

**SFL Corporation Ltd.**  
**Q1 2021 presentation**

May 12, 2021



# 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, 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.

DIVIDEND  
\$0.15/share

- 69<sup>th</sup> consecutive quarterly dividend
- 7.5% dividend yield<sup>(1)</sup>

CHARTER HIRE<sup>(2)</sup>  
\$135m

- Approximately 85% from long term charters
- Adjusted EBITDA<sup>(3)</sup> of \$98m

NET INCOME  
\$31.5m

- Earnings per share of \$0.27

CHARTER BACKLOG<sup>(4)</sup>  
\$2.4bn

- Added approximately \$260m so far in 2021
- Investment in modern, fuel efficient assets and long term charters

1) Quarterly cash dividend (annualized) divided by SFL's share price of \$7.95 as of May 11, 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 first quarter preliminary earnings release Appendix 1: Reconciliation of Adjusted EBITDA

4) Fixed rate backlog as of March 31, 2021 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)

## NEWBUILD ORDER AND CHARTER

- 2x newbuild LNG dual-fuel 7,000 CEU car carriers with 2023 delivery
- 10 year charters to the Volkswagen Group

## NEW CHARTERS

- 2x car carriers fixed until delivery of our newbuildings
- Eco-friendly bio-fuel options to be explored with the customer

## ACQUISITION AND CHARTER

- 2020-built 5,300 TEU container vessel with delivery in Q3
- 7 year charter to Maersk Line

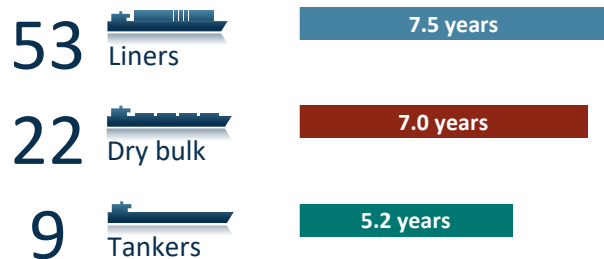
## SUSTAINABILITY LINKED BONDS

- \$150 million senior unsecured sustainability-linked bonds
- Refinancing existing debt and general corporate purposes

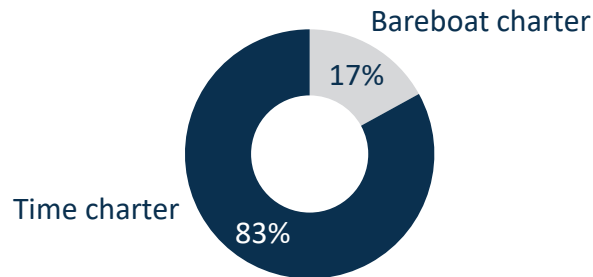
# The SFL Shipping Portfolio (excl. Offshore Assets)



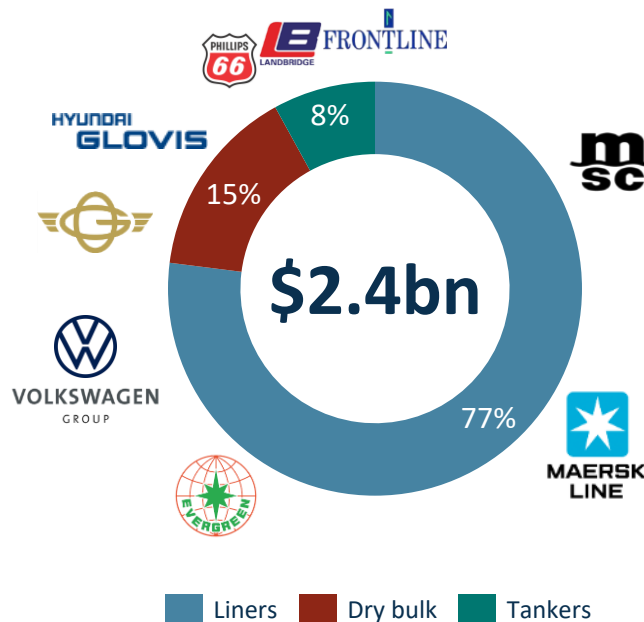
## SHIPPING PORTFOLIO<sup>(1)</sup>



## CHARTER HIRE Q1 2021<sup>(4)</sup>



## CONTRACTED REVENUE<sup>(2)</sup>



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

2) Fixed rate backlog as of March 31, 2021 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 includes proportionate charter hire from partly owned vessels and excludes revenue from offshore rigs

