

Global Ship Lease, Inc.
Form 6-K
March 12, 2013

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

Form 6-K

REPORT OF FOREIGN PRIVATE ISSUER
PURSUANT TO RULE 13A-16 OR 15D-16
UNDER
THE SECURITIES EXCHANGE ACT OF 1934

Date of Report: March 11, 2013

Commission File Number 001-34153

GLOBAL SHIP LEASE, INC.

(Exact name of Registrant as specified in its Charter)

c/o Portland House,

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Stag Place,

London SW1E 5RS,

United Kingdom

(Address of principal executive office)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or

Form 40-F. Form 20-F ☒ Form 40-F ☐

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-I

Rule 101 (b)(1). Yes ☐ No ☒

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T

Rule 101 (b)(7). Yes ☐ No ☒

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934. Yes ☐ No ☒

If Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-

Information Contained in this Form 6-K Report

Attached hereto as Exhibit I is a press release dated March 11, 2013 of Global Ship Lease, Inc. (the "Company") reporting the Company's financial results for the fourth quarter of 2012 and the resignation of Jeffrey Pribor from the Company's board of directors. Attached hereto as Exhibit II are the Company's interim unaudited consolidated financial statements for the three months and year ended December 31, 2012.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

GLOBAL SHIP LEASE, INC.

Date: March 12, 2013

By: /s/ IAN J. WEBBER
Ian J. Webber
Chief Executive Officer

Exhibit I

Investor and Media Contacts:

The IGB Group

David Burke

646-673-9701

Global Ship Lease Reports Results for the Fourth Quarter of 2012

LONDON, ENGLAND March 11, 2013 - Global Ship Lease, Inc. (NYSE:GSL), a containership charter owner, announced today its unaudited results for the three months and year ended December 31, 2012.

Fourth Quarter and Year To Date Highlights

- Reported revenue of \$36.2 million for the fourth quarter 2012 and \$153.2 million for the full year
- Reported net income of \$8.1 million for the fourth quarter 2012, after a \$4.7 million non-cash interest rate derivative mark-to-market gain; net income for full year 2012 was \$31.9 million, after a \$9.7 million non-cash mark-to-market gain
- Normalized net income⁽¹⁾ was \$3.5 million for the fourth quarter and \$22.2 million for the full year 2012
- Generated \$23.3 million of Adjusted EBITDA⁽¹⁾ for the fourth quarter 2012, and \$102.2 million for the full year
- Agreed with lenders in November 2012 to waive the requirement to test the Leverage Ratio until December 1, 2014 and also to include all secured vessels in the test, whether subject to a charter or not
- Repaid \$11.1 million of bank debt during the fourth quarter of 2012; repaid \$57.9 million in the year ended December 31, 2012 and \$173.4 million since the fourth quarter 2009

Ian Webber, Chief Executive Officer of Global Ship Lease, stated, "On the strength of our stable business model and a 99% utilization rate, we generated Adjusted EBITDA of \$23.3 million for the fourth quarter and continued to de-lever our balance sheet, repaying an additional \$11.1 million of debt. With all of our 17 vessels fully employed on time charters, we generated Adjusted EBITDA of \$102.2 million during 2012 and utilized our sizeable cash flow to pay down a total of \$57.9 million of debt.

Mr. Webber continued, "With an average remaining lease term of over seven years for our fleet and contracted revenue totaling \$1 billion, we remain well insulated from the current charter rate environment. Further, with supportive credit markets and having secured relief from our loan-to-value test until December 2014, our top priority is to strengthen our capital structure and enhance our financial flexibility to create incremental value for our shareholders. In the meantime, we will continue to utilize our cash flow to further de-lever our balance sheet.

