Pacific Basin

2017 First Quarter Trading Update

6 April 2017

Pacific Basin

2017 First Quarter Trading Update

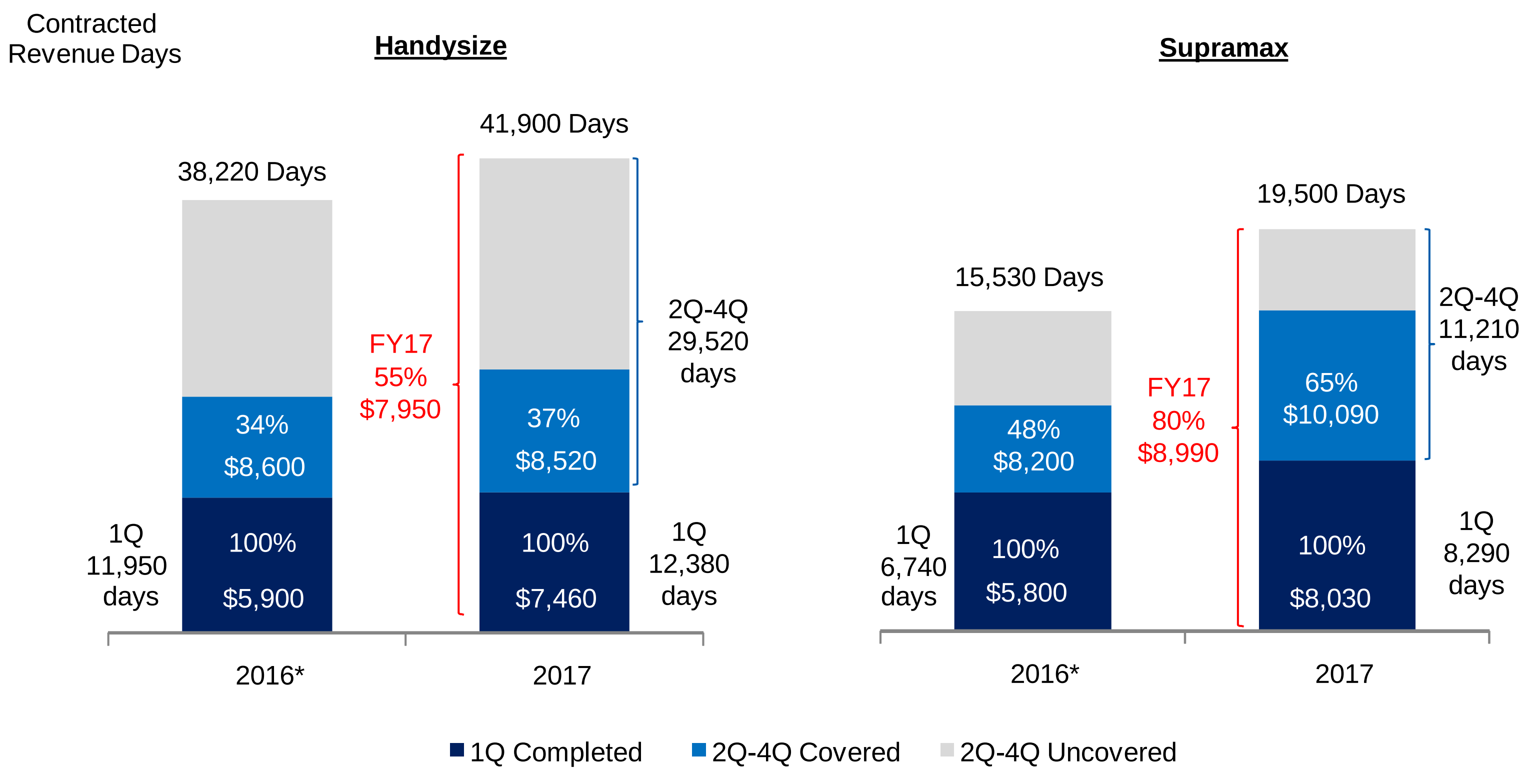
As at 31 March 2017

	US$/day	Handysize	Supramax
1Q	PB TCE per day [1]	$7,460	$8,030
	Market Index Rate	$6,300	$7,760
	PB Outperformance YTD	18%	3.5%
2Q - 4Q	PB Cover Rate	$8,520	$10,090
	% Cover for Remaining Contracted Days	37% of 29,520 days	65% of 11,210 days

[1] Excluding short-term days: Handysize daily TCE US$7,570; Supramax daily TCE US$8,950, representing 20% and 15% outperformance of BHSI and BSI

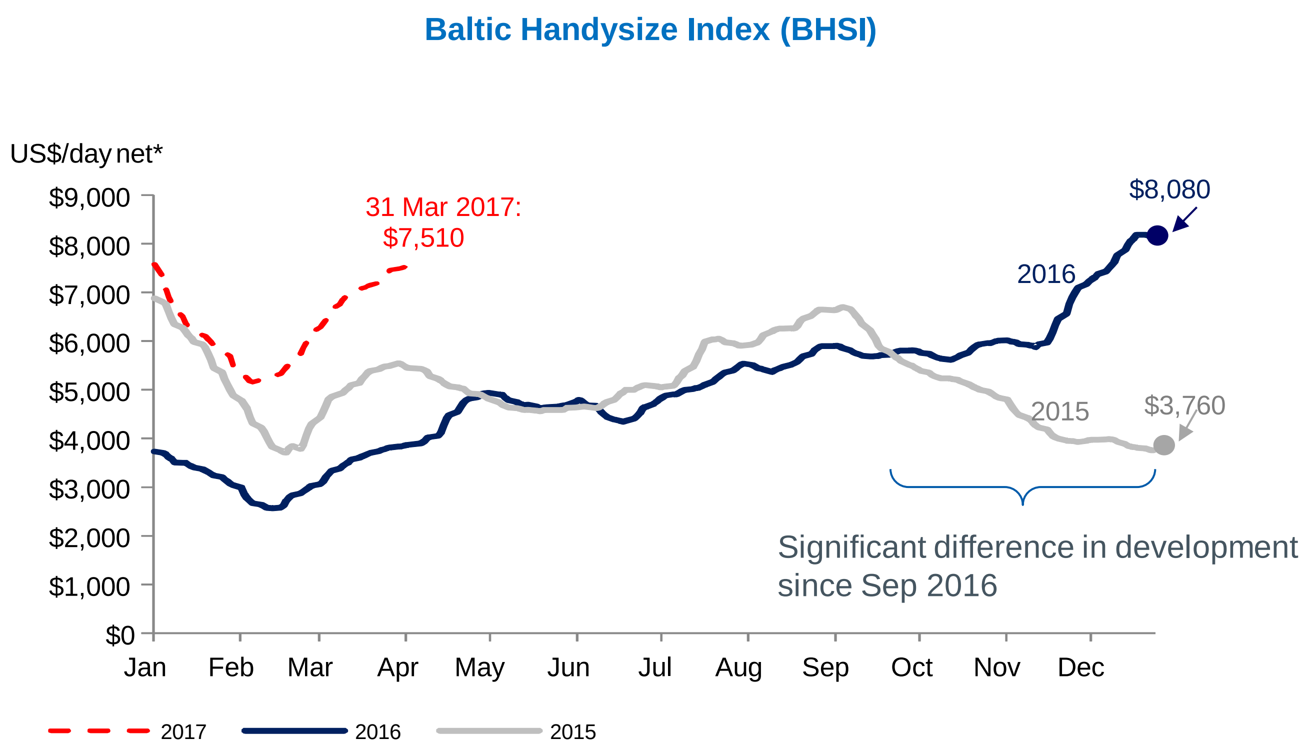
- Owned Fleet will increase to 100 ships
  - Took delivery of 6 newbuildings, 1 remaining newbuilding will join in 2Q
  - Took delivery of 1 secondhand Supramax and sold 1 older, smaller Supramax
  - Purchased a 7-year old Handysize vessel
  - Continue to look for opportunities to purchase quality vessels and access attractive fleet renewal opportunities
- Established new commercial office in Rio to grow our cargo volumes in east coast South America

