MERCATOR



Mercator Lines (Singapore) Ltd.

Stock Code: EE6

Q1 FY 2016 Results
Period ended June 30th 2015

PRESENTATION OUTLINE

MERCATOR

Mercator Lines (Singapore) Ltd.

- Financial Highlights
- Market Review & Outlook
- Company Update



Mercator Lines (Singapore) Ltd.

Financial Highlights

Financial Highlights Q1 FY 2016

REVENUE	NET PROFIT/(LOSS)	OPERATING DAYS
Revenue at USD 8.5 mn. as compared to USD 16.5 mn. for the corresponding quarter previous year	Net Loss at USD 9.9 mn. as compared to a Net Loss of USD 7.1 mn. for the corresponding quarter previous year	Operating days at 1089 days as compared to 1219 days for the corresponding quarter previous year

- Decrease in Revenue as compared to corresponding quarter previous year is mainly due to fall in spot rates/contract rates and disposal of a vessel
- The vessel related cost decreased due to reduction in operating expenses, disposal of a vessel and reduction in vessel hire expenses

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

Balance Sheet Highlights

(In USD millions)	30 June 2015	31 March 2015
Cash & Bank Balances	1.2	8.4
Trade and other receivables	12.6	15.6
Vessel, Property & Equipment	369.7	382.9
Borrowings	175.5	185.7
Trade and other payables	17.6	21.9
Shareholders Equity	169.2	179.1
Debt Equity Ratio	1.04	1.04
Market Price per share	SGD 0.016*	SGD 0.040
EPS	SGD (0.0098)	SGD (0.13)

*** As on July 23, 2015**

Historical Financial Performance

Particulars	FY 2013	FY 2014	FY 2015	Q1 FY 2016
Revenue (USD mn.)	109.1	75.3	56.3	8.5
EBITDA (USD mn.)	26.9*	20.6**	7.7***	(1.4)
Net Profit / (Loss) (USD mn.)	(76.8)	(22.8)	(125.4)	(9.9)
Approx. TCE Earnings per day (in USD)	13,800	11,500	9,193	5,843
Approx. Average Baltic Panamax TC rate (USD per day)	7,449	10,300	6,304	5,189
Operating days	5,724	4,967	4,927	1,089

- The Company has continued to perform better than the industry average rate
- The average market rate for Q1 FY 2016 was USD 5,189 per day as against USD 6,304 in corresponding quarter previous year indicating almost a 18% fall.

**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*
**** EBITDA for FY 2015 does not include one time charges to P&L of USD 91.1 mn*

