



Ship Finance International Limited 2Q 2007 results

August 22, 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

- 2Q 2007 Highlights and subsequent events
- 2Q 2007 Financial results
- Q & A

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

Highlights - I

- A cash dividend of \$ 0.55 per share has been declared
- Total operating revenues for the second quarter were \$96.6m (\$1.33/share)
- Net income for the second quarter was \$39.5m (\$0.54/share)
- **\$15.7m (\$0.22/share) profit share accumulated during the quarter**
 - Amendment of profit share agreement - profit share from Frontline will be recognized on a quarterly basis, effective second quarter 2007
- **Strong liquidity position provides basis for further growth**
 - Cash and cash equivalents: \$99m plus \$12m restricted cash
 - Available undrawn credit lines: \$220m

Highlights - II

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

- **Delivery of second jack-up drilling rig, West Prospero**
 - Delivery from the yard took place on June 29, 2007
 - The rig immediately commenced its 15 year bareboat charter to Seadrill
 - Full cashflow and earnings effect from 3Q 2007

- **Sale of single hull VLCC Front Vanadis**
 - The vessel was sold on hire/purchase terms to TMT
 - A gain of approximately \$4.3m was recorded in the quarter

Highlights - III

- **Contracted 5 containership newbuildings**
 - 2 x 2,500 TEU and 3 x 1,700 TEU with delivery in 2010
 - Very attractive terms
 - We anticipate a strong chartering market during 2008 and 2009 and we intend to market these vessels for medium to long term charter contracts prior to delivery

- **Acquisition of a 1,700 teu container ship built in 2003**
 - Attractive net purchase price at approximately \$32.5 m.
 - Currently on time charter to CSAV until 4Q 2008
 - Delivery to Ship Finance is expected in late August 2007

- **Acquisition of 5 offshore supply vessels built in 2007**
 - Aggregate purchase price of \$ 198.5 m., including \$17.5 m. seller credit
 - 12 year bareboat charter back to Deep Sea Supply
 - 2 x anchor handling/tug supply vessels and 3 x platform supply vessels
 - Financing of the transaction is arranged

Profit & Loss SFL consolidated*

INCOME STATEMENT <i>(in thousands of \$ except per share data)</i>	Three months ended		Six months ended		Twelve months ended
	June 30, 2007	June 30, 2006	June 30, 2007	June 30, 2006	Dec. 31, 2006 <i>(audited)</i>
Total operating revenues (1)	96,551	90,899	183,091	175,020	424,658
Loss (gain) on sale of assets	-4,332	-8,999	-35,096	-10,131	-9,807
Voyage expenses	224	385	597	1,096	1,736
Ship operating expenses	25,270	29,781	54,229	57,324	117,957
Administrative expenses	1,706	937	3,722	1,458	6,584
Depreciation	3,197	3,646	6,195	8,005	14,490
Total operating expenses	30,397	34,749	64,743	67,883	140,767
Operating income	70,486	65,149	153,444	117,268	293,698
Interest income	2,866	1,664	4,302	2,390	3,978
Interest expense	-37,125	-27,136	-69,187	-53,534	-113,588
Results in associate	229	-73	463	-73	267
Other financial items	3,034	3,671	5,823	11,049	-3,733
Foreign currency exchange gain (loss)	7	143	-67	169	219
Taxes	-	-	-	-	-42
Net income	39,497	43,418	94,778	77,269	180,799
Basic earnings per share (\$)	\$0.54	\$0.60	\$1.30	\$1.06	\$2.48

