

GENCO SHIPPING & TRADING LTD

Form 10-Q

November 13, 2015

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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 10-Q**

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

For the quarterly period ended September 30, 2015

OR

**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

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**GENCO SHIPPING & TRADING LIMITED**

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(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)

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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   
(Do not check if a smaller reporting company)

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 November 13, 2015: Common stock, \$0.01 per share 72,898,234 shares.



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**Website Information**

We intend to use our website, [www.GencoShipping.com](http://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 September 30, 2015 and December 31, 2014

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

(Unaudited)

	Successor September 30, 2015	Successor December 31, 2014 (restated)
<u>Assets</u>		
Current assets:		
Cash and cash equivalents	\$ 44,478	\$ 83,414
Restricted cash	9,750	9,750
Due from charterers, net of a reserve of \$1,217 and \$1,588, respectively	14,139	14,739
Prepaid expenses and other current assets	22,505	22,423
Total current assets	90,872	130,326
Noncurrent assets:		
Vessels, net of accumulated depreciation of \$90,104 and \$36,258, respectively	1,501,714	1,532,843
Deposits on vessels	10,183	25,593
Deferred drydock, net of accumulated amortization of \$2,196 and \$330, respectively	14,656	6,234
Deferred financing costs, net of accumulated amortization of \$2,417 and \$729, respectively	10,948	10,271
Fixed assets, net of accumulated depreciation and amortization of \$319 and \$119, respectively	1,115	701
Other noncurrent assets	514	514
Restricted cash	315	19,945
Investments	17,900	26,486
Total noncurrent assets	1,557,345	1,622,587
Total assets	\$ 1,648,217	\$ 1,752,913
<u>Liabilities and Equity</u>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 33,899	\$ 28,217
Current portion of long-term debt	44,242	34,324
Deferred revenue	1,016	1,397
Total current liabilities	79,157	63,938
Noncurrent liabilities:		
Long-term lease obligations	969	390
Long-term debt	418,036	395,811
Total noncurrent liabilities	419,005	396,201

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Total liabilities	498,162	460,139
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 72,898,234 and 61,541,389 shares at September 30, 2015 and December 31, 2014, respectively	728	615
Successor Company additional paid-in capital	1,477,035	1,251,197
Accumulated other comprehensive loss	(17)	(25,317)
Retained deficit	(327,691)	(182,294)
Total Genco Shipping & Trading Limited shareholders' equity	1,150,055	1,044,201
Noncontrolling interest		248,573
Total equity	1,150,055	1,292,774
Total liabilities and equity	\$ 1,648,217	\$ 1,752,913

See accompanying notes to condensed consolidated financial statements.

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## Condensed Consolidated Statements of Operations

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

(Unaudited)

	Successor				Predecessor	
	Three Months Ended September 30, 2015		Period from July 9 to September 30, 2014		Period from July 1 to July 9, 2014 (restated)	
<b>Revenues:</b>						
Voyage revenues	\$	49,167	\$	43,943	\$	4,034
Service revenues		828		756		72
<b>Total revenues</b>		<b>49,995</b>		<b>44,699</b>		<b>4,106</b>
<b>Operating expenses:</b>						
Voyage expenses		6,638		2,335		200
Vessel operating expenses		31,544		27,248		2,902
General, administrative and management fees		26,983		15,492		6,147
Depreciation and amortization		20,124		17,356		3,213
Other operating income				(296)		
<b>Total operating expenses</b>		<b>85,289</b>		<b>62,135</b>		<b>12,462</b>
<b>Operating loss</b>		<b>(35,294)</b>		<b>(17,436)</b>		<b>(8,356)</b>
<b>Other (expense) income:</b>						
Impairment of investment		(32,536)				
Other (expense) income		(653)		7		1
Interest income		22		19		
Interest expense		(4,876)		(3,592)		(1,529)
Other expense		(38,043)		(3,566)		(1,528)
<b>Loss before reorganization items, net</b>		<b>(73,337)</b>		<b>(21,002)</b>		<b>(9,884)</b>
Reorganization items, net		(174)		(1,167)		(895,534)
<b>Loss before income taxes</b>		<b>(73,511)</b>		<b>(22,169)</b>		<b>(905,418)</b>
Income tax expense		(292)		(393)		(38)
<b>Net loss</b>		<b>(73,803)</b>		<b>(22,562)</b>		<b>(905,456)</b>
Less: Net loss attributable to noncontrolling interest		(7,178)		(4,272)		(53,935)
<b>Net loss attributable to Genco Shipping &amp; Trading Limited</b>	\$	<b>(66,625)</b>	\$	<b>(18,290)</b>	\$	<b>(851,521)</b>



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Net loss per share-basic	\$	(0.95)	\$	(0.30)	\$	(19.54)
Net loss per share-diluted	\$	(0.95)	\$	(0.30)	\$	(19.54)
Weighted average common shares outstanding-basic		69,824,338		60,299,766		43,568,942
Weighted average common shares outstanding-diluted		69,824,338		60,299,766		43,568,942
Dividends declared per share	\$		\$		\$	

See accompanying notes to condensed consolidated financial statements.

