

FRONTLINE



Second Quarter Presentation Aug 2021

Forward Looking Statements

MATTERS DISCUSSED IN THIS DOCUMENT MAY CONSTITUTE FORWARD-LOOKING STATEMENTS. THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995 PROVIDES SAFE HARBOR PROTECTIONS FOR FORWARD-LOOKING STATEMENTS IN ORDER TO ENCOURAGE COMPANIES TO PROVIDE PROSPECTIVE INFORMATION ABOUT THEIR BUSINESS. FORWARD-LOOKING STATEMENTS INCLUDE STATEMENTS CONCERNING PLANS, OBJECTIVES, GOALS, STRATEGIES, FUTURE EVENTS OR PERFORMANCE, AND UNDERLYING ASSUMPTIONS AND OTHER STATEMENTS, WHICH ARE OTHER THAN STATEMENTS OF HISTORICAL FACTS.

FRONTLINE DESIRES TO TAKE ADVANTAGE OF THE SAFE HARBOR PROVISIONS OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995 AND IS INCLUDING THIS CAUTIONARY STATEMENT IN CONNECTION WITH THIS SAFE HARBOR LEGISLATION. THE WORDS "BELIEVE," "ANTICIPATE," "INTENDS," "ESTIMATE," "FORECAST," "PROJECT," "PLAN," "POTENTIAL," "MAY," "SHOULD," "EXPECT" "PENDING" AND SIMILAR EXPRESSIONS IDENTIFY FORWARD-LOOKING STATEMENTS.

THE FORWARD-LOOKING STATEMENTS IN THIS DOCUMENT ARE BASED UPON VARIOUS ASSUMPTIONS, MANY OF WHICH ARE BASED, IN TURN, UPON FURTHER ASSUMPTIONS, INCLUDING WITHOUT LIMITATION, MANAGEMENT'S EXAMINATION OF HISTORICAL OPERATING TRENDS, DATA CONTAINED IN FRONTLINE'S RECORDS AND OTHER DATA AVAILABLE FROM THIRD PARTIES. ALTHOUGH FRONTLINE BELIEVES THAT THESE ASSUMPTIONS WERE REASONABLE WHEN MADE, BECAUSE THESE ASSUMPTIONS ARE INHERENTLY SUBJECT TO SIGNIFICANT UNCERTAINTIES AND CONTINGENCIES WHICH ARE DIFFICULT OR IMPOSSIBLE TO PREDICT AND ARE BEYOND FRONTLINE'S CONTROL, YOU CANNOT BE ASSURED THAT FRONTLINE WILL ACHIEVE OR ACCOMPLISH THESE EXPECTATIONS, BELIEFS OR PROJECTIONS. THE INFORMATION SET FORTH HEREIN SPEAKS ONLY AS OF THE DATES SPECIFIED AND FRONTLINE UNDERTAKES NO DUTY TO UPDATE ANY FORWARD-LOOKING STATEMENT TO CONFORM THE STATEMENT TO ACTUAL RESULTS OR CHANGES IN EXPECTATIONS OR CIRCUMSTANCES.

IMPORTANT FACTORS THAT, IN FRONTLINE'S VIEW, COULD CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY FROM THOSE DISCUSSED IN THE FORWARD-LOOKING STATEMENTS INCLUDE, WITHOUT LIMITATION: THE STRENGTH OF WORLD ECONOMIES AND CURRENCIES, GENERAL MARKET CONDITIONS, INCLUDING FLUCTUATIONS IN CHARTERHIRE RATES AND VESSEL VALUES, CHANGES IN DEMAND IN THE TANKER MARKET, INCLUDING BUT NOT LIMITED TO CHANGES IN OPEC'S PETROLEUM PRODUCTION LEVELS AND WORLD WIDE OIL CONSUMPTION AND STORAGE, CHANGES IN FRONTLINE'S OPERATING EXPENSES, INCLUDING BUNKER PRICES, DRYDOCKING AND INSURANCE COSTS, THE MARKET FOR FRONTLINE'S VESSELS, AVAILABILITY OF FINANCING AND REFINANCING, ABILITY TO COMPLY WITH COVENANTS IN SUCH FINANCING ARRANGEMENTS, FAILURE OF COUNTERPARTIES TO FULLY PERFORM THEIR CONTRACTS WITH US, 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, VESSEL BREAKDOWNS, INSTANCES OF OFF-HIRE AND OTHER IMPORTANT FACTORS. FOR A MORE COMPLETE DISCUSSION OF THESE AND OTHER RISKS AND UNCERTAINTIES ASSOCIATED WITH FRONTLINE'S BUSINESS, PLEASE REFER TO FRONTLINE'S FILINGS WITH THE SECURITIES AND EXCHANGE COMMISSION, INCLUDING, BUT NOT LIMITED TO, ITS ANNUAL REPORT ON FORM 20-F.

