

Navios Maritime Holdings Inc.
Form 6-K
August 25, 2016
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 25, 2016

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)

Edgar Filing: Navios Maritime Holdings Inc. - Form 6-K

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 Statements on Form S-8, File No. 333-147186 and 333-202141, 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, 2016 and 2015. 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' Annual Report on Form 20-F for the year ended December 31, 2015 filed with the Securities and Exchange Commission (SEC) and the condensed consolidated financial statements and the accompanying notes included elsewhere in this report.

This report contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. All statements herein other than statements of historical fact, including statements regarding business and industry prospects or future results of operations or financial position, should be considered forward-looking. 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 could cause our actual results to differ from our current expectations and observations include, but are not limited to, those discussed under Part I, Item 3D Risk Factors in Navios Holdings' Annual Report on Form 20-F for the year ended December 31, 2015. All forward-looking statements made in this report speak only as of the date of this document. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

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 Maritime Acquisition Corporation's (Navios Acquisition) fleet, Navios Maritime Partners L.P.'s (Navios Partners) fleet, Navios Maritime Midstream Partners L.P.'s (Navios Midstream) fleet, Navios Europe Inc.'s (Navios Europe I) fleet, and Navios Europe (II) Inc.'s (Navios Europe II) 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.

Navios Logistics

Navios South American Logistics Inc. (Navios Logistics), a consolidated subsidiary of the Company, is one of the largest logistics companies in the Hidrovia region of South America, focusing on the Hidrovia river system, the main navigable river system in the region, and on cabotage trades along the eastern coast of South America. Navios

Logistics is focused on providing its customers integrated transportation, storage and related services through its port facilities, its large, versatile fleet of dry and liquid cargo barges and its product tankers. Navios Logistics serves the needs of a number of growing South American industries, including mineral and grain commodity providers as well as users of refined petroleum products. Navios Holdings currently owns 63.8% of Navios Logistics.

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 dry bulk commodities including iron ore, coal, grain, fertilizer and also containers, chartering its vessels under medium to long-term charters. Currently, Navios Holdings owns a 20.1% 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 43.3% and its economic interest in Navios Acquisition is 46.3%.

Table of Contents

Navios Midstream (NYSE: NAP) is a publicly traded master limited partnership which owns and operates crude oil tankers under long-term employment contracts. Currently, Navios Holdings owns no direct equity interest in Navios Midstream.

Navios Europe I is engaged in the marine transportation industry through the ownership of five tankers and five container vessels. Navios Holdings, Navios Acquisition and Navios Partners have voting interests of 50%, 50% and 0%, respectively, and 47.5%, 47.5% and 5% economic interest, respectively, in Navios Europe I.

Navios Europe II is engaged in the marine transportation industry through the ownership of seven dry bulk and seven container vessels. Navios Holdings, Navios Acquisition and Navios Partners have voting interests of 50%, 50% and 0%, respectively, and 47.5%, 47.5% and 5% economic interest, respectively, in Navios Europe II.

Fleet

The following is the current core fleet employment profile (excluding Navios Logistics). The current core fleet consists of 61 vessels totaling 6.3 million dwt. The employment profile of the fleet as of August 22, 2016 is reflected in the tables below. The 57 vessels in current operation aggregate approximately 5.9 million dwt and have an average age of 7.8 years. Navios Holdings has currently fixed 86.6% and 34.2% (including index-linked charters) for the remaining six months of 2016 and for 2017, respectively, of its fleet (excluding vessels which are utilized to fulfill Contracts of Affreightment (COAs)), representing contracted fees (net of commissions), from the contracted base charter rates of our current charter agreements of \$57.1 million and \$20.9 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 base rate for the core fleet (excluding vessels which are utilized to fulfill COAs) is \$8,813 and \$15,319 for the remaining six months of 2016 and for 2017, respectively. The average daily charter-in rate for the active long-term charter-in vessels (excluding vessels which are utilized to fulfill COAs) for the remaining six months of 2016 is estimated at \$12,421. We estimate the days of the long-term charter-in vessels (excluding vessels which are utilized to fulfill COAs) for the remaining six months of 2016 are 2,715 days.

Owned Fleet. Navios Holdings owns a fleet comprised of 14 Ultra Handymax vessels, 13 Capesize vessels, 12 Panamax vessels and one Handysize vessel, which have an average age of approximately 9.3 years.

Vessels	Type	Built	DWT	Charter-out Rate ⁽¹⁾	Profit Share	Expiration Date ⁽²⁾
Navios Serenity	Handysize	2011	34,690	5,700	No	09/2016
Navios Ionian	Ultra Handymax	2000	52,067	5,035	No	09/2016
Navios Celestial	Ultra Handymax	2009	58,063	8,075	No	09/2016
Navios Vector	Ultra Handymax	2002	50,296	8,313	No	10/2016
Navios Horizon	Ultra Handymax	2001	50,346	4,750	No	11/2016
Navios Herakles	Ultra Handymax	2001	52,061	5,938	No	11/2016
Navios Achilles	Ultra Handymax	2001	52,063	6,413	No	01/2017
Navios Meridian	Ultra Handymax	2002	50,316	4,750	No	11/2016
Navios Mercator	Ultra Handymax	2002	53,553	4,750	No	03/2017
Navios Arc	Ultra Handymax	2003	53,514	5,219	100% of average Supramax Index	09/2016

Edgar Filing: Navios Maritime Holdings Inc. - Form 6-K

					6TC Routes	12/2016
Navios Hios	Ultra Handymax	2003	55,180	5,195	Pool Earnings + 4%	07/2016
						02/2017
Navios Kypros	Ultra Handymax	2003	55,222	5,260	Pool Earnings + 4%	07/2016
						02/2017
Navios Ulysses	Ultra Handymax	2007	55,728	5,266	Pool Earnings + 4%	07/2016
						04/2017
Navios Vega	Ultra Handymax	2009	58,792	5,297	Pool earnings +7%	07/2016
						09/2016
Navios Astra	Ultra Handymax	2006	53,468	5,938	No	02/2017
Navios Magellan	Panamax	2000	74,333	4,988	No	10/2016

