

Seaspan CORP
Form 6-K
November 05, 2015

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

Form 6-K

REPORT OF FOREIGN PRIVATE ISSUER

PURSUANT TO RULE 13a-16 OR 15d-16

OF THE SECURITIES EXCHANGE ACT OF 1934

For the three and nine months ended September 30, 2015

Commission File Number 1-32591

SEASPAN CORPORATION

(Exact name of Registrant as specified in its Charter)

Unit 2, 2nd Floor

Bupa Centre

141 Connaught Road West

Hong Kong

China

(Address of principal executive office)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.
Form 20-F Form 40-F

Edgar Filing: Seaspan CORP - Form 6-K

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101 (b)(1). Yes No

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101 (b)(7). Yes No

Edgar Filing: Seaspan CORP - Form 6-K

Item 1 — Information Contained in this Form 6-K Report

Attached as Exhibit I is Seaspan Corporation's report on Form 6-K, or this Report, for the three and nine months ended September 30, 2015. This Report is hereby incorporated by reference into the Registration Statement of Seaspan Corporation filed with the Securities and Exchange Commission, or the SEC, on May 30, 2008 on Form F-3D (Registration No. 333-151329), the Registration Statement of Seaspan Corporation filed with the SEC on March 31, 2011 on Form S-8 (Registration No. 333-173207), the Registration Statement of Seaspan Corporation filed with the SEC on June 20, 2013 on Form S-8 (Registration No. 333-189493), the Registration Statement of Seaspan Corporation filed with the SEC on August 19, 2013 on Form F-3ASR (Registration No. 333-190718), as amended on October 7, 2013, the Registration Statement of Seaspan Corporation filed with the SEC on April 29, 2014 on Form F-3ASR (Registration No. 333-195571), the Registration Statement of Seaspan Corporation filed with the SEC on November 28, 2014 on Form F-3ASR (Registration No. 333-200639), the Registration Statement of Seaspan Corporation filed with the SEC on November 28, 2014 on Form S-8 (Registration No. 333-200640) and the Registration Statement of Seaspan Corporation filed with the SEC on March 12, 2015 on Form F-3D (Registration No. 333-202698).

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

SEASPAN CORPORATION

Date: November 5, 2015 By: /s/ Sai W. Chu
Sai W. Chu
Chief Financial Officer
(Principal Financial and Accounting Officer)

EXHIBIT I

SEASPAN CORPORATION

REPORT ON FORM 6-K FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2015

INDEX

<u>PART I — FINANCIAL INFORMATION</u>	1
<u>Item 1 — Interim Consolidated Financial Statements (Unaudited)</u>	1
<u>Item 2 — Management’s Discussion and Analysis of Financial Condition and Results of Operations</u>	20
<u>Item 3 — Quantitative and Qualitative Disclosures About Market Risk</u>	42
<u>PART II — OTHER INFORMATION</u>	44
<u>Item 1 — Legal Proceedings</u>	44
<u>Item 1A — Risk Factors</u>	44
<u>Item 2 — Unregistered Sales of Equity Securities and Use of Proceeds</u>	44
<u>Item 3 — Defaults Upon Senior Securities</u>	44
<u>Item 4 — Mine Safety Disclosures</u>	44
<u>Item 5 — Other Information</u>	45
<u>Item 6 — Exhibits</u>	45

Unless we otherwise specify, when used in this report on Form 6-K, or this Report, the terms “Seaspan”, the “Company”, “we”, “our” and “us” refer to Seaspan Corporation and its subsidiaries. References to our “Manager” are to Seaspan Management Services Limited and its wholly-owned subsidiaries (including Seaspan Ship Management Ltd.), which we acquired in January 2012.

References to shipbuilders are as follows:

Shipbuilder	Reference
CSBC Corporation, Taiwan	CSBC
Hyundai Heavy Industries Co., Ltd.	HHI
Jiangsu New Yangzi Shipbuilding Co., Ltd.	New Jiangsu
Jiangsu Yangzi Xinfu Shipbuilding Co., Ltd.	Jiangsu Xinfu
HHIC-PHIL INC.	HHIC

References to customers are as follows:

Customer	Reference
China Shipping Container Lines (Asia) Co., Ltd. ⁽¹⁾	CSCL Asia
COSCO Container Lines Co., Ltd. ⁽²⁾	COSCON
Hanjin Shipping Co., Ltd.	Hanjin
Hapag-Lloyd AG	Hapag-Lloyd
Hapag-Lloyd USA, LLC ⁽³⁾	HL USA
Kawasaki Kisen Kaisha Ltd.	K-Line
Maersk Line A/S ⁽⁴⁾	Maersk
MSC Mediterranean Shipping Company S.A.	MSC
Mitsui O.S.K. Lines, Ltd.	MOL
Orient Overseas Container Line Ltd.	OOCL
Pacific International Lines (Pte) Ltd.	PIL
Yang Ming Marine Transport Corp.	Yang Ming Marine
ZIM Integrated Shipping Services Ltd.	ZIM

⁽¹⁾ A subsidiary of China Shipping Container Lines Co., Ltd., or CSCL.

