

SFL Corporation Ltd.
Q4 2021 presentation

February 16, 2022



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 2021 Highlights



DIVIDEND
\$0.20/share

- 72nd consecutive quarterly dividend
- 11% dividend increase from previous quarter

CHARTER HIRE⁽¹⁾
\$166m

- Approximately 75% from long term charters
- Adjusted EBITDA⁽²⁾ of \$121m

NET INCOME
\$80.1m

- Earnings per share of \$0.63
- \$39m gain from sale of seven dry bulk vessels

CHARTER BACKLOG⁽³⁾
\$2.8bn

- Investment in four product tankers with long term charters
- Added more than \$1 billion dollar to the backlog in 2021

1) Charter hire 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) Fixed rate backlog as of December 31, 2021 including subsequent sales and acquisitions, 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)

ACQUISITION AND CHARTER

- Agreement to acquire four modern LR2 product tankers
 - Charter until 2027 adding ~\$160m to the charter backlog
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SALE OF HANDYSIZE FLEET

- Delivered seven dry bulk vessels to new buyers in the quarter
 - ~\$98m of net sales proceeds received
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NEW FINANCINGS

- Secured ~\$150m of new vessel financings
 - Fully redeemed the outstanding ~\$145m convertible notes
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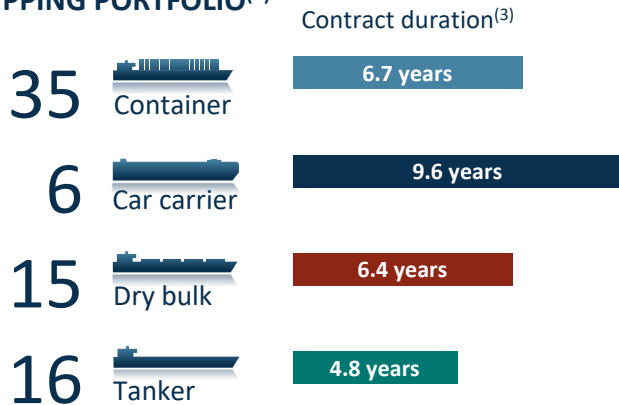
NEW VESSEL DELIVERIES

- Two LR2 product tankers and one Suezmax tanker delivered in Q4
- Remaining two LR2s and two Suezmaxes to be delivered in Q1 2022

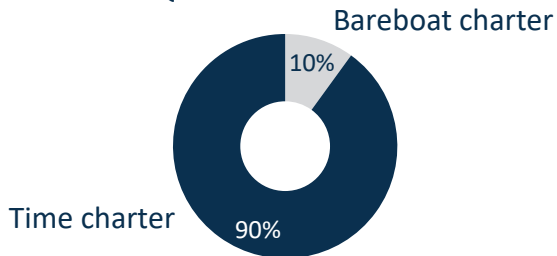
The SFL Shipping Portfolio (excl. Offshore Assets)



