



SIEM SHIPPING INC.

REPORT FOR THE FIRST QUARTER 2016

9 May 2016 – SIEM SHIPPING INC. (the “Company”; OSE Symbol: SSI), announces its results for the quarter ended 31 March 2016, prepared in accordance with International Financial Reporting Standards (“IFRS”), as discussed below.

Siem Shipping Inc. is an owner and operator of vessels in specialist shipping sectors. The Company operates in the specialised reefer industry as STAR Reefers. It is the leading global owner and operator of refrigerated vessels, and directly controls 30 vessels with a total capacity of 17 million cbft.

In the first half of 2015, the Company entered the car carrier market as a tonnage provider by contracting with Uljanik d.d., a shipbuilder based in Croatia, to build two 7,000 CEU pure car and truck carriers (“PCTCs”; CEU means car-equivalent units) for delivery in the second half of 2017.

- **Net profit in Q1 2016 of USD3.9 million (Q1 2015: net profit USD0.5 million)**
- **EPS USD0.43 (2015: USD0.06)**
- **EBITDA of USD8.8 million (2015: USD5.4 million)**
- **Approximately 79% of fleet capacity is fixed for the remainder of 2016**
- **Contract backlog of USD508 million**
- **Voluntary share buy-back completed in March 2016**

Comparative Financial Statements (Q1 2016 over Q1 2015)

Siem Shipping recorded a profit of USD3.9 million in Q1 2016 (Q1 2015: net profit USD0.5 million). Earnings per share were USD0.43 per share (USD0.06 per share).

Gross revenue was USD47.5 million (USD43.3 million). Net operating revenue was USD38.9 million (USD35.0 million). Capacity increased by 8% to 53.3 million cbft (49.2 million cbft). The increase was mainly due to the short-term charter-in of vessels.

Ship operating and administrative expenses were USD13.3 million (USD12.5 million) with the increase mainly due to the acquisition of *Star First* and *Star Prima* in April and May 2015.

Time charter expenses were USD16.8 million (USD17.0 million). The reduction was due to the acquisition of *Star First* and *Star Prima* in April and May 2015, offset by the increased charter-in cost of the additional vessels.

EBITDA was USD8.8 million (USD5.4 million). Depreciation and amortisation expenses were USD4.3 million (USD4.3 million).

Interest expense was USD0.7 million (USD0.7 million).

Statements of Financial Position

Shareholders' equity was USD166.2 million at 31 March 2016 (31 December 2015: USD163.1 million), or USD18.23 per share (31 December 2015: USD17.89 per share). The cash position during the quarter increased from USD35.9 million year-end 2015 to USD39.8 million at 31 March 2016. Net cash flow from operating activities was USD5.6 million. Interest-bearing debt at 31 March was USD69.2 million. The next scheduled repayment of bank debt is USD7.7 million in November 2016. In addition to the liabilities on the balance sheet, Siem Shipping has significant long-term charter commitments (see note 7 to the accounts).

Shareholder Information

In January 2016, Siem Shipping Inc. announced that its Board of Directors had resolved to initiate a voluntary share buy-back offer to purchase shares in the Company at NOK60 per share for a maximum of 1,708,907 shares. The offer was extended on 19 February until 7 March 2016. On completion of the voluntary buy-back offer, shareholders representing 112,053 shares accepted the offer for an aggregate consideration of NOK6.7 million (USD0.8 million). Following the buy-back and cancellation of shares, the issued and outstanding number of shares is 9,006,352 shares.

The Board has unanimously recommended that a proposal to delist the Company from the Oslo Stock Exchange shall be submitted to a vote by the Company's shareholders at its annual general meeting to be held on 6 May 2016. Increased competition from the container companies has impacted the traditional specialised reefer markets and the Company is the last remaining publicly-listed reefer company. During 2015, less than 20,000 shares in the Company were traded, equivalent to about 75 shares per day on approximately 260 trading days during the year. There was actual trading activity on only 46 days.

