

# **danaos**

**Danaos Corporation | JUNE 2015**  
World-Class Shipping, Leading-Edge Expertise



# Disclosures



This presentation contains certain statements that may be deemed to be “forward-looking statements” within the meaning of the Securities Exchange Act of 1934. All statements, other than statements of historical facts, that address activities, events or developments that the Company expects, projects, believes or anticipates will or may occur in the future, including, without limitation, the outlook for fleet utilization and shipping rates, general industry conditions including bidding activity, future operating results of the Company’s vessels, future operating revenues and cash flows, capital expenditures, asset sales, expansion and growth opportunities, bank borrowings, financing activities and other such matters, are forward-looking statements. Although the Company believes that its expectations stated in this presentation are based on reasonable assumptions, actual results may differ from those projected in the forward-looking statements. Important factors that could cause actual results to differ materially from those discussed in the forward-looking statements include the strength of world economies, general market conditions, including charter rates and vessel values, the ability of counterparties to perform under existing charters, changes in operating expenses, ability to obtain financing and comply with covenants in financing arrangements, actions taken by regulatory authorities, potential liability from litigation and international political conditions. Danaos Corporation is listed in the New York Stock Exchange under the ticker symbol “DAC”. Before you invest, you should also read the documents Danaos Corporation has filed with the SEC for more complete information about the company. You may get these documents for free by visiting EDGAR on the SEC Website at [www.sec.gov](http://www.sec.gov) or via [www.danaos.com](http://www.danaos.com)

Readers of this presentation should review our Annual Report on Form 20-F filed with the SEC on March 10, 2015, including the section entitled “Key Information – Risk Factors”, and our other filings with the SEC for a discussion of factors and circumstances that could affect our future financial results and our ability to realize the expectations stated herein.

EBITDA and Adjusted EBITDA may be included in our presentations. Adjusted EBITDA represents net income plus interest and finance costs, depreciation, amortization and income taxes, if any, plus stock-based compensation expense and other non-cash or one-off items. EBITDA and Adjusted EBITDA are presented because they are used by certain investors to measure a company’s financial performance. EBITDA and Adjusted EBITDA are “non-GAAP financial measure” and should not be considered a substitute for net income, cash flow from operating activities and other operations or cash flow statement data prepared in accordance with accounting principles generally accepted in the United States or as a measure of profitability or liquidity.

In certain instances data derived from Marsoft reports is utilized in this presentation. Marsoft collects market data from a number of sources and exercises its judgment in preparing its estimates and analysis. Marsoft’s estimates may not match information from other sources. Actual future developments may deviate from the scenarios shown here. Marsoft is in no way liable for direct, indirect, consequential, or general damages arising from the use or misuse of the information and analysis presented here.

## DISCIPLINED BUSINESS MODEL

- One of the **largest independent owners** of modern containerships
- **Long-term charters and relationships** with the world's leading liner companies
- High charter coverage **protects significant free cash flow** generation and **limits market risk**
- **Steady deleveraging** to return value to shareholders
- Well-positioned to **source and pursue accretive opportunities** in the secondhand market

## EXPERIENCED AND INVESTED MANAGEMENT TEAM

- Long **track record of success** with highly experienced owner-management team
- Company **founded in 1972**
- **Management is majority shareholder** and is aligned with public shareholders

## OPERATIONAL EXCELLENCE AND TECHNOLOGY LEADERSHIP

- One of the **most efficient operators** in the industry
- **Rigorous operational standards** and environmental controls
- Steadfast **commitment to safety and environmental protection**

## FLEET RENEWAL PROGRAM

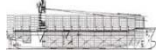
- **Newbuilding program successfully completed** in 2012
- **Fleet age reduced 21%** in the last five years
  - Nine older vessels sold in 2013 and five in 2014
  - Four 2,500-3,500 TEU geared vessels purchased in 2013 and two 6,400 TEU vessels in 2014
- Average **fleet age of 6.7 years** (TEU-weighted)

## FINANCIAL HIGHLIGHTS

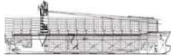
- **Contracted revenue of \$3.6 billion** through long-term time charters with diverse portfolio of charters
- **Significant free cash flow** per share **in excess of \$3 per share** under Marsoft base case in 2016, 2017, and 2018
- **Expiration of interest rate swaps benefits** net income and free cash flow
- **Rapidly deleveraging** through aggressive debt payments
- De-risked capital structure with **no refinancing risk through 2018**

