

MERCATOR

Mercator Lines (Singapore) Ltd.

Stock Code: EE6

H1 FY 2015 Results
Period ended September 30th 2014

PRESENTATION OUTLINE

MERCATOR

Mercator Lines (Singapore) Ltd.

- Financial Highlights
- Market Review & Outlook
- Company Overview



Mercator Lines (Singapore) Ltd.

Financial Highlights

Financial Highlights : H1 FY 2015

MERCATOR

REVENUE

Revenue at USD 30.9 mn. as compared to USD 35.3 mn. for corresponding period previous year

NET PROFIT/(LOSS)

Net Loss at USD 13.4 mn. as compared to a Net Loss of USD 12.1 mn. for the corresponding period previous year

EBITDA

EBITDA at USD 7.3 mn. as compared to USD 8.2 mn. for the corresponding period previous year.

OPERATING DAYS

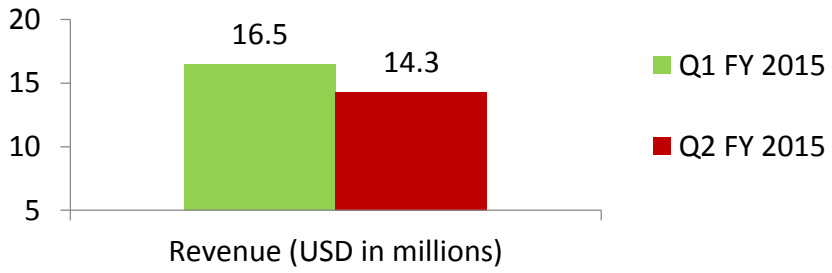
Operating days at 2445 days as compared to 2525 days for the corresponding period previous year

- Decrease in Revenue as compared to corresponding period previous year mainly due to fall in spot rates, unscheduled maintenance of our vessels, new contracts at rates lower than the previous rates, however the market rate has fallen down by 27% when compared with H1 FY 2014.
- Part of our fleet are fixed on long term charter with rates higher than the ongoing market rate

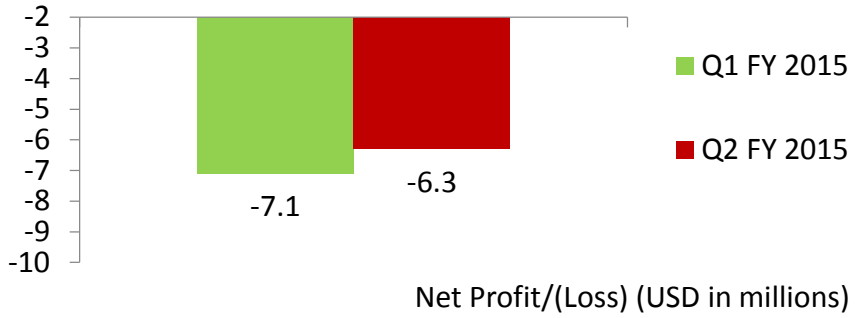
Note : FY /Financial Year refers to the period from April 1st of current year to March 31st of following year

Financial Highlights : Q2 FY 2015

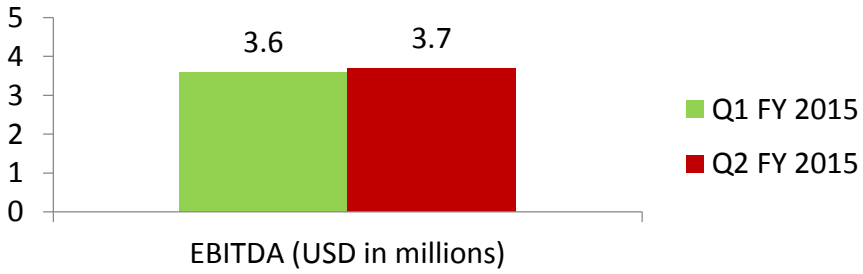
REVENUE



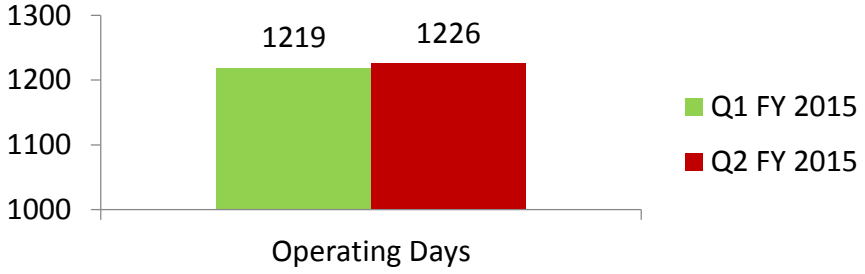
NET PROFIT/(LOSS)



EBITDA



OPERATING DAYS



- Decrease in Revenue as compared to previous quarter is mainly due to new contracts at rates lower than the previous rates
- Increase in EBITDA is due to decrease in vessel related cost by 18% as compared to previous quarter
- EBITDA margins stood at 26% for Q2 FY 2015 as compared to 22% for Q1 FY 2015

