



# First Ship Lease Trust

## 2QFY12 Results Presentation



FSL Trust Management Pte. Ltd.  
as Trustee-Manager for FSL Trust

[www.FSLTrust.com](http://www.FSLTrust.com)  
24 July 2012

# Disclaimer



Certain statements in this presentation may constitute forward-looking statements. Forward-looking statements include statements concerning plans, objectives, goals, strategies, future events or performance, and underlying assumptions and other statements, which are other than statements of historical facts. The words “believe”, “anticipate”, “intend”, “estimate”, “forecast”, “project”, “plan”, “potential”, “may”, “should”, “expect”, “pending”, and similar expressions identify forward-looking statements.

Forward-looking statements also include statements about our future growth prospects. Forward-looking statements involve a number of risks and uncertainties that could cause actual results to differ materially from those in such forward-looking statements. The risks and uncertainties relating to these statements include, but are not limited to, risks and uncertainties regarding our earnings, our ability to manage concentration and lessee credit risks, our ability to lease out or dispose vessels, our ability to implement our investment strategy, our dependence on credit facilities and new equity from capital markets to execute our investment strategy, the possibility of insufficient insurance to cover losses from inherent operational risks in the industry, lower lease rates from older vessels, our dependence on key personnel, FSL Holdings Pte. Ltd.’s controlling stake in the First Ship Lease Trust (“FSL Trust”), our short operating history, the lack of historical financial history for the Trust, the risk of government requisitions during periods of emergency or war, the possibility of pirate or terrorist attacks, competition in the industry, political instability where the vessels are flagged or operate, and the cyclical nature of the industry and fluctuations in vessel values. For further information, please see the documents and reports that we file with the Singapore Stock Exchange.

FSL Trust may, from time to time, make additional written and oral forward-looking statements, including our reports to unitholders. We do not undertake to update any forward-looking statements that may be made from time to time by or on behalf of FSL Trust.

# Agenda

- **2QFY12 Financial Review**
- **Strengthening Our Position**
- **Strategy and Outlook**

# 2QFY12 Results Summary



<b>Financial Highlights (US\$'000)</b>	<b>2QFY12</b>	<b>2QFY11</b>	<b>% change</b>
Revenue	29,247	28,700	1.9
Loss after tax	(2,479)	(491)	N.M.
Net cash from operations	11,580	13,486	(14.1)
Amount to be distributed	-	5,732	(100.0)
Distribution per unit (US¢)	-	0.95	(100.0)

# 2QFY12 Results Highlights



- **Revenue +1.9% to US\$29.2m**
  - Bareboat charter revenue decreased 14.3%
    - ❖ Mainly due to payment default by PT Berlian Laju Tanker Tbk for three chemical tankers since February 2012
  - Freight income rose 38.9%
    - ❖ Redeployment of three chemical tankers in the spot market
    - ❖ Offset by lower freight income for *FSL Singapore* and *FSL Hamburg*
  - US\$0.6m in time charter revenue
    - ❖ *FSL Singapore* commenced employment on 3-year time charter with Petrobras in mid-May 2012

# 2QFY12 Results Highlights



- **Higher expenses incurred**
  - Non-recurring vessel related expense of US\$1.1m that arose from redelivery of three chemical tankers and change in technical manager for *FSL Hamburg* and *FSL Singapore*
  - Voyage and vessel operating expenses rose 95.1% due to trading of 3 chemical tankers in the spot market
- **Overall, net loss of US\$2.5m in 2QFY12**
- **Net cash generated from operations declined 14.1% to US\$11.6m**
- **After quarterly loan repayment of US\$11.0m, cash and cash equivalents stood at US\$30.8m as at 30 June 2012**

# Portfolio Performance in 2QFY12



- **20 out of fleet portfolio of 25 vessels remain on long-term bareboat charters**
- **Three chemical tankers actively traded in spot market since their redeliveries in March 2012**
- **Two product tankers, *FSL Hamburg* and *FSL Singapore***
  - Continued to trade in spot market
  - *FSL Singapore* commenced 3-year time charter with Petrobras in mid-May 2012
- **Rentals for vessels leased to **TORM A/S** were reduced in 2QFY12 as the leases were being restructured**