THIS PRESENTATION IS NOT AN OFFER TO PURCHASE OR SELL, OR A SOLICITATION OF AN OFFER TO PURCHASE OR SELL, ANY SECURITIES OR A SOLICITATION OF ANY VOTE OR APPROVAL.

Reported earnings basis load to discharge

	Q2 2021	Q3 2021 est.	% done
VLCC	\$15,000	\$14,000	70%
Suezmax	\$11,000	\$9,800	64%
LR2/Aframax	\$10,600	\$11,800	63%



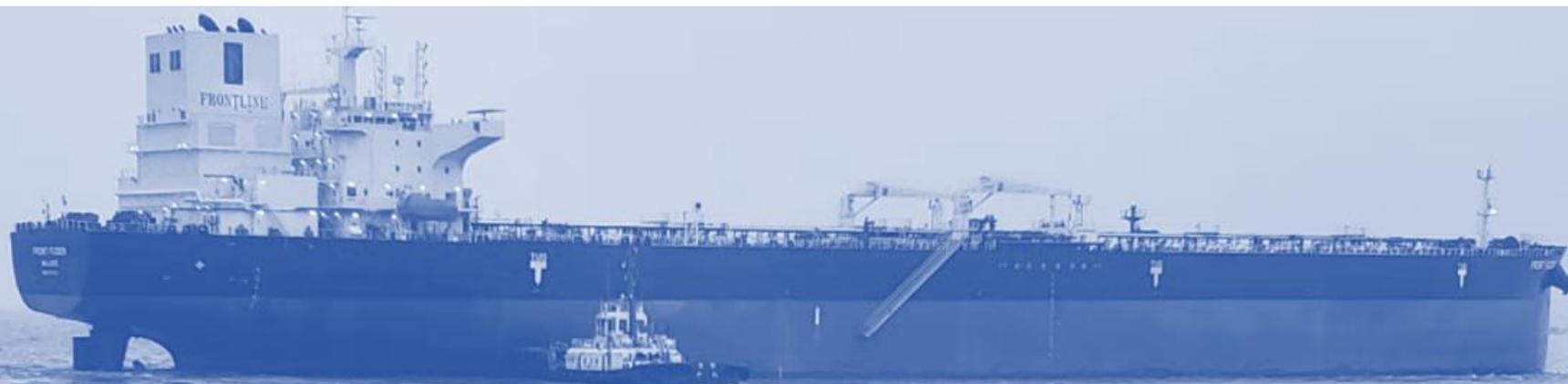
VLCC
Suezmax
LR2/Aframax



- Net loss of \$26.6 million, or \$0.13 per diluted share
- Adjusted net loss of \$23.2 million, or \$0.12 per diluted share



- Acquisition through resale of six VLCCs – latest generation ECO-type currently under construction at the HHI shipyard in South Korea – and acquisition of two latest generation ECO-type VLCCs built in 2019 at the same shipyard
- Obtained financing commitments for three senior secured term loan facilities in a total amount of up to \$247.0 million to partially finance the two acquired 2019 built VLCCs and two of the six VLCC newbuildings, subject to final documentation



Income Statement – Highlights

	2021 Apr - Jun	2021 Jan - Mar	2020 Jan - Dec
<i>(in thousands of \$ except per share data)</i>			
Total operating revenues (net of voyage expenses)	79 955	107 113	868 089
Other operating gain	596	537	29 902
Contingent rental (income) expense	(961)	(663)	14 568
Ship operating expenses	48 727	39 427	183 063
Charter hire expenses	322	2 271	9 557
Administrative expenses	7 947	6 384	44 238
EBITDA	25 422	80 370	627 018
EBITDA adj (*)	27 641	59 050	632 407
Interest expense	(14 654)	(14 760)	(72 160)
Net income	(26 631)	28 895	412 875
Net income adj (*)	(23 192)	8 774	421 602
Diluted earnings per share	(0,13)	0,15	2,09
Diluted earnings per share adjusted	(0,12)	0,04	2,13

Adjustment items for Q2 2021:

- \$0.8 million gain on marketable securities
- \$4.7 million loss on derivatives
- \$0.8 million share of losses of associated companies
- \$1.3 million amortization of acquired time charters

