



**Presentation at  
Handelsbanken Markets  
Conference 8 December 2005  
Copenhagen**

# Part of the energy cluster

We provide floating pipelines for crude transportation

We were the very first part of the cluster to experience bottlenecks

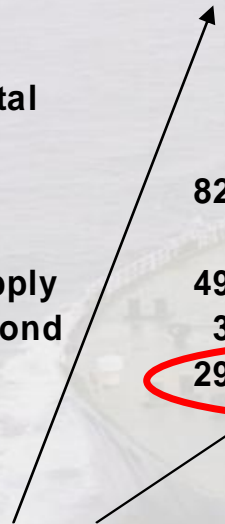
Utilisation is all important - based on changes in demand and supply

Demand based factors such as:

- Demand for crude
- Geographical site for incremental production (ton-miles effect)
- Refinery locations
- Seasonal factors

Demographical changes within the fleet segments

IEA	2004	2005	2006
Demand	82,2	83,4	85,0
Non-OPEC supply	50,1	50,3	51,6
OPEC NGL / Cond	4,3	4,8	5,1
Call on OPEC	27,7	28,3	28,3
<b>Barclays Capital</b>			
Demand	82,4	83,8	85,4
Non-OPEC supply	49,6	49,7	50,3
OPEC NGL / Cond	3,7	3,8	3,9
Call on OPEC	29,1	30,3	31,2



One million bls extra p.d. ties up 20-25 VLCCs

1. Reliance on OECD / IEA numbers
2. Lack of understanding of depletion rates in North America and the North Sea
3. Lack of understanding of the seriousness of FSUs bottleneck problems as relates to transportation
4. Lack of understanding of the fact that OPECs just in time strategy to support prices means more volatility in freight rates
5. Lack of understanding of the need for barrels in excess of demand to build "working capital" and thereby keep forward days cover constant
6. Lack of understanding of momentum in demand for crude products amongst newly industrialised countries

# Introduction

	Cargo intake per vessel	Frontline	World fleet as of Nov. 24, 2005
VLCC	2 mbls	41 + 2 N/B + 1J/V	468
Suezmax	1 mbls	23	335
Suezmax OBOs	1 mbls	8	
World crude demand / consumption 2005E (IEA Nov. 10, 2005)			83,4 mbls p.d.
World crude demand / consumption 2006E (IEA Nov. 10, 2005)			85,0 mbls p.d.

