



SIEM SHIPPING INC.

REPORT FOR THE FIRST NINE MONTHS AND THIRD QUARTER 2015

26 October 2015 – SIEM SHIPPING INC. (the “Company”; OSE Symbol: SSI) announces its results for the nine-month period and quarter ended 30 September 2015, prepared in accordance with the International Financial Reporting Standards (“IFRS”), as discussed below.

Siem Shipping Inc. is an owner and operator of vessels in specialist shipping sectors. Operating in the specialised reefer industry as STAR Reefers, the Company is a leading global owner and operator of refrigerated vessels and directly controls 28 vessels with a total capacity of 16 million cbft.

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

Highlights of Third Quarter of 2015

- **Net profit of USD2.5 million (Q3 2014 loss of: USD0.2 million)**
- **EPS USD0.27 (USD-0.02)**
- **EBITDA of USD7.7 million (USD7.0 million)**
- ***Dunedin Star* charter renewed for a further one year**
- **Four *Star-Class* vessels chartered to De Nadai**
- **Approx. 96% of fleet capacity is fixed for the balance of 2015**
- **Contract backlog: USD483 million (USD438 million)**

Third Quarter Financial Statements

Siem Shipping reported a net profit of USD2.5 million (Q3 2014: net loss USD-0.2 million). Earnings per share was USD0.27 per share (USD-0.02 per share).

Gross revenue was USD49.3 million (USD57.8 million) and available capacity decreased by 4% to 53.3 million cbft (55.6 million cbft). Net operating revenue after voyage expenses was USD39.7 million (USD39.4 million).

Ship operating and administrative expenses were USD14.2 million (USD15.8 million), with the decrease mainly due to redelivery of *Regal Star* in December 2014 and sales of *Chile Star* and *Uruguay Star* in January 2015. In December 2014, dry-dock amortisation expenses were reclassified from ship operating expenses to depreciation and amortisation expenses to reflect industry practice. Dry-docking costs are capitalised and amortised over the period until the next scheduled dry-docking, ranging from three to five years. For comparative purposes, the amortisation expenses recorded in the comparative figures for 2014 reflect the new classification.

Time charter and bareboat expenses were USD17.9 million (USD16.6 million). The increase is mainly due to the charter-in of additional tonnage.

EBITDA was USD7.7 million (USD7.0 million). Depreciation and amortisation was USD4.5 million (USD4.3 million). The increase in depreciation was mainly due to a higher depreciation base following the investment in the lengthening of the four C-Class vessels (*Caribbean Star*, *Costa Rican Star*, *Cote D'Ivoirian Star* and *Colombian Star*).

Interest expense was USD0.8 million (USD1.9 million). The reduction was due to a new credit facility with a lower interest rate from 30 September 2014.

Other financial items were USD0.1 million (USD0.1 million) of which the mark-to-market of 5-year interest swaps amounted to a gain of USD0.2 million (USD0.2 million).

Year-to-Date (YTD) Financial Statements

The Company reported a net income of USD7.8 million (net income USD1.4 million). Earnings per share was USD0.85 (USD0.15).

Gross revenue was USD150.3 million (USD178.8 million). Net operating revenues after voyage expenses were USD120.9 million (USD114.9 million). The available capacity reduced by 3% to 157.6 million cbft (162.4 million cbft), the decrease was mainly due to redelivery of *Regal Star* in December 2014 and sales of *Chile Star* and *Uruguay Star* in January 2015.

Ship operating and administrative expenses were USD40.8 million (USD46.7 million), with the decrease mainly due to redelivery of *Regal Star* in December 2014 and sales of *Chile Star* and *Uruguay Star* in January 2015. In December 2014, dry-dock amortisation expenses were reclassified from ship operating expenses to depreciation and amortisation expenses to reflect industry practice. Dry-docking costs are capitalised and amortised over the period until the next scheduled dry-docking, ranging from three to five years. For comparative purposes, the amortisation expenses recorded in the comparative figures for 2014 reflect the new classification.

Time charter and bareboat charter expenses increased to USD57.0 million (USD49.2 million). The increase is mainly due to the charter-in of additional tonnage.

EBITDA was USD23.1 million (USD19.0 million). Depreciation and amortisation was USD13.2 million (USD12.2 million). The increase in depreciation was mainly due to a higher depreciation base following the lengthening of the four C-Class vessels.

