

GENCO SHIPPING & TRADING LTD

Form 10-Q

May 09, 2018

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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2018

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission file number 001-33393

GENCO SHIPPING & TRADING LIMITED

(Exact name of registrant as specified in its charter)

Republic of the Marshall Islands 98-043-9758
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)

299 Park Avenue, 12th Floor, New York, New York 10171

(Address of principal executive offices) (Zip Code)

(646) 443-8550

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company
(Do not check if a smaller reporting company) Emerging growth company

If emerging growth company, indicate by checkmark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards pursuant to Section 13(a) of the Exchange Act

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes No

The number of shares outstanding of each of the issuer's classes of common stock, as of May 9, 2018: Common stock, \$0.01 per share — 34,532,004 shares.

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Website Information

We intend to use our website, www.GencoShipping.com, as a means of disclosing material non-public information and for complying with our disclosure obligations under Regulation FD. Such disclosures will be included in our website's Investor section. Accordingly, investors should monitor the Investor portion of our website, in addition to following our press releases, SEC filings, public conference calls, and webcasts. To subscribe to our e-mail alert service, please submit your e-mail address at the Investor Relations Home page of the Investor section of our website. The information contained in, or that may be accessed through, our website is not incorporated by reference into or a part of this document or any other report or document we file with or furnish to the SEC, and any references to our website are intended to be inactive textual references only.

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

Genco Shipping & Trading Limited

Condensed Consolidated Balance Sheets as of March 31, 2018 and December 31, 2017

(U.S. Dollars in thousands, except for share and per share data)

(Unaudited)

	March 31, 2018	December 31, 2017
Assets		
Current assets:		
Cash and cash equivalents	\$ 172,775	\$ 174,479
Restricted cash	5,447	7,234
Due from charterers, net of a reserve of \$272 and \$246, respectively	13,286	12,855
Prepaid expenses and other current assets	9,878	7,338
Inventories	19,894	15,333
Total current assets	221,280	217,239
Noncurrent assets:		
Vessels, net of accumulated depreciation of \$199,511 and \$213,431, respectively	1,195,115	1,265,577
Deferred drydock, net of accumulated amortization of \$10,065 and \$9,540 respectively	12,242	13,382
Fixed assets, net of accumulated depreciation and amortization of \$1,019 and \$1,003, respectively	953	1,014
Other noncurrent assets	—	514
Restricted cash	22,977	23,233
Total noncurrent assets	1,231,287	1,303,720
Total assets	\$ 1,452,567	\$ 1,520,959
Liabilities and Equity		
Current liabilities:		
Accounts payable and accrued expenses	\$ 24,339	\$ 23,230
Current portion of long-term debt	24,308	24,497
Deferred revenue	5,104	4,722
Total current liabilities:	53,751	52,449

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Noncurrent liabilities:		
Long-term lease obligations	2,768	2,588
Long-term debt, net of deferred financing costs of \$8,459 and \$9,032, respectively	477,000	490,895
Total noncurrent liabilities	479,768	493,483
Total liabilities	533,519	545,932
Commitments and contingencies		
Equity:		
Common stock, par value \$0.01; 500,000,000 shares authorized; issued and outstanding 34,532,004 shares at March 31, 2018 and December 31, 2017	345	345
Additional paid-in capital	1,628,848	1,628,355
Retained deficit	(710,145)	(653,673)
Total equity	919,048	975,027
Total liabilities and equity	\$ 1,452,567	\$ 1,520,959

See accompanying notes to condensed consolidated financial statements.

