2018 Interim Results

Robust Business Model
Versatile Fleet
Passionate Team

27 July 2018
Highlights
### 2018 Interim Results - Highlights

<table>
<thead>
<tr>
<th>US$m</th>
<th>1H18</th>
<th>1H17</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA</td>
<td>99.3</td>
<td>56.6</td>
<td>+42.7</td>
</tr>
<tr>
<td>Underlying profit / (loss)</td>
<td>28.0</td>
<td>(6.7)</td>
<td>+34.7</td>
</tr>
<tr>
<td>Net profit</td>
<td>30.8</td>
<td>(12.0)</td>
<td></td>
</tr>
<tr>
<td>Dividends</td>
<td>HK2.5¢</td>
<td>-</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>US$m</th>
<th>30 June 18</th>
<th>31 Dec 17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>317.1</td>
<td>244.7</td>
</tr>
<tr>
<td>Net gearing</td>
<td>36%</td>
<td>35%</td>
</tr>
<tr>
<td>Owned fleet / Total fleet *</td>
<td>108 / 224</td>
<td>106 / 222</td>
</tr>
</tbody>
</table>

- Better minor bulk market rates combined with our continued outperformance and competitive cost structure supported much improved results
- We have declared an interim dividend of HK2.5¢/share
- We secured a US$325m revolving credit facility that significantly extends our repayment profile and lowers our finance costs
- We acquired 5 modern vessels including 4 funded 50% by equity, which will grow our owned fleet to 111 ships
- Trade dispute actions to date impact only a small fraction of trades in which we are engaged, but an escalating global trade war could impact global GDP and dry bulk demand
- We remain cautiously optimistic for a continued market recovery, with some volatility along the way

* An additional 3 vessels we purchased will deliver in 2H18 and early 2019
### 1H18 Performance and Future Cover

<table>
<thead>
<tr>
<th>US$/day</th>
<th>Handysize</th>
<th>Supramax</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market (BHSI/BSI) index net rate 1H18</td>
<td>8,200</td>
<td>10,560</td>
</tr>
<tr>
<td>PB daily TCE net rate 1H18</td>
<td>9,750</td>
<td>11,730</td>
</tr>
<tr>
<td>PB outperformance</td>
<td>19% / 1,550</td>
<td>11% / 1,170</td>
</tr>
</tbody>
</table>

Future earnings and cargo cover

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>PB daily TCE net rate 2H18</td>
<td>9,610</td>
<td>11,010</td>
</tr>
<tr>
<td>% of Contracted Days Covered</td>
<td>54%</td>
<td>67%</td>
</tr>
</tbody>
</table>

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>PB daily TCE net rate FY2019</td>
<td>9,100</td>
<td>11,860</td>
</tr>
<tr>
<td>% of contracted days covered</td>
<td>13%</td>
<td>19%</td>
</tr>
</tbody>
</table>

**Improvement over 1H17:**
- Handysize: +23% / $1,830
- Supramax: +32% / $2,810

Cover as at 24 July 2018
Market Review
Freight Market Continues to Improve

- Handysize and Supramax freight market indices continued to improve, registering the strongest first-half rates since 2014 and 2011 respectively.
- Freight indices followed a similar seasonal pattern as in recent years with a short seasonal decline at the start of the year, recovery after Chinese New Year with a stronger March and April, and a bit of summer weakness thereafter.

* excludes 5% commission
# BSI is now based on a standard 58,000 dwt bulk carrier
Source: Baltic Exchange, data as at 24 Jul 2018
**Dry Bulk Demand in 2018**

### Key Drivers in 1H18
- Broad based economic recovery seen through increased steel output, also outside China
- US coal exports grew strongly
- Stronger minor bulk demand in Atlantic driven by Brazilian and US agricultural exports; Pacific demand benefited from increased trade in bauxite, nickel ore, copper concentrates and forestry products and other minor bulks in which we specialise

** Longer-Term Trends beyond 2018 **
- Solid world GDP (+3.9%*) – main driver for dry bulk demand growth
- Continued growth in grain demand for animal feed due to shift towards meat-based diet
- Trade disputes between US and its key trading partners appear so far to have had only limited impact on agricultural and steel trade volumes globally, but an escalating global trade war could impact global GDP and dry bulk demand
- Government policy in China and India could affect coal trades - up or down

