MERCATOR

Mercator Lines (Singapore) Ltd.

Stock Code: EE6





9M FY 2015 Results
Period ended December 31st 2014

PRESENTATION OUTLINE

Mercator Lines (Singapore) Ltd.

- Financial Highlights
- Market Review & Outlook
- Company Update



Mercator Lines (Singapore) Ltd.

Financial Highlights

Financial Highlights 9M FY 2015

REVENUE

Revenue at USD 44.1 mn. as compared to USD 58.5 mn. for corresponding period previous year

NET PROFIT/(LOSS)

Net Loss at USD 20.9 mn. as compared to a Net Loss of USD 15.4 mn. for the corresponding period previous year

EBITDA

EBITDA at USD 10.1 mn. as compared to USD 15.6 mn. for the corresponding period previous year.

OPERATING DAYS

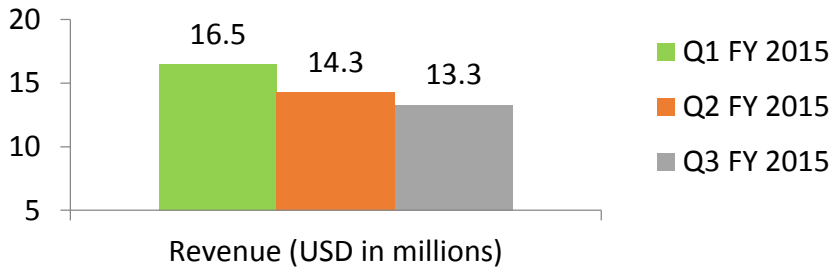
Operating days at 3623 days as compared to 3761 days for the corresponding period previous year

- 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.
- The market rate has fallen by 34% during 9M FY 2015 as compared with 9M FY 2014.
- EBITDA margins stood at 23% for 9M FY 2015 as compared to 27% for 9M FY 2014

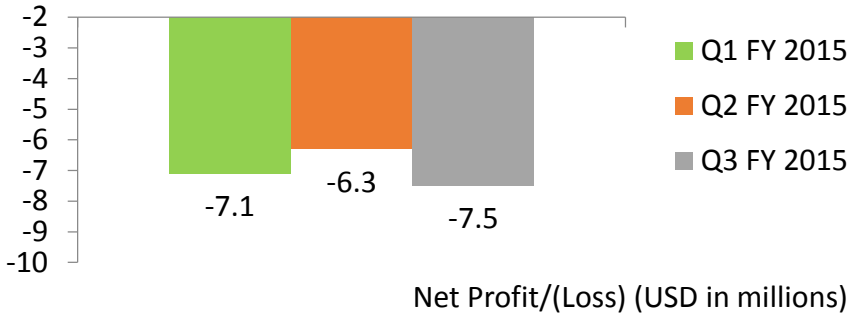
Note : FY /Financial Year refers to the period from April 1st of current year to March 31st of following year

Financial Highlights Q3 FY 2015

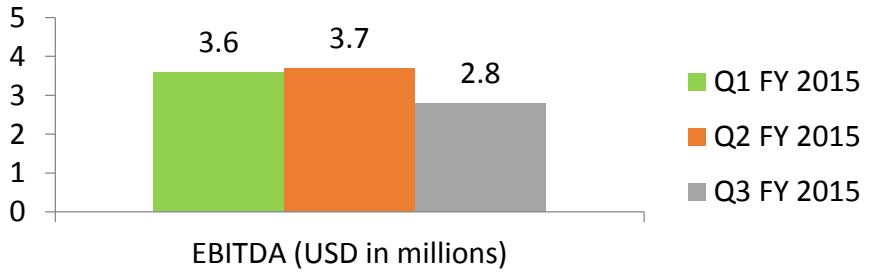
REVENUE



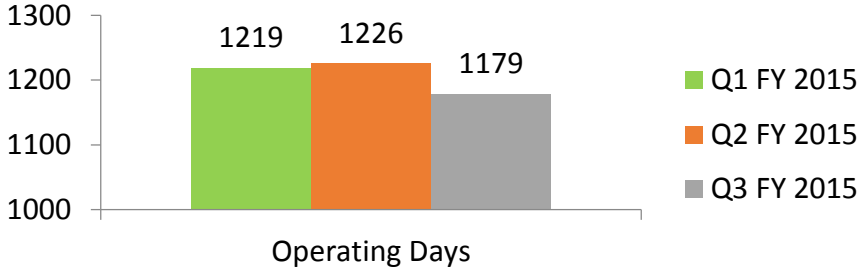
NET PROFIT/(LOSS)



EBITDA



OPERATING DAYS



- Decrease in Revenue as compared to previous quarter is mainly due to new contracts at rates lower than the previous rates and unscheduled maintenance of our vessels.
- EBITDA margins stood at 21% for Q3 FY 2015 as compared to 26% for Q2 FY 2015 and 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)	31 December 2014	31 December 2013
Cash & Bank Balances	10.3	8.7
Trade and other receivables	22.7	31.5
Vessel, Property & Equipment	453.6	483.7
Borrowings	178.8	182.9
Trade and other payables	22.3	27.7
Shareholders Equity	282.8	309.4
Debt Equity Ratio	0.63	0.59
Market Price per share	SGD 0.096*	SGD 0.104
EPS	SGD (0.020)	SGD (0.014)

* As on Jan 26, 2015

Historical Financial Performance

Particulars	FY 2012	FY 2013	FY 2014	9M FY 2015
Revenue (USD mn.)	147.7	109.1	75.3	44.1
EBITDA (USD mn.)	55.1	26.9*	20.6**	10.1
Net Profit / (Loss) (USD mn.)	7.8	(76.8)	(22.8)	(20.9)
Approx. TCE Earnings per day (in USD)	20,600	13,800	11,500	10,125
Approx. Average Baltic Panamax TC rate (USD per day)	12,290	7,449	10,300	6,806
Operating days	6,259	5,724	4,967	3,623

