

# Bahri Oil

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DWT capacity of 11.8 million tons



NPS of 9.9 out of 10





**Bahri Oil is one of the world's leading owners and operators of Very Large Crude Carrier (VLCC) vessels. As of 31st December 2023, the fleet consists of 38 VLCCs with a deadweight tonnage (DWT) of 11.8 million tonnes, representing around 4% of global capacity and maintaining our position within the top 5 VLCC owners globally.**

**Developments in 2023**

Bahri Oil in 2023 furthered its commitment to excellence by continuing to focus on the renewal of older tonnage. We inducted 2 new modern eco vessels as replacements for vessels divested in the prior year, contributing to fleet optimization and increased efficiency. Furthermore, consistent with Bahri's overarching objective of maintaining a young and competitive fleet, we took advantage of the elevated asset value environment for older tonnage to strategically divest 2 older VLCCs and 3 MR vessels. This reduced the average age of our fleet by around 1.5 years and contributes to lower overall fleet emissions, ensuring the sustained provision of high-quality services to our global client base.

Moreover, we installed scrubbers on 4 VLCCs, nearly tripling the proportion of scrubber-fitted ships. This initiative not only ensured compliance with international emissions standards but also reduced operational costs by allowing the use of more economical fuel.

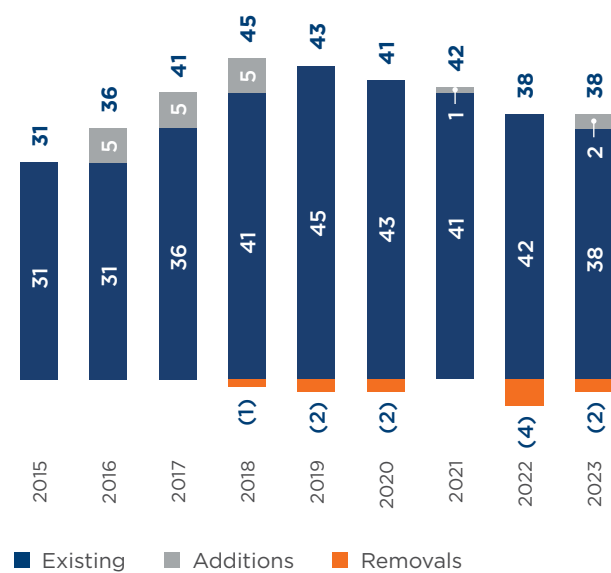
During the year, Bahri Oil increased our market presence in terms of trade routes, with a higher focus on diversifying our client base, in turn improving fleet utilization. We expanded our trading operations to cover new destinations from the Arabian Gulf (AG), transporting cargos to Ulsan and Jieyang Crude Oil Terminal.

**Measures Adopted to Optimize Fleet Utilization in 2023**



- Targeting USG backhails with minimal ballasting following USG fronthaul voyages
- Natural re-positioning of AGRed Sea ships for Sidi Kerir-UKC cargos and subsequent backhaul to East
- Commercially viable fronthaul out chartering from AG

**BAHRI OIL VLCC FLEET DEVELOPMENT**



Bahri Oil also achieved significant operational milestones that underscored our standing in the global shipping landscape. The year witnessed the completion of 340 voyages, enabling the transportation of 1.91 million barrels of crude oil daily across global routes. Notably, the AG-USG voyages, combined with triangulation, contribute to our competitive edge, enhancing utilization and generating a premium to the benchmark TD3C (AG-China) route.

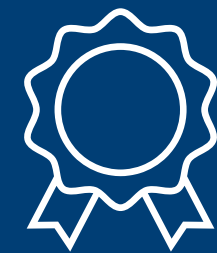
Bahri Oil also continued to serve our customers' needs in a safe, reliable, and timely manner. In 2023, we achieved an exceptional Net Promoter Score (NPS) of 9.9 out of 10 for Operations, an impressive improvement from the previous year. The Executive survey also saw improved results, with a score of 9.2 reflecting a year-on-year enhancement. These results are a testament to Bahri Oil's ongoing endeavors to maintain high-quality operations, meet customer expectations, and expand our customer base.

