



Ship Finance International Limited 1Q 2007 results

May 30, 2007

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. 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 the Company's view, could cause actual results to differ materially from those discussed in this presentation include the strength of world economies and currencies, general market conditions including fluctuations in charter hire rates and vessel values, changes in demand in the tanker market as a result of changes in OPEC's petroleum production levels and world wide oil consumption and storage, changes in the Company's operating expenses including bunker prices, dry-docking and insurance costs, 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 United States Securities and Exchange Commission.

Agenda

- **1Q 2007 Highlights and subsequent events**
- **1Q 2007 Financial Results**
- **Q & A**

- **Appendix**
 - Ship Finance overview
 - Accounting: Sales Type Leases and Deferred Equity

Highlights - I

- **A cash dividend of \$0.55 per share has been declared**
 - Up from \$0.54 per share in 4Q 2006
 - The fourth consecutive increase in dividend

- **Total operating revenues for the fourth quarter were \$86.5m (\$1.19/share)**

- **Net income for the first quarter was \$55.3m (\$0.76/share)**
 - Net income includes \$30.8m gain from the sale of single hull vessels

- **Significant Profit Share accumulated during the quarter**
 - The Company estimates that a total of \$15.2m (\$0.21/share) has accumulated
 - Based on US GAAP, this is not included in the accounts for this quarter, but will be recognized in later quarters if the vessels continue to earn in excess of the base charter rate

- **Strong liquidity position provides basis for growth**
 - Cash and cash equivalents: \$146.4m plus \$13.5m restricted cash
 - Available undrawn credit lines: \$219.7m

Highlights - II

- **Sale of six single-hull Suezmax vessels completed in the first quarter**
 - Net sales price: \$221.3m
 - Approximately \$128m net cash proceeds to Ship Finance
 - \$30.8m book gain recorded in 1Q 2007

- **Acquisition of a second jackup drilling rig**
 - \$210m purchase price and \$40m equity contribution from SFL paid in 1Q 2007
 - Delivery in July 2007 and 15 year charter to Seadrill

- **Acquisition of two newbuilding Capesize bulk vessels**
 - \$160m purchase price and estimated \$40m equity contribution from SFL
 - Delivery in 2008/2009 and 15 year charters to Golden Ocean

- **Acquisition of three newbuilding seismic vessels**
 - \$210m purchase price and \$30m equity contribution from SFL
 - Delivery in 2008 and 12 year charters to SCAN Geophysical

Highlights - III

- **Single-hull VLCC Front Vanadis sold on hire/purchase terms**
 - Upfront cash payment of \$12.5m
 - A gross charter rate of \$25,000 per day until November 2010
 - Several purchase options and a purchase obligation at the end of the charter

- **All 5 container vessels to Horizon Lines in operation**
 - 3rd and 4th vessel were delivered in April and the 5th vessel in May
 - Full cashflow and earnings effect as from 3Q 2007

- **Review of consolidation of subsidiaries**
 - The jack-up drilling rig “West Ceres” will be consolidated with effect from 2006

- **Frontline has distributed its shares in Ship Finance**
 - Frontline distributed the shares as Dividend to its shareholders in late March
 - No accounting impact for Ship Finance

Highlights IV

- **Strategy to grow the fleet with accretive transactions**
 - Total current fleet of 60 vessels, including 11 vessels under construction
 - Very high charter backlog

- **Focus on capturing upside potential for our shareholders**
 - Main focus on long-term charter transactions
 - In addition, we may also acquire a limited number of newbuildings or modern second-hand vessels with no or short-term initial charter

- **Significant capital available to fund equity portion of existing and new projects**
 - \$360m cash reserves and available amounts under a credit facility

Profit & Loss

Ship Finance consolidated*

INCOME STATEMENT <i>(in thousands of \$ except per share data)</i>	2007	2006	2006
	Jan – Mar	Jan – Mar	Jan – Dec ⁽¹⁾
Total operating revenue ⁽²⁾	86,541	84,121	424,658
Loss (gain) on sale of assets	-30,764	-1,132	-9,807
Voyage expenses	373	711	1,736
Ship operating expenses	28,959	27,543	117,957
Administrative expenses	2,017	521	6,584
Depreciation	2,998	4,359	14,490
Total operating expenses	34,347	33,134	140,767
Operating income	82,958	52,119	293,698
Interest income	1,436	726	3,978
Interest expense	-32,062	-26,398	-113,588
Results in associates	235	-	267
Other financial items	2,788	7,379	-3,820
Foreign currency exchange (loss) gain	-74	26	219
Taxes	-	-	-42
Net income	55,281	33,851	180,799
Basic earnings per share (\$)	\$0.76	\$0.46	\$2.48
Weighted average number of shares	72,743,737	72,827,070	72,764,285
Common shares outstanding	72,743,737	72,743,737	72,743,737

