

ANALYST BRIEFING

1Q FY2017 Financial Results

4th May 2017

misc
moving energy

FINANCIAL OVERVIEW

By : Pn Rozainah Awang | Vice President, Finance

Financial Performance: 1Q FY2017 vs 4Q FY2016

In USD Mil	4Q FY 16 (Oct- Dec)	1Q FY 17 (Jan-Mar)	qoq %
Revenue	561.0	671.2	20
PBT from Operations	112.3	149.7	33
Non-Recurring Items	14.4	6.9	-
PBT	126.7	156.6	24
Net Profit	125.6	156.0	24
EPS (cents)	3.0	3.4	13
ROE (%)	1.6	1.8	14

Revenue:

- Offshore – One-off gain for GKL's adjudication.
  - Construction revenue recognized for FSO Benchamas 2.

PBT from operations:

- Higher PBT from higher revenue.

Non-recurring items:

- Gain on disposal of Aman Bintulu.

Financial Performance: 1Q FY2017 vs 1Q FY2016

	1Q FY 16 (Jan - Mar)	1Q FY 17 (Jan - Mar)	qoq %
In USD Mil			
Revenue	570.9	671.2	18
PBT from Operations	191.7	149.7	(22)
Non-Recurring Items	(5.6)	6.9	-
PBT	186.1	156.6	(16)
Net Profit	189.6	156.0	(18)
EPS (cents)	2.9	3.4	18
ROE (%)	6.5	1.8	(72)

Higher revenue:

- Offshore – Consolidation of GKL revenue.
  - Construction revenue recognised for FSO Benchamas 2.
  - One-off gain for GKL's adjudication.
- LNG – Lease commencement of Seri Cenderawasih and Seri Camellia.

Lower PBT from operations:

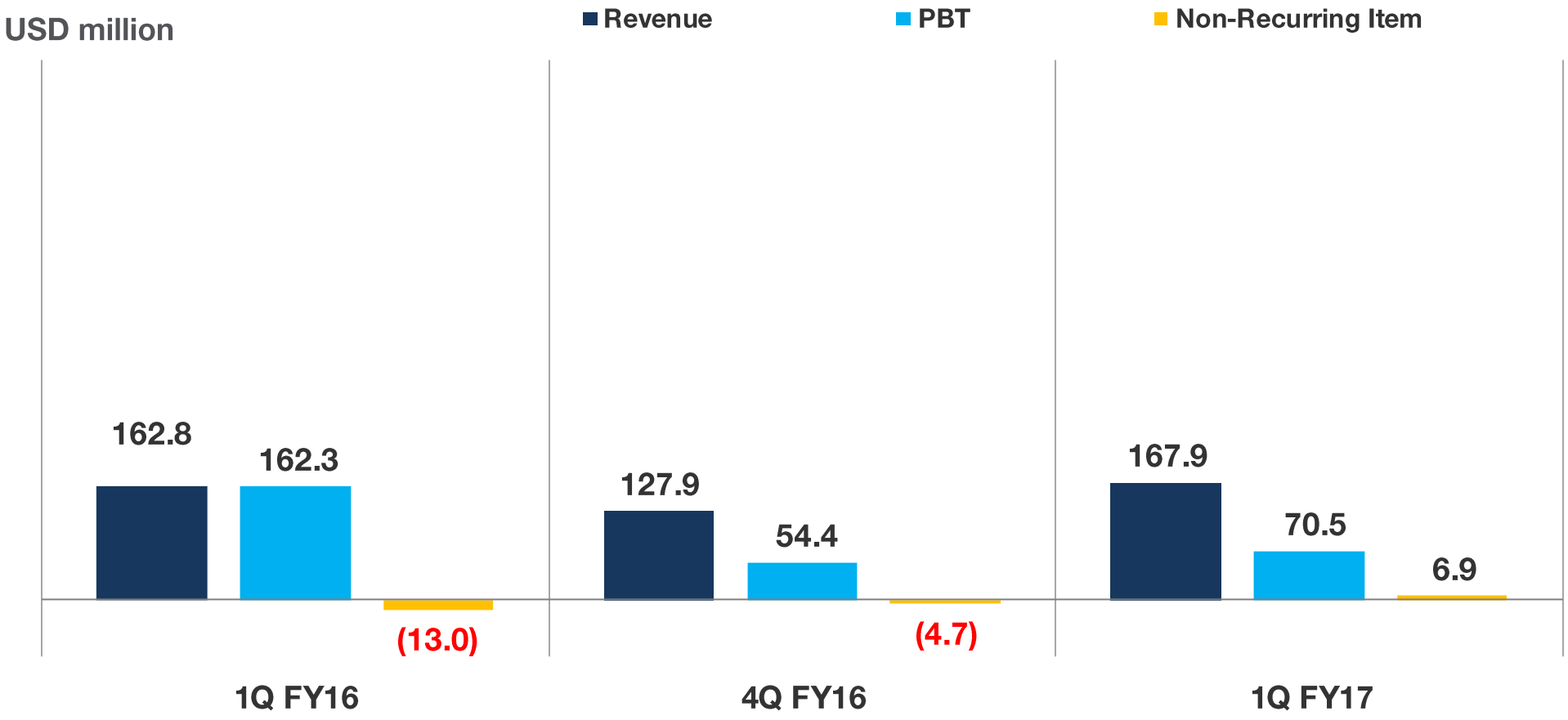
- LNG - Q1 FY2016 result include the recognition of compensation for early termination of Aman Bintulu and Aman Hakata.
- Petroleum - Higher bunker costs.

