FINANCIAL REVIEW

SUSTAINING FINANCIAL STRENGTH THROUGH SECURED INCOME PORTFOLIO

FY2021 was a challenging year for the tanker sector, with historically weak earnings and rates. The COVID-19 crisis spurred an unprecedented collapse in oil demand in 2020 that kept the demand dampened in 2021 at 96.5 mbpd, below the 2019 pre-pandemic level of 99.5 mbpd. Spot earnings in the tanker sector came below operating costs, with earnings going into the negative range for the most part of the year. The situation only improved slightly when OPEC+ eased the supply cut in the third quarter. When oil demand started to recover, it was offset by inventory drawdowns instead of new orders. The release of vessels from floating storages throughout the year exacerbated the situation and further dampened the dwindling tanker demand. Consequently, tanker rates dived to a 30-year low in 2021.

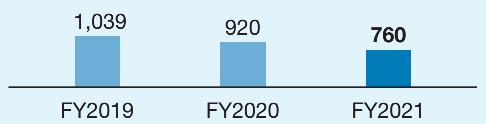
AET demonstrated its resilience with its strategic focus on mid- to long-term secured income which provides AET with better financial stability for the long haul and the agility to take on new opportunities as they emerge. Managing the fleet portfolio against secured earnings mitigated the effects of economic uncertainties and financial volatility and improved our ability to achieve long-term sustainability goals and meet customer requirements. During the year, we also strategically managed the disposal of assets in line with our fleet rejuvenation, negotiated lightering contracts, managed the in-charter portfolio, and reduced cost structure to better mitigate the downside risks. Lower operating costs were recorded with the optimised fleet size and tighter cost controls.

Despite difficult market conditions and the 30-year low tanker rates, we achieved an NPAT of US$46 million in FY2021. AET secured a total revenue of US$760 million and an EBITDA of US$337 million. While our fleet was operating at high utilisation rates, the revenue and EBITDA were lower as compared with 2020, due to subdued market fundamentals.

Although the liquidity market had been tight in 2021, we were able to leverage our robust financial standing and a healthy balance sheet to secure competitive financing of about US$600 million for the newbuilds scheduled for delivery in 2022. We have maintained our standby credit facilities that can be used to support new CAPEX investments for our fleet rejuvenation plan. This will ensure our ability to meet our obligations to our stakeholders. We also achieved significant savings by capitalising on low swap rates to hedge the loans and securing competitive rates.

FINANCIAL HIGHLIGHTS FOR FY2021

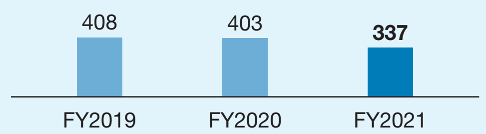
Revenue (US$ million)



US$760 million

-US$160 million

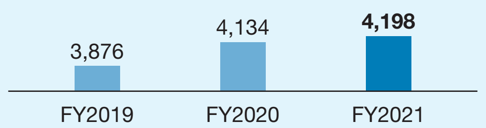
EBITDA (US$ million)



US$337 million

-US$66 million

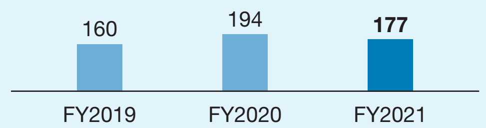
Total Assets (US$ million)



US$4,198 million

+US$64 million

Cash & Bank Balances (US$ million)



US$177 million

-US$17 million

EBITDA: Earnings Before Interest, Taxes, Depreciation and Amortisation.
NPAT: Net Profit After Tax; NLAT: Net Loss After Tax.

We maintained a healthy balance sheet of approximately US$4,198 million in assets with one of the lowest gearing ratios in the tanker market at 0.69. This was attributable to prudent capital management, and a secured income-generating portfolio. Despite poor market conditions, AET was able to maintain a strong level of cash balance to meet our financial obligations and our capital commitments. Additionally, we did a partial redemption of the Redeemable Cumulative Preference Shares from our shareholder.

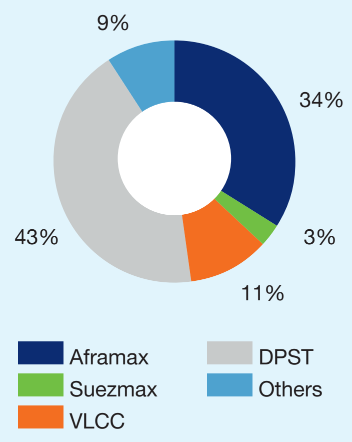
Over the last five years, AET has invested approximately US$2 billion in new assets, of which about US$1 billion was in dual-fuel vessels. As an early dual-fuel adopter, AET is a leading owner and operator of dual-fuel vessels. In 2021, we took delivery of Eagle Pilar, a newbuild DPST committed to a long-term contract with Shell in Brazil. We also signed an agreement with Shell for the construction and time charter of three LNG dual-fuel VLCCs for delivery in 2023.

