Pacific Basin

2016 Interim Results

29 July 2016

2016 Interim Results – Highlights

	1H16	1H15
Net (Loss) / Profit	**US$(49.8)m**	US$5.8m
Operating Cash Inflow	**US$7.7m**	US$58.8m
Cash Position	**US$406m**	US$392m
Net Gearing	**29%**	34%

- Record low half-year period for dry bulk shipping leading to weak results
- Net loss of US$49.8m but positive operating cash flow of US$7.7m
- Our daily Handysize TCE earnings outperformed market index by 56%
- Rights Issue completed raising new capital of US$143m net
- US$272m of undrawn committed loan facilities exceeds US$237m of remaining dry bulk newbuilding capital commitments
- Further reductions in our Handysize daily vessel operating costs and G&A expenses
- Towage disposals generated US$12m in 1H16

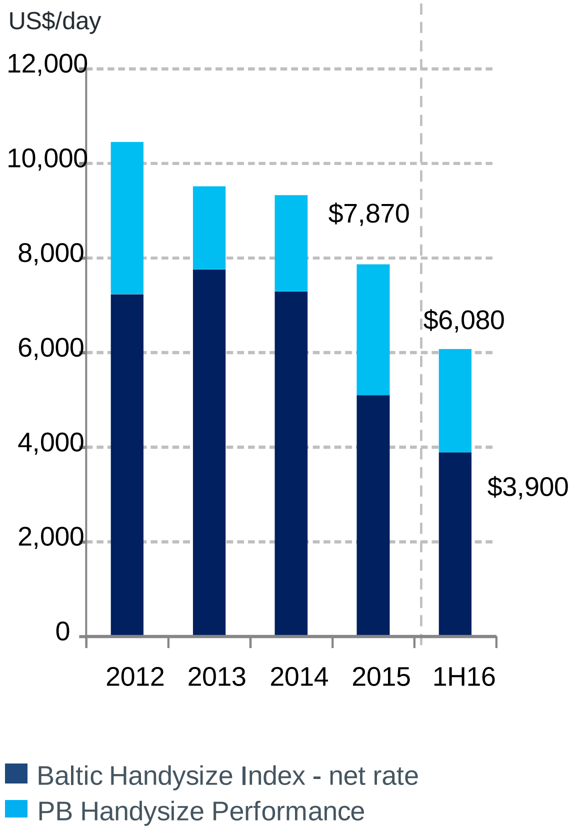
Our Performance in 1H16 and Cover for 2H16

US$/day	Handysize	Supramax
PB TCE per day 1H16	$6,080	$5,910
Market Index Rate	$3,900	$4,570
PB Outperformance	$2,180	$1,340
	56%	29%
PB TCE Cover Rate for 2H16	$7,670	$8,020
% of Contracted Days Covered	58%	65%




Cargo System Business Model – Outperforming Market Rates

Cargo Contract Business Model – Outperforming Market Indices

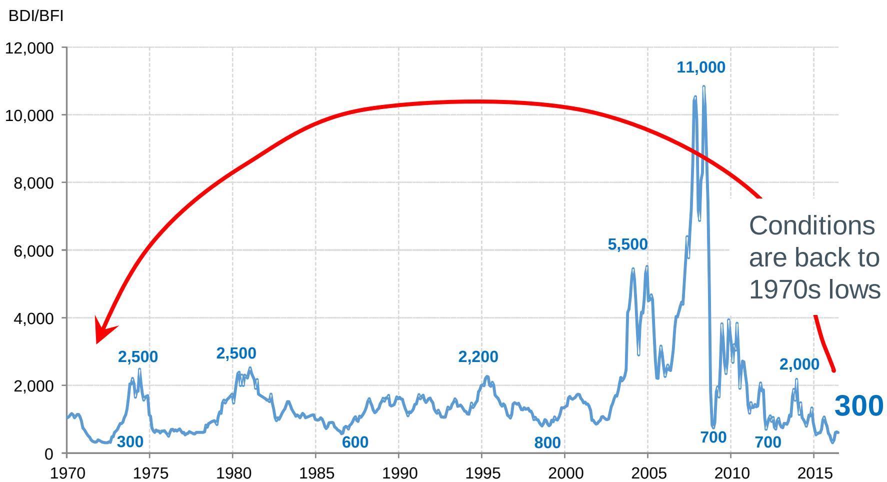


- Experienced staff & global office network – Direct end-user interaction
- Large fleet of high-quality substitutable ships
- Large portfolio of cargo contracts & relationships – No outward time-charters
- High laden percentage (minimum ballast legs)

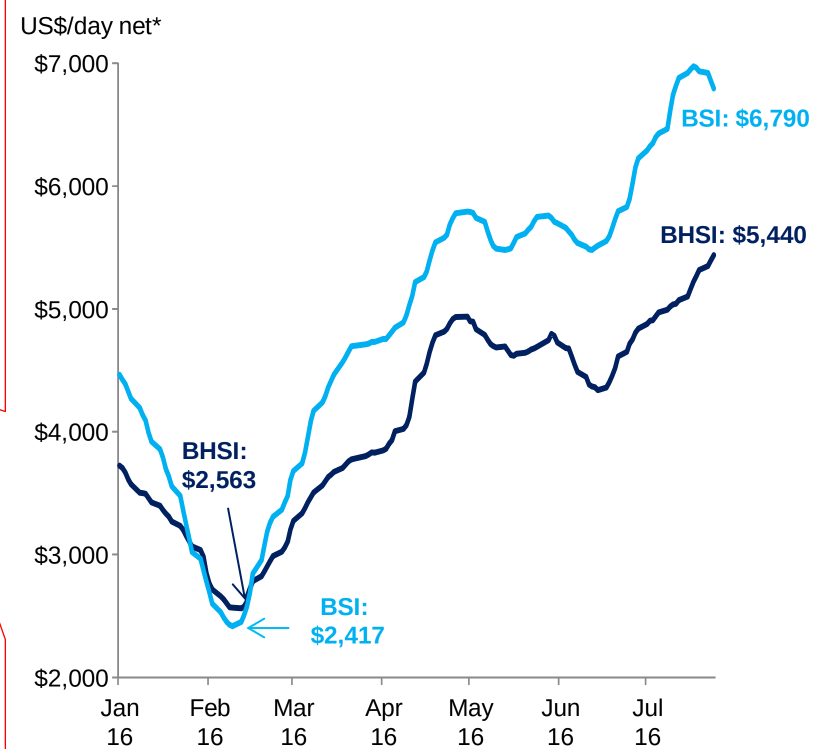
➔ Average Handysize premium last 5 years = US$2,410/day

Extreme Low Spot Rates in 1Q16

Dry Bulk Freight Market Since 1970



Baltic Handysize Index (BHSI) &
Baltic Supramax Index (BSI)

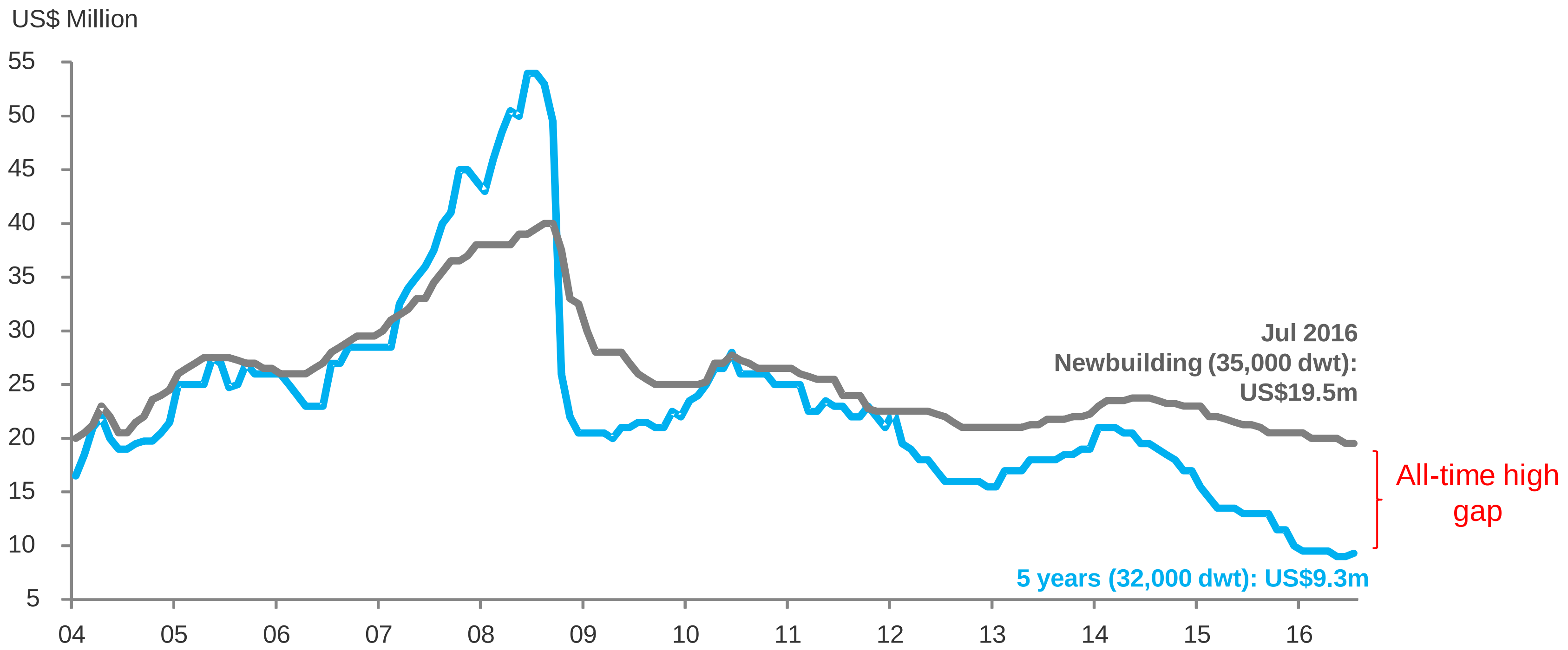


- Record low rates during seasonally slower winter and Chinese New Year holiday
- Improvement thereafter (albeit from low levels) primarily driven by strong long haul South American exports of agricultural products and recently also by a recovery in Chinese coal imports

