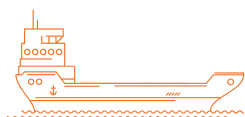




Bahri Oil



41 VLCCs
12.8 million DWT



769 million
barrels

Bahri Oil is one of the world's leading owners and operators of VLCCs and is consistently among the top five VLCC owners globally. Ending 2024 with 41 VLCCs having a total deadweight tonnage of 12.8 million metric tons, Bahri Oil's operated fleet represents about 5% of the global VLCC capacity. Bahri Oil's primary cargo load region is the Arabian Gulf market, but the business unit also caters to requirements across all major VLCC routes worldwide. Bahri Oil is the exclusive transporter of Saudi Aramco VLCC crude cargos sold on a delivered basis around the world. Saudi Aramco is the world's largest crude oil producer and holds a 20% equity stake in Bahri.

Bahri Oil continued



In 2024, Bahri Oil delivered its strongest financial performance yet since 2020, reaching significant milestones in operational excellence and strategic growth. A major highlight was securing a long-term COA with Rongtong, the shipping arm of Rongsheng Petrochemical. This marked our second long-term third-party contract after S-Oil and is the first of its kind with a Chinese customer. It is a pivotal step in expanding our third-party cargo portfolio and strengthening Bahri's presence in Asia.

Bahri Oil also made substantial progress in its fleet expansion and modernization strategy with the acquisition of a fleet of eco scrubber-fitted VLCCs, and the divestment of older vessels to enhance overall fleet efficiency. These accomplishments, alongside proactive voyage planning and operational flexibility, underscore Bahri Oil's resilience and commitment to delivering value in a complex and evolving market.

Mr. Hisham N. Al-Nughaimish
President, Bahri Oil

VLCC market in 2024

The Very Large Crude Carrier (VLCC) tanker market experienced greater uncertainty in 2024 compared to 2023, with volatility driven by shifting demand dynamics, geopolitical tensions, and evolving trading patterns. The year began with strong market rates attributable to robust crude oil demand, particularly from Asian markets. However, tonne mile demand faced challenges later in the year due to the slowdown of China's economy, extension of OPEC+ production cuts and continued geopolitical risks.

While VLCC supply fundamentals remained positive, with limited newbuild deliveries and an aging global fleet, these were tempered by uncertainties surrounding oil demand, particularly in China.

Major trade routes



Bahri Oil continued

Flexible fleet deployment strategy

Bahri Oil successfully navigated the challenging market environment through its dynamic and flexible fleet scheduling strategy, complemented further by proactive voyage planning. Tensions in the Red Sea, in particular, disrupted tanker operations, necessitating a shift in Bahri Oil’s traditional vessel deployment approach. This shift was successfully executed, ensuring the Kingdom’s energy supply flows continued reliably and uninterrupted throughout the year.

To optimize fleet utilization, the business unit (BU) employed timely front-haul outchartering, minimizing idle time and supporting time charter equivalent (TCE) rate performance.

Fleet renewal

Bahri Oil made significant strides in its fleet modernization and expansion program during the year. Eight modern eco scrubber-fitted second-hand VLCCs were acquired, while two older VLCCs were sold. Of the eight VLCCs purchased, five were commercially deployed before end-2024. With these vessel movements, Bahri Oil’s operated VLCC fleet size expanded to 41 vessels by the end of the year, compared to 38 at the end of 2023, facilitating the BU’s 5% year-on-year (YoY) growth in cargo volume to 769 million barrels, and providing additional capacity to handle growing cargo volumes in support of Bahri’s broader growth strategy.

These upgrades also reduced the fleet’s average age to approximately 10% below the global fleet average, positioning Bahri Oil ahead of the industry with a more competitive and cost-efficient fleet.

The remaining three VLCCs purchased were delivered in December 2024 and joined the operated fleet only in January 2025. Additionally, the purchase of seven

other VLCCs has been secured, with delivery of these expected by the first half of 2025, setting the BU up for further progress in 2025 for its fleet modernization and expansion program.

