Frontier Oil Reports Third Quarter Results

HOUSTON, Oct 30, 2003 /PRNewswire-FirstCall via COMTEX/ -- Frontier Oil Corporation (NYSE: FTO) announced its strongest quarterly earnings since the third quarter of 2001, even after recording $11.2 million ($0.42 per share) in after-tax expenses relating to its terminated merger with Holly Corporation. Frontier reported net income of $3.8 million, or $0.14 per share, for the third quarter ended September 30, 2003, compared to net income of $809,000, or $0.03 per share, for the same period of 2002. For the nine months ended September 30, 2003, Frontier recorded a net loss of ($870,000), or ($0.03) per share, compared to a net loss of ($1.9 million), or ($0.08) per share, for the nine- month period ended September 30, 2002.

(Logo: http://www.newscom.com/cgi-bin/prnh/20010411/FTOLOGO)

During the third quarter, Frontier expensed $18.2 million pre-tax, $11.2 million after-tax, or $0.42 per share, in costs related to the terminated Holly merger, the majority of which are one-time charges related to the redeemed 8% Senior Notes. For the nine months ended September 30, 2003, Frontier recorded expenses of $21.6 million pre-tax, $13.3 million after-tax, or $0.51 per share, related to the terminated merger. Expenses included financing costs, legal fees and other transaction related costs.

Third quarter 2003 results were positively impacted by higher product margins due to increased product demand and improved crude oil differentials. Frontier's refined products revenue less raw material, freight and other costs was $5.62 per barrel for the third quarter 2003 compared to $4.19 per barrel for the third quarter of 2002, $4.50 per barrel for the second quarter of 2003 and $4.63 per barrel for the first half of 2003. Crude oil spreads at both refineries were well above the five-year averages. The light/heavy crude oil spread was $6.00 per barrel in the third quarter of 2003 compared to $3.95 per barrel for the third quarter 2002 and the WTI/WTS crude oil spread was $2.44 per barrel for the third quarter 2003 compared to $0.97 per barrel for the same period of 2002.

Both refineries operated well in the quarter, allowing for higher crude charges and sales relative to 2002. For the three months ended September 30, 2003, crude charges averaged 158,884 barrels per day, up 5% from the 2002 crude charge rate of 151,055 barrels per day. Product sales were up 6% to 176,914 barrels per day in the third quarter 2003 compared to 166,750 barrels per day for the same period of 2002.

Frontier's Chairman, President and CEO, James Gibbs, commented, "On an operating basis, the third quarter was an outstanding quarter for Frontier. Our plants ran extremely well and gasoline margins were significantly above the five-year average. Unfortunately, we had to write off $18.2 million in merger related expenses. We will attempt to recover these expenses as part of damages claimed in the lawsuit filed against Holly in Delaware Chancery Court. Looking forward, the fourth quarter is off to a strong start, due in part to the industry's heavy turnaround schedule, particularly in the mid-continent, the continued strength of crude oil differentials and diesel crack spreads that are nearing highs for the year."

In connection with the termination of the Holly merger, on October 10, 2003 the Company redeemed $220 million of 8% Senior Notes sold in April to help finance the merger. As a result of this redemption, Frontier's net debt to capitalization ratio has improved. Post-redemption, the Company's long- term debt consisted of $39.5 million of 9 1/8% Senior Notes due 2006 and $170 million face amount of 11 3/4% Senior Notes due 2009. The Company's cash balance at September 30, 2003 of $106.6 million was up $28.8 million from the June 30, 2003 balance of $77.8 million.

The third quarter results included an after-tax inventory loss of approximately ($3.9 million), or ($0.14) per share, compared to a gain of $5.8 million, or $0.22 per share, for the same period of 2002. Year-to-date 2003 results include a FIFO inventory loss of ($2.3 million), or ($0.09) per share, compared to a gain of $22.0 million, or $0.85 per share, for the nine months ended September 30, 2002.

Frontier operates a 110,000 barrel-per-day refinery located in El Dorado, Kansas, and a 46,000 barrel-per-day refinery located in Cheyenne, Wyoming, and markets its refined products principally along the eastern slope of the Rocky Mountains and in other neighboring plains states.

Conference Call

A conference call is scheduled for tomorrow morning, October 31, 2003 at 10:30 a.m. EST, to discuss third quarter results. To access the call, please dial (800) 838-4403. For those outside the U.S., please call (973) 317-5319. A replay may be heard

through November 13 by dialing (800) 428-6051 and entering the passcode 309504. To access the call or the replay via the Internet, go to www.frontieroil.com and register on the Investor Relations page.

This press release includes "forward-looking statements" as defined by the Securities and Exchange Commission. Such statements are those concerning the contemplated transaction and strategic plans, expectations and objectives for future operations. All statements, other than statements of historical facts, included in this press release that address activities, events or developments that the Company expects, believes or anticipates will or may occur in the future are forward-looking statements. These statements are based on certain assumptions made by the Company based on its experience and perception of historical trends, current conditions, expected future developments and other factors it believes are appropriate in the circumstances. Such statements are subject to a number of assumptions, risks and uncertainties, many of which are beyond the control of the Company. Investors are cautioned that any such statements are not guarantees of future performance and that actual results or developments may differ materially from those projected in the forward-looking statements.

