

Ship Finance International Limited 4Q 2015 Results

February 29, 2016

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.

4Q 2015 Highlights

Quarterly dividend of \$0.45 per share

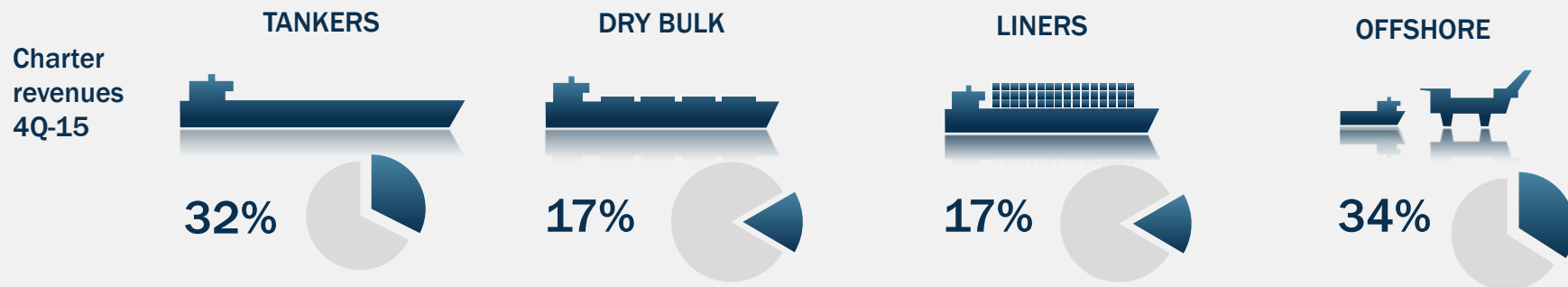
- 14% dividend yield⁽¹⁾

Net income of \$54.3m (\$0.58/share) for the quarter

- Increased revenues, EBITDA and net income compared to previous quarter
- Aggregate charter revenue of \$170m (\$1.82/share)⁽²⁾
- EBITDA⁽³⁾ of \$142m (\$1.52/share)

Significant cash flows from profit share agreements

- \$21m profit share in the fourth quarter
- Continued strong tanker market into the first quarter 2016



1) Quarterly cash dividend, annualized / SFL share price \$12.56 as of February 26, 2016

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 4Q-15 press release Appendix 1: Reconciliation of Net Income to EBITDA.



3 x 9,300-9,500 TEU container vessels

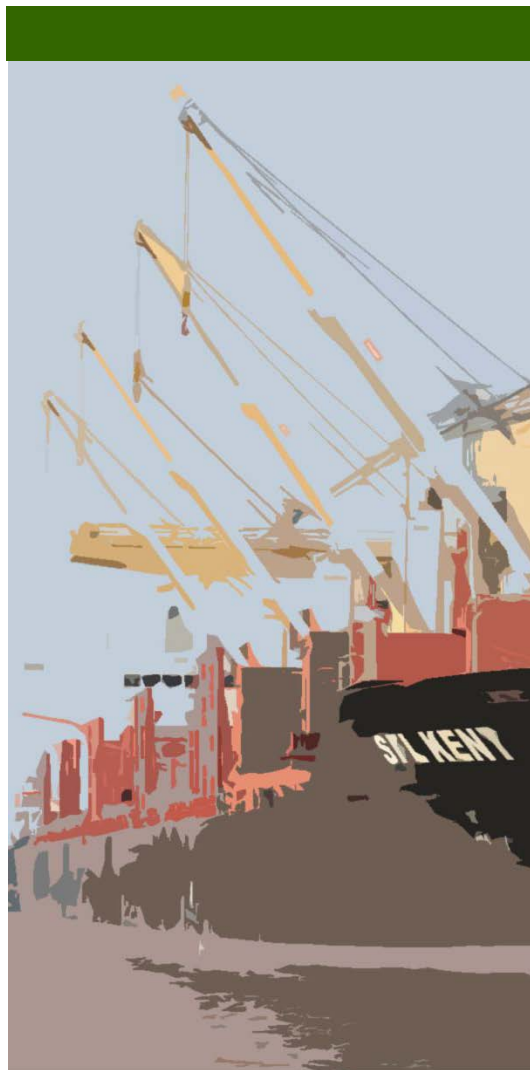
- 5+2 year time charters to Maersk Line
- First vessel delivered in November, second in February and last one scheduled for delivery in second quarter 2016
- EBITDA contribution estimated to \$32m per year after all vessels are delivered

