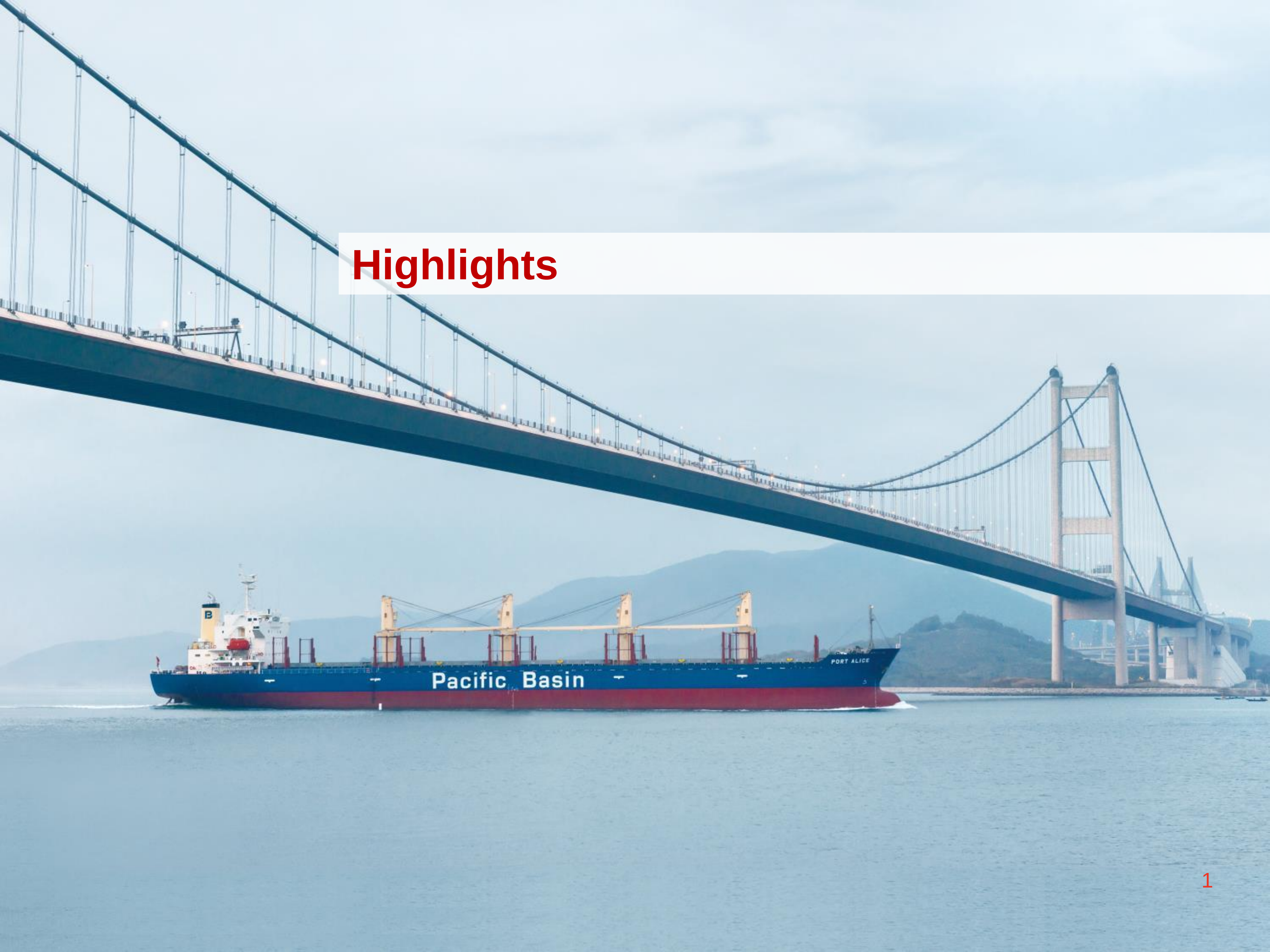
Pacific Basin

2017 Annual Results

28 Feb 2018

Highlights



Pacific Basin

2017 Annual Results - Highlights

US$m	2017	2016	Change
EBITDA	**133.8**	22.8	+111.0
Net profit	**3.6**	(86.5)	+90.1
Cash	**244.7**	269.2	
Net gearing	**35%**	34%	
Owned fleet / Total fleet *	**105 / 225**	92 / 226	

- Significantly improved dry bulk market supported a much improved EBITDA and positive net result in 2017
- During the year, we took delivery of our last 7 newbuildings and recommenced secondhand acquisitions – purchasing 8 modern ships at historically low asset values
- Our innovative combination of a share issue and private placement in Aug 2017 enabled us to grow our fleet with 5 modern ships while strengthening our balance sheet
- We are cautiously optimistic for a continued market recovery albeit with some volatility along the way

* *As at 31 Dec*

Pacific Basin

2017 Performance and 2018 Cover

2017

US$/day	Handysize	Supramax
Market (BHSI/BSI) index net rate	**7,250**	**8,880**
PB daily TCE net rate	**8,320**	**9,610**
PB outperformance	**15% / 1,070**	**8% / 730**
Excluding short-term operating days		
PB daily TCE net rate	**8,410**	**10,100**
PB outperformance	**16% / 1,160**	**14% / 1,220**

Improvement over 2016:
Handysize:
+25% / $1,690
Supramax:
+43% / $2,870

We supplement our core fleet with short-term operated ships with which we typically make a positive margin throughout the market cycle

2018

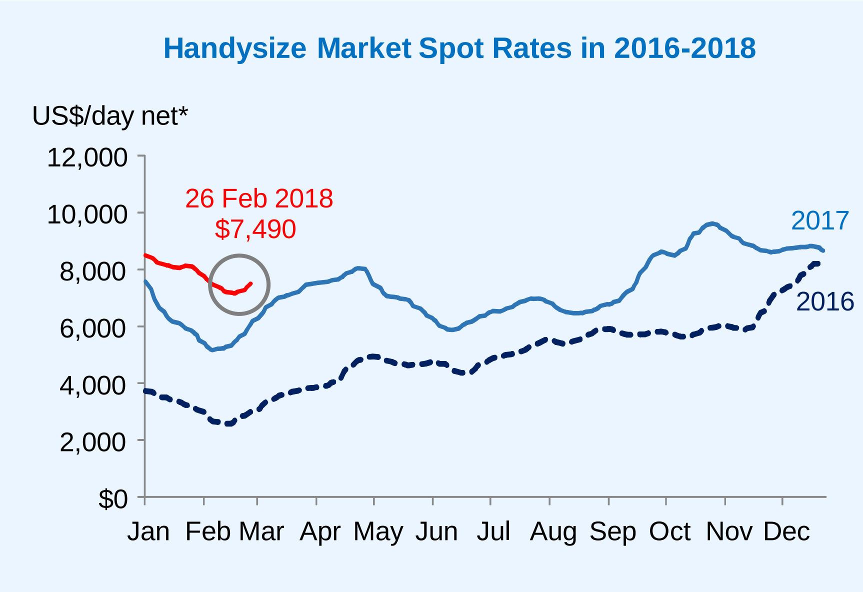
Cover as at 23 Feb 2018

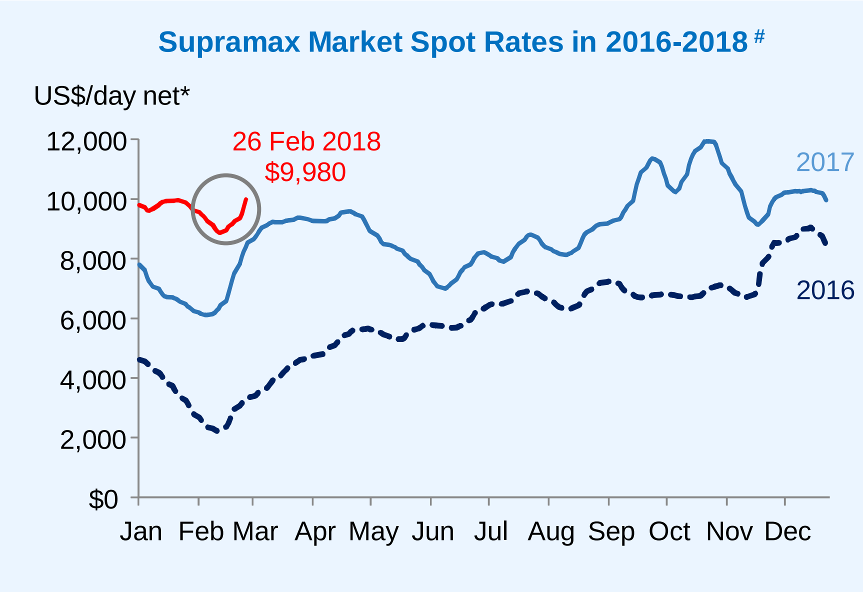
	Handysize	Supramax
PB daily TCE net rate	**9,280**	**11,400**
% of contracted days covered	**50%**	**69%**

