

## Danaos Corporation Reports Results for the Fourth Quarter and Year Ended December 31, 2018

Athens, Greece, February 19, 2019 – Danaos Corporation (“Danaos”) (NYSE: DAC), one of the world’s largest independent owners of containerships, today reported unaudited results for the fourth quarter and the year ended December 31, 2018.

### Highlights for the Fourth Quarter and Year Ended December 31, 2018:

- On August 10, 2018, we consummated the agreement with certain of our lenders to refinance approximately \$2.2 billion of our debt maturing on December 31, 2018, reducing our debt by approximately \$551 million, resetting financial and other covenants, modifying interest rates and amortization profiles and extending debt maturities by approximately five years to December 31, 2023. In connection with this refinancing, we issued approximately 99.3 million shares of common stock to certain of our lenders. See “Debt Refinancing”.
- Adjusted net income<sup>1</sup> of \$36.6 million, or \$0.18 per share, for the three months ended December 31, 2018 compared to \$31.2 million, or \$0.28 per share, for the three months ended December 31, 2017, an increase of 17.3%. Adjusted net income<sup>1</sup> of \$131.2 million, or \$0.88 per share, for the year ended December 31, 2018 compared to \$114.9 million, or \$1.05 per share, for the year ended December 31, 2017, an increase of 14.2%.
- Operating revenues of \$115.6 million for the three months ended December 31, 2018 compared to \$114.2 million for the three months ended December 31, 2017, an increase of 1.2%. Operating revenues of \$458.7 million for the year ended December 31, 2018 compared to \$451.7 million for the year ended December 31, 2017, an increase of 1.5%.
- Adjusted EBITDA<sup>1</sup> of \$80.2 million for the three months ended December 31, 2018 compared to \$80.0 million for the three months ended December 31, 2017, an increase of 0.3%. Adjusted EBITDA<sup>1</sup> of \$317.8 million for the year ended December 31, 2018 compared to \$310.4 million for the year ended December 31, 2017, an increase of 2.4%.
- Total contracted operating revenues were \$1.6 billion as of December 31, 2018, with charters extending through 2028 and remaining average contracted charter duration of 4.9 years, weighted by aggregate contracted charter hire.
- Charter coverage of 88% for the next 12 months based on current operating revenues and 74% in terms of contracted operating days.

### Three Months and Year Ended December 31, 2018 Financial Summary - Unaudited

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

	Three months ended December 31, 2018	Three months ended December 31, 2017	Year ended December 31, 2018	Year ended December 31, 2017
Operating revenues	\$115,631	\$114,168	\$458,732	\$451,731
Net income/(loss)	\$(180,983)	\$22,806	\$(32,936)	\$83,905
Adjusted net income <sup>1</sup>	\$36,605	\$31,231	\$131,186	\$114,881
Earnings/(loss) per share, diluted	\$(0.87)	\$0.21	\$(0.22)	\$0.76
Adjusted earnings per share, diluted <sup>1</sup>	\$0.18	\$0.28	\$0.88	\$1.05
Basic and diluted weighted average number of shares (in thousands)	209,142	109,821	148,720	109,824
Adjusted EBITDA <sup>1</sup>	\$80,171	\$80,016	\$317,848	\$310,378

<sup>1</sup>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.

**Danaos' CEO Dr. John Coustas commented:**

"The 4th quarter of 2018 was the first full quarter following the completion of our recent debt refinancing which reduced indebtedness by \$551 million, reset financial covenants and extended maturities through the end of 2023. As mentioned before, the refinancing has strengthened the Company's balance sheet and growth prospects by removing all balloon payments and maturities of existing debt over the next five years.

Adjusted net income for the 4th quarter of 2018 was \$36.6 million, or 18 cents per share, \$5.4 million or 17.3% higher when compared to the 4th quarter of 2017. This improvement was primarily the result of a \$5.8 million decrease in net finance expenses, combined with a \$1.4 million increase in operating revenues due to improved re-chartering rates, and partially offset by a \$1.9 million increase in total operating costs. Adjusted EBITDA for the 4th quarter of 2018 was \$80.2 million, \$0.2 million higher than the 4th quarter of 2017.

