

Navios Maritime Holdings Inc.
Form 6-K
August 22, 2014
Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER
PURSUANT TO RULE 13a-16 OR 15d-16 OF THE
SECURITIES EXCHANGE ACT OF 1934

Dated: August 22, 2014

Commission File No. 001-33311

NAVIOS MARITIME HOLDINGS INC.

7 Avenue de Grande Bretagne, Office 11B2

Monte Carlo, MC 98000 Monaco

(Address of Principal Executive Offices)

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Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F:

Form 20-F Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Yes No

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Yes No

Table of Contents

The information contained in this Report is incorporated by reference into the Registration Statement on Form F-3, File No. 333-189231, the Registration Statement on Form S-8, File No. 333-147186, and the related prospectuses.

Operating and Financial Review and Prospects

The following is a discussion of the financial condition and results of operations of Navios Maritime Holdings Inc. (Navios Holdings or the Company) for the three and six month periods ended June 30, 2014 and 2013. Navios Holdings financial statements have been prepared in accordance with Generally Accepted Accounting Principles in the United States of America (U.S. GAAP). You should read this section together with the consolidated financial statements and the accompanying notes included in Navios Holdings 2013 annual report on Form 20-F filed with the Securities and Exchange Commission (SEC) and the condensed consolidated financial statements and the accompanying notes included elsewhere in this Form 6-K.

This report contains forward-looking statements made pursuant to the safe harbor provisions of the Private Securities Reform Act of 1995. These forward looking statements are based on Navios Holdings current expectations and observations. Included among the factors that, in management s view, could cause actual results to differ materially from the forward-looking statements contained in this report are changes in any of the following: (i) charter demand and/or charter rates; (ii) production or demand for the types of dry bulk products that are transported by Navios Holdings vessels; (iii) operating costs including but not limited to changes in crew salaries, insurance, provisions, repairs, maintenance and overhead expenses; or (iv) changes in interest rates. Other factors that might cause a difference include, but are not limited to, those discussed under Part I, Item 3D Risk Factors in Navios Holdings 2013 annual report on Form 20-F.

Recent Developments

Navios Holdings

Changes in Capital Structure

Issuances of American Depositary Shares Representing Preferred Stock

On July 8, 2014, the Company completed the sale of 4,800,000 American Depositary Shares, including 600,000 American Depositary Shares sold as part of the exercise of an overallotment option granted to the underwriters, each of which represents 1/100th of a share of the Company s Series H Cumulative Redeemable Perpetual Preferred Stock, with a liquidation preference of \$2,500.00 per share, priced at \$25.00 per American Depositary Share (the Series H). Dividends will be payable at a rate of 8.625% per annum of the stated liquidation preference. The net proceeds of approximately \$115.8 million from the offering (after deducting underwriting discounts and estimated offering expenses) will be used for general corporate purposes, including acquisition of vessels.

Issuances to Employees and Exercise of Options

During the six month periods ended June 30, 2014 and 2013, pursuant to the stock plan approved by the Board of Directors, 141,839 and 87,750 shares were issued following the exercise of options for a total of \$0.6 million and \$0.3 million, respectively.

Vested, Surrendered and Forfeited

During the six month periods ended June 30, 2014 and 2013, 25,120 and 0 restricted stock units, respectively, issued to the Company's employees vested.

During the six month periods ended June 30, 2014 and 2013, 4,625 and 12,452 restricted shares of common stock, respectively, were forfeited upon termination of employment of certain employees.

Conversion of Preferred Stock

On June 30, 2014, 561 shares of convertible preferred stock out of the total 1,870 shares of convertible preferred stock issued in June 2009 (at a \$10,000 nominal value per share) were automatically converted into 561,000 shares of common stock. The conversion resulted from their original terms, which provided that five years after the issuance date of the shares of the convertible preferred stock, 30% of the then-outstanding shares of preferred stock shall automatically convert into shares of common stock at a conversion price equal to \$10.00 per preferred share.

