



FRONTLINE

Q3 2011 Results
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November 22, 2011

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Agenda

- ❑ Third Quarter 2011 Highlights and Transactions
- ❑ Financial Review
- ❑ Newbuildings
- ❑ Market Update
- ❑ Outlook
- ❑ Q & A



Highlights and Transactions

- Charters for three single hull VLCCs terminated
 - Titan Orion, Titan Aries and Ticen Ocean was simultaneously sold by Ship Finance to an unrelated third party
 - Upon delivery to new owners, expected Q1-12, Q4-12 and Q3-13, Frontline will receive compensation payments of \$9.4m, \$6.5m and \$10.2m respectively

- Sale of three Suezmax tankers
 - Front Fighter (Oct), Front Hunter (Nov) and Front Delta (Nov)
 - The transactions resulted in net cash outflows of \$2.6m, \$0.1m and \$1.5m respectively

- Terminated the long term charter for the OBO carrier Front Striver
 - In relation to the early termination, Frontline paid compensation of \$8.1m to Ship Finance
 - The transaction reduced capital lease obligations by \$10.2 resulting in a loss of \$9.3m, expected to be recognized in Q4-11

- Established Orion Tankers
 - 50/50 joint venture with Nordic American Tankers consisting of 29 Suezmax tankers
 - Operational in Q4-11

Financial Highlights

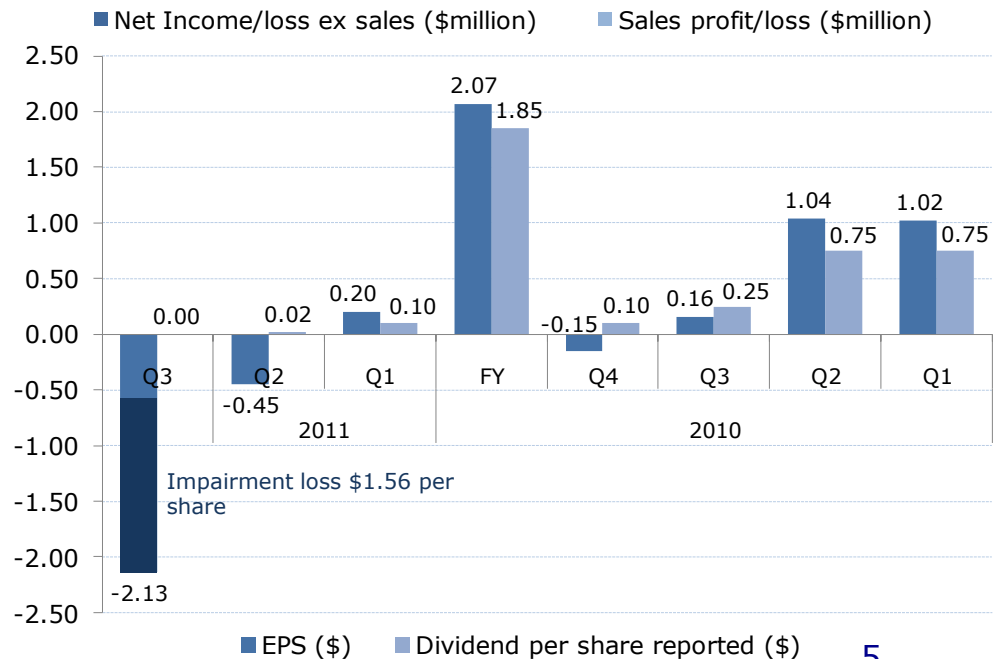
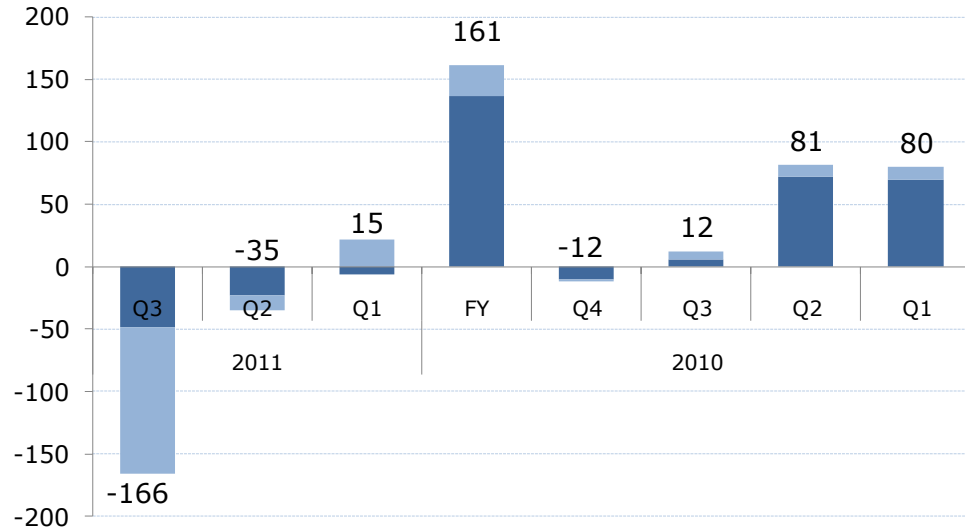
Q3 -11 results

- Net loss (ex. impairment): \$44.7m
- Loss per share (ex. impairment): \$0.57
- Recognized impairment loss of \$121.4m
- Net loss: \$166.2m