# Portfolio Performance in 2QFY12

## *3 chemical tankers*



<b>(US\$'000)</b>	<b>2QFY12</b>
Freight income	6,844
Voyage expenses	(3,446)
<b>Time charter equivalent revenue</b>	<b>3,398</b>
Less: crew cost, vessel maintenance & other operating expenses	(1,350)
<b>Bareboat charter equivalent revenue</b>	<b>2,048</b>

- Commenced active trading in the spot market from April 2012, generating bareboat charter equivalent revenue of US\$2.0 million in 2QFY12



# Portfolio Performance in 2QFY12

2 product tankers: *FSL Hamburg* & *FSL Singapore*



(US\$'000)                      2QFY12                      2QFY11                      % Change

## Spot Charters

Freight income                      3,670                      7,569                      (51.5)

Voyage expenses                      (2,316)                      (3,037)                      (23.7)

Time charter equivalent revenue                      1,354                      4,532                      (70.1)

## Time Charter

Time charter revenue                      622                      -                      100.0

**1,976                      4,532                      (56.4)**

Less: Vessel operating expenses                      (1,287)                      (1,306)                      (1.5)

**Bareboat charter equivalent revenue                      689                      3,226                      (78.6)**

- Time charter equivalent revenue fell 70.1% mainly due to:
  - Lower freight rates earned
  - Timing difference in recognition of freight income and expenses
  - Loss of spot charter revenue from mid-May 2012 for *FSL Singapore* and loss of approx. 20 employment days as preparations were made for her time charter employment
- Revenue from time charter of *FSL Singapore* which commenced in mid-May 2012

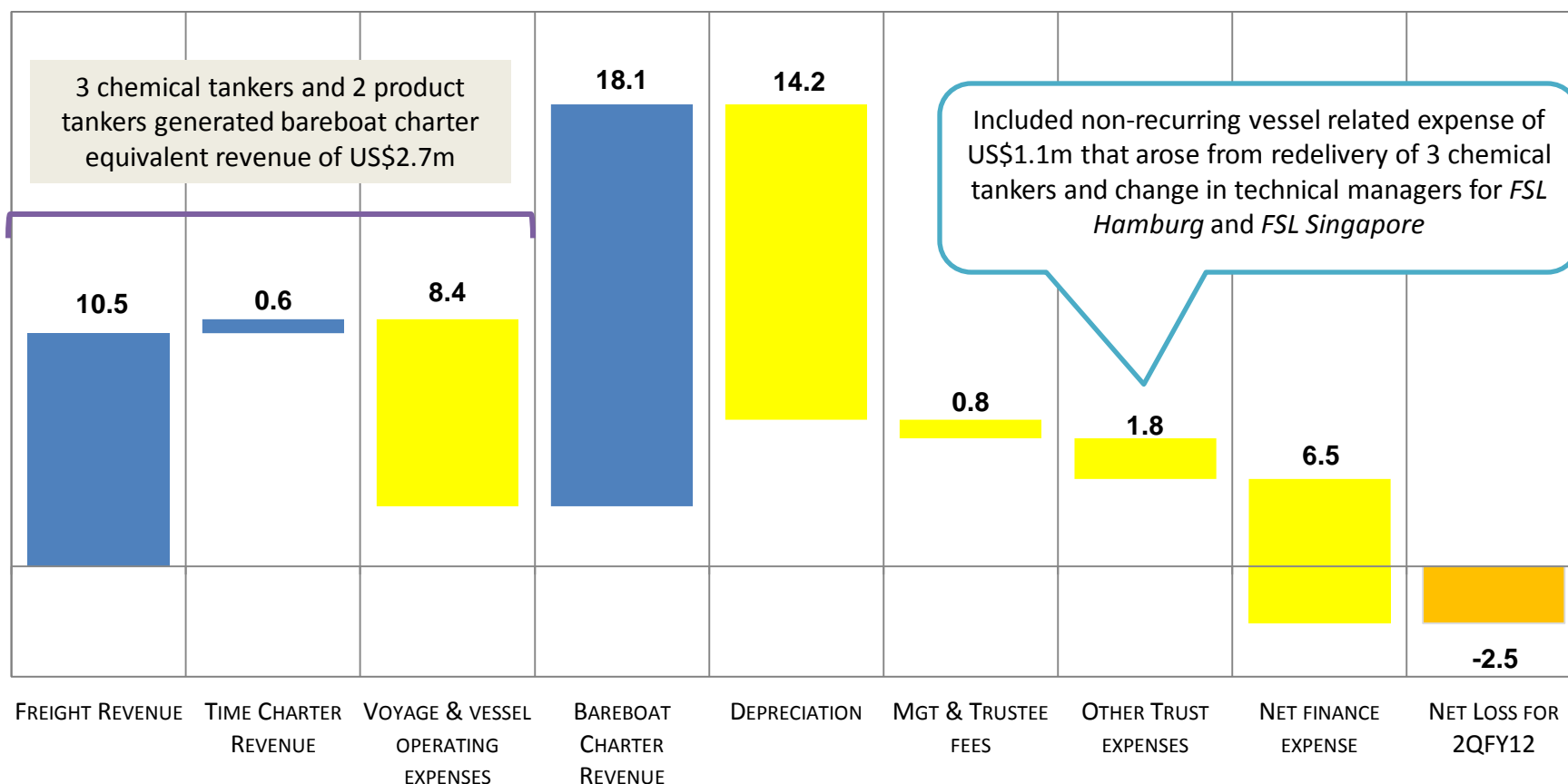
- Cost savings that arose from change in technical manager