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

Balance Sheet

SFL consolidated*

BALANCE SHEET <i>(in thousands of \$)</i>	June 30, 2007	June 30, 2006	December 31, 2006
		-2	<i>(audited)</i>
ASSETS			
<i>Short term</i>			
Cash and cash equivalents	99,116	33,347	64,569
Restricted cash	11,707	10,847	12,937
Amount due from related parties	14,021	7,646	63,024
Other current assets	183,331	136,777	166,623
<i>Long term</i>			
Newbuildings and vessel purchase options	259	-	7,658
Vessels and equipment, net	366,399	242,121	238,891
Investment in finance leases	2,061,048	1,813,243	1,958,691
Investment in associate	4,069	45,895	3,698
Deferred charges	16,995	44,515	16,848
Other long-term assets	27,993	-	20,738
Total assets	2,784,938	2,334,391	2,553,677
LIABILITIES AND STOCKHOLDERS' EQUITY			
<i>Short term</i>			
Short term and current portion of long term interest bearing debt	182,969	125,426	144,451
Other current liabilities	20,246	27,635	14,793
Amount due to related parties	42,118	-	14,411
<i>Long term</i>			
Long term interest bearing debt	1,903,591	1,620,129	1,770,749
Other long term liabilities	1,227	604	8,743
Stockholders' equity (1)	634,787	560,597	600,530
Total liabilities and stockholders' equity	2,784,938	2,334,391	2,553,677

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

Cashflow Statement

SFL consolidated*

STATEMENT OF CASHFLOWS <i>(in thousands of \$)</i>	Three months ended		Six months ended		Twelve months ended
	June 30, 2007	June 30, 2006	June 30, 2007	June 30, 2006 ⁽¹⁾	Dec. 31, 2006 <i>(audited)</i>
OPERATING ACTIVITIES					
Net income	39,497	43,418	94,778	77,269	180,799
Adjustments to reconcile net income to net cash provided by operating activities					
Depreciation and amortisation	4,186	4,310	7,953	9,317	17,559
Unrealised foreign currency exchange loss	-	2	-	2	-
Adjustment of financial derivatives to market value	-3,442	-3,834	-6,983	-8,922	6,375
Loss (gain) on sale of assets	-4,332	-25,337	-35,096	-26,469	-26,469
Result in associate	-228	73	-463	73	-4,205
Stock based compensation	159	-	311	-	49
Other	72	-991	90	-2,750	-5,140
Change in operating assets and liabilities	-6,954	-16,078	82,410	80,275	24,532
Net cash provided by operating activities	28,958	1,563	143,000	128,795	193,497
INVESTING ACTIVITIES					
Repayment of investments in finance leases	46,200	30,271	82,126	62,405	136,760
Net maturity (placement) of restricted cash	1,775	236	1,230	-9,272	-11,362
Sale of vessel	-	-	142,018	40,466	75,606
Acquisition of subsidiaries, net of cash acquired	-	-	-	-34,810	-34,810
Net (investment in) proceeds from sale of newbuilding	-259	2,000	7,399	-	-7,658
Sale (purchase) of vessels	-247,635	-	-430,500	-	-266,750
Investment in associate companies	-2	-45,967	92	-45,967	508
Purchase of short term investment	-	-	2,996	-	-3,000
Other investments	-2,008	-	-2,008	-	-
Net cash (used in) provided by investing activities	-201,929	-13,460	-196,647	12,822	-110,706
FINANCING ACTIVITIES					
Repurchase of shares	-	-	-	-7,212	-7,212
Proceeds from long-term debt	209,162	25,000	336,350	25,000	312,588
Debt fees paid	-500	-87	-1,905	-88	-1,047
Repayment of long-term debt	-42,638	-30,006	-164,989	-73,103	-190,716
Cash dividends paid	-40,001	-36,370	-79,283	-72,742	-149,123
Deemed dividends paid	-321	-1,764	-1,979	-12,982	-15,569
Net cash provided by (used in) financing activities	125,702	-43,227	88,194	-141,127	-51,079
Net (decrease) increase in cash and cash equivalents	-47,269	-55,125	34,547	490	31,712
Cash and cash equivalents at start of period	146,385	88,472	64,569	32,857	32,857
Cash and cash equivalents at end of period	99,116	33,347	99,116	33,347	64,569

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

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

	2Q 07		1Q 07		2006
	\$ mill.	\$/share	\$ mill.	\$ mill.	
Fixed contribution from Charters					
VLCC	64	0.87	64	268	
Suezmax and OBOS	30	0.41	39	165	
Container	10	0.14	6	16	
Dry bulk	1	0.01	1	2	
Offshore	10	0.14	10	21	
Sum fixed contributions from charters	115	1.57	120	471	
Vessel operation expenses / G&A	(27)	(0.37)	(31)	(126)	
Contribution BITDA before profit share	88	1.20	89	345	
Accumulated profit share	16	0.22	15	79	
Contribution BITDA after profit share	104	1.42	104	424	

