<table>
<thead>
<tr>
<th>Time</th>
<th>Topics</th>
<th>Speaker</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.30pm-3.00pm</td>
<td>Introduction</td>
<td>Mats Berglund</td>
</tr>
<tr>
<td>3.00pm-3.45pm</td>
<td>Technical Presentation: Ship Management of PB Owned Fleet</td>
<td>Jay Pillai</td>
</tr>
<tr>
<td>3.45pm-4.00pm</td>
<td>Office Tour and Coffee Break</td>
<td></td>
</tr>
<tr>
<td>4.00pm-4.45pm</td>
<td>Market Presentation: Steaming Towards Better Markets</td>
<td>Mats Berglund</td>
</tr>
<tr>
<td>4.45pm-5.30pm</td>
<td>Chartering Presentation: Beating the Market</td>
<td>Hideaki Arai</td>
</tr>
<tr>
<td>5.30pm-6.00pm</td>
<td>Finance Presentation: Forecasting Our Business</td>
<td>Peter Schulz</td>
</tr>
</tbody>
</table>
Introduction
- Mats Berglund, CEO
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.”

Owned Fleet

106
Handysize & Supramax Bulk Carriers

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

As at Feb 2018

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

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

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

As at Feb 2018
2018 Investor Day

With you for the long haul
## 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>Minor Bulks With cranes</td>
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<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</td>
</tr>
<tr>
<td>Supramax (former Handymax)</td>
<td>42,000–84,999 dwt</td>
<td>24%</td>
<td>Alumina, Bauxite, Coal/Coke, Petcoke, Salt, Sand &amp; Gypsum, Scrap</td>
</tr>
<tr>
<td>Major Bulks without cranes</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Panamax &amp; Post-Panamax</td>
<td>65,000–19,999 dwt</td>
<td>27%</td>
<td>Grains, Coal, Iron Ore</td>
</tr>
<tr>
<td>Capesize &amp; larger</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>

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

### Our Focus:
- Minor Bulks
- Major Bulks

### Versatility:
- More Versatile
- Less Versatile

2018 Investor Day

With you for the long haul
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

**Handysize**

<table>
<thead>
<tr>
<th>Year</th>
<th>Baltic Indices</th>
<th>PB Premium</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>$8,070</td>
<td>$9,360</td>
</tr>
<tr>
<td>2015</td>
<td>$9,610</td>
<td>$8,320</td>
</tr>
<tr>
<td>2016</td>
<td>$10,190</td>
<td>$11,250</td>
</tr>
<tr>
<td>2017</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1Q18</td>
<td></td>
<td>$11,250</td>
</tr>
</tbody>
</table>

**Supramax**

<table>
<thead>
<tr>
<th>Year</th>
<th>Baltic Indices</th>
<th>PB Premium</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td></td>
<td>$10,190</td>
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<tr>
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<tr>
<td>2016</td>
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<td>$11,250</td>
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<tr>
<td>2017</td>
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<td></td>
</tr>
<tr>
<td>1Q18</td>
<td></td>
<td>$11,250</td>
</tr>
</tbody>
</table>
YTD 2018 freight indices have followed a similar seasonal pattern as last year at improved levels.

Agri-bulk volumes out of the US in Q1 failed to reach the high levels of last year and although Brazilian agri exports were higher this was not sufficient to create the Atlantic rally typically seen during April. Pacific earnings benefited from the usual post-Chinese New Year rally before starting its seasonal retreat from late March.

Apart from North and South American agricultural exports, demand was influenced by strong growth for Chinese coal imports in Q1. Also minor bulk trades were well supported with Chinese imports in Q1 17% increased YOY. This includes logs imports to China which in 1Q were 13% stronger than the year before. Chinese exports of steel, fertiliser and cement were reduced and this drives more ballasting out of China which reduces fleet efficiency and thereby helps to support earnings.

Reduced newbuilding deliveries in 2018 have also been a contributing factor for the improved earnings, especially in the Pacific where the yards are based.

*excludes 5% commission

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

Source: Baltic Exchange, data as at 25 Jun 2018
Improved freight market conditions supported both newbuilding and secondhand vessel values.

However, the gap between newbuilding and secondhand prices continues to discourage new ship ordering.

We still see upside in secondhand values.

Source: Clarksons Research, as at 22 Jun 2018
PB Acquires 4 Ships with 50% Equity Funding

Acquisition of four attractive modern ships:

<table>
<thead>
<tr>
<th></th>
<th>Supramax built 2010</th>
<th>Supramax Resale newbuild</th>
<th>Handysize built 2015</th>
<th>Handysize Resale newbuild</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shipbuilder</td>
<td>Tsuneishi</td>
<td>Tsuneishi</td>
<td>Imabari</td>
<td>Imabari</td>
<td></td>
</tr>
<tr>
<td>Dwt</td>
<td>58,000</td>
<td>64,000</td>
<td>37,000</td>
<td>37,000</td>
<td></td>
</tr>
<tr>
<td>Total consideration US$m</td>
<td>15.5</td>
<td>28.0</td>
<td>20.5</td>
<td>24.5</td>
<td>88.5</td>
</tr>
<tr>
<td>Expected Delivery</td>
<td>1Q19</td>
<td>Mid-18</td>
<td>4Q18</td>
<td>4Q18</td>
<td></td>
</tr>
</tbody>
</table>

Consideration comprises:

(a) New PB shares to ships’ sellers
(b) Existing cash

<table>
<thead>
<tr>
<th></th>
<th>US$44.29m</th>
<th>US$44.21m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>US$88.5m</td>
<td></td>
</tr>
</tbody>
</table>

The new shares are to be issued under the Company’s General Mandate, and will in aggregate represent approx. 3.68% of PB’s enlarged issued share capital after the allotment and issue of all these new shares.

Issue price of HK$2.036 per share is equal to the average closing price for the last five trading days immediately prior to the date of the ship acquisition contracts.

The acquisitions and share issue were conditional upon HKSE approval of the listing of the new shares.

The ship sellers’ new shares are locked up for 90 days after delivery of the respective vessels.
Reasons for the Transaction

- To grow and renew our fleet with modern, efficient ships of the best design for our trades at still historically low prices
- To increase further the proportion of our owned vs. chartered-in vessels (especially Supramax) at what we consider to be an attractive time
- To enhance our operating cash flow while strengthening our balance sheet. The transactions lower our P&L breakeven levels and are accretive to our EPS
- One of the acquisitions is currently under a long-term time charter to PB which will be terminated upon the ship’s delivery into our ownership. The transaction will replace our charter cost with significantly lower operating costs, thus benefitting our operating cash flow

This opportunity is made possible because reputable Japanese shipowners believe in the longer term prospects for PB and its ability to create shareholder value

Unrelated to this transaction, PB acquired a 2009 Japanese-built 32,000 dwt Handysize log/bulk carrier in April in an all-cash deal with expected delivery in June 2018. Following the delivery of all these 4+1 vessels, our owned fleet will grow to 111 ships
# New Regulations

## 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.

### Impact on the Industry
- Increased capex for existing shipowners.
- Increased potential scrapping.

### PB actions
- System selected, pending US Coast Guard approval.
- Installation in 2018-2023 for our owned vessels.

## Low Sulphur Emissions Cap - 1 Jan 2020
- 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.

### Impact on the Industry
- Low sulphur fuel is more expensive.
- Increased demand for low sulphur fuel.
- Decreased demand for heavy fuel oil.
- More slow-steaming contributes 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.