Additionally, in the context of prudently evaluating the assets on our balance sheet, we recorded an impairment loss of \$210.7 million in relation to the market value of certain of our Panamax vessels.

The charter market for vessels larger than 5,000 TEU has recently shown encouraging signs of recovery, and the market for smaller vessels remains stable albeit at relatively low levels. Anticipated slow steaming and re-designing of liner networks ahead of the implementation of new restrictions on sulphur emissions in 2020 together with vessels exiting service to be fitted with scrubbers are all positive supply side developments that may lead to improved charter rates. There has also been a continued abstention of new ordering as the market is still waiting on the outcome of trade talks to determine the demand side effects. Overall, we believe that the combined effect of these factors will be positive for the market outlook in the medium term from the 2nd half of the year onwards.

Our total contracted revenues as of December 31, 2018 were \$1.6 billion, and we maintain our high charter contract coverage of 88% in terms of operating revenues and 74% in terms of operating days over the next 12 months. This insulates us from the near-term soft charter market.

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 deliver value to our shareholders."

**Three months ended December 31, 2018 compared to the three months ended December 31, 2017**

During the three months ended December 31, 2018 and December 31, 2017, Danaos had an average of 55 containerships. Our fleet utilization for the three months ended December 31, 2018 was 97.9% compared to 97.8% for the three months ended December 31, 2017.

Our adjusted net income amounted to \$36.6 million, or \$0.18 per share, for the three months ended December 31, 2018 compared to \$31.2 million, or \$0.28 per share, for the three months ended December 31, 2017. We have adjusted our net income in the three months ended December 31, 2018 mainly for an impairment loss in relation to 10 of our vessels of \$210.7 million, accelerated amortization of accumulated other comprehensive loss of \$1.4 million and a non-cash fees amortization and accrued finance fees charge of \$5.6 million. Please refer to the Adjusted Net Income reconciliation table, which appears later in this earnings release.

The increase of \$5.4 million in adjusted net income for the three months ended December 31, 2018 compared to the three months ended December 31, 2017 is attributable mainly to a \$5.8 million decrease in net finance expenses, a \$1.4 million increase in operating revenues and a \$0.1 million operating performance improvement on equity investments, which were partially offset by a \$1.9 million increase in total operating expenses.

On a non-adjusted basis, our net loss amounted to \$181.0 million, or \$0.87 diluted loss per share, for the three months ended December 31, 2018 compared to net income of \$22.8 million, or \$0.21 per share, for the three months ended December 31, 2017.

### **Operating Revenues**

Operating revenues increased by 1.2%, or \$1.4 million, to \$115.6 million in the three months ended December 31, 2018 from \$114.2 million in the three months ended December 31, 2017.

Operating revenues for the three months ended December 31, 2018 reflect:

- \$1.2 million increase in revenues in the three months ended December 31, 2018 compared to the three months ended December 31, 2017 due to the re-chartering of certain of our vessels at higher rates.
- \$0.2 million increase in revenues due to higher fleet utilization of our vessels in the three months ended December 31, 2018 compared to the three months ended December 31, 2017.

### **Vessel Operating Expenses**

Vessel operating expenses decreased by 2.3%, or \$0.6 million, to \$25.6 million in the three months ended December 31, 2018 from \$26.2 million in the three months ended December 31, 2017. The average daily operating cost per vessel for vessels on time charter was \$5,446 per day for the three months ended December 31, 2018 compared to \$5,583 per day for the three months ended December 31, 2017. 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 3.6%, or \$1.0 million, to \$27.0 million in the three months ended December 31, 2018 from \$28.0 million in the three months ended December 31, 2017.

#### *Amortization of Deferred Dry-docking and Special Survey Costs*

Amortization of deferred dry-docking and special survey costs increased by \$0.6 million, to \$2.3 million in the three months ended December 31, 2018 from \$1.7 million in the three months ended December 31, 2017. The increase was mainly due to the increased number of vessels dry-docked over the last year.

### **General and Administrative Expenses**

General and administrative expenses increased by \$2.1 million to \$7.9 million in the three months ended December 31, 2018, from \$5.8 million in the three months ended December 31, 2017. The increase was mainly due to increased remuneration costs and professional fees.

