



SIEM INDUSTRIES

PRESS RELEASE

For Immediate Release

SIEM INDUSTRIES INC.

Contact: Michael Delouche
P.O. Box 10718
George Town
Grand Cayman KY1-1006
CAYMAN ISLANDS
Mobile: +1.832.483.0541

SIEM INDUSTRIES INC. ANNOUNCES RESULTS FOR THE 1ST HALF ENDED 30 JUNE 2019

GEORGE TOWN, GRAND CAYMAN, 31 October 2019 – SIEM INDUSTRIES INC. (the “Company”) announces its unaudited results for the first half year ended 30 June 2019 that have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as discussed below.

COMPARATIVE CONSOLIDATED FINANCIAL PERFORMANCE

Six Months Ended 30 June 2019. Net income (loss) attributable to Common Shares for the six months ended 30 June 2019 was \$(109.2) million, or \$(7.26) per share (1H2018: \$21.8 million, or \$1.45 per share). The net income (loss) on discontinued operations was \$5.7 million (2018: \$87.2 million). The discontinued operations reflect the operations of Siem Offshore Contractors GmbH and two purpose-built vessels which were sold by Siem Offshore Inc. in April 2018, the sale of VSK Holdings Ltd. and its mortgage origination business which was substantially completed by end of June 2018 and the commitment and intention to dispose of some or all of the Company’s investment in Flensburger Schiffbau-Gesellschaft mgH & Co. (“FSG”) as expressed at the end of 2018 and which culminated in a third party investment in FSG in February 2019 thus diluting the Company’s interest down to 24% and causing a loss of control over FSG by the Company. Other noncore activities recorded as discontinued operations include Bradenstoke Solar Park Limited (“Bradenstoke”) which is one of the largest solar parks in the UK which generates electricity and feeds it into the National Grid, Xact Global Limited which was a start-up company with a business plan to develop software to provide inexpensive precise-positioning for vessels on the water and rolling equipment on land and Siem OCV Pte. Ltd. which was the owner of an offshore subsea construction vessel.

Operating revenues and operating expenses for the six months were \$272.0 million and \$172.7 million respectively (2018: \$420.4 million and \$326.7 million, respectively). The decrease is attributed to the activities reclassified to discontinued operations.

The share of profits (losses) of associates for the six months was \$(12.0) million (2018: \$11.5 million).

Net gains (losses) on investments and other during the six months were \$11.7 million (2018: \$20.2 million). The gain in fiscal 2018 included a \$23.6 million gain realized by Siem Offshore on the restructuring of a public bond facility.

Net re-valuation gains (losses) of \$(56.7) million (2018: \$(40.8) 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-valuation adjustments result from the

volatility of the market price for Subsea 7 S.A. shares which represent the exchange element in the exchangeable bonds.

Depreciation expense for the six months was \$78.9 million (2018: \$76.3 million). Impairment of vessels and investments was \$11.0 million for the six months (2018: \$9.4 million).

Interest expense for the six months was \$42.5 million (2018: \$42.3 million). General and administrative expenses were \$21.8 million (2018: \$27.2 million). The net currency exchange gains (losses) for the six months were \$(20.7) million (2018: \$(27.2) million).

CONSOLIDATED FINANCIAL POSITION

The Company held \$159.1 million of cash and cash equivalents at 30 June 2019, which included \$57.0 million of restricted cash.

Shareholders' equity was \$1.76 billion at 30 June 2019. There were 15,041,314 Common Shares issued and outstanding at 30 June 2019.

In February 2019, new equity in the amount of EUR43 million was injected into FSG of which EUR10 million was contributed by the Company and the remainder was contributed by a third party investor. Losses from FSG operations continued into 2019. In August 2019, the Company sold its 24%-interest to the majority owner for a nominal amount and recorded a full impairment of its recent EUR10 million investment.

In March 2019, the first of 3 roll-on/roll-off ("RoRo") vessels that were under construction at FSG at the end of 2018 was delivered to the Company's wholly-owned subsidiary, Seven Yield Holding Pte Ltd. ("Seven Yield"). This was a sister ship to the RoRo vessel delivered to Seven Yield by FSG in October 2018. At delivery of each of these two vessels, the vessels immediately embarked on 12-year bareboat charters with a third party. Following the March 2019 delivery, Seven Yield received EUR88.3 million of post-delivery financing for the two vessels. These proceeds were used to repay the Company who had provided construction-financing for the vessels.

