



**SFL Corporation Ltd.**

Q4 2023 Results Presentation

# Forward Looking Statements

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This presentation contains forward looking statements. These statements are based upon various assumptions, many of which are based, in turn, upon further assumptions, including SFL management's examination of historical operating trends, data contained in the Company's records and other data available from third parties. Although SFL 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, SFL cannot give assurance that it will achieve or accomplish these expectations, beliefs or intentions.

Important factors that, in the Company's 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 the Company operates, changes in demand resulting from changes in the Organization of the Petroleum Exporting Countries' petroleum production levels and worldwide 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 the Company's operating expenses, including bunker prices, dry-docking and insurance costs, performance of our charterers and other counterparties with whom the Company deals, the impact of any restructuring of the counterparties with whom the Company deals, 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, including any changes to energy and environmental policies and changes attendant to trade conflicts, potential disruption of shipping routes due to accidents or political events, the length and severity of the ongoing coronavirus outbreak and its impact on the demand for commercial seaborne transportation, drilling rigs and the condition of the financial markets and other important factors described from time to time in the reports filed by the Company with the United States Securities and Exchange Commission. SFL disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

# Q4 2023 Highlights



GROSS REVENUE<sup>(1)</sup>  
\$209m

- Adjusted EBITDA<sup>(2)</sup> of \$132m
- Car Carrier deliveries and charter commencements

NET INCOME  
\$31.4m

- Earnings per share of \$0.25
- Lower earnings from *Hercules* due to fewer drilling days

DIVIDEND  
\$0.26/share

- 80<sup>th</sup> consecutive quarterly dividend
- 9% dividend yield<sup>(3)</sup>

BACKLOG<sup>(4)</sup>  
\$3.2bn

- Diversified pool of blue chip counterparties
- Considerable boost from Car Carriers and Energy

1) Gross revenue includes charter hire from all vessels and rigs, including assets in 100% owned subsidiaries classified as 'investment in associates' and proportionate charter hire from partly owned vessels

2) 'Adjusted EBITDA' is a non- U.S. GAAP measure. It represents cash receipts from operating activities before net interest and capital payments. For details please see SFL's fourth quarter preliminary earnings release Appendix 1: Reconciliation of Adjusted EBITDA

3) Based on SFL share closing price of \$12.02 on February 13, 2024

4) Fixed rate backlog as of December 31, 2023 including subsequent sales and acquisitions, fully owned vessels, rigs and 100% of four partially owned 19,000 TEU container vessels, which SFL also manages. The backlog excludes charterers' extension options and purchase/cancellation options (if applicable)

