
FOURTH QUARTER 2018 EARNINGS CONFERENCE CALL PRESENTATION



PANGAEA
LOGISTICS SOLUTIONS



SAFE HARBOR

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PANGAEA LOGISTICS SOLUTIONS LTD.

Logistics services and integrated chartering solutions provide attractive returns

1. Backhaul Focused Operator

- Generating profit from a cost center
 - Backhauls enhance efficiencies
 - Minimal ballast time
- Secured and defended by operational expertise, reputation, long-term contracts and repeat customer



2. Ice Class Trades

- Generating profit from limited supply of tonnage, lower costs and year-round demand
- Secured and defended by operational expertise, and ownership of specialized 1A ice-class fleet



3. Customized Logistics Solutions

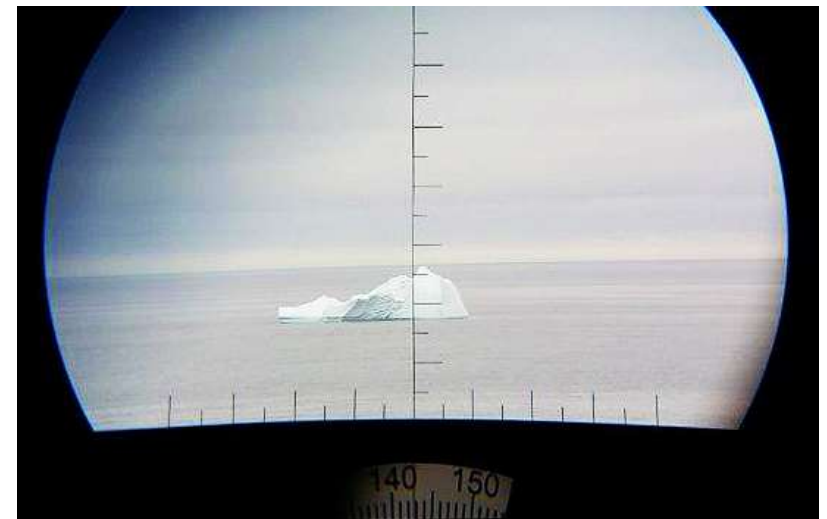
- Generating profit from customized and complete solutions within niche dry bulk logistics trades
 - Providing strong earnings over the long term
 - Designing custom made loading and discharge systems in critical ports, as well as optimizing delivery terms via implementation of new processes and services
- Secured and defended by operational expertise and embedded customer relationships



PANGAEA LOGISTICS SOLUTIONS LTD.

Pangaea concentrates on cargo movements to:

- Identify movements that require our expertise in logistics and operations
- Capitalize on movements where we can utilize our specialized fleet
- Reduce ballast legs and other costs
- Assist customers in unique or difficult trades



Allowing Pangaea to capture additional freight margin for the valued services it provides



BUSINESS HIGHLIGHTS

Q4-2018 Results

Consistent Performance

- Adjusted EBITDA⁽¹⁾ of \$12.2 million
- Income from operations of \$7.7 million
- Net loss of \$0.6 million reflects unrealized loss on derivatives of \$4.3 million

Fleet

Working Fleet

- 20 drybulk ships and one barge in owned and controlled fleet

Operations

Extensive and varied experience

- Operating 47 vessels on average during Q4-2018
- 6 million tons loaded, 128 voyages performed for 73 clients

1) **Adjusted EBITDA** is a non-GAAP measure and represents income or loss from operations before depreciation and amortization, loss on sale and leaseback of vessel, and when applicable, loss on impairment of vessels and certain non-recurring items.

