
THIRD QUARTER 2019 EARNINGS CONFERENCE CALL PRESENTATION



PANGAEA
LOGISTICS SOLUTIONS



SAFE HARBOR

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BUSINESS HIGHLIGHTS

Q3-2019 Results

Consistent
Performance

- Adjusted EBITDA of \$17.7 million
- Net income of \$8.3 million
- \$36.7 million cash, restricted cash and cash equivalents

Fleet

Working Fleet

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

Operations

Extensive and varied
experience

- Operating 50 vessels on average during Q3-2019
- 7.4 million tons carried; 122 voyages performed for 49 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.

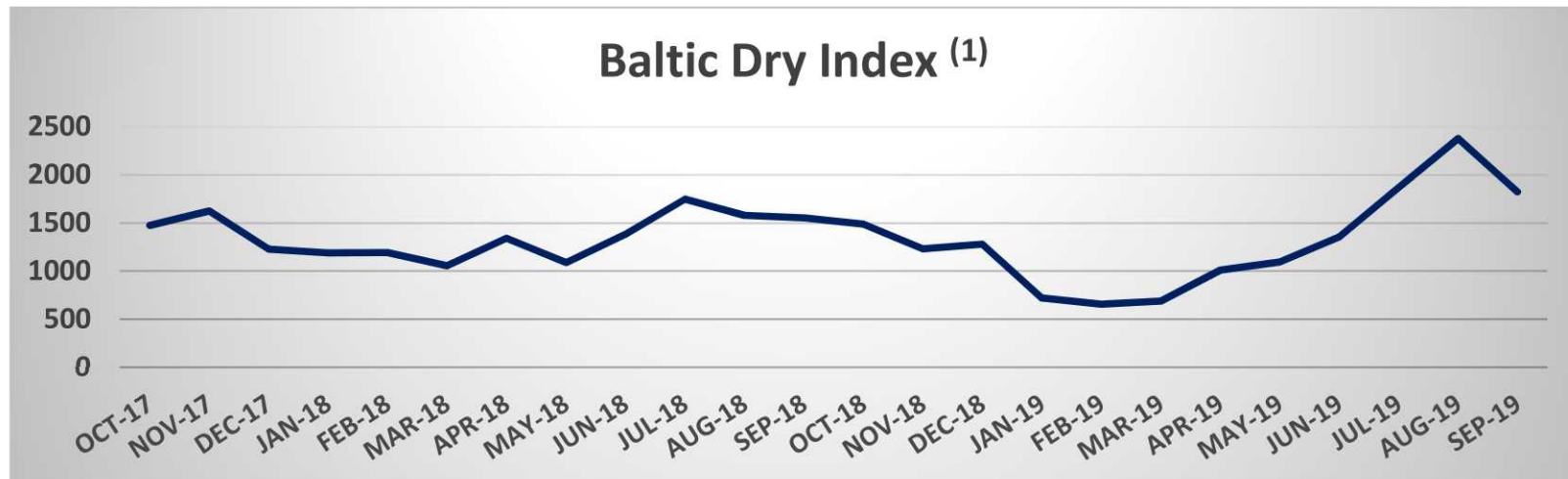


DRIVERS OF PERFORMANCE

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

Targeted Business: Specialty tonnage provides superior returns – 16% premium over average market rates in Q3 – 2019

Rate Environment: The Baltic Dry Index average increased quarter over quarter.



(1) Per reported indices



FINANCIAL HIGHLIGHTS

- Net income attributable to Pangaea Logistics Solutions Ltd. of approximately \$8.3 million for the three months ended September 30, 2019 was in line with the same period last year.
- Diluted earnings per share were \$0.19 for both three months ended September 30, 2019 and 2018.
- Pangaea's TCE rates of \$15,915 for the three months ended September 30, 2019 were \$2,187 or 16% over comparable market index averages.
- Total revenue increased to \$118.9 million for the three months ended September 30, 2019, from \$95.3 million for the three months ended September 30, 2018.
- Adjusted EBITDA increased to \$17.7million for the three months ended September 30, 2019, from \$16.6 million for the three months ended September 30, 2018.
- At the end of the quarter, Pangaea had \$36.7 million in cash, restricted cash and cash equivalents.



