

Seaspan CORP  
Form 20-F  
March 26, 2019  
UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 20-F

(Mark One)

REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) or (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 1-32591

SEASPAN CORPORATION

(Exact Name of Registrant as Specified in Its Charter)

Republic of the Marshall Islands

(Jurisdiction of Incorporation or Organization)

Unit 2, 2nd Floor, Bupa Centre

141 Connaught Road West

Hong Kong, China

(Address of Principal Executive Offices)

Ryan Courson

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(Name, Telephone, E-mail and/or Facsimile Number and Address 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
Class A Common Shares, par value of \$0.01 per share	New York Stock Exchange
Series D Preferred Shares, par value of \$0.01 per share	New York Stock Exchange
Series E Preferred Shares, par value of \$0.01 per share	New York Stock Exchange
Series G Preferred Shares, par value of \$0.01 per share	New York Stock Exchange
Series H Preferred Shares, par value of \$0.01 per share	New York Stock Exchange
Series I Preferred Shares, par value of \$0.01 per share	New York Stock Exchange
6.375% Senior Unsecured Notes due 2019	New York Stock Exchange
7.125% Senior Unsecured Notes due 2027	New York Stock Exchange
5.500% Senior Notes due 2025	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

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

176,871,891 Class A Common Shares, par value of \$0.01 per share

7,017,313 Series D Preferred Shares, par value of \$0.01 per share

5,415,937 Series E Preferred Shares, par value of \$0.01 per share

7,800,800 Series G Preferred Shares, par value of \$0.01 per share

9,025,105 Series H Preferred Shares, par value of \$0.01 per share

6,000,000 Series I Preferred Shares, par value of \$0.01 per share

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

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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

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 on its corporate Web site, if any, 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 definition of "large accelerated filer" "accelerated filer" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

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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## SEASPAN CORPORATION

## INDEX TO REPORT ON FORM 20-F

PART I		
Item 1.	<u>Identity of Directors, Senior Management and Advisors</u>	4
Item 2.	<u>Offer Statistics and Expected Timetable</u>	5
Item 3.	<u>Key Information</u>	5
Item 4.	<u>Information on the Company</u>	30
Item 4A.	<u>Unresolved Staff Comments</u>	51
Item 5.	<u>Operating and Financial Review and Prospects</u>	52
Item 6.	<u>Directors, Senior Management and Employees</u>	82
Item 7.	<u>Major Shareholders and Related Party Transactions</u>	88
Item 8.	<u>Financial Information</u>	91
Item 9.	<u>The Offer and Listing</u>	92
Item 10.	<u>Additional Information</u>	92
Item 11.	<u>Quantitative and Qualitative Disclosures About Market Risk</u>	102
Item 12.	<u>Description of Securities Other than Equity Securities</u>	103
PART II		
Item 13.	<u>Defaults, Dividend Arrearages and Delinquencies</u>	104
Item 14.	<u>Material Modifications to the Rights of Security Holders and Use of Proceeds</u>	104
Item 15.	<u>Controls and Procedures</u>	104
Item 16A.	<u>Audit Committee Financial Expert</u>	105
Item 16B.	<u>Code of Ethics</u>	105
Item 16C.	<u>Principal Accountant Fees and Services</u>	105
Item 16D.	<u>Exemptions from the Listing Standards for Audit Committees</u>	106
Item 16E.	<u>Purchases of Equity Securities by the Issuer and Affiliated Purchasers</u>	106
Item 16F.	<u>Change in Registrants' Certifying Accountant</u>	106
Item 16G.	<u>Corporate Governance</u>	106
Item 16H.	<u>Mine Safety Disclosure</u>	106
PART III		
Item 17.	<u>Financial Statements</u>	107
Item 18.	<u>Financial Statements</u>	107
Item 19.	<u>Exhibits</u>	108

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PART I

Our disclosure and analysis in this Annual Report concerning our operations, cash flows, and financial position, including, in particular, the likelihood of our success in developing and expanding our business, include forward-looking statements (as such term is defined in Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act). Statements that are predictive in nature, that depend upon or refer to future events or conditions, or that include words such as “continue,” “expects,” “anticipates,” “intends,” “plans,” “believes,” “estimates,” “projections,” “forecasts,” “will,” “may,” “potential,” “should” and similar expressions are forward-looking statements. Although these statements are based upon assumptions we believe to be reasonable based upon available information, including projections of revenues, operating margins, earnings, cash flow, working capital and capital expenditures, they are subject to risks and uncertainties that are described more fully in this Annual Report in the section titled “Risk Factors.”

