



# First Ship Lease Trust

## 3Q FY10

### Results Presentation



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

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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.

# Results Highlights

Philip Clausius  
Chief Executive Officer  
FSL Trust Management

# 3Q FY10 Results Highlights



US\$ million	3Q 10	2Q 10	Q-o-Q change	3Q 09	Y-o-Y change
Revenue	23.4	28.5 <sup>a</sup>	(18%)	24.6	(5%)
Profit / (loss) for the quarter	0.6	(6.1) <sup>b</sup>	n.m.	2.7	(76%)
Net cash from operations	14.1	17.3	(18%)	17.6	(20%)
Net Distributable Amount	5.7	5.7	-	8.0	(29%)
DPU (US cents) for the period	0.95	0.95	-	1.50	(37%)

## Footnotes:

- a. includes US\$6m non-recurring revenue of cash security pursuant to the re-delivery of 'Nika I' and 'Verona I'.
- b. loss was mainly attributed to a one-time non-cash impairment charge of US\$7.9m arising from the re-delivery of the 2 vessels and resulting termination of the bareboat charter.

# 3Q FY10 Results Highlights



- ▶ **3Q FY10 revenue of \$23.4m:**
  - **5% decrease YoY compared with US\$24.6m in 3Q FY09**  
Decrease attributed mainly to the loss of US\$3.8m lease rentals due to premature termination of 2 bareboat charters (FSL Hamburg & FSL Singapore), mitigated by US\$2.5m freight revenue earned by these two vessels from the spot market during the period.
  - **18% decrease QoQ compared with US\$28.5m in 2Q FY10**  
Absence of US\$6m non-recurring revenue recorded in 2Q FY10
- ▶ **3Q FY10 DPU of US 0.95 cents, unchanged from 2Q FY10**
  - Represents annualised tax-exempt yield of 10.3%<sup>1</sup>
- ▶ **Charter-free value of fleet improves to US\$700m (+19% yoy)**

<sup>1</sup> Based on FSL Trust's closing price of S\$0.48 on 22 October 2010 at an exchange rate of US\$1.00:S\$1.30

# 3Q FY10 Results Highlights



## ► Update on the two product tankers in the spot market:

- 'FSL Singapore' commenced trading in 4<sup>th</sup> week of June and 'FSL Hamburg' commenced trading in mid-August after completing its dry-docking
- Both vessels were successfully introduced to the product tanker spot market and gained approvals from several oil majors
- Freight revenue and expenses of the two vessels for 3Q10:

	US\$ million	
Freight income	2.537	Mainly bunkers and port charges
Less: Voyage expenses	(0.938)	
Time-charter equivalent revenue	1.599	Crew cost, vessel maintenance and others
Less: Vessel operating expenses	(1.191)	
Bareboat charter equivalent revenue	0.408	

## ► Writ against Daxin & affiliates:

- Defendants have filed their defence. Legal proceedings are on-going and there are no material developments at this point

# 3Q FY10 Results Highlights



	as at 30 Sep 2010	as at 31 Dec 2009
Vessels on long-term bareboat charter	21	23
Vessels in product tanker spot market	2	-
<b>Total number of vessels</b>	<b>23</b>	<b>23</b>
<b>Average age of vessels</b> (on dollar-weighted average basis by net book value)	<b>*5.4 years</b>	<b>4.7 years</b>
<b>Remaining contracted revenue</b> (excluding extension periods and early buy-out options)	<b>*US\$619m</b>	<b>US\$ 757m</b>
<b>Remaining lease term</b> (excluding extension periods and early buy-out options)	<b>*7.4 years</b>	<b>7.8 years</b>

