



Ship Finance International Limited

1Q 2014 Results

May 27, 2014

FORWARD LOOKING STATEMENTS

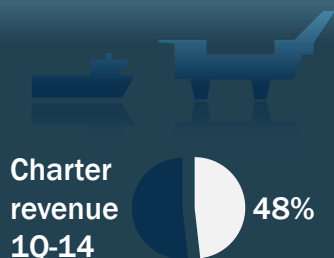
This presentation contains forward looking statements. These statements are based upon various assumptions, many of which are based, in turn, upon further assumptions, including Ship Finance management's examination of historical operating trends, data contained in the Company's records and other data available from third parties. Although Ship Finance 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, Ship Finance cannot give assurance that it will achieve or accomplish these expectations, beliefs or intentions.

Important factors that, in our 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 we operate, changes in demand resulting from changes in OPEC's petroleum production levels and world wide 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 our operating expenses, including bunker prices, dry-docking and insurance costs, performance of our charterers and other counterparties with whom we deal, 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, potential disruption of shipping routes due to accidents or political events, and other important factors described from time to time in the reports filed by the Company with the Securities and Exchange Commission.

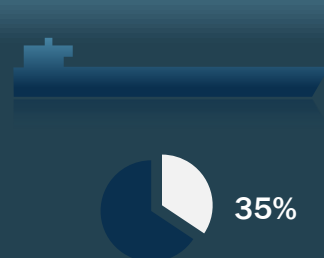
1Q 2014 highlights

- Increased quarterly dividend of **\$0.41** per share
 - » Dividend yield of approximately 9%⁽³⁾
- Net income of **\$40.7 million** (\$ 0.44/share) for the quarter
 - » Aggregate charter revenue of **\$160.1 million** (\$1.72/share)⁽¹⁾
 - » EBITDA⁽²⁾ of **\$129.7 million** (\$1.39/share)
- Significant cash flow expected from units delivering in 2014
 - » 1 x harsh environment jack-up drilling rig
 - » 12 x container vessels
 - » 2 x drybulk carriers

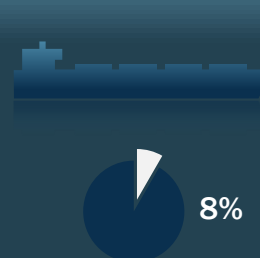
OFFSHORE



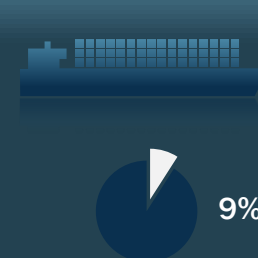
TANKERS



DRY BULK



LINER



1) Charter revenues includes total charter hire from all vessels and rigs, including assets in 100% owned subsidiaries classified as 'Investment in associates' and accrued cash sweep income.

2) EBITDA is a non-GAAP measure and includes assets in 100% owned subsidiaries classified as 'Investment in associates'. For more details please see 1Q-14 press release Appendix 1: Reconciliation of Net Income to EBITDA.

3) Quarterly cash dividend, annualized / SFL share price \$18.33 (May 23, 2014)

Recent events

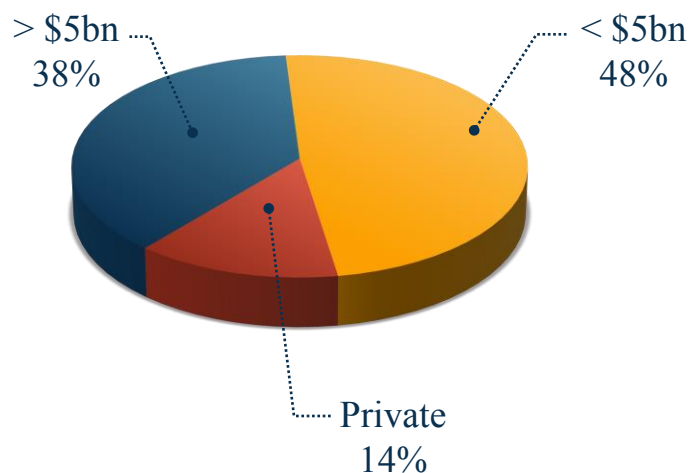
- **Acquisition of nine secondhand container vessels**
 - » 7 x 4,100 TEU (2002-built) and 2 x 5,800 TEU (2001/2002-built)
 - » Attractively priced assets originating from the German KG market
 - » All vessels delivered and on long-term bareboat charters to a major container line
- **Long-term time-charters on four 8,700 TEU newbuildings**
 - » High specification vessels under construction in Korea
 - » Scheduled delivery from 3Q 2014 through 1Q 2015
 - » Estimated EBITDA contribution of approximately \$46m/year
- **Acquisition of two 82,000 dwt drybulk vessels**
 - » Vessels built in 2012
 - » Long-term time-charters to a state-owned Chinese operator
 - » Expected delivery to SFL before end July 2014