Market Review

Pacific Basin

Market Continues to Improve Year on Year





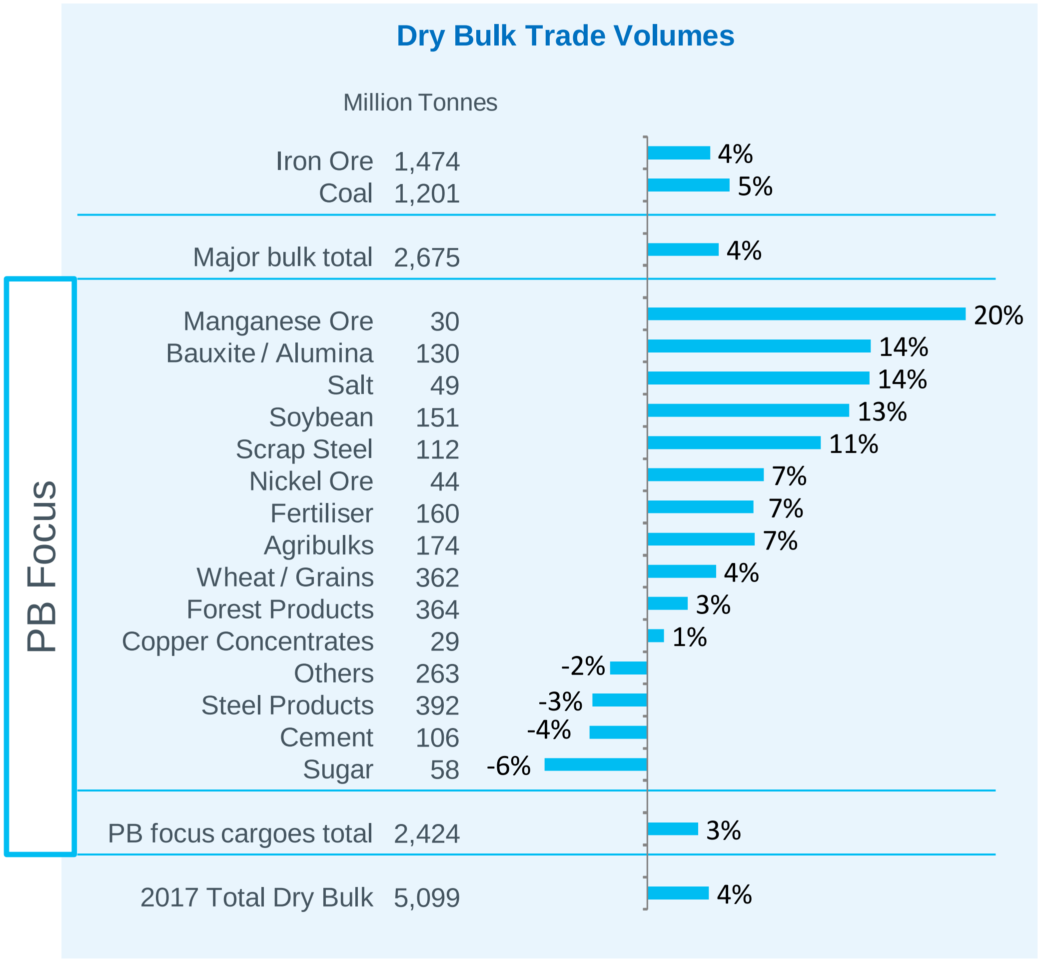
- Market improved significantly in 2017 from an historically low level in 2016
- Market was largely demand driven with stronger seaborne trade growth apparent across most dry bulk cargo categories
- However, 2017 average rates were still in the bottom third of the 33 years since the dry bulk index began
- YTD 2018 is following a similar seasonal pattern as last year but at a higher level (note that CNY occurs later this year)

** excludes 5% commission*

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

Source: Baltic Exchange, data as at 26 Feb 2018

2017 Was a Demand Story



Key Drivers in 2017

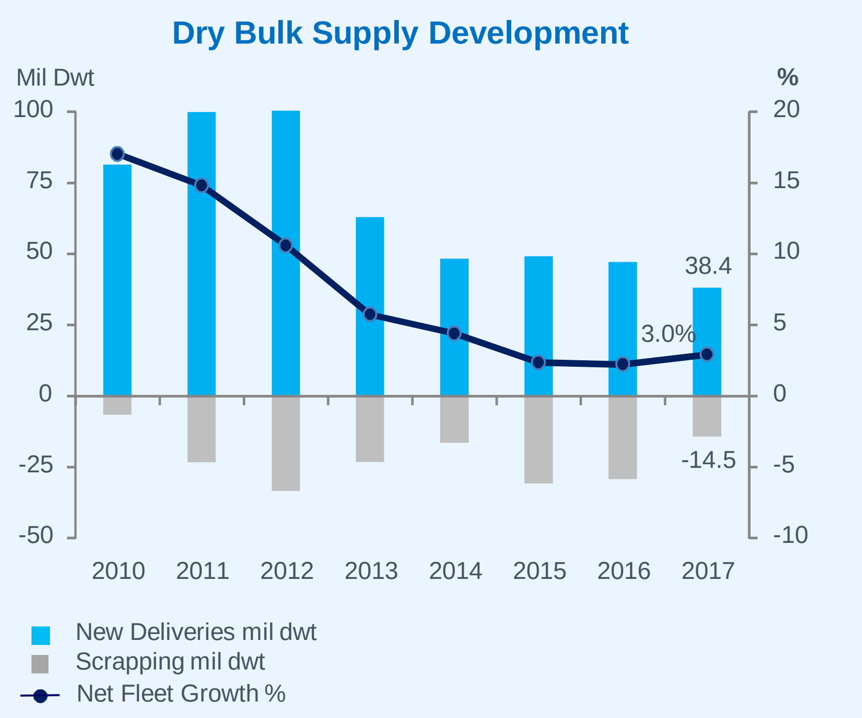
- Stronger seaborne trade growth apparent across most dry bulk cargo categories – both major and minor bulks
- Stronger Chinese industrial activity
- Record South American grain exports
- Longer trade distances supported stronger seaborne tonne-mile demand (5.1%)
- Reduced steel and cement shipments primarily due to strong Chinese domestic demand limiting export

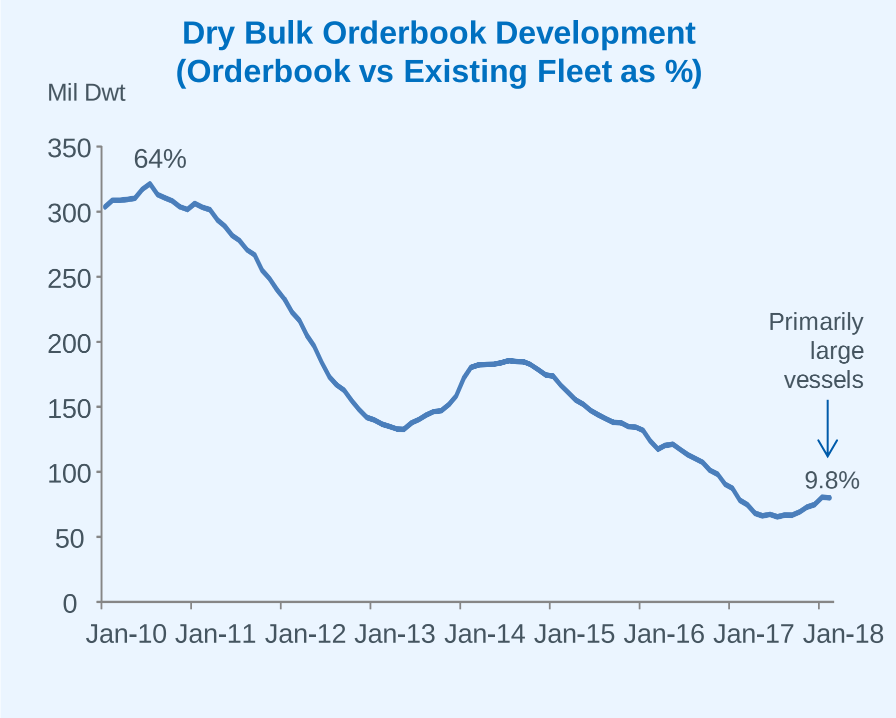
Long-Term Trends

- Strong world GDP (+3.7%*) – highly correlated with dry bulk demand growth
- Continued strong grain demand for animal feed due to shift towards meat-based diet
- Strong industrial growth and infrastructure investment in China and Asian countries
- Environmental policy in China encouraging shift from domestic to imported supply of resources

** 2017E: 3.7%; 2018E: 3.9%*
Source: International Monetary Fund (IMF) as at 11 Jan 2018; Clarksons Research, as at 1 Feb 2018