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

	Three months ended December 31, 2012	Three months ended December 31, 2011	Year ended December 31, 2012	Year ended December 31, 2011
Revenue	36,168	39,714	153,205	156,268
Operating Income	13,249	16,503	61,832	49,927
Net Income	8,121	10,860	31,928	9,071
Adjusted EBITDA (1)	23,315	26,579	102,175	103,703
Normalized Net Income (1)	3,471	6,811	22,203	23,597

- (1) 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 interim unaudited financial information are provided in this Earnings Release.

Revenue and Utilization

The 17 vessel fleet generated revenue from fixed rate long-term time charters of \$36.2 million in the three months ended December 31, 2012, down \$3.5 million on revenue of \$39.7 million for the comparative period in 2011 mainly due to lower levels of charterhire on two vessels for new charters which commenced in late September 2012. The new daily rate is \$9,962 compared to \$28,500 previously. There were 16 days offhire, including 10 for a scheduled drydocking, up four on the prior period. During the three months ended December 31, 2012, there were 1,564 ownership days, the same as the comparable period in 2011. The 16 days offhire in the three months ended December 31, 2012 gives a utilization of 99.0%. In the comparable period of 2011 utilization was 99.2%.

For the year ended December 31, 2012, revenue was \$153.2 million, down \$3.1 million on revenue of \$156.3 million in the comparative period, mainly due to lower charter rates on two vessels as noted above. Offhire days were 98, including 82 for planned drydockings, 8 fewer days offhire than in 2011. There were 17 additional ownership days in 2012 due to the leap year.

The table below shows fleet utilization for the three months and year ended December 31, 2012 and 2011 and for the years ended December 31, 2011, 2010 and 2009.

Days	Three months ended			Year ended		
	Dec 31, 2012	Dec 31, 2011	Dec 31, 2012	Dec 31, 2011	Dec 31, 2010	Dec 31, 2009
Ownership days	1,564	1,564	6,222	6,205	6,205	5,968
Planned offhire - scheduled drydock	(10)	(7)	(82)	(95)	0	(32)
Unplanned offhire	(6)	(5)	(16)	(11)	(3)	(42)
Operating days	1,548	1,552	6,124	6,099	6,202	5,894
Utilization	99.0%	99.2%	98.4%	98.3%	99.9%	98.8%

The drydocking of six vessels was completed in the year ended December 31, 2012. Three drydockings are scheduled for 2013, two in 2014, and none in 2015.

Vessel Operating Expenses

Vessel operating expenses, which include costs of crew, lubricating oil, spares and insurance, were \$11.5 million for the three months ended December 31, 2012. The average cost per ownership day was \$7,363 up \$44, or 0.6% on \$7,319 for the rolling four quarters ended September 30, 2012. Increased spend on repairs, maintenance and supplies have been offset by a benefit from exchange rate movements on costs denominated in euros, fewer insurance deductibles and lower expenses from fewer drydockings. The fourth quarter 2012 average daily cost was up \$30, or 0.4% from the average daily cost of \$7,333 for the fourth quarter 2011 for mainly the same reasons.

For the year ended December 31, 2012 vessel operating expenses were essentially flat at \$45.6 million or an average of \$7,327 per day, compared to \$45.5 million in the comparative period or \$7,336 per day.

Depreciation

Depreciation for the three months ended December 31, 2012 was \$10.1 million, the same as in the fourth quarter of 2011.

Depreciation for the year ended December 31, 2012 was \$40.3 million, compared to \$40.1 million in the comparative period of 2011.

General and Administrative Costs

General and administrative costs were \$1.5 million in the three months ended December 31, 2012, compared to \$1.8 million in the fourth quarter of 2011 with the reduction due mainly to lower legal and professional fees.

For the year ended December 31, 2012, general and administrative costs were \$5.8 million compared to \$7.4 million for 2011. The reduction is due mainly to lower legal and professional fees.

