

SFL Corporation Ltd.
Q4 2022 presentation

February 15, 2023



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, 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 2022 Highlights



GROSS REVENUE⁽¹⁾

\$208m

- Approximately 84% from long term charters
- Adjusted EBITDA⁽²⁾ of \$135m

NET INCOME

\$48.5m

- Earnings per share of \$0.38
- \$6.9m contribution from profit share agreements

DIVIDEND

\$0.24/share

- 76th consecutive quarterly dividend
- 9.3% dividend yield⁽³⁾

BACKLOG⁽⁴⁾

\$3.6bn

- Added \$1.5bn to the backlog in 2022
- Several new investment grade customers

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) Quarterly cash dividend (annualized) divided by SFL's closing share price of \$10.34 on February 14, 2023

4) Fixed rate backlog as of December 31, 2022 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)

Recent Events



HERCULES CONTRACT

- Hercules contract with ExxonMobil Canada Ltd. for ~4.5 months
 - Start up expected in Q2 2023
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4x VESSEL DELIVERIES

- Two suezmaxes with charter to Koch delivered in Oct/Nov
 - One PCTC and one newbuild feeder delivered in Nov
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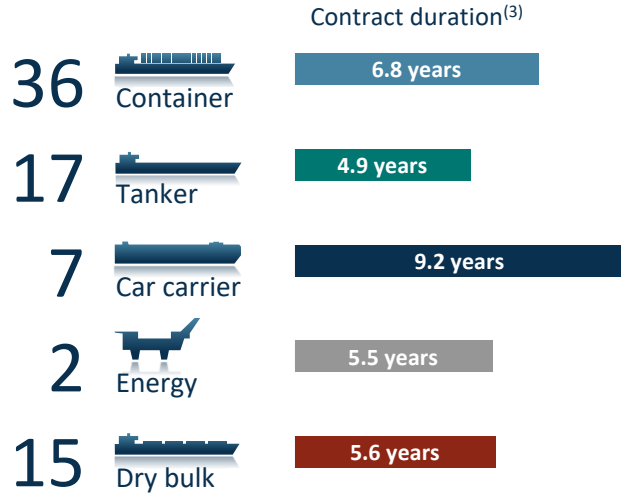
NEW BOND ISSUE

- Successfully issued a new \$150m sustainability linked bond
 - Addressing bond maturities in 2023
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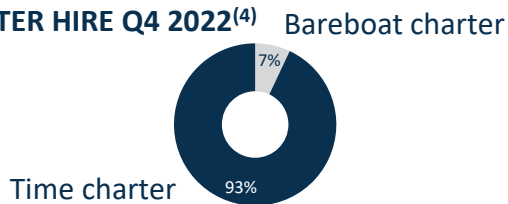
SALE OF SUEZMAX

- Agreed to sell a 2009-built suezmax tanker with delivery in Q1
- ~\$5m book gain expected in Q1 2023

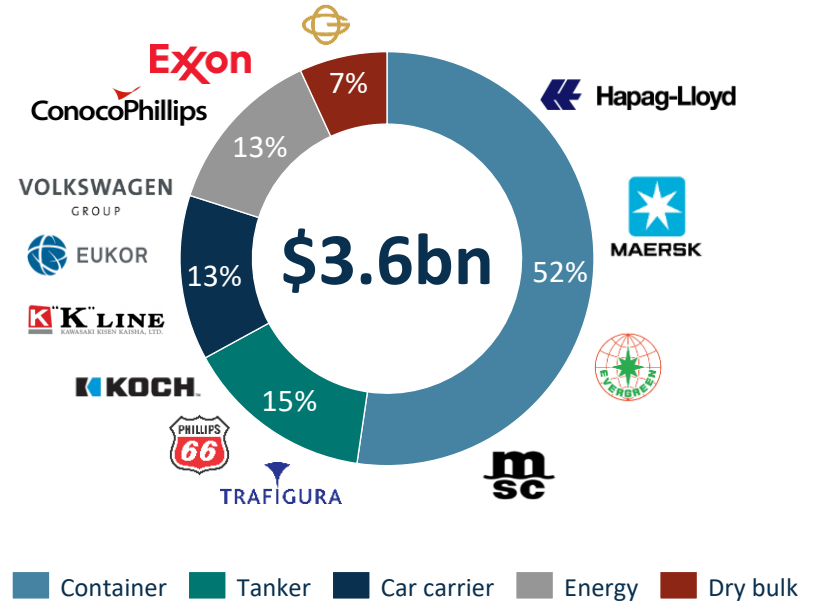
PORTFOLIO⁽¹⁾



CHARTER HIRE Q4 2022⁽⁴⁾



CONTRACTED REVENUE⁽²⁾



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

2) Fixed rate backlog as of December 31, 2022 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)