These forward-looking statements represent our estimates and assumptions only as of the date of this Annual Report and are not intended to give any assurance as to future results. As a result, you are cautioned not to rely on any forward-looking statements. Forward-looking statements appear in a number of places in this Annual Report. These statements include, among others:

- future operating or financial results;
- future growth prospects;
- our business strategy and capital allocation plans, and other plans and objectives for future operations;
- our primary sources of funds for our short, medium and long-term liquidity needs;
- our expectations as to impairments of our vessels, including the timing and amount of potential impairments;
- the future valuation of our vessels and goodwill;
- potential acquisitions, vessel financing arrangements and other investments, and our expected benefits from such transactions;
- future time charters and vessel deliveries, including replacement charters and future long-term charters for certain existing vessels;
- estimated future capital expenditures needed to preserve our capital base, and comply with regulatory standards, our expectations regarding future dry-docking and operating expenses, including ship operating expense and general and administrative expenses;
- our expectations about the availability of vessels to purchase and the useful lives of our vessels;
- availability of crew, number of off-hire days and dry-docking requirements;
- general market conditions and shipping market trends, including charter rates and factors affecting supply and demand;
- our financial condition and liquidity, including our ability to borrow funds under our credit facilities, our ability to obtain waivers or secure acceptable replacement charters under certain of our credit facilities, our ability to refinance our existing facilities and notes and to obtain additional financing in the future to fund capital expenditures, acquisitions and other general corporate activities;
- our continued ability to maintain, enter into or renew primarily long-term, fixed-rate time charters with our existing customers or new customers;
- the potential for early termination of long-term contracts and our potential inability to enter into, renew or replace long-term contracts;

conditions in the public equity market and the price of our shares;  
our ability to leverage to our advantage our relationships and reputation in the containership industry;  
changes in governmental rules and regulations or actions taken by regulatory authorities, and the effect of governmental regulations on our business;  
the financial condition of our customers, lenders and other counterparties and their ability to perform their obligations under their agreements with us;  
our continued ability to meet specified restrictive covenants in our financing and lease arrangements, our notes and our preferred shares;  
any economic downturn in the global financial markets and potential negative effects of any recurrence of such disruptions on our customers' ability to charter our vessels and pay for our services;  
the values of our vessels and other factors or events that trigger impairment assessments or results;  
taxation of our company and of distributions to our shareholders;  
our exemption from tax on our U.S. source international transportation income;  
potential liability from future litigation; and  
other factors detailed in this Annual Report and from time to time in our periodic reports.

Forward-looking statements in this Annual Report are estimates and assumptions reflecting the judgment of senior management and involve known and unknown risks and uncertainties. These forward-looking statements are based upon a number of assumptions and estimates that are inherently subject to significant uncertainties and contingencies, many of which are beyond our control. Actual results may differ materially from those expressed or implied by such forward-looking statements. Accordingly, these forward-looking statements should be considered in light of various important factors, including, but not limited to, those set forth in "Item 3. Key Information—D. Risk Factors."

We do not intend to revise any forward-looking statements in order to reflect any change in our expectations or events or circumstances that may subsequently arise. We expressly disclaim any obligation to update or revise any of these forward-looking statements, whether because of future events, new information, a change in our views or expectations, or otherwise. You should carefully review and consider the various disclosures included in this Annual Report and in our other filings made with the Securities and Exchange Commission, or the SEC, that attempt to advise interested parties of the risks and factors that may affect our business, prospects and results of operations.

