



AFRIMARI



# **AET corporate presentation**

**to**

# **AFRIMARI**

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**Thursday, 31 March 2011**

# Presentation outline

1. Corporate overview
  - Who we are
  - What we do
  - Corporate structure
2. Heritage
3. Vision, mission and values
4. AET today
  - Our global presence
  - Our people
  - Our fleet
  - Lightering operations
  - Shipmanagement
  - Business reach
  - Our cargoes – crude/products
  - Our routes – VLCC/Suezmax/Aframax/MR
  - Our contracts – types/negotiations
  - Our customers and partners
  - The future for AET



5. Overview of the shipping industry
  - Shipping: quick facts
  - Commercial shipping
  - Profile of the world fleet
  - Safety and regulation

## Who we are

A high quality provider of global seaborne transportation solutions to the international petroleum industry.



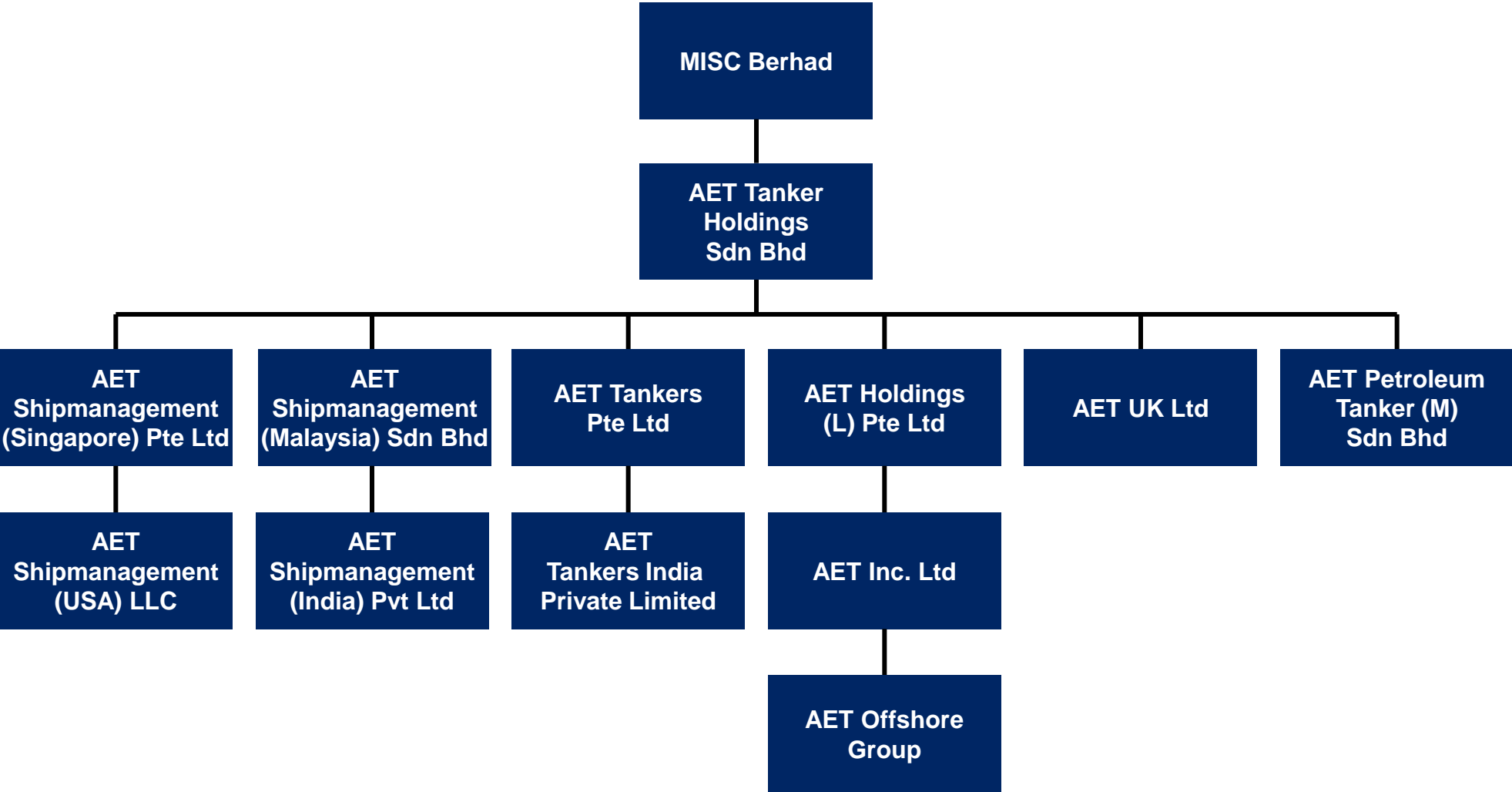
# What we do

With a fleet of 82 ships we:

- Move crude and clean products across the world for oil companies and trading houses
- “Lighter” crude oil from large ships to smaller vessels more suited to enter local ports



# Corporate structure



# Our heritage – the integration of our petroleum business



- Originally a subsidiary of Neptune Orient Lines, American Eagle Tankers was formed in Houston in 1994. American Eagle Tankers was acquired as a wholly owned subsidiary by MISC Berhad in July 2003.
- The petroleum tanker fleet of MISC Berhad was integrated into AET on 1 April 2005.
- The integration allowed for the pooling of resources of MISC and AET, providing customers with greater capacity availability and flexibility.
- MISC Berhad's businesses include the transportation of LNG, chemical and containers, offshore floating facilities, marine and heavy engineering, integrated logistics and maritime education.







## Where we came from ...

- 2007: rebranded as AET
- 2005: absorbed MISC's petroleum business
- 2003: acquired by MISC Berhad
- 1994: founded as American Eagle Tankers, a subsidiary of Neptune Orient Lines







# AET vision and mission

## Our vision

First choice for global logistics solutions to the petroleum industry.

## Our mission

Our mission is to deliver top-quality solutions for each customer and sustainable, profitable growth for our shareholder.

To deliver our mission, we will build an integrated global business and establish AET as the world's leading petroleum tanker operator.

We are expert and passionate about what we do, motivated and empowered to deliver and proud to work for AET.

# AET shared values

- **Excellence**

We strive to be the best at what we do, setting standards for others to follow. We constantly challenge ourselves to improve.

- **Responsibility**

We operate to the highest ethical, environmental and professional standards. We are trustworthy and honest and take responsibility for our actions.

- **Innovation**

We are pioneering and entrepreneurial, creative and innovative. We dare to do things differently. We lead and embrace change.

- **Partnership**

Teamwork and mutual respect are the foundations of our success. We value our diversity, respecting each others' knowledge, skills and experience.

# AET today

- Owner/operator of 82 ships
- Employer of approx 3,300 people
- Turnover in excess of USD 1 billion
- Offices in:
  - Kuala Lumpur
  - London
  - Singapore
  - Houston
  - Galveston
  - India – Gurgaon, Chennai, Mumbai
  - Philippines



# Our global presence



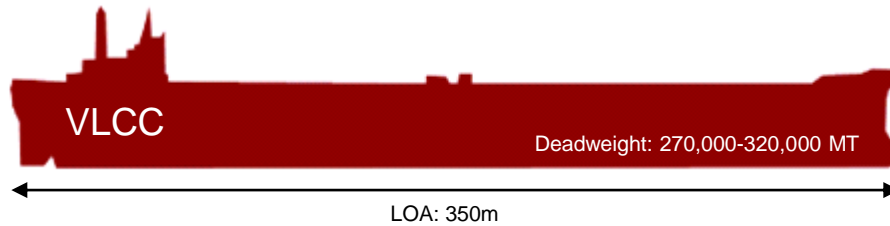
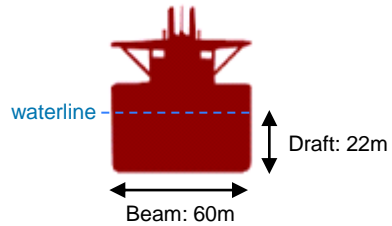
- Headquarters
- Shipmanagement centre
- Crewing/manning office
- Operational / commercial centre
- Lightering support

