



Ship Finance International Limited 3Q 2014 Results

November 25, 2014

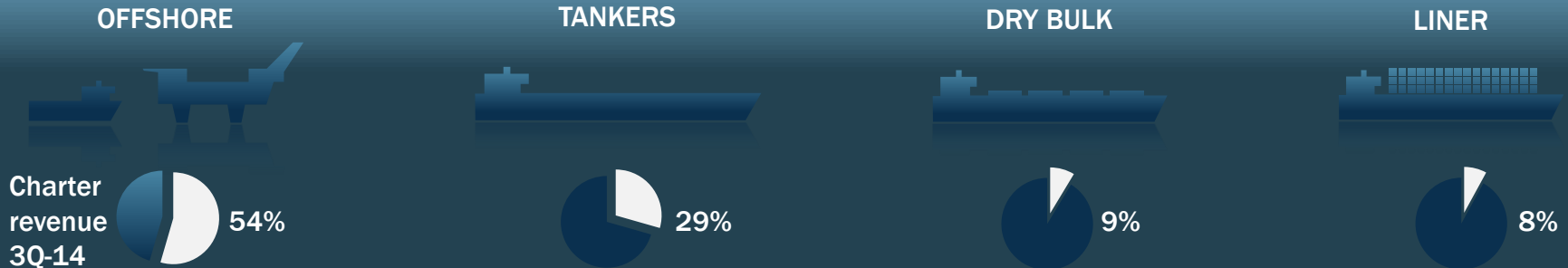
FORWARD LOOKING STATEMENTS

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.

3Q 2014 highlights

- **Quarterly dividend of \$0.41 per share**
 - » Dividend yield of approximately 9.8%⁽³⁾
- **Net income of \$34.6 million (\$ 0.37/share) for the quarter**
 - » Aggregate charter revenue of \$176 million (\$1.88/share)⁽¹⁾
 - » EBITDA⁽²⁾ of \$146 million (\$1.56/share)
- **Increased cash flow from recently acquired assets**
 - » 1 x harsh environment jack-up drilling rig with full cash flow effect in 3Q 2014
 - » 11 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/profit share.

2) EBITDA is a non-GAAP measure and includes assets in 100% owned subsidiaries classified as 'Investment in associates'. For more details please see 3Q-14 press release Appendix 1: Reconciliation of Net Income to EBITDA.

3) Quarterly cash dividend, annualized / SFL share price \$16.69 (Nov 24, 2014)

Recent events

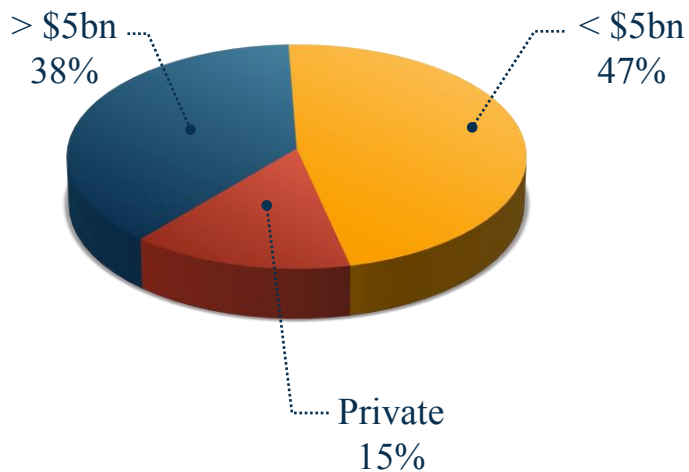
- **Delivery of two 82,000 dwt drybulk carriers**
 - » Vessels built in 2012 and delivered to us in July and August 2014
 - » More than 8 year remaining time-charters to a state-owned Chinese operator
 - » Funded by cash initially but expected drawdown of long-term bank financing in 4Q 2014

- **Delivery of two 8,700 TEU newbuildings**
 - » 7-year time-charters to the Hamburg-Süd container line
 - » First vessel will have some offhire in 4Q 2014, but only marginal net impact expected
 - » Two remaining vessels with expected delivery in January 2015

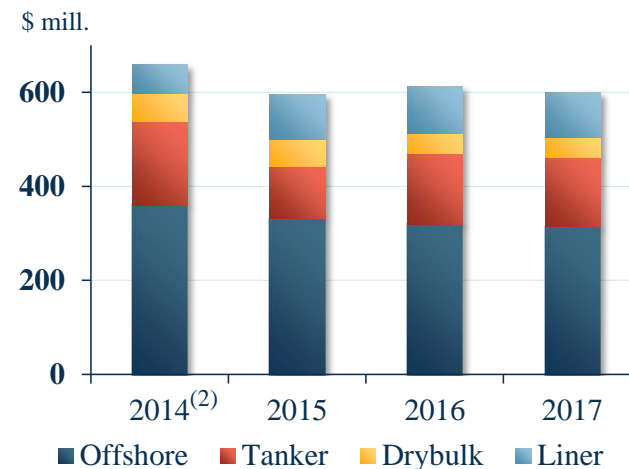
- **Sale of 3 x 1999-built VLCCs**
 - » Delivered to new owner in November 2014
 - » \$77 million cash proceeds
 - » Approximately \$48 million amortizing notes from Frontline

\$4.6 billion charter backlog⁽¹⁾

Charterers by Mkt. Cap



Revenues per segment



1) Fixed charter backlog as of September 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) Q1-Q3 2014 actual numbers. 4Q 2014 as per charter backlog as of September 30, 2014

Drilling rigs and counterparties

- **Sadrill Limited**

- » 3 x UDW units (West Polaris, West Hercules, West Taurus), built 2008
- » Loan balance <50% of original financing amounts
- » 9 years average remaining charter to Sadrill
- » Listed on NYSE/OSE: Mkt.cap ~\$10.2bn⁽¹⁾

- **North Atlantic Drilling Limited**

- » Harsh-environment jackup drilling rig (West Linus), built 2014
- » Commenced 5-year (+options) sub-charter to ConocoPhillips in May
- » The \$475m loan will amortize to ~50% over the sub-charter period alone
- » 14.5 years remaining charter to NADL
- » Listed on NYSE: Mkt.cap ~\$800m⁽¹⁾

- **Apexindo**

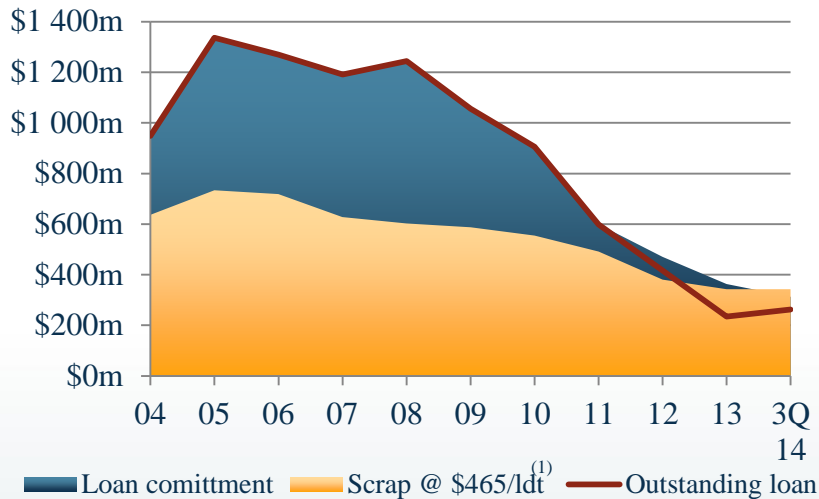
- » Jack-up drilling rig (Soehanah), built 2007
- » On sub-charter to Total E&P Indonesie from delivery
- » \$27m annual EBITDA, and only \$60m in bank loans
- » 3.3 years remaining charter
- » Listed on Jakarta Stock Exchange: Mkt.cap ~\$800m⁽¹⁾



Vessels and cash flow

- 12 VLCCs and 5 Suezmaxes⁽³⁾
- \$19.5m base EBITDA contribution in 3Q 2014
- \$21.4m in accumulated cash sweep as per Sep 30, 2014

Financing relating to FRO vessels



- Loan amount well below scrap value⁽²⁾
- Three older vessels sold and delivered to new owner after quarter-end

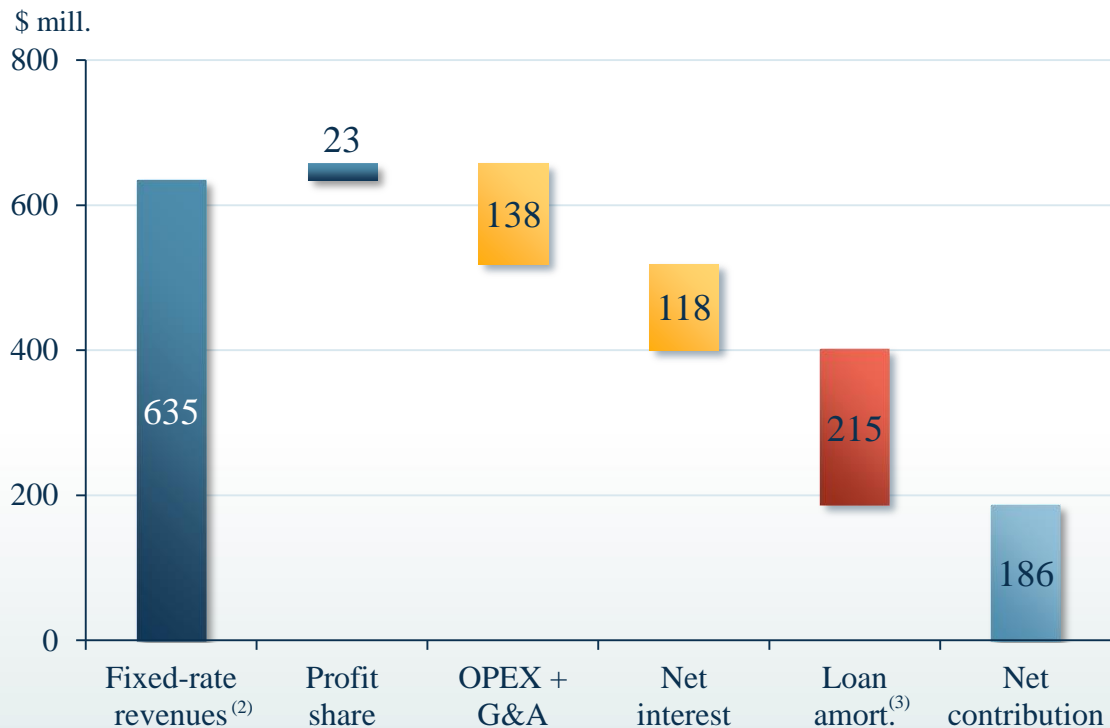


1) Source: Clarkson Research Services
 2) As of September 30, 2014
 3) Excluding 3 vessels sold in fourth quarter 2014

Contributions from projects last 12 months⁽¹⁾

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

- » \$519m EBITDA-equivalent last twelve months
- » \$186m 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

	3Q 2014		2Q 2014	
	\$ mill.	\$/share	\$ mill.	\$/share
Fixed charter hire				
VLCC	25.5	0.27	25.5	0.27
Suezmax	15.8	0.17	13.5	0.14
Chemical Tankers	1.5	0.02	1.5	0.02
Liner (Container and Car Carriers)	14.0	0.15	13.9	0.15
Drybulk	15.2	0.16	13.2	0.14
Offshore	95.7	1.03	87.4	0.94
Sum fixed charter hire	167.9	1.80	155.0	1.66
Vessel operation expenses and G&A	(32.4)	(0.35)	(30.7)	(0.33)
Profit share	8.0	0.09	2.1	0.02
Financial investments	2.5	0.03	2.5	0.03
EBITDA including accumulated cash sweep	146.0	1.56	128.9	1.38

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
	Sep 30, 2014	Jun 30, 2014	2013 <i>(audited)</i>
Charter revenues - operating lease	51 759	47 562	156 238
Charter revenues - finance lease	34 618	34 605	166 172
Revenues classified as Repayment of investment in finance leases	(11 256)	(11 253)	(52 320)
Profit share income	142	267	770
Cash sweep income	7 906	1 804	-
Total operating revenues	83 169	72 985	270 860
Gain on sale of assets and termination of charters	4 904	5 045	18 025
Vessel operating expenses	(30 571)	(28 848)	(105 534)
Administrative expenses	(1 816)	(1 836)	(7 549)
Depreciation	(17 231)	(16 550)	(58 436)
Total operating expenses	(49 618)	(47 234)	(171 519)
Operating income	38 455	30 796	117 366
Results in associate	9 006	8 036	28 200
Interest income from associates and long term investments	6 300	6 300	22 617
Interest income, other	2 667	5 380	7 463
Interest expense	(18 660)	(19 221)	(75 920)
Amortization of deferred charges	(2 786)	(2 746)	(11 305)
Other financial items	(83)	(251)	(4 512)
Mark to Market of Derivatives	(313)	(5 935)	5 297
Taxes	-	-	-
Net income	34 586	22 359	89 206
Basic earnings per share (\$)	0,37	0,24	1,00
Weighted average number of shares	93 364 815	93 286 604	89 508 000
Common shares outstanding	93 394 000	93 359 000	93 260 000

Balance sheet

BALANCESHEET <i>(in thousands of \$)</i>	Sep 30, 2014	Jun 30, 2014
ASSETS		
<i>Short term</i>		
Cash and cash equivalents	32 623	49 480
Available for sale securities	62 299	61 889
Amount due from related parties	38 140	30 204
Other current assets	67 503	89 067
<i>Long term</i>		
Newbuildings and vessel deposits	103 837	146 814
Vessels and equipment, net	1 317 729	1 185 825
Investment in finance leases	828 842	838 431
Investment in associate	51 820	40 962
Amount due from related parties - Long term	517 334	523 960
Deferred charges	37 598	37 600
Other long-term assets	11 709	8 554
Total assets	3 069 434	3 012 786
LIABILITIES AND STOCKHOLDERS' EQUITY		
<i>Short term</i>		
Short term and current portion of long term interest bearing debt	319 684	396 963
Other current liabilities	21 602	28 238
Amount due to related parties	6 050	1 939
<i>Long term</i>		
Long term interest bearing debt	1 458 710	1 333 052
Other long term liabilities	80 624	76 572
Stockholders' equity	1 182 764	1 176 022
Total liabilities and stockholders' equity	3 069 434	3 012 786

- **Strong liquidity position**

- » \$153m in total available liquidity at quarter end
 - \$33m cash and cash equivalents
 - \$120m freely available under revolving credit lines
- » \$62m in available for sale securities
 - Mainly senior secured bonds
 - Excluding \$72m in 7.25% amortizing Frontline notes⁽¹⁾

- **Capex = net cash contribution**

- » 3 x 8,700 TEU container vessels under construction at quarter end
- » One vessel delivered in the fourth quarter
- » Financing amount higher than remaining capex

Capex

	4Q-14	1Q-15	Total
3 x 8,700 TEU	\$68m	\$85m	\$153m
Committed Financing	\$64m	\$127m	\$191m
Net remaining capex ⁽²⁾	\$4m	-\$42m	-\$38m

1) Face value as of September 30, 2014

2) Negative number means cash inflow to the company



- **Reported net income of \$34.6m in the third quarter**
 - » Including \$8.0m cash sweep and profit share
- **EBITDA⁽¹⁾ equivalent cash flow of \$146m from our 100% owned vessels and rigs**
- **Quarterly dividend of \$0.41 per share**
 - » 9.8% dividend yield⁽²⁾
- **Successful delivery of 14 vessels/rigs so far in 2014**
- **Investment opportunities in all our 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 3Q-14 press release Appendix 1: Reconciliation of Net Income to EBITDA.

2) Quarterly cash dividend (annualized) / SFL share price \$16.69 (Nov 24, 2014)