Global Ship Lease Reports Results for the Fourth Quarter of 2017

March 5, 2018

LONDON, March 05, 2018 (GLOBE NEWSWIRE) -- Global Ship Lease, Inc. (NYSE:GSL) (the "Company"), a containership charter owner, announced today its unaudited results for the three months and year ended December 31, 2017.

Fourth Quarter and Year Highlights

- Reported operating revenues of $37.9 million for the fourth quarter 2017. Operating revenues for the year ended December 31, 2017 were $159.0 million

- Reported net loss(1) of $99.8 million for the fourth quarter 2017, after costs and charges totaling $14.4 million associated with the refinancing completed in October 2017 and a non-cash impairment charge of $87.6 million. For the year ended December 31, 2017, net loss was $77.3 million

- Generated $24.8 million of Adjusted EBITDA(2) for the fourth quarter 2017. Adjusted EBITDA for the year ended December 31, 2017 was $110.3 million

- Normalized net income (1)(2), excluding the costs and charges associated with the refinancing, was $2.1 million for the fourth quarter 2017. Normalized net income was $25.1 million for the year ended December 31, 2017

- On October 19, 2017, agreed a new time charter with CMA CGM for the 2005-built *OOCL Tianjin*, which has been renamed *GSL Tianjin,* an 8,063 TEU containership. The charter was for a period of three to eight months (at the charterer's option) at a fixed rate of $13,000 per day, which commenced on October 25, 2017, immediately upon re-delivery from its previous charter. This new charter was extended with effect from January 26, 2018 for a period of eight to 12 months (at the charterer's option) at a fixed rate of $11,900 per day

- On October 31, 2017, closed the previously announced offering of $360 million aggregate principal amount of 9.875% first priority secured notes due 2022. The net proceeds, together with borrowings under a new $54.8 million super senior secured term loan facility and cash on hand, were used to refinance all outstanding debt comprising 10.000% notes due 2019, the revolving credit facility and the secured term loan

- Reduced net debt to $341.5 million at December 31, 2017 from $375.1 million at end 2016; net debt to Adjusted EBITDA reduced to 3.1 times for 2017 from 3.3 times for 2016

- On February 20, 2018, announced agreement to an extension of our charter with OOCL for the *OOCL Qingdao*, a 2004-built, 8,063 TEU containership. The extension commences in direct continuation of the current charter with effect from March 11, 2018, at a fixed rate of $14,000 per day. Earliest redelivery is now January 1, 2019, with latest redelivery March 15, 2019 (at charterer's option)

- On March 1, 2018 announced agreement to acquire a 2005-built, 2,800 TEU containership for $11.3 million. Following delivery, which is expected to be during the second quarter of 2018, once the existing charter terminates, the vessel will commence charter employment with CMA CGM for a period of 12 months at a fixed rate of $9,000 per day.

Ian Webber, Chief Executive Officer of Global Ship Lease, stated, "In 2017, we continued to benefit from our attractive long-term charters and strong relationships with top-tier liner companies. By maintaining full time charter employment for our fleet and extremely high utilization levels in line with our historical averages, we ensured that we would continue to generate consistent cashflows to support our deleveraging and growth efforts. Alongside improving market fundamentals, this consistent track record of performance enabled us to refinance all of our outstanding debt on improved terms, not only generating ongoing savings, but also securing Global Ship Lease's long-term financial strength and flexibility."

Mr. Webber continued, "Over the course of 2017 and into early 2018, the overall container shipping industry has experienced a significant recovery, as continued strength in underlying freight demand has driven increasing supply/demand tension and upward pressure on both spot charter rates and asset values. Amid this promising market environment, we have been able to achieve satisfactory renewals at EBITDA positive levels with no down time for vessels that have come open. With our consistent long-term cashflows, balance sheet strength, and high-quality fleet, Global Ship Lease is in an excellent position to pursue a range of value creation opportunities, as we have demonstrated with the vessel purchase recently announced, for the benefit of our shareholders."