# Our people

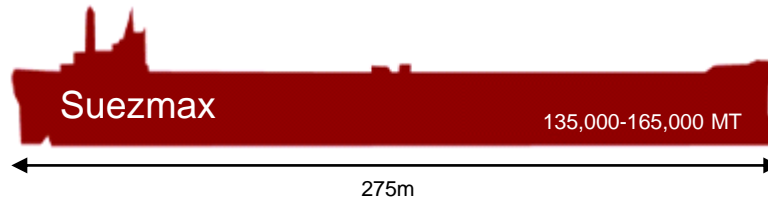
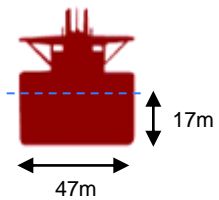
- 2,589 serving at sea
- 544 cadets
- 332 shore-based support staff



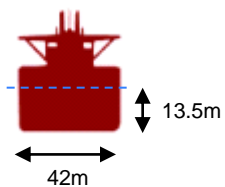
# Our fleet - vessel types



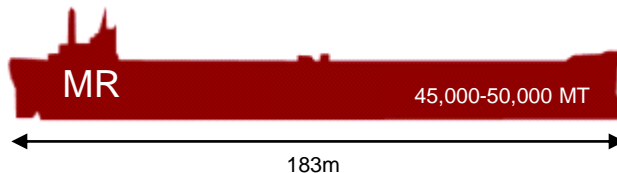
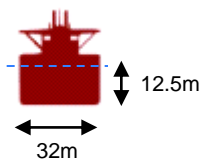
- Very large crude carrier
- Two million barrels capacity
- Very long haul trade for economies of scale and storage
- Well powered can do up to 15 knots, laden
- Double hulled and fully segregate



- One million barrels capacity
- Carries crude and fuel oils
- Can transit the Suez Canal fully loaded due to draft
- Medium and long haul voyages
- Coiled for heated cargoes
- Versatile



- Named after the Average Freight Rate Assessment panel
- 700,000 barrels capacity
- Mostly on crude and fuel oil carriage
- Shorter voyages – the workhorse of the industry
- Coiled for heated cargoes



- Medium Range tankers
- 300,000 barrels capacity
- Carries mostly clean petroleum products
- Coated and fully segregated tanks
- Voyages from refineries to consumer locations
- Long and short haul voyages
- Smaller size to give most flexibility of access to discharge ports



# VLCC fleet

- 13 VLCCs - owned and chartered
- 300,000 dwt (approx)
- Average age 5.2 years
- Moving crude oil and DPP from West Africa, Caribs and the Arabian Gulf to Europe, the Americas and Asia
- Spot and period business





# Aframax fleet

- 59 vessels – owned and chartered
- 100,000 dwt (approx)
- Average age 8.8 years
- (Plus one Panamax tanker)
- Moving crude and fuel oil in Europe, the Americas, Middle and Far East and Australasia
- Spot, period and COA business



# Clean fleet

- 9 vessels
- 6,650 dwt – 46,942 dwt
- Moving gasoline and other clean products globally to suit customer requirements
- Spot, period and COA business



# Lightering activities

- Leading operator in the US Gulf
- Transfer of crude oil from VLCCs and Suezmaxes to smaller vessels more suited to enter local ports
- Fleet of ten workboats
- Spot and COA business

