

Danaos Corporation Reports Third Quarter and Nine Months Results for the Period Ended September 30, 2019

Athens, Greece, November 4, 2019 – Danaos Corporation (“Danaos”) (NYSE: DAC), one of the world’s largest independent owners of containerships, today reported unaudited results for the period ended September 30, 2019.

Highlights for the Third Quarter and Nine Months Ended September 30, 2019:

- Adjusted net income¹ of \$37.9 million, or \$2.46 per share², for the three months ended September 30, 2019 compared to \$37.5 million, or \$3.17 per share², for the three months ended September 30, 2018, an increase of 1.1%. Adjusted net income¹ of \$110.7 million, or \$7.23 per share², for the nine months ended September 30, 2019 compared to \$94.6 million, or \$10.30 per share², for the nine months ended September 30, 2018, an increase of 17.0%.
- Operating revenues of \$111.8 million for the three months ended September 30, 2019 compared to \$117.8 million for the three months ended September 30, 2018, a decrease of 5.1%. Operating revenues of \$337.0 million for the nine months ended September 30, 2019 compared to \$343.1 million for the nine months ended September 30, 2018, a decrease of 1.8%.
- Adjusted EBITDA¹ of \$79.3 million for the three months ended September 30, 2019 compared to \$82.7 million for the three months ended September 30, 2018, a decrease of 4.1%. Adjusted EBITDA¹ of \$232.4 million for the nine months ended September 30, 2019 compared to \$237.7 million for the nine months ended September 30, 2018, a decrease of 2.2%.
- Total contracted operating revenues were \$1.4 billion as of September 30, 2019, with charters extending through 2028 and remaining average contracted charter duration of 4.3 years, weighted by aggregate contracted charter hire.
- Charter coverage of 89% for the next 12 months based on current operating revenues and 75% in terms of contracted operating days.

Three and Nine Months Ended September 30, 2019 Financial Summary - Unaudited

(Expressed in thousands of United States dollars, except per share amounts)

	Three months ended September 30, 2019	Three months ended September 30, 2018	Nine months ended September 30, 2019	Nine months ended September 30, 2018
Operating revenues	\$111,830	\$117,781	\$337,040	\$343,101
Net income	\$33,855	\$127,217	\$97,436	\$148,047
Adjusted net income ¹	\$37,882	\$37,452	\$110,706	\$94,581
Earnings per share, diluted ²	\$2.20	\$10.76	\$6.36	\$16.12
Adjusted earnings per share, diluted ^{1,2}	\$2.46	\$3.17	\$7.23	\$10.30
Diluted weighted average number of shares (in thousands) ²	15,373	11,828	15,309	9,186
Adjusted EBITDA ¹	\$79,328	\$82,745	\$232,447	\$237,677

¹ Adjusted net income, adjusted earnings per share and adjusted EBITDA are non-GAAP measures. Refer to the reconciliation of net income to adjusted net income and net income to adjusted EBITDA.

² Earnings per share and weighted average number of shares give retroactive effect to the reverse stock split of 1-for-14 implemented on May 2, 2019, for all periods presented.

Danaos' CEO Dr. John Coustas commented:

"The Company's adjusted net income of \$37.9 million for the third quarter of 2019 increased by \$0.4 million, or 1.1%, when compared to the third quarter of 2018. This improvement was primarily the result of a \$4.6 million decrease in total operating costs and a \$1.9 million decrease in net finance expenses, partially offset by a \$6 million decrease in operating revenues mainly due to the re-chartering of certain of our vessels that concluded long-term above market charters over the last 12 months and were re-deployed at market rates during the quarter. Adjusted EBITDA for the third quarter of 2019 was \$79.3 million, a decrease of \$3.4 million compared to the third quarter of 2018.

The charter market has strengthened considerably during the last six months particularly for vessels larger than 5,500 TEU, although we have also seen an improvement in charter rates for Panamax vessels. This may be partially due to a decrease in fleet capacity as vessels are being temporarily removed from the fleet to be retrofitted with scrubbers in preparation for IMO 2020 sulphur emissions regulations. Larger vessel classes have seen the greatest downtime, and we expect this to continue through 2020 and help contribute to a healthy charter market. This coincides with improving underlying market demand supply fundamentals.

For 2020, we are aligned with the shipping analyst reports and our expectation is that container trade demand growth will outpace supply growth for the first time in almost 10 years. The IMF currently forecasts world GDP growth of 3.5% for 2020, and we expect that the multiplier of containerized trade growth vs GDP growth will slightly exceed 1x and that containerized trade will grow by up to 4% in 2020. On the supply side, capacity growth is not expected to exceed 3% in 2020. Market participants, mainly liner companies, have generally remained reluctant to place newbuilding orders until the U.S. - China trade talks are settled and the IMO regulations come into effect, also taking the opportunity from the favorable demand / supply balance to gain pricing power on freight rates. The combined result of these factors should support the strengthening of the charter market going forward.