### 2018 tonne-mile effect
- Longer average distances are forecast to supplement volume growth by an additional 0.7%, generating total demand growth of 3.4% (+4% for minor bulk)

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* 2017: 3.8%; 2018E: 3.9%; 2019E: 3.9%
Source: International Monetary Fund (IMF) as at April 2018; Clarksons Research, as at 1 July 2018
Newbuilding Deliveries Continue to Reduce

- 1.6% net fleet growth in 1H18 (1.9% deliveries less 0.3% scrapping)
- Very limited ordering in Handysize and Supramax (historically low 1.3% of fleet)
  + continued orderbook delivery shortfall
  ➔ should result in continued low new ship deliveries in coming years

Source: Clarksons Research, as at 1 Jul 2018
Handysize and Supramax Scheduled Orderbook at Historically Low Level

- Combined Handysize and Supramax scheduled orderbook has reduced to 5.5%, lowest since 1990s

Source: Clarksons Research, as at 1 Jul 2018
### Better Fundamentals for Handysize

<table>
<thead>
<tr>
<th></th>
<th>Orderbook as % of Existing Fleet</th>
<th>Average Age</th>
<th>Over 20 Years</th>
<th>Over 15 Years</th>
<th>YTD Scrapping as % of Existing Fleet as at 1 Jul 2018 (annualised)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Handysize – 82m dwt</strong>&lt;br&gt;(25,000-41,999 dwt)</td>
<td>5.3%</td>
<td>9</td>
<td><strong>10%</strong></td>
<td><strong>17%</strong></td>
<td>0.4%</td>
</tr>
<tr>
<td><strong>Supramax – 196m dwt</strong>&lt;br&gt;(42,000-64,999 dwt)</td>
<td>5.6%</td>
<td>9</td>
<td>7%</td>
<td>15%</td>
<td>0.3%</td>
</tr>
<tr>
<td><strong>Panamax – 221m dwt</strong>&lt;br&gt;(65,000-119,999 dwt)</td>
<td>8.3%</td>
<td>9</td>
<td>6%</td>
<td>16%</td>
<td>0.1%</td>
</tr>
<tr>
<td><strong>Capesize and larger – 315m dwt</strong>&lt;br&gt;(120,000+ dwt)</td>
<td>14.7%</td>
<td>8</td>
<td>6%</td>
<td>12%</td>
<td>0.9%</td>
</tr>
<tr>
<td><strong>Total Dry Bulk – 830m dwt</strong>&lt;br&gt;(&gt;10,000 dwt)</td>
<td>9.7%</td>
<td>9</td>
<td>7%</td>
<td>15%</td>
<td>0.5%</td>
</tr>
</tbody>
</table>

**Source:** Clarksons Research, as at 1 Jul 2018
### New Regulations

<table>
<thead>
<tr>
<th>New Regulations</th>
<th>Content</th>
<th>Impact on the Industry</th>
<th>PB actions</th>
</tr>
</thead>
</table>
| **IMO Ballast Water Treatment** | 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 | Increased capex for existing shipowners  
Increased potential scrapping | 9 owned vessels are fitted with BWTS  
Committed to retrofit 50 owned vessels with a system based on filtration and electrocatalysis  
Negotiating BWTS systems for remaining 50+ owned vessels  
Well positioned to complete implementation by 2023 |
| **Low Sulphur Emissions Cap** | 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 | Low sulphur fuel is more expensive  
Increased demand for low sulphur fuel  
Decreased demand for heavy fuel oil  
More slow-steaming contribute to better supply-demand balance  
Increased capex (if installing scrubbers)  
Uncertainty of ship design should hold back newbuild ordering  
Increased potential scrapping  
Low uptake of scrubbers expected by 2020 | We lobbied for a mandate for all ships to burn low sulphur fuel since this would support a level playing field, lower speeds and lower emissions (incl CO2)  
However, it appears there is now no scope to change the rules, and some owners of larger vessels (incl. some Supramax owners) are planning to install scrubbers  
We are assessing both the low sulphur fuel and scrubber options, but continue to believe the majority of the dry bulk fleet (especially smaller ships like Handysize) will comply by using low sulphur fuel |
| **Reducing carbon and greenhouse gas emission by 2050** | IMO announced to cut total carbon and greenhouse gas emissions from shipping by at least 50% by 2050 (compared to 2008), requiring average efficiency improvements of at least 40% by 2030 and 70% by 2050 | Reducing speed of vessels to reduce emission contribute to better supply-demand balance  
Development of new fuels, engine technology and vessel designs  
Increased potential scrapping | Holding back ordering of new ships and closely monitoring the development of new technology and designs |