## PORTFOLIO<sup>(1)</sup>

36 Container

7 Car carrier

13 Tanker

2 Energy

15 Dry bulk

## CONTRACT DURATION<sup>(2)</sup>

6.2 years

7.7 years

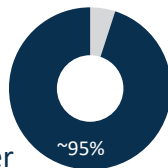
3.8 years

3.8 years

4.6 years

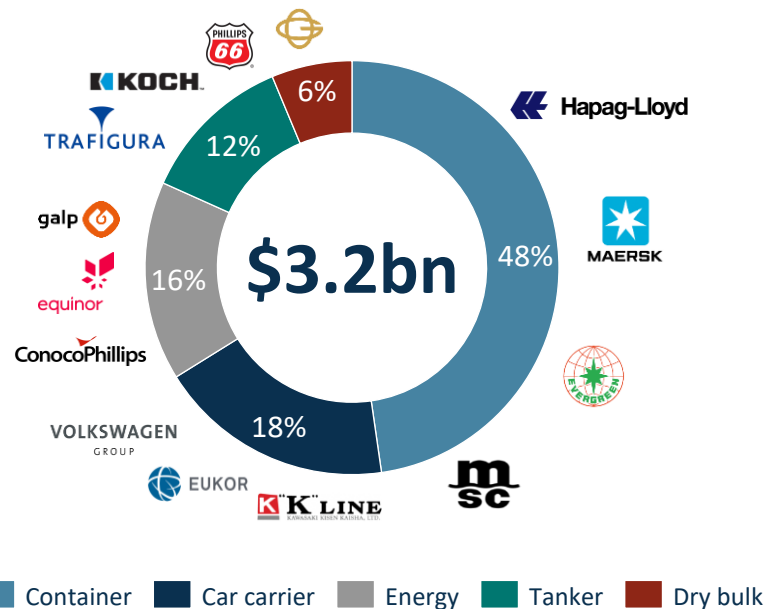
## CHARTER HIRE Q4 2023

Bareboat charter



Time charter

## CONTRACTED REVENUE<sup>(3)</sup>

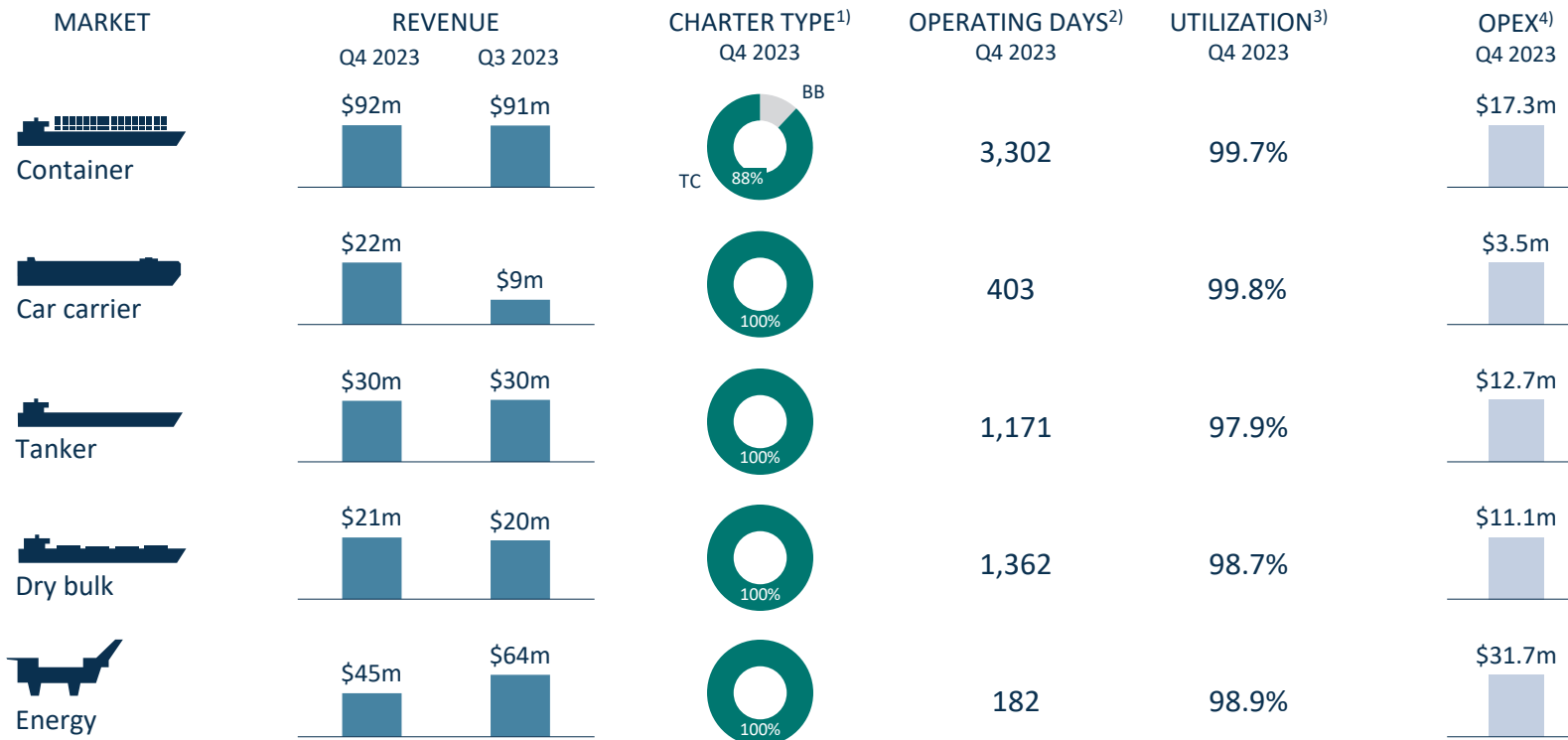


1) Including partly owned vessels and acquired vessels yet to be delivered to SFL