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 September 2014	30 September 2013
Cash & Bank Balances	12.5	7.7
Trade and other receivables	20.9	24.7
Vessel, Property & Equipment	462.3	491.7
Borrowings	180.8	192.6
Trade and other payables	24.1	16.7
Shareholders Equity	290.2	312.7
Debt Equity Ratio	0.62	0.61
Market Price per share	SGD 0.067*	SGD 0.120
EPS	SGD (0.013)	SGD (0.011)

* As on Oct 30, 2014

Historical Financial Performance

Particulars	FY 2012	FY 2013	FY 2014	H1 FY 2015
Revenue (USD mn.)	147.7	109.1	75.3	30.9
EBITDA (USD mn.)	55.1	26.9*	20.6**	7.3
Net Profit / (Loss) (USD mn.)	7.8	(76.8)	(22.8)	(13.4)
Approx. TCE Earnings per day (in USD)	**20,600**	**13,800**	**11,500**	**10,730**
Approx. Average Baltic Panamax TC rate (USD per day)	**12,290**	**7,449**	**10,300**	**6,078**
Operating days	6,259	5,724	4,967	2,445

- The Company has continued to perform much better than the industry average rate
- The Company has been able to time some of the fixtures during higher end of the market
- The Company achieved EBITDA margin of around 24% in H1 FY15 despite a challenging market condition

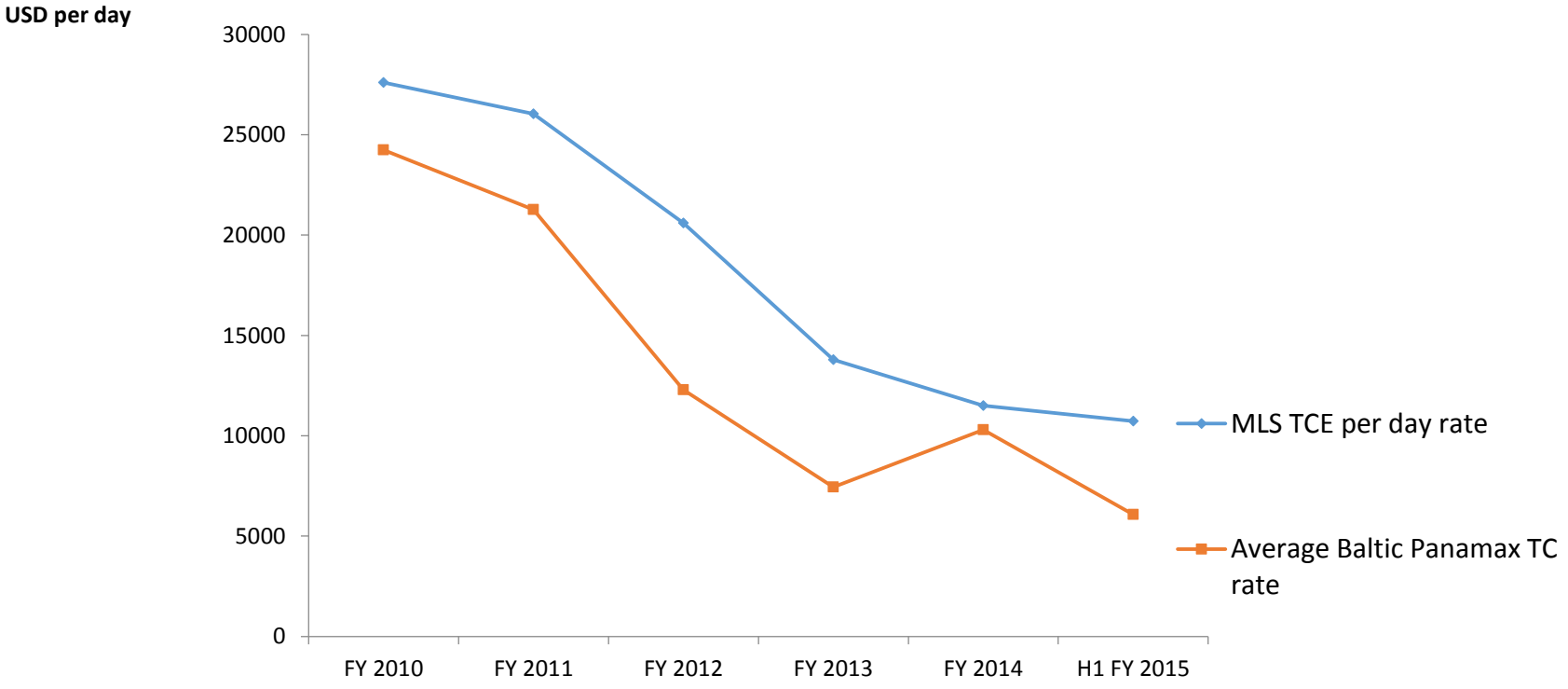
**EBITDA for FY 2013 does not include impact of one time charges to the P&L of USD 55.9 mn*
*** EBITDA for FY 2014 does not include one time charges to P&L of USD 0.7 mn*

