seaspan

THE LEADING INDEPENDENT CONTAINERSHIP OWNER AND OPERATOR

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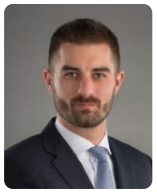
Q4 · 2018 · FINANCIAL RESULTS CONFERENCE CALL · MARCH 6, 2019

Agenda

Bing Chen, President & Chief Executive Officer
CEO Assessment and Key Priorities

Peter Curtis, EVP and Chief Commercial & Technical Officer
Industry Update



Ryan Courson, Chief Financial Officer
Financial & Strategic Update

Notice on Forward Looking Statements

This presentation 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 operations, cash flows, and financial position of Seaspan Corporation ("Seaspan"), 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," "guidance," and similar expressions are forward-looking statements. These forward-looking statements represent Seaspan's estimates and assumptions only as of the date of this presentation 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 presentation. 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 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 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 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 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 debt instruments 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 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 company 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 the Marshall Islands, 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 presentation 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 the "Risk Factors" in Report on Form 6-K that are filed with the Securities and Exchange Commission, or the SEC, from time to time relating to our 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 SEC, that attempt to advise interested parties of the risks and factors that may affect Seaspan's business, prospects and results of operations.

CEO Assessment

Strengthening Management Team

- Ryan Courson, Tina Lai, and Torsten Pedersen bring diverse and complementary backgrounds of expertise

Growth Initiatives

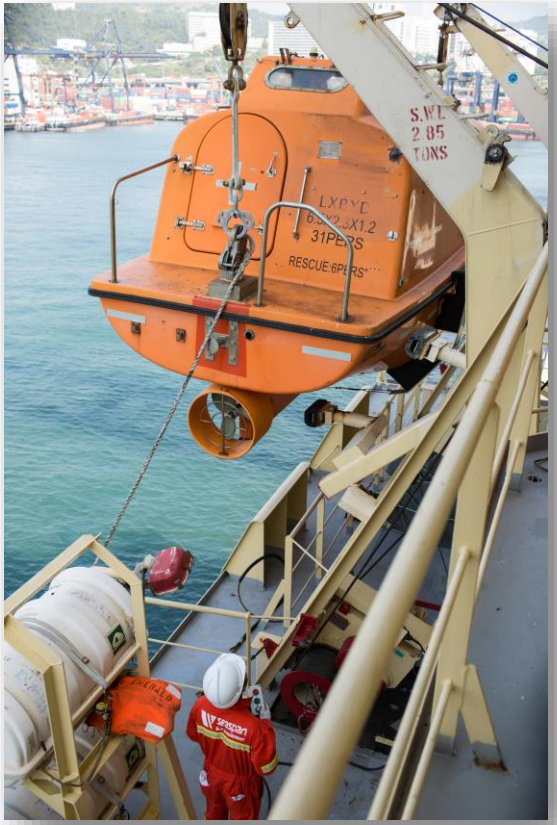
- Raised approximately $1.5 billion of capital
- $1.6 billion acquisition of Greater China Intermodal; flawlessly integrated
- Delivery of four 10,000 and one 11,000 TEU SAVER class vessels
- Expansion of Maersk relationship through acquisition of two 2,500 TEU vessels chartered to Maersk

Expansion of Strategic Partnerships

- $1.0 billion investment from Fairfax Financial Holdings
- Continued long-term commitment from founding shareholders the Washington Family

Execution on Key Priorities

- Strengthening partnerships and improvements in operational excellence



Key Priorities & Recent Developments

1

Operational Excellence

- Improvements in utilization
- 30% improvement in Port State Control compliance over 2017

2

Customer Partnerships

- Developed working relationship with Evergreen Marine
- Strengthened existing partnerships through advice and execution on various capital projects, including agreements to add ten scrubbers

3

Financial Strength and Stability

- Diversifying sources of long-term capital to improve financial flexibility
- Increasing unencumbered asset base

4

Pursuit of Growth Opportunities

- Evaluating opportunities within and outside of the containership leasing industry, including investments to strengthen our existing business

5

Capital Allocation

- Prepaid secured debt in Nov-18 and Jan-19 to increase unencumbered vessels to 32 (including 8 in the process of being unencumbered)

