
FIRST QUARTER 2019 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 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

Q1-2019 Results

Consistent
Performance

- Adjusted EBITDA of \$8.6 million
- Net income of \$3.7 million
- \$61.6 million cash, restricted cash and cash equivalents

Fleet

Working Fleet

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

Operations

Extensive and varied
experience

- Operating 44 vessels on average during Q1-2019
- 6 million tons carried, 116 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.

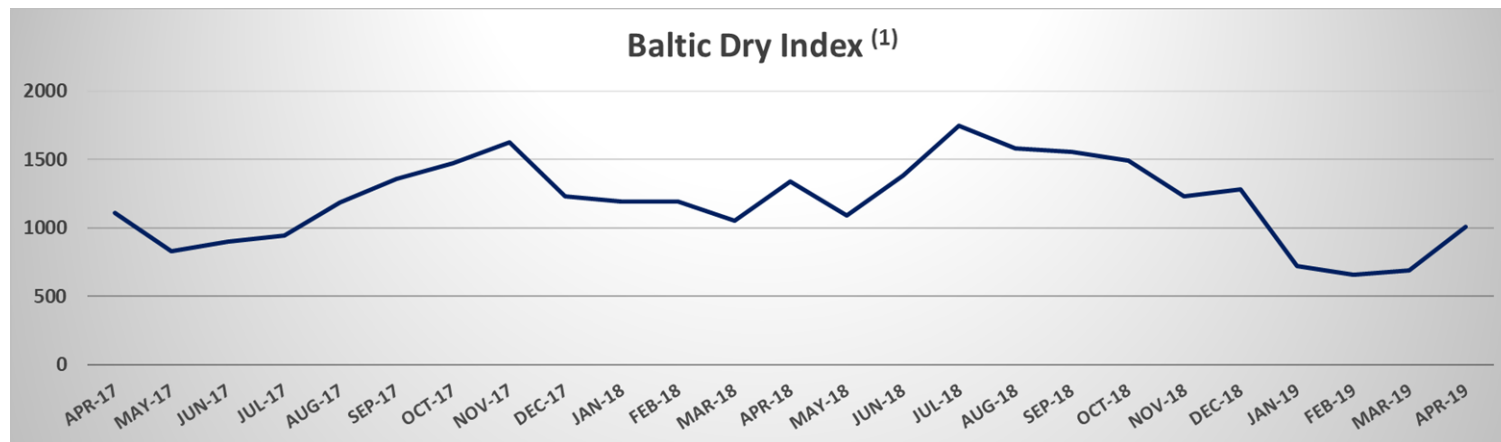


DRIVERS OF PERFORMANCE

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

Targeted Business: Specialty tonnage provides superior returns – 68% premium over average market rates in Q1 – 2019

Rate Environment: The Baltic Dry Index average declined quarter over quarter, but rates improved significantly as Q2 progressed.



(1) Per reported indices



FINANCIAL HIGHLIGHTS

- Consistent net income, even as the BDI and published market rates declined. This speaks for the value of Pangaea's long-term, fixed rate COAs with outstanding customers.
- Steady increase in working capital and significant increase in 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 March 31,	
	2019	2018
	(unaudited)	(unaudited)
Revenues:		
Voyage revenue	\$ 65,851	\$ 70,319
Charter revenue	<u>13,693</u>	<u>8,654</u>
	79,544	78,973
Expenses:		
Voyage expense	32,174	30,168
Charter hire expense	24,947	22,696
Vessel operating expenses	9,754	9,849
General and administrative	4,034	4,128
Depreciation and amortization	<u>4,377</u>	<u>4,338</u>
Total expenses	<u>75,287</u>	<u>71,179</u>
Income from operations	4,257	7,794
Total other income (expense), net	<u>224</u>	<u>(2,259)</u>
Net income	4,481	5,535
Income attributable to noncontrolling interests	<u>(778)</u>	<u>(1,210)</u>
Net income attributable to Pangaea Logistics Solutions Ltd.	<u>\$ 3,703</u>	<u>\$ 4,325</u>
Adjusted EBITDA ⁽¹⁾	<u>\$ 8,634</u>	<u>\$ 12,132</u>