FRO listed on NYSE and OSE

SFL (16% owned) listed on NYSE

# Acquisition History

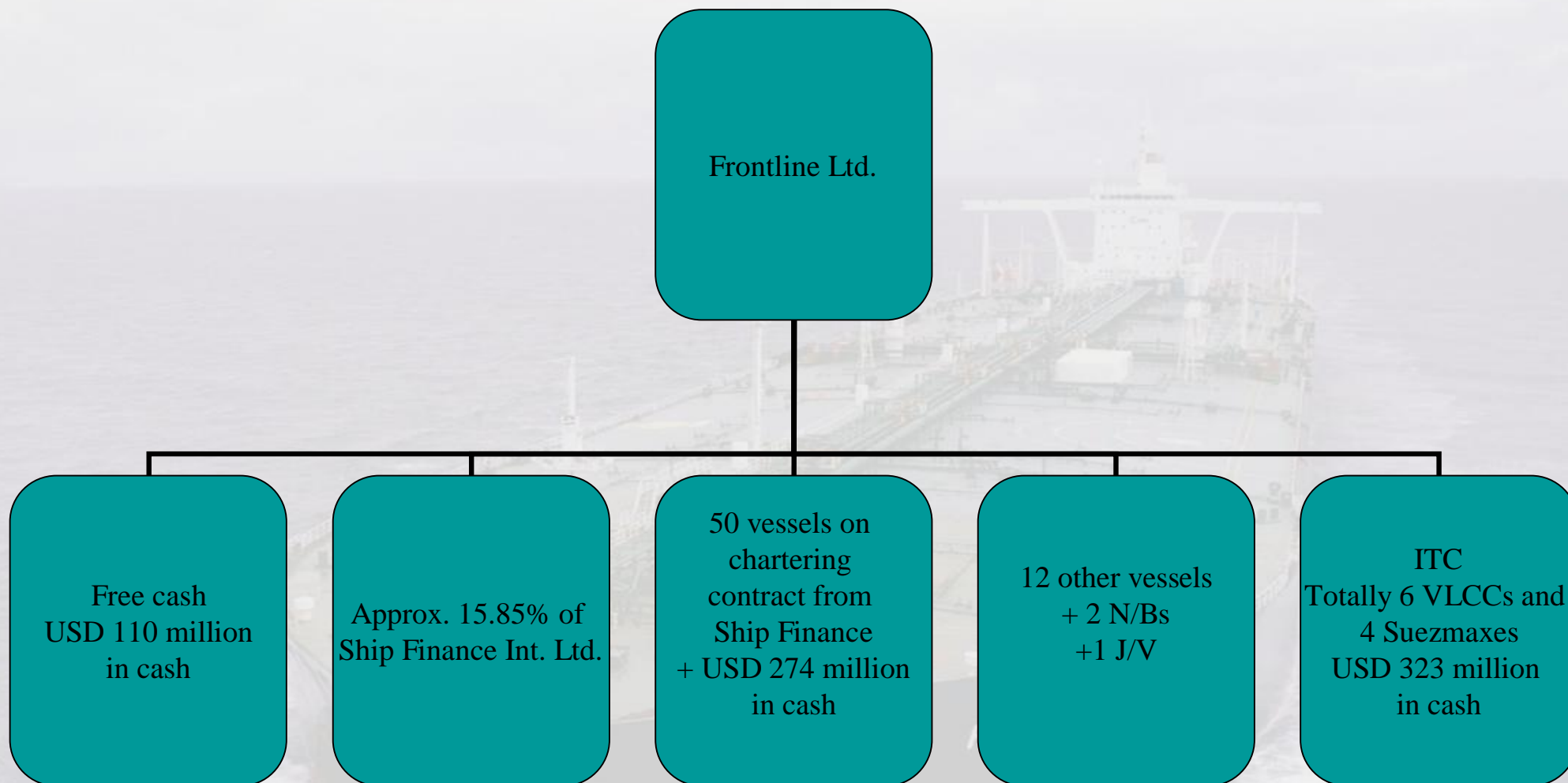
Year	Party	Acquired	Value USD Mill.
1996	Goldtech	1	49
1996	Bilspedition	1	49
1996	Seatankers	6	357
1997	Hyundai New buildings	10	650
1997	London Overseas Freighters	3	155
1998	Seatankers	1	42
1998	Independent Tankers	10	770
1999	ICB Shipping	8	260
1999	Mosvold Farsund	1	45
2000	Wilh. Wilhelmsen	2	90
2000	NYK Front Tobago	1	37
2000	Golden Ocean Front Tina	1	74
2000	Euronav	2	95
2000	Golden Ocean Ltd.	13	990
2001	Sasebo New buildings	2	106
2001	Hitachi New buildings	3	224
2001	Mosvold Shipping	3	244
2001	Bergesen Ships	5	399
2004	Genmar	3	66
2004	Nacks	2	159
2004	MGA Marble	1	29
2004	Hebei - New Horizon	1	31
	<b>Total</b>	<b>80</b>	<b>4920</b>

# Frontline Fact Sheet

- Domicile : Bermuda
- Management : Bermuda, Oslo, London, Singapore.
- Listed : NYSE (FRO), OSLO (FRO)
- Shareprice (Dec 2, 2005): USD 43.00 / NOK 288
- Number of shares : 74 825 169
- Market Cap : USD 3.2 billion
- Net income 9 months 2005: USD 473 million



