

SFL announces newbuild orders and long term charter agreements

July 8, 2024



SFL Corporation has agreed new five-year time charters on four 8,700 TEU container vessels, which will add approximately US\$240 million to the company's fixed rate charter backlog.

The vessels have been on charter to Danish container giant Maersk since they were new and the current charters were due to expire in 2025.

The vessels were built in 2014-2015 with a modern, wide-beam design and fuel-efficient electronic engines. In connection with the new charters, SFL will make certain investments in the vessels, including increasing the cargo capacity to 9,500 TEUs.

SFL will also add new energy efficiency features, and the total upgrade investment is estimated to be approximately US\$20 million in aggregate.

Ole B. Hjertaker, CEO of SFL Management AS, commented, "The new charters on four existing container vessels demonstrate the benefit of a customer-focused approach, where we in close cooperation with Maersk have analyzed how to optimize the vessels' operational performance and reduce emissions. This benefits both our customer and us during the charter period, whilst we will have more attractive vessels when the new charters expire in 2030. With the acquisitions and charter extensions announced so far this year, we have added approximately US\$2 billion to our fixed rate charter backlog."

Moreover, SFL has already announced the agreement to build five 16,800 TEU boxships with scheduled delivery in 2028 at an aggregate construction cost of approximately US\$1 billion.

The vessels will have LNG dual-fuel propulsion and the latest features in fuel efficiency and cargo intake optimization.

Concurrently, SFL has agreed minimum of 10-year time charters to a leading liner company from delivery, adding approximately US\$1.2 billion to our charter backlog. There will be an option to extend the charters for another two years, and purchase options at the end of the 10th and 12th year, including a profit share feature.

Ole B. Hjertaker said, "This marks another accretive milestone investment for SFL and will add five large container vessels to our fleet. With these vessels delivered, we will have 11 LNG dual-fuel vessels, and it demonstrates our commitment to continue expanding our investment focus to assets with a lower carbon footprint whilst ensuring significant visibility through 10-year firm charters to an investment grade counterparty."