



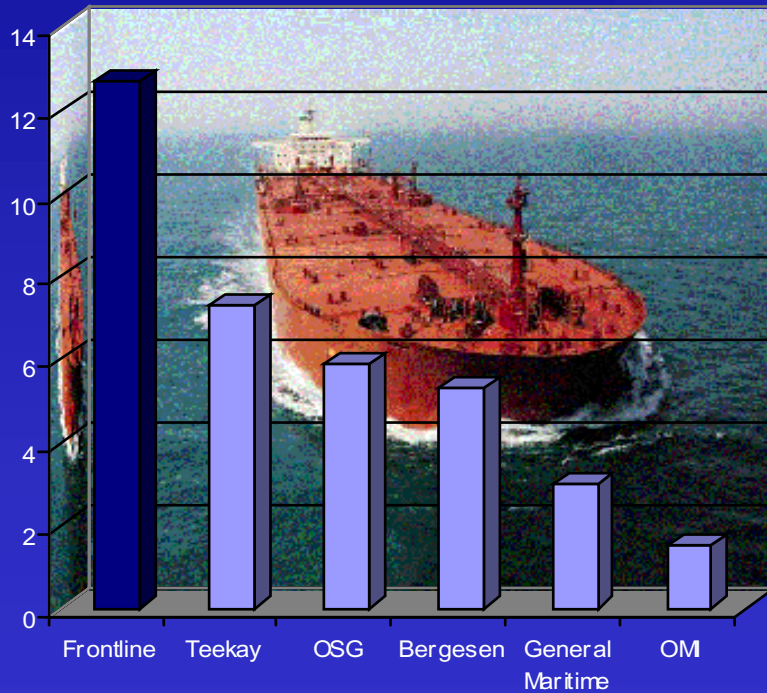
# Frontline Ltd.



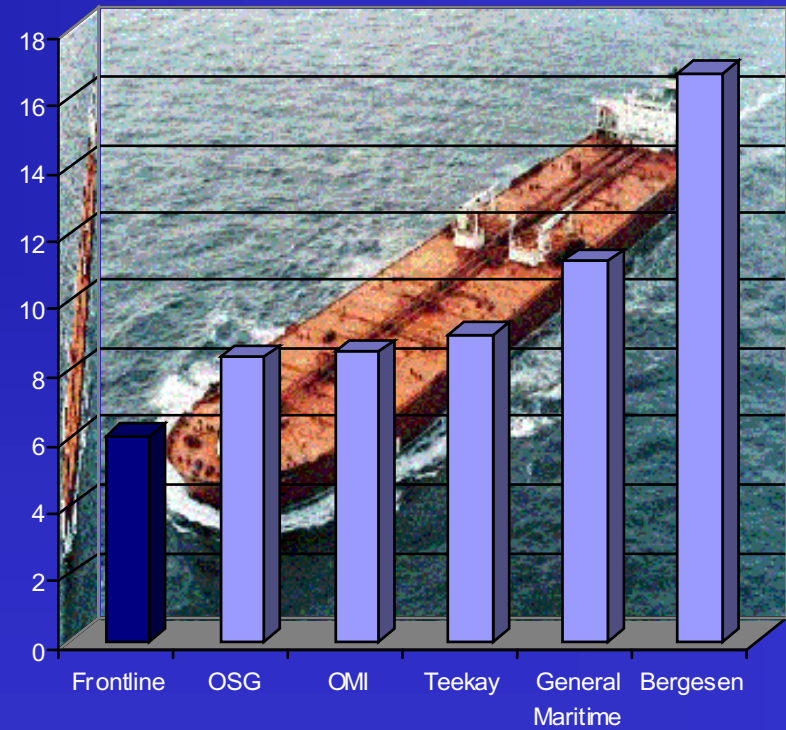
**”Where do we go from here?”  
Lehman Energy Conference  
September 6<sup>th</sup> – 2001**