# What is Frontline now?

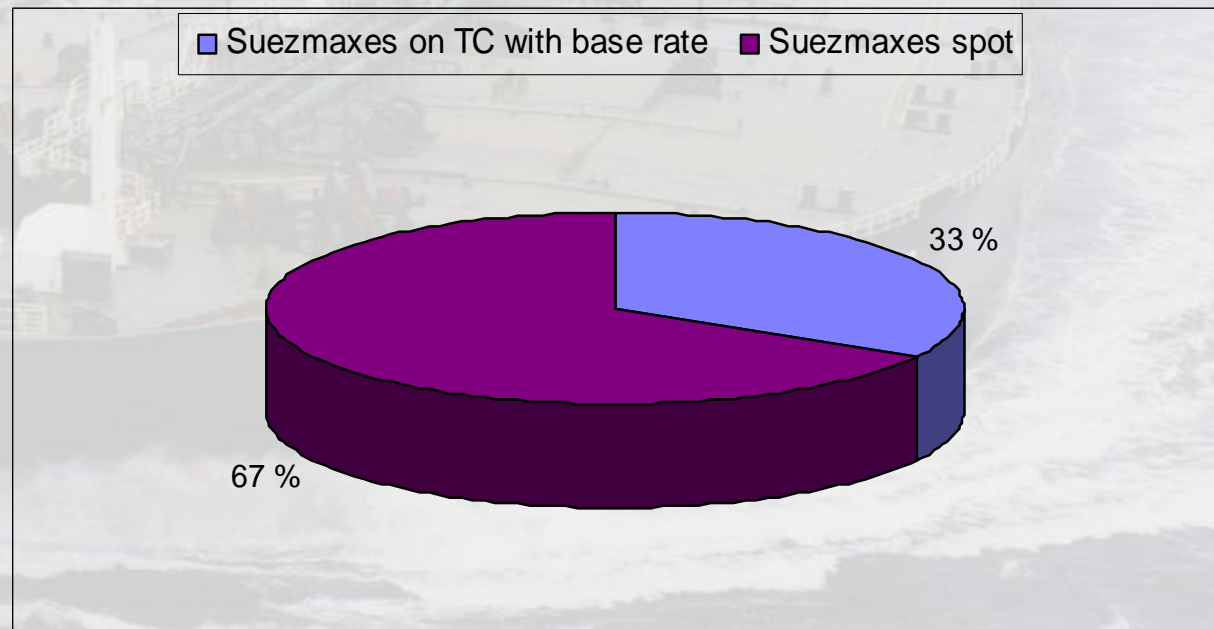
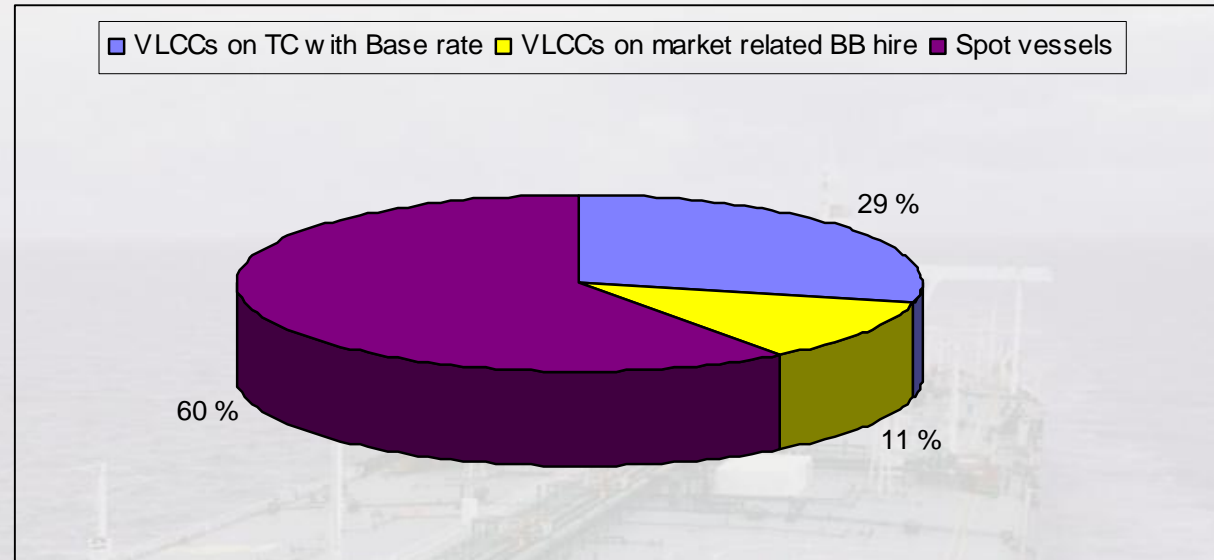