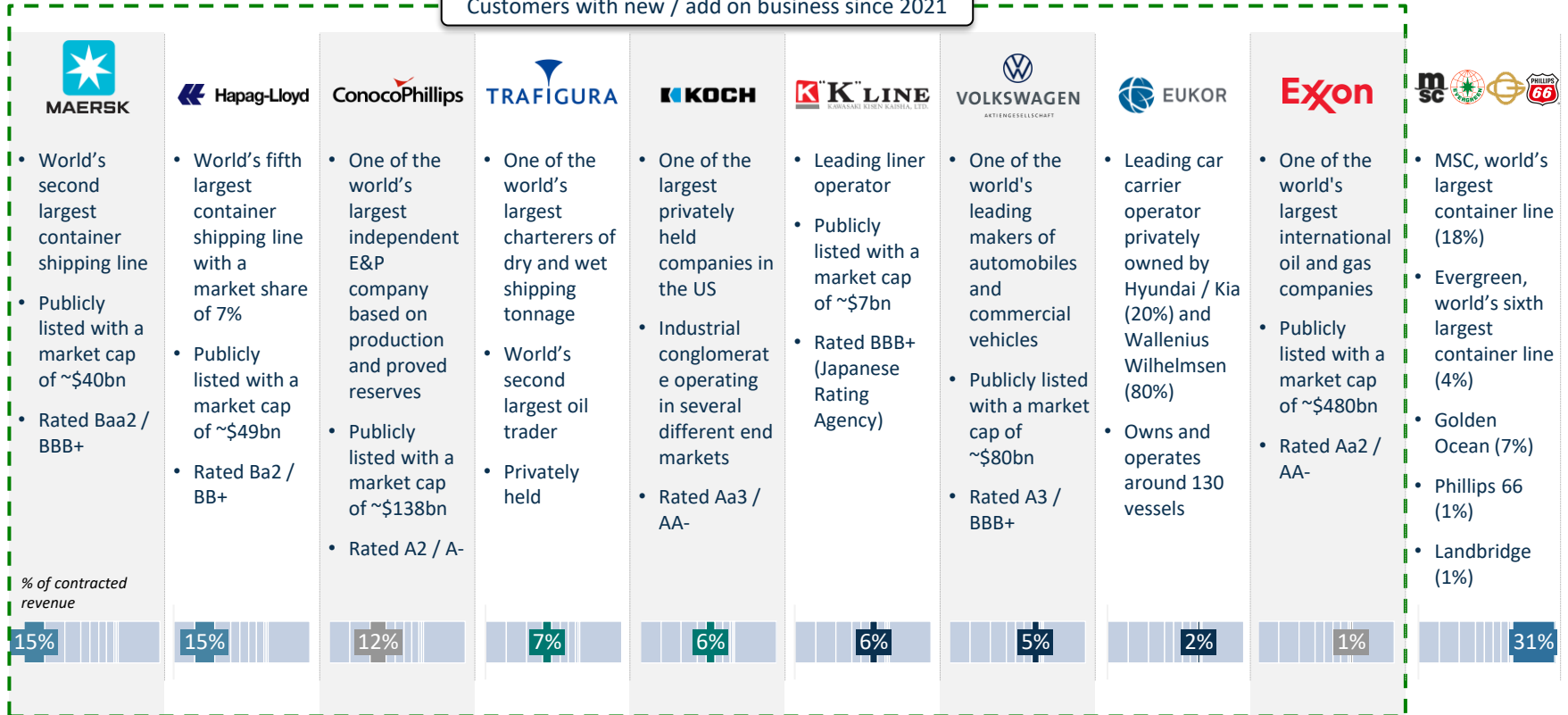
3) Average charter term weighted by charter revenues and excluding charterer option periods, and adjusted for subsequent sales and acquisitions

4) Charter hire includes proportionate charter hire from partly owned vessels and excludes revenue from offshore rigs

