Pacific Basin

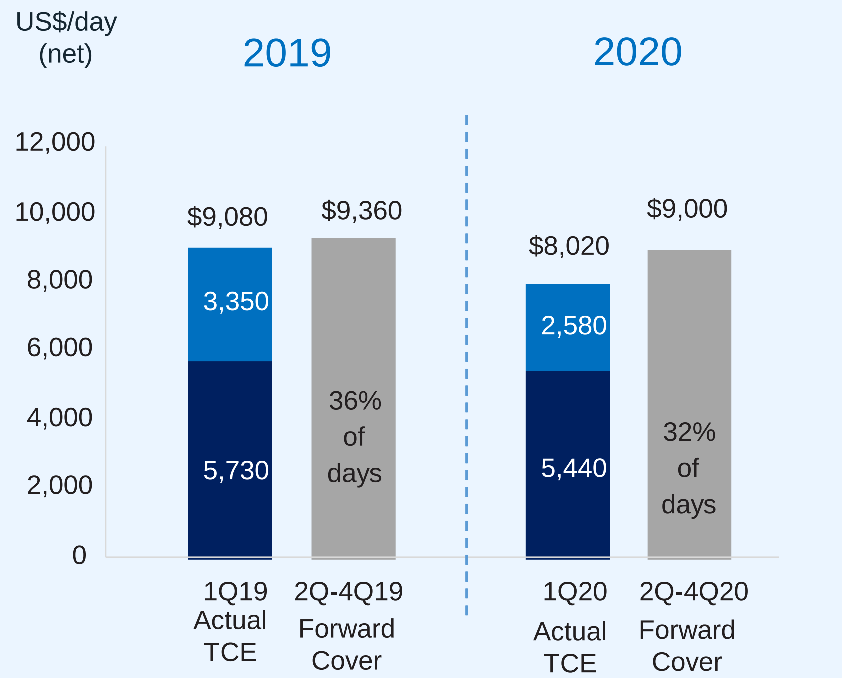
1Q20 Trading Update

7 April 2020

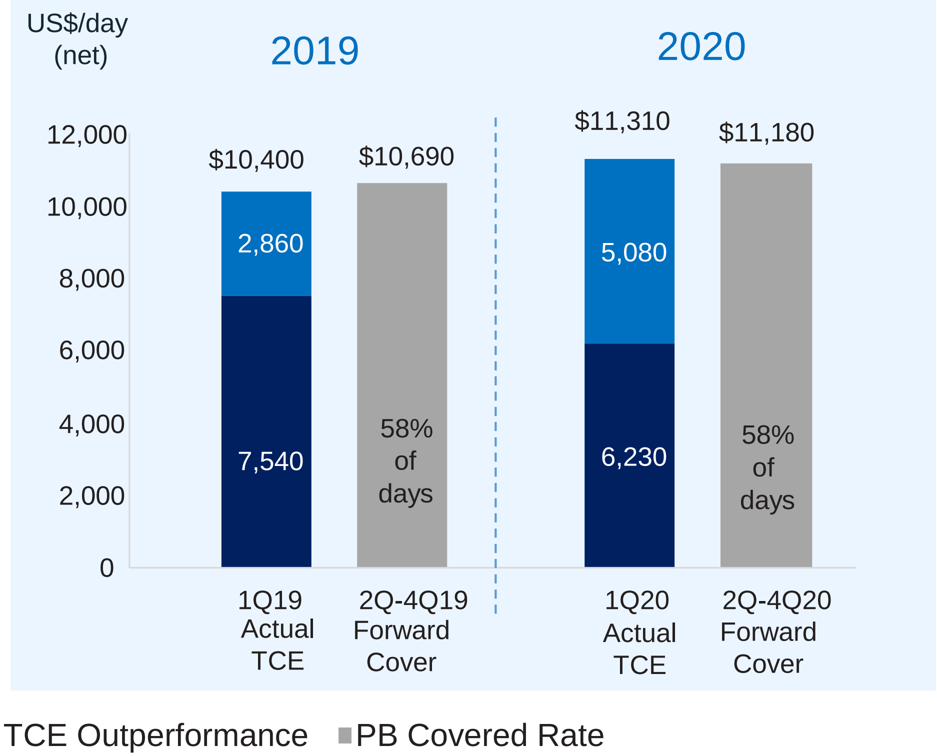
Strong PB Performance Despite Market Headwinds

Cover as at 3 April 2020

Handysize Core Fleet TCE



Supramax Core Fleet TCE



Starting from 2020:

- We present separately the TCEs generated by our "**core business**" and the margins generated by our "**operating activity**". This chart sets out our actual TCEs and forward cover in relation to our **core business**
- We compare our Handysize TCE performance against the new 38,000 dwt Baltic Handysize Index, tonnage-adjusted to the average vessel size of our core Handysize fleet