Non-recurring items:

- Gain on disposal of Aman Bintulu.

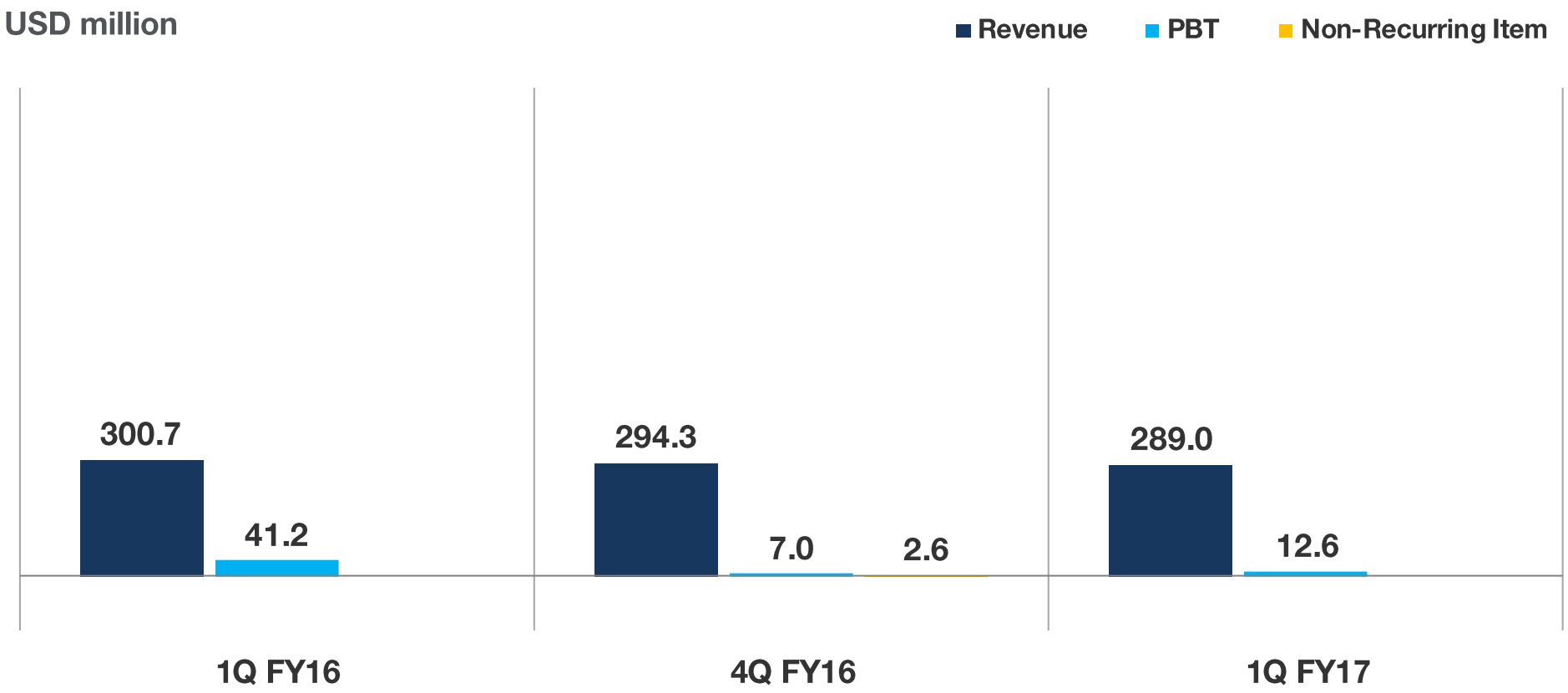
Financial Performance by Business Segment

