

**SFL Corporation Ltd.**  
**Q3 2022 presentation**

November 14, 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, 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 2022 Highlights



CHARTER HIRE<sup>(2)</sup>  
\$178m

- Approximately 82% from long term charters
- Adjusted EBITDA<sup>(3)</sup> of \$126m

NET INCOME  
\$50m

- Earnings per share of \$0.39
- \$11m contribution from profit share agreements

DIVIDEND  
\$0.23/share

- 75<sup>th</sup> consecutive quarterly dividend
- 8.8% dividend yield<sup>(1)</sup>

BACKLOG<sup>(4)</sup>  
\$3.8bn

- Added \$1.4bn to the backlog so far in 2022
- Several new blue chip customers added

1) Quarterly cash dividend (annualized) divided by SFL's closing share price of \$10.47 on November 11, 2022

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-U.S. 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

4) Fixed rate backlog as of September 30, 2022 including subsequent sales and acquisitions, fully owned vessels, rigs and 100% of four partially owned 19,000 TEU container vessels, which SFL also manages. The backlog excludes charterers' extension options and purchase/cancellation options (if applicable)

## Recent Events



### ACQUISITION OF 4x SUEZMAX TANKERS

- \$250 million backlog with 6 year TC to Koch
- All vessels delivered by early November

### ACQUISITION OF 2x FEEDERS

- Newbuildings with delivery from yard in Sep/Nov 2022
- ~\$120m of backlog with 7 year TC to Maersk

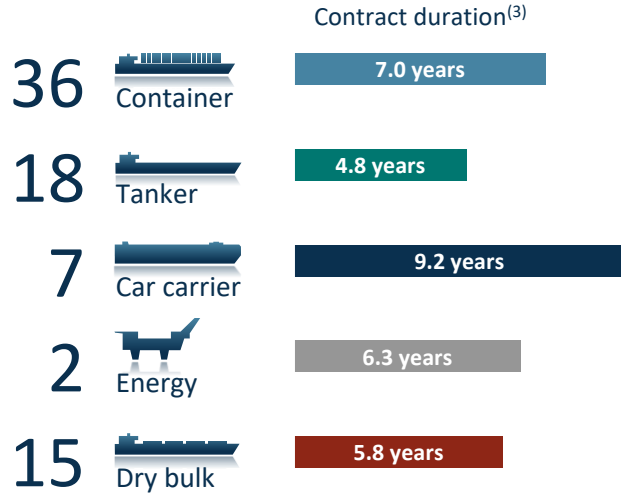
### ACQUISITION OF 1x CAR CARRIER

- ~\$65m of backlog with 6 year TC to a leading car carrier operator
- Additional upside from profit share related to scrubber fuel savings

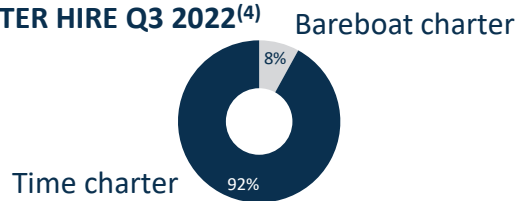
### LINUS RIG HANDOVER

- Seamless process and managed by Odfjell Technology going forward
- Increased contract rate adjustment from Q4 2022

