



Danaos Corporation Reports First Quarter Results for the Period Ended March 31, 2019

Athens, Greece, May 13, 2019 – Danaos Corporation (“Danaos”) (NYSE: DAC), one of the world’s largest independent owners of containerships, today reported unaudited results for the quarter ended March 31, 2019.

Highlights for the First Quarter Ended March 31, 2019:

- Adjusted net income¹ of \$38.6 million, or \$2.53 per share², for the three months ended March 31, 2019 compared to \$28.0 million, or \$3.56 per share², for the three months ended March 31, 2018, an increase of 37.9%.
- Operating revenues of \$112.9 million for the three months ended March 31, 2019 compared to \$111.9 million for the three months ended March 31, 2018, an increase of 0.9%.
- Adjusted EBITDA¹ of \$77.5 million for the three months ended March 31, 2019 compared to \$76.6 million for the three months ended March 31, 2018, an increase of 1.2%.
- Total contracted operating revenues were \$1.5 billion as of March 31, 2019, with charters extending through 2028 and remaining average contracted charter duration of 4.7 years, weighted by aggregate contracted charter hire.
- Charter coverage of 86% for the next 12 months based on current operating revenues and 71% in terms of contracted operating days.
- Effected 1:14 reverse stock split on May 2, 2019, which the Company believes will cure the previously announced NYSE deficiency caused by our stock trading below \$1.
- Concluded sale and leaseback transactions for two 13,100 TEU containerships on April 12, 2019, resulting in net proceeds of \$144.8 million, which were used to repay credit facilities secured by mortgages on the vessels.

Three Months Ended March 31, 2019 Financial Summary - Unaudited

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

	Three months ended March 31, <u>2019</u>	Three months ended March 31, <u>2018</u>
Operating revenues	\$112,891	\$111,854
Net income	\$33,443	\$14,992
Adjusted net income ¹	\$38,569	\$27,951
Earnings per share, diluted ²	\$2.19	\$1.91
Adjusted earnings per share, diluted ^{1,2}	\$2.53	\$3.56
Diluted weighted average number of shares (in thousands) ²	15,237	7,843
Adjusted EBITDA ¹	\$77,538	\$76,638

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 both periods presented.

Danaos' CEO Dr. John Coustas commented:

"Danaos Corporation's adjusted net income of \$38.6 million, or \$2.53 per share, for the first quarter of 2019 increased by \$10.6 million, or 37.9%, when compared to the first quarter of 2018. This improvement was primarily the result of a \$7.6 million decrease in net finance expenses and a \$2 million decrease in total operating costs, combined with a \$1 million increase in operating revenues due to improved fleet utilization. Adjusted EBITDA for the first quarter of 2019 was \$77.5 million, \$0.9 million higher than the first quarter of 2018.

Effective May 2, 2019, following approval of our shareholders and our Board, we effected a 1:14 reverse stock split, which we believe will cure the previously announced NYSE deficiency caused by our stock trading below \$1.

At the beginning of April we concluded a \$150 million sale and leaseback transaction for two 13,100 TEU vessels, fulfilling a requirement from the re-financing we concluded last August. The net proceeds of the transaction were used to prepay certain credit facilities that had financed the vessels. Under the terms of the transaction, the Company will re-acquire the vessels at the end of their five-year lease periods.

The charter market for vessels over 5,500 TEU has seen significant improvement when compared to the recent lows of the fourth quarter of 2018. In general, the charter market for larger vessels has improved considerably, which is notable as more than 70% of our fleet in terms of capacity, is comprised of such vessels. Vessels below 5,500 TEU have also improved slightly since last November's downturn.

On the investment side, we have recently concluded our first scrubber installation on a vessel owned by Gemini Shipholdings Corporation, an entity in which Danaos has a 49% shareholding interest, and will proceed with installing scrubbers on a further nine vessels wholly-owned by Danaos and one additional vessel owned by Gemini over the next few months.

Our total contracted revenues as of March 31, 2019 were \$1.5 billion, and we maintain our high charter contract coverage of 86% in terms of operating revenues and 71% in terms of operating days over the next 12 months. This insulates us from near-term market weakness.

