



Danaos Corporation Reports Second Quarter and Half Year Results for the Period Ended June 30, 2020

Athens, Greece, August 3, 2020 – 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, 2020.

Highlights for the Second Quarter and Half Year Ended June 30, 2020:

- Adjusted net income¹ of \$42.5 million, or \$1.71 per share, for the three months ended June 30, 2020 compared to \$34.3 million, or \$2.24 per share, for the three months ended June 30, 2019, an increase of 23.9%. Adjusted net income¹ of \$75.8 million, or \$3.06 per share, for the six months ended June 30, 2020 compared to \$72.8 million, or \$4.77 per share, for the six months ended June 30, 2019, an increase of 4.1%.
- Operating revenues of \$116.8 million for the three months ended June 30, 2020 compared to \$112.3 million for the three months ended June 30, 2019, an increase of 4.0%. Operating revenues of \$223.0 million for the six months ended June 30, 2020 compared to \$225.2 million for the six months ended June 30, 2019, a decrease of 1.0%.
- Adjusted EBITDA¹ of \$80.1 million for the three months ended June 30, 2020 compared to \$75.6 million for the three months ended June 30, 2019, an increase of 6.0%. Adjusted EBITDA¹ of \$152.0 million for the six months ended June 30, 2020 compared to \$153.1 million for the six months ended June 30, 2019, a decrease of 0.7%.
- Total contracted operating revenues were \$1.2 billion as of June 30, 2020, with charters extending through 2028 and remaining average contracted charter duration of 3.7 years, weighted by aggregate contracted charter hire.
- Charter coverage of 85% for the next 12 months based on current operating revenues and 62% in terms of contracted operating days.
- Common stock repurchase program of up to \$10 million approved.

Three and Six Months Ended June 30, 2020 Financial Summary - Unaudited

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

	Three months ended June 30, 2020	Three months ended June 30, 2019	Six months ended June 30, 2020	Six months ended June 30, 2019
Operating revenues	\$116,824	\$112,319	\$223,020	\$225,210
Net income	\$38,496	\$30,138	\$67,585	\$63,581
Adjusted net income ¹	\$42,494	\$34,255	\$75,775	\$72,824
Earnings per share, diluted	\$1.55	\$1.97	\$2.73	\$4.16
Adjusted earnings per share, diluted ¹	\$1.71	\$2.24	\$3.06	\$4.77
Diluted weighted average number of shares (in thousands)	24,789	15,314	24,789	15,276
Adjusted EBITDA ¹	\$80,073	\$75,581	\$151,991	\$153,119

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.

Danaos' CEO Dr. John Coustas commented:

"We are pleased to report improved adjusted earnings for both the second quarter of 2020 and the first six months of the year. The Company's adjusted net income of \$42.5 million for the second quarter of 2020 increased by \$8.2 million, or 23.9% when compared to adjusted net income of \$34.3 million for the second quarter of 2019. Adjusted EBITDA also improved by \$4.5 million, or 6%, to \$80.1 million for the second quarter of 2020 compared to \$75.6 million for the second quarter of 2019.

Although economic activity has been subdued since the start of the coronavirus pandemic, we have seen increasing signs of confidence with liner companies in recent weeks as a number of previously blanked sailings have been reinstated, implying that demand is gradually improving. This has also translated into improving charter rates for vessels greater than 4,000 TEU in size. Recently reported financial results of the liner companies have also been encouraging since, as we had anticipated, prudent capacity management, reduced bunker prices and falling interest rates have more than compensated for the drop in volumes caused by the pandemic.

We are also cautiously optimistic about the medium-term market outlook. The orderbook is currently in single digits as a percentage of the world fleet for the first time in 20 years. Combined with an anticipated reduction in speeds due to the various environmental initiatives, the supply side outlook is healthy. Tighter supply will help to accelerate the recovery in the container market.