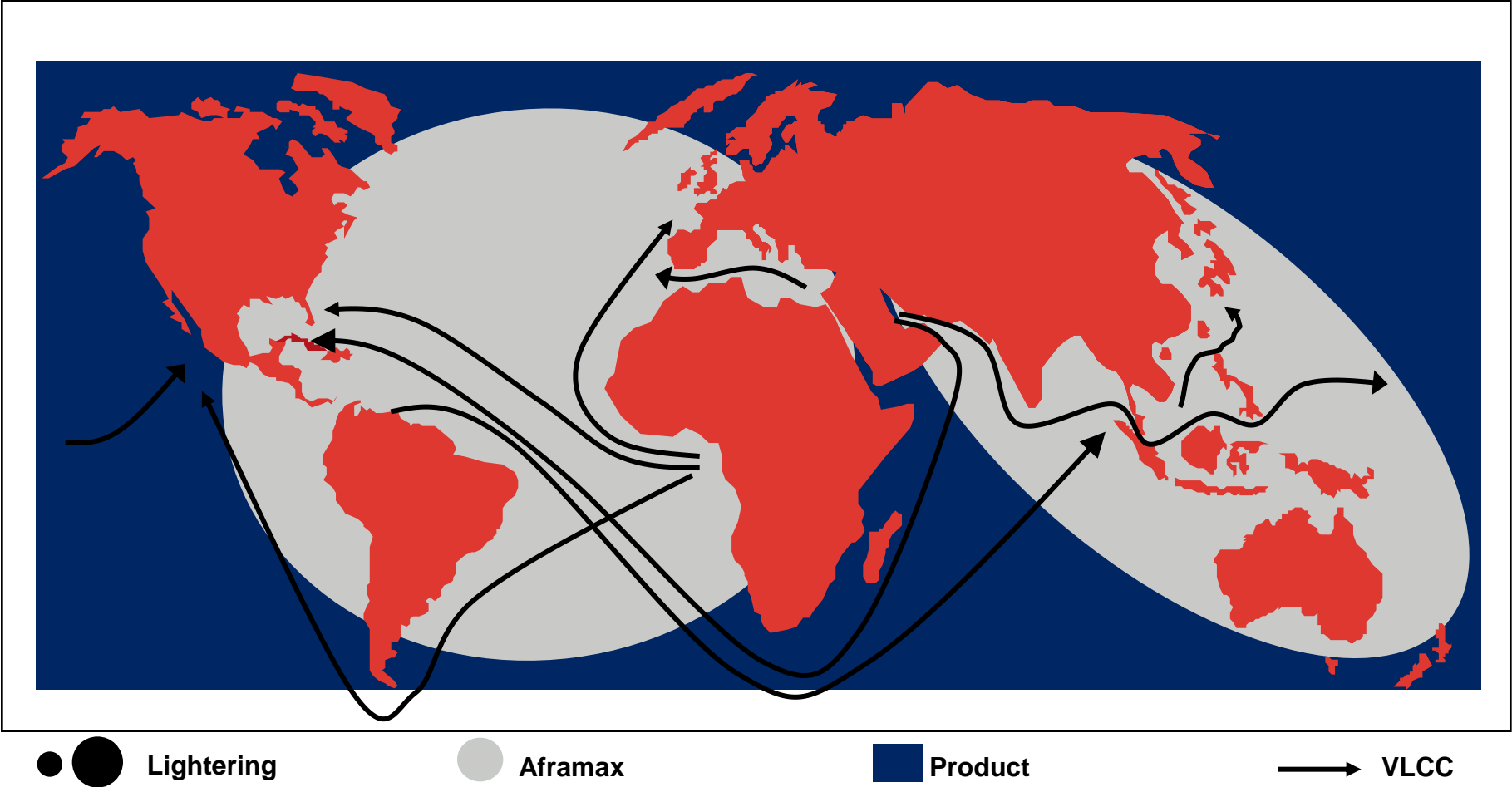


# Shipmanagement

- Fleet managed by wholly-owned Shipmanagement operations in Singapore, Houston and Gurgaon
- Third-party benchmarking
- ISO 9001, ISO 14001, TMSA, Green Awards, Oil-major approvals



# Our business reach



# What we move – crude oil and petroleum products

## Crude

- 500-600 different types of crude approx
- Shipped in tonnes, traded in barrels and spilled in gallons
- Classified by its origin or by its weight or viscosity used for pricing references

**Brent Crude:** East Shetland Basin of the North Sea

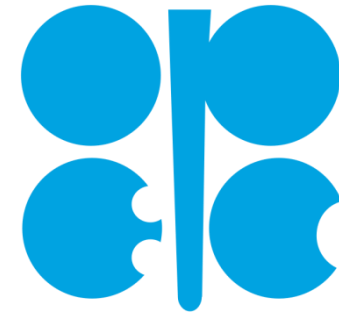
**West Texas Intermediate:** North American oil

**Dubai:** Middle East oil flowing to the Asia-Pacific region

**OPEC:** weighted average of oil blends from various OPEC countries

- Total world oil production in Feb 2011: 88.97 mb/d (source IEA 'Oil Market Report', March 2011)

