



2020

**Annual General Meeting**  
Singapore, 30 June 2020

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# 2019 WAS A POSITIVE YEAR FOR FSL TRUST: HIGHLIGHTS



## Improved tanker market conditions

> Driven by increased ton-mile demand and improved supply-demand fundamentals



## Increased adjusted EBITDA of US\$ 46.9m<sup>(1)</sup>

> Up 14% from previous year (US\$ 41.2m<sup>(1)</sup>), despite smaller fleet



## Return to profitability with a net profit of US\$ 10.1m for the full year 2019

> Compared to a net loss of US\$ 19.0m in 2018



## Sale of older, less environmentally friendly vessels

> Capitalising on the improved market environment and reducing debt



## Successful US\$ 31.0m preferential offering to partly finance the newbuildings

> Significant contribution of our Sponsor demonstrating the strong commitment and confidence



## Distribution of 1.50 US cents per unit for the 4<sup>th</sup> quarter 2019

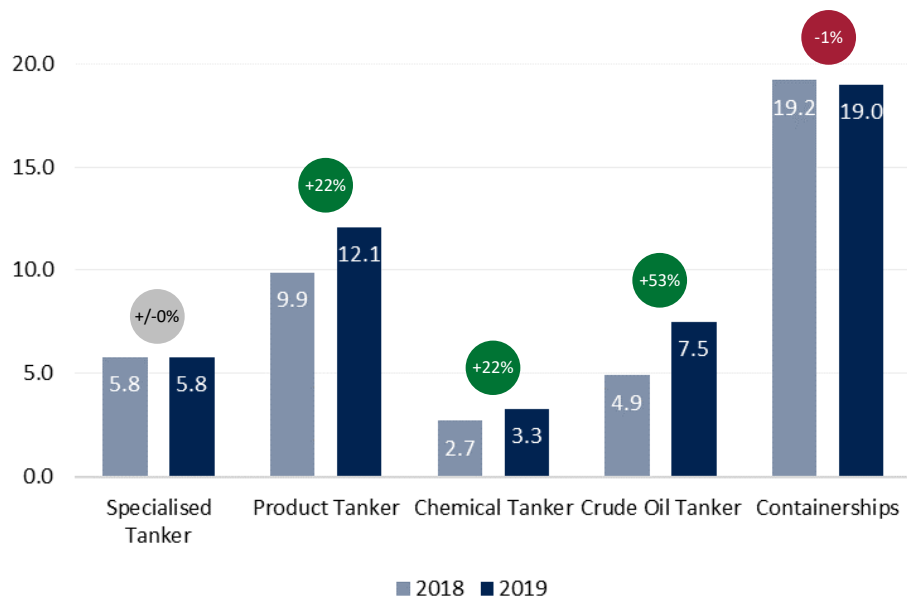
> 1<sup>st</sup> distribution after more than 7 years, followed by another distribution for the 1<sup>st</sup> quarter 2020

Note(s):

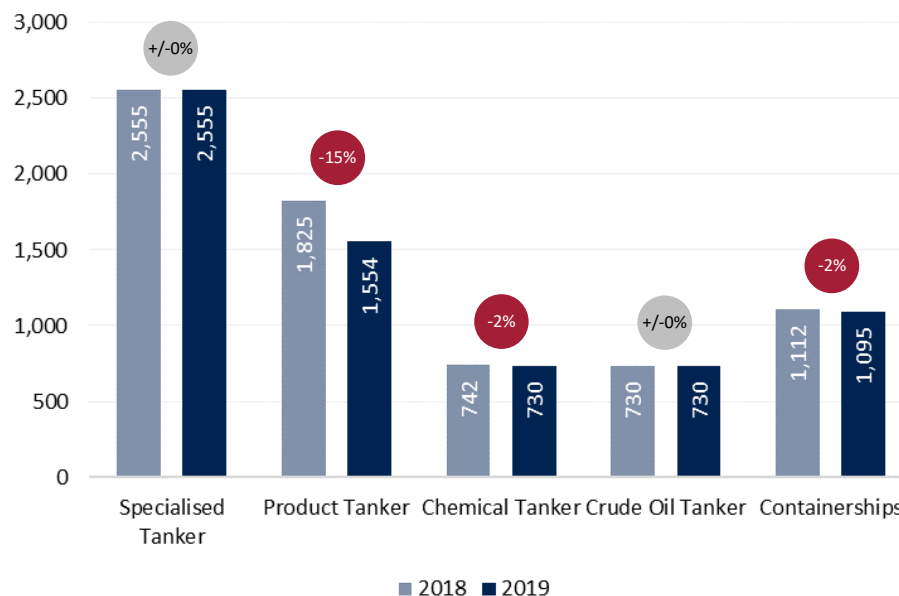
<sup>(1)</sup> Excluding gains/losses from the disposal of vessels and vessel impairments

