

Danaos Corp
Form 20-F
March 01, 2013

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, DC 20549

FORM 20-F

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

OR

- ý **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2012**

OR

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

For the transition period from to

OR

- o **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

Commission file number 001-33060

DANAOS CORPORATION

(Exact name of Registrant as specified in its charter)

Not Applicable

(Translation of Registrant's name into English)

Republic of The Marshall Islands

(Jurisdiction of incorporation or organization)

**c/o Danaos Shipping Co. Ltd
14 Akti Kondyli
185 45 Piraeus
Greece**

(Address of principal executive offices)

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Evangelos Chatzis
Chief Financial Officer
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(Name, Address, Telephone Number and Facsimile Number of Company Contact Person)

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

Table with 2 columns: Title of each class, Name of each exchange on which registered. Rows include Common stock, \$0.01 par value per share and Preferred stock purchase rights, both registered on the New York Stock Exchange.

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.

As of December 31, 2012, there were 109,604,040 shares of the registrant's common stock outstanding.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

o Yes y No

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.

o Yes y No

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 period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

y Yes o 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).

y Yes o 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 o Accelerated filer y Non-accelerated filer o
Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP y International Financial Reporting Standards o Other o

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.

o Item 17 o 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).

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FORWARD-LOOKING INFORMATION

This annual report contains forward-looking statements based on beliefs of our management. Any statements contained in this annual report that are not historical facts are forward-looking statements as defined in Section 27A of the U.S. Securities Act of 1933, as amended, and Section 21E of the U.S. Securities Exchange Act of 1934, as amended. We have based these forward-looking statements on our current expectations and projections about future events, including:

future operating or financial results;

pending acquisitions and dispositions, business strategies and expected capital spending;

operating expenses, availability of crew, number of off-hire days, drydocking requirements and insurance costs;

general market conditions and shipping market trends, including charter rates, vessel values and factors affecting supply and demand;

our financial condition and liquidity, including our ability to comply with covenants in our financing arrangements and to service our outstanding indebtedness;

performance by our charterers of their obligations;

the availability of ships to purchase, the time that it may take to construct new ships, or the useful lives of our ships;

our ability to obtain financing in the future to fund acquisitions and other general corporate activities;

our continued ability to enter into multi-year, fixed-rate period charters with our customers;

our ability to leverage to our advantage our manager's relationships and reputation in the containership shipping sector of the international shipping industry;

changes in governmental rules and regulations or actions taken by regulatory authorities;

potential liability from future litigation; and

other factors discussed in "Item 3. Key Information Risk Factors" of this annual report.

The words "anticipate," "believe," "estimate," "expect," "forecast," "intend," "potential," "may," "plan," "project," "predict," and "should" and similar expressions as they relate to us are intended to identify such forward-looking statements, but are not the exclusive means of identifying such statements. We may also from time to time make forward-looking statements in our periodic reports that we file with the U.S. Securities and Exchange Commission ("SEC") other information sent to our security holders, and other written materials. Such statements reflect our current views and assumptions and all forward-looking statements are subject to various risks and uncertainties that could cause actual results to differ materially from expectations. The factors that could affect our future financial results are discussed more fully in "Item 3. Key

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Information "Risk Factors" and in our other filings with the SEC. We caution readers of this annual report not to place undue reliance on these forward-looking statements, which speak only as of their dates. We undertake no obligation to publicly update or revise any forward-looking statements.

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PART I

Danaos Corporation is a corporation domesticated in the Republic of The Marshall Islands that is referred to in this Annual Report on Form 20-F, together with its subsidiaries, as "Danaos Corporation," "the Company," "we," "us," or "our." This report should be read in conjunction with our consolidated financial statements and the accompanying notes thereto, which are included in Item 18 to this annual report.

We use the term "Panamax" to refer to vessels capable of transiting the Panama Canal and "Post-Panamax" to refer to vessels with a beam of more than 32.31 meters that cannot transit the Panama Canal. We use the term "twenty foot equivalent unit," or "TEU," the international standard measure of containers, in describing the capacity of our containerships. Unless otherwise indicated, all references to currency amounts in this annual report are in U.S. dollars.

Item 1. Identity of Directors, Senior Management and Advisers

Not Applicable.

Item 2. Offer Statistics and Expected Timetable

Not Applicable.

Item 3. Key Information

Selected Financial Data

The following table presents selected consolidated financial and other data of Danaos Corporation and its consolidated subsidiaries for each of the five years in the five year period ended December 31, 2012. The table should be read together with "Item 5. Operating and Financial Review and Prospects." The selected consolidated financial data of Danaos Corporation is derived from our consolidated financial statements and notes thereto, which have been prepared in accordance with U.S. generally accepted accounting principles, or "U.S. GAAP", and have been audited for the years ended December 31, 2012, 2011, 2010, 2009 and 2008 by PricewaterhouseCoopers S.A., an independent registered public accounting firm.

Our audited consolidated statements of comprehensive income, changes in stockholders'equity and cash flows for the years ended December 31, 2012, 2011 and 2010, and the consolidated balance sheets

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at December 31, 2012 and 2011, together with the notes thereto, are included in "Item 18. Financial Statements" and should be read in their entirety.

