Pacific Basin

2019 Third Quarter Trading Update

14 Oct 2019

Market Strengthened Significantly in 3Q19

	US$/day	Handysize	Supramax
3Q19	PB daily TCE net rate 3Q19	9,480	11,580
	Market (BHSI/BSI) index net rate 3Q19	7,990	11,890
	PB outperformance	19% / 1,490	-3% / -310[1]
1Q-3Q19	PB daily TCE net rate YTD	9,270	11,120
	Market (BHSI/BSI) index net rate YTD	6,520	9,200
	PB outperformance YTD	42% / 2,750	21% / 1,920
	Forward Cover for 4Q19 and 2020		
4Q19	PB daily TCE net rate 4Q19	11,450	13,660
	% of contracted days covered	67%	74%
2020	PB daily TCE net rate FY2020	8,980[2]	11,330[2]
	% of contracted days covered	17%	22%

Cover as at 11 Oct 2019

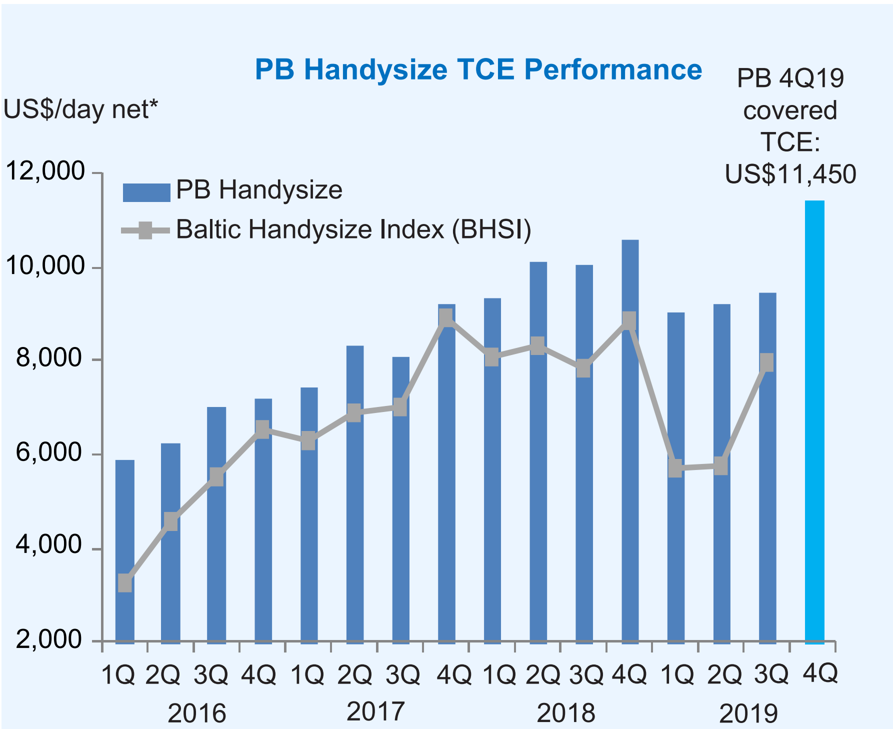
Our fleet development in 3Q19:

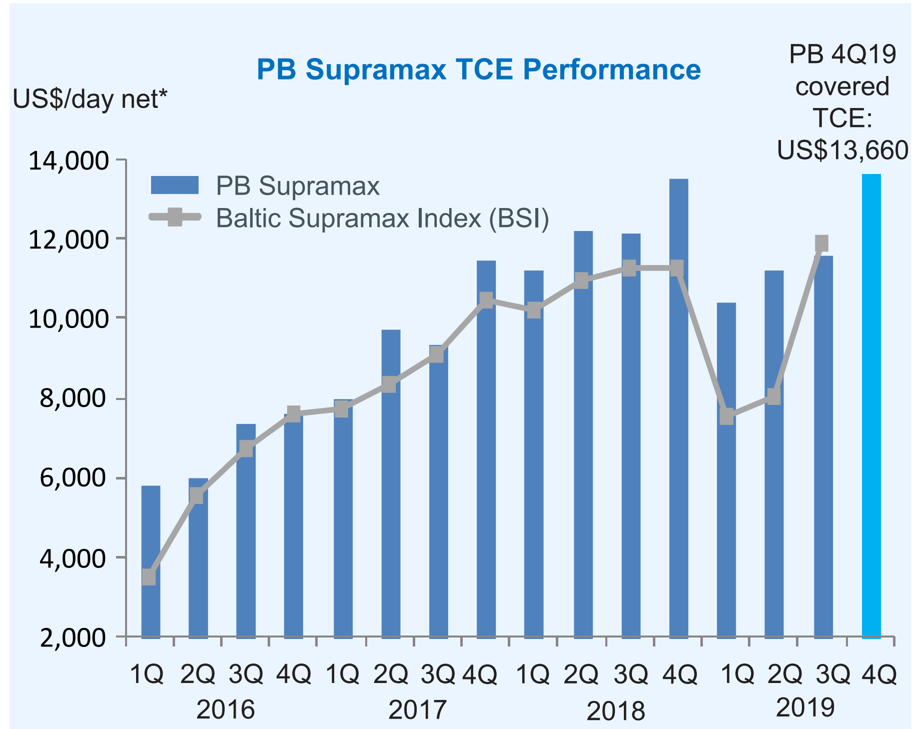
- In 3Q, we operated an average of 236 ships including chartered ships
- In Sep, we committed to purchase 4 modern vessels for US$73.8m to be 33% funded by new equity
- YTD, we sold 2 older smaller Handysize vessels
- Following the delivery of these acquired and sold vessels between Oct 2019 and Apr 2020, our owned fleet will grow to 117 ships

[1] Due to the rising market and the 1-3 months time lag between spot market fixtures and voyage execution
[2] Note that our 2020 forward cargo contract cover is backhaul heavy to minimise ballasting and to position our fleet for favourable fronthaul cargoes
** We have more scheduled off-hire than normal for dry-docking in 2019 for BWTS and preparation for IMO 2020*

Increasing Earnings on Stronger Market Conditions

Cover as at 11 Oct 2019





- In the first 9 months, our Handysize and Supramax daily TCE earnings outperformed the BHSI and BSI indices by 42% and 21% respectively
- The much improved market freight rates in September will primarily impact our 4Q earnings due to the time lag between spot market fixtures and voyage execution

* *excludes 5% commission*
Source: Baltic Exchange

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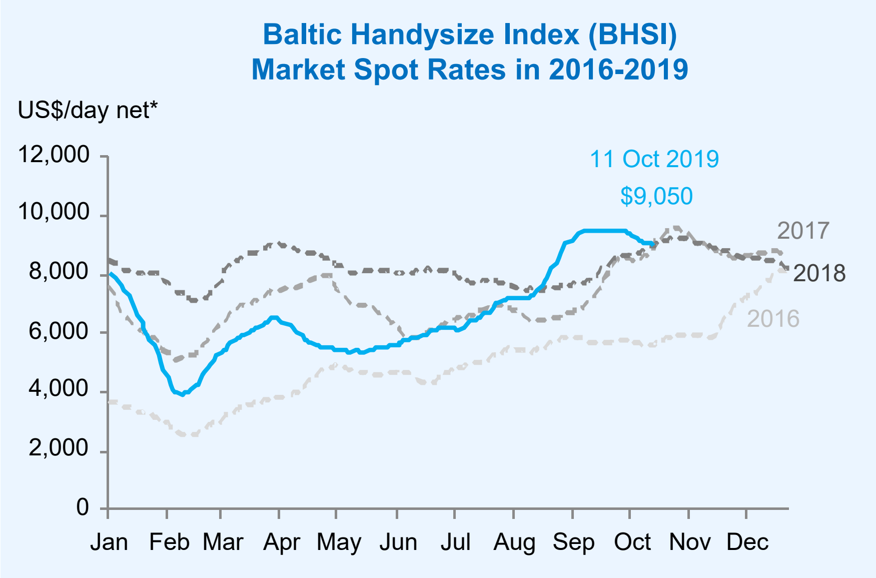
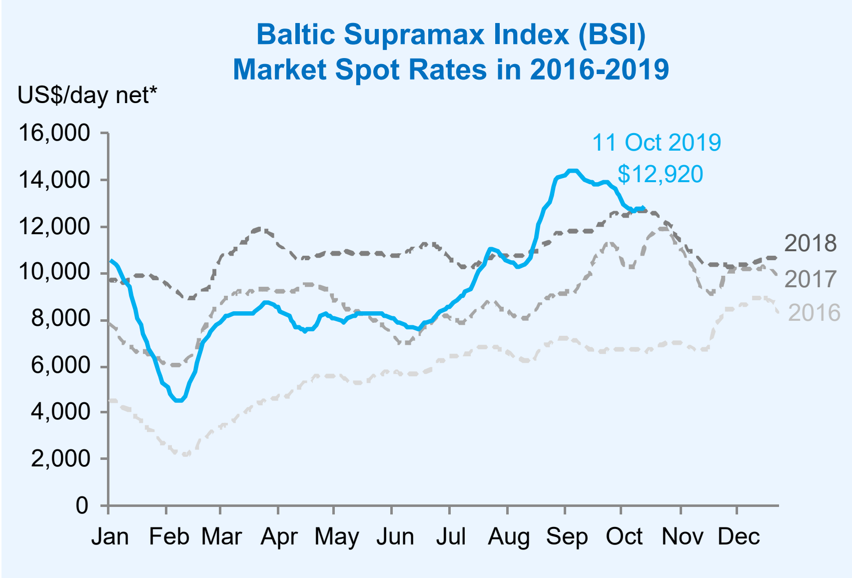
Market Strengthened Significantly in 3Q19





