Navios Maritime Partners L.P.
Form 20-F
March 21, 2014
Table of Contents

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**FORM 20-F**

**(Mark One)**

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

**OR**

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

**For the fiscal year ended December 31, 2013**

**OR**

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

**OR**

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

**Date of event requiring this shell company report __________**

**For the transition period from __________ to __________**

**Commission file number 333-146972**

**Navios Maritime Partners L.P.**

**(Exact name of Registrant as specified in its charter)**

**Not Applicable**

**(Translation of Registrant s Name into English)**

**Republic of Marshall Islands**

**(Jurisdiction of incorporation or organization)**

**7 Avenue de Grande Bretagne, Office 11B2**

**Monte Carlo, MC 98000 Monaco**

**(Address of Principal Executive Offices)**

**Todd E. Mason**

**Thompson Hine LLP**

**335 Madison Ave.**

**New York, NY 10017**

**todd.mason@thompsonhine.com**

**(212) 908-3946**

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

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

| **Title of each class** | **Name of each exchange on which registered** |
|---|---|
| **Common Units** | **New York Stock Exchange LLC** |

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

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

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

71,034,163 Common Units

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

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

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

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

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

Large Accelerated Filer x Accelerated Filer ¨ Non-Accelerated Filer ¨

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

U.S. GAAP x International Financial Reporting Standards as issued by the International Accounting Standards Board ¨ Other ¨

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

¨ Item 17 ¨ Item 18

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

# TABLE OF CONTENTS

2

Table of Contents

**FORWARD-LOOKING STATEMENTS**

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

Statements included in this annual report which are not historical facts (including our statements concerning plans and objectives of management for future operations or economic performance, or assumptions related thereto) are forward-looking statements. In addition, we and our representatives may from time to time make other oral or written statements which are also forward-looking statements. Such statements include, in particular, statements about our plans, strategies, business prospects, changes and trends in our business, and the markets in which we operate as described in this annual report. In some cases, you can identify the forward-looking statements by the use of words such as may, could, should, would, expect, plan, anticipate, intend, forecast, believe, estimate, potential, continue or the negative of these terms or other comparable terminology.

Forward-looking statements appear in a number of places and include statements with respect to, among other things:

- our ability to make cash distributions on our common units;
- our future financial condition or results of operations and our future revenues and expenses;
- our anticipated growth strategies;
- future charter hire rates and vessel values;
- the repayment of debt;
- our ability to access debt and equity markets;
- planned capital expenditures and availability of capital resources to fund capital expenditures;
- future supply of, and demand for, drybulk commodities;
- increases in interest rates;
- our ability to maintain long-term relationships with major commodity traders;

our ability to leverage to our advantage Navios Maritime Holdings Inc. ( Navios Holdings ) s relationships and reputation in the shipping industry;

our continued ability to enter into long-term, fixed-rate time charters;

our ability to maximize the use of our vessels, including the re-deployment or disposition of vessels no longer under long-term time charter;

timely purchases and deliveries of newbuilding vessels;

future purchase prices of newbuildings and secondhand vessels;

our ability to compete successfully for future chartering and newbuilding opportunities;

the expected cost of, and our ability to comply with, governmental regulations and maritime self-regulatory organization standards, as well as standard regulations imposed by our charterers applicable to our business;

our anticipated incremental general and administrative expenses as a publicly traded limited partnership and our expenses under the management agreement and the administrative services agreement with Navios ShipManagement Inc., a subsidiary of Navios Holdings (the Manager ) and for reimbursements for fees and costs of our general partner;

the anticipated taxation of our partnership and our unitholders;

estimated future maintenance and replacement capital expenditures;

expected demand in the drybulk shipping sector in general and the demand for our Panamax, Capesize, Ultra-Handymax and Post-Panamax container vessels in particular;

our ability to retain key executive officers;

customers increasing emphasis on environmental and safety concerns;

future sales of our common units in the public market; and

our business strategy and other plans and objectives for future operations.

Table of Contents

These and other forward-looking statements are made based upon management s current plans, expectations, estimates, assumptions and beliefs concerning future events impacting us and therefore involve a number of risks and uncertainties, including those set forth below, as well as those risks discussed in Item 3. Key Information .

- a lack of sufficient cash to pay the minimum quarterly distribution on our common units;
- the cyclical nature of the international drybulk shipping industry;
- fluctuations in charter rates for drybulk carriers;
- the historically high numbers of newbuildings currently under construction in the drybulk industry;
- changes in the market values of our vessels and the vessels for which we have purchase options;
- an inability to expand relationships with existing customers and obtain new customers;
- the loss of any customer or charter or vessel;
- the aging of our fleet and resultant increases in operations costs;
- damage to our vessels;
- general domestic and international political conditions, including wars, terrorism and piracy; and
- other factors detailed from time to time in our periodic reports filed with the Securities and Exchange Commission.

