

Navios Maritime Partners L.P. Reports Financial Results for the Third Quarter and Nine Months Ended September 30, 2016

- | **Revenue: \$50.3 million in Q3; \$140.9 million for the nine months**
- | **Adjusted EBITDA: \$32.8 million in Q3; \$89.9 million for the nine months**
- | **\$30.2 million reduction of commercial bank loans in November**
- | **Strengthening the Term Loan B collateral package**
 - | **\$50.5 million additional collateral in November**
 - | **\$99.0 million additional collateral YTD 2016**

MONACO, Nov. 14, 2016 (GLOBE NEWSWIRE) -- Navios Maritime Partners L.P. ("Navios Partners" or the "Company") (NYSE:NMM), an international owner and operator of container and dry bulk vessels, today reported its financial results for the third quarter and nine months ended September 30, 2016.

Angeliki Frangou, Chairman and Chief Executive Officer of Navios Partners stated, "For the third quarter of 2016, we recorded \$50.3 million of revenue and \$13.4 million of EBITDA. Our results were affected by one-time impairment charges on the sale of shares received in connection with HMM's out-of-court restructuring. Yet, in a difficult dry bulk and container market, the Company has materially improved the Term Loan B collateral package, solidified its balance sheet and added liquidity."

Angeliki Frangou continued, "Navios Partners is a unique platform in the dry sector. Since the beginning of 2016, we have repaid almost \$107 million of debt and have net debt to book capitalization of 42.9%. In addition, we have no significant debt maturities until 2018. Under our current cost structure and with current spot market rates, we expect to generate about \$21 million in free cash flow for the remainder of 2016 and about \$84 million in free cash flow for 2017."

Debt Developments

a. \$30.2 million reduction of commercial bank loans

In November 2016, the Company reduced one of its commercial bank facilities by \$30.2 million through prepayment of \$28.0 million in cash and achieving a \$2.2 million benefit to nominal value. Following the prepayment, six vessels were removed from the collateral package. The outstanding balance of the facility is currently \$41.8 million and is repayable in the fourth of quarter of 2017 with a final balloon payment of \$31.9 million.

b. \$50.5 million additional collateral to the Term Loan B

In November 2016, Navios Partners provided \$50.5 million additional collateral to the Term B Loan consisting of:

- a. \$37.0 million value of six drybulk vessels transferred from commercial bank facilities; and
- b. \$13.5 million cash collateral. The cash collateral will be replaced with a Capesize vessel that is expected to be delivered within December 2016.

Following the above additions, within 2016, Navios Partners has increased the collateral package of the Term Loan B by \$99.0 million and \$152.5 million from Q1 2015. In addition, Navios Partners has prepaid

\$25.0 million during the first half of 2016.

Fleet Update

In October 2016, Navios Partners agreed to acquire a 2004 built Capesize vessel, for a total cash consideration of \$15.1 million and paid a deposit of 10% in November 2016. The vessel is expected to be delivered in the fourth quarter of 2016. Upon delivery, the vessel will be added as collateral to the Term Loan B.

Charter developments

On August 31, 2016, one of the Company's charterers, Hanjin Shipping Corporation Ltd. ("Hanjin"), filed for rehabilitation. Navios Partners had two Capesize vessels chartered to Hanjin at a net rate of \$29,356 per day until December 2020. In September, both vessels were redelivered to Navios Partners' commercial management and were rechartered to third parties. Navios is closely monitoring the developments and is proceeding with claims for the lost revenues.

Long-Term Cash Flow

Navios Partners has entered into medium to long-term time charter-out agreements for its vessels with a remaining average term of 2.7 years. Navios Partners has currently contracted out 99.1% of its available days for 2016, 58.8% for 2017 and 36.9% for 2018, including index-linked charters, respectively, expecting to generate revenues of approximately \$192.2 million, \$103.0 million and \$82.4 million, respectively. The average expected daily charter-out rate for the fleet is \$17,614, \$23,742 and \$26,690 for 2016, 2017 and 2018, respectively.

EARNINGS HIGHLIGHTS

For the following results and the selected financial data presented herein, Navios Partners has compiled consolidated statements of income for the three and nine months ended September 30, 2016 and 2015. The quarterly 2016 and 2015 information was derived from the unaudited condensed consolidated financial statements for the respective periods. Adjusted EBITDA, Earnings per Common unit, Adjusted Net Income and Operating Surplus are non-GAAP financial measures and should not be used in isolation or substitution for Navios Partners' results.

