



Pacific Basin

Annual Report 2019

27 February 2020



A photograph taken from the cockpit of a ship, looking out through a large window. In the center of the view is a large, white, cylindrical structure, possibly a buoy or a marker, mounted on a platform. The structure is surrounded by a network of red metal beams and supports. The ocean is visible in the background, and the sky is a mix of blue and white clouds. A semi-transparent white text box with a grid pattern is overlaid on the right side of the image, containing the text "2019 Performance Review" in red. The cockpit interior, including a steering wheel and various controls, is visible in the foreground.

2019 Performance Review



Solid Performance in Volatile Markets

- We made net profit of US\$25.1m in 2019 in spite of challenging market conditions and with our trading heavily impacted by IMO 2020 preparations
- However, Pacific Basin continued to outperform the market even more than in previous years. We also continued to outperform most of our peers on every level including TCE, OPEX, G&A and Financing Costs while concluding a major scrubber investment programme substantially on time and on budget
- Minor bulk has been the key driver of dry bulk demand in recent years and is expected to remain resilient once the effects of the Coronavirus start to abate
- Dry bulk supply growth of 3.9% surprised negatively in 2019 as there was almost no shortfall in the scheduled orderbook and scrapping remained subdued
- We expect fleet growth to remain high in first half 2020, subject to Coronavirus effects on shipyard output. However, the IMO 2020 effect is slowing down the speed of the fleet, removing excess capacity, and scrapping to date is up significantly compared to last year. The number of new orders in 2019 fell by 45% compared to 2018
- The market is currently negatively affected by efforts to contain the Coronavirus. However, we expect to see a rebound and stronger rates driven by catch-up demand and stimulus activity once the outbreak is contained
- We strengthened our balance sheet last year and are very well placed to navigate current volatility and well set up for what we believe will be stronger markets in the long term



2019 Results Highlights – Net Profit US\$25.1m

	US\$m	2019	2018	US\$m Change
P&L	EBITDA	230.7	215.8	+14.9
	Underlying profit	20.5	72.0	-51.5
	Net profit	25.1	72.3	-47.2
	Dividends	HK2.1¢	HK6.2¢	
B/S	Available liquidity	382.8	341.7	+41.1
	Net gearing	35%	34%	
Fleet	Owned ¹ /Total	116 / 200	111 / 217	

- We took delivery of 8 modern vessels and sold 2 older ships in 2019.
- 3 further deliveries and 1 sale after the start of 2020 will increase our owned fleet to 117 ships by end April 2020
- We secured 2 revolving credit facilities, replaced our convertible bonds achieving a lower coupon, and issued new shares as part payment for 4 ships
- We further enhanced our liquidity position to US\$383m
- The Board proposes a dividend of HK2.1¢/share representing 51% of net profits

Data as at 31 January 2020:

¹ Including 1 vessel we committed to purchase in 2019 that delivered in January 2020

² Excluding an additional 2 vessels purchased and 1 sold are scheduled to deliver by end April 2020



Strong Outperformance in 2019

	US\$/day	Handysize	Supramax
2019	Market (BHSI/BSI) index net rate	6,830	9,450
	PB daily TCE net rate	9,630	11,720
	PB outperformance	41% / 2,800	24% / 2,270
	Revenue Days	48,220	33,620

28K BHSI (Handysize) and BSI (Supramax) down 17% and 13% YOY respectively

PB Handysize and Supramax TCE YOY down by only 4%

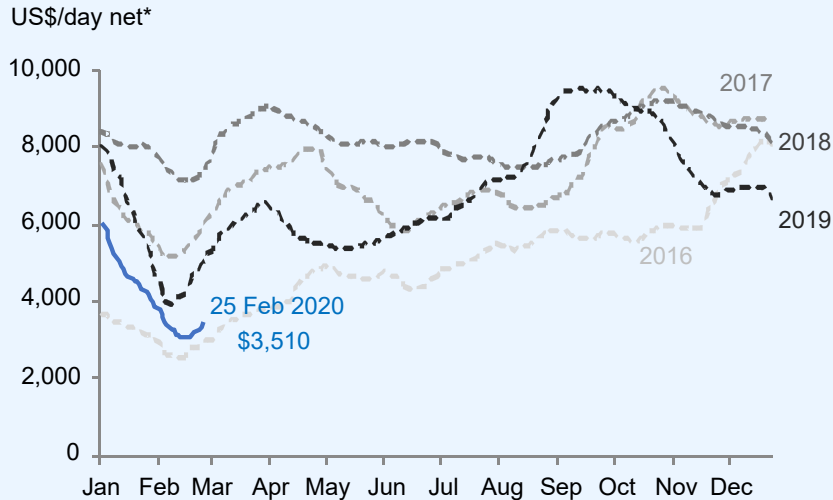
Cover as at mid-Feb 2020

	US\$/day	Handysize	Supramax
2020	PB daily TCE net rate	8,910	11,390
	% of contracted days covered	42%	60%

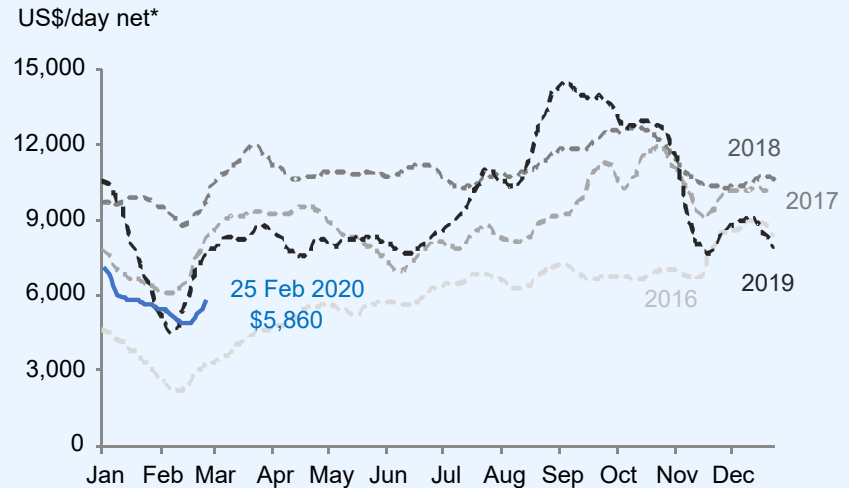


A Volatile Year Followed by Coronavirus Disruption

Handysize (BHSI 28,000 dwt) Market Spot Rates in 2016-2020



Supramax (BSI) Market Spot Rates in 2016-2020



-----2016 -----2017 -----2018 -----2019 ————2020

- First half 2019 was negatively impacted by iron ore supply disruptions in Brazil and Australia, trade war and African Swine Fever effects on Chinese grain imports, and a generally weak US grain export season
- Markets rebounded in the third quarter due to strong South American and Black Sea exports and the return of normal iron ore volumes, which pushed freight rates up to four and five-year highs in our respective segments
- Towards the end of the year, rates weakened as ship owners prepared for IMO 2020 implementation and Chinese import activity wound down for Chinese New Year holidays. Due to the effects of containing the Coronavirus outbreak, the usual rebound following the holidays has not yet materialised, but the market has stabilised and cargo enquiries are returning

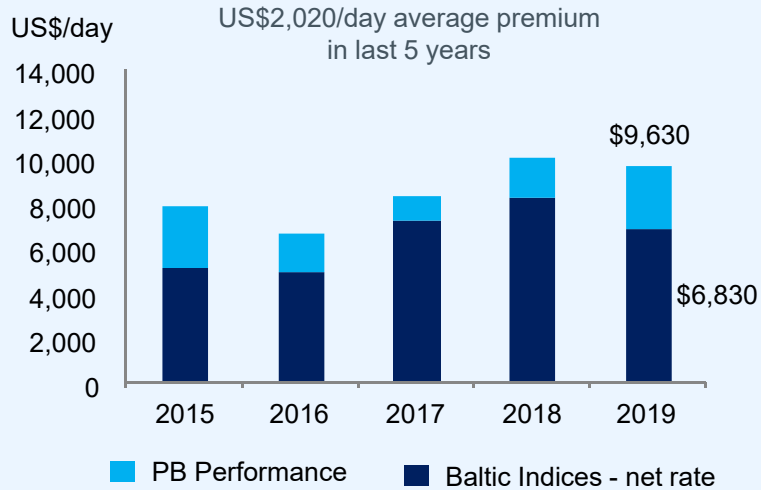
* Indices exclude 5% commission
Source: Baltic Exchange, data as at 25 February 2020