We continue to execute our strategy and we are well insulated from near-term volatility due to our high charter coverage of 85% in terms of operating revenues and 62% in terms of operating days over the next 12 months. This provides significant visibility into our cash flows during this period. We have now concluded all the scrubber installation investments and took delivery of two 8,500 TEU vessels during the second quarter. Finally, we have ample liquidity and a \$1.2 billion charter backlog, which provides us with flexibility to both manage our business and react to growth opportunities that may present themselves. Given continued uncertainty about the duration of the coronavirus pandemic and the ensuing economic recovery, we are focused on maintaining a conservative financial profile and making thoughtful capital allocation decisions that align with our strategy and market expectations.

We also remain committed to operational excellence and technological innovation, which allows us to continually deliver a high quality service to our customers. Our commitment has enabled us to maintain our leadership position in the container shipping industry throughout multiple market cycles and during the current challenging environment. We believe that our focus and strategy will ultimately enhance shareholder value far and above the steel value of our fleet."

Three months ended June 30, 2020 compared to the three months ended June 30, 2019

During the three months ended June 30, 2020, Danaos had an average of 57.1 containerships compared to 55.0 containerships during the three months ended June 30, 2019. Our fleet utilization for the three months ended June 30, 2020 was 97.1% compared to 99.4% for the three months ended June 30, 2019.

Our adjusted net income amounted to \$42.5 million, or \$1.71 per share, for the three months ended June 30, 2020 compared to \$34.3 million, or \$2.24 per share, for the three months ended June 30, 2019. We have adjusted our net income in the three months ended June 30, 2020 for amortization of non-cash fees and accrued finance fees charge of \$4.0 million. Please refer to the Adjusted Net Income reconciliation table, which appears later in this earnings release.

The increase of \$8.2 million in adjusted net income for the three months ended June 30, 2020 compared to the three months ended June 30, 2019 is attributable mainly to a \$5.8 million decrease in net finance expenses, a \$4.5 million increase in operating revenues and a \$1.7 million increase in the operating performance of our equity investment in Gemini Shipholdings Corporation ("Gemini"), which were partially offset by a \$3.8 million increase in total operating expenses.

On a non-adjusted basis, our net income amounted to \$38.5 million, or \$1.55 earnings per diluted share, for the three months ended June 30, 2020 compared to net income of \$30.1 million, or \$1.97 earnings per diluted share, for the three months ended June 30, 2019.

Operating Revenues

Operating revenues increased by 4.0%, or \$4.5 million, to \$116.8 million in the three months ended June 30, 2020 from \$112.3 million in the three months ended June 30, 2019.

Operating revenues for the three months ended June 30, 2020 reflect:

- a \$9.6 million increase in revenues in the three months ended June 30, 2020 compared to the three months ended June 30, 2019 as a result of contractual increases in charter rates of vessels under long-term charters;
- a \$3.6 million increase in revenues in the three months ended June 30, 2020 compared to the three months ended June 30, 2019 due to the acquisition of new vessels;
- a \$5.3 million decrease in revenues in the three months ended June 30, 2020 compared to the three months ended June 30, 2019 due to lower non-cash revenue recognition in accordance with US GAAP;
- a \$2.5 million decrease in revenues in the three months ended June 30, 2020 compared to the three months ended June 30, 2019 as a result of lower re-chartering rates for certain of our vessels. This decrease is due to a \$4.1 million decrease in revenues due to the re-chartering of four vessels in our fleet that concluded long-term charters over the last twelve months and were re-deployed at the prevailing lower spot rates in the three months ended June 30, 2020, partially offset by a \$1.7 million improvement from the re-chartering of other vessels in the fleet; and
- a \$0.9 million decrease in revenues due to lower fleet utilization of our vessels in the three months ended June 30, 2020 compared to the three months ended June 30, 2019.