# Frontline – The world's largest tanker company The world's most modern fleet

Mill DWT

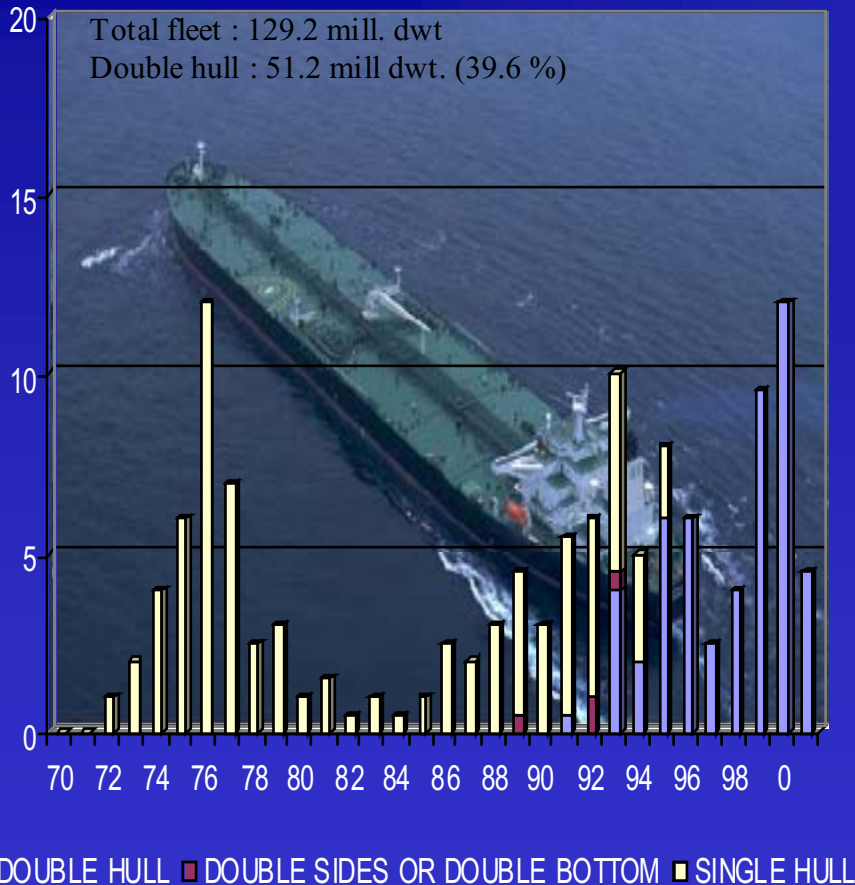


Age

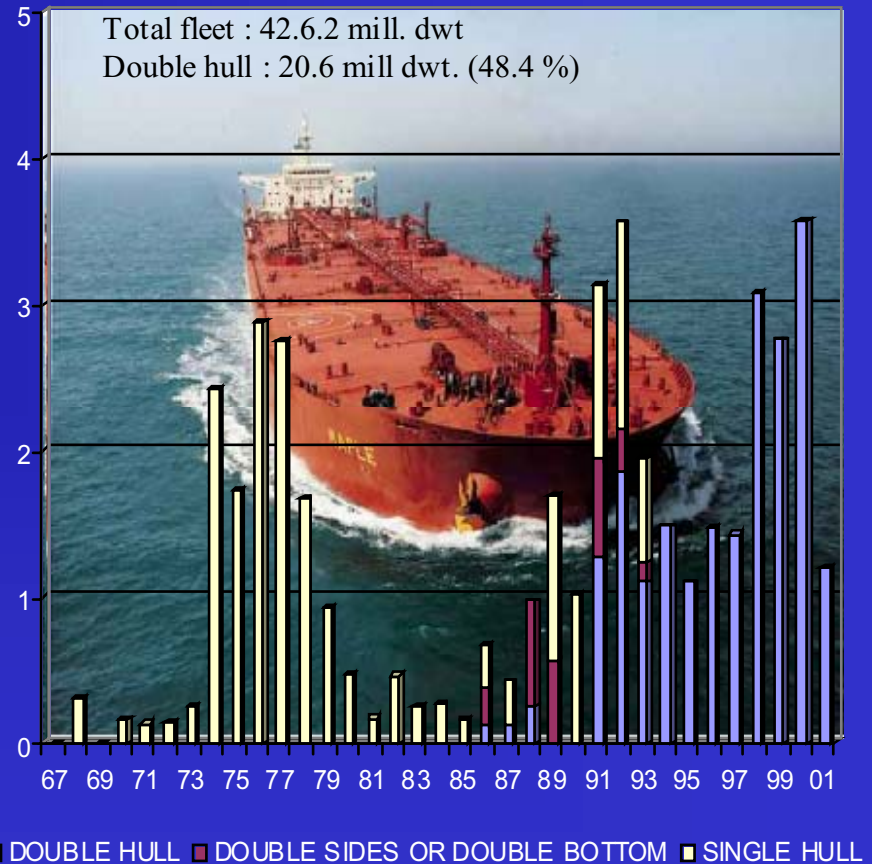


# A 28-year problem creates opportunity

VLCC by building year and type of hull  
as at 1.7.2001



Suezmax by building year and type of hull  
as at 1.7.2001



Source: Platou



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# The Phase-Out

IMO AGREEMENT APRIL 2001

## PHASE-OUT SCHEME FOR SINGLE HULL TANKERS

BASED ON FLEET AS AT MAY 2001 – MILL DWT

	PANAMAX*	AFRAMAX	SUEZMAX	VLCC	TOTAL
2003	0.6	1.5	1.0	2.5	5.6
2004	0.1	3.0	3.6	10.5	17.2
2005	0.9	3.0	4.9	21.1	29.9
2006	2.0	2.5	2.7	6.3	13.5
2007	2.8	5.6	0.5	1.7	10.6
<b>2003-07</b>	<b>6.4</b>	<b>15.6</b>	<b>12.7</b>	<b>42.1</b>	<b>76.8</b>
<b>% OF EXIST FLEET</b>	<b>40 %</b>	<b>28 %</b>	<b>30 %</b>	<b>33 %</b>	<b>31 %</b>

\* Panamax defined as tankers between 50,000 and 70,000 dwt.

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Source: Platou



# History



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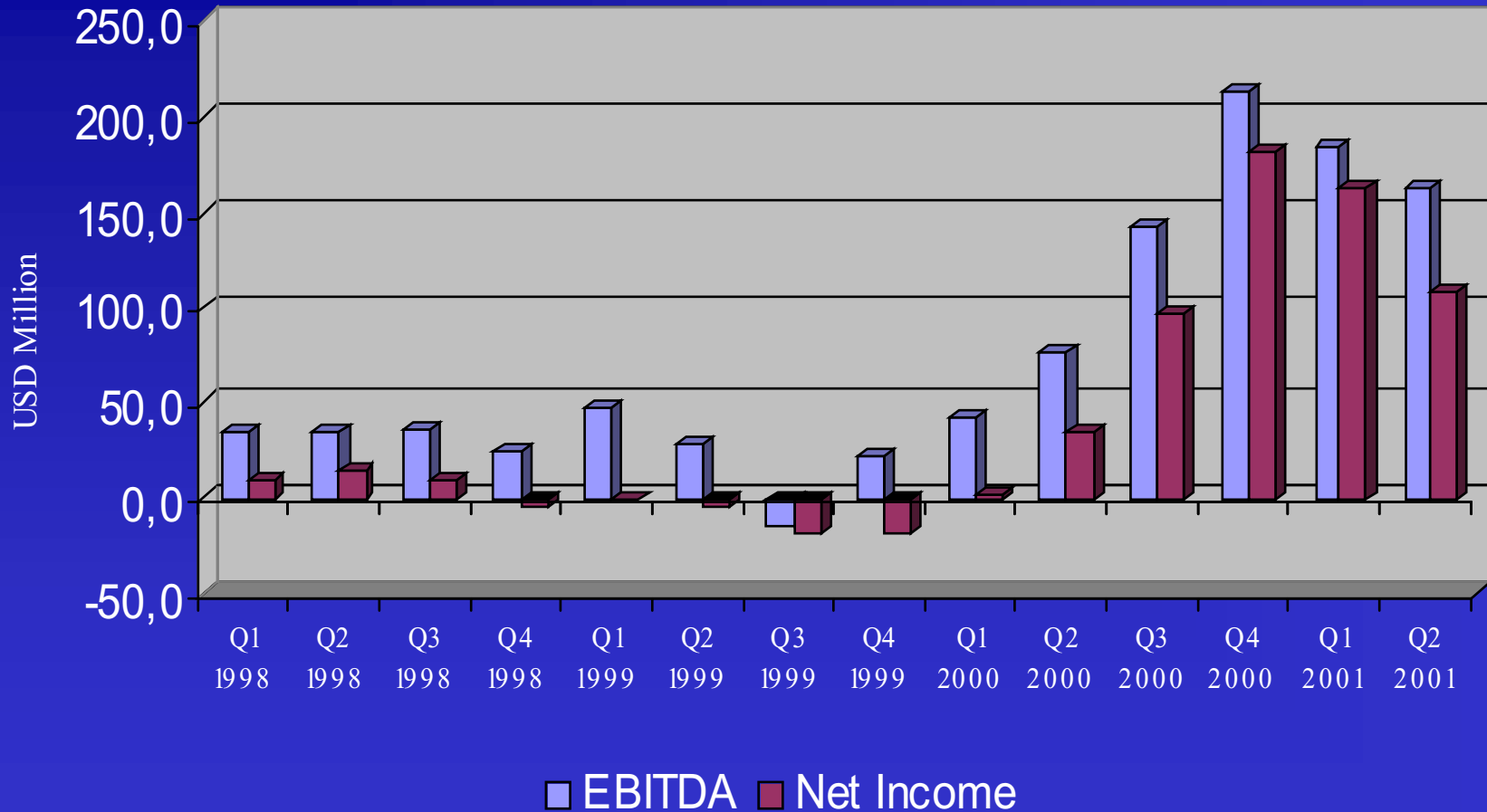
# Frontline 1996

- Hemen Holdings takes control in a seven ship, unfocused and cost inefficient Swedish shipping company.
- Hemen replaces the Board and sets new strategy.
  - Aggressive growth in modern VLCC and Suezmax tonnage.
  - Act as consolidator
  - Be cost efficient
  - Build credibility in public market

# Five Busy Years !

Year	Party	Acquired	Pools	Quit Tankers	Shares	Value USD Mill.
1996	Frontline AB	7				
1996	Goldtech	1		Yes	Yes	49
1996	Bils pedition	1		Yes	Yes	49
1996	Seatankers	6				357
1997	Hyundai New buildings	10				650
1997	London Overseas Freighters	3		Yes	Yes	155
1998	Seatankers	1			Yes	42
1998	Alliance Chartering		14			
1998	Independent Tankers	10				770
1999	ICB Shipping	8		Yes	Yes	260
1999	Tankers international		34			
1999	Mosvold Farsund	1		Yes	Yes	45
2000	Wilh. Wilhelmsen	2		Yes	Yes	90
2000	NYK Front Tobago	1			Yes	37
2000	Golden Ocean Front Tina	1			Yes	74
2000	Euronav	2			Yes	95
2000	Golden Ocean Ltd.	13		Yes	Yes	990
2001	Sasebo New buildings	2				106
2001	Hitachi New buildings	3				224
2001	Mosvold Shipping	3		Yes	Yes	244
2001	Bergesen Ships	5				399
	<b>Total Ships</b>	<b>80</b>	<b>48</b>			<b>4 636</b>

