



# First Ship Lease Trust

## 4Q FY09 and FY2009

### Results Presentation



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

# 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 statement.

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, ability to implement our investment strategy, dependence on credit facilities and new equity from capital markets to execute our investment strategy, insufficient insurance to cover losses from inherent operational risks in the industry, lower lease rates from older vessels, dependence on key personnel, , FSL Holdings Pte. Ltd.’s controlling stake in the First Ship Lease Trust (“FSL Trust”), short operating history, lack of historical financial history for the Trust, risk of government requisitions during periods of emergency or war, possibility of pirate or terrorist attacks, competition in the industry, political instability where the vessels are flagged or operate, cyclicalities 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 statement 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

# 2009 Results Highlights



- **FSL Trust's business remained stable throughout the difficult global shipping conditions in 2009**
  - 2009 full year revenue of US\$98.8m (+14% y-o-y)
  - Net cash generated of US\$ 67.9m (+15% y-o-y)
  
- **All customers continue to perform to contract , resulting in stable cash flow**
  - All lessees were prompt in their lease rental payments
  - No attempt to re-negotiate lease terms
  
- **Declared a distribution per unit (DPU) of US1.50¢ for 4Q 2009**
  - In line with guidance and unchanged from 3Q 2009
  - Represents an annualised yield of 14%<sup>1</sup>
  
- **DPU guidance of US1.50¢ for 1Q 2010**

<sup>1</sup> Based on FSL Trust's closing price of S\$0.60 on 25 January 2010 and at an exchange rate of US\$1.00:S\$1.40

# 2009 Results Highlights



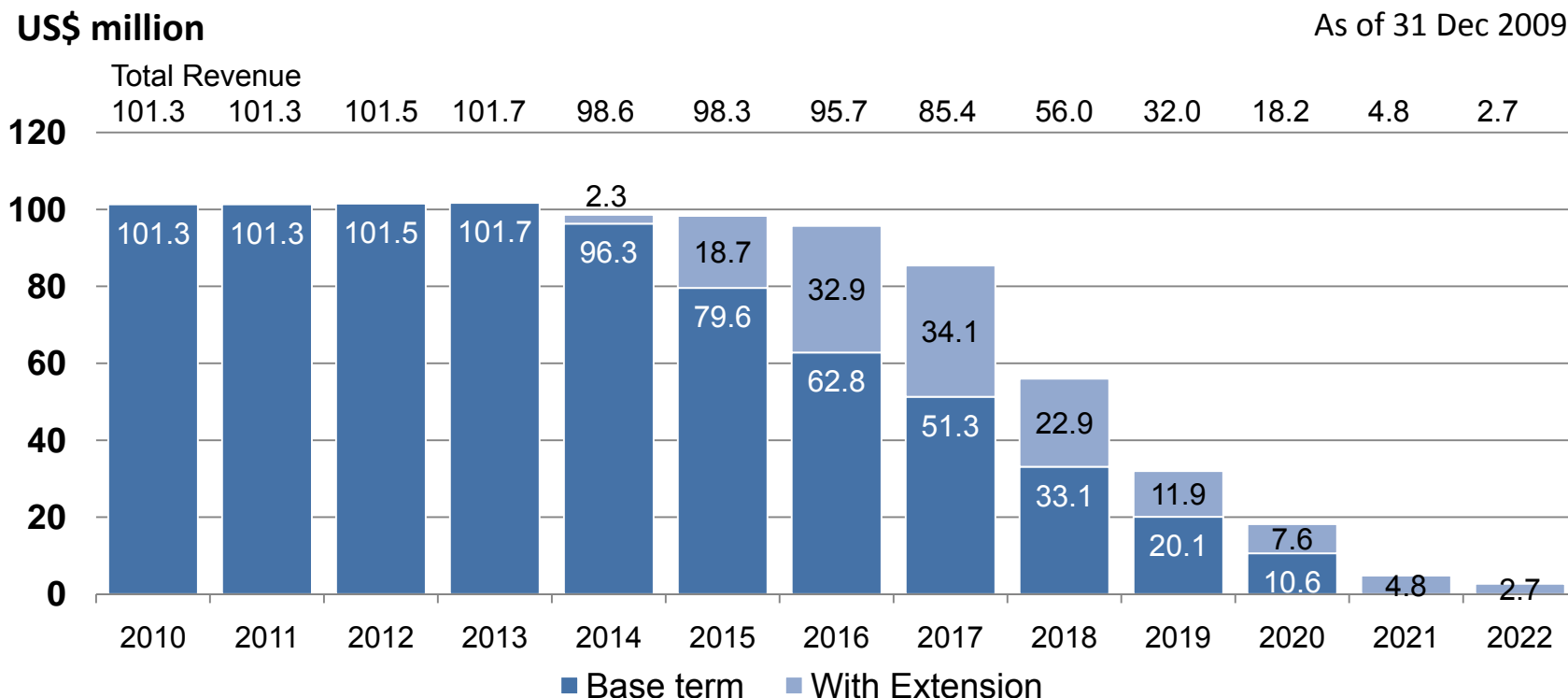
- **Changed to a more conservative distribution policy**
  - Retained cash from lower distribution applied toward voluntary debt prepayment
  - Continue to provide quarterly DPU guidance
  
