

Ship Finance International Limited 1Q 2016 Results

May 31, 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.

1Q 2016 Highlights

Quarterly dividend of \$0.45 per share

- 11.5% dividend yield⁽¹⁾

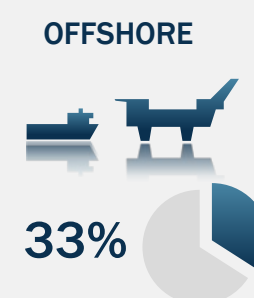
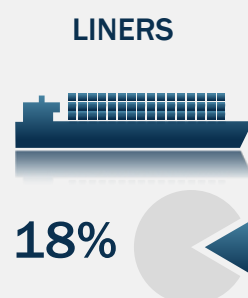
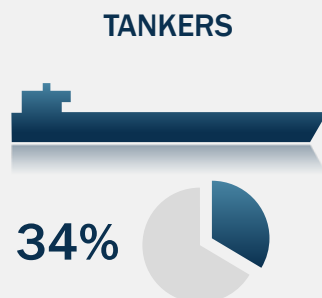
Net income of \$46.8m (\$0.50/share) for the quarter

- Aggregate charter revenue of \$174m (\$1.86/share)⁽²⁾
- EBITDA⁽³⁾ of \$139m (\$1.49/share)

Significant cash flows from profit share agreements

- \$25m profit share in the first quarter
- Continued strong tanker market into the second quarter 2016

Charter revenues
1Q-16



1) Quarterly cash dividend, annualized / SFL share price \$15.70 as of May 27, 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 1Q-16 press release Appendix 1: Reconciliation of Net Income to EBITDA.



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

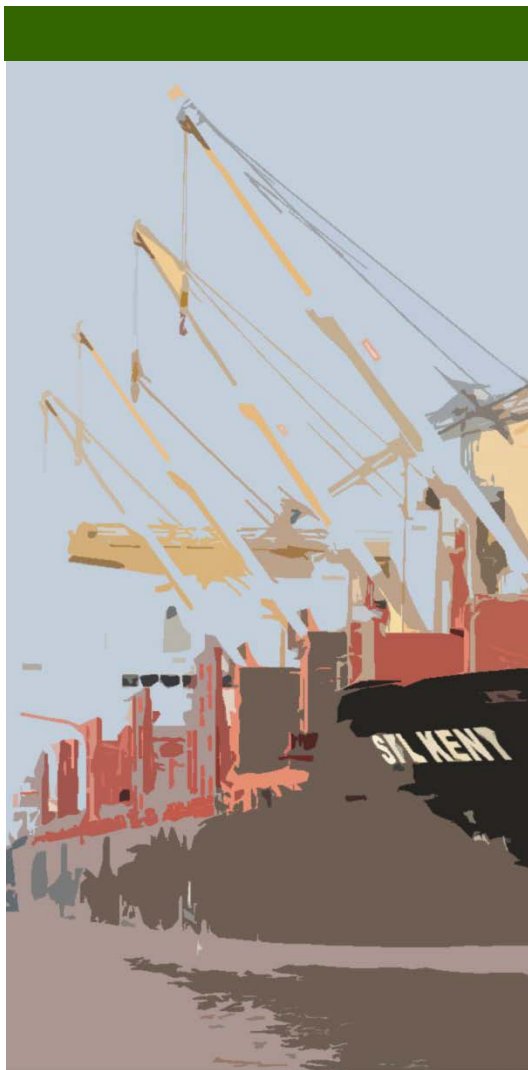
- 5+2 year time charters to Maersk Line
- First vessel delivered in November, second in February and the last one in May 2016
- Total EBITDA contribution estimated to \$32m per year after delivery

2 x 19,200 TEU container vessels

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

2 x 114,000dwt LR2 product tankers

- 7-12 year time charters to Phillips 66
- Delivery from Korean shipyard second half of 2017
- Total EBITDA contribution estimated to \$11m per year after delivery



