



MISC 47th Annual General Meeting 19th April 2016

Rediscover, Rebuild, Sustain



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HIGHLIGHTS OF 2015



Highlights of 2015

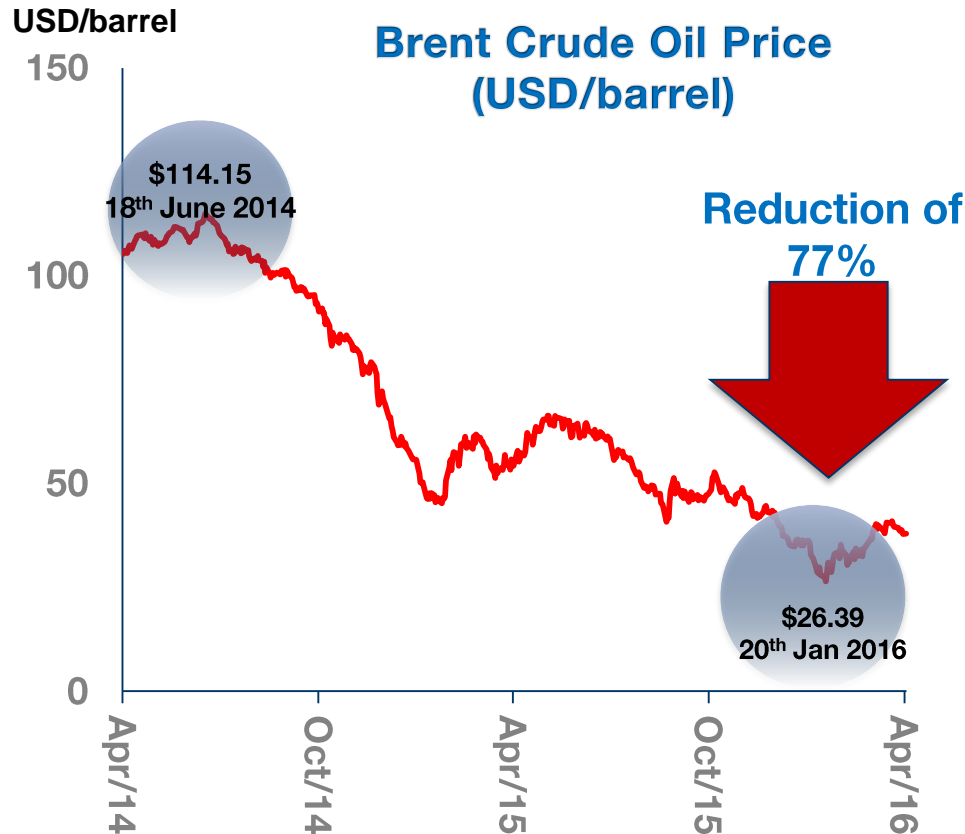
The Economic Environment and Industry We Operate In....

- Uneven global economic growth in both emerging and developing economies.
- Gradual tightening of monetary policies in the US.
- Monetary easing in Euro area and Japan to support the sluggish economy.
- Low commodity prices particularly low oil price impacting both developed and emerging market.



