

"A Changing Company"



The Company

- The world's largest tanker company listed NYSE and Oslo
 - Current Market Cap USD 900 million
 - Daily trading volume in excess of USD 20 million
 - Total fleet 72 vessels VLCC / Suezmaxes
 - Exclusive transportation agreement with BP
 - Manager for Sonangol vessels
- 

Frontline – The Fleet



40 + 1 N/B VLCCs incl. 11 J/V
Equals 34.6 vessels on a 100% basis



Oldest ship from 1990

Average age: 6.5 years - Industry average 10.5 years

Double hull tonnage: 71 % - Industry average 52 %

23 Suezmaxes



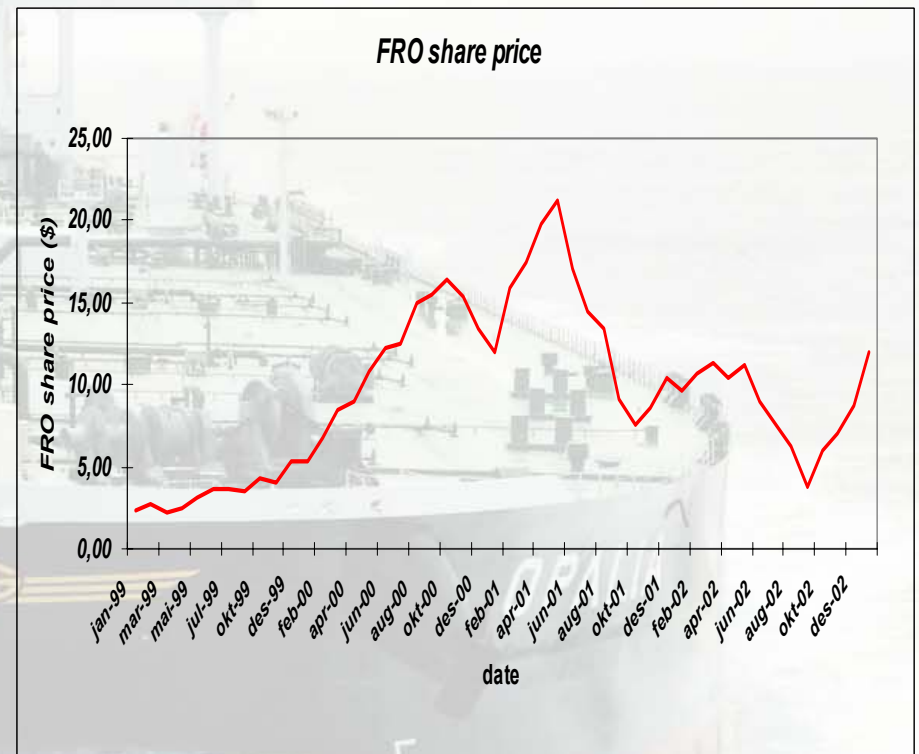
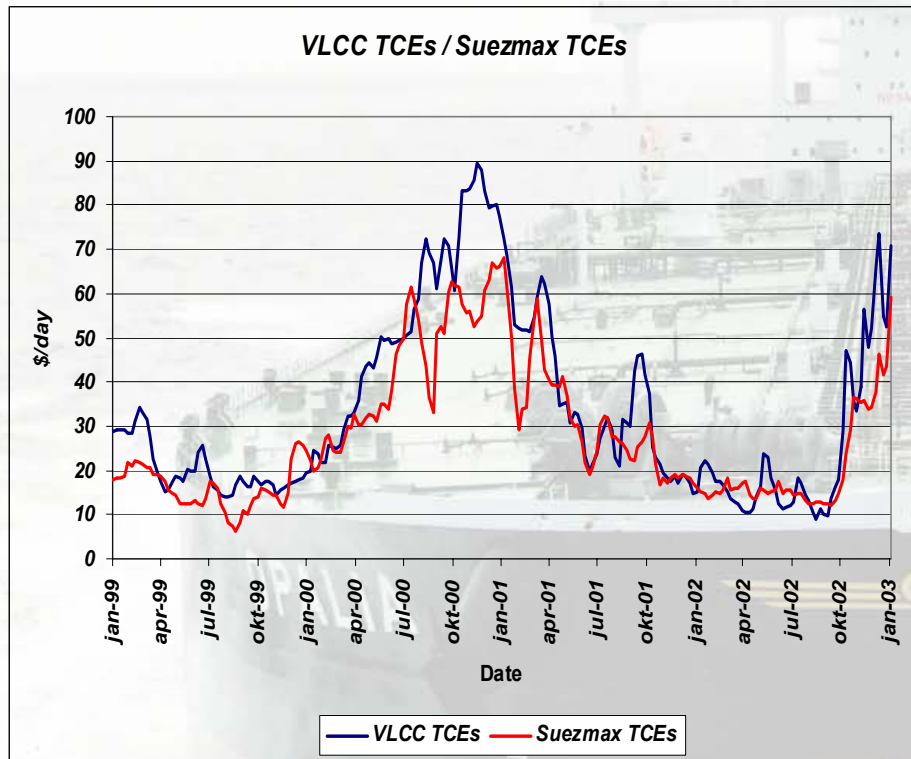
8 Suezmax OBOs

