

Seaspan CORP
Form 6-K
November 02, 2018

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 quarterly period ended September 30, 2018

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

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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

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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 quarter ended September 30, 2018. 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 April 24, 2012 on Form F-3 (Registration No. 333-180895), as amended on March 22, 2013, the Registration Statement of Seaspan Corporation filed with the SEC on April 29, 2014 on Form F-3 (Registration No. 333-195571), as amended on March 3, 2017 and April 19, 2017, the Registration Statement of Seaspan Corporation filed with the SEC on November 28, 2014 on Form F-3 (Registration No. 333-200639), as amended on March 3, 2017 and April 19, 2017, the Registration Statement of Seaspan Corporation filed with the SEC on November 28, 2014 on Form S-8 (Registration No. 333-200640), the Registration Statement of Seaspan Corporation filed with the SEC on March 12, 2015 on Form F-3D (Registration No. 333-202698), the Registration Statement of Seaspan Corporation filed with the SEC on May 23, 2016 on Form F-3 (Registration No. 333-211545), as amended on March 3, 2017, March 7, 2017 and April 19, 2017, the Registration Statement of Seaspan Corporation filed with the SEC on June 24, 2016 on Form S-8 (Registration No. 333-212230) and the Registration Statement of Seaspan Corporation filed with the SEC on April 13, 2018 on Form F-3D (Registration No. 333-224291), the Registration Statement of Seaspan Corporation filed with the SEC on May 3, 2018 on Form F-3/A (Registration No. 333-224288), as amended on May 7, 2018, the Registration Statement of Seaspan Corporation filed with the SEC on June 15, 2018 on Form F-4 (Registration No. 333-225681), the Registration Statement of Seaspan Corporation filed with the SEC on September 28, 2018 on Form F-3 (Registration No. 333-227597).

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 2, 2018 By: /s/ Ryan Courson
Ryan Courson
Chief Financial Officer
(Principal Financial and Accounting Officer)

EXHIBIT I

SEASPAN CORPORATION
REPORT ON FORM 6-K FOR THE QUARTER ENDED SEPTEMBER 30, 2018

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Unless we otherwise specify, when used in 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 which provide us with all of our technical, administrative and strategic services.

References to customers are as follows:

Customer	Reference
ANL Singapore Pte. Ltd. ⁽¹⁾	ANL
APL Co. Pte. Ltd. ⁽¹⁾	APL
CMA CGM S.A.	CMA CGM
Cheng Lie Navigation Co., Ltd. ⁽¹⁾	CNC
China Shipping Container Lines (Asia) Co., Ltd. ⁽²⁾⁽³⁾	CSCL Asia
Coheung Marine Shipping Co., Ltd.	Coheung
COSCO Shipping Lines Co., Ltd. ⁽³⁾⁽⁴⁾	COSCON
COSCO (Cayman) Mercury Co., Ltd. ⁽⁵⁾	COSCO Mercury
New Golden Sea Shipping Pte. Ltd. ⁽⁵⁾	COSCO New Golden Sea
Hapag-Lloyd AG	Hapag-Lloyd
Kawasaki Kisen Kaisha Ltd. ⁽⁶⁾	K-Line
Maersk Line A/S ⁽⁷⁾	Maersk
MSC Mediterranean Shipping Company S.A.	MSC
Mitsui O.S.K. Lines, Ltd. ⁽⁶⁾	MOL
Yang Ming Marine Transport Corp.	Yang Ming Marine

⁽¹⁾A subsidiary of CMA CGM.

⁽²⁾A subsidiary of China Shipping Container Lines Co., Ltd., or CSCL.

⁽³⁾While we continue to charter our vessels to CSCL Asia and COSCON, CSCL Asia and COSCON merged their container shipping businesses in March 2016.

⁽⁴⁾A subsidiary of China COSCO Holdings Company Limited.

⁽⁵⁾A subsidiary of COSCON.

⁽⁶⁾On April 1, 2018, MOL, K-Line and Nippon Yusen Kabushiki Kaisha integrated their container shipping businesses under a new joint venture company, Ocean Network Express Pte. Ltd.

