

Global Ship Lease Reports Results for the Third Quarter of 2018

October 29, 2018

LONDON, Oct. 29, 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 nine months ended September 30, 2018.

Third Quarter and Year To Date Highlights

- Reported operating revenue of \$35.9 million for the third quarter 2018. Revenue for the nine months ended September 30, 2018 was \$107.0 million
- Reported net income available to common shareholders of \$3.9 million for the third quarter 2018. For the nine months ended September 30, 2018, net income was \$12.1 million
- Generated \$23.6 million of Adjusted EBITDA⁽¹⁾ for the third quarter 2018. Adjusted EBITDA for the nine months ended September 30, 2018 was \$70.6 million
- On September 10, 2018, announced that it had entered into a \$65.0 million credit facility with funds associated with Hayfin Capital Management and Breakwater Capital to fund the acquisition of additional containerships. The non-amortizing facility may be drawn down during an 8-month period beginning September 10, 2018 and reaches maturity in July 2022.
- On September 20, 2018, announced a new time charter with Maersk Line for the 2004-built, 8,063 TEU containership *GSLNingbo*, previously named *OOCLNingbo*, following her redelivery by OOCL on September 17, 2018. The new charter commenced on September 21, 2018, for a period of between two and 12 months, with a subsequent option for an additional 12-month extension (at charterer's option). During the first three months, the charter is at a rate of \$11,500 per day; during months four to six, at \$12,100 per day; during months seven to 12, at \$12,400 per day; and during the subsequent 12-month option period, at \$18,000 per day.
- On September 20, 2018, also announced an extension of its charter with CMA CGM for the 2002-built, 2,207 TEU containership *Julie Delmas*, which has been renamed *GSL Julie*. The extension commenced in direct continuation of the existing charter with effect from October 26, 2018, maintaining the current rate of \$7,800 per day. The extended term runs through January 20, 2019 to March 20, 2019 (at charterer's option).
- On October 29, 2018, announced the definitive agreement for a strategic combination with Poseidon Containers.

Ian Webber, Chief Executive Officer of Global Ship Lease, stated, "During the third quarter, we generated solid cash flows, while taking steps to further diversify GSL's counterparty portfolio and extend our charter coverage. Specifically, we added Maersk, the world's largest container liner company, as a counterparty, and extended one charter with CMA CGM, securing continuing full coverage of our fleet. Consistent with our focus on positioning the Company to capitalize on favorable fundamentals in the mid-sized and smaller containership segments, we also put in place a \$65 million growth credit facility in the quarter."

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

	Three months ended September 30, 2018	Three months ended September 30, 2017	Nine months ended September 30, 2018	Nine months ended September 30, 2017
Operating Revenue	35,859	41,216	106,969	121,117
Operating Income (Loss)	15,256	19,894	45,941	56,859
Net Income (Loss) for Common Shareholders	3,864	8,878	12,075	22,496
Adjusted EBITDA (1)	23,631	29,340	70,644	85,446
Normalised Net Income (1)	3,864	8,878	12,075	23,016

(1) Adjusted EBITDA and Normalized net income (loss) 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 fleet generated revenue from fixed rate, mainly long-term time charters of \$35.9 million in the three months ended September 30, 2018, down \$5.3 million on the comparative period in 2017, with the reduction in revenue as a consequence of the amendments to the charters of (i) *Delmas Keta* and *GSL Julie* whereby the day rate stepped down in September, 2017 from \$18,465 per day to \$7,800 per day, (ii) *GSL Tianjin*, where the rate stepped down in October 2017 from \$34,500 per day to \$13,000 per day and to \$11,900 per day in January 2018 and again in mid-September 2018, (iii) *OOCL Qingdao* where the rate stepped down in March 2018 from \$34,500 per day to \$14,000 per day offset by (iv) revenue earned by *GSL Valerie* from July 1, 2018. There were 1,748 ownership days in the quarter, up 92 on the comparable period in 2017 from the addition of *GSL Valerie* on June

18, 2018. In the third quarter 2018, there were 10 days' offhire, giving an overall utilization of 99.4%. In the comparable 2017 period, there was no offhire, giving an overall utilization of 100.0%.