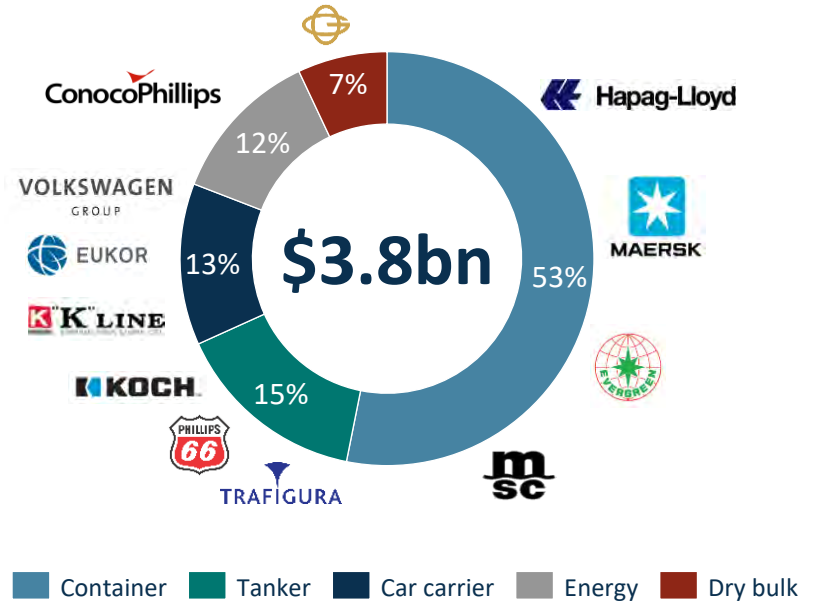
## PORTFOLIO<sup>(1)</sup>



## CHARTER HIRE Q3 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 September 30, 2022 including subsequent sales and acquisitions, fully owned vessels, rigs and 100% of four partially owned 19,000 TEU container vessels, which SFL also manages. The backlog excludes charterers' extension options and purchase/cancellation options (if applicable)

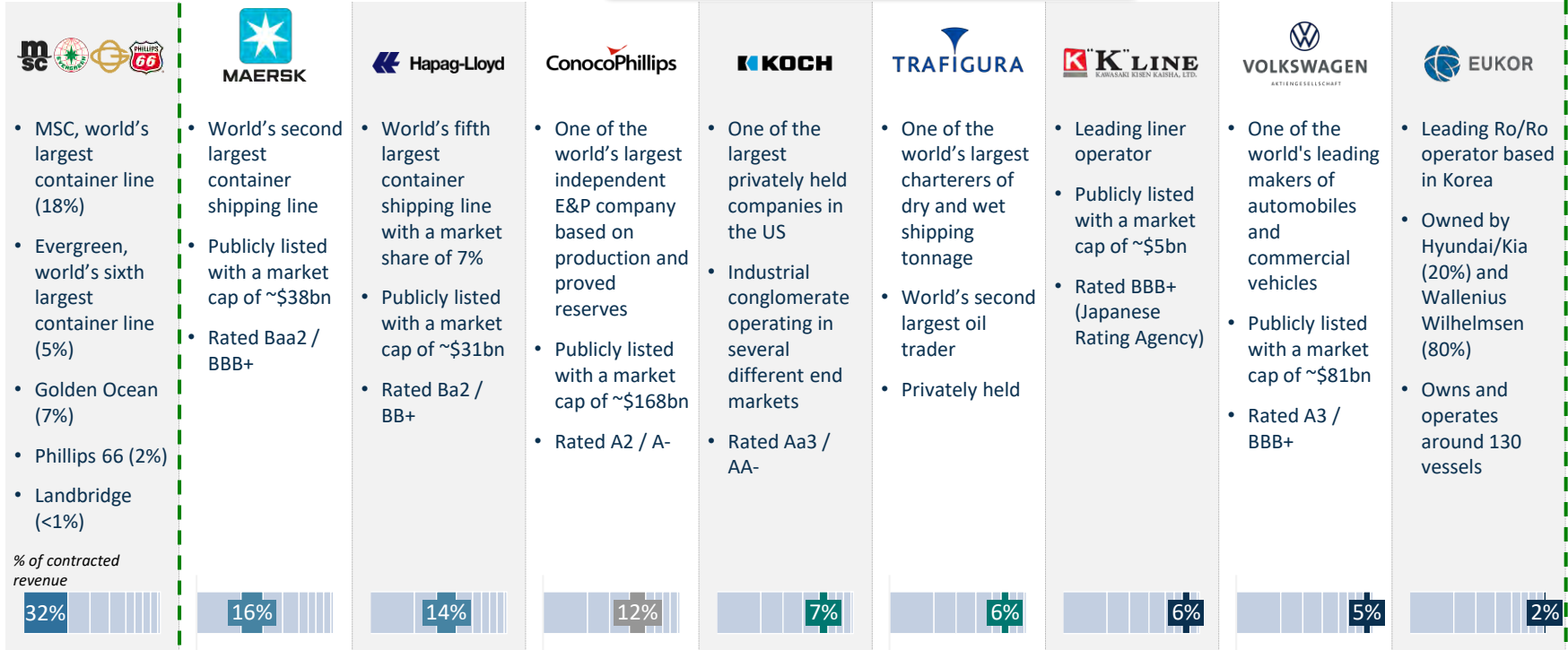
3) Average charter term weighted by charter revenues and excluding charterer option periods, and adjusted for subsequent sales and acquisitions

