

Navios Maritime Holdings Inc.

Form 6-K

November 26, 2013

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UNITED STATES

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: November 26, 2013

Commission File No. 001-33311

NAVIOS MARITIME HOLDINGS INC.

7 Avenue de Grande Bretagne, Office 11B2

Monte Carlo, MC 98000 Monaco

(Address of Principal Executive Offices)

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

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The information contained in this Report is incorporated by reference into the Registration Statement on Form F-3, File No. 333-189231, the Registration Statement on Form S-8, File No. 333-147186, and the related prospectuses.

Operating and Financial Review and Prospects

The following is a discussion of the financial condition and results of operations of Navios Maritime Holdings Inc. (Navios Holdings or the Company) for the three and nine month periods ended September 30, 2013 and 2012. Navios Holdings financial statements have been prepared in accordance with Generally Accepted Accounting Principles in the United States of America (U.S. GAAP). You should read this section together with the consolidated financial statements and the accompanying notes included in Navios Holdings 2012 annual report on Form 20-F filed with the Securities and Exchange Commission (SEC) and the condensed consolidated financial statements and the accompanying notes included elsewhere in this Form 6-K.

This report contains forward-looking statements made pursuant to the safe harbor provisions of the Private Securities Reform Act of 1995. These forward looking statements are based on Navios Holdings current expectations and observations. Included among the factors that, in management s view, could cause actual results to differ materially from the forward-looking statements contained in this report are changes in any of the following: (i) charter demand and/or charter rates; (ii) production or demand for the types of dry bulk products that are transported by Navios Holdings vessels; (iii) operating costs including but not limited to changes in crew salaries, insurance, provisions, repairs, maintenance and overhead expenses; or (iv) changes in interest rates. Other factors that might cause a difference include, but are not limited to, those discussed under Part I, Item 3D Risk Factors in Navios Holdings 2012 annual report on Form 20-F.

Recent Developments

Navios Holdings

Issuance of \$650.0 million Notes

On November 14, 2013, Navios Holdings and Navios Maritime Finance II (US) Inc. (the Co-Issuers) priced an offering of \$650.0 million of its 7.375% First Priority Ship Mortgage Notes due 2022 (the 2022 Notes). The 2022 Notes will be secured by first priority ship mortgages on 23 vessels aggregating approximately 2.2 million deadweight tons (dwt) owned by certain subsidiary guarantors and certain other associated property and contracts rights. The 2022 Notes will be guaranteed by all of the Company s subsidiaries that guaranteed the Co-Issuers 8.125% Senior Notes due 2019. The 2022 Notes offering is expected to close on November 29, 2013.

The net proceeds from the sale of the 2022 Notes will be used (i) to fund Navios Holdings current tender offer and consent solicitation for certain outstanding notes and to pay related fees and expenses, (ii) to discharge and redeem any of such notes that are not purchased in the tender offer after all conditions to the tender offer are satisfied or waived, including the payment of any related fees and expenses and any redemption premium, (iii) to repay indebtedness relating to six vessels which will become part of the collateral for the 2022 Notes and (iv) for general corporate purposes.

On November 14, 2013, Navios Holdings and Navios Maritime Finance (US) Inc. commenced a cash tender offer (the Tender Offer) for any and all of their outstanding 8.875% First Priority Ship Mortgage Notes due 2017 (the 2017 Notes) and a consent solicitation to eliminate or modify most of the restrictive covenants and certain events of default, and release the liens for the benefit of the holders on the assets that secure the 2017 Notes, and make other changes to provisions contained in the indenture governing the 2017 Notes. The Tender Offer and consent solicitation are

scheduled to expire on December 12, 2013.

Vessel Deliveries

During the third quarter of 2013, four Panamax vessels were delivered to Navios Holdings' owned fleet, comprised of, the Navios Galileo, the Navios Amitie, the Navios Taurus and the Navios Northern Star. The total vessel acquisition price was \$67.8 million, of which \$40.0 million was financed through a facility agreement with DVB Bank S.E. and the balance with available cash. As of September 30, 2013, Navios Holdings has drawn the entire amount of \$40.0 million under the facility.

Dividend Policy

On November 15, 2013, the Board of Directors declared a quarterly cash dividend for the third quarter of 2013 of \$0.06 per share of common stock. The dividend is payable on December 20, 2013 to stockholders of record as of December 12, 2013. The declaration and payment of any further dividend remain subject to the discretion of the Board, and will depend on, among other things, Navios Holdings' cash requirements after taking into account market opportunities, restrictions under its credit agreements and other debt obligations and such other factors as the Board may deem advisable.

Changes in Capital Structure

During the nine month period ended September 30, 2013, 12,452 shares of restricted common stock were forfeited to the Company upon termination of the employment of certain employees, and 131,335 shares were issued following the exercise of certain options for cash at an exercise price of \$3.18 per share.

Following the forfeiture of the shares described above, as of September 30, 2013, Navios Holdings had 103,374,292 shares of common stock and 8,479 shares of preferred stock outstanding.

Navios Asia LLC (Navios Asia)

In October 2013, the N Amalthia, a 2006-built 75,318 dwt vessel, was delivered to the Navios Asia owned fleet for an acquisition price of approximately \$17.8 million.

Navios South American Logistics Inc. (Navios Logistics)

Storage and Transshipment Agreement

In November 2013, Navios Logistics signed a 20-year agreement with Vale International S.A., a subsidiary of Vale S.A., to provide storage and transshipment services. This agreement is subject to a number of pre-conditions.

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Exercise of Option for the Construction of an Additional 36 Dry Barges

In October 2013, Navios Logistics exercised its option for the construction of an additional 36 dry barges for a total consideration of \$19.1 million based on the initial agreement for the construction of 36 dry barges dated August 5, 2013. The option is under the same terms and conditions as the initial agreement.

Dividends from affiliates

On October 4, 2013, Navios Holdings received an amount of \$3.7 million from Navios Maritime Acquisition Corporation (Navios Acquisition), equal to a dividend of \$0.05 per common share, representing the cash dividend for the second quarter of 2013.

On November 13, 2013, Navios Holdings received \$7.4 million from Navios Maritime Partners L.P. (Navios Partners), representing the cash distribution for the third quarter of 2013.

Overview

General

Navios Holdings is a global, vertically integrated seaborne shipping and logistics company focused on the transport and transshipment of dry bulk commodities, including iron ore, coal and grain. Navios Holdings technically and commercially manages its owned fleet, Navios Acquisitions fleet and Navios Partners fleet, and commercially manages its chartered-in fleet. Navios Holdings has in-house ship management expertise that allows it to oversee every step of ship management of its owned fleet, Navios Partners and Navios Acquisitions fleet, including the shipping operations throughout the life of the vessels and the superintendence of maintenance, repairs and drydocking.

On August 25, 2005, Navios Holdings was acquired by International Shipping Enterprises, Inc. (ISE) through the purchase of all of the outstanding shares of common stock of Navios Holdings. As a result of this acquisition, Navios Holdings became a wholly owned subsidiary of ISE. In addition, on August 25, 2005, simultaneously with the acquisition of Navios Holdings, ISE effected a reincorporation from the State of Delaware to the Republic of the Marshall Islands through a downstream merger with and into its newly acquired wholly owned subsidiary, whose name was and continues to be Navios Maritime Holdings Inc.

Navios Logistics

Navios Logistics, a consolidated subsidiary of Navios Holdings, is one of the largest logistics companies in the Hidrovia region of South America, serving the storage and marine transportation needs of its customers through two port storage and transfer facilities, one for grain commodities and the other for refined petroleum products, and a diverse fleet consisting of vessels, barges and pushboats. Navios Holdings currently owns 63.8% of Navios Logistics.

Affiliates (not consolidated under Navios Holdings)

Navios Partners is engaged in the seaborne transportation services of a wide range of dry bulk commodities including iron ore, coal, grain and fertilizer, chartering its vessels under medium to long-term charters. Currently, Navios Holdings interest in Navios Partners is 21.6 % (which includes a 2% general partner interest).

Navios Acquisition is an owner and operator of tanker vessels focusing in the transportation of petroleum products (clean and dirty) and bulk liquid chemicals. Currently, Navios Holdings ownership of the outstanding voting stock of

Navios Acquisition is 48.5% and its economic interest in Navios Acquisition is 51.3%.

Fleet

The following is the current core fleet employment profile (excluding Navios Logistics), including the newbuilds to be delivered. The current core fleet consists of 60 vessels totaling 5.8 million dwt. The employment profile of the fleet as of November 14, 2013 is reflected in the tables below. The 53 vessels currently in operation aggregate to approximately 5.2 million dwt and have an average age of 6.6 years. Navios Holdings has currently fixed 98.0% and 29.2% of the 2013 and 2014 available days, respectively, of its fleet (excluding vessels which are utilized to fulfill Contracts of Affreightment (COAs)), representing contracted fees (net of commissions), based on contracted charter rates from its current charter agreements of \$168.1 million, and \$73.8 million, respectively. Although these fees are based on contractual charter rates, any contract is subject to performance by the counterparties and us. Additionally, the level of these fees would decrease depending on the vessels off-hire days to perform periodic maintenance. The average contractual daily charter-out rate for the core fleet (excluding vessels which are utilized to fulfill COAs) is \$11,343 and \$15,376 for 2013 and 2014, respectively. The average daily charter-in rate for the active long-term charter-in vessels (excluding vessels which are utilized to fulfill COAs) for 2013 is estimated at \$13,357.

Owned Fleet. Navios Holdings owns a fleet comprised of 14 Ultra Handymax vessels, ten Capesize vessels, 15 Panamax vessels and one Handysize vessel, which have an average age of approximately 7.1 years. Of the 40 owned vessels, 35 are currently in operation under long-term time charters and the one of the five vessels of the Navios Asia fleet is scheduled to be delivered in the first quarter of 2014, with the rest to be delivered in the first quarter of 2015.

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| Vessels | Type | Built | DWT | Charter-out Rate ⁽¹⁾ | Profit Share ⁽⁵⁾ | Expiration Date ⁽²⁾ |
|----------------------|----------------|--------------|------------|--|------------------------------------|---------------------------------------|
| Navios Serenity | Handysize | 2011 | 34,690 | 9,025 | No | 12/11/2013 |
| Navios Ionian | Ultra Handymax | 2000 | 52,067 | 8,788 | No | 12/17/2013 |
| Navios Celestial | Ultra Handymax | 2009 | 58,063 | 8,883 | No | 12/14/2013 |
| | | | | 11,714 | 70% in excess of \$8,000 | 06/18/2015 |
| Navios Vector | Ultra Handymax | 2002 | 50,296 | 12,478 ⁽¹²⁾ | No | 09/20/2014 |
| Navios Horizon | Ultra Handymax | 2001 | 50,346 | 9,500 | No | 03/26/2014 |
| Navios Herakles | Ultra Handymax | 2001 | 52,061 | 8,788 | No | 03/28/2014 |
| Navios Achilles | Ultra Handymax | 2001 | 52,063 | 8,788 | No | 12/28/2013 |
| Navios Meridian | Ultra Handymax | 2002 | 50,316 | 9,975 | No | 11/28/2013 |
| Navios Mercator | Ultra Handymax | 2002 | 53,553 | 8,788 | No | 01/31/2014 |
| Navios Arc | Ultra Handymax | 2003 | 53,514 | 11,400 | No | 03/26/2014 |
| Navios Hios | Ultra Handymax | 2003 | 55,180 | 12,478 | 100% in excess of \$8,500 | 08/07/2015 |
| Navios Kypros | Ultra Handymax | 2003 | 55,222 | 8,550 | No | 03/20/2014 |
| Navios Ulysses | Ultra Handymax | 2007 | 55,728 | 9,975 | No | 04/30/2014 |
| Navios Vega | Ultra Handymax | 2009 | 58,792 | 9,025 | No | 12/16/2013 |
| Navios Astra | Ultra Handymax | 2006 | 53,468 | 10,213 | No | 11/15/2013 |
| Navios Magellan | Panamax | 2000 | 74,333 | 8,313 | No | 03/15/2014 |
| Navios Star | Panamax | 2002 | 76,662 | 7,790 | No | 01/22/2014 |
| Navios Asteriks | Panamax | 2005 | 76,801 | | | |
| Navios Centaurus | Panamax | 2012 | 81,472 | 12,825 | No | 04/15/2014 |
| Navios Avior | Panamax | 2012 | 81,355 | 12,716 | No | 05/14/2014 |
| Navios Galileo | Panamax | 2006 | 76,596 | 8,835 | No | 03/15/2014 |
| Navios Northern Star | Panamax | 2005 | 75,395 | 11,400 | No | 05/16/2014 |
| Navios Amitie | Panamax | 2005 | 75,395 | 9,263 | No | 03/27/2014 |
| Navios Taurus | Panamax | 2005 | 76,596 | 9,263 | No | 04/03/2014 |
| Navios Bonavis | Capesize | 2009 | 180,022 | 47,400 | No | 06/29/2014 |
| Navios Happiness | Capesize | 2009 | 180,022 | 14,488 | No | 10/12/2015 |
| Navios Lumen | Capesize | 2009 | 180,661 | 10,450 ⁽⁷⁾ | No | 01/18/2014 |
| Navios Stellar | Capesize | 2009 | 169,001 | 10,450 | No | 11/30/2013 |
| Navios Phoenix | Capesize | 2009 | 180,242 | 45,500 | No | 01/27/2014 ⁽⁶⁾ |
| Navios Antares | Capesize | 2010 | 169,059 | 12,350 | No | 01/06/2014 |
| Navios Etoile | Capesize | 2010 | 179,234 | 29,356 | 50% in excess of \$38,500 | 12/02/2020 |
| Navios Bonheur | Capesize | 2010 | 179,259 | 17,100 | No | 11/23/2013 |
| Navios Altamira | Capesize | 2011 | 179,165 | 23,440 | No | 01/28/2016 |
| Navios Azimuth | Capesize | 2011 | 179,169 | 9,738 | No | 01/15/2014 |

Navios Asia Fleet⁽⁸⁾

| Vessels | Type | Built | DWT | Charter- | Profit Share ⁽⁵⁾ | Expiration |
|----------------|-------------|--------------|------------|-----------------|------------------------------------|-------------------|
|----------------|-------------|--------------|------------|-----------------|------------------------------------|-------------------|

| | | | | out Rate ⁽¹⁾ | | Date ⁽²⁾ |
|------------|---------|------|--------|------------------------------------|----|----------------------------|
| N Amalthia | Panamax | 2006 | 75,318 | 14,488 | No | 12/05/2013 |

Navios Asia Vessels to be Delivered⁽⁸⁾

| Vessels | Type | Built | Delivery Date |
|----------------|-------------|--------------|----------------------|
| Navios TBN | Panamax | 2007 | Q1 2015 |
| Navios TBN | Panamax | 2007 | Q1 2015 |
| Navios TBN | Panamax | 2007 | Q1 2015 |
| Navios TBN | Panamax | 2007 | Q1 2015 |
| N Bonanza | Panamax | 2006 | Q1 2014 |

Long-Term Fleet. In addition to the 40 owned vessels, Navios Holdings controls a fleet of seven Capesize, six Panamax, six Ultra Handymax, and one Handysize vessels under long-term charter-in contracts, which have an average age of approximately 5.5 years. Of the 20 chartered-in vessels, 18 are currently in operation and two are scheduled for delivery at various times through April 2016, as set forth in the following table:

Long-term Chartered-in Vessels

| Vessels | Type | Built | DWT | Purchase Option ⁽³⁾ | Charter-out Rate ⁽¹⁾ | Expiration Date ⁽²⁾ |
|----------------------|----------------|-------|---------|--------------------------------|---------------------------------|--------------------------------|
| Navios Lyra | Handysize | 2012 | 34,718 | Yes ⁽⁴⁾ | 8,438 | 01/01/2014 |
| Navios Primavera | Ultra Handymax | 2007 | 53,464 | Yes | 8,835 | 01/03/2014 |
| Navios Armonia | Ultra Handymax | 2008 | 55,100 | No | 11,875 | 04/17/2014 |
| Navios Apollon | Ultra Handymax | 2000 | 52,073 | No | 12,146 ⁽⁹⁾ | 08/14/2014 |
| Navios Oriana | Ultra Handymax | 2012 | 61,442 | Yes | 13,320 ⁽¹¹⁾ | 10/13/2014 |
| Navios Mercury | Ultra Handymax | 2013 | 61,393 | Yes | 11,955 ⁽¹¹⁾ | 09/25/2014 |
| Navios Libra II | Panamax | 1995 | 70,136 | No | 11,875 | 12/28/2013 |
| Navios Altair | Panamax | 2006 | 83,001 | No | 8,075 | 12/03/2013 |
| Navios Esperanza | Panamax | 2007 | 75,356 | No | 6,840 | 11/20/2013 |
| Navios Marco Polo | Panamax | 2011 | 80,647 | Yes | 7,838 | 01/13/2014 |
| Navios Southern Star | Panamax | 2013 | 82,224 | Yes | 17,352 ⁽¹⁰⁾ | 10/14/2014 |
| Navios Koyo | Capesize | 2011 | 181,415 | Yes | 11,970 | 03/05/2014 |
| Golden Heiwa | Panamax | 2007 | 76,662 | No | | |
| Beaufiks | Capesize | 2004 | 180,310 | Yes | | |
| Rubena N | Capesize | 2006 | 203,233 | No | | |
| SC Lotta | Capesize | 2009 | 169,056 | No | | |
| King Ore | Capesize | 2010 | 176,800 | No | | |
| Navios Obeliks | Capesize | 2012 | 181,415 | Yes | | |

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| Vessels | Type | Delivery Date | Purchase Option | DWT |
|--------------|----------------|---------------|-----------------|---------|
| Navios Venus | Ultra Handymax | 02/2015 | Yes | 61,000 |
| Navios Felix | Capesize | 04/2016 | Yes | 180,000 |

- (1) Daily rate net of commissions or net insurance rates. These rates do not include insurance proceeds received upfront in November 2012.
- (2) Expected redelivery basis midpoint of full redelivery period.
- (3) Generally, Navios Holdings may exercise its purchase option after three to five years of service.
- (4) Navios Holdings holds the initial 50% purchase option on the vessel.
- (5) Profit share based on applicable Baltic routes exceeding \$/day rates listed.
- (6) Subject to COA of \$45,500 per day for the remaining period until first quarter of 2015.
- (7) Amount represents daily rate of mitigation proceeds following the restructuring of the original charter.
- (8) 51% ownership of Navios Holdings.
- (9) Profit sharing 100% in excess of \$8,000.
- (10) Based on weighted average Panamax Index routes +17%.
- (11) Based on weighted average Supramax Index routes +10%.
- (12) Based on weighted average Supramax Index routes.

Many of Navios Holdings' current long-term chartered-in vessels are chartered from ship owners with whom Navios Holdings has long standing relationships. Navios Holdings pays these ship owners daily rates of hire for such vessels, and then charters out these vessels to other parties, who pay Navios Holdings a daily rate of hire.

Navios Holdings enters into COAs pursuant to which Navios Holdings has agreed to carry cargoes, typically for industrial customers, who export or import dry bulk cargoes. Further, Navios Holdings enters into spot market voyage contracts, where Navios Holdings is paid a rate per ton to carry a specified cargo from point A to point B.

Short-Term Fleet: Navios Holdings' short-term fleet is comprised of Capesize, Panamax and Ultra Handymax vessels chartered-in for a duration of less than 12 months. The number of short-term vessels varies from time to time. These vessels are not included in the core fleet of the Company.

Charter Policy and Industry Outlook

Navios Holdings' policy has been to take a portfolio approach to managing commercial risks. This policy led Navios Holdings to time charter-out many of the vessels that it is presently operating (i.e., vessels owned by Navios Holdings or which Navios Holdings has taken into its fleet under charters having a duration of more than 12 months) for periods of up to 10 years at inception to various shipping industry counterparties considered by Navios Holdings to have appropriate credit profiles. During periods where low to moderate market rates prevail, Navios Holdings will charter-out the vessels it is presently operating for shorter periods to take advantage of market upturns. By doing this, Navios Holdings aims to lock in, subject to credit and operating risks, favorable forward revenue and cash flows which it believes will cushion it against unfavorable market conditions. From time to time Navios Holdings also trades additional vessels taken in on shorter term charters of less than 12 month duration as well as voyage charters or COAs and forward freight agreements (FFAs).

In 2011, 2012 and through September 30, 2013, this chartering policy had the effect of generating Time Charter Equivalents (TCE) that were higher than spot employment.

The average daily charter-in vessel cost for the Navios Holdings long-term charter-in fleet (excluding vessels, which are utilized to serve voyage charters or COAs) was \$13,292 per day for the nine month period ended September 30, 2013. The average long-term charter-in hire rate per vessel was included in the amount of long-term hire included elsewhere in this document and was computed by (a) multiplying (i) the daily charter-in rate for each vessel by (ii) the number of days the vessel is in operation for the year and (b) dividing such product by the total number of vessel days for the year. These rates exclude gains and losses from FFAs. Furthermore, Navios Holdings has the ability to increase its owned fleet through purchase options exercisable in the future at favorable prices relative to the then current market.

Navios Holdings believes that a decrease in global commodity demand from its current level, and the delivery of drybulk carrier new buildings into the world fleet, could have an adverse impact on future revenue and profitability. However, the operating cost advantage of Navios Holdings' owned vessels and long-term chartered fleet, which is chartered-in at favorable long-term rates, will continue to help mitigate the impact of the declines in freight rates and provide for profitability when the market recovers. A weaker freight rate environment may also have an adverse impact on the value of Navios Holdings' owned fleet. In reaction to a decline in freight rates and the global financial crisis, available ship financing has also been negatively impacted, which Navios Holdings believes should reduce the number of new builds.

Navios Logistics owns and operates vessels, barges and pushboats located mainly in Argentina, Paraguay and Brazil, the largest independent bulk transfer and storage port facility in Uruguay, and an upriver liquid port facility located in Paraguay. Operating results for Navios Logistics are highly correlated to: (i) South American grain production and export, in particular Argentinean, Brazilian, Paraguayan, Uruguayan and Bolivian production and export; (ii) South American iron ore production and export, mainly from Brazil; and (iii) sales (and logistic services) of petroleum products in the Argentine and Paraguayan markets. Navios Holdings believes that the continuing development of these businesses will foster throughput growth and therefore increase revenues at Navios Logistics. Should this development be delayed, grain harvests be reduced, or the market experience an overall decrease in the demand for grain or iron ore, the operations of Navios Logistics could be adversely affected.

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Factors Affecting Navios Holdings Results of Operations

Navios Holdings believes the principal factors that will affect its 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 its vessels engage in business. Please read Risk Factors included in Navios Holdings 2012 annual report on Form 20-F filed with the Securities and Exchange Commission for a discussion of certain risks inherent in its business.

Navios Holdings actively manages the risk in its operations by: (i) operating the vessels in its fleet in accordance with all applicable international standards of safety and technical ship management; (ii) enhancing vessel utilization and profitability through an appropriate mix of long-term charters complemented by spot charters (time charters for short term employment) and COAs; (iii) monitoring the financial impact of corporate exposure from both physical and FFAs transactions; (iv) monitoring market and counterparty credit risk limits; (v) adhering to risk management and operation policies and procedures; and (vi) requiring counterparty credit approvals.

Navios Holdings believes that the important measures for analyzing trends in its results of operations consist of the following:

Market Exposure: Navios Holdings manages the size and composition of its fleet by chartering and owning vessels in order to adjust to anticipated changes in market rates. Navios Holdings aims to achieve an appropriate balance between owned vessels and long and short-term chartered-in vessels and controls approximately 5.8 million dwt in dry bulk tonnage. Navios Holdings options to extend the charter duration of vessels it has under long-term time charter (durations of over 12 months) and its purchase options on chartered vessels permit Navios Holdings to adjust the cost and the fleet size to correspond to market conditions.

Available days: Available days is the total number of days a vessel is controlled by a company less the aggregate number of days that the vessel is off-hire due to scheduled repairs or repairs under guarantee, vessel upgrades or special surveys. The shipping industry uses available days to measure the number of days in a period during which vessels should be capable of generating revenues.

Operating days: Operating days is the number of available days in a period less the aggregate number of days that the vessels are off hire due to any reason, including lack of demand or unforeseen circumstances. The shipping industry uses operating days to measure the aggregate number of days in a period during which vessels actually generate revenues.

Fleet utilization: Fleet utilization is obtained by dividing the number of operating days during a period by the number of available days during the period. The shipping industry uses fleet utilization to measure a company's efficiency in finding suitable employment for its vessels and minimizing the amount of days that its vessels are off-hire for reasons other than scheduled repairs or repairs under guarantee, vessel upgrades, special surveys or vessel positioning.

TCE rates: TCE rates are defined as voyage and time charter revenues less voyage expenses during a period divided by the number of available days during the period. The TCE rate is a standard shipping industry performance measure used primarily to compare daily earnings generated by vessels on time charters with daily earnings generated by vessels on voyage charters, because charter hire rates for vessels on voyage charters are generally not expressed in per day amounts, while charter hire rates for vessels on time charters generally are expressed in such amounts.

Equivalent vessels: Equivalent vessels data is the available days of the fleet divided by the number of the calendar days in the period.

Voyage and Time Charter

Revenues are driven primarily by the number of vessels in the fleet, the number of days during which such vessels operate and the amount of daily charter hire rates that the vessels earn under charters, which, in turn, are affected by a number of factors, including:

the duration of the charters;

the level of spot market rates at the time of charters;

decisions relating to vessel acquisitions and disposals;

the amount of time spent positioning vessels;

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

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 a long-term period which may be many years. Under a time charter, owners assume no risk for finding business and obtaining and paying for fuel or other expenses related to the voyage, such as port entry fees. 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. Vessel charter rates are affected by world economics, international events, weather conditions, strikes, governmental policies, supply and demand, and many other factors that might be beyond the control of management.

Consistent with industry practice, Navios Holdings uses TCE rates, which consist of revenue from vessels operating on time charters and voyage revenue less voyage expenses from vessels operating on voyage charters in the spot market, as a method of analyzing fluctuations between financial periods and as a method of equating revenue generated from a voyage charter to time charter revenue.

TCE revenue also serves as an industry standard for measuring revenue and comparing results between geographical regions and among competitors.

The cost to maintain and operate a vessel increases with the age of the vessel. Older vessels are less fuel efficient, cost more to insure and require upgrades from time to time to comply with new regulations. The average age of Navios Holdings' owned core fleet is 6.9 years. However, as such fleet ages or if Navios Holdings expands its fleet by acquiring previously owned and older vessels, the cost per vessel would be expected to rise and, assuming all else, including rates, remains constant, vessel profitability would be expected to decrease.

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Spot Charters, Contracts of Affreightment and Forward Freight Agreements (COA and FFAs)

Navios Holdings enhances vessel utilization and profitability through a mix of voyage charters, short-term charter-out contracts, COAs and strategic backhaul cargo contracts.

Navios Holdings enters into drybulk shipping FFAs as economic hedges relating to identifiable ship and/or cargo positions and as economic hedges of transactions the Company expects to carry out in the normal course of its shipping business. By utilizing certain derivative instruments, including drybulk shipping FFAs, the Company manages the financial risk associated with fluctuating market conditions. In entering into these contracts, the Company has assumed the risks relating to the possible inability of counterparties to meet the terms of their contracts.

FFAs cover periods generally ranging from one month to one year and are based on time charter rates or freight rates on specific quoted routes. FFAs are executed either over-the-counter, between two parties, or through LCH, the London clearing house. FFAs are settled in cash monthly based on publicly quoted indices. No over-the-counter trades have been executed during 2011, 2012 or in 2013 through November 25, 2013, or were active during those periods. LCH calls for both base and margin collaterals, which are funded by Navios Holdings, and which in turn substantially eliminates counterparty risk. Certain portions of these collateral funds may be restricted at any given time as determined by LCH. At the end of each calendar quarter, the fair value of drybulk shipping FFAs traded over-the-counter are determined from an index published in London, United Kingdom and the fair value of those FFAs traded with LCH are determined from the LCH valuations accordingly. Navios Holdings has implemented specific procedures designed to respond to credit risk associated with over-the-counter trades, including the establishment of a list of approved counterparties and a credit committee which meets regularly.

Statement of Operations Breakdown by Segment

Navios Holdings reports financial information and evaluates its operations by charter revenues and not by vessel type, length of ship employment, customers or type of charter. Navios Holdings does not use discrete financial information to evaluate the operating results for each such type of charter. Although revenue can be identified for these types of charters, management does not identify expenses, profitability or other financial information for these charters. The reportable segments reflect the internal organization of the Company and are strategic businesses that offer different products and services. The Company currently has two reportable segments from which it derives its revenues, Drybulk Vessel Operations business and Logistics Business. The Drybulk Vessel Operations business consists of the transportation and handling of bulk cargoes through the ownership, operation, and trading of vessels, freight, and FFAs. For Navios Holdings reporting purposes, Navios Logistics is considered as one reportable segment, the Logistics Business segment. The Logistics Business segment consists of the port terminal business, the barge business and the cabotage business in the Hidrovia region of South America. Navios Holdings measures segment performance based on net income attributable to Navios Holdings common stockholders.

Period over Period Comparisons

For the Three Month Period Ended September 30, 2013 Compared to the Three Month Period Ended September 30, 2012

The following table presents consolidated revenue and expense information for the three month periods ended September 30, 2013 and 2012. This information was derived from the unaudited condensed consolidated revenue and expense accounts of Navios Holdings for the respective periods.

| | Three Month Period Ended September 30, 2013 | Three Month Period Ended September 30, 2012 |
|--|--|--|
| (Expressed in thousands of U.S. dollars) | (unaudited) | (unaudited) |
| Revenue | \$ 122,284 | \$ 163,944 |
| Time charter, voyage and logistics business expenses | (55,455) | (68,573) |
| Direct vessel expenses | (31,392) | (32,573) |
| General and administrative expenses | (9,137) | (11,066) |
| Depreciation and amortization | (24,410) | (26,568) |
| Interest income/(expense) and finance cost, net | (27,415) | (26,952) |
| Loss on derivatives | | (73) |
| Other expense, net | (806) | (1,813) |
| Loss before equity in net earnings of affiliated companies | (26,331) | (3,674) |
| Equity in net earnings of affiliated companies | 11,530 | 8,326 |
| (Loss)/income before taxes | (14,801) | 4,652 |
| Income tax expense | 1,407 | 314 |
| Net (loss)/income | (13,394) | 4,966 |
| Less: Net loss/(income) attributable to the noncontrolling interest | 346 | (336) |
| Net (loss)/income attributable to Navios Holdings common stockholders | \$ (13,048) | \$ 4,630 |

Set forth below are selected historical and statistical data for Navios Holdings (excluding Navios Logistics) for each of the three month periods ended September 30, 2013 and 2012 that the Company believes may be useful in better understanding the Company's financial position and results of operations.

| | Three Month Period Ended September 30, | |
|------------------------------|---|--------------------|
| | 2013 | 2012 |
| | (unaudited) | (unaudited) |
| FLEET DATA | | |
| Available days | 5,077 | 4,633 |
| Operating days | 5,056 | 4,495 |
| Fleet utilization | 99.6% | 97.0% |
| Equivalent vessels | 55 | 50 |
| AVERAGE DAILY RESULTS | | |
| Time Charter Equivalents | \$ 12,085 | \$ 18,785 |

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During the three month period ended September 30, 2013, there were 444 more available days, as compared to the same period of 2012 due to an increase in short-term charter-in fleet available days of 563 days and an increase in available days for owned vessels of 92 days. This increase was partially offset by a decrease in long-term charter-in fleet available days of 211 days.