For the nine months ended September 30, 2018, revenue was \$107.0 million, down \$14.1 million from revenue of \$121.1 million in the comparative period of 2017, mainly due to the reasons noted above, as well as there being additional offhire in the comparative period from two more drydockings and a vessel grounding in March 2017.

The table below shows fleet utilization for the three and nine months ended September 30, 2018 and 2017, and for the years ended December 31, 2017, 2016, 2015 and 2014.

Days	Three months ended		Nine months ended		Dec 31, 2017	Dec 31, 2016	Dec 31, 2015	Dec 31, 2014
	Sept 30, 2018	Sept 30, 2017	Sept 30, 2018	Sept 30, 2017				
Ownership days	1,748	1,656	5,019	4,914	6,570	6,588	6,893	6,270
Planned offhire - scheduled drydock	(3)	0	(34)	(62)	(62)	(100)	(9)	(48)
Unplanned offhire	(3)	0	(10)	(30)	(40)	(3)	(7)	(12)
Idle time	(4)	0	(17)	0	0	0	(13)	(64)
Operating days	1,738	1,656	4,958	4,822	6,468	6,485	6,864	6,146
Utilization	99.4%	100.0%	98.8%	98.1%	98.4%	98.4%	99.6%	98.0%

In the three months ended September 30, 2018, there were no regulatory drydockings. There have been a total of two such drydockings year to date. No further regulatory drydockings are scheduled in 2018. There were no regulatory drydockings in the three months ended September 30, 2017. There were four such drydockings in the nine months ended September 30, 2017.

Vessel Operating Expenses

Vessel operating expenses, which include costs of crew, lubricating oil, spares and insurance, were \$10.9 million for the three months ended September 30, 2018, compared to \$10.6 million in the comparative period. The average cost per ownership day in the quarter was \$6,232, compared to \$6,401 for the comparative period, down \$169 per day or 2.6%. The net reduction is primarily attributable to reduced crew costs and the release of reserves for insurance deductibles, offset by de minimis capital expenditure and miscellaneous costs that are expensed rather than capitalized.

For the nine months ended September 30, 2018, vessel operating expenses were \$31.6 million or an average of \$6,299 per day, compared to \$31.9 million in the comparative period, or \$6,487 per day. The \$188, or 2.9%, reduction in vessel operating expenses per day is due mainly to reasons noted above.

Depreciation

Depreciation for the three months ended September 30, 2018 was \$8.4 million, compared to \$9.4 million in the third quarter 2017, with the reduction being due to the effect of lower book values for a number of vessels following impairment write downs taken in 2017.

Depreciation for the nine months ended September 30, 2018 was \$24.7 million, compared to \$28.6 million in the comparative period of 2017, with the reduction being due to the reason noted above.

Impairment

The Company's accounting policies require that tangible fixed assets such as vessels are reviewed individually for impairment in case of trigger events or changes in circumstances to assess whether their carrying amounts are recoverable.

In September 2018, the Company agreed with CMA CGM to extend the charters on *GSL Julie* (formerly *Julie Delmas*) and entered a new charter with Maersk Line for *GSL Ningbo* (formerly *OOCL Ningbo*). These extensions triggered the performance of an impairment test on the two vessels. No impairment was identified.

In September 2017, the Company agreed with CMA CGM to extend the charters on *Julie Delmas* and *Delmas Keta*, by 12 months (plus or minus 45 days at the charterer's option) at a fixed rate of \$7,800 per vessel per day, commencing September 11, 2017 and September 20, 2017 respectively. These extensions triggered the performance of an impairment test on the two vessels. No impairment was identified.

General and Administrative Costs

General and administrative costs were \$1.3 million in the three months ended September 30, 2018, the same as in the third quarter of 2017.

For the nine months ended September 30, 2018, general and administrative costs were \$4.7 million, compared to \$3.8 million for the comparative period in 2017. The increase was due to higher legal and professional fees, mainly in the three months ended March 31, 2018.

Other Operating Income

Other operating income in the three months ended September 30, 2018 was \$1,000, compared to \$2,000 in the third quarter of 2017.

For the nine months ended September 30, 2018, other operating income was \$16,000, compared to \$50,000 in the comparative period.

Adjusted EBITDA

As a result of the above, Adjusted EBITDA was \$23.6 million for the three months ended September 30, 2018, down from \$29.3 million for the three months ended September 30, 2017 due to lower total revenues from charter renewals, offset by lower vessel operating costs.