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

# Portfolio Of Customers Continues To Strengthen



Customers with new / add on business since 2021

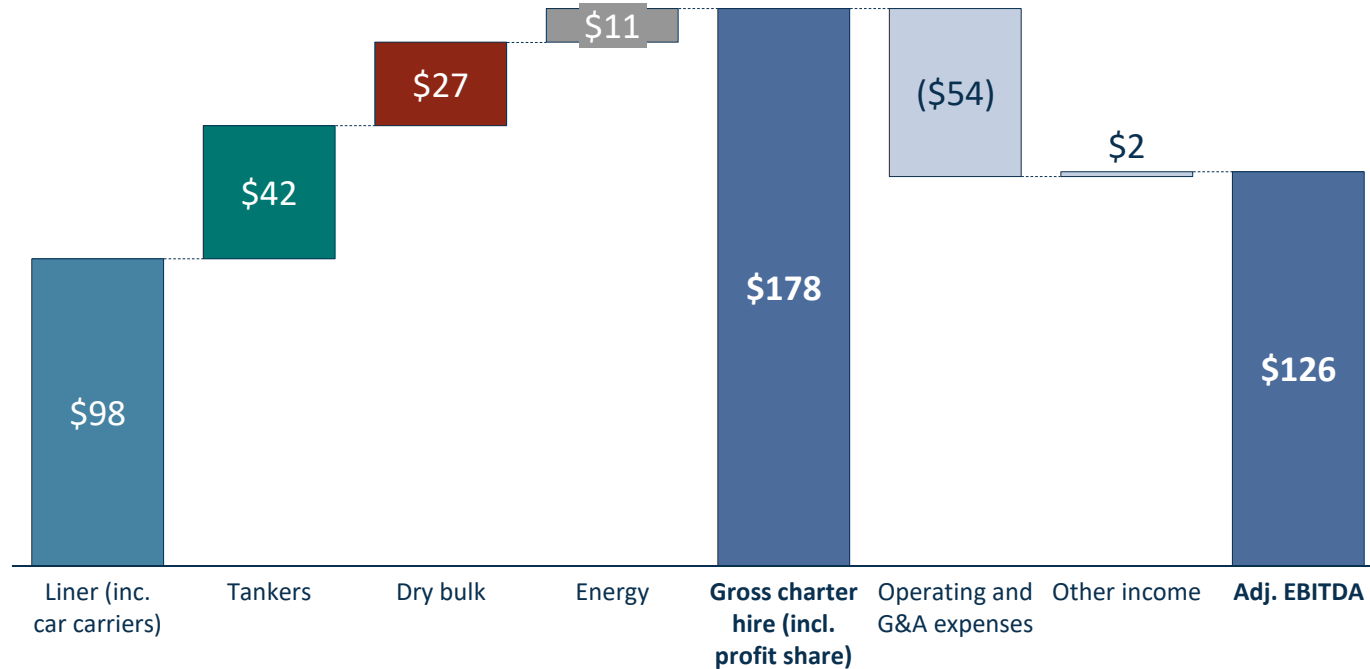


# SFL Operational Performance



## ADJUSTED EBITDA Q3 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)

	Three months ended	
	Sep 30, 2022	Jun 30, 2022
Charter revenues: operating leases and revenue contracts	153,480	145,834
Charter revenues: sales-type, direct financing and leaseback assets (excluding charter hire treated as Repayments)	2,102	2,309
Profit share income	11,308	5,154
<b>Total operating revenues</b>	<b>166,890</b>	<b>153,297</b>
<b>Gain on sale of assets and termination of charters</b>	<b>-</b>	<b>13,228</b>
Vessel and rig operating expenses	(50,659)	(39,817)
Administrative expenses	(3,180)	(3,777)
Depreciation	(47,591)	(46,625)
<b>Total operating expenses</b>	<b>(101,430)</b>	<b>(90,219)</b>
<b>Operating income</b>	<b>65,460</b>	<b>76,306</b>
Results in associates	715	706
Interest income from associates	1,150	1,138
Interest income, other	685	661
Interest expense	(27,841)	(24,873)
Amortization of deferred charges	(2,272)	(1,422)
Gain on Investments in debt and equity securities	8,627	1,961
Interest and valuation gain on non-designated derivatives	5,451	3,730
Other financial items	(2,090)	(799)
<b>Net income</b>	<b>49,885</b>	<b>57,408</b>
<b>Basic earnings per share (\$)</b>	<b>0.39</b>	<b>0.45</b>

## Q3 income

- \$178 million of charter hire, including share of revenue from associates, revenue classified as repayment and profit share

## Increased profit share

- \$10.1 million of profit share from scrubber fuel savings

## Investments and derivatives

- Gain of \$8.6m related to equity and debt investments
- Gain of \$5.5m from interest swaps
- ~70% of our debt was swapped or fixed at the end of the quarter

## Net income

- \$49.9m or \$0.39 per share



