



# First Ship Lease Trust

2Q FY2014 Financial Results

15 August 2014

- **Significant milestones achieved since the beginning of the year:**
  - **February** - Successful negotiation of covenant relaxation until end of 2014
  - **March** - Disposal of two 15 year-old loss-making dry bulk vessels significantly reducing forecast capital expenditure and the cost of debt service in 1QFY14 and 2QFY14
  - **June** - Appointment of Mr Philip Tan Eng Lay as Chief Financial Officer
  - **June** - New time charter agreement with Tesoro for FSL Shanghai generating a net revenue of US\$1.6 million, a 40% year-on-year increase over the previous time charter contract - revenue contribution from 3QFY14 onwards
  - **August** - 2QFY14 results announced with first profit posted since 3QFY11 and a 40.9% increase in net cash generated

# 2Q FY2014 - Key Highlights



- **Improved financial performance for the second quarter**
  - Revenue increased 7.8%
  - Net cash generated from operations increased by 40.9% year-on-year
  - First quarterly profit posted since 2011
    - Net profit of US\$1.0 million reported, a significant improvement from a loss position of US\$7.2 million in the corresponding period last year
  - Expenses lowered
    - Other operating expenses fell 25.7% to US\$13.9 million
  - Finance expenses decreased by 36.4% (excluding exchange gains)
    - Lower outstanding indebtedness arising from prepayment of US\$22 million in 1QFY14 and expiry of high cost interest rate SWAPs
  - Reclassification of short-term outstanding debt to long-term liabilities

