

Navios Maritime Holdings Inc.
Form 6-K
August 26, 2013
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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 26, 2013

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

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The information contained in this Report is incorporated by reference into the Registration Statement on Form F-3, File No. 333-189231, which has not yet been declared effective, 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, 2013 and 2012. 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' 2012 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' 2012 annual report on Form 20-F.

Recent Developments

Navios Holdings

On July 9, 2013, Navios Holdings agreed to acquire one 2006-built Panamax vessel and three 2005-built Panamax vessels for an aggregate purchase price of \$66.0 million to be financed with debt and cash on hand. During July 2013, the Company paid a 10% deposit of \$6.6 million. On August 26, 2013, Navios Holdings took delivery of the Navios Galileo, a 2006-built bulk carrier vessel for an acquisition price of \$17.3 million. The remaining three vessels are expected to be delivered during the third quarter of 2013.

Dividend Policy

On August 19, 2013, the Board of Directors declared a quarterly cash dividend for the second quarter of 2013 of \$0.06 per share of common stock. This dividend is payable on September 26, 2013 to stockholders of record on September 18, 2013. The declaration and payment of any further dividends remain subject to the discretion of the Board, and will depend on, among other things, Navios Holdings' cash requirements as measured by market opportunities, debt obligations and restrictions under its credit and other debt agreements.

Changes in Capital Structure

During the six month period ended June 30, 2013, 12,452 shares of restricted common stock were forfeited to the Company upon termination of employment of certain employees, and 87,750 shares were issued following the exercise of the options for cash at an exercise price of \$3.18 per share.

Following the forfeiture of the shares described above, as of June 30, 2013, Navios Holdings had 103,330,707 shares of common stock and 8,479 shares of preferred stock outstanding.

Navios South American Logistics Inc. (Navios Logistics)

On June 26, 2013, Navios Logistics entered into an agreement for the acquisition of three pushboats for a total consideration price of \$20.3 million. These pushboats are expected to be delivered in the fourth quarter of 2013.

On July 10, 2013, Navios Logistics became the sole shareholder of Hidronave South American Logistics S.A. (Hidronave S.A.) by acquiring the remaining 49% noncontrolling interest for a total cash consideration of \$0.8 million payable in three installments, with the final installment due on January 15, 2014.

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On August 5, 2013, Navios Logistics entered into an agreement for the construction of 36 dry barges for a total consideration of \$19.1 million, which are expected to be delivered in the first quarter of 2014. This contract also includes an option exercisable by Navios Logistics for the construction of an additional 36 barges under the same terms and conditions.

Navios Maritime Acquisition Corporation (Navios Acquisition)

On July 3, 2013, Navios Holdings received an amount of \$3.0 million from Navios Acquisition, equal to a dividend of \$0.05 per common share, representing the cash distribution for the first quarter of 2013.

Navios Maritime Partners L.P. (Navios Partners)

On August 13, 2013, Navios Holdings received \$7.3 million from Navios Partners, representing the cash distribution for the second quarter of 2013.

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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 Acquisitions fleet and Navios Partners 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 of its owned fleet, Navios Partners and Navios Acquisitions fleet, 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.

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.

Affiliates (not consolidated under Navios Holdings)

Navios Partners is engaged in the seaborne transportation services of a wide range of dry bulk commodities including iron ore, coal, grain and fertilizer, chartering its vessels under medium to long-term charters. Currently, Navios Holdings interest in Navios Partners is 23.4 % (which includes a 2% general partner interest).

Navios Acquisition 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 48.2% and its economic interest in Navios Acquisition is 51.6%.

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 60 vessels totaling 5.8 million dwt. The employment profile of the fleet as of August 26, 2013 is reflected in the tables below. The 48 vessels currently in operation aggregate to approximately 4.8 million deadweight tons (dwt) and have an average age of 6.3 years. Navios Holdings has currently fixed 85.6% and 23.1% of the 2013 and 2014 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 its current charter agreements of \$151.5 million, and \$64.6 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 \$11,524 and \$15,586 for 2013 and 2014, respectively. The average daily charter-in rate for the active long-term charter-in vessels (excluding vessels which are utilized to fulfill COAs) for 2013 is estimated at \$13,357.

