



# SIEM INDUSTRIES

## PRESS RELEASE

For Immediate Release

**SIEM INDUSTRIES INC.**

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### **SIEM INDUSTRIES INC. ANNOUNCES RESULTS FOR THE 1<sup>ST</sup> HALF ENDED 30 JUNE 2020**

GEORGE TOWN, GRAND CAYMAN, 31 August 2020 – SIEM INDUSTRIES INC. (the “Company”) announces its unaudited results for the first half year ended 30 June 2020 that have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as discussed below.

#### COMPARATIVE CONSOLIDATED FINANCIAL PERFORMANCE

*Six Months Ended 30 June 2020.* Net income (loss) attributable to Common Shares for the six months ended 30 June 2020, which was strongly impacted by the noncash writedowns and impairments in the Company’s subsidiary and associate companies, was \$(397.7) million, or \$(26.44) per share (1H2019: \$(109.2) million, or \$(7.26) per share). The net income (loss) on discontinued operations was \$(0.4) million (2019: \$5.7 million). The discontinued operations reflect the sale of Siem Offshore Contractors GmbH and two purpose-built vessels by Siem Offshore Inc. and the write-off of loans to Flensburger Schiffbau-Gesellschaft mbH & Co. KG (“FSG”). Other noncore activities recorded as discontinued operations includes Bradenstoke Solar Park Limited (“Bradenstoke”) which is one of the largest solar parks in the UK which generates and feeds electricity into the National Grid.

Operating revenues and operating expenses for the six months were \$224.2 million and \$143.4 million respectively (2019: \$272.0 million and \$172.7 million, respectively).

The share of profits (losses) of associates for the six months was \$(230.4) million (2019: \$(12.0) million).

Net gains (losses) on investments during the six months were \$0.5 million (2019: \$12.0 million).

Net re-valuation gains (losses) of \$65.8 million (2019: \$(56.7) 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. (“Subsea 7”) shares which represent the exchange element in the exchangeable bonds.

Depreciation expense for the six months was \$65.8 million (2019: \$78.9 million). Impairment of vessels and investments was \$252.7 million for the six months (2019: \$11.0 million).

Interest expense for the six months was \$51.6 million (2019: \$42.5 million). General and administrative expenses were \$16.6 million (2019: \$21.8 million). The net currency exchange gains (losses) for the six months were \$(10.3) million (2019: \$(20.7) million).

#### CONSOLIDATED FINANCIAL POSITION

The Company held \$142.9 million of cash and cash equivalents at 30 June 2020, which included \$42.1 million of restricted cash.

Shareholders' equity was \$1.24 billion at 30 June 2020. There were 15,041,314 Common Shares issued and outstanding at 30 June 2020.

In March 2020, Seven Yield Holding Pte. Ltd. ("Seven Yield") signed a Japanese Operating Lease with Call Option ("JOLCO") for the two LNG PCTCs "Siem Confucius" and "Siem Aristotle" under construction at a Chinese shipyard. The "Siem Confucius" was subsequently delivered and entered into the JOLCO.

In March 2020, the last roll-on/roll-off ("RoRo") vessel under construction at FSG was delivered to Seven Yield. This was a sister ship to the RoRo vessel delivered to Seven Yield by FSG in August 2019.

In March 2020, the sale of the Company's 44%-interest investment in Venn Partners LLP was concluded following formal approval from the Financial Conduct Authority (FCA) of UK and the UK government related to the PRS Housing Guarantee scheme.

In April 2020, FSG filed for provisional self-administration with the local court in Flensburg. The Company had provided construction funding to FSG. A settlement agreement with the custodian of the estate has been reached and became effective in August.

In May 2020, the Company purchased 1,270,000 shares of Subsea 7, related to the exercise of two put options entered into in 2019. A further 540,000 shares of Subsea 7 were purchased under a similar option structure in August 2020. Following the share purchases, the Company holds 73,522,977 shares in Subsea 7, or the equivalent of 25.41% of the Subsea 7 share capital.