Our total contracted revenues as of September 30, 2019 were \$1.4 billion, and we maintain our high charter contract coverage of 89% in terms of operating revenues and 75% in terms of operating days over the next 12 months. Our larger vessels remain employed on multi-year charters, and improving market conditions provide upside for the balance of our fleet. We remain committed to operational excellence and technological innovation, which allows us to continually deliver a high quality service to our customers. We are also well-positioned to pursue growth opportunities and deliver value to our shareholders due to our significantly improved financial position."

Three months ended September 30, 2019 compared to the three months ended September 30, 2018

During the three months ended September 30, 2019 and September 30, 2018, Danaos had an average of 55 containerships. Our fleet utilization for the three months ended September 30, 2019 was 98.7% compared to 97.4% for the three months ended September 30, 2018.

Our adjusted net income amounted to \$37.9 million, or \$2.46 per share, for the three months ended September 30, 2019 compared to \$37.5 million, or \$3.17 per share, for the three months ended September 30, 2018 (after giving retroactive effect to the reverse stock split of 1-for-14 implemented on May 2, 2019). We have adjusted our net income in the three months ended September 30, 2019 for non-cash fees amortization and accrued financing fees of \$4.0 million. Please refer to the Adjusted Net Income reconciliation table, which appears later in this earnings release.

The increase of \$0.4 million in adjusted net income for the three months ended September 30, 2019 compared to the three months ended September 30, 2018 is attributable mainly to a \$4.6 million decrease in total operating expenses and a \$1.9 million decrease in net finance expenses, which were partially offset by a \$6.0 million decrease in operating revenues and a \$0.1 million decrease in the operating performance of our equity investment in Gemini.

On a non-adjusted basis, our net income amounted to \$33.9 million, or \$2.20 earnings per diluted share, for the three months ended September 30, 2019 compared to net income of \$127.2 million (including gain on debt extinguishment and refinancing-related professional fees described below), or \$10.76 earnings per diluted share, for the three months ended September 30, 2018 (after giving retroactive effect to the reverse stock split of 1-for-14).

Operating Revenues

Operating revenues decreased by 5.1%, or \$6.0 million, to \$111.8 million in the three months ended September 30, 2019 from \$117.8 million in the three months ended September 30, 2018.

Operating revenues for the three months ended September 30, 2019 reflects a \$6.0 million decrease in revenues due to the re-chartering of certain of our vessels that concluded long-term charters over the last twelve months and were re-deployed at lower spot rates in the three months ended September 30, 2019.

Vessel Operating Expenses

Vessel operating expenses decreased by 2.4%, or \$0.6 million, to \$24.9 million in the three months ended September 30, 2019 from \$25.5 million in the three months ended September 30, 2018. The average daily operating cost per vessel for vessels on time charter was \$5,298 per day for the three months ended September 30, 2019 compared to \$5,427 per day for the three months ended September 30, 2018. Management believes that our daily operating cost ranks as one of the most competitive in the industry.

Depreciation & Amortization

Depreciation & Amortization includes Depreciation and Amortization of Deferred Dry-docking and Special Survey Costs.

Depreciation

Depreciation expense decreased by 10.0%, or \$2.7 million, to \$24.3 million in the three months ended September 30, 2019 from \$27.0 million in the three months ended September 30, 2018 mainly due to decreased depreciation expense for 10 vessels for which we recorded an impairment charge on December 31, 2018.

Amortization of Deferred Dry-docking and Special Survey Costs

Amortization of deferred dry-docking and special survey costs decreased by \$0.3 million, to \$2.3 million in the three months ended September 30, 2019 from \$2.6 million in the three months ended September 30, 2018. The decrease was mainly due to a decreased number of vessels dry-docked.

General and Administrative Expenses

General and administrative expenses decreased by \$1.0 million, to \$6.4 million in the three months ended September 30, 2019, from \$7.4 million in the three months ended September 30, 2018. The decrease was mainly due to decreased remuneration expenses.

Other Operating Expenses

Other Operating Expenses include Voyage Expenses.

Voyage Expenses

Voyage expenses decreased by \$0.1 million, to \$2.8 million in the three months ended September 30, 2019 from \$2.9 million in the three months ended September 30, 2018.

Interest Expense and Interest Income

Interest expense decreased by 11.2%, or \$2.3 million, to \$18.2 million in the three months ended September 30, 2019 from \$20.5 million in the three months ended September 30, 2018. The decrease in interest expense is attributable to:

(i) a \$4.9 million decrease in interest expense on two of our credit facilities for which we recognized an interest expense accrual in the third quarter of 2018, which has been classified on our balance sheet under "Accumulated accrued interest" and represents future interest expense for the relevant facilities that has been recognized in advance as a result of the application of Troubled Debt Restructuring ("TDR") accounting in connection with our 2018 debt refinancing;

(ii) a \$3.1 million increase in interest expense due to an increase in debt service cost by approximately 1.7%, partially offset by a \$347.7 million decrease in our average debt (including leaseback obligations), to \$1,603.1 million in the three months ended September 30, 2019, compared to \$1,950.8 million in the three months ended September 30, 2018; and

(iii) a \$0.5 million decrease in the amortization of deferred finance costs and debt discount related to our 2018 debt refinancing.