- **Amendment to our credit facility to obtain significant covenant relief**
  - Minimum coverage of charter-free fair market value of vessel portfolio to outstanding secured loan was reduced from 145% to 100%<sup>2</sup>
  - Scheduled loan amortization of US\$8m per quarter
  - Interest margin increase by 50-70 bps during waiver period<sup>2</sup>
  
- **Raised US\$28m in fresh equity earmarked for growth**
  - Issued 80m new units via equity placement in Sep 2009

<sup>2</sup> waiver period extends until 2Q 2011

# Lease Portfolio



- Remaining contracted revenue of US\$757m based on 23 vessels in current portfolio
- Average remaining lease term of 7.8 years<sup>3</sup>

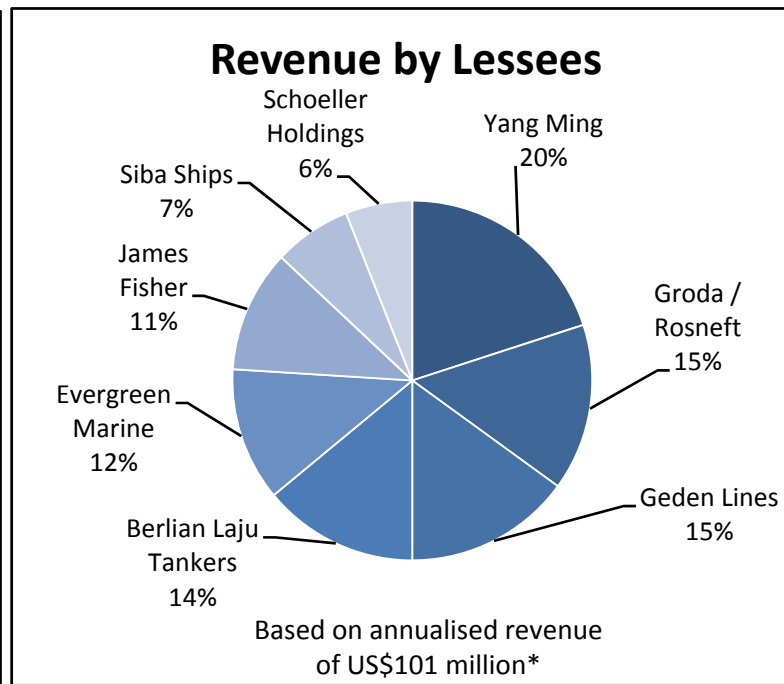
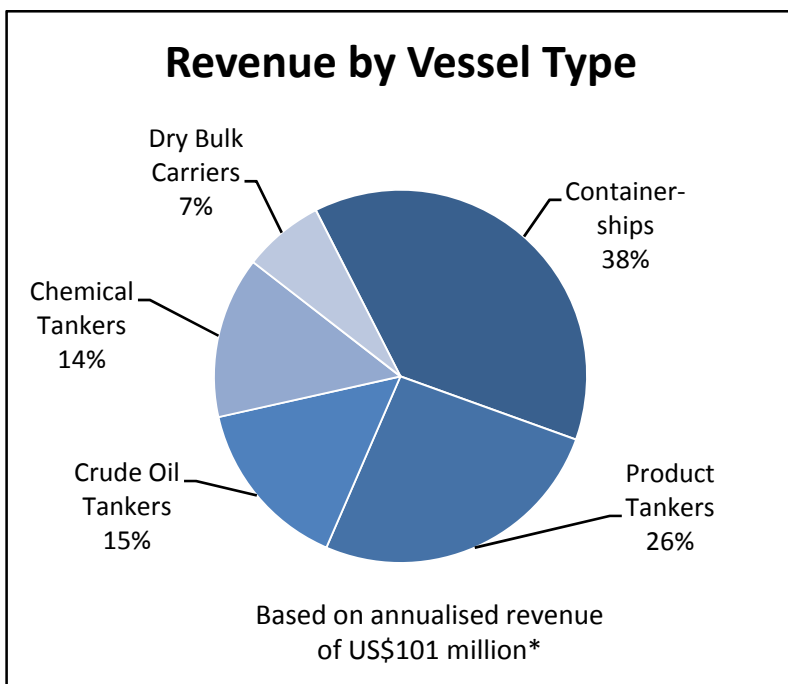