# Profit & Loss

2004 Jul-Sep (restated)	2005 Jul-Sep	INCOME STATEMENT (in thousands of \$)	2005 Jan-Sep	2004 Jan-Sep (restated)	2004 Jan-Dec (restated)
<b>402,401</b>	<b>291,546</b>	<b>Total operating revenues</b>	<b>1,083,465</b>	<b>1,198,597</b>	<b>1,854,331</b>
-	32,429	Gain (loss) from sale of assets	77,977	(225)	19,574
91,591	83,724	Voyage expenses and commission	240,575	256,026	361,609
33,264	38,514	Ship operating expenses	115,484	92,599	130,385
10,412	3,911	Charterhire expenses	6,387	31,413	39,302
6,478	5,931	Administrative expenses	14,969	19,524	26,500
45,396	49,754	Depreciation	148,162	134,543	180,497
<b>187,141</b>	<b>181,834</b>	<b>Total operating expenses</b>	<b>525,577</b>	<b>534,105</b>	<b>738,293</b>
<b>215,260</b>	<b>142,141</b>	<b>Operating income</b>	<b>635,865</b>	<b>664,267</b>	<b>1,135,612</b>
6,957	10,883	Interest income	29,843	23,215	31,596
(50,701)	(50,294)	Interest expense	(162,182)	(155,123)	(205,461)
1,587	628	Share of results from associated companies	3,845	5,933	10,553
(26,161)	17,269	Other financial items	40,408	(13,533)	3,566
2,728	2,938	Foreign currency exchange gain (loss)	14,334	4,003	(4,931)
<b>149,670</b>	<b>123,565</b>	<b>Income before taxes and minority interest</b>	<b>562,113</b>	<b>528,762</b>	<b>970,935</b>
(13,279)	(54,922)	Minority Interest	(99,626)	(17,659)	(64,995)
-	(2)	Taxes	82	(113)	(178)
5,139	5,156	Discontinued operations	10,491	14,160	117,620
<b>141,530</b>	<b>73,797</b>	<b>Net income</b>	<b>473,060</b>	<b>525,150</b>	<b>1,023,382</b>
		<b>Basic Earnings Per Share Amounts (\$)</b>			
<b>\$1.83</b>	<b>\$0.92</b>	EPS from continuing operations before cumulative effect of change in accounting principle	<b>\$6.18</b>	<b>\$6.93</b>	<b>\$12.21</b>
<b>\$1.90</b>	<b>\$0.99</b>	EPS	<b>\$6.32</b>	<b>\$7.12</b>	<b>\$13.79</b>

# Spot vs Period

- Average base hire VLCC TC vessels: \$33,682
- Average base hire Suezmax TC vessels: \$31,955
- Excludes ITC vessels but includes OBOs



# Period Coverage

	Charter	Del Date	Period	Redel date	Rate	Profit Split
Front Commodore	TC	12.12.03	24 mths +/- 30 days	12.11.05-11.01.06	35 875	NA
Opalia	BB	09.03.04	2 years +/- 30 days	Mar-April 2006	Market	Yes
Omala	BB	08.04.04	2 years +/- 30 days	Mar-May 2006	Market	Yes
Otina	BB	26.04.04	2 years +/- 30 days	Mar-May 2006	Market	Yes
Ocana	BB	23.04.04	2 years +/- 30 days	Mar-May 2006	Market	Yes
Navix Astral(SH)	BB	4/'96	10 years +/- 1 mth	Mar-May 2006	Y 2.1 Mill	No
Front Leader	TC	20.03.04	Min 24-abt 27 mths	20.03.06-05.07.06	39 000	NA
Front Guider	TC	08.10.03	Min 30-abt 36 mths	08.04.06-23.10.06	24 810	NA
Front Climber	TC	22.10.03	Min 30-abt 36 mths	22.04.06-06.11.06	24 810	NA
Front Viewer	TC	23.12.04	Abt 23 - abt 25 mths	08.11.06-07.02.07	65 000/35 000	NA
Front Striver	TC	10.12.03	Min 35-max 40 mths	10.11.06-10.04.07	25 800	NA
Front Comanche	TC	13.02.02	5 years + 60 days	13.02.07-14.04.07	33000 + 500py	No
Front Driver	TC	20.09.04	Min 35-abt 37 mths	20.08.07-04.11.07	40 000	NA
Front Breaker	TC	05.10.04	Min 35-abt 37 mths	05.09.07-20.11.07	40 000	NA
Front Glory	TC	02.12.05	24 mths +/- 15 days	Dec 2007	36 750	NA
Front Rider	TC	28.10.04	abt 36 - abt 38	13.10.07-12.01.08	39 000	NA
Front Duchess	TC	02.10.05	Min 35 - max 37 mnths	Oct 2008	38 000	NA
Front Commodore (2)	TC	11.01.2006	36 mths +/- 30 days	11.12.08 - 11.02.09	46 000	NA
Golden Victory	TC	31.01.06	4 years	31.01.2010	32 900	NA
Front Lord	TC	23.04.05	Abt 60 mths	February 2010	34 500	Yes
Front Duke	TC	16.05.05	Abt 60 mths	March 2010	34 500	Yes
Front Sabang	TC	19.08.05	Abt 60 mths	March 2010	34 500	Yes
Front Lady	TC	19.01.05	Abt 66 mths	June 2010	35 000	Yes
Front Highness	TC	26.01.05	Abt 66 mths	July 2010	35 000	Yes