Our New Commercial KPIs

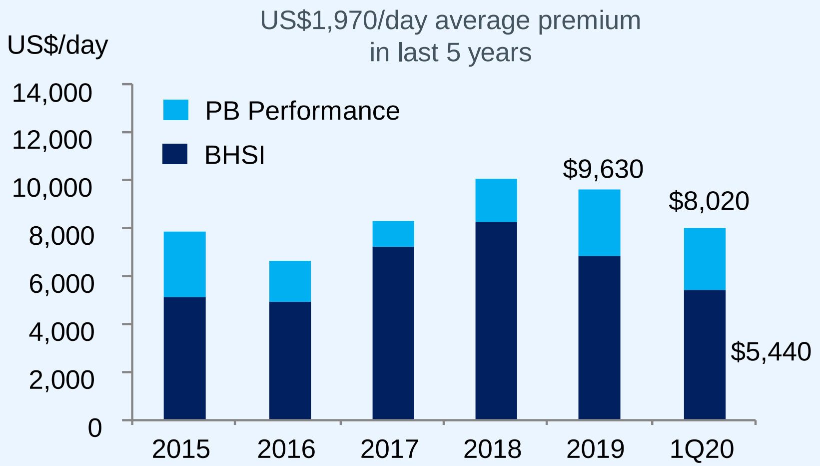
Core Business	Last quarter	Last 12 months
Handysize outperformance vs index per day	**$2,580**	**$2,660**
Supramax outperformance vs index per day	**$5,080**	**$2,790**

Operating Activity	Last quarter	Last 12 months
Operating Margin per day	**$960**	**$970**

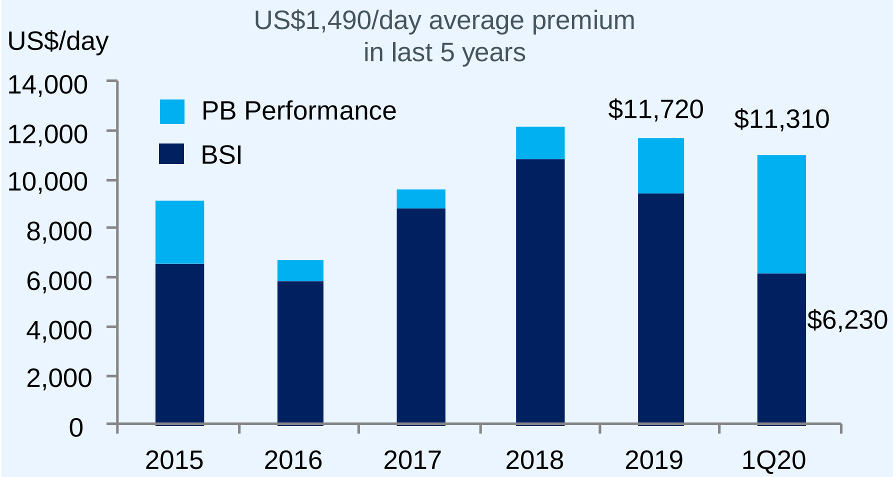
- Strong outperformance particularly in Supramax due to significant scrubber benefit early in the quarter

