

## SEASPAN REPORTS THIRD QUARTER 2018 RESULTS

**Achieves record quarterly Revenue, Operating Earnings and Cash Flow from Operations  
Repays \$225 million of secured debt, part of which will unencumber 6 additional vessels, and  
Closes \$150 million corporate revolving credit facility bringing total liquidity to \$541 million**

HONG KONG, Oct. 30, 2018 /CNW/ - Seaspan Corporation ("Seaspan") (NYSE: SSW) announced today its financial results for the three and nine months ended September 30, 2018.

### Highlights for the Quarter:

- Earnings per diluted share of \$0.36 for the third quarter and \$1.07 for the nine months
- Cash Flow from Operations reached a quarterly record \$142.2 million for the third quarter and \$325.0 million for the nine months
- Fairfax exercised its first tranche of 38.5 million warrants for proceeds to Seaspan of \$250.0 million
- Closed \$150.0 million, two-year, corporate revolving credit facility
- Redeemed 10.5% Series F Preferred Shares for an aggregate total of \$143.4 million, including accrued dividends
- Issued 8.0% Fixed-to-Floating Rate Series I Preferred Shares for gross proceeds of \$150.0 million
- Achieved vessel utilization of 98.4% for the third quarter and 98.0% for the nine months ended September 30, 2018
- Entered into a binding term sheet for a potential investment of up to \$200.0 million in the restructuring of Swiber Holdings Limited



Bing Chen, President and Chief Executive Officer of Seaspan, commented, "I am pleased with our record operating results in the third quarter, and the strategic milestones we have achieved so far this year. We are realizing benefits from the full integration of GCI, which is the main driver of our year-over-year growth, while we continue to invest in and improve operations of our integrated containership platform to provide best-in-class services. These improvements are evidenced by our 98.4% utilization rate for the quarter, as well as marking the lowest ever number of lost time injuries since we began tracking in 2013."

Ryan Courson, Chief Financial Officer, added, "Over the course of the third quarter, we have improved our liquidity position with several strategic financings including closing the first of Fairfax's two \$250 million equity investments, a \$150 million two-year corporate revolving credit facility, and \$150 million of Preferred Series I Shares. Through prudent capital allocation we have lowered our cost of capital while increasing our capital structure flexibility."

### Significant Developments

#### Fairfax Investments

On July 16, 2018, in accordance with the May 2018 definitive agreement, Seaspan issued warrants to Fairfax Financial Holdings Ltd. and its affiliates ("Fairfax") to purchase 25.0 million Class A common shares at an exercise price of \$8.05 per share. In exchange for this, Fairfax exercised its first tranche of 38.5 million warrants at an exercise price of \$6.50 per share in July 2018, for total proceeds of \$250.0 million. Additionally, Fairfax agreed to exercise its second tranche of 38.5 million warrants at an exercise price of \$6.50 per share, upon issuance of the warrants in January 2019 on closing of the March 2018 definitive agreement, for proceeds to the Company of \$250.0 million. The two tranches of debentures, the first \$250.0 million issued in February 2018, and the second \$250.0 million to be issued in January 2019, were amended to allow Fairfax to call for early redemption of some or all of the debentures on each anniversary date of issuance. As the right to put the debentures is solely within the control of Fairfax, the February 2018 debentures were reclassified from long-term liabilities to current liabilities as of July 16, 2018. In September 2018, Fairfax waived the annual put right of the February 2018 debentures, which caused the February 2018 debentures to be reclassified from current liabilities to long-term liabilities. The February 2018 debentures will be reclassified from long-term liabilities to current liabilities when such debentures become puttable within one year from period end. Upon funding of the January 2019 debentures and exercise of the second tranche of warrants upon closing of the March 2018 definitive agreement in January 2019, the January 2019 debentures will be classified as a current liability, as the debentures will be puttable within one year.

Following the exercise by Fairfax of its first tranche of warrants on July 16, 2018 to purchase 38.5 million Class A common shares, and as of September 30, 2018, the Company had 176.7 million Class A common shares outstanding.

### Subsequent Events

#### Swiber Investment

As previously announced, on October 3, 2018, Seaspan entered into a binding term sheet for a potential investment of up to \$200.0 million in the restructured Swiber Holdings Limited. Seaspan expects the investment to be funded in two tranches: i) \$20.0 million upon closing in exchange for an 80% economic interest in the restructured Swiber Group, and ii) an incremental \$180.0 million to be invested in a \$1.0 billion LNG-to-power project in Vietnam that is currently under development. Closing of the first tranche is expected to occur in 2019.