Danaos continues to be a leader in the container shipping industry on the back of a solid track record of operational excellence and technological innovation that allows us to continually deliver high quality service to our customers. At the same time, the recently concluded refinancing transaction further enhances our ability to pursue growth opportunities and our goal of delivering value to our shareholders."

Three months ended March 31, 2019 compared to the three months ended March 31, 2018

During the three months ended March 31, 2019 and March 31, 2018, Danaos had an average of 55 containerships. Our fleet utilization for the three months ended March 31, 2019 was 98.2% compared to 95.6% for the three months ended March 31, 2018.

Our adjusted net income amounted to \$38.6 million, or \$2.53 per share, for the three months ended March 31, 2019 compared to \$28.0 million, or \$3.56 per share, for the three months ended March 31, 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 March 31, 2019 for a non-cash fees amortization and accrued finance fees charge of \$5.1 million. Please refer to the Adjusted Net Income reconciliation table, which appears later in this earnings release.

The increase of \$10.6 million in adjusted net income for the three months ended March 31, 2019 compared to the three months ended March 31, 2018 is attributable mainly to a \$7.6 million decrease in net finance expenses, a \$2.0 million decrease in total operating expenses and a \$1.0 million increase in operating revenues.

On a non-adjusted basis, our net income amounted to \$33.4 million, or \$2.19 earnings per diluted share, for the three months ended March 31, 2019 compared to net income of \$15.0 million, or \$1.91 earnings per diluted share, for the three months ended March 31, 2018 (after giving retroactive effect to the reverse stock split of 1-for-14).

Operating Revenues

Operating revenues increased by 0.9%, or \$1.0 million, to \$112.9 million in the three months ended March 31, 2019 from \$111.9 million in the three months ended March 31, 2018.

Operating revenues for the three months ended March 31, 2019 reflect:

- \$0.9 million increase in revenues due to higher fleet utilization of our vessels in the three months ended March 31, 2019 compared to the three months ended March 31, 2018.
- \$0.1 million increase in revenues in the three months ended March 31, 2019 compared to the three months ended March 31, 2018 due to the re-chartering of certain of our vessels at higher rates.

Vessel Operating Expenses

Vessel operating expenses decreased by 3.4%, or \$0.9 million, to \$25.9 million in the three months ended March 31, 2019 from \$26.8 million in the three months ended March 31, 2018. The average daily operating cost per vessel for vessels on time charter was \$5,636 per day for the three months ended March 31, 2019 compared to \$5,849 per day for the three months ended March 31, 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 12.2%, or \$3.3 million, to \$23.8 million in the three months ended March 31, 2019 from \$27.1 million in the three months ended March 31, 2018 mainly due to decreased depreciation expense for ten 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 increased by \$0.4 million, to \$2.2 million in the three months ended March 31, 2019 from \$1.8 million in the three months ended March 31, 2018. The increase was mainly due to an increased number of vessels dry-docked.

General and Administrative Expenses

General and administrative expenses increased by \$1.7 million, to \$6.9 million in the three months ended March 31, 2019, from \$5.2 million in the three months ended March 31, 2018. The increase was mainly due to increased share based compensation and professional fees.

Other Operating Expenses

Other Operating Expenses include Voyage Expenses.

Voyage Expenses

Voyage expenses increased by \$0.1 million, to \$3.3 million in the three months ended March 31, 2019 from \$3.2 million in the three months ended March 31, 2018.

Interest Expense and Interest Income

Interest expense decreased by 21.9%, or \$5.0 million, to \$17.8 million in the three months ended March 31, 2019 from \$22.8 million in the three months ended March 31, 2018. The decrease in interest expense is attributable to:

(i) a \$11.4 million decrease in interest expense on two of our credit facilities for which we have recognized an interest expense accrual, 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 \$4.0 million increase in interest expense due to an increase in debt service cost of approximately 2.3%, partially offset by a \$645.1 million decrease in our average debt, to \$1,656.3 million in the three months ended March 31, 2019, compared to \$2,301.4 million in the three months ended March 31, 2018; and

(iii) a \$2.4 million increase in the amortization of deferred finance costs and debt discount related to our 2018 debt refinancing.

