May 2, 2018

Seaspan Reports Financial Results for the Quarter Ended March 31, 2018

Solidifies Industry Leading Position Through Accretive Acquisition of GCI

HONG KONG, May 2, 2018 /CNW/ - Seaspan Corporation ("Seaspan") (NYSE: SSW) announced today its financial results for the quarter ended March 31, 2018.

FOR IMMEDIATE RELEASE

SEASPAN REPORTS FINANCIAL RESULTS FOR THE QUARTER ENDED MARCH 31, 2018

Solidifies Industry Leading Position Through Accretive Acquisition of GCI

Hong Kong, China, May 2, 2018 – Seaspan Corporation ("Seaspan") (NYSE: SSW) announced today its financial results for the quarter ended March 31, 2018.

Key Financial Metrics

- Total revenues of $224.8 million.
- Reported net earnings of $67.7 million.
- Earnings per diluted share of $0.37.
- Normalized earnings per diluted share[1] of $0.13.
- Cash available for distribution to common shareholders[1] of $65.5 million.
- Adjusted EBITDA[1] of $135.2 million.

[1] Refer to "Description of Non-GAAP Financial Measures" for definitions of these non-GAAP measures and reconciliations of these non-GAAP financial measures as used in this release to the most directly comparable financial measures under U.S. generally accepted accounting principles ("GAAP").

Highlights

- Completed accretive acquisition with an implied enterprise value of $1.6 billion of the remaining 89% that Seaspan did not own of Greater China Intermodal Investments LLC ("GCI").
- Secured a total of $500 million in capital from affiliates of Fairfax Financial Holdings Limited ("Fairfax"), with $250 million received during the quarter and $250 million to be funded in January 2019.
- Achieved vessel utilization of 96.8% for the quarter ended March 31, 2018.

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- Achieved vessel utilization of 96.8% for the quarter ended March 31, 2018.

Bing Chen, President and Chief Executive Officer of Seaspan, commented, "The completion of the GCI acquisition during the first quarter solidified our industry leading position and achieved a number of important strategic objectives for the Company while being accretive to earnings per share. On the strategic side, the acquisition of GCI improved our fleet composition as we increased our exposure to larger, more modern containerships that are in demand by our customers. In addition, we expanded our relationships with our customers, significantly increasing our contracted future revenue and EBITDA. Finally, the GCI acquisition provided an opportunity for Seaspan to expand its partnership with Fairfax and other financing partners, reinforcing the strength of our integrated platform."

Mr. Chen continued, "Over the past few months, we have made significant progress across multiple areas within the Company. We continue to remain focused on operational excellence by providing best in class integrated solutions and service to our customers. Importantly, our industry remains fragmented, and we are actively seeking opportunities to grow our business and improve our returns on invested capital. In doing so, we remain disciplined in evaluating and executing on growth opportunities in order to generate long term shareholder value."

Summary of Key Financial Results (in thousands of US dollars):

	Quarter Ended March 31,	
	2018	**2017**
Revenue	$ 224,776	$ 201,321
Reported net earnings	$ 67,716	$ 40,023
Normalized net earnings(1)	$ 35,304	$ 31,829
Earnings per share, basic and diluted	$ 0.37	$ 0.22
Normalized earnings per share, diluted(1)	$ 0.13	$ 0.15
Cash available for distribution to common shareholders(1)	$ 65,536	$ 60,312
Adjusted EBITDA(1)	$ 135,166	$ 119,336

(1) These are non-GAAP financial measures. Please read "Description of Non-GAAP Financial Measures" for (a) descriptions of Normalized net earnings and Normalized earnings per share, Cash available for distribution to common shareholders, and Adjusted EBITDA and (b) reconciliations of these non-GAAP financial measures as used in this release to the most directly comparable financial measures under GAAP.

First Quarter Developments

Vessel Delivery

In January 2018, Seaspan accepted delivery of the MSC Yashi B, an 11000 TEU vessel. The vessel was constructed at HHIC-PHIL Inc. and commenced a 17-year fixed-rate bareboat charter with MSC Mediterranean Shipping Company S.A. ("MSC"). Upon completion of the bareboat charter period, MSC is obligated to purchase the vessel for a pre-determined amount. This delivery was financed with a previously committed lease facility.