FRONTIER OIL CORPORATION

	Nine Months Ended September 30		Three Months Ended September 30	
	2003	2002	2003	2002
INCOME STATEMENT DATA ($000's except per share)				
Revenues	$1,627,560	$1,282,192	$594,763	$486,680
Refining operating costs	1,550,460	1,232,229	551,218	466,397
Selling and general expenses	18,879	12,821	9,085	4,817
Operating income (loss) before depreciation (EBITDA) (1)	58,221	37,142	34,460	15,466
Depreciation	21,187	20,353	7,156	6,979
Operating income (loss)	37,034	16,789	27,304	8,487
Interest expense, net of interest income	37,474	19,352	20,542	6,538
Provision (Benefit) for income taxes	430	(626)	2,940	1,140
Net income (loss)	$(870)	$(1,937)	$3,822	$809
Net income per diluted, net (loss) per basic share	$(0.03)	$(0.08)	$0.14	$0.03
Average shares outstanding (000's)	25,910	25,759	26,957	26,806
OTHER FINANCIAL DATA ($000's)				
Cash flow before changes in working capital	$30,989	$20,059	$21,986	$10,119
Working capital changes	(1,672)	(12,986)	7,355	10,118
Net cash provided (used) by operating activities	29,317	7,073	29,341	20,237
Net cash provided (used) by investing activities	(26,756)	(30,388)	(7,193)	(4,193)
Net cash provided (used) by financing activities	(8,309)	26,003	6,646	(19,082)
BALANCE SHEET DATA ($000's)				
Cash, including cash equivalents (a)	$106,616	$106,683		
Restricted cash*	232,066	---		
Working capital	102,899	103,824		
Short-term and current debt (b)*	236,750	30,100		
Total long-term debt (c)	208,112	207,921		
Shareholders' equity (d)	164,731	166,748		
Net debt to book capitalization calculation ((b+c-a)/(b+c-a+d))	67.2%	44.1%		

OPERATIONS				
Operations (bpd)				
Total charges	165,385	164,306	177,364	170,391
Gasoline yields	81,936	81,303	86,014	79,779
Diesel yields	53,188	52,861	57,321	53,101
Total sales	164,468	163,379	176,914	166,750
Refinery operating margins information ($ per bbl)				
Refined products revenue	$36.20	$28.76	$36.51	$31.84
Raw material, freight and other costs	31.21	24.69	30.89	27.65
Operating expenses excluding depreciation	3.32	2.94	2.98	2.75
Refinery depreciation	0.47	0.45	0.42	0.45
Light/Heavy crude spread ($ per bbl)	$5.92	$3.74	$6.00	$3.95
WTI/WTS Differential ($ per bbl)	2.67	1.24	2.44	0.97

KEY TERMS: bpd = barrels per day; bbl = barrel

* Subsequent to quarter end, the Company redeemed $220 million 8% Senior Notes using amounts classed as restricted cash.

(1) EBITDA represents income before interest expense, interest income, income tax, and depreciation and amortization. EBITDA is not a calculation based upon generally accepted accounting principles; however, the amounts included in the EBITDA calculation are derived from amounts included in the consolidated financial statements of the Company. EBITDA should not be considered as an alternative to net income or operating income, as an indication of operating performance of the Company or as an alternative to operating cash flow as a measure of liquidity. EBITDA is not necessarily comparable to similarly titled measures of other companies. EBITDA is presented here because it enhances an investor's understanding of Frontier's ability to satisfy principal and interest obligations with respect to Frontier's indebtedness and to use cash for other purposes, including capital expenditures. EBITDA is also used for internal analysis and as a basis for financial covenants. Frontier's EBITDA for each of the nine months and three months ended September 30, 2003 and 2002 is reconciled to net income as follows:

	Nine Months Ended September 30		Three Months Ended September 30	
	2003	2002	2003	2002
	(in thousands)			
Net income (loss)	$(870)	$(1,937)	$3,822	$809
Add provision (benefit) for income taxes	430	(626)	2,940	1,140
Add interest expense and other financing costs	38,381	20,739	20,802	7,009
Subtract interest income	(907)	(1,387)	(260)	(471)
Add depreciation and amortization	21,187	20,353	7,156	6,979
EBITDA	$58,221	$37,142	$34,460	$15,466

SOURCE Frontier Oil Corporation

Doug Aron of Frontier Oil Corporation, +1-713-688-9600,
ext. 145
/Photo: NewsCom: http://www.newscom.com/cgi-bin/prnh/20010411/FTOLOGO
AP Archive: http://photoarchive.ap.org
PRN Photo Desk, photodesk@prnewswire.com
/Company News On-Call: http://www.prnewswire.com/comp/118801.html

http://www.frontieroil.com

Copyright (C) 2003 PR Newswire. All rights reserved.

News Provided by COMTEX