* excluding 5% commission
Source: Pacific Basin (pre-1985 estimates), Baltic Exchange, data as at 27 July 2016

Pacific Basin

Handysize Vessel Values



- All-time high gap between newbuilding and secondhand values
- Discourages new ship ordering which was negligible in 1H16

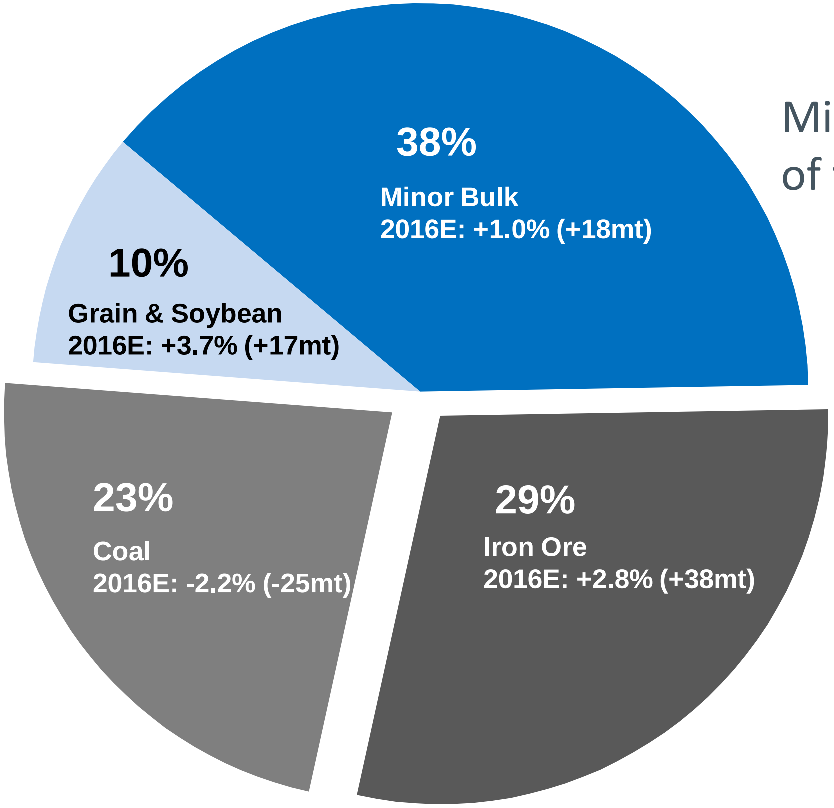
Source: Clarksons Platou

Minor Bulk Is Not So Minor

Pacific Basin focuses on these growing markets

Estimated Full Year 2016 Global Dry Bulk Trade

Est. 4.9 billion tonnes (+1% YOY)

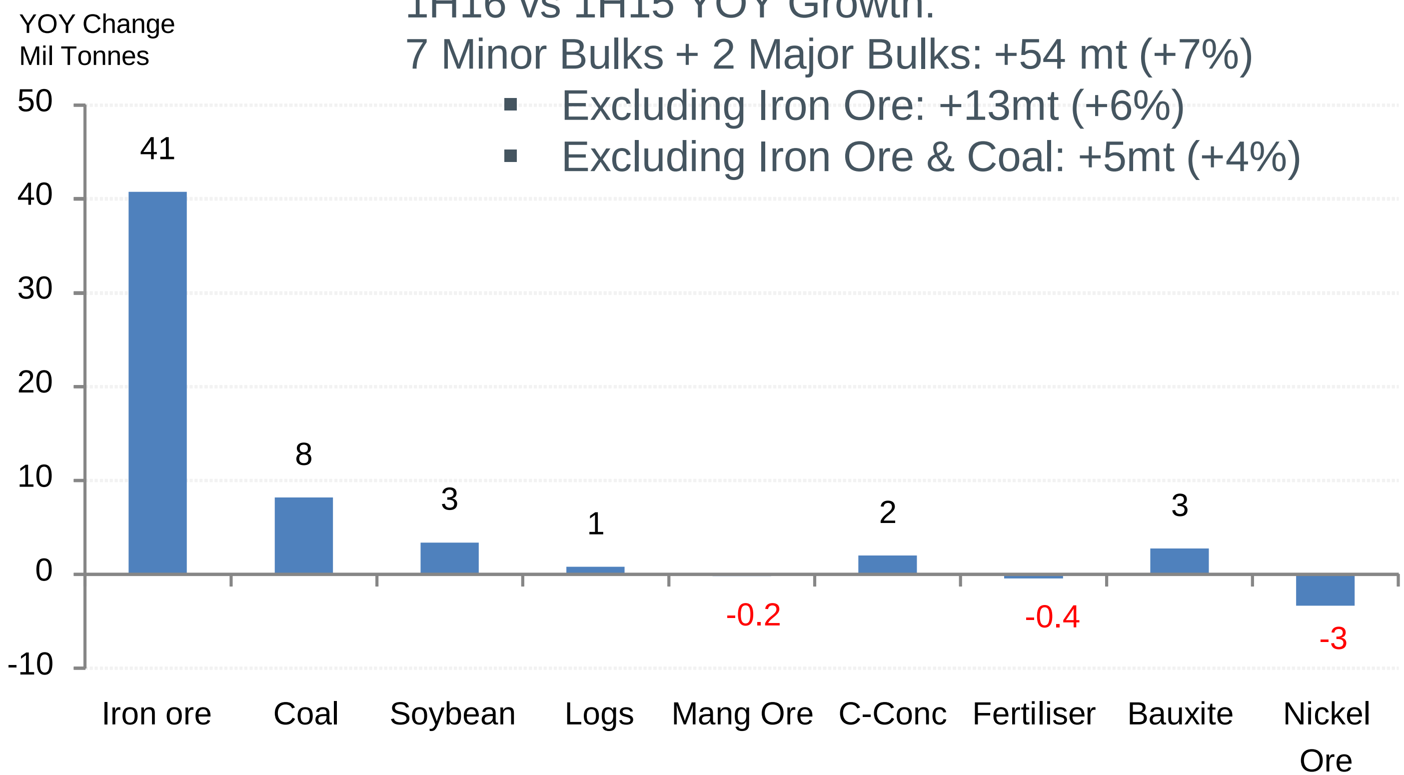


Minor Bulks & Grain is 48% of total Dry Bulk demand

Source: Bloomberg, Clarksons Platou, as at 1 July 2016

Chinese Dry Bulk Imports Growth in 1H16

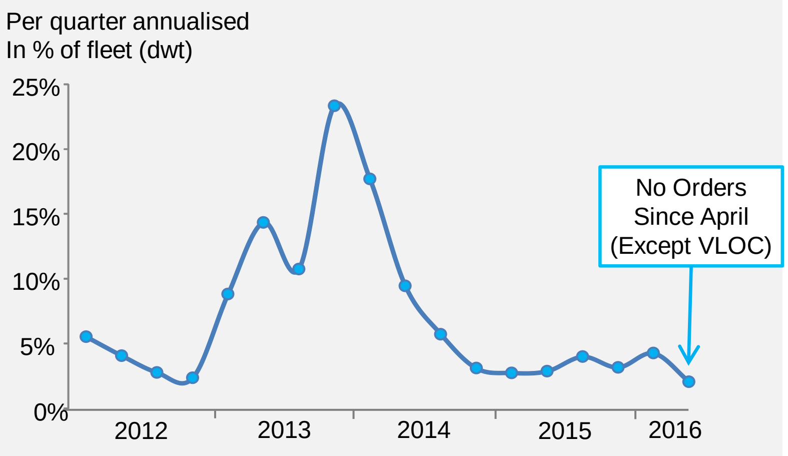
1H16 vs 1H15 YOY Growth:
7 Minor Bulks + 2 Major Bulks: +54 mt (+7%)
- Excluding Iron Ore: +13mt (+6%)
- Excluding Iron Ore & Coal: +5mt (+4%)



