



Danaos Corporation Reports Second Quarter and Half Year Results for the Period Ended June 30, 2019

Athens, Greece, August 5, 2019 – Danaos Corporation (“Danaos”) (NYSE: DAC), one of the world’s largest independent owners of containerships, today reported unaudited results for the period ended June 30, 2019.

Highlights for the Second Quarter and Half Year Ended June 30, 2019:

- Adjusted net income¹ of \$34.3 million, or \$2.24 per share², for the three months ended June 30, 2019 compared to \$29.2 million, or \$3.72 per share², for the three months ended June 30, 2018, an increase of 17.5%. Adjusted net income¹ of \$72.8 million, or \$4.77 per share², for the six months ended June 30, 2019 compared to \$57.1 million, or \$7.28 per share², for the six months ended June 30, 2018, an increase of 27.5%.
- Operating revenues of \$112.3 million for the three months ended June 30, 2019 compared to \$113.4 million for the three months ended June 30, 2018, a decrease of 1.0%. Operating revenues of \$225.2 million for the six months ended June 30, 2019 compared to \$225.3 million for the six months ended June 30, 2018.
- Adjusted EBITDA¹ of \$75.6 million for the three months ended June 30, 2019 compared to \$78.3 million for the three months ended June 30, 2018, a decrease of 3.4%. Adjusted EBITDA¹ of \$153.1 million for the six months ended June 30, 2019 compared to \$154.9 million for the six months ended June 30, 2018, a decrease of 1.2%.
- Total contracted operating revenues were \$1.5 billion as of June 30, 2019, with charters extending through 2028 and remaining average contracted charter duration of 4.5 years, weighted by aggregate contracted charter hire.
- Charter coverage of 87% 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 cured 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 and Six Months Ended June 30, 2019 Financial Summary - Unaudited

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

	Three months ended June 30, 2019	Three months ended June 30, 2018	Six months ended June 30, 2019	Six months ended June 30, 2018
Operating revenues	\$112,319	\$113,466	\$225,210	\$225,320
Net income	\$30,138	\$5,838	\$63,581	\$20,830
Adjusted net income ¹	\$34,255	\$29,178	\$72,824	\$57,129
Earnings per share, diluted ²	\$1.97	\$0.74	\$4.16	\$2.66
Adjusted earnings per share, diluted ^{1,2}	\$2.24	\$3.72	\$4.77	\$7.28
Diluted weighted average number of shares (in thousands) ²	15,314	7,843	15,276	7,843
Adjusted EBITDA ¹	\$75,581	\$78,294	\$153,119	\$154,932

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 \$34.3 million, or \$2.24 per share, for the second quarter of 2019 increased by \$5.1 million, or 17.5%, when compared to the second quarter of 2018. This improvement was primarily the result of a \$4.4 million decrease in net finance expenses and a \$2 million decrease in total operating costs, partially offset by a \$1.1 million decrease in operating revenues mainly due to the re-chartering of certain of our vessels that concluded long-term charters over the last 12 months and were re-deployed at lower rates during the quarter. Adjusted EBITDA for the second quarter of 2019 was \$75.6 million, \$2.7 million lower than the second quarter of 2018.

The charter market for 5,500+ vessels TEU remained strong over the last three months, and the market for Panamax vessels is improving due to the lack of availability of larger vessels. Rates on smaller vessels remain stable albeit at relatively low levels. We anticipate that the implementation of IMO 2020 sulphur emissions regulations will result in a healthy charter market for the larger vessels through 2020 due to downtime related to scrubber retrofits and reduced sailing speeds that a high fuel price environment are expected to bring about. Escalations in trade tensions between the U.S. and China persist, and uncertainty on the outcome and the impact on trade flows has discouraged market participants from placing newbuilding orders. Collectively, these factors are expected to result in positive vessel supply side effects, which should support the strengthening of the charter market going forward.

Our total contracted revenues as of June 30, 2019 were \$1.5 billion, and we maintain our high charter contract coverage of 87% 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 June 30, 2019 compared to the three months ended June 30, 2018

During the three months ended June 30, 2019 and June 30, 2018, Danaos had an average of 55 containerships. Our fleet utilization for the three months ended June 30, 2019 was 99.4% compared to 96.1% for the three months ended June 30, 2018.