Dividend declared per share Q3-11: \$0

Share price NYSE 18 November 2011: \$5.79

- Market cap: \$451m

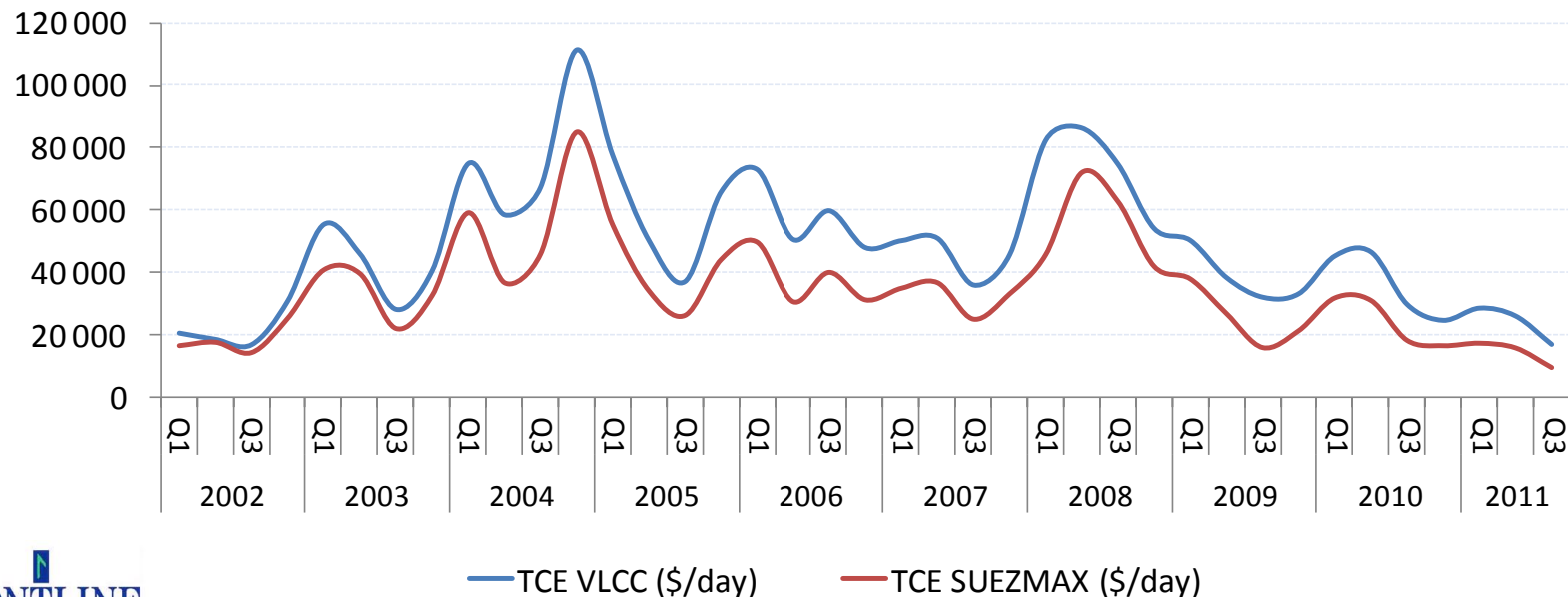


Income Statement

2010 Jul-Sept	2011 Jul-Sept	CONDENSED CONSOLIDATED INCOME STATEMENTS <i>(in thousands of \$)</i>	2011 Jan-Sept	2010 Jan-Sept	2010 Jan-Dec
251,111	173,914	Total operating revenues	628,121	939,050	1,165,215
6,843	3,787	Gain on sale of assets and amortization of deferred gains	4,984	26,324	30,935
71,195	72,061	Voyage expenses and commission	228,114	215,356	282,708
5,839	(1,581)	Profit share expense (income)	829	28,584	30,566
49,555	45,378	Ship operating expenses	147,912	142,095	195,679
20,543	16,740	Charter hire expenses	50,843	116,941	134,551
8,400	9,871	Administrative expenses	26,489	23,913	31,883
-	121,443	Impairment loss on vessels	121,443	-	-
53,985	49,603	Depreciation	151,540	159,879	212,851
209,517	313,515	Total operating expenses	727,170	686,768	888,238
48,437	(135,814)	Net operating income (loss)	(94,065)	278,606	307,912
2,732	251	Interest income	3,929	10,708	13,432
(39,175)	(32,522)	Interest expense	(104,309)	(112,241)	(149,918)
(120)	(111)	Share of results from associated companies	(411)	(405)	(515)
338	21	Foreign currency exchange gain	171	519	622
561	1,707	Other non-operating items	9,969	(2,064)	(7,311)
12,773	(166,468)	Net (loss) income before taxes and noncontrolling interest	(184,716)	175,123	164,222
(52)	(76)	Taxes	(183)	(156)	(218)
12,721	(166,544)	Net (loss) income	(184,899)	174,967	164,004
(463)	388	Net (income) loss attributable to noncontrolling interest	(1,036)	(1,715)	(2,597)
12,258	(166,156)	Net (loss) income attributable to Frontline Ltd.	(185,935)	173,252	161,407
-	121,443	Impairment loss on vessels	121,443	-	-
12,258	(44,713)	Net (loss) income, excluding impairment loss, attributable to Frontline Ltd.	(64,492)	173,252	161,407
\$0.16	\$(2.13)	Basic (loss) earnings per share (\$)	\$(2.39)	\$2.23	\$2.07
-	\$(1.56)	Impairment loss per share	\$(1.56)	-	-
\$0.16	\$(0.57)	Basic (loss) earnings per share, excluding impairment loss (\$)	\$(0.83)	\$2.23	\$2.07

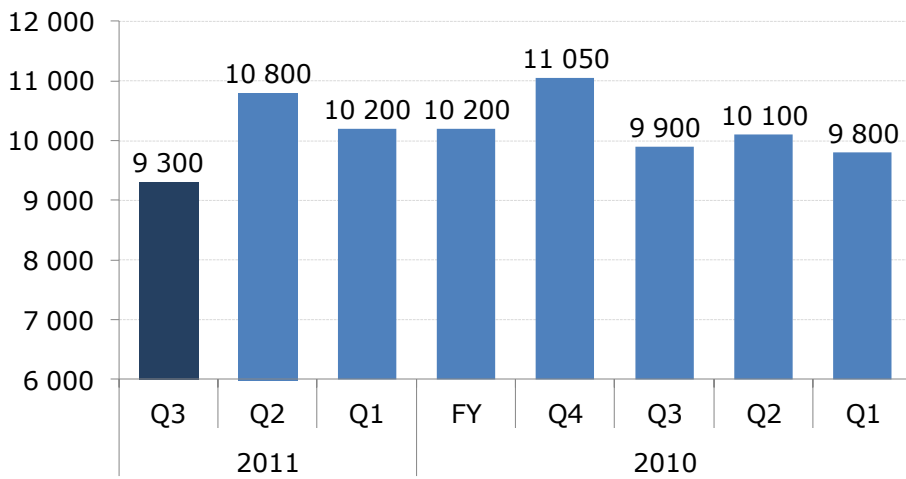
Income on time charter basis

\$/day	2011				2010			
	YTD	Q3	Q2	Q1	FY	Q3	Q2	Q1
VLCC Spot DH	21 300	12 600	23 900	27 400	36 800	30 000	50 020	49 200
VLCC Spot SH	18 500	0	0	19 800	22 500	24 400	22 100	23 600
VLCC Spot	21 300	12 600	23 900	27 200	36 300	29 900	49 500	47 500
VLCC w hole fleet	24 000	17 000	26 100	28 600	35 900	29 800	46 600	45 300
VLCC Spot excl. spot index charters	22 900	14 600	25 700	28 200	38 100	30 200	51 900	54 000
Suezmax Spot DH	12 700	7 800	14 500	16 000	24 200	15 700	30 300	30 600
Suezmax w hole fleet	14 200	9 500	15 800	17 300	25 800	18 200	31 000	31 800
Gemini Suezmax pool	14 000	7 600	16 200	17 700	24 900	17 500	29 800	30 900
OBO	35 300	38 200	31 300	36 300	47 400	48 600	47 700	47 900

