FRONTLINE

www.frontline.bm

Q3 2002 results
November 20, 2002

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Agenda

- Introduction
- Market update – outlook
- Corporate financial status
- Other

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40 + 1 N/B VLCCs

24 Suezmaxes

8 Suezmax OBOs

- Oldest ship from 1990
- Average age – 6.5 years – Industry Average 10.5 years.
- Percentage double hull tonnage : 71 % - Industry Average 52 %

= 17.2 million dwt. or approximately 118 million barrels transport capacity.

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Main events 2002 – Q3

•Frontline took delivery of Hakata in beginning of July and Front Stratus in end of August,

•Two of the drybulk vessels transferred from GOGL to Frontline late March 2002 were sold in July. The net cash effect of the sale being $9 million,

•The two dry bulk vessels Golden Daisy and Golden Rose were sold in July. This sale reduced the JPY exposure by a further $15 Million.

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Supply VLCC's / Suezmaxes

(No. of vessels)

Building year	VLCC's 200,000+ dwt	Of which ULCC's*) 320,000 + dwt	Suezmaxes 120,000-200,000 dwt
1973 or earlier	2		0
1974-75	13	2	11
1976-77	29	10	16
1978-80	12	8	17
1981 or later	371	3	239
Fleet as at November 14, 2002	**427**	**23**	**283**
On order			
2002	9	2	6
2003	36		27
2004+	21		24
Total on order 2001-2006	**66**	**2**	**57**

*) Each ULCC representing an average of 400,000 Dwt

Source: P.F.Bassøe

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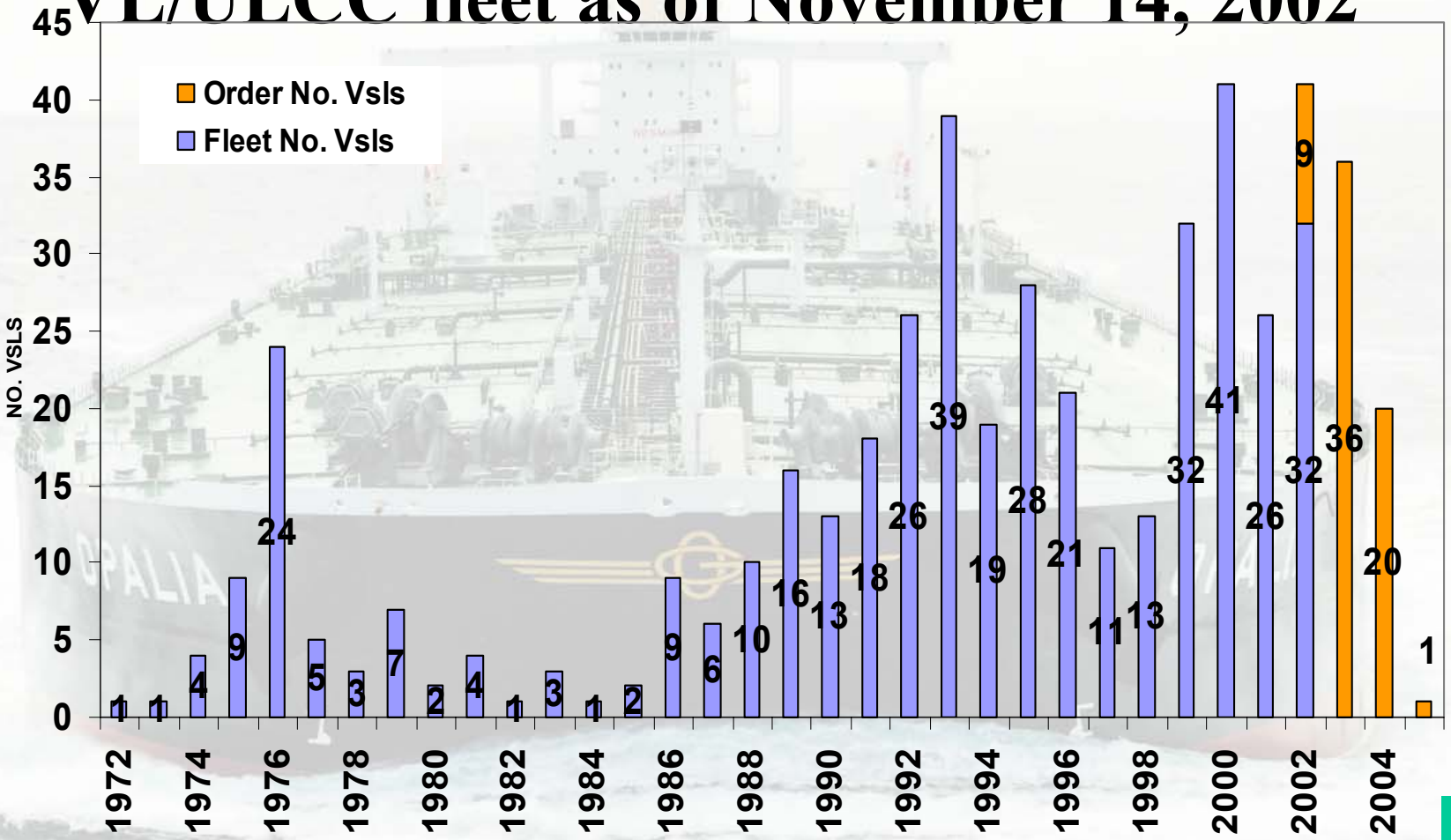
Newbuildings versus scrapping candidates VL/ULCC fleet as of November 14, 2002



Source: P.F. Bassøe

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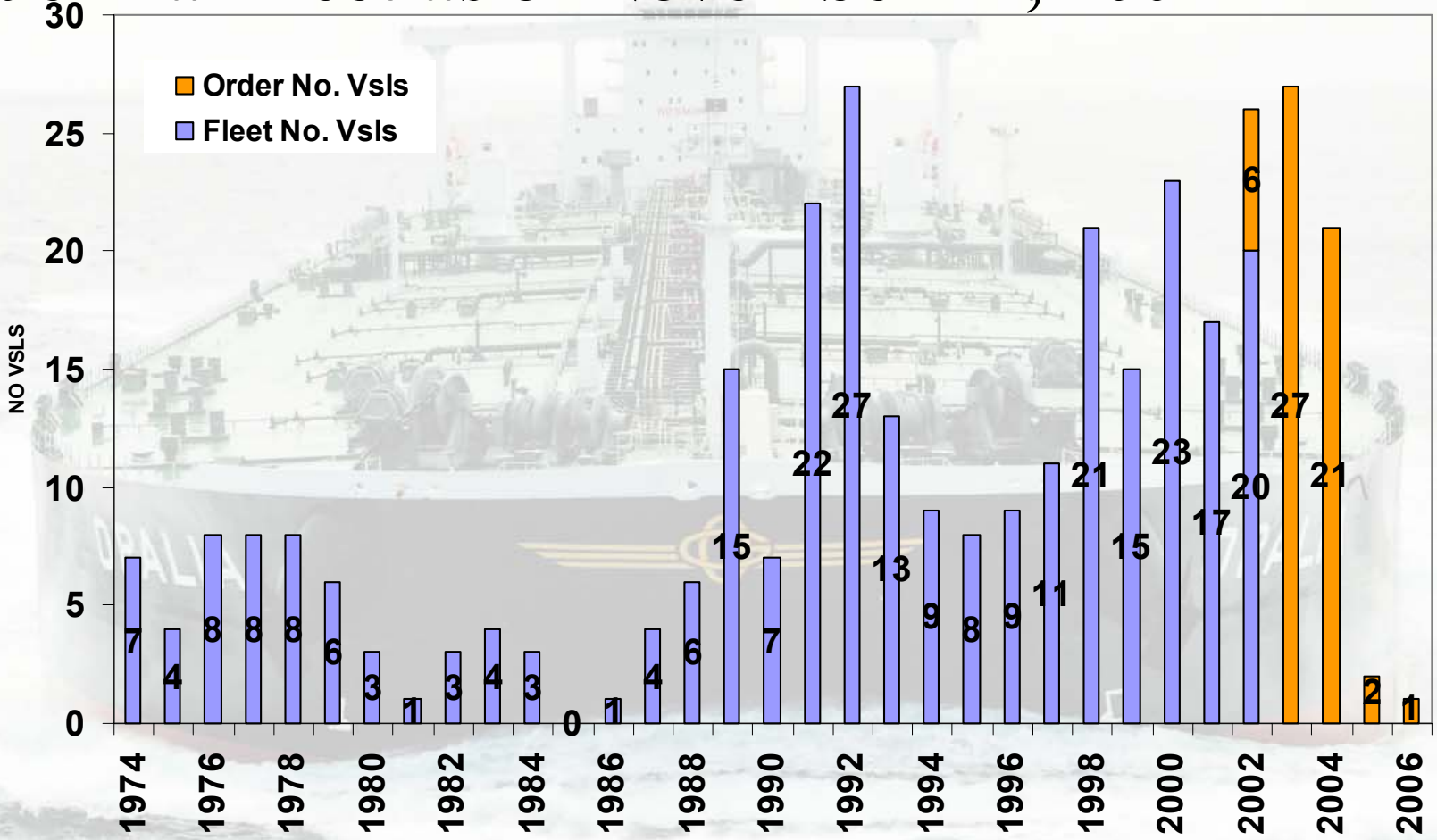
Newbuildings versus scrapping candidates Suezmax fleet as of November 14, 2002



Source: P.F. Bassøe

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The macro trend

•The expected general economic recovery has been delayed.