# Cash Breakeven Rates (USD/day)

	FRO consolidated		After spin-off of SFL	
	All vessels	Spot vessels	All vessels	Spot vessels
VLCC	22 712	17 352	27 712	24 710
Suezmax	16 133	5 634	20 990	12 952
Suezmax OBO	17 304		20 490	

Outperformed competitors in the spot market both in VLCC and Suezmax tank segment through;

- Active Speed management
- Timing i.e scheduling waiting time versus future market
- Market intelligence

# Low Ship Operating Expenses and Administration Expenses

- Daily ship operating expenses, \*)

	2004	2005
OBO	5 103	5 630
Smax/SH	7 283	9 041
Smax/DH	4 920	5 668
VLCC/SH	7 747	8 499
VLCC/DH	6 827	6 509
<b>Frontline</b>	<b>6 484</b>	<b>7 074</b>

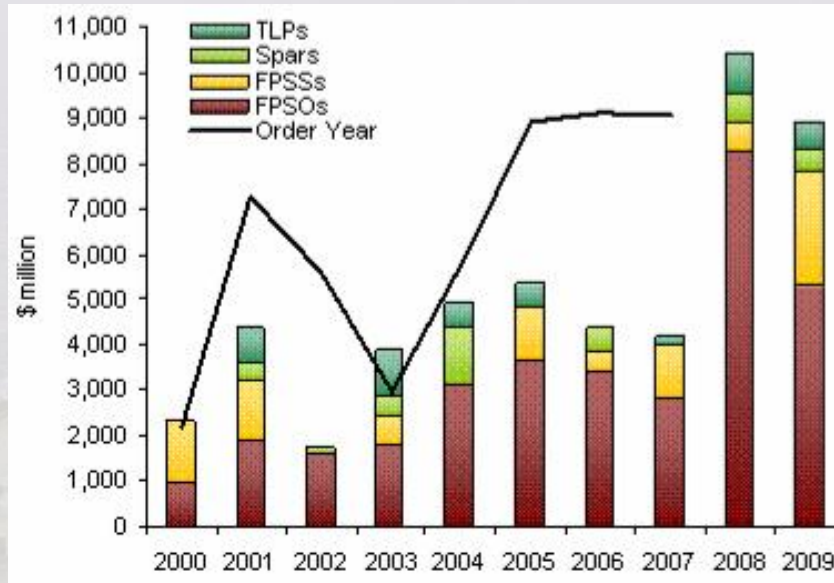
\*) includes daily operating expenses, drydocking and upgrading costs

- Administration expenses last 24 months (net of admin. income): USD 639 per vessel day

# FRONTLINE Summary - How to Beat the Market

- Spot versus period coverage
- Chartering
- Speed fuel management
- Low operating and overhead costs
- Avoiding investing in modern vessels on top of the market
- Will continue to strive for further consolidation