Table of Contents

Navios Holdings had outstanding as of June 30, 2014 and December 31, 2013, 104,984,363 and 104,261,029 shares of common stock, respectively, and 27,918 (20,000 Series G Cumulative Redeemable Perpetual Preferred Stock issued in January 2014 (the Series G) and 7,918 shares of convertible preferred stock) and 8,479 shares of convertible preferred stock, respectively.

Fleet Update

On June 4, 2014, Navios Holdings took delivery of the Navios Gem, a 2014-Japanese built 181,336 deadweight tons (dwt) Capesize vessel for a purchase price of \$54.2 million, of which \$24.2 million was paid in cash and \$30.0 million was financed through a loan with DVB Bank SE, Crédit Agricole Corporate and Investment Bank and Norddeutsche Landesbank Girozentrale. The loan bears interest at a rate of LIBOR plus 275 basis points and is repayable in 24 quarterly installments of \$0.5 million, with a final balloon payment of \$18.8 million on the last repayment date.

Navios South American Logistics Inc. (Navios Logistics)

In the second quarter of 2014, Navios Logistics took delivery of 36 newbuilding barges in China and positioned them in South America. These barges, along with three second-hand pushboats that were acquired in January 2014, have been placed to service three six-year time charter contracts at \$14,500, net per day each, with an investment grade counterparty.

On July 4, 2014, Navios Logistics took delivery of additional 36 newbuilding barges from a Chinese shipyard, which are currently being transported to South America.

Dividend Policy

On August 14, 2014, the Board of Directors declared a quarterly cash dividend for the second quarter of 2014 of \$0.06 per share of common stock. The dividend is payable on September 26, 2014 to stockholders of record as of September 18, 2014. The declaration and payment of any further dividend remain subject to the discretion of the Board, and will depend on, among other things, Navios Holdings' cash requirements after taking into account market opportunities, restrictions under its credit agreements and other debt obligations and such other factors as the Board may deem advisable.

Dividends from affiliates

In August 2014, Navios Holdings received \$7.5 million from Navios Maritime Partners L.P. (Navios Partners) representing the cash distribution for the second quarter of 2014.

In July 2014, Navios Holdings received \$3.6 million from Navios Maritime Acquisition Corporation (Navios Acquisition) representing the cash dividend for the first quarter of 2014.

Overview

General

Navios Holdings is a global, vertically integrated seaborne shipping and logistics company focused on the transport and transshipment of dry bulk commodities, including iron ore, coal and grain. Navios Holdings technically and commercially manages its owned fleet, Navios Acquisition's fleet, Navios Partners' fleet and Navios Europe Inc.'s (Navios Europe) fleet, and commercially manages its chartered-in fleet. Navios Holdings has in-house ship

management expertise that allows it to oversee every step of ship management, including the shipping operations throughout the life of the vessels and the superintendence of maintenance, repairs and drydocking.

On August 25, 2005, Navios Holdings was acquired by International Shipping Enterprises, Inc. (ISE) through the purchase of all of the outstanding shares of common stock of Navios Holdings. As a result of this acquisition, Navios Holdings became a wholly owned subsidiary of ISE. In addition, on August 25, 2005, simultaneously with the acquisition of Navios Holdings, ISE effected a reincorporation from the State of Delaware to the Republic of the Marshall Islands through a downstream merger with and into its newly acquired wholly owned subsidiary, whose name was and continues to be Navios Maritime Holdings Inc.

Table of Contents*Navios Logistics*

Navios Logistics, a consolidated subsidiary of Navios Holdings, is one of the largest logistics companies in the Hidrovia region of South America, serving the storage and marine transportation needs of its customers through two port storage and transfer facilities, one for grain commodities and the other for refined petroleum products, and a diverse fleet consisting of vessels, barges and pushboats. Navios Holdings currently owns 63.8% of Navios Logistics.

