

Navios Maritime Partners L.P.

Form 6-K

July 27, 2012

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# **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: July 27, 2012**

**Commission File No. 001-33811**

## **NAVIOS MARITIME PARTNERS L.P.**

**85 AKTI MIAOULI STREET, PIRAEUS,**

**GREECE 185 38**

**(Address of Principal Executive Offices)**

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Indicate by check mark whether the registrant files or will file annual reports under cover of 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 ☒

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes ☐ No ☒

If ☒ Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): N/A

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The information contained in this Report is hereby incorporated by reference into the Registration Statement on Form F-3, File No. 333-170284.

### **Operating and Financial Review**

The following is a discussion of the financial condition and results of operations for the three and six month periods ended June 30, 2012 and 2011 of Navios Maritime Partners L.P. (referred to herein as *we*, *us* or *Navios Partners*). All of the financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America ( *US GAAP* ). You should read this section together with the consolidated financial statements and the accompanying notes included in Navios Partners' 2011 Annual Report filed on Form 20-F with the Securities and Exchange Commission.

This report contains forward-looking statements made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These forward looking statements are based on Navios Partners' current expectations and observations. Actual results may differ materially from those expressed or implied by such forward-looking statements. Factors that could cause actual results to differ materially include, but are not limited to, changes in the demand for dry bulk vessels, fluctuation of charter rates, competitive factors in the market in which Navios Partners operates; risks associated with operations outside the United States; and other factors listed from time to time in the Navios Partners filings with the Securities and Exchange Commission.

### ***Recent Developments***

On May 8, 2012, Navios Partners completed its public offering of 4,600,000 common units at \$15.68 per unit and raised gross proceeds of approximately \$72.1 million to fund its fleet expansion. The net proceeds of this offering were approximately \$68.7 million. Pursuant to this offering, Navios Partners issued 93,878 additional general partnership units to its general partner. The proceeds from the issuance of the general partnership units were \$1.5 million.

On June 15, 2012, Navios Partners acquired from Navios Maritime Holdings Inc. ( *Navios Holdings* ) the Navios Buena Ventura, a 179,259 dwt Capesize vessel built in 2010, for a cash purchase price of \$67.5 million. Upon delivery of the vessel, the remaining term of its charter-out contract was 8.4 years at a net rate of \$29,356 per day.

On June 29, 2012, Navios Partners entered into an agreement with a third party for the acquisition of the Navios Soleil, a 57,337 dwt Ultra-Handymax vessel built in 2009, for a cash purchase price of \$20.7 million. The vessel was delivered on July 24, 2012.

On June 29, 2012, Navios Partners entered into an agreement with a third party for the acquisition of the Navios Helios, a 77,075 dwt Panamax vessel built in 2005, for a cash purchase price of \$20.8 million. The vessel was delivered on July 27, 2012.

The acquisition of the three vessels is being financed with the proceeds from the offering of 4,600,000 common units described above and the balance with new bank financing.

### ***Overview***

#### **General**

Navios Partners is an international owner and operator of dry bulk vessels, formed in August 2007 by Navios Holdings, a vertically integrated seaborne shipping and logistics company with over 55 years of operating history in the dry bulk shipping industry. Navios Partners completed its initial public offering ( *IPO* ) of 10,000,000 common units and the concurrent sale of 500,000 common units to a corporation owned by Angeliki Frangou, Navios Partners' Chairman and Chief Executive Officer, on November 16, 2007. Navios Partners used the proceeds of these sales of approximately \$193.3 million, plus \$160.0 million funded from its credit facility, as subsequently amended (the *Credit Facility* ) to acquire its initial fleet of vessels.

On January 1, 2012, in accordance with the terms of the partnership agreement, all of the outstanding subordinated units converted into 7,621,843 shares of common units (conversion excluded the subordinated Series A units) and on June 29, 2012, the outstanding subordinated Series A units converted into 1,000,000 shares of common units.

As of June 30, 2012, there were outstanding: 60,109,163 common units and 1,226,721 general partnership units. Navios Holdings owns a 25.2% interest in Navios Partners, which includes the 2% general partner interest.

