

GENCO SHIPPING & TRADING LTD

Form 10-Q

August 10, 2015

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended June 30, 2015

OR

**o 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

(State or other jurisdiction of
incorporation or organization)

98-043-9758

(I.R.S. Employer
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, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐

Accelerated filer ☐

Non-accelerated filer ☒

Smaller reporting company ☐

(Do not check if a smaller reporting company)

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

The number of shares outstanding of each of the issuer's classes of common stock, as of August 10, 2015: Common stock, \$0.01 per share 72,897,616 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.

Table of Contents**PART I. FINANCIAL INFORMATION****ITEM 1. FINANCIAL STATEMENTS****Genco Shipping & Trading Limited**

Condensed Consolidated Balance Sheets as of June 30, 2015 and December 31, 2014

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

(Unaudited)

	Successor June 30, 2015	Successor December 31, 2014
<u>Assets</u>		
Current assets:		
Cash and cash equivalents	\$ 61,648	\$ 83,414
Restricted cash	9,750	9,750
Due from charterers, net of a reserve of \$1,292 and \$1,588, respectively	14,456	14,739
Prepaid expenses and other current assets	22,616	22,423
Total current assets	108,470	130,326
Noncurrent assets:		
Vessels, net of accumulated depreciation of \$70,977 and \$36,258, respectively	1,490,043	1,532,843
Deposits on vessels	19,926	25,593
Deferred drydock, net of accumulated amortization of \$1,325 and \$330, respectively	12,539	6,234
Deferred financing costs, net of accumulated amortization of \$1,780 and \$729, respectively	11,348	10,271
Fixed assets, net of accumulated depreciation and amortization of \$236 and \$119, respectively	1,017	701
Other noncurrent assets	514	514
Restricted cash	300	19,945
Investments	25,443	26,486
Total noncurrent assets	1,561,130	1,622,587
Total assets	\$ 1,669,600	\$ 1,752,913
<u>Liabilities and Equity</u>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 33,132	\$ 28,217
Current portion of long-term debt	44,792	34,324
Deferred revenue	1,398	1,397
Total current liabilities	79,322	63,938
Noncurrent liabilities:		
Long-term lease obligations	789	390
Long-term debt	403,825	395,811
Total noncurrent liabilities	404,614	396,201
Total liabilities	483,936	460,139

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Commitments and contingencies

Equity:

Genco Shipping & Trading Limited shareholders' equity:

Successor Company common stock, par value \$0.01; 250,000,000 shares authorized; issued and outstanding 61,610,503 and 61,541,389 shares at June 30, 2015 and December 31, 2014, respectively

	615	615
Successor Company additional paid-in capital	1,274,588	1,251,197
Accumulated other comprehensive loss	(26,360)	(25,317)
Retained deficit	(261,067)	(182,294)
Total Genco Shipping & Trading Limited shareholders' equity	987,776	1,044,201
Noncontrolling interest	197,888	248,573
Total equity	1,185,664	1,292,774
Total liabilities and equity	\$ 1,669,600	\$ 1,752,913

See accompanying notes to condensed consolidated financial statements.

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Genco Shipping & Trading Limited

Condensed Consolidated Statements of Operations for the Three and Six Months Ended June 30, 2015 and 2014