- Overall, bareboat charter equivalent revenue fell 78.6% to US\$0.7m

# Higher Expenses Impact Profits



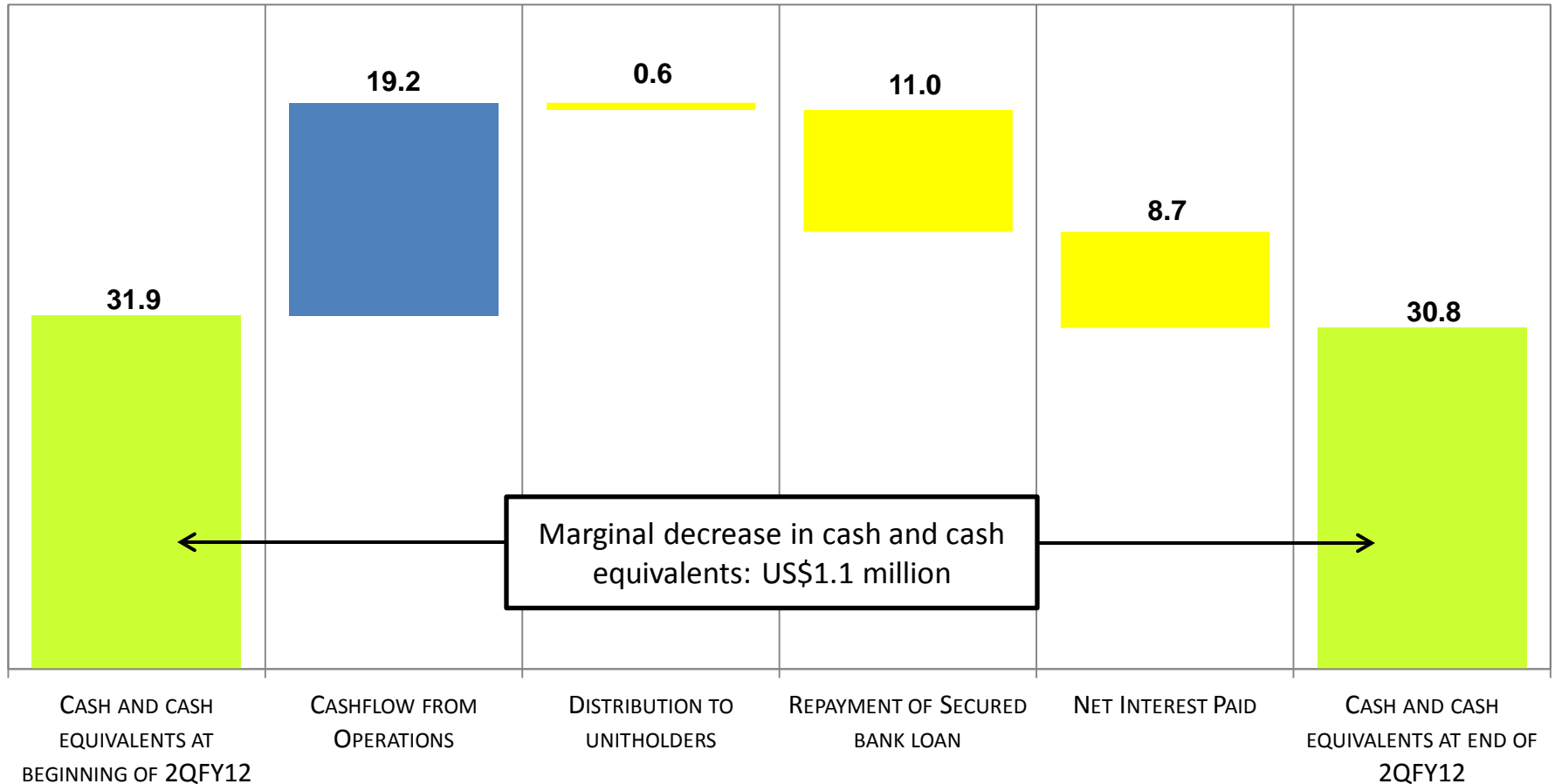
## 2QFY12 Income Statement Highlights US\$ Millions



# Vigilant Cash Management



## 2QFY12 Cash Flow Highlights US\$ Millions



# Strengthening Our Position

# Strengthening Our Position



- **Improved revenue visibility**
  - **Secured 3-year time charters for two product tankers**
    - ❖ *FSL Singapore* already deployed on time charter employment since mid-May 2012
    - ❖ *FSL Hamburg* expected to commence 3-year time charter with Petrobras at gross daily time charter rate of US\$14,000 in 3QFY12
  - **Expect more stable returns from 3 chemical tankers in ‘Nordic Siva’ pool vs. spot market**
    - ❖ Monthly distribution of net earnings to participants in pool
    - ❖ *FSL New York* and *FSL Tokyo* delivered into pool in July 2012
    - ❖ *FSL London* expected to enter same pool in 3QFY12