## Organization of the Petroleum Exporting Countries

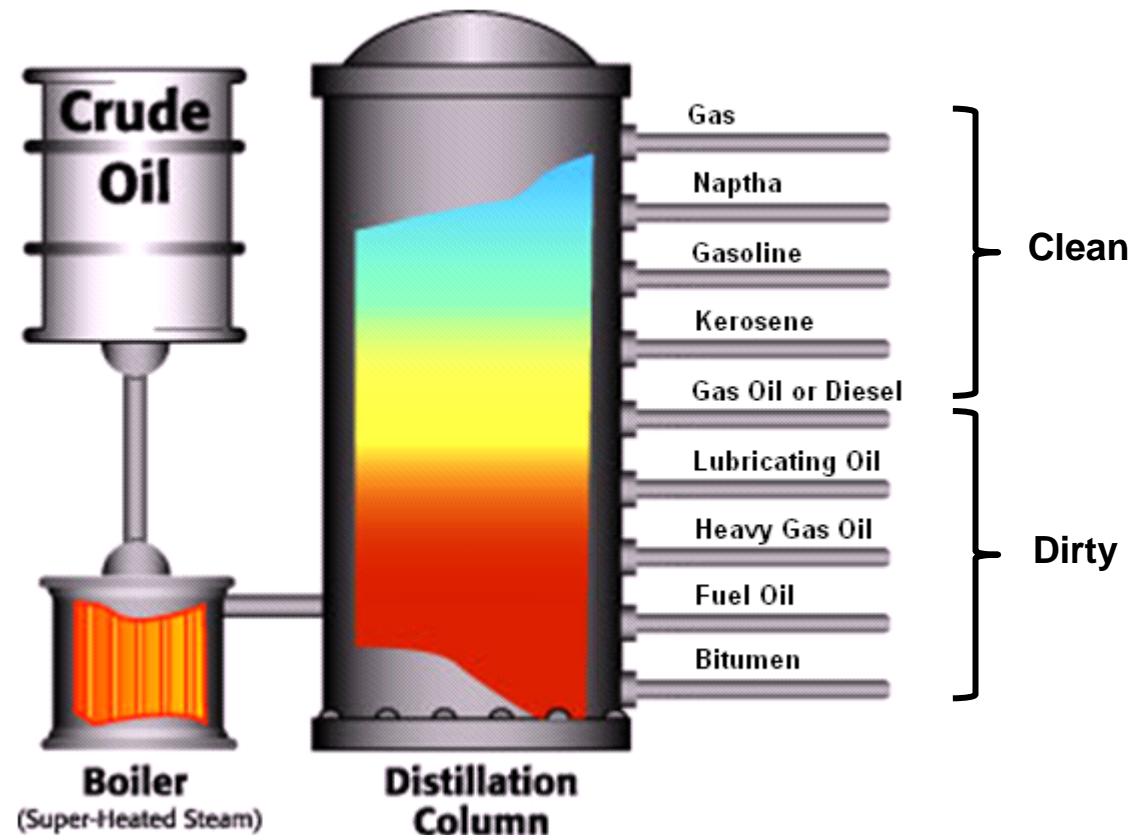


- Objective to co-ordinate and unify petroleum policies among member countries and eliminate harmful and unnecessary fluctuations
- Devises ways of ensuring the stabilisation of price in international oil markets
- Ideal to have an efficient, economic and regular supply with a fair return on capital
- Controls 66% of the world's oil reserves
- OPEC oil production: 35.76 mb/d (c. 40% of global total) (source IEA 'Oil Market Report', March 2011)
- Decisions have a considerable influence on international oil prices



## Petroleum products

- Petroleum products are derivatives of crude which have gone through a refining process – the process used to change crude into products such as gases, lube oil, wax, kerosene, fuel oils and bitumen
- Petroleum products can be clean or dirty



# How do we do it?

## Charter party

A contract where a shipowner agrees to place his ship or part of it at the disposal of the merchant for the carriage of goods from one port to another or to let his ship for a specified period.

<b>Voyage charters</b>	<ul style="list-style-type: none"> <li>• Freight paid for the carriage of goods on a specific and single voyage only</li> </ul>
<b>Time charters</b>	<ul style="list-style-type: none"> <li>• Agreement to hire a particular vessel for a certain period of time</li> <li>• Time charterer becomes the despondent owner of the vessel and is responsible for the commercial operation of the vessel</li> <li>• Pays for bunkers, port and canal dues, fixing cargo and required voyage</li> <li>• Charterer bears the risk on any time lost in port or at sea</li> <li>• Profitability is important and most dependent on the Charterer's ability to maximise the employment of a vessel by good programming</li> </ul>
<b>COAs</b>	<ul style="list-style-type: none"> <li>• A voyage charter which covers several shipments or voyages</li> <li>• Covers two or more shipments</li> <li>• Over a protracted period of time</li> </ul>
<b>Bareboat charters</b>	<ul style="list-style-type: none"> <li>• Lease of the hull and machinery of the vessel over a specific time frame</li> <li>• No crew provided</li> <li>• Charterer is responsible for vessel's operating and voyage expenses as well as management of the vessel</li> </ul>

Most shipowners generate revenue predominately through voyage spot fixtures.