Portfolio Of Blue Chip Customers Continues To Expand



Customers with new / add on business since 2021

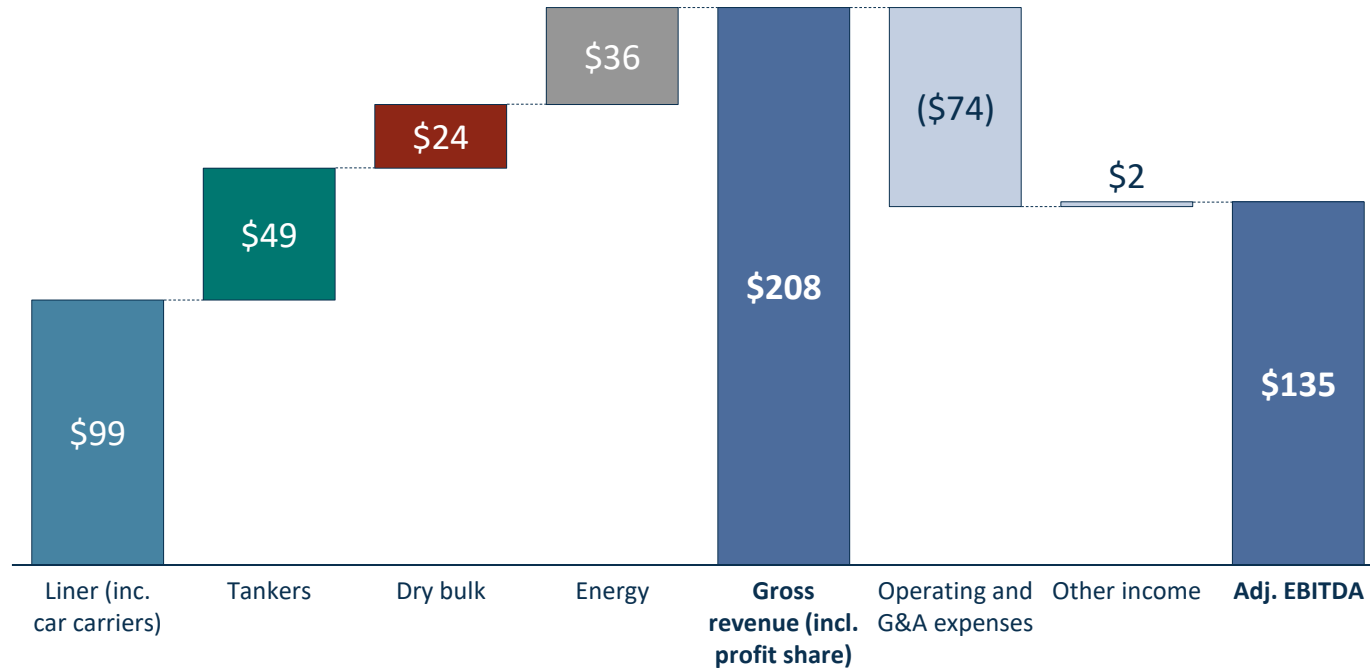


SFL Operational Performance



ADJUSTED EBITDA Q4 2022 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, 2022	Sep 30, 2022
Charter revenues: operating leases and revenue contracts	188,892	153,480
Charter revenues: sales-type, direct financing and leaseback assets (excluding charter hire treated as Repayments)	2,038	2,102
Profit share income	6,887	11,308
Total operating revenues	197,817	166,890
Vessel and rig operating expenses	(71,133)	(50,659)
Administrative expenses	(3,381)	(3,180)
Depreciation	(48,923)	(47,591)
Total operating expenses	(123,437)	(101,430)
Operating income	74,380	65,460
Results in associates	713	715
Interest income from associates	1,150	1,150
Interest income, other	2,043	685
Interest expense	(34,828)	(27,841)
Amortization of deferred charges	(2,294)	(2,272)
Gain on Investments in debt and equity securities	5,078	8,627
Interest and valuation gain on non-designated derivatives	318	5,451
Other financial items	1,894	(2,090)
Net income	48,454	49,885
Basic earnings per share (\$)	0.38	0.39

Q4 income

- \$208 million of charter hire, including share of revenue from associates, revenue classified as repayment and profit share
- \$10.5 million catch up payment on *Linus* from Seadrill
- \$6.5 million of profit share from scrubber fuel savings
- \$0.4 million of profit share from 8x Capesizes

Higher operating expenses

- Full quarter of *Linus* operations
- Higher costs associated with vessel deliveries

Net income

- \$48.5m or \$0.38 per share

Balance Sheet



(in thousands of \$)

	Dec 31, 2022	Sep 30, 2022
ASSETS		
<i>Short term</i>		
Cash and cash equivalents	188,362	178,682
Investment in marketable securities	7,283	9,332
Amount due from related parties	4,392	6,213
Investment in sales-type, direct financing & leaseback assets, current portion	15,432	15,488
Other current assets	81,513	81,597
<i>Long term</i>		
Vessels and equipment, net	2,646,389	2,455,644
Vessels and equipment under finance lease, net	614,763	625,175
Capital improvements, newbuildings and vessel deposits	97,860	98,642
Investment in sales-type, direct financing & leaseback assets, long term	103,591	107,425
Investment in associates	16,547	16,570
Amount due from related parties, long term	45,000	45,000
Other long term assets	40,198	51,524
Total assets	3,861,330	3,691,292
LIABILITIES AND STOCKHOLDERS' EQUITY		
<i>Short term</i>		
Short term and current portion of long term interest bearing debt	921,270	962,741
Amount due to related parties	1,936	1,462
Finance lease liability, current portion	53,655	53,035
Other current liabilities	79,750	79,203
<i>Long term</i>		
Long term interest bearing debt, net of deferred charges	1,279,786	1,062,218
Finance lease liability, long term	419,341	432,962
Other long term liabilities	14,361	28,305
Stockholders' equity	1,091,231	1,071,366
Total liabilities and stockholders' equity	3,861,330	3,691,292

Cash and cash equivalents

- \$188m at quarter end
- New sustainability linked bond of \$150m issued in January addressing 2023 bond maturities

Remaining capex

- \$210m of remaining capex on four car carriers under construction, expected to be financed primarily by senior financing

Capital structure⁽¹⁾

- Book equity ratio of 28.3%

1) Book values as of December 31, 2022