As of September 30, 2019, our bank debt outstanding, gross of deferred finance costs, was \$1,450.0 million and leaseback obligation was \$141.4 million compared to bank debt of \$1,694.5 million outstanding as of September 30, 2018.

Interest income increased by \$0.1 million to \$1.6 million in the three months ended September 30, 2019 compared to \$1.5 million in the three months ended September 30, 2018.

Other finance costs, net

Other finance costs, net decreased by \$0.4 million to \$0.3 million in the three months ended September 30, 2019 compared to \$0.7 million in the three months ended September 30, 2018 mainly due to decreased exit fees expenses.

Equity income on investments

Equity income on investments decreased by \$0.1 million to \$0.6 million in the three months ended September 30, 2019 compared to \$0.7 million in the three months ended September 30, 2018 and relates to the operating performance of Gemini Shipholdings Corporation (“Gemini”), in which the Company has a 49% shareholding interest.

Gain on debt extinguishment

The gain on debt extinguishment of \$116.4 million in the three months ended September 30, 2018 related to our 2018 debt refinancing and consisted of debt principal reduction net of refinancing related fees.

Loss on derivatives

Amortization of deferred realized losses on interest rate swaps remained stable at \$0.9 million in each of the three month periods ended September 30, 2019 and 2018.

Other income/(expenses), net

Other income/(expenses), net was nil in the three months ended September 30, 2019 compared to \$21.6 million in expenses in the three months ended September 30, 2018 mainly due to \$21.8 million of refinancing-related professional fees in the prior period.

Adjusted EBITDA

Adjusted EBITDA decreased by 4.1%, or \$3.4 million, to \$79.3 million in the three months ended September 30, 2019 from \$82.7 million in the three months ended September 30, 2018. As described above, the decrease is mainly attributable to a \$6.0 million decrease in operating revenues and a \$0.1 million decrease in operating performance on our equity investments, which were partially offset by a \$2.7 million decrease in total operating expenses. Adjusted EBITDA for the three months ended September 30, 2019 is adjusted for stock based compensation of \$1.2 million. Tables reconciling Adjusted EBITDA to Net Income can be found at the end of this earnings release.

Nine months ended September 30, 2019 compared to the nine months ended September 30, 2018

During the nine months ended September 30, 2019 and September 30, 2018, Danaos had an average of 55 containerships. Our fleet utilization for the nine months ended September 30, 2019 was 98.8% compared to 96.4% for the nine months ended September 30, 2018.

Our adjusted net income amounted to \$110.7 million, or \$7.23 per share, for the nine months ended September 30, 2019 compared to \$94.6 million, or \$10.30 per share, for the nine months ended September 30, 2018 (after giving retroactive effect to the reverse stock split of 1-for-14 implemented on May 2, 2019). We have adjusted our net income in the nine months ended September 30, 2019 for non-cash fees amortization and accrued financing fees of \$13.3 million. Please refer to the Adjusted Net Income reconciliation table, which appears later in this earnings release.

The increase of \$16.1 million in adjusted net income for the nine months ended September 30, 2019 compared to the nine months ended September 30, 2018 is attributable to a \$14.0 million decrease in net finance expenses and a \$8.6 million decrease in total operating expenses, which were partially offset by a \$6.1 million decrease in the operating revenue and a \$0.4 million decrease in the operating performance of our equity investment in Gemini.

On a non-adjusted basis, our net income amounted to \$97.4 million, or \$6.36 per diluted share, for the nine months ended September 30, 2019 compared to net income of \$148.0 million (including gain on debt extinguishment and refinancing-related professional fees described below), or \$16.12 per diluted share, for the nine months ended September 30, 2018 (after giving retroactive effect to the reverse stock split of 1-for-14).

Operating Revenues

Operating revenues decreased by \$6.1 million, to \$337.0 million in the nine months ended September 30, 2019 from \$343.1 million in the nine months ended September 30, 2018.

Operating revenues for the nine months ended September 30, 2019 reflect:

- a \$10.0 million decrease in revenues in the nine months ended September 30, 2019 compared to the nine months ended September 30, 2018, mainly due to the re-chartering of certain of our vessels that concluded long-term charters over the last twelve months and were re-deployed at lower spot rates in the nine months ended September 30, 2019; and
- a \$3.9 million increase in revenues due to higher fleet utilization of our vessels in the nine months ended September 30, 2019 compared to the nine months ended September 30, 2018.

Vessel Operating Expenses

Vessel operating expenses decreased by 1.4%, or \$1.1 million, to \$78.0 million in the nine months ended September 30, 2019 from \$79.1 million in the nine months ended September 30, 2018. The average daily operating cost per vessel for vessels on time charter was \$5,605 per day for the nine months ended September 30, 2019 compared to \$5,678 per day for the nine months ended September 30, 2018. Management believes that our daily operating cost ranks as one of the most competitive in the industry.