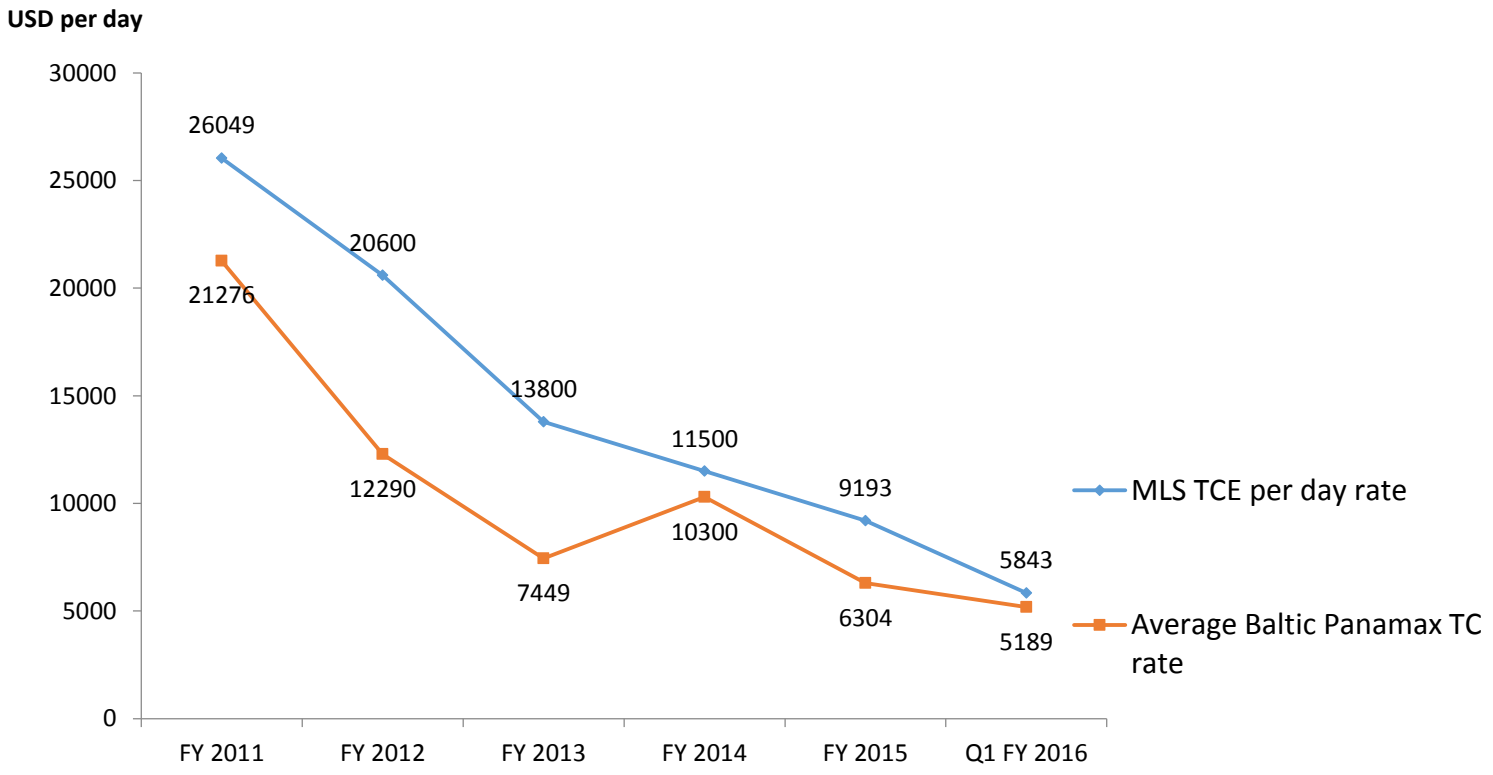
Fleet Utilisation

CAPACITY UTILIZATION		Q1 FY 2016	Q1 FY 2015
Owned vessels			
	Number of vessels	13*	13
	Operating days	1,016	1,072
	Fleet utilization %	98.8%	94.8%
Chartered-in vessels*			
	Number of vessels	2	2
	Operating days	73	147
	Fleet utilization %	97.7%	100%
Total fleet			
	Number of vessels	15	15
	Operating days	1,089	1,219
	Fleet utilization %	98.7%	95.4%
	TCE Revenue (US$'000s)	6,361	14,725
	Approx. TCE Rate (US$ per day)	5,843	12,083

**Kanak Prem included in the number of vessels was sold on 05 May 2015*

"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

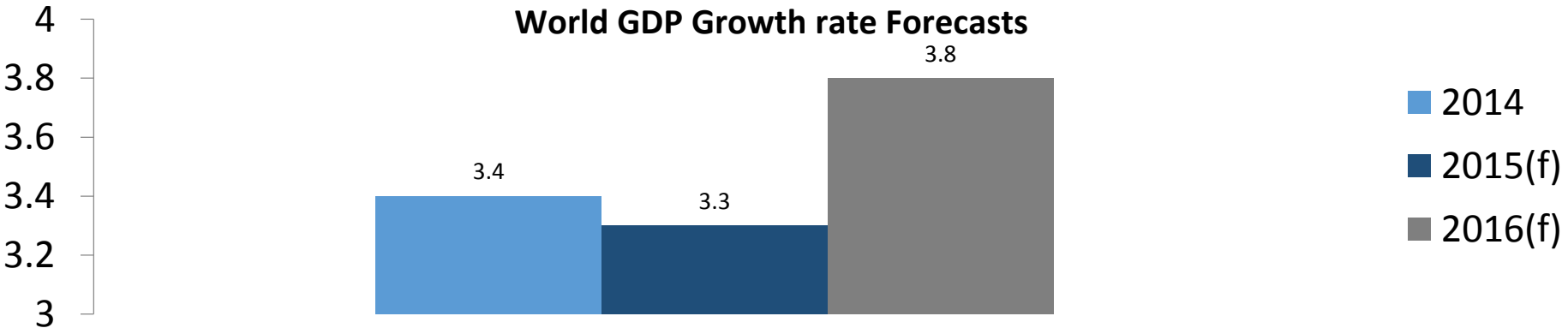
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Market Review & Outlook