Table of Contents

Navios Star	Panamax	2002	76,662	9,986	No	12/2016
					100% of average Panamax	12/2018
					Index 4TC Routes less \$2,488/day	
Navios Asteriks	Panamax	2005	76,801	9,986	No	11/2016
					100% of average Panamax	11/2018
					Index 4TC Routes less \$2,488/day	
Navios Centaurus	Panamax	2012	81,472	11,983	No	12/2016
					110% of average Panamax	12/2018
					Index 4TC Routes less adjustment to be based on index formula	
Navios Avior	Panamax	2012	81,355	4,751	Weighted average basis Panamax Index Routes +16.5%	08/2016 03/2017
Navios Galileo	Panamax	2006	76,596	9,986	No	12/2016
					100% of average Panamax	12/2018
					Index 4TC Routes less \$2,488/day	
Navios Northern Star	Panamax	2005	75,395	5,510	No	04/2017
Navios Amitie	Panamax	2005	75,395	9,986	No	12/2016
					100% of average Panamax	12/2018
					Index 4TC Routes less \$2,488/day	
Navios Taurus	Panamax	2005	76,596	4,689		

Edgar Filing: Navios Maritime Holdings Inc. - Form 6-K

					Average basis Panamax Index 4TC Routes +4%	08/2016 01/2017
N Amalthia	Panamax	2006	75,318	9,986	No	12/2016
					100% of average Panamax	12/2018
					Index 4TC Routes less \$2,488/day	
N Bonanza	Panamax	2006	76,596	9,986	No	11/2016
					100% of average Panamax	11/2018
					Index 4TC Routes less \$2,488/day	
Navios Sphera	Panamax	2016	84,872	11,983	No	01/2017
					123% of average Panamax	01/2019
					Index 4TC Routes less adjustment to be based on index formula	
Navios Bonavis	Capesize	2009	180,022	13,110	No	02/2017
Navios Happiness	Capesize	2009	180,022	7,028	\$4,750+50% weighted average Baltic Capesize	09/2016 01/2017
					Index 5TC Index Routes	
Navios Lumen	Capesize	2009	180,661	5,083	No	01/2017
Navios Stellar	Capesize	2009	169,001		\$9,480 adjusted for 50% Pool Earnings or Weighted Average Baltic Capesize 5TC Index Routes	10/2017

Table of Contents

Navios Phoenix	Capesize	2009	180,242		\$9,480 adjusted for 50%	08/2017 ⁽⁵⁾
					Pool Earnings or Weighted	
					Average Baltic Capesize	
					5TC Index Routes	
Navios Antares	Capesize	2010	169,059	8,450	No	09/2016
Navios Etoile	Capesize	2010	179,234	29,356	No	12/2020
Navios Bonheur	Capesize	2010	179,259		Pool Earnings	01/2017
Navios Altamira	Capesize	2011	179,165		\$9,480 adjusted for 50%	09/2017
					Pool Earnings or Weighted	
					Average Baltic Capesize	
					5TC Index Routes	
Navios Azimuth	Capesize	2011	179,169	5,083	No	02/2017
Navios Gem	Capesize	2014	181,336	7,322	\$5,000 +55% weighted average Baltic Capesize Index 5TC Index Routes	08/2016 01/2017
Navios Ray	Capesize	2012	179,515	8,075	No	11/2016
Navios Mars	Capesize	2016	181,259		\$11,455 adjusted for 50%	10/2017
					Pool Earnings or Weighted	
					Average Baltic Capesize	
					5TC Index Routes	

Long-Term Fleet. In addition to the 40 owned vessels, Navios Holdings controls a fleet of seven Capesize, nine Panamax, four Ultra Handymax, and one Handysize vessels under long-term charter-in contracts, which have an average age of approximately 4.1 years. Of the 21 chartered-in vessels, 17 are currently in operation and four are scheduled for delivery at various times during the fourth quarter of 2016 and the first quarter of 2017, as set forth in the following table:

Long-term Chartered-in Vessels

Vessels	Type	Built	DWT
---------	------	-------	-----

Edgar Filing: Navios Maritime Holdings Inc. - Form 6-K

				Purchase Option (3)	Charter-out Rate (1)	Expiration Date (2)
Navios Lyra	Handysize	2012	34,718	Yes ⁽⁴⁾	5,700	09/2016
Navios Primavera	Ultra Handymax	2007	53,464	Yes	8,550	08/2016
Navios Oriana	Ultra Handymax	2012	61,442	Yes	5,839 ⁽⁶⁾	07/2016
					⁽⁶⁾	02/2017
Navios Mercury	Ultra Handymax	2013	61,393	Yes	5,839 ⁽⁶⁾	07/2016
					⁽⁶⁾	02/2017
Navios Venus	Ultra Handymax	2015	61,339	Yes	5,950 ⁽⁶⁾	07/2016
					⁽⁶⁾	02/2017
Navios Marco Polo	Panamax	2011	80,647	Yes	11,983	01/2017
					⁽⁷⁾	09/2018
Navios Southern Star	Panamax	2013	82,224	Yes	5,735 ⁽⁸⁾	08/2016
					⁽⁸⁾	02/2017
Navios Aldebaran	Panamax	2008	76,500	Yes	5,700	10/2016
Sea Victory	Panamax	2014	77,095	Yes	9,986	11/2016
					⁽⁹⁾	11/2018
Navios Sky	Panamax	2015	82,056	Yes	11,983	03/2017
					⁽¹⁰⁾	03/2019
Navios Amber	Panamax	2015	80,994	Yes	11,983	01/2017
					⁽¹¹⁾	01/2019
Navios Koyo	Capesize	2011	181,415	Yes	7,039 ⁽¹²⁾	08/2016
					⁽¹²⁾	01/2017

Table of Contents

Dream Canary	Capesize	2015	180,528	Yes	10,450	11/2016
Dream Coral	Capesize	2015	181,249	Yes	12,350	02/2018
Beaufiks	Capesize	2004	180,310	Yes		
King Ore	Capesize	2010	176,800	No		
Navios Obeliks	Capesize	2012	181,415	Yes		

Long-term Chartered-in Vessels to be Delivered

Vessels	Type	Delivery Date	Purchase Option	DWT
Navios Felix	Capesize	Q4 2016	Yes	180,000
Navios Coral	Panamax	Q4 2016	Yes	84,000
Navios Citrine	Panamax	Q1 2017	Yes	81,000
Navios Dolphin	Panamax	Q1 2017	Yes	81,000

- (1) Daily rate net of commissions.
- (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 \$34,013 per day for the remaining period until fourth quarter of 2016.
- (6) Based on Pool Earnings +18%.
- (7) Based on 113% of average Panamax 4TC Routes less adjustment to be based on index formula.
- (8) Based on 114% in excess of \$3,350 basis Panamax Index 4TC Routes.
- (9) Based on 114% of average Panamax Index 4TC Routes less \$2,488/day.
- (10) Based on 115% of average Panamax 4TC Routes less adjustment to be based on index formula.
- (11) Based on 120% of average Panamax 4TC Routes less adjustment to be based on index formula.
- (12) Based on 150% in excess of \$4,750 basis Baltic Capesize Index 5TC.