### **Other Operating Expenses**

Other Operating Expenses include Voyage Expenses.

#### *Voyage Expenses*

Voyage expenses remained stable at \$3.0 million in the three months ended December 31, 2018 and 2017.

### **Impairment Loss**

We have recognized an impairment loss of \$210.7 million in relation to 10 of our vessels as of December 31, 2018 compared to nil in the comparable period.

### **Interest Expense and Interest Income**

Interest expense decreased by 13.1%, or \$2.9 million, to \$19.3 million in the three months ended December 31, 2018 from \$22.2 million in the three months ended December 31, 2017. The decrease in interest expense is attributable to a:

- (i) \$10.4 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 debt refinancing.

(ii) \$4.8 million increase in interest expense due to an increase in debt service cost of approximately 2.4%, partially offset by a \$656.1 million decrease in our average debt, to \$1,684.7 million in the three months ended December 31, 2018, compared to \$2,340.8 million in the three months ended December 31, 2017.

(iii) \$2.7 million increase in the amortization of deferred finance costs and debt discount related to our debt refinancing.

As of December 31, 2018, the debt outstanding, gross of deferred finance costs, was \$1,666.2 million compared to \$2,340.8 million as of December 31, 2017.

Interest income increased by \$0.1 million to \$1.5 million in the three months ended December 31, 2018 compared to \$1.4 million in the three months ended December 31, 2017.

#### **Other finance costs, net**

Other finance costs, net decreased by \$0.6 million to \$0.4 million in the three months ended December 31, 2018 compared to \$1.0 million in the three months ended December 31, 2017 mainly due to decreased exit fees expenses.

#### **Equity income on investments**

Equity income on investments amounted to \$0.4 million in the three months ended December 31, 2018 compared to \$0.3 million in the three months ended December 31, 2017 and relates to the improved 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 increased by \$1.4 million to \$2.3 million in the three months ended December 31, 2018 compared to \$0.9 million in the three months ended December 31, 2017 due to the accelerated amortization of accumulated other comprehensive loss.

#### **Other income/(expenses), net**

Other income/(expenses), net was \$0.1 million in income in the three months ended December 31, 2018 compared to \$4.3 million in expenses in the three months ended December 31, 2017 mainly due to the decrease in refinancing-related professional fees.

#### **Adjusted EBITDA**

Adjusted EBITDA increased by 0.3%, or \$0.2 million to \$80.2 million in the three months ended December 31, 2018 from \$80.0 million in the three months ended December 31, 2017. As outlined above, the increase of \$1.4 million in operating revenues and a \$0.1 million operating performance improvement on our equity investments, were partially offset by a \$1.3 million increase in total operating expenses. Adjusted EBITDA for the three months ended December 31, 2018 is adjusted mainly for impairment loss of \$210.7 million, accelerated amortization of accumulated other comprehensive loss of \$1.4 million and stock based compensation of \$0.8 million. Tables reconciling Adjusted EBITDA to Net Income can be found at the end of this earnings release.

#### **Year ended December 31, 2018 compared to the year ended December 31, 2017**

During the year ended December 31, 2018 and December 31, 2017, Danaos had an average of 55 containerships. Our fleet utilization for the year ended December 31, 2018 was 96.8% compared to 96.4% for the year ended December 31, 2017. The fleet utilization excluding the off charter days of the vessels that were previously chartered to Hanjin was 97.9% in the year ended December 31, 2017.

Our adjusted net income amounted to \$131.2 million, or \$0.88 per share, for the year ended December 31, 2018 compared to \$114.9 million, or \$1.05 per share, for the year ended December 31, 2017. We have adjusted our net income in the year ended December 31, 2018 for the impairment loss of \$210.7 million, the gain on debt extinguishment of \$116.4 million, refinancing related professional fees of \$51.3 million, a non-cash fees amortization and accrued finance fees charge of \$17.0 million and an accelerated amortization of accumulated other comprehensive loss of \$1.4 million. Please refer to the Adjusted Net Income reconciliation table, which appears later in this earnings release.

