



Ship Finance International Limited

Q1 2019 Results

May 21, 2019

FORWARD LOOKING STATEMENTS

This presentation contains forward looking statements. These statements are based upon various assumptions, many of which are based, in turn, upon further assumptions, including Ship Finance management's examination of historical operating trends, data contained in the Company's records and other data available from third parties. Although Ship Finance believes that these assumptions were reasonable when made, because assumptions are inherently subject to significant uncertainties and contingencies which are difficult or impossible to predict and are beyond its control, Ship Finance cannot give assurance that it will achieve or accomplish these expectations, beliefs or intentions.

Important factors that, in our view, could cause actual results to differ materially from those discussed in the forward looking statements include the strength of world economies, fluctuations in currencies and interest rates, general market conditions including fluctuations in charter hire rates and vessel values, changes in demand in the markets in which we operate, changes in demand resulting from changes in OPEC's petroleum production levels and world wide oil consumption and storage, developments regarding the technologies relating to oil exploration, changes in market demand in countries which import commodities and finished goods and changes in the amount and location of the production of those commodities and finished goods, increased inspection procedures and more restrictive import and export controls, changes in our operating expenses, including bunker prices, dry-docking and insurance costs, performance of our charterers and other counterparties with whom we deal, timely delivery of vessels under construction within the contracted price, changes in governmental rules and regulations or actions taken by regulatory authorities, potential liability from pending or future litigation, general domestic and international political conditions, potential disruption of shipping routes due to accidents or political events, and other important factors described from time to time in the reports filed by the Company with the Securities and Exchange Commission.

Quarterly dividend of \$0.35 per share

- Unique track record with 61 consecutive quarters of profits and dividends
- More than \$2.1 billion aggregate distributions since 2004

Net income of \$33.6m or \$0.31 per share for the quarter

- Aggregate charter hire from our vessels and rigs of ~\$160m⁽¹⁾
- Including \$1m profit share from VLCCs
- Adjusted EBITDA⁽²⁾ of ~\$124m

Significant fleet renewal supports long term distribution capacity

- Q1 represented first full quarter after ~\$1.2 billion of new investments in 2018
- Transactions added ~\$1.3 billion in future contracted charter revenue
- Continuous fleet renewal with only one of the original VLCCs remaining

1) Charter hire include total charter hire from all vessels and rigs, including assets in 100% owned subsidiaries classified as 'Investment in associates'.

2) 'Adjusted EBITDA' is a non-GAAP measure. It represents cash receipts from operating activities before net interest, amortization and capital payments. It is the equivalent of charter hire receipts less cash operating expenses. For more details please see Q1 19 report Appendix 1: Reconciliation of Adjusted EBITDA



Charter extensions on existing vessels

- Four 8,700 TEU container vessels extended until 2024/2025
- Two 5,800 TEU container vessels extended until 2024
- Four 4,100 TEU container vessels extended until 2021
- More than \$170m added to charter backlog

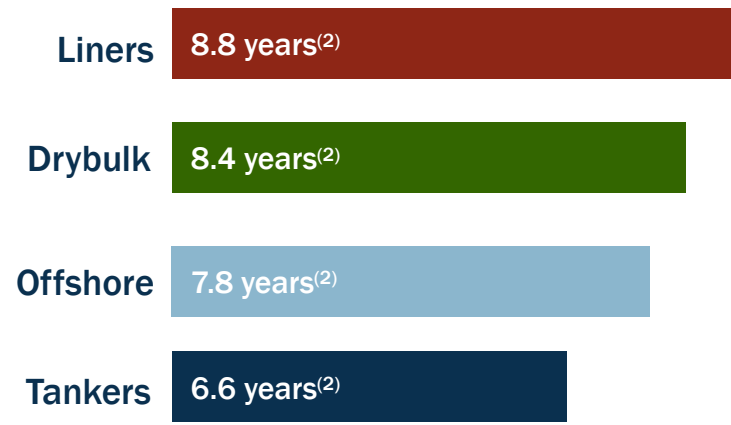
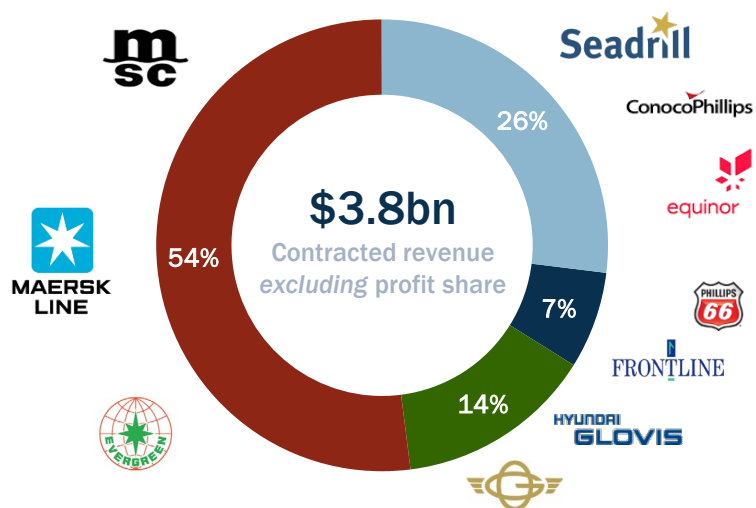
Proactively managing the balance sheet

