



*“World leader in the seaborne transportation of crude oil and refined products”*



Second Quarter Presentation August 2019

# 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.

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# Q2 2019 Highlights and Subsequent Events

## Financial highlights

- Net income attributable to the Company was \$1.1 million, or \$0.01 per share, for the second quarter of 2019.
- Net income attributable to the Company was \$4.2 million, or \$0.02 per share adjusted for certain non-cash items for the second quarter of 2019.
- Reported an estimated spot average daily time charter equivalent (“TCE”):

	Q2 2019	Q3 2019 est.	% done
VLCC	\$25,600	\$28,000	83%
Suezmax	\$16,200	\$18,300	70%
LR2/Aframax	\$18,100	\$16,800	68%

- In August 2019, the Company obtained a financing commitment for a senior secured term loan facility in an amount of up to \$42.9 million with Credit Suisse to partially finance the Suezmax tanker resale under construction at HSHI.

## Adding high quality, modern tonnage at the right time

### Acquisition of 10 modern Suezmax tankers

- 2019 built Korean vessels with exhaust gas cleaning systems
- Total transaction to consist of:
  - (i) 16,035,856 shares of Frontline common stock; and
  - (ii) between USD 538 and 547 million in cash, payable upon closing

### Options to acquire four additional Suezmax tankers

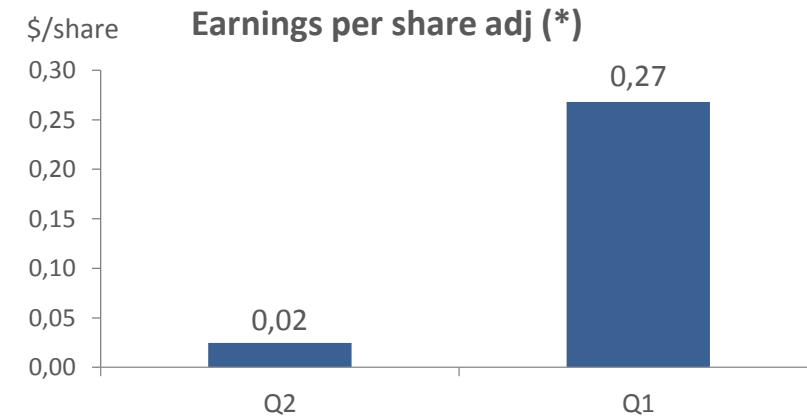
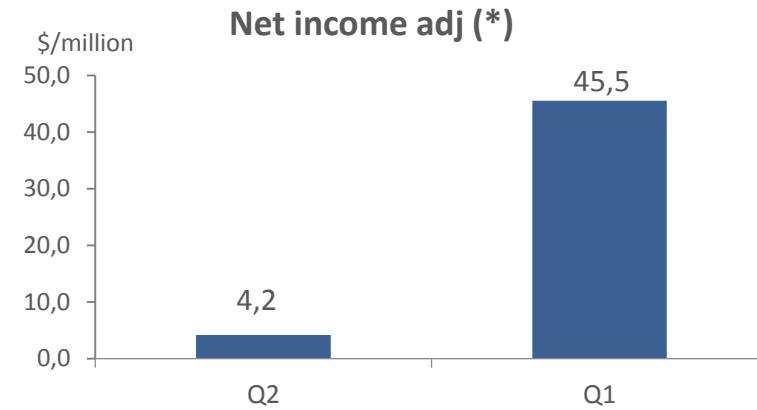
- 2019 built Chinese vessels with exhaust gas cleaning systems
- Options for first two vessels expire on September 12, 2019

### Immediate impact on earnings potential

- Until the closing, Frontline to charter-in the 10 acquired vessels at a cost of ~USD 23,000 / day
- Frontline to charter-out five of the acquired vessels to Trafigura on three-year time charters at a base rate of USD 28,400 / day with a profit split above the base rate