**Fleet**

Our fleet currently consists of twelve active Panamax vessels, seven Capesize vessels and two Ultra-Handymax vessels.

In general, our vessels operate under long-term time charters of three or more years at inception with counterparties that we believe are creditworthy. We may operate vessels in the spot market until the vessels have been fixed under appropriate long-term charters.

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The following table provides summary information about our fleet:

Owned Vessels	Type	Built	Capacity (DWT)	Charter Expiration Date	Charter-Out Rate per day (1)
Navios Apollon	Ultra-Handymax	2000	52,073	February 2013	\$ 12,500 <sup>(10)</sup>
				February 2014	\$ 13,500 <sup>(10)</sup>
Navios Soleil	Ultra-Handymax	2009	57,337	November 2012	\$ 13,300
Navios Gemini S	Panamax	1994	68,636	February 2014	\$ 24,225
Navios Libra II	Panamax	1995	70,136	November 2012	\$ 18,525
Navios Felicity	Panamax	1997	73,867	June 2013	\$ 26,169
Navios Galaxy I	Panamax	2001	74,195	February 2018	\$ 21,937
Navios Hyperion	Panamax	2004	75,707	April 2014	\$ 37,953
Navios Alegria	Panamax	2004	76,466	February 2014	\$ 16,984 <sup>(2)</sup>
Navios Orbiter	Panamax	2004	76,602	April 2014	\$ 38,052
Navios Hope	Panamax	2005	75,397	August 2013	\$ 17,562
Navios Sagittarius	Panamax	2006	75,756	November 2018	\$ 26,125
Navios Helios	Panamax	2005	77,075	September 2013	\$ 9,738
Navios Fantastiks	Capesize	2005	180,265	February 2014	\$ 36,290 <sup>(8)</sup>
Navios Aurora II	Capesize	2009	169,031	November 2019	\$ 41,325
Navios Pollux	Capesize	2009	180,727	July 2019	\$ 42,250
Navios Fulvia	Capesize	2010	179,263	September 2015	\$ 50,588
Navios Melodia <sup>(3)</sup>	Capesize	2010	179,132	September 2022	\$ 29,356 <sup>(4)</sup>
Navios Luz	Capesize	2010	179,144	November 2020	\$ 29,356 <sup>(5)</sup>
Navios Buena Ventura	Capesize	2010	179,259	October 2020	\$ 29,356 <sup>(5)</sup>
<b>Long-term Chartered-in Vessels</b>					
Navios Prosperity <sup>(6)</sup>	Panamax	2007	82,535	July 2012	\$ 12,000 <sup>(9)</sup>
Navios Aldebaran <sup>(7)</sup>	Panamax	2008	76,500	March 2013	\$ 28,391

(1) Net time charter-out rate per day (net of commissions). Represents the charter-out rate during the time charter period prior to the time charter expiration date and, if applicable, the charter-out rate under new time charter.

(2) Profit sharing 50% above \$16,984/ day based on Baltic Exchange Panamax TC Average.

(3) In January 2011, Korea Line Corporation ( KLC ) filed for receivership. The charter was affirmed and will be performed by KLC on its original terms, provided that during an interim suspension period the sub-charterer pays Navios Partners directly.

(4) Profit sharing 50% above \$37,500/ day based on Baltic Exchange Capesize TC Average.

(5) Profit sharing 50% above \$38,500/ day based on Baltic Exchange Capesize TC Average.

(6) The Navios Prosperity is chartered-in for seven years until June 2014 and we have options to extend for two one-year periods. We have the option to purchase the vessel after June 2012 at a purchase price that is initially 3.8 billion Yen (\$47.8 million based upon the exchange rate at June 30, 2012), declining each year by 145 million Yen (\$1.8 million based upon the exchange rate at June 30, 2012).

(7) The Navios Aldebaran is chartered-in for seven years until March 2015 and we have options to extend for two one-year periods. We have the option to purchase the vessel after March 2013 at a purchase price that is initially 3.6 billion Yen (\$45.3 million based upon the exchange rate at June 30, 2012) declining each year by 150 million Yen (\$1.9 million based upon the exchange rate at June 30, 2012).

