

Navios Maritime Holdings Inc.
Form 20-F
April 25, 2016
Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 20-F

(Mark One)

REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2015

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of event requiring shell company report _____

For the transition period from _____ to _____

Commission file number

001-33311

Navios Maritime Holdings Inc.

(Exact name of Registrant as specified in its charter)

Not Applicable

(Translation of Registrant's Name into English)

Republic of Marshall Islands

(Jurisdiction of incorporation or organization)

7 Avenue de Grande Bretagne, Office 11B2

Monte Carlo, MC 98000 Monaco

(Address of principal executive offices)

Stuart Gelfond

Fried, Frank, Harris, Shriver & Jacobson LLP

One New York Plaza

New York, New York 10004

Tel: (212) 859-8000

Fax: (212) 859-4000

(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of each class

Name of each exchange on which registered

Common Stock, par value \$.0001 per share	The New York Stock Exchange
8.75% Series G Cumulative Redeemable Perpetual Preferred Stock, par value \$0.0001 per share (Series G)	The New York Stock Exchange*
American Depositary Shares, each representing 1/100th of a Share of Series G	The New York Stock Exchange
8.625% Series H Cumulative Redeemable Perpetual Preferred Stock, par value \$0.0001 per share (Series H)	The New York Stock Exchange *
American Depositary Shares, each representing 1/100th of a Share of Series H	The New York Stock Exchange

* Not for trading, but in connection with the registration of American Depositary Shares, pursuant to the requirements of the Securities and Exchange Commission

Securities registered or to be registered pursuant to Section 12(g) of the Act. None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act. None

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report:

110,468,753 shares of common stock, 20,000 shares of Series G and 48,000 shares of Series H as of December 31, 2015

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15 (d) of the Securities Exchange Act of 1934. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer or a non-accelerated filer. See the definition of "accelerated filer" and "large accelerated filer," in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP

International Financial Reporting Standards as issued by the
International Accounting Standards Board

Other

If Other has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow. Item 17 Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Table of Contents

TABLE OF CONTENTS

<u>FORWARD-LOOKING STATEMENTS</u>	1
<u>Item 1. Identity of Directors, Senior Management and Advisers</u>	2
<u>Item 2. Offer Statistics and Expected Timetable</u>	2
<u>Item 3. Key Information</u>	2
<u>Item 4. Information on the Company</u>	55
<u>Item 4A. Unresolved Staff Comments</u>	84
<u>Item 5. Operating and Financial Review and Prospects</u>	84
<u>Item 6. Directors, Senior Management and Employees</u>	127
<u>Item 7. Major Shareholders and Related Party Transactions</u>	134
<u>Item 8. Financial Information</u>	141
<u>Item 9. The Offer and Listing</u>	143
<u>Item 10. Additional Information</u>	144
<u>Item 11. Quantitative and Qualitative Disclosures about Market Risk</u>	153
<u>Item 12. Description of Securities Other than Equity Securities</u>	154
<u>PART II</u>	154
<u>Item 13. Defaults, Dividend Arrearages and Delinquencies</u>	154
<u>Item 14. Material Modifications to the Rights of Security Holders and Use of Proceeds</u>	154
<u>Item 15. Controls and Procedures</u>	155
<u>Item 16A. Audit Committee Financial Expert</u>	156
<u>Item 16B. Code of Ethics</u>	156
<u>Item 16C. Principal Accountant Fees and Services</u>	156
<u>Item 16D. Exemptions from the Listing Standards for Audit Committees</u>	156
<u>Item 16E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers</u>	156
<u>Item 16F. Changes in Registrant's Certifying Accountant</u>	157
<u>Item 16G. Corporate Governance</u>	157
<u>Item 16H. Mine Safety Disclosures</u>	157
<u>PART III</u>	157
<u>Item 17. Financial Statements</u>	157
<u>Item 18. Financial Statements</u>	157
<u>Item 19. Exhibits</u>	157
<u>EX-4.47</u>	
<u>EX-8.1</u>	
<u>EX-12.1</u>	
<u>EX-12.2</u>	
<u>EX-13.1</u>	
<u>EX-15.1</u>	
<u>EX-15.2</u>	
<u>EX-15.3</u>	
<u>EX-15.4</u>	
<u>EX-15.5</u>	

Table of Contents

Please note in this Annual Report, we, us, our, the Company and Navios Holdings all refer to Navios Maritime Holdings Inc. and its consolidated subsidiaries, except as otherwise indicated or where the context otherwise requires.