#### Distribution

The Board of Directors has declared a quarterly distribution in the amount of \$0.125 per share for its Class A common shares, payable on October 30, 2018 to shareholders of record as at the close of business on October 22, 2018. The regular quarterly dividends on the Preferred Shares Series D, Series E, Series G, Series H and Series I have also been declared.

### Results for the Three and Nine Months Ended September 30, 2018

#### Financial Results

The following table summarizes Seaspan's consolidated financial results for the three and nine months ended September 30, 2018 and 2017:

| Financial Summary<br>(in millions of US dollars) | Three Months Ended<br>September 30, |          | Nine Months Ended<br>September 30, |          |
|--|-------------------------------------|----------|------------------------------------|----------|
|  | 2018                                | 2017     | 2018                               | 2017     |
| Revenue  | \$ 295.0                            | \$ 211.0 | \$ 801.4                           | \$ 616.9 |
| Ship operating expense                           | 55.4                                | 45.4     | 163.7                              | 135.8    |

|  |       |      |       |       |
|--|-------|------|-------|-------|
| Depreciation and amortization expense                        | 65.1  | 49.8 | 181.1 | 149.6 |
| General and administrative expense                           | 8.1   | 14.0 | 24.5  | 29.0  |
| Operating lease expense                                      | 33.0  | 30.3 | 96.6  | 85.0  |
| Interest expense and amortization of deferred financing fees | 58.2  | 28.3 | 154.5 | 85.1  |
| Net earnings   | 80.0  | 48.4 | 215.7 | 116.7 |
| Earnings per share, diluted                                  | 0.36  | 0.26 | 1.07  | 0.60  |
| Cash from operating activities                               | 142.2 | 95.1 | 325.0 | 234.3 |

#### Ownership Days, Operating Days and Vessel Utilization

Ownership days are the number of days a vessel is owned and available for charter. Operating days are the number of days a vessel is available to the charterer for use.

The primary driver of ownership days are the increases or decreases in the number of vessels owned, while the drivers of operating days are ownership days and the number of days the vessels are off-hire.

Ownership days increased by 1,696 days and 3,318 days for the three and nine months ended September 30, 2018, respectively, compared to the same periods in 2017, primarily due to the addition of 16 vessels acquired through the Greater China Intermodal Investments LLC ("GCI") acquisition, which contributed 1,472 days and 3,216 days, respectively. The remainder of the increase was due to 2018 vessel deliveries and acquisitions and partially offset by vessel disposals.

Vessel utilization represents the number of operating days as a percentage of ownership days.

The following table summarizes Seaspan's vessel utilization by quarter and for the nine months ended September 30, 2018 and 2017:

|                                     | Three Months Ended<br>March 31, |               | Three Months Ended<br>June 30, |               | Three Months Ended<br>September 30, |               | Nine Months Ended<br>September 30, |               |
|-------------------------------------|---------------------------------|---------------|--------------------------------|---------------|-------------------------------------|---------------|------------------------------------|---------------|
|                                     | 2018                            | 2017          | 2018                           | 2017          | 2018                                | 2017          | 2018                               | 2017          |
| <b>Vessel Utilization:</b>          |                                 |               |                                |               |                                     |               |                                    |               |
| Ownership Days <sup>(1)</sup>       | 8,030                           | 7,917         | 9,546                          | 8,037         | 9,844                               | 8,148         | 27,420                             | 24,102        |
| Less Off-hire Days:                 |                                 |               |                                |               |                                     |               |                                    |               |
| Scheduled Off-hire                  | (104)                           | —             | —                              | —             | (8)                                 | —             | (112)                              | —             |
| Unscheduled Off-hire <sup>(2)</sup> | (149)                           | (662)         | (137)                          | (142)         | (146)                               | (254)         | (432)                              | (1,058)       |
| <b>Operating Days<sup>(1)</sup></b> | <b>7,777</b>                    | <b>7,255</b>  | <b>9,409</b>                   | <b>7,895</b>  | <b>9,690</b>                        | <b>7,894</b>  | <b>26,876</b>                      | <b>23,044</b> |
| <b>Vessel Utilization</b>           | <b>96.8</b> %                   | <b>91.6</b> % | <b>98.6</b> %                  | <b>98.2</b> % | <b>98.4</b> %                       | <b>96.9</b> % | <b>98.0</b> %                      | <b>95.6</b> % |

(1) Operating and ownership days include leased vessels and exclude vessels under bareboat charter.