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

(Unaudited)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	Successor 2015	Predecessor 2014	Successor 2015	Predecessor 2014
Revenues:				
Voyage revenues	\$ 33,772	\$ 51,545	\$ 67,381	\$ 114,725
Service revenues	819	819	1,629	1,629
Total revenues	34,591	52,364	69,010	116,354
Operating expenses:				
Voyage expenses	3,757	1,983	8,137	3,940
Vessel operating expenses	29,928	30,545	58,599	61,768
General, administrative and management fees	26,491	9,850	46,815	25,226
Depreciation and amortization	19,399	36,538	38,809	72,739
Impairment of vessel assets			35,396	
Loss on sale of vessels	1,210		1,210	
Total operating expenses	80,785	78,916	188,966	163,673
Operating loss	(46,194)	(26,552)	(119,956)	(47,319)
Other (expense) income:				
Other expense	(65)	(50)	(54)	(107)
Interest income	25	25	49	45
Interest expense	(4,687)	(18,510)	(9,012)	(39,532)
Other expense	(4,727)	(18,535)	(9,017)	(39,594)
Loss before reorganization items, net	(50,921)	(45,087)	(128,973)	(86,913)
Reorganization items, net	(313)	(20,106)	(833)	(20,106)
Loss before income taxes	(51,234)	(65,193)	(129,806)	(107,019)
Income tax expense	(718)	(364)	(1,260)	(777)
Net loss	(51,952)	(65,557)	(131,066)	(107,796)
Less: Net loss attributable to noncontrolling interest	(11,620)	(5,033)	(52,293)	(8,166)
Net loss attributable to Genco Shipping & Trading Limited	\$ (40,332)	\$ (60,524)	\$ (78,773)	\$ (99,630)
Net loss per share-basic	\$ (0.67)	\$ (1.39)	\$ (1.30)	\$ (2.29)
Net loss per share-diluted	\$ (0.67)	\$ (1.39)	\$ (1.30)	\$ (2.29)
Weighted average common shares outstanding-basic	60,487,189	43,568,942	60,459,145	43,568,942
	60,487,189	43,568,942	60,459,145	43,568,942

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Weighted average common shares
outstanding-diluted

Dividends declared per share

\$

\$

\$

\$

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 and Six Months Ended June 30, 2015 and 2014

(U.S. Dollars in Thousands)

(Unaudited)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	Successor 2015	Predecessor 2014	Successor 2015	Predecessor 2014
Net loss	\$ (51,952)	\$ (65,557)	\$ (131,066)	\$ (107,796)
Change in unrealized gain (loss) on investments	(3,402)	(13,737)	(1,043)	(27,952)
Unrealized gain on cash flow hedges, net		1,078		2,306
Other comprehensive loss	(3,402)	(12,659)	(1,043)	(25,646)
Comprehensive loss	(55,354)	(78,216)	(132,109)	(133,442)
Less: Comprehensive loss attributable to noncontrolling interest	(11,620)	(5,033)	(52,293)	(8,166)
Comprehensive loss attributable to Genco Shipping & Trading Limited	\$ (43,734)	\$ (73,183)	\$ (79,816)	\$ (125,276)

See accompanying notes to condensed consolidated financial statements.

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Genco Shipping & Trading Limited

Condensed Consolidated Statements of Equity

For the Six Months Ended June 30, 2015 and 2014

(U.S. Dollars in Thousands)

(Unaudited)

	Common Stock	Additional Paid-in Capital	Accumulated Other Comprehensive (Loss) Income	Retained (Deficit) Earnings	Genco Shipping & Trading Limited Shareholders Equity	Noncontrolling Interest	Total Equity
Balance January 1, 2015 (Successor)	\$ 615	\$ 1,251,197	\$ (25,317)	\$ (182,294)	\$ 1,044,201	\$ 248,573	\$ 1,292,774
Net loss				(78,773)	(78,773)	(52,293)	(131,066)
Change in unrealized loss on investments			(1,043)		(1,043)		(1,043)
Settlement of non-accredited Note holders		(414)			(414)		(414)
Equity effect of purchase of entities under common control		590			590		590
Nonvested stock amortization		23,215			23,215	1,608	24,823
Balance June 30, 2015 (Successor)	\$ 615	\$ 1,274,588	\$ (26,360)	\$ (261,067)	\$ 987,776	\$ 197,888	\$ 1,185,664
	Common Stock	Additional Paid-in Capital	Accumulated Other Comprehensive (Loss) Income	Retained (Deficit) Earnings	Genco Shipping & Trading Limited Shareholders Equity	Noncontrolling Interest	Total Equity
Balance January 1, 2014 (Predecessor)	\$ 445	\$ 846,658	\$ 53,722	\$ 66,644	\$ 967,469	\$ 341,336	\$ 1,308,805
Net loss				(99,630)	(99,630)	(8,166)	(107,796)
Change in unrealized gain on investments			(27,952)		(27,952)		(27,952)

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Unrealized gain on cash flow hedges, net	2,306	2,306	2,306
Nonvested stock amortization	820	820	1,871
Cash dividends paid by Baltic Trading Limited	(5)	(5)	(2,041)
Vesting of restricted shares issued by Baltic Trading Limited	74	74	(74)