Market

In Q1 2016, the average market rate was USC 45 per cubic foot per 30 days ("cents"), down 43% on Q1 2015 (79 cents). This was the weakest Q1 since 2012 (40 cents).

Operators who did not have significant tonnage deployed in contract employment or liner services faced a very challenging spot and seasonal market.

The forecasted fall in banana production in Ecuador due to a strong El Nino did not materialise, but continuing poor economic conditions in the main selling markets led to a very slow spot market and a minimal number of spot fixtures. Container lines continued to absorb the majority of non-contracted banana volumes at low freight rates.

Unlike the previous three years, there was a poor squid catch in the Falkland Islands and no demand for additional spot capacity for the long voyages to the Far East. In West Africa, a previously strong market for small-to mid-size reefers, the decline in oil price and related currency controls has had the knock-on effect of reducing fish imports by as much as 50 percent year-on-year.

The seasonal shipping landscape changed in Chile with the absence of CSAV as an operator and the continued price-driven move into containerised shipments by some key players resulting in less sustained demand for specialised reefer ships.

Demand for spot tonnage from Argentinian deciduous exporters to the US East Coast and Mediterranean markets was very limited, and was covered by three specialised operators. Demand for Argentinian deciduous fruits in Russia was significantly reduced compared to 2015 primarily due to the weak rouble.

Operational Issues

Siem Ship Management in Poland manages the total fleet of 18 owned vessels as well as two car carriers indirectly owned by the Company's largest shareholder, Siem Industries Inc. The performance statistics of Siem Ship Management demonstrate continued improvement and superior results compared to those of the previous third-party managers. It has built on its success with certification to ISO9001, ISO14001 and OHSAS18001 standards, and the implementation of a new web-based integrated management system last year to enhance the management and monitoring processes of the fleet. No major health, safety, environmental and quality (HSEQ) issues were reported during the first quarter 2016.

For Q1 2016, the Company recorded unplanned operational off-hire of 0.1% (2015: 0.1%). No unplanned off-hire was experienced in January and February while one instance was experienced in March.

Fleet Changes, Deployment and Contract Backlog

Regal Star was redelivered to its owners on 31 December 2014 after a nine-year bareboat charter came to an end and it no longer forms a part of the Siem Shipping fleet. In March 2015, Siem Shipping received a notice of claim from the owners of *Regal Star*, stating that the vessel did not comply with the requirements of their charter-party upon redelivery on 31 December 2014. Siem Shipping does not accept the basis of this claim and is taking legal advice.

At 31 March 2016, approximately 79% of the Company's fleet capacity for the balance of the year has been fixed.

The contract backlog at 31 March 2016 was USD508 million.

Outlook

After a particularly challenging Q1 2016 and a likelihood of a seasonal reduction in demand, it is expected that operators may shortly consider layoffs of less efficient vessels. Increasing steel prices may also mean that more tonnage will be recycled this year.

A low fuel-price environment is generally beneficial for specialised reefers and has helped to keep the operators price-competitive with container lines. Specialised reefer services also continue to offer a compelling mixture of quality, direct service and schedule predictability in comparison to the price-driven standardised service offering of the container lines.

The Company's strategy is to maintain its position as a leading specialist vessel operator and to provide our customers with a high quality service whilst continuing to adjust the controlled fleet to suit the market needs. The Company has entered into the car carrier market as a tonnage provider and continues to evaluate opportunities in other sectors of the shipping industry.

6 May 2016

The Board of Directors of Siem Shipping Inc.

Also download our web page www.siemshipping.com

This release contains certain forward-looking statements regarding the intents, beliefs or current expectations. These forward-looking statements are based on information currently held. The Company assumes no obligation to update these statements. It is important to note that these forward-looking statements involve uncertainties about future performance. The Company's actual results may differ materially from these statements as a result of various important factors beyond the control of the Company.