Pacific Basin Continues to Outperform on Every Level

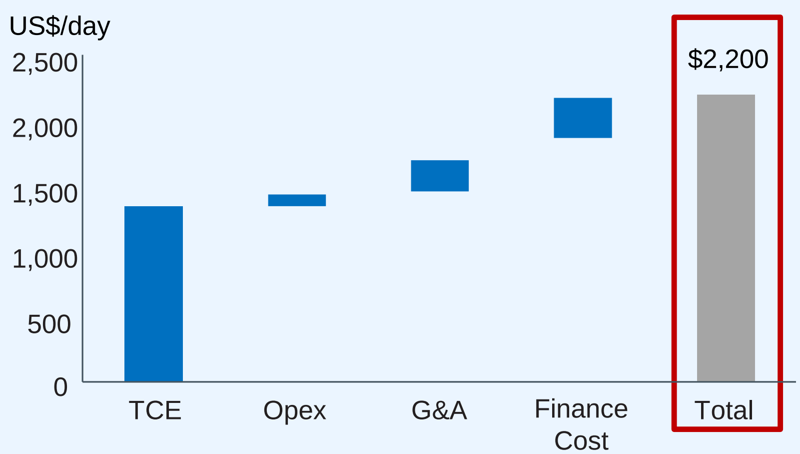
Handysize Performance vs Market



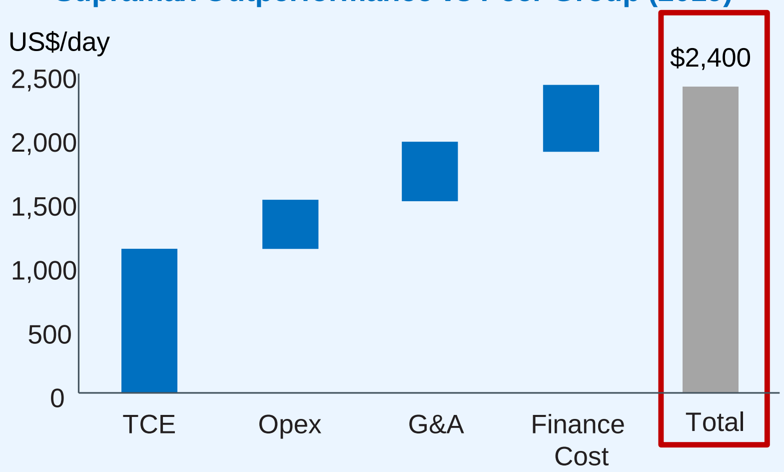
Supramax Performance vs Market



Handysize Outperformance vs Peer Group (2019) *



Supramax Outperformance vs Peer Group (2019) *

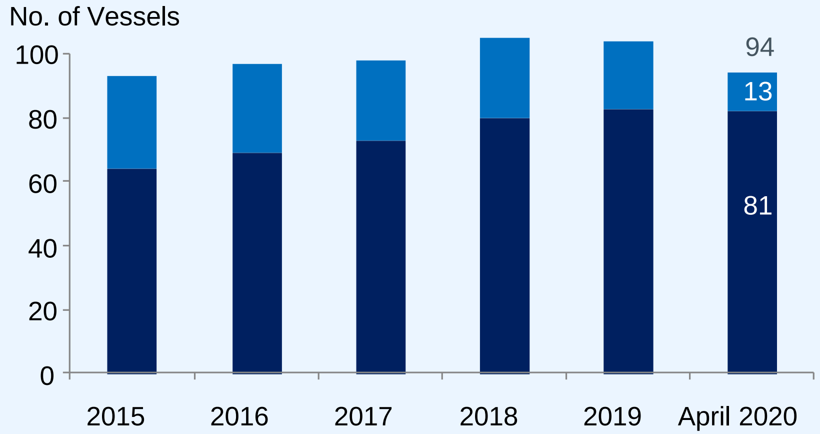


Peer Group consists of all companies active in our Handysize and Supramax segments with sufficient publicly available information to make a relevant comparison. Comparable finance costs per day are estimated using specific company lending rates but generic vessel values and leverage levels

Growing Owned Fleet with Lower Breakeven Levels

Handysize Core Fleet

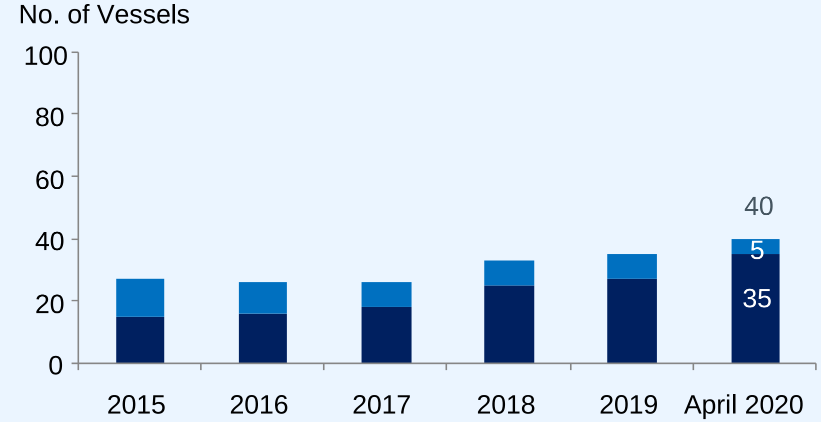
Gradually trading up to larger Handysize ships



	2015	2016	2017	2018	2019	April 2020
Bought				2	2	1
Sold				-	3	1

Supramax Core Fleet

Steadily growing our owned Supramax fleet



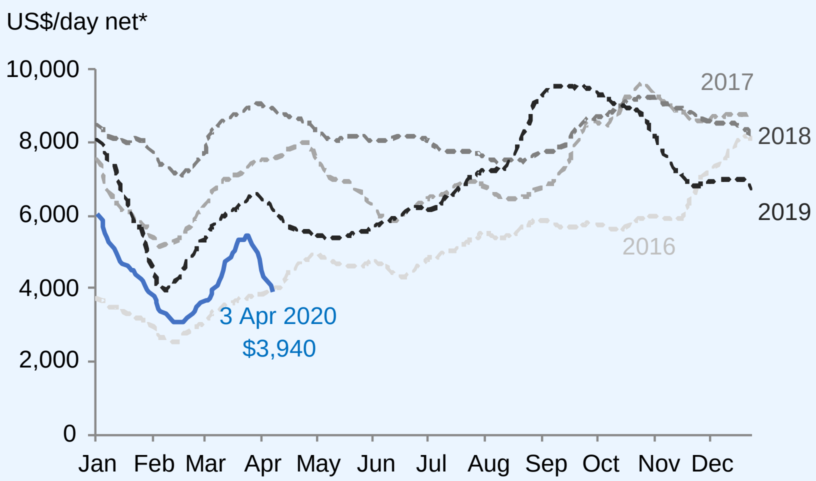
	2015	2016	2017	2018	2019	April 2020
Bought				3	6	2
Sold				-	-	-

