MERCATOR

Mercator Lines (Singapore) Ltd.

Stock Code: EE6



FY 2014 Results
Year ended March 31st 2014

PRESENTATION OUTLINE

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Mercator Lines (Singapore) Ltd.

- Financial Highlights
- Market Review & Outlook
- Company Overview

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Mercator Lines (Singapore) Ltd.

Financial Highlights

FINANCIAL HIGHLIGHTS FOR FY 2014

REVENUE

Revenue at USD 75.3 mn. as compared to USD 109.1 mn. for previous year

INCOME

Net Loss at USD 22.8 mn. as compared to a Net Loss of USD 76.8 mn. for previous year

EBITDA*

EBITDA at USD 20.6 mn. as compared to USD 26.9 mn. for the previous year. EBITDA margins stood at 27.4% as compared to 24.7% in the previous year

OPERATING DAYS

Operating days at 4967 days as compared to 5724 days for previous year

- Decrease in Revenue and Income mainly due to disposal of vessel, lower charter rates and redelivery of the chartered-in vessels in previous year
- Decrease in operating days due to lower number of Chartered-in vessel and owned vessel days.
- Vessel related costs for the period decreased by 34% to USD 51.9 million as compared to USD 79.1 million for the corresponding period previous year

Note : FY /Financial Year refers to the period from April 1st of current year to March 31st of following year

** EBITDA excludes one time charges of USD 0.7 mn for FY 2014 and USD 55.9 mn for FY 2013*

Balance Sheet Highlights

(In USD millions)	31 March 2014	31 March 2013
Cash & Bank Balances	7.8	9.8
Trade and other receivables	24.6	24.0
Vessel, Property & Equipment	479.0	508.7
Borrowings	182.6	188.9
Trade and other payables	22.0	28.4
Shareholders Equity	303.7	320.6
Debt Equity Ratio	0.60	0.59
Market Price per share	SGD 0.106*	SGD 0.111
EPS (for 12 months ended)	SGD (0.021)	SGD (0.075)

* As on April 21, 2014

Historical Financial Performance

Particulars	FY 2011	FY 2012	FY 2013	FY 2014
Revenue (USD mn.)	155.4	147.7	109.1	75.3
EBITDA (USD mn.)	75.8	55.1	26.9*	20.6**
Net Profit / (Loss) (USD mn.)	31.1	7.8	(76.8)	(22.8)
Approx. TCE Earnings per day (in USD)	26,049	20,600	13,800	11,500
Approx. Average Baltic Panamax TC rate (USD per day)	21,276	12,290	7,449	10,300
Operating days	5,543	6,259	5,724	4,967

- Revenue and earnings have been impacted due to weak markets
- However, the Company has continued to perform much better than the industry average rate

**EBITDA for FY 2013 does not include impact of one time charges to the P&L of USD 55.9 mn*
*** EBITDA for FY 2014 does not include one time charges to P&L of USD 0.7 mn*

