Pacific Basin

Annual Results 2020

25 Feb 2021

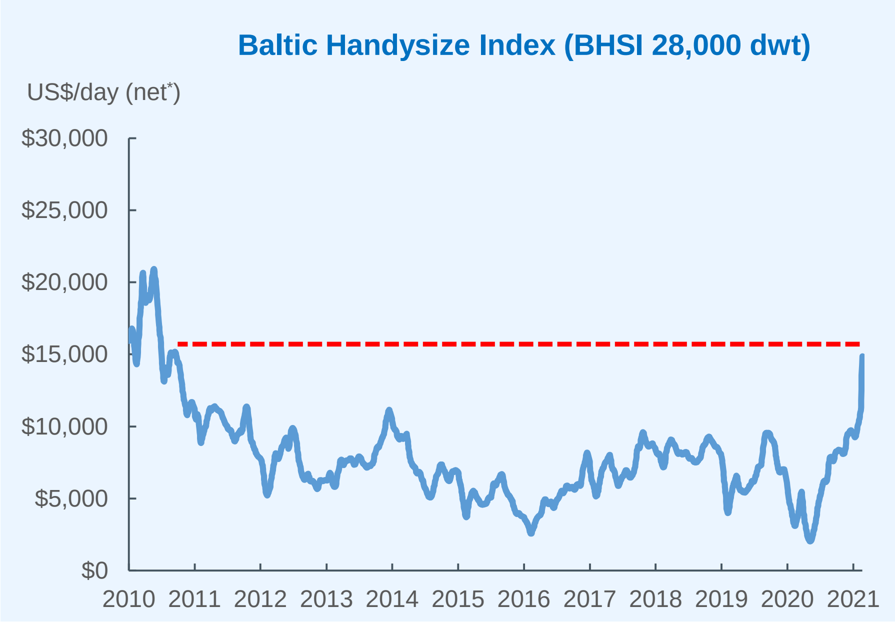
Our Pacific Basin Crew are our Heroes at Sea

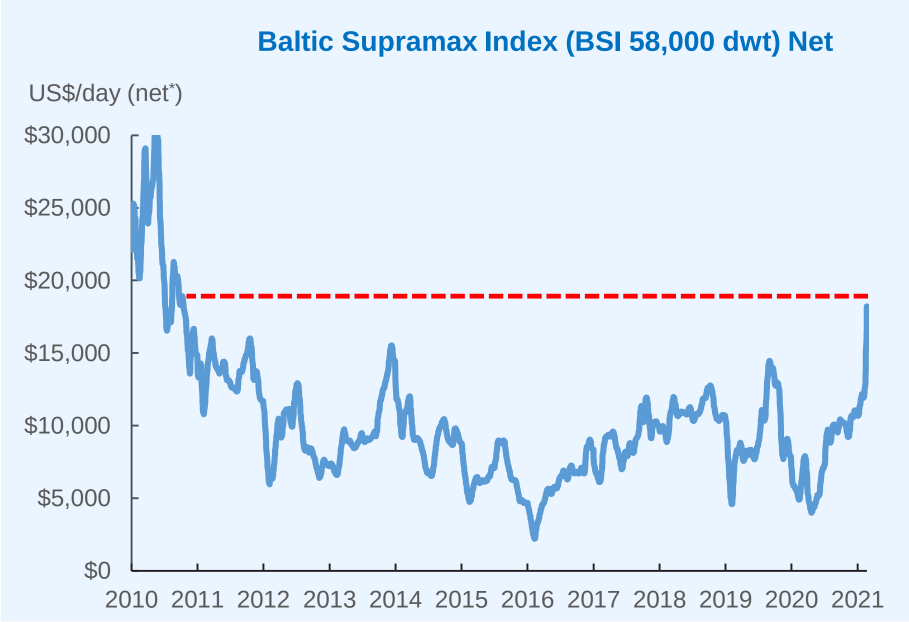
Performance and Market Review

Pacific Basin

A Remarkable Recovery – Back to 2010 Levels

- 2020 was a year of lows and highs – a very weak first half with second quarter average minor bulk freight rates at a 50-year low impacted by measures to contain the pandemic, and a remarkable demand-driven recovery from May onwards driving spot rates to levels last seen in 2010





- While the recent very sharp increase in spot rates is not expected to continue, it demonstrates that demand and supply is finely balanced and when the current extreme tightness eases, we believe that rates will settle at substantially higher levels than in recent years
- A vaccine and stimulus-powered strengthening of economic activity coupled with reducing fleet growth make us optimistic about the freight market in 2021 and the years ahead!

Source: Baltic Exchange
** Excludes 5% commission*

2020 was a Year of Two Halves

	US$million	1H20	2H20	2020	2019
P&L	EBITDA	79.2	105.5	**184.7**	230.7
	Underlying (loss) / profit	(26.6)	7.2	**(19.4)**	20.5
	Net profit	(222.4)	14.2	**(208.2)**	25.1

	US$million	1H20	2H20	31 Dec 2020	31 Dec 2019
B/S	Available liquidity	349.5	362.5	**362.5**	382.8
	Net gearing	41%	37%	**37%**	35%

- In 2020 we delivered a positive annual EBITDA of US$184.7 million and an annual underlying loss of US$19.4 million
- In the first half of the year our TCE earnings were below break-even resulting in an underlying loss for the period. Net profit was further impacted by a non-cash US$198.2 million impairment of our Handysize fleet, primarily on our smallest and oldest Handysize vessels
- In the second half our TCE earnings recovered resulting in an underlying profit of US$7.2 million for the period.
- We also improved available liquidity to US$362.5 million and net gearing reduced from 41% to 37% compared to our position in June

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Continued Strong Outperformance

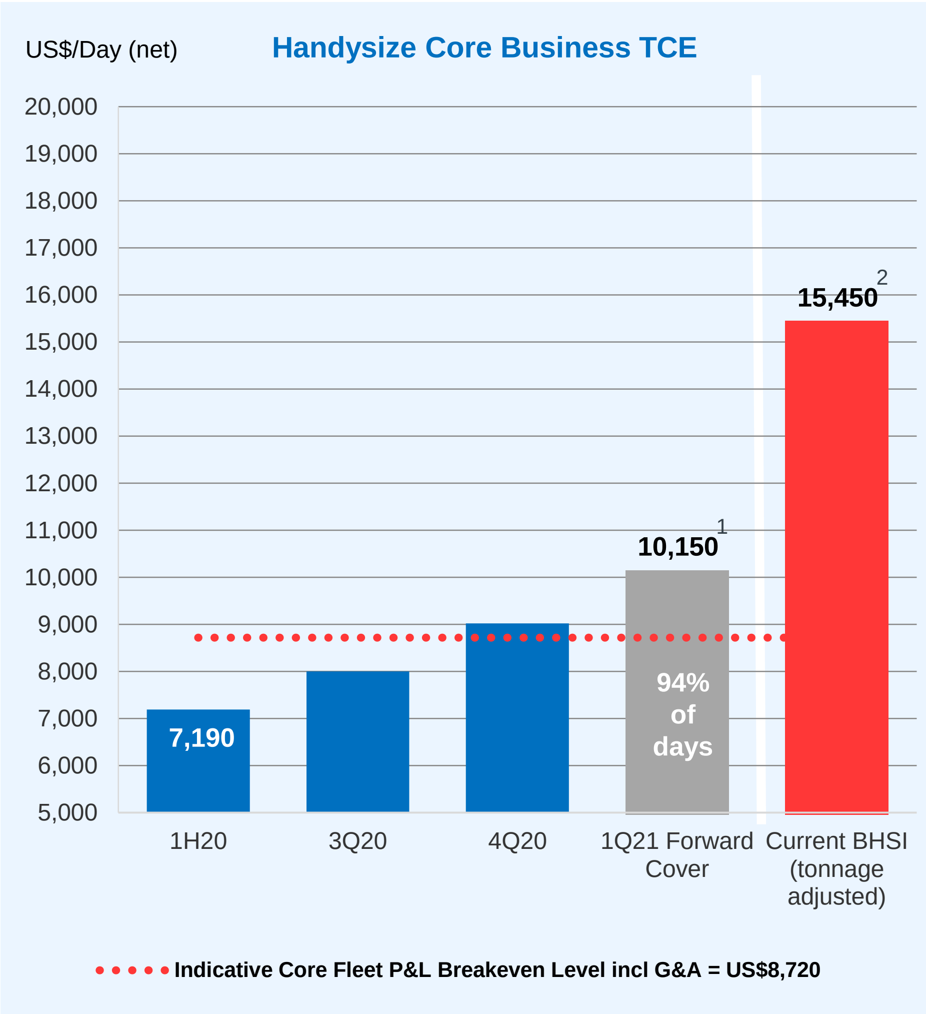
Core Business	PB Outperformance vs Index (per day)	
	Last 5 years* (US$)	2020 (US$)
Handysize	1,720	1,140
Supramax	1,490	3,360

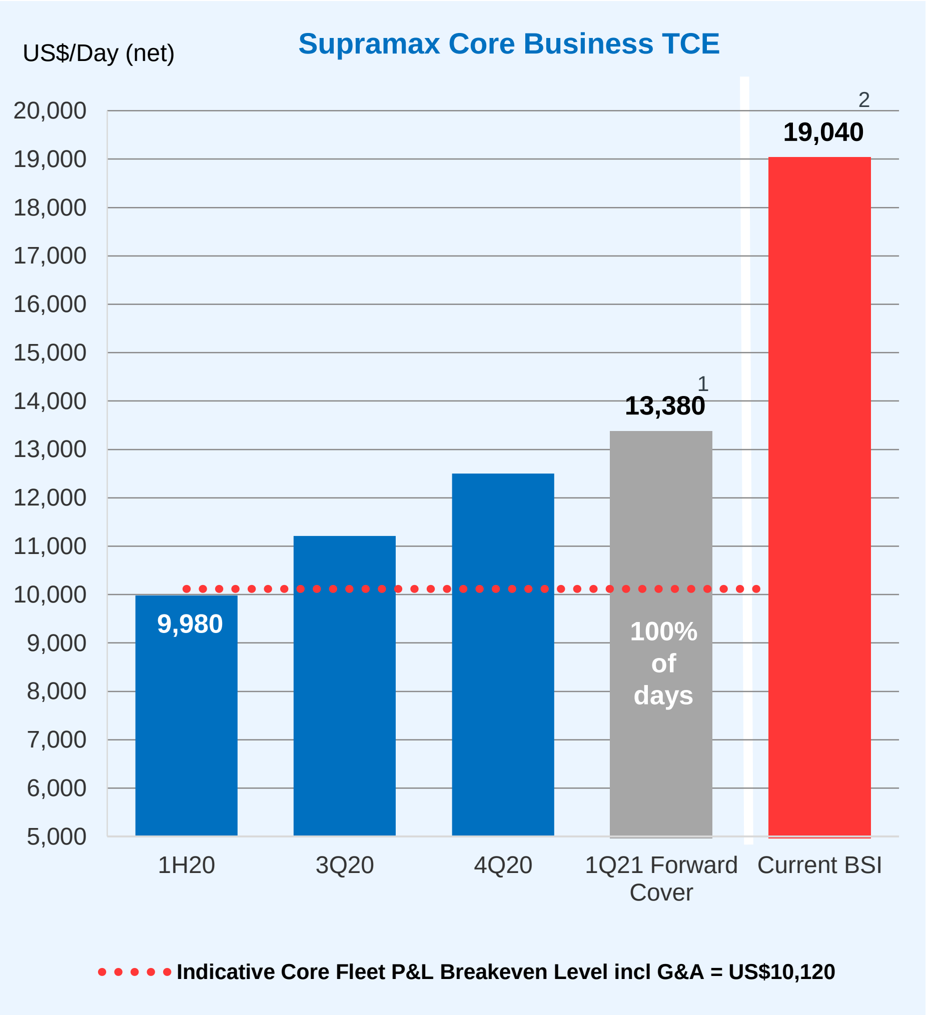
Operating Activity	Last 5 years (US$)	2020 (US$)
Margin (per day)	650	1,080

** Historical data has not been restated to split 'operating activity' from 'core business'*

- Particularly strong outperformance in Supramax due to (a) significant scrubber benefit early in the year and (b) a relatively stronger Atlantic market where the majority of our Supramaxes trade
- Our performance tends to narrow in a rising market due to (a) existing cargo contracts committed at prior lower levels and (b) the 1-3 month lag between spot market fixtures and execution of voyages