FORWARD-LOOKING STATEMENTS

This Annual Report should be read in conjunction with the consolidated financial statements and accompanying notes included in this report.

Navios Maritime Holdings Inc. desires to take advantage of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and is including this cautionary statement in connection with this safe harbor legislation. This document and any other written or oral statements made by us or on our behalf may include forward-looking statements, which reflect our current views with respect to future events and financial performance. The words may, could, should, would, expect, plan, anticipate, intend, forecast, believe, estimate, potential, continue and similar expressions identify forward-looking statements.

The forward-looking statements in this document and in other written or oral statements we make from time to time are based upon current assumptions, many of which are based, in turn, upon further assumptions, including without limitation, management's examination of historical operating trends, data contained in our records, and other data available from third parties. Although we believe that these assumptions were reasonable when made, because these assumptions are inherently subject to significant uncertainties and contingencies which are difficult or impossible to predict and are beyond our control, we cannot assure you that we will achieve or accomplish these expectations, beliefs or projections.

In addition to these important factors and matters discussed elsewhere herein, important factors that, in our view, could cause actual results to differ materially from those discussed in the forward-looking statements include, but are not limited to, the strength of world economies, fluctuations in currencies and interest rates, general market conditions, including fluctuations in charter hire rates and vessel values, changes in demand in the dry cargo shipping industry, changes in the Company's operating expenses, including bunker prices, drydocking and insurance costs, expectations of dividends, distributions from affiliates, the Company's ability to maintain compliance with the continued listing standards of the New York Stock Exchange (the NYSE), changes in governmental rules and regulations or actions taken by regulatory authorities, potential liability from pending or future litigation, general domestic and international political conditions, potential disruption of shipping routes due to accidents or political events, and other important factors described from time to time in the reports we file with the Securities and Exchange Commission, or the SEC. See also Risk Factors below.

We undertake no obligation to update any forward-looking statement or statements to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events, except as required by law. New factors emerge from time to time, and it is not possible for us to predict all of these factors. Further, we cannot assess the impact of each such factor on our business or the extent to which any factor, or combination of factors, may cause actual results to be materially different from those contained in any forward-looking statement.

Table of Contents**PART I****Item 1. Identity of Directors, Senior Management and Advisers**

Not Applicable.

Item 2. Offer Statistics and Expected Timetable

Not Applicable.

Item 3. Key Information**A. Selected Financial Data**

Navios Holdings' selected historical financial information and operating results for the years ended December 31, 2015, 2014, 2013, 2012 and 2011 are derived from the consolidated financial statements of Navios Holdings. The selected consolidated statement of comprehensive (loss)/income data for the years ended December 31, 2015, 2014 and 2013 and the selected consolidated balance sheet data as of December 31, 2015 and 2014 have been derived from our audited consolidated financial statements included elsewhere in this Annual Report. The selected consolidated statement of comprehensive (loss)/income data for the years ended December 31, 2012 and 2011 and the selected consolidated balance sheet data as of December 31, 2013, 2012 and 2011 has been derived from our financial statements, which are not included in this document and are available at www.sec.gov. The selected consolidated financial data should be read in conjunction with Item 5. Operating and Financial Review and Prospects, the consolidated financial statements, related notes and other financial information included elsewhere in this Annual Report. The historical data included below and elsewhere in this Annual Report is not necessarily indicative of our future performance.