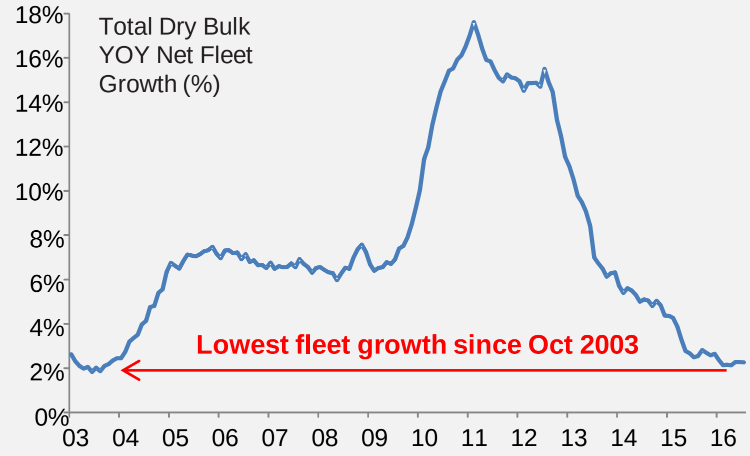
Source: Bloomberg

Self Correcting Supply Factors

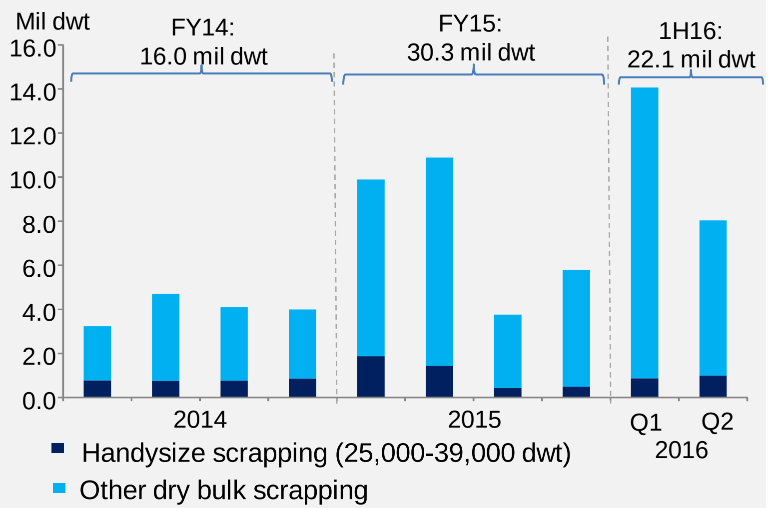
New Vessel Ordering is Down



Fleet Growth is Reducing



Significant Scrapping



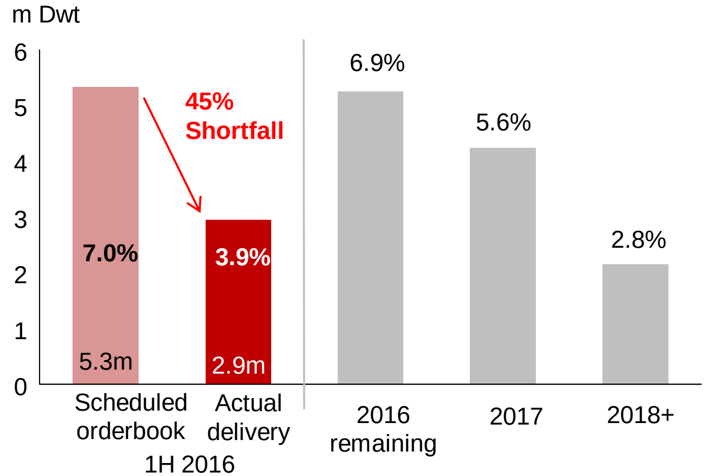
In 1H16:

- 52% shortfall in deliveries
  - Delivery Slippage & orderbook cancellations
- High scrapping – 6% (annualised) of existing fleet

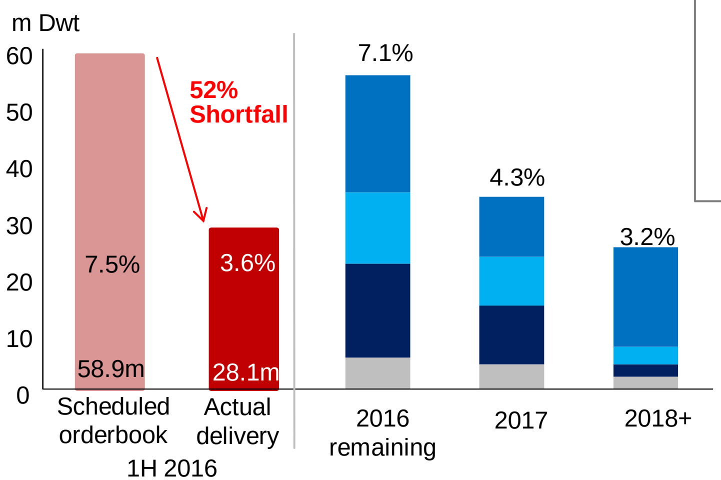
Source: Clarksons Platou, data as at 1 July 2016

Dry Bulk Supply & Orderbook

Handysize Orderbook
315 vessels (11.64 million dwt)



Total Dry Bulk Orderbook
1,325 vessels (114.4 million dwt)

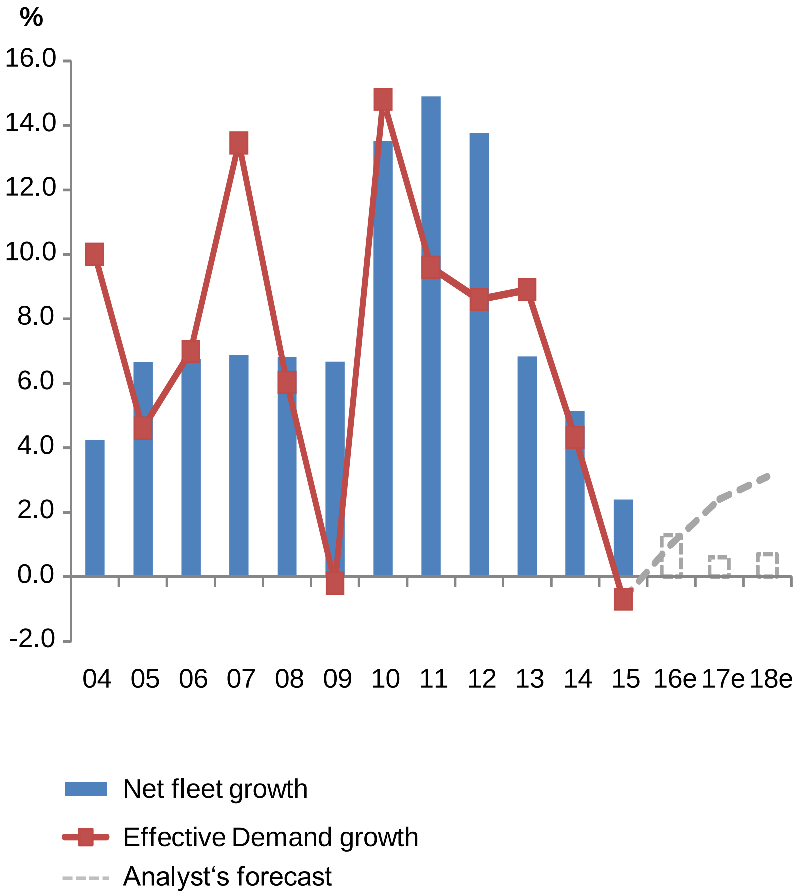


	Orderbook as % of Existing Fleet	Average Age	Over 20 Years	1H16 Scrapping as % of Existing Fleet (annualised)
Handysize (25,000-39,999 dwt)	15%	8	10%	5%
Handymax (incl. Supramax) (40,000-64,999 dwt)	16%	8	7%	3%
Panamax (65,000-119,999 dwt)	12%	8	6%	5%
Capesize (incl. VLOC) (120,000+ dwt)	17%	7	8%	8%
Total Dry Bulk >10,000 dwt	15%	9	8%	6%

Total Dry Bulk	>15 years	16%
Handysize	>15 years	17%

Source: Clarksons Platou, as at 1 Jul 2016

Dry Bulk Supply & Demand



Data as in May 2016

Supply:
- 1H16 net fleet growth: 0.7% (Handysize: 1.4%)
- New deliveries partly offset by increased scrapping (Handysize: 3.9% new deliveries vs 2.5% scrapping)
- Higher oil prices a positive factor:
  - Reduces the sensitivity of ship operating speeds to increasing freight rates
- High scrapping YTD, 6% annualised

Demand:
- Chinese steel exports remained at high levels
- Chinese demand for 7 minor bulks ↑ YOY
  - 1H16: ↑4%
  - Led by ↑ in bauxite and copper concentrates
- Robust long haul South American grain exports (due to stronger US$ and Argentina's relaxation of currency & grain export controls)
- A recent rebound in Chinese coal imports

Source: Clarksons Platou

Pacific Basin

2016 Interim Financial Highlights

US$m	**1H16**	1H15
Dry Bulk	**(60.4)**	(15.4)
Towage	**(0.1)**	1.4
Others	**(1.1)**	(0.6)
Underlying loss	**(61.6)**	(14.6)
▪ Unrealised derivative income	**13.7**	16.7
▪ Sale of towage assets	**(1.9)**	3.7
(Loss)/Profit attributable to shareholders	**(49.8)**	5.8