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 and counterparty risks. This policy may lead Navios Holdings to time charter-out many of the vessels that it is 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 long-term periods 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, when the Company deems necessary. 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).

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 \$11,229 per day for the six month period ended June 30, 2016. The average long-term charter-in hire rate per vessel included in this document was computed by (a) multiplying (i) the daily charter-in rate

Table of Contents

for each vessel by (ii) the number of days each vessel is in operation for the period under review; (b) summing those individual multiplications; and (c) dividing such total by the total number of charter-in vessel days for the period. 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. Generally, this chartering policy had the effect of generating Time Charter Equivalents (TCE) that were higher than spot employment.

Navios Holdings believes that a decrease in global commodity demand from its current level, and the delivery of dry bulk carrier new buildings into the world fleet, could have an adverse impact on future revenue and profitability. However, Navios Holdings believes that the operating cost advantage of its owned vessels will continue to help mitigate the impact of the declines in freight rates. A reduced freight rate environment also has an adverse impact on the value of Navios Holdings' owned fleet. In reaction to a decline in freight rates, available ship financing can also be 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 prices or 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' Annual Report on Form 20-F for the year ended December 31, 2015 filed with the SEC 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 important measures for analyzing trends in its results of operations include the following:

Market Exposure: Navios Holdings manages the size and composition of its fleet by seeking a mix between 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 6.3 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 are 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 are 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 are defined as 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 and type 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 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, labor 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, 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 rate 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 fleet is 9.3 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.

COAs and FFAs

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

Table of Contents

Navios Holdings may enter into dry bulk shipping FFAs as economic hedges relating to identifiable ship and/or cargo positions or as economic hedges of transactions the Company expects to carry out in the normal course of its shipping business. 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 since 2012. 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.

Listing Developments

On June 7, 2016, Navios Holdings received notice from the New York Stock Exchange, Inc. (the NYSE) that it was not in compliance with the NYSE's continued listing standards because the average closing price of its common stock was less than \$1.00 over a consecutive 30 trading-day period. Pursuant to the NYSE's rules, Navios Holdings had a six-month cure period following receipt of the notice to bring its stock price per share and average share price above \$1.00. Navios Holdings currently intends to cure this deficiency within the prescribed timeframe set out in the NYSE's Listed Company Manual. During this time, the Company's common stock will continue to be listed and trade on the NYSE. The NYSE's notification does not affect the Company's SEC reporting requirements.

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 each type of charter, management does not identify expenses, profitability or other financial information on a charter-by-charter or type of charter basis. 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: Dry bulk Vessel Operations and Logistics Business. The Dry bulk Vessel Operations segment consists of the transportation and handling of bulk cargoes through the ownership, operation, and trading of vessels, freight, and FFAs. The Logistics Business segment consists of 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, 2016 Compared to the Three Month Period Ended June 30, 2015**

The following table presents consolidated revenue and expense information for the three month periods ended June 30, 2016 and 2015, respectively. This information was derived from the unaudited condensed consolidated revenue and expense accounts of Navios Holdings for the respective periods.

	Three Month Period Ended June 30, 2016 (unaudited)	Three Month Period Ended June 30, 2015 (unaudited)
(in thousands of U.S. dollars)		

Edgar Filing: Navios Maritime Holdings Inc. - Form 6-K

Revenue	\$	105,733	\$	119,839
Administrative fee revenue from affiliates		5,463		3,882
Time charter, voyage and logistics business expenses		(36,095)		(57,856)
Direct vessel expenses		(34,685)		(35,748)
General and administrative expenses incurred on behalf of affiliates		(5,463)		(3,882)
General and administrative expenses		(6,392)		(8,668)
Depreciation and amortization		(27,132)		(27,479)
Interest expense and finance cost, net		(26,698)		(27,838)
Other expense, net		(2,530)		(3,321)
Loss before equity in net earnings of affiliated companies	\$	(27,799)	\$	(41,071)
Equity in net earnings of affiliated companies		3,424		17,968
Loss before taxes	\$	(24,375)	\$	(23,103)
Income tax benefit		621		1,695
Net loss	\$	(23,754)	\$	(21,408)
Less: Net income attributable to the noncontrolling interest		(2,662)		(3,405)
Net loss attributable to Navios Holdings common stockholders	\$	(26,416)	\$	(24,813)

Table of Contents

Set forth below are selected historical and statistical data for the Dry Bulk Vessel Operations segment for each of the three month periods ended June 30, 2016 and 2015 that the Company believes may be useful in better understanding the Company's financial position and results of operations.

	Three Month Period Ended June 30,	
	2016 (unaudited)	2015 (unaudited)
FLEET DATA		
Available days	5,198	5,846
Operating days	5,181	5,793
Fleet utilization	99.7%	99.1%
Equivalent vessels	57	64
AVERAGE DAILY RESULTS		
Time Charter Equivalents	\$ 8,445	\$ 7,457

During the three month period ended June 30, 2016, there were 648 less available days, as compared to the same period in 2015, due to a decrease in short-term charter-in and long-term charter-in fleet available days by 918 days. The decrease was partially mitigated by an increase in available days for owned vessels by 270 days, mainly due to the delivery of the Navios Sphera and Navios Mars in January 2016.

The average TCE rate for the three month period ended June 30, 2016 was \$8,445 per day, which was \$989 per day higher than the rate achieved in the same period in 2015, due to lower voyage expenses.

Revenue: Revenue from dry bulk vessel operations for the three months ended June 30, 2016 was \$47.0 million as compared to \$53.6 million for the same period during 2015. The decrease in dry bulk revenue was mainly attributable to (i) a net decrease in available days of our fleet; and (ii) the decline in the freight market during 2016, as compared to the same period in 2015.