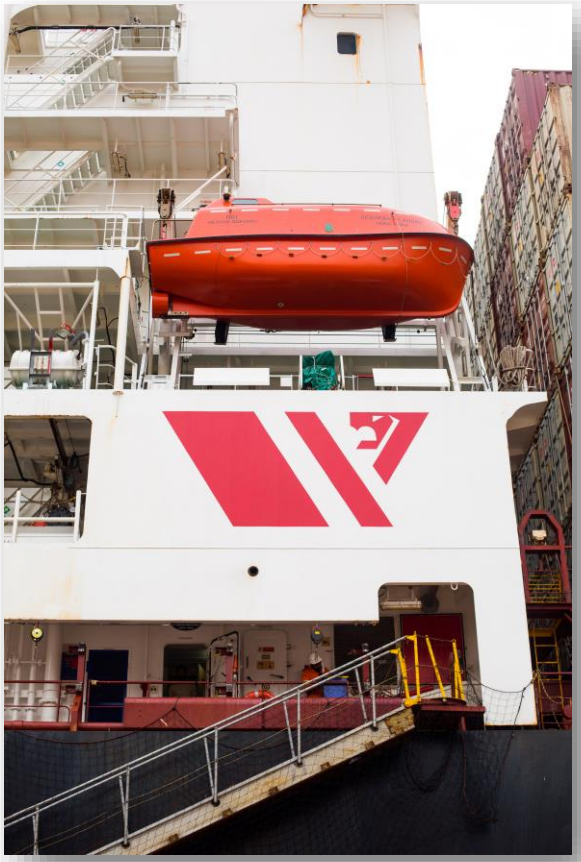
Fourth Quarter and Year-to-Date Highlights

Q4 Operational and Financial Performance

- Vessel utilization of 97.3% during the quarter
- Revenue of $294.9 million
- Cash Flow from Operations of $149.3 million
- EPS per diluted share of $0.25

Financing Developments

- Closed second tranche of Fairfax $1.0 billion investment
- Increased fleet of unencumbered vessels from 18[1] to 32[2]

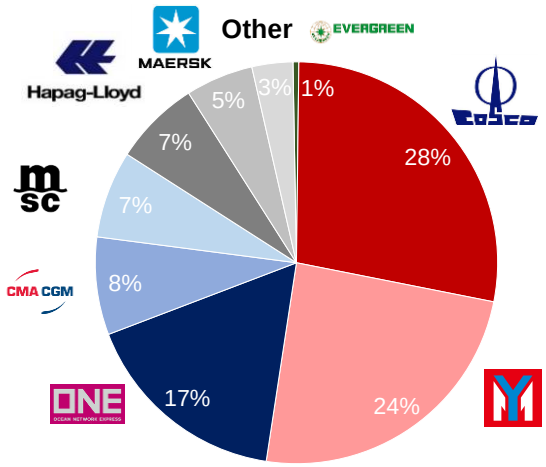


(1) Debt free vessels as at 30-Sep-18
(2) Debt free vessels as at 5-Mar-19

Commercial & Operational Highlights

Strengthening Partnerships

- Entered into agreements with two of our customers to install ten scrubbers with different repayment structures
- Expanded partnerships – working relationships with all of the top 8 charterers
- New customers include Evergreen Marine, KMTC, HMM
- Signed innovative multi-year contracts with COSCO
- Extensions with CMA CGM for three vessels



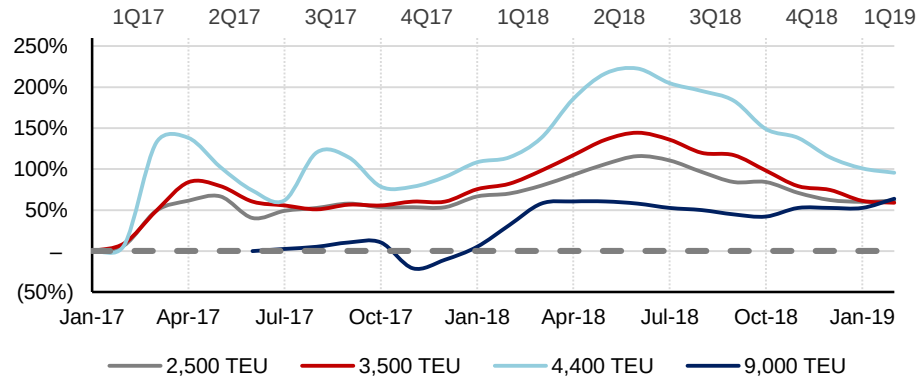
Operational Improvements

- Lost-time Injury Frequency (LTIF) improved 16% from 2017
- Port State Control deficiencies improved 30% over 2017
- Over 95% crew retention in 2018