Positive TCE Trend Continues

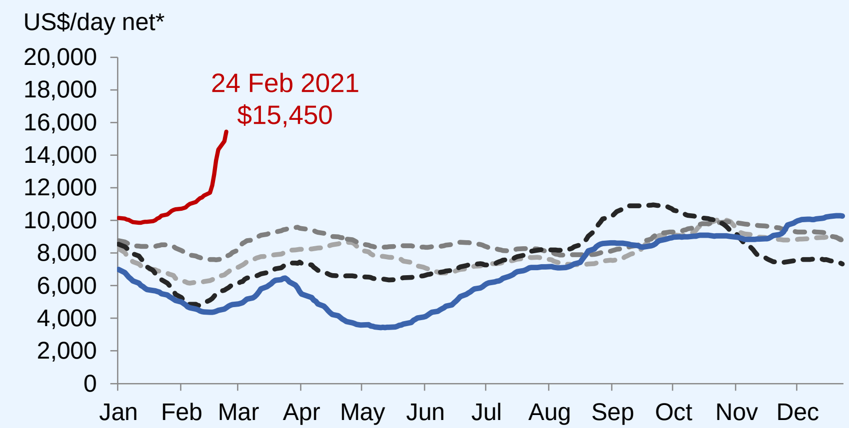




[1] *Indicative 1Q TCE only, voyages are still in progress*
[2] *As at 24 February 2021*

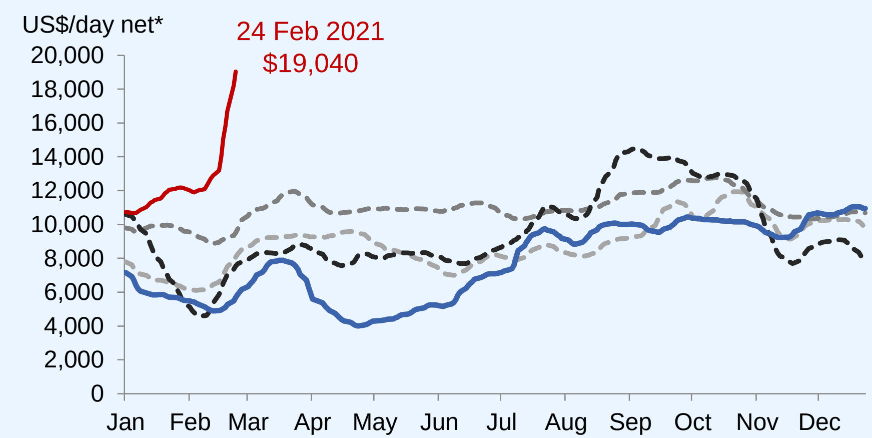
Market Rates at 10-Year Highs

Handysize Market Spot Rates in 2017-2021[1]



[1] *BHSI 38,000 dwt tonnage adjusted*

Supramax Market Spot Rates in 2017-2021[2]



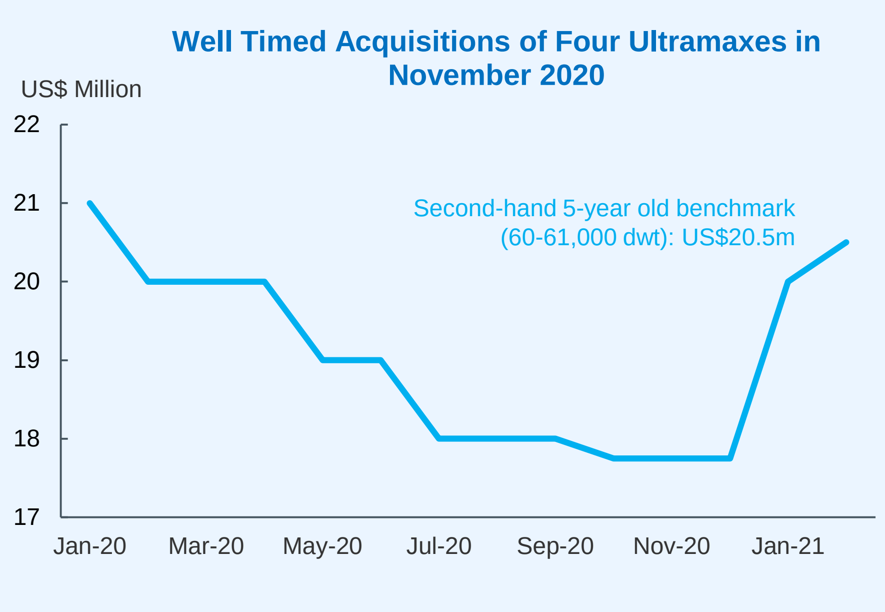
[2] *Baltic Supramax Index 58,000 dwt tonnage*

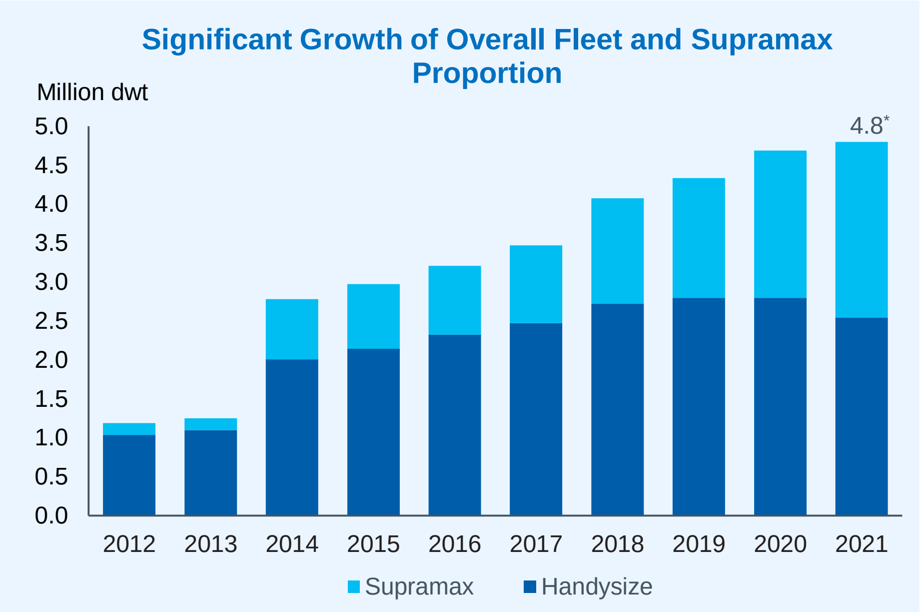
* *Excludes 5% commission*
Source: Baltic Exchange

2017 2018 2019 2020

- The dry bulk freight market has staged a remarkable recovery since the pandemic-induced low in May last year
- Handysize and Supramax spot rates today are at 10-year highs
- The recovery is driven by:
  - strong Chinese dry bulk imports which grew 8% YoY overall in spite of the pandemic
  - global shipments of grain grew by more than 8% (not negatively affected by the pandemic)
  - recovering demand for Asian coal (Indian coal in particular) and construction material
  - unlike the fourth quarters of 2018 and 2019 that were negatively impacted by US tariffs and swine fever in China, US grain exports (including to China) were very strong. This has continued into 2021 and is partly why Atlantic rates are significantly above Pacific rates

Significant Leverage from Our Larger Owned Fleet



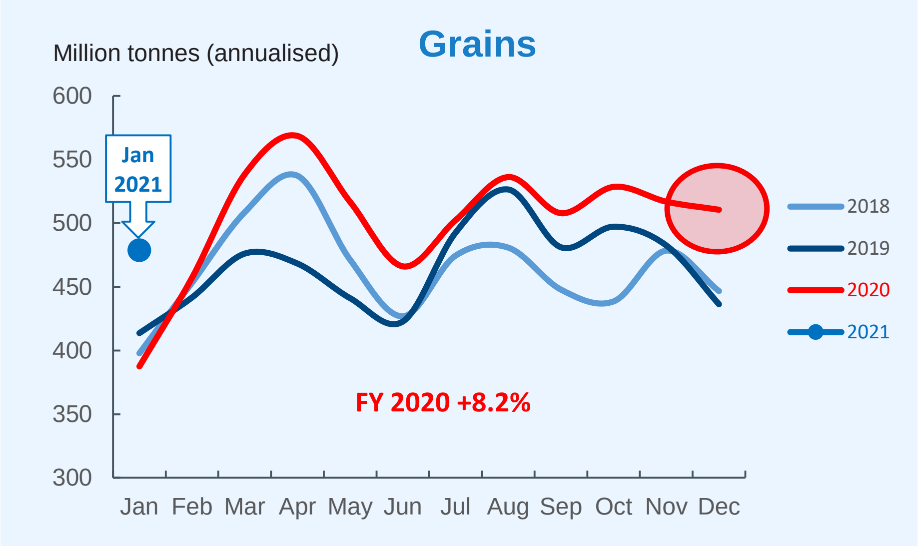


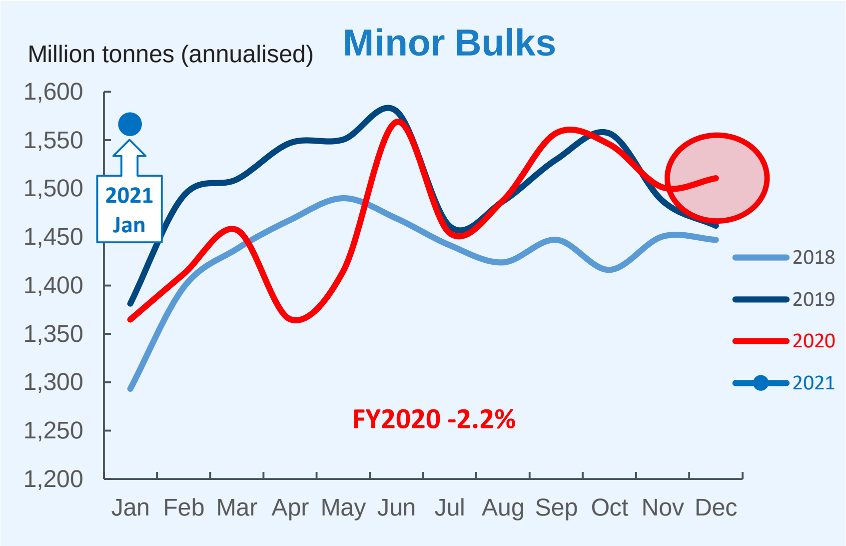
Source: Clarksons Research

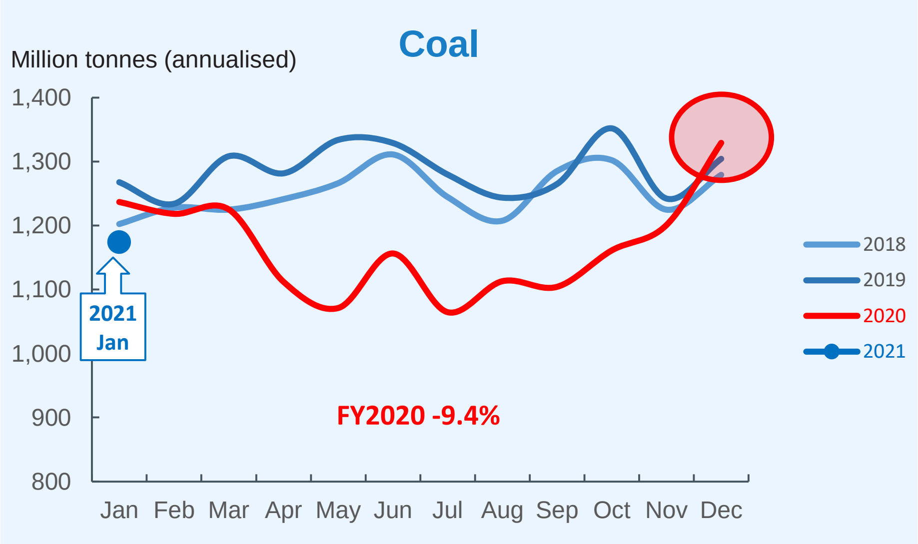
**Including purchased and sold vessels scheduled to deliver in the first half of 2021*

