

# Seatankers

*A Global Power House Within Marine Industries*

*Unlocking Value at International Seaways*



September 2022

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# Seatankers<sup>(1)</sup> is the Central Advisor for the Fredriksen Group



## Seatankers Focus Areas

Strategic Investments

Shipping  
Oil Service  
Industrials & Energy

Financial Investments

Fund Investments  
Public Equity  
Fixed Income and Treasury

## Global Footprint



**Notes:**

1. Seatankers refers to entities including Seatankers Management Company Limited, and, where applicable, its affiliates. The group investment advisors offer investment recommendations to the various boards of the group investment entities for their consideration. The investment entities are ultimately owned by trusts established by John Fredriksen for the benefit of his family members. Mr. Fredriksen is neither a beneficiary nor a trustee of the trusts. Therefore, Mr. Fredriksen has no economic interest in the investment entities or the portfolio companies (described below) and Mr. Fredriksen disclaims any control over such entities, save for any indirect influence he may have with the trustee of the trusts, in his capacity as the settlor of the trusts.

2. Portfolio company defined as companies where investment entities are indirectly controlled by trusts established by John Fredriksen for the benefit of his immediate family and has an equity ownership greater than 5% and with Representation on the Board, and comprising of Alta Trading, Archer, Avance Gas, Axactor, Bulk Infrastructure, Edda Wind, Flex LNG, Frontline, Golden Ocean, KLX Energy, Mowi, NorAm Drilling, Northern Drilling, Northern Ocean, Norwegian Property, SFL, ST Energy Transition and Valaris

3. US-listed investments comprised of Flex LNG, Frontline, Golden Ocean, KLX, SFL, ST Energy Transition and Valaris

4. Enterprise value defined as market capitalisation as of 30 June 2022 plus net debt (including leases), preferred equity and minority interests

5. Famatown Finance Limited is a group investment entity indirectly controlled by trusts established by John Fredriksen for the benefit of his immediate family

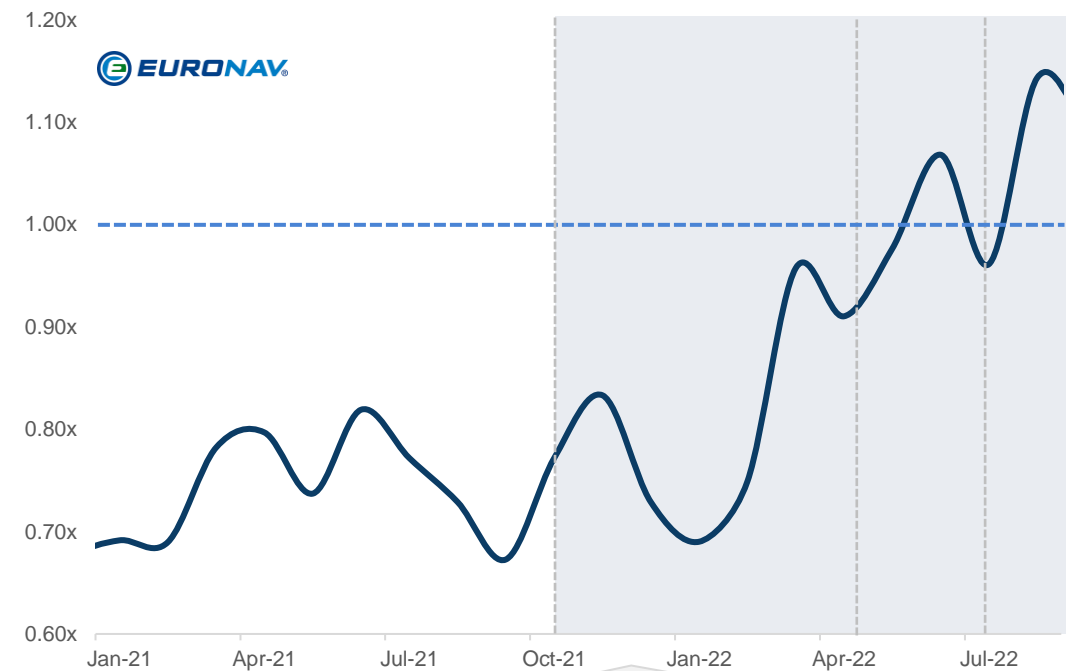
# Seatankers' Investment Philosophy Creates Value



# Recent Public Involvements: Euronav

## Famatown<sup>(1)</sup> acquires shares in Euronav

Price to Net Asset Value (NAV) (x)



Indexed share price development



On October 11th 2021, it was disclosed that Famatown had acquired a 5.5% stake in Euronav NV ("Euronav"). On April 7<sup>th</sup> 2022, Frontline and Euronav announced that the companies had signed a term sheet that had been unanimously approved by their Board of Directors and Supervisory Board, respectively, on a potential stock-for-stock combination between the two companies. On July 11<sup>th</sup> 2022, it was announced that Frontline and Euronav had entered into a definitive combination agreement.