Revenue from the logistics business was \$58.8 million for the three months ended June 30, 2016 as compared to \$66.2 million for the same period in 2015. This decrease was mainly attributable to (i) a decrease in sales of products in the liquid terminal due to lower volume and lower price of products sold; (ii) a decrease in products transported in the dry and liquid port terminals; and (iii) a decrease in the number of available days of the cabotage fleet.

Administrative Fee Revenue From Affiliates: Administrative fee revenue from affiliates increased by \$1.6 million, or 40.7%, to \$5.5 million for the three month period ended June 30, 2016, as compared to \$3.9 million for the same period in 2015. See the General and Administrative Expenses discussion below.

Time Charter, Voyage and Logistics Business Expenses: Time charter, voyage and logistics business expenses decreased by \$21.8 million, or 37.6%, to \$36.1 million for the three month period ended June 30, 2016, as compared to \$57.9 million for the three month period ended June 30, 2015.

The time charter and voyage expenses from dry bulk operations decreased by \$19.6 million, or 45.8%, to \$23.2 million for the three month period ended June 30, 2016, as compared to \$42.8 million for the three month period ended June 30, 2015. This decrease was mainly attributable to (i) a decrease in charter-in expenses by \$12.7 million, mainly due to a decrease in charter-in available days in the second quarter of 2016, as compared to the same period in 2015; (ii) a decrease in fuel expenses by \$3.8 million; and (iii) a decrease in other voyage expenses by \$3.1

million.

Of the total amounts of time charter, voyages and logistics business expenses for the three month periods ended June 30, 2016 and 2015, \$12.9 million and \$15.1 million, respectively, were related to Navios Logistics. The decrease in time charter, voyage and logistics business expenses related to Navios Logistics was mainly attributable to (i) a decrease in volume and price of products sold in the liquid port in Paraguay; and (ii) a decrease in the number of available days of the cabotage fleet. This decrease was partially mitigated by the higher number of trips performed in the barge business.

Direct Vessel Expenses: Direct vessel expenses decreased by \$1.0 million, or 3.0%, to \$34.7 million for the three month period ended June 30, 2016, as compared to \$35.7 million for the three month period ended June 30, 2015. Direct vessel expenses include crew costs, provisions, deck and engine stores, lubricating oils, insurance premiums and costs for maintenance and repairs.

Table of Contents

Direct vessel expenses from dry bulk operations increased by \$0.4 million, or 3.2%, to \$13.3 million for the three month period ended June 30, 2016, as compared to \$12.9 million for the three month period ended June 30, 2015. This increase was mainly attributable to an increase in available days of our owned fleet, partially mitigated by a decrease in lubricants and chemicals expenses.

Of the total amounts of direct vessel expenses for the three month periods ended June 30, 2016 and 2015, \$21.4 million and \$22.9 million, respectively, related to Navios Logistics. The decrease in direct vessel expenses related to Navios Logistics was mainly attributable to lower crew costs in the cabotage business.

General and Administrative Expenses Incurred on Behalf of Affiliates: General and administrative expenses incurred on behalf of affiliates increased by \$1.6 million, or 40.7%, to \$5.5 million for the three month period ended June 30, 2016, as compared to \$3.9 million for the same period in 2015. See the General and Administrative Expenses discussion below.

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

	Three Month Period Ended June 30, 2016 (unaudited)	Three Month Period Ended June 30, 2015 (unaudited)
(in thousands of U.S. dollars)		
Administrative fee revenue from affiliates	\$ (5,463)	\$ (3,882)
General and administrative expenses incurred on behalf of affiliates	5,463	3,882
General and administrative expenses	6,392	8,668
	Three Month Period Ended June 30, 2016 (unaudited)	Three Month Period Ended June 30, 2015 (unaudited)
(in thousands of U.S. dollars)		
Dry Bulk Vessel Operations	\$ 2,854	\$ 4,757
Logistics Business	3,538	3,911
General and administrative expenses	\$ 6,392	\$ 8,668

The decrease in general and administrative expenses by \$2.3 million, or 26.3%, to \$6.4 million for the three month period ended June 30, 2016, as compared to \$8.7 million for the three month period ended June 30, 2015, was mainly attributable to (i) a \$1.3 million decrease in payroll and other related costs; (ii) a \$0.5 million decrease in other administrative expenses; (iii) a \$0.4 million decrease attributable to the logistics business due to a decrease in payroll and related expenses; and (iv) a \$0.1 million decrease in professional, legal and audit fees.

Depreciation and Amortization: For the three month period ended June 30, 2016, depreciation and amortization decreased by \$0.4 million, or 1.3%, to \$27.1 million as compared to \$27.5 million for the three month period ended June 30, 2015. The decrease was mainly attributable to (i) a decrease in depreciation and amortization of dry bulk

vessels by \$0.9 million, due to the earlier redelivery of a vessel from its charterer during the first quarter of 2016 and the redelivery of two vessels to their headowners in the fourth quarter of 2015, resulting in the subsequent write-off of their purchase option and favorable lease balances; and (ii) a decrease in depreciation and amortization of the logistics business by \$0.2 million. The decrease was partially mitigated by an increase in depreciation and amortization by \$0.7 million, due to the new vessel deliveries in January 2016.

Interest Expense and Finance Cost, Net: Interest expense and finance cost, net for the three month period ended June 30, 2016 decreased by \$1.1 million, or 4.1%, to \$26.7 million, as compared to \$27.8 million in the same period in 2015. The decrease was mainly due to higher interest income from loans provided to Navios Europe II and Navios Partners, under the Navios Partners Credit Facility (as defined herein).

Other Expense, Net: Other expense, net decreased by \$0.8 million, or 23.8%, to a \$2.5 million for the three month period ended June 30, 2016, as compared to \$3.3 million for the same period in 2015. This decrease was due to a \$1.5 million decrease in other expense, net of the logistics business, partially mitigated by a \$0.7 million increase in other expense, net of dry bulk vessels operations.

The increase in other expense, net of dry bulk vessels operations was mainly due to (i) a \$0.3 million increase in expense relating to the reclassification to earnings of available-for-sale securities for an other-than-temporary impairment during the second quarter of 2016; and (ii) a \$0.4 million increase in other expense, net relating to miscellaneous voyage expenses.

