



# First Ship Lease Trust

4Q FY2014 Financial Results

25 February 2015

# 4QFY14 – Key Financial Highlights



- Net cash generated from operations increased 142.6% year-on-year to US\$18.5 million
- Net profit of US\$7.3 million
  - Third consecutive quarter of profitability
  - Significant improvement compared to previous corresponding periods
- Revenue increased 5.3% year-on-year to US\$24.4 million
- Impairment loss of US\$0.6 million recognized on investments in TORM
  - Gained US\$1.7 million on disposal of TORM shares to be recognized in 1QFY15 financial results



# Performance Review



US\$ million	4QFY14	4QFY13	Change %	FY2014	FY2013	Change %
Revenue	24.4	23.2	5.3	93.4	90.0	3.8
Profit/(Loss) for the quarter	7.3	(42.0)	N.M.	4.1	(65.2)	N.M.
Net cash generated from operations	18.5	7.6	142.6	53.0	36.0	47.7
Operating Profit	5.5	(36.1)	N.M	16.8	(40.6)	N.M

- Notable year-on-year improvement in Net cash generated from operations
- Revenue and Profit improved despite adverse impact of FSL London dry docking in 4QFY14 and smaller fleet in FY14

# Key Achievements in 2014



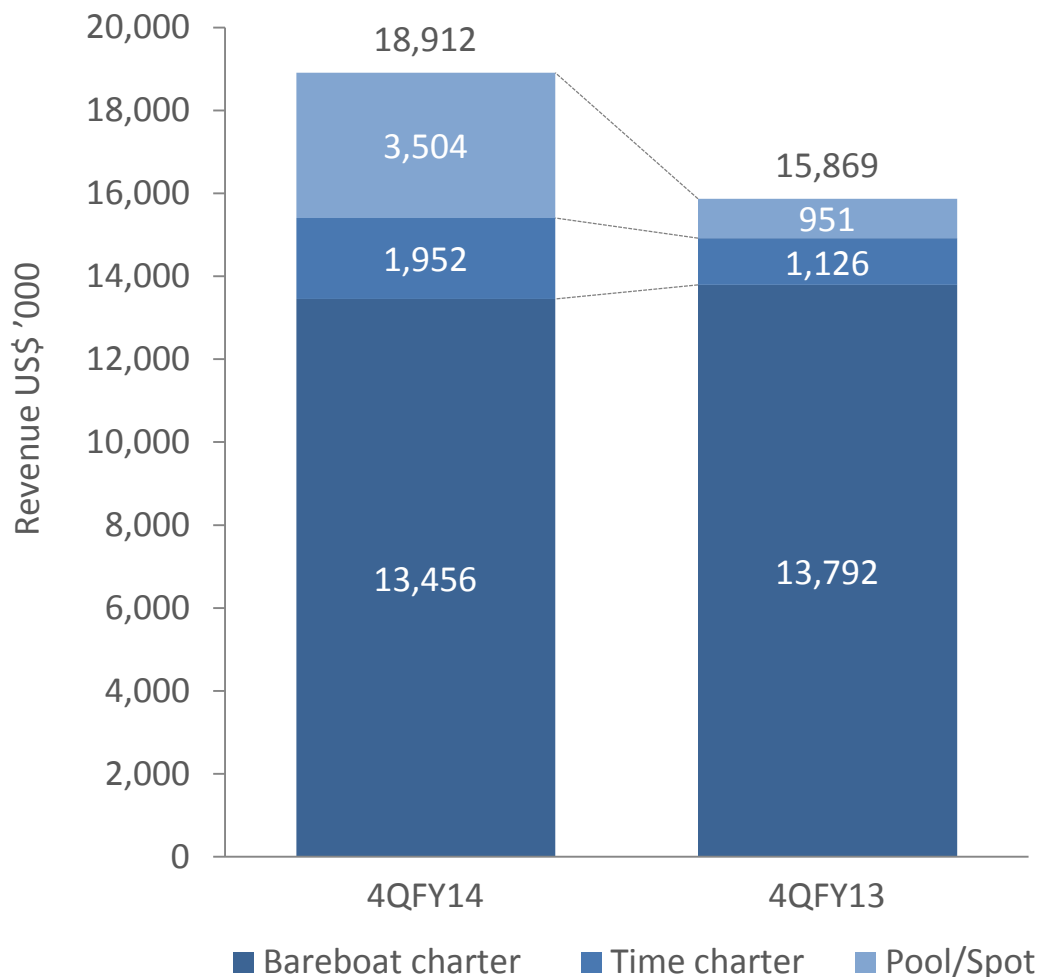
- Disposal of two 15 year-old loss-making dry bulk vessels, reducing capital expenditure and cost of debt service in 1HFY14
- Securing a new time charter agreement with Tesoro for FSL Shanghai on improved rates
- Generating first quarterly profit in nearly three years, in 2QFY14
- Appointment of Esben Poulsson as non-executive independent director
- Recently announced compliance with the original 2011 loan agreement terms – onerous terms of relaxation fall away
- Cashflow positive – Net cash generated from operations of US\$18.5 million and US\$53.2 million for 4QFY14 and FY14, respectively