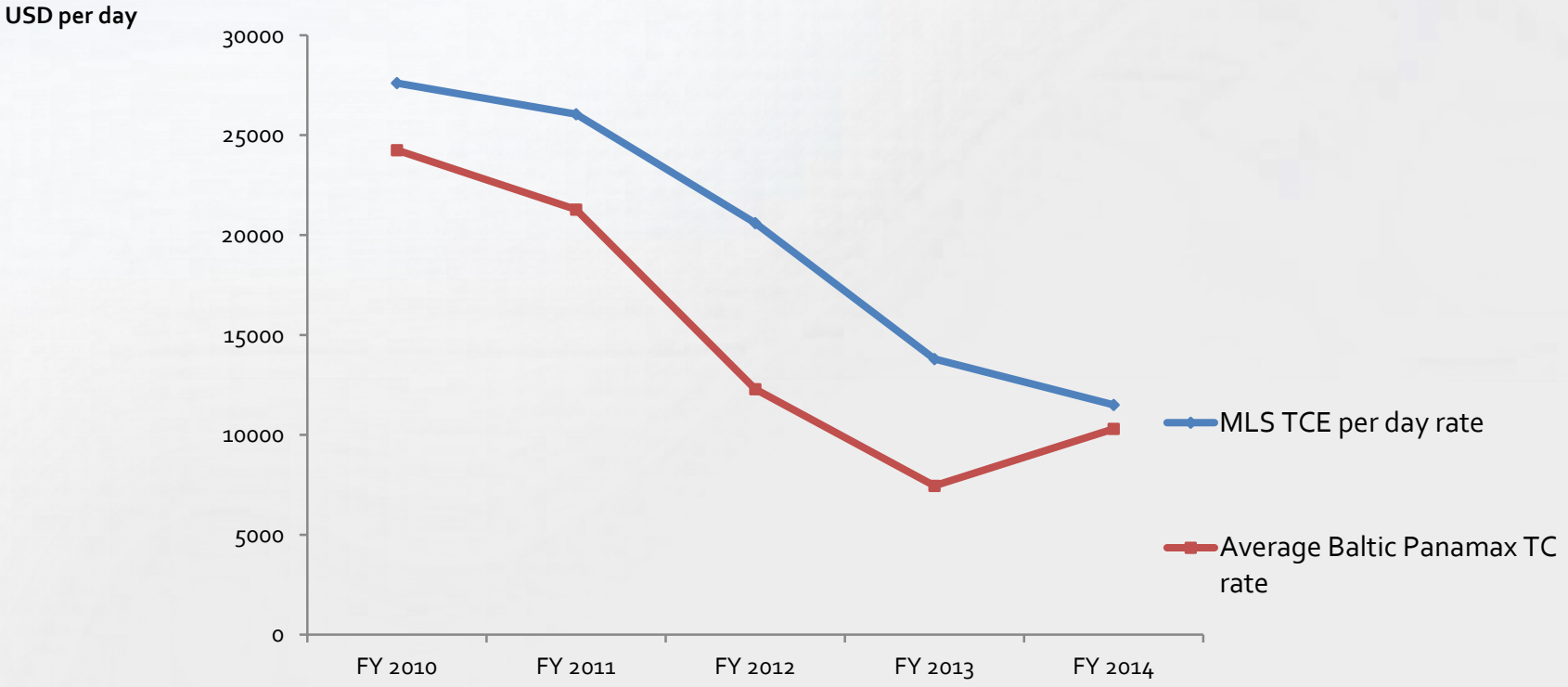
Fleet Utilisation

HIGH CAPACITY UTILIZATION		FY 2014	FY 2013
Owned vessels			
	Number of vessels	13	13
	Operating days	4508	4789
	Fleet utilization %	97%	97%
Chartered-in vessels*			
	Number of vessels	3	4
	Operating days	459	935
	Fleet utilization %	100%	93%
Total fleet			
	Number of vessels	16	17
	Operating days	4967	5724
	Fleet utilization %	98%	96%
	TCE Revenue (US$'000s)	57,566	79,190
	Approx. TCE Rate (US$ per day)	11,500	13,800

"TCE Revenue" is defined as revenue less voyage expenses before taking into account revenues attributable to vessels chartered- in on a voyage charter.