	Three Month Period Ended	Three Month Period Ended	Nine Month Period Ended	Nine Month Period Ended
	September 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015
(in \$'000 except per unit data)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenue	\$ 50,341	\$ 57,103	\$ 140,859	\$ 170,362
Net (loss)/ income	\$ (33,863)	\$ 11,764	\$ (50,460)	\$ 33,998
Adjusted Net income	\$ 6,098 ⁽¹⁾⁽³⁾	\$ 11,764	\$ 6,693 ⁽²⁾⁽³⁾	\$ 33,998
EBITDA	\$ 13,391	\$ 40,872	\$ 53,266	\$ 117,547
Adjusted EBITDA	\$ 32,826 ⁽¹⁾	\$ 40,872	\$ 89,894 ⁽²⁾	\$ 117,547
Earnings per Common unit (basic and diluted)	\$ (0.40)	\$ 0.14	\$ (0.60)	\$ 0.39
Adjusted Earnings per Common unit (basic and diluted)	\$ 0.07 ⁽¹⁾⁽³⁾	\$ 0.14	\$ 0.08 ⁽²⁾⁽³⁾	\$ 0.39
Operating Surplus	\$ 23,190	\$ 30,431	\$ 60,908	\$ 87,557
Maintenance and Replacement Capital expenditure reserve	\$ 2,975	\$ 3,516	\$ 8,924	\$ 10,190

(1) Adjusted EBITDA, Adjusted Net Income and Adjusted Earnings per Common unit for the three months ended September 30, 2016 have been adjusted to exclude a \$19.4 million loss on the disposal of the HMM shares.

(2) Adjusted EBITDA, Adjusted Net Income and Adjusted Earnings per Common unit for the nine months ended September 30, 2016 have been adjusted to exclude a \$19.4 million loss on the disposal of the HMM shares and a \$17.2 million impairment loss on one of our vessels.

(3) Adjusted Net Income and Adjusted Earnings per Common unit for the three and nine months ended September 30, 2016 do not include the \$20.5 million loss from the non-cash accelerated amortization of the intangible assets relating to two vessels.

Three month periods ended September 30, 2016 and 2015

Time charter and voyage revenues for the three month period ended September 30, 2016 decreased by \$6.8 million or 11.8% to \$50.3 million, as compared to \$57.1 million for the same period in 2015. The decrease was mainly attributable to the decrease in TCE to \$16,968 per day for the three month period ended September 30, 2016, from \$20,305 per day for the three month period ended September 30, 2015. The decrease in time charter and voyage revenues was primarily due to the decline in the freight market during 2016, as compared to the same period in 2015. The above decrease was partially mitigated by the increase in available days of the fleet to 2,812 days for the three month period ended September 30, 2016, as compared to 2,768 days for the three month period ended September 30, 2015 mainly due to approximately 84 drydock days during the third quarter of 2015.

EBITDA for the three months ended September 30, 2016 was negatively affected by the accounting effect of a \$19.4 million loss on the disposal of the HMM shares. Excluding this item, Adjusted EBITDA decreased by \$8.0 million to \$32.9 million for the three month period ended September 30, 2016, as compared to \$40.9 million for the same period in 2015. The decrease in Adjusted EBITDA was primarily due to a: (i) \$6.8 million decrease in revenue; (ii) \$2.5 million increase in other expense; (iii) \$0.5 million increase in general and administrative expenses; and (iv) \$0.4 million increase in management fees. The above decrease was partially mitigated by a: (i) \$0.3 million decrease in time and voyage charter expenses; and (ii) \$1.7 million increase in other income.

The reserve for estimated maintenance and replacement capital expenditures for the three month period ended September 30, 2016 and 2015 was \$3.0 million and \$3.5 million, respectively (please see Reconciliation of Non-GAAP Financial Measures in Exhibit 3).

Navios Partners generated Operating Surplus for the three month period ended September 30, 2016 of \$23.2 million, compared to \$30.4 million for the three month period ended September 30, 2015. Operating Surplus is a non-GAAP financial measure used by certain investors to assist in evaluating a partnership's ability to make quarterly cash distributions (please see Reconciliation of Non-GAAP Financial Measures in Exhibit 3).