Navios Asia LLC (Navios Asia)

In May 2013, Navios Holdings formed Navios Asia in partnership with a third party and owned 51.0% of Navios Asia. In May 2014, Navios Holdings became the sole shareholder of Navios Asia by acquiring the remaining 49.0% for a total cash consideration of \$10.9 million.

Affiliates (not consolidated under Navios Holdings)

Navios Partners (NYSE:NMM) is an international owner and operator of dry cargo vessels and is engaged in seaborne transportation services of a wide range of drybulk commodities including iron ore, coal, grain and fertilizer, chartering its vessels under medium to long-term charters. Currently, Navios Holdings owns a 20.0% interest in Navios Partners, including a 2.0% general partner interest.

Navios Acquisition (NYSE: NNA), an affiliate (former subsidiary) of the Company, is an owner and operator of tanker vessels focusing in the transportation of petroleum products (clean and dirty) and bulk liquid chemicals. Currently, Navios Holdings' ownership of the outstanding voting stock of Navios Acquisition is 43.1% and its economic interest in Navios Acquisition is 46.4%.

Navios Europe is engaged in the marine transportation industry through the ownership of five tankers and five container vessels. Currently, Navios Holdings owns a 47.5% interest in Navios Europe.

Fleet

The following is the current core fleet employment profile (excluding Navios Logistics), including the newbuilds to be delivered. The current core fleet consists of 63 vessels totaling 6.2 million dwt. The employment profile of the fleet as of August 18, 2014 is reflected in the tables below. The 54 vessels in current operation aggregate approximately 5.3 million dwt and have an average age of 7.3 years. Navios Holdings has currently fixed 74.6% (85.5% including index-linked charters) and 4.5% (15.4% including index-linked charters) of the 2014 and 2015 available days, respectively, of its fleet (excluding vessels which are utilized to fulfill Contracts of Affreightment (COAs)), representing contracted fees (net of commissions), based on contracted charter rates from our current charter agreements of \$162.1 million and \$16.0 million, respectively. Although these fees are based on contractual charter rates, any contract is subject to performance by the counterparties and us. Additionally, the level of these fees would decrease depending on the vessels' off-hire days to perform periodic maintenance. The average contractual daily charter-out rate for the core fleet (excluding vessels which are utilized to fulfill COAs) is \$12,621 and \$20,966 for 2014 and 2015, respectively. The average daily charter-in rate for the active long-term charter-in vessels (excluding vessels which are utilized to fulfill COAs) for 2014 is \$13,400.

Owned Fleet. Navios Holdings owns a fleet comprised of 14 Ultra Handymax vessels, 12 Capesize vessels, 12 Panamax vessels and one Handysize vessel, which have an average age of approximately 7.8 years. Of the 39 owned vessels, 37 are currently in operation and two newbuilding owned vessels are expected to be delivered in the fourth quarter of 2015.

