ 550K, 17 days (incl. repositioning)
- **Special Survey (SS)** every 5 years – Docking is mandatory
 - Typical cost ≈ US\$ 600~675K, 18 days (incl. repositioning)

Age	0	2.5	5	7.5	10	12.5	15	17.5	20
Docking	Delivery	IS1	SS1	IS2	SS2	IS3	SS3	IS4	SS4

1st Intermediate docking is replaced by in-water survey, unless:

- antifouling coating is ineffective resulting in hull fouling with adverse performance on fuel oil consumption and speed
- damage repairs requiring in-dock repairs (eg propeller damage, hull damage, etc.)

Subsequent Intermediate dockings are not normally skipped for smooth trading

- Optimum hull condition and coating to minimise fuel consumption
- Optimum hold condition for to avoid hold failures and associated high cleaning costs and off-hire
- Operational reliability enhanced by maintenance and overhaul



Dry-Dock Management

Pacific Basin

Shipyard & Vendor Selection

- All dockings in China as far as possible, or Turkey (when Atlantic trading) if not cost-efficient to position to China
- Concentrate on a few select shipyards to obtain pricing and service advantage. We use a selection of SOE and private shipyards for sufficient distribution on PRC coast

Block Fee Arrangement

- Standard tariff with volume discount
- We have block fee agreements with several SOE and private yards

Minimisation of Docking Off-Hire

- Careful scheduling with PB commercial team to position:
 - Atlantic trading ships to China; and
 - Pacific trading ships closest possible to dry docking ports to minimise deviation time and fuel costs
- Avoiding Chinese New Year and peak winter periods to minimise docking off hire
- Avoiding docking in South China during monsoon period

What we do in DD to facilitate 25 year minimum lifespan

Cargo Holds (cargo worthiness and ease of voyage maintenance by crew)

- Holds and inner bottom of hatch covers are grit blasted and coated (condition based) at each docking for smooth surface in holds for crew to clean holds from dirty cargoes to clean cargoes

Pipes (safe operation & pollution prevention)

- Piping on deck (fire main, CO2 line, hatch cover hydraulic return line, fuel tank air vent pipes & sounding pipes and double-bottom tank air vent pipes in cargo holds) renewed at 12.5 years and 20 years. Hatch cover hydraulic pressure line renewed at 15 years

Cargo Gear

- All crane sheaves are removed, overhauled ashore on vessels >10 years
- All collapsible stanchions removed and maintained ashore on a need basis on vessels >10 years.
- Stanchion bottom pins and pin holes, eye pads are checked and renewed if wasted

Water Ballast Tanks

- Peak tanks, topside tanks are inspected and upgraded. Extensive maintenance on vessels >15 years



Ballast Water Management Convention

- IMO's BWMC in force since 8 September 2017. In July 2017, IMO agreed on a practical and pragmatic implementation schedule with a 2-year extension for installation of Ballast Water Treatment Systems from 8 September 2019 to 2024 for existing ships (rather than from 2017 to 2022).
- USCG requirements apply to our ships docking after 1 January 2016. However, we have secured extended compliance dates from USCG for each ship in our fleet, as there are currently only 6 USCG type-approved Ballast Water Treatment Systems in the market. Another 7 makers have applied for USCG type approval, which are under review by USCG.

PB Fleet

- 8 PB vessels are fitted with BWTS with USCG AMS (Alternate Management System) or USCG temporary approval, valid for 5 years from installation date).
- 97 ships will be retrofitted from 2018~2023 according to extended USCG compliance dates (PB priority for USA trading) and IMO schedule.

Our Preferred BWTS

We have chosen to retrofit our fleet with a BWTS based on filtration & disinfection

- This system requires one time treatment of ballast water during uptake only.
- It consumes less power and is cost efficient in terms of both Capex and Opex.
- Cape Moreton (JNS32K) was retrofitted with a trial unit in 2017 with satisfactory performance and prompt after sales service



Energy Consumption – Monitoring, Reporting & Verification (MRV)

EU's MRV legislation effective 1 January 2018. We have developed an in-house solution rather than buy expensive market software.

IMO's MARPOL Annex VI fuel consumption data collection system in force 1 March 2018. First reporting period is calendar year 2019.

Emissions – Green House Gas (GHG) Reduction

- Ambitious target for GHG reductions set by IMO in April 2018. The aim is 50% reduction in total shipping emissions by 2050, and to reduce vessels' **average carbon intensity by 40% by 2030 and 70% by 2050** (compared to 2008).
- **Ambitious Targets**
- These targets will likely call for widespread uptake of zero-carbon fuels and other energy-efficiency measures. Such fuels are not available today, and there needs to be a concerted effort to develop such fuels and make them available in the required quantity.
- In parallel, all other industries and nations are expected to contribute to reducing GHG emissions. This will complement the efforts in the shipping industry, and there will be competition for the zero-carbon fuels.
- **Possible Policy Measures**
- **Short term (until 2023)** – Review and strengthen EEDI (energy efficiency design index), including new phases, develop operational indicators, speed reduction/optimisation, life cycle GHG/carbon intensity guidelines for fuels.
- **Medium term (2023 to 2030)** – New reduction mechanism, possibly including operational indicators, market-based measures, implementation programme for low-carbon fuels.
- **Long term (2030 onwards)** – Development and provision of zero-carbon fuels, other innovative reduction mechanisms.