Net income for the three months ended September 30, 2016 was negatively affected by the accounting effect of a \$19.4 million loss on the disposal of the HMM shares and a \$20.5 million loss from the non-cash accelerated amortization of the intangible assets relating to two vessels. Excluding these items, Adjusted net income for the three months ended September 30, 2016 amounted to \$6.1 million compared to \$11.8 million for the three months ended September 30, 2015. The decrease in Adjusted net income of

\$5.7 million was due to a: (i) \$8.0 million decrease in adjusted EBITDA; and (ii) \$0.4 million increase in direct vessel expenses, comprising of the amortization of dry dock and special survey costs. The above decrease was partially mitigated by a: (i) \$2.3 million decrease in depreciation and amortization expense (ii) \$0.3 million decrease in interest expenses and finance cost, net; and (iii) \$0.1 million increase in interest income.

Nine month periods ended September 30, 2016 and 2015

Time charter and voyage revenues for the nine month period ended September 30, 2016 decreased by \$29.5 million or 17.3% to \$140.9 million, as compared to \$170.4 million for the same period in 2015. The decrease was mainly attributable to the decrease in TCE to \$16,165 per day for the nine month period ended September 30, 2016, from \$20,267 per day for the nine month period ended September 30, 2015. The decrease in time charter and voyage revenues was primarily due to the decline in the freight market during 2016, as compared to the same period in 2015, and was partially mitigated by an increase in revenue due to the delivery of the MSC Cristina in the second quarter of 2015. As a result of the vessel acquisition in April 2015, available days of the fleet increased to 8,442 days for the nine month period ended September 30, 2016, as compared to 8,199 days for the nine month period ended September 30, 2015.

EBITDA for the nine months ended September 30, 2016 was negatively affected by the accounting effect of a \$17.2 million impairment loss on the sale of the MSC Cristina and a \$19.4 million loss on the disposal of the HMM shares. Excluding these items, Adjusted EBITDA decreased by \$27.6 million to \$89.9 million for the nine month period ended September 30, 2016, as compared to \$117.5 million for the same period in 2015. The decrease in Adjusted EBITDA was primarily due to a: (i) \$29.5 million decrease in revenue; (ii) \$2.3 million increase in management fees due to the increased number of vessels and the increased daily management fee; (iii) \$1.7 million increase in general and administrative expenses; and (iv) \$3.1 million increase in other expenses. The above decrease was partially mitigated by a: (i) \$1.5 million decrease in time charter and voyage expenses; and (ii) \$7.6 million increase in other income.

The reserve for estimated maintenance and replacement capital expenditures for the nine month periods ended September 30, 2016 and 2015 was \$8.9 million and \$10.2 million, respectively (please see Reconciliation of Non-GAAP Financial Measures in Exhibit 3).

Navios Partners generated operating surplus for the nine month period ended September 30, 2016 of \$60.9 million, compared to \$87.6 million for the nine month period ended September 30, 2015. Operating Surplus is a non-GAAP financial measure used by certain investors to assist in evaluating a partnership's ability to make quarterly cash distributions (please see Reconciliation of Non-GAAP Financial Measures in Exhibit 3).

Net income for the nine months ended September 30, 2016 was negatively affected by the accounting effect of a \$17.2 million impairment loss on the sale of the MSC Cristina, \$19.4 million loss on the disposal of the HMM shares and a \$20.5 million loss from the non-cash accelerated amortization of the intangible assets relating to two vessels. Excluding these items, Adjusted net income for the nine month period ended September 30, 2016 amounted to \$6.7 million compared to \$34.0 million for the nine month period ended September 30, 2015. The decrease in Adjusted net income of \$27.3 million was due to a: (i) \$27.6 million decrease in adjusted EBITDA; and (ii) \$2.1 million increase in direct vessel expenses, comprising of the amortization of dry dock and special survey costs. The above decrease was partially mitigated by a: (i) \$1.9 million decrease in depreciation and amortization expense, (ii) \$0.4 decrease in interest expense and finance cost, net and (ii) \$0.2 million increase in interest income.

Fleet Employment Profiles

The following table reflects certain key indicators of Navios Partners' core fleet performance for the three and nine month periods ended September 30, 2016 and 2015.