Redemption of Convertible Bonds

- \$125m convertible notes issued in 2011
- Option to settle in cash or newly issued shares at maturity
- Company chose to settle cash as this was viewed as more accretive for our shareholders

Sale of offshore support vessel in 1Q 2016

- Sea Bear, AHTS built in 1999
- Approximately \$20m net proceeds, including \$14.6m senior unsecured amortizing notes from Deep Sea Supply
- Neutral book effect in the first quarter

Sale of older tanker vessel in 2Q 2016

- Front Vanguard, VLCC built in 1998
- Approximately \$24m net proceeds, including compensation from Frontline for the termination of the charter
- Delivery to new owners expected in late June

Crude Oil Tankers: Continued profit split potential

13 x vessels to Frontline

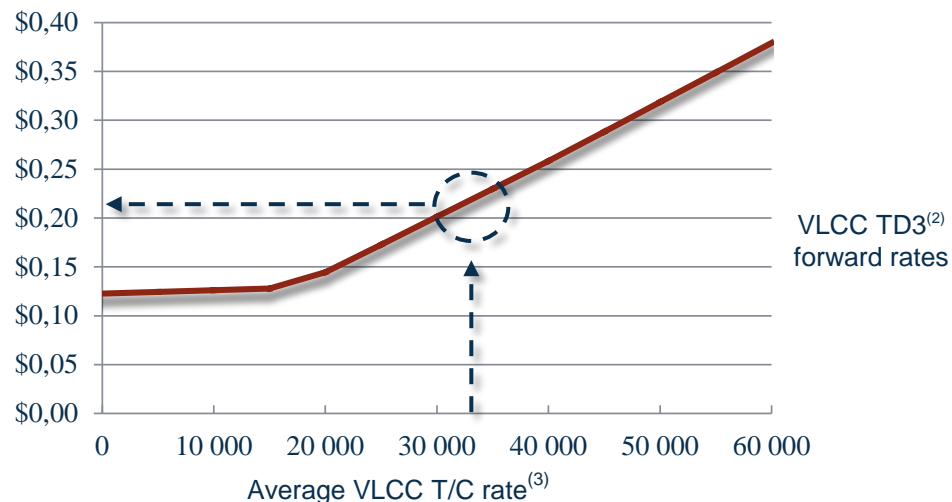
- 11 x VLCCs: \$20,000 base rate
- 2 x Suezmax: \$15,000 base rate
- 50% profit share above daily base rates, paid quarterly

2 x Suezmax tankers

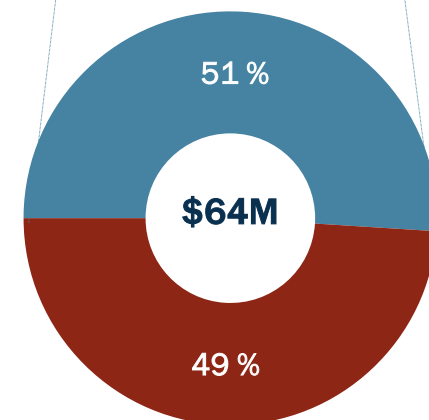
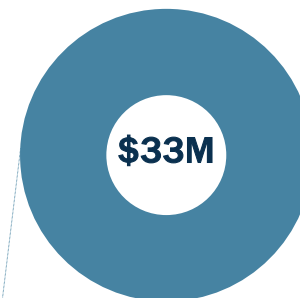
- 2009/2010 built vessels with eco upgrade
- Trading in pool with sister vessels owned by Frontline

Illustration: 3Q-4Q 2016 net cash flow from tankers⁽¹⁾

Per share/quarter



1Q 2016 Contracted Revenue (tankers)



■ Contracted ■ Profit Share/Spot

Actual Revenue (tankers)