- Repayment of NOK 900m bonds with cash on balance sheet
- \$104m of senior bank financing raised for existing vessels
- No refinancing needs before June 2020 - maturing debt to be rolled over

Addressing IMO 2020 with scrubber installation program

- 25 vessels currently scheduled to be upgraded with scrubbers in 2019 and 2020
- Mainly funded by our customers – SFL's capital commitment limited to \$26m at quarter end
- Repayment through charter agreements and/or profit share upside with use of less expensive fuel

Diversified Portfolio with Significant Contracted Revenue



47 Liners
Vessels in service: 47

\$2,020
million contracted revenue⁽¹⁾

8 Offshore
Vessels / Rigs: 8

\$980
million contracted revenue⁽¹⁾

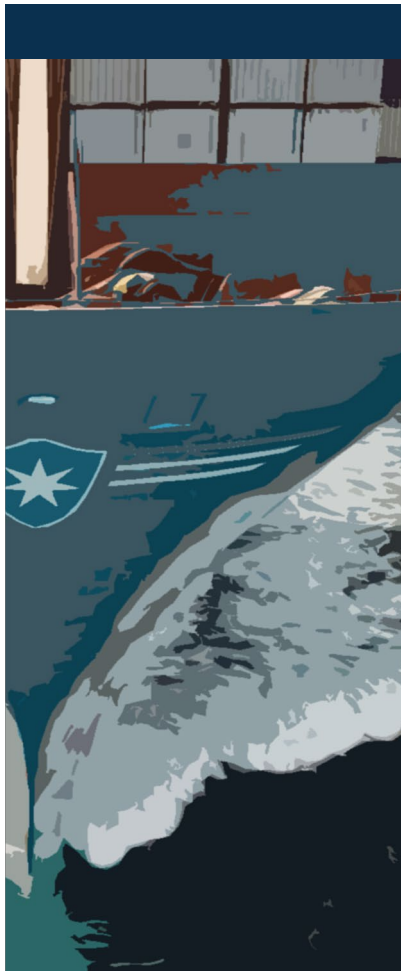
22 Dry Bulk
Vessels in service: 22

\$510
million contracted revenue⁽¹⁾

9 Tankers
Vessels in service: 9

\$250
million contracted revenue⁽¹⁾

1) As of March 31, 2019, and adjusted for subsequent sales and acquisitions, excluding charterer options and adjusted for subsequent sales and acquisitions. Vessels on charter to a subsidiary of Solstad Offshore are excluded from the charter backlog
 2) Average charter term weighted by charter revenues and excluding charterer option periods.



Pro-forma illustration of cash flow⁽¹⁾

- Not as accounted for under US GAAP
- Used as an internal guideline to assess the Company's performance
- Net of voyage expenses, extraordinary and non-cash items

	Q1 2019 ⁽²⁾		Q4 2018 ⁽²⁾	
	\$ mill.	\$/share	\$ mill.	\$/share
CHARTER HIRE				
Tankers	17.1	0.16	15.1	0.14
Liner (Container and Car Carriers)	81.4	0.76	75.5	0.70
Dry bulk	23.4	0.22	28.3	0.26
Offshore	33.2	0.31	35.3	0.33
SUM charter hire	155.1	1.44	154.3	1.43
Vessel operating expenses and G&A	(32.0)	(0.30)	(31.1)	(0.29)
Profit share	1.0	0.01	1.5	0.02
Financial investments	0.4	0.00	1.3	0.01
Adjusted EBITDA	124.4	1.16	125.9	1.17