# Update on Loan Compliance Confirmation



- Announced on 6 January that the Trust is compliant with the terms of its original loan agreement following a covenant relaxation period of two and a half years
  - Key covenant has been value-to-loan ratio > 125%
- Security deposit of US\$10.0 million, deposited to address VTL shortfall, to be released following confirmation of compliance with debt service cover ratio (“DSCR”) covenant
  - DSCR is forecast to be in excess of 1.2x at the end of 4QFY14
    - 1.1x required for loan covenant compliance
    - 1.15x hurdle for the release of the Security Deposit

# Revenue Breakdown



## Pool/Spot:

- Three chemical tankers in the Nordic Tankers Pool
- Improved performance of FSL Hong Kong under the Teekay RSA <sup>(1)</sup>
- FSL Busan and FSL Santos in the HANSE pool

## Time charter:

- FSL Shanghai deployed on an improved time charter rate with Tesoro
- No longer includes FSL Durban and Stella Fomalhaut <sup>(2)</sup>

## Bareboat charter:

- No longer includes FSL Busan and FSL Santos
- Improved performance of TORM Margrethe and TORM Marie, the only floating rate BBC agreements

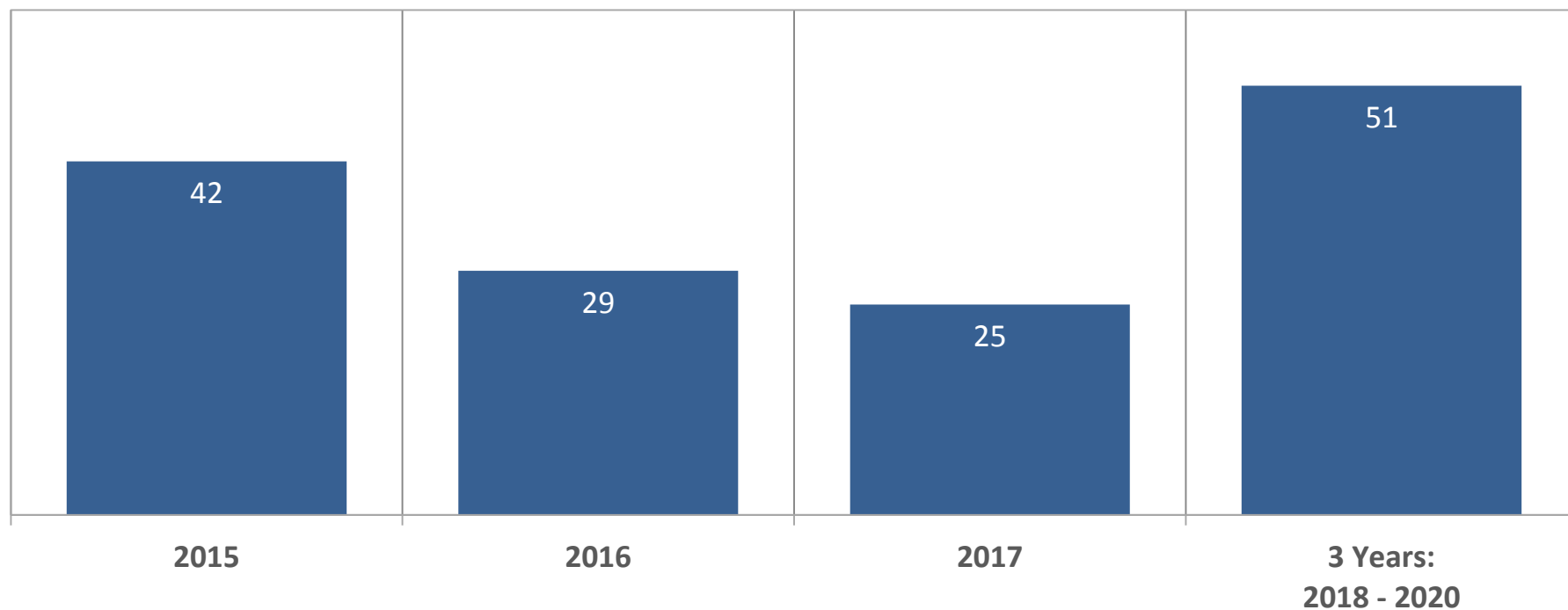
Note 1: Teekay Revenue Sharing Agreement equivalent to pooled income