LNG Shipping - Commencement of Seri Cenderawasih 15-year charter



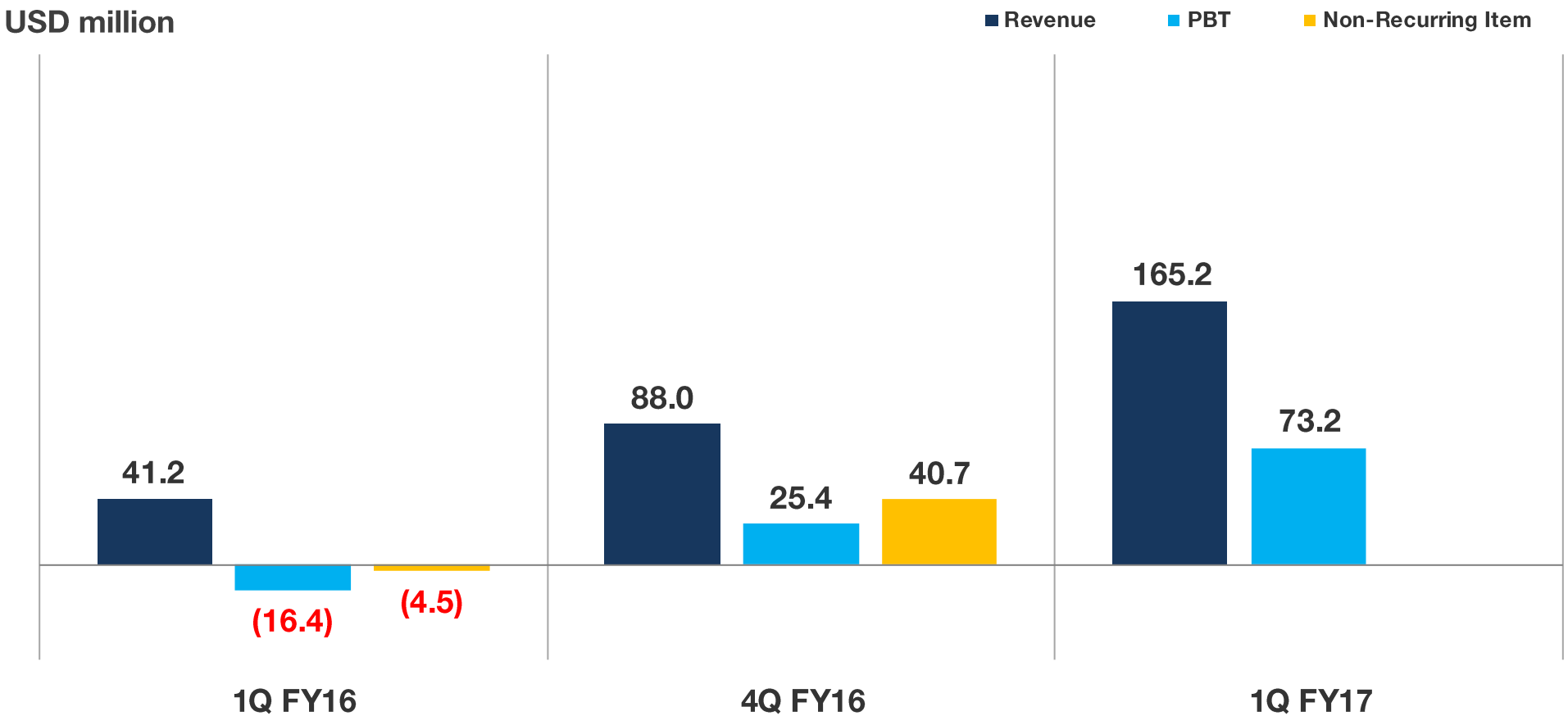
Financial Performance by Business Segment

