

## **BAHRI REPORTS SECOND QUARTER 2024 RESULTS WITH NET PROFIT UP 48%**

- **Q2 2024 revenues up 15%** year-on-year (YoY) to SAR 2.71 billion, and H1 2024 revenues 6% higher to SAR 5.03 billion, supported by better shipping rates in the oil and chemicals markets, and larger volumes in chemicals, dry bulk and logistics.
- **Q2 2024 net profit grew 48%** YoY to SAR 733 million, and H1 2024 net profit increased 20% to SAR 1.19 billion, due to the increase in revenue, supported by margin improvement from cost efficiency measures.
- **Net debt-to-EBITDA improved 20%** YoY to 1.36x on the back of lower net debt and higher EBITDA.
- **Free Cash Flow stood at SAR 227 million** as of H1 2024.
- **Fleet improvement** with the addition of two VLCCs and one multipurpose vessel, as well as six chemical tankers on long-term lease contract.

**Riyadh, Kingdom of Saudi Arabia – 28 July 2024:** The National Shipping Company of Saudi Arabia (“Bahri” or the “Company”, 4030 on the Saudi Exchange), the Kingdom’s leading shipping and logistics provider, announced its financial results for the second quarter and first half of 2024 showing a 48% and a 20% increase in net profit, respectively, on the back of growth in shipped volumes, higher oil and chemicals shipping rates, and improved cost efficiencies compared to the second quarter and first half of 2023.

**Eng. Ahmed Ali Al Subaey, Chief Executive Officer of Bahri, commented:**

*“Bahri had a good first half of this year and delivered commendable operational performance across our divisions. Our success was driven by optimized fleet management and route efficiency, supported by improved market conditions for VLCCs and chemical tankers. From our solid base, we are focused on value-accretive growth through strategic fleet expansion and modernization, as well as in strengthening our presence in core and adjacent markets. By pursuing strategic partnerships and leveraging opportunities aligned with Saudi Arabia’s Vision 2030, we aim to support the development of the Kingdom’s maritime ecosystem as Saudi Arabia’s preeminent shipping and logistics champion.”*

## BAHRI COMPANY HIGHLIGHTS

Bahri Company is Saudi Arabia's premier shipping and logistics company, and organized into four business units (BUs) – Oil, Chemicals, Integrated Logistics and Dry Bulk – as well as a ship management function shared Company-wide.

In H1 2024, the Company achieved a 6% YoY growth in revenues to SAR 5.03 billion, mainly driven by the 24% YoY rise in revenue from the Chemicals BU and improved contributions from Dry Bulk and Integrated Logistics. Key revenue growth factors for the Company were favorable supply-demand price dynamics in the oil and chemicals shipping market, larger chemicals and dry bulk volumes transported, and increased logistics transactions during the period.

Q2 2024 revenue increased 15% YoY to SAR 2.71 billion, driven by Chemical revenue growth and contributions from Dry Bulk and Integrated Logistics, likewise supported by favorable supply-demand dynamics in the oil and chemicals shipping market, and larger chemicals and dry bulk volumes transported, and increased logistics transactions compared to the second quarter of last year.

On a quarter-on-quarter (QoQ) basis, Q2 2024 revenue was higher by 17%, driven by increases across all BUs on the back of higher shipping rates and larger cargo and logistics volumes.

H1 2024 net profit grew 20% YoY to SAR 1.19 billion, boosted by EBITDA margin expansion to 48% in H1 2024 versus 44% in H1 2023. Margin expansion was driven by improvements in cost efficiencies and higher shipping rates for Oil and Chemicals, partly offset by reduced profitability in Dry Bulk and Integrated Logistics, and a lower earnings contribution from equity-accounted affiliates.

Q2 2024 net profit rose 48% YoY and 62% QoQ to SAR 733 million. In both cases, this growth was driven by better shipping rates and cost savings from fleet scheduling optimization, as well as the increase in revenue.

The Company continued to strengthen its balance sheet, with its net debt-to-equity ratio at 42% as of end-June 2024, trending down from 43% at end-December 2023 and 56% at end-June 2023. End-June 2024 net debt stood at SAR 5.69 billion, 15% lower YoY, while net debt-to-EBITDA improved to 1.36x from 1.69x a year ago.

Free cash flow amounted to SAR 227 million in H1 2024 compared to SAR 621 million in H1 2023. The YoY decrease in free cash flow was mainly due to a cyclical rise in cash funding for working capital which offset increased cash generated from earnings, and to a less extent, higher capital expenditures during the current period.