Note: Diluted earnings per share is based on 197,692 and 197,775 weighted average shares (in thousands) outstanding for Q2 2021 and Q1 2021, respectively

*See Appendix 1 for reconciliation to nearest comparable GAAP figures



Balance Sheet - Highlights

	2021 Jun 30	2021 Mar 31	2020 Dec 31
<i>(in millions \$)</i>			
Assets			
Cash	142	154	190
Other current assets	190	221	189
Non-current assets			
Vessels and newbuildings	3 526	3 423	3 418
Goodwill	112	112	112
Other long-term assets	12	18	10
Total assets	3 982	3 928	3 918
Liabilities and Equity			
Short term debt and current portion of long term debt	326	172	167
Obligations under finance and operational lease	9	9	12
Other current liabilities	92	92	102
Non-current liabilities			
Long term debt	1 891	1 961	1 969
Obligations under finance and operating lease	49	51	53
Other long-term liabilities	1	2	4
Noncontrolling interest	(0)	(0)	(0)
Frontline Ltd. stockholders' equity	1 614	1 641	1 612
Total liabilities and stockholders' equity	3 982	3 928	3 918

Notes

- \$257 million in cash and cash equivalents, including undrawn amount of unsecured facility, marketable securities and minimum cash requirements bank as per 30.06.21



Cash Breakeven and Cash Generation Potential

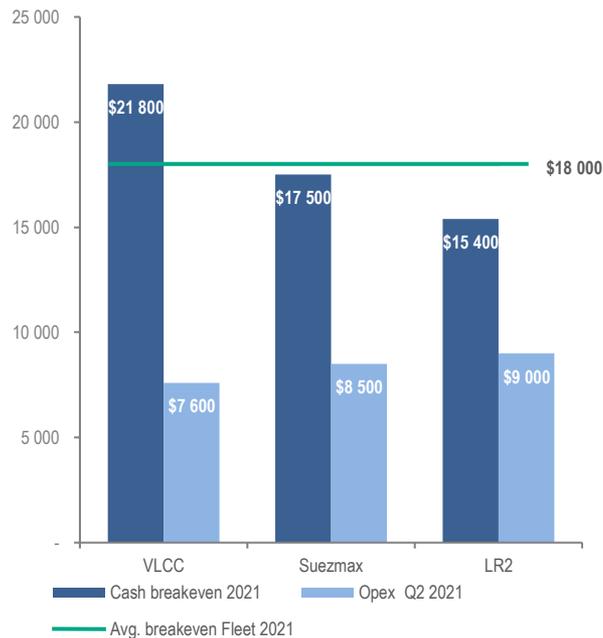
Low cash breakeven levels provide significant operating leverage & protect our cash flows during periods of market weakness



Highly attractive terms on the obtained financing commitments on four acquired VLCCs decreases their daily cash breakeven rates with ~\$1,400 per vessel compared to existing terms on similar vessels



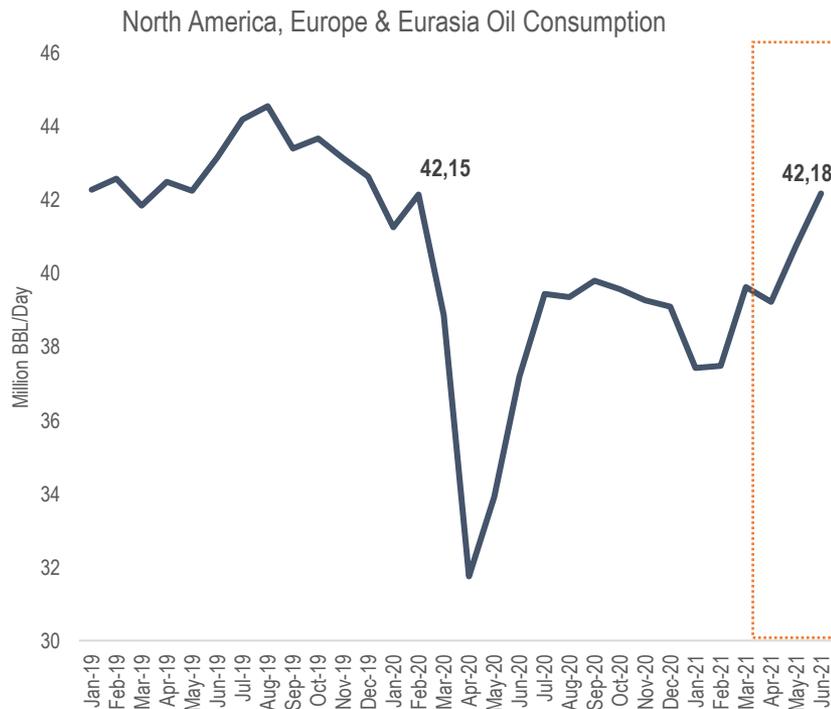
Increased Cash Generation Potential after the acquisition of eight VLCCs