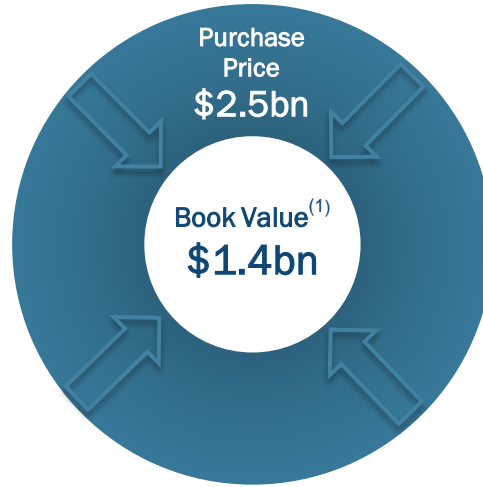
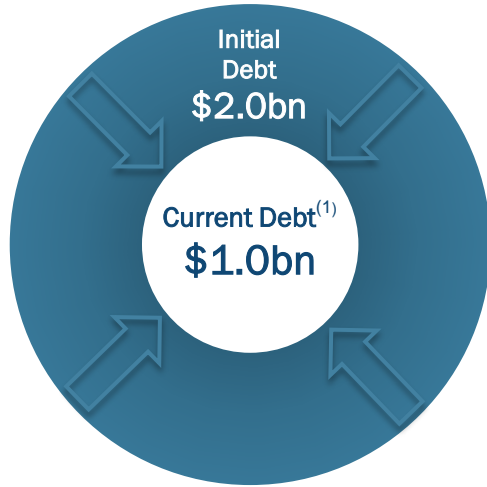
1) Charter hire plus profit split, less operating expenses, loan interest and loan amortization

2) Source: Marex Spectron, May 27, 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



\$1,500

Million of contracted revenue⁽²⁾

10 years

Average length of current charters⁽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

1) As of Mar 31, 2016

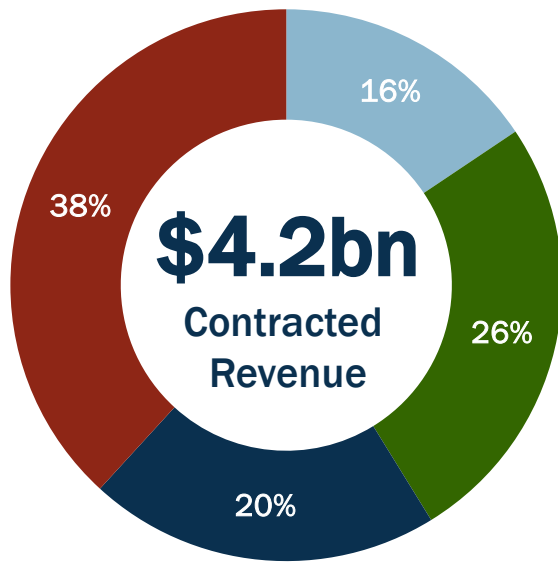
2) As of Mar 31, 2016, assuming certain call options are not exercised. Comprises of contracted revenues from Seadrill

3) As of Mar 31, 2016, weighted by aggregate charter hire. Comprises of contracted revenues from Seadrill