Earnings Cover in 2017



Currency in US$, data as at 31 Mar 2017
*2016 data as announced at April 2016

Market Freight Rates Development

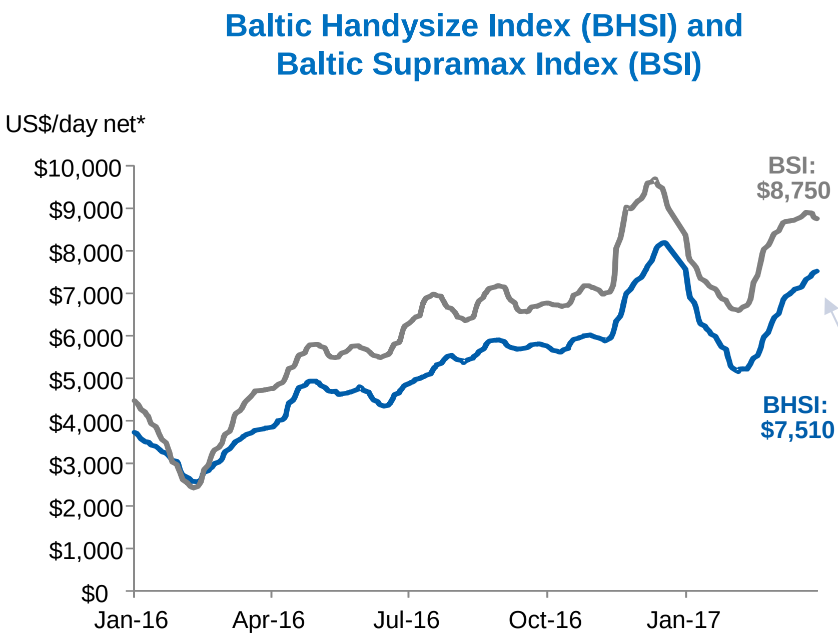


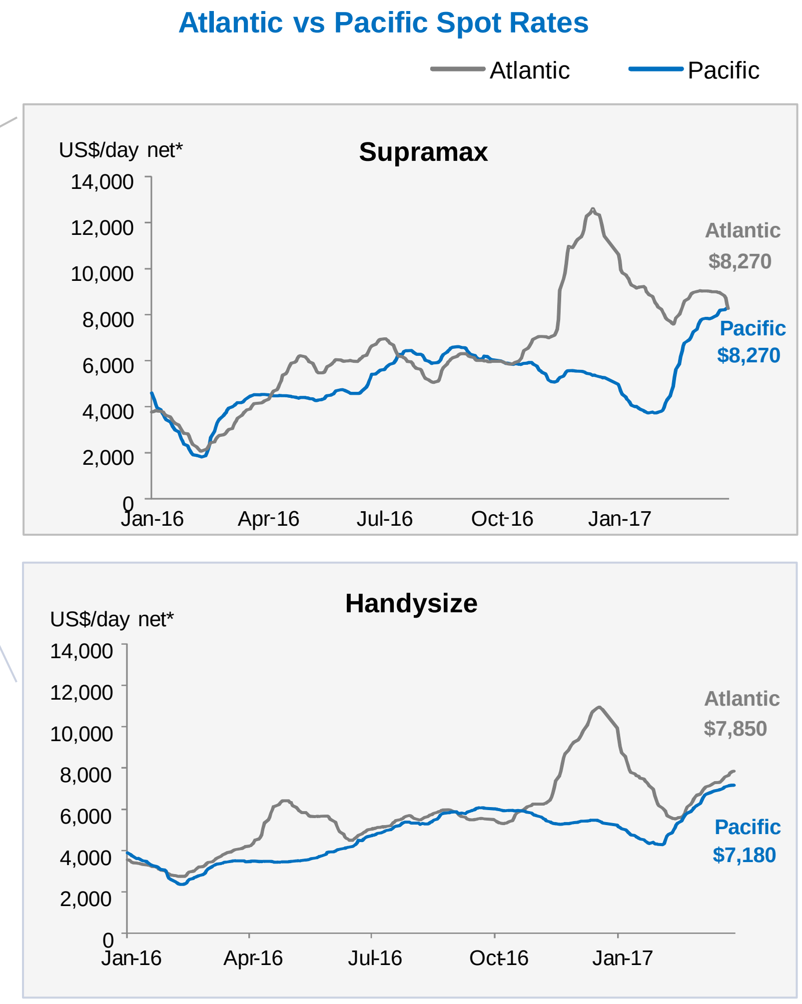
Typical seasonal decline in early 2017 but rates bottomed out well above historic low levels of one year ago and recovered following CNY

** excluded 5% commission*
Source: Baltic Exchange, data as at 31 March 2017

With you for the long haul

Freight Market Improves From Very Low Base





- Market conditions improved after seasonal dip around CNY
- Pacific rates reached their highest in over two years by end 1Q:
  - Driven by increased Chinese economic and industrial activity
  - Minor bulk imports increased around 24% YOY in Jan-Feb17
  - US agricultural bulk exports grew 21%YOY in Jan-Feb17

** excluded 5% commission*

Source: Baltic Exchange, data as at 31 Mar 2017

Pacific Basin

Global Dry Bulk Demand

As in 2016 Annual Report

Global Dry Bulk Seaborne Trade Growth in FY 2016

	(Volume) Million Tonnes	YOY Change
Iron Ore	1,412	4%
Coal	1,135	0%
Sub major bulk total	2,547	2.0%
Copper Concentrates	29	12%
Sugar	62	11%
Cement	109	6%
Soybean	134	4%
Wheat / Grains	342	4%
Forest Products	347	2%
Others	311	0%
Agribulks	161	-1%
Steel Products	400	-1%
Scrap Steel	99	-2%
Fertiliser	151	-3%
Manganese Ore	25	-4%
Nickel Ore	41	-7%
Bauxite / Alumina	116	-8%
PB focus cargoes total*	2,327	0.5%
2016 Total Dry Bulk	4,873	1.2%

PB Focus

-10% -5% 0% 5% 10%

2016:

- Dry bulk volume growth: 1.2%
- Dry bulk effective demand: 2.0%
- Soybean and wheat/grain trade volumes both grew 4%
- Chinese iron ore & coal imports increased
- Minor bulk is not minor – minor bulks & grain comprises 48% of total dry bulk demand