The average TCE rate for the three month period ended September 30, 2013 was \$12,085 per day, \$6,700 per day lower than the rate achieved in the same period of 2012. This was primarily due to the receipt in advance of \$175.4 million due to restructuring of credit default insurance in the fourth quarter of 2012.

Revenue: Revenue from drybulk vessel operations for the three months ended September 30, 2013 was \$72.5 million, as compared to \$98.9 million for the same period during 2012. The decrease in drybulk revenue was mainly attributable to a decrease in the TCE per day by 35.7% to \$12,085 per day in the third quarter of 2013 following the receipt in advance of \$175.4 million due to restructuring of credit default insurance in the fourth quarter of 2012. This decrease was partially offset by an increase in: available days as discussed above.

Revenue from the logistics business was \$49.8 million for the three months ended September 30, 2013 as compared to \$65.0 million for the same period of 2012. This decrease was mainly attributable to a decrease in the Paraguayan liquid port's volume of products sold.

Time Charter, Voyage and Logistics Business Expenses: Time charter, voyage and logistics business expenses decreased by \$13.1 million or 19.1% to \$55.5 million for the three month period ended September 30, 2013, as compared to \$68.6 million for the three month period ended September 30, 2012.

The time charter and voyage expenses from drybulk operations increased by \$0.6 million or 1.5% to \$43.1 million for the three month period ended September 30, 2013, as compared to \$42.5 million for the three month period ended September 30, 2012. This was primarily due to an increase in charter-in fleet available days (as discussed above).

Of the total amounts for the three month periods ended September 30, 2013 and 2012, \$12.4 million and \$26.1 million, respectively, related to the logistics business. The \$13.7 million decrease in the logistics business was mainly due to a decrease in the Paraguayan liquid port's volume and cost of products sold. This decrease was partially mitigated by an increase in voyage expenses of the cabotage business mainly attributable to an increase in the operating days of the cabotage vessels, and an increase in operating expenses in Navios Logistics' dry port facility in Uruguay.

Direct Vessel Expenses: Direct vessel expenses decreased by \$1.2 million or 3.6% to \$31.4 million for the three month period ended September 30, 2013, as compared to \$32.6 million for the same period in 2012. Direct vessel expenses include crew costs, provisions, deck and engine stores, lubricating oils, insurance premiums and costs for maintenance and repairs. Of the total amounts for the three month periods ended September 30, 2013 and 2012, \$22.2 million and \$20.5 million, respectively, related to the logistics business. This increase was mainly attributable due to an increase in repairs and maintenance and other operating costs.

The drybulk direct vessel expenses decreased by \$2.9 million or 23.8% to \$9.2 million for the three month period ended September 30, 2013, as compared to \$12.1 million for same period in 2012. This decrease was mainly attributable due to a decrease in stores, provisions, lubricants, chemicals, repairs and maintenance.

General and Administrative Expenses: General and administrative expenses of Navios Holdings are composed of the following:

| (Expressed in thousands of U.S. dollars) | Three Month Period Ended September 30, 2013 | Three Month Period Ended September 30, 2012 |
|--|---|---|
| | (unaudited) | (unaudited) |
| Payroll and related costs ⁽¹⁾ | \$ 4,661 | \$ 5,798 |
| Professional, legal, audit fees and other ⁽¹⁾ | 524 | 535 |
| Navios Logistics ⁽²⁾ | 3,668 | 3,271 |
| Sub-total | 8,853 | 9,604 |
| Credit risk insurance ⁽¹⁾ | 284 | 1,462 |
| General and administrative expenses | \$ 9,137 | \$ 11,066 |

(1) Excludes the logistics business.

(2) Includes \$0.2 million of administrative management services provided by Navios Holdings as per the administrative agreement with Navios Logistics.

The decrease in general and administrative expenses by \$1.9 million or 17.4% to \$9.1 million for the three month period ended September 30, 2013, as compared to \$11.1 million for the same period of 2012, was mainly attributable to (i) a \$1.2 million decrease in credit risk insurance following its restructuring; and (ii) a \$1.1 million decrease in payroll and related costs. This decrease was partially mitigated by a \$0.4 million increase in general and administrative expenses attributable to the logistics business.

Depreciation and Amortization: For the three month period ended September 30, 2013, depreciation and amortization decreased by \$2.2 million or 8.1% to \$24.4 million, as compared to \$26.6 million for the same period in 2012. The decrease was primarily due to a decrease in (i) depreciation and amortization in the logistics business by \$1.4 million mainly due to the decrease of the amortization of intangible assets allocated to the barge business which were fully amortized in 2012; and (ii) depreciation and amortization of drybulk vessels by \$0.8 million mainly due to a (a) \$0.1 million decrease due to change in scrap rates (See Critical Accounting Policies section); and (b) \$0.6 million decrease in amortization of favorable/unfavorable leases as a result of the redelivery of charter-in vessels in the fourth quarter of 2012.

Interest Income/(Expense) and Finance Cost, Net: Interest income/(expense) and finance cost, net for the three month period ended September 30, 2013 increased by \$0.5 million or 1.7% to \$27.5 million, as compared to \$27.0 million in the same period of 2012. This increase was mainly due to (i) a \$1.4 million increase in interest expense and finance cost, net of the logistics business mainly due to the issuance of \$90.0 million Additional Logistics Senior Notes (as defined below) in March 2013; and (ii) a \$0.4 million decrease in interest income of drybulk vessel operations mainly attributable to the decrease in interest income from time deposits, mainly as a result of decreased cash balances. This overall increase was partially mitigated by a \$1.3 million decrease in interest expense and finance cost, net of drybulk vessel operations.

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Other Expense, Net: Other expense, net decreased by \$1.0 million or 55.6% to \$0.8 million for the three month period ended September 30, 2013, as compared to \$1.8 million for the same period in 2012. This decrease was due to (i) a \$0.6 million decrease in other expenses, net of the logistics business mainly due to a decrease in foreign exchange differences; and (ii) a \$0.4 million increase in other income, net of drybulk vessel operations mainly due to \$1.9 million of income relating to early repayment from Korea Line Corporation (KLC) as partial compensation for the claims filed under the Korean court for all unpaid amounts by KLC in respect of the employment of certain vessels, which was partially mitigated by an increase of \$1.6 million in miscellaneous voyage expenses.

Equity in Net Earnings of Affiliated Companies: Equity in net earnings of affiliated companies increased by \$3.2 million or 38.5% to \$11.5 million for the three month period ended September 30, 2013, as compared to \$8.3 million for the same period in 2012. This increase was mainly due to a \$3.6 million increase in investment income mainly due to (a) a \$6.0 million net increase in contribution under the equity method relating to Navios Partners as a result of (i) a \$2.0 million decrease in equity in earnings from Navios Partners; and (ii) a \$8.0 million gain as a result of the issuance of shares by Navios Partners in September 2013 which qualified as a sale of shares; and (b) a \$2.5 million negative contribution under the equity method relating to Navios Acquisition as a result of (i) a \$1.4 million increase in equity in losses from Navios Acquisition; and (ii) a \$1.1 million loss as a result of the issuance of shares by Navios Acquisition in September 2013 which qualified as a sale of shares. This overall increase in investment income was partially mitigated by a \$0.3 million decrease in amortization of deferred gain from the sale of vessels to Navios Partners. Navios Holdings' ownership in Navios Acquisition and in Navios Partners decreased following offerings by both entities in September 2013. The Company determined that the issuance of shares qualified as a sale of shares by the equity method investee.

Income Tax: Income tax benefit for the three month period ended September 30, 2013 increased by \$1.1 million or 348.7% to \$1.4 million, as compared to a \$0.3 million for the same period in 2012. The total change in income taxes was mainly attributable to the logistics business due to the merging of certain subsidiaries in Paraguay affecting the port terminal business and the barge business. This change was partially offset by an increase in income taxes of the cabotage business.

Net (Loss)/Income Attributable to the Noncontrolling Interest: Net (loss)/income attributable to the noncontrolling interest increased by \$0.7 million to \$0.4 million loss for the three month period ended September 30, 2013, as compared to \$0.3 million income for the same period in 2012. This increase was attributable to the logistics business lower net income for the three month period ended September 30, 2013 compared to the same period in 2012.

For the Nine Month Period Ended September 30, 2013 Compared to the Nine Month Period Ended September 30, 2012

The following table presents consolidated revenue and expense information for the nine month periods ended September 30, 2013 and 2012. This information was derived from the unaudited consolidated revenue and expense accounts of Navios Holdings for the respective periods.

| | Nine Month Period Ended September 30, 2013 | Nine Month Period Ended September 30, 2012 |
|---|---|---|
| (Expressed in thousands of U.S. dollars) | (unaudited) | (unaudited) |
| Revenue | \$ 381,693 | \$ 488,037 |

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| | | |
|--|--------------------|------------------|
| Time charter, voyage and logistics business expenses | (191,095) | (203,505) |
| Direct vessel expenses | (85,531) | (91,623) |
| General and administrative expenses | (27,972) | (36,092) |
| Depreciation and amortization | (72,966) | (78,274) |
| Interest income/(expense) and finance cost, net | (80,145) | (77,498) |
| Loss on derivatives | (260) | (275) |
| Gain on sale of assets | 18 | 323 |
| Other income/(expense), net | 5,928 | (6,034) |
| Loss before equity in net earnings of affiliated companies | (70,330) | (4,941) |
| Equity in net earnings of affiliated companies | 29,780 | 24,959 |
| (Loss)/income before taxes | (40,550) | 20,018 |
| Income tax benefit/(expense) | 4,979 | (281) |
| Net (loss)/income | (35,571) | 19,737 |
| Less: Net income attributable to the noncontrolling interest | (3,513) | (363) |
| Net (loss)/income attributable to Navios Holdings common stockholders | \$ (39,084) | \$ 19,374 |

Set forth below are selected historical and statistical data for Navios Holdings for each of the nine month periods ended September 30, 2013 and 2012 that the Company believes may be useful in better understanding the Company's financial position and results of operations.

| | Nine Month Period Ended September 30, | |
|------------------------------|--|-----------------------------|
| | 2013 (unaudited) | 2012 (unaudited) |
| FLEET DATA | | |
| Available days | 13,975 | 13,120 |
| Operating days | 13,702 | 12,894 |
| Fleet utilization | 98.1% | 98.3% |
| Equivalent vessels | 51 | 48 |
| AVERAGE DAILY RESULTS | | |
| Time Charter Equivalents | \$ 11,543 | \$ 19,988 |

During the nine month period ended September 30, 2013, there were 855 more available days, as compared to the same period of 2012 due to an increase in short-term charter-in fleet available days of 942 days and an increase in available days for owned vessels of 216 days. This increase was partially offset by a decrease in the long-term charter-in fleet available days of 303 days.

The average TCE rate for the nine month period ended September 30, 2013 was \$11,543 per day, \$8,445 per day lower than the rate achieved in the same period of 2012. This was primarily due to the receipt in advance of \$175.4

million due to restructuring of credit default insurance in the fourth quarter of 2012 as compared to \$19,988 per day in the same period of 2012.

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Revenue: Revenue from drybulk vessel operations for the nine months ended September 30, 2013 was \$195.2 million as compared to \$299.6 million for the same period during 2012. The decrease in drybulk revenue was mainly attributable to: (i) a decrease in the TCE per day by 42.2% to \$11,543 per day in the nine month period ended September 30, 2013 following the receipt in advance of \$175.4 million due to restructuring of credit default insurance in the fourth quarter of 2012. This decrease was partially offset by an increase in available days as discussed above.

Revenue from the logistics business was \$186.5 million for the nine months ended September 30, 2013 as compared to \$188.4 million for the same period of 2012. This decrease was mainly attributable to a decrease in the Paraguayan liquid port's volume of products sold. This decrease was partially offset by an increase in: (i) rates in the dry port terminal; and (ii) rates in the cabotage fleet.

Time Charter, Voyage and Logistics Business Expenses: Time charter, voyage and logistics business expenses decreased by \$12.4 million or 6.1% to \$191.1 million for the nine month period ended September 30, 2013, as compared to \$203.5 million for the nine month period ended September 30, 2012.

The time charter and voyage expenses from drybulk operations decreased by \$3.6 million or 2.9% to \$119.2 million for the nine month period ended September 30, 2013, as compared to \$122.8 million for the nine month period ended September 30, 2012. This was primarily due to an increase in voyage expenses mainly relating to bunker expenses, partially mitigated by a decrease in charter-in fleet available days (as discussed above).

Of the total amounts for the nine month periods ended September 30, 2013 and 2012, \$71.9 million and \$80.7 million, respectively, related to the logistics business. The \$8.8 million decrease in the logistics business was mainly due to: (i) a decrease in time charter and voyage expenses of the barge business mainly attributable to a decrease in charter-in expenses due to the acquisition of one pushboat and six tank barges in the third quarter of 2012, which were previously chartered-in; and (ii) a decrease in the Paraguayan liquid port's volume of products sold. This decrease was offset by an increase in (i) salaries and other operating expenses in Navios Logistics' dry port facility in Uruguay; and (ii) the operating days of the cabotage fleet.

Direct Vessel Expenses: Direct vessel expenses decreased by \$6.1 million or 6.6% to \$85.5 million for the nine month period ended September 30, 2013, as compared to \$91.6 million for the same period in 2012. Direct vessel expenses include crew costs, provisions, deck and engine stores, lubricating oils, insurance premiums and costs for maintenance and repairs. Of the total amounts for both the nine month periods ended September 30, 2013 and 2012, \$57.2 million and \$55.5 million, respectively, related to the logistics business. This increase in the logistics business was mainly due to increase in: (i) crew and other operating costs; and (ii) repairs and maintenance costs.

The drybulk direct vessel expenses decreased by \$7.8 million or 21.6% to \$28.3 million for the nine month period ended September 30, 2013, as compared to \$36.1 million for same period in 2012. This decrease was mainly attributable due to a decrease in stores, provisions, lubricants, chemicals, repairs and maintenance.

General and Administrative Expenses: General and administrative expenses of Navios Holdings are composed of the following:

| Nine Month Period Ended September 30, 2013 | Nine Month Period Ended September 30, 2012 |
|---|---|
|---|---|

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| (Expressed in thousands of U.S. dollars) | (unaudited) | (unaudited) |
|--|--------------------|--------------------|
| Payroll and related costs ⁽¹⁾ | \$ 14,449 | \$ 17,061 |
| Professional, legal, audit fees and other ⁽¹⁾ | 2,386 | 4,119 |
| Navios Logistics ⁽²⁾ | 10,279 | 10,134 |
| Sub-total | 27,114 | 31,314 |
| Credit risk insurance ⁽¹⁾ | 858 | 4,778 |
| General and administrative expenses | \$ 27,972 | \$ 36,092 |

(1) Excludes the logistics business.

(2) Includes \$0.6 million of administrative management services provided by Navios Holdings as per the administrative agreement with Navios Logistics.

The decrease in general and administrative expenses by \$8.1 million or 22.5% to \$28.0 million for the nine month period ended September 30, 2013, as compared to \$36.1 million for the same period of 2012, was mainly attributable to (i) a \$2.6 million decrease in payroll and other related costs; (ii) a \$1.7 million decrease in professional, legal and audit fees; and (iii) a \$3.9 million decrease in credit risk insurance following its restructuring. This decrease was partially mitigated by a \$0.1 million increase in general and administrative expenses attributable to the logistics business.

Depreciation and Amortization: For the nine month period ended September 30, 2013, depreciation and amortization decreased by \$5.3 million or 6.8% to \$73.0 million, as compared to \$78.3 million for the same period in 2012. The decrease was primarily due to a decrease in (i) depreciation and amortization in the logistics business by \$2.5 million mainly due to the decrease of the amortization of intangible assets allocated to the barge business which were fully amortized in 2012; and (ii) depreciation and amortization of drybulk vessels by \$2.9 million mainly due to a (a) \$0.8 million change in scrap rates (See Critical Accounting Policies section), (b) \$0.3 million decrease due to sale of the Navios Buena Ventura in June 2012, and (c) \$1.9 million decrease in amortization of favorable/unfavorable leases mainly resulting from the redelivery of charter-in vessels in the fourth quarter of 2012.