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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.
Favourable Dry Bulk Supply and Demand Outlook

- Clarksons Research estimate dry bulk shipping tonne-mile demand improved 1% yoy in 1Q18 (2.1% on an overall demand basis)
- 2Q18 expected to show further improvement, and even stronger improvement in minor bulk segment
- Clarksons Research estimate in FY18:
  - 3.4% tonne-mile demand growth
  - 2.5% net fleet growth (3.3% deliveries – 0.8% scrapping)
- Actual deliveries expected to be around 27m dwt compared to 38m dwt in 2017
- Progressively fewer new ships will deliver from shipyards in 2018 and 2019

Source: Clarksons Research, as at 1 July 2018
Improved freight market conditions supported sale and purchase activity and increased vessel values

- Newbuilding prices have also increased on higher steel prices and labour costs
- However, gap between newbuilding and secondhand prices continues to discourage new ship ordering
- We see upside in secondhand values

Source: Clarksons Research, as at 20 Jul 2018

Handysize Vessel Values

Supramax Vessel Values
Financial and Operating Review
Significant Improvement in 1H18 Financial Results

As at 30 Jun

<table>
<thead>
<tr>
<th>US$m</th>
<th>1H18</th>
<th>1H17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>795.6</td>
<td>702.9</td>
</tr>
<tr>
<td>Voyage expenses</td>
<td>(360.6)</td>
<td>(339.8)</td>
</tr>
<tr>
<td>Time-charter equivalent earnings (&quot;TCE&quot;)</td>
<td>435.0</td>
<td>363.1</td>
</tr>
<tr>
<td>Owned vessel costs</td>
<td>(144.7)</td>
<td>(134.8)</td>
</tr>
<tr>
<td>Charter costs*</td>
<td>(233.4)</td>
<td>(209.3)</td>
</tr>
<tr>
<td>Operating profit/(loss)</td>
<td>56.9</td>
<td>19.0</td>
</tr>
<tr>
<td>Total G&amp;A overheads</td>
<td>(28.4)</td>
<td>(26.2)</td>
</tr>
<tr>
<td>Taxation &amp; others</td>
<td>(0.5)</td>
<td>0.5</td>
</tr>
<tr>
<td>Underlying profit/(loss) KPI</td>
<td>28.0</td>
<td>(6.7)</td>
</tr>
<tr>
<td>Derivatives M2M and one-off items</td>
<td>2.8</td>
<td>(5.3)</td>
</tr>
<tr>
<td>Profit/(loss) attributable to shareholders</td>
<td>30.8</td>
<td>(12.0)</td>
</tr>
<tr>
<td>EBITDA</td>
<td>99.3</td>
<td>56.6</td>
</tr>
</tbody>
</table>

*net of the write-back of onerous contract provisions

- In view of the recovering market conditions and our return to a meaningful level of profitability, the Board has declared an interim dividend of HK2.5c/share
## Improvement in Both Handysize and Supramax Segments