SELECTED FINANCIAL DATA – UNAUDITED *(thousands of U.S. dollars)*

	Three months ended December 31, 2017	Three months ended December 31, 2016	**Year ended December 31, 2017**	Year ended December 31, 2016

Operating Revenues	**37,871**	41,426	**158,988**	166,523
Operating (Loss)	**(72,183)**	(44,902)	**(15,324)**	(20,480)
Net (Loss) (1)	**(99,824)**	(55,072)	**(77,328)**	(68,157)
Adjusted EBITDA (2)	**24,835**	28,578	**110,281**	114,747
Normalized Net Income (1)(2)	**2,190**	6,140	**25,206**	22,441

(1) Net income (loss) and Normalized net income available to common shareholders

(2) Adjusted EBITDA and Normalized net income are non-US Generally Accepted Accounting Principles (US GAAP) measures, as explained further in this press release, and are considered by Global Ship Lease to be useful measures of its performance. Reconciliations of such non-GAAP measures to the most directly comparable US GAAP measure are provided in this Earnings Release.

Operating Revenues and Utilization

The 18 vessel fleet generated operating revenues from fixed-rate, mainly long-term time charters of $37.9 million in the three months ended December 31, 2017, down $3.5 million on operating revenues of $41.4 million for the comparative period in 2016, with the reduction due mainly to the effect of (i) the 12-month extensions of the charters of *Julie Delmas* and *Delmas Keta* effective mid-September 2017 at $7,800 per day compared to $18,465 per day previously and (ii) the new charter of *GSL Tianjin* to CMA CGM effective late October 2017 at $13,000 per day compared to $34,500 per day for the expiring charter to OOCL. There were 1,656 ownership days in the quarter, the same as in the comparable period in 2016. In the fourth quarter 2017, there was no planned offhire from regulatory drydocking and 10 days of unplanned offhire, giving an overall utilization of 99.4%. There were a total of 12 days offhire in the fourth quarter 2016, of which one was unplanned and 11 were from regulatory drydockings, giving an overall utilization of 99.3%.

For the year ended December 31, 2017, operating revenues were $159.0 million, down $7.5 million or 4.5% on operating revenues of $166.5 million in the prior year, mainly due to the effect of the amendments to the charters noted above and, in addition, a stepdown from the previous charter rate of $18,465 per day for *Marie Delmas* and *Kumasi*, effective August 1, 2016, following amendments to these charters, whereby the charter rate reduced to $13,000 per day and further reduced to $9,800 per day from mid-September 2017 as we exercised the first of three options in our favor to extend the charters to end 2018.

The table below shows fleet utilization for the three months and years ended December 31, 2017 and 2016 and for the years ended December 31, 2015, 2014 and 2013.

	Three months ended		Year ended				
Days	Dec 31, 2017	Dec 31, 2016	Dec 31, 2017	Dec 31, 2016	Dec 31, 2015	Dec 31, 2014	Dec 31, 2013
Ownership days	1,656	1,656	6,570	6,588	6,893	6,270	6,205
Planned offhire - scheduled drydock	0	(11)	(62)	(100)	(9)	(48)	(21)
Unplanned offhire	(10)	(1)	(40)	(3)	(7)	(12)	(7)
Idle time	0	0	0	0	(13)	(64)	0
Operating days	1,646	1,644	6,468	6,485	6,864	6,146	6,177
Utilization	99.4%	99.3%	98.4%	98.4%	99.6%	98.0%	99.5%

There were four regulatory drydockings in 2017 and six in 2016. Two regulatory drydockings are due in 2018.

Vessel Operating Expenses

Vessel operating expenses, which include costs of crew, lubricating oil, repairs, maintenance and insurance, were $11.6 million for the three months ended December 31, 2017, compared to $11.2 million in the prior year period. The average cost per ownership day in the quarter was $6,992, compared to $6,772 for the prior year period, up $220 per day or 3.2%. The increase is mainly attributable to insurance deductibles incurred in the three months ended December 31, 2017.

For the year ended December 31, 2017, vessel operating expenses were $43.5 million, or an average of $6,614 per day, compared to $45.7 million in the prior year period or $6,936 per day. The $322, or 4.6%, reduction in vessel operating expenses per day is due mainly to lower repair and maintenance costs, partly offset by increased costs for insurance deductibles.

Depreciation

Depreciation for the three months ended December 31, 2017 was $9.4 million, compared to $10.4 million in the fourth quarter 2016; the reduction is due to the effect of lower book values for a number of vessels following impairment write downs taken in the third and fourth quarters of 2016.