Our adjusted net income amounted to \$34.3 million, or \$2.24 per share, for the three months ended June 30, 2019 compared to \$29.2 million, or \$3.72 per share, for the three months ended June 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 June 30, 2019 for non-cash fees amortization and accrued financing fees of \$4.1 million. Please refer to the Adjusted Net Income reconciliation table, which appears later in this earnings release.

The increase of \$5.1 million in adjusted net income for the three months ended June 30, 2019 compared to the three months ended June 30, 2018 is attributable mainly to a \$4.4 million decrease in net finance expenses and a \$2.0 million decrease in total operating expenses, which were partially offset by a \$1.1 million decrease in operating revenues and a \$0.2 million decrease in the operating performance of our equity investment in Gemini.

On a non-adjusted basis, our net income amounted to \$30.1 million, or \$1.97 earnings per diluted share, for the three months ended June 30, 2019 compared to net income of \$5.8 million, or \$0.74 earnings per diluted share, for the three months ended June 30, 2018 (after giving retroactive effect to the reverse stock split of 1-for-14).

Operating Revenues

Operating revenues decreased by 1.0%, or \$1.1 million, to \$112.3 million in the three months ended June 30, 2019 from \$113.4 million in the three months ended June 30, 2018.

Operating revenues for the three months ended June 30, 2019 reflect:

- a \$4.1 million decrease in revenues in the three months ended June 30, 2019 compared to the three months ended June 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 three months ended June 30, 2019; and

- a \$3.0 million increase in revenues due to higher fleet utilization of our vessels in the three months ended June 30, 2019 compared to the three months ended June 30, 2018.

Vessel Operating Expenses

Vessel operating expenses increased by 2.2%, or \$0.6 million, to \$27.3 million in the three months ended June 30, 2019 from \$26.7 million in the three months ended June 30, 2018. The average daily operating cost per vessel for vessels on time charter was \$5,884 per day for the three months ended June 30, 2019 compared to \$5,762 per day for the three months ended June 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 10.1%, or \$2.7 million, to \$24.0 million in the three months ended June 30, 2019 from \$26.7 million in the three months ended June 30, 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 decreased by \$0.3 million, to \$2.1 million in the three months ended June 30, 2019 from \$2.4 million in the three months ended June 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 \$0.7 million, to \$6.5 million in the three months ended June 30, 2019, from \$5.8 million in the three months ended June 30, 2018. The increase was mainly due to increased share based compensation.

Other Operating Expenses

Other Operating Expenses include Voyage Expenses.

Voyage Expenses

Voyage expenses decreased by \$0.5 million, to \$2.7 million in the three months ended June 30, 2019 from \$3.2 million in the three months ended June 30, 2018.

Interest Expense and Interest Income

Interest expense decreased by 18.3%, or \$4.2 million, to \$18.8 million in the three months ended June 30, 2019 from \$23.0 million in the three months ended June 30, 2018. The decrease in interest expense is attributable to:

(i) a \$11.5 million decrease in interest expense on two of our credit facilities for which we recognized an interest expense accrual in Q3 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 \$5.8 million increase in interest expense due to an increase in debt service cost by approximately 2.8%, partially offset by a \$644.4 million decrease in our average debt (including leaseback obligations), to \$1,630.7 million in the three months ended June 30, 2019, compared to \$2,275.1 million in the three months ended June 30, 2018; and

(iii) a \$1.5 million increase in the amortization of deferred finance costs and debt discount related to our 2018 debt refinancing.

As of June 30, 2019, our bank debt outstanding, gross of deferred finance costs, was \$1,470.6 million and leaseback obligation was \$144.4 million compared to bank debt of \$2,293.9 million outstanding as of June 30, 2018.

Interest income increased by \$0.2 million to \$1.6 million in the three months ended June 30, 2019 compared to \$1.4 million in the three months ended June 30, 2018.

Other finance costs, net

Other finance costs, net increased by \$0.8 million to \$1.8 million in the three months ended June 30, 2019 compared to \$1.0 million in the three months ended June 30, 2018 mainly due to increased finance costs, which were partially offset by decreased exit fees expenses.