<table>
<thead>
<tr>
<th></th>
<th>1H18</th>
<th>1H17</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Handysize contribution (US$m)</td>
<td>38.4</td>
<td>7.8</td>
<td>+392%</td>
</tr>
<tr>
<td>Revenue days (days)</td>
<td>25,210</td>
<td>25,660</td>
<td>-2%</td>
</tr>
<tr>
<td>TCE earnings (US$/day)</td>
<td>9,750</td>
<td>7,920</td>
<td>+23%</td>
</tr>
<tr>
<td>Owned + chartered costs (US$/day)</td>
<td>8,150</td>
<td>7,660</td>
<td>-6%</td>
</tr>
<tr>
<td>Supramax contribution (US$m)</td>
<td>15.8</td>
<td>9.1</td>
<td>+74%</td>
</tr>
<tr>
<td>Revenue days (days)</td>
<td>15,650</td>
<td>17,330</td>
<td>-10%</td>
</tr>
<tr>
<td>TCE earnings (US$/day)</td>
<td>11,730</td>
<td>8,920</td>
<td>+32%</td>
</tr>
<tr>
<td>Owned + chartered costs (US$/day)</td>
<td>10,690</td>
<td>9,000</td>
<td>-19%</td>
</tr>
<tr>
<td>Post-Panamax contribution (US$m)</td>
<td>2.7</td>
<td>2.7</td>
<td>-</td>
</tr>
<tr>
<td>G&amp;A overheads and tax (US$m)</td>
<td>(28.9)</td>
<td>(25.7)</td>
<td>-13%</td>
</tr>
<tr>
<td>Underlying profit (US$m)</td>
<td>28.0</td>
<td>(6.7)</td>
<td>+518%</td>
</tr>
</tbody>
</table>

*Note: Positive changes represent an improving result and negative changes represent a worsening result.*
Handysize –
Owned Vessel Costs Reducing

As at 30 June 2018

1H18 Daily Vessel Costs - Handysize

<table>
<thead>
<tr>
<th>Vessel</th>
<th>FY17</th>
<th>1H18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Owned</td>
<td>28,410</td>
<td>14,500</td>
</tr>
<tr>
<td>Chartered</td>
<td>25,440</td>
<td>10,970</td>
</tr>
</tbody>
</table>

US$8,150/day

US$6,690/day
Blended Cash Cost before G&A Overheads (FY2017: US$6,360)

US$690*
Daily G&A Overheads (FY2017: US$600)

Finance cost
Depreciation
Operating expenses (Opex)

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. No write-back of onerous contract provisions will be applicable from 2019 onwards.

* Comprising US$900/day for owned ships and US$510/day for chartered-in ships
# Chartered rates are shown on a P&L basis (net of the write-back of onerous contract provisions)
Supramax – More Owned Ships with Lower Daily Cost

As at 30 June 2018

<table>
<thead>
<tr>
<th></th>
<th>US$10,690/day</th>
<th>US$9,790/day</th>
<th>US$690*</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Blended Daily P/L Costs before G&amp;A Overheads</strong> (FY2017: US$9,000)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Blended Daily Cash Cost before G&amp;A Overheads</strong> (FY2017: US$8,310)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Daily G&amp;A Overheads (FY2017: US$600)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>US$/day</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Owned</strong></td>
<td>8,210</td>
</tr>
<tr>
<td></td>
<td>1,170</td>
</tr>
<tr>
<td></td>
<td>3,260</td>
</tr>
<tr>
<td></td>
<td>3,780</td>
</tr>
<tr>
<td><strong>Chartered</strong></td>
<td>8,090</td>
</tr>
<tr>
<td></td>
<td>1,090</td>
</tr>
<tr>
<td></td>
<td>3,230</td>
</tr>
<tr>
<td></td>
<td>3,770</td>
</tr>
</tbody>
</table>

1H18 Daily Vessel Costs - Supramax

**Finance cost**
- FY17: 7,800
- 1H18: 4,530

**Depreciation**
- FY17: 7,800
- 1H18: 4,530

**Operating expenses (Opex)**
- FY17: 26,840
- 1H18: 11,170

**Charter-hire including:**
- Long-term (>1 year)
- Short-term
- Index-linked

<table>
<thead>
<tr>
<th></th>
<th>LT</th>
<th>ST</th>
<th>Index</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Inward Charter Commitments</strong> #</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>1H18 (P/L)</strong></td>
<td>Rate</td>
<td>Days</td>
<td>Rate</td>
<td>Days</td>
</tr>
<tr>
<td></td>
<td>$11,670</td>
<td>1,430</td>
<td>$11,810</td>
<td>9,050</td>
</tr>
<tr>
<td><strong>2H18 (P/L)</strong></td>
<td>Rate</td>
<td>Days</td>
<td>Rate</td>
<td>Days</td>
</tr>
<tr>
<td></td>
<td>$11,610</td>
<td>1,360</td>
<td>$11,760</td>
<td>1,720</td>
</tr>
<tr>
<td><strong>2019</strong></td>
<td>Rate</td>
<td>Days</td>
<td>Rate</td>
<td>Days</td>
</tr>
<tr>
<td></td>
<td>$13,050</td>
<td>2,360</td>
<td>$10,820</td>
<td>1,500</td>
</tr>
</tbody>
</table>