Dry Bulk Trade and World Output

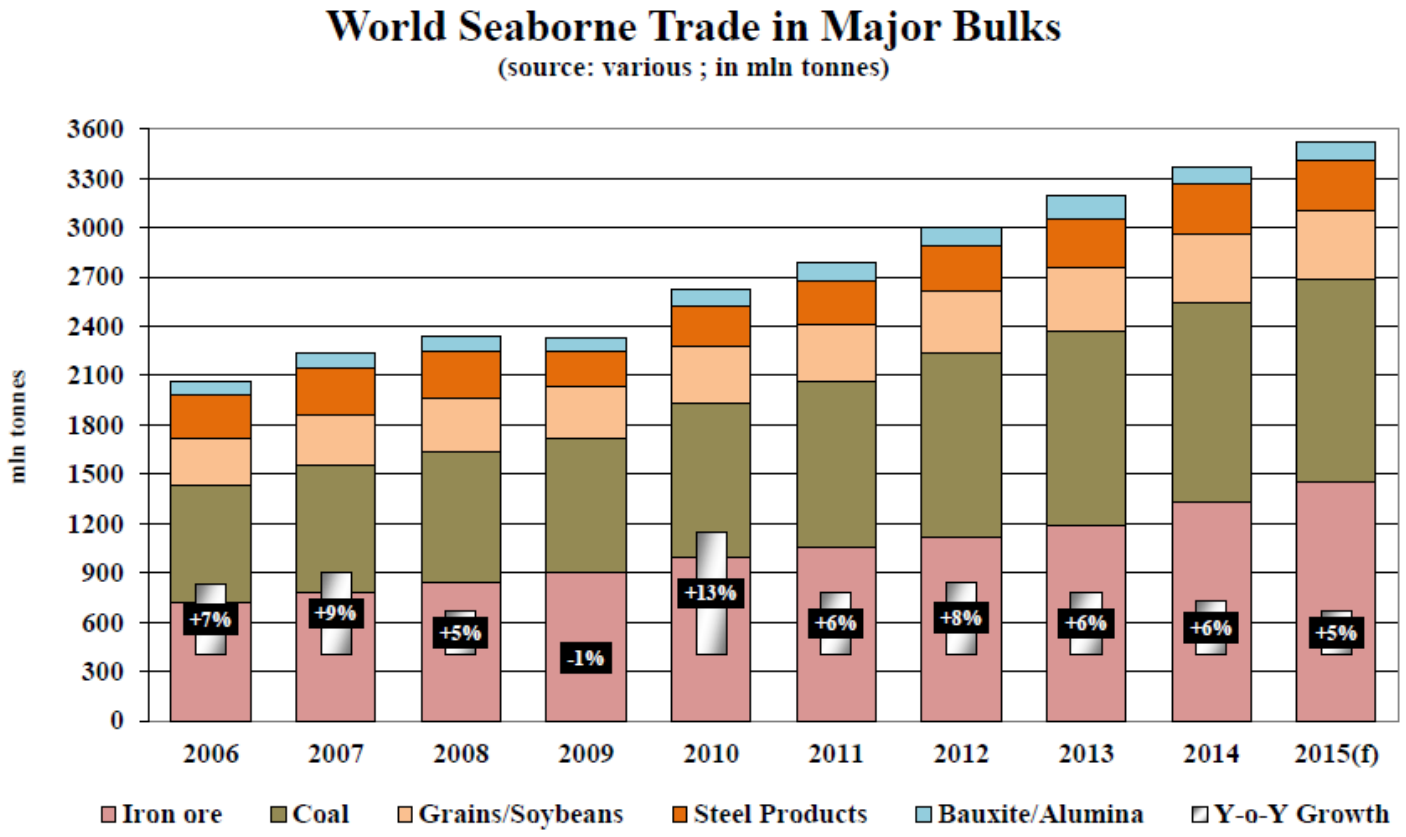




Source: Clarksons, IMF

The dry bulk market depends upon the world economy amongst other factors and world GDP growth rate is expected to pick up in the coming years

Dry Bulk Demand update



Source: Bancosta

Dry bulk seaborne trade is increasingly dominated by the steel industry and the power sector. Sixty percent of all cargo volumes are either iron ore or coal (steam coal and coking coal).

