Eagle Bulk Shipping Inc.
Form 8-K
April 02, 2013

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): April 1, 2013

Eagle Bulk Shipping Inc.
(Exact name of registrant as specified in its charter)

Republic of the Marshall Islands (State or other jurisdiction of incorporation or organization)	001-33831 (Commission File Number)	98-0453513 (IRS employer identification no.)
477 Madison Avenue New York, New York (Address of principal executive offices)		10022 (Zip Code)

(Registrant's telephone number, including area code): (212) 785-2500

(Former Name or Former Address, if Changed Since Last Report): None

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

[_] Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

[_] Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

[_] Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

[_] Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.02. Results of Operations and Financial Condition

On April 1, 2013, Eagle Bulk Shipping Inc. (the "Company") issued a press release (the "Press Release") relating to its financial results for the fourth quarter and fiscal year ended December 31, 2012.

In accordance with General Instruction B.2 to the Form 8-K, the information under this Item 2.02 and the Press Release, attached hereto as Exhibit 99.1, shall be deemed to be "furnished" to the Securities and Exchange Commission (the "SEC") and not be deemed to be "filed" with the SEC for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section.

Item 8.01. Other Events

On April 2, 2013, the Company posted on its website, www.eagleships.com, under the section entitled "Investors - Webcasts & Presentations" a presentation dated April 2, 2013 of its financial results for the fourth quarter and fiscal year ended December 31, 2012. A copy of the presentation is hereby furnished to the SEC and is attached as Exhibit 99.2.

Item 9.01. Financial Statements and Exhibits

(d) Exhibits

Exhibit Number	Description
99.1	Press Release dated April 1, 2013.
99.2	Financial Presentation dated April 2, 2013

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 hereunto duly authorized.

EAGLE BULK SHIPPING INC.
(registrant)

Dated: April 2, 2013	By:	/s/ Adir Katzav
	Name:	Adir Katzav
	Title:	Chief Financial Officer

EXHIBIT INDEX

Exhibit No.	Description
99.1	Press Release dated April 1, 2013.
99.2	Financial Presentation dated April 2, 2013

Exhibit 99.1

Eagle Bulk Shipping Inc. Reports Fourth Quarter and Fiscal Year 2012 Results

NEW YORK, NY, April 1, 2013-- Eagle Bulk Shipping Inc. (Nasdaq: EGLE) today announced its results for the fourth quarter and fiscal year ended December 31, 2012.

For the Fourth Quarter:

- Net reported loss of $32.4 million or $1.92 per share (based on a weighted average of 16,849,175 diluted shares outstanding for the quarter), compared to net loss of $1.7 million, or $0.11 per share, for the comparable quarter of 2011.
- Net revenues of $42.8 million, compared to $70.0 million for the comparable quarter in 2011. Gross time charter and freight revenues of $44.6 million, compared to $71.7 million for the comparable quarter of 2011.
- EBITDA, as adjusted for exceptional items under the terms of the Company's credit agreement, was $9.7 million for the fourth quarter of 2012, compared to $30.0 million for the fourth quarter of 2011.
- Fleet utilization rate of 99.4%.

For the Fiscal Year 2012:

- Net reported loss of $102.8 million or $6.30 per share (based on a weighted average of 16,328,132 diluted shares outstanding for the year), compared to net loss of $14.8 million, or $0.95 per share, for the comparable year of 2011.
- Net revenues of $190.8 million, compared to $313.4 million for the comparable year of 2011. Gross time charter and freight revenues of $198.8 million, compared to $327.2 million for the comparable year of 2011.
- EBITDA, as adjusted for exceptional items under the terms of the Company's credit agreement, was $46.0 million for the year of 2012, compared to $108.9 million for the year of 2011.
- Fleet utilization rate of 99.3%.