The risks, uncertainties and assumptions involve known and unknown risks and are inherently subject to significant uncertainties and contingencies, many of which are beyond our control. We caution that forward-looking statements are not guarantees and that actual results could differ materially from those expressed or implied in the forward-looking statements.

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

# PART I

## Item 1. Identity of Directors, Senior Management and Advisers

Not Applicable.

## Item 2. Offer Statistics and Expected Timetable

Not Applicable.

## Item 3. Key Information

### A. Selected Financial Data

The selected consolidated historical financial information as of December 31, 2013 and 2012 and operating results for the years ended December 31, 2013, 2012, and 2011, is derived from our audited consolidated financial statements of Navios Maritime Partners L.P. (sometimes referred to as Navios Partners , the Partnership , we or us ) which are included elsewhere in this report. The selected consolidated historical financial information as of December 31, 2011, 2010 and 2009 and for the years ended December 31, 2010 and December 31, 2009 have been derived from our audited financial statements not included in this report. This information is qualified by reference to, and should be read in conjunction with, Item 5. Operating and Financial Review and Prospects and our consolidated financial statements and notes thereto included elsewhere in this report.

Table of Contents

| | Year ended December 31, | | | | |
|---|---|---|---|---|---|
| | 2013 | 2012 | 2011 | 2010 | 2009 |
| | (Expressed in thousands of U.S. dollars-except per unit data) | | | | |
| **Statement of Income Data** | | | | | |
| Time charter and voyage revenues | $ 198,159 | $ 205,435 | $ 186,953 | $ 143,231 | $ 92,643 |
| Time charter and voyage expenses | (14,943) | (12,937) | (13,473) | (12,027) | (13,925) |
| Direct vessel expenses | | (25) | (61) | (92) | (415) |
| Management fees | (36,173) | (31,689) | (26,343) | (19,746) | (11,004) |
| General and administrative expenses | (6,305) | (5,555) | (4,965) | (4,303) | (3,208) |
| Depreciation and amortization | (77,505) | (71,622) | (63,971) | (41,174) | (15,877) |
| Write-off of intangible asset | | | (3,979) | | |
| Interest expense and finance cost, net | (16,910) | (10,127) | (9,244) | (6,360) | (8,048) |
| Interest income | 50 | 229 | 821 | 1,017 | 261 |
| Compensation expense | | | | | (6,082) |
| Other income | 13,730 | 22,598 | 272 | 85 | 94 |
| Other expenses | (1,097) | (409) | (675) | (120) | (117) |
| Income before income taxes | $ 59,006 | $ 95,898 | $ 65,335 | $ 60,511 | $ 34,322 |
| **Net income** | **$ 59,006** | **$ 95,898** | **$ 65,335** | **$ 60,511** | **$ 34,322** |
| Earnings per unit (basic and diluted): | | | | | |
| Common unit (basic and diluted) | $ 0.84 | $ 1.61 | $ 1.33 | $ 1.51 | $ 1.47 |
| Subordinated unit (basic and diluted) | $ | $ | $ 0.46 | $ 1.11 | $ 1.09 |
| **Balance Sheet Data (at period end)** | | | | | |
| Current assets, including cash | $ 54,484 | $ 70,033 | $ 63,558 | $ 55,612 | $ 92,579 |
| Vessels, net | 1,026,153 | 721,391 | 667,213 | 612,358 | 299,695 |
| Total assets | 1,250,079 | 954,952 | 909,924 | 840,885 | 436,756 |
| Current portion of long-term debt | 5,358 | 23,727 | 36,700 | 29,200 | |
| Total long-term debt, including current portion | 533,324 | 299,709 | 326,050 | 321,500 | 195,000 |
| Total Owner s Net Investment and Partners Capital | 706,507 | 618,694 | 559,639 | 491,503 | 207,990 |
| **Cash Flow Data** | | | | | |
| Net cash provided by operating activities | $ 104,842 | $ 179,081 | $ 127,464 | $ 96,018 | $ 80,565 |
| Net cash used in investing activities | (382,673) | (109,698) | (120,000) | (447,757) | (69,100) |
| Net cash provided by/ (used in) financing activities | 281,045 | (85,329) | (10,664) | 325,139 | 38,039 |
| **Fleet Data:** | | | | | |
| Vessels at end of period[1] | 28 | 21 | 18 | 16 | 11 |

(1) Includes owned and chartered-in vessels.