Interest expense was USD2.3 million (USD4.5 million). The reduction was due to a new credit facility with a lower interest rate from 30 September 2014.

Other financial items were USD0.2 million (USD0.2 million), which included the mark-to-market of 5-year interest swaps gain of USD0.5 million (USD0.5 million).

Statement of Financial Position and Cash Flow

Shareholders' equity was USD160.8 million at 30 September 2015 (31 December 2014: USD157.1 million) or USD17.63 per share (31 December 2014: USD16.28 per share). Cash flow from operating activities YTD 30 September 2015 was USD24.7 million (USD9.1 million). The cash position increased from USD37.5 million at year-end 2014 to USD43.0 million at 30 September 2015. During Q2 2015, the Company drew down the remaining available balance of the six-year USD100 million loan from ABN AMRO Bank and Credit Suisse Bank. The funds were used to partly finance the acquisition of *Star First* and *Star Prima*. The facility carries an interest rate of Libor plus a margin of 2.4%, an arrangement fee of 1% and a commitment fee of 1%. The net interest-bearing debt increased from USD64.2 million at year-end 2014 to USD76.9 million at 30 September 2015, after repayment of bank debt of USD15.4 million. The next scheduled repayment of bank debt of USD7.7 million in November 2015 was prepaid in July 2015. In addition to the liabilities on the balance sheet, the Company has significant long-term charter commitments (see note 7 to the accounts).

Market

In Q3 2015, the average market spot rates were 40 cents per cubic foot per 30 days ("cents"), compared to 31 cents for the same period in 2014. With the majority of banana volumes now under contract and demand from Eastern Mediterranean markets well below historical norms due to political disturbances, spot market activity during the period was limited. Ecuadorian banana export volumes were seasonally reduced but several fixtures were concluded for spot banana fixtures from East Coast Central America, due to larger than normal seasonal production. Container lines continued to offer low rates due to surplus vessel capacity.

The traditional citrus trades are exhibiting diverse results as the weakness of the Ruble impacted demand for citrus from Argentina, severely affecting export volumes. The citrus crop in South Africa is reported to have increased by about 10%, with the increased volume shipped in containers to the Middle East and specialised reefers to Russia. The Moroccan season is expected to ship more produce than 2014. The increased volume is expected to be shipped in specialised reefers to the traditional Russian and North American markets.

In the YTD, only four ships from the global specialised reefer fleet (above 400,000 cbft) have been reported as scrapped. No vessels from the Company fleet were scrapped in the period.

Operational Issues

Our in-house ship management company, Siem Ship Management managed 18 owned reefer vessels and two car carriers indirectly owned by Siem Industries Inc.

For the third quarter of 2015, there was one minor operational incident leading to off-hire. YTD unplanned off-hire due to technical reasons was 0.11% (2014: 0.7%). During the quarter, there were no major health, safety, environmental and quality (HSEQ) issues reported, except for one minor injury to a crew member aboard *Andalucia Star* requiring medical attention ashore.

Fleet Changes, Deployment and Contract Backlog

The project to lengthen the four C-Class vessels was completed in March 2014. The project took longer than anticipated due to delays caused by the shipyard. The yard has submitted contract variations on all four vessels for claims for more time spent on the projects than it had anticipated when it signed the contract. Siem Shipping has taken legal advice in this matter and is hopeful, following recent in-depth discussions, that an amicable settlement can be achieved. All four vessels are contracted-out on seven-year time charters.

In 2010, Siem Shipping entered into a contract with Alaska Reefer Management to charter out the *Dunedin Star*. This contract was renewed in 2012 and 2013 and has now been renewed again for another year. In addition, four *Star*-Class vessels have been chartered out to De Nadai Group; two vessels for a period of four years and two vessels for a period of three years with delivery in 2016 at profitable rates.

As of 30 September 2015, 96% of fleet capacity for the remainder of 2015 had been fixed.

The contract backlog at 30 September 2015 was USD483 million (USD438 million).

Outlook

The container lines are continuing to use very aggressive pricing strategies to win market share in the reefer segment. The specialist reefer operators continue to fight back by highlighting the superior quality of the service they provide but the margins are being squeezed.

The forecasted El Niño climatic event is expected to change the banana supply mix in the coming months from Ecuador/Central America. Siem Shipping is well positioned to adapt to the change in demand whilst continuing to provide a first-class service.