# Q2 2019 Financial Highlights

<i>(Million \$ except per share)</i>	Q2 2019	Q1 2019	2019 YTD
Total operating revenues (net of voyage expenses) (*)	103	141	244
Net Income (loss)	1,1	40	41
Net income (loss) adj (*)	4,2	46	50
EBITDA adj (*)	56	96	152
Earnings (loss) per share	0,01	0,24	0,24
Earnings (loss) per share adjusted	0,02	0,27	0,29
Cash	92	97	
Interest bearing debt	1 752	1 721	



# Income Statement

<i>(in thousands of \$)</i>	2019 Apr - Jun	2019 Jan - Mar	2018 Jan-Dec
<b>Total operating revenues</b>	<b>193 408</b>	<b>238 275</b>	<b>742 266</b>
<b>Other operating gain (loss)</b>	<b>1 711</b>	<b>(742)</b>	<b>10 206</b>
Voyage expenses and commission	90 664	97 512	377 772
Contingent rental (income) expense	(1 524)	(1 031)	(19 738)
Ship operating expenses	37 693	32 732	130 623
Charter hire expenses	2 140	2 104	21 244
Administrative expenses	10 988	9 892	37 294
Depreciation	28 318	27 401	122 566
<b>Total operating expenses</b>	<b>168 279</b>	<b>168 610</b>	<b>669 761</b>
<b>Net operating income</b>	<b>26 840</b>	<b>68 923</b>	<b>82 711</b>
Interest income	413	261	843
Interest expense	(23 244)	(23 441)	(93 275)
Gain on sale of shares	-	-	1 026
Unrealized gain (loss) on marketable securities	1 683	(1 381)	(3 526)
Share of result of associated company	842	-	246
Foreign currency exchange loss	(27)	(146)	(869)
Gain (loss) on derivatives	(5 582)	(4 100)	4 256
Other non-operating items	55	37	506
<b>Net income (loss) before income taxes and non-controlling interest</b>	<b>980</b>	<b>40 153</b>	<b>(8 082)</b>
Income tax expense	25	(42)	(316)
<b>Net income (loss)</b>	<b>1 005</b>	<b>40 111</b>	<b>(8 398)</b>
Net (income) loss attributable to non-controlling interest	77	(80)	(482)
<b>Net income (loss) attributable to the Company</b>	<b>1 082</b>	<b>40 031</b>	<b>(8 880)</b>
Basic earnings (loss) per share attributable to the Company (\$)	0,01	0,24	(0,05)
Weighted average number of ordinary shares (in thousands)	170 069	169 821	169 810

## Non-cash items in the second quarter of 2019

- \$5.6 million loss on derivatives and
- \$1.7 million unrealized gain on marketable securities
- \$0.8 million in share of result of associated company

# Balance Sheet

<i>(in million \$)</i>	2019 Jun 30	2019 Mar 31	2018 Dec 31
Cash	92	97	68
Marketable securities	10	8	9
Other current assets	192	207	231
<b>Non-current assets</b>			
Newbuildings	26	26	52
Vessels	2 718	2 650	2 578
Goodwill	112	112	112
Other long-term assets	18	21	26
<b>Total assets</b>	<b>3 169</b>	<b>3 122</b>	<b>3 078</b>
<b>Liabilities and Equity</b>			
<b>Current liabilities</b>			
Short term debt	128	123	120
Obligations under finance and operational lease	20	21	12
Other current liabilities	90	83	82
<b>Non-current liabilities</b>			
Long term debt	1 624	1 599	1 610
Obligations under finance and operational lease	91	92	88
Other long-term liabilities	1	1	1
Frontline Ltd. stockholders' equity	1 215	1 204	1 164
<b>Total liabilities and stockholders' equity</b>	<b>3 169</b>	<b>3 122</b>	<b>3 078</b>

