



“World leader in the international seaborne transportation of crude oil”



Quarterly Presentation | **NOV 18**

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.

Company Highlights

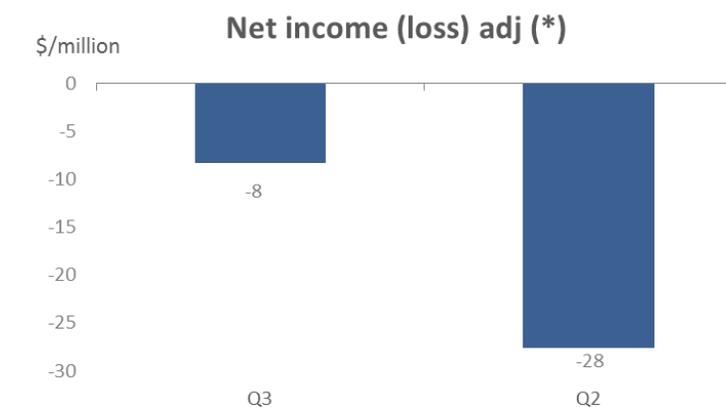
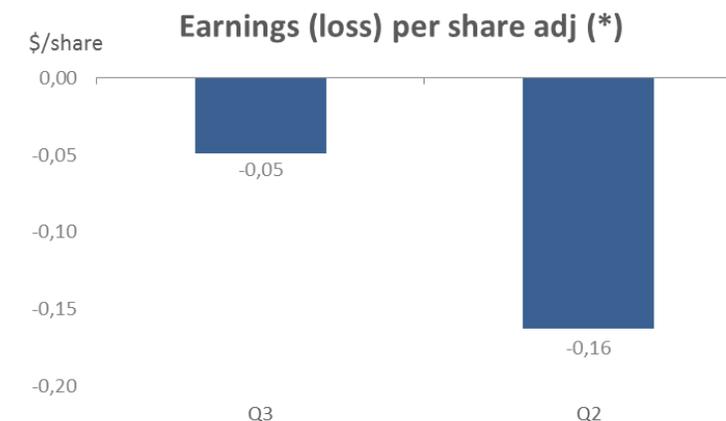
- Net income attributable to the Company of \$2.2 million, or \$0.01 per share, for the third quarter of 2018.
- Net loss attributable to the Company adjusted for certain non-cash items of \$8.4 million, or \$0.05 per share, for the third quarter of 2018.
- Spot TCE of \$22,000 for VLCCs less than 15 years in the third quarter.
- Spot TCE of \$35,000 booked for 74% of vessel days on VLCCs less than 15 years in the fourth quarter.
- Extended the terms of its senior unsecured loan facility of up to \$275.0 million facility with an affiliate of Hemen Holding Ltd. by 12 months to November 2020.
- Ordered exhaust gas cleaning systems (“EGCS”) for a further 12 vessels from Feen Marine Scrubbers Inc. (“FMSI”), increasing commitment to installing EGCS on 20 vessels.



Q3 2018 Financial Highlights

<i>(Million \$ except per share)</i>	2018 Q3	2018 Q2	2018 Q1	2017 FY
Total operating revenues (net of voyage expenses) (*)	89	73	81	387
Net Income (loss)	2	-23	-14	-265
Net income (loss) adj (*)	-8	-28	-14	-4
EBITDA adj (*)	47	28	40	208
Earnings (loss) per share	0,01	-0,13	-0,08	-1,56
Earnings (loss) per share adjusted	-0,05	-0,16	-0,08	-0,03
Cash	71	118	113	
Interest bearing debt	1 754	1 780	1 747	