The Company's reefer strategy is to maintain its position as a leading specialist reefer operator and to provide its customers with a high-quality service at competitive prices. Siem Shipping now controls a fleet of 28 vessels with a capacity of 16 million cbft. In the first half of 2015, the Company entered the car carrier market as a tonnage provider by agreeing to construct two 7,000 ceu pure car and truck carriers (PCTCs) for delivery in the second half of 2017 at the Uljanik d.d., a shipbuilder based in Croatia. The Company is also continuing to evaluate opportunities in other sectors of the shipping market.

23 October 2015

The Board of Directors of Siem Shipping Inc.

<p>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.</p>
--

SIEM SHIPPING INC. GROUP - THIRD QUARTER 2015

STATEMENTS OF COMPREHENSIVE INCOME

(in \$ thousand)

	2015 Q3 Unaudited	2014 Q3 Unaudited	2015 Jan-Sep Unaudited	2014 Jan-Sep Unaudited	2014 Jan-Dec Audited
Gross revenue	\$ 49,302	\$ 57,772	\$ 150,288	\$ 178,772	\$ 225,937
Voyage expenses and other operating revenue	-9,563	-18,380	-29,430	-63,835	-76,496
Net operating revenue	39,739	39,392	120,858	114,937	149,441
Ship operating and administrative expenses	-14,182	-15,820	-40,760	-46,682	-59,706
Time charter hire	-17,889	-16,585	-57,004	-49,221	-64,563
Earnings before interest, tax, depr. and amort.	7,668	6,987	23,094	19,034	25,172
Depreciation and amortisation	-4,450	-4,284	-13,184	-12,204	-16,310
Impairment charges	-	-	-	-	-2,150
Operating income	3,218	2,703	9,910	6,830	6,712
Interest expense	-796	-1,903	-2,336	-4,546	-5,181
Other financial items net	70	71	233	238	189
Loss on sale of vessels	-	-1,059	-	-1,059	-1,059
Net financial items	-726	-2,891	-2,103	-5,367	-6,051
Net income before tax	2,492	-188	7,807	1,463	661
Taxes	-3	-10	-13	-36	-45
Net income	\$ 2,489	\$ -198	\$ 7,794	\$ 1,427	\$ 616
Other comprehensive income	-	-	-	-	-
Total comprehensive income	\$ 2,489	\$ -198	\$ 7,794	\$ 1,427	\$ 616
Earnings per share, basic and diluted (amounts in \$)	0.27	-0.02	0.85	0.15	0.06
Wtd. avg. common shares outstanding	9,118,405	9,647,479	9,184,297	9,647,479	9,647,479
Issued and outstanding shares	9,118,405	9,647,479	9,118,405	9,647,479	9,647,479

STATEMENTS OF FINANCIAL POSITION

(in \$ thousand)

	2015 30 Sep Unaudited	2014 30 Sep Unaudited	2014 31 Dec Audited
ASSETS			
Tangible non-current assets:			
Vessels	\$ 199,564	\$ 191,378	\$ 175,697
Other non-current assets	109	106	101
Other non-current assets			
Pension funds	126	195	126
Current assets:			
Inventory	3,562	8,082	5,563
Non-current asset held for sale	-	3,915	9,049
Receivables and other current assets	12,815	19,978	15,559
Bank deposits	42,959	28,338	37,473
Total assets	\$ 259,135	\$ 251,992	\$ 243,568
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity:			
Share capital	\$ 91	\$ 96	\$ 96
Additional paid-in capital	78,687	78,687	78,687
Retained earnings	82,020	79,095	78,284
Total shareholders' equity	160,798	157,878	157,067
Interest-bearing debt, long-term	68,276	57,333	51,488
Interest-bearing debt, short-term	7,465	11,467	11,437
Other short-term debt	22,596	25,314	23,576
Total liabilities	98,337	94,114	86,501
Total shareholders' equity and liabilities	\$ 259,135	\$ 251,992	\$ 243,568

STATEMENTS OF CASH FLOWS
(in \$ thousand)