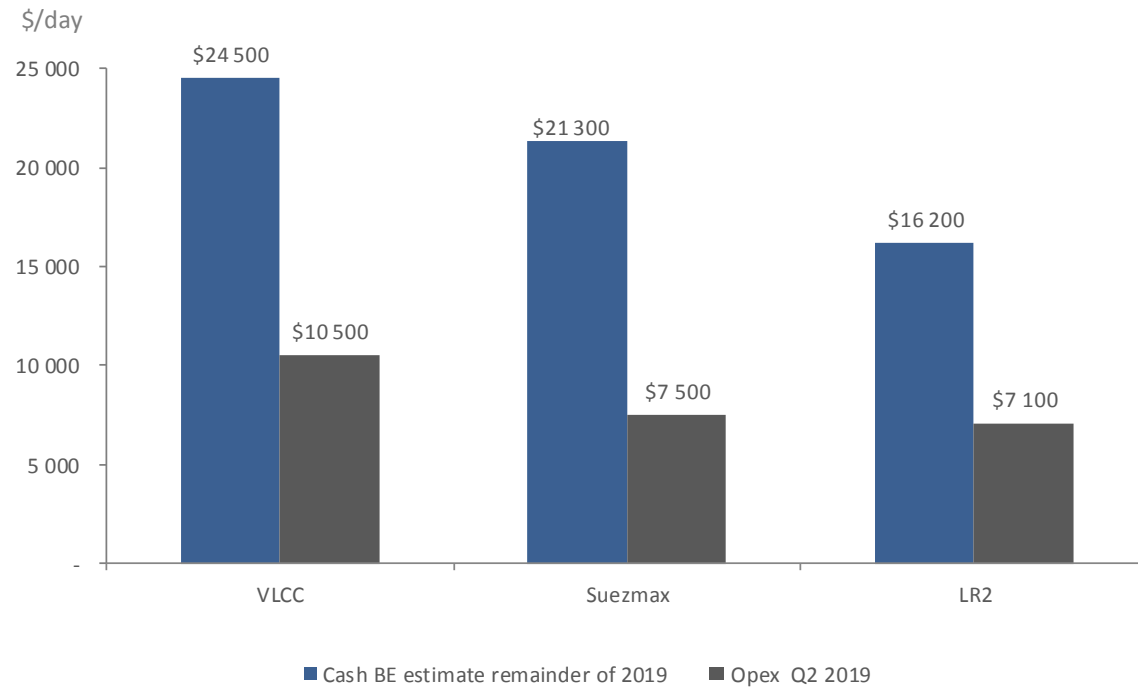
- \$257 million in cash and cash equivalents including undrawn amount of unsecured facility, marketable securities and minimum cash requirements bank
- \$225 million in remaining NB Capex and \$164 million in estimated debt capacity
- No near term debt maturities
  - 2019: N/A
  - Nov 2020: \$120 million



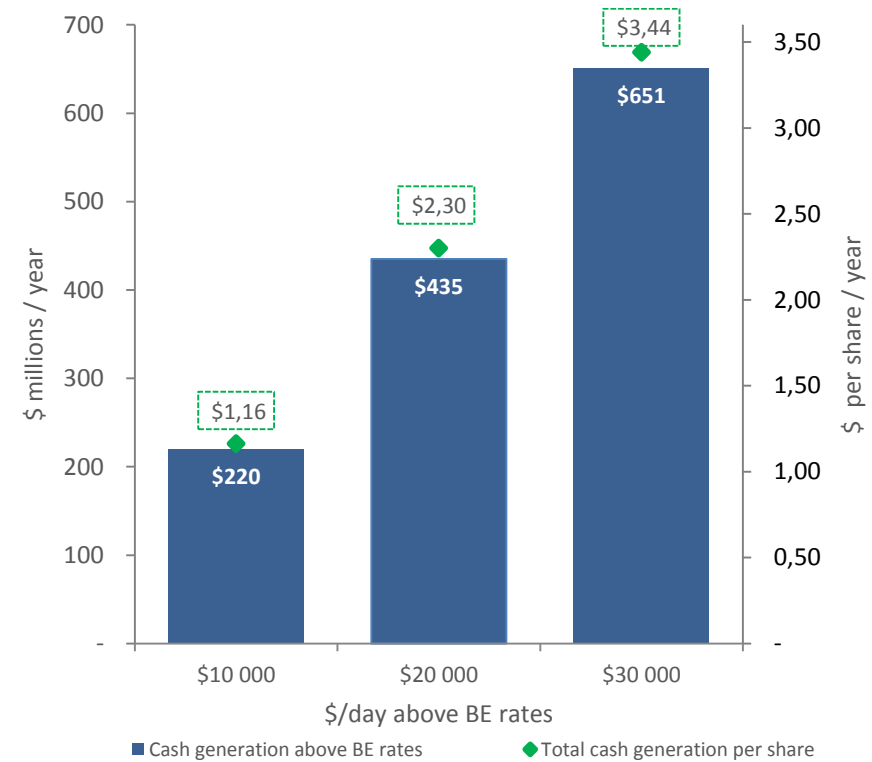
# Cash Breakeven and Cash Generation Potential