- 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 23% in 9M FY 2015 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*

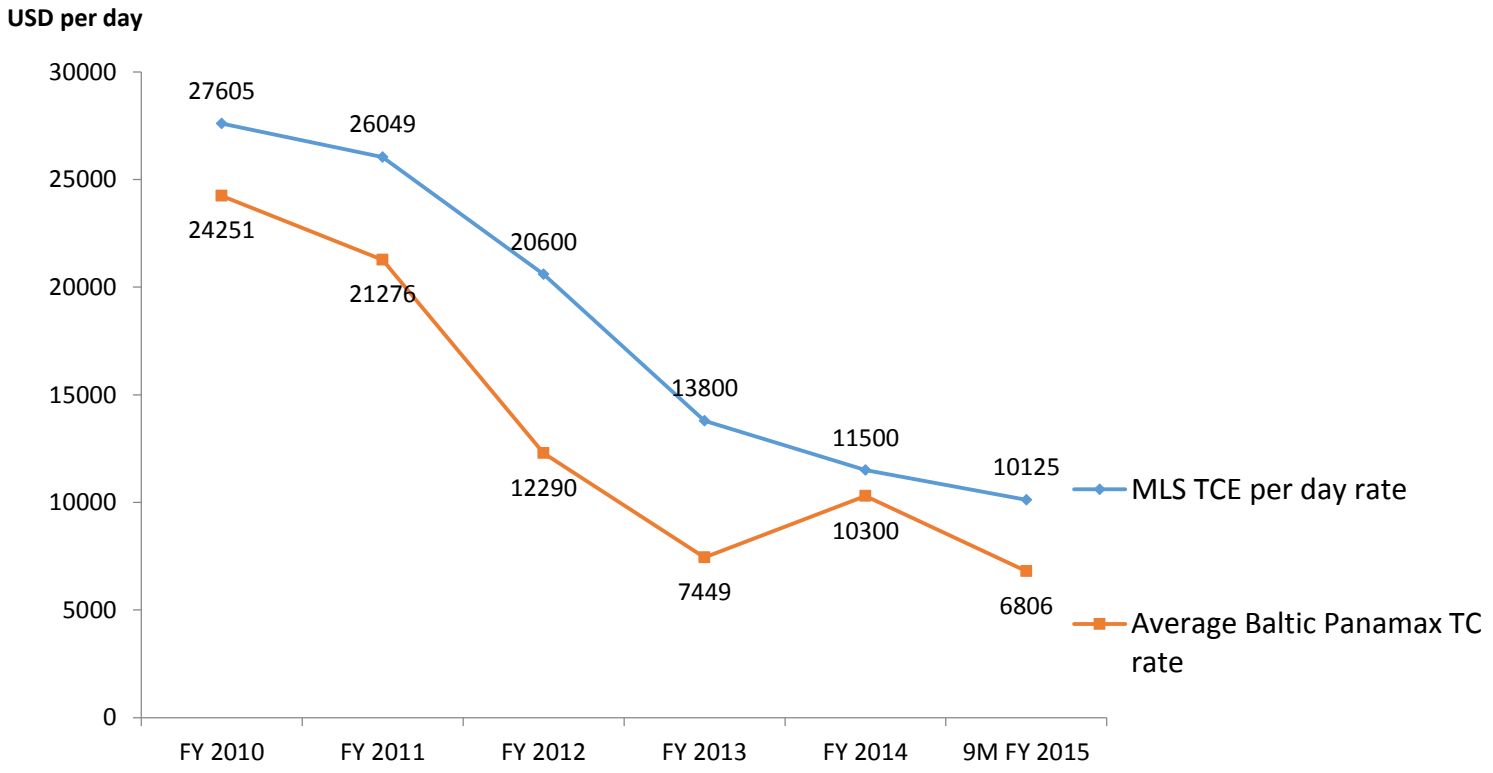
Fleet Utilisation

CAPACITY UTILIZATION		9M FY 2015	9M FY 2014
Owned vessels			
	Number of vessels	13	13
	Operating days	3,289	3,414
	Fleet utilization %	93%	98%
Chartered-in vessels*			
	Number of vessels	3	3
	Operating days	335	346
	Fleet utilization %	100%	100%
Total fleet			
	Number of vessels	16	16
	Operating days	3,623	3,761
	Fleet utilization %	94%	98%
	TCE Revenue (US$'000s)	36,688	44,104
	Approx. TCE Rate (US$ per day)	10,125	11,728

Fleet utilization was low during Q3 FY2015 due to unscheduled maintenance of one of our Vessel