•Tanker rates have improved considerably in the first half of the fourth quarter 2002 due to a seasonal demand increase and more oil going west. We expect the market to stay at reasonable levels over the winter.

•The fleet balance has proven to be good, which makes one wonder why rates were so bad for so long.

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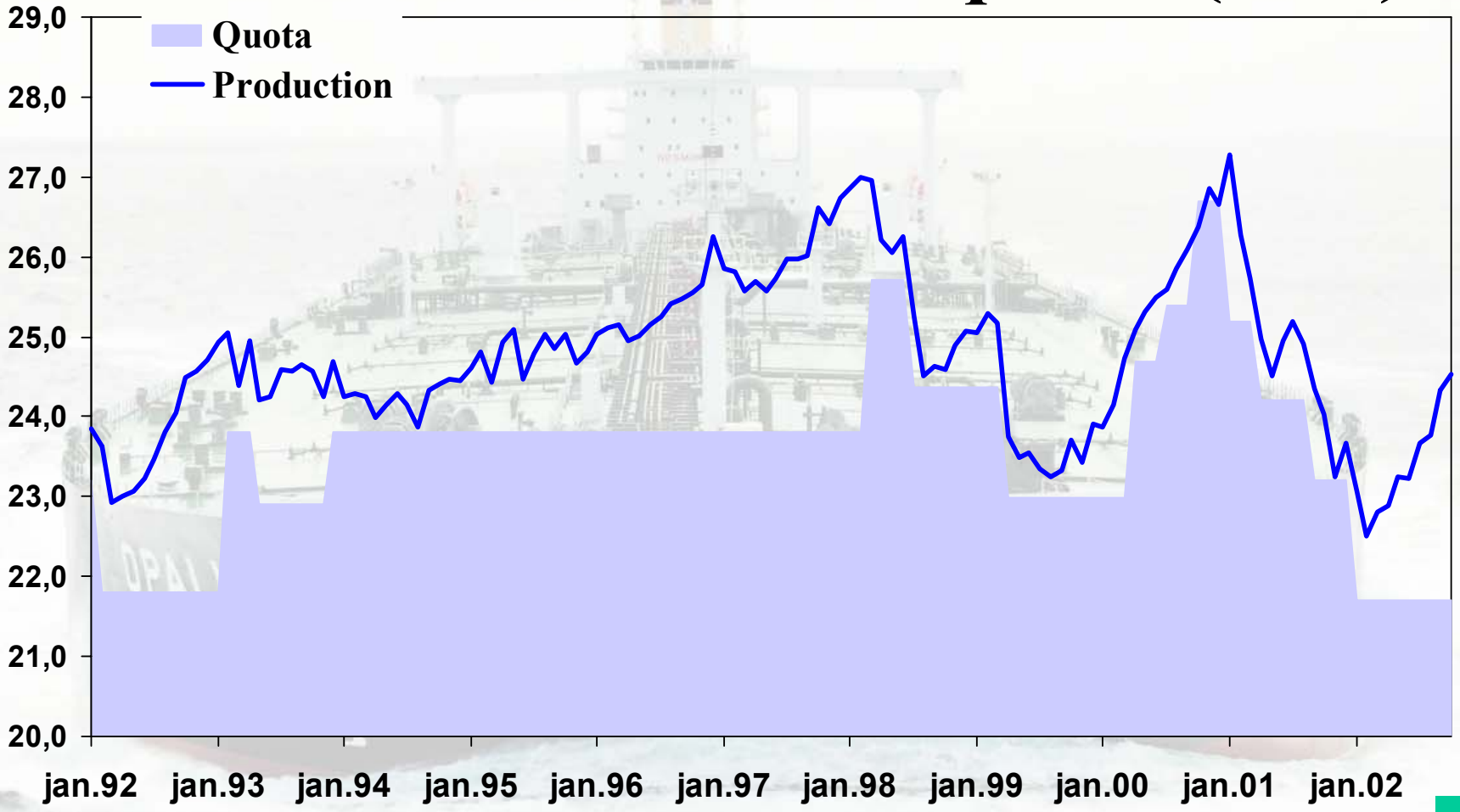
OPEC-10: Production vs. quotas (mbd)



Source: P.F. Basssøe / IEA

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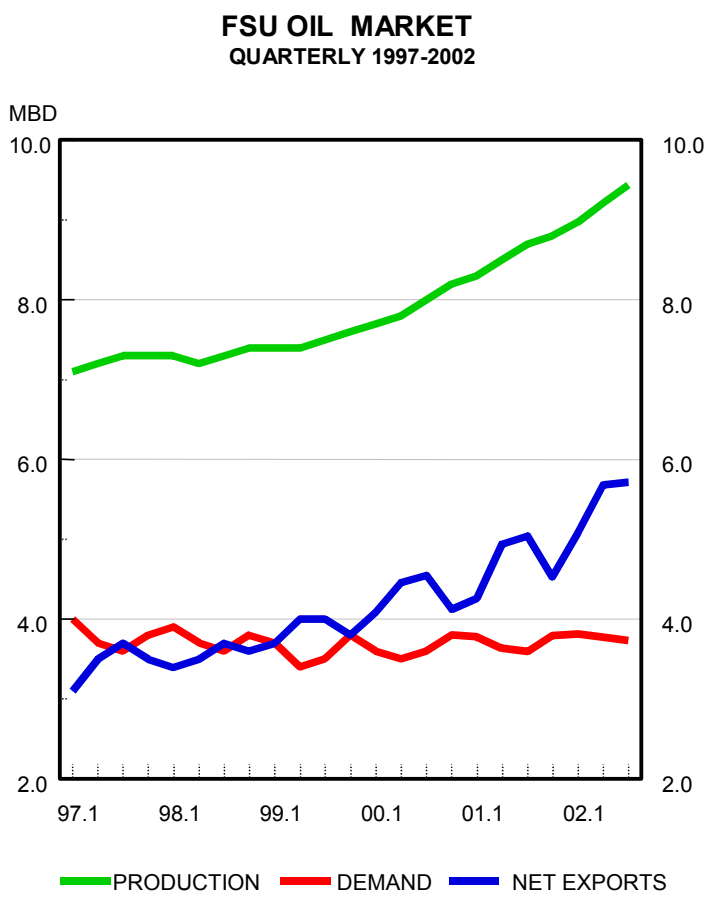