# EBITDA & Net Income



# Profit & Loss

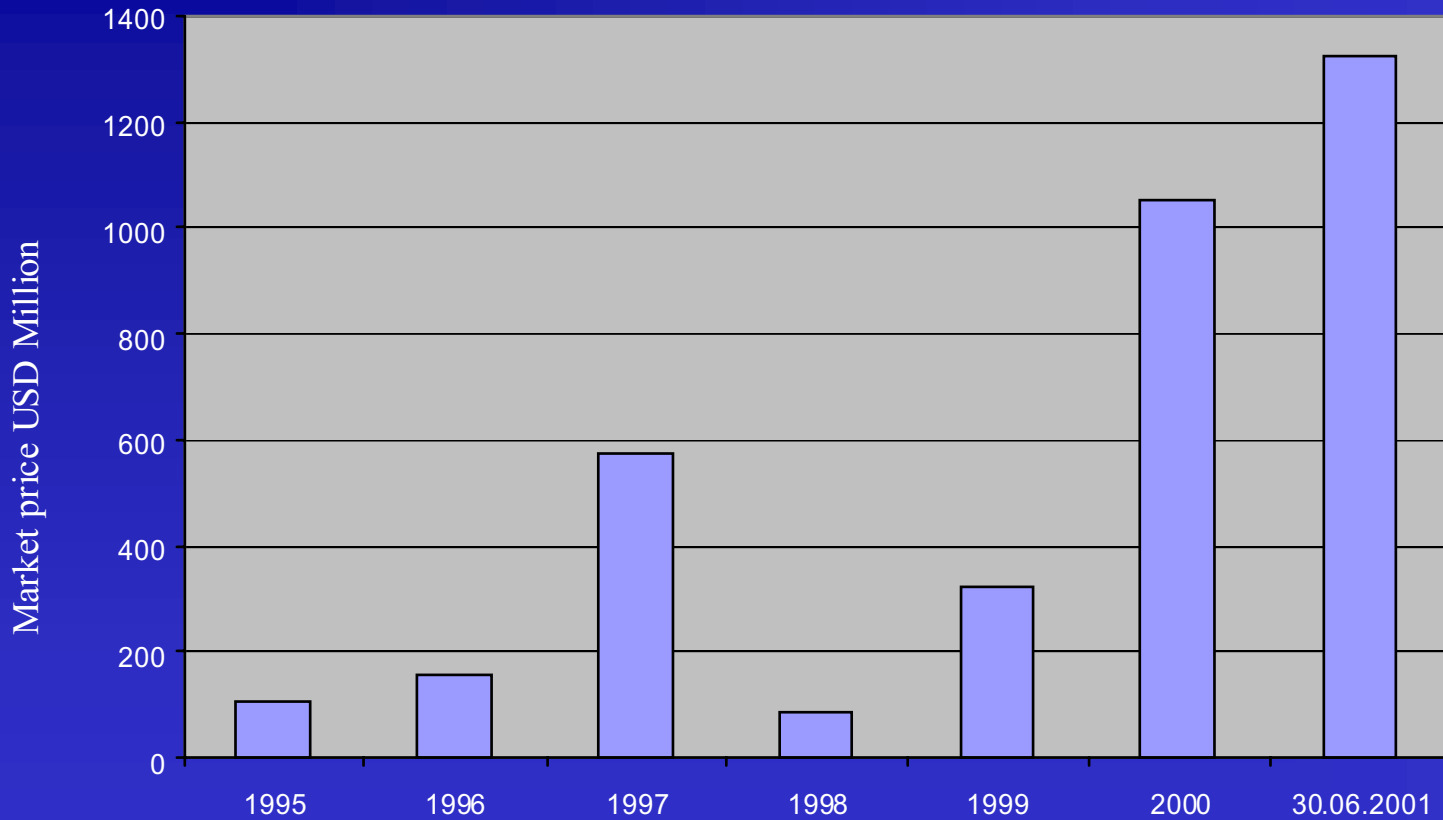
Q2 00	Q2 01	USD million	6M 2001	6M 2000	2000
109,0	195,2	Net operating revenues	417,3	178,1	599,9
0,0	16,0	Gain / loss on sale of vessels	16,7	0,5	1,2
32,7	-49,6	Total expenses	-89,7	-61,9	132,1
76,2	161,6	Operating profit	344,3	116,7	469,0
		before depreciation (EBITDA)			
21,0	-30,6	Depreciation	59,9	40,7	92,9
55,2	131,0	Operating profit (EBIT)	284,4	76,0	376,1
-20,5	-22,2	Financial items	-16,3	-40,3	-62,2
34,7	108,8	Net profit (loss) before min. & taxes	268	35,7	313,9
0,0	-1,1	Minority	-2,5	0,0	0,0
34,7	107,7	Net profit	265,5	35,7	313,9
-0,31	1,40	EPS (USD)	3,45	0,53	4,3
	1,00	Dividend (USD)	1,00	0,00	0,00

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# Balance Sheet

<b>Assets</b>	30th June 2001
<i>Short term</i>	
Cash and cash equivalents	135 947
Marketable securities	947
Other current assets	118 956
<i>Long term</i>	
Newbuildings and vessel purchase options	105 988
Vessel and equipment, net	2 573 160
Investment in associated companies	39 995
Goodwill	11 285
Deferred charges and other long-term assets	40 132
<b>Total assets</b>	<b>3 026 410</b>
<b>Liabilities and stockholders' equity</b>	
<i>Short term</i>	
Short term interest bearing debt	245 794
Other current liabilities	74 280
<i>Long term</i>	
Long term interest bearing dept	1 395 391
Other long term liabilities	123 429
Minority interest	9 748
Stockholders' equity	1 177 768
<b>Total liabilities and stockholders' equity</b>	<b>3 026 410</b>

# Development in Market Capitalisation



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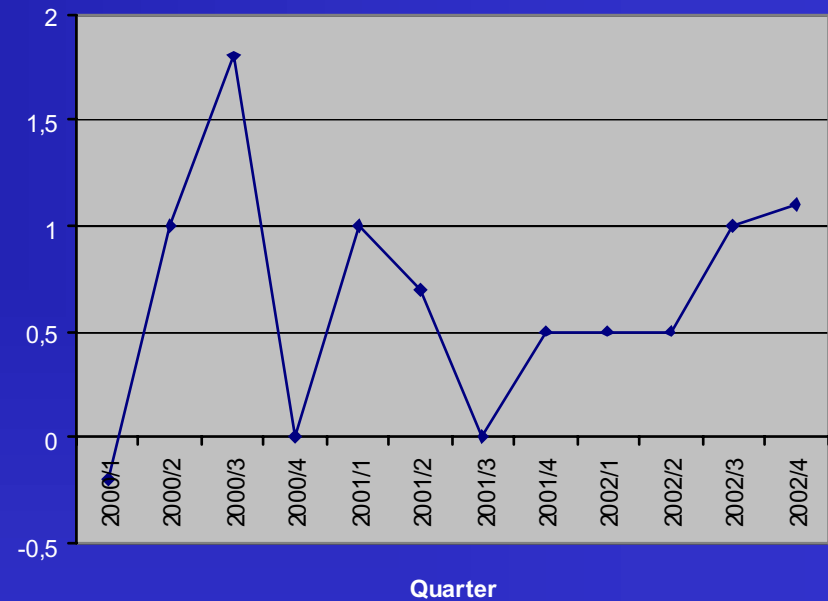
# The Market