Recent events

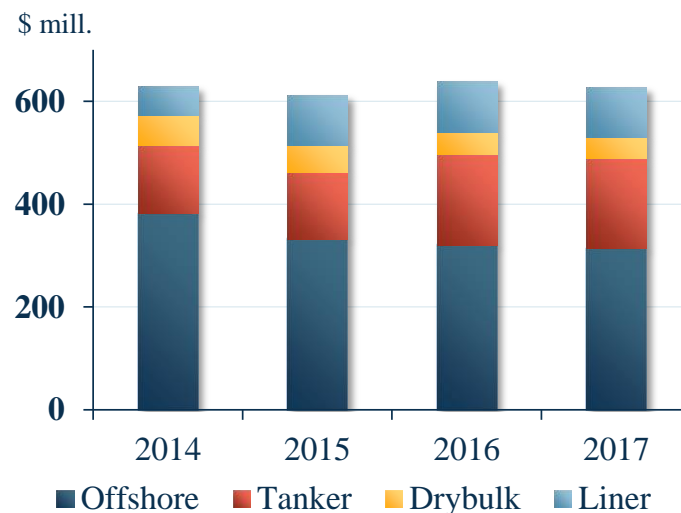
- **Delivery of harsh-environment jack-up drilling rig West Linus**
 - » \$600 million acquisition was completed in February 2014
 - » Full cash-flow after commencement of sub-charter to ConocoPhillips in May 2014
- **\$15 million received as settlement for early termination of charters**
 - » 4 x 34,000dwt bulkers – vessels redelivered before charter maturity
 - » \$10 million gain booked in 1Q 2014
 - » Additional \$15 million settlement to be received later in 2014
- **Full Cash Sweep effect on vessels on charter to Frontline**
 - » \$11.7 million accumulated in 1Q 2014
 - » Full-year 2014 Cash Sweep is payable in March 2015
- **Last two 4,800 TEU vessels under construction in China cancelled**
 - » Originally scheduled for delivery in 2013, but significant delays
 - » Yard installments will be refunded with interest and made available for new investments

\$5.1 billion charter backlog⁽¹⁾

Charterers by Mkt. Cap



Revenues per segment



Seadrill

Western Bulk

HEUNG-A

HAMBURG SÜD

FRONTLINE

APEXINDO

HYUNDAI GLOVIS

MAERSK

OOCL

SINOCHEM

NORTH ATLANTIC DRILLING

m sc

DEEP SEA SUPPLY Plc

OMAN

PIL

United Freight Carriers

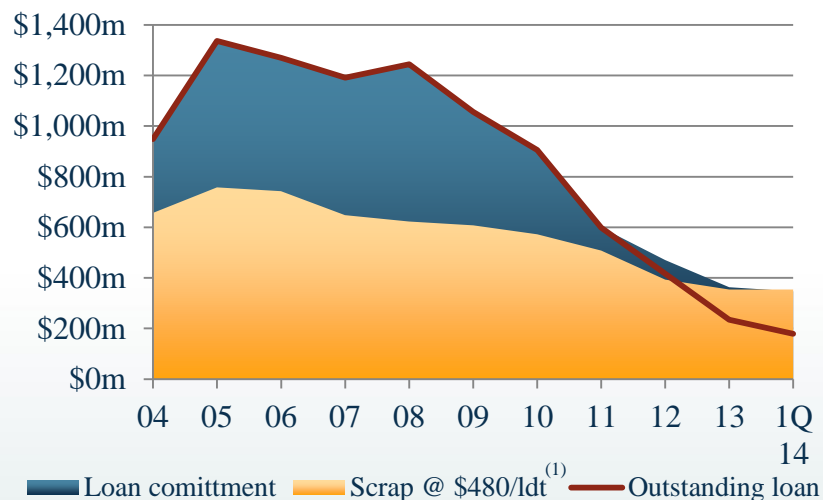
1) Fixed charter backlog as of March 31, 2014, excluding future cash sweep/profit share, subsequent sales and purchase options declared, net of any seller's credit and assuming certain call options are not exercised