- Dry bulk affected by a record low dry bulk half-year period

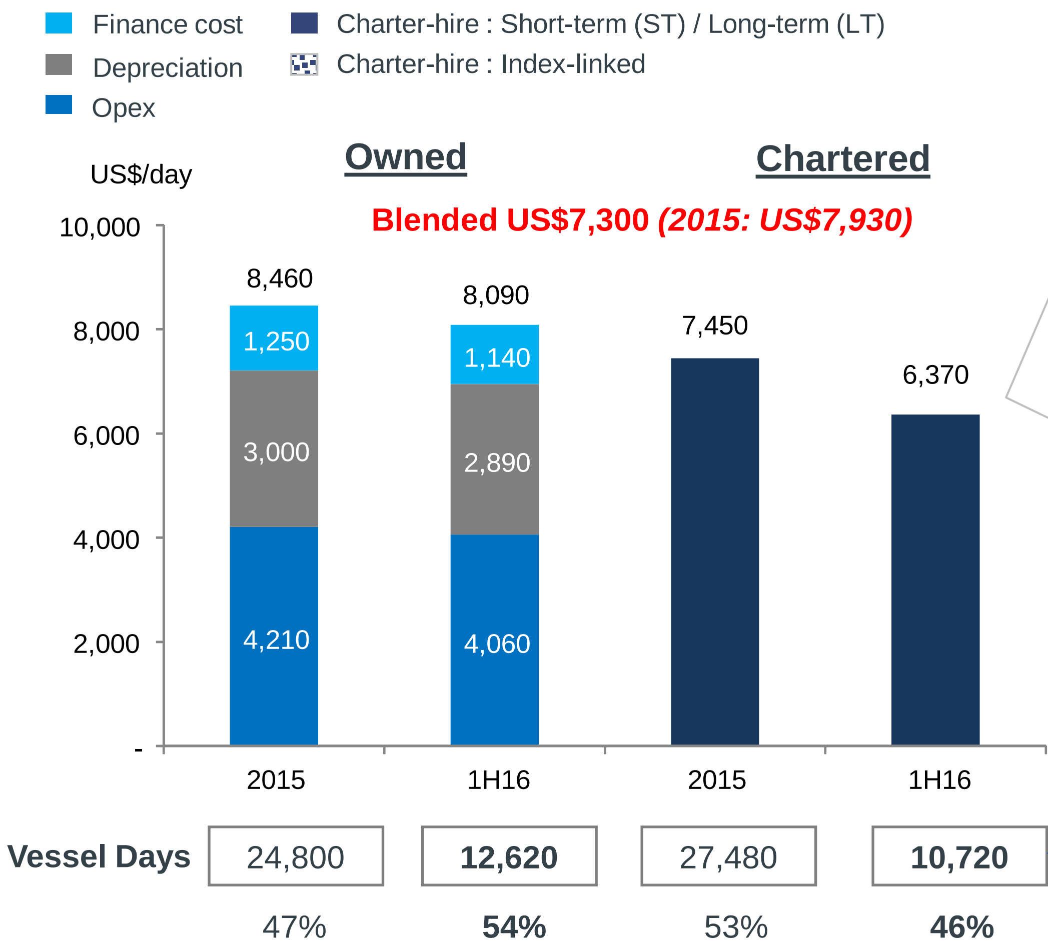
1H16 Pacific Basin Dry Bulk

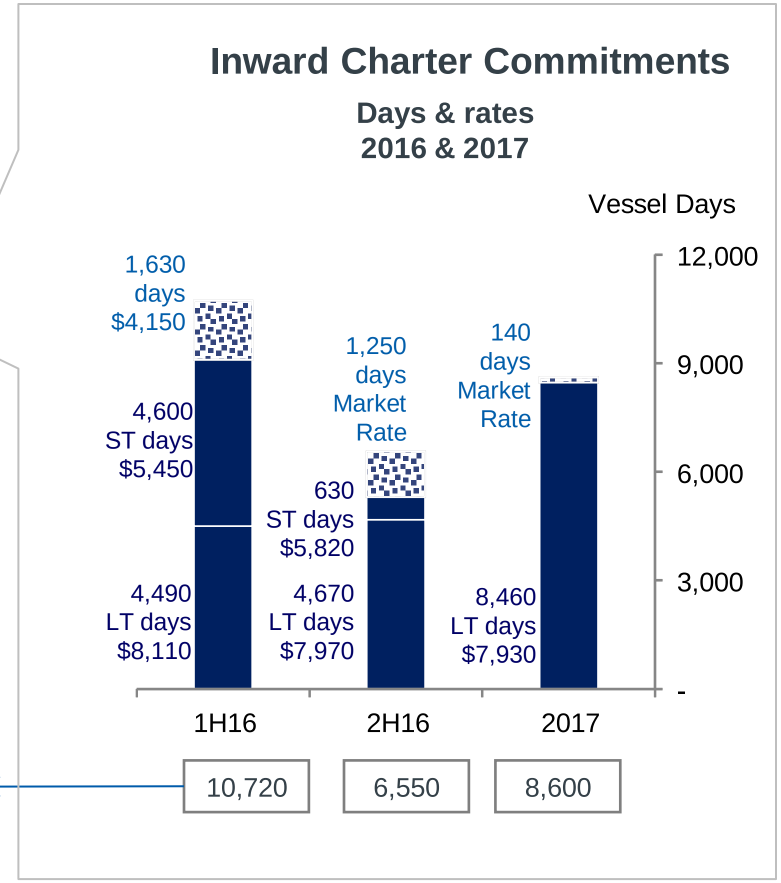
		1H16	1H15	Change
Handysize				
Revenue days	(days)	**23,070**	26,620	-13%
TCE earnings	(US$/day)	**6,080**	7,940	-23%
Owned + chartered costs	(US$/day)	**7,300**	7,870	-7%
Handysize contribution	(US$m)	**(30.2)**	(0.6)	
Supramax				
Revenue days	(days)	**14,180**	10,280	+38%
TCE earnings	(US$/day)	**5,910**	9,350	-37%
Owned + chartered costs	(US$/day)	**6,370**	8,330	-24%
Supramax contribution	(US$m)	**(6.8)**	10.4	
Post-Panamax contribution	(US$m)	**2.7**	2.7	-
Overhead	(US$m)	**(26.1)**	(27.9)	-6%
Overall Dry Bulk	(US$m)	**(60.4)**	(15.4)	

- Weak market condition reduced both Handysize and Supramax TCE
- Redelivering of high cost Supramax charters lowered costs