## 56 Container Vessels ranging from 2,200 TEU to 13,100 TEU

8 X 2,200 TEU



2 X 2,500 TEU



1 X 2,600 TEU



6 X 3,400 TEU



12 X 4,300 TEU



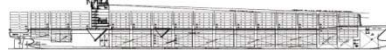
1 X 4,650 TEU



2 X 6,400 TEU



7 X 6,500 TEU



7 X 8,500 TEU



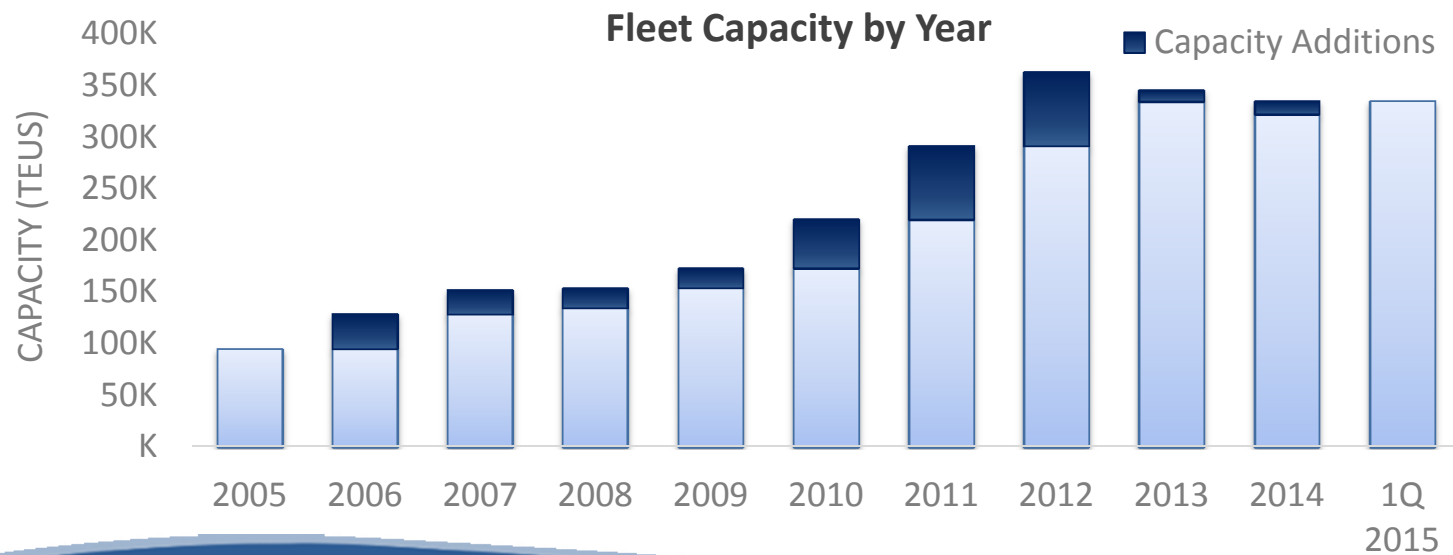
2 X 9,600 TEU



3 X 10,100 TEU



5 X 13,100 TEU



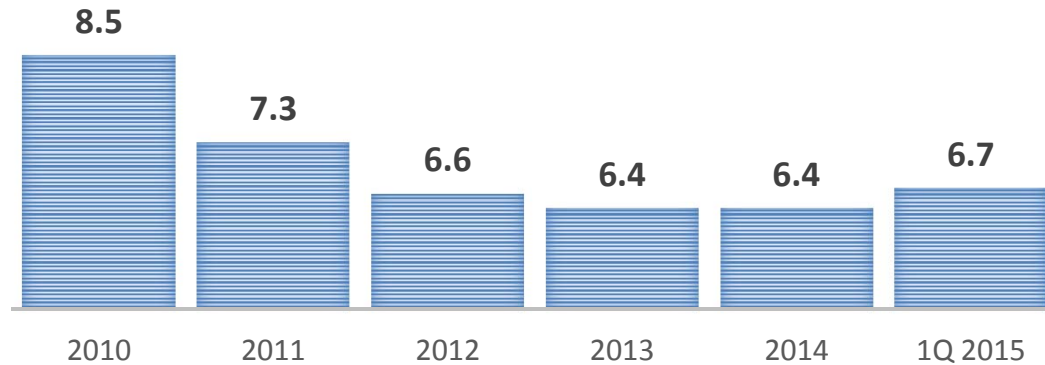
# Young Fleet with Long-term Charters



**21%**

Reduction in Fleet Age  
Over the last 5 years

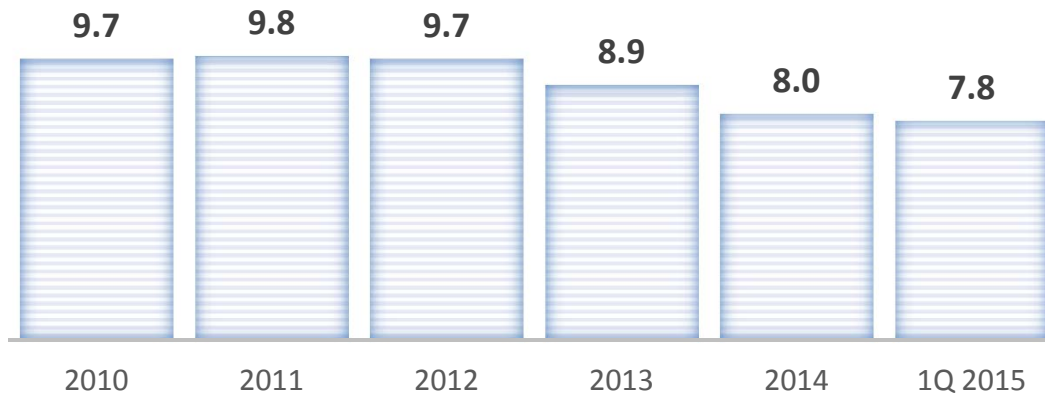
*Fleet age in years (weighted by TEU)*



**7.8**

Average length of  
current charters in years

*Charter Length in years (weighted by aggregate contracted charter hire)*



# Leading Position with 56 Vessel Fleet

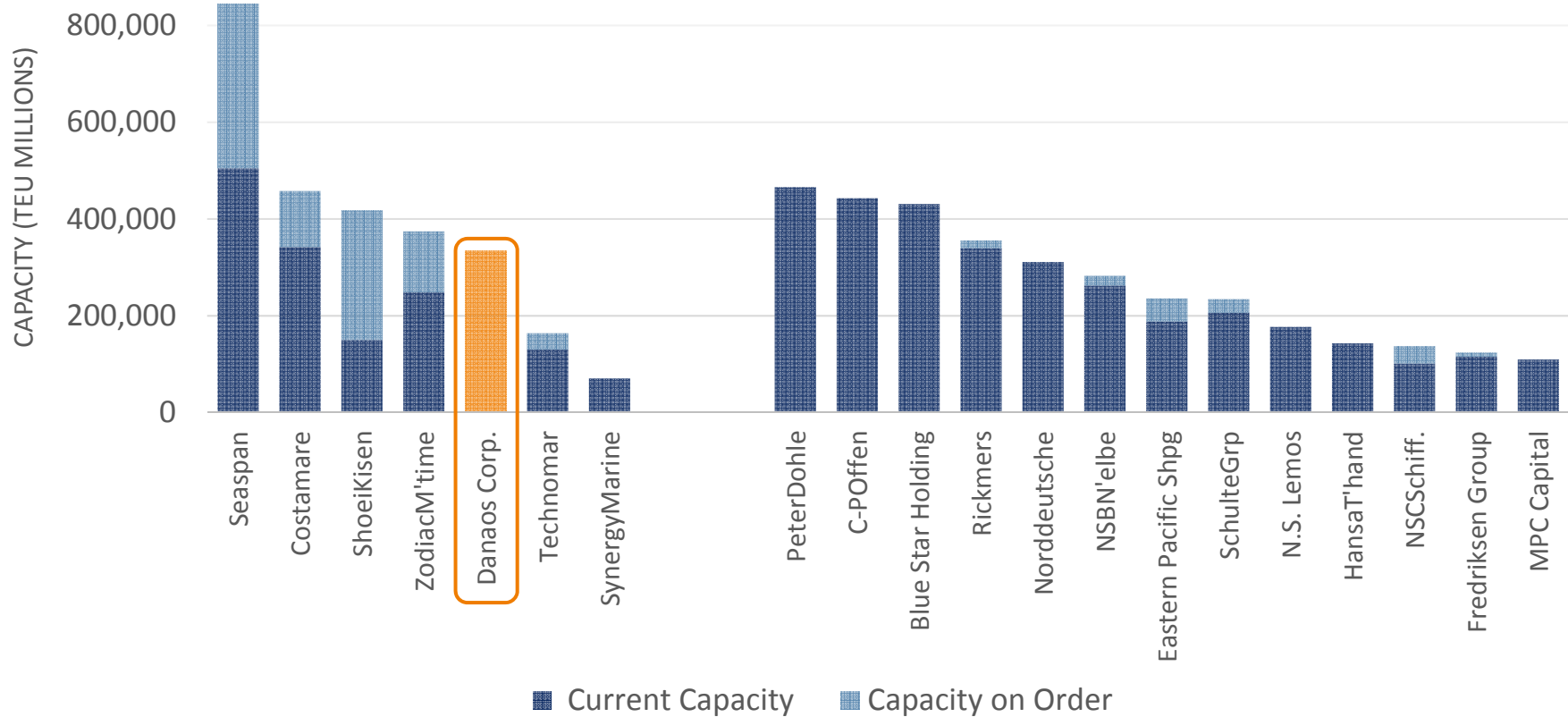