Frontline vessels

Vessels and cash flow

- 15 VLCCs and 5 Suezmaxes remaining
- \$32 million base EBITDA contribution per quarter
- Cash Sweep: Up to \$11.7m per quarter and accumulating from \$17,675/day (VLCCs) and \$13,200/day (Suezmax)

Financing relating to FRO vessels



- Only \$178m drawn on loan facilities, or \$8.9m per vessel⁽²⁾

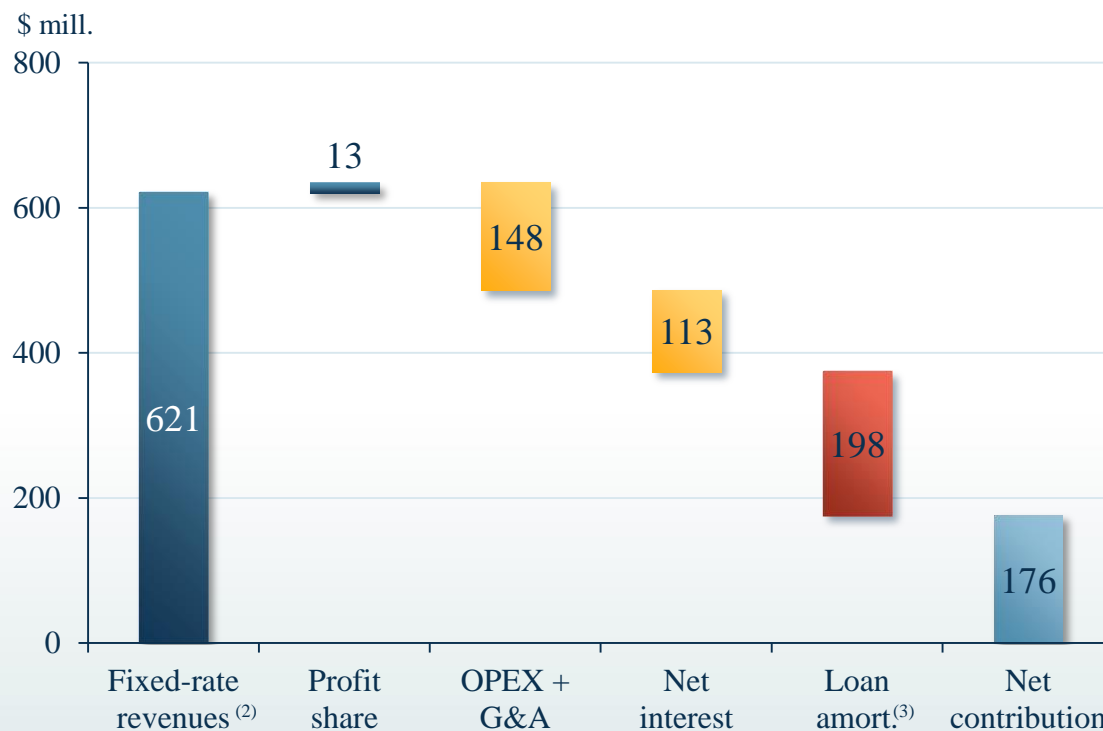


1) Source: Clarkson Research Services

2) As of March 31, 2014

Contributions from projects last 12 months⁽¹⁾

- Large performing fleet with significant cash flow
 - » \$487m EBITDA-equivalent last twelve months
 - » \$176m net cash flow from projects after interest and debt amortization⁽³⁾



1) Not as accounted per US GAAP – used as an internal guideline to assess the Company's core business.

2) Fixed charter revenues and return on financial investments

3) Ordinary installments relating to the Company's projects, but excluding \$74m amortization on loans relating to vessels on charter to Frontline. Excluding prepayments when vessels are sold.

SFL operational performance

- **Pro-forma illustration of cash flow ⁽¹⁾**
 - » Not as accounted for under US GAAP
 - » Used as an internal guideline to assess the Company's performance
 - » Excluding extraordinary and non-cash items and profit share

	1Q 2014		4Q 2013	
	\$ mill.	\$/share	\$ mill.	\$/share
Fixed charter hire				
VLCC	25.5	0.27	27.9	0.30
Suezmax	16.5	0.18	14.5	0.16
Chemical Tankers	1.5	0.02	1.5	0.02
Liner (Container and Car Carriers)	14.6	0.16	19.9	0.21
Drybulk	12.9	0.14	12.9	0.14
Offshore	77.0	0.83	75.1	0.81
Sum fixed charter hire	147.9	1.59	151.9	1.63
Vessel operation expenses and G&A	(34.0)	(0.37)	(41.2)	(0.44)
Profit share	12.2	0.13	0.5	0.01
Financial investments	3.6	0.04	3.2	0.03
EBITDA including accumulated cash sweep	129.7	1.39	114.3	1.23

1) Including cash flow in subsidiaries accounted for as 'investment in associate'

Profit & loss

INCOMESTATEMENT <i>(in thousands of \$ except per share data)</i>	Three months ended		Full year
	Mar 31, 2014	Dec 31, 2013	2013 (audited)
Charter revenues - operating lease	47 110	45 745	156 238
Charter revenues - finance lease	34 590	37 084	166 172
Revenues classified as Repayment of investment in finance leases	(11 248)	(11 617)	(52 320)
Profit share income	519	487	770
Cash sweep income	11 700	-	-
Total operating revenues	82 671	71 699	270 860
Gain on sale of assets and termination of charters	10 152	-	18 025
Vessel operating expenses	(28 893)	(31 059)	(105 534)
Administrative expenses	(2 183)	(1 850)	(7 549)
Depreciation	(15 111)	(15 392)	(58 436)
Total operating expenses	(46 187)	(48 301)	(171 519)
Operating income	46 636	23 398	117 366
Results in associate	5 983	6 092	28 200
Interest income from associates and long term investments	5 958	5 669	22 617
Interest income, other	3 748	2 456	7 463
Interest expense	(17 928)	(18 595)	(75 920)
Amortization of deferred charges	(2 678)	(3 303)	(11 305)
Other financial items	(765)	(660)	(4 512)
Mark to Market of Derivatives	(221)	3 245	5 297
Taxes	-	-	-
Net income	40 733	18 302	89 206
Basic earnings per share (\$)	0,44	0,20	1,00
Weighted average number of shares	93 266 944	93 260 000	89 508 000
Common shares outstanding	93 285 000	93 260 000	93 260 000

Balance sheet

BALANCESHEET <i>(in thousands of \$)</i>	Mar 31, 2014	Dec 31, 2013 (audited)
ASSETS		
<i>Short term</i>		
Cash and cash equivalents	36 982	58 641
Available for sale securities	60 658	76 925
Amount due from related parties	21 090	13 249
Other current assets	64 292	143 389
<i>Long term</i>		
Newbuildings and vessel deposits	149 921	126 008
Vessels and equipment, net	1 127 565	1 089 616
Investment in finance leases	848 285	858 260
Investment in associate	33 709	40 987
Amount due from related parties - Long term	590 120	579 562
Deferred charges	40 380	41 478
Other long-term assets	13 602	17 868
Total assets	2 986 604	3 045 983
LIABILITIES AND STOCKHOLDERS' EQUITY		
<i>Short term</i>		
Short term and current portion of long term interest bearing debt	436 676	389 888
Other current liabilities	28 311	28 587
Amount due to related parties	1 522	13 965
<i>Long term</i>		
Long term interest bearing debt	1 258 549	1 346 991
Other long term liabilities	67 994	74 619
Stockholders' equity	1 193 552	1 191 933
Total liabilities and stockholders' equity	2 986 604	3 045 983