Unless we otherwise specify, when used in this Annual Report, the terms "Seaspan," the "Company," "we," "our" and "us" refer to Seaspan Corporation and its subsidiaries.

References to shipbuilders are as follows:

Shipbuilder	Reference
Jiangsu New Yangzi Shipbuilding Co., Ltd.	New Jiangsu
Jiangsu Yangzi Xinfu Shipbuilding Co., Ltd.	Jiangsu Xinfu

References to customers are as follows:

Customer	Reference
Arkas Line	Arkas
CMA CGM S.A.	CMA CGM
China COSCO Holdings Company Limited	COSCO
Hapag-Lloyd AG	Hapag-Lloyd
Hyundai Merchant Marine Co., Ltd., Seoul	HMM
Kawasaki Kisen Kaisha Ltd. <sup>(1)</sup>	K-Line
Korea Marine Transport Co., Ltd.	KMTC
Maersk Line A/S <sup>(2)</sup>	Maersk
MSC Mediterranean Shipping Company S.A.	MSC
Mitsui O.S.K. Lines, Ltd. <sup>(1)</sup>	MOL
Ocean Network Express Pte. Ltd. <sup>(1)</sup>	ONE
Yang Ming Marine Transport Corp.	Yang Ming Marine

<sup>(1)</sup> On April 1, 2018, MOL, K-Line and Nippon Yusen Kabushiki Kaisha integrated their container shipping businesses under a new joint venture company, ONE.

<sup>(2)</sup> 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.

## Glossary

We use a variety of operational terms and concepts in this Annual Report. These include the following:

**Annual Survey.** The inspection of a vessel pursuant to international conventions, by a classification society surveyor, on behalf of the flag state, that takes place every year.

**Ballast.** A voyage during which the ship is not laden with cargo.

**Bareboat Charter.** A charter of a vessel under which the shipowner is usually paid a fixed amount for a certain period of time during which the charterer is responsible for the vessel operating expenses, including crewing, and voyage expenses of the vessel and for the management of the vessel. A bareboat charter is also known as a “demise charter” or a “time charter by demise.”

**Bunkers.** Heavy fuel and diesel oil used to power a vessel’s engines.

**Charter.** The hire of a vessel for a specified period of time or a particular voyage to carry a cargo from a loading port to a discharging port. The contract for a charter is commonly called a charterparty.

**Charterer.** The party that charters a vessel.

**Charter hire.** A sum of money paid to the shipowner by a charterer for the use of a ship.

Classification society. An independent organization that certifies that a vessel has been built and maintained according to the organization's rules for that type of vessel and complies with the applicable rules and regulations of the flag state and the international conventions of which that country is a member. A vessel that receives its certification is referred to as being "in-class."

Dry-docking. The removal of a vessel from the water for inspection and, if needed, repair of those parts of a vessel that are below the water line. During dry-dockings, which are required to be carried out periodically, certain mandatory classification society inspections are carried out and relevant certifications are issued. Dry-dockings for containerships are generally required once every five years, which must be a "special survey."



Flag State. The country of a vessel's registry.

Hire rate. The payment to the shipowner from the charterer for the use of the vessel.

Hull. Shell or body of a vessel.

IMO. International Maritime Organization, a United Nations agency that issues international standards for shipping.

Intermediate survey. The inspection of a vessel by a classification society surveyor that takes place 24 to 36 months after each "special survey."

Newbuilding. A new ship under construction or just completed.

Off-charter. The period in which a vessel is not in service under a time charter and, accordingly, we do not receive hire.

Off-hire. The period in which a vessel is not available for service under a time charter and, accordingly, the charterer generally is not required to pay the hire rate. Off-hire periods can include days spent on repairs, dry-docking and surveys, whether or not scheduled.

Protection and indemnity insurance. Insurance obtained through a mutual association formed by shipowners to provide liability indemnification protection from various liabilities to which they are exposed in the course of their business, and which spreads the liability costs of each member by requiring contribution by all members in the event of a loss.