# Strengthening Our Position



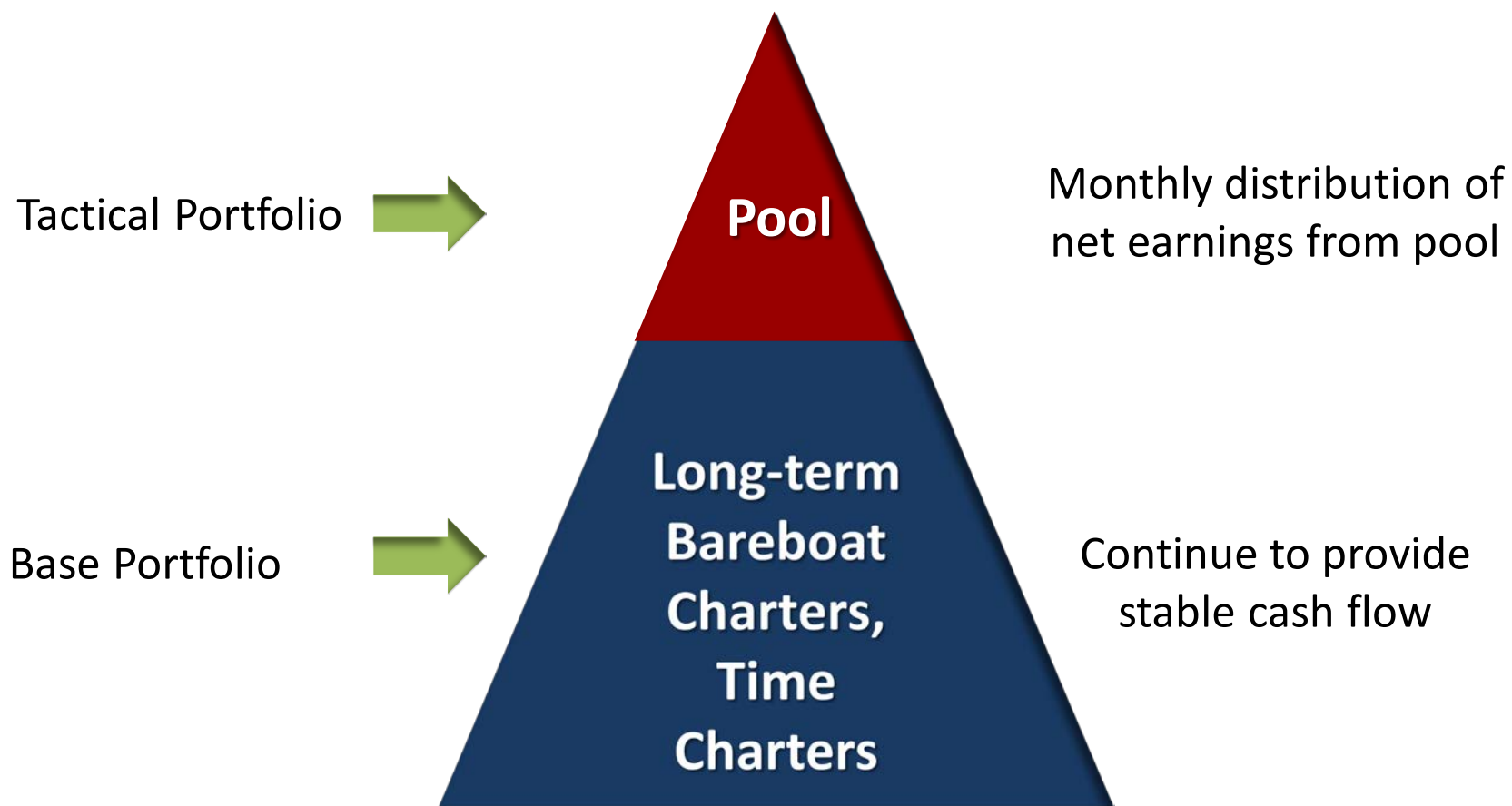
- **Secured 12-month relaxation of two loan covenants (until 30 June 2013)**
  - Minimum security value-to-loan ratio reduced from 125% to 100%
  - Debt service coverage ratio relaxed from at least 1.1:1 to at least 1:1
  - No distribution payments during this period

# Strategy and Outlook

# Focus on Earnings Visibility



Maintain diversified portfolio across shipping segments & customers in face of difficult shipping market

