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Frontline Plc: Strategic Positioning in a World of Energy Transition and Geopolitical Challenges

Lourenço Araujo Soares Faria E Maia
Student Number: 59887

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Camillo Riva

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Abstract

This equity research report assesses Frontline Plc, a leading crude tanker operator well-positioned to benefit from global oil trade realignments, the energy transition, and supply chain disruptions. Drawing on Net Asset Value (NAV), Discounted Cash Flow (DCF), and Comparable Company Analysis (CCA) methodologies, we establish a price target of \$19.07 per share, implying a 34% upside from the current share price and a total shareholder return of approximately 43% when factoring in dividends. Our valuation incorporates key assumptions including stable utilization rates, modern ECO-rated vessels that adhere to stringent environmental standards, and balanced capital structure management. Supported by consistently strong EBITDA margins (around 50%), a healthy ROIC profile, and favorable ton-mile demand growth, Frontline's fundamental outlook remains robust. Despite potential risks from geopolitical tensions, long-term shifts in oil consumption patterns, and competitive fleet dynamics, the company's strategic positioning and disciplined cost management justify a BUY recommendation.

Keywords (up to four)

Tankers, Crude Oil, Shipping, Valuation

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Figure 1: John Fredriksen.
Source: Store Norske
Leksikon

Company Description

Company History

Frontline PLC, originally established as Frontline AB in 1985, was listed on the Stockholm Stock Exchange from 1989 to 1997. In 1996, Hemen Holding Ltd., controlled by Norwegian billionaire John Fredriksen, became the majority shareholder, prompting the company to re-domicile to Bermuda and list on the Oslo Stock Exchange in 1997. A year later, Frontline merged with London & Overseas Freighters and rebranded as Frontline Ltd, marking the start of a strategic expansion, during which the company acquired new and second-hand tankers, positioning itself as the world's largest tanker company. In 2001, Frontline further solidified its presence by commencing trading on the New York Stock Exchange under the ticker symbol 'FRO'. (Frontline Website)

In July 2022, Frontline planned a merger with Euronav, aimed at creating a market-leading oil tanker group with 46 vessels, annual synergies of at least \$60 million, and an expected market capitalization exceeding \$4 billion (Tennant, 2023). However, the deal was called off in January 2023 due to pressure from significant Euronav shareholders. Despite this setback, in October 2023, Frontline reached an agreement with CMB NV to purchase 24 ECO-VLCCs with an average age of 5.3 years for an aggregate price of \$2,350 million. This transaction positioned Frontline as the largest pure-play tanker owner in the public domain, measured by Dead Weight Tonnage (DWT) (Frontline, 2023).

Corporate Structure

Frontline's operations are guided by an experienced management team and overseen by a board of directors that provides strategic direction and compliance with international maritime regulations. Leading the company is Chief Executive Officer (CEO) Lars Barstad, who has been at the helm since 2021 and brings nearly 17 years of experience in the shipping industry. Supporting him is Inger Klemp, Frontline's Chief Financial Officer (CFO) since 2006. Together, their leadership positions Frontline as a global leader in the tanker shipping sector.

Since relocating from Bermuda in 2022, Frontline is now headquartered in Cyprus, operating under Cypriot tax law. Frontline leverages a strategically decentralized management structure with subsidiaries in locations such as Bermuda, Singapore, and India, chosen for their operational advantages and global reach.

Year	Event
1985	Frontline AB founded.
1989	Frontline AB listed on the Stockholm Stock Exchange.
1996	Hemen Holding became the majority shareholder of Frontline AB.
1997	Frontline AB re-domiciled to Bermuda and listed on the Oslo Stock Exchange.
1998	Merged with London & Overseas Freighters (LOF), renaming the entity as Frontline Ltd.
2001	Frontline shares began trading on the New York Stock Exchange (NYSE) under the ticker 'FRO'.
2003	Created Ship Finance Ltd. (SFL)
2004	Golden Ocean Group Limited spun off and listed on the Oslo Stock Exchange and later NASDAQ.
2006	100% of ownership in Ship Finance distributed to shareholders
2012	Restructuring during the tanker market downturn; formation of Frontline 2012 Ltd. and acquisition of 15 vessels and associated obligations.
2013	Frontline 2012 acquired a stake in Avance Gas Holding Ltd. and sold VLCC newbuildings to Avance.
2014	Frontline 2012 merged its cape-size dry bulk newbuildings with Knightsbridge Tankers, later merging with Golden Ocean Group Limited.
2022	Frontline announced a merger with Euronav to form a leading oil tanker company, aiming for significant synergies.
2023	Euronav merger cancelled due to shareholder opposition

Table 1: Table of major historical events in Frontline's history



Figure 2: Lars Barstad, CEO of Frontline PLC. Source: Valeur, 2022

Investor	Ownership Share (%)	Number of Shares
Hemen Holding Ltd.	35.55%	79,145,703
Folketrygdfondet	5.34%	11,893,859
DNB ASA	3.28%	7,290,956
Vanguard Group Inc	2.44%	5,442,012
FMR, LLC	2.03%	4,516,011
Arrow Street capital, LP	1.96%	4,366,722

Table 2: Top institutional holders. Source: Bloomberg

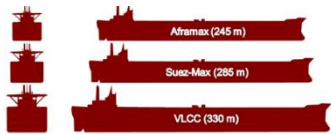


Figure 3: Size of Frontline's vessels. Source: Toathang Shipping, 2024

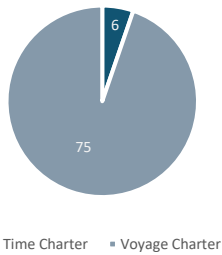


Figure 4: Number of vessels on time charters and voyage charters in 2024



Figure 5: Map of general fleet operations. The red arrow shows routes interrupted by geopolitical instability. Source: Wikipedia



Figure 6: Operational revenue and growth rate over last 6 years

The company's ownership structure is anchored by its largest shareholder, Hemen Holding Ltd., controlled by shipping magnate John Fredriksen, with 35.55% of Frontline's outstanding shares. Fredriksen has been a steadfast supporter of Frontline, playing a pivotal role in its financing and strategic development.

Business Model

Frontline is a global leader in the transportation of crude oil and refined petroleum products, serving major oil companies and trading firms through its fleet of long-range tankers. As of Q3 2024, Frontline operated a diverse and modern fleet of 41 Very Large Crude Carriers (VLCCs), 23 Suezmax tankers, and 18 Long Range 2 (LR2) / Aframax tankers, with an average age of 6.4 years.

Additionally, Frontline's business model emphasizes returning value to shareholders through dividends, stating that it aims to "distribute quarterly dividends to shareholders equal to or close to earnings per share adjusted for non-recurring items." (Frontline's Website) The company's ability to generate significant cash flows, particularly from favorable market conditions, maintains its commitment to dividend payments, with a payout ratio of 97%, in 2023.

Frontline's strategy focuses on maximizing fleet utilization through efficient trading. VLCCs transport crude oil on long-haul routes from the Middle East Gulf to the Far East, Northern Europe, and the Americas (Figure 5). Suezmax tankers operate in the Atlantic Basin, Middle East, and Southeast Asia, while flexible LR2/Aframax tankers handle refined products, fuel, and crude oil for smaller ports with draft limitations. (Frontline 2023 Annual Report (A.R.))

Operational structure

Frontline's revenue model is built around two primary chartering strategies: voyage charters and time charters, as well as supplementary income through administrative income, vessel transactions, and strategic service agreements.

Voyage chartering, also known as spot market chartering, is the primary market for Frontline, where earnings are derived from contracts to transport crude oil at agreed rates. In this model, Frontline covers all expenses associated with each voyage, including fuel and port fees, enabling the company to earn revenue per voyage based on current market rates. This structure allows Frontline to adjust pricing dynamically in response to real-time market conditions, capturing fluctuations in demand within the oil transport sector.

In contrast, time charters provide Frontline with a more predictable revenue stream. Under these contracts, Frontline leases vessels at a fixed daily rate for a

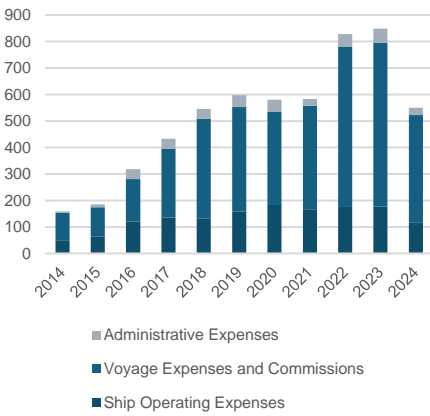


Figure 7: Breakdown of operational costs for Frontline in last 10 years

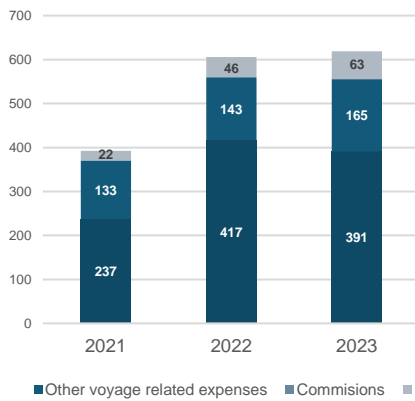


Figure 8: Breakdown of voyage expenses in the last 3 years

set period, transferring voyage-related costs to the charterer. This model reduces Frontline’s exposure to spot market volatility, creating a stable earnings base during periods of market downturns. Frontline also earns a small portion of its revenues through administrative income. This comprises income earned from the technical and commercial management of vessels and new building supervision fees derived from related parties, affiliated companies, and third parties.

Frontline’s operating expenses are categorized into voyage expenses, ship operating expenses, and administrative expenses. Voyage expenses, constituting approximately 73% of Frontline’s total expenses in 2023 (Figure 8), encompass commissions, bunkers, port costs, agency fees, and agent fees required for operating vessels in the spot market. Bunkers, the fuel costs associated with vessel operations, represent the largest portion of voyage expenses and can fluctuate depending on the price of marine fuel. Voyage expenses are factored into spot market rates, where charterers pay higher freight costs to account for the vessel operator’s responsibility for voyage-related expenses; however, in time charters the charterer typically covers them (Frontline Q3 Report).

Ship operating expenses represent the direct costs of running a vessel, including crew costs, vessel supplies, repairs and maintenance, lubricating oils, and insurance. Frontline outsources the technical management of its vessels to third parties (Frontline 2023 A.R.). Notably, ship operating expenses also include tonnage tax, a tax method that relies on tonnage transported rather than income. Crew costs are generally correlated with fleet size and saw an increase in 2023 due to the introduction of Euronav vessels (Saul and Ghobari, 2024). Finally, administrative expenses include costs associated with employee and director compensation, office and administrative expenses, and professional services such as audit, legal, and consultancy fees.

Industry Analysis

The Global Crude Tanker Market

The global crude tanker market is cyclical, driven by factors like oil demand, OPEC policies, and geopolitical events. High oil consumption and production boost tanker demand, raising charter rates and earnings. Conversely, downturns in the oil industry or vessel oversupply lower market conditions. Geopolitical conflicts can disrupt trade, causing fluctuations in oil prices, but may also create longer routes benefiting oil transport markets.

Seasonality and market cyclicity significantly impact rate fluctuations, with the **winter effect** (Figure 9) typically boosting demand for crude and refined products

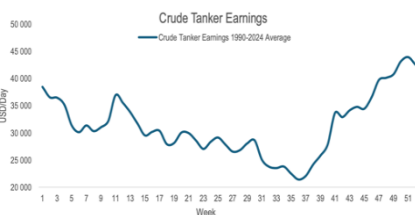


Figure 9: Average crude tanker earnings over the year displaying the winter effect (1990-2024 average) Source: Frontline Q2 presentation

towards the end of the year, raising spot rates (Q2 Earnings Call). Even so, this trend has yet to emerge in 2024, contributing to lower expected Q4 rates, potentially pushing rate increases into Q1 2025 (Frontline Q3 Earnings Call).

In recent years, the market has seen dramatic fluctuations in charter rates, with a sharp drop in oil demand following the COVID-19 outbreak, followed by a rapid recovery. Lately, rates for crude and product tankers have been strong; however, concerns over global oil demand weighed on rates in the third quarter of 2024 and resulted in a disappointing Q3 earnings release.

Macroeconomic Conditions

Since the Russian invasion of Ukraine, a phenomenon known as the “grey fleet” has emerged in response to sanctions and price caps imposed on Russian crude oil. The grey fleet consists of vessels whose origins and ownership details are deliberately obscured, allowing them to bypass restrictions and transport Russian oil to countries that haven’t banned trade with Russia, such as China, Turkey, and India. This tactic enables shipping companies to operate under the radar, appearing legitimate while facilitating sanctioned trade. (Christopher Vonheim, 2024; Windward, n.d.)

At the same time, a shortage of newbuilds has contributed to the growth of the “dark fleet,” a collection of aging vessels that often operate under false identities or flags of convenience to evade regulations and sanctions. Windward has identified as many as 1,100 vessels in the dark fleet, raising concerns over safety, maintenance, and regulatory compliance (Windward, n.d.). The U.S. has now started taking matters into its own hands, imposing sanctions on 35 entities and vessels involved in transporting illicit Iranian crude (U.S. Department of the Treasury, 2024). Sanctions on Russian oil are likely to remain in place during both 2025 and 2026, lengthening the impact the dark fleet on the global crude trade (Hellenic Shipping News, 2024).