Equity income/(loss) on investments

Equity income/(loss) on investments decreased by \$0.2 million to nil in the three months ended June 30, 2019 compared to equity income on investments amounting to \$0.2 million in the three months ended June 30, 2018 and relates to the operating performance of Gemini Shipholdings Corporation (“Gemini”), 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 month periods ended June 30, 2019 and 2018.

Other income/(expenses), net

Other income/(expenses), net was \$0.4 million in income in the three months ended June 30, 2019 compared to \$19.5 million in expenses in the three months ended June 30, 2018 mainly due to \$20.1 million of refinancing-related professional fees in the prior period.

Adjusted EBITDA

Adjusted EBITDA decreased by 3.4%, or \$2.7 million, to \$75.6 million in the three months ended June 30, 2019 from \$78.3 million in the three months ended June 30, 2018. As described above, the decrease is mainly attributable to a \$1.4 million increase in net finance expenses, a \$1.1 million decrease in operating revenues and a \$0.2 million decrease in operating performance on our equity investments. Adjusted EBITDA for the three months ended June 30, 2019 is adjusted for stock based compensation of \$1.0 million. Tables reconciling Adjusted EBITDA to Net Income can be found at the end of this earnings release.

Six months ended June 30, 2019 compared to the six months ended June 30, 2018

During the six months ended June 30, 2019 and June 30, 2018, Danaos had an average of 55 containerships. Our fleet utilization for the six months ended June 30, 2019 was 98.8% compared to 95.9% for the six months ended June 30, 2018.

Our adjusted net income amounted to \$72.8 million, or \$4.77 per share, for the six months ended June 30, 2019 compared to \$57.1 million, or \$7.28 per share, for the six months ended June 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 six months ended June 30, 2019 for non-cash fees amortization and accrued financing fees of \$9.2 million. Please refer to the Adjusted Net Income reconciliation table, which appears later in this earnings release.

The increase of \$15.7 million in adjusted net income for the six months ended June 30, 2019 compared to the six months ended June 30, 2018 is attributable to a \$12.0 million decrease in net finance expenses and a \$4.0 million decrease in total operating expenses, which were partially offset by a \$0.2 million decrease in the operating performance of our equity investment in Gemini and a \$0.1 million decrease in the operating revenue.

On a non-adjusted basis, our net income amounted to \$63.6 million, or \$4.16 per diluted share, for the six months ended June 30, 2019 compared to net income of \$20.8 million, or \$2.66 per diluted share, for the six months ended June 30, 2018 (after giving retroactive effect to the reverse stock split of 1-for-14).

Operating Revenues

Operating revenues decreased by \$0.1 million, to \$225.2 million in the six months ended June 30, 2019 from \$225.3 million in the six months ended June 30, 2018.

Operating revenues for the six months ended June 30, 2019 reflect:

- a \$4.0 million decrease in revenues in the six months ended June 30, 2019 compared to the six months ended June 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 six months ended June 30, 2019; and
- a \$3.9 million increase in revenues due to higher fleet utilization of our vessels in the six months ended June 30, 2019 compared to the six months ended June 30, 2018.

Vessel Operating Expenses

Vessel operating expenses decreased by 0.7%, or \$0.4 million, to \$53.2 million in the six months ended June 30, 2019 from \$53.6 million in the six months ended June 30, 2018. The average daily operating cost per vessel for vessels on time charter was \$5,761 per day for the six months ended June 30, 2019 compared to \$5,806 per day for the six months ended June 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 11.1%, or \$6.0 million, to \$47.8 million in the six months ended June 30, 2019 from \$53.8 million in the six months ended June 30, 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 remained stable at \$4.3 million in each of the six month periods ended June 30, 2019 and 2018.

General and Administrative Expenses

General and administrative expenses increased by \$2.4 million, to \$13.4 million in the six months ended June 30, 2019, from \$11.0 million in the six months ended June 30, 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 decreased by \$0.3 million, to \$6.0 million in the six months ended June 30, 2019 from \$6.3 million in the six months ended June 30, 2018.