Demand Growth and Supply Constraint Driving Rate Improvement

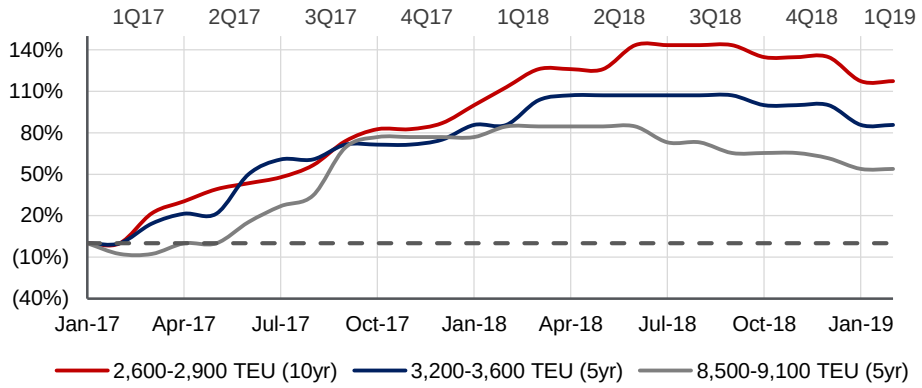
- Q4 saw further softening in the market as a result of excessive fleet growth in the first half of the year
- Support from limited number of deliveries scheduled for 2019, and continuing restraint on newbuild ordering
- We are optimistic about rates for the remainder of the year

Charter Rate Improvement[1]



- Sparse sale and purchase activity in Q4
- During Q4 asset values declined, but were generally higher year-over-year

Historical Containership Asset Value[1]

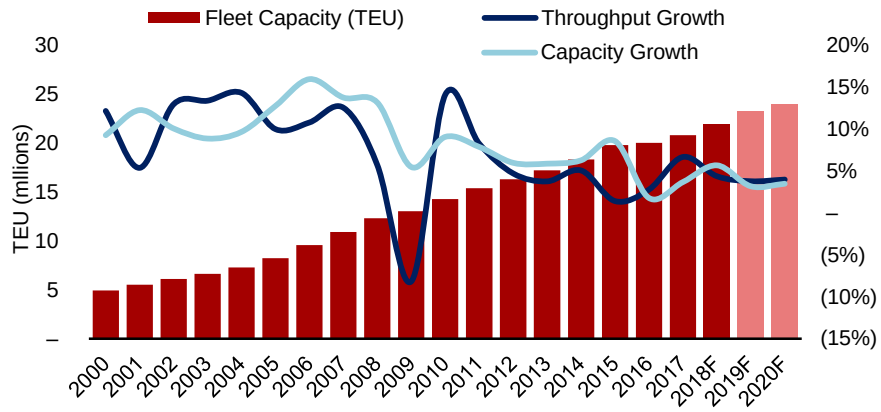


(1) Clarksons Research – February 2019

Broad Based Global Seaborne Trade Growth

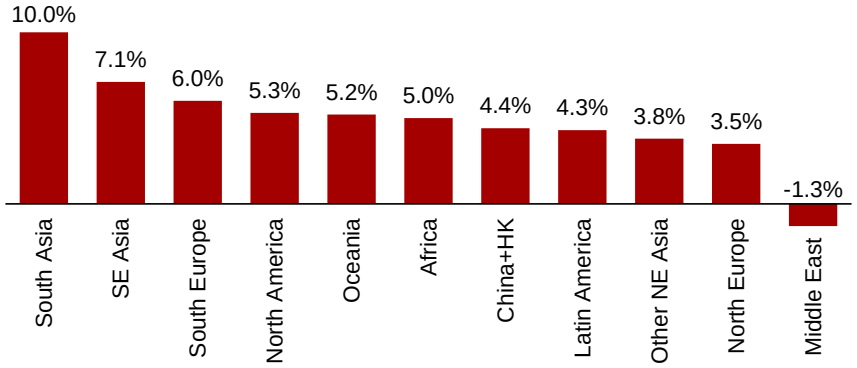
- Improving supply / demand balance supporting charter rates
- Trade growth is expected to exceed fleet growth in 2019 and 2020