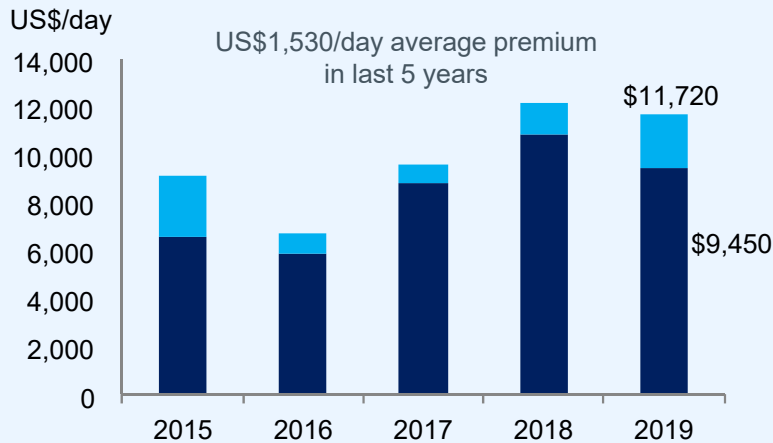
Pacific Basin

Pacific Basin Continues to Outperform on Every Level

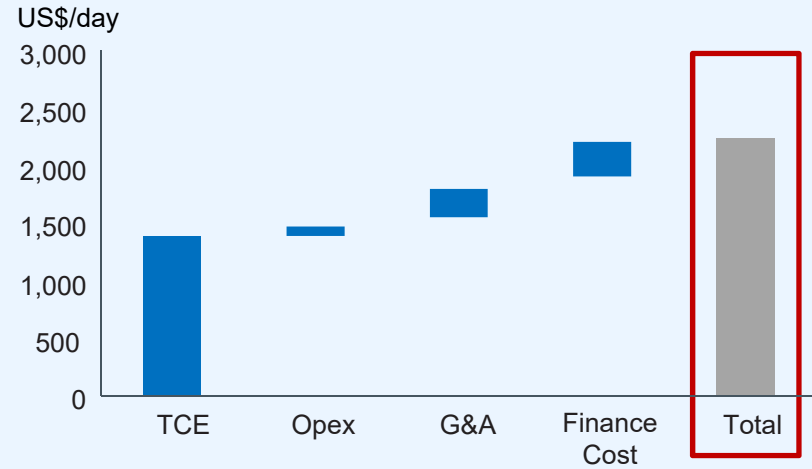
Handysize Performance vs. Market ¹



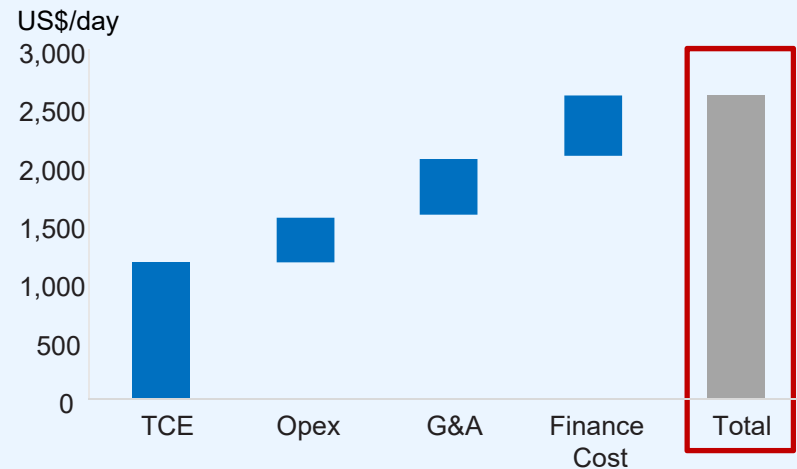
Supramax Performance vs. Market ¹



Handysize Outperformance vs. Peer Group (1Q-3Q19) ²



Supramax Outperformance vs. Peer Group (1Q-3Q19) ²



¹ Baltic Exchange (BHSI 28,000 dwt and BSI 58,000 dwt)

² Peer Group consists of all companies active in our Handysize and Supramax segments with sufficient publicly available information to make a relevant comparison. Comparable Finance costs per day is estimated using specific company leading rates but generic vessel values and leverage levels

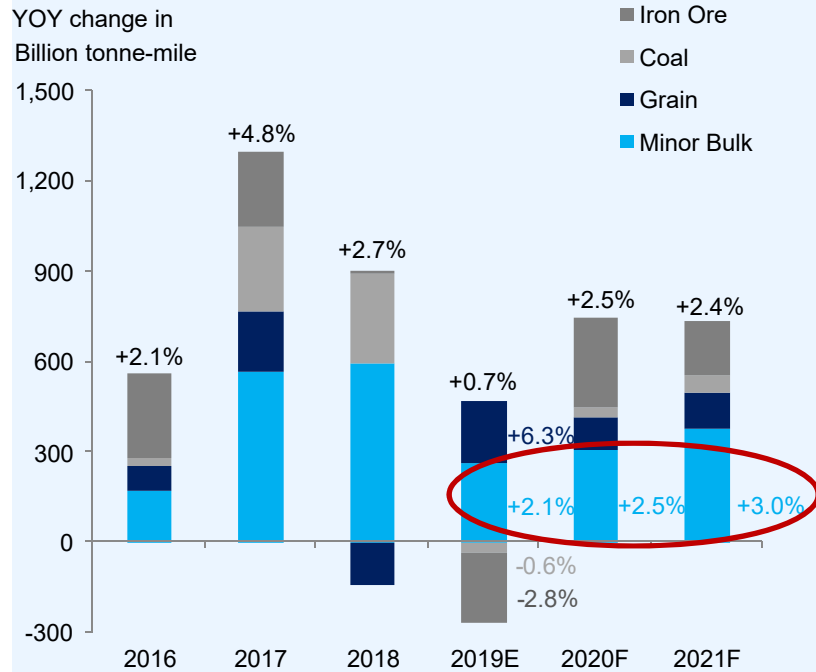


Key Market Drivers

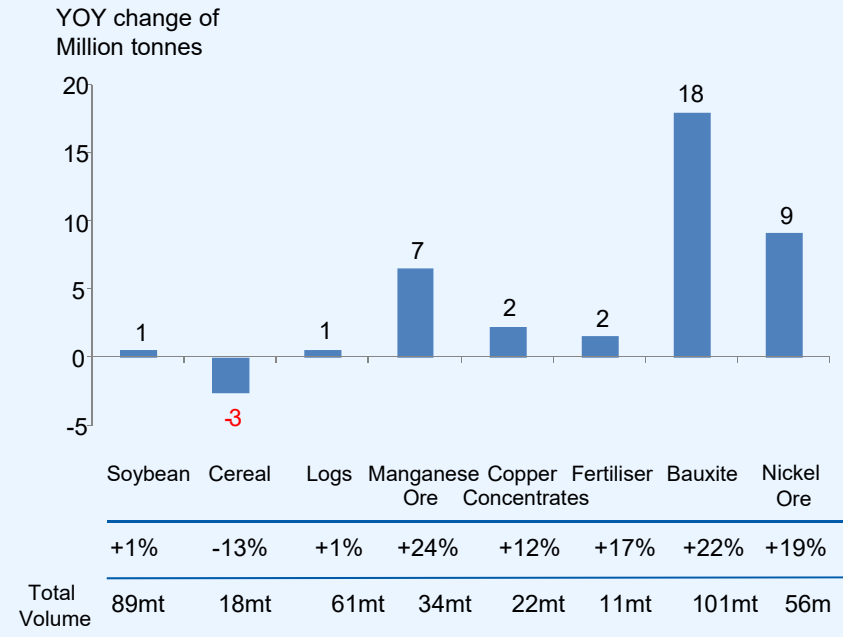


Minor Bulk Demand Growth is Healthy

Annual Change in Dry Bulk Tonne-mile Demand



Chinese Key Agricultural and Minor Bulk Imports 2019



2019

- Clarksons Research estimates dry bulk demand grew at 0.7% in 2019 mainly due to lower iron ore tonne-miles
- Minor bulk grew faster at 2.1%, partly due to strong Chinese imports

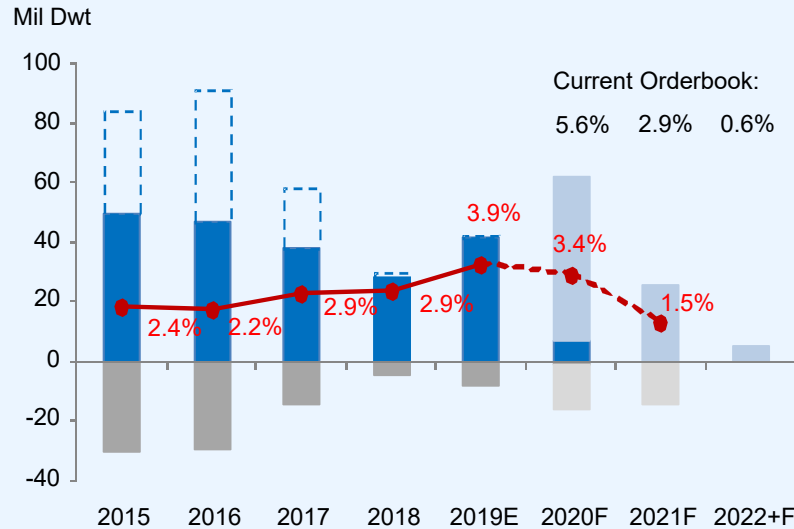
2020

- 2020 has started on a weak note with the usual seasonal weakness compounded by reduced Chinese demand and disrupted logistics caused by actions to contain the Coronavirus
- Despite recent downward adjustments to minor bulk tonne-mile growth estimates for 2020, demand for minor bulk commodities overall remains healthy and we expect a rebound in demand once the virus outbreak is contained

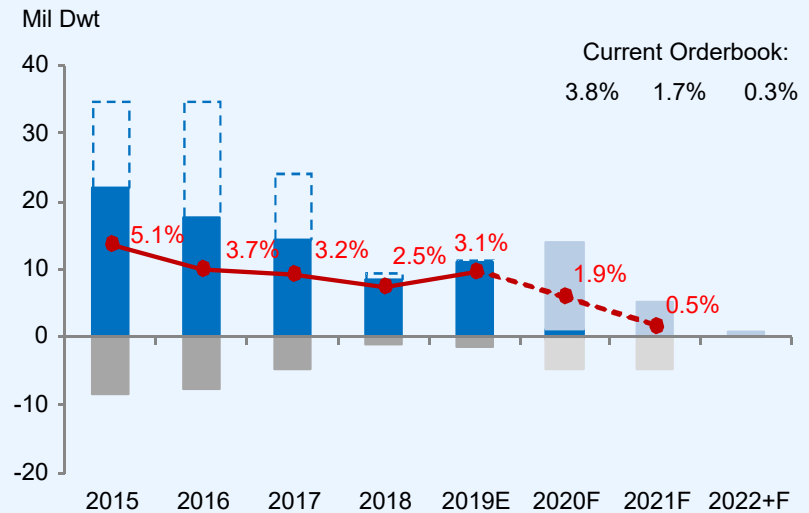


Increasing Supply in 2019...