Owned Fleet. Navios Holdings owns a fleet comprised of 14 Ultra Handymax vessels, ten Capesize vessels, 15 Panamax vessels and one Handysize vessel, which have an average age of approximately 6.9 years. Of the 40 owned vessels, 31 are currently in operation under long-term time charters, three vessels are expected to be delivered in third quarter of 2013 and the Navios Asia LLC (Navios Asia) fleet is expected to be delivered in the third and fourth quarter of 2013.

Owned Vessels

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Vessels	Type	Built	DWT	Charter-		Profit Share ⁽⁵⁾	Expiration Date ⁽²⁾
				out	Rate ⁽¹⁾		
Navios Serenity	Handysize	2011	34,690	15,533		No	10/13/2013
Navios Ionian	Ultra Handymax	2000	52,067	8,788		No	12/17/2013
Navios Celestial	Ultra Handymax	2009	58,063	8,833		No	11/08/2013
				7,600		70% in excess of \$8,000	05/08/2015
Navios Vector	Ultra Handymax	2002	50,296	9,738		No	08/29/2013
Navios Horizon	Ultra Handymax	2001	50,346	9,500		No	09/05/2013
Navios Herakles	Ultra Handymax	2001	52,061	8,788		No	03/28/2014
Navios Achilles	Ultra Handymax	2001	52,063	8,788		No	10/28/2013
Navios Meridian	Ultra Handymax	2002	50,316	8,883		No	09/20/2013
Navios Mercator	Ultra Handymax	2002	53,553	10,450		No	08/30/2013
Navios Arc	Ultra Handymax	2003	53,514	8,788		No	09/19/2013
Navios Hios	Ultra Handymax	2003	55,180	8,181		100% in excess of \$8,500	08/07/2015
Navios Kypros	Ultra Handymax	2003	55,222	8,550		No	03/20/2014
Navios Ulysses	Ultra Handymax	2007	55,728	9,975		No	04/30/2014
Navios Vega	Ultra Handymax	2009	58,792	9,025		No	12/16/2013
Navios Astra	Ultra Handymax	2006	53,468	10,213		No	09/25/2013
Navios Magellan	Panamax	2000	74,333	8,313		No	03/15/2014
Navios Star	Panamax	2002	76,662	7,790		No	01/22/2014
Navios Asteriks	Panamax	2005	76,801				
Navios Centaurus	Panamax	2012	81,472	12,825		No	04/15/2014
Navios Avior	Panamax	2012	81,355	12,716		No	05/14/2014
Navios Galileo	Panamax	2006	76,596	8,835		No	03/15/2014
Navios Bonavis	Capesize	2009	180,022	47,400		No	06/29/2014
Navios Happiness	Capesize	2009	180,022	14,488		No	10/12/2015
Navios Lumen	Capesize	2009	180,661	10,450 ⁽⁷⁾		No	01/18/2014
Navios Stellar	Capesize	2009	169,001	10,450		No	11/11/2013
Navios Phoenix	Capesize	2009	180,242	13,656		No	01/27/2014 ⁽⁶⁾
Navios Antares	Capesize	2010	169,059	12,350		No	01/06/2014
Navios Etoile	Capesize	2010	179,234	29,356		50% in excess of \$38,500	12/02/2020
Navios Bonheur	Capesize	2010	179,259	17,100		No	11/20/2013
Navios Altamira	Capesize	2011	179,165	23,440		No	01/28/2016
Navios Azimuth	Capesize	2011	179,169	9,738		No	01/15/2014

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Vessels	Type	Built
Navios Northern Star	Panamax	2005
Navios Amitie	Panamax	2005
Navios Taurus	Panamax	2005
Total DWT of 227,386		

Navios Asia Vessels to be Delivered ⁽⁸⁾

Vessels	Type	Built	Charter-out Rate ⁽⁹⁾	Expiration Date ⁽¹⁰⁾
Navios TBN	Panamax	2007	13,199	Q4 2014
Navios TBN	Panamax	2007	11,426	Q4 2014
Navios TBN	Panamax	2007	10,687	Q3 2015
Navios TBN	Panamax	2007	10,540	Q3 2014
Navios TBN	Panamax	2006		
Navios TBN	Panamax	2006	11,520	Q4 2013
Total DWT of 464,173				