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## Condensed Consolidated Statements of Operations

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

(Unaudited)

	Successor		Predecessor
	Nine Months Ended September 30, 2015	Period from July 9 to September 30, 2014	Period from January 1 to July 9, 2014 (restated)
<b>Revenues:</b>			
Voyage revenues	\$ 116,548	\$ 43,943	\$ 118,759
Service revenues	2,457	756	1,701
<b>Total revenues</b>	<b>119,005</b>	<b>44,699</b>	<b>120,460</b>
<b>Operating expenses:</b>			
Voyage expenses	14,775	2,335	4,140
Vessel operating expenses	90,143	27,248	64,670
General, administrative and management fees	73,798	15,492	31,371
Depreciation and amortization	58,933	17,356	75,952
Other operating income		(296)	
Impairment of vessel assets	35,396		
Loss on sale of vessels	1,210		
<b>Total operating expenses</b>	<b>274,255</b>	<b>62,135</b>	<b>176,133</b>
<b>Operating loss</b>	<b>(155,250)</b>	<b>(17,436)</b>	<b>(55,673)</b>
<b>Other (expense) income:</b>			
Impairment of investment	(32,536)		
Other (expense) income	(707)	7	(106)
Interest income	71	19	45
Interest expense	(13,887)	(3,592)	(41,061)
<b>Other expense</b>	<b>(47,059)</b>	<b>(3,566)</b>	<b>(41,122)</b>
<b>Loss before reorganization items, net</b>	<b>(202,309)</b>	<b>(21,002)</b>	<b>(96,795)</b>
<b>Reorganization items, net</b>	<b>(1,006)</b>	<b>(1,167)</b>	<b>(915,640)</b>
<b>Loss before income taxes</b>	<b>(203,315)</b>	<b>(22,169)</b>	<b>(1,012,435)</b>
<b>Income tax expense</b>	<b>(1,553)</b>	<b>(393)</b>	<b>(815)</b>
<b>Net loss</b>	<b>(204,868)</b>	<b>(22,562)</b>	<b>(1,013,250)</b>
<b>Less: Net loss attributable to noncontrolling interest</b>	<b>(59,471)</b>	<b>(4,272)</b>	<b>(62,101)</b>
<b>Net loss attributable to Genco Shipping &amp; Trading Limited</b>	<b>\$ (145,397)</b>	<b>\$ (18,290)</b>	<b>\$ (951,149)</b>
<b>Net loss per share-basic</b>	<b>\$ (2.29)</b>	<b>\$ (0.30)</b>	<b>\$ (21.83)</b>
<b>Net loss per share-diluted</b>	<b>\$ (2.29)</b>	<b>\$ (0.30)</b>	<b>\$ (21.83)</b>
<b>Weighted average common shares outstanding-basic</b>	<b>63,615,181</b>	<b>60,299,766</b>	<b>43,568,942</b>

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Weighted average common shares outstanding-diluted	63,615,181	60,299,766	43,568,942
Dividends declared per share	\$	\$	\$

See accompanying notes to condensed consolidated financial statements.

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## Condensed Consolidated Statements of Comprehensive Loss

(U.S. Dollars in Thousands)

(Unaudited)

	Successor				Predecessor	
	Three Months Ended September 30, 2015		Period from July 9 to September 30, 2014		Period from July 1 to July 9, 2014 (restated)	
Net loss	\$	(73,803)	\$	(22,562)	\$	(905,456)
Change in unrealized gain (loss) on investments		26,343		(13,341)		2,186
Unrealized gain on cash flow hedges, net						95
Other comprehensive income (loss)		26,343		(13,341)		2,281
Comprehensive loss		(47,460)		(35,903)		(903,175)
Less: Comprehensive loss attributable to noncontrolling interest		(7,178)		(4,272)		(53,935)
Comprehensive loss attributable to Genco Shipping & Trading Limited	\$	(40,282)	\$	(31,631)	\$	(849,240)

	Successor			Predecessor		
	Nine Months Ended September 30, 2015		Period from July 9 to September 30, 2014		Period from January 1 to July 9, 2014 (restated)	
Net loss	\$	(204,868)	\$	(22,562)	\$	(1,013,250)
Change in unrealized gain (loss) on investments		25,300		(13,341)		(25,766)
Unrealized gain on cash flow hedges, net						2,401
Other comprehensive income (loss)		25,300		(13,341)		(23,365)
Comprehensive loss		(179,568)		(35,903)		(1,036,615)
Less: Comprehensive loss attributable to noncontrolling interest		(59,471)		(4,272)		(62,101)
Comprehensive loss attributable to Genco Shipping & Trading Limited	\$	(120,097)	\$	(31,631)	\$	(974,514)

See accompanying notes to condensed consolidated financial statements.



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**Genco Shipping & Trading Limited**

Condensed Consolidated Statements of Equity

(U.S. Dollars in Thousands)

(Unaudited)

**Common  
Stock**