

MISC 46th Annual General Meeting

27 May 2015

Resolute, Purposeful, Energised



Disclaimer

This Presentation is not intended to form the basis of any investment decision with respect to MISC Berhad (MISC) and shall not form the basis of or be relied upon in connection with any contract or commitment whatsoever.

No representation or warranty, express or implied, is or will be made by MISC in relation to the accuracy and completeness of the information made available and any liability therefore is expressly disclaimed.

Although MISC believes that the expectations of its management as reflected by forward-looking statements contained in this Presentation are reasonable based on information currently available to it, no assurances can be given that such expectations will materialize as these are dependent on risks, uncertainties and other factors which in many cases are beyond MISC's control.

This Presentation and its contents are strictly confidential and must not be reproduced or disclosed without the prior written consent of MISC.

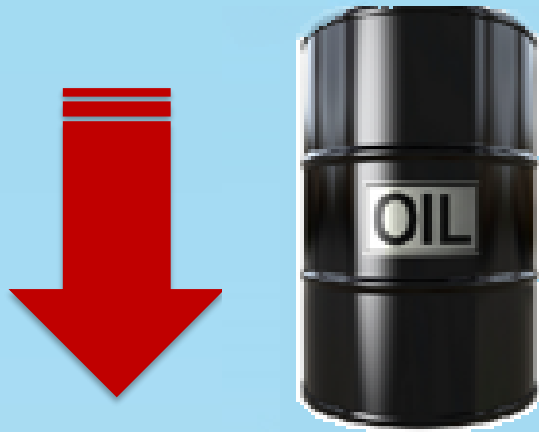
Contents

-
1. ECONOMIC AND INDUSTRY ENVIRONMENT 2014
 2. RECAP OF THE RESTRUCTURING JOURNEY
 3. HIGHLIGHTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014
 4. OUTLOOK FY2015
-

A world map is centered in the background, rendered in a light blue color against a dark blue background. A grid of thin, light blue lines is overlaid on the map, creating a perspective effect that converges towards the top and bottom edges. A semi-transparent horizontal band is positioned across the middle of the image, containing the title text.