Note: Daily cash breakeven in USD based on estimate for remainder of 2021. Cash generation 365 days from 1. July 2021 and adjusted for NB deliveries & acquired vessels

Sliding rates but positive developments in oil demand

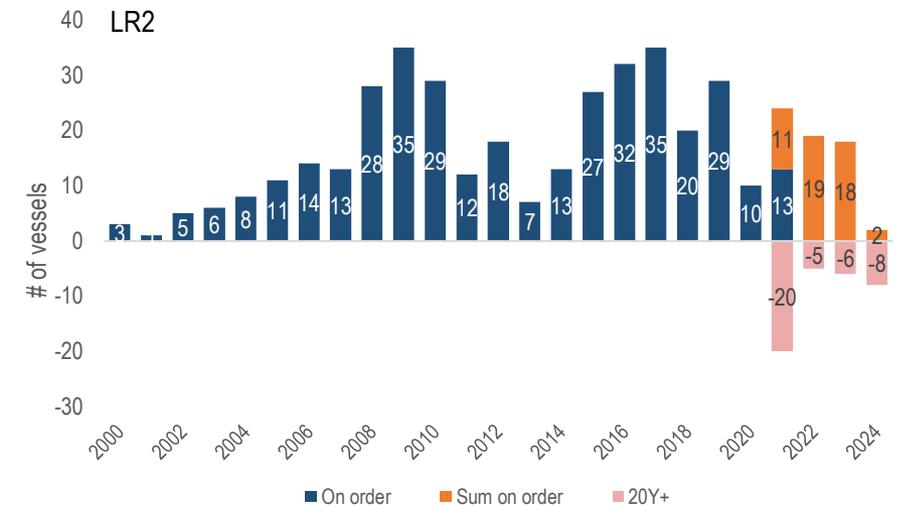
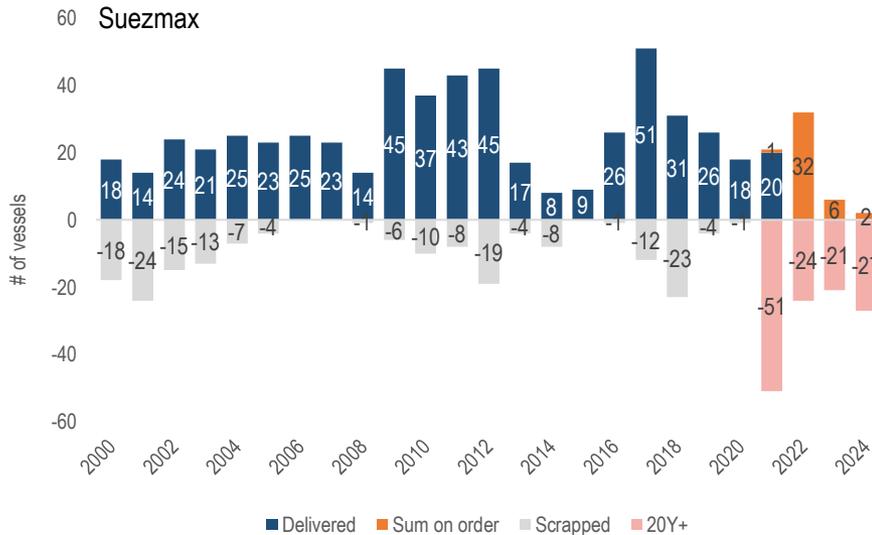
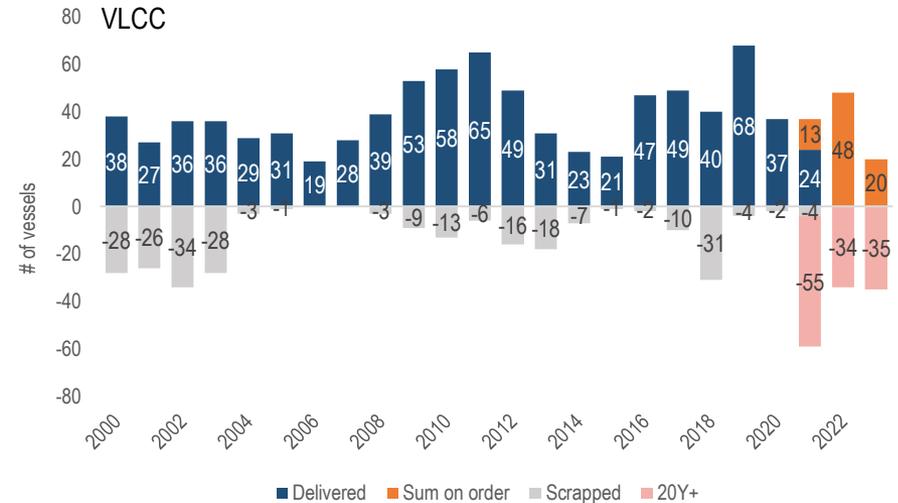
- Global oil consumption averaged 96.7 million bbl/day in Q2-21, up 2.1 mbd from Q1-21. Production averaged 94.9 million bbl/day hence the world continued to draw 1.8 mbd of inventories
- Tanker rates gradually slipped throughout the quarter, and volatility faded
- OPEC+ did increase supply by more than 1 mbd during Q2-21, but key OPEC producers also went into higher demand periods. US and Brazil added another 900k bbl/day
- Demand rose sharply in North America and greater Europe, whilst Asia, that led the recovery, saw a far more muted development in the second quarter of the year