Depreciation for the year ended December 31, 2017 was $38.0 million, compared to $42.8 million in the prior year.

Impairment

The Company's accounting policies require that tangible fixed assets such as vessels are reviewed for impairment when events or changes in circumstances indicate that their carrying amounts may not be recoverable.

In October 2017, the Company agreed a new charter for *GSL Tianjin* with CMA CGM. The charter is for a period of three to eight months (at the charterer's option) at a fixed rate of $13,000 per day, which commenced on October 25, 2017, immediately upon re-delivery from its previous charter. This new charter was subsequently extended with effect from January 26, 2018 for a period of eight to 12 months (at the charterer's option) at a fixed rate of $11,900 per day. The new charter to CMA CGM triggered the performance of an impairment test on the vessel. No impairment was identified.

Charter rates in the spot market and asset values saw improvements through 2017. Whilst market developments are encouraging, taking into account the seasonal as well as cyclical nature of the container shipping industry, we determined that it would nonetheless be appropriate under US GAAP to undertake a fleet-wide review for impairment as at December 31, 2017. This review gave rise to a non-cash charge in the fourth quarter of $87.6 million, as the sum of the expected undiscounted future cash flows from five vessels over their estimated remaining useful lives was less than the carrying amounts. The impairment charge was equal to the amount by which the assets' carrying amounts exceed their fair values. Fair value was assessed, on a vessel by vessel basis, as the net present value of estimated future cash flows, discounted by an appropriate discount rate.

An impairment review was performed for the three months ended December 31, 2016 on all vessels, due to continued poor industry conditions. This gave rise to a non-cash charge in the fourth quarter of $63.1 million on four vessels.

Including a non-cash impairment charge of $29.4 million that was recognized in the three months ended September 30, 2016, following our agreement with CMA CGM to amend and extend the charters of the *Marie Delmas* and *Kumasi*, the total non-cash impairment charge for the year ended December 31, 2016 was $92.4 million.

General and Administrative Costs

General and administrative costs were $1.5 million in the three months ended December 31, 2017, compared to $1.7 million in the fourth quarter of 2016; the reduction is due mainly to lower staff costs and legal and professional fees.

For the year ended December 31, 2017, general and administrative costs were $5.3 million, compared to $6.3 million for 2016; the reduction is again mainly due to lower staff costs and legal and professional fees.

Other Operating Income

Other operating income in the three months ended December 31, 2017 was $1,000, compared to $41,000 in the fourth quarter 2016.

For the year ended December 31, 2017, other operating income was $51,000, compared to $0.2 million for 2016.

Adjusted EBITDA

As a result of the above, Adjusted EBITDA was $24.8 million for the three months ended December 31, 2017, down from $28.6 million for the three months ended December 31, 2016, mainly as a result of lower revenue, offset by lower vessel operating expenses.

Adjusted EBITDA for the year ended December 31, 2017 was $110.3 million, compared to $114.7 million for 2016 with the reduction mainly as a result of lower revenue.

Interest Expense

Debt at December 31, 2017 comprised $360.0 million outstanding on our new 9.875% notes due 2022 and $54.8 million under the new secured term loan, both of which were closed in October 2017 as part of a re-financing. The net proceeds, together with cash on hand, were used to refinance our previous 10.000% notes due 2019. In addition, all outstanding borrowings under both the previous revolving credit facility and the previous secured term loan were repaid and terminated.

Debt at December 31, 2016 comprised amounts outstanding on our 10.000% notes, the revolving credit facility and the secured term loan.

Interest expense for the three months ended December 31, 2017, was $27.0 million, up $17.6 million on the interest expense for the three months ended December 31, 2016 of $9.5 million. The increase is mainly due to the consequences of the refinancing completed in October 2017, which resulted in a premium on the redemption of the 2019 Notes of $8.7 million, the write off of the remaining balance of original issue discount associated with the 2019 notes of $1.4 million and the write off of the remaining balance of deferred financing charges of $4.3 million associated with debt repaid. In contrast, interest expense for the three months ended December 31, 2016 benefitted from a $1.9 million gain on the open market purchases of $18.0 million principal amount of the 2019 notes in November 2016.

For the year ended December 31, 2017, interest expense was $59.4 million, up $14.6 million on interest expense of $44.8 million for the year ended December 31, 2016. The increase is mainly for the reasons noted above.