- (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

Growth and Diversification

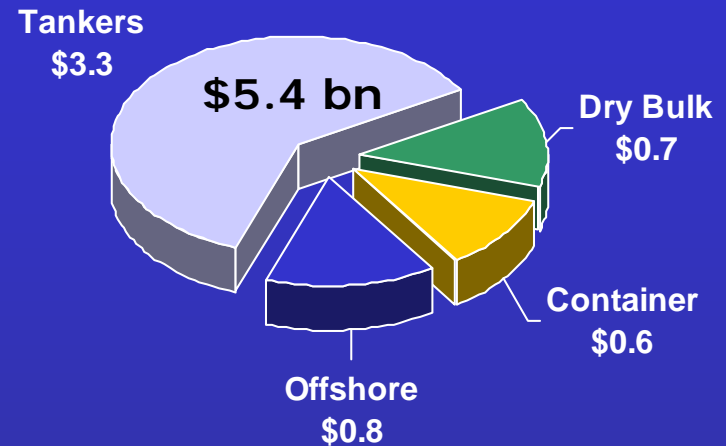
Asset Base in 2004

\$ in billions



Pro Forma Current Asset Base (1)

\$ in billions



Key areas of Growth

- Offshore market
- Container market
- Tankers and bulkers

Remaining capital commitments (2)

2H 07	2008	2009	2010	Total
\$266m	\$323m	\$168m	\$98m	\$855m

(1) Pro forma for all vessels contracted for delivery, OBO's included in dry bulk segment
 (2) Separate financing arrangements are already in place for several of these investments

Unique Order Backlog

- Nominal values⁽¹⁾ as per June 30, 2007
- Excluding any profit sharing

Total charter payments



\$5.5 billion

Cashflow from charters⁽²⁾



\$4.3 billion

Average tenor of charters⁽³⁾



13.9 years

(1) Excluding acquisitions announced after 6/30/07. Assuming certain call options are not exercised.

(2) Cash flow net of vessel operating expenses.

(3) Weighted by charter revenue.