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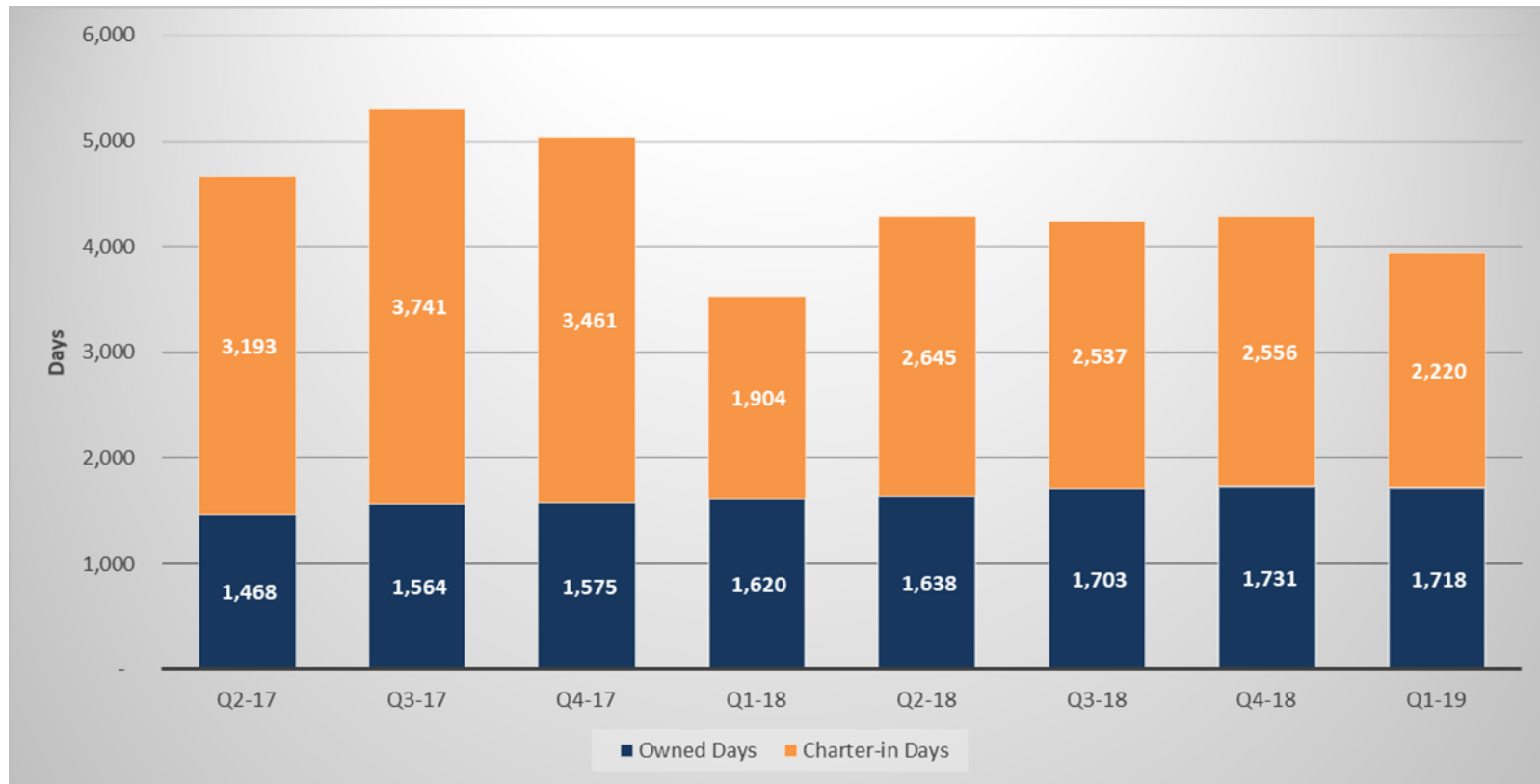
SELECTED BALANCE SHEET & CASH FLOW DATA

(in thousands)