** Minor bulk trade: 1,851mil tonnes*

Source: Clarksons Platou, as at 20 Feb 2017

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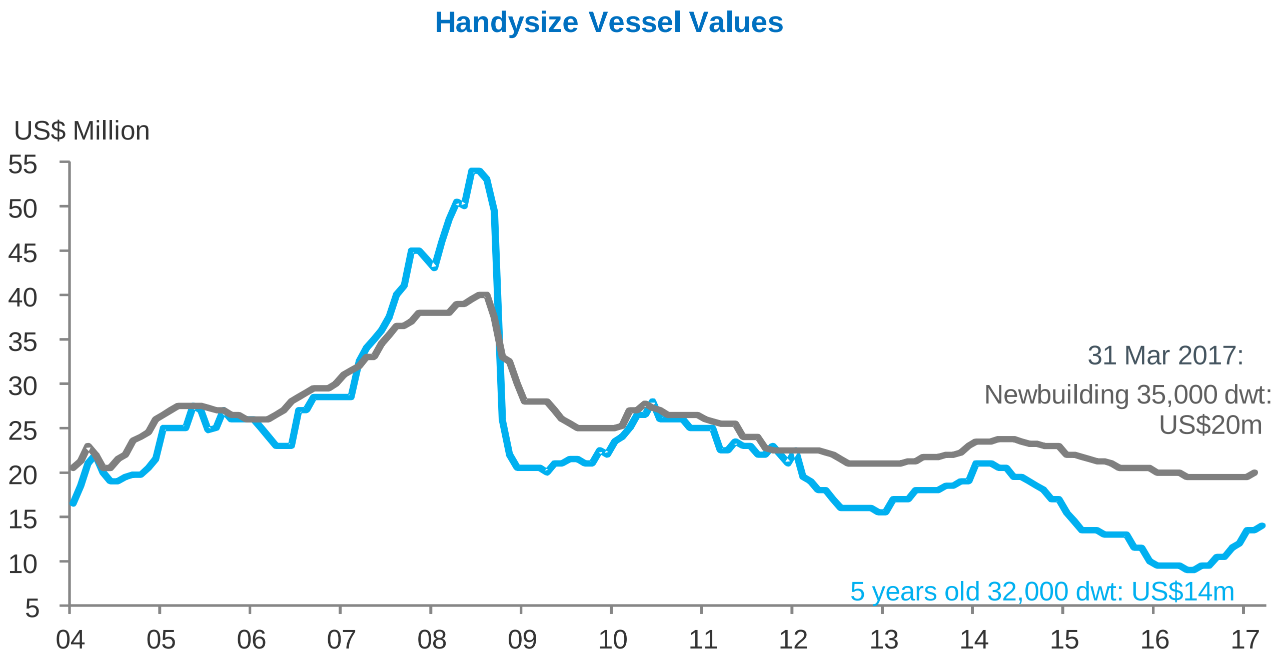
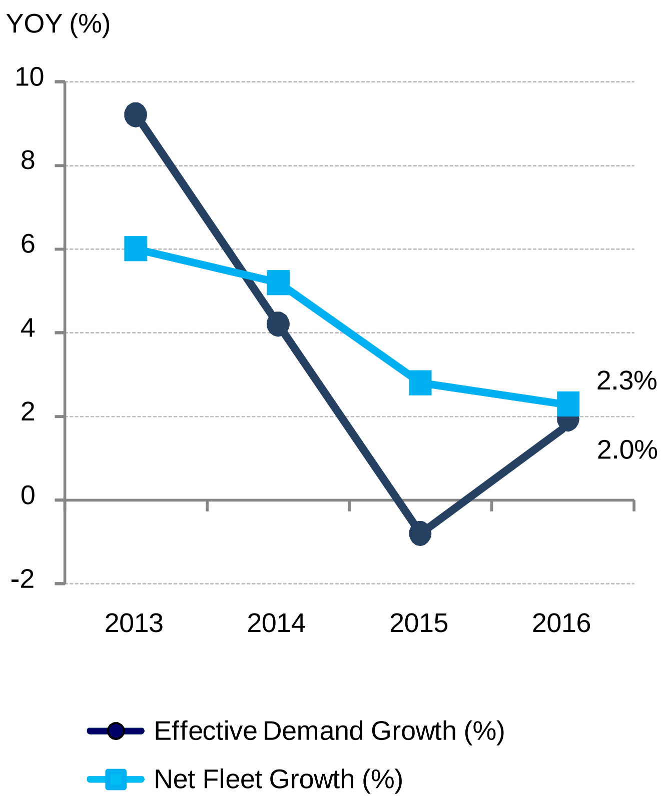
Secondhand Vessel Values Recovering



- Improved freight market conditions supported increased vessel values
- Sale and purchase activity has increased
- Gap between newbuilding and secondhand prices discouraged new ship ordering

Source: Clarksons Platou, as at 31 Mar 2017

Dry Bulk Supply & Demand



Supply:

- 1Q17 net fleet growth: 1.5%
- Positive factors:
  - Fewer ships delivering in 2017-18
  - Higher oil prices reduces sensitivity of ship operating speeds to increasing freight rates
  - Ballast water management convention will encourage scrapping older ships & poor performers

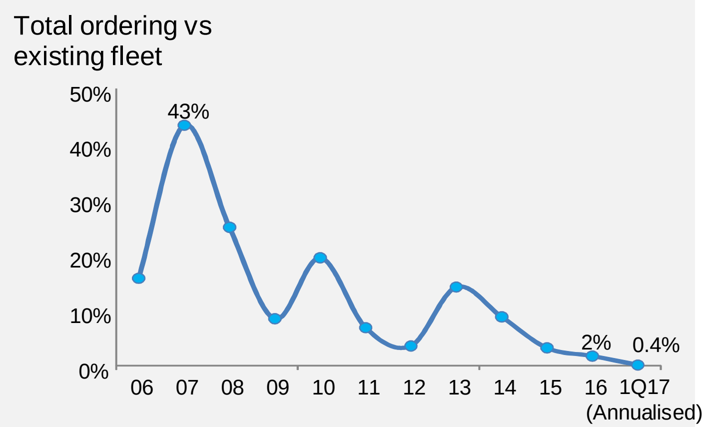
Demand:

- FY2016 overall effective demand grew about 2.0% after contraction in 2015
- Jan-Feb17 YOY:
  - Chinese minor bulk imports increased around 24%
  - US agricultural bulk exports grew 21%

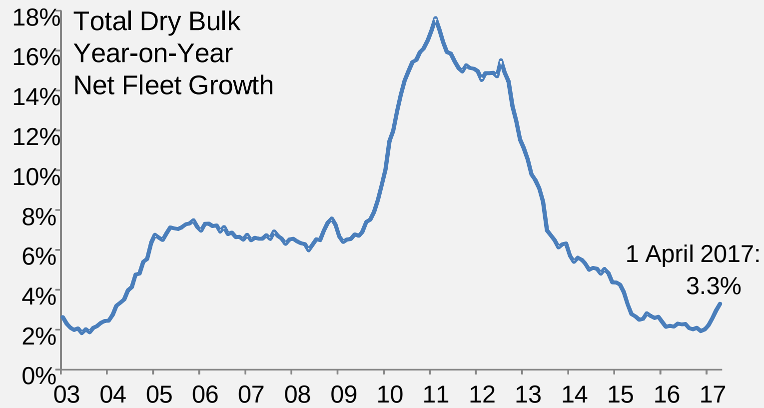
Source: Clarksons Platou, Pacific Basin

Self Correcting Supply Factors

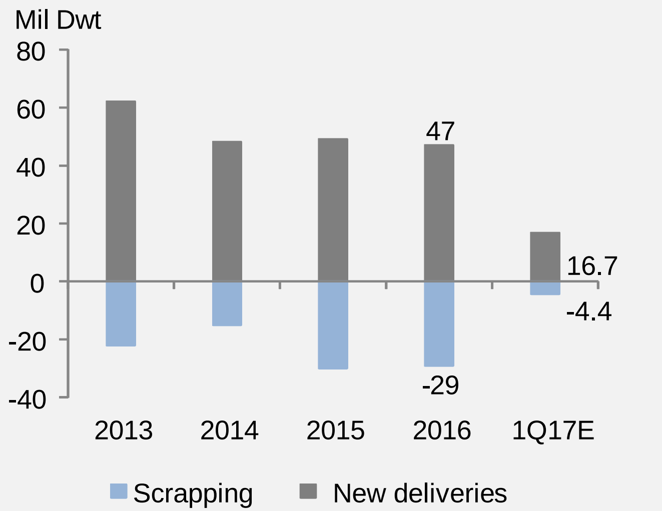
New Vessel Ordering is Down



Fleet Growth Remains Moderate



New Deliveries Partly Offset by Scrapping



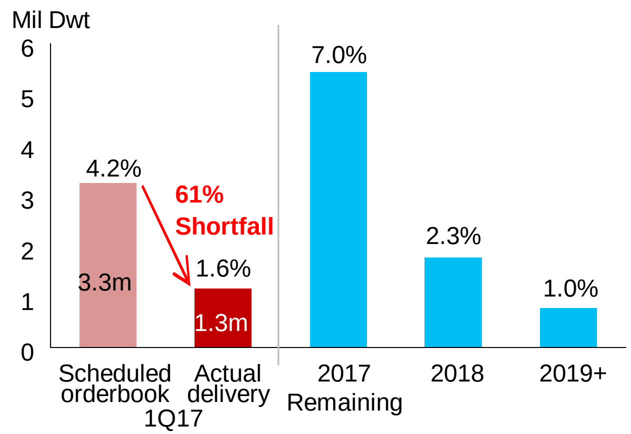
- Negligible new ship ordering
- In 1Q17:
  - Continued orderbook delivery shortfall:
    - 61% Handysize; 46% overall dry bulk
  - 2.1% new deliveries slightly offset by 0.6% scrapping (1.5% net fleet growth)

Source: Clarksons Platou

Dry Bulk Supply

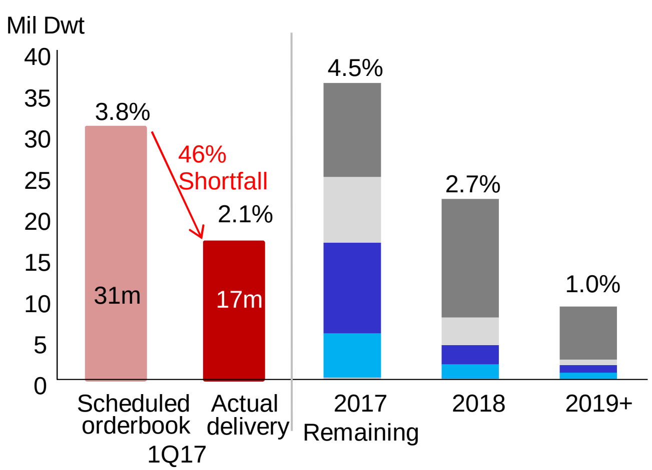
Handysize Orderbook

217 vessels (8.0 million dwt)