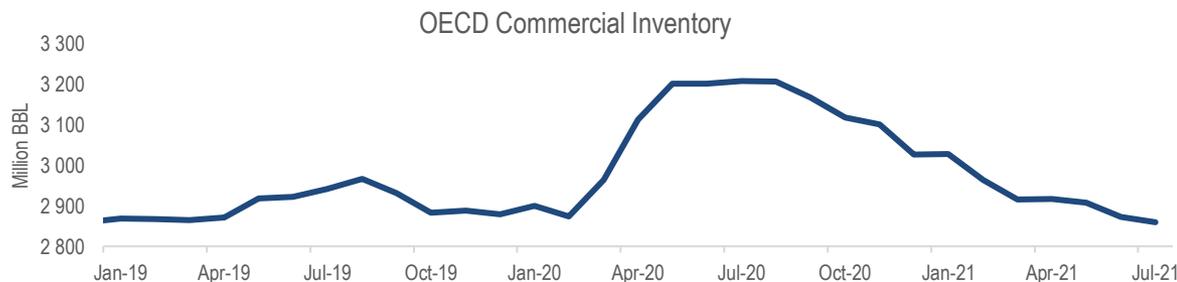
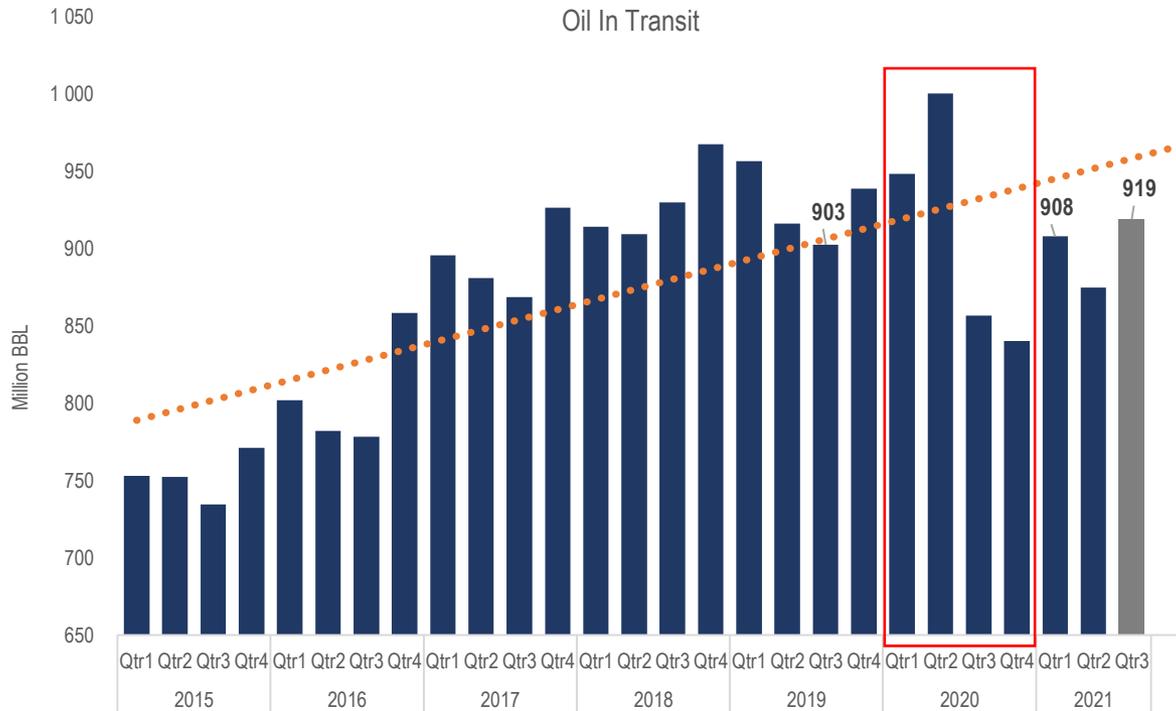
Tanker Orderbooks