Highlights of 2015

Oil Price Continued to Head South

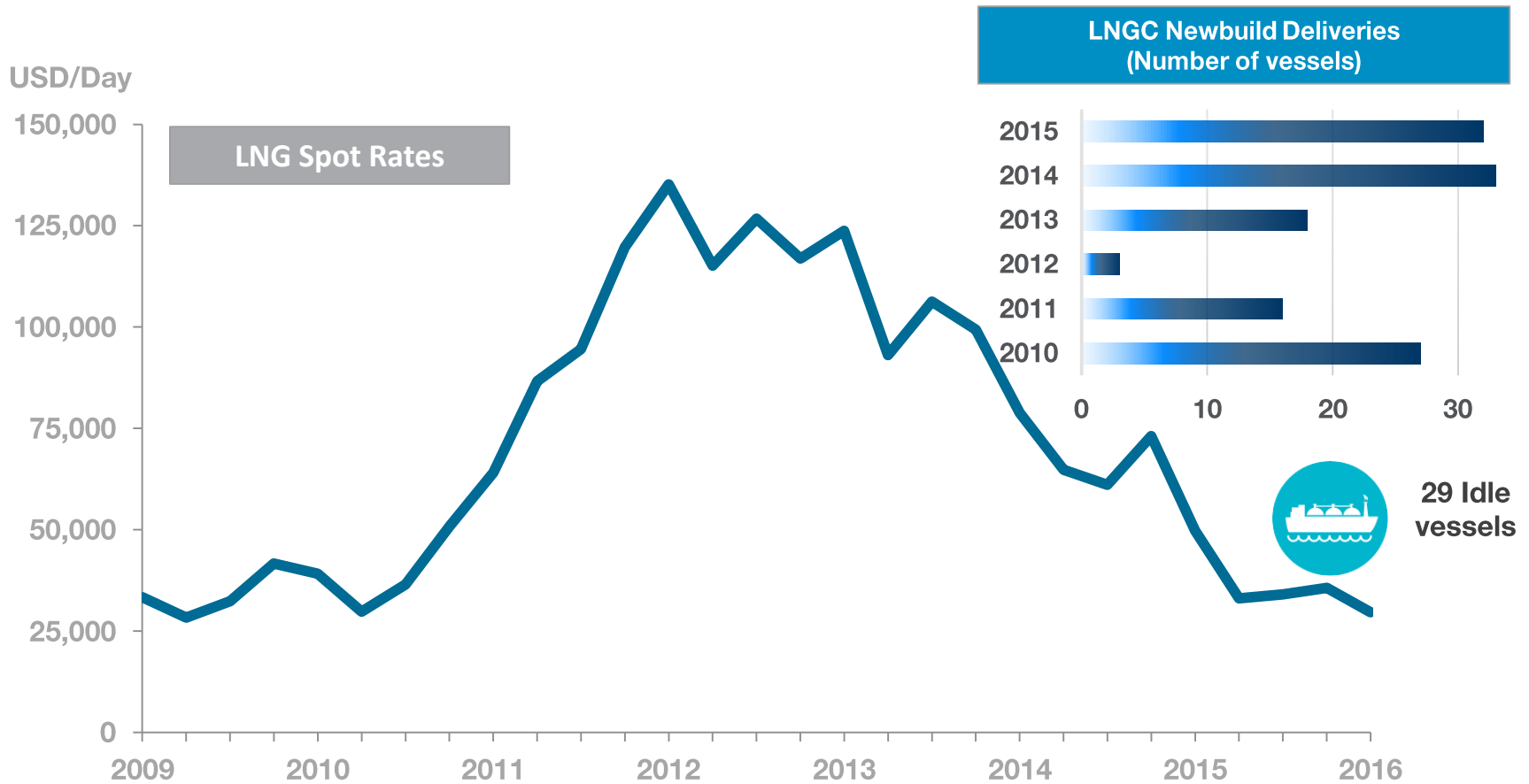


Source: Bloomberg (April 2016)

- Concerns over sluggish oil demand growth as emerging economy growth slows.
- Excess capacity led by tight oil production and high oil production by OPEC.
- Inverse movement to US Dollar strength.
- Upstream CAPEX and job cuts within the Oil & Gas industry.

Highlights of 2015

LNG Shipping: New Vessel Deliveries Further Weakened LNG Spot Rates



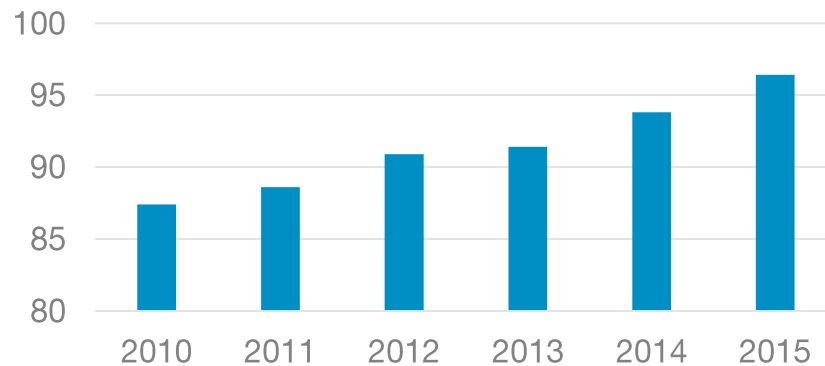
Source: Ship Brokers' Report, March 2016

Highlights of 2015

Petroleum: High Global Oil Production Along with Limited Fleet Growth Resulted in Strong Tanker Performance

High Global Oil Production

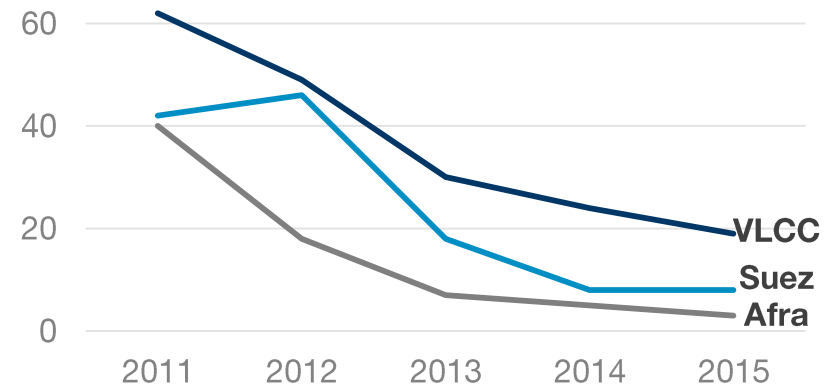
(million barrels per day)



Source: IEA, Apr 2016

Tanker Newbuild Deliveries in 2015

(Number of vessel)