<sup>3</sup> excludes extension and early buy-out options

# Lease Portfolio



- Well-diversified portfolio comprising 23 vessels
- No single customer accounting for more than 20% of total lease revenue
- All customers continue to perform to contract



\* Annualised revenue of US\$101 million assumes the daily lease rate from the two vessels leased to Geden Lines are fixed at \$20,335 per vessel

# Financial Highlights

Cheong Chee Tham  
Chief Financial Officer  
FSL Trust Management



# Consolidated Income Statements



4Q09 revenue decreased y-o-y due to decrease in revenue from 2 Geden leases, which are pegged to US\$ 3-mth Libor

## Revenue

Depreciation expense on vessels

Management fees

Trustee fees

Incentive fees

Other trust expenses

Finance income

Finance expenses

**Profit before income tax**

Income tax write-back

**Profit for the quarter/year**

	Group			Group		
	4Q 2009	4Q 2008	Inc/ (Dec)	FY 2009	FY 2008	Inc/ (Dec)
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Revenue	24,476	25,662	(4.6)	98,768	86,621	14.0
Depreciation expense on vessels	(15,323)	(15,509)	(1.2)	(61,295)	(54,744)	12.0
Management fees	(987)	(1,023)	(3.5)	(3,959)	(3,496)	13.2
Trustee fees	(45)	(44)	2.3	(183)	(151)	21.2
Incentive fees	-	(590)	(100.0)	-	(1,458)	(100.0)
Other trust expenses	(491)	(231)	112.6	(2,334)	(2,655)	(12.1)
Finance income	549	(63)	N.M.	2,322	1,111	109.0
Finance expenses	(6,400)	(7,834)	(18.3)	(24,910)	(20,449)	21.8
<b>Profit before income tax</b>	<b>1,779</b>	<b>368</b>	<b>383.4</b>	<b>8,409</b>	<b>4,779</b>	<b>76.0</b>
Income tax write-back	25	88	(71.6)	14	44	(68.2)
<b>Profit for the quarter/year</b>	<b>1,804</b>	<b>456</b>	<b>295.6</b>	<b>8,423</b>	<b>4,823</b>	<b>74.6</b>

Due to lower interest expense on lower loan quantum; no MDC; Loans on Geden which is also pegged to US\$ 3-mth Libor

# Distribution Statements



<b>Profit for the quarter/year</b>	
Add/(less): Non-cash adjustments	
Initial direct costs paid	
Incentive fees	
<b>Net cash generated from operations</b>	
Less: Repayment of secured bank loans	
Cash retained	
<b>Net distributable amount</b>	
Less: Incentive fees payable	
Add: Income from the previous period to be distributed	
Amount available for distribution	
Comprising: (i) Tax-exempt distribution	
(ii) Tax-exempt (one-tier) distribution	
Amount available for distribution	
Amount carried forward to next quarter	
<b>Amount to be distributed</b>	
Units at the end of the quarter/year ('000)	
<b>Distribution per unit (US Cents)</b>	