Interest income for the three months ended December 31, 2017 was $154,000, up from $59,000 in the comparative period in 2016 due to higher average cash balances and increased interest rates. Interest income for the year ended December 31, 2017 was $489,000, compared to $198,000 in 2016.

Taxation

Taxation for the three months ended December 31, 2017 was a charge of $9,000, compared to $14,000 in the fourth quarter of 2016.

Taxation for the year ended December 31, 2017 was a charge of $40,000, compared to $46,000 for 2016.

Earnings Allocated to Preferred Shares

The Series B Preferred Shares carry a coupon of 8.75%, the cost of which for the three months ended December 31, 2017 was $0.8 million; the same as in the comparative period.

The cost in the year ended December 31, 2017 was $3.1 million; the same as in the comparative period.

Net (Loss) Available to Common Shareholders and Normalized Net Income

Net loss for the three months ended December 31, 2017 was $99.8 million, after the costs and charges totaling $14.4 million associated with the refinancing completed in October 2017 and the non-cash impairment charge of $87.6 million. For the three months ended December 31, 2016, net loss was $55.1 million, after the $63.1 million non-cash impairment charge.

Normalized net income for the three months ended December 31, 2017 was $2.2 million, adjusting for the costs associated with the refinancing, compared to $6.1 million in the comparative period in 2016, adjusting mainly for the non-cash impairment charge.

Net loss was $77.3 million for the year ended December 31, 2017 after the $87.6 million non-cash impairment charge. Net loss was $68.2 million for the year ended December 31, 2016 after the $92.4 million non-cash impairment charge.

Normalized net income for the year ended December 31, 2017 was $25.2 million and was $22.4 million for the prior year.

Fleet

The following table provides information about the on-the-water fleet of 18 vessels as at December 31, 2017, updated for subsequent charter extensions. 16 vessels are chartered to CMA CGM, and two to OOCL.

Vessel Name	Capacity in TEUs (1)	Year Built	Purchase by GSL	Remaining Charter Term (2) (years)	Earliest Charter Expiry Date	Daily Charter Rate $
CMA CGM Matisse	2,262	1999	Dec 2007	2.0	Sept 21, 2019	15,300
CMA CGM Utrillo	2,262	1999	Dec 2007	1.9	Sept 11, 2019	15,300
Delmas Keta	2,207	2003	Dec 2007	0.7	Aug 6, 2018	7,800
Julie Delmas	2,207	2002	Dec 2007	0.7	Jul 28, 2018	7,800
Kumasi	2,207	2002	Dec 2007	1.0 - 3.0(3)	Nov 16, 2018	9,800
Marie Delmas	2,207	2002	Dec 2007	1.0 - 3.0(3)	Nov 16, 2018	9,800
CMA CGM La Tour	2,272	2001	Dec 2007	2.0	Sept 20, 2019	15,300
CMA CGM Manet	2,272	2001	Dec 2007	1.9	Sept 7, 2019	15,300
CMA CGM Alcazar	5,089	2007	Jan 2008	3.0	Oct 18, 2020	33,750
CMA CGM Château d'If	5,089	2007	Jan 2008	3.0	Oct 11, 2020	33,750
CMA CGM Thalassa	11,040	2008	Dec 2008	8.0	Oct 1, 2025	47,200
CMA CGM Jamaica	4,298	2006	Dec 2008	5.0	Sept 17, 2022	25,350
CMA CGM Sambhar	4,045	2006	Dec 2008	5.0	Sept 16, 2022	25,350
CMA CGM America	4,045	2006	Dec 2008	5.0	Sept 19, 2022	25,350
CMA CGM Berlioz	6,621	2001	Aug 2009	3.7	May 28, 2021	34,000
GSL Tianjin(4)	8,063	2005	Oct 2014	0.9	Sept 26, 2018	11,900
OOCL Qingdao(5)	8,063	2004	Mar 2015	1.1	Jan 1, 2019	14,000
OOCL Ningbo	8,063	2004	Sep 2015	0.8	Sep 17, 2018	34,500

(1) Twenty-foot Equivalent Units.