Interest Income/(Expense) and Finance Cost, Net: Interest income/(expense) and finance cost, net for the nine month period ended September 30, 2013 increased by \$2.6 million or 3.4% to \$80.1 million, as compared to \$77.5 million in the same period of 2012. This increase was due to a \$3.4 million increase in income/(expense) and finance cost, net of the logistics business mainly due to the issuance of \$90.0 million Additional Logistics Senior Notes (as defined below) in March 2013. This increase was partially mitigated by a \$0.8 million increase in interest income/(expense) and finance cost, net of drybulk vessel operations.

Other Income/(Expense), Net: Other income/(expense), net increased by \$12.0 million or 198.2% to \$5.9 million income for the nine month period ended September 30, 2013, as compared to \$6.1 million loss for the same period in 2012. This increase was due to a \$12.8 million increase in other income, net of drybulk vessel operations mainly due to \$15.0 million of income relating to the fair valuation of KLC shares received as partial compensation for the claims filed under the Korean court for all unpaid amounts by KLC in respect of the employment of certain vessels. This change was partially offset by a \$0.8 million increase in other expenses, net of the logistics business mainly due to an increase (i) in taxes other than income taxes; and (ii) in foreign exchange differences.

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Equity in Net Earnings of Affiliated Companies: Equity in net earnings of affiliated companies increased by \$4.8 million or 19.3% to \$29.8 million for the nine month period ended September 30, 2013, as compared to \$25.0 million for the same period in 2012. This increase was mainly due to a \$8.5 million increase in investment income, mainly due to (a) a \$13.7 million net increase in contribution relating to Navios Partners as a result of (i) a \$2.3 million decrease in equity in earnings from Navios Partners; and (ii) \$16.0 million gains as a result of the issuance of shares by Navios Partners during the nine months ended September 30, 2013 which qualified as sales of shares; and (b) a \$5.2 million negative contribution relating to Navios Acquisition (i) a \$1.0 million decrease in equity in losses from Navios Acquisition; and (ii) \$6.2 million losses as a result of the issuance of shares by Navios Acquisition during the nine months ended September 30, 2013 which qualified as sales of shares. This increase in investment income was partially offset by a \$3.7 million decrease in amortization of deferred gain from the sale of vessels to Navios Partners. Navios Holdings' ownership in Navios Partners and Navios Acquisition decreased following the Navios Partners' offerings in February and September 2013 and Navios Acquisition's offerings in February, May and September 2013. The Company determined that the issuance of shares qualified as a sale of shares by the equity method investee.

Gain on Sale of Assets: Gain on sale of assets was \$0 for the nine month period ended September 30, 2013, as compared to \$0.3 million for the same period in 2012. On June 15, 2012, the Navios Buena Venture was sold to Navios Partners resulting in a \$0.3 million gain.

Income Tax: Income tax expense for the nine month period ended September 30, 2013 decreased by \$5.3 million to a \$5.0 million benefit for the nine month period ended September 30, 2013, as compared to a \$0.3 million expense for the same period in 2012. The total change in income taxes was mainly attributable to the logistics business due to the merging of certain subsidiaries in Paraguay affecting the port terminal business and the barge business. This change was partially offset by an increase in income taxes of the cabotage business.

Net Income Attributable to the Noncontrolling Interest: Net income attributable to the noncontrolling interest increased by \$3.1 million for the nine month period ended September 30, 2013, as compared to \$0.4 million for the same period in 2012. This increase was attributable to logistics business higher net income for the nine month period ended September 30, 2013 compared to the same period in 2012.

Liquidity and Capital Resources

Navios Holdings has historically financed its capital requirements with cash flows from operations, equity contributions from stockholders, proceeds from bonds and credit facilities. Main uses of funds have been capital expenditures for the acquisition of new vessels, new construction and upgrades at the port terminals, expenditures incurred in connection with ensuring that the owned vessels comply with international and regulatory standards, repayments of credit facilities and payments of dividends. Navios Holdings anticipates that cash on hand, internally generated cash flows and borrowings under the existing credit facilities will be sufficient to fund the operations of the fleet and the logistics business, including working capital requirements. However, see *Working Capital Position* and *Long-Term Debt Obligations and Credit Arrangements* for further discussion of Navios Holdings' working capital position.

In November 2008, the Board of Directors approved a share repurchase program for up to \$25.0 million of Navios Holdings' common stock. Share repurchases are made pursuant to a program adopted under Rule 10b5-1 under the Securities Exchange Act of 1934, as amended. The program does not require any minimum purchase or any specific number or amount of shares and may be suspended or reinstated at any time in Navios Holdings' discretion and without notice. Repurchases are subject to restrictions under the terms of the Company's credit facilities and indentures. There were no shares repurchased during the nine month periods ended September 30, 2013 and 2012.

Since the initiation of the program, 981,131 shares have been repurchased for a total consideration of \$2.0 million.

The following table presents cash flow information derived from the unaudited consolidated statements of cash flows of Navios Holdings for the nine month periods ended September 30, 2013 and 2012.

| (Expressed in thousands of U.S. dollars) | Nine Month Period Ended September 30, 2013 | Nine Month Period Ended September 30, 2012 |
|---|---|---|
| | (unaudited) | (unaudited) |
| Net cash provided by operating activities | \$ 85,532 | \$ 61,711 |
| Net cash (used in)/provided by investing activities | (223,580) | 20,844 |
| Net cash provided by/(used in) financing activities | 94,343 | (90,390) |
| Decrease in cash and cash equivalents | (43,705) | (7,835) |
| Cash and cash equivalents, beginning of the period | 257,868 | 171,096 |
| Cash and cash equivalents, end of period | \$ 214,163 | \$ 163,261 |

Cash provided by operating activities for the nine month period ended September 30, 2013 as compared to the cash provided by for the nine month period ended September 30, 2012:

Net cash provided by operating activities increased by \$23.8 million to \$85.5 million for the nine month period ended September 30, 2013, as compared to \$61.7 million for the same period of 2012. In determining net cash provided by operating activities, net income is adjusted for the effects of certain non-cash items including depreciation and amortization and unrealized gains and losses on derivatives.

The aggregate adjustments to reconcile net loss to net cash provided by operating activities was a \$88.7 million gain for the nine month period ended September 30, 2013, which consisted mainly of the following adjustments: \$73.0 million of depreciation and amortization, \$6.7 million of amortization of deferred drydock expenses, \$4.1 million of amortization of deferred finance fees, \$2.1 million relating to share-based compensation, \$0.1 million of unrealized losses on FFAs with LCH, a \$7.4 million movement in earnings in affiliates net of dividends received, and \$0.3 million of provision for losses on accounts receivable. These adjustments were partially offset by a \$5.0 million decrease in income taxes.

The positive change in operating assets and liabilities of \$32.4 million for the nine month period ended September 30, 2013 resulted from a \$65.2 million decrease in amounts due from affiliates, a \$10.0 million decrease in accounts receivable, a \$0.2 million decrease in restricted cash, a \$1.2 million decrease in derivative accounts and a \$10.1 million increase in accrued expenses. These were partially offset by a \$12.9 million increase in prepaid expenses and other current assets, a \$13.4 million increase in other long-term assets, \$10.3 million in payments for drydock and special survey costs, a \$11.3 million decrease in accounts payable, a \$6.3 million decrease in deferred income, and a \$0.1 million decrease in other long-term liabilities.

The aggregate adjustments to reconcile net income to net cash provided by operating activities was a \$102.4 million gain for the nine month period ended September 30, 2012, which consisted mainly of the following adjustments: \$78.3 million of depreciation and amortization, \$5.3 million of amortization of deferred drydock expenses, \$4.8 million of amortization of deferred finance fees, \$3.6 million relating to share-based compensation, a \$9.8 million movement in earnings in affiliates net of dividends received, \$0.2 million of unrealized losses on FFAs, a \$0.4 million provision for losses on accounts receivable and a \$0.3 million increase in income taxes. These adjustments were partially offset by a \$0.3 million gain on the sale of the Navios Buena Ventura to Navios Partners.

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The negative change in operating assets and liabilities of \$60.4 million for the nine month period ended September 30, 2012 resulted from a \$2.5 million increase in accounts receivable, a \$7.7 million increase in prepaid expenses and other current assets, a \$5.3 million increase in restricted cash, a \$49.4 million increase in long term receivables from affiliates, a \$1.2 million increase in amounts due from affiliates, a \$0.2 million decrease in derivative accounts, \$8.5 million in payments for drydock and special survey costs, a \$0.8 million decrease in accounts payable and a \$13.5 million decrease in deferred income. These were partially offset by a \$20.0 million increase in accrued expenses, an \$8.3 million increase in other long-term liabilities and a \$0.4 million decrease in other long-term assets.

Cash used in investing activities for the nine month period ended September 30, 2013 as compared to the cash provided by investing activities for the nine month period ended September 30, 2012:

Cash used in investing activities was \$223.6 million for the nine month period ended September 30, 2013, while cash provided by investing activities was \$20.8 million for the same period in 2012.

Cash used in investing activities for the nine months ended September 30, 2013 was the result of: (i) \$163.2 million in payments relating to (a) \$3.2 million for the acquisition of General Partner units following Navios Partners' offering; and (b) \$160.0 million relating to the acquisition of Navios Acquisition shares as part of its February, May and September 2013 offerings; (ii) \$2.1 million relating to the acquisition of port terminal operating rights; (iii) \$67.8 million in payments relating to the acquisition of four Panamax vessels, comprised of the Navios Galileo, the Navios Taurus, the Navios Amitie and the Navios Northern Star, during the third quarter of 2013; and (iv) \$44.8 million of payments in other fixed assets mainly relating to amounts paid by Navios Logistics for (a) the construction of a new conveyor belt in Nueva Palmira; (b) the construction of two new tank barges; and (c) the purchase of other fixed assets. The above was partially offset by (i) a \$35.0 million loan repayment from Navios Acquisition; and (ii) a \$19.3 million movement relating to Navios Acquisition's long-term receivable.

Cash provided by investing activities for the nine months ended September 30, 2012 was the result of: (i) \$67.5 million of proceeds from the sale of the Navios Buena Ventura to Navios Partners on June 15, 2012 and (ii) \$10.0 million loan repayment from Navios Acquisition. The above was partially offset by (i) \$1.5 million in payments relating to the acquisition of General Partner units following the offering by Navios Partners in May 2012; (ii) \$26.1 million paid for the acquisition of the vessel Navios Serenity and \$12.3 million paid for the delivery of the Navios Centaurus on March 30, 2012 and the Navios Avior on May 14, 2012; (iii) the purchase of other fixed assets and improvements amounting to \$12.8 million mainly relating to Navios Logistics; and (iv) a \$4.0 million loan provided to Navios Acquisition.

Cash provided by financing activities for the nine month period ended September 30, 2013 as compared to the cash used in financing activities for the nine month period ended September 30, 2012:

Cash provided by financing activities was \$94.3 million for the nine month period ended September 30, 2013, while cash used in financing activities was \$90.4 million for the same period of 2012.

Cash provided by financing activities for the nine month period ended September 30, 2013 was the result of (i) \$90.3 million of proceeds (net of \$3.1 million finance fees) from the Additional Logistics Senior Notes issued in March 2013; (ii) a \$18.8 million movement in restricted cash relating to loan repayments; (iii) \$39.4 million loan proceeds for financing the acquisition of four Panamax vessels, comprised of the Navios Galileo, the Navios Taurus, the Navios Amitie and the Navios Northern Star (net of relating finance fees of \$0.6 million) during the third quarter of 2013; and (iv) \$0.4 million of proceeds from the exercise of options to purchase common stock. This was partially offset by: (i) a \$33.1 million of installments paid in connection with the Company's outstanding indebtedness; (ii) \$0.9 million relating to payments for capital lease obligations; (iii) the \$0.8 million for acquisition of noncontrolling interest

relating to Navios Logistics; and (iv) \$19.8 million of dividends paid to the Company's stockholders.

Cash used in financing activities for the nine month period ended September 30, 2012 was the result of (i) \$206.9 million of repayments made in connection with Navios Holdings' outstanding indebtedness comprising of (a) a full repayment of the Cyprus Popular Bank Public Co. Ltd. loan facility in April 2012 in the amount of \$17.4 million, (b) a \$26.8 million partial repayment of the Deka loan facility due to the sale of the Navios Buena Ventura, (c) a full repayment of a \$20.0 million unsecured bond on July 24, 2012; (d) a \$39.8 million and a \$48.8 million repayment in full of the Dekabank facility and the DNB facility, respectively, on July 9, 2012, using a portion of the proceeds of the ship mortgage notes issued in July 2012; and (e) \$54.1 million of installments paid; (ii) \$1.2 million relating to payments for capital lease obligations and (iii) \$19.7 million of dividends paid to the Company's stockholders. This was partially offset by: (i) \$25.5 million of loan proceeds for financing the acquisition of the Navios Serenity (net of relating finance fees of \$0.5 million), (ii) \$14.5 million of loan proceeds for the refinancing of the Navios Astra (net of relating finance fees of \$0.5 million), (iii) \$10.8 million of loan proceeds for financing the construction of the Navios Avior (net of relating finance fees of \$0.5 million), (iv) a \$1.6 million decrease in restricted cash relating to loan repayments; (v) \$85.0 million of net proceeds from the issuance in July 2012 of an additional amount of the ship mortgage notes due 2017; and (vi) \$0.1 million of proceeds from the exercise of options to purchase common stock.

Adjusted EBITDA: EBITDA represents net income plus interest and finance costs plus 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 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, 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.

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| (Expressed in thousands of U.S. dollars) | Three Months Ended | |
|--|---------------------------|---------------------------|
| | September 30, 2013 | September 30, 2012 |
| | (unaudited) | (unaudited) |
| Net cash provided by operating activities | \$ 44,181 | \$ 24,068 |
| Net (decrease)/increase in operating assets | (27,026) | 12,948 |
| Net (increase)/decrease in operating liabilities | (3,154) | 81 |
| Net interest cost | 27,415 | 26,952 |
| Deferred finance charges | (1,192) | (1,923) |
| Provision for losses on accounts receivable | (255) | (132) |
| Unrealized gains on FFA derivatives | | 79 |
| Equity in affiliates, net of dividends received | (1,763) | (2,894) |
| Payments for drydock and special survey | 2,018 | 1,922 |
| Noncontrolling interest | 346 | (336) |
| Adjusted EBITDA | \$ 40,570 | \$ 60,765 |

| (Expressed in thousands of U.S. dollars) | Nine Months Ended | |
|--|---------------------------|---------------------------|
| | September 30, 2013 | September 30, 2012 |
| | (unaudited) | (unaudited) |
| Net cash provided by operating activities | \$ 85,532 | \$ 61,711 |
| Net (decrease)/increase in operating assets | (49,109) | 65,698 |
| Net decrease/(increase) in operating liabilities | 6,424 | (13,805) |
| Net interest cost | 80,145 | 77,498 |
| Deferred finance charges | (4,124) | (4,755) |
| Provision for losses on accounts receivable | (300) | (442) |
| Unrealized losses on FFA derivatives | (69) | (173) |
| Equity in affiliates, net of dividends received | (7,447) | (9,799) |
| Payments for drydock and special survey | 10,287 | 8,531 |
| Noncontrolling interest | (3,513) | (363) |
| Gain on sale of assets | 18 | 323 |
| Adjusted EBITDA | \$ 117,844 | \$ 184,424 |

Adjusted EBITDA for the three months ended September 30, 2013 and 2012 was \$40.6 million and \$60.8 million, respectively. The \$20.2 million decrease in Adjusted EBITDA was primarily due to a \$41.7 million decrease in revenue, which was mitigated by: (i) a decrease in general and administrative expenses of \$1.4 million (excluding share-based compensation expenses); (ii) a \$13.1 million decrease in time charter, voyage and logistics business expenses; (iii) a \$2.0 million decrease in direct vessel expenses (excluding the amortization of deferred drydock and special survey costs); (iv) a \$1.0 million decrease in other expense, net; (v) a \$0.1 million decrease in losses on derivatives; (vi) a \$0.7 million decrease in net income attributable to the noncontrolling interest; and (vii) a \$3.2 million increase in equity in net earnings from affiliated companies.