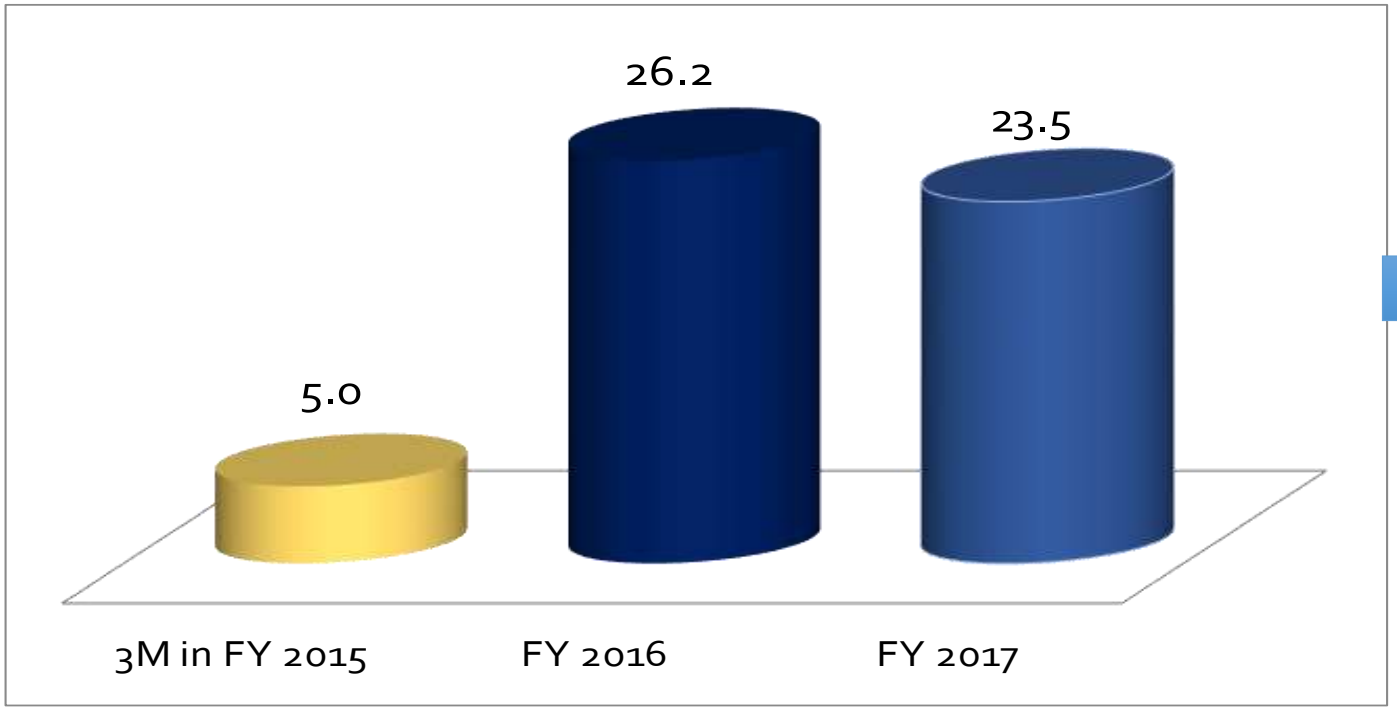
"TCE Revenue" is defined as revenue less voyage expenses before taking into account revenues attributable to vessels chartered- in on a voyage charter.
**** Company charters in vessels on short term basis to maximize earnings out of its contract.***

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 31st December 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

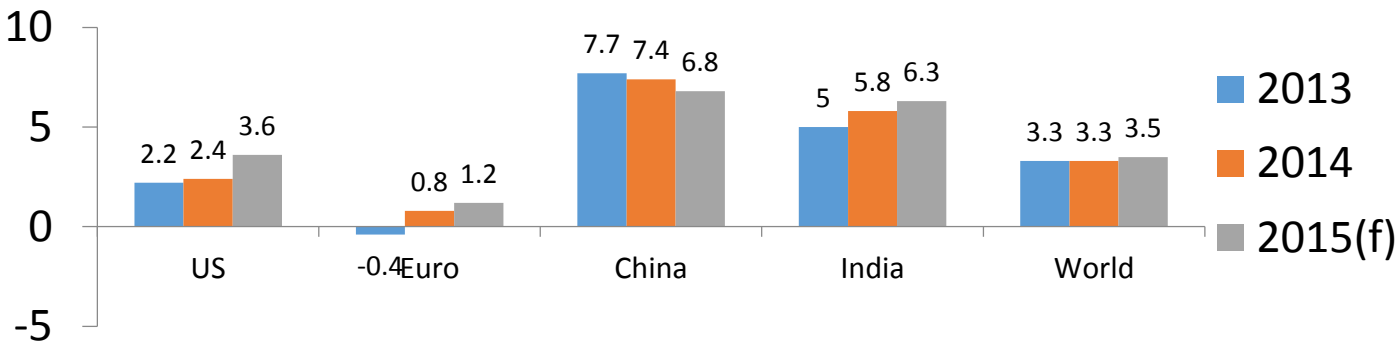


Mercator Lines (Singapore) Ltd.

Market Review & Outlook

World Economy, BDI & Panamax Rates

GDP Growth Rate & Forecast

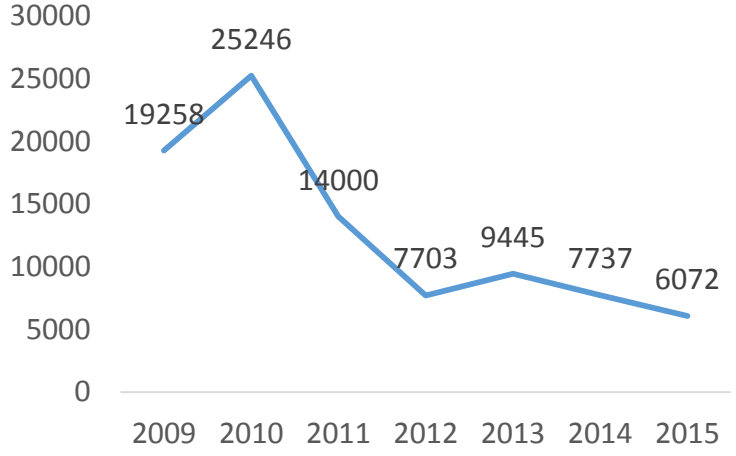


Source: Clarksons, IMF

Baltic Dry Index



Average Panamax 4 TC Rate



Source: Clarksons, Braemar

The dry bulk market depends upon the world economy amongst other factors

Dry Bulk Trading Patterns

- 75% of world ton-mile demand related to three commodities:
  - 40% coal
  - 27% iron ore
  - 8% grain
- 81% of growth related to the same three commodities