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



What Happened ?

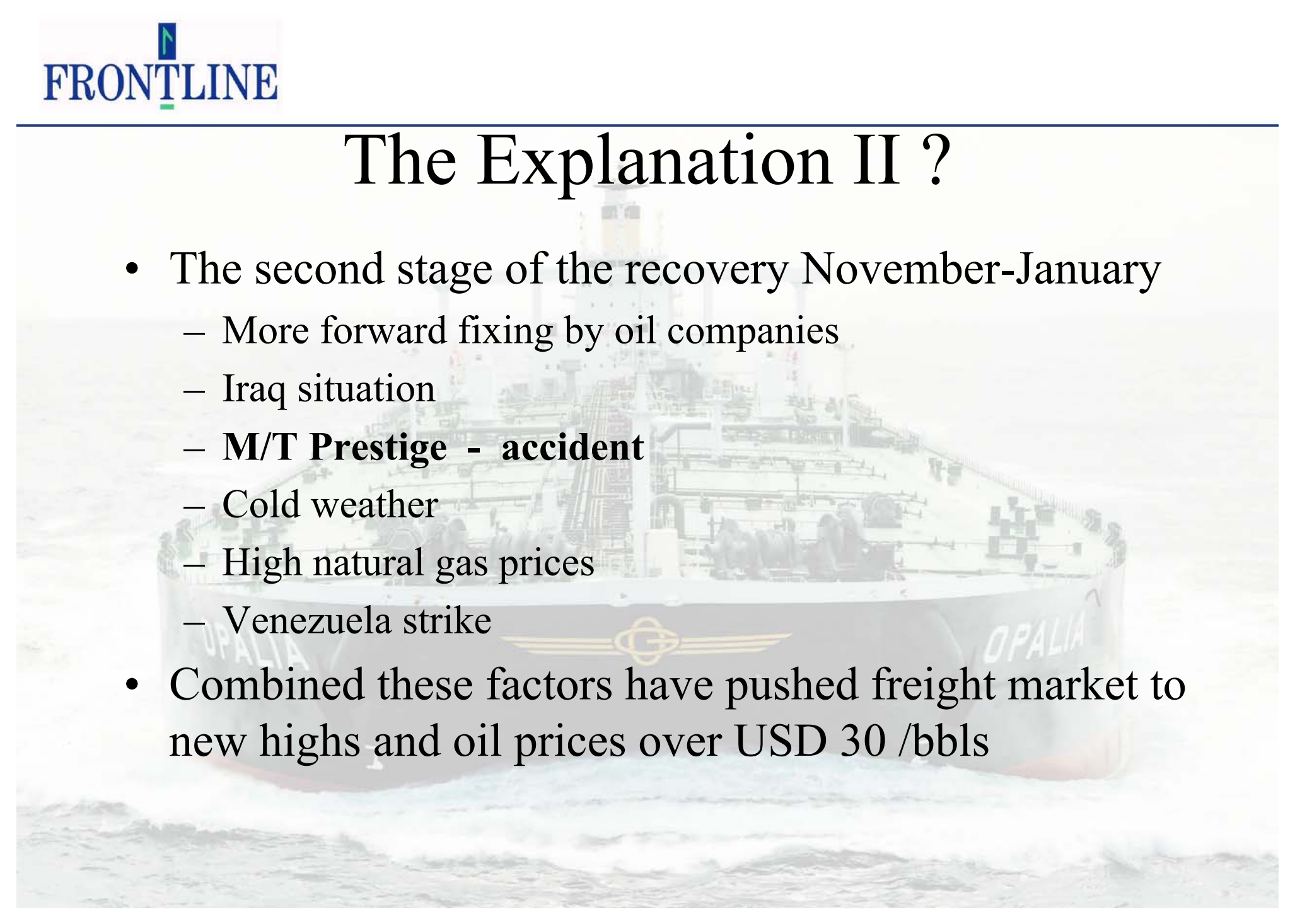
T/C Rates / Frontline Share Price



The Explanation I ?

- Start-up August 2002
 - Low OPEC production
 - Low inventory levels
 - VLCC fleet lower than when market peaked in 2000
- Development September – October
 - Increased seasonal demand
