

SFL Corporation Ltd.
Q4 2020 presentation

February 17, 2021



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 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, including any potential restructuring of Seadrill Limited, 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 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.

Q4 2020 Highlights



DIVIDEND
\$0.15/share

- 68th consecutive quarterly dividend
- 7.4% dividend yield⁽¹⁾

CHARTER HIRE⁽²⁾
\$144m

- ~90% from long term charters
- Adjusted EBITDA⁽³⁾ of \$106m

LIQUIDITY
\$215m

- \$215m of cash at quarter end
- \$29m of marketable securities

CHARTER BACKLOG⁽⁴⁾
\$2.3bn

- \$2.3bn from shipping assets
- Added \$230m last twelve months

1) Quarterly cash dividend (annualized) divided by SFL's share price of \$8.10 as of February 16, 2021

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 and capital payments. For details please see SFL's fourth quarter preliminary earnings release Appendix 1: Reconciliation of Adjusted EBITDA

4) Fixed rate backlog as of December 31, 2020 includes fully owned vessels and 100% of four partially owned 19,000 TEU container vessels, which SFL also manages. The backlog excludes charterers' extension options and purchase options (if applicable)

Recent Events



PROFIT SHARE CONTRIBUTION

- \$3.5m from 2x VLCCs in Q4 - total of \$18.6m in 2020
- \$1.9m from fuel savings on container vessels in Q4

NEW EQUITY AND DEBT REPURCHASE

- Raised \$48m of new equity
- Repurchased \$4m of bonds

REDUCED SHARE IN 4x VESSELS

- Deconsolidation of \$465m of lease liabilities
- \$17.5m of net sales proceeds

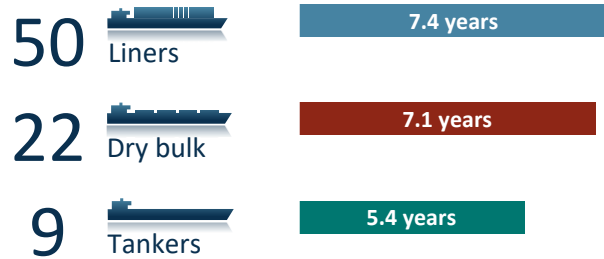
SEADRILL CH. 11 FILING

- Interim agreement securing ~75% of original charter hire on two rigs
- West Taurus impairment reflective of recycling value

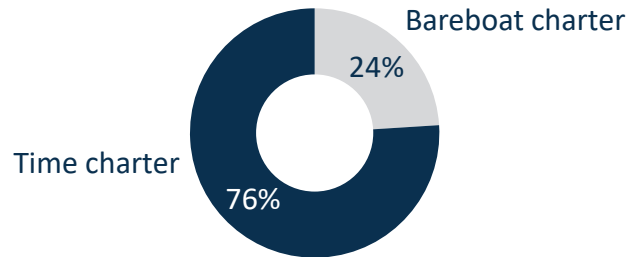
The SFL Shipping Portfolio (excl. Offshore Assets)



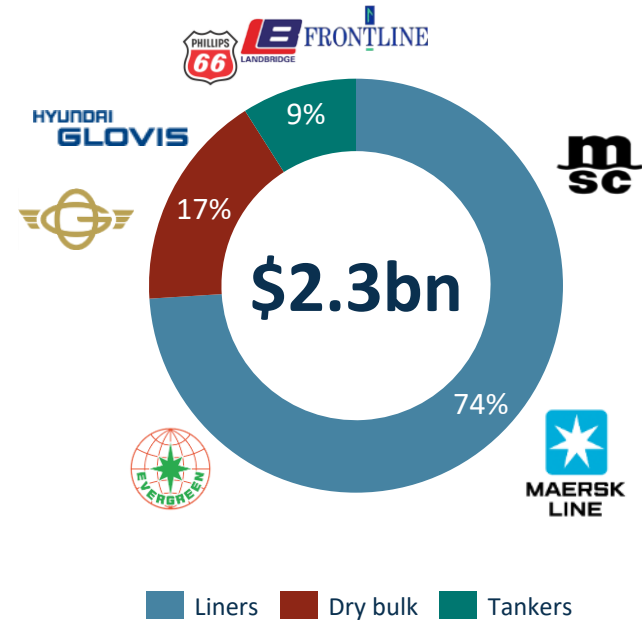
SHIPPING PORTFOLIO⁽¹⁾



CHARTER HIRE Q4 2020⁽⁴⁾



CONTRACTED REVENUE⁽²⁾



1) Including partly owned vessels

2) Fixed rate backlog as of December 31, 2020 includes fully owned vessels and 100% of four partially owned 19,000 TEU container vessels, which SFL also manages. The backlog excludes charterers' extension options and purchase options (if applicable)