Long-Term Fleet. In addition to the 40 owned vessels, Navios Holdings controls a fleet of seven Capesize, six Panamax, six Ultra Handymax, and one Handysize vessels, which have an average age of approximately 5.6 years. Of the 20 chartered-in vessels, 17 are currently in operation and three are scheduled for delivery at various times through April 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⁾	6,175	08/30/2013
				Yes ⁽⁴⁾	8,075	12/13/2013
Navios Primavera	Ultra Handymax	2007	53,464	Yes	8,835	11/16/2013
Navios Armonia	Ultra Handymax	2008	55,100	No	9,263	09/24/2013
Navios Apollon ⁽¹¹⁾	Ultra Handymax	2000	52,073	No	7,700	08/14/2014
Navios Oriana	Ultra Handymax	2012	61,442	Yes	8,788	08/28/2013
Navios Libra II	Panamax	1995	70,136	No	8,550	10/07/2013
Navios Altair	Panamax	2006	83,001	No	8,075	10/22/2013
Navios Esperanza	Panamax	2007	75,356	No	6,840	09/03/2013
Navios Marco Polo	Panamax	2011	80,647	Yes	7,838	01/13/2014
Navios Southern Star	Panamax	2013	82,224	Yes	10,450	08/30/2013
				Yes	8,178 ⁽¹²⁾	10/14/2014
Navios Koyo	Capesize	2011	181,415	Yes	11,970	03/05/2014
Golden Heiwa	Panamax	2007	76,662	No		
Beaufiks	Capesize	2004	180,310	Yes		
Rubena N	Capesize	2006	203,233	No		
SC Lotta	Capesize	2009	169,056	No		
King Ore	Capesize	2010	176,800	No		
Navios Obeliks	Capesize	2012	181,415	Yes		

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Vessels	Type	Delivery Date	Purchase Option	DWT
Navios Mercury	Ultra Handymax	09/2013	Yes	61,000
Navios Venus	Ultra Handymax	02/2015	Yes	61,000
Navios Felix	Capesize	04/2016	Yes	180,000

- (1) Daily rate net of commissions or net insurance rates. These rates do not include insurance proceeds received upfront in November 2012.
- (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) Profit share based on applicable Baltic routes exceeding \$/day rates listed.
- (6) Subject to COA of \$45,500 per day for the remaining period until first quarter of 2015.
- (7) Amount represents daily rate of mitigation proceeds following the restructuring of the original charter.
- (8) 51% ownership of Navios Holdings.
- (9) Daily charter-out rate net of commissions.
- (10) Expiration date assuming no exercise of optional periods.
- (11) Profit sharing 100% in excess of \$8,000.
- (12) Based on weighted average Panamax Index routes +17%.

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 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 a duration 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 commercial 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. During periods where low to moderate market rates prevail, Navios Holdings will charter-out the vessels it is presently operating for shorter periods to take advantage of market upturns. 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. From time to time Navios Holdings also trades additional vessels taken in on shorter term charters of less than 12 month duration as well as voyage charters or COAs and forward freight agreements (FFAs).

In 2011, 2012 and through June 30, 2013, 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 \$13,209 per day for the six month period ended June 30, 2013. The average long-term charter-in hire rate per vessel 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 the vessel is in operation for the year and (b) dividing such product by the total number of 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.

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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 long-term rates, will continue to help mitigate the impact of the declines in freight rates. A weaker 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 and the global financial crisis, available ship financing has also been negatively impacted, which Navios Holdings believes should reduce the number of new builds.

Navios Logistics owns and operates vessels, barges and pushboats located mainly in Argentina, Paraguay and Brazil, 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.

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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' 2012 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 5.8 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.

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:

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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 dry bulk 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.

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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 6.9 years. However, as such fleet ages or if Navios Holdings expands its fleet by acquiring previously owned and older vessels, the cost per vessel would be expected to rise and, assuming all else, including rates, remains constant, vessel profitability would be expected to decrease.

Spot Charters, Contracts of Affreightment and Forward Freight Agreements (COA and FFAs)

Navios Holdings enhances vessel utilization and profitability through a mix of voyage charters, short-term charter-out contracts, COAs and strategic backhaul cargo contracts.

Navios Holdings enters into drybulk shipping FFAs as economic hedges relating to identifiable ship and/or cargo positions and as economic hedges of transactions the Company expects to carry out in the normal course of its shipping business. By utilizing certain derivative instruments, including drybulk shipping FFAs, the Company manages the financial risk associated with fluctuating market conditions. In entering into these contracts, the Company has assumed the risks relating to the possible inability of counterparties to meet the terms of their contracts.