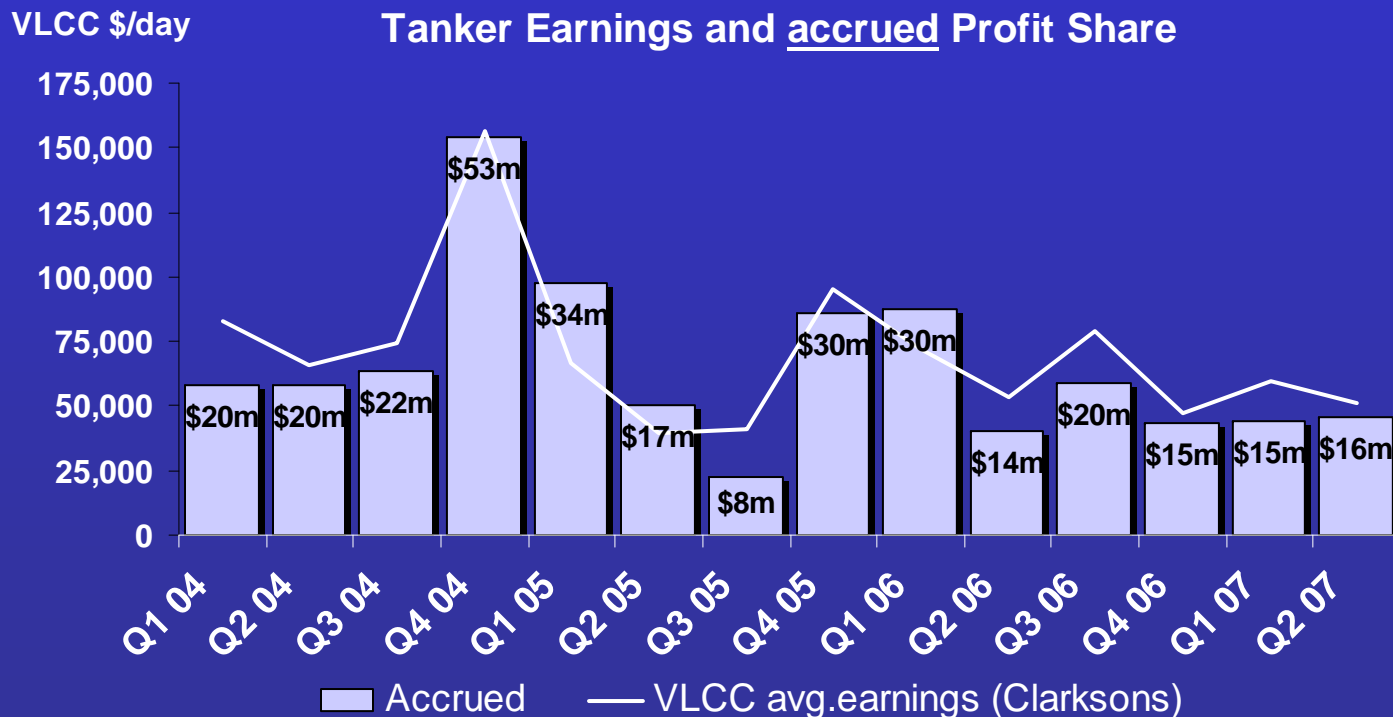
Dividends

- Declared dividend of \$0.55 per share for 2Q 2007
- \$2.17 per share on trailing 4 quarter basis
- Significant cashflow retained for debt repayment and acquisitions
- New transactions expected to increase dividend capacity



Capturing Incremental Cashflow 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 \$22.3m or \$0.31 per share from 1Q 2004



* Pro-forma accumulated profit share per quarter based on management estimate. Until 1Q 07 the profit share has 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

- **\$2.1 bn interest bearing debt per June 30, 2007**
 - \$1.6 bn bank loans
 - \$0.5 bn bond loan
 - Approximately 70% 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 for Ship Finance

- **Significant capital available as equity in new projects**
 - \$99m net cash per June 30, 2007
 - \$220m available under a credit facility

Summary








- **Net income for the second quarter of \$39.5m (\$0.54/share)**
- **Quarterly dividend is maintained at a high level of \$0.55/share**
 - 8.4% dividend yield⁽¹⁾
 - 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
 - Diversification of fleet

(1) Annualized 2Q07 dividend, and \$26.14 share price as of August 21, 2007

Appendix

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

A Fleet of >11 Million DWT

	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	11.9 years
	<ul style="list-style-type: none"> 5 x 2,824 TEU Containerships 	Bareboat Charter	11.7 years
	<ul style="list-style-type: none"> 2 x Jack-up drilling rigs 	Bareboat Charter	14.5 years
	<ul style="list-style-type: none"> 2 x Capesize 1 x Panamax 	Bareboat Charter	13.1 years
	<ul style="list-style-type: none"> 3 x seismic vessels 	Bareboat Charter	12.0 years
	<ul style="list-style-type: none"> 5 x offshore supply vessels 	Bareboat Charter	12.0 years
	<ul style="list-style-type: none"> 1 x VLCC 3 x 1,700 TEU 2 x Suezmaxes 5 x Containerships 	<ul style="list-style-type: none"> Bareboat (hire/purchase) Time Charter Newbuildings Newbuildings 	<ul style="list-style-type: none"> 3.3 years 0.5 – 1.9 years - -

(1) As of June 30, 2007 and including new acquisitions. Certain assets are subject to call options by charterers.

Appendix

- Ship Finance customers and assets
- Accounting: Finance Leases and Deferred Equity

Finance lease accounting

- Charters to Frontline, Seadrill, Golden Ocean and TMT are classified as finance leases