(2) As at December 31, 2017 to mid-point of re-delivery period, updated for subsequent charter extensions. Plus or minus 90 days, other than (i) Julie Delmas and Delmas Keta which are plus or minus 45 days, (ii) Kumasi and Marie Delmas see footnote 3 below, (iii) GSL Tianjin which is now between September 26, 2018 and January 26, 2019 see footnote 4 below, (iv) OOCL Qingdao which is now between January 1, 2019 and March 15, 2019 see footnote 5 below and (v) OOCL Ningbo which is between September 17, 2018 and December 17, 2018, all at charterer's option.

(3) The charters for Kumasi and Marie Delmas were amended in July 2016 to, inter alia, provide us with three consecutive options to extend the charters at $9,800 per day. The first of these options was exercised in July 2017, extending the charters to end 2018. The two remaining options allow us to extend the charters to December 31, 2020 plus or minus 90 days at charterer's option. The earliest possible re-delivery date, not taking into account our remaining options, is shown in the table.

(4) A new time charter for GSL Tianjin, formerly named OOCL Tianjin, with CMA CGM commenced October 25, 2017, immediately upon re-delivery from its previous charter to OOCL, at a fixed rate of $13,000 per day for a period of three to eight months at the charterer's option. The charter was extended with effect from January 26, 2018 at a fixed rate of $11,900 per day for a period of eight to 12 months, at charterer's option. The new period is reflected in the table.

(5) In February 2018 we agreed to an extension of our charter with OOCL for the OOCL Qingdao. The extension commences in direct continuation of the current charter with effect from March 11, 2018, at a fixed rate of $14,000 per day. Earliest redelivery is now January 1, 2019, with latest redelivery March 15, 2019, at charterer's option. The new period is reflected in the table.

Conference Call and Webcast

Global Ship Lease will hold a conference call to discuss the Company's results for the three months ended December 31, 2017 today, Monday March 5, 2018 at 10:30 a.m. Eastern Time. There are two ways to access the conference call:

(1) Dial-in: (877) 445-2556 or (908) 982-4670; Passcode: 4072849
Please dial in at least 10 minutes prior to 10:30 a.m. Eastern Time to ensure a prompt start to the call.

(2) Live Internet webcast and slide presentation: http://www.globalshiplease.com

If you are unable to participate at this time, a replay of the call will be available through Wednesday, March 21, 2018 at (855) 859-2056 or (404) 537-3406. Enter the code 4072849 to access the audio replay. The webcast will also be archived on the Company's website: http://www.globalshiplease.com.

Annual Report on Form 20F

The Company's Annual Report for 2017 is on file with the Securities and Exchange Commission. A copy of the report can be found under the Investor Relations section (Annual Reports) of the Company's website at http://www.globalshiplease.com Shareholders may request a hard copy of the audited financial statements free of charge by contacting the Company at info@globalshiplease.com or by writing to Global Ship Lease, Inc, care of Global Ship Lease Services Limited, Portland House, Stag Place, London SW1E 5RS or by telephoning +44 (0) 207 869 8806.

About Global Ship Lease

Global Ship Lease is a containership charter owner. Incorporated in the Marshall Islands, Global Ship Lease commenced operations in December 2007 with a business of owning and chartering out containerships under mainly long-term, fixed-rate charters to top tier container liner companies.

Global Ship Lease owns 18 vessels with a total capacity of 82,312 TEU and an average age, weighted by TEU capacity, at December 31, 2017 of 13.0 years. All 18 vessels are currently fixed on time charters, 16 of which are with CMA CGM. The average remaining term of the charters at December 31, 2017 is 2.8 years or 3.2 years on a weighted basis, taking into account the charter extensions recently agreed for *GSL Tianjin* and *OOCL Qingdao*.

Reconciliation of Non-U.S. GAAP Financial Measures

A. Adjusted EBITDA

Adjusted EBITDA represents net income before interest income and expense including amortization of deferred finance costs, earnings allocated to preferred shares, income taxes, depreciation, amortization and impairment. Adjusted EBITDA is a non-US GAAP quantitative measure used to assist in the assessment of the Company's ability to generate cash from its operations. We believe that the presentation of Adjusted EBITDA is useful to investors because it is frequently used by securities analysts, investors and other interested parties in the evaluation of companies in our industry. Adjusted EBITDA is not defined in US GAAP and should not be considered to be an alternate to Net income or any other financial metric required by such accounting principles. Our use of Adjusted EBITDA may vary from the use of similarly titled measures by others in our industry.