Part of US\$8m scheduled quarterly loan amortization

Group			
4Q 2009	4Q 2008	FY 2009	FY 2008
US\$'000	US\$'000	US\$'000	US\$'000
1,804	456	8,423	4,823
14,352	14,983	59,432	53,583
-	-	-	(750)
-	590	-	1,458
16,156	16,029	67,855	59,114
(816)	-	(17,005)	-
(6,360)	-	(8,875)	-
8,980	16,029	41,975	59,114
-	(590)	-	(1,458)
-	3	3	-
8,980	15,442	41,978	57,656
8,927	15,182	41,799	57,005
53	260	179	651
8,980	15,442	41,978	57,656
-	(3)	-	(3)
8,980	15,439	41,978	57,653
598,665	501,270	598,665	501,270
1.50	3.08	7.90	11.52

# Balance Sheets



	31 Dec 2009		31 Dec 2008	
	Group US\$'000	Trust US\$'000	Group US\$'000	Trust US\$'000
<b>Non-current assets</b>				
Vessels	845,187	-	905,604	-
Subsidiaries	-	671,584	-	765,997
	845,187	671,584	905,604	765,997
<b>Current assets</b>				
Prepayments and other receivables	1,282	96,255	345	97,450
Cash and cash equivalents	56,770	56,769	26,716	24,556
	58,052	153,024	27,061	122,006
<b>Total assets</b>	<b>903,239</b>	<b>824,608</b>	<b>932,665</b>	<b>888,003</b>
<b>Equity attributable to unitholders of FSL Trust</b>				
Units in issue	510,273	510,273	477,642	477,642
Reserves	(129,536)	(205,846)	(99,472)	(141,701)
<b>Total equity</b>	<b>380,737</b>	<b>304,427</b>	<b>378,170</b>	<b>335,941</b>
<b>Non-current liabilities</b>				
Secured bank loans	456,292	456,292	509,229	509,229
Derivative liabilities	14,561	14,561	27,178	27,178
	470,853	470,853	536,407	536,407
<b>Current liabilities</b>				
Trade and other payables	4,555	4,393	5,342	5,068
Lease income received in advance	2,159	-	2,159	-
Derivative liabilities	12,935	12,935	10,548	10,548
Secured bank loan	32,000	32,000	-	-
Current tax payable	-	-	39	39
	51,649	49,328	18,088	15,655
<b>Total liabilities</b>	<b>522,502</b>	<b>520,181</b>	<b>554,495</b>	<b>552,062</b>
<b>Total equity and liabilities</b>	<b>903,239</b>	<b>824,608</b>	<b>932,665</b>	<b>888,003</b>

Increase due to equity placement issue in Sep 2009

Scheduled loan amortization

# Highlights from Cash Flow Statements



	4Q FY09 US\$'000	4Q FY08 US\$'000	FY2009 US\$'000	FY2008 US\$'000
<b>Operating activities:</b>				
Net profit before tax	1,779	368	8,409	4,779
Adjustments for:				
Depreciation expense on vessels	15,323	15,509	61,295	54,744
Other fees and expenses	6,098	8,548	23,719	21,060
Operating Profit before working capital changes	23,200	24,425	93,423	80,583
Changes in working capital	(715)	(466)	(1,409)	140
Cash generated from operations	22,485	23,959	92,014	80,723
Income taxes paid	13	-	(23)	(1)
Cash flows from operating activities	22,498	23,959	91,991	80,722
Cash flows from investing activities	29	(70,611)	192	(353,461)
Cash flows from financing activities	(21,893)	48,964	(62,129)	280,972
Net increase in cash and cash equivalents	634	2,312	30,054	8,233
Cash and cash equivalents at beginning of period	56,136	24,404	26,716	18,483
Cash and cash equivalents at end of period	56,770	26,716	56,770	26,716

