

**SFL Corporation Ltd.**  
**Q1 2022 presentation**

May 12, 2022



# 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.

# Q1 2022 Highlights



DIVIDEND  
\$0.22/share

- 73<sup>rd</sup> consecutive quarterly dividend
- 10% dividend increase from previous quarter

CHARTER HIRE<sup>(1)</sup>  
\$166m

- Approximately 88% from long term charters
- Adjusted EBITDA<sup>(2)</sup> of \$119m

NET INCOME  
\$47m

- Earnings per share of \$0.37
- \$11m gain from MTM effects on interest swaps and investments

CHARTER BACKLOG<sup>(3)</sup>  
\$3.6bn

- New charters with Hapag-Lloyd for six 14,000 TEU vessels
- Added more than \$1 billion dollar to the backlog so far in 2022

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

3) Fixed rate backlog as of March 31, 2022 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

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## FORWARD FIXTURES OF 6x 14,000 TEU

- 5 year charters commencing after existing charters ending in 2023/24
- \$540 million added to the charter backlog

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## ASSIGNMENT OF LINUS CONTRACT

- Charter backlog of ~\$500 million at contract's market index linked rate
- Transition of rig contract to an SFL entity expected during 2H 2022

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## IMPROVING RIG MARKET

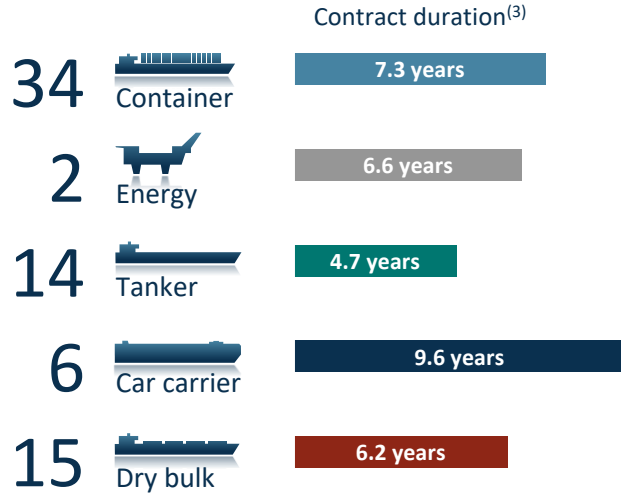
- Odfjell hired as manager of Linus and Hercules
- Hercules open from 2023 with attractive rig market outlook

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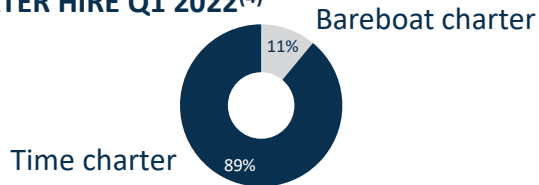
## SALE OF 3x VESSELS IN APRIL

- Two last Frontline VLCCs sold for ~\$70m
- One container vessel sold for ~\$13m, including \$12m in profit share