Total Dry Bulk Orderbook

745 vessels (66.9 million dwt)



	Orderbook as % of Existing Fleet	Average Age	Over 20 Years	1Q17 Scrapping as % of Existing Fleet as at 1 April 2017 (annualised)
Handysize (25,000-39,999 dwt)	**10%**	**9**	**10%**	**0.5%**
Handymax (incl. Supramax) (40,000-64,999 dwt)	**8%**	**8**	**8%**	**0.9%**
Panamax (65,000-119,999 dwt)	**6%**	**8**	**6%**	**0.3%**
Capesize (120,000+ dwt)	**11%**	**8**	**7%**	**0.6%**
Total Dry Bulk >10,000 dwt	**8%**	**9**	**8%**	**0.6%**

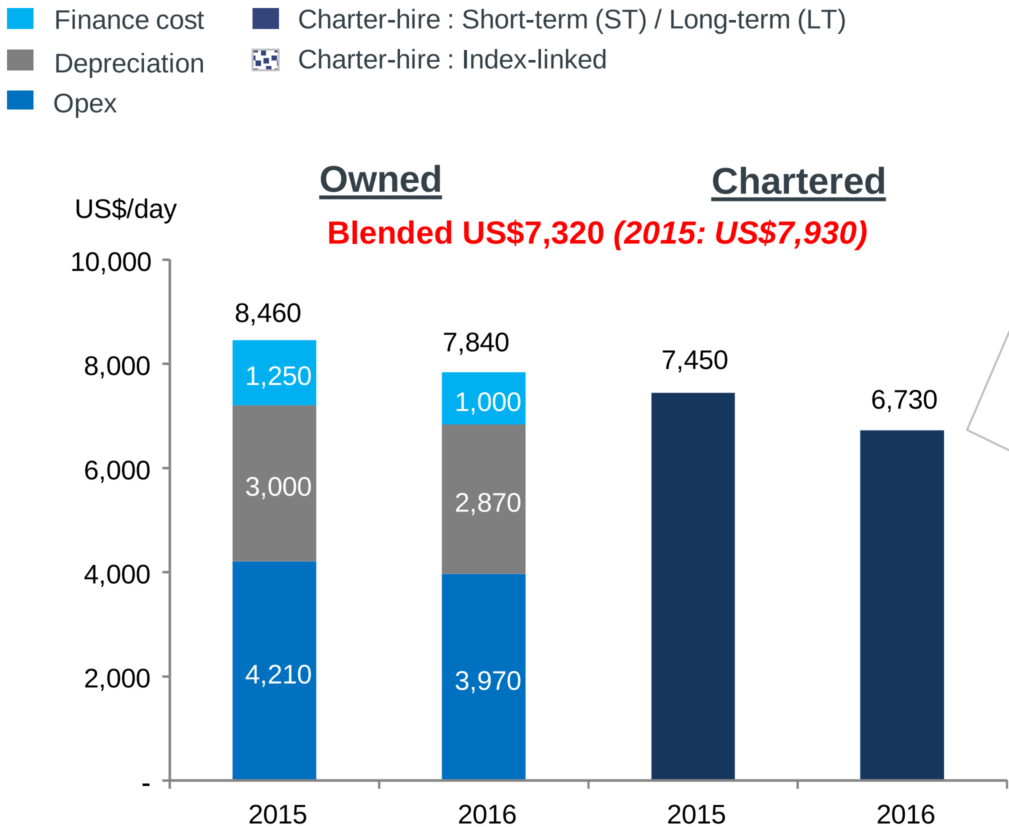
Total Dry Bulk	**>15 years**	**15%**
Handysize	**>15 years**	**17%**

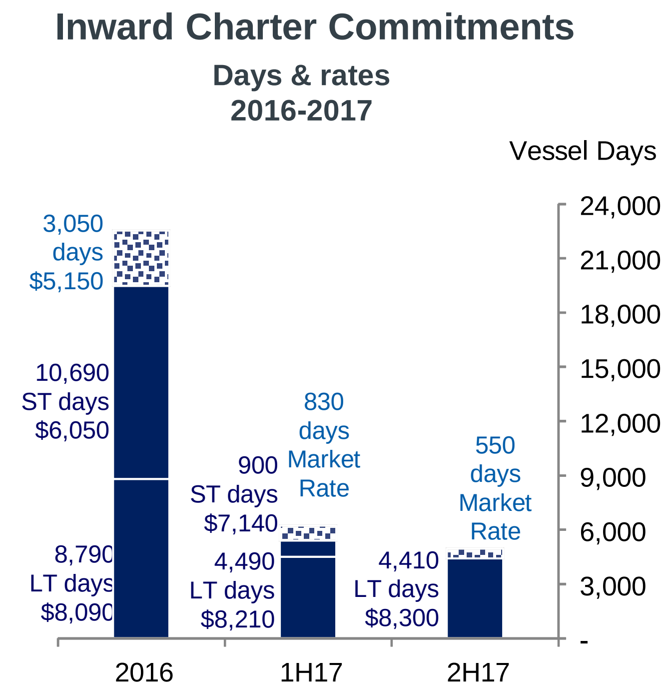
Source: Clarksons Platou, as at 1 April 2017

2016 Daily Vessel Costs – Handysize

As in 2016 Annual Report

As at 31 December 2016





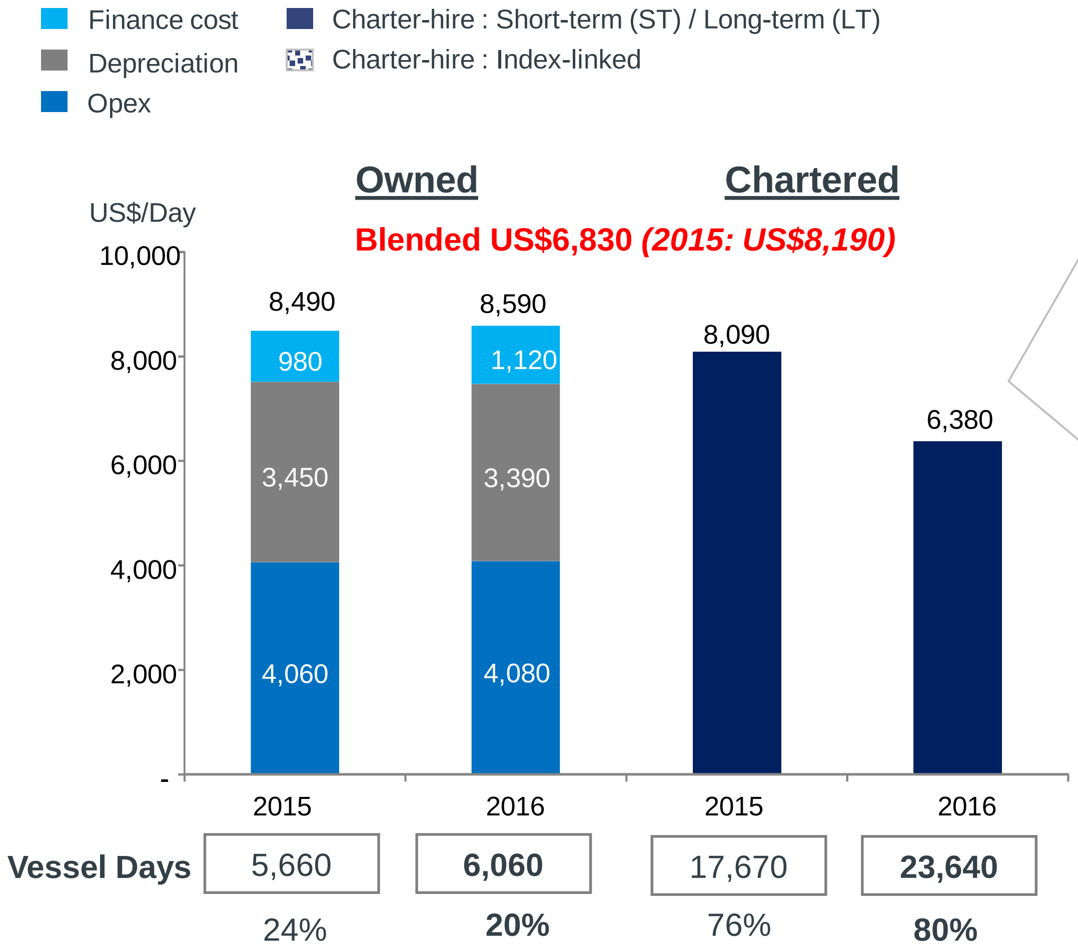
	Owned 2015	Owned 2016	Chartered 2015	Chartered 2016	2016	1H17	2H17
Vessel Days	24,800	**25,650**	27,480	**22,530**	22,530	6,220	4,960
	47%	**53%**	53%	**47%**			

