

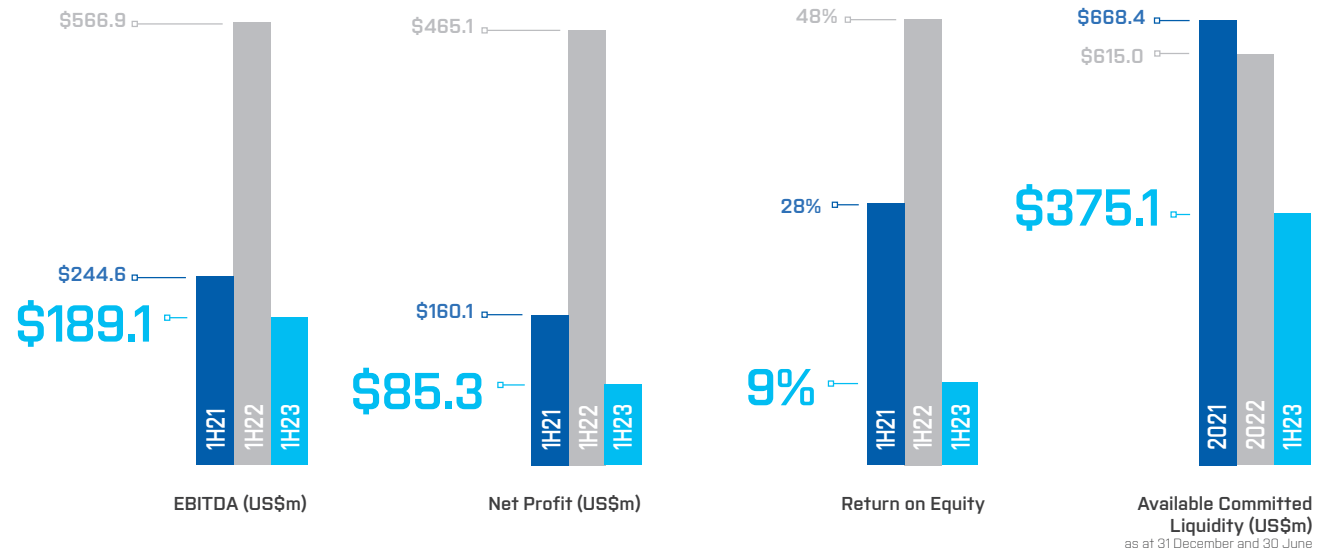
# BUSINESS HIGHLIGHTS

## 2023 Interim Financial Results

For the first half of 2023, we produced an underlying profit of US\$76.2 million, net profit of US\$85.3 million and EBITDA of US\$189.1 million. This yielded a return on equity of 9% (annualised) with basic EPS of HK12.9 cents.

We continue to maintain a healthy financial position with available committed liquidity of US\$375.1 million and net gearing of 7%, as we continued to expand our owned fleet over the period.

The Board has declared an interim dividend of HK6.5 cents per share, which represents 51% of our net profit for the period. This decision is consistent with our distribution policy and reflects our confidence in our strong balance sheet, despite the current uncertainty surrounding global dry bulk demand and freight rates, which continues to impact our industry.



## Limited Supply Growth

Global dry bulk demand increased year on year, mainly due to higher coal and iron ore loadings. Coal loadings increased from a low base caused by the Indonesian coal export ban in January 2022 and because of increased demand due to China's energy security concerns. China's post-Covid economic recovery has benefitted iron ore demand. Despite benefits of China reopening, global demand for minor bulks was lower year on year mainly due to decelerating global growth, higher interest rates and ongoing conflict in Ukraine.

Although there was limited supply growth and increased demand overall in the first half, freight rates were under considerable pressure due to the unwinding of congestion that increased effective supply.

Despite short-term headwinds, we are optimistic about the long-term potential of dry bulk shipping thanks to strong supply fundamentals. Our fleet of modern and versatile Handysize and Supramax vessels, along with our strategic customer partnerships and improved access to cargo opportunities, make us well positioned for the future.

## Positive Financial Results

- Our core business achieved Handysize and Supramax net daily TCE earnings of **US\$13,030** and **US\$13,700** respectively, generating a total contribution of US\$96.1 million before overheads
- Our operating activity achieved a strong daily margin of **US\$1,550** net over 11,000 operating days, generating a contribution of US\$17.0 million before overheads
- Our P&L break-even (including General and Administrative Overheads) was US\$9,600 and US\$11,190 per day for Handysize and Supramax respectively; our costs have benefitted from lower repatriation related costs as pandemic restrictions eased around the world
- In the period we outperformed the average Handysize (BHSI 38k dwt tonnage-adjusted) and Supramax (BSI 58k dwt) indices by US\$4,390 per day and US\$3,770 per day respectively

## Growing and Renewing our Fleet for the Future

- We currently own 121 Handysize and Supramax vessels and have around 282 owned and chartered vessels on the water overall
- During the period we sold two of our older Handysize vessels, while taking delivery of more modern vessels including five Ultramax vessels, one Supramax vessel and one Handysize vessel into our owned fleet
- We remain committed to our long-term strategy of further growing our Supramax fleet and renewing our Handysize fleet with younger, larger and more efficient vessels, thereby further optimising our fleet to more easily meet tightening environmental regulations
- We are well positioned to comply with IMO carbon intensity reduction rules that came into force in January 2023, through technical enhancements, operational measures and gradual fleet renewal
- We will invest in zero-emission vessels and are currently developing a design for a first generation of methanol-fuelled Ultramax