**B. Capitalization and indebtedness.**

Not applicable.

**C. Reasons for the offer and use of proceeds.**

Not applicable.

**D. Risk factors**

**Risks Inherent in Our Business**

**We may not have sufficient cash from operations to enable us to pay the minimum quarterly distribution on our common units following the establishment of cash reserves and payment of fees and expenses or to maintain or increase distributions.**

We may not have sufficient cash available each quarter to pay the minimum quarterly distribution of $0.35 per common unit following the establishment of cash reserves and payment of fees and expenses. The amount of cash we can distribute on our common units depends principally upon the amount of cash we generate from our operations, which may fluctuate based on numerous factors including, among other things:

- the rates we obtain from our charters and the market for long-term charters when we recharter our vessels;
- the level of our operating costs, such as the cost of crews and insurance, following the expiration of the fixed term of our management agreement pursuant to which we pay a fixed daily fee until December 2015;
- the number of unscheduled off-hire days for our fleet and the timing of, and number of days required for, scheduled inspection, maintenance or repairs of submerged parts, or drydocking, of our vessels;
- demand for drybulk commodities;
- supply of drybulk vessels;
- prevailing global and regional economic and political conditions; and
- the effect of governmental regulations and maritime self-regulatory organization standards on the conduct of our business.

The actual amount of cash we will have available for distribution also will depend on other factors, some of which are beyond our control, such as:

- the level of capital expenditures we make, including those associated with maintaining vessels, building new vessels, acquiring existing vessels and complying with regulations;

Table of Contents

our debt service requirements and restrictions on distributions contained in our debt instruments;

interest rate fluctuations;

the cost of acquisitions, if any;

fluctuations in our working capital needs;

our ability to make working capital borrowings, including the payment of distributions to unitholders; and

the amount of any cash reserves, including reserves for future maintenance and replacement capital expenditures, working capital and other matters, established by our board of directors in its discretion.

The amount of cash we generate from our operations may differ materially from our profit or loss for the period, which will be affected by non-cash items. As a result of this and the other factors mentioned above, we may make cash distributions during periods when we record losses and may not make cash distributions during periods when we record net income.

**The cyclical nature of the international drybulk and container shipping industry may lead to decreases in charter rates and lower vessel values, resulting in decreased distributions to our common unitholders.**

The shipping business, including the dry cargo market, is cyclical in varying degrees, experiencing severe fluctuations in charter rates, profitability and, consequently, vessel values. For example, during the period from January 1, 2012 to December 31, 2013, the Baltic Exchange s Panamax time charter average daily rates experienced a low of $3,336 and a high of $16,728. Additionally, during the period from January 1, 2012 to December 31, 2013, the Baltic Exchange s Capesize time charter average daily rates experienced a low of $2,644 and a high of $42,211 and the Baltic Dry Index experienced a low of 647 points and a high of 2,337 points. While the BDI was 1,258 as of February 28, 2014, there can be no assurance that the drybulk charter market will increase further, and the market could decline. We anticipate that the future demand for our drybulk carriers and drybulk charter rates will be dependent upon demand for imported commodities, economic growth in the emerging markets, including the Asia Pacific region, India, Brazil and Russia and the rest of the world, seasonal and regional changes in demand and changes to the capacity of the world fleet. Adverse economic, political, social or other developments can decrease demand and prospects for growth in the shipping industry and thereby could reduce revenue significantly. A decline in demand for commodities transported in drybulk carriers or an increase in supply of drybulk vessels could cause a further decline in charter rates, which could materially adversely affect our results of operations and financial condition. If we sell a vessel at a time when the market value of our vessels has fallen, the sale may be at less than the vessel s carrying amount, resulting in a loss.

Demand for container shipments declined significantly from 2008 to 2009 in the aftermath of the global financial crisis but has increased each year from 2010 to 2013. From 2009 to 2010, there was improvement on the Far East-to-Europe and Trans-Pacific Eastbound container trade lanes, alongside improvements also witnessed on other, non-main lane, trade routes including certain intra-Asia and North-South trade routes. However, Trans-Pacific Eastbound trade lane growth was less than 1% per year in 2010 and 2011, while the Far East to Europe trade was positive in 2011 but turned negative in 2012 due to the impact of the continuing European sovereign debt crisis and global economic slowdown, as well as uncertainty regarding the resolution of the budget ceiling and budgetary cuts in the United States. In 2013, worldwide trade volumes increased, but containership supply continued to exceed demand during the year as more large vessels were delivered. The oversupply in our market negatively affected time charter rates for both short- and long-term periods. Additional orders for large and very large containerships were placed during 2013, both increasing the expected future supply of larger vessels and having a spillover effect on the market segment for smaller vessels.