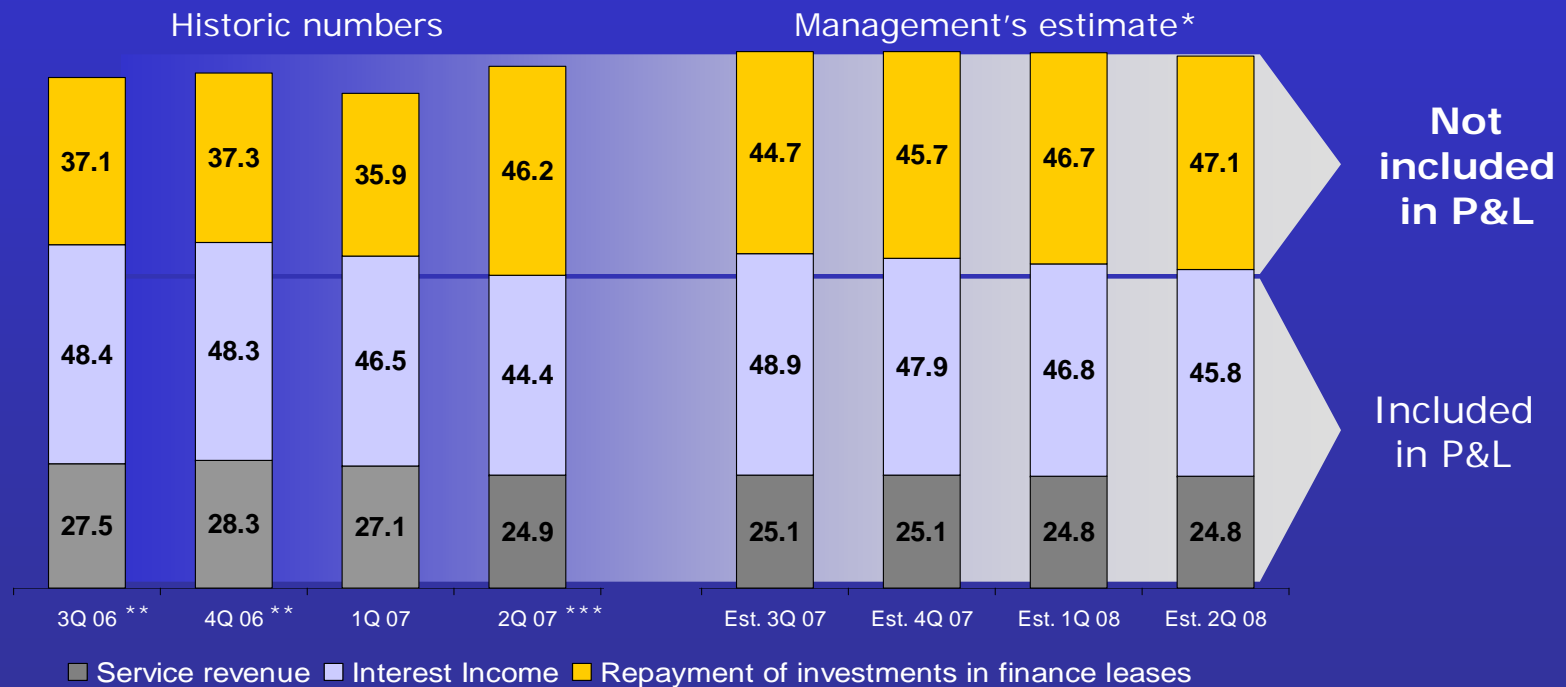
- Charter revenues are split in 3 parts:
 - Service Income
 - OPEX component of the charter (\$6,500 per day)
 - Included in 'Total operating revenues' in the Income statement
 - Applicable for Frontline charters only

 - Interest income
 - The 'interest component' of the charter payment
 - Calculated essentially as the interest expense in an annuity
 - Included in 'Total operating revenues' in the Income statement

 - Repayment of investment in finance lease
 - The 'capital component' of the charter payment
 - Calculated essentially as the repayment of principal in an annuity
 - Not included in the Income statement, but appears in 'Investing Activities' in the Statement of cashflows

Finance leases - accounting

- Vessels chartered to Frontline, Seadrill and TMT are accounted for as finance leases
- The numbers below reflects the aggregate fixed charter hire payments from those charters classified as finance leases, excluding any profit share



* The management's estimate is based on current lease schedules which again are based on various assumptions. These assumptions and therefore the lease schedules may change over time for any vessel. The management's estimate only includes lease schedules for assets on the balance sheet as of June 30, 2007.

** Includes Rig Finance Ltd. In the preliminary 3Q06 and 4Q06 reports, this subsidiary was treated as 'investment in associate'

*** In 2Q07 an extraordinary charter payment of \$ 12.5m has been recorded as 'repayment of investments in finance lease' in connection with the sale of Front Vanadis

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 June 30, 2007, the non-amortized portion of the deferred equity contribution was \$233.2 million.