	Three Month Period Ended September 30, 2016 (unaudited)	Three Month Period Ended September 30, 2015 (unaudited)	Nine Month Period Ended September 30, 2016 (unaudited)	Nine Month Period Ended September 30, 2015 (unaudited)
Available Days(1)	2,812	2,768	8,442	8,199
Operating Days(2)	2,806	2,762	8,431	8,190
Fleet Utilization(3)	99.8%	99.8%	99.9%	99.9%
Time Charter Equivalent (per day)	\$ 16,968	\$ 20,305	\$ 16,165	\$ 20,267
Vessels operating at period end	31	31	31	31

(1) Available days for the fleet represent total calendar days the vessels were in Navios Partners' possession for the relevant period after subtracting off-hire days associated with scheduled repairs, dry dockings or special surveys. The shipping industry uses available days to measure the number of days in a relevant period during which a vessel is capable of generating revenues.

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

(3) Fleet utilization is the percentage of time that Navios Partners' vessels were available for revenue generating available days, and is determined by dividing the number of operating days during a relevant period by the number of available days during that period. The shipping industry uses fleet utilization to measure efficiency in finding employment for vessels and minimizing the amount of days that its vessels are off-hire for reasons other than scheduled repairs, drydockings or special surveys.

(4) 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 present the actual daily earnings generated by vessels on various types of charter contracts for the number of available days of the fleet.

Conference Call details:

Navios Partners' management will host a conference call today, Monday, November 14, 2016 to discuss the results for the third quarter and nine months ended September 30, 2016.

Call Date/Time: Monday, November 14, 2016 at 8:30 am ET

Call Title: Navios Partners Q3 2016 Financial Results Conference Call

US Dial In: +1.866.394.0817

International Dial In: +1.706.679.9759

Conference ID: 9002 0668

The conference call replay will be available two hours after the live call and remain available for one week at the following numbers:

US Replay Dial In: +1.800.585.8367

International Replay Dial In: +1.404.537.3406

Conference ID: 9002 0668

Slides and audio webcast:

There will also be a live webcast of the conference call, through the Navios Partners website (www.navios-mlp.com) under "Investors". Participants to the live webcast should register on the website approximately 10 minutes prior to the start of the webcast.

A supplemental slide presentation will be available on the Navios Partners' website under the "Investors" section by 8:00 am ET on the day of the call.

About Navios Maritime Partners L.P.

Navios Partners (NYSE:NMM) is a publicly traded master limited partnership which owns and operates container and dry cargo vessels. For more information, please visit our website at www.navios-mlp.com.

Forward-Looking Statements

This press release contains forward-looking statements (as defined in Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended) concerning future events including Navios Partners' 2016 cash flow generation, future contracted revenues, future distributions and its ability to have a dividend going forward, opportunities to reinvest cash accretively in a fleet renewal program or otherwise, potential capital gains, our ability to take advantage of dislocation in the market and Navios Partners' growth strategy and measures to implement such strategy; including expected vessel acquisitions and entering into further time charters. Words such as "may", "expects", "intends", "plans", "believes", "anticipates", "hopes", "estimates", and variations of such words and similar expressions are intended to identify forward-looking statements. Such statements include comments regarding expected revenue and time charters.

These forward-looking statements are based on the information available to, and the expectations and assumptions deemed reasonable by Navios Partners at the time these statements were made. Although Navios Partners believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct. These statements involve known and unknown risks and are based upon a number of assumptions and estimates which are inherently subject to significant uncertainties and contingencies, many of which are beyond the control of Navios Partners. Actual results may differ materially from those expressed or implied by such forward-looking statements. Factors that

could cause actual results to differ materially include, but are not limited to, uncertainty relating to global trade, including prices of seaborne commodities and continuing issues related to seaborne volume and ton miles, our continued ability to enter into long-term time charters, our ability to maximize the use of our vessels, expected demand in the dry cargo shipping sector in general and the demand for our Panamax, Capesize, Ultra-Handymax and Container vessels in particular, fluctuations in charter rates for dry cargo carriers and container vessels, the aging of our fleet and resultant increases in operations costs, the loss of any customer or charter or vessel, the financial condition of our customers, changes in the availability and costs of funding due to conditions in the bank market, capital markets and other factors, increases in costs and expenses, including but not limited to: crew wages, insurance, provisions, port expenses, lube oil, bunkers, repairs, maintenance and general and administrative expenses, 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, general domestic and international political conditions, competitive factors in the market in which Navios Partners operates;

risks associated with operations outside the United States; and other factors listed from time to time in Navios Partners' filings with the Securities and Exchange Commission, including its Form 20-Fs and Form 6-Ks. Navios Partners expressly disclaims any obligations or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in Navios Partners' expectations with respect thereto or any change in events, conditions or circumstances on which any statement is based. Navios Partners makes no prediction or statement about the performance of its common units.