 - Weather shutdown of production US Gulf
 - Strong growth in Asia (India, China, Korea, Taiwan)
 - Japan / Korea nuclear shutdown
 - Positive refinery margin in US
 - Rapidly falling oil inventories
 - Dollar weakened against Won / Yen
- Met by increased OPEC production – Higher Rates

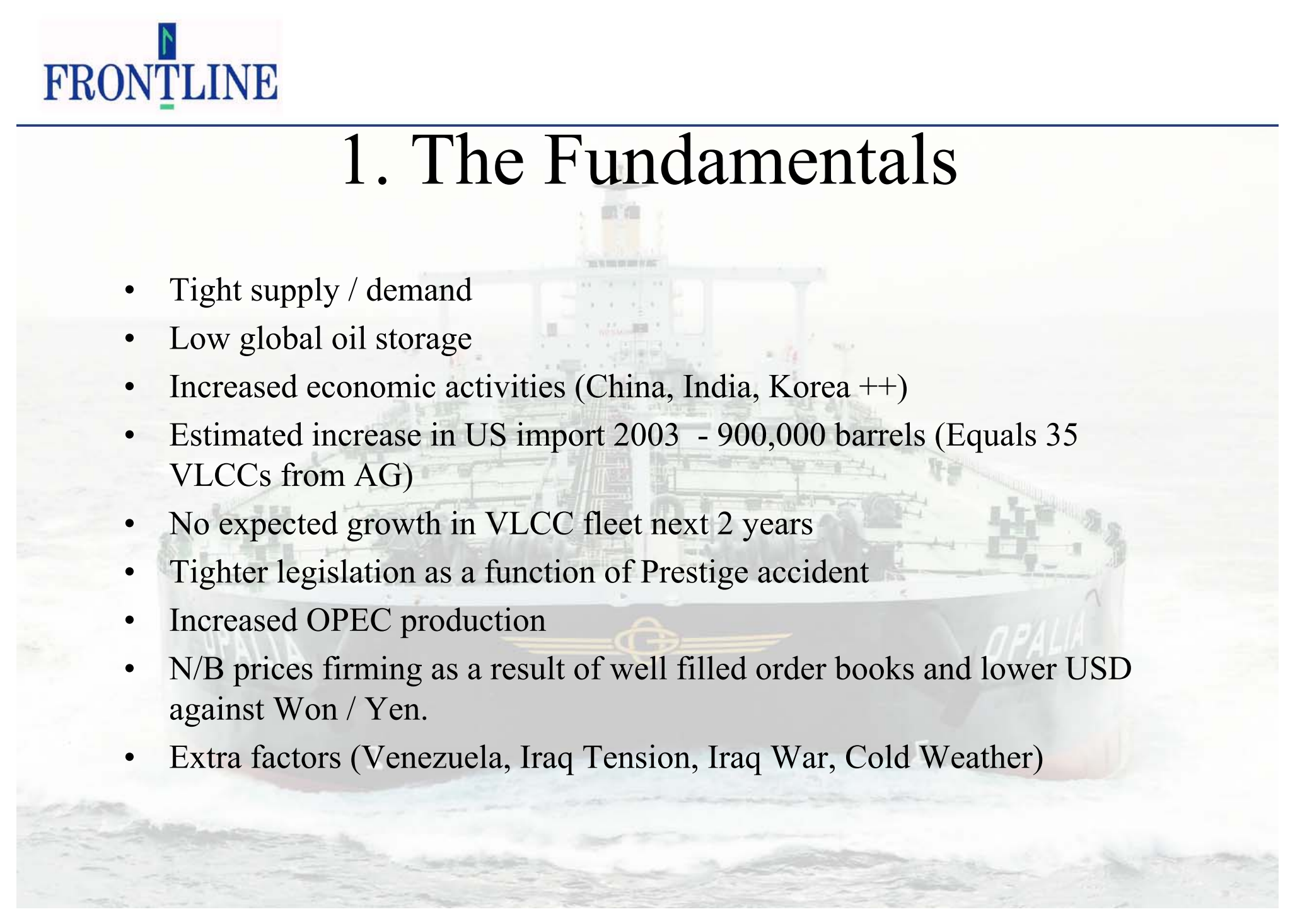
The Explanation II ?