# THE OPERATING PERFORMANCE IMPROVED CONSIDERABLY

## Adjusted EBITDA by Vessel Type (in US\$m)<sup>(1)</sup>



## Ownership Days by Vessel Type



- > Significant increase of adjusted EBITDA of the crude oil tankers and product tankers operating in pools, reflecting the improved tanker market conditions
- > Reduction of ownership days of the product tanker fleet as a result of the disposal of *FSL Hamburg* in April 2019
- > Increase of the adjusted EBITDA of the chemical tankers after entering into time charters in June 2018 and despite the disposal of 1 chemical tanker in January 2018

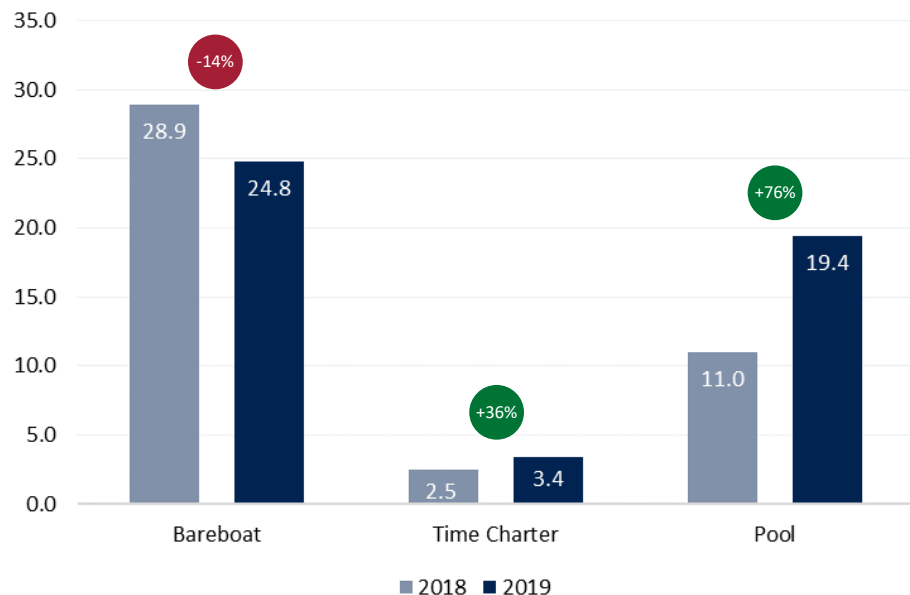
### Note(s):

<sup>(1)</sup> Excluding gains/losses from the disposal of vessels and vessel impairments

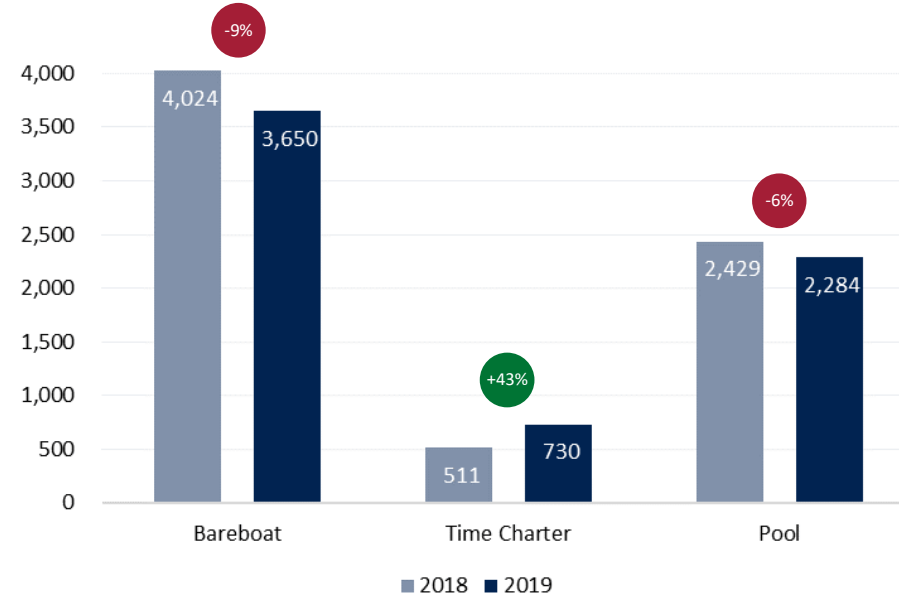
<sup>(2)</sup> Excluding other Trust expenses not allocated to the vessels