In April 2024, Bahri started commercial operations of its first mobile seawater desalination plant – recognized by Guinness World Records as the largest of its kind built on a marine barge. The plant, currently stationed off Yanbu, Saudi Arabia, has a capacity of 50 million liters per day of potable water, and has a 20-year take-or-pay contract with offtaker Saudi Water Authority. Two other mobile desalination plants of similar size are scheduled for operation in H2 2024. Aside from delivering a consistent long-term revenue stream for the Company, this industry pioneering initiative provides a cost-effective solution to meet growing water demand anywhere along Saudi Arabia's coastline.

In June 2024, Bahri announced a cash dividend of SAR 0.55 per share, equivalent to a pay-out ratio of 25% on full-year 2023 earnings. Dividends were paid to shareholders on July 1, 2024.

## Summary Financials

SAR million	Q2 2024	Q2 2023	Variance (YoY)	H1 2024	H1 2023	Variance (YoY)
Revenue	2,712	2,352	+15%	5,025	4,727	+6%
EBITDA	1,368	1,040	+32%	2,419	2,074	+17%
EBITDA margin	50%	44%	+6pp	48%	44%	+4pp
Net Profit <sup>1</sup>	733	495	+48%	1,186	988	+20%
Net profit margin	27%	21%	+6pp	24%	21%	+3pp
EPS (SAR)	0.99	0.67	+48%	1.61	1.34	+20%
Capital Expenditures	785	239	+229%	1,539	1,375	+12%
Free Cash Flow	266	604	-56%	227	621	-63%
Net Debt	5,688	6,680	-15%	5,688	6,680	-15%
Net Debt / Equity	42%	56%	-14pp	42%	56%	-14pp
Net Debt / EBITDA	1.36x	1.69x	-20%	1.36x	1.69x	-20%

1: attributable to Parent Company equity holders

Note: Refer to the Glossary of Terms for definitions of non-IFRS measures

### Basil Abulhamayel, Chief Financial Officer of Bahri, commented:

“We are happy to report strong earnings of SAR 1.19 billion for the first half of the 2024, 20% higher than in the prior year. Our Oil transport business remained resilient despite some softening in revenues to still contribute a 13% EBITDA year-on-year growth through improvements in operating efficiencies. Our Chemicals business delivered stellar performance, with its EBITDA rising 46% from revenue growth of 24%. Integrated Logistics made good progress on its business transformation journey across multiple spaces in the supply chain, while Dry Bulk demonstrated operational flexibility to meet growing customer demand despite tonnage constraints. At the Company level, we invested SAR 1.54 billion in capital expenditures, 12% more than a year ago, mainly for the modernization and expansion of our shipping fleet, even as we further strengthened our balance sheet, with a net debt-to-equity ratio of 42% at the end of first half 2024 from 56% at end-June 2023. We are embarking on an ambitious fleet expansion program, and are actively preparing the groundwork to set up a sustainable capital structure with the flexibility to successfully take advantage of opportunities and navigate market conditions through its peaks and troughs.”

## BUSINESS UNITS' HIGHLIGHTS

### Bahri Oil

Bahri Oil is one of the world's leading owners and operators of Very Large Crude Carriers (VLCCs) and is among the top five VLCC owners globally. With a fleet size of 39 VLCCs and a total capacity of about 12 million deadweight tonnage, the fleet of the BU represents about 4% of global VLCC capacity. While Bahri Oil's primary cargo load region is the Arabian Gulf market, the BU also caters to requirements across all major VLCC routes worldwide. Bahri Oil is the exclusive transporter of Saudi Aramco VLCC crude cargos sold on delivered basis around the world. Saudi Aramco is the world's largest crude oil producer and holds a 20% equity stake in Bahri.

SAR million	Q2 2024	Q2 2023	Variance (YoY)	H1 2024	H1 2023	Variance (YoY)
Revenue	1,341	1,390	-4%	2,575	2,745	-6%
EBITDA	660	606	+9%	1,251	1,107	+13%
EBITDA margin	49%	44%	+5pp	49%	40%	+9pp

Bahri Oil's EBITDA grew 13% YoY to SAR 1.25 billion during the period on the back of profit margin expansion to 49% in H1 2024 compared to 40% in H1 2023. The higher margin was the result of higher freight rates supported by optimized vessel scheduling, improved profitability from chartered vessels and a gain on sales from the divestment of two vessels during the current period.