ECONOMIC AND INDUSTRY ENVIRONMENT 2014

2014: The Year In Review



Slump in oil prices



U.S exceeded growth expectations, while most other economies grew more slowly



U.S dollar appreciated

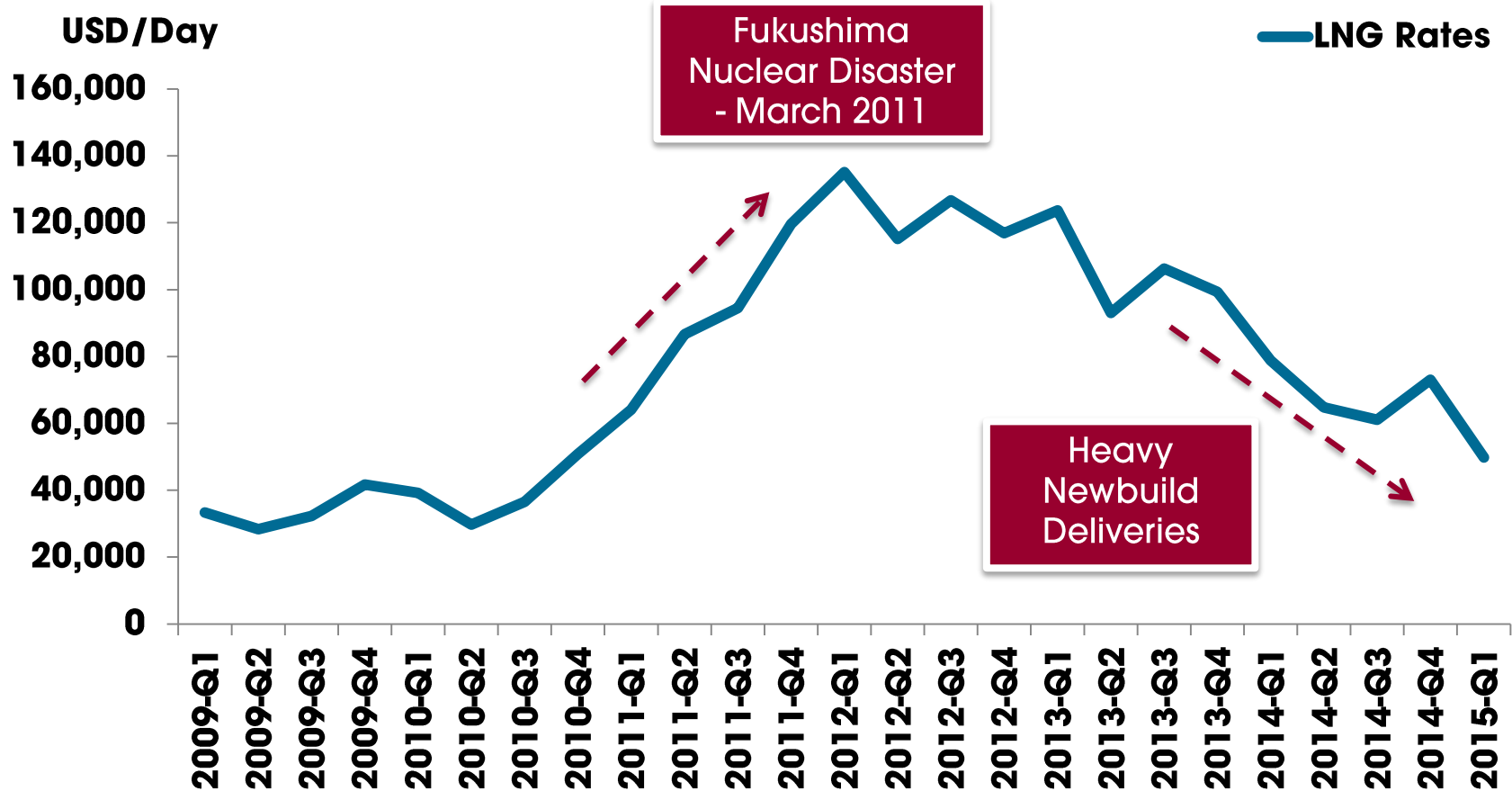