* One 100% owned subsidiary accounted for as 'investments in associates'

Balance Sheet

Ship Finance consolidated*

BALANCE SHEET <i>(in thousands of \$)</i>	2007 Mar.31	2006 Mar.31	2006 Dec 31 ⁽¹⁾
ASSETS			
<i>Short term</i>			
Cash and cash equivalents	146,435	88,472	64,570
Restricted cash	13,482	11,083	12,937
Amount due from related parties	13,544	-	63,024
Other current assets	146,604	124,982	166,622
<i>Long term</i>			
Newbuildings and vessel purchase options	126,115	2,000	7,658
Vessels and equipment, net	292,643	271,528	238,891
Investment in finance leases	1,841,930	1,810,667	1,958,691
Investments in associates	3,839	-	3,698
Deferred charges	17,484	17,198	16,848
Other long-term assets	23,845	24,276	20,738
Total assets	2,625,921	2,350,206	2,553,677
LIABILITIES AND STOCKHOLDERS' EQUITY			
<i>Short term</i>			
Short term and current portion of long term interest bearing debt	170,124	120,026	144,451
Other current liabilities	25,778	25,070	14,793
Amount due to related parties	42,619	3,112	14,411
<i>Long term</i>			
Long term interest bearing debt	1,749,913	1,630,535	1,770,749
Other long term liabilities	8,235	26,159	8,743
Stockholders' equity ⁽²⁾	629,252	545,304	600,530
Total liabilities and stockholders' equity	2,625,921	2,350,206	2,553,677

* One 100% owned subsidiary accounted for as 'investments in associates'

Cash Flow Statement

Ship Finance consolidated*

STATEMENT OF CASHFLOWS (in thousands of \$)	2007	2006	2006
	Jan – Mar	Jan - Mar	Jan – Dec ⁽¹⁾
OPERATING ACTIVITIES			
Net income	55,281	33,851	180,798
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation and amortisation	2,900	5,007	17,559
Adjustment of financial derivatives to market value	-3,618	-5,087	6,375
Loss (gain) on sale of assets	-30,764	-1,132	-26,469
Result in associate	-235	-	-4,206
Stock option expense	152	-	49
Other	-87	-1,759	-5,140
Change in operating assets and liabilities	88,486	96,351	24,531
Net cash provided by operating activities	112,115	127,231	193,497
INVESTING ACTIVITIES			
Repayment of investments in finance leases	36,314	32,134	136,760
Net placement of restricted cash	-545	-9,507	-11,362
Sale of vessels	141,855	40,466	75,606
Acquisition of subsidiaries, net of cash acquired	879	-34,810	-34,810
Investment in newbuildings	7,658	-2,000	-7,658
Purchase of vessels	-182,864	-	-266,750
Investment in associated companies	94	-	508
Purchase of short term investments	3,000	-	-3,000
Net cash provided by (used in) investing activities	6,391	26,283	-110,706
FINANCING ACTIVITIES			
Repurchase of shares	-	-7,212	-7,212
Proceeds of long-term debt	127,188	-	312,588
Debt fees paid	-539	-	-1,047
Repayment of long-term debt	-122,349	-43,097	-190,716
Cash dividends paid	-39,282	-36,372	-149,123
Deemed dividends paid	-1,658	-11,218	-15,569
Net cash provided by (used in) financing activities	-36,640	-97,899	-51,079
Net increase in cash and cash equivalents	81,866	55,615	31,712
Cash and cash equivalents at start of period	64,569	32,857	32,857
Cash and cash equivalents at end of period	146,435	88,472	64,569

* One 100% owned subsidiaries accounted for as 'investments in associates'

Investments in associate

- **One 100% owned subsidiary is accounted for as 'investments in associates'**
 - Front Shadow Inc. (dry bulk vessel "Golden Shadow")

INCOME STATEMENT <i>(in thousands of \$)</i>	2007	2006
	Jan - Mar	Jan - Dec
Total operating revenue	562	694
Total operating expenses	-	9
Operating income	562	685
Interest expense	-333	-422
Other financial items	6	4
Net income	235	267

- Part of the charter rate payment is classified as "repayment of investment in finance leases" under US GAAP, and appears in the cash flow statement only
 - \$0.8m for the first quarter of 2007

Pro-Forma: Cashflow Contribution

- **Pro-forma illustration of cashflow from 100% owned vessels on long-term charters**
 - Not as accounted per US GAAP
 - Used as an internal guideline to assess the Company's core business