# Recent Public Involvements: Valaris




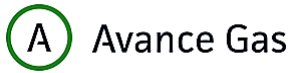

## Famatown<sup>(1)</sup> acquires shares in Valaris

Indexed share price development



On December 9th 2021, Famatown announced a 5% ownership in Valaris Ltd. ("Valaris"). President and CEO of Valaris, Anton Dibowitz, commented "Valaris welcomes the interest and investment from Seatankers, who have extensive offshore drilling knowledge and experience...We look forward to a collaborative and long-term relationship". Following the AGM in June 2022, Famatown obtained Board representation in Valaris.

# Seatankers' Portfolio Shipping Companies Are Industry Leading

Company	Listing Country	Initial Investment Year	Number of Vessels <sup>(1)</sup>	Core Sector	Overview
	United States, Norway	1997	72	Tankers	<ul style="list-style-type: none"> <li>Frontline is a world leader in the international seaborne transportation of crude oil and refined products</li> <li>Frontline owns and operates one of the largest and most modern fleets in the industry, consisting of VLCCs, Suezmax tankers and LR2 / Aframax tanker</li> </ul>
	United States, Norway	2000 <sup>(2)</sup>	97	Dry Bulk	<ul style="list-style-type: none"> <li>Golden Ocean Group Limited is a leading international dry bulk shipping company</li> <li>Golden Ocean is mainly operating in the Capesize, Panamax and Supramax segments</li> </ul>
	United States, Norway	2014	13	LNG	<ul style="list-style-type: none"> <li>Flex LNG is a liquefied natural gas ("LNG") shipping company with a fleet of thirteen fuel efficient, fifth generation LNG carriers ("LNGCs")</li> <li>The fleet consists of nine M-type, Electronically Controlled, Gas Injection LNG carriers and four Generation X Dual Fuel LNG carriers</li> </ul>
	Norway	2013	17	LPG	<ul style="list-style-type: none"> <li>Avance Gas operates in the global market for transportation of liquefied petroleum gas ("LPG")</li> <li>Avance Gas is one of the world's leading owners and operators of very large gas carriers and operates a fleet of thirteen ships and four dual fuel LPG newbuildings due for delivery</li> </ul>
	United States	2003 <sup>(3)</sup>	75	Diversified	<ul style="list-style-type: none"> <li>SFL has developed from a pure tanker owning company to one of the world's largest ship owning companies, with investments in the tanker, bulk, container and offshore segments and a significant charter backlog</li> </ul>

# Seatankers' Expertise Will Add Value to International Seaways

## Seatankers will help achieve material value creation for all shareholders of International Seaways

1

### Capital Allocations Decision

2

### Debt Refinancing

3

### Cost Reduction

4

### Chartering

5

### Strategic Advice

*Letter to the Board of Directors of International Seaways*

*Urging the Board to add two new Directors and to constructively work together with the Seatankers Group with the ambition of unlocking shareholder value*

NEW YORK, May 10, 2022 (BUSINESSWIRE) – Famatown Finance Limited ("Famatown"), a company indirectly controlled by trusts settled by Mr. John Fredriksen<sup>1</sup> and a member of the Seatankers Group, which is the largest owner of shares of common stock, no par value ("Common Stock") of International Seaways, Inc. ("International Seaways") (NYSE:INSW) with ownership of approximately 16.6% of the outstanding Common Stock, has issued an open letter to the Board of Directors of International Seaways.

The full text of the letter sent to the Board of Directors of International Seaways follows:

May 10, 2022

Dear Board Members,

The Seatankers Group holds significant interests within industries such as shipping and energy, oil services and diversified industrials. These investments include, among others, a strategic ownership position in 15 publicly listed companies where the Seatankers Group proactively works with the management team and rest of the Board with the ambition of creating shareholder value. Part of the Seatankers Group's DNA is to think and act like an investor with focus on value maximization for the shareholders at all times. Significant dividend distribution and value creation has been created through the Seatankers Group's involvement in public shipping companies over the last cycles.

The Seatankers Group accumulated a position in International Seaways with the view of the Company representing an attractive platform with exposure to a product and crude oil transportation market which is in the early stage of a global recovery. The Company's share price and return to shareholders has for a prolonged time underperformed relative to peers. With decades of experience and network in the maritime transportation industry, the Seatankers Group is confident it could help unlock further shareholder value in International Seaways.

The Seatankers Group was therefore extremely disappointed with International Seaways' recent implementation of a poison pill, which was adopted without shareholder approval and without any material dialogue with the Seatankers Group. This poison pill will hinder communication with shareholders regarding strategic decisions and will not allow shareholders to realize the full value of their investment.

The Seatankers Group's ambition with its ownership in International Seaways is still to create long-term shareholder value consistent with what it has been able to accomplish with its involvement with many other companies in the industry. To achieve this, the Seatankers Group urges International Seaways to add two new directors to its Board of Directors chosen in consultation with the Seatankers Group.

The addition of two Seatankers Group Directors will add value to International Seaways, which includes but is not limited to:

1. Capital Allocations Decision. Focus on the type, timing and amount of capital allocations, including when to focus on company growth and when to focus on return of capital to shareholders. The Seatankers Group has an outstanding track record of consistently over time making decisions with respect to capital allocations throughout the shipping cycles that are in the best interest of its portfolio companies and their respective shareholders.

