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as Trustee Manager for First Ship Lease Trust  
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For Immediate Release

## **FSL Trust marks a return to full-year revenue growth, full year profitability and stronger cash generation**

**Singapore, 25 February 2015** – FSL Trust Management Pte. Ltd. (“FSLTM”), as trustee-manager of First Ship Lease Trust (“FSL Trust” or the “Trust”) reported a much improved performance for the quarter and the financial year ended 31 December 2014 (“4QFY14” and “FY14” respectively).

4QFY14 revenue of US\$24.4 million grew 5.3% year-on-year and contributed to overall FY14 revenue of US\$93.4 million (vs. FY13 revenue of US\$90.0 million). The 3.8% year-on-year growth for FY14 revenue marks the Trust’s return to full-year revenue growth since FY2011 despite reducing the fleet to 23 vessels in 1QFY14.

Net cash generated from operations of US\$18.5 million in 4QFY14 more than doubled year-on-year (4QFY13: US\$7.6 million) and contributed to net cash generated from operations of US\$53.2 million for FY14 (FY13: US\$36.0 million).

The Trust also marks a third consecutive quarter of profitability with a net profit of US\$7.3 million generated in 4QFY14 (4QFY13: net loss of US\$42.0 million), which contributed to a net profit of US\$4.1 million for FY14 (FY13: net loss of US\$65.2 million).

Significant progress has been achieved over the past 12 months following the restructuring efforts of the management team and the Trust is now in a stronger financial position.

### **Other key achievements over the past 12 months include:**

- Disposal of two 15 year-old loss-making dry bulk vessels, reducing capital expenditure by approximately US\$3.0 million and the cost of debt service in the first half of FY14 by US\$5.3 million
- Securing a new time charter agreement with Tesoro on improved rates for FSL Shanghai in July 2014
- Generating first quarterly profit in nearly three years, in 2QFY14 and maintaining profitability throughout subsequent quarters
- Appointment of Esben Poulsen, a senior figure in the global shipping community with more than 40 years’ experience, as a non-executive independent director
- In January 2015 announced compliance with its original loan agreement dated December 2011 following a covenant relaxation period of two and a half years
- Continued positive cash flow with 4QFY14 and FY14 net cash generated from operations of US\$18.5 million and US\$53.2 million, respectively

Commenting on the Trust's performance, Alan Hatton, Chief Executive Officer of FSLTM said:

"These are a strong set of results and a testament to the hard work of the Board and FSL Trust team over the past 12 months.

During this period, we have been focused on delivering unitholder value particularly through maximising earnings on the redelivered vessels in our fleet. Commercially, the vessels have been deployed to enable the Trust to benefit from improved tanker spot rates while managing risk and volatility. We have also continued to work closely with our technical managers to ensure that FSL Trust vessels maintain optimal levels of safety, compliance and utilisation.

Our efforts over the past year have borne fruit, culminating in the announcement on 6 January 2015 that the Trust is compliant with its original 2011 loan terms. The Trust has also benefited from its improved relationship with and the ongoing support from its lenders. This stronger financial position allows the Trust to focus on the future challenges of fleet renewal and new business from a position of compliance."

#### Review of 4Q and Full Year FY14 Operational Performance

	4Q 2014 US\$'000	4Q 2013 US\$'000	Inc/(Dec) %	FY 2014 US\$'000	FY 2013 US\$'000	Inc/(Dec) %
Rentals from vessels on bareboat charter	13,456	13,792	(2.4)	55,245	60,681	(9.0)
BBCE revenue of vessels on:-						
Time charter	1,952	1,126	73.3	6,130	4,403	39.2
Pool/RSA	3,504	535	555.0	10,934	4,394	148.8
Spot	-	416	(100.0)	26	610	(95.8)
Total bareboat charter/BBCE revenue	18,912	15,869	19.2	72,335	70,088	3.2

Total charter/bareboat charter equivalent ("BBCE") revenue for 4QFY14 grew 19.2% year-on-year to US\$18.9 million (4QFY13: US\$15.9 million). This is mainly attributable to the improved time charter rates for FSL Shanghai employed with Tesoro, higher contribution from FSL Hong Kong employed on a Revenue Sharing Agreement (RSA) with Teekay and from the three chemical tankers in a Nordic Tankers Pool despite reduced revenue due to the scheduled dry-docking of FSL London in December 2014.

For the FY14 period, total BBCE revenue grew 3.2% year-on-year to US\$72.3 million (FY13: US\$70.1 million) with the overall increase attributable to the better management of the fleet, technically and commercially. The higher revenue from vessels on time charter, in a pool and RSA arrangements was partially offset by lower revenue from bareboat charter rentals due to the expiry of leases for FSL Busan and FSL Santos, the disposal of two dry bulk vessels in 1QFY14 and the premature termination of the bareboat charter leases of FSL Hong Kong and FSL Shanghai in 3QFY13 following lease defaults by the subsidiaries of Geden.

An impairment loss of US\$1.9 million for the full year period was recognised on investments in TORM A/S (“TORM”) due to a decline in the quoted price of the shares over the period. As announced on 6 February 2015, the Trust liquidated its position in TORM between 21 January 2015 and 28 January 2015, taking advantage of the recent and short term spike in the TORM share price. On disposal, the Trust made a gain of US\$1.7 million which will be recognised in its 1QFY15 financial results.

“The Trust continues to be cash generative and equity accretive however with two older container vessels likely to be redelivered early 2016, the Trust is focused on replacing those significant revenues and renewing the fleet. Recent improved performance and a resultant healthier cash position will help facilitate this.” Alan Hatton said.

“The Board and management remain steadfast and continue to stay focused on our ongoing restructuring efforts and delivering long-term unitholder value. The aim is for the Trust to once again become a shipping focused platform capable of providing investors with a sustainable yield.” he added.

### **FY2014 Full Year Results Conference Call**

FSLTM will host a conference call for all registered participants on Thursday, 26 February 2015 at 10.00 am (Singapore time) to discuss the results. An audio recording of the conference call will be available on FSL Trust’s website at [www.FSLTrust.com](http://www.FSLTrust.com) from 12.00 pm (Singapore time) on Friday 27<sup>th</sup> February 2015.

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## **About First Ship Lease Trust (Bloomberg: FSLT SP; Reuters: FSLT.SI; OTCQX: FSHPY)**

First Ship Lease Trust (“FSL Trust” or the “Trust”) is a shipowner and a provider of leasing services on a long-term bareboat charter basis to the international shipping industry. The Trust has a diversified portfolio of 23 modern and high-quality vessels, comprising seven containerships, 11 product tankers, three chemical tankers and two crude oil tankers. FSL Trust is listed on the main board of the Singapore Exchange Securities Trading Limited (SGX-ST) and its American Depositary Receipts (ADRs) are quoted on the PrimeQX tier of International OTCQX.

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This news release may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from other companies, changes in operating expenses, trust expenses and governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. Investors are cautioned not to place undue reliance on these forward-looking statements, which are based on the current view of management on future events.

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