



Bahri Chemicals



33 vessels at 1.69
million DWT
16 leased vessels



21.5 million tons
of cargo

Bahri Chemicals owns and operates a diverse fleet of tankers that transports a wide array of liquid cargos, including chemicals, clean petroleum products, vegetable oils and biofuels to customers worldwide. The BU's customers include chemical producers, integrated oil companies and refiners, commodity traders and players in the vegetable oil / biofuel markets, with Saudi Aramco and Saudi Basic Industries Corporation (SABIC) as its major customers. Bahri Chemicals is actively involved not only in the spot market, but also in COAs and time charter arrangements, and the sale and purchase of vessels. The BU is incorporated as the National Chemical Carriers Company, and is 80% owned by Bahri Company, with the remaining 20% owned by SABIC.

Bahri Chemicals continued



2024 was a landmark year for Bahri Chemicals, defined by record-breaking financial achievements and strategic advancements. We successfully optimized Saudi volumes while divesting aging tonnage at the right time, reinforcing our market leadership. Moreover, we played a pivotal role in mitigating supply chain disruptions caused by the attacks on shipping around the Bab El Mandeb Strait, ensuring an uninterrupted flow of chemicals, products and palm oil to Saudi customers.

Anticipating strong momentum in both the chemical and product tanker markets, we secured additional tonnage on time charter to capitalize on favorable market conditions and maximize trading days. Through close collaboration with our customers and technical managers, we optimized vessel schedules, improved tank cleaning efficiencies and enhanced cargo intake – ultimately reducing voyage costs and increasing earnings.

Our commitment to sustainable growth was further demonstrated by the successful renewal of all expiring COAs at higher freight rates, effectively hedging against spot market volatility. We also invested strategically in fleet renewal, acquiring four state-of-the-art IMO2 MR tankers while divesting three older vessels, ensuring our fleet remains modern and competitive.

Looking ahead, Bahri Chemicals remains committed to delivering long-term value to our shareholders, customers and employees. We will continue to drive sustainable growth, enhance operational flexibility, and strengthen our market position through strategic investments, and a steadfast focus on innovation and employee engagement.

Mr. Faisal S. Al-Husseini
President, Bahri Chemicals

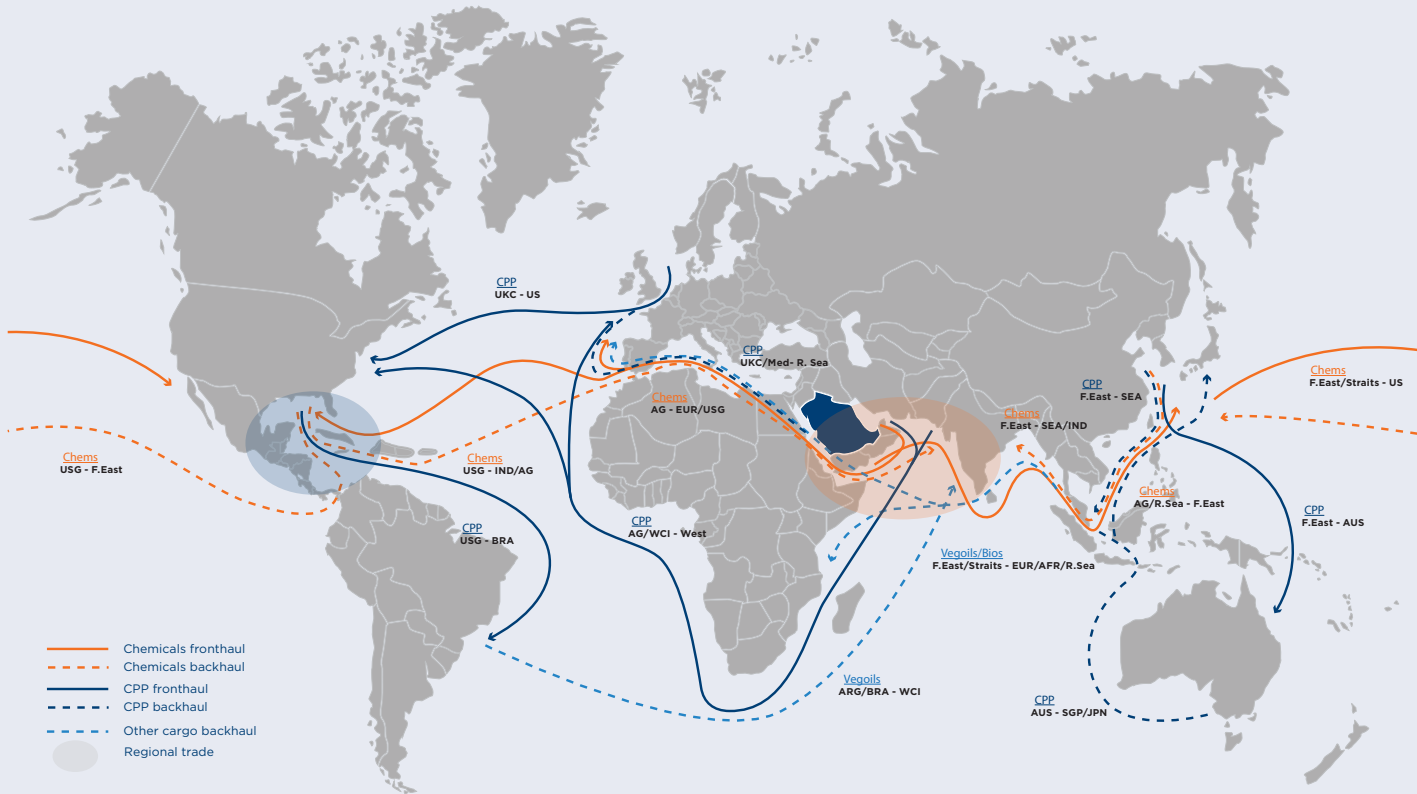
Chemical and product tanker markets in 2024