Adjusted EBITDA for the nine months ended September 30, 2013 and 2012 was \$117.8 million and \$184.4 million, respectively. The \$66.6 million decrease in Adjusted EBITDA was primarily due to: (i) a \$106.3 million decrease in revenue; (ii) a \$3.2 million increase in net income attributable to the noncontrolling interest; and (iii) a \$0.3 million decrease in gain from sale of assets. The overall variance of \$109.8 million was mitigated by: (i) a decrease in general and administrative expenses of \$6.6 million (excluding share-based compensation expenses); (ii) a \$7.4 million decrease in direct vessel expenses (excluding the amortization of deferred drydock and special survey costs); (iii) a \$12.0 million decrease in other expense, net; (iv) a \$4.8 million increase in equity in net earnings from affiliated companies; and (v) a \$12.4 million increase in time charter, voyage and logistics business expenses.

Long-term Debt Obligations and Credit Arrangements

Secured Credit Facilities

During the first quarter of 2013, the Company paid in advance an amount of \$28.6 million relating to scheduled repayment installments due in the period from April 1, 2013 to December 31, 2013.

In September 2013, Navios Holdings entered into a facility agreement with DVB Bank S.A., as lender, for an amount of \$40.0 million in four tranches, in order to finance the acquisition of four Panamax vessels, the Navios Galileo, the Navios Taurus, the Navios Amitie and the Navios Northern Star, delivered in August and September 2013. Each advance bears interest at a rate of LIBOR plus 325 basis points. As of September 30, 2013, Navios Holdings had drawn the entire available amount under the facility. The facility is repayable in eight quarterly installments of \$0.9 million, followed by 12 quarterly installments of \$1.0 million, with a final balloon payment of \$21.0 million payable on the last repayment date.

As of September 30, 2013, the Company had secured credit facilities with various banks with a total outstanding balance of \$330.4 million. The purpose of the facilities was to finance the construction or acquisition of vessels or refinance existing indebtedness. All of the facilities are denominated in U.S. Dollars and bear interest based on LIBOR plus spread ranging from 1.75% to 3.60% per annum. The facilities are repayable in either semi-annual or quarterly installments, followed by balloon payments with maturities, ranging from October 2014 to May 2022. See also maturity table included below.

Amounts drawn under the facilities are secured by first priority mortgages on Navios Holdings' vessels and other collateral.

The credit facilities require compliance with a number of financial and security value maintenance covenants, including, but not limited to, loan-to-value ratio covenants based on either charter-adjusted valuations or charter-free valuations, debt and liabilities coverage ratios, dividend distribution restrictions, but not limited to, and minimum liquidity. Certain facilities also require that Angeliki Frangou, the Company's Chairman and Chief Executive Officer, beneficially own, at a minimum 20%, of the issued stock of the Company.

The credit facilities also contain a number of restrictive covenants that limit Navios Holdings and/or its subsidiaries from, among other things: incurring or guaranteeing indebtedness; entering into affiliate transactions; charging, pledging or encumbering the vessels; changing the flag, class, management or ownership of Navios Holdings' vessels; changing the commercial and technical management of Navios Holdings' vessels; selling or changing the ownership of Navios Holdings' vessels; and subordinating the obligations under the credit facilities to any general and administrative costs relating to the vessels. The credit facilities also require the vessels to comply with the ISM Code and ISPS Code and to maintain valid safety management certificates and documents of compliance at all times.

Additionally, the credit facilities require compliance with the covenants contained in the indentures governing the 2019 Notes (as defined below) and the ship mortgages notes due 2017. It is an event of default under the credit facilities if such covenants are not complied with.

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As of September 30, 2013, the Company was in compliance with all of the covenants under each of its credit facilities.

Senior Notes due 2019

On January 28, 2011, the Company and its wholly owned subsidiary, Navios Maritime Finance II (US) Inc. (together with the Company, the 2019 Co-Issuers) issued \$350.0 million in senior notes due on February 15, 2019 at a fixed rate of 8.125% (the 2019 Notes). The 2019 Notes are fully and unconditionally guaranteed, jointly and severally and on an unsecured senior basis, by all of the Company's subsidiaries, other than Navios Maritime Finance II (US) Inc., Navios Maritime Finance (US) Inc., Navios South American Logistics Inc. and its subsidiaries and Navios GP L.L.C. The subsidiary guarantees are full and unconditional, as those terms are used in Regulation S-X Rule 3-10, except that the indenture provides for an individual subsidiary's guarantee to be automatically released in certain customary circumstances, such as when a subsidiary is sold or all of the assets of the subsidiary are sold, the capital stock is sold, when the subsidiary is designated as an unrestricted subsidiary for purposes of the indenture, upon liquidation or dissolution of the subsidiary or upon legal or covenant defeasance or satisfaction and discharge of the 2019 Notes. The 2019 Co-Issuers have the option to redeem the 2019 Notes in whole or in part, at any time (i) before February 15, 2015, at a redemption price equal to 100% of the principal amount, plus a make-whole premium, plus accrued and unpaid interest, if any, and (ii) on or after February 15, 2015, at a fixed price of 104.063% of the principal amount, which price declines ratably until it reaches par in 2017, plus accrued and unpaid interest, if any. At any time before February 15, 2014, the 2019 Co-Issuers may redeem up to 35% of the aggregate principal amount of the 2019 Notes with the net proceeds of an equity offering at 108.125% of the principal amount of the 2019 Notes, plus accrued and unpaid interest, if any, so long as at least 65% of the originally issued aggregate principal amount of the 2019 Notes remains outstanding after such redemption. In addition, upon the occurrence of certain change of control events, the holders of the 2019 Notes will have the right to require the 2019 Co-Issuers to repurchase some or all of the 2019 Notes at 101% of their face amount, plus accrued and unpaid interest to the repurchase date.

The 2019 Notes contain covenants which, among other things, limit the incurrence of additional indebtedness, issuance of certain preferred stock, the payment of dividends, redemption or repurchase of capital stock or making restricted payments and investments, creation of certain liens, transfer or sale of assets, entering in transactions with affiliates, merging or consolidating or selling all or substantially all of the 2019 Co-Issuers' properties and assets and creation or designation of restricted subsidiaries. The 2019 Co-Issuers were in compliance with the covenants as of September 30, 2013.

Ship Mortgage Notes

In November 2009, the Company and its wholly owned subsidiary, Navios Maritime Finance (US) Inc. (together, the Mortgage Notes Co-Issuers) issued \$400.0 million of first priority ship mortgage notes due on November 1, 2017 at a fixed rate of 8.875%. In July 2012, the Mortgage Notes Co-Issuers issued an additional \$88.0 million of the ship mortgage notes at par value.

The ship mortgage notes are senior obligations of the Mortgage Notes Co-Issuers and are secured by first priority ship mortgages on 17 vessels owned by certain subsidiary guarantors and other related collateral securities. The ship mortgage notes are fully and unconditionally guaranteed, jointly and severally by all of the Company's direct and indirect subsidiaries that guarantee the 2019 Notes and Navios Maritime Finance II (US) Inc. The guarantees of the Company's subsidiaries that own mortgage vessels are senior secured guarantees and the guarantees of the Company's subsidiaries that do not own mortgage vessels are senior unsecured guarantees. In addition, the Mortgage Notes Co-Issuers have the option to redeem the ship mortgage notes in whole or in part, at any time (i) before November 1, 2013, at a redemption price equal to 100% of the principal amount plus a make whole price which is based on a formula calculated using a discount rate of treasury bonds plus 50 basis points, and (ii) on or after November 1, 2013,

at a fixed price of 104.438%, which price declines ratably until it reaches par in 2015.

Furthermore, upon occurrence of certain change of control events, the holders of the ship mortgage notes may require the Mortgage Notes Co-Issuers to repurchase some or all of the notes at 101% of their face amount. Pursuant to the terms of a registration rights agreement, as a result of satisfying certain conditions, the Mortgage Notes Co-Issuers and the guarantors are not obligated to file a registration statement that would have enabled the holders of ship mortgage notes to exchange the privately placed notes with publicly registered notes with identical terms. The ship mortgage notes contain covenants which, among other things, limit the incurrence of additional indebtedness, issuance of certain preferred stock, the payment of dividends, redemption or repurchase of capital stock or making restricted payments and investments, creation of certain liens, transfer or sale of assets, entering into certain transactions with affiliates, merging or consolidating or selling all or substantially all of the Mortgage Notes Co-Issuers' properties and assets and creation or designation of restricted subsidiaries. The Mortgage Notes Co-Issuers were in compliance with the covenants as of September 30, 2013.

On November 14, 2013, Navios Holdings and Navios Maritime Finance II (US) Inc. priced an offering of \$650.0 million of 7.375% First Priority Ship Mortgage Notes due 2022 (the 2022 Notes). The Notes will be secured by first priority ship mortgages on 23 vessels aggregating approximately 2.2 million dwt owned by certain subsidiary guarantors and certain other associated property and contract rights. The 2022 Notes will be guaranteed by all of the Company's subsidiaries that guaranteed the Co-Issuers' 8.125% Senior Notes due 2019. The 2022 Notes offering is expected to close on November 29, 2013.

The net proceeds from the sale of the 2022 Notes will be used (i) to fund Navios Holdings' current tender offer and consent solicitation for certain outstanding notes and to pay related fees and expenses, (ii) to discharge and redeem any of such notes that are not purchased in the tender offer after all conditions to the tender offer are satisfied or waived, including the payment of any related fees and expenses and any redemption premium, (iii) to repay indebtedness relating to six vessels which will become part of the collateral for the 2022 Notes and (iv) for general corporate purposes.

On November 14, 2013, Navios Holdings and Navios Maritime Finance (US) Inc. commenced a cash tender offer for any and all of their outstanding 2017 Notes, and a consent solicitation to eliminate or modify most of the restrictive covenants and certain events of default, and release the liens for the benefit of the holders on the assets that secure the 2017 Notes, and make other changes to provisions contained in the indenture governing the 2017 Notes. The Tender Offer and consent solicitation are scheduled to expire on December 12, 2013.

Logistics Senior Notes

In April 2011, Navios Logistics and its wholly-owned subsidiary Navios Logistics Finance (US) Inc. (Logistics Finance and, together the Logistics Co-Issuers) issued \$200.0 million in senior notes due on April 15, 2019 at a fixed rate of 9.25% (the Existing Logistics Senior Notes). In March 2013, the Logistics Co-Issuers issued an additional \$90.0 million of the senior notes due on April 15, 2019 (the Additional Logistics Senior Notes , together with the Existing Logistics Senior Notes, the Logistics Senior Notes) at a premium, with a price of 103.750%. The terms of the Additional Logistics Senior Notes issued in March 2013 are identical to the \$200.0 million Existing Logistics Senior Notes that were issued in April 2011.

The Logistics Senior Notes are fully and unconditionally guaranteed, jointly and severally, by Navios Logistics and all of Navios Logistics' direct and indirect subsidiaries except for Navios Finance and Horamar do Brazil. The subsidiary guarantees are full and unconditional , as those terms are used in Regulation S-X Rule 3-10, except that the indenture provides for an individual subsidiary's guarantee to be automatically released in certain customary circumstances, such as when a subsidiary is sold or all of the assets of the subsidiary are sold, the capital stock is sold, when the subsidiary is designated as an unrestricted subsidiary for purposes of the indenture, upon liquidation or dissolution of the subsidiary or upon legal or covenant defeasance or satisfaction and discharge of the notes. The Logistics Co-Issuers have the option to redeem the notes in whole or in part, at their option, at any time (i) before April 15, 2014, at a redemption price equal to 100% of the principal amount plus the applicable make-whole premium plus accrued and unpaid interest, if any, to the redemption date and (ii) on or after April 15, 2014, at a fixed price of 106.938%, which price declines ratably until it reaches par in 2017. At any time before April 15, 2014, the Logistics Co-Issuers may redeem up to 35% of the aggregate principal amount of the Logistics Senior Notes with the net proceeds of an equity offering at 109.25% of the principal amount of the notes, plus accrued and unpaid interest, if any, to the redemption date so long as at least 65% of the originally issued aggregate principal amount of the notes remains outstanding after such redemption.

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In addition, upon the occurrence of certain change of control events, the holders of the Logistics Senior Notes will have the right to require the Logistics Co-Issuers to repurchase some or all of the notes at 101% of their face amount, plus accrued and unpaid interest to the repurchase date.

The Logistics Senior Notes contain covenants which, among other things, limit the incurrence of additional indebtedness, issuance of certain preferred stock, the payment of dividends, in excess of 6% per annum of the net proceeds received by or contributed to Navios Logistics in or from any public offering, redemption or repurchase of capital stock or making restricted payments and investments, creation of certain liens, transfer or sale of assets, entering into transactions with affiliates, merging or consolidating or selling all or substantially all of Navios Logistics properties and assets and creation or designation of restricted subsidiaries. The Logistics Co-Issuers were in compliance with the covenants as of September 30, 2013.

The annual weighted average interest rates of the Company's total borrowings were 7.82% and 7.60% for the three month periods ended September 30, 2013 and 2012, respectively, and 7.78% and 7.24% for the nine month periods ended September 30, 2013 and 2012, respectively.

The maturity table below reflects the principal payments for the next five years and thereafter of all borrowings of Navios Holdings (including Navios Logistics) outstanding as of September 30, 2013, based on the repayment schedules of the respective loan facilities (as described above) and the outstanding amount due under the debt securities.

| Payment due by period | Amounts in millions of U.S. dollars |
|-----------------------------------|--|
| September 30, 2014 | \$ 25.6 |
| September 30, 2015 | 62.5 |
| September 30, 2016 | 25.9 |
| September 30, 2017 | 45.8 |
| September 30, 2018 | 532.7 |
| September 30, 2019 and thereafter | 766.5 |
| Total | \$ 1,459.0 |

Contractual Obligations:

| | September 30, 2013 | | | | |
|---|--|-----------------------------|------------------|------------------|------------------------------|
| | Payment due by period | | | | |
| | (Amounts in millions of U.S. dollars) | | | | |
| | Total | Less than 1 year | 1-3 years | 3-5 years | More than 5 years |
| Long-term Debt ⁽¹⁾ ⁽³⁾ | \$ 1,459.0 | \$ 25.6 | \$ 88.4 | \$ 578.5 | \$ 766.5 |
| Operating Lease Obligations (Time Charters) for vessels in operation ⁽⁵⁾ | 435.7 | 88.3 | 122.6 | 104.2 | 120.6 |

| | | | | | |
|--|-------------------|-----------------|-----------------|-----------------|-----------------|
| Operating Lease Obligations (Time Charters) for vessels to be delivered ⁽⁵⁾ | 147.0 | | 14.7 | 29.8 | 102.5 |
| Operating Lease Obligations Push Boats and Barges | 0.4 | 0.2 | 0.2 | | |
| Vessel deposits ⁽⁶⁾ | 35.3 | 35.3 | | | |
| Capital Lease Obligations | 24.2 | 1.5 | 22.7 | | |
| Navios Logistics contractual payments ⁽⁴⁾ | 28.3 | 20.8 | 7.5 | | |
| Rent Obligations ⁽²⁾ | 14.4 | 3.0 | 5.7 | 4.3 | 1.4 |
| Total | \$ 2,144.3 | \$ 174.7 | \$ 261.8 | \$ 716.8 | \$ 991.0 |

- (1) The amount identified does not include interest costs associated with the outstanding credit facilities, which are based on LIBOR rates, plus the costs of complying with any applicable regulatory requirements and a margin ranging from 1.75% to 3.60% per annum. The amount does not include interest costs with rates of 8.125% and 8.875% for the 2019 Notes and ship mortgage notes of Navios Holdings, respectively, and 9.25% for the Logistics Senior Notes.
- (2) Navios Corporation also leases approximately 16,703 square feet of space at 825 Third Avenue, New York pursuant to a lease that expires on April 29, 2019. Navios Shipmanagement Inc. and Navios Corporation lease approximately 3,882 square meters of space at 85 Akti Miaouli, Piraeus, Greece, pursuant to lease agreements that expires in 2017 and 2019. Navios Shipmanagement Inc. also leases office space in Monaco pursuant to a lease that expires on June 2015. On July 1, 2010, Kleimar N.V. signed a new contract and currently leases approximately 632 square meters for its offices. Navios Tankers Management Inc. leases approximately for 254 square meters at 85 Akti Miaouli, Piraeus, Greece pursuant to a lease that expires in 2019. The table above incorporates the lease obligations of the offices of Navios Holdings, indicated in this footnote, and of Navios Logistics. See also Item 4.B. Business Overview Facilities in our Annual Report on Form 20-F for the year ended December 31, 2012, filed with the SEC.
- (3) The amount does not include unamortized discount and premium associated with our ship mortgage notes and Logistics Senior Notes.
- (4) As of September 30, 2013, Navios Logistics had obligations related its port expansion project, the acquisition of three pushboats, the acquisition of new dry barges and the acquisition of the chartered-in fleet.
- (5) Approximately 38% of the time charter payments included above are estimated to relate to operational costs for these vessels.
- (6) Future contractual deposits for (i) the N Amalthia, a 2006-built 75,318 dwt vessel, which was delivered to the Navios Asia owned fleet in October 2013; and (ii) the N Bonanza, a 2006-built 76,596 dwt vessel, which is expected to be delivered to the Navios Asia owned fleet in the first quarter of 2014.