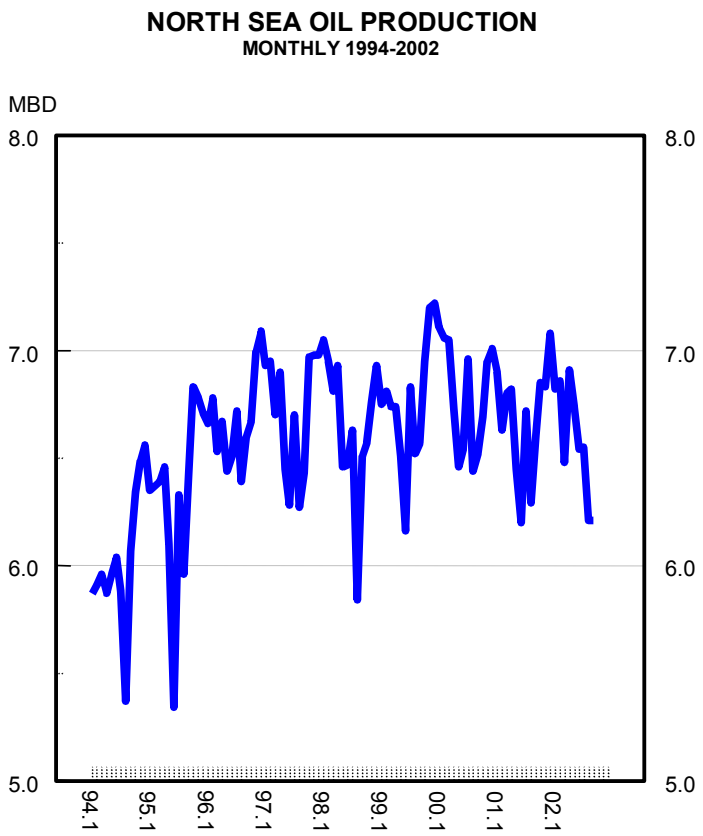

R.S. Platou
Economic Research a.s

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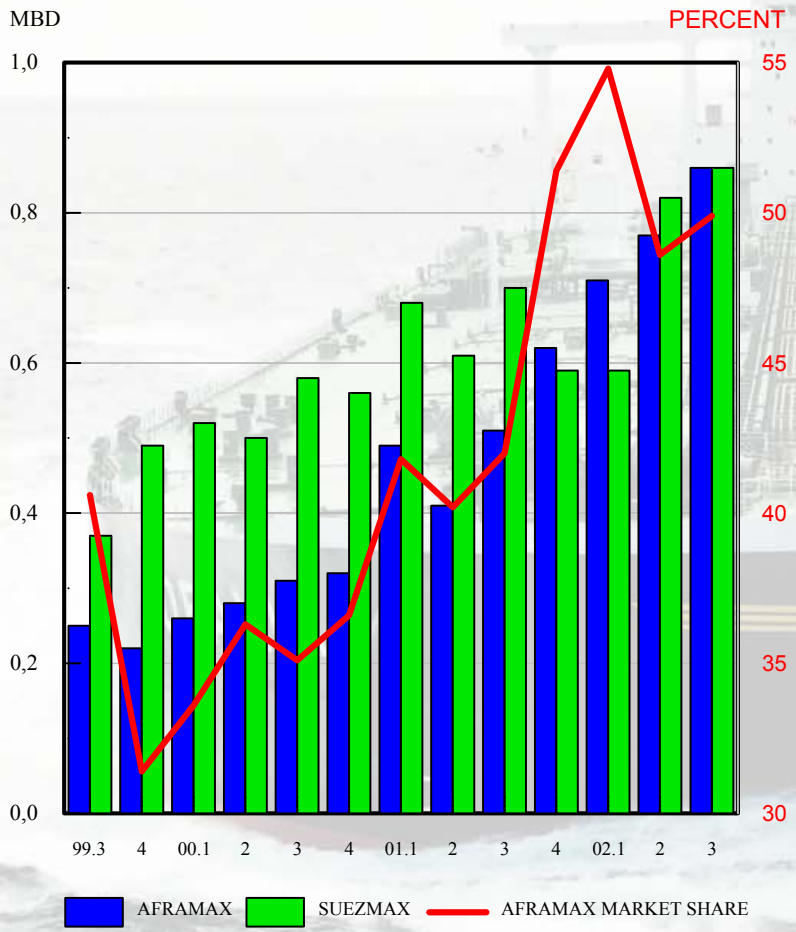
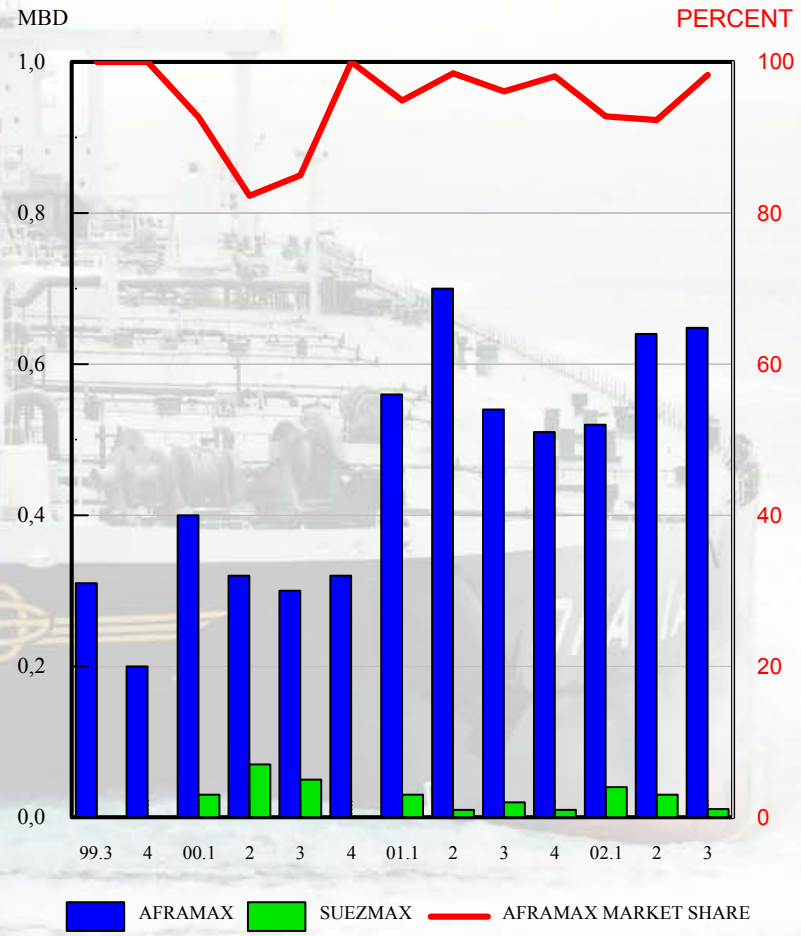
SPOT MARKET VOLUMES OUT OF THE BLACK SEA
QUARTERLY BY TANKER TYPE



SPOT MARKET VOLUMES OUT OF BALTIC
QUARTERLY BY TANKER TYPE



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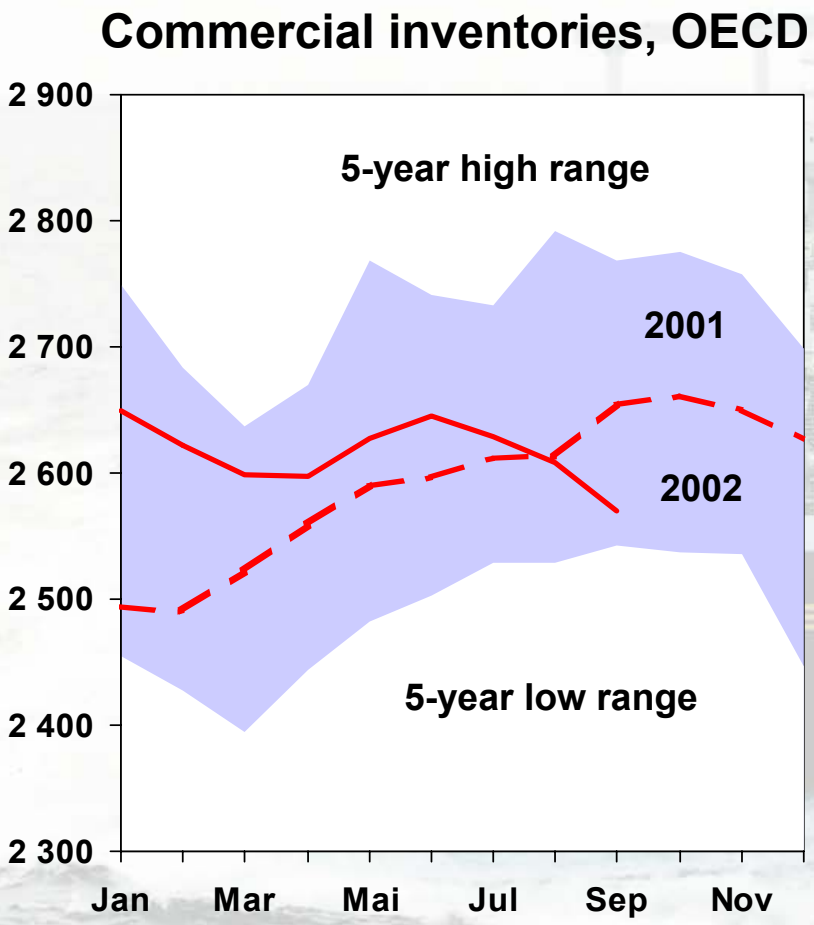
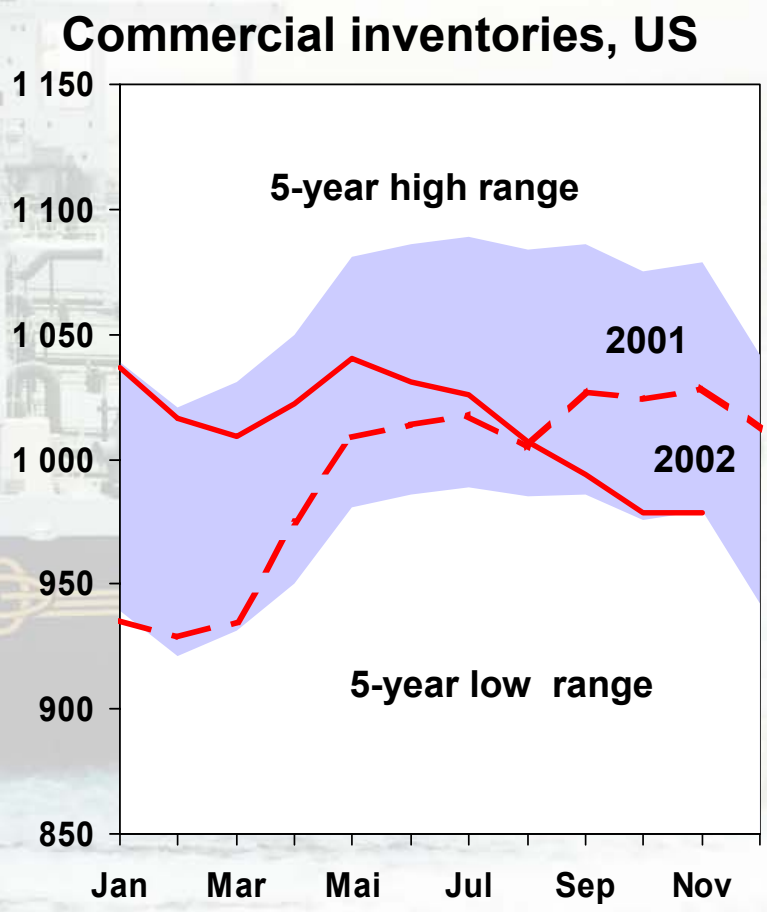
Oil inventories, OECD and US, mb