	2015 Q3 Unaudited	2014 Q3 Unaudited	2015 Jan-Sep Unaudited	2014 Jan-Sep Unaudited	2014 Jan-Dec Audited
Net income before tax	\$ 2,492	\$ -188	\$ 7,807	\$ 1,463	\$ 661
Depreciation and amortisation	4,450	4,284	13,184	12,204	16,310
Impairment charges / Loss on sale of asset	-	1,058	-	1,058	3,209
Other	3,554	-923	3,752	-5,615	-355
Cash flow from operating activities	10,496	4,231	24,743	9,110	19,825
Sales of vessels	-	-	9,049	-	3,915
Paid dry-docking	-3,124	405	-4,279	-441	-317
Capital expenditure vessels	-1,023	-1,273	-32,780	-7,206	-6,950
Cash flow from investing activities	-4,147	-868	-28,010	-7,647	-3,352
Share buy-back	-	-	-4,063	-	-
New interest-bearing debt	-	70,000	28,125	79,000	79,000
Repaid interest-bearing debt	-7,709	-62,195	-15,418	-68,260	-74,093
Net changes in financing fees	-5	-293	109	-442	-484
Cash flow from financing activities	-7,714	7,512	8,753	10,298	4,423
Net change in cash	\$ -1,365	\$ 10,875	\$ 5,486	\$ 11,761	\$ 20,896
Cash at beginning of period	44,324	17,463	\$ 37,473	\$ 16,577	\$ 16,577
Cash at end of period	\$ 42,959	\$ 28,338	\$ 42,959	\$ 28,338	\$ 37,473

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(in \$ thousand)

	2015 Jan-Sep Unaudited	2014 Jan-Sep Unaudited	2014 Jan-Dec Audited
Shareholders' equity at beginning of period	\$ 157,067	\$ 156,451	\$ 156,451
- Repurchased 529,074 shares	-4,063	-	-
- Net income for the period	7,794	1,427	616
Shareholders' equity at end of period	\$ 160,798	\$ 157,878	\$ 157,067

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 2015 and 2014 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 2014. The consolidated condensed financial statements should be read in conjunction with the 2014 annual financial statements, which include a full description of the Group's accounting policies.

Dry-docking costs are capitalised and amortised over the period until the next scheduled dry-docking, ranging from three to five years. The dry-docking costs have previously been amortised under ship operating expenses; for 2014, dry-docking has been reclassified under the line item depreciation and amortisation.

3 Segment Reporting

As of 30 September 2015, the Siem Shipping fleet consists of 28 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	Q3 2015	Q3 2014	Jan-Sep 2015	Jan-Sep 2014	2014
Bananas	90%	87%	88%	82%	85%
Deciduous	1%	0%	3%	7%	5%
Citrus	2%	2%	3%	3%	2%
Fish	7%	9%	5%	7%	7%
Other	0%	2%	1%	1%	1%
Total	100%	100%	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>	Q3 2015	Q3 2014	Jan-Sep 2015	Jan-Sep 2014	2014
Gross revenue T/C	30,054	29,107	87,206	80,896	107,523
Gross revenue V/C	19,248	28,665	63,082	97,876	118,414
Total gross revenue	49,302	57,772	150,288	178,772	225,937
Voyage expenses and other operating revenue	-9,563	-18,380	-29,430	-63,835	-76,496
Net operating revenue	39,739	39,392	120,858	114,937	149,441

5 Tangible Assets

<i>(in \$ thousand)</i>	30 Sep 15	30 Sep 14	31 Dec 14
Book value beginning of year	175,798	201,014	201,014
Additions, including capitalised project costs	37,059	7,647	7,267
Disposal	-	-	-3,915
Reclassification - assets held for sale	-	-3,915	-9,049
Depreciation and amortisation of dry-docking for the period	-13,184	-12,204	-16,310
Vessel impairment	-	-	-2,150
Loss on sale of vessel	-	-1,058	-1,059
Book value end of period	199,673	191,484	175,798

6 Interest-Bearing Debt

<i>(in \$ thousand)</i>	Bank Syndicate
Balance (including financing fees) 31 December 2014	62,925
New debt	28,125
Repaid debt	-15,418
Financing fees	109
Balance (including financing fees) 30 September 2015	75,741
Balance (including financing fees) 30 September 2014	68,800

7 Charter Commitments

From 1 September 2015 <i>(in \$ thousand)</i>	2015	2016	2017-2023	Total
Long-term charters	13,509	63,633	283,464	360,606

8 Related Parties

Siem Industries Inc. owns 81.3% 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 Siem Shipping has on long-term charters. The fee paid to Siem Industries for providing the guarantees year-to-date was USD0.2 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 USD0.8 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
Simon Stevens, CEO +44 207 747 0500