Geopolitical instability in the Red Sea has significantly impacted the crude shipping industry. Since the onset of the Gaza conflict in September 2023, over 130 attacks on commercial ships have disrupted one of the world’s most critical trade routes (Aljazeera, 2024). Suez Canal traffic, which previously carried 10-15% of global trade, has been rerouted via the Cape of Good Hope due to Houthi attacks, increasing transit times by 30% (10-14 days) and driving tonne-mile growth in 2024 (JP Morgan, 2024; Aljazeera, 2024). These disruptions have also increased shipping costs, including insurance, crew pay, and about \$1 million in additional fuel costs per trip (Aljazeera, 2024). If standard routing resumes in



Figure 10: Sanctioned crude oil flow in last 10 years. Source: Frontline Q2 presentation

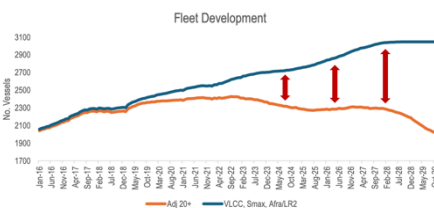


Figure 11: Number of active vessels vs. vessels which are compliant with the 20y+ scrapping rule. Source: Frontline Q2 presentation

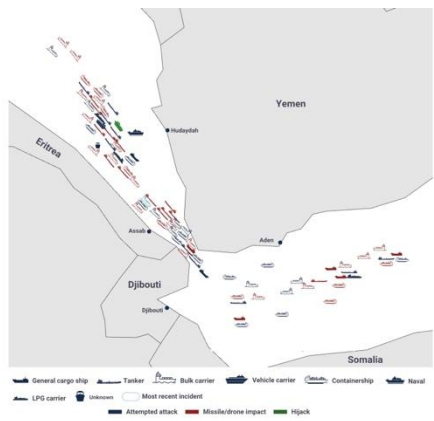


Figure 12: Map of Houthi attacks on vessels. Source: Iloyds List Intelligence

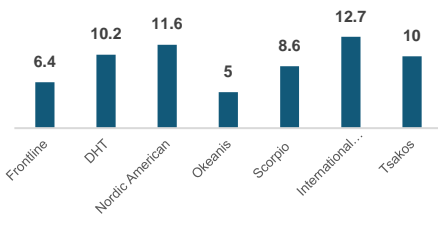


Figure 13: Average age of fleet (years). Source: Company Reports

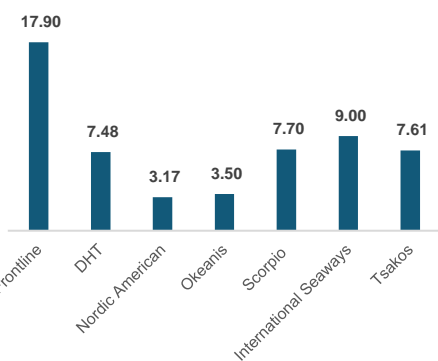


Figure 14: Total Dead Weight Tonnage (DWT) of each fleet. Source: Company Reports

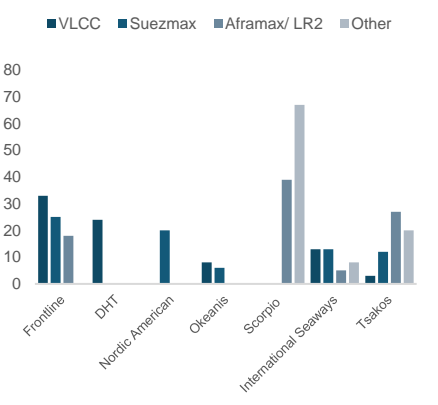


Figure 15: Number of vessels of each vessel type. Source: Company Reports

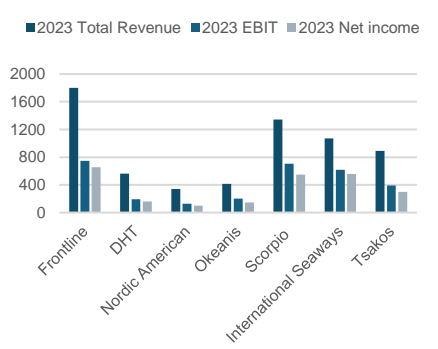


Figure 16: Revenue, non-adj. EBIT, and non-adj. net income for Frontline and peers (\$millions). Source: Company Reports

2025-2026, shorter voyages and reduced tonne-miles could weaken the crude tanker market (Hellenic Shipping News, 2024).

Competitive Analysis

The market for the international transportation of seaborne crude oil and petroleum products is characterized by a high level of competitiveness and fragmentation, with services being offered by both major oil companies and independent shipowners. Competition hinges on factors like price, vessel location, size, age, condition, and manager reputation, with brokers matching ships to cargoes (Annual Report, 2023). Several key players compete in the transport of crude and refined oil products, each leveraging distinct strategies and operational strengths. Among Frontline's most notable peers are the following.

DHT Holdings (DHT) operates 24 VLCCs with a combined DWT of 7.5 million and an average fleet age of 10.2 years. Headquartered in Bermuda, DHT serves major oil companies and traders and specializes in VLCCs, excelling in long-haul transport. In 2023, DHT deployed five VLCCs on time charters and 19 in the spot market, benefiting from elevated rates. (DHT A.R., 2023)

International Seaways (INSW), registered in the Marshall Islands, operates a large fleet of tankers, including 12 VLCCs, 12 Suezmaxes, as well as some smaller tankers. The company operates crude, product, and chemical tankers around the world, leveraging its large fleet and strong reliance on the spot market to generate revenues. (International Seaways A.R., 2023)

Greek-based **Tsakos Energy Navigation (TEN)** owns a versatile fleet of crude, oil, product, light natural gas (LNG), and shuttle tankers. Operating one of the largest ICE-class tanker fleets, Tsakos serves state entities, and international oil majors. Tsakos looks to continue its growth via continual investments in fleet renewal and expansion, funding its healthy dividend payout. (Tsakos A.R., 2023)

Monaco-based **Scorpio Tankers (STNG)** specializes in transporting refined petroleum products. Its large modern fleet of 104 vessels, including LR2, Handymax, and Medium Range (MR) tankers, averages 8.4 years in age. Scorpio emphasizes its modern fleet, with 87% of its tonnage scrubber-fitted allowing it to exceed greenhouse gas (GHG) emission-related guidelines. (Scorpio A.R., 2023)

Nordic American Tankers (NAT), based in Bermuda stands out among its peers as the only publicly listed tanker company with a Suezmax-only fleet consisting of 20 vessels. NAT maintains a sustainable business strategy in both strong and weak markets, assuring shareholders of a maximized return. This operational

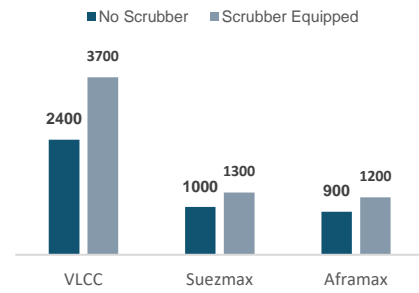


Figure 17: Frontline's scrubber premiums for Eco and Non-Eco Vessels (in \$ thousands). Source: Company Reports

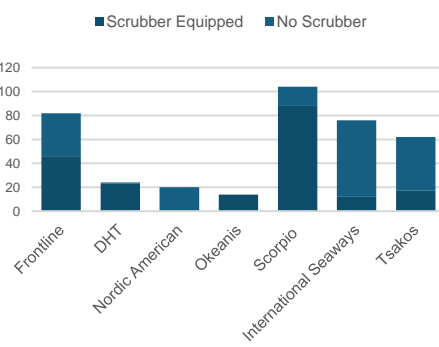


Figure 18: Number of scrubber-fitted vessels out of total vessels. Source: Company Reports

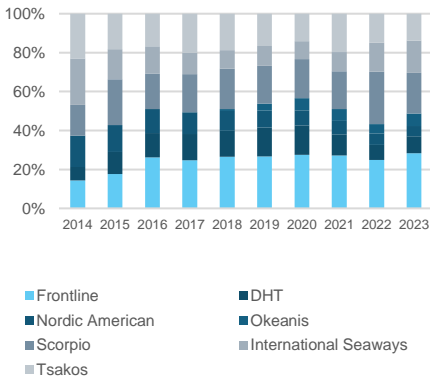


Figure 19: Frontline's percentage of total peers' revenue. Source: Company annual reports

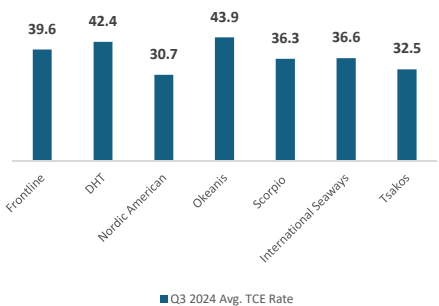


Figure 20: Average reported TCE rate per vessel per day in Q3 2024 (in \$ thousands). Source: Company Reports

efficiency has allowed NAT to pay 100 consecutive quarterly dividends to shareholders. (Nordic American Tanker A.R., 2023)

Okeanis Eco Tankers (ECO) is an international crude oil tanker company with a smaller fleet of 14 vessels comprising six Suezmaxes and eight VLCCs. Okeanis operates primarily on the spot market, driven by their strong outlook of the tanker market, and desire to capture the full benefit of lower fuel oil costs due to their, 100% scrubber-equipped fleet. (Okeanis A.R., 2023)

S.W.O.T. Analysis

Frontline stands out with its modern, diverse fleet. While Okeanis has a younger fleet (5 years), its smaller scale (14 vessels) limits its market impact. Larger rivals like Tsakos and Scorpio fall behind Frontline in modernization. Frontline's fleet diversity grants access to various ports and client needs, a benefit unachievable by single-vessel-type competitors like Nordic American. Its size allows for economies of scale, better negotiation, and a competitive market position (Figure 22; DHT Holdings A.R., 2023). Additionally, Frontline's fuel-efficient fleet is prepared for potential emissions regulations, including the FuelEU Maritime Regulation, effective January 2025 (DHT Holdings A.R., 2023).

Frontline's heavy reliance on crude oil transportation limits its diversification compared to peers like Tsakos, which operates LNG tankers poised for growth with renewable energy trends (Shell, 2024). Unlike some of its more diversified peers, this narrow focus heightens its exposure to crude market fluctuations. Operating primarily in the spot market, Frontline benefits during upcycles but faces greater risk in downturns, unlike Tsakos' time-charter-focused approach, offering more stability and confidence to shareholders. Additionally, Frontline's high-leverage position increases financial risk during market disruptions, potentially limiting its ability to secure additional debt for expenses.

Frontline has already capitalized on many of the opportunities arising in the last months, including the rising tonne-mile demand driven by geopolitical tensions, allowing it to boost its revenues. Recovery in Asian markets, particularly China's industrial growth, presents further opportunities for increased tonne-mile growth, which Frontline will look to capitalize on through its long-range fleet. Additionally, its scrubber-equipped fleet enables Frontline to charge premiums in markets where fuel spreads favor such technology (Figure 20). Proactive fleet modernization positions Frontline to capture additional market share as investors look to improve their ESG positions and demand for eco-friendly vessels grows. For the future, Frontline could consider acquiring companies with diversified fleets,

such as those involved in LNG transport, to diversify its fleet portfolio and improve its positioning for the energy transition.

Regarding possible threats, Frontline looks to be in a comfortable spot sitting as a market leader with a modern fleet. That said, with the bottleneck in newbuilds expected to clear in the next years and competitors receiving newbuild deliveries, the competition for Frontline will increase in the coming years (Q4 2023 Earnings Call). Additionally, large-scale mergers by competitors, similar to the one Frontline was involved with in Euronav, could displace Frontline’s market-leading position, putting increased pressure on Frontline. At the same time, modern fleets like Okeanis, with a 100% scrubber-fitted fleet, may put some additional pressure on Frontline, charging increased rates as investors look for more eco-friendly companies to do business with (Figure 20).