	Year Ended December 31, 2015	Year Ended December 31, 2014	Year Ended December 31, 2013	Year Ended December 31, 2012	Year Ended December 31, 2011
	(Expressed in thousands of U.S. dollars data)			except share and per share data)	
Statement of Comprehensive (Loss)/Income Data					
Revenue	\$ 480,820	\$ 569,016	\$ 512,279	\$ 616,494	\$ 689,355
Administrative fee revenue from affiliates	16,177	14,300	7,868	5,994	4,973
Time charter, voyage and logistics business expenses	(247,882)	(263,304)	(244,412)	(269,279)	(273,312)
Direct vessel expenses	(128,168)	(130,064)	(114,074)	(117,790)	(117,269)
General and administrative expenses incurred on behalf of affiliates	(16,177)	(14,300)	(7,868)	(5,994)	(4,973)
General and administrative expenses	(34,183)	(45,590)	(44,634)	(51,331)	(52,852)
Depreciation and amortization	(120,310)	(104,690)	(98,124)	(108,206)	(107,395)
Provision for losses on accounts receivable	(59)	(792)	(630)	(17,136)	(239)

Edgar Filing: Navios Maritime Holdings Inc. - Form 20-F

Interest income	2,370	5,515	2,299	2,717	4,120
Interest expense and finance cost	(113,151)	(113,660)	(110,805)	(106,196)	(107,181)
Loss on derivatives			(260)	(196)	(165)
Gain on sale of assets/partial sale of subsidiary			18	323	38,822
Loss on change in control					(35,325)
Loss on bond and debt extinguishment		(27,281)	(37,136)		(21,199)
Other income	4,840	15,639	17,031	189,239	1,660
Other expense	(34,982)	(24,520)	(10,447)	(10,993)	(12,990)
(Loss)/income before equity in net earnings of affiliated companies	\$ (190,705)	\$ (119,731)	\$ (128,895)	\$ 127,646	\$ 6,030

Table of Contents

	Year Ended December 31, 2015	Year Ended December 31, 2014	Year Ended December 31, 2013	Year Ended December 31, 2012	Year Ended December 31, 2011
	(Expressed in thousands of U.S. dollars except share and per share data)				
Equity in net earnings of affiliated companies	61,484	57,751	19,344	48,228	35,246
(Loss)/income before taxes	\$ (129,221)	\$ (61,980)	\$ (109,551)	\$ 175,874	\$ 41,276
Income tax benefit/(expense)	3,154	(84)	4,260	(312)	56
Net (loss)/income	\$ (126,067)	\$ (62,064)	\$ (105,291)	\$ 175,562	\$ 41,332
Less: Net (income)/loss attributable to the noncontrolling interest	(8,045)	5,861	(3,772)	(77)	(506)
Preferred stock dividends of subsidiary					(27)
Preferred stock dividends attributable to the noncontrolling interest					12
Net (loss)/income attributable to Navios Holdings common stockholders	\$ (134,112)	\$ (56,203)	\$ (109,063)	\$ 175,485	\$ 40,811
(Loss)/income attributable to Navios Holdings common stockholders, basic	(150,314)	(66,976)	(110,990)	173,780	39,115
(Loss)/income attributable to Navios Holdings common stockholders, diluted	\$ (150,314)	\$ (66,976)	\$ (110,990)	\$ 175,485	\$ 40,811
Basic net (loss)/earnings per share attributable to Navios Holdings common stockholders	\$ (1.42)	\$ (0.65)	\$ (1.09)	\$ 1.72	\$ 0.39
Weighted average number of shares, basic	105,896,235	103,476,614	101,854,415	101,232,720	100,926,448