2) Average charter term weighted by charter revenues and excluding charterer option periods, and adjusted for subsequent sales and acquisitions

3) Fixed rate backlog as of December 31, 2023 including subsequent sales and acquisitions, fully owned vessels, rigs and 100% of four partially owned 19,000 TEU container vessels, which SFL also manages. The backlog excludes charterers' extension options and purchase/cancellation options (if applicable)

# Operational Performance Highlights



1) Revenue by charter contract type. TC = time charter where SFL is providing crew and ship management services to the charterer. BB = Bareboat where SFL only provides the ship where the charterer undertakes crewing and ship management

2) For vessels "operating days" equals calendar days less days for technical off hire, dry dock or yard stay. For rigs "operating days" equals days on rate or in transit covered by mobilisation fees less days off hire and time spent in port not on drilling rate

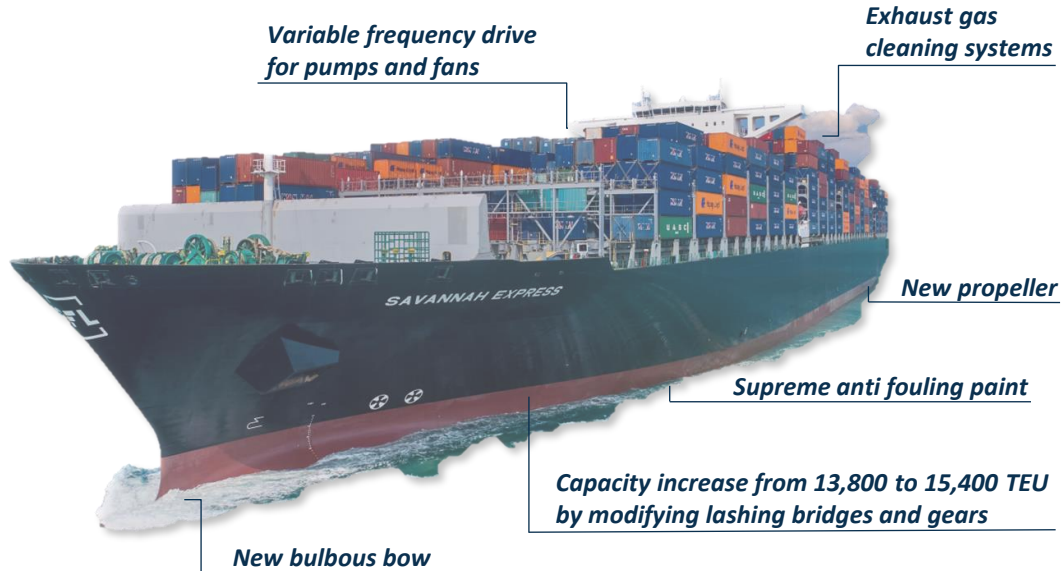
3) Utilization means Operating days (including time spent in mobilisation for Energy) divided by calendar days