Euro and Yen depreciated



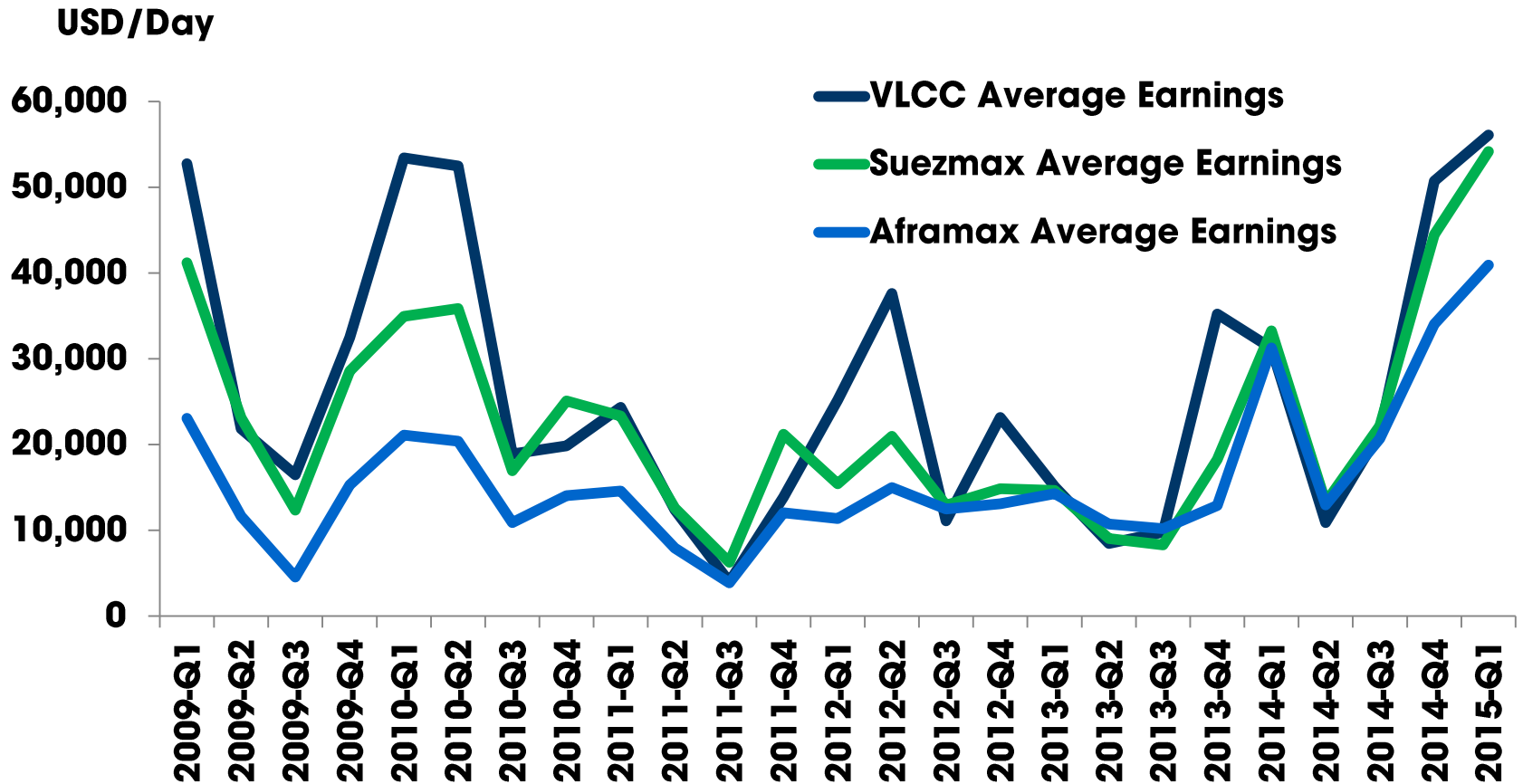
Heightened geo-political risks

LNG Spot Rates : Under Pressure



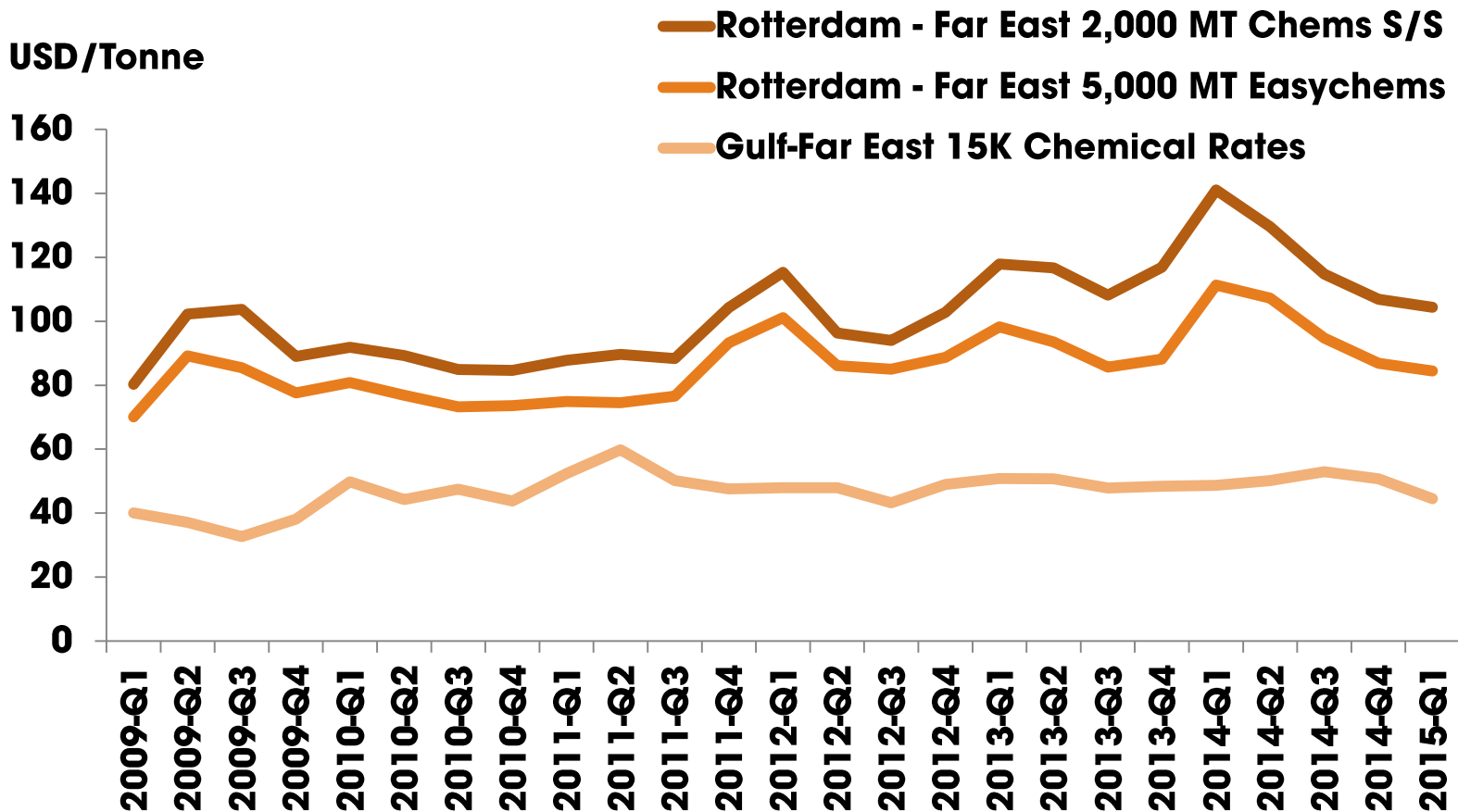
Source: Ship Brokers' Report, April 2015