Impairment Charge 2011

Purchase options in the Company's favor to purchase two 4,250 TEU newbuildings at the end of 2011 were to be declared by September 16, 2011 for one vessel and October 4, 2011 for the other. The purchase of these vessels was always predicated on achieving a strong return for shareholders by acquiring the vessels, which had time charters attached, at an attractive price and securing financing on favorable terms. As the Company was not able to obtain committed finance on acceptable terms, the purchase options were allowed to lapse and the intangible assets relating to the options were written off in the Second Quarter 2011.

Other Operating Income

Other operating income in the three months ended December 31, 2012 was \$116,000, compared to \$100,000 in the fourth quarter of 2011.

For the year ended December 31, 2012, other operating income was \$0.3 million, the same as for the comparative period.

Adjusted EBITDA

As a result of the above, Adjusted EBITDA was \$23.3 million for the three months ended December 31, 2012 down \$3.3 million from \$26.6 million for the three months ended December 31, 2011.

Adjusted EBITDA for the year ended December 31, 2012 was \$102.2 million, down \$1.5 million from \$103.7 million in 2011.

Interest Expense

Interest expense, excluding the effect of interest rate derivatives, for the three months ended December 31, 2012 was \$5.1 million. The Company's borrowings under its credit facility averaged \$436.8 million during the three months ended December 31, 2012. The average amount of preferred shares outstanding throughout the three months ended December 31, 2012 was \$45.0 million, giving total average borrowings through the period of \$481.7 million. Interest expense of \$5.1 million in the comparative period in 2011 was due to a lower applicable margin on higher average borrowings, including the preferred shares, of \$547.0 million.

For the year ended December 31, 2012, interest expense, excluding the effect of interest rate derivatives, was \$21.2 million. The Company's borrowings under its credit facility and including the preferred shares, averaged \$509.6 million during the year ended December 31, 2012. Interest expense for the year ended December 31, 2011 was \$20.6 million based on average borrowings in that period, including the preferred shares, of \$562.8 million.

Interest income for the three months and year ended December 31, 2012 and 2011 was not material.

Change in Fair Value of Financial Instruments

The Company hedges its interest rate exposure by entering into derivatives that swap floating rate debt for fixed rate debt to provide long-term stability and predictability to cash flows. As these hedges do not qualify for hedge accounting under US GAAP, the outstanding hedges are marked-to-market at each period end with any change in the fair value being booked to the income and expenditure account. The Company's derivative hedging instruments gave a realized loss of \$4.7 million in the three months ended December 31, 2012 for settlements of swaps in the period, as current LIBOR rates are lower than the average fixed rates. Further, there was a \$4.7 million unrealized gain for revaluation of the balance sheet position given current LIBOR and movements in the forward curve for interest rates. This compares to a realized loss of \$4.8 million for the settlement of swaps and an unrealized mark-to-market gain of \$4.0 million in the three months ended December 31, 2011.

For the year ended December 31, 2012, the realized loss from hedges was \$18.4 million and the unrealized gain was \$9.7 million. This compares to a realized loss of \$19.4 million and an unrealized loss of \$0.9 million in the year ended December 31, 2011.

At December 31, 2012, interest rate derivatives totaled \$580.0 million against floating rate debt of \$470.7 million, including the preferred shares. As a consequence, the Company is over hedged. This arises from accelerated amortization of the credit facility debt and not incurring additional floating rate debt anticipated to be drawn in connection with the originally intended purchases of the two 4,250 TEU vessels at the end of 2011. \$253.0 million of the interest rate derivatives at a fixed rate of 3.40% expire mid March 2013. The total mark-to-market unrealized loss recognized as a liability on the balance sheet at December 31, 2012 was \$35.6 million.

Unrealized mark-to-market adjustments have no impact on operating performance or cash generation in the period reported.

Taxation

Taxation for the three months ended December 31, 2012 was a charge of \$38,000, compared to a credit of \$212,000 in the fourth quarter of 2011, mainly for movements in the deferred tax balance.

Taxation for the year ended December 31, 2012 was a charge of \$0.1 million, the same as for 2011.