Depreciation & Amortization

Depreciation & Amortization includes Depreciation and Amortization of Deferred Dry-docking and Special Survey Costs.

Depreciation

Depreciation expense decreased by 10.7%, or \$8.6 million, to \$72.1 million in the nine months ended September 30, 2019 from \$80.7 million in the nine months ended September 30, 2018 mainly due to decreased depreciation expense for 10 vessels for which we recorded an impairment charge on December 31, 2018.

Amortization of Deferred Dry-docking and Special Survey Costs

Amortization of deferred dry-docking and special survey costs decreased by \$0.4 million, to \$6.5 million in the nine months ended September 30, 2019 compared to \$6.9 million in the nine months ended September 30, 2018. The decrease was mainly due to a decreased number of vessels dry-docked.

General and Administrative Expenses

General and administrative expenses increased by \$1.4 million, to \$19.8 million in the nine months ended September 30, 2019, from \$18.4 million in the nine months ended September 30, 2018. The increase was mainly due to increased share based compensation costs.

Other Operating Expenses

Other Operating Expenses include Voyage Expenses.

Voyage Expenses

Voyage expenses decreased by \$0.4 million, to \$8.8 million in the nine months ended September 30, 2019 from \$9.2 million in the nine months ended September 30, 2018.

Interest Expense and Interest Income

Interest expense decreased by 17.3%, or \$11.5 million, to \$54.9 million in the nine months ended September 30, 2019 from \$66.4 million in the nine months ended September 30, 2018. The decrease in interest expense is attributable to:

- (i) a \$27.8 million decrease in interest expense on two of our credit facilities for which we recognized an interest expense accrual in the third quarter of 2018, which has been classified on our balance sheet under “Accumulated accrued interest” and represents future interest expense for the relevant facilities that has been recognized in advance as a result of the application of TDR accounting in connection with our 2018 debt refinancing;
- (ii) a \$12.9 million increase in interest expense due to an increase in debt service cost of approximately 2.3%, partially offset by a \$544.7 million decrease in our average debt (including leaseback obligations), to \$1,629.8 million in the nine months ended September 30, 2019, compared to \$2,174.5 million in the nine months ended September 30, 2018; and
- (iii) a \$3.4 million increase in the amortization of deferred finance costs and debt discount related to our 2018 debt refinancing.

As of September 30, 2019, our bank debt outstanding, gross of deferred finance costs, was \$1,450.0 million and leaseback obligation was \$141.4 million compared to bank debt of \$1,694.5 million outstanding as of September 30, 2018.

Interest income increased by \$0.5 million to \$4.8 million in the nine months ended September 30, 2019 compared to \$4.3 million in the nine months ended September 30, 2018.

Other finance costs, net

Other finance costs, net decreased by \$0.2 million, to \$2.4 million in the nine months ended September 30, 2019 from \$2.6 million in the nine months ended September 30, 2018.

Equity income on investments

Equity income on investments decreased by \$0.4 million to \$0.5 million in the nine months ended September 30, 2019 compared to \$0.9 million in the nine months ended September 30, 2018 and relates to the operating performance of Gemini, in which the Company has a 49% shareholding interest.

Gain on debt extinguishment

The gain on debt extinguishment of \$116.4 million in the nine months ended September 30, 2018 related to our 2018 debt refinancing and consists of debt principal reduction net of refinancing related fees.

Loss on derivatives

Amortization of deferred realized losses on interest rate swaps remained stable at \$2.7 million in each of the nine months ended September 30, 2019 and 2018.

Other income/(expenses), net

Other income/(expenses), net was \$0.4 million in income in the nine months ended September 30, 2019 compared to \$50.6 million in expenses in the nine months ended September 30, 2018 mainly due to \$51.5 million of refinancing-related professional fees in the prior period.

Adjusted EBITDA

Adjusted EBITDA decreased by 2.2%, or \$5.3 million, to \$232.4 million in the nine months ended September 30, 2019 from \$237.7 million in the nine months ended September 30, 2018. As described above, this decrease is mainly attributable to a \$6.1 million decrease in operating revenue, a \$1.3 million increase in other finance costs and a \$0.4 million decrease in operating performance on our equity investments, which were partially offset by a \$2.5 million decrease in total operating expenses. Adjusted EBITDA for the nine months ended September 30, 2019 is adjusted for stock based compensation of \$3.1 million. Tables reconciling Adjusted EBITDA to Net Income can be found at the end of this earnings release.

Recent Developments

On October 2, 2019, we entered into an agreement to acquire a 8,500 TEU container vessel built in 2005 for a gross purchase price of \$25.0 million. This vessel is expected to be delivered to us prior to the end of May 2020.

Conference Call and Webcast

On Tuesday November 5, 2019 at 9:00 A.M. ET, the Company's management will host a conference call to discuss the results.