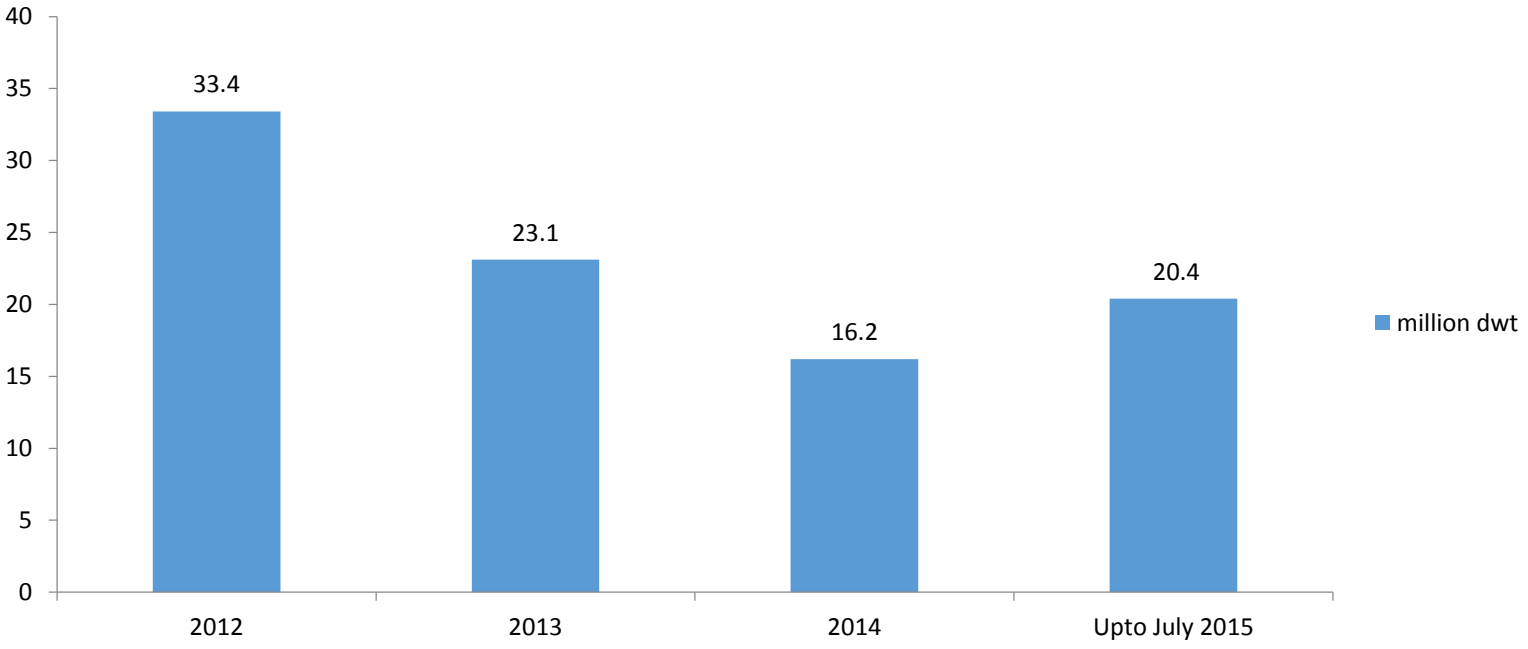
Dry Bulk Deliveries and Orderbook

DRY BULK ORDERBOOK AND DELIVERY SCHEDULE					
Type of vessel	**Order book (million DWT)**	**% of fleet**	**Delivery expected in CY 2015 (million DWT)**	**Delivery expected in CY 2016 (million DWT)**	**Delivery expected in CY 2017 and beyond (million DWT)**
Capesize	56.0	18.3%	19.1	29.5	7.4
Panamax	28.9	14.8%	12.1	12.4	4.3
Handymax	41.3	24.0%	16.8	18.6	5.9
Handysize	14.3	16.0%	5.6	6.2	2.5
Total Fleet	**140.5**	**18.4%**	**53.7**	**66.7**	**20.1**

Source: Clarksons

The current order book of dry bulk ships stands at a reduced level of 18.4% as against 23.0% in the previous year

