



SIEM INDUSTRIES

PRESS RELEASE

For Immediate Release

SIEM INDUSTRIES INC.

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SIEM INDUSTRIES INC. ANNOUNCES RESULTS FOR THE 1ST HALF ENDED 30 JUNE 2018

GEORGE TOWN, GRAND CAYMAN, 17 September 2018 – SIEM INDUSTRIES INC. (the “Company”) announces its unaudited results for the first half year ended 30 June 2018 that have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as discussed below.

COMPARATIVE CONSOLIDATED FINANCIAL PERFORMANCE

Six Months Ended 30 June 2018. Net income attributable to Common Shares for the six months ended 30 June 2018 was \$21.8 million, or \$1.45 per share (1H2017: \$3.6 million, or \$0.24 per share). The net income (loss) on discontinued operations was \$87.2 million (2017: \$(1.5) million). The discontinued operations reflect the operations of the Company’s investment in VSK Holdings Ltd. and its mortgage origination business which pending disposal was reported at 31 December 2017 and which sale was substantially completed in June 2018. The discontinued operations also reflect the operations of Siem Offshore Contractors GmbH and two purpose-built vessels which were sold by Siem Offshore Inc. in April 2018.

Operating revenues and operating expenses for the six months were \$420.4 million and \$326.7 million, respectively (2017: \$263.2 million and \$173.3 million, respectively). The increase is primarily attributed to the increased shipbuilding construction for third party customers at the Flensburger Schiffbau-Gesellschaft mbH & Co. KG shipyard.

The share of profits of associates for the six months was \$11.5 million (2017: \$58.6 million).

Net gains (losses) on investments and other during the six months were \$20.2 million (2017: \$2.8 million). The gain includes a \$23.6 million gain realized by Siem Offshore on the restructuring of a bond facility.

Net re-valuation gains (losses) of \$(40.8) million (2017: \$35.6 million) were recorded for the six months on the re-valuation of the financial derivatives related to the Company’s EUR-denominated exchangeable bond which was issued in June 2016. Such re-valuations adjustments are made at the end of each reporting period.

Depreciation expense for the six months was \$76.3 million (2017: \$73.3 million). Impairment of vessels and equipment was \$9.4 million for the six months (2017: \$83.5 million). The impairment during 2017 included charges by Siem Offshore of \$70.8 million and Siem Shipping of \$16.3 million.

Interest expense for the six months was \$42.3 million (2017: \$32.3 million). General and administrative expenses were \$27.2 million (2017: \$20.8 million). The net currency exchange gains (losses) for the six months were \$(27.2) million (2017: \$(13.6) million).

CONSOLIDATED FINANCIAL POSITION

The Company held \$258.5 million of cash and cash equivalents at 30 June 2018, which included \$84.1 million of restricted cash.

Shareholders' equity was \$1.97 billion at 30 June 2018. There were 15,045,681 Common Shares issued and outstanding at 30 June 2018. During the six month period, the Company reacquired 62,000 Common Shares at an average price of \$59.84 per Common Share.

In April 2018, Siem Offshore Inc. sold Siem Offshore Contractors GmbH, a wholly-owned subsidiary engaged in the offshore renewable energy construction sector, and 2 purpose-built vessels to a subsidiary of Subsea 7 SA.

In May 2018, Subsea 7 SA distributed a NOK5 per share dividend to its shareholders of which the Company holds 69,731,931 shares.

In June 2018, the Company completed the sale of a substantial portion of the operations of VSK Holdings and related mortgage origination activities. The sale, which is scheduled to occur in phases, will be completed within the next 6 months.

OPERATIONS AND INVESTMENTS IN ASSOCIATES

The Company reports its investments in Subsea 7 S.A. (OSE Symbol: SUBC), Electromagnetic Geoservices ASA (OSE Symbol: EMGS), Venn Partners LLP and BSR Group Holdings LLC (formerly, Sustainable Power Generation Limited) under the equity method of accounting. The detail financial statements of the Company's investments in Siem Offshore Inc. (OSE: SIOFF), Siem Shipping Inc., Siem Car Carriers AS, Deusa International GmbH (Deusa), Siem Europe S.a r.l., Flensburger Schiffbau-Gesellschaft mbH & Co. KG and Deep Seas Insurance Limited are incorporated within the Company's consolidated financial statements.

Subsea 7 is a seabed-to-surface engineering, construction and services contractor for the offshore energy industry. At 30 June 2018, the Company owned a beneficial interest in 69,731,931 Subsea 7 S.A. shares, or approximately 21.4% of Subsea 7 S.A.'s issued and outstanding shares. For more information on Subsea 7, please visit www.subsea7.com.

Siem Offshore owns interests in 41 vessels that are operating in the offshore industry at the end of the period. At 30 June 2018, the Company owned a beneficial interest of 782,094,365 Siem Offshore shares, or 83.0%. For more information on Siem Offshore, please visit www.siemoffshore.com.

