

Frequently Asked Questions

About Chemoil

1. What does Chemoil do?

Chemoil is one of the marine fuel industry's leading physical suppliers. We act as "gas stations" for ships and provide marine fuel to our customers through the service centers we operate at many key ports around the world.

We purchase our raw materials -- fuel oil, diesel and blend components -- mainly from national oil companies, refineries and major oil producers. We then transport these products to our service centers for storage and for blending into marine fuel. We then sell and deliver our marine fuel to a broad base of customers who are mostly ship-owners and operators.

Chemoil's business can be best visualized as a supply-chain operation. Through controlling the stages of this process, we are able to provide exceptional value to our customers and maximize profitability. The following diagram helps to illustrate how our operations are integrated.



2. How did Chemoil evolve?

Chemoil was founded in 1981 by Robert V Chandran. A man of entrepreneurship and vision, he identified a space in the world's maritime industry for a truly global independent fuel supplier. Chemoil started its business with Los Angeles as its first port. We then expanded to Houston and New York, thereby covering the three major US coastlines. We subsequently entered the major bunker markets of the world, the Amsterdam-Rotterdam-Antwerp (ARA) region, Singapore and Fujairah, UAE and other important locations such as the Panama Canal and the Gulf of Mexico, successfully positioning ourselves as one of the the world's leading independent suppliers of marine fuel.

Whilst expanding into markets and increasing sales volumes, we have been investing in strategic supply chain assets. We acquired our terminals in the US decades ago and recently have invested in several storage terminals, tankers, and barges to give us more control over the supply chain.

We have also evolved over the years by leveraging our relationships with business partners. Throughout our history, we have entered into joint ventures and partnerships with strong local, regional, and international industry players allowing us to create synergies, and share risks and rewards.

3. Where is Chemoil located around the world?

Chemoil is a truly global company and is the only independent marine fuel supplier with operations in the world's largest bunker markets. Our current service centers are in Los Angeles, New York, Houston, Singapore, Panama, the Gulf of Mexico, the ARA region, and Fujairah, UAE. We have sales offices in various parts of the world (please see "Our Global Presence" for a map of our locations).

We serve customers around the world, providing a regionalized service with the strengths of a global network. Operations in different geographical regions have contributed to our revenue in 2007 as follows: Americas 44%, Europe 36% and Asia 20%.

4. Who are Chemoil's customers?

Our customers include ocean-going ship operators, international container and tanker fleets, time charter operators and marine fuel traders. Some of our largest customers include A.P. Moller-Maersk, American President Lines, Evergreen Marine, Carnival Group, Han Jin Shipping, Cosco Group, Yang Ming Marine Transport, and Hapag-Lloyd. We also sell to traders and other bunkering companies such as World Fuel Services, OW Bunkering, Dan Bunkering and Morgan Stanley.

In 2007, about 30% of our total volume of marine fuel was sold under fixed term contracts.

5. How big is Chemoil?

As the one of the world's largest independent marine fuel suppliers, Chemoil generated revenues of US\$5.36 billion in FY2007 and sold a volume of 14.6 million metric tons of fuel. As of 31 December 2007, we had total assets of US\$1.22 billion, almost twice the US\$622 million of the previous year, partly due to the asset acquisitions made in 2007. Total equity rose to US\$253 million.

We currently have a total fuel storage capacity (owned and leased) of over 1 million cubic meters worldwide. We employ about 250 people globally.

6. How does Chemoil's business model add value to its customers?

Our business model focuses on the end-to-end integration of our supply chain. By controlling and managing the key stages of the process, we are able to offer customers a varied product range, a dependable service and competitive prices. We can assure our customers that our service is reliable through maintaining consistent quality and timely service. We can also provide the flexibility to meet our customers' needs given the changing market and regulatory environments, including offering lower emission fuels.

7. What are Chemoil's Strengths?

Chemoil's main strengths include:

- Proven brand name and track record in the marine fuel industry spanning over a quarter of a century
- Global presence that allows us to serve customers worldwide
- Diversified fuel sourcing capabilities around the world that ensure reliable supply and delivery
- Long-term relationships with global customers through dependable service and competitive pricing
- Control over various stages of the supply chain to ensure dependability and allow cost savings
- Strong management team with decades of experience in marine fuel as well as the oil and energy industries

8. How does Chemoil generate profits and create shareholder value?

Chemoil creates value for its shareholders by operating a fully integrated fuel supply chain from which we are able to extract cost savings and capture margins at various stages. As we invest in strategic assets, we are able to exercise more control over our operations, eliminate bottlenecks and improve the movement of our inventories. This in turn allows us to increase our sales volumes and create economies of scale that improve our margins through lower costs per metric ton of fuel sold.