EXHIBIT 1

NAVIOS MARITIME PARTNERS L.P.

Selected Balance Sheet Data

(Expressed in thousands of U.S. Dollars except unit data)

	September 30, 2016 (unaudited)	December 31, 2015 (unaudited)
ASSETS		
Cash and cash equivalents, including restricted cash	\$ 42,162	\$ 34,539
Other current assets	33,604	5,296
Vessels, net	1,045,317	1,230,049
Vessel held for sale	125,000	—
Intangible assets	22,122	55,339
Other non-current assets	32,569	25,068
Total assets	\$ 1,300,774	\$ 1,350,291
LIABILITIES AND PARTNERS' CAPITAL		
Other current liabilities	21,833	18,192
Current portion of long-term debt, net	42,205	23,336
Long-term debt, net	512,256	574,742
Other non-current liabilities	42,725	1,806
Total partners' capital	681,755	732,215
Total liabilities and partners' capital	\$ 1,300,774	\$ 1,350,291

NAVIOS MARITIME PARTNERS L.P.

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(Expressed in thousands of U.S. Dollars except unit and per unit amounts)

	Three Month Period Ended September 30, 2016 (unaudited)	Three Month Period Ended September 30, 2015 (unaudited)	Nine Month Period Ended September 30, 2016 (unaudited)	Nine Month Period Ended September 30, 2015 (unaudited)
Time charter and voyage revenues	\$ 50,341	\$ 57,103	\$ 140,859	\$ 170,362
Time charter and voyage expenses	(578)	(908)	(4,389)	(5,856)
Direct vessel expenses	(1,680)	(1,278)	(4,670)	(2,572)
Management fees (entirely through related parties transactions)	(14,881)	(14,481)	(44,320)	(42,023)
General and administrative expenses	(2,367)	(1,900)	(7,466)	(5,724)
Depreciation and amortization	(38,142)	(19,983)	(75,755)	(57,127)
Impairment loss	—	—	(17,193)	—
Loss on disposal of shares	(19,435)	—	(19,435)	—
Interest expense and finance cost, net	(7,608)	(7,901)	(23,641)	(24,003)
Interest income	176	54	340	153
Other income	3,033	1,303	9,265	1,703
Other expense	(2,722)	(245)	(4,055)	(915)

Net (loss)/ income	\$	(33,863)	\$	11,764	\$	(50,460)	\$	33,998
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Earnings per unit:

	Three Month Period Ended September 30, 2016 (unaudited)	Three Month Period Ended September 30, 2015 (unaudited)	Nine Month Period Ended September 30, 2016 (unaudited)	Nine Month Period Ended September 30, 2015 (unaudited)
Earnings per unit:				
Common unit (basic and diluted)	\$ (0.40)	\$ 0.14	\$ (0.60)	\$ 0.39

NAVIOS MARITIME PARTNERS L.P.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in thousands of U.S. Dollars)

	Nine Month Period Ended September 30, 2016 (unaudited)	Nine Month Period Ended September 30, 2015 (unaudited)
OPERATING ACTIVITIES		
Net cash provided by operating activities	34,625	97,308
INVESTING ACTIVITIES:		
Deposits for acquisition of vessels, net of transfers to vessel acquisitions	—	(147,830)
Loans receivable from affiliates	(450)	(696)
Proceeds from sale of shares	20,842	—
Net cash provided by / (used in) investing activities	20,392	(148,526)
FINANCING ACTIVITIES:		
Cash distributions paid	—	(114,291)
Net proceeds from issuance of general partner units	—	1,528
Proceeds from issuance of common units, net of offering costs	—	72,090
Proceeds from long term debt	29,000	79,819
(Increase)/ decrease in restricted cash	6,047	(6,841)
Repayment of long-term debt and payment of principal	(75,094)	(54,695)
Deferred financing costs	(1,141)	—
Debt issuance costs	—	(746)
Net cash used in financing activities	(41,188)	(23,136)
Increase in cash and cash equivalents	13,829	(74,354)
Cash and cash equivalents, beginning of period	26,750	99,495
Cash and cash equivalents, end of period	\$ 40,579	\$ 25,141