Vessel Purchases and Maersk Time Charters

In February 2018, Seaspan purchased two second-hand 2500 TEU vessels and entered into fixed-rate time charter agreements for the vessels with Maersk Line A/S. Each of the time charters is for a term of four years with options for up to an additional two years at increasing charter rates.

Fairfax Investments

In February 2018, Fairfax invested $250.0 million in Seaspan in exchange for debentures bearing 5.5% interest and Class A common share purchase warrants.

In March 2018, Fairfax entered into definitive agreements for an additional $250.0 million investment in Seaspan in exchange for debentures bearing 5.5% interest and Class A common share purchase warrants, which will be funded in January 2019 subject to customary closing conditions.

Acquisition of Greater China Intermodal Investments LLC

On March 13, 2018, Seaspan acquired the remaining 89% of GCI that it did not own from affiliates of The Carlyle Group and the minority owners of GCI.

Debt Financing

In March 2018, Seaspan entered into a secured credit facility for $100.0 million. The loan bears interest at LIBOR plus a margin and is secured by 11 previously unencumbered vessels currently owned by Seaspan.

Subsequent Events

Dividends

In April 2018, Seaspan declared quarterly dividends on its common and preferred shares for the first quarter of 2018 totaling $35.4 million. The annual rate of the Series F preferred shares dividend increased to 10.5% on January 1, 2018.

Changes in Senior Management

In April 2018, David Spivak, Chief Financial Officer ("CFO") of Seaspan, gave notice that he is exercising his right to terminate his employment with Seaspan effective June 29, 2018 to pursue other opportunities. Mr. Spivak will continue in his current role until May 5, 2018, after which Mr. Ryan Courson will be appointed CFO and Mr. Spivak will continue with Seaspan as Special Advisor to the President and Chief Executive Officer through the end of June.

In April 2018, Mark Chu, General Counsel and Chief Operating Officer of Seaspan, gave notice that he plans to terminate employment with Seaspan effective August 31, 2018 to pursue other opportunities. Mr. Chu will remain in his current roles until successors are appointed, and will continue with Seaspan through to the end of August to help facilitate a seamless transition.

Vessel Financing

In April 2018, Seaspan entered into a secured term loan facility for up to $120.0 million to finance two 10000 TEU vessels which are scheduled to be delivered in the second quarter of 2018. The loan bears interest at LIBOR plus a margin.

Results for the Quarter Ended March 31, 2018

At the beginning of 2018, Seaspan had 89 vessels in operation. Seaspan accepted delivery of one 11000 TEU vessel, acquired two 2500 TEU vessels, and acquired 16 operating vessels as part of the acquisition of GCI (10 x 10000 TEU vessels and 6 x 14000 TEU vessels), bringing its operating fleet to a total of 108 vessels as at March 31, 2018. Revenue is determined primarily by the number of operating days, and ship operating expense is determined primarily by the number of ownership days.

	Quarter Ended March 31,		Increase	
	2018	2017	Days	%
Operating days(1)	7,777	7,255	522	7.2%
Ownership days(1)	8,030	7,917	113	1.4%

The following table summarizes Seaspan's vessel utilization for the quarters ended March 31, 2018 and 2017:

	Quarter Ended March 31,

	2018	2017
Vessel Utilization:		
Ownership Days[(1)]	8,030	7,917
Less Off-hire Days:		
Scheduled Off-hire	(104)	—
Unscheduled Off-hire[(2)]	(149)	(662)
Operating Days[(1)]	**7,777**	**7,255**
Vessel Utilization	**96.8%**	**91.6%**

(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.

The following table summarizes Seaspan's consolidated financial results for the quarters ended March 31, 2018 and 2017:

Financial Summary (in millions of US dollars)	**Quarter Ended March 31,**	
	2018	**2017**
Revenue	$ 224.8	$ 201.3
Ship operating expense	49.5	45.6
Depreciation and amortization expense	53.9	49.9
General and administrative expense	7.3	7.5
Operating lease expense	31.2	26.5
Interest expense and amortization of deferred financing fees	39.0	28.5
Change in fair value of financial instruments	(19.3)	3.4

Revenue

Revenue increased by 11.7% to $224.8 million for the quarter ended March 31, 2018, compared to the same period in 2017, primarily due to the addition of 16 operating vessels from the acquisition of GCI on March 13, 2018, interest income from leasing five bareboat charter vessels to MSC, and the full-year impact of the delivery of one 14000 TEU vessel in 2017. These increases were partially offset by a decrease in revenue due to the sale of four 4250 TEU vessels in 2017.