\* Based on 21 vessels on long-term bareboat charter

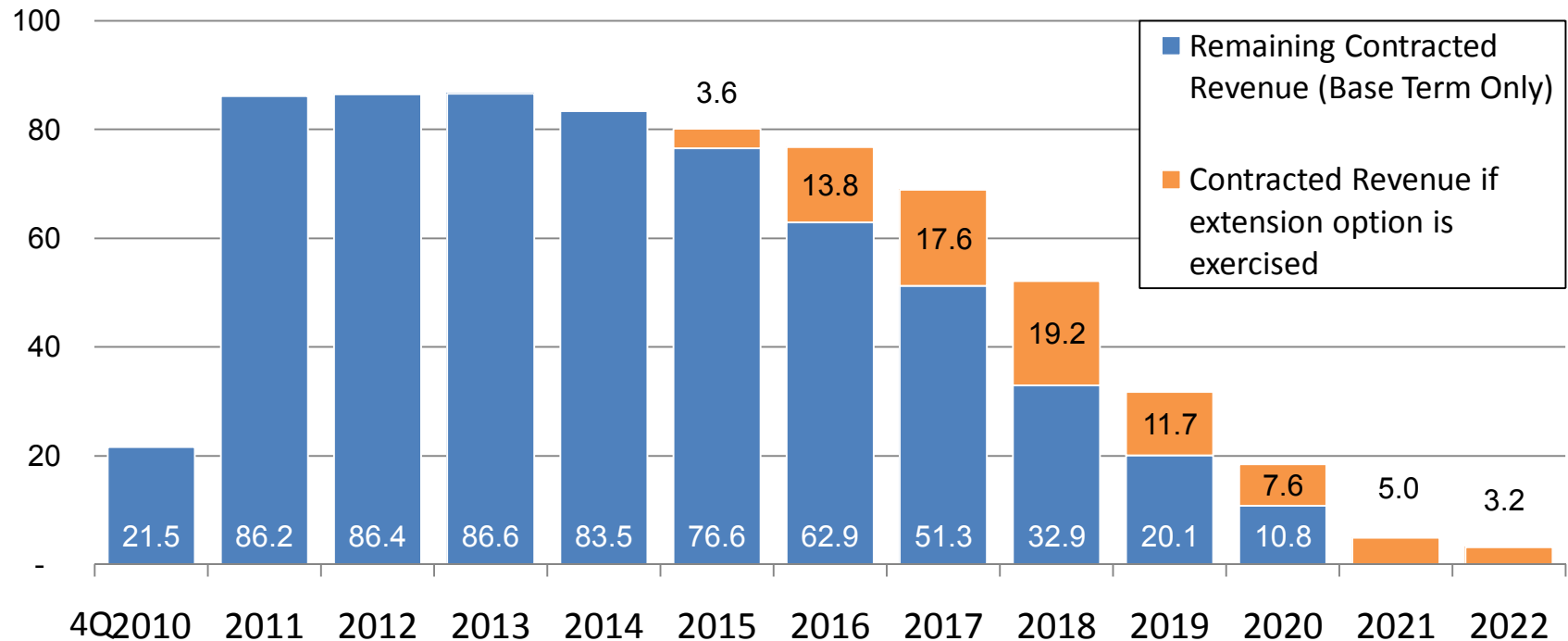
# Healthy remaining contracted revenue underpins stable cashflow



## US\$619m remaining contracted revenue as at 30 Sep 2010

Based on 21 vessels on long-term bareboat charter, excluding extension and early buy-out options. Does not include freight revenue from 2 vessels deployed in the spot market