Well positioned to generate significant cash flow with market rates above current breakeven rates

Daily cash breakeven and OPEX



Cash generation above breakeven rates



# Key Market Developments In Play

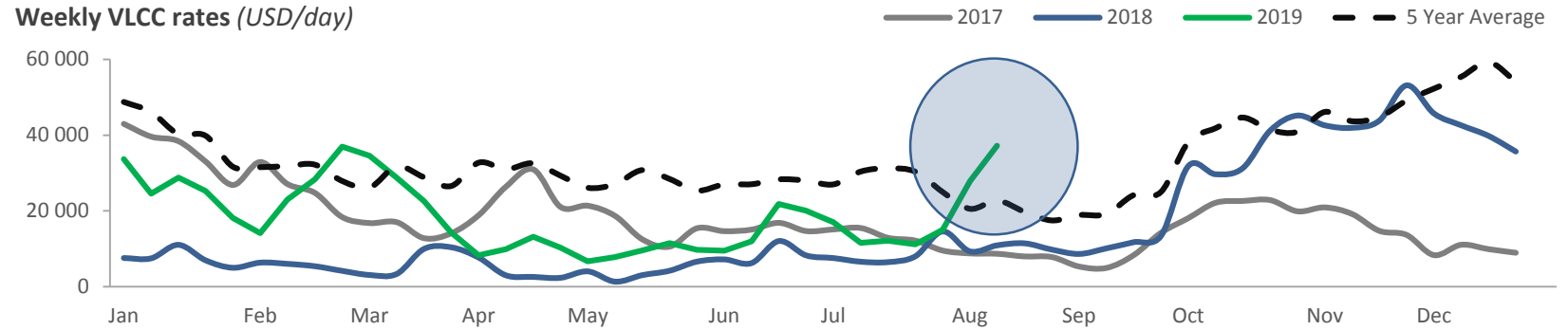
## Freight market observations

**1** Seasonal upturn comes earlier than expected  
*2019 characterized by counter-seasonal moves as market begins to tighten*

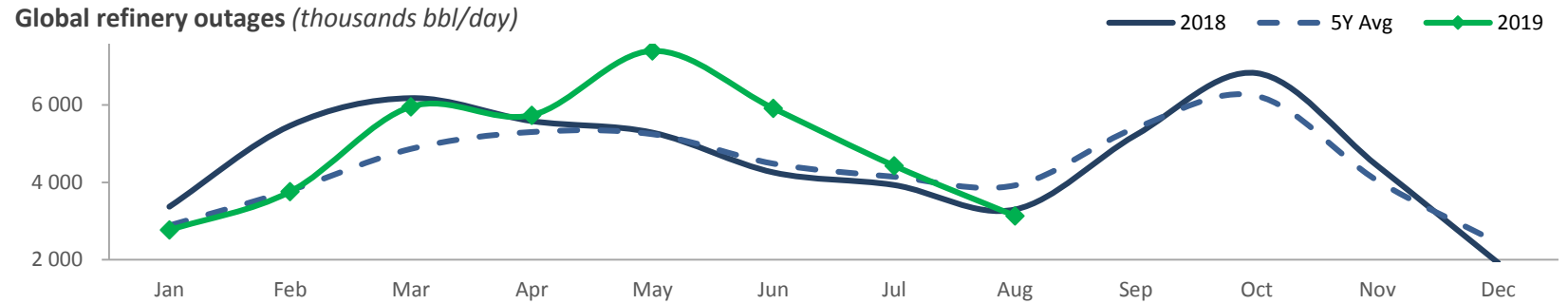
**2** Unusually heavy refinery downtime since April  
*Preparations for IMO 2020 are beginning to take shape*