The increase in operating days and the related financial impact thereof for the quarter ended March 31, 2018, relative to the same period in 2017, is attributable to the following:

	Quarter Ended March 31, 2018	
	Operating Days Impact	**$ Impact (in millions of US dollars)**
2018 vessel deliveries	92	$ 0.8
Full period contribution for 2017 vessel delivery	90	4.1
Addition of vessels from acquisition of GCI	288	9.8
Changes in daily charter hire rates and re-charters	—	(0.7)
Unscheduled off-hire	513	4.2
Scheduled off-hire	(104)	(1.8)
Vessel disposals	(357)	(0.5)
Interest income from leasing	—	8.8
Other	—	(1.2)
Total	**522**	**$ 23.5**

Vessel utilization increased for the quarter ended March 31, 2018, compared to the same period in 2017, primarily due to fewer unscheduled off-hire days.

During the quarter ended March 31, 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.

Ship Operating Expense

Ship operating expense increased by 8.6% to $49.5 million for the quarter ended March 31, 2018, compared to the same period in 2017, primarily due to an increase in ownership days from vessel deliveries and acquisitions, and higher spending on spares and repairs from planned maintenance of vessels 8500 TEU and less in size.

Depreciation and Amortization Expense

Depreciation and amortization expense increased by 8.0% to $53.9 million for the quarter ended March 31, 2018, compared to the same period in 2017, primarily due to the addition of vessels from the GCI acquisition and an increase in the number of vessels which dry-docked during the quarter.

General and Administrative Expense

General and administrative expense decreased by 2.9% to $7.3 million for the quarter ended March 31, 2018, compared to the same period in 2017, primarily due to lower share-based compensation expense.

Operating Lease Expense

Operating lease expense increased by 17.7% to $31.2 million for the quarter ended March 31, 2018, compared to the same period in 2017, primarily due to the delivery of one vessel in 2017 that was financed through a sale-leaseback transaction and an increase in LIBOR.

Interest Expense and Amortization of Deferred Financing Fees

The following table summarizes Seaspan's borrowings:

(in millions of US dollars)	**As at March 31,**	
	2018	**2017**
Long-term debt, excluding deferred financing fees	$ 3,714.9	$ 2,807.4
Long-term obligations under capital lease, excluding deferred financing fees	684.8	492.4
Total borrowings	4,399.7	3,299.8
Less: Vessels under construction	(80.6)	(310.4)
Operating borrowings	$ 4,319.1	$ 2,989.4

Interest expense and amortization of deferred financing fees increased by $10.5 million to $39.0 million for the quarter ended March 31, 2018, compared to the same period in 2017, primarily due to the borrowings related to the delivery of five 11000 TEU vessels on bareboat charters, debt assumed as part of the acquisition of GCI, an increase in LIBOR, and additional interest from the debentures issued to Fairfax.

Change in Fair Value of Financial Instruments

The change in fair value of financial instruments resulted in a gain of $19.3 million for the quarter ended March 31, 2018 and was primarily due to an increase in the forward LIBOR curve.

Unencumbered Assets

Seaspan currently has 12 unencumbered vessels in its operating fleet, consisting of 2 x 2500 TEUs, 2 x 3500 TEUs, 6 x 4250 TEUs, and 2 x 9600 TEUs.

About Seaspan

Seaspan provides many of the world's major shipping lines with creative outsourcing alternatives to vessel ownership by offering long-term leases on large, modern containerships combined with industry-leading ship management services. Seaspan's operating fleet consists of 112 containerships representing a total capacity of over 900,000 TEUs, including four newbuilding containerships on order scheduled for delivery to Seaspan by mid-2018. Seaspan's current operating fleet of 108 vessels has 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:

Symbol	Description
SSW	Class A common shares
SSW PR D	Series D preferred shares
SSW PR E	Series E preferred shares
SSW PR G	Series G preferred shares
SSW PR H	Series H preferred shares
SSWN	6.375% senior unsecured notes due 2019
SSWA	7.125% senior unsecured notes due 2027

Conference Call and Webcast

Seaspan will host a conference call and webcast presentation for investors and analysts to discuss its results for the quarter ended March 31, 2018 on May 3, 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. A telephonic replay will be available from May 3, 2018 at 8:30 a.m. PT / 11:30 a.m. ET through 8:59 p.m. PT / 11:59 p.m. ET on May 17, 2018. To access the replay, call 1-855-859-2056 or 1-404-537-3406 and enter the replay passcode 5599517. The conference call will also be broadcast live over the Internet and will include a slide presentation. To access the live webcast of the conference call, go to www.seaspancorp.com and click on "News & Events" then "Events & Presentations" for the link. The webcast will be archived on the site for one year.