ADJUSTED EBITDA - UNAUDITED

(thousands of U.S. dollars)

		Three months ended Dec 31, 2017	Three months ended Dec 31, 2016	Year ended Dec 31, 2017	Year ended Dec 31, 2016
Net (loss) available to common shareholders		(99,824)	(55,072)	(77,328)	(68,157)
Adjust:	Depreciation	9,394	10,415	37,981	42,805
	Impairment	87,624	63,065	87,624	92,422
	Interest income	(154)	(59)	(489)	(198)
	Interest expense	27,021	9,450	59,391	44,767
	Earnings allocated to preferred shares	765	765	3,062	3,062
	Income tax	9	14	40	46
Adjusted EBITDA		24,835	28,578	110,281	114,747

B. Normalized net income

Normalized net income represents net income adjusted for the premium paid on the tender offer for the Notes and the gain made on open market purchases of the Notes, together with the related accelerated amortization of deferred financing costs and original issue discount, and for impairment charges. Normalized net income is a non-GAAP quantitative measure which we believe will assist investors and analysts who often adjust reported net income for non-operating items that do not affect operating performance or operating cash generated. Normalized net income is not defined in US GAAP and should not be considered to be an alternate to net income or any other financial metric required by such accounting principles. Our use of Normalized net income may vary from the use of similarly titled measures by others in our industry.

NORMALIZED NET INCOME - UNAUDITED

(thousands of U.S. dollars)

	Three months ended Dec 31, 2017	Three months ended Dec 31, 2016	Year Ended Dec 31, 2017	Year ended Dec 31, 2016
Net (loss) available to common shareholders	(99,824)	(55,072)	(77,328)	(68,157)

Adjust:	Impairment charge	87,624	63,065	87,624	92,422
	Premium paid on redemption of 2019 Notes	8,657	---	9,047	533
	Accelerated write off of deferred financing charges related to 2019 Notes	4,310	34	4,371	134
	Accelerated write off of original issue discount related to 2019 notes	1,423	51	1,492	374
	Gain on purchase of 2019 Notes	---	(1,938)	---	(2,865)
Normalized net income		2,190	6,140	25,206	22,441

Safe Harbor Statement

This communication contains forward-looking statements. Forward-looking statements provide Global Ship Lease's current expectations or forecasts of future events. Forward-looking statements include statements about Global Ship Lease's expectations, beliefs, plans, objectives, intentions, assumptions and other statements that are not historical facts. Words or phrases such as "anticipate," "believe," "continue," "estimate," "expect," "intend," "may," "ongoing," "plan," "potential," "predict," "project," "will" or similar words or phrases, or the negatives of those words or phrases, may identify forward-looking statements, but the absence of these words does not necessarily mean that a statement is not forward-looking. These forward-looking statements are based on assumptions that may be incorrect, and Global Ship Lease cannot assure you that these projections included in these forward-looking statements will come to pass. Actual results could differ materially from those expressed or implied by the forward-looking statements as a result of various factors.
The risks and uncertainties include, but are not limited to:

- future operating or financial results;
- expectations regarding the future growth of the container shipping industry, including the rates of annual demand and supply growth;
- the financial condition of our charterers, particularly CMA CGM, our principal charterer and main source of operating revenue, and their ability to pay charterhire in accordance with the charters;
- Global Ship Lease’s financial condition and liquidity, including its ability to obtain additional waivers which might be necessary under the existing credit facility or obtain additional financing to fund capital expenditures, vessel acquisitions and other general corporate purposes;
- Global Ship Lease’s ability to meet its financial covenants and repay its credit facilities;
- Global Ship Lease’s expectations relating to dividend payments and forecasts of its ability to make such payments including the availability of cash and the impact of constraints under its credit facility;
- future acquisitions, business strategy and expected capital spending;
- operating expenses, availability of crew, number of off-hire days, drydocking and survey requirements and insurance costs;
- general market conditions and shipping industry trends, including charter rates and factors affecting supply and demand;
- assumptions regarding interest rates and inflation;
- changes in the rate of growth of global and various regional economies;
- risks incidental to vessel operation, including piracy, discharge of pollutants and vessel accidents and damage including total or constructive total loss;
- estimated future capital expenditures needed to preserve its capital base;
- Global Ship Lease’s expectations about the availability of ships to purchase, the time that it may take to construct new ships, or the useful lives of its ships;
- Global Ship Lease’s continued ability to enter into or renew long-term, fixed-rate charters;
- the continued performance of existing long-term, fixed-rate time charters;
- Global Ship Lease’s ability to capitalize on its management’s and board of directors’ relationships and reputations in the containership industry to its advantage;

- changes in governmental and classification societies' rules and regulations or actions taken by regulatory authorities;
- expectations about the availability of insurance on commercially reasonable terms;
- unanticipated changes in laws and regulations including taxation;
- potential liability from future litigation.