Fleet Utilisation

CAPACITY UTILIZATION		H1 FY 2015	H1 FY 2014
Owned vessels			
	Number of vessels	13	13
	Operating days	2,206	2,271
	Fleet utilization %	95%	98%
Chartered-in vessels*			
	Number of vessels	2	3
	Operating days	239	254
	Fleet utilization %	100%	100%
Total fleet			
	Number of vessels	15	16
	Operating days	2,445	2,525
	Fleet utilization %	95%	98%
	TCE Revenue (US$'000s)	26,231	26,631
	Approx. TCE Rate (US$ per day)	10,730	10,500

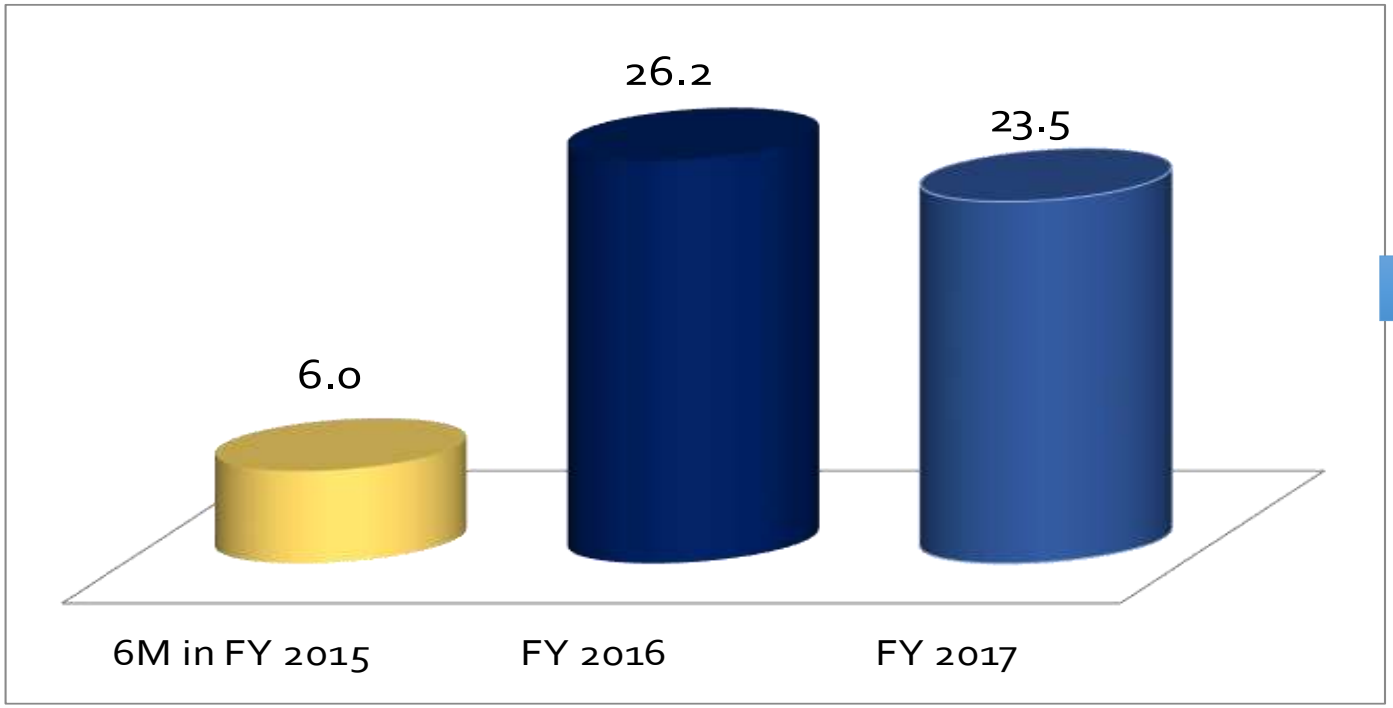
"TCE Revenue" is defined as revenue less voyage expenses before taking into account revenues attributable to vessels chartered- in on a voyage charter.
**** Company charters in vessels on short term basis to maximize earnings out of its contract.***

