



First Ship Lease Trust

2QFY13 Results Presentation



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

www.FSLTrust.com
26 July 2013

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.

- **2QFY13 Financial Review**
- **Vessel Portfolio**
- **Outlook**

2QFY13 Results Summary



US\$'000	2QFY13	2QFY12	Inc/(Dec) %
Revenue	21,294	29,247	(27.2)
Loss for the quarter	(7,232)	(2,479)	N.M
Net cash generated from operations	9,109	11,580	(21.3)

■ 2QFY13 revenue of US\$21.3 million

- Drop in revenue and higher loss due mainly to default in lease payments for two crude oil tankers, *Aqua* and *Action*, now renamed as *FSL Hong Kong* and *FSL Shanghai* respectively
- The other 23 vessels continue to generate revenue from long-term bareboat charters, time charters and pool employment

2QFY13 Results Summary



- **Operating expenses increased y-o-y to US\$18.7 million**
 - Increase was attributable mainly to an impairment loss of US\$3.1 million arising from the defaults on lease payments on the two crude oil tankers by Geden's subsidiaries
 - This was partially offset by a decrease in other trust expenses
 - In 2QFY13, other trust expenses included US\$0.3 million incurred for the redelivery of the two crude oil tankers
 - In 2QFY12, other trust expenses included US\$1.1 million for the redelivery of the three chemical tankers and the change of technical manager for *FSL Hamburg* and *FSL Singapore*
 - Consequently, FSL Trust recorded an operating loss of US\$1.0 million
 - After taking into account net finance expenses, the Trust incurred a net loss of US\$7.2 million

2QFY13 Results Summary



- **Bank loan facility**
 - FSLTM has approved all conditions for an extension of the relaxation of two loan covenants (security value-to-loan ratio and debt-service coverage ratio) from the Trust's lenders for another six months until 31 December 2013
 - Formal documentation of this extension is pending final endorsement by the lenders

- **FSL Trust met its scheduled interest and principal repayments**
 - During the quarter, the Trust paid its quarterly loan amortisation of US\$11.0 million and also made an additional prepayment of US\$10.0 million to further reduce its outstanding loan balance
 - As at 30 June 2013, cash and cash equivalents stood at US\$26.2 million