1H16 Daily Vessel Costs – Handysize

As at 30 June 2016

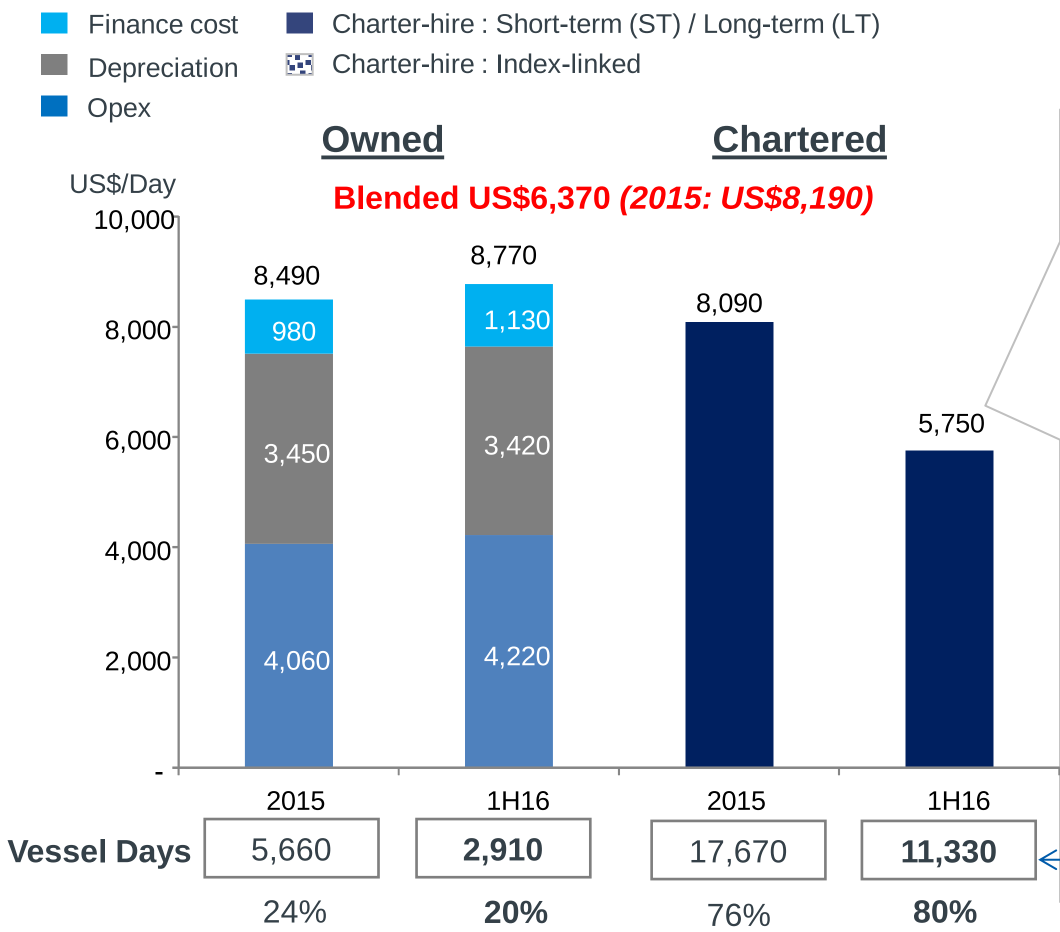




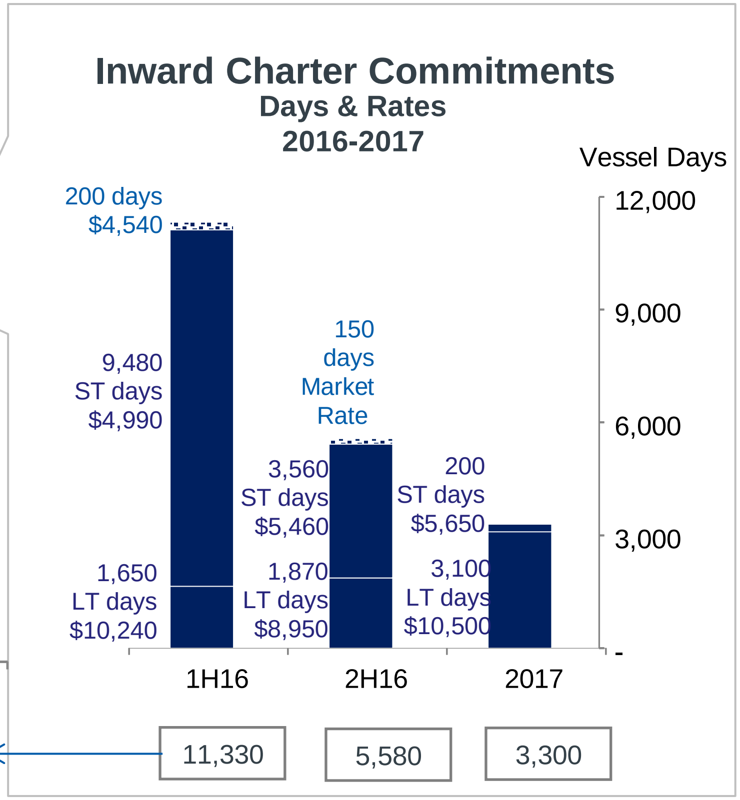
- Daily cash cost before overhead: US$6,010 (2015: US$6,730)
- Overheads of US$680/day (2015: US$750/day) – including all direct & indirect costs
- Charter-hire cost significantly reduced

* *Chartered rates are shown net of provision*

1H16 Daily Vessel Costs – Supramax



As at 30 June 2016



- Daily cash cost before overhead: US$5,940 (2015: US$7,880)
- Overheads of US$680/day (2015: US$750/day) – including all direct & indirect costs
- Charter-hire cost benefited from low cost short-term and index-linked vessels

* Chartered rates are shown net of provision

Pacific Basin

1H16 Balance Sheet

US$m	30 Jun 16	31 Dec 15
Vessels & other fixed assets	**1,596**	1,611
Total assets	**2,171**	2,146
Total borrowings	**872**	926
Total liabilities	**1,104**	1,175
Net assets	**1,067**	971
Net borrowings (total cash US$406m)	**466**	568
Net borrowings to net book value of property, plant and equipment KPI	**29%**	35%

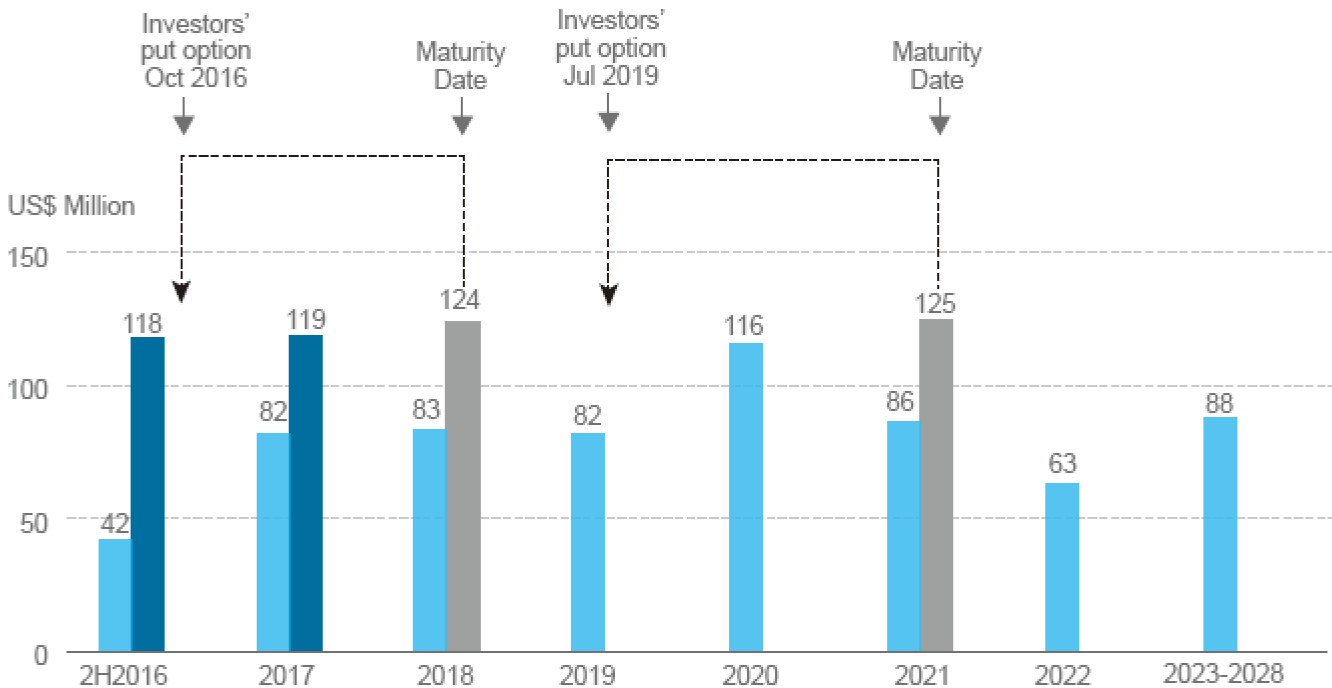
- Vessel average net book value: Handysize $15.9m, 9.4 years
  Supramax $22.2m, 7.4 years
- KPI: net gearing below 50%

Pacific Basin

Borrowings and Capex

As at 30 June 2016

Schedule of Repayments and Vessel Capital Commitments



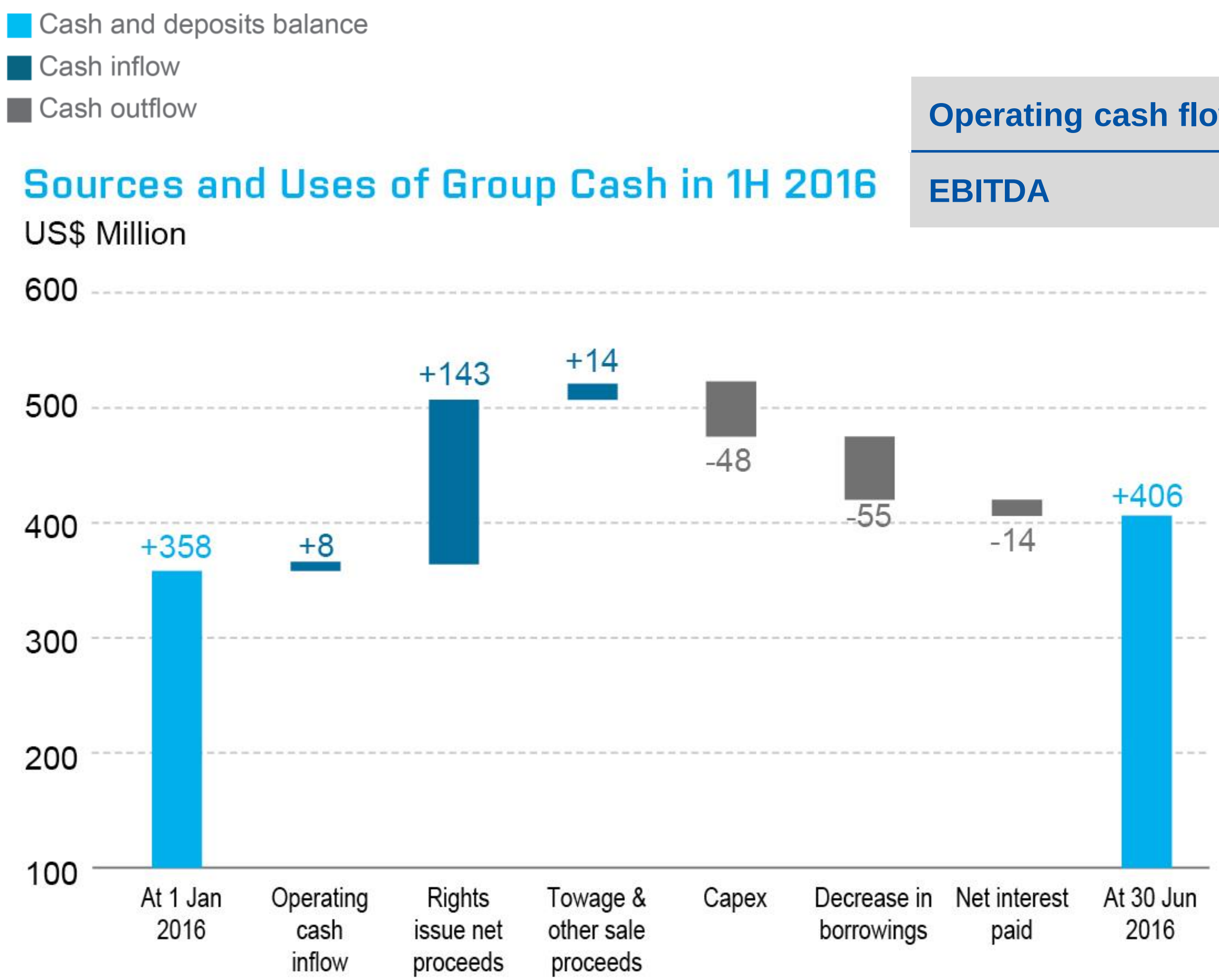
- Bank borrowings: US$642m , undrawn committed bank facilities US$272m
- Convertible bonds, face value US$249m, book value US$230m
- Vessel capital commitments: US$237m