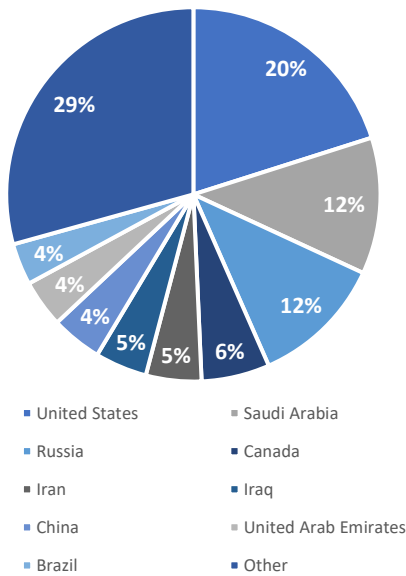


Figure 21: Distribution of crude oil production by leading country. Source: Energy Institute, 2024a

Oil Supply and Demand Dynamics

Current and Short-term Outlook

In the short term, the supply has experienced an increase, particularly in the Americas, due to surges in production from the United States (U.S.), Brazil, and Canada. In the U.S., oil output continues to rise, propelled by advancements in shale extraction technology and the relaxation of regulatory pressures. Brazil is also projected to observe an enhancement in production with the initiation of several new projects. Concurrently, Canada’s liquid production is accelerating, brought on by new oil sands projects, optimization of existing facilities, and the anticipated effects of the Trans Mountain Expansion Pipeline, which is further expected to augment production in the forthcoming months. (OPEC, 2024)

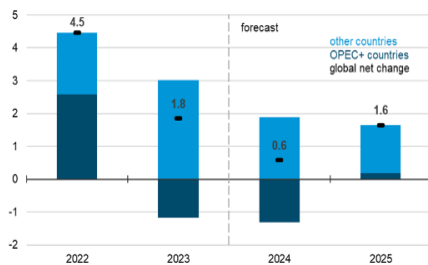


Figure 22: Short-term global liquid fuel production growth. Source: EIA, 2024

The Organization for Petroleum Exporting Countries Plus (OPEC+), comprising OPEC members and allies like Russia, has implemented significant supply cuts to stabilize and support crude oil prices. Crude oil currently trades at around \$72 per barrel, a 33% drop from its June 2022 peak (Figure 23). Since October 2022, OPEC+ has reduced output by 5.86 million barrels per day (mb/d), roughly 5.7% of global demand. This includes major cuts of 3.66 mb/d, initially set to expire in June 2024 but now extended through the end of 2025 in response to prevailing economic conditions and anticipated interest rate reductions. Additionally, OPEC+ had planned to increase output by 180,000 b/d in December 2024 but has since delayed until the end of 2026 due to weaker demand from China and rising production from alternative suppliers (Anil and Patel, 2024; Goncalves, 2024).



Figure 23: Weekly price of Brent Crude in \$ per barrel. Source: Yahoo Finance

Global overproduction has driven oil prices down, with Iraq exceeding its production target by 500,000 b/d before cutting output by 200,000 b/d in

September to stabilize prices. Maintenance at Kazakhstan’s Kashagan field in October 2024 is expected to further reduce supply temporarily. However, if OPEC+ cuts production while others ramp up, oversupply could re-emerge in 2025, putting further pressure on oil prices. (CNBC, 2024)

Although the narrative surrounding oil supply has centered on oversupply, oil demand in 2024 has shown relative weakness and is anticipated to remain muted through 2025. Key forecasts from the International Energy Agency (IEA), Energy Information Administration (EIA), and OPEC have all revised their 2025 oil demand projections downward, citing lagging manufacturing performance in major markets like China and Germany, slower industrial production growth in the U.S. and Canada, and a gradual shift toward renewable energy sources (Rasmussen, 2024; Tsvetana Paraskova, 2024). The EIA now expects most of the global demand growth to come from non-Organisation for Economic Co-operation and Development (non-OECD) countries, which primarily include developing and emerging economies, where liquid fuel consumption is forecasted to rise from 1 mb/d in 2024 to 1.2 mb/d in 2025 (EIA, 2024).

According to the latest OPEC Oil Market Monthly report, U.S. economic activity is expected to remain healthy in the fourth quarter of 2024 and into the first quarter of 2025. Similarly, in Europe, increased demand for petrochemicals and transportation fuels in countries like Spain, France, and the U.K. has resulted in a projected increase of 9 thousand b/d year-on-year, reaching an average of 13.5 mb/d. OECD Asia-Pacific is also expected to see strong economic activity, led by a solid Korean economy and a rebounding Japanese market. (OPEC, 2024)

In non-OECD regions, China’s recent fiscal and monetary stimulus measures were expected to rejuvenate economic activity, supporting higher oil demand through late 2024 and into 2025 (OPEC, 2024). However, as stated in Frontline’s most recent earnings report, this has yet to be seen, dragging down Q3 and expected Q4 2024 rates (Frontline Q3 report, 2024). India’s economy is expected to remain strong and be one of the main drivers for increased demand in the coming years, with growth primarily driven by diesel and bitumen consumption. Latin America and the Middle East are also expected to see strong demand going into 2025, both supported by expanding economies (OPEC, 2024).

Donald Trump’s presidential victory threatens increased tariffs on Chinese goods, which may weaken China’s economy and reduce oil demand. Since then, the U.S. dollar has risen to a four-month high (Figure 26), making oil pricier for foreign buyers, further suppressing demand from non-U.S. countries. These factors limit oil price increases amid weak demand and economic uncertainty (Lloyd, 2024)

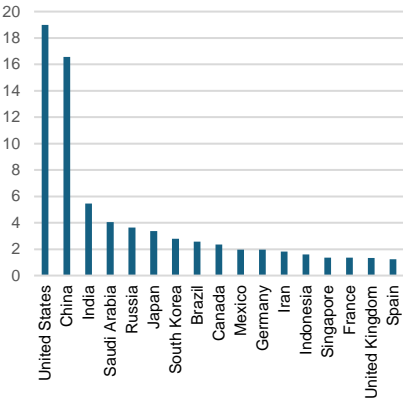


Figure 24: Leading oil consuming countries in 2023 (in million barrels per day). Source: Energy Institute, 2024b

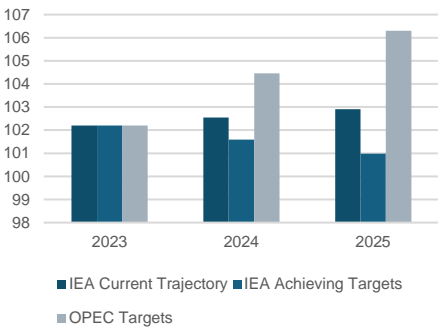


Figure 25: Global short-term oil demand forecasts depending on different rates of energy transition in mb/d. Source: Respective agency



Figure 26: US Dollar Index. Source: Yahoo Finance

Financial Analysis

Liquidity Analysis

Frontline has maintained strong liquidity, with its current and quick ratios consistently above one (Figure 28), except in 2019, impacted by the pandemic. That year, its current ratio dropped below one, due to a quadrupling of short-term debt (Figure 27) to cover operational expenses, resulting in one of the lowest liquidity levels among peers. The cash ratio also weakened in 2019 to 0.21, reflecting low reserves and highlighting the company’s vulnerability to liquidity shocks. While cash reserves have improved to a ratio of 0.75, they remain slightly below the peer median (0.83), impacted by the recent Euronav acquisition. Similarly, current and quick ratios improved slightly above the peer median in 2023. Frontline’s 2023 net working capital (NWC) of \$319m also exceeds peers, reflecting effective management of current assets and liabilities. With limited newbuilds and strong rates anticipated, liquidity levels are expected to improve.

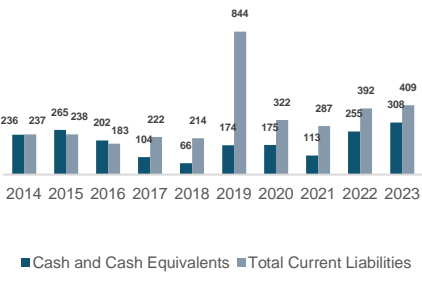


Figure 27: Frontline's C&CE and Total Current Liabilities in the last 10 years (\$millions)

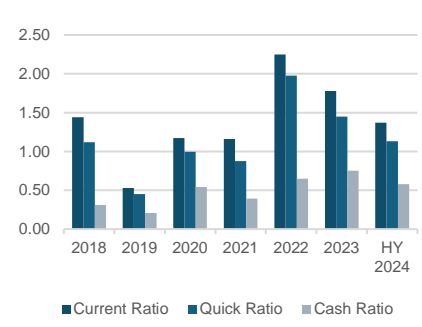


Figure 28: Frontline's Current, Quick, and Cash Ratio over the last 10 years

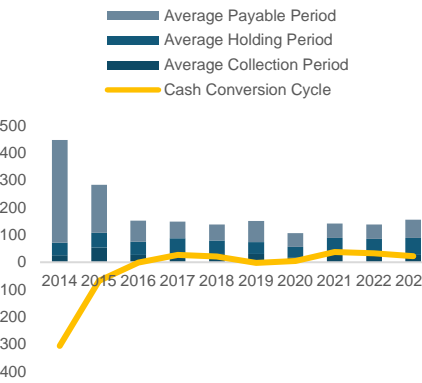


Figure 29: Breakdown of Frontline's Cash-flow management in days

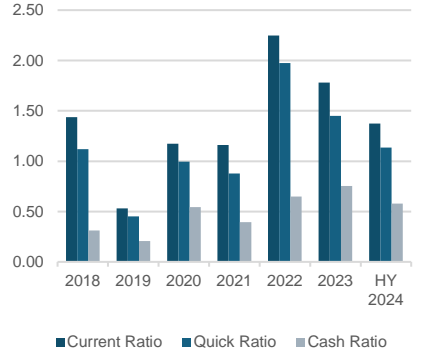


Figure 30: Frontline's Current, Quick, and Cash Ratio over the last 10 years

Cash Flow Management Analysis

Frontline demonstrates efficient working capital management through strong performance across key metrics. The company’s average collection period has hovered around 31 days since 2014, dropping to 26.74 days in 2023, 50% below the peer median, highlighting its strong client relationship management and efficient payment collection, likely aided by its scale and reputation. In contrast, the average holding period rose steadily to 62 days in 2023, significantly higher than peers (37). This increase likely reflects disruptions from the Russia-Ukraine conflict, as similar trends are observed among competitors. However, extended holding periods can raise costs and impact efficiency, requiring careful oversight moving forward. Meanwhile, Frontline’s average payable period stood at 67 days in 2023, more than double the peer median of 32 days. This extended period underscores Frontline’s ability to leverage its scale and reputation to enhance cash flow flexibility and optimize liquidity management.

Summarizing, Frontline’s cash conversion cycle of approximately 22 days, significantly below the peer median (55), highlights its strong cash flow management. The company’s ability to leverage its economies of scale further enhances this efficiency, optimizing cash flow and reducing operational delays.

Capital Structure Analysis

Frontline’s capital structure highlights a high level of leverage that has persisted since 2017, with its net debt-to-equity ratio reaching 1.49 in 2017 and remaining

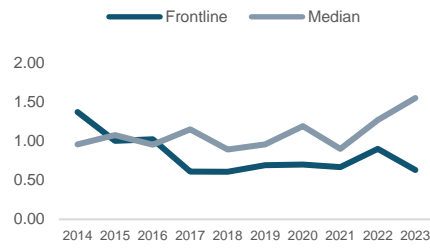


Figure 31: Frontline's Solvency Ratio vs. Median of Peers

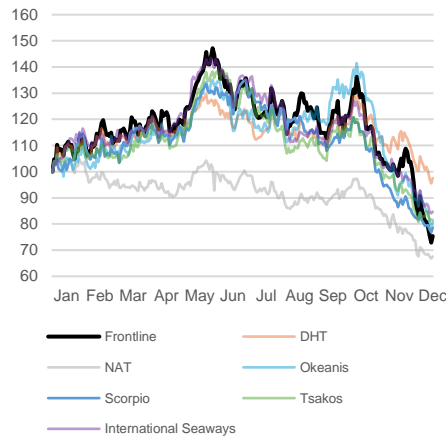


Figure 32: Indexed year-to-date performance of Frontline and peers. Source: Yahoo Finance

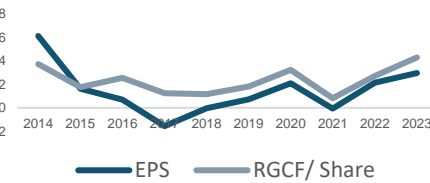


Figure 33: Earnings per share and recurrent gross cash flow per share over time

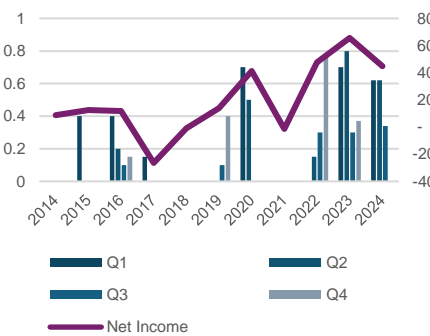


Figure 34: Quarterly dividend per share compared to net income (in \$millions)

elevated at 1.38 in 2023 (Figure 31). This substantial debt load is primarily a result of Frontline's aggressive expansion strategy, with significant investments in new vessels resulting in its young and modern fleet. However, this high leverage has resulted in a substantial interest expense of \$178 million in 2023. The gearing ratio further reflects its reliance on debt financing to support its growth.

Additionally, as noted in the cash flow management section, Frontline's reliance on debt financing has significantly impacted its solvency ratio, which sits below the peer median of 0.63 compared to 1.55, respectively. This lower solvency ratio signals potential insolvency risk as Frontline may face challenges in covering its obligations if a black swan event were to occur. However, with a positive outlook for the tanker market and the advantage of a modern fleet, Frontline is well-positioned to reduce debt in the coming years, improving its solvency ratio and bringing it closer in line with peers.

Performance Analysis

The crude oil transportation sector faced dramatic volatility in 2024, a trend reflected across Frontline's peers (Figure 32). For Frontline, a strong Q2 brought the stock up to around \$29/ share; it has collapsed in recent months, down over 50% from its 52-week high in late May, closing at \$14.21 on December 12th.

To evaluate Frontline's performance over the past years, its share price was indexed and compared to the MSCI World Index (URTH), which represents developed market equity performance, serving as a benchmark to compare Frontline's results. Frontline outperformed the index in 2014 but struggled in the years following. Frontline has outperformed URTH since 2022, but has been underperforming in the second half of 2024. Since 2014, Frontline's indexed value is at 149.89 compared to the URTH's 285.12.