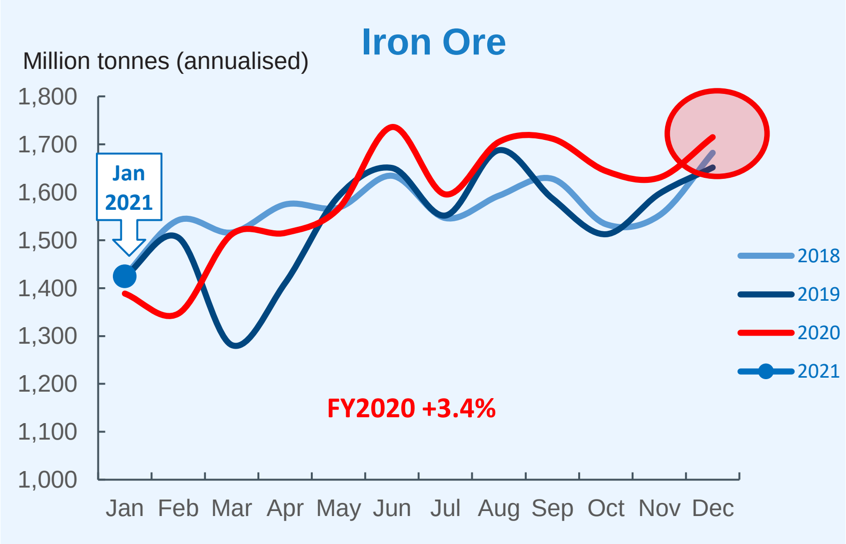
- Pacific Basin has grown its owned fleet significantly in recent years particularly in Supramaxes and Ultramaxes, while continuing to divest older, smaller Handysize vessels
- Supramaxes and Ultramaxes have larger earnings upside in strong markets
- On the back of improving freight rates, asset values have rebounded by 10%-15% since the lows of last year
- The most recent acquisitions of five modern Ultramax ships have been well timed

All Commodity Groups were Up YoY in December
Strong Start to 2021





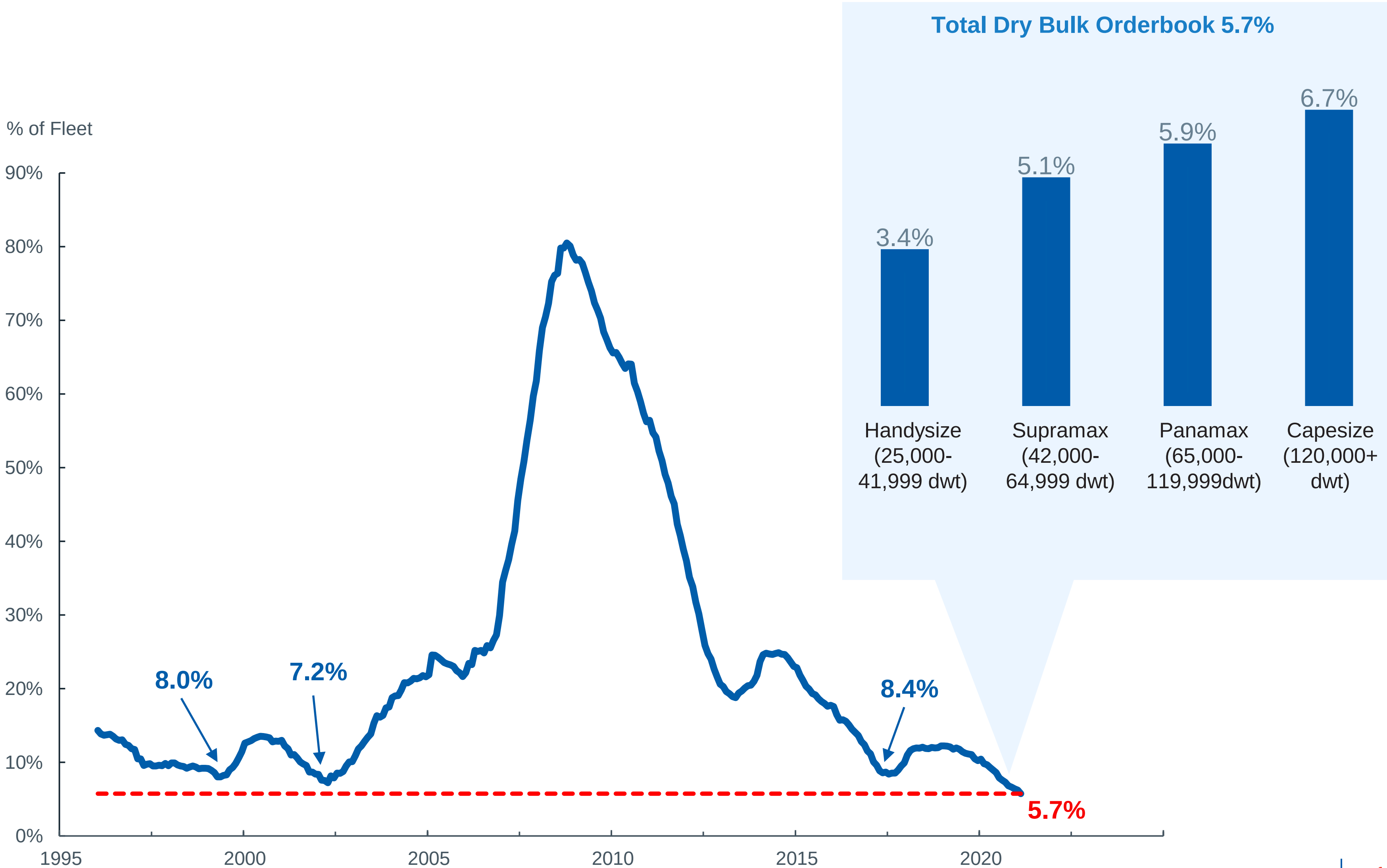




Note: Percentage changes are year-on-year comparisons

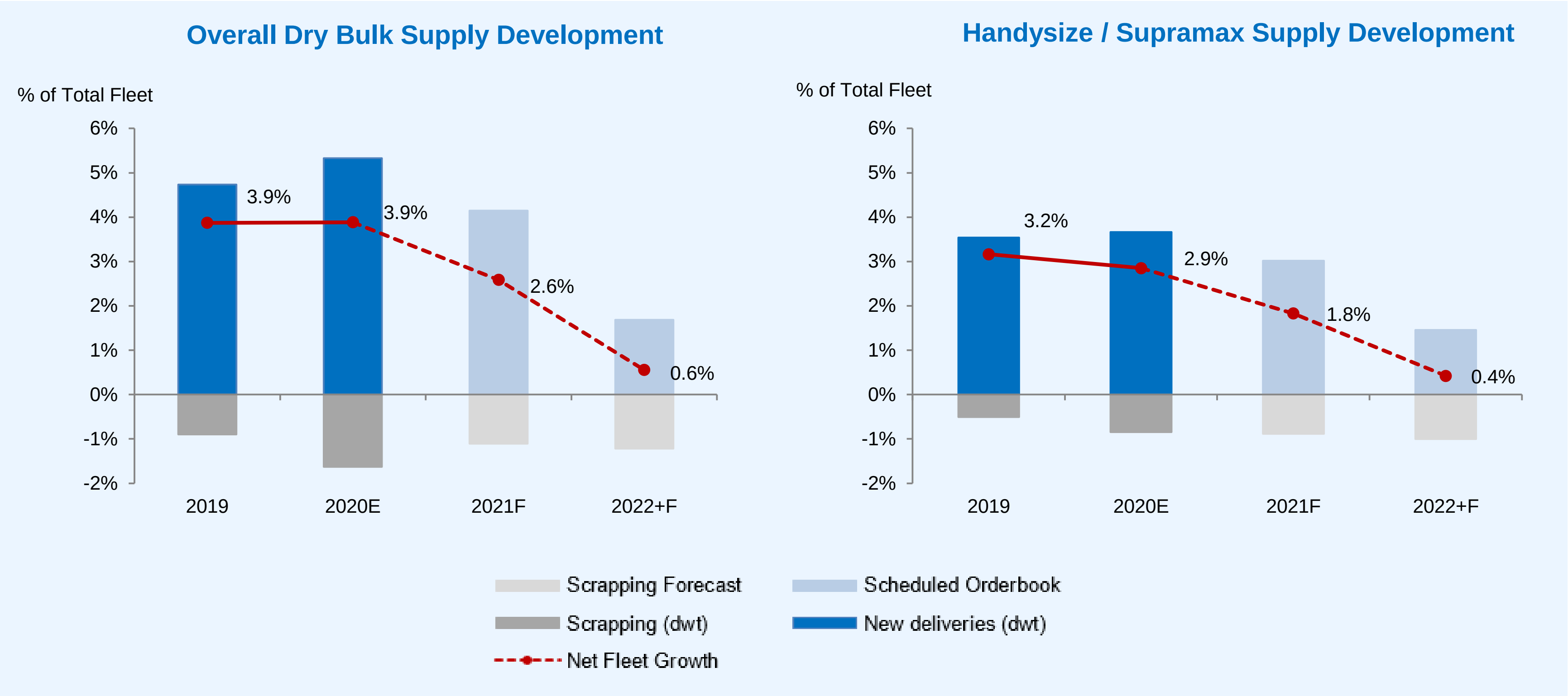
Source: Includes indicative data and material from AXSMarine, all rights reserved
Data subject to revision. Data is in reference to total market dry cargo trade

Dry Bulk Orderbook is at a Multi-Decade Low and is Set to Decline Further



Source: Clarksons Research

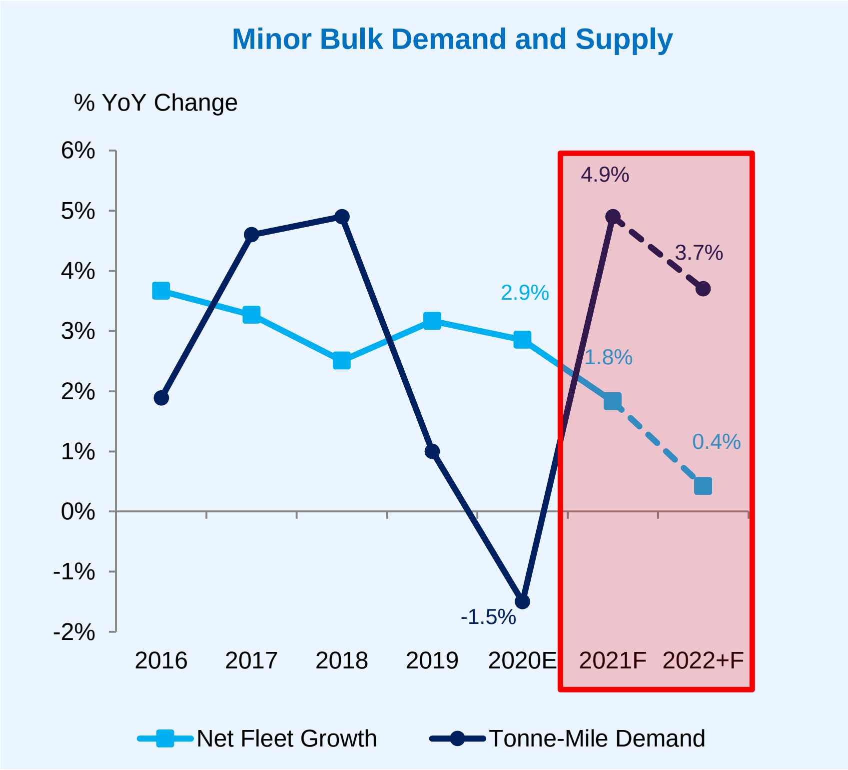
Supply Growth is Expected to Slow

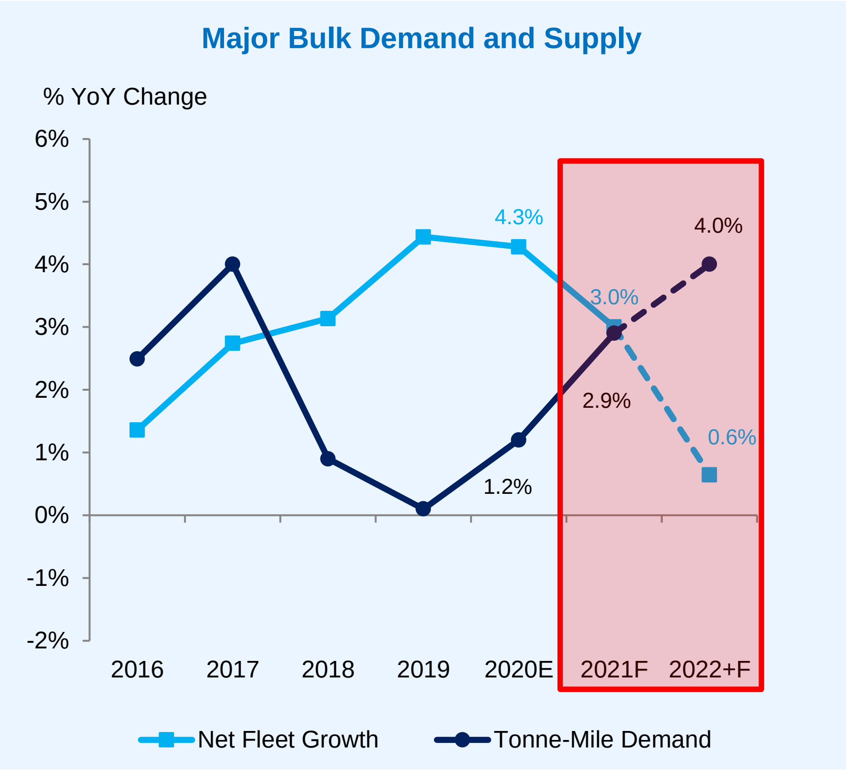


- Supply growth in the first half of 2020 was high, but moderated in the second half
- Scheduled deliveries for 2021 are 30% lower compared to actual 2020 deliveries
- We expect new ordering to remain muted despite higher freight rates due to the price differential between newbuildings and second-hand ships and uncertainty around environmental regulation
- The fleet growth for Handysize and Supramax is lower than for larger vessels