### PB actions
- 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. CO₂).

Larger impact on the industry.

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 Like Low Risk / High Return Vessels

The beauty of age (if well kept and operated within PB’s cargo system….)

<table>
<thead>
<tr>
<th>US$</th>
<th>New 37 dwt</th>
<th>5 yr 32 dwt</th>
<th>10 yr 32 dwt</th>
<th>15 yr 28 dwt</th>
<th>TC In</th>
</tr>
</thead>
<tbody>
<tr>
<td>TCE</td>
<td>10,600</td>
<td>10,000</td>
<td>10,000</td>
<td>9,100</td>
<td>10,600</td>
</tr>
<tr>
<td>Opex / TC in rate</td>
<td>3,600</td>
<td>4,000</td>
<td>4,100</td>
<td>4,200</td>
<td>10,500</td>
</tr>
<tr>
<td>Drydocking</td>
<td>500</td>
<td>600</td>
<td>650</td>
<td>700</td>
<td>-</td>
</tr>
<tr>
<td>G&amp;A</td>
<td>850</td>
<td>850</td>
<td>850</td>
<td>850</td>
<td>450</td>
</tr>
<tr>
<td>Depreciation (to scrap value)</td>
<td>2,466</td>
<td>1,781</td>
<td>1,553</td>
<td>1,096</td>
<td>-</td>
</tr>
<tr>
<td>Result before interest/day</td>
<td>3,184</td>
<td>2,769</td>
<td>2,847</td>
<td>2,254</td>
<td>(350)</td>
</tr>
<tr>
<td>Result before interest/year</td>
<td>1,146,329</td>
<td>996,904</td>
<td>1,025,096</td>
<td>811,479</td>
<td>(126,000)</td>
</tr>
<tr>
<td>Market Value</td>
<td>25,000,000</td>
<td>15,500,000</td>
<td>11,000,000</td>
<td>6,500,000</td>
<td>-</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Return on total capital</th>
<th>4.6%</th>
<th>6.4%</th>
<th>9.3%</th>
<th>12.5%</th>
<th>Neg</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA break even/ day</td>
<td>4,950</td>
<td>5,450</td>
<td>5,600</td>
<td>5,750</td>
<td>10,950</td>
</tr>
<tr>
<td>P&amp;L break even/ day</td>
<td>7,416</td>
<td>7,231</td>
<td>7,153</td>
<td>6,846</td>
<td>10,950</td>
</tr>
</tbody>
</table>

Plus much less residual value risk & technology risk on the older ships
## Vessel Speed Optimisation Example

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

### Optimal MCR / Speed Matrix on Typical Handysize Ship

(Japanese-built 32,000 dwt, all weather)

<table>
<thead>
<tr>
<th>Bunker Cost / mt</th>
<th>TCE US$/day</th>
<th>1,000</th>
<th>2,000</th>
<th>3,000</th>
<th>4,000</th>
<th>5,000</th>
<th>6,000</th>
<th>7,000</th>
<th>8,000</th>
<th>9,000</th>
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<th>12,000</th>
<th>13,000</th>
<th>14,000</th>
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<th>16,000</th>
<th>17,000</th>
<th>18,000</th>
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<tbody>
<tr>
<td>100</td>
<td>50%</td>
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<td>150</td>
<td>34%</td>
<td>50%</td>
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<td>200</td>
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<td>42%</td>
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<td>450</td>
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<td>39%</td>
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<td>50%</td>
<td>56%</td>
<td>62%</td>
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<td>500</td>
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<td>550</td>
<td>32%</td>
<td>36%</td>
<td>36%</td>
<td>41%</td>
<td>45%</td>
<td>50%</td>
<td>55%</td>
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<td>69%</td>
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<td>30%</td>
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<td>34%</td>
<td>38%</td>
<td>42%</td>
<td>46%</td>
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</table>

Full Practical Speed about 85% MCR (around 13.2 knots)

- Minimum Practical about 30% MCR (around 9.2 knots)

30% MCR = 9.2knots
50% MCR = 11knots
70% MCR = 12knots
85% MCR = 13.2knots
Well Positioned for a Recovering Market

Our TCE Outperforms 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

<table>
<thead>
<tr>
<th>Jan</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>12</td>
<td>34</td>
<td>40</td>
<td>75</td>
<td>80</td>
</tr>
<tr>
<td>14</td>
<td>86</td>
<td>92</td>
<td>106</td>
<td></td>
</tr>
</tbody>
</table>

Owned Vessel Breakeven Incl. G&A overheads

- US$8,300/day Handysize
- US$9,100/day Supramax

Efficient Cost Structure

- Annual Group G&A Overheads
  - US$75.7m in 2014
  - US$54.4m in 2017

- Daily Vessel Operating Expenses (Combined Handysize and Supramax)
  - US$4,370 in 2014
  - US$3,840 in 2017

Sensitivity toward Market Rates

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

Impact on our Underlying Results

- +/- US$35-40m

---

1 PB Premium as at 6 Apr 2018
2 2017 PB owned Handysize $7,480/day + G&A overheads $840/day ≈ US$8,300/day
3 2017 PB owned Supramax $8,210/day + G&A overheads $840/day ≈ US$9,100/day
4 Based on current fleet and commitments
Ship Management of PB Owned Fleet
- Jay Pillai, Fleet Director
Our vision: to be a leading ship owner/operator in dry bulk shipping, and to be the first choice partner for customers and other stakeholders.

Our mission: to be the best in our field by continuously refining our business model, our service and our conduct in everything we do.
1) Overview of the Ship Management Function & Organization
2) Our Asset – Our People at Sea & on Shore
3) Industry leading Focus on Outcome
4) Environmentally friendly ships and Operation
5) Secondhand S&P Inspections and Newbuilding Evaluation & Supervision
6) Dry-docking & Asset Preservation
7) Projects
8) Upcoming Regulations
9) Future of Ship Safety
Overview of the Ship Management Function

✓ In-house Ship Management Team in Hong Kong
✓ crewing and training centers in Dalian & Manila
✓ focus on safe & efficient operation of Owned Fleet

- Technical and crew management of 107 ships

- Pacific Basin Management System certified to HSEQ standards by LRQA
  - OHSAS 18001:2007
  - ISM Code
  - ISO14001:2015
  - ISO9001:2015
Pacific Basin Management System (cont.)