2. Debt refinancing. Assist in refinancing existing debt. International Seaways has a higher financing cost than most relevant peers. The Seatankers Group has an extensive network of financing sources from which International Seaways could benefit and reduce its borrowing costs which will eventually benefit the shareholders.

3. Cost reduction. The Seatankers Group has ownership in a shipping and offshore fleet of more than 450 units and can provide advice on initiatives to reduce the vessel operating cost (OPEX) and other larger cost items.

4. Chartering. The Seatankers Group has extensive experience in deciding on the chartering strategy of large fleets and to balance spot exposure with adequate term coverage in light of where the industry is in the cycle.

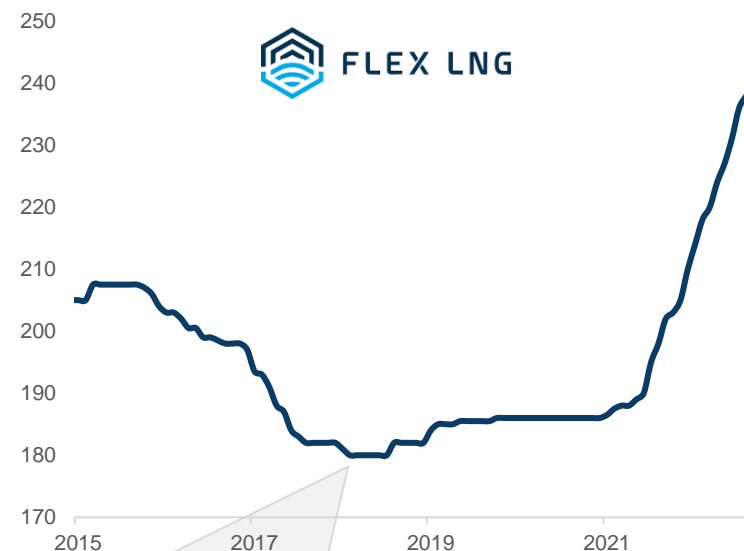
5. Strategic Advice. Provide strategic advice to help guide the future direction of International Seaways with the overall ambition of maximizing shareholder returns.



# Capital Allocation at the Right Times in the Cycle: Investing

Investing when markets are in a trough with strong financial support from Seatankers

LNGC Newbuilding Prices (USDm)



From early 2017 to 2018, Flex LNG entered into newbuilding contracts for 9 LNGCs at ~USD 180m per vessel and raised ~USD 625m in new equity, of which more than USD 200m was funded by affiliates of Seatankers

Dry Bulk Secondhand Price Index



In February 2021, Golden Ocean acquired 18 dry bulk vessels from Seatankers for USD 752m and raised USD 338m in a private placement of shares to part-finance the transaction, of which affiliates of Seatankers subscribed for USD 170m

Newbuilding Price Index

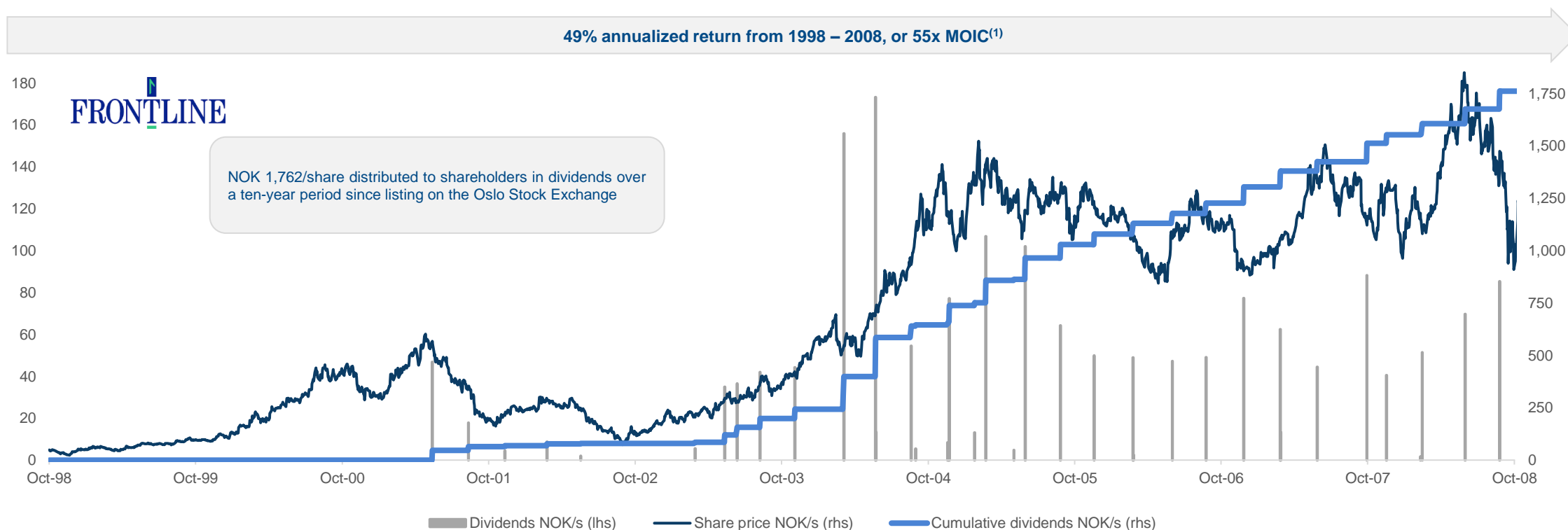


In 2012, Seatankers set up Frontline 2012 as a vehicle to invest in fuel efficient eco-design newbuildings at historically low newbuilding prices. In 2012 and 2013, the company raised ~USD 1,000m in equity, of which affiliates of Seatankers funded ~USD 300m, and contracted 60 newbuildings in the dry bulk, tanker and LPG segments