Source: Clarksons Research

Significantly Improving Demand / Supply Balance





- IMF forecasts global GDP growth of 5.5% for 2021, moderating to 4.2% in 2022
- Clarksons Research forecasts minor bulk demand growth of 4.9% and 3.7% in 2021 and 2022, versus supply growth of 1.8% and 0.4% respectively

Source: Clarksons Research

Financial Review

Weak First Half of 2020 and Fleet Impairment Negatively Impacted Our Annual Results

US$m	FY20	FY19
Revenue	**1,470.9**	1,585.9
Voyage expenses	**(702.6)**	(720.2)
Time-charter equivalent ("TCE") earnings	**768.3**	865.7
Owned vessel costs	**(333.3)**	(327.1)
Charter costs	**(392.7)**	(456.0)
Operating performance before overheads	**42.3**	82.6
Adjusted total G&A overheads	**(61.2)**	(61.2)
Taxation & others	**(0.5)**	(0.9)
Underlying (loss)/profit KPI	**(19.4)**	20.5
Derivatives M2M and one-off items	**(188.8)**	4.6
(Loss)/profit attributable to shareholders	**(208.2)**	25.1
EBITDA	**184.7**	230.7

Owned vessel costs

	FY20	FY19
Opex	**(174.6)**	(167.4)
Depreciation	**(125.3)**	(127.5)
Finance	**(33.4)**	(32.2)

Charter costs

	FY20	FY19
Non-capitalised	**(358.8)**	(417.1)
Capitalised	**(33.9)**	(38.9)

Derivatives M2M and one-off items

	FY20	FY19
Vessel impairment	**(199.6)**	-
Closed-out gains on fuel price hedges	**8.3**	-
Derivative M2M	**4.3**	7.8
Disposal loss of vessels	**(1.8)**	(5.1)
Write-back of provision	**-**	1.9

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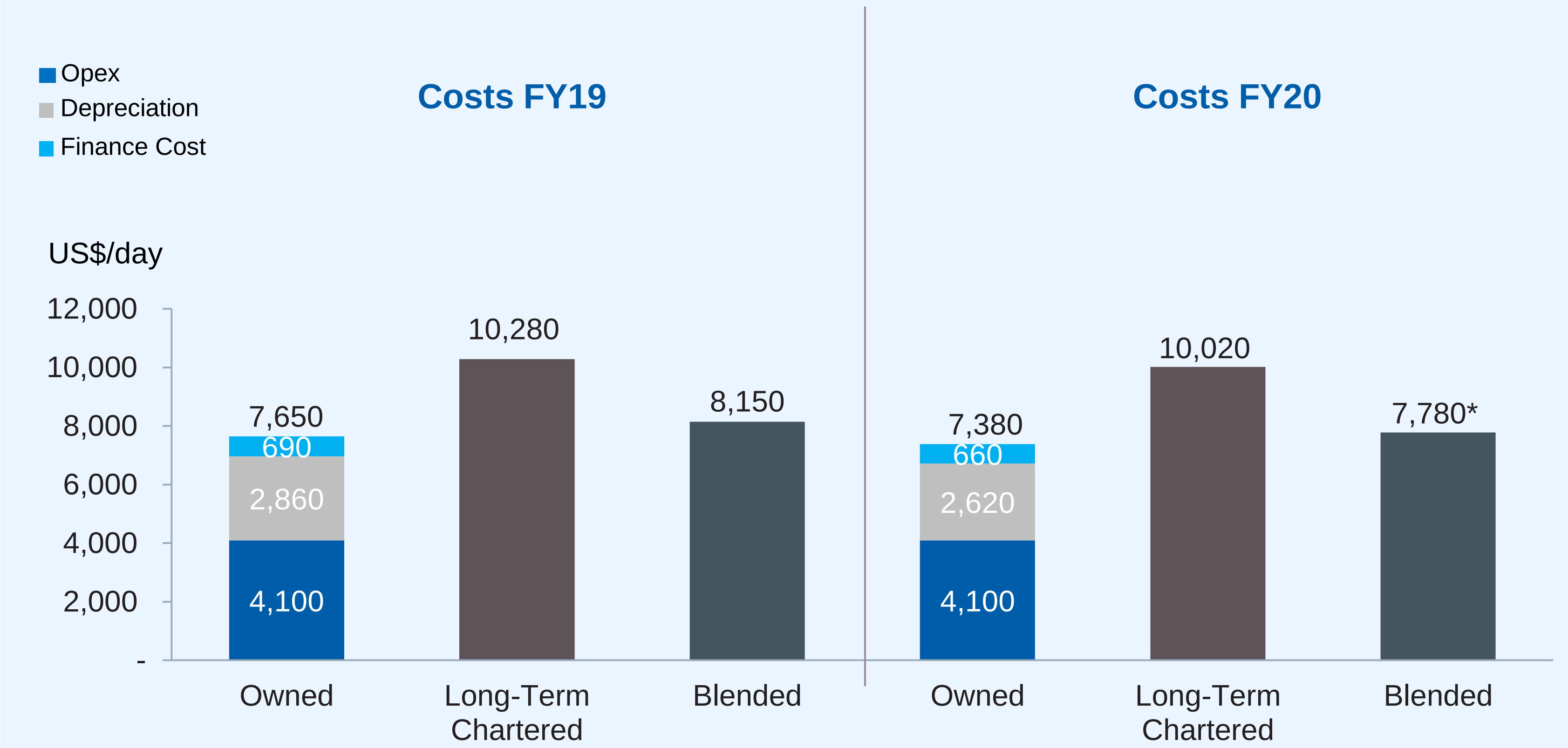
Supramax Outperformed in 2020

		1H20	2H20	FY20
Handysize contribution	**(US$m)**	(16.0)	12.3	**(3.7)**
Core Revenue days	(days)	16,980	17,140	34,120
Core TCE earnings	(US$/day)	7,190	8,520	7,860
Core Owned + chartered costs	(US$/day)	7,920	7,640	7,780
Supramax contribution	**(US$m)**	5.0	20.0	**25.0**
Core Revenue days	(days)	6,950	7,170	14,120
Core TCE earnings	(US$/day)	9,980	12,260	11,140
Core Owned + chartered costs	(US$/day)	8,960	9,400	9,180
Operating Activity contribution	**(US$m)**	12.5	4.2	**16.7**
Post-Panamax contribution	**(US$m)**	2.1	2.2	**4.3**
Adjusted G&A overheads and tax	**(US$m)**	(30.2)	(31.5)	**(61.7)**
Underlying (loss)/profit	**(US$m)**	(26.6)	7.2	**(19.4)**

Handysize – Costs Well Controlled

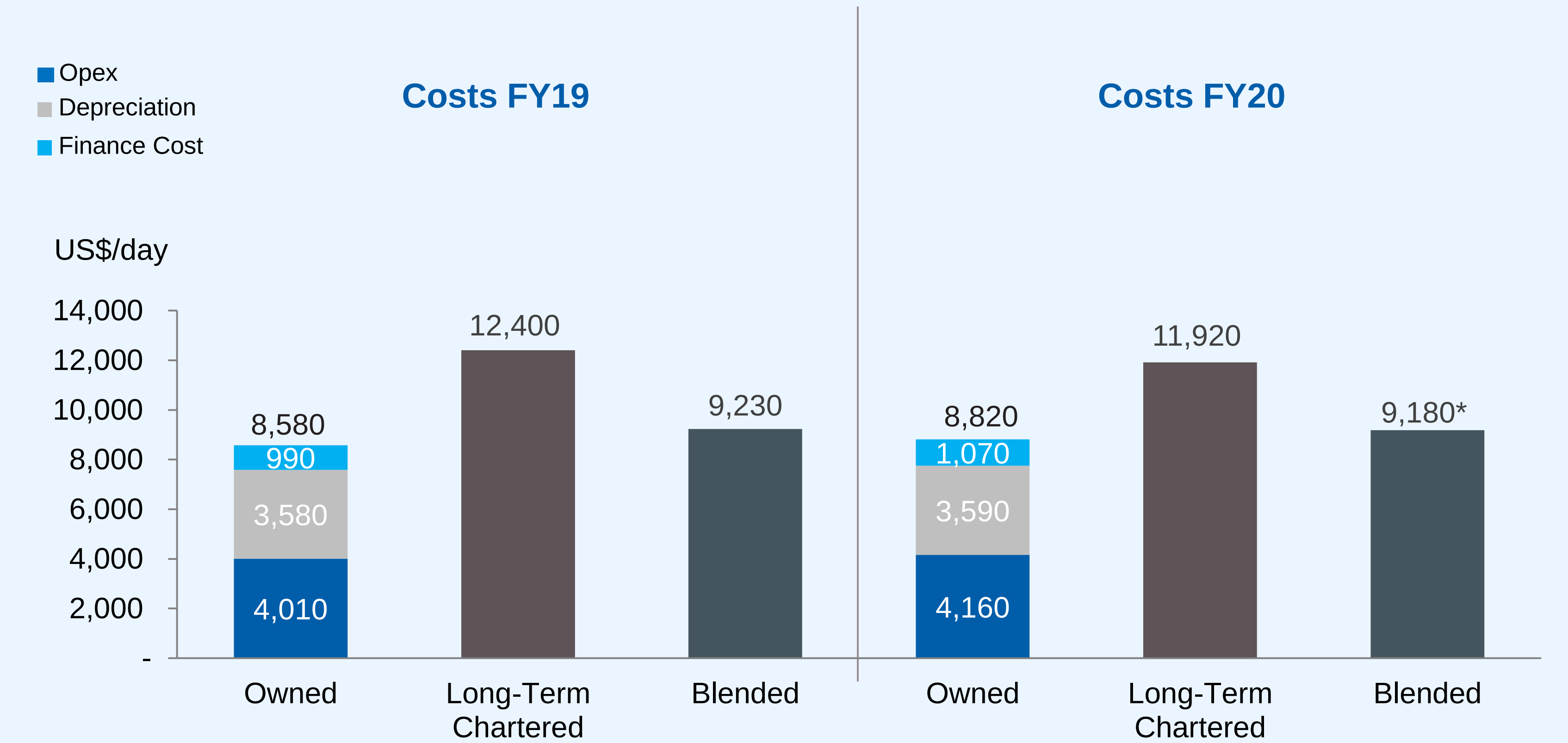


No. of Ships as at 31 Dec 2020:	79	14	93

- G&A per day in 2020 was US$940 for our owned ships and US$520 for our chartered in ships
- Including G&A our core business blended Handysize costs reduced by US$370 per day to US$8,720*

*Indicative Core Fleet P&L Breakeven Level incl G&A = US$7,780 + US$940 (Owned G&A) = US$8,720/day