⁽²⁾ A subsidiary of China COSCO Holdings Company Limited.

⁽³⁾ A subsidiary of Hapag-Lloyd.

⁽⁴⁾ A subsidiary of A.P. Moeller Maersk A/S.

We use the term “twenty foot equivalent unit”, or TEU, the international standard measure of containers, in describing the capacity of our containerships, which are also referred to as “our vessels”. We identify the classes of our vessels by the approximate average TEU capacity of the vessels in each class. However, the actual TEU capacity of a vessel may differ from the approximate average TEU capacity of the vessels in such vessel’s class.

The information and the unaudited consolidated financial statements in this Report should be read in conjunction with the consolidated financial statements and related notes and the Management’s Discussion and Analysis of Financial Condition and Results of Operations included in our Annual Report on Form 20-F for the year ended December 31, 2014, filed with the Securities and Exchange Commission, or the SEC, on March 10, 2015, or our 2014 Annual Report. Unless otherwise indicated, all amounts in this Report are presented in U.S. dollars, or USD. We prepare our consolidated financial statements in accordance with United States generally accepted accounting principles, or U.S. GAAP.

SEASPAN CORPORATION

PART I — FINANCIAL INFORMATION

ITEM 1 — INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

SEASPAN CORPORATION

Interim Consolidated Balance Sheets

(Unaudited)

(Expressed in thousands of United States dollars, except number of shares and par value amounts)

	September 30, 2015	December 31, 2014
Assets		
Current assets:		
Cash and cash equivalents	\$ 249,660	\$ 201,755
Short-term investments	3,486	1,212
Accounts receivable (note 2)	34,562	23,742
Loans to affiliate (note 2)	160,122	237,908
Prepaid expenses	41,007	31,139
Gross investment in lease	21,228	21,170
	510,065	516,926
Vessels (note 3)	5,266,590	5,095,723
Deferred charges (note 4)	79,393	64,655
Gross investment in lease	21,891	37,783
Goodwill	75,321	75,321
Other assets	87,548	67,308
Fair value of financial instruments (note 14)	32,419	37,677
	\$ 6,073,227	\$ 5,895,393
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 75,571	\$ 65,208
Current portion of deferred revenue (note 5)	22,339	27,671
Current portion of long-term debt (note 6)	264,766	298,010
Current portion of other long-term liabilities (note 7)	35,175	18,543
Fair value of financial instruments (note 14)	1,284	7,505
	399,135	416,937
Deferred revenue (note 5)	2,508	7,343
Long-term debt (note 6)	3,082,528	3,084,409
Other long-term liabilities (note 7)	447,177	253,542
Fair value of financial instruments (note 14)	370,512	387,938
Shareholders' equity:		
Share capital (note 8):		
Preferred shares; \$0.01 par value; 150,000,000 shares authorized; 24,130,531 shares		

Edgar Filing: Seaspan CORP - Form 6-K

issued and outstanding (2014 – 24,170,531)

Class A common shares; \$0.01 par value; 200,000,000 shares authorized; 99,301,761

shares issued and outstanding (2014 – 96,662,928)	1,235	1,209
Treasury shares	(356)	(379)
Additional paid in capital	2,287,046	2,238,872
Deficit	(484,561)	(459,161)
Accumulated other comprehensive loss	(31,997)	(35,317)
	1,771,367	1,745,224
	\$ 6,073,227	\$ 5,895,393

Commitments and contingencies (note 12)

Subsequent events (note 15)

See accompanying notes to interim consolidated financial statements.

SEASPAN CORPORATION

Interim Consolidated Statements of Operations

(Unaudited)