Daily TCE earnings vs. Market



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

Long Term Debt Profile



US$ 99.2

FY 2018 onwards

Our debt repayment commitments are structured to ensure cash flow flexibility

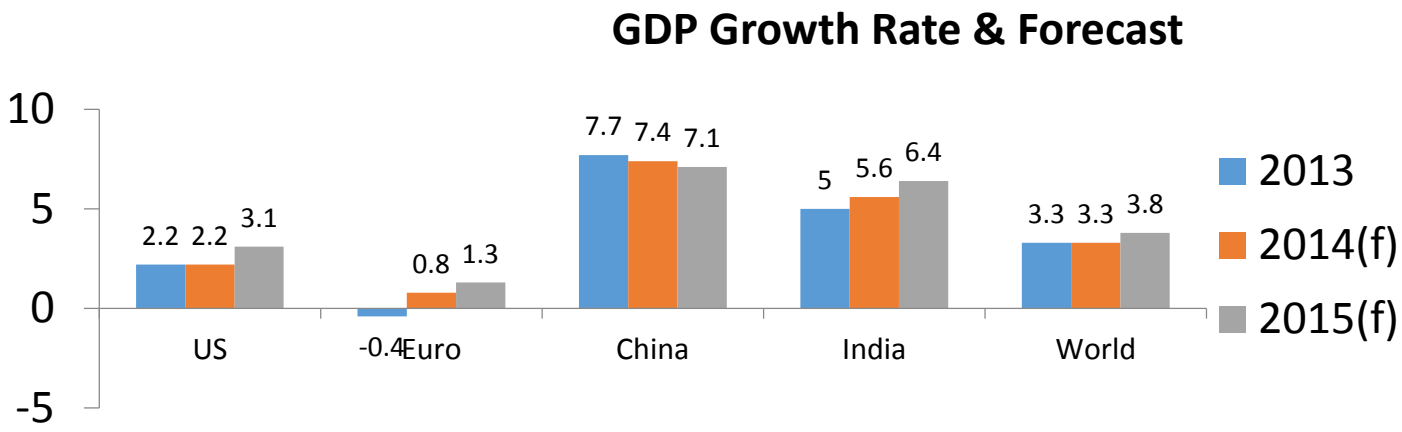
Note: 1. Schedule as on 30th September 2014.
2. Amounts in US$ Millions
3. Repayment schedule is towards principal payments for long term loans (excludes for working capital facility)
4. Repayments exclude Convertible Bond of USD 19 mn



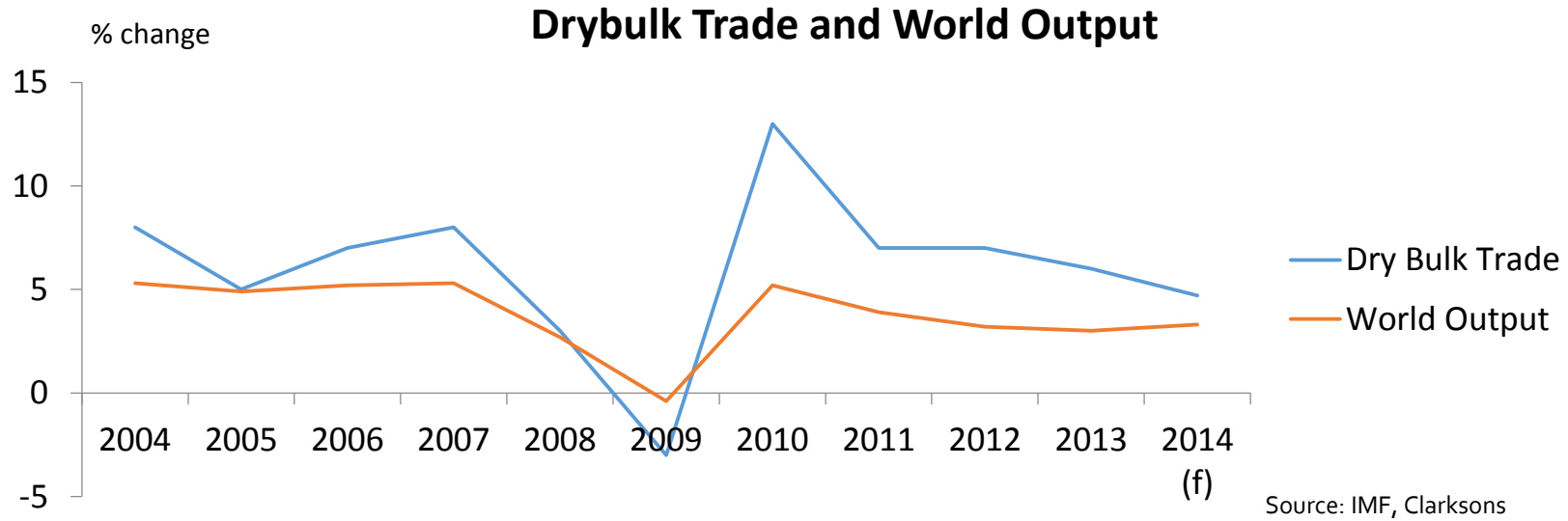
Mercator Lines (Singapore) Ltd.