- The second stage of the recovery November-January
 - More forward fixing by oil companies
 - Iraq situation
 - **M/T Prestige - accident**
 - Cold weather
 - High natural gas prices
 - Venezuela strike
 - Combined these factors have pushed freight market to new highs and oil prices over USD 30 /bbls
- 
- A large oil tanker ship, the M/T Prestige, is shown at sea. The ship is dark-colored with a white superstructure. The name "OPALIA" is visible on the side of the hull. The ship is moving through the water, creating a white wake. The background is a hazy, overcast sky.

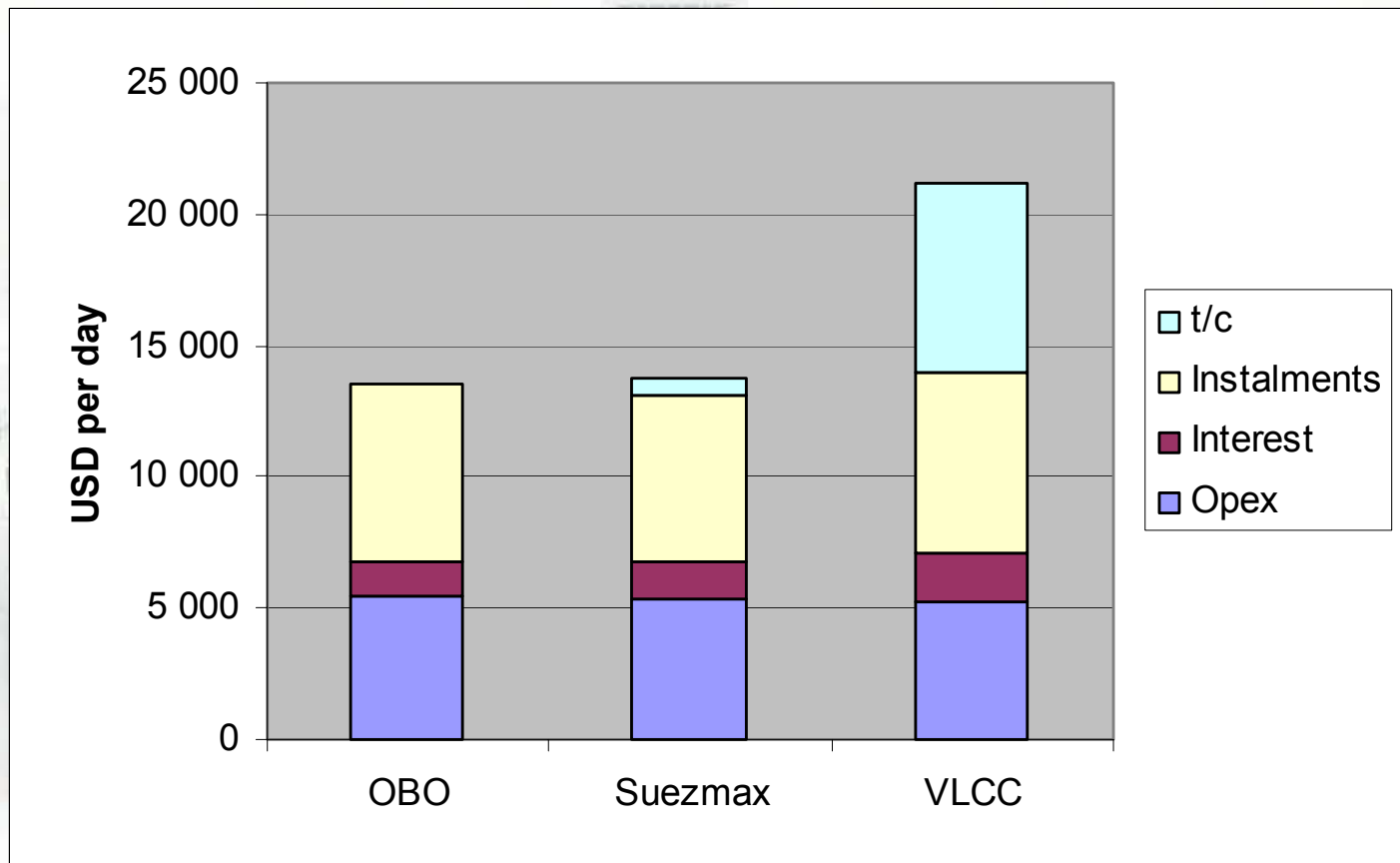
Six Frontline Arguments



1. The Fundamentals

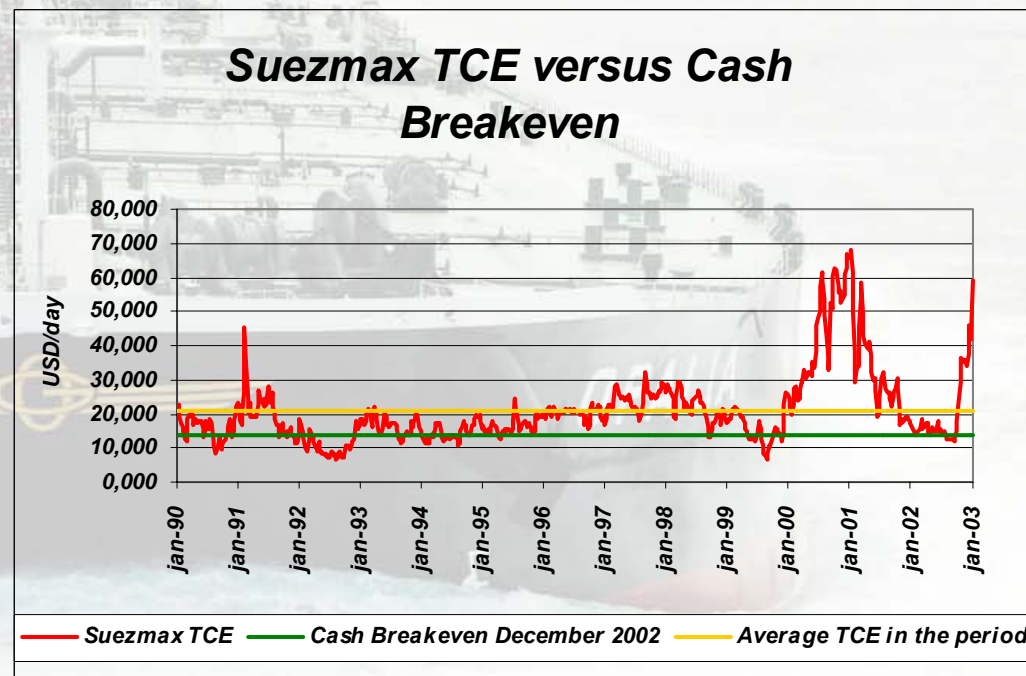
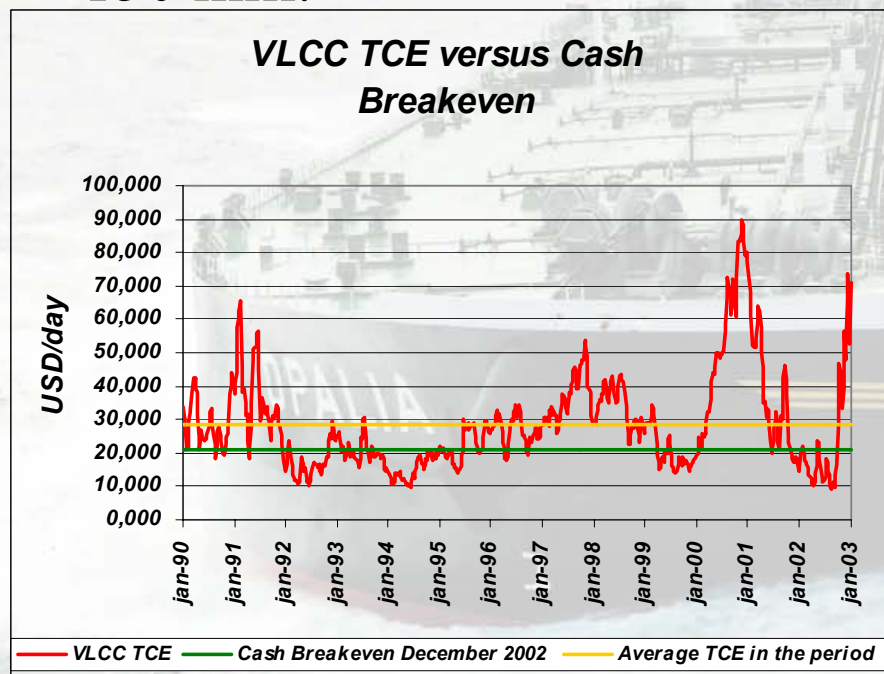
- Tight supply / demand
 - Low global oil storage
 - Increased economic activities (China, India, Korea ++)
 - Estimated increase in US import 2003 - 900,000 barrels (Equals 35 VLCCs from AG)
 - No expected growth in VLCC fleet next 2 years
 - Tighter legislation as a function of Prestige accident
 - Increased OPEC production
 - N/B prices firming as a result of well filled order books and lower USD against Won / Yen.
 - Extra factors (Venezuela, Iraq Tension, Iraq War, Cold Weather)
- 
- A large oil tanker ship, the OPALIA, is shown at sea. The ship is dark-colored with a white superstructure. The name "OPALIA" is visible on the side of the hull. The ship is moving through the water, creating a white wake.