## Independent Owners

*A market leader among the large charter owners*

## KGS

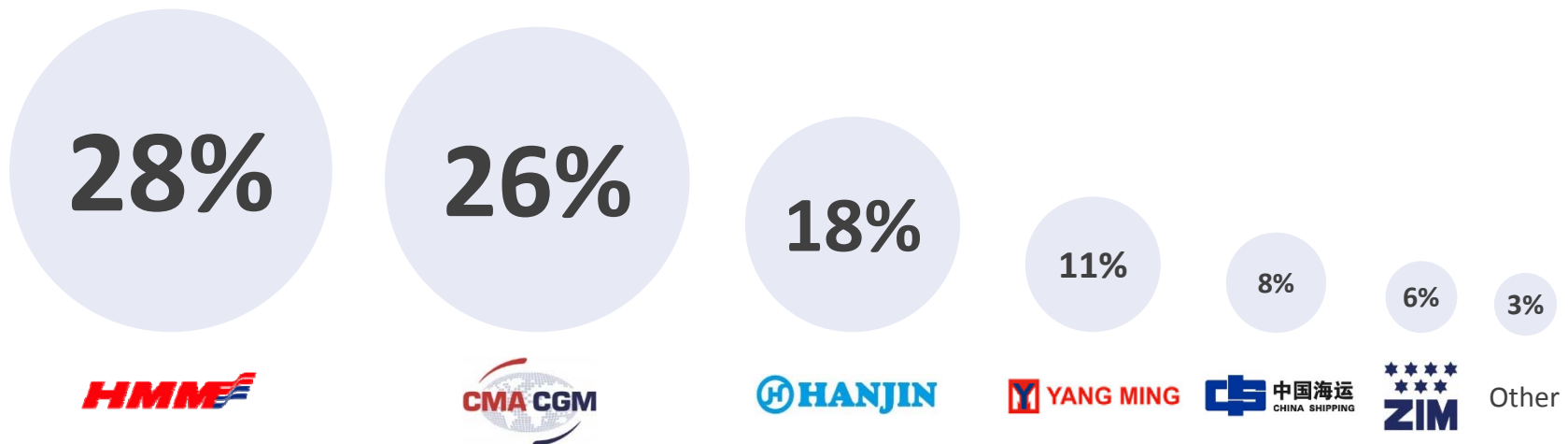
*KG market retraction benefits independent charter owners like Danaos*



# Diverse Charters with Strong Counterparties



Last 12 Months | Revenues per Charterer



**\$3.6 billion** contracted revenue from long-term fixed rate diversified charters



# Experienced Senior Management and Board



## Management

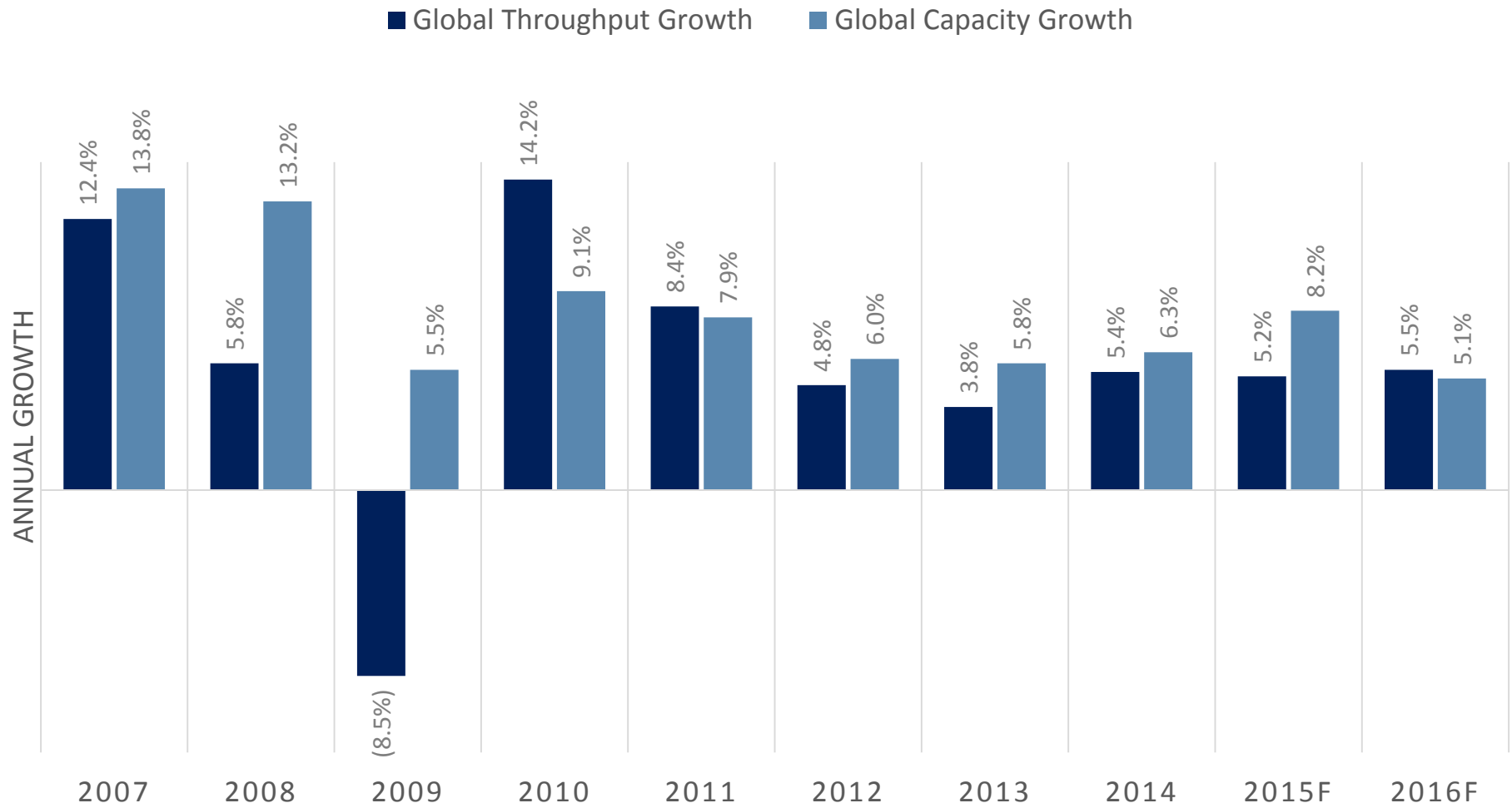
<b>Dr. John Coustas</b>	Chairman & Chief Executive Officer – Director
<b>Iraklis Prokopakis</b>	Senior Vice President & Chief Operating Officer - Director
<b>Evangelos Chatzis</b>	Chief Financial Officer
<b>Dimitris Vastarouchas</b>	Deputy Chief Operating Officer