With you for the long haul

Cash Flow

As at 30 June 2016

Operating cash flow	US$7.7m
EBITDA	US$(8.3)m



Our Outlook and Strategy

Dry Bulk Outlook

- Recent activity has supported stronger rates since February lows
- Minor bulk demand is not so minor – Growing & less dependent on China
- Very negative sentiment has tempered in recent weeks, but expect a continued weak market in the medium term
- Scrapping, negligible new ship ordering & shrinking orderbook to lead to healthier supply/demand balance in time

Strategy

- We continue to manage for a weak market in the medium term
- Fully focused on our world-leading Handy/Supra dry bulk business
- Driving further costs savings, conducting our business efficiently & safely
- We are not entering into new long-term charters, relying instead on our growing fleet of owned and low-cost short-term ships
- Astutely combining ships & cargoes to maximise our utilisation & margins

Pacific Basin Benefits:

Now fully Handy focused

+

Business Model → Premium

+

High-quality predominately Japanese-built fleet

+

Experienced staff, globally

+

Strong counterparty

→ Well positioned

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

Contact IR – Emily Lau
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ir@pacificbasin.com
Tel : +852 2233 7000

- **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

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

* As at Jan 2016

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

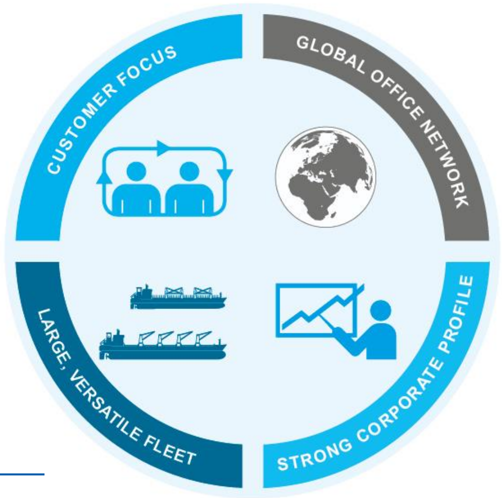
Close partnership with customers generates enhanced access to spot cargoes and long-term cargo contract opportunities of mutual benefit

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 & location facilitates good access to capital

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

Appendix:
Pacific Basin Dry Bulk – Diversified Cargo

OUR DRY BULK CARGO VOLUMES IN 1H 2016

Minerals

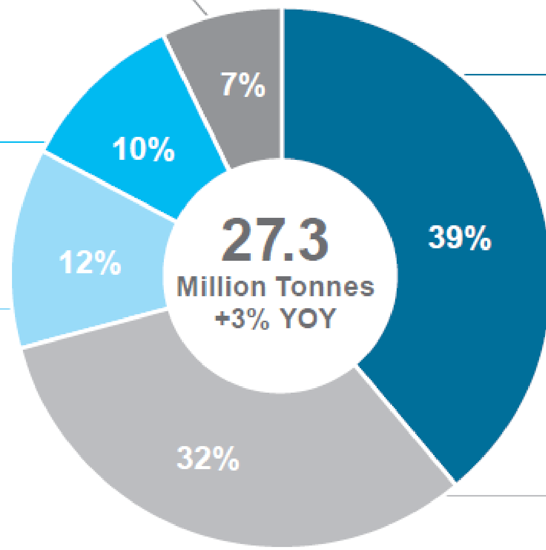
Sand & Gypsum	3%
Salt	3%
Soda Ash	1%

Energy

Petcoke	5%
Coal	4%
Wood Pellets	1%

Metals

Concentrates & Other Metals	7%
Ores	3%
Alumina	2%



Construction Materials

Steel & Scrap	15%
Logs & Forest Products	14%
Cement & Cement Clinkers	10%

Agricultural Products and Related

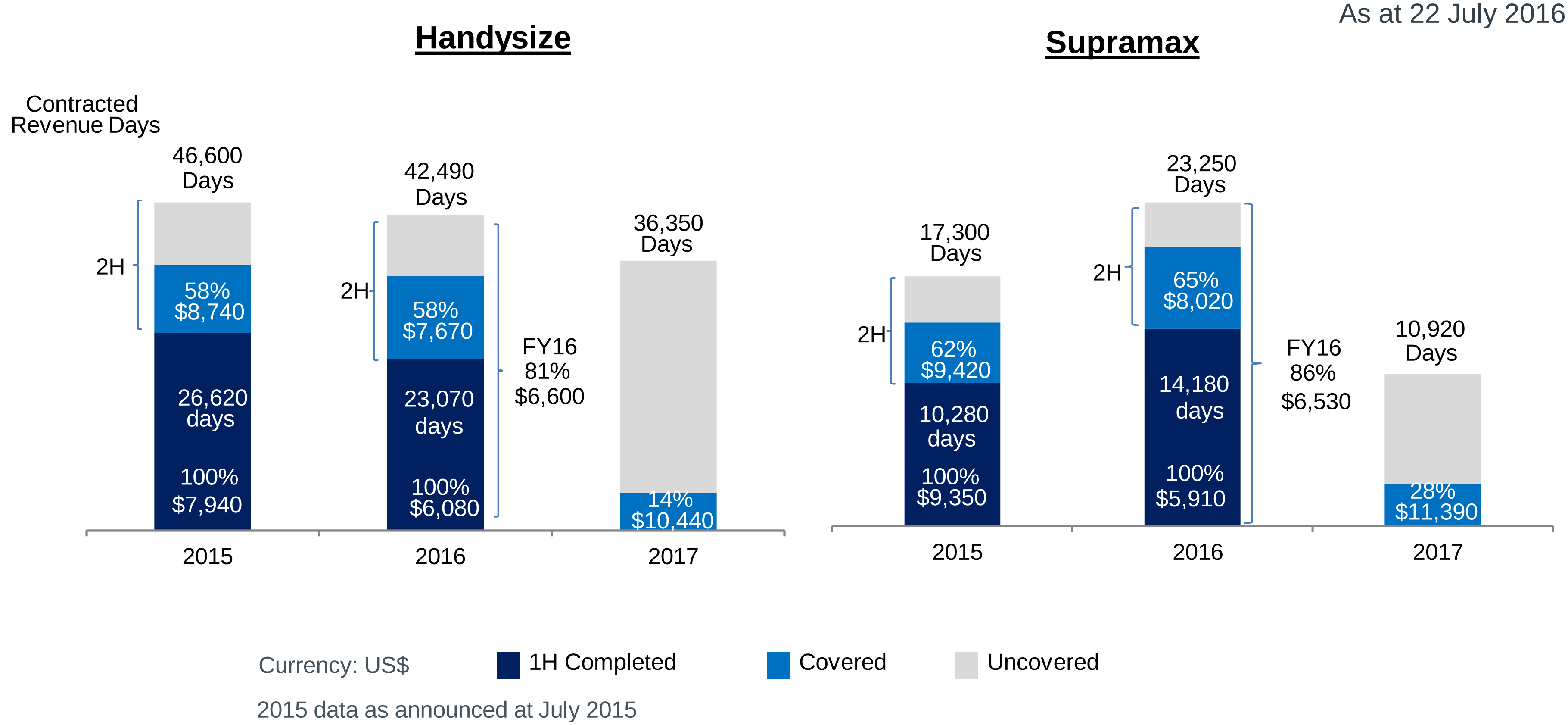
Grains & Agriculture Products	19%
Fertiliser	8%
Sugar	5%

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

More than
400 customers!