**3** Continued shift in trading patterns  
*US export growth and OPEC production declines lead to tonne-mile growth*

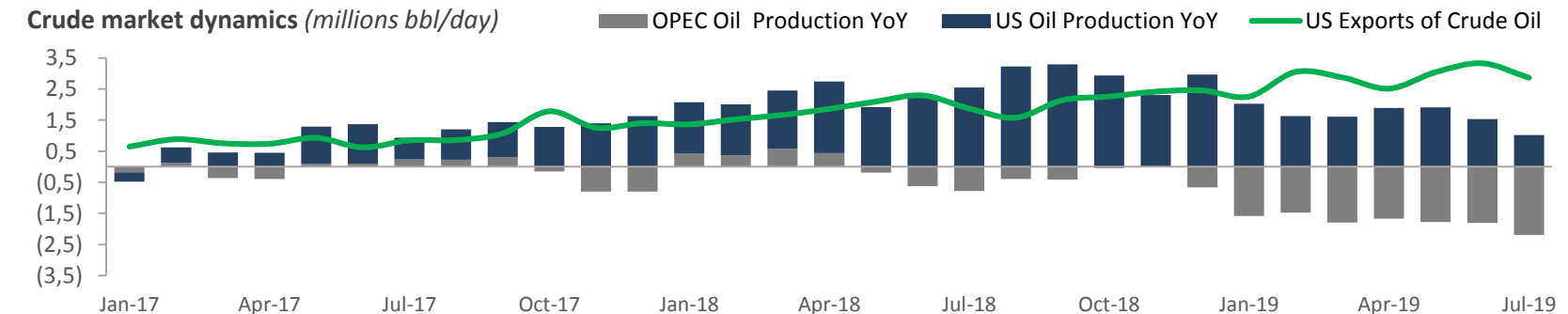
Weekly VLCC rates (USD/day)



Global refinery outages (thousands bbl/day)