2 x 18-20,000 TEU container vessels

- 15 year bareboat charters to large container line
- Delivery from Korean shipyard late 2016 and early 2017
- EBITDA contribution estimated to \$31m per year after delivery

2 x 114,000dwt LR2 product tankers

- 7+2 year time charters to US based investment grade energy company
- Vessels to be delivered from Korean shipyard in 2017
- EBITDA contribution estimated to \$11m per year after delivery



Golden Ocean: 8 x Capesize dry bulk carriers

- Delivery in 3Q 2015 and full cash flow effect in 4Q 2015
- 10 year time charters with profit split feature
- Golden Ocean recently raised new equity to strengthen their balance sheet

Frontline: Merger completed and redemption of senior notes

- \$113m cash proceeds from Frontline notes in 4Q 2015 resulting in a book gain of approximately \$28.9m
- SFL remains a significant shareholder in Frontline with 11m shares, or 7% of the company

Sale of three older vessels

- Front Splendour (Suezmax, built 1995): \$13.0m net proceeds in 4Q 2015 and \$2.4m book gain
- Mindanao (Suezmax, built 1998): \$17.9m net proceeds in 4Q 2015 and \$1.7m book gain
- Sea Bear (AHTS, built 1999): \$19.6m net proceeds in 1Q 2016, including senior unsecured amortizing notes from Deep Sea Supply. \$8.1m impairment recorded in 4Q 2015

Crude Oil Tankers: Continued profit split potential

14 x vessels to Frontline

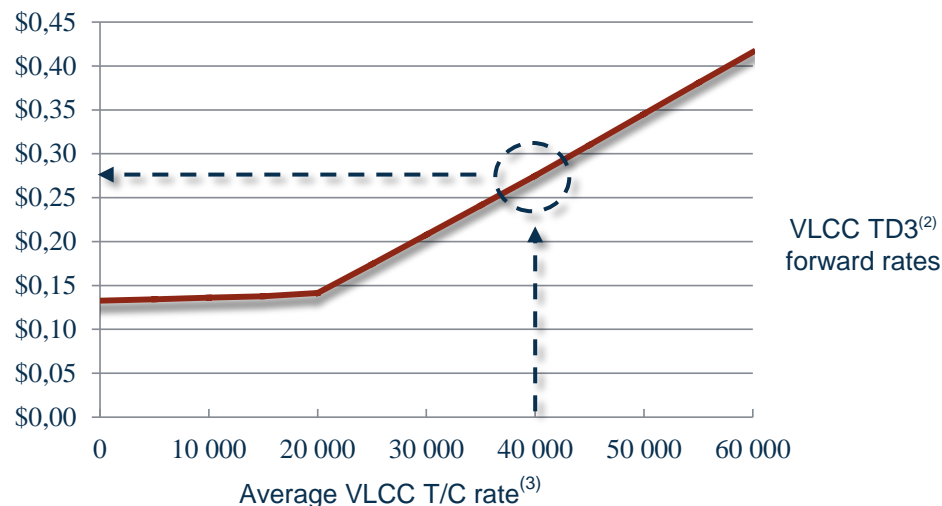
- 12 x VLCCs: \$20,000 base rate
- 2 x Suezmax: \$15,000 base rate
- 50% profit share above daily base rates paid quarterly

2 x Suezmax tankers

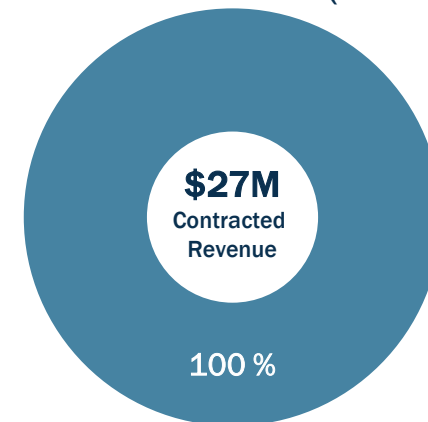
- 2009/2010 built vessels with eco upgrade
- Trading in pool with sister vessels owned by Frontline