Major Grain trades

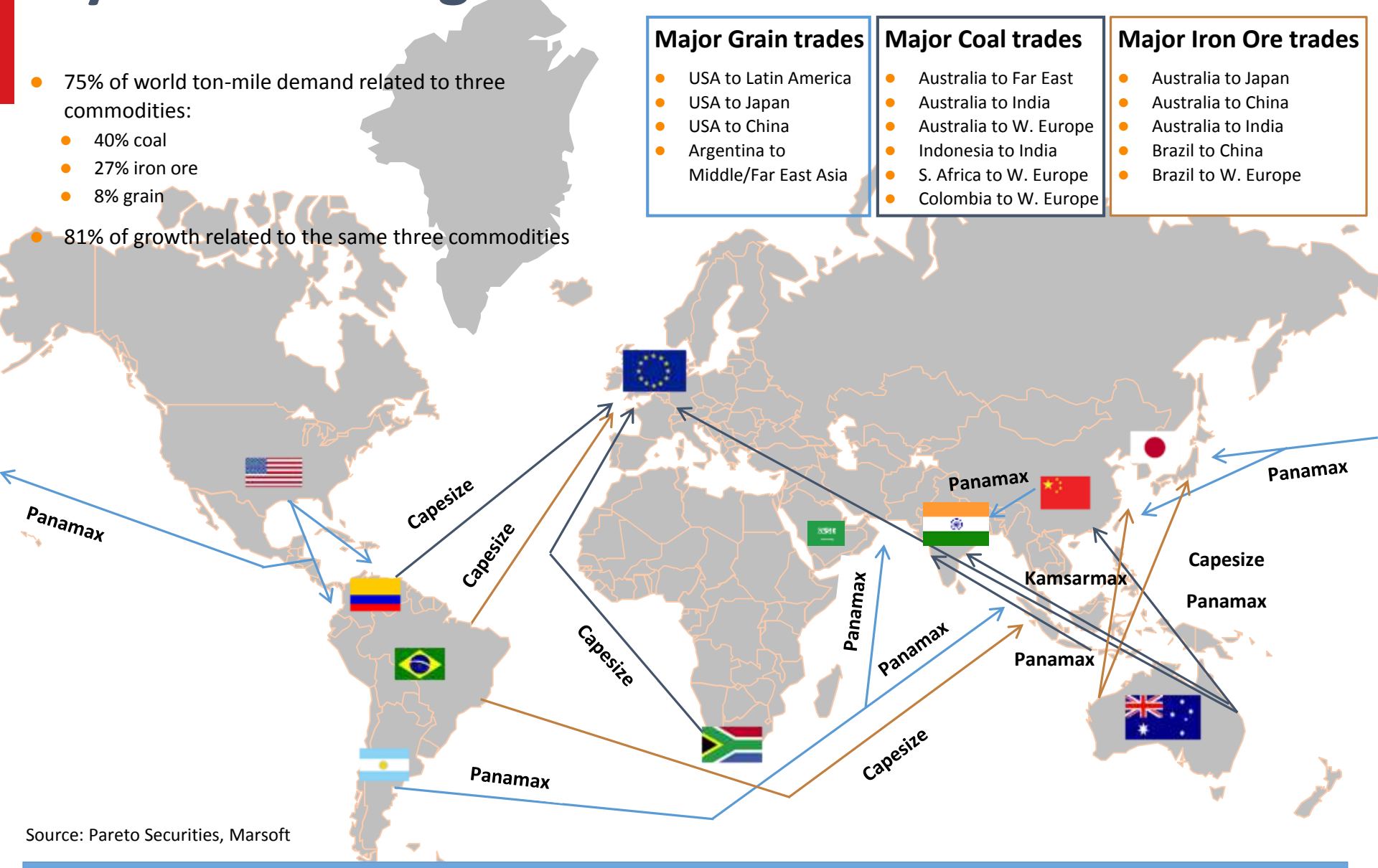
- USA to Latin America
- USA to Japan
- USA to China
- Argentina to Middle/Far East Asia

Major Coal trades

- Australia to Far East
- Australia to India
- Australia to W. Europe
- Indonesia to India
- S. Africa to W. Europe
- Colombia to W. Europe