## Non-Executive Board Members

<b>Myles Itkin</b>	Chairman of the Audit Committee - Chairman of the Nominating and Governance Committee - Director
<b>Miklós Konkoly-Thege</b>	Chairman of the Compensation Committee – Director
<b>Robert Mundell</b>	Director
<b>William Repko</b>	Director
<b>George Economou</b>	Director

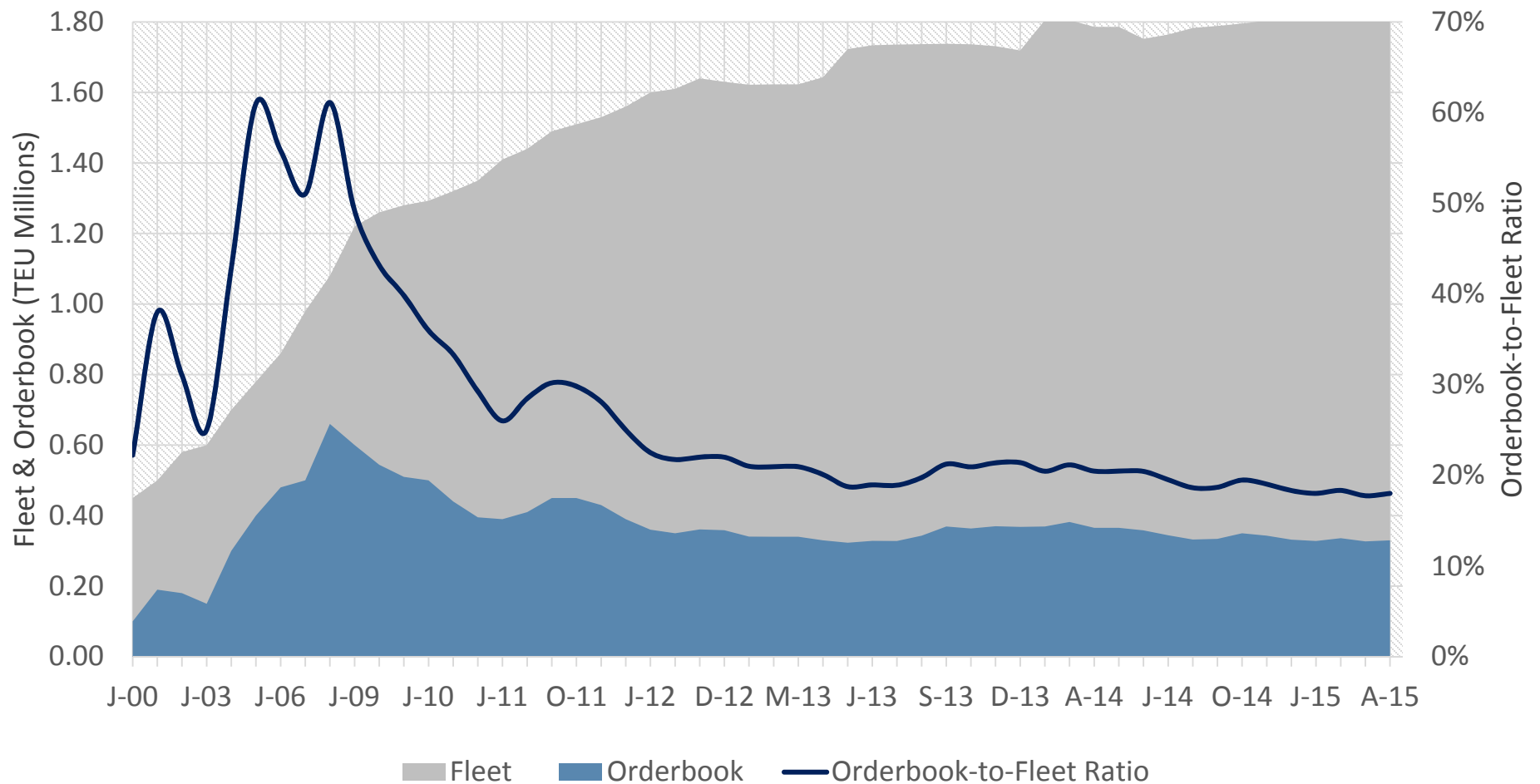
# Industry Overview

# Demand / Supply Fundamentals



Source: Alphaliner

# Healthy Orderbook



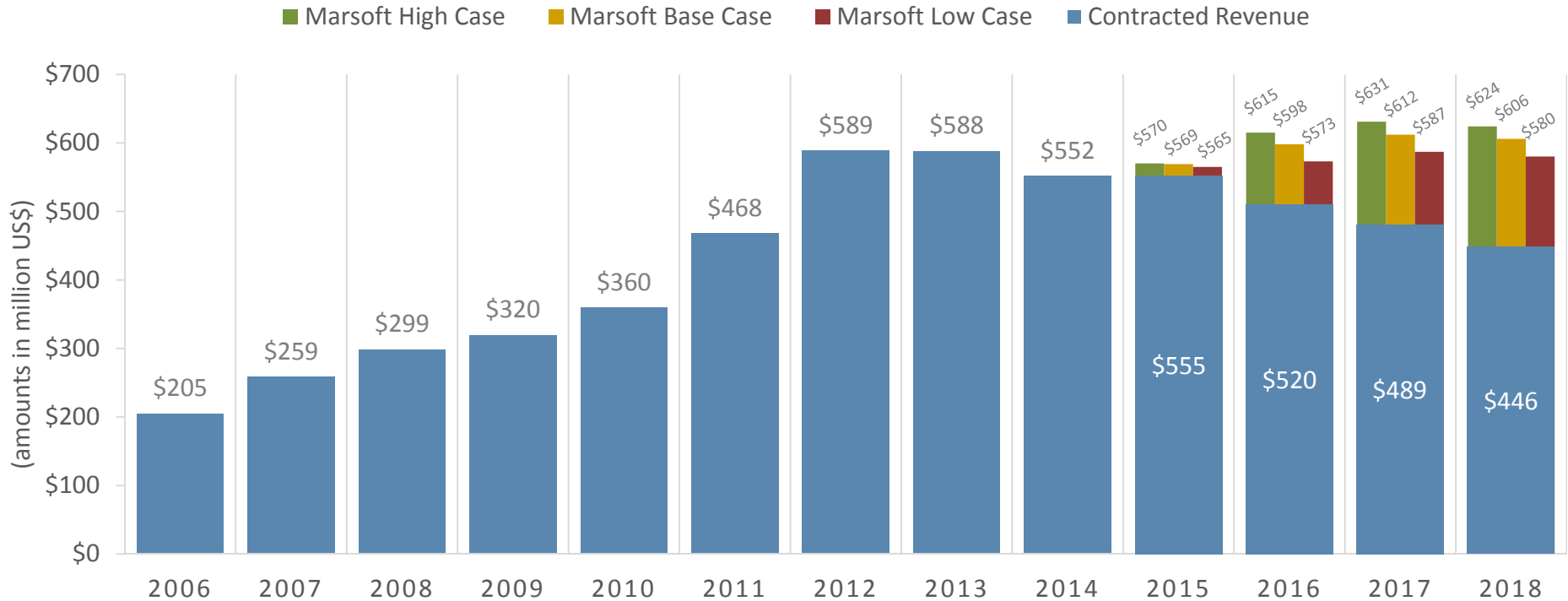
Source: Clarkson Research Services

# Financial Overview

# Operating Revenues Projections



## Operating Revenues from Continuing Operations<sup>(1)</sup>

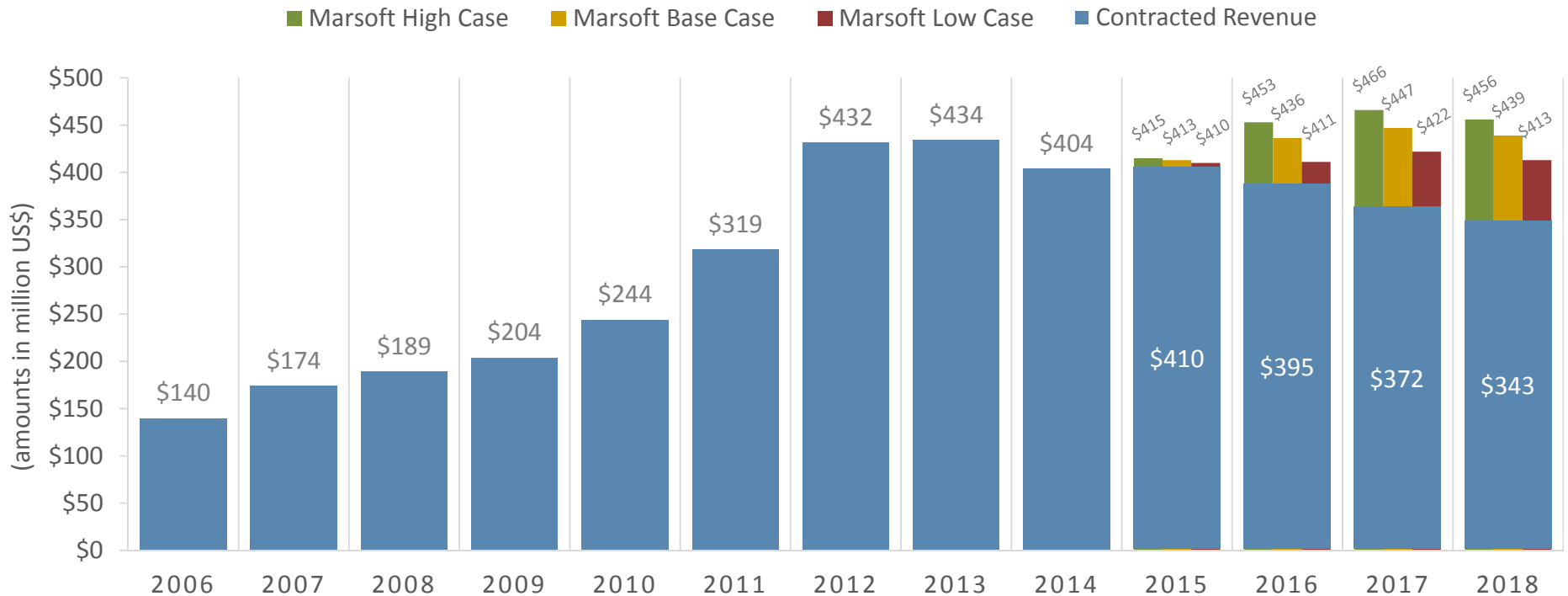


(1) All projections on Operating Revenues are internally generated based on assumptions, including continued counterparty performance under existing charters, that are outlined in the Appendix of this presentation, except for re-chartering assumptions that are indicatively based on data derived from Marsoft's latest research reports using the 'High', 'Base' and 'Low' Case scenarios. Such data is solely being used as input to the Company's financial model to project Operating Revenues. Marsoft has not performed any work and has not provided any guidance in relation to these projections. Please refer to the Appendix of this presentation for further guidance on the calculation of future revenues, off-hire days etc.