Vessel Operating Expenses

Vessel operating expenses increased by \$1.3 million to \$28.6 million in the three months ended June 30, 2020 from \$27.3 million in the three months ended June 30, 2019, primarily as a result of the increase in the average number of vessels in our fleet, partially offset by an overall decrease in the average daily operating cost to \$5,787 per vessel per day for vessels on time charter for the three months ended June 30, 2020 compared to \$5,884 per vessel per day for the three months ended June 30, 2019. Management believes that our daily operating cost are among 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 increased by 5.4%, or \$1.3 million, to \$25.3 million in the three months ended June 30, 2020 from \$24.0 million in the three months ended June 30, 2019 mainly due to the installation of scrubbers on nine of our vessels and the acquisition of the vessels *Niledutch Lion*, *Phoebe* and *SM Charleston* in the six months ended June 30, 2020.

Amortization of Deferred Dry-docking and Special Survey Costs

Amortization of deferred dry-docking and special survey costs increased by \$0.8 million to \$2.9 million in the three months ended June 30, 2020 from \$2.1 million in the three months ended June 30, 2019.

General and Administrative Expenses

General and administrative expenses decreased by \$0.5 million to \$6.0 million in the three months ended June 30, 2020, from \$6.5 million in the three months ended June 30, 2019. The decrease was mainly due to decreased non-cash recognition of share based compensation.

Other Operating Expenses

Other Operating Expenses include Voyage Expenses.

Voyage Expenses

Voyage expenses increased by \$0.6 million to \$3.3 million in the three months ended June 30, 2020 from \$2.7 million in the three months ended June 30, 2019 primarily as a result of the increase in the average number of vessels in our fleet.

Interest Expense and Interest Income

Interest expense decreased by 27.7%, or \$5.2 million, to \$13.6 million in the three months ended June 30, 2020 from \$18.8 million in the three months ended June 30, 2019. The decrease in interest expense is attributable to:

- a \$5.1 million decrease in interest expense due to a decrease in debt service cost of approximately 1.56% and a \$95.8 million decrease in our average debt (including leaseback obligations), to \$1,534.9 million in the three months ended June 30, 2020, compared to \$1,630.7 million in the three months ended June 30, 2019; and
- a \$0.1 million decrease in the amortization of deferred finance costs and debt discount related to our 2018 debt refinancing.

As of June 30, 2020, our outstanding bank debt, gross of deferred finance costs, was \$1,392.6 million and our leaseback obligation was \$135.2 million compared to bank debt of \$1,470.6 million and our leaseback obligation of \$144.4 million as of June 30, 2019.

Interest income remained stable at \$1.6 million in each of the three months ended June 30, 2020 and June 30, 2019.

Other finance costs, net

Other finance costs, net decreased by \$0.8 million to \$1.0 million in the three months ended June 30, 2020 compared to \$1.8 million in the three months ended June 30, 2019 mainly due to the decrease in finance costs related to the leaseback obligations, partially offset by lease termination fees in the three months ended June 30, 2020.

Equity income/(loss) on investments

Equity income/(loss) on investments increased by \$1.7 million to \$1.7 million of income on investments in the three months ended June 30, 2020 compared to nil in the three months ended June 30, 2019 due to the improved 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 \$0.9 million in each of the three months ended June 30, 2020 and June 30, 2019.

Other income, net

Other income, net was nil in the three months ended June 30, 2020 compared to \$0.4 million in income in the three months ended June 30, 2019.

Adjusted EBITDA

Adjusted EBITDA increased by 6.0%, or \$4.5 million, to \$80.1 million in the three months ended June 30, 2020 from \$75.6 million in the three months ended June 30, 2019. As outlined above, the increase is mainly attributable to a \$4.5 million increase in operating revenues, a \$1.7 million increase in the operating performance of our equity investees and a \$0.7 million decrease in other finance expenses, which were partially offset by a \$2.4 million increase in operating expenses. Adjusted EBITDA for the three months ended June 30, 2020 is adjusted for stock based compensation of \$0.3 million. Tables reconciling Adjusted EBITDA to Net Income can be found at the end of this earnings release.

Six months ended June 30, 2020 compared to the six months ended June 30, 2019

During the six months ended June 30, 2020, Danaos had an average of 56.4 containerships compared to 55.0 containerships during the six months ended June 30, 2019. Our fleet utilization for the six months ended June 30, 2020 was 94.2% compared to 98.8% for the six months ended June 30, 2019. Adjusted fleet utilization, excluding the effect of 188 days of incremental off-hire due to shipyard delays related to the COVID-19 pandemic, was 96.1% in the six months ended June 30, 2020.