Table of Contents

Vessels	Type	Built	DWT	Charter-out Rate⁽¹⁾	Profit Share	Expiration Date⁽²⁾
Navios Serenity	Handysize	2011	34,690	9,453	No	08/29/2014
Navios Ionian	Ultra Handymax	2000	52,067	8,075	No	09/12/2014
Navios Celestial	Ultra Handymax	2009	58,063	9,307	70% in excess of \$8,000 basis Supramax Index Routes +8%	08/29/2014 07/16/2015
Navios Vector	Ultra Handymax	2002	50,296	10,491	Average Supramax Index Routes	08/17/2014 09/20/2014
Navios Horizon	Ultra Handymax	2001	50,346	6,175	No	10/23/2014
Navios Herakles	Ultra Handymax	2001	52,061	7,600	No	08/30/2014
Navios Achilles	Ultra Handymax	2001	52,063	6,650	No	08/26/2014
Navios Meridian	Ultra Handymax	2002	50,316	5,700	No	08/20/2014
Navios Mercator	Ultra Handymax	2002	53,553	9,928	No	11/17/2014
Navios Arc	Ultra Handymax	2003	53,514	5,225	No	09/04/2014
Navios Hios	Ultra Handymax	2003	55,180	10,437	100% in excess of \$8,500 basis Supramax Index Routes	08/17/2014 08/07/2015
Navios Kypros	Ultra Handymax	2003	55,222	10,450	No	08/27/2014
Navios Ulysses	Ultra Handymax	2007	55,728	11,400	No	08/05/2014
Navios Vega	Ultra Handymax	2009	58,792	9,195	100% in excess of \$9,500 basis Supramax Index Routes +5%	08/27/2014 03/22/2015
Navios Astra	Ultra Handymax	2006	53,468	9,500	No	08/28/2014
Navios Magellan	Panamax	2000	74,333	4,513	Weighted average basis Panamax Index Routes +2%	08/20/2014 05/22/2015
Navios Star	Panamax	2002	76,662	10,450	No	11/15/2014
Navios Asteriks	Panamax	2005	76,801			
Navios Centaurus	Panamax	2012	81,472	12,350	No	09/05/2014
Navios Avior	Panamax	2012	81,355	6,007	Weighted average basis Panamax Index Routes +14%	08/24/2014 04/25/2015
Navios Galileo	Panamax	2006	76,596	14,250	No	11/15/2014
Navios Northern Star	Panamax	2005	75,395	8,566	No	01/03/2015
Navios Amitie	Panamax	2005	75,395	11,210	No	12/17/2014
Navios Taurus	Panamax	2005	76,596	4,688	Weighted average basis Panamax Index Routes +7%	08/21/2014 05/22/2015
N Amalthia	Panamax	2006	75,318	12,113	No	12/23/2014
N Bonanza	Panamax	2006	76,596	13,538	No	01/12/2015
Navios Bonavis	Capesize	2009	180,022	13,485	105% in excess of \$14,000 basis Baltic Capesize Index 4TC Index Routes	08/17/2014 06/10/2015

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Navios Happiness	Capesize	2009	180,022	14,488	No	11/03/2015
Navios Lumen	Capesize	2009	180,661	13,538 ⁽⁶⁾	105% in excess of \$15,000 basis Baltic Capesize Index 4TC Index Routes	08/22/2014 05/08/2015
Navios Stellar	Capesize	2009	169,001	19,000	No	01/02/2015
Navios Phoenix	Capesize	2009	180,242	25,175	No	12/31/2014 ⁽⁵⁾
Navios Antares	Capesize	2010	169,059	16,105	\$10,000 +54% of the basis Baltic Capesize Index average 4TC Index Routes	08/22/2014 02/16/2015
Navios Etoile	Capesize	2010	179,234	29,356	50% in excess of \$38,500	12/02/2020
Navios Bonheur	Capesize	2010	179,259	15,569	105% in excess of \$15,000 basis Baltic Capesize Index 4TC Index Routes	08/23/2014 03/13/2015
Navios Altamira	Capesize	2011	179,165	23,000	No	08/26/2014
Navios Azimuth	Capesize	2011	179,169	23,750	No	08/21/2014
Navios Gem	Capesize	2014	181,336	22,000	No	10/06/2014

Table of Contents**Owned Fleet to be Delivered**

Vessels	Vessel Type	Delivery Date	Deadweight (in metric tons)
Navios TBN	Panamax	Q4 2015	84,000
Navios TBN	Capesize	Q4 2015	180,600

Long-Term Fleet. In addition to the 39 owned vessels, Navios Holdings controls a fleet of five Capesize, six Panamax, five Ultra Handymax, and one Handysize vessels under long-term charter-in contracts, which have an average age of approximately 6.3 years. Of the 24 chartered-in vessels, 17 are currently in operation and seven are scheduled for delivery at various times through November 2016, as set forth in the following table:

Long-term Chartered-in Vessels

Vessels	Type	Built	DWT	Purchase Option ⁽³⁾	Charter-out Rate ⁽¹⁾	Expiration Date ⁽²⁾
Navios Lyra	Handysize	2012	34,718	Yes ⁽⁴⁾	7,743	08/22/2014
Navios Primavera	Ultra Handymax	2007	53,464	Yes	9,500	12/22/2014
Navios Armonia	Ultra Handymax	2008	55,100	No	11,016	10/31/2014
Navios Apollon	Ultra Handymax	2000	52,073	No	10,264 ⁽⁷⁾	08/24/2014
					⁽⁷⁾	08/30/2014
Navios Oriana	Ultra Handymax	2012	61,442	Yes	11,479 ⁽⁹⁾	08/24/2014
					⁽⁹⁾	09/04/2014
Navios Mercury	Ultra Handymax	2013	61,393	Yes	7,580 ⁽¹⁰⁾	08/19/2014
					⁽¹⁰⁾	07/20/2015
Navios Libra II	Panamax	1995	70,136	No	12,469	08/29/2014
Navios Altair	Panamax	2006	83,001	No	4,513	08/23/2014
Navios Esperanza	Panamax	2007	75,356	No	8,218	03/15/2015
Navios Marco Polo	Panamax	2011	80,647	Yes	5,347 ⁽¹¹⁾	08/29/2014
					⁽¹¹⁾	06/14/2015
Navios Southern Star	Panamax	2013	82,224	Yes	10,705 ⁽⁸⁾	08/27/2014
					⁽⁸⁾	03/01/2015
Navios Koyo	Capesize	2011	181,415	Yes	14,250 ⁽¹²⁾	08/22/2014
					⁽¹²⁾	05/19/2015
Golden Heiwa	Panamax	2007	76,662	No		
Beaufiks	Capesize	2004	180,310	Yes		
Rubena N	Capesize	2006	203,233	No		
King Ore	Capesize	2010	176,800	No		
Navios Obeliks	Capesize	2012	181,415	Yes		

Table of Contents**Long-term Chartered-in Vessels to be Delivered**

Vessels	Type	Delivery Date	Purchase Option	DWT
Navios Venus	Ultra Handymax	02/2015	Yes	61,000
Navios Amber	Panamax	05/2015	Yes	80,000
Navios TBN	Panamax	07/2015	Yes	82,000
Navios TBN	Panamax	11/2016	Yes	84,000
Navios TBN	Panamax	11/2016	Yes	81,000
Navios TBN	Panamax	11/2016	Yes	81,000
Navios Felix	Capesize	04/2016	Yes	180,000

- (1) Daily rate net of commissions. These rates do not include insurance proceeds received upfront in November 2012 and March 2014.
- (2) Expected redelivery basis midpoint of full redelivery period.
- (3) Generally, Navios Holdings may exercise its purchase option after three to five years of service.
- (4) Navios Holdings holds the initial 50% purchase option on the vessel.
- (5) Subject to COA of \$45,500 per day for the remaining period until first quarter of 2015.
- (6) Amount represents daily rate of mitigation proceeds following the restructuring of the original charter.
- (7) Profit sharing 100% in excess of \$8,000 basis Supramax Index Routes.
- (8) Based on weighted average Panamax Index routes +17%.
- (9) Based on weighted average Supramax Index routes +10%.
- (10) Based on weighted average Supramax Index Routes +12%.
- (11) Based on average Panamax Index 4TC Routes +15%.
- (12) 110% in excess of \$15,000 basis Baltic Capesize Index 4TC.

Many of Navios Holdings' current long-term chartered-in vessels are chartered from ship owners with whom Navios Holdings has long-standing relationships. Navios Holdings pays these ship owners daily rates of hire for such vessels, and then charters out these vessels to other parties, who pay Navios Holdings a daily rate of hire. Navios Holdings also enters into COAs pursuant to which Navios Holdings has agreed to carry cargoes, typically for industrial customers, who export or import dry bulk cargoes. Further, Navios Holdings enters into spot market voyage contracts, where Navios Holdings is paid a rate per ton to carry a specified cargo from point A to point B.