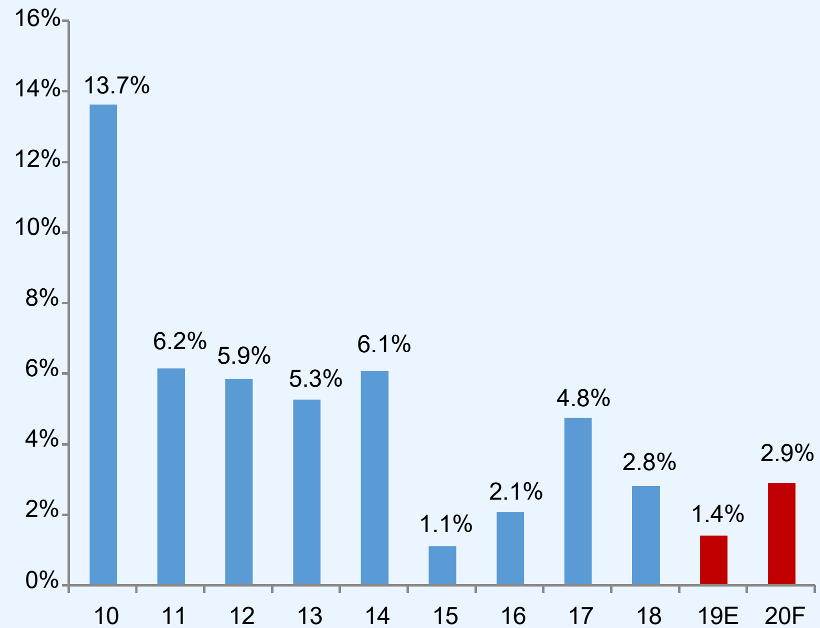
2016 2017 2018 2019

- Tightening conditions drove Handysize and Supramax market freight rates up to around four and five-year highs respectively in early Sep:
  - Handysize and Supramax 3Q market rates improved 39% and 53% respectively compared to average market rates in 1H19
- Demand strength was driven by:
  - Seasonally strong grain export volumes out of S. America and Black Sea
  - Robust demand for bauxite, nickel and manganese ore
  - Return to normal levels of exports following earlier disruption to Mississippi River grain and Brazilian iron ore traffic
- Following the increase in market freight rates in Aug and early Sep, rates moderated as Chinese import activity wound down for the Golden Week holidays, but rates are still at around the peak levels of last year. Pacific rates have improved in the last week

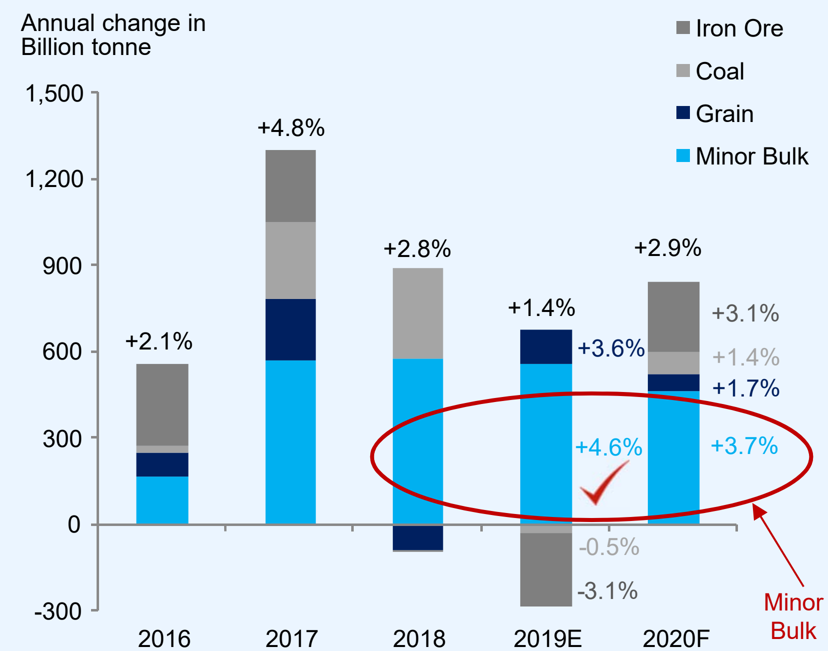
** excludes 5% commission*
Source: Baltic Exchange, data as at 11 Oct 2019

Minor Bulk Expected to Drive Demand into 2020

Overall Dry Bulk Tonne-miles Demand Growth Since 2010



Annual Change in Dry Bulk Tonne-miles Demand

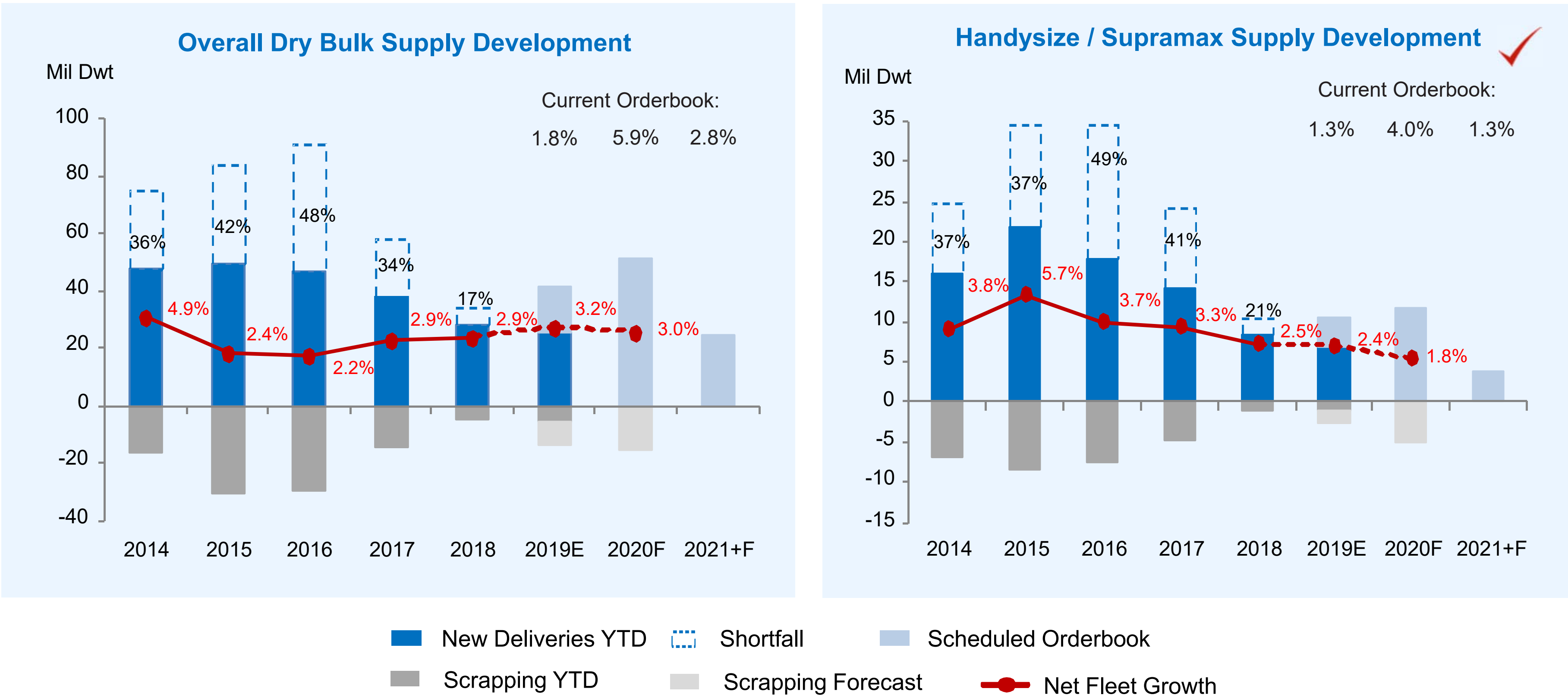


- Despite weaker US-China trade, minor bulk demand remains strong, benefitting from growth particularly in bauxite, nickel and manganese ore. Overall minor bulk tonne-mile demand is expected to grow at 4.6% in 2019 and 3.7% in 2020
- Chinese imports of minor bulks* and coal in the first 8 months of the year grew at 17% and 8% respectively while imports of grain and iron ore fell 13% and 3% respectively. Grain imports were impacted by the US-China trade war and the effect of African Swine Fever on the demand for soybean. Both grain and iron ore volumes returned to positive growth in July and August

** The basket of six key minor bulks imported by China includes logs, fertilisers, bauxite, nickel ore, copper concentrates and manganese ore*

Source: Clarksons Research, as at Oct 2019

Supply Developments Favour Smaller Vessels



- New ship deliveries in the first 9 months were higher YOY while scrapping remained low
- New ship ordering in the first 9 months was less than a year ago and remained concentrated in the Panamax and Capesize segments
- Note the steadily reducing trend in combined Handysize and Supramax net fleet growth from 5.7% in 2015 to an estimated 1.8% next year

Source: Clarksons Research, as at Oct 2019

Better Supply Fundamentals for Handysize

	Scheduled Orderbook as % of Existing Fleet	Average Age	Over 20 Years	Over 15 Years	YTD Scrapping as % Existing Fleet as at 1 Oct 2019 (Annualised)
Handysize – 85m dwt (25,000-41,999 dwt)	5.2%	10	10%	18%	0.5%
Supramax – 203m dwt (42,000-64,999 dwt)	7.2%	9	7%	16%	0.3%
Panamax – 232m dwt (65,000-119,999 dwt)	10.2%	9	8%	18%	0.2%
Capesize and larger – 328m dwt (120,000+ dwt)	14.8%	9	5%	12%	1.7%
Total Dry Bulk – 869m dwt (>10,000 dwt)	10.6%	10	7%	16%	0.8%