	<u>March 31, 2019</u> (unaudited)	<u>December 31, 2018</u>
Current Assets		
Cash and cash equivalents	\$ 59,123	\$ 53,615
Accounts receivable, net	12,730	28,482
Other current assets	28,604	31,410
Total current assets	100,457	113,506
Restricted Cash	2,500	2,500
Fixed assets, including finance lease right of use assets, net	345,045	337,468
Total assets	\$448,002	\$453,475
Current liabilities		
Accounts payable, accrued expenses and other current liabilities	\$ 24,260	\$ 31,898
Related party debt	2,040	2,878
Current portion of long-term debt and finance lease liabilities	25,560	25,493
Other current liabilities	9,337	18,781
Total current liabilities	61,198	79,049
Secured long-term debt and capital lease obligations, net	148,282	141,059
Total Pangaea Logistics Solutions Ltd. equity	166,065	161,688
Non-controlling interests	72,457	71,679
Total stockholders' equity	238,522	233,367
Total liabilities and shareholders' equity	\$ 448,002	\$ 453,475
<u>Cash flow data</u>	<u>March 31, 2019</u> (unaudited)	<u>March 31, 2018</u> (unaudited)
Net cash provided by operations	\$ 11,960	\$ 2,790
Net cash used in investing activities	\$ (11,586)	\$ (377)
Net cash provided by (used in) financing activities	\$ 5,134	\$ (8,739)