In May 2019, the shareholders of Siem Shipping Inc. ("SSI") approved the plan to restructure SSI to gain flexibility for strategic purposes. SSI established a new wholly-owned company, Siem Shipowning Inc. ("SSO"), and transferred 9 vessels from its specialized reefer fleet and its 2 pure car-and-truck carrier ("PCTC") vessels into SSO. In addition, SSI's bank debt was transferred to SSO. Following these transfers, SSI distributed all of its shares in SSO to its own shareholders as a dividend-in-kind so that the shareholdings of both SSI and SSO were identical.

Also in May 2019, the Company purchased 1,981,046 shares of Subsea 7 S.A. to increase its ownership to 71,712,977 shares. In June 2019, the Company entered into an option structure with shares in Subsea 7 S.A. comprising both the Call and Put features

OPERATIONS AND INVESTMENTS IN ASSOCIATES

At 30 June 2019, 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 under the equity method of accounting. Following the dilution of its investment in FSG

to 24%, the Company reclassified its interest in FSG from discontinued operations to the equity method of accounting. The detail financial statements of the Company's investments in Siem Offshore Inc. (OSE: SIOFF), Siem Shipping Inc., Siem Shipowning Inc., Siem Car Carriers AS, Deusa International GmbH (Deusa), Siem Europe S.a.r.l. 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 2019, the Company owned a beneficial interest in 71,712,977 Subsea 7 S.A. shares, or approximately 23.9% of Subsea 7's issued and outstanding shares. For more information on Subsea 7, please visit www.subsea7.com.

Siem Offshore owns interests in 36 vessels that are operating in the offshore industry at the end of the period. At 30 June 2019, 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 fleet of approximately 17 chartered-in reefer vessels which are engaged in the transportation of refrigerated fruit and other perishable products. At 30 June 2019, the Company owned an interest of 7,436,498 Siem Shipping shares, or 83.8% of Siem Shipping. For more information, please visit www.siemshipping.com.

Siem Shipowning owns a modern fleet of 9 reefer vessels engaged in the transportation of refrigerated fruit and other perishable products and 2 PCTC vessels with operations in the car carrier industry which is complementary to the specialized reefer vessel business. At 30 June 2019, the Company owned an interest of 7,436,498 Siem Shipowning shares, or 83.8% of Siem Shipowning. For more information, please visit www.siemshipping.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. The Company beneficially owns 100% of Siem Car Carriers.

Seven Yield acquired a vessel-owning subsidiary from the Company with 3 RoRo vessels in 2018 and took delivery of a RoRo vessel in each of October 2018 and March 2019. Three of these vessels are on 5-year bareboat charter agreements and two vessels are on 12-year bareboat charter agreements. A 6th RoRo vessel was delivered in September 2019 and the last RoRo vessel is expected to be delivered in February 2020.

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 beneficially owns 44.15% of Venn Partners.

Siem Europe is, in addition to being a direct owner of Siem Offshore, the owner of 100% of Venn Capital S.a r.l., 40% of BSR Group Holdings LLC (“BSR”), 24% of FSG and 14.9% of Deusa International GmbH (“Deusa”) shares at 30 June 2019 (Siem Investments, a wholly-owned subsidiary of the Company, owns 29.4% of Deusa). 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.

