Financial Statements

Group Performance Review

US$ Million	Note	Six months ended 30 June 2018	2017	Change*
Revenue		**795.6**	702.9	+13%
Bunker, port disbursement & other voyage costs		**(360.6)**	(339.8)	-6%
Time-charter equivalent ("TCE") earnings	1	**435.0**	363.1	+20%
Owned vessel costs				
Operating expenses	2	**(72.5)**	(66.9)	-8%
Depreciation	3	**(56.3)**	(52.2)	-8%
Net finance costs	4	**(15.9)**	(15.7)	-1%
Charter costs	5	**(233.4)**	(209.3)	-12%
Operating performance before overheads		**56.9**	19.0	>+100%
Total G&A overheads	6	**(28.4)**	(26.2)	-8%
Taxation		**(0.5)**	0.5	>-100%
Underlying profit/(loss)		**28.0**	(6.7)	>+100%
Unrealised derivative income/(expense)	7	**4.4**	(2.6)	
Write-off of loan arrangement fees	8	**(1.6)**	–	
Office relocation costs		**–**	(1.4)	
Impairments and sales of towage vessels		**–**	(1.3)	
Profit/(loss) attributable to shareholders		**30.8**	(12.0)	>+100%
EBITDA	9	**99.3**	56.6	+75%
Net profit margin		**4%**	(2%)	+6%
Return on average equity employed		**3%**	(1%)	+4%

* In our tabulated figures, positive changes represent an improving result and negative changes represent a worsening result.

EBITDA (earnings before interest, tax, depreciation and amortisation) is our gross profit less indirect general and administrative overheads, excluding: depreciation and amortisation; exchange differences; share-based compensation; net unrealised bunker swap contract income and expenses; net unrealised forward freight agreements income and expenses; utilised onerous contract provisions; and Charter Hire Reduction adjustments.

Notes

1. Total time-charter equivalent ("TCE") earnings increased by 20%, reflecting a continued market recovery.
2. Total operating expenses of our owned vessels increased by 6% as our owned fleet expanded, but our daily vessel costs reduced primarily through scale benefits and continued cost control.
3. Depreciation of our owned vessels increased by 8% as our owned fleet expanded, but with lower daily cost principally due to the addition of lower cost acquisitions.
4. Net finance costs were substantially unchanged.
5. Charter costs net of the write-back of onerous contract provisions increased by 12% due to the higher charter rates in stronger market conditions.
6. The increase in total G&A overheads was attributable primarily to an increase in staff-related costs as our owned fleet expanded.
7. An unrealised derivative income from bunker swap contracts was a result of increased oil and bunker prices.
8. Loan arrangement fees were written off upon termination of loans refinanced by a new revolving credit facility.
9. EBITDA increased substantially mainly due to the stronger freight market in the first half of 2018. Our cash and deposits at the period end stood at US$317.1 million (31 December 2017: US$244.7 million) with net gearing of 36% (31 December 2017: 35%).