Market Review & Outlook

World Economy and Dry Bulk Trade



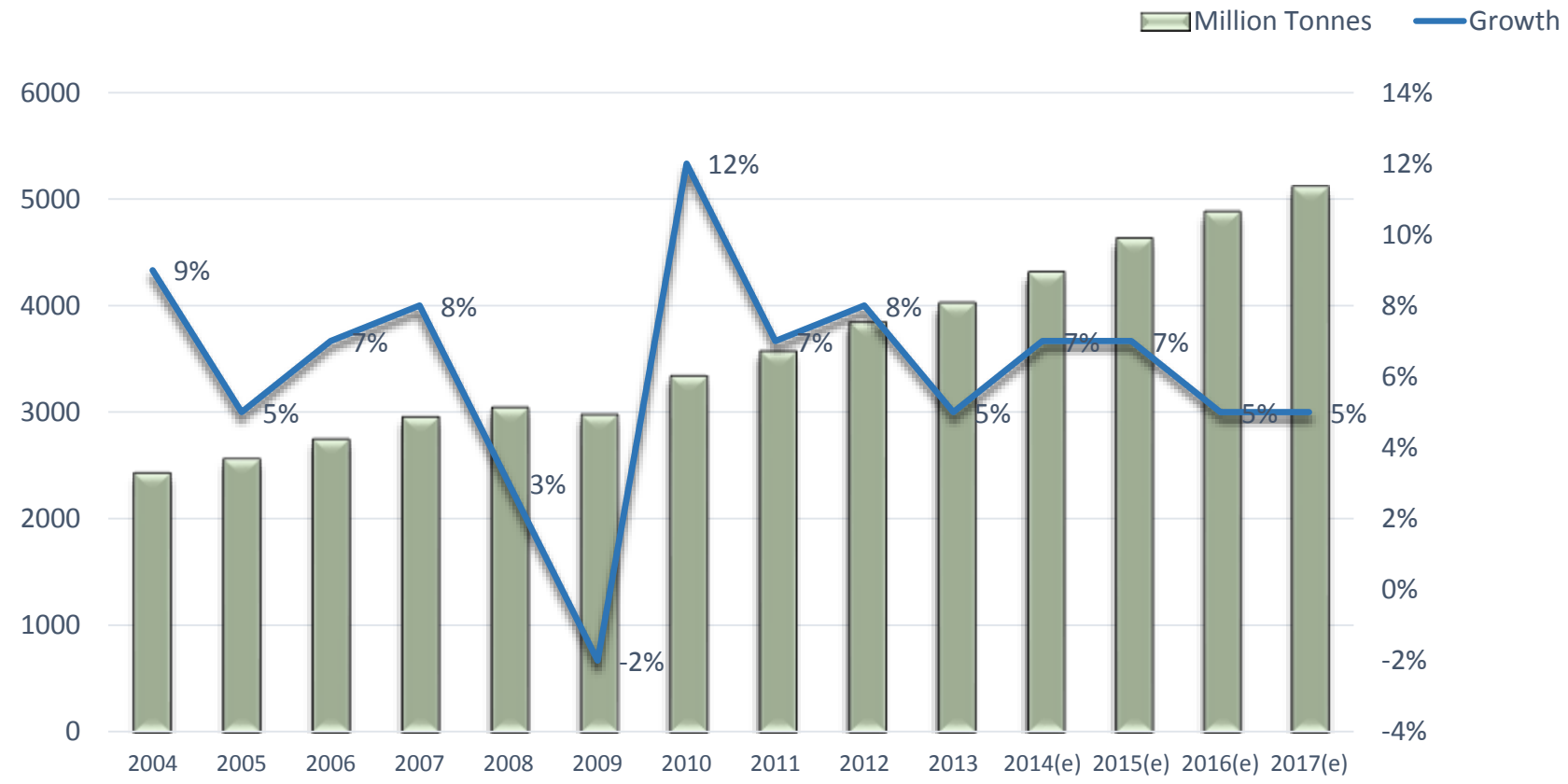
Source: Clarksons, IMF



Source: IMF, Clarksons

The world economy is expected to grow at a healthy rate going forward.