	\$ million			Per share
	1Q 07	4Q 06	2006	1Q 2007
Fixed contribution from charters: ⁽¹⁾				
VLCC	64	65	268	\$ 0.88
Suezmax and OBOs ⁽²⁾	40	39	165	\$ 0.55
Container ⁽²⁾	6	4	16	\$ 0.08
Dry bulk	1	1	2	\$ 0.01
Offshore	10	10	21	\$ 0.14
Sum fixed contributions from charters	120	118	471	\$ 1.65
Vessel operating expenses / G&A	(31)	(35)	(126)	\$ (0.43)
Contribution BITDA ⁽³⁾ before profit share	89	84	345	\$ 1.22
Accumulated Profit share (Mgmt estimate)	15	15	79	\$ 0.21
Contribution BITDA ⁽³⁾ after profit share	104	99	424	\$ 1.43

(1) Fixed revenue per day multiplied by number of days
(2) Some of the assets were in operation only parts of the quarter
(3) Cash contribution before interest, taxes, depreciation and amortization

Unique Order Backlog

- **Nominal values⁽¹⁾ as per March 31, 2007**
- **Excluding any profit sharing**

Total charter payments



\$5.6 billion

Cash flow from charters⁽²⁾



\$4.4 billion

Average tenor of charters⁽³⁾



14.1 years

(1) Adjusted for acquisitions and sales announced after 3/31/07. Assuming certain call options are not exercised.

(2) Cash flow net of vessel operating expenses.

(3) Weighted by charter revenue.

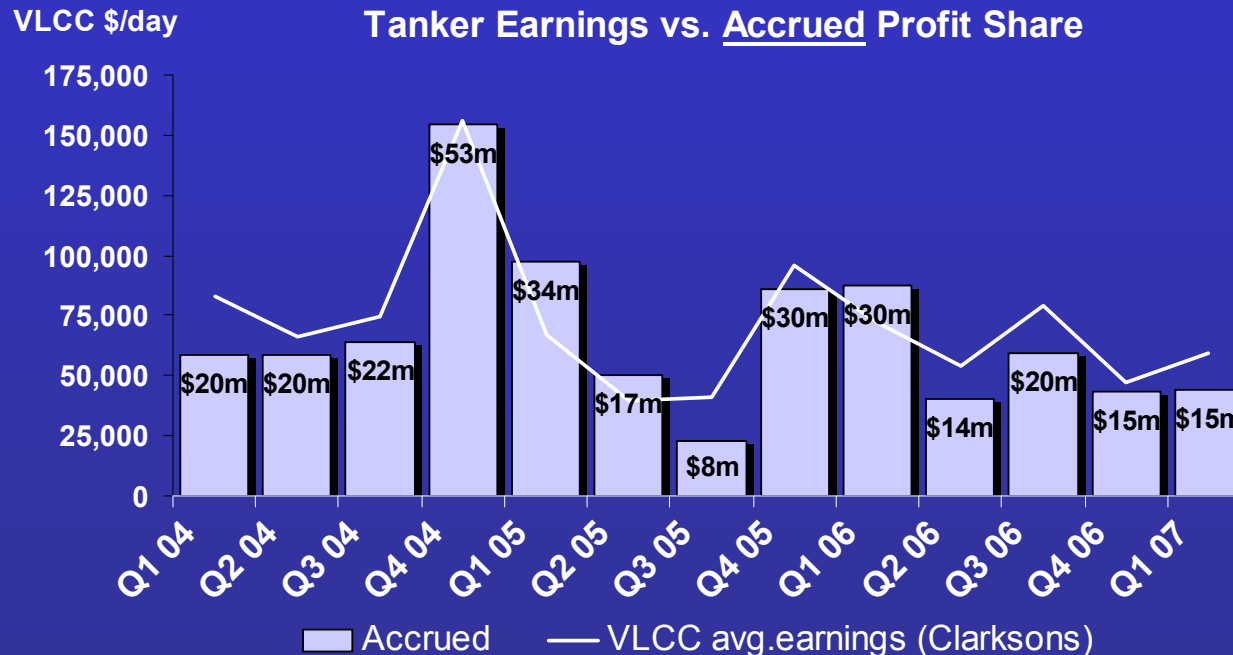
Dividends

- Declared dividend of \$0.55 per share for 1Q 2007
- \$2.14 per share on trailing 4 quarter basis
- Significant cash flow retained for debt repayment and acquisitions
- New transactions expected to increase dividend capacity



Capturing Incremental Cash Flow in Strong Markets

- **20 % profit share of tanker earnings in excess of base charter rates**
 - Paid to Ship Finance on an annual basis
- **Spot tanker market exposure represents upside for SFL shareholders**
- **Quarterly average Profit Share* of \$22.8m or \$0.31 per share from 1Q 2004**



* Pro-forma accumulated profit share per quarter based on management estimate. The profit share is calculated on a calendar year basis, and paid in March the following year. Based on US GAAP, the recognized amounts in the quarterly P&L statement differs from the pro-forma management estimate.