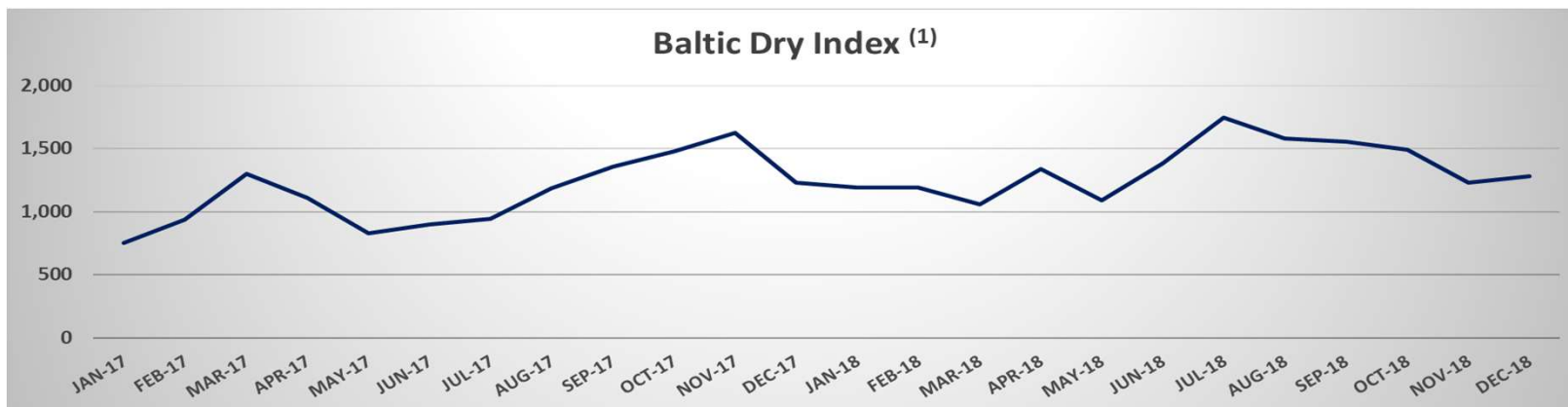


DRIVERS OF PERFORMANCE

Customer Focus: Long-term, fixed contract employment and recurring business with new and longstanding customers

Targeted Business: Specialty tonnage provides superior returns – 24% premium over average market rates in Q4 – 2018

Rate Environment: The Baltic Dry Index average was relatively flat quarter over quarter, but Pangaea's TCE rates increased 15% quarter over quarter due to long-term COAs.



(1) Per reported indices



FINANCIAL HIGHLIGHTS

- 14% increase in net revenue, reflecting improvement in market fundamentals
- Significant increase in working capital and operating cash flows
- Strategic use of equity in owned vessels to raise cash for investment in high quality ships



SELECTED INCOME STATEMENT DATA

(in thousands)

	Three months ended December 31,		Year ended December 31,	
	2018	2017	2018	2017
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenues:				
Voyage revenue	\$ 85,774	\$ 86,075	\$ 319,753	\$ 337,683
Charter revenue	16,055	16,111	53,217	47,405
	101,829	102,186	372,970	385,088
Expenses:				
Voyage expense	40,266	39,185	145,146	160,578
Charter hire expense	35,045	38,931	116,958	132,853
Vessel operating expenses	10,070	9,626	39,830	36,436
General and administrative	4,273	3,744	16,484	15,163
Depreciation and amortization	4,480	4,010	17,621	15,615
Loss on sale and leaseback of vessels	-	-	860	9,275
Total expenses	94,135	95,497	336,900	369,919
Income from operations	7,694	6,690	36,071	15,169
Total other expense, net	(6,518)	(2,167)	(12,089)	(6,068)
Net income	1,177	4,523	23,982	9,101
Income attributable to noncontrolling interests	(1,795)	(501)	(6,225)	(1,288)
Net (loss) income attributable to Pangaea Logistics Solutions Ltd.	\$ (618)	\$ 4,022	\$ 17,757	\$ 7,813
Adjusted EBITDA ⁽¹⁾	\$ 12,175	\$ 10,700	\$ 54,552	\$ 40,058