The increase of \$16.3 million in adjusted net income for the year ended December 31, 2018 compared to the year ended December 31, 2017 is attributable to a \$7.0 million increase in operating revenues, a \$4.8 million decrease in net finance expenses, a \$4.1 million decrease in total operating expenses and a \$0.4 million increase in the operating performance of our equity investment in Gemini.

On a non-adjusted basis, our net loss amounted to \$32.9 million, or \$0.22 loss per share, for the year ended December 31, 2018 compared to net income of \$83.9 million, or \$0.76 per share, for the year ended December 31, 2017.

### **Operating Revenues**

Operating revenues increased by 1.5%, or \$7.0 million, to \$458.7 million in the year ended December 31, 2018 from \$451.7 million in the year ended December 31, 2017.

Operating revenues for the year ended December 31, 2018 reflect:

- \$13.8 million increase in revenues in the year ended December 31, 2018 compared to the year ended December 31, 2017 due to the re-chartering of certain of our vessels at higher rates.
- \$6.8 million decrease in revenues due to lower fleet utilization of our vessels in the year ended December 31, 2018 compared to the year ended December 31, 2017 (other than three vessels previously chartered to Hanjin which were less utilized in the year ended December 31, 2017).

### **Vessel Operating Expenses**

Vessel operating expenses decreased by 2.2%, or \$2.4 million, to \$104.6 million in the year ended December 31, 2018 from \$107.0 million in the year ended December 31, 2017. The average daily operating cost per vessel for vessels on time charter was \$5,619 per day for the year ended December 31, 2018 compared to \$5,661 per day for the year ended December 31, 2017. 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 6.4%, or \$7.4 million, to \$107.8 million in the year ended December 31, 2018 from \$115.2 million in the year ended December 31, 2017.

#### *Amortization of Deferred Dry-docking and Special Survey Costs*

Amortization of deferred dry-docking and special survey costs increased by \$2.5 million, to \$9.2 million in the year ended December 31, 2018 from \$6.7 million in the year ended December 31, 2017. The increase was mainly due to the increased number of vessels dry-docked over the last year.

### **General and Administrative Expenses**

General and administrative expenses increased by \$3.6 million, to \$26.3 million in the year ended December 31, 2018, from \$22.7 million in the year ended December 31, 2017. The increase was mainly due to increased remuneration costs and professional fees.

### **Other Operating Expenses**

Other Operating Expenses include Voyage Expenses.

#### *Voyage Expenses*

Voyage expenses decreased by \$0.4 million, to \$12.2 million in the year ended December 31, 2018 from \$12.6 million in the year ended December 31, 2017.

### **Impairment Loss**

We have recognized an impairment loss of \$210.7 million in relation to 10 of our vessels as of December 31, 2018 compared to nil in the year ended December 31, 2017.

### **Interest Expense and Interest Income**

Interest expense decreased by 1.0%, or \$0.9 million, to \$85.7 million in the year ended December 31, 2018 from \$86.6 million in the year ended December 31, 2017. The decrease in interest expense is attributable to a:

(i) \$16.9 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 TDR accounting in connection with our debt refinancing.

(ii) \$12.2 million increase in interest expense due to an increase in debt service cost of approximately 1.1%, partially offset by a \$358.1 million decrease in our average debt, to \$2,051.0 million in the year ended December 31, 2018, compared to \$2,409.1 million in the year ended December 31, 2017.

(iii) \$3.8 million increase in the amortization of deferred finance costs and debt discount related to our debt refinancing.

As of December 31, 2018, the debt outstanding, gross of deferred finance costs, was \$1,666.2 million compared to \$2,340.8 million as of December 31, 2017.

Interest income increased by \$0.2 million to \$5.8 million in the year ended December 31, 2018 compared to \$5.6 million in the year ended December 31, 2017.

#### **Other finance costs, net**

Other finance costs, net decreased by \$1.1 million, to \$3.0 million in the year ended December 31, 2018 from \$4.1 million in the year ended December 31, 2017 mainly due to decreased exit fees expenses.

#### **Equity income on investments**

Equity income on investments amounted to \$1.4 million in the year ended December 31, 2018 compared to \$1.0 million in the year ended December 31, 2017 and relates to the improved 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 year ended December 31, 2018 relates to our debt refinancing described below and consists of debt principal reduction net of refinancing related fees.