- Focused on 3 crew pools
  - PRC
  - Philippines
  - FSU (Russia, Ukraine)
  - also some from Hong Kong and Bangladesh
  - with Officer Cadet program: 1~2 cadets per ship, healthy budget for training

- Sector-leading Marine & HSEQ training for crew
- Regulatory compliance for world-wide trading
- Audits, incident management, investigation & root cause analysis, training and continual improvement of systems for safe operation at industry leading Opex
- Procurement, repair & maintenance of ships and dry docking supervision
- Speed optimised for cost-efficient operation (basis prevailing freight rate & bunker price)

Technical support for ship S&P activities incl. secondhand ship inspections, and newbuilding/contracting support and supervision for enhanced quality

Retrofit projects for upcoming regulations and enhanced environmental performance
### Organisation

- **106 technical staff ashore**
- **12 roving Fleet Training Managers**
- **4 DD Superintendents**
  - 55 Technical Managers are ex-seafarers
    - 25 Captains
    - 27 Chief Engineers
    - 3 E/Off
  - More than 50% of our Managers have sailed on PB ships as Masters, C/Engineers or Electrical Officers

**Diagram:**
- Chief Executive Officer
- Director, Fleet
- General Manager, Marine* (Designated Person Ashore, Company Security Officer, Management Representative)
- General Manager, Fleet Personnel
- Fleet Personnel Manager(s) (Hong Kong, China, Philippines)
- General Manager, Fleet Personnel
- Fleet Personnel Manager(s) (China & Philippines)
- Risk, Safety and Security Manager(s) (Deputy DPA & CSO)
- Marine and Safety Manager(s)
- Fleet Training Manager(s)
- Masters, Chief Engineers, Seafarers on Fleet
- Purchasing Manager(s)
- Ship Manager(s)
- Fleet Manager(s)
- General Manager, Technical*

*Designated Person Ashore, Company Security Officer, Management Representative*
Our Asset: Our People at Sea & on Shore

- 4+ Officer Training Seminars per year
3,500+ PB Seafarers

<table>
<thead>
<tr>
<th>Ships</th>
<th>Handysize</th>
<th>Supramax</th>
<th>PRC Crew</th>
<th>Filipino / FSU Crew</th>
</tr>
</thead>
<tbody>
<tr>
<td>107</td>
<td>81</td>
<td>26</td>
<td>60</td>
<td>47</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Standard</th>
<th>No Electrical Officer</th>
<th>UMS*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Crew Size</td>
<td>20</td>
<td>19</td>
<td>17</td>
</tr>
<tr>
<td>No. of Ships</td>
<td>8</td>
<td>50</td>
<td>47</td>
</tr>
</tbody>
</table>

*UMS = Unattended Machinery Spaces

Control systems in engine room are designed for “No watch-keeping in engine room” enabling reduced manning for engine crew

Vessels have 1~2 Officer Cadets per ship in addition to the above crew sizes
## Technical Teams at Sea

<table>
<thead>
<tr>
<th></th>
<th>Standard</th>
<th>No Electrical Officer</th>
<th>UMS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Master</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Navigating Officers</td>
<td>3</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Chief Engineer</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Engineer Officers</td>
<td>3</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>Electrical Officer</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deck Ratings</td>
<td>5</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Engine Ratings</td>
<td>4</td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td>Catering Ratings</td>
<td>2</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>20</strong></td>
<td><strong>19</strong></td>
<td><strong>17</strong></td>
</tr>
</tbody>
</table>

- Navigating Officers and Engineer Officers keep watch: 4 hrs on & 8 hrs off at sea
- Officers’ tours of duty: 4~6 months
- Ratings’ tours of duty: 9 months
- UMS Ships - Engineer Officers do not keep watch in Engine room but remain on duty in cabin to monitor alarms and attend engine room as and when needed
- Vessels have 1~2 Officer Cadets per ship in addition to the above crew sizes
Technical Teams at Sea

We are passionate about our brand, our business and our people.

22 Crew, 22 Owners™

Nobody is perfect, but a Team can be

- Technical team ashore (106 staff) is the support team of technical teams at sea (3,400+ crew)
- We strive to provide our colleagues at sea the best shore-based support and empower Master and Chief Engineer (on-board managers) and crew to Care for Ship and Cargo with passion and sense of belonging
- Motivate crew to think safe and work safe
Talent Retention At Sea

Career Progression from Sea to Shore

- Cadet to Master/Chief Engineer, Ship Manager/Marine Manager/Training Manager, Fleet Manager/Risk Manager, Personnel Manager

Leisure on Board

- Indoor sports, games and fitness, entertainment equipment (eg TV, video & audio equipment, karaoke)
- Entertainment budget for each ship to buy crew welfare items (books, magazines, videos, musical instruments, etc.)
- Free mail to/from vessel
- Free e-mail computer accessible to all crew (“Crew Kiosk”), and Wireless Internet access provided for crew
- Free news service in crews’ language (daily e-newspaper or streamed video)
Compassion & Family Welfare

- Compassionate sign-off and repatriation worldwide for crew members with serious family or personal issues where reasonable (whether covered by P&I Insurance or not)

- For Filipino crew
  - Dedicated Family Welfare Center in PB Manila handling PB seafarer family issues
  - We pay crews’ PhilHealth contribution benefiting crew and their families, and crews’ monthly retirement contributions (Social Security System) and PAG-IBIG Home Development Mutual Fund
  - We provide cash advance to our crew needed in cases of family emergencies
  - Crew family Christmas party held in different locations in the Philippines every year
  - Family health welfare seminars by our company healthcare providers

- For all Non-PRC crew
  - Free Healthcare Insurance provided by Marine Benefits AS for all seafarers, spouses and children

- PRC Crew
  - We pay Chinese Social Welfare contributions for all PRC seafarers which covers work injury insurance, medical insurance, old age insurance and unemployment insurance
86% Crew Retention

94% Officer Retention

79% Ratings Retention

Communicate clearly and freely, develop mutual trust, respect, harmony and stress-free working environment

Good leaders create a positive working environment
Positive people think and act positively
Happy crew will run safe ship, make satisfied customers and stakeholders
Stopping Unsafe Acts: 3W Risk Assessment for each task

<table>
<thead>
<tr>
<th>3W</th>
<th>What can go wrong?</th>
<th>What factors can cause it to go wrong?</th>
<th>What shall I do to prevent it going wrong?</th>
</tr>
</thead>
</table>

One-Man Errors, accidents, injuries occur when people don’t:

- do 3W Risk Assessments for each task
- care for each other
- work as a team
- raise concern

Senior Officers (top 4 officers) discuss issues daily and motivate crew to:

- Speak up, raise concern without hesitation or fear of rank for a Safe Outcome
- Prevent avoidable accidents and learn from incidents arising in PB fleet and relevant incidents in the industry
Stopping Unsafe Acts: 3W Risk Assessment for each task

- Our Safety Management System endeavours to develop layers of effective defences to protect against risks from operations.
- The goal is to minimise holes in our defenses so that hazards are stopped before incidents occur.
Leadership –
Speaking up with focus on outcome

Avoid One-Man Errors

- Think safe, work smart…
  Safeguard our licenses, careers and families
- Be alert, avoid overconfidence in routine and repetitive tasks
- Communicate freely among the team
- Speak up, share views, raise concerns, listen with respect

Nobody is Perfect, but OUR team can be if we speak up, listen and work together
Leadership in Dry Bulk Shipping