**Seatankers always stays true to its capital allocation strategy, investing at optimal times in the cycle**

# Capital Allocation at the Right Times in the Cycle: Returns

Shareholders have reaped the rewards through a high payout ratio when markets are strong

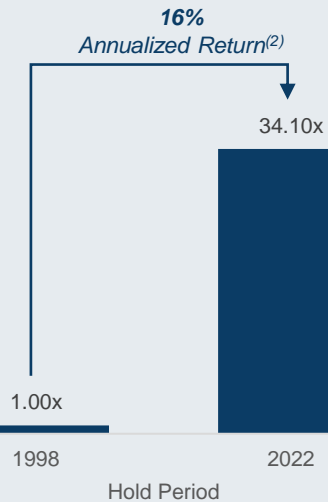


**Seatankers has an outstanding track record of capital allocation discipline – with the aim of maximising shareholder returns**

# Shareholder Returns with Seatankers' Investment Philosophy



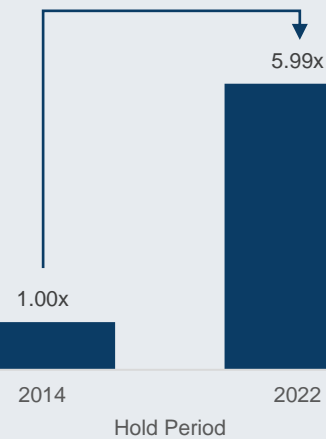
MOIC(x) over Hold Period<sup>(1)</sup>



- World leading tanker shipowner
- Dividends paid<sup>(3)</sup>: \$297.60/s
- Reference share price<sup>(3)</sup>: \$11.86/s



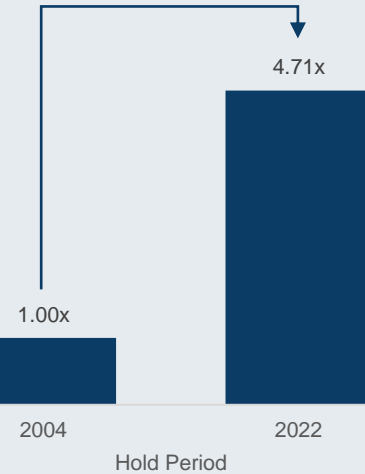
26% Annualized Return<sup>(2)</sup>



- World leading LNG shipowner
- Dividends paid<sup>(3)</sup>: \$4.90/s
- Reference share price<sup>(3)</sup>: \$33.07/s



9% Annualized Return<sup>(2)</sup>

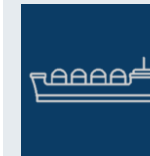
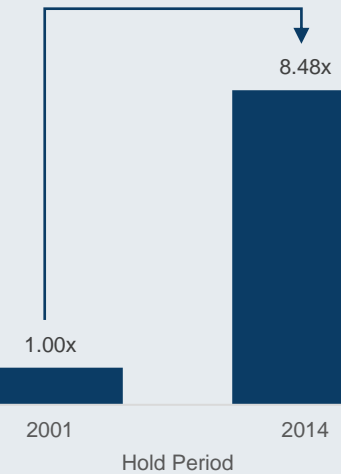


- Diversified industrial shipowner
- Dividends paid<sup>(3)</sup>: \$28.55/s
- Reference share price<sup>(3)</sup>: \$10.70/s