(*) See Appendix 1 for reconciliation to nearest comparable GAAP figure



Earnings per share is based on 169,809,324 weighted average shares outstanding

Income Statement

<i>(in thousands of \$)</i>	2018 Jul - Sep	2018 Apr - Jun	2017 Jan-Dec
Total operating revenues	188 774	166 821	646 326
Other operating gain (loss)	7 909	(554)	2 381
Voyage expenses and commission	99 563	94 461	259 334
Contingent rental (income) expense	(4 881)	(6 450)	(26 148)
Ship operating expenses	31 311	32 116	135 728
Charter hire expenses	7 645	6 173	19 705
Impairment loss on vessels and vessels under capital lease	-	-	164 187
Impairment loss on goodwill	-	-	112 821
Administrative expenses	9 220	9 221	37 603
Depreciation	30 724	31 755	141 748
Total operating expenses	173 582	167 276	844 978
Net operating income (loss)	23 101	(1 009)	(196 271)
Interest income	160	256	588
Interest expense	(24 602)	(24 110)	(69 815)
Gain (loss) on sale of shares	-	-	1 061
Unrealised gain (loss) on marketable securities	1 420	802	-
Foreign currency exchange gain (loss)	311	(556)	(55)
Gain (loss) on derivatives	1 971	1 869	(753)
Other non-operating items	-	138	1 213
Net income (loss) before income taxes and non-controlling interest	2 361	(22 610)	(264 032)
Income tax expense	(24)	(59)	(290)
Net income (loss)	2 337	(22 669)	(264 322)
Net (income) loss attributable to non-controlling interest	(96)	(191)	(539)
Net income (loss) attributable to the Company	2 241	(22 860)	(264 861)
Basic earnings (loss) per share attributable to the Company (\$)	0,01	(0,13)	(1,56)
Weighted average number of ordinary shares (in thousands)	169 809	169 809	169 809

Non-cash items in the third quarter of 2018:

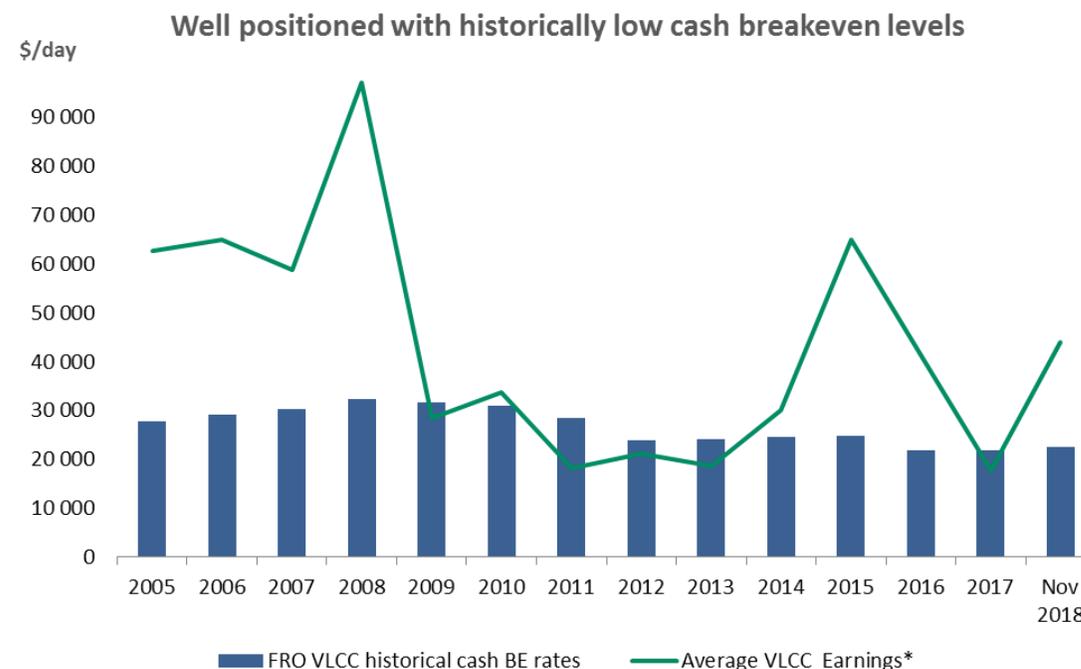
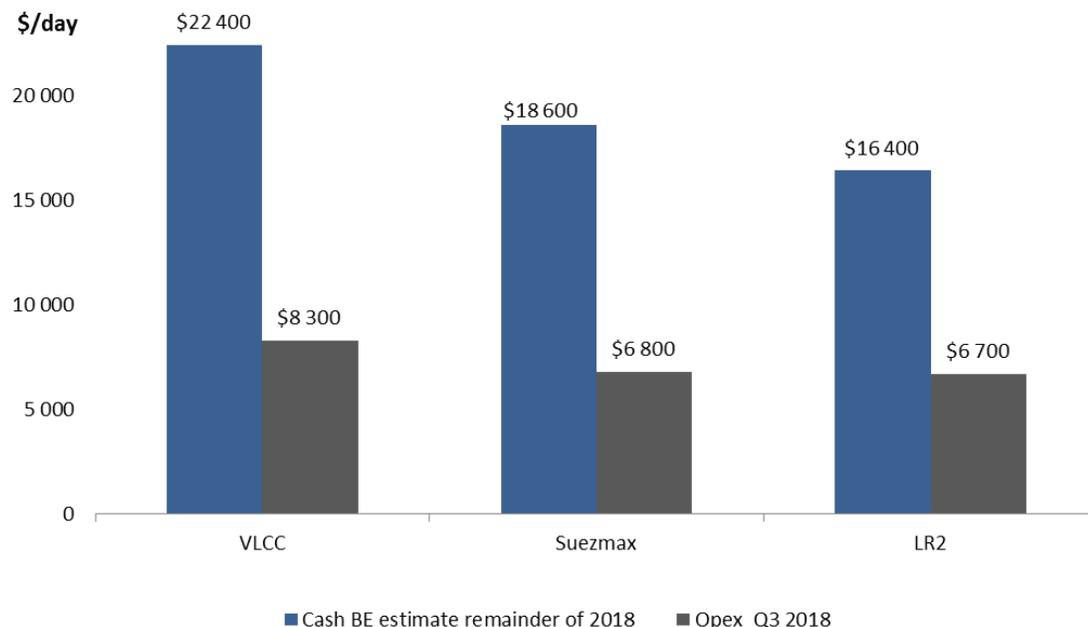
- \$7.2 million gain on lease terminations
- \$1.4 million unrealized gain on marketable securities
- \$2 million gain on derivatives

