

FLEET GROWTH AND RENEWAL



Pacific Basin



ORDERING OF FOUR DUAL-FUEL METHANOL ULTRAMAX LOW-EMISSION VESSELS

28 NOVEMBER 2024

STRATEGIC LEV ORDERS: ADVANCING TOWARDS NET ZERO BY 2050 AND ENHANCING OPTIONALITY

- We have ordered a total of four 64,000 dwt dual-fuel methanol Ultramax Low-Emission Vessels (“LEVs”) from Japanese Partners following a two-year collaboration, two from Nihon Shipyard Co., Ltd. and two from Mitsui & Co., Ltd., for a consideration of US\$46.5m each and for delivery in 2028-2029
- Funded by cash reserves and/or bank borrowings:
 - US\$9.9m payable upon signing of contract
 - US\$4.45m payable one year before the expected delivery date
 - US\$4.45m payable upon launching
 - US\$27.7m payable upon delivery

Vessel Type	DWT	Expected Delivery	Seller	Consideration
Ultramax	64,000	Dec 2028	Nihon Shipyard/ Imabari	US\$46.5m
Ultramax	64,000	1H 2029	Nihon Shipyard/ Imabari	US\$46.5m
Ultramax	64,000	Dec 2028	Mitsui	US\$46.5m
Ultramax	64,000	Nov 2028 – Apr 2029	Mitsui	US\$46.5m

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We believe it is the right time to order LEVs with delivery in 2028 given current orderbook, fleet age profile, emissions regulations development, shipyard capacity and expected accelerating demand for LEVs. We are confident that this move will add significant value to the Company and its investors.

It aligns with our longstanding initiative to develop commercially viable and efficient dual-fuel low-emission vessels and represents a major milestone in our long-term plan to transition to net zero emissions by 2050.

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WHY WE ARE PLACING THE ORDER

Reasons

Reduce emissions and increase fuel efficiency

- Futureproof low-emissions capabilities:
 - Latest engine and vessel/hull designs with various energy saving devices, resulting in significantly lower fuel consumption than earlier designs
 - Dual-fuel engines operate on green methanol or conventional fuel oil, offering fuel flexibility to optimise, comply and compete according to decarbonisation regulations and market drivers
- Additional innovative modifications unlock flexibility to use biodiesel, reduce boiler usage in port, increase crane lifting capacity, etc. for reduced emissions and improved operational efficiency

Future fuel sources

- MOU with Mitsui allows us access to green methanol for our anticipated needs (FuelEU, etc.)
- Methanol is our current preferred choice over other green fuels given tested technology and safety considerations, with only marginally higher OPEX and lowest extra CAPEX
- Biodiesel will continue to be important, but availability and price are uncertain in the longer term
- We envisage a future with multiple fuel types, and will continue to reassess the benefits of different fuels as green fuel technology, safety, availability and pricing develop

Value added

Financial values

- These larger and more fuel-efficient ships will provide significant fuel-savings
- Dual-fuel (renewable fuel) capability will enable savings compared to the cost of conventional fuel plus EU ETS “carbon tax” and FuelEU penalties
- FuelEU emissions pooling and/or selling overcompliance credits accelerates payback

Other values

- Various early-mover advantages and expertise-building in how to optimally operate a mixed fleet of conventional ships and LEVs
- Enhance Pacific Basin’s profile as a leader in sustainable dry bulk shipping

OUR DISCIPLINED GROWTH AND RENEWAL STRATEGY REMAINS UNCHANGED

Remain committed to our growth and renewal strategy with a **disciplined approach** and an ambition to **reduce overall emissions** while **creating maximum growth optionality**:

1. Investment in newbuilding LEVs
2. Growth/renewal of our fleet by acquiring modern second-hand Handysize and Supramax/Ultramax vessels and selling our older and less efficient vessels
3. Modernise and optimise our existing vessels by investing in the latest green technologies (eg silicone paint) to extend the lifespan of our vessels
4. Long-term charters with purchase options

- In 2024, we have sold four older Handysize vessels for approx. US\$40m
- Our US\$40 million share buyback is designed to proactively repurchase our own shares at a significant discount to the intrinsic value of our assets. We currently view this as a more advantageous strategy than acquiring second-hand vessels
- Since 2021, we have sold 24 older vessels, including 22 Handysize, one Supramax and one Ultramax. These have been replaced with 20 modern second-hand vessels, comprising six Handysize and 14 Supramax/Ultramax

Purchase Activity 2024

Vessel Type	DWT	Year Built	MOA	Delivery
Supramax	58,112	2016	Aug-24	Aug-24

Sales Activity 2024

Vessel Type	DWT	Year Built	MOA	Delivery
Handysize	32,774	2004	Feb-24	Mar-24
Handysize	32,573	2004	May-24	Jul-24
Handysize	33,745	2004	Aug-24	Sep-24
Handysize	33,528	2004	Aug-24	Sep-24