SELECTED INCOME STATEMENT DATA

(in thousands)

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|----------------------------------|---------------------|---------------------------------|---------------------|
| | 2019 (unaudited) | 2018 (unaudited) | 2019 (unaudited) | 2018 (unaudited) |
| Revenues: | | | | |
| Voyage revenue | \$ 103,806 | \$ 81,813 | \$ 247,088 | \$ 233,979 |
| Charter revenue | 15,079 | 13,532 | 34,632 | 37,162 |
| | 118,885 | 95,345 | 281,720 | 271,141 |
| Expenses: | | | | |
| Voyage expense | 45,103 | 36,685 | 114,501 | 104,881 |
| Charter hire expense | 41,980 | 28,533 | 85,245 | 81,913 |
| Vessel operating expenses | 11,332 | 9,864 | 32,161 | 29,760 |
| General and administrative | 2,768 | 3,704 | 12,161 | 12,211 |
| Depreciation and amortization | 4,653 | 4,411 | 13,521 | 13,140 |
| Loss on sale and leaseback of vessels | - | - | - | 860 |
| Total expenses | 105,835 | 83,197 | 257,589 | 242,765 |
| Income from operations | 13,050 | 12,148 | 24,132 | 28,376 |
| Total other income (expense), net | (2,631) | (1,751) | (4,073) | (5,571) |
| Net income | 10,419 | 10,397 | 20,059 | 22,805 |
| Income attributable to noncontrolling interests | (2,097) | (2,120) | (4,002) | (4,430) |
| Net income attributable to Pangaea Logistics Solutions Ltd. | \$ 8,322 | \$ 8,277 | \$ 16,057 | \$ 18,375 |
| Adjusted EBITDA ⁽¹⁾ | \$ 17,703 | \$ 16,559 | \$ 37,653 | \$ 42,377 |

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.