Appendix:
Pacific Basin Dry Bulk – Earnings Cover

As at 22 July 2016



- Our cover provides a degree of earnings visibility - ship operators typically face significant exposure to spot market
- 2016 uncovered days excludes revenue days related to inward chartered vessels on index-linked rates

Appendix:
Fleet List – 1 July 2016*

Pacific Basin

Pacific Basin Dry Bulk Fleet: 229

Average age of core fleet: 7.3 years old

	Owned		Chartered		Total
	Delivered	Newbuilding	Delivered*	Newbuilding	
Handysize	70	7	59	5	141
Supramax	16	5	65	0	86
Post-Panamax	1	0	1	0	2
Total	87	12	125	5	229

PB Towage : 7

	Owned
Tugs	5
Barges	2
Total	7

www.pacificbasin.com
Fleet Details

* Average number of vessels operated in Jun 2016

Appendix: Experienced Management - Team

Numbers Indicate Years in Company / Years in Shipping

Chairman & BOD

CEO
Mats Berglund
4/30

Asset Management
Morten Ingebrigtsen
27/30

HR
P.B. Subbiah
13/22

Finance & Accounting, CFO
Andrew Broomhead
13/13

Company Secretary & Risk
Kitty Mok
20/20

Chartering Pacific & Global Handysize
Surinder Brrar
9/31

Chartering Atlantic & Global Supramax
Kristian Helt
14/16

Commercial Operation
Suresh Prabhakar
16/40

CTO, Newbuildings, Insurance
Charlie Kocherla
16/38

Technical & Crewing
Jay Pillai
12/40

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

www.pacificbasin.com
CSR report

Corporate Governance & Risk Management

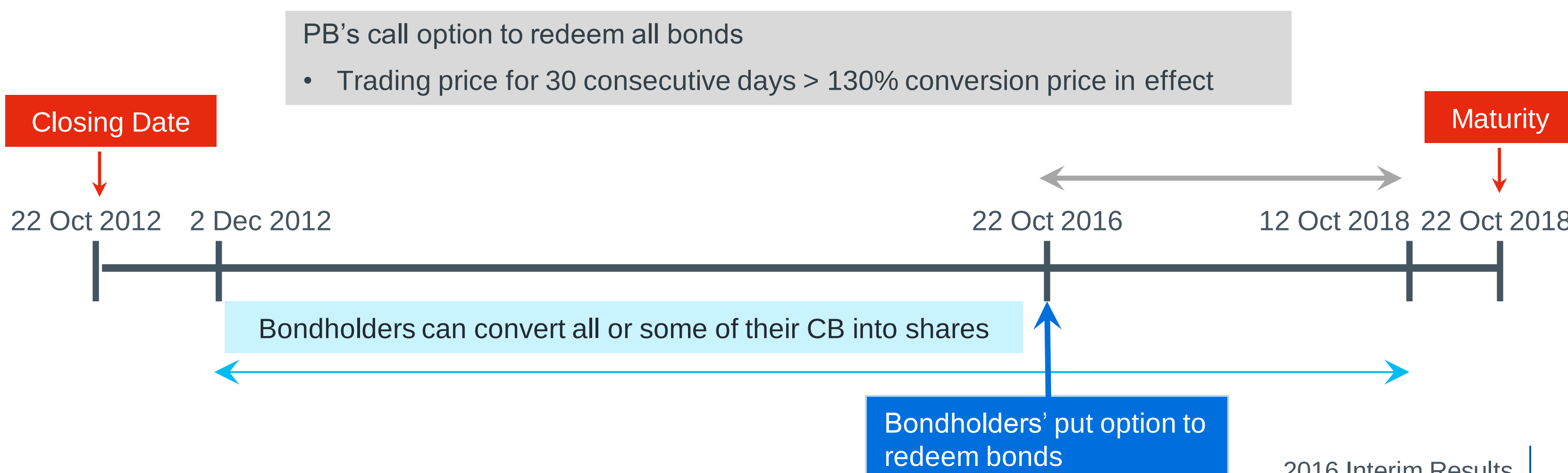
- Adopted recommended best practices under SEHK's CG Code (with quarterly trading update)
- Closely integrated Group strategy and risk management
- Transparency priority
- Stakeholder engagement includes in-depth customer and investor surveys
- Risk management committee interaction with management and business units
- Integrated Reporting following International <IR> Framework of IIRC

www.pacificbasin.com
Corporate Governance

Appendix: Convertible Bonds Due 2018

Issue size	US$123.8 million
Maturity Date	22 October 2018 (6 years)
Investor Put Date and Price	22 October 2016 (4 years) at par
PB's Call Option	1) Trading price for 30 consecutive days > 130% conversion price in effect 2) >90% of Bond converted / redeemed / purchased / cancelled
Coupon	1.875% p.a. payable semi-annually in arrears on 22 April and 22 October
Redemption Price	100%
Initial Conversion Price	HK$4.96 (current conversion price: HK$3.58 with effect from 30 May 2016)
Intended Use of Proceeds	To acquire additional Handysize and Supramax vessels, as well as for general working capital

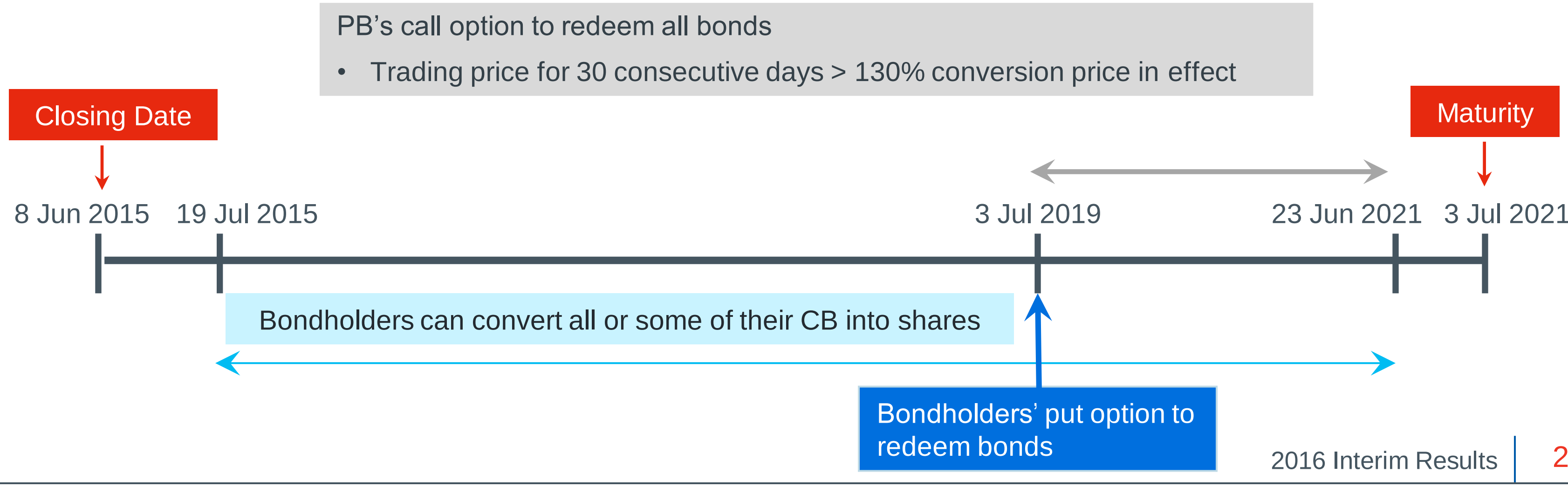
Conversion/redemption Timeline



Appendix: Convertible Bonds Due 2021

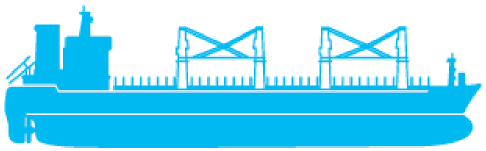
Issue size	US$125 million
Maturity Date	3 July 2021 (approx. 6 years)
Investor Put Date and Price	3 July 2019 (approx. 4 years) at par
Coupon	3.25% p.a. payable semi-annually in arrears on 3 January and 3 July
Redemption Price	100%
Initial Conversion Price	HK$4.08 (current conversion price: HK$3.07 with 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
Conditions	Shareholders' approval at a SGM to approve the issue of the new Convertible Bonds and the issue of new shares upon conversion of the new Convertible Bonds.

Conversion/redemption Timeline



Appendix:
Understanding Our Core Market

THE DRY BULK SECTOR



Bulk Carriers for dry bulk commodities

Our Focus

	Bulk Carrier Ship Types	Percentage of Global Dry Bulk Capacity	Versatility
Minor bulks with cranes	**Handysize** 25,000-40,000 dwt	10%	More Versatile
Minor bulks with cranes	**Supramax & Handymax** 40,000-65,000 dwt	23%	More Versatile
Major bulks without cranes	**Panamax & Post-Panamax** 65,000-120,000 dwt	27%	Less Versatile
Major bulks without cranes	**Capesize** 120,000+ dwt	40%	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