Annual Capacity and Throughput Growth[1]



- Balanced growth across regions
- 2018 growth has remained robust despite trade uncertainty
- Growth outlook supported by strong economic fundamentals in emerging and developed markets
- Sanctions in Iran hurt Middle East trade growth

2018 Growth Rates by Region[1]



2017 Growth Rates by Region

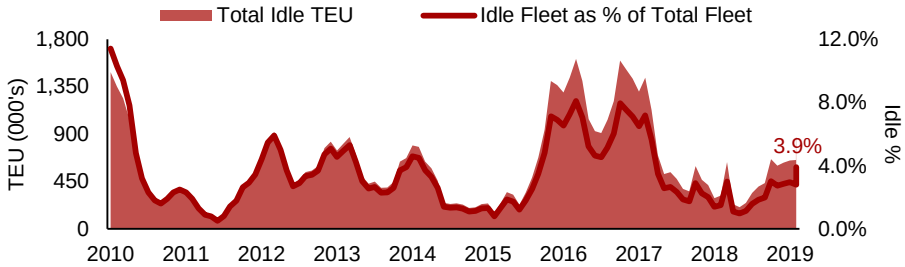
12%	6%	7%	8%	7%	6%	8%	7%	5%	5%	2%

(1) Alphaliner Monthly Monitor – February 2019; global port throughput includes empty container and transshipment cargo.

Improvement in Industry's Ability to Manage Supply

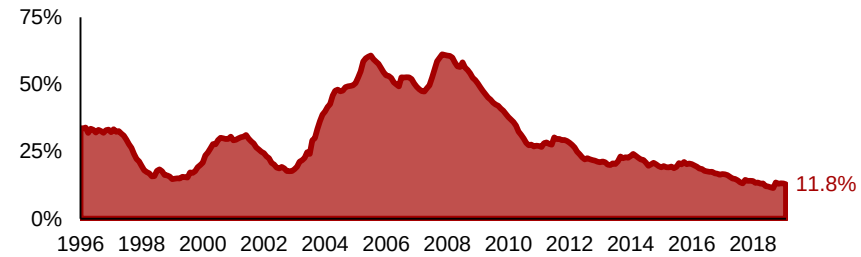
- Industry supply rationalization and demand improvement driving idle fleet reduction and supporting time charter rate improvement
- Idle containership fleet of vessels over 500 TEU less than 250, or 3.9% of the global fleet[2]

Idle Fleet Continues to Decline (% TEU)[1,2]



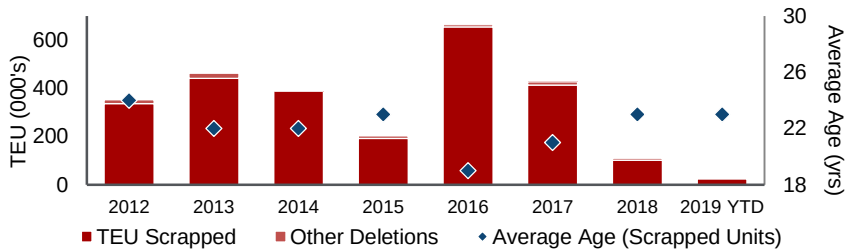
- Fewer operators and increased discipline tempering supply growth
- Orderbook-to-fleet ratio currently at 11.8%[3]

Orderbook at Historically Low Levels[1,3]



- 2018 ended with lowest scrapping values since 2011
- Majority of scrapping in 2018 occurred in the last quarter, driven by healthy steel prices; 80% of tonnage scrapped was below 2,000 TEU

Historical Demolition Volumes[3]



(1) Clarksons Research – February 2019
(2) Alphaliner Weekly Newsletter – Volume 2019 Issue 09
(3) Alphaliner Monthly Monitor – February 2019

Q4 Financial Highlights

Key Performance Metrics

US$ Millions, except operating data and per share amounts	Quarter Ended December 31 2018	2017
Ownership Days	9,844	7,905
Operating Days	9,582	7,586
Vessel Utilization	97.3%	96.0%
Operating Cost per Ownership Day	$5,648	$6,086
Revenue	$294.9	$214.4
Ship Operating Expense	55.6	48.1
G&A	7.1	11.1
Operating Lease Expense	33.2	30.6
Operating Earnings	134.4	80.6
Net Earnings	63.1	58.6
Net Earnings Attributable to Common Shares	44.9	42.4
EPS, diluted	0.25	0.34
Cash Flow From Operations	149.3	89.0