2. Low Cash Breakeven



3. History

The average TCE rate for the last 12 years is USD 28.600 p/day for VLCCs and USD 21.000 p/day for Suezmax. Based on these rates the Company will make a Net Income in 2003 of approximately USD 150 mill.



4.A Cash Machine

An illustrative Calculation Exercise

T/C Rates [USD/day]	50 000	35 000
Cash Break Even [USD/day]	21 200	13 800
No of vessels exposed to spot	31	29
Daily Cash Generation [USD]	892 800	614 800
Total [USD/day]		1 507 600

Today's fixing rates are :

<i>VLCC</i>	<i>90.000 [USD/day]</i>
<i>Suez</i>	<i>60.000 [USD/day]</i>

5. The Exposure

NAV Development

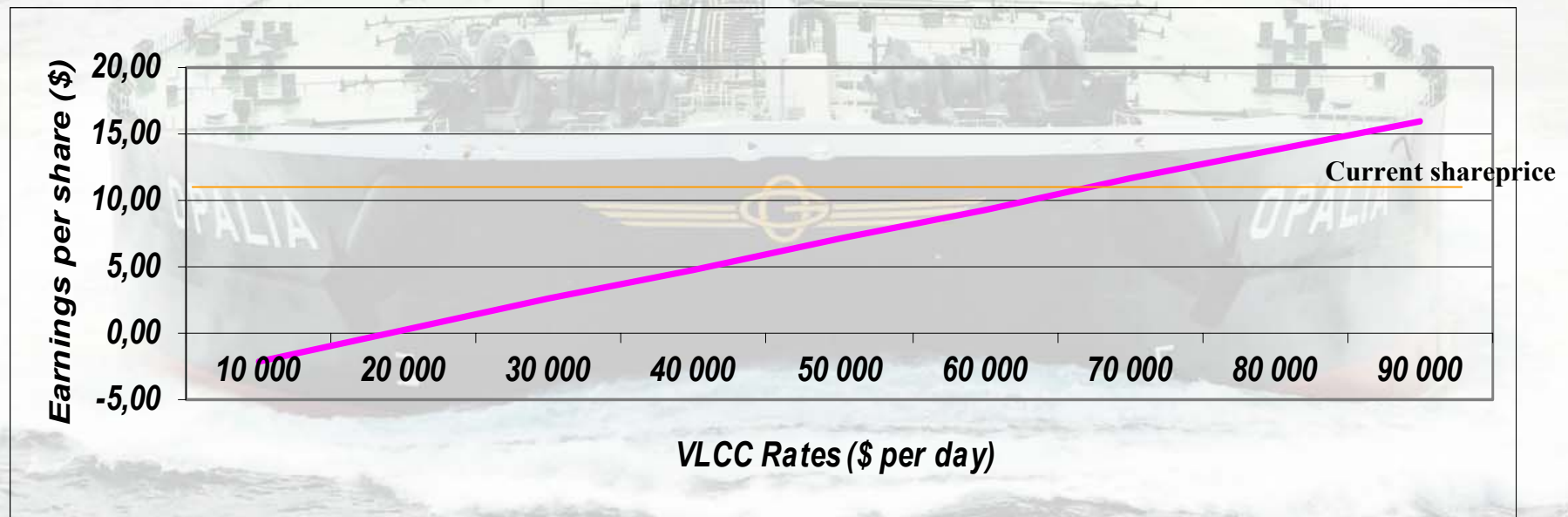
+/- 10 % in ship prices

+/- USD 4 per share

One Quarter TCE 50'/35'

+ USD 2 per share

The Earnings Sensitivity



6. A Changing Company

	2000- 2002	2003(Half year)
Vessels	38	72
Cash (\$ mill.)	65	200 +
Cap.Ex (\$ mill.)	1.700	59
Net Cap Ex. (\$ mill.)	700	9
Corporate debt (\$ mill.)	150	11
VLCC B/E (\$/day)	24.100	21.200
Suezmax B/E (\$/day)	18.200	13.800

Final Comments :

- *Good News to all the Bears who believe that tankers rates will fall later this year.*
- *You are most likely right. VLCC rates of USD 90 - 100.000 per/day and rolling P/E level of less than 1 will not last. However remember :*