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. No write-back of onerous contract provisions will be applicable from 2019 onwards.
**Competitive Owned Vessel Break-Even Levels**

### Handysize

- **81 Handysize**
  - **1H18 PB TCE rate**: US$9,750/day
  - **FY18 PB TCE cover rate**: US$9,710/day
  - **Break-even**: ≈ US$8,300/day

### Supramax

- **26 Supramax**
  - **1H18 PB TCE rate**: US$11,730/day
  - **FY18 PB TCE cover rate**: US$11,520/day
  - **Break-even**: ≈ US$9,000/day

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1. FY18 Cover as at 1H18
2. An additional 3 vessels we purchased will deliver in 2H18 and early 2019
## Strong Balance Sheet and Liquidity

<table>
<thead>
<tr>
<th></th>
<th>30 Jun 18</th>
<th>31 Dec 17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vessels &amp; other fixed assets</td>
<td>1,821</td>
<td>1,798</td>
</tr>
<tr>
<td>Total assets</td>
<td>2,358</td>
<td>2,232</td>
</tr>
<tr>
<td>Total borrowings</td>
<td>974</td>
<td>881</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>1,163</td>
<td>1,070</td>
</tr>
<tr>
<td>Total Equity</td>
<td>1,195</td>
<td>1,161</td>
</tr>
<tr>
<td>Net borrowings (total cash US$317m)</td>
<td>657</td>
<td>636</td>
</tr>
<tr>
<td>Net borrowings to net book value of vessels &amp; other fixed assets</td>
<td>36%</td>
<td>35%</td>
</tr>
</tbody>
</table>

- Vessel average net book value: Handysize $14.9m (10.3 years); Supramax $21.9m (6.5 years)
- KPI: maintain net gearing below 50%
In June, we closed a new US$325m syndicated 7-year reducing revolving credit facility secured against 50 ships (including 9 un-mortgaged vessels) at Libor +1.5%. The facility refinanced 6 existing committed loan facilities and raised an additional US$136m in available funding. Upon closing, the facility was fully drawn.

- **Cash Flow in 1H18**
  
<table>
<thead>
<tr>
<th>Cash and deposit balance</th>
<th>Cash inflow</th>
<th>Cash outflow</th>
</tr>
</thead>
<tbody>
<tr>
<td>US$317m</td>
<td>+245</td>
<td>-78</td>
</tr>
<tr>
<td></td>
<td>+72</td>
<td>-13</td>
</tr>
<tr>
<td></td>
<td>+91</td>
<td>-0.3</td>
</tr>
<tr>
<td></td>
<td>At 1 Jan 2018</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Operating cash inflow</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Increase in borrowings</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Capex *</td>
<td>Net interest paid</td>
</tr>
</tbody>
</table>

* Excluding US$8m Capex in shares

- **Schedule of Repayments of Borrowings**
  
<table>
<thead>
<tr>
<th>US$ Million</th>
</tr>
</thead>
<tbody>
<tr>
<td>2H2018</td>
</tr>
<tr>
<td>2019</td>
</tr>
<tr>
<td>2020</td>
</tr>
<tr>
<td>2021</td>
</tr>
<tr>
<td>2022</td>
</tr>
<tr>
<td>2023</td>
</tr>
<tr>
<td>2024</td>
</tr>
<tr>
<td>2025-29</td>
</tr>
</tbody>
</table>

- **Secured borrowings (US$855m)**
- **Convertible bond (face value US$125m), book value US$119m, maturity July 2021**

- **US$317m Cash & Deposits**
  - 6 vessels
    - Unmortgaged (approx. US$120m market value)
  - US$50m Capex
    - 3 secondhand Vessels in 2H18 & 2019
  - 3.8% Average Cash Interest Rate