During H1 2024, the BU continued its fleet renewal plan, replacing older vessels with modern, more efficient vessels. The BU accepted delivery of two modern second-hand eco VLCCs during the period, while one older VLCC was divested. Two other modern second-hand eco VLCCs are expected to join the fleet in H2 2024.

Two VLCCs were fitted with exhaust gas cleaning systems (scrubbers) in line with continuing efforts to enhance fleet cost competitiveness while ensuring compliance with international emissions standards. This increased the number of scrubber-fitted vessels in the fleet to 14.

Lastly, the BU completed its exit from the non-VLCC market during H1 2024 with the divestment of its last product tanker.

### Bahri Chemicals

Bahri Chemicals owns and operates a diverse fleet of tankers that transport a wide array of liquid cargos, including chemicals, clean petroleum products, vegetable oils and biofuels to customers worldwide. The BU's clientele includes chemical producers, integrated oil companies and refiners, commodity traders, and players in the vegetable oil / biofuel markets, with Saudi Aramco and Saudi Basic Industries Corporation as its major customers. The BU is actively involved not only in the spot market but also in contracts of affreightment and time charter arrangements, and the sale and purchase of vessels.

The BU is incorporated as the National Chemical Carriers Company, and is 80% owned by Bahri Company.

<i>SAR million</i>	Q2 2024	Q2 2023	Variance (YoY)	H1 2024	H1 2023	Variance (YoY)
Revenue	920	664	+39%	1,721	1,383	+24%
EBITDA	574	327	+76%	1,023	699	+46%
EBITDA margin	62%	49%	+13pp	59%	51%	+8pp

In H1 2024, the BU posted a 46% YoY increase in EBITDA to SAR 1.02 billion, supported by a 24% YoY rise in revenues to SAR 1.72 billion. EBITDA growth reflected higher contribution from time chartered-in vessels, and better freight rates driven by tight supply-demand market dynamics, as well as cost savings from voyage scheduling optimization enabled by the expansion of the BU's fleet.

To address opportunities of favorable short to medium-term market conditions amidst relatively high cost of vessel acquisition, the BU leased six chemical tankers and increased chartering-in arrangements in H1 2024. An 18-year-old vessel was disposed (at a book value gain of SAR 47 million), while three other vessels are planned for disposal in H2 2024.

### Bahri Integrated Logistics

Bahri Integrated Logistics is the leading supplier of direct shipping services from the eastern and Gulf Coast of the USA to Jeddah, Dubai, Dammam, and Mumbai, including moorages in the Mediterranean region and European ports en route. It is one of the top 10 break bulk carriers globally. The BU provides land, sea and air freight forwarding, customs clearance, container services, contract logistics and warehousing, and other supply chain management services for aerospace, defense, construction, perishables, pharmaceutical and healthcare, oil and gas, hotel, and automotive companies and institutions.

SAR million	Q2 2024	Q2 2023	Variance (YoY)	H1 2024	H1 2023	Variance (YoY)
Revenue	307	226	+36%	500	451	+11%
EBITDA	66	41	+61%	50	95	-48%
EBITDA margin	21%	18%	+3pp	10%	21%	-11pp

The BU achieved revenue growth of 11% YoY to SAR 500 million in H1 2024, driven by continued business expansion and transformation, with the April 2024 start of operations of its first multipurpose vessel *Bahri Diriya*, as well as additional storage space for its contract logistics business. *Bahri Diriya* represents the BU's initial move to cater to shipping needs of major global renewable energy projects and Saudi Arabia's infrastructure projects. Meanwhile, client portfolio for contract logistics increased 260% from end-2023, as leased storage spaces in eight multiple temperature control warehouses across Saudi Arabia grew to 160,000 square meters (sqm) in end-June 2024 from 100,000 sqm in end-2023. Construction of the 95,000 sqm Bahri Logistics Bonded Warehouse in Jeddah Islamic Port commenced in Q1 2024, with operations targeted by 2025. In addition, a new 40,000 sqm facility in the bonded zone of King Fahad International Airport is expected to be operational by H2 2024.

The BU posted an H1 2024 EBITDA of SAR 50 million, down 48% YoY, on account of temporary delays in executing customer contracts and additional business charges. Q2 2024 EBITDA amounted to SAR 66 million, a turnaround from a SAR 16 million loss in Q1 2024.