Golar LNG



18% Annualized Return<sup>(2)</sup>



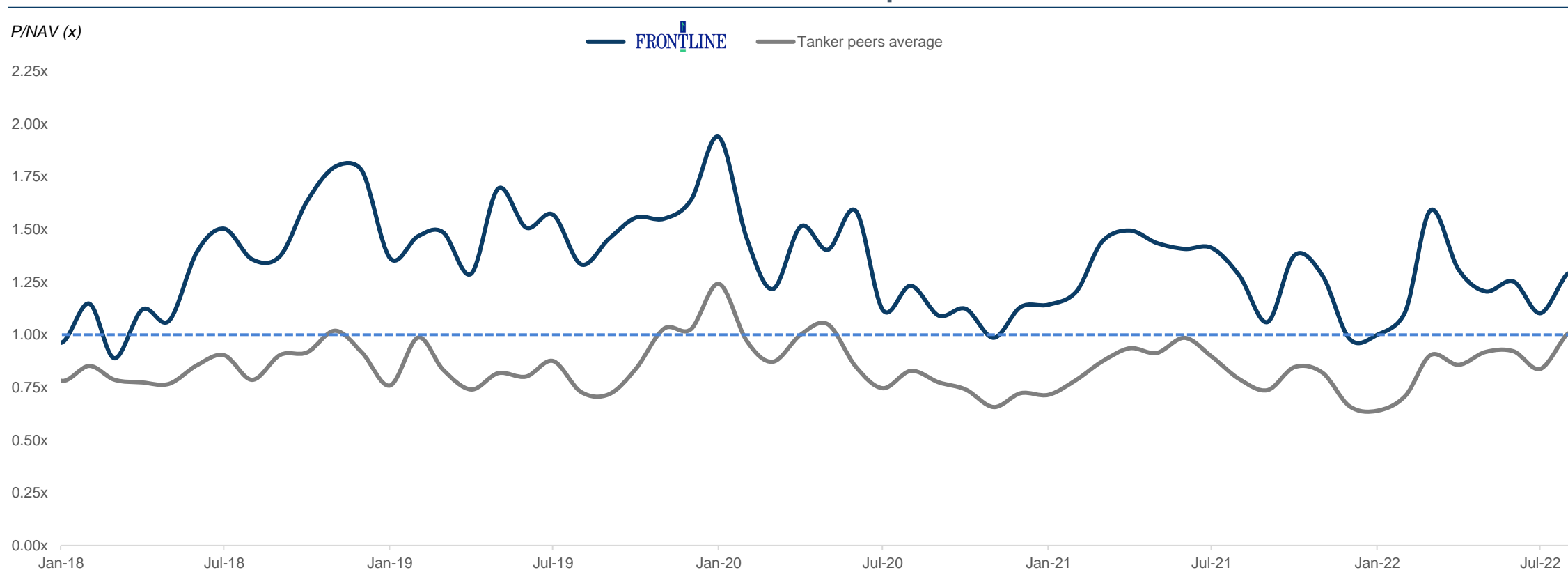
- Marine LNG infrastructure
- Dividends paid<sup>(3)</sup>: \$12.63/s
- Reference share price<sup>(3)</sup>: \$59.44/s

**Seatankers has generated exceptional shareholder returns for its shipping companies**

Source: Bloomberg, Company information

# Frontline Consistently Priced at a Premium to Peers and NAV

Price to NAV development<sup>(1)</sup>



Capital markets value the Seatankers approach

# Best in Class Access to Financing and Cost of Debt

## Seatankers' extensive network of financing sources<sup>(1)</sup>

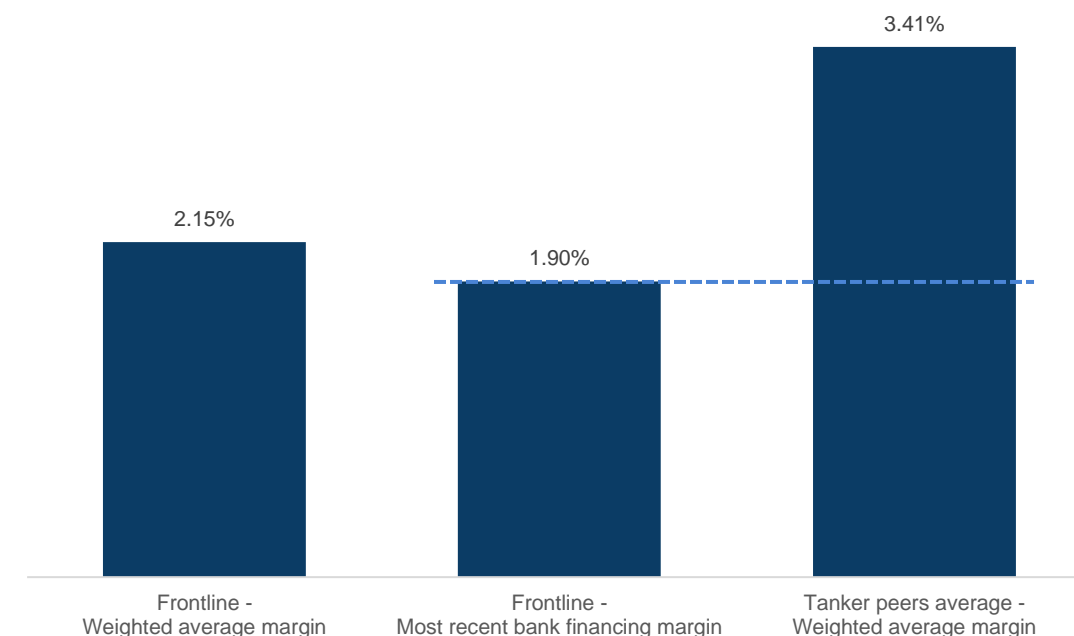


**>\$10 bn**  
DEBT OUTSTANDING<sup>(2)</sup>  
FROM  
**52**  
GLOBAL FINANCIAL  
INSTITUTIONS

Nordic Banks	Nordea	DNB	SEB	Danske Bank
International Banks	ING	ABN-AMRO	CREDIT SUISSE	citi
Leasing	交银租赁 Bocomm Leasing	ICBC	中国华融资产管理股份有限公司 CHINA HUARONG ASSET MANAGEMENT CO., LTD.	
Export Credit Agencies	DBJ Development Bank of Japan Inc.	Korea Eximbank THE EXPORT-IMPORT BANK OF KOREA	中国进出口银行 THE EXPORT-IMPORT BANK OF CHINA	