## Chartering practice

**Indication:** like an invitation to treat, can come from either party but customarily from the charterer, can be to a multitude of persons

**Offer/bid:** made by the owner or charterer; start of the binding relationship made to one party only

From this start point you can have a:

- **Counter:** negotiation using the terms such as A/E
- **Acceptance:** where deadfreight would be payable
- **Acceptance subject to details** (this does not apply to NY contracts)
- **Fully fixed / Rejection**
- **CP issued in form of a recap**
- **Passed onto Operations to run the voyage**

Above is often performed via a broker

## Operational practice

Operations monitor the vessels' performance from loading, during the sea passing to the discharge

Communicate with vessel with regards to new voyage

Voyage orders are issued by Charterers to Owners and will include :

- Period within which the vessel is to be presented loading window (laydays)
- Cargo to be loaded including quantity
- The voyage to be performed, intended load and discharge port
- Contact details of the parties involved (shipper, receiver, terminal, brokers, agents, inspectors, port restrictions and emergency contact numbers)

Evaluate if any bunkers (ships' fuel) are needed

Arrange other supplies needed to comply with port regulations such as mooring ropes

## After completion of the voyage

Invoice is issued to collect freight

Demurrage is claimed, if any incurred (priced paid for extra time used above the allocated time available to load and our discharge)

Payment of any third party invoices such as war risks, brokerage commissions

# Customers and partners

- Long-term relationships with oil companies and traders
- Shared values and standards
- Aspiring to be the partner of choice for all responsible transporters of oil



# Some of our major clients



SeaRiver



ConocoPhillips



أرامكو السعودية  
Saudi Aramco



TESORO



VALERO



TOTAL



TRAFIGURA

Our customers include oil companies, refiners, traders and other tanker operators. Most of them are repeat customers as a result of our service and long standing business relationships.