As of March 31, 2019, debt outstanding, gross of deferred finance costs, was \$1,641.7 million compared to \$2,299.9 million as of March 31, 2018.

Interest income increased by \$0.2 million to \$1.6 million in the three months ended March 31, 2019 compared to \$1.4 million in the three months ended March 31, 2018.

Other finance costs, net

Other finance costs, net decreased by \$0.7 million to \$0.3 million in the three months ended March 31, 2019 compared to \$1.0 million in the three months ended March 31, 2018 mainly due to decreased exit fees expenses.

Equity income/(loss) on investments

Equity income/(loss) on investments decreased by \$0.1 million to a \$0.1 million loss on investments in the three months ended March 31, 2019 and relates to the operating performance of Gemini Shipholdings Corporation, in which the Company has a 49% shareholding interest.

Loss on derivatives

Amortization of deferred realized losses on interest rate swaps remained stable at \$0.9 million in each of the three months ended March 31, 2019 and 2018.

Other income/(expenses), net

Other income/(expenses), net was nil in the three months ended March 31, 2019 compared to \$9.4 million in expenses in the three months ended March 31, 2018 mainly due to \$9.6 million of refinancing-related professional fees in the prior period.

Adjusted EBITDA

Adjusted EBITDA increased by 1.2%, or \$0.9 million, to \$77.5 million in the three months ended March 31, 2019 from \$76.6 million in the three months ended March 31, 2018. As outlined above, the increase is mainly attributable to a \$1.0 million increase in operating revenues and a \$0.1 million decrease in operating performance on our equity investments. Adjusted EBITDA for the three months ended March 31, 2019 is adjusted for stock based compensation of \$0.8 million. Tables reconciling Adjusted EBITDA to Net Income can be found at the end of this earnings release.

Recent Developments

On April 12, 2019, we completed the refinancing of two of our 13,100 TEU vessels, the Hyundai Honour and Hyundai Respect through a sale and leaseback arrangement with a term of five years at the end of which we will reacquire the vessels. The net proceeds amounting to \$144.8 million were applied pro rata to repay the existing credit facilities secured by mortgages on these vessels.

At our Special Meeting of Stockholders on March 5, 2019, our shareholders approved an amendment to our Restated Articles of Incorporation to effect a reverse stock split of the issued and outstanding shares of common stock with the exact ratio to be determined by the Board of Directors. On April 16, 2019, our Board of Directors determined to effect a reverse stock split of our issued and outstanding shares of common stock by a ratio of 1-for-14. The reverse stock split occurred, and our common stock began trading on a split adjusted basis as of the opening of trading on the NYSE on May 2, 2019 under the existing trading symbol "DAC". The reverse stock split reduced the number of our outstanding shares of common stock from 213,324,455 to 15,237,456 and affected all issued and outstanding shares of common stock. No fractional shares were issued in connection to the reverse stock split. Stockholders who would otherwise hold a fractional share of our common stock received a cash payment in lieu of such fractional share. The par value and other terms of our common stock were not affected by the reverse stock split. All share and per share data in this Earnings Release give retroactive effect to this reverse stock split, for both periods presented.

Conference Call and Webcast

On Tuesday, May 14, 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 May 21, 2019 by dialing 1 877 344 7529 (US Toll Free Dial In) or +44 (0) 2036 088 021 (Standard International Dial In) and using 10131488# as the access code.

Audio Webcast

There will also be a live and then archived webcast of the conference call, including a slide presentation providing additional company information, through 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.