SEASPAN CORPORATION
UNAUDITED CONSOLIDATED BALANCE SHEET
AS OF MARCH 31, 2018
(IN THOUSANDS OF US DOLLARS)

	March 31, 2018	December 31, 2017
Assets		
Current assets:		
Cash and cash equivalents	$ 333,156	$ 253,176
Short-term investments	—	104
Accounts receivable	12,234	11,678
Loans to affiliate	—	36,100
Prepaid expenses and other	49,776	44,869
Gross investment in lease	44,348	35,478
	439,514	381,405
Vessels	5,733,666	4,390,854
Vessels under construction	80,572	146,362
Deferred charges	64,693	62,020
Gross investment in lease	851,043	687,896
Goodwill	75,321	75,321
Other assets	173,303	134,284
Fair value of financial instruments	319	—
	$ 7,418,431	$ 5,878,142
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	$ 78,208	$ 63,220
Current portion of deferred revenue	54,064	55,367
Current portion of long-term debt	293,628	257,800
Current portion of long-term obligations under capital lease	47,197	43,912
Current portion of other long-term liabilities	37,326	23,635
	510,423	443,934
Deferred revenue	402,508	328,681
Long-term debt	3,401,922	2,192,833

Long-term obligations under capital lease	628,114	595,016
Other long-term liabilities	204,630	199,386
Fair value of financial instruments	140,094	168,860
	5,287,691	3,928,710
Puttable preferred shares	46,820	—
Shareholders' equity:		
Share capital	1,689	1,646
Treasury shares	(371)	(377)
Additional paid in capital	2,852,749	2,752,988
Deficit	(746,759)	(781,137)
Accumulated other comprehensive loss	(23,388)	(23,688)
	2,083,920	1,949,432
	$ 7,418,431	$ 5,878,142

SEASPAN CORPORATION
UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT
FOR THE QUARTERS ENDED MARCH 31, 2018 AND 2017
(IN THOUSANDS OF US DOLLARS, EXCEPT SHARE AND PER SHARE AMOUNTS)

	Quarter Ended March 31,	
	2018	**2017**
Revenue	$ 224,776	$ 201,321
Operating expenses:		
Ship operating	49,549	45,607
Depreciation and amortization	53,925	49,946
General and administrative	7,273	7,489
Operating leases	31,194	26,510
Expenses related to customer bankruptcy	—	1,013
	141,941	130,565
Operating earnings	82,835	70,756
Other expenses (income):		
Interest expense and amortization of deferred financing fees	38,981	28,468
Interest income	(1,270)	(1,172)
Undrawn credit facility fees	211	630
Acquisition-related gain on contract settlement	(2,430)	—
Change in fair value of financial instruments	(19,322)	3,417
Equity income on investment	(1,216)	(887)
Other expenses	165	277
	15,119	30,733
Net earnings	**$ 67,716**	**$ 40,023**
Deficit, beginning of period	(781,137)	(807,496)
Dividends - common shares	(16,490)	(39,695)
Dividends - preferred shares	(16,566)	(16,105)
Other	(282)	(417)
Deficit, end of period	$ (746,759)	$ (823,690)
Weighted average number of shares, basic	133,998	106,721
Weighted average number of shares, diluted	134,124	106,792
Earnings per share, basic and diluted	$ 0.37	$ 0.22

SEASPAN CORPORATION
UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE QUARTERS ENDED MARCH 31, 2018 AND 2017
(IN THOUSANDS OF US DOLLARS)

	Quarter Ended March 31, 2018	Quarter Ended March 31, 2017
Net earnings	**$ 67,716**	**$ 40,023**
Other comprehensive income:		
Amounts reclassified to net earnings during the period relating to cash flow hedging instruments	300	1,476
Comprehensive income	**$ 68,016**	**$ 41,499**