Frontline's EPS analysis shows strong earnings in 2014, with weaker years following (Figure 33). After a dip in 2020 due to COVID-19, Frontline returned to a positive EPS of 2.95 by the end of 2023. Frontline's P/E ratio has fluctuated due to unstable cash flows, stabilizing at 6.8x by the end of 2023. Additionally, its price-to-recurring-cash-flows (P/RGCF) has risen recently, indicating improved market confidence in cash flow generation despite shipping industry cycles (Figure 33).

Like its other financial ratios, dividends from Frontline have experienced significant volatility over recent years. That said, since 2022 the company has consistently returned value to shareholders through dividends, supported by improved charter rates and net income performance (Figure 34). With a strong free cash flow outlook, healthy dividend payments are expected to continue going forward.

Margin Analysis

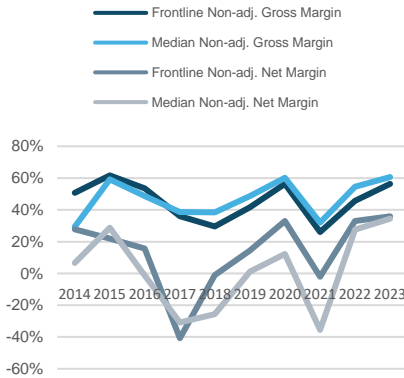


Figure 35: Frontline's Non-adj gross and net margin vs. median of peers. Source: Company Reports

Frontline's margin performance reflects the volatile nature of the crude oil transportation industry, driven by unstable rates and fluctuating operational costs (Figure 43). The company benefits from a modern fleet and scrubber premiums, enabling it to use cheaper high-sulfur fuel; however, these savings may not directly boost profitability, as spot rates often adjust downward in response to reduced industry-wide costs (Investopedia, 2022). Frontline's reliance on the spot market presents an additional challenge for margin stability, with spot rates subject to sharp and unpredictable changes. Operating costs, including voyage expenses, also vary based on market conditions, with conflicts affecting voyage lengths and bunker costs. Additionally, one-off items can significantly damage Frontline's net margin such as the significant drop observed in 2017 associated with an impairment loss of \$112.8 million (Figure 35).

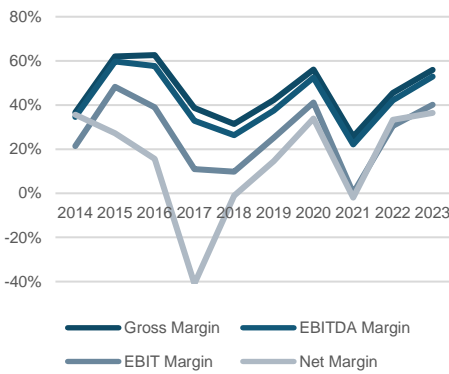


Figure 36: Frontline's adjusted margins over the last 10 years

That said, in the last 10 years, Frontline's adjusted EBITDA and EBIT margin have averaged 46%, and 42%, respectively, highlighting its ability to manage operating costs relative to revenue (Figure 36). Looking ahead, with more stable cash flows, we forecast an adjusted EBITDA margin between 47% and 51%, and adjusted EBIT and net margins between 29% and 37%, due to minimal income tax.

Profitability Analysis

Frontline's Return on Invested Capital (ROIC) has historical volatile tendencies with the fluctuating charter rates and inconsistent fleet expenditures. Over the last 10 years Frontline has averaged a ROIC and Core ROIC of 4.9% and 10.1%, reaching 14.7% and 17.4% in 2023 as markets strengthened and charter rates improved. While cash flows have varied, invested capital steadily grew, reflecting Frontline's long-term focus. Looking ahead, invested capital is projected to decline until 2028, as the company's modern fleet necessitates minimal additional investment (Figure 37). Meanwhile, ROIC is anticipated to rise from 2025, peaking at 13.2% (Core ROIC 16.1%) in 2029 before gradually declining to 7.9% (10.9%) as return on additional CapEx is impacted by a declining oil demand.

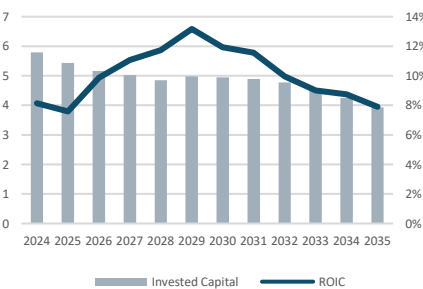


Figure 37: Frontline forecasted ROIC until 2035 compared to total invested capital (in \$ millions)

In contrast, the RONIC exhibits greater volatility due to significant year-on-year changes in core operational results (Figure 46). An exceptionally high Core RONIC in 2031 and 2032 reflects the decreasing invested capital due to a large, aged fleet, while NOPAT remains relatively high. This phenomenon reflects Frontline's ability to generate significant NOPAT despite operating an aging fleet. However, post 2032, a declining Core RONIC signifies the challenges of

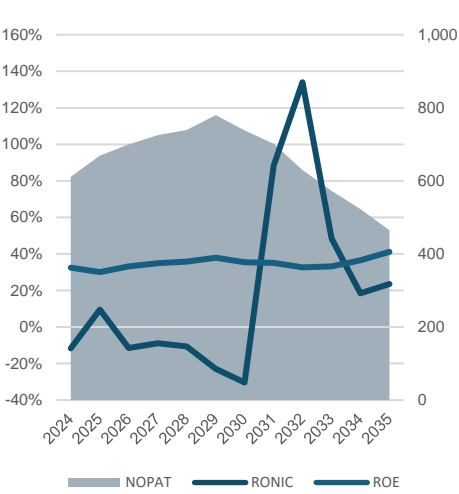


Figure 38: Forecasted RONIC and ROE for Frontline compared to NOPAT in \$ millions

optimizing returns on smaller increments of capital while navigating a challenging market environment.

Since 2013, Frontline’s Return on Equity (ROE) has averaged a strong 14.79%, reflecting consistent shareholder value. ROE is projected to rise steadily, peaking in 2029, driven by a combination of increasing oil demand and subsequent charter rates as well as the company’s leverage through a high net-debt-to-equity ratio (Figure 38). These factors amplify Frontline’s ability to generate outsized returns during favorable market conditions, as elevated charter rates enhance profitability while leverage magnifies the returns on equity. The following years are expected to reflect weaker performance due to declining oil demand, however, Frontline’s increasing net-debt-to-equity ratio, increases ROE in 2034, and 2035. The increasing ROE due to elevated net-debt-to-equity amplifies risk, but positions Frontline to maintain its ability to generate shareholder value.

Cost and Capital Allocation Projections

Costs

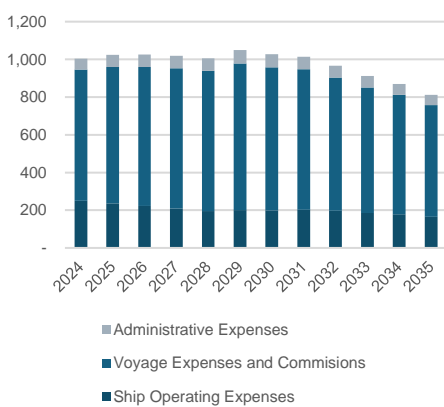


Figure 39: Operational expenses until 2035. Source: Analyst estimates

To forecast Voyage Expenses, comprised of bunkers, commissions, and ports costs, we apply the historically observed relationship between Frontline’s Voyage Expenses and the Total Net Expense Revenue (total TCE), assuming a constant relationship to continue going forward. A 4-year average of the cost in relation to total spot TCE, was used, ignoring 2021 due to a large drop in spot rates. Looking ahead, rising global trade volumes could intensify port congestion and lead to higher port fees, while geopolitical conflicts may increase agency costs in high-risk regions, further impacting Voyage Expenses (Dupuis, 2024).

Regarding Ship Operating Expenses, we opt to forecast these expenses as a 5-year median of ship operating expenses to Vessels and Equipment, assuming this ratio stays proportional going forward. Repair and maintenance costs have stayed flat in recent years, but as the fleet ages, these costs may rise due to more frequent dry-docking requirements and unscheduled maintenance needs. Additionally, vessel insurance, while a smaller portion of total expenses, has shown a gradual increase, driven by heightened geopolitical risks, as insurers charge Frontline higher premiums to cover their vessels. While these developments are possible, and tested in our scenario analysis, we utilize the recent observed trends as our assumption going forward.

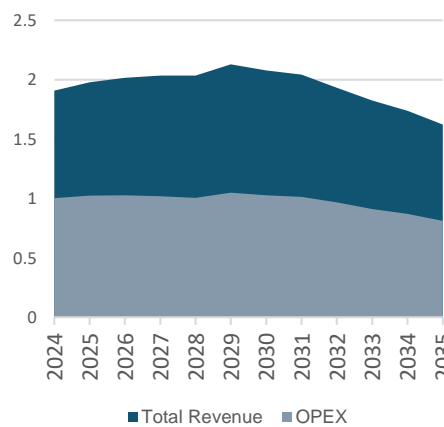


Figure 40: Total revenue and OPEX. Dark blue displays adjusted EBITDA. Source: Analyst estimates

Administrative Expenses are likely to remain relatively flat, accounting mainly for inflationary measures and increased compensation as the company grows. If Frontline expands its fleet or enters new markets, additional administrative costs

could be incurred. Due to this relationship with the overall company size, a 3-year median of administrative costs to total revenue was used, reflecting these expenses' declining proportion to revenues since 2017.

Property, Plant & Equipment (PP&E)

Accurately projecting PP&E is critical given the asset-intensive nature of the shipping industry and its significant impact on Frontline's valuation. Our baseline for 2023 starts with a valuation of vessels and equipment, including the dry dock component (capitalized costs relating to drydocks), based on Frontline's fleet composition across three vessel categories and their respective ages at year-end 2023. Depending on the vessel's age, we retrospectively apply historical market prices from the time each ship was purchased and calculate cumulative depreciation until the end of 2023. Frontline applies straight-line depreciation to its fleet (Annual Report, 2023), allowing us to arrive at individual book values for each vessel, yielding a combined book value of \$4.12 billion by the end of 2023.

To align with Frontline's reported 2023 vessels and equipment figure of \$4.63 billion, we compute the historical ratio between our vessel-only valuation and the reported vessels and equipment figure, reaching an equipment premium of 11%. Adding the consistent drydock component at 1.3% of total vessels and equipment, we match the reported total vessels and equipment value of \$4.63 billion for 2023.

Using this methodology, we project Frontline's PP&E from 2024 to 2035, by rolling forward the age-specific values of the existing fleet, deducting cumulative depreciation, and incorporating projected new vessel additions and retirements (Figure 61). For fleet expansion, we factor in newbuild assets, representing vessels under construction, which transition to operational assets two years after their initiation. As per Frontline's revised useful vessel life of 20 years, vessels retirement is assumed to occur as they turn 21 years old. The final Vessels & Equipment line-item is obtained by adjusting the book value of the fleet by the 2023 and Q2 2024 average historical equity premium of 13% and historically observed dry dock premium of 1.3%. This process allows us to accurately estimate a realistic fleet evolution (projections shown in Figure 41).

As mentioned, Frontline depreciates Vessels & Equipment on a straight-line basis. With no fleet expenditures until 2029, the decreasing value of vessels & equipment (and right-of-use assets) by 2028, is a result of the depreciation expenses in the range of \$281.6 to \$286.5 million between 2025 and 2028. From 2029 onward, the introduction of the newbuilds into the fleet increases the depreciation expense, growing up to \$345.3 million by 2035.

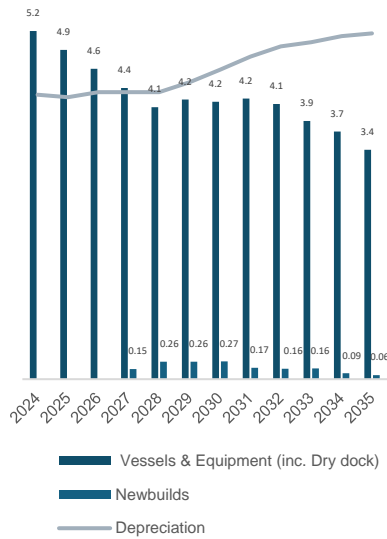


Figure 41: Frontline's Vessels & Equipment (inc. Dry Dock) evolution (in \$ billions) as well as depreciation. Source: Analyst estimate

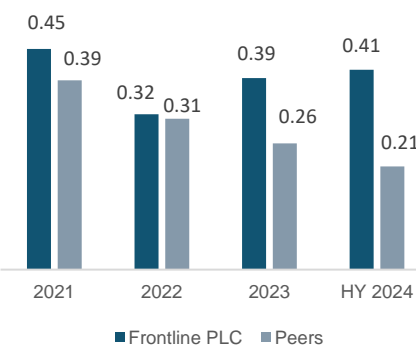


Figure 42: Net debt / EV evolution of Frontline and Peers. Source: Bloomberg Terminal

Intrinsic Valuation

Relative valuation

Frontline's valuation is assessed using a Comparable Company Analysis (CCA), comparing its trading multiples to the peer group discussed earlier.