Forward-looking statements are subject to known and unknown risks and uncertainties and are based on potentially inaccurate assumptions that could cause actual results to differ materially from those expected or implied by the forward-looking statements. Global Ship Lease's actual results could differ materially from those anticipated in forward-looking statements for many reasons specifically as described in Global Ship Lease's filings with the SEC. Accordingly, you should not unduly rely on these forward-looking statements, which speak only as of the date of this communication. Global Ship Lease undertakes no obligation to publicly revise any forward-looking statement to reflect circumstances or events after the date of this communication or to reflect the occurrence of unanticipated events. You should, however, review the factors and risks Global Ship Lease describes in the reports it will file from time to time with the SEC after the date of this communication.

Global Ship Lease, Inc.

Interim Unaudited ConsolidatedStatements of Income

(Expressed in thousands of U.S. dollars except share data)

	Three months ended December 31,		**Year ended December 31,**	
	2017	**2016**	**2017**	**2016**
Operating Revenues				
Time charter revenue	$ 7,022	$ 9,444	$ 35,044	$ 37,567
Time charter revenue – related party	30,849	31,982	123,944	128,956
	37,871	41,426	158,988	166,523
Operating Expenses				
Vessel operating expenses	11,179	10,814	41,858	44,096
Vessel operating expenses – related party	400	400	1,599	1,599
Depreciation	9,394	10,415	37,981	42,805
Impairment of vessels	87,624	63,065	87,624	92,422
General and administrative	1,458	1,675	5,301	6,297
Other operating income	(1)	(41)	(51)	(216)
Total operating expenses	110,054	86,328	174,312	187,003
Operating Loss	(72,183)	(44,902)	(15,324)	(20,480)
Non Operating Income (Expense)				
Interest income	154	59	489	198
Interest expense	(27,021)	(9,450)	(59,391)	(44,767)
Loss before Income Taxes	(99,050)	(54,293)	(74,226)	(65,049)
Income taxes	(9)	(14)	(40)	(46)
Net Loss	$ (99,059)	$ (54,307)	$ (74,266)	$ (65,095)
Earnings allocated to Series B Preferred Shares	(765)	(765)	(3,062)	(3,062)
Net Loss available to Common Shareholders	$ (99,824)	$ (55,072)	$ (77,328)	$ (68,157)

Earnings per Share

Weighted average number of Class A common shares outstanding				
Basic (including RSUs without service conditions)	47,976,722	47,867,266	47,975,889	47,854,351
Diluted	47,976,722	47,867,266	47,975,889	47,854,351
Net loss per Class A common share				
Basic (including RSUs without service conditions)	$ (2.08)	$ (1.15)	$ (1.61)	$ (1.42)
Diluted	$ (2.08)	$ (1.15)	$ (1.61)	$ (1.42)
Weighted average number of Class B common shares outstanding				
Basic and diluted	7,405,956	7,405,956	7,405,956	7,405,956
Net income per Class B common share				
Basic and diluted	$ 0.00	$ 0.00	$ 0.00	$ 0.00

Global Ship Lease, Inc.