Overall Dry Bulk Supply Development



Handysize / Supramax Supply Development

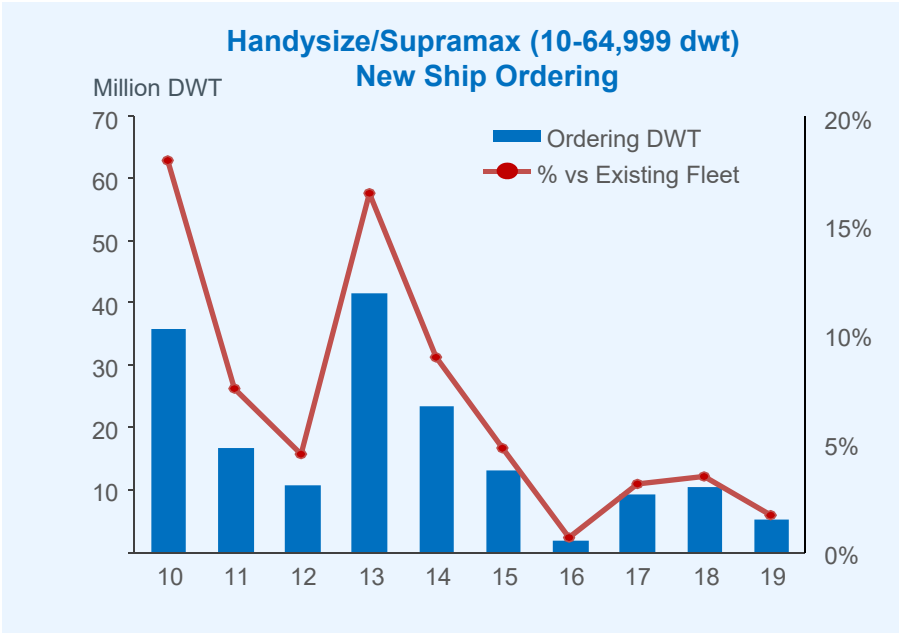
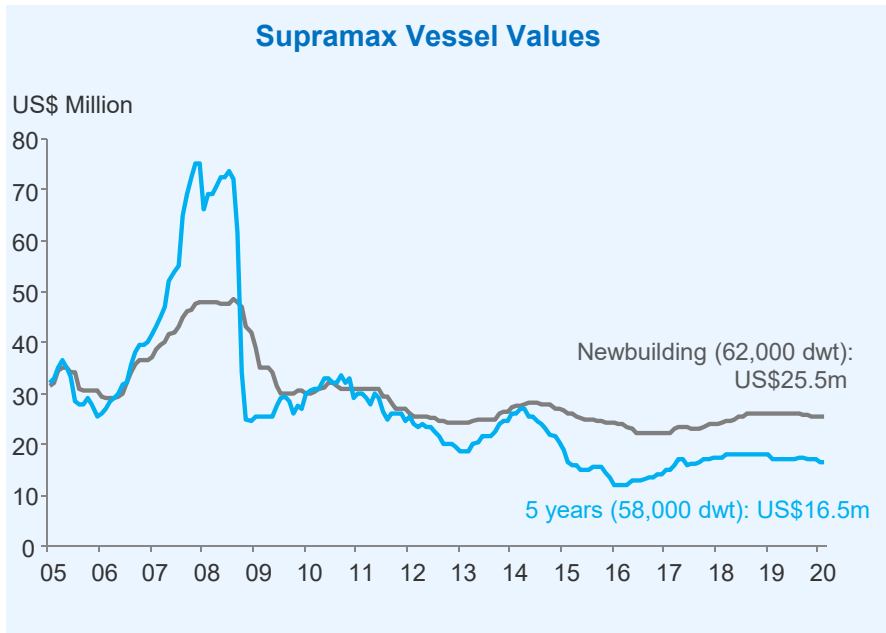


- New Deliveries
- Scrapping
- Net Fleet Growth
- Shortfall
- Scrapping Forecast
- Net Fleet Forecast
- Scheduled Orderbook

- Global dry bulk fleet grew faster than expected in 2019 at 3.9% with almost no shortfall in newbuilding deliveries and low scrapping
- Scrubber installations took many larger ships out of service for several weeks which helped to moderate fleet supply in the second half of the year and will continue to benefit the market through the first half of 2020
- Clarksons have corrected upwards historical newbuild ordering and deliveries data. This is primarily because many shipyards have held contracts and blocks for their own account and then resold these contracts much later to avoid the extra construction costs of Tier III engines and other new regulations



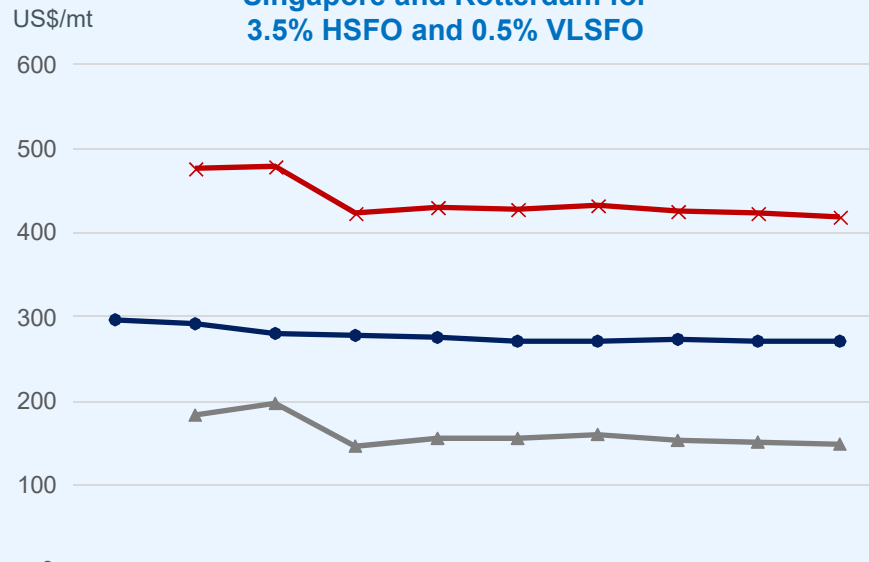
...However, New Ordering is Reducing



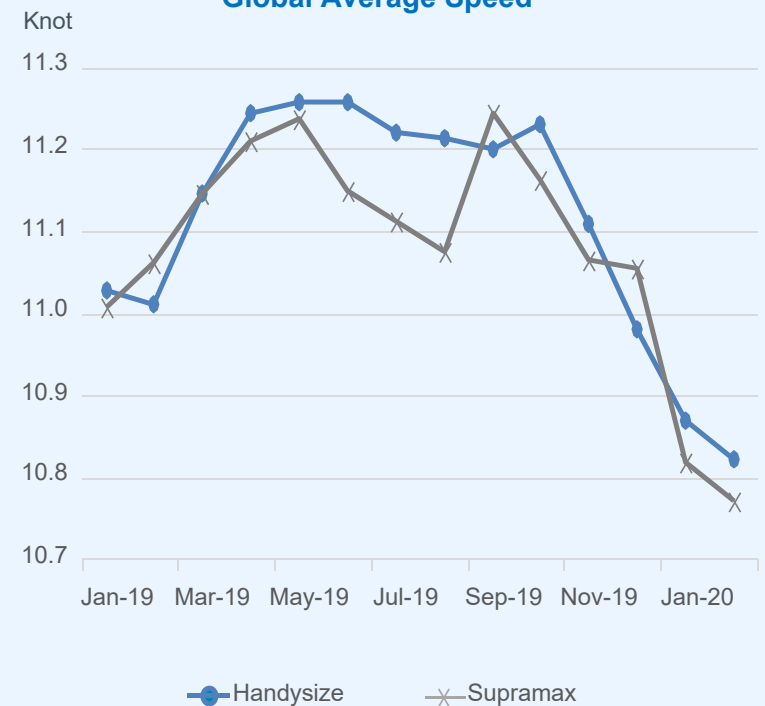
- Ordering reduced significantly in 2019 and is expected to remain subdued going forward
 - The commercial case for new ship ordering is weak as the gap between newbuilding and secondhand prices remains high
 - Uncertainty over upcoming environmental regulations and their impact on future vessel designs and propulsion technologies is discouraging owners from ordering new ships with old technology

IMO 2020 Is Reducing Average Speed and Effective Supply

Average Bunker Prices in Singapore and Rotterdam for 3.5% HSFO and 0.5% VLSFO



Handysize and Supramax Global Average Speed



- Average operating speeds have reduced since the fourth quarter of 2019

Financial Review





2019 Financial Results

US\$m	2019	2018	
Revenue	1,585.9	1,591.6	
Voyage expenses	(720.2)	(710.5)	
Time-charter equivalent ("TCE") earnings	865.7	881.1	
Owned vessel costs	(327.1)	(296.6)	Owned vessel costs
Charter costs	(456.0)	(451.4)	Charter costs
Operating performance before overheads	82.6	133.1	
Adjusted total G&A overheads	(61.2)	(59.8)	
Taxation & others	(0.9)	(1.3)	
Underlying profit KPI	20.5	72.0	
Derivatives M2M and one-off items	4.6	0.3	Derivatives M2M and one-off items
Profit attributable to shareholders	25.1	72.3	
EBITDA	230.7	215.8	