Acquisition of 3<sup>rd</sup>  
YM vessel in Oct 08

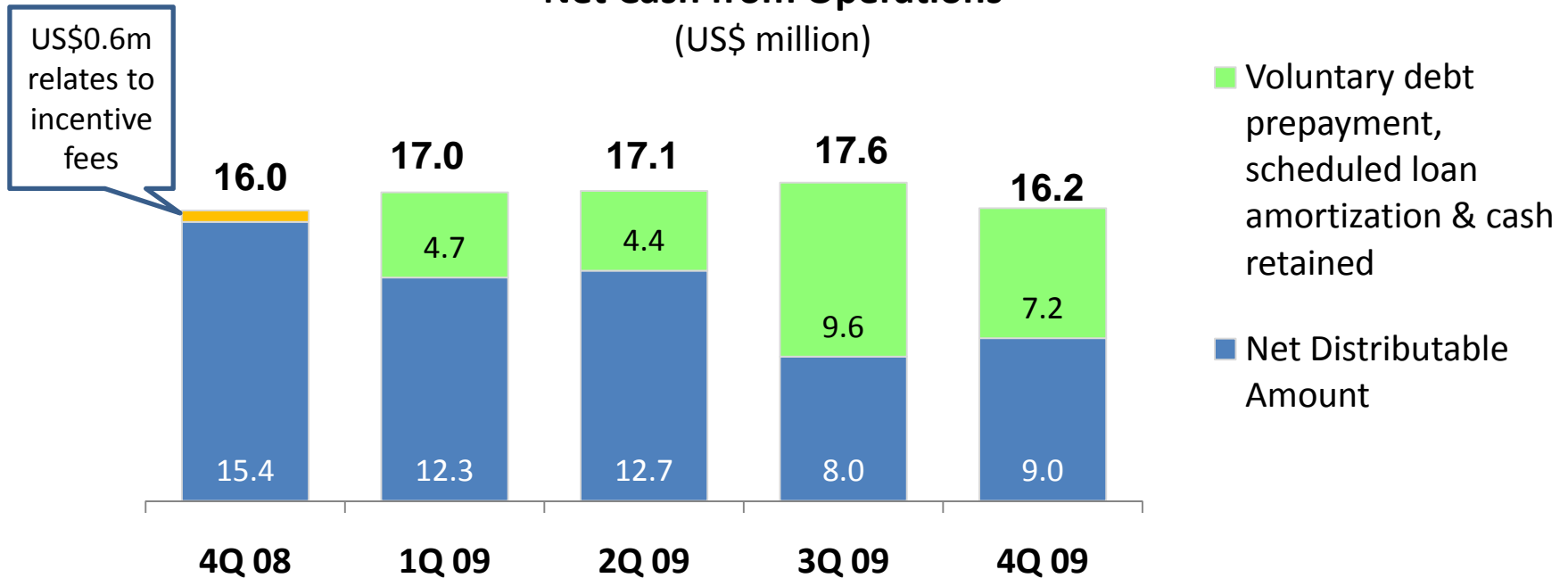
Distribution paid to  
unitholders; Loan  
prepayment; Interest  
expense paid

# Net Cash from Operations



- Net cash from operations for FY 2009 grew 15% to US\$67.9 million, compared to US\$59.1 million
- Retained cash from lower distribution primarily applied towards reduction of outstanding secured debt