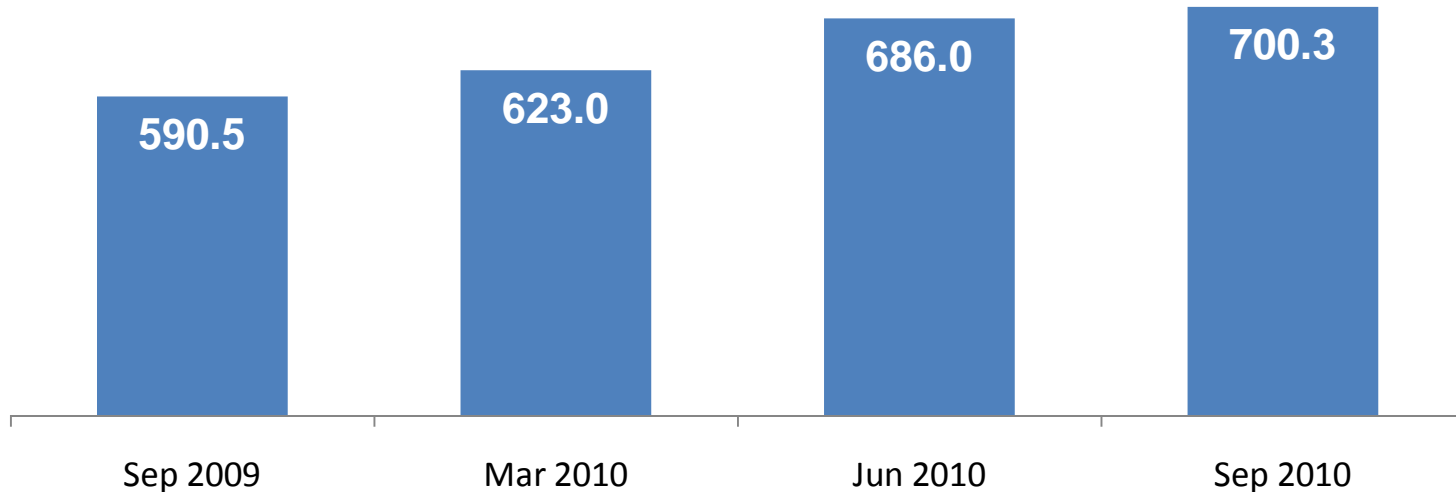
US\$ million





## Charter-free value of fleet improves to US\$700m (+19% yoy)

Charter-free value of FSL Trust's 23-vessel fleet  
(US\$ million)

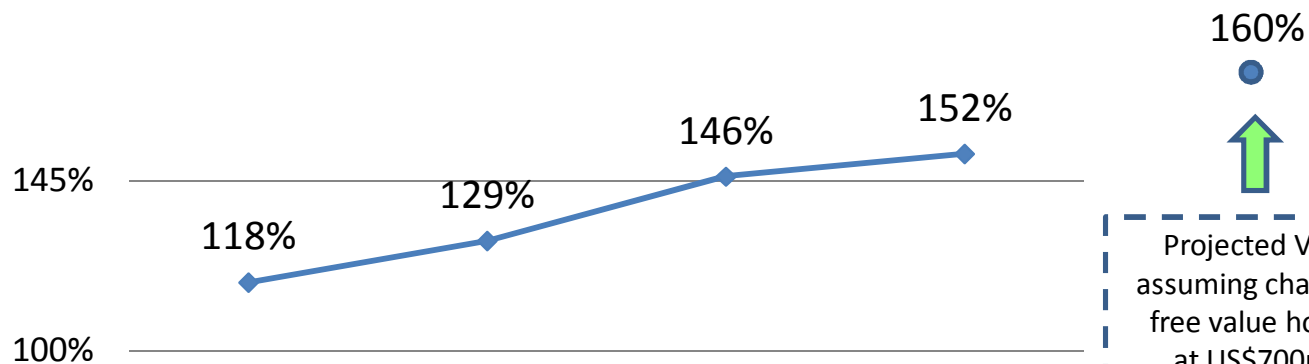


Note: Charter-free value refers to the fair market value of the fleet without considering the long-term leases attached to the vessels.

# More headroom for VTL coverage



Improving asset values and progressive reduction of outstanding secured debt provides better value-to-loan coverage



Projected VTL assuming charter-free value holds at US\$700m

	Sep / Oct 09	Mar / Apr 10	Jun / Jul 10	Sep / Oct 10
(a) Charter-free Value (US\$m)	590.5	623.0	686.0	700.3
(b) Outstanding secured debt	500.3	484.3	469.1	461.1
a)/(b): Value-To-Loan (VTL) Ratio	118%	129%	146%	152%
Minimum VTL threshold in covenant of credit facility	100%	100%	100%	100%