Siem Shipping operates under the STAR Reefers brand name and controls a modern fleet of approximately 26 owned and chartered reefer vessels engaged in the transportation of refrigerated fruit and other perishable products. Siem Shipping has expanded its operations into the car carrier industry which is complementary to its existing activities and owns two car carrier vessels which are in operation. At 30 June 2018, the Company owned an interest of 7,436,498 Siem Shipping shares, or 83.8%, of Siem Shipping. For more information, please visit www.star-reefers.com.

Siem Car Carriers owns two vessels which it utilizes in its trade or charters-out to others. In addition, Siem Car Carriers arranges for the transportation of cars, trucks and heavy equipment and

other products using owned and chartered-in vessel capacity. As previously announced, Siem Car Carriers has received long-term charter contracts for 5 car carrier vessels from a European car manufacturer. The Company owns 100% of Siem Car Carriers.

Venn Partners provides specialist credit and advisory services and focuses on private asset-based financing in European markets. Its activities extend to commercial real estate and residential mortgage finance, asset-backed securities and other specialist asset finance markets. Venn Partners has been awarded an exclusive mandate by the UK government to arrange and manage all aspects of the Private-Rented Sector Guarantee Scheme which will offer government guarantees to raise in excess of GBP3.5 billion of competitive 10 to 30 years financing in the capital markets with the proceeds to be used for eligible rental housing after construction has been completed. The Company owns 44.15% of Venn Partners.

Through its wholly-owned subsidiary, Siem Europe, the Company owns a 100%-interest in Venn Capital S.a r.l., a 40%-interest in BSR Group Holdings LLC (“BSR”), a 100%-interest in Flensburger Schiffbau-Gesellschaft mbH & Co. KG (“FSG”) and an aggregate 44.34%-interest in Deusa International GmbH (“Deusa”) at 30 June 2018. Venn Capital provides loans for commercial real estate activity, primarily within the United Kingdom. BSR is one of the larger developers of large-scale solar projects in the United Kingdom and has undertaken the engineering, procurement and construction of solar parks ranging in size from approximately 5MW to 70MW which it may retain or sell to third parties. FSG is a German shipyard that has operated for many years and is well-respected for the quality of its vessel construction. Deusa has significant potash deposits which it mines and then refines the raw materials into commercial products.

EMGS is the owner of proprietary electromagnetic technology which supports the offshore exploration for oil and gas and provides services for survey, design, data acquisition, processing and interpretation. At 30 June 2018, the Company owns a beneficial interest of 23.9% in EMGS. For more information, please visit www.emgs.com .

RISKS AND UNCERTAINTIES AND MARKET OUTLOOK

The principal risks and uncertainties confronting the Company reflect primarily the risks and uncertainties confronting its subsidiary, Siem Shipping, and its associates, Subsea 7 and Siem Offshore. The risks and uncertainties of each of these companies are more fully discussed in the individual Reports to Shareholders from each of the respective companies’ websites as indicated above.

SIEM INDUSTRIES INC. is a diversified industrial holding company that operates through autonomous affiliates. The Company currently holds interests in the oil and gas services industry and renewable energy sector, ocean transportation of refrigerated cargoes and automobiles, shipyard engineering and construction, potash-mining and finance, which includes loans and guarantees, specialist credit advisory services and investments. For further information relating to the Company, please visit www.siemindustries.com .

RESPONSIBILITY STATEMENT

We confirm, to the best of our knowledge, that the summary consolidated financial information for the fiscal year ended 30 June 2018 that is presented in this report has been prepared in accordance with IAS 34 “Interim Financial Reporting” and gives a true and fair view of the Company’s consolidated financial position at 30 June 2018 and the results of its operations for the period then ended as a whole. We also confirm, to the best of our knowledge, that this report includes a fair review of important events that have occurred during the fiscal year and their impact on the summary financial statements.

For and on behalf of the Board of Directors of

SIEM INDUSTRIES INC.

/s/ Kristian Siem

Kristian Siem, Chairman

/s/ Michael Delouche

Michael Delouche, President

SUMMARY CONSOLIDATED INCOME STATEMENTS (UNAUDITED)

PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS")