Working Capital Position

On September 30, 2013, Navios Holdings current assets totaled \$392.3 million, while current liabilities totaled \$192.8 million, resulting in a positive working capital position of \$199.5 million. Navios Holdings cash forecast indicates that it will generate sufficient cash for the next twelve months to make the required principal and interest payments on its indebtedness, provide for the normal working capital requirements of the business and remain in a positive cash position.

While projections indicate that existing cash balances and operating cash flows will be sufficient to service the existing indebtedness, Navios Holdings continues to review its cash flows with a view toward increasing working capital.

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Capital Expenditures

On August 26, 2013, Navios Holdings took delivery of the Navios Galileo, a 2006-built 76,596 dwt bulk carrier vessel. On September 10, 2013, Navios Holdings took delivery of the Navios Amitie, a 2005-built 75,395 dwt bulk carrier vessel. On September 17, 2013, Navios Holdings took delivery of the Navios Taurus, a 2005-built 76,596 dwt bulk carrier vessel. On September 19, 2013, Navios Holdings took delivery of the Navios Northern Star, a 2005-built 75,395 dwt bulk carrier vessel. The total acquisition price for the four vessels was \$67.8 million, of which \$27.8 million was paid from existing cash and \$40.0 million was financed through a facility agreement with DVB Bank S.E.

On September 16, 2013 Navios Asia signed an agreement for the acquisition of a 2006-built Panamax bulk carrier vessel, the N Bonanza, for an acquisition price of \$17.5 million. The N Bonanza is expected to be delivered in the Navios Asia owned fleet in the first quarter of 2014.

In October 2013, the N Amalthia, a 2006-built 75,318 dwt vessel was delivered to the Navios Asia owned fleet for an acquisition price of approximately \$17.8 million.

During the second quarter of 2012, Navios Logistics began the construction of a new conveyor belt in its dry port facility in Nueva Palmira, which became operational in October 2013. As of September 30, 2013, Navios Logistics had paid \$20.6 million for the construction of the new conveyor belt.

During the second quarter of 2012, Navios Logistics began the construction of four new tank barges. Two barges were delivered in October and December, 2012 and two were delivered in April and June, 2013, with a cost of \$1.9 million each.

On June 26, 2013, Navios Logistics entered into an agreement for the acquisition of three pushboats for a total acquisition price of \$20.3 million. As of September 30, 2013, Navios Logistics had paid \$18.6 million for the acquisition of the three pushboats.

On August 5, 2013, Navios Logistics entered into an agreement for the construction of 36 dry barges for a total consideration of \$19.1 million, which are expected to be delivered in the first quarter of 2014. As of September 30, 2013, Navios Logistics had paid \$3.8 million for the construction of the new barges. This contract also includes an option exercisable by Navios Logistics for the construction of an additional 36 barges under the same terms and conditions. In October 2013, Navios Logistics exercised its option for a total consideration of \$19,080 payable in installments.

Dividend Policy

Currently, Navios Holdings intends to retain most of its available earnings generated by operations for the development and growth of its business. In addition, the terms and provisions of Navios Holdings' current secured credit facilities and indentures limit its ability to pay dividends in excess of certain amounts or if certain covenants are not met. However, subject to the terms of its credit facilities and indentures, the Board of Directors may from time to time consider the payment of dividends and on November 15, 2013, the Board of Directors declared a quarterly cash dividend of \$0.06 per share of common stock, with respect to the third quarter of 2013, payable on December 20, 2013 to stockholders of record as of December 12, 2013. The declaration and payment of any dividend remains subject to the discretion of the Board, and will depend on, among other things, Navios Holdings' cash requirements as measured by market opportunities, debt obligations, and restrictions contained in its credit agreements and indentures and market conditions.

Concentration of Credit Risk

Accounts receivable

Concentrations of credit risk with respect to accounts receivables are limited due to Navios Holdings' large number of customers, who are internationally dispersed and have a variety of end markets in which they sell. Due to these factors, management believes that no additional credit risk beyond amounts provided for collection losses is inherent in Navios Holdings' trade receivables. For the nine months ended September 30, 2013 and 2012, no customer accounted for more than 10% of the Company's revenue.

In addition, certain of our long-term charter-out contracts have been insured until the end of 2016 through an AA rated European Union insurance provider for an initial maximum cash payment up to \$120.0 million (including certain Navios Partners' charters). Our agreement provides that if the charterer goes into payment default, the insurer will reimburse us for the charter payments under the terms of the cover (subject to applicable deductibles and other customary limitations for such type of insurance).

Cash deposits with financial institutions

Cash deposits in excess of amounts covered by government-provided insurance are exposed to loss in the event of non-performance by financial institutions. Navios Holdings does maintain cash deposits in excess of government-provided insurance limits. Navios Holdings also minimizes exposure to credit risk by dealing with a diversified group of major financial institutions.

Effects of Inflation:

Navios Holdings does not consider inflation to be a significant risk to the cost of doing business in the foreseeable future. Inflation has a moderate impact on operating expenses, drydocking expenses and corporate overhead.

Off-Balance Sheet Arrangements

Charter hire payments to third parties for chartered-in vessels are treated as operating leases for accounting purposes. Navios Holdings is also committed to making rental payments under operating leases for its office premises. Future minimum rental payments under Navios Holdings non-cancelable operating leases are included in the contractual obligations above. As of September 30, 2013, Navios Holdings was contingently liable for letters of guarantee and letters of credit amounting to \$0.6 million issued by various banks in favor of various organizations and the total amount was collateralized by cash deposits, which are included as a component of restricted cash.

For a discussion of the Navios Partners guarantee see [Related Party Transactions](#) section.

Navios Logistics has issued a guarantee and indemnity letter that guarantees the performance by Petrolera San Antonio S.A. of all its obligations to Vitol S.A. up to \$12.0 million. This guarantee expires on March 1, 2014.

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As of September 30, 2013, Navios Logistics was contingently liable for various claims and penalties to local tax authorities for a total of approximately \$1.0 million (\$1.0 million as of December 31, 2012), recorded in other long-term liabilities. According to the Horamar acquisition agreement, if such cases are brought against Navios Logistics, the amounts involved will be reimbursed by the previous shareholders, and, as such, Navios Logistics has recognized a receivable against such liability, which was reflected in other non-current assets. The contingencies are expected to be resolved in the next four years. In the opinion of management, the ultimate disposition of these matters is immaterial and will not adversely affect Navios Logistics' financial position, results of operations or liquidity.

The Company is involved in various disputes and arbitration proceedings arising in the ordinary course of business. Provisions have been recognized in the financial statements for all such proceedings where the Company believes that a liability may be probable, and for which the amounts are reasonably estimable, based upon facts known at the date the financial statements were issued. Management believes the ultimate disposition of these matters will be immaterial to the Company's financial position, results of operations or liquidity.

Investments in Equity Securities

Navios Holdings evaluates its investments in Navios Acquisition and Navios Partners for other than temporary impairment (OTTI) on a quarterly basis. Consideration is given to (i) the length of time and the extent to which the fair value has been less than the carrying value, (ii) the financial condition and near-term prospects of Navios Partners and Navios Acquisition, and (iii) the intent and ability of the Company to retain its investment in Navios Acquisition and Navios Partners for a period of time sufficient to allow for any anticipated recovery in fair value. If the fair value of our equity method investments continues to remain below their carrying value and our OTTI analysis indicates such write down to be necessary, the potential future impairment charges may have a material adverse impact on our results of operations in the period recognized.

During the nine months ended September 30, 2013 and 2012, the Company did not recognize any OTTI.

Related Party Transactions

Office rent: The Company has entered into lease agreements with Goldland Ktimatiki-Ikodomiki-Touristiki Xenodohiaki Anonimos Eteria and Emerald Ktimatiki-Ikodomiki-Touristiki Xenodohiaki Anonimos Eteria, both of which are Greek corporations that are currently majority-owned by Angeliki Frangou, Navios Holdings' Chairman and Chief Executive Officer. The lease agreements provide for the leasing of facilities located in Piraeus, Greece to house the operations of most of the Company's subsidiaries. The total annual lease payments are in the aggregate 0.9 million (approximately \$1.3 million) and the lease agreements expire in 2017 and 2019. These payments are subject to annual adjustments, which are based on the inflation rate prevailing in Greece as reported by the Greek State at the end of each year.

Purchase of Services: The Company utilizes Acropolis Chartering and Shipping Inc. (Acropolis), as a broker. Commissions charged from Acropolis for both the three month periods ended September 30, 2013 and 2012 were \$0, and for both the nine months periods ended September 30, 2013 and 2012 were \$0. Included in the trade accounts payable at September 30, 2013 and December 31, 2012 was an amount of \$0.1 million and \$0.1 million, respectively, which was due to Acropolis.

Vessels Charter Hire: In February 2012, the Company chartered in from Navios Partners the Navios Apollon. The term of this charter is approximately two years at a net daily rate of \$12,500 for the first year and \$13,500 for the second year, plus 50/50 profit sharing based on actual earnings.

In May 2012, the Company chartered-in from Navios Partners the Navios Prosperity. The term of this charter is approximately one year, with two six-month extension options granted to the Company, at a net daily rate of \$12,000 plus 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 50/50 to each party.

In September 2012, the Company chartered-in from Navios Partners the Navios Libra. The term of this charter is approximately three years at a net daily rate of \$12,000 plus 50/50 profit sharing based on actual earnings.

In May 2013, the Company chartered-in from Navios Partners the Navios Felicity. The term of this charter is approximately one year at a net daily rate of \$12,000 plus 50/50 profit sharing based on actual earnings.

In May 2013, the Company chartered-in from Navios Partners the Navios Aldebaran. The term of this charter is approximately six months at a net daily rate of \$11,000 plus profit sharing. The owners will receive 100% of the first \$2,500 in profits above the base rate, and thereafter all profits will be split 50/50 to each party.

In July 2013, the Company chartered-in from Navios Partners the Navios Hope. The term of this charter is approximately one year at a net daily rate of \$10,000.

In July 2013, the Company chartered-in from Navios Partners the Navios Melodia. The term of this charter is approximately four months at a net daily rate of \$15,000.

In July 2013, the Company chartered-in from Navios Partners the Navios Pollux under a voyage charter which was completed in August 2013.

Total charter hire expense for all vessels for the three month periods ended September 30, 2013 and 2012 were \$9.1 million and \$2.3 million, respectively, and for the nine month periods ended September 30, 2013 and 2012 were \$16.8 million and \$4.3 million, respectively, and were included in the statement of comprehensive income under Time charter, voyage and logistics business expenses .

Management Fees: Navios Holdings provides commercial and technical management services to Navios Partners vessels for a daily fixed fee. During the nine months ended September 30, 2013 and until December 31, 2013, the daily fees are \$4,650 per owned Ultra Handymax vessel, \$4,550 per owned Panamax vessel and \$5,650 per owned Capesize vessel. This daily fee covers all of the vessels' operating expenses, including the cost of drydock and special surveys. In October 2013, the Company amended its existing Management Agreement with Navios Partners, to fix the fees for ship management services effective from January 1, 2014 through December 31, 2015. The daily fees were amended to a \$4,000 daily rate per Ultra-Handymax vessel, a \$4,100 daily rate per Panamax vessel, a \$5,100 daily rate per Capesize vessel, and a \$6,500 daily rate per Container vessel. Drydocking expenses under this agreement will be reimbursed at cost at occurrence. Total management fees for the three month periods ended September 30, 2013 and 2012 amounted to \$8.8 million and \$8.4 million, respectively, and for the nine month periods ended September 30, 2013 and 2012 amounted to \$25.9 million and \$23.0 million, respectively.

Navios Holdings provides commercial and technical management services to Navios Acquisition's vessels for a daily fee of \$6,000 per owned MR2 product tanker and chemical tanker vessel, \$7,000 per owned LR1 product tanker vessel and \$10,000 per owned VLCC vessel. This daily fee covers all of the vessels' operating expenses, other than certain extraordinary fees and costs. Actual operating costs and expenses will be determined in a manner consistent with how the initial fixed fees were determined. Drydocking expenses will be fixed under this agreement for up to \$0.3 million per vessel and will be reimbursed at cost for VLCC vessels. Navios Acquisition may, upon request, reimburse the manager partially or fully for drydocking and other extraordinary fees and expenses under the management agreement at a later date, but not later than January 5, 2015, bearing interest of 1% over LIBOR. Navios Acquisition may, upon request, reimburse the manager partially or fully for any fixed management fees outstanding for a period of not more than nine months at a later date, but no later than December 31, 2014, bearing interest of 1%

over LIBOR. Total management fees for the three month periods ended September 30, 2013 and 2012 amounted to \$19.4 million and \$11.8 million, respectively, and for the nine month periods ended September 30, 2013 and 2012, amounted to \$49.3 million and \$33.9 million, respectively.

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Navios Partners Guarantee: In November 2012, the Company entered into an agreement with Navios Partners that provided Navios Partners with guarantees against counterparty default on certain existing charters (the Navios Partners Guarantee). The Navios Partners Guarantee provided Navios Partners with guarantees against counterparty default on certain existing charters, which had previously been covered by the charter insurance for the same vessels, same periods and same amounts. The Navios Partners Guarantee provides for a maximum possible payout of \$20.0 million by the Company to Navios Partners. Premiums that are calculated on the same basis as the restructured charter insurance are included in the management fee that is paid by Navios Partners to Navios Holdings pursuant to the management agreement. As of September 30, 2013, no claims had been submitted to Navios Holdings.

General & Administrative Expenses: Navios Holdings provides administrative services to Navios Partners. Such services include: bookkeeping, audit and accounting services, legal and insurance services, administrative and clerical services, banking and financial services, advisory services, client and investor relations and other services. Navios Holdings is reimbursed for reasonable costs and expenses incurred in connection with the provision of these services. Total general and administrative fees charged for the three month periods ended September 30, 2013 and 2012 amounted to \$1.1 million and \$1.0 million, respectively, and for the nine month periods ended September 30, 2013 and 2012 amounted to \$3.2 million and \$2.8 million, respectively.