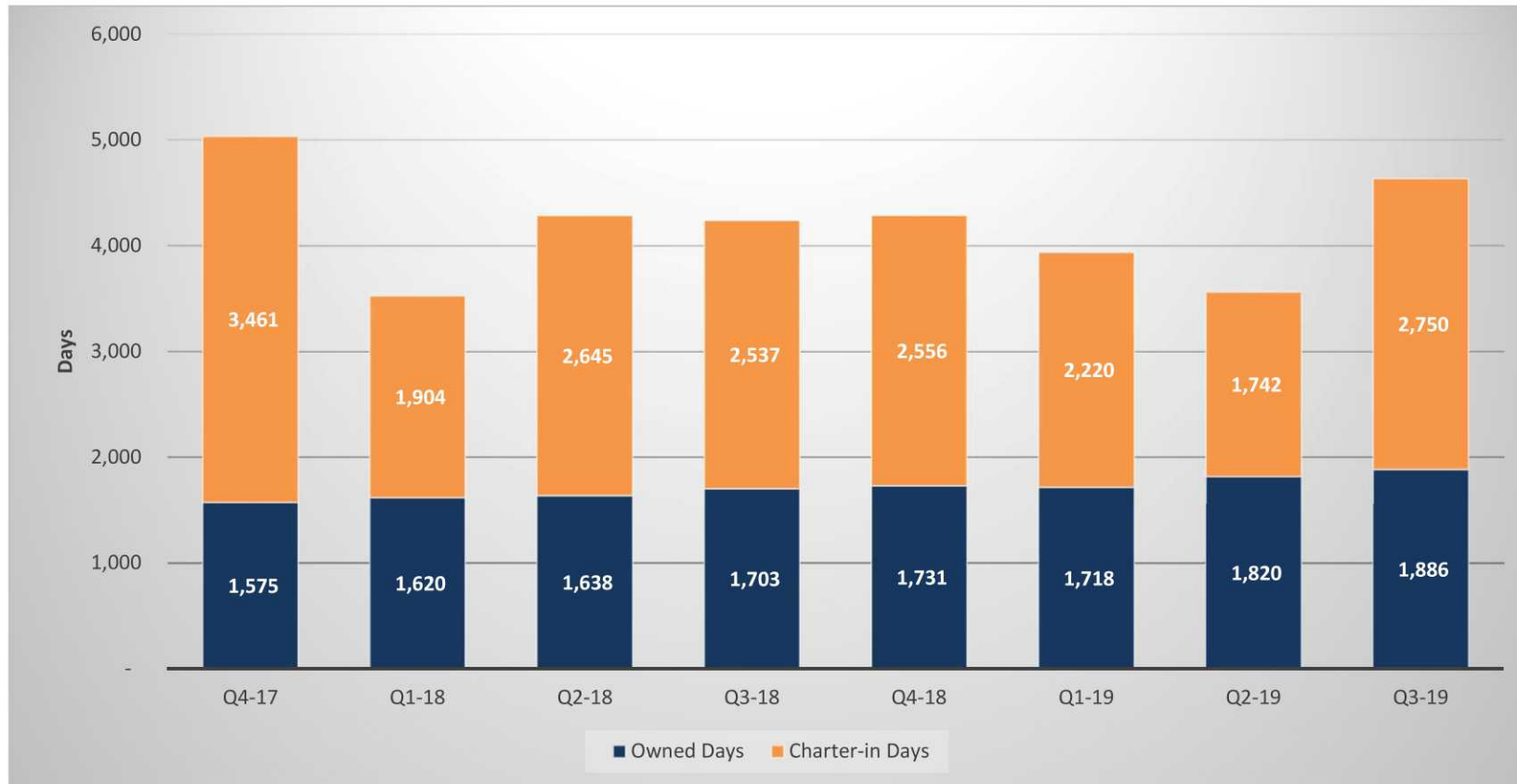
SELECTED BALANCE SHEET & CASH FLOW DATA

| <i>(in thousands)</i> | <u>September 30, 2019</u> | <u>December 31, 2018</u> |
|--|---------------------------|---------------------------|
| Current Assets | | |
| Cash and cash equivalents | \$ 34,171 | \$ 53,615 |
| Accounts receivable, net | 29,221 | 28,482 |
| Other current assets | 45,000 | 31,410 |
| Total current assets | 108,393 | 113,506 |
| Restricted cash | 2,500 | 2,500 |
| Fixed assets, including finance lease right of use assets, net | 365,968 | 337,468 |
| | 7,692 | - |
| Total assets | \$ 484,552 | \$ 453,475 |
| Current liabilities | | |
| Accounts payable, accrued expenses and other current liabilities | \$ 35,975 | \$ 31,898 |
| Related party debt | 1,197 | 2,878 |
| Current portion long-term debt and finance lease liabilities | 31,310 | 25,493 |
| Other current liabilities | 16,219 | 18,781 |
| Total current liabilities | 84,700 | 79,049 |
| Secured long-term debt and finance lease liabilities, net | 152,964 | 141,059 |
| Total Pangaea Logistics Solutions Ltd. equity | 175,874 | 161,688 |
| Non-controlling interests | 71,014 | 71,679 |
| Total stockholders' equity | 246,888 | 233,367 |
| Total liabilities and stockholders' equity | \$ 484,552 | \$ 453,475 |
| Cash flows for the years ended: | <u>September 30, 2019</u> | <u>September 30, 2019</u> |
| Net cash provided by operating activities | \$ 23,402 | \$ 27,225 |
| Net cash used in investing activities | \$ (48,186) | \$ (15,005) |
| Net cash provided by financing activities | \$ 5,341 | \$ 2,514 |

The amounts in the table below have been calculated based on unrounded numbers. Accordingly, certain amounts may not sum due to the effect of rounding.