SIEM SHIPPING INC. GROUP - FIRST QUARTER 2016

STATEMENTS OF COMPREHENSIVE INCOME

(in \$ thousand)

	2016	2015	2015
	Q1	Q1	Jan-Dec
	Unaudited	Unaudited	Audited
Gross revenue	\$ 47,543	\$ 43,280	\$ 200,101
Voyage expenses and other operating revenue	-8,670	-8,315	-40,750
Net operating revenue	38,873	34,965	159,351
Ship operating and administrative expenses	-13,328	-12,527	-54,954
Time charter hire	-16,751	-17,038	-73,906
Earnings before interest, tax, depr. and amort.	8,794	5,400	30,491
Depreciation and amortisation	-4,321	-4,276	-17,673
Operating income	4,473	1,124	12,818
Interest expense	-674	-724	-3,094
Other financial items net	125	125	409
Net financial items	-549	-599	-2,685
Net income before tax	3,924	525	10,133
Taxes	-4	-6	-21
Net income	\$ 3,920	\$ 519	\$ 10,112
Other comprehensive income	-	-	-
Total comprehensive income	\$ 3,920	\$ 519	\$ 10,112
Earnings per share, basic and diluted (amounts in \$)	0.43	0.06	1.10
Wtd. avg. common shares outstanding	9,118,405	9,318,900	9,167,689
Issued and outstanding shares	9,006,352	9,119,805	9,118,405

STATEMENTS OF FINANCIAL POSITION

(in \$ thousand)

	2016	2015	2015
	31 Mar	31 Mar	31 Dec
	Unaudited	Unaudited	Audited
ASSETS			
Tangible non-current assets:			
Vessels	\$ 197,484	\$ 172,395	\$ 200,837
Other non-current assets	120	93	107
Other non-current assets			
Pension funds	82	126	82
Current assets:			
Inventory	3,551	3,898	3,528
Receivables and other current assets	20,159	19,108	11,019
Bank deposits	39,760	36,525	35,853
Total assets	\$ 261,156	\$ 232,145	\$ 251,426
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity:			
Share capital	\$ 90	\$ 91	\$ 91
Additional paid-in capital	78,687	78,687	78,687
Retained earnings	87,472	74,745	84,338
Total shareholders' equity	166,249	153,523	163,116
Interest-bearing debt, long-term	60,679	51,543	60,617
Interest-bearing debt, short-term	7,455	5,605	7,461
Other short-term debt	26,773	21,474	20,232
Total liabilities	94,907	78,622	88,310
Total shareholders' equity and liabilities	\$ 261,156	\$ 232,145	\$ 251,426

STATEMENTS OF CASH FLOWS

<i>(in \$ thousand)</i>	2016	2015	2015
	Q1	Q1	Jan-Dec
	Unaudited	Unaudited	Audited
Net income before tax	\$ 3,924	\$ 525	\$ 10,133
Depreciation and amortisation	4,321	4,276	17,673
Other	-2,626	-3,995	3,254
Cash flow from operating activities	5,619	806	31,060
Sales of vessels	-	9,049	9,049
Paid dry-docking	-847	-657	-4,422
Capital expenditure vessels	-134	-306	-38,397
Cash flow from investing activities	-981	8,086	-33,770
Share buy-back	-787	-4,063	-4,063
New interest-bearing debt	-	-	28,125
Repaid interest-bearing debt	-	-5,834	-23,127
Net changes in financing fees	56	57	155
Cash flow from financing activities	-731	-9,840	1,090
Net change in cash	\$ 3,907	\$ -948	\$ -1,620
Cash at beginning of period	\$ 35,853	\$ 37,473	\$ 37,473
Cash at end of period	\$ 39,760	\$ 36,525	\$ 35,853