	2019	2018
Owned vessel costs		
Opex	(167.4)	(149.7)
Depreciation	(127.5)	(114.5)
Finance	(32.2)	(32.4)
Charter costs		
Non-capitalised	(417.1)	(451.4)
Capitalised	(38.9)	-
Derivatives M2M and one-off items		
Derivative M2M	7.8	(11.7)
Disposal loss of vessels	(5.1)	(0.7)
Write-back of other provisions	1.9	-
Write-back of onerous contract provisions	-	12.7

- The Board proposes a final dividend of HK2.1¢/share

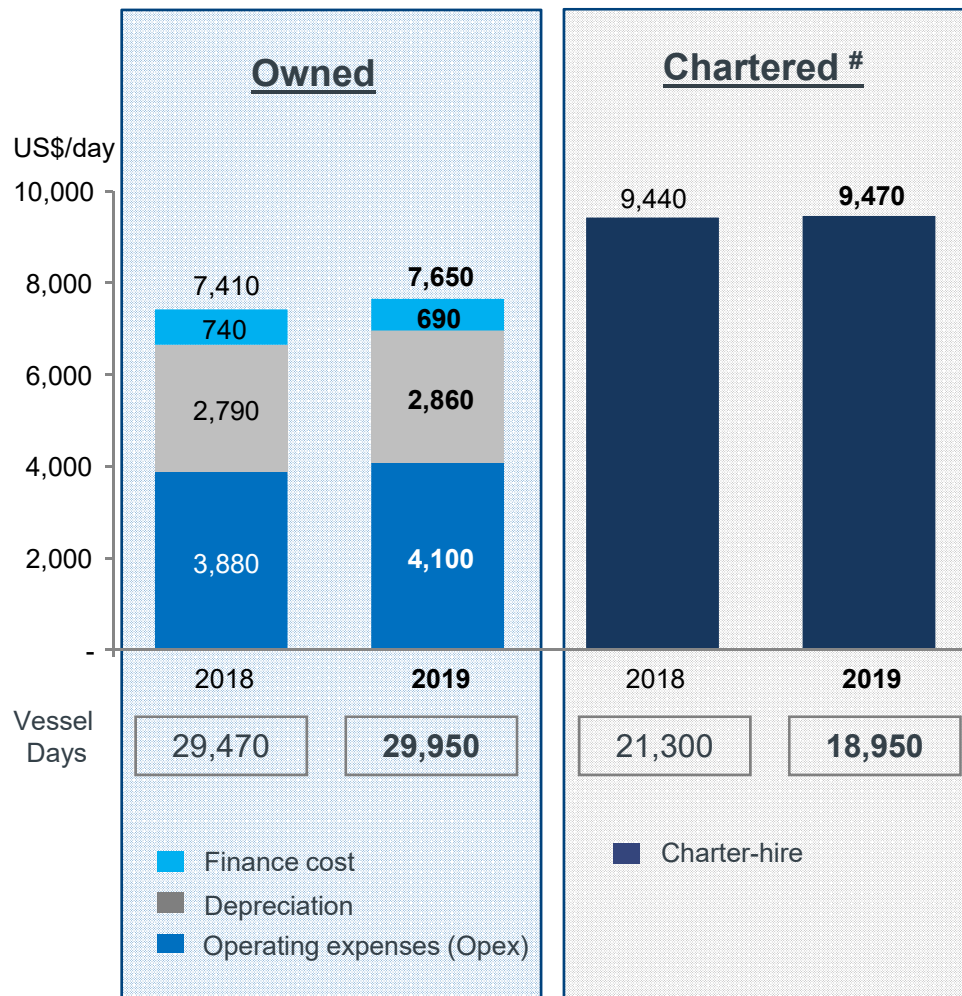
Handysize and Supramax Contribution

		2019	2018	Change
Handysize contribution	(US\$m)	55.4	85.5	-35%
Revenue days	(days)	48,220	50,120	-4%
TCE earnings	(US\$/day)	9,630	10,060	-4%
Owned + chartered costs	(US\$/day)	8,360	8,260	-1%
Supramax contribution	(US\$m)	23.1	42.1	-45%
Revenue days	(days)	33,620	29,980	+12%
TCE earnings	(US\$/day)	11,720	12,190	-4%
Owned + chartered costs	(US\$/day)	10,700	10,740	0%
Post-Panamax contribution	(US\$m)	4.1	5.5	-25%
Adjusted G&A overheads and tax	(US\$m)	(62.1)	(61.1)	-2%
Underlying profit	(US\$m)	20.5	72.0	-72%

+/- Note: Positive changes represent an improving result and negative changes represent a worsening result

Handysize – Vessel Costs

2019 Daily Vessel Costs - Handysize



US\$8,360/day
Blended Daily P/L Costs before G&A Overheads
(2018: US\$8,260)

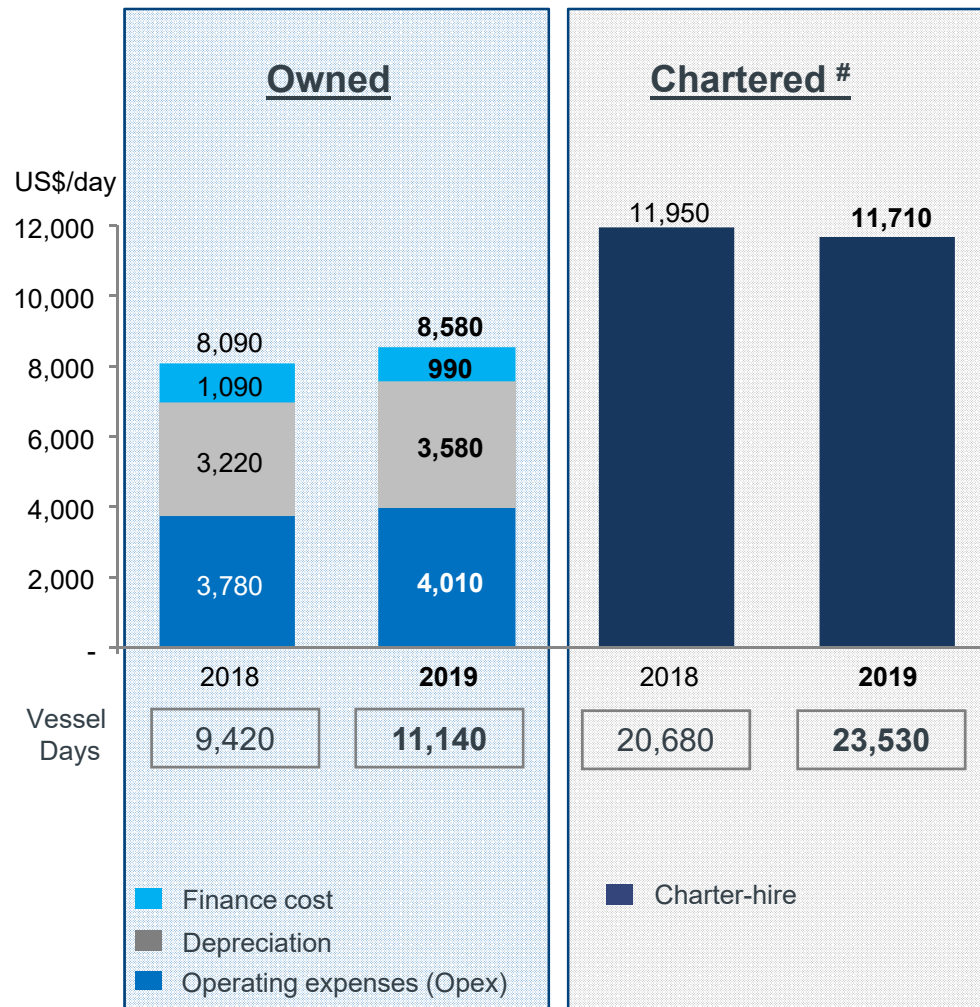
2019 Charter Costs #

	Vessel days	Average daily P/L rate (US\$)
<i>Fixed in nature</i>		
Long-term (>1 year)	6,950	10,280
<i>Variable in nature</i>		
Short-term and Index-linked	12,000	8,990
Total	18,950	9,470

Chartered rates are shown on a P&L basis

Supramax – Vessel Costs

2019 Daily Vessel Costs - Supramax



US\$10,700/day
Blended Daily P/L Costs before G&A Overheads
(2018: US\$10,740)

2019 Charter Costs #

	Vessel days	Average daily P/L rate (US\$)
<i>Fixed in nature</i>		
Long-term (>1 year)	2,290	12,400
<i>Variable in nature</i>		
Short-term and Index-linked	21,240	11,630
Total	23,530	11,710

Significant Operational Leverage

		Handysize			Supramax			Sensitivity ²		
		2019 avg. TCE (US\$/d)	Vessel Days	Costs incl. G&A ¹ (US\$/d)	2019 avg. TCE (US\$/d)	Vessel Days	Costs incl. G&A ¹ (US\$/d)			
Largely Fixed Cost	Owned	9,630	29,950	8,590	11,720	11,140	9,520	+/- US\$1,000 daily TCE US\$35-40m		
	LT Chartered		6,950	10,810		2,290	12,930			
Largely Variable Cost	ST and Index-linked Chartered			12,000		9,520		21,240	12,160	Margin business, less sensitive to rates movement