Our adjusted net income amounted to \$75.8 million, or \$3.06 per share, for the six months ended June 30, 2020 compared to \$72.8 million, or \$4.77 per share, for the six months ended June 30, 2019. We have adjusted our net income in the six months ended June 30, 2020 for amortization of non-cash fees and accrued finance fees charge of \$8.2 million. Please refer to the Adjusted Net Income reconciliation table, which appears later in this earnings release.

The increase of \$3.0 million in adjusted net income for the six months ended June 30, 2020 compared to the six months ended June 30, 2019 is attributable mainly to a \$6.3 million decrease in net finance expenses and a \$3.3 million increase in the operating performance of our equity investment in Gemini, which were partially offset by a \$4.4 million increase in total operating expenses and a \$2.2 million decrease in operating revenues, of which \$3.2 million relates to incremental off-hire due to shipyard delays related to the COVID-19 pandemic in the first quarter of 2020.

On a non-adjusted basis, our net income amounted to \$67.6 million, or \$2.73 earnings per diluted share, for the six months ended June 30, 2020 compared to net income of \$63.6 million, or \$4.16 earnings per diluted share, for the six months ended June 30, 2019.

Operating Revenues

Operating revenues decreased by 1.0%, or \$2.2 million, to \$223.0 million in the six months ended June 30, 2020 from \$225.2 million in the six months ended June 30, 2019.

Operating revenues for the six months ended June 30, 2020 reflect:

- a \$14.7 million increase in revenues in the six months ended June 30, 2020 compared to the six months ended June 30, 2019 as a result of contractual increases in charter rates of vessels under long-term charters;
- a \$4.5 million increase in revenues in the six months ended June 30, 2020 compared to the six months ended June 30, 2019 due to the acquisition of new vessels;
- a \$7.0 million decrease in revenues due to lower fleet utilization of our vessels in the six months ended June 30, 2020 compared to the six months ended June 30, 2019 mainly due to the scheduled installation of scrubbers and dry-dockings of our vessels, of which \$3.2 million relates to incremental delays in the Chinese shipyards where these activities were being performed due to the COVID-19 pandemic;
- a \$4.2 million decrease in revenues in the six months ended June 30, 2020 compared to the six months ended June 30, 2019 as a result of lower re-chartering rates for certain of our vessels. This decrease is due to a \$8.6 million decrease in revenues due to the re-chartering of four vessels in our fleet that concluded long-term charters over the last twelve months and were re-deployed at the prevailing lower spot rates in the six months ended June 30, 2020, partially offset by a \$4.5 million improvement from the re-chartering of other vessels in the fleet; and
- a \$10.2 million decrease in revenues in the six months ended June 30, 2020 compared to the six months ended June 30, 2019 due to lower non-cash revenue recognition in accordance with US GAAP.

Vessel Operating Expenses

Vessel operating expenses increased by \$1.4 million to \$54.6 million in the six months ended June 30, 2020 from \$53.2 million in the six months ended June 30, 2019, primarily as a result of the increase in the average number of vessels in our fleet, partially offset by an overall decrease in the average daily operating cost to \$5,657 per vessel per day for vessels on time charter for the six months ended June 30, 2020 compared to \$5,761 per vessel per day for the six months ended June 30, 2019. Management believes that our daily operating cost are among 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 increased by 4.2%, or \$2.0 million, to \$49.8 million in the six months ended June 30, 2020 from \$47.8 million in the six months ended June 30, 2019 mainly due to the installation of scrubbers on nine of our vessels and the acquisition of the vessels *Niledutch Lion*, *Phoebe* and *SM Charleston* in the six months ended June 30, 2020.

Amortization of Deferred Dry-docking and Special Survey Costs

Amortization of deferred dry-docking and special survey costs increased by \$1.0 million to \$5.3 million in the six months ended June 30, 2020 from \$4.3 million in the six months ended June 30, 2019.