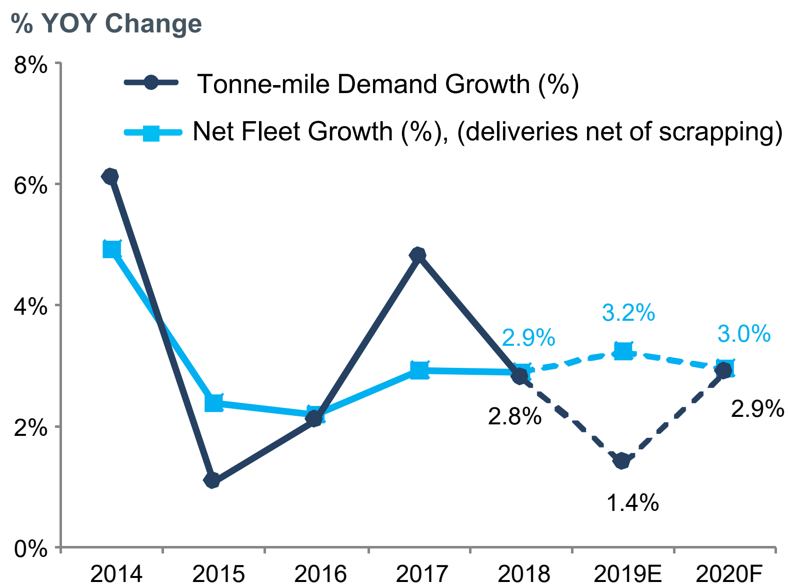
Lower orderbook

More older ships

Source: Clarksons Research, as at 1 Oct 2019

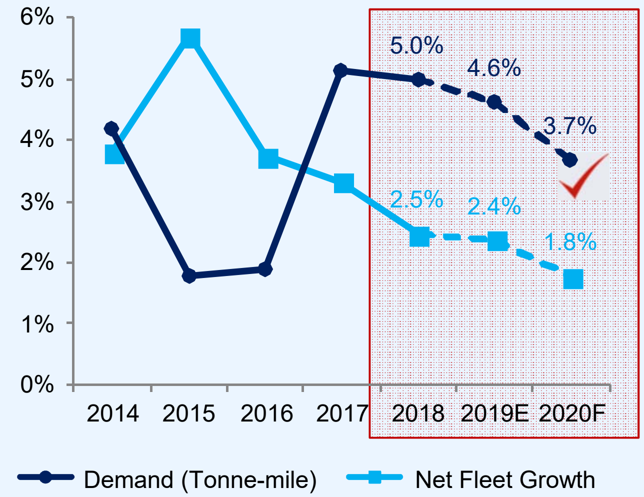
Favourable Minor Bulk Supply and Demand Outlook

Total Dry Bulk Supply and Demand

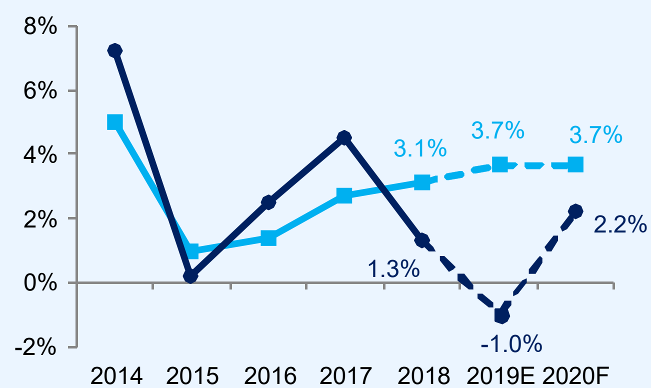


- Freight market strengthened significantly in 3Q across all dry bulk segments
- 1H19 was marked by cargo flow disruption in Australia and Brazil with a subsequent catch-up effect in 2H19
- Attractive supply fundamentals in our segments approaching IMO 2020
- Other factors than supply and demand can also drive rates: bunker prices and speed, off-hire, congestion, sentiment, etc.

Minor Bulk Demand and Handysize/Supramax Supply

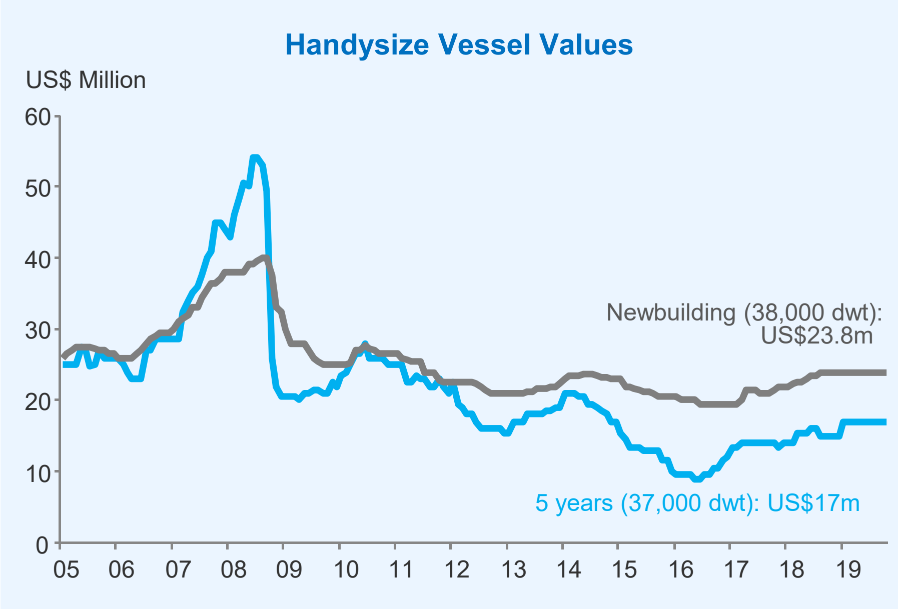


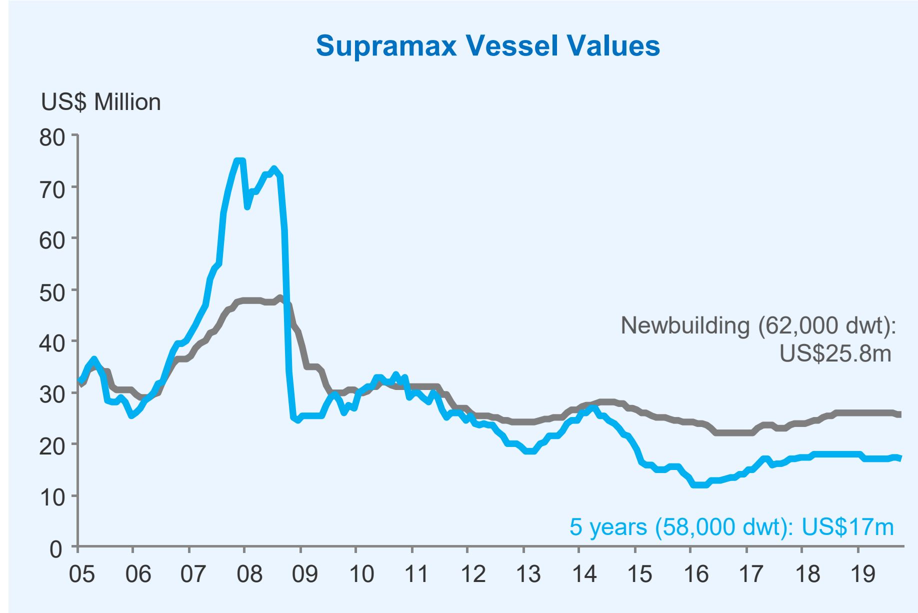
Major Bulk* Demand and Capesize/Panamax Supply