Adjusted for ca. 20-25% typical long-term forward cargo cover at any point in time

¹ Comprising G&A US\$940/day for owned ships and US\$530/day for chartered-in ships

² Based on current fleet and commitments, and all other things equal



US\$217m Operating Cash Inflow

	2019	2018
Cash as at 1 January ¹	329.2	227.0
Operating activities	217.1	189.6
Investment activities		
Vessel acquisitions ²	(94.2)	(88.7)
Dry-docking	(89.8)	(39.2)
Sales proceeds and other	40.1	11.1
Total	(143.9)	(116.8)
Financing activities		
Change in borrowings	(93.6)	75.6
Interest on borrowings, etc.	(35.7)	(31.2)
Dividends	(21.8)	(14.3)
Others	(51.0)	(0.1)
Total	(202.1)	30.0
Cash at 31 December ¹	200.2	329.2
Term deposits	-	12.5
Undrawn committed facilities	182.6	-
Total available liquidity	382.8	341.7
Value of unmortgaged vessels	~106.0	~147.0

Change in borrowings			
	2019	2018	
Net draw down of committed facilities	162.6	185.3	←
Net repayment of borrowings	(304.6)	(109.6)	
CB repayments	(125.0)	-	
CB issuance	173.4	-	

¹ Excluding term deposits² Excluding US\$38.7m of new shares issued to the ship sellers of 4 vessels delivered in the period

Strong Balance Sheet – US\$383m Available Liquidity

As at 31 December 2019

US\$m	2019	2018
Vessels & other fixed assets	1,875	1,808
Total assets	2,394	2,366
Total borrowings	863	961
Total liabilities	1,118	1,135
Total Equity	1,276	1,231
Net borrowings (total available liquidity US\$383m)	663	619
Net borrowings to net book value of owned vessels KPI	35%	34%

- Vessel average net book value: 80 Handysize (12 years): \$14.4m/ship
33 Supramax (9 years): \$20.5m/ship

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 cargo ship with a red and white hull is docked at a pier on the right side of the image. The ship's deck is also covered with stacks of wood. In the background, there is a body of water, a small town, and forested hills. A semi-transparent white box with a grid pattern is overlaid on the image, containing the text "Strategy and Priorities" in red.

Strategy and Priorities



We support our industry's ambitious goal to:

- Improve the global fleet's carbon efficiency by 40% by 2030 (relative to 2008)
- Reduce total green house gas emissions by 50% by 2050 (relative to 2008)

We are well positioned:

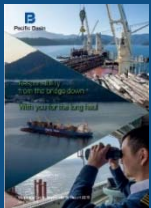
- Modern, well-maintained Japanese ships
 - always investing in further optimisation
- Highly fuel efficient logistics
 - laden with cargo for over **90%** of the time
- As the world decarbonises, Pacific Basin will continue to carry the non-fossil fuel commodities that will be the mainstay of global seaborne trade

We have joined the

Getting to Zero Coalition

However, the industry can take IMMEDIATE action:

- Slow down speed
- Stop ordering ships with old technology



2019 CSR Report
www.pacificbasin.com/ar2019





Our Strategic Direction and Priorities

- **Maintain and grow our cargo focus and scale as both a fully integrated owner and operator**
 - Not only owned ships, not only asset light
- **We will continue to pursue our Supramax fleet growth and Handysize renewal strategy, acquiring quality secondhand ships and divesting older, smaller vessels**
 - Continue to reduce long-term chartered ships
- **No new ordering of old technology ships**
 - Due to high price, low return and new regulations which will change ship designs and technology
- **We are investing in further optimisation on existing ships, and we will invest in low-emission ships in the future when they become technically and commercially viable**
 - Based on fuel price spreads seen early 2020, our scrubber-fitted ships are making a significant contribution to our earnings
- **Maintain empowered local chartering and operations close to customers**
 - With best in class centralised support and systems
- **Keep building our brand**
 - Long-term thinking, safety, care and quality in everything we do
- **Keep our balance sheet and liquidity strong**



Well Positioned for the Future

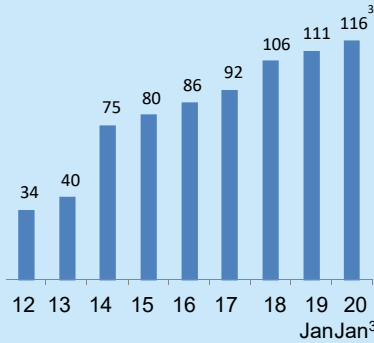
Our TCE Outperform Market

Average PB premium over market indices in last 5 years:

US\$2,020/day
Handysize TCE

US\$1,530/day
Supramax TCE

More Owned Vessels with Fixed Costs



Owned Vessel Breakeven
Incl. G&A overheads

US\$8,590/day
Handysize¹

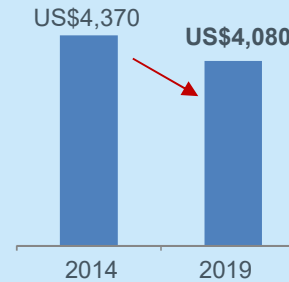
US\$9,520/day
Supramax²

Efficient Cost Structure

Annual Group G&A Overheads



Daily Vessel Operating Expenses
(Combined Handysize and Supramax)



Sensitivity toward Market Rates*

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



Our Underlying Result

+/-
US\$
35-40m

¹ 2019 PB owned Handysize \$7,650/day + G&A overheads \$940/day ≈ US\$8,590/day

² 2019 PB owned Supramax \$8,580/day + G&A overheads \$940/day ≈ US\$9,520/day

³ An additional 2 vessels we purchased and 1 sold during the period are scheduled to deliver by April 20, data as at 31 January 20

* Based on current fleet and commitments, and all other things equal



Disclaimer

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
- **Social Media Communications**
 - Follow us on Facebook, Twitter, LinkedIn, YouTube and WeChat!

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Pacific Basin

Appendix: Pacific Basin Overview

- World's largest owner and operator of modern Handysize & Supramax ships
- Cargo system business model – consistently outperforming market rates
- Own 116* Handysize and Supramax vessel, with total approx. 200 dry bulk ships on the water serving major industrial customers around the world
- Hong Kong headquartered and HKEx listed, 12 offices worldwide, 340+ shore-based staff, 3,900+ seafarers*
- Strong balance sheet with US\$383mil available liquidity
- Our vision: To be a shipping industry leader and the partner of choice for customers, staff, shareholders and other stakeholders



www.pacificbasin.com

Pacific Basin business principles
and our Corporate Video

* Data as at 31 January 2020:

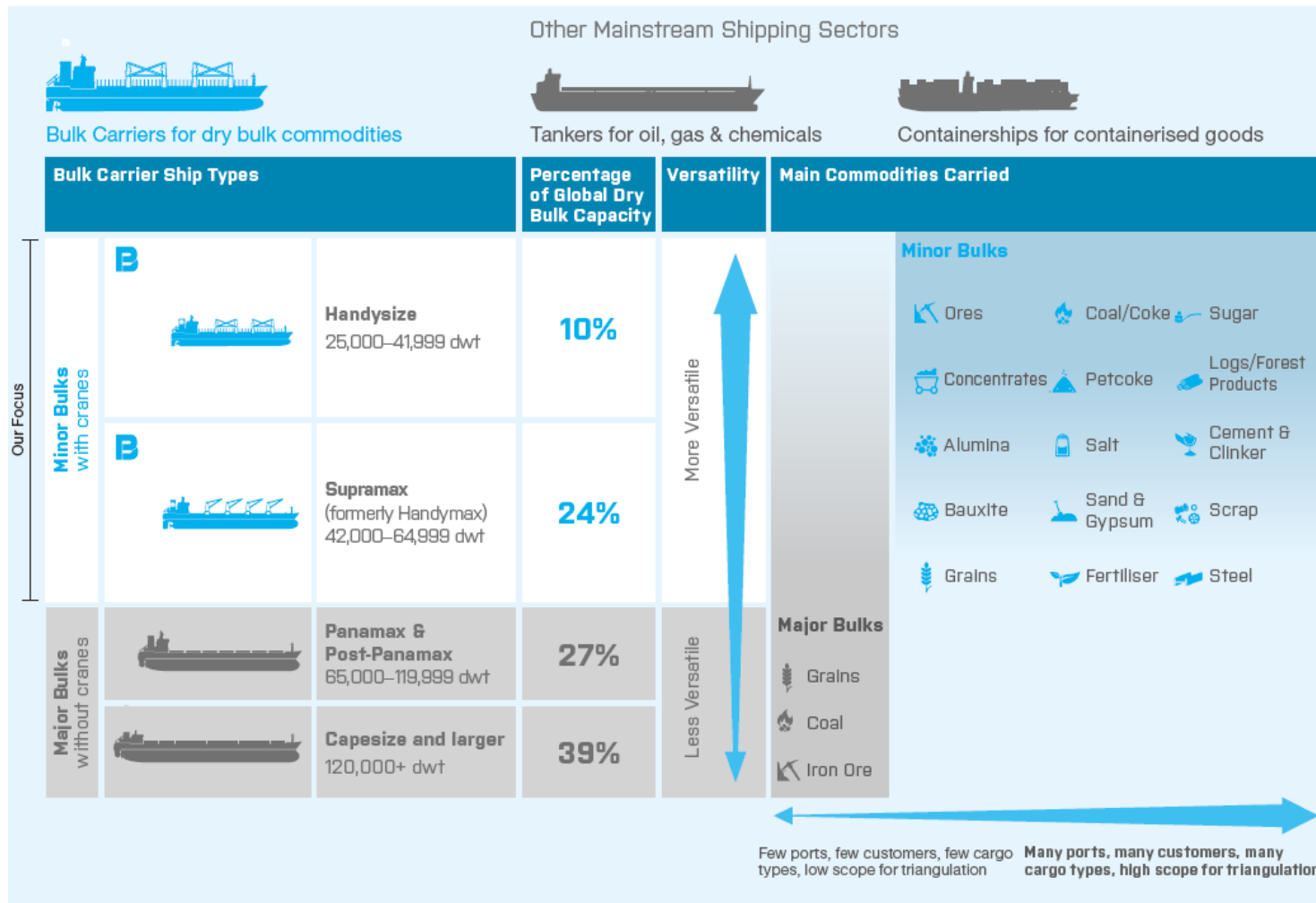
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- Excluding an additional 2 vessels purchased and 1 sold are scheduled to deliver by end April 2020