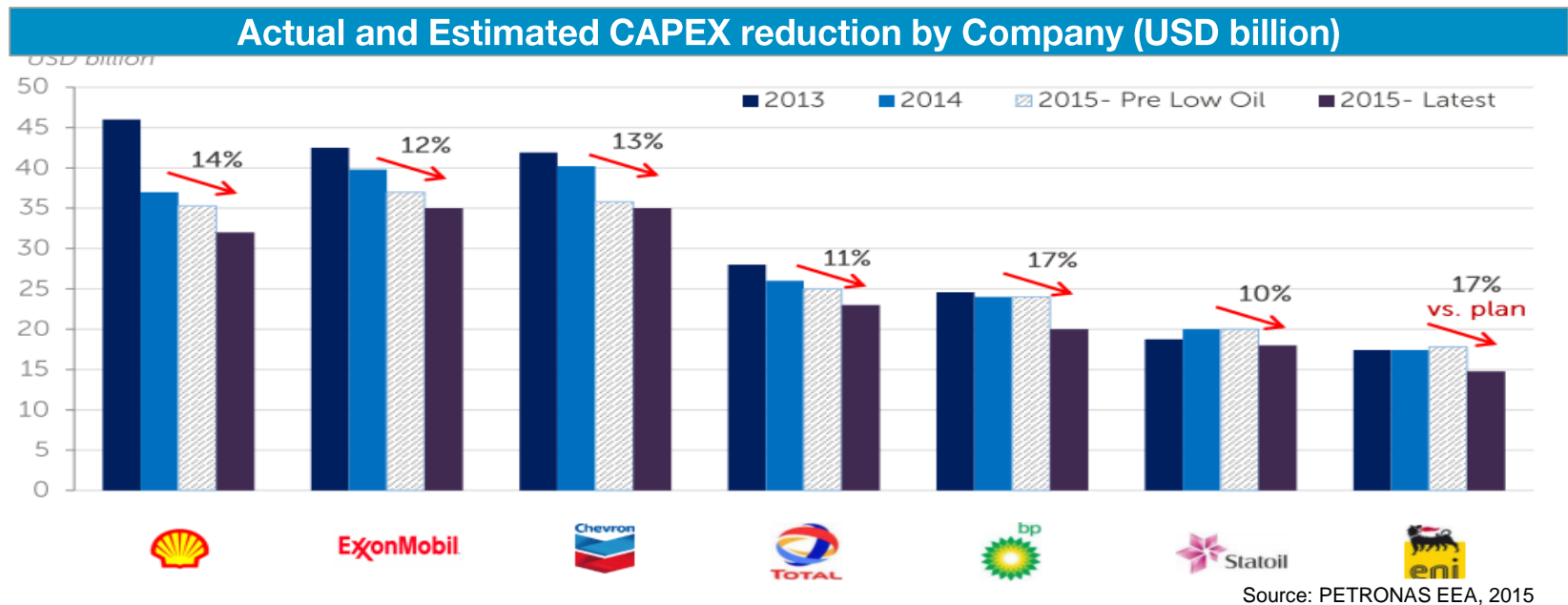


Source: Ship Brokers' Report, Dec 2015

- Increasing oil supply led to higher shipping requirement; with large volume of crude moved from West Africa and Americas to far east destinations.
- Limited fleet growth has further support the hike in freight rates.
- Lower demolition rates indicate that ship owners were deferring scrapping activities taking advantage of the strong tanker market.

Highlights of 2015

Offshore & Heavy Engineering: CAPEX Cut Led to Project Cancellation or Deferment

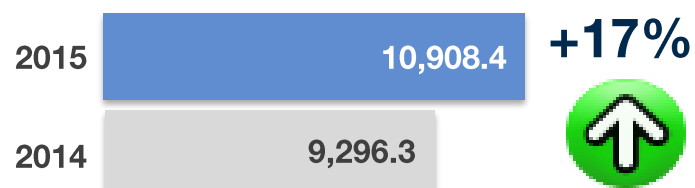


- Low oil price has led to Oil majors cutting CAPEX between 11% to 17% in 2015.
- Oil and Gas companies have undertaken various drastic measures such as :
 - Project cancellation and deferment
 - Divestment of non-core assets
 - Job Cuts