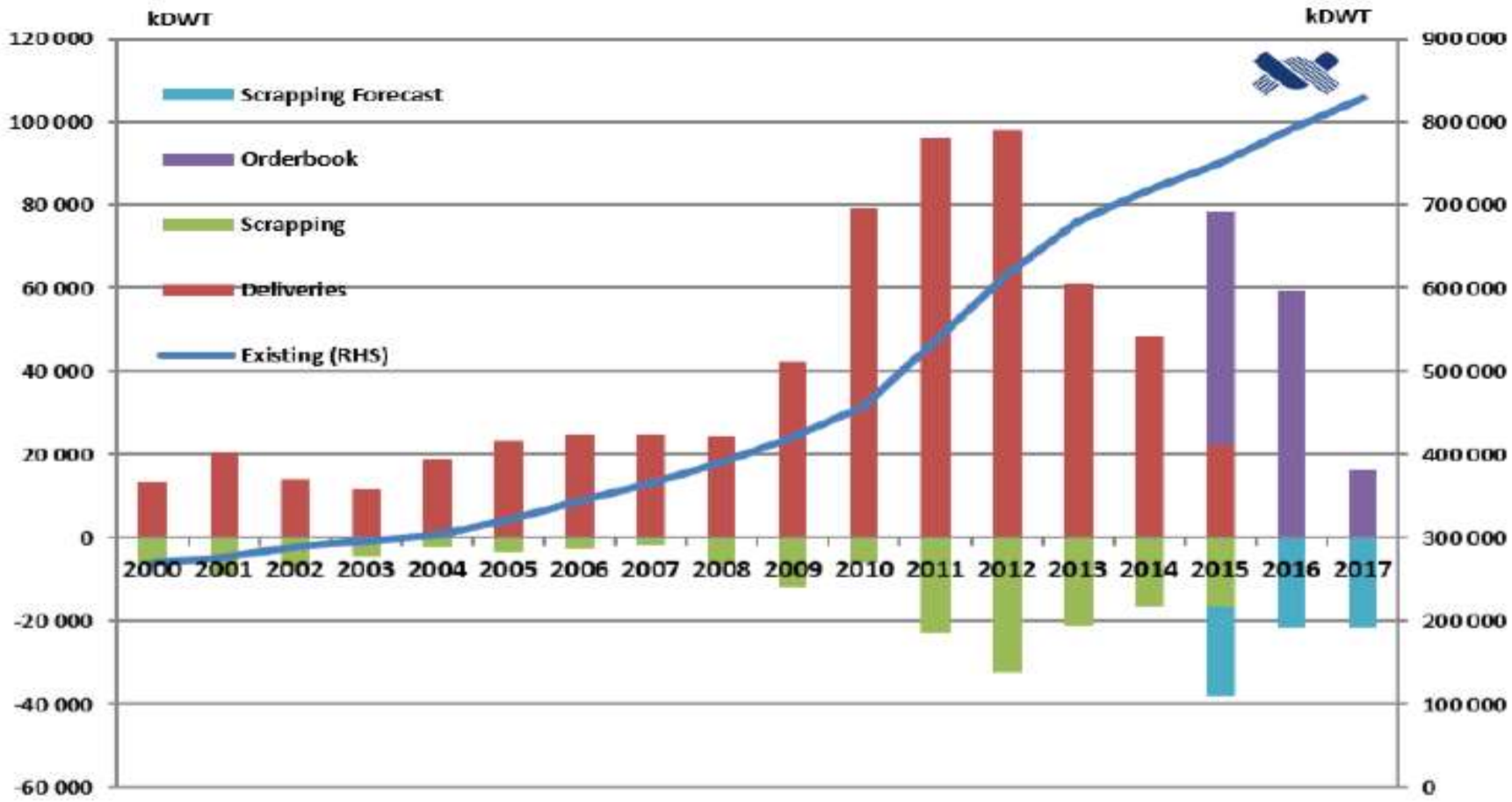
Dry Bulk Demolitions



Source: Clarksons

The scrapping volumes have increased by a significant 127% until July 2015 itself, surpassing the volumes scrapped in CY 2014

Dry Bulk Fleet growth



Source: Fearnleys

The fleet size grew exponentially between 2009 and 2014. However, the growth rate is expected to reduce significantly in the coming years

Summary

Demand

- **World sea borne trade** in major bulks is expected to grow **at about 4-5% in 2015.**
- **Chinese iron ore fixtures hit an all-year-high in mid-May** which mostly came from China's main supplier Australia, but the demand was supported by an all-year-high level of shipments out of Brazil too.
- **India has almost trebled coal imports** from 69 mt in FY10/11 to 199 mt in FY14/15.

Supply

- Total **dry bulk fleet growth is expected to be around 4% in 2015**.
- **35 new orders** have been placed at global shipyards till mid June this year (1.8 mn. DWT).
- The **current order book** of dry bulk ships stands at a **reduced level of 18.4%** as against 23.0% in the previous year.

Scrapping

- **Scrapping has increased** with monthly average for the H1 CY 2015 is 3.3m DWT. In H1 CY 2014 it averaged at 1.33 mn DWT p.m.
- In H1 CY 2015, amount of **dry bulk tonnage being demolished is around 20-21 mn DWT** as against around 8.5 mn DWT in H1 CY 2014.