Illustration: 2Q-4Q 2016 net cash flow from tankers⁽¹⁾

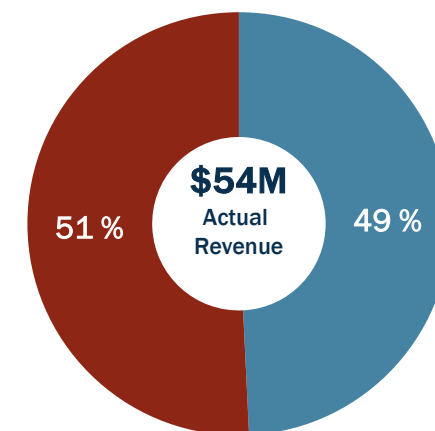
Per share/quarter



4Q 2015 Contracted Revenue (tankers)



4Q 2015 Actual Revenue (tankers)



■ Contracted ■ Profit Share/Spot

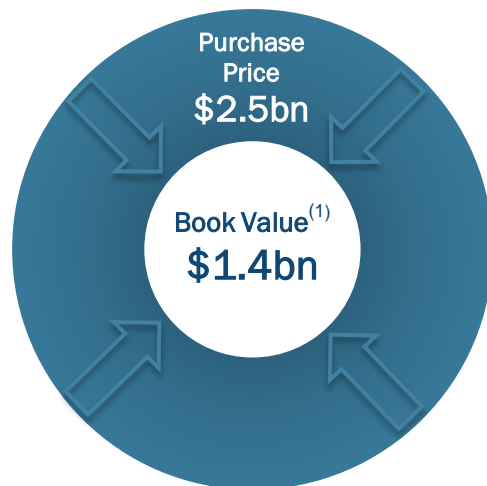
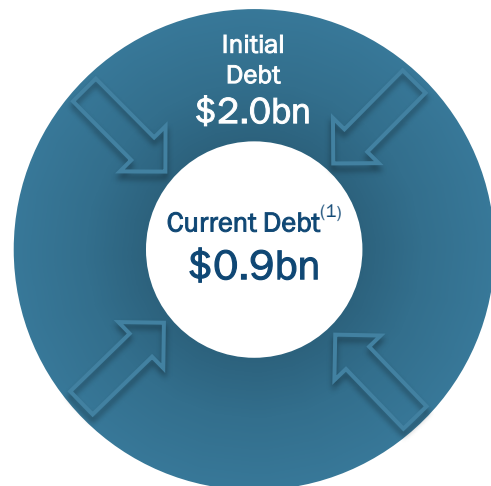
1) Charter hire plus profit split, less operating expenses, loan interest and loan amortization

2) Source: Marex Spectron, February 26, 2016

3) Profit split will be based on actual performance of vessels - Ratio between VLCC and Suezmax = 1.4x for illustration purposes

Drilling Assets Positioned for a Market Downturn

Rapid deleveraging and downside protection



\$1,600

Million of contracted revenue⁽²⁾

10

Average length of current charters in years⁽³⁾

West Taurus - 2008



6th gen. semi
BB to Seadrill⁽⁴⁾ - 2023

West Hercules - 2008



6th gen. semi
BB to Seadrill⁽⁴⁾ - 2023

West Linus - 2014



Heavy-duty jackup
BB to Seadrill⁽⁴⁾ - 2029

Soehanah - 2007



375ft jackup
BB to Apexindo - 2018

1) As of Dec 31, 2015, excluding \$152.5m in undrawn available credit lines under Current Debt