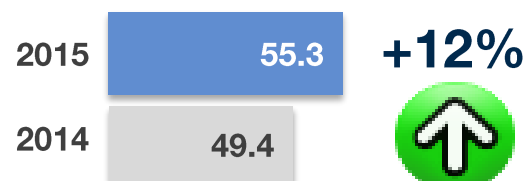
Highlights of 2015

Financial Highlights - Stronger Position, Firmer Footing, Enabling Growth

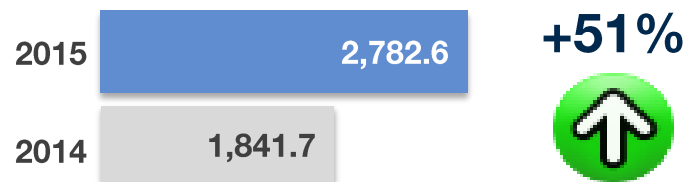
Revenue



Earning Per Share



Operating Profit

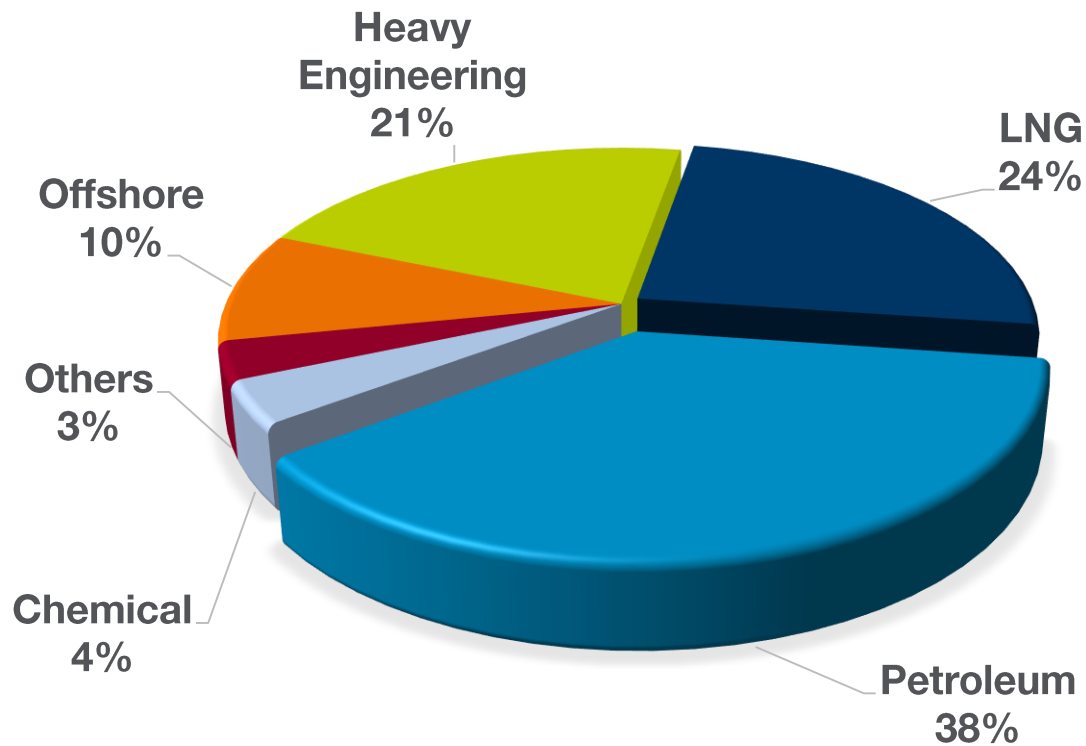


Dividend



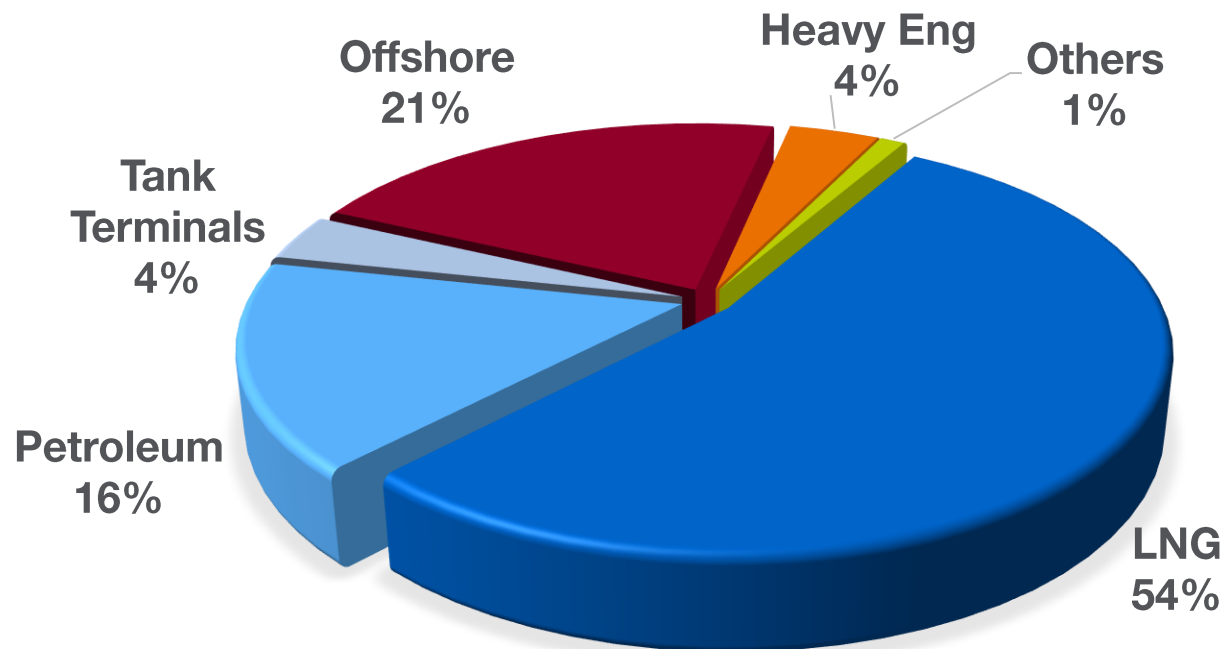
Highlights of 2015

Business Unit by % of REVENUE



Highlights of 2015

Business Unit by % of PROFIT BEFORE TAX (PBT)



Highlights of 2015

Corporate Milestone – Navigating with Resilience



LNG Shipping

Replenishing Expiring Contracts With New TCP Contracts

- Delivered over 20million tonnes of LNG cargo, equivalent to 8.3% of world's LNG trade.
- Secured TCP contracts for five new LNG Carriers with PETRONAS.
- Secured extension of five Puteri Class TCP contracts with PETRONAS



Petroleum Shipping

Repaired Balance Sheet Allows For Fleet Renewal / Growth

- Eight newbuilds ordered for fleet rejuvenation and expansion into CPP segment.
- Delivery of two dynamic positioning shuttle tankers, marking our successful entry into North Sea shuttle tanker market.

Highlights of 2015

Corporate Milestone – Navigating with Resilience



Offshore Business

Extending Solutions Beyond Core Assets

- Maintained excellent Asset Performance and HSSE record.
- Successfully delivered :
 - MaMPU 1 - marking our entry as a solution provider for marginal oil field development.
 - Mobile SeaBase PL Tun Azizan.