Table of Contents

The decrease in other expenses, net related to the logistics business was mainly due to (i) a decrease in taxes other-than-income taxes in the barge and cabotage business; and (ii) favorable foreign exchange differences.

Equity in Net Earnings of Affiliated Companies: Equity in net earnings of affiliated companies decreased by \$14.5 million, or 80.9%, to \$3.4 million for the three month period ended June 30, 2016, as compared to \$18.0 million for the same period in 2015, due to (i) a \$14.2 million decrease in equity method income; and (ii) a \$0.3 million decrease in amortization of deferred gain from the sale of vessels to Navios Partners (as more fully described below). The \$14.2 million decrease in equity method income was mainly due to (i) a \$8.0 million decrease in equity method income from Navios Acquisition; and (ii) a \$6.2 million decrease in equity method income from Navios Partners.

The Company recognizes the gain from the sale of vessels to Navios Partners immediately in earnings only to the extent of the interest in Navios Partners owned by third parties and defers recognition of the gain to the extent of its own ownership interest in Navios Partners. See also the Related Party Transactions discussion below.

Income Tax Benefit: Income tax benefit decreased by \$1.1 million to \$0.6 million for the three month period ended June 30, 2016, as compared to \$1.7 million for the same period in 2015. The total change in income tax was attributable to Navios Logistics and was due to lower income tax benefit in the barge business, partially mitigated by a decrease in income tax expense of the cabotage business.

Net Income Attributable to the Noncontrolling Interest: Net income attributable to the noncontrolling interest decreased by \$0.7 million to \$2.7 million for the three month period ended June 30, 2016, as compared to \$3.4 million for the same period in 2015. This decrease was attributable to lower net income of the logistics business for the three month period ended June 30, 2016, as compared to the same period in 2015.

For the Six Month Period Ended June 30, 2016 Compared to the Six Month Period Ended June 30, 2015

The following table presents consolidated revenue and expense information for the six month periods ended June 30, 2016 and 2015. This information was derived from the unaudited condensed consolidated revenue and expense accounts of Navios Holdings for the respective periods.

(in thousands of U.S. dollars)	Six Month Period Ended June 30, 2016 (unaudited)	Six Month Period Ended June 30, 2015 (unaudited)
Revenue	\$ 207,220	\$ 238,119
Administrative fee revenue from affiliates	10,945	7,804
Time charter, voyage and logistics business expenses	(82,476)	(127,790)
Direct vessel expenses	(64,759)	(66,565)
General and administrative expenses incurred on behalf of affiliates	(10,945)	(7,804)
General and administrative expenses	(12,830)	(15,479)
Depreciation and amortization	(46,959)	(48,684)
Interest expense and finance cost, net	(54,448)	(55,876)
Other income/(expense), net	9,134	(5,235)

Loss before equity in net earnings of affiliated companies	\$ (45,118)	\$ (81,510)
Equity in net earnings of affiliated companies	16,376	31,880
Loss before taxes	\$ (28,742)	\$ (49,630)
Income tax (expense)/benefit	(424)	1,843
Net loss	\$ (29,166)	\$ (47,787)
Less: Net income attributable to the noncontrolling interest	(4,715)	(3,704)
Net loss attributable to Navios Holdings common stockholders	\$ (33,881)	\$ (51,491)

Set forth below are selected historical and statistical data for the Dry Bulk Vessel Operations segment for each of the six month periods ended June 30, 2016 and 2015 that the Company believes may be useful in better understanding the Company's financial position and results of operations.

Table of Contents

	Six Month Period Ended	
	June 30,	
	2016	2015
	(unaudited)	(unaudited)
FLEET DATA		
Available days	11,158	11,184
Operating days	11,037	11,077
Fleet utilization	98.9%	99.0%
Equivalent vessels	61	62
AVERAGE DAILY RESULTS		
Time Charter Equivalents	\$ 7,678	\$ 7,332

During the six month period ended June 30, 2016, there were 26 less available days as compared to the same period in 2015, due to a decrease in short-term charter-in and long-term charter-in fleet available days by 610 days, partially mitigated by an increase in available days for owned vessels by 584 days, mainly due to the delivery of the Navios Sphera and Navios Mars in January 2016.

The average TCE rate for the six month period ended June 30, 2016 was \$7,678 per day, \$346 per day higher than the rate achieved in the same period in 2015, due to lower voyage expenses.

Revenue: Revenue from dry bulk vessel operations for the six months ended June 30, 2016 was \$93.3 million as compared to \$106.8 million for the same period during 2015. The decrease in dry bulk revenue was mainly attributable to the decline in the freight market during 2016, as compared to the same period in 2015.

Revenue from the logistics business was \$114.0 million for the six months ended June 30, 2016 as compared to \$131.3 million for the same period of 2015. This decrease was mainly attributable to (i) a decrease in sales of products in the liquid terminal due to lower volume and lower price of products sold; (ii) a decrease in products transported in the dry and liquid port terminals; and (iii) a decrease in the number of available days of the cabotage fleet. This overall decrease was partially mitigated by an increase in dry and liquid cargoes transported in the barge business.

Administrative Fee Revenue From Affiliates: Administrative fee revenue from affiliates increased by \$3.1 million, or 40.2%, to \$10.9 million for the six month period ended June 30, 2016, as compared to \$7.8 million for the same period in 2015. See the General and Administrative Expenses discussion below.

Time Charter, Voyage and Logistics Business Expenses: Time charter, voyage and logistics business expenses decreased by \$45.3 million, or 35.5%, to \$82.5 million for the six month period ended June 30, 2016, as compared to \$127.8 million for the six month period ended June 30, 2015.

The time charter and voyage expenses from dry bulk operations decreased by \$30.7 million, or 35.8%, to \$55.0 million for the six month period ended June 30, 2016, as compared to \$85.7 million for the six month period ended June 30, 2015. This was primarily due to (i) a decrease in charter-in expenses by \$13.5 million, mainly due to a decrease in charter-in available days during the six month period ended June 30, 2016, as compared to the same period in 2015; (ii) a decrease in fuel expenses by \$12.0 million; and (iii) a decrease in other voyage expenses by \$5.2 million.