Recommendations from IMO symposium *Future of Ship Safety*

- review regulatory regime to meet future needs and expectations
- consider the pace of change and technological advancements
- encourage safety culture that goes beyond mere compliance

Support for Seafarers

- focus on the human element, self-regulation, education and training
- cover issues to ensure competent seafarers, free of stress and fatigue
- consider the burden of new or changing regulation(s) on seafarers and how this can be minimised
- move away from safety as simply a box-ticking exercise
- reduce administrative burden on ships



Let's strive for safe ship operations and a clean environment

To achieve this, we must make sea careers attractive and embrace regulations and technological innovations

Forecasting Our Business

- Peter Schulz, CFO





Our Key Disclosures

Costs (excl. G&A)

“Fixed”

Vessels Vessel Days Costs/Day

31 Mar 2018 FY2017 FY2017

Owned

P.12	Handysize	80	28,410	\$7,480 ¹⁾
P.12	Supramax	25	7,800	\$8,210 ²⁾

LT Chartered-in

P.13	Handysize	21	9,300	\$8,010
P.13	Supramax	8	2,840	\$11,670

ST Chartered-in

“Variable”

P.13	Handysize	49	14,580	\$7,770
P.13	Supramax	61	23,040	\$8,940

Index-linked

P.13	Handysize	3	1,560	\$7,690
P.13	Supramax	4	960	\$9,180

TCE Revenue

Handysize

Supramax

FY 2017

53,360 revenue days at \$8,320	34,510 revenue days at \$9,610
--------------------------------------	--------------------------------------

Q1 2018

12,750 revenue days at \$9,360	7,730 revenue days at \$11,250
--------------------------------------	--------------------------------------

Q2-Q4 2018

13,140 revenue days at \$9,710 (44%)	8,100 revenue days at \$11,490 (66%)
--	--

Long Term (rolling 12 month)

15-25% revenue days as CoAs

1) OPEX: \$3,850, Depr: \$2,820, Finance: \$810
2) OPEX: \$3,780, Depr: \$3,260, Finance: \$1,170



Forecasting Our Business

Pacific Basin

Handysize

Vessel Type	No.	Revenue Days	TCE/d (\$)	TCE (\$m)	No.	Vessel Days	Cost/d (\$)	Cost (\$m)	Contr. (\$m)
Owned	80 ¹⁾ X	360 ²⁾ X	BHSI + PB prem.=	(A)	80 ¹⁾ X	365	= 7,480 ³⁾	(B)	(A) – (B)
LT TC-in	21 ¹⁾ X	360 X	BHSI + PB prem.=	(A)	21 ¹⁾ X	360	= 8,010 ⁴⁾	(B)	(A) – (B)
Vessel Type	No.	Revenue Days	Margin/d(\$)						
ST/Inde x TC-in	45 ¹⁾ X	360 (C) X	(D)					=	(E)

Excluding G&A

Onerous Contracts

- \$20.3mn utilized in 2017
- \$16.1mn utilization allocated to 2018 as at 31 December 2017 of total \$28.8mn remaining

IFRS 16

- LT TC-in will be capitalized
- Onerous contract provisions will offset RoU asset
- Charterhire will be recorded as interest and depreciation (positive for EBITDA, slightly negative for operating profit)