- Daily cash cost before overhead: US$6,090 (2015: US$6,570)
- Charter-hire costs significantly reduced
- Overheads reduced to US$660/day (2015: US$710/day) - includes all direct & indirect costs
- Reduction of vessel operating expenses (Opex)

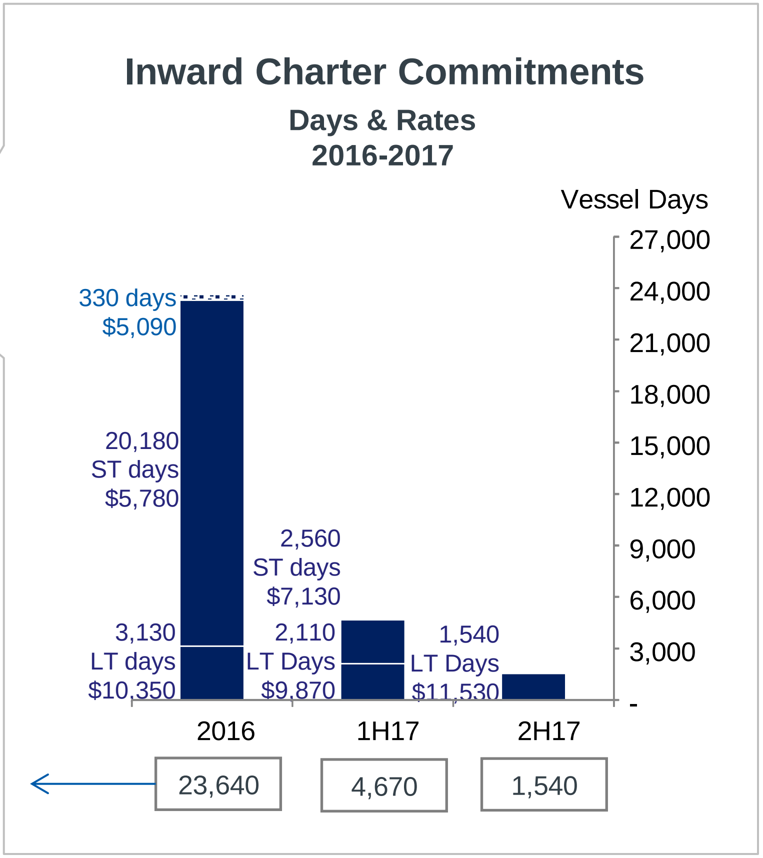
** Chartered rates are shown net of provision*

2016 Daily Vessel Costs – Supramax

As in 2016 Annual Report



As at 31 December 2016

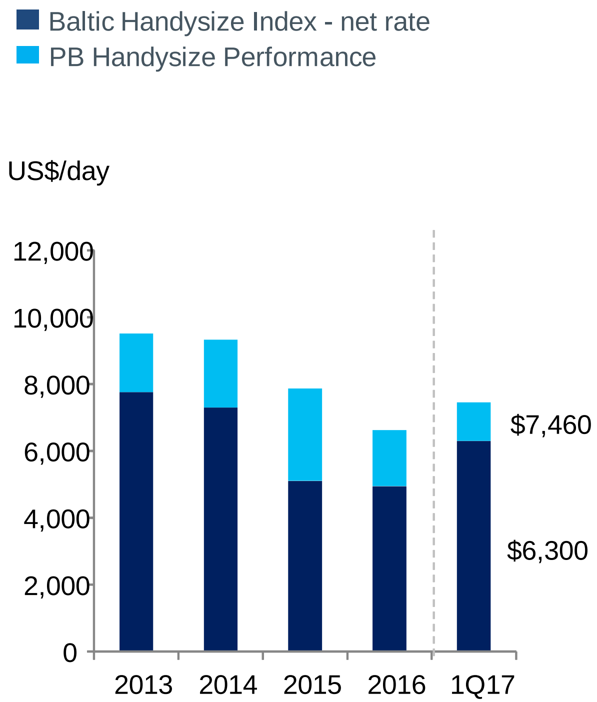


- Daily cash cost before overhead: US$6,390 (2015: US$7,720)
- Charter-hire costs significantly reduced
- Overheads reduced to US$660/day (2015: US$710/day) - includes all direct & indirect costs

* Chartered rates are shown net of provision

Our Ability to Outperform

Our TCE Outperformance Compared to Market



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 substitutable ships
- Experienced staff
- Global office network
- Our cargo contracts, relationships & direct interaction with end users
- Our fleet is high proportion of owned vessels facilitating greater control and minimising trading constraints
- Handysize segment's versatile ships and diverse trades

Average premium last 5 years:

- Handysize TCE: **US$2,010/day**
- Supramax TCE: **US$1,340/day**

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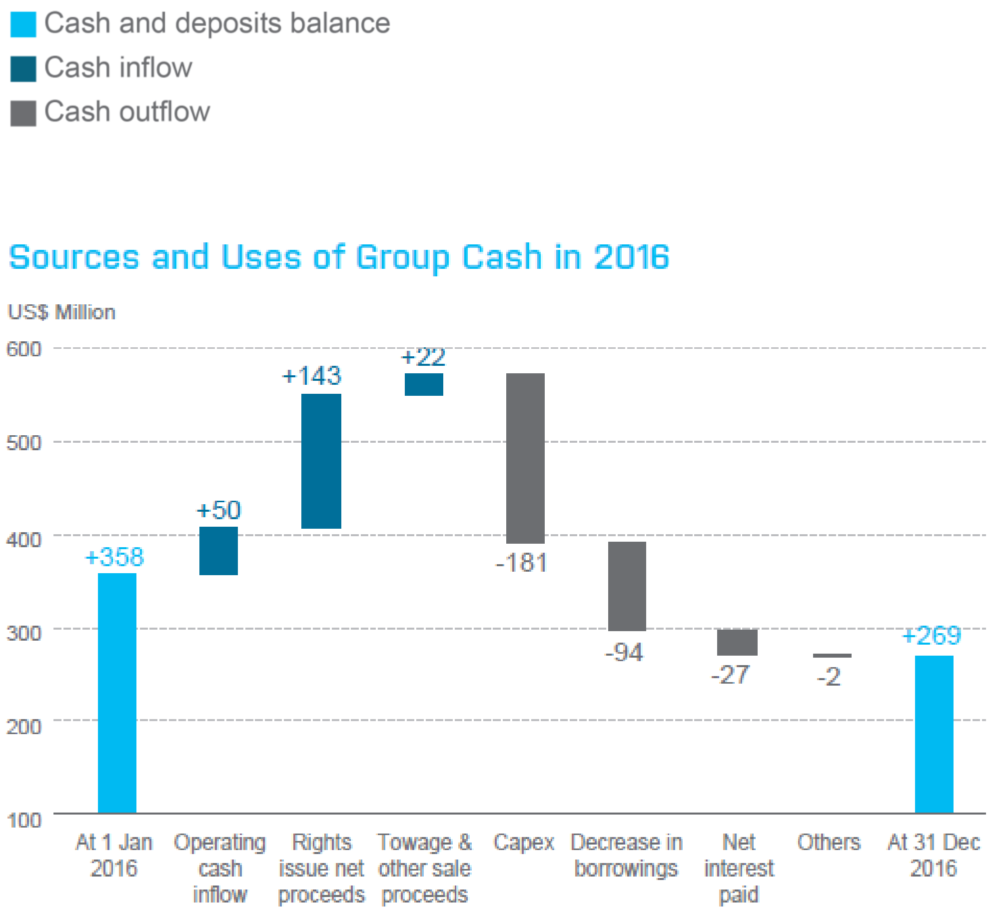
Cash Flow in 2016