Tanker orderbooks are shrinking as vessels deliver

- New ordering has naturally been muted during Q2-21
- Delivery window for ordering a significant number of VLCC or Suezmax is now firmly 2024
- The overall tanker orderbook for VLCC, Suezmax and LR2 has shrunk ~10% year to date
- The overall orderbook for tankers above 10k dwt stands at 8% of existing fleet, comparable to Q1-97. In absolute dwt terms we are at 20-year lows
- VLCC orderbook is now at 81 units, 124 VLCC's will be above or pass 20 years in the same period, for Suezmax we are at 41 units and 123 passing 20 years on same metrics



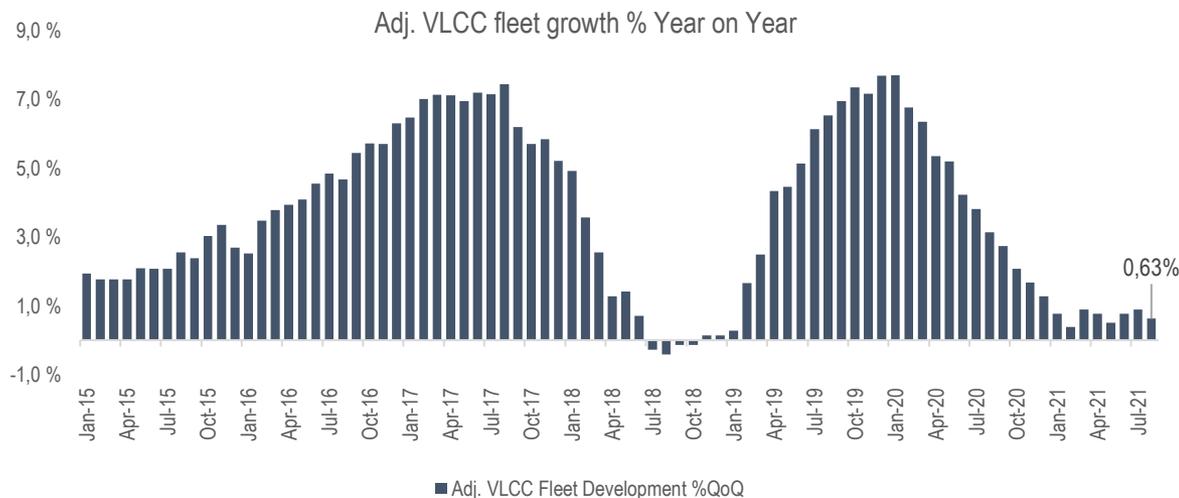
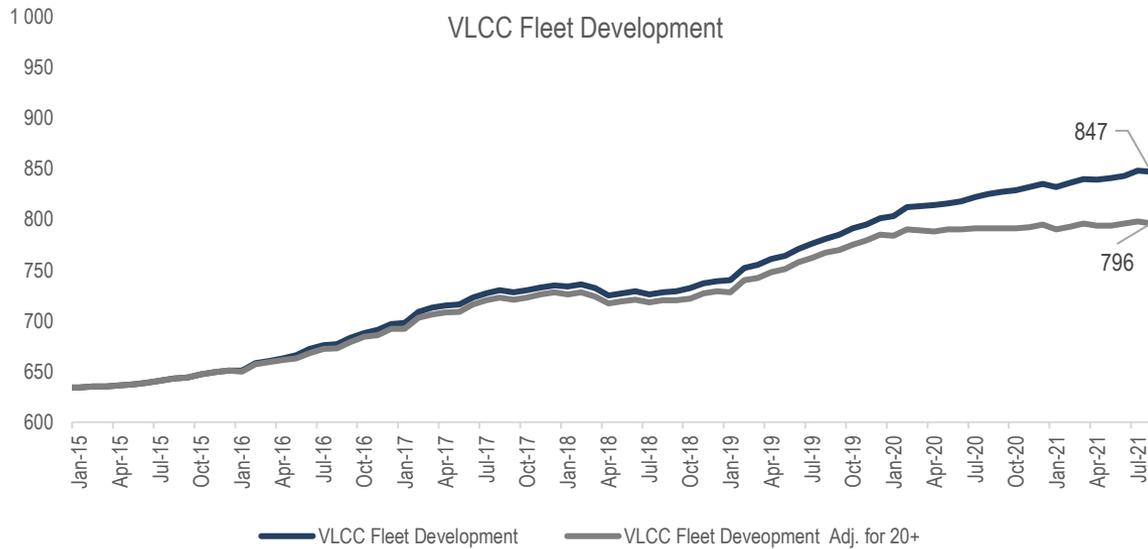
Volume of oil being transported is back to 2019 levels