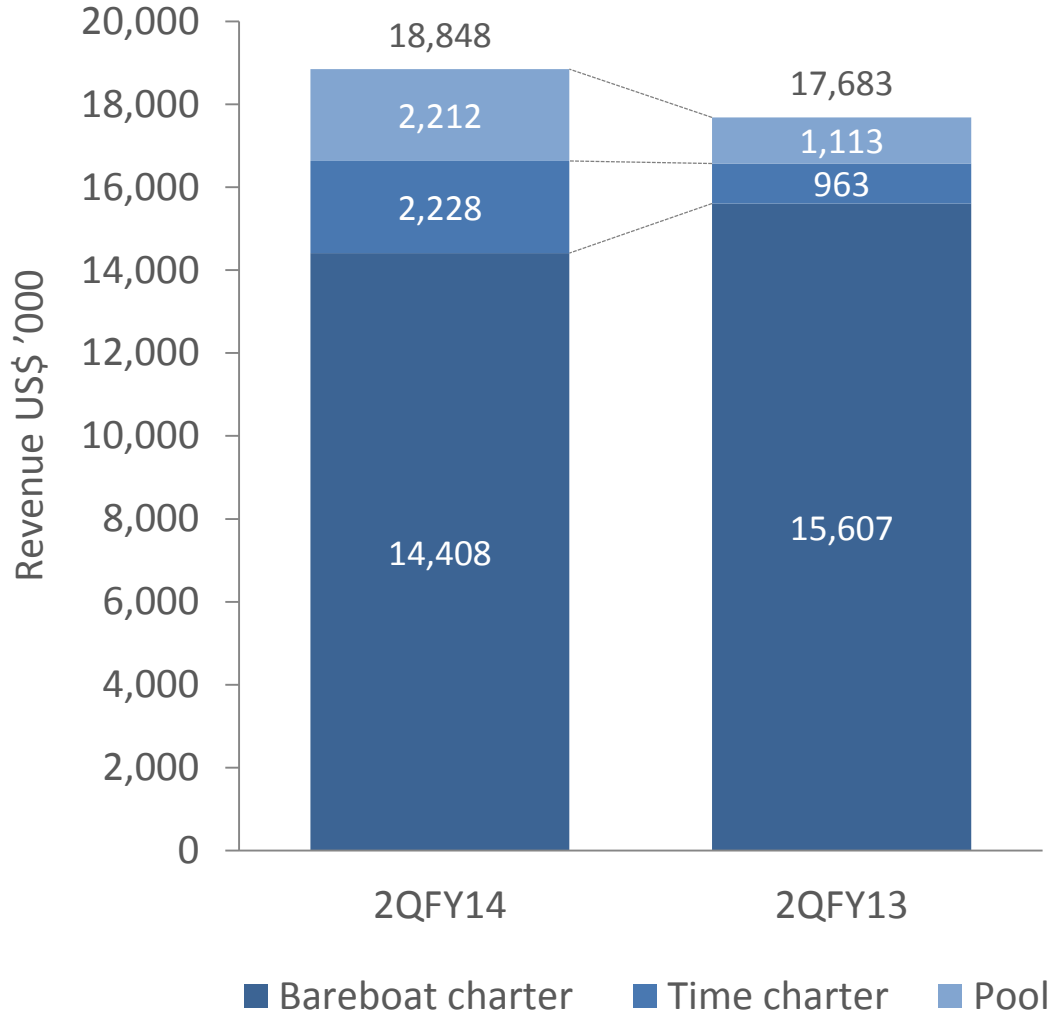
# Performance Review



US\$'000	2QFY14	2QFY13	Change %	1HFY14	1HFY13	Change %
Revenue	22,945	21,294	7.8	45,381	44,341	2.3
Profit/Loss for the quarter	1,000	(7,232)	N.M	(3,952)	(14,299)	72.4
Net cash generated from operations	12,838	9,109	40.9	21,922	20,784	5.5
Operating profit	4,938	(1,046)	N.M	6,875	(1,590)	N.M

- Overall improvement in performance for 2QFY14 and 1HFY14 compared to the corresponding period respectively
- Demonstrates significant net cash flow improvement

# Revenue Breakdown



## Pool:

- Three chemical tankers are employed in the Nordic Tankers 19,000 Stainless Steel Pool
- FSL Hong Kong employed in Teekay Revenue Sharing (Pool)

## Time charter:

- FSL Hamburg and FSL Singapore on time charter with Petrobras
- FSL Shanghai deployed on a short-term time charter

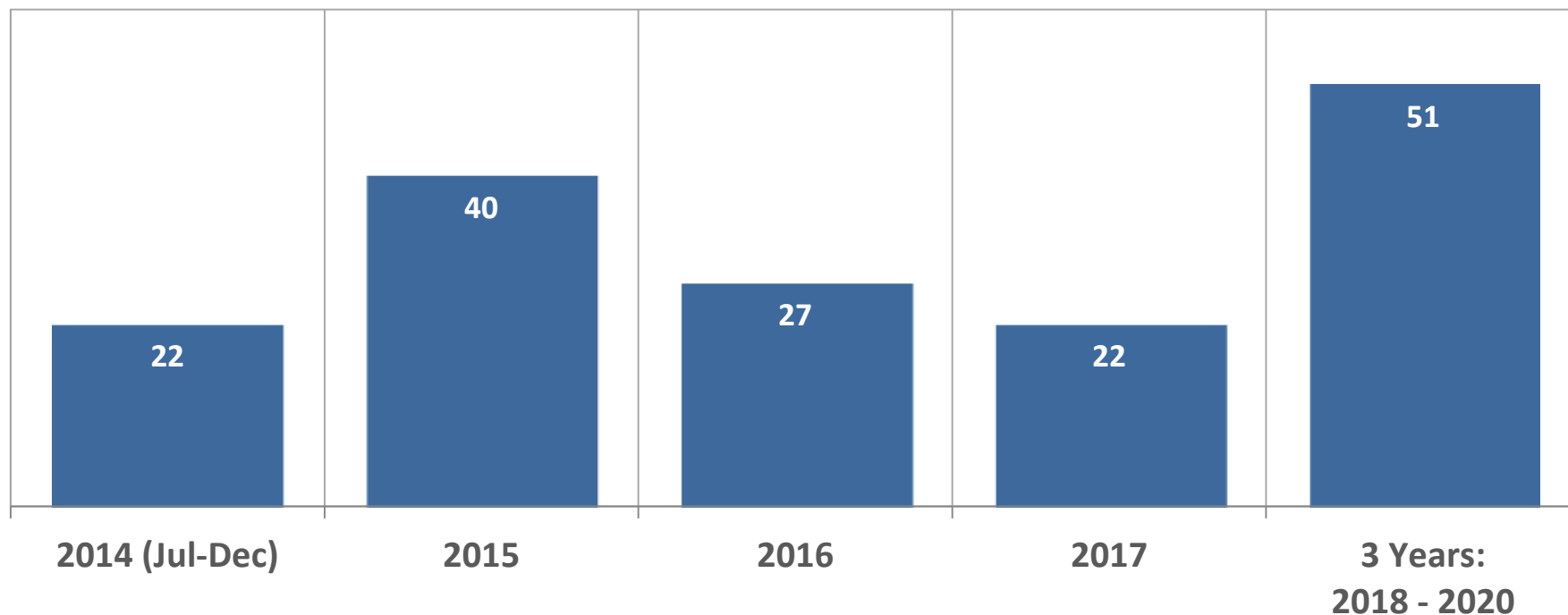
## Bareboat charter:

- 16 remaining vessels under bareboat leases
- Decline mainly attributable to the sale of FSL Durban and Stella Fomalhaut in 1QFY14

# Bareboat Lease Revenue Backlog



Remaining contracted revenue stood at US\$162 million<sup>#</sup>  
as at 30 June 2014

