



**FSL Trust Management Pte. Ltd.**

as Trustee Manager for First Ship Lease Trust

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## **FSL Trust reports an increased net profit of US\$ 8.00 million for the 1<sup>st</sup> half of 2020**

### **Key Financial Highlights**

- Net profit of US\$ 1.33m for the 2<sup>nd</sup> quarter 2020 and US\$ 8.00m for the 1<sup>st</sup> half of 2020, up 59% y-o-y
- Adjusted EBITDA<sup>1</sup> of US\$ 10.18m for the 2<sup>nd</sup> quarter 2020 and US\$ 22.74m for the 1<sup>st</sup> half of 2020, up 4% y-o-y
- Strong liquidity position and very low net leverage<sup>2</sup> of 0.1x

**Singapore, 4<sup>th</sup> August 2020** – FSL Trust Management Pte. Ltd. (“FSLTM”), as trustee-manager of First Ship Lease Trust (“FSL Trust” or the “Trust”), today announced the financial results of FSL Trust for the 2<sup>nd</sup> quarter and 1<sup>st</sup> half ended 30<sup>th</sup> June 2020.

Despite a reduction of the number of vessels in the Trust’s fleet and the global pandemic posing serious and unprecedented challenges to the shipping industry, FSL Trust ended the 2<sup>nd</sup> quarter 2020 with a positive net result of US\$ 1.33m and an adjusted EBITDA<sup>1</sup> of US\$ 10.18 million. For the 1<sup>st</sup> half of 2020, FSL Trust’s reported a net profit of US\$ 8.00m and an adjusted EBITDA<sup>1</sup> US\$ 22.74m, an increase of 59% y-o-y and 4% y-o-y, respectively. The positive results and strong cash generation were primarily driven by the firm tanker markets during the first five months of 2020, as well as the disposal of three ageing vessels at firm prices in the 1<sup>st</sup> quarter 2020.

The Trust continued to reduce debt and strengthen its capital structure. At the end of the 2<sup>nd</sup> quarter of 2020, the net leverage<sup>2</sup> was 0.1x only (previous year: 1.0x) and the equity ratio<sup>3</sup> improved to 79% versus 68% the year before. As at 30<sup>th</sup> June 2020, cash and cash equivalents were US\$ 33.28m versus an aggregate amount outstanding under the loan facilities of US\$ 39.66m. The Trust capitalised on its strong liquidity position and, in addition to scheduled debt amortisation, voluntarily prepaid US\$ 2.94m to optimise the debt profile.

In May 2020, the charterer of the two chemical tankers *FSL London* and *FSL New York* exercised its option to extend the charters by one year each, whilst the Trust took redelivery of the containerships *FSL Eminence* and *FSL Elixir* after they completed their employments in May and June 2020, respectively. Meanwhile, the construction of the two LR2 tanker newbuildings in China progressed smoothly; Hull no. N944 was launched afloat in June 2020 while keel laying for Hull no. N945 was completed in April 2020. Construction is expected to be completed in late 2020 and early 2021, respectively.

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

<sup>2</sup> Net interest-bearing debt to adjusted EBITDA (on a trailing twelve months-basis)

<sup>3</sup> Total equity to total assets

**Commenting on the results, Roger Woods, Chief Executive Officer, said:**

“COVID-19 continues to challenge the shipping industry with very significant impacts on the operation of vessels as global travel restrictions create major obstacles to crew changes as well as the sale and purchase market. Whilst we have seen a very firm tanker market in the first five months of the year, supporting FSL Trust to deliver strong results for the 1<sup>st</sup> half 2020, the market has corrected in June 2020 as a result of the combination of seasonality and the impact of the global pandemic on vessel demand.

During the 2<sup>nd</sup> quarter of 2020, we continued to reduce debt and built a very robust financial position. Whilst we expect a rough sea ahead for the industry in the 2<sup>nd</sup> half of the year, our strong financial position coupled with limited new tonnage entering the market, keeps us cautiously optimistic for the overall performance of the Trust in 2020.”

**Stathis Topouzoglou, Chairman of the Board of Directors, said:**

“The Board of Directors is very grateful to the executive management, all our staff onshore and the crews on board our vessels for their dedication in remaining fully operational, allowing the Trust to deliver positive results amidst this extraordinarily challenging period. With the precautionary measures taken, we are also very pleased to still report zero cases of COVID-19 among FSL’s office and vessels.

The Trust’s strong financial position and contracted revenue have safeguarded us from the prevailing macroeconomic environment; however, as we are not in a position to predict the full depths of the global pandemic and its impact on the shipping industry, we have decided not to declare a distribution to the unitholders for the 2<sup>nd</sup> quarter 2020 and closely monitor market developments for the time being.”

**2<sup>nd</sup> Quarter 2020 Results Conference Call**

FSLTM will host a conference call for all registered participants on Wednesday, 5<sup>th</sup> August 2020 at 10:00 am (Singapore time) to discuss the results followed by a Q&A session. An audio recording of the conference call will be available on FSL Trust’s website [www.firstshiplease.com](http://www.firstshiplease.com) from 12:00 pm (Singapore time) on Thursday, 6<sup>th</sup> August 2020.

**About First Ship Lease Trust**

First Ship Lease Trust ("FSL Trust" or the "Trust") is a Singapore-based business trust which owns a diversified fleet of well-maintained, oceangoing vessels across different segments. As at 30 June 2020, the vessel portfolio comprised 17 vessels, including 15 containerships and tankers of different sizes on the water and 2 tanker newbuildings under construction. Of the 15 vessels on the water, 10 vessels are chartered to international shipping companies on fixed-rate period charters. The 2 tanker newbuildings under construction are expected to be delivered to FSL Trust in late 2020 and early 2021, respectively.

FSL Trust is listed on the Mainboard of the Singapore Exchange (SGX: D8DU; Bloomberg: FSLT SP; Reuters: FSLT.SI).

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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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