Owned   LT Chartered-in

- We took delivery of one Handysize and two Supramax ships during the quarter, while one sold Handysize is scheduled to exit our fleet in April
- Our owned fleet has grown significantly from 34 ships in 2012 to 117 ships in April 2020
- We continue to reduce the number of ships we have on expensive long-term charter
- We had an average of 205 Handysize and Supramax ships on the water in the first quarter

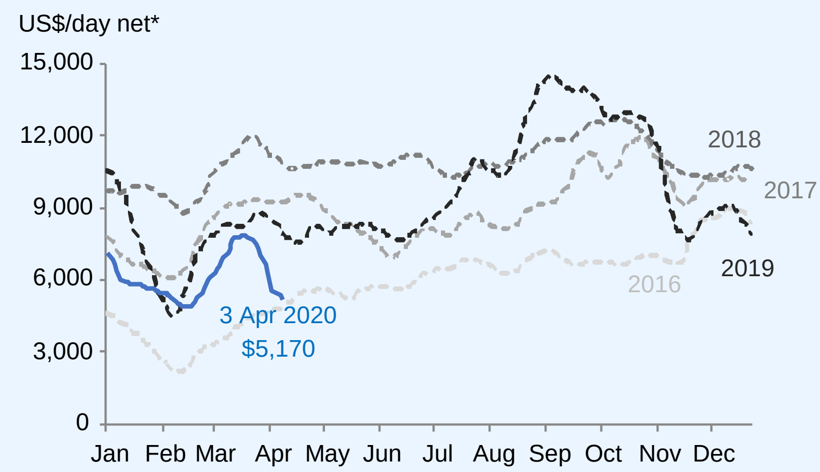
Market Recovered After a Weak Start But is Now Facing Global COVID-19 Headwinds

Baltic Handysize Index (BHSI) [1]
Market Spot Rates in 2016-2020



[1] *BHSI 28,000 dwt for all years for consistency*

Baltic Supramax Index (BSI) [2]
Market Spot Rates in 2016-2020



[2] *BSI 58,000 dwt*

2016 2017 2018 2019 2020

- The dry bulk freight market in 2020 started poorly, undermined by strained global trade tensions, and the typical seasonal Chinese New Year dip was compounded by reduced demand and disrupted logistics caused by measures taken in China to contain the COVID-19 coronavirus outbreak
- Rates bottomed out in late Feb and strengthened for a four-week period as Chinese activity gradually returned. However, COVID-19 is now causing an increasingly widespread lockdown of economic activity around the world, and rates have weakened since the end of March
- We do expect to see a rebound in economic activity and dry bulk trade flows in due course, once the global outbreak recedes, containment measures are eased and significant stimulus is implemented

[1,2] *excludes 5% commission*
Source: Baltic Exchange, data as at 3 April 2020

COVID-19 Impact on Pacific Basin

- Measures to contain COVID-19, initially in China and now globally, have resulted in disrupted logistics and weaker dry bulk demand
- Ports remain largely open and operational so far, although lockdowns and 14-day quarantine rules for ships pose an increasing challenge in several ports and countries around the world
- Widespread restrictions are making crew changes very difficult, but authorities are allowing longer work periods and some countries including China have started to relax such restrictions
- We salute and thank our many seafarers across our fleet for their understanding, commitment and patience during these difficult times
- Some of our offices are working from home or splitting teams, but our business remains fully operational and our customers can depend on us to provide our usual world-class service
- There will be further negative impact from the shut-downs around the world but, eventually, we expect to see stimulus activity driving a rebound once the global outbreak is contained
- With our strong balance sheet and liquidity position, large and fully in-house managed fleet, Pacific Basin is a safe and reliable partner for our customers in these turbulent times
- ***Pacific Basin is well positioned to ride out the storm – We're with you for the long haul!***

Pacific Basin

COVID-19 Expected Impact on Dry Bulk Demand

So far:

- Our 1Q20 performance held up well despite Chinese New Year weakness, which was compounded by COVID-19 impacts in China
- Global shipments of agricultural products, construction material and other minor bulks were resilient in 1Q20

Going forward:

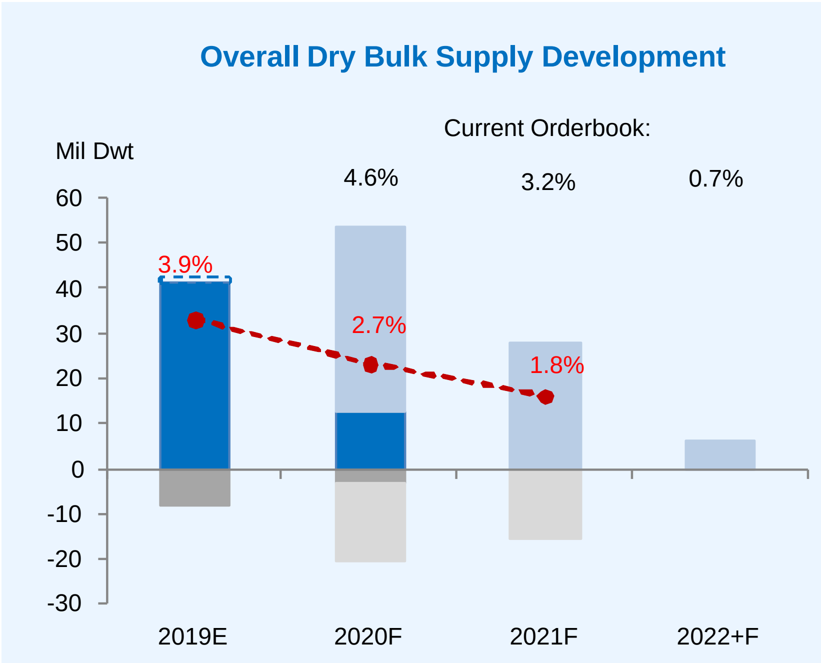
- We expect that the effects of containment measures and today's weak spot rates will negatively impact our second quarter earnings
- Agricultural products will be the least affected (maybe not at all)
- Construction material shipments will be impacted by GDP reduction (steel, cement, logs, bauxite, nickel, copper)
- Coal will suffer from lower energy consumption and competition from cheap oil & gas

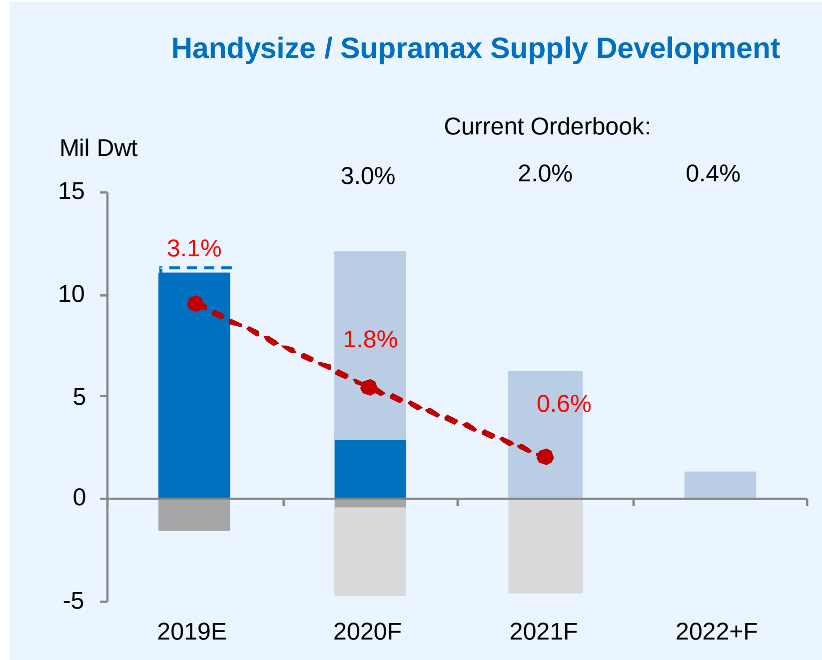
Geographically:

- It is good to have China, the world's most important country for dry bulk, back in action
- European volumes will be affected by lockdowns but ports remain largely open so far
- North American impact comes next