In February 2024, Bahri Oil fully exited the product tanker segment by divesting its last product tanker. This transaction, which generated a substantial gain on sale, marked the final step in the BU shifting focus to core business operations.

The BU also advanced its scrubber retrofiting program, equipping nine vessels with scrubbers during the year. Combined with the newly acquired VLCCs, a total of 27 vessels are now equipped with this system, a significant increase from just 10 vessels in 2023. This investment enhances Bahri Oil’s cost competitiveness by enabling the use of cheaper high-sulfur fuel oil while maintaining compliance with international emissions standards.

Rongtong COA

In late 2024, Bahri Oil entered a landmark long-term Contract of Affreightment (COA) with Rongtong Logistics Co., a subsidiary of Rongsheng Petrochemical Co., a leading Chinese petrochemical company. This COA marks Bahri Oil’s first long-term agreement with a Chinese customer, and represents a major milestone in its strategy to expand its third-party customer base.

The Rongtong COA not only strengthens Bahri Oil’s presence in China, the world’s largest crude oil import market, but also diversifies its revenue streams with assured cargo volumes. This milestone underscores Bahri Oil’s commitment to building strategic partnerships and capturing growth opportunities in key global markets.

Key performance indicators for owned vessels

Realized TCE rate (USD/day)

2024	+8%	48,016
2023		44,606

Trading days

2024	13,643
2023	13,679

Vessels in operation (year-end)

2024	+5%	41
2023		39

Financial performance

Bahri Oil income statement summary

(¥ million)	2024	2023	% YoY
Revenue	4,604	4,796	-4%
Net operating costs	(3,167)	(3,627)	-13%
General and administrative expenses, and provisions	(2)	(12)	-84%
Other income	81	141	-42%
Operating profit	1,516	1,298	17%
Operating margin	33%	27%	6%pt
EBITDA	2,279	2,054	11%
EBITDA margin	50%	43%	7%pt

Bahri Oil delivered its strongest financial performance since 2020 despite challenges arising from constantly shifting trading patterns and geopolitical uncertainties. This was driven by Bahri Oil’s proactive approach to voyage planning and strategic route optimization, while successfully managing an increasingly complex operational environment.

This flexible strategy enabled Bahri Oil to outperform the market benchmark route “BITR TD3C VLCC - Arabian Gulf to China” with the BU’s realized TCE rate rising 8% year-on-year (YoY) compared to a 3% decline in the benchmark. This outperformance was largely due to Bahri Oil’s optimal fleet deployment strategy focused on capturing high earning routes, as well as enhanced cost competitiveness driven mainly by the higher proportion of scrubber-equipped VLCCs in its fleet.

Bahri Oil’s EBITDA grew by 11% YoY to ¥ 2.28 billion, with EBITDA margin expanding to 50% from 43% a year ago. This reflected the same factors that contributed to TCE outperformance. On the other hand, EBITDA growth was tempered by a 4% revenue decline coming from decreased charter-in revenues and the BU’s exit in February 2024 from the non-VLCC market, as well as lower other income due to fewer vessel sales – three vessels were sold in 2024 compared to five a year ago.

Outlook

The outlook for the VLCC market presents a mix of optimism and caution. Market rates will be supported by supply fundamentals which are expected to remain favorable. However, demand side indicators are mixed. Demand may be supported by global economic growth expected to be driven by emerging markets, and an anticipated increase in crude oil movements to the East vis-à-vis the Atlantic, which results in longer tonne-miles. However, uncertainties surrounding China’s economy and oil demand picture remain a key concern. Geopolitical risks are also a factor, as well as variable factors that can potentially reverse the market’s direction, such as possible U.S. pivots on economic, energy and foreign relation policies, and ambiguity around the OPEC+ decision to reverse production cuts.

Given the uncertainties in the VLCC market, Bahri Oil is adopting a balanced strategy, preparing for both market opportunities and potential headwinds in the year ahead, while maintaining its focus on advancing Bahri’s growth strategy, delivering sustained long-term value to its stakeholders, and contributing to the Kingdom’s Vision 2030.