(2) Unscheduled off-hire includes days related to vessels being off-charter.

Vessel utilization increased for the three and nine months ended September 30, 2018, compared to the same periods in 2017, primarily due to higher utilization of vessels acquired from GCI, 2018 deliveries and acquisitions and a decrease in off-hire days. During the nine months ended September 30, 2018, Seaspan completed dry-dockings for five 2500 TEU vessels, one 3500 TEU vessel and one 4250 TEU vessel, one of which occurred while the vessel was off-charter.

#### Revenue

Revenue increased by 39.8% to \$295.0 million and by 29.9% to \$801.4 million for the three and nine months ended September 30, 2018, respectively, compared to the same periods in 2017. The increases in revenue were primarily due to the additional operating days from the vessel deliveries, acquisition of new vessels from the GCI transaction and higher average charter rates for vessels that were on short-term charters.

The increase in operating days and the related financial impact thereof for the three and nine months ended September 30, 2018, relative to the same periods in 2017, is attributable to the following:

|   | Three Months Ended<br>September 30, |                             |  | Nine Months Ended<br>September 30, |                             |  |
|---|-------------------------------------|-----------------------------|--|------------------------------------|-----------------------------|--|
|   | Ownership<br>Day Impact             | Operating<br>Days<br>Impact | \$ Impact<br>(in millions<br>of US<br>dollars) | Ownership<br>Day Impact            | Operating<br>Days<br>Impact | \$ Impact<br>(in millions<br>of US<br>dollars) |
| Addition of 16 vessels from acquisition of GCI      | 1,472                               | 1,472                       | \$ 54.1  | 3,216                              | 3,216                       | \$ 109.1                                       |
| Changes in daily charter hire rates and re-charters | —                                   | —                           | 12.6   | —                                  | —                           | —  |
| 2018 vessel deliveries and acquisitions             | 552                                 | 552                         | 12.2   | 999                                | 998                         | 24.1   |
| Full period contribution for 2017 vessel deliveries | —                                   | —                           | —  | 152                                | 152                         | 3.8  |
| Unscheduled off-hire                                | —                                   | 108                         | 0.5  | —                                  | 626                         | 1.6  |
| Scheduled off-hire                                  | —                                   | (8)                         | (0.1)  | —                                  | (112)                       | —  |
| Vessel disposals                                    | (328)                               | (328)                       | (1.3)  | (1,049)                            | (1,048)                     | —  |
| Interest income from leasing                        | —                                   | —                           | 8.0  | —                                  | —                           | —  |
| Other   | —                                   | —                           | (2.0)  | —                                  | —                           | —  |
| <b>Total</b>  | <b>1,696</b>                        | <b>1,796</b>                | <b>\$ 84.0</b>                                 | <b>3,318</b>                       | <b>3,832</b>                | <b>\$ 138.6</b>                                |

#### Ship Operating Expense

Ship operating expense increased by 22.0% to \$55.4 million and by 20.5% to \$163.7 million for the three and nine months ended September 30, 2018, respectively, compared to the same periods in 2017. The increases were primarily due to an increase in ownership days from the increase in the number of vessels in Seaspan's fleet. The increase in ship operating expense for the nine months ended September 30, 2018 was also due to a higher bulk purchasing of vessel stores and spare parts, and an increase in planned maintenance required for certain vessels less than 8500 TEU in size.

#### *Depreciation and Amortization Expense*

Depreciation and amortization expense increased by 30.5% to \$65.1 million and by 21.1% to \$181.1 million for the three and nine months ended September 30, 2018, respectively, compared to the same periods in 2017. The increases were primarily due to an increase in ownership days from the increase in the number of vessels in Seaspan's fleet.

#### *General and Administrative Expense*

General and administrative expense decreased by 41.9%, to \$8.1 million and by 15.6% to \$24.5 million for the three and nine months ended September 30, 2018, respectively, compared to the same periods in 2017. The decreases were primarily due to share-based compensation expense to the chairman of the board and the former chief executive officer, partially offset by a transition payment to the former chief financial officer in the second quarter of 2018.

#### *Operating Lease Expense*

Operating lease expense increased by 9.0% to \$33.0 million and by 13.6% to \$96.6 million for the three and nine months ended September 30, 2018, respectively, compared to the same periods in 2017. The increases were primarily due to an increase in LIBOR. The increase to the nine months ended September 30, 2018 was also due to the delivery of one vessel in 2017 that was financed through a sale-leaseback transaction.