# The future for AET

## To become the world's leading petroleum tanker operator

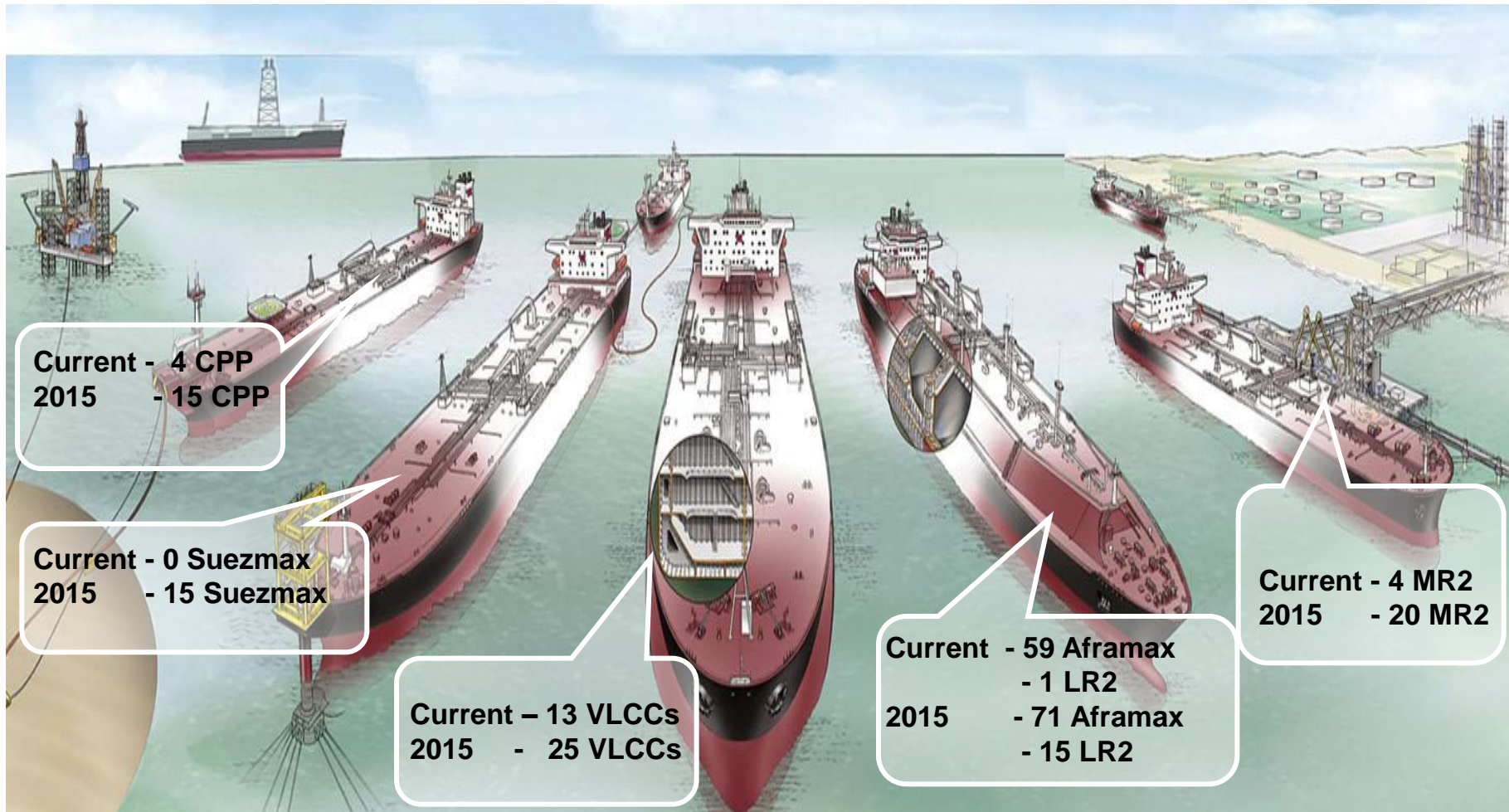
- Building on our proven expertise in petroleum and successful businesses of lightering and voyage transportation, we intend to grow significantly our Aframax and VLCC fleets. At the same time we will expand our global footprint, entering new markets in the Americas, Europe, Asia and the Pacific Rim.
- Our current order book includes four VLCCs from Daewoo, four green eco-friendly Suezmax tankers from Samsung with energy saving features that will result in a 10% fuel saving and two DP Aframax tankers from Samsung .
- In tandem, we plan to develop and enhance our range of clean tankers and the successful conversion of one of our vessels to a clean product carrier illustrates our ability to innovate and challenge new business sectors.
- Our development plans will enable us to offer a range of flexible and integrated options geared to provide the optimum logistics solutions for our customers.



# Our fleet will double by 2015...



Fleet growth from FY2010 to FY2015





# Shipping: quick facts

- The life blood of the global economy – 90% of world trade is carried by ships
- There are over 50,000 merchant ships trading internationally
- The world fleet is registered in over 150 nations and manned by over a million seafarers of virtually every nationality
- One of the most heavily regulated industries and was amongst the first to adopt widely implemented international safety standards



# Commercial shipping

Any boat or ship engaged in commercial trade or that carries passengers for hire

- **Container ships** carry most of the world's manufactured goods and products
- **Bulk carriers** (the work horses of the fleet) transport raw materials such as iron ore and coal
- **Tankers** transport crude oil, chemicals and petroleum products
- **Ferries and cruise ships**
- **Specialist ships** such as anchor handling and supply vessels



# Profile of the world fleet

- The world's general cargo fleet has the most number of ships with 32% of total
- Panama is the preferred nation of ship registry with a total of 193 million tonnes
- The Greeks control the largest fleet by owning 16% of the world fleet (by dwt)
- The worldwide population of seafarers is estimated to be in the order of 466,000 officers and 721,000 ratings
- In 2008, it is estimated that shipping transported over 7.7 billion tonnes of cargo
- Tanker fleet carries a third of world trade



# Safety and regulation

**Shipping is one of the most heavily regulated industries**

- Principally regulated by the International Maritime Organization (IMO)
- The International Labour Organisation (ILO) is responsible for the development of labour standards applicable to seafarers
- Regulations are in the form of international diplomatic conventions e.g. SOLAS, ISM
- Responsibility for enforcing IMO regulations rests with the flag states, supplemented by Port State Control



**Thank you**





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