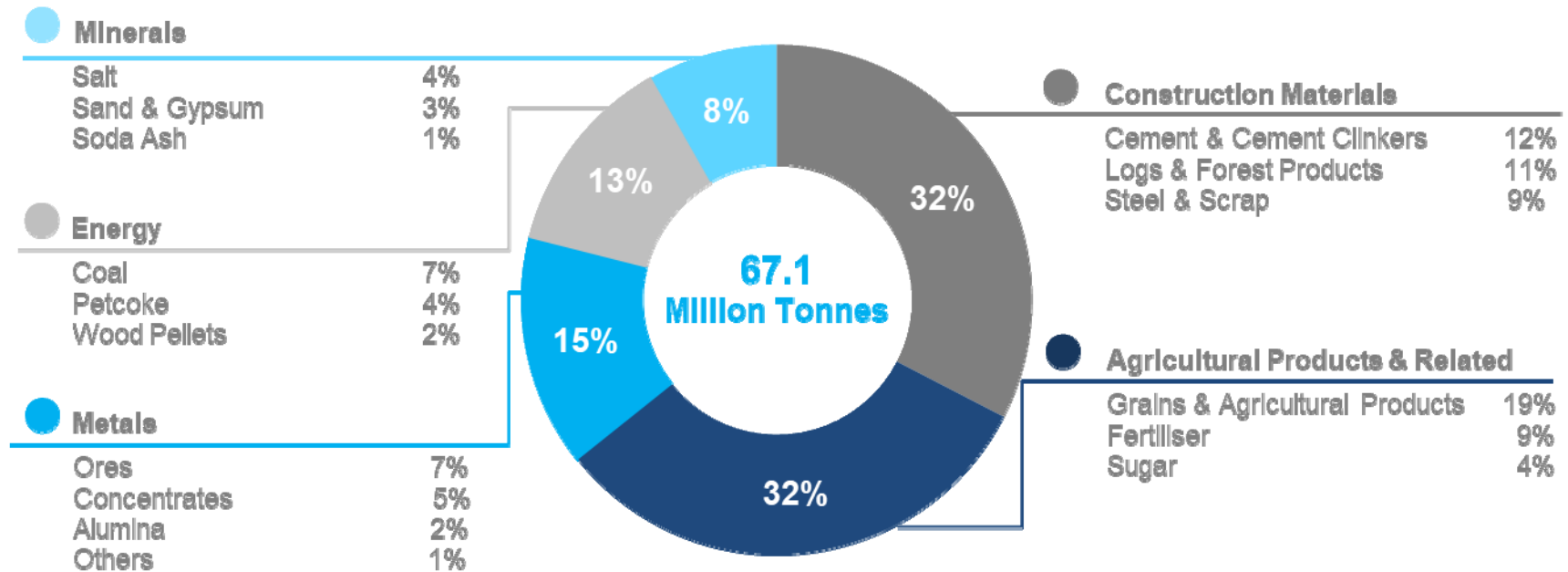
Appendix: Understanding Our Core Market

The Dry Bulk Sector



Appendix: Pacific Basin Dry Bulk – Diversified Cargo

Our Dry Bulk Cargo Volumes in 2019



- Diverse range of commodities reduces product risk
- China and North America were our largest markets
- About 60% of business in Pacific and 40% in Atlantic

approx. **500**
customers



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. 6% of global 25-42,000 dwt Handysize ships of less than 20 years old; and approx 3% of global 42-65,000 dwt Supramax of less than 20 years old

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

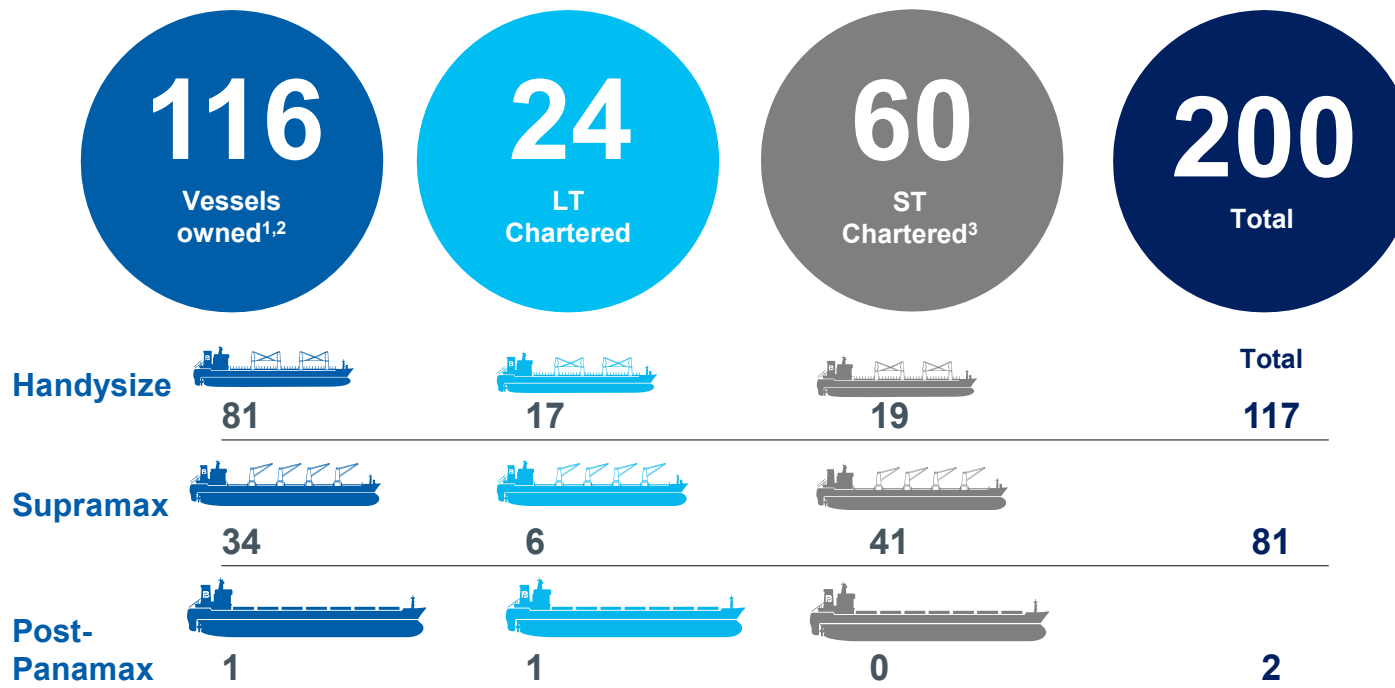
Strong cash position and track record set us apart as a preferred counterparty