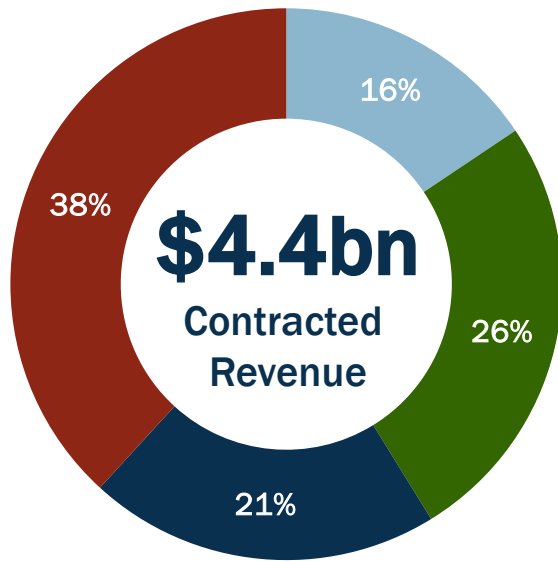
2) As of Dec 31, 2015, assuming certain call options are not exercised

3) As of Dec 31, 2015, weighted by aggregate charter hire

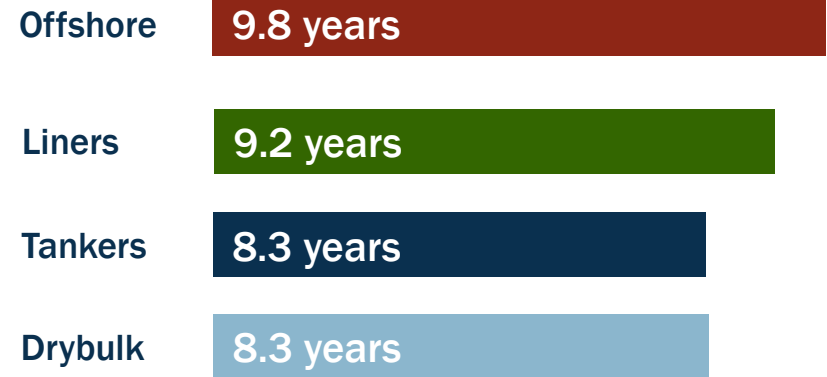
4) Charter fully guaranteed by Seadrill Limited

Significant Contracted Revenue

Contracted revenue across segments⁽¹⁾



Average remaining contract length⁽²⁾



~9.1 years weighted average⁽²⁾



1) Fixed charter backlog as of Dec 31, 2015, excluding future cash sweep/profit share, net of any seller's credit and assuming certain call options are not exercised