#### **Loss on derivatives**

Amortization of deferred realized losses on interest rate swaps increased by \$1.4 million to \$5.1 million in the year ended December 31, 2018 compared to \$3.7 million in the year ended December 31, 2017 due to the accelerated amortization of accumulated other comprehensive loss.

#### **Other income/(expenses), net**

Other income/(expenses), net was \$50.5 million in expenses in the year ended December 31, 2018 compared to \$15.8 million in expenses in the year ended December 31, 2017 mainly due to a \$37.0 million increase in refinancing-related professional fees, which were partially offset by a \$2.4 million realized loss on sale of HMM securities in the year ended December 31, 2017 that did not recur in the 2018 period.

#### **Adjusted EBITDA**

Adjusted EBITDA increased by 2.4%, or \$7.4 million, to \$317.8 million in the year ended December 31, 2018 from \$310.4 million in the year ended December 31, 2017. As outlined above, this increase is mainly attributable to a \$7.0 million increase in operating revenues and a \$0.4 million increase in operating performance on our equity investments in the year ended December 31, 2018 compared to the year ended December 31, 2017. Adjusted EBITDA for the year ended December 31, 2018 is adjusted for impairment loss of \$210.7 million, a gain on debt extinguishment of \$116.4 million, accelerated amortization of accumulated other comprehensive loss of \$1.4 million, refinancing-related professional fees of \$51.3 million and stock based compensation of \$1.0 million. Tables reconciling Adjusted EBITDA to Net Income can be found at the end of this earnings release.

**Debt Refinancing**

On August 10, 2018, we consummated the agreement reached with certain of our lenders on June 19, 2018 for the refinancing of approximately \$2.2 billion of our debt maturing on December 31, 2018, reducing our debt by approximately \$551 million. This agreement significantly strengthened our capital structure and financial position through this significant debt reduction, resetting financial and certain other covenants in our credit facilities, modifying interest rates and amortization profiles and extending debt maturities by approximately five years to December 31, 2023. In connection with this debt refinancing, we issued 99,342,271 new shares of Danaos common stock to certain of our lenders, which represented 47.5% of our outstanding common stock immediately after this issuance and diluted existing shareholders ratably. For additional information regarding the debt refinancing, see the Company's Reports on Form 6-K filed with the SEC on June 25, 2018 and August 14, 2018.

**Conference Call and Webcast**

On Wednesday, February 20, 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 February 27, 2019 by dialing 1 877 344 7529 (US Toll Free Dial In) or +44 (0) 2036 088 021 (Standard International Dial In) and using 10126336# 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](http://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, including statements about the expected benefits of the refinancing and other statements that are forward looking. 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](http://www.danaos.com)

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## Appendix

### Fleet Utilization

Danaos had 74 unscheduled off-hire days in the three months ended December 31, 2018. 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	Fourth Quarter	Total
	2018	2018	2018	2018	
Ownership Days	4,950	5,005	5,060	5,060	20,075
Less Off-hire Days:					
Scheduled Off-hire Days	(125)	(111)	(22)	(33)	(291)
Other Off-hire Days	(91)	(84)	(111)	(74)	(360)
<b>Operating Days</b>	<b>4,734</b>	<b>4,810</b>	<b>4,927</b>	<b>4,953</b>	<b>19,424</b>
<b>Vessel Utilization</b>	<b>95.6%</b>	<b>96.1%</b>	<b>97.4%</b>	<b>97.9%</b>	<b>96.8%</b>
<b>Operating Revenues (in '000s of US Dollars)</b>	<b>\$111,854</b>	<b>\$113,466</b>	<b>\$117,781</b>	<b>\$115,631</b>	<b>\$458,732</b>
<b>Average Gross Daily Charter Rate</b>	<b>\$23,628</b>	<b>\$23,590</b>	<b>\$23,905</b>	<b>\$23,346</b>	<b>\$23,617</b>