Of the total amounts of time charter, voyage and logistics business expenses for the six month periods ended June 30, 2016 and 2015, \$27.5 million and \$42.1 million, respectively, were related to Navios Logistics. The decrease in time charter, voyage and logistics business expenses was mainly due to (i) a decrease in volume and price of products sold in the liquid port in Paraguay; and (ii) a decrease in the number of available days of the cabotage fleet.

Direct Vessel Expenses: Direct vessel expenses decreased by \$1.8 million, or 2.7%, to \$64.8 million for the six month period ended June 30, 2016, as compared to \$66.6 million for the same period in 2015. Direct vessel expenses include crew costs, provisions, deck and engine stores, lubricating oils, insurance premiums and costs for maintenance and repairs.

Direct vessel expenses from dry bulk operations increased by \$1.1 million, or 4.2%, to \$26.7 million for the six month period ended June 30, 2016, as compared to \$25.6 million for the six month period ended June 30, 2015. This increase was mainly attributable to an increase in available days of our owned fleet.

Of the total amounts of direct vessel expenses for the six month periods ended June 30, 2016 and 2015, \$38.1 million and \$41.0 million, respectively, related to Navios Logistics. The decrease in direct vessel expenses related to Navios Logistics was mainly attributable to a decrease in crew costs in the cabotage and barge business.

Table of Contents

General and Administrative Expenses Incurred on Behalf of Affiliates: General and administrative expenses incurred on behalf of affiliates increased by \$3.1 million, or 40.2%, to \$10.9 million for the six month period ended June 30, 2016, as compared to \$7.8 million for the same period in 2015. See the General and Administrative Expenses discussion below.

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

	Six Month Period Ended June 30, 2016	Six Month Period Ended June 30, 2015
(in thousands of U.S. dollars)	(unaudited)	(unaudited)
Administrative fee revenue from affiliates	\$ (10,945)	\$ (7,804)
General and administrative expenses incurred on behalf of affiliates	10,945	7,804
General and administrative expenses	12,830	15,479

	Six Month Period Ended June 30, 2016	Six Month Period Ended June 30, 2015
(in thousands of U.S. dollars)	(unaudited)	(unaudited)
Dry Bulk Vessel Operations	\$ 5,994	\$ 7,962
Logistics Business	6,836	7,517
General and administrative expenses	\$ 12,830	\$ 15,479

The decrease in general and administrative expenses by \$2.7 million, or 17.1%, to \$12.8 million for the six month period ended June 30, 2016, as compared to \$15.5 million for the six month period ended June 30, 2015, was mainly attributable to (i) a \$1.2 million decrease in payroll and other related costs; (ii) a \$0.7 million decrease attributable to the logistics business mainly due to a decrease in payroll and related expenses; and (iii) a \$0.8 million decrease in other administrative expenses, including professional, legal and audit fees.

Depreciation and Amortization: For the six month period ended June 30, 2016, depreciation and amortization decreased by \$1.7 million, or 3.5%, to \$47.0 million, as compared to \$48.7 million for the same period in 2015. The decrease was primarily due to a decrease in depreciation and amortization of dry bulk vessels by \$3.1 million, due to the earlier redelivery of a vessel from its charterer during the first quarter of 2016, the redelivery of two vessels to their headowners in the fourth quarter of 2015, and the early redelivery of one of the aforementioned vessels from its charterer in the first quarter of 2015 resulting in the subsequent write-off of their purchase option and favorable and unfavorable lease balances. The decrease was partially mitigated by an increase in depreciation and amortization by \$1.4 million, due to the new vessel deliveries in January 2016. Depreciation and amortization related to the logistics business was \$13.1 million for both six month periods ended June 30, 2016 and 2015.

Interest Expense and Finance Cost, Net: Interest expense and finance cost, net for the six month period ended June 30, 2016 decreased by \$1.4 million, or 2.6%, to \$54.5 million, as compared to \$55.9 million in the same period

of 2015. This decrease was mainly due to (i) a \$1.5 million decrease in interest expense and finance cost, net attributable to the logistics business; and (ii) a \$1.5 million increase in interest income of the dry bulk vessel operations, mainly due to higher interest income from loans provided to Navios Europe II and Navios Partners, under the Navios Partners Credit Facility (as defined herein). This increase was partially mitigated by a \$1.6 million increase in interest expense and finance cost, of the dry bulk vessel operations, mainly due to the new loan concluded in January 2016, to finance the acquisition of Navios Mars and Navios Sphera.

Other Income/(Expense), Net: Other income/(expense), net increased by \$14.4 million, or 274.5%, to \$9.2 million of income for the six month period ended June 30, 2016, as compared to \$5.2 million of expense for the same period in 2015. This increase was due to (i) a \$11.7 million increase in other income, net of dry bulk vessel operations; and (ii) a \$2.7 million increase in other income, net of the logistics business.

The increase in other income, net of dry bulk vessels operations was mainly due to the early redelivery of a vessel, in exchange for \$13.0 million in cash and settlement of outstanding claims payable to the charterer amounting to \$1.9 million. This increase was partially offset by (i) a \$2.0 million increase in loss from foreign exchange differences; (ii) a \$0.3 million increase in expense relating to the reclassification to earnings of available-for-sale securities for an other-than-temporary impairment during the second quarter of 2016; and (iii) a \$0.9 million increase in miscellaneous other expense.

The increase in other income, net by \$2.7 million related to the logistics business was mainly due to (i) lower taxes other-than-income taxes; and (ii) favorable foreign exchange differences.

Table of Contents

Equity in Net Earnings of Affiliated Companies: Equity in net earnings of affiliated companies decreased by \$15.5 million, or 48.6%, to \$16.4 million for the six month period ended June 30, 2016, as compared to \$31.9 million for the same period in 2015, due to (i) a \$14.9 million decrease in equity method income; and (ii) a \$0.6 million decrease in amortization of deferred gain from the sale of vessels to Navios Partners (as more fully described below). The \$14.9 million decrease in equity method income was mainly due to (i) a \$6.0 million decrease in equity method income from Navios Acquisition; and (ii) a \$9.0 million decrease in equity method income from Navios Partners, which was partially mitigated by a \$0.1 million increase in equity method income from Navios Europe I.

The Company recognizes the gain from the sale of vessels to Navios Partners immediately in earnings only to the extent of the interest in Navios Partners owned by third parties and defers recognition of the gain to the extent of its own ownership interest in Navios Partners. See also the Related Party Transactions discussion below.