# THE OPERATING PERFORMANCE IMPROVED CONSIDERABLY (CONT'D)

Adjusted EBITDA by Employment Type (in US\$m)<sup>(1)</sup>



Ownership Days by Employment Type



- > 2 vessels (*FSL Piraeus* and *FSL Perth*) previously employed under bareboat charters entered pool employment
- > 59% of adjusted EBITDA derived from fixed-rate period charters
- > Slight improvement in fleet utilisation by 2 %-points to 99.5%

**Note(s):**

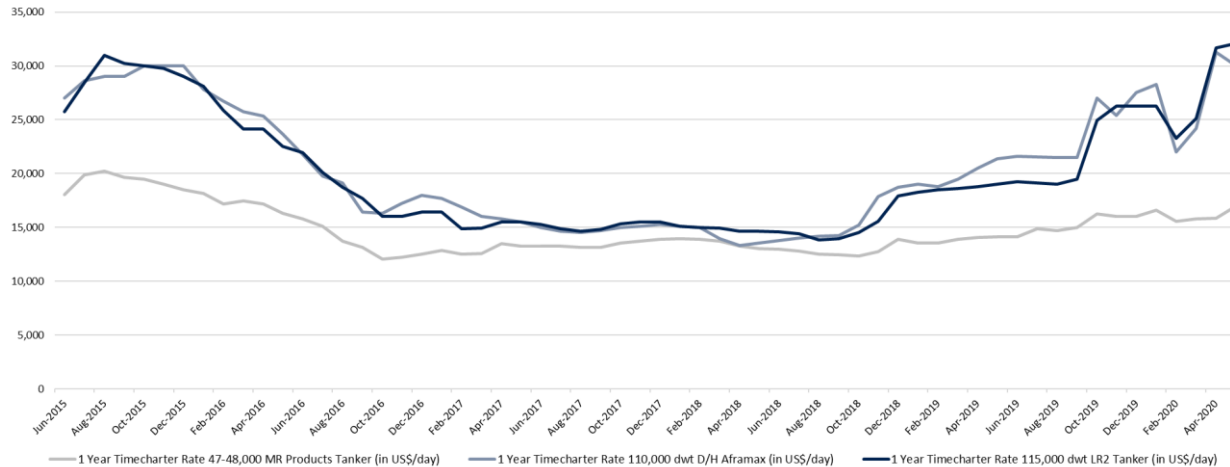
<sup>(1)</sup> Excluding gains/losses from the disposal of vessels and vessel impairments