* *Major Bulk includes iron ore, coal and grains*
Source: Clarksons Research

Secondhand Values Remain Attractive



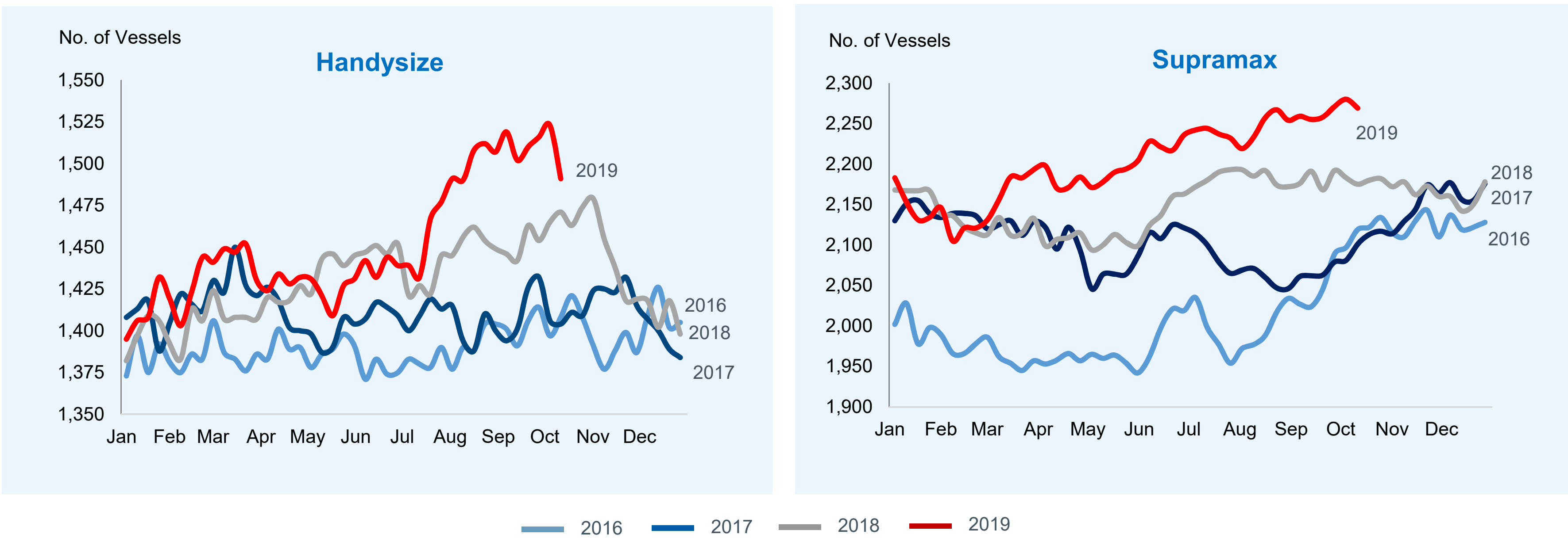


- Large gap between newbuilding and secondhand prices and uncertainty over future ship designs discourage new ship ordering
- Restrained ordering in Handysize/Supramax segments should result in limited new ship deliveries in the coming years
- We see upside in secondhand vessel values and will continue to cautiously grow by looking opportunistically at good quality secondhand ship acquisitions of both modern Supramax and Handysize ships while trading out of some of our older and smaller vessels

Source: Clarksons Research, as at 11 Oct 2019

Unusually Many Ships Positioned to the Pacific Region

No. of Vessels in Pacific Region



- As the global dry bulk fleet prepares to comply with ballast water treatment system (BWTS) requirements and IMO 2020 low sulphur fuel regulations, a large number of ships have migrated eastward to the Pacific for BWTS and scrubber installation in Asian shipyards, resulting in relatively stronger freight market conditions in the Atlantic
- The resulting strain on shipyard capacity and labour, combined with frequent weather delays, has resulted in increased ship waiting time for yard space and longer dry-docking stays, affecting vessels fitting BWTS and scrubbers and other ships requiring routine periodic dry-docking

Source: AIS, as at 11 Oct 2019

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Cautiously Optimistic on Minor Bulk Market

- Following the increase in market freight rates in Aug and early Sep, rates moderated as Chinese import activity wound down for the Golden Week holidays, but rates are still at around the peak levels of last year and Pacific rates have improved in the last week
- We expect to see the continuation of generally tight market conditions in 4Q, benefitting from:
  - Typical peak demand season
  - Global fleet inefficiencies as many larger ships are taken out of service for dry-docking ahead of IMO 2020
- So far we have successfully installed scrubbers on 15 of our Supramax vessels. While this is causing us to incur more off-hire than normal in 2019, esp. in 2H19, it sets us up for what we believe will be stronger years ahead
- As we go into 2020, majority of the world's ships will be switching to more expensive low-sulphur fuel, lowering ships' optimal operating speeds, which we expect will have positive effect on the dry bulk supply and demand balance
- Clarksons estimates minor bulk demand growth of 4.6% in 2019 vs Handysize/Supramax net fleet growth of 2.4% for 2019 and 1.8% for 2020
- We remain cautiously optimistic about the minor bulk market despite the continued uncertainties about the US-China trade war and prospects for slower global economic growth

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Our Business Model Continues to Outperform

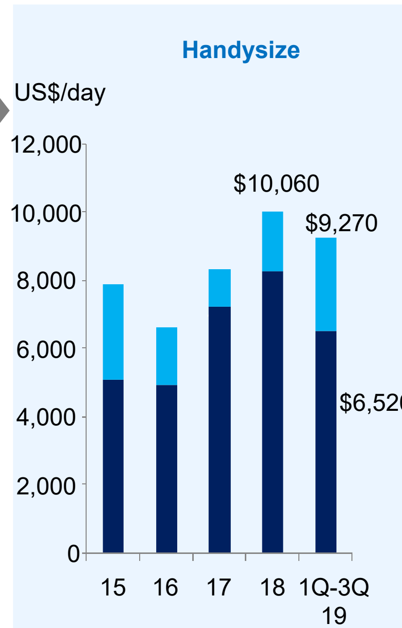
Our business model has been refined over many years. We are able to generate a TCE earnings premium over market rates because of our high laden percentage (minimum ballast legs), which is made possible by a combination of:

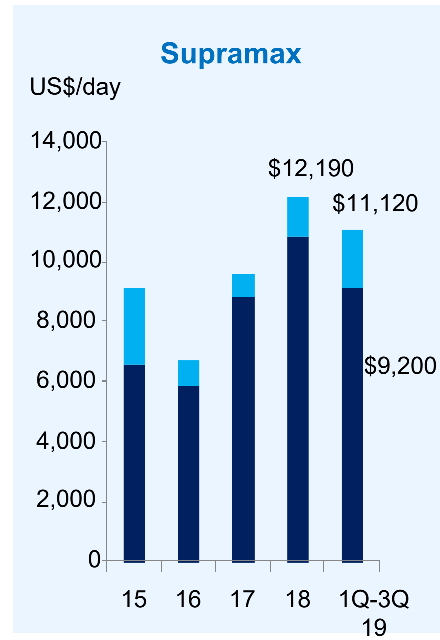
- Fleet scale
- High-quality interchangeable ships
- Experienced staff
- Global office network
- Cargo contracts, relationships and direct interaction with end users
- High proportion of owned vessels facilitating greater control and minimising trading constraints
- Versatile ships and diverse trades in minor bulk

TCE Outperformance Compared to Market in Last 5 Years

US$1,970
Daily Handysize Premium

US$1,440
Daily Supramax Premium





Baltic Indices PB Premium

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Well Positioned for the Future

Our TCE Outperform Market

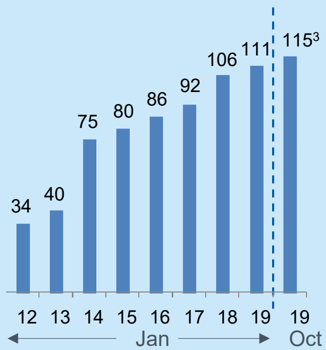
Average PB premium over market indices in last 5 years:

US$**1,970**/day
Handysize TCE

US$**1,440**/day
Supramax TCE

+

More Owned Vessels with Fixed Costs



Owned Vessel Breakeven
Incl. G&A overheads

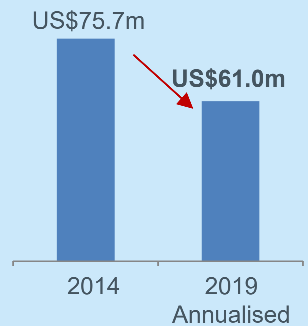
US$**8,530**/day
Handysize[1]

US$**9,160**/day
Supramax[2]

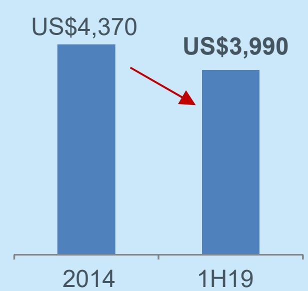
+

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 Underlying Result

+/-
US$ 35-40m

When estimating our 2019 earnings, unlike in 2018, we don't benefit from US$16m utilisation of onerous contract provisions

[1] 1H19 PB owned Handysize $7,590/day + G&A overheads $940/day ≈ US$8,530/day
[2] 1H19 PB owned Supramax $8,220/day + G&A overheads $940/day ≈ US$9,160/day
[3] We sold 2 older smaller Handysize vessels and committed to purchase an additional 4 vessels in Sep, following the delivery of these acquired and sold vessels between Oct 2019 and Apr 2020, our owned fleet will grow to 117 ships
** Based on current fleet and commitments, and all other things equal*

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

Pacific Basin

Appendix: Pacific Basin Overview

- World's largest owner and operator of modern Handysize & Supramax ships
- Cargo system business model – consistently outperforming market rates
- Own 115* vessels, with total 240+ dry bulk ships on the water serving major industrial customers around the world
- Hong Kong headquartered and HKEX listed, 12 offices worldwide, about 340 shore-based staff and 3,800+ seafarers#
- Strong balance sheet with US$2.5bn+ total assets and US$200mn+ cash
- Our vision: To be a shipping industry leader and the partner of choice for customers, staff, shareholders and other stakeholders

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

We sold 2 older smaller Handysize vessels and committed to purchase an additional 4 vessels in Sep, following the delivery of these acquired and sold vessels between Oct 2019 and Apr 2020, our owned fleet will grow to 117 ships

 # As at January 2019

Pacific Basin

Appendix: Understanding Our Core Market

Interim 2019

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	
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%		
Major Bulks without cranes		**Capesize and larger** 120,000+ dwt	39%	Less Versatile	

Minor Bulks

Ores, Coal/Coke, Sugar, Concentrates, Petcoke, Logs/Forest Products, Alumina, Salt, Cement & Clinker, Bauxite, Sand & Gypsum, Scrap, Grains, Fertiliser, Steel