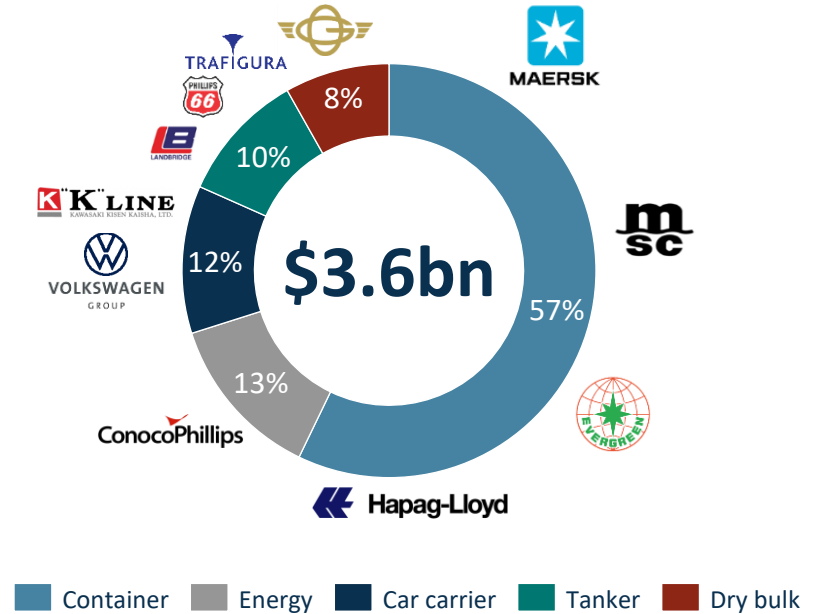
## PORTFOLIO<sup>(1)</sup>



## CHARTER HIRE Q1 2022<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, 2022 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

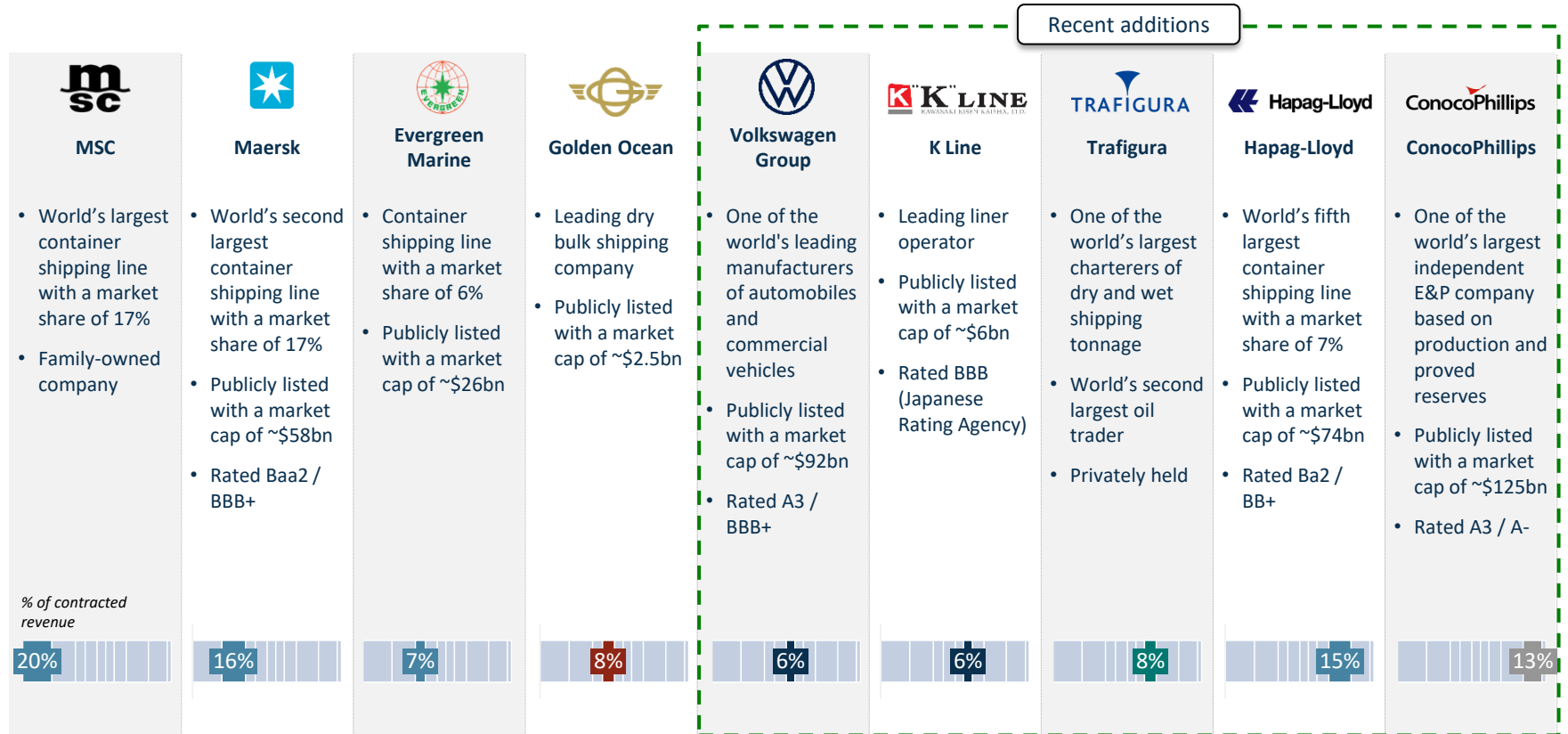
4) Charter hire includes proportionate charter hire from partly owned vessels and excludes revenue from offshore rigs