<sup>(2)</sup> Excluding other Trust expenses not allocated to the vessels

# ... DRIVEN BY STRONG TANKER MARKETS BENEFITTING OUR VESSELS OPERATED IN POOLS



## Charter Rates

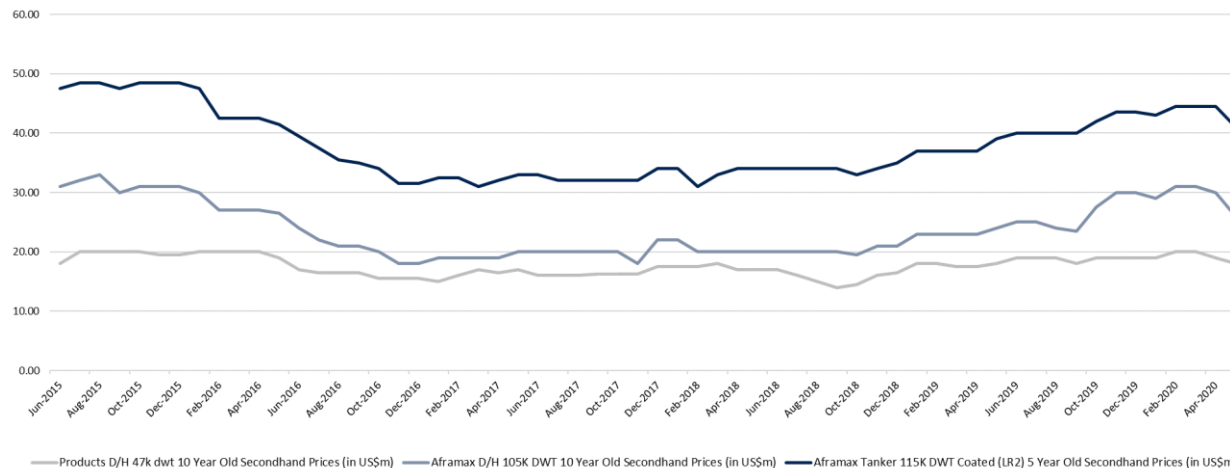


## Market Metrics

34%

YoY increase in average charter rates for MR and LR2 product tankers and Aframax crude oil tankers in 2019 (further increase of 24% by the end of May 2020)

## Second Hand Prices



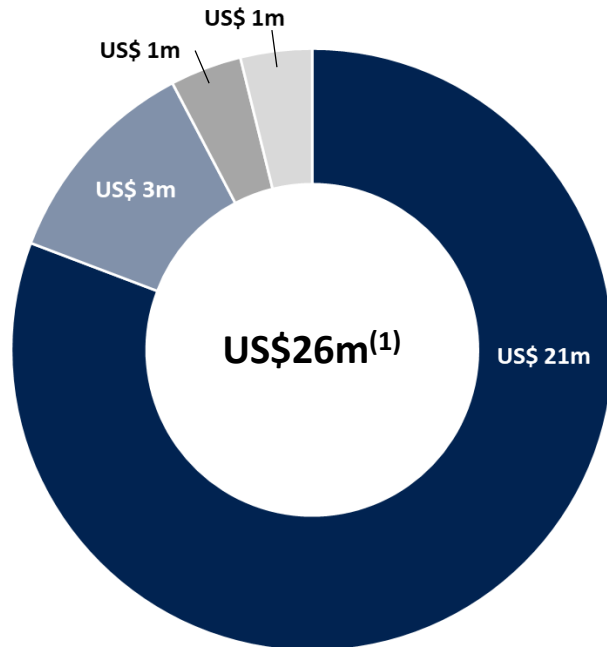
18%

YoY increase in average second hand prices for MR and LR2 product tankers and Aframax crude oil tankers in 2019 (further increase of 11% by the end of May 2020)

Source(s):  
 Clarkson Research Limited (Shipping Intelligence Network), June 2020

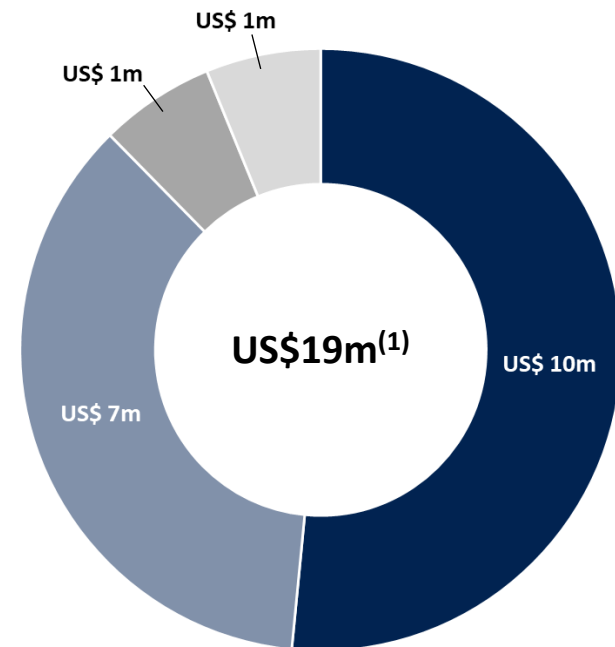
# CONTRACTED REVENUE REDUCES MARKET EXPOSURE

