



**Financial Results Presentation  
Fourth Quarter and Full Year 2016  
16 February 2017**

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# Important Notice



We call your attention to the “Disclaimer of Opinion” raised by our auditors on the Trust’s financial statements for the year ended 31 Dec 2016.

The Disclaimer of Opinion is available in a specific disclosure on SGX dated 16 Feb 2017, included in Note 3 of the “Unaudited financial statements and distribution announcement” released on SGX also dated 16 Feb 2017; both these documents are available on the Trust’s website ([www.rickmers-maritime.com](http://www.rickmers-maritime.com)).

Particularly attention should be paid to the presentation of the financial statements as a going-concern which, among other considerations, apply “value-in-use” valuation methods to the vessel carrying values – these values are not indicative of liquidation values should the trust be wound up. Should the Trust be unable to continue as a going-concern, additional and significant impairments would need to be recognised. Based on recent sale values, and the value of the existing time charters, such additional impairments could amount to US\$360 million.

- Highlights
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# Highlights



- Financial performance affected by depressed charter market: Lower revenue of US\$14.3m and lower utilisation rate of 86.7% in 4Q2016
- Net loss of US\$48.4m in 4Q2016 due largely to US\$48.1m non-cash impairment
- Two vessel sales (Dec 2016 and Feb 2017): Net sale proceeds for partial loan repayment and payment of operating costs for remaining secured vessels
- Secured revenue of US\$84.9m to the expiry of the last charter contract in 2019
- Trading suspension on 15 Nov 2016, pending resolution of restructuring efforts

In US\$ million (except otherwise stated)	FOURTH QUARTER			TWELVE MONTHS		
	2016	2015	% Δ	2016	2015	% Δ
Charter Revenue	14.28	24.08	↓ (41%)	69.21	108.55	↓ (36%)
Cash Flow from Operating Activities	5.04	13.76	↓ (63%)	26.37	66.57	↓ (60%)
Net Loss	(48.44)	(129.58)	↓ (63%)	(180.09)	(129.23)	↑ 39%
Adjusted EBITDA	4.41	13.25	↓ (67%)	26.70	66.57	↓ (60%)
Distribution per Unit (US cents)	-	-	-	-	1.20	NM

\*NM: Not Meaningful

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# Income Statement



In US\$'000	4Q2016	4Q2015	% Δ	FY2016	FY2015	% Δ
Charter revenue	14,275	24,084	(41)	69,211	108,547	(36)
Other income	254	863	(71)	1,172	5,233	(78)
Other (losses)/gains - net	4,515	(2,981)	NM	2,362	1,382	71
<b>Total income</b>	<b>19,044</b>	<b>21,966</b>	<b>(13)</b>	<b>72,745</b>	<b>115,162</b>	<b>(37)</b>
<i>Add/(less):</i>						
Loss on disposal of a vessel	(507)	-	NM	(507)	-	NM
Depreciation	(5,834)	(8,729)	(33)	(26,932)	(35,160)	(23)
Impairment of vessels	(48,095)	(126,264)	(62)	(168,678)	(143,088)	18
Impairment of goodwill	-	(2,141)	NM	-	(4,943)	NM
Vessel operating expenses	(8,396)	(10,044)	(16)	(38,347)	(38,911)	(1)
Trustee-Manager fee	(643)	(716)	(10)	(2,657)	(2,947)	(10)
Other trust expenses	(795)	(207)	284	(1,739)	(813)	114
Finance expenses	(3,213)	(3,447)	(7)	(13,976)	(18,527)	(25)
<b>Loss before income tax</b>	<b>(48,439)</b>	<b>(129,582)</b>	<b>(63)</b>	<b>(180,091)</b>	<b>(129,227)</b>	<b>39</b>
Income tax expense	-	-	-	-	-	-
<b>Net loss after tax</b>	<b>(48,439)</b>	<b>(129,582)</b>	<b>(63)</b>	<b>(180,091)</b>	<b>(129,227)</b>	<b>39</b>