TOTAL SHIPPING DAYS

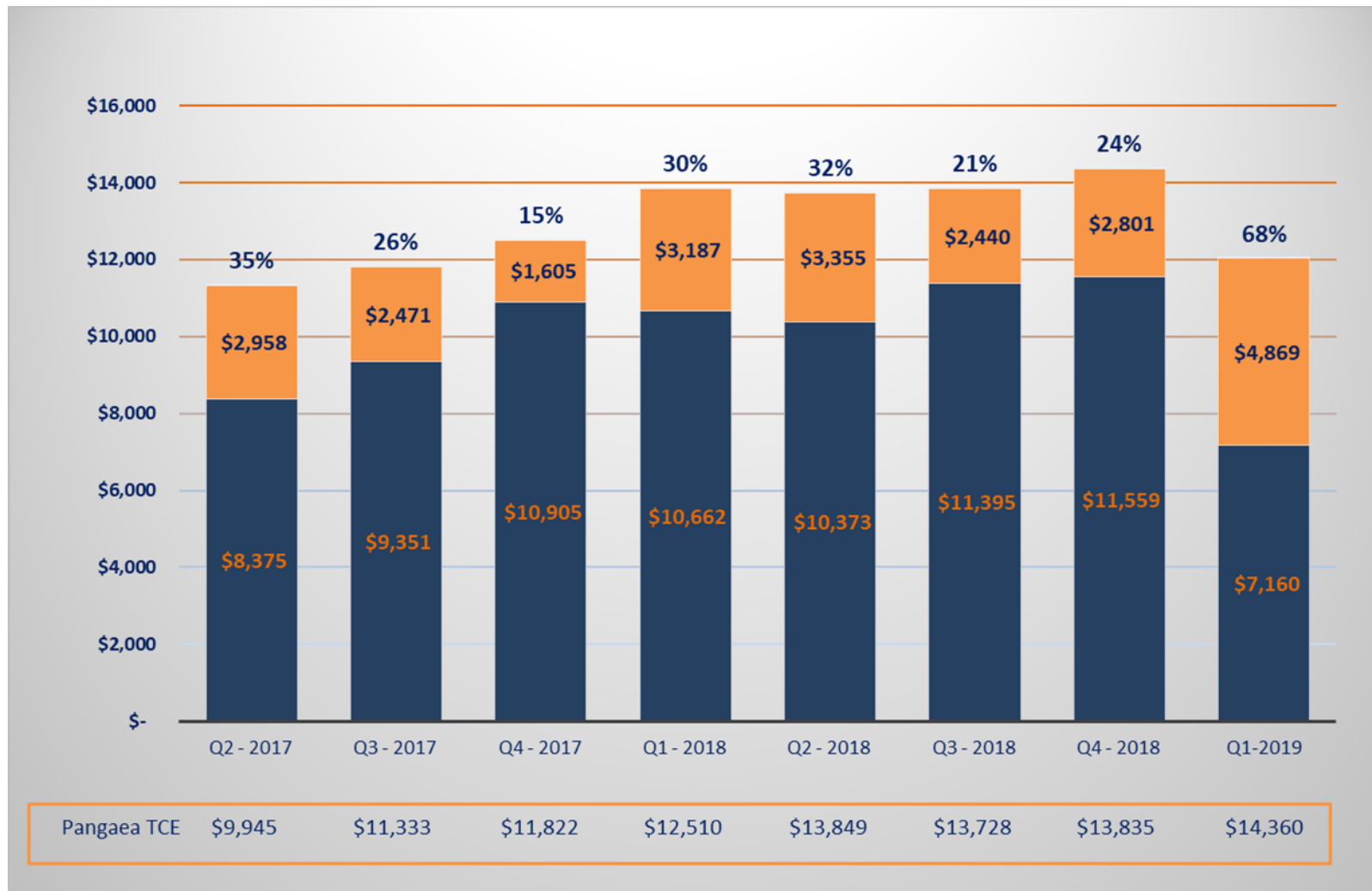


Capital Efficiency: Leveraged owned fleet by chartering-in market vessels

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



PANGAEA TCE v. AVERAGE MARKET TCE

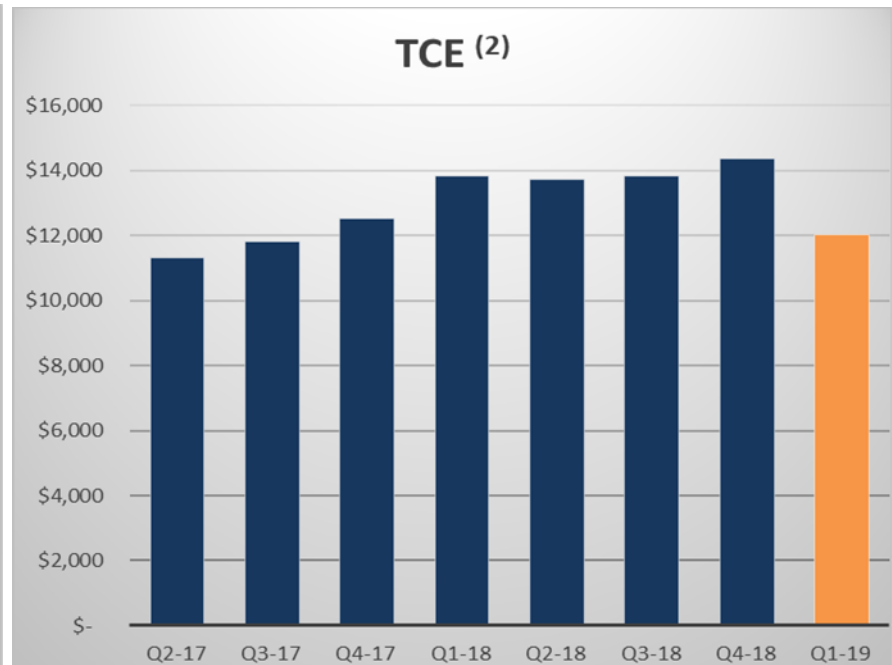
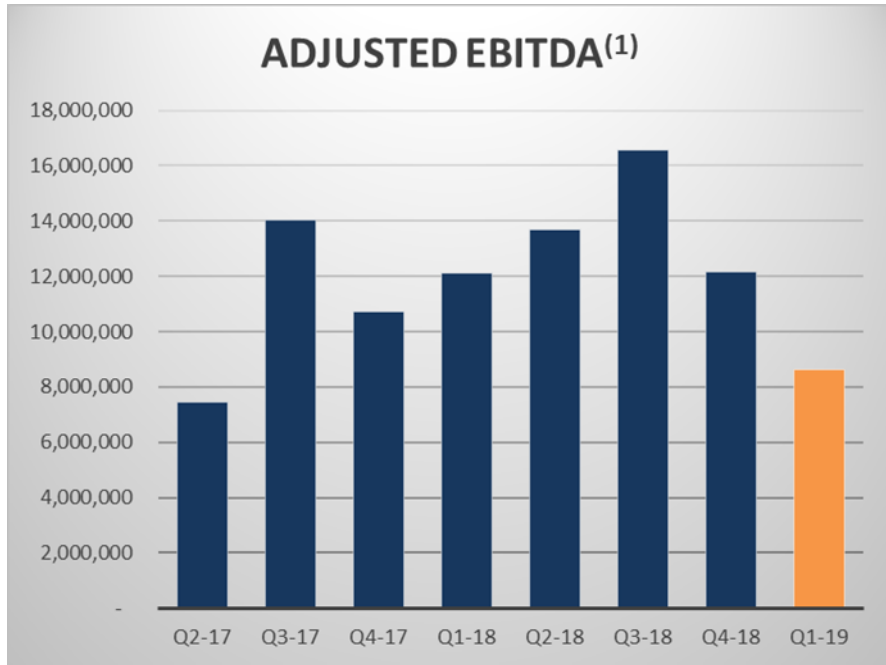