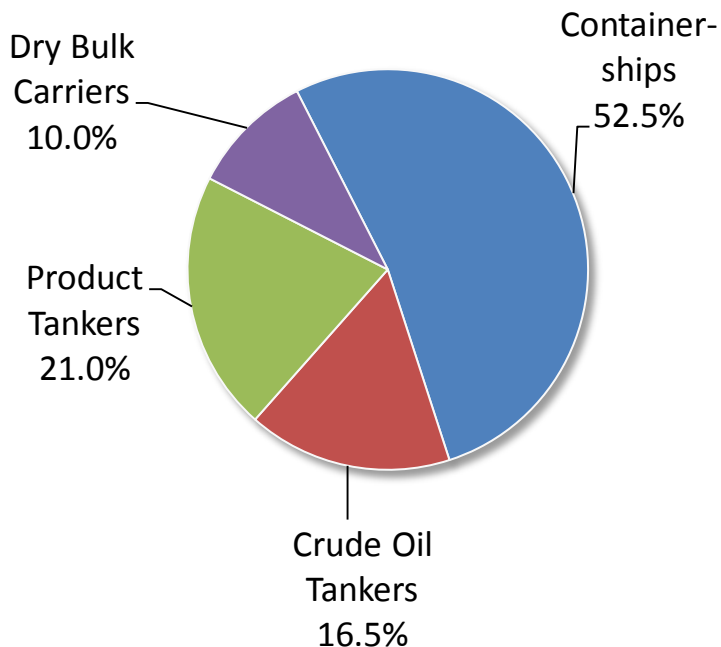




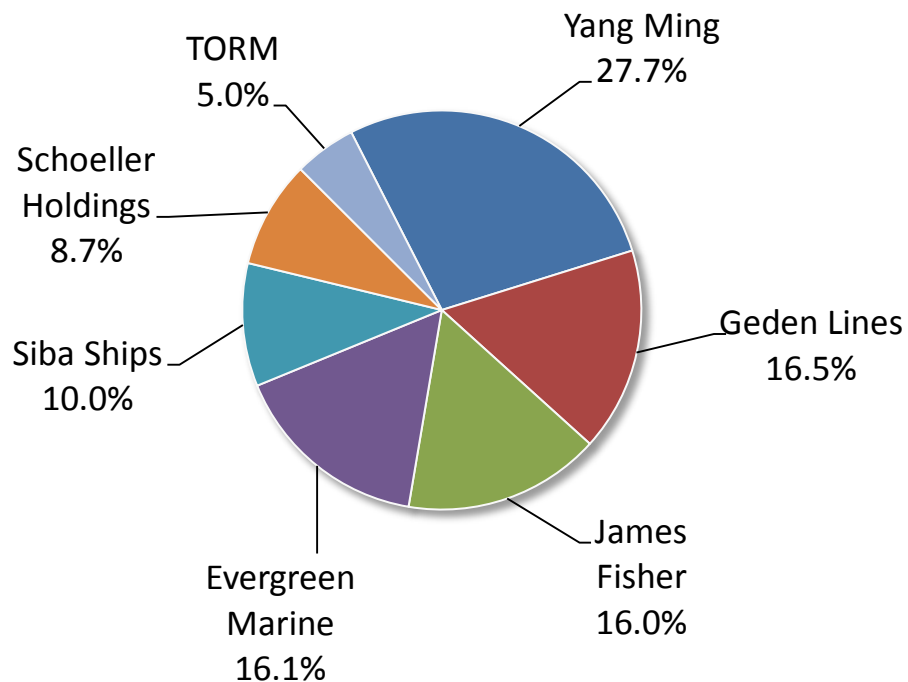
# Strength in Diversified Portfolio



## Lease Revenue<sup>^</sup> by Vessel Type



## Lease Revenue<sup>^</sup> by Lessee



<sup>^</sup> Based on actual 2QFY12 lease revenue for 20 vessels on bareboat charters.