Financing

- **\$1,920m in loans* per March 31, 2007**
 - \$1,471m bank loans*
 - \$449m bond loan
 - More than 65% of interest rate exposure fixed through swaps, fixed interest rates or interest compensation clauses with charterers
- **Several new projects financed on “stand alone” basis with no or limited recourse to Ship Finance**
 - Improves investors’ position and reduces risk
- **Significant capital available as equity in new projects**
 - \$146m net cash per March 31, 2007
 - \$219.7m available under a credit facility

* Excluding \$21.7m financing in subsidiary accounted for as ‘investment in associates’

Summary

- **Net income for the first quarter was \$55.3m (\$0.76/share)**
 - Net income includes \$30.8m gain from the sale of single hull vessels
- **Quarterly dividend increased to \$0.55/share**
 - Several projects in the pipeline
 - New projects expected to grow the dividend capacity
- **Highest fixed-rate charter backlog in the industry**
 - Upside potential through profit sharing and residual value
 - Opportunistic approach to secure higher benefit for SFL shareholders in new projects
- **Significant growth opportunities in large, diverse markets**
 - Strong liquidity position to fund equity portion in investments

Appendix

- **Ship Finance customers and assets**
- **Accounting: Sales Type Leases and Deferred Equity**

Current Customers

	Marine Assets	Type of Charter	Avg. Remaining Charter (1)
	<ul style="list-style-type: none"> 26 x VLCCs 8 x Suezmaxes 8 x OBOs 	Time Charter	12.2 years
	<ul style="list-style-type: none"> 5 x 2,824 TEU Containerships 	Bareboat Charter	11.9 years
	<ul style="list-style-type: none"> 2 x Jack-up drilling rigs 	Bareboat Charter	14.6 years
	<ul style="list-style-type: none"> 2 x Capesize 1 x Panamax 	Bareboat Charter	13.2 years
	<ul style="list-style-type: none"> 3 x seismic vessels 	Bareboat Charter	12.0 years
  	<ul style="list-style-type: none"> 1 x VLCC 1 x 1,700 TEU 1 x 1,700 TEU 	Bareboat (hire/purchase) Time Charter Short-Term Time Charter	3.5 years 2.0 years 0.5 years

(1) As of March 31, 2007 and including new acquisitions. Certain assets are subject to call options by charterers.

A Fleet of >11 Million DWT

Vessel Type	No. of Assets ⁽¹⁾	Avg. Age
VLCC	27 vessels	9.4 yrs
Suezmax	10 vessels	9.6 yrs
Oil/Bulk/Ore vessels ⁽²⁾	8 vessels	15.5 yrs
Dry Bulk	3 vessels	3.1 yrs
Container	7 vessels	0.5 yrs
Jack-up drilling rigs	2 rigs	0.4 yrs
Seismic vessels	3 vessels	0.0 yrs

One of the world's largest owners of marine based assets

(1) Includes vessels to be delivered

(2) Currently operated in the dry bulk market

Appendix

- **Ship Finance customers and assets**
- **Accounting: Sales Type Leases and Deferred Equity**

Accounting – Sales type leases

- Ship Finance is accounting for 42 of the long term charters to Frontline as sales type leases under U.S. GAAP, while the remaining charters will initially be accounted for as operating leases as long as the vessels are on third party charters.
- Cash flow from sale type leases is allocated between interest income on the sales type lease, service income (Management fee) and a repayment of investments in finance leases.
- In the P&L statement only the interest income on the sales type lease and the service income is booked, while the installment part is accounted for under cash flow as repayment of investment in finance leases under investment activities. The repayment of investment in finance leases is deducted from the total charter hire in order to arrive at the reported total operating revenues.
- The capital repayment element of a sales type lease is based on a reducing balance / constant interest rate. So it begins with a small amount in the initial period of a lease and then increases over time, like an annuity.
- The leases in the original transaction with Frontline were set up with one rate for the VLCCs, one for the Suezmaxes and one for the OBOs independent of the purchase prices. Therefore, the implicit rate of return differs from vessel to vessel.

Accounting - Deferred Equity

- SFIL has accounted for the difference between the historical cost of the vessels transferred to it from Frontline at Frontline's historical carrying value and the net investment in the lease as a deferred equity contribution. This deferred equity contribution is shown as a reduction in the net investment in finance leases in the balance sheet. This results from the related party nature of both the transfer of the vessel and the subsequent charter.
- The deferred equity contribution is amortized as a credit to contributed surplus over the life of the finance lease.
- The effect of this is that the assets of Ship Finance are reduced by the deferred equity contribution.
- As per March 31, 2007, the non-amortized portion of the deferred equity contribution was \$223.1 million.