Five Focus Areas to “Make Complacency History”

<table>
<thead>
<tr>
<th>Focus Area</th>
<th>Goal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Safety of Crew</td>
<td>Zero Lost Time Injuries</td>
</tr>
<tr>
<td>Safety of Environment</td>
<td>Zero MARPOL Violations</td>
</tr>
<tr>
<td>Safety of Navigation</td>
<td>Zero Navigational Accidents</td>
</tr>
<tr>
<td>Safety of Machinery</td>
<td>Zero Issues from Improper Overhaul</td>
</tr>
<tr>
<td>PB Brand &amp; Business</td>
<td>Zero Issues from Neglect of Maintenance</td>
</tr>
</tbody>
</table>

Think Safe, Work Safe and Be Safe

I take pride in my job and the great work I do for myself and my family
My family awaits my safe return

I will:

✓ Stop & report unsafe acts & conditions
✓ Correct my colleagues if I see them doing anything wrong
✓ Maintain the ship and equipment and leave the ship in a better condition

I have a responsibility to be safe in my work and for safety of my teammates
Industry Leading Opex

2017 Opex: $3,840/day

- Saving of $66 per day in crew costs on 47 UMS ships from reduced manning of engineering crew
- Policy to own reliable Japanese-built tonnage (or select PRC tonnage if built under PB supervision), maintain and incur maintenance costs as if owning/operating vessels for at least 25 years
- Procurement efficiency with planning: Long-term contracts with suppliers for lubes and stores; bulk purchase of original spares from makers for long-term reliability; consolidation and use of Electronic Ship Management System developed with an industry leading firm
- Monitoring and mentoring PB staff for planned maintenance: 3~4 ship inspections p.a. by our Ship Managers, Marine Managers and Fleet Training Superintendents to develop our colleagues at sea for care of ship as their own property and empowering them to make risk-based decisions with a focus on Safety and PB Brand with our in-house Voyage Prompt software
- Healthy training budget per ship for pre-joining training, 2 cadets, 6 crew seminars, 12 roving Fleet Training Managers for on-board training, monitoring effectiveness analyses of preventive actions and action plans with crew to enhance risk management
- Pro-active learning from detailed incident investigations, industry incidents and learning from OPM (Own and Other People’s Mistakes) with detailed Experience Feedback System
### Industry Leading Ship Management Standards

#### KPI

<table>
<thead>
<tr>
<th>Lost Time Injury Frequency (LTIF)</th>
<th>Total Recordable Case Frequency (TRCF)</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.82</td>
<td>1.46</td>
</tr>
<tr>
<td>↓ 13%</td>
<td>↑ 11%</td>
</tr>
</tbody>
</table>

- 0.82 is our best ever LTIF result

![Graph showing LTIF and TRCF over years](chart.png)
Industry Leading Ship Management Standards

- 78% of our Port State Control inspections found zero regulatory deficiencies

KPI
External Inspection Deficiency Rate

<table>
<thead>
<tr>
<th>Year</th>
<th>Deficiency Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>1.00</td>
</tr>
<tr>
<td>2014</td>
<td>0.74</td>
</tr>
<tr>
<td>2015</td>
<td>0.74</td>
</tr>
<tr>
<td>2016</td>
<td>0.54</td>
</tr>
<tr>
<td>2017</td>
<td>0.54</td>
</tr>
</tbody>
</table>
Award-winning Safety Culture & Performance

Top global & regional industry awards in 2017

- Lloyd’s List Global Awards 2017
  - Company of the Year
- International Bulk Journal Awards 2017
  - Safety Award
- Seatrade Maritime Awards 2017
  - CSR Award

So far in 2018…

- Hong Kong Marine Department Award 2018
  - Outstanding Performance award in global Port State Control inspections (tenth time in eleven years)

Notable other awards in recent years

- Safety Award at Lloyd’s List Global Awards 2016
- Ship Operator Award at Lloyd’s List Awards Asia 2015 and 2016
- Best CSR Award at Asian Excellence Recognition Awards 2015
- Shipping Company of the Year at BIMCO Awards 2014
- Ship Manager of the Year and Environment Award at Lloyd’s List Asia Awards 2011
- Environment Award at Lloyd’s List Global Awards 2011 and IBJ Awards 2012
- Seafarer of the Year at Lloyd’s List Global Awards 2011 - (Captain Zhu Qianchun)
Shipping Company of the Year (2017)
Environmentally-friendly Ships and Operation
Environmentally-friendly Features

- Advanced self-tuning autopilot systems reduce rudder movements and improve course-keeping to improve fuel efficiency
- Garbage compactors facilitate easy storage of operational garbage
- Right Speed Programme determines optimal operating speeds based on prevailing freight rates and fuel prices
- Use of exhaust gas to generate heating steam
- Optimal fleet scheduling and fuel-efficient voyage planning minimise ballast passages enhance fuel savings
- IMO-compliant ballast water management plans minimise spread of aquatic species
- Ballast water treatment equipment will be fitted to comply with IMO and coastal states’ BWM regulations
- Fuel-efficient hull designs (including Aeroline design) and machinery for better fuel efficiency
- Computer-aided calculation and monitoring of hull performance enables hull condition management optimisation

- Environmentally-friendly biodegradable oils used for oil-to-sea interfaces
- Propeller boss cap fins improve propulsion hydrodynamics, reduce shaft torque and improve fuel efficiency
- Non-Hub-Vortex propeller for high efficiency
- Fuel-efficient rudder design
- Shaft generator for fuel saving
- Bilge evaporation equipment in machinery space minimise discharge of waste water
- Main engines with electronic control for better efficiency
- Computer-aided cylinder lubrication and machinery overhaul optimisation leads to reduced fuel and lubricating oil consumption
- Oily water separators minimise risk of inadvertently pumping out contaminated bilge water
- Fitted for trading in IMO’s Emission Control Areas (MARPOL Annex VI)
- Non-ozone depleting environmentally friendly refrigerants in refrigerating plants
- Application of anti-fouling paints over larger hull area reduces drag and improves fuel efficiency even when fully laden
- Mewis ducts increase propeller thrust
Energy Efficiency Projects

- Optimise speed down to 30% engine load
  - minimises CO2 emissions and impact on environment
- Enhance fleet performance with regular hull & machinery maintenance
- Operational inputs at design stage to reduce dry docking and environmental impact
  - cargo holds, cargo gear, hold washing and retention of wash water, machinery and systems
  - applying 5 year paint scheme on hull
- Reduced fuel consumption with improved hull form and fuel saving devices:
  - larger propeller
  - optimised propeller and rudder
  - de-rated engines
  - main engine with electronic fuel injection
  - aero-shaped bow, aero/tower type accommodation
- Using waste heat from engine to evaporate bilge water and avoid bilge water discharge to sea
Eco Devices

- Non hub-vortex propeller
- Prop-rudder transition bulb
- Mewis duct + post-swirl

- Propeller boss cap fins
- Pre-duct
- Silicon paint
S&P Inspections and Newbuilding Support