TOTAL SHIPPING DAYS

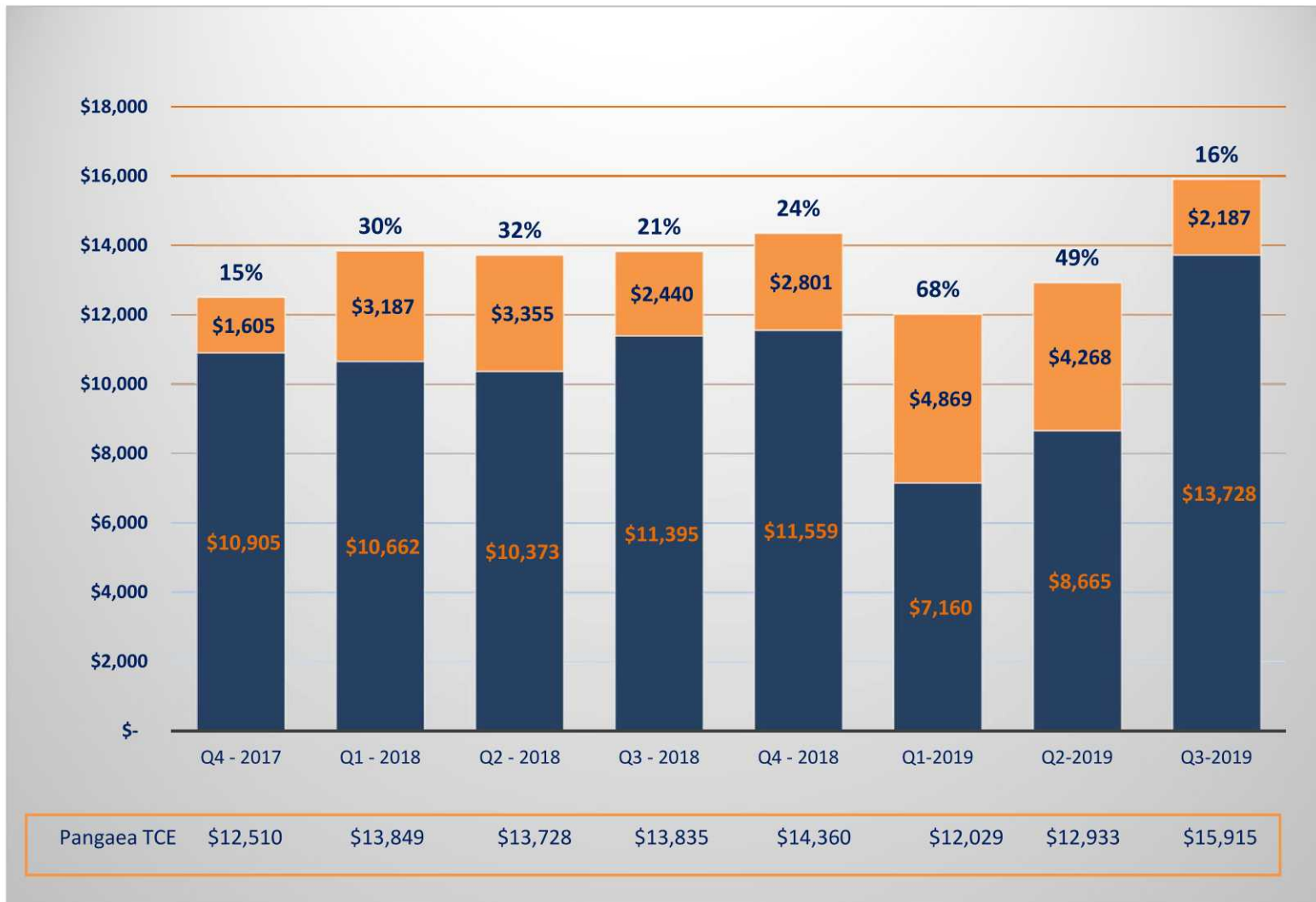


Capital Efficiency: Leveraged owned fleet by chartering-in market vessels