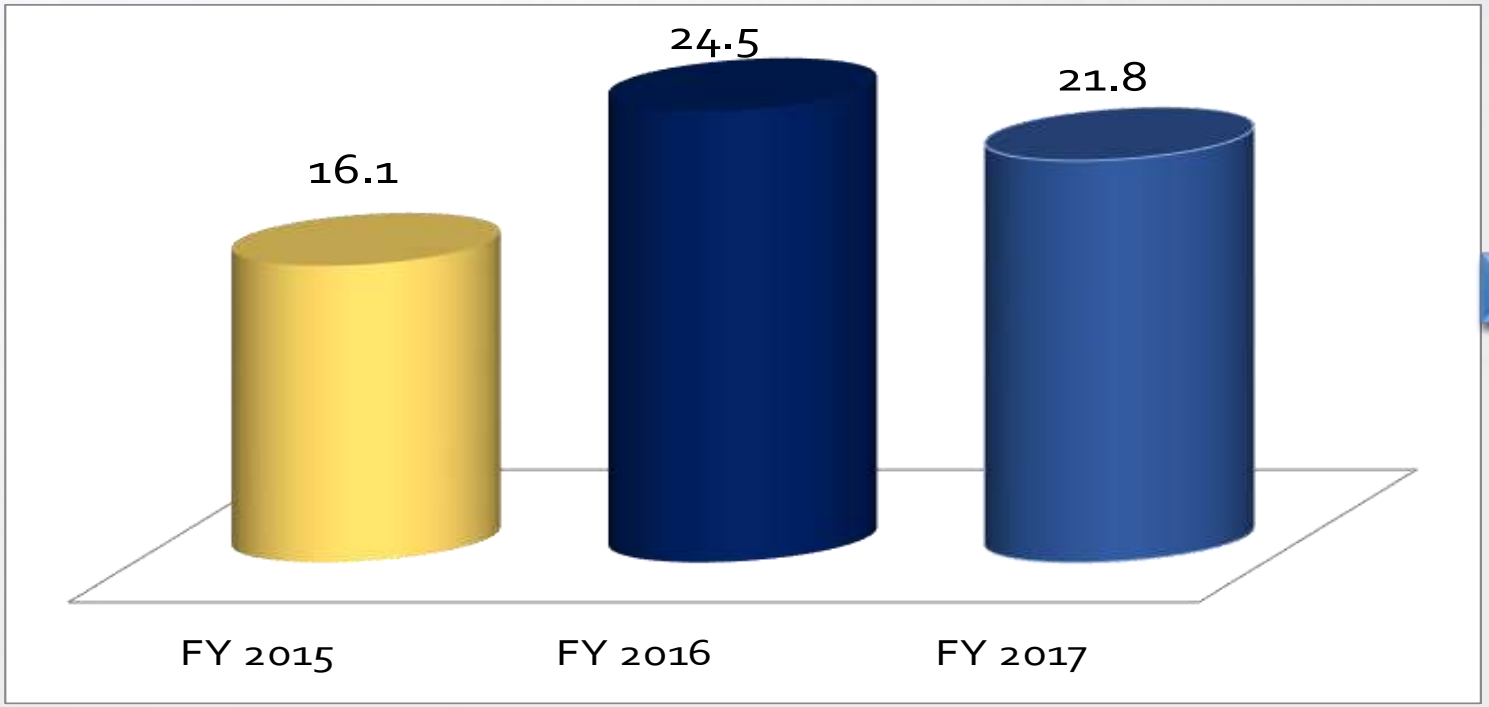
**** Company charters in vessels on short term basis to maximize earnings out of its contract.***

Daily TCE earnings vs. Market



Consistently outperformed the market in terms of Time Charter Equivalent (TCE) earnings per day

Favorable long term debt repayments



US$ 113.5

FY 2018 onwards

Our debt repayment commitments are structured to ensure cash flow flexibility

Note: 1. Schedule as on 31 March 2014.
2. Amounts in US$ Millions
3. Repayment schedule is towards principal payments for long term loans (excludes for working capital facility)
4. Repayments include scheduled balloon loan repayments. For FY 2015, of USD 16.1 mn, USD 8.5 mn is a balloon repayment for which the Company has already received a firm offer for refinancing