Source. P.F. Bassøe / IEA

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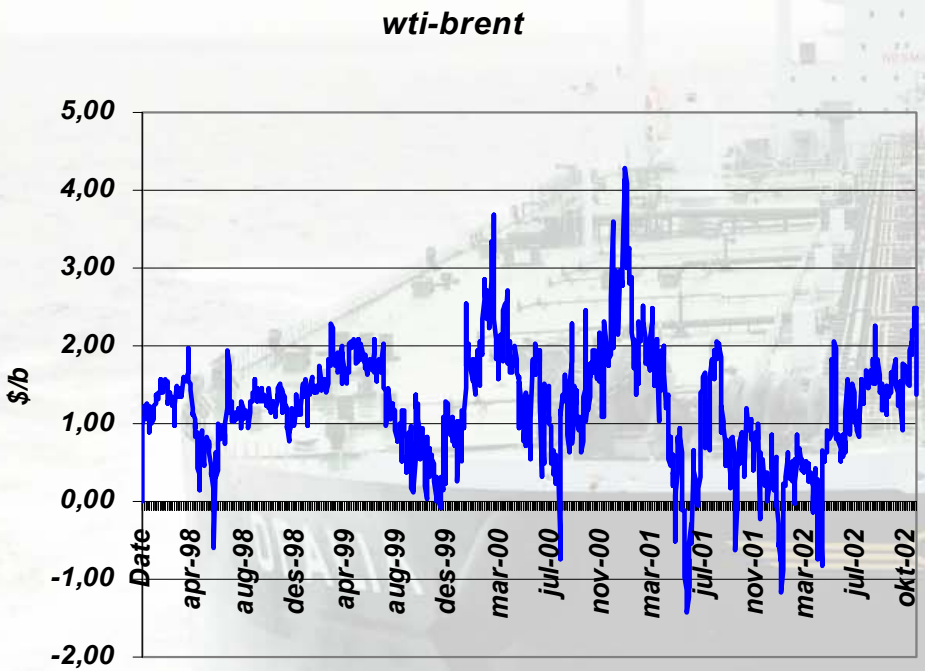
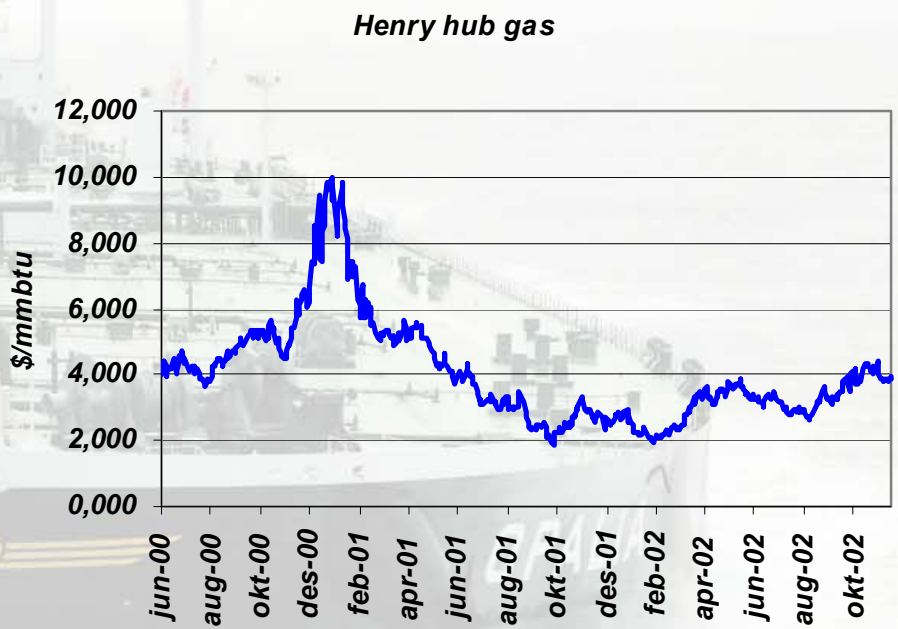
WTI-Brent



Henry Hub Gas



Source: J.P. Morgan

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Estimated call on OPEC 2002

	Avg. 01	Q1 02	Q2 02	Q3 02	Q4 02	Avg. 02
JP Morgan	26,7	26,2	24,8	25,9	26,9	26,0
IEA	26,7	25,6	23,9	25,1	26,2	25,2
US DOE	26,6	26,3	24,2	25,8	25,7	25,5

JP Morgan estimates as of November 15, 2002. IEA and DOE as of November 2002.

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Estimated call on OPEC 2003

	Avg.02	Q103	Q203	Q303	Q403	Avg. 03
JP Morgan	26,0	26,4	25,0	26,2	27,1	26,2
IEA	25,2	24,9	23,7	24,7	25,9	24,8
US DOE	25,5	26,5	24,5	24,9	26,2	25,5

JP Morgan estimates as of November 15, 2002. IEA and DOE as of November 2002.

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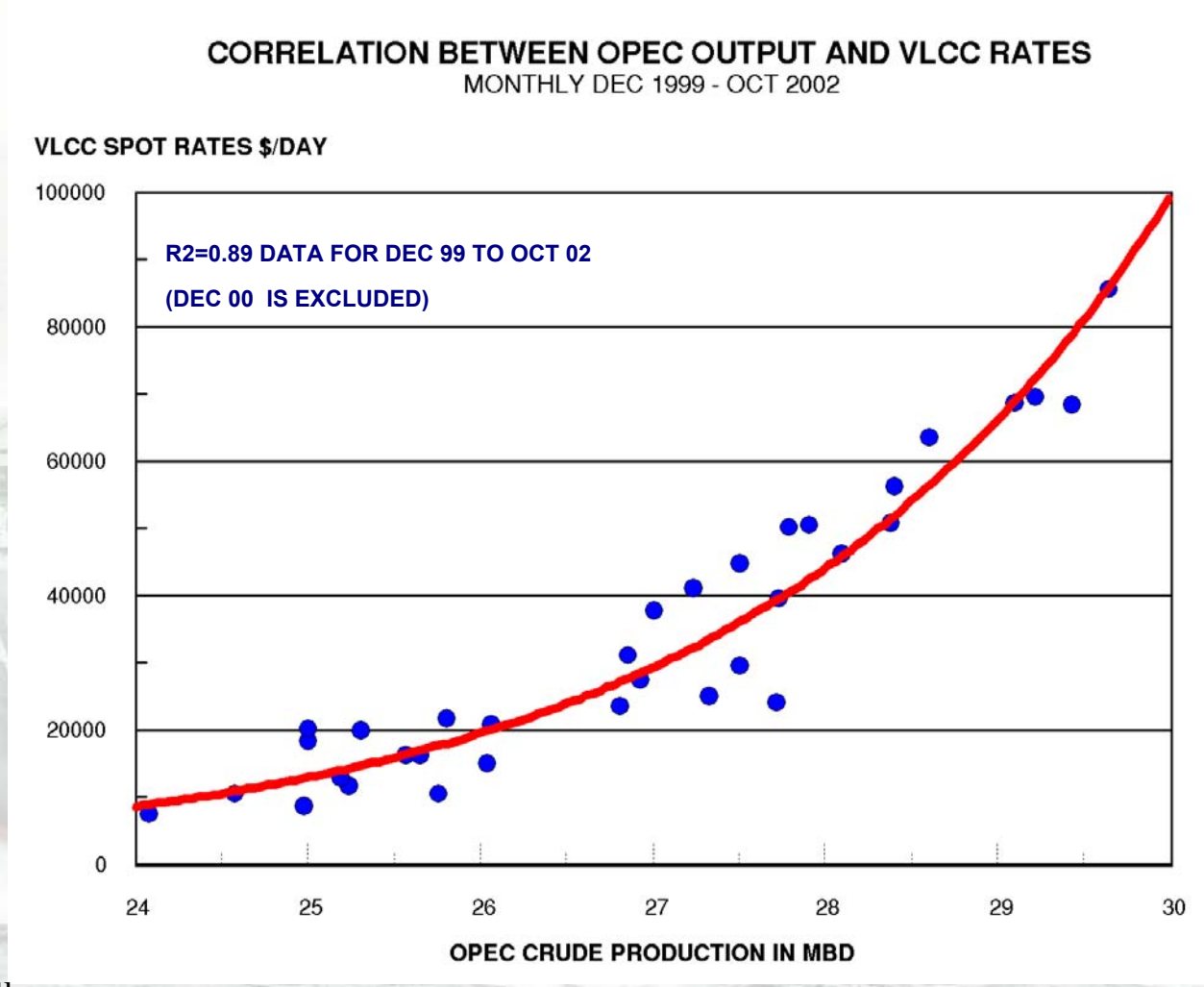
Opec decides VLCC rates