**Secondhand Sale & Purchase**
- Technical support for PB’s discerning secondhand ship acquisition activity

**Newbuilding Support**
- Contracting support and newbuilding site supervision
- PB built 15 Handysize ships to high standard at JNS shipyard in PRC
- These ships trade smoothly on tough USWC, NZ and Aussie logs trades with rigorous inspections by longshoremen and PSC inspectors
- In-house Newbuilding Team (within Technical Team) enables benefits of teamwork and focus on long-term asset value and OPEX for smooth PB trade (less so in the case of a standalone NB consultancy team with its own KPIs)
- PB selected equipment makers to ensure reliable and cost-efficient operation
- PB-built PRC Handysize ships are rated highly by our customers and crew
### Dry-Docking Management

- **Requirement:** 2 dockings every 5 years (max. 36 months between dockings)

- **Intermediate Survey (IS) every 2.5 years**
  - Vessels can skip IS if <12.5 yrs old and classed for “In Water Survey” or specially permitted by Class
  - Typical cost ≈ US$ 550K, 17 days (incl. repositioning)

- **Special Survey (SS) every 5 years – Docking is mandatory**
  - Typical cost ≈ US$ 600~675K, 18 days (incl. repositioning)

<table>
<thead>
<tr>
<th>Age</th>
<th>0</th>
<th>2.5</th>
<th>5</th>
<th>7.5</th>
<th>10</th>
<th>12.5</th>
<th>15</th>
<th>17.5</th>
<th>20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Docking</td>
<td>Delivery</td>
<td>IS1</td>
<td>SS1</td>
<td>IS2</td>
<td>SS2</td>
<td>IS3</td>
<td>SS3</td>
<td>IS4</td>
<td>SS4</td>
</tr>
</tbody>
</table>

1st Intermediate docking is replaced by in-water survey, unless:
- antifouling coating is ineffective resulting in hull fouling with adverse performance on fuel oil consumption and speed
- damage repairs requiring in-dock repairs (e.g., propeller damage, hull damage, etc.)

Subsequent Intermediate dockings are not normally skipped for smooth trading:
- Optimum hull condition and coating to minimise fuel consumption
- Optimum hold condition for to avoid hold failures and associated high cleaning costs and off-hire
- Operational reliability enhanced by maintenance and overhaul
## Dry-Dock Management

### Shipyard & Vendor Selection
- All dockings in China as far as possible, or Turkey (when Atlantic trading) if not cost-efficient to position to China
- Concentrate on a few select shipyards to obtain pricing and service advantage. We use a selection of SOE and private shipyards for sufficient distribution on PRC coast

### Block Fee Arrangement
- Standard tariff with volume discount
- We have block fee agreements with several SOE and private yards

### Minimisation of Docking Off-Hire
- Careful scheduling with PB commercial team to position:
  - Atlantic trading ships to China; and
  - Pacific trading ships closest possible to dry docking ports to minimise deviation time and fuel costs
- Avoiding Chinese New Year and peak winter periods to minimise docking off hire
- Avoiding docking in South China during monsoon period

### What we do in DD to facilitate 25 year minimum lifespan

- Cargo Holds (cargo worthiness and ease of voyage maintenance by crew)
  - Holds and inner bottom of hatch covers are grit blasted and coated (condition based) at each docking for smooth surface in holds for crew to clean holds from dirty cargoes to clean cargoes

- Pipes (safe operation & pollution prevention)
  - Piping on deck (fire main, CO2 line, hatch cover hydraulic return line, fuel tank air vent pipes & sounding pipes and double-bottom tank air vent pipes in cargo holds) renewed at 12.5 years and 20 years. Hatch cover hydraulic pressure line renewed at 15 years

- Cargo Gear
  - All crane sheaves are removed, overhauled ashore on vessels >10 years
  - All collapsible stanchions removed and maintained ashore on a need basis on vessels >10 years.
  - Stanchion bottom pins and pin holes, eye pads are checked and renewed if wasted

- Water Ballast Tanks
  - Peak tanks, topside tanks are inspected and upgraded. Extensive maintenance on vessels >15 years
Ballast Water Management Convention

- IMO’s BWMC in force since 8 September 2017. In July 2017, IMO agreed on a practical and pragmatic implementation schedule with a 2-year extension for installation of Ballast Water Treatment Systems from 8 September 2019 to 2024 for existing ships (rather than from 2017 to 2022).

- USCG requirements apply to our ships docking after 1 January 2016. However, we have secured extended compliance dates from USCG for each ship in our fleet, as there are currently only 6 USCG type-approved Ballast Water Treatment Systems in the market. Another 7 makers have applied for USCG type approval, which are under review by USCG.

PB Fleet

- 9 PB vessels are fitted with BWTS with USCG AMS (Alternate Management System) or USCG temporary approval, valid for 5 years from installation date).

- 98 ships will be retrofitted from 2018~2023 according to extended USCG compliance dates (PB priority for USA trading) and IMO schedule.

Our Preferred BWTS

We have chosen to retrofit our fleet with a BWTS based on filtration & disinfection

- This system requires one time treatment of ballast water during uptake only.

- It consumes less power and is cost efficient in terms of both Capex and Opex.

- Cape Moreton (JNS32K) was retrofitted with a trial unit in 2017 with satisfactory performance and prompt after sales service.
Statutory Legislation Landscape

Energy Consumption – Monitoring, Reporting & Verification (MRV)

EU’s MRV legislation effective 1 January 2018. We have developed an in-house solution rather than buy expensive market software.

IMO’s MARPOL Annex VI fuel consumption data collection system in force 1 March 2018. First reporting period is calendar year 2019.

Emissions – Green House Gas (GHG) Reduction

- Ambitious target for GHG reductions set by IMO in April 2018. The aim is 50% reduction in total shipping emissions by 2050, and to reduce vessels’ **average carbon intensity by 40% by 2030 and 70% by 2050** (compared to 2008).

- **Ambitious Targets**

- These targets will likely call for widespread uptake of zero-carbon fuels and other energy-efficiency measures. Such fuels are not available today, and there needs to be a concerted effort to develop such fuels and make them available in the required quantity.

- In parallel, all other industries and nations are expected to contribute to reducing GHG emissions. This will complement the efforts in the shipping industry, and there will be competition for the zero-carbon fuels.

- **Possible Policy Measures**

- **Short term (until 2023)** – Review and strengthen EEDI (energy efficiency design index), including new phases, develop operational indicators, speed reduction/optimisation, life cycle GHG/carbon intensity guidelines for fuels.

- **Medium term (2023 to 2030)** – New reduction mechanism, possibly including operational indicators, market-based measures, implementation programme for low-carbon fuels.

- **Long term (2030 onwards)** – Development and provision of zero-carbon fuels, other innovative reduction mechanisms.