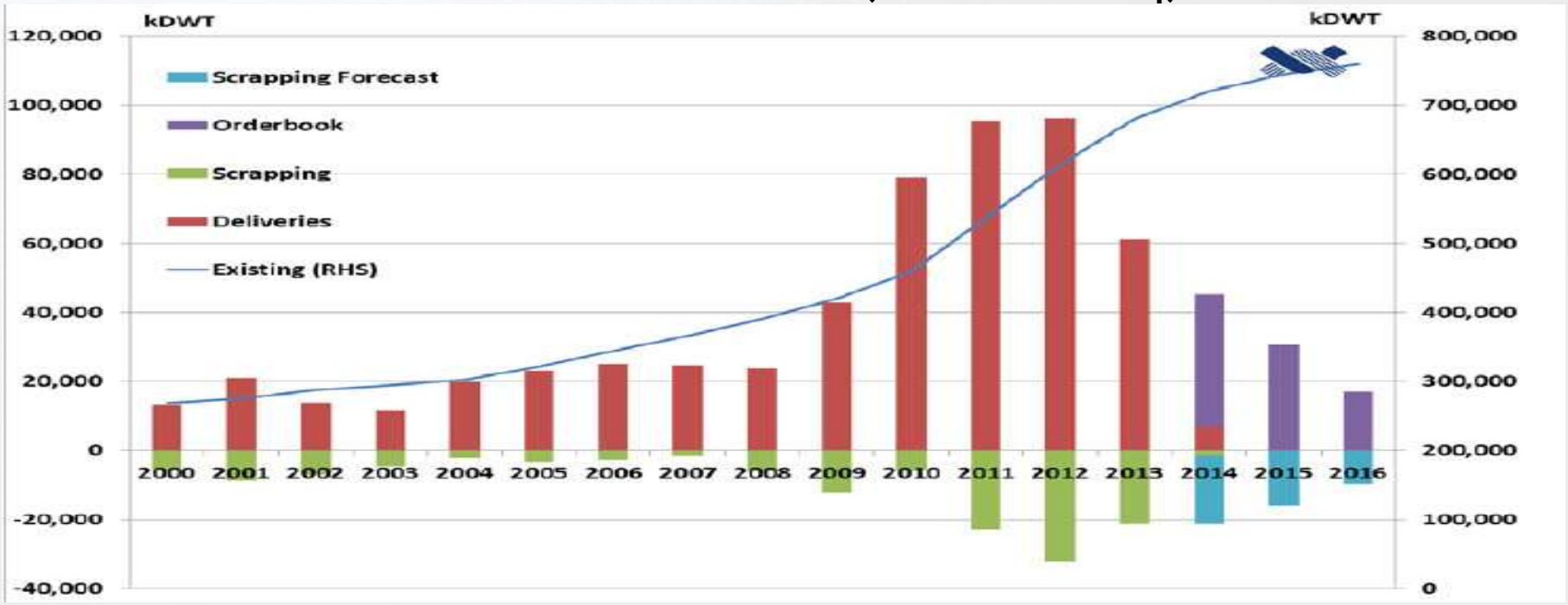
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Market Review & Outlook

Market Fundamentals: Tonnage Supply

DRY BULK FLEET PROFILE (AS ON FEB 2014)



Source: Fearnleys

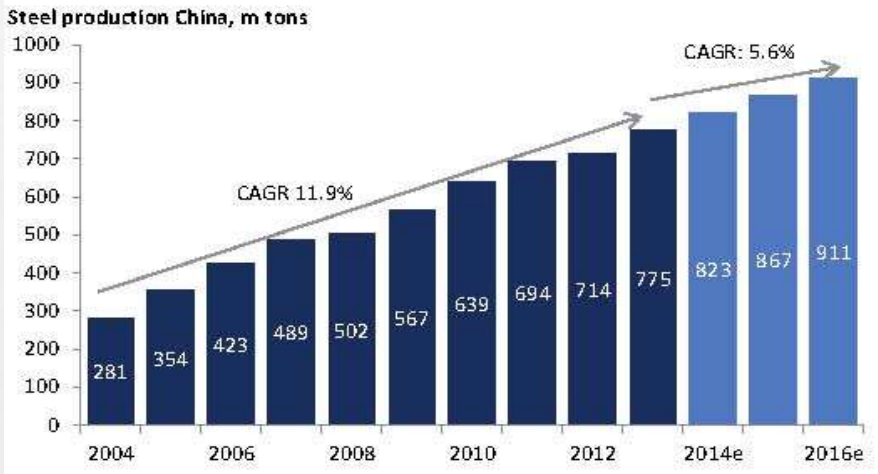
- Although deliveries are expected to be significantly lower in the coming years. The order book is again rising
- This is mainly due to sharp increase in ordering activity led by private equity investments