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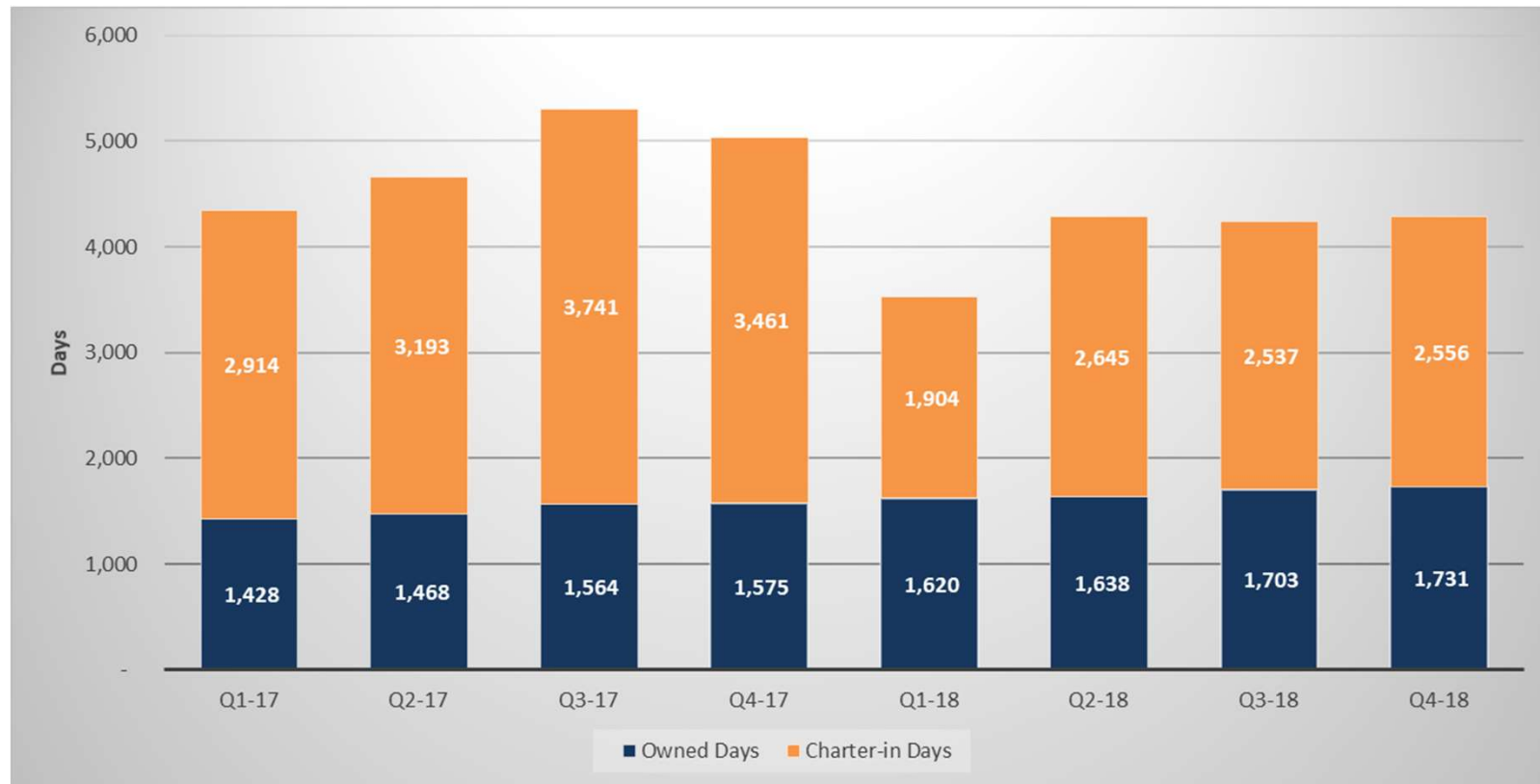
SELECTED BALANCE SHEET & CASH FLOW DATA

(in thousands)

	December 31, 2018	December 31, 2017
Current Assets		
Cash and cash equivalents	\$ 53,615	\$ 34,532
Accounts receivable, net	28,482	21,089
Other current assets	31,410	27,389
Total current assets	113,506	83,010
 Restricted cash	 2,500	 4,000
Fixed assets, including leased vessels, net	337,468	336,287
Total assets	\$ 453,475	\$ 423,297
 Current liabilities		
Accounts payable, accrued expenses and other current liabilities	\$ 31,898	\$ 29,181
Related party debt	2,878	7,010
Current portion long-term debt and capital lease obligations	25,493	20,765
Other current liabilities	18,781	13,054
Total current liabilities	79,049	70,010
 Secured long-term debt and capital lease obligations, net	 141,059	 142,631
 Total Pangaea Logistics Solutions Ltd. equity	 161,688	 145,351
Non-controlling interests	71,679	65,304
Total stockholders' equity	233,367	210,656
Total liabilities and stockholders' equity	\$ 453,475	\$ 423,297
 Cash flows for the years ended:	 December 31, 2018	 December 31, 2017
Net cash provided by operating activities	\$ 40,135	\$ 29,223
Net cash used in investing activities	\$ (17,510)	\$ (64,554)
Net cash (used in) provided by financing activities	\$ (5,042)	\$ 45,439