Adjusted EBITDA for the nine months ended September 30, 2018 was \$70.6 million, compared to \$85.4 million for the comparative period.

Interest Expense

Debt at September 30, 2018 totaled \$412.9 million, comprising \$360.0 million outstanding on our 9.875% notes due 2022, \$44.8 million under our secured term loan, both of which were closed in October 2017 as part of a refinancing and \$8.1 million outstanding under our growth facility, drawn against the *GSL Valerie*. The net proceeds of the refinancing, 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 September 30, 2017 totaled \$401.1 million, comprised \$346.3 million outstanding on our previous 10.000% notes due 2019, and \$54.8 million outstanding under the revolving credit facility and the secured term loan.

Interest expense for the three months ended September 30, 2018, was \$11.0 million, compared to \$10.4 million for the three months ended September 30, 2017 on slightly higher borrowings following the draw-down of \$8.1 million under the new growth facility, the inclusion of the commitment fee on the undrawn amount of the growth facility and amortization of deferred financing charges associated with that growth facility.

For the nine months ended September 30, 2018, interest expense was \$32.5 million, compared to \$32.4 million for the nine months ended September 30, 2017.

Interest income for the three months ended September 30, 2018 was \$0.4 million, compared to \$0.2 million in the comparative quarter in 2017 on higher cash balances and increased interest rates.

Interest income for the nine months ended September 30, 2018 was \$1.0 million, compared to \$0.3 million in the comparative period in 2017.

Taxation

Taxation for the three months ended September 30, 2018 was \$13,000, compared to \$15,000 in the third quarter of 2017.

Taxation for the nine months ended September 30, 2018 was \$59,000, compared to \$31,000 for the comparative period in 2017.

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 September 30, 2018 was \$0.8 million, the same as in the comparative period.

The cost in the nine months ended September 30, 2018 was \$2.3 million, the same as in the comparative period.

Net Income (Loss) Available to Common Shareholders

Net income available to common shareholders for the three months ended September 30, 2018 was \$3.9 million. Net income for the three months ended September 30, 2017 was \$8.9 million.

Normalized net income was the same as reported net income for both the three months ended September 30, 2018 and for the three months ended September 30, 2017.

Net income was \$12.1 million for the nine months ended September 30, 2018. Net income was \$22.5 million for the nine months ended September 30, 2017.

Normalized net income, which excludes, where relevant, the effect of any non-cash impairment charges, gains and losses on the purchase of notes and accelerated amortization of deferred financing charges and original issue discount consequent upon the retirement of notes, was the same as reported net income for the nine months ended September 30, 2018 and was \$23.0 million for the nine months ended September 30, 2017.

Fleet

The following table provides information about the on-the-water fleet of 19 vessels as of September 30, 2018. 17 vessels were chartered to CMA CGM, one to OOCL and one to Maersk Line.

Vessel Name	Capacity TEUs ⁽¹⁾	Year Built	Remaining Charter Term ⁽²⁾ (years)	Earliest Charter Expiry Date	Latest Charter Expiry Date	Daily Charter Rate \$
CMA CGM Matisse	2,262	1999	1.2	Sept 21, 2019	Mar 19, 2020	15,300
CMA CGM Utrillo	2,262	1999	1.2	Sept 11, 2019	Mar 10 2020	15,300
Delmas Keta	2,207	2003	0.1	Aug 6, 2018	Nov 4, 2018	7,800
GSL Julie	2,207	2002	0.4	Jan 20, 2019 ⁽⁵⁾	Mar 20, 2019	7,800
Kumasi	2,207	2002	0.1 - 2.3 ⁽³⁾	Nov 16, 2018	Mar 31, 2021	9,800