The continuation of such containership oversupply or any declines in container freight rates could negatively affect the liner companies to which we seek to charter our containerships.

The demand for vessels has generally been influenced by, among other factors:

- global and regional economic conditions;
- developments in international trade;
- changes in seaborne and other transportation patterns, such as port congestion and canal closures or expansions;
- supply and demand for energy resources, commodities, semi-finished and finished consumer and industrial products;
- changes in the exploration or production of energy resources, commodities, semi-finished and finished consumer and industrial products;

Table of Contents

- supply and demand for products shipped in containers;
- changes in global production of raw materials or products transported by containerships;
- the distance drybulk cargo or containers are to be moved by sea;
- carrier alliances, vessel sharing or container slot sharing that seek to allocate container ship capacity on routes;
- weather and crop yields;
- armed conflicts and terrorist activities including piracy;
- political, environmental and other regulatory developments;
- embargoes and strikes; and
- technical advances in ship design and construction.

The supply of vessel capacity has generally been influenced by, among other factors:

- the number of vessels that are in or out of service;
- the scrapping rate of older vessels;
- port and canal traffic and congestion;
- the number of newbuilding deliveries;
- vessel casualties;
- the availability of shipyard capacity; and

the economics of slow steaming.

**Charter rates in the drybulk and container shipping industry have decreased from their historically high levels and may decrease further in the future, which may adversely affect our earnings and ability to pay dividends.**

The current charter rates for drybulk and container vessels have significantly decreased from their historic highs reached in the second quarter of 2008. If the drybulk shipping industry, which has been highly cyclical, is depressed in the future when our charters expire or at a time when we may want to sell a vessel, our earnings and available cash flow may be adversely affected. We cannot assure you that we will be able to successfully charter our vessels in the future or renew our existing charters at rates sufficient to allow us to operate our business profitably, to meet our obligations, including payment of debt service to our lenders, or to pay dividends to our unitholders. Our ability to renew the charters on our vessels on the expiration or termination of our current charters, or on vessels that we may acquire in the future, the charter rates payable under any replacement charters and vessel values will depend upon, among other things, economic conditions in the sectors in which our vessels operate at that time, changes in the supply and demand for vessel capacity and changes in the supply and demand for the transportation of commodities.

All of our drybulk time charters are scheduled to expire on dates ranging from March 2014 to September 2022. If, upon expiration or termination of these or other contracts, long-term recharter rates are lower than existing rates, particularly considering that we intend to enter into long-term charters, or if we are unable to obtain replacement charters, our earnings, cash flow and our ability to make cash distributions to our unitholders could be materially adversely affected.

The five containerships that we own are on long term time charter for ten years until 2023 with our option to terminate after year seven. Our ability to re-charter our containerships upon the expiration or termination of their current time charters and the charter rates payable under any renewal options or replacement time charters will depend upon, among other things, the prevailing state of the containership charter market, which can be affected by consumer demand for products shipped in containers. If the charter market is depressed when our containerships time charters expire, we may be forced to re-charter our containerships at reduced or even unprofitable rates, or we may not be able to re-charter them at all, which may reduce or eliminate our earnings, make our earnings volatile, affect our ability to generate cash flows and maintain liquidity.

Table of Contents

**An oversupply of drybulk carrier capacity may prolong or further depress the current low charter rates and, in turn, adversely affect our profitability.**

The market supply of drybulk carriers has been increasing as a result of the delivery of numerous newbuilding orders over the last few years. Newbuildings have been delivered in significant numbers since the beginning of 2006 and, as of January 1, 2014, newbuilding orders had been placed for an aggregate of more than 21% of the existing global drybulk fleet, with deliveries expected during the next three years. Due to lack of financing many analysts expect significant cancellations and/or slippage of newbuilding orders. While vessel supply will continue to be affected by the delivery of new vessels and the removal of vessels from the global fleet, either through scrapping or accidental losses, an over-supply of drybulk carrier capacity could exacerbate decreases in charter rates or prolong the period during which low charter rates prevail which may have a material adverse effect on our business, results of operations, cash flows, financial condition and ability to pay dividends.

**An oversupply of containership capacity may prolong or further depress the current charter rates and adversely affect our ability to re-charter our existing containerships at profitable rates or at all.**

From 2005 through the first quarter of 2010, the containership orde