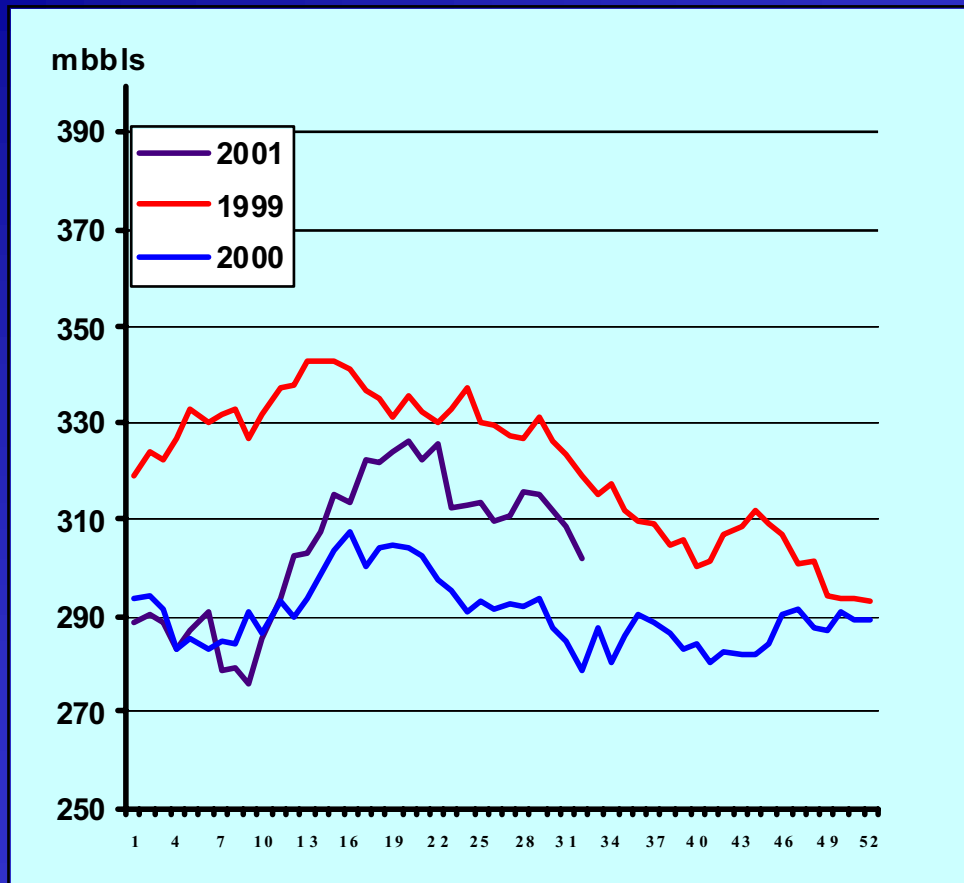
# Oil Demand – Still Growing

mill barrels pr. day	2000	2001	2002
North America	23,89	24,22	24,46
Europe	15,93	15,81	15,91
OECD Pacific	8,68	8,64	8,68
China	4,65	4,95	5,1
Other Asia	7,24	7,34	7,36
FSU	3,67	3,62	3,65
MiddleEast	4,45	4,54	4,67
Africa	2,39	2,4	2,43
Latin America	4,86	4,87	4,92
<b>Total</b>	<b>75,76</b>	<b>76,39</b>	<b>77,18</b>