 1. The Prestige Accident Changed the Tanker Market.
 2. Oil Inventories are at historic lows.
 3. N/B prices and second hand values are moving upwards
 4. High economic growth in Asia, signs of recovery in US.
 5. VLCC FFA market for Q 2-4 – 2003 pays USD 30.000 per day.
 6. One year T/C VLCC USD 33.000 + implies Frontline Net Income of approximately USD 250 mill.
 7. Frontline is changing.



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

Balance Sheet

Assets	Q3 2002	Q3 2001	2 001	Liabilities/Equity	Q3 2002	Q3 2001	2 001
USD million							
Short term				Short term			
Cash and Bank deposits	84,8	117,4	189,3	Short term interest bearing debt	213,0	223,9	227,6
Marketable securities	1,0	0,3	1,2	Other current liabilities	72,4	70,5	87,5
Other current assets	90,1	96,6	87,5				
Long term				Long term			
Newbuildings	65,2	101,0	102,8	Long term interest bearing debt	1 218,1	1 331,1	1 164,4
Vessels and equipment, net	2 562,5	2 502,8	2 514,2	Other long term liabilities	252,1	104,0	295,1
Associated companies	110,3	98,6	109,9	Minority	0,0	6,1	6,8
Goodwill	11,9	14,2	14,0	Stockholder's equity	1 176,3	1 212,0	1 252,4
Deferred charges and other assets	6,0	16,9	15,0				
Total assets	2 931,9	2 947,6	3 033,8	Total stockholders' equity and liab.	2 931,9	2 947,6	3 033,8