Source: R.S. Platou

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Profit & Loss

Q3 01	Q3 02	USD million	9M 2002	9M 2001	2001
132,4	82,0	Net operating revenues	269,7	537,8	647,3
18,8	-0,6	Gain / loss on sale of vessels	-2,9	34,8	35,6
44,5	53,4	Total expenses	135,4	129,3	176,5
106,8	28,0	Operating profit before depreciation (EBITDA)	131,4	443,3	506,5
31,1	34,9	Depreciation	103,6	89,3	121,7
75,6	-6,9	Operating profit (EBIT)	27,8	354,1	384,8
-36,1	-30,2	Financial items	-81,9	-47,1	-33,9
39,5	-37,2	Net profit (loss) before min. & taxes	-54,1	307,0	350,8
0,3	0,0	Taxes	0,0	0,3	0,4
0,0		Cumulative effect of change in accounting principle		32,3	32,3
39,3	-37,2	Net profit (loss)	-54,1	339,1	382,7
0,51	-0,49	EPS before cumulative effect of change in acc. princ. (USD)	-0,71	3,99	4,57
-	-	Cumulative effect of change in accounting principle	-	0,42	0,42
0,51	-0,49	EPS	-0,71	4,41	4,99

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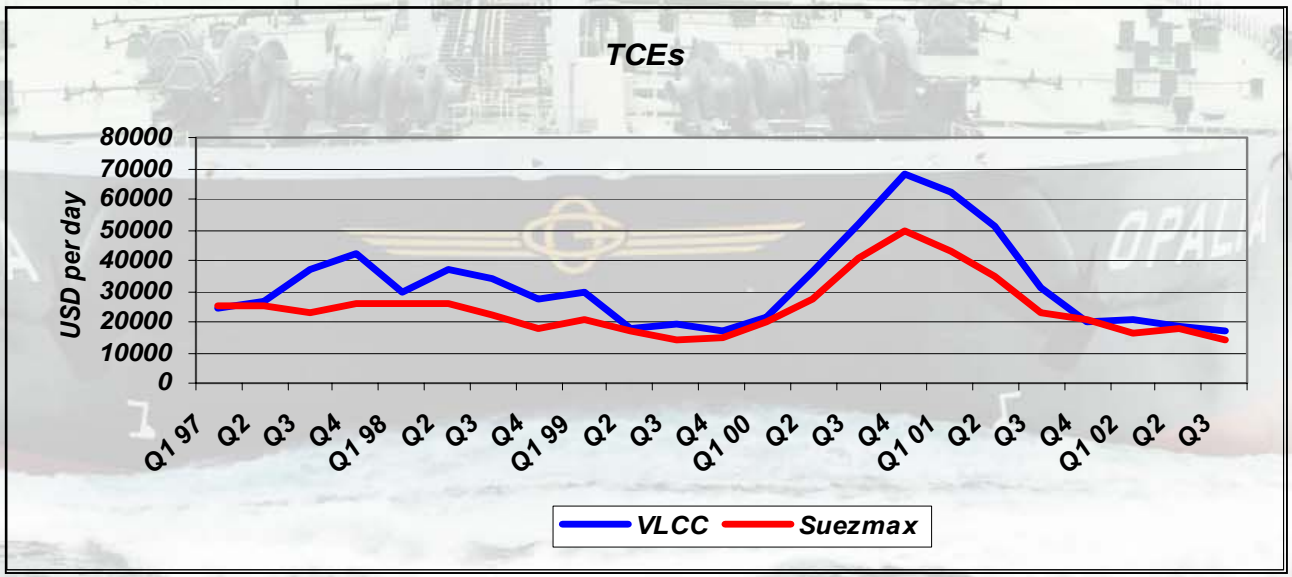
Income on time charter basis

Q3 01	Q3 02		9M 2002	9M 2001	2001
30 800	16 900	VLCC, spot , T/C and B/B vessels	18 900	47 600	40 800
-	14 887	VLCC, spot	16 301	-	-
	25 689	VLCC, T/C and B/B vessels	27 630		
23 100	14 300	Suezmax	16 100	34 100	30 700
23 000	13 400	Suezmax OBO	15 500	31 900	28 900



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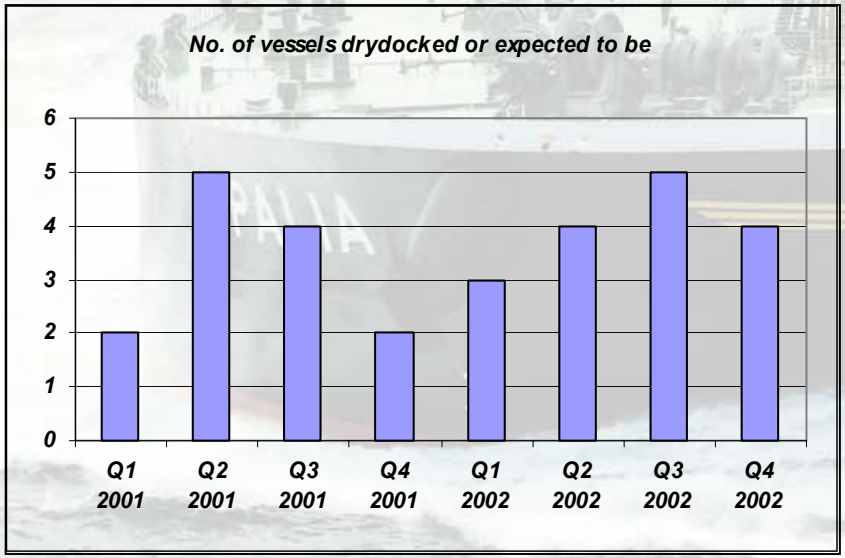
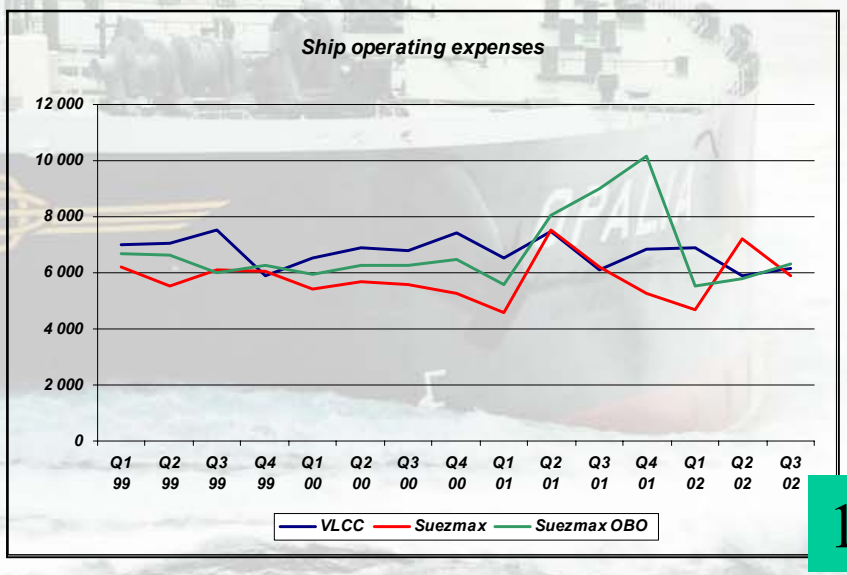
Ship operating expenses (USD/day)

	Q3 2002	9M 2002	Budget 9 M 2002	Total 2001	Total 2000	Total 1999
VLCC	**6 181**	**6 235**	6 283	6 339	6 940	6 828
Suezmax	**5 869**	**5 937**	5 560	5 706	5 476	5 976
Suezmax OBO	**6 296**	**5 868**	5 973	8 996	6 246	6 385
Drybulk	**3 834**	**4 011**	3 715			