Participants should dial into the call 10 minutes before the scheduled time using the following numbers: 1 844 802 2437 (US Toll Free Dial In), 0800 279 9489 (UK Toll Free Dial In) or +44 (0) 2075 441 375 (Standard International Dial In). Please indicate to the operator that you wish to join the Danaos Corporation earnings call.

A telephonic replay of the conference call will be available until November 12, 2019 by dialing 1 877 344 7529 (US Toll Free Dial In) or 1-412-317-0088 (Standard International Dial In) and using 101366720# as the access code.

Audio Webcast

There will also be a live and then archived webcast of the conference call on the Danaos website (www.danaos.com). Participants of the live webcast should register on the website approximately 10 minutes prior to the start of the webcast.

Slide Presentation

A slide presentation regarding the Company and the containership industry will also be available on the Danaos website (www.danaos.com).

About Danaos Corporation

Danaos Corporation is one of the largest independent owners of modern, large-size containerships. Our current fleet of 60 containerships aggregating 360,147 TEUs, including five vessels owned by Gemini Shipholdings Corporation, a joint venture, ranks Danaos among the largest containership charter owners in the world based on total TEU capacity. Our fleet is chartered to many of the world's largest liner companies on fixed-rate charters. Our long track record of success is predicated on our efficient and rigorous operational standards and environmental controls. Danaos Corporation's shares trade on the New York Stock Exchange under the symbol "DAC".

Forward-Looking Statements

Matters discussed in this release may constitute forward-looking statements within the meaning of the safe harbor provisions of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements reflect our current views with respect to future events and financial performance and may include statements concerning plans, objectives, goals, strategies, future events or performance, and underlying assumptions and other statements, which are other than statements of historical facts. The forward-looking statements in this release are based upon various assumptions. Although Danaos Corporation believes that these assumptions were reasonable when made, because these assumptions are inherently subject to significant uncertainties and contingencies which are difficult or impossible to predict and are beyond our control, Danaos Corporation cannot assure you that it will achieve or accomplish these expectations, beliefs or projections. Important factors that, in our view, could cause actual results to differ materially from those discussed in the forward-looking statements include the effects of the refinancing transactions; Danaos' ability to achieve the expected benefits of the refinancing and comply with the terms of its new credit facilities and other agreements entered into in connection with the refinancing; the strength of world economies and currencies, general market conditions, including changes in charter hire rates and vessel values, charter counterparty performance, changes in demand that may affect attitudes of time charterers to scheduled and unscheduled dry-docking, changes in Danaos Corporation's operating expenses, including bunker prices, dry-docking and insurance costs, ability to obtain financing and comply with covenants in our financing arrangements, actions taken by regulatory authorities, potential liability from pending or future litigation, domestic and international political conditions, potential disruption of shipping routes due to accidents and political events or acts by terrorists.

Risks and uncertainties are further described in reports filed by Danaos Corporation with the U.S. Securities and Exchange Commission.

Visit our website at www.danaos.com

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Appendix

Fleet Utilization

Danaos had 24 unscheduled off-hire days in the three months ended September 30, 2019. The following table summarizes vessel utilization and the impact of the off-hire days on the Company's revenue.

Vessel Utilization (No. of Days)	First Quarter	Second Quarter	Third Quarter	Total
	2019	2019	2019	
Ownership Days	4,950	5,005	5,060	15,015
Less Off-hire Days:				
Scheduled Off-hire Days	-	(22)	(41)	(63)
Other Off-hire Days	(90)	(10)	(24)	(124)
Operating Days	4,860	4,973	4,995	14,828
Vessel Utilization	98.2%	99.4%	98.7%	98.8%
Operating Revenues (in '000s of US Dollars)	\$112,891	\$112,319	\$111,830	\$337,040
Average Gross Daily Charter Rate	\$23,229	\$22,586	\$22,388	\$22,730

Vessel Utilization (No. of Days)	First Quarter	Second Quarter	Third Quarter	Total
	2018	2018	2018	
Ownership Days	4,950	5,005	5,060	15,015
Less Off-hire Days:				
Scheduled Off-hire Days	(125)	(111)	(22)	(258)
Other Off-hire Days	(91)	(84)	(111)	(286)
Operating Days	4,734	4,810	4,927	14,471
Vessel Utilization	95.6%	96.1%	97.4%	96.4%
Operating Revenues (in '000s of US Dollars)	\$111,854	\$113,466	\$117,781	\$343,101
Average Gross Daily Charter Rate	\$23,628	\$23,590	\$23,905	\$23,710

Fleet List

The following table describes in detail our fleet deployment profile as of November 4, 2019:

Vessel Name	Vessel Size (TEU)	Year Built	Expiration of Charter ⁽¹⁾
Containerships			
<i>MSC Ambition</i>	13,100	2012	June 2024
<i>Maersk Exeter</i>	13,100	2012	June 2024
<i>Maersk Enping</i>	13,100	2012	May 2024
<i>Hyundai Respect</i>	13,100	2012	March 2024
<i>Hyundai Honour</i>	13,100	2012	February 2024
<i>Express Rome</i>	10,100	2011	February 2022
<i>Express Berlin</i>	10,100	2011	April 2022
<i>Express Athens</i>	10,100	2011	February 2022
<i>Le Havre</i>	9,580	2006	December 2022
<i>Pusan C</i>	9,580	2006	December 2022
<i>CMA CGM Melisande</i>	8,530	2012	May 2024