1 Including 3 vessels to be delivered in 2H18 and early 2019
2 US$50m Capex = US$13.5m in cash + US$36.5m in shares
Outlook and Strategy
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
Well Positioned for a Recovering Market

Our TCE Outperform Market

Average PB premium over market indices in last 5 years:

- 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 Handysize
  - US$9,000/day Supramax

Efficient Cost Structure

- Annual Group G&A Overheads
  - US$75.7m Annualised US$57m

- Daily Vessel Operating Expenses
  - Combined Handysize and Supramax
  - US$4,370 2014
  - US$3,810 1H18

Sensitivity toward Market Rates*

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

Our Underlying Result

- +/- US$35-40m

1 H18 PB owned Handysize $7,380/day + G&A overheads $900/day = US$8,300/day
2 H18 PB owned Supramax $8,090/day + G&A overheads $900/day = US$9,000/day
3 An additional 3 vessels we purchased will deliver in 2H18 and early 2019

* Based on current fleet and commitments, and all other things being unchanged
Our Outlook and Strategy

Outlook

- Minor bulk freight market strengthened again in the 1H18, the favourable outlook for widely-spread global GDP growth bodes well for dry bulk demand, and supply fundamentals are now more positive

- Possible market drivers in the medium term:
  - Positive economic growth and commodity demand outlook, low deliveries, and new regulations discouraging new ship ordering
  - Risk of reduced Chinese coal and ore imports, trade tariffs and trade conflict escalation impacting dry bulk demand; increased new ship ordering and faster ship operating speeds

- We are cautiously optimistic for a continued market recovery, although with some volatility along the way

Strategy – Well Positioned for a Recovering Market

- Continue to focus on our world-leading Handysize and Supramax business
- Maximise our fleet utilisation and TCE earnings by combining minor bulk characteristics with our large fleet of substitutable ships and global office network
- Continue to look at good quality secondhand ship acquisition opportunities
- No newbuildings in the medium term, we will watch technological and regulatory developments closely
- Healthy cash and net gearing positions enhance our corporate profile as a preferred, strong, reliable, safe partner for customers and other stakeholders
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!
Appendix: Pacific Basin Overview

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

Owned Fleet *
108 Handysize and Supramax Vessels

Hong Kong HQ
12 Global Offices
335 Shore-based staff
3,400+ Seafarers

World’s largest owner and operator of modern Handysize tonnage
200+ Handysize and Supramax vessels

Total Volume Carried in 2017
66.2m tonnes
9,000+ Port Calls

1,500+ voyages/year

Secure counterparty
US$2bn+
total assets; strong balance sheet

500+ Major Industrial Customers

* An additional 3 vessels we purchased will deliver in 2H18 and early 2019

As at July 2018
Appendix: 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.

2018 Interim Results
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: Understanding Our Core Market

### The Dry Bulk Sector

<table>
<thead>
<tr>
<th>Bulk Carrier Ship Types</th>
<th>Percentage of Global Dry Bulk Capacity</th>
<th>Versatility</th>
<th>Main Commodities Carried</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Bulk Carriers for dry bulk commodities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Minor Bulks</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Handysize</td>
<td>25,000-41,999 dwt</td>
<td>10%</td>
<td>Grains, Ores &amp; Concentrates, Grains</td>
</tr>
<tr>
<td>Supramax (formerly Handymax)</td>
<td>42,000-84,999 dwt</td>
<td>24%</td>
<td>Alumina, Fertiliser &amp; Sugar, Coals &amp; Coke, Logs/Forest Goods, Petcoke, Salt, Steel, Sand &amp; Gypsum, Scrap</td>
</tr>
<tr>
<td><strong>Major Bulks</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Panamax &amp; Post-Panamax</td>
<td>65,000-199,999 dwt</td>
<td>27%</td>
<td>Grains, Coal, Iron Ore</td>
</tr>
<tr>
<td>Capesize</td>
<td>120,000+ dwt</td>
<td>39%</td>
<td>Many ports, many customers, many cargo types, high scope for triangulation</td>
</tr>
</tbody>
</table>

- **Our Focus**
  - Minor Bulks with cranes
  - Major Bulks without cranes

**Other Mainstream Shipping Sectors**
- Tankers for oil, gas & chemicals
- Containerships for containerised goods

**Versatility**
- More Versatile
- Less Versatile

**Minor Bulks**
- Ores & Concentrates
- Grains
- Alumina
- Fertiliser & Sugar
- Coals & Coke
- Logs/Forest Goods
- Petcoke
- Salt
- Steel
- Sand & Gypsum
- Scrap

**Major Bulks**
- Grains
- Coal
- Iron Ore

- Few ports, few customers, few cargo types, low scope for triangulation
- Many ports, many customers, many cargo types, high scope for triangulation
Appendix:
Why Handysize? Why Minor Bulk?