#### *Interest Expense and Amortization of Deferred Financing Fees*

The following table summarizes Seaspan's borrowings:

**(in millions of US dollars)**

|  | <b>September 30,<br/>2018</b> | <b>September 30,<br/>2017</b> |
|--|-------------------------------|-------------------------------|
| Long-term debt, excluding deferred financing fees:                           |                               |                               |
| Revolving credit facilities  | \$ 812.3                      | \$ 876.9                      |
| Term loan credit facilities  | 2,243.8                       | 1,358.8                       |
| Senior unsecured notes   | 417.9                         | 341.9                         |
| Senior notes due 2025  | 250.0                         | —                             |
| Discount and fair value adjustment   | (88.1)                        | —                             |
| Long-term obligations under capital lease, excluding deferred financing fees | 660.1                         | 615.6                         |
| Total borrowings   | 4,296.0                       | 3,193.2                       |
| Less: Vessels under construction   | —                             | (136.6)                       |
| Operating borrowings   | <u>\$ 4,296.0</u>             | <u>\$ 3,056.6</u>             |

Interest expense and amortization of deferred financing fees increased by \$29.9 million to \$58.2 million and by \$69.4 million to \$154.5 million for the three and nine months ended September 30, 2018, respectively, compared to the same periods in 2017. The increases were primarily due to the debt assumed as part of the acquisition of GCI, an increase in operating debt for delivered vessels, the issuance of the February 2018 debentures to Fairfax and an increase in LIBOR.

#### *Change in Fair Value of Financial Instruments*

The change in fair value of financial instruments resulted in a gain of \$4.5 million and \$29.8 million for the three and nine months ended September 30, 2018, respectively. The gains for these periods were primarily due to an increase in the forward LIBOR curve as it relates to interest swaps. Included in the gain is unrealized change in fair value of \$13.9 million and \$62.8 million for the three and nine months ended September 30, 2018, respectively, compared to \$11.5 million and \$24.7 million for the comparative periods in the prior year.

#### *Working Capital*

At September 30, 2018 Seaspan had a working capital deficiency of \$465.5 million which includes \$337.9 million of senior unsecured notes maturing in April 2019. In order to alleviate this deficiency Seaspan will rely, in part, upon the funding of the \$250.0 million January 2019 Fairfax debentures and concurrent exercise of the second tranche of 38.5 million warrants in January 2019 for proceeds of \$250.0 million, both of which are subject to limited closing conditions, including that there has not been a material adverse change with respect to Seaspan. In the event that these closing conditions are not satisfied, which Seaspan does not expect to occur, Seaspan's plans to alleviate this deficiency would include entering into secured financing for its 18 unencumbered vessels (six of which are in the process of being unencumbered), selling vessels, or drawing on its \$150.0 million corporate revolver. Seaspan also expects to further address this deficiency through cash generated from operations, existing sources of funds and additional sources of funds in the capital markets to the extent available.

#### **About Seaspan**

Seaspan is the leading independent charter owner of containerships with industry leading ship management services. Seaspan charters its vessels primarily pursuant to long-term, fixed-rate, time charters from the world's largest container shipping liners. Seaspan's operating fleet consists of 112 containerships with a total capacity of more than 900,000 TEU, an average age of approximately six years and an average remaining lease period of approximately five years, on a TEU weighted basis.

Seaspan has the following securities listed on The New York Stock Exchange:

| <u>Symbol</u> | <u>Description</u>        |
|---------------|---------------------------|
| SSW           | Class A common shares     |
| SSW PR        |                           |
| D             | Series D preferred shares |
| SSW PR E      |                           |
| SSW PR        | Series E preferred shares |
| G             | Series G preferred shares |

|          |  |
|----------|--|
| SSW PR H | Series H preferred shares              |
| SSW PR I | Series I preferred shares              |
| SSWN     | 6.375% senior unsecured notes due 2019 |
| SSWA     | 7.125% senior unsecured notes due 2027 |
| SSW25    | 5.500% senior notes due 2025           |

### Conference Call and Webcast

Seaspan will host a conference call and webcast presentation for investors, analysts, and interested parties to discuss its third quarter results on October 31, 2018 at 5:30 a.m. PT / 8:30 a.m. ET. Participants should call 1-877-246-9875 (US/Canada) or 1-707-287-9353 (International) and request the Seaspan call. The live webcast and slide presentation are available under "Events & Presentations" at [www.seaspancorp.com](http://www.seaspancorp.com).

