FINANCIAL REVIEW

STEERING TOWARDS STRONG AND SUSTAINABLE FINANCIAL RESULTS

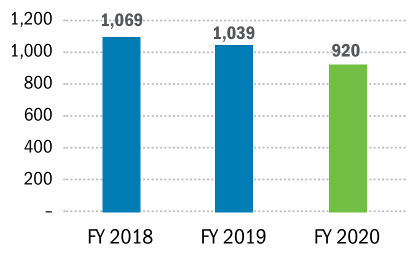
FY2020 was a turbulent year of two contrasting halves riding on the back of two black swan events. The year started strong with tanker charter rates reaching record highs in March and April 2020 precipitated by the oil price war within OPEC+, before nosediving in the second half of the year due to the impact of the COVID-19 pandemic. Many tanker owners, including AET, registered strong performances in 1H FY2020 when the combination of easing energy demand at the start of the pandemic and the disputes among OPEC+ members on oil production cuts drove the requirement for floating storage to record levels and led to a temporary shortage of tankers available for trading.

The tanker sector came under tremendous pressure when rates started to soften towards the end of Q2 FY2020 when oil demand collapsed due to travel bans and movement restrictions in a worldwide attempt to contain the pandemic. Tanker demand and rates continued to be suppressed going into Q3 due to oil production cuts by a reconciled OPEC+ and slowing demand for tankers against an increased capacity environment with the return of vessels chartered earlier by the storage players. The traditionally strong Q4 for tankers became lacklustre with reduced export volumes and high global oil inventories weighing on the sector.

Despite the strong headwinds in 2H FY2020, AET achieved solid results in FY2020 due to decisive financial and operations measures taken during the year to capitalise on positive market factors in 1H FY2020 and mitigate unfavourable market conditions in 2H FY2020. AET secured a total revenue of US$920 million and an EBITDA of US$403 million. We closed the financial year ending 31 December 2020 with an NPAT of US$94 million, which was a significant improvement from the US$10 million NPAT in FY2019. The cash balance was maintained at US$194 million. We kept a healthy balance sheet with one of the lowest gearing ratios in the tanker market at 0.63. This was attributable to our progressive efforts to maintain an optimal capital structure, a portfolio of specialised and premium income-generating assets, and an efficient working capital management system.

Notwithstanding the tightening of the debt market in 2020, our sound financial standing, sustainable business model and proven track record enabled us to secure eight loan facilities totalling US$1.55 billion at competitive interest rates. These include financing of the post-delivery of five DPST newbuilds, refinancing facilities, pre-delivery payment facility to finance part of the construction cost of the eight newbuilds slated for delivery in end 2021 and 2022, and standby revolving credit facilities to support new CAPEX investments. During the year, we were able to capitalise on the low swap rate environment and lock in competitive financing cost for our long-term loans. We also fully repaid our shareholder loan over an agreed repayment period, freeing up cash flow for deployment on new CAPEX programmes and further strengthening our balance sheet.

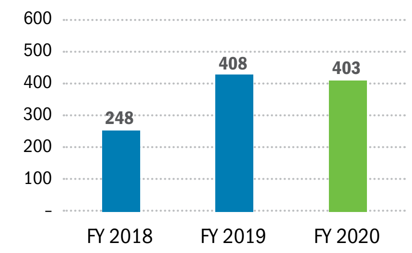
REVENUE (US$ million)



US$920mil

-US$119million

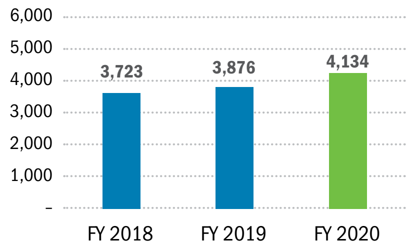
EBITDA (US$ million)



US$403mil

-US$5million

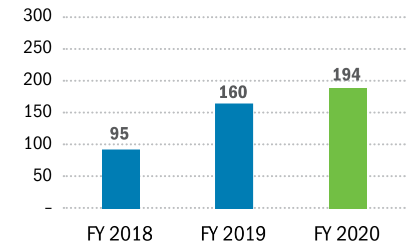
TOTAL ASSETS (US$ million)



US$4,134mil

+US$258million

CASH & BANK BALANCES (US$ million)



US$194mil

+US$34million

AET secured a total revenue of US$920 million and an EBITDA of US$403 million. We closed the financial year ending 31 December 2020 with an NPAT of US$94 million, which was a significant improvement from the US$10 million NPAT in FY2019.

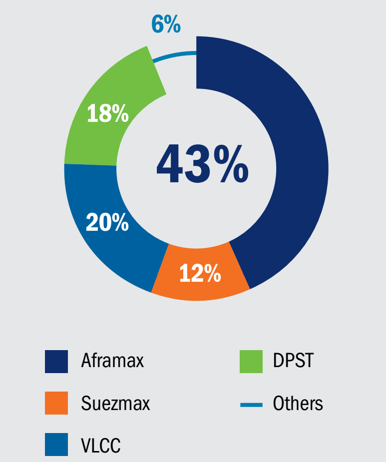
On the operational side, we deployed our fleet of mid-size tankers for more voyage-charters in 1H FY2020 to leverage the higher rate of return. In Q2 FY2020 before the decline in vessel demand, we strategically placed five mid-size tankers on time-charters to reduce spot exposure while capitalising on the higher and more stable time-charter rates. Planned in-charters were also scaled back to reduce exposure to the more volatile spot market.