Newbuilding Deliveries Continue to Shrink

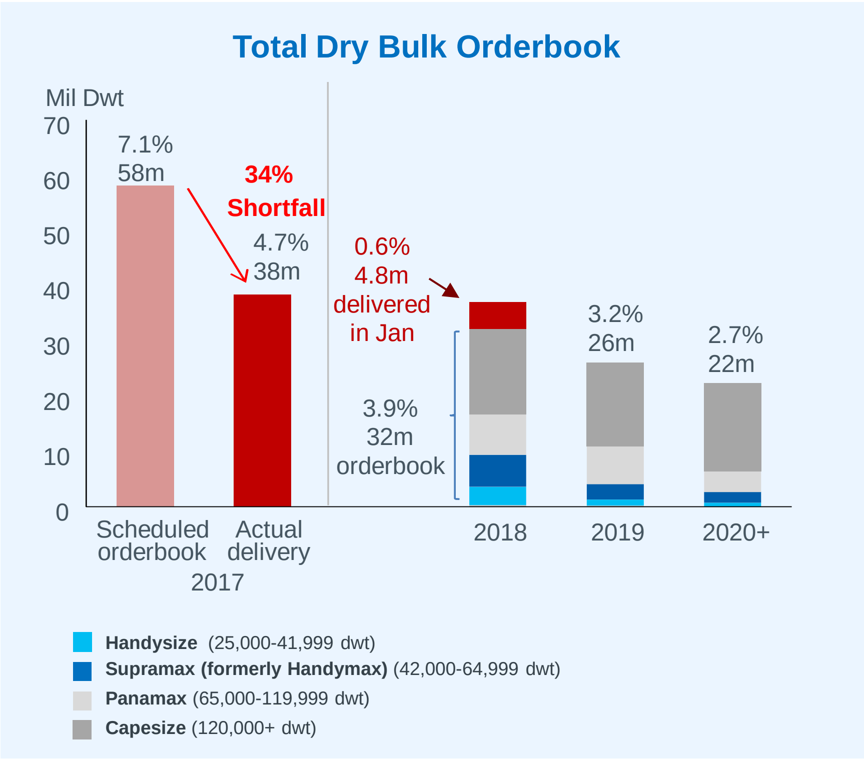


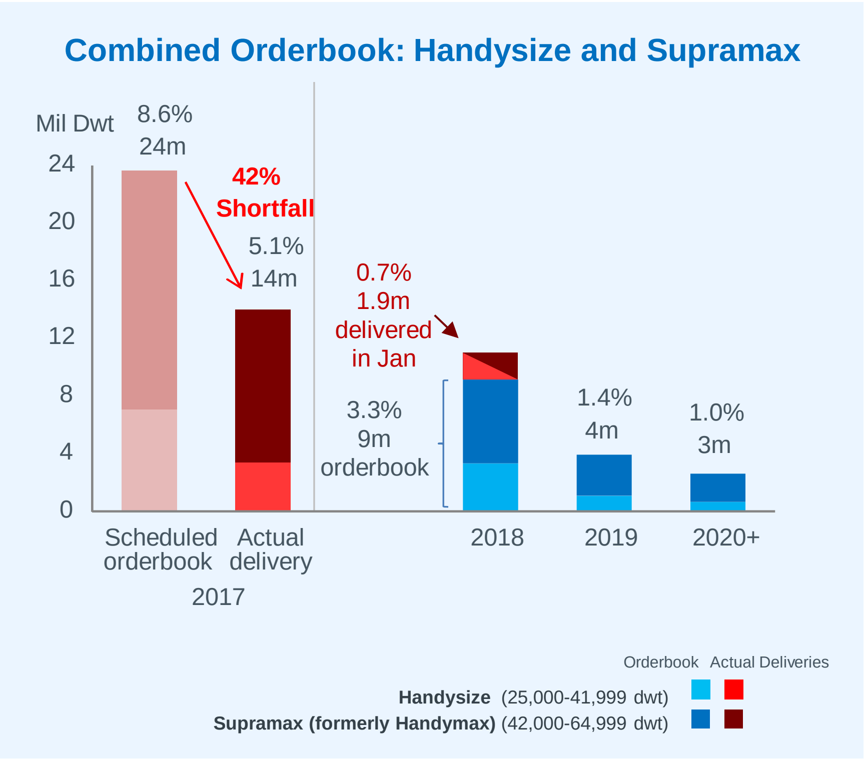


- 3.0% net fleet growth in 2017 (4.7% deliveries less 1.7% scrapping)
- New ship ordering in 2017 increased from a very low base in 2016. Most new orders were for larger vessels, while ordering for Handysize and Supramax remained at historically low levels (1.9% of fleet)

Source: Clarksons Research, as at 1 Feb 2018

Handysize and Supramax Scheduled Orderbook at Historically Low Level





- Combined Handysize and Supramax orderbook reduced to 5.7%, the lowest since 1990s

Source: Clarksons Research, as at 1 Feb 2018

Better Fundamentals for Handysize

	Orderbook as % of Existing Fleet	Average Age	Over 20 Years	Over 15 Years	2017 Scrapping as % of Existing Fleet as at 1 Jan 2018
Handysize – 81m dwt (25,000-41,999 dwt)	**6.3%**	**10**	**11%**	**18%**	**1.6%**
Supramax – 194m dwt (42,000-64,999 dwt)	**5.5%**	**9**	**7%**	**15%**	**1.5%**
Panamax – 218m dwt (65,000-119,999 dwt)	**8.2%**	**9**	**6%**	**17%**	**1.6%**
Capesize – 311m dwt (120,000+ dwt)	**15.0%**	**8**	**6%**	**12%**	**2.0%**
Total Dry Bulk – 821m dwt (>10,000 dwt)	**9.8%**	**10**	**7%**	**15%**	**1.8%**

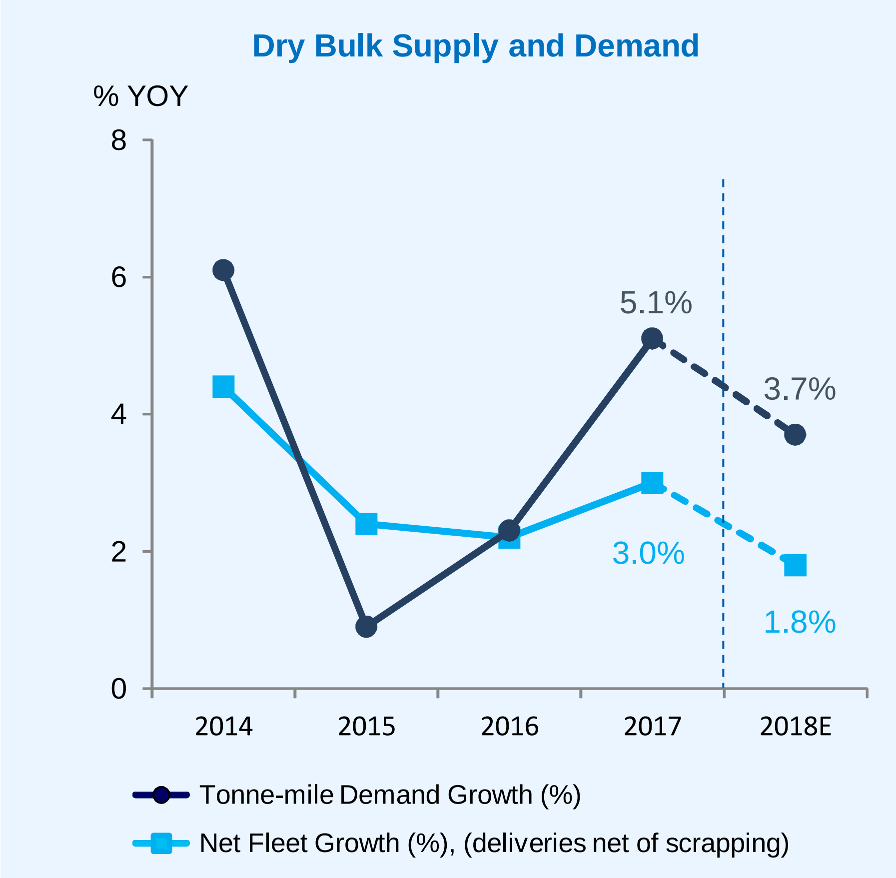
Lower orderbook

More older ships

We now refer to the Handymax, Supramax and Ultramax segments more generally as “Supramax”, and we now consider 42,000 dwt as the cut-off between Handysize and Supramax

Source: Clarksons Research , as at 1 Feb 2018

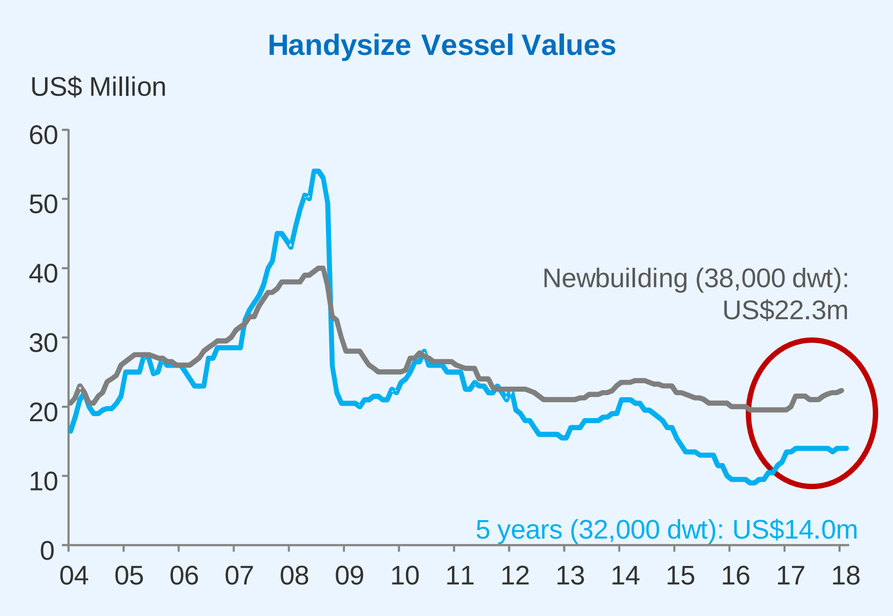
Favourable Dry Bulk Supply and Demand Outlook