General and Administrative Expenses

General and administrative expenses decreased by \$1.5 million to \$11.9 million in the six months ended June 30, 2020, from \$13.4 million in the six months ended June 30, 2019. The decrease was mainly due to decreased non-cash recognition of share based compensation.

Other Operating Expenses

Other Operating Expenses include Voyage Expenses.

Voyage Expenses

Voyage expenses increased by \$1.3 million to \$7.3 million in the six months ended June 30, 2020 from \$6.0 million in the six months ended June 30, 2019 primarily as a result of the increase in the average number of vessels in our fleet.

Interest Expense and Interest Income

Interest expense decreased by 18.5%, or \$6.8 million, to \$29.9 million in the six months ended June 30, 2020 from \$36.7 million in the six months ended June 30, 2019. The decrease in interest expense is attributable to:

- a \$5.8 million decrease in interest expense due to a decrease in debt service cost by approximately 0.8% and a \$103.9 million decrease in our average debt (including leaseback obligations), to \$1,539.5 million in the six months ended June 30, 2020, compared to \$1,643.4 million in the six months ended June 30, 2019; and
- a \$1.0 million decrease in the amortization of deferred finance costs and debt discount related to our 2018 debt refinancing.

As of June 30, 2020, our outstanding bank debt, gross of deferred finance costs, was \$1,392.6 million and our leaseback obligation was \$135.2 million compared to bank debt of \$1,470.6 million and our leaseback obligation of \$144.4 million as of June 30, 2019.

Interest income increased by \$0.1 million to \$3.3 million in the six months ended June 30, 2020 compared to \$3.2 million in the six months ended June 30, 2019.

Other finance costs, net

Other finance costs, net decreased by \$0.4 million to \$1.7 million in the six months ended June 30, 2020 compared to \$2.1 million in the six months ended June 30, 2019 mainly due to the decrease in finance costs related to the leaseback obligations, partially offset by lease termination fees in the six months ended June 30, 2020.

Equity income/(loss) on investments

Equity income/(loss) on investments increased by \$3.3 million to \$3.3 million of income on investments in the six months ended June 30, 2020 compared to nil in the six months ended June 30, 2019 due to the improved 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 months ended June 30, 2020 and June 30, 2019.

Other income, net

Other income, net was \$0.3 million in income in the six months ended June 30, 2020 compared to \$0.4 million in income in the six months ended June 30, 2019.

Adjusted EBITDA

Adjusted EBITDA decreased by 0.7%, or \$1.1 million, to \$152.0 million in the six months ended June 30, 2020 from \$153.1 million in the six months ended June 30, 2019. As outlined above, the decrease is mainly attributable to a \$2.2 million decrease in operating revenues, of which \$3.2 million relates to the impact of the COVID-19 pandemic described above and a \$2.6 million increase in operating expenses, which were partially offset by a \$3.3 million increase in the operating performance of our equity investees and a \$0.4 million decrease in other finance expenses. Adjusted EBITDA for the six months ended June

30, 2020 is adjusted for stock based compensation of \$0.6 million. Tables reconciling Adjusted EBITDA to Net Income can be found at the end of this earnings release.

Common Stock Repurchase Program

The Company's Board of Directors has approved a share repurchase program and authorized the officers of the Company to repurchase, from time to time, up to \$10 million of the Company's common stock. Shares may be purchased in open market or privately negotiated transactions, at times and prices that are considered to be appropriate by the Company, and the program may be suspended or discontinued at any time.

Recent Developments

On July 2, 2020, we drew down a loan of \$13.3 million with SinoPac, which was used to partially finance the acquisition costs of the newly acquired vessel *SM Charleston*.

Conference Call and Webcast

On Tuesday, August 4, 2020 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 11, 2020 by dialing 1 877 344 7529 (US Toll Free Dial In) or 1-412-317-0088 (Standard International Dial In) and using 10146830# as the access code.