SEASPAN CORPORATION
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE QUARTERS ENDED MARCH 31, 2018 AND 2017
(IN THOUSANDS OF US DOLLARS)

	Quarter Ended March 31, 2018	Quarter Ended March 31, 2017
Cash from (used in):		
Operating activities:		
Net earnings	$ 67,716	$ 40,023
Items not involving cash:		
Depreciation and amortization	53,925	49,946
Share-based compensation	627	1,881
Amortization of deferred financing fees and debt discount	4,079	3,028
Amounts reclassified from accumulated other comprehensive loss to interest expense	88	1,279
Unrealized change in fair value of financial instruments	(30,599)	(12,148)
Acquisition-related gain on contract settlement	(2,430)	—
Equity income on investment	(1,216)	(887)
Operating leases	(6,459)	(5,267)
Other	15	78
Changes in assets and liabilities	(16,186)	(1,015)
Cash from operating activities	69,560	76,918
Financing activities:		
Common shares issued, net of issuance costs	—	23,904
Draws on credit facilities	100,000	—
Repayment of credit facilities	(63,579)	(95,530)
Fairfax notes and warrants issued	250,000	—
Draws on long-term obligations under capital lease	42,700	—
Repayment of long-term obligations under capital lease	(6,779)	(6,365)
Senior unsecured notes repurchased, including related expenses	—	(457)
Financing fees	(5,132)	—
Dividends on common shares	(9,326)	(39,278)
Dividends on preferred shares	(16,566)	(16,105)
Cash from (used in) financing activities	291,318	(133,831)
Investing activities:		
Expenditures for vessels	(19,906)	(11,908)
Short-term investments	104	308
Other assets	2,791	97
Loans to affiliate	(427)	(795)
Repayment from loans to affiliate	—	3,165
Acquisition of GCI	(333,581)	—
Cash acquired from GCI acquisition	70,121	—

	2018	2017
Cash used in investing activities	(280,898)	(9,133)
Increase (decrease) in cash, cash equivalents and restricted cash	79,980	(66,046)
Cash, cash equivalents and restricted cash, beginning of period	267,236	381,960
Cash, cash equivalents and restricted cash, end of period	$ 347,216	$ 315,914

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the consolidated balance sheet that sum to the amounts shown in the consolidated statements of cash flows:

	Quarter Ended March 31,	
	2018	2017
Cash and cash equivalents	$ 333,156	$ 295,648
Restricted cash included in other assets	14,060	20,266
Total cash, cash equivalents and restricted cash shown in the consolidated statements of cash flows	$ 347,216	$ 315,914

SEASPAN CORPORATION
RECONCILIATION OF NON-GAAP FINANCIAL MEASURES
FOR THE QUARTERS ENDED MARCH 31, 2018 AND 2017
(**IN THOUSANDS OF US DOLLARS**)

Description of Non-GAAP Financial Measures

A. Cash Available for Distribution to Common Shareholders

Cash available for distribution to common shareholders is defined as net earnings adjusted for depreciation and amortization, interest expense and amortization of deferred financing fees, share-based compensation, change in fair value of financial instruments, bareboat charter adjustment, expenses related to customer bankruptcy, acquisition-related gain on contract settlement, amortization of deferred gain, dry-dock reserve adjustment, cash dividends paid on preferred shares, interest expense at the hedged rate, and certain other items that Seaspan believes are not representative of its operating performance.

Cash available for distribution to common shareholders is a non-GAAP measure used to assist in evaluating Seaspan's ability to make quarterly cash dividends before reserves for replacement capital expenditures. Cash available for distribution to common shareholders is not defined by GAAP and should not be considered as an alternative to net earnings or any other indicator of Seaspan's performance required to be reported by GAAP. In addition, this measure may not be comparable to similar measures presented by other companies.