Global Oil Demand yoy growth



# API Crude Inventories trending down



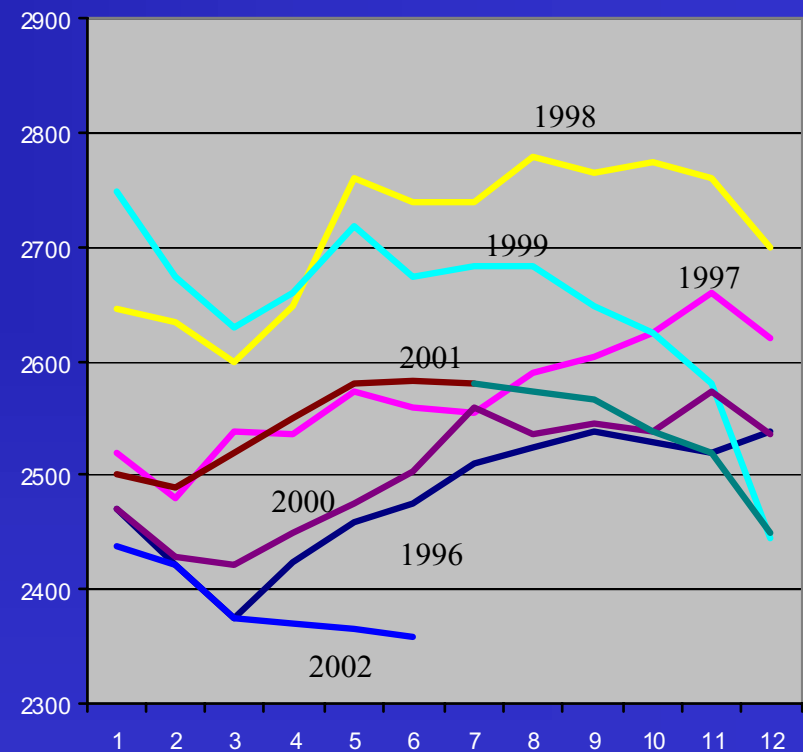
Source: API

# Oil Supply : Why OPEC will not adhere to its new quota

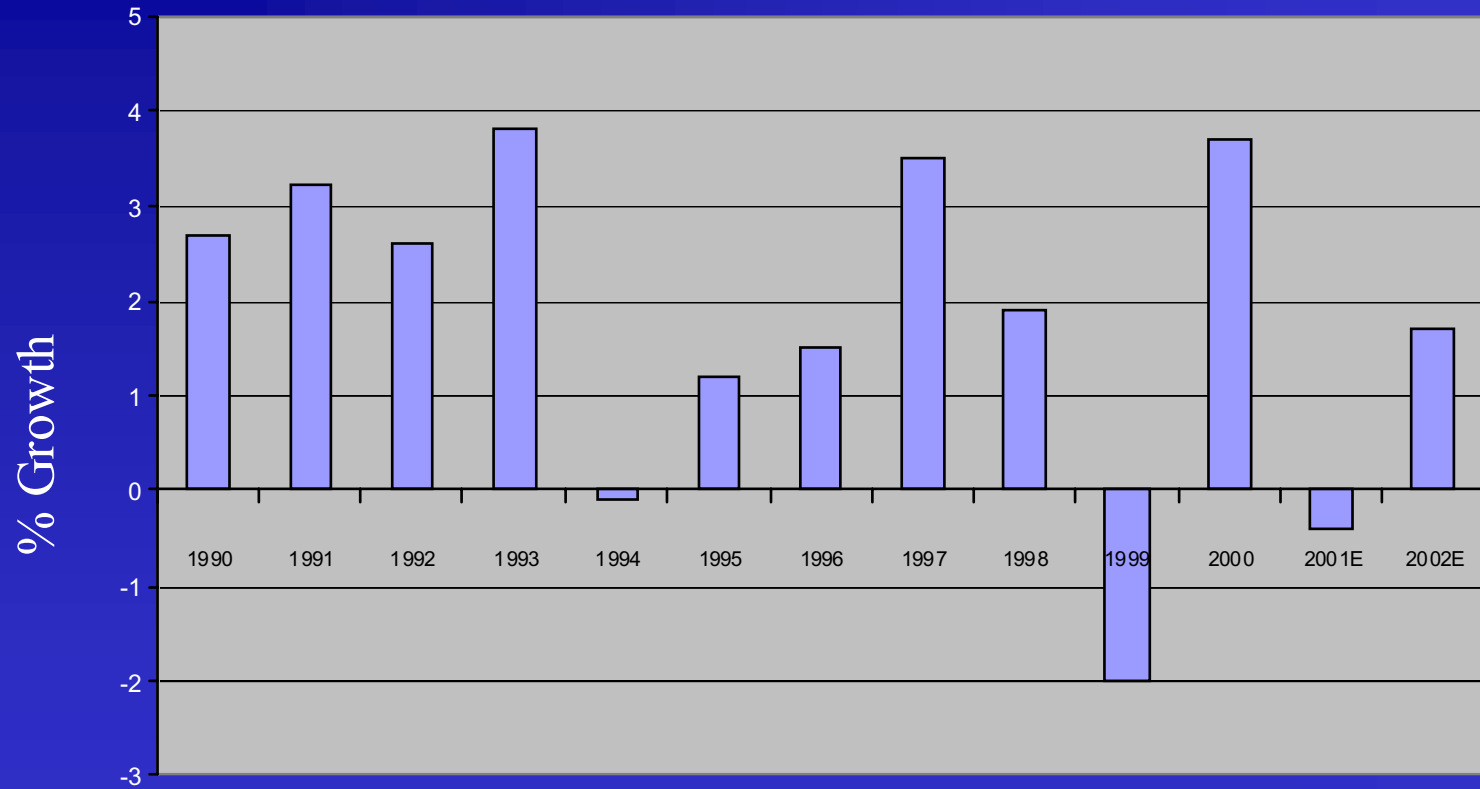
Major Assumption : World Wide growth in oil consumption estimated by IEA to 0,5 mill bbls. is fully covered by non-OPEC Production – i.e. call on OPEC equal to 2000.

	<i>mill Bbbls.</i>
Average daily OPEC production 2nd half 2000	28,84
Average daily OPEC production 2nd half 2001	26,48
Daily underproduction 2nd half 2001	2,36
Total underproduction	424,8
Current Global overstorage compared to 2000	127,0
Under storage compared to 2000 in the end of 2001	297,8
Daily production increase to cover shortfall Sep - Dec	2,5
Opec Quota Sep 2001	26,2
Production level Sep - Dec 2001 to equalize storage 2000	28,7

OECD oil industry stocks 1996-2001



# Tanker Demand : Growth



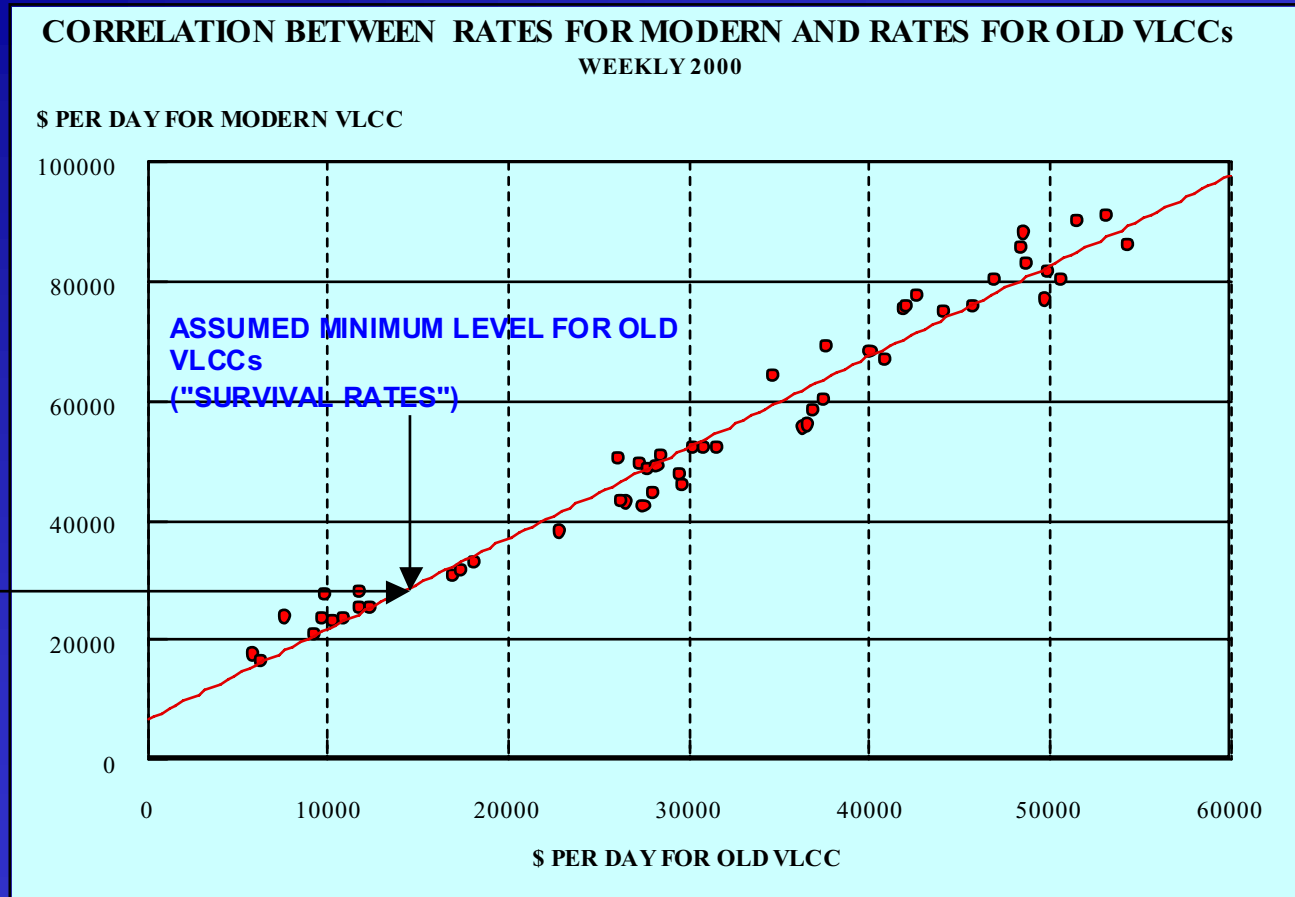
# Tanker Supply : Deliveries against Scrapping

	<i>Total fleet</i>	<i>Phase Out</i>	<i>Efficiency factor</i>	<i>Demand</i>	<i>Current Orders</i>	<i>Replacement demand</i>	<i>Trade Low</i>	<i>Growth High</i>	<i>Remaining demand Low</i>	<i>Remaining demand High</i>
ULCC	39	39	5 %	35	4					
VLCC	405	83	5 %	70	84	31	40	78	71	108
Suezmax	286	75	5 %	64	62	2	16	28	17	30
Aframax	530	152	5 %	123	101	22	32	77	54	99

Source: Clarksson



# The Scrap Floor Protection



Source: Platou



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# The Scrap Test - 2001

- In the first four months of 2001 – only 4 VLCCs were scrapped. Rates were strong.
- Rates weakened in May and went under USD 30.000 per day.
- Scrapping accelerated and after four months of weak market more than 19 VLCCs have been scrapped converted or sunk.
- Rates have been pushed back up to USD 30.000 per day again – scrapping still continues.
- The scrapping floor works.