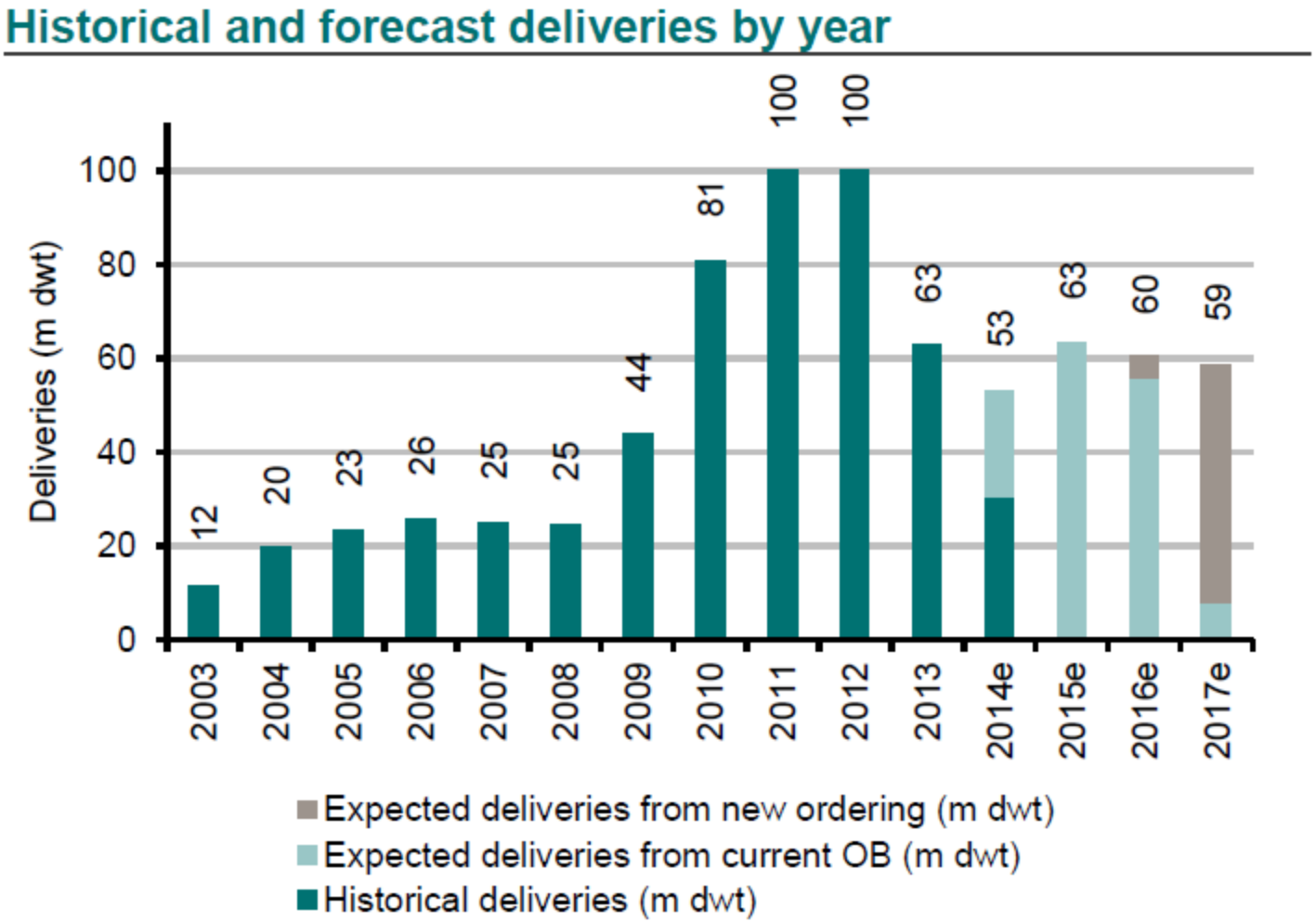
Dry bulk seaborne trade



Source: DNB Markets

Dry bulk seaborne trade growth rate averaged about 6% in the past 5 years

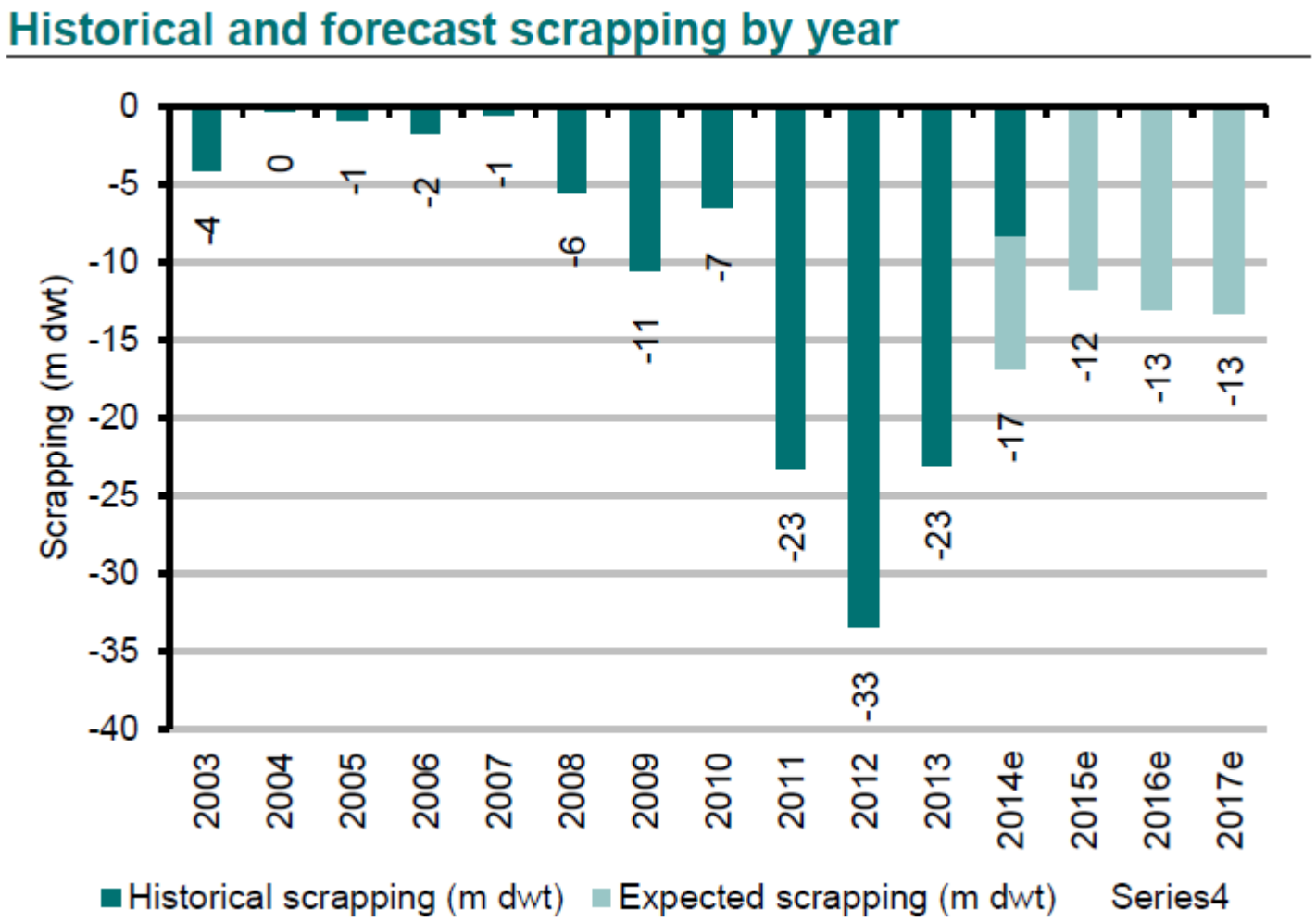
Dry Bulk Deliveries and Orderbook



Source: Clarksons, DNB Markets

In first 7 months of CY 2014, the dry bulk fleet has seen deliveries of 30.6m dwt