4) Including voyage expenses

# Bringing Industry Leading Emission Reductions To The Table

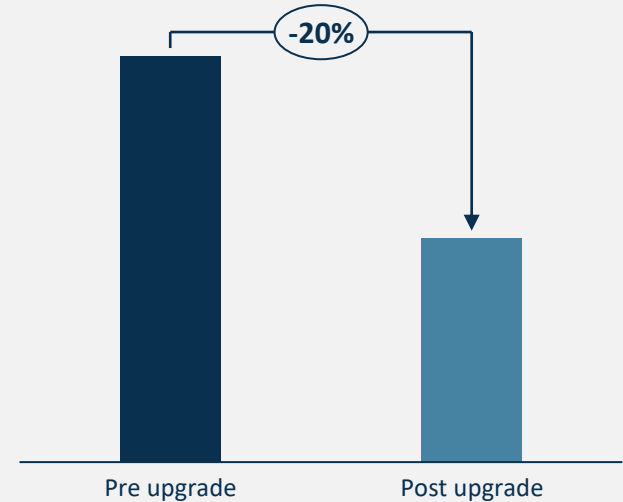


## STATE OF THE ART EFFICIENCY PROGRAM ON SIX VESSELS



## 20% EMISSION REDUCTION PER TEU

*Fuel consumption per TEU*

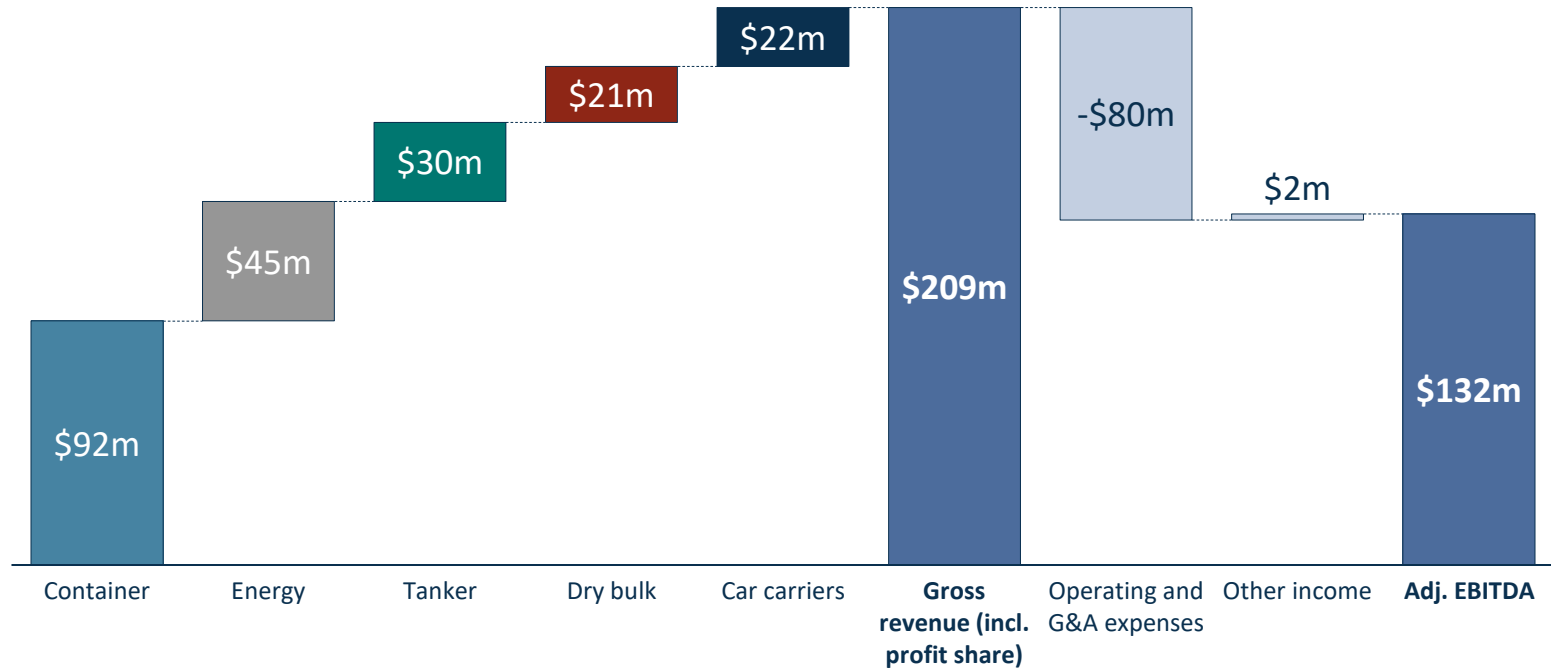


# SFL Financial Performance



## ADJUSTED EBITDA Q4 2023 BREAKDOWN<sup>(1)</sup>

In millions



1) Pro-forma illustration of cash flow is not as accounted for under US GAAP. This is used as an internal guideline to assess the Company's performance. Note that figures are net of extraordinary and non-cash items, and are including charter hire from assets in 100% owned subsidiaries classified as 'Investment in associates'

