



**FSL Trust Management Pte. Ltd.**

as Trustee Manager for First Ship Lease Trust

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For Immediate Release

## **FSL Trust reports an increase in Cash and Cash Equivalents from US\$28.8 Million (FY2015) to US\$42.9 Million (FY2016) and Impairment of US\$44.1 Million**

**Singapore, 23 February 2017** – FSL Trust Management Pte. Ltd. (“FSLTM”), as trustee-manager of First Ship Lease Trust (“FSL Trust” or “the Trust”), announced today its results for the fourth quarter and the financial year ended 31 December 2016 (“4QFY16” and “FY2016” respectively).

The Trust reported lower revenue of US\$23.2 million for 4QFY16 and US\$98.1 million for FY2016, which is 10.6% and 7.9% lower than in the previous year respectively (4QFY15 Revenue: US\$25.9 million, FY2015 Revenue: US\$106.6 million). This is largely attributable to a reduced fleet following the disposal of two panamax containerships in February 2016 as well as downward pressure on rates in some tanker markets and the feeder container sector, which was partially offset by the timely securing of contract cover for some vessels.

In view of deteriorating vessel values amid challenging market conditions, the Trust recognised a non-cash impairment of US\$44.1 million on five containerships, two crude oil tankers and one product tanker in FY2016, contributing to a net loss of US\$42.3 million in 4QFY16 and US\$31.0 million for FY2016.

Despite the non-cash impairment, a smaller fleet, and a volatile shipping environment, the Trust continued to register another quarter of positive cash generation, with net cash generated from operations of US\$13.2 million in 4QFY16 and US\$57.6 million in FY2016, thereby cash and cash equivalents increased from US\$28.8 million to US\$42.9 million during FY2016.

FSL Trust continued to strengthen its balance sheet and improve the gearing of the business by repaying over US\$50 million of debt over the past 12 months. As a result, the Group’s gearing was reduced from 49.4% at the end of FY2015 to 47.3% at end FY2016 notwithstanding an impairment provision of US\$44.1 million.

## Review of 4Q and Full Year FY2016 Operational Performance

	4Q 2016 US\$'000	4Q 2015 US\$'000	Inc/(Dec) %	FY 2016 US\$'000	FY 2015 US\$'000	Inc/(Dec) %
Rentals from vessels on bareboat charter	9,978	14,233	(29.9)	42,183	56,784	(25.7)
BBCE revenue of vessels on:-						
-Time charter	4,558	2,397	90.2	18,238	8,711	109.4
-Pool	2,174	2,823	(23.0)	12,467	13,135	(5.1)
-Spot	-	402	(100.0)	(39)	1,897	N.M.
Total bareboat charter/BBCE revenue	16,710	19,855	(15.8)	72,849	80,527	(9.5)

Total bareboat charter equivalent (“BBCE”) revenue for 4QFY16 decreased by 15.8% year-on-year to US\$16.7 million (4QFY15: US\$19.9 million), while total BBCE revenue for FY2016 declined by 9.5% to US\$72.8 million (FY 2015: US\$80.5 million)

This was mainly due to the disposal of two containerships in February 2016, the renewal of bareboat contracts for *Shannon Fisher* and *Solway Fisher* at a lower daily rate, and poorer performance of the two LR2 tankers. However, the decline in revenue from vessels on bareboat charter was partially offset by the addition of *FSL Osaka* to the fleet and an increase in net time charter revenue achieved by *FSL Hamburg*, *FSL Singapore*, *FSL Hongkong* and *FSL Shanghai*

Despite the departure of the CEO, the core Management team responsible for operations and finance remains intact.

Commenting on the Trust’s performance, Roger Woods, Acting Chief Executive Officer of FSLTM said:

“We have achieved significant progress over the course of the year to ensure that the Trust continues to produce positive cashflows. The Trust successfully renewed a five year fixed-rate bareboat charter agreement for *Shannon Fisher* and *Solway Fisher*, which helps to provide a consistent revenue base for the Trust.

Nevertheless, shipping markets across all sectors will remain under significant pressure in the near term. To mitigate the impact of the shipping downturn, we will continue to strengthen the Trust’s charter book and enhance fleet employment to secure quality contract cover through 2017 and beyond. It remains our top priority to secure refinancing for our syndicated loan facility, which matures at the end of 2017, and our short term focus is to optimise the commercial deployment and operational performance of the nine vessels that are expected to be redelivered in FY2017, in order to capitalise on market upsides that may arise in the future.

Under the Listing Rule 1314(2), The Trust has effectively exited the Singapore Exchange Securities Trading’s Minimum Trading Price (MTP) Watchlist on 5 December 2016 based on the average daily market capitalization over the last 6 months.”

## **FY2016 Full Year Results Conference Call**

FSLTM will host a conference call for all registered participants on Friday, 24 February 2017 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 Monday, 27 February 2017.

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

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 22 modern and high-quality vessels, comprising five containerships, 12 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).

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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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