Vessel Utilization (No. of Days)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
	2017	2017	2017	2017	
Ownership Days	4,950	5,005	5,060	5,060	20,075
Less Off-hire Days:					
Scheduled Off-hire Days	(15)	(6)	(15)	(10)	(46)
Other Off-hire Days	(347)	(99)	(139)	(99)	(684)
<b>Operating Days</b>	<b>4,588</b>	<b>4,900</b>	<b>4,906</b>	<b>4,951</b>	<b>19,345</b>
<b>Vessel Utilization</b>	<b>92.7%</b>	<b>97.9%</b>	<b>97.0%</b>	<b>97.8%</b>	<b>96.4%</b>
<b>Operating Revenues (in '000s of US Dollars)</b>	<b>\$110,087</b>	<b>\$113,888</b>	<b>\$113,588</b>	<b>\$114,168</b>	<b>\$451,731</b>
<b>Average Gross Daily Charter Rate</b>	<b>\$23,995</b>	<b>\$23,242</b>	<b>\$23,153</b>	<b>\$23,060</b>	<b>\$23,351</b>

### Fleet List

The following table describes in detail our fleet deployment profile as of February 19, 2019:

Vessel Name	Vessel Size (TEU)	Year Built	Expiration of Charter <sup>(1)</sup>
<b>Containerships</b>			
<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 (ex CSCL Le Havre)</i>	9,580	2006	November 2022
<i>Pusan C (ex CSCL Pusan)</i>	9,580	2006	November 2022
<i>CMA CGM Melisande</i>	8,530	2012	November 2023

<i>CMA CGM Attila</i>	8,530	2011	April 2023
<i>CMA CGM Tancredi</i>	8,530	2011	May 2023
<i>CMA CGM Bianca</i>	8,530	2011	July 2023
<i>CMA CGM Samson</i>	8,530	2011	September 2023
<i>America (ex CSCL America)</i>	8,468	2004	November 2022
<i>Europe</i>	8,468	2004	November 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 2019
<i>Dimitra C (ex Priority)</i>	6,402	2002	March 2019
<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	March 2019
<i>ANL Tongala (ex Deva)</i>	4,253	2004	March 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	March 2019
<i>Express Argentina</i>	3,400	2010	May 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	March 2019
<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	March 2019
<i>Sprinter</i>	2,200	1997	June 2019
<i>Stride</i>	2,200	1997	February 2019
<i>Progress C (ex Hyundai Progress)</i>	2,200	1998	June 2019
<i>Bridge</i>	2,200	1998	August 2019
<i>Highway</i>	2,200	1998	May 2019
<i>Vladivostok</i>	2,200	1997	March 2019
<i>Catherine C (ex NYK Lodestar)<sup>(2)</sup></i>	6,422	2001	November 2022
<i>Leo C (ex NYK Leo)<sup>(2)</sup></i>	6,422	2002	November 2022
<i>Suez Canal<sup>(2)</sup></i>	5,610	2002	March 2019
<i>Genoa<sup>(2)</sup></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 Operations-Unaudited**  
(Expressed in thousands of United States dollars, except per share amounts)

	Three months ended December 31, <u>2018</u>	Three months ended December 31, <u>2017</u>	Year ended December 31, <u>2018</u>	Year ended December 31, <u>2017</u>
<b>OPERATING REVENUES</b>	<b>\$115,631</b>	<b>\$114,168</b>	<b>\$458,732</b>	<b>\$451,731</b>
<b>OPERATING EXPENSES</b>				
Vessel operating expenses	(25,552)	(26,196)	(104,604)	(106,999)
Depreciation & amortization	(29,354)	(29,672)	(116,994)	(121,976)
Impairment loss	(210,715)	-	(210,715)	-
General & administrative	(7,944)	(5,815)	(26,334)	(22,672)
Other operating expenses	(2,977)	(2,962)	(12,207)	(12,587)
<b>Income/(Loss) From Operations</b>	<b>(160,911)</b>	<b>49,523</b>	<b>(12,122)</b>	<b>187,497</b>
<b>OTHER INCOME/(EXPENSES)</b>				
Interest income	1,483	1,375	5,781	5,576
Interest expense	(19,328)	(22,227)	(85,706)	(86,556)
Other finance expenses	(415)	(997)	(3,026)	(4,126)
Equity income on investments	453	332	1,365	965
Gain on debt extinguishment	-	-	116,365	-
Other income/(expenses), net	109	(4,269)	(50,456)	(15,757)
Realized loss on derivatives	(2,374)	(931)	(5,137)	(3,694)
<b>Total Other Income/(Expenses), net</b>	<b>(20,072)</b>	<b>(26,717)</b>	<b>(20,814)</b>	<b>(103,592)</b>
<b>Net Income/(Loss)</b>	<b>\$(180,983)</b>	<b>\$22,806</b>	<b>\$(32,936)</b>	<b>\$83,905</b>
<b>EARNINGS PER SHARE</b>				
Basic and diluted earnings/(loss) per share	\$(0.87)	\$0.21	\$(0.22)	\$0.76
Basic and diluted weighted average number of common shares (in thousands of shares)	209,142	109,821	148,720	109,824