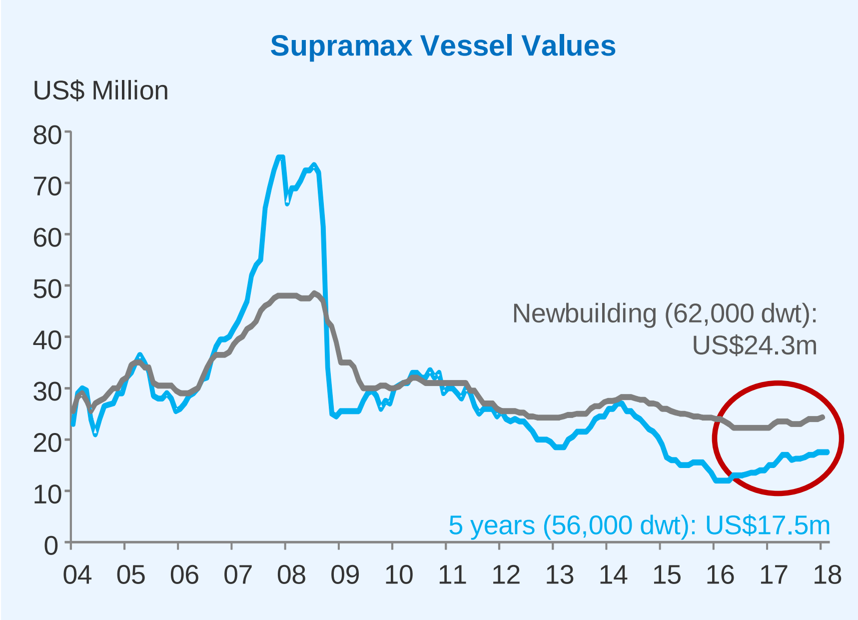


- Demand outpaced supply in 2017
- Progressively fewer new ships will deliver from shipyards in 2018 and 2019
- Clarkson Research estimate:
  3.7% tonne-mile demand growth and
  1.8% net fleet growth in 2018
  (3.1% deliveries – 1.3% scrapping)
- Expected actual deliveries will be around 26m dwt compared to 38m dwt in 2017

Source: Clarksons Research, as at 1 Feb 2018

Improved Outlook Supports Vessel Values





- Improved freight market conditions supported improved vessel values in 2017
- Sale and purchase activity increased during the year
- Newbuilding prices have also increased on the back of higher steel prices and labour costs
- However, gap between newbuilding and secondhand prices continues to discourage new ship ordering
- We still see upside in secondhand values

Source: Clarksons Research, as at 26 Feb 2018

Financial and Operating Review

Pacific Basin

Significant Improvement in 2017 Financial Results

As at 31 Dec

US$m	2017	2016
Revenue	**1,488.0**	1,087.4
Voyage expenses	**(701.5)**	(555.4)
Time-charter equivalent earnings ("TCE")	**786.5**	532.0
Owned vessel costs	**(279.2)**	(260.8)
Charter costs*	**(451.0)**	(305.5)
Operating profit/(loss)	**56.3**	(34.3)
Total G&A overheads	**(54.4)**	(52.9)
Taxation & others	**0.3**	(0.5)
Underlying profit/(loss) KPI	**2.2**	(87.7)
Derivatives M2M and one-off items	**1.4**	1.2
Profit/(loss) attributable to shareholders	**3.6**	(86.5)
EBITDA	**133.8**	22.8

Owned vessel costs

	2017	2016
Opex	**(139.3)**	(130.9)
Depreciation	**(107.6)**	(97.1)
Finance	**(32.3)**	(32.8)

Derivatives M2M and one-off items

	2017	2016
Derivative M2M	**5.4**	23.6
Office relocation costs	**(1.4)**	-
Vessel impairments	**(0.8)**	(15.2)
Sale of towage assets	**(0.5)**	(4.9)
Towage exchange loss	**(1.3)**	(2.8)
Others	**-**	0.5

Profit/(loss) attributable to shareholders

	2017	2016
Dry Bulk	**2.6**	(87.6)
Towage	**(0.5)**	(0.1)
Others	**1.5**	1.2

- In view of small net profit in 2017, the Board recommends not to pay a dividend for 2017
- However, we continue to target a pay-out ratio of at least 50% of net profits excluding disposal gains once we return to a more meaningful level of profitability

*including write-back of onerous contract provisions

Pacific Basin

Improvement in Both Handysize and Supramax Segments

		2017	2016	Change
Handysize contribution	(US$m)	**31.4**	(37.1)	>+100%
Revenue days	(days)	**53,360**	47,590	+12%
TCE earnings	(US$/day)	**8,320**	6,630	+25%
Owned + chartered costs	(US$/day)	**7,660**	7,320	-5%
Supramax contribution	(US$m)	**19.8**	(3.3)	>+100%
Revenue days	(days)	**34,510**	29,590	+17%
TCE earnings	(US$/day)	**9,610**	6,740	+43%
Owned + chartered costs	(US$/day)	**9,000**	6,830	-32%
Post Panamax contribution	(US$m)	**5.5**	5.5	-
Dry Bulk G&A overheads and tax	(US$m)	**(54.1)**	(52.7)	-3%
Total Dry Bulk contribution	(US$m)	**2.6**	(87.6)	>+100%

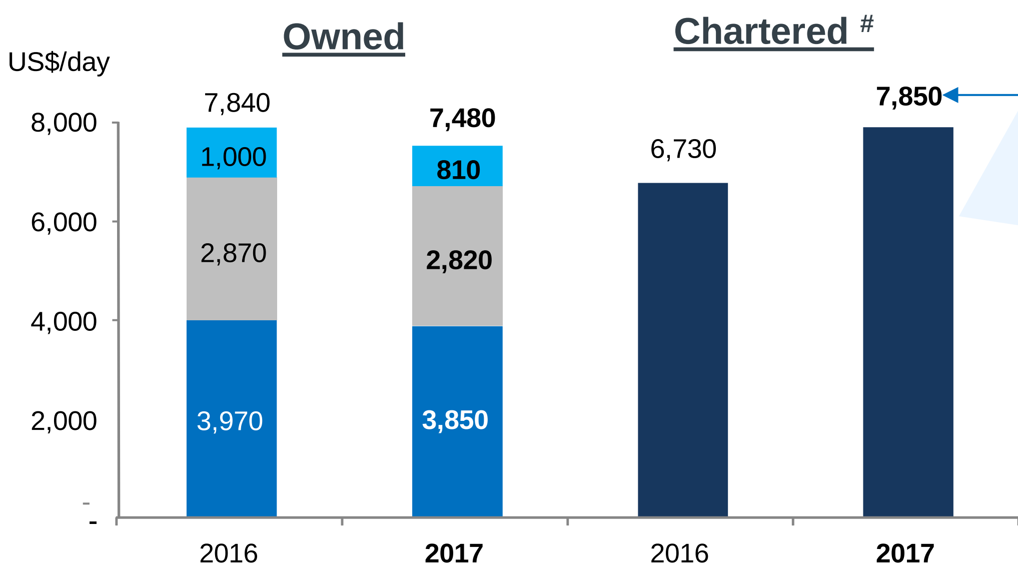
+/- Note: Positive changes represent an improving result and negative changes represent a worsening result

Handysize –
Owned Vessel Costs Reducing

As at 31 Dec

US$7,660/day	US$6,360/day	US$600*
Blended P/L Costs before G&A Overheads (2016: US$7,320)	**Blended Cash Cost** before G&A Overheads (2016: US$6,090)	Daily G&A Overheads (2016: US$660)

2017 Daily Vessel Costs - Handysize



Vessel Days	2016 (Owned)	2017 (Owned)	2016 (Chartered)	2017 (Chartered)
	25,650	**28,410**	22,530	**25,440**

- Finance cost
- Depreciation
- Operating expenses (Opex)
- Charter-hire including: Long-term (>1 year), Short-term, Index-linked

Inward Charter Commitments

		LT	ST	Index	Total
2017	Rate	$8,010	$7,770	$7,690	$7,850
	Days	9,300	14,580	1,560	25,440
1H18	Rate	$8,550	$9,020	Market	-
	Days	3,710	760	380	4,850
2H18	Rate	$8,850	-	Market	-
	Days	3,790	-	10	3,800

** Comprising US$840/day for owned ships and US$450/day for chartered-in ships*
 # Chartered rates are shown on a P&L basis (including write-back of onerous contract provision)