Interim Unaudited Consolidated Balance Sheets

(Expressed in thousands of U.S. dollars)

	December 31, 2017	**December 31, 2016**
Assets		
Cash and cash equivalents	$ 73,266	$ 54,243
Accounts receivable	72	29
Due from related party	1,932	906
Prepaid expenses	918	1,146
Other receivables	458	52
Inventory	742	553
Total current assets	77,388	56,929
Vessels in operation	597,779	719,110
Other fixed assets	10	7
Intangible assets	7	16
Other long term assets	-	195
Total non-current assets	597,796	719,328
Total Assets	$ 675,184	$ 776,257
Liabilities and Stockholders' Equity		
Liabilities		
Current portion of long term debt	$ 40,000	$ 31,026
Intangible liability – charter agreements	1,771	1,807
Deferred revenue	2,178	1,940
Accounts payable	1,486	963
Due to related party	2,813	1,315
Accrued expenses	8,788	11,664
Total current liabilities	57,036	48,715
Long term debt	358,515	388,847
Intangible liability – charter agreements	8,011	9,782
Deferred tax liability	17	20
Total long term liabilities	366,543	398,649
Total Liabilities	$ 423,579	$ 447,364
Commitments and contingencies	-	-
Stockholders' Equity		

Class A Common stock – authorized 214,000,000 shares with a $0.01 par value; 47,609,734 shares issued and outstanding (2016 – 47,541,484)	$ 476	$ 476
Class B Common stock – authorized 20,000,000 shares with a $0.01 par value; 7,405,956 shares issued and outstanding (2016 – 7,405,956)	74	74
Series B Preferred shares – authorized 16,100 shares with $0.01 par value; 14,000 shares issued and outstanding (2016 – 14,000)	-	-
Additional paid in capital	386,748	386,708
Accumulated deficit	(135,693)	(58,365)
Total Stockholders' Equity	251,605	328,893
Total Liabilities and Stockholders' Equity	$ 675,184	$ 776,257

Global Ship Lease, Inc.

Interim Unaudited Consolidated Statements of Cash Flows

(Expressed in thousands of U.S. dollars)

	Three months ended December 31,		**Year ended December 31,**	
	2017	**2016**	**2017**	**2016**
Cash Flows from Operating Activities				
Net loss	$ (99,059)	$ (54,307)	$ (74,266)	$ (65,095)
Adjustments to Reconcile Net loss to Net Cash Provided by Operating Activities				
Depreciation	9,394	10,415	37,981	42,805
Vessel impairment	87,624	63,065	87,624	92,422
Amortization of deferred financing costs	5,159	941	7,772	3,622
Amortization of original issue discount	1,640	402	2,523	1,651
Amortization of intangible liability	(451)	(515)	(1,807)	(2,104)
Share based compensation	272	83	272	283
Gain on repurchase of secured notes	-	(1,938)	-	(2,865)
Decrease (increase) in accounts receivable and other assets	1,464	681	(441)	219
(Increase) decrease in inventory	(113)	37	(188)	57
Increase (decrease) in accounts payable and other liabilities	5,465	9,330	(3,030)	(1,751)
(Decrease) increase in unearned revenue	(670)	233	238	1,144
Increase (decrease) in related party balances	465	(699)	1,138	738
Unrealized foreign exchange (gain) loss	(4)	33	2	26
Net Cash Provided by Operating Activities	11,186	27,761	57,818	71,152
Cash Flows from Investing Activities				
Net proceeds from sale of vessels	-	-	-	(254)
Cash paid for vessel improvements	(155)	-	(255)	-
Cash paid for other assets	-	-	(8)	(6)
Cash paid for drydockings	-	(2,513)	(4,632)	(6,681)
Net Cash Used in Investing Activities	(155)	(2,513)	(4,895)	(6,941)
Cash Flows from Financing Activities				
Repurchase of secured notes	(346,287)	(16,061)	(365,788)	(50,997)
Proceeds from issue of secured notes	356,400	-	356,400	-
Proceeds from drawdown of term loan	54,800	-	54,800	-
Deferred financing costs incurred	(12,675)	-	(12,675)	-
Repayment of credit facilities	(54,800)	(2,925)	(63,575)	(9,500)
Series B Preferred Shares – dividends paid	(765)	(765)	(3,062)	(3,062)
Net Cash Used in Financing Activities	(3,327)	(19,751)	(33,900)	(63,559)

Net increase in Cash and Cash Equivalents	7,704	5,497	19,023	652
Cash and Cash Equivalents at Start of Period	65,562	48,746	54,243	53,591
Cash and Cash Equivalents at End of Period	$ 73,266	$ 54,243	$ 73,266	$ 54,243
Supplemental information				
Total interest paid	$ 5,161	$ 881	$ 43,152	$ 43,134
Income tax paid	$ 10	$ 13	$ 46	$ 50

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Primary Logo

Source: Global Ship Lease, Inc.