Audio Webcast

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

Slide Presentation

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

About Danaos Corporation

Danaos Corporation is one of the largest independent owners of modern, large-size containerships. Our current fleet of 63 containerships aggregating 385,769 TEUs, including five vessels owned by Gemini Shipholdings Corporation, a joint venture, ranks Danaos among the largest containership charter owners in the world based on total TEU capacity. Our fleet is chartered to many of the world's largest liner companies on fixed-rate charters. Our long track record of success is predicated on our efficient and rigorous operational standards and environmental controls. Danaos Corporation's shares trade on the New York Stock Exchange under the symbol "DAC".

Forward-Looking Statements

Matters discussed in this release may constitute forward-looking statements within the meaning of the safe harbor provisions of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements reflect our current views with respect to future events and financial performance and may include statements concerning plans, objectives, goals, strategies, future events or performance, and underlying assumptions and other statements, which are other than statements of historical facts. The forward-looking statements in this release are based upon various assumptions. Although Danaos Corporation believes that these assumptions were reasonable when made, because these assumptions are inherently subject to significant uncertainties and contingencies which are difficult or impossible to predict and are beyond our control, Danaos Corporation cannot assure you that it will achieve or accomplish these expectations, beliefs or projections. Important factors that, in our view, could cause actual results to differ materially from those discussed in the forward-looking statements include the impact of the COVID-19 pandemic and efforts throughout the world to contain its spread, including effects on global economic activity, demand for seaborne transportation of containerized cargo, the ability and willingness of charterers to perform their

obligations to us, charter rates for containerships, shipyards performing scrubber installations, drydocking and repairs, changing vessel crews and availability of financing; the effects of the 2018 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 2018 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 92 unscheduled off-hire days in the three months ended June 30, 2020. 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
	2020	2020	
Ownership Days	5,073	5,193	10,266
Less Off-hire Days:			
Scheduled Off-hire Days	(336)	(60)	(396)
Other Off-hire Days	(104)	(92)	(196)
Operating Days	4,633	5,041	9,674
Vessel Utilization	91.3%	97.1%	94.2%
Operating Revenues (in '000s of US Dollars)	\$106,196	\$116,824	\$223,020
Average Gross Daily Charter Rate	\$22,922	\$23,175	\$23,054

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

Fleet List

The following table describes in detail our fleet deployment profile as of August 3, 2020:

Vessel Name	Vessel Size (TEU)	Year Built	Expiration of Charter ⁽¹⁾
Containerships			
<i>Hyundai Ambition (ex MSC Ambition)</i>	13,100	2012	June 2024
<i>Hyundai Speed (ex Maersk Exeter)</i>	13,100	2012	June 2024
<i>Hyundai Smart (ex 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	April 2023
<i>Pusan C</i>	9,580	2006	March 2023

<i>Niledutch Lion</i>	8,626	2008	February 2022
<i>SM Charleston</i>	8,533	2005	September 2020
<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	February 2023
<i>Europe</i>	8,468	2004	March 2023
<i>Phoebe</i>	8,463	2005	April 2022
<i>CMA CGM Moliere</i>	6,500	2009	February 2022
<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	September 2020
<i>Dimitra C</i>	6,402	2002	January 2023
<i>YM Seattle</i>	4,253	2007	September 2020
<i>YM Vancouver</i>	4,253	2007	August 2020
<i>Derby D</i>	4,253	2004	August 2020
<i>ANL Tongala</i>	4,253	2004	October 2020
<i>Rio Grande (ex ZIM Rio Grande)</i>	4,253	2008	October 2020
<i>ZIM Sao Paolo</i>	4,253	2008	November 2020
<i>ZIM Kingston</i>	4,253	2008	February 2021
<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	September 2020
<i>Express Black Sea</i>	3,400	2011	November 2020
<i>Express Spain</i>	3,400	2011	October 2020
<i>Express Argentina</i>	3,400	2010	September 2020
<i>Express Brazil</i>	3,400	2010	September 2020
<i>Express France</i>	3,400	2010	October 2020
<i>Singapore</i>	3,314	2004	August 2020
<i>Colombo</i>	3,314	2004	August 2020
<i>MSC Zebra</i>	2,602	2001	September 2020
<i>Amalia C</i>	2,452	1998	October 2020
<i>Danae C</i>	2,524	2001	August 2020
<i>Advance</i>	2,200	1997	November 2020
<i>Future</i>	2,200	1997	September 2020
<i>Sprinter</i>	2,200	1997	September 2020
<i>Stride</i>	2,200	1997	November 2020
<i>Progress C</i>	2,200	1998	September 2020
<i>Bridge</i>	2,200	1998	September 2020
<i>Highway</i>	2,200	1998	August 2020
<i>Vladivostok</i>	2,200	1997	September 2020
<i>Belita⁽²⁾</i>	8,533	2006	September 2021
<i>Catherine C⁽²⁾</i>	6,422	2001	January 2023
<i>Leo C⁽²⁾</i>	6,422	2002	August 2022
<i>Suez Canal⁽²⁾</i>	5,610	2002	October 2020
<i>Genoa⁽²⁾</i>	5,544	2002	September 2020