We also leverage on our global presence to improve our ability to serve customers who are increasingly becoming global themselves. As a result, we further increase our sales volumes. As we embark on our asset integration strategy in the major bunkering markets of the world,

we are strengthening our major hubs thereby allowing us to expand into the surrounding regional markets that have significant growth potential.

9. How is Chemoil managed?

Chemoil's Board of Directors is responsible for the Group's overall direction, the effectiveness of its management team, business processes and risk minimization. There are two Board committees -- the Audit Committee and the Nominating & Remuneration Committee.

Our Executive Officers are responsible for our day-to-day management and operations. Each of our senior management team has an average of more than 21 years of industry experience. The Executive Officers cover the areas of Operations, Administration, Supply and Distribution, Sales and Marketing, and Finance. We also have managers responsible for specific geographic regions and supporting functions such as logistics and legal. We have an Executive Risk Management Committee that handles our risk assessment, monitoring and reporting.

10. How does Chemoil fund its operations?

For working capital requirements, we have more than US\$1 billion in trade facilities and short term lines from banks and financial institutions. We fund our capital expenditures for strategic assets such as storage terminals, tankers and barges through long term loans and project financing. Likewise, we have a securitization program for our receivables.

As a listed company, we have the ability to tap into the equity capital markets in order to raise capital. Additionally, we may be able seek investors or form assets trusts or similar corporate vehicles to securitize the infrastructure assets in our balance sheet.

11. How does Chemoil manage its price exposure risk?

Our business has a natural hedge against price exposure through quick inventory turnover of 1.5 to two times per month. We sell our fuel stocks forward through advance orders by our customers. In general, for inventories that remain exposed to price fluctuations, we sell forward in the fuel oil or crude oil paper markets or derivatives. As the prices of oil move up or down, our inventories of fuel oil would gain or lose value. Correspondingly, our paper hedges would lose or gain value.

We do not trade in derivatives as a means to speculate on oil price movements and we enter into paper hedges to protect the value of our inventory. This is equivalent to buying insurance for an asset.

12. Why are margins very thin?

As a supply chain operation, Chemoil focuses on generating dollar profits for each metric ton of fuel that we sell. By extracting margins from every step of the supply chain, we seek to increase this dollar profit or what we call gross contribution per metric ton (GCMT). If viewed in relation to revenue, the percentage profit margins may fluctuate even though the GCMT may be improving. This is because our revenue is influenced by the prices of fuel, which fluctuate over time and which recently showed significant volatility.

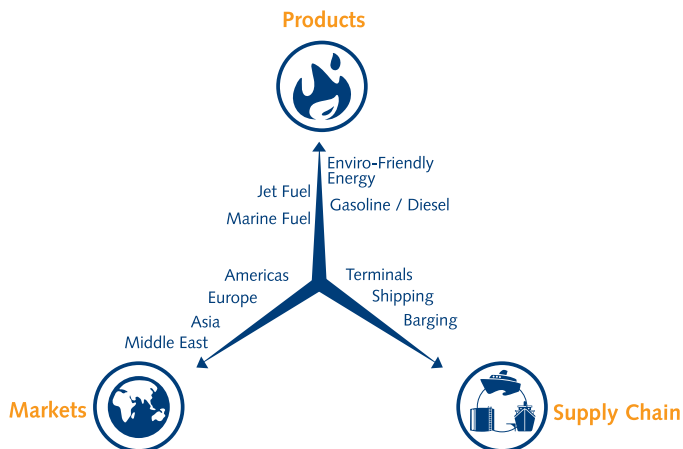
13. How does Chemoil minimize risk of its operational problems experienced in 2007 from recurring?

The problems we experienced in 2007 were caused by a lack of control over the supply chain, in particular the storage facilities in Singapore. We aim to minimize the risk of disruptions in the future by seeking to increase control over key stages in our global supply chain. By controlling the supply chain, we will also be able to ensure service quality to customers, increase margins and stabilize profits.