As in 2016 Annual Report



As at 31 December 2016

Operating cash flow	**US$49.5m**
EBITDA	**US$22.8m**

Borrowings decreased by US$94m due to:

- 2016CB repayment of US$106m
- 2018CB repayment of US$124m
- Net repayment of US$70m of secured borrowings
- Drew down US$205m of new secured borrowings

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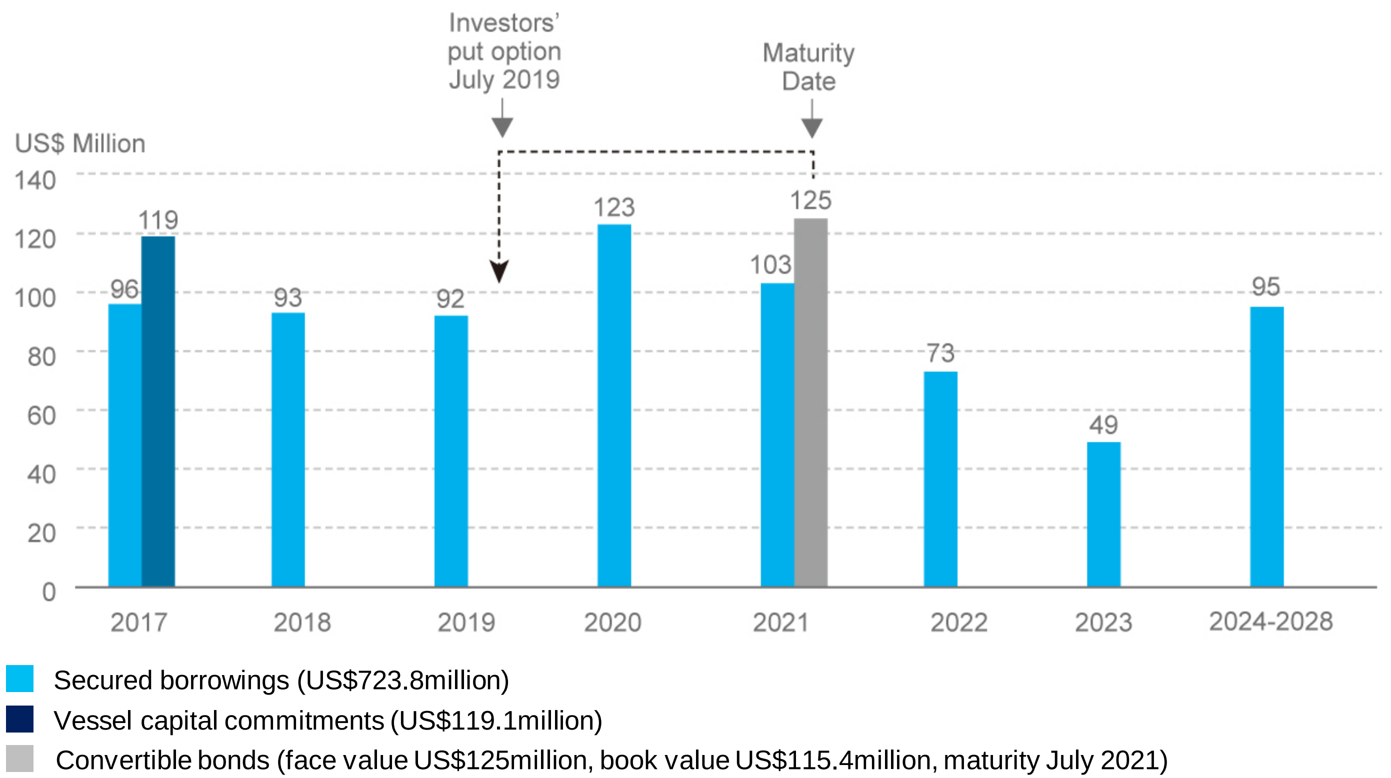
Borrowings and Capex

As in 2016 Annual Report

Schedule of Repayments and Vessel Capital Commitments

As at 31 December 2016



- US$158m of undrawn committed borrowing including:
  - US$140m of Japanese export credit facilities
  - US$18m of other secured borrowings

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2016 Balance Sheet

As in 2016 Annual Report

US$m	31 Dec 16	31 Dec 15
Vessels & other fixed assets	**1,653**	1,611
Total assets	**2,107**	2,146
Total borrowings	**839**	926
Total liabilities	**1,066**	1,175
Net assets	**1,041**	971
Net borrowings (total cash US$269m)	**570**	568
Net borrowings to net book value of property, plant and equipment KPI	**34%**	35%

- Vessel average net book value: Handysize $15.8m (9.0 years); Supramax $22.0m (6.6 years)
- KPI: maintain net gearing below 50%
- Group in compliance with all loan covenants

Pacific Basin

Our Outlook and Strategy

www.pacificbasin.com
More on financial details: 2016 Annual Report

Dry Bulk Outlook

- Demand is growing for agricultural products & construction material, our two largest cargo groups
- Infrastructure investment spending from China and US bodes well for dry bulk shipping
- Increasing fuel prices are positive for freight market, discouraging shipowners from increasing vessel speeds when freight rates increase
- Past the worst, but more patience, scrapping & lack of ordering is required
- We expect continued uncertain markets in 2017
  - Orderbook is shrinking but oversupply lingers and the fleet is still growing
  - Risk of new ordering, potential for increased ship operating speeds…

Strategy

- Make the most of our robust business model, experienced staff, quality fleet & strong balance sheet – enhanced by positive actions taken to stay strong, lean and competitive
- Continue to conduct our business efficiently and safely while combining ships and cargoes to maximise our margins
- Well positioned for continued challenging market conditions and recovery

Pacific Basin Benefits:

Fully Handy focused

+

Business Model → Premium

+

High-quality predominantly Japanese-built fleet

+

Experienced staff, globally

+

Strong counterparty

→Well positioned

Pacific Basin

We're Moving!

Effective from 4 May 2017, our headquarters will be at the following new address:

31/F One Island South,
2 Heung Yip Road,
Wong Chuk Hang
Hong Kong

All other contact details will remain unchanged

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
  - Voluntary 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

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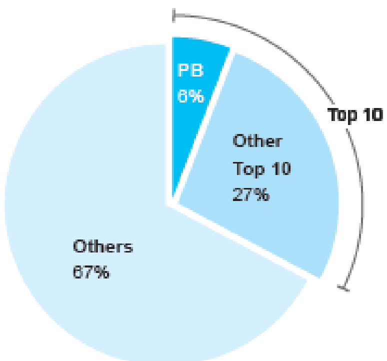
- **Company Website - www.pacificbasin.com**
  - Corporate Information
  - CG, Risk Management and CSR
  - Fleet Profile and Download
  - Investor Relations:
  - financial reports, news & announcements, excel download, awards, media interviews, stock quotes, dividend history, corporate calendar and glossary
- **Social Media Communications**
  - Follow us on Facebook, Twitter, Linkedin, YouTube and WeChat!