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

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

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

	Three months ended June 30, <u>2020</u>	Three months ended June 30, <u>2019</u>	Six months ended June 30, <u>2020</u>	Six months ended June 30, <u>2019</u>
OPERATING REVENUES	\$116,824	\$112,319	\$223,020	\$225,210
OPERATING EXPENSES				
Vessel operating expenses	(28,568)	(27,306)	(54,570)	(53,177)
Depreciation & amortization	(28,199)	(26,102)	(55,090)	(52,059)
General & administrative	(6,013)	(6,492)	(11,853)	(13,361)
Other operating expenses	(3,289)	(2,732)	(7,335)	(6,002)
Income From Operations	50,755	49,687	94,172	100,611
OTHER INCOME/(EXPENSES)				
Interest income	1,588	1,569	3,302	3,165
Interest expense	(13,645)	(18,844)	(29,958)	(36,687)
Other finance expenses	(1,038)	(1,770)	(1,660)	(2,094)
Equity income/(loss) on investments	1,720	32	3,265	(52)
Other income, net	19	367	270	434
Realized loss on derivatives	(903)	(903)	(1,806)	(1,796)
Total Other Expenses, net	(12,259)	(19,549)	(26,587)	(37,030)
Net Income	\$38,496	\$30,138	\$67,585	\$63,581
EARNINGS PER SHARE				
Basic earnings per share	\$1.57	\$2.02	\$2.75	\$4.26
Diluted earnings per share	\$1.55	\$1.97	\$2.73	\$4.16
Basic weighted average number of common shares (in thousands of shares)	24,573	14,939	24,573	14,939
Diluted weighted average number of common shares (in thousands of shares)	24,789	15,314	24,789	15,276

Non-GAAP Measures¹
Reconciliation of Net Income to Adjusted Net Income – Unaudited

	Three months ended June 30, <u>2020</u>	Three months ended June 30, <u>2019</u>	Six months ended June 30, <u>2020</u>	Six months ended June 30, <u>2019</u>
Net income	\$38,496	\$30,138	\$67,585	\$63,581
Amortization of financing fees, debt discount & finance fees accrued	3,998	4,117	8,190	9,243
Adjusted Net Income	\$42,494	\$34,255	\$75,775	\$72,824
Adjusted Earnings Per Share, diluted	\$1.71	\$2.24	\$3.06	\$4.77
Diluted weighted average number of shares (in thousands)	24,789	15,314	24,789	15,276

