

SFL Corporation Ltd.
Q3 2021 presentation

November 10, 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.

Q3 2021 Highlights



DIVIDEND
\$0.18/share

- 71st consecutive quarterly dividend
- 20% dividend increase from previous quarter

CHARTER HIRE⁽¹⁾
\$156m

- Approximately 77% from long term charters
- Adjusted EBITDA⁽²⁾ of \$112m

NET INCOME
\$33.2m

- Earnings per share of \$0.26

CHARTER BACKLOG⁽³⁾
\$2.7bn

- Added \$850m so far in 2021
- Investments in modern, fuel efficient vessels and long term charters

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-GAAP measure. It represents cash receipts from operating activities before net interest and capital payments. For details please see SFL's third quarter preliminary earnings release Appendix 1: Reconciliation of Adjusted EBITDA

3) Fixed rate backlog as of September 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



ACQUISITION AND CHARTER

- Agreement to acquire three modern Suezmax tankers
 - Charter until 2026 adding ~\$140m to the charter backlog
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SALE OF HANDYSIZE FLEET

- Agreement to sell seven smaller dry bulk vessels
 - ~\$98m of cash proceeds to be received in Q4
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NEW CHARTERS

- Two dry bulk Supramaxes chartered out for min. 12 months
 - One feeder container ship chartered out for min. 3.5 years
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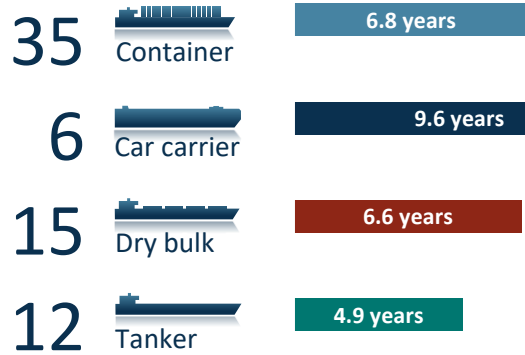
DELIVERY OF FIVE CONTAINER VESSELS

- Delivery of five vessels on charter to Maersk and Evergreen
- Adding more than \$300m to the charter backlog

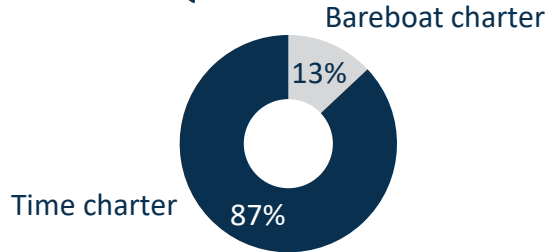
The SFL Shipping Portfolio (excl. Offshore Assets)