Supramax – Blended Costs Reducing as LT Charters Redeliver

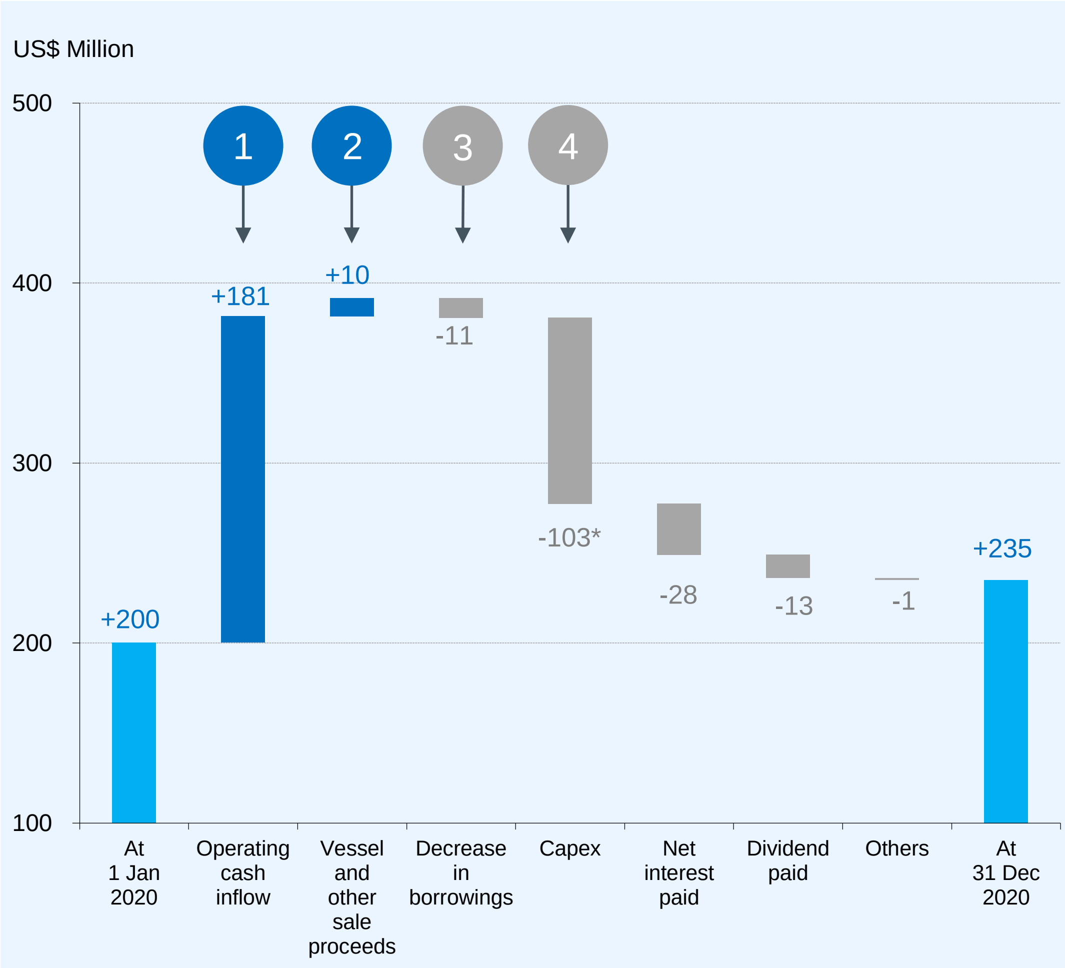


	Owned	Long-Term Chartered	Blended
No. of Ships as at 31 Dec 2020:	35	4	39

- G&A per day in 2020 was US$940 for our owned ships and US$520 for our chartered in ships
- Including G&A our core business blended Supramax costs reduced by US$50 per day to US$10,120*

*Indicative Core Fleet P&L Breakeven Level incl G&A = US$9,180 + US$940 (Owned G&A) = US$10,120/day

Cash Inflow and Outflow in 2020



Cash and Deposits balance
Cash inflow
Cash outflow

1. Operating cash inflow was US$181.5 million, inclusive of all long and short-term charter hire payments. Despite lower TCE rates, this was higher than the same period last year due to movements in working capital
2. Proceeds from sale of 3 vessels
3. Borrowings decreased due to net repayments of US$177.7 million offset by draw down US$166.2 million on committed facilities
4. Capex was US$103.4 million of which we paid US$38.4 million for acquired vessels and US$65.0 million for dry dockings, scrubbers and BWTS

The information on this slide is presented before the adjustments required by HKFRS16 "Leases"

** Excluding Capex of US$11.9 million funded by the issuance of shares*

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Strong Balance Sheet – Headroom to Grow

Balance Sheet Summary

US$m	2020	2019
Vessels & other fixed assets	**1,665**	1,875
Total assets	**2,190**	2,394
Total borrowings	**864**	863
Total liabilities	**1,125**	1,118
Total Equity	**1,065**	1,276
Net borrowings	**629**	663
Net borrowings to net book value of owned vessels KPI	**37%**	35%
Committed liquidity	**362.5**	382.8

- Vessels & other fixed assets reduced compared to 2019 due to the US$199.6 million impairments of the Handysize fleet
- This resulted in a slight increase in our net borrowings to net book value of owned vessels to 37% compared to 2019 despite reducing net borrowings (although an improvement on the 41% recorded at 30 June 2020)
- During the year we raised a total of US$63.3 million in new secured borrowings from banks and owners and renewed our US$50 million unsecured 364-day facility – all at very competitive cost
- At 31 December 2020 we had US$362.5 million in committed liquidity providing us with ample headroom to continue to grow and renew our fleet after meeting all our committed capital expenditure and scheduled debt amortisation

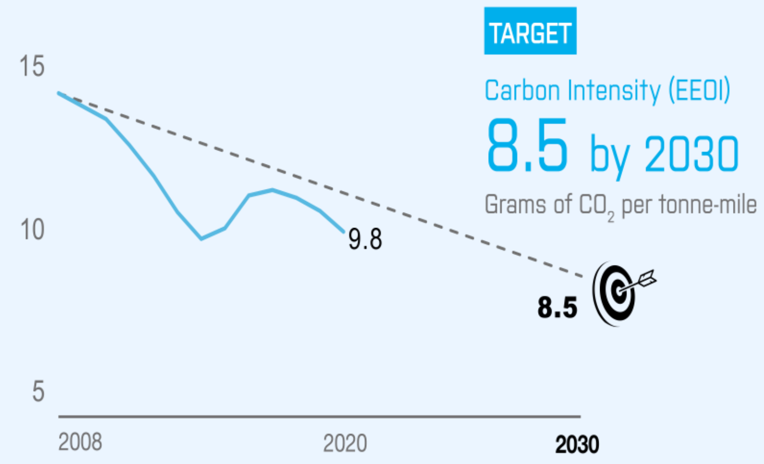
Strategy and Priorities

Pacific Basin

Our Strategic Direction and Priorities

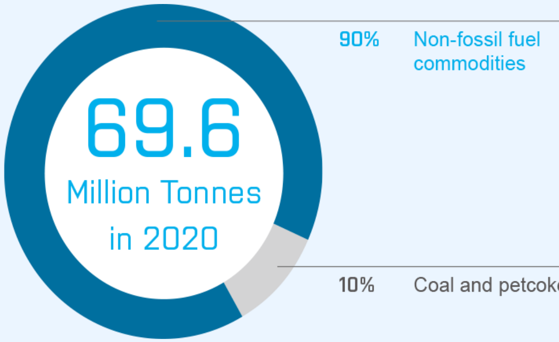
- **Maintain and grow our cargo focus and scale as both a fully integrated owner and operator** – Both asset heavy and asset light
- **Empowered local chartering and operations teams close to customers**
  – With best in class centralised support and systems
- **Continue our Supramax fleet growth and Handysize renewal strategy, acquiring quality secondhand ships and divesting older, smaller vessels**
  – Continue to reduce long-term chartered ships
- **Secondhand vessel acquisitions resumed –** more certainty in market conditions, we are assessing opportunities to acquire second-hand vessels at attractive prices
- **No new ordering of existing technology ships**
  – Due to high prices and low returns, and as new regulations will change ship designs and technology – Wait until low-emission ships become technically and commercially viable
- **We are investing in further optimisation, systems and process improvement** – Both on board and ashore, including fuel and energy savings, automation, software and AIS data
- **Keep building our brand**
  – Long-term thinking, in-house ship management, safety, care and quality in everything we do
- **Keep our balance sheet and liquidity strong**

We Are On Track To Meet Our Carbon Intensity Targets



We are Well Placed in a Decarbonising World

As the world decarbonises, Pacific Basin will continue to carry the non-fossil fuel commodities that will be the mainstay of future global seaborne trade



Our Carbon Reduction Measures

- Maintain a high laden-to-ballast ratio (>90%)
- Modernise our fleet by trading up to the best design second hand ships which are younger, larger and more efficient
- Adopt latest energy-efficient operating measures and technologies on our ships
- Support the development of potential zero-carbon fuels and vessels
- Voluntarily offset our emissions with carbon credits

Customers Prefer Freight Partners who Own and Manage their Own Fleets

- We control and drive the technological and operational measures to continually improve our carbon efficiency
- We have better control of safety, labor standards and environmental practices and performance
- Having our own large and interchangeable fleet, crews and in-house technical operations enhances responsiveness and seamless service and support for customers
- Our experienced crews and uniform ships are better prepared and equipped for customers' needs

We are Well Positioned for the Future

Healthy Demand Outlook

- Vaccine and economic stimulus expected to lead demand recovery
- IMF forecast global growth of 5.5% in 2021
- Clarkson Research expects 4.9% minor bulk demand growth in 2021

+

Favourable Supply Fundamentals

- Dry bulk orderbook at 5.7% (lowest in modern time)
- Handy/Supra expected fleet growth of 1.8% in 2021 and lower in 2022
- Environmental regulations discouraging new ordering
- Regulation will lead to speed restrictions

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Pacific Basin Operating Leverage

- Large owned fleet with fixed costs including increasing Supramax proportion means significant leverage
- Competitive costs and track record of TCE outperformance
- Strong balance sheet allowing strategically timed investment

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Earnings sensitivity to rates*

+/- US$1000 daily TCE

+/- US$35-40m in underlying earnings

** 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
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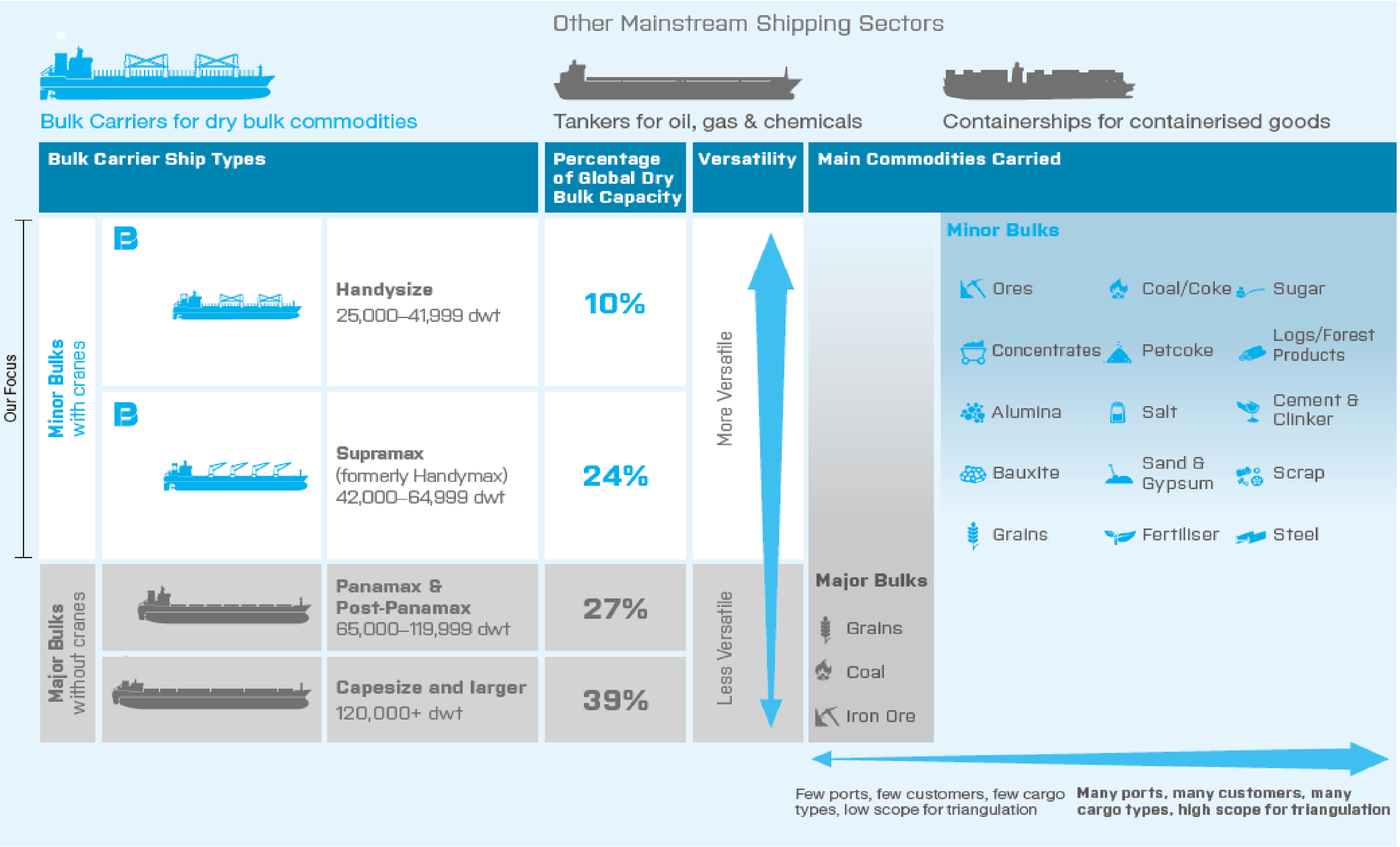
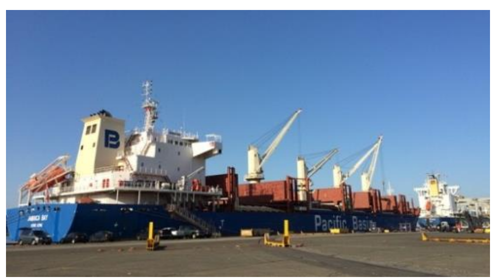
Appendix:
Understanding Our Core Market