PETROLEUM Shipping – Lower Earning Days Contributes to Lower Earnings



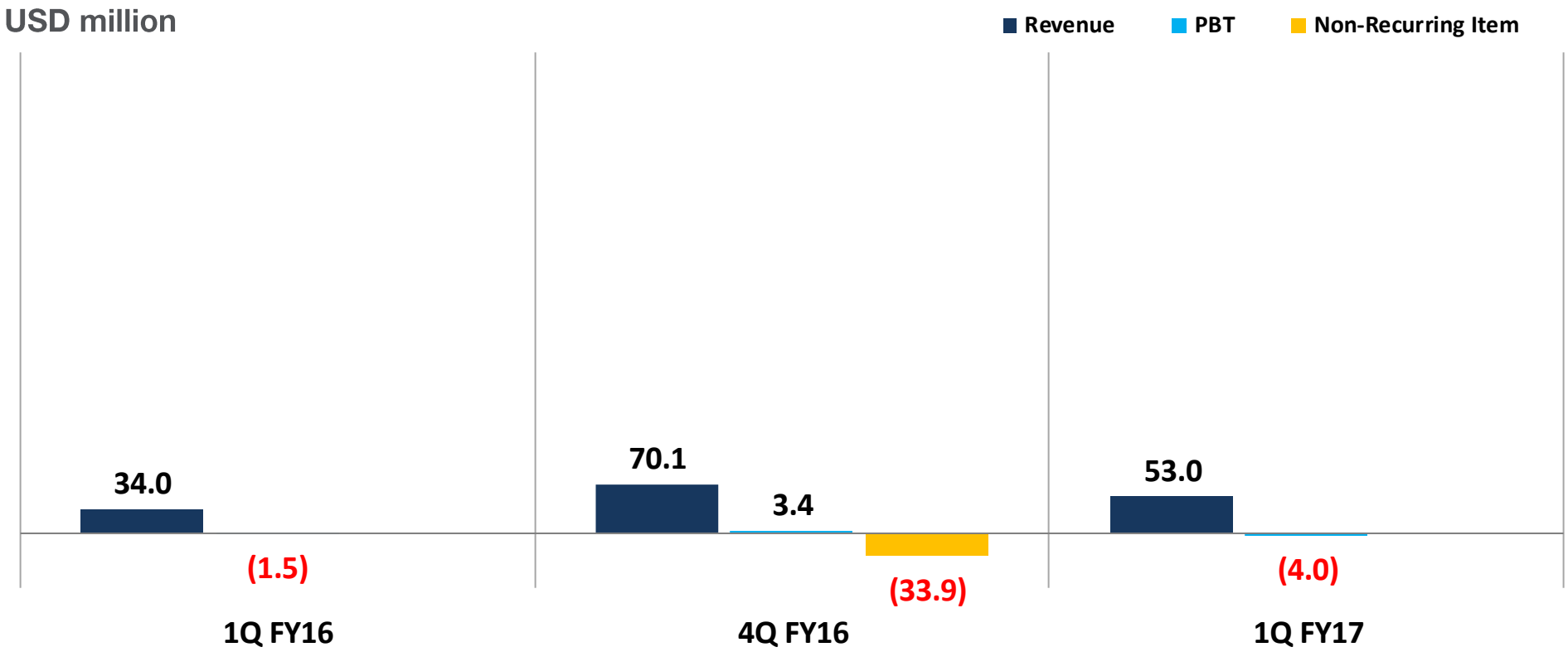
Financial Performance by Business Segment