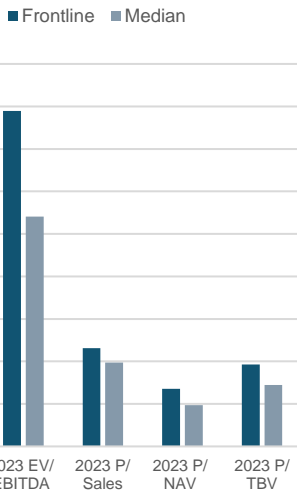


Figure 43: Frontline's CCA valuation multiples vs. median of peers

As discussed, the **P/NAV** ratio is a key metric in shipping, comparing a company's market capitalization to the market value of its fleet. Using vessel prices as of December 2023, Frontline's P/NAV of 1.35x at the end of 2023 was significantly above the peer median of 0.95x, reflecting its premium valuation. Utilizing the implied peer median suggests an end of 2025 share price of **\$15.74**, aligning closely with the stock's current trading levels, suggesting the market recognizes Frontline's strong position brought on by its advanced fleet.

To validate this analysis, the Price-to-Tangible Book Value (**P/TBV**) ratio was also calculated. Unlike P/NAV, P/TBV uses the book value of tangible assets rather than market values. Like the P/NAV, this ratio indicated that Frontline's assets are relatively overvalued compared to peers, yielding a share price of **\$13.23**. This lower implied share price compared to the P/NAV likely reflects the rallying vessel market prices in the last years.

The **EV/EBITDA** multiple was chosen for its focus on operating earnings, independent of capital structure, making it ideal for asset-heavy industries like shipping. Frontline's 2023 EV/EBITDA of 7.90x, well above the peer median of 5.41x, reflects market confidence in its young, modern fleet, operational efficiency, and favorable market positioning. However, this elevated multiple also stems from its high net debt (Figure 44), significantly increasing its enterprise value. Applying the 2023 multiple, the projected 2025 EBITDA estimates a share price of **\$8.19**, suggesting a discount to its current value. In contrast, the 2022 multiple yields a price of **\$13.79/** share, aligning more closely with the current market price.

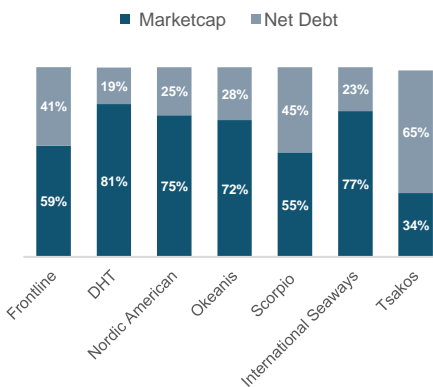


Figure 44: EV composition for Frontline and peers as a percentage

Finally, EV/Sales (**EV/S**) was considered as it accounts for equity and debt, neutralizing the impact of different structures among peers. This approach yielded an EV/S multiple of 4.06x compared to the peer median of 3.01x. Thus, with an implied 2025 share price of **\$11.76**, this multiple further supports overvaluation compared to peers.

The CCA valuation implies that Frontline appears overvalued from an EV perspective due to its higher leverage, but fairly valued from a market cap view, indicating market optimism about its debt management. Our aggregate CCA valuation indicates a share price of **\$13.22** as of end of 2025.

Environment, Social, Governance

In Frontline’s sector, environmental, social, and governance (ESG) considerations are critical to its reputation and operational efficiency. By the end of 2023, Frontline achieved a fully “ECO-rated” fleet, featuring advanced technologies like optimized hull designs and fuel-efficient practices such as hull cleaning and weather routing. These efforts reduce CO2 emissions by over 100,000 tonnes annually for the VLCC fleet, surpassing IMO and Poseidon Principles trajectories by 20% and 10%, respectively. However, the company reported Scope 1 emissions of 2,317,363 metric tonnes of CO₂, a 9.8% increase from 2022, alongside rises in NOx and SOx emissions. Frontline aims to sustain its C.I.I. “A” rating and cut waste by 3% in 2025 compared to 2024. (2023 ESG Report)

Regarding Social impact, Frontline employs 88 onshore and 1,896 offshore workers, prioritizing health and safety in this high-risk industry. In 2023, the company achieved a lost time injury frequency (LTIF) below 0.46 for the second consecutive year (Figure 46). Additionally, Frontline ensures its commitment to fair working conditions and ethical treatment by aiming for 100% of its seafarers to be covered by collective bargaining agreements. (2023 ESG Report)

Frontline’s governance is led by a Compliance Officer and uses tools like the Transparency International CPI. In 2023, port calls to the lowest 20 CPI-ranked countries dropped from 344 to 213 (Figure 46), with no corruption or compliance cases reported. Collaborating with Agenda Risk, Frontline tackled risks like bribery and sanctions breaches, strengthening its commitment to ethical practices.

Conclusion and Final Recommendation

In conclusion, Frontline’s current share price appears undervalued. Our DCF and NAV valuations indicate a meaningful upside from the current share price, with the CCA implying a more conservative one. Combining the three methodologies with a slightly higher weight applied to the NAV valuation yields our conclusive share price target of **\$19.07** by December 31st, 2025 (Figure 48). Despite cyclical and geopolitical risks, Frontline’s strong operational profile and healthy dividend policy suggest a valuation not fully reflected today. A 34.2% share price upside and an expected 80% payout ratio during 2025, generates a total shareholder return of 42.5%. Therefore, we confidently reiterate our **BUY** rating.

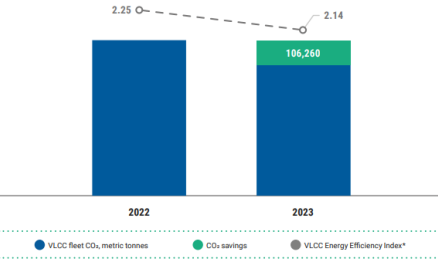


Figure 45: Effects of Frontline's energy efficiency measures from 2022 to 2023.

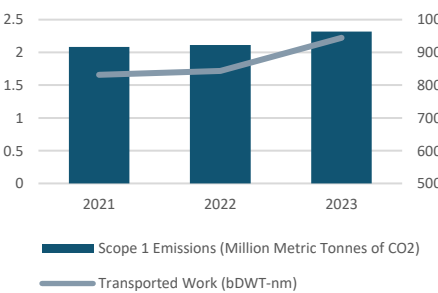


Figure 46: Scope 1 Emissions (Million Metric Tonnes of CO₂) vs. Transported work (billion dead weight tonnes). Source: 2023 ESG Report

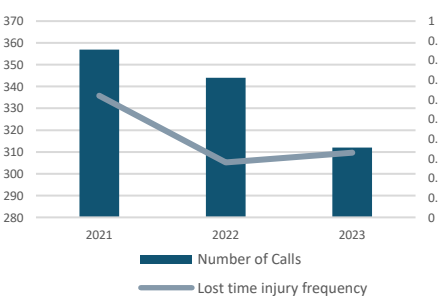


Figure 47: Number of calls at ports in countries that have the 20 lowest rankings in the Transparency International's Corruption Perceptions Index (left axis) and lost time injury frequency (right axis). Source: 2023 ESG Report



Figure 48: Football field of valuation methodologies, with final share price target shown in yellow. Source: Analyst estimates

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Appendix

Cash Flow Map, in \$ thousands

	Historical Period										Medium-Term					Long-Term					
	2015 FY	2016 FY	2017 FY	2018 FY	2019 FY	2020 FY	2021 FY	2022 FY	2023 FY	2024 FY	2025 FY	2026 FY	2027 FY	2028 FY	2029 FY	2030 FY	2031 FY	2032 FY	2033 FY	2034 FY	2035 FY
Result Core (NOPAT)	220,955	292,542	69,875	72,402	240,967	502,032	676	436,544	722,381	610,825	668,848	699,961	724,846	738,960	779,753	738,422	701,116	629,662	572,552	522,723	464,540
Depreciation	52,607	141,043	141,748	122,566	117,850	138,770	165,205	165,170	230,942	284,164	281,557	286,690	286,656	286,504	296,416	308,816	322,067	332,217	336,516	342,503	345,271
Recurrent Gross Cash Flow	273,562	433,585	211,623	194,968	358,817	640,802	165,881	601,714	953,323	894,989	950,406	986,651	1,011,502	1,025,464	1,076,168	1,047,239	1,023,182	961,879	909,068	865,227	809,811
Less: Δ in Working Capital	173,779	33,163	5,420	31,267	8,077	(21,591)	20,116	169,572	13,023	31,410	12,470	6,218	2,604	(866)	18,279	(9,894)	(6,744)	(21,085)	(21,505)	(16,944)	(22,745)
Operating Cash	11,477	15,570	(5,700)	5,109	11,430	14,022	(25,007)	36,085	19,715	5,624	3,732	1,998	992	27	4,974	(2,720)	(1,925)	(5,789)	(5,746)	(4,564)	(6,070)
Receivables from contracts with customers	24,809	(4,669)	285	2,477	5,218	(7,812)	17,444	22,139	(19,103)	22,773	2,622	1,404	697	19	3,495	(1,911)	(1,352)	(4,067)	(4,038)	(3,207)	(4,265)
Lease receivables	19,234	(3,619)	221	1,920	4,045	(14,459)	5,005	37,443	8,833	(9,346)	2,033	1,088	540	15	2,710	(1,481)	(1,048)	(3,153)	(3,130)	(2,486)	(3,306)
Related Party Receivables	6,777	(5,139)	(27)	2,827	7,686	(2,326)	(1,579)	1,809	5,807	1,421	764	409	203	6	1,019	(557)	(394)	(1,185)	(1,177)	(935)	(1,243)
Accounts receivable	50,820	(13,427)	479	7,224	16,949	(24,597)	20,870	61,391	(4,463)	14,848	5,419	2,902	1,440	40	7,223	(3,949)	(2,795)	(8,406)	(6,628)	(8,814)	(6,282)
Voyages in Progress	30,579	(6,829)	(7,084)	21,183	11,902	(36,634)	3,787	72,146	(577)	5,754	4,279	2,291	1,144	36	5,702	(3,110)	(2,200)	(6,621)	(6,573)	(5,220)	(6,946)
Prepaid Expenses and Accrued Income	1,387	1,426	429	1,634	3,363	(3,442)	1,174	5,356	1,498	1,977	(956)	(973)	(973)	393	(122)	(122)	171	(285)	(859)	(546)	(934)
Other Current Assets	(1,718)	(405)	10	5,346	1,167	(3,797)	1,122	1,434	1,973	(712)	84	0	(48)	(94)	275	(141)	(75)	(303)	(357)	(271)	(380)
Inventories	6,642	11,923	24,013	7,050	(2,101)	(8,806)	22,929	26,327	28,047	(5,275)	1,675	3	(948)	(1,859)	5,461	(2,805)	(1,487)	(6,021)	(7,091)	(5,369)	(7,542)
Trade and other payables	(99,890)	(14,288)	15,909	6,462	33,185	(41,330)	(11,638)	38,169	16,699	634	1,275	3	(721)	(1,415)	4,157	(2,135)	(1,132)	(4,583)	(5,398)	(4,087)	(5,741)
Related Party Payables	25,298	(10,617)	(9,182)	9,817	1,448	(333)	16,397	(5,002)	16,471	(9,828)	489	1	(276)	(542)	1,593	(818)	(434)	(1,756)	(2,069)	(1,566)	(2,200)
Accounts payable	(74,592)	(24,905)	6,727	16,279	34,633	(41,663)	4,759	33,167	33,170	(9,193)	1,764	3	(998)	(1,957)	5,750	(2,953)	(1,565)	(6,339)	(7,467)	(5,653)	(7,941)
Less: Δ in Capital Expenditures	419,069	471,331	777,761	229,843	214,814	868,439	407,496	265,880	1,165,468	864,887	0	(0)	151,626	108,540	414,223	276,472	275,459	235,397	87,478	112,905	40,235
Change in Vessels and Equipment	327,279	288,197	864,735	134,625	103,150	727,239	160,156	183,352	982,517	581,590	(281,106)	(286,252)	(286,252)	(286,252)	115,673	(35,783)	50,364	(83,794)	(252,509)	(160,526)	(274,604)
Change in Newbuildings	39,183	42,091	(228,722)	(27,348)	(6,186)	2,430	82,135	(82,642)	(47,991)	-	-	-	151,626	108,540	2,193	3,442	(96,972)	(13,025)	3,471	(69,072)	(30,432)
Less: Δ in Other non-current assets	(1,261)	(417)	-	12,593	(3,320)	(2,076)	(4,142)	(1,548)	4,822	(6,329)	-	-	-	-	-	-	-	-	-	-	-
Less: Δ in Goodwill	225,273	-	(112,821)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Less: Δ in ROU-Assets	694,226	(157,793)	(284,735)	(161,022)	339,772	(368,504)	(13,150)	(45,688)	(872)	-	-	-	-	-	-	-	-	-	-	-	-
Less: Δ in Other non-current payables	(2,840)	(272)	1,787	142	121	(2,677)	2,747	(1,061)	1,581	(1,121)	84	86	40	53	(35)	10	14	29	74	69	91
Core Unlevered Free Cash Flow	(1,234,684)	87,573	(175,789)	82,145	(200,647)	167,211	(247,186)	214,557	(230,699)	6,143	937,851	980,348	857,232	917,737	643,701	780,651	754,454	747,537	843,021	769,197	792,229
		107.1%	-300.7%	146.7%	-344.3%	183.3%	-247.8%	186.8%	-207.5%	102.7%	15168.1%	4.5%	-12.6%	7.1%	-29.9%	21.3%	-3.4%	-0.9%	12.8%	-8.8%	3.0%
Result Non-Core	(72,353)	(122,435)	(264,162)	8,245	2,069	(1,029)	28,486	82,844	87,304	108,312	1,283	1,283	1,283	-	-	-	13,684	-	-	12,516	12,516
Change in Non-Core IC	(956,916)	(12,410)	9,300	(20,190)	41,545	(88,680)	3,659	305,937	95,572	(337,993)	(32,463)	(14,093)	252	7	1,266	(692)	(490)	(1,473)	(1,463)	(1,162)	(1,545)
Non-Core Unlevered Free Cash Flow	884,563	(110,025)	(273,462)	28,435	(39,476)	87,651	24,827	(223,093)	(8,268)	446,305	33,746	15,376	1,031	(7)	(1,266)	692	14,174	1,473	1,463	13,678	14,061
Total Unlevered Free Cash Flow	(350,121)	(22,452)	(449,251)	110,580	(240,123)	254,862	(222,359)	(8,536)	(238,967)	452,448	971,598	995,724	858,262	917,730	642,434	781,343	768,627	749,011	844,483	782,875	806,290
Financing Result	(24,222)	(52,593)	(70,035)	(89,045)	(103,050)	(87,997)	(44,123)	(43,851)	(153,271)	(269,928)	(230,812)	(163,976)	(155,181)	(148,842)	(141,352)	(143,646)	(143,196)	(143,358)	(143,353)	(141,722)	(141,351)
Δ in Net Financial Assets	(176,021)	(139,240)	(567,257)	6,425	(136,983)	(144,092)	(221,033)	89,934	(1,031,205)	(268,643)	179,418	185,054	133,244	152,016	(38,323)	6,800	(1,835)	(4,096)	28,893	5,568	14,240
Δ in Shareholder's Equity (Transactions w/ Shareholders)	198,322	(64,195)	(47,971)	(15,110)	206,190	(310,957)	45,449	142,321	(638,967)	(451,162)	(561,368)	(646,694)	(569,837)	(616,872)	(539,406)	(630,896)	(627,266)	(609,749)	(672,236)	(635,585)	(650,700)
Δ Shareholder's Equity	322,702	53,319	(312,293)	(23,508)	346,176	(102,049)	30,488	617,858	17,447	(1,954)	(122,049)	(109,426)	1,111	(26,753)	98,995	(36,121)	(55,663)	(123,446)	(243,038)	(242,067)	(314,994)
Net Income (Loss)	124,380	117,514	(264,322)	(8,398)	139,986	413,006	(14,961)	475,537	656,414	449,208	439,319	537,268	570,948	590,118	638,401	594,776	571,603	486,303	429,198	393,518	335,705
Financing Cash Flow	350,121	22,452	449,251	(110,580)	240,123	(254,862)	222,359	8,536	238,967	(452,448)	(971,598)	(995,724)	(858,262)	(917,730)	(642,434)	(781,343)	(768,627)	(749,011)	(844,483)	(782,875)	(806,290)