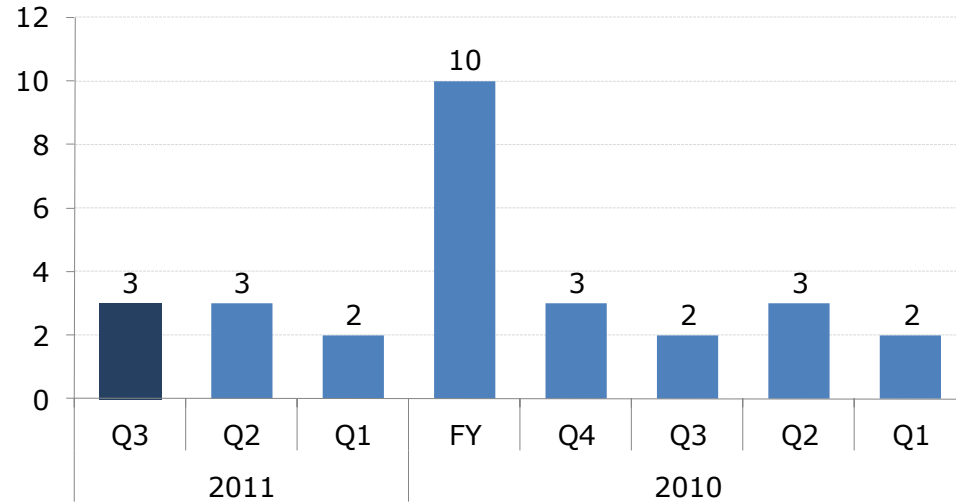


Ship operating expenses/Off-hire

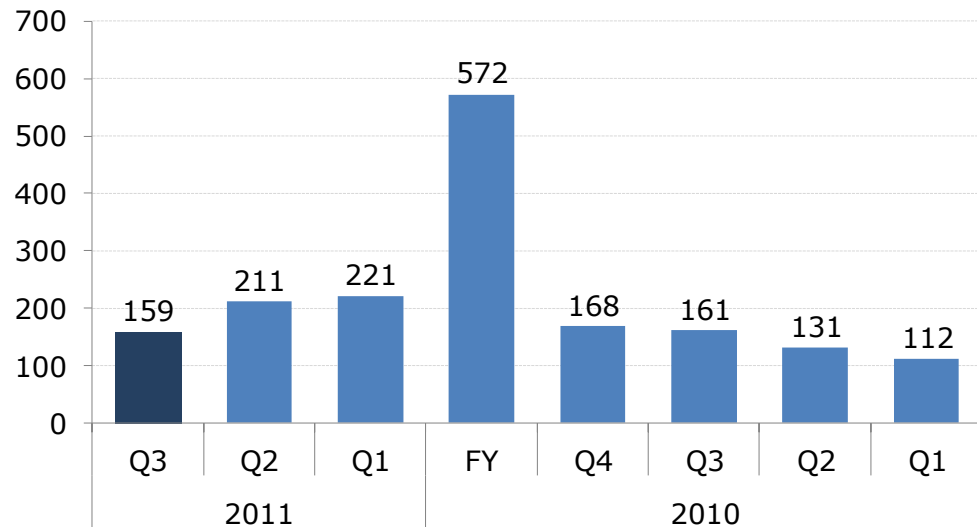
Total fleet opex (\$/day)



Number of vessels drydocked



Off hire (days)



- Tentative drydock schedule/no. of vessels
- Q4-11: 1

Balance Sheet

Balance sheet (in \$ million)	2011 Sep 30	2011 Jun 30	2010 Dec 31
Cash	191	173	177
Restricted cash	99	190	182
Other Current assets	152	176	229
Vessels held for sale	29	-	-
Long term assets:			
Restricted cash	58	58	62
Vessels	2 433	2 633	2 858
Newbuildings	247	231	224
Other long term assets	64	65	66
Total assets	3 274	3 526	3 798
Current liabilities	352	407	504
Long term liabilities	2 364	2 394	2 535
Noncontrolling interest	13	13	12
Frontline Ltd. stockholders' equity	545	712	747
Total liabilities and stockholders' equity	3 274	3 526	3 798

Cash Cost Breakeven

Estimated Cash cost breakeven rates

for the remainder of 2011 (\$/day)

VLCC	30,200
Suezmax	23,600
OBO	21,200

Comments to B/E rates:

- ❑ Included in cash B/E rates are: BB hire/installments & interest loans + opex and admin. costs.
- ❑ B/E rates exclude vessels on short term TC-in, vessels on BB-out, capex. and balloon payments on loans.

Newbuildings



Newbuildings Overview

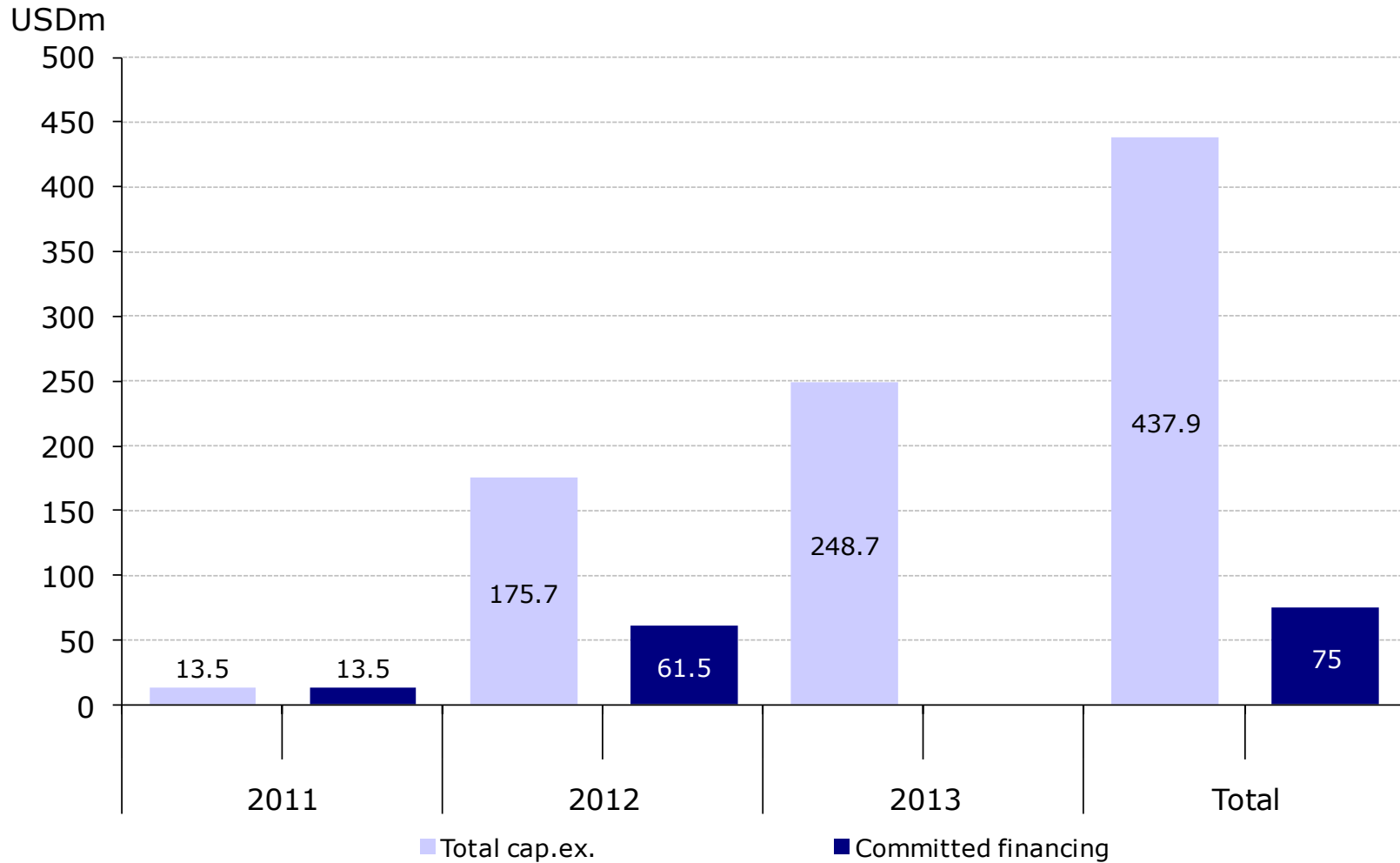
- Total newbuilding program at end of Q3-11 approx. \$650m
 - Five VLCCs and two Suezmax tankers.
- Installments paid per end of Q3-11: \$212m
- Remaining installments to be paid approx. \$438m