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



PANGAEA TCE v. AVERAGE MARKET TCE

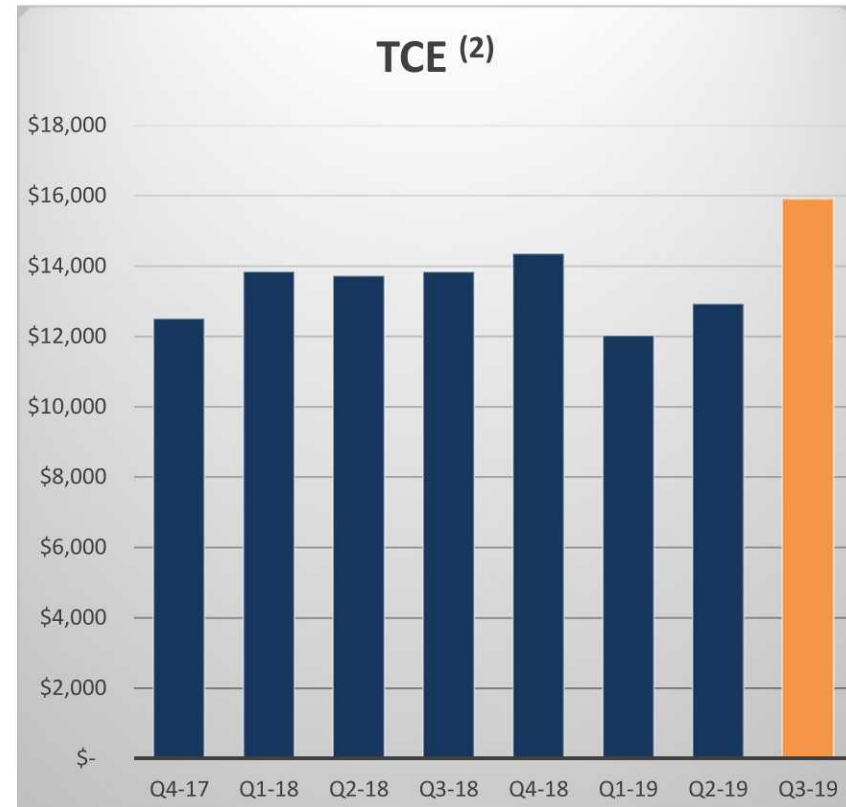
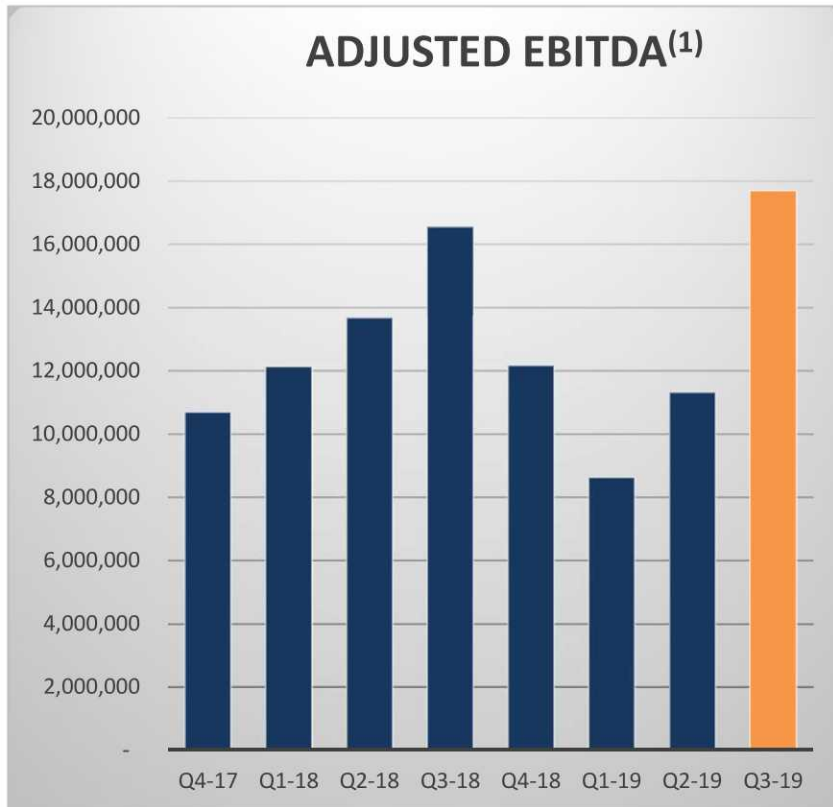