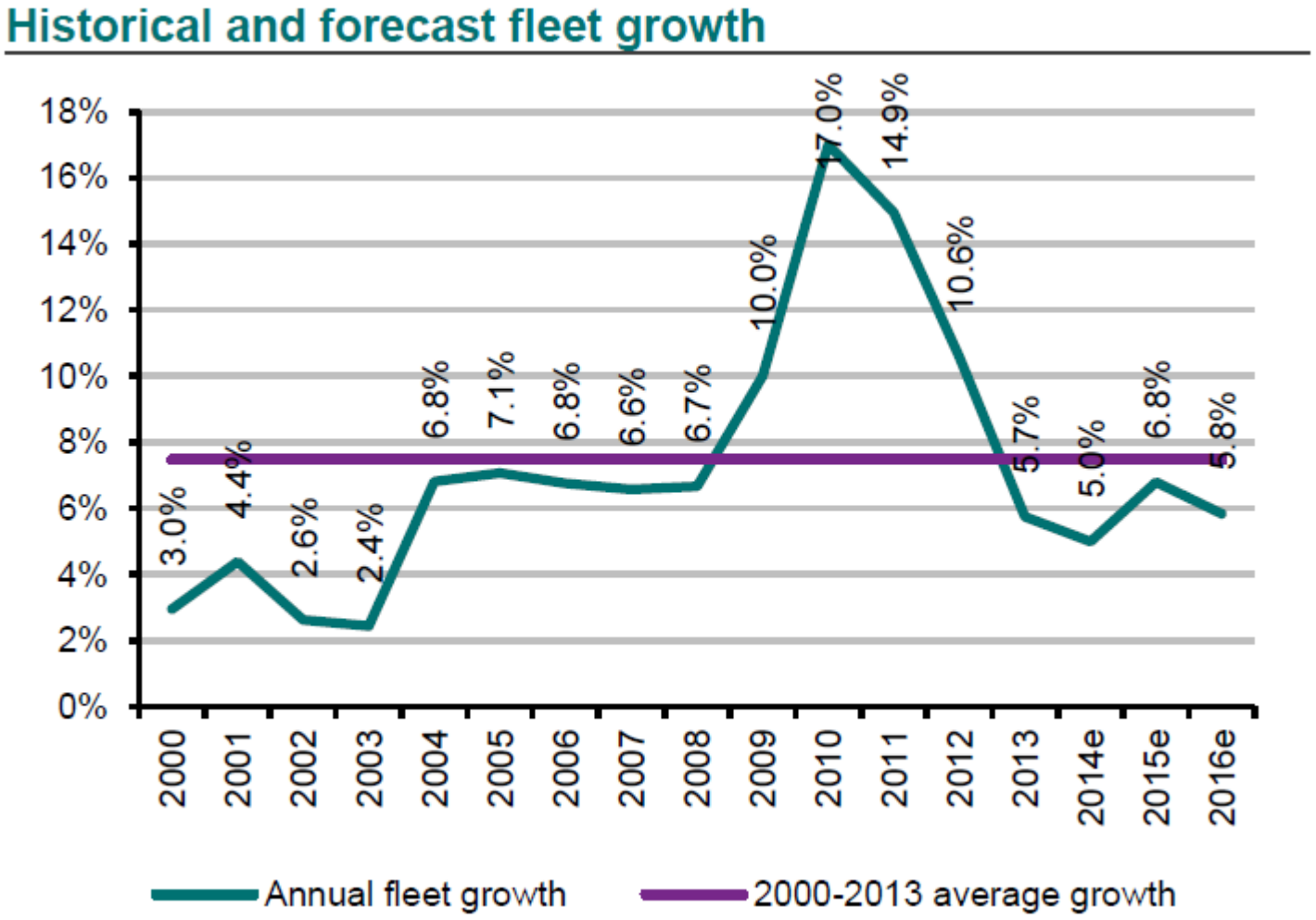
Dry Bulk Scrapping



Source: Clarksons, DNB Markets

Demolition volume continues to decline

Dry Bulk Fleet growth



Source: Clarksons, DNB Markets

Fleet growth expected to be at 5% for CY 2014

Summary

- Moderate fleet growth and continued high demand growth expected to improve utilization of the dry bulk fleet and rate
- Optimistic view on the dry bulk industry based on a combination of the end of double-digit fleet growth and strong demand for the dry bulk commodities
- Expected fleet growth of about 7% in CY 2015 and with new orders due for delivery in CY 2016, fleet growth of about 6% is estimated
- Annual deliveries forecasted at 7.3% in CY 2014, 8.3% in CY 2015 and 7.4% in CY 2016
- Expectations of about 90% of the global seaborne market in coal and iron-ore commodities which together comprise about 60% of total dry bulk demand.

Source: DNB Markets



Mercator Lines (Singapore) Ltd.

Company Overview

Company Highlights

Fleet

- Young modern 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 Power, Arcelor Mittal Group, Cargill, Bunge, Noble, Vitol, Louis Dreyfus, Rio Tinto, Marubeni etc.