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

<i>(in \$ thousand)</i>	2016	2015	2015
	Q1	Q1	Jan-Dec
	Unaudited	Unaudited	Audited
Shareholders' equity at beginning of period	\$ 163,116	\$ 157,067	\$ 157,067
- Repurchased 112,053 shares (2015: 529,074 shares)	-787	-4,063	-4,063
- Net income for the period	3,920	519	10,112
Shareholders' equity at end of period	\$ 166,249	\$ 153,523	\$ 163,116

Notes to the Accounts

1 Basis for Preparation

The consolidated financial statements have been prepared in accordance with IAS 34 “Interim Financial Reporting”. The interim financial information for 2016 and 2015 is unaudited.

2 Significant Accounting Policies

The accounting policies used in the preparation of the financial statements are consistent with those disclosed in the annual financial statements for the year ended 31 December 2015. The consolidated condensed financial statements should be read in conjunction with the 2015 annual financial statements, which include a full description of the Group's accounting policies.

3 Segment Reporting

As of 31 March 2016, the Siem Shipping fleet consists of 30 specialised reefer vessels with an average size of 575,000 cbft. The smallest vessel has a capacity of 424,000 cbft and the largest vessel 618,000 cbft. The vessels primarily transport fruit from the Southern to the Northern hemisphere.

Revenue	Q1 2016	Q1 2015	2015
Bananas	88%	92%	85%
Deciduous	5%	3%	5%
Citrus	0%	0%	2%
Fish	5%	5%	7%
Other	2%	0%	1%
Total	100%	100%	100%

4 Revenue

Revenue consists of time charters and voyage charters.

Other operating revenue consists of net revenue from short-term charters on non-core vessels and management fees.

<i>(in \$ thousand)</i>	Q1 2016	Q1 2015	2015
Gross revenue T/C	27,499	28,297	118,002
Gross revenue V/C	20,044	14,983	82,099
Total gross revenue	47,543	43,280	200,101
Voyage expenses and other operating revenue	-8,670	-8,315	-40,750
Net operating revenue	38,873	34,965	159,351

5 Tangible Assets

<i>(in \$ thousand)</i>	31 Mar 16	31 Mar 15	31 Dec 15
Book value beginning of year	200,944	175,798	175,798
Additions, including capitalised project costs	981	966	42,819
Depreciation and amortisation of dry-docking for the period	-4,321	-4,276	-17,673
Book value end of period	197,604	172,488	200,944

6 Interest-Bearing Debt

(in \$ thousand)

Balance (including financing fees) 31 December 2015	68,078
Repaid debt	0
Financing fees	56
Balance (including financing fees) 31 March 2016	68,134
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Balance (including financing fees) 31 March 2015	57,148

7 Charter Commitments

From 1 April 2016

(in \$ thousand)

	2016	2017	2018-2023	Total
Long-term charters	47,725	74,992	253,909	376,626

8 Related Parties

Siem Industries Inc. owns 82% of Siem Shipping Inc. Mr. Kristian Siem is Chairman of the Board in Siem Industries. Siem Industries is controlled by a trust whose potential beneficiaries include Mr. Kristian Siem and his family.

The Company leases office space from other Siem Group companies and shares joint office facilities with other companies in the Siem Group in the Cayman Islands.

Siem Industries has provided secondary guarantees for the timely payment of charter hire, relating to certain of the vessels that Siem Shipping has on long-term charters. The fee paid to Siem Industries for providing the guarantees year-to-date was USD0.1 million. Siem Car Carriers AS is indirectly 100% owned by Siem Industries. Siem Shipping provides management services to Siem Car Carriers on an arms' length basis and the fee charged in year-to-date was USD0.3 million. Siem Shipping has also entered into an agreement with Siem Car Carriers AS to charter out the two PCTC new-builds under construction for a period of five years from delivery in 2017. The contract is on an arms' length basis.

Also download our web page: www.siemshipping.com

For further information, please contact
Kenneth Ross, CEO +44 207 747 0500