## Frontline's competitive margin of debt vs tanker peers<sup>(3)</sup>

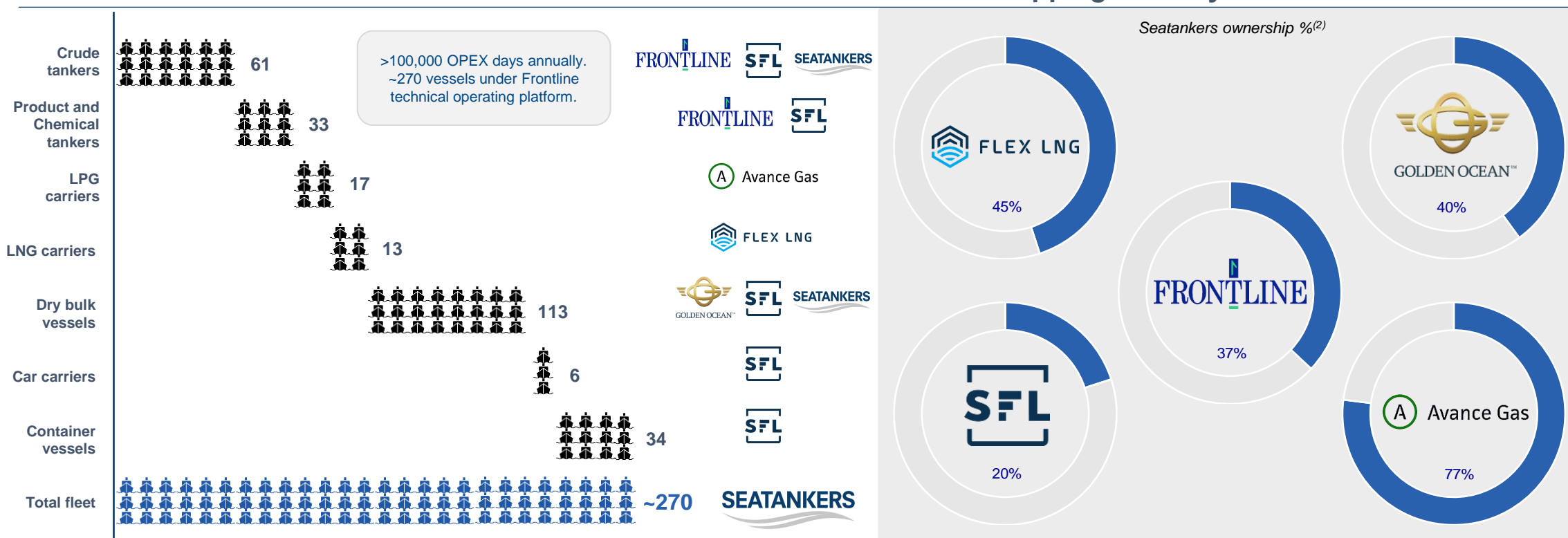
Weighted average margin of debt %



**Seatankers has best-in class access to debt financing and sources the best terms and conditions possible for its portfolio companies**