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# The "Scrap" Owners

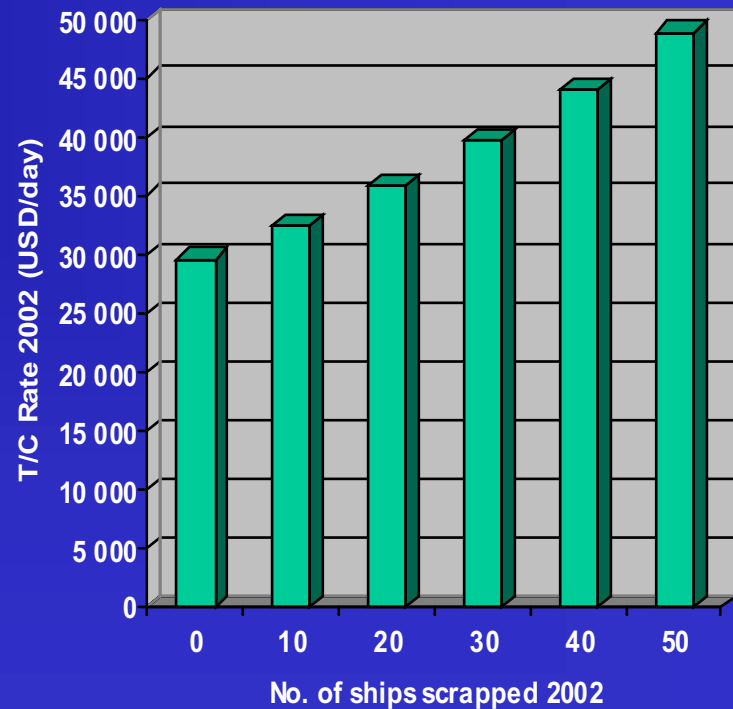
## OWNERSHIP OF PRE 1980-BUILT VLCCs / ULCCs

<b>Owner</b>	<b>1972</b>	<b>1973</b>	<b>1974</b>	<b>1975</b>	<b>1976</b>	<b>1977</b>	<b>1978</b>	<b>1979</b>	<b>Total</b>
Bergesen DY ASA			1	2	3	2		1	9
Concordia Maritime	1		2	2			2	1	8
Ceres					3	3			6
Tanker Pacific Mngt.			1	2	2	1			6
Ocean Tankers		1	1		2	1			5
Hellespont					3	1			4
Aelos Management		1	1	1		1			4
Others		1	7	17	27	12	4	6	74
<b>Grand Total</b>	<b>1</b>	<b>3</b>	<b>13</b>	<b>24</b>	<b>40</b>	<b>21</b>	<b>6</b>	<b>8</b>	<b>116</b>

# T/C rates 2002 – A mathematical forecast

- Assumptions :
  - 458 VLCC/ULCCs serve 76,6 million barrels of daily production (1 mill barrels = 6 VLCCs)
  - Estimated increase in Oil demand 2002 – 1,0 mill barrels
  - Total deliveries in 2002 – 40 VLCCs
  - Average T/C rate 2001 – USD 38.000 per day

**T/C Rate 2002**  
Estimate based on dynamic model





# The Investment Case

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# Exposure Through a Frontline Investment

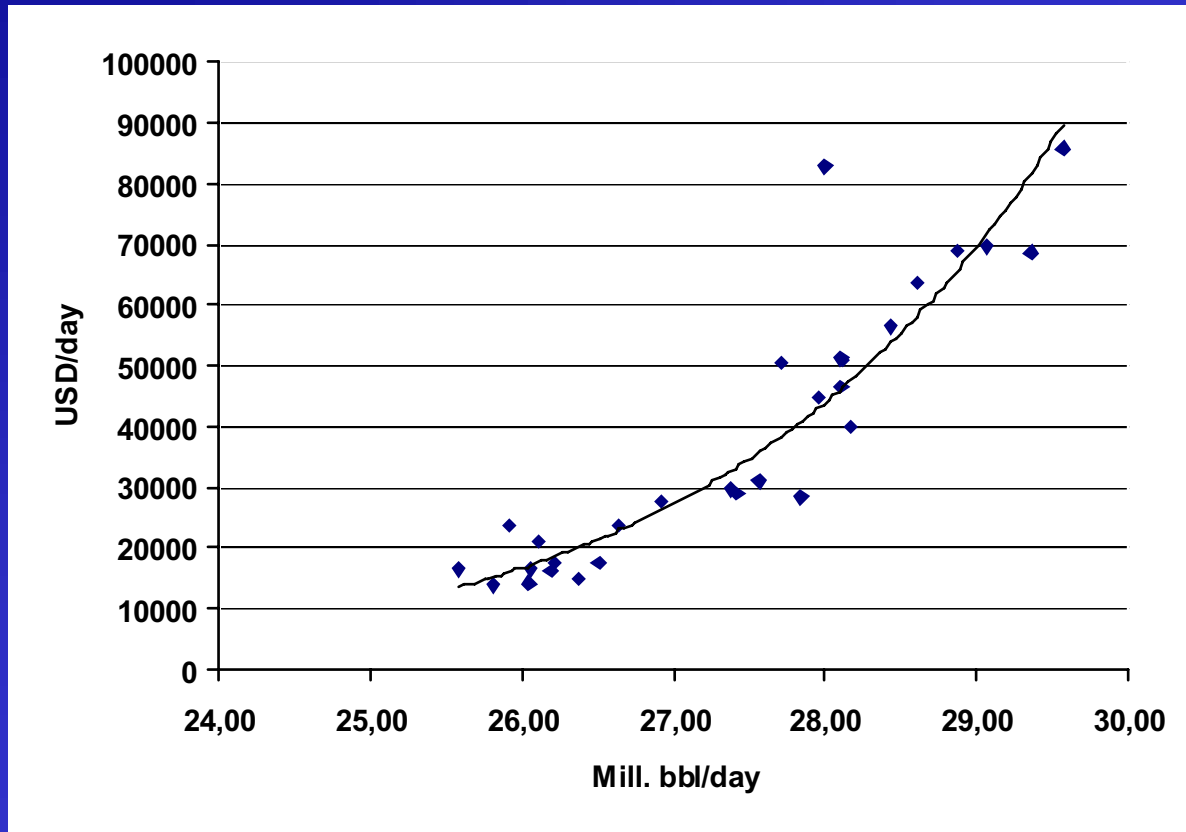
- USD 1,00 invested gives USD 2,90 in fleet exposure
- TC Rate +/- USD 1,000 = EPS +/- USD 0,28
- Interest +/- 1 % = EPS +/- 0,15