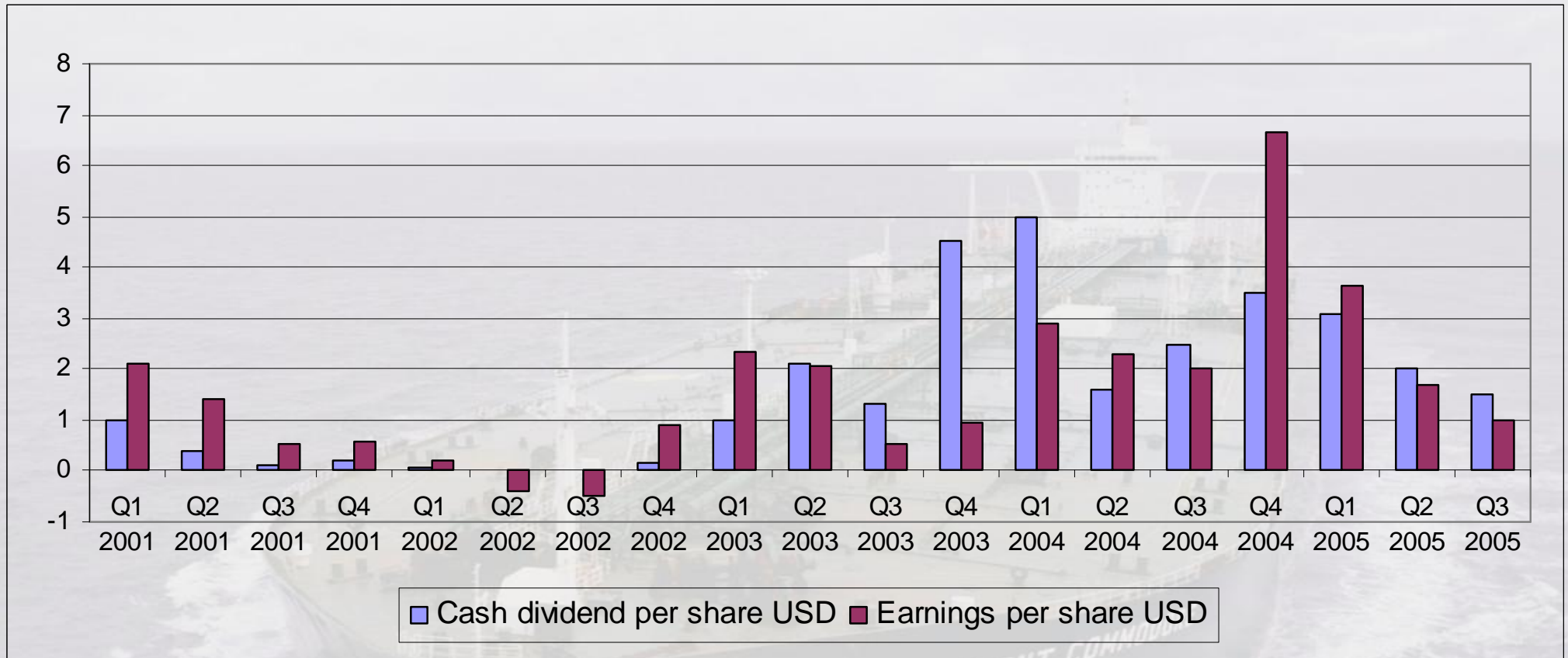
- 80 FPSOs are forecast to be installed over the next five years
- 2008 is forecast to be a boom-year
- West Africa and Brazil are forecast to be the strongest growth regions



The industry is experiencing an acute shortage of low-cost mild-steel single hull candidates for conversion

- Few 1970s-built mild-steel conversion candidates remaining
- Shortage of newbuilding slots and high newbuilding prices
- Frontline controls a unique fleet of suitable conversion candidates both single and double
- Typical FPSO Capex USD 75-350 million
- Life extension of typically 15 years, possibly up to 20 years
- Return on capital employed 12%
- Typical depreciation period of 10 years.
- Typical lead time of 12-18 months

