

TSAKOS ENERGY NAVIGATION LTD

Form 20-F

April 12, 2019

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 20-F

REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR 12(g) OF THE SECURITIES EXCHANGE ACT OF 1934
OR

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018

OR

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

SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
Date of event requiring this shell company report

For the transition period from to

Commission file number 001-31236

TSAKOS ENERGY NAVIGATION LIMITED

(Exact name of Registrant as specified in its charter)

Not Applicable

(Translation of Registrant's name into English)

Bermuda

(Jurisdiction of incorporation or organization)

367 Syngrou Avenue

175 64 P. Faliro

Athens, Greece

011-30210-9407710

(Address of principal executive offices)

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Athens, Greece

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(Name, Address, Telephone Number, E-mail and Facsimile Number of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Shares, par value \$1.00 per share	New York Stock Exchange
Series B Cumulative Redeemable Perpetual Preferred Shares, par value \$1.00 per share	New York Stock Exchange
Series C Cumulative Redeemable Perpetual Preferred Shares, par value \$1.00 per share	New York Stock Exchange

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Series D Cumulative Redeemable Perpetual Preferred Shares, par value \$1.00 per share	New York Stock Exchange
Series E Fixed-to-Floating Rate Cumulative Redeemable Perpetual Preferred Shares, par value \$1.00 per share	New York Stock Exchange
Series F Fixed-to-Floating Rate Cumulative Redeemable Perpetual Preferred Shares, par value \$1.00 per share	New York Stock Exchange

Securities registered or to be registered pursuant to Section 12(g) of the Act: None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: None

As of December 31, 2018, there were 87,604,645 of the registrant's Common Shares, 2,000,000 Series B Preferred Shares, 2,000,000 Series C Preferred Shares, 3,424,803 Series D Preferred Shares, 4,600,000 Series E Preferred Shares and 6,000,000 Series F Preferred Shares outstanding.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes No

Note: Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 from their obligations under those Sections.

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 every Interactive Data File required to be submitted 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 such files). Yes No

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

Large accelerated filer Accelerated filer Non-accelerated filer Emerging growth company

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP International Financial Reporting Standards as issued by the International Accounting Standards Board Other
If Other has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow. Item 17 Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

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FORWARD-LOOKING INFORMATION

All statements in this Annual Report on Form 20-F that are not statements of historical fact are forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995. The disclosure and analysis set forth in this Annual Report on Form 20-F includes assumptions, expectations, projections, intentions and beliefs about future events in a number of places, particularly in relation to our operations, cash flows, financial position, plans, strategies, business prospects, changes and trends in our business and the markets in which we operate. These statements are intended as forward-looking statements. In some cases, predictive, future-tense or forward-looking words such as believe, intend, anticipate, estimate, project, forecast, plan, potential, may, should and expect and similar expressions are used in forward-looking statements, but are not the exclusive means of identifying such statements.

Forward-looking statements include, but are not limited to, such matters as:

future operating or financial results and future revenues and expenses;

future, pending or recent business and vessel acquisitions, business strategy, areas of possible expansion and expected capital spending and our ability to fund such expenditure;

operating expenses including the availability of key employees, crew, length and number of off-hire days, dry-docking requirements and fuel and insurance costs;

general market conditions and shipping industry trends, including charter rates, vessel values and factors affecting supply and demand of crude oil, petroleum products and LNG;

our financial condition and liquidity, including our ability to make required payments under our credit facilities, comply with our loan covenants and obtain additional financing in the future to fund capital expenditures, acquisitions and other corporate activities;

the overall health and condition of the U.S. and global financial markets, including the value of the U.S. dollar relative to other currencies;

the carrying value of our vessels and the potential for any asset impairments;

our expectations about the time that it may take to construct and deliver new vessels or the useful lives of our vessels;

our continued ability to enter into period time charters with our customers and secure profitable employment for our vessels in the spot market;

the ability and willingness of our counterparties, including our charterers and shipyards, to honor their contractual obligations;

our expectations relating to dividend payments and ability to make such payments;

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our ability to leverage to our advantage the relationships and reputation of Tsakos Columbia Shipmanagement within the shipping industry;

our anticipated general and administrative expenses;

environmental and regulatory conditions, including changes in laws and regulations or actions taken by regulatory authorities;

risks inherent in vessel operation, including terrorism, piracy and discharge of pollutants;

potential liability from future litigation;

global and regional political conditions;

tanker, product carrier and LNG carrier supply and demand; and

other factors discussed in the Risk Factors described in Item 3 of this Annual Report on Form 20-F.

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We caution that the forward-looking statements included in this Annual Report on Form 20-F represent our estimates and assumptions only as of the date of this Annual Report on Form 20-F and are not intended to give any assurance as to future results. These forward-looking statements are not statements of historical fact and represent only our management's belief as of the date hereof, and involve risks and uncertainties that could cause actual results to differ materially and inversely from expectations expressed in or indicated by the forward-looking statements. Assumptions, expectations, projections, intentions and beliefs about future events may, and often do, vary from actual results and these differences can be material. There are a variety of factors, many of which are beyond our control, which affect our operations, performance, business strategy and results and could cause actual reported results and performance to differ materially from the performance and expectations expressed in these forward-looking statements. These factors include, but are not limited to, supply and demand for crude oil carriers, product tankers and LNG carriers, charter rates and vessel values, supply and demand for crude oil and petroleum products and liquefied natural gas, accidents, collisions and spills, environmental and other government regulation, the availability of debt financing, fluctuation of currency exchange and interest rates and the other risks and uncertainties that are outlined in this Annual Report on Form 20-F. As a result, the forward-looking events discussed in this Annual Report on Form 20-F might not occur and our actual results may differ materially from those anticipated in the forward-looking statements. Accordingly, you should not unduly rely on any forward-looking statements.