(8) Amount represents daily rate of insurance proceeds following the default of the original charterer. The vessel has been rechartered to third parties.

(9) Profit sharing: The owners will receive 100% of the first \$1,500 in profits above the base rate and thereafter all profits will be split 50% to each party.

(10) Profit sharing 50% on actual results above the base rates.

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### **Our Charters**

We generate revenues by charging our customers for the use of our vessels to transport their dry bulk commodities. In general, the vessels in our fleet are chartered-out under time charters, which range in length from three to ten years at inception. We may operate vessels in the spot market until the vessels have been chartered under long-term charters.

For the six month period ended June 30, 2012, we had 15 charter counterparties, the most significant of which were Cosco Bulk Carrier, Mitsui O.S.K. Lines Ltd and Samsun Logix and which accounted for approximately 23.9%, 16.9% and 13.9%, respectively, of total revenues. For the fiscal year ended December 31, 2011, we had 15 charter counterparties, the most significant of which were Cosco Bulk Carrier Co., Ltd., Mitsui O.S.K. Lines, Ltd. and Samsun Logix, and which accounted for approximately 22.2%, 18.5% and 13.2%, respectively, of total revenues. We believe that the combination of the long-term nature of our charters (which provide for the receipt of a fixed fee for the life of the charter) and our management agreement with Navios ShipManagement Inc. (the "Manager"), a wholly-owned subsidiary of Navios Holdings (which provides for a fixed management fee until December 31, 2013), provides us with a strong base of stable cash flows.

Our revenues are driven by the number of vessels in the fleet, the number of days during which the vessels operate and our charter hire rates, which, in turn, are affected by a number of factors, including:

the duration of the charters;

the level of spot and long-term market rates at the time of charter;

decisions relating to vessel acquisitions and disposals;

the amount of time spent positioning vessels;

the amount of time that vessels spend undergoing repairs and upgrades in dry dock;

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 long-term which may be many years. 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. We intend to operate our vessels in the long-term charter market. Please read "Risk Factors" in our 2011 Annual Report on Form 20-F for a discussion of certain risks inherent in our business.

### **Trends and Factors Affecting Our Future Results of Operations**

We believe the principal factors that will affect our 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 our vessels engage in business. Please read "Risk Factors" in our 2011 Annual Report on Form 20-F for a discussion of certain risks inherent in our business.

### **Results of Operations**

#### *Overview*

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The financial condition and the results of operations presented for the three and six month periods ended June 30, 2012 and 2011 of Navios Partners discussed below include the following entities and chartered-in vessels:

			Statement of income			
		Country of				
Company name	Vessel name	incorporation	2012		2011	
Libra Shipping Enterprises Corporation	Navios Libra II	Marshall Is.	1/1	6/30	1/1	6/30
Alegria Shipping Corporation	Navios Alegria	Marshall Is.	1/1	6/30	1/1	6/30
Felicity Shipping Corporation	Navios Felicity	Marshall Is.	1/1	6/30	1/1	6/30
Gemini Shipping Corporation	Navios Gemini S	Marshall Is.	1/1	6/30	1/1	6/30
Galaxy Shipping Corporation	Navios Galaxy I	Marshall Is.	1/1	6/30	1/1	6/30
Aurora Shipping Enterprises Ltd.	Navios Hope	Marshall Is.	1/1	6/30	1/1	6/30
Palermo Shipping S.A.	Navios Apollon	Marshall Is.	1/1	6/30	1/1	6/30
Fantastiks Shipping Corporation	Navios Fantastiks	Marshall Is.	1/1	6/30	1/1	6/30
Sagittarius Shipping Corporation	Navios Sagittarius	Marshall Is.	1/1	6/30	1/1	6/30
Hyperion Enterprises Inc.	Navios Hyperion	Marshall Is.	1/1	6/30	1/1	6/30
Chilali Corp.	Navios Aurora II	Marshall Is.	1/1	6/30	1/1	6/30
Surf Maritime Co.	Navios Pollux	Marshall Is.	1/1	6/30	1/1	6/30
Pandora Marine Inc.	Navios Melodia	Marshall Is.	1/1	6/30	1/1	6/30
Customized Development S.A.	Navios Fulvia	Liberia	1/1	6/30	1/1	6/30
Kohylia Shipmanagement S.A	Navios Luz	Marshall Is.	1/1	6/30	5/19	6/30
Orbiter Shipping Corp.	Navios Orbiter	Marshall Is.	1/1	6/30	5/19	6/30
Floral Marine Ltd.	Navios Buena Ventura	Marshall Is.	6/15	6/30		
Golem Navigation Limited	Navios Soleil	Marshall Is.				
Kymata Shipping Co.	Navios Helios	Marshall Is.				
<i>Chartered-in vessels</i>						
Prosperity Shipping Corporation	Navios Prosperity	Marshall Is.	1/1	6/30	1/1	6/30
Aldebaran Shipping Corporation	Navios Aldebaran	Marshall Is.	1/1	6/30	1/1	6/30
<i>Other</i>						
JTC Shipping and Trading Ltd.(*)	Holding Company	Malta	1/1	6/30	1/1	6/30
Navios Maritime Partners L.P.	N/A	Marshall Is.	1/1	6/30	1/1	6/30
Navios Maritime Operating LLC	N/A	Marshall Is.	1/1	6/30	1/1	6/30