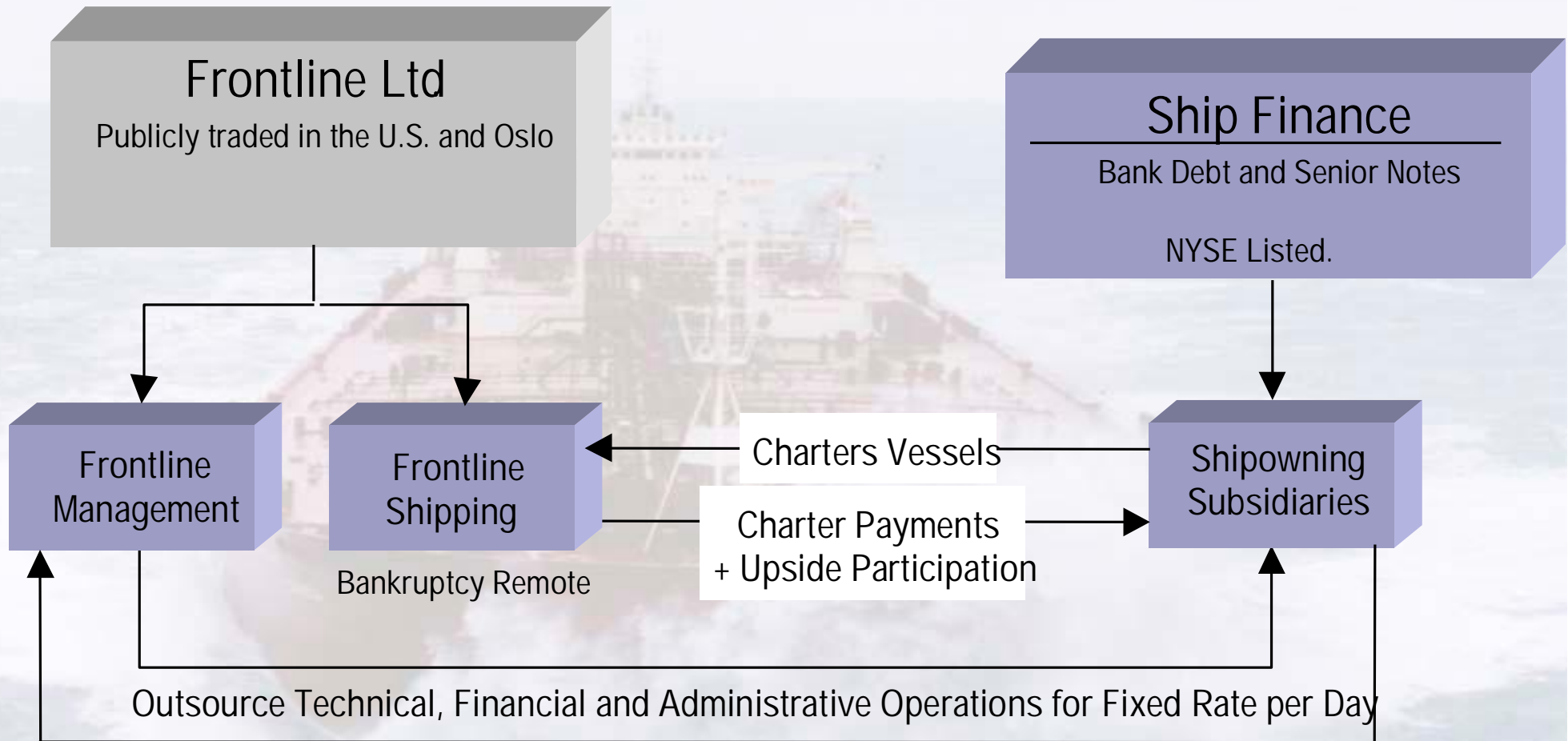
# EPS and Dividend per Share



- Cash dividend paid in total => USD 30.00 per share
- Spin off paid in total => USD 18.56 per share



## The Structure



# Ship Finance Fact Sheet

- Domicile : Bermuda
- Management : Bermuda, Oslo
- Listed : NYSE (SFL)
- Shareprice (Dec 2, 2005): USD 18.64
- Number of shares : 73,743,737
- Market Cap : USD 1.37 billion
- Bond Issue : USD 580 mill. 2015 8.5 %, outstanding amount under the bond is currently USD 457.1 million,
- Net Income 9 months 2005: USD 126.5 million
- Dividend paid last 12 months : USD 2.0 per share

## The Fleet

### 28 VLCCs

14 Suezmaxes



§ Oldest ship from 1989

§ Average age: 9.4 years

§ Tanker industry average:  
8.4 years

§ Double hull tonnage:  
66 %

§ Tanker industry average:  
68 %

2 container  
vessels



### 8 Suezmax OBOs

= 11.7 million dwt. or approximately 78 million barrels transport capacity.

- Growth 5-10% p.a.
- Both participation in corporate acquisitions and straight purchases will be considered
- Diversify customer base
- Additional boardmembers / Sarbox requirements / management
- Continuously looking into new projects, also offshore

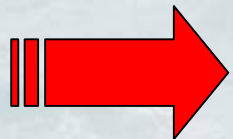
## Growth

**Annual revenue base  
in 2004 USD 385  
million**

(based on timecharter income in \$ million)	<u>Full year effect</u>
Front Fighter	-7,6
Front Champion	11,3
Front Century	11,3
Golden Victory	12,2
Front Scilla	9,2
Front Force	10,7
Front Energy	10,8
Sea Alfa	10,1
Sea Beta	8,6
Front Hunter	-7,6
<u>total</u>	<u>69,1</u>