Petroleum Tankers: Turning Buoyant



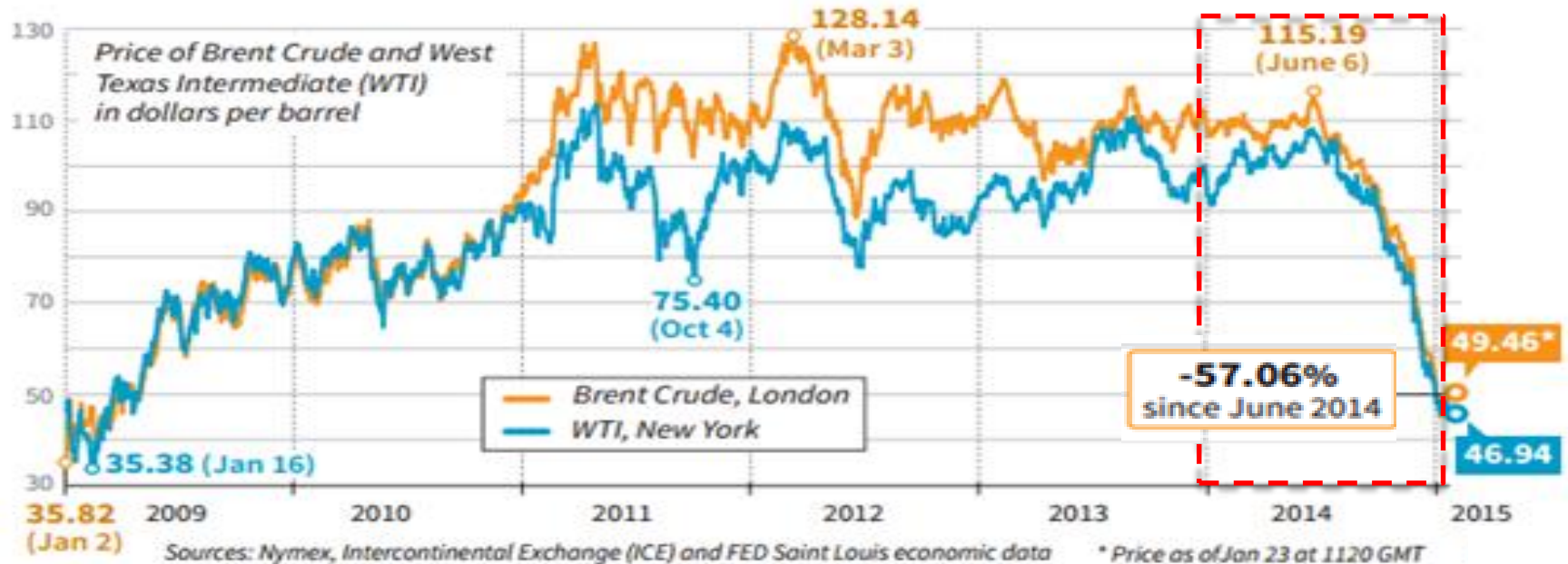
Source: Ship Brokers' Report, April 2015

Chemical Tankers : Moderating



Source: Ship Brokers' Report, April 2015

Slump in Oil Price : Shock to Oil & Gas Industry



- Oil prices remain buoyant, hovering around USD 100 per barrel for the first half of FY2014.
- As we entered the second half of the year, oil price plunged drastically to below USD 50 per barrel by year end, lowest being USD 46.94 in January 2015.
- The sharp drop in oil price had led to CAPEX and OPEX cuts by oil majors.