Balance Sheet

<i>(in million \$)</i>	2018 Sept 30	2018 Jun 30	2017 Dec 31
Assets			
Current assets			
Cash	71	118	105
Marketable securities	15	13	30
Other current assets	209	188	187
Non-current assets			
Newbuildings	51	51	80
Vessels	2 654	2 762	2 616
Goodwill	112	112	112
Other long-term assets	19	11	4
Total assets	3 132	3 255	3 134
Liabilities and Equity			
Current liabilities			
Short term debt	124	122	113
Obligations under capital lease	22	37	43
Other current liabilities	78	79	66
Non-current liabilities			
Long term debt	1 630	1 657	1 467
Obligations under capital lease	137	222	256
Other long-term liabilities	1	1	1
Frontline Ltd. stockholders' equity	1 138	1 136	1 188
Total liabilities and stockholders' equity	3 132	3 255	3 134

- \$166 million in cash and cash equivalents including undrawn amount of unsecured facility, marketable securities and minimum cash requirements bank
- \$112.5 million in remaining Capex and \$110.5 million in estimated debt capacity
 - Newbuilding program fully funded
- No near term debt maturities
 - 2018: N/A
 - 2019: N/A
 - Nov 2020: \$181 million

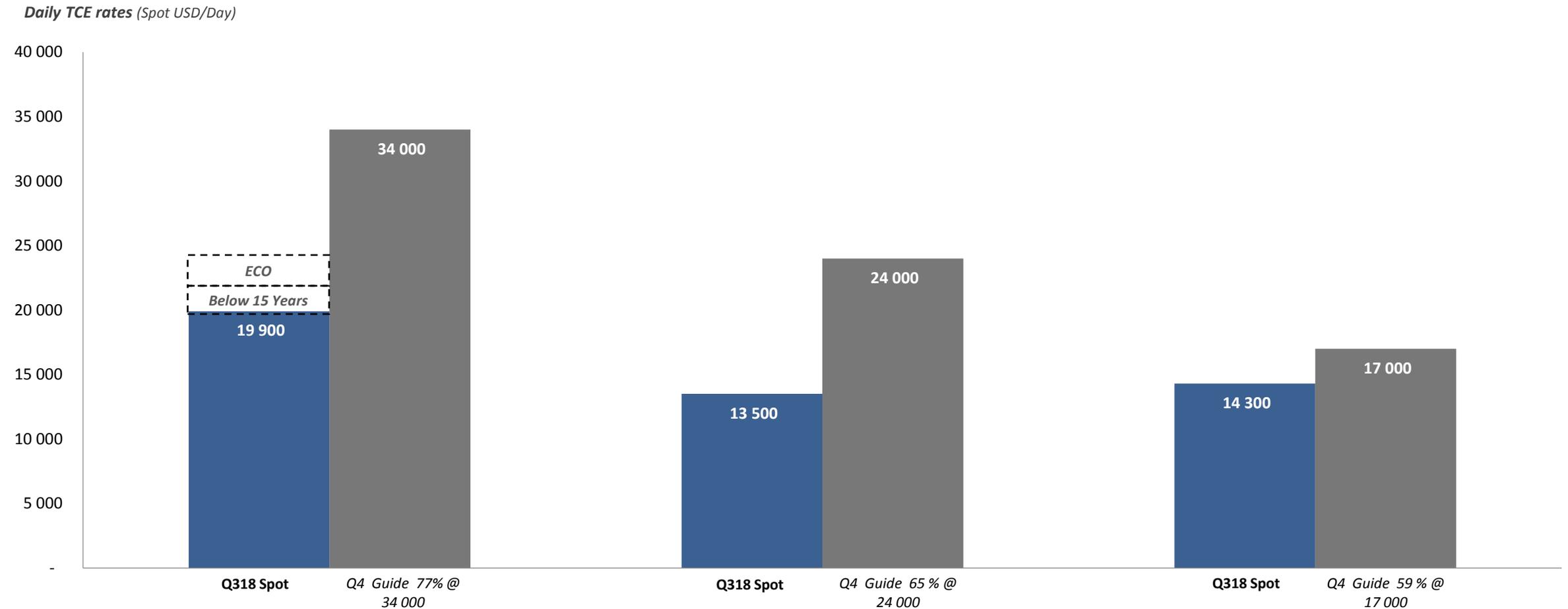
Cash Breakeven Rates and Opex



*Source : Clarksons

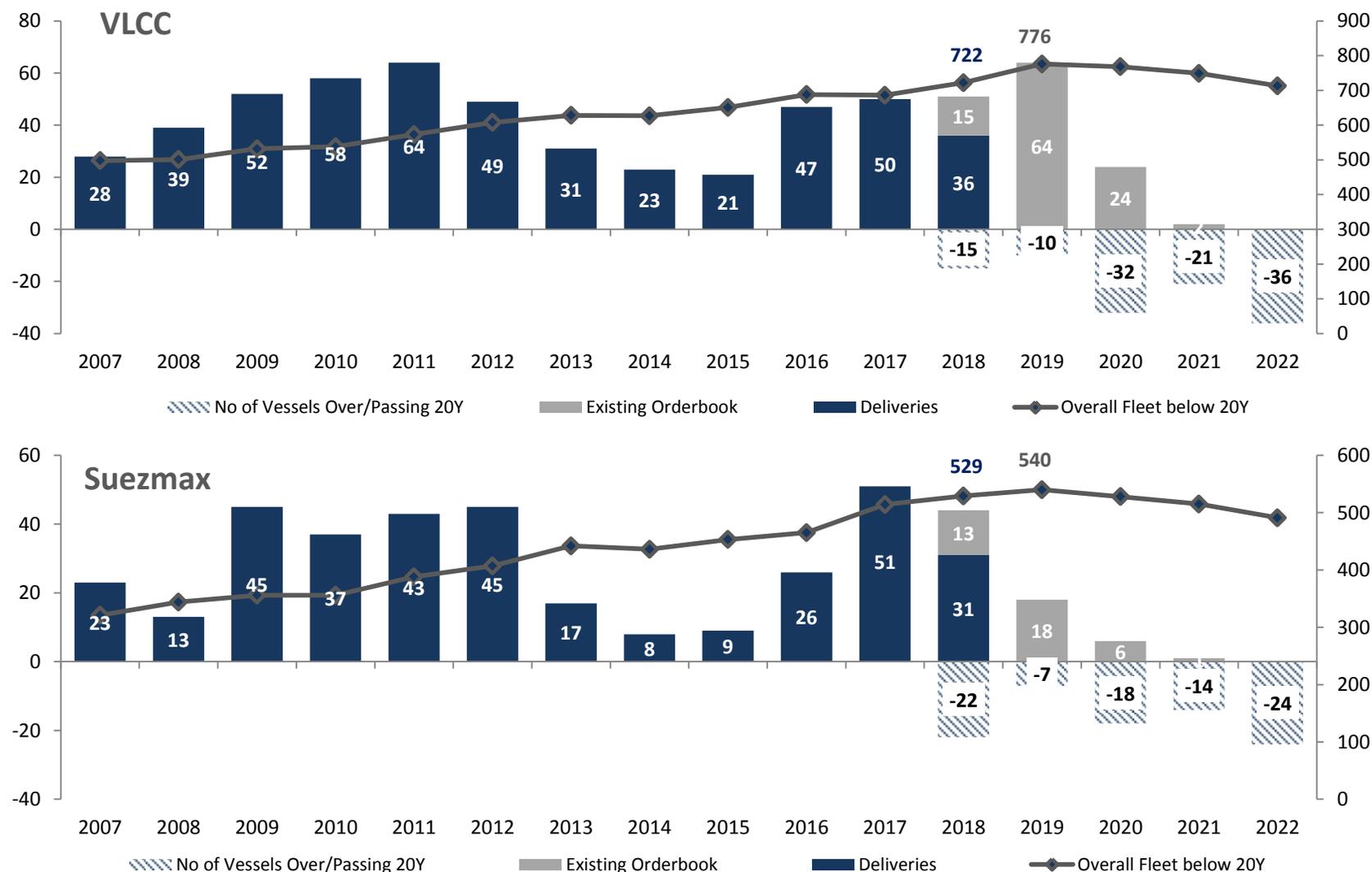
- Estimated cash cost breakeven rates for the remainder of 2018 include bareboat/tc hire / installments, interest loans, opex/drydock and G&A expenses.

