

Ship Finance International Limited

2Q 2014 Results

August 28, 2014

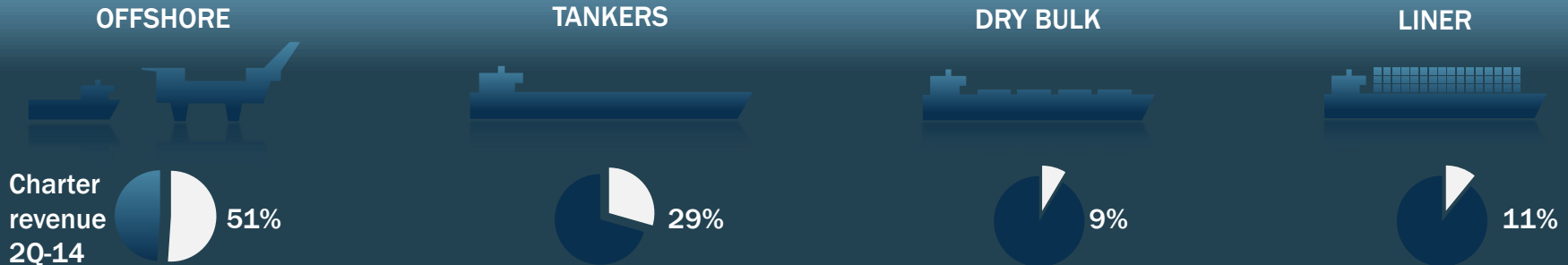
FORWARD LOOKING STATEMENTS

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.

2Q 2014 highlights

- **Quarterly dividend of \$0.41 per share**
 - » Dividend yield of approximately 8.4%⁽³⁾
- **Net income of \$22.4 million (\$ 0.24/share) for the quarter**
 - » Aggregate charter revenue of \$157 million (\$1.68/share)⁽¹⁾
 - » EBITDA⁽²⁾ of \$129 million (\$1.38/share)
- **Significant cash flow expected from recently acquired assets**
 - » 1 x harsh environment jack-up drilling rig with full cash flow effect in 3Q 2014
 - » 13 x container vessels
 - » 2 x drybulk carriers



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 2Q-14 press release Appendix 1: Reconciliation of Net Income to EBITDA.

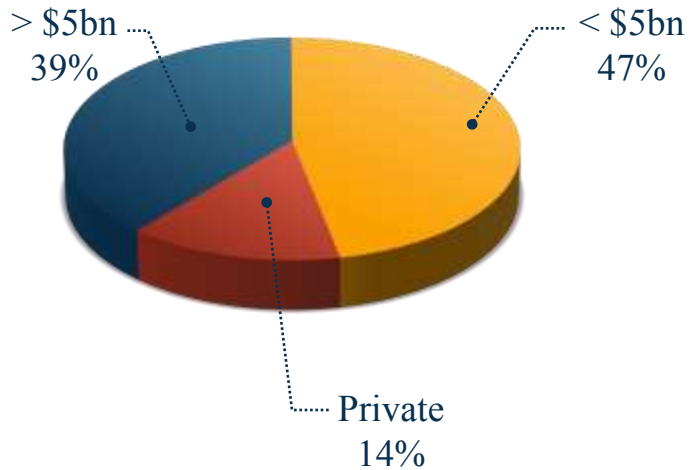
3) Quarterly cash dividend, annualized / SFL share price \$19.55 (August 27, 2014)

Recent events

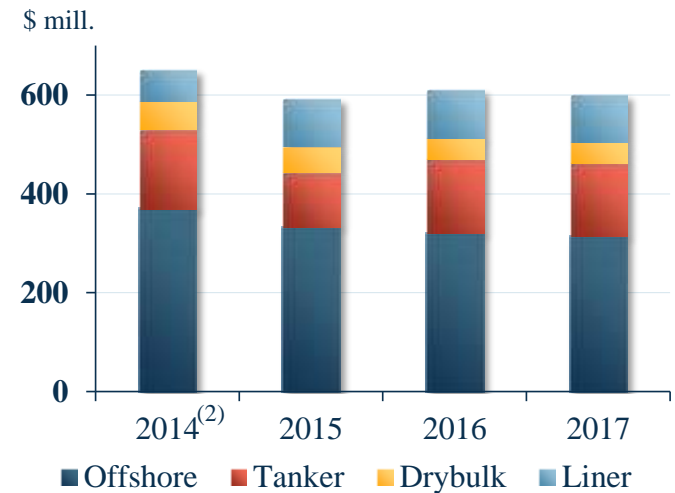
- **Delivery of nine secondhand container vessels and charters to MSC**
 - » 7 x 4,100 TEU (2002-built) and 2 x 5,800 TEU (2001/2002-built)
 - » 3 vessels delivered to us in March and remaining 6 delivered in April and May 2014
 - » Attractively priced assets originating from the German KG market
- **Long-term time-charters on four 8,700 TEU newbuildings**
 - » High specification vessels under construction in Korea
 - » Scheduled delivery from 3Q 2014 through 1Q 2015
 - » 7-year time-charters to the Hamburg-Süd container line
- **Delivery of two 82,000 dwt drybulk vessels**
 - » Vessels built in 2012 and delivered to us in July and August 2014
 - » More than 8 year remaining time-charters to a state-owned Chinese operator
- **Agreement to sell 3 x 1999-built VLCCs**
 - » Expected delivery to new owner in 4Q 2014
 - » \$77.5million cash proceeds + approximately \$48 million amortizing notes from Frontline

\$4.7 billion charter backlog⁽¹⁾

Charterers by Mkt. Cap



Revenues per segment



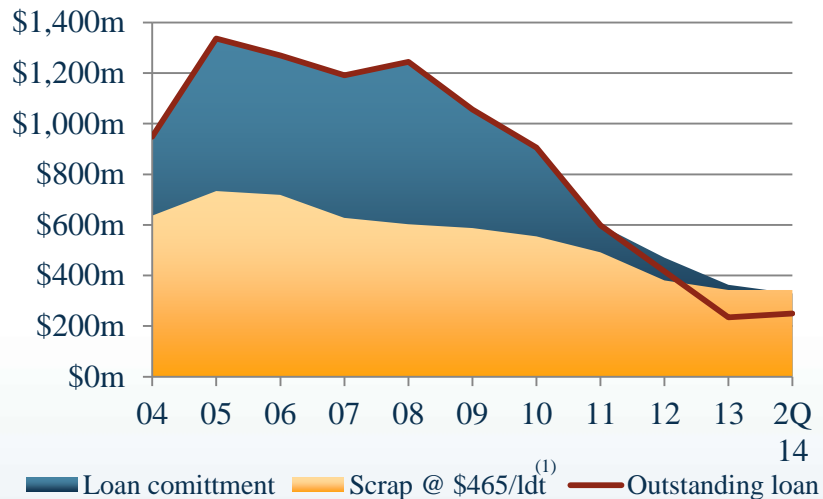
1) Fixed charter backlog as of June 30, 2014, excluding future cash sweep/profit share, subsequent sales and purchase options declared, net of any seller's credit and assuming certain call options are not exercised

2) 1H 2014 Actual numbers. 2H 2014 as per charter backlog as of June 30, 2014

Vessels and cash flow

- 15 VLCCs and 5 Suezmaxes
- \$22 million base EBITDA contribution in 2Q 2014
- Cash Sweep: Up to \$11.7m per quarter in 2014

Financing relating to FRO vessels



- Loan amount well below scrap value⁽²⁾
- Three older vessels recently agreed sold



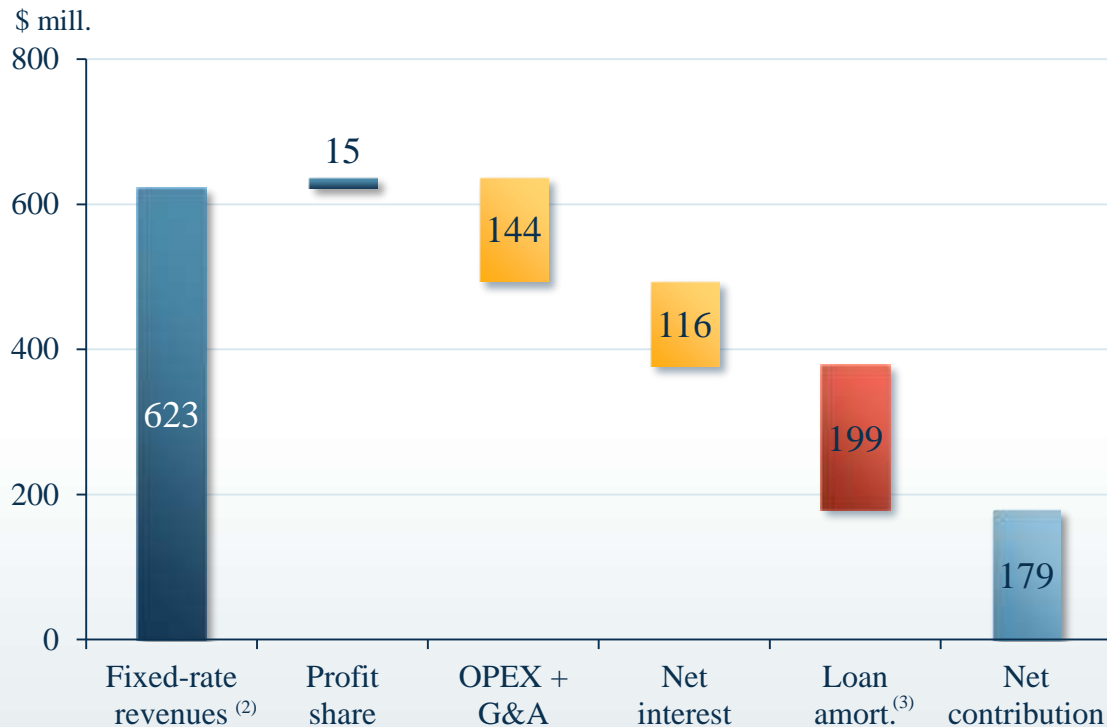
1) Source: Clarkson Research Services

2) As of June 30, 2014

Contributions from projects last 12 months⁽¹⁾

- **Large performing fleet with significant cash flow**

- » \$494m EBITDA-equivalent last twelve months
- » \$179m 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. Excluding amortization on loans relating to vessels on charter to Frontline due to low leverage and 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

	2Q 2014		1Q 2014	
	\$ mill.	\$/share	\$ mill.	\$/share
Fixed charter hire				
VLCC	25.5	0.27	25.5	0.27
Suezmax	13.5	0.14	16.5	0.18
Chemical Tankers	1.5	0.02	1.5	0.02
Liner (Container and Car Carriers)	13.9	0.15	14.6	0.16
Drybulk	13.2	0.14	12.9	0.14
Offshore	87.4	0.94	77.0	0.83
Sum fixed charter hire	155.0	1.66	147.9	1.59
Vessel operation expenses and G&A	(30.7)	(0.33)	(34.0)	(0.37)
Profit share	2.1	0.02	12.2	0.13
Financial investments	2.5	0.03	3.6	0.04
EBITDA including accumulated cash sweep	128.9	1.38	129.7	1.39

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
	Jun 30, 2014	Mar 31, 2014	2013 <i>(audited)</i>
Charter revenues - operating lease	47 562	47 110	156 238
Charter revenues - finance lease	34 605	34 590	166 172
Revenues classified as Repayment of investment in finance leases	(11 253)	(11 248)	(52 320)
Profit share income	267	519	770
Cash sweep income	1 804	11 700	-
Total operating revenues	72 985	82 671	270 860
Gain on sale of assets and termination of charters	5 045	10 152	18 025
Vessel operating expenses	(28 848)	(28 893)	(105 534)
Administrative expenses	(1 836)	(2 183)	(7 549)
Depreciation	(16 550)	(15 111)	(58 436)
Total operating expenses	(47 234)	(46 187)	(171 519)
Operating income	30 796	46 636	117 366
Results in associate	8 036	5 983	28 200
Interest income from associates and long term investments	6 300	5 958	22 617
Interest income, other	5 380	3 748	7 463
Interest expense	(19 221)	(17 928)	(75 920)
Amortization of deferred charges	(2 746)	(2 678)	(11 305)
Other financial items	(251)	(765)	(4 512)
Mark to Market of Derivatives	(5 935)	(221)	5 297
Taxes	-	-	-
Net income	22 359	40 733	89 206
Basic earnings per share (\$)	0,24	0,44	1,00
Weighted average number of shares	93 286 604	93 266 944	89 508 000
Common shares outstanding	93 359 000	93 285 000	93 260 000

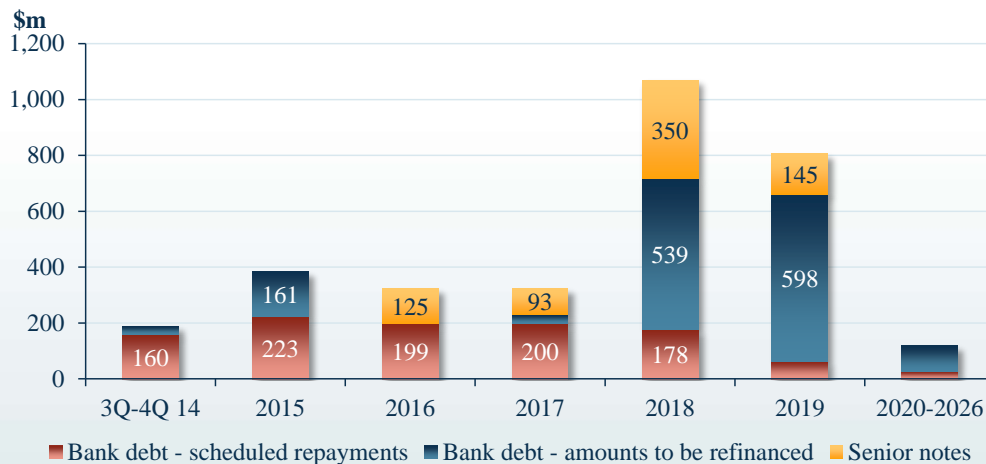
Balance sheet

BALANCE SHEET <i>(in thousands of \$)</i>	Jun 30, 2014	Mar 31, 2014
ASSETS		
<i>Short term</i>		
Cash and cash equivalents	49 480	36 982
Available for sale securities	61 889	60 658
Amount due from related parties	30 204	21 090
Other current assets	89 067	64 292
<i>Long term</i>		
Newbuildings and vessel deposits	146 814	149 921
Vessels and equipment, net	1 185 825	1 127 565
Investment in finance leases	838 431	848 285
Investment in associate	40 962	33 709
Amount due from related parties - Long term	523 960	590 120
Deferred charges	37 600	40 380
Other long-term assets	8 554	13 602
Total assets	3 012 786	2 986 604
LIABILITIES AND STOCKHOLDERS' EQUITY		
<i>Short term</i>		
Short term and current portion of long term interest bearing debt	396 963	436 676
Other current liabilities	28 238	28 311
Amount due to related parties	1 939	1 522
<i>Long term</i>		
Long term interest bearing debt	1 333 052	1 258 549
Other long term liabilities	76 572	67 994
Stockholders' equity	1 176 022	1 193 552
Total liabilities and stockholders' equity	3 012 786	2 986 604

- **Strong liquidity position**

- » \$178 million in total available liquidity at quarter end
 - \$49 million cash and cash equivalents
 - \$129 million freely available under revolving credit lines
- » \$62 million in available for sale securities
 - Mainly senior secured bonds
 - Excluding \$74 million in 7.25% amortizing Frontline notes⁽⁴⁾

Staggered debt maturity⁽²⁾



1) Face value as of June 30, 2014

2) Amounts also including debt in unconsolidated wholly-owned subsidiaries.



Capex overview⁽¹⁾

- **4 x 8,700 TEU container vessels under construction in Korea**
 - » Expected delivery between 3Q 2014 – 1Q 2015
 - » Bank financing arranged at attractive terms
 - » Financing amount higher than remaining capex

- **2 x Kamsarmax**
 - » Vessels delivered in July and August 2014
 - » Debt financing will be arranged shortly

	3Q-14	4Q-14	1Q-15	Total
4 x 8,700 TEU	\$60 mill.	\$51 mill.	\$102 mill.	\$213 mill.
2 x Kamsarmax	\$52 mill.			\$52 mill.
Total investment	\$112 mill.	\$51 mill.	\$102 mill.	\$265 mill.

1) As per June 30, 2014

- **Reported net income of \$22.4 million in the first quarter**
 - » Including \$2.1 million cash sweep and profit share
 - » Including negative \$5.9 million of mark to market of derivatives
- **EBITDA⁽¹⁾ equivalent cash flow of \$129 million from our 100% owned vessels and rigs**
- **Quarterly dividend of \$0.41 per share**
 - » 8.4% dividend yield⁽²⁾
- **Successful delivery of 12 vessels/rigs so far in 2014**
- **Investment opportunities in multiple segments**



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