Market Fundamentals: Cargo Demand

- Concerns remain over slowdown in Chinese Economy, with IMF projecting lower growth rate

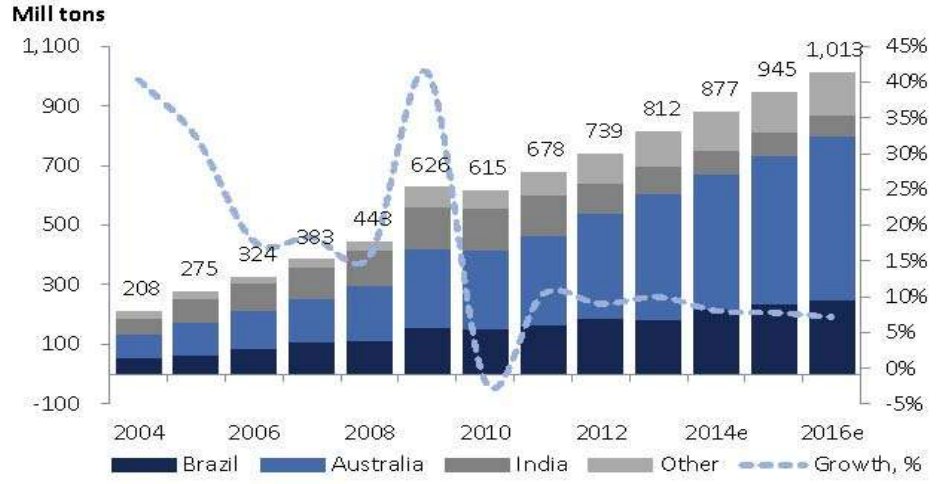
%	2012	2013	2014e	2015e
China	7.7	7.7	7.5	7.3