4) Charter fully guaranteed by Seadrill Limited

Significant Contracted Revenue

Contracted revenue across segments⁽¹⁾



Average remaining contract length⁽²⁾



~9.0 years weighted average⁽²⁾



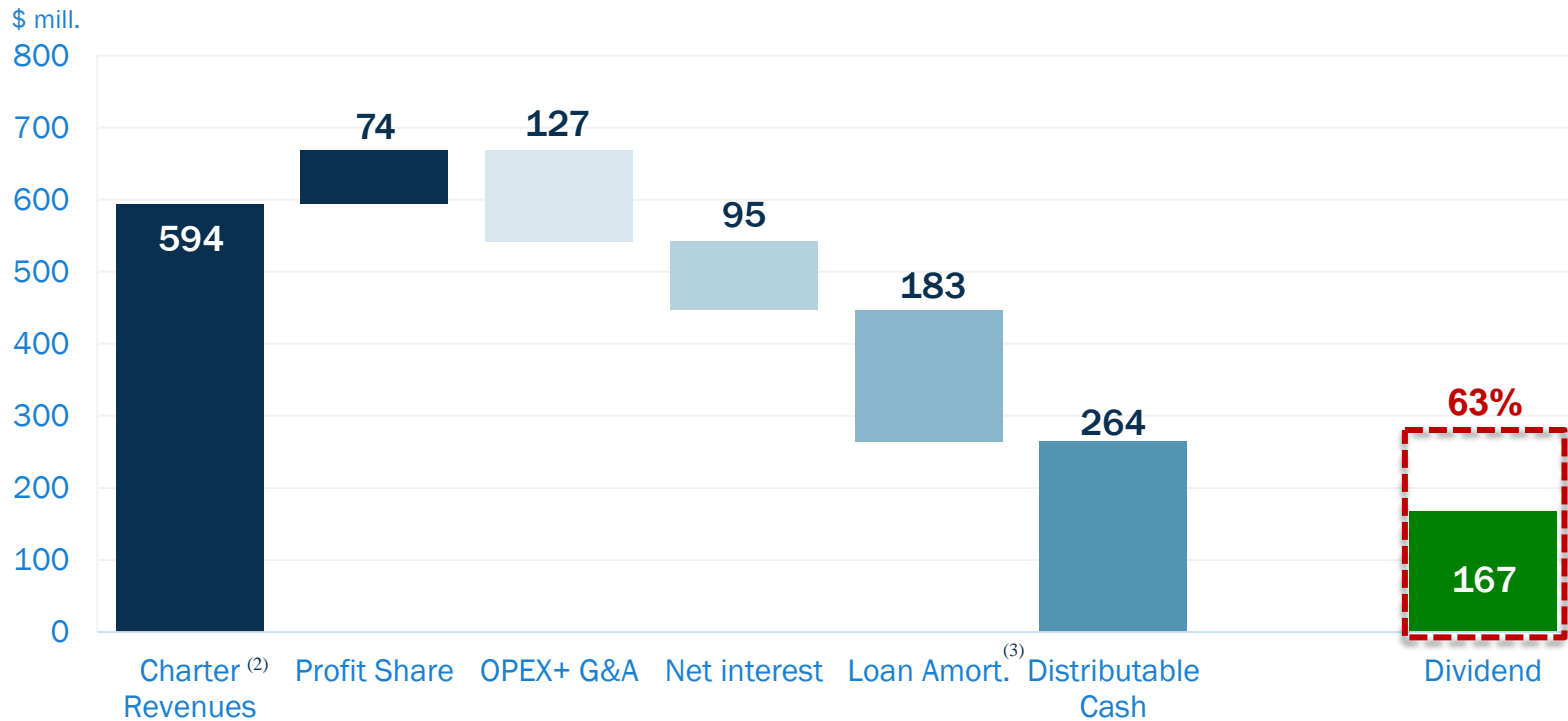
1) Fixed charter backlog as of Mar 31, 2016, excluding future cash sweep/profit share, net of any seller's credit and assuming certain call options are not exercised
2) As of Mar 31, 2016, weighted by charter revenue