In FY2021, 9% of AET's revenue came from our greener dual-fuel fleet. Our plan is to operate the majority of our fleet on eco-friendlier fuels by 2030. This is in line with our sustainability mission to contribute to a cleaner environment and accelerate the industry's decarbonisation priority. Together, these strategic assets will contribute to the growth of our long-term secured income portfolio and greener shipping solutions. The secured revenues generated will provide financial stability and liquidity for AET over the next 10 years.

> **"In FY2021, 9% of AET's revenue came from our greener dual-fuel fleet."**

Profitability (US$ million)	2019	2020	2021
Revenue	1,039	920	760
EBITDA	408	403	337
(NLAT)/NPAT (operations)	41	85	41
Impairment/Gain or Loss on Sale of Assets	(31)	9	7
(NLAT)/NPAT After Minority Interest	9	94	46
Key Balance Sheet (US$ million)			
Total Assets (including fixed assets and cash)	3,876	4,134	4,198
Total Liabilities (including borrowings)	1,756	1,987	2,034
Shareholder's Equity	2,120	2,147	2,164
Net Debt/Equity (times)	0.62	0.63	0.69

EBITDA by Segments - FY2021



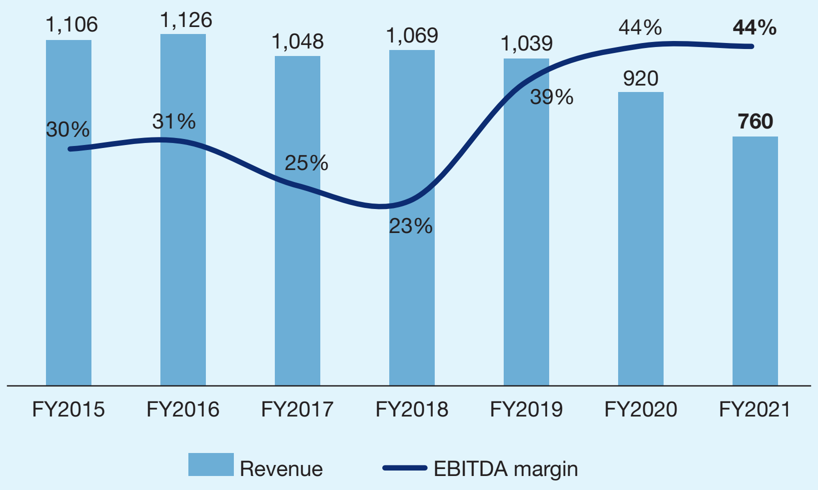
For our fleet of mid-sized tankers, we deployed them on more lightering contracts. Some were placed on time charters to reduce spot exposure while capitalising on the higher and more stable time-charter rates. Planned in-charters were scaled back to reduce exposures to the volatile spot market and drydocking was carried out routinely for vessel upkeep and safety. In line with our fleet rejuvenation strategy and in anticipation of slower demand for the near term, we sold seven vessels in FY2021, comprising of a VLCC, a Panamax and five older Aframaxes.

Joining our fleet portfolio in FY2022 and backed by long-term charters are six DPSTs and two VLCCs. These VLCCs are two of the world's first LNG dual-fuel VLCCs. Not only do they help our customers achieve a critical milestone in their fleet decarbonisation, the secured income from long-term charters will provide financial stability and liquidity to AET's operations.

Moving into 2022, supported by robust long-term secured income and a rejuvenated asset portfolio, we will continue to maintain a healthy balance sheet to back AET's worldwide operations and decarbonisation priority. Despite the headwinds ahead—characterised by volatile oil markets, the health crisis presented by COVID-19, and the tense geopolitical situations—our strong financial position afforded by steady cash flows from operations and standby credit facilities will ensure our ability to meet our obligations to our stakeholders. We are confident that with our rejuvenated asset portfolio and a growing secured income base, AET will continue to grow from strength to strength building upon our financial resilience to generate growth in 2022 and beyond.