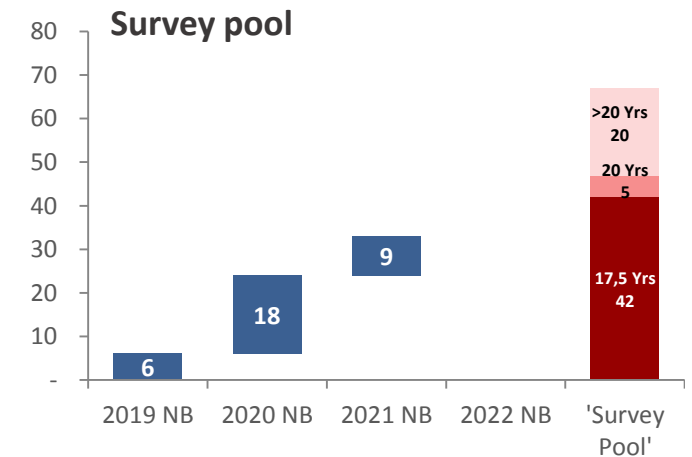
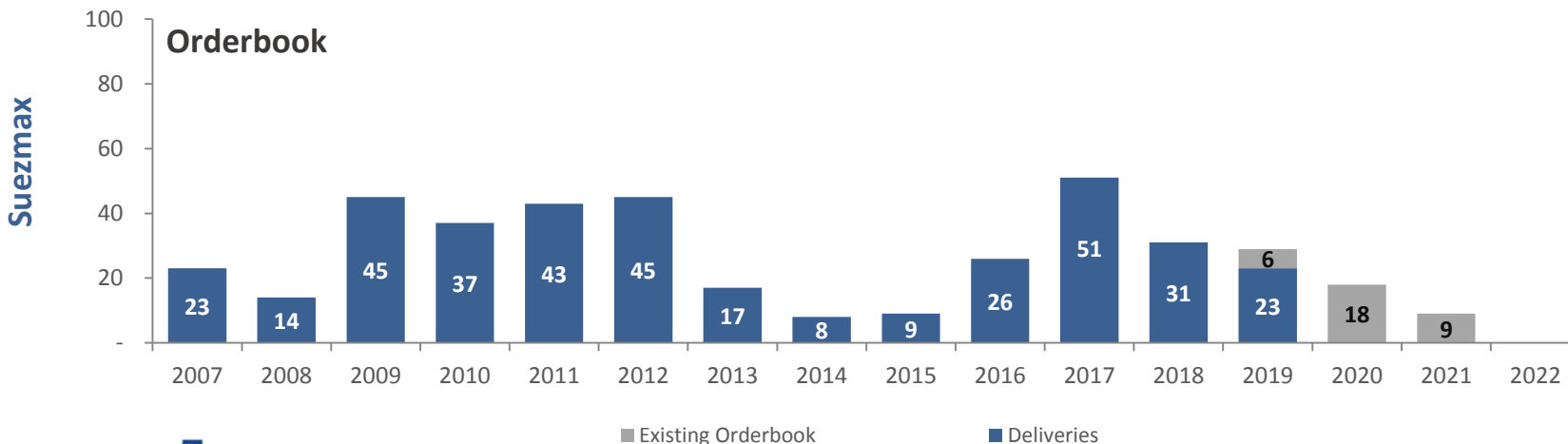
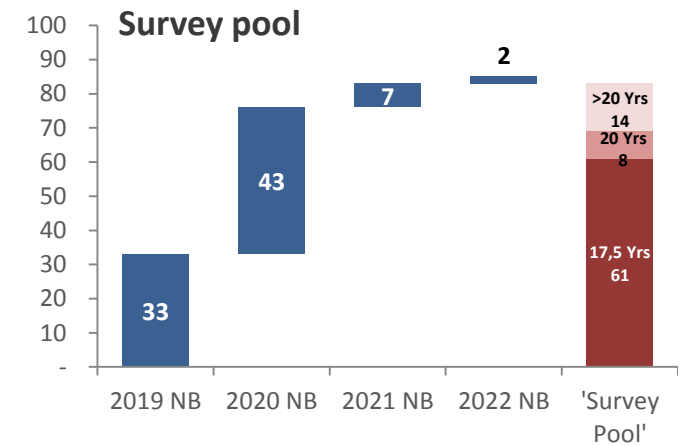
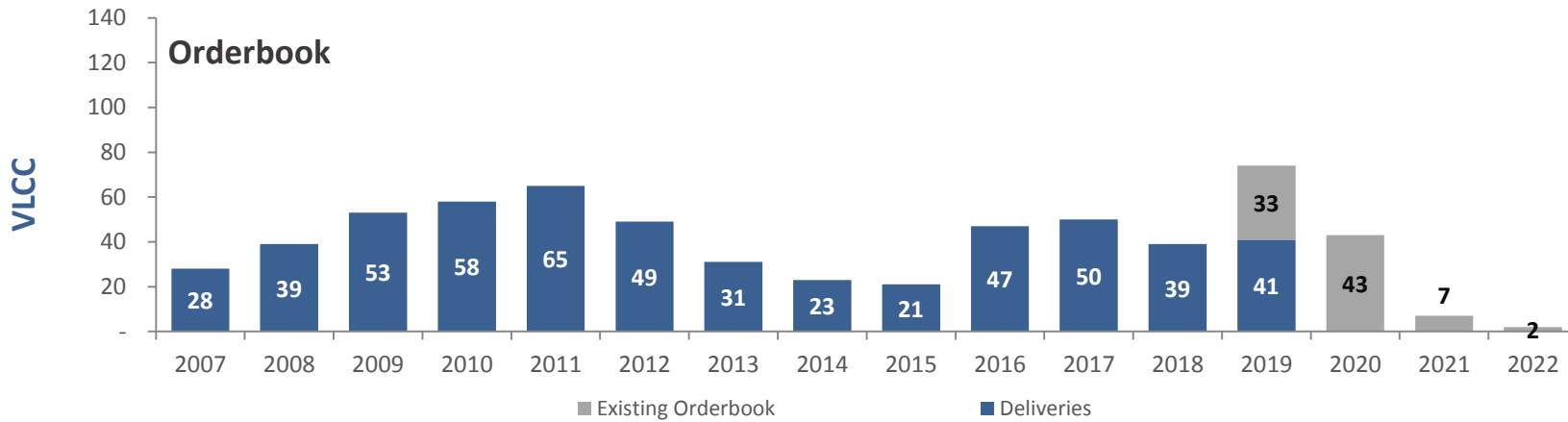
Crude market dynamics (millions bbl/day)