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

Appendix: Fleet List – 31 January 2020

www.pacificbasin.com
Our Fleet



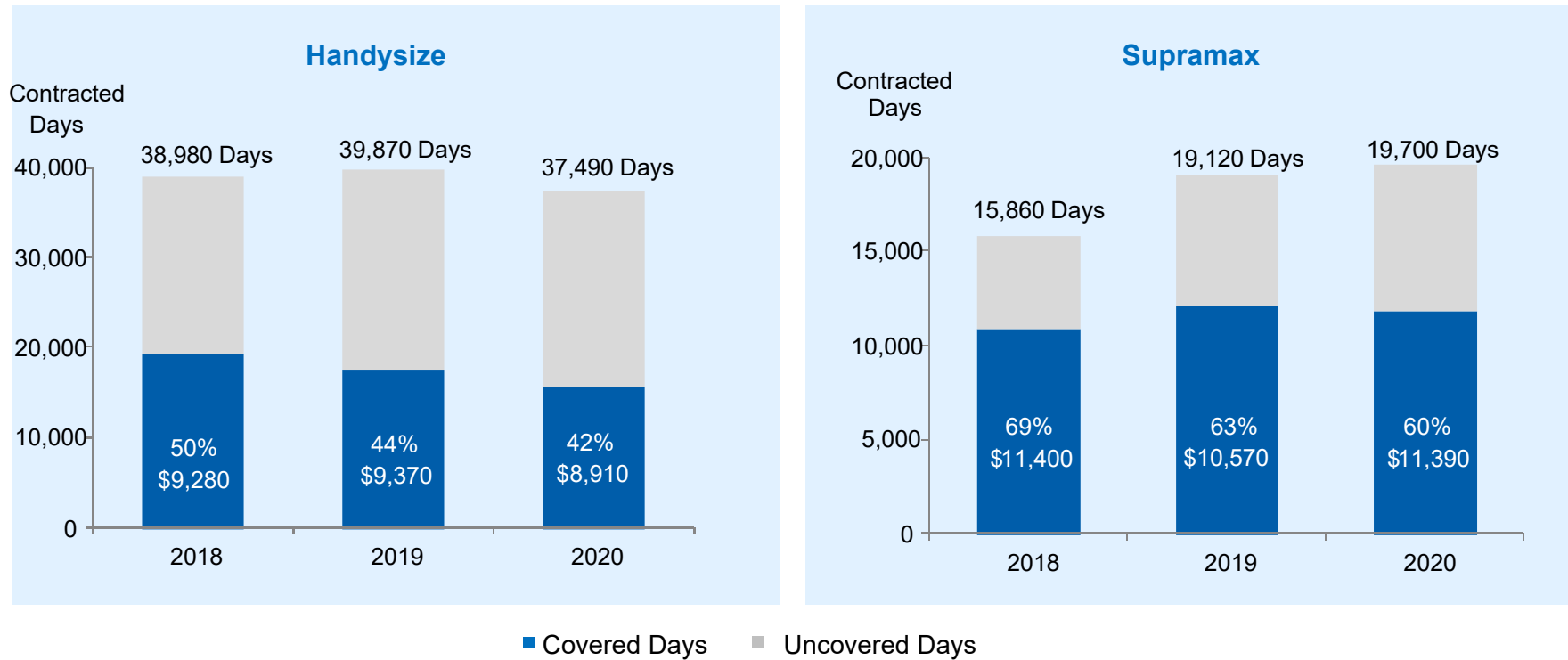
Average age of core fleet: 10.8 years old

¹ Including 1 vessel we committed to purchase in 2019 that delivered in January 2020

² Excluding an additional 2 vessels purchased and 1 sold are scheduled to deliver by end April 2020

³ Average number of short-term + index-linked vessels operated in January 2020

Appendix: 2020 Future Cover



* Note that our 2020 forward cargo contract cover is back-haul heavy
Currency in US\$

Cover as at mid-February, for comparison the graphs show the level of cover secured as at the same time in February in recent years

Appendix: Charter-in Commitments

As at 31 December 2019

Year	Handysize									Supramax								
	Long-term (>1 year)			Short-term			Total			Long-term (>1 year)			Short-term			Total		
	Vessel days	Average rate P/L basis	Average rate Cash basis	Vessel days	Average rate		Vessel days	Average rate P/L basis	Average rate Cash basis	Vessel days	Average rate P/L basis	Average rate Cash basis	Vessel days	Average rate		Vessel days	Average rate P/L basis	Average rate Cash basis
1H2020	2,380	10,170	10,460	520	9,880		2,900	10,120	10,360	920	12,070	13,130	1,630	11,550		2,550	11,740	12,120
2H2020	2,360	10,450	10,520	-	-		2,360	10,450	10,520	710	11,890	12,690	370	12,300		1,080	12,030	12,560
2020	4,740	10,310	10,490	520	9,880		5,260	10,270	10,430	1,630	11,990	12,940	2,000	11,690		3,630	11,830	12,250
2021	3,450	10,320	10,340	-	-		3,450	10,320	10,340	590	11,190	12,050	-	-		590	11,190	12,050
2022	2,880	9,970	10,170	-	-		2,880	9,970	10,170	340	10,980	12,200	-	-		340	10,980	12,200
2023	2,200	10,560	10,790	-	-		2,200	10,560	10,790	-	-	-	-	-		-	-	-
2024	1,660	10,630	11,120	-	-		1,660	10,630	11,120	-	-	-	-	-		-	-	-
2025+	370	11,290	11,510	-	-		370	11,290	11,510	-	-	-	-	-		-	-	-
Total	15,300			520			15,820			2,560			2,000			4,560		

Note:

Following the adoption of new accounting standard HKFRS16 Leases on 1 Jan 2019, charter-in operating leases of longer than 12 months will be accounted for on balance sheet as right-of-use assets and lease liabilities.

POSSIBLE MARKET DRIVERS IN THE MEDIUM TERM

OPPORTUNITIES

- ▶ Slower operating speed of ships burning more expensive low-sulphur fuel and reduced supply due to continuing scrubber installations
- ▶ Limited new ship ordering and deliveries due to uncertainty over environmental regulations and future vessel designs, leading to tighter supply
- ▶ Increased scrapping of poor quality and poorly designed tonnage facing onerous environmental regulations and expensive maintenance and upgrade costs
- ▶ New trade deals and easing of US-China trade tensions resulting in improved sentiment and dry bulk activity
- ▶ Industrial growth and infrastructure investment in South East Asia and other emerging markets, further boosted by economic stimulus in China

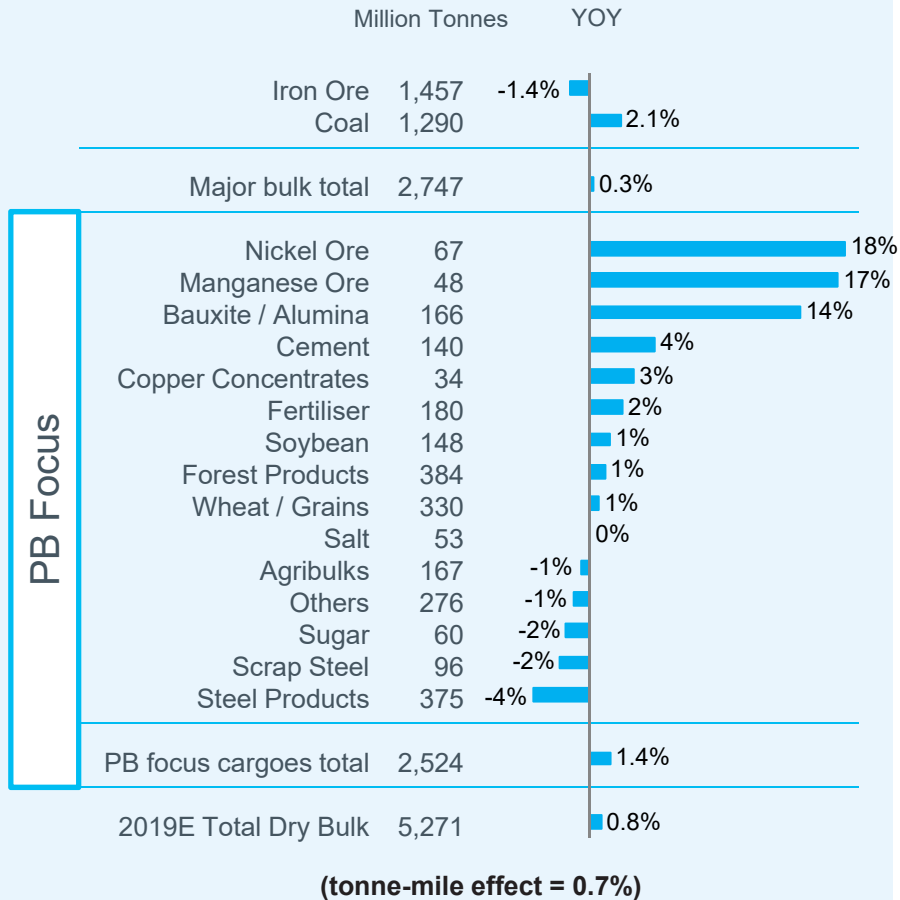
THREATS

- ▶ Slowing global economic growth especially in China, compounded by the Coronavirus outbreak, affecting the trade in dry bulk commodities
- ▶ Too many newbuilding deliveries in first half 2020, combined with continued minimal scrapping
- ▶ Periods of low fuel prices supporting faster ship operating speeds which increases supply
- ▶ Environmental concerns and policy encouraging a greater shift towards renewable energy and away from coal
- ▶ Tariffs and protectionism driving local production at the expense of global trade