EXHIBIT 2

Owned Drybulk Vessels	Type	Built	Capacity (DWT)
Navios Apollon	Ultra-Handymax	2000	52,073
Navios Soleil	Ultra-Handymax	2009	57,337
Navios La Paix	Ultra-Handymax	2014	61,485
Navios Gemini S	Panamax	1994	68,636
Navios Libra II	Panamax	1995	70,136
Navios Felicity	Panamax	1997	73,867
Navios Galaxy I	Panamax	2001	74,195
Navios Hyperion	Panamax	2004	75,707
Navios Alegria	Panamax	2004	76,466
Navios Orbiter	Panamax	2004	76,602
Navios Helios	Panamax	2005	77,075
Navios Hope	Panamax	2005	75,397

Navios Sun	Panamax	2005	76,619
Navios Sagittarius	Panamax	2006	75,756
Navios Harmony	Panamax	2006	82,790
Navios Fantastiks	Capesize	2005	180,265
Navios Aurora II	Capesize	2009	169,031
Navios Pollux	Capesize	2009	180,727
Navios Fulvia	Capesize	2010	179,263
Navios Melodia	Capesize	2010	179,132
Navios Luz	Capesize	2010	179,144
Navios Buena Ventura	Capesize	2010	179,259
Navios Joy	Capesize	2013	181,389

<u>Vessel to be delivered</u>	<u>Type</u>	<u>Built</u>	<u>Capacity (DWT)</u>
Navios TBN(1)	Capesize	2004	180,310

<u>Owned Container Vessels</u>	<u>Type</u>	<u>Built</u>	<u>Capacity (TEU)</u>
Hyundai Hongkong	Container	2006	6,800
Hyundai Singapore	Container	2006	6,800
Hyundai Tokyo	Container	2006	6,800
Hyundai Shanghai	Container	2006	6,800
Hyundai Busan	Container	2006	6,800
YM Utmost	Container	2006	8,204
YM Unity	Container	2006	8,204
MSC Cristina	Container	2011	13,100

(1) The vessel is expected to be delivered in the fourth quarter of 2016.

EXHIBIT 3

Disclosure of Non-GAAP Financial Measures

1. EBITDA and Adjusted EBITDA

EBITDA represents net income before interest and finance costs, before depreciation and amortization and income taxes. We use EBITDA and Adjusted EBITDA as a liquidity measure and reconcile EBITDA and Adjusted EBITDA to net cash provided by/(used in) operating activities, the most comparable U.S. GAAP liquidity measure. Adjusted EBITDA in this document is calculated as follows: net cash provided by/(used in) operating activities adding back, when applicable and as the case may be, the effect of (i) net increase/(decrease) in operating assets, (ii) net (increase)/decrease in operating liabilities, (iii) net interest cost, (iv) amortization of deferred finance charges and other related expenses, (v) provision for losses on accounts receivable, (vi) equity in affiliates, net of dividends received, (vii) payments for drydock and special survey costs, (viii) gain/(loss) on sale of assets/subsidiaries, (ix) impairment charges and (x) non cash accrued interest income and revenue. Navios Partners believes that EBITDA and Adjusted EBITDA are each the basis upon which liquidity can be assessed and presents useful information to investors regarding Navios Partners' ability to service and/or incur indebtedness, pay capital expenditures, meet working capital requirements and make cash distributions. Navios Partners also believes that EBITDA and Adjusted EBITDA are used: (i) by potential lenders to evaluate potential transactions; (ii) to evaluate and price potential acquisition candidates; and (iii) by securities analysts, investors and other interested parties in the evaluation of companies in our industry.

Adjusted EBITDA represents EBITDA excluding certain items, as described under "Earnings Highlights."

EBITDA and Adjusted EBITDA have limitations as an analytical tool, and should not be considered in isolation or as a substitute for the analysis of Navios Partners' results as reported under U.S. GAAP. Some of these limitations are: (i) EBITDA and Adjusted EBITDA do 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. EBITDA and Adjusted EBITDA do not reflect any cash requirements for such capital expenditures. Because of these limitations, EBITDA and Adjusted EBITDA should not be considered as a principal indicator of Navios Partners' performance. Furthermore, our calculation of EBITDA and Adjusted EBITDA may not be comparable to that reported by other companies due to differences in methods of calculation.