Navios Acquisition has entered into an administrative services agreement, expiring May 28, 2015, with Navios Holdings, pursuant to which Navios Holdings provides office space and certain administrative management services to Navios Acquisition which include: bookkeeping, audit and accounting services, legal and insurance services, administrative and clerical services, banking and financial services, advisory services, client and investor relations and other. Navios Holdings is reimbursed for reasonable costs and expenses incurred in connection with the provision of these services. Total general and administrative fees charged for the three month periods ended September 30, 2013 and 2012 amounted to \$1.0 million and \$0.5 million, respectively, and for the nine month periods ended September 30, 2013 and 2012 amounted to \$2.4 million and \$1.5 million, respectively.

Navios Holdings has entered into an administrative services agreement with Navios Logistics for a term of five years, pursuant to which Navios Holdings will provide certain administrative management services to Navios Logistics. Such services include bookkeeping, audit and accounting services, legal and insurance services, administrative and clerical services, banking and financial services, advisory services, client and investor relations and other. Navios Holdings is reimbursed for reasonable costs and expenses incurred in connection with the provision of these services. Total general and administrative fees charged for both the three month periods ended September 30, 2013 and 2012 was \$0.2 million, and for the nine month periods ended September 30, 2013 and 2012 was \$0.6 million and \$0.5 million, respectively. The general and administrative fees have been eliminated upon consolidation.

Balance Due from Affiliates: Balance due from affiliates as of September 30, 2013 amounted to \$23.9 million (December 31, 2012: \$108.5 million) which included the current amounts due from Navios Partners and Navios Acquisition, which were \$14.1 million (December 31, 2012: \$21.7 million) and \$4.6 million (December 31, 2012: \$29.1 million), respectively, and the non-current amount of \$5.1 million (December 31, 2012: \$57.7 million) due from Navios Acquisition. The balances mainly consisted of management fees, administrative fees, drydocking and other expenses and other amounts payable.

Omnibus Agreements: Navios Holdings has entered into an omnibus agreement with Navios Partners (the Partners Omnibus Agreement) in connection with the closing of Navios Partners IPO governing, among other things, when Navios Holdings and Navios Partners may compete against each other as well as rights of first offer on certain drybulk carriers. Pursuant to the Partners Omnibus Agreement, Navios Partners generally agreed not to acquire or own Panamax or Capesize drybulk carriers under time charters of three or more years without the consent of an independent committee of Navios Partners. In addition, Navios Holdings has agreed to offer to Navios Partners the

opportunity to purchase vessels from Navios Holdings when such vessels are fixed under time charters of three or more years.

Navios Acquisition entered into an omnibus agreement (the Acquisition Omnibus Agreement) with Navios Holdings and Navios Partners in connection with the closing of Navios Acquisition's initial vessel acquisition, pursuant to which, among other things, Navios Holdings and Navios Partners agreed not to acquire, charter-in or own liquid shipment vessels, except for container vessels and vessels that are primarily employed in operations in South America, without the consent of an independent committee of Navios Acquisition. In addition, Navios Acquisition, under the Acquisition Omnibus Agreement, agreed to cause its subsidiaries not to acquire, own, operate or charter drybulk carriers subject to specific exceptions. Under the Acquisition Omnibus Agreement, Navios Acquisition and its subsidiaries granted to Navios Holdings and Navios Partners, a right of first offer on any proposed sale, transfer or other disposition of any of its drybulk carriers and related charters owned or acquired by Navios Acquisition. Likewise, Navios Holdings and Navios Partners agreed to grant a similar right of first offer to Navios Acquisition for any liquid shipment vessels it might own. These rights of first offer will not apply to a (i) sale, transfer or other disposition of vessels between any affiliated subsidiaries, or pursuant to the terms of any charter or other agreement with a counterparty, or (ii) merger with or into, or sale of substantially all of the assets to, an unaffiliated third party.

Sale of Vessels and Sale of Rights to Navios Partners: Upon the sale of vessels to Navios Partners, Navios Holdings recognizes the gain immediately in earnings only to the extent of the interest in Navios Partners owned by third parties and defers recognition of the gain to the extent of its own ownership interest in Navios Partners (the deferred gain). Subsequently, the deferred gain is amortized to income over the remaining useful life of the vessel. The recognition of the deferred gain is accelerated in the event that (i) the vessel is subsequently sold or otherwise disposed of by Navios Partners or (ii) the Company's ownership interest in Navios Partners is reduced. In connection with the public offerings of common units by Navios Partners, a pro rata portion of the deferred gain is released to income upon dilution of the Company's ownership interest in Navios Partners. As of September 30, 2013 and December 31, 2012, the unamortized deferred gain for all vessels and rights sold totaled \$22.1 million and \$28.5 million, respectively, and for the three months ended September 30, 2013 and 2012, Navios Holdings recognized \$2.3 million and \$2.7 million, respectively, of the deferred gain in Equity in net earnings of affiliated companies. For the nine months ended September 30, 2013 and 2012, Navios Holdings recognized \$6.4 million and \$10.1 million, respectively, of the deferred gain in Equity in net earnings of affiliated companies.

The Navios Holdings Credit Facility: Navios Acquisition entered into a \$40.0 million credit facility with Navios Holdings in 2010 which was amended in 2010 and 2011. The facility is available for multiple drawings up to a limit of \$40.0 million, has a margin of LIBOR plus 300 basis points and matures in December 2014. As of September 30, 2013, the outstanding amount under this facility was \$0 (December 31, 2012: \$35.0 million, which was recorded under Loan receivable from affiliate company).

Quantitative and Qualitative Disclosures about Market Risks

Navios Holdings is exposed to certain risks related to interest rate, foreign currency and charter rate risks.

Interest Rate Risk:

Debt Instruments On September 30, 2013 and December 31, 2012, Navios Holdings had a total of \$1,459.0 million and \$1,362.1 million, respectively, in long-term indebtedness (excluding the unamortized discount and premium). The debt is U.S. dollar denominated and bears interest at a floating rate, except for the senior notes, the ship mortgage notes and certain Navios Logistics loans discussed Liquidity and Capital Resources that bear interest at a fixed rate.

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The interest on the loan facilities is at a floating rate and, therefore, changes in interest rates would affect their interest rate and related interest expense. As of September 30, 2013, the outstanding amount of the Company's floating rate loan facilities was \$330.4 million. The interest rate on the 2019 Notes, the ship mortgage notes, and the Logistics Senior Notes is fixed and, therefore, changes in interest rates affect their fair value, which as of September 30, 2013 was \$1,174.4 million, but do not affect the related interest expense. Amounts drawn under the facilities and the ship mortgage notes are secured by the assets of Navios Holdings and its subsidiaries. A change in the LIBOR rate of 100 basis points would change interest expense for the nine months ended September 30, 2013 by \$2.3 million.

For a detailed discussion of Navios Holdings' debt instruments refer to section Long-term Debt Obligations and Credit Arrangements included elsewhere in this document.

Foreign Currency Risk

Foreign Currency: In general, the shipping industry is a U.S. dollar dominated industry. Revenue is set mainly in U.S. dollars, and approximately 68.9% of Navios Holdings' expenses are also incurred in U.S. dollars. Certain of our expenses are paid in foreign currencies and a one percent change in the exchange rates of the various currencies at September 30, 2013 would change net income by approximately \$1.0 million for the nine months ended September 30, 2013.

FFAs Derivative Risk:

Forward Freight Agreements (FFAs) Navios Holdings enters into FFAs as economic hedges relating to identifiable ship and/or cargo positions and as economic hedges of transactions that Navios Holdings expects to carry out in the normal course of its shipping business. By using FFAs, Navios Holdings manages the financial risk associated with fluctuating market conditions. In entering into these contracts, the Company has assumed the risk that might arise from the possible inability of counterparties to perform in accordance with the terms of their contracts. The Company records all of its derivative financial instruments and hedges such derivative financial instruments as economic hedges.

At September 30, 2013 and December 31, 2012, none of the mark to market positions of the open dry bulk FFA contract qualified for hedge accounting treatment. Dry bulk FFAs traded by the Company that do not qualify for hedge accounting are shown at fair value in the balance sheet and changes in fair value are recorded in the statement of comprehensive income.

Navios Holdings may be exposed to market risk in relation to its FFAs and could suffer substantial losses from these activities in the event expectations are incorrect. Navios Holdings trades FFAs with an objective of both economically hedging the risk on the fleet, specific vessels or freight commitments and taking advantage of short term fluctuations in market prices. As of September 30, 2013, the Company did not have any open positions.

Critical Accounting Policies

The Navios Holdings' interim consolidated financial statements have been prepared in accordance with US GAAP. The preparation of these financial statements requires Navios Holdings to make estimates in the application of its accounting policies based on the best assumptions, judgments and opinions of management. Following is a discussion of the accounting policies that involve a higher degree of judgment and the methods of their application that affect the reported amount of assets and liabilities, revenues and expenses and related disclosure of contingent assets and liabilities at the date of our financial statements. Actual results may differ from these estimates under different assumptions or conditions.

Critical accounting policies are those that reflect significant judgments or uncertainties, and potentially result in materially different results under different assumptions and conditions. Other than as described below, all significant accounting policies are as described in the Company's Annual Report on Form 20-F for the year ended December 31, 2012.

Vessel, Port Terminals, Tanker Vessels, Barges, Pushboats and Other Fixed Assets, Net: Vessels, port terminal, tanker vessels, barges, pushboats and other fixed assets acquired as parts of business combinations or asset acquisitions are recorded at fair value on the date of acquisition. Vessels constructed by the Company would be stated at historical cost, which consists of the contract price, capitalized interest and any material expenses incurred upon acquisition (improvements and delivery expenses). Subsequent expenditures for major improvements and upgrades are capitalized, provided they appreciably extend the life, increase the earnings capability or improve the efficiency or safety of the vessels. The cost and related accumulated depreciation of assets retired or sold are removed from the accounts at the time of sale or retirement and any gain or loss is included in the accompanying consolidated statements of income.

Expenditures for routine maintenance and repairs are expensed as incurred.

Depreciation is computed using the straight line method over the useful life of the vessels, port terminal, tanker vessels, barges, push boats and other fixed assets, after considering the estimated residual value.

Annual depreciation rates used, which approximate the useful life of the assets, are:

| | |
|---------------------------------------|----------------------------------|
| Vessels | 25 years |
| Port facilities and transfer station | 3 to 40 years |
| Tanker vessels, barges and push boats | 15 to 44 years |
| Furniture, fixtures and equipment | 3 to 10 years |
| Computer equipment and software | 5 years |
| Leasehold improvements | shorter of lease term or 6 years |

Management estimates the residual values of our dry bulk vessels based on a scrap value cost of steel times the weight of the ship noted in lightweight tons (LWT). Residual values are periodically reviewed and revised to recognize changes in conditions, new regulations or other reasons. Revisions of residual values affect the depreciable amount of the vessels and affects depreciation expense in the period of the revision and future periods. Up to December 31, 2012, management estimated the residual values of its vessels based on a scrap rate of \$285 per LWT. Effective January 1, 2013, following management's reassessment after considering current market trends for scrap rates and ten-year average historical scrap rates of the residual values of the Company's vessels, the estimated scrap value per LWT was increased to \$340. This change in accounting estimates did not materially affect the statements of income and the loss per share of the Company in the three and nine month periods ended September 30, 2013.

Management estimates the useful life of its vessels to be 25 years from the vessel's original construction. However, when regulations place limitations on the ability of a vessel to trade on a worldwide basis, its useful life is re-estimated to end at the date such regulations become effective. An increase in the useful life of a vessel or in its residual value would have the effect of decreasing the annual depreciation charge and extending it into later periods. A decrease in the useful life of a vessel or in its residual value would have the effect of increasing the annual depreciation charge.

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NAVIOS MARITIME HOLDINGS INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

(Expressed in thousands of U.S. dollars except share data)

| | Note | September 30, 2013 (unaudited) | December 31, 2012 |
|---|------|--------------------------------------|----------------------|
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | | \$ 214,163 | \$ 257,868 |
| Restricted cash | | 5,685 | 24,704 |
| Accounts receivable, net | | 75,402 | 85,721 |
| Due from affiliate companies | 8 | 18,683 | 50,837 |
| Inventories | | 32,500 | 31,555 |
| Prepaid expenses and other current assets | | 45,865 | 19,882 |
| Total current assets | | 392,298 | 470,567 |
| Vessels, port terminals and other fixed assets, net | 3 | 1,798,211 | 1,746,493 |
| Other long-term assets | | 63,822 | 64,457 |
| Long-term receivable from affiliate companies | 8 | 5,336 | 57,701 |
| Loan receivable from affiliate company | 8 | | 35,000 |
| Investments in affiliates | 11 | 353,014 | 197,291 |
| Investments in available-for-sale securities | 11 | 12,265 | 559 |
| Intangible assets other than goodwill | 4 | 196,550 | 209,058 |
| Goodwill | | 160,336 | 160,336 |
| Total non-current assets | | 2,589,534 | 2,470,895 |
| Total assets | | \$ 2,981,832 | \$ 2,941,462 |
| LIABILITIES AND EQUITY | | | |
| Current liabilities | | | |
| Accounts payable | | \$ 69,587 | \$ 63,921 |
| Accrued expenses and other liabilities | | 87,082 | 75,681 |
| Deferred income and cash received in advance | 8 | 9,045 | 15,326 |
| Current portion of capital lease obligations | | 1,499 | 1,353 |
| Current portion of long-term debt | 5 | 25,631 | 33,095 |
| Total current liabilities | | 192,844 | 189,376 |
| Senior and ship mortgage notes, net of discount and including premium | 5 | 1,127,835 | 1,034,141 |
| Long-term debt, net of current portion | 5 | 305,362 | 290,976 |
| Capital lease obligations, net of current portion | | 22,718 | 23,759 |

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| | | | |
|--|---|---------------------|---------------------|
| Unfavorable lease terms | 4 | 28,307 | 32,006 |
| Other long-term liabilities and deferred income | 8 | 27,946 | 29,643 |
| Deferred tax liability | | 13,406 | 18,522 |
| Total non-current liabilities | | 1,525,574 | 1,429,047 |
| Total liabilities | | 1,718,418 | 1,618,423 |
| Commitments and contingencies | 7 | | |
| Stockholders equity | | | |
| Preferred stock \$0.0001 par value, authorized 1,000,000 shares, 8,479 issued and outstanding as of September 30, 2013 and December 31, 2012. | | | |
| Common stock \$0.0001 par value, authorized 250,000,000 shares, issued and outstanding 103,374,292 and 103,255,409 as of September 30, 2013 and December 31, 2012, respectively. | | | |
| | | 10 | 10 |
| Additional paid-in capital | | 549,837 | 547,377 |
| Accumulated other comprehensive loss | | (6,568) | (558) |
| Retained earnings | | 600,659 | 659,547 |
| Total Navios Holdings stockholders equity | | 1,143,938 | 1,206,376 |
| Noncontrolling interest | | 119,476 | 116,663 |
| Total stockholders equity | | 1,263,414 | 1,323,039 |
| Total liabilities and stockholders equity | | \$ 2,981,832 | \$ 2,941,462 |