NM: Not Meaningful

# Balance Sheet



In US\$'000	As at 31 Dec 2016	As at 31 Dec 2015	% Δ
<b>Assets</b>			
Cash and cash equivalents	22,383	45,064	(50)
Net book value of vessels	499,642	706,011	(29)
Non-current assets held for sale	5,980*	-	NM
Other current and non-current assets	3,857	4,005	(4)
<b>Total assets</b>	<b>531,862</b>	<b>755,080</b>	<b>(30)</b>
<b>Liabilities</b>			
Secured bank loans	270,795 <sup>^</sup>	313,383	(14)
Medium-term notes	72,404	71,350	1
Other current and non-current liabilities	5,190	6,783	(23)
<b>Total liabilities</b>	<b>348,389</b>	<b>391,516</b>	<b>(11)</b>
<b>Total unitholders' funds</b>	<b>183,473</b>	<b>363,564</b>	<b>(50)</b>
<b>Net asset value / unit (US\$)</b>	<b>0.21</b>	<b>0.41</b>	<b>(49)</b>

NM: Not Meaningful

\* Pertained to the sale of KAETHE C. RICKMERS, which was sold for demolition on 7 Feb 2017

<sup>^</sup> Included accrued interest on secured bank loans of US\$2.6m. In addition, all loans, regardless of final maturity dates, are carried as current liabilities



# Statement of Cash Flows



<i>In US\$'000</i>	4Q2016	4Q2015	FY2016	FY2015
<b>Cash flow from:</b>				
Operating activities	5,041	13,759	26,365	66,565
Investing activities	4,660	(426)	4,333	(1,895)
Financing activities	(8,864)	(20,089)	(53,405)	(78,869)
<b>Net change in cash &amp; cash equivalents</b>	<b>837</b>	<b>(6,756)</b>	<b>(22,707)</b>	<b>(14,199)</b>
Cash & cash equivalents at beginning of period	21,693	51,690	45,064	60,008
Effects of exchange rate changes on cash and cash equivalents	(147)	130	26	(745)
<b>Cash &amp; cash equivalents at end of period</b>	<b>22,383</b>	<b>45,064</b>	<b>22,383</b>	<b>45,064</b>

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# Existing Debt Profile

- **Repayments:** US\$8.5 million of bank debt in 4Q2016, US\$45.7 in FY2016
- **Outstanding Debt as at 31 Dec 2016:**
  - Bank debt remaining: US\$270.8 million\*
  - MTN remaining: S\$100/US\$72.4 million

Repayment (in US\$ million)	Actual				Estimated			
	1Q2016	2Q2016	3Q2016	4Q2016	FY 2017	FY 2018	FY 2019	FY 2020- 2021
Scheduled bank loan repayments	11.7	4.8	0.9	3.6	224.6	35.8	-	-
Excess cash payments	1.2	-	-	-	-	-	-	-
Prepayments	-	15.0	3.6	4.9	10.4	-	-	-
<b>Total Loan Repayment</b>	<b>12.9</b>	<b>19.8</b>	<b>4.5</b>	<b>8.5</b>	<b>235.0</b>	<b>35.8</b>	<b>-</b>	<b>-</b>
<b>Scheduled MTN repayment</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>75.0</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Repayments</b>	<b>12.9</b>	<b>19.8</b>	<b>4.5</b>	<b>8.5</b>	<b>310.0</b>	<b>35.8</b>	<b>-</b>	<b>-</b>

\* Included accrued interest on secured bank loans of US\$2.6m.

- Seeking any one of the following consensual outcomes:

1

Structure standstill agreement on interest and principal deferrals with the HSH Syndicate and MTN to buy time  
*(including element of new financing and vessel sales)*