Supramax –
More Owned Ships with Lower Daily Cost

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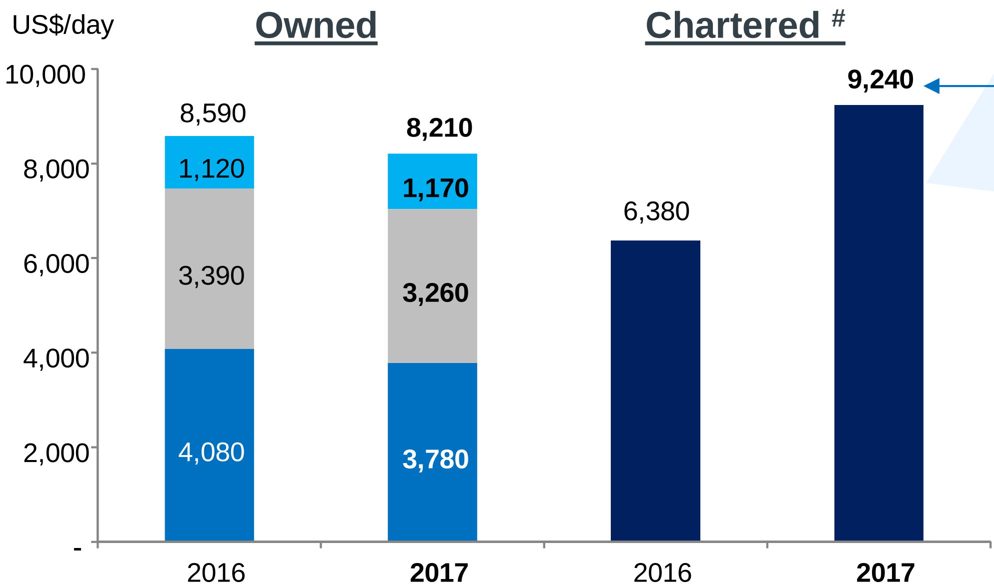
As at 31 Dec

US$9,000/day	US$8,310/day	US$600*
Blended Daily P/L Costs before G&A Overheads (2016: US$6,830)	Blended Daily Cash Cost before G&A Overheads (2016: US$6,390)	Daily G&A Overheads (2016: US$660)

2017 Daily Vessel Costs - Supramax



Vessel Days	6,060	**7,800**	23,640	**26,840**

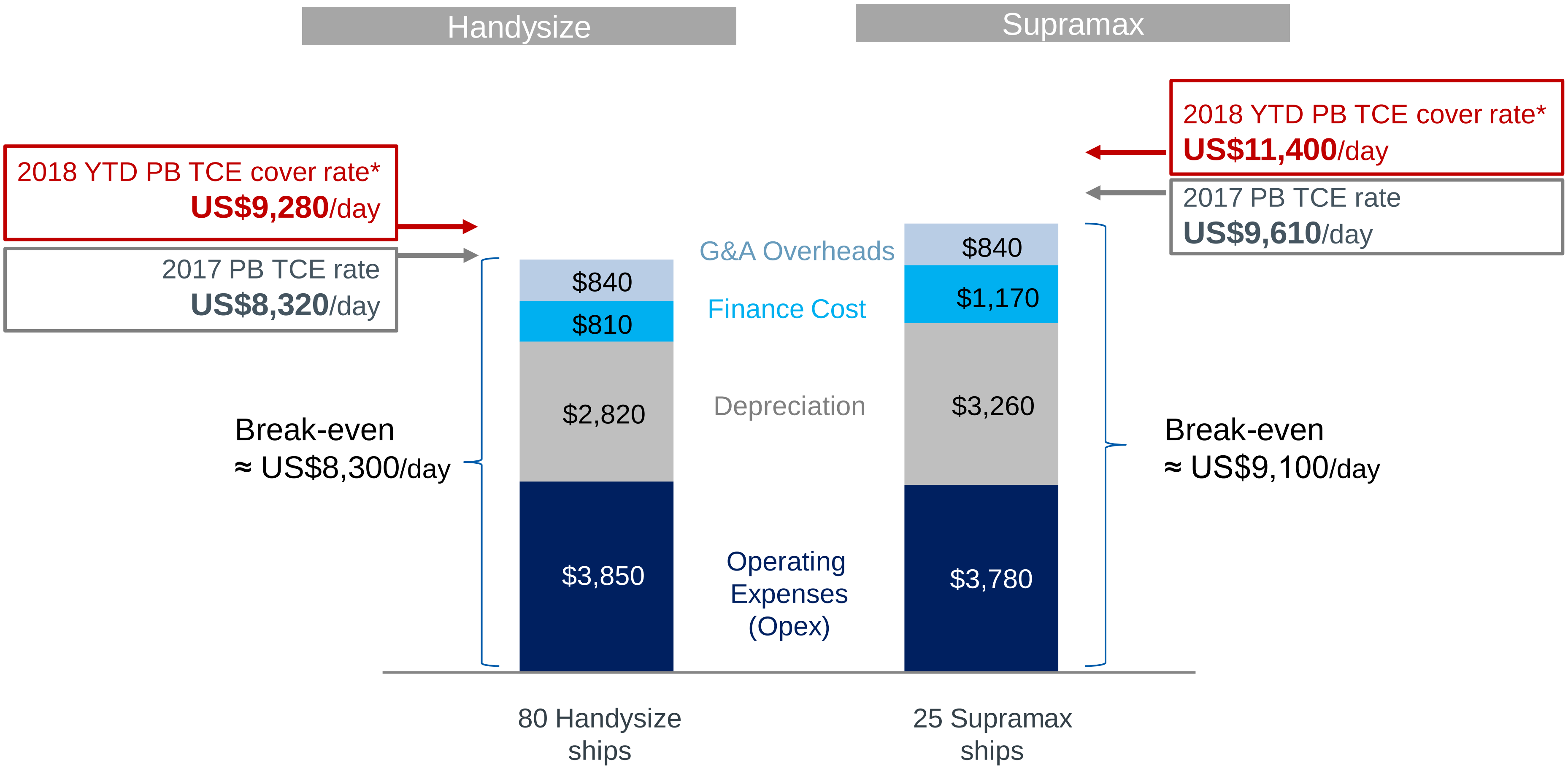
- Finance cost
- Depreciation
- Operating expenses (Opex)
- Charter-hire including: Long-term (>1 year), Short-term, Index-linked

Inward Charter Commitments #

		LT	ST	Index	Total
2017	Rate	$11,670	$8,940	$9,180	$9,240
	Days	2,840	23,040	960	26,840
1H18	Rate	$11,700	$9,940	Market	-
	Days	1,400	1,570	410	3,380
2H18	Rate	$11,650	-	Market	-
	Days	1,170	-	20	1,190

* *Comprising US$840/day for owned ships and US$450/day for chartered-in ships*
\# *Chartered rates are shown on a P&L basis (including write-back of onerous contract provision)*

Competitive Owned Vessel Break-Even Levels



* 2018 Cover as at 23 Feb 2018

Pacific Basin

Strong Balance Sheet and Liquidity

US$m	**2017**	2016
Vessels & other fixed assets	**1,798**	1,653
Total assets	**2,232**	2,107
Total borrowings	**881**	839
Total liabilities	**1,070**	1,066
Total Equity	**1,161**	1,041
Net borrowings (total cash US$245m)	**636**	570
Net borrowings to net book value of vessels & other fixed assets KPI	**35%**	34%

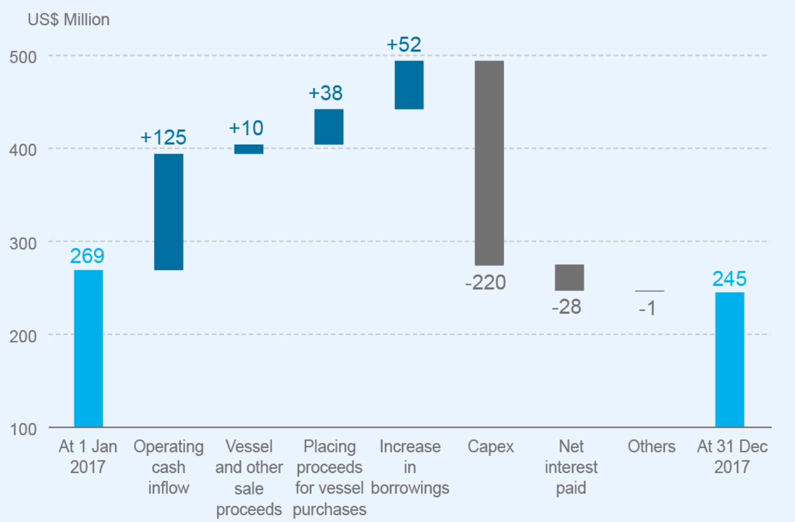
- Vessel average net book value: Handysize $15.3m (9.3 years); Supramax $21.9m (6.1 years)
- KPI: maintain net gearing below 50%