Jun/Jul 11
700.3
437.1
160%
145%*

\* Min. VTL ratio will be revised from 100% to 145% after the amendment period, which expires in end-2Q FY11

# Vessel Portfolio

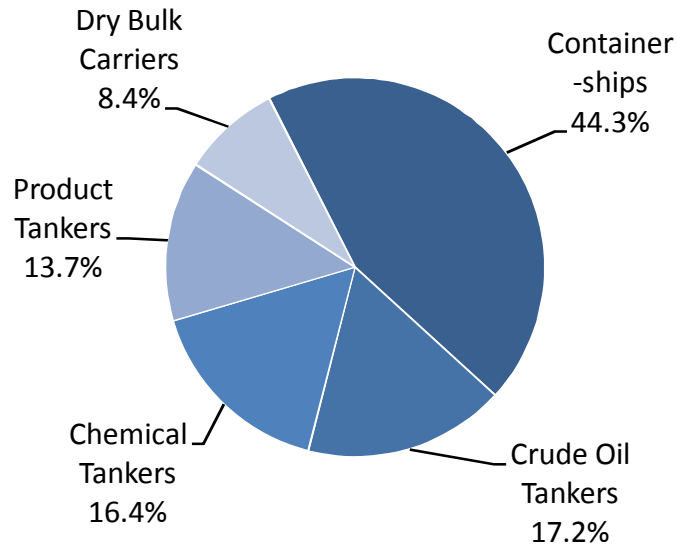
Diversified across 7 Charterers and 5 Sub-sectors



## No Single Charterer accounts for more than 24% of revenue

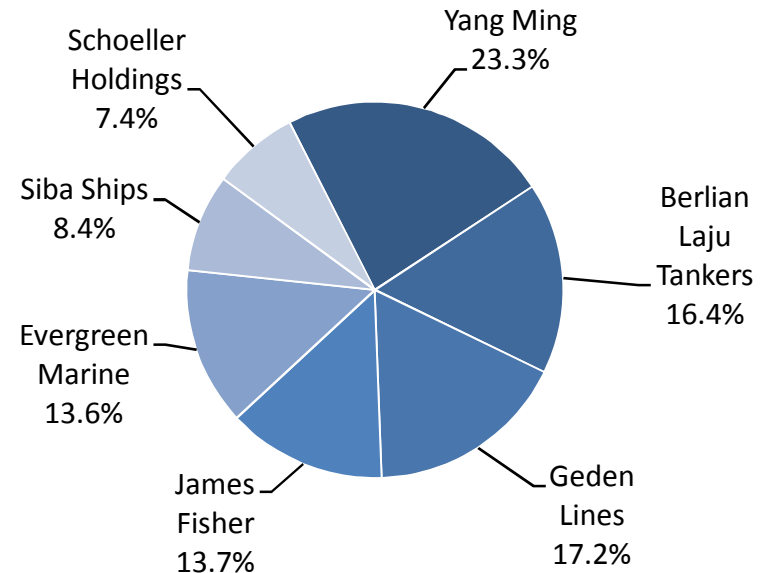
**Lease Revenue by Vessel Type**

(for 21 vessels on bareboat charters)



**Lease Revenue by Lessee**

(for 21 vessels on bareboat charters)



\* Based on annualised revenue of US\$86 million , which assumes the daily lease rate from the two vessels leased to Geden Lines are fixed at US\$20,335 per vessel

# Financial Highlights

Cheong Chee Tham  
Chief Financial Officer  
FSL Trust Management

# Consolidated Income Statements



Lower depreciation expense mainly due to change in depreciation policy and basis of est. of residual value for 'FSL Hamburg' and 'FSL Singapore'

## Revenue

Depreciation expense on vessels

Vessel operating expenses

Management fees

Trustee fees

Other trust expenses

Finance income

Finance expenses

**Profit before income tax**

Income tax expense

**Profit for the quarter**

3Q FY10	3Q FY09	Inc/(Dec)
US\$'000	US\$'000	%
23,421	24,628	(4.9)
(14,221)	(15,324)	(7.2)
(2,129)	-	N.M.
(832)	(989)	(15.9)
(43)	(45)	(4.4)
443	(624)	N.M.
44	24	83.3
(6,030)	(4,931)	22.3
653	2,739	(76.2)
(4)	(2)	100.0
649	2,737	(76.3)