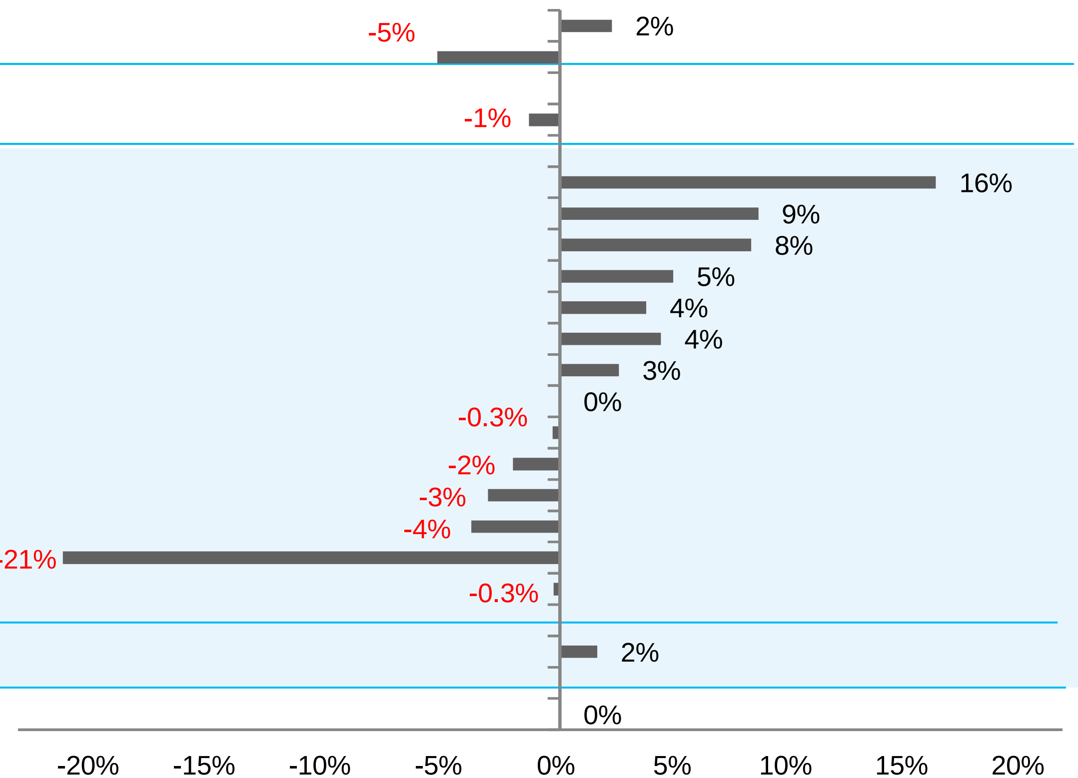
Major Bulks
- Iron ore
- Coal
- Grains

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

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

Appendix:
Dry Bulk Seaborne Trade in 2015

	(Volume) Million Tonnes	YOY Change
Iron Ore	1,367	2%
Coal	1,149	-5%
Sub major bulk total	2,516	-1%
PB Focus		
Bauxite / Alumina	122	16%
Soybean	127	9%
Copper Concentrates	26	8%
Steel Products	322	5%
Sugar	56	4%
Fertiliser	120	4%
Agribulks	162	3%
Forest Products	343	0%
Grains (Wheat)	314	-0.3%
Cement	97	-2%
Manganese Ore	25	-3%
Scrap Steel	101	-4%
Nickel Ore	44	-21%
Others	320	-0.3%
PB focus cargoes total*	2179	2%
Total Dry Bulk	4,695	0%



* Minor bulk trade: 1,588 mil tonnes

Source: Bloomberg, Clarksons Platou

Pacific Basin

Appendix: Estimated 2016 Global Dry Bulk Volumes

Expected Global Dry Bulk Seaborne Trade Growth in FY 2016

		(Volume) Million Tonnes	YOY Change
	Iron Ore	1,402	3%
	Coal	1,105	-2%
	Sub major bulk total	2,507	0.5%
PB Focus	Copper Concentrates	29	12%
PB Focus	Sugar	59	5%
PB Focus	Soybean	141	9%
PB Focus	Cement	109	6%
PB Focus	Forest Products	350	2%
PB Focus	Grains (Wheat)	334	2%
PB Focus	Others	314	1%
PB Focus	Bauxite / Alumina	126	1%
PB Focus	Steel Products	408	1%
PB Focus	Fertiliser	158	1%
PB Focus	Agribulks	164	1%
PB Focus	Manganese Ore	26	0%
PB Focus	Scrap Steel	100	-1.0%
PB Focus	Nickel Ore	38	-14%
PB Focus	PB focus cargoes total*	2,356	2%
	2016 Est. Total Dry Bulk	4,863	1.0%

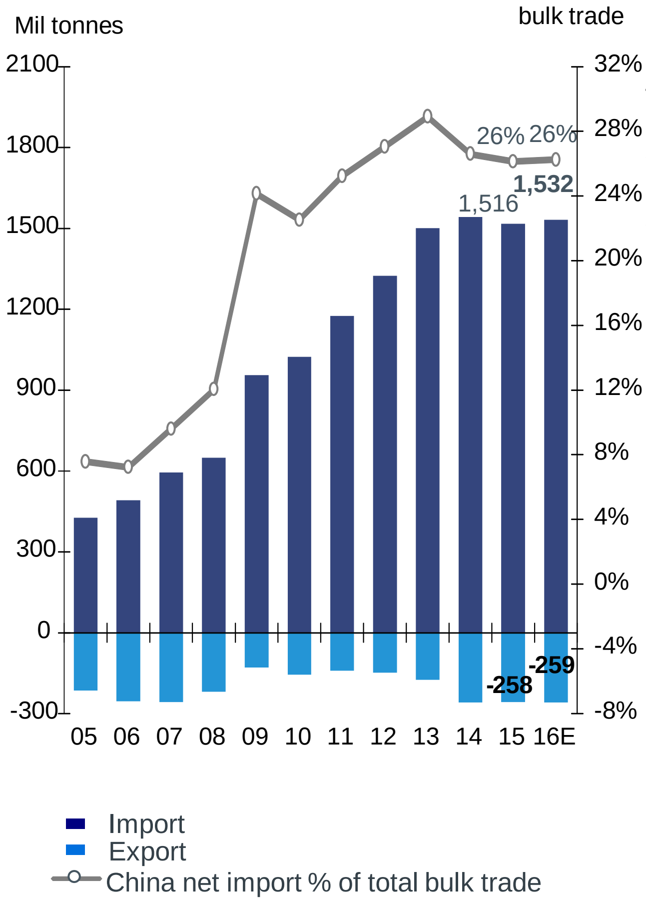
-15% -10% -5% 0% 5% 10% 15%

** Minor bulk trade: 1,881 mil tonnes*

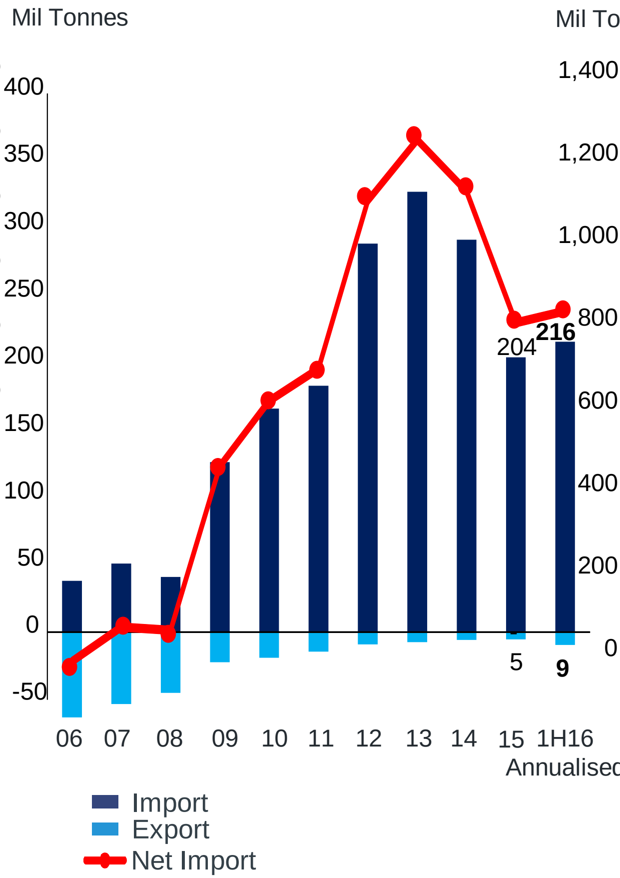
Source: Bloomberg, Clarksons Platou, as at 1 July 2016

Appendix:
China Dry Bulk, Coal & Iron Ore Trade

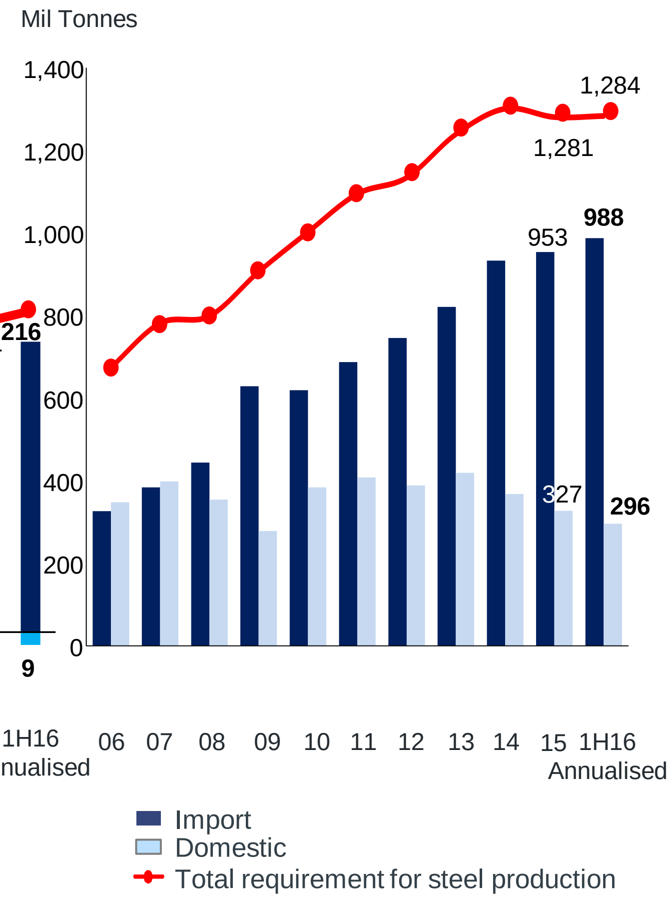
Chinese Dry Bulk Trade



China Coal Trade



China Iron Ore Sourcing for Steel Production



Source: Bloomberg, Clarksons Platou