Key Balance Sheet Metrics

US$ Millions	As of 31-Dec-18	31-Dec-17
Cash and cash equivalents, and short-term investments	$359.9	$253.3
Total borrowings	4,159.3	3,116.9
Shareholders' equity	2,460.0	1,949.4

Highlights

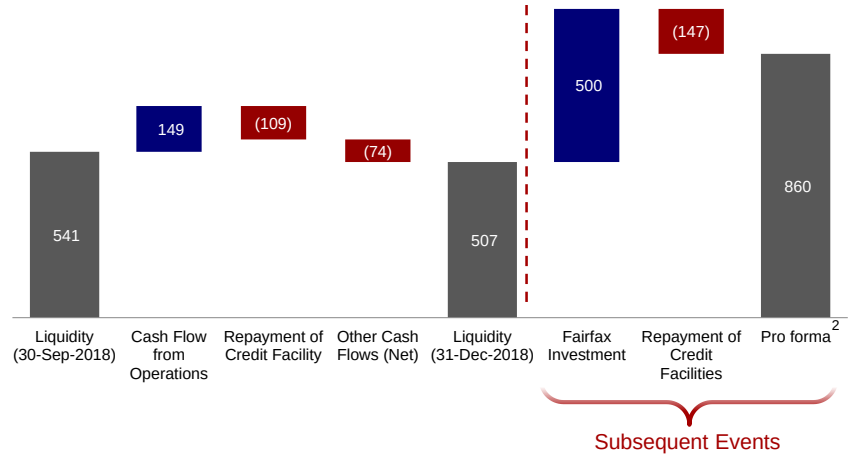
- Operating days increased by 26% to 9,582 primarily from Seaspan's acquisition of GCI, as well as deliveries during 2018
- Revenue increased by 38%; top end of guidance and record high
- The increase in utilization is primarily due to higher utilization of GCI vessels and new deliveries
- Cash flow from operations increased 68%; record high quarter and year
- Ship operating expense was positive versus guidance due to drive for efficiency through scale

Financial Strength and Stability

- Fairfax investment in January 2019 significantly improves liquidity
- Repayment of credit facilities has led to increased number of unencumbered assets

Improvements in Liquidity[1]

(US$ Millions)



- $250 million equity investment from Fairfax in January 2019 significantly improves leverage ratios
- Repaid $147 million of secured debt in January 2019, which will unencumber 8 vessels

Improvements in Capital Structure

	Quarter Ending (2018)				
(US$ Millions)	**31-Mar**	**30-Jun**	**30-Sep**	**31-Dec**	**Pro forma[2]**
Net Debt[3]	$4,067	$4,275	$3,993	$3,888	$3,638
Shareholders' Equity	2,084	2,091	2,434	2,460	2,710
Net Debt / Equity	2.0x	2.0x	1.6x	1.6x	1.3x
Unencumbered Vessels[4]	*12*	*12*	*18*	*24*	*32*

(1) Liquidity includes cash and cash equivalents, and undrawn revolving credit facility
(2) Adjusted for $500 million gross proceeds from Fairfax's January 2019 investment, and $147 million secured debt prepayment in January 2019
(3) Principal value of debt outstanding, less cash and cash equivalents
(4) Includes vessels which were in the process of being unencumbered; 31-Dec-18 includes 8 vessels in the process of being unencumbered

Operating Lease Accounting Changes

Operating Lease Changes

- Our 2019 Q1 financial statements will be the first set of financial statements under new lease guidance; we have elected an approach whereby our prior year comparatives and disclosures will not be restated and will remain consistent with previously filed financial statements
- Using new leasing standards under US GAAP, our operating leases related to our sale-leaseback transactions will move onto our balance sheet
- Impact on January 1st, 2019 balance sheet:
  - **New Asset:** Record ~$1.1 billion right-of-use asset, amortized over the life of the lease
  - **New Liability:** Record ~$1.1 billion lease liability, amortized over the life of the lease
  - **Other Adjustments:** Derecognize $181 million of deferred gain **(Other long-term liabilities)**, and adjust to opening retained earnings to balance
- Operating lease expense:
  - Our operating lease expenses will be recognized on a straight line basis, adjusted for changes in LIBOR, which will result in a timing difference on our income statement relative to cash payments
  - We no longer amortize deferred gains on our sale-leasebacks, which were recorded as a contra-expense