Marie Delmas	2,207	2002	0.1 - 2.3 ⁽³⁾	Nov 16, 2018	Mar 31, 2021	9,800
CMA CGM La Tour	2,272	2001	1.2	Sept 20, 2019	Mar 18, 2020	15,300
CMA CGM Manet	2,272	2001	1.2	Sept 7, 2019	Mar 05, 2020	15,300
CMA CGM Alcazar	5,089	2007	2.3	Oct 18, 2020	Apr 16, 2021	33,750
CMA CGM Château d'If	5,089	2007	2.3	Oct 11, 2020	Apr 09, 2021	33,750
CMA CGM Thalassa	11,040	2008	7.3	Oct 1, 2025	Mar 30, 2026	47,200
CMA CGM Jamaica	4,298	2006	4.2	Sept 17, 2022	Mar 16, 2023	25,350
CMA CGM Sambhar	4,045	2006	4.2	Sept 16, 2022	Mar 15, 2023	25,350
CMA CGM America	4,045	2006	4.2	Sept 19, 2022	Mar 18, 2023	25,350
CMA CGM Berlioz	6,621	2001	2.9	May 28, 2021	Nov 24, 2021	34,000
GSL Tianjin	8,063	2005	0.2	Sept 26, 2018	Jan 26, 2019	11,900
OOCL Qingdao	8,063	2004	0.4	Jan 1, 2019	Mar 15, 2019	14,000
GSL Ningbo	8,063	2004	0.6	Nov 21, 2018 ⁽⁴⁾	Sep 21, 2019	11,500
GSL Valerie	2,824	2005	0.7	Jun 1, 2019	Jul 31, 2019	9,000

(1) *Twenty-foot Equivalent Units.*

(2) *As at September 30, 2018, generally to mid-point of re-delivery period.*

(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) *GSL Ningbo is chartered, from September 21, 2018, for a period of between two and 12 months, with a subsequent option for a 12-month extension (at charterer's option). During the first three months, the charter is at a rate of \$11,500 per day; during months four to six, at \$12,100 per day; during months seven to 12, at \$12,400 per day; and during the 12-month option period, at \$18,000 per day.*

(5) *On September 20, 2018 the charter of the GSL Julie was extended at the same daily charter rate to a minimum January 20, 2019 and maximum March 20, 2019 (at the charterer's option).*

(6) *Julie Delmas was renamed GSL Julie on September 2, 2018. OOCL Ningbo was renamed GSL Ningbo on September 18, 2018.*

Conference Call and Webcast

Global Ship Lease will hold a conference call to discuss the strategic combination with Poseidon Containers on October, 30, 2018 at 10:00 a.m. Eastern Time. There are two ways to access the conference call:

(1) Dial-in: (877) 445-2556 or (908) 982-4670; Passcode: 2855409

Please dial in at least 10 minutes prior to 10:00 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 November 15, 2018 at (855) 859-2056 or (404) 537-3406. Enter the code 2855409 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 long-term, fixed rate charters to top tier container liner companies.

Global Ship Lease owns 19 vessels with a total capacity of 85,136 TEU and an average age, weighted by TEU capacity, at September 30, 2018 of

13.7 years. All 19 vessels are currently fixed on time charters, 17 of which are with CMA CGM. The average remaining term of the charters at September 30, 2018 is 2.0 years or 2.4 years on a weighted basis.

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.

ADJUSTED EBITDA - UNAUDITED

(thousands of U.S. dollars)

	Three months ended Sept 30, 2018	Three months ended Sept 30, 2017	Nine months ended Sept 30, 2018	Nine months ended Sept 30, 2017
Net income (loss) available to common shareholders	3,864	8,878	12,075	22,496
Adjust:				
Depreciation	8,375	9,446	24,703	28,587
Impairment	---	---	---	---
Interest income	(364)	(152)	(984)	(335)
Interest expense	10,977	10,387	32,494	32,370
Income tax	13	15	59	31
Earnings allocated to preferred shares	766	766	2,297	2,297
Adjusted EBITDA	23,631	29,340	70,644	85,446

B. Normalized net income

Normalized net income represents net income adjusted for the premium paid on the tender offer together with the related accelerated amortization of deferred financing costs and original issue discount. 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.

Normalized net income represents Net income (loss) adjusted for the unrealized gain (loss) on derivatives, the accelerated write off of a portion of deferred financing costs, impairment charges and gain of redemption of preferred shares. 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 such as change in fair value of derivatives to eliminate the effect of non-cash non-operating items that do not affect operating performance or cash generated. Normalized net income 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.