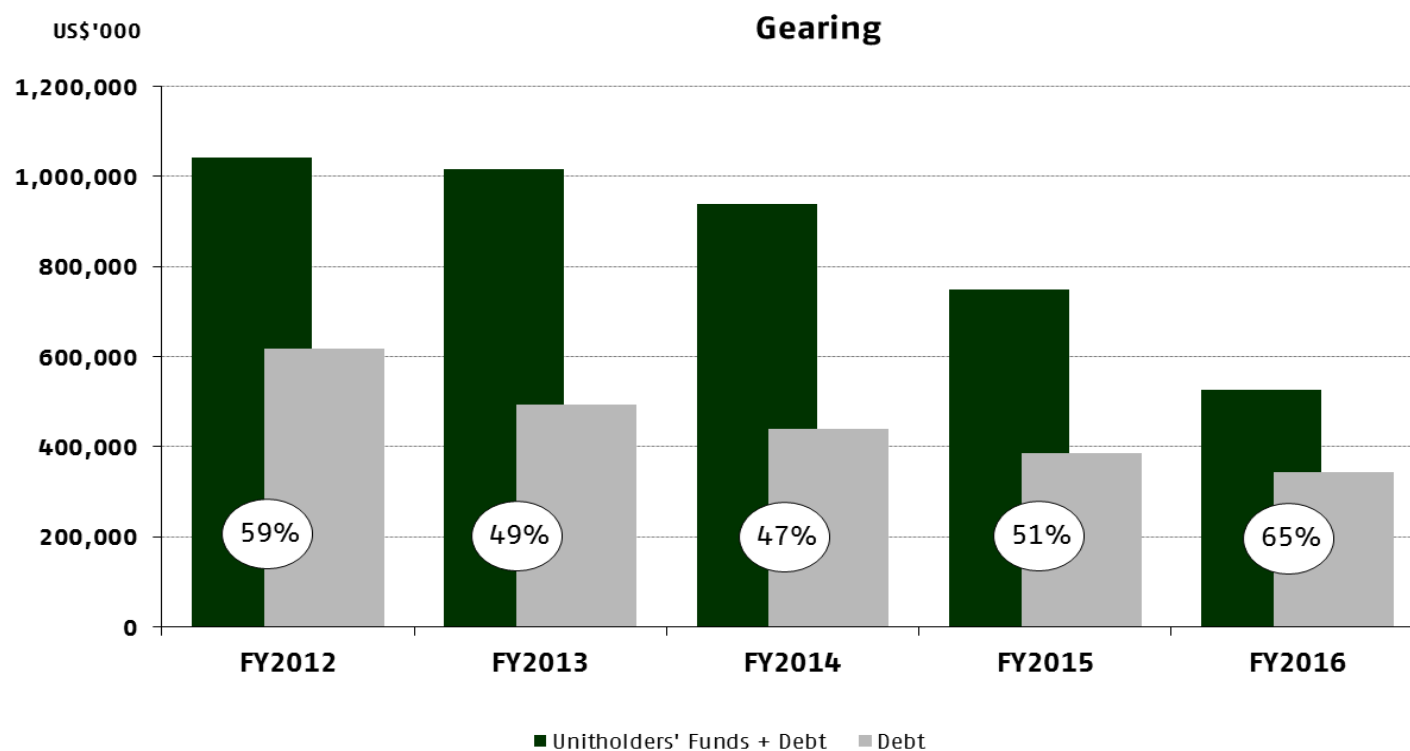
2

Permanent restructuring by right-sizing liabilities (via haircuts) to manageable amounts to enable going-concern and capital raising in future  
*(including element of new financing and vessel sales)*

- **Not pursuing an orderly wind-up, pending resolution of ongoing discussions**

# Gearing

- Gearing ratio of 65% as at 31 Dec 2016 – an increase from FY2015 due to impairments but no debt relief
- EBITDA-to-interest coverage ratio: 1.45x for 4Q2016 and 2.04x for FY2016



$$^{\wedge} \text{Gearing Ratio} = \frac{(\text{External Bank Loans} + \text{Convertible Loan} + \text{Medium-Term Notes})}{(\text{Total Unitholders' Funds} + \text{External Bank Loans} + \text{Convertible Loan} + \text{Medium-Term Notes})}$$