TOTAL SHIPPING DAYS

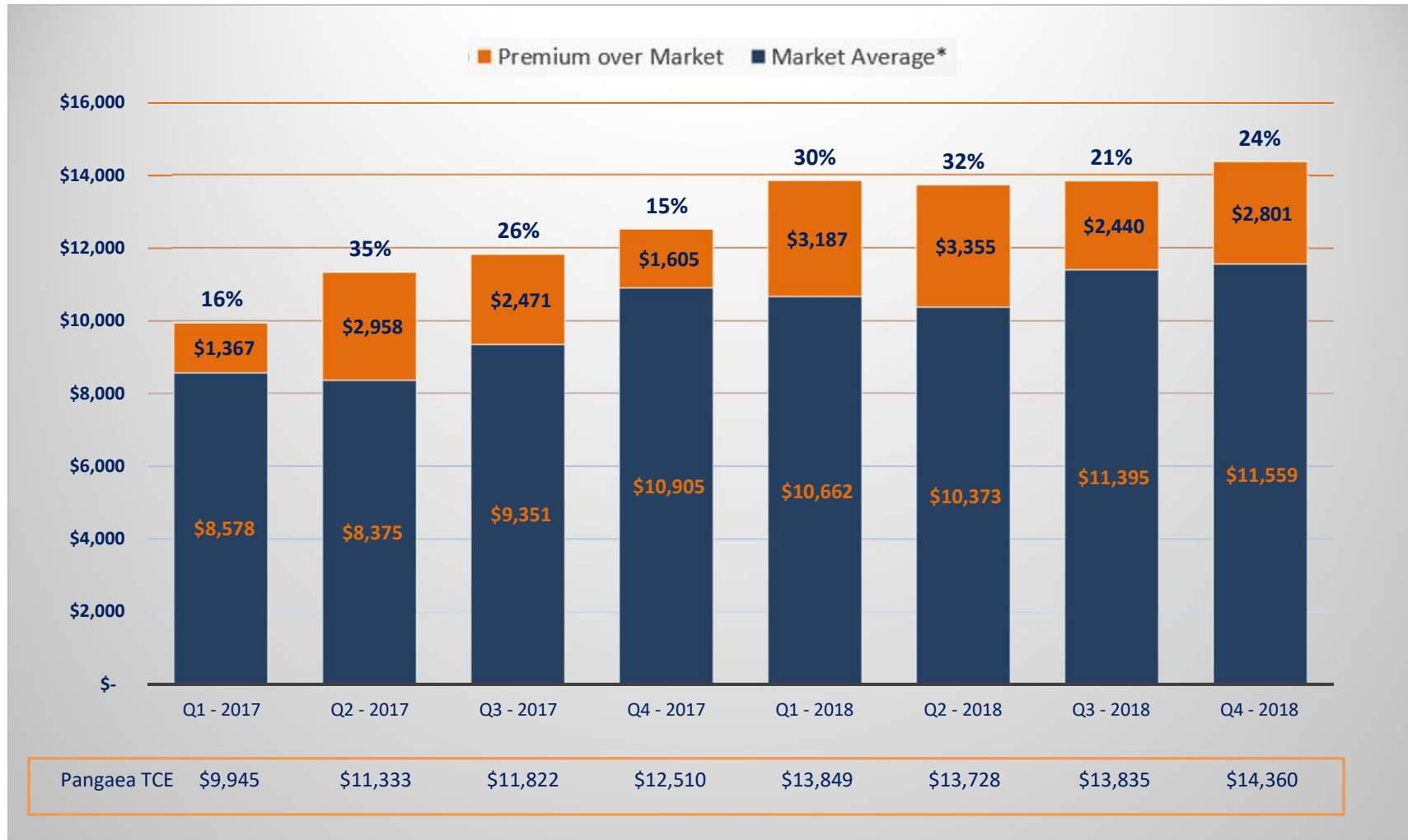


Capital Efficiency: Leveraged owned fleet by chartering-in market vessels

Flexibility: Short-term charters allow us to react quickly and take advantage of arbitrage opportunities



