



Peninsula Structured Products

From Total Procurement
To Global And Regional Contracts

Physical Operations in: Algeciras • Amsterdam • Antwerp • Barcelona • Gibraltar • Houston • Las Palmas
• Los Angeles Long Beach • Malaga • Malta • New Orleans • Panama • Rotterdam • Tenerife

This information is factual in nature. Peninsula is not giving, and it is not authorised to give, any advice or recommendation in respect of any particular financial product. In particular, this information is not intended to be an invitation or an inducement to enter into any particular financial product with Peninsula, and "customers" are required to make their own assessment of the suitability of any particular financial product.

The use of "customers" in this presentation refers to the intended recipients of the information contained in it, being existing or potential buyers of physical marine fuels from Peninsula. Where such customers choose to discuss and/or enter into derivatives transactions with Peninsula, those transactions will be treated (in both a commercial and regulatory context) as part of a principal to principal relationship, rather than as a customer and supplier relationship.

Peninsula **Structured Products**

Benefits Of Hedging:

- Commodities are amongst the most volatile of asset classes
- Effective price risk management can reduce earnings volatility by shielding buyers and sellers from sudden and unanticipated market movements
- Volatile fuel prices can significantly impact profit margins and the ability to duly service debt; the proper management of price volatility can help to improve budgeting, creditworthiness and the overall balance sheet

Types Of Fuel Hedges

Physical Hedging

- Also known as Structured Products; integrated into physical supply contracts
- Includes
 - FFP
 - MPFFP
 - FPF
 - APF
- Easy to administer and track
- Generally suitable for rateable monthly volumes

Financial Derivatives

- Also known as paper hedges
- Includes
 - Fuel Swaps
 - Gasoil Swaps
- Separate from physical supply contracts
- Financial settlement of derivatives offsets price movements on physical fuel
- Flexibility
- Potential margin calls and accounting issues should be taken into consideration

Physical Structured Products

FFP Fixed Forward Price

Lock in a specific quantity to be lifted during an agreed period at a fixed price level.

MPFFP Multiple Port Fixed Forward Price

Lock in a specific quantity to be lifted during an agreed period in a base port at a fixed price level, with the option to lift in multiple ports with a fixed or floating differential to base port.

FPF Floating Price Formula

Lock a differential to the port's main underlying index with flexible pricing during an agreed period.

APF Alternative Price Formula

Price a product using an uncommon underlying index to the port/region.

OB Open Book

For certain customers, Peninsula manages bunker requirements for an agreed period at an agreed price/rate.

Financially Settled Derivatives

Derivatives Swaps

Transact fuel oil and gasoil swaps with Peninsula with no restrictions on quantity and tenor within the pre-set limits.

S-to-P Swaps to Physical

Transact fuel oil and gasoil swaps with Peninsula and agree a premium/discount to convert a paper transaction into a physical delivery.

FFP

Fixed Forward Price

Lock in a specific quantity to be lifted during an agreed period at a fixed price level.

Introduction

An option for known voyage and commitment.

How It Works

- Buy fuel at a pre-agreed price for a specific volume within a time-period, removing uncertainty in fuel prices.
- Requires a predetermined monthly volume commitment
- Requires a rateable lifting schedule
- Any over-lifts or under-lifts are reconciled after each calendar month
- Over-lifts are priced at the agreed floating price formula
- Under-lifts are invoiced at the price difference to the market multiplied by underlifted volume



Conclusion

- No basis risk
- Invoice is issued with the original agreed price
- Utilises existing credit line
- No regulatory reporting requirements
- Flexibility to cash settle the existing FFP
- Margining can be applied depending on tenor and quantity

Peninsula is not giving investment advice and no fiduciary duty arises by entering into any of these products. Customers are required to make their own assessment of the suitability of any particular financial product.

MPFFP

Multiple Port Fixed Forward

Lock in a specific quantity to be lifted during an agreed period in multiple ports at a fixed price level.

Introduction

Works like an FFP but offers the ability to lift at different ports. Lock in a price with port flexibility.