Contribution from Projects last 12 months⁽¹⁾

Large performing fleet generating significant cash flows

\$542m EBITDA-equivalent last twelve months

\$264m 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

| | 1Q 2016 | | 4Q 2015 | |
|--|---------------|---------------|---------------|---------------|
| | \$ mill. | \$/share | \$ mill. | \$/share |
| Charter hire | | | | |
| VLCC | 21.8 | 0.23 | 21.6 | 0.23 |
| Suezmax ⁽²⁾ | 9.4 | 0.10 | 10.4 | 0.11 |
| Chemical Tankers | 1.5 | 0.02 | 1.5 | 0.02 |
| Liner (Container and Car Carriers) | 31.6 | 0.34 | 28.0 | 0.30 |
| Drybulk | 26.2 | 0.28 | 28.0 | 0.30 |
| Offshore | 55.6 | 0.59 | 56.9 | 0.61 |
| Sum charter hire, excluding profit share | 146.2 | 1.56 | 146.4 | 1.57 |
| Vessel operation expenses⁽²⁾ and G&A | (35.8) | (0.38) | (32.4) | (0.35) |
| Profit share and cash sweep | 24.9 | 0.27 | 21.0 | 0.22 |
| Financial investments | 4.1 | 0.04 | 7.0 | 0.08 |
| EBITDA including profit share and cash sweep | 139.5 | 1.49 | 142.0 | 1.52 |

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

| <i>(in thousands of \$ except per share data)</i> | Three months ended | | Full year 2015 (audited) |
|---|--------------------|-----------------|-----------------------------|
| | Mar 31, 2016 | Dec 31, 2015 | |
| Charter revenues - operating lease | 74 946 | 73 339 | 266 480 |
| Charter revenues - finance lease | 26 562 | 28 534 | 117 778 |
| Revenues classified as Repayment of investment in finance leases | (8 847) | (8 923) | (37 125) |
| Profit share income ⁽¹⁾ | 24 922 | 20 964 | 39 717 |
| Cash sweep income | - | - | 19 890 |
| Total operating revenues | 117 583 | 113 914 | 406 740 |
| Gain on sale of assets and termination of charters | 14 | 4 100 | 7 364 |
| Vessel operating expenses | (34 882) | (33 145) | (120 831) |
| Administrative expenses | (2 787) | (1 157) | (6 737) |
| Depreciation | (22 694) | (21 924) | (78 080) |
| Vessel impairment charge | - | (13 249) | (42 410) |
| Total operating expenses | (60 363) | (69 475) | (248 058) |
| Operating income | 57 234 | 48 539 | 166 046 |
| Results in associate | 7 381 | 7 915 | 33 605 |
| Interest income from associates and long term investments | 4 669 | 4 668 | 18 672 |
| Interest income, other | 398 | 4 316 | 20 470 |
| Interest expense | (14 881) | (14 795) | (58 970) |
| Amortization of deferred charges | (2 877) | (2 792) | (11 613) |
| Other financial items | 3 397 | 8 218 | 52 353 |
| Income (expense) related to non-designated derivatives ⁽²⁾ | (8 522) | (1 776) | (19 731) |
| Taxes | - | - | - |
| Net income | 46 799 | 54 293 | 200 832 |
| Basic earnings per share (\$) | 0.50 | 0.58 | 2.15 |
| Weighted average number of shares | 93 473 080 | 93 468 000 | 93 449 904 |
| Common shares outstanding | 93 504 575 | 93 468 000 | 93 468 000 |

(1) \$24.7m from 50% profit share with Frontline

(2) Includes \$7.1m non-cash negative mark-to-market of derivatives

Balance Sheet

| <i>(in thousands of \$)</i> | Mar 31, 2016 | Dec 31, 2015 (audited) |
|--|------------------|---------------------------|
| ASSETS | | |
| Short term | | |
| Cash and cash equivalents ⁽¹⁾ | 84 426 | 70 175 |
| Available for sale securities | 113 893 | 199 594 |
| Amount due from related parties | 37 229 | 45 659 |
| Other current assets | 59 270 | 60 489 |
| Long term | | |
| Newbuildings and vessel deposits | 25 793 | 40 149 |
| Vessels and equipment, net | 1 715 904 | 1 641 317 |
| Investment in finance leases | 449 668 | 474 298 |
| Investment in associate | 90 369 | 84 615 |
| Amount due from related parties - Long term | 260 428 | 387 712 |
| Deferred charges | 29 435 | 32 271 |
| Other long term assets | 27 993 | 28 546 |
| Total assets | 2 894 408 | 3 064 825 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Short term | | |
| Short term and current portion of long term interest bearing debt ⁽²⁾ | 92 967 | 208 031 |
| Other current liabilities | 17 645 | 30 518 |
| Amount due to related parties | 585 | 416 |
| Long term | | |
| Long term interest bearing debt | 1 506 828 | 1 458 445 |
| Other long term liabilities | 126 928 | 125 605 |
| Stockholders' equity ⁽³⁾ | 1 149 455 | 1 241 810 |
| Total liabilities and stockholders' equity | 2 894 408 | 3 064 825 |