2020 0.5% Global Sulphur Cap – MARPOL Annex VI – Sulphur Oxides (SOx) emissions from ships
Future of Ship Safety

Recommendations from IMO symposium *Future of Ship Safety*

- review regulatory regime to meet future needs and expectations
- consider the pace of change and technological advancements
- encourage safety culture that goes beyond mere compliance

Support for Seafarers

- focus on the human element, self-regulation, education and training
- cover issues to ensure competent seafarers, free of stress and fatigue
- consider the burden of new or changing regulation(s) on seafarers and how this can be minimised
- move away from safety as simply a box-ticking exercise
- reduce administrative burden on ships
Promoting Careers at Sea

Let’s strive for safe ship operations and a clean environment

To achieve this, we must make sea careers attractive and embrace regulations and technological innovations
Steaming Towards Better Markets
- Mats Berglund, CEO
Reduced yard deliveries ahead → **GOOD**

Scrapping already very low with limited downside → **GOOD**

World cargo prospects are positive → **GOOD**

A regulatory curve ball is helpful to limit appetite for newbuildings → **INTERESTING**

With you for the long haul.
The market has improved since the low point in early 2016 but it is far from what we can call ‘recovered’.
What can we say about the Supply Side?

- **Yard deliveries** are reducing and we expect net fleet growth to slow from +3.0% last year to +2.1% this year and to 2.0% in 2019 – the lowest since the 1990s. Net fleet growth for 2020 and beyond is too much of an open book to forecast.

- **Scrapping** would normally reduce as earnings increase but BWTS and the Global Sulphur Cap from 2020 will have a positive impact on scrapping in the years ahead.

- **Average speeds are currently in between practical high and low** and has the potential to increase supply with 5-10%. But supply can also shrink if the fuel price continues to go up (price of low sulphur fuel is higher).

- **Newbuilding contracting** has picked in 2H 2017 but mainly for capesize+ and panamax vessels with Supramax and Handysize remaining well below long term replacement level. Future ordering is capped by uncertainty on the design side.
Long Term View on Net Fleet Growth Gives Us Reason to be Positive

Deliveries 2017: 38M dwt (4.8%)
Scraping 2017: 15M dwt (1.8%)

Clarkson growth forecasts 2.1% & 2.0% for 2018 & 2019 - the lowest since 1990s

Source: Clarkson Research

2008 & 2009 saw additions from converted tankers
Clarkson’s Fleet Forecast by Sector Shows Reduced Growth for Sub-cape Vessel Types

<table>
<thead>
<tr>
<th>Year-on-Year net fleet growth</th>
<th>All BC</th>
<th>Cape</th>
<th>Pmax</th>
<th>Smax</th>
<th>Handy</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017 Actual</td>
<td>3.0%</td>
<td>2.8%</td>
<td>2.7%</td>
<td>4.0%</td>
<td>1.9%</td>
</tr>
<tr>
<td>2018 F'cast</td>
<td>2.1%</td>
<td>2.8%</td>
<td>1.6%</td>
<td>1.7%</td>
<td>1.8%</td>
</tr>
<tr>
<td>2019 F'cast</td>
<td>2.0%</td>
<td>2.8%</td>
<td>1.7%</td>
<td>1.3%</td>
<td>1.4%</td>
</tr>
</tbody>
</table>

Based on Clarkson’s fleet forecast April 2018

Source: Clarkson Research
Contracting Picked Up in 2017 from Near Zero as Market Sentiment Improved

Source: Clarkson Research
Historically Low Handysize and Supramax Orderbook

- Slower growth in global dry bulk capacity was a key driver of the improved freight market during 1Q18
- Combined Handysize and Supramax orderbook has reduced to 5.5%, the lowest since 1990s
- Significantly lower orderbook for Handysize and Supramax in 2019 and beyond

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

<table>
<thead>
<tr>
<th>Type</th>
<th>Orderbook as % of Existing Fleet</th>
<th>Average Age</th>
<th>Over 20 Years</th>
<th>Over 15 Years</th>
<th>YTD Scraping as % of Existing Fleet as at 1 Apr 2018 (annualised)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Handysize – 81m dwt</td>
<td>6.2%</td>
<td>10</td>
<td>11%</td>
<td>17%</td>
<td>0.6%</td>
</tr>
<tr>
<td>(25,000-41,999 dwt)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Supramax – 195m dwt</td>
<td>5.2%</td>
<td>9</td>
<td>7%</td>
<td>15%</td>
<td>0.4%</td>
</tr>
<tr>
<td>(42,000-64,999 dwt)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Panamax – 219m dwt</td>
<td>8.2%</td>
<td>9</td>
<td>6%</td>
<td>17%</td>
<td>0.3%</td>
</tr>
<tr>
<td>(65,000-119,999 dwt)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capesize and larger – 312m dwt</td>
<td>15.3%</td>
<td>8</td>
<td>6%</td>
<td>12%</td>
<td>1.4%</td>
</tr>
<tr>
<td>(120,000+ dwt)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Dry Bulk – 824m dwt</td>
<td>9.9%</td>
<td>10</td>
<td>7%</td>
<td>15%</td>
<td>0.8%</td>
</tr>
<tr>
<td>(&gt;10,000 dwt)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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 Apr 2018

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 Apr 2018

2018 Investor Day 55
Bulk carrier pro-forma orderbook  
80M dwt or 9.7% of the fleet....

....is equal to the trading fleet built prior to Nov-2000

Due to slippage actual deliveries per year will be less than what the pro-forma orderbook schedule indicates

Handy 5.9% = Apr-1996  
Supra 5.8% = Jul-1997  
Pmax 7.8% = Sep-1999  
Cape 14.9% = Mar-2005

Trading fleet by delivery year

The orderbook by sector vs trading fleet

Source: Clarkson Research
Unprecedented Uncertainty on Design Front

- **New design regulation**: Deliveries after June 2020 will have to comply with new CSR regulation requiring a new more expensive design with greater steel input. Tier III main engines are more expensive. This means a higher NB cost for ships. Additional cost in excess of US$3 million for ultramax (according to Japanese shipyards) before even considering the low sulphur issue.

- **Low Sulphur fuel compliance (max 0.5% sulphur)**: The shipping industry is uncertain what is the best manner to comply. Existing vessels can burn expensive MDO or install expensive scrubber. Newbuildings have to choose between scrubber-installed / scrubber-ready / LNG / dual-fuel / single MDO engine and this uncertainty reduces the appetite for new contracting.

- **Future IMO emission initiatives**: Increased focus on environmental issues could cause future more strict emission standards meaning that today’s compliant technology may be tomorrow’s dinosaur.

- The above will make **newbuildings more expensive** than in the past and the **uncertainty over design** is encouraging a delay before making decisions on newbuildings – a delay which is good for shipping.

- **Ballast water**: BWTS is still to be installed for a vast majority of the world fleet and will promote scrapping of older tonnage.
What can we say about the Demand Side?

- The demand side in 2017 surprised on the upside with Clarkson’s estimating +5.1% on tonne-mile basis led by coal & grain, but also minor bulks saw good expansion at the highest level since 2011.

- Total demand in 2018 is forecast by Clarkson to grow at a slower +3.4% on tonne-mile basis but well above expected fleet growth, and minor bulk demand is expected to see accelerated expansion compared to last year.