**Non-GAAP Measures\***

**Reconciliation of Net Income/(Loss) to Adjusted Net Income – Unaudited**

	Three months ended December 31, <u>2018</u>	Three months ended December 31, <u>2017</u>	Year ended December 31, <u>2018</u>	Year ended December 31, <u>2017</u>
Net income/(loss)	<b>\$(180,983)</b>	<b>\$22,806</b>	<b>\$(32,936)</b>	<b>\$83,905</b>
Gain on debt extinguishment	-	-	(116,365)	-
Amortization of financing fees, debt discount & finance fees accrued	5,584	3,440	17,016	14,322
Impairment loss	210,715	-	210,715	-
Accelerated amortization of accumulated other comprehensive loss	1,443	-	1,443	-
Refinancing professional fees	(154)	4,985	51,313	14,297
Loss on sale of securities	-	-	-	2,357
<b>Adjusted Net Income</b>	<b>\$36,605</b>	<b>\$31,231</b>	<b>\$131,186</b>	<b>\$114,881</b>
<b>Adjusted Earnings Per Share, basic and diluted</b>	<b>\$0.18</b>	<b>\$0.28</b>	<b>\$0.88</b>	<b>\$1.05</b>
Basic and diluted weighted average number of shares (in thousands)	209,142	109,821	148,720	109,824

\* 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 and years ended December 31, 2018 and 2017. 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 December 31, 2018	As of December 31, 2017
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$77,275	\$66,895
Restricted cash	-	2,812
Accounts receivable, net	9,225	6,502
Other current assets	33,250	49,790
	<u>119,750</u>	<u>125,999</u>
<b>NON-CURRENT ASSETS</b>		
Fixed assets, net	2,480,329	2,795,971
Deferred charges, net	13,031	8,962
Investments in affiliates	7,363	5,998
Other non-current assets	59,369	49,466
	<u>2,560,092</u>	<u>2,860,397</u>
<b>TOTAL ASSETS</b>	<b><u>\$2,679,842</u></b>	<b><u>\$2,986,396</u></b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Long-term debt, current portion	113,777	\$2,329,601
Accumulated accrued interest, current portion	35,782	-
Accounts payable, accrued liabilities & other current liabilities	73,142	50,238
	<u>222,701</u>	<u>2,379,839</u>
<b>LONG-TERM LIABILITIES</b>		
Long-term debt, net	1,508,108	-
Accumulated accrued interest, net of current portion	200,574	-
Other long-term liabilities	57,606	57,852
	<u>1,766,288</u>	<u>57,852</u>
<b>STOCKHOLDERS' EQUITY</b>		
Common stock	2,133	1,098
Additional paid-in capital	725,581	546,898
Accumulated other comprehensive loss	(118,710)	(114,076)
Retained earnings	81,849	114,785
	<u>690,853</u>	<u>548,705</u>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b><u>\$2,679,842</u></b>	<b><u>\$2,986,396</u></b>