Full Year 2017 Global Dry Bulk Trade (Volume) = 5.1 Billion Tonnes (+4% YOY)

- 29% Iron Ore
- 24% Coal
- 10% Grain & Soybean
- 37% Minor Bulk

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

- More diverse customer, cargo and geographical exposure enables high utilisation
- A segment where scale and operational expertise make a difference
- Better daily TCE earnings driven by a high laden-to-ballast ratio
- Sound long-term demand expectations and more modest fleet growth

Source: Clarksons Research, 1 Feb 2018
Appendix:
Fleet List – 30 Jun 2018

<table>
<thead>
<tr>
<th>Vessel Type</th>
<th>Owned</th>
<th>Chartered LT</th>
<th>Chartered ST</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Handysize</td>
<td>81</td>
<td>21</td>
<td>34</td>
<td>136</td>
</tr>
<tr>
<td>Supramax</td>
<td>26</td>
<td>8</td>
<td>52</td>
<td>86</td>
</tr>
<tr>
<td>Post-Panamax</td>
<td>1</td>
<td>1</td>
<td>0</td>
<td>2</td>
</tr>
</tbody>
</table>

Total: 136 vessels owned, 30 LT chartered, 86 ST chartered, 224 total

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1 An additional 3 vessels we purchased during the period are scheduled to deliver into our fleet by January 2019
2 Average number of short-term + index-linked vessels operated in June 2018
   Average age of core fleet: 8.1 years old
Our Dry Bulk Cargo Volumes in 1H 2018

- **Minerals**
  - Salt: 4%
  - Sand & Gypsum: 3%
  - Soda Ash: 1%

- **Energy**
  - Petcoke: 5%
  - Coal: 3%
  - Wood Pellets: 1%

- **Metals**
  - Ores: 6%
  - Concentrates: 4%
  - Alumina: 2%
  - Others: 1%

- **Agricultural Products & Related**
  - Grains & Agriculture Products: 23%
  - Fertiliser: 10%
  - Sugar: 4%

- **Construction Materials**
  - Logs & Forest Products: 12%
  - Cement & Cement Clinkers: 11%
  - Steel & Scrap: 10%

- 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
Appendix:
1H18 Performance and Future Cover

### Handysize

- **2017**: 47,080 days (57% $8,360), 25,660 days (100% $7,920)
- **2018**: 45,650 days (54% $9,610), 25,210 days (100% $9,750)
- **2019**: 37,440 days (13% $9,100)

- **FY18**: 37,440 days (79% $9,710)

- **2H 2018**: 37,440 days (80% $9,830)

- **2H 2019**: 27,120 days (80% $9,830)

- **Currency in US$, 2017 data as at Jul 2017**

### Supramax

- **2017**: 27,120 days (80% $9,830), 17,330 days (100% $8,920)
- **2018**: 25,190 days (67% $11,010), 15,650 days (100% $11,730)
- **2019**: 12,500 days (19% $11,860)

- **2H 2018**: 15,650 days (100% $11,730)

- **2H 2019**: 12,500 days (19% $11,860)
### Possible market drivers in the medium term

#### Opportunities
- Strong industrial growth and infrastructure investment in China and beyond enhancing demand for dry bulk shipping
- Positive and widely spread growth outlook for all major economic areas
- Continued strong grain demand primarily for animal feed due to shift towards meat-based diet
- Environmental policy in China encouraging shift from domestic to imported supply of resources
- Environmental maritime regulations encouraging ship scrapping from current minimal levels and discouraging new ship ordering
- Low newbuilding deliveries in the medium term
- Periods of higher fuel oil prices encouraging slower ship operating speeds which decreases supply and emissions
- Expanding thermal coal imports into emerging south and southeast Asian countries