OFFSHORE Business – Recognition of Construction revenue for FSO Benchamas 2

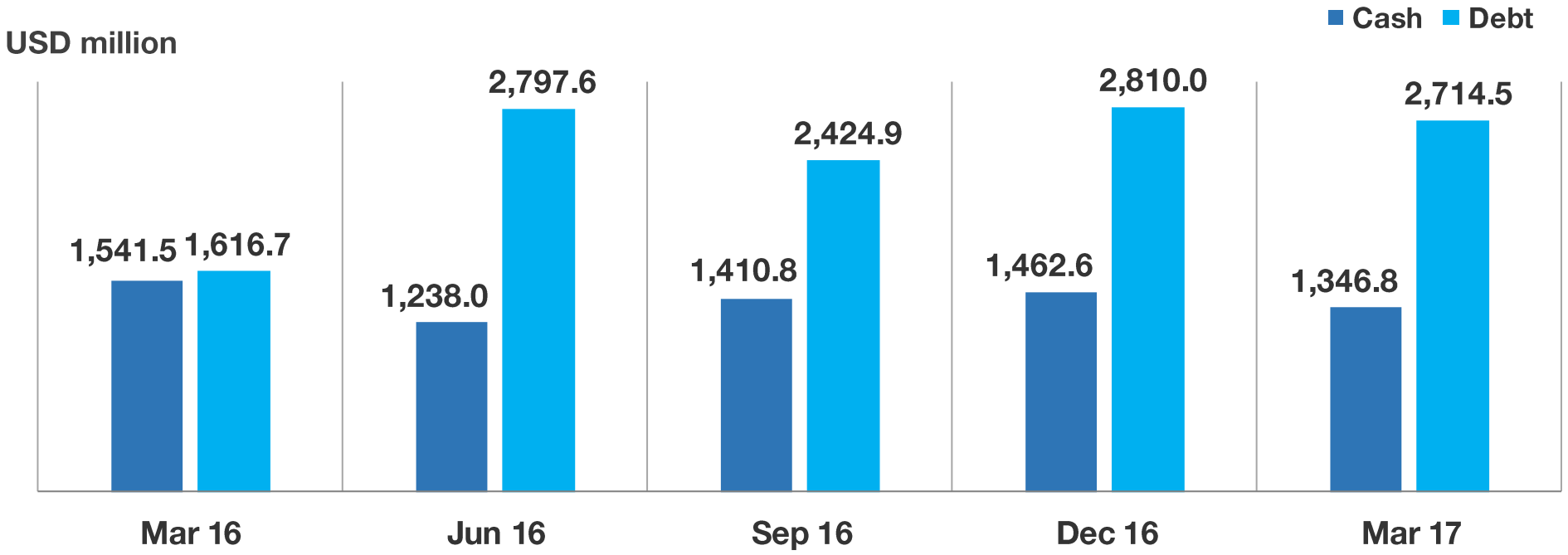


Financial Performance by Business Segment

HEAVY ENGINEERING – Lower Heavy Engineering Orderbook Continues, Cushioned by Marine Repair