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

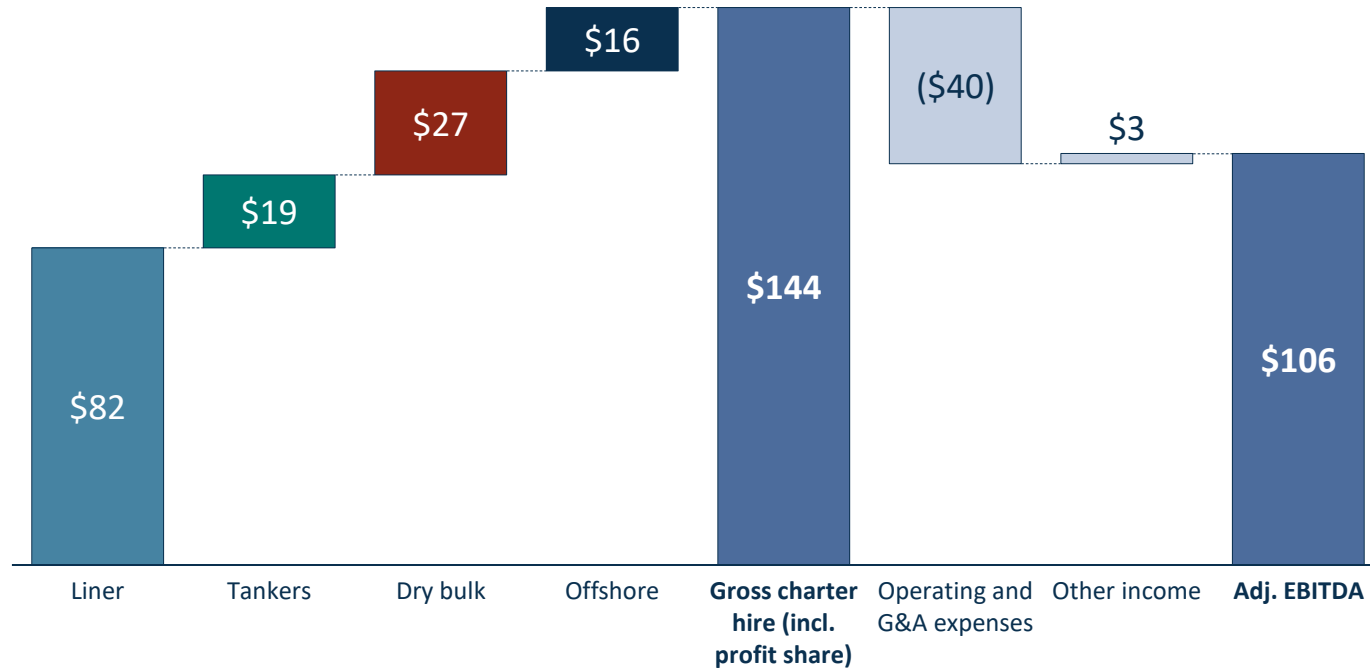
4) Charter hire excludes revenue from offshore rigs

SFL Operational Performance



ADJUSTED EBITDA Q4 2020 BREAKDOWN⁽¹⁾

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



(in thousands of \$ except per share data)	Three months ended	
	Dec 31, 2020	Sep 30, 2020
Charter revenues - operating lease	88,646	90,740
Charter revenues - sales-type, direct financing and leaseback assets (net of charter hire treated as Repayments)	20,926	19,381
Profit share income, vessels	3,463	4,856
Profit share income, scrubber fuel-cost savings	1,877	797
Total operating revenues	114,912	115,774
Vessel operating expenses	(37,786)	(39,093)
Administrative expenses	(2,680)	(2,675)
Depreciation	(28,120)	(27,861)
Asset impairment charge	(252,638)	-
Operating income/(loss)	(206,312)	46,145
Results in associates	1,158	(3,118)
Interest income from associates	1,329	3,532
Interest income, other	236	17
Interest expense	(31,706)	(28,044)
Amortization of deferred charges	(2,111)	(2,308)
Gain (loss) on Investments in debt and equity securities	(1,587)	(2,630)
Income (expense) related to non-designated derivatives	1,592	325
Other financial items	72,176	2,037
Net income/(loss)	(165,225)	15,956
Basic earnings/(loss) per share (\$)	(1.49)	0.15

Q4 charter hire

- \$144 million, including 100% owned associates and revenue classified as repayment

Profit share income

- \$3.5 million from VLCCs
- \$1.9 million from fuel cost savings

West Taurus

- \$253m non-cash impairment
- Partly offset by a \$66m gain on repurchase of debt recorded in 'Other financial items'

Solstad Offshore

- Received \$3.7m of proceeds from cash settlement and Solstad share sales in Q4

Balance Sheet



(in thousands of \$)

	Dec 31, 2020	Sep 30, 2020
ASSETS		
<i>Short term</i>		
Cash and cash equivalents	215,445	205,814
Restricted cash	8,953	8,628
Investment in marketable securities	28,805	32,968
Amount due from related parties	7,718	15,728
Investment in sales-types, direct financing & leaseback assets	55,420	64,329
Other current assets	40,095	41,566
<i>Long term</i>		
Vessels and equipment, net	1,240,698	1,250,769
Vessels and equipment under finance lease, net	697,380	707,384
Investment in sales-types, direct financing & leaseback assets	622,123	869,418
Investment in associates	27,297	36,777
Amount due from related parties - Long term	123,910	308,399
Other long term assets	25,367	35,057
Total assets	3,093,211	3,576,837
LIABILITIES AND STOCKHOLDERS' EQUITY		
<i>Short term</i>		
Short term and current portion of long term interest bearing debt	484,956	299,723
Amount due to related parties	2,724	896
Finance lease liability, current portion	48,887	72,140
Other current liabilities	39,964	33,895
<i>Long term</i>		
Long term interest bearing debt, net of deferred charges	1,164,113	1,183,203
Capital lease obligations - Long term	524,200	984,719
Deficit in associates	-	18,513
Other long term liabilities	32,716	56,148
Stockholders' equity	795,651	927,600
Total liabilities and stockholders' equity	3,093,211	3,576,837

Cash and cash equivalents

- \$215m at quarter end, excluding \$4m of cash in non-consolidated rig-owning subsidiaries
- \$9m dividend from ADS Maritime Holding expected to be received early March

Assets

- West Linus consolidated
- West Taurus consolidated and written down to recycling value
- West Hercules associate accounting

Capital structure⁽¹⁾

- Book equity ratio of 25.7%