1) Including charter hire in subsidiaries accounted for as 'investment in associates'

2) In this table, revenues and vessel operating expenses for vessels trading in the spot market are net of voyage expenses

Income Statement



(in thousands of \$ except per share data)

	Three months ended	
	Mar 31, 2019	Dec 31, 2018
Charter revenues - operating lease	99,002	104,283
Charter revenues - finance lease (net of charter hire treated as Repayment of investment in finance leases)	16,547	12,753
Profit share income	994	1,535
Total operating revenues	116,543	118,571
Gain (loss) on sale of assets and termination of charters	-	5,832
Vessel operating expenses	(32,437)	(33,907)
Administrative expenses	(3,349)	(2,049)
Depreciation	(29,470)	(30,721)
Vessel impairment charge	-	(35,748)
Total operating expenses	(65,256)	(102,425)
Operating income	51,287	21,978
Results in associates	4,740	3,731
Interest income from associates	3,532	3,532
Interest income, other	1,499	2,188
Interest expense	(34,305)	(31,040)
Amortization of deferred charges	(2,233)	(3,884)
Income (expense) related to non-designated derivatives	(1,676)	(813)
Mark to market of equity securities	10,529	(3,397)
Other financial items	219	11,175
Taxes	-	-
Net income	33,592	3,470
Basic earnings per share (\$)	0.31	0.03
Weighted average number of shares ⁽¹⁾	107,608,070	107,607,222
Common shares outstanding ⁽¹⁾	107,609,683	107,607,222

COMMENTS

Charter revenues – operating lease

- Reduction due to vessels coming off long term charters as well as reclassification of two container vessels to finance lease during Q1.

Charter revenues – finance leases:

- First full quarter of the 2 x 19,000 TEU vessels acquired at the end of December
- Excludes ~\$9.9m of charter hire treated as “Repayment of investment in finance leases”

Profit share income:

- ~\$1m profit share from three VLCCs on charter to Frontline

Mark-to-Market

- A gain of ~\$10.5m due to mark-to-market movement of Frontline shares.
- A ~\$2m mark-to-market movement loss on interest and currency hedging derivatives.

¹⁾ The weighted average number of shares and the number of common shares outstanding excludes up to ~11.8 million shares issued by Ship Finance as part of share lending arrangements in connection with the Company's offering of the 2021 and 2023 convertible notes. The shares are owned by Ship Finance and will be returned on or before maturity of the 2021 and 2023 convertible notes, thus they are excluded in the calculation of earnings per share.

Balance Sheet



(in thousands of \$)

	Mar 31, 2019	Dec 31, 2018
ASSETS		
Short term		
Cash and cash equivalents	154,077	211,394
Restricted cash	-	1,000
Investment in marketable securities	95,808	87,174
Amount due from related parties	33,492	41,771
Other current assets	76,423	72,240
Long term		
Vessels and equipment, net	1,512,962	1,559,712
Vessels and equipment under capital lease, net	741,545	749,889
Investment in finance leases	777,232	762,355
Investment in associates	29,847	25,107
Amount due from related parties - Long term	326,531	325,760
Other long term assets	34,842	41,443
Total assets	3,782,759	3,877,845
LIABILITIES AND STOCKHOLDERS' EQUITY		
Short term		
Short term and current portion of long term interest bearing debt	177,738	267,149
Amount due to related parties	875	1,349
Capital lease obligations - Short term	68,506	67,793
Other current liabilities	25,793	67,834
Long term		
Long term interest bearing debt, net of deferred charges	1,232,497	1,169,931
Capital lease obligations - Long term	1,088,389	1,104,258
Other long term liabilities	20,314	19,499
Stockholders' equity	1,168,647	1,180,032
Total liabilities and stockholders' equity	3,782,759	3,877,845

COMMENTS

Cash and cash equivalents:

- \$164m of cash including freely available cash in 100% owned subsidiaries accounted for as "Investment in associates"
- Change from previous quarter mainly due to repayment of NOK 900m floating rate bonds (~\$124m).
- Partly offset by new bank financing for existing vessels in a total amount of \$104m, increasing the cash position by \$73m net.

Short term and current portion of long term interest bearing debt:

- Reduction mainly due to repayment of NOK 900m floating rate bonds.

Capital lease obligations:

- Includes lease obligation for 3 x 10,600, 4 x 14,000 and 4 x 19,000 TEU container vessels.

Stockholders' equity:

- Book equity ratio of ~30%.