Income Tax (Expense)/Benefit: Income tax (expense)/benefit for the six month period ended June 30, 2016 increased by \$2.2 million, or 123.0%, to a \$0.4 million expense for the six month period ended June 30, 2016, as compared to a \$1.8 million benefit for the same period in 2015. The total change in income tax was attributable to Navios Logistics due to lower income tax benefit in the barge business, partially mitigated by a decrease in income tax expense of the cabotage business.

Net Income Attributable to the Noncontrolling Interest: Net income attributable to the noncontrolling interest increased by \$1.0 million to \$4.7 million for the six month period ended June 30, 2016, as compared to \$3.7 million for the same period in 2015. This increase was attributable to higher net income of the logistics business for the six month period ended June 30, 2016, as compared to net loss the same period in 2015.

Liquidity and Capital Resources

Navios Holdings has historically financed its capital requirements with cash flows from operations, equity contributions from stockholders, issuance of debt and borrowings under bank credit facilities. Main uses of funds have been capital expenditures for the acquisition of new vessels, new construction and upgrades at the port terminals, expenditures incurred in connection with ensuring that the owned vessels comply with international and regulatory standards, repayments and/or prepayments of debt and payments of dividends. Navios Holdings may from time to time, subject to restrictions under its debt and equity instruments, including limitations on dividends and repurchases under its preferred stock, depending upon market conditions and financing needs, use funds to refinance or repurchase its debt and/or equity in privately negotiated or open market transactions, by tender offer or otherwise, in compliance with applicable laws, rules and regulations, at prices and on terms Navios Holdings deems appropriate and subject to Navios Holdings cash requirements for other purposes, compliance with the covenants under Navios Holdings debt agreements and equity instruments, and other factors management deems relevant. Generally, Navios Holdings sources of funds may be from cash from operations, long-term borrowings and other debt or equity financings, proceeds from asset sales and proceeds from sale of its stake in its investments. We cannot assure you that we will be able to secure adequate financing or obtain additional funds on favorable terms, to meet our liquidity needs as our ability to secure adequate financing and obtain additional funds is partially dependent on market and industry factors. See Working Capital Position and Long-Term Debt Obligations and Credit Arrangements for further discussion of Navios Holdings working capital position.

The following table presents cash flow information derived from the unaudited condensed consolidated statements of cash flows of Navios Holdings for the six month periods ended June 30, 2016 and 2015.

	Six Month Period Ended June 30, 2016 (unaudited)	Six Month Period Ended June 30, 2015 (unaudited)
(in thousands of U.S. dollars)		
Net cash provided by operating activities	\$ 40,137	\$ 1,739
Net cash used in investing activities	(112,319)	(18,176)
Net cash provided by/(used in) financing activities	49,299	(50,753)
Decrease in cash and cash equivalents	(22,883)	(67,190)
Cash and cash equivalents, beginning of year	163,412	247,556
Cash and cash equivalents, end of period	\$ 140,529	\$ 180,366

Table of Contents

Cash provided by operating activities for the six month period ended June 30, 2016 as compared to the six month period ended June 30, 2015:

Net cash provided by operating activities increased by \$38.4 million to \$40.1 million for the six month period ended June 30, 2016, as compared to \$1.7 million for the six month period ended June 30, 2015. In determining net cash provided by operating activities, net loss is adjusted for the effects of certain non-cash items as discussed below.

The aggregate adjustments to reconcile net loss to net cash provided by operating activities was a \$51.0 million gain for the six month period ended June 30, 2016, which consisted mainly of the following adjustments: \$47.0 million of depreciation and amortization, \$6.9 million of amortization of deferred drydock expenses, \$2.7 million of amortization of deferred finance fees, \$1.7 million relating to share-based compensation, \$0.4 million movement in income taxes, \$0.3 million realized holding loss on investment in available-for-sale securities, and \$0.1 million provision for losses on accounts receivable. These adjustments were partially offset by a \$8.1 million movement in earnings in affiliates net of dividends received.

The net cash inflow resulting from the change in operating assets and liabilities of \$18.3 million for the six month period ended June 30, 2016 resulted from a \$8.2 million increase in amounts due to affiliates, a \$5.6 million increase in accounts payable, a \$14.8 million increase in other long term liabilities, and a \$1.4 million increase in accrued expenses. These were partially offset by a \$2.1 million increase in accounts receivable, a \$1.8 million increase in prepaid expenses and other assets, a \$2.9 million increase in inventories, \$3.1 million in payments for drydock and special survey costs, a \$0.2 million increase in restricted cash and a \$1.6 million decrease in deferred income.

The aggregate adjustments to reconcile net loss to net cash provided by operating activities was a \$42.6 million gain for the six month period ended June 30, 2015, which consisted mainly of the following adjustments: \$48.7 million of depreciation and amortization, \$6.3 million of amortization of deferred drydock expenses, \$2.1 million of amortization of deferred finance fees, and \$1.5 million relating to share-based compensation. These adjustments were partially offset by a \$14.2 million movement in earnings in affiliates net of dividends received and a \$1.8 million movement in income taxes.

The net cash inflow resulting from the change in operating assets and liabilities of \$7.0 million for the six month period ended June 30, 2015 resulted from a \$13.5 million decrease in amounts due from affiliates, a \$5.7 million decrease in inventories, a \$10.4 million decrease in prepaid expenses and other assets, and a \$33.9 million decrease in accounts receivable. These were partially offset by \$31.8 million decrease in accounts payable, \$15.9 million in payments for drydock and special survey costs, a \$6.1 million decrease in deferred income and a \$2.7 million decrease in other long term liabilities.

Cash used in investing activities for the six month period ended June 30, 2016 as compared to the six month period ended June 30, 2015:

Cash used in investing activities was \$112.3 million for the six month period ended June 30, 2016, as compared to \$18.2 million for the same period in 2015.

Cash used in investing activities for the six months ended June 30, 2016 was the result of (i) \$60.1 million in payments relating to the acquisition of Navios Sphera and Navios Mars, delivered in January 2016; (ii) \$43.9 million in payments for the expansion of the Navios Logistics dry port terminal; (iii) \$0.7 million in payments for the construction of the Navios Logistics three new pushboats; (iii) a \$4.3 million loan to Navios Europe II; and (iv) \$3.3 million of payments in other fixed assets mainly relating to amounts paid by Navios Logistics.