Contracted Revenue as at 31 December 2019



■ 2020 ■ 2021 ■ 2022 ■ 2023

Contracted Revenue as at 30 June 2020

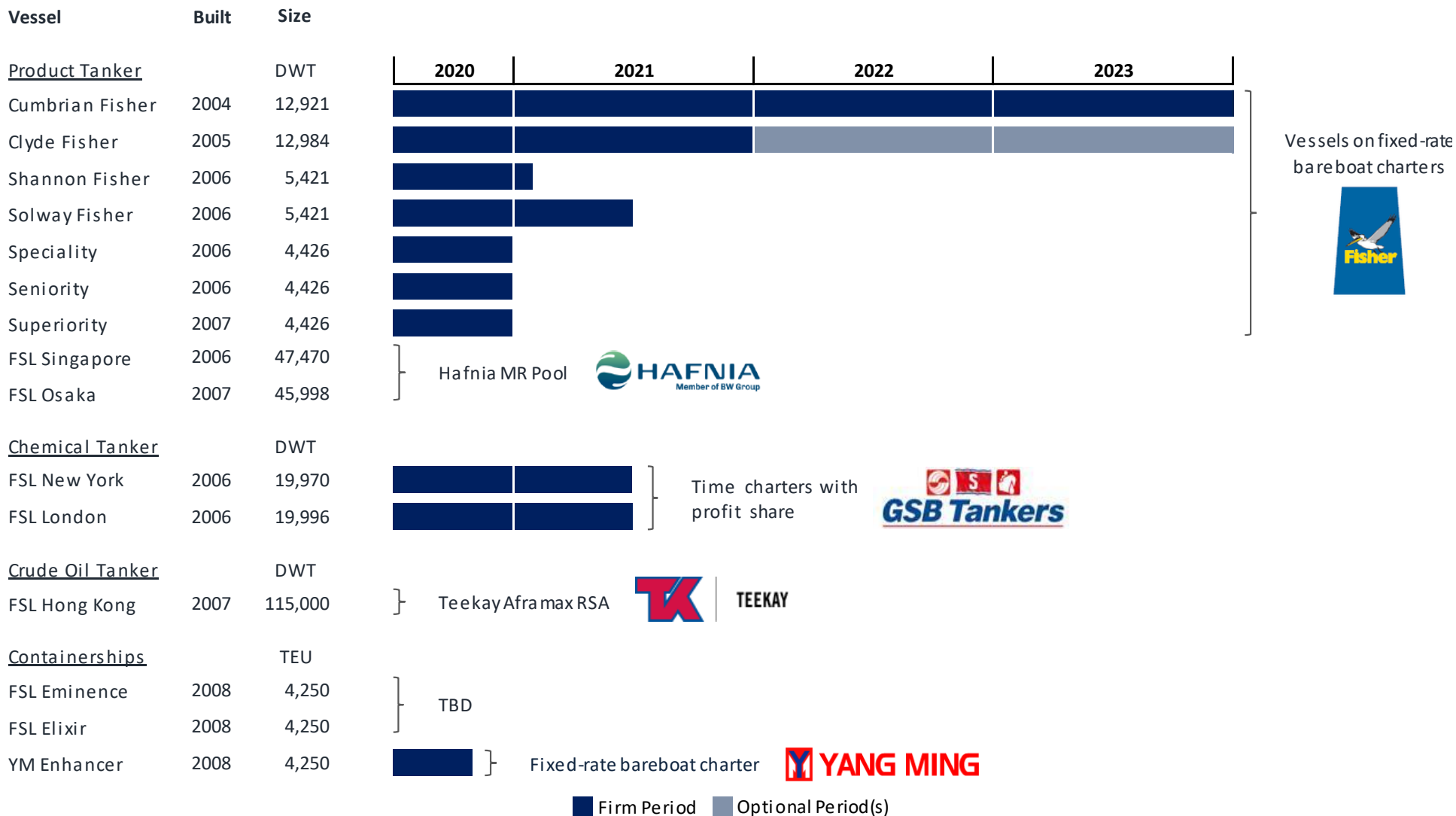


■ 2020 ■ 2021 ■ 2022 ■ 2023

- > Reduction of contracted revenue driven by completion of the bareboat charters for 2 containerships in May and June 2020 and the aging of contracts for the other vessels under period charters
- > On the other hand, contracted revenue increased once the charterer of the 2 chemical tankers exercised its option to extend the contracts by 1 year, until June 2021

Note(s):  
<sup>(1)</sup> Excluding optional period(s)

# ... AND PROVIDE COMFORTABLE PERIOD COVERAGE IN 2020: FLEET EMPLOYMENT PROFILE<sup>(1)</sup>



Note(s):  
<sup>(1)</sup> As of 30 June 2020

■ Firm Period   ■ Optional Period(s)