- China remains responsible for the vast majority of the increase in dry bulk imports with two thirds of total volume growth in 2017, and 2018 has started on a positive note.
Long Term Demand Overview

Demand development (t-mile basis)

- Global Fin Crisis
- GFC rebound
- 5-yr average
- Fleet growth 2004 - 2015
- Fleet growth after 2015

Source: Clarkson Research
2018 Demand is Forecast to Grow 3.4% with Minor Bulks at +4.0%

Annual change dry bulk demand Bn tonne-miles

- 2016: Minor bulk +4.0%, Coal +1.7%, Grain +2.7%
- 2017e: Coal +1.7%, Grain +2.7%
- 2018f: Coal +1.7%, Grain +2.7%

Iron ore +3.9%

Forecast for 2018 is moderate

Source: Clarkson Research

Clarkson forecast May-18
2018 Demand Forecast

Key Drivers in so far in 2018

- Broad based economic recovery seen through increased steel output, also outside China
- Increased Q1 coal trade, including long haul exports out of North America, and Chinese imports well up on last year
- Grain exports ex US down while Brazil is up
- Minor bulk trades growing with Indonesian minor ore export ban being loosened and Chinese Q1 imports up 17% driven by greater volume for bauxite, nickel ore and logs

Longer Term Trends beyond 2018

- Solid world GDP (+3.7%*) – main driver for dry bulk demand growth
- Continued growth grain demand for animal feed due to shift towards meat-based diet but US/China trade dispute adds uncertainty
- Government policy in China and India could affect coal trades - up or down
- Risk of steel trade becoming ‘political’

* 2017E: 3.7%; 2018E: 3.9%

Source: International Monetary Fund (IMF) as at 11 Jan 2018; Clarksons Research, as at 1 Apr 2018

2018 tonne-mile effect

- Longer average distances forecast to supplement volume growth by an additional 0.8% for total demand = 3.4%
Chinese electricity generation grows

China continues to rely on thermal (coal) based generation to support its growth in electricity consumption.

Non-thermal electricity generation is growing but from a small base.

Source: China Statistical Bureau
Simplistic Supply / Demand Balance Since 2015 with Forecast

Demand % growth t-mile basis
YoY % fleet growth

- In decline
- Bottoming out
- Some improvement
- Market is tightening further
- Good & low starting point for supply

Demand & Supply

- 2015: Demand 0.9%, Supply 2.4%
- 2016: Demand 2.5%, Supply 2.2%
- 2017e: Demand 5.1%
- 2018f: Demand 3.4%, Supply 2.1%
- 2019f: Demand 2.0%

Source: Clarkson Research
Summary

Finally the **supply side** is under control
- Contracting has increased since last year but mainly for larger vessel types and design uncertainty is limiting owners’ appetite for new ordering
- Scrapping is low and this is good as it can’t decline much more

**Demand** expectations for 2018 are moderate but well above supply growth

This points to **an improvement in 2018** which we have seen in earnings so far and the expected supply growth for 2019 is low so the demand hurdle for next year remains benign

**Market in 2020** will likely be affected by how the low sulphur fuel issue plays out. Disruptions on the supply side could reduce fleet efficiency and thereby assist earnings
Beating the Market
- Hideaki Arai, General Manager, Handysize, Pacific
Beating the market: Overview

- Total global dry bulk trade volumes of 5.1B mt per annum
  - What choices have we made in the cargo segments and why?

- Total global dry bulk fleet of 11,200 ships
  - What choices have we made in the vessel sizes and why?

- Our people and network of offices
  - What choices have we made in our people and global office network and why?

- Our trading patterns
  - What choices have we made about trading patterns and why?

- Shipping cycle management
  - What choices are there to better manage our business through the market cycles?

- Pacific Basin is a cargo-focused ship owner/operator

- We have a global network of commercial executives focused on servicing our customers’ transportation needs through long-term Contracts of Affreightment (ca. 20% of our business) and on a spot basis
Dry Bulk Trade Volumes

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

Why we choose this segment

- More diverse customer, cargo and geographical exposure enables high utilisation
- Lower volatility in overall demand is key to developing better cargo systems
- A segment where global scale and local operational expertise make a difference
- Opportunity for better daily TCE earnings than the market average by achieving high laden-to-ballast ratio
- Sound long-term demand expectations and more modest fleet growth

Source: Clarksons Research, 1 Feb 2018
Diverse Cargoes & Customers

- Diverse range of commodities reduces product risk
- Diverse customers reduces counterparty risk

Our cargo volumes in 2017:

66.2 Million Tonnes
(2016: 57.2mt)

- Minerals
  - Sand & Gypsum: 3%
  - Soda Ash: 3%
  - Salt: 2%

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

- Metals
  - Concentrates & Other Metals: 7%
  - Ores: 5%
  - Alumina: 1%

- Agricultural Products and Related
  - Grains & Agriculture Products: 22%
  - Fertiliser: 10%
  - Sugar: 4%

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

 approx. 500 customers
### The Dry Bulk Sector

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

#### Bulk Carrier Ship Types

<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>Minor Bulks with Cranes</strong></td>
<td></td>
<td></td>
<td>Minor Bulks</td>
</tr>
<tr>
<td>Handysize 25,000-41,999 dwt</td>
<td>10%</td>
<td>More Versatile</td>
<td>Ores &amp; Concentrates, Grains</td>
</tr>
<tr>
<td>Supramax (formerly Handymax) 42,000-64,999 dwt</td>
<td>24%</td>
<td>More Versatile</td>
<td>Alumina, Fertiliser</td>
</tr>
<tr>
<td>Major Bulks without Cranes</td>
<td></td>
<td></td>
<td>Major Bulks</td>
</tr>
<tr>
<td>Panamax &amp; Post-Panamax 65,000-118,999 dwt</td>
<td>27%</td>
<td>Less Versatile</td>
<td>Grains, Coal</td>
</tr>
<tr>
<td>Capesize &amp; larger 120,000+ dwt</td>
<td>39%</td>
<td></td>
<td>Iron Ore, Few ports, few customers, few cargo types, low scope for triangulation</td>
</tr>
</tbody>
</table>

- **Minor Bulks**
  - Ores & Concentrates
  - Alumina
  - Bauxite
  - Coal/Coke
  - Coke
  - Salt
  - Sand & Gypsum
  - Scrap

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

*With you for the long haul*
Fleet List – 30 Apr 2018

Vessels owned: 108
LT Chartered: 36
ST Chartered: 85
Total: 229

Handysize
- 81 vessels owned
- 23 LT Chartered
- 32 ST Chartered *
- Total 136

Supramax
- 26 vessels owned
- 12 LT Chartered
- 53 ST Chartered *
- Total 91

Post-Panamax
- 1 vessel owned
- 1 LT Chartered
- 0 ST Chartered *
- Total 2

* Average number of vessels operated in Apr 2018
Average age of core fleet: 8.2 years old
Our Worldwide Network

- Strong local relationships with customers
- Experienced commercial and operations staff around the world
- Being local facilitates clear understanding of and response to customers’ needs and first-rate personalised service
- Better access to cargoes, better direct relationships, quicker and better view of customer demand
Our People