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

	Three months ended		Nine Months Ended	
	September 30,		September 30,	
	2015	2014	2015	2014
Revenue	\$212,861	\$185,870	\$600,560	\$527,726
Operating expenses:				
Ship operating	49,429	41,514	143,295	123,853
Cost of services, supervision fees	—	—	1,300	—
Depreciation and amortization	51,528	46,612	150,478	134,947
General and administrative	6,959	8,146	20,141	23,670
Operating leases (note 7)	11,155	2,375	25,889	4,587
	119,071	98,647	341,103	287,057
Operating earnings	93,790	87,223	259,457	240,669
Other expenses (income):				
Interest expense	25,151	24,246	71,817	64,814
Interest income	(1,611)	(3,472)	(8,270)	(7,261)
Undrawn credit facility fees	758	846	2,465	2,084
Amortization of deferred charges (note 4)	3,799	2,963	10,390	7,428
Refinancing expenses and costs (note 4)	1,616	—	3,920	2,824
Change in fair value of financial instruments (note 14)	44,774	(2,969)	64,629	66,334
Equity income on investment	(1,683)	(320)	(3,017)	(45)
Other (income) expenses	496	488	(5,656)	1,018
	73,300	21,782	136,278	137,196
Net earnings	\$20,490	\$65,441	\$123,179	\$103,473
Earnings per share (note 9):				
Class A common share, basic	\$0.07	\$0.54	\$0.83	\$0.66
Class A common share, diluted	\$0.07	\$0.54	\$0.83	\$0.65

See accompanying notes to interim consolidated financial statements.

SEASPAN CORPORATION

Interim Consolidated Statements of Comprehensive Income

(Unaudited)

(Expressed in thousands of United States dollars)

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2015	2014	2015	2014
Net earnings	\$ 20,490	\$ 65,441	\$ 123,179	\$ 103,473
Other comprehensive income:				
Amounts reclassified to net earnings during the period				
relating to cash flow hedging instruments	1,045	1,273	3,320	4,016
Comprehensive income	\$ 21,535	\$ 66,714	\$ 126,499	\$ 107,489

See accompanying notes to interim consolidated financial statements.

SEASPAN CORPORATION

Interim Consolidated Statements of Shareholders' Equity

(Unaudited)

(Expressed in thousands of United States dollars, except number of shares)

Nine months ended September 30, 2015 and year ended December 31, 2014

	Number of common shares Class A	Number of preferred shares Series A	Series C	Series D	Series E	Common shares	Preferred shares	Treasury shares	Additional paid-in capital	Deficit	Accumulated other comprehens loss	Total equity
31,	69,208,888	200,000	13,665,531	5,105,000	—	\$692	\$190	\$(379)	\$2,023,622	\$(411,792)	\$(40,628)	\$1,661,123
gs	—	—	—	—	—	—	—	—	—	131,247	—	131,247
usive	—	—	—	—	—	—	—	—	—	—	5,311	5,311
n of	23,177,175	(200,000)	—	—	—	232	(2)	—	(230)	—	—	—
ed	—	—	—	—	5,400,000	—	54	—	134,946	—	—	135,000
shares	206,600	—	—	—	—	2	—	—	4,731	—	—	4,733
n t nce	—	—	—	—	—	—	—	—	(5,073)	—	—	(5,073)
and	—	—	—	—	—	—	—	—	—	(127,007)	—	(127,007)
on	—	—	—	—	—	—	—	—	—	(50,443)	—	(50,443)
shares on	—	—	—	—	—	—	—	—	1,166	(1,166)	—	—

on
C
share

ned

ent

3,043,731	—	—	—	—	31	—	—	64,666	—	—	6
-----------	---	---	---	---	----	---	---	--------	---	---	---

d
ion
ote

ected

ntom

on

ts

stock

214,464	—	—	—	—	2	—	—	7,699	—	—	7
---------	---	---	---	---	---	---	---	-------	---	---	---

d

ion

th

344,438	—	—	—	—	3	—	—	7,350	—	—	7
---------	---	---	---	---	---	---	---	-------	---	---	---

shares

468,968	—	—	—	—	5	—	—	(5)	—	—	—
(1,336)	—	—	—	—	—	—	—	—	—	—	—

31,

96,662,928	—	13,665,531	5,105,000	5,400,000	\$967	\$242	\$(379)	\$2,238,872	\$(459,161)	\$(35,317)	\$1
------------	---	------------	-----------	-----------	-------	-------	---------	-------------	-------------	------------	-----

See accompanying notes to consolidated financial statements.

SEASPAN CORPORATION

Interim Consolidated Statements of Shareholders' Equity (Continued)

(Unaudited)

(Expressed in thousands of United States dollars, except number of shares)

Nine months ended September 30, 2015 and year ended December 31, 2014

	Number of common shares Class A	Number of preferred shares Series A Series C	Series D	Series E	Common shares	Preferred shares	Treasury shares	Additional paid-in capital	Deficit	Accumulated other comprehensive loss	Total share equity
Balance, December 31, 2014 carried forward	96,662,928	— 13,665,531	5,105,000	5,400,000	\$967	\$242	\$(379)	\$2,238,872	\$(459,161)	\$(35,317)	\$1,745,000
Net earnings	—	—	—	—	—	—	—	—	123,179	—	123,179
Comprehensive income	—	—	—	—	—	—	—	—	—	3,320	3,320
Dividends on Class A common shares	—	—	—	—	—	—	—	—	—	—	—