In May 2020, Siem Offshore entered into a standstill agreement with its secured lenders in Europe and Norway for the period to 30 April 2021. The terms of the agreement include 100% deferral of principal and interest until the end of the standstill period, as well as waiver of financial covenants. Siem Offshore has reached agreement with the holders of its public bonds, SIOFF01 and SIOFF02, for the waiver of financial covenants for the period to 30 October 2020. Discussions are ongoing with the bondholders to reach a standstill agreement with the same terms, conditions and duration as agreed by the secured lenders. The intention is to use the standstill period to agree a long-term plan which will take Siem Offshore through the prolonged downturn in the Offshore Support Vessel sector.

## OPERATIONS AND INVESTMENTS IN ASSOCIATES

At 30 June 2020, the Company reports its investments in Subsea 7 S.A. (OSE Symbol: SUBC), Electromagnetic Geoservices ASA (OSE Symbol: EMGS) and BSR Group Holdings LLC under the equity method of accounting. The detail financial statements of the Company's investments in Siem Offshore Inc. (OSE: SIOFF), Seven Yield Holding Pte. Ltd., Star Reefers Inc. Siem Shipowning Inc., Siem Car Carriers AS, Deusa International GmbH (Deusa), Siem Europe S.à 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 2020, the Company owned a beneficial interest in 72,982,977 Subsea 7 S.A. shares, or approximately 24.3% of Subsea 7's issued and outstanding shares. For more information on Subsea 7, please visit [www.subsea7.com](http://www.subsea7.com).

Siem Offshore's fleet totalled 33 vessels that are operating in the offshore industry at the end of the period. At 30 June 2020, the Company owned a beneficial interest of 782,094,365 Siem Offshore shares, or 83.7%. For more information on Siem Offshore, please visit [www.siemoffshore.com](http://www.siemoffshore.com).

Seven Yield is a ship-leasing company offering lease-financing solutions to the industrial shipping segments. Its portfolio is comprised of seven RoRos and two LNG PCTCs, of which one LNG PCTC is under construction at a shipyard in China. Upon delivery, this LNG PCTC will enter into a sale-and-leaseback with Seven Yield and will be financed under a JOLCO. The Company beneficially owns 100% of Seven Yield. For more information, please visit [www.sevenyield.com](http://www.sevenyield.com).

Star Reefers operates and controls a fleet of approximately nine chartered-in reefer vessels which are engaged in the transportation of refrigerated fruit. At 30 June 2020, the Company owned an interest of 7,436,498 Star Reefers shares, or 83.9% of Star Reefers. For more information, please visit [www.star-reefers.com](http://www.star-reefers.com).

Siem Shipowning is an owner and operator of vessels engaged in the reefer segment, the car carrier segment and the bulk segment. It owns a modern fleet of nine reefer vessels engaged in the transportation of refrigerated fruit and five PCTC vessels with operations in the car carrier industry. It has chartered-in eight vessels representing some of the most modern handy-max size tonnage with an average age of four years. At 30 June 2020, the Company owned an interest of 7,436,498 Siem Shipowning shares, or 83.9% of Siem Shipowning. For more information, please visit [www.siemshipowning.com](http://www.siemshipowning.com).

Siem Car Carriers operates a fleet of six PCTC vessels. 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.

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 2020, the Company owned a beneficial interest of 23.9% in EMGS. For more information, please visit [www.emgs.com](http://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, Star Reefers, Siem Shipowning and Seven Yield, and its associates, Subsea 7 and EMGS. 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 maritime lease finance. For further information relating to the Company, please visit [www.siemindustries.com](http://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 2020 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 2020 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/ Glenn Pettersen  
Glenn Pettersen, Group CFO