Short-Term Fleet. Navios Holdings' short-term fleet is comprised of Capesize, Panamax and Ultra Handymax vessels chartered-in for durations of less than 12 months. The number of short-term vessels varies from time to time. These vessels are not included in the core fleet of the Company.

Charter Policy and Industry Outlook

Navios Holdings' policy has been to take a portfolio approach to managing operating risks. This policy led Navios Holdings to time charter-out many of the vessels that it is presently operating (i.e., vessels owned by Navios Holdings or which Navios Holdings has taken into its fleet under charters having a duration of more than 12 months) for periods of up to 10 years at inception to various shipping industry counterparties considered by Navios Holdings to have appropriate credit profiles. By doing this, Navios Holdings aims to lock in, subject to credit and operating risks, favorable forward revenue and cash flows which it believes will cushion it against unfavorable market conditions. In addition, Navios Holdings trades additional vessels taken in on shorter term charters of less than 12 months duration

as well as voyage charters or COAs and forward freight agreements (FFAs).

Table of Contents

In 2013 and through June 30, 2014, this chartering policy had the effect of generating Time Charter Equivalents (TCE) that were higher than spot employment. The average daily charter-in vessel cost for the Navios Holdings long-term charter-in fleet (excluding vessels, which are utilized to serve voyage charters or COAs) was \$13,548 per day for the six month period ended June 30, 2014. The average long-term charter-in hire rate per vessel per day was included in the amount of long-term hire included elsewhere in this document and was computed by (a) multiplying (i) the daily charter-in rate for each vessel by (ii) the number of days each vessel is in operation for the year, (b) summing those individual multiplications; and (c) dividing such total by the total number of charter-in vessel days for the year. These rates exclude gains and losses from FFAs. Furthermore, Navios Holdings has the ability to increase its owned fleet through purchase options exercisable in the future at favorable prices relative to the then-current market.

Navios Holdings believes that a decrease in global commodity demand from its current level, and the delivery of drybulk carrier new buildings into the world fleet, could have an adverse impact on future revenue and profitability. However, the operating cost advantage of Navios Holdings owned vessels and long-term chartered fleet, which is chartered-in at favorable rates, will continue to help mitigate the impact of the declines in freight rates. A reduced freight rate environment may also have an adverse impact on the value of Navios Holdings owned fleet. In reaction to a decline in freight rates, available ship financing has also been negatively impacted.

Navios Logistics owns and operates vessels, barges and pushboats located mainly in Argentina, the largest independent bulk transfer and storage port facility in Uruguay, and an upriver liquid port facility located in Paraguay. Operating results for Navios Logistics are highly correlated to: (i) South American grain production and export, in particular Argentinean, Brazilian, Paraguayan, Uruguayan and Bolivian production and export; (ii) South American iron ore production and export, mainly from Brazil; and (iii) sales (and logistic services) of petroleum products in the Argentine and Paraguayan markets. Navios Holdings believes that the continuing development of these businesses will foster throughput growth and therefore increase revenues at Navios Logistics. Should this development be delayed, grain harvests be reduced, or the market experience an overall decrease in the demand for grain or iron ore, the operations of Navios Logistics could be adversely affected.

Factors Affecting Navios Holdings Results of Operations

Navios Holdings believes the principal factors that will affect its future results of operations are the economic, regulatory, political and governmental conditions that affect the shipping industry generally and that affect conditions in countries and markets in which its vessels engage in business. Please read Risk Factors included in Navios Holdings 2013 annual report on Form 20-F filed with the Securities and Exchange Commission for a discussion of certain risks inherent in its business.