# NEWBUILDING CONSTRUCTION PROGRESSES AS PLANNED

- Scheduled delivery in late 2020 and early 2021, respectively
- Hull N944 was launched in June 2020 and the keel for hull N945 was laid in April 2020
- The net proceeds from the preferential offering have been fully utilised
- The Trustee-Manager is in discussions with prospective lenders to arrange debt financing



Launching of Hull N944 in June 2020



Keel Laying of Hull N945 in April 2020

# SUSTAINABILITY IS AN IMPORTANT ASPECT FOR FSL TRUST



**Enhanced sustainability reporting in accordance with GRI Standards**



**Compliance with stricter IMO 2020 regulations on sulphur emissions**



**Improved performance in Port State Controls**



**Zero oil spills in 2019**



**Zero Lost Time Injuries in 2019**

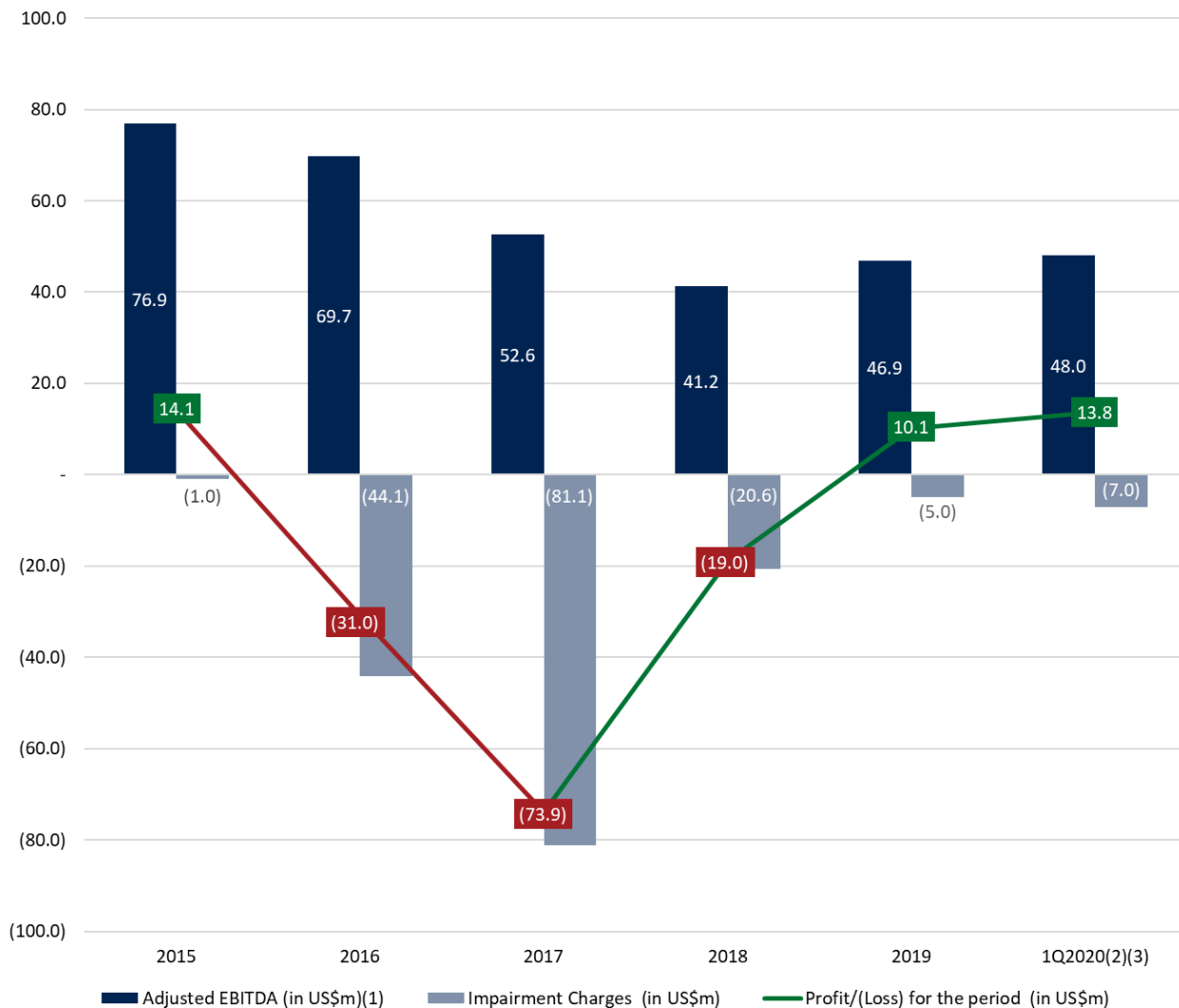


