

SFL Corporation Ltd.
Q2 2021 presentation

August 18, 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.

Q2 2021 Highlights



DIVIDEND
\$0.15/share

- 70th consecutive quarterly dividend
- 8.5% dividend yield⁽¹⁾

CHARTER HIRE⁽²⁾
\$141m

- Approximately 80% from long term charters
- Adjusted EBITDA⁽³⁾ of \$103m

NET INCOME
\$19.5m

- Earnings per share of \$0.16

CHARTER BACKLOG⁽⁴⁾
\$2.7bn

- Added more than \$700m in 2021
- Investments in modern, fuel efficient vessels and long term charters

1) Quarterly cash dividend (annualized) divided by SFL's closing share price of \$7.04 on August 17, 2021

2) 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

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 second quarter preliminary earnings release Appendix 1: Reconciliation of Adjusted EBITDA

4) Fixed rate backlog as of June 30, 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)

Recent Events



NEWBUILD ORDER AND CHARTER

- Two additional newbuild LNG dual-fuel car carriers with 2024 delivery
 - 10 year charters to a leading Asia-based transportation company
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ACQUISITION AND CHARTER

- Agreement to acquire two modern 14,000 TEU vessels
 - Charter to Evergreen until 2023/2024
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ACQUISITION AND CHARTER

- Agreement to acquire two modern 6,800 TEU vessels
 - Charter to Maersk until 2027
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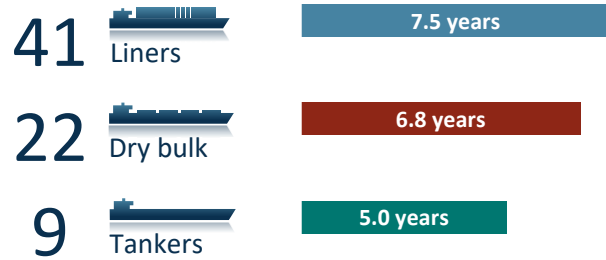
REDELIVERY OF VINTAGE FLEET

- Redelivery of 18 feeder vessels to MSC in August-September 2021
- Net cash proceeds of approximately \$40 million

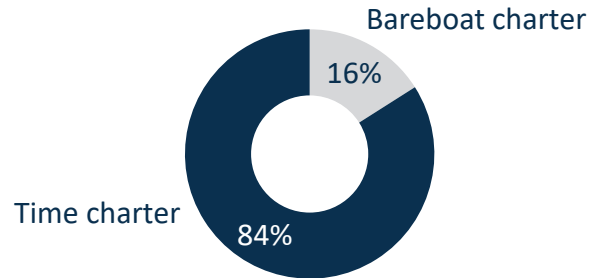
The SFL Shipping Portfolio (excl. Offshore Assets)