The Dry Bulk Sector



Appendix:
Pacific Basin Overview

- We operate the world's largest fleet of interchangeable high-quality Handysize and Supramax ships, equipping us for efficient trading and reliable service any time and anywhere
- Cargo system business model – consistently outperforming market rates
- Own 113* Handysize and Supramax vessels, with 252 owned and chartered ships on the water serving major industrial customers around the world
- Hong Kong headquartered and HKEx listed, 12 offices worldwide, 343+ shore-based staff, 4,100+ seafarers
- Strong balance sheet with US$362.5 million committed liquidity as of 31 December 2020
- 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

Owned fleet as at 31 January 2021

Appendix: Strategic Model

- **Delivering TCE earnings that outperform the market**
- **Delivering long-term shareholder value with attractive returns over the shipping cycle**

MARKET-LEADING CUSTOMER FOCUS & SERVICE

Priority to build and sustain long-term customer relationships

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

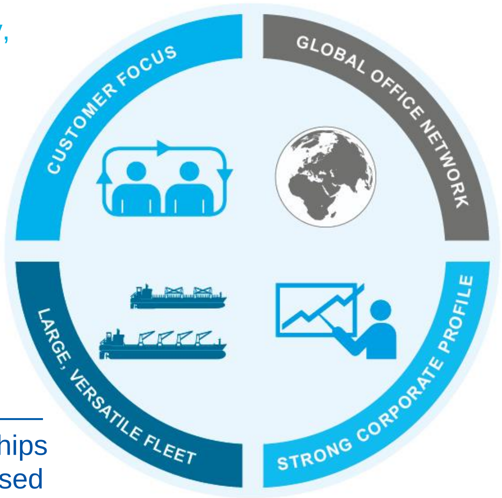
Close partnership with customers generates enhanced access to spot cargoes and long-term cargo contract opportunities of mutual benefit

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 access to capital

Responsible observance of stakeholder interests and commitment to sustainability and good corporate governance

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

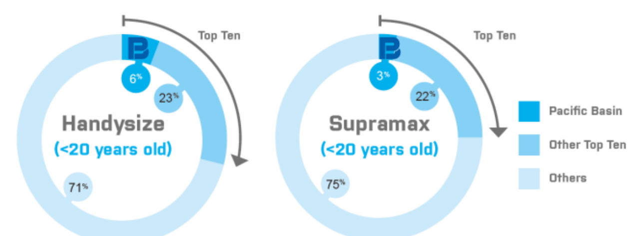
Managed In-house and Highly Versatile

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 approximately 6% of global 25-42,000 dwt Handysize ships of less than 20 years old

We operate approximately 3% of global 42-65,000 dwt Supramax ships of less than 20 years old

Pacific Basin

Appendix: Diversified Cargo Mix

Our Cargo Volumes in 2020

Minerals

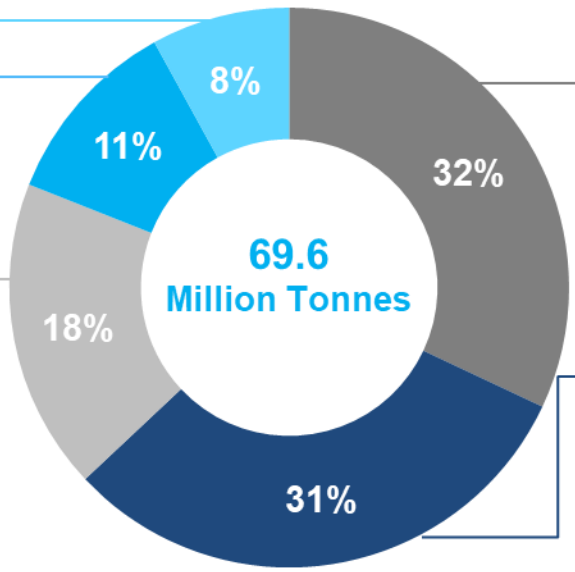
Salt	4%
Sand & Gypsum	3%
Soda Ash	1%

Energy

Coal	6%
Petcoke	4%
Wood Pellets	1%

Metals

Ores	7%
Concentrates	6%
Alumina	4%
Others	1%



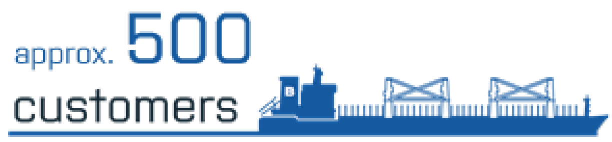
Agricultural Products & Related

Grains & Agricultural Products	20%
Fertiliser	8%
Sugar	4%

Construction Materials

Cement & Cement Clinkers	12%
Logs & Forest Products	10%
Steel & Scrap	9%

- Diverse range of commodities reduces product risk
- China and North America are our largest markets



Appendix:
Fleet List as at 31 January 2021

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Our Fleet

114 Vessels owned[1,2]

20 LT Chartered

118 ST Chartered[3]

252 Total

Our Fleet (as at 31 January 2021)

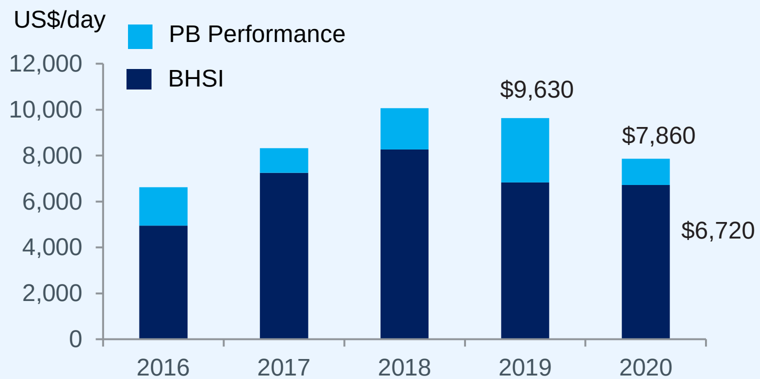
	Vessels in operation			Total
	Owned[1,2]	Long-term Chartered	Short-term Chartered[3]	
Handysize	77	15	41	133
Supramax	36	4	77	117
Post-Panamax	1	1	–	2
Total	114	20	118	252

1 Including 1 vessel we committed to purchase in 2020 that delivered in February 2021
2 Excluding an additional 4 vessels purchased and 2 sold that are scheduled to deliver in the first half of 2021
3 Average number of short-term and index-linked vessels operated in January 2021

Appendix:
Continue to Outperform on Every Level

Handysize Performance vs Market

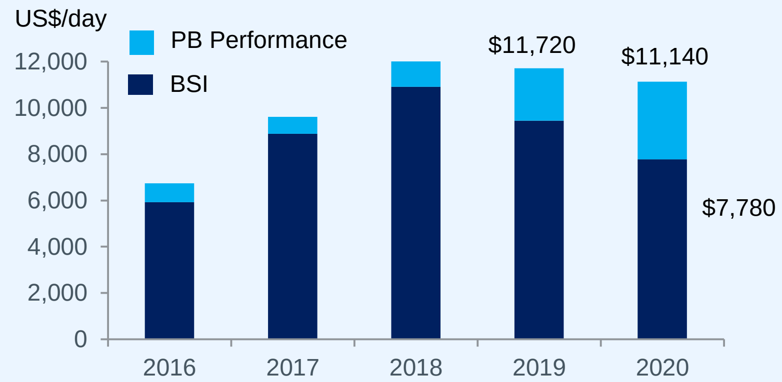
US$1,720/day average premium
in last 5 years



Note: Historical data has not been restated to split operating activity from core business

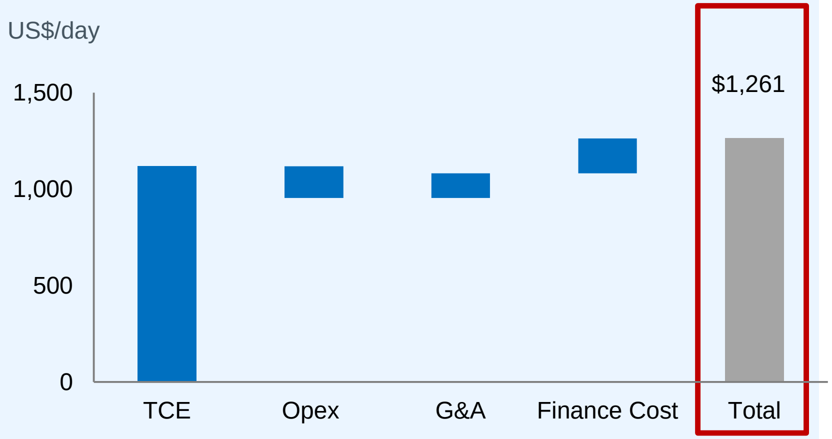
Supramax Performance vs Market

US$1,490/day average premium
in last 5 years

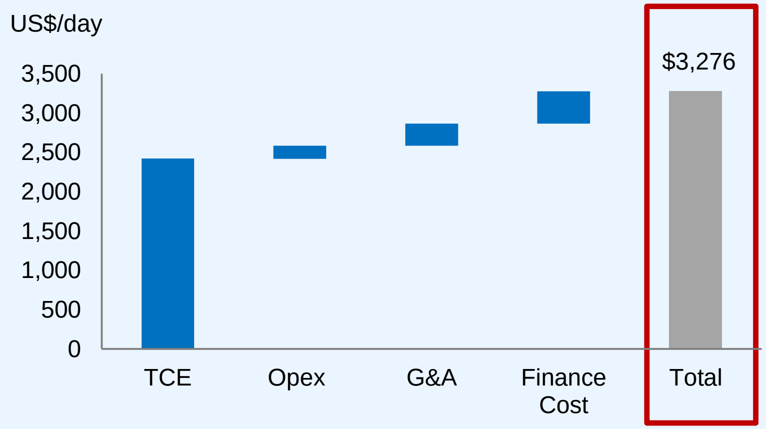


Note: Historical data has not been restated to split operating activity from core business

Handysize Outperformance vs Peer Group (3Q20)*



Supramax Outperformance vs Peer Group (3Q20)*



** Peer Group consists of all companies active in our Handysize and Supramax segments with sufficient publicly available information to make a relevant comparison. Comparable finance costs per day are estimated using specific company lending rates but generic vessel values and leverage levels*

Pacific Basin

Appendix:
Our Two Main Activities

Core Business	Operating Activity
Contract and spot cargoes	Spot cargoes
Owned and long-term chartered ships Short-term ships carrying contract cargoes	Short-term ships carrying spot cargoes
Costs largely fixed and disclosed	Costs fluctuate with freight market
Key KPI = TCE per day	Key KPI = Margin per day
Significant leverage and profits in strong market	Can generate profits also in weak markets
Asset heavy – predominantly our own crews / quality / safety	Asset light – third party crews / quality / safety (harder to control quality)
Enables reliability, cargo contracts, brand name	Enhances and expands the service to our customers
Currently about 80%-85% of total vessel days	Currently about 15%-20% of total vessel days

Pacific Basin

Appendix: New TCE Reporting Methodology

Our "**core business**" is to optimally combine our owned and long-term chartered ships with multi-shipment contract cargos and spot cargoes to achieve the highest daily TCE earnings. Our core business also uses short-term chartered ships to carry contract cargoes to maximise the utilisation and TCE of our owned and long-term chartered ships. The positive (or negative) margin on these short-term chartered ships is added to the TCE achieved on our owned and long-term chartered ships.

We now also disclose the margin per day generated by our "**operating activity**" which is separate and complementary to our core business. Through our operating activity, we provide a service to our customers even if our core ships are unavailable by matching our customers' spot cargoes with short-term chartered ships, making a margin and contributing to our group results regardless of whether the market is weak or strong.

For our core business, daily TCE revenue is the important KPI, as costs per day are substantially fixed and disclosed.

For our operating activity, short-term charter costs fluctuate with the freight market and therefore the important KPI is the margin per day (the net daily difference between TCE revenue and charter costs), not the TCE level itself.