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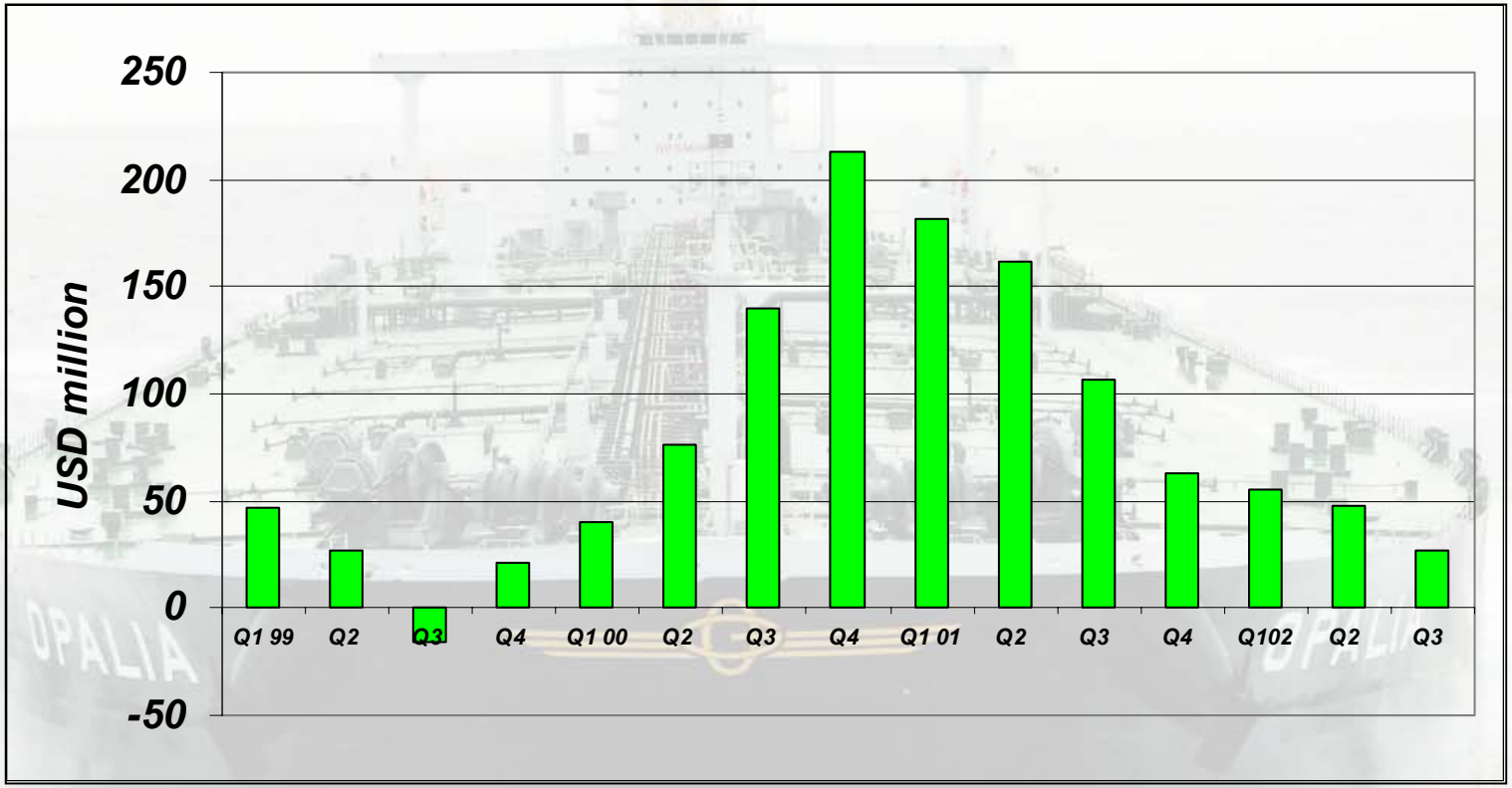
EBITDA



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Financial items

Q3 2001	Q3 2002	USD million	9M 2002	9M 2001	2001
132,4	82,0	Net operating revenues	269,7	537,8	647,3
18,8	-0,6	Gain / loss on sale of vessels	-2,9	34,8	35,6
44,5	53,4	Total expenses	135,4	129,3	176,5
106,8	28,0	Operating profit before depreciation (EBITDA)	131,4	443,3	506,5
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75,6	-6,9	Operating profit (EBIT)	27,8	354,1	384,8
-36,1	-30,2	Financial items	-81,9	-47,1	-33,9
39,5	-37,2	Net profit (loss) before min. & taxes	-54,1	307,0	350,8
0,3	0,0	Taxes	0,0	0,3	0,4
0,0	0,0	Cum. Effect of change in acc. principle	0,0	32,3	32,3
39,3	-37,2	Net profit (loss)	-54,1	339,1	382,7

FX gain 1.4	2,4	Interest income	7,8
	-18,2	Interest expense	-55,4
Equity SL -15.4	-1,4	Share of result in assoc	-9,8
Int. swaps - 0.5	-17,1	Other financial items	-16,4
	4,1	Foreign currency gain / loss	-8,0

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Associated companies

As at 30.09.02	Debt outstanding	Our share	Guarantee liability
•Rasmussen K/S parts	nil	nil	nil
•Front Tobago (40%) partners OSG and Euronav	14,0	5,6	2,4
•Ariake (33%), partner OSG and Euronav	51,5	17,2	4,7
•Sakura (33%), partner OSG and Euronav	51,5	17,2	4,7
•Ichiban (33%), partner OSG and Euronav	47,8	15,9	5,3
•Tanabe (33%), partner OSG and Euronav	50,3	16,7	5,6
•Hakata (33%), partner OSG and Euronav	52,5	17,5	5,8
•Edinburgh (50,1%), partner OSG	27,6	13,8	4,1
•Dundee (50,1%), partner OSG	27,6	13,8	4,1
•Golden Fountain (50%) partner Euronav	32,1	16,0	32,1
•New Circassia (50%) partners Ropner and Runciman	54,2	27,1	54,2
•Pacific Lagoon (50%) partner Euronav	53,8	26,9	53,8
Total =	462,9	187,8	176,9

Yen denominated debt	*119,9*
Our share	*60,0*

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JPY exposure and interest exposure of short term + long term debt and capital leases

Yen denominated debt/capital leases	30.09.2002	30.06.2002	Change
Consolidated	133 091	139 689	-6 598
Associated companies, our share	59 970	78 274	-18 304
Total	193 062	217 963	-24 901

Floating debt	30.09.2002	30.06.2002	Change
Consolidated	1 059 323	1 057 648	1 675
Associated companies, our share	187 828	191 901	-4 074
Total	1 247 151	1 249 549	-2 398

Total debt/capital leases	30.09.2002	30.06.2002	Change
Consolidated	1 661 526	1 665 998	-4 472
Associated companies, our share	187 828	191 901	-4 074
Total	1 849 354	1 857 900	-8 546

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Balance sheet - Assets

USD million	Q3 2002	Q3 2001	2 001
Short term			
Cash and Bank deposits	84,8	117,4	189,3
Marketable securities	1,0	0,3	1,2
Other current assets	90,1	96,6	87,5
Long term			
Newbuildings	65,2	101,0	102,8
Vessels and equipment, net	2 562,5	2 502,8	2 514,2
Associated companies	110,3	98,6	109,9
Goodwill	11,9	14,2	14,0
Deferred charges and other assets	6,0	16,9	15,0
Total assets	2 931,9	2 947,6	3 033,8

Trade rec./	
Voyages in progress	50.4
Prepayment/inventory	31.4
Other	8.3

Oscilla	8.4

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Balance sheet - Assets

USD million	Q3 2002	Q32001	2 001
Short term			
Cash and cash equivalents	84,8	117,4	189,3
Marketable securities	1,0	0,3	1,2
Other current assets	90,1	96,6	87,5
Long term			
Newbuildings and vessel purchase optior	65,2	101,0	102,8
Vessels and equipment, net	2 562,5	2 502,8	2 514,2
Investment in associated companies	110,3	98,6	109,9
Goodwill	11,9	14,2	14,0
Deferred charges and other long-term as:	6,0	16,9	15,0
Total assets	2 931,9	2 947,6	3 033,8

FL	2,414.1
GOGL	154.5

GOGL includes 2 capes, 1 handy and 1 VL

FL Capital lease 201.1 includes 3 VLs

GOGL Capital lease 28.8 includes 1 cape

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Balance sheet - Liabilities

USD million	Q3 2002	Q3 2001	2 001
Short term			
Short term interest bearing debt	213,0	223,9	227,6
Other current liabilities	72,4	70,5	87,5
Long term			
Long term interest bearing debt	1 218,1	1 331,1	1 164,4
Other long term liabilites	252,1	104,0	295,1
Minority		6,1	6,8
Stockholder's equity	1 176,3	1 212,0	1 252,4
Total stockholders' equity and liab.	2 931,9	2 947,6	3 033,8

Corp loans / cr lines	17.5
Ship mort loans core FL	140.3
GOGL	55.1
Corporate loans	9.0
Ship mort loans core FL	1,147.9
GOGL	61.1
FL capital lease	196.9
GOGL cap lease	21.0
Other	34.2

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Remaining N/B commitments

	Q4 02	Q1 03	Q2 03
Gross cap. ex	109	0	59
Bank loan	99	0	50
Equity financing	10	0	9

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Breakeven rates (USD / day)

	Cash Breakeven	P/L Breakeven
VLCC	22 150	21 000
Suezmax	14 200	12 800
Suezmax OBO	14 100	14 400