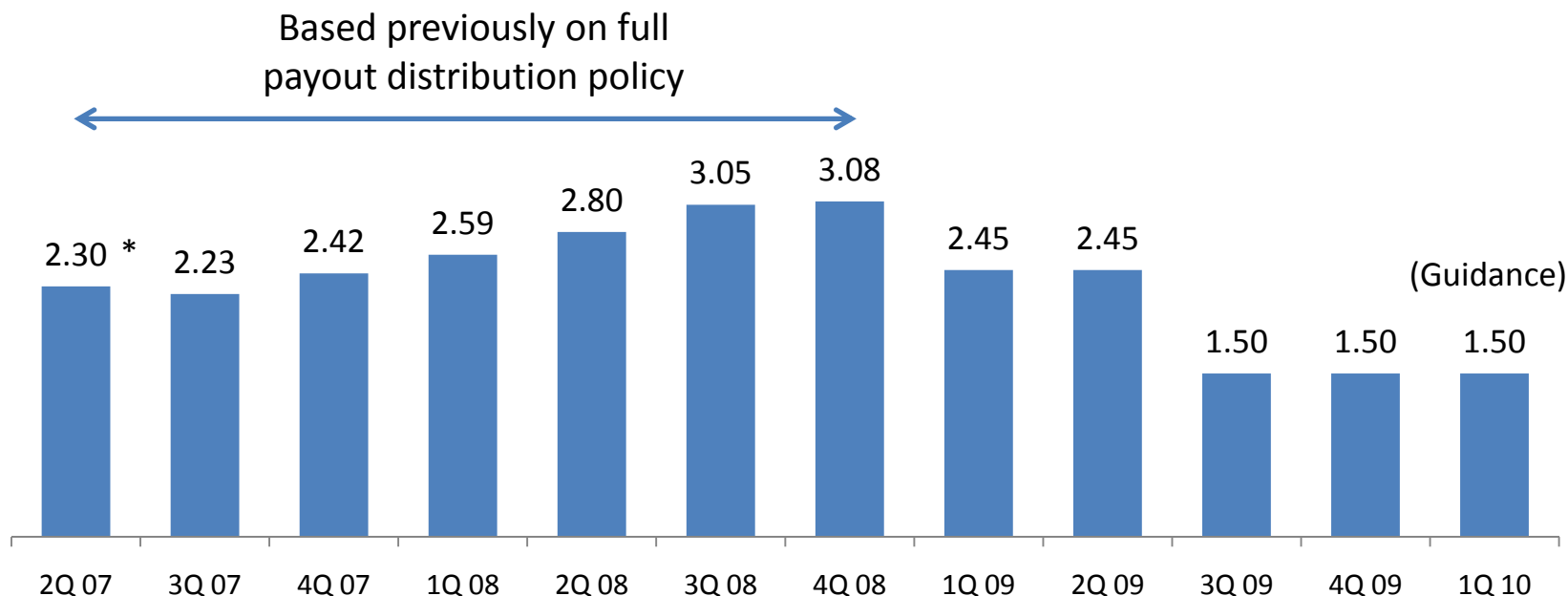
**Net Cash from Operations**  
(US\$ million)



# Distribution



- Full year distribution for 2009 amounts to **US\$42 million** or DPU of **US7.90¢**
- We have maintained 11 consecutive quarters of distribution payment since IPO in Mar 2007



\* This was the actual distribution for the period 19 March 2007 to 30 June 2007. Normalised DPU on a quarterly basis is US2.19¢.

# Credit Facility

## No loan tranche maturing until 2 April 2012



- Outstanding secured debt as at 31 Dec 2009 was US\$492.3 million, and was further reduced to US\$485.1 million after repayment on 4 January 2010
- Scheduled loan amortization of US\$8 million per quarter during Waiver Period<sup>^</sup>
- No outstanding orderbook that requires additional funding

Tranche	Facility amount (US\$)	Amount drawn as at 31 Dec 09 (US\$)	Loan maturity	Margin over US\$ 3-month LIBOR during Waiver Period <sup>^</sup>
A	250 million	246.0 million	27 Mar 2014	1.70%
B	200 million	196.8 million	2 Apr 2012	1.70%
C	65 million	49.5 million	2 Apr 2012	1.70%
Total	515 million	492.3 million		

<sup>^</sup> Waiver Period extends until end of 2Q 2011

# Corporate credit ratings



We have obtained corporate credit ratings for FSL Trust:

**Fitch Ratings** : **BB- / Stable** (23 November 09)

**Standard & Poor's** : **BB- / Negative** (23 November 09)



# Outlook and Concluding Remarks

Philip Clausius  
Chief Executive Officer  
FSL Trust Management

## **2010 started on a significantly more positive note:**

- Major container liner companies are at or close to cash flow breakeven levels
- Brisk tanker market with current rates at 12-month highs
- Drybulk still well above long-term historical averages
- Asset values probably are at or close to bottom valuation at this point – slowly improving industry credit profile
- We believe we have moved past the point of highest counterparty default risk in this cycle

# Plans going forward



- **Deploy the proceeds from equity placement**
  - Invest proceeds in long-term leasing transactions involving new customers; further diversify our portfolio
  
- **Debt funding diversification**
  - Re-visit senior unsecured notes offering, pending permissible market conditions and acceptable terms
  - Successful notes offering would provide greater financial flexibility and further growth capital
  - The senior unsecured notes will be complementary to our secured bank debt
  
- **Engage on the growth path again**

# Q & A