<i>CMA CGM Attila</i>	8,530	2011	October 2023
<i>CMA CGM Tancredi</i>	8,530	2011	November 2023
<i>CMA CGM Bianca</i>	8,530	2011	January 2024
<i>CMA CGM Samson</i>	8,530	2011	March 2024
<i>America</i>	8,468	2004	January 2023
<i>Europe</i>	8,468	2004	March 2023
<i>CMA CGM Moliere</i>	6,500	2009	August 2021
<i>CMA CGM Musset</i>	6,500	2010	August 2022
<i>CMA CGM Nerval</i>	6,500	2010	October 2022
<i>CMA CGM Rabelais</i>	6,500	2010	December 2022
<i>CMA CGM Racine</i>	6,500	2010	January 2023
<i>YM Mandate</i>	6,500	2010	January 2028
<i>YM Maturity</i>	6,500	2010	April 2028
<i>Performance</i>	6,402	2002	May 2020
<i>Dimitra C</i>	6,402	2002	January 2020
<i>YM Seattle</i>	4,253	2007	November 2019
<i>YM Vancouver</i>	4,253	2007	April 2020
<i>Derby D</i>	4,253	2004	May 2020
<i>ANL Tongala</i>	4,253	2004	May 2020
<i>ZIM Rio Grande</i>	4,253	2008	May 2020
<i>ZIM Sao Paolo</i>	4,253	2008	August 2020
<i>ZIM Kingston</i>	4,253	2008	September 2020
<i>ZIM Monaco</i>	4,253	2009	November 2020
<i>ZIM Dalian</i>	4,253	2009	February 2021
<i>ZIM Luanda</i>	4,253	2009	May 2021
<i>Dimitris C</i>	3,430	2001	June 2020
<i>Express Black Sea</i>	3,400	2011	December 2019
<i>Express Spain</i>	3,400	2011	March 2020
<i>Express Argentina</i>	3,400	2010	May 2020
<i>Express Brazil</i>	3,400	2010	September 2020
<i>Express France</i>	3,400	2010	October 2020
<i>Singapore</i>	3,314	2004	March 2020
<i>Colombo</i>	3,314	2004	February 2020
<i>MSC Zebra</i>	2,602	2001	September 2020
<i>Amalia C</i>	2,452	1998	March 2020
<i>Danae C</i>	2,524	2001	January 2020
<i>Advance</i>	2,200	1997	April 2020
<i>Future</i>	2,200	1997	November 2019
<i>Sprinter</i>	2,200	1997	March 2020
<i>Stride</i>	2,200	1997	April 2020
<i>Progress C</i>	2,200	1998	March 2020
<i>Bridge</i>	2,200	1998	September 2020
<i>Highway</i>	2,200	1998	February 2020
<i>Vladivostok</i>	2,200	1997	November 2019
<i>Belita⁽²⁾</i>	8,533	2006	September 2021
<i>Catherine C⁽²⁾</i>	6,422	2001	December 2022
<i>Leo C⁽²⁾</i>	6,422	2002	September 2022
<i>Suez Canal⁽²⁾</i>	5,610	2002	April 2020
<i>Genoa⁽²⁾</i>	5,544	2002	August 2020

(1) Earliest date charters could expire. Some charters include options to extend their terms.

(2) Vessels acquired by Gemini Shipholdings Corporation, in which Danaos holds a 49% equity interest.

DANAOS CORPORATION
Condensed Consolidated Statements of Income - Unaudited
(Expressed in thousands of United States dollars, except per share amounts)

	Three months ended September 30, 2019	Three months ended September 30, 2018	Nine months ended September 30, 2019	Nine months ended September 30, 2018
OPERATING REVENUES	\$111,830	\$117,781	\$337,040	\$343,101
OPERATING EXPENSES				
Vessel operating expenses	(24,858)	(25,461)	(78,035)	(79,052)
Depreciation & amortization	(26,607)	(29,631)	(78,666)	(87,640)
General & administrative	(6,422)	(7,431)	(19,783)	(18,390)
Other operating expenses	(2,792)	(2,883)	(8,794)	(9,230)
Income From Operations	51,151	52,375	151,762	148,789
OTHER INCOME/(EXPENSES)				
Interest income	1,586	1,505	4,751	4,298
Interest expense	(18,216)	(20,509)	(54,903)	(66,378)
Other finance expenses	(308)	(679)	(2,402)	(2,611)
Equity income on investments	560	728	508	912
Gain on debt extinguishment	-	116,365	-	116,365
Other income/(expenses), net	(5)	(21,637)	429	(50,565)
Realized loss on derivatives	(913)	(931)	(2,709)	(2,763)
Total Other Income/(Expenses), net	(17,296)	74,842	(54,326)	(742)
Net Income	\$33,855	\$127,217	\$97,436	\$148,047
EARNINGS PER SHARE				
Basic earnings per share ¹	\$2.27	\$10.80	\$6.52	\$16.15
Diluted earnings per share ¹	\$2.20	\$10.76	\$6.36	\$16.12
Basic weighted average number of common shares (in thousands of shares) ¹	14,939	11,776	14,939	9,168
Diluted weighted average number of common shares (in thousands of shares) ¹	15,373	11,828	15,309	9,186