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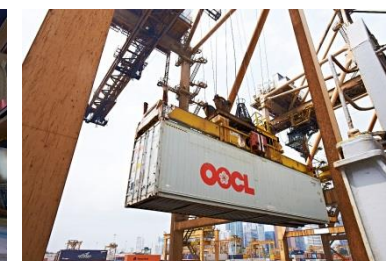
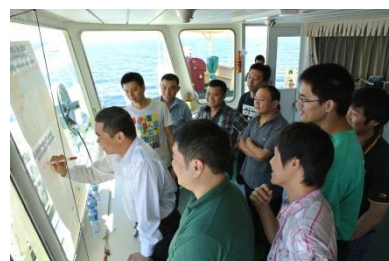


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# Fleet Utilisation

- Lower vessel utilisation rate of 86.7% in 4Q2016 amid depressed charter market
- Average age of vessels: 9.4 years as at 31 Dec 2016

	4Q2016	4Q2015	FY2016	FY2015
<b>Number of Vessels</b>	15 <sup>#</sup>	16	15 <sup>#</sup>	16
<b>Vessel Ownership Days</b>	1,003	1,472	5,211	5,840
<b>Off-hire Days*</b>	133.1 <sup>^</sup>	26.5	560.7 <sup>^</sup>	47.7
<b>Fleet Utilisation</b>	86.7%	98.2%	89.2%	99.2%



\* Exclude scheduled dry-docking and vessels decommissioned in cold lay-up

<sup>^</sup> Include 127.2 idle days for India Rickmers, Moni Rickmers, Henry Rickmers and Richard Rickmers in 4Q2016, 192.0 idle days for Maja Rickmers, Kaethe C Rickmers, Laranna Rickmers, Sabine Rickmers and Erwin Rickmers before they were decommissioned and India Rickmers in 3Q2016, 118.8 idle days for Vicki Rickmers, Maja Rickmers and India Rickmers in 2Q2016, and 103.7 idle days for Maja Rickmers, Vicki Rickmers and Laranna Rickmers in 1Q2016

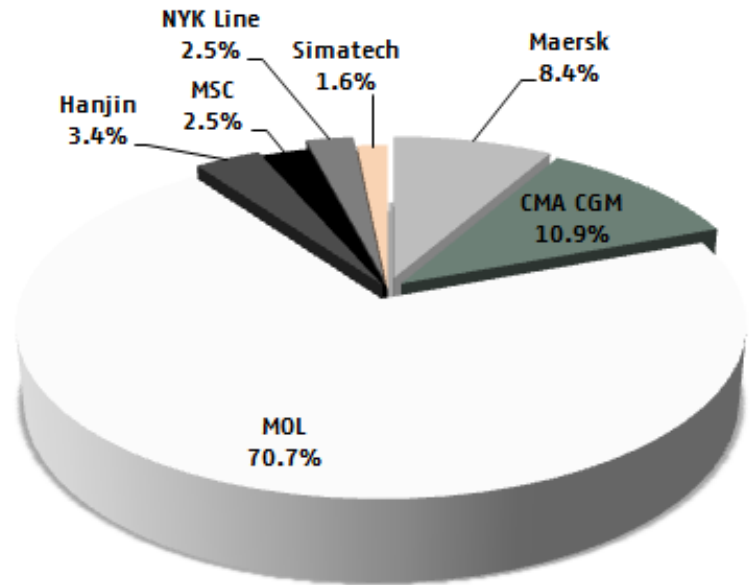
<sup>#</sup> After sale of India Rickmers on 23 Dec 2016