# Distribution Statements



US\$8m is the scheduled quarterly loan amortization

**Profit for the quarter**

Add: Non-cash adjustments

**Net cash generated from operations**

Less: Repayment of secured bank loans

**Income available for distribution**

Less: Cash retained in the current period

**Net distributable amount**

Amount available for distribution

Comprising:(i) Tax-exempt distribution

(ii) Tax-exempt (one-tier) distribution

**Amount to be distributed**

Units at the end of the quarter ('000)

**Distribution per unit (US Cents)**

<b>3Q FY10</b>	<b>3Q FY09</b>
<b>US\$'000</b>	<b>US\$'000</b>
649	2,737
13,428	14,891
14,077	17,628
(8,000)	(816)
6,077	16,812
(390)	(8,848)
5,687	7,964
5,687	7,964
5,647	7,942
40	22
5,687	7,964
598,665	598,665
0.95	1.50

# Balance Sheets



	30 Sep 2010	31 Dec 2009
	US\$'000	US\$'000
<b>Total unitholders' funds</b>	<b>343,911</b>	<b>380,737</b>
Units in issue	510,273	510,273
Retained earnings	14,777	19,548
Other reserves	(32,092)	(23,684)
Distribution	(149,047)	(125,400)
<b>Liabilities</b>	<b>507,324</b>	<b>522,502</b>
Debt	465,299	488,292
Derivative liabilities (net)	32,926	27,496
Accruals	9,099	6,714
<b>Total Capital</b>	<b>851,235</b>	<b>903,239</b>
<b>Non-current Assets</b>	<b>789,821</b>	<b>845,187</b>
Vessels	789,611	845,187
Derivative assets	210	-
<b>Current Assets</b>	<b>61,414</b>	<b>58,052</b>
Inventories	1,001	-
Derivative assets	15	-
Prepayments and receivables	3,169	1,282
Cash and cash equivalents	57,229	56,770
<b>Total Assets</b>	<b>851,235</b>	<b>903,239</b>

Includes USUS\$7.9m impairment charge and dry-docking cost of US\$0.7m

# Credit Facility



- Outstanding secured debt as at 30 Sep 2010 was US\$468.3m, further reduced to US\$461.1m after repayment on 1 Oct 2010
- No loan tranche maturing until April 2012
- No outstanding orderbook that requires additional funding
- Full compliance with loan covenants

Tranche	Facility amount (US\$ million)	Amount drawn as at 30 Sep 2010 (US\$ million)	Loan maturity	Margin over US\$ 3-month Libor during Amendment Period <sup>^</sup>
A	250.0	234.1	27 Mar 2014	1.70%
B	200.0	187.2	2 Apr 2012	1.70%
C	65.0	47.0	2 Apr 2012	1.70%
Total	515.0	468.3		

<sup>^</sup> Amendment Period extends until end-2Q FY11. Interest margin over US\$ 3-month for Tranche A will be reduced to 1.25%, and for Tranche B & C to 1.45% after the Amendment Period.



# Concluding remarks

Philip Clausius  
Chief Executive Officer  
FSL Trust Management

# Concluding Remarks



- ▶ **Stable cashflow generation from the bareboat lease portfolio**
  - Underpinned by long-term fixed-rate bareboat contracts and healthy remaining contracted revenue
  
- ▶ **Two product tankers in spot market**
  - Successful introduction to the product tanker spot market and had gained approvals from several oil majors.
  - Despite volatile freight rates in the spot market, FSLTM believes the vessels are now well-positioned to attain their full earnings potential.
  - As the tanker market improves, FSLTM will also explore various mid-to-long-term employment options for these two vessels
  
- ▶ **Recovery in asset values helps to provide better VTL coverage**

**Thank You!**  
**Q & A**