We undertake no obligation to update or revise any forward-looking statements contained in this Annual Report on Form 20-F, whether as a result of new information, future events, a change in our views or expectations or otherwise. New factors emerge from time to time, and it is not possible for us to predict all of these factors. Further, we cannot assess the impact of each such factor on our business or the extent to which any factor, or combination of factors, may cause actual results to be materially different from those contained in any forward-looking statement.

PART I

Tsakos Energy Navigation Limited is a Bermuda company that is referred to in this Annual Report on Form 20-F, together with its subsidiaries, as Tsakos Energy Navigation, the Company, we, us, or our. This report should be read in conjunction with our consolidated financial statements and the accompanying notes thereto, which are included in Item 18 to this report.

Item 1. Identity of Directors, Senior Management and Advisers

Not Applicable.

Item 2. Offer Statistics and Expected Timetable

Not Applicable.

Item 3. Key Information

Selected Consolidated Financial Data and Other Data

The following table presents selected consolidated financial and other data of Tsakos Energy Navigation Limited for each of the five years in the five-year period ended December 31, 2018. The table should be read together with Item 5. Operating and Financial Review and Prospects. The selected consolidated financial data of Tsakos Energy Navigation Limited is a summary of, is derived from and is qualified by reference to, our consolidated financial statements and notes thereto which have been prepared in accordance with U.S. generally accepted accounting principles (US GAAP).

Our audited consolidated statements of comprehensive (loss) income, other comprehensive (loss) income, stockholders' equity and cash flows for the years ended December 31, 2018, 2017, and 2016, and the

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consolidated balance sheets at December 31, 2018 and 2017, together with the notes thereto, are included in Item 18. Financial Statements and should be read in their entirety.

Selected Consolidated Financial and Other Data

(In thousands of U.S. dollars, except for share and per share amounts and fleet data)

	2018	2017	2016	2015	2014
Income Statement Data					
Voyage revenue	\$ 529,879	\$ 529,182	\$ 481,790	\$ 587,715	\$ 501,013
Expenses					
Voyage expenses	125,350	113,403	106,403	131,878	154,143
Charter hire expense	10,822	311			
Vessel operating expenses ⁽¹⁾	181,693	173,864	146,546	142,117	146,902
Depreciation and amortization	146,798	139,020	113,420	105,931	102,891
General and administrative expenses	27,032	26,324	25,611	21,787	21,029
Net loss (gain) on sale of vessels	364	3,860		(2,078)	
Vessels impairment charge	65,965	8,922			
Operating (loss) income	(28,145)	63,478	89,810	188,080	76,048
Other expenses (income):					
Interest and finance costs, net	76,809	56,839	35,873	30,019	43,074
Interest and investment income	(2,507)	(1,082)	(623)	(234)	(498)
Other, net	(1,405)	(1,464)	(1,935)	(128)	(246)
Total other expenses, net	72,897	54,293	33,315	29,657	42,330
Net (loss) income	(101,042)	9,185	56,495	158,423	33,718
Less: Net loss (income) attributable to non-controlling interest	1,839	(1,573)	(712)	(206)	(191)
Net (loss) income attributable to Tsakos Energy Navigation Limited	\$ (99,203)	\$ 7,612	\$ 55,783	\$ 158,217	\$ 33,527
Effect of preferred dividends	(33,763)	(23,776)	(15,875)	(13,437)	(8,438)
Net (loss) income attributable to Tsakos Energy Navigation Limited common stockholders	\$ (132,966)	\$ (16,164)	\$ 39,908	\$ 144,780	\$ 25,089
Per Share Data					
(Loss) Earnings per share, basic	\$ (1.53)	\$ (0.19)	\$ 0.47	\$ 1.69	\$ 0.32
(Loss) Earnings per share, diluted	\$ (1.53)	\$ (0.19)	\$ 0.47	\$ 1.69	\$ 0.32
Weighted average number of shares, basic	87,111,636	84,713,572	84,905,078	85,827,597	79,114,401
Weighted average number of shares, diluted	87,111,636	84,713,572	84,905,078	85,827,597	79,114,401
Dividends per common share, paid	\$ 0.15	\$ 0.20	\$ 0.29	\$ 0.24	\$ 0.15
Cash Flow Data					
Net cash provided by operating activities	73,945	170,827	170,354	234,409	106,971
Net cash used in investing activities	(179)	(241,797)	(576,075)	(174,754)	(254,307)
Net cash (used in) provided by financing activities	(55,913)	75,870	298,488	30,910	190,013
Balance Sheet Data (at year end)					
Cash and cash equivalents	\$ 204,763	\$ 189,763	\$ 187,777	\$ 289,676	\$ 202,107
Cash, restricted	15,763	12,910	9,996	15,330	12,334
Investments	1,000	1,000	1,000	1,000	1,000
Advances for vessels under construction	16,161	1,650	216,531	371,238	