Non-GAAP Measures²

Reconciliation of Net Income to Adjusted Net Income – Unaudited

	Three months ended September 30, 2019	Three months ended September 30, 2018	Nine months ended September 30, 2019	Nine months ended September 30, 2018
Net income	\$33,855	\$127,217	\$97,436	\$148,047
Gain on debt extinguishment	-	(116,365)	-	(116,365)
Amortization of financing fees, debt discount & finance fees accrued	4,027	4,834	13,270	11,432
Refinancing professional fees	-	21,766	-	51,467
Adjusted Net Income	\$37,882	\$37,452	\$110,706	\$94,581
Adjusted Earnings Per Share, diluted¹	\$2.46	\$3.17	\$7.23	\$10.30
Diluted weighted average number of shares (in thousands) ¹	15,373	11,828	15,309	9,186

¹ Basic and diluted earnings per share and basic and diluted weighted average number of shares give retroactive effect to the 1-for-14 reverse stock split effected on May 2, 2019, for all periods presented.

² The Company reports its financial results in accordance with U.S. generally accepted accounting principles (GAAP). However, management believes that certain non-GAAP financial measures used in managing the business may provide users of this financial information additional meaningful comparisons between current results and results in prior operating periods. Management believes that these non-GAAP financial measures can provide additional meaningful reflection of underlying trends of the business because they provide a comparison of historical information that excludes certain items that impact the overall comparability. Management also uses these non-GAAP financial measures in making financial, operating and planning decisions and in evaluating the Company's performance. See the Table above for supplemental financial data and corresponding reconciliations to GAAP financial measures for the three and nine months ended September 30, 2019 and 2018. Non-GAAP financial measures should be viewed in addition to, and not as an alternative for, the Company's reported results prepared in accordance with GAAP.

DANAOS CORPORATION
Condensed Consolidated Balance Sheets - Unaudited
(Expressed in thousands of United States dollars)

	<u>As of</u> <u>September 30,</u> <u>2019</u>	<u>As of</u> <u>December 31,</u> <u>2018</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$82,823	\$77,275
Accounts receivable, net	7,637	9,225
Other current assets	37,128	33,250
	127,588	119,750
NON-CURRENT ASSETS		
Fixed assets, net	2,412,274	2,480,329
Deferred charges, net	11,720	13,031
Investments in affiliates	7,871	7,363
Other non-current assets	78,231	59,369
	2,510,096	2,560,092
TOTAL ASSETS	\$2,637,684	\$2,679,842
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Long-term debt, current portion	\$115,551	\$113,777
Accumulated accrued interest, current portion	34,610	35,782
Long-term leaseback obligations, current portion	15,202	-
Accounts payable, accrued liabilities & other current liabilities	56,840	73,142
	222,203	222,701
LONG-TERM LIABILITIES		
Long-term debt, net	1,298,371	1,508,108
Accumulated accrued interest, net of current portion	167,237	200,574
Long-term leaseback obligations, net	126,172	-
Other long-term liabilities	31,945	57,606
	1,623,725	1,766,288
STOCKHOLDERS' EQUITY		
Common stock ¹	154	152
Additional paid-in capital ¹	730,620	727,562
Accumulated other comprehensive loss	(118,303)	(118,710)
Retained earnings	179,285	81,849
	791,756	690,853
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$2,637,684	\$2,679,842

¹ Common stock and Additional paid-in capital as of December 31, 2018 give retroactive effect to the 1-for-14 reverse stock split.

DANAOS CORPORATION
Condensed Consolidated Statements of Cash Flows - Unaudited
(Expressed in thousands of United States dollars)