Pacific Basin

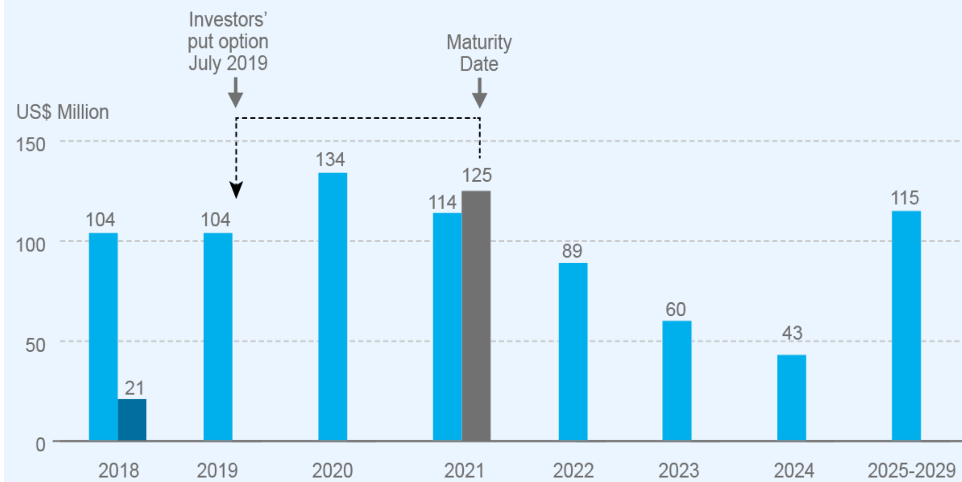
No Newbuilding Capex Ahead

As at 31 Dec

Cash Flow in 2017



Schedule of Repayments and Vessel Capital Commitments



- Cash and deposit balance
- Cash inflow
- Cash outflow

- Secured borrowings (US$763.3m)
- Vessel capital commitments (US$20.8m)
- Convertible bond (face value US$125.0m)

US$245m Cash & Deposits	**10 vessels*** Unmortgaged (approx. US$173m market value)	KPI **3.9%** Average P/L interest rate	**No Newbuilding Capex**

*Including 1 Supramax delivered in Jan 2018

Outlook and Strategy

Our Business Model Continues to Outperform

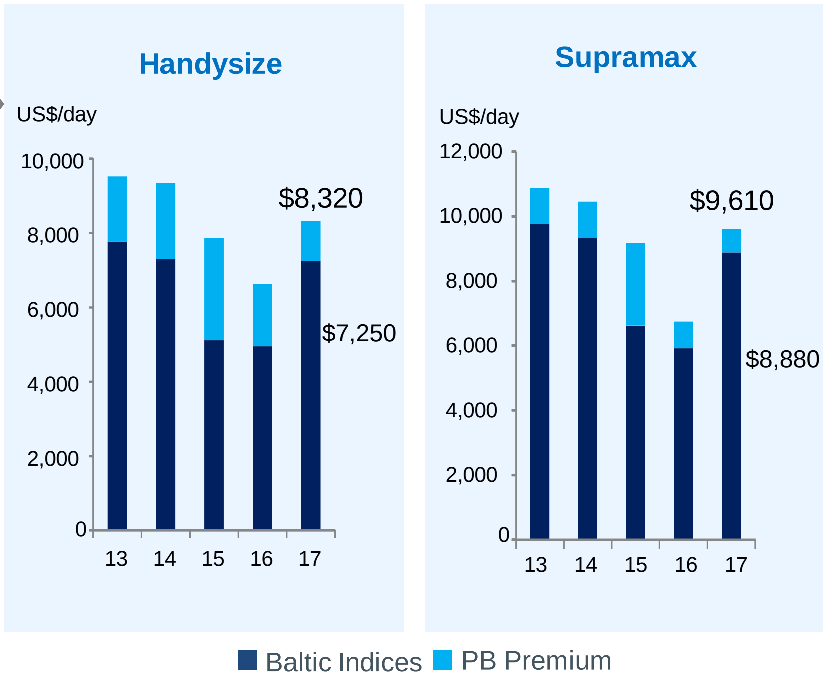
Our business model has been refined over many years. We are able to generate a TCE earnings premium over market rates because of our high laden percentage (minimum ballast legs), which is made possible by a combination of:

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

Our TCE Outperformance Compared to Market in Last 5 Years

US$1,860
Daily Handysize Premium

US$1,270
Daily Supramax Premium



Well Positioned for a Recovering Market

Our TCE Outperform Market

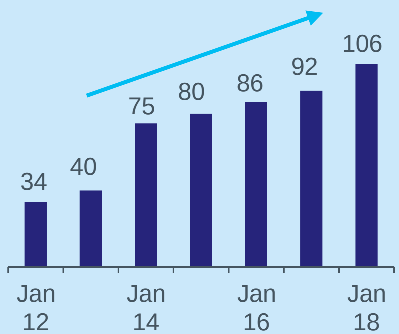
Average PB premium over market indices in last 5 years:

US$**1,860**/day
Handysize TCE

US$**1,270**/day
Supramax TCE

+

More Owned Vessels with Fixed Costs



Owned Vessel Breakeven
Incl. G&A overheads

US$**8,300**/day
Handysize[1]

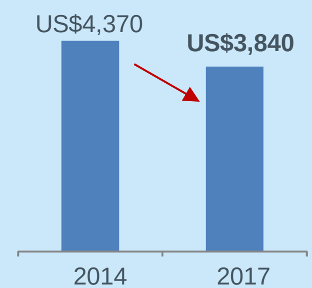
US$**9,100**/day
Supramax[2]

+

Efficient Cost Structure

Annual Group G&A Overheads

Daily Vessel Operating Expenses
(Combined Handysize and Supramax)



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Sensitivity toward Market Rates*

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

Our Bottom Line

+/-

US$ 35-40m

[1] 2017 PB owned Handysize $7,480/day + G&A overheads $840/day ≈ US$8,300/day
[2] 2017 PB owned Supramax $8,210/day + G&A overheads $840/day ≈ US$9,100/day
* Based on current fleet and commitments

New Regulations

New Regulations	Content	Impact on the Industry	PB actions
IMO Ballast Water Treatment - Installation required at first dry-docking after 8 Sep 2019	▪ 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	▪ System selected, pending US Coast Guard approval ▪ Installation in 2018-2023 for our owned vessels

Low Sulphur Emissions Cap - 1 Jan 2020
Larger impact on the industry
	▪ 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 do NOT think sulphur scrubbers are an effective solution neither technically nor environmentally
			▪ Much prefer a mandate to use low sulphur fuel which would support a level playing field, lower speeds and lower emissions (incl. CO_2)

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

We 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_x and CO_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

Pacific Basin

Our Outlook and Strategy

Outlook

- General market improvement since early 2016 is encouraging, and supply and demand fundamentals are now more positive
- Possible market drivers in the medium term:
  - \+ Positive economic growth and commodity demand outlook, low deliveries, and new regulations
  - − Risk of reduced Chinese coal and ore imports, increased new ship ordering and higher ship operating speeds
- We are cautiously optimistic for a continued market recovery, 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

Pacific Basin

Fully Handysize & Supramax focused

\+

Business model generating outperformance

\+

High-quality predominantly Japanese-built fleet

\+

Experienced staff, globally

\+

Strong partner

=

Well Positioned

Pacific Basin

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
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WeChat

Appendix:
Pacific Basin Overview

Our Vision

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

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

Owned Fleet

106

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

Secure counterparty

US$2bn+

total assets; strong balance sheet

500+

Major Industrial Customers



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

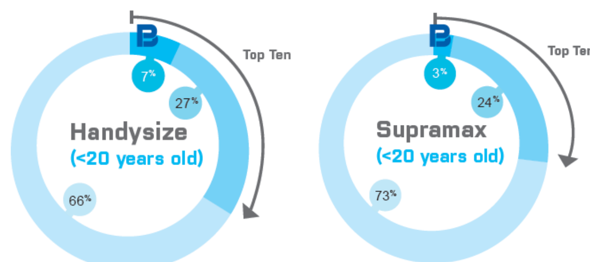
Managed In-house and Highly Versatile

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

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

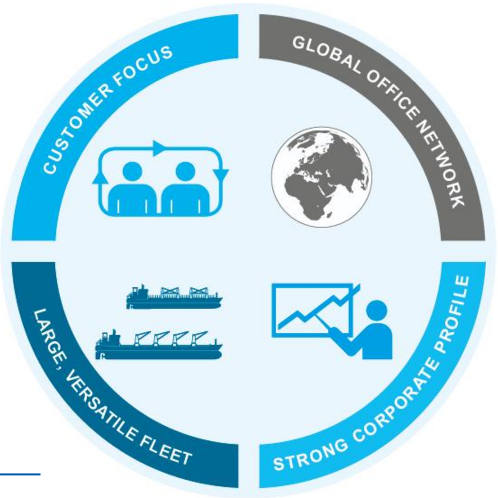
Close partnership with customers generates enhanced access to spot cargoes and long-term cargo contract opportunities of mutual benefit

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

Other Mainstream Shipping Sectors

Bulk Carriers for dry bulk commodities

Tankers for oil, gas & chemicals

Containerships for containerised goods

	Bulk Carrier Ship Types	Percentage of Global Dry Bulk Capacity	Versatility	Main Commodities Carried
Our Focus: **Minor Bulks** with cranes	**Handysize** 25,000–41,999 dwt	10%	More Versatile	**Minor Bulks:** Ores & Concentrates, Alumina, Bauxite, Coal/Coke, Petcoke, Salt, Sand & Gypsum, Grains, Fertiliser, Sugar, Logs/Forest Goods, Cement & Clinker, Steel, Scrap
Our Focus: **Minor Bulks** with cranes	**Supramax** (formerly Handymax) 42,000–64,999 dwt	24%		
Major Bulks without cranes	**Panamax & Post-Panamax** 65,000–119,999 dwt	27%	Less Versatile	**Major Bulks:** Grains, Coal, Iron Ore
Major Bulks without cranes	**Capesize** 120,000+ dwt	39%		