⁽¹⁾ Excludes \$177m available under revolving credit facilities

⁽²⁾ \$125m convertible notes redeemed Feb 2016, no other debt maturities until 4Q 2017

⁽³⁾ Book equity ratio of 40%.



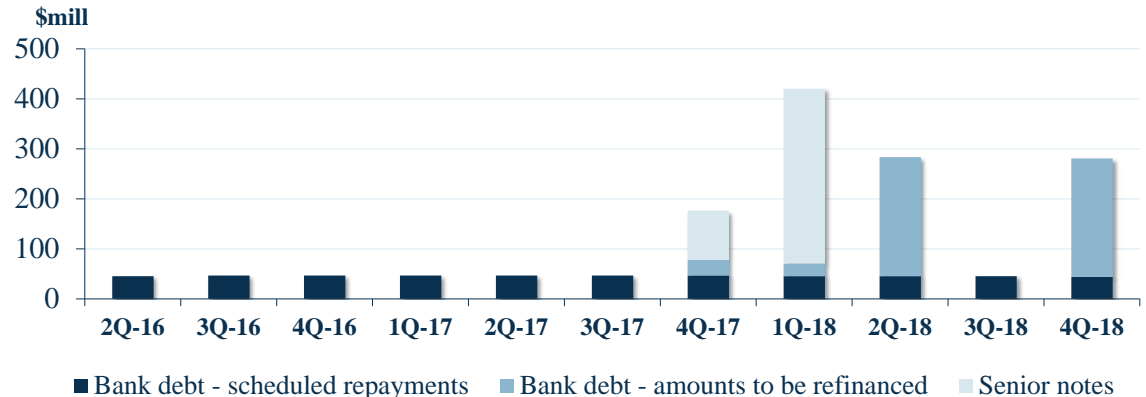
Strong liquidity position

- \$262m in total available liquidity at quarter end
 - \$84m cash and cash equivalents
 - \$177m freely available under revolving credit facilities

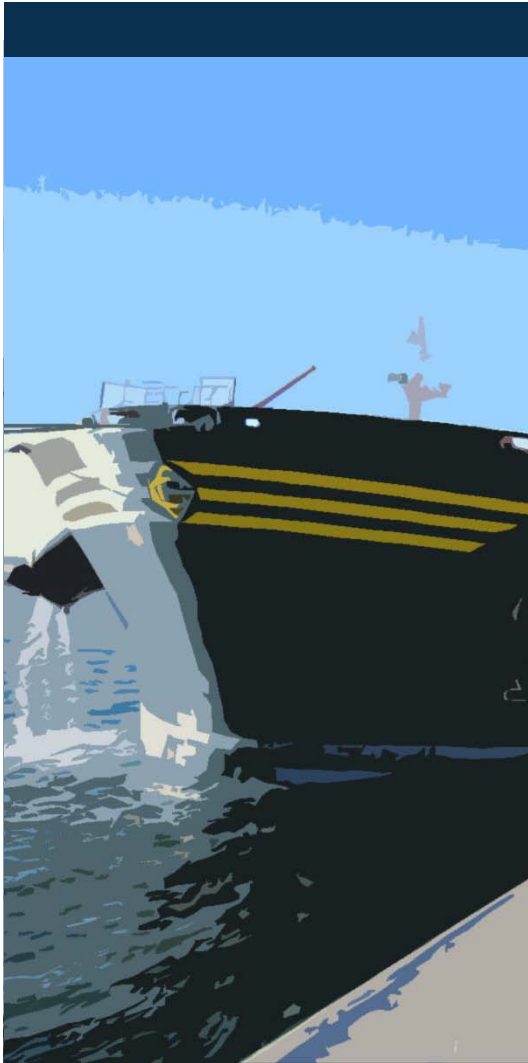
- Available for sale securities
 - \$22m tradeable senior secured bonds
 - 11m FRO shares with market value of ~\$88m as of May 27, 2016