FFAs cover periods generally ranging from one month to one year and are based on time charter rates or freight rates on specific quoted routes. FFAs are executed either over-the-counter, between two parties, or through LCH, the London clearing house. FFAs are settled in cash monthly based on publicly quoted indices. No over-the-counter trades have been executed during 2011, 2012 or in 2013 through August 22, 2013, or were active during those periods. LCH calls for both base and margin collaterals, which are funded by Navios Holdings, and which in turn substantially eliminates counterparty risk. Certain portions of these collateral funds may be restricted at any given time as determined by LCH. At the end of each calendar quarter, the fair value of drybulk shipping FFAs traded over-the-counter are determined from an index published in London, United Kingdom and the fair value of those FFAs traded with LCH are determined from the LCH valuations accordingly. Navios Holdings has implemented specific procedures designed to respond to credit risk associated with over-the-counter trades, including the establishment of a list of approved counterparties and a credit committee which meets regularly.

Statement of Operations Breakdown by Segment

Navios Holdings reports financial information and evaluates its operations by charter revenues and not by vessel type, length of ship employment, customers or type of charter. Navios Holdings does not use discrete financial information to evaluate the operating results for each such type of charter. Although revenue can be identified for these types of charters, management does not identify expenses, profitability or other financial information for these charters. The reportable segments reflect the internal organization of the Company and are strategic businesses that offer different products and services. The Company currently has two reportable segments from which it derives its revenues, Drybulk Vessel Operations and Logistics Business. The Drybulk Vessel Operations business consists of the transportation and handling of bulk cargoes through the ownership, operation, and trading of vessels, freight, and FFAs. For Navios Holdings' reporting purposes, Navios Logistics is considered as one reportable segment, the Logistics Business segment. The Logistics Business segment consists of Navios Holdings' port terminal business, barge business and cabotage business in the Hidrovia region of South America. Navios Holdings measures segment performance based on net income attributable to Navios Holdings' common stockholders.

Period over Period Comparisons**For the Three Month Period Ended June 30, 2013 Compared to the Three Month Period Ended June 30, 2012**

The following table presents consolidated revenue and expense information for the three month periods ended June 30, 2013 and 2012. This information was derived from the unaudited condensed consolidated revenue and expense accounts of Navios Holdings for the respective periods.

(Expressed in thousands of U.S. dollars)	Three Month Period Ended June 30, 2013 (unaudited)	Three Month Period Ended June 30, 2012 (unaudited)
Revenue	\$ 125,572	\$ 172,079
Time charter, voyage and logistics business expenses	(65,632)	(73,215)
Direct vessel expenses	(26,444)	(33,042)

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General and administrative expenses	(9,873)	(12,473)
Depreciation and amortization	(24,233)	(25,872)
Interest income/(expense) and finance cost, net	(27,372)	(25,306)
Loss on derivatives	(87)	(76)
Gain on sale of assets	18	323
Other income/(expense), net	9,865	(2,854)
Loss before equity in net earnings of affiliated companies	(18,186)	(436)
Equity in net earnings of affiliated companies	4,127	8,058
(Loss)/income before taxes	(14,059)	7,622
Income tax expense	(128)	(1,449)
Net (loss)/income	(14,187)	6,173
Less: Net income attributable to the noncontrolling interest	(1,694)	(888)
Net (loss)/income attributable to Navios Holdings common		
stockholders	\$ (15,881)	\$ 5,285

Set forth below are selected historical and statistical data for Navios Holdings (excluding Navios Logistics) for each of the three month periods ended June 30, 2013 and 2012 that the Company believes may be useful in better understanding the Company's financial position and results of operations.

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	Three Month Period Ended	
	June 30,	
	2013	2012
	(unaudited)	(unaudited)
FLEET DATA		
Available days	4,586	4,379
Operating days	4,449	4,340
Fleet utilization	97.0%	99.1%
Equivalent vessels	50	48
AVERAGE DAILY RESULTS		
Time Charter Equivalents	\$ 10,600	\$ 19,821

During the three month period ended June 30, 2013, there were 207 more available days, as compared to the same period of 2012 due to an increase in short-term charter-in fleet available days of 277 days. This increase was partially offset by (i) a decrease in available days for owned vessels of 12 days following the sale of the Navios Buena Ventura in June 2012 to Navios Partners; and (ii) a decrease in long-term charter-in fleet available days of 58 days.