# Share Price / Tanker Rates



# OPEC or non-OPEC that's the Question

OPEC production vs VLCC rates

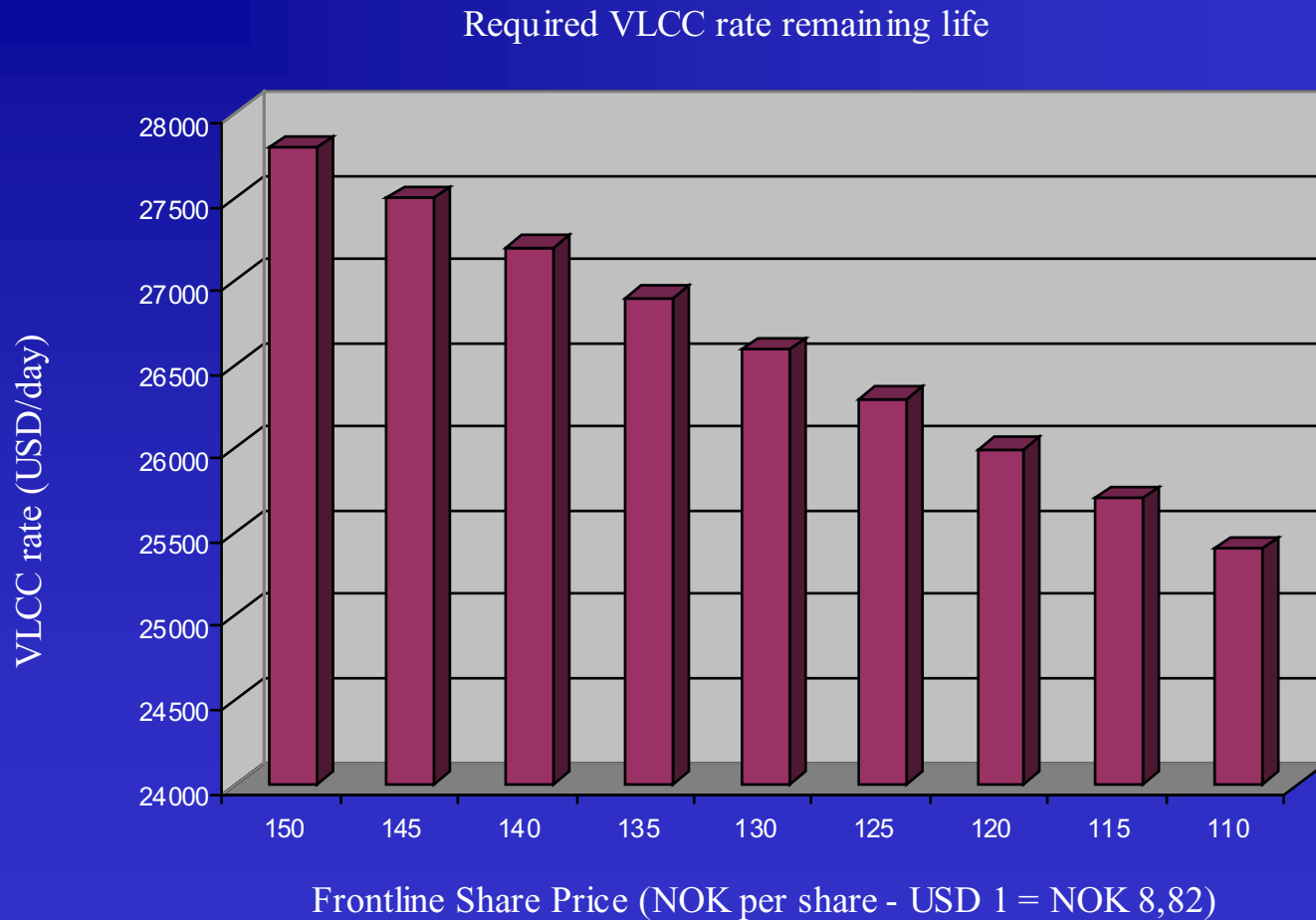


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# Management Focus 2001

- Seek opportunities among weak owners.
- Develop Alliance & Tankers – Continue consolidation work.
- Be dynamic – Buy back shares - Dividend - Growth
- Increase market related contract coverage.
- Use low interest environment to secure long-term financing.

# A different way to value Shipping shares ?



Source : Orkla Enskilda

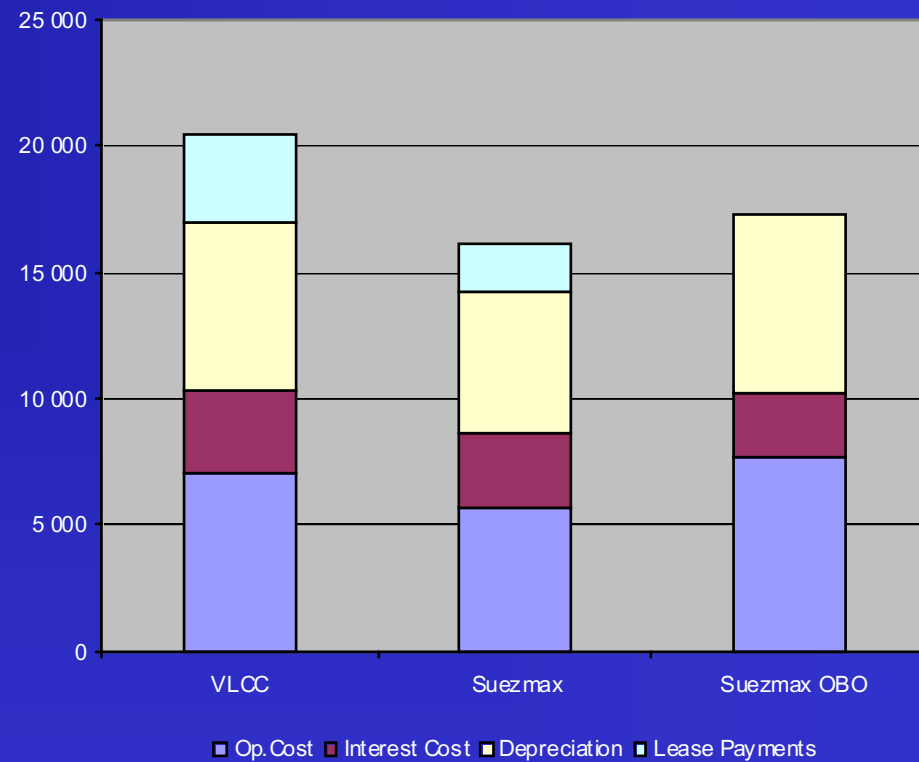
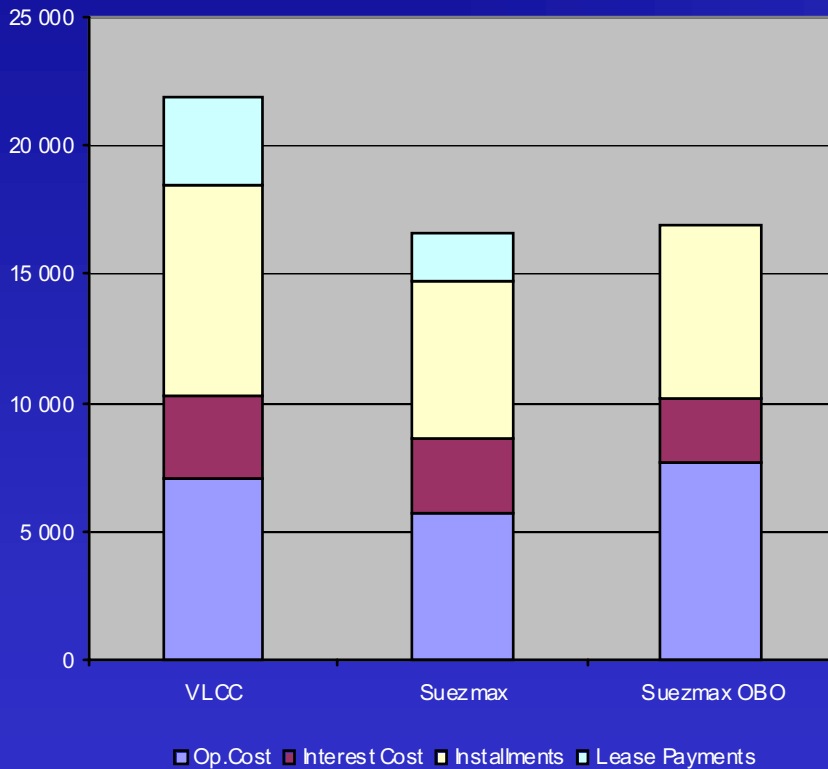