Major Iron Ore trades

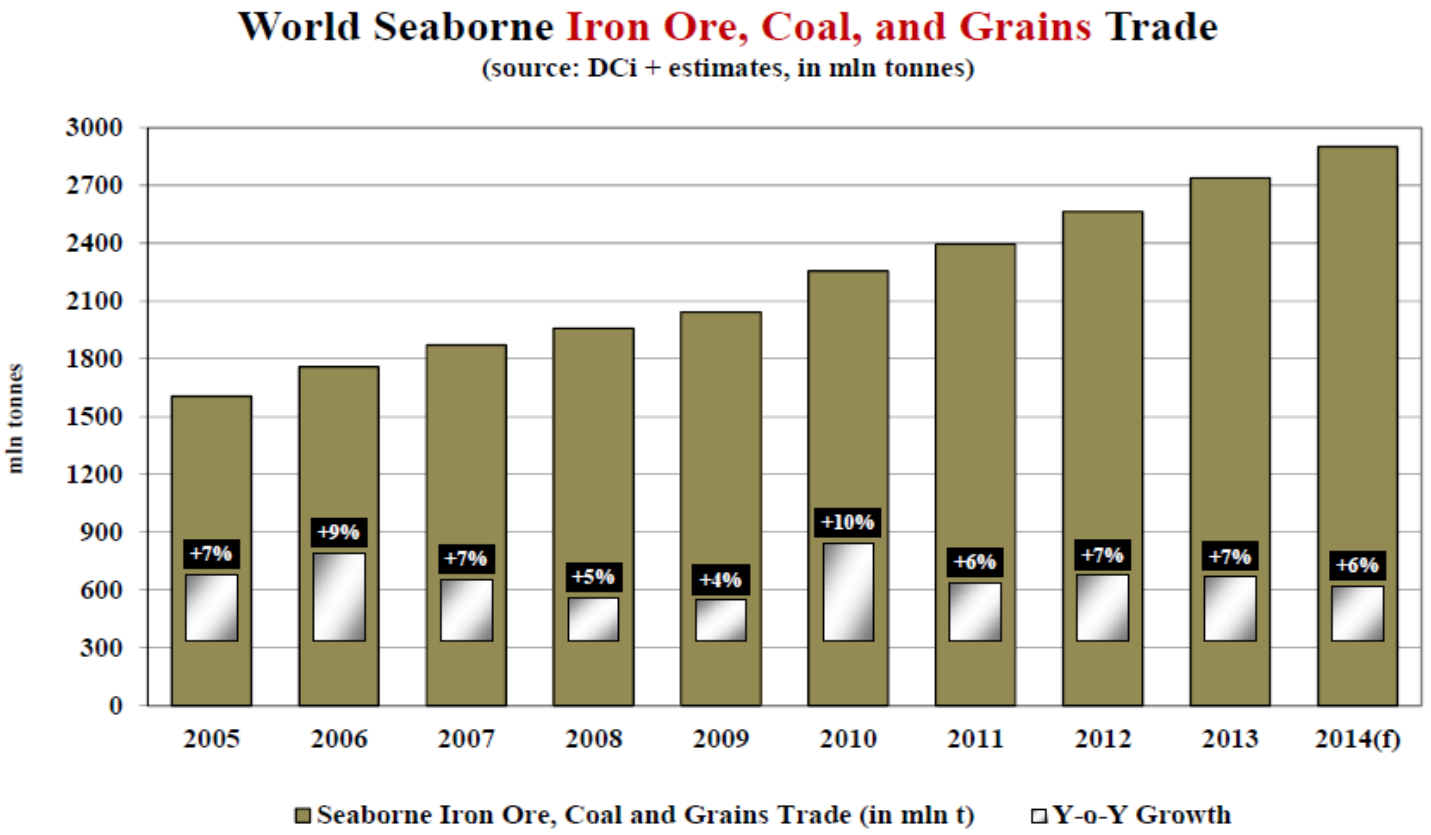
- Australia to Japan
- Australia to China
- Australia to India
- Brazil to China
- Brazil to W. Europe



Source: Pareto Securities, Marsoft

Mercator participated in the main Panamax and Kamsarmax trades

Dry Bulk Demand update

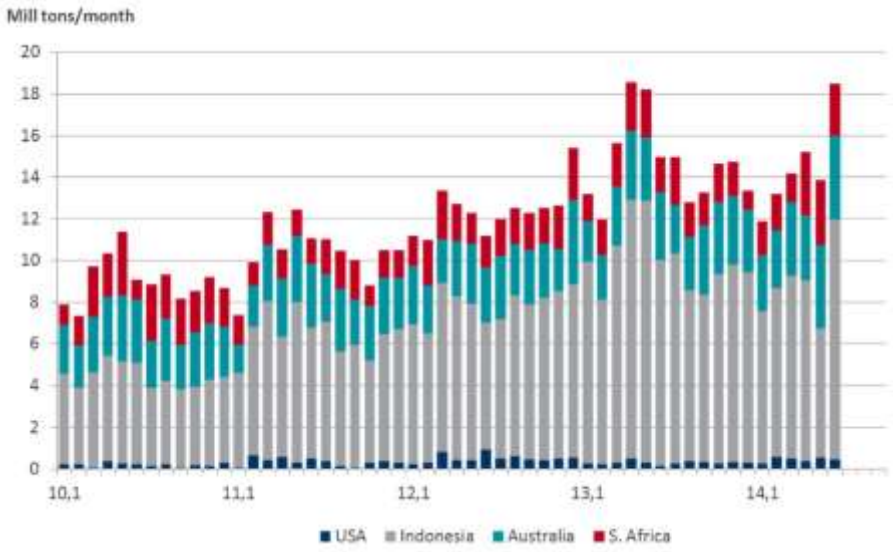


Source: Bancosta

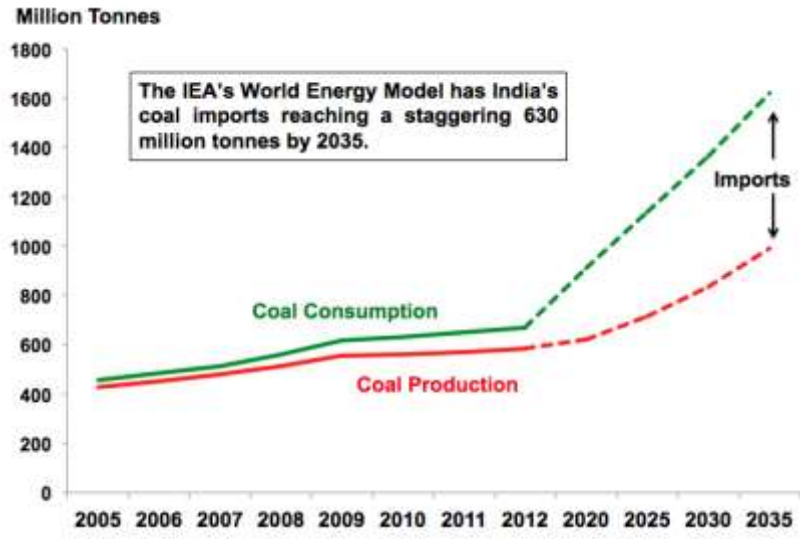
Growth in global seaborne dry bulk trade averaged about 5 percent over the last decade, led in particular by iron ore and coal trade which expanded by a combined 8 percent annually over the last 10 years.