NORMALIZED NET INCOME - UNAUDITED

(thousands of U.S. dollars)

	Three months ended Sept 30, 2018	Three months ended Sept 30, 2017	Nine months ended Sept 30, 2018	Nine months ended Sept 30, 2017
Net income available to common shareholders	3,864	8,878	12,075	22,496

Adjust: Premium paid on tender offer for notes	---	---	---	390
Accelerated write off of deferred financing charges related to notes purchase and tender offer	---	---	---	61
Accelerated write off of original issue discount related to notes purchase and tender offer	---	---	---	69
Normalized net income	<u>3,864 8,878 12,075 23,016</u>			

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 Consolidated Statements of Income

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

	Three months ended September 30,		Nine months ended September 30,	
	2018	2017	2018	2017
Operating Revenues				
Time charter revenue	\$ 4,009	\$ 9,444	\$ 14,116	\$ 28,022
Time charter revenue – related party	31,850	31,772	92,853	93,095
	<u>35,859</u>	<u>41,216</u>	<u>106,969</u>	<u>121,117</u>
Operating Expenses				
Vessel operating expenses	10,679	10,200	30,862	30,678
Vessel operating expenses – related party	215	400	751	1,200
Depreciation	8,375	9,446	24,703	28,587
General and administrative	1,335	1,278	4,728	3,843
Other operating income	(1)	(2)	(16)	(50)
	<u>20,603</u>	<u>21,322</u>	<u>61,028</u>	<u>64,258</u>
Operating Income	15,256	19,894	45,941	56,859
Non Operating Income (Expense)				
Interest income	364	152	984	335
Interest expense	(10,977)	(10,387)	(32,494)	(32,370)
	<u>4,643</u>	<u>9,659</u>	<u>14,431</u>	<u>24,824</u>
Income before Income Taxes	4,643	9,659	14,431	24,824
Income taxes	(13)	(15)	(59)	(31)
	<u>4,630</u>	<u>9,644</u>	<u>14,372</u>	<u>24,793</u>
Net Income	\$ 4,630	\$ 9,644	\$ 14,372	\$ 24,793
Earnings allocated to Series B Preferred Shares	(766)	(766)	(2,297)	(2,297)
	<u>3,864</u>	<u>8,878</u>	<u>12,075</u>	<u>22,496</u>
Net Income available to Common Shareholders	\$ 3,864	\$ 8,878	\$ 12,075	\$ 22,496

Earnings per Share

Weighted average number of Class A
common shares outstanding

Basic (including RSUs without service conditions)	48,109,734	47,975,609	48,088,122	47,975,609
Diluted	48,387,397	47,975,609	48,358,562	47,975,609

Net income per Class A common share

Basic (including RSUs without service conditions)	\$ 0.08	\$ 0.19	\$ 0.25	\$ 0.47
Diluted	\$ 0.08	\$ 0.19	\$ 0.25	\$ 0.47

Weighted average number of Class B
common shares outstanding

Basic and diluted	7,405,956	7,405,956	7,405,956	7,405,956
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Net income per Class B common share

Basic and diluted	\$ nil	\$ nil	\$ nil	\$ nil
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Global Ship Lease, Inc.**Interim Unaudited Consolidated Balance Sheets**

(Expressed in thousands of U.S. dollars)

	September 30, 2018	December 31, 2017
Assets		
Cash and cash equivalents	\$ 94,539	\$ 73,266
Accounts receivable	106	72
Due from related party	2,266	1,932
Prepaid expenses	3,569	918
Other receivables	170	458
Inventory	3,323	742
Other current assets	1,605	-
Total current assets	<u>105,578</u>	<u>77,388</u>
Vessels in operation	587,151	597,779
Restricted cash	525	-
Other fixed assets	6	10
Intangible assets	1	7
Total non-current assets	<u>587,683</u>	<u>597,796</u>
Total Assets	<u><u>\$ 693,261</u></u>	<u><u>\$ 675,184</u></u>

Liabilities and Stockholders' Equity

Liabilities

Current portion of long term debt	40,000	40,000
Intangible liability – charter agreements	1,771	1,771
Deferred revenue	1,420	2,178
Accounts payable	276	1,486
Due to related party	2,545	2,813
Accrued expenses	16,575	8,788
	<u>16,575</u>	<u>8,788</u>