Net Income/Loss

Net income for the three months ended December 31, 2012 was \$8.1 million after a \$4.7 million non-cash interest rate derivative mark-to-market gain. For the three months ended December 31, 2011 net income was \$10.9 million, after \$4.0 million non-cash interest rate derivative mark-to-market gain. Normalized net income was \$3.5 million for the three months ended December 31, 2012 and \$6.8 million for the three months ended December 31, 2011, which excludes the effect of the non-cash interest rate derivative mark-to-market gains.

Net income was \$31.9 million for the year ended December 31, 2012 after a \$9.7 million non-cash interest rate derivative mark-to-market gain. For the year ended December 31, 2011, net income was \$9.1 million after the \$13.6 million non-cash impairment charge and a \$0.9 million non-cash interest rate derivative mark-to-market loss. Normalized net income was \$22.2 million for the year ended December 31, 2012, and \$23.6 million for the year ended December 31, 2011.

Credit Facility

While the Company's stable business model largely insulates it from volatility in the freight and charter markets, a covenant in the credit facility with respect to the Leverage Ratio, which is the ratio of outstanding drawings under the credit facility and the aggregate charter free market value of the secured vessels, causes the Company to be sensitive to significant declines in vessel values. Under the terms of the credit facility, the Leverage Ratio cannot exceed 75%. The Leverage Ratio has little impact on the Company's operating performance as cash flow is largely predictable under its business model.

Due to the continuing excess supply of capacity, there has been a decline in charter free market values of containerships in recent months. The Company anticipated that the Leverage Ratio as at November 30, 2012 would, if tested, exceed 75%. Therefore, it has agreed with its lenders a further waiver for two years of the requirement to perform the Leverage Ratio test. The next scheduled test will be as at December 1, 2014. During the waiver period, the fixed interest margin to be paid over LIBOR is 3.75%, prepayments are based on cash flow, subject to a minimum of \$40 million on a rolling 12 month basis, rather than a fixed amount, and dividends on common shares cannot be paid. It has also been agreed that all secured vessels will be included in the Leverage Ratio test, whether they are subject to a charter or not.

In the three months ended December 31, 2012, a total of \$11.1 million of debt was prepaid leaving a balance outstanding of \$425.7 million. In the year ended December 31, 2012, a total of \$57.9 million of debt was prepaid.

Preferred Shares

In connection with the agreement with CMA CGM in July 2012, granting the Company the right but not the obligation to enter new charters for Ville d'Orion and Ville d'Aquarius on the expiry of the then current charters, the Company redeemed \$3.0 million of preferred shares held by CMA CGM, out of restricted cash received from the exercise of warrants in 2008 and for which the sole use is the redemption of these preferred shares. The remaining balance outstanding of preferred shares is \$45.0 million.

Dividend

Under the terms of the waiver of the requirement to perform the Leverage Ratio test, Global Ship Lease is not currently able to pay a dividend on common shares.

Change in Board of Directors

As of March 8, 2013, Jeffrey Pribor stepped down as a Director of the Company in order to dedicate his time and attention to his new role at Jefferies & Co. as Global Head of Maritime Investment Banking. Global Ship Lease's Board of Directors now consists of four members, the majority of whom are independent.

Michael Gross, Chairman of the Company's board of Directors, commented, "We would like to thank Jeff for his years of service and contribution as a member of Global Ship Lease's Board of Directors. We wish him the best in his future endeavors."

Fleet

The following table provides information, as at December 31, 2012, about the fleet of 17 vessels chartered to CMA CGM.