Interest Expense and Interest Income

Interest expense decreased by 20.0%, or \$9.2 million, to \$36.7 million in the six months ended June 30, 2019 from \$45.9 million in the six months ended June 30, 2018. The decrease in interest expense is attributable to:

- (i) a \$22.9 million decrease in interest expense on two of our credit facilities for which we recognized an interest expense accrual in Q3 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 \$9.8 million increase in interest expense due to an increase in debt service cost of approximately 2.6%, partially offset by a \$644.8 million decrease in our average debt (including leaseback obligations), to \$1,643.4 million in the six months ended June 30, 2019, compared to \$2,288.2 million in the six months ended June 30, 2018; and

(iii) a \$3.9 million increase in the amortization of deferred finance costs and debt discount related to our 2018 debt refinancing.

As of June 30, 2019, our bank debt outstanding, gross of deferred finance costs, was \$1,470.6 million and leaseback obligation was \$144.4 million compared to bank debt of \$2,293.9 million outstanding as of June 30, 2018.

Interest income increased by \$0.4 million to \$3.2 million in the six months ended June 30, 2019 compared to \$2.8 million in the six months ended June 30, 2018.

Other finance costs, net

Other finance costs, net increased by \$0.2 million, to \$2.1 million in the six months ended June 30, 2019 from \$1.9 million in the six months ended June 30, 2018.

Equity income/(loss) on investments

Equity income/(loss) on investments decreased by \$0.2 million to nil in the six months ended June 30, 2019 compared to \$0.2 million income in the six months ended June 30, 2018 and relates to the operating performance of Gemini, in which the Company has a 49% shareholding interest.

Loss on derivatives

Amortization of deferred realized losses on interest rate swaps remained stable at \$1.8 million in each of the six month periods ended June 30, 2019 and 2018.

Other income/(expenses), net

Other income/(expenses), net was \$0.4 million in income in the six months ended June 30, 2019 compared to \$28.9 million in expenses in the six months ended June 30, 2018 mainly due to \$29.7 million of refinancing-related professional fees in the prior period.

Adjusted EBITDA

Adjusted EBITDA decreased by 1.2%, or \$1.8 million, to \$153.1 million in the six months ended June 30, 2019 from \$154.9 million in the six months ended June 30, 2018. As described above, this decrease is mainly attributable to a \$1.4 million increase in other finance costs, to a \$0.2 million decrease in operating performance on our equity investments and a \$0.1 million decrease in operating revenue. Adjusted EBITDA for the six months ended June 30, 2019 is adjusted for stock based compensation of \$1.9 million. Tables reconciling Adjusted EBITDA to Net Income can be found at the end of this earnings release.

Recent Developments

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 all periods presented.

Conference Call and Webcast

On Tuesday, August 6, 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 August 14, 2019 by dialing 1 877 344 7529 (US Toll Free Dial In) or +44 (0) 2036 088 021 (Standard International Dial In) and using 10134150# 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.

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

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Appendix

Fleet Utilization

Danaos had 10 unscheduled off-hire days in the three months ended June 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	Total
	2019	2019	
Ownership Days	4,950	5,005	9,955
Less Off-hire Days:			
Scheduled Off-hire Days	-	(22)	(22)
Other Off-hire Days	(90)	(10)	(100)
Operating Days	4,860	4,973	9,833
Vessel Utilization	98.2%	99.4%	98.8%
Operating Revenues (in '000s of US Dollars)	\$112,891	\$112,319	\$225,210
Average Gross Daily Charter Rate	\$23,229	\$22,586	\$22,903

Vessel Utilization (No. of Days)	First Quarter	Second Quarter	Total
	2018	2018	
Ownership Days	4,950	5,005	9,955
Less Off-hire Days:			
Scheduled Off-hire Days	(125)	(111)	(236)
Other Off-hire Days	(91)	(84)	(175)
Operating Days	4,734	4,810	9,544
Vessel Utilization	95.6%	96.1%	95.9%
Operating Revenues (in '000s of US Dollars)	\$111,854	\$113,466	\$225,320
Average Gross Daily Charter Rate	\$23,628	\$23,590	\$23,609