# Strong Operational Capabilities Through a Large and Diversified Fleet

## Seatankers' vessels are diversified across the shipping industry<sup>(1)</sup>

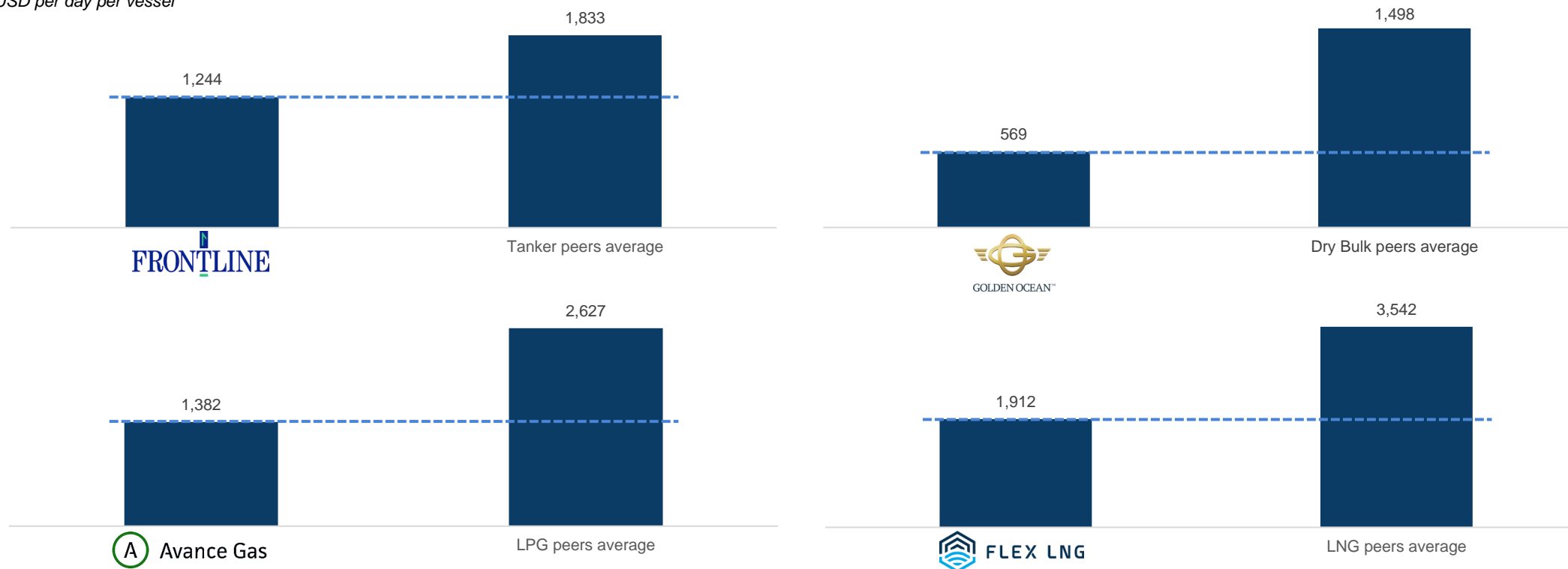


**Seatankers' portfolio comprises of ~270 vessels and can provide advice on initiatives to reduce vessel operating costs and other large cost items**

