

# Our New KPIs

Since the beginning of 2020, we present our commercial KPIs slightly differently to provide investors with a better understanding of how we run our business. For our “core business” (comprising the majority of our total vessel days) we still present our daily vessel earnings in terms of a daily TCE, but we now separate out from this our short-term ship “operating activity” for which the appropriate measure is the daily margin generated.

## CORE BUSINESS

Our “core business” is to optimally combine our owned and long-term chartered ships with spot cargoes and multi-shipment contract 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.

## OPERATING ACTIVITY

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

$$\frac{\text{Owned + Long-Term Chartered TCE Revenue + Short-Term Chartered (excluding Operating) Margin}}{\text{Owned + Long-Term Chartered Revenue Days}}$$

### DERIVING OUR OPERATING ACTIVITY DAILY MARGIN

$$\frac{\text{Operating Margin}}{\text{Operating Days}}$$

#### CORE BUSINESS – Key Characteristics

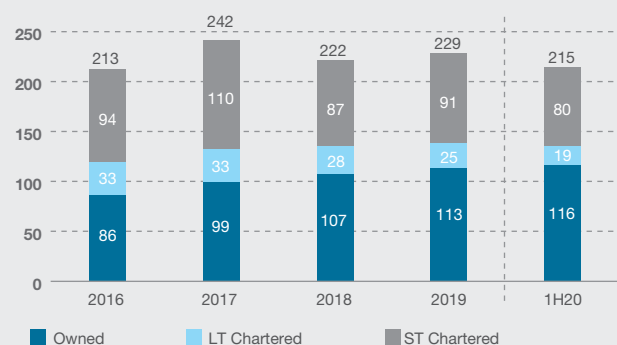
- Contract and spot cargoes
- Owned and long-term chartered ships
- Short-term chartered ships carrying contract cargoes
- Costs largely fixed and disclosed
- Key KPI = TCE per day
- Significant leverage and profits in strong market
- Asset heavy – our own crews/quality/safety
- Enables reliability, cargo contracts, brand name
- Currently about 80%-85% of total vessel days

#### OPERATING ACTIVITY – Key Characteristics

- Spot cargoes
- Short-term chartered ships carrying spot cargoes
- Costs fluctuate with freight market
- Key KPI = Margin per day
- Contribution both in weak and strong markets
- Asset light – third party crews/quality/safety (harder to control quality)
- Enhances and expands the service to our customers
- Currently about 15%-20% of total vessel days

## PACIFIC BASIN FLEET DEVELOPMENT

Average No. of Handysize and Supramax Ships Operated During the Period



- As at 30 June 2020, we owned 81 Handysize and 35 Supramax ships.
- Including owned and chartered vessels, we operated an average of 127 Handysize and 88 Supramax ships in the first half of 2020. We had fewer chartered ships especially in the middle of the period due to uncertain market conditions and logistical risks due to the pandemic, but our chartered fleet has since increased and our fleet now comprises 235 ships overall.
- Out of caution during the uncertain market conditions, we paused our spending on growing our owned fleet with larger, high-quality secondhand acquisitions, but we will consider resuming our ship acquisitions as the market recovers and as we find particularly compelling opportunities.
- Excluded above are one owned and one chartered Post-Panamax vessels which are employed under long-term charters.