Coal Imports to India to grow rapidly

Indian Coal Shipments By Origin



Indian Coal Imports To Continue

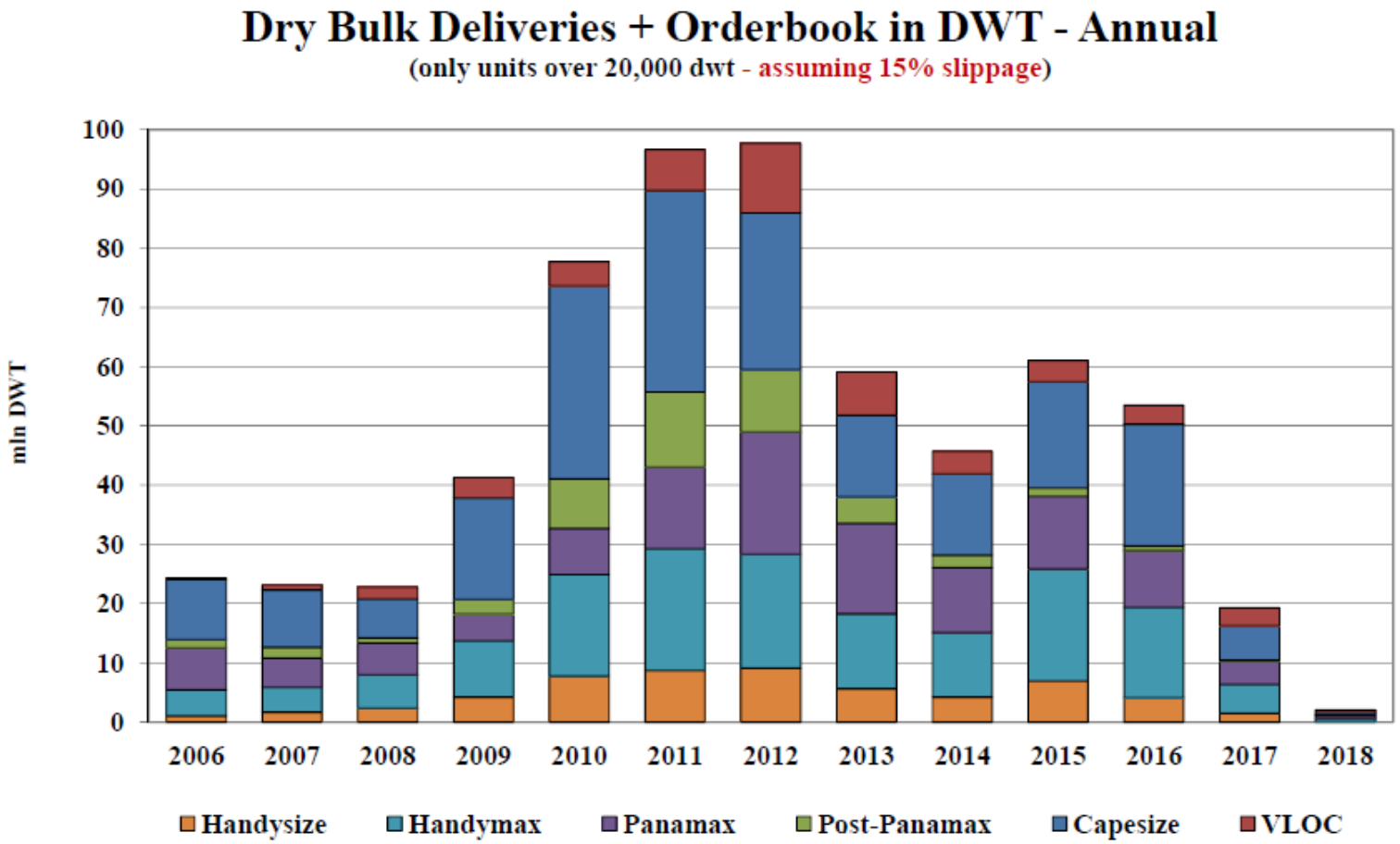


- India is Asia's 3rd largest economy
- Modi Government to spend USD 8bn on port infrastructure in 2015-2016, to improve coal logistics due to port congestion and lack of rail wagons
- India will remain import dependent due to low quality of domestic coal
- Indonesia exported ~37mmt of coal to India in 2014