	Quarter Ended March 31,	
	2018	2017
Net earnings	$ 67,716	$ 40,023
Adjust:		
Depreciation and amortization	53,925	49,946
Interest expense and amortization of deferred financing fees	38,981	28,468
Share-based compensation	627	1,844
Change in fair value of financial instruments(1)	(19,145)	3,503
Bareboat charter adjustment, net(2)	2,105	—
Expenses related to customer bankruptcy(3)	—	1,013
Acquisition-related gain on contract settlement(4)	(2,430)	—
Amortization of deferred gain(5)	(5,554)	(4,919)
Dry-dock reserve adjustment	(7,352)	(5,311)
Cash dividends paid on preferred shares:		
Series D	(2,500)	(2,475)
Series E	(2,793)	(2,769)
Series F	(2,833)	(2,433)
Series G	(3,998)	(3,998)
Series H	(4,442)	(4,430)
Net cash flows before interest payments	112,307	98,462

Less:		
Interest expense at the hedged rate[6]	(46,771)	(38,150)
Cash available for distribution to common shareholders	**$ 65,536**	**$ 60,312**

SEASPAN CORPORATION
RECONCILIATION OF NON-GAAP FINANCIAL MEASURES
FOR THE QUARTERS ENDED MARCH 31, 2018 AND 2017
(IN THOUSANDS OF US DOLLARS, EXCEPT PER SHARE DATA)

B. Normalized Net Earnings and Normalized Earnings per Share

Normalized net earnings is defined as net earnings adjusted for interest expense (excluding amortization of deferred financing fees), expenses related to customer bankruptcy, change in fair value of financial instruments, acquisition-related gain on contract settlement, interest expense at the hedged rate, and certain other items Seaspan believes affect the comparability of operating results.

Normalized net earnings is a non-GAAP measure that Seaspan believes is a useful measure because it excludes those items that Seaspan believes are not representative of its operating performance. Normalized net earnings and normalized earnings per share are not defined by GAAP and should not be considered as an alternative to net earnings, earnings per share or any other indicator of Seaspan's performance required to be reported by GAAP. In addition, this measure may not be comparable to similar measures presented by other companies.

	Quarter Ended March 31,	
	2018	**2017**
Net earnings	$ 67,716	$ 40,023
Adjust:		
Interest expense, excluding amortization of deferred financing fees	35,934	25,440
Expenses related to customer bankruptcy[3]	—	1,013
Change in fair value of financial instruments[1]	(19,145)	3,503
Acquisition-related gain on contract settlement[4]	(2,430)	—
Interest expense at the hedged rate[6]	(46,771)	(38,150)
Normalized net earnings	**$ 35,304**	**$ 31,829**
Less: preferred share dividends		
Series D	2,830	2,475
Series E	2,793	2,769
Series F	3,675	2,433
Series G	3,998	3,998
Series H	4,442	4,430
	17,738	**16,105**
Normalized net earnings attributable to common shareholders	**$ 17,566**	**$ 15,724**
Weighted average number of shares used to compute earnings per share		
Reported, basic	**133,998**	**106,721**
Share-based compensation	126	71
Reported and normalized, diluted[7][8]	**134,124**	**106,792**
Earnings per share:		
Reported, basic and diluted	**$ 0.37**	**$ 0.22**
Normalized, diluted[9]	**$ 0.13**	**$ 0.15**

SEASPAN CORPORATION
RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

(IN THOUSANDS OF US DOLLARS)

C. Adjusted EBITDA

Adjusted EBITDA is defined as net earnings adjusted for interest expense and amortization of deferred financing fees, interest income, undrawn credit facility fees, depreciation and amortization, share-based compensation, expenses related to customer bankruptcy, amortization of deferred gain, bareboat charter adjustment, change in fair value of financial instruments, acquisition-related gain on contract settlement, and certain other items that Seaspan believes are not representative of its operating performance.

Adjusted EBITDA is a non-GAAP measure that Seaspan believes provides useful information to investors in assessing Seaspan's results of operations. Seaspan believes that this measure is useful in assessing performance and highlighting trends on an overall basis. Seaspan also believes that this measure can be useful in comparing its results with those of other companies, even though other companies may not calculate this measure in the same way as Seaspan. The GAAP measure most directly comparable to Adjusted EBITDA is net earnings. Adjusted EBITDA is not defined by GAAP and should not be considered as an alternative to net earnings or any other indicator of Seaspan's performance required to be reported by GAAP.