Staggered debt maturity next three years⁽¹⁾

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

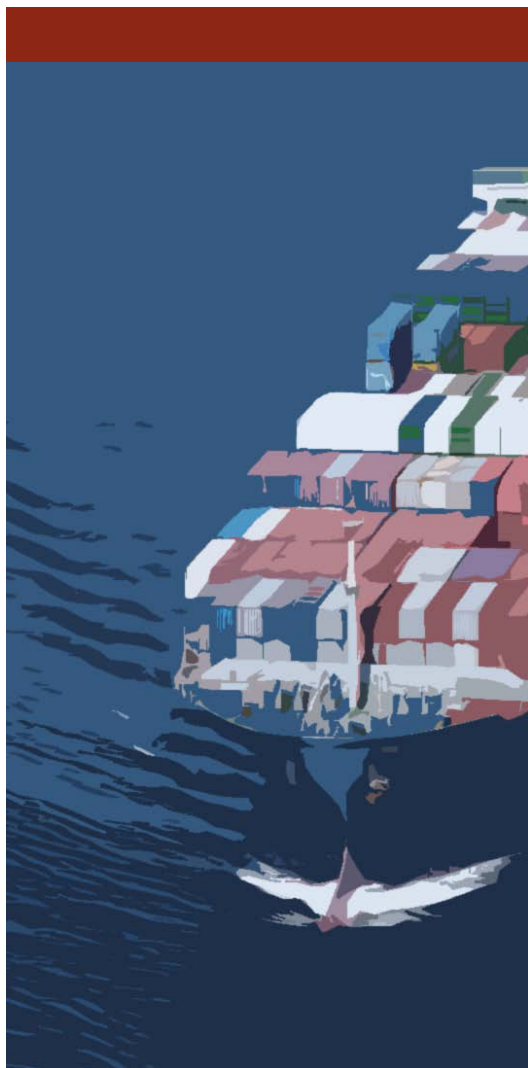


1) Includes debt in 100% owned subsidiaries classified as 'Investment in associates', and assumes revolving facilities are fully drawn.



Limited remaining capital expenditure commitments

- 3 x 9,300-9,500 TEU container vessels
 - Two vessels delivered November 2015 and February 2016
 - Final vessel delivered in May 2016
 - \$70m financing per vessel, with limited recourse to Ship Finance
 - ~\$12m net remaining capex after financing at quarter end
- 2 x 19,200 TEU container vessels
 - Expected delivery in late 2016 and early 2017
 - 15 year non-recourse lease financing, matching charter to MSC
 - ~\$15m net remaining capex per vessel after financing at quarter end
- 2 x 114,000 dwt LR2 product tankers
 - Expected delivery in second half 2017
 - ~\$49 million remaining capex per vessel before financing at quarter end
 - Financing to be arranged in due course



- **Quarterly dividend of \$0.45 per share**
 - 11.5% dividend yield⁽¹⁾
- **Net Income of \$47m in 1Q 2016**
 - \$174m Aggregate charter revenue⁽²⁾
 - \$139m EBITDA⁽³⁾
- **Continued strong profit share contribution from tankers**
- **Fleet renewal and diversification with sale of older vessels and delivery of container vessels with long term charters**
- **Redemption of the \$125m convertible notes without dilution for our shareholders**
- **Strong liquidity position and limited remaining capex**

1) Quarterly cash dividend (annualized) / SFL share price of \$15.70 (May 27, 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 1Q-16 press release Appendix 1: Reconciliation of Net Income to EBITDA.