

Frequently Asked Questions

Q1: Why are you so confident that demand for Titan's services will continue to rise?

A1: For demand for our services not to rise would require a major reversal of economic trends in Asia, especially India and China. There is an absolute correlation between economic growth and the import of oil and oil products into the region. In the past five years, China's GDP has risen by an average of over 8% a year, while oil consumption has grown by a slightly higher amount. Imports have risen nearly three times faster, to the point where China is now the world's second largest oil importer after the United States.

Despite this, China's consumption of oil per capita is only a fraction that of the United States and or Korea. In addition, China has oil reserves equivalent to a mere 30 days and from 2005 is expected to begin to increase its reserves substantially to enhance its energy security. Even relatively modest economic growth would see imports rise steadily. The IEA is forecasting a rise in consumption of 500,000 bpd from China in 2005, and the bulk of increases now met by imports.

Q2: How do your various businesses contribute to each others' success?

A2: One of the strengths of the Group is the way its businesses complement and feed into each other, providing an increasingly complete supply chain. Not only can we transport oil from the Middle East to Asia, but can then store it, trade it and deliver it in smaller batches to different Asian destinations. The more we grow, the more synergies and economies of scale there are.

Q3: In 2004, oil transportation was the major profit contributor. Will this continue?

A3: Yes, transport was the major contributor in 2004, but we made important steps towards diversification both within transportation and into other areas. Although in absolute terms our transportation business will continue to expand, the percentage profit contribution from crude oil transportation is expected to fall as other assets come on stream. We expect significant growth from our storage and distribution businesses. The net effect will be a much more diversified portfolio of assets.

Q4: How does Titan manage its operational risk?

A4: Clearly, managing operational risk is one of our main priorities. The management of our ships is the key factor and displays the highest standards of professionalism at every level. Our head of transportation has 32 years of experience in this field working for some of the leaders in the industry. Our captains and crew are similarly seasoned professionals. Since 2003, we have been members of the US-based International Association of Independent Tanker Owners (Intertanko), which speaks on behalf of tanker owners for "safe transport, cleaner seas, and free competition". This idea informs everything we do, from the way the vessels are handled to the rigorous maintenance programme that ensures their full seaworthiness. Appropriate insurance cover is, of course, maintained for all vessels.

Q5: What is the desired capital structure for Titan?

A5: We believe we have a strong ability to raise debt and equity. Our aim is to achieve a suitable balance between debt and equity, and in our debt between fixed and floating rate, with an appropriate maturity profile.

Q6: How strong is Titan's ability to service its debt?

A6: It remains strong and we intend to ensure it always remains strong. Although our gearing has risen as we have invested in VLCCs, these are revenue generating assets and hence our interest cover ratio continues to be robust. At the 2004 year end, the ratio stood at 11.2. Although our US\$400 million bond issue in March 2005 has since raised the gearing level, we are confident that the assets purchased with the proceeds will begin to improve gearing and interest cover quickly.

Q7: What is your dividend policy?

A7: Our dividend policy is guided by the desire to reward shareholders both through dividend payments and substantial growth. In 2004 we paid out approximately 12% of earnings as a dividend and we expect to maintain a level of 10%-15% in the coming few years as we continue to invest substantially in revenue generating assets.

Q8: What is Titan's relationship with its controlling shareholder Titan Oil Pte. Ltd.?

A8: Titan Oil Pte. Ltd. holds 56.47% of Titan through a holding company, Great Logistics Holdings Limited. Titan Oil Pte. Ltd. has injected all of its relevant operating assets into Titan and continues to lend strong shareholder support to Titan.