Business Strategy

14. What is Chemoil's strategy?

Chemoil has a three-pronged strategy consisting of Markets, Supply Chain, and Products.



- **MARKETS** - growing our sales volumes by expanding into new geographical markets including acquisitions and strategic partnerships
- **SUPPLY CHAIN** - enhancing our cost advantage by investing in terminals, pipelines, barges, shipping and other assets that are closely associated with our core business
- **PRODUCTS** - expanding our product portfolio beyond marine fuel to include other oil related products such as jet fuel, gasoline/diesel, middle distillates, and lubricants

15. Is Chemoil becoming asset heavy?

The investments we are making are important to achieving our goal of controlling our supply chain. Because we invest in assets for our own use, we are able to maximize their utilization rate as well as generate other operational benefits apart from the cost savings.

By building or acquiring our assets, we are able to ensure that they are built or equipped according to the requirements of our own use in the marine fuel supply business. For example, our storage terminals have sufficient loading and unloading facilities in order to minimize delays and allow efficient movement of our physical inventories from the source to our customers. In controlling these assets, we are able to generate significant operational advantages, creating for us an "operational return" over and above the cost savings or the income generated from the asset or the "asset return". As these assets become fully depreciated, such as our storage terminals in the US, we generate further savings or what we call our "amortized return".

16. Who are Chemoil's competitors?

The types of companies we compete with in the supply of marine fuels include:

- major oil companies
- large oil independents
- national or government-owned oil companies
- non-major refiners
- regional independent fuel suppliers
- fuel traders

17. How is Chemoil different from other marine fuel companies?

First, we have differentiated ourselves by having a global footprint and establishing a significant presence in the world's largest bunker markets. Apart from just trading marine fuel, we have integrated our operations through our supply chain that includes sourcing physical supplies of fuel. We have likewise made strategic investments in storage terminals as well as tankers and barges in order to have control over the supply chain.

As an organization honed in a highly entrepreneurial culture, we continually challenge industry conventions to identify new commercial opportunities supporting a clear strategy for growth and expansion covering our markets, products, and supply chain.

18. How is Chemoil up to date with current marine fuel market trends?

Chemoil believes that its competitive edge lies in being entrepreneurial and farsighted. This involves being ready to support customer needs and meeting new requirements of the shipping industry ahead of time.

For instance, Chemoil is at the forefront of supplying low-sulphur fuels to marine fleets and is a leading provider in both Europe and Western US. All the new terminals being built by the Group are also designed to be able to store and handle environmentally-friendly fuels. We have increased our investment and usage of doubled-hulled vessels and anti-spillage fuelling devices. Chemoil is also exploring alternative fuels and monitoring the various directions that the energy markets could take in order to leverage emerging opportunities.

For Investors

19. How can investors buy Chemoil stock?

Chemoil is listed on the main board of the Singapore Exchange (SGX). Our ticker symbol in SGX is AV5. We are also known via the ticker CHEL.SI in Reuters and CHEME.SP in Bloomberg. Our stock has been trading since December 2006.

To invest in our stock, we suggest you consult your local stockbroker or professional financial advisor.

20. Where can a potential investor get information about Chemoil?

As a listed company, we submit announcements to SGX-NET and our announcements are posted on the SGX website. We also provide and regularly update the information in our website - www.chemoil.com – where one can find our latest and archived earnings announcements, annual reports and news releases along with the price performance of our stock. Inquiries may also be emailed to our investor relations at ir@chemoil.com.

21. What is Chemoil's dividend policy?

Currently we do not have a fixed dividend policy. Our Board of Directors will recommend future dividends based on:

- Our level of cash, gearing, return on equity and retained earnings
- Our expected financial performance
- Our projected levels of capital expenditure and other investment plans
- The dividend yield of similar companies and comparable companies globally
- Restrictions on payment of dividends that may be imposed on us by the financing arrangements we may enter into

22. What factors make Chemoil an attractive investment?

The key factors that may make Chemoil shares an attractive investment are:

- A strong brand value with over a quarter of a century of proven track record
- Leadership in the marine fuel industry as one of the world's leading independent marine fuel suppliers
- Global scale and presence including operations in the largest bunker markets of the world
- A global client base as well as global sourcing capabilities
- Ability to control the stages of its supply chain in light of the investments in strategic assets
- An entrepreneurial management and a company-wide culture of innovation
- Strong management experience with an individual average of more than 21 years in the industry