Total current liabilities	<u>62,587</u>	<u>57,036</u>
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Long term debt	359,920	358,515
Intangible liability – charter agreements	6,682	8,011
Deferred tax liability	25	17
	<u>25</u>	<u>17</u>

Total long term liabilities	<u>366,627</u>	<u>366,543</u>
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Total Liabilities	<u>\$ 429,214</u>	<u>\$ 423,579</u>
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Commitments and contingencies	-	-
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Stockholders' Equity

Class A Common stock – authorized 214,000,000 shares with a \$0.01 par value; 47,609,734 shares issued and outstanding (2017 – 47,609,734)	\$ 476	\$ 476
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Class B Common stock – authorized 20,000,000 shares with a \$0.01 par value; 7,405,956 shares issued and outstanding (2017 – 7,405,956)	74	74
Series B Preferred shares – authorized 16,100 shares with \$0.01 par value; 14,000 shares issued and outstanding (2017 – 14,000)	-	-
Additional paid in capital	387,115	386,748
Accumulated deficit	(123,618)	(135,693)
Total Stockholders' Equity	<u>264,047</u>	<u>251,605</u>
Total Liabilities and Stockholders' Equity	<u>\$ 693,261</u>	<u>\$ 675,184</u>

Global Ship Lease, Inc.

Interim Unaudited Consolidated Statements of Cash Flows

(Expressed in thousands of U.S. dollars)

	Three months ended September		Nine months ended September	
	2018	30, 2017	2018	30, 2017
Cash Flows from Operating Activities				
Net income	\$ 4,630	\$ 9,644	\$ 14,372	\$ 24,793
Adjustments to Reconcile Net income to Net Cash Provided by Operating Activities				
Depreciation	8,375	9,446	24,704	28,587
Amortization of deferred financing costs	1,115	838	3,131	2,613
Amortization of original issue discount	201	258	602	883
Amortization of intangible liability	(443)	(452)	(1,329)	(1,356)
Share based compensation	45	-	136	-
Increase in accounts receivable and other assets	(1,005)	(1,706)	(2,342)	(1,905)
(Increase) decrease in inventory	(715)	46	(2,581)	(75)
Increase (decrease) in accounts payable and other liabilities	8,361	(7,747)	6,135	(8,495)
(Decrease) increase in unearned revenue	(248)	150	(758)	908
Increase (decrease) in related party balances	496	45	(603)	673
Unrealized foreign exchange loss	7	-	5	6
	<u>7</u>	<u>-</u>	<u>5</u>	<u>6</u>

Net Cash Provided by Operating Activities	20,819	10,522	41,472	46,632
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Cash Flows from Investing Activities

Cash paid for vessel improvements	-	-	(150)	(100)
Cash paid for vessels	(24)	-	(11,436)	-
Cash paid for other assets	-	-	-	(8)
Cash paid for drydockings	(877)	(701)	(2,104)	(4,632)

Net Cash Used in Investing Activities	(901)	(701)	(13,690)	(4,740)
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Cash Flows from Financing Activities

Loan finance drawn down	8,125	-	8,125	-
Deferred financing costs incurred	(1,812)	-	(1,812)	-
Repurchase of secured notes	-	-	-	(19,501)
Repayment of credit facilities	-	(2,925)	(10,000)	(8,775)
Series B Preferred Shares – dividends paid	(766)	(766)	(2,297)	(2,297)

Net Cash Received from / (Used in) Financing Activities	<u>5,547</u>	<u>(3,691)</u>	<u>(5,984)</u>	<u>(30,573)</u>
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Net Increase in Cash, Cash Equivalents and Restricted Cash	25,465	6,130	21,798	11,319
Cash and Cash Equivalents at Start of Period	<u>69,599</u>	<u>59,432</u>	<u>73,266</u>	<u>54,243</u>

Cash, Cash Equivalents and Restricted Cash at End of Period	<u>\$ 95,064</u>	<u>\$ 65,562</u>	<u>\$ 95,064</u>	<u>\$ 65,562</u>
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Supplemental information

Total interest paid	\$ 740	\$ 18,313	\$ 20,677	\$ 37,991
Income tax paid	<u>\$ 30</u>	<u>\$ 12</u>	<u>\$ 58</u>	<u>\$ 36</u>

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GLOBAL SHIP LEASE

Source: Global Ship Lease, Inc.