Fleet List

The following table describes in detail our fleet deployment profile as of August 5, 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	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	May 2020
<i>Dimitra C</i>	6,402	2002	January 2020
<i>YM Seattle</i>	4,253	2007	October 2019
<i>YM Vancouver</i>	4,253	2007	September 2019
<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	November 2019
<i>Express Spain</i>	3,400	2011	August 2019
<i>Express Argentina</i>	3,400	2010	May 2020
<i>Express Brazil</i>	3,400	2010	September 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	August 2019
<i>Future</i>	2,200	1997	August 2019
<i>Sprinter</i>	2,200	1997	August 2019
<i>Stride</i>	2,200	1997	August 2019
<i>Progress C</i>	2,200	1998	August 2019
<i>Bridge</i>	2,200	1998	August 2019
<i>Highway</i>	2,200	1998	October 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	April 2020
<i>Genoa⁽²⁾</i>	5,544	2002	September 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 June 30, <u>2019</u>	Three months ended June 30, <u>2018</u>	Six months ended June 30, <u>2019</u>	Six months ended June 30, <u>2018</u>
OPERATING REVENUES	\$112,319	\$113,466	\$225,210	\$225,320
OPERATING EXPENSES				
Vessel operating expenses	(27,306)	(26,742)	(53,177)	(53,591)
Depreciation & amortization	(26,102)	(29,106)	(52,059)	(58,009)
General & administrative	(6,492)	(5,777)	(13,361)	(10,959)
Other operating expenses	(2,732)	(3,186)	(6,002)	(6,347)
Income From Operations	49,687	48,655	100,611	96,414
OTHER INCOME/(EXPENSES)				
Interest income	1,569	1,418	3,165	2,793
Interest expense	(18,844)	(23,020)	(36,687)	(45,869)
Other finance expenses	(1,770)	(961)	(2,094)	(1,932)
Equity income/(loss) on investments	32	210	(52)	184
Other income/(expenses), net	367	(19,543)	434	(28,928)
Realized loss on derivatives	(903)	(921)	(1,796)	(1,832)
Total Other Expenses, net	(19,549)	(42,817)	(37,030)	(75,584)
Net Income	\$30,138	\$5,838	\$63,581	\$20,830
EARNINGS PER SHARE				
Basic earnings per share ¹	\$2.02	\$0.74	\$4.26	\$2.66
Diluted earnings per share ¹	\$1.97	\$0.74	\$4.16	\$2.66
Basic weighted average number of common shares (in thousands of shares) ¹	14,939	7,843	14,939	7,843
Diluted weighted average number of common shares (in thousands of shares) ¹	15,314	7,843	15,276	7,843

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

	Three months ended June 30, <u>2019</u>	Three months ended June 30, <u>2018</u>	Six months ended June 30, <u>2019</u>	Six months ended June 30, <u>2018</u>
Net income	\$30,138	\$5,838	\$63,581	\$20,830
Amortization of financing fees, debt discount & finance fees accrued	4,117	3,247	9,243	6,598
Refinancing professional fees	-	20,093	-	29,701
Adjusted Net Income	\$34,255	\$29,178	\$72,824	\$57,129
Adjusted Earnings Per Share, diluted¹	\$2.24	\$3.72	\$4.77	\$7.28
Diluted weighted average number of shares (in thousands) ¹	15,314	7,843	15,276	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 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 six months ended June 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)

	As of June 30, 2019	As of December 31, 2018
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$78,803	\$77,275
Accounts receivable, net	7,496	9,225
Other current assets	36,566	33,250
	<u>122,865</u>	<u>119,750</u>
NON-CURRENT ASSETS		
Fixed assets, net	2,433,731	2,480,329
Deferred charges, net	10,467	13,031
Investments in affiliates	7,311	7,363
Other non-current assets	73,931	59,369
	<u>2,525,440</u>	<u>2,560,092</u>
TOTAL ASSETS	<u>\$2,648,305</u>	<u>\$2,679,842</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Long-term debt, current portion	\$113,826	\$113,777
Accumulated accrued interest, current portion	35,351	35,782
Long-term leaseback obligations, current portion	14,097	-
Accounts payable, accrued liabilities & other current liabilities	60,034	73,142
	<u>223,308</u>	<u>222,701</u>
LONG-TERM LIABILITIES		
Long-term debt, net	1,318,207	1,508,108
Accumulated accrued interest, net of current portion	178,065	200,574
Long-term leaseback obligations, net	130,340	-
Other long-term liabilities	42,916	57,606
	<u>1,669,528</u>	<u>1,766,288</u>
STOCKHOLDERS' EQUITY		
Common stock ¹	154	152
Additional paid-in capital ¹	729,425	727,562
Accumulated other comprehensive loss	(119,540)	(118,710)
Retained earnings	145,430	81,849
	<u>755,469</u>	<u>690,853</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$2,648,305</u>	<u>\$2,679,842</u>