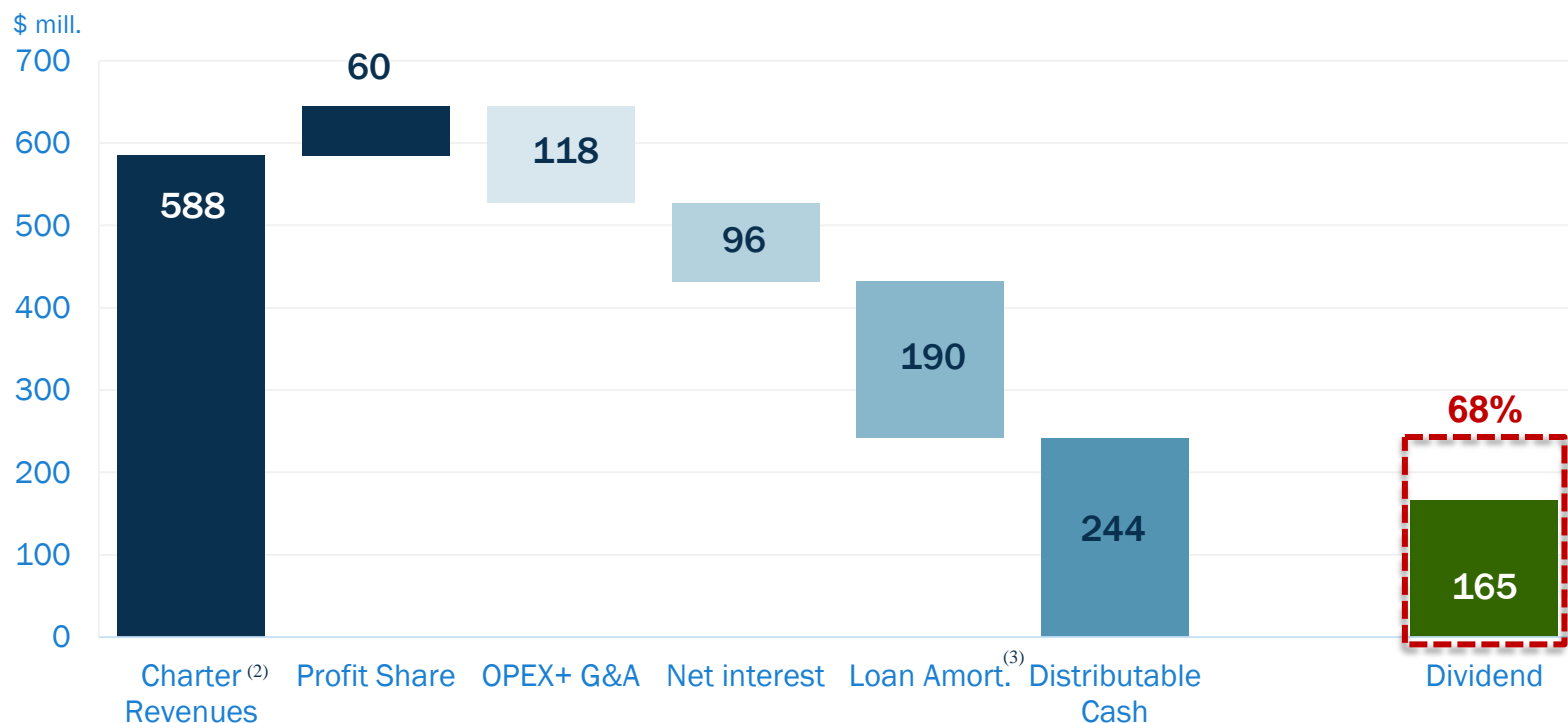
2) As of Dec 31, 2015, weighted by charter revenue

Contribution from Projects last 12 months⁽¹⁾

Large performing fleet generating significant cash flows

\$530m EBITDA-equivalent last twelve months

\$244m 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, including dividend from Frontline

3) Ordinary installments relating to the Company's projects. Excluding prepayments when vessels are sold.

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

	4Q 2015		3Q 2015	
	\$ mill.	\$/share	\$ mill.	\$/share
Charter hire				
VLCC	21.6	0.23	21.6	0.23
Suezmax ⁽²⁾	10.4	0.11	14.3	0.15
Chemical Tankers	1.5	0.02	1.5	0.02
Liner (Container and Car Carriers)	28.0	0.30	25.9	0.27
Drybulk	28.0	0.30	23.4	0.25
Offshore	56.9	0.61	58.9	0.63
Sum charter hire, excluding profit share	146.4	1.57	145.5	1.56
Vessel operation expenses⁽²⁾ and G&A	(32.4)	(0.35)	(32.8)	(0.35)
Profit share and cash sweep	21.0	0.22	17.6	0.19
Financial investments	7.0	0.08	5.2	0.06
EBITDA including profit share and cash sweep	142.0	1.52	135.5	1.45

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

Income Statement

	Three months ended		Full year 2015 (unaudited)
	Dec 31, 2015	Sep 30, 2015	
<i>(in thousands of \$ except per share data)</i>			
Charter revenues - operating lease	\$73 339	\$71 541	\$266 480
Charter revenues - finance lease	28 534	30 660	117 778
Revenues classified as Repayment of investment in finance leases	(8 923)	(9 123)	(37 125)
Profit share income ⁽¹⁾	20 964	17 634	39 717
Cash sweep income	-	-	19 890
Total operating revenues	\$113 914	\$110 712	\$406 740
Gain on sale of assets and termination of charters⁽²⁾	\$4 100	\$3 378	\$7 364
Vessel operating expenses	(\$33 145)	(\$34 215)	(\$120 831)
Administrative expenses	(1 157)	(1 434)	(6 737)
Depreciation	(21 924)	(19 855)	(78 080)
Vessel impairment charge ⁽³⁾	(13 249)	-	(42 410)
Total operating expenses	(\$69 475)	(\$55 504)	(\$248 058)
Operating income	\$48 539	\$58 586	\$166 046
Results in associate	\$7 915	\$8 592	\$33 605
Interest income from associates and long term investments	4 668	4 668	18 672
Interest income, other	4 316	5 187	20 470
Interest expense	(14 795)	(14 526)	(58 970)
Amortization of deferred charges	(2 792)	(2 784)	(11 613)
Gain on sale of associate	-	-	-
Other financial items ⁽⁴⁾	8 218	(299)	52 353
Income (expense) related to non-designated derivatives	(1 776)	(13 938)	(19 731)
Taxes	-	-	-
Net income	\$54 293	\$45 486	\$200 832
Basic earnings per share (\$)	0,58	0,49	2,15
Weighted average number of shares	93 468 000	93 468 000	93 449 904
Common shares outstanding	93 468 000	93 468 000	93 468 000