# Deliveries Decline After 2019; Older Vessels Facing Surveys

Orderbooks have grown modestly in 2019, showing a significant disconnect compared to market expectations for freight demand growth



# Summary

## Positive market outlook

### Crude demand set to increase

- ✓ Refinery maintenance season comes to an end
- ✓ Demand for compliant fuels increases crude oil input requirement

### Tonne-mile expansion continues

- ✓ US export growth amidst OPEC production cuts increases tonne-mile demand
- ✓ Removal of Iranian waivers alters trade flows and remove vessels from the market

### Fleet supply is manageable

- ✓ Fleet growth slowing in 2H 2019
- ✓ Effective capacity impacted by dry dockings and storage of fuels

## Risks to market outlook / mitigating factors

### Macro risks are creating uncertainty

- Higher oil price could cause demand destruction
- Impact of trade tensions and tariffs are unknown
- Global GDP growth may slow demand

### IMO 2020 implementation doesn't go as expected

- Short-term exemptions granted
- HSFO / LSFO spread could diminish scrubber economics

# Questions & Answers

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 [www.frontline.bm](http://www.frontline.bm)

# Appendix

Reconciliation (Million \$ except per share)	Q2 2019	Q1 2019	YTD 2019
<b>Total operating revenues net of voyage expenses</b>			
Total operating revenues	193,4	238,3	432
Voyage expenses	-90,7	-97,5	-188
Total operating revenues net of voyage expenses	102,7	140,8	244
<b>Net income adj.</b>			
Net income (loss) attributable to the Company	1,1	40,0	41
Add back:			
Unrealized loss on marketable securities	0,0	1,4	1
Loss on derivatives	5,6	4,1	10
Less:			
Share of results of associated company	-0,8	0,0	-1
Unrealized gain on marketable securities	-1,7	0,0	-2
Net income adj.	4,2	45,5	50
(in thousands)			
Weighted average number of ordinary shares	170,069	169,821	169 946
(in \$)			
Basic (loss) earnings per share adjusted for certain non-cash charges	0,0	0,0	0,29
<b>EBITDA adj.</b>			
Net income attributable to the Company	1,1	40,0	41
Add back:			
Interest expense	23,2	23,4	47
Depreciation	28,3	27,4	56
Income tax expense	0,03	0,04	0,07
Net income attributable to the non-controlling interest	0,1	0,1	0
Unrealized loss on marketable securities	0,0	1,4	1
Loss on derivatives	5,6	4,1	10
Less:			
Unrealized gain on marketable securities	-1,7	0,0	-2
Share of results of associated company	-0,8	0,0	-1
EBITDA adj.	55,8	96,5	152

*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.*