- \$147m facility secured for Jinhaiwan hull no. J0025 and J0026 in Nov. 2010
 - 70% of contract price
 - \$72m drawdown as per end of Q3-11

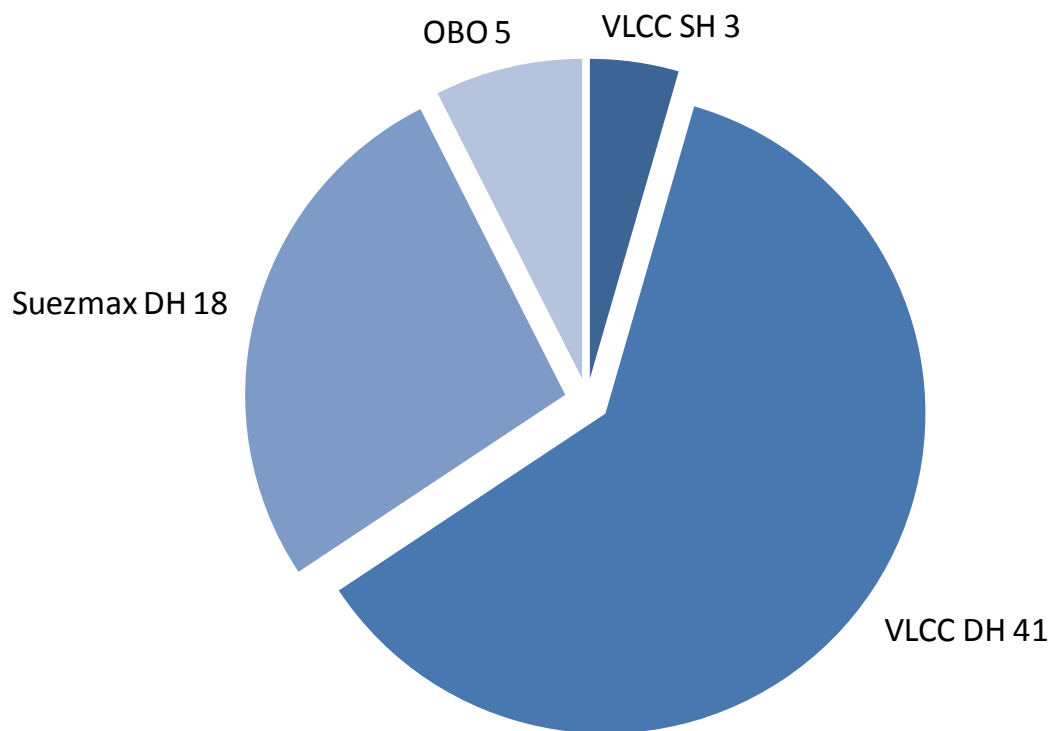


Capital Expenditures



Frontline Fleet

Incl. vessels on commercial management & ITCL, excl. newbuildings



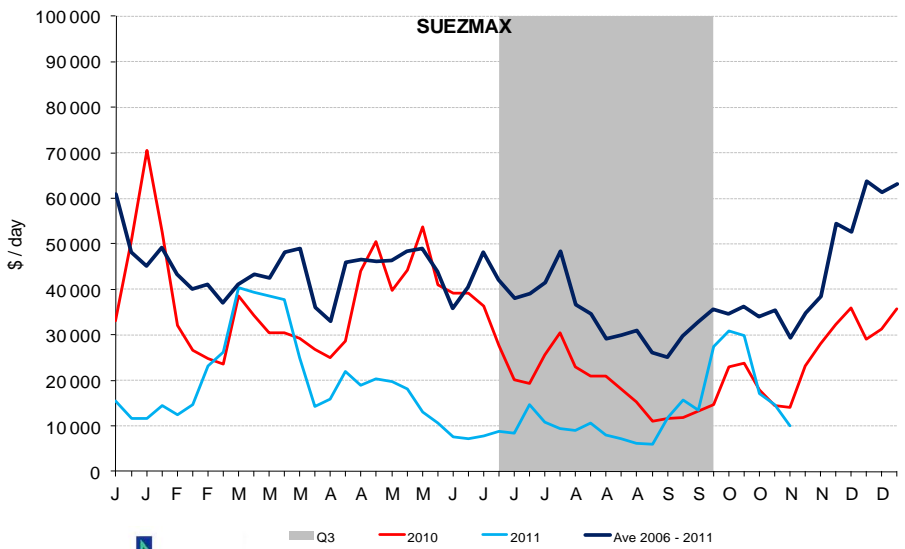
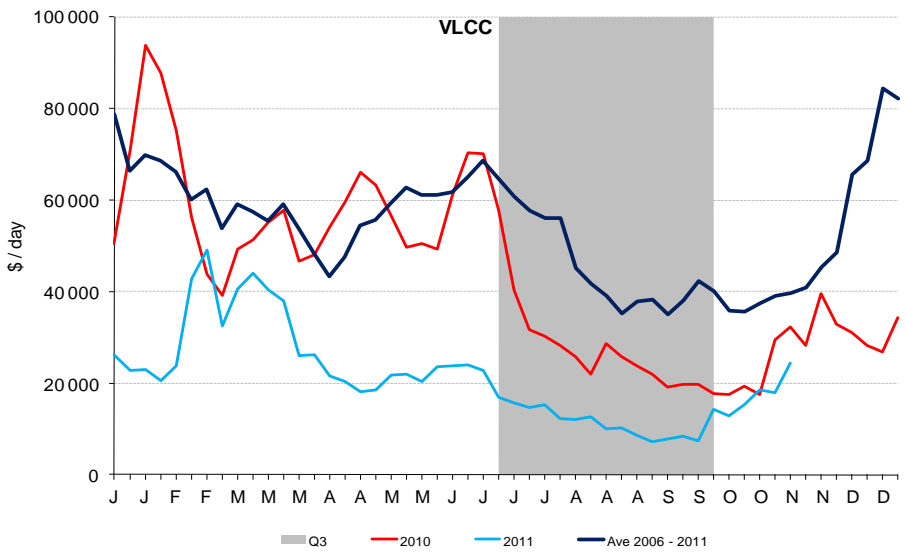
Total: 67