How It Works

- Buy fuel at a pre-agreed price for a specific volume within a time-period, removing uncertainty in fuel prices, with the option to lift in multiple ports
- Requires a minimum monthly volume commitment
- Requires a lifting and port schedule
- Any over-lifts or under-lifts are reconciled after each calendar month
- Over-lifts are priced at the agreed floating price formula
- Under-lifts are invoiced at the price difference to the market multiplied by underlifted volume



Conclusion

- An MPFFP offers more flexibility than FFP
- No basis risk
- Invoice is issued with the original agreed price
- Utilises existing credit line
- No regulatory reporting requirements
- Flexibility to cash settle the existing FFP
- Margining can be applied depending on tenor and quantity

Peninsula is not giving investment advice and no fiduciary duty arises by entering into any of these products. Customers are required to make their own assessment of the suitability of any particular financial product.

FPF

Floating Price Formula

Lock a differential to the port's main underlying index with flexible pricing during an agreed period.

Introduction

Guarantee bunker supply volume in a port while following market fluctuations.
Flexible as it doesn't necessarily require a fixed volume.

How It Works

- Price a product against an underlying index at a fixed differential for a specific time period
- Does not require a minimum monthly volume commitment
- The pricing period is flexible
- Pricing basis date of nomination
- Pricing basis date of delivery
- Pricing whole month average
- Trigger pricing



Conclusion

- Buy price will follow market fluctuations
- Invoice is issued with the calculated price after the pricing period has expired
- No Regulatory reporting requirements
- Flexibility to convert the Floating Price Formula into an FFP
- No margining requirement
- Credit line may be affected by market volatility

Peninsula is not giving investment advice and no fiduciary duty arises by entering into any of these products. Customers are required to make their own assessment of the suitability of any particular financial product.

APF

Alternative Price Formula

Price a product using an uncommon underlying index to the port/region.

Introduction

Price a product against a preferred underlying.

Guarantee bunker supply volume in a port while following market fluctuations.

How It Works

- Guarantee a differential against a preferred underlying index for a specific time period
- Does require a minimum monthly volume commitment
- The pricing period of the price formula is flexible
 - Pricing basis date of nomination
 - Pricing basis date of delivery
 - Pricing whole month average
 - Trigger pricing



Conclusion

- An Alternate Price Formula allows a shift in baseline price formula from one index to another preferred index
- Increase pricing optionality and reduce volatility
- Can capture favourable price spreads between markets/indices
- May improve correlation between budget and derivative hedges

Consolidate purchases onto preferred indices and eliminate regional basis risk

- Identify opportunities even if flat price is not compelling
- Requires minimum monthly volume
- Month-end reconciliatio

Open Book/ Physical Procurement

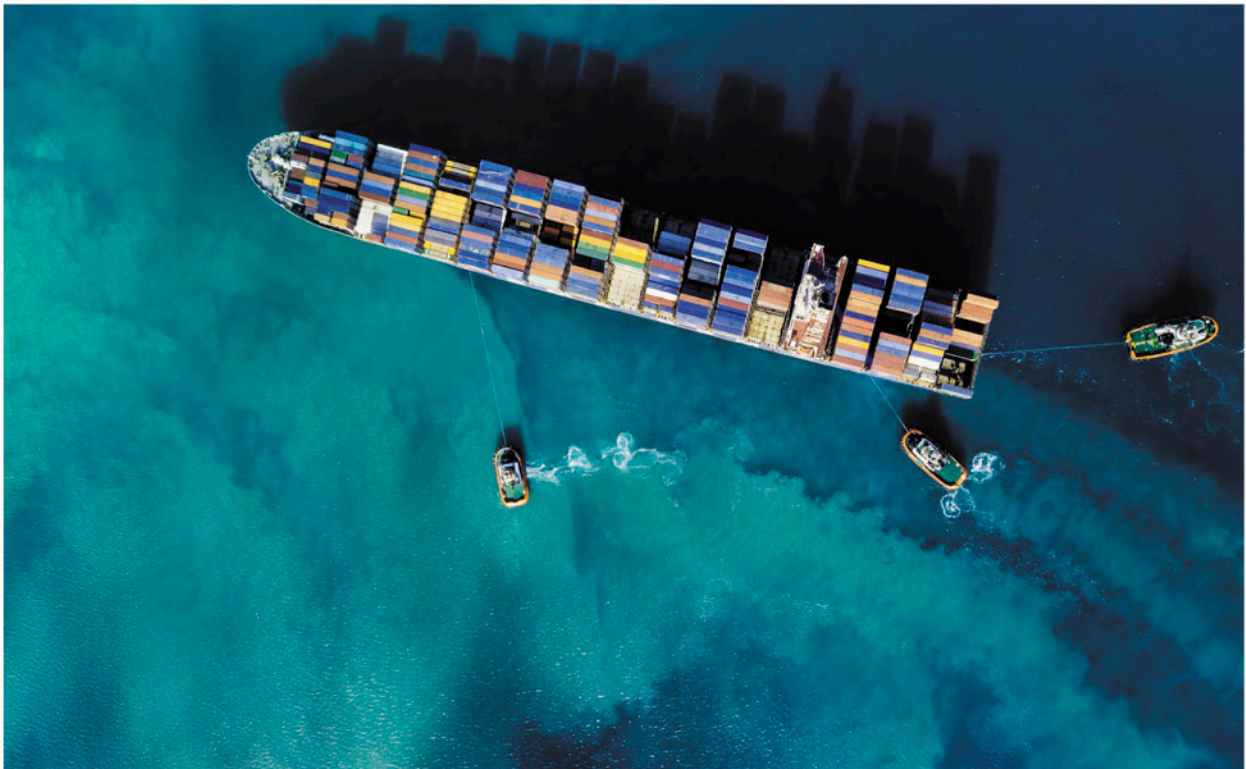
With increasing market fluctuation, budget certainty can be difficult in the current volatile climate.