Q3 Performance and Q4 Guidance



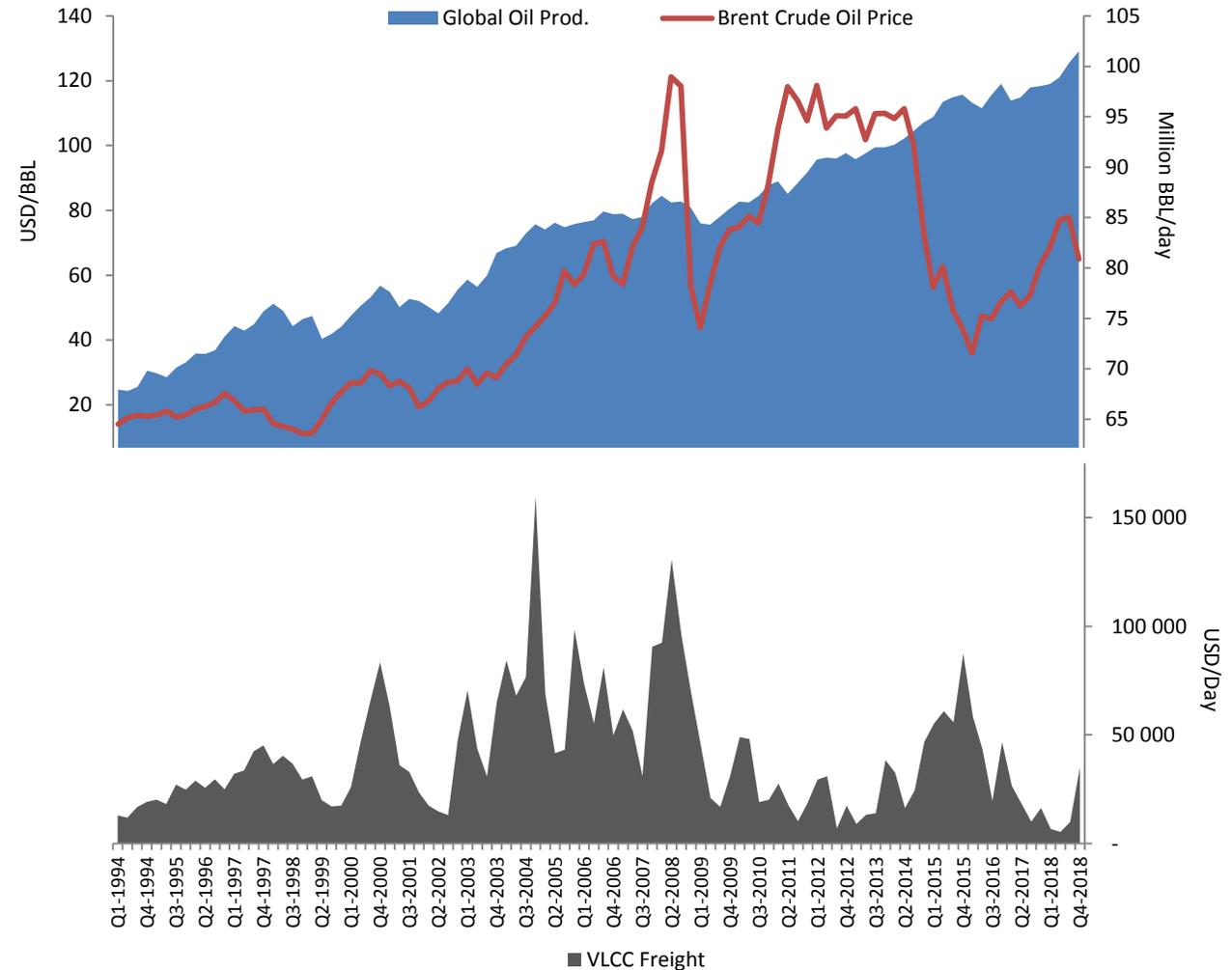
Orderbooks

- VLCC Orderbook at 14,5%. Substantial deliveries in 2019, slippage to be expected
- Pace of scrapping slowed, 20 % of fleet 15 years and above
- Suezmax Orderbook moderate in comparison and 4 % of fleet above 20Y by end 2018
- In both VLCC and Suezmax segments continued scrapping/ conversion expected as we approach IMO 2020