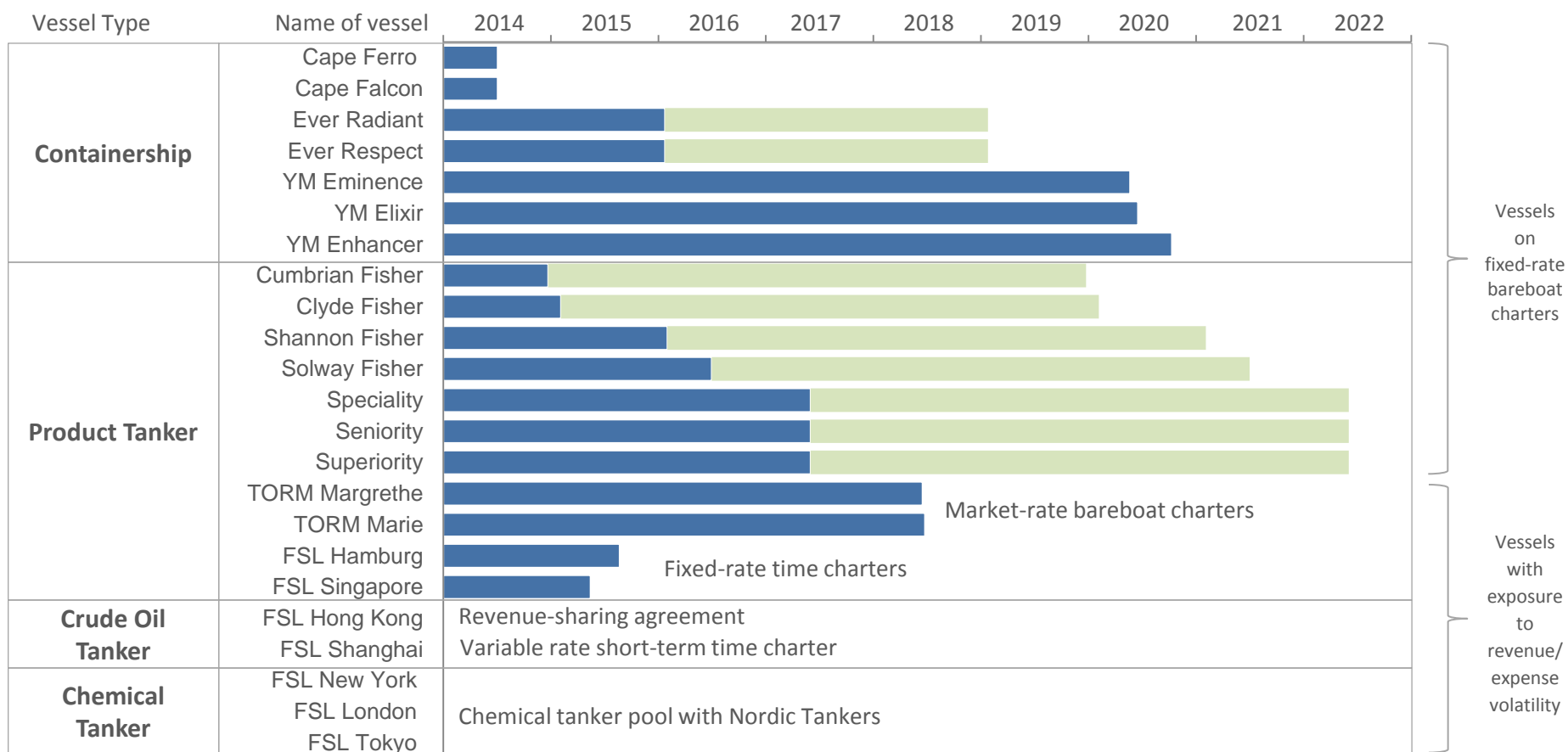


Note: <sup>#</sup> Based on revenue from 14 bareboat charters (excluding secured contracted revenue of US\$15.6 million from Tesoro and Petrobras on fixed-rate time charters and TORM on variable market rate bareboat charters)

# Maturity of Leases



Lease maturity of vessels (2014 to 2022)  
with average remaining lease term of five years as at 30 June 2014



■ Base ■ Extension

# Summary and Outlook



- **Summary**
  - Full strength management team now in place
  - Fully deployed portfolio of vessels
  - Successful steps taken to restructure the Trust
  - Improved financial performance for the quarter
  
- **Outlook**
  - Trust is compliant with the loan covenant schedule agreed with the lenders
  - Well balanced portfolio - stable cash flow from bareboat charters and opportunity to capture market upside with redelivered vessels
  - Management focused on delivering value to unitholders and creating a strong platform to grow the Trust



Thank you