Navios Holdings actively manages the risk in its operations by: (i) operating the vessels in its fleet in accordance with all applicable international standards of safety and technical ship management; (ii) enhancing vessel utilization and profitability through an appropriate mix of long-term charters complemented by spot charters (time charters for short-term employment) and COAs; (iii) monitoring the financial impact of corporate exposure from both physical and FFAs transactions; (iv) monitoring market and counterparty credit risk limits; (v) adhering to risk management and operation policies and procedures; and (vi) requiring counterparty credit approvals.

Navios Holdings believes that the important measures for analyzing trends in its results of operations consist of the following:

Market Exposure: Navios Holdings manages the size and composition of its fleet by chartering and owning vessels in order to adjust to anticipated changes in market rates. Navios Holdings aims to achieve an appropriate balance between owned vessels and long and short-term chartered-in vessels and controls approximately 6.2 million dwt in dry bulk tonnage. Navios Holdings options to extend the charter duration of vessels it has under long-term time charter (durations of over 12 months) and its purchase options on chartered vessels permit Navios Holdings to adjust the cost and the fleet size to correspond to market conditions.

Available days: Available days is the total number of days a vessel is controlled by a company less the aggregate number of days that the vessel is off-hire due to scheduled repairs or repairs under guarantee, vessel upgrades or special surveys. The shipping industry uses available days to measure the number of days in a period during which vessels should be capable of generating revenues.

Operating days: Operating days is the number of available days in a period less the aggregate number of days that the vessels are off-hire due to any reason, including lack of demand or unforeseen circumstances. The shipping industry uses operating days to measure the aggregate number of days in a period during which vessels actually generate revenues.

Table of Contents

Fleet utilization: Fleet utilization is obtained by dividing the number of operating days during a period by the number of available days during the period. The shipping industry uses fleet utilization to measure a company's efficiency in finding suitable employment for its vessels and minimizing the amount of days that its vessels are off-hire for reasons other than scheduled repairs or repairs under guarantee, vessel upgrades, special surveys or vessel positioning.

TCE rates: TCE rates are defined as voyage and time charter revenues less voyage expenses during a period divided by the number of available days during the period. The TCE rate is a standard 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 such amounts.

Equivalent vessels: Equivalent vessels data is the available days of the fleet divided by the number of the calendar days in the period.

Voyage and Time Charter

Revenues are driven primarily by the number of vessels in the fleet, the number of days during which such vessels operate and the amount of daily charter hire rates that the vessels earn under charters, which, in turn, are affected by a number of factors, including:

the duration of the charters;

the level of spot market rates at the time of charters;

decisions relating to vessel acquisitions and disposals;

the amount of time spent positioning vessels;

the amount of time that vessels spend in drydock undergoing repairs and upgrades;

the age, condition and specifications of the vessels; and

the aggregate level of supply and demand in the drybulk shipping industry.

Time charters are available for varying periods, ranging from a single trip (spot charter) to a long-term period which may be many years. Under a time charter, owners assume no risk for finding business and obtaining and paying for fuel or other expenses related to the voyage, such as port entry fees. In general, a long-term time charter assures the vessel owner of a consistent stream of revenue. Operating the vessel in the spot market affords the owner greater spot

market opportunity, which may result in high rates when vessels are in high demand or low rates when vessel availability exceeds demand. Vessel charter rates are affected by world economics, international events, weather conditions, strikes, governmental policies, supply and demand, and many other factors that might be beyond the control of management.

Consistent with industry practice, Navios Holdings uses TCE rates, which consist of revenue from vessels operating on time charters and voyage revenue less voyage expenses from vessels operating on voyage charters in the spot market, as a method of analyzing fluctuations between financial periods and as a method of equating revenue generated from a voyage charter to time charter revenue.

TCE revenue also serves as an industry standard for measuring revenue and comparing results between geographical regions and among competitors.

The cost to maintain and operate a vessel increases with the age of the vessel. Older vessels are less fuel efficient, cost more to insure and require upgrades from time to time to comply with new regulations. The average age of Navios Holdings' owned core fleet is 7.8 years. However, as such fleet ages or if Navios Holdings expands its fleet by acquiring previously owned and older