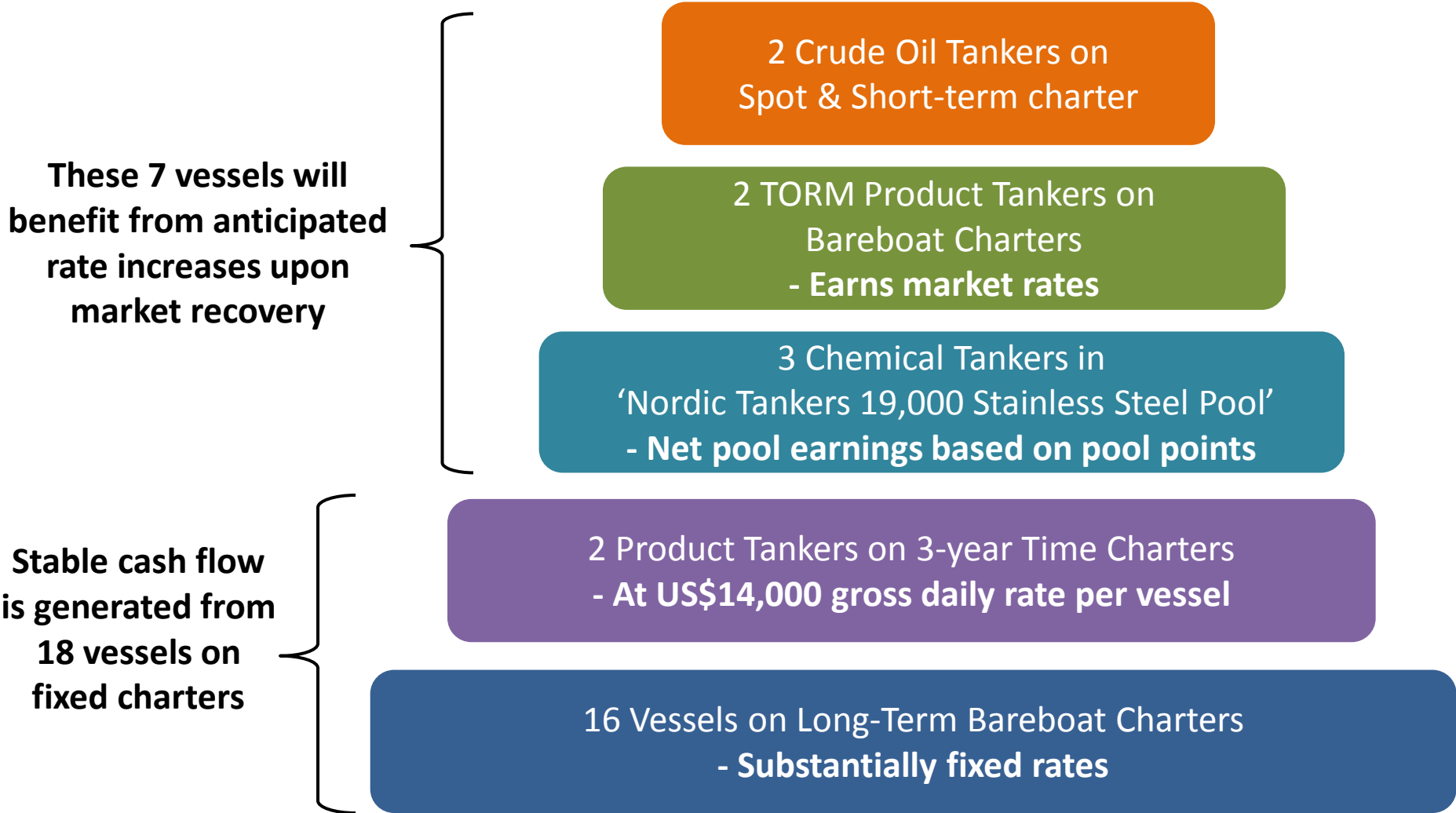
2QFY13 Revenue Breakdown



US\$'000	2QFY13	2QFY12	% Inc/(Dec)	
Rentals from vessels on bareboat charter	15,607	18,111	(13.8)	<ul style="list-style-type: none"> Decline due to payment defaults by Geden's subsidiaries for the two crude oil tankers - <i>Aqua</i> and <i>Action</i>
BBCE revenue of vessels on:				
Time charter	963	315	N.M.	<ul style="list-style-type: none"> From <i>FSL Singapore</i> and <i>FSL Hamburg</i> which are deployed on fixed-rate time charters with <i>Petroleo Brasileiro S.A.</i>
Pool	1,113	-	100.0	<ul style="list-style-type: none"> Three chemical tankers are employed in the 'Nordic Tankers 19,000 Stainless Steel Pool'
Spot	-	2,422	(100.0)	<ul style="list-style-type: none"> No vessels deployed in the spot market in 2QFY13 In 2QFY12, three chemical tankers and <i>FSL Hamburg</i> generated BBCE revenue of US\$2.4 million
Total Bareboat Charter /BBCE Revenue	17,683	20,848	(15.2)	

- **Following the recent default by the lessees of the two crude oil tankers, FSL Trust successfully secured their redeliveries within one month**
- **As the current freight rate environment for crude oil tankers remains weak, the Trust decided to proceed with shorter term employments:**
 - *FSL Hong Kong* is trading in the spot market
 - *FSL Shanghai* is employed on a short-term variable-rate time charter

Employment of Vessel Portfolio



- **In view of the resignation of the CEO and CFO of FSLTM at the end of June 2013, the Board is in the process of selecting suitable candidates to ensure the operations of the Trust are not impeded by these resignations**
- **FSLTM will continue to fulfil its responsibilities of managing the Trust's vessel portfolio and safeguarding the interests of all unitholders**