Income Statement, in \$ thousands

	Historical Period										Medium-Term Forecast					Long-Term Forecast							
	2014 FY	2015 FY	2016 FY	2017 FY	2018 FY	2019 FY	2020 FY	2021 FY	2022 FY	2023 FY	2024 FY	2025 FY	2026 FY	2027 FY	2028 FY	2029 FY	2030 FY	2031 FY	2032 FY	2033 FY	2034 FY	2035 FY	
Core Operations																							
Revenue																							
Voyage Charter Revenues	202,283	331,388	502,284	518,156	690,901	887,495	1,013,068	663,995	1,345,964	1,723,217	1,813,313	1,880,314	1,916,190	1,934,096	1,934,660	2,023,936	1,975,242	1,940,803	1,837,146	1,734,226	1,652,494	1,543,739	
Time Charter Revenues	37,928	121,091	226,058	106,237	26,067	35,433	185,788	71,236	71,791	63,771	77,557	80,318	81,797	82,427	82,372	86,092	83,941	82,400	77,839	73,331	69,736	65,020	
Administrative Income	1,615	5,878	23,770	20,185	24,005	33,704	22,331	14,150	12,453	15,196	17,432	18,075	18,419	18,590	18,595	19,452	18,984	18,652	17,654	16,664	15,877	14,831	
Total Revenue	241,826	458,357	752,112	644,578	740,973	956,632	1,221,187	749,381	1,430,200	1,802,184	1,908,302	1,978,708	2,016,406	2,035,113	2,035,627	2,129,480	2,078,167	2,041,855	1,932,639	1,824,221	1,738,108	1,623,590	
Growth %		89.5%	64.1%	-14.3%	15.0%	29.1%	27.7%	-38.6%	90.9%	26.0%	5.9%	3.7%	1.9%	0.9%	0.0%	4.6%	-2.4%	-1.7%	-5.3%	-5.6%	-4.7%	-6.6%	
Expenses																							
Ship Operating Expenses	(49,607)	(64,357)	(119,515)	(135,728)	(130,623)	(157,007)	(183,063)	(164,246)	(175,164)	(176,533)	(250,201)	(236,713)	(222,978)	(209,243)	(195,508)	(201,059)	(199,342)	(201,758)	(197,738)	(185,622)	(177,920)	(164,744)	
% Vessels & Equipment	5.8%	5.4%	8.1%	5.8%	5.3%	6.1%	5.5%	4.7%	4.8%	3.8%	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%	
Voyage Expenses and Commission	(103,708)	(109,706)	(161,641)	(259,334)	(377,772)	(395,482)	(353,098)	(392,697)	(605,544)	(618,595)	(696,481)	(722,177)	(735,936)	(742,764)	(742,951)	(777,205)	(758,477)	(745,224)	(705,363)	(665,793)	(634,364)	(592,568)	
% of Total spot TCE																							
Administrative Expenses	(4,943)	(10,582)	(37,026)	(37,603)	(37,294)	(45,019)	(44,238)	(26,424)	(47,374)	(53,528)	(56,680)	(65,542)	(66,791)	(67,411)	(67,428)	(70,537)	(68,837)	(67,634)	(64,016)	(60,425)	(57,573)	(53,780)	
% of Total Revenue	-2.0%	-2.3%	-4.9%	-5.8%	-5.0%	-4.7%	-3.6%	-3.5%	-3.3%	-3.0%	-3.0%	-3.3%	-3.3%	-3.3%	-3.3%	-3.3%	-3.3%	-3.3%	-3.3%	-3.3%	-3.3%	-3.3%	
COPEX % of revenue	65.4%	40.3%	42.3%	67.1%	73.6%	62.5%	47.5%	77.8%	57.9%	47.1%	52.6%	51.8%	50.9%	50.1%	49.4%	49.3%	49.4%	49.7%	50.0%	50.0%	50.0%	50.0%	
EBITDA	83,568	273,712	433,930	211,913	195,284	359,124	640,788	166,014	602,126	953,528	904,940	954,275	990,701	1,015,696	1,029,740	1,080,680	1,051,511	1,027,238	965,522	912,380	868,251	812,498	
Depreciation	(31,845)	(52,607)	(141,043)	(141,748)	(122,566)	(117,850)	(138,770)	(165,205)	(165,170)	(230,942)	(284,164)	(281,557)	(286,690)	(286,656)	(286,504)	(296,416)	(308,816)	(322,067)	(332,217)	(336,516)	(342,503)	(345,271)	
% Vessels & Equipment	3.7%	4.4%	9.5%	6.1%	4.9%	4.6%	4.2%	4.8%	4.5%	5.0%	5.4%	5.7%	6.2%	6.6%	7.0%	7.1%	7.4%	7.7%	8.1%	8.7%	9.2%	10.1%	
Core Result Before Taxes	51,723	221,105	292,887	70,165	72,718	241,274	502,018	809	436,956	722,586	620,776	672,718	704,011	729,040	743,235	784,264	742,695	705,172	633,304	575,864	525,748	467,228	
Provision for Income Tax	-	(150)	(345)	(290)	(316)	(307)	14	(133)	(412)	(205)	(9,951)	(3,870)	(4,050)	(4,194)	(4,275)	(4,511)	(4,272)	(4,056)	(3,643)	(3,313)	(3,024)	(2,688)	
% of EBIT		0.1%	0.1%	0.4%	0.4%	0.1%	0.0%	16.4%	0.1%	0.0%	1.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	
Result Core (NOPAT)	51,723	220,955	292,542	69,875	72,402	240,967	502,032	676	436,544	722,381	610,825	668,848	699,961	724,846	738,960	779,753	738,422	701,116	629,662	572,552	522,723	464,540	
Non-Core and Core but Non-recurring operations																							
Finance Lease Interest Income	-	577	2,194	1,748	1,293	690	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other Operating Income	68,989	108,923	(2,683)	2,381	10,206	3,422	29,902	4,060	8,040	24,080	107,029	-	-	-	-	-	-	-	13,684	-	-	12,516	
Charter Hire Expenses	-	(43,387)	(67,846)	(19,705)	(21,244)	(8,471)	(9,557)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Provision for Uncollectible Receivables	-	-	(4,000)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Contingent Rental Income/expense	-	-	18,621	26,148	19,738	2,607	(14,568)	3,606	623	-	-	-	-	-	-	-	-	-	-	-	-	-	
Impairment Loss on Vessels and Vessels Held Under Fi	-	-	(61,692)	(164,187)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Impairment Loss on Goodwill	-	-	-	(112,821)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Dividends Received	(148)	320	204	1,213	506	403	109	18,367	1,579	36,852	1,283	1,283	1,283	1,283	-	-	-	-	-	-	-	-	
Share of Result of Associated Companies	16,064	2,727	-	-	246	1,681	(4,424)	(724)	14,243	3,383	-	-	-	-	-	-	-	-	-	-	-	-	
Impairment Loss on Securities	-	(10,507)	(7,233)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Gain/loss on Marketable Securities	16,850	-	-	1,061	(2,500)	1,737	(2,491)	7,677	58,359	22,989	-	-	-	-	-	-	-	-	-	-	-	-	
Non-Core Result Before Taxes	101,755	58,653	(122,435)	(264,162)	8,245	2,069	(1,029)	32,986	82,844	87,304	108,312	1,283	1,283	1,283	1,283	-	-	13,684	-	-	12,516	12,516	
Tax Adjustments	-	-	-	-	-	-	-	(4,500)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Earnings of Discontinued Operations	(51,159)	(131,006)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Result Non-Core	50,596	(72,353)	(122,435)	(264,162)	8,245	2,069	(1,029)	28,486	82,844	87,304	108,312	1,283	1,283	1,283	-	-	13,684	-	-	-	12,516	12,516	
Financing Operations																							
Interest Expense	(7,421)	(17,621)	(56,687)	(69,815)	(93,275)	(94,461)	(72,160)	(61,506)	(98,712)	(178,498)	(287,803)	(237,681)	(171,221)	(162,557)	(156,271)	(148,981)	(151,351)	(150,734)	(150,616)	(150,194)	(148,194)	(147,439)	
YoY growth	137.4%	137.4%	221.7%	23.2%	33.6%	1.3%	-23.6%	-14.8%	60.5%	80.8%	61.2%	-17.4%	-28.0%	-5.1%	-3.9%	-4.7%	1.6%	-0.4%	-0.1%	-0.3%	-1.3%	-0.5%	
% of previous year's Total Debt		-3.4%	-4.2%	-5.0%	-5.0%	-5.2%	-3.5%	-2.8%	-4.2%	-7.5%	7.5%	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%	
Interest Income	118	47	367	588	843	1,506	705	121	1,463	16,496	18,605	7,472	7,680	7,788	7,825	8,007	8,088	7,920	7,640	7,222	6,848	6,462	
% of average C&CE		0.0%	0.2%	0.4%	1.0%	1.3%	0.4%	0.1%	0.8%	5.9%	5.9%	2.2%	2.2%	2.2%	2.2%	2.2%	2.2%	2.2%	2.2%	2.2%	2.2%	2.2%	
Foreign currency exchange gain	18	134	9	(55)	(869)	(26)	2,035	-	16	1,569	-	-	-	-	-	-	-	-	-	-	-	-	
Foreign currency exchange loss	-	-	-	-	-	-	-	(116)	-	(335)	-	-	-	-	-	-	-	-	-	-	-	-	
Gain/loss on Derivatives	(8,779)	(6,782)	3,718	(753)	4,256	(10,069)	(18,577)	17,509	53,623	8,039	(730)	(603)	(434)	(412)	(396)	(378)	(384)	(382)	(382)	(381)	(376)	(374)	
Other Finance Expenses	-	-	-	-	-	-	-	(131)	(241)	(542)	-	-	-	-	-	-	-	-	-	-	-	-	
% of Interest expense								0.21%	0.24%	0.30%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	
Result Financing	(16,064)	(24,222)	(52,593)	(70,035)	(89,045)	(103,050)	(87,997)	(44,123)	(43,851)	(153,271)	(269,928)	(230,812)	(163,976)	(155,181)	(148,842)	(141,352)	(143,646)	(143,196)	(143,358)	(143,353)	(141,722)	(141,351)	
Net Income (Loss)	86,255	124,380	117,514	(264,322)	(8,398)	139,986	413,006	(14,961)	475,537	656,414	449,208	439,319	537,268	570,948	590,118	638,401	594,776	571,603	486,303	429,198	393,518	335,705	
Other comprehensive income (loss)	-																						