Source: RS Platou, IEA, WEO 2013

India to import 220-240mmt of coal in 2015-2016

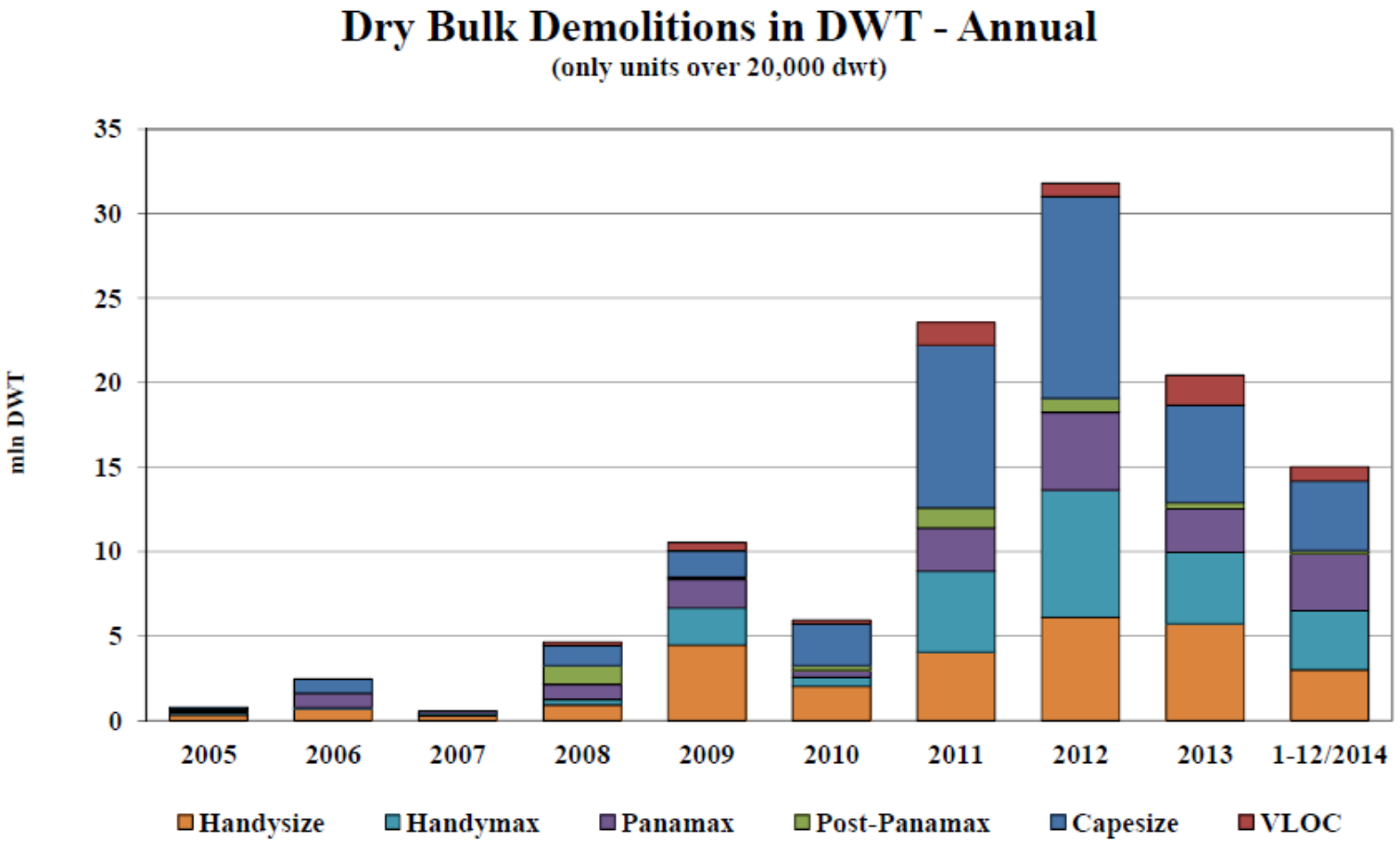
Dry Bulk Deliveries and Orderbook



Source: Bancosta

In 2014 a total of 48.1 mln dwt were delivered, which was 18.6 percent less then 2013