FINANCIAL REVIEW

Revenue (US$ millions) and EBITDA Margin (%)



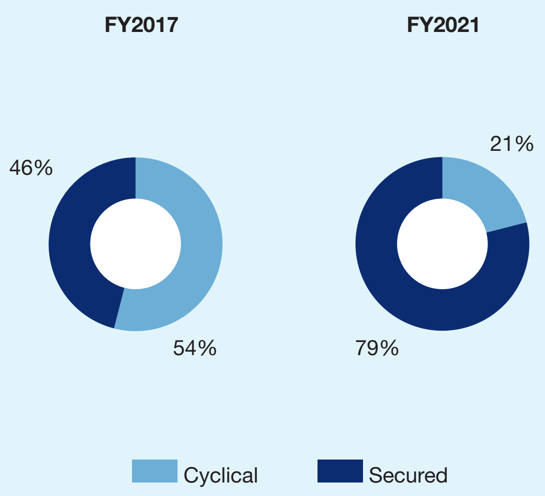
EBITDA MARGIN

44%

Insights

Steady EBITDA margin year-on-year despite multiple challenges in 2021.

EBITDA by Income Type



PROJECTED SECURED EBITDA (2025)

~70-80%

OF THE TOTAL

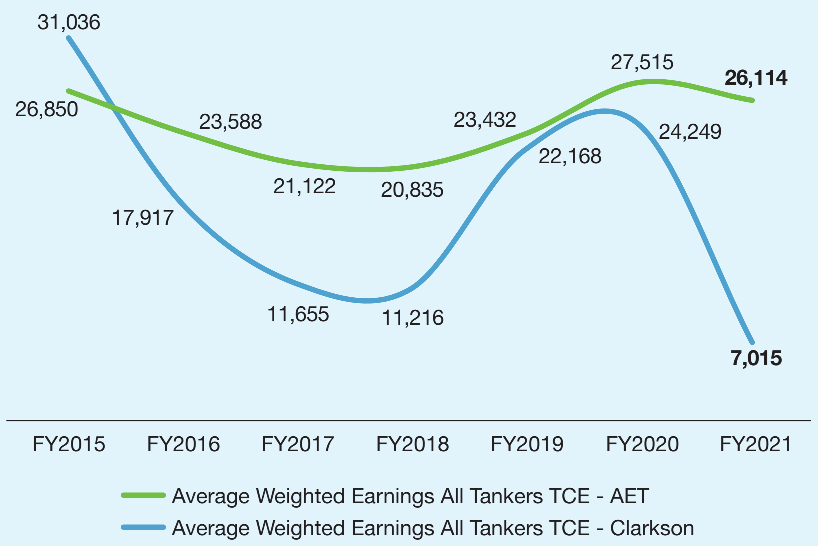
Insights

We are strengthening the core, innovating for the future and investing in greener shipping.

Our eco-efficient and dual-fuel assets provide secured income from long-term charters leading to financial stability and liquidity to our operations.

EBITDA: Earnings Before Interest, Taxes, Depreciation and Amortisation.
TCE: Time Charter Equivalent.
2018 figures are pre-IFRS16.

Our TCE Performance vs Overall Market TCE (US$/day)



TCE - AET

US$ 26,114/day

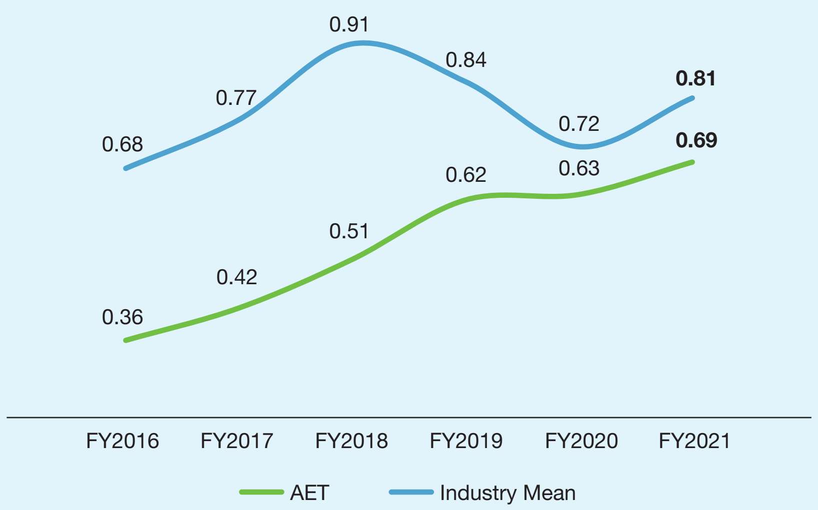
TCE - ALL TANKERS

US$ 7,015/day

Insights

Strategy to focus on financial sustainability through long-term charters with quality customers means AET is less susceptible to the volatility in the industry.

Net Debt/Equity (Times)



AET

0.69

INDUSTRY MEAN

0.81*

* The Mean data is for large tanker players in the industry.

Insights

Slight increase in leverage ratio due to increase in borrowings for new projects.

We aim to maintain our balance sheet size with growth in quality and secured assets.

Most of our new debt financing are tied to growth projects built against secured income.

For details on the Financial Pillar of our Sustainability Strategy, refer to page 100.