Statement of Financial Position, in \$ thousands

	Historical Period										Medium-Term						Long-Term							
	2014 FY	2015 FY	2016 FY	2017 FY	2018 FY	2020 FY	2021 FY	2022 FY	2023 FY	2024 Q2	2024 Q3	2024 FY	2025 FY	2026 FY	2027 FY	2028 FY	2029 FY	2030 FY	2031 FY	2032 FY	2033 FY	2034 FY	2035 FY	
Operating Invested Capital																								
Current Assets																								
Operating Cash	12,817	24,294	39,863	34,164	39,273	64,725	39,719	75,804	95,519	60,127	30,656	101,144	104,875	106,873	107,865	107,892	112,866	110,147	108,222	102,433	96,687	92,123	86,053	
Receivables from contracts with customers	7,505	32,315	27,646	27,931	30,408	45,258	67,397	48,294	71,067	27,814	17,067	71,067	73,689	75,093	75,789	79,304	77,393	76,004	76,004	71,973	67,936	64,729	60,464	
Average collection period (days)	11	26	13	16	15	22	17	10	14	22	14	14	14	14	14	14	14	14	14	14	14	14	14	
Lease receivables	5,819	25,052	21,433	21,654	23,574	13,160	18,165	55,608	64,441	56,973	-	55,095	57,128	58,216	58,756	58,771	61,481	59,999	58,951	55,798	52,668	50,181	46,875	
Average collection period (days)	9	10	10	12	9	14	9	14	13	11	-	11	11	11	11	11	11	11	11	11	11	11	11	
Voyages in Progress	21,588	52,167	45,338	38,254	59,437	34,705	38,492	110,638	110,061	137,845	-	115,815	120,095	122,386	123,530	123,566	129,268	126,158	123,958	117,338	110,764	105,544	98,598	
% of Voyage charter revenues	10.7%	15.7%	9.0%	7.4%	8.6%	3.4%	5.8%	6.4%	6.4%	6.4%	-	6.4%	6.4%	6.4%	6.4%	6.4%	6.4%	6.4%	6.4%	6.4%	6.4%	6.4%	6.4%	
Related Party Receivables	3,457	10,234	5,095	5,068	7,895	13,255	11,676	13,485	19,292	21,205	-	20,713	21,477	21,886	22,090	22,095	23,114	22,557	22,163	20,977	19,800	18,866	17,623	
Average collection period (days)	5	8	2	4	4	6	3	4	4	7	-	4	4	4	4	4	4	4	4	4	4	4	4	
Inventories	19,137	25,779	37,702	61,715	68,765	57,858	80,787	107,114	135,161	148,552	-	129,886	131,561	131,564	130,616	128,758	134,219	131,414	129,927	123,906	116,815	111,446	103,904	
Average Holding Period	46	54	49	57	49	39	53	50	50	104	-	50	50	50	50	50	50	50	50	50	50	50	50	
Prepaid Expenses and Accrued Income	2,928	4,315	5,741	6,170	7,804	7,725	8,899	14,255	15,763	17,730	-	17,730	16,774	15,801	14,827	13,854	14,247	14,126	14,297	14,012	13,153	12,608	11,674	
% of Vessels and Equipment	0.34%	0.36%	0.39%	0.26%	0.32%	0.23%	0.26%	0.39%	0.34%	0.34%	-	0.34%	0.34%	0.34%	0.34%	0.34%	0.34%	0.34%	0.34%	0.34%	0.34%	0.34%	0.34%	
Other Current Assets	2,126	408	3	13	5,359	2,729	6,351	5,285	7,258	13,111	455,930	6,546	6,380	6,258	6,343	6,489	6,245	6,623	6,548	5,887	5,617	5,236	5,236	
% of COGS	1.4%	0.2%	0.0%	0.0%	1.1%	0.5%	0.7%	0.7%	0.9%	2.5%	-	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%	
Non-Current Assets																								
New Buildings	227,050	265,233	308,324	79,602	52,254	48,498	130,633	47,991	-	-	-	-	-	-	151,626	260,166	262,359	265,801	168,829	155,804	159,274	90,203	59,771	
Right of Use Assets	-	694,226	536,433	251,698	90,676	61,944	48,794	3,108	2,236	1,864	1,643	1,609	1,157	719	314	61	3	0	0	0	0	0	0	
Vessels and Equipment	861,919	1,189,198	1,477,395	2,342,130	2,476,755	3,307,144	3,467,300	3,650,652	4,633,169	5,435,574	5,354,100	5,214,519	4,933,413	4,647,161	4,360,910	4,074,658	4,190,331	4,154,548	4,204,912	4,121,118	3,868,609	3,708,083	3,433,479	
Goodwill	-	225,273	225,273	112,452	112,452	112,452	112,452	112,452	112,452	112,452	112,452	112,452	112,452	112,452	112,452	112,452	112,452	112,452	112,452	112,452	112,452	112,452	112,452	
Other Non-current Assets	1,678	417	-	12,593	7,197	3,055	1,507	6,329	-	-	21,594	-	-	-	-	-	-	-	-	-	-	-	-	
Current Liabilities																								
Trade and other payables	(154,954)	(55,064)	(40,776)	(56,685)	(63,147)	(55,002)	(43,364)	(81,533)	(98,232)	(111,128)	(144,384)	(98,866)	(100,141)	(100,144)	(99,423)	(98,008)	(102,165)	(100,030)	(98,898)	(94,315)	(88,917)	(84,831)	(79,090)	
Average Payable Period	369	115	53	52	45	37	38	38	38	78	38	38	38	38	38	38	38	38	38	38	38	38	38	
Related Party Payables	(3,422)	(28,720)	(18,103)	(8,921)	(18,738)	(19,853)	(36,250)	(31,248)	(47,719)	(54,510)	-	(37,891)	(38,380)	(38,381)	(38,104)	(37,562)	(39,155)	(38,337)	(37,903)	(36,147)	(34,078)	(32,512)	(30,312)	
Average Payable Period	8	60	24	8	13	14	24	15	22	38	-	15	15	15	15	15	15	15	15	15	15	15	15	
Non-Current Liabilities																								
Other Non-current Payables	-	(2,840)	(3,112)	(1,325)	(1,183)	(3,739)	(992)	(2,053)	(472)	(463)	(466)	(1,593)	(1,509)	(1,423)	(1,383)	(1,329)	(1,365)	(1,355)	(1,341)	(1,312)	(1,238)	(1,169)	(1,078)	
% of Trade and other payables	0.00%	-0.22%	-0.22%	-0.48%	-0.48%	-0.39%	-0.29%	-0.25%	-0.29%	-0.29%	-0.00%	-0.00%	-0.00%	-0.00%	-0.00%	-0.00%	-0.00%	-0.00%	-0.00%	-0.00%	-0.00%	-0.00%	-0.00%	
Net Invested Capital Core	1,007,648	2,463,287	2,668,255	2,913,920	2,904,177	3,680,612	3,928,475	4,150,462	5,103,542	5,912,652	5,831,525	5,708,224	5,439,221	5,158,834	5,026,449	4,847,672	4,983,724	4,941,496	4,888,158	4,770,282	4,499,813	4,253,339	3,925,650	
Non-Operating Invested Capital																								
Current Assets																								
Marketable Securities	-	13,853	8,428	19,231	836	8,474	2,435	236,281	7,432	8,247	5,430	8,247	8,247	8,247	8,247	8,247	8,247	8,247	8,247	8,247	8,247	8,247	8,247	
Other Receivables	19,545	29,121	19,416	17,068	22,950	10,109	16,462	11,912	17,291	17,291	-	25,743	26,692	27,201	27,453	27,460	28,726	28,034	27,544	26,071	24,608	23,447	21,902	
% of revenues	8.1%	6.4%	2.6%	2.7%	1.9%	1.3%	1.2%	0.7%	1.3%	1.3%	-	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	
Marketable Securities, Pledged to Creditor	-	-	-	10,272	8,392	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Current Assets Held for Distribution	83,202	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Current Portion of Investment in Finance Leases	-	9,329	9,745	9,126	10,803	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Non-Current Assets																								
Investment in Associated Companies	59,448	-	-	6,246	1,279	555	16,302	12,386	11,467	11,508	11,508	11,467	4,927	-	-	-	-	-	-	-	-	-	-	
Derivative Instruments-receivable	-	4,358	4,450	7,641	9,675	53,993	39,117	36,548	-	-	-	36,548	9,675	-	-	-	-	-	-	-	-	-	-	
Investment in Finance Leases	-	40,656	30,908	21,782	10,979	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Loans & Notes Receivable	-	-	-	-	-	1,388	1,388	1,388	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Deferred Charges	4,763	3,186	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Prepaid Consideration	-	-	-	-	-	-	-	-	349,151	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Long-term Assets Held for Distribution	910,002	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Current Liabilities																								
Current Liabilities Held for Distribution	(34,779)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Value of Unfavorable Time Charter Contracts	-	(6,799)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Non-Current Liabilities																								
Derivative Instruments-payable	-	(4,081)	-	-	(19,261)	(5,673)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Net Invested Capital Non-Core	1,042,181	85,265	72,855	82,155	61,965	14,830	18,489	324,426	419,998	73,553	16,938	82,005	49,541	35,448	35,700	35,707	36,973	36,281	35,791	34,318	32,855	31,694	30,149	
Financial Assets																								
Current Assets																								
Excess Cash	194,884	171,930	112,939	(4,019)	(10,689)	6,496	5,654	124,321	137,403	209,209	214,443	148,227	153,695	156,624	158,077	158,117	165,407	161,421	158,600	150,117	141,696	135,007	126,112	
Restricted Cash	35,800	368	677	741	1,420	14,928	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Covenant Tied Cash	28,100	68,300	49,600	74,000	37,900	103,500	67,700	54,400	75,400	89,900	75,786	77,107	79,952	81,475	82,231	82,251	86,004	83,970	82,503	78,090	73,709	70,230	65,603	
Current Liabilities																								
Short-term Debt and Current Portion of Long-term Debt	(44,052)	(57,575)	(67,365)	(113,078)	(120,479)	(234,8																		

Nov 2024	Fleet	15 +	% above 15	20 +	% above 20	Orderbook	% of Fleet
VLCC	883	295	33.4 %	131	14.8 %	67	7.6 %
Suezmax	611	236	38.6 %	108	17.7 %	95	15.5 %
LR2	445	129	29.0 %	31	7.0 %	167	37.5 %
Aframax	679	385	56.7 %	163	24.0 %	36	5.3 %
Total Fleet	2 618	1 045	39.9 %	433	16.5 %	365	13.9 %

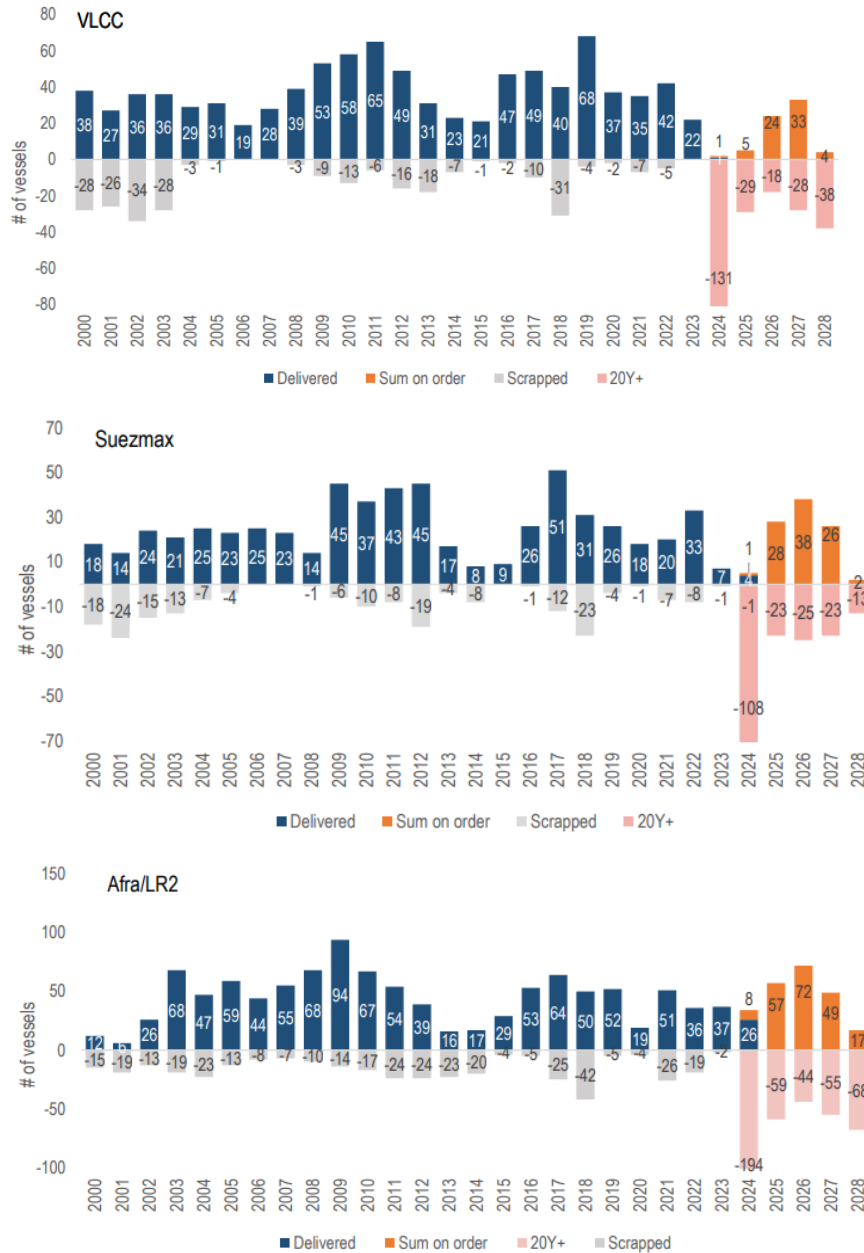


Figure 82: The global orderbook. Source: Frontline Q3 2024 presentation.