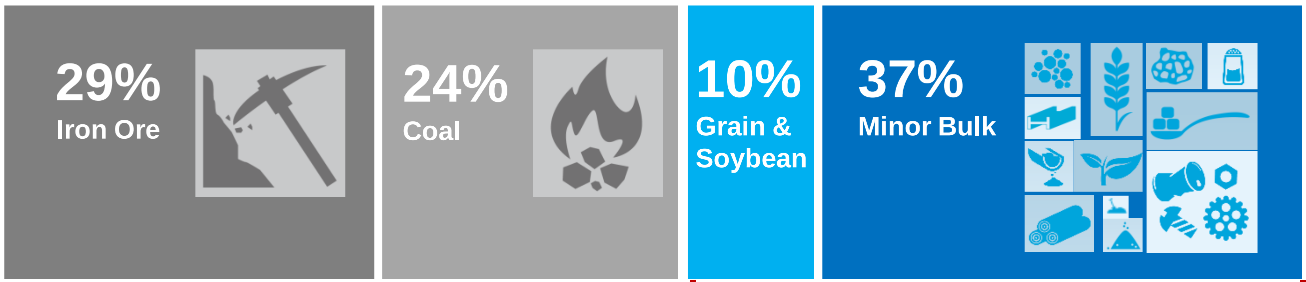
Few ports, few customers, few cargo types, low scope for triangulation

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

Pacific Basin

Appendix:
Why Handysize? Why Minor Bulk?

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



- ✓ 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 – 31 Jan 2018

Pacific Basin Dry Bulk Fleet: 222
Average age of core fleet: 8.2 years old

www.pacificbasin.com
Customers > Our Fleet

106 Vessels owned

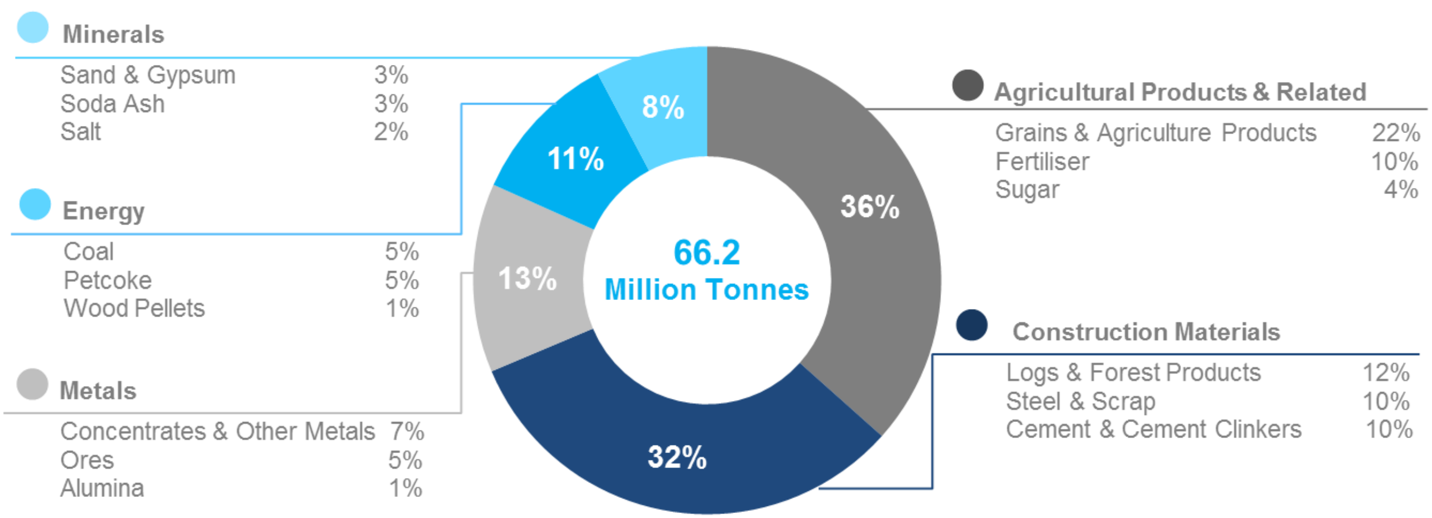
116 Vessels Chartered *

	Owned	Chartered	Total
Handysize	80	59	139
Supramax	25	56	81
Post-Panamax	1	1	2

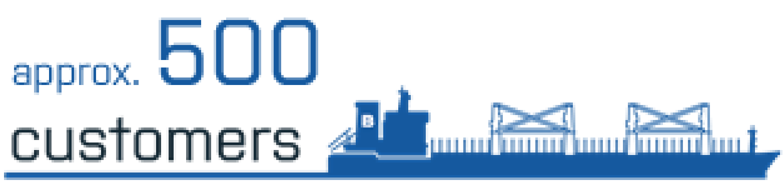
** Average number of vessels operated in Jan 2018*

Appendix:
Pacific Basin Dry Bulk – Diversified Cargo

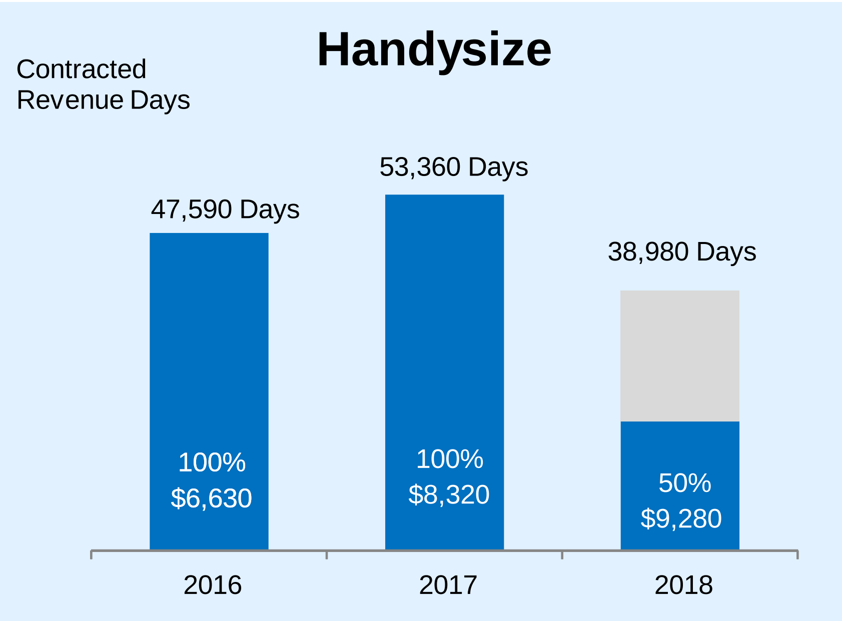
Our Dry Bulk Cargo Volumes in 2017

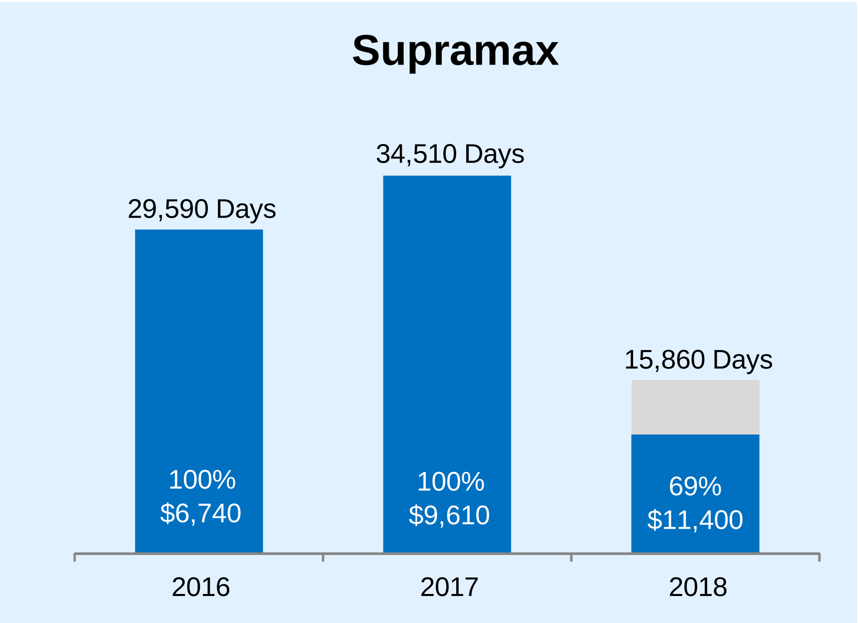


- Diverse range of commodities reduces product risk
- China and North America were our largest markets
- About 60% of business in Pacific and 40% in Atlantic