Frontline Fleet

		Q4 2011			2012		
		No. of vessels	Av. TC Coverage	Av. Net TC/BB Rate (\$/day)	No. of vessels	Av. TC Coverage (whole year)	Av. Net TC/BB Rate (\$/day)
VLCC	DH	32	10 %	41 300	30	10 %	40 500
	SH/DS on BB-out	3	100 %	11 600 *	1	100 %	11 000
	Newbuildings	5			3		
Suezmax	DH	15	5 %	38 500	14		
	OBO	5	95 %	43 800	5	56 %	54 600
	Newbuildings	2			2		
ITCL	VLCC DH	6	67 %		6	67 %	
	Suezmax DH	3	100 %		3	100 %	
Com. Mng.	VLCC DH	3			4		
*Bareboat rate							
Total Fleet (ex. Newbuildings, SH BB coverage)		64	16 %	42 400	62	12 %	47 300
Total Fleet (ex. Newbuildings, incl. SH BB coverage)		67	22 %		63	16 %	

- The TC/BB rates exclude profit split
- The average TC coverage percentage is based on estimated total trading days
- No. of vessels in 2012 is an estimate of vessels in the fleet at the end of the year

Earnings & Market Factors



❑ **Q3-11 – Average Market earnings / Baltic International Tanker Routes(BITR)**

- ❑ VLCC: \$35/day (Q2: 8,000/day)
- ❑ TD3 was negative for 30 days in Q3
- ❑ Suezmax: \$8,600/day (Q2: 13,500/day)

❑ **The Market:**

- ❑ TOO MANY SHIPS!
- ❑ Reduced ton-mile scenario (AG replaced Waf volumes for China)
- ❑ Reduced imports to the US
- ❑ Refinery overhauls
- ❑ Confidence loss

VLCC Fleet

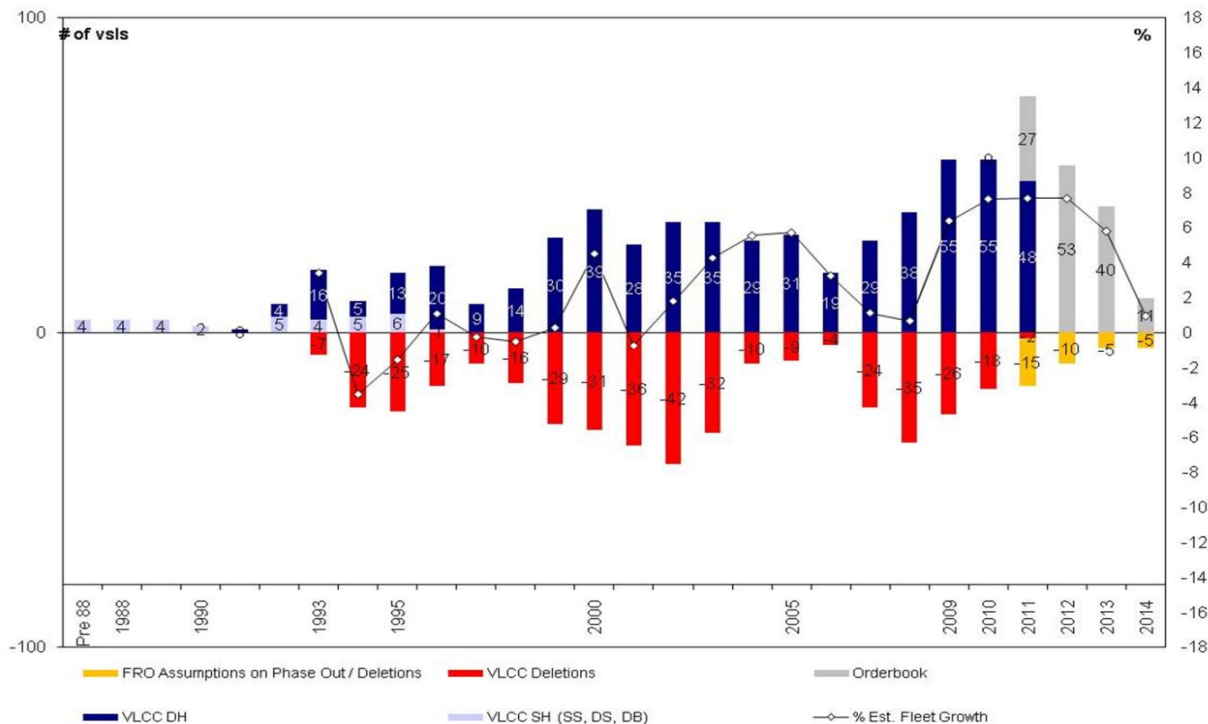
Fleet

Current Fleet	588	Orderbook	131
DH Fleet	553	Estimated deliveries 2011	75
SH (DS, DB, SS) Fleet	35	Estimated deliveries 2012	53