RECAP OF THE RESTRUCTURING JOURNEY



Rebuilding Financial Resilience and Resources



FY2011: Liner Business Exit

- Average losses of USD200m a year weigh heavily on Group's performance.
- The business closure process took approximately 9 months involving closure of agencies, disposal of assets and laying off of sea and shore staff.



FY2012: Monetisation of Gumusut Semi-Sub FPS

- Disposal of 50% equity stake to E&P Venture Solutions Sdn Bhd, a wholly owned subsidiary of Petronas Carigali.
- Retained 50% share of income stream from asset.



FY2013: Fleet Optimisation

- Streamlining assets across shipping segments.
- Disposal of older petroleum and chemical vessels to drive down operating costs, and maintain a more energy-efficient fleet.



FY2014: VTTI Energy Partners LP listing on NYSE

- VTTI B.V. successfully listed VTTI Energy Partners LP on the New York Stock Exchange (NYSE) using Master Limited Partnership (MLP) structure on 1st August 2014.



FY2014: Divestment of Non-Core Investment

- Disposal of 15.7% equity interest in NCB Holdings Bhd to MMC Corp. Bhd.
- The disposal is consistent with MISC strategy to focus on energy shipping, heavy engineering and offshore businesses.

HIGHLIGHTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014



Key Financial Highlights for Financial Year Ended 31 December 2014

Revenue : RM 9.30 billion

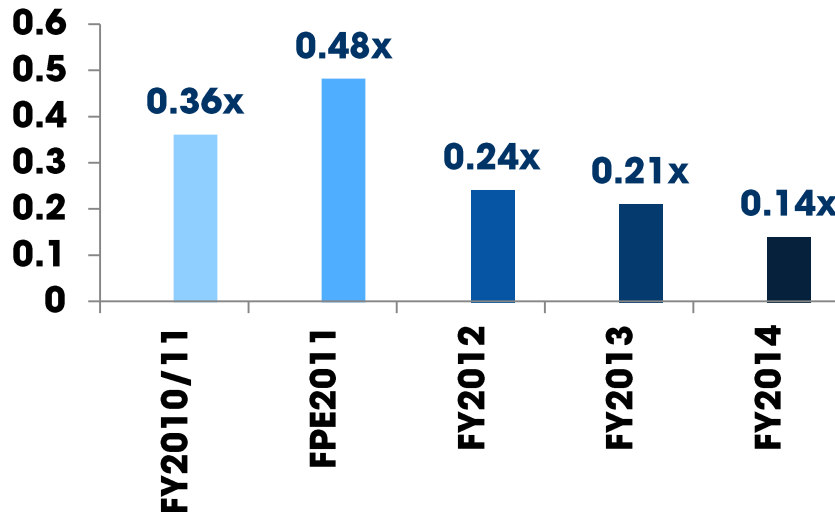
Profit Before Taxation : RM 2.41 billion

Total Assets : RM 41.58 billion

Shareholders' Equity : RM 27.76 billion

Other Financial Highlights

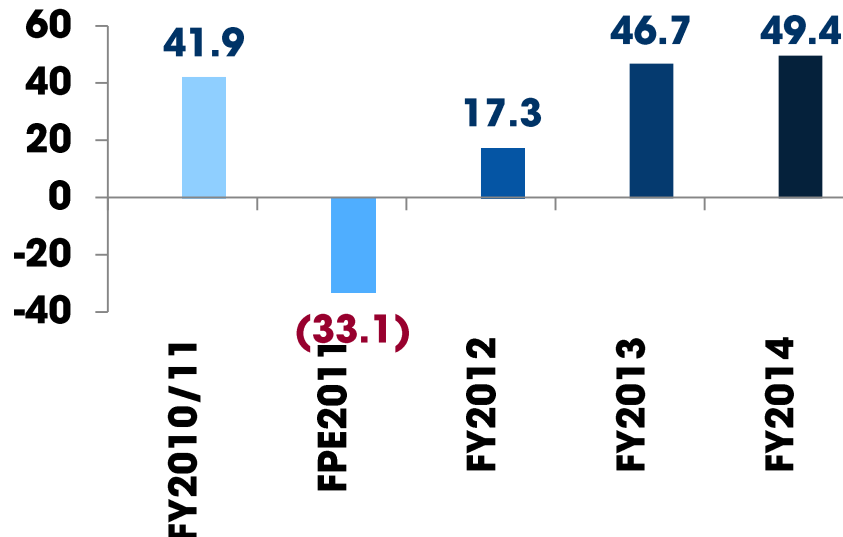
Net Debt to Equity Ratio (Times)



Reduced Debt Levels

- Monetisation of assets to pare down debt levels.
- Bolstered balance sheet strength with low net debt to equity ratio of 0.14x.
- As at 31 Dec 2014, Total Borrowings amounted to RM 8.74 billion with cash of RM 4.84 billion.