Drydocking was strategically carried out in between commercial market cycles to ensure the safety and reliability of our vessels. In Q4 FY2020, in line with our fleet rejuvenation strategy, we took the opportunity to sell two VLCCs and two older Aframaxes on favourable terms as part of our fleet rejuvenation programme. The DPST segment was bolstered by seven newbuild deliveries in 2020 and early 2021, with all seven vessels chartered out on long-term contracts.

In 2020, AET was awarded newbuilding contracts for three DPSTs and two VLCCs backed by long-term time-charter contracts with energy majors. In 2021, we further sealed our market positioning in LNG dual-fuel assets with a seven-year charter contract for three VLCCs with an energy major. These wins, along with the vessels delivered in 2020 and early 2021, provide recurring revenue streams that will contribute towards financial stability and liquidity for AET over the next 10 years.

Moving forward, our priorities in 2021 will be to maintain a healthy balance sheet and steady cash flow to support our worldwide operations, our fleet rejuvenation strategy and our expansion programmes in line with our sustainability strategy. Our strong cash flow from operations and the standby credit facilities will ensure that we will be able to meet our obligations to our stakeholders despite a challenging 2021 driven by volatile oil markets and the COVID-19 pandemic. We are confident that our asset portfolio and AET's growing secured income base will continue to strengthen our financial resilience and empower our growth in 2021 and beyond.

EBITDA BY SEGMENTS – FY2020

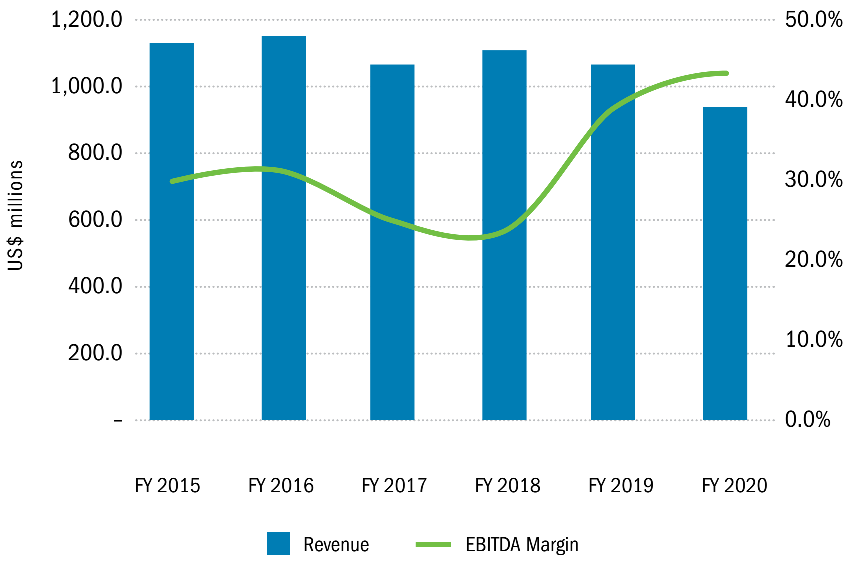


Profitability (US$ million)	2018*	2019	2020
Revenue	1,069	1,039	**920**
EBITDA	248	408	**403**
(NLAT)/NPAT (operations)	(46)	41	**85**
Impairment	(15)	(31)	**9**
(NLAT)/NPAT	(61)	10	**94**
Key Balance Sheet (US$ million)			
Total assets (inc fixed assets & cash)	3,723	3,876	**4,134**
Cash & bank balances	95	160	**194**
Total liabilities (inc borrowings)	1,536	1,756	**1,987**
Total borrowings	1,217	1,475	**1,556**
Shareholder's equity	2,187	2,120	**2,147**
Net debt to equity (times)	0.51	0.62	**0.63**

* 2018 figures are pre-IFRS16
EBITDA: Earnings Before Interest, Taxes, Depreciation and Amortisation
NLAT: Net Loss After Tax
NPAT: Net Profit After Tax