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## First Call estimates 2001

	<i>Frontline</i>	<i>Genmar</i>	<i>Teekay</i>	<i>OMI</i>	<i>OSG</i>	<i>Average</i>
Nav/Share	15,10	12,85	38,00	5,27	n/a	
Price	13,60	13,17	35,90	5,24	27,26	
Price/Nav	90 %	102 %	94 %	99 %	n/a	97 %
EPS estimate	4,43	2,78	9,13	1,38	3,60	
P/E( Est )	3,1	4,7	3,9	3,8	7,6	4,6

# Cash Break Even & P/L Break Even 2001



# Seatrade

## REVIEW

APRIL 2002

- Sam Cooperman: Stolt's high-tech guru
  - Seatrade's 15th annual bankers survey
  - RINA's chairman speaks out on sub-standard shipping
  - US Income Tax implications explained
  - Swedish shipping's rise and fall
- PLUS  
Ship management, crew travel and training

SEAFINANCE  
MONTICARLO  
OFFICIAL PUBLICATION

In the Frontline  
Fredriksen's campaign rolls on

FRONTLINE

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# Appendixes



# Frontline Ltd

## VLCC

9	100% Owned	S/S
13*	100% Owned	D/D
6 N/B	100% Owned	D/D
11	JV Owned	
<u>2 N/B</u>	<u>JV Owned</u>	
41	VLCC	

## SUEZ

8	100 % Owned	S/S
13*	100 % Owned	D/D
<u>2 N/B</u>	<u>100 % Owned</u>	<u>D/D</u>
23	Suezmaxes	

## SUEZ OBO

8	100% Owned	D/D
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## TOTAL

72 ships, 17,3 million dwt., Average age 5,8 years

# The Frontline VLCC Fleet

Front Sabang	100 %	1990	285 000	Front Ichiban	33.33%	2000	296 000
Vanadis	100 %	1990	285 000	Front Ariake	33.33%	2001	296 000
Front Highness	100 %	1991	284 420	Front Sakura	33.33%	2001	296 000
Front Lady	100 %	1991	284 420	Hull No. 1384	100 %	nov.01	308 000
Front Lord	100 %	1991	284 420	Hull No. 4982	33.33%	mar.02	296 000
Front Duke	100 %	1992	284 420	Hull No. 4978	100 %	apr.02	298 500
Front Duchess	100 %	1993	284 480	Hull No. 4983	33.33%	jul.02	296 000
Front Ace	100 %	1993	275 000	Hull No. 4979	100 %	aug.02	298 500
Front Tobago (40%)	40 %	1993	260 619	Hull No. 1402	100 %	aug.02	308 000
Dundee (50.1%)	50.1%	1993	302 432	Hull No. 4980	100 %	okt.02	298 500
Edinburgh (50.1%)	50.1%	1993	302 493	Hull No. 1412	100 %	jul.03	308000
Front Century (T/C)	0 %	1998	311 189				
Front Champion (T/C)	0 %	1998	311 286	Golden Stream	100 %	1995	275 616
Front Chief	100 %	1999	311 224	Golden Fountain	50 %	1995	301 665
Front Commander	100 %	1999	311 168	Navix Astral	100 %	1996	275 644
Front Crown	100 %	1999	311 176	New Vanguard	100 %	1998	300 058
Opalia	100 %	1999	302 193	New Vista	100 %	1998	300 149
Front Commerce	100 %	1999	300 144	Golden Victory (T/C)	0 %	1999	305 155
Front Comanche	100 %	1999	300 133	New Circassia	50 %	1999	306 009
Front Commodore	100 %	2000	298 620	Pacific Lagoon	45 %	1999	305 839
Front Tina	100 %	2000	298 500	Oscilla	100 %	2000	302 193

# The Frontline Suezmax Fleet

Polytrader (40%)	40 %	1978	126 000
Polytraveller (35%)	35 %	1979	126 000
Front Birch	100 %	1991	152 000
Front Maple	100 %	1991	152 000
Front Granite	100 %	1991	142 000
Front Lillo	100 %	1991	147 253
Front Emperor	100 %	1992	147 273
Front Sunda	100 %	1992	142 000
*Marble (0%)	0 %	1992	142 000
Front Comor	100 %	1993	142 000
Front Spirit	100 %	1993	147 273
Front Pride	100 %	1993	149 686
Front Splendour	100 %	1995	149 745
Front Glory	100 %	1995	149 834
Front Ardenne	100 %	1997	153 000
Front Brabant	100 %	1998	153 000
Front Fighter	100 %	1998	153 328
Front Hunter	100 %	1998	153 344
Front Warrior (T/C)	0 %	1998	153 409
Kim Jacob (T/C)	0 %	1998	158 000
Mindanao	100 %	1998	158 000

Front Sky	100 %	2000	159 999
Front Sun	100 %	2000	159 998
*Sonangol Girassol (0%)	0 %	2000	158 000
*Sonangol Luanda (0%)	0 %	2000	158 000
*Sonangol Kizomba (0%)	0 %	2001	158 000
Front Melody	100 %	2001	150 000
Hull No. S478 tbn Front Symphony	100 %	okt.01	150 000

## *Suezmax OBOs*

Front Breaker	100 %	1991	169 177
Front Climber	100 %	1991	169 178
Front Driver	100 %	1991	169 177
Front Guider	100 %	1991	169 142
Front Leader	100 %	1991	169 381
Front Rider	100 %	1992	169 718
Front Striver	100 %	1992	169 204
Front Viewer	100 %	1992	169 381

# Shareholders

Shareholder	Number of shares	Ownership (%)
HEMEN HOLDING Ltd.	34 370 369	44,99 %
BANK OF NEW YORK BR S/A NEUBERGER & BERM	8 134 049	10,65 %
THE BANK OF NEW YORK	5 545 350	7,26 %
MORGAN STANLEY & CO. S/A CUSTOMER SEGRAGA	5 368 647	7,03 %
CHASE MANHATTAN BANK THE CLIENTS NON TREATY	3 111 229	4,07 %
FEDERATED KAUFMANN	1 749 173	2,29 %
STATE STREET BANK & CLIENT OMNIBUS	980 558	1,28 %
ODIN NORGE	829 170	1,09 %
VITAL FORSIKRING ASA	712 641	0,93 %
MORGAN STANLEY AND CLIENTS SAFE CUSTODY	709 588	0,93 %
ODIN NORDEN	543 051	0,71 %
CHASE MANHATTEN BANK THE CLIENTS TREATY ACCOUN.	509 439	0,67 %
HAFSLUND INVEST AS	500 000	0,65 %
STOREBRAND LIVSFORSIKRING P980	447 575	0,59 %
GJENSIDIGE NOR SPAREBANK	414 887	0,54 %
AKSJEFONDET GAMBAK	400 000	0,52 %
ROYAL TRUST CORPORAT CLIENT TREATY ACCOUNT	359 316	0,47 %
CHASE MANHATTAN BANK THE S/A ESCROW ACCOUNT	358 409	0,47 %
OTHER	11 349 115	14,86 %
TOTAL OUTSTANDING	76 392 566	100,00 %

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# The Public Fact Sheet

- Domicile: Bermuda
- Offices : Hamilton, London, Oslo, NY
- Listed : NYSE, OSLO
- Share price September 3rd: USD 13,62
- Outstanding number of shares: 76 158 754
- Market Capitalisation : USD 1,0 billion.
- Book Equity : USD 1,2 billion.
- Net Income 2000 : USD 314 million.
- Net Income 2001 1<sup>st</sup> half : USD 265 million.
- Average daily trading value : USD 8 million.