Note 2: After its redelivery in October 2013, FSL Durban and Stella Fomalhaut were employed on time charter

# Bareboat Lease Revenue Backlog



Remaining contracted revenue stood at US\$147 million <sup>(1)</sup>  
as at 31 December 2014

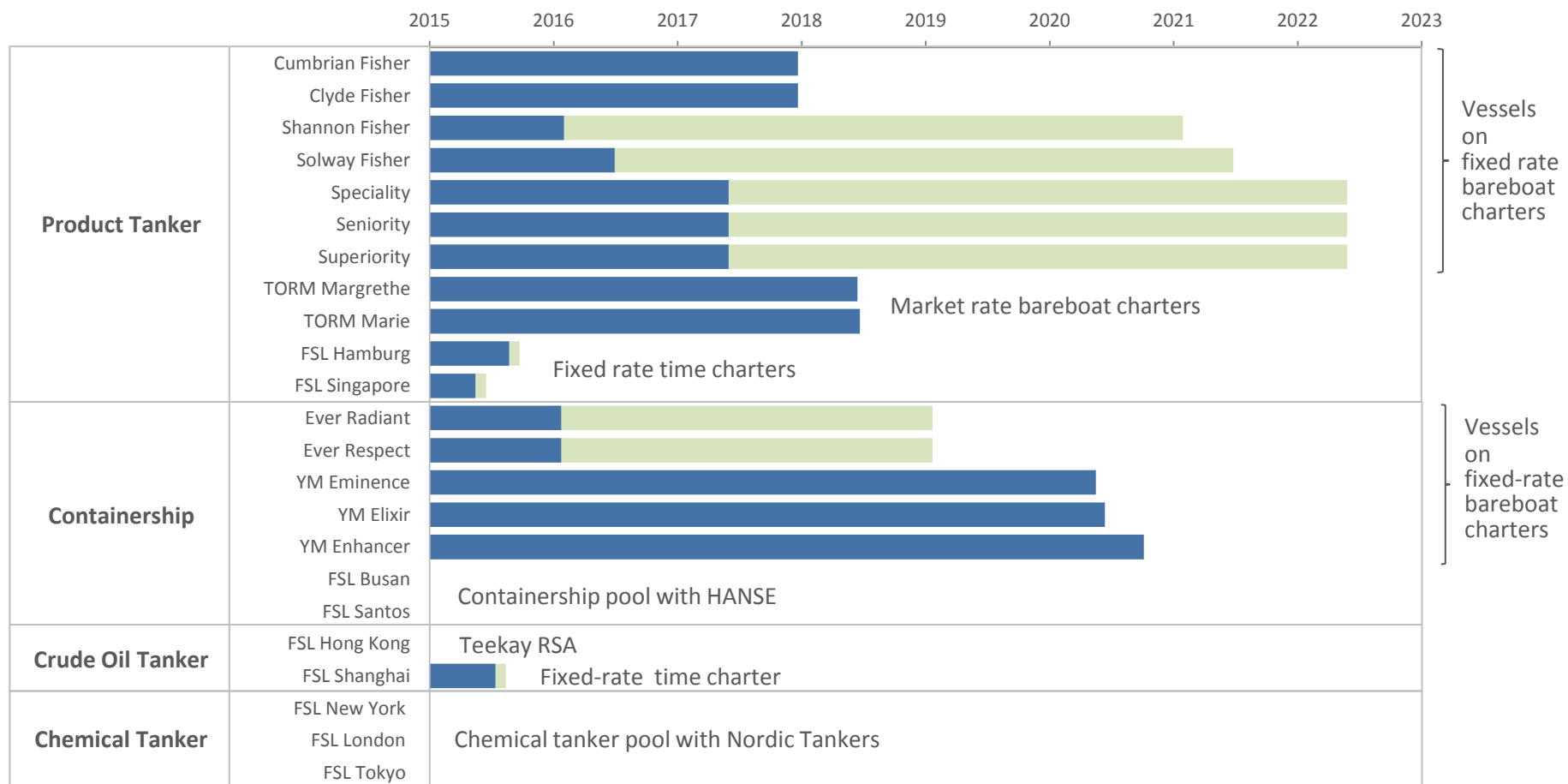


Note 1: Based on revenue from 12 bareboat charters (excluding secured contracted revenue of US\$8.0 million from Tesoro and Petrobras on fixed-rate time charters and TORM on variable market rate bareboat charters)

# Maturity of Leases

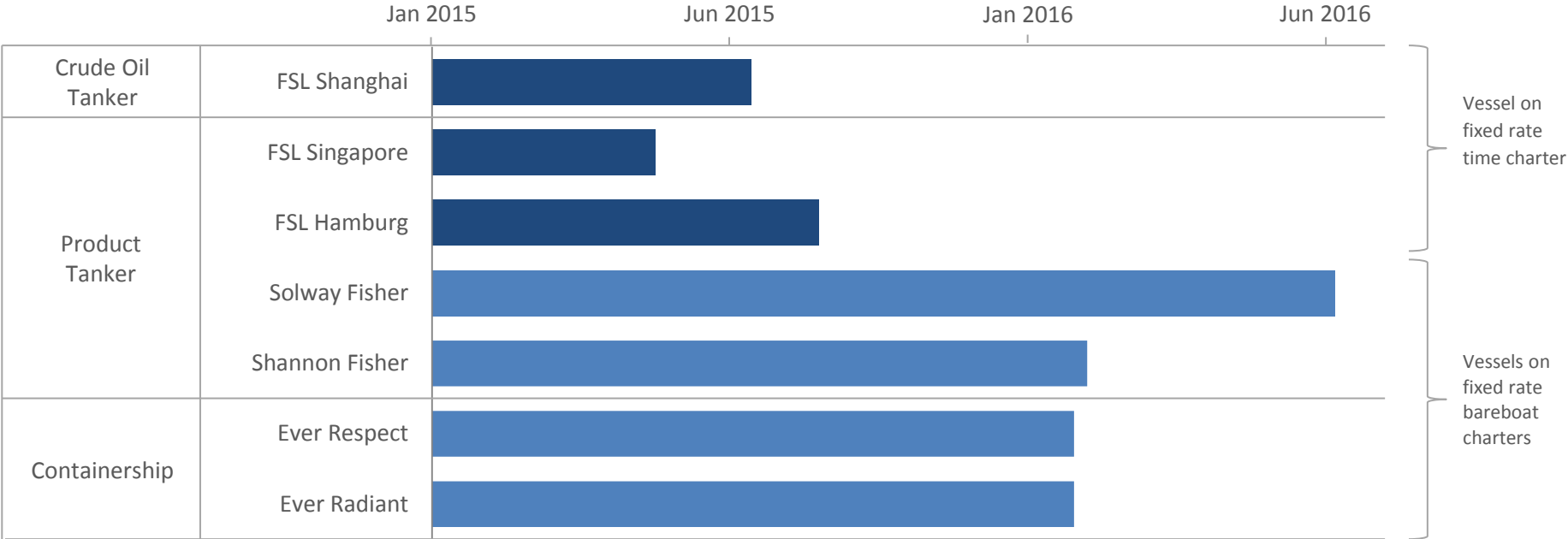


Lease maturity of vessels (2015 to 2022)  
with average remaining lease term of four years as at 31 December 2014





# Scheduled Redeliveries up to June 2016



- Three ships redelivering in 2015
- Four ships redelivering in 2016

# Summary and Outlook



## ➤ Summary

- Strong quarterly and full year financial performance
- Significant progress achieved in the past 12 months – Trust is compliant with its loan covenants
- Trust is cash generative, equity accretive and now in a stronger financial position

## ➤ Outlook

- Three vessels to be redelivered in 2015
  - Focus to restart distributions by ensuring revenue generated continue to exceed debt service costs
  - Improved performance has resulted in a healthier cash position which will help facilitate fleet renewal