The average TCE rate for the three month period ended June 30, 2013 was \$10,600 per day, \$9,221 per day lower than the rate achieved in the same period of 2012. This was primarily due to the receipt in advance of \$175.4 million due to restructuring of credit default insurance in the fourth quarter of 2012.

Revenue: Revenue from drybulk vessel operations for the three months ended June 30, 2013 was \$62.1 million, as compared to \$98.8 million for the same period during 2012. The decrease in drybulk revenue was mainly attributable to (i) a decrease in the TCE per day by 46.5% to \$10,600 per day in the second quarter of 2013 following the receipt in advance of \$175.4 million due to restructuring of credit default insurance in the fourth quarter of 2012, as compared to \$19,821 per day in the same period of 2012; and (ii) a decrease in available days for owned vessels by 0.4% to 2,730 days in the second quarter of 2013 from 2,742 days in the same period of 2012. This decrease was partially offset by an increase in available days as discussed above.

Revenue from the logistics business was \$63.5 million for the three months ended June 30, 2013 as compared to \$73.3 million for the same period of 2012. This decrease was mainly attributable to a decrease in the Paraguayan liquid port s volume of products sold.

Time Charter, Voyage and Logistics Business Expenses: Time charter, voyage and logistics business expenses decreased by \$7.6 million or 10.4% to \$65.6 million for the three month period ended June 30, 2013, as compared to \$73.2 million for the three month period ended June 30, 2012.

The time charter and voyage expenses from drybulk operations increased by \$1.5 million or 3.9% to \$41.5 million for the three month period ended June 30, 2013, as compared to \$40.0 million for the three month period ended June 30, 2012. This was primarily due to an increase in long-term and short-term fleet available days (as discussed above) and voyage charter expenses mainly due to an increase in bunker expenses.

Of the total amounts for the three month periods ended June 30, 2013 and 2012, \$24.1 million and \$33.2 million, respectively, related to Navios Logistics. The \$9.1 million decrease in Navios Logistics was mainly due to a decrease in (i) the Paraguayan liquid port s volume and cost of products sold; (ii) the operating days of the cabotage fleet; and (iii) time charter and voyage expenses of the barge business mainly attributable to a decrease in charter-in expenses due to the acquisition of one pushboat and six tank barges in the third quarter of 2012, which were previously chartered-in. This decrease was partially mitigated by an increase in salaries and other operating expenses in Navios Logistics dry port facility in Uruguay.

Direct Vessel Expenses: Direct vessel expenses decreased by \$6.6 million or 20.0% to \$26.4 million for the three month period ended June 30, 2013, as compared to \$33.0 million for the same period in 2012. Direct vessel expenses include crew costs, provisions, deck and engine stores, lubricating oils, insurance premiums and costs for maintenance and repairs. Of the total amounts for the three month periods ended June 30, 2013 and 2012, \$16.8 million and \$19.1 million, respectively, related to Navios Logistics. This decrease was mainly attributable due to a decrease in repairs and maintenance and other operating costs.

The drybulk direct vessel expenses decreased by \$4.3 million or 30.8% to \$9.6 million for the three month period ended June 30, 2013, as compared to \$13.9 million for same period in 2012. This decrease was mainly attributable due to a decrease in stores, provisions, lubricants, chemicals, repairs and maintenance.

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General and Administrative Expenses: General and administrative expenses of Navios Holdings are composed of the following:

	Three Month Period Ended June 30, 2013 (unaudited)	Three Month Period Ended June 30, 2012 (unaudited)
(Expressed in thousands of U.S. dollars)		
Payroll and related costs ⁽¹⁾	\$ 5,092	\$ 5,773
Professional, legal, audit fees and other ⁽¹⁾	960	1,887
Navios Logistics ⁽²⁾	3,540	3,229
Sub-total	9,592	10,889
Credit risk insurance ⁽¹⁾	281	1,584
General and administrative expenses	\$ 9,873	\$ 12,473

(1) Excludes the logistics business.

(2) Includes \$0.2 million of administrative management services provided by Navios Holdings as per the administrative agreement with Navios Logistics.