Earnings/(Loss) Per Share (Sen)



Increased Earnings per Share

- Incurred loss per share in 2011* during the worst of the shipping down cycle and Liner exit.
- The business portfolio re-balancing efforts has led to better profitability and higher earnings per share.

*9-month Financial Period Ended 31 December



OUTLOOK FY2015



LNG : Heavy Deliveries Ahead, More Pressure on Rates

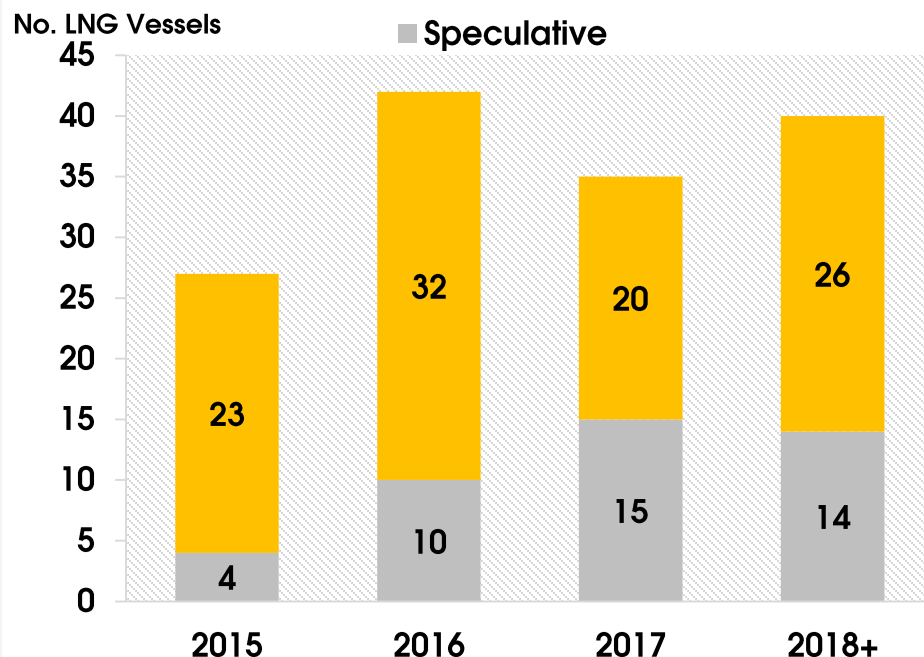
There are 53 open vessels in the market

Current LNG Global Fleet	
Time-Chartered	355
Open Vessels	53
Total Fleet	408

Newbuild Deliveries (2015 - 2018+)	
Speculative	43
To be chartered	101
Total Deliveries	144

- There are presently 53 open vessels in the current LNG global fleet, with additional 43 speculative vessels being built in the next 5 years.
- With cuts in capex spending in the O&G sector, delays in new LNG projects may impact the industry negatively.