Marine & Heavy Engineering

Diversifying In Challenging Market

- RM760million of new contracts including project secured for RAPID Pengerang Project.
- Marine Repair Unit completed repair/dry-docking for 76 vessels.

2015 ANNUAL REPORT THEME



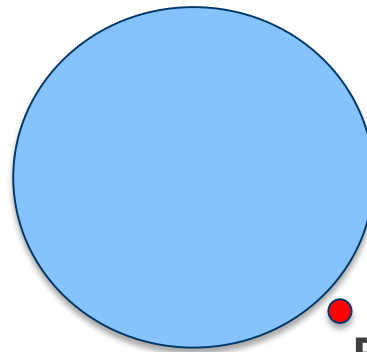
**REDISCOVER
REBUILD
SUSTAIN**

REBUILD

Capitalizing on Improved Financial Position

- MISC is almost Debt free (0.02x Debt/Equity).
- One of the best credit ratings in the shipping industry.
- Able to gain better financing rates.
- Low impact on interest rates hike.
- Big debt headroom for growth opportunities.

Total Assets
RM47.54 Billion



Debt to Equity

2015 : 0.02x

2014 : 0.14x

Net Debt
RM850 Million

REBUILD

MISC Four Core Businesses

LNG SHIPPING

Delivers Liquefied Natural Gas (LNG) across the globe with over three decades of proven experience as well as a distinguished reputation for overall operational excellence, reliability, safety and on-time cargo deliveries



OFFSHORE

Delivers complete, comprehensive and innovative solutions, catering for marginal, conventional and deepwater field developments with an excellent production and operations performance track record for all its facilities



PETROLEUM SHIPPING

Provides safe, high quality and comprehensive ocean transportation and specialist petroleum services to the world's largest oil companies, trading houses and refiners.