A recording will be available at 1-855-859-2056 or 1-404-537-3406 (Conference passcode: 8095029).

**SEASPAN CORPORATION**  
**UNAUDITED CONSOLIDATED BALANCE SHEETS**  
**AS OF SEPTEMBER 30, 2018**  
**(IN THOUSANDS OF US DOLLARS)**

|   | <u>September 30, 2018</u> | <u>December 31, 2017</u> |
|---|---------------------------|--------------------------|
| Assets  |                           |                          |
| Current assets:   |                           |                          |
| Cash and cash equivalents                                       | \$ 391,030                | \$ 253,176               |
| Short-term investments  | 2,505                     | 104                      |
| Accounts receivable   | 7,714                     | 11,678                   |
| Loans to affiliate  | —                         | 36,100                   |
| Prepaid expenses and other                                      | 42,208                    | 44,869                   |
| Fair value of financial instruments                             | 187                       | —                        |
| Gross investment in lease                                       | 44,348                    | 35,478                   |
|   | <u>487,992</u>            | <u>381,405</u>           |
| Vessels   | 5,982,857                 | 4,390,854                |
| Vessels under construction                                      | —                         | 146,362                  |
| Deferred charges  | 56,120                    | 62,020                   |
| Gross investment in lease                                       | 828,809                   | 687,896                  |
| Goodwill  | 75,321                    | 75,321                   |
| Other assets  | 161,155                   | 134,284                  |
|   | <u>\$ 7,592,254</u>       | <u>\$ 5,878,142</u>      |
| Liabilities, puttable preferred shares and shareholders' equity |                           |                          |
| Current liabilities:  |                           |                          |
| Accounts payable and accrued liabilities                        | \$ 70,568                 | \$ 63,220                |
| Current portion of deferred revenue                             | 52,094                    | 55,367                   |
| Current portion of long-term debt                               | 745,540                   | 257,800                  |
| Current portion of long-term obligations under capital lease    | 47,996                    | 43,912                   |
| Current portion of other long-term liabilities                  | 37,292                    | 23,635                   |
|   | <u>953,490</u>            | <u>443,934</u>           |
| Deferred revenue  | 385,315                   | 328,681                  |
| Long-term debt  | 2,864,158                 | 2,192,833                |
| Long-term obligations under capital lease                       | 603,734                   | 595,016                  |
| Other long-term liabilities                                     | 182,391                   | 199,386                  |
| Fair value of financial instruments                             | 121,858                   | 168,860                  |
|   | <u>5,110,946</u>          | <u>3,928,710</u>         |
| Puttable preferred shares                                       | 47,695                    | —                        |
| Shareholders' equity:   |                           |                          |
| Share capital   | 2,100                     | 1,646                    |
| Treasury shares   | (371)                     | (377)                    |
| Additional paid in capital                                      | 3,124,759                 | 2,752,988                |
| Deficit   | (670,034)                 | (781,137)                |
| Accumulated other comprehensive loss                            | (22,841)                  | (23,688)                 |
|   | <u>2,433,613</u>          | <u>1,949,432</u>         |
|   | <u>\$ 7,592,254</u>       | <u>\$ 5,878,142</u>      |

**SEASPAN CORPORATION**  
**UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT**  
**FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017**  
**(IN THOUSANDS OF US DOLLARS, EXCEPT SHARE AND PER SHARE AMOUNTS)**

| <u>Three Months Ended</u> |             | <u>Nine Months Ended</u> |             |
|---------------------------|-------------|--------------------------|-------------|
| <u>September 30,</u>      |             | <u>September 30,</u>     |             |
| <u>2018</u>               | <u>2017</u> | <u>2018</u>              | <u>2017</u> |