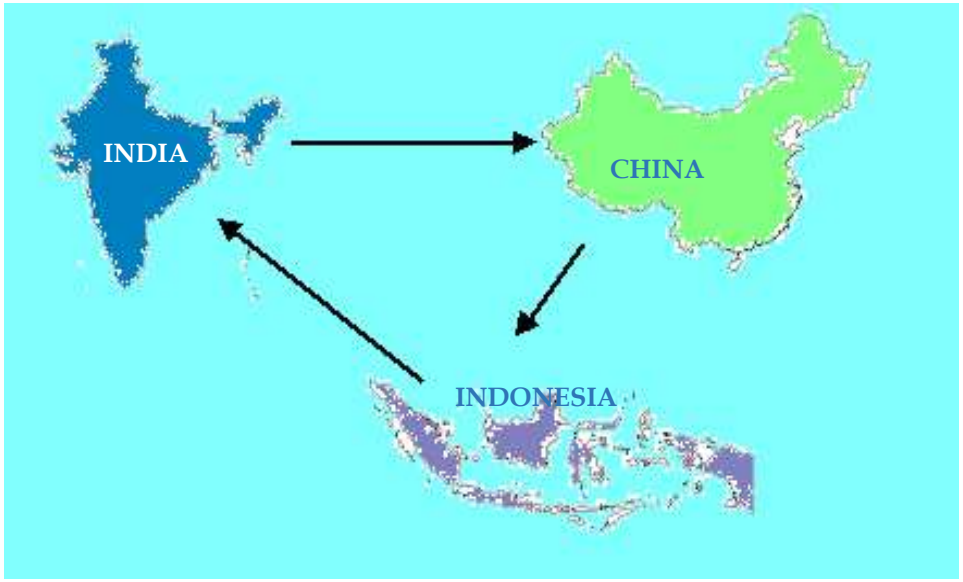
Management

- 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



Focused on high growth markets such as India, China and Indonesia, we specialise in transportation of coal & iron ore

- 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

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Mercator Lines (Singapore) Limited

Global Entrepreneur of the Year 2010

Emerging India Awards 2010

SINGAPORE CORPORATE AWARDS

Best Investor Relations 2012 (Gold)

Singapore Corporate Awards

SINGAPORE CORPORATE AWARDS

Best Investor Relations 2011 (Silver)

Singapore Corporate Awards

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

MERCATOR

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	69,221	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

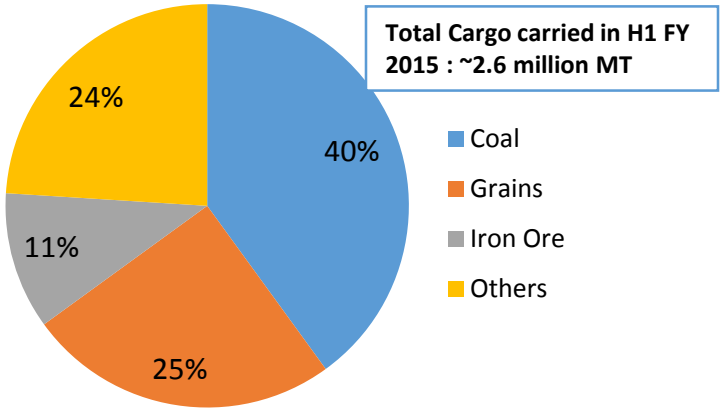
DIVERSIFICATION BY CONTRACT

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, Limestone, Pyroxenite etc.

Risk management

MERCATOR

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

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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