- Diverse backgrounds - 28 nationalities
- Well established trainee program since 2008
- Staff given global exposure
- Emphasis on shipping as a career, not just a job
- Preference for internal promotions and succession
- Lateral hires at mid-management level bringing fresh knowledge, new ideas
- Passion for our business and our brand
Key Trading Areas – Pacific

- Diverse trades reduce impact of geopolitical & trade pattern changes
Key Trading Areas – Atlantic

- US Gulf
- Continent
- Mediterranean / Black Sea
- West Coast South America
- East Coast South America
A normal cargo system comprises 1 empty ballast leg + 1 laden fronthaul leg

By combining backhaul and fronthaul cargoes, we achieve higher utilisation and outperform the market (Baltic Exchange indices)

Operating activity also contributes to our outperformance
Shipping Cycle Management

Shipping Market Cycle

1) Spot trade
2) Medium-term COA
3) Long-term COA
4) Spot trade
5) Reduce spot exposure

- General chartering strategy changes with the cycle
- Getting it right requires anticipation, flexibility and action

Source: Adapted from Marsoft, 2003, as cited in Lorange, 2005
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
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

Handysize (<20 years old)

Supramax (<20 years old)

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 Investor Day
Forecasting Our Business
- Peter Schulz, CFO
## Our Key Disclosures

### Costs (excl. G&A)

#### “Fixed”

<table>
<thead>
<tr>
<th></th>
<th>Vessels</th>
<th>Vessel Days</th>
<th>Costs/Day</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Owned</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Handysize</td>
<td>80</td>
<td>28,410</td>
<td>$7,480 1)</td>
</tr>
<tr>
<td>Supramax</td>
<td>25</td>
<td>7,800</td>
<td>$8,210 2)</td>
</tr>
<tr>
<td><strong>LT Chartered-in</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Handysize</td>
<td>21</td>
<td>9,300</td>
<td>$8,010</td>
</tr>
<tr>
<td>Supramax</td>
<td>8</td>
<td>2,840</td>
<td>$11,670</td>
</tr>
<tr>
<td><strong>ST Chartered-in</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Handysize</td>
<td>49</td>
<td>14,580</td>
<td>$7,770</td>
</tr>
<tr>
<td>Supramax</td>
<td>61</td>
<td>23,040</td>
<td>$8,940</td>
</tr>
<tr>
<td><strong>Index-linked</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Handysize</td>
<td>3</td>
<td>1,560</td>
<td>$7,690</td>
</tr>
<tr>
<td>Supramax</td>
<td>4</td>
<td>960</td>
<td>$9,180</td>
</tr>
</tbody>
</table>

1) OPEX: $3,850, Depr: $2,820, Finance: $810
2) OPEX: $3,780, Depr: $3,260, Finance: $1,170

### TCE Revenue

<table>
<thead>
<tr>
<th></th>
<th>FY 2017</th>
<th>Q1 2018</th>
<th>Q2-Q4 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Handysize</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY2017</td>
<td>53,360</td>
<td>12,750</td>
<td>13,140</td>
</tr>
<tr>
<td>revenue days at</td>
<td>$8,320</td>
<td>$9,360</td>
<td>$9,710 (44%)</td>
</tr>
<tr>
<td><strong>Supramax</strong></td>
<td>34,510</td>
<td>7,730</td>
<td>8,100</td>
</tr>
<tr>
<td>FY2017</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>revenue days at</td>
<td>$9,610</td>
<td>$11,250</td>
<td>$11,490 (66%)</td>
</tr>
</tbody>
</table>

**Long Term (rolling 12 month)**

15-25% revenue days as CoAs
### Forecasting Our Business

#### Handysize

<table>
<thead>
<tr>
<th>Vessel Type</th>
<th>No.</th>
<th>Revenue Days</th>
<th>TCE/d ($)</th>
<th>TCE ($m)</th>
<th>No.</th>
<th>Vessel Days</th>
<th>Cost/d ($)</th>
<th>Cost ($m)</th>
<th>Contr. ($m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Owned</td>
<td>80</td>
<td>360</td>
<td>BHSI + PB prem.</td>
<td>(A)</td>
<td>80</td>
<td>365</td>
<td>= 7,480</td>
<td>(B)</td>
<td>(A) – (B)</td>
</tr>
<tr>
<td>LT TC-in</td>
<td>21</td>
<td>360</td>
<td>BHSI + PB prem.</td>
<td>(A)</td>
<td>21</td>
<td>360</td>
<td>= 8,010</td>
<td>(B)</td>
<td>(A) – (B)</td>
</tr>
</tbody>
</table>

#### Vessel Type | No. | Revenue Days | Margin/d($) | 
| ST/Inde x TC-in | 45 | 360 (C) | (D) |

#### 2017

- **Handysize contribution**: 31.4
- **Supramax contribution**: 19.8
- **Post-Panamax contribution**: 5.5
- **Operating profit/(loss)**: 56.3
- **Total G&A overheads**: (54.4)
- **Taxation & others**: 0.3
- **Underlying profit/(loss)**: 2.2
- **Derivatives MTM and one-off items**: 1.4
- **Profit/(loss) attributable to shareholders**: 3.6

---

1) As per 31 March 2018  
2) Assumed 5 days offhire per vessels per year  
3) FY 2017 cost including OPEX, Depreciation and Interest  
4) Average Charter hire  
5) Includes non-drybulk income and expenses

---

**Onerous Contracts**  
- $20.3mn utilized in 2017  
- $16.1mn utilization allocated to 2018 as at 31 December 2017 of total $28.8mn remaining

**IFRS 16**  
- LT TC-in will be capitalized  
- Onerous contract provisions will offset RoU asset  
- Charterhire will be recorded as interest and depreciation (positive for EBITDA, slightly negative for operating profit)

**Post-Panamax**  
- 2 vessels in BBC structures - stable income

**Derivatives MTM**  
- Mainly bunker MTM: higher oil price = positive contribution

---

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With you for the long haul
Understanding the Sensitivity

Earnings generated by ST / index-linked chartered-in vessels
(margin business assumed to be constant)

Key Assumptions
- No change in ST TC-in profitability
- No change in G&A
- No change in Onerous contract utilization or write-back

Total Earnings

- Owned + LT chartered fleet
- 360 on-hire days
- +/- US$1,000/day market rate
- Open days in next 12 mths (excl. CoA cover)

Sensitivity
- +/- Underlying Profit US$35-40m

2018 YTD PB TCE cover rate*
US$9,540/day

2017 PB TCE rate
US$8,320/day

Break-even
≈ US$8,300/day

Handysize

80 Handysize ships

2018 1Q Actual + 2Q to 4Q Cover as at 6 Apr 2018

Break-even
≈ US$9,100/day

Supramax

25 Supramax ships

2018 YTD PB TCE cover rate*
US$11,370/day

2017 PB TCE rate
US$9,610/day

G&A Overheads
$840
$810

Finance Cost
$1,170

Depreciation
$3,260

Operating Expenses (Opex)
$3,780

*$2018 1Q Actual + 2Q to 4Q Cover as at 6 Apr 2018

*2018 Cover as at 23 Feb 2018
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

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