Appendix:
Pacific Basin Overview

- A leading dry bulk owner/operator of Handysize & Supramax dry bulk ships
- Cargo system business model – outperforming market rates
- About 200 dry bulk ships on the water serving major industrial customers around the world
- Hong Kong headquarters, 12 offices worldwide, 330 shore-based staff, 3,000 seafarers*
- Our vision: To be a shipping industry leader and the partner of choice for customers, staff, shareholders and other stakeholders

OUR MARKET SHARE

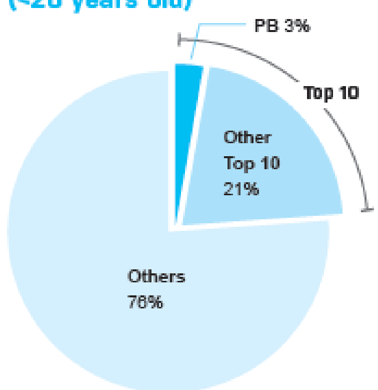
Handysize
(<20 years old)



We operate approximately 6% of global 25-40,000 dwt Handysize ships of less than 20 years old

Source: Pacific Basin, Clarksons Platou

Supramax
(<20 years old)



We operate approximately 3% of global 50-65,000 dwt Supramax ships of less than 20 years old

www.pacificbasin.com
Pacific Basin business principles and our Corporate Video

* As at Jan 2017

Pacific Basin

Appendix: 2016 Annual Results – Highlights

As in 2016 Annual Report

	2016	2015
Operating Cash Flow	US$50m	US$99m
EBITDA	US$23m	US$93m
Cash Position	US$269m	US$358m
Net Gearing	34%	35%

- Record low dry bulk market conditions significantly undermined our results in 2016
- Net loss of US$87m
- Our Handysize daily TCE earnings outperformed market index by 34%
- Our G&A and Handysize operating costs further reduced to US$52.9m and <US$4,000/day respectively
- Positive US$50m operating cash flow and US$23m EBITDA
- Rights Issue of new shares raised US$143m net & repaid US$230m Convertible Bonds
- US$158m of undrawn committed loan facilities at year end exceeding US$119m of dry bulk capex
- Sale of towage and other non-core assets generated US$22m cash and our exit from towage is substantially complete
- Well positioned for recovery in dry bulk market

Appendix: Strategic Model

MARKET-LEADING CUSTOMER FOCUS & SERVICE

Priority to build and sustain long-term customer relationships

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

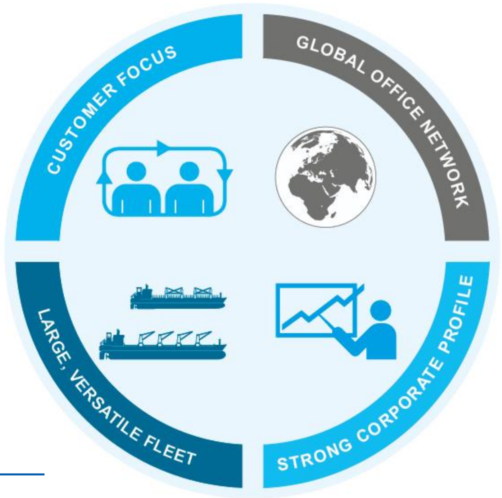
Close partnership with customers generates enhanced access to spot cargoes and long-term cargo contract opportunities of mutual benefit

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



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

STRONG CORPORATE & FINANCIAL PROFILE

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

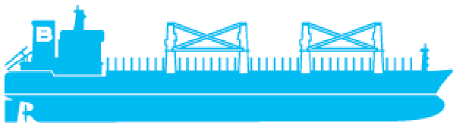
Strong cash position and track record set us apart as a preferred counterparty

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



Bulk Carriers for dry bulk commodities

OTHER MAINSTREAM SHIPPING SECTORS

Containerships for containerised goods

Tankers for oil, gas & chemicals

	Bulk Carrier Ship Types	Percentage of Global Dry Bulk Capacity	Versatility
Minor bulks with cranes (Our Focus)	**Handysize** 25,000-39,999 dwt	10%	More Versatile
Minor bulks with cranes (Our Focus)	**Handymax (incl. Supramax)** 40,000-64,999 dwt	24%	More Versatile
Major bulks without cranes	**Panamax & Post-Panamax** 65,000-119,999 dwt	27%	Less Versatile
Major bulks without cranes	**Capesize** 120,000+ dwt	39%	Less Versatile

Main Commodities Carried

Minor Bulks

Metals
- Ores & Concentrates
- Alumina
- Bauxite

Energy
- Coal/Coke
- Petcoke

Minerals
- Salt
- Sand & Gypsum

Agricultural Products
- Grains
- Fertiliser
- Sugar

Construction Materials
- Logs & Forest Products
- Cement & Clinker
- Steel & Scrap

Other Bulks

Major Bulks
- Iron ore
- Coal
- Grains

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?

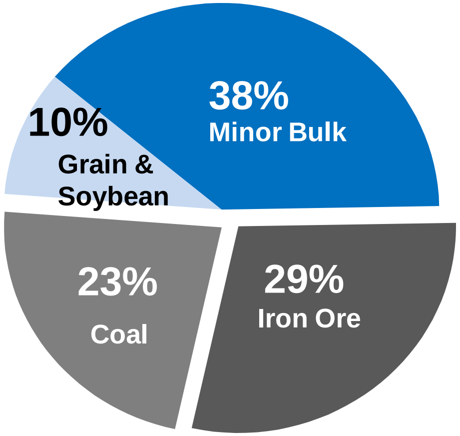
- More diverse customer, cargo and geographical exposure enables high utilisation
- A segment where scale and operational expertise make a difference
- Better daily TCE earnings driven by a high laden-to-ballast ratio
- Sound long-term demand expectations and modest historical Handysize fleet growth

Full Year 2016 Global Dry Bulk Trade

4.9 billion tonnes (+1.2% YOY)

Pacific Basin focuses on these growing markets

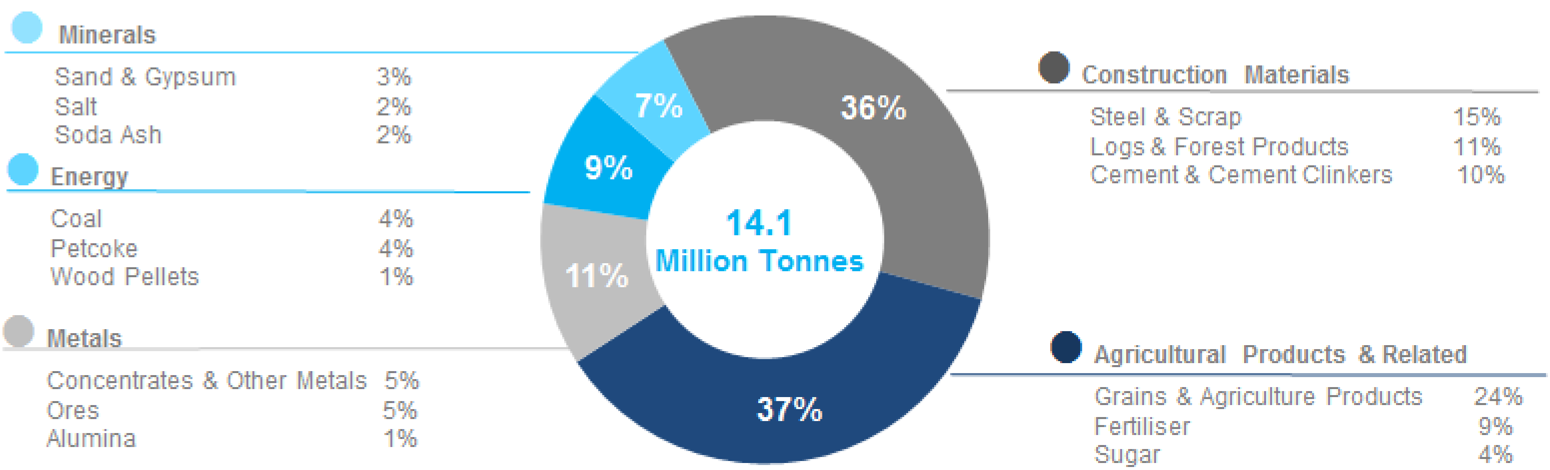
Minor Bulks & Grain is 48% of total Dry Bulk demand



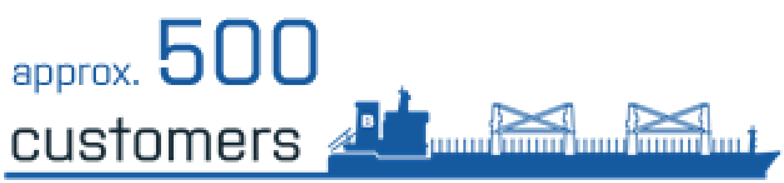
Source: Clarksons,, 1 Jan 2017

Appendix:
Pacific Basin Dry Bulk – Diversified Cargo

Our Dry Bulk Cargo Volumes (1Jan17 - 28Mar2017)