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The decrease in general and administrative expenses by \$2.6 million or 20.8% to \$9.9 million for the three month period ended June 30, 2013, as compared to \$12.5 million for the same period of 2012, was mainly attributable to (i) a \$0.7 million decrease in professional, legal, audit fees and other expenses; (ii) a \$1.3 million decrease in credit risk insurance following its restructuring; and (iii) a \$0.9 million decrease in payroll and related costs. This decrease was partially mitigated by a \$0.3 million increase in general and administrative expenses attributable to the logistics business.

Depreciation and Amortization: For the three month period ended June 30, 2013, depreciation and amortization decreased by \$1.6 million or 6.3% to \$24.3 million, as compared to \$25.9 million for the same period in 2012. The decrease was primarily due to a decrease in (i) depreciation and amortization in the logistics business by \$0.3 million mainly due to the decrease of the amortization of intangible assets allocated to the barge business which were fully amortized in 2012; and (ii) depreciation and amortization of drybulk vessels by \$1.3 million mainly due to (a) \$0.3 million decrease due to change in scrap rates (See Critical Accounting Policies section); (b) \$0.3 million decrease due to the sale of the Navios Buena Ventura in June 2012; and (c) \$0.7 million decrease in amortization of favorable/unfavorable leases as a result of the redelivery of charter-in vessels in the fourth quarter of 2012.

Interest Income/(Expense) and Finance Cost, Net: Interest income/(expense) and finance cost, net for the three month period ended June 30, 2013 increased by \$2.1 million or 8.2% to \$27.4 million, as compared to \$25.3 million in the same period of 2012. This increase was mainly due to (i) a \$1.6 million increase in interest income/(expense) and finance cost, net of Navios Logistics mainly due to the issuance of \$90.0 million Additional Logistics Senior Notes (as defined below) in March 2013; and (ii) a \$0.5 million increase in interest income/(expense) and finance cost, net of Navios Holdings mainly attributable to the decrease in interest income from time deposits, mainly as a result of decreased cash balances.

Other Income/(Expense), Net: Other income/(expense), net increased by \$12.7 million or 445.7% to \$9.9 million income for the three month period ended June 30, 2013, as compared to \$2.8 million loss for the same period in 2012. This increase was due to (i) a \$12.1 million increase in other income, net of Navios Holdings mainly due to \$12.5 million of income relating to fair value valuation of Korea Line Corporation (KLC) shares received during the three month period ended June 30, 2013 as partial compensation for the claims filed under the Korean court for all unpaid amounts by KLC in respect of the employment of certain vessels; and (ii) a \$0.6 million decrease in other expenses, net of Navios Logistics mainly due to a decrease (a) in the provision for losses on accounts receivable; and (b) in foreign exchange differences.

Equity in Net Earnings of Affiliated Companies: Equity in net earnings of affiliated companies decreased by \$3.9 million or 48.8% to \$4.1 million for the three month period ended June 30, 2013, as compared to \$8.0 million for the same period in 2012. This decrease was mainly due to (i) a \$0.6 million decrease in investment income mainly due to (a) a \$0.8 million net increase in contribution relating to Navios Partners; and (b) a \$1.4 million negative contribution under the equity method relating to Navios Acquisition; and (ii) a \$3.3 million decrease in amortization of deferred gain from the sale of vessels to Navios Partners. Navios Holdings' ownership in Navios Acquisition decreased following Navios Acquisition's offering in May 2013. The Company determined that the issuance of shares qualified as a sale of shares by the equity method investee.

Gain on Sale of Assets: Gain on sale of assets was \$0 for the three month period ended June 30, 2013, as compared to \$0.3 million for the same period in 2012. On June 15, 2012, the Navios Buena Ventura was sold to Navios Partners resulting in a \$0.3 million gain.

Income Tax: Income tax expense for the three month period ended June 30, 2013 decreased by \$1.3 million or 91.2% to \$0.1 million, as compared to \$1.4 million for the same period in 2012. The total change in income taxes was mainly attributable to Navios Logistics due to the merging of certain subsidiaries in Paraguay affecting the port terminal business and the barge business. This change was partially offset by an increase in income taxes of the cabotage business.