Commentary

- 2020 was a noisy year for oil transportation
- Saudi-Russia price war distorted Q1 and Q2. Covid-19 demand shock and following inventory build followed suit
- Q4-20 crude went into backwardation, Oil in Transit below 2017 levels. Floating storage saved tanker utilization
- 1H-21 tanker markets have been facing increased fleet supply by vessels released from storage, deliveries of newbuilds and deep inventory draws
- OECD commercial inventories are now down to 2019 levels, a fair proxy for Global inventories
- When inventories are no longer drawn, transported oil will come in to play

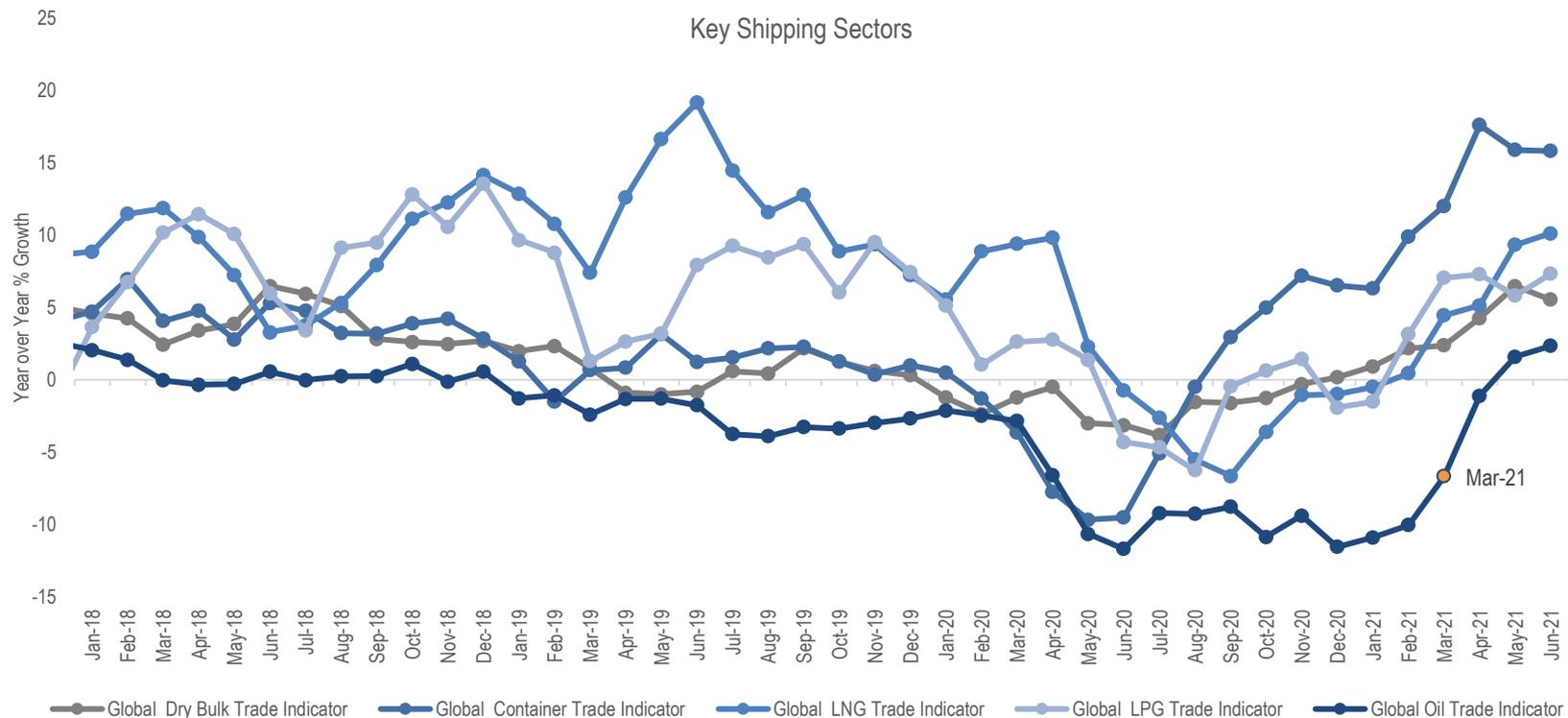
Adjusted for inefficient tonnage – fleet growth has been moderate