Appendix: Earnings Cover in 2017 and 2018





Covered Uncovered

Currency in US$, 2018 data as at 23 Feb 2018

Appendix:
Dry Bulk Outlook in the Medium Term

Possible market drivers in the medium term

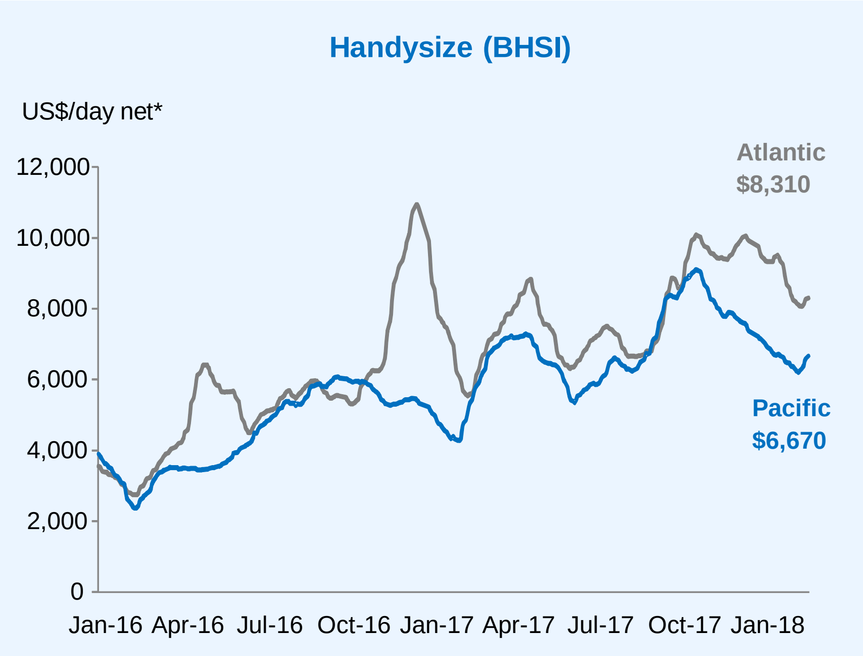
OPPORTUNITIES

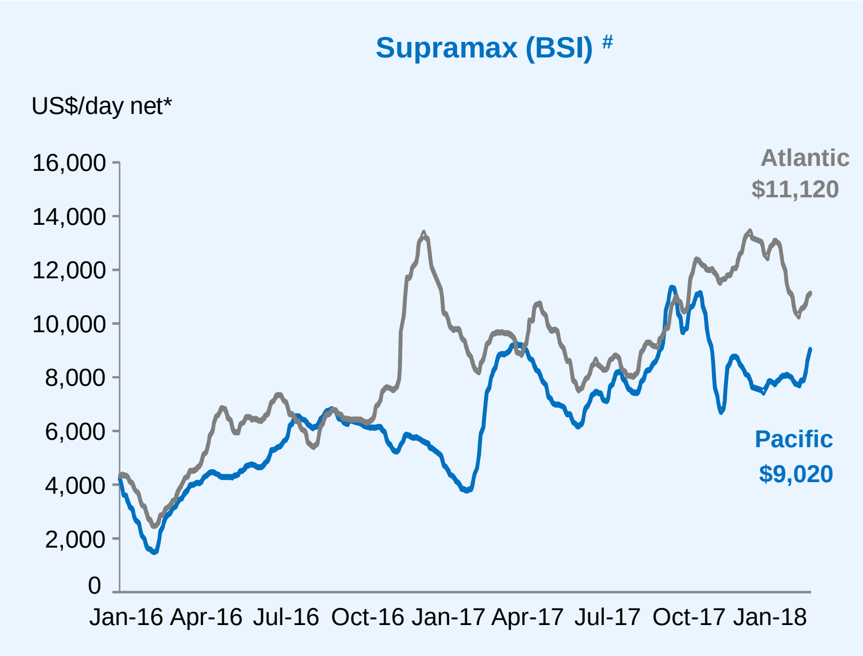
- Strong industrial growth and infrastructure investment in China and beyond enhancing demand for dry bulk shipping
- Positive and widely spread growth outlook for all major economic areas
- Continued strong grain demand primarily for animal feed due to shift towards meat-based diet
- Environmental policy in China encouraging shift from domestic to imported supply of resources
- Lower newbuilding deliveries in the medium term and continued low new ship ordering and shrinking orderbook
- Environmental regulations encouraging ship scrapping
- Periods of higher fuel oil prices encouraging slower ship operating speeds which decreases supply

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
- Increased protectionism dampening trade by favouring domestic supplies over foreign imports
- Excessive new ship ordering if the price gap between newbuilding and secondhand ships closes
- Reduced scrapping due to improved market conditions may be insufficient to offset new ship deliveries
- Periods of low fuel prices supporting faster ship operating speeds which increases supply

Appendix:
Atlantic Rates Stronger than Pacific





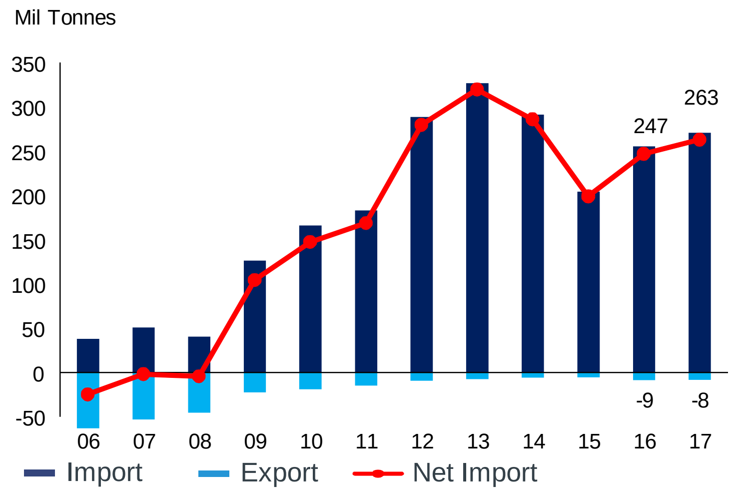
- Atlantic market driven by strong South American grain exports and US coal exports pushing Atlantic earnings to outperform the Pacific in 2017
- Pacific earnings peaked in Oct17 and have since declined impacted by Chinese anti-pollution policy reducing some industrial activities and, more recently, the coming of the Lunar New Year.

** excludes 5% commission*

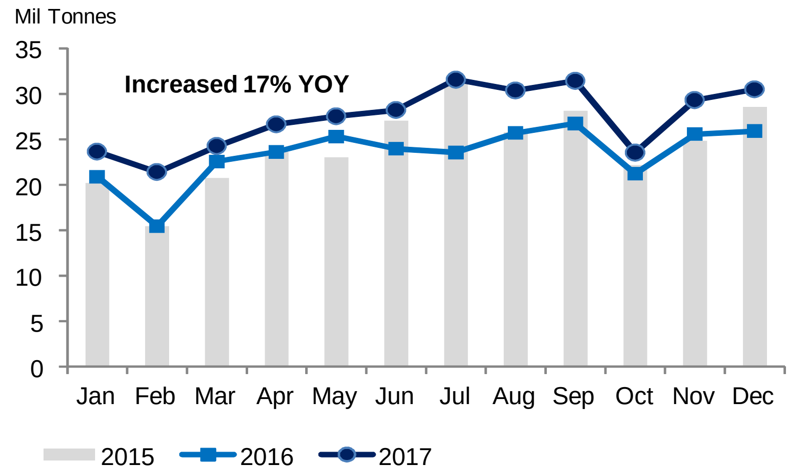
 # BSI is now based on a standard 58,000 dwt bulk carrier
Source: Baltic Exchange, data as at 26 Feb 2018

Appendix:
China Major and Minor Bulk Trade

China Coal Trade



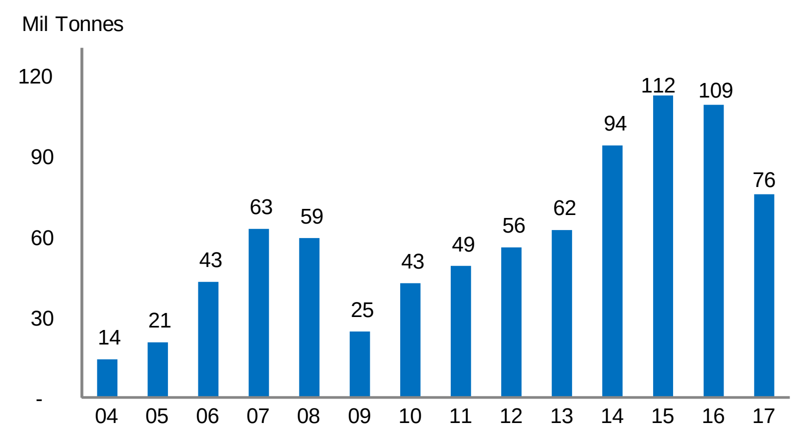
2017 Chinese Minor Bulk Imports



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

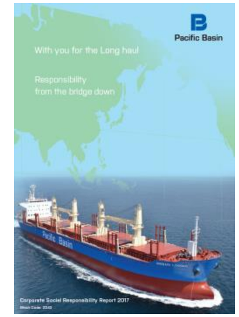
China Steel Export



Source: Bloomberg, Clarksons Research

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**



2017 CSR Report
www.pacificbasin.com/ar2017

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

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