# Running a Tight Ship with Strong Cost Control

## Superior G&A costs versus peers<sup>(1)</sup> across the entire Seatankers portfolio

G&A USD per day per vessel

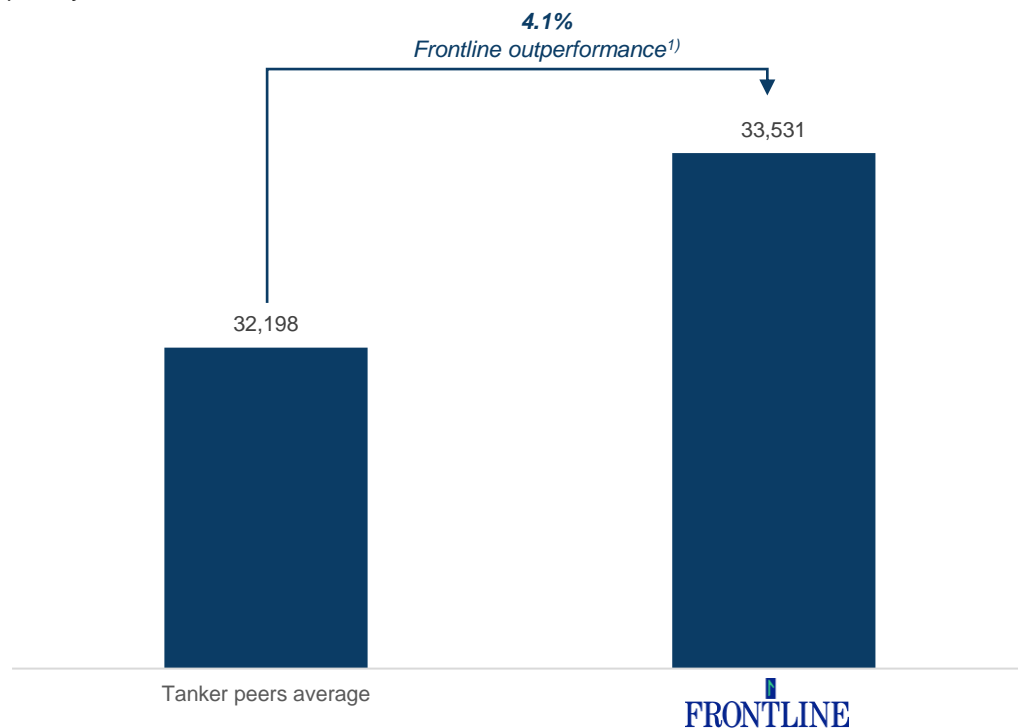


**All of the Seatankers companies have materially lower overhead costs than their peer group**

# Seatankers Achieves Consistent Outperformance of Chartering Rates

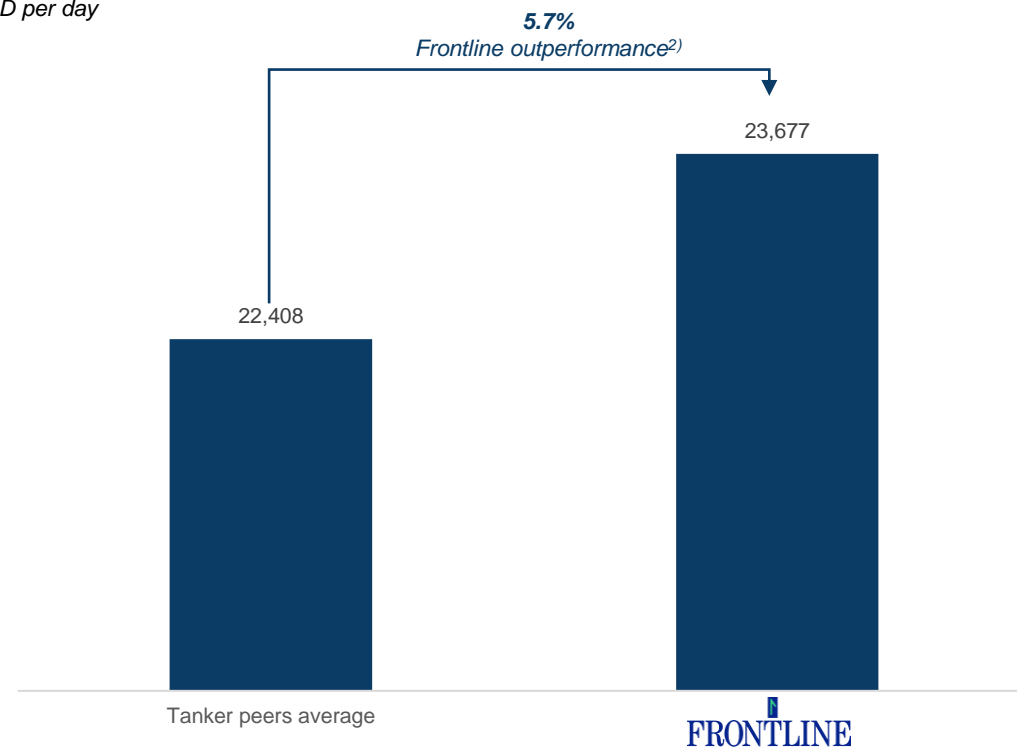
## VLCC achieved spot TCE past 3 years

USD per day



## Suezmax achieved spot TCE past 3 years

USD per day

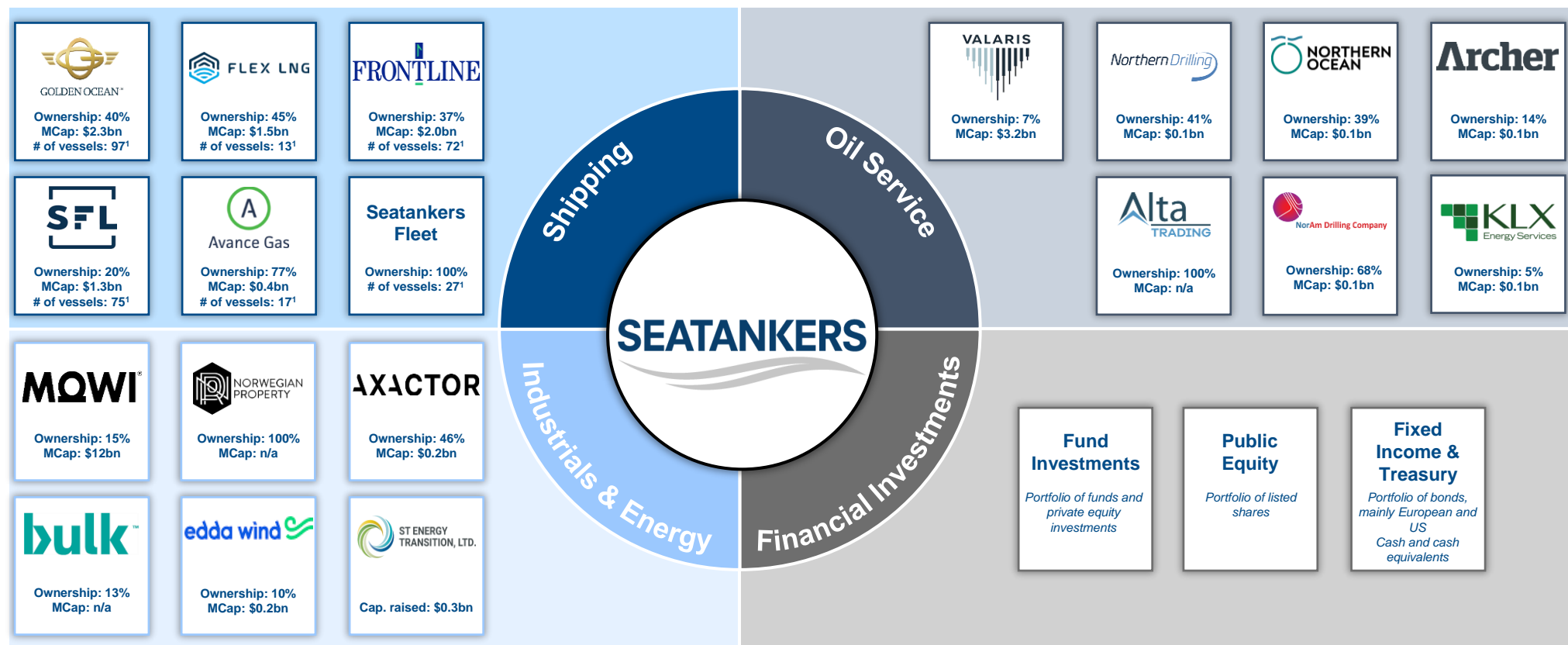


**Seatankers has extensive experience in optimizing the chartering strategy of large fleets and balancing spot exposure with adequate term coverage in view of where the industry is in the cycle**



# Seatankers is Uniquely Positioned to Provide Sound Strategic Advice

## Seatankers portfolio overview



## Relationship with

### Investment Managers



### Leading Business Enterprises



### Investment Banks



### Industry Specialists



## A global power house within marine industries

# SEATANKERS