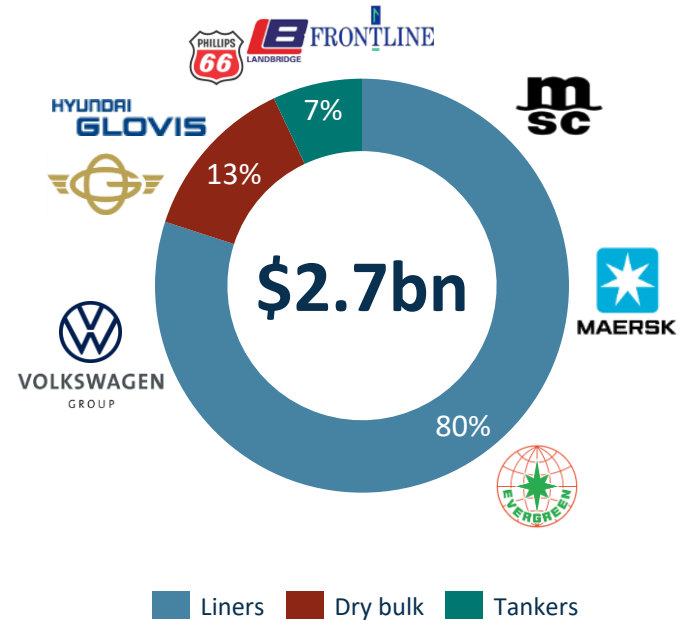
SHIPPING PORTFOLIO⁽¹⁾



CHARTER HIRE Q2 2021⁽⁴⁾



CONTRACTED REVENUE⁽²⁾



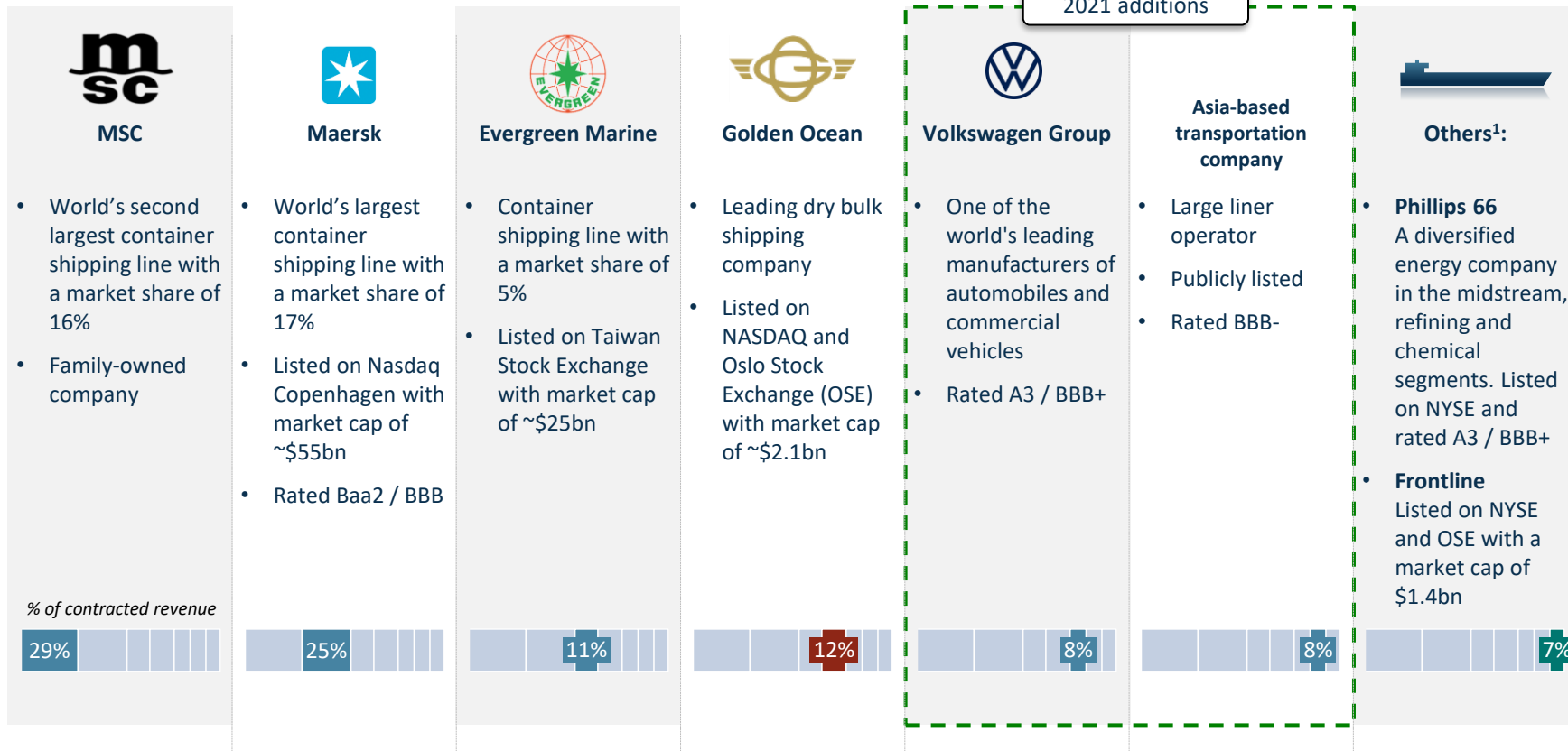
1) Including partly owned vessels and acquired vessels yet to be delivered to SFL

2) Fixed rate backlog as of June 30, 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

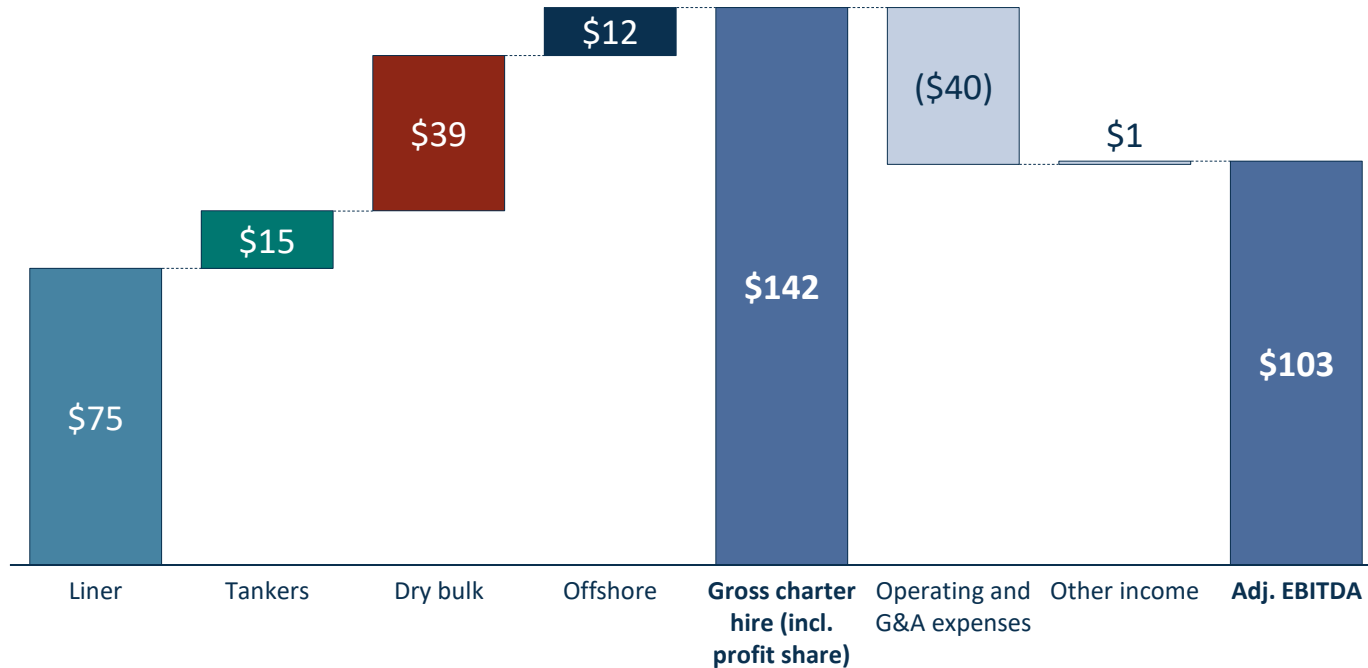
1) Other counterparties representing 2% or less of contracted revenue also include Landbridge and Hyundai Glovis