# Portfolio of Charterers

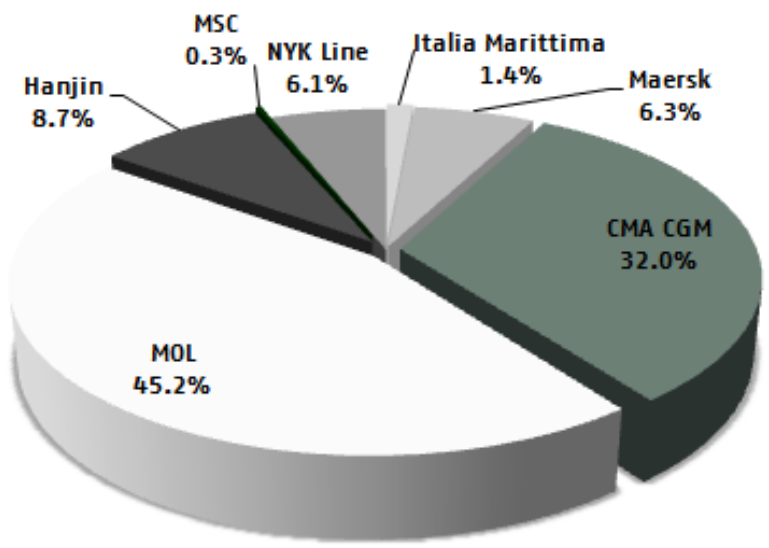


- Vessels chartered to leading container liner companies to minimise counterparty risk
- Recent spot charter rates were significantly lower than the long-term fixed rate charters of the MOL vessels which represented over 70% of revenue in 2016

**FY2016 Revenue: US\$69.2m**



**FY2015 Revenue: US\$108.5m**





# Fleet Employment Profile



- Secured revenue to the last contract expiry in 2019: US\$84.9m
- Fleet is 58.4% covered in 2017

5 vessels decommissioned\*

- Significantly reduce vessel operating expenses and management fees
- Allows the Trust to delay drydocks until market recovers

5 vessels trading in the spot market\*\*

- Secure shorter and more flexible charters in order to fix them for longer periods when the market improves

5 vessels with long-term charters

- Long-term charters to Feb 2019:

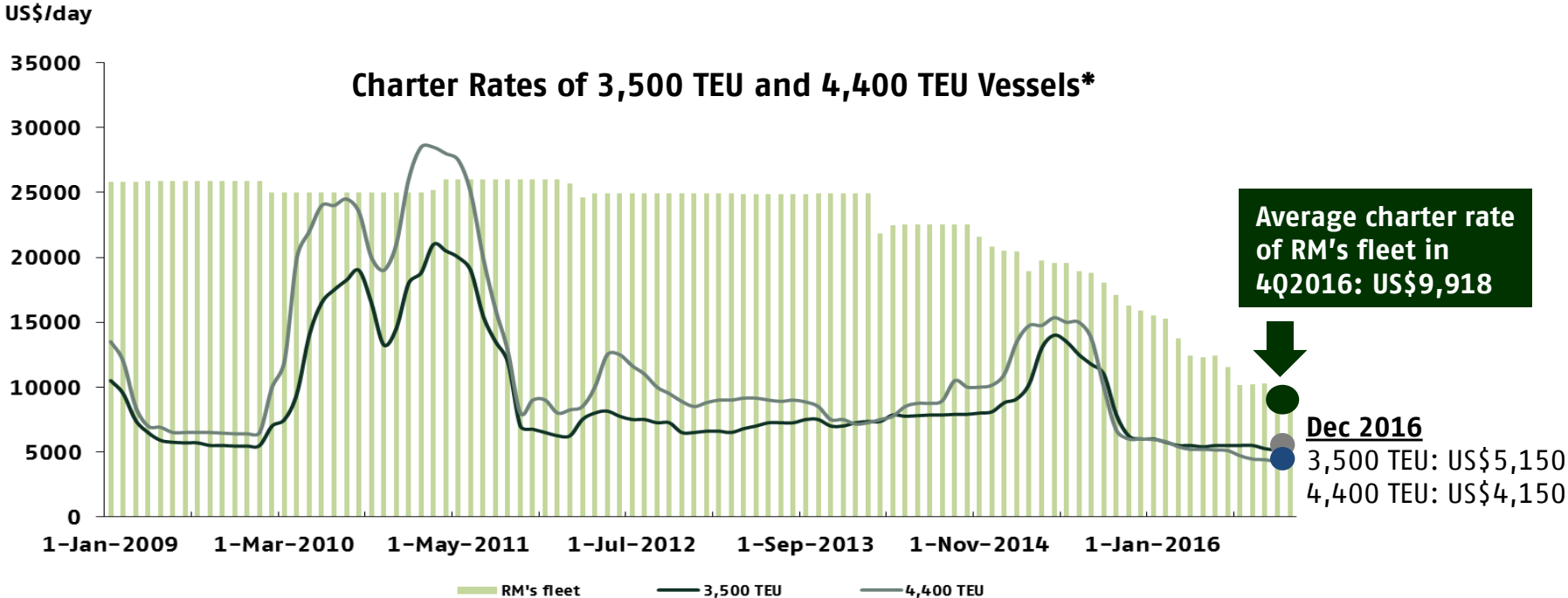
Vessel	Charter Rate	2017	2018	2019
MOL Dominance	US\$26,850			
MOL Dedication	US\$26,850			
MOL Delight	US\$26,850			
MOL Destiny	US\$26,850			
MOL Devotion	US\$26,850			