**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>2020</i>	<i>2019</i>	<i>2019</i>
<b>TOTAL REVENUES AND OPERATING EXPENSES:</b>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(audited)</i>
Total revenues	\$ 224 234	\$ 271 974	\$ 647 160
Operating expenses	(143 388)	(172 696)	(426 475)
Operating margin	80 846	99 278	220 685
<b>OTHER INCOME:</b>			
Share of profits (losses) of associates	(230 395)	(11 954)	(16 482)
Interest income	6 346	11 541	20 027
Gains (losses) on investments and other assets, net	458	11 697	26 645
Gains (losses) on revaluation of financial derivatives, net	65 839	(56 665)	(43 359)
Other income	1 495	4 545	13 963
Total other income	(156 257)	(40 836)	794
<b>OTHER EXPENSES:</b>			
Depreciation and amortization	(65 839)	(78 890)	(155 367)
Impairment of vessels and investments	(252 736)	(11 021)	(80 564)
Interest expense	(51 570)	(42 518)	(97 698)
General and administrative expenses	(16 612)	(21 757)	(40 635)
Currency exchange gains (losses), net	(10 321)	(20 749)	(20 543)
Other expenses	(5 267)	(11 063)	(6 464)
Total other expenses	(402 345)	(185 998)	(401 271)
Net income (loss) before income tax expense	(477 756)	(127 556)	(179 792)
Income tax benefit (expense)	(693)	1 500	4 742
Net income from continuing operations	\$ (478 449)	\$ (126 056)	\$ (175 050)
Net income (loss) on discontinued operations	(388)	5 682	(124 497)
Net income (loss)	\$ (478 837)	\$ (120 374)	\$ (299 547)
<b>Net income (loss) attributable to:</b>			
Holders of Common Shares	\$ (397 722)	\$ (109 167)	\$ (265 788)
Non-controlling interests	\$ (81 115)	\$ (11 207)	\$ (33 759)
<b>Earnings (loss) per Common Share, Basic and Diluted:</b>			
Attributable to Holders of Common Shares for:			
Net income (loss) from continuing operations	\$ (26.42)	\$ (7.64)	\$ (9.39)
Net income (loss)	\$ (26.44)	\$ (7.26)	\$ (17.67)
Weighted avg. no. of Common Shares outstanding for period	15 041 314	15 041 314	15 041 314

**SUMMARY CONSOLIDATED BALANCE SHEETS (UNAUDITED)**

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

<i>(Dollars in thousands)</i>	<i>30 June</i> 2020	<i>30 June</i> 2019	<i>31 December</i> 2019
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(audited)</i>
<b>ASSETS</b>			
Cash and cash equivalents, excluding restricted cash	\$ 100 780	\$ 102 112	\$ 121 932
Trading securities, and notes, loans and other financial assets	95 277	30 251	38 607
Other current assets	134 820	226 069	126 570
Net assets held-for-sale	92 070	145 659	136 643
<b>Total current assets</b>	<b>422 947</b>	<b>504 091</b>	<b>423 752</b>
Notes, loans and other financial assets	261 112	390 015	204 984
Investments in associates	950 959	1 165 068	1 177 319
Vessels, property and equipment, net	1 575 759	1 809 804	1 850 151
Other assets, including restricted cash	42 112	164 277	214 675
<b>Total Assets</b>	<b>\$ 3 252 889</b>	<b>\$ 4 033 255</b>	<b>\$ 3 870 881</b>
<b>LIABILITIES</b>			
Accounts payable and other current liabilities	\$ 158 258	\$ 165 494	\$ 199 515
Current maturities and short-term notes	503 372	140 900	190 922
Financial derivatives	24 351	0	0
Net liabilities directly related to assets held-for-sale	53 444	89 953	54 642
<b>Total current liabilities</b>	<b>739 425</b>	<b>396 347</b>	<b>445 079</b>
Long-term debt	1 127 858	1 524 364	1 461 882
Financial derivatives	16 067	100 436	108 858
Other liabilities and deferred credits	126 985	139 470	110 586
<b>Total Liabilities</b>	<b>2 010 335</b>	<b>2 160 617</b>	<b>2 126 405</b>
<b>EQUITY</b>			
Common Shares, \$0.25 par, 15,041,314 shares issued and outstanding	\$ 3 760	\$ 3 760	\$ 3 760
Additional paid-in capital	102 907	104 865	102 907
Retained earnings	1 206 075	1 738 597	1 635 530
Cumulative translation and other reserves	(71 107)	(82 739)	(87 828)
<b>Total Shareholders' Equity</b>	<b>1 241 635</b>	<b>1 764 483</b>	<b>1 654 369</b>
Non-controlling interests	919	108 155	90 107
<b>Total Equity</b>	<b>1 242 554</b>	<b>1 872 638</b>	<b>1 744 476</b>
<b>Total Liabilities and Equity</b>	<b>\$ 3 252 889</b>	<b>\$ 4 033 255</b>	<b>\$ 3 870 881</b>