SFL Operational Performance



ADJUSTED EBITDA Q2 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	
	Jun 30, 2021	Mar 31, 2021
Charter revenues: operating lease	106,965	96,532
Charter revenues: sales-type, direct financing and leaseback assets (excluding charter hire treated as Repayments)	6,188	9,976
Profit share income	3,609	2,620
Total operating revenues	116,762	109,128
Vessel operating expenses	(35,511)	(36,367)
Administrative expenses	(4,256)	(2,191)
Depreciation	(31,887)	(28,505)
Vessel impairment charge	(1,927)	-
Total operating expenses	(73,581)	(67,063)
Operating income/(loss)	43,181	42,065
Results in associates	516	2,048
Interest income from associates	2,038	2,025
Interest income, other	258	13
Interest expense	(22,485)	(21,869)
Amortization of deferred charges	(1,906)	(1,868)
Gain or (loss) on Investments in debt and equity securities	1,862	2,071
Income (expense) related to non-designated derivatives	(2,809)	6,188
Other financial items	(1,128)	809
Net income/(loss)	19,527	31,482
Basic earnings/(loss) per share (\$)	0.16	0.27

Q2 charter hire

- \$141 million, including share of revenue from associates and revenue classified as repayment

Increased profit share income

- \$1.2 million from Golden Ocean
- \$2.4 million from fuel cost savings

Impairment charge

- Non cash, reflecting net proceeds from recycling of West Taurus in Q3 2021

Net income

- \$19.5m or \$0.16 per share

Balance Sheet



(in thousands of \$)

	Jun 30, 2021	Mar 31, 2021
ASSETS		
<i>Short term</i>		
Cash and cash equivalents	371,852	216,005
Restricted cash	5,866	8,009
Investment in marketable securities	22,805	21,246
Amount due from related parties	4,842	3,637
Investment in sales-type, direct financing & leaseback assets, current portion	41,508	40,916
Other current assets	49,884	44,289
<i>Long term</i>		
Vessels and equipment, net	1,563,548	1,584,220
Vessels and equipment under finance lease, net	676,896	687,195
Newbuildings and vessel deposits	18,783	-
Investment in sales-type, direct financing & leaseback assets, long term	258,783	268,848
Investment in associates	29,141	29,345
Amount due from related parties, long term	125,000	124,562
Other long term assets	24,994	32,303
Total assets	3,193,902	3,060,575
LIABILITIES AND STOCKHOLDERS' EQUITY		
<i>Short term</i>		
Short term and current portion of long term interest bearing debt	369,552	522,479
Amount due to related parties	1,329	2,012
Finance lease liability, current portion	50,025	49,451
Other current liabilities	39,321	36,133
<i>Long term</i>		
Long term interest bearing debt, net of deferred charges	1,312,171	1,101,946
Finance lease liability, long term	498,823	511,565
Other long term liabilities	21,361	20,635
Stockholders' equity	901,320	816,354
Total liabilities and stockholders' equity	3,193,902	3,060,575

Cash and cash equivalents

- \$372m at quarter end, excl. \$8m of cash in non-consolidated rig-owning subsidiary
- ~\$150m earmarked for convertible bond maturity in Oct

Remaining capex

- ~\$670m of remaining capex for recently announced acquisitions, expected to be financed primarily by senior financing
- Issuance of ~10 million shares against net proceed of ~\$87m to be deployed in new investments

Capital structure⁽¹⁾

- Book equity ratio of ~28%

1) Book values as of June 30, 2021