Minimum Time Charter Period  
 Expiration Period

\* Of the five decommissioned vessels, one was sold for demolition on 7 Feb 2017

\*\* One vessel was sold for demolition on 23 Dec 2016. The remaining number of vessels trading in the spot market as at 31 Dec 2016 is 5

- Charter market remained depressed in 4Q2016:
  - Continued pressure from large idle fleet: 116 of the world's 3,000– 5,099 TEU vessels remain idle as of Dec 2016<sup>^</sup>
  - Continued displacement of classic panamaxes due to Panama Canal expansion, majority coming from non-operating owners

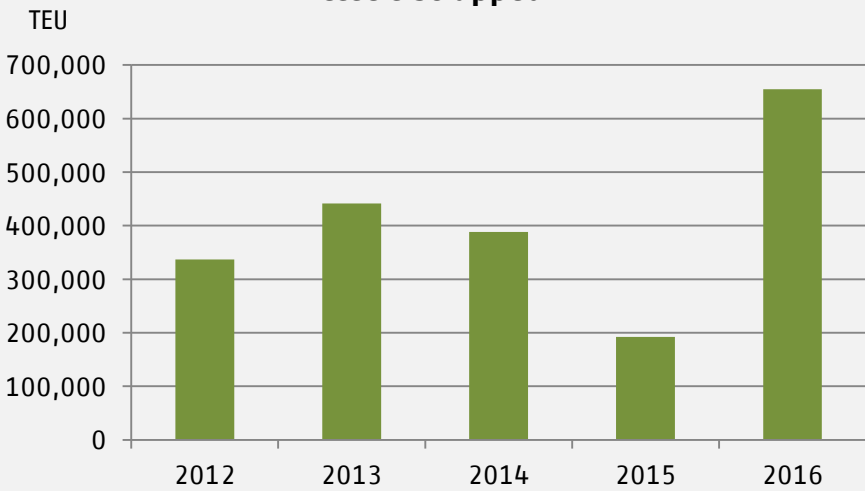


Sources: <sup>^</sup>Alphaliner, \*Clarksons Research Services

- Charter market to remain challenging in 2017: Stronger trade growth and more scrapping of tonnage is required to improve freight earnings
- Global container trade growth is expected to be 4.2% while container vessel capacity growth is expected to be 3.0% in 2017\*

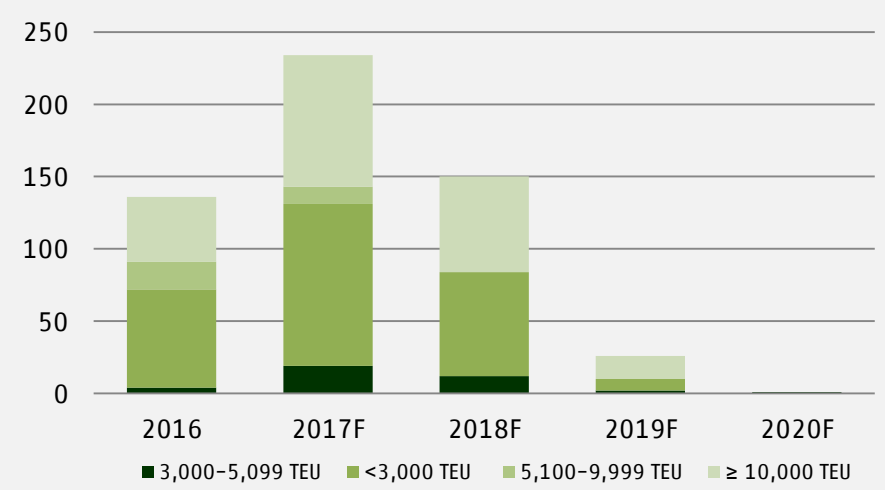
- Excess capacity despite high scrapping levels reaching almost 0.7 million TEU in FY 2016 vs 192,428 TEU in 2015^