Scrapping. The sale of a ship as scrap metal.

Ship operating expense. The costs of operating a vessel, primarily consisting of crew wages and associated costs, insurance premiums, management fee, lubricants and spare parts, and repair and maintenance costs. Ship operating expenses exclude fuel cost, port expenses, agents' fees, canal dues and extra war risk insurance, as well as commissions, which are included in "voyage expenses."

Special survey. The inspection of a vessel by a classification society surveyor that takes place every five years, as part of the recertification of the vessel by a classification society.

Spot market. The market for immediate chartering of a vessel, usually for single voyages.

TEU. Twenty-foot equivalent unit, the international standard measure for containers and containership capacity.

Time charter. A charter under which the shipowner hires out a vessel for a specified period of time. The shipowner is responsible for providing the crew and paying vessel operating expenses, while the charterer is responsible for paying the voyage expenses and additional voyage insurance. The shipowner is paid the hire rate, which accrues on a daily basis.

Voyage expenses. Expenses incurred due to a ship's traveling from a loading port to a discharging port, such as fuel (bunkers) cost, port expenses, agents' fees, canal dues, extra war risk insurance and commissions.

Vessel operating expenses. The costs of operating a vessel, primarily consisting of crew wages and associated costs, insurance premiums, management fees, lubricants and spare parts, and repair and maintenance costs.

Item 1. Identity of Directors, Senior Management and Advisors  
Not applicable.

4

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## Item 2. Offer Statistics and Expected Timetable

Not applicable.

## Item 3. Key Information

## A. Selected Financial Data

Our consolidated financial statements are prepared in accordance with generally accepted accounting principles in the United States of America (“U.S. GAAP”).

	Year Ended December 31,				
	2018	2017	2016	2015	2014
Statements of operations data					
(in thousands of USD):					
Revenue	\$1,096,331	\$831,324	\$877,905	\$819,024	\$717,170
Operating expenses:					
Ship operating	219,270	183,916	192,327	193,836	166,097
Cost of services, supervision fees	—	1,300	7,390	1,950	—
Depreciation and amortization	245,801	199,938	216,098	204,862	181,527
General and administrative	31,565	40,091	32,118	27,338	30,462
Operating leases	129,747	115,544	85,910	40,270	9,544
Loss (gain) on disposals	—	(13,604)	31,876	—	—
Expenses related to customer					
bankruptcy	—	1,013	19,732	—	—
Vessel impairments	—	—	285,195	—	—
Operating earnings	469,948	303,126	7,259	350,768	329,540
Other expenses (income):					
Interest expense and amortization					
of deferred financing fees	212,065	116,389	119,882	108,693	98,501
Interest income	(4,197)	(4,558)	(8,455)	(11,026)	(10,653)
Refinancing expenses	—	—	1,962	5,770	70
Acquisition related gain on contract settlement	(2,430)	—	—	—	—
Change in fair value of financial					
instruments <sup>(1)</sup>	(15,490)	12,631	29,118	54,576	105,694
Equity income on investment	(1,216)	(5,835)	(188)	(5,107)	(256)
Other expense (income) <sup>(2)</sup>	2,418	9,262	3,979	(1,529)	4,937
Net earnings (loss)	\$278,798	\$175,237	\$(139,039)	\$199,391	\$131,247
Common shares outstanding:	176,835,837	131,664,101	105,722,646	98,622,160	96,662,928
Per share data (in USD):					
Basic earnings (loss) per Class A	\$1.34	\$0.94	\$(1.89)	\$1.46	\$0.80

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common share					
Diluted earnings (loss) per Class A					
common share	1.31	0.94	(1.89 )	1.46	0.79
Dividends paid per Class A common					
share	0.50	0.75	1.50	1.47	1.35
Statement of cash flows data					
(in thousands of USD):					
Cash flows provided by (used in):					
Operating activities	\$483,851	\$323,219	\$311,087	\$335,872	\$342,959
Financing activities	206,354	(154,087 )	106,907		