# Energy Assets Positioned For An Improving Market



Rigs	Key details	2022	2023	2024	2025	2026	2027	2028
 <p><i>Linus</i></p>	<p>CJ70, HE jack up 2014 built To be managed by Odfjell</p>							
 <p><i>Hercules</i></p>	<p>6G, HE semi sub 2008 built To be managed by Odfjell</p>							

# Continuously Diversifying Our Contracted Cash Flows



Source: Bloomberg, Alphaliner, company information

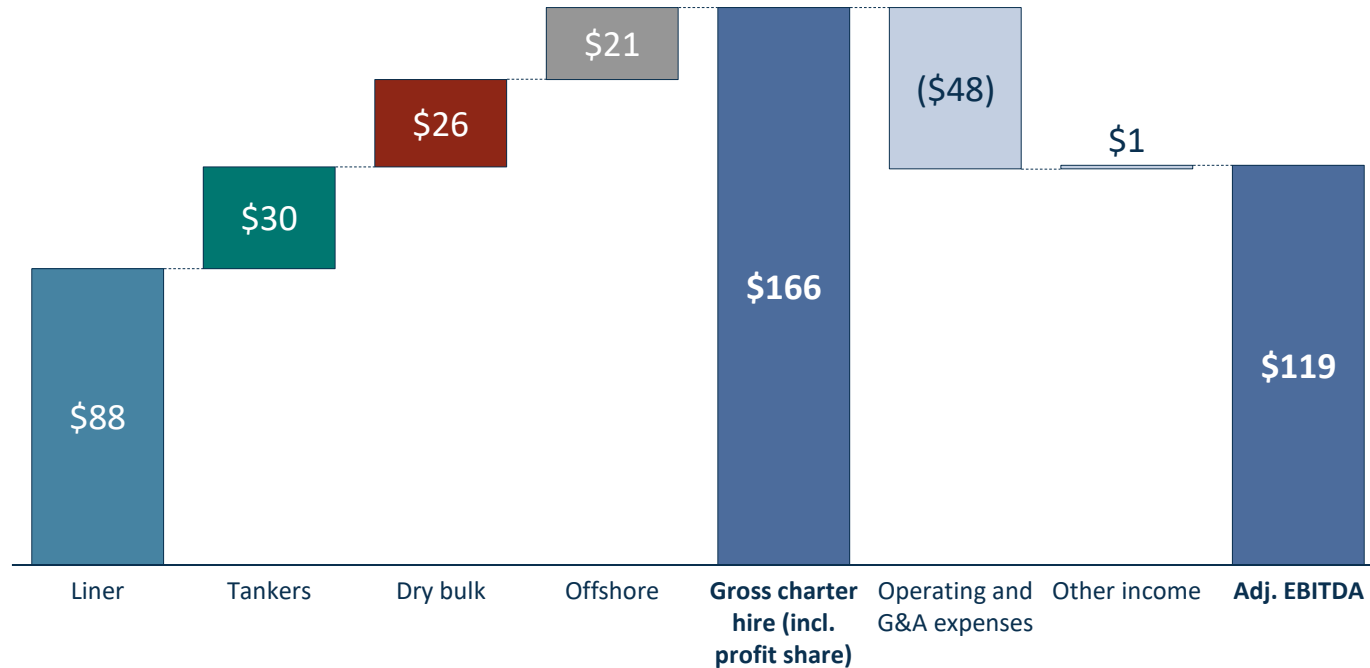
Note: Other counterparties representing 2% or less of contracted revenue also include Phillips 66 and Landbridge