Given the slowdown in the Chinese economy, the market is expected to remain volatile.

Source: BIMCO, Braemar, Clarksons



Mercator Lines (Singapore) Ltd.

Company Update

Company Highlights

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Fleet

- Modern and versatile fleet
- One of the Largest fleet owner of geared Panamaxes

Customer base

- History of repeat contracts from major customers
- Blue Chip customer base including Tata Group, Anglo American, Arcelor Mittal Group, 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

Awards and recognition



Mercator Lines (Singapore) Limited

Global Entrepreneur of the Year 2010

Emerging India Awards 2010

Best Investor Relations (Gold) for 2011

Singapore Corporate Awards

Best Investor Relations (Silver) for 2010

Singapore Corporate Awards

Best Annual Report in 2008 (Silver) and 2009 (Bronze) amongst Singapore listed companies

Singapore Corporate Awards

THE BUSINESS TIMES

Ranked 125th amongst more than 600 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

Fleet profile

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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

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

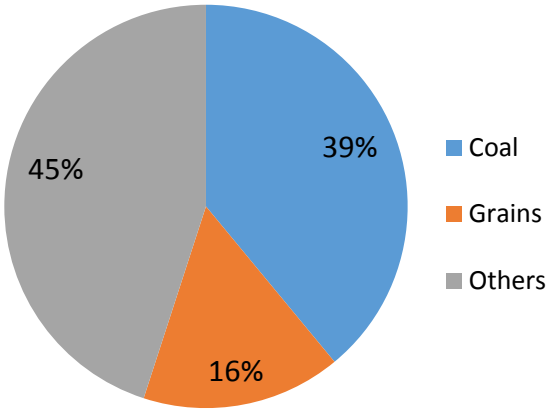
Diversification of Cargoes and Client Base