(\*) Not a vessel-owning subsidiary and only holds right to a charter-in contract.

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The accompanying interim condensed consolidated financial statements of Navios Partners are unaudited, but, in the opinion of management, contain all adjustments necessary to present a fair statement of results, in all material respects, Navios Partners' condensed consolidated financial position as of June 30, 2012 and the condensed consolidated results of operations for the three and six months ended June 30, 2012 and 2011. The footnotes are condensed as permitted by the requirements for interim financial statements and, accordingly, do not include information and disclosures required under US GAAP for complete financial statements. All such adjustments are deemed to be of a normal, recurring nature. The results of operations for the interim periods are not necessarily indicative of the results to be expected for the full year. These financial statements should be read in conjunction with the consolidated financial statements and related notes included in Navios Partners' Annual Report on Form 20-F for the year ended December 31, 2011.

**FINANCIAL HIGHLIGHTS**

The following table presents consolidated revenue and expense information for the three and six month periods ended June 30, 2012 and 2011.

	Three Month Period ended June 30, 2012 (\$ 000) (unaudited)	Three Month Period ended June 30, 2011 (\$ 000) (unaudited)	Six Month Period ended June 30, 2012 (\$ 000) (unaudited)	Six Month Period ended June 30, 2011 (\$ 000) (unaudited)
Time charter revenues	\$ 49,122	\$ 45,675	\$ 97,109	\$ 88,479
Time charter expenses	(3,923)	(3,241)	(7,138)	(6,192)
Direct vessel expenses	(13)	(17)	(25)	(35)
Management fees	(7,323)	(6,466)	(14,557)	(12,514)
General and administrative expenses	(1,267)	(1,209)	(2,552)	(2,392)
Depreciation and amortization	(17,328)	(15,637)	(34,478)	(29,670)
Write-off of intangible asset		(3,979)		(3,979)
Interest expense and finance cost, net	(2,384)	(2,009)	(5,196)	(4,038)
Interest income	29	381	155	631
Other (expenses)/income, net	(232)	13	300	(179)
<b>Net income</b>	<b>\$ 16,681</b>	<b>\$ 13,511</b>	<b>\$ 33,618</b>	<b>\$ 30,111</b>
<b>EBITDA<sup>(1)</sup></b>	<b>\$ 36,377</b>	<b>\$ 30,793</b>	<b>\$ 73,162</b>	<b>\$ 63,223</b>
<b>Adjusted EBITDA<sup>(1)</sup></b>	<b>\$ 36,377</b>	<b>\$ 34,772</b>	<b>\$ 73,162</b>	<b>\$ 67,202</b>
<b>Operating Surplus<sup>(1)</sup></b>	<b>\$ 29,497</b>	<b>\$ 28,673</b>	<b>\$ 59,087</b>	<b>\$ 55,196</b>

- (1) EBITDA, Adjusted EBITDA and Operating Surplus are non-GAAP financial measures. See Reconciliation of EBITDA to Net Cash from Operating Activities