# We Are Here To Stay



## Vessels generating more visible earnings

- Long-term bareboat charters
- Time charters
- Pool arrangement

## Attractive Asset Prices

- Looking out for earnings accretive acquisitions

## Good support from our Lenders

- 12-month loan covenant relaxation

# Investor Relations Contacts



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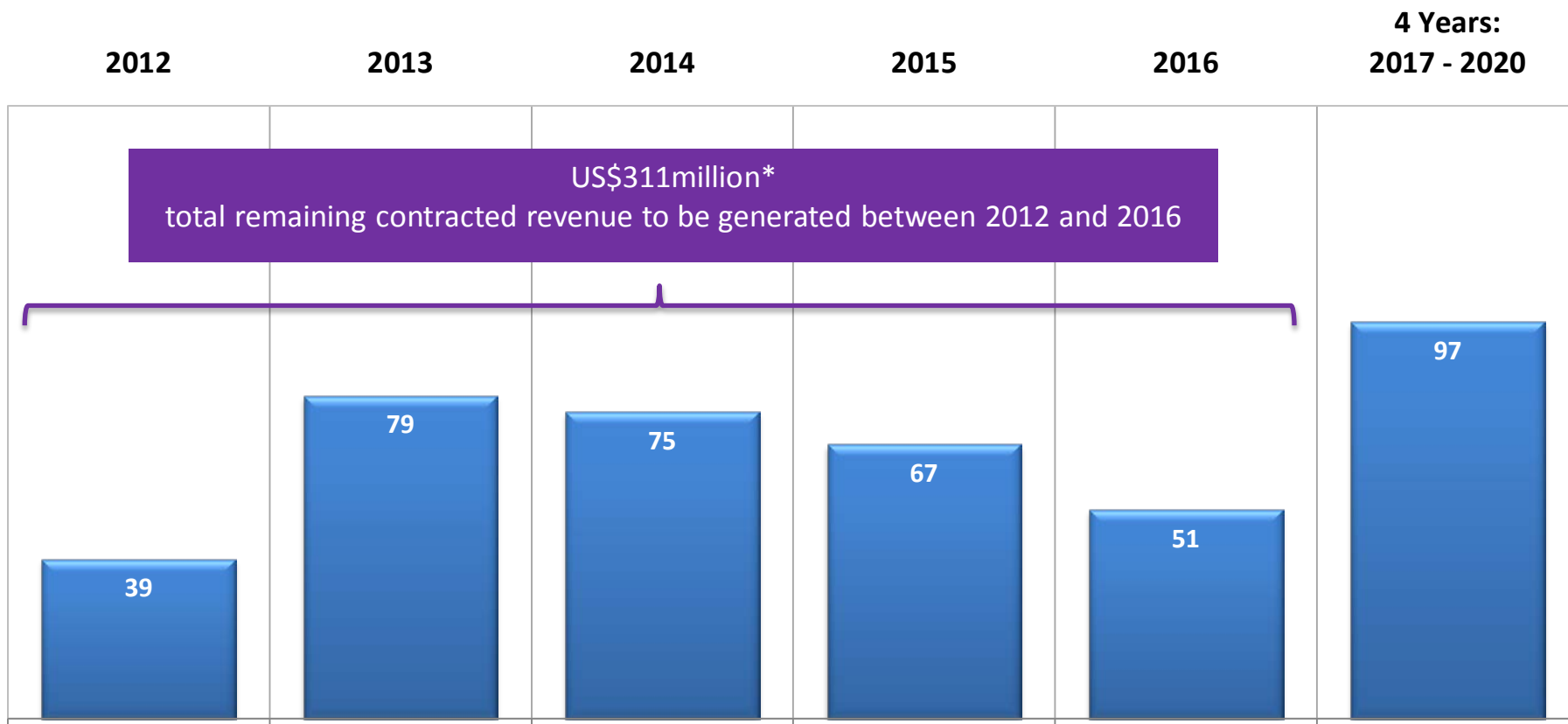
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# Appendix