Financial Performance – Balance Sheet

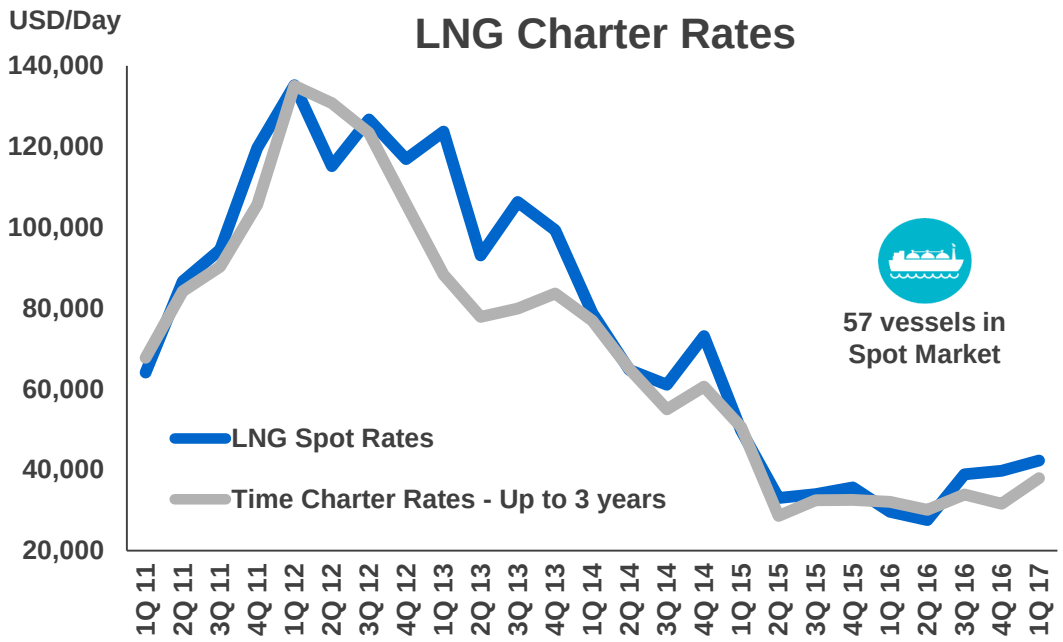


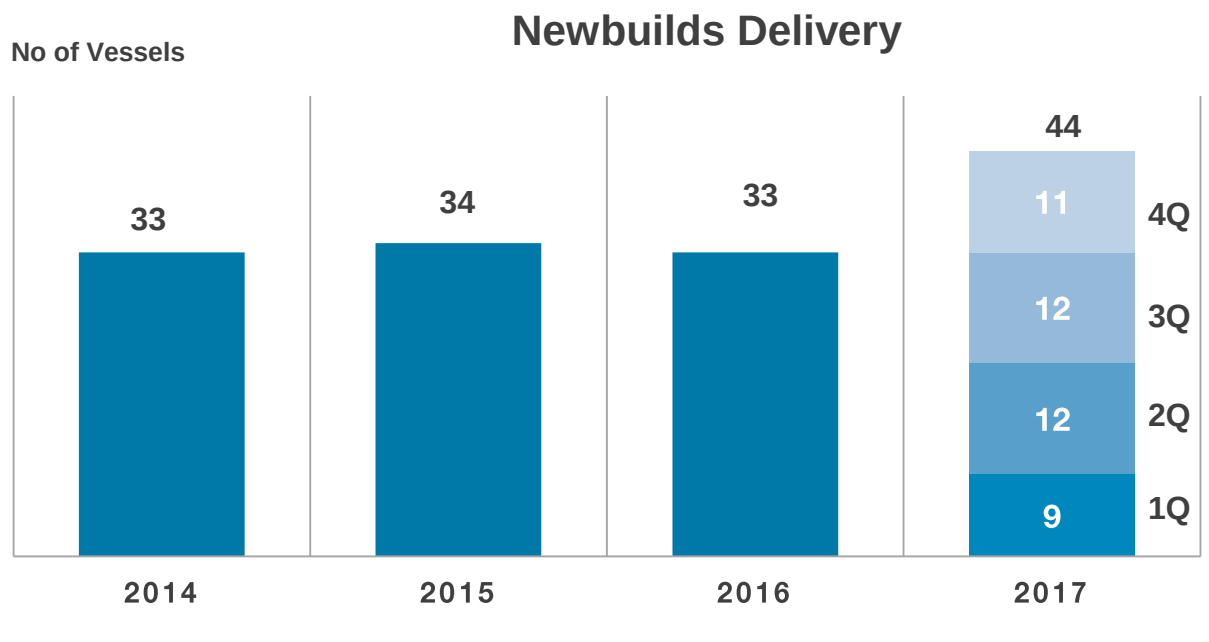
MARKET ENVIRONMENT

By : Teoh Paul Keng | General Manager, CPD

LNG SHIPPING

Spot Rates Held Up Due to Peak Winter Demand



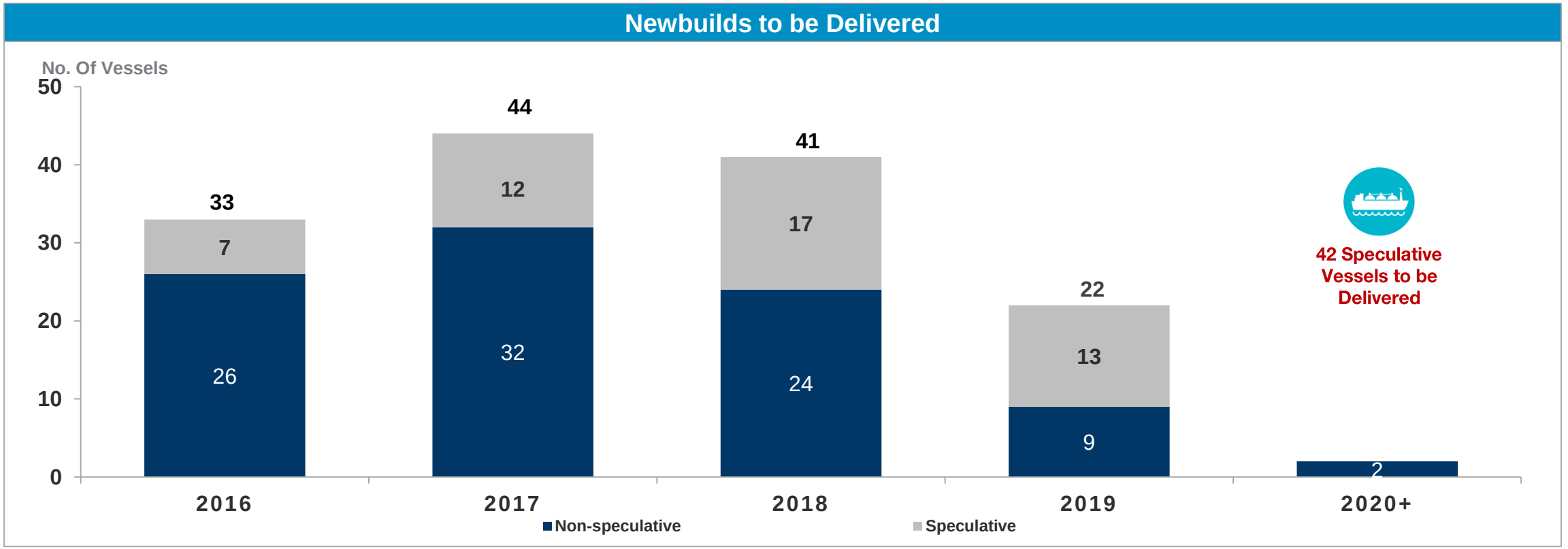


Source: LNG Shipping Database, IHS Energy , March 2017

- Spot rates were firm in 1Q 2017 as seasonal winter demand held up LNG demand.
- However, March saw waning seasonal demand with onset of warmer weather and lower volume of West - East arbitrage trade.
- Delivery of 9 newbuild LNG vessels during the quarter.
- LNG demand is forecast to increase by 11% in 2017, of which China and India is forecasted to be the top incremental consumers.