PANGAEA TCE v. AVERAGE MARKET TCE

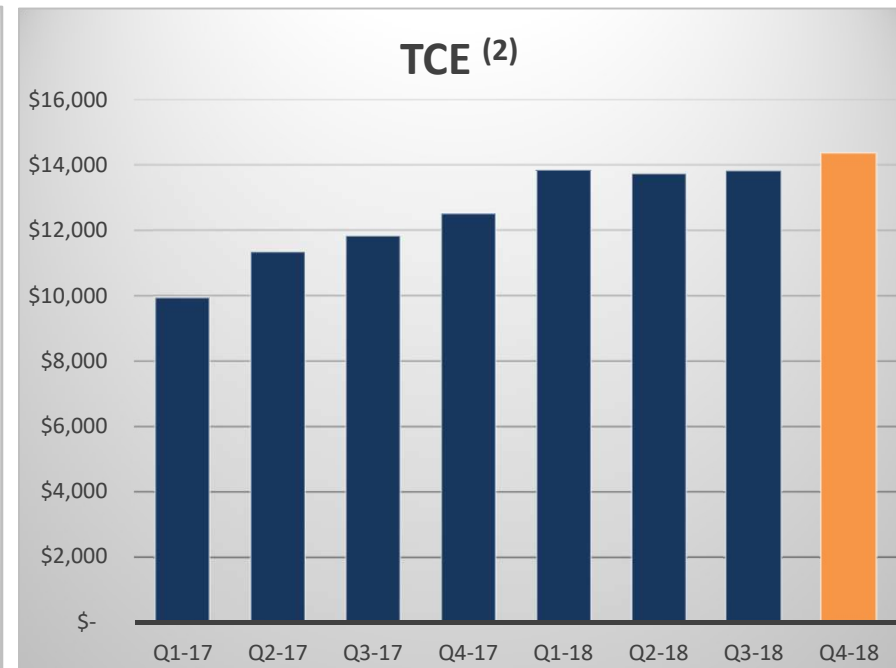
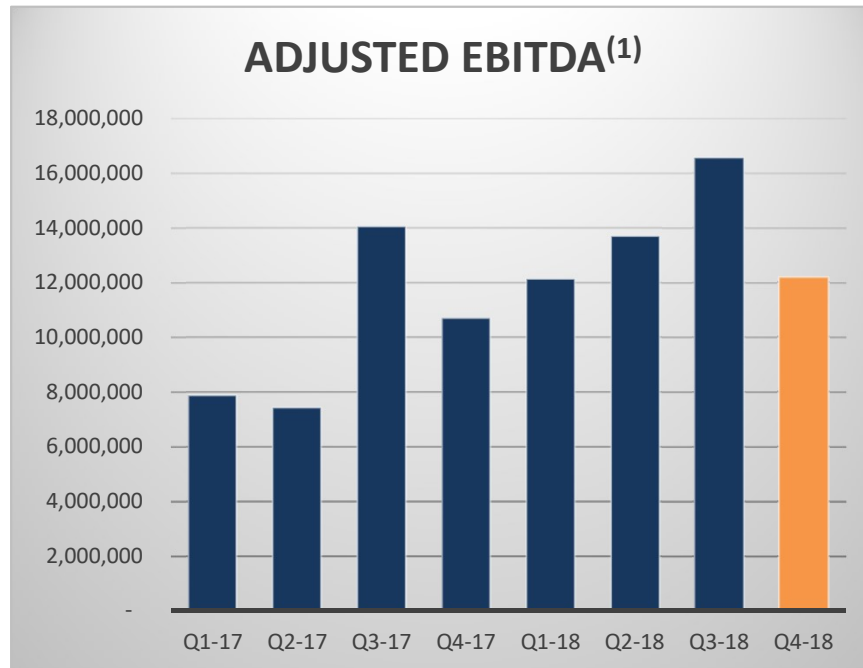