Oil Price Volatility & Freight

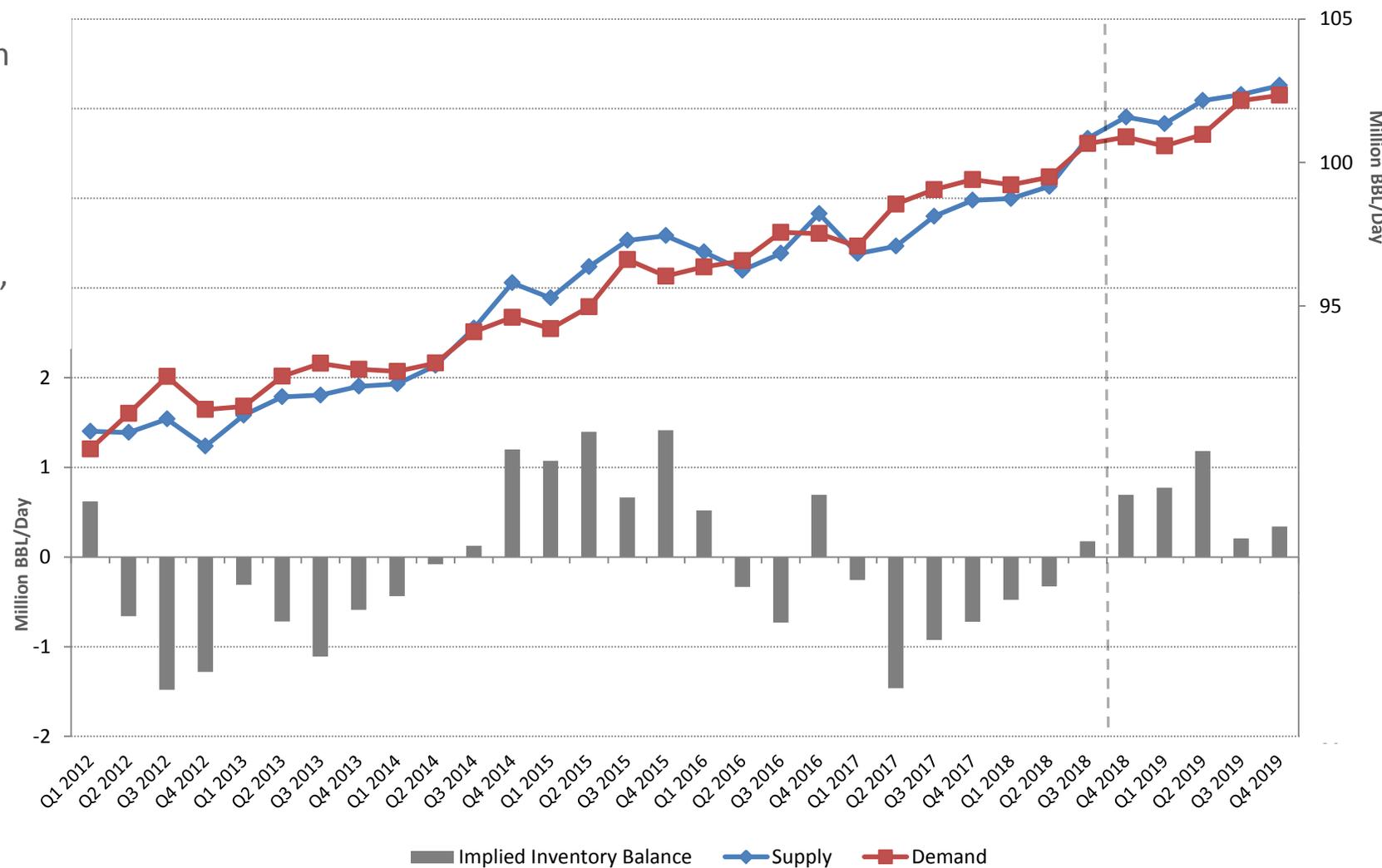
- Little correlation between oil prices and freight
- Oil volume vs. supply of ships key
- Recent oil price fall triggered by increased supply
 - ✓ Increased supply needs to be transported / stored
 - ✓ Lower oil prices stimulate demand
 - ✓ Lower oil prices reduces fuel cost
 - ✓ Potential OPEC action may mean more volumes US -> Far east