# EBITDA Projections



## Adjusted EBITDA from Continuing Operations (1)

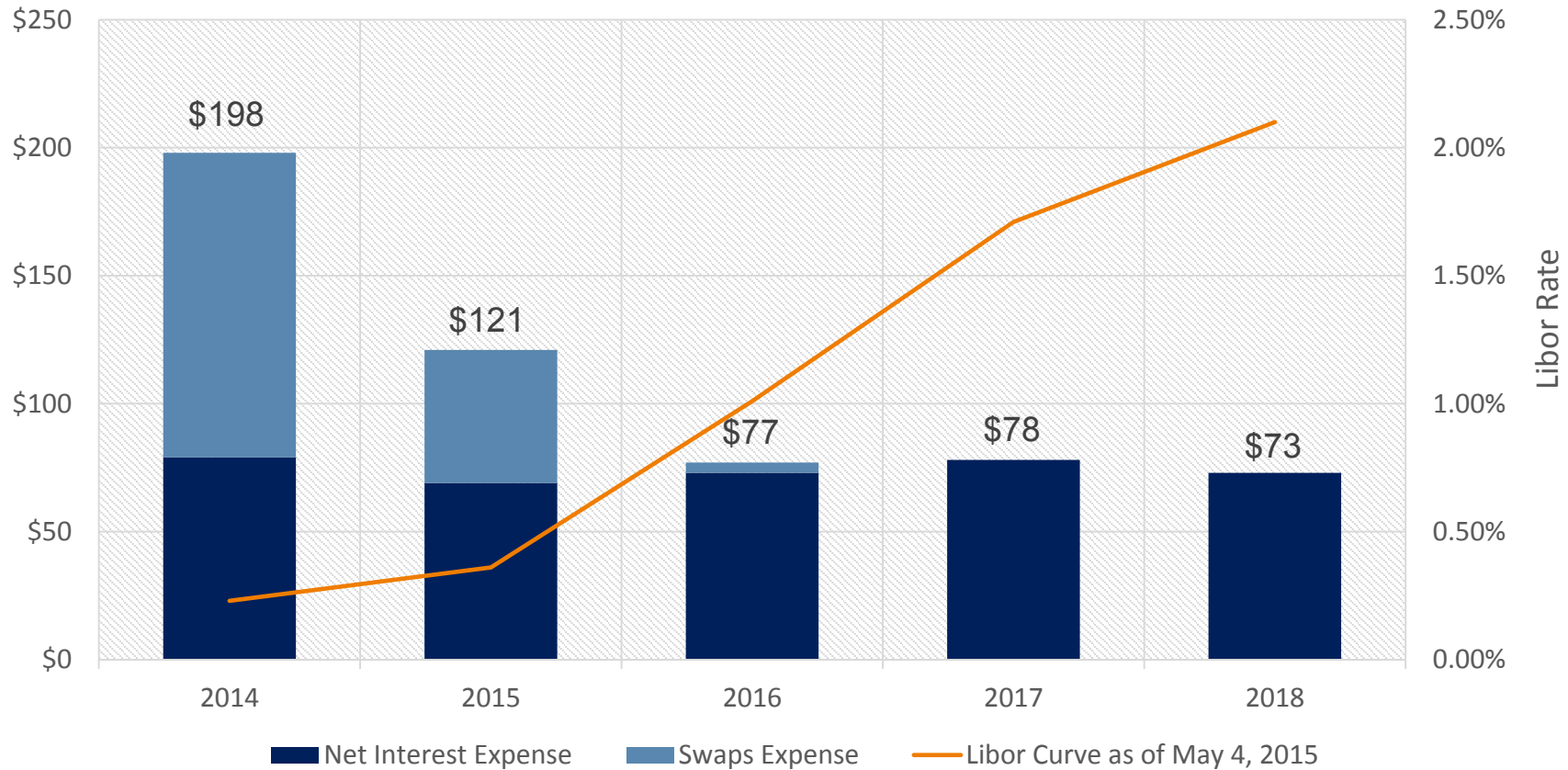


(1) Adjusted EBITDA is defined as Earnings before interest, taxes, depreciation, amortization, other non-cash and one-off items. Please refer to the Appendix of this presentation for further guidance on the underlying assumptions used to derive Adjusted EBITDA, and a reconciliation to Net Cash provided by Operating Activities. All projections of Adjusted EBITDA are internally generated based on assumptions, including continued counterparty performance under existing charters, that are outlined in the Appendix of this presentation, except for re-chartering assumptions that are indicatively based on data derived from Marsoft's latest research reports using the 'High', 'Base' and 'Low' Case scenarios. Such data is solely being used as input to the Company's financial model to project Adjusted EBITDA. Marsoft has not performed any work and has not provided any guidance in relation to these projections. Please refer to the Appendix of this presentation for further guidance on the calculation of future revenues, off-hire days, operating expenses etc.