Cash used in investing activities for the six months ended June 30, 2015 was the result of (i) \$16.2 million in payments for the acquisition of common units and general partner units following Navios Partners offering in February 2015; (ii) \$2.2 million in payments relating to deposits for the acquisition of two bulk carrier vessels delivered in January 2016; (iii) a \$3.3 million loan to Navios Europe II; (iv) \$0.1 million of payments in other fixed assets; (v) \$4.3 million investment in Navios Europe II; and (vi) \$8.9 million of payments relating to amounts paid by Navios Logistics as follows: (a) \$1.0 million in payments for the transportation and other acquisition costs of new dry barges, (b) \$2.0 million in payments for the expansion of the dry port terminal, (c) \$2.8 million in payments for the construction of the three new pushboats and (d) \$3.1 million in payments for the purchase of other fixed assets. The above was partially offset by (i) \$7.3 million in dividends received from Navios Acquisition; and (ii) \$9.5 million loan repayment from Navios Acquisition.

Cash provided by financing activities for the six month period ended June 30, 2016 as compared to cash used in financing activities for the six month period ended June 30, 2015:

Cash provided by financing activities was \$49.3 million for the six month period ended June 30, 2016, compared to \$50.8 million used in for the same period of 2015.

Table of Contents

Cash provided by financing activities for the six months ended June 30, 2016 was the result of (i) \$39.1 million of loan proceeds (net of \$0.8 million finance fees) to finance the acquisition of Navios Sphera and Navios Mars; (ii) \$23.9 million of proceeds from Navios Logistics Notes Payable (as defined herein); and (iii) \$11.0 million decrease in restricted cash relating to loan repayments and security under certain credit facilities. This was partially offset by (i) \$18.1 million of payments performed in connection with the Company's outstanding indebtedness; (ii) \$3.7 million of dividends paid to the Company's holders of Series G and Series H; (iii) \$0.8 million in payments for the acquisition of treasury stock; and (iv) \$2.1 million relating to payments for capital lease obligations.

Cash used in financing activities for the six months ended June 30, 2015 was the result of (i) \$31.0 million of payments performed in connection with the Company's outstanding indebtedness, of which \$24.1 million related to installments for the year 2015 and the remaining \$6.9 million to installments for the year 2016; (ii) \$0.7 million relating to payments for capital lease obligations; and (iii) \$20.7 million of dividends paid to the Company's stockholders. This was partially offset by a \$1.6 million movement in restricted cash relating to loan repayments.

Adjusted EBITDA: Adjusted EBITDA represents net (loss)/income attributable to Navios Holdings common stockholders before interest and finance costs before depreciation and amortization, income taxes, and stock-based compensation. We use Adjusted EBITDA as a liquidity measure and reconcile Adjusted EBITDA to net cash provided by operating activities, the most comparable U.S. GAAP liquidity measure. Adjusted EBITDA is calculated as follows: net cash provided by operating activities adding back, when applicable and as the case may be, the effect of (i) net increase/(decrease) in operating assets, (ii) net (increase)/decrease in operating liabilities, (iii) net interest cost, (iv) deferred finance charges and other related expenses, (v) provision for losses on accounts receivable, (vi) equity in affiliates, net of dividends received, (vii) payments for drydock and special survey costs, (viii) noncontrolling interest, and (ix) reclassification to earnings of available-for-sale securities and impairment charges. Navios Holdings believes that Adjusted EBITDA is a basis upon which liquidity can be assessed and represents useful information to investors regarding Navios Holdings' ability to service and/or incur indebtedness, pay capital expenditures, meet working capital requirements and pay dividends. Navios Holdings also believes that Adjusted EBITDA is used (i) by prospective and current lessors as well as potential lenders to evaluate potential transactions; (ii) to evaluate and price potential acquisition candidates; and (iii) by securities analysts, investors and other interested parties in the evaluation of companies in our industry.

Adjusted EBITDA has limitations as an analytical tool, and therefore, should not be considered in isolation or as a substitute for the analysis of Navios Holdings' results as reported under U.S. GAAP. Some of these limitations are: (i) Adjusted EBITDA does not reflect changes in, or cash requirements for, working capital needs; (ii) Adjusted EBITDA does not reflect the amounts necessary to service interest or principal payments on our debt and other financing arrangements; and (iii) although depreciation and amortization are non-cash charges, the assets being depreciated and amortized may have to be replaced in the future. Adjusted EBITDA does not reflect any cash requirements for such capital expenditures. Because of these limitations, among others, Adjusted EBITDA should not be considered as a principal indicator of Navios Holdings' performance. Furthermore, our calculation of Adjusted EBITDA may not be comparable to that reported by other companies due to differences in methods of calculation.

Adjusted EBITDA Reconciliation to Cash from Operations

	Three Months Ended	
	June 30, 2016	June 30, 2015
(in thousands of U.S. dollars)	(unaudited)	(unaudited)
Net cash provided by operating activities	\$ 11,197	\$ 2,095

Edgar Filing: Navios Maritime Holdings Inc. - Form 6-K

Net increase/(decrease) in operating assets	447	(27,570)
Net (increase)/decrease in operating liabilities	(3,753)	18,343
Net interest cost	26,698	27,838
Deferred finance charges	(1,411)	(1,046)
Provision for losses on accounts receivable	(43)	56
Equity in affiliates, net of dividends received	(783)	9,109
Payments for drydock and special survey	1,709	7,285
Noncontrolling interest	(2,662)	(3,405)
Reclassification to earnings of available-for-sale securities	(345)	
Adjusted EBITDA	\$ 31,054	\$ 32,705

Table of Contents

(in thousands of U.S. dollars)	Six Months Ended	
	June 30, 2016	June 30, 2015
	(unaudited)	(unaudited)
Net cash provided by operating activities	\$ 40,137	\$ 1,739
Net increase/(decrease) in operating assets	11,776	(59,508)
Net (increase)/decrease in operating liabilities	(33,156)	36,630
Net interest cost	54,448	55,876
Deferred finance charges	(2,695)	(2,155)
Provision for losses on accounts receivable	(149)	(10)
Equity in affiliates, net of dividends received	8,105	14,162
Payments for drydock and special survey	3,072	15,916
Noncontrolling interest	(4,715)	(3,704)
Reclassification to earnings of available-for-sale securities	(345)	