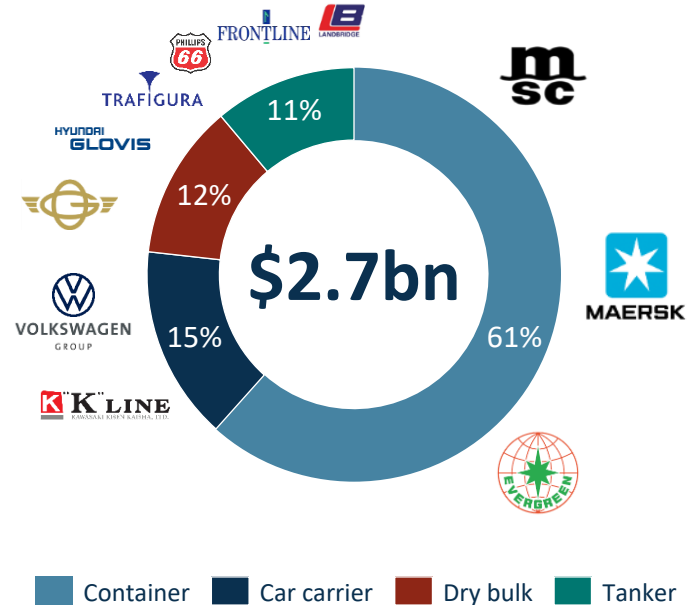
SHIPPING PORTFOLIO⁽¹⁾



CHARTER HIRE Q3 2021⁽⁴⁾



CONTRACTED REVENUE⁽²⁾



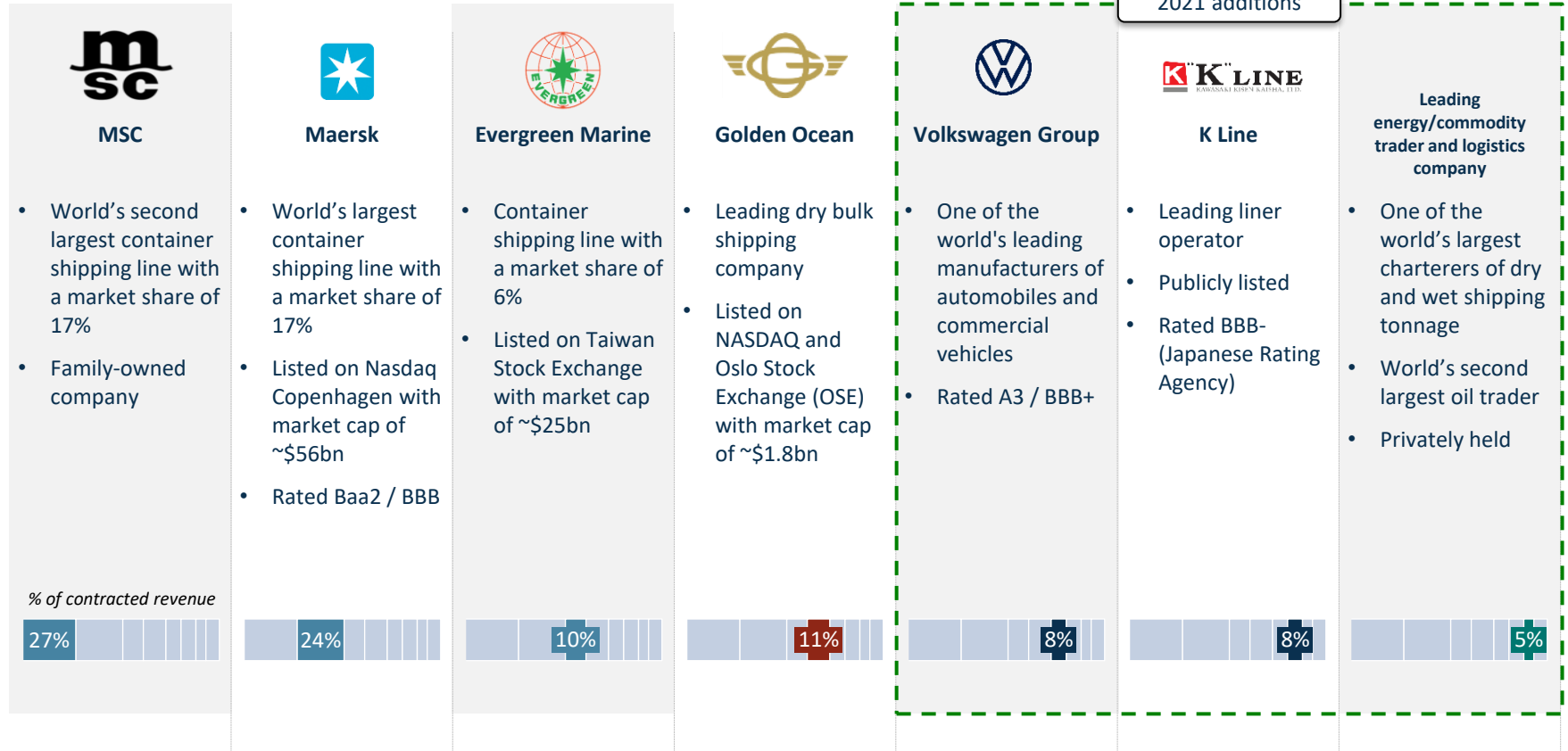
1) Including partly owned vessels and acquired vessels yet to be delivered to SFL

2) Fixed rate backlog as of September 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

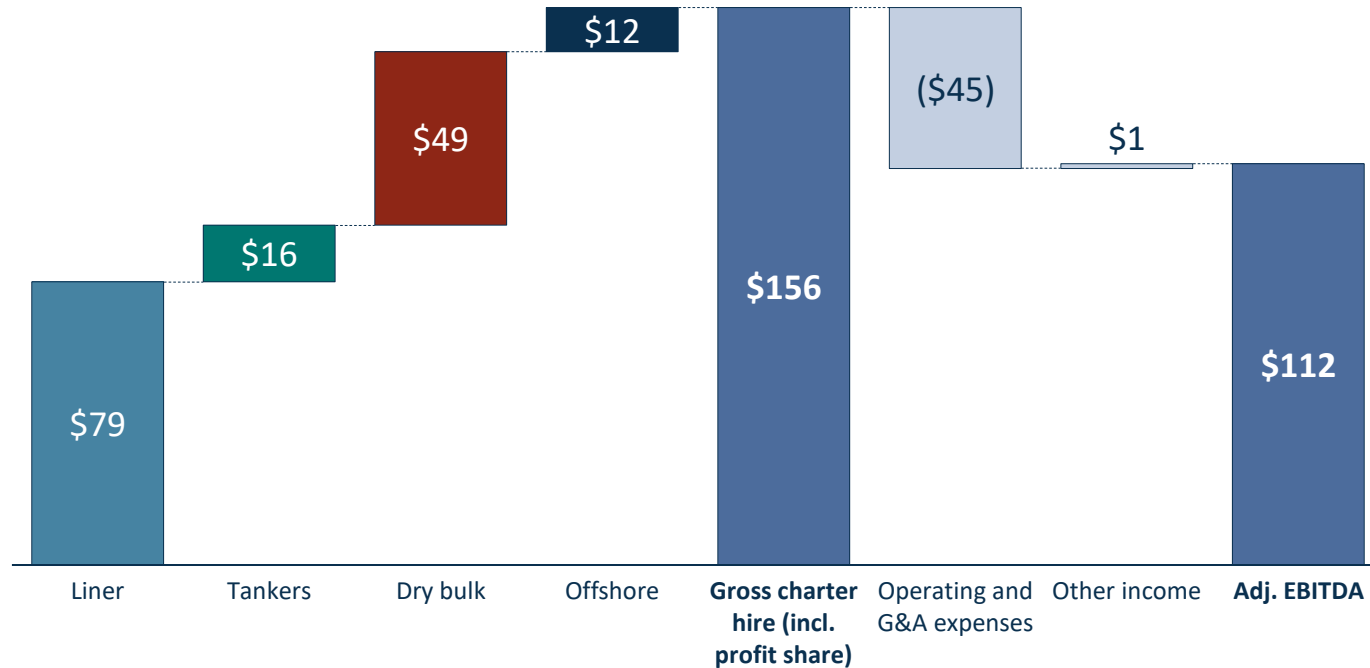
Note: Other counterparties representing 3% or less of contracted revenue also include Phillips 66, Frontline, Landbridge and Hyundai Glovis