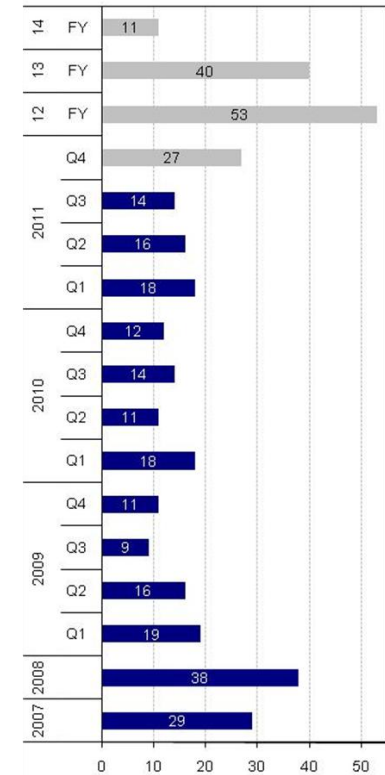
Slippage

57 vs. 48
16%

Current fleet & Orderbook



Delivery Schedule



Suezmax Fleet

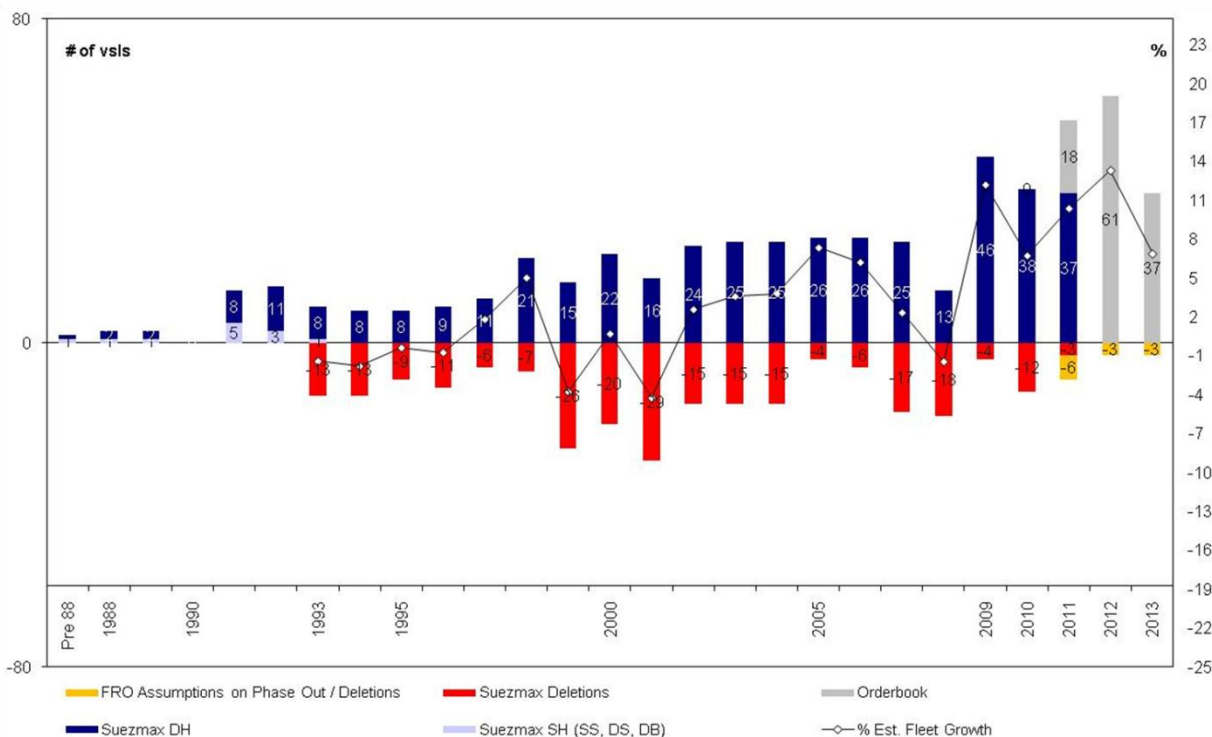
Fleet

Current Fleet	442	Orderbook	118
DH Fleet	430	Estimated deliveries 2011	55
SH (DS, DB, SS)	12	Estimated deliveries 2012	61

