

CASH AND BORROWINGS

Operating Cash Inflow
US\$**150.4**m

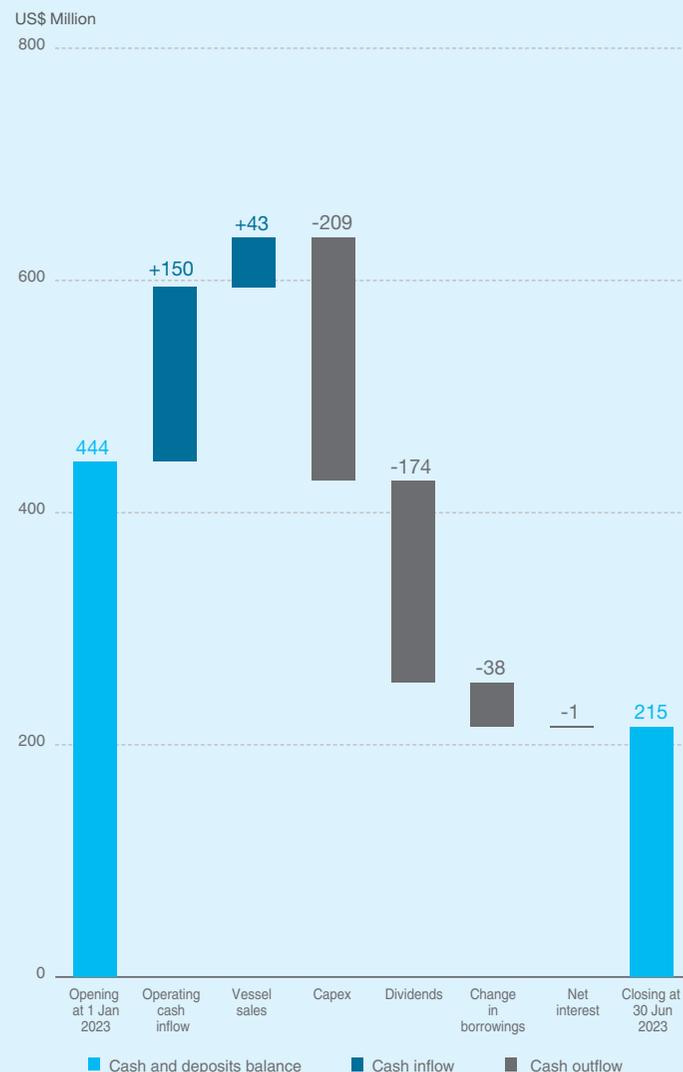
Available Committed Liquidity
US\$**375.1**m

Net Borrowings to Net Book Value of Owned Vessels
(7%)

Average Interest Rate (P/L)
4.9%

To provide readers with a better understanding of our cash flow position, the presentation in this section considers charter-hire payment as operating cash flow, before applying the treatment under HKFRS 16 – “Leases”

Cash Flow



Key Developments in 1H 2023

- Our net cash outflow from borrowings was US\$37.9 million in the period
- During the period we realised US\$42.9 million from the sale of three Handysize and one Ultramax vessels
- During the period we incurred capital expenditure of US\$209.5 million, including:
 - (a) US\$187.4 million for one Handysize, two Supramax and six Ultramax vessels which delivered into our fleet in the first half; and
 - (b) US\$22.1 million for dry dockings and the installation of ballast water treatment systems
- As at 30 June 2023, we had 65 unmortgaged vessels

Liquidity and Borrowings

US\$ Million	30 Jun 2023	31 Dec 2022	Change
Cash and deposits (a)	215.0	443.9	-52%
Available undrawn committed facilities	160.1	171.1	-6%
Available committed liquidity	375.1	615.0	-39%
Current portion of borrowings	(90.5)	(97.8)	
Non-current portion of borrowings	(252.6)	(280.8)	
Total borrowings (b)	(343.1)	(378.6)	+9%
Net (borrowings)/cash (a) + (b)	(128.1)	65.3	->100%
Net (borrowings)/cash to shareholders' equity	(7%)	3%	
Net (borrowings)/cash to net book value of owned vessels KPI	(7%)	4%	

↔ **p.51 Financial Statements Note 15** Cash and deposits (including how we invest our cash)

Borrowings and Undrawn Committed Facilities

Borrowings and Undrawn Committed Facilities – US\$470.8 million (31 December 2022: US\$517.0 million)

The overall decrease in secured borrowings is mainly due to repayments and scheduled loan amortisation.

An increase in interest to US\$8.5 million (1H 2022: US\$7.7 million) was mainly due to an increase in average interest rates.

The Group monitors the loan-to-asset value requirements on its bank borrowings. If the market values of the Group's mortgaged assets fall below the level prescribed by our lenders, the Group may pledge additional cash or offer other additional collateral unless the banks offer waivers for technical breaches.

As at 30 June 2023:

- The Group's secured borrowings were secured by 57 vessels with a total net book value of US\$1,010.1 million and by an assignment of earnings and insurances in respect of these vessels
- The Group was in compliance with all its loan-to-asset value requirements

↔ **p.46 Financial Statements Note 7**
Finance income and finance costs

Convertible Bonds Liability Component – US\$32.4 million (31 December 2022: US\$32.7 million)

As at the 30 June 2023 further to the conversion offer completed in May 2022 and a subsequent bond holder conversion in July 2022 and the open market repurchase of convertible bonds in December 2022 followed by a further bond holder conversion in May 2023 there remained the 3% coupon guaranteed convertible bonds due in 2025 with an outstanding principal of US\$33.6 million and a prevailing conversion price of HK\$1.50 per share.

Schedule of Reduction in Borrowings and Undrawn Committed Facilities



■ Secured borrowings and undrawn committed facilities (US\$470.8 million)
 ■ Convertible bonds (face value US\$33.6 million, book value US\$32.4 million, bondholders' put option December 2023)

We arrange financing by leveraging the Group's balance sheet to optimise the availability of cash resources of the Group. The aggregate borrowings and undrawn committed facilities of the Group at 30 June 2023, including the liability component of the convertible bonds, amounted to US\$503.2 million (31 December 2022: US\$549.7 million) and are mainly denominated in United States Dollars.

Finance Costs

US\$ Million	Average interest rate		Balance at 30 June 2023	Finance costs		Change
	P/L	Cash		1H 2023	1H 2022	
Borrowings (including realised interest rate swap contracts)	4.9%	4.9%	310.7	8.5	7.7	-10%
Convertible bonds (Note)	4.7%	3.0%	32.4	0.8	3.1	+76%
	4.9%	KPI 4.8%	343.1	9.3	10.8	+15%
Other finance charges				0.8	0.7	
Total finance costs				10.1	11.5	+12%
Interest coverage (calculated as EBITDA divided by total finance costs)				KPI 18.8x	49.3x	

Note: The convertible bonds have a P/L cost of US\$0.8 million and a cash cost of US\$0.5 million.

The KPIs on which management focuses to assess the cost of borrowings are average interest rates for different types of borrowings and the Group's interest coverage.

The Group aims to achieve a balance between floating and fixed interest rates on its borrowings. As at 30 June 2023, 75% (31 December 2022: 75%) of the Group's borrowings were on fixed interest rates. We currently expect about 50% of the Group's borrowings will be on fixed interest rates as at both 31 December 2023 and 2024, assuming all revolving credit facilities are fully drawn.