See unaudited notes to condensed consolidated financial statements

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NAVIOS MARITIME HOLDINGS INC.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Expressed in thousands of U.S. dollars except share and per share data)

| | Note | Three Month Period Ended September 30, 2011 (unaudited) | Three Month Period Ended September 30, 2010 (unaudited) | Nine Month Period Ended September 30, 2011 (unaudited) | Nine Month Period Ended September 30, 2010 (unaudited) |
|--|-------|--|--|---|---|
| Revenue | 9 | \$ 122,284 | \$ 163,944 | \$ 381,693 | \$ 488,037 |
| Time charter, voyage and logistics business expenses | 8 | (55,455) | (68,573) | (191,095) | (203,505) |
| Direct vessel expenses | | (31,392) | (32,573) | (85,531) | (91,623) |
| General and administrative expenses | | (9,137) | (11,066) | (27,972) | (36,092) |
| Depreciation and amortization | 2,3,4 | (24,410) | (26,568) | (72,966) | (78,274) |
| Interest income/(expense) and finance cost, net | | (27,415) | (26,952) | (80,145) | (77,498) |
| Loss on derivatives | 6 | | (73) | (260) | (275) |
| Gain on sale of assets | | | | 18 | 323 |
| Other (expense)/income, net | 11 | (806) | (1,813) | 5,928 | (6,034) |
| Loss before equity in net earnings of affiliated companies | | (26,331) | (3,674) | (70,330) | (4,941) |
| Equity in net earnings of affiliated companies | 8 | 11,530 | 8,326 | 29,780 | 24,959 |
| (Loss)/income before taxes | | \$ (14,801) | \$ 4,652 | \$ (40,550) | \$ 20,018 |
| Income tax benefit/(expense) | | 1,407 | 314 | 4,979 | (281) |
| Net (loss)/income | | (13,394) | 4,966 | (35,571) | 19,737 |
| Less: Net loss/(income) attributable to the noncontrolling interest | | 346 | (336) | (3,513) | (363) |
| Net (loss)/income attributable to Navios Holdings common stockholders | | \$ (13,048) | \$ 4,630 | \$ (39,084) | \$ 19,374 |

| | | | | | | | | | |
|--|----|----|-------------|----|-------------|----|-------------|----|-------------|
| (Loss)/income attributable to Navios Holdings common stockholders, basic | 10 | \$ | (13,475) | \$ | 4,202 | \$ | (40,352) | \$ | 18,096 |
| (Loss)/income attributable to Navios Holdings common stockholders, diluted | 10 | \$ | (13,475) | \$ | 4,630 | \$ | (40,352) | \$ | 19,374 |
| Basic (loss)/earnings per share attributable to Navios Holdings common stockholders | | \$ | (0.13) | \$ | 0.04 | \$ | (0.40) | \$ | 0.18 |
| Weighted average number of shares, basic | 10 | | 101,861,079 | | 101,205,545 | | 101,801,655 | | 101,201,101 |
| Diluted (loss)/earnings per share attributable to Navios Holdings common stockholders | | \$ | (0.13) | \$ | 0.04 | \$ | (0.40) | \$ | 0.17 |
| Weighted average number of shares, diluted | 10 | | 101,861,079 | | 110,997,200 | | 101,801,655 | | 111,009,020 |
| Other Comprehensive loss | | | | | | | | | |
| Unrealized holding loss on investments in available for sale securities | | \$ | (5,210) | \$ | (185) | \$ | (6,010) | \$ | (607) |
| Reclassification to investments in affiliates | | | | | | | | | (6,158) |
| Total other comprehensive loss | | \$ | (5,210) | \$ | (185) | \$ | (6,010) | \$ | (6,765) |
| Total comprehensive (loss)/income | | \$ | (18,604) | \$ | 4,781 | \$ | (41,581) | \$ | 12,972 |
| Comprehensive loss/(income) attributable to the noncontrolling interest | | | 346 | | (336) | | (3,513) | | (363) |
| Total comprehensive (loss)/income attributable to Navios Holdings common stockholders | | \$ | (18,258) | \$ | 4,445 | \$ | (45,094) | \$ | 12,609 |

See unaudited notes to condensed consolidated financial statements.

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NAVIOS MARITIME HOLDINGS INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Expressed in thousands of U.S. dollars)

| | Note | Nine Month Period Ended September 30, 2013 (unaudited) | Nine Month Period Ended September 30, 2012 (unaudited) |
|--|------|--|--|
| OPERATING ACTIVITIES: | | | |
| Net (loss)/income | | \$ (35,571) | \$ 19,737 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | |
| Non-cash adjustments | | 88,705 | 102,398 |
| Decrease/(increase) in operating assets | | 49,109 | (65,698) |
| (Decrease)/increase in operating liabilities | | (6,424) | 13,805 |
| Payments for drydock and special survey costs | | (10,287) | (8,531) |
| Net cash provided by operating activities | | 85,532 | 61,711 |
| INVESTING ACTIVITIES: | | | |
| Acquisition of investments in affiliates | 11 | (163,169) | (1,472) |
| Acquisition of vessels | 3 | (67,813) | (38,357) |
| Acquisition of intangible assets | | (2,092) | |
| Loan repayment from affiliate company | 8 | 35,000 | 10,000 |
| Decrease/(increase) in long-term receivable from affiliate companies | 8 | 19,301 | (4,018) |
| Cash acquired through asset acquisition | | | 33 |
| Proceeds from sale of assets | | | 67,500 |
| Purchase of property, equipment and other fixed assets | 3 | (44,807) | (12,842) |
| Net cash (used in)/provided by investing activities | | (223,580) | 20,844 |
| FINANCING ACTIVITIES: | | | |
| Proceeds from long-term loans, net of deferred finance fees | | 39,368 | 50,759 |
| Repayment of long-term debt and payment of principal | 5 | (33,079) | (206,912) |
| Proceeds from issuance of senior notes including premium, net of debt issuance costs | 5 | 90,240 | 84,998 |
| Acquisition of noncontrolling interest | 1 | (750) | |
| Dividends paid | | (19,804) | (19,715) |
| Issuance of common stock | | 434 | 93 |
| Payments of obligations under capital leases | | (895) | (1,184) |
| Decrease in restricted cash | | 18,829 | 1,571 |
| Net cash provided by/(used in) financing activities | | 94,343 | (90,390) |

| | | |
|---|-------------------|-------------------|
| Decrease in cash and cash equivalents | (43,705) | (7,835) |
| Cash and cash equivalents, beginning of period | 257,868 | 171,096 |
| Cash and cash equivalents, end of period | \$ 214,163 | \$ 163,261 |

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

| | | |
|---|-----------|------------|
| Cash paid for interest, net of capitalized interest | \$ 69,441 | \$ 68,474 |
| Cash paid for income taxes | \$ 585 | \$ 1,019 |
| Non-cash investing and financing activities | | |
| Reclassification of investments in available for sale securities to investments in affiliates | \$ | \$ 82,572 |
| Reclassification of accumulated other comprehensive income to investments in affiliates | \$ | \$ 6,158 |
| Dividends declared but not paid | \$ | \$ 6,146 |
| Investments in available for sale securities | \$ 17,715 | \$ 421 |
| Purchase of property and equipment | \$ | \$ 15,259 |
| Revaluation of vessels due to restructuring of capital lease obligations | \$ | \$ 4,590 |
| Decrease in capital lease obligations due to restructuring | \$ | \$ (4,590) |

See unaudited notes to condensed consolidated financial statements.

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NAVIOS MARITIME HOLDINGS INC.

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Expressed in thousands of U.S. dollars except share data)

| | Number of Preferred Shares | Number of Preferred Stock | Number of Common Shares | Common Stock | Additional Paid-in Capital | Retained Earnings | Accumulated Other Comprehensive Income/(Loss) | Total Navios Holdings Stockholder Equity | Noncontrolling Interest | Total Equity |
|---|----------------------------------|---------------------------------|-------------------------------|-----------------|----------------------------------|----------------------|--|--|----------------------------|---------------------|
| Balance December 31, 2011 | 8,479 | \$ | 102,409,364 | \$ 10 | \$ 542,582 | \$ 510,348 | \$ 6,166 | \$ 1,059,106 | \$ 116,586 | \$ 1,175,692 |
| Net income | | | | | | 19,374 | | 19,374 | 363 | 19,737 |
| Total other comprehensive loss | | | | | | | (6,765) | (6,765) | | (6,765) |
| Stock-based compensation expenses | | | 29,251 | | 3,733 | | | 3,733 | | 3,733 |
| Cancellation of shares | | | (5,602) | | | | | | | |
| Dividends declared/ paid | | | | | | (19,712) | | (19,712) | | (19,712) |
| Balance September 30, 2012 (unaudited) | 8,479 | \$ | 102,433,013 | \$ 10 | \$ 546,315 | \$ 510,010 | \$ (599) | \$ 1,055,736 | \$ 116,949 | \$ 1,172,685 |
| Balance December 31, 2012 | 8,479 | \$ | 103,255,409 | \$ 10 | \$ 547,377 | \$ 659,547 | \$ (558) | \$ 1,206,376 | \$ 116,663 | \$ 1,323,039 |
| Net (loss)/income | | | | | | (39,084) | | (39,084) | 3,513 | (35,571) |
| Total other comprehensive loss | | | | | | | (6,010) | (6,010) | | (6,010) |
| Navios Logistics acquisition of noncontrolling interest (Note 1) | | | | | (50) | | | (50) | (700) | (750) |
| Stock-based compensation | | | 131,335 | | 2,510 | | | 2,510 | | 2,510 |

| | | | | | | | | | | |
|---|--------------|-----------|--------------------|--------------|-------------------|-------------------|-------------------|---------------------|-------------------|---------------------|
| expenses | | | | | | | | | | |
| Cancellation of shares | | | (12,452) | | | | | | | |
| Dividends declared/ paid | | | | (19,804) | | | (19,804) | | (19,804) | |
| Balance September 30, 2013 (unaudited) | 8,479 | \$ | 103,374,292 | \$ 10 | \$ 549,837 | \$ 600,659 | \$ (6,568) | \$ 1,143,938 | \$ 119,476 | \$ 1,263,414 |

See unaudited notes to condensed consolidated financial statements.

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NAVIOS MARITIME HOLDINGS INC.
UNAUDITED CONDENSED NOTES TO THE
CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of U.S. dollars except share data)

NOTE 1: DESCRIPTION OF BUSINESS

On August 25, 2005, Navios Maritime Holdings Inc. (Navios Holdings or the Company) was acquired by International Shipping Enterprises, Inc. (ISE) through the purchase of all of the outstanding shares of common stock of Navios Holdings. As a result of this acquisition, Navios Holdings became a wholly owned subsidiary of ISE. In addition, on August 25, 2005, simultaneously with the acquisition of Navios Holdings, ISE effected a reincorporation from the State of Delaware to the Republic of the Marshall Islands through a downstream merger with and into its newly acquired wholly owned subsidiary, whose name was and continues to be Navios Maritime Holdings Inc.

Navios Holdings is a global, vertically integrated seaborne shipping and logistics company focused on the transport and transshipment of drybulk commodities, including iron ore, coal and grain.

Navios South American Logistics Inc. (Navios Logistics), a consolidated subsidiary of the Company, is one of the largest logistics companies in the Hidrovia region of South America, serving the storage and marine transportation needs of its customers through two port storage and transfer facilities, one for grain commodities and the other for refined petroleum products, and a diverse fleet consisting of vessels, barges and pushboats. Navios Holdings currently owns 63.8% of Navios Logistics.

On July 10, 2013, Navios Logistics became the sole shareholder of Hidronave South American Logistics S.A. by acquiring the remaining 49% noncontrolling interest for a total cash consideration of \$750 payable in three installments, with the final installment due on January 15, 2014. The transaction was considered a step acquisition (with control maintained by Navios Logistics) and was accounted for as an equity transaction.

In May 2013, Navios Holdings formed Navios Asia LLC (Navios Asia) in partnership with a third party. Navios Holdings owns 51% and the third party owns 49% of Navios Asia. As of September 30, 2013, Navios Asia did not have any activity. Navios Asia took delivery of its first vessel on October 25, 2013 (see also Notes 7 and 13).

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- (a) ***Basis of presentation:*** The accompanying interim condensed consolidated financial statements are unaudited, but, in the opinion of management, reflect all adjustments for a fair statement of Navios Holdings consolidated financial positions, statement of stockholders equity, statements of comprehensive income and cash flows for the periods presented. Adjustments consist of normal, recurring entries. The results of operations for the interim periods are not necessarily indicative of results for the full year. The footnotes are condensed as permitted by the requirements for interim financial statements and accordingly, do not include information and disclosures required under United States generally accepted accounting principles (U.S.GAAP) for complete financial statements. The December 31, 2012 balance sheet data was derived from audited financial statements, but does not include all disclosures required by U.S. GAAP. These interim financial statements should be read in

conjunction with the Company's consolidated financial statements and notes included in Navios Holdings' 2012 annual report filed on Form 20-F with the Securities and Exchange Commission (SEC).

(b) Principles of consolidation: The accompanying interim condensed consolidated financial statements include the accounts of Navios Holdings, a Marshall Islands corporation, and its majority owned subsidiaries. All significant intercompany balances and transactions have been eliminated in the consolidated statements.

Subsidiaries: Subsidiaries are those entities in which the Company has an interest of more than one half of the voting rights or otherwise has power to govern the financial and operating policies. The acquisition method of accounting is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets given up, shares issued or liabilities undertaken at the date of acquisition. The excess of the cost of acquisition over the fair value of the net assets acquired and liabilities assumed is recorded as goodwill. All subsidiaries included in the consolidated financial statements are 100% owned, except for Navios Logistics, which is 63.8% owned and Navios Asia, which is 51% owned.

Investments in Affiliates: Affiliates are entities over which the Company generally has between 20% and 50% of the voting rights, or over which the Company has significant influence, but it does not exercise control. Investments in these entities are accounted for under the equity method of accounting. Under this method the Company records an investment in the stock of an affiliate at cost, and adjusts the carrying amount for its share of the earnings or losses of the affiliate subsequent to the date of investment and reports the recognized earnings or losses in income. Dividends received from an affiliate reduce the carrying

amount of the investment. The Company recognizes gains and losses in earnings for the issuance of shares by its affiliates, provided that the issuance of shares qualifies as a sale of shares. When the Company's share of losses in an affiliate equals or exceeds its interest in the affiliate, the Company does not recognize further losses, unless the Company has incurred obligations or made payments on behalf of the affiliate.

Affiliates included in the financial statements accounted for under the equity method

In the consolidated financial statements of Navios Holdings, the following entities are included as affiliates and are accounted for under the equity method for such periods during which such entities were affiliates of Navios Holdings: (i) Navios Partners and its subsidiaries (ownership interest as of September 30, 2013 was 21.6%, which includes a 2% general partner interest); (ii) Navios Acquisition and its subsidiaries (ownership interest as of September 30, 2013 was 51.3%) and (iii) Acropolis Chartering and Shipping Inc. (ownership interest as of September 30, 2013 was 50%).

(c) Use of estimates: The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. On an on-going basis, management evaluates the estimates and judgments, including those related to uncompleted voyages, future drydock dates, the carrying value of investments in affiliates, the selection of useful lives for tangible assets, expected future cash flows from long-lived assets to support impairment tests, provisions necessary for accounts receivables, provisions for legal disputes, pension benefits, and contingencies. Management bases its estimates and judgments on historical experience and on various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results could differ from those estimates under different assumptions and/or conditions.

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NAVIOS MARITIME HOLDINGS INC.

UNAUDITED CONDENSED NOTES TO THE

CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of U.S. dollars except share data)

(d) *Vessel, Port Terminals, Tanker Vessels, Barges, Pushboats and Other Fixed Assets, net:* Vessels, port terminals, tanker vessels, barges, pushboats and other fixed assets acquired as parts of business combinations or asset acquisitions are recorded at fair value on the date of acquisition. Vessels constructed by the company would be stated at historical cost, which consists of the contract price, capitalized interest and any material expenses incurred upon acquisition (improvements and delivery expenses). Subsequent expenditures for major improvements and upgrades are capitalized, provided they appreciably extend the life, increase the earnings capability or improve the efficiency or safety of the vessels. The cost and related accumulated depreciation of assets retired or sold are removed from the accounts at the time of sale or retirement and any gain or loss is included in the accompanying consolidated statements of income.

Expenditures for routine maintenance and repairs are expensed as incurred.

Depreciation is computed using the straight line method over the useful life of the vessels, port terminals, tanker vessels, barges, push boats and other fixed assets, after considering the estimated residual value.

Annual depreciation rates used, which approximate the useful life of the assets are:
