



Ship Finance International Limited 1Q 2015 Results

May 29, 2015

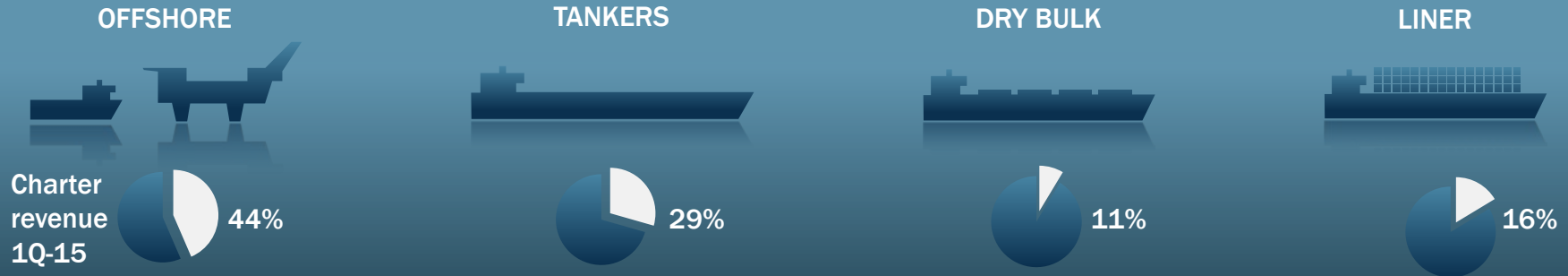
FORWARD LOOKING STATEMENTS

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 2015 highlights

- **Increased quarterly dividend of \$0.43 per share**
 - » Dividend yield of approximately 11%⁽¹⁾
- **Net income of \$33m (\$0.35/share) for the quarter**
 - » \$42m or \$0.46 per share adjusted net income after one-off and non-cash items
 - » Aggregate charter revenue of \$153m (\$1.64/share)⁽²⁾
 - » EBITDA⁽³⁾ of \$127m (\$1.36/share)
- **Increased cash flow from assets delivered in 2014-2015**
 - » 13 x container vessels
 - » 10 x dry bulk carriers (8 Capesize vessels to be delivered within 3Q 2015)
 - » 1 x harsh environment jack-up drilling rig



1) Quarterly cash dividend, annualized / SFL share price \$15.33 as of 28 May, 2015

2) 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.

3) EBITDA is a non-GAAP measure and includes assets in 100% owned subsidiaries classified as 'Investment in associates'. For more details please see 1Q-15 press release Appendix 1: Reconciliation of Net Income to EBITDA.

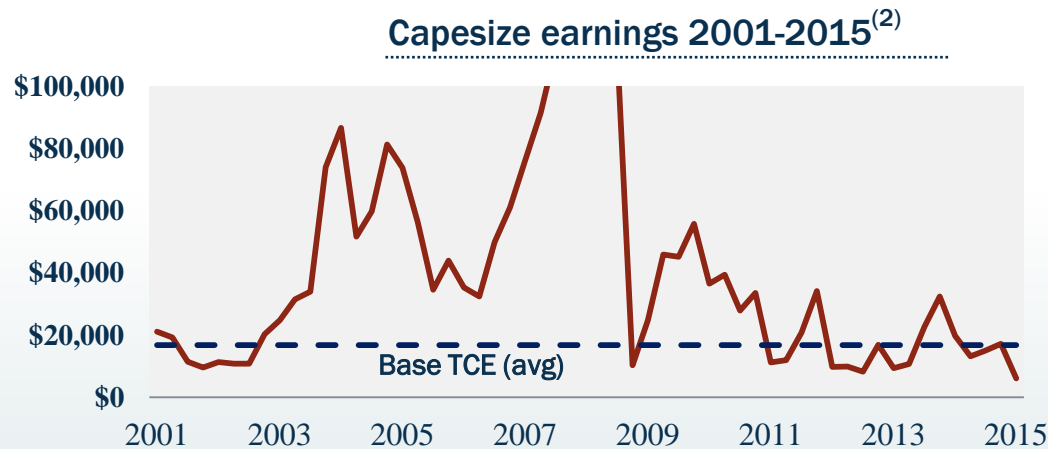
Recent events

- **All four 8,700 TEU container newbuildings delivered**
 - » 7-year time-charters to Hamburg-Süd container line
 - » Approximately \$46m annual EBITDA, full cash flow effect from 2Q 2015
- **Acquisition of eight Capesize vessels**
 - » Sale-leaseback with Golden Ocean Group Limited
 - » Vessels expected to be delivered between June and August 2015
 - » Adding close to \$500 million charter backlog
- **Amended agreement with Frontline**
 - » New base rates of \$20,000 for VLCCs and \$15,000/day for Suezmaxes
 - » New opex of \$9,000 per day per vessel
 - » 50% profit split from new base rates, calculated and paid quarterly
 - » Frontline will issue 55 million new shares to Ship Finance (28% of total shares)

The Golden Ocean transaction

- **Sale-leaseback of eight ~180,000 dwt Capesize dry bulk carriers**

- » Vessels built 2009-2013
- » \$272m purchase price (\$34m/vessel on average)
- » 10 year time-charters to Golden Ocean with quarterly profit split
 - Year 1-7: \$17,600⁽¹⁾ + 33% profit split
 - Year 8-10: \$14,900⁽¹⁾ + 33% profit split
- » Fixed operating expenses of \$7,000/day (incl. drydocking)
- » More than \$30m EBITDA contribution per year (before profit split)
- » Volatility in Capesize earning = Profit split optionality:



1) With Interest adjustment in the charter rate, effectively eliminating volatility in the interest rate level

2) Source: Clarsons Platou

The new Frontline agreement

Charter rate and
opex adjustment

	Existing agreement ⁽¹⁾		New agreement From July 1, 2015
	In 2015	In 2016	
» VLCC TC rates	\$19,187	\$25,687	\$20,000
» Suezmax TC rates	\$12,910	\$17,959	\$15,000
» Opex	\$ 6,500	\$ 6,500	\$ 9,000

Increased
Profit split

- » Increased profit split from 25% to 50%
- » Lower threshold levels (new base rates)
- » Calculated and payable on quarterly basis

Frontline shares

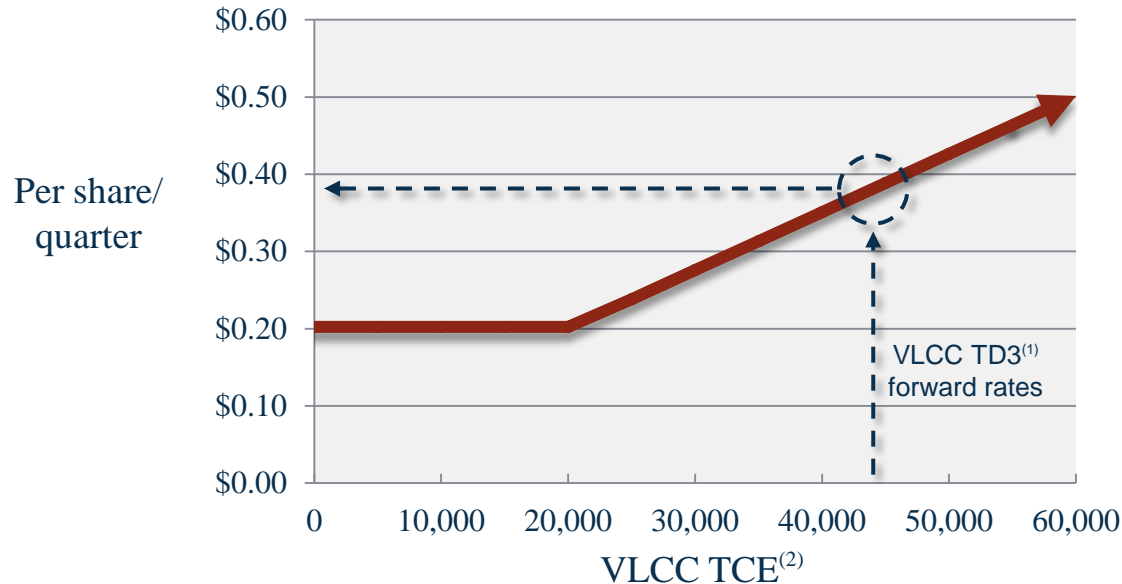
- » Frontline will issue 55m shares to Ship Finance (27.7% of FRO)
- » \$168m value based on closing price on May 28, 2015
- » May be distributed as special dividend or sold at a later stage

No book gain or loss is expected to be recorded in 2Q 2015

1) From 2016, the charter rates are scheduled to go back to pre-2012 levels. Step-down in rates when vessels reach 20 years age.

Effect of new agreement with Frontline

Illustration: Net cash contribution from FRO vessels and notes (2016)



- Including cashflow from \$117m amortizing notes⁽³⁾
- Vessels assumed refinanced in 3Q 2015 with low leverage non-amortizing loan facility
- Profit split will be based on actual performance of vessels

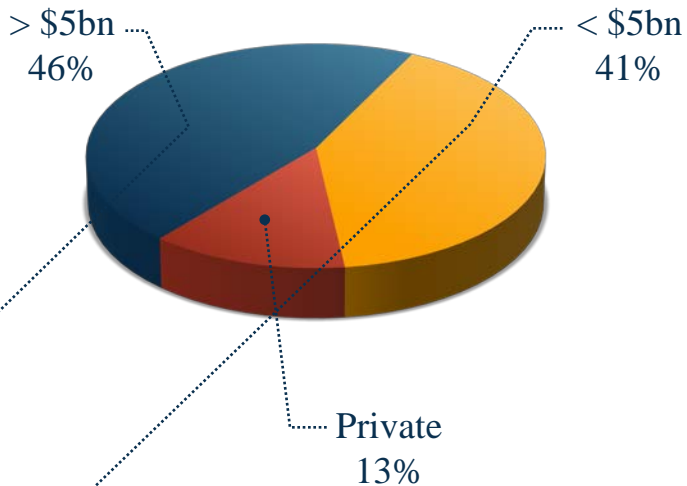
1) Source: Marex Spectron, 28 May 2015

2) Ratio between VLCC and Suezmax = 1.4x

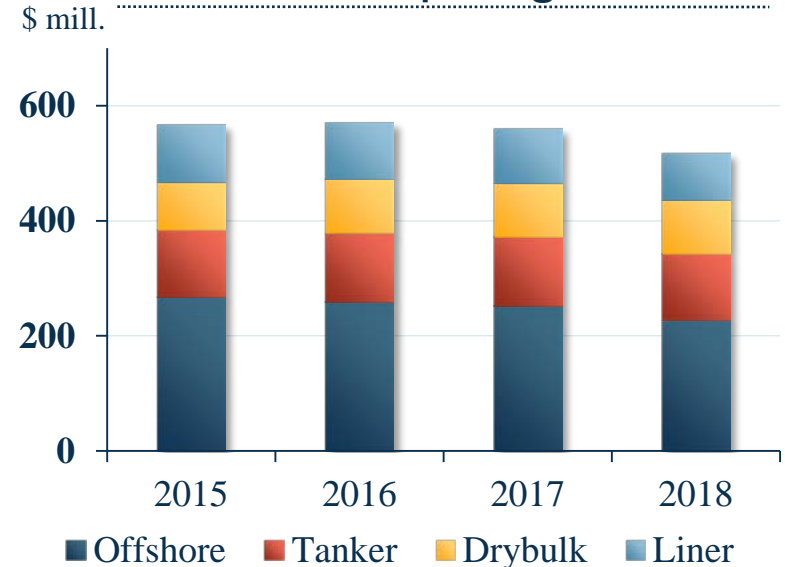
3) Outstanding amount as of May 29, 2015

\$4.1 billion charter backlog⁽¹⁾

Charterers by Mkt. Cap



Revenues per segment

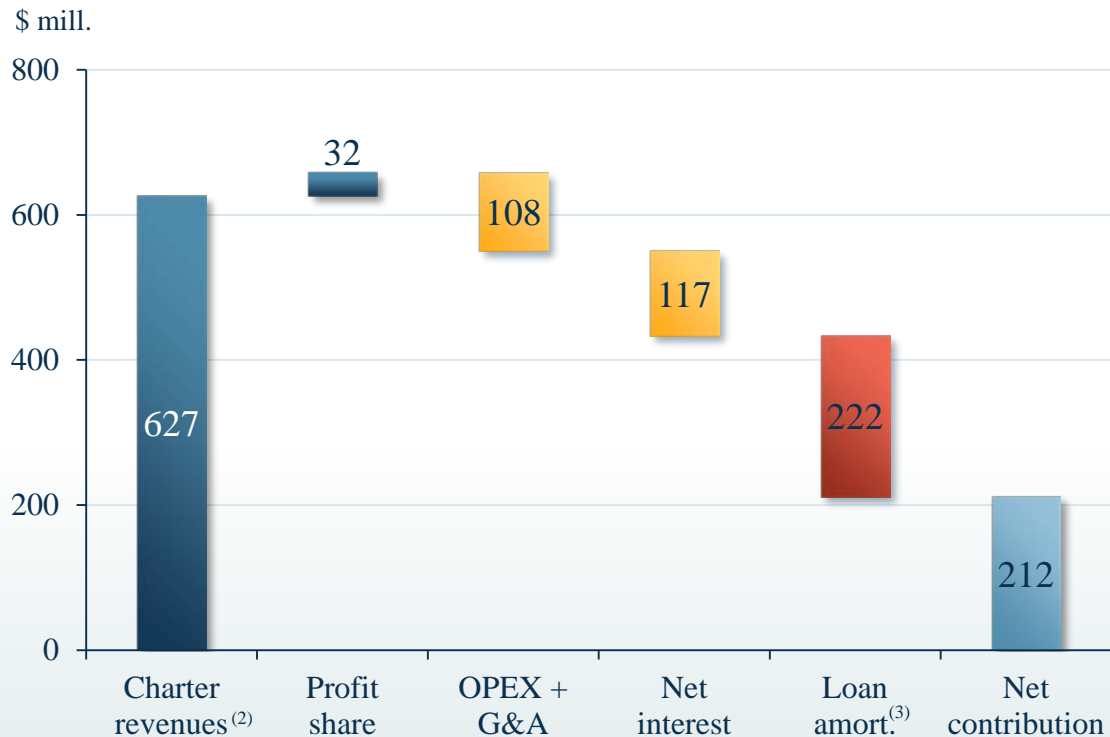


1) Fixed charter backlog as of March 31, 2015, excluding future cash sweep/profit share, subsequent sales and purchase options declared, net of any seller's credit and assuming certain call options are not exercised
 2) 2015-2018 estimated revenues as per charter backlog as of March 31, 2015. Excluding any Cash Sweep, Profit Sharing and re-chartering after end of current charter.

Contributions from projects last 12 months⁽¹⁾

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

- » \$551m EBITDA-equivalent last twelve months
- » \$212m 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

	1Q 2015		4Q 2014	
	\$ mill.	\$/share	\$ mill.	\$/share
Charter hire				
VLCC	20.7	0.22	22.9	0.25
Suezmax ⁽²⁾	11.1	0.12	10.7	0.11
Chemical Tankers	1.5	0.02	1.5	0.02
Liner (Container and Car Carriers)	24.4	0.26	18.7	0.20
Drybulk	16.6	0.18	16.1	0.17
Offshore	64.8	0.69	92.7	0.99
Sum charter hire	139.1	1.49	162.6	1.74
Vessel operation expenses⁽²⁾ and G&A	(26.5)	(0.28)	(28.6)	(0.31)
Profit share	10.1	0.11	11.4	0.12
Financial investments	4.5	0.05	3.3	0.04
EBITDA including accumulated cash sweep	127.2	1.36	148.8	1.59

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

2) In this table, revenues and vessel operating expenses for Suezmaxes trading in the spot market are net of voyage expenses

Profit & loss

INCOME STATEMENT <i>(in thousands of \$ except per share data)</i>	Three months ended		Full year
	Mar 31, 2015	Dec 31, 2014	2014 <i>(audited)</i>
Charter revenues - operating lease	60 204	55 448	201 880
Charter revenues - finance lease	29 348	32 338	136 151
Revenues classified as Repayment of investment in finance leases	(9 600)	(10 543)	(44 300)
Profit share income	191	166	1 093
Cash sweep income	9 945	11 253	32 663
Total operating revenues	90 088	88 662	327 487
Gain on sale of assets and termination of charters	(114)	3 830	23 931
Vessel operating expenses	(27 460)	(31 158)	(119 470)
Administrative expenses	(1 835)	(1 774)	(7 609)
Depreciation	(18 479)	(18 501)	(67 393)
Vessel impairment charge	-	(11 800)	(11 800)
Total operating expenses	(47 774)	(63 233)	(206 272)
Operating income	42 200	29 259	145 146
Results in associate	7 878	10 472	33 497
Interest income from associates and long term investments	4 668	6 299	24 857
Interest income, other	4 540	3 799	15 594
Interest expense	(15 176)	(19 001)	(74 810)
Amortization of deferred charges	(2 852)	(3 061)	(11 271)
Gain on sale of associate	-	6 055	6 055
Other financial items	(52)	(259)	(1 358)
Expense related to non-designated derivatives	(8 096)	(8 426)	(14 895)
Taxes	-	-	-
Net income	33 110	25 137	122 815
Basic earnings per share (\$)	0,35	0,27	1,32
Weighted average number of shares	93 412 667	93 402 261	93 330 622
Common shares outstanding	93 443 000	93 404 000	93 404 000

Balance sheet

BALANCE SHEET <i>(in thousands of \$)</i>	Mar 31, 2015	Dec 31, 2014 <i>(audited)</i>
ASSETS		
<i>Short term</i>		
Cash and cash equivalents	49 730	50 818
Available for sale securities	69 116	73 656
Amount due from related parties	62 044	152 491
Other current assets	67 778	63 260
<i>Long term</i>		
Newbuildings and vessel deposits	-	87 567
Vessels and equipment, net	1 361 138	1 377 133
Investment in finance leases	690 630	709 014
Investment in associate	60 000	53 457
Amount due from related parties - Long term	433 898	425 325
Deferred charges	34 438	36 958
Other long-term assets	12 708	11 875
Total assets	2 841 480	3 041 554
LIABILITIES AND STOCKHOLDERS' EQUITY		
<i>Short term</i>		
Short term and current portion of long term interest bearing debt	212 361	182 415
Other current liabilities	21 106	30 231
Amount due to related parties	1 642	1 109
<i>Long term</i>		
Long term interest bearing debt	1 330 682	1 550 044
Other long term liabilities	117 088	124 263
Stockholders' equity	1 158 601	1 153 492
Total liabilities and stockholders' equity	2 841 480	3 041 554

- **Strong liquidity position**

- » \$182m in total available liquidity at quarter end
 - \$50m cash and cash equivalents
 - \$132m freely available under revolving credit lines
- » \$69m in available for sale securities
 - Mainly senior secured bonds
 - Excluding \$117m in 7.25% amortizing Frontline notes⁽¹⁾
- » 17 debt free vessels at quarter end
 - Including 14 vessels on charter to Frontline
 - Significant additional investment capacity through planned refinancing

- **Capex**

- » Eight Capesize dry bulk carriers with total cost of \$272m
 - Expected \$177m long-term financing
 - Remaining \$95m will be funded from available liquidity



1) Face value as of March 31, 2015

- **Increased quarterly dividend of \$0.43 per share**
 - » 11% dividend yield⁽¹⁾
- **Reported net income of \$31.1m or \$0.35 per share**
 - » \$42.6m or \$0.46 per share adjusted net income after one-off and non-cash items
- **EBITDA⁽²⁾ equivalent cash flow of \$127m from our 100% owned vessels and rigs**
- **Successful delivery of two remaining 8,700 TEU container vessels**
- **Acquisition of 8 Capesize dry bulk carriers from Golden Ocean in combination with long-term charters**
- **Upside potential in new Frontline agreement and investment opportunities in all our segments**



1) Quarterly cash dividend (annualized) / SFL share price of \$15.33 (May 28, 2015)

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-15 press release Appendix 1: Reconciliation of Net Income to EBITDA.