Pacific Basin

Supply Growth is Still High But Expected to Slow



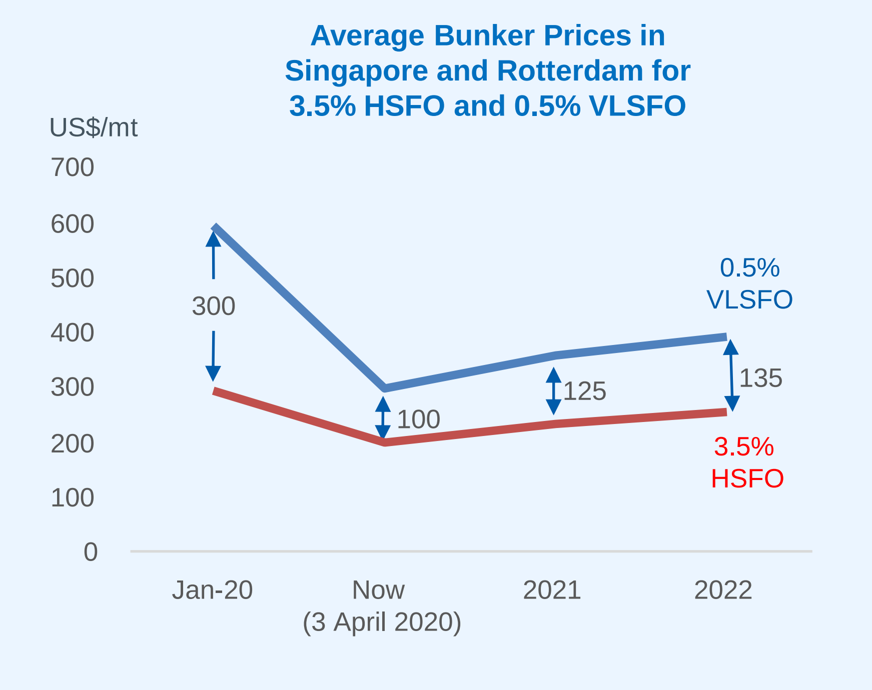


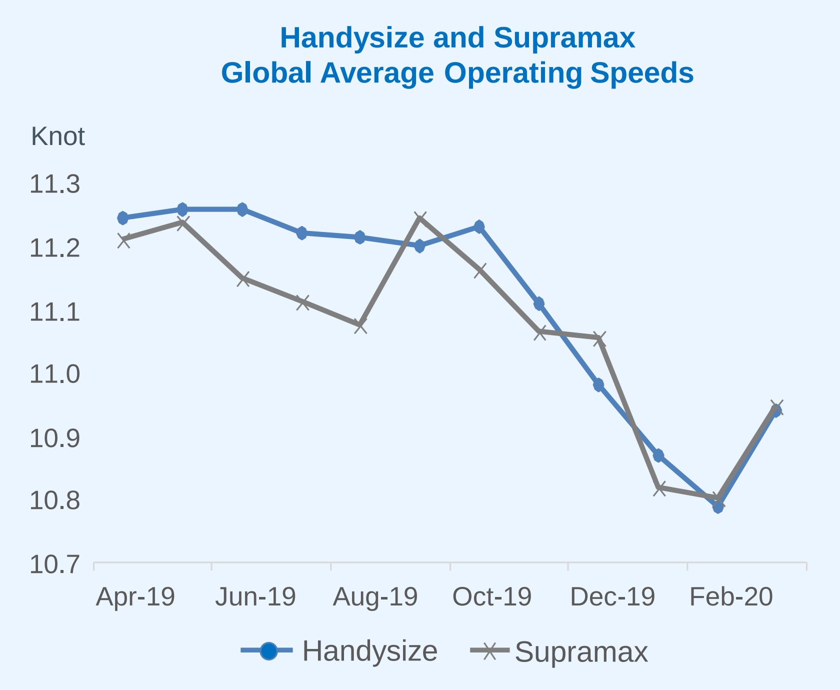
New Deliveries
Shortfall
Scrapping
Scrapping Forecast
Scheduled Orderbook
Net Fleet Forecast

- Global dry bulk supply growth continues to be too high, but the recent weak freight rates and uncertain outlook will slow net fleet growth in the longer term
- Better fundamentals for smaller ships – orderbook is the lowest since late 1990s
- Scrapping in the year to date is well above the same period last year and is forecast to increase further
- Virus-related slowdown is also affecting shipyard output with delays expected to scheduled deliveries
- There were already many reasons not to order newbuildings, and the virus-related downturn has added one more reason