	Quarter Ended March 31,	
	2018	2017
Net earnings	$ 67,716	$ 40,023
Adjust:		
Interest expense and amortization of deferred financing fees	38,981	28,468
Interest income	(1,270)	(1,172)
Undrawn credit facility fees	211	630
Depreciation and amortization	53,925	49,946
Share-based compensation	627	1,844
Expenses related to customer bankruptcy[3]	—	1,013
Amortization of deferred gain[5]	(5,554)	(4,919)
Bareboat charter adjustment, net[2]	2,105	—
Change in fair value of financial instruments[1]	(19,145)	3,503
Acquisition-related gain on contract settlement[4]	(2,430)	—
Adjusted EBITDA	**$ 135,166**	**$ 119,336**

Notes to Non-GAAP Financial Measures

(1) Change in fair value of financial instruments includes realized and unrealized losses (gains) on Seaspan's interest rate swaps, unrealized losses (gains) on Seaspan's foreign currency forward contracts and unrealized losses (gains) on interest rate swaps included in equity income on investment.

(2) Certain of Seaspan's vessels are on bareboat charters, which are accounted for as direct financing-type leases. Under these arrangements, the vessels were disposed of and a gross investment in lease was recorded, which is amortized to income through revenue. The bareboat charter adjustment in the applicable non-GAAP measure is included to reverse the GAAP accounting treatment and reflect the transaction as if the vessels had not been disposed of. Therefore, the bareboat charter hire is added back and the interest income from leasing, which is recorded in revenue, is deducted, resulting in a net bareboat charter adjustment. The adjustment relates to five 11000 TEU vessels which commenced 17-year bareboat charters with MSC during 2017 and 2018. Upon completion of the bareboat charter period, MSC is obligated to purchase the vessels for pre-determined amounts.

(3) Expenses related to customer bankruptcy primarily relates to costs and expenses related to the Hanjin Shipping Co., Ltd. ("Hanjin") bankruptcy in 2016. As of September 1, 2016, after Hanjin declared bankruptcy, no revenue was recognized on the Hanjin charters.

(4) As part of the acquisition of GCI, a gain was recorded related to the settlement of a favourable ship management contract.

(5) As of March 31, 2018, 11 vessels have been sold and leased back by Seaspan. For GAAP accounting purposes, the gain on sales was deferred and is being amortized as a reduction of operating lease expense over the terms of the leases. As of March 31, 2017, ten vessels had been sold and leased back by Seaspan.

(6) Interest expense at the hedged rate is calculated as the interest incurred on operating debt at the fixed rate on the related interest rate swaps plus the applicable margin on the related variable rate credit facilities and leases, on an accrual basis. Interest expense on fixed rate borrowings is calculated using the effective interest rate. Interest expense at the hedged rate includes the non-cash interest expense from the amortization of the debt discount on the Fairfax notes of $1.0 million.

(7) Seaspan issued 38,461,539 warrants to Fairfax in February 2018, each exercisable for one Class A common share at an exercise price of $6.50 per share. The effect of these warrants is not included in the computation of diluted earnings per share because their effect is anti-dilutive for the period.

(8) Seaspan's common shares issuable upon conversion of its convertible Series F preferred shares are not included in the computation of diluted earnings per share because their effect is anti-dilutive for the period.

(9) The decrease in normalized earnings per share for the quarter ended March 31, 2018 is detailed below:

Normalized earnings per share, diluted - March 31, 2017	**$**	**0.15**
Excluding share count changes:		
Increase in normalized earnings[(a)]		0.02
Decrease from impact of preferred shares		(0.01)
Share count changes:		
Increase in diluted share count (from 106,792,000 shares to 134,124,000 shares)		(0.03)
Normalized earnings per share, diluted - March 31, 2018	**$**	**0.13**

(a) The decrease in normalized earnings for the quarter ended March 31, 2018, compared to the same period in 2017, is primarily due to an increase in diluted share count and preferred shares issued. These increases are offset by an increase in revenue of $23.5 million, which is partially offset by increases in operating lease expense of $4.6 million, ship operating expense of $3.9 million, and interest at the hedged rate of $8.6 million. Please read "Results for the Quarter Ended March 31, 2018" for further description of these changes.

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 and for two newbuilding vessels under construction;
- 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 that 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 maintain, enter into or renew primarily long-term, fixed-rate time charters with its existing customers or new customers, including, among other vessels, four of its 10000 TEU newbuilding containerships;
- 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 containership 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, refund guarantors 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;
- the recent departure of Seaspan's former chief executive officer, the upcoming departures of Seaspan's current chief financial officer and Seaspan's current general counsel and chief operating officer and the ability to retain key employees in the future;
- some of Seaspan's directors and investors may have separate interest 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 Report on Form 6-K filed on April 13, 2018.

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, or the SEC, 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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