(1) \$20,6m from 50% profit share with Frontline

(2) Gain on sale of Suezmax tankers Front Splendour and Mindanao

(3) Impairment on two older offshore support vessel, one of which sold in 1Q 2016

(4) Includes \$28.9m gain on Frontline notes redeemed Dec 2015 and \$20.6m impairment on available for sale securities

Balance Sheet

<i>(in thousands of \$)</i>	Dec 31, 2015	Sep 30, 2015	Dec 31, 2014 (audited)
ASSETS			
Short term			
Cash and cash equivalents ⁽¹⁾	\$70 175	\$60 283	\$50 818
Available for sale securities ⁽²⁾	199 594	40 497	73 656
Amount due from related parties	45 659	72 235	152 491
Other current assets	60 489	65 521	63 260
Long term			
Newbuildings and vessel deposits	\$40 149	\$43 445	\$87 567
Vessels and equipment, net	1 641 317	1 566 243	1 377 133
Investment in finance leases	474 298	522 254	709 014
Investment in associate	84 615	225 228	53 457
Amount due from related parties - Long term	387 712	470 979	425 325
Deferred charges	32 271	32 941	36 958
Other long-term assets	28 546	10 936	11 875
Total assets	\$3 064 825	\$3 110 562	\$3 041 554
LIABILITIES AND STOCKHOLDERS' EQUITY			
Short term			
Short term and current portion of long term interest bearing debt	\$208 031	\$213 936	\$182 415
Other current liabilities	30 518	19 328	30 231
Amount due to related parties	416	256	1 109
Long term			
Long term interest bearing debt	\$1 458 445	\$1 561 830	\$1 550 044
Other long term liabilities	125 605	130 161	124 263
Stockholders' equity ⁽³⁾	\$1 241 810	\$1 185 051	\$1 153 492
Total liabilities and stockholders' equity	\$3 064 825	\$3 110 562	\$3 041 554

⁽¹⁾ Excludes \$328m available under revolving credit facilities

⁽²⁾ 11m share in Frontline now included under "Available for sale securities"

⁽³⁾ Book equity ratio of 40.5%.