Source: Clarksons Research, as at 1 April 2020

Fuel Prices and Speed

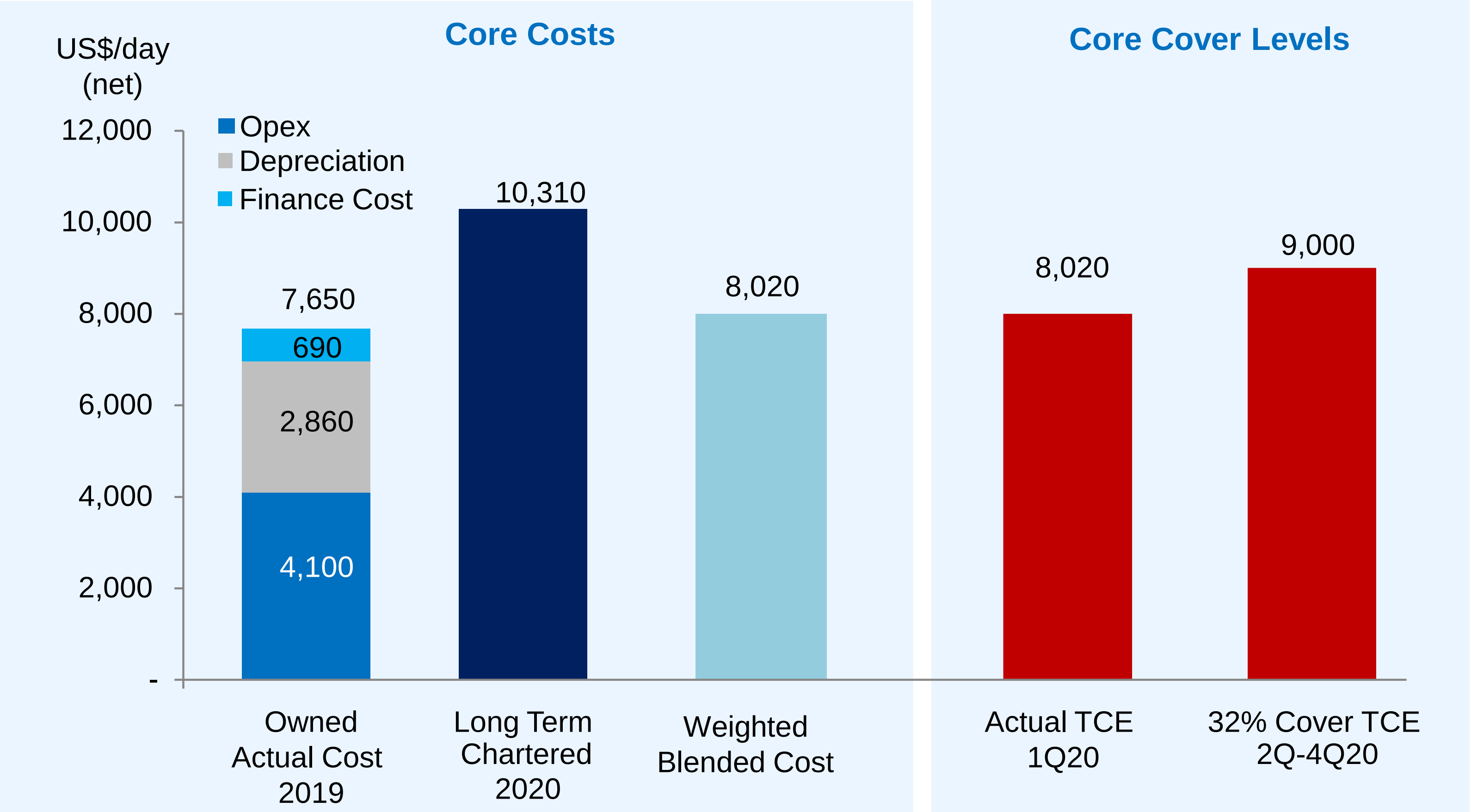




- IMO 2020 caused average vessel speeds to slow, offsetting net fleet growth
- However, fuel prices and spread have reduced with the fall in crude price
- Vessel speeds are no longer slowing due to cheaper fuel
- We benefited from the early large spread on our scrubber-fitted Supramaxes, and we have also hedged a portion of this fuel price spread
- Crude prices are extremely volatile, but the forward curve shows higher prices ahead (strong contango)

Source: Pacific Basin, AXS

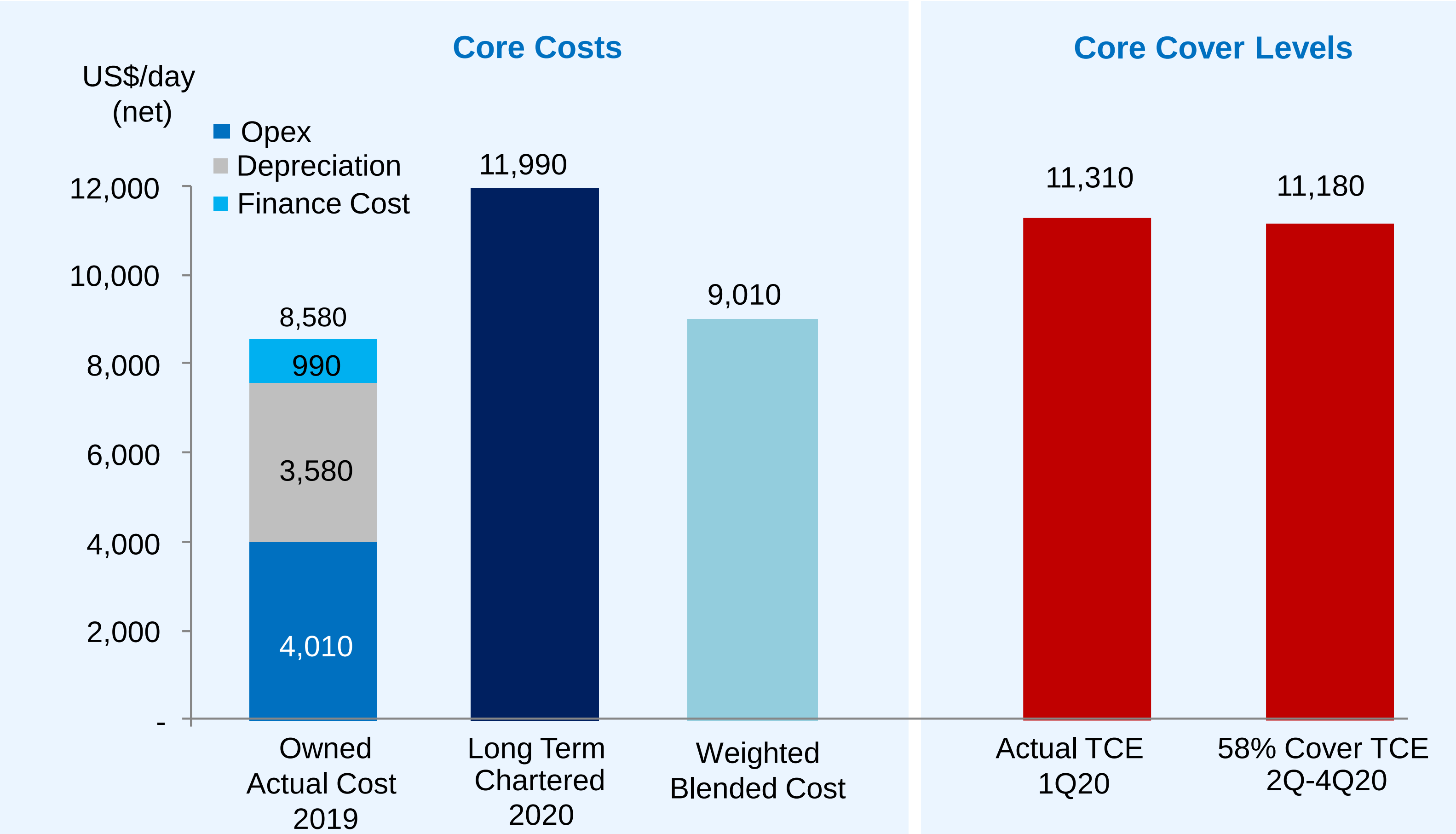
Handysize Costs Compared to Cover Levels