2019 Guidance

Key Financial Items for 2019

Estimated as at February 28, 2019, in US$ millions [1]	2019 Low	2019 High
Revenue	1,140	1,160
Ship Operating Expense	240	250
Operating Lease Expense[2]	155	165
G&A	30	35

(1) All estimates are approximate, based on current information, and are subject to change. See "Notice on Forward Looking Statements" on slide 3
(2) See page 13 for detail around new leasing standards under US GAAP affecting reporting of operating lease expense beginning January 1, 2019

APPENDIX

Q4 Guidance vs Actual

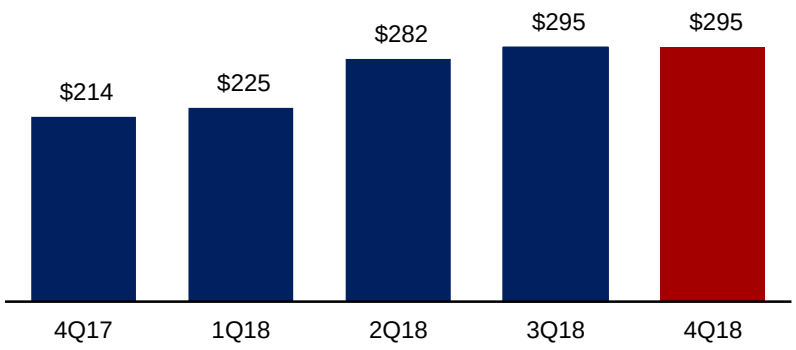
Key Financial Items for Q4 2018

Estimated as at October 31, 2018, in US$ millions	Q4 2018 Low	Q4 2018 High	Actuals		
Revenue	291	295	295	-	(In Line)
Ship Operating Expense	58	62	56	↓	(Favorable)
Operating Lease Expense	32	34	33	-	(In Line)
Depreciation & Amortization	63	66	65	-	(In Line)
G&A	8	10	7	↓	(Favorable)

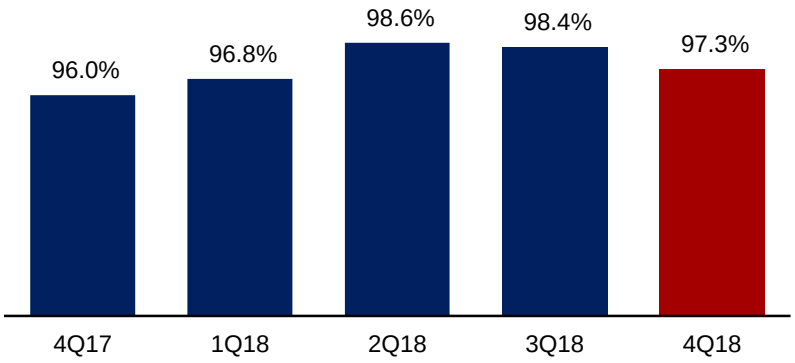
Quarterly Performance

Revenue

(US$ Millions)