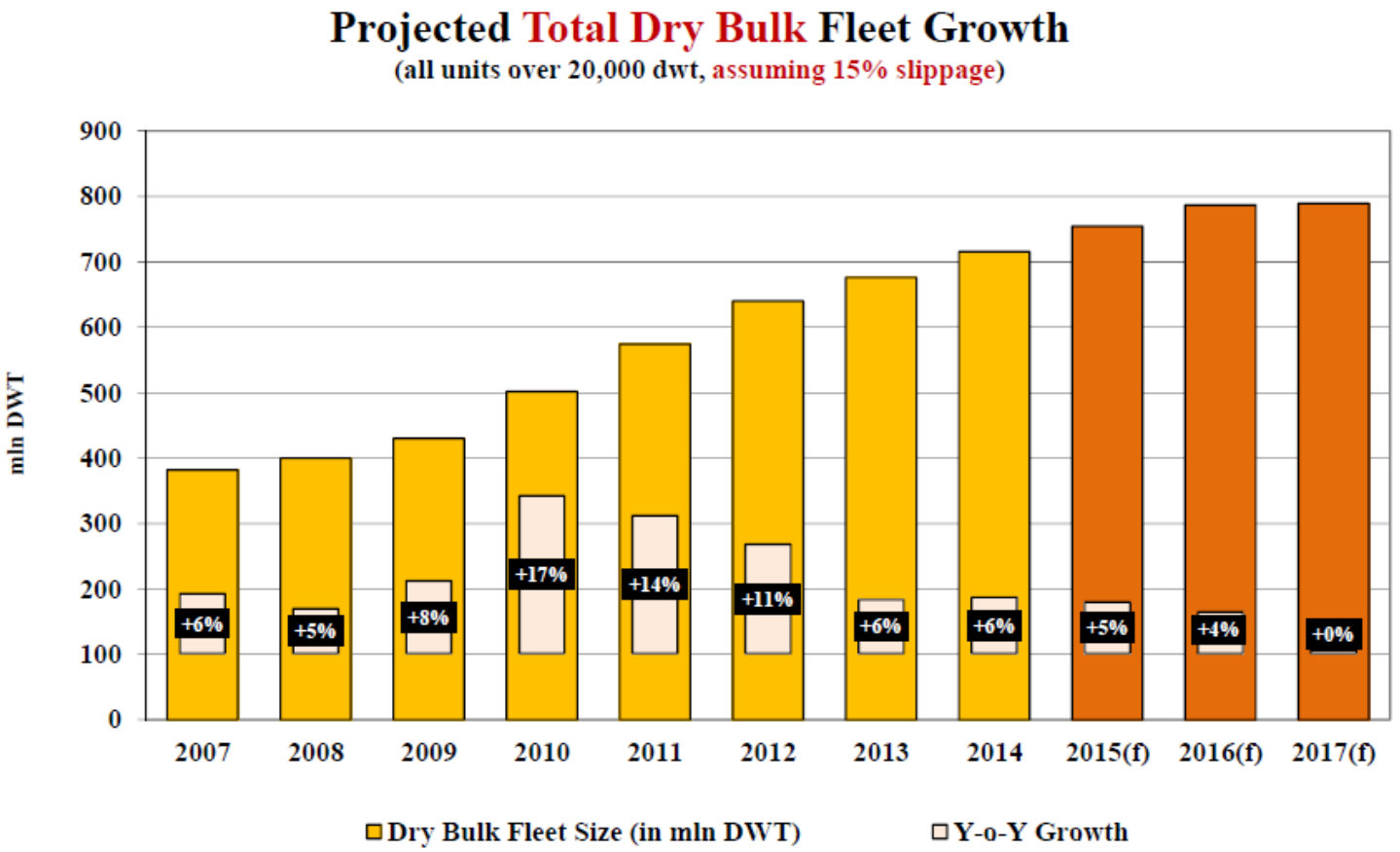
Dry Bulk Demolitions



Source: Bancosta

Demolition activity in 2014, dropped by about 28.2 percent over 2013

Dry Bulk Fleet growth



Source: Bancosta

Fleet growth expected to be at 5% in CY 2015 and 4% in CY 2016

Summary

- 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.
- Growth in seaborne bulk trade has averaged about 5 percent y-o-y over the last decade, with iron ore and coal expanding by as much as 8 percent a year on average in the same period.
- Coal imports to India expected to grow rapidly and India to import 220-240 mmt of coal in 2015-2016.
- Total deliveries in 2015 as per the most updated and revised orderbook are expected to reach approximately 61 mln dwt including ships that should have been delivered in late 2014 but have been delayed.
- Demolition activity has been slowing down since the peak in CY 2012, with 20.6 mln dwt sold for scrap in CY 2013 and 15.03 mln dwt in CY 2014.
- The weaker demand and continuation of new ship deliveries is expected to keep an "oversupplied" situation going into CY 2015, which will continue to put downward pressure on freight rates.

Source: Bancosta, Clarksons, etc



Mercator Lines (Singapore) Ltd.

Company Update

Company Highlights

MERCATOR

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, 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

Focus on growing Indian bulk markets (power/iron ore/steel) by leveraging customer relationships through "market appropriate" chartering strategies

Strategic Focus

- Strengthen the financial position through strategic alternatives like raising of capital in form of debt, bonds and/or equity
- Take advantage of largely spot fleet by fixing period business during spikes in the markets
- Expand strategic advantage of Mercator's logistics capabilities and geared fleet
- Continue to work on minimising costs and maximising efficiency

Integrated Logistics Framework



Provides door-to-door logistics solutions to customers

Awards and recognition



Mercator Lines (Singapore) Limited

Global Entrepreneur of the Year 2010

Emerging India Awards 2010

SINGAPORE CORPORATE AWARDS

Best Investor Relations (Gold) for 2011

Singapore Corporate Awards

SINGAPORE CORPORATE AWARDS

Best Investor Relations (Silver) for 2010

Singapore Corporate Awards

SINGAPORE CORPORATE AWARDS

Best Annual Report in 2008 (Silver) and 2009 (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

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

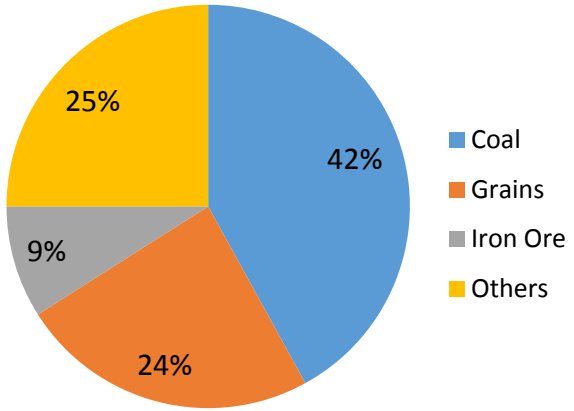
Diversification of Cargoes and Client Base

MERCATOR

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
Cargill
MMTC
ATLAS
SAIL
JSW
Ultrabulk
Marubeni
JINDAL STEEL & POWER
NYK LINE
ADANI

Diversification By Cargo



Other cargoes include Alumina, Bauxite, Salt, Limestone, Pyroxenite, Nickel Ore etc. (Total cargo in 9M FY2015: ~4.02mmt)

- 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

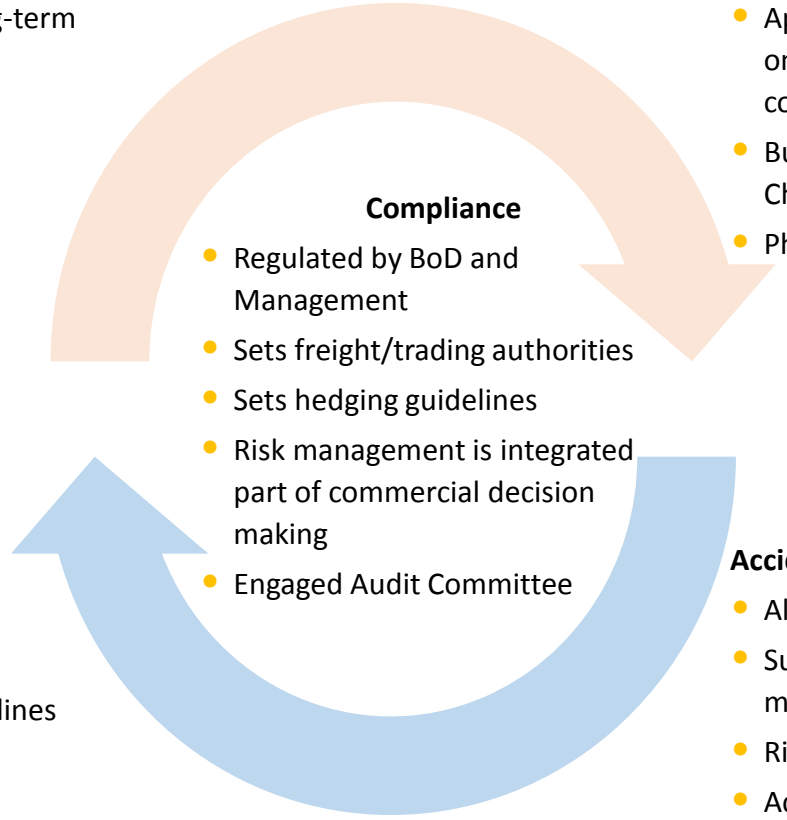
Risk management

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

Mercator Lines (Singapore) Ltd.

THANK YOU

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