Steel production China



Chinese steel production to slow down

Iron ore imports, China

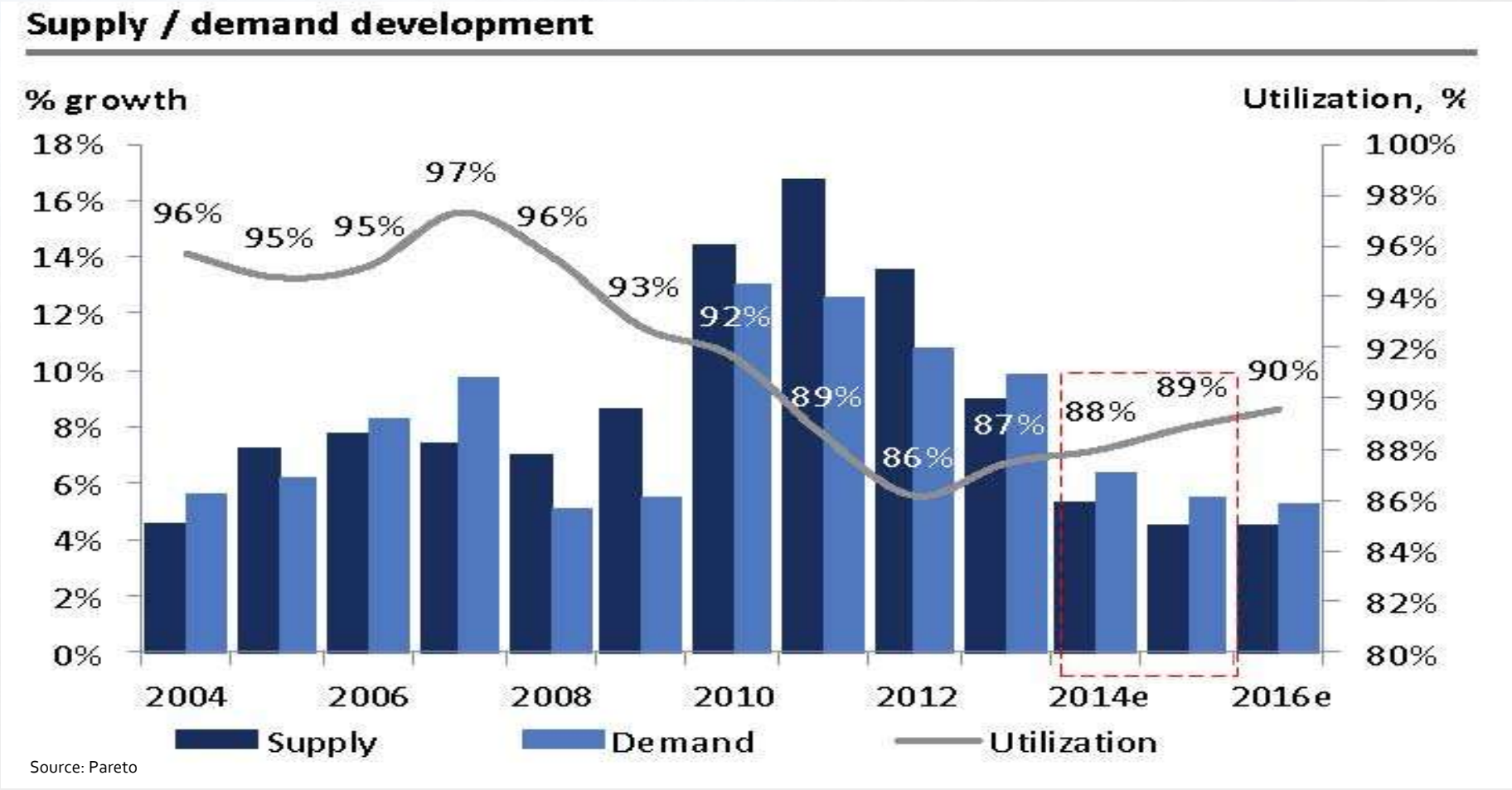


Consecutively, iron ore import growth rate to slow down

Source: Pareto

Source: Pareto

Market Fundamentals: Utilisation



Source: Pareto

Utilisation is not expected to go beyond 90% in the coming years indicating subdued freight rates



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Company Overview

Company Highlights

Fleet

- Young modern fleet
- One of the Largest fleet owner of geared Panamaxes globally

Customer base

- History of repeat contracts from major customers
- Blue Chip customer base including Tata Power, Arcelor Mittal Group, Cargill, Bunge, Noble, Vitol, Louis Dreyfus, Rio Tinto, Marubeni etc.

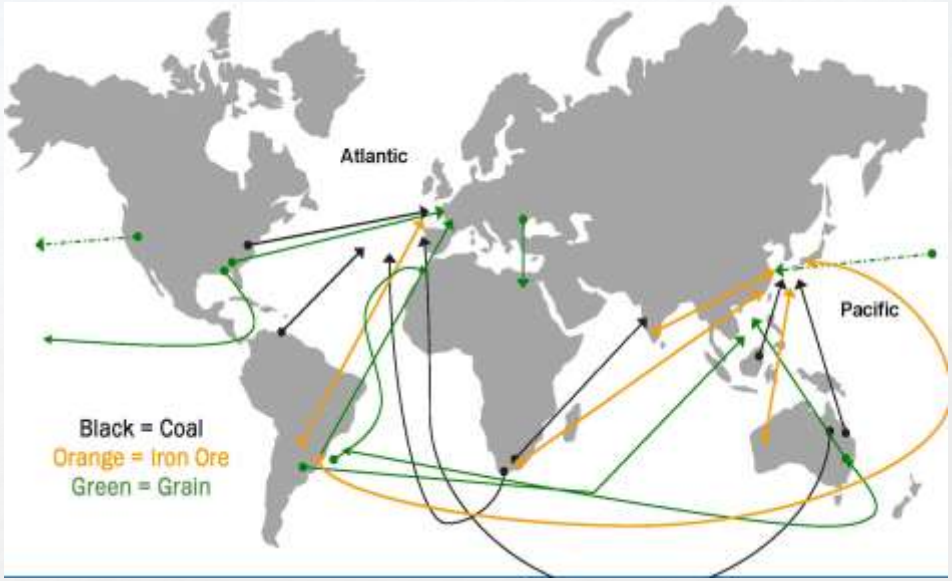
Management

- The Board and Key Management Personnel have collective industry experience of close to 200 years.
- Having an experienced dedicated technical management company ensures delivery of high quality service to our customers together with minimising operating expenses and maximising operational efficiencies