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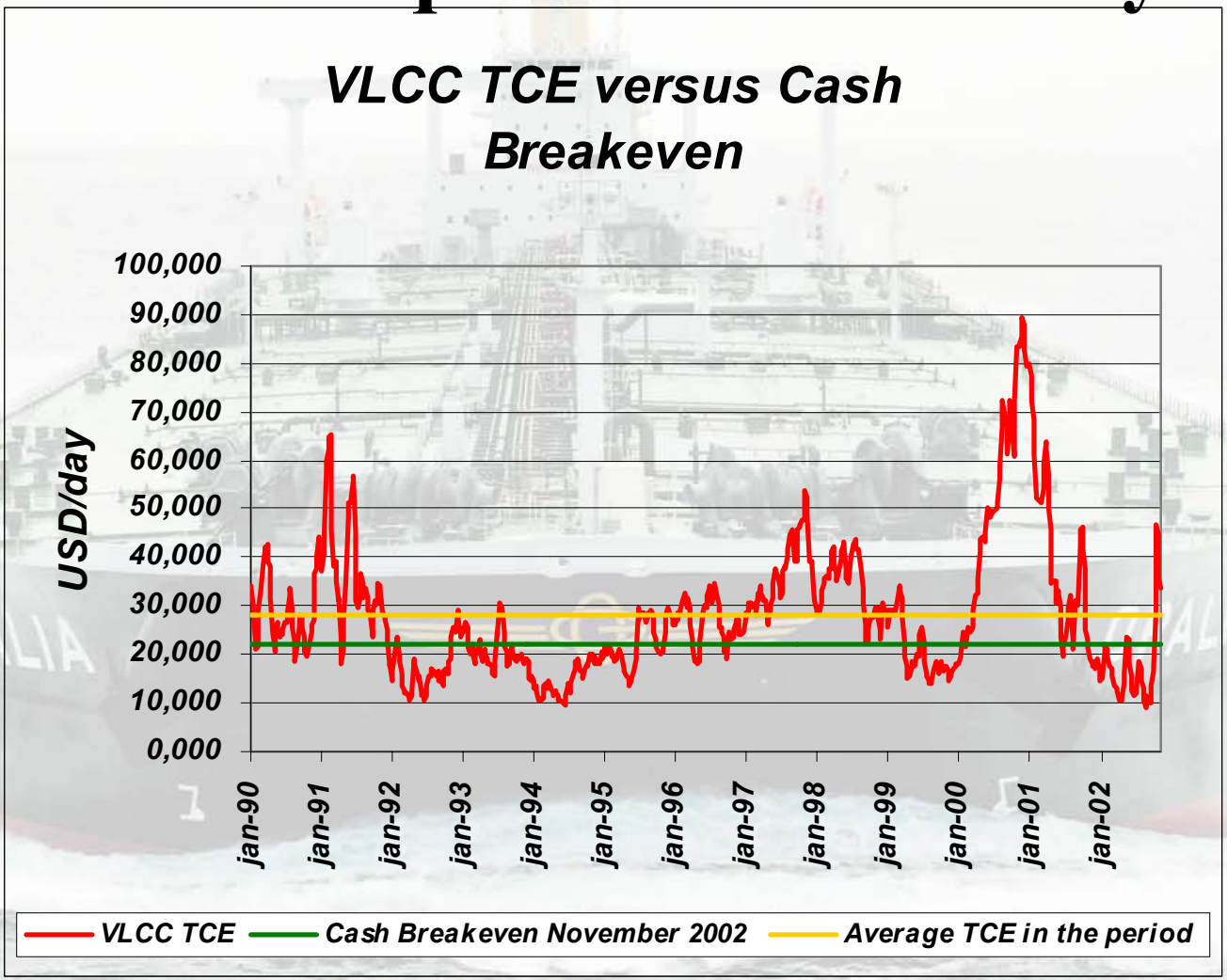
Breakeven requirements are very low



Source TCE: Clarksons

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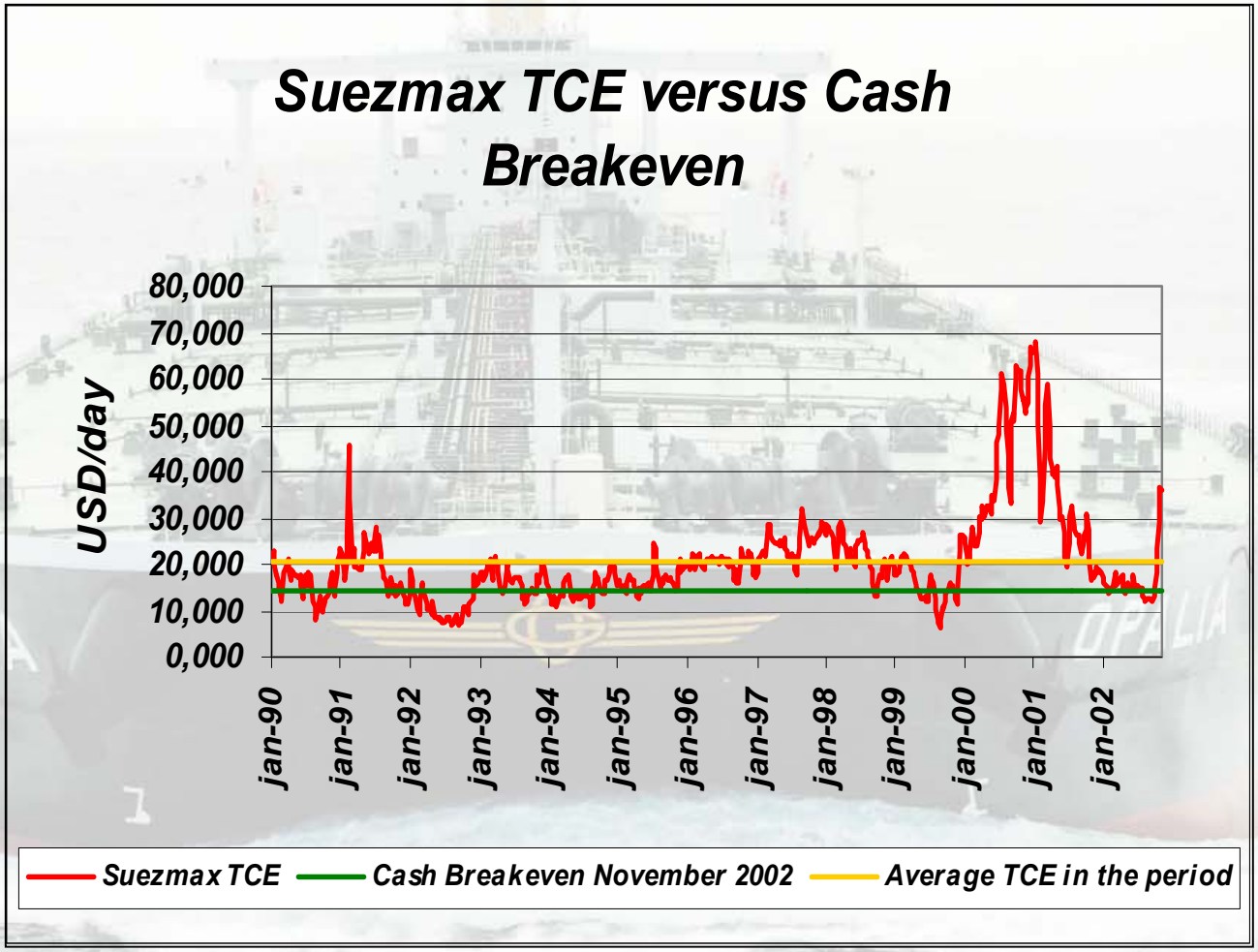
Breakeven requirements are very low



Source TCE: Clarksons

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Appendixes

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Income on time charter basis

Q3 01	Q3 02	USD'000s	9M 2002	9M 2001	2 001
50 035	31 093	VLCC, spot	89 084	214 353	243 886
-	11 920	VLCC, T/C and B/B vessels	44 540	-	-
42 073	26 919	Suezmax	89 402	181 590	220 787
16 133	9 620	Suezmax OBO	33 289	65 372	79 435

Q3 01	Q3 02	Trading days minus off hire	9M 2002	9M 2001	2 001
1 625	2 089	VLCC, spot	5 465	4 504	5 973
-	464	VLCC, T/C vessels	1 612	-	-
1 818	1 885	Suezmax	5 559	5 324	7 195
703	718	Suezmax OBO	2 141	2 052	2 746

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Total expenses

Q3 2001	Q3 2002	USD million	9M 2002	9M 2001	2001
32,2	29,0	Ship operating expenses	86,4	89,6	121,5
10,5	19,7	Charterhire expenses	39,3	31,5	41,9
1,8	4,7	Administrative expenses	9,7	8,1	13,2

Increased with
4 BP vessels from Q3

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Off balance sheet vessels

- Front Century
- Front Champion
- Front Warrior
- Golden Victory

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Estimated oil demand/supply 2002

	Avg. 01	Q102	Q202	Q302	Q402	Avg. 02
Demand*	76,4	76,9	75,6	76,5	78,0	76,8
Supply*	76,9	75,8	75,4	76,2	77,9	76,4

*)Based on JP Morgan estimates as of November 15, 2002

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Estimated oil demand/supply 2003

	Avg. 02	Q103	Q203	Q303	Q403	Avg. 03
Demand*	76,8	77,8	76,3	77,5	78,7	77,6
Supply*	76,4	77,8	77,2	77,8	78,4	77,8

*)Based on JP Morgan estimates as of November 15, 2002

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Oil production

	2000	2001	2002	Change 2000 - 2002
Canada	2,68	2,74	2,85	0,17
Mexico	3,45	3,56	3,59	0,14
USA	8,11	8,05	8,10	
Argentina	0,82	0,82	0,80	
Brazil	1,50	1,58	1,77	0,27
Colombia	0,71	0,63	0,59	-0,12
Ecuador	0,41	0,42	0,39	
Denmark	0,37	0,35	0,37	
Norway	3,35	3,42	3,31	
UK	2,60	2,45	2,42	-0,18
Oman	0,96	0,96	0,90	
Syria	0,54	0,55	0,53	
Yemen	0,54	0,46	0,46	
Australia	0,82	0,73	0,72	-0,1
Brunei	0,20	0,20	0,19	
China	3,25	3,31	3,38	
India	0,79	0,78	0,76	
Malaysia	0,81	0,79	0,80	
Vietnam	0,32	0,35	0,32	
Angola	0,75	0,73	0,90	0,15
Egypt	0,80	0,76	0,73	
Gabon	0,33	0,30	0,29	
Total	34,11	33,94	34,17	
Other / smaller prod		2,40	2,44	
Refinery proc gain		1,76	1,79	
Non OPEC supply ex FSU		38,10	38,40	