About Danaos Corporation

Danaos Corporation is one of the largest independent owners of modern, large-size containerships. Our current fleet of 59 containerships aggregating 351,614 TEUs, including four 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

For further information please contact:

Company Contact:

Evangelos Chatzis
Chief Financial Officer
Danaos Corporation
Athens, Greece
Tel.: +30 210 419 6480
E-Mail: cfo@danaos.com

Iraklis Prokopakis
Senior Vice President and Chief Operating Officer
Danaos Corporation
Athens, Greece
Tel.: +30 210 419 6400
E-Mail: coo@danaos.com

Investor Relations and Financial Media

Rose & Company
New York
Tel. 212-359-2228
E-Mail: danaos@rosecoglobal.com

Appendix

Fleet Utilization

Danaos had 90 unscheduled off-hire days in the three months ended March 31, 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	First Quarter
	2019	2018
Ownership Days	4,950	4,950
Less Off-hire Days:		
Scheduled Off-hire Days	-	(125)
Other Off-hire Days	(90)	(91)
Operating Days	4,860	4,734
Vessel Utilization	98.2%	95.6%
Operating Revenues (in '000s of US Dollars)	\$112,891	\$111,854
Average Gross Daily Charter Rate	\$23,229	\$23,628

Fleet List

The following table describes in detail our fleet deployment profile as of May 13, 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 2022
<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	November 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	December 2022
<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	June 2019
<i>Dimitra C</i>	6,402	2002	January 2020
<i>YM Seattle</i>	4,253	2007	July 2019
<i>YM Vancouver</i>	4,253	2007	September 2019
<i>Derby D</i>	4,253	2004	May 2019
<i>ANL Tongala</i>	4,253	2004	June 2019
<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 2019
<i>Express Black Sea</i>	3,400	2011	November 2019
<i>Express Spain</i>	3,400	2011	June 2019
<i>Express Argentina</i>	3,400	2010	June 2019
<i>Express Brazil</i>	3,400	2010	July 2019
<i>Express France</i>	3,400	2010	September 2019
<i>Singapore</i>	3,314	2004	October 2019
<i>Colombo</i>	3,314	2004	February 2020
<i>MSC Zebra</i>	2,602	2001	September 2020
<i>Amalia C</i>	2,452	1998	August 2019
<i>Danae C</i>	2,524	2001	January 2020
<i>Advance</i>	2,200	1997	July 2019
<i>Future</i>	2,200	1997	June 2019
<i>Sprinter</i>	2,200	1997	June 2019
<i>Stride</i>	2,200	1997	August 2019
<i>Progress C</i>	2,200	1998	June 2019
<i>Bridge</i>	2,200	1998	August 2019
<i>Highway</i>	2,200	1998	June 2019
<i>Vladivostok</i>	2,200	1997	October 2019
<i>Catherine C⁽²⁾</i>	6,422	2001	November 2022
<i>Leo C⁽²⁾</i>	6,422	2002	November 2022
<i>Suez Canal⁽²⁾</i>	5,610	2002	June 2019
<i>Genoa⁽²⁾</i>	5,544	2002	July 2019

(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 March 31,	Three months ended March 31,
	2019	2018
OPERATING REVENUES	\$112,891	\$111,854
OPERATING EXPENSES		
Vessel operating expenses	(25,871)	(26,849)
Depreciation & amortization	(25,957)	(28,903)
General & administrative	(6,869)	(5,182)
Other operating expenses	(3,270)	(3,161)
Income From Operations	50,924	47,759
OTHER INCOME/(EXPENSES)		
Interest income	1,596	1,375
Interest expense	(17,843)	(22,849)
Other finance expenses	(324)	(971)
Equity income/(loss) on investments	(84)	(26)
Other income/(expenses), net	67	(9,385)
Realized loss on derivatives	(893)	(911)
Total Other Expenses, net	(17,481)	(32,767)
Net Income	\$33,443	\$14,992
EARNINGS PER SHARE		
Basic earnings per share ¹	\$2.24	\$1.91
Diluted earnings per share ¹	\$2.19	\$1.91
Basic weighted average number of common shares (in thousands of shares) ¹	14,939	7,843
Diluted weighted average number of common shares (in thousands of shares) ¹	15,237	7,843

Non-GAAP Measures²
Reconciliation of Net Income to Adjusted Net Income – Unaudited