The distribution of voyages predominantly favored the primary AG market, constituting approximately 70% of the total loadings. Meanwhile, other cargos were sourced from major VLCC export terminals worldwide, highlighting Bahri Oil's diversified global operational footprint and customer base.

The year also witnessed several market dynamics that had a direct impact on Bahri Oil's operations. As a result of OPEC+ supply cuts and additional unilateral reductions by major producers, including the Kingdom of Saudi Arabia and Russia, 2023 saw a reduction in AG cargo volume during the second half of the year. In addition, there were also changes in crude flows, increased tonne-demand for smaller vessels (Aframax/Suezmax), which impacted overall VLCC market dynamics.

Nonetheless, Bahri Oil successfully navigated through the effects of geopolitical events and OPEC+ cuts, generating robust financial results. Our proactive approach, as evidenced by the extensive scheduling practices carefully aligned with voyage projections and optimized utilization, mitigated the effects of market volatility.

**Awards and Recognitions**



**Shipping Company of the Year**

The Maritime Standard (TMS) Awards 2023





### Improvements in Technology

In cooperation with BSM, Bahri Oil introduced a new system aimed at enhancing transparency and sustainability in our operations. We implemented a live tracking dashboard that provides real-time ratings for each owned VLCC. This innovative tool aligns with our commitment to minimize fleet emissions, ensuring compliance with global regulations, and advancing Bahri's ESG initiatives.

Moreover, we complied with the Carbon Intensity Indicator (CII) and Energy Efficiency Existing Ship Index (EEXI) rating regulations for shipping, as governed by the International Maritime Organization (IMO). These regulations aim to reduce greenhouse gas emissions from ships by establishing standards and benchmarks for energy efficiency. As such, our new system not only demonstrates Bahri's commitment to sustainability, but also aligns with these regulations by providing a tool to actively monitor and take proactive measures to improve the environmental impact of our fleet.

### Sustainability, HSE, and Human Capital

In 2023, Bahri Oil enhanced its sustainability by continuing fleet renewal and divesting older VLCCs. This increased the proportion of our eco fleet to 34%, which enhanced the environmental efficiency of the fleet and improved the fleet average age by 7%. We also completed the installation of exhaust gas cleaning systems on 4 vessels in the fleet for effective capture and disposal of sulfur emissions.

Bahri Oil also continued to focus on attracting and developing Saudi talent, leveraging Bahri's comprehensive Graduate Development Program (GDP) as a pivotal strategy. This year, 2 program graduates transitioned into full-time employees, having fulfilled the requisite criteria. We also recently welcomed 2 participants into the GDP, with their graduation anticipated in 2024. Through this strategic initiative, as Bahri Oil's workforce develops with skilled Saudi professionals, it also significantly improves the Saudization rate to over 40%, aligning with national objectives and promoting a diverse and dynamic workplace environment.

### Looking Ahead

Moving forward, Bahri Oil remains committed to continuous operational performance enhancement through meticulous strategic planning and execution and adopting cutting-edge technology and innovative solutions to drive further growth. These initiatives include further refinement of existing fleet maintenance systems, enabling more precise monitoring and management of fleet speed and fuel consumption.

On the commercial front, we remain focused on diversifying our revenue portfolio through expansion of spot operations, securing additional cargo contracts with major charterers, and exploring time charter opportunities. Dedication to maximizing fleet utilization and prioritizing high-earning routes is integral to optimizing our financial returns.

We are steadfast in our commitment to fleet modernization, strategically replacing older vessels with modern eco tonnage. This approach not only enhances fleet efficiency and profitability but also significantly lowers our overall fleet emissions, aligning with our sustainability objectives.

On the human capital front, Bahri Oil is dedicated to fostering the growth of Saudi talent in the commercial maritime sector, actively attracting young Saudis to join the team. Beyond our Graduate Development Program, we are also focused on drawing in additional Saudi professionals, offering them opportunities for development and growth within our dynamic industry.

Finally, at the core of our operations is a relentless pursuit of excellence in quality management, to ensure unrivalled customer satisfaction, which we will continue to prioritize in the years to come.



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