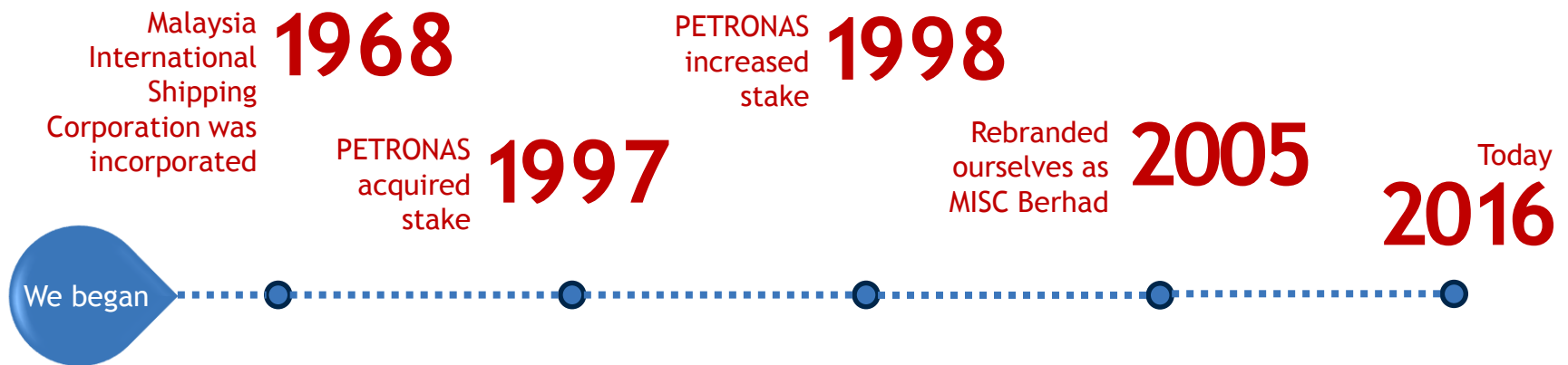
HEAVY ENGINEERING

Specialists in offshore construction, offshore conversion and marine repair as well as owning and operating the largest marine and heavy engineering facility in the region



REDISCOVER

Our Journey - Global Brand with 50 Years of Excellence



REDISCOVER

We Are Fueled by Our Belief, Pride & Passion

VISION

To **consistently** provide **better** energy related maritime solutions and services.

MISSION

To be consistently better, we strive:

- to **exceed** the expectations of our **customers**
- to **promote** individual and team excellence of our **employees**
- to **create** a positive difference to the lives of **communities**
- to **care** for the **environment** and operate responsibly
- to **drive** sustainable value for our **shareholders**

REDISCOVER

MISC's Enhanced Logo with New Tagline

The dynamic waves depict the energy that drives us forward with confidence and vigour.



The continuous rise of the waves reflects our growth ambitions and our quest to consistently push ourselves to provide better solutions for our customers and stakeholders.

**moving energy
to build a better world**

The blue sea bed at the bottom of the logo represents the solid foundations upon which MISC is built.

SUSTAIN

MISC 2020 – The 5 Year Masterplan

**To Achieve a
Sustainable Level of
Secured Profit by
2020**

- Absorb all fixed costs and overheads
- Absorb all losses from cyclical business segments during the worst of cycles.



**Sustainable Return
on Average Capital
Employed (ROACE)
> 10% by 2020**

- Instill DISCIPLINE to spend wisely
- Make the RIGHT investment decisions



SUSTAIN

Priorities Over The Next 5 Years - Four Core Businesses

LNG



- Pursue more third party long-term charters.

PETROLEUM



- Pursue more time charters for conventional fleet.
- Develop more niche market i.e. shuttle tankers with time charter.

OFFSHORE



- Explore acquisition opportunities arising from asset divestments by O&G players globally.
- Pursue organic growth when oil price recovers.