	Three months ended March 31,	Three months ended March 31,
	2019	2018
Net income	\$33,443	\$14,992
Amortization of financing fees, debt discount & finance fees accrued	5,126	3,351
Refinancing professional fees	-	9,608
Adjusted Net Income	\$38,569	\$27,951
Adjusted Earnings Per Share, diluted¹	\$2.53	\$3.56
Diluted weighted average number of shares (in thousands) ¹	15,237	7,843

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, for both 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 months ended March 31, 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)

	As of March 31, <u>2019</u>	As of December 31, <u>2018</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$81,309	\$77,275
Accounts receivable, net	7,443	9,225
Other current assets	36,315	33,250
	<u>125,067</u>	<u>119,750</u>
NON-CURRENT ASSETS		
Fixed assets, net	2,456,891	2,480,329
Deferred charges, net	10,961	13,031
Investments in affiliates	7,279	7,363
Other non-current assets	64,204	59,369
	<u>2,539,335</u>	<u>2,560,092</u>
TOTAL ASSETS	<u>\$2,664,402</u>	<u>\$2,679,842</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Long-term debt, current portion	\$112,588	\$113,777
Accumulated accrued interest, current portion	35,543	35,782
Accounts payable, accrued liabilities & other current liabilities	67,104	73,142
	<u>215,235</u>	<u>222,701</u>
LONG-TERM LIABILITIES		
Long-term debt, net	1,488,033	1,508,108
Accumulated accrued interest, net of current portion	189,177	200,574
Other long-term liabilities	46,543	57,606
	<u>1,723,753</u>	<u>1,766,288</u>
STOCKHOLDERS' EQUITY		
Common stock ¹	152	152
Additional paid-in capital ¹	728,392	727,562
Accumulated other comprehensive loss	(118,422)	(118,710)
Retained earnings	115,292	81,849
	<u>725,414</u>	<u>690,853</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$2,664,402</u>	<u>\$2,679,842</u>

¹ Common stock and Additional paid-in capital give retroactive effect to the 1-for-14 reverse stock split, for both periods presented.

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

	Three months ended March 31, <u>2019</u>	Three months ended March 31, <u>2018</u>
Operating Activities:		
Net income	\$33,443	\$14,992
<i>Adjustments to reconcile net income to net cash provided by operating activities:</i>		
Depreciation	23,766	27,060
Amortization of deferred drydocking & special survey costs, finance cost, debt discount and other finance fees accrued	7,317	5,194
PIK interest	840	-
Payments for drydocking/special survey	(121)	(6,393)
Amortization of deferred realized losses on cash flow interest rate swaps	893	911
Equity loss on investments	84	26
Stock based compensation	830	-
Accounts receivable	1,782	(239)
Other assets, current and non-current	(7,166)	(6,712)
Accounts payable and accrued liabilities	918	6,636
Other liabilities, current and long-term	(3,584)	(5,886)
Net Cash provided by Operating Activities	<u>59,002</u>	<u>35,589</u>
Investing Activities:		
Vessel additions and advances	(1,667)	(716)
Net Cash used in Investing Activities	<u>(1,667)</u>	<u>(716)</u>
Financing Activities:		
Debt repayment	(29,714)	(41,601)
Payments of accumulated accrued interest	(9,100)	-
Finance costs	(14,487)	-
Net Cash used in Financing Activities	<u>(53,301)</u>	<u>(41,601)</u>
Net Increase/(Decrease) in cash, cash equivalents and restricted cash	4,034	(6,728)
Cash, cash equivalents and restricted cash, beginning of period	77,275	69,707
Cash, cash equivalents and restricted cash, end of period	<u><u>\$81,309</u></u>	<u><u>\$62,979</u></u>

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

	Three months ended March 31, <hr/> 2019 <hr/>
Net income	\$33,443
Depreciation	23,766
Amortization of deferred drydocking & special survey costs	2,191
Amortization of deferred finance costs, debt discount and other finance fees accrued	5,126
Amortization of deferred realized losses on interest rate swaps	893
Interest income	(1,596)
Interest expense	12,885
Stock based compensation	830
Refinancing professional fees	-
Adjusted EBITDA⁽¹⁾	\$77,538

- 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 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 months ended March 31, 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.