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Oil production

	2000	2001	2002	Change 2000 - 2002
Russia	6,54	7,05	7,59	1,05
Kazakhstan	0,75	0,83	0,95	0,2
Other FSU	***0,75***	***0,77***	***0,79***	
FSU	8,04	8,65	9,33	
OPEC NGL / Condensate		2,90	3,00	
Call on OPEC crude		26,70	26,00	
Stockbuild		0,50	-0,40	
OPEC crude		27,20	25,50	

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Difference in TCE – old/modern VLCCs

Needed daily cash to cover expenses:

Daily op ex	8000
D/D res / upgrading (USD 2 million per 2.5 years)	2200
Cash cover	10200

TC modern VLCC	21000
- difference extra speed / consumption TT	-9000
- tech offhire 20 days extra	-700
- commercial offhire 50 days	-1700
Effective TC old TT	9600

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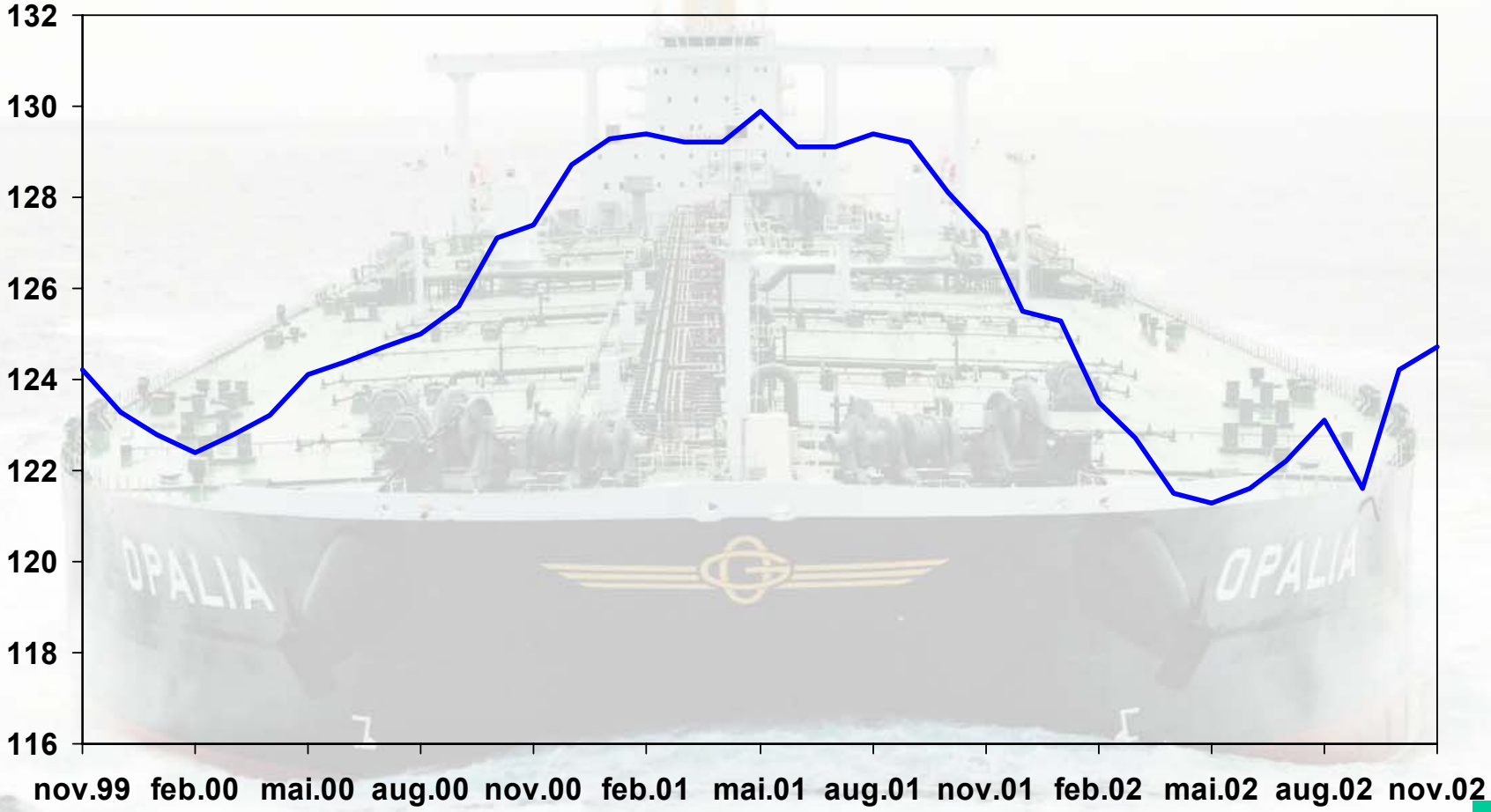
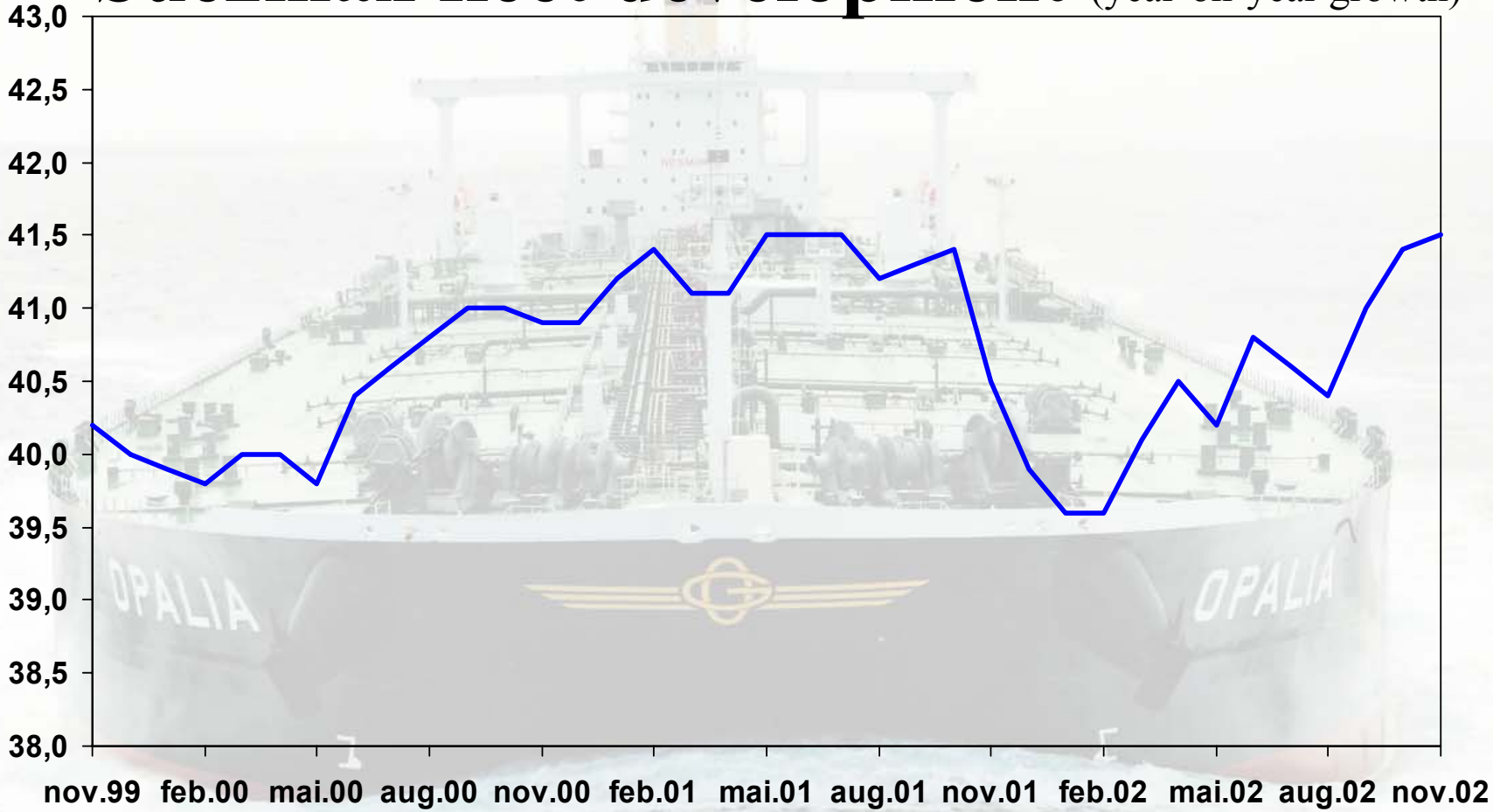
VLCC fleet development (year-on-year growth)



Source: P.F. Bassøe

FRONTLINE

Suezmax fleet development (year-on-year growth)



Source: P.F. Bassøe