|  |                     |                     |                     |                     |
|--|---------------------|---------------------|---------------------|---------------------|
| Revenue  | \$ 294,981          | \$ 211,013          | \$ 801,419          | \$ 616,943          |
| Operating expenses:  |                     |                     |                     |                     |
| Ship operating   | 55,360              | 45,378              | 163,676             | 135,808             |
| Cost of services, supervision fees                           | —                   | 650                 | —                   | 650                 |
| Depreciation and amortization                                | 65,053              | 49,835              | 181,085             | 149,579             |
| General and administrative                                   | 8,148               | 14,034              | 24,494              | 29,009              |
| Operating leases   | 33,048              | 30,332              | 96,571              | 84,990              |
| Expenses related to customer bankruptcy                      | —                   | —                   | —                   | 1,013               |
| Gain on disposals  | —                   | (6,606)             | —                   | (6,606)             |
|  | <u>161,609</u>      | <u>133,623</u>      | <u>465,826</u>      | <u>394,443</u>      |
| Operating earnings   | 133,372             | 77,390              | 335,593             | 222,500             |
| Other expenses (income):                                     |                     |                     |                     |                     |
| Interest expense and amortization of deferred financing fees | 58,231              | 28,332              | 154,478             | 85,061              |
| Interest income  | (1,128)             | (1,080)             | (2,893)             | (3,445)             |
| Undrawn credit facility fees                                 | 64                  | 584                 | 359                 | 1,849               |
| Acquisition related gain on contract settlement              | —                   | —                   | (2,430)             | —                   |
| Change in fair value of financial instruments                | (4,526)             | 2,444               | (29,775)            | 19,471              |
| Equity income on investment                                  | —                   | (1,510)             | (1,216)             | (4,039)             |
| Other expenses   | 758                 | 243                 | 1,369               | 6,919               |
|  | <u>53,399</u>       | <u>29,013</u>       | <u>119,892</u>      | <u>105,816</u>      |
| <b>Net earnings</b>  | <b>\$ 79,973</b>    | <b>\$ 48,377</b>    | <b>\$ 215,701</b>   | <b>\$ 116,684</b>   |
| Deficit, beginning of period                                 | (749,752)           | (825,359)           | (781,137)           | (807,496)           |
| Dividends - common shares                                    | —                   | (14,744)            | (50,658)            | (68,137)            |
| Dividends - preferred shares                                 | 245                 | (16,104)            | (52,627)            | (48,313)            |
| Other  | (500)               | (140)               | (1,313)             | (708)               |
| Deficit, end of period                                       | <u>\$ (670,034)</u> | <u>\$ (807,970)</u> | <u>\$ (670,034)</u> | <u>\$ (807,970)</u> |
| Weighted average number of shares, basic                     | 170,232             | 121,752             | 147,292             | 114,201             |
| Weighted average number of shares, diluted                   | 174,030             | 121,831             | 151,533             | 114,260             |
| Earnings per share, basic                                    | <u>\$ 0.37</u>      | <u>\$ 0.27</u>      | <u>\$ 1.10</u>      | <u>\$ 0.60</u>      |
| Earnings per share, diluted                                  | <u>\$ 0.36</u>      | <u>\$ 0.26</u>      | <u>\$ 1.07</u>      | <u>\$ 0.60</u>      |

**SEASPAN CORPORATION**  
**UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017**  
**(IN THOUSANDS OF US DOLLARS)**

|  | <b>Three Months Ended</b> |                         | <b>Nine Months Ended</b> |                          |
|--|---------------------------|-------------------------|--------------------------|--------------------------|
|  | <b>September 30,</b>      |                         | <b>September 30,</b>     |                          |
|  | <b>2018</b>               | <b>2017</b>             | <b>2018</b>              | <b>2017</b>              |
| <b>Net earnings</b>  | <b>\$ 79,973</b>          | <b>\$ 48,377</b>        | <b>\$ 215,701</b>        | <b>\$ 116,684</b>        |
| Other comprehensive income:  |                           |                         |                          |                          |
| Amounts reclassified to net earnings during the period relating to cash flow hedging instruments | 271                       | 342                     | 847                      | 2,479                    |
| <b>Comprehensive income</b>  | <u><b>\$ 80,244</b></u>   | <u><b>\$ 48,719</b></u> | <u><b>\$ 216,548</b></u> | <u><b>\$ 119,163</b></u> |

**SEASPAN CORPORATION**  
**UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017**  
**(IN THOUSANDS OF US DOLLARS)**

|   | <b>Three Months Ended</b> |             |    |
|---|---------------------------|-------------|----|
|   | <b>September 30,</b>      |             |    |
|   | <b>2018</b>               | <b>2017</b> |    |
| Cash from (used in):  |                           |             |    |
| Operating activities:   |                           |             |    |
| Net earnings  | \$ 79,973                 | \$ 48,377   | \$ |
| Items not involving cash:   |                           |             |    |
| Depreciation and amortization   | 65,053                    | 49,835      |    |
| Share-based compensation  | 355                       | 8,507       |    |
| Amortization of deferred financing fees, debt discount and fair value of long term debt | 5,726                     | 2,605       |    |
| Amounts reclassified from other comprehensive loss to interest expense                  | 80                        | 144         |    |
| Unrealized change in fair value of financial instruments                                | (13,925)                  | (11,483)    |    |
| Acquisition related gain on contract settlement   | —                         | —           |    |
| Equity income on investment   | —                         | (1,510)     |    |
| Operating leases  | (5,883)                   | (5,911)     |    |
| Amortization of revenue contracts   | 1,902                     | 1,133       |    |
| Gain on disposals   | —                         | (6,606)     |    |