Source: Clarkson, EIA

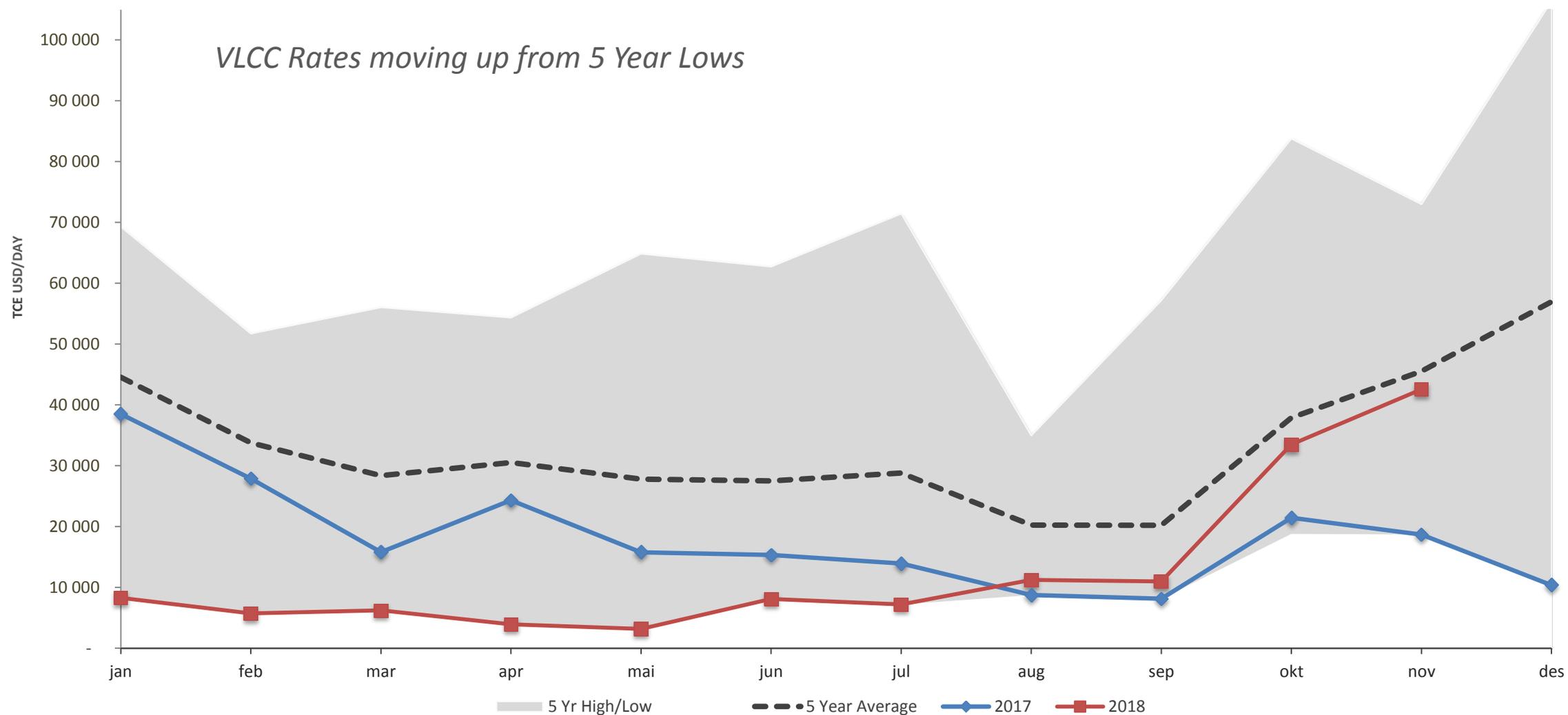
World Oil Supply & Demand

- World oil supply growing faster than expected
- Inventories building again
- Robust demand growth ~ 1.5% p.a.
- Iran sanctions bringing the 'X factor' to the market



Source: EIA

Tanker Markets Reacting



Source: Clarkson,

Summary

Bullish Factors

- Crude oil supply outpacing demand – storage
- Ton-miles growing, US exports to Asia growing fast
- Fleet growth year to date negative
- Extended dry docking expected in preparations for IMO 2020 and BWTS

Bearish Factors

- The order book remains substantial
- Trade wars may disrupt global growth
- New contracting continuing

Tanker Market started reacting to balanced fleet supply vs freight demand, rates still hugging long time averages, market expected to tighten further.

Q&A





 www.frontline.bm

Appendix 1 Reconciliation (Million \$ except per share)					
	Q3 2018	Q2 2018	Q1 2018	YTD 2018	Full year 2017
Total operating revenues net of voyage expenses					
Total operating revenues	189	167	170	525	646
Voyage expenses	-100	-94	-89	-283	-259
Total operating revenues net of voyage expenses	89	73	81	243	387
Net income adj.					
Net income (loss) attributable to the Company	2	-23	-14	-34	-265
Add back:					
Loss on termination of vessel lease, net of cash paid	0	0	6	6	3
Vessel impairment loss	0	0	0	0	164