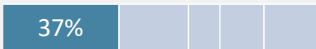
# Market Leading Counterparties



## MSC

- World's second largest container shipping line with a market share of 16%
- Operates a fleet of 591 vessels with a capacity of 3.9 million TEU
- Family-owned company

% of contracted revenue



## Maersk

- World's largest container shipping line with a market share of 17%
- Operates a fleet of 707 vessels with a capacity of 4.1 million TEU
- Maersk is listed on Nasdaq Copenhagen with market cap of ~\$50bn
- Rated BBB / Baa2



## Evergreen Marine

- Container shipping line with a market share of 5%
- Operates a fleet of 201 vessels with a capacity of more than 1.3 million TEU
- Listed on Taiwan Stock Exchange with market cap of ~\$15bn



## Golden Ocean

- Leading dry bulk shipping company
- Owns and controls a fleet of 83 vessels
- Listed on NASDAQ and Oslo Stock Exchange with market cap of ~\$1.9bn
- Part of the Seatankers Group



## Others<sup>1</sup>:

- **Volkswagen Group**  
One of the world's leading manufacturers of automobiles and commercial vehicles. Rated A3 / BBB+
- **Phillips 66**  
A diversified energy company in the midstream, refining, chemicals and marketing segments. Listed on NYSE and rated A3 / BBB+



Source: Alphaliner, company information

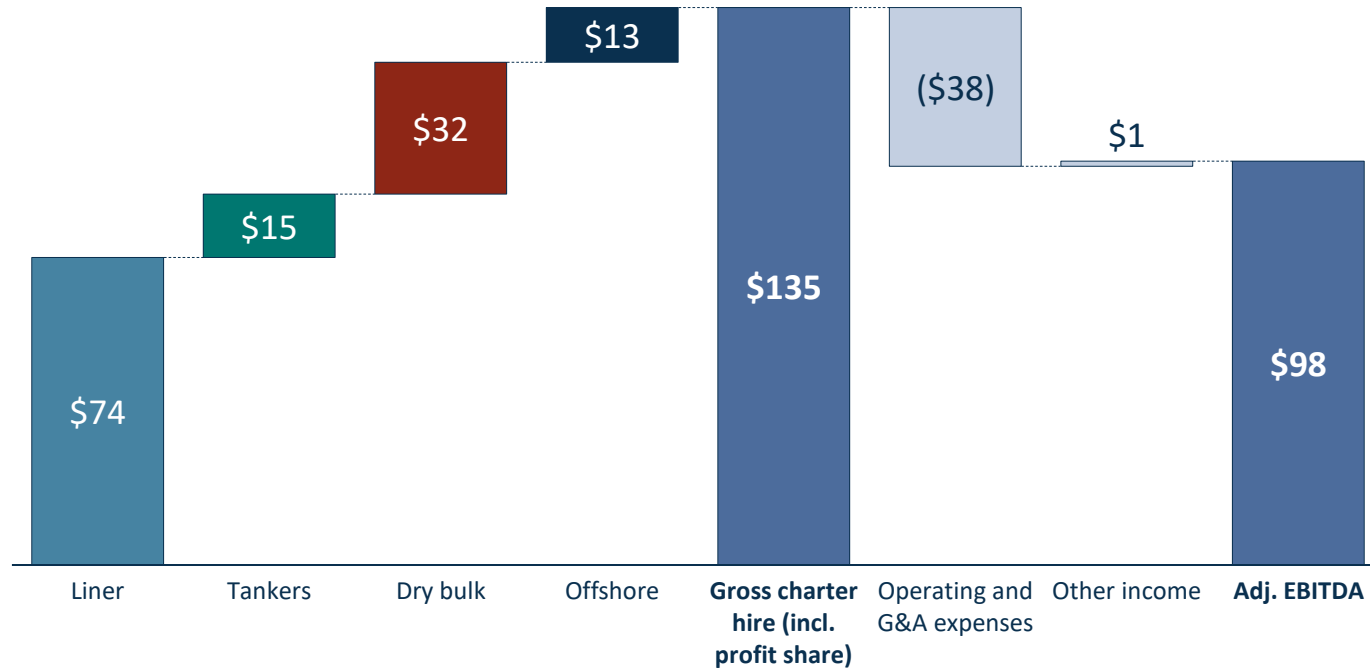
1) Other counterparties representing 2% or less of contracted revenue also include Landbridge and Hyundai Glovis