Major Bulks

Grains, Coal, Iron Ore

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

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

Appendix: 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

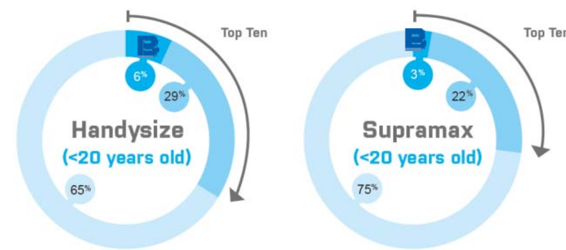
Managed In-house and Highly Versatile

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. 6% of global 25-42,000 dwt Handysize ships of less than 20 years old; and approx 3% of global 42-65,000 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

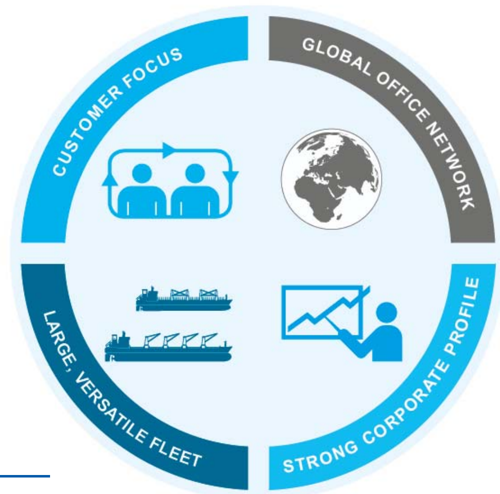
Close partnership with customers generates enhanced access to spot cargoes and long-term cargo contract opportunities of mutual benefit

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

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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**

2018 CSR Report
www.pacificbasin.com/ar2018

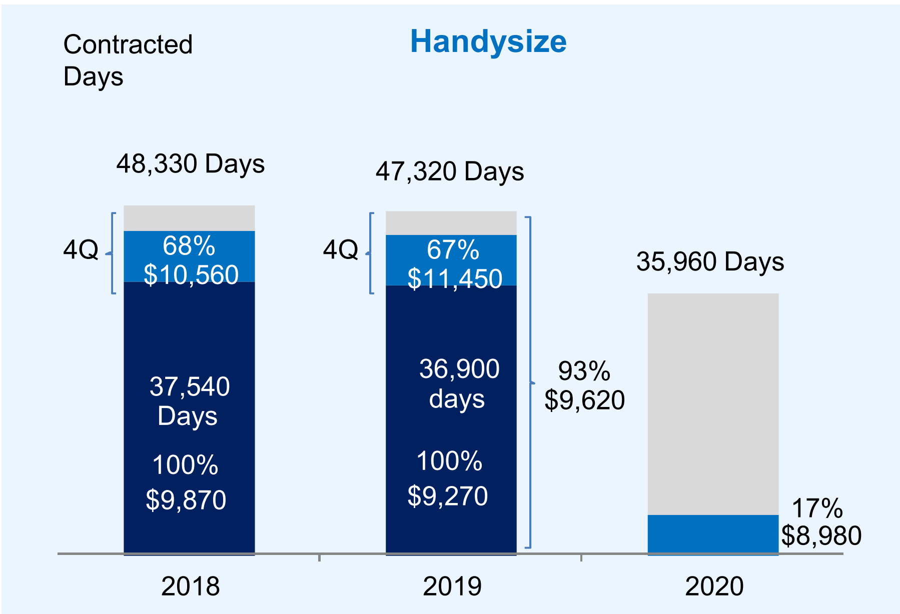
Corporate Social Responsibility (CSR)

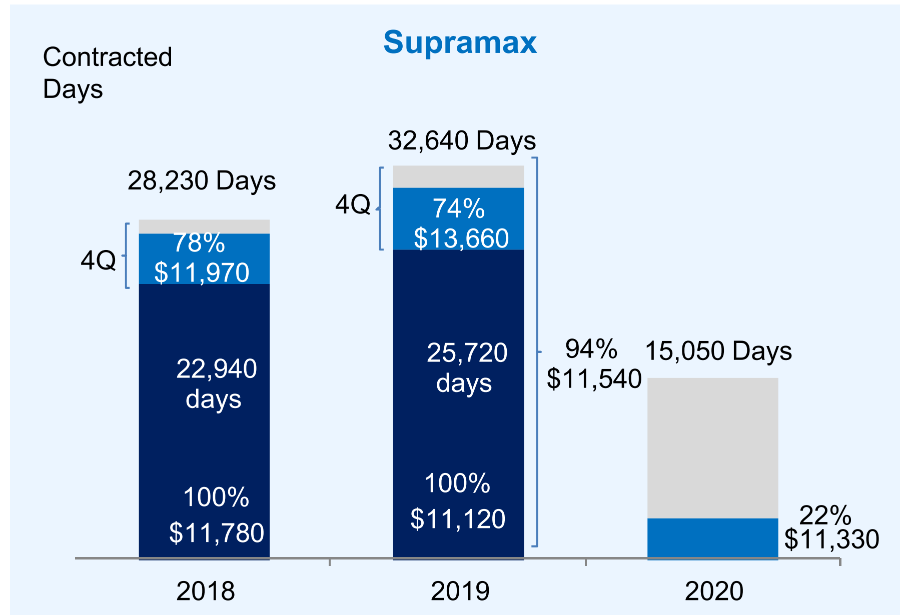
- Guided by strategic objectives on (i) workplace practices (primarily safety), (ii) the environment, and (iii) our communities (where our ships trade and our people live and work)
- Active approach to CSR, with KPIs to measure effectiveness
- Reporting follows SEHK’s ESG Reporting Guide
- Disclosure 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:
2019 and 2020 Future Cover





■ 1Q-3Q Completed Revenue Days ■ Covered Vessel Days ■ Uncovered Vessel Days

Note that our 2020 forward cargo contract cover is backhaul heavy to minimize ballasting and to position our fleet for favourable fronthaul cargoes
Currency in US$, as at 11 Oct 2019
Cover as at mid-Oct, for comparison the graphs show the level of cover secured as at the same time in Oct in last year

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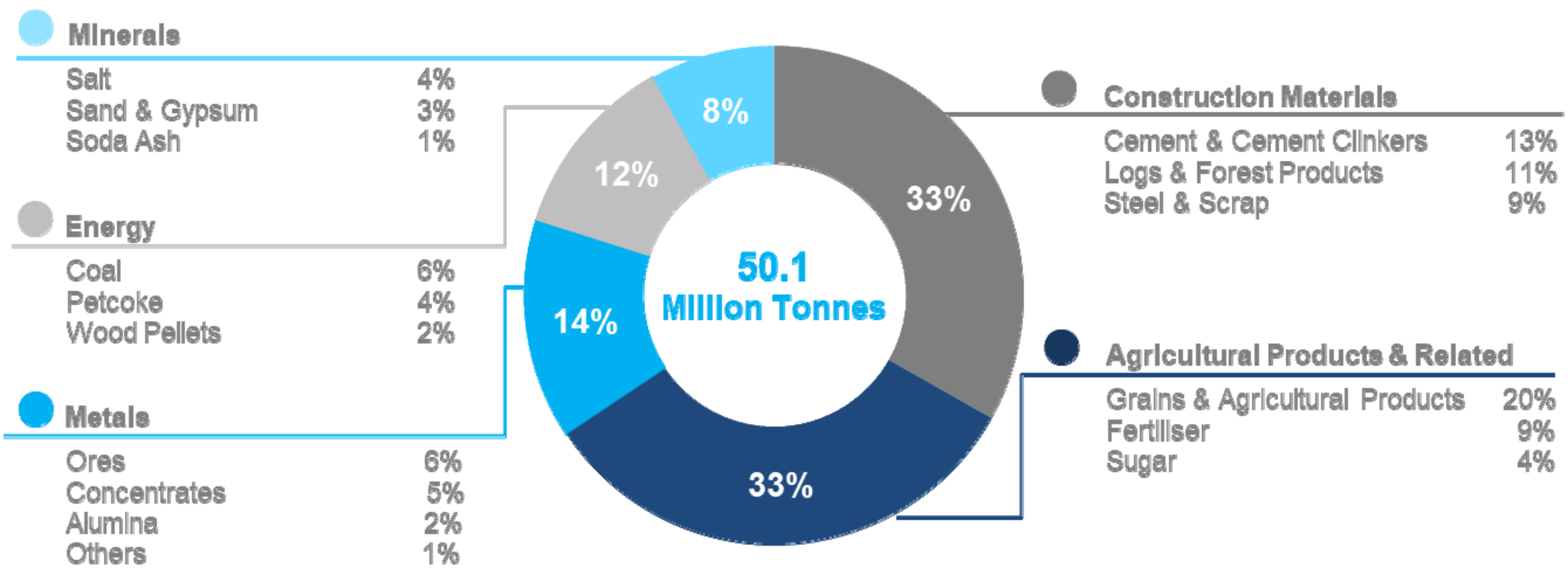
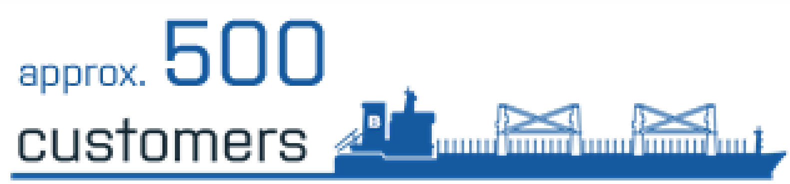
Appendix: Pacific Basin Dry Bulk – Diversified Cargo

Our Dry Bulk Cargo Volumes in 1Q-3Q 2019



- 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:
Fleet List – 30 Sep 2019

Pacific Basin

www.pacificbasin.com
Our Fleet

115 Vessels owned[1]

27 LT Chartered[2]

95 ST Chartered[3]

237 Total

	Vessels owned	LT Chartered	ST Chartered	Total
Handysize	82	20	34	136
Supramax	32	6	61	99
Post-Panamax	1	1	0	2