Unrealized loss on marketable securities	0	0	0	0	0
Goodwill impairment loss	0	0	0	0	113
Loss on derivatives	0	0	0	0	3
Less:					
Gain on sale of shares	0	0	-1	-1	0
Gain on termination of lease	-7	0	0	-7	-21
Unrealized gain on marketable securities	-1	-1	0	-2	0
Release of accrued dry docking expense	0	-2	0	-2	0
Gain on derivatives	-2	-2	-5	-9	0
Net income adj.	-8	-28	-14	-50	-4
(in thousands)					
Weighted average number of ordinary shares	169 809	169 809	169 809	169 809	169 809
(in \$)					
Basic (loss) earnings per share adjusted for certain non-cash charges	-0,05	-162,90	-0,08	-0,29	-0,03
EBITDA adj.					
Net income attributable to the Company	2	-23	-14	-34	-265
Add back:					
Interest expense	25	24	22	70	70
Depreciation	31	32	32	94	142
Income tax expense	0	0	0	0	0
Net income attributable to the non-controlling interest	0	0	0	0	0
Loss on termination of vessel lease, net of cash paid	0	0	6	6	4
Unrealized loss on marketable securities	0	0	0	0	0
Vessel impairment loss	0	0	0	0	164
Goodwill impairment loss	0	0	0	0	113
Loss on derivatives	0	0	0	0	3
Less:					
Gain on termination of lease	-7	0	0	-7	-21
Unrealized gain on marketable securities	-1	-1	0	-2	0
Release of accrued dry docking expense	0	-2	0	-2	0
Gain on sale of shares	0	0	-1	-1	0
Gain on derivatives	-2	-2	-5	-9	-3
EBITDA adj.	47	28	40	115	208

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.