Sophocles N. Zoullas, Chairman and CEO, commented, "Amid ongoing challenges in the dry bulk market, Eagle Bulk continues to execute an opportunistic, short-term chartering strategy. This approach maximizes revenue upside while ensuring Eagle Bulk is well-positioned when the market improves. At the same time, management has successfully reduced costs while maintaining operational excellence across the board."

Subsequent Event

On January 3, 2013, a comprehensive termination agreement between the Company and KLC became effective, pursuant to which we agreed to accept $63.7million on an installment note and 1,224,094 common shares of KLC stock as compensation for the early termination of the 13 charters with KLC. Under the termination agreement, a payment of approximately $10.0 million of the cash settlement was paid in the first quarter of 2013, and the balance of $53.7million is to be paid in cash installments through 2021, with the majority of the payments to be paid in the last five years. The KLC stock certificates were issued on February 7, 2013 and are now being secured at the Korean Securities Depository until August 7, 2013, the date on which we would have been able to take possession of the share certificates. On March 28, 2013, the Korean court approved an amendment to KLC rehabilitation plan after receiving a favorable vote from the concerned parties. The amendment reduced our long term receivable from KLC to $5.5million to be paid in cash installments through 2021; discounted our existing shares by a 1 to 15 ratio; and converted the remainder of the long term receivable to shares that bring our holding of KLC shares after the amendment to approximately 5%.

1

Results of Operations for the three-month period ended December 31, 2012 and 2011

For the fourth quarter of 2012, the Company reported a net loss of $32,423,775 or $1.92 per share, based on a weighted average of 16,849,175 diluted shares outstanding. In the comparable fourth quarter of 2011, the Company reported net loss of $1,698,979 or $0.11 per share, based on a weighted average of 15,675,180 diluted shares outstanding.

The Company's revenues were earned from time and voyage charters. Gross time and voyage charter revenues in the quarter ended December 31, 2012 were $44,572,372 compared to $71,704,158 recorded in the comparable quarter in 2011. The decrease in gross revenues is attributable primarily to lower charter rates and a decrease in voyage charter revenues in the quarter ended December 31, 2012. Gross revenues recorded in the quarter ended December 31, 2012 and 2011, include an amount of $1,196,202 and $1,254,697, respectively, relating to the non-cash amortization of fair value below contract value of time charters acquired. Brokerage commissions incurred on revenues earned in the quarter ended December 31, 2012 and 2011 were $1,769,417 and $1,693,259, respectively. Net revenues during the quarter ended December 31, 2012 and 2011, were $42,802,955 and $70,010,899, respectively.

Total operating expenses for the quarter ended December 31, 2012 were $53,587,700 compared with $60,857,843 recorded in the fourth quarter of 2011. The Company operated 45 vessels in the fourth quarter of 2012 and 2011. The decrease in operating expenses was primarily due to a reduction in chartered-in days, and lower voyage expenses offset by the increase in vessels crew cost, insurances and vessel depreciation expense. The decrease in General and Administrative expenses is primarily attributable to a reduction in professional consultants' fees and a reduction in compensation expense compared to 2011.

EBITDA, adjusted for exceptional items under the terms of the Company's credit agreement, was $9,727,017 for the fourth quarter of 2012, compared with $29,989,681 for the fourth quarter of 2011. (Please see below for a reconciliation of EBITDA to net loss).

Results of Operations for the twelve-month period ended December 31, 2012 and 2011

For the twelve months ended December 31, 2012, the Company reported net loss of $102,800,903 or $6.30 per share, based on a weighted average of 16,328,132 diluted shares outstanding. In the comparable period of 2011, the Company reported net loss of $14,819,749 or $0.95 per share, based on a weighted average of 15,655,443 diluted shares outstanding.