No. of Ships in April 2020	81	13	94

Note: Costs are before G&A

Supramax Costs Compared to Cover Levels



No. of Ships in April 2020	35	5	40

Note: Costs are before G&A

Pacific Basin

Our Two Main Activities

Core Business	Operating Activity
Contract and spot cargoes	Spot cargoes
Owned and long term chartered in 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/day	Key KPI = Margin/day
Significant leverage and profits in strong market	Contribution both in weak and strong markets
Asset heavy – our own crews / quality / safety	Asset light – harder to control quality
Enables reliability, cargo contracts, brand name	Enhances and expands the service to our customers
Currently about 85% of total vessel days	Currently about 15% of total vessel days

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

Pacific Basin

Strong Balance Sheet & Cash Positions

- Two new revolving credit facilities and a new convertible bond secured last year. Major investments in scrubbers, BWTS and dry dockings are behind us
- **US$383 million** of available liquidity as at 31 December 2019
- Regular expected cash outgoings during FY 2020:
  - ~US$50 million capital expenditure (mainly scheduled dry dockings and BWTS)
  - ~US$155 million amortization and interest
- Non-regular cash commitments during FY 2020:
  - ~US$55 million for acquired vessels delivered in 1Q20 and final scrubber payments
  - US$50 million repayment of unsecured revolver in November
  - US$12.8 million dividend in May
- We expected all 2020 cash commitments to be comfortably met by operating cash inflow (US$174 million in FY 2019, inclusive of all charter hire payments) and existing liquidity - in addition we have 6 unmortgaged ships (with estimated market value of US$100 million)

- **Our outperforming business model, strong liquidity position and large in-house managed fleet makes Pacific Basin a safe and reliable partner for customers, suppliers, other counterparties and financial institutions in these turbulent times**
- **We are well positioned to take advantage of opportunities created by this market dislocation**

Pacific Basin

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

Contact IR – Emily Lau
E-mail: elau@pacificbasin.com
ir@pacificbasin.com
Tel : +852 2233 7000

- **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
- **Social Media Communications**
  - Follow us on Facebook, Twitter, Linkedin, YouTube and WeChat!

WeChat

Pacific Basin

Appendix: Vessel Days Breakdown

	Handysize		Supramax	
Days	1Q19	1Q20	1Q19	1Q20
Core Revenue Days	**9,000**	**8,660**	**3,050**	**3,430**
- Owned Revenue Days	7,300	7,290	2,420	2,940
- LT Chartered Days	1,700	1,370	630	490
ST Core Days	**1,450**	**880**	**3,100**	**2,500**
Operating Days	**1,540**	**1,430**	**1,410**	**1,490**
Owned Off Hire Days	**130**	**110**	**80**	**150**
Total Vessel Days	**12,120**	**11,080**	**7,640**	**7,570**

Appendix:
New TCE Reporting Methodology

Our "**core business**" is to optimally combine our owned and long-term chartered ships with spot cargoes and multi-shipment contract cargos to achieve the highest daily time-charter equivalent ("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

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 opportunistically matching our customers' spot cargoes with short-term chartered-in 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 it is therefore the margin per day (the net daily difference between TCE revenue and charter costs) that is the important KPI, not the TCE level itself

Core Business TCE per Day	Operating Activity Margin per Day
$\dfrac{\text{Owned + Long-Term TCE Revenue + Short Term (excluding Operating) Margin}}{\text{Owned + Long Term Revenue Days}}$	$\dfrac{\text{Operating Margin}}{\text{Operating Days}}$