Deriving our Core Business Daily TCE	Deriving our Operating Activity Daily Margin
$\dfrac{\text{Owned + Long-Term Chartered TCE Revenue + Short-Term Chartered (excluding Operating) Result}}{\text{Owned + Long-Term Chartered Revenue Days}}$	$\dfrac{\text{Operating Margin}}{\text{Operating Days}}$

Appendix:
How to Model Pacific Basin

Handysize contribution	Core TCE[1] x owned & LTC [2] revenue days	+	
	Blended cost x owned & LTC cost days [3]	-	
		=	X
Supramax contribution	Core TCE[1] x owned & LTC revenue days	+	
	Blended cost x owned & LTC cost days [3]	-	
		=	X
Operating Activity	Operating margin x operating days		X
Post Panamax contribution			X
Total G&A		-	X
Underlying Result		=	**X**

Sensitivity:

+/- US$1,000 daily TCE = US$35-40 million per year
Adjusted for ca. 20-25% typical long-term forward cargo cover at any point in time

[1] Note that core TCE includes the margin (positive or negative) from short term ships carrying contract cargoes
[2] Long-Term Chartered in ships
[3] Revenue days + offhire days = cost days

Appendix:
Vessel Days and Long-Term Chartered Commitments

Vessel Days

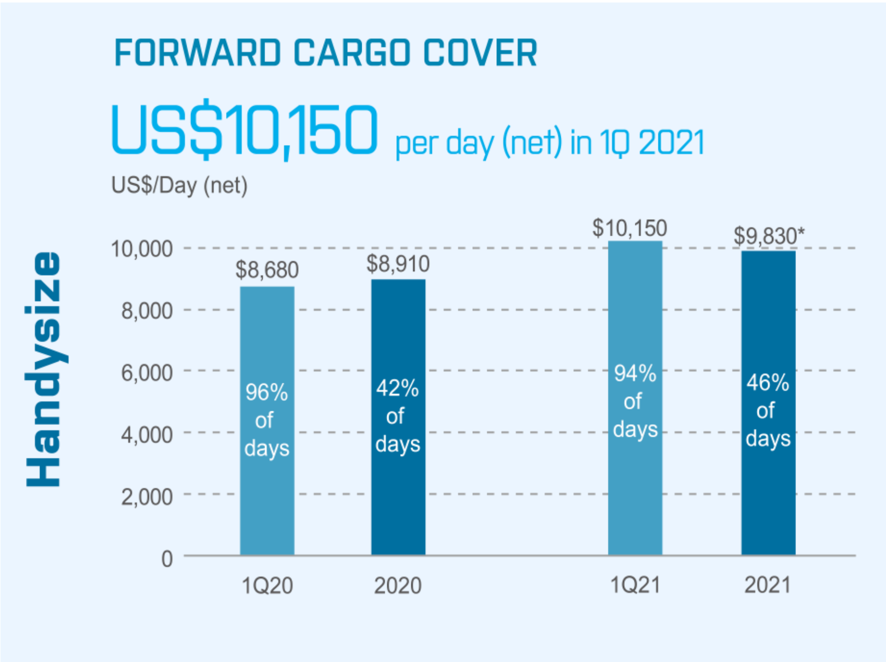
Days	Handysize 2019	Handysize **2020**	Supramax 2019	Supramax **2020**
Core business revenue days	36,220	**34,120**	12,380	**14,120**
– Owned revenue days	29,270	**28,830**	10,090	**12,450**
– Long-term chartered days	6,950	**5,290**	2,290	**1,670**
Short-term core days[1]	5,770	**6,070**	13,270	**12,520**
Operating activity days	6,230	**7,310**	7,970	**8,190**
Owned off-hire days	680	**820**	1,050	**280**
Total vessel days	48,900	**48,320**	34,670	**35,110**

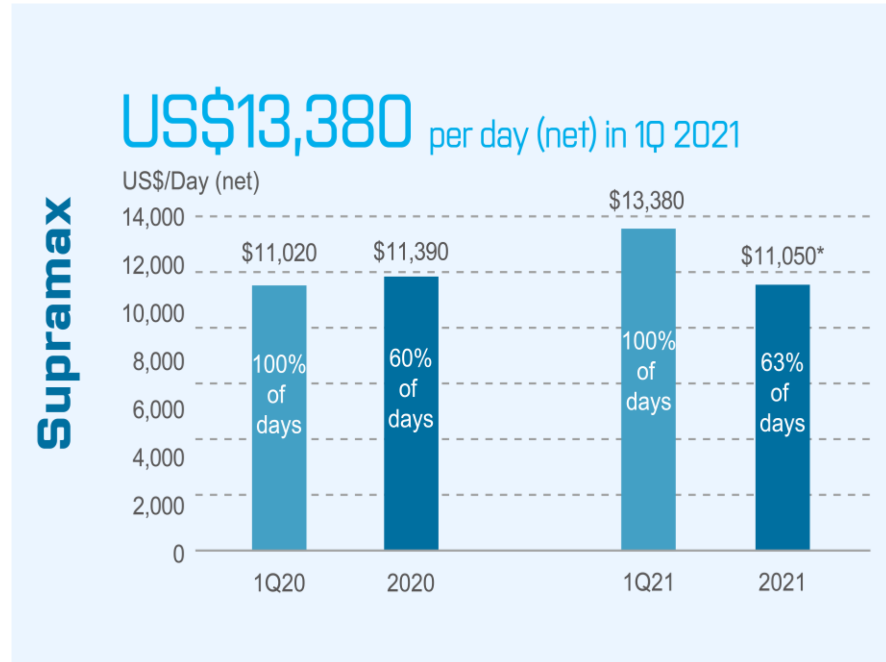
Future Long-Term Chartered Costs

Year	Handysize Vessel days	Handysize Average cost (US$)	Supramax Vessel days	Supramax Average cost (US$)
2021	3,720	9,880	960	10,990
2022	2,880	9,680	710	10,710
2023	2,200	10,270	270	10,290
2024	1,660	10,290	–	–
2025	370	10,500	–	–
2026+	–	–	–	–
Total	**10,830**		**1,940**	

[1]*Used to support our core business*

Appendix:
Forward Cargo Cover



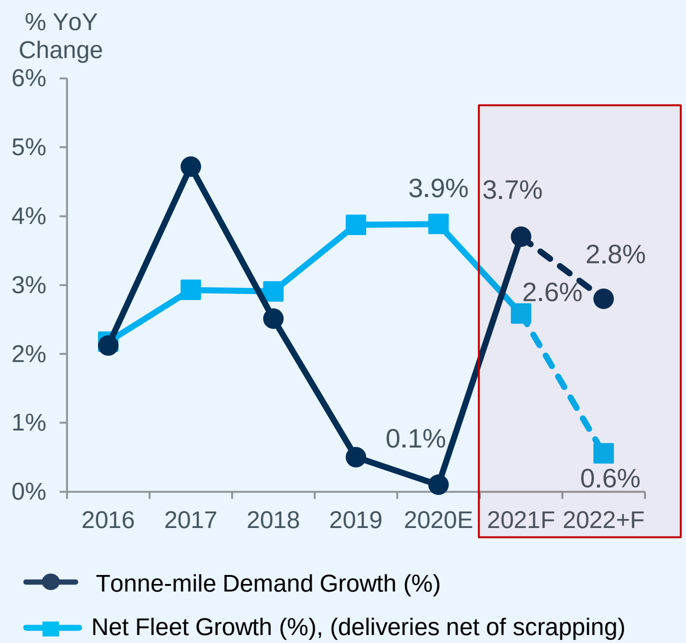


- *Please note that our forward cargo cover for the rest of the year is backhaul heavy, meaning that a significant share of the covered days is made up of lower daily TCE backhaul voyages. When combined with better earning fronthaul voyages, the overall TCE is typically higher. Hence, a backhaul-heavy forward cover can underestimate the TCE earnings we will eventually achieve
- Please also note that our Supramax forward cargo cover also excludes any scrubber benefit, currently at about US$1,200 per day.

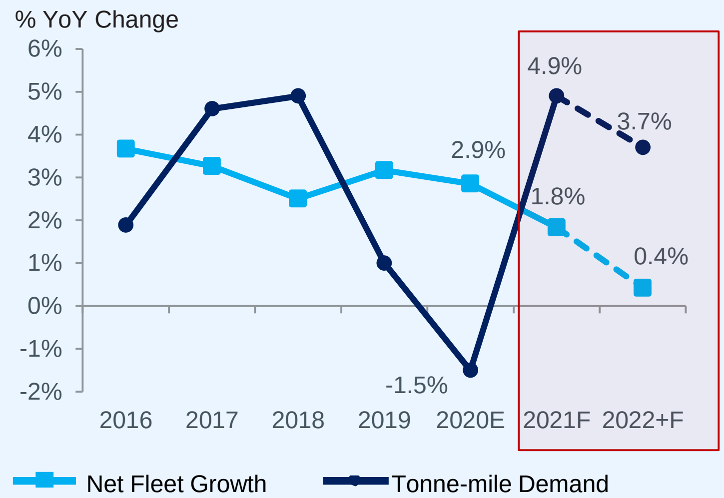
As at mid-February, indicative TCE only as voyages are still in progress