The Company's revenues were earned from time and voyage charters. Gross revenues for the twelve-month period ended December 31, 2012 were $198,828,140 compared to $327,210,063 recorded in the comparable period of 2011. The decrease in gross revenues is attributable to lower time charter rates and a decrease in voyage revenues in the year, offset marginally by operating a larger fleet. Gross revenues recorded in the twelve-month period ended December 31, 2012 and 2011, include an amount of $4,770,214 and $5,088,268, respectively, relating to the non-cash amortization of fair value below contract value of time charters acquired. Brokerage commissions incurred on revenues earned in the twelve-month periods ended December 31, 2012 and 2011 were $8,016,881 and $13,777,632, respectively. Net revenues during the twelve-month period ended December 31, 2012, decreased to $190,811,259 from $313,432,431 in the comparable period of 2011.

Total operating expenses were $228,029,512 in the twelve-month period ended December 31, 2012 compared to $281,764,140 recorded in the same period of 2011. The decrease in operating expenses was primarily due to a reduction in chartered-in days and lower voyage expenses offset by the increase in operating a larger fleet size which includes increases in vessels crew cost, insurances and vessel depreciation expense. The decrease in General and

Administrative expenses is primarily attributable to a reduction in professional consultants' fees and a reduction in compensation expense compared to 2011.

EBITDA, adjusted for exceptional items under the terms of the Company's credit agreement, was $46,034,385 for the twelve months ended December 31, 2012 compared with $108,853,142 for the same period of 2011. (Please see below for a reconciliation of EBITDA to net loss).

Liquidity and Capital Resources

Net cash provided by operating activities during the years ended December 31, 2012 and 2011was $4,777,961 and $58,296,117, respectively. The change in 2012 from 2011 was primarily due to lower charter rates on time charter renewals and from operating fleet for 16,389 days in 2012, and 17,514 days in 2011.

Net cash provided by investing activities during 2012 was $294,414, compared with net cash used in of $157,786,210 in 2011. Investing activities in 2011 reflected the purchase of the last eight newly constructed vessels, the Thrush, Nighthawk, Oriole, Owl, Petrel bulker, Puffin bulker, Roadrunner bulker and Sandpiper bulker, respectively. In July 2011, the Company sold, the Heron, for proceeds of $22,511,226, after brokerage commissions payable to a third party. In November 2011, Korea Line Corporation issued stock to Eagle Bulk at a fair value of $955,093, as part of our settlement with KLC.

Net cash used in financing activities in 2012 was $12,027,610, compared to net cash used of $4,556,384 in 2011. On June 20, 2012 the Company entered into a Fourth Amended and Restated Credit Agreement and incurred $11,788,295 of cash charges related to this amendment. In 2011, the Company repaid $21,875,735 toward our facility, and as part of our sixth amendatory and commercial framework agreement with our lenders we reduced our restricted cash by $19,000,000.

As of December 31, 2012, our cash balance was $18,119,968 compared to a cash balance of $25,075,203 at December 31, 2011. In addition, our Restricted cash balance includes $276,056, for collateralizing letters of credit relating to our office leases as of December 31, 2012. As of December 31, 2011, our Restricted cash balance included $276,056, for collateralizing letters of credit relating to our office leases and $394,362 which collateralized our derivatives positions.

At December 31, 2012, the Company's debt consisted of $1,129,478,741 in term loans and $15,387,468 paid-in-kind loans.

Disclosure of Non-GAAP Financial Measures

EBITDA represents operating earnings before extraordinary items, depreciation and amortization, interest expense, and income taxes, if any. EBITDA is included because it is used by certain investors to measure a company's financial performance. EBITDA is not an item recognized by U.S. GAAP and should not be considered a substitute for net income, cash flow from operating activities and other operations or cash flow statement data prepared in accordance with accounting principles generally accepted in the United States or as a measure of profitability or liquidity. EBITDA is presented to provide additional information with respect to the Company's ability to satisfy its obligations including debt service, capital expenditures, and working capital requirements. While EBITDA is frequently used as a measure of operating results and the ability to meet debt service requirements, the definition of EBITDA used herein may not be comparable to that used by other companies due to differences in methods of calculation.