Introduction

Peninsula can manage the Physical procurement of Fuel or Gasoil. We have the ability to monitor risk and market developments and act quickly where necessary.

How It Works

- During periods of extreme downside/upside risk through fundamental or technical reasons, Peninsula can provide the 3 best quotes from local vendors or our own barrels
- Peninsula will increase the offer price by an agreed fee (as a management fee or a minimum lump-sum), consequently determining the Open Book price
- This agreed Open Book Price will be sent on all confirmations and/or invoices
- Procurement invoices available upon written request
- The Open Book Price can be a floating differential with a trigger date to be agreed



Peninsula is not giving investment advice and no fiduciary duty arises by entering into any of these products. Customers are required to make their own assessment of the suitability of any particular financial product.

Derivatives

Swaps

Transact fuel oil and gasoil swaps with Peninsula with no restrictions on quantity and tenor within the pre-set limits.

Introduction

Can hedge against market fluctuations by buying the underlying paper direct from Peninsula.

Flexibility to float the inquiry in the market at any point in time.

How It Works

- A swaps agreement with Peninsula allows for utilisation of the credit line
- Buy or sell any quantity with flexible tenors
- Post trade admin is done by Peninsula (including weekly/monthly report)



Conclusion

Benefits

- Fast onboarding process (long form)
- No need to setup clearing account
- Already existing relationship for credit line
- Easy trade process
- Tailored reports
- Daily/weekly/monthly P&L
- Minimal setup cost
- Range of tenors available (bullet, weekly)

Drawbacks

- Basis risk for physical delivery
- Margin call management
- More administrative work required

Entering into derivative contracts can result in losses being incurred on the derivative. Peninsula is not giving investment advice and no fiduciary duty arises by entering into any of these financial products. Customers are required to make their own assessment of the suitability of any particular financial product.

Swaps

Transact fuel oil and gasoil swaps with Peninsula and switch them for a physical delivery at a pre-set premium for a specific delivery period.

Introduction

Can hedge against market fluctuations by buying the underlying paper direct from Peninsula.

Flexibility to float the inquiry in the market at any point in time.

Flexibility to convert the swap into a physical delivery.

How It Works

A swaps agreement with Peninsula allows utilisation of the existing credit line

- Buy or sell any quantity with flexible tenors
- Physical delivery premiums/discounts on top of a transacted swaps are agreed for specific delivery periods
- Request a differential premium/discount to any port basis any underlying swap



Conclusion

Benefits

- Fast onboarding process (long form)
- Already existing relationship (credit)
- Tailored reports
- Daily/weekly/monthly P&L
- Range of tenors available (bullet, weekly)
- Flexibility to choose the delivery month before the swap starts to price
- Flexibility to roll the swaps forward to accommodate physical delivery

Drawbacks

- More administrative work required
- Margin call management

Entering into derivative contracts can result in losses being incurred on the derivative. Peninsula is not giving investment advice and no fiduciary duty arises by entering into any of these financial products. Customers are required to make their own assessment of the suitability of any particular financial product.



PENINSULA
ENERGY FLOWING