Net Income Attributable to the Noncontrolling Interest: Net income attributable to noncontrolling interests increased by \$0.8 million to \$1.7 million for the three month period ended June 30, 2013, as compared to a \$0.9 million loss for the same period in 2012. This increase was attributable to Navios Logistics' higher net income for the three month period ended June 30, 2013 compared to the same period in 2012.

For the Six Month Period Ended June 30, 2013 Compared to the Six Month Period Ended June 30, 2012

The following table presents consolidated revenue and expense information for the six month periods ended June 30, 2013 and 2012. This information was derived from the unaudited consolidated revenue and expense accounts of Navios Holdings for the respective periods.

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(Expressed in thousands of U.S. dollars)	Six Month Period Ended June 30, 2013 (unaudited)	Six Month Period Ended June 30, 2012 (unaudited)
Revenue	\$ 259,409	\$ 324,093
Time charter, voyage and logistics business expenses	(135,640)	(134,932)
Direct vessel expenses	(54,139)	(59,050)
General and administrative expenses	(18,835)	(25,026)
Depreciation and amortization	(48,556)	(51,706)
Interest income/(expense) and finance cost, net	(52,730)	(50,546)
Loss on derivatives	(260)	(202)
Gain on sale of assets	18	323
Other income/(expense), net	6,734	(4,221)
Loss before equity in net earnings of affiliated companies	(43,999)	(1,267)
Equity in net earnings of affiliated companies	18,250	16,633
(Loss)/income before taxes	(25,749)	15,366
Income tax benefit/(expense)	3,572	(595)
Net (loss)/income	(22,177)	14,771
Less: Net income attributable to the noncontrolling interest	(3,859)	(27)
Net (loss)/income attributable to Navios Holdings common stockholders	\$ (26,036)	\$ 14,744

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Set forth below are selected historical and statistical data for Navios Holdings for each of the six month periods ended June 30, 2013 and 2012 that the Company believes may be useful in better understanding the Company's financial position and results of operations.

	Six Month Period Ended June 30,	
	2013 (unaudited)	2012 (unaudited)
FLEET DATA		
Available days	8,916	8,487
Operating days	8,669	8,402
Fleet utilization	97.2%	99.0%
Equivalent vessels		47
AVERAGE DAILY RESULTS		
Time Charter Equivalents	\$ 11,211	\$ 20,645

During the six month period ended June 30, 2013, there were 429 more available days, as compared to the same period of 2012 mainly due to (i) an increase of 141 available days of owned vessels mainly attributable to the delivery of the Navios Centaurus and the Navios Avior in March and May 2012, respectively; and (ii) an increase in short-term charter-in fleet available days of 379 days. This increase was partially offset by a decrease in available days for long-term charter-in fleet available days of 91 days.

The average TCE rate for the six month period ended June 30, 2013 was \$11,211 per day, \$9,434 per day lower than the rate achieved in the same period of 2012. This was primarily due to the receipt in advance of \$175.4 million due to restructuring of credit default insurance in the fourth quarter of 2012.

Revenue: Revenue from drybulk vessel operations for the six months ended June 30, 2013 was \$122.7 million as compared to \$200.7 million for the same period during 2012. The decrease in drybulk revenue was mainly attributable to a decrease in the TCE per day by 45.7% to \$11,211 per day in first half of 2013 following the receipt in advance of \$175.4 million due to restructuring of credit default insurance in the fourth quarter of 2012, as compared to \$20,645 per day in the same period of 2012. This decrease was partially offset by an increase in available days as described above.

Revenue from the logistics business was \$136.7 million for the six months ended June 30, 2013 as compared to \$123.4 million for the same period of 2012. This increase was mainly attributable to an increase in (i) the Paraguayan liquid port's volume of products sold; (ii) rates in the dry port terminal; (iii) the cabotage fleet's utilization; and (iv) the revenue from liquid cargo transportation due to higher rates.

Time Charter, Voyage and Logistics Business Expenses: Time charter, voyage and logistics business expenses increased by \$0.7 million or 0.5% to \$135.6 million for the six month period ended June 30, 2013, as compared to \$134.9 million for the six month period ended June 30, 2012.

The time charter and voyage expenses from drybulk operations decreased by \$4.2 million or 5.2% to \$76.1 million for the six month period ended June 30, 2013, as compared to \$80.3 million for the six month period ended June 30, 2012. This increase was primarily due to a net decrease of 91 days in the long-term charter-in fleet available da