**Joined the Getting to Zero Coalition of the Global Maritime Forum**

# IMPROVED TANKER MARKET AND ACTIVE FLEET MANAGEMENT LED TO ENHANCED FINANCIAL PERFORMANCE



## Historical Adjusted EBITDA<sup>(1)</sup>, Impairment Charges and Profit/Loss



## Income Metrics 2019

14%

Net profit margin versus negative 28 % in 2018 (19% in the 1<sup>st</sup> quarter 2020<sup>(2)(3)</sup>)

7%

Return on average capital employed<sup>(4)</sup> versus negative 5% in 2018 (9% in the 1<sup>st</sup> quarter 2020<sup>(2)(3)</sup>)

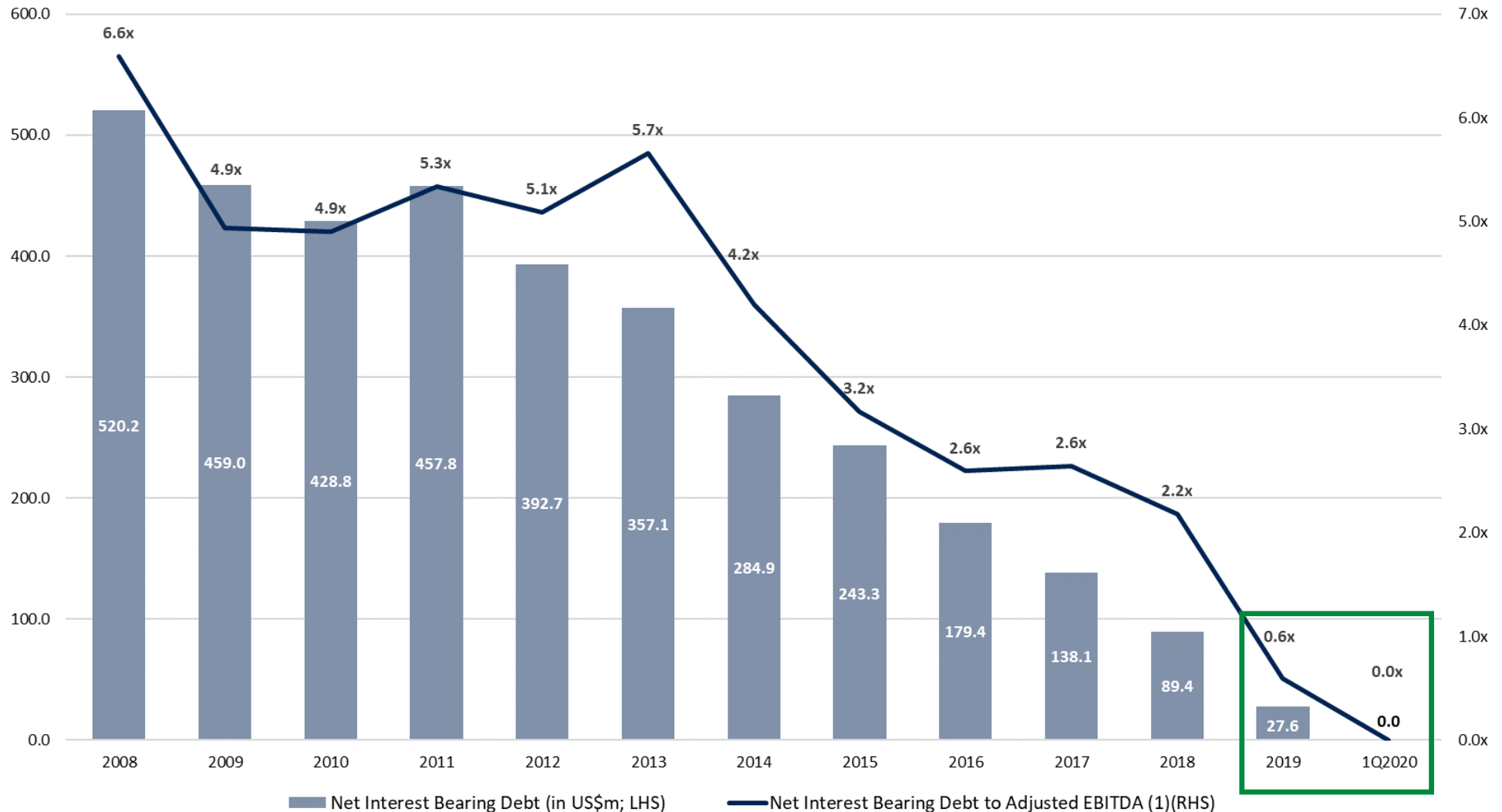
6%

Return on average equity<sup>(5)</sup> versus negative 12% in 2018 (8% in the 1<sup>st</sup> quarter 2020<sup>(2)(3)</sup>)