# Balance Sheet



(in thousands of \$)

	Sep 30, 2022	Jun 30, 2022
<b>ASSETS</b>		
<i>Short term</i>		
Cash and cash equivalents	178,682	223,816
Restricted cash	-	5,714
Investment in marketable securities	9,332	20,734
Amount due from related parties	6,213	6,584
Investment in sales-type, direct financing & leaseback assets, current portion	15,488	15,544
Other current assets	81,597	58,576
<i>Long term</i>		
Vessels and equipment, net	2,455,644	2,350,247
Vessels and equipment under finance lease, net	625,175	635,587
Newbuildings and vessel deposits	97,822	61,769
Investment in sales-type, direct financing & leaseback assets, long term	107,425	111,217
Investment in associates	16,570	16,584
Amount due from related parties, long term	45,000	45,000
Other long term assets	52,344	38,427
<b>Total assets</b>	<b>3,691,292</b>	<b>3,589,799</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<i>Short term</i>		
Short term and current portion of long term interest bearing debt	962,741	760,473
Amount due to related parties	1,462	1,246
Finance lease liability, current portion	53,035	52,397
Other current liabilities	79,203	46,072
<i>Long term</i>		
Long term interest bearing debt, net of deferred charges	1,062,218	1,203,068
Finance lease liability, long term	432,962	446,426
Other long term liabilities	28,305	33,563
Stockholders' equity	1,071,366	1,046,554
<b>Total liabilities and stockholders' equity</b>	<b>3,691,292</b>	<b>3,589,799</b>

## Cash and cash equivalents

- \$179m at quarter end

## Remaining capex

- \$225m of remaining capex on four car carriers under construction, expected to be financed primarily by senior financing
- Vessels delivered in Q4 to be financed by a combination of cash at hand and senior financing

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

- Book equity ratio of 29.0%

1) Book values as of September 30, 2022