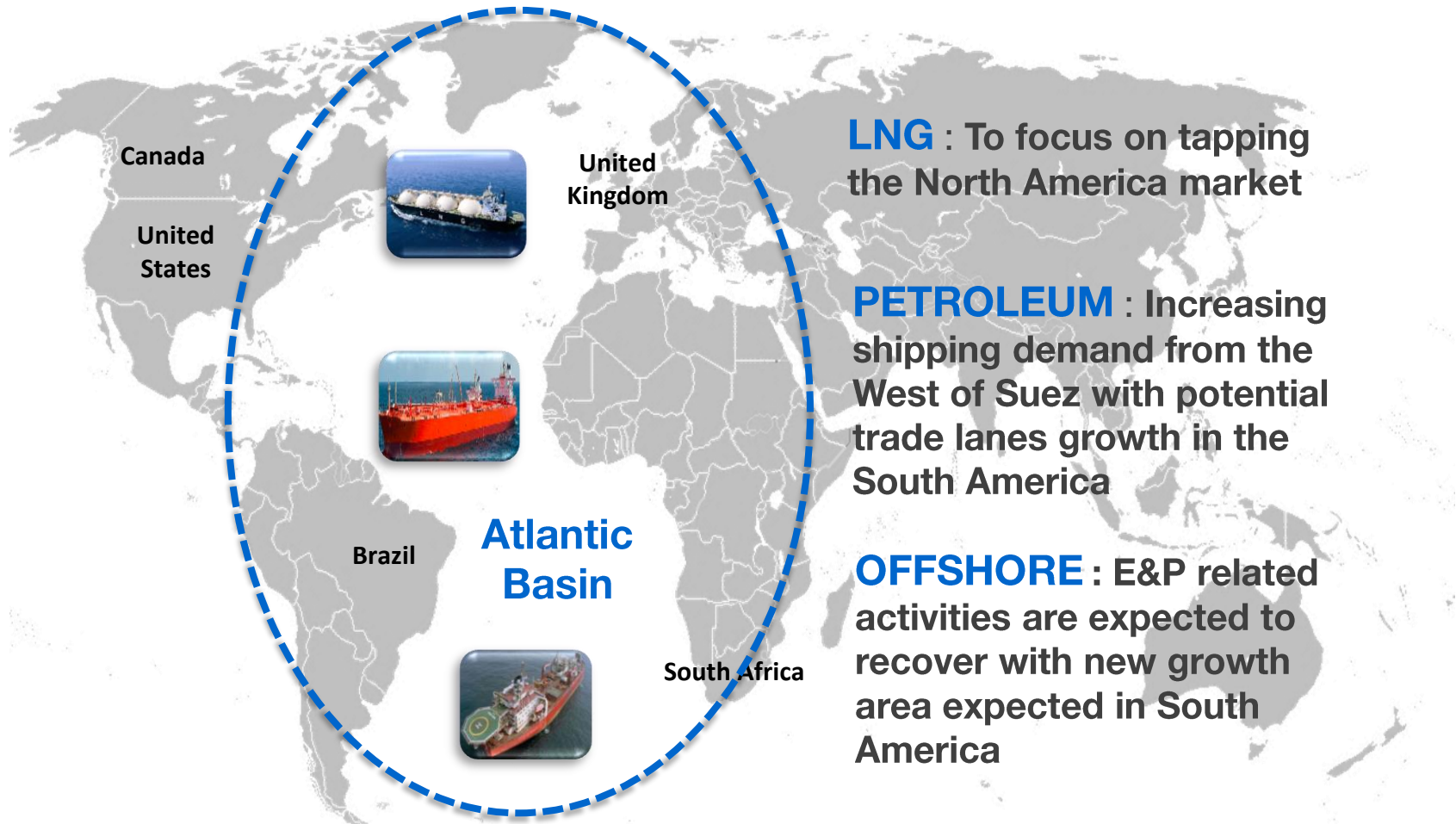
MHB



- Develop larger recurring income base e.g. marine repair business.
- Manage cost and process efficiency.

SUSTAIN

Setting MISC's Footprint in the Next 5 Years



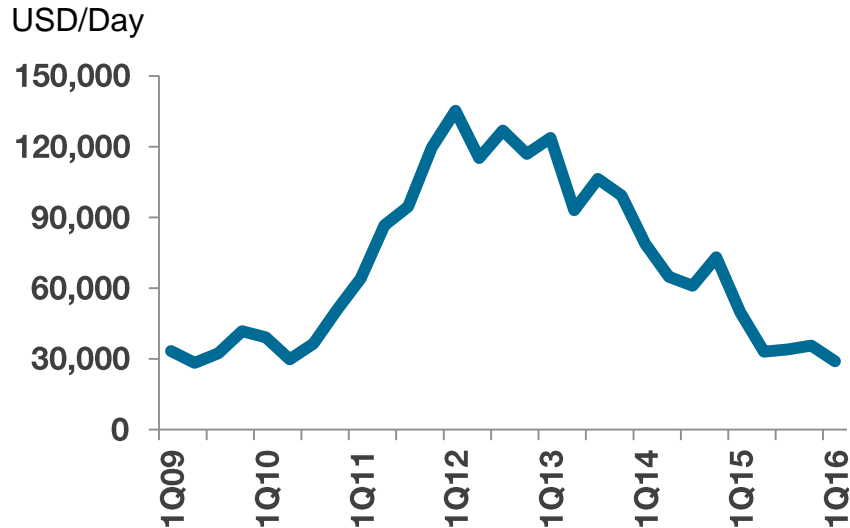
LOOKING AHEAD - 2016



LNG Shipping Outlook in 2016

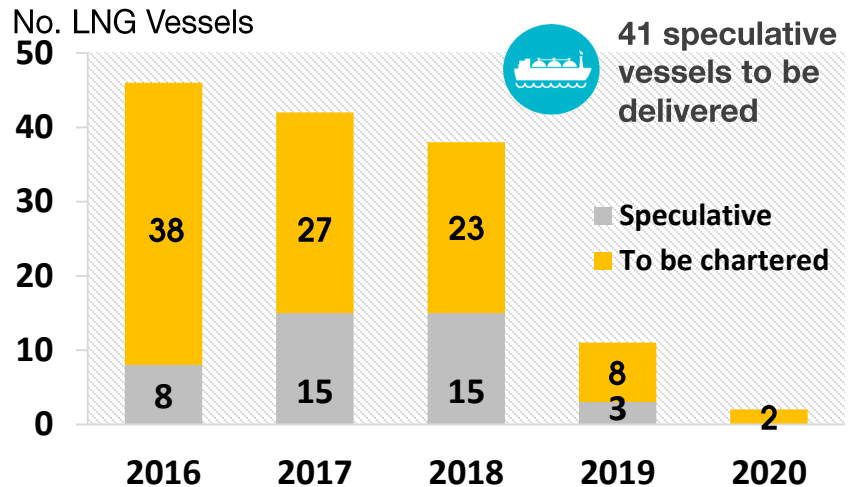
Rates continue to be under pressure due to overcapacity

Declining LNG Spot Rates since 2013 due to oversupply of LNG vessels



Source: Brokers report (March 2016)