⁽⁷⁾A subsidiary of A.P. Moller-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, 2017, filed with the U.S. Securities and Exchange Commission, or the SEC, on March 6, 2018, or our 2017 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, 2018	December 31, 2017
Assets		
Current assets:		
Cash and cash equivalents	\$ 391,030	\$ 253,176
Short-term investments	2,505	104
Accounts receivable (note 3)	7,714	11,678
Loans to affiliate (note 3)	—	36,100
Prepaid expenses and other	42,208	44,869
Fair value of financial instruments (note 17)	187	—
Gross investment in lease (note 4)	44,348	35,478
	487,992	381,405
Vessels (note 5)	5,982,857	4,537,216
Deferred charges (note 6)	56,120	62,020
Gross investment in lease (note 4)	828,809	687,896
Goodwill	75,321	75,321
Other assets	161,155	134,284
	\$ 7,592,254	\$ 5,878,142
Liabilities, puttable preferred shares and shareholders' equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 70,568	\$ 63,220
Current portion of deferred revenue (note 7)	52,094	55,367
Current portion of long-term debt (note 8)	745,540	257,800
Current portion of long-term obligations under capital lease (note 9)	47,996	43,912
Current portion of other long-term liabilities (note 10)	37,292	23,635
	953,490	443,934
Deferred revenue (note 7)	385,315	328,681
Long-term debt (note 8)	2,864,158	2,192,833
Long-term obligations under capital lease (note 9)	603,734	595,016
Other long-term liabilities (note 10)	182,391	199,386
Fair value of financial instruments (note 17)	121,858	168,860
Total liabilities	5,110,946	3,928,710
Puttable preferred shares; \$0.01 par value; 1,986,449 issued and outstanding	47,695	—

(2017 - nil) (notes 2 and 11)

Shareholders' equity:

Share capital (note 11):

Preferred shares; \$0.01 par value; 150,000,000 shares authorized

(2017 - 150,000,000); 33,272,706 shares issued and outstanding (2017 – 32,872,706)

Class A common shares; \$0.01 par value; 400,000,000 shares authorized

(2017 - 200,000,000); 176,652,789 shares issued and outstanding (2017 – 131,664,101)

	2,100	1,646
Treasury shares	(371)	(377)
Additional paid in capital	3,124,759	2,752,988
Deficit	(670,034)	(781,137)
Accumulated other comprehensive loss	(22,841)	(23,688)
	2,433,613	1,949,432
	\$ 7,592,254	\$ 5,878,142

Basis of presentation and going concern (note 1(a))

Commitments and contingencies (note 15)

Subsequent events (note 19)

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,	
	2018	2017	2018	2017
Revenue	\$294,981	\$211,013	\$801,419	\$616,943
Operating expenses:				
Ship operating	55,360	45,378	163,676	135,808
Cost of services, supervision fees	—	650	—	650
Depreciation and amortization	65,053	49,835	181,085	149,579
General and administrative	8,148	14,034	24,494	29,009
Operating leases (note 10)	33,048	30,332	96,571	84,990
Expenses related to customer bankruptcy	—	—	—	1,013
Gain on disposals	—	(6,606)	—	(6,606)
	161,609	133,623	465,826	394,443
Operating earnings	133,372	77,390	335,593	222,500
Other expenses (income):				
Interest expense and amortization of deferred financing fees	58,231	28,332	154,478	85,061
Interest income	(1,128)	(1,080)	(2,893)	(3,445)
Undrawn credit facility fees	64	584	359	1,849
Acquisition related gain on contract settlement	—	—	(2,430)	—
Change in fair value of financial instruments (note 17)	(4,526)	2,444	(29,775)	19,471
Equity income on investment	—	(1,510)	(1,216)	(4,039)
Other expenses	758	243	1,369	6,919
	53,399	29,013	119,892	105,816
Net earnings	\$79,973	\$48,377	\$215,701	\$116,684
Earnings per share (note 12):				
Class A common share, basic	\$0.37	\$0.27	\$1.10	\$0.60
Class A common share, diluted	\$0.36	\$0.26	\$1.07	\$0.60

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,	
	2018	2017	2018	2017
Net earnings	\$79,973	\$48,377	\$215,701	\$116,684
Other comprehensive income:				
Amounts reclassified to net earnings during the period				
relating to cash flow hedging instruments (note 17 (c))	271	342	847	2,479
Comprehensive income	\$80,244	\$48,719	\$216,548	\$119,163

See accompanying notes to interim consolidated financial statements.

SEASPAN CORPORATION

Interim Consolidated Statements of Puttable Preferred Shares and Shareholders' Equity

(Unaudited)

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

Nine months ended September 30, 2018 and year ended December 31, 2017

	Series D puttable preferred shares Amount	Number of common shares	Number of non- puttable preferred shares	Common shares	Preferred shares	Treasury shares	Additional paid-in capital	Deficit	Accumulated	
									other comprehensive loss	Total shareholders' equity
Balance, December 31, 2016	—	105,722,646	32,751,629	\$1,057	\$328	\$(367)	\$2,580,274	\$(807,496)	\$(26,547)	\$1,747,249
Net earnings										