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Genco Shipping & Trading Limited

Condensed Consolidated Statements of Operations for the Three Months Ended March 31, 2018 and 2017

(U.S. Dollars in Thousands, Except for Earnings Per Share and Share Data)

(Unaudited)

	For the Three Months Ended March 31,	
	2018	2017
Revenues:		
Voyage revenues	\$ 76,916	\$ 38,249
Total revenues	76,916	38,249
Operating expenses:		
Voyage expenses	21,093	3,241
Vessel operating expenses	23,767	24,884
General and administrative expenses (inclusive of nonvested stock amortization expense of \$493 and \$711, respectively)	5,218	4,909
Technical management fees	1,948	1,981
Depreciation and amortization	16,886	18,173
Impairment of vessel assets	56,402	—
Gain on sale of vessels	—	(6,369)
Total operating expenses	125,314	46,819
Operating loss	(48,398)	(8,570)
Other (expense) income:		
Other expense	(85)	(65)
Interest income	794	173
Interest expense	(8,124)	(7,138)
Other expense	(7,415)	(7,030)
Loss before income taxes	(55,813)	(15,600)
Income tax expense	—	—
Net loss	\$ (55,813)	\$ (15,600)
Net loss per share-basic	\$ (1.61)	\$ (0.47)
Net loss per share-diluted	\$ (1.61)	\$ (0.47)
Weighted average common shares outstanding-basic	34,577,990	33,495,738
Weighted average common shares outstanding-diluted	34,577,990	33,495,738

See accompanying notes to condensed consolidated financial statements.

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Genco Shipping & Trading Limited

Condensed Consolidated Statements of Comprehensive Loss

For the Three Months Ended March 31, 2018 and 2017

(U.S. Dollars in Thousands)

(Unaudited)

	For the Three Months Ended March 31,	
	2018	2017
Net loss	\$ (55,813)	\$ (15,600)
Other comprehensive income	—	—
Comprehensive loss	\$ (55,813)	\$ (15,600)

See accompanying notes to condensed consolidated financial statements.

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Genco Shipping & Trading Limited

Condensed Consolidated Statements of Equity

For the Three Months Ended March 31, 2018 and 2017

(U.S. Dollars in Thousands)

(Unaudited)

	Series A Preferred Stock	Common Stock	Additional Paid-in Capital	Retained Deficit	Total Equity
Balance — January 1, 2018	\$ —	\$ 345	\$ 1,628,355	\$ (654,332)	\$ 974,368
Net loss				(55,813)	(55,813)
Nonvested stock amortization			493		493
Balance — March 31, 2018	\$ —	\$ 345	\$ 1,628,848	\$ (710,145)	\$ 919,048
	Series A Preferred Stock	Common Stock	Additional Paid-in Capital	Retained Deficit	Total Equity
Balance — January 1, 2017	\$ 120,789	\$ 74	\$ 1,503,784	\$ (594,948)	\$ 1,029,699
Net loss				(15,600)	(15,600)
Conversion of 27,061,856 shares of Series A Preferred Stock	(120,789)	270	120,519		—
Nonvested stock amortization			711		711
Balance — March 31, 2017	\$ —	\$ 344	\$ 1,625,014	\$ (610,548)	\$ 1,014,810

See accompanying notes to condensed consolidated financial statements.

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Genco Shipping & Trading Limited

Condensed Consolidated Statements of Cash Flows for the Three Months Ended March 31, 2018 and 2017

(U.S. Dollars in Thousands)

(Unaudited)

	For the Three Months Ended	
	March 31, 2018	2017
Cash flows from operating activities:		
Net loss	\$ (55,813)	\$ (15,600)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	16,886	18,173
Amortization of deferred financing costs	573	573
PIK interest, net	—	1,503
Amortization of nonvested stock compensation expense	493	711
Impairment of vessel assets	56,402	—
Gain on sale of vessels	—	(6,369)
Insurance proceeds for protection and indemnity claims	68	180
Insurance proceeds for loss of hire claims	—	21
Change in assets and liabilities:		
(Increase) decrease in due from charterers	(1,079)	1,313
Increase in prepaid expenses and other current assets	(3,740)	(2,650)
(Increase) decrease in inventories	(4,561)	1,382
Decrease in other noncurrent assets	514	