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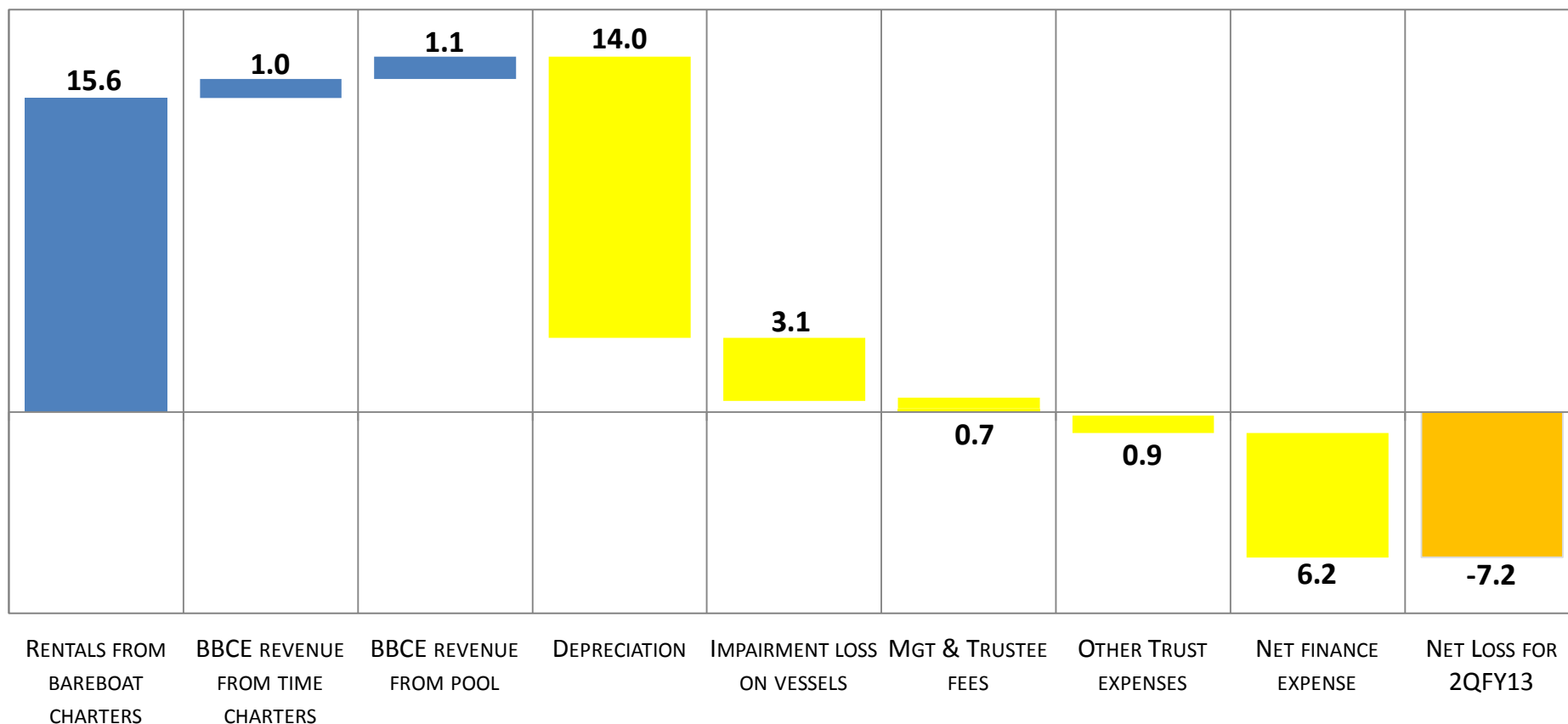
email: jasminezhao@oaktreadvisers.com