Vessel Name	Capacity in TEUs (1)	Year Built	Purchase by GSL	Remaining Charter Term (2) (years)	Earliest Charter Expiry Date	Daily Charter Rate \$
Ville d'Orion	4,113	1997	Dec 2007	0.4	May 1, 2013	9,962
Ville d'Aquarius	4,113	1996	Dec 2007	0.4	May 1, 2013	9,962
CMA CGM Matisse	2,262	1999	Dec 2007	4.0	Sept 21, 2016	18,465
CMA CGM Utrillo	2,262	1999	Dec 2007	4.0	Sept 11, 2016	18,465
Delmas Keta	2,207	2003	Dec 2007	5.0	Sept 20, 2017	18,465
Julie Delmas	2,207	2002	Dec 2007	5.0	Sept 11, 2017	18,465
Kumasi	2,207	2002	Dec 2007	5.0	Sept 21, 2017	18,465
Marie Delmas	2,207	2002	Dec 2007	5.0	Sept 14, 2017	18,465
CMA CGM La Tour	2,272	2001	Dec 2007	4.0	Sept 20, 2016	18,465
CMA CGM Manet	2,272	2001	Dec 2007	4.0	Sept 7, 2016	18,465
CMA CGM Alcazar	5,089	2007	Jan 2008	8.0	Oct 18, 2020	33,750
CMA CGM Château d'If	5,089	2007	Jan 2008	8.0	Oct 11, 2020	33,750
CMA CGM Thalassa	11,040	2008	Dec 2008	13.0	Oct 1, 2025	47,200
CMA CGM Jamaica	4,298	2006	Dec 2008	10.0	Sept 17, 2022	25,350
CMA CGM Sambhar	4,045	2006	Dec 2008	10.0	Sept 16, 2022	25,350
CMA CGM America	4,045	2006	Dec 2008	10.0	Sept 19, 2022	25,350
CMA CGM Berlioz	6,621	2011	Aug 2009	8.8	May 28, 2021	34,000

(1) Twenty-foot Equivalent Units.

(2) As at December 31, 2012. Plus or minus 90 days (22 days for Ville d'Orion & Ville d'Aquarius) at charterer's option.

New charters came into effect in September 2012 for Ville d'Aquarius and Ville d'Orion. They expire May 23, 2013 plus or minus 22 days at charterer's option and are at a rate of \$9,962 per vessel per day.

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, 2012 today, Monday, March 11, 2013 at 10:30 a.m. Eastern Time. There are two ways to access the conference call:

(1) Dial-in: : (866) 682-8490 or (631) 621-5256; Passcode: 14137489

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 Monday, March 25, 2013 at (866) 247-4222 or (631) 510-7499. Enter the code 14137489 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

Global Ship Lease, Inc has filed its Annual Report for 2011 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 long-term, fixed rate charters to top tier container liner companies.

Global Ship Lease owns 17 vessels with a total capacity of 66,349 TEU with an average age, weighted by TEU capacity, at December 31, 2012 of 8.8 years. All of the current vessels are fixed on charters to CMA CGM with an average remaining term of 6.1 years, or 7.4 years on a weighted basis.

Reconciliation of Non-U.S. GAAP Financial Measures

A. Adjusted EBITDA

Adjusted EBITDA represents Net income (loss) before interest income and expense including amortization of deferred finance costs, realized and unrealized gain (loss) on derivatives, income taxes, depreciation, amortization and impairment charges. 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 (loss) or any other financial metric required by such accounting principles.

ADJUSTED EBITDA - UNAUDITED
(thousands of U.S. dollars)

	Three months ended Dec 31, 2012	Three months ended Dec 31, 2011	Year Ended Dec 31, 2012	Year Ended Dec 31, 2011
Net income	8,121	10,860	31,928	9,071
Adjust: Depreciation	10,066	10,076	40,343	40,131
Impairment charge				13,645
Interest income	(14)	(20)	(79)	(56)
Interest expense	5,091	5,136	21,178	20,564
Realized loss on interest rate derivatives	4,663	4,788	18,402	19,393
Unrealized (gain) loss on interest rate derivatives	(4,650)	(4,049)	(9,725)	881
Income tax	38	(212)	128	74