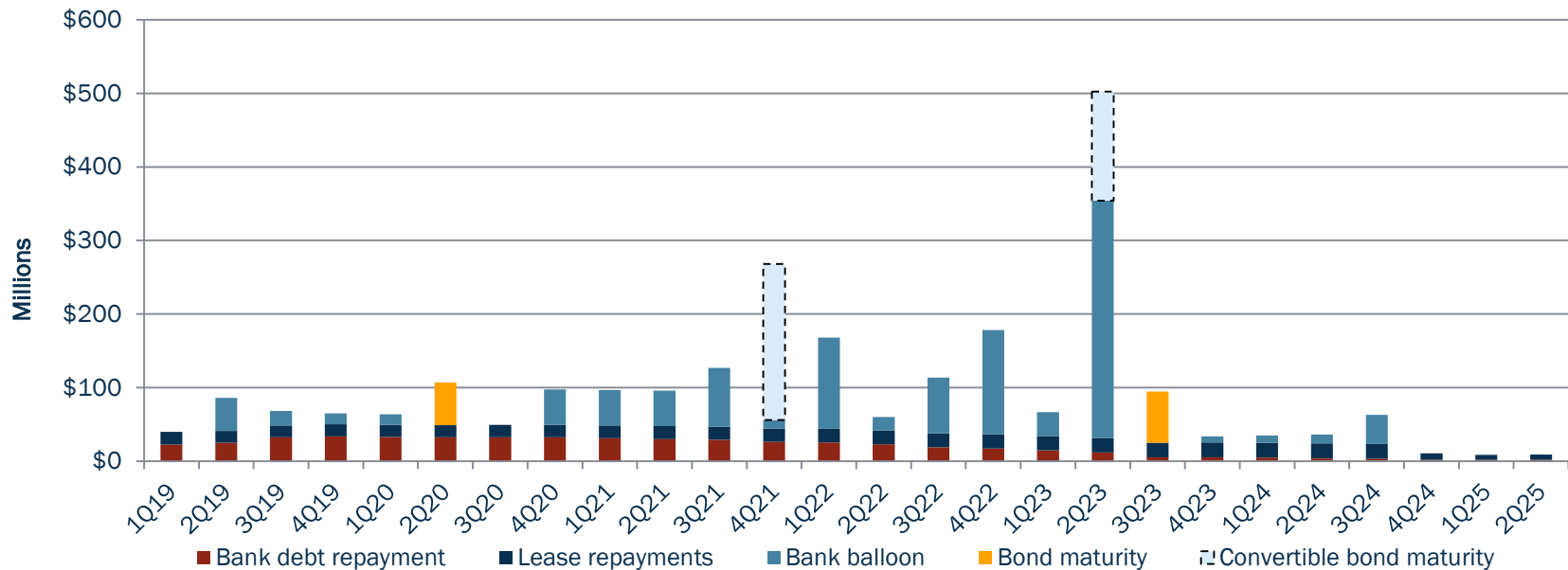
Liquidity

- \$164m in cash at quarter end
- \$96m in available for sale securities, incl. 11 million shares in Frontline, as of quarter end
 - FRO shares valued at ~\$70m at quarter end, valued at ~\$100m as of May 20, 2019
- \$46m in unencumbered assets

Debt profile

- Bank and leasing debt
- Manageable refinancing risk; upcoming balloon repayments covered by high quality assets with moderate leverage and/or purchase obligations
- Bonds and convertibles are unsecured
 - Frequent issuer of bonds and convertibles

Staggered debt maturity schedule





Quarterly dividend of \$0.35 per share

- 10.8% dividend yield⁽¹⁾

Net Income of \$33.6m (\$0.31/share)

- \$160m Aggregate charter hire⁽²⁾
- Adjusted EBITDA⁽³⁾ of \$124m

More than \$170m in backlog increase through charter extensions

Strong liquidity and diversified funding capacity

Focused on growth opportunities

1) Quarterly cash dividend (annualized) / SFL share price of \$12.91 as of May 20, 2019

2) Charter hire includes total charter hire from all vessels and rigs, including assets in 100% owned subsidiaries classified as 'Investment in associates'.

3) 'Adjusted EBITDA' is a non-GAAP measure. It represents cash receipts from operating activities before net interest, amortization and capital payments. It is the equivalent of charter hire receipts less cash operating expenses. For more details please see Q1 19 report Appendix 1: Reconciliation of Adjusted EBITDA.