Average age of core fleet: 8.9 years old

[1] We sold 2 older smaller Handysize vessels and committed to purchase an additional 4 vessels in Sep, following the delivery of these acquired and sold vessels between Oct 2019 and Apr 2020, our owned fleet will grow to 117 ships
[2] Average number of LT ships operated in Sep 2019
[3] Average number of ST ships + index-linked vessels operated in Sep 2019

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Appendix: Competitive at Every Level

Interim 2019

		1H19		
1	**TCE/day**	HS: US$9,170/day SM: US$10,860/day	▪ Outperforming indexes and most publicly reporting companies ▪ Cargo focused business model with 90% plus laden percentage	
2	**Opex/day**	US$3,990[1]/day	▪ Scale, focus and sister ship effects ▪ In-house management	
3	**G&A/day**	US$730[2]/day	▪ Scale benefits and efficient systems	
4	**Interest Cost/day**	US$820/day	▪ Focused on good quality, predominantly Japanese-built secondhand ships ▪ Fleet financed through long-term secured facilities at industry leading cost	

[1] US$3,990/day is 1H19 blended daily opex of Handysize and Supramax
[2] Spread over both owned and chartered-in ships

Appendix:
Our Strategic Direction and Priorities

- **Maintain and grow our cargo focus and scale**
- **Continue to be both a fully integrated owner and operator**
  – Not only owned ships, not only asset light
- **Maintain empowered local chartering and operations close to customers**
  – With best in class centralised support & systems
- **Keep building our brand**
  – Long term thinking, safety, care and quality in everything we do
- **Continue to grow our owned fleet with quality second hand acquisitions**
- **Opportunistically trading up smaller older ships to larger younger ships**
- **Avoid buying newbuildings**
  – due to high price, low return, and new regulations will change technology
- **Continue to reduce long term charters**
  – Replace with owned ships, and medium and short term chartered in ships
- **Thorough preparations for IMO 2020**
  – Fuel contracts, cleaning of tanks, installation and testing of scrubbers, new clauses
- **Keep our balance sheet strong**

Appendix: 2019 Interim Results Highlights

Interim 2019

	US$m	1H19	1H18	Change
P&L	Net profit	**8.2**	30.8	-22.6
	Underlying (loss) / profit KPI	**(0.6)**	28.0	-28.6
	EBITDA	**101.1**[1]	99.3	
	Dividends KPI	**-**	HK2.5¢	
	US$m	**30 June 19**	31 Dec 18	
B/S	Cash	**313.8**[2]	341.8	-8%
	Net gearing KPI	**37%**	34%	+3%
Fleet	Owned fleet / Total fleet[4]	**113[3]/ 230**	111 / 222	

- Weaker market conditions in the early part of the year negatively affected our results – however, continued TCE outperformance and competitive cost structure enabled us to post a positive net profit
- We purchased three modern secondhand Supramaxes during 1H19. We took delivery of four vessels in 1H19 (including three we bought in 2018) and two more vessels in July, expanding our owned fleet to 115 ships
- We secured a revolving credit facility of US$115m at a competitive cost of Libor + 1.35% and we are repaying our US$125m convertible bonds
- Some of the negative demand disruptions in the early part of the year are easing and market rates in July have been increasing, especially in the Atlantic

[1] EBITDA adjusted for the adoption of HKFRS 16 "Leases" is US$78.9m, which is comparable to previous periods
[2] Our outstanding convertible bonds (US$125m) were redeemed in full after the period close
[3] An additional 2 Supramax vessels delivered in July 2019
[4] Average number of ships operated during the period

Appendix:
US$8.2m Net Profit in 1H19

Interim 2019

Six months ended 30 June

US$m	2019	2018
Revenue	767.1	795.6
Voyage expenses	(360.5)	(360.6)
Time-charter equivalent ("TCE") earnings	406.6	435.0
Owned vessel costs	(156.7)	(144.7)
Charter costs	(219.2)	(233.4)
Operating performance before overheads	30.7	56.9
Total G&A overheads	(30.5)	(28.4)
Taxation & others	(0.8)	(0.5)
Underlying (loss) /profit KPI	(0.6)	28.0
Derivatives M2M and one-off items	8.8	2.8
Profit attributable to shareholders	8.2	30.8
EBITDA	101.1*	99.3

Owned vessel costs

	2019	2018
Opex	**(80.1)**	(72.5)
Depreciation	**(60.1)**	(56.3)
Finance	**(16.5)**	(15.9)

Charter costs

	2019	2018
Non-capitalised charter costs	**(200.1)**	(233.4)
Capitalised charter costs	**(19.1)**	-

Derivatives M2M and one-off items

	2019	2018
Derivative M2M	**8.6**	4.4
Net write-back of disposal cost provision	**0.2**	-
Write-off of loan arrangement fee	**-**	(1.6)

- No interim dividend declared – but will consider a dividend of 50% of net profit for the full year

**EBITDA adjusted for the adoption of HKFRS 16 "Leases" is US$78.9m, which is comparable to previous periods*

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Appendix: Explanation of New Lease Accounting Standard (HKFRS 16 “Leases”)

Interim 2019

What are the Changes?

Leases > 12 months

Balance Sheet:
1) Right-of-Use “ROU” assets
2) Lease liabilities

Income Statement:
Operating lease expenses replaced by a sum of:
1) Depreciation of ROU assets
2) Interest expenses on lease liabilities (lease portion)
3) Technical management service costs (non-lease portion)

Leases < 12 months

Balance Sheet: Nil

Income Statement: Nil, expensed on a straight-line basis over the lease term as before the adoption of HKFRS 16 “Leases”

US$m	1H19		
	Before	HKFRS 16	As reported
P&L			
Revenue	768.8	(1.7)	767.1
EBITDA	78.9	22.2	101.1
Net profit	6.1	2.1	8.2
B/S			
Assets	2,414.6	115.1	2,529.7
Liabilities	1,174.8	117.4	1,292.2
Equity	1,239.8	(2.3)	1,237.5
Cash Flow			
Operating	72.2	20.5	92.7
Investing	(83.7)	3.3	(80.4)
Financing	(4.0)	(23.8)	(27.8)
Net change	(15.5)	-	(15.5)
Interest cover	4.0X		4.5X

- ↑ EBITDA as the charter-hire costs are replaced by interest and depreciation
- Slight increase in net profit

- ↑ Total assets as ROU assets recognised
- ↑ Total liabilities as lease liabilities recognised

- ↑ Operating cash flow due to reduced charter-hire costs
- ↓ Financing cash flow due to increase in interest and repayments of lease liabilities
- No change in net cash flow