Bahri Integrated Logistics expects sustained growth in client portfolio and revenue as it continues to upgrade its capability to provide integrated end-to-end supply chain solutions tailored to customer needs, underpinned by operational excellence and innovation to maintain competitive advantage in the logistics market.

### **Bahri Dry Bulk**

Established in 2010 through a joint venture between Bahri and the Arabian Agricultural Services Company, Bahri Dry Bulk is a fully integrated shipowner and operator in the regional and global transportation of dry bulk commodities, with focus on inbound and outbound cargo to and from Saudi Arabia. Headquartered in Riyadh with a regional office in Dubai, the BU transports bulk cargoes, primarily grain, fertilizers, coal, and iron ore, along worldwide shipping routes to supply the world's food and energy needs. The BU has a diversified fleet employment strategy that includes spot market, contracts of affreightments and time charter agreements.

Bahri Company owns 60% of the Bahri Dry Bulk.

<i>SAR million</i>	Q2 2024	Q2 2023	Variance (YoY)	H1 2024	H1 2023	Variance (YoY)
<b>Revenue</b>	<b>128</b>	70	+83%	<b>212</b>	141	+50%
<b>EBITDA</b>	<b>29</b>	32	-7%	<b>56</b>	69	-18%
<i>EBITDA margin</i>	<b>23%</b>	45%	-22pp	<b>26%</b>	49%	-23pp

Bahri Dry Bulk H1 2024 revenue grew 50% YoY to SAR 212 million on the back of higher shipping volumes, which was met through the use of the BU's owned fleet, as well as chartered vessels contracted mainly on commission or relet basis.

Earnings were affected by lower freight rates across the dry bulk industry, as well as the higher proportion of chartered vessels deployed in H1 2024 given that profit margins for these are lower than for owned vessels. Consequently, H1 2024 EBITDA decreased 18% YoY to SAR 56 million, although the business saw a recovery in EBITDA in Q2 2024 to SAR 29 million from SAR 27 million in Q1 2024.

The BU plans to expand its current fleet of 11 vessels to further capture long-term growth opportunities in the dry bulk transportation market and maximize profitability, but expects to fill short-term gaps between customer requirements and owned tonnage through disciplined acquisition of tonnage from the market.

### **Bahri Ship Management**

Bahri Ship Management (BSM) was established in 1996 as a wholly owned company under Bahri Company to provide a full range of ship management and marine support services for all vessels owned and operated by the Company with the goal of maximizing the fleet's commercial potential. BSM directly operates and provides technical services for its managed vessels, and is also responsible for crewing, vessel acquisition, training, health and safety, and environmental and regulatory compliance.

As of end-June 2024, Bahri achieved a 12-month trailing Lost Time Injury Frequency Rate of 0.26, down from 0.35 at end-December 2023 and 0.48 at end-June 2023. There were no fatalities across the Company's operations in H1 2024. In addition, no oil spills were reported during the period by vessels owned by the Company, similar to 2023.

On July 1, 2024, BSM signed a Memorandum of Understanding (MoU) with Folk Maritime Services Company, a Public Investment Fund company, to collaborate on technical ship management and crewing of vessels. Folk Maritime is a newly-formed feeder and short-sea shipping operator based in Saudi Arabia. The MoU marks Bahri's first venture of extending its ship management expertise beyond its own fleet.

## ABOUT BAHRI

Bahri, established in 1978 as the National Shipping Company of Saudi Arabia, is the Kingdom's premier shipping and logistics company and a global leader in maritime transportation. Headquartered in Riyadh, Saudi Arabia, the company operates a fleet of 88 owned vessels, 16 vessels under lease contract, and 1 floating desalination barge as of end-June 2024. It is one of the largest owners and operators of VLCCs worldwide.

Bahri's business activities span the purchase, sale and operation of ships for the transportation of crude oil and refined products, chemicals and dry bulk, as well as freight forwarding, warehousing, cargo clearance and stowage, and other logistical services, organized through four business units – Bahri Oil, Bahri Chemicals, Bahri Dry Bulk and Bahri Integrated Logistics – as well as the Company-wide Bahri Ship Management shared service.

With its 4,000+ strong onshore and offshore team, Bahri is committed to supporting Saudi Vision 2030, and transforming Saudi Arabia into a strategic regional shipping hub and logistics gateway.