# Lease Revenue Backlog



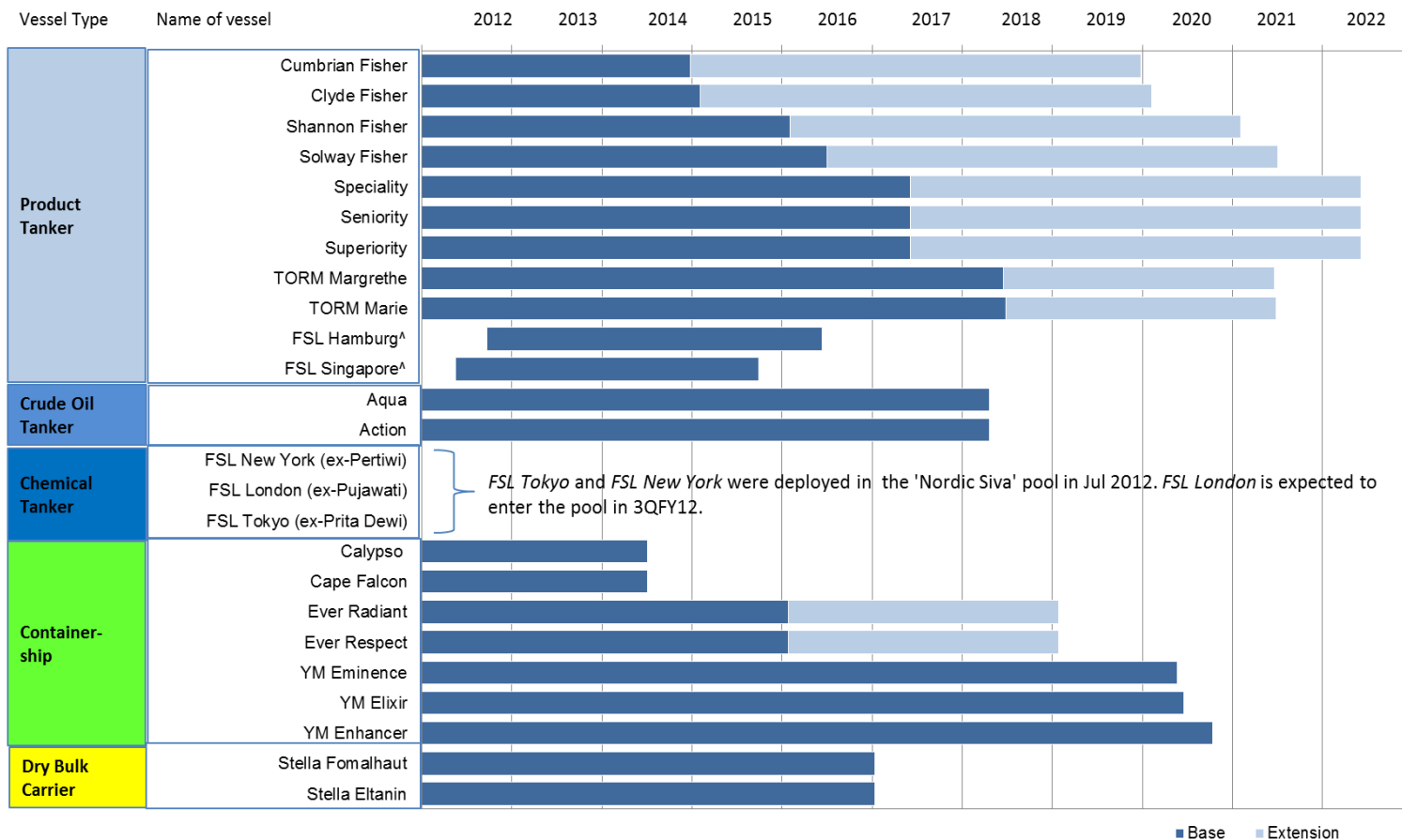
\* As at 30 June 2012, based on 20 vessels on long-term bareboat charters (excluding extension and early buyout options) and two vessels on three-year time charters. Assumes that daily lease rental of the two vessels leased to Geden Lines is fixed at US\$16,425 per vessel.

# Staggered Lease Maturities



**Remaining Lease Term in Years as at 30 June 2012**

**5.4 years\***  
Weighted average remaining lease term



\* As at 30 June 2012, based on 20 vessels on long-term bareboat charters (excluding extension and early buyout options) and two vessels on three-year time charters. Calculated on a dollar-weighted average basis by net book value.

<sup>^</sup> FSL Singapore is deployed on a three-year time charter to Petrobras. FSL Hamburg is expected to commence her time charter in 3QFY12.