	Year Ended December 31,				
	2012	2011	2010	2009	2008
In thousands, except per share amounts and other data					
STATEMENT OF INCOME					
Operating revenues	\$ 589,009	\$ 468,101	\$ 359,677	\$ 319,511	\$ 298,905
Voyage expenses	(13,503)	(10,765)	(7,928)	(7,346)	(7,476)
Vessel operating expenses	(123,356)	(119,127)	(88,271)	(92,327)	(89,246)
Depreciation	(143,938)	(106,178)	(77,045)	(60,906)	(51,025)
Amortization of deferred drydocking and special survey costs	(6,070)	(5,800)	(7,426)	(8,295)	(7,301)
Impairment loss	(129,630)		(71,509)		
Bad debt expense					(181)
General and administrative expenses	(20,379)	(21,028)	(23,255)	(14,541)	(11,617)
Gain on sale of vessels	830		1,916		16,901
Income from operations	152,963	205,203	86,159	136,096	148,960
Interest income	1,642	1,304	964	2,428	6,544
Interest expense	(87,340)	(55,124)	(41,158)	(36,208)	(34,740)
Other finance expenses	(18,107)	(14,581)	(6,055)	(2,290)	(2,047)
Other (expenses)/income, net	811	(1,986)	(5,070)	(336)	(1,060)
Unrealized and realized losses on derivatives	(155,173)	(121,379)	(137,181)	(63,601)	(597)
Total other expenses, net	(258,167)	(191,766)	(188,500)	(100,007)	(31,900)
Net (loss)/income from continuing operations	\$ (105,204)	\$ 13,437	\$ (102,341)	\$ 36,089	\$ 117,060
Net loss from discontinued operations	\$	\$	\$	\$	\$ (1,822)
Net (loss)/income	\$ (105,204)	\$ 13,437	\$ (102,341)	\$ 36,089	\$ 115,238
PER SHARE DATA(i)					
Basic and diluted net (loss)/income per share of common stock from continuing operations	\$ (0.96)	\$ 0.12	\$ (1.36)	\$ 0.66	\$ 2.15
Basic and diluted net loss per share of common stock from discontinued operations	\$	\$	\$	\$	\$ (0.04)
Basic and diluted net (loss)/income per share of common stock	\$ (0.96)	\$ 0.12	\$ (1.36)	\$ 0.66	\$ 2.11
Basic and diluted weighted average number of shares	109,613	109,045	75,436	54,550	54,557
CASH FLOW DATA					
Net cash provided by operating activities	\$ 166,558	\$ 59,492	\$ 78,792	\$ 93,166	\$ 135,489
Net cash used in investing activities	(369,789)	(644,593)	(587,748)	(372,909)	(511,986)
Net cash provided by financing activities	207,497	406,628	616,741	281,073	433,722
Net increase/(decrease) in cash and cash equivalents	4,266	(178,473)	107,785	1,330	57,225
BALANCE SHEET DATA (at period end)					
Total current assets	\$ 98,673	\$ 93,291	\$ 266,830	\$ 300,504	\$ 250,194
Total assets	4,212,045	3,988,104	3,489,130	3,142,711	2,828,464
Total current liabilities, including current portion of long-term debt	365,252	231,693	246,497	2,518,007	122,215
Current portion of long-term debt	125,076	41,959	21,619	2,331,678	42,219
Current portion of Vendor financing	57,388	10,857			
Long-term debt, net of current portion	3,097,472	2,960,288	2,543,907		2,054,635
Vendor financing, net of current portion	121,754	54,288			
Total stockholders' equity	440,304	442,535	392,412	405,591	219,034
Common stock(i)	109,604	109,564	108,611	54,551	54,543

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Common stock at par value	1,096	1,096	1,086	546	546
OTHER DATA					
Number of vessels at period end (containerships)	64	59	50	42	38
TEU capacity at period end (containerships)	363,049	291,149	219,929	172,433	153,174
Ownership days (containerships)	22,910	20,053	16,675	14,794	13,780
Operating days (containerships)	21,297	19,576	16,393	14,589	13,448

- (i) As adjusted for 634 shares, 6,642 shares and 15,000 shares held by the Company and reported as Treasury Stock as of December 31, 2010, 2009 and 2008, respectively. As of December 31, 2012 and 2011, the Company held nil Treasury Stock.

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We paid our first quarterly dividend since becoming a public company in October 2006, of \$0.44 per share, on February 14, 2007, and subsequent dividends of \$0.44 per share, \$0.44 per share, \$0.465 per share and \$0.465 per share on May 18, 2007, August 17, 2007, November 16, 2007 and February 14, 2008. In addition, we paid a dividend of \$0.465 per share on May 14, 2008, August 20, 2008 and November 19, 2008, respectively. In the first quarter of 2009, our board of directors decided to suspend the payment of further cash dividends as a result of market conditions in the international shipping industry. Our payment of dividends is subject to the discretion of our Board of Directors. Our loan agreements and the provisions of Marshall Islands law also contain restrictions that affect our ability to pay dividends and we generally will not be permitted to pay cash dividends under the terms of the bank agreement ("Bank Agreement") and new financing agreements which we entered into in 2011. See "Item 3. Key Information Risk Factors Risks Inherent in Our Business We are generally not permitted to pay cash dividends under our financing arrangements." See "Item 8. Financial Information Dividend Policy."

Capitalization and Indebtedness

The table below sets forth our consolidated capitalization as of December 31, 2012:

On an actual basis; and

on an as adjusted basis to reflect in the period from January 1, 2013 to February 28, 2013 scheduled debt repayment of \$7.0 million, of which \$3.6 million relates to the Hyundai Samho Vendor financing and \$3.4 million to Sinosure-CEXIM-Citi-ABN Amro credit facility.

In addition, from January 1, 2013 to February 28, 2013, we issued 559 new shares of common stock distributed to the employees of our manager in respect of equity awards granted in 2011, as well 13,613 new shares of common stock distributed to our Directors in settlement of shares granted in 2012 (see Note 21, Stock Based Compensation to our consolidated financial statements included elsewhere in this annual report).

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Other than these adjustments, there have been no material changes to our capitalization from debt or equity issuances, re-capitalization