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

	Three months ended	Three months ended	Year ended	Year ended
	December 31,	December 31,	December 31,	December 31,
	2018	2017	2018	2017
<b>Operating Activities:</b>				
Net income/(loss)	\$(180,983)	\$22,806	\$(32,936)	\$83,905
<i>Adjustments to reconcile net income/(loss) to net cash provided by operating activities:</i>				
Depreciation	27,005	27,961	107,757	115,228
Impairment loss	210,715	-	210,715	-
Amortization of deferred drydocking & special survey costs, finance cost, debt discount and other finance fees accrued	7,933	5,151	26,253	21,070
Gain on debt extinguishment	-	-	(116,365)	-
PIK interest	1,019	-	1,433	-
Payments for drydocking/special survey	(1,401)	(1,103)	(13,306)	(7,511)
Amortization of deferred realized losses on cash flow interest rate swaps	2,374	931	5,137	3,694
Equity income on investments	(453)	(332)	(1,365)	(965)
Stock based compensation	849	-	1,006	-
Loss on sale of securities	-	-	-	2,357
Accounts receivable	(407)	541	(2,723)	(2,544)
Other assets, current and non-current	(6,226)	(4,599)	2,286	(7,832)
Accounts payable and accrued liabilities	(3,338)	(1,667)	(4,350)	(23)
Other liabilities, current and long-term	(3,897)	(4,442)	(18,856)	(26,306)
<b>Net Cash provided by Operating Activities</b>	<b>53,190</b>	<b>45,247</b>	<b>164,686</b>	<b>181,073</b>
<b>Investing Activities:</b>				
Vessel additions and advances	(6,167)	(782)	(8,250)	(4,478)
Net proceeds from sale of securities	-	-	-	6,236
<b>Net Cash provided by/(used in) Investing Activities</b>	<b>(6,167)</b>	<b>(782)</b>	<b>(8,250)</b>	<b>1,758</b>
<b>Financing Activities:</b>				
Proceeds from long-term debt	-	-	325,852	-
Debt repayment	(33,883)	(41,723)	(440,990)	(189,653)
Payments of accumulated accrued interest	(7,960)	-	(8,556)	-
Finance costs	(8,038)	-	(35,005)	-
Paid-in capital	-	-	10,000	-
Share issuance costs	-	-	(169)	-
<b>Net Cash used in Financing Activities</b>	<b>(49,881)</b>	<b>(41,723)</b>	<b>(148,868)</b>	<b>(189,653)</b>
Net Increase/(Decrease) in cash, cash equivalents and restricted cash	(2,858)	2,742	7,568	(6,822)
Cash, cash equivalents and restricted cash, beginning of period	80,133	66,965	69,707	76,529
<b>Cash, cash equivalents and restricted cash, end of period</b>	<b>\$77,275</b>	<b>\$69,707</b>	<b>\$77,275</b>	<b>\$69,707</b>

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

	Three months ended	Three months ended	Year ended	Year ended
	December 31,	December 31,	December 31,	December 31,
	2018	2017	2018	2017
Net income/(loss)	\$(180,983)	\$22,806	\$(32,936)	\$83,905
Depreciation	27,005	27,961	107,757	115,228
Amortization of deferred drydocking & special survey costs	2,349	1,711	9,237	6,748
Amortization of deferred finance costs, debt discount and other finance fees accrued	5,584	3,440	17,016	14,322
Amortization of deferred realized losses on interest rate swaps	931	931	3,694	3,694
Interest income	(1,483)	(1,375)	(5,781)	(5,576)
Interest expense	13,915	19,557	70,749	75,403
Impairment loss	210,715	-	210,715	-
Gain on debt extinguishment	-	-	(116,365)	-
Accelerated amortization of accumulated other comprehensive loss	1,443	-	1,443	-
Stock based compensation	849	-	1,006	-
Refinancing professional fees	(154)	4,985	51,313	14,297
Loss on sale of securities	-	-	-	2,357
<b>Adjusted EBITDA<sup>(1)</sup></b>	<b>\$80,171</b>	<b>\$80,016</b>	<b>\$317,848</b>	<b>\$310,378</b>

- 1) Adjusted EBITDA represents net income before interest income and expense, depreciation, amortization of deferred drydocking & special survey costs, deferred finance costs and debt discount, amortization of deferred realized losses on interest rate swaps, loss on sale of securities, gain on debt extinguishment, impairment loss, accelerated amortization of accumulated other comprehensive loss, 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.

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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 and years ended December 31, 2018 and 2017. 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.

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