LNGC Newbuild Deliveries FY2016 – FY2020



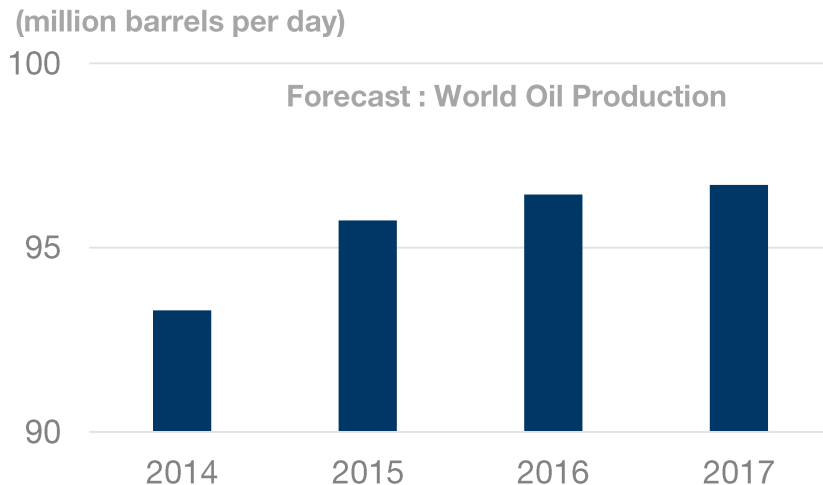
Source: Brokers report (March 2016)

- We do not build vessels on speculative basis; most of our vessels are locked-up in long term contracts with strong charterers thus eliminating the lower freight rate risk.

Petroleum Shipping Outlook in 2016

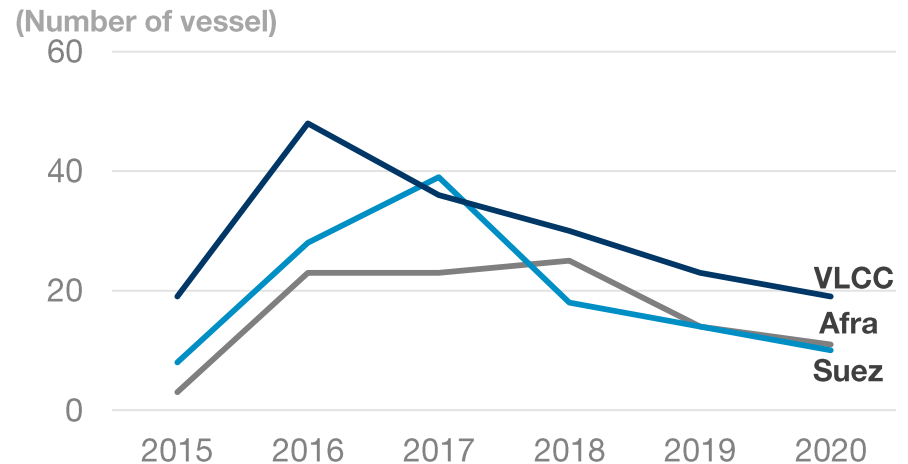
High Global Oil Production To Further Sustain The Freight Rates

High Global Oil production; Positive for Tanker Market



Source: IEA, Apr 2016

Tanker Newbuild Deliveries FY2016 – FY 2020



Source: Ship Brokers' Report, Dec 2015

- High crude oil production will boost the demand for crude transportation.
- MISC's challenge is to maintain the right mix of vessel portfolios to leverage on the uptick in market.

Offshore and Heavy Engineering Outlook in 2016

Low oil price has led to more OPEX and CAPEX cut by oil majors

Company	Capex Snapshot		
	2015	2016	Annual Decline
Exxon	\$31.1 billion	\$23.2 billion	\$7.9 billion
Chevron	34.0	26.0	8.0
BP	18.7	17.0	1.7
Anadarko	5.6	2.8	2.8
Hess	4.0	2.4	1.6
Continental	2.7	0.9	1.8
Total	96.1	72.3	23.8

The low oil price has forced all companies, from the majors to the independents, to slash capex by billions of dollars in 2016, after already making drastic cuts last year.



- OBU - Opportunities for inorganic growth.
- MHB - Diversification into other areas (i.e. RAPID) and strengthen Marine Repair Business which provide steady stream of recurring income.

Opportunities Await

Low Oil Price is Not a Bad Thing After All

- Production and demand increase, brings demand for ships to move the crude.
- Bunker price reduce, lower operational costs.
- Develop more niche market assets which gives longer charter period.
- Opportunity to acquire ready made assets with secured contracts.
- Opportunity to expand footprint into new region.



In line with MISC Long Term Strategic Growth Plan.....

Proposed Share Acquisition in Gumusut-Kakap Semi Floating Production System



Why do we want to do it?

- Low risk investment.
- No construction and technical risks.
- Good investment opportunity in difficult market. (i.e. asset with long term contract)
- Increase Group's secured income base.
- Full control and consolidation of future earnings.



Thank You