Commentary

- We may all speculate in what the older generation of VLCC's are doing
- It's undisputable that a 20-year-old vessel will struggle as a very limited number of charterers accept them
- With the challenging trading environment during 1H this year, earnings achieved on non-eco high consuming vessels have been zero or negative
- Year to date 8 VLCC are reported sold for recycling, the average recycling price in Asia has risen 70% in the same period – to \$25.5m
- Crude oil curves turned to backwardation in Q4 last year, not supporting floating storage
- 3 VLCC spot fixtures have been reported year to date for a vessel of 20 years or older (of 660)

- Demand, and supply of oil continues to rise, ‘Delta type’ infections cloud the outlook in Asia
- Asset prices remain firm, steel prices continue to rise and activity good for non-tanker assets
- The tanker fleet continues to age, the overall orderbook shrinks and potential delivery windows move further out
- OPEC+ plan to add 400 kbd each month to the end of the year
- Oil in transit continue to rise, when do we reach the inflexion point ?
- Frontline has increased its position significantly, secured attractive financing and are ready to capitalize as we sail on towards the expected recovery!



Questions & Answers





FRONTLINE

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Appendix

Appendix I Reconciliation

(Million \$ except per share)

	Q2 2021	Q1 2021	Q4 2020	FY 2020
Total operating revenues net of voyage expenses				
Total operating revenues	170	194	175	1 221
Voyage expenses	-90	-87	-74	-353
Total operating revenues net of voyage expenses	80	107	101	868
Net income adj.				
Net income attributable to the Company	-27	29	-9	413
Add back:				
Unrealized loss on marketable securities	0	0	0	5
Share of losses of associated company	1	0	2	6
Loss on derivatives	5	0	0	22
Less:				
Gain on sale of subsidiary	0	0	-7	-7
Gain on termination of lease (net of cash received)	0	0	0	-4
Share of results of associated company	0	0	0	-1
Gain on settlement of claim	0	0	0	-2
Unrealized gain on marketable securities	-1	-3	-2	-3
Gain on derivatives	0	-16	-3	-3
Amortization of acquired time charters	-1	-1	-1	-4
Net income adj.	-23	9	-20	422

(in thousands)

Weighted average number of ordinary shares (basic)	197 692	197 962	197 692	195 637
Weighted average number of ordinary shares (diluted)	197 692	197 775	197 692	197 808

(in \$)

Basic earnings per share adjusted for certain non-cash items	-0,12	0,04	-0,10	2,16
Diluted earnings per share adjusted for certain non-cash items	-0,12	0,04	-0,10	2,13

EBITDA adj.

Net income attributable to the Company	-27	29	-9	413
Add back:				
Interest expense	15	15	15	72
Depreciation	36	36	36	139
Income tax expense	0	0	0	0
Net income attributable to the non-controlling interest	0	0	0	0
Share of losses of associated company	1	0	2	6
Unrealized loss on marketable securities	0	0	0	5
Loss on derivatives	5	0	0	22
Less:				
Gain on sale of subsidiary	0	0	-7	-7
Gain on termination of lease (net of cash received)	0	0	0	-4
Unrealized gain on marketable securities	-1	-3	-2	-3
Gain on settlement of claim	0	0	0	-2
Share of results of associated company	0	0	0	-1
Gain on derivatives	0	-16	-3	-3
Amortization of acquired time charters	-1	-1	-1	-4
EBITDA adj.	28	59	31	632

This presentation describes: total operating revenues net of voyage expenses, net income attributable to the Company adjusted for certain non-cash items ("Net income adj.") and related per share amounts and Earnings Before Interest, Tax, Depreciation & Amortisation adjusted for the same non-cash items ("EBITDA adj."), which are not measures prepared in accordance with US GAAP ("non-GAAP").

We believe the non-GAAP financial measures presented in this press release provides investors with a means of evaluating and understanding how the Company's management evaluates the Company's operating performance.

These non-GAAP financial measures should not be considered in isolation from, as substitutes for, nor superior to financial measures prepared in accordance with GAAP.