Our term loan agreement require us to comply with financial covenants based on debt and interest ratio with extraordinary or exceptional items, interest, taxes, non-cash compensation, depreciation and amortization (Credit Agreement EBITDA). Therefore, we believe that this non-U.S. GAAP measure is important for our investors as it reflects our ability to meet our covenants. The following table is a reconciliation of net loss, as reflected in the consolidated statements of operations, to the Credit Agreement EBITDA:

3

	Three Months Ended		Twelve Months Ended	
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
Net loss	$(32,423,775)	$(1,698,979)	$(102,800,903)	$(14,819,749)
Interest Expense	21,647,858	11,370,603	66,643,296	46,769,965
Depreciation and Amortization	19,338,072	19,624,596	77,588,428	73,084,105
Amortization of fair value below contract value of time charter acquired	(1,196,202)	(1,254,697)	(4,770,214)	(5,088,268)
EBITDA	7,365,953	28,041,523	36,660,607	99,946,053
Adjustments for Exceptional Items:				
Non-cash Compensation Expense (1)	2,361,064	1,948,158	9,373,778	8,907,089
Credit Agreement EBITDA	$9,727,017	$29,989,681	$46,034,385	$108,853,142

(1) Stock based compensation related to stock options, restricted stock units.

Capital Expenditures and Drydocking

Our capital expenditures relate to the purchase of vessels and capital improvements to our vessels which are expected to enhance the revenue earning capabilities and safety of these vessels.

In addition to acquisitions that we may undertake in future periods, the Company's other major capital expenditures include funding the Company's program of regularly scheduled drydocking necessary to comply with international shipping standards and environmental laws and regulations. Although the Company has some flexibility regarding the timing of its dry docking, the costs are relatively predictable. Management anticipates that vessels are to be drydocked every two and a half years. Funding of these requirements is anticipated to be met with cash from operations. We anticipate that this process of recertification will require us to reposition these vessels from a discharge port to shipyard facilities, which will reduce our available days and operating days during that period.

Drydocking costs incurred are deferred and amortized to expense on a straight-line basis over the period through the date of the next scheduled drydocking for those vessels. In 2012 three of our vessels were drydocked and we incurred $1,094,325 in drydocking related costs. In 2011, four of our vessels were drydocked and we incurred $2,809,406 in drydocking related costs. In 2010, five of our vessels were drydocked and we incurred $2,827,534 in drydocking related costs. The following table represents certain information about the estimated costs for anticipated vessel drydockings in the next four quarters, along with the anticipated off-hire days:

Quarter Ending	Off-hire Days(1)	Projected Costs(2)
March 31, 2013	22	$0.60 million
June 30, 2013	44	$1.20 million
September 30, 2013	22	$0.60 million
December 31, 2013	44	$1.20 million

(1) Actual duration of drydocking will vary based on the condition of the vessel, yard schedules and other factors.
(2) Actual costs will vary based on various factors, including where the drydockings are actually performed.

4

Summary Consolidated Financial and Other Data:

The following table summarizes the Company's selected consolidated financial and other data for the periods indicated below.

CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended, December 31, (Unaudited)		Twelve Months Ended, December 31,	
	2012	2011	2012	2011
Revenues, net of commissions	$42,802,955	$70,010,899	$190,811,259	$313,432,431
Voyage expenses	5,739,734	8,403,814	26,110,591	44,345,774
Vessel expenses	22,995,951	22,285,822	90,551,655	85,049,671
Charter hire expenses	-	3,202,586	1,713,417	41,215,875
Depreciation and amortization	19,338,072	19,624,596	77,588,428	73,084,105
General and administrative expenses	5,513,943	7,341,025	32,065,421	37,559,639
Loss from sale of vessel	-	-	-	509,076
Total operating expenses	53,587,700	60,857,843	228,029,512	281,764,140