SFL Operational Performance



ADJUSTED EBITDA Q3 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	
	Sep 30, 2021	Jun 30, 2021
Charter revenues: operating lease	122,922	106,965
Charter revenues: sales-type, direct financing and leaseback assets (excluding charter hire treated as Repayments)	5,559	6,188
Profit share income	6,964	3,609
Total operating revenues	135,445	116,762
Gain/(loss) on sale of assets and termination of charters	56	-
Vessel operating expenses	(42,224)	(35,511)
Administrative expenses	(3,026)	(4,256)
Depreciation	(35,505)	(31,887)
Vessel impairment charge	-	(1,927)
Total operating expenses	(80,755)	(73,581)
Operating income/(loss)	54,746	43,181
Results in associates	860	516
Interest income from associates	1,708	2,038
Interest income, other	28	258
Interest expense	(23,222)	(22,485)
Amortization of deferred charges	(1,444)	(1,906)
Gain or (loss) on Investments in debt and equity securities	536	1,862
Income (expense) related to non-designated derivatives	393	(2,809)
Other financial items	(391)	(1,128)
Net income/(loss)	33,214	19,527
Basic earnings/(loss) per share (\$)	0.26	0.16

Q3 charter hire

- \$156 million, including share of revenue from associates, revenue classified as repayment and profit share

Increased profit share income

- \$4.1 million from Golden Ocean
- \$2.8 million from fuel cost savings

Increased OPEX and depreciation

- Driven by vessel deliveries
- Covid-19 related costs

Net income

- \$33.2m or \$0.26 per share

Balance Sheet



(in thousands of \$)	Sep 30, 2021	Jun 30, 2021
ASSETS		
<i>Short term</i>		
Cash and cash equivalents	250,703	371,852
Restricted cash	5,570	5,866
Investment in marketable securities	24,691	22,805
Amount due from related parties	6,919	4,842
Investment in sales-type, direct financing & leaseback assets, current portion	23,284	41,508
Other current assets	63,613	49,884
<i>Long term</i>		
Vessels and equipment, net	2,168,303	1,563,548
Vessels and equipment under finance lease, net	666,484	676,896
Newbuildings and vessel deposits	45,732	18,783
Investment in sales-type, direct financing & leaseback assets, long term	187,069	258,783
Investment in associates	16,602	29,141
Amount due from related parties, long term	45,000	125,000
Other long term assets	22,306	24,994
Total assets	3,526,276	3,193,902
LIABILITIES AND STOCKHOLDERS' EQUITY		
<i>Short term</i>		
Short term and current portion of long term interest bearing debt	448,236	369,552
Amount due to related parties	1,152	1,329
Finance lease liability, current portion	50,613	50,025
Other current liabilities	47,745	39,321
<i>Long term</i>		
Long term interest bearing debt, net of deferred charges	1,551,477	1,312,171
Finance lease liability, long term	485,997	498,823
Other long term liabilities	20,601	21,361
Stockholders' equity	920,455	901,320
Total liabilities and stockholders' equity	3,526,276	3,193,902

1) Book values as of September 30, 2021

Cash and cash equivalents

- \$251m at quarter end
- ~\$98m of cash proceeds in Q4 from sale of 7x debt free Handysizes

Increase in vessels and equipment

- Five vessels delivered during Q3 and consolidation of West Hercules

Remaining capex

- ~\$420m of remaining capex for recently announced acquisitions, expected to be financed primarily by senior financing

Short term debt

- Convertible bond maturity of ~\$148m paid in October

Capital structure⁽¹⁾

- Book equity ratio of 26.1%