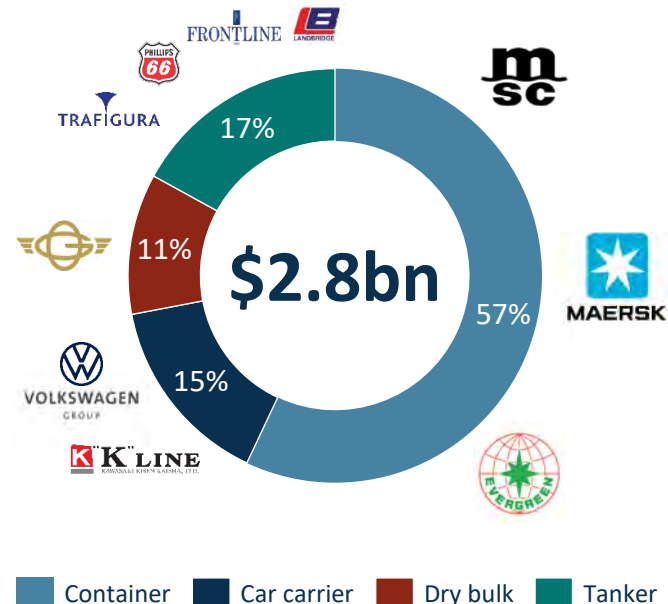
SHIPPING PORTFOLIO⁽¹⁾



CHARTER HIRE Q4 2021⁽⁴⁾



CONTRACTED REVENUE⁽²⁾



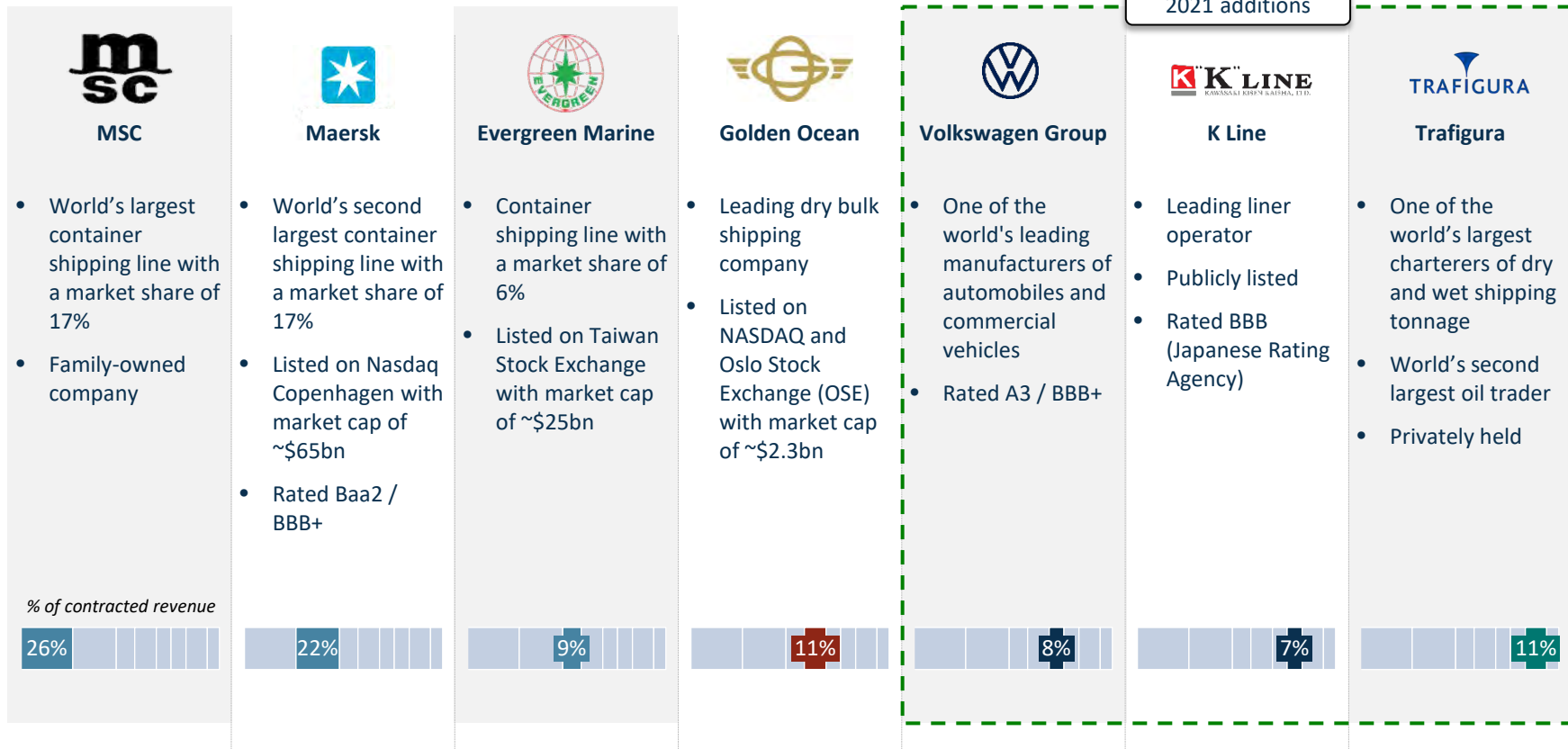
1) Including partly owned vessels and acquired vessels yet to be delivered to SFL

2) Fixed rate backlog as of December 31, 2021 including subsequent sales and acquisitions, 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 includes proportionate charter hire from partly owned vessels and excludes revenue from offshore rigs