# SFL Operational Performance



## ADJUSTED EBITDA Q1 2022 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)

	<i>Three months ended</i>	
	Mar 31, 2022	Dec 31, 2021
Charter revenues: operating lease	143,695	140,179
Charter revenues: sales-type, direct financing and leaseback assets (excluding charter hire treated as Repayments)	4,213	4,371
Profit share income	4,481	7,511
<b>Total operating revenues</b>	<b>152,389</b>	<b>152,061</b>
<b>Gain on sale of assets and termination of charters</b>	<b>-</b>	<b>39,349</b>
Vessel operating expenses	(43,534)	(42,630)
Administrative expenses	(4,839)	(3,501)
Depreciation	(44,688)	(42,433)
<b>Total operating expenses</b>	<b>(93,061)</b>	<b>(88,564)</b>
<b>Operating income</b>	<b>59,328</b>	<b>102,846</b>
Results in associates	699	770
Interest income from associates	1,125	1,150
Interest income, other	21	230
Interest expense	(22,587)	(22,809)
Amortization of deferred charges	(1,222)	(1,487)
Gain or (loss) on Investments in debt and equity securities	2,505	(3,474)
Income related to non-designated derivatives	7,295	1,103
Other financial items	(143)	1,791
<b>Net income</b>	<b>47,021</b>	<b>80,120</b>
<b>Basic earnings per share (\$)</b>	<b>0.37</b>	<b>0.63</b>

## Q1 charter hire

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

## Increased profit from scrubbers

- \$4.4 million of profit share from fuel cost savings

## Increased depreciation

- Driven by vessel deliveries

## Investments and derivatives

- \$7.3m of gains related to interest swaps
- \$2.5m of gains related to equity and debt investments

## Net income

- \$47.0m or \$0.37 per share

# Balance Sheet



(in thousands of \$)

	Mar 31, 2022	Dec 31, 2021
<b>ASSETS</b>		
<i>Short term</i>		
Cash and cash equivalents	149,289	145,622
Restricted cash	6,896	8,338
Investment in marketable securities	23,726	21,210
Amount due from related parties	8,615	8,557
Investment in sales-type, direct financing & leaseback assets, current portion	23,682	23,484
Other current assets	47,936	43,105
<i>Long term</i>		
Vessels and equipment, net	2,386,444	2,230,583
Vessels and equipment under finance lease, net	645,886	656,072
Newbuildings and vessel deposits	53,780	57,093
Investment in sales-type, direct financing & leaseback assets, long term	175,709	181,282
Investment in associates	16,598	16,635
Amount due from related parties, long term	45,000	45,000
Other long term assets	22,898	22,316
<b>Total assets</b>	<b>3,606,459</b>	<b>3,459,297</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<i>Short term</i>		
Short term and current portion of long term interest bearing debt	298,242	302,769
Amount due to related parties	1,514	1,295
Finance lease liability, current portion	51,795	51,204
Other current liabilities	43,023	45,048
<i>Long term</i>		
Long term interest bearing debt, net of deferred charges	1,728,036	1,586,445
Finance lease liability, long term	459,770	472,996
Other long term liabilities	9,869	17,213
Stockholders' equity	1,014,210	982,327
<b>Total liabilities and stockholders' equity</b>	<b>3,606,459</b>	<b>3,459,297</b>

## Cash and cash equivalents

- \$149m at quarter end
- Restricted cash decreased as a result of higher market value of marketable securities
- Sale of three vessels in April will increase cash position by approximately \$48m after repayment of debt

## Remaining capex

- ~\$240m of remaining capex on four car carriers under construction, expected to be financed primarily by senior financing

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

- Book equity ratio of 28.1%