|   |                   |                   |           |
|---|-------------------|-------------------|-----------|
| Other   | 1                 | 107               |           |
| Changes in assets and liabilities                                 | 8,917             | 9,853             |           |
| Cash from operating activities                                    | <u>142,199</u>    | <u>95,051</u>     |           |
| Financing activities:   |                   |                   |           |
| Common shares issued, net of issuance costs                       | —                 | 22,102            |           |
| Preferred shares issued, net of issuance costs                    | 144,416           | —                 |           |
| Repayment of credit facilities                                    | (225,916)         | (98,295)          |           |
| Draws on credit facilities  | —                 | —                 |           |
| Fairfax notes and warrants issued                                 | —                 | —                 |           |
| Draws on long-term obligations under capital lease                | —                 | 136,331           |           |
| Repayment of long-term obligations under capital lease            | (12,365)          | (6,619)           |           |
| Senior unsecured notes repurchased, including related expenses    | —                 | —                 |           |
| Proceeds from exercise of Fairfax warrants                        | 250,000           | —                 |           |
| Redemption of Series F preferred shares                           | (143,430)         | —                 |           |
| Financing fees  | (2,753)           | (858)             |           |
| Dividends on common shares  | (9,549)           | (7,701)           |           |
| Dividends on preferred shares                                     | (14,720)          | (16,104)          |           |
| Net proceeds from sale-leaseback of vessels                       | —                 | —                 |           |
| Cash from (used in) financing activities                          | <u>(14,317)</u>   | <u>28,856</u>     |           |
| Investing activities:   |                   |                   |           |
| Expenditures for vessels  | (5,613)           | (139,364)         |           |
| Short-term investments  | (105)             | (1)               |           |
| Net proceeds from vessel disposal                                 | —                 | 18,338            |           |
| Other assets  | (201)             | 60                |           |
| Loans to affiliate  | —                 | (546)             |           |
| Repayment of loans to affiliate                                   | —                 | 546               |           |
| Acquisition of GCI  | —                 | —                 |           |
| Cash acquired from GCI acquisition                                | —                 | —                 |           |
| Cash used in investing activities                                 | <u>(5,919)</u>    | <u>(120,967)</u>  |           |
| Increase (decrease) in cash, cash equivalents and restricted cash | 121,963           | 2,940             |           |
| Cash, cash equivalents and restricted cash, beginning of period   | 283,132           | 325,450           |           |
| Cash, cash equivalents and restricted cash, end of period         | <u>\$ 405,095</u> | <u>\$ 328,390</u> | <u>\$</u> |

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the consolidated balance sheets that is shown in the consolidated statements of cash flows:

|   | <b>September 30,</b> |                   |
|---|----------------------|-------------------|
|   | <u>2018</u>          | <u>2017</u>       |
| Cash and cash equivalents   | \$ 391,030           | \$ 308,927        |
| Restricted cash included in other assets  | 14,065               | 19,463            |
| Total cash, cash equivalents and restricted cash shown in the consolidated statements of cash flows | <u>\$ 405,095</u>    | <u>\$ 328,390</u> |

#### STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This release contains forward-looking statements (as such term is defined in Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act) concerning Seaspan's operations, cash flows, and financial position, including, in particular, the likelihood of its success in developing and expanding its business. Statements that are predictive in nature, that depend upon or refer to future events or conditions, or that include words such as "continue," "expects," "anticipates," "intends," "plans," "believes," "estimates," "projects," "forecasts," "will," "may," "potential," "should" and similar expressions are forward-looking statements. These forward-looking statements represent Seaspan's estimates and assumptions only as of the date of this release and are not intended to give any assurance as to future results. As a result, you are cautioned not to rely on any forward-looking statements. Forward-looking statements appear in a number of places in this release. Although these statements are based upon assumptions Seaspan believes to be reasonable based upon available information, they are subject to risks and uncertainties. These risks and uncertainties include, but are not limited to:

- future growth prospects and ability to expand Seaspan's business;
- Seaspan's expectations as to impairments of its vessels, including the timing and amount of currently anticipated impairments;
- the future valuation of Seaspan's vessels and goodwill;
- potential acquisitions, vessel financing arrangements and other investments, and Seaspan's expected risks and benefits from such transactions;
- future time charters and vessel deliveries, including future long-term charters for certain existing vessels;
- estimated future capital expenditures needed to preserve the operating capacity of Seaspan's fleet including, its capital base, and comply with regulatory standards, its expectations regarding future dry-docking and operating expenses, including ship operating expense and general and administrative expenses;
- Seaspan's expectations about the availability of vessels to purchase, the time it may take to construct new vessels, the delivery dates of new vessels, the commencement of service of new vessels under long-term time charter contracts and the useful lives of its vessels;
- availability of crew, number of off-hire days and dry-docking requirements;
- general market conditions and shipping market trends, including charter rates, increased technological innovation in competing vessels and other factors affecting supply and demand;
- Seaspan's financial condition and liquidity, including its ability to borrow and repay funds under its credit facilities, to refinance its existing facilities and to obtain additional financing in the future to fund capital expenditures, acquisitions and other general corporate activities;
- Seaspan's continued ability to meet its current liabilities as they become due;
- Seaspan's continued ability to maintain, enter into or renew primarily long-term, fixed-rate time charters with its existing customers or new customers;
- the potential for early termination of long-term contracts and Seaspan's potential inability to enter into, renew or replace long-term contracts;
- the introduction of new accounting rules for leasing and exposure to currency exchange rates and interest rate fluctuations;

- conditions inherent in the operation of ocean-going vessels, including acts of piracy;
- acts of terrorism or government requisition of Seaspan's containerships during periods of war or emergency;
- adequacy of Seaspan's insurance to cover losses that result from the inherent operational risks of the shipping industry;
- lack of diversity in Seaspan's operations and in the type of vessels in its fleet;
- conditions in the public equity market and the price of Seaspan's shares;
- Seaspan's ability to leverage to its advantage its relationships and reputation in the containership industry;
- compliance with and changes in governmental rules and regulations or actions taken by regulatory authorities, and the effect of governmental regulations on Seaspan's business;
- the financial condition of Seaspan's customers, lenders, and other counterparties and their ability to perform their obligations under their agreements with us;
- Seaspan's continued ability to meet specified restrictive covenants and other conditions in its financing and lease arrangements, its notes and its preferred shares;
- any economic downturn in the global financial markets and export trade and increase in trade protectionism and potential negative effects of any recurrence of such disruptions on Seaspan's customers' ability to charter Seaspan's vessels and pay for Seaspan's services;
- some of Seaspan's directors and investors may have separate interests which may conflict with those of its shareholders and they may be difficult to replace given the anti-takeover provisions in Seaspan's organizational documents;
- taxation of Seaspan's earnings and of distributions to its shareholders;
- Seaspan's exemption from tax on U.S. source international transportation income;
- the ability to bring claims in China and Marshall Island, where the legal systems are not well-developed;
- potential liability from future litigation; and
- other factors detailed from time to time in Seaspan's periodic reports.

Forward-looking statements in this release are estimates and assumptions reflecting the judgment of senior management and involve known and unknown risks and uncertainties. These forward-looking statements are based upon a number of assumptions and estimates that are inherently subject to significant uncertainties and contingencies, many of which are beyond Seaspan's control. Actual results may differ materially from those expressed or implied by such forward-looking statements. Accordingly, these forward-looking statements should be considered in light of various important factors listed above and including, but not limited to, those set forth in "Item 3. Key Information—D. Risk Factors" in Seaspan's Annual Report for the year ended December 31, 2017 on Form 20-F filed on March 6, 2018 and in the "Risk Factors" in Reports on Form 6-K that are filed with the Securities and Exchange Commission from time to time relating to its quarterly financial results.

Seaspan does not intend to revise any forward-looking statements in order to reflect any change in Seaspan's expectations or events or circumstances that may subsequently arise. Seaspan expressly disclaims any obligation to update or revise any of these forward-looking statements, whether because of future events, new information, a change in Seaspan's views or expectations, or otherwise. You should carefully review and consider the various disclosures included in this Annual Report and in Seaspan's other filings made with the Securities and Exchange Commission that attempt to advise interested parties of the risks and factors that may affect Seaspan's business, prospects and results of operations.

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