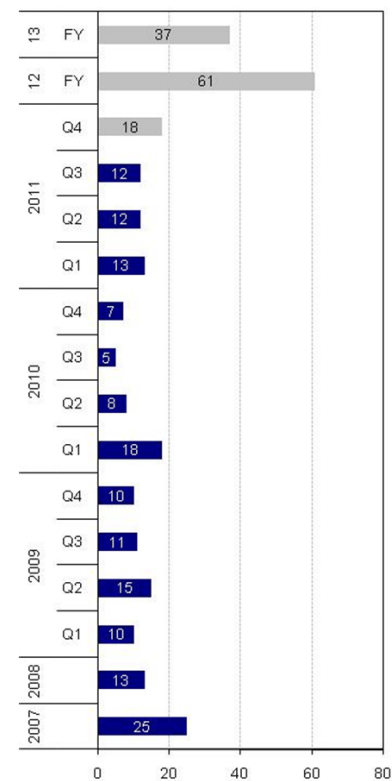
Slippage

51 vs. 37
27%

Current fleet & Orderbook

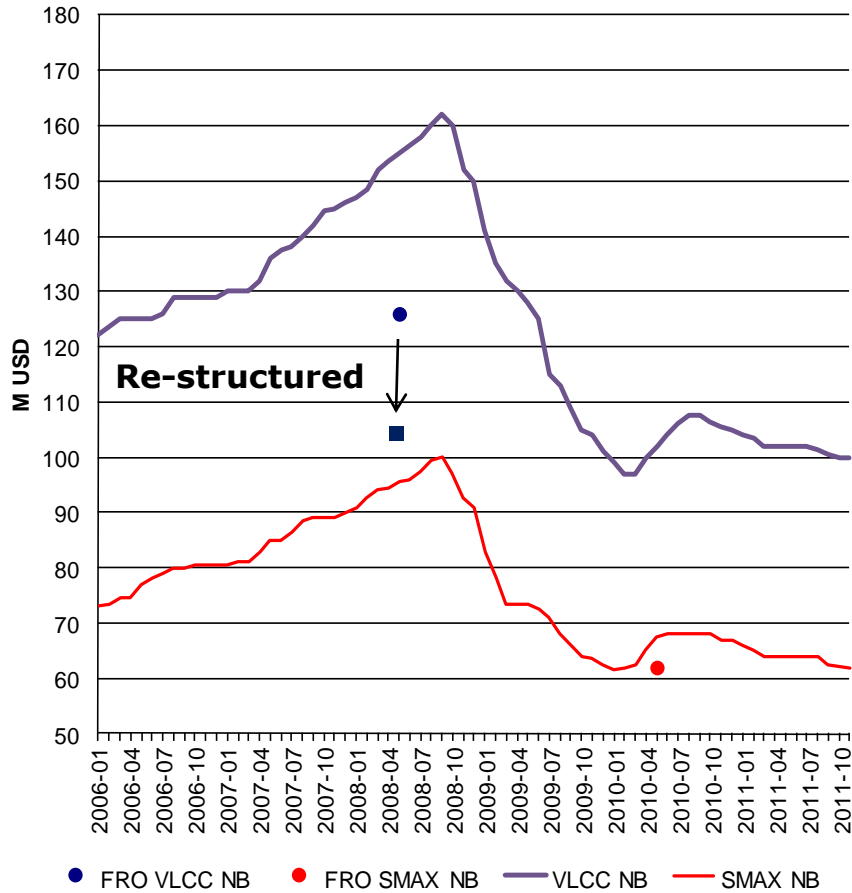


Delivery Schedule

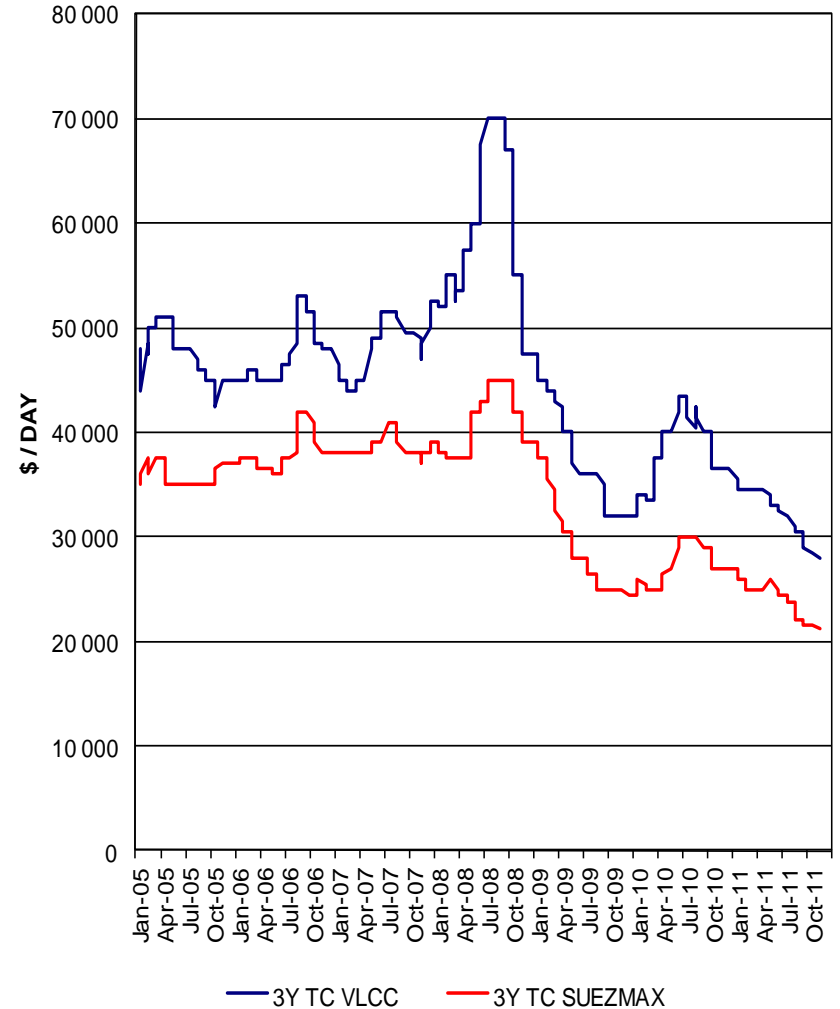


Rates

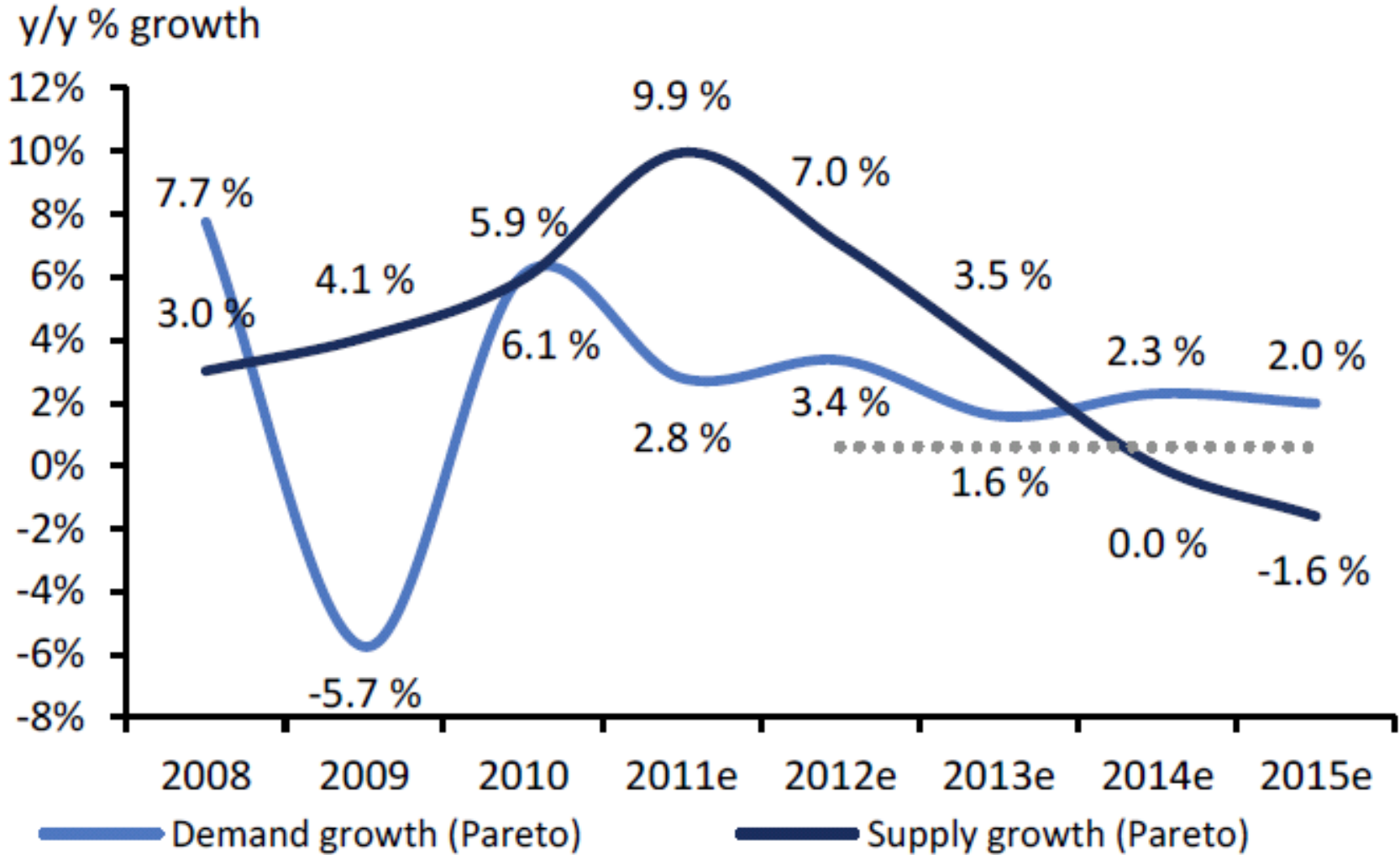
NEWBUILDING



TC MARKET



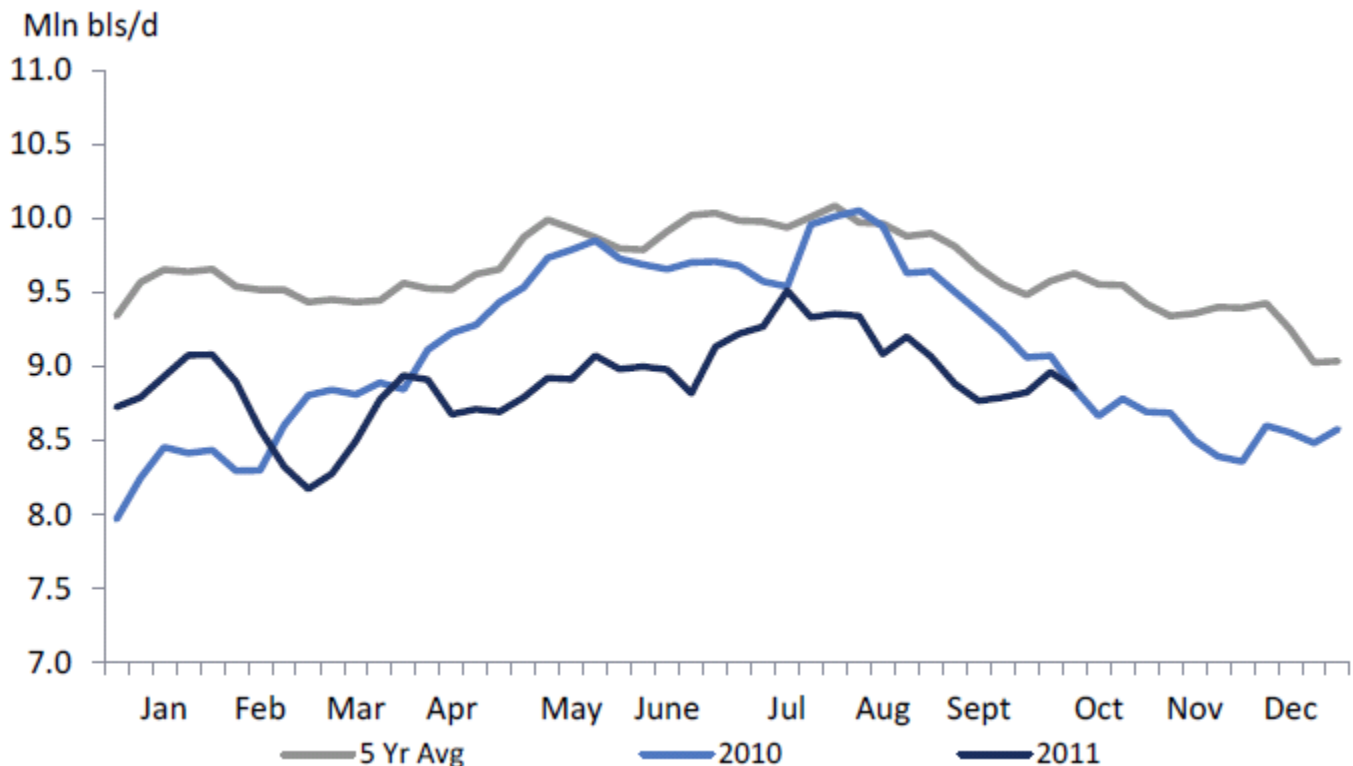
Crude Tanker Supply & Demand



US crude imports below five year trend

- A (ton-mile demanding) recovery in North American imports not likely any time soon
- Weak macro picture
- Increased pipeline imports from Canada, with Keystone expansion adding 0,6 mb/d from 2010-16
- Increased domestic production: US crude imports ex Canada expected to decline by 1.2mb/d from 2010-15 to 6.0mb/d

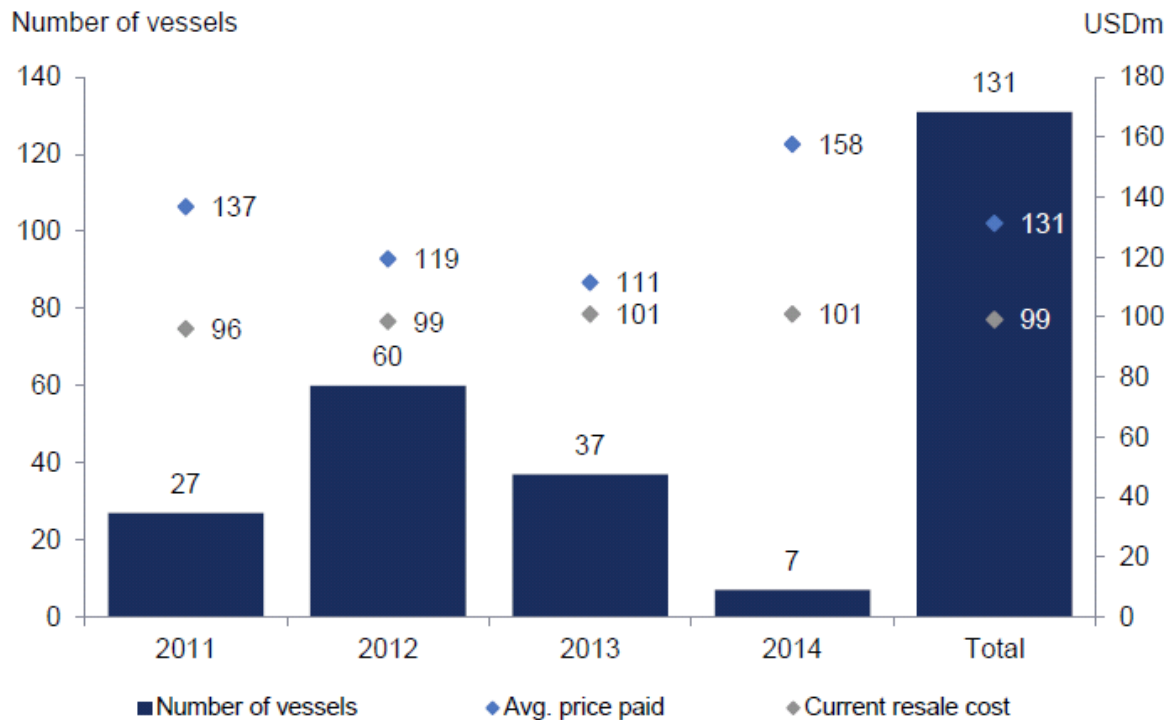
US crude oil imports:



Equity Gap

- ❑ Average price of VLCCs on order is USD 131m
- ❑ Current value, in real terms probably USD 90m (resale quote USD 96m)
- ❑ Assuming 20% equity installment and 50% debt on USD 90m value, this leaves an equity requirement of USD 55m per vessel
- ❑ Normal payment upon delivery is 50%, so assuming 60-70% remaining capex points to USD 10-12bn on the VLCC orderbook alone

VLCC cost of orderbook:



Outlook

General:

- ❑ World oil consumption up
(2010:88.3 / 2011: 89.2 / 2012: 90.5 mb/d)
- ❑ US crude imports will continue declining unless the economy recovers
- ❑ Large orderbook (VLCC: 22%, Smax: 27%)
- ❑ Chinese newbuilding orders?



Frontline:

- ❑ Restructuring fleet
 - ❑ 11 vessels sold/leases terminated in 2011 sofar
 - ❑ 4 TC vessels will be redelivered + 1 redelivered
- ❑ Newbuilding commitments
- ❑ Cash situation worsening, unless market recovers, expecting to run out of cash during Q1-12
- ❑ Working on various solutions / scenarios