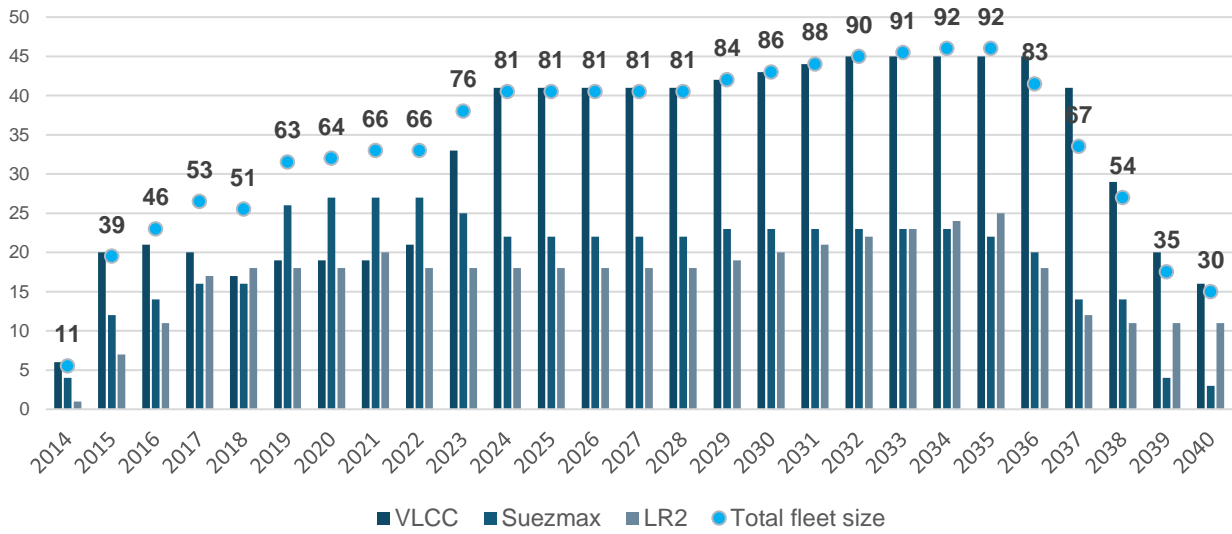


Figure 83: Frontline's fleet projection. Source: Analyst estimate

SUMMARY OUTPUT

Regression Statistics	
Multiple R	0.910066
R Square	0.828221
Adjusted R Square	0.690797
Standard Error	6490.659979
Observations	10.000000

ANOVA

	df	SS	MS	F	Significance F
Regression	4	1015600349.505290	253900087.376321	6.026777	0.037553
Residual	5	210643334.845026	42128666.969005		
Total	9	1226243684.35031000			

	Coefficients	Standard Error	t Stat	P-value	Lower 95%	Upper 95%	Lower 95.0%	Upper 95.0%
Intercept	-509136.682463	191357.227097	-2.660661	0.044848	-1001036.094556	-17237.270371	-1001036.094556	-17237.270371
Global Oil production, million metric tonnes	133.030392	54.462237	2.442617	0.058465	-6.969246	273.030029	-6.969246	273.030029
Crude Oil Demand mb/d	-5768.150396	1826.483651	-3.158063	0.025150	-10463.276092	-1073.024700	-10463.276092	-1073.024700
Crude Oil Reserves, billion barrels	319.352915	91.846111	3.477043	0.017715	83.254970	555.450860	83.254970	555.450860
Geopolitical Risk Index (Yearly Average)	286.713830	126.286994	2.270335	0.072408	-37.917222	611.344882	-37.917222	611.344882

Table 11: Regression output of Frontline's average TCE rate (intercept) and the oil-mix variables. Source: Analyst estimate

Perpetual growth rate

Stabilized WACC	Perpetual growth rate												
	1.3%	1.0%	0.7%	0.4%	0.1%	(0.2%)	(0.5%)	(0.8%)	(1.1%)	(1.4%)	(1.7%)	(2.0%)	(2.3%)
7.07%	40.62	39.03	37.58	36.27	35.07	33.96	32.95	32.01	31.14	30.34	29.59	28.89	28.23
7.39%	38.09	36.69	35.41	34.24	33.17	32.18	31.27	30.42	29.63	28.90	28.22	27.58	26.98
7.72%	35.72	34.48	33.35	32.31	31.35	30.47	29.65	28.88	28.17	27.51	26.89	26.31	25.76
8.07%	33.48	32.39	31.39	30.47	29.61	28.82	28.09	27.40	26.76	26.16	25.60	25.07	24.57
8.44%	31.38	30.42	29.53	28.71	27.95	27.25	26.59	25.97	25.39	24.85	24.34	23.86	23.40
8.82%	29.40	28.55	27.77	27.04	26.36	25.73	25.14	24.59	24.07	23.58	23.12	22.68	22.27
9.23%	27.53	26.78	26.09	25.45	24.85	24.28	23.75	23.26	22.79	22.35	21.93	21.54	21.16
9.63%	25.84	25.18	24.57	23.99	23.45	22.95	22.48	22.03	21.61	21.21	20.83	20.47	20.13
10.04%	24.24	23.65	23.11	22.60	22.12	21.67	21.24	20.84	20.46	20.10	19.76	19.43	19.13
10.48%	22.72	22.21	21.72	21.27	20.84	20.44	20.06	19.70	19.35	19.03	18.72	18.43	18.15
10.93%	21.28	20.83	20.40	20.00	19.62	19.26	18.91	18.59	18.28	17.99	17.71	17.45	17.19
11.41%	19.91	19.51	19.14	18.78	18.44	18.12	17.81	17.52	17.25	16.99	16.73	16.49	16.27
11.90%	18.62	18.26	17.93	17.61	17.31	17.03	16.75	16.49	16.25	16.01	15.79	15.57	15.36

Table 12: DCF-analysis sensitivity table. Source: Analyst estimate

Mid-term rate view discount (premium)	Applied P/NAV Multiple												
	0.93	0.98	1.03	1.08	1.13	1.18	1.23	1.28	1.33	1.38	1.43	1.48	1.53
15.0%	10.87	11.46	12.04	12.63	13.21	13.80	14.38	14.97	15.55	16.14	16.72	17.31	17.89
12.5%	11.57	12.19	12.82	13.44	14.06	14.69	15.31	15.93	16.55	17.18	17.80	18.42	19.05
10.0%	12.27	12.93	13.59	14.25	14.92	15.58	16.24	16.90	17.56	18.22	18.88	19.54	20.20
7.5%	12.97	13.67	14.37	15.07	15.77	16.47	17.16	17.86	18.56	19.26	19.96	20.66	21.35
5.0%	13.68	14.41	15.15	15.88	16.62	17.36	18.09	18.83	19.56	20.30	21.04	21.77	22.51
2.5%	14.38	15.15	15.92	16.70	17.47	18.25	19.02	19.79	20.57	21.34	22.11	22.89	23.66
0.0%	15.08	15.89	16.70	17.51	18.32	19.14	19.95	20.76	21.57	22.38	23.19	24.00	24.82
(2.5%)	15.78	16.63	17.48	18.33	19.18	20.03	20.87	21.72	22.57	23.42	24.27	25.12	25.97
(5.0%)	16.48	17.37	18.25	19.14	20.03	20.92	21.80	22.69	23.58	24.46	25.35	26.24	27.12
(7.5%)	17.18	18.11	19.03	19.96	20.88	21.81	22.73	23.65	24.58	25.50	26.43	27.35	28.28
(10.0%)	17.88	18.85	19.81	20.77	21.73	22.70	23.66	24.62	25.58	26.55	27.51	28.47	29.43
(12.5%)	18.58	19.58	20.58	21.58	22.59	23.59	24.59	25.59	26.59	27.59	28.59	29.59	30.59
(15.0%)	19.29	20.32	21.36	22.40	23.44	24.48	25.51	26.55	27.59	28.63	29.67	30.70	31.74

Table 13: Net Asset Value (NAV)-Valuation sensitivity table. Source: Analyst estimate

WACC (constant throughout)	Perpetual growth rate												
	2.4%	2.1%	1.8%	1.5%	1.2%	0.9%	0.6%	0.3%	(0.0%)	(0.3%)	(0.6%)	(0.9%)	(1.2%)
7.07%	59.60	56.85	54.42	52.25	50.29	48.53	46.94	45.48	44.15	42.92	41.80	40.75	39.79
7.39%	55.00	52.66	50.56	48.69	46.99	45.45	44.04	42.76	41.58	40.49	39.48	38.55	37.68
7.72%	50.78	48.78	46.98	45.36	43.88	42.53	41.30	40.17	39.12	38.15	37.26	36.42	35.64
8.07%	46.90	45.19	43.64	42.24	40.95	39.78	38.69	37.70	36.77	35.91	35.12	34.37	33.67
8.44%	43.32	41.86	40.53	39.31	38.20	37.17	36.22	35.34	34.53	33.77	33.06	32.39	31.77
8.82%	40.02	38.76	37.62	36.57	35.60	34.70	33.87	33.10	32.38	31.71	31.08	30.49	29.93
9.23%	36.96	35.88	34.90	33.99	33.14	32.36	31.64	30.96	30.33	29.73	29.17	28.65	28.15
9.63%	34.23	33.31	32.45	31.66	30.93	30.24	29.60	29.01	28.45	27.92	27.42	26.96	26.51
10.04%	31.69	30.90	30.16	29.47	28.83	28.23	27.67	27.14	26.65	26.18	25.74	25.32	24.93
10.48%	29.32	28.63	27.99	27.40	26.84	26.31	25.82	25.36	24.92	24.51	24.12	23.75	23.40
10.93%	27.10	26.51	25.96	25.44	24.95	24.49	24.06	23.65	23.27	22.91	22.56	22.23	21.92
11.41%	25.02	24.51	24.03	23.58	23.16	22.76	22.38	22.03	21.69	21.37	21.06	20.77	20.50
11.90%	23.07	22.63	22.22	21.83	21.46	21.11	20.78	20.47	20.17	19.89	19.62	19.37	19.12

Table 14: Scenario analysis Optimistic case sensitivity table. Source: Analyst estimate

WACC (constant throughout)	Perpetual growth rate												
	(0.3%)	(0.6%)	(0.9%)	(1.2%)	(1.5%)	(1.8%)	(2.1%)	(2.4%)	(2.7%)	(3.0%)	(3.3%)	(3.6%)	(3.9%)
7.07%	26.35	25.60	24.91	24.27	23.67	23.12	22.60	22.11	21.65	21.22	20.82	20.44	20.08
7.39%	24.71	24.04	23.42	22.85	22.31	21.81	21.34	20.90	20.48	20.09	19.72	19.37	19.04
7.72%	23.13	22.54	21.98	21.47	20.99	20.53	20.11	19.71	19.33	18.98	18.64	18.33	18.02
8.07%	21.62	21.09	20.60	20.13	19.70	19.30	18.91	18.55	18.21	17.89	17.58	17.30	17.02
8.44%	20.17	19.70	19.26	18.84	18.46	18.09	17.75	17.42	17.11	16.82	16.55	16.28	16.03
8.82%	18.77	18.35	17.96	17.60	17.25	16.92	16.61	16.32	16.04	15.78	15.53	15.29	15.07
9.23%	17.43	17.06	16.72	16.39	16.08	15.79	15.51	15.25	15.00	14.76	14.54	14.32	14.12
9.63%	16.20	15.87	15.56	15.27	15.00	14.73	14.48	14.25	14.02	13.81	13.61	13.41	13.22
10.04%	15.02	14.73	14.45	14.19	13.94	13.71	13.49	13.27	13.07	12.88	12.70	12.52	12.35
10.48%	13.88	13.62	13.38	13.15	12.93	12.72	12.52	12.33	12.14	11.97	11.81	11.65	11.49
10.93%	12.79	12.56	12.34	12.14	11.94	11.75	11.57	11.40	11.24	11.09	10.94	10.79	10.66
11.41%	11.73	11.53	11.34	11.16	10.98	10.82	10.66	10.51	10.36	10.22	10.09	9.96	9.84
11.90%	10.72	10.55	10.38	10.21	10.06	9.91	9.77	9.64	9.51	9.38	9.26	9.15	9.04

Table 15: Scenario analysis Pessimistic case sensitivity table. Source: Analyst estimate