Appendix

2QFY13 Income Statement Highlights



US\$ Millions

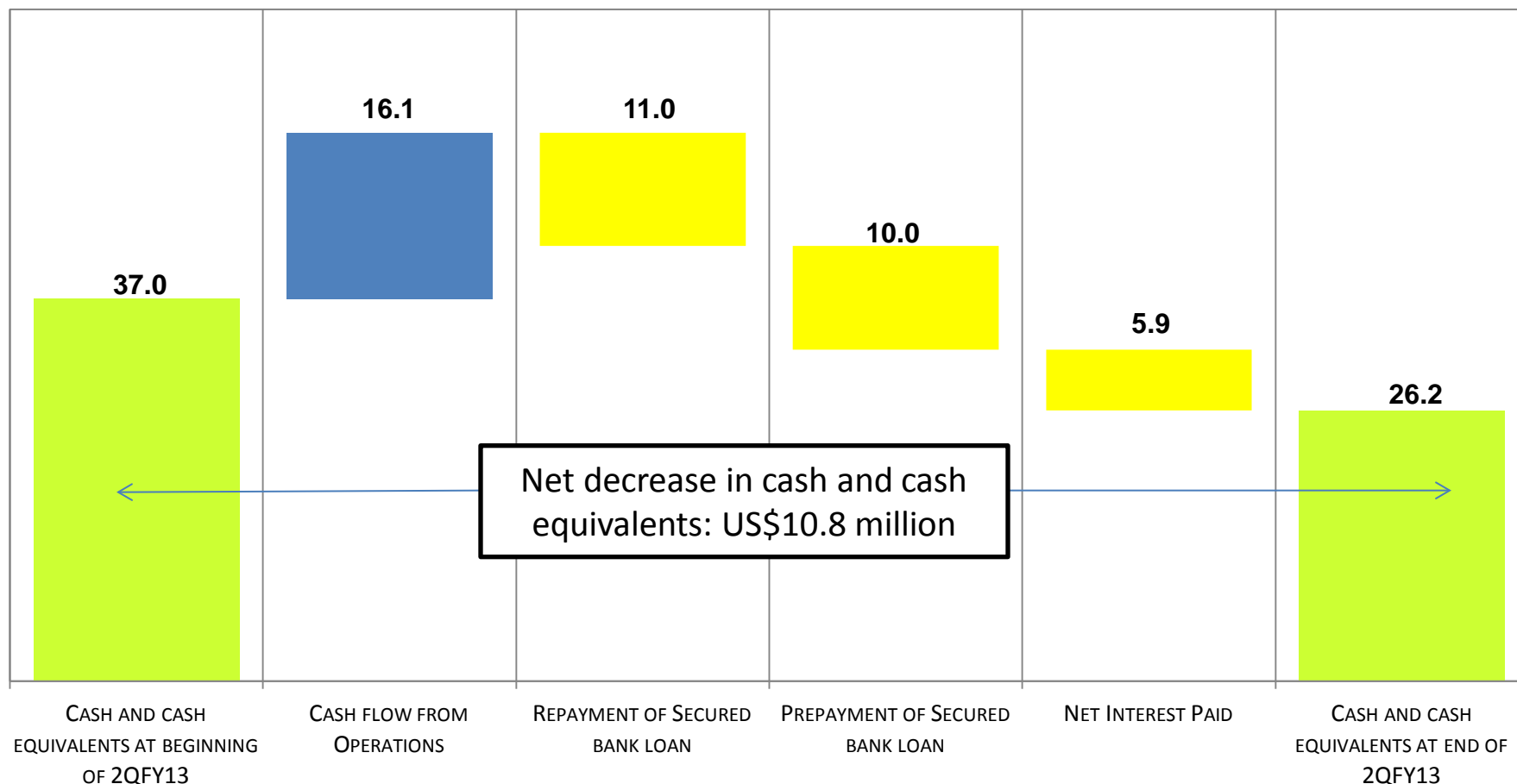


Note: Depreciation expense on dry-docking costs is included in vessel operating expenses in deriving BBCE revenue.