# SFL Operational Performance



## ADJUSTED EBITDA Q1 2021 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



(in thousands of \$ except per share data)	Three months ended	
	Mar 31, 2021	Dec 31, 2020
Charter revenues: operating lease	96,532	88,646
Charter revenues: sales-type, direct financing and leaseback assets (excluding charter hire treated as Repayments)	9,976	20,926
<b>Profit share income</b>	<b>2,620</b>	<b>5,340</b>
<b>Total operating revenues</b>	<b>109,128</b>	<b>114,912</b>
Vessel operating expenses	(36,367)	(37,786)
Administrative expenses	(2,191)	(2,680)
Depreciation	(28,505)	(28,120)
Vessel impairment charge	-	(252,638)
<b>Total operating expenses</b>	<b>(67,063)</b>	<b>(321,224)</b>
<b>Operating income/(loss)</b>	<b>42,065</b>	<b>(206,312)</b>
Results in associates	2,048	1,158
Interest income from associates	2,025	1,329
Interest income, other	13	236
Interest expense	(21,869)	(31,706)
Amortization of deferred charges	(1,868)	(2,111)
Gain or (loss) on Investments in debt and equity securities	2,071	(1,587)
Income (expense) related to non-designated derivatives	6,188	1,592
Other financial items	809	72,176
<b>Net income/(loss)</b>	<b>31,482</b>	<b>(165,225)</b>
<b>Basic earnings/(loss) per share (\$)</b>	<b>0.27</b>	<b>(1.49)</b>

## Q1 charter hire

- \$135 million, including proportionate revenue from associates and revenue classified as repayment

## Profit share income

- \$0.3 million from VLCCs
- \$2.4 million from fuel cost savings

## Income from associates

- Includes interest income and results from four partly owned ultra large container vessels and non-consolidated rig-owning subsidiary

## Net income

- \$31.5m or \$0.27 per share



# Balance Sheet



(in thousands of \$)	Mar 31, 2021	Dec 31, 2020
<b>ASSETS</b>		
<i>Short term</i>		
Cash and cash equivalents	216,005	215,445
Restricted cash	8,009	8,953
Investment in marketable securities	21,246	28,805
Amount due from related parties	3,637	7,718
Investment in sales-type, direct financing & leaseback assets, current portion	40,916	55,420
Other current assets	44,289	40,095
<i>Long term</i>		
Vessels and equipment, net	1,584,220	1,240,698
Vessels and equipment under finance lease, net	687,195	697,380
Investment in sales-type, direct financing & leaseback assets, long term	268,848	622,123
Investment in associates	29,345	27,297
Amount due from related parties, long term	124,562	123,910
Other long term assets	32,303	25,367
<b>Total assets</b>	<b>3,060,575</b>	<b>3,093,211</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<i>Short term</i>		
Short term and current portion of long term interest bearing debt	522,479	484,956
Amount due to related parties	2,012	2,724
Finance lease liability, current portion	49,451	48,887
Other current liabilities	36,133	39,964
<i>Long term</i>		
Long term interest bearing debt, net of deferred charges	1,101,946	1,164,113
Finance lease liability, long term	511,565	524,200
Other long term liabilities	20,635	32,716
Stockholders' equity	816,354	795,651
<b>Total liabilities and stockholders' equity</b>	<b>3,060,575</b>	<b>3,093,211</b>

## Cash and cash equivalents

- \$216m at quarter end, excluding \$8m of cash in non-consolidated rig-owning subsidiary
- Issued \$150m of sustainability linked bonds subsequent to Q1

## Short term debt

- Includes \$212m of 2021 convertible notes

## Limited committed capex

- Approx. \$184m of remaining capex to recently announced acquisitions, expected to be financed primarily by senior financing

## Capital structure<sup>(1)</sup>

- Book equity ratio of ~27%

1) Book values as of March 31, 2021