**Vessels Scrapped^**



- Limited new supply for 3,000–5,099 TEU vessels: 19 newbuilds in 2017 and 12 in 2018

**Newbuilding Delivery Projections^**



Sources: ^Alphaliner; \* Clarksons Research Services

- Proportion of fleet idle still high at about 7%\*. The firm pace of demolition is expected to continue in 2017
- Container shipping market continues to be supported by long-term fundamentals and growing opportunities in Asia:
  - Smaller container vessels (sub 5,000 TEU) to benefit from the creation of more complex trade lanes as manufacturing shifts to lower-cost countries in Asia
  - Increasing supply of very large boxship capacity increases demand for feeder vessels to move containers to hub ports
- Improved container transportation rates in Asia-Europe and Trans-Pacific trade lanes



\* Source: Clarksons Research Services

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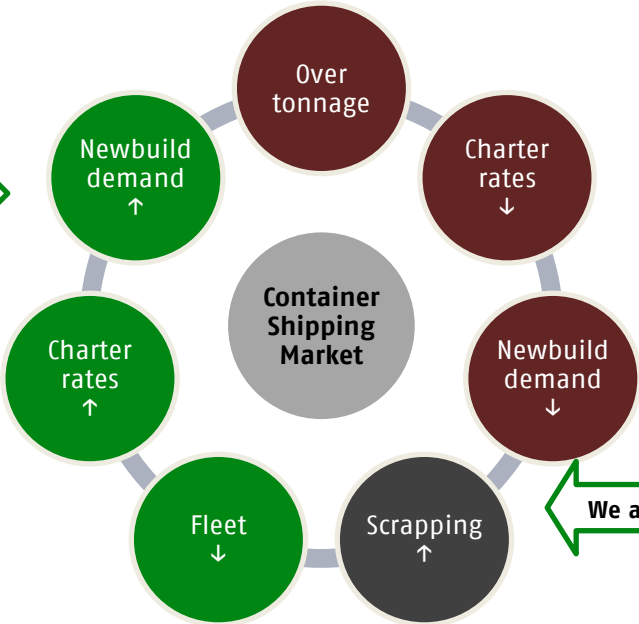
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# Moving Forward

- **Proactively manage operating costs:** Implemented cost saving initiatives since 2Q2016 to reduce vessel operating expenses (*16% reduction in 4Q2016 compared to previous year*)
- **Take practical measures amid depressed market:** Decommissioned five idling vessels in Aug–Sep 2016, and potentially more vessels if the Trust's efforts to secure customers continue to be hampered by ongoing restructuring plan
- **Comprehensive capital management strategy:** Extend loan maturity profile and manage liabilities by right-sizing debt; vessel sales as a short-term solution

**Market recovers and charter rates increase**

- **Reactivate decommissioned vessels** and secure longer-term charters
- **Pursue cash-producing and value-enhancing business opportunities**, which may include low-cost vessel acquisitions and the conversion of vessels for other purposes



**Current depressed market**

- **Secured revenue of US\$84.9m<sup>^</sup>:** Mainly from five long-term charters of US\$26,850/day/vessel
- **Decommission idle vessels:** Significantly reduces operating costs and allows the Trust to delay drydocks until market recovers
- **Maintain a small spot fleet** to minimise idle cost, yet retain flexibility to capitalise on any uptick in the market
- **Strengthen financial position by right-sizing debt and extend loan maturity profile** to improve the balance sheet and pursue growth opportunities when market recovers

<sup>^</sup> From 31 Dec 2016 until the expiry of the last existing charter contract in 2019

**THANK YOU**

For more information, please visit:  
[www.rickmers-maritime.com](http://www.rickmers-maritime.com)