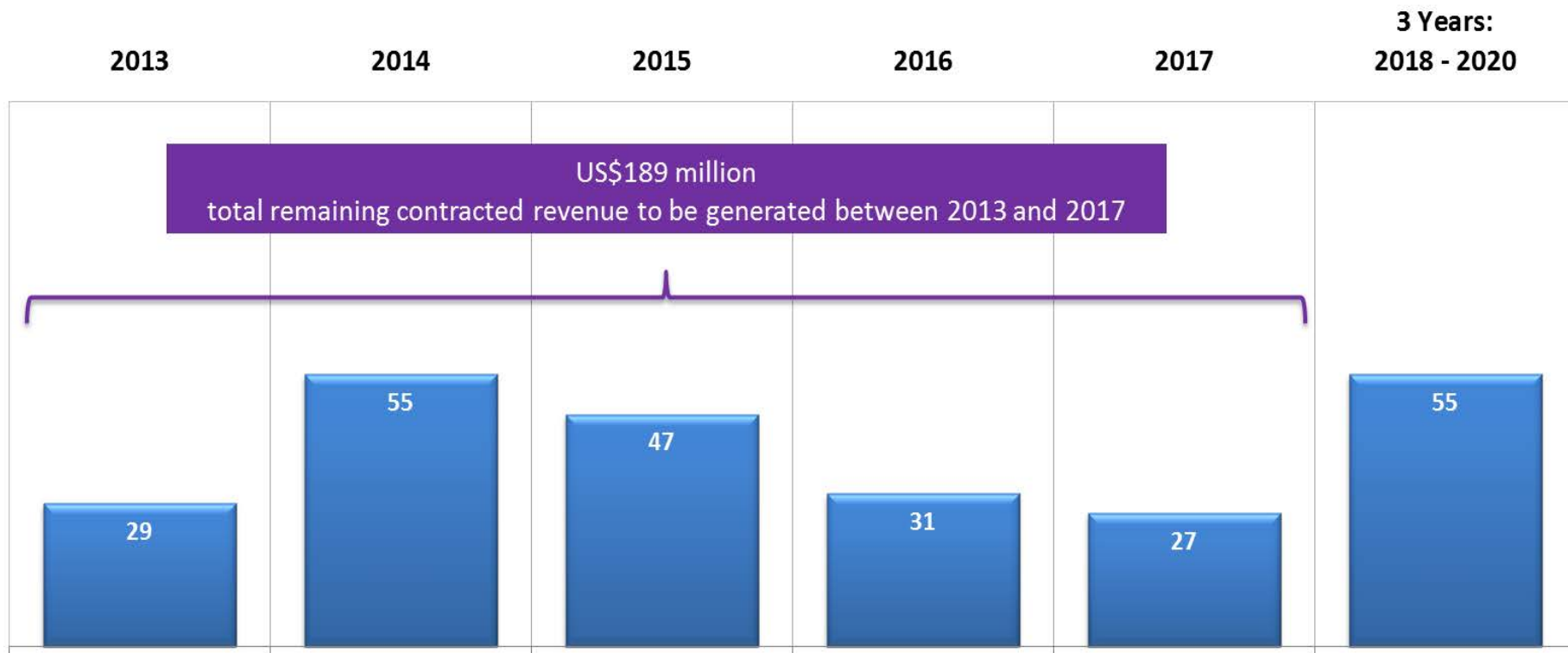
2QFY13 Cash Flow Highlights



US\$ Millions



Lease Revenue Backlog



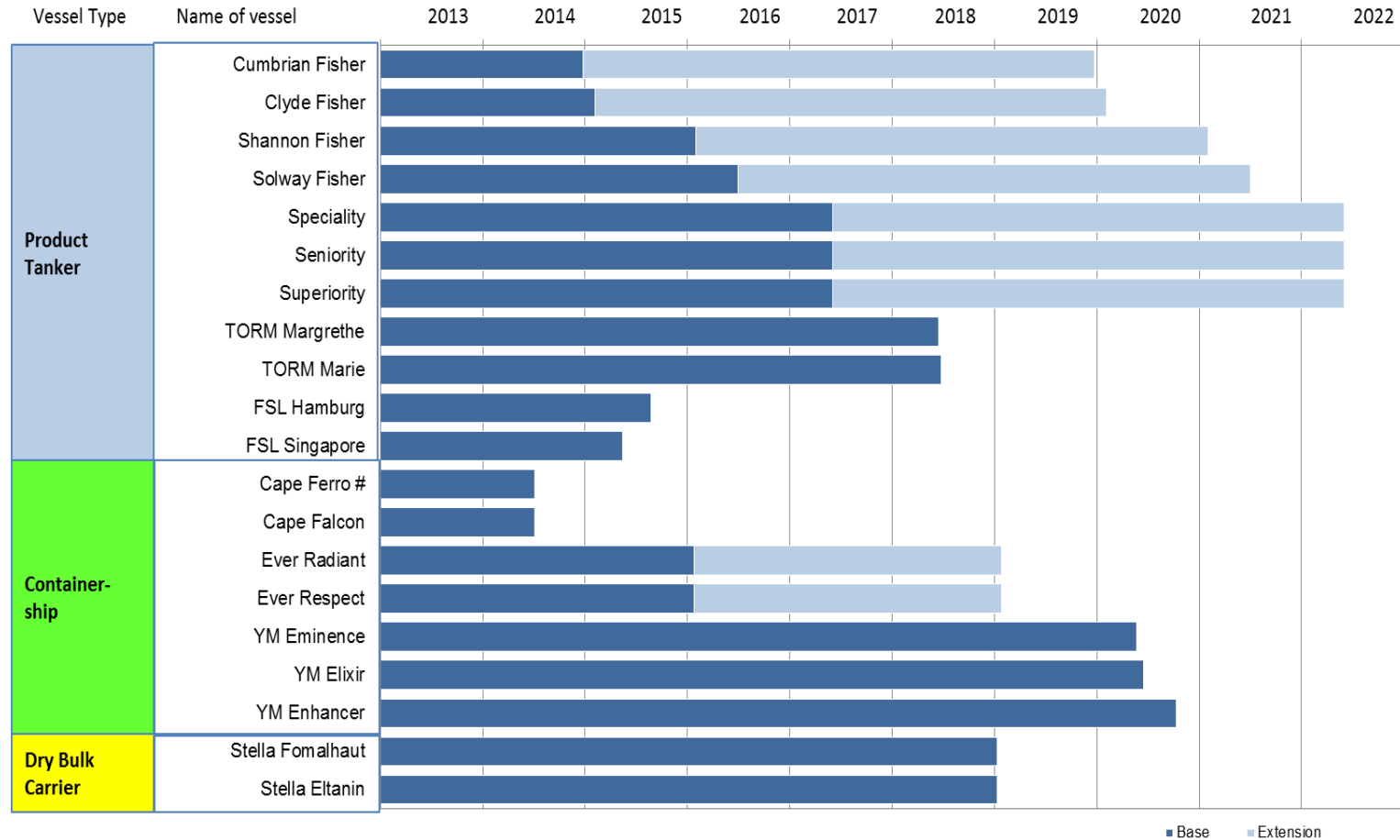
As at 30 June 2013, based on bareboat charter revenue from 16 vessels on long-term bareboat charters (excluding TORM charters which are leased on variable market rates) and estimated BBCE revenue from two vessels on three-year time charters. Excludes extension and early buyout options.

Staggered Lease Maturities



Remaining Lease Term in Years as at 30 June 2013

5 years*
Weighted average remaining lease term



* As at 30 June 2013, based on the 18 vessels on long-term bareboat charters and two vessels on three-year time charters. Calculated on a dollar-weighted average basis by net book value and excludes extension and early buyout options.

Formerly Calypso