### Note(s):

- <sup>(1)</sup> Excluding gains/losses from the disposal of vessels and vessel impairments
- <sup>(2)</sup> Unaudited
- <sup>(3)</sup> Trailing 12-months
- <sup>(4)</sup> Profit/loss for the period to the average capital employed (average total assets less average current liabilities)
- <sup>(5)</sup> Profit/loss for the period to the average total equity

# SIGNIFICANT DELEVERAGING OVER THE LAST YEARS



**Note(s):**

<sup>(1)</sup> Excluding gains/losses from the disposal of vessels and vessel impairments

# ... ENHANCES OUR RESILIENCE IN TIMES OF UNPRECEDENTED DISRUPTIONS TO THE WORLD ECONOMY



## Balance Sheet Highlights

US\$ 42.4m

Cash and cash equivalents at the end of 2019 versus US\$ 13.9m at the end of 2018 (US\$ 67.2m at the end of the 1<sup>st</sup> quarter 2020<sup>(1)(2)</sup>)

US\$ 27.6m

Net interest bearing debt at the end of 2019 versus US\$ 89.4m at the end of 2018 (Zero at the end of the 1<sup>st</sup> quarter 2020<sup>(1)(2)</sup>)

US\$ 202.9m

Net asset value at the end of 2019 versus US\$ 155.3m at the end of 2018 (US\$ 183.0m at the end of the 1<sup>st</sup> quarter 2020<sup>(1)(2)</sup>)

## Balance Sheet Metrics

0.6x

Net interest bearing debt to adjusted EBITDA<sup>(3)</sup> at the end of 2019 versus 2.2x at the end of 2018 (0.0x at the end of the 1<sup>st</sup> quarter 2020<sup>(1)(2)</sup>)

12%

Net gearing ratio<sup>(4)</sup> at the end of 2019 versus 36% at the end of 2018 (Zero at the end of the 1<sup>st</sup> quarter 2020<sup>(1)(2)</sup>)

74%

Equity ratio<sup>(5)</sup> at the end of 2019 versus 59% at the end of 2018 (78% at the end of the 1<sup>st</sup> quarter 2020<sup>(1)(2)</sup>)

### Note(s):

<sup>(1)</sup> Unaudited

<sup>(2)</sup> After payment of the distribution of US\$ 26.5m for the 4<sup>th</sup> quarter 2019

<sup>(3)</sup> Excluding gains/losses from the disposal of vessels and vessel impairments

<sup>(4)</sup> Net interest bearing debt to total assets less cash and cash equivalents

<sup>(5)</sup> Total equity to total assets

# OUTLOOK: NAVIGATING THE COVID-19 PANDEMIC



## Containerships

- 2 of our 3 containerships have been redelivered as scheduled with the 3<sup>rd</sup> coming in October 2020 and the Trustee-Manager is currently considering the available options for these vessels
- Unprecedented demand contraction in the container-trade
- Inactive containership fleet reached an all-time high of 2.7m TEU in May 2020, representing c.12% of the total capacity
- Charter rates and market values under pressure
- On the positive side, contracting of newbuildings is limited and demolition of older vessels is increasing, improving vessel supply fundamentals



## Tankers

- Limited market exposure as 9 of our 12 tankers on the water are employed under fixed-rate period charters
- Oil price war between OPEC+ members, coupled with global demand contraction, temporarily drove oil price to historical lows and the freight market to record highs, which the Trust enjoyed through its tankers deployed in pools
- Softening of the market in the recent weeks as a result of reduction of demand for oil storage on tankers
- Very low liquidity in the S&P market
- Projected tonnage fundamentals benefiting by the limited newbuildings orderbook

- > Strong financial position, contracted revenue and low debt level provide downside protection
- > 'Wait and see' market approach with the flexibility to take advantage of accretive opportunities arising



**T R U S T**

# Questions & Answers



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