Consistently outperforming against average Panamax and Supramax index

**Average of the published Panamax and Supramax index net of commission*



FINANCIAL PERFORMANCE Q1-2017 THROUGH Q4-2018

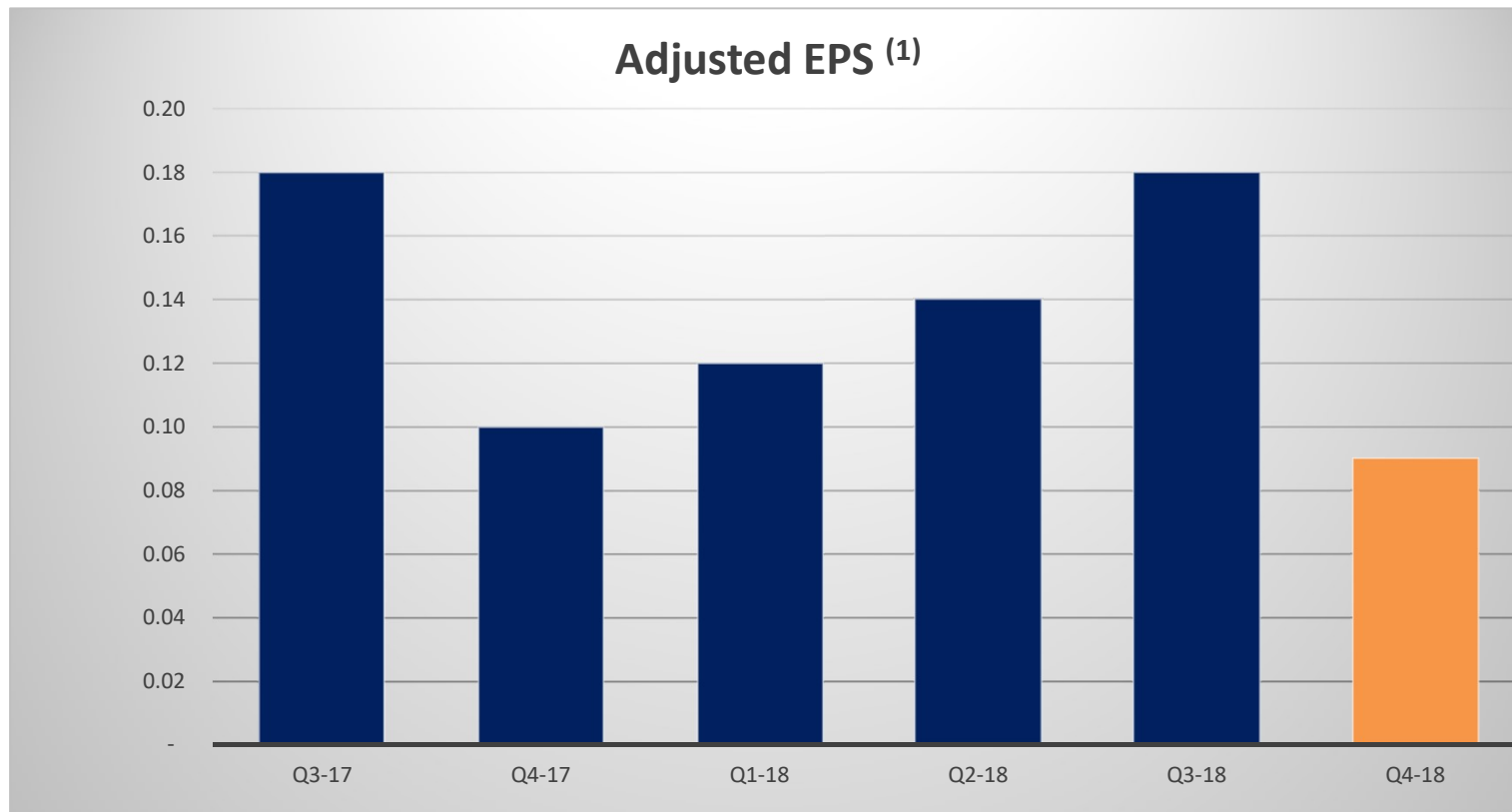


- 1) Adjusted EBITDA** is a non-GAAP measure and represents income or loss from operations before depreciation and amortization, loss on sale and leaseback of vessels, and when applicable, loss on impairment of vessels and certain non-recurring items.
- 2) TCE** is defined as total revenues less voyage expenses divided by the number of shipping days, which is consistent with industry standards. TCE rate is a common shipping industry performance measure used primarily to compare daily earnings generated by vessels on time charters with daily earnings generated by vessels on voyage charters, because charter hire rates for vessels on voyage charters are generally not expressed in per-day amounts while charter hire rates for vessels on time charters generally are expressed in per-day amounts.



ADJUSTED EARNINGS PER COMMON SHARE

Adjusted EPS total of \$0.81 since Q3 2017



⁽¹⁾ Adjusted earnings per share represents net income attributable to Pangaea Logistics Solutions Ltd. plus, when applicable, loss on sale and leaseback of vessel, loss on impairment of vessel, gains and losses on derivative instruments, and certain non-recurring charges, divided by the weighted average number of shares of common stock.