¹ 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, 2020 and 2019. 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, 2020	As of December 31, 2019
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$84,955	\$139,170
Accounts receivable, net	12,552	7,145
Other current assets	47,231	44,071
	144,738	190,386
NON-CURRENT ASSETS		
Fixed assets, net	2,466,556	2,389,874
Deferred charges, net	19,584	11,455
Investments in affiliates	12,230	8,965
Other non-current assets	56,971	82,339
	2,555,341	2,492,633
TOTAL ASSETS	\$2,700,079	\$2,683,019
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Long-term debt, current portion	\$123,084	\$119,673
Accumulated accrued interest, current portion	30,415	34,137
Long-term leaseback obligations, current portion	23,822	16,342
Accounts payable, accrued liabilities & other current liabilities	61,611	52,928
	238,932	223,080
LONG-TERM LIABILITIES		
Long-term debt, net	1,240,253	1,270,663
Accumulated accrued interest, net of current portion	139,553	156,583
Long-term leaseback obligations, net	107,353	121,872
Other long-term liabilities	24,176	29,131
	1,511,335	1,578,249
STOCKHOLDERS' EQUITY		
Common stock	248	248
Additional paid-in capital	785,870	785,274
Accumulated other comprehensive loss	(116,993)	(116,934)
Retained earnings	280,687	213,102
	949,812	881,690
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$2,700,079	\$2,683,019

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

	Three months ended June 30,	Three months ended June 30,	Six months ended June 30,	Six months ended June 30,
	2020	2019	2020	2019
Operating Activities:				
Net income	\$38,496	\$30,138	\$67,585	\$63,581
<i>Adjustments to reconcile net income to net cash provided by operating activities:</i>				
Depreciation	25,258	24,039	49,839	47,805
Amortization of deferred drydocking & special survey costs, finance cost, debt discount and other finance fees accrued	7,469	6,180	13,971	13,497
PIK interest	743	855	1,550	1,695
Payments for drydocking/special survey	(8,530)	(1,569)	(13,380)	(1,690)
Amortization of deferred realized losses on cash flow interest rate swaps	903	903	1,806	1,796
Equity (income)/loss on investments	(1,720)	(32)	(3,265)	52
Stock based compensation	298	1,035	596	1,865
Accounts receivable	(4,631)	(53)	(5,407)	1,729
Other assets, current and non-current	1,200	(3,907)	(689)	(11,073)
Accounts payable and accrued liabilities	3,594	(1,102)	8,937	(184)
Other liabilities, current and long-term	(1,639)	(4,033)	(4,675)	(7,617)
Net Cash provided by Operating Activities	61,441	52,454	116,868	111,456
Investing Activities:				
Vessel additions and advances	(56,500)	(8,971)	(98,746)	(10,638)
Investments	-	-	(75)	-
Net Cash used in Investing Activities	(56,500)	(8,971)	(98,821)	(10,638)
Financing Activities:				
Proceeds from sale-leaseback of vessels	139,080	146,523	139,080	146,523
Proceeds from long-term debt	23,400	-	23,400	-
Payments of leaseback obligations	(138,189)	(2,086)	(142,065)	(2,086)
Debt repayment	(32,539)	(176,097)	(65,176)	(205,811)
Payments of accumulated accrued interest	(7,173)	(8,767)	(15,502)	(17,867)
Finance costs	(1,584)	(5,562)	(11,999)	(20,049)
Net Cash used in Financing Activities	(17,005)	(45,989)	(72,262)	(99,290)
Net Increase/(Decrease) in cash and cash equivalents	(12,064)	(2,506)	(54,215)	1,528
Cash and cash equivalents, beginning of period	97,019	81,309	139,170	77,275
Cash and cash equivalents, end of period	\$84,955	\$78,803	\$84,955	\$78,803

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,
	2020	2019	2020	2019
Net income	\$38,496	\$30,138	\$67,585	\$63,581
Depreciation	25,258	24,039	49,839	47,805
Amortization of deferred drydocking & special survey costs	2,941	2,063	5,251	4,254
Amortization of deferred finance costs, debt discount and other finance fees accrued	3,998	4,117	8,190	9,243
Amortization of deferred realized losses on interest rate swaps	903	903	1,806	1,796
Interest income	(1,588)	(1,569)	(3,302)	(3,165)
Interest expense	9,767	14,855	22,026	27,740
Stock based compensation	298	1,035	596	1,865
Adjusted EBITDA⁽¹⁾	\$80,073	\$75,581	\$151,991	\$153,119

- 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 and stock based compensation. 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, 2020 and 2019. 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.