Consistently outperforming against average Panamax and Supramax index

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



FINANCIAL PERFORMANCE Q4-2017 THROUGH Q3-2019

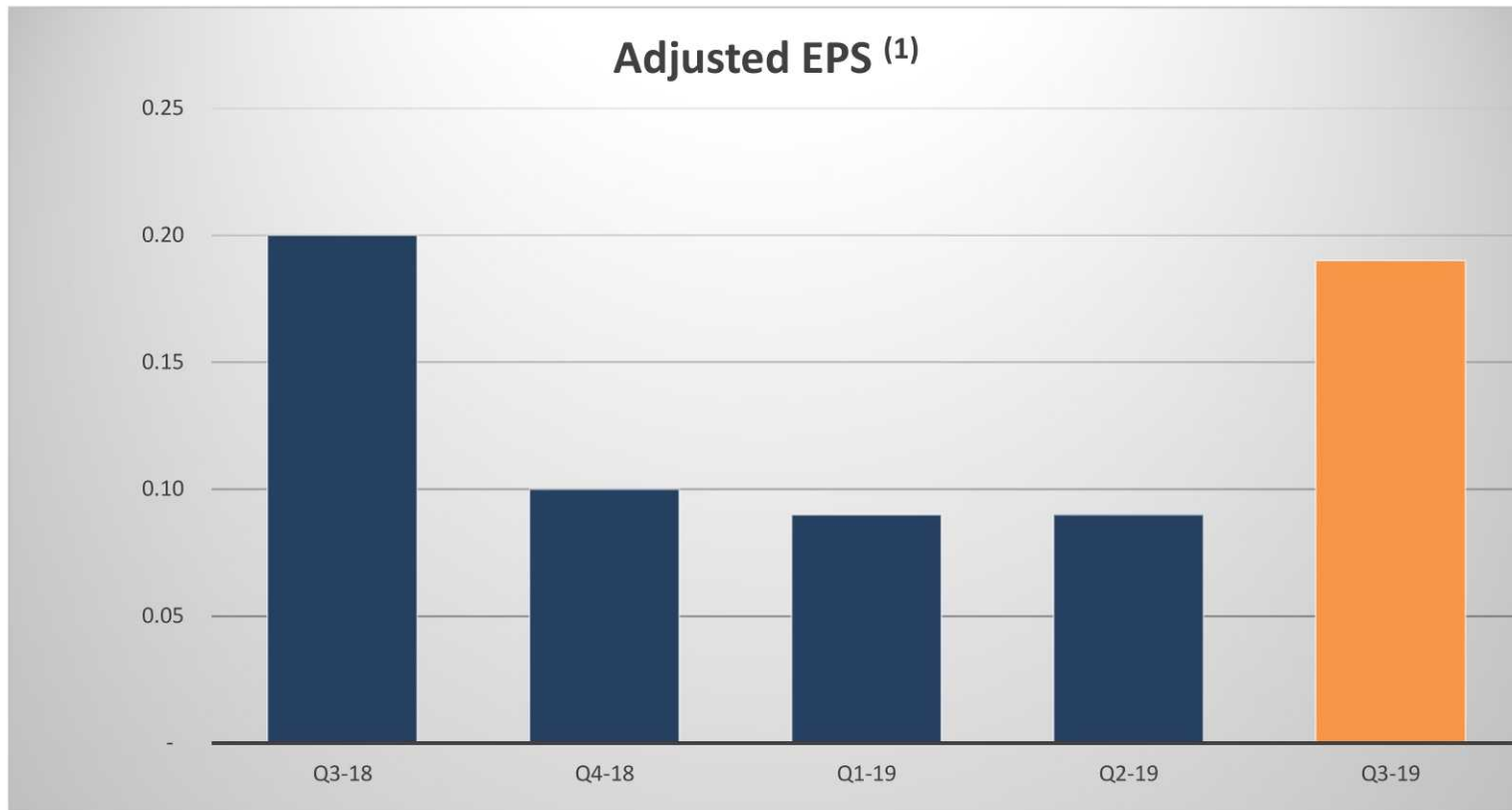


- 1) **Adjusted EBITDA** is a non-GAAP measure and represents income or loss from operations before depreciation and amortization, loss on sale and leaseback of vessels, and when applicable, loss on impairment of vessels and certain non-recurring items.
- 2) **TCE** is defined as total revenues less 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 \$0.67 since Q3 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.