The chemical tanker market experienced record-high market rates during the first half of 2024, driven by geopolitical disruptions. These influences subsided by mid-year and weaker demand took precedence, leading to a downward correction in freight rates starting in the summer, reverting to levels comparable to 2023.

On the supply side, investment in new vessels by shipowners remained constrained. High newbuild costs, and the expenses and complexity relating to emissions regulations continued to deter fleet expansion.

Product tanker market rates softened during the second half of 2024 after an extended period of strength that started in 2022. This decline was primarily due to reduced refinery throughput, weaker oil demand and competition from crude tonnage carrying clean petroleum product cargoes.

Major trade routes



Bahri Chemicals continued

Operating highlights

Bahri Chemicals capitalized on the strong chemical and product tanker markets during the first half of 2024 by strategically supplementing its owned fleet with charter-in vessels. This enabled the BU to carry 21.5 million tons of cargo, an 18% increase compared to 2023.

The BU expanded its long-term charter-in fleet to 16 vessels by end-2024, up from 10 at the start of the year. Additionally, it utilized short-term charters, ranging from three to five vessels on average during 2024. In total, the chartered fleet accounted for about a third of the BU’s 2024 revenue.

Bahri Chemicals also invested in expanding and modernizing its owned fleet. During the year, it acquired four modern second-hand IMO2 MR chemical tankers while divesting three older vessels, resulting to an owned fleet size of 33 vessels from 32 at end-2023. Furthermore, energy efficiency of its five product tankers was improved by equipping these with propeller boss cap fins.

To enhance stability of its revenue streams, the BU successfully renewed all COAs that were due to expire during the year, with additional agreements currently under negotiation. The proportion of cargo under COAs rose to 24% in 2024, up from 19% in the previous year, bolstering resilience should there be a softening market.

Financial performance

Bahri Chemicals income statement summary

(₪ million)	2024	2023	% YoY
Revenue	3,252	2,723	19%
Net operating costs	(2,161)	(1,929)	12%
General and administrative expenses, and provisions	(34)	(21)	58%
Other income	141	184	-23%
Operating profit	1,199	958	25%
Operating margin	37%	35%	2%pt
EBITDA	1,915	1,463	31%
EBITDA margin	59%	54%	5%pt

Bahri Chemicals recorded a 19% YoY increase in revenue, reaching ₪ 3.25 billion in 2024. Growth was propelled by stronger freight rates, as reflected in the 23% increase in the average TCE rate realized for the owned fleet, and contributions from leased vessels, which expanded from 10 at the start of the year to 16 at year-end. Cargo volumes across owned and leased vessels grew by 17%, totaling 21.5 million tons.

The BU likewise achieved outperformance against the market, particularly for its IMO2 MR vessels which comprised 82% of its fleet. The realized TCE rate of the BU’s IMO2 MR vessels outperformed its market benchmark of a basket of eco MRs by 54% on average during the year.

Key performance indicators for owned vessels

Realized TCE rate (USD/day)

2024	+23%	35,411
2023		28,697

Trading days

2024	-7%	11,422
2023		12,250

Vessels in operation (year-end)

2024	+3%	33
2023		32

Net operating costs increased at a slower pace than revenue growth, rising by 12% YoY to ₪ 2.16 billion, mainly attributed to lower bunker cost, higher bunker subsidy and reduced dry-docking activities.

Other income amounted to ₪ 141 million, lower by 23% compared to ₪ 184 million recorded last year. This was primarily due to an ₪ 88 million one-off income in 2023 from a settlement with a supplier relating to tanker coating claims.

Consequently, Bahri Chemicals’ operating profit rose 25% YoY to ₪ 1.20 billion, with operating margin improving to 37% from 35% in the prior year. EBITDA grew by 31%, reaching ₪ 1.91 billion, with an EBITDA margin of 59%, up from 54% in 2023.

Outlook

Global chemical trade is expected to grow by 1-2% in 2025. However, there are potential headwinds that can reduce traded volume, such as tariffs, trade restrictions and more stringent environmental regulations. On the supply side, the growth of the global chemical tanker fleet is expected to be minimal in 2025, followed by a 2% increase in 2026.

Meanwhile, the product tanker market is anticipated to face weakness, as transportation demand growth of approximately 3% is likely to fall short of a projected 6% increase in global fleet capacity. Supply-demand dynamics and freight rates may be further influenced by various factors, including the state of the global economy, geopolitical developments, and the resurgence of vessels operating outside mainstream commercial markets.

Bahri Chemicals aims to reinforce stability in its revenue streams by securing COAs on key trade lanes and chartering out select vessels. At the same time, the BU intends to remain agile in the spot market, identifying opportunities to capture higher earning cargoes.