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 2019, the Company owned 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 subsidiaries, Siem Offshore, Siem Shipping, Siem Shipowning and Seven Yield, and its associates, Subsea 7, EMGS and Venn Partners. 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, 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 2019 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 2019 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>2019</i>	<i>2018</i>	<i>2018</i>
TOTAL REVENUES AND OPERATING EXPENSES:	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(audited)</i>
Total revenues	\$ 271,974	\$ 420,434	\$ 565,656
Operating expenses	(172,696)	(326,669)	(375,545)
Operating margin	99,278	93,765	190,111
OTHER INCOME:			
Share of profits (losses) of associates	(11,954)	11,528	33,187
Interest income	11,541	10,239	32,682
Gains (losses) on investments and other assets, net	11,697	20,185	16,060
Gains (losses) on revaluation of financial derivatives, net	(56,665)	(40,818)	73,822
Other income	4,545	11,096	9,420
Total other income	(40,836)	12,230	165,171
OTHER EXPENSES:			
Depreciation and amortization	(78,890)	(76,341)	(138,195)
Impairment of vessels and investments	(11,021)	(9,385)	(67,527)
Interest expense	(42,518)	(42,334)	(106,109)
General and administrative expenses	(21,757)	(27,151)	(41,209)
Currency exchange gains (losses), net	(20,749)	(27,211)	(32,143)
Other expenses	(11,063)	(19)	(5,452)
Total other expenses	(185,998)	(182,441)	(390,635)
Net income (loss) before income tax expense	(127,556)	(76,446)	(35,353)
Income tax benefit (expense)	1,500	(1,606)	(5,064)
Net income from continuing operations	\$ (126,056)	\$ (78,052)	\$ (40,417)
Net income (loss) on discontinued operations	5,682	87,242	(5,762)
Net income (loss)	\$ (120,374)	\$ 9,190	\$ (46,179)
Net income (loss) attributable to:			
Holders of Common Shares	\$ (109,167)	\$ 21,849	\$ (29,231)
Non-controlling interests	\$ (11,207)	\$ (12,659)	\$ (16,948)
Earnings (loss) per Common Share, Basic and Diluted:			
Attributable to Holders of Common Shares for:			
Net income (loss) from continuing operations	\$ (7.64)	\$ (4.33)	\$ (1.56)
Net income (loss)	\$ (7.26)	\$ 1.45	\$ (1.94)
Weighted avg. no. of Common Shares outstanding for period	15,041,314	15,103,062	15,072,636

SUMMARY CONSOLIDATED BALANCE SHEETS (UNAUDITED)

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

	30 June 2019	30 June 2018	31 December 2018
<i>(Dollars in thousands)</i>			
ASSETS	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(audited)</i>
Cash and cash equivalents, excluding restricted cash	\$ 102,112	\$ 174,371	\$ 142,623
Trading securities, and notes, loans and other financial assets	30,251	9,628	16,985
Work-in-process for vessels under construction	—	244,142	—
Other current assets	226,069	201,879	173,933
Net assets held-for-sale	145,659	44,850	294,235
Total current assets	504,091	674,870	627,776
Notes, loans and other financial assets	390,015	173,628	165,012
Investments in associates	1,165,068	1,168,180	1,176,757
Vessels, property and equipment, net	1,809,804	2,227,272	1,964,734
Other assets, including restricted cash	164,277	141,264	152,508
Total Assets	\$ 4,033,255	\$ 4,385,214	\$ 4,086,787
LIABILITIES			
Accounts payable and other current liabilities	\$ 165,494	\$ 222,086	\$ 145,059
Current maturities and short-term notes	140,900	187,025	136,080
Net liabilities directly related to assets held-for-sale	89,953	—	123,084
Total current liabilities	396,347	409,111	404,223
Long-term debt	1,524,364	1,542,469	1,444,453
Financial derivatives	100,436	161,813	41,468
Other liabilities and deferred credits	139,470	151,500	145,691
Total Liabilities	2,160,617	2,264,893	2,035,835
EQUITY			
Common Shares, \$0.25 par, 15,041,314 shares, 15,045,681 shares and 15,041,314 shares issued and outstanding	\$ 3,760	\$ 3,761	\$ 3,760
Additional paid-in capital	104,865	105,405	105,405
Retained earnings	1,738,597	1,941,373	1,897,783
Cumulative translation and other reserves	(82,739)	(81,607)	(86,007)
Total Shareholders' Equity	1,764,483	1,968,932	1,920,941
Non-controlling interests	108,155	151,389	130,011
Total Equity	1,872,638	2,120,321	2,050,952
Total Liabilities and Equity	\$ 4,033,255	\$ 4,385,214	\$ 4,086,787