Diluted net (loss)/earnings per share attributable to Navios Holdings common stockholders	\$ (1.42)	\$ (0.65)	\$ (1.09)	\$ 1.58	\$ 0.37
Weighted average number of shares, diluted	105,896,235	103,476,614	101,854,415	111,033,758	110,323,652
Balance Sheet Data (at period end)					
Current assets, including cash and restricted cash	\$ 302,959	\$ 417,131	\$ 339,986	\$ 470,567	\$ 370,974
Total assets	2,958,813	3,127,697 ⁽¹⁾	2,886,453 ⁽¹⁾	2,913,189 ⁽¹⁾	2,884,602 ⁽¹⁾
Total long-term debt, net including current portion	1,581,308	1,612,890 ⁽¹⁾	1,478,089 ⁽¹⁾	1,329,939 ⁽¹⁾	1,424,335 ⁽¹⁾
Navios Holdings stockholders equity	\$ 988,960	\$ 1,152,963	\$ 1,065,695	\$ 1,206,376	\$ 1,059,106
Other Financial Data					
Net cash provided by operating activities	\$ 43,478	\$ 56,323	\$ 59,749	\$ 228,644	\$ 102,742
Net cash (used in)/provided by investing activities	(36,499)	(244,888)	(258,571)	12,453	(171,363)
Net cash (used in)/provided by financing activities	(91,123)	248,290	128,785	(154,325)	32,307
Book value per common share	8.95	10.89	10.22	11.68	10.34

Table of Contents

	Year Ended December 31, 2015 (Expressed in thousands of U.S. dollars data)	Year Ended December 31, 2014	Year Ended December 31, 2013	Year Ended December 31, 2012 except share and per share data)	Year Ended December 31, 2011
Cash dividends per common share	0.17	0.24	0.24	0.30	0.25
Cash dividends per preferred share	216.7	99.9	200.0	201.1	200.0
Cash paid for common stock dividend declared	19,325	25,228	24,710	30,730	25,542
Cash paid for preferred stock dividend declared	16,025	7,502	1,696	1,705	1,696
Adjusted EBITDA ⁽²⁾	\$ 112,756	\$ 176,698	\$ 107,909	\$ 399,483	\$ 260,826

- (1) Revised to reflect the adoption of ASU 2015-03. Refer to Note 2 of the consolidated financial statements.
- (2) EBITDA represents net (loss)/ income attributable to Navios Holdings common stockholders before interest and finance costs before depreciation and amortization and income taxes. Adjusted EBITDA in this document represents EBITDA before stock-based compensation. Navios Holdings believes that Adjusted EBITDA is a basis upon which liquidity can be assessed and represents useful information to investors regarding Navios Holdings ability to service and/or incur indebtedness, pay capital expenditures, meet working capital requirements and pay dividends. Navios Holdings also believes that Adjusted EBITDA is used (i) by prospective and current lessors as well as potential lenders to evaluate potential transactions; and (ii) to evaluate and price potential acquisition candidates.

Adjusted EBITDA has limitations as an analytical tool, and therefore, should not be considered in isolation or as a substitute for the analysis of Navios Holdings results as reported under U.S. GAAP. Some of these limitations are: (i) Adjusted EBITDA does not reflect changes in, or cash requirements for, working capital needs; and (ii) although depreciation and amortization are non-cash charges, the assets being depreciated and amortized may have to be replaced in the future. Adjusted EBITDA does not reflect any cash requirements for such capital expenditures. Because of these limitations, among others, Adjusted EBITDA should not be considered as a principal indicator of Navios Holdings performance. Furthermore, our calculation of Adjusted EBITDA may not be comparable to that reported by other companies due to differences in methods of calculation.

Table of Contents

The following table reconciles net cash provided by operating activities, as reflected in the consolidated statements of cash flows, to Adjusted EBITDA:

Adjusted EBITDA Reconciliation from Cash from Operations

	Year Ended December 31, 2015	Year Ended December 31, 2014	Year Ended December 31, 2013	Year Ended December 31, 2012	Year Ended December 31, 2011
	(Expressed in thousands of U.S. dollars except per share data)				
Net cash provided by operating activities	\$ 43,478	\$ 56,323	\$ 59,749	\$ 228,644	\$ 102,742
Net (decrease)/increase in operating assets	(43,042)	18,025	(57,792)	50,687	77,023
Net (increase)/decrease in operating liabilities	(39,288)	(23,613)	27,087	18,016	(23,633)
Payments for drydock and special survey costs	24,840	10,970	12,119	14,461	12,769
Net interest cost	106,257	104,084	103,122	97,170	97,481
Provision for losses on accounts receivable	(59)	(792)	(630)	(17,136)	(239)
Gain on sale of assets/partial sale of subsidiary					