FINANCIAL REVIEW

REVENUE AND EBITDA MARGIN



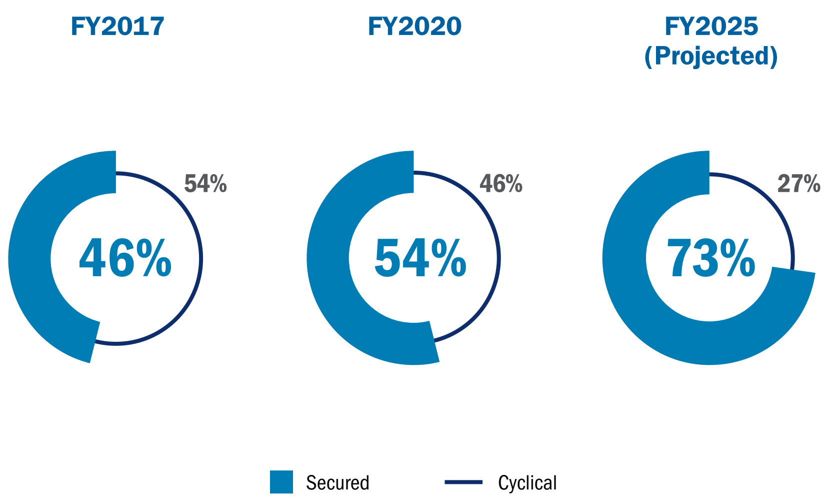
EBITDA MARGIN

43.8%

INSIGHTS

Generated a strong EBITDA margin, despite multiple challenges in 2020

EBITDA BY INCOME TYPE



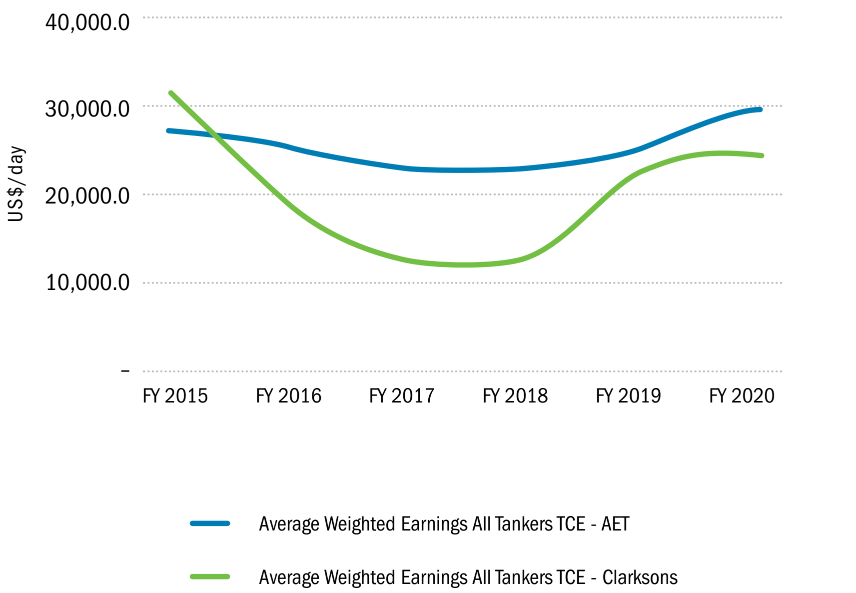
PROJECTED SECURED EBITDA (FY2025)

73%

INSIGHTS

- We are strengthening the core, innovating for the future and investing in greener shipping
- Strategy to focus on financial sustainability through long-term charters with quality customers

OUR TCE PERFORMANCE vs OVERALL MARKET TCE



AET

US$27,515/day

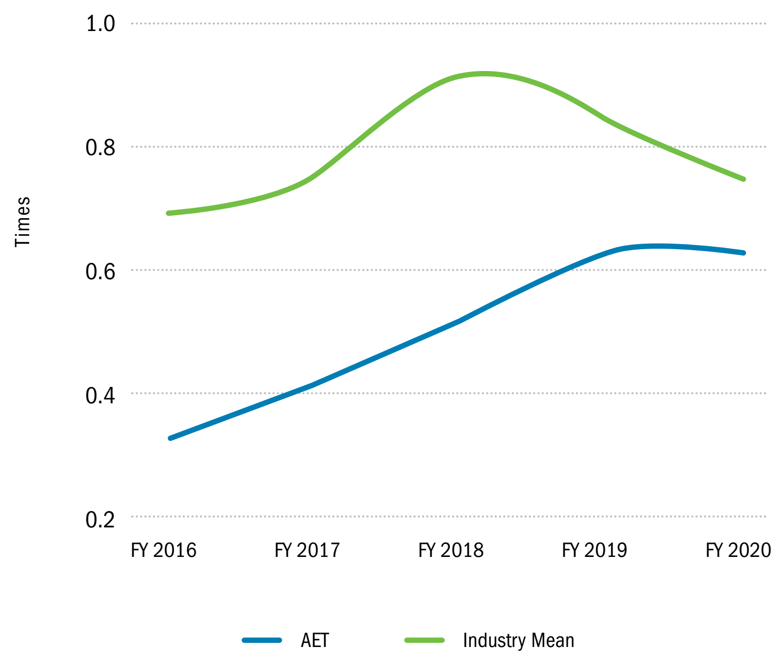
ALL TANKERS

US$24,249/day

INSIGHTS

Greater emphasis on sustainability and continued focus on building secured income, our Time Charter Equivalent (TCE) is better than the industry TCE

NET DEBT / EQUITY



AET

0.63

INDUSTRY MEAN

0.72

INSIGHTS

- One of the lowest gearing ratios among tanker companies even amidst our sizeable fleet rejuvenation programme in eco-efficient dual-fuel assets
- Most of our new debt financing are tied to growth projects built against secured income