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 June 30, <u>2019</u>	Three months ended June 30, <u>2018</u>	Six months ended June 30, <u>2019</u>	Six months ended June 30, <u>2018</u>
Operating Activities:				
Net income	\$30,138	\$5,838	\$63,581	\$20,830
<i>Adjustments to reconcile net income to net cash provided by operating activities:</i>				
Depreciation	24,039	26,697	47,805	53,757
Amortization of deferred drydocking & special survey costs, finance cost, debt discount and other finance fees accrued	6,180	5,656	13,497	10,850
PIK interest	855	-	1,695	-
Payments for drydocking/special survey	(1,569)	(3,958)	(1,690)	(10,351)
Amortization of deferred realized losses on cash flow interest rate swaps	903	921	1,796	1,832
Equity loss on investments	(32)	(210)	52	(184)
Stock based compensation	1,035	-	1,865	-
Accounts receivable	(53)	(9,053)	1,729	(9,292)
Other assets, current and non-current	(3,907)	(2,116)	(11,073)	(8,828)
Accounts payable and accrued liabilities	(1,102)	1,457	(184)	8,093
Other liabilities, current and long-term	(4,033)	(5,229)	(7,617)	(11,115)
Net Cash provided by Operating Activities	<u>52,454</u>	<u>20,003</u>	<u>111,456</u>	<u>55,592</u>
Investing Activities:				
Vessel additions and advances	(8,971)	(967)	(10,638)	(1,683)
Net Cash used in Investing Activities	<u>(8,971)</u>	<u>(967)</u>	<u>(10,638)</u>	<u>(1,683)</u>
Financing Activities:				
Proceeds from sale-leaseback of vessels	146,523	-	146,523	-
Debt repayment	(176,097)	(6,780)	(205,811)	(48,381)
Payments of leaseback obligations	(2,086)	-	(2,086)	-
Payments of accumulated accrued interest	(8,767)	-	(17,867)	-
Finance costs	(5,562)	-	(20,049)	-
Net Cash used in Financing Activities	<u>(45,989)</u>	<u>(6,780)</u>	<u>(99,290)</u>	<u>(48,381)</u>
Net Increase/(Decrease) in cash, cash equivalents and restricted cash	(2,506)	12,256	1,528	5,528
Cash, cash equivalents and restricted cash, beginning of period	81,309	62,979	77,275	69,707
Cash, cash equivalents and restricted cash, end of period	<u>\$78,803</u>	<u>\$75,235</u>	<u>\$78,803</u>	<u>\$75,235</u>

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

	Three months ended	Three months ended	Six months ended	Six months ended
	June 30,	June 30,	June 30,	June 30,
	2019	2018	2019	2018
Net income	\$30,138	\$5,838	\$63,581	\$20,830
Depreciation	24,039	26,697	47,805	53,757
Amortization of deferred drydocking & special survey costs	2,063	2,409	4,254	4,252
Amortization of deferred finance costs, debt discount and other finance fees accrued	4,117	3,247	9,243	6,598
Amortization of deferred realized losses on interest rate swaps	903	921	1,796	1,832
Interest income	(1,569)	(1,418)	(3,165)	(2,793)
Interest expense	14,855	20,507	27,740	40,755
Stock based compensation	1,035	-	1,865	-
Refinancing professional fees	-	20,093	-	29,701
Adjusted EBITDA⁽¹⁾	\$75,581	\$78,294	\$153,119	\$154,932

- 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 and six months ended June 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.