# Expiring Swaps Benefit Net Income and Free Cash Flow

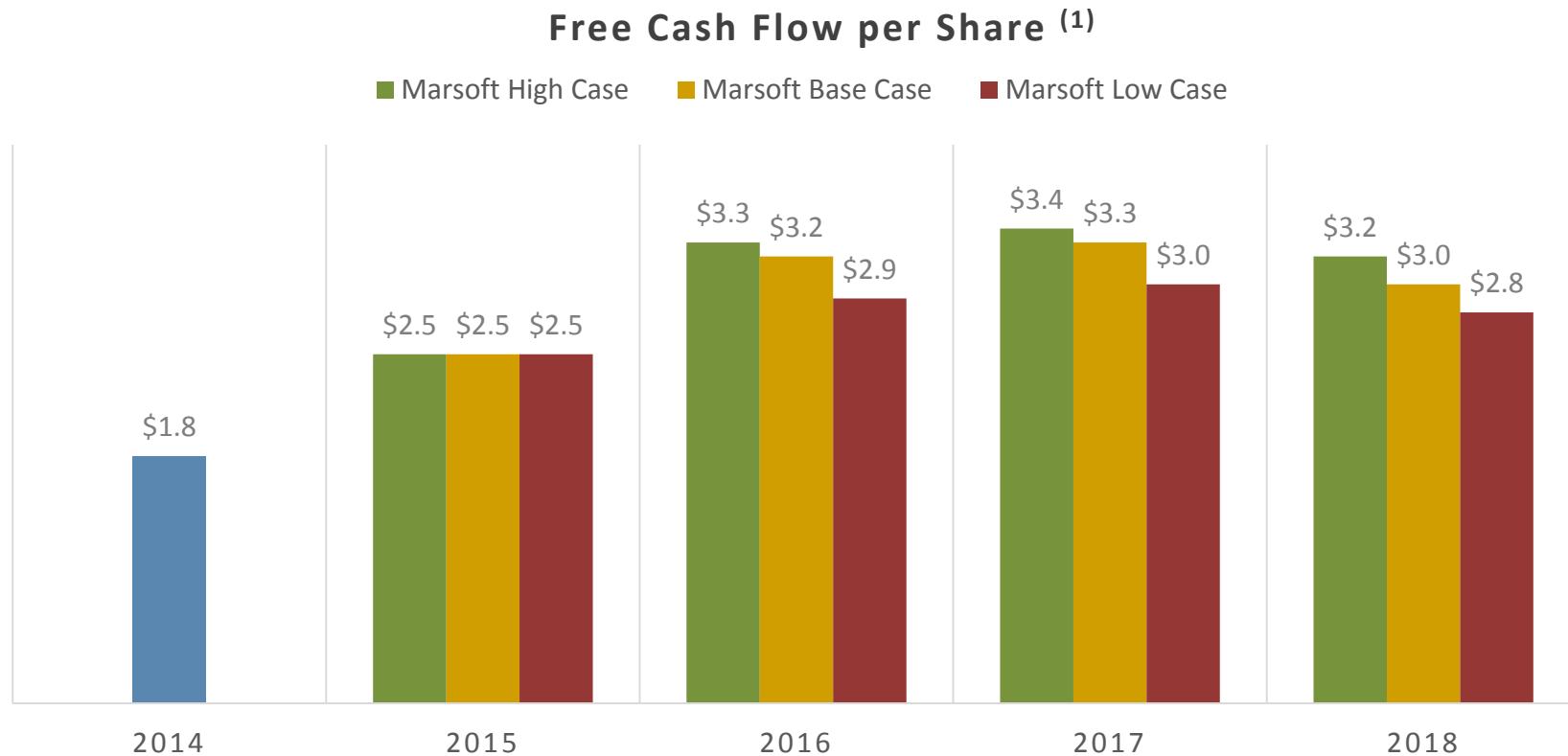


Net Finance Costs (amounts in million US\$)  
Under Base Case *Marsoft Scenario*





# Significant Free Cash Flow per Share



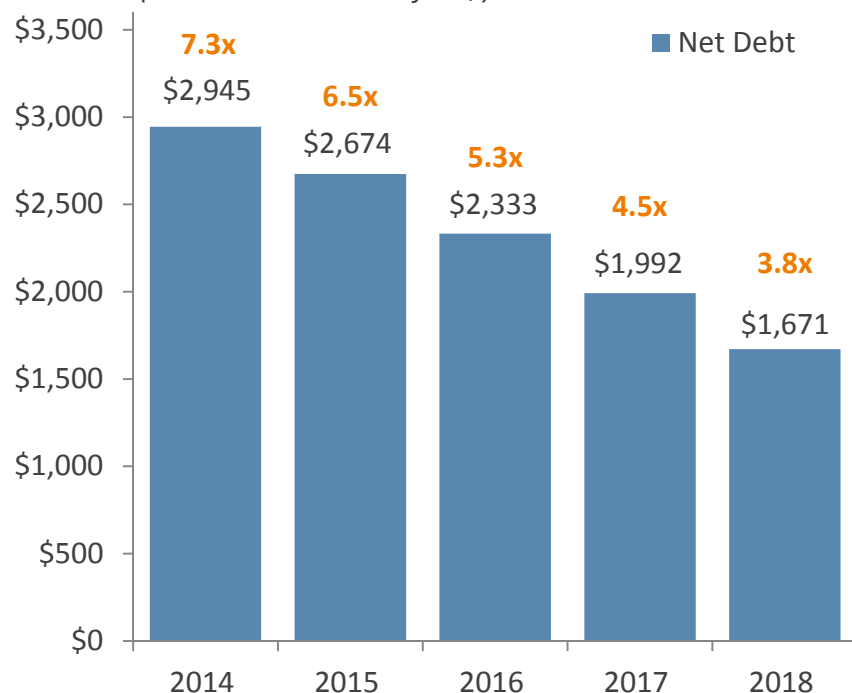
(1) Defined as Net Cash generated for the period before Net Vessel Acquisitions / Disposals, Payments for Drydockings, Debt Drawdowns and Debt Amortization. Based on current share count of 109.8 million shares. All projections of Free Cash Flow are internally generated based on assumptions, including continued counterparty performance under existing charters, that are outlined in the Appendix of this presentation, except for re-chartering assumptions that are indicatively based on data derived from Marsoft's latest research reports using the 'High', 'Base' and 'Low' Case scenarios. Such data is solely being used as input to the Company's financial model to project Free Cash Flow. Marsoft has not performed any work and has not provided any guidance in relation to these projections. Please refer to the Appendix of this presentation for further guidance on the calculation of future revenues, off-hire days, operating expenses etc.

# Rapid De-leveraging



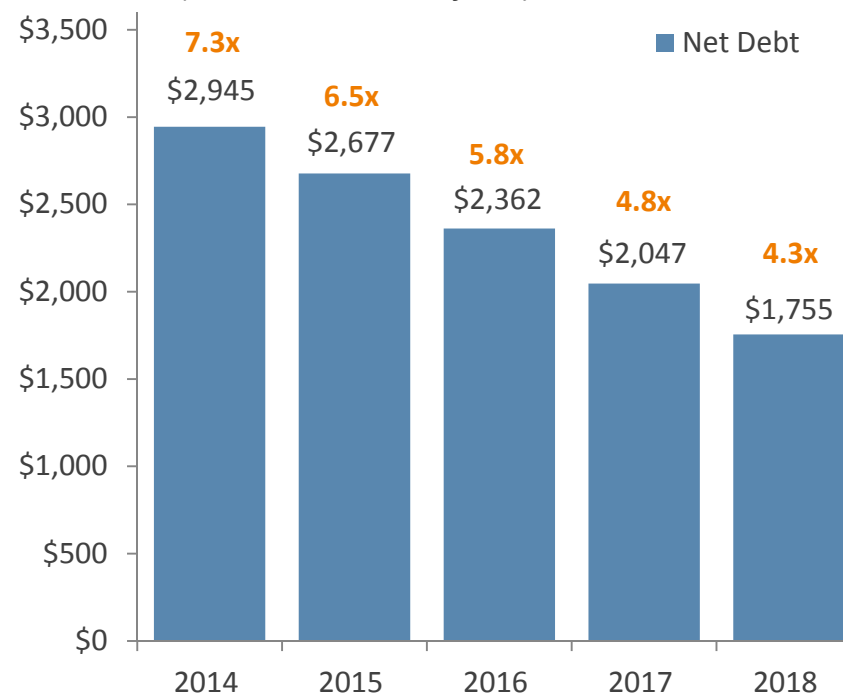
## Base Case

**Net Debt and Adjusted EBITDA Multiple <sup>(1)</sup>**  
(Amounts in million of US\$)



## Low Case

**Net Debt and Adjusted EBITDA Multiple <sup>(1)</sup>**  
(Amounts in million of US\$)



*Smooth amortization schedule without any re-financing requirement through 2018*

(1) Net Debt at period end over 1 year Adjusted EBITDA under the Base and Low Case Marsoft scenarios. Please refer to the Appendix for the underlying assumptions on Adjusted EBITDA which have been produced through the Company's financial model, indicatively using re-chartering assumptions derived from Marsoft's latest research reports. Such data is solely being used as input to the Company's financial model. Marsoft has not performed any work and has not provided any guidance in relation to the above projections.