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Interim 2019

Appendix: Handysize and Supramax Contributions

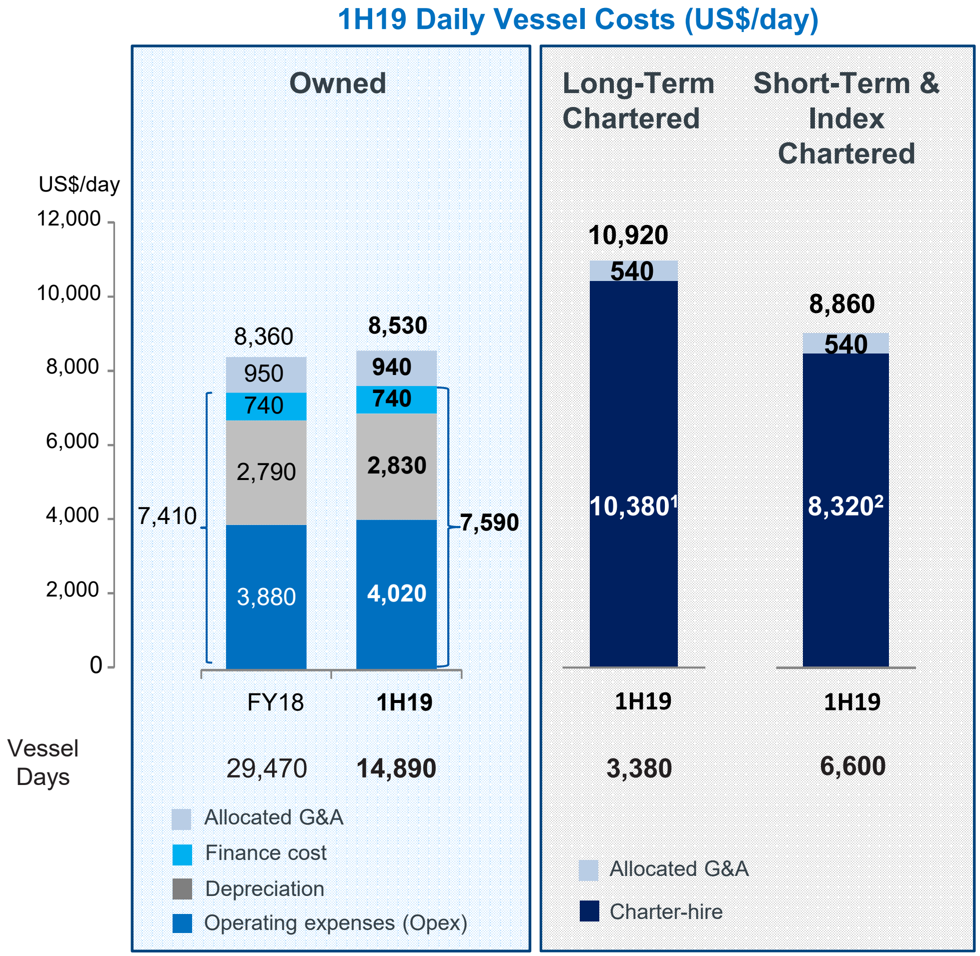
Six months ended 30 June

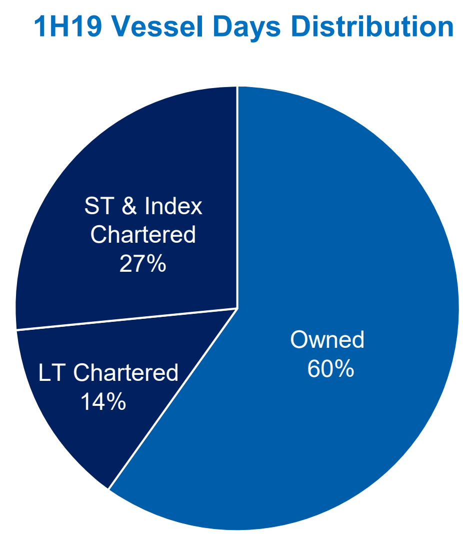
		2019	2018	Change
Handysize contribution	(US$m)	**21.2**	38.4	-45%
Revenue days	(days)	**24,450**	25,210	-3%
TCE earnings	(US$/day)	**9,170**	9,750	-6%
Owned + chartered costs	(US$/day)	**8,160**	8,150	0%
Supramax contribution	(US$m)	**7.4**	15.8	-53%
Revenue days	(days)	**16,470**	15,650	+5%
TCE earnings	(US$/day)	**10,860**	11,730	-7%
Owned + chartered costs	(US$/day)	**10,170**	10,690	-5%
Post-Panamax contribution	(US$m)	**2.1**	2.7	-22%
G&A overheads and tax	(US$m)	**(31.3)**	(28.9)	-8%
Underlying (loss) / profit	(US$m)	**(0.6)**	28.0	>-100%

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

Appendix: Handysize Vessel Costs (P/L)

As at 30 Jun 2019





US$8,160/day
Blended Daily P/L Costs before G&A Overheads
(FY2018: US$8,260)

[1] *Sum of:*
a) Capitalised charter costs: depreciation of ROU assets + interest expenses on lease liabilities
b) Non-capitalised charter costs: technical management service costs
[2] *Non-capitalised charter costs*

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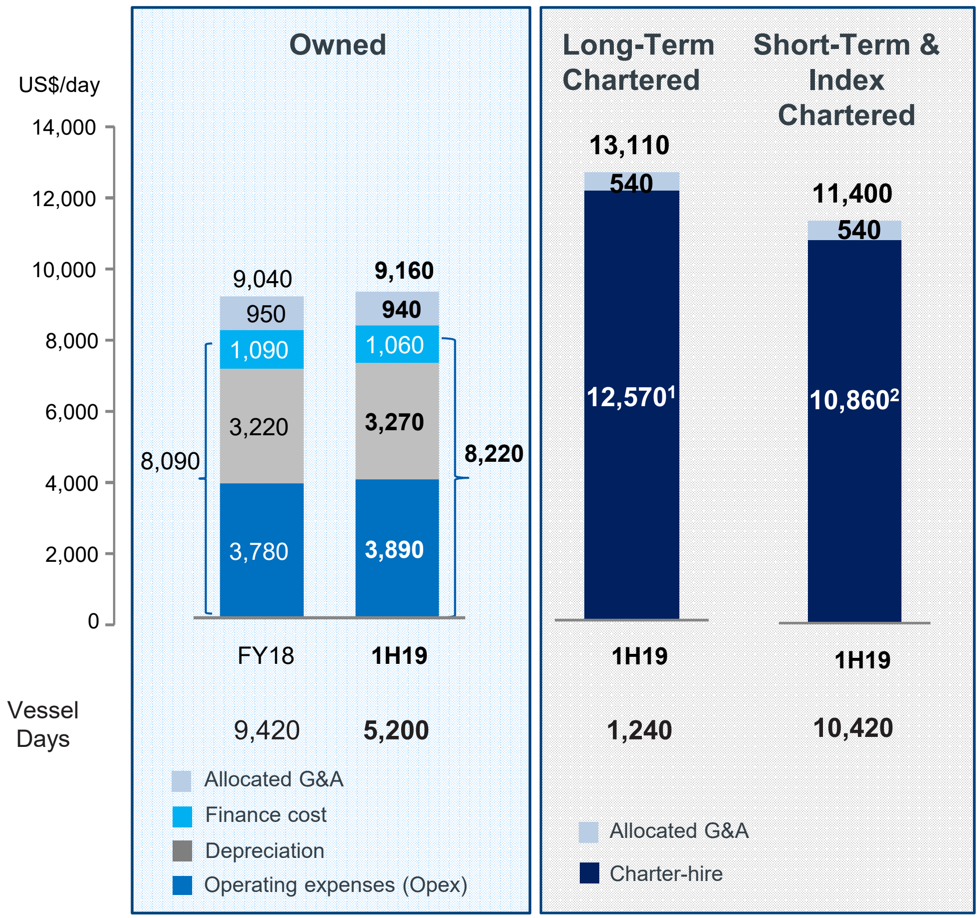
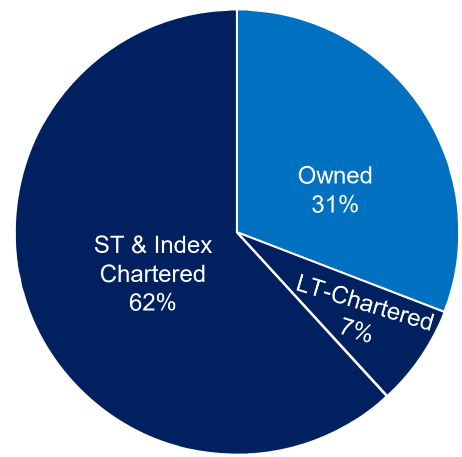
Appendix: Supramax Vessel Costs (P/L)

As at 30 Jun 2019

1H19 Daily Vessel Costs (US$/day)



1H19 Vessel Days Distribution



US$10,170/day
Blended Daily P/L Costs before G&A Overheads
(FY2018: US$10,740)

[1] Sum of:
a) Capitalised charter costs: depreciation of ROU assets + interest expenses on lease liabilities
b) Non-capitalised charter costs: technical management service costs

[2] Non-capitalised charter costs

Appendix: Significant Operational Leverage

		Handysize			Supramax			Sensitivity*
		1H19 avg. TCE (US$/d)	Vessel Days	Costs incl. G&A (US$/d)	1H19 avg. TCE (US$/d)	Vessel Days	Costs incl. G&A (US$/d)	
Largely Fixed Cost	Owned	9,170	14,890	8,530	10,860	5,200	9,160	+/- US$1,000 daily TCE US$35-40m
	LT Chartered		3,380	10,920		1,240	13,110	
Largely Variable Cost	ST Chartered and Index		6,600	8,860		10,420	11,400	Margin business, less sensitive to rates movement

Adjusted for ca. 20-25% typical long-term forward cargo cover at any point in time

** Based on current fleet and commitments, and all other things equal*

As at 30 June 2019

Appendix:
Strong Balance Sheet and Liquidity

US$m	**30 Jun 19**	31 Dec 18
Vessels & other fixed assets	**1,848**	1,808
Total assets	**2,530**	2,366
Total borrowings	**1,001**	961
Total liabilities	**1,292**	1,135
Total Equity	**1,238**	1,231
Net borrowings (total cash US$314[1]m)	**687**	619
Net borrowings to net book value of owned vessels KPI	**37%**	34%

- Vessel average net book value: 82 Handysize (11 years): $14.5m/ship
  30 Supramax (7.5 years): $20.5m/ship

[1] Our outstanding convertible bonds (US$125m) were redeemed in full after the period close

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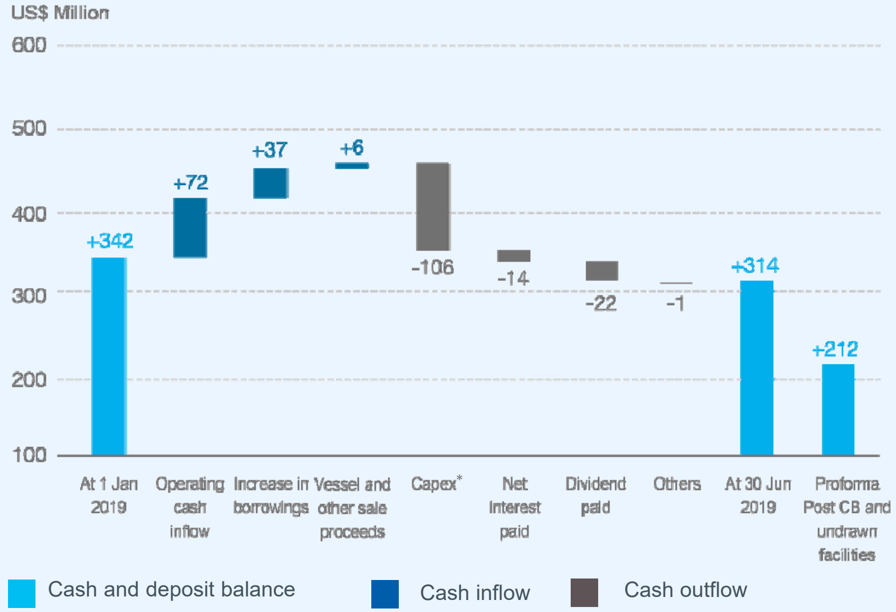
Appendix: Maintaining Strong Cash Position Following Repayment of US$125m Convertible Bonds