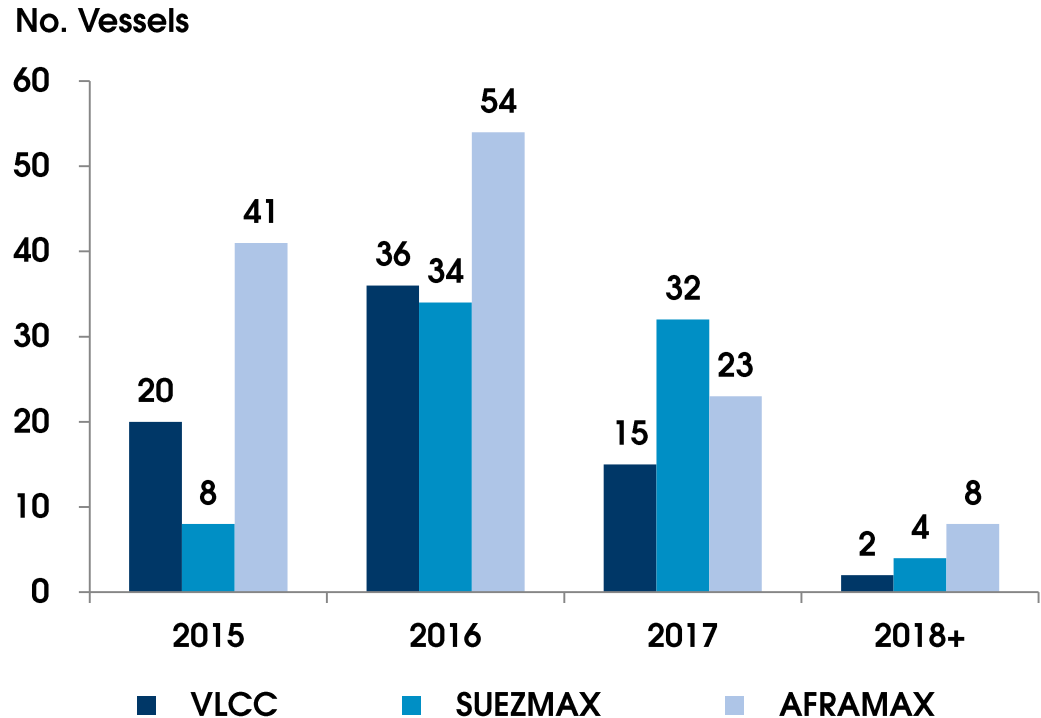
LNGC Newbuild Deliveries 2015-2018+



Vessel Type	Existing Vessels	World Fleet Capacity % Increase/Decrease			
	Mar 2015	2015	2016	2017	2018
LNG ('000 cbm.)	120,097	4.2%	5.3%	5.6%	3.2%

Petroleum : Staying Buoyant with Minimal Deliveries

- Petroleum tanker industry is expected to remain buoyant in FY2015 with low new vessel deliveries.
- Higher new vessel deliveries expected in FY2016, before tapering off 2017 onwards.