2. Operating Surplus

Operating Surplus represents net income adjusted for depreciation and amortization expense, non-cash interest expense and estimated maintenance and replacement capital expenditures. Maintenance and replacement capital expenditures are those capital expenditures required to maintain over the long term the operating capacity of, or the revenue generated by, Navios Partners' capital assets.

Operating Surplus is a quantitative measure used in the publicly-traded partnership investment community to assist in evaluating a partnership's ability to make quarterly cash distributions. Operating Surplus is not required by accounting principles generally accepted in the United States and should not be considered a substitute for net income, cash flow from operating activities and other operations or cash flow statement data prepared in accordance with accounting principles generally accepted in the United States or as a measure of profitability or liquidity.

3. Available Cash

Available Cash generally means for each fiscal quarter, all cash on hand at the end of the quarter:

- | less the amount of cash reserves established by the Board of Directors to
 - | provide for the proper conduct of Navios Partners' business (including reserve for maintenance and replacement capital expenditures);
 - | comply with applicable law, any of Navios Partners' debt instruments, or other agreements; or
 - | provide funds for distributions to the unitholders and to the general partner for any one or more of the next four quarters;
- | plus all cash on hand on the date of determination of available cash for the quarter resulting from working capital borrowings made after the end of the quarter. Working capital borrowings are generally borrowings that are made under any revolving credit or similar agreement used solely for working capital purposes or to pay distributions to partners.

Available Cash is a quantitative measure used in the publicly-traded partnership investment community to assist in evaluating a partnership's ability to make quarterly cash distributions. Available cash is not required by accounting principles generally accepted in the United States and should not be considered a substitute for net income, cash flow from operating activities and other operations or cash flow statement data prepared in accordance with accounting principles generally accepted in the United States or as a measure of profitability or liquidity.

4. Reconciliation of Non-GAAP Financial Measures

Three Month

Three Month

Nine Month

Nine Month

	Period Ended September 30, 2016 (\$ '000) (unaudited)	Period Ended September 30, 2015 (\$ '000) (unaudited)	Period Ended September 30, 2016 (\$ '000) (unaudited)	Period Ended September 30, 2015 (\$ '000) (unaudited)
Net cash provided by/ (used in) operating activities	\$ (4,111)	\$ 28,342	\$ 34,625	\$ 97,308
Net increase in operating assets	31,001	7,132	33,864	15,244
Net increase in operating liabilities	(3,099)	(1,930)	(1,439)	(16,659)
Net interest cost	7,432	7,847	23,301	23,850
Amortization and write-off of deferred financing cost	(932)	(792)	(3,017)	(2,941)
Impairment loss	—	—	(17,193)	—
Loss on disposal of shares	(19,435)	—	(19,435)	—
Non cash accrued interest income and revenue	2,566	—	2,566	—
Equity in earnings of affiliates, net of dividends received	(31)	273	(6)	745
EBITDA⁽¹⁾	\$ 13,391	\$ 40,872	\$ 53,266	\$ 117,547
Impairment loss	—	—	17,193	—
Loss on disposal of shares	19,435	—	19,435	—
Adjusted EBITDA	\$ 32,826	\$ 40,872	\$ 89,894	\$ 117,547
Cash interest income	—	5	5	47
Cash interest paid	(6,661)	(6,930)	(20,067)	(19,847)
Maintenance and replacement capital expenditures	(2,975)	(3,516)	(8,924)	(10,190)
Operating Surplus	\$ 23,190	\$ 30,431	\$ 60,908	\$ 87,557
Cash distribution paid relating to the third quarter	—	—	—	(76,194)
Cash reserves	(23,190)	(12,416)	(60,908)	6,652
Available cash for distribution	\$ —	\$ 18,015	\$ —	\$ 18,015

(1)

	Three Month Period Ended September 30, 2016 (\$ '000) (unaudited)	Three Month Period Ended September 30, 2015 (\$ '000) (unaudited)	Nine Month Period Ended September 30, 2016 (\$ '000) (unaudited)	Nine Month Period Ended September 30, 2015 (\$ '000) (unaudited)
Net cash provided by/ (used in) operating activities	\$ (4,111)	\$ 28,342	\$ 34,625	\$ 97,308
Net cash provided by/ (used in) investing activities	\$ 20,842	\$ (350)	\$ 20,392	\$ (148,526)
Net cash used in financing activities	\$ (1,479)	\$ (29,692)	\$ (41,188)	\$ (23,136)

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