Logistics solutions

- Providing customized logistics solutions from the load port to the point of usage to its customers.
- The Company has won high revenue generating contracts due to this unique advantage

Our Strategy



Specialization in transportation of all types of major dry bulk commodities across the world

- Deploy substantial portion of fleet capacity on long term contracts to hedge against freight volatility
- Focus on high growth markets like China, India and Indonesia
- To provide customized end-to-end logistics solutions
- Leverage strong and continued relationships with existing customers

Mercator Singapore — **Mercator India**

Ship voyage — Trucks/ Rail

Port loading with geared vessels → Port unloading with geared vessels → Jetty → Stock Yard → User Site

Coal — Barges — Trucks/ Rail

Together with Mercator India, we provide logistics solutions from load port to point of usage to customers.

Awards and recognition

Mercator Lines (Singapore) Limited

Global Entrepreneur of the Year 2010

Emerging India Awards 2010

Best Investor Relations 2012 (Gold)

Singapore Corporate Awards

Best Investor Relations 2011 (Silver)

Singapore Corporate Awards

Best Annual Report in 2009 (Silver) and 2010 (Bronze) amongst Singapore listed companies

Singapore Corporate Awards

THE BUSINESS TIMES

Ranked amongst the top public listed companies in Governance and Transparency Index (GTI)

NUS National University of Singapore

DEMONSTRATING STRONG CORPORATE GOVERNANCE TRACKRECORD



MARINE MONEY INTERNATIONAL

Ranked 39th in overall performance amongst listed shipping companies in the world – Marine Money June/July 2013

Winning awards for consecutive four years in a row in the Singapore Corporate Awards emphasizes our drive towards better corporate governance and Investor Relations

Relationships



Fleet profile

Owned Geared Panamax Vessels

S. No	Owned Vessels	IMO No.	Type	DWT	Year Built	Shipyard
1	Sri Prem Varsha	9311165	Geared Kamsarmax	82,379	2006	Tsuneishi Corp, Japan
2	Sri Prem Vidya	9326275	Geared Kamsarmax	82,273	2006	Tsuneishi Corp, Japan
3	Sri Prem Aparna	9239991	Geared Panamax	73,461	2001	Tsuneishi Corp, Japan
4	Kalpana Prem	9212254	Geared Panamax	73,652	2000	Imabari Shipyard, Japan
5	Kesari Prem	9130963	Geared Panamax	69,186	1997	Tsuneishi Corp, Japan
6	Kanak Prem	9130975	Geared Panamax	69,286	1997	Tsuneishi Corp, Japan

Owned Gearless Panamax Vessels

S. No	Owned Vessels	IMO No.	Type	DWT	Year Built	Shipyard
1	Chitra Prem	9426049	Gearless Post Panamax	93,270	2010	New Yangzi, China
2	Sri Prem Veena	9336373	Gearless Kamsarmax	82,459	2007	Tsuneishi Corp, Japan
3	Garima Prem	9349320	Gearless Panamax	74,456	2007	Hudong, China
4	Gauri Prem	9318369	Gearless Panamax	74,405	2007	Hudong, China
5	Garv Prem	9386251	Gearless Panamax	74,444	2006	Hudong, China
6	Gaurav Prem	9305142	Gearless Panamax	73,901	2005	Jiangnan, China
7	Aarti prem	9087738	Gearless Panamax	69,087	1994	Imabari Shipyard, Japan

Chartered-in Vessel

S. No	Chartered vessels	IMO No.	Type	DWT	Year Built	Built
1	Maria Laura Prem	9450894	Gearless Post Panamax	91,945	2010	South Korea

