

CHAIRMAN'S MESSAGE

“Moving into 2023, our strategy hinges on four core elements. We will build our resilience by fortifying our existing operations; decarbonise our existing fleet operations and phase out inefficient and carbon intensive vessels; explore low-carbon business opportunities emerging from energy transition either alone or with like-minded partners; and to enable all these, develop a diverse talent pool.”

As I take over the Chairmanship of AET from Datuk Yee Yang Chien, I wish to record my appreciation and gratitude for the stewardship and service he has provided to the organisation. I am honoured to succeed him and build upon the foundation he has laid. As I transition out of the role of President & CEO at AET, I would also like to extend a warm welcome to our new President & CEO, Zahid Osman. We have full trust and confidence in his ability to steer AET to further success and growth.

THE YEAR IN REVIEW

I am proud to report that AET has delivered a robust performance in 2022 in the midst of unprecedented geopolitical events that impacted the global economy. Guided by a purposeful business strategy, AET has invested in modern energy efficient assets to operate the existing business as responsibly and as efficiently as possible, transporting much needed energy commodities across the world while reducing its Greenhouse Gas (GHG) emissions to meet its sustainability goals. At the same time, AET has been actively seeking partnerships to participate in the energy transition and renewable energy related maritime opportunities that arise from the transition in order to secure its future in a low-carbon world.

The outbreak of war in Ukraine while the world was still recovering from COVID-19 lockdowns threw energy markets into turmoil and caused inflation to spike, creating volatility in tanker markets. Despite this, AET delivered one of its best results with a Net Profit After Tax (NPAT) of US\$190 million and Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA) of US\$498 million from a total revenue of US\$1,038 million. The factors contributing to our outstanding performance include a skilled and motivated workforce, a well-executed strategy and a long-term plan that provides stability and direction. To fortify our business resilience, we exercised financial prudence by maintaining a low gearing ratio. This was bolstered by a healthy cash balance and disciplined capital management. While AET has autonomy over its own balance sheet, being part of a larger group allows it to maintain its financial resilience in a more steadfast manner, especially during periods of market volatility.

2022 was a landmark year for AET as it delivered eight newbuild vessels to its customers. Six eco-efficient DPSTs were delivered to our customers in Brazil, expanding our shuttle tanker fleet to 17 and reinforcing our position as a leading owner-operator globally. We also took delivery of among the world's first two dual-fuel Very Large Crude Carriers (VLCCs). With three more due for delivery in 2023, this will bring our fleet of dual-fuel vessels to 11. The use of these dual-fuel assets resulted in a 3.4% year-on-year (Y-o-Y) decrease in our GHG emissions intensity.

As a member of the MISC Group, we firmly believe that every player in the maritime ecosystem needs to act now as the climate crisis edges closer to the tipping point. AET is doing its part and since 2022 has signed three Memorandums of Understanding (MOUs) with like-minded and future-focused industry players to jointly take the lead in developing and constructing zero-emission vessels (ZEVs). Our common goal is to contribute to a sustainable and decarbonised global trade network.

LOOKING AHEAD

With our people at the heart of our operations, effective talent development and capability building programmes remain a key strategic priority. These programmes range from various leadership and training initiatives for our staff to internship programmes across our global offices.

Looking ahead, the petroleum and product shipping market is expected to continue its growth trajectory on the back of strong market fundamentals. This is augmented by catalysts such as the dislocation of Russian crude which is expected to translate into higher tanker tonne-mile demand. Other factors such as the ageing global tanker fleet and tighter environmental regulations continue to support a positive tanker market outlook. Riding on this, AET will continue to build its secured income portfolio, aiming for a portfolio composition of 80% secured business. In mapping our future strategic path, we will remain focused on reducing our fleet's GHG emissions intensity by 40% by 2030 through continuous deployment of cutting-edge energy-efficient technologies and increasing our operational efficiency. At the same time, we will invest in new assets and businesses that support the energy transition to a low-carbon and renewable energy value chain in the future.

We anticipate that our investments will play a role in enabling us to fulfil our pledge to reach net-zero GHG emissions by the year 2050. We remain confident that our focused strategy will continue to generate sustainable business growth as we capture future opportunities while supporting the needs of the energy market.

A NOTE OF THANKS

As I conclude, I would like to express my sincere gratitude to the members of the AET Board for their guidance and invaluable contributions and to our loyal customers and business partners for their strong support and trust. I also extend my appreciation to our team members worldwide, including our mariners and Lightering Support Vessels (LSVs) crew members, for their unwavering dedication to AET. As a united team, we will continue to act purposefully to realise our commitments to the future and to contribute to innovative solutions that will help drive progress.

CAPT. RAJALINGAM SUBRAMANIAM
Chairman