**18% growth in  
annual revenue base  
based on net  
acquisitions in 2005**

# Cash Dividend per Share



**Cash dividend paid in total => USD 3.05 per share**

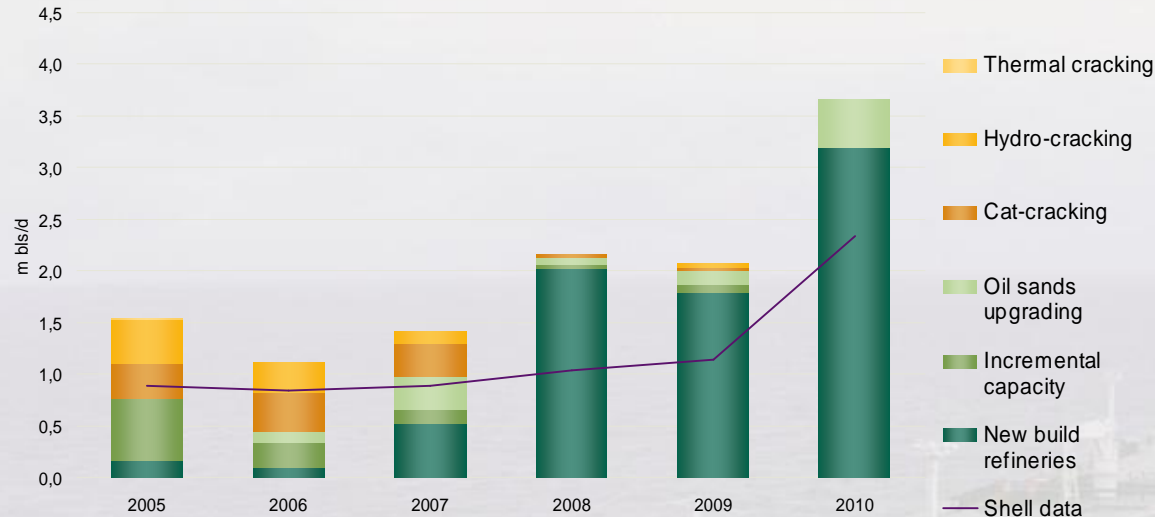
**APPENDIX**



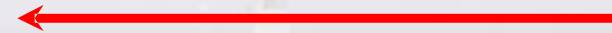
# VLCC demographics

Year:	Fleet at year start	Of which SH	Deliveries	Deletions	Growth during year	y/y %
2002	408		40	39	1	0,3%
2003	409		36	30	6	1,5%
2004	415		31	4	27	6,5%
2005	442	174	30	3	27	6,1%
<b>Now/ YTD</b>	<b>466</b>	<b>171</b>	<b>27</b>	<b>3</b>	<b>24</b>	<b>5,4%</b>
2006	469	168	18	0	18	3,8%
2007	488	168	29	1	28	5,7%
2008	516	167	25	1	24	4,7%
2009	541	166	15	3	12	2,2%

# Refining bottleneck to disappear

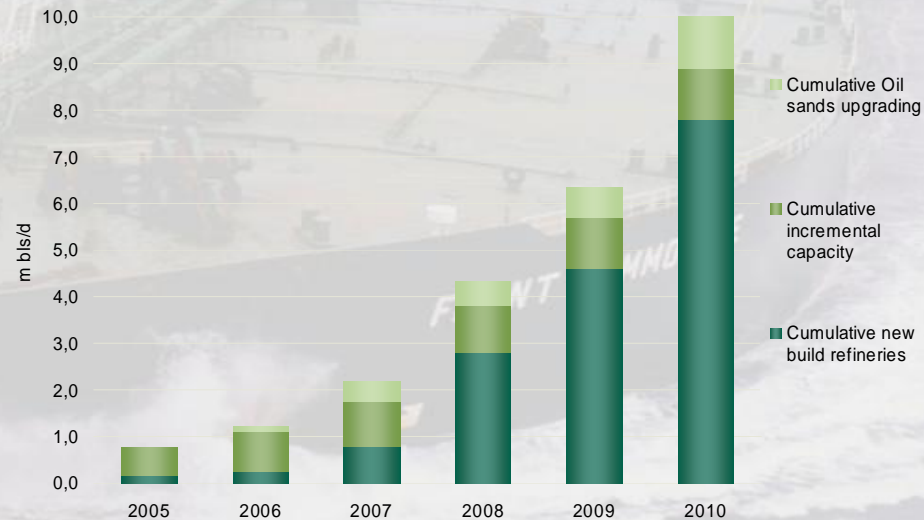
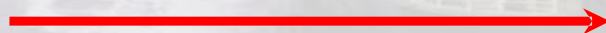


**Upgrading and new capacity combined**



**In addition comes 2.5 mill reforming capacity 2005-07**

**Cumulative new capacity**



Source: Lehman Brothers