Fleet diversification

DIVERSIFICATION BY TYPE

PANAMAXES (GEARLESS)
- Gaurav Prem
- Garv Prem
- Aarti Prem

PANAMAXES (GEARED)
- Sri Prem Aparna
- Kesari Prem
- Kanak Prem
- Kalpana Prem

KAMSARMAXES
- Sri Prem Veena
- Sri Prem Varsha (Geared)
- Sri Prem Vidya (Geared)

POST PANAMAXES
- Chitra Prem
- Maria Laura Prem

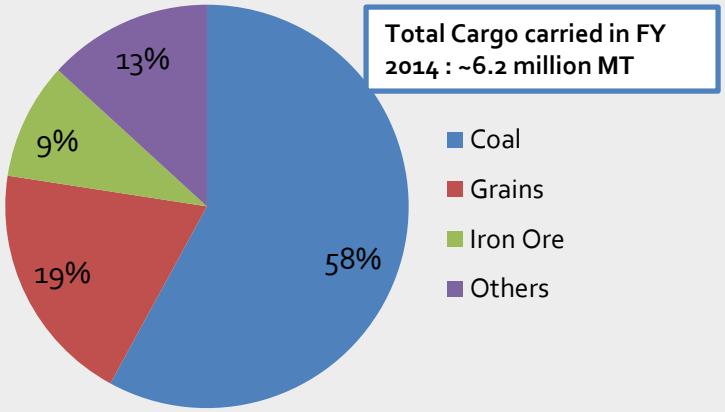
DIVERSIFICATION BY CONTRACT

CONTRACT OF AFFREIGHTMENT
- Geared Panamaxes
- Geared Kamsarmaxes

TIME CHARTER
- Geared and Gearless Panamaxes
- Geared Kamsarmax
- Post Panamaxes
- Gearless Kamsarmax

BAREBOAT CHARTER
- Gearless Panamax

DIVERSIFICATION BY CARGO



Other cargoes include Alumina, Bauxite, Salt, Nickel Ore, Steel Slabs etc.

Risk management

FREIGHT VOLATILITY

- Long term contracts
- Forward Freight Agreements (FFAs)

BUNKER FUEL COSTS

- Appropriate Bunker adjustment factor in all long term voyage charter contracts
- Bunker cost borne by Charterer in Time Charter Contracts

Multifaceted risk management strategy attuned to market volatility

CURRENCY RISKS

- All incomes and majority expenses in USD

ACCIDENT RISKS

- Insured all vessels adequately
- Successful implementation of safety management practices

Mercator - Current Positioning

Explore growth opportunities in low end of the market cycle

Strong balance sheet and disciplined investment approach

More than 25 years of industry experience. Expertise in end to end logistics solution

MERCATOR

Good corporate governance

In house group cargo availability. Well positioned to leverage the China, India Indonesia growth story

Strong dedicated technical management. Low operational costs

Strong relationship with reputable end-use customers

Better positioned to overcome the current industry challenges and explore growth opportunities

Glossary

Contract of Affreightment (COA)	•Under a COA, the ship owner provides capacity to transport a certain amount of cargo within a specified period from one place to a destination designated by the customer. Typically all of the ship`s operating, voyage**and capital expenses are borne by the ship owner. Freight rate normally is agreed on a per cargo ton basis.
Time Charter (TC)	•A charter under which a vessel is chartered to a customer for a fixed period of time at a rate that is typically fixed. The charterer pays all voyage costs. The owner of the vessel receives monthly or semi monthly charter payments on a per day basis and is typically responsible for providing the crew and paying all vessel operating expenses(including maintenance, repair and docking) and capital costs of the vessel.
Time Charter Equivalent (TCE)	•A standard shipping industry performance measure used primarily to compare period-to-period changes in a shipping company`s performance despite changes in the mix of chartered types.

****Voyage Expenses - Expenses incurred due to a Vessel`s travelling from a loading port to a discharging port, such as fuel (bunker) costs, port expenses, agents` fees, canal dues, extra war risk insurance and commissions.**



MERCATOR

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THANK YOU

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