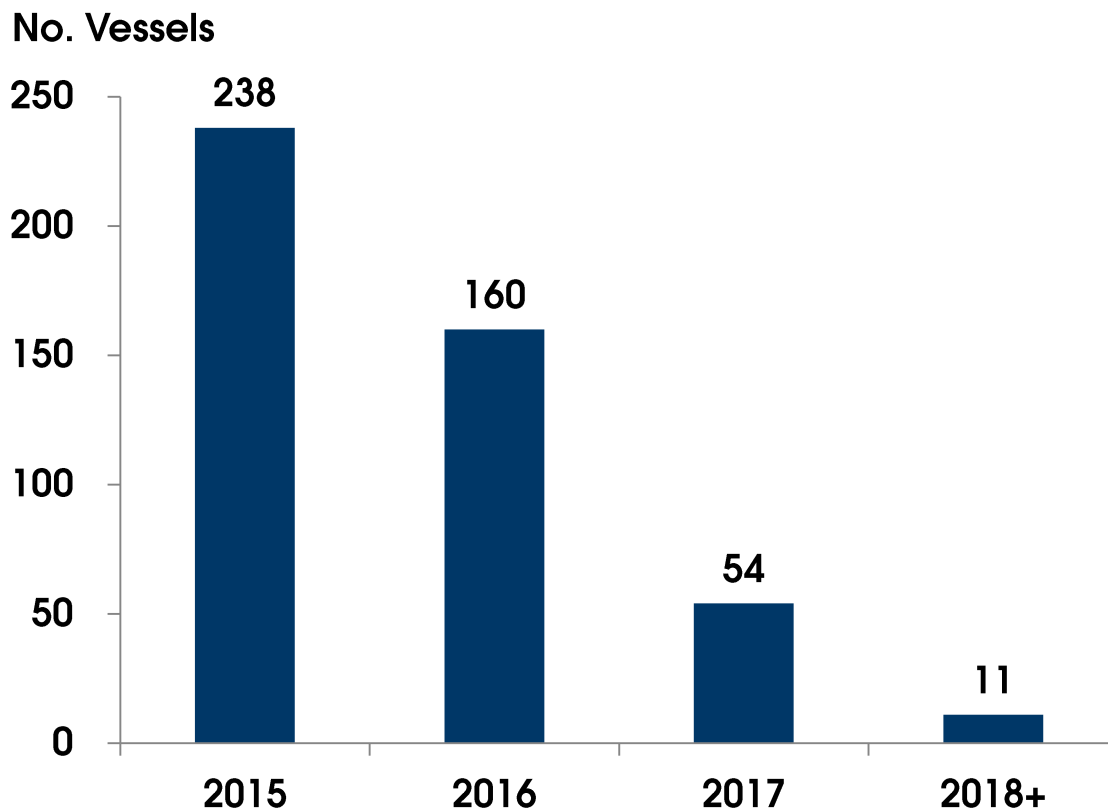


Vessel Type	Existing Vessels	World Fleet Capacity % Increase/Decrease			
	Mar 2015	2015	2016	2017	2018
Petroleum ('000 dwt)	424,581	3.8%	7.0%	3.2%	0.5%
VLCC (200-300,000 dwt)	177,997	3.5%	6.0%	2.4%	0.3%
SUEZMAX (120-199,999 dwt)	76,393	1.6%	6.9%	6.1%	0.7%
AFRAMAX (80 - 119,999 dwt)	96,281	4.8%	6.0%	2.4%	0.8%



Chemical : Prolonged Weakness

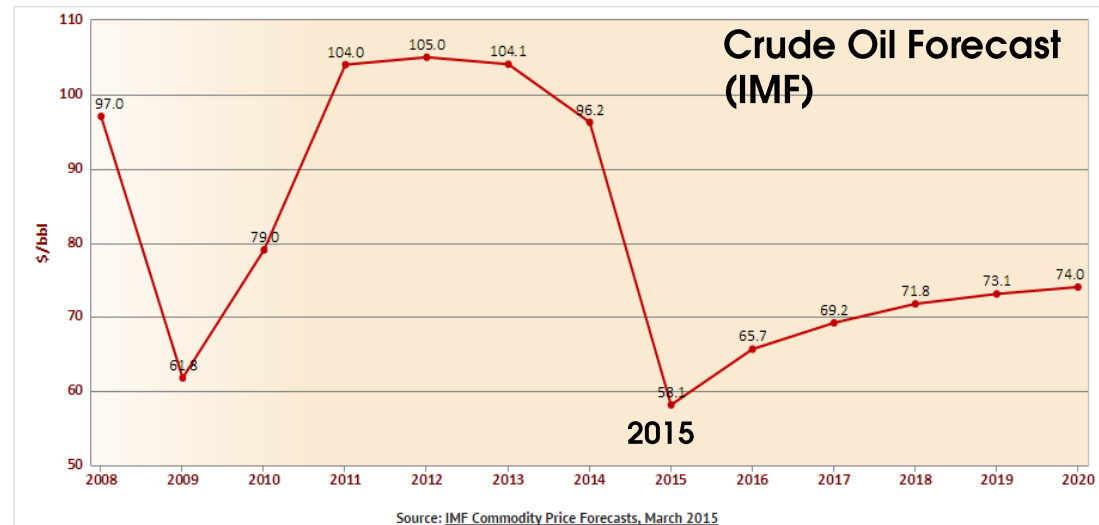
- Heavy deliveries are to be expected in the next 2 years, before tapering off 2017 onwards.
- Demand growth is expected to be muted, as GDP growth is forecasted to be uneven and slower than expected in 2015.



Vessel Type	Existing Vessels	World Fleet Capacity % Increase/Decrease			
	Mar 2015	2015	2016	2017	2018
Chemical ('000 dwt)	93,642	8.9%	5.9%	1.4%	0.3%



Challenging Times for Oil & Gas Industry



- The effects of cuts in operating costs and deferral of capital expenditures will haunt the Oil & Gas service sector for the greater part of 2015 and beyond.
- Oil prices are not expected to reach its highs of USD100 per barrel in the coming years.

European major company capex 2014-2015

Company	2014 capex \$ Billions	2015 capex \$ Billions (estimated)
Shell	35.3	Same to slightly lower
BP	23.8	20
Total	26.4	23 to 24
Statoil	20.0	18
Eni	13.9	11.6
BG Group	9.4	6 to 7

Source: Company reports

Creating A New Chapter of Growth



- MISC will remain focus in pursuing businesses that can generate long term recurring income.
- Leveraging on our strengths in maritime capabilities to create new business prospects in marine-related oil & gas services.
- Besides organic growth, to acquire businesses with attractive valuation via potential M&As.

THANK YOU