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Diversification By Clients

TATA STEEL
TATA POWER
VALE
Louis Dreyfus Commodities
oldendorff
ANGLO AMERICAN
GLENCORE INTERNATIONAL AG
NORDEN
RioTinto
ArcelorMittal
Vitol
torrent POWER
noble group
BUNGE
MMTC
ATLAS
सेल SAIL
Marubeni
JSW
Ultrabulk
ADANI
JINDAL STEEL & POWER
NYK LINE

Diversification By Cargo



Other cargoes include Limestone, Aggregates, MOP, Pig Iron, etc.
(Total cargo in Q1 FY2016: ~1.0 mmt)

- Capability to carry diverse cargo types
- Cleaning skills between cargoes provides competitive edge

Current chartering strategy – maximize spot, short term TC exposure to position for market recovery

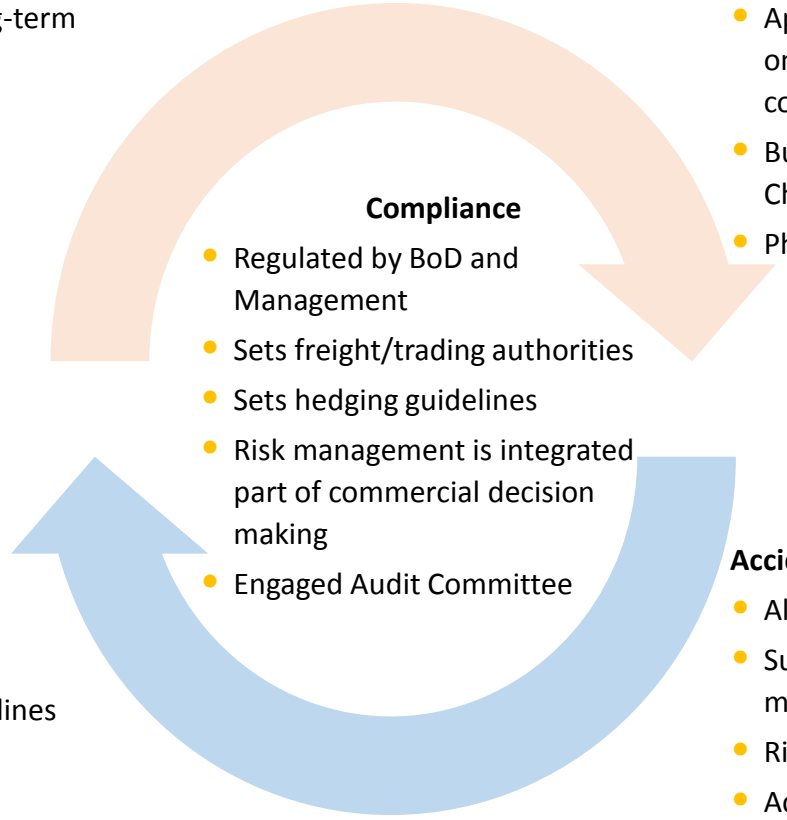
Risk management

Freight Volatility

- Manage an appropriate mix of long-term contracts, COAs, spot exposure
- Hedging through FFAs
- Limits set counterparty risks
- Continuously monitor risk profile
- Charter-in/out policy guidelines

Bunker Fuel Costs

- Appropriate Bunker adjustment factor set on all long term voyage and COA charter contracts
- Bunker cost borne by Charterer in Time Charter Contracts
- Physical hedging policies



Compliance

- Regulated by BoD and Management
- Sets freight/trading authorities
- Sets hedging guidelines
- Risk management is integrated part of commercial decision making
- Engaged Audit Committee

Credit & Currency risks

- All incomes are earned in USD
- Majority of expenses are in USD
- Counterparty & Credit policy guidelines
- Anti bribery guidelines

Accident risks

- All vessels insured adequately
- Successful implementation of safety management practices
- Risk Management Culture
- Active P&I engagement

Multifaceted risk management strategy attuned to market volatility

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 Lines (Singapore) Ltd.

THANK YOU

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