Consistently outperforming against average Panamax and Supramax index

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



FINANCIAL PERFORMANCE Q2-2017 THROUGH Q1-2019

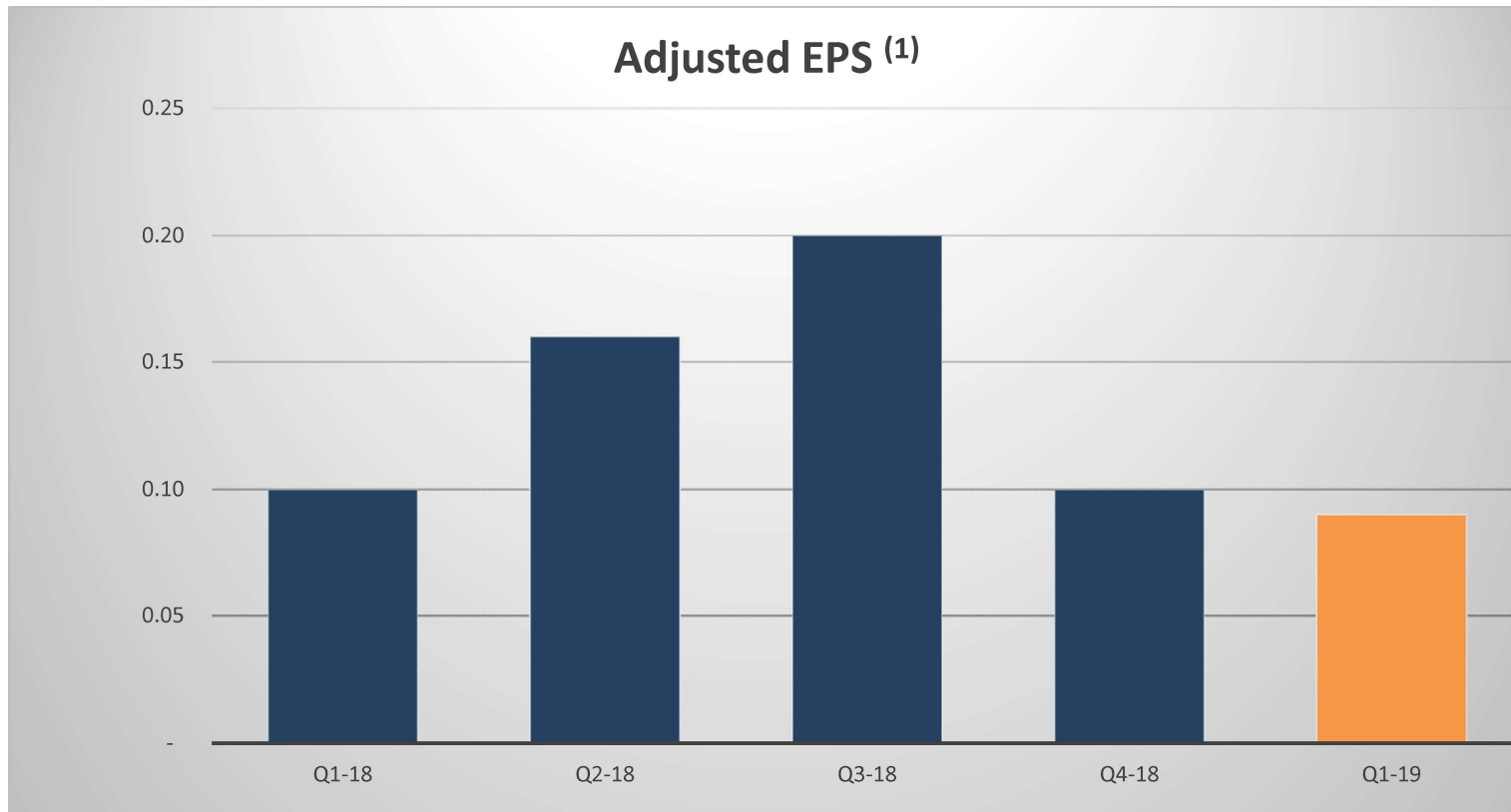


- 1) **Adjusted EBITDA** is a non-GAAP measure and represents income or loss from operations before depreciation and amortization, loss on sale and leaseback of vessels, and when applicable, loss on impairment of vessels and certain non-recurring items.
- 2) **TCE** is defined as total revenues less 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 \$0.65 since Q1 2018



⁽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.