Appendix: Supply and Demand Outlook

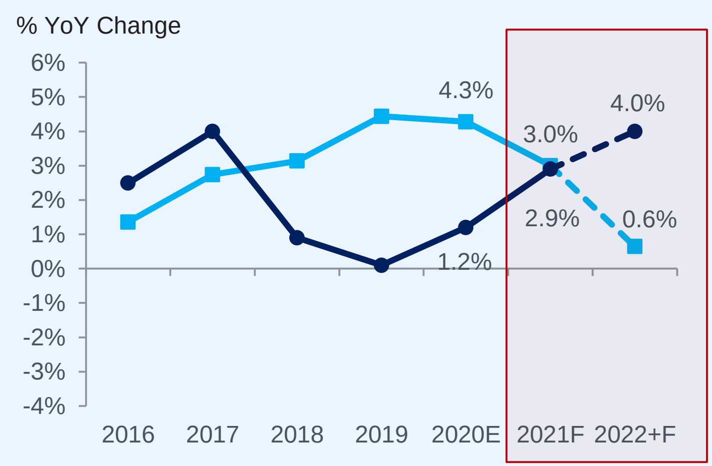
Total Dry Bulk Supply and Demand



Minor Bulk Demand and Handysize/Supramax Supply



Major Bulk* Demand and Capesize/Panamax Supply

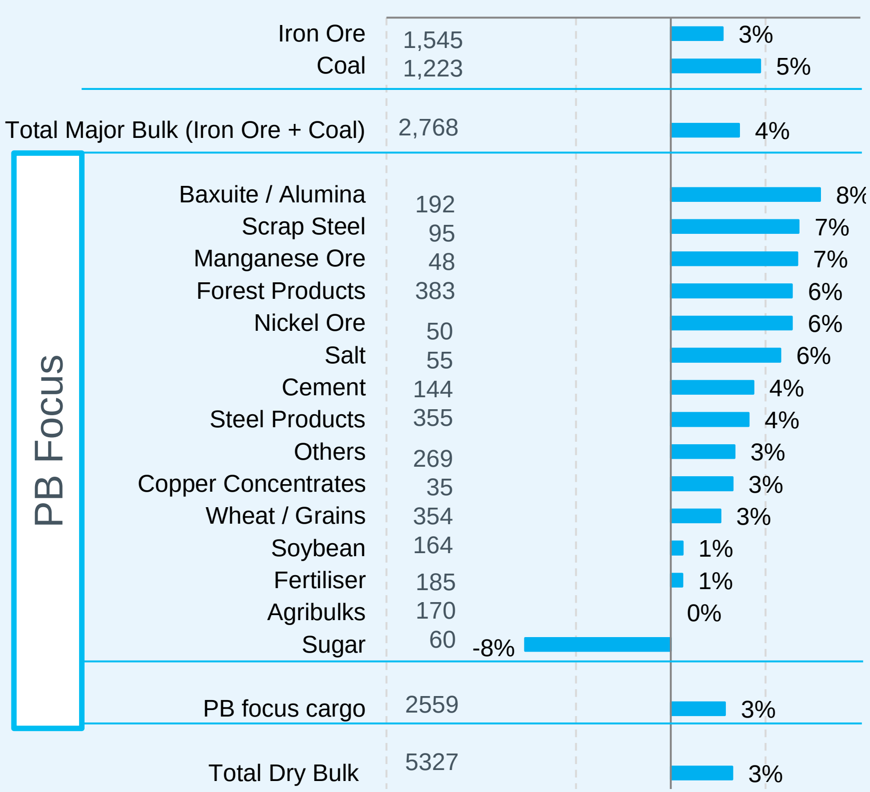


** Major Bulk includes iron ore, coal and grains*
Source: Clarksons Research

Appendix:
Dry Bulk Demand in 2021 and 2022 Forecast

2021F Dry Bulk Trade Volumes

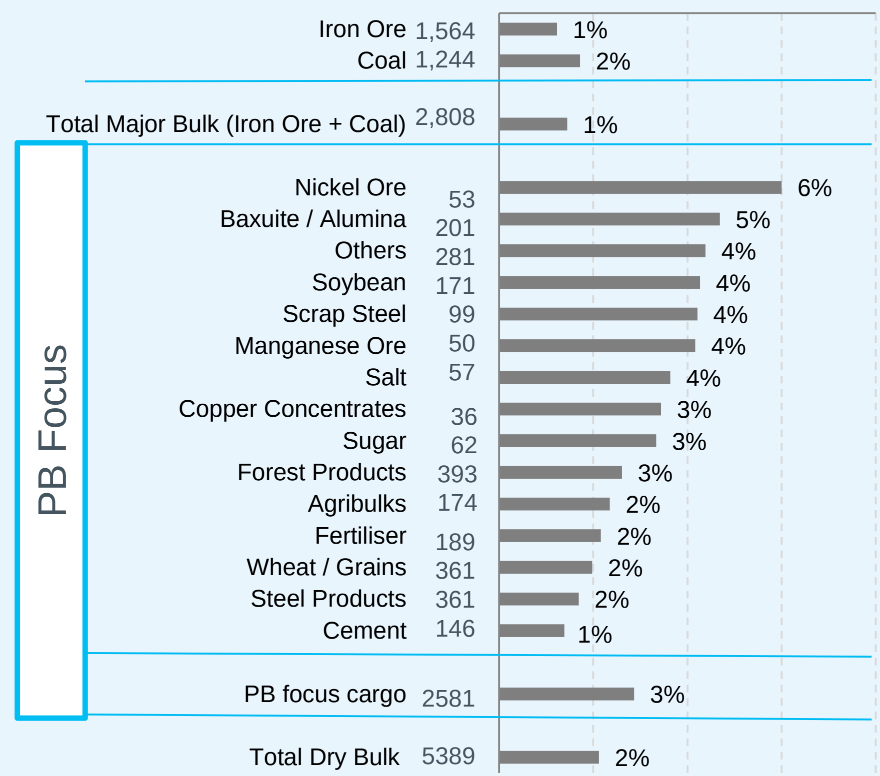
Million Tonnes YoY



(tonne-mile effect = 3.7%)

2022F Dry Bulk Trade Volumes

Million Tonnes YoY



(tonne-mile effect = 2.8%)

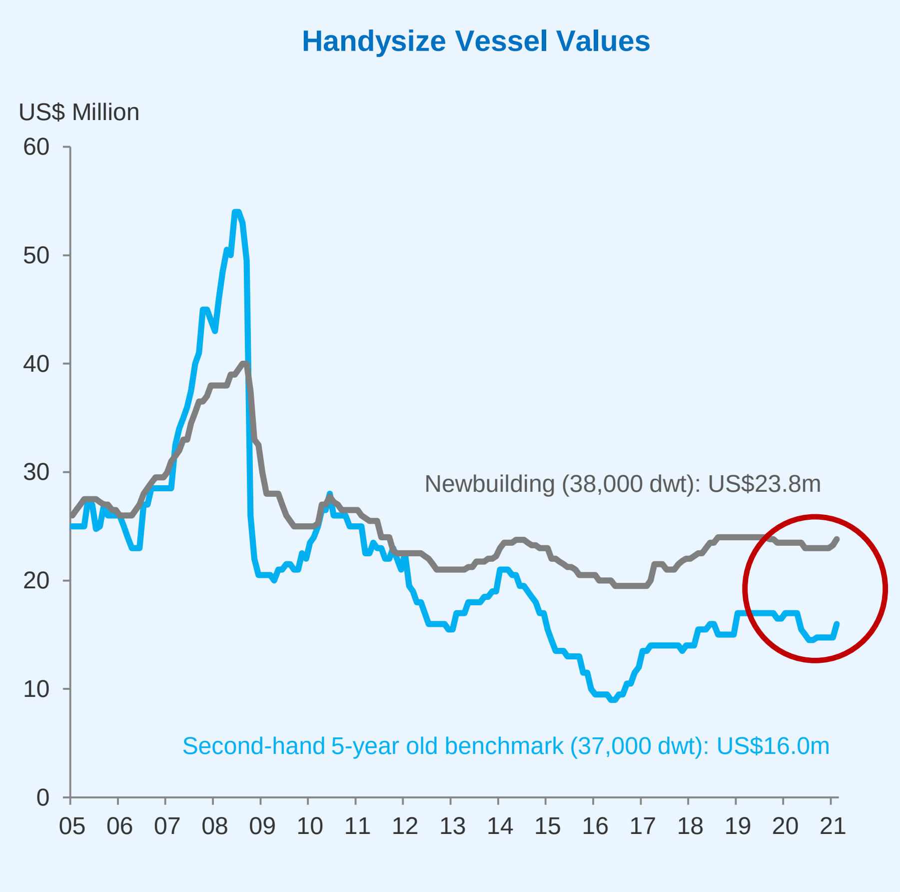
Source: Clarksons Research

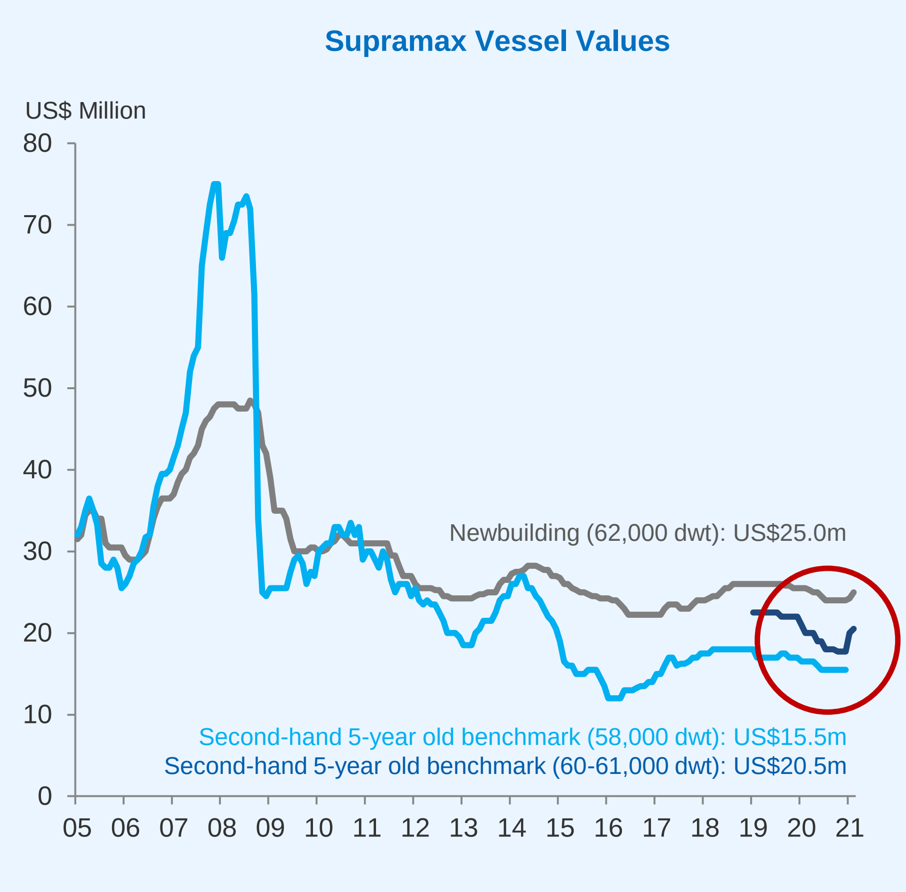
Appendix:
Better Supply Fundamentals for Handysize / Supramax

	Scheduled Orderbook as % of Existing Fleet	Average Age	Over 20 Years	2020 Scrapping as % of 1 January 2020 Existing Fleet
Handysize (25,000-41,999 dwt)	3.4%	11	10%	0.9%
Supramax (42,000-64,999 dwt)	5.1%	11	7%	0.8%
Panamax (65,000-119,999 dwt)	5.9%	11	8%	0.4%
Capesize (incl VLOC) (120,000+ dwt)	6.7%	9	2%	3.3%
Total Dry Bulk (>10,000 dwt)	5.7%	11	6%	1.6%

Source: Clarksons Research, as at 1 February 2021

Appendix:
Improved Rates Support Vessel Values





Source: Clarksons Research

Appendix:
Possible Market Drivers in the Medium Term

Opportunities

- Post-pandemic recovery in Chinese industrial production and extensive stimulus in other key economies, driving a rebound in global economic activity and catch-up demand for dry bulk commodities
- Slower optimal vessel operating speeds due to increased fuel cost
- Limited new ship ordering and deliveries due to uncertainty over environmental regulations and future vessel designs, leading to tighter supply
- Increased scrapping of poor quality and poorly designed tonnage facing onerous environmental regulations and expensive maintenance and upgrade costs

Threats

- Expanding or renewed COVID-19 containment measures further impacting global economic activity and the trade in dry bulk commodities
- Lingering effects of high net fleet growth in recent years, combined with continued minimal scrapping and improved fleet efficiencies and hence increased capacity availability post pandemic
- Periods of low fuel prices supporting faster ship operating speeds which increases supply
- Tariffs and protectionism driving local production at the expense of global trade

Appendix:
Vessel Speed Optimisation Example

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

Optimal speed for typical Handysize vessel (Hakodate 32,000 dwt)

Freight rate in US$/ton for typical voyage	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38
Approximate TCE US$/day	4,000	4,650	5,300	5,950	6,600	7,250	7,900	8,550	9,200	9,850	10,500	11,150	11,800	12,450	13,100	13,750	14,400	15,050	15,700	16,350	17,000
200																					
250	68%																				
300	49%	56%	63%	69%																	
350	37%	42%	48%	53%	59%	66%	69%														
400		33%	37%	42%	47%	52%	57%	62%	67%	69%											
450				34%	38%	42%	46%	50%	55%	59%	64%	69%	69%								
500					31%	34%	38%	41%	45%	49%	53%	57%	61%	66%	69%	69%					
550							32%	35%	38%	41%	45%	48%	52%	55%	59%	63%	67%	69%	69%		
600									32%	35%	38%	41%	44%	47%	51%	54%	57%	61%	64%	68%	69%
650											33%	35%	38%	41%	44%	47%	50%	53%	56%	59%	62%
700												31%	33%	36%	38%	41%	43%	46%	49%	52%	55%
750														31%	34%	36%	38%	41%	43%	46%	48%
800																32%	34%	36%	38%	41%	43%

Bunker Cost US$/mt

Full Practical Speed about 85% MCR
(around 13.3 knots)

30% MCR = 9.4 knots
50% MCR = 11.1 knots
70% MCR = 12.4 knots
85% MCR = 13.3 knots

Minimium Practical
30% MCR
(around 9.4 knots)

Optimal speed for typical Supramax vessel (Tsuneishi 58,000 dwt)

Freight rate in US$/ton for typical voyage	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35
Approximate TCE US$/day	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	19,000	20,000	21,000	22,000	23,000	24,000	25,000
200																					
250	64%	69%																			
300	46%	54%	62%	69%																	
350	35%	41%	47%	53%	60%	67%	69%														
400		32%	37%	42%	47%	53%	59%	65%	69%												
450				34%	38%	43%	48%	53%	58%	63%	69%	69%									
500					31%	35%	39%	43%	48%	52%	57%	62%	67%	69%	69%						
550							33%	37%	40%	44%	48%	52%	56%	61%	65%	69%	69%				
600							31%	34%	38%	38%	41%	45%	48%	52%	56%	60%	64%	68%	69%	69%	
650										32%	35%	38%	42%	45%	48%	52%	55%	59%	63%	67%	69%
700											31%	34%	36%	39%	42%	45%	48%	52%	55%	58%	62%
750													32%	35%	37%	40%	43%	46%	49%	52%	55%
800														31%	33%	35%	38%	41%	43%	34%	49%

Bunker Cost US$/mt

Full Practical Speed about 85% MCR
(around 13.5 knots)

30% MCR = 9.5 knots
50% MCR = 11.3 knots
70% MCR = 12.7 knots
85% MCR = 13.5 knots

Minimium Practical
30% MCR
(around 9.5 knots)