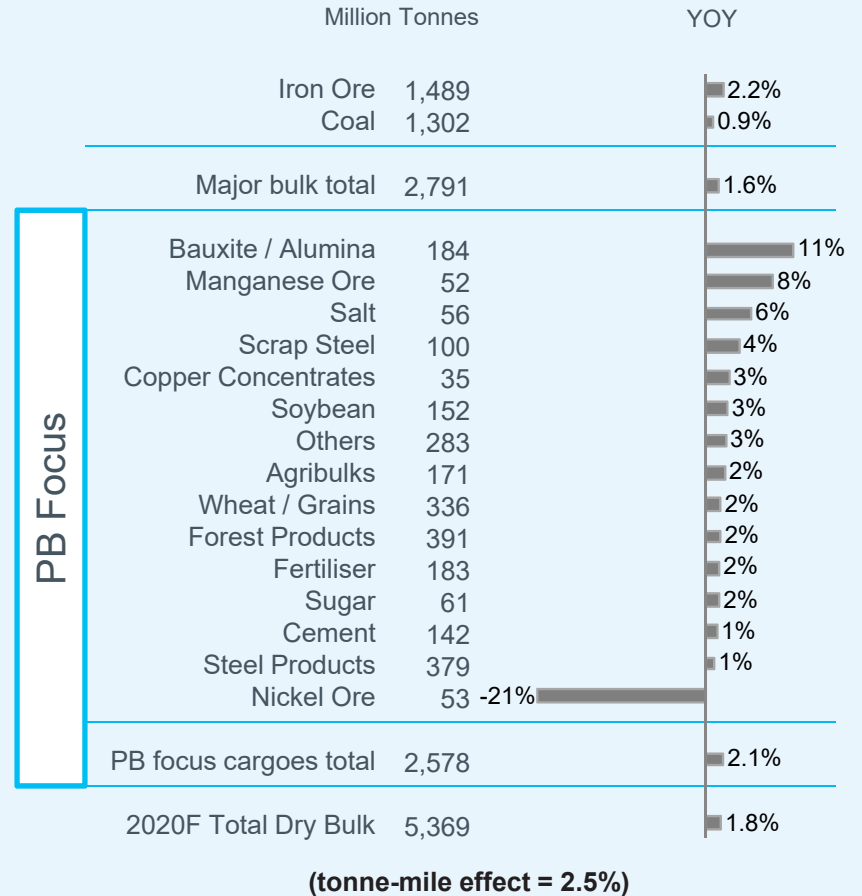


Appendix: Dry Bulk Demand in 2019 and 2020 Forecast

2019E Dry Bulk Trade Volumes







2020F Dry Bulk Trade Volumes



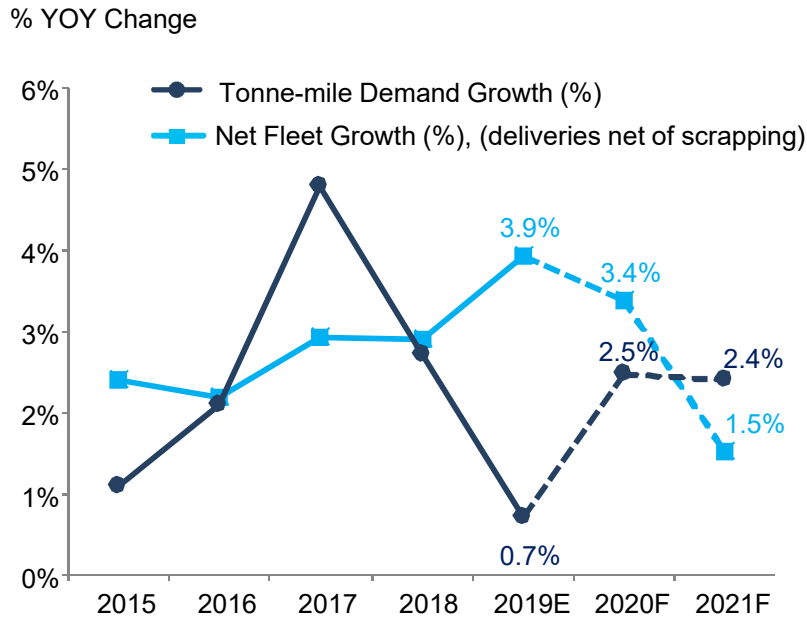
Source: Clarksons Research, as at Feb 2020

Appendix: Better Supply Fundamentals for Handysize / Supramax

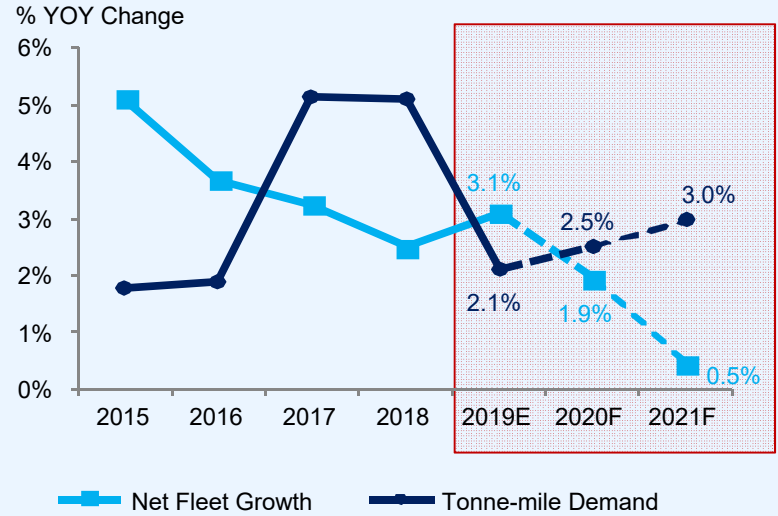
	Scheduled Orderbook as % of Existing Fleet	Average Age	Over 20 Years	Over 15 Years	2019 Scrapping as % of 1 Jan 2020 Existing Fleet	
 Handysize – 85m dwt (25,000-41,999 dwt)	4.6%	11	11%	19%	0.6%	Lower orderbook More older ships
 Supramax – 205m dwt (42,000-64,999 dwt)	6.3%	10	8%	19%	0.4%	
 Panamax – 234m dwt (65,000-119,999 dwt)	9.0%	10	9%	21%	0.1%	
 Capesize and larger – 333m dwt (120,000+ dwt)	12.4%	9	5%	13%	1.8%	
Total Dry Bulk – 879m dwt (>10,000 dwt)	9.1%	11	8%	17%	0.9%	

Appendix: Supply and Demand Outlook

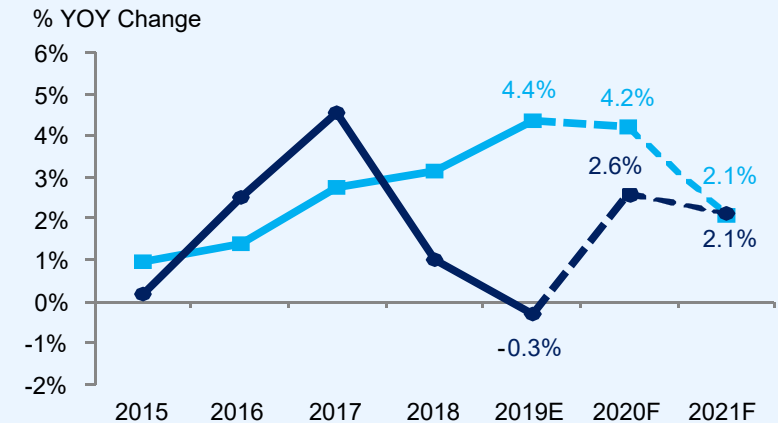
Total Dry Bulk Supply and Demand



Minor Bulk Demand and Handysize/Supramax Supply



Major Bulk* Demand and Capesize/Panamax Supply



* Major Bulk includes iron ore, coal and grains
Source: Clarksons Research, as at February 2020

Appendix: Vessel Speed Optimisation Example

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

Optimal speed for typical Handysize vessel (Hakodate 32,000 dwt)

Freight rate in US\$/ton for typical voyage	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	
Approximate TCE US\$/day	4,000	4,650	5,300	5,950	6,600	7,250	7,900	8,550	9,200	9,850	10,500	11,150	11,800	12,450	13,100	13,750	14,400	15,050	15,700	16,350	17,000	
Bunker Cost US\$/mt																						
200																						
250	68%																					
300	49%	56%	63%	69%																		
350	37%	42%	48%	53%	59%	66%	69%															
400		33%	37%	42%	47%	52%	57%	62%	67%	69%												
450				34%	38%	42%	46%	50%	55%	59%	64%	69%	69%									
500					31%	34%	38%	41%	45%	49%	53%	57%	61%	66%	69%	69%						
550						32%	35%	38%	41%	45%	48%	52%	55%	59%	63%	67%	69%	69%				
600							32%	35%	38%	41%	44%	47%	51%	54%	57%	61%	64%	68%	69%			
650								33%	35%	38%	41%	44%	47%	50%	53%	56%	59%	62%				
700									31%	33%	36%	38%	41%	43%	46%	49%	52%	55%				
750										31%	34%	36%	38%	41%	43%	46%	49%	52%	55%			
800											32%	34%	36%	38%	41%	43%	46%	48%				

Full Practical Speed about 85% MCR (around 13.3 knots)

30% MCR = 9.4 knots
50% MCR = 11.1 knots
70% MCR = 12.4 knots
85% MCR = 13.3 knots

Minimum Practical 30% MCR (around 9.4 knots)

Optimal speed for typical Supramax vessel (Tsuneishi 58,000 dwt)

Freight rate in US\$/ton for typical voyage	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	
Approximate TCE US\$/day	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	19,000	20,000	21,000	22,000	23,000	24,000	25,000	
Bunker Cost US\$/mt																						
200																						
250	64%	69%																				
300	46%	54%	62%	69%																		
350	35%	41%	47%	53%	60%	67%	69%															
400		32%	37%	42%	47%	53%	59%	65%	69%													
450			34%	38%	43%	48%	53%	58%	63%	69%	69%											
500				31%	35%	39%	43%	48%	52%	57%	62%	67%	69%	69%								
550					33%	37%	40%	44%	48%	52%	56%	61%	65%	69%	69%							
600						31%	34%	38%	41%	45%	48%	52%	56%	60%	64%	68%	69%	69%				
650							32%	35%	38%	42%	45%	48%	52%	56%	60%	64%	68%	69%	69%			
700								31%	34%	36%	39%	42%	45%	48%	52%	55%	59%	63%	67%	69%		
750									32%	35%	37%	40%	43%	46%	49%	52%	55%	58%	62%			
800										31%	33%	35%	38%	41%	43%	46%	49%	52%	55%			

Full Practical Speed about 85% MCR (around 13.5 knots)

30% MCR = 9.5 knots
50% MCR = 11.3 knots
70% MCR = 12.7 knots
85% MCR = 13.5 knots

Minimum Practical 30% MCR (around 9.5 knots)