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



Appendix:
2016 Financial Highlights

As in 2016 Annual Report

US$m	2016	2015
Dry Bulk	**(87.6)**	**(34.7)**
Towage & Others	**(0.1)**	**6.9**
Underlying loss	**(87.7)**	**(27.8)**
▪ Unrealised derivative income	**23.6**	**8.8**
▪ Sale of properties	**1.7**	**-**
▪ Vessel impairments	**(15.2)**	**-**
▪ Sale of towage assets	**(4.9)**	**2.8**
▪ Towage exchange charge	**(2.8)**	**(1.5)**
▪ Other impairments	**(1.2)**	**(0.8)**
Loss attributable to shareholders	**(86.5)**	**(18.5)**

- US$23.6m unrealised derivative accounting gain mainly from completed prior year bunker swap contracts
- US$15.2 impairment charge related to:
  - US$8m remaining towage vessels
  - One Supramax vessel sold after the year end

Appendix:
2016 Pacific Basin Dry Bulk

As in 2016 Annual Report

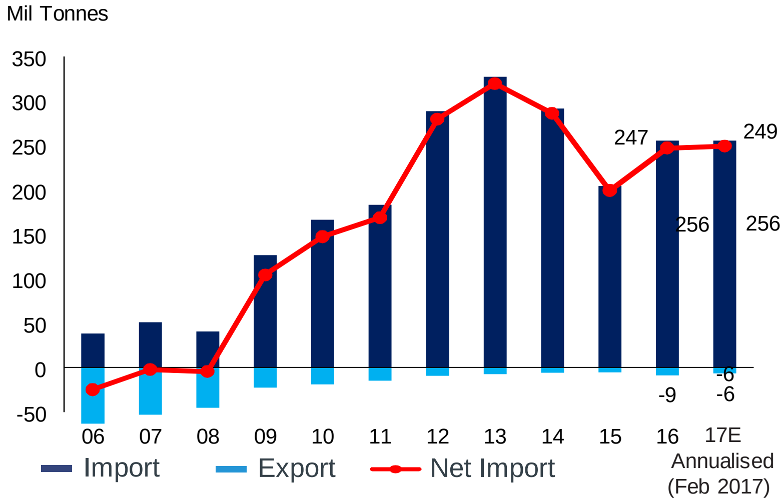
Handysize		2016	2015	Change
Revenue days	(days)	47,590	**51,600**	-8%
TCE earnings	(US$/day)	6,630	**7,870**	-16%
Owned + chartered costs	(US$/day)	7,320	**7,930**	+8%
Handysize contribution	(US$m)	(37.1)	**(8.4)**	>-100%

Supramax		2016	2015	Change
Revenue days	(days)	29,590	**23,300**	+27%
TCE earnings	(US$/day)	6,740	**9,170**	-26%
Owned + chartered costs	(US$/day)	6,830	**8,190**	+17%
Supramax contribution	(US$m)	(3.3)	**22.6**	>-100%

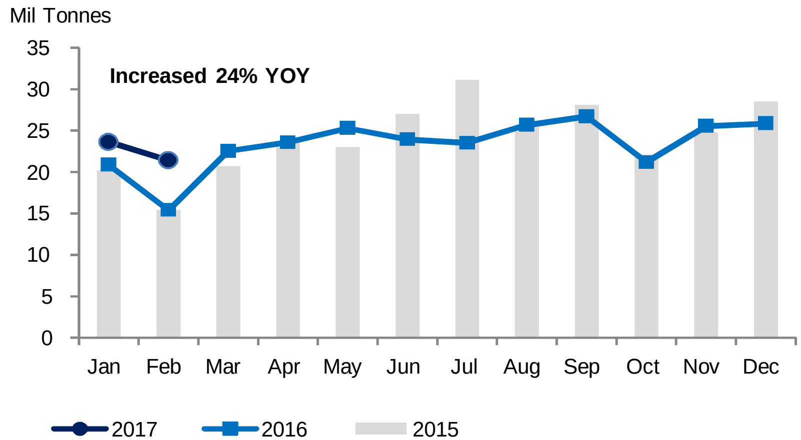
- Weak market condition impacted both our Handysize and Supramax TCE
- Supramax generated a smaller loss, benefitting from the larger proportion of short-term inward chartered ships in the weak market
- Excluding short-term days:
  - Handysize daily TCE US$6,720 on 41,220 days
  - Supramax daily TCE US$7,940 on 14,230 days

Appendix:
China Major and Minor Bulk Trade

China Coal Trade

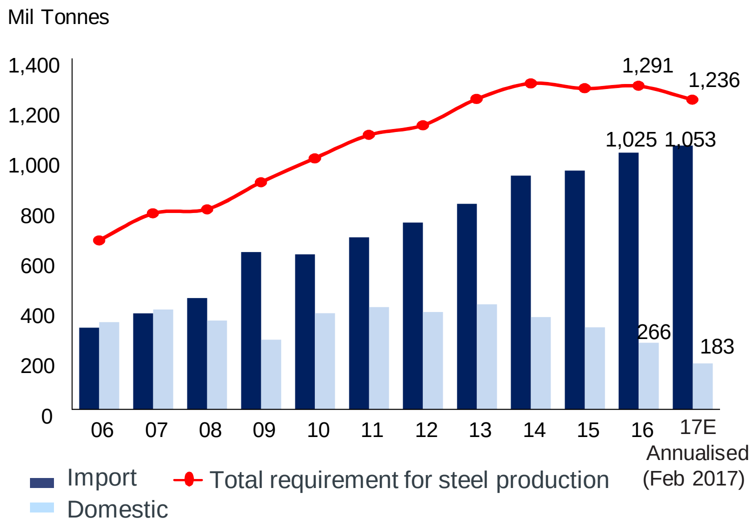


2017 Chinese Minor Bulk Imports

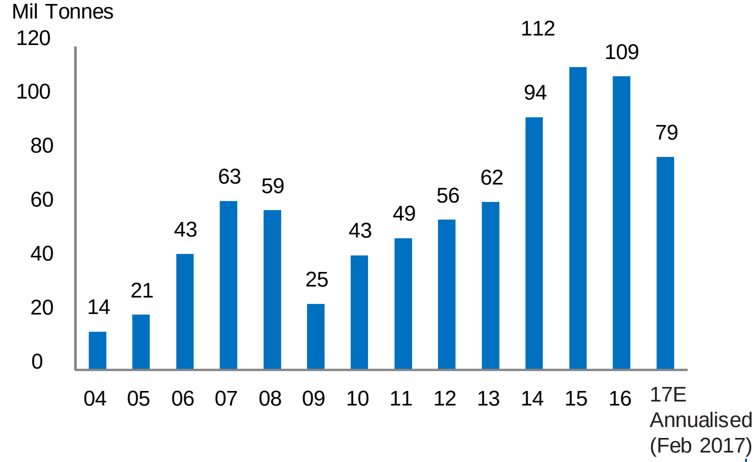


Chinese imports of 8 minor bulks including Logs, Soyabean, Cereals, Fertiliser, Bauxite, Nickel Ore, Copper Concentrates & Manganese Ore

China Iron Ore Sourcing for Steel Production



China Steel Export



Source: Bloomberg, Clarksons Platou

Appendix:
Fleet List – 31 Mar 2017*

Pacific Basin Dry Bulk Fleet: 253
Average age of core fleet: 7.3 years old

www.pacificbasin.com
Customers > Our Fleet

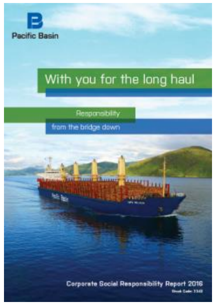
	Owned		Chartered		Total
	Delivered	Newbuilding	Delivered*	Newbuilding	
Handysize	78	-	72	3	153
Supramax	20	1	77	-	98
Post-Panamax	1	-	1	-	2
Total	99	1	150	3	253

** Average number of vessels operated in March 2017*

Pacific Basin

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**



2016 CSR Report
www.pacificbasin.com/ar2016

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

Pacific Basin

Appendix: Convertible Bonds Due 2021

Issue size	US$125 million
Maturity Date	3 July 2021 (approx. 6 years)
Investor Put Date and Price	3 July 2019 (approx. 4 years) at par
Coupon	3.25% p.a. payable semi-annually in arrears on 3 January and 3 July
Redemption Price	100%
Initial Conversion Price	HK$4.08 (current conversion price: HK$3.07 with effect from 30 May 2016)
Intended Use of Proceeds	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

Conversion/redemption Timeline