Continuously Diversifying Our Contracted Cash Flows



Source: Bloomberg, Alphaliner, company information

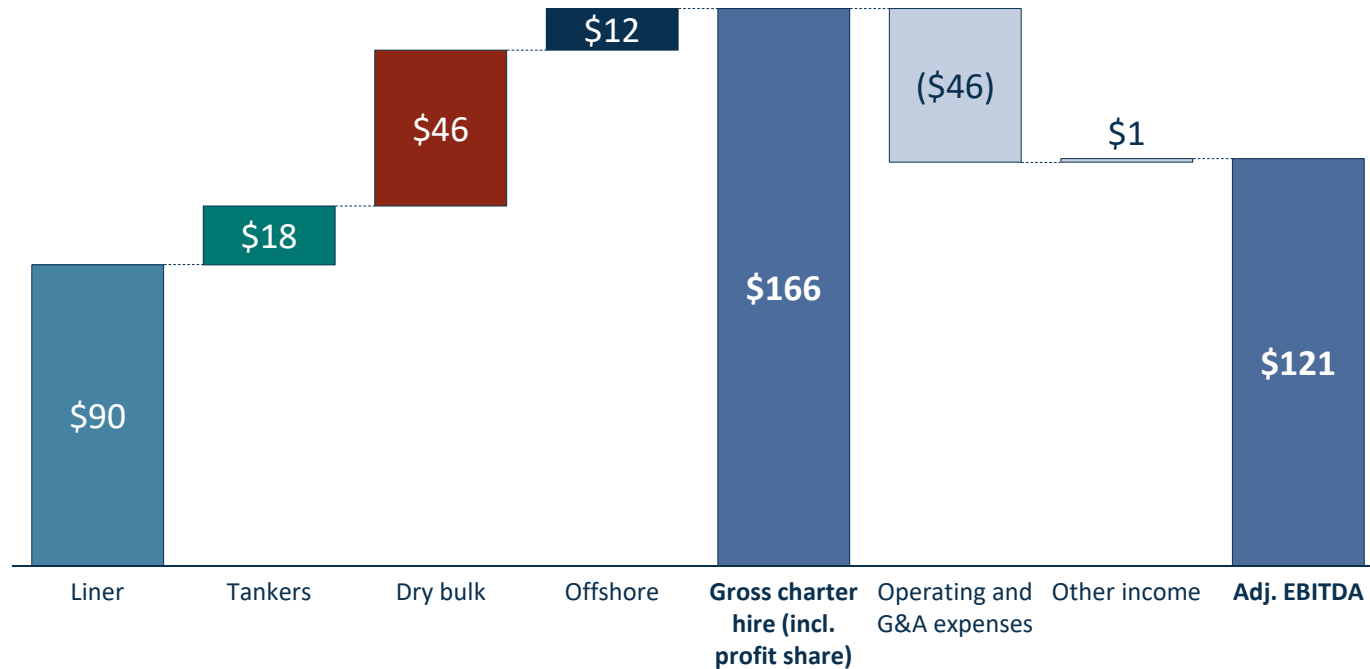
Note: Other counterparties representing 3% or less of contracted revenue also include Phillips 66, Frontline and Landbridge

SFL Operational Performance



ADJUSTED EBITDA Q4 2021 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, 2021	Sep 30, 2021
Charter revenues: operating lease	140,179	122,922
Charter revenues: sales-type, direct financing and leaseback assets (excluding charter hire treated as Repayments)	4,371	5,559
Profit share income	7,511	6,964
Total operating revenues	152,061	135,445
Gain/(loss) on sale of assets and termination of charters	39,349	56
Vessel operating expenses	(42,630)	(42,224)
Administrative expenses	(3,501)	(3,026)
Depreciation	(42,433)	(35,505)
Total operating expenses	(88,564)	(80,755)
Operating income/(loss)	102,846	54,746
Results in associates	770	860
Interest income from associates	1,150	1,708
Interest income, other	230	28
Interest expense	(22,809)	(23,222)
Amortization of deferred charges	(1,487)	(1,444)
Gain or (loss) on Investments in debt and equity securities	(3,474)	536
Income (expense) related to non-designated derivatives	1,103	393
Other financial items	1,791	(391)
Net income/(loss)	80,120	33,214
Basic earnings/(loss) per share (\$)	0.63	0.26

Q4 charter hire

- \$166 million, including share of revenue from associates, revenue classified as repayment and profit share

Sale of 7x Handysize vessels

- \$39.3 million gain

Increased profit share income

- \$4.5 million from Golden Ocean
- \$3.1 million from fuel cost savings

Increased depreciation

- Driven by vessel deliveries
- West Hercules consolidation

Net income

- \$80.1m or \$0.63 per share

Balance Sheet



(in thousands of \$)

	Dec 31, 2021	Sep 30, 2021
ASSETS		
<i>Short term</i>		
Cash and cash equivalents	145,622	250,703
Restricted cash	8,338	5,570
Investment in marketable securities	21,210	24,691
Amount due from related parties	8,557	6,919
Investment in sales-type, direct financing & leaseback assets, current portion	23,484	23,284
Other current assets	43,105	63,613
<i>Long term</i>		
Vessels and equipment, net	2,230,583	2,168,303
Vessels and equipment under finance lease, net	656,072	666,484
Newbuildings and vessel deposits	57,093	45,732
Investment in sales-type, direct financing & leaseback assets, long term	181,282	187,069
Investment in associates	16,635	16,602
Amount due from related parties, long term	45,000	45,000
Other long term assets	22,316	22,306
Total assets	3,459,297	3,526,276
LIABILITIES AND STOCKHOLDERS' EQUITY		
<i>Short term</i>		
Short term and current portion of long term interest bearing debt	302,769	448,236
Amount due to related parties	1,295	1,152
Finance lease liability, current portion	51,204	50,613
Other current liabilities	45,048	47,745
<i>Long term</i>		
Long term interest bearing debt, net of deferred charges	1,586,445	1,551,477
Finance lease liability, long term	472,996	485,997
Other long term liabilities	17,213	20,601
Stockholders' equity	982,327	920,455
Total liabilities and stockholders' equity	3,459,297	3,526,276

Cash and cash equivalents

- \$146m at quarter end
- Restricted cash increased as a result of lower market value of marketable securities

Remaining capex

- ~\$430m of remaining capex for recently announced acquisitions, expected to be financed primarily by senior financing

Short term debt

- Reduced by ~\$145m after the full redemption of the 5.75% unsecured convertible notes

Capital structure⁽¹⁾

- Book equity ratio of 28.4%