	Three months ended September 30, <u>2019</u>	Three months ended September 30, <u>2018</u>	Nine months ended September 30, <u>2019</u>	Nine months ended September 30, <u>2018</u>
Operating Activities:				
Net income	\$33,855	\$127,217	\$97,436	\$148,047
<i>Adjustments to reconcile net income to net cash provided by operating activities:</i>				
Depreciation	24,336	26,995	72,141	80,752
Amortization of deferred drydocking & special survey costs, finance cost, debt discount and other finance fees accrued	6,298	7,470	19,795	18,320
Gain on debt extinguishment	-	(116,365)	-	(116,365)
PIK interest	850	414	2,545	414
Payments for drydocking/special survey	(3,524)	(1,554)	(5,214)	(11,905)
Amortization of deferred realized losses on cash flow interest rate swaps	913	931	2,709	2,763
Equity income on investments	(560)	(728)	(508)	(912)
Stock based compensation	1,195	157	3,060	157
Accounts receivable	(141)	6,976	1,588	(2,316)
Other assets, current and non-current	(2,923)	17,340	(13,996)	8,512
Accounts payable and accrued liabilities	(379)	(9,701)	(563)	(1,608)
Other liabilities, current and long-term	(3,731)	(3,844)	(11,348)	(14,959)
Net Cash provided by Operating Activities	<u>56,189</u>	<u>55,308</u>	<u>167,645</u>	<u>110,900</u>
Investing Activities:				
Vessel additions and advances	(4,124)	(400)	(14,762)	(2,083)
Net Cash used in Investing Activities	<u>(4,124)</u>	<u>(400)</u>	<u>(14,762)</u>	<u>(2,083)</u>
Financing Activities:				
Proceeds from long-term debt	-	325,852	-	325,852
Proceeds from sale-leaseback of vessels	-	-	146,523	-
Debt repayment	(25,578)	(358,726)	(231,389)	(407,107)
Payments of leaseback obligations	(3,063)	-	(5,149)	-
Payments of accumulated accrued interest	(8,979)	-	(26,846)	-
Finance costs	(10,425)	(26,967)	(30,474)	(26,967)
Paid-in capital	-	10,000	-	10,000
Share issuance costs	-	(169)	-	(169)
Net Cash used in Financing Activities	<u>(48,045)</u>	<u>(50,010)</u>	<u>(147,335)</u>	<u>(98,391)</u>
Net increase in cash, cash equivalents and restricted cash	4,020	4,898	5,548	10,426
Cash, cash equivalents and restricted cash, beginning of period	78,803	75,235	77,275	69,707
Cash, cash equivalents and restricted cash, end of period	<u><u>\$82,823</u></u>	<u><u>\$80,133</u></u>	<u><u>\$82,823</u></u>	<u><u>\$80,133</u></u>

DANAOS CORPORATION
Reconciliation of Net Income to Adjusted EBITDA - Unaudited
(Expressed in thousands of United States dollars)

	Three months ended	Three months ended	Nine months ended	Nine months ended
	September 30,	September 30,	September 30,	September 30,
	2019	2018	2019	2018
Net income	\$33,855	\$127,217	\$97,436	\$148,047
Depreciation	24,336	26,995	72,141	80,752
Amortization of deferred drydocking & special survey costs	2,271	2,636	6,525	6,888
Amortization of deferred finance costs, debt discount and other finance fees accrued	4,027	4,834	13,270	11,432
Amortization of deferred realized losses on interest rate swaps	913	931	2,709	2,763
Interest income	(1,586)	(1,505)	(4,751)	(4,298)
Interest expense	14,317	16,079	42,057	56,834
Gain on debt extinguishment	-	(116,365)	-	(116,365)
Stock based compensation	1,195	157	3,060	157
Refinancing professional fees	-	21,766	-	51,467
Adjusted EBITDA⁽¹⁾	\$79,328	\$82,745	\$232,447	\$237,677

- 1) Adjusted EBITDA represents net income before interest income and expense, depreciation, amortization of deferred drydocking & special survey costs, amortization of deferred finance costs, debt discount and other finance fees accrued, amortization of deferred realized losses on interest rate swaps, stock based compensation, gain on debt extinguishment and refinancing professional fees. However, Adjusted EBITDA is not a recognized measurement under U.S. generally accepted accounting principles, or "GAAP." We believe that the presentation of Adjusted EBITDA is useful to investors because it is frequently used by securities analysts, investors and other interested parties in the evaluation of companies in our industry. We also believe that Adjusted EBITDA is useful in evaluating our operating performance compared to that of other companies in our industry because the calculation of Adjusted EBITDA generally eliminates the effects of financings, income taxes and the accounting effects of capital expenditures and acquisitions, items which may vary for different companies for reasons unrelated to overall operating performance. In evaluating Adjusted EBITDA, you should be aware that in the future we may incur expenses that are the same as or similar to some of the adjustments in this presentation. Our presentation of Adjusted EBITDA should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items.

Note: Items to consider for comparability include gains and charges. Gains positively impacting net income are reflected as deductions to net income. Charges negatively impacting net income are reflected as increases to net income.

The Company reports its financial results in accordance with U.S. generally accepted accounting principles (GAAP). However, management believes that certain non-GAAP financial measures used in managing the business may provide users of these financial information additional meaningful comparisons between current results and results in prior operating periods. Management believes that these non-GAAP financial measures can provide additional meaningful reflection of underlying trends of the business because they provide a comparison of historical information that excludes certain items that impact the overall comparability. Management also uses these non-GAAP financial measures in making financial, operating and planning decisions and in evaluating the Company's performance. See the Tables above for supplemental financial data and corresponding reconciliations to GAAP financial measures for the three and nine months ended September 30, 2019 and 2018. Non-GAAP financial measures should be viewed in addition to, and not as an alternative for, the Company's reported results prepared in accordance with GAAP.