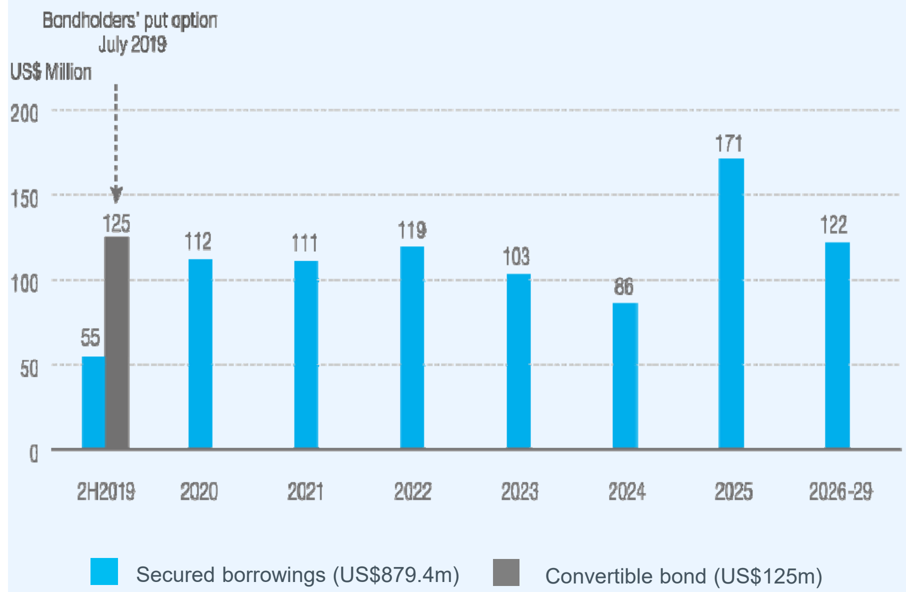
As at 30 Jun 2019

Cash Flow in 1H19 (Adjusted for HKFRS 16 “Leases”)



* Excluding US$26.2m Capex in shares

Schedule of Repayments of Borrowings



US$212m*
Profoma Cash & Deposits

KPI
4.0%
Average Cash Interest Rate

* *Proforma cash is adjusted for the redemption of our outstanding bonds in July/August 2019 (US$125m) and the additional draw down on our revolving credit facilities (US$23m) following the delivery of 2 Supramaxes in July*

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Appendix: Inward Charter-in Commitments

As at 30 June 2019

	Handysize								Supramax							
	Long-term (>1 year)			Short-term		Total			Long-term (>1 year)			Short-term		Total		
Year	Vessel days	Average rate P/L basis	Average rate Cash basis	Vessel days	Average rate	Vessel days	Average rate P/L basis	Average rate Cash basis	Vessel days	Average rate P/L basis	Average rate Cash basis	Vessel days	Average rate	Vessel days	Average rate P/L basis	Average rate Cash basis
2H2019	3,620	10,080	10,100	740	9,100	4,360	9,910	9,930	1,360	11,770	12,400	1,440	10,680	2,800	11,210	11,520
2020	4,690	10,270	10,460	–	–	4,690	10,270	10,460	1,970	11,780	12,750	60	11,260	2,030	11,760	12,710
2021	3,460	10,160	10,310	–	–	3,460	10,160	10,310	960	11,420	12,220	–	–	960	11,420	12,220
2022	2,720	9,830	10,110	–	–	2,720	9,830	10,110	470	11,150	12,280	–	–	470	11,150	12,280
2023	1,830	10,520	10,780	–	–	1,830	10,520	10,780	–	–	–	–	–	–	–	–
2024+	1,510	10,740	11,320	–	–	1,510	10,740	11,320	–	–	–	–	–	–	–	–
Total	17,830			740		18,570			4,760			1,500		6,260		

Appendix:
Dry Bulk Outlook in the Medium Term

Dry Bulk Outlook Possible market drivers in the medium term

OPPORTUNITIES

- Continued strong industrial growth and infrastructure investment in China (boosted by economic stimulus) and other emerging markets, enhancing demand for minor bulk shipping
- Easing of US-China trade tensions resulting in improved sentiment and dry bulk trade activity
- Environmental policy in China encouraging shift from domestic to imported resources
- Limited newbuilding ordering and deliveries in our segments supporting tighter supply in the medium term
- Environmental maritime regulations encouraging increased ship scrapping from current minimal levels and discouraging new ship ordering
- Supply contraction due to scrubber installations ahead of IMO 2020 and slower operating speed of ships burning more expensive low-sulphur fuel
- Easing of recent export disruptions in Brazil and the United States, resulting in stronger exports of iron ore and grain

THREATS

- Slowing global economic growth, especially in China, affecting the trade in dry bulk commodities
- Environmental policy in China encouraging greater shift to renewable energy, possibly impacting coal imports
- Worsening trade disputes impacting global GDP growth, weakening sentiment and undermining dry bulk demand
- Excessive new ship ordering if the price gap between newbuilding and secondhand ships closes
- Periods of low fuel prices supporting faster ship operating speeds which increases supply
- African Swine Fever undermining Chinese demand for imported soybean

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Appendix:
New Regulations Benefitting Stronger Companies

New Regulations	Content	Impact on the Industry	PB actions
IMO Ballast Water Treatment: Installation required at first dry-docking after 8 Sep 2019	▪ IMO and USCG requirement	▪ Capex for shipowners ▪ Increased scrapping	▪ 40 PB owned vessels fitted ▪ Retrofitting remaining owned Handysize and Supramax vessels with system based on filtration and electrocatalysis ▪ Completion in 2022 within relevant compliance deadlines
Sulphur Emissions Cap: 1 Jan 2020 Reduce capacity in short term	▪ IMO global 0.5% sulphur cap requires: i) low-sulphur fuel or; ii) exhaust gas cleaning systems ("scrubbers")	▪ Majority of global fleet (esp. Handysize) will comply using low-sulphur fuel **→slow-steaming and tighter supply** ▪ Larger vessels (incl. some Supramaxes) installing scrubbers **→docking ships for several weeks for scrubber retrofit**	▪ Thorough preparation including cleaning fuel tanks, securing good quality compliant fuel, and training crew to ensure seamless service ▪ We choose a balanced approach: ▪15 Supramaxes are now scrubber fitted and arrangements are in place to fit scrubbers on the majority of our Supramaxes ▪Expect 10-15% of our overall fleet will have scrubbers installed and no scrubbers on our Handysize ships
IMO greenhouse gas emissions reduction Reduce capacity in medium and long term	▪ Cut total greenhouse gas emissions from shipping by at least 50% by 2050 (compared to 2008), requiring efficiency improvements of at least 40% by 2030 and 70% by 2050	▪ Reducing speed ▪ Development of new fuels, engine technology and vessel designs ▪ Discouraging new ship ordering in short and medium term ▪ Increased scrapping	▪ No newbuild ordering ▪ Monitoring new technology and designs

Appendix:
Dry Bulk Demand in 2019 and 2020 Forecast

2019E Dry Bulk Trade Volumes

	Million Tonnes	YOY
Iron Ore	1,455	-1.4%
Coal	1,278	1.2%
Major bulk total	2,733	-0.2%
PB Focus		
Nickel Ore	69	21%
Bauxite / Alumina	169	17%
Manganese Ore	46	12%
Copper Concentrates	35	6%
Fertiliser	183	4%
Others	289	4%
Cement	139	4%
Scrap Steel	101	3%
Agribulks	173	3%
Forest Products	385	2%
Salt	54	2%
Wheat / Grains	330	1%
Steel Products	391	0%
Soybean	146	-1%
Sugar	58	-3%
PB focus cargoes total	2,568	3.4%
2019E Total Dry Bulk	5,301	1.5%

(tonne-mile effect = 1.4%)

2020F Dry Bulk Trade Volumes

	Million Tonnes	YOY
Iron Ore	1,487	2.2%
Coal	1,296	1.4%
Major bulk total	2,783	1.8%
PB Focus		
Bauxite / Alumina	186	10%
Manganese ore	50	9%
Scrap Steel	106	5%
Others	300	4%
Salt	56	4%
Sugar	60	3%
Soybean	151	3%
Copper Concentrates	36	3%
Fertiliser	188	3%
Forest Products	394	2%
Agribulks	177	2%
Wheat / Grains	336	2%
Cement	141	1%
Steel Products	396	1%
Nickel Ore	55	-20%
PB focus cargoes total	2,632	2.5%
2020F Total Dry Bulk	5,415	2.2%

(tonne-mile effect = 2.9%)

Source: Clarksons Research, as at Sep 2019

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Appendix: 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)

Bunker Cost / mt	TCE US$/day																	
US$	1,000	2,000	3,000	4,000	5,000	6,000	7,000	8,000	9,000	10,000	11,000	12,000	13,000	14,000	15,000	16,000	17,000	18,000
100		50%																
150		34%	50%	69%														
200			38%	50%	65%													
250			31%	40%	50%	62%	69%											
300				34%	42%	50%	60%	69%	69%									
350				36%	43%	50%	58%	58%	67%	69%								
400				32%	38%	44%	50%	50%	57%	65%	69%							
450					34%	39%	44%	44%	50%	56%	62%	68%	69%					
500					31%	35%	40%	40%	45%	50%	56%	62%	68%	69%				
550						32%	36%	36%	41%	45%	50%	55%	61%	66%	69%			
600						30%	34%	34%	38%	42%	46%	50%	55%	60%	65%	69%	69%	

Minimium Practical about 30% MCR (around 9.2 knots)

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

30% MCR = 9.2knots
50% MCR = 11knots
70% MCR = 12knots
85% MCR = 13.2knots