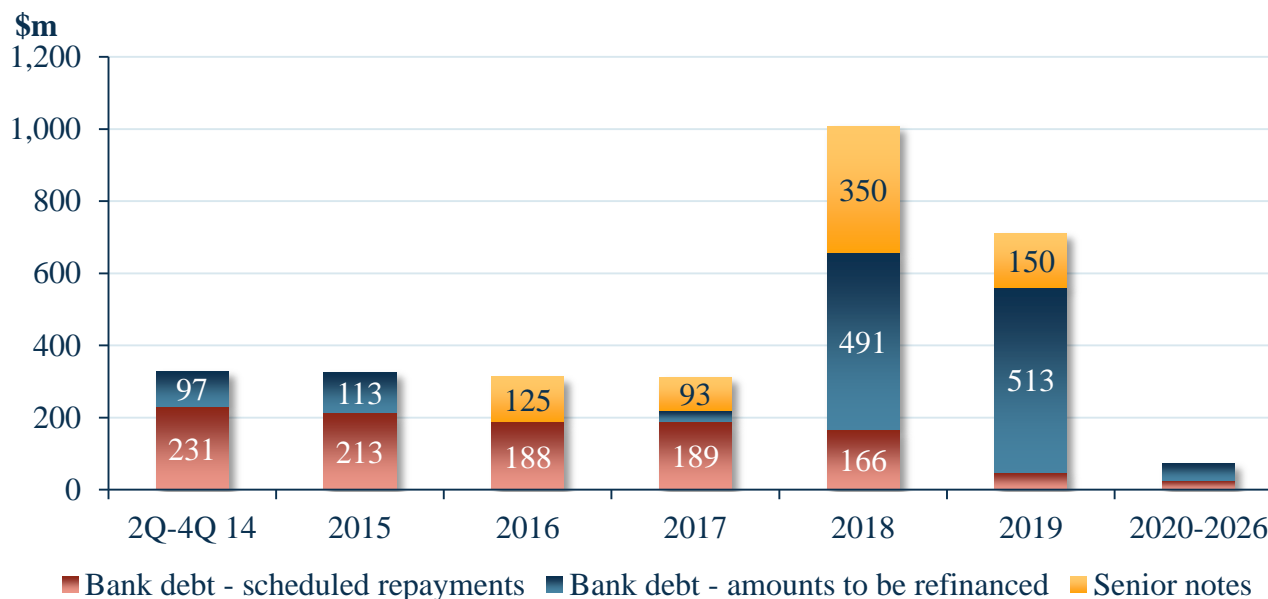
Liquidity and financing

- **\$334 million in total available liquidity at quarter end**
 - » \$37 million cash and cash equivalents
 - » \$297 million available under revolving credit lines
 - » Subsequent to quarter-end, \$73 million was used to repay bond loan due in April 2014
- **\$61 million in available for sale securities**
 - » Mainly senior secured bonds
 - » Excluding \$76 million in 7.25% amortizing Frontline notes⁽¹⁾
- **\$150 million 5-year senior unsecured bond loan issued in March 2014**
 - » Priced at NIBOR + 410bp, and swapped to 6.03% USD fixed rate
 - » \$77 million net liquidity effect, after repayment of \$73 million bond loan due April 2014



1) Face value as of March 31, 2014

Staggered debt maturity⁽¹⁾



- **\$1.7 billion consolidated interest-bearing debt at quarter end**
» Including \$0.8 billion⁽²⁾ of senior unsecured notes
- **\$1.5 billion bank loans in subsidiaries account for as 'Investment in associate'**
- **Very limited refinancing requirements next four years**

1) Amounts also including debt in unconsolidated wholly-owned subsidiaries. Excluding \$27.6m prepayments relating to two cancelled container vessels and approximately \$73m repayment of NOK denominated notes at maturity in early April 2014

2) Includes approximately \$73m NOK denominated notes repaid at maturity in early April 2014

Capex overview⁽¹⁾

- **4 x 8,700 TEU container vessels under construction in Korea**
 - » Expected delivery between 3Q 2014 – 1Q 2015
 - » Debt financing will be arranged before delivery
 - » Financing amount expected to be higher than remaining capex
- **9 x 4,100-5,800 TEU container vessels**
 - » 2 x 5,800 TEU and 1 x 4,100 TEU delivered in 1Q 2014
 - » Capex relating to remaining 6 vessels, all delivered in April and May 2014
 - » Investment funded from our cash position, but long-term debt expected to be raised

	2Q-14	3Q-14	4Q-14	1Q-15	Total
4 x 8,700 TEU	\$34 mill.	\$51 mill.	\$102 mill.	\$51 mill.	\$238 mill.
6 x 4,100 TEU	\$70 mill.				\$70 mill.
Total investment	\$104 mill.	\$51 mill.	\$102 mill.	\$51 mill.	\$308 mill.

1) As per March 31, 2014, excluding two 4,800 TEU newbuildings cancelled post quarter end

Summary

- **Reported net income of \$40.7 million in the first quarter**
 - » Including \$12.2 million cash sweep and profit share
- **EBITDA⁽¹⁾ equivalent cash flow of \$129.7 million including associated companies**
- **Increased quarterly dividend of \$0.41 per share**
 - » 9% dividend yield⁽²⁾
- **Successful delivery of 10 vessels/rigs so far in 2014**
- **Investment opportunities in multiple segments**



1) EBITDA is a non- GAAP measure and includes assets in 100% owned subsidiaries classified as 'Investment in associates'. For more details please see 1Q-14 press release Appendix 1: Reconciliation of Net Income to EBITDA.

2) Quarterly cash dividend (annualized) / SFL share price \$18.33 (May 23, 2014)