# Income Statement



## REVENUE

- \$209.6m of operating revenues
- Including \$3.4m of revenue from profit share from scrubber fuel savings
- Increase in operating revenue primarily driven by commencement of new Car Carrier charters

## FINANCIAL ITEMS

- Negative \$7m non-cash impact from derivatives and equity investments

(in thousands of \$ except per share data)	Three months ended	
	Dec 31, 2023	Sep 30, 2023
Charter revenues: operating leases and revenue contracts	205,268	200,781
Charter revenues: sales-type, direct financing and leaseback assets (excluding charter hire treated as Repayments)	916	1,467
Profit share income	3,389	2,638
<b>Total operating revenues</b>	<b>209,573</b>	<b>204,886</b>
<b>Gain on sale of assets and termination of charters</b>	<b>-</b>	<b>2,194</b>
Vessel and rig operating expenses	(76,381)	(82,858)
Administrative expenses	(3,793)	(3,325)
Depreciation	(56,390)	(55,513)
<b>Total operating expenses</b>	<b>(136,564)</b>	<b>(141,696)</b>
<b>Operating income</b>	<b>73,009</b>	<b>65,384</b>
Results in associates	693	704
Interest income from associates	1,150	1,150
Interest income, other	2,230	1,954
Interest expense	(40,236)	(40,107)
Amortization of deferred charges	(2,044)	(2,069)
Interest and valuation gain/(loss) on non-designated derivatives	(3,867)	3,452
Gain/(loss) on Investments in debt and equity securities	(1,394)	274
Other financial items	2,861	852
Taxes	(1,034)	(2,289)
<b>Net income</b>	<b>31,368</b>	<b>29,305</b>
<b>Basic earnings per share (\$)</b>	<b>0.25</b>	<b>0.23</b>



# Balance Sheet



## CASH AND LIQUIDITY

- \$165m at quarter end
- Debt prepayment of \$20m related to our five supramax vessels
- 8x debt free vessels with more than \$100 million of broker value

## CAPITAL EXPENDITURE

- ~\$77m of remaining capex at quarter end on two car carriers under construction
- 100% financed by JOLCO arrangements
- ~\$30m of net capex on jack-up rig Linus SPS and upgrades in Q2 2024

## CAPITAL STRUCTURE<sup>(1)</sup>

- Book equity ratio of 27.9%

(in thousands of \$)

	Dec 31, 2023	Sep 30, 2023
<b>ASSETS</b>		
<i>Short term</i>		
Cash and cash equivalents	165,492	118,028
Investment in marketable securities	5,104	6,222
Amount due from related parties	3,532	3,986
Investment in sales-type, direct financing & leaseback assets, current portion	20,640	21,423
Other current assets	103,291	79,363
<i>Long term</i>		
Vessels, rigs and equipment, net	2,654,733	2,623,925
Vessels and equipment under finance lease, net	573,454	583,866
Capital improvements, newbuildings and vessel deposits	86,058	99,222
Investment in sales-type, direct financing & leaseback assets, long term	35,099	37,098
Investment in associates	16,473	16,517
Amount due from related parties, long term	45,000	45,000
Other long term assets	22,513	36,958
<b>Total assets</b>	<b>3,731,389</b>	<b>3,671,608</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<i>Short term</i>		
Short term and current portion of long term interest bearing debt	432,918	384,730
Amount due to related parties	2,890	1,098
Finance lease liability, current portion	419,341	210,301
Other current liabilities	114,046	116,254
<i>Long term</i>		
Long term interest bearing debt, net of deferred charges	1,713,828	1,681,730
Finance lease liability, long term	-	222,662
Other long term liabilities	8,969	12,020
Stockholders' equity	1,039,397	1,042,813
<b>Total liabilities and stockholders' equity</b>	<b>3,731,389</b>	<b>3,671,608</b>

1) Book values as of December 31, 2023