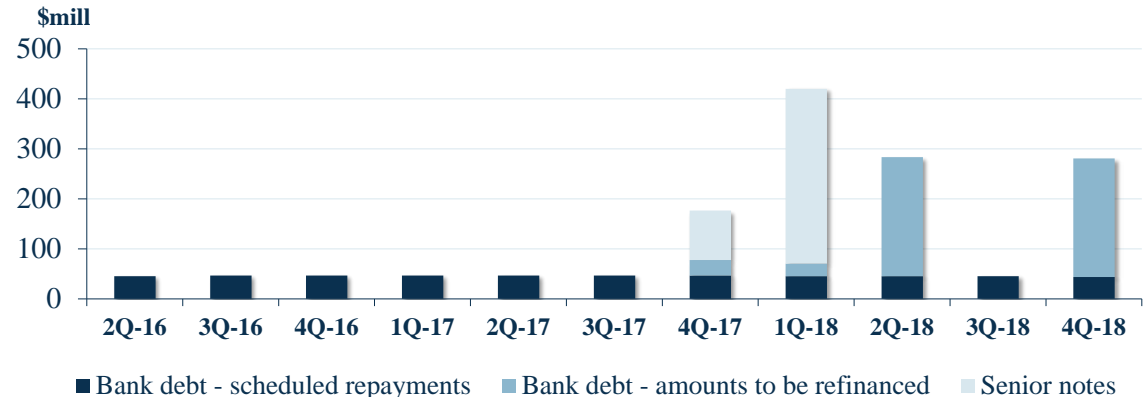
Strong liquidity position

- \$398m in total available liquidity at quarter end
 - \$70m cash and cash equivalents
 - \$328m freely available under revolving credit facilities

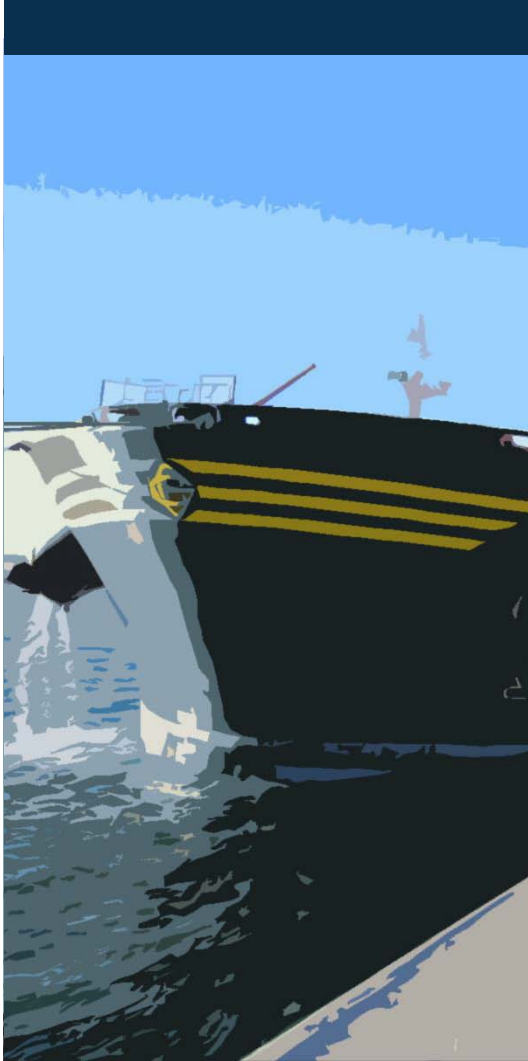
- Available for sale securities
 - \$35m tradeable senior secured bonds, after \$21m non-cash impairment
 - 11m FRO shares with market value of ~\$100m as of February 26, 2016

Staggered debt maturity next three years⁽¹⁾

- \$125m convertible notes repaid at maturity in February 2016
- No other bank/bond maturities until 4Q 2017



1) Includes debt in 100% owned subsidiaries classified as 'Investment in associates', and assumes revolving facilities are fully drawn.



Limited remaining capex

- 3 x 9,300-9,500 TEU container vessels
 - Two vessels delivered November and February, last vessel scheduled 2Q 2016
 - ~\$24m net remaining capex after financing at quarter end
- 2 x 18-20,000 TEU container vessels
 - Expected delivery in late 2016 and early 2017
 - ~\$30m net remaining capex after financing at quarter end
- 2 x 114,000dwt LR2 product tankers
 - Expected delivery in second half 2017
 - ~\$109 million yard contract price
 - Financing to be arranged in due course



Quarterly dividend of \$0.45 per share

- 14% dividend yield⁽¹⁾

Increased revenues, EBITDA and Net Income

- \$170m Aggregate charter revenue⁽²⁾
- \$142m EBITDA⁽³⁾
- Net income of \$54.3m

Continued strong profit share contribution from tankers

Acquisition of several container vessels and two product tankers with long term charters

Fleet renewal continues with sale of three older vessels

Strong liquidity position and limited remaining capex

1) Quarterly cash dividend (annualized) / SFL share price of \$12.56 (February 26, 2016)

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 4Q-15 press release Appendix 1: Reconciliation of Net Income to EBITDA.