| <i>(Dollars in thousands, except per share amounts)</i> | <i>Six Months Ended 30 June</i> | | <i>Fiscal Year</i> |
|---|---------------------------------|-----------------------------|-----------------------------|
| | <i>2018</i> | <i>2017</i> | <i>2017</i> |
| | | <i>(restated, see Note)</i> | <i>(restated, see Note)</i> |
| TOTAL REVENUES AND OPERATING EXPENSES: | <i>(unaudited)</i> | <i>(unaudited)</i> | <i>(audited)</i> |
| Total revenues | \$ 420,434 | \$ 263,208 | \$ 701,601 |
| Operating expenses | (326,669) | (173,273) | (503,392) |
| Operating margin | 93,765 | 89,935 | 198,209 |
| OTHER INCOME: | | | |
| Share of profits (losses) of associates | 11,528 | 58,624 | 99,103 |
| Interest income | 10,239 | 5,456 | 17,989 |
| Gains (losses) on investments and other assets, net | 20,185 | 2,794 | 49,034 |
| Gains (losses) on revaluation of financial derivatives, net | (40,818) | 35,595 | 23,184 |
| Other income | 11,096 | 531 | 11,875 |
| Total other income | 12,230 | 103,000 | 201,185 |
| OTHER EXPENSES: | | | |
| Depreciation and amortization | (76,341) | (73,286) | (148,101) |
| Impairment of vessels and investments | (9,385) | (83,494) | (158,791) |
| Interest expense | (42,334) | (32,326) | (64,893) |
| General and administrative expenses | (27,151) | (20,844) | (53,155) |
| Currency exchange gains (losses), net | (27,211) | (13,601) | 22,856 |
| Other expenses | (19) | (261) | (13,868) |
| Total other expenses | (182,441) | (223,812) | (415,952) |
| Net income (loss) before income tax expense | (76,446) | (30,877) | (16,558) |
| Income tax benefit (expense) | (1,606) | (1,297) | 16,782 |
| Net income from continuing operations | \$ (78,052) | \$ (32,174) | \$ 224 |
| Net income (loss) on discontinued operations | 87,242 | (1,484) | (13,743) |
| Net income (loss) | \$ 9,190 | \$ (33,658) | \$ (13,519) |
| Net income (loss) attributable to: | | | |
| Holders of Common Shares | \$ 21,849 | \$ 3,560 | \$ 68,570 |
| Non-controlling interests | \$ (12,659) | \$ (37,218) | \$ (82,089) |
| Earnings (loss) per Common Share, Basic and Diluted: | | | |
| Attributable to Holders of Common Shares for: | | | |
| Net income (loss) from continuing operations | \$ (4.33) | \$ 0.33 | \$ 5.45 |
| Net income (loss) | \$ 1.45 | \$ 0.24 | \$ 4.54 |
| Weighted avg. no. of Common Shares outstanding for period | 15,103,062 | 15,117,626 | 15,112,613 |

Note. The Six Months Ended 30 June 2017 and the Fiscal Year 2017 amounts have been restated to present the discontinued operations related to the sale of Siem Offshore Contractors GmbH and two vessels by Siem Offshore Inc. The Six Months Ended 30 June 2017 have also been restated to present the discontinued operations of VSK Holdings Ltd. and the mortgage origination business which the Company had presented as discontinued at 31 December 2017.

SUMMARY CONSOLIDATED BALANCE SHEETS (UNAUDITED)

PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS")

| | 30 June 2018 | 31 December 2017 |
|--|---------------------|---|
| <i>(Dollars in thousands)</i> | | |
| | <i>(unaudited)</i> | <i>(restated, see Note) (audited)</i> |
| ASSETS | | |
| Cash and cash equivalents, excluding restricted cash | \$ 174,371 | \$ 176,271 |
| Trading securities, and notes, loans and other financial assets | 9,638 | 16,348 |
| Work-in-process for vessels under construction | 244,142 | 177,484 |
| Other current assets | 201,869 | 185,140 |
| Net assets held-for-sale | 44,850 | 148,083 |
| Total current assets | 674,870 | 703,326 |
| Notes, loans and other financial assets | 173,628 | 175,751 |
| Investments in associates | 1,168,180 | 1,189,713 |
| Vessels, property and equipment, net | 2,227,272 | 2,237,154 |
| Other assets, including restricted cash | 141,264 | 114,784 |
| Total Assets | \$ 4,385,214 | \$ 4,420,728 |
| LIABILITIES | | |
| Accounts payable and other current liabilities | \$ 222,086 | \$ 212,187 |
| Current maturities and short-term notes | 187,025 | 172,083 |
| Total current liabilities | 409,111 | 384,270 |
| Long-term debt | 1,542,469 | 1,694,697 |
| Financial derivatives | 161,813 | 116,553 |
| Other liabilities and deferred credits | 151,500 | 128,944 |
| Total Liabilities | 2,264,893 | 2,324,464 |
| EQUITY | | |
| Common Shares, \$0.25 par, 15,045,681 and 15,107,681 shares issued and outstanding | \$ 3,761 | \$ 3,777 |
| Additional paid-in capital | 105,405 | 105,405 |
| Retained earnings | 1,941,373 | 1,930,970 |
| Cumulative translation and other reserves | (81,607) | (92,698) |
| Total Shareholders' Equity | 1,968,932 | 1,947,454 |
| Non-controlling interests | 151,389 | 148,810 |
| Total Equity | 2,120,321 | 2,096,264 |
| Total Liabilities and Equity | \$ 4,385,214 | \$ 4,420,728 |

Note. The Fiscal Year Ended 31 December 2017 amounts have been restated to present the discontinued operations related to the sale of Siem Offshore Contractors GmbH and two vessels by Siem Offshore Inc.