#### Threats
- Reduction in Chinese industrial growth and investments impacting demand for dry bulk shipping
- Environmental policy in China encouraging greater shift to renewable energy, possibly impacting coal imports
- Trade tariffs between US and its major trading partners resulting in short-term reduction in trade volumes while importers seek alternate commodity sources
- Escalating trade disputes impacting global GDP growth, weakening sentiment and undermining dry bulk demand
- Excessive new ship ordering if the price gap between newbuilding and secondhand ships closes
- Periods of low fuel prices supporting faster ship operating speeds which increases supply and emissions
Appendix: We Will Not Order More Newbuildings Today

- Market does not need more newbuildings
  - Extra capacity remains in the global fleet through potentially higher operating speed
  - Limited efficiency benefits from newbuildings compared to good quality Japanese-built secondhand ships
- The industry needs a more reasonable level of profitability
- Risk and payback time for newbuildings is currently excessive due to several uncertainties
  - How best to comply with the global sulphur emissions cap from 2020
  - Which ballast water treatment system to install
  - Questions about the future price, types and availability of fuel
  - Potential additional new regulations (e.g. NO\textsubscript{x} and CO\textsubscript{2} emissions, etc)
  - Faster and potentially more significant technological developments in the longer term
- Attractive secondhand prices compared to newbuilding prices
- New accounting rules requiring time charters to be capitalised from 2019

Discouraging new ship ordering
Appendix: China Major and Minor Bulk Trade

China Coal Trade

2018 Chinese Minor Bulk Imports

China Iron Ore Sourcing for Steel Production

China Steel Export

Source: Bloomberg, Clarksons Research

2018 Interim Results
Appendix: Sustainability

- Applying sustainable thinking in our decisions and the way we run our business
- Creating long-term value through good corporate governance and CSR

Corporate Social Responsibility (CSR)
- Guided by strategic objectives on (i) workplace practices (primarily safety), (ii) the environment, and (iii) our communities (where our ships trade and our people live and work)
- Active approach to CSR, with KPIs to measure effectiveness
- Reporting follows SEHK’s ESG Reporting Guide
- Disclosure also through CDP, HKQAA, CFR for HK-listed companies

Corporate Governance & Risk Management
- Adopted recommended best practices under SEHK’s CG Code (with quarterly trading update)
- Closely integrated Group strategy and risk management
- Transparency priority
- Stakeholder engagement includes in-depth customer and investor surveys
- Risk management committee interaction with management and business units
- Integrated Reporting following International <IR> Framework of IIRC
# Appendix: Convertible Bonds Due 2021

<table>
<thead>
<tr>
<th>Issue size</th>
<th>US$125 million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maturity Date</td>
<td>3 July 2021 (approx. 6 years)</td>
</tr>
<tr>
<td>Investor Put Date and Price</td>
<td>3 July 2019 (approx. 4 years) at par</td>
</tr>
<tr>
<td>Coupon</td>
<td>3.25% p.a. payable semi-annually in arrears on 3 January and 3 July</td>
</tr>
<tr>
<td>Redemption Price</td>
<td>100%</td>
</tr>
<tr>
<td>Initial Conversion Price</td>
<td>HK$4.08 (current conversion price: HK$3.07 with effect from 30 May 2016)</td>
</tr>
<tr>
<td>Intended Use of Proceeds</td>
<td>To maintain the Group’s balance sheet strength and liquidity and to continue to proactively manage its upcoming liabilities, including its Existing Convertible Bonds, as well as for general working capital purposes</td>
</tr>
</tbody>
</table>

### Conversion/redemption Timeline

- **Closing Date**: 8 Jun 2015 – 19 Jul 2015
- **Maturity**: 3 Jul 2021
- **Bondholders’ call option to redeem all bonds**:
  - Trading price for 30 consecutive days > 130% conversion price in effect
- **Bondholders’ put option to redeem bonds**: 3 Jul 2021
- **Bondholders can convert all or some of their CB into shares**
- **Closing Date**: 8 Jun 2015 – 19 Jul 2015
- **Maturity**: 3 Jul 2021

With you for the long haul