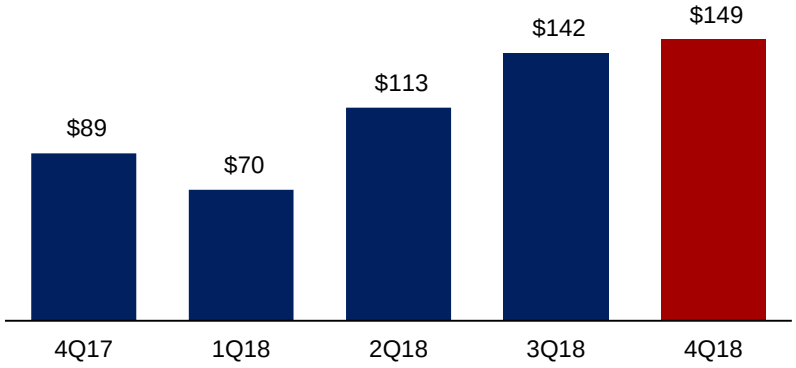


Utilization Rate



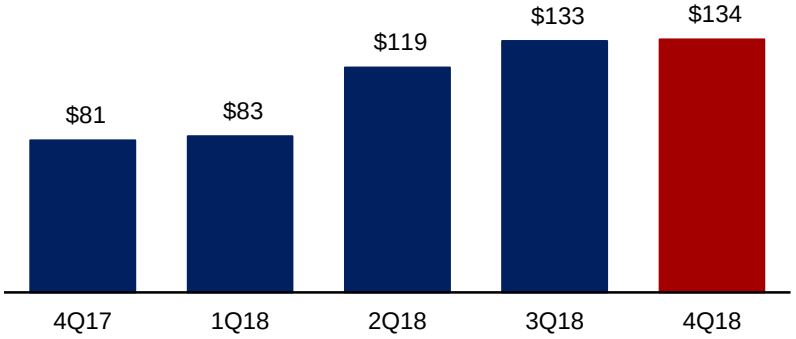
Cash Flow from Operations

(US$ Millions)



Operating Earnings

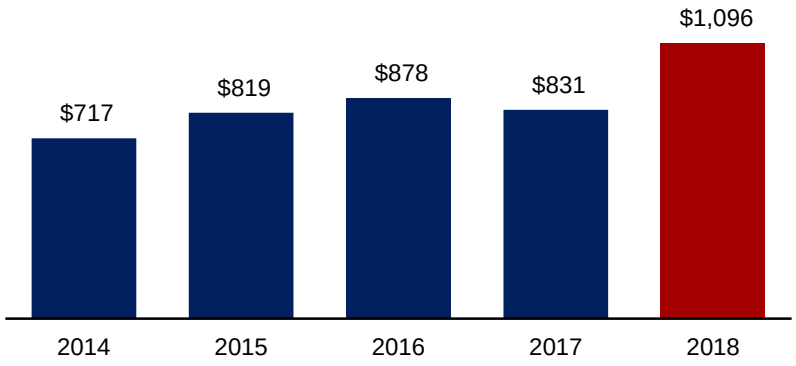
(US$ Millions)



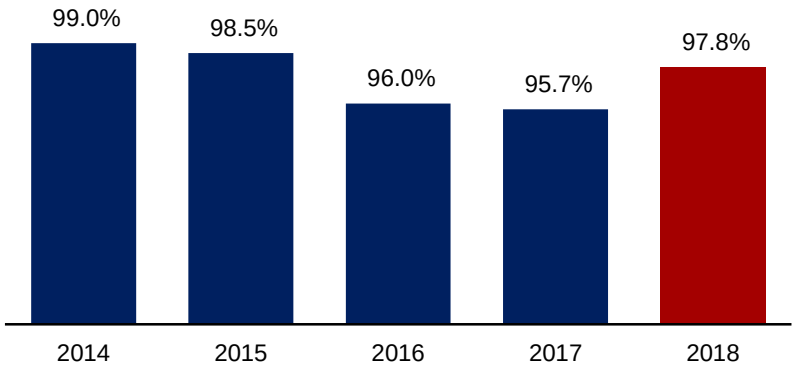
Annual Performance

Revenue

(US$ Millions)

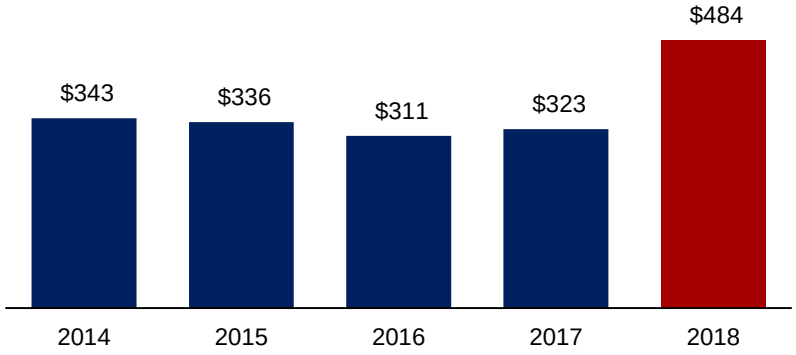


Utilization Rate



Cash Flow from Operations

(US$ Millions)



Operating Earnings

(US$ Millions)