Post-Panamax

- 2 vessels in BBC structures - stable income

Derivatives MTM

- Mainly bunker MTM: higher oil price = positive contribution

2017



P.52

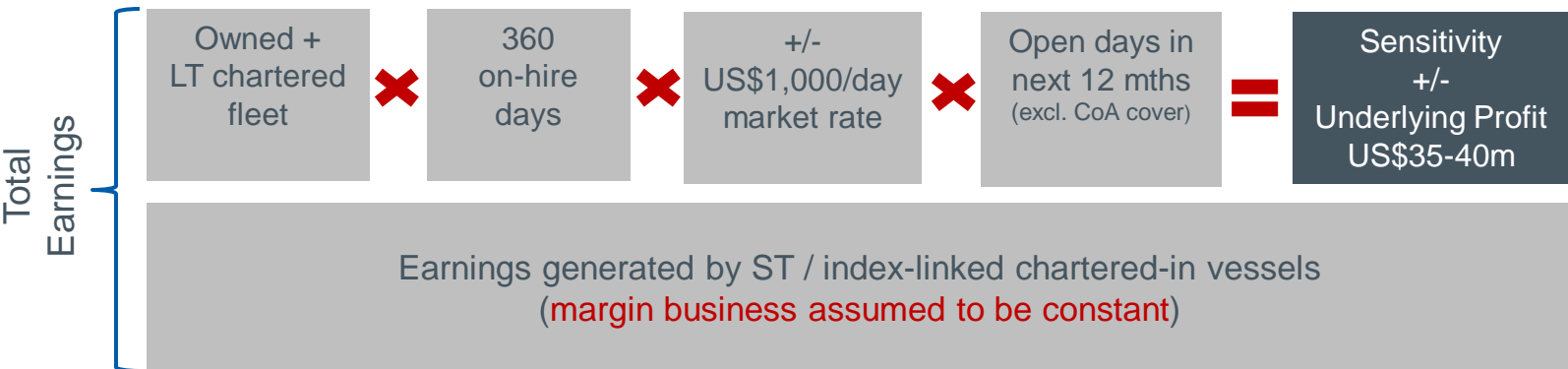
Handysize contribution	31.4
Supramax contribution	19.8
Post-Panamax contribution	5.5
Operating profit/(loss) ⁵⁾	56.3
Total G&A overheads	(54.4)
Taxation & others	0.3
KPI Underlying profit/(loss)	2.2
Derivatives MTM and one-off items	1.4
Profit/(loss) attributable to shareholders	3.6

- 1) As per 31 March 2018
- 2) Assumed 5 days offhire per vessels per year
- 3) FY 2017 cost including OPEX, Depreciation and Interest
- 4) Average Charter hire
- 5) Includes non-drybulk income and expenses

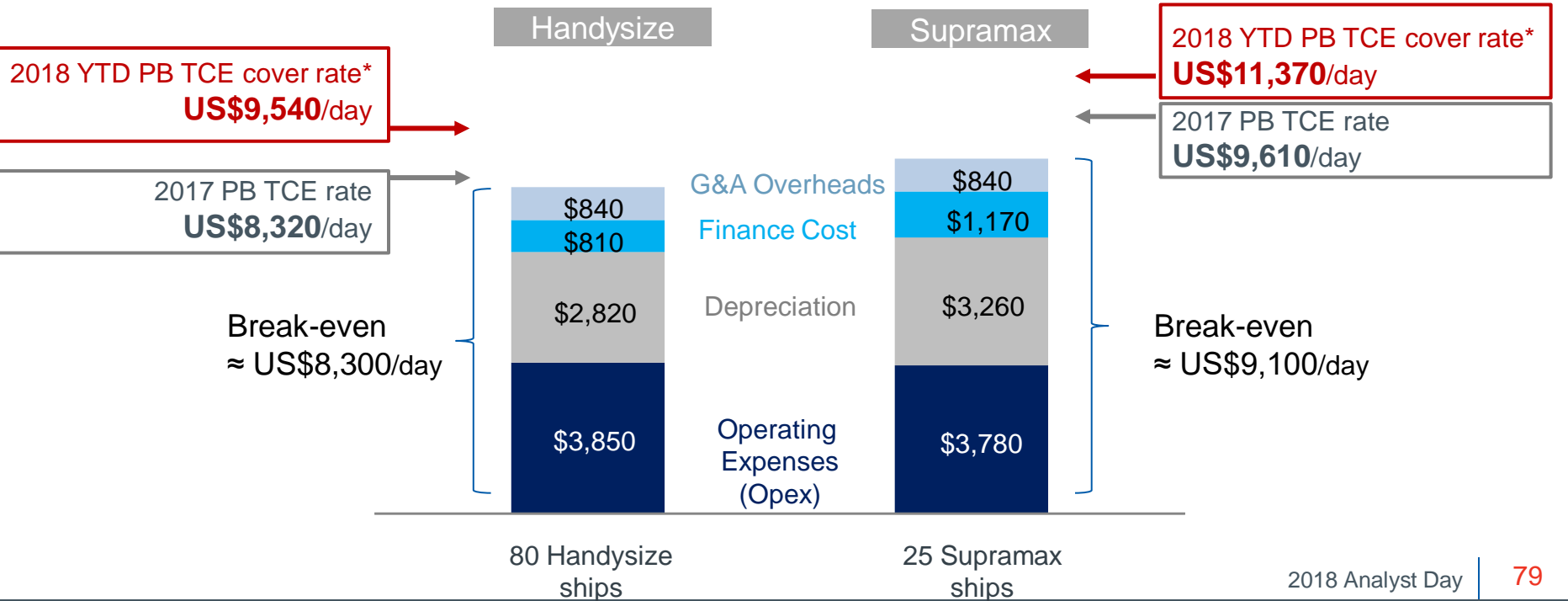


Understanding the Sensitivity

Pacific Basin



- Key Assumptions
- No change in ST TC-in profitability
 - No change in G&A
 - No change in Onerous contract utilization or write-back



* 2018 1Q Actual + 2Q to 4Q Cover as at 6 Apr 2018

* 2018 Cover as at 23 Feb 2018

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
 - 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**
 - 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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