## GLOSSARY OF TERMS

### Non-IFRS measures

**Capital expenditures:** The sum of additions of property and equipment, projects under construction and intangible assets as shown in the Statement of Cash Flows. Represents the amount of cash spent during the period for maintaining and expanding the long-term asset base of the Company.

**Dividend pay-out ratio:** The amount of cash dividends paid out to shareholders as a percentage of the Company's net profit for which the dividends pertained to (typically the net profit of the prior period). Provides an indication of the proportion of earnings returned to shareholders as cash instead of being retained by the company for reinvestment.

**EBITDA:** Earnings before interest, tax, depreciation and amortization. Calculated by adding back depreciation of property and equipment, depreciation of right of use assets and amortization/derecognition of intangible assets as shown in the Statement of Cash Flows to the sum of operating profit and share of results of equity accounted investees as shown in the Statement of Profit or Loss. Used by the Company to evaluate operating performance, and as a rough proxy for operating cash flows.

**Free cash flow:** Net cash flow generated from operating activities less capital expenditures, as shown in the Statement of Cash Flows. Provides an indication of the cash generated during the period that can be used for dividend payments, paying down debt, increasing cash at hand, and for other investments.

**Net debt:** The sum of current and non-current loans and borrowings and lease liabilities less cash and cash equivalents, as shown in the Statement of Financial Position, a measure of the indebtedness of the Company.

**Net debt / EBITDA:** The ratio of end-of-period net debt to EBITDA of the twelve months preceding the end of the period. Provides an indication of the number of years the Company would take to repay its debt from cash earnings if net debt and EBITDA are held constant. Expressed as a multiple of years.

**Net debt / equity:** Net debt divided by total equity as shown in the Statement of Financial Position. Measures the level of indebtedness of the Company relative to the capital provided by shareholders, and is used by the Company for managing its capital structure. Expressed as a percent.



### Shipping and operational terms

**Clean petroleum products:** Liquid products refined from crude oil, whose color is less than or equal to 2.5 on the National Petroleum Association scale. Clean products include naphtha, jet fuel, gasoline, and diesel/gasoil.

**Contract logistics:** Logistics refer to the management of moving materials from one location to another. Contract logistics refer to an arrangement where a company outsources this function to a specialized logistics provider.

**Contract of Affreightment:** A contract between a ship owner and a charterer, in which the ship owner agrees to carry goods for the charterer in the ship or to give the charterer the use of the whole or part of the ship's cargo-carrying space for the carriage of goods on a specified voyage or voyages or for a specified time.

**Deadweight tonnage:** Carrying capacity of a vessel, measured in metric tons. Carrying capacity includes the weights of cargo, fuel, crew and supplies, and excludes the vessel's weight when empty.

**Dry bulk:** Refers to unpackaged goods shipped in large parcels.

**Eco vessels:** Ships that possess high energy efficiency and low emissions features and equipment to reduce their environmental impact, such as fuel-efficient hull and propeller designs, scrubbers, ballast water treatment system, etc.

**Feeder operator:** An operator of medium-size vessels that transport cargo between small and major ports.

**Lost Time Injury Frequency Rate:** Measures the number of lost-time injuries per million hours worked. Tracked and reported by Bahri on a trailing 12-month basis.

**Multipurpose vessel:** A ship built to carry a wide range of cargoes.

**Scrubbers:** Exhaust gas cleaning systems used to remove harmful substances, such as sulfur dioxide, from the exhaust gas stream of ships, allowing continued compliance with international emissions standards while using high sulfur fuel oil as fuel.

**Spot market:** The online market for the exchange of shipping services at the spot rate, which is the one-time shipping price based on a real time market rate.

**Time charter:** A time-bound agreement, where a ship owner leases a vessel to a charterer for a fixed period of time, with the charterer free to sail to any port and transport any cargo, subject to legal regulations. "Charter-in" refers to Bahri being the charterer; while in a "charter-out" arrangement, Bahri is the ship owner.

**Very Large Crude Carrier:** A crude oil tanker with a cargo carrying capacity of up to 250,000 tons. Abbreviated as VLCC.

**Vision 2030:** A blueprint developed by the government of Saudi Arabia for diversifying its economy, empowering its citizens, creating a vibrant environment for both local and international investors, and establishing Saudi Arabia as a global leader, by leveraging the Kingdom's unique strengths—its pivotal role in the Arab and Islamic worlds, its strong investment capabilities, and its strategic geographical position.

### **CONTACT**

For inquiries, kindly send an email to [ir@bahri.sa](mailto:ir@bahri.sa).

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