## CLEAR PATH TO UNLOCKING VALUE

- **Cash flow and earnings per share visibility** through 2018
- **Rapid deleveraging schedule** will have a positive effect on multiples
- **Impact of expiring swaps** is very material and **is not fully appreciated**
- Danaos is **continually evaluating accretive opportunities**

## GROWTH OPPORTUNITIES BEYOND EXISTING FLEET

- Significant free cash flow generation supports **growth opportunities**
- **Deep industry relationships** gives us access to the highest quality deal flow

## MANAGEMENT TEAM IS ALIGNED WITH PUBLIC SHAREHOLDERS

- **Management is majority shareholder**
- A strategy of **“growth for growth’s sake” will not be pursued**
- Dilution will not occur for **“growth’s sake”**



World-Class Shipping, Leading-Edge Expertise

## Company Contacts

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## Investor Relations

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# Appendix

## Operating Revenues

- Contracted periods run until earliest dates charters can expire, no options exercised
- Assumes full performance by all counterparties to existing charters, which depends on such charterers' ability to meet their obligations under these charters
- Nine of our older vessels sold in 2013 and five in the six months ended June 30, 2014
- Four secondhand geared vessels acquired in 2013 and two 6,400 TEU 12 year-old vessels delivered in November 2014
- One vessel up for re-chartering in the 2nd Quarter of 2015, three vessels up for re-chartering in the 3rd Quarter of 2015, two vessels up for re-chartering in the 4th Quarter of 2015 and two vessels up for re-chartering in the 1st Quarter of 2016
- All re-charterings are based on Marsoft low/base/high case scenarios. All operating assumptions related to projections on Operating Revenues, Adjusted EBITDA and Free Cash Flow are based on internally generated projections, except for re-chartering assumptions that are indicatively based on data derived from Marsoft's latest research reports using the 'High', 'Base' and 'Low' Case scenarios. Such data is solely being used as input to the Company's financial model to project Operating Revenues, Adjusted EBITDA and Free Cash Flow. Marsoft has not performed any work and has not provided any guidance in relation to the above mentioned financial metrics
- Operating off-hire of 1.1 days per annum per vessel
- Dry-dock off-hire of 15 days every 5 years for all vessels until their 15th year of age and thereafter 15 days every 2.5 years. Assumed cost of \$1 mil. for each dry-docking
- All vessels are assumed to be scrapped when 30 yrs old, at \$300/ton

## Operating Expenses

- Operating expenses as per company's 2015 budget thereafter escalated at 2.5% per annum.

# Underlying Assumptions



## Adjusted EBITDA <sup>(1)</sup>

- Non-GAAP measure, defined herein as Earnings before Interest, Depreciation, Amortization, non-cash and one-off items
- Reconciliation of Net Cash Provided by Operating Activities to Adjusted EBITDA under Base and Low Case Scenarios:

### Reconciliation of Net Cash from Operating

Activities to Adjusted EBITDA (amounts in million US\$)	2014	2015	2016	2017	2018
Net Cash provided by Operating Activities	\$192	\$271	\$341	\$340	\$322
<i>Add back:</i>					
Net movement in current and non-current assets & liabilities	7	16	11	12	32
Net Finance Costs (incl. interest expense and swaps)	198	121	77	78	73
Payments for dry-docking / special survey	7	5	7	17	12
<b>Adjusted EBITDA</b>	<b>\$404</b>	<b>\$413</b>	<b>\$436</b>	<b>\$447</b>	<b>\$439</b>

Under Base Case  
Marsoft Scenario

### Reconciliation of Net Cash from Operating

Activities to Adjusted EBITDA (amounts in million US\$)	2014	2015	2016	2017	2018
Net Cash provided by Operating Activities	\$192	\$268	\$315	\$315	\$293
<i>Add back:</i>					
Net movement in current and non-current assets & liabilities	7	16	11	11	32
Net Finance Costs (incl. interest expense and swaps)	198	121	78	79	76
Payments for dry-docking / special survey	7	5	7	17	12
<b>Adjusted EBITDA</b>	<b>\$404</b>	<b>\$410</b>	<b>\$411</b>	<b>\$422</b>	<b>\$413</b>

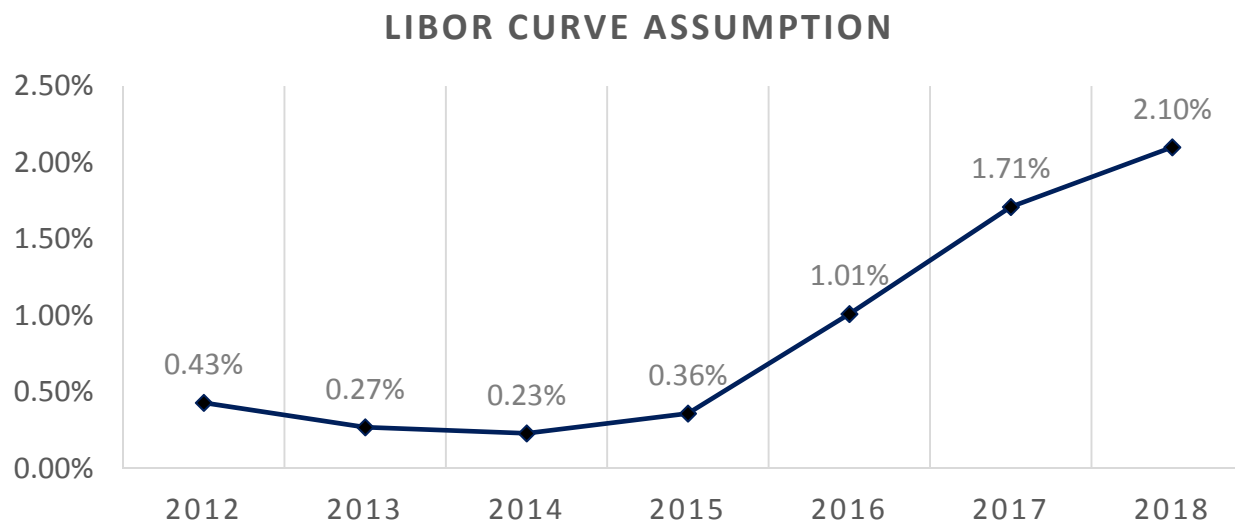
Under Low Case  
Marsoft Scenario

(1) Under Marsoft Base and Low Case Scenarios. All projections of Adjusted EBITDA are internally generated based on certain assumptions, including continued counterparty performance under existing charters, except for re-chartering assumptions that are indicatively based on data derived from Marsoft's latest research reports. Such data is solely being used as input to the Company's financial model to project Adjusted EBITDA. Marsoft has not performed any work and has not provided any guidance in relation to the above projections.

# Underlying Assumptions



- Calculation of interest and swap cash flows are based on the following forward US\$ interest rate Libor curve as at May 4, 2015



- Interest rate hedging uses current hedging arrangements through interest rate swaps as disclosed in the 2014 Annual report on form 20-F, filed with the SEC on March 10, 2015.
- 2014 per share data has been calculated on the basis of 109.7 mil. shares while forecast for 2015-2018 has been calculated on the basis of 109.8 mil shares\*

Note: We have 15 mil. warrants outstanding with an exercise price of \$7.00 per share expiring in January 2019, which are exercisable solely on a cashless basis. As a result, the number of shares of common stock issuable upon exercise will be reduced. For instance, in the event 100 warrants were exercised at an exercise price of \$7.00 per share at a time when our common stock was \$10.00 per share, 30 shares would be issuable rather than 100 shares.