LNG SHIPPING

Vessel Oversupply to Persist, Compounded by Expiring Charters

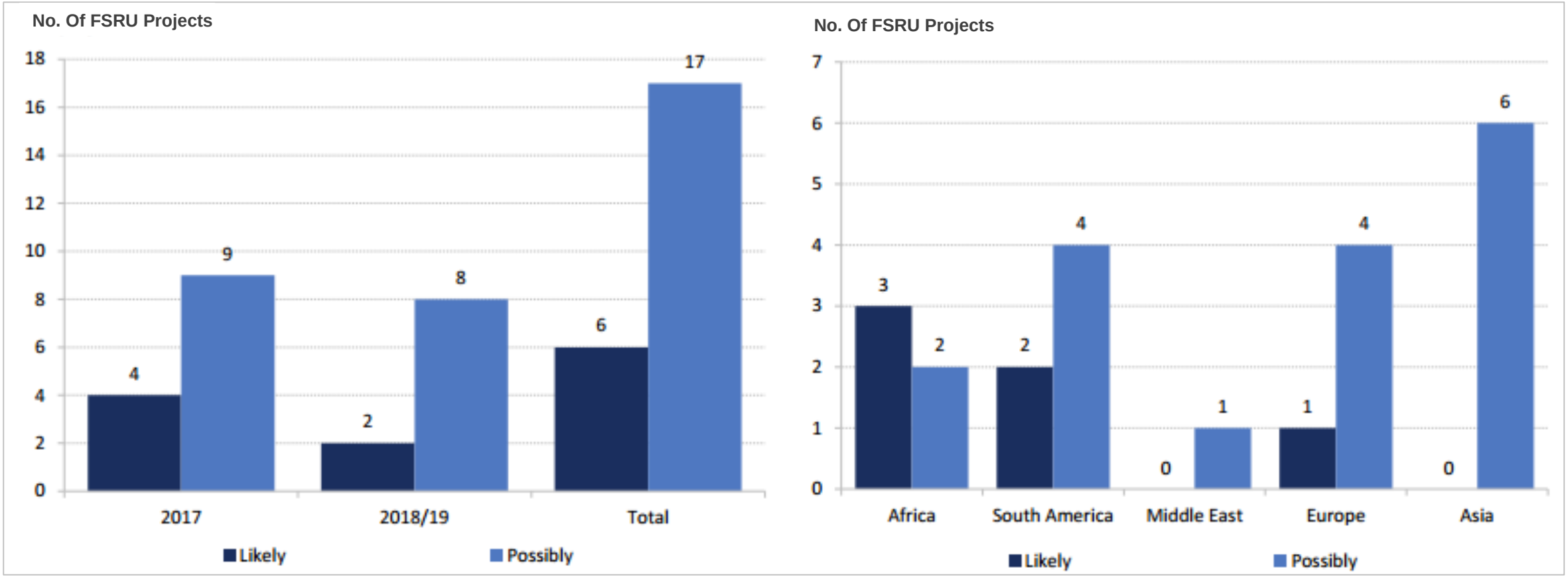


Source: IHS Energy

- Vessel oversupply is expected to persist as heavy delivery of new LNG tankers continue.
- The oversupply situation is exacerbated by a significant number of older LNG tankers coming off charters.
- However, expect higher demand for LNG especially with the addition of FSRUs in the market.
- Market requires an estimated 120 vessel over the next 5 years.

LNG SHIPPING

Floating Units Way Forward for Gas Importing Nations

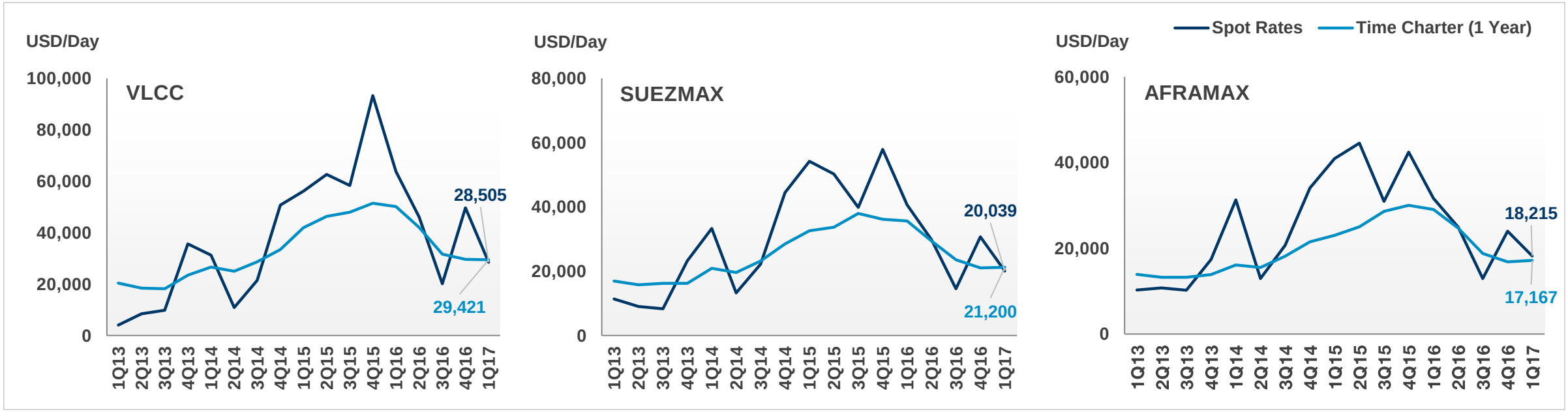


Source: Pareto

- Floating units look set to become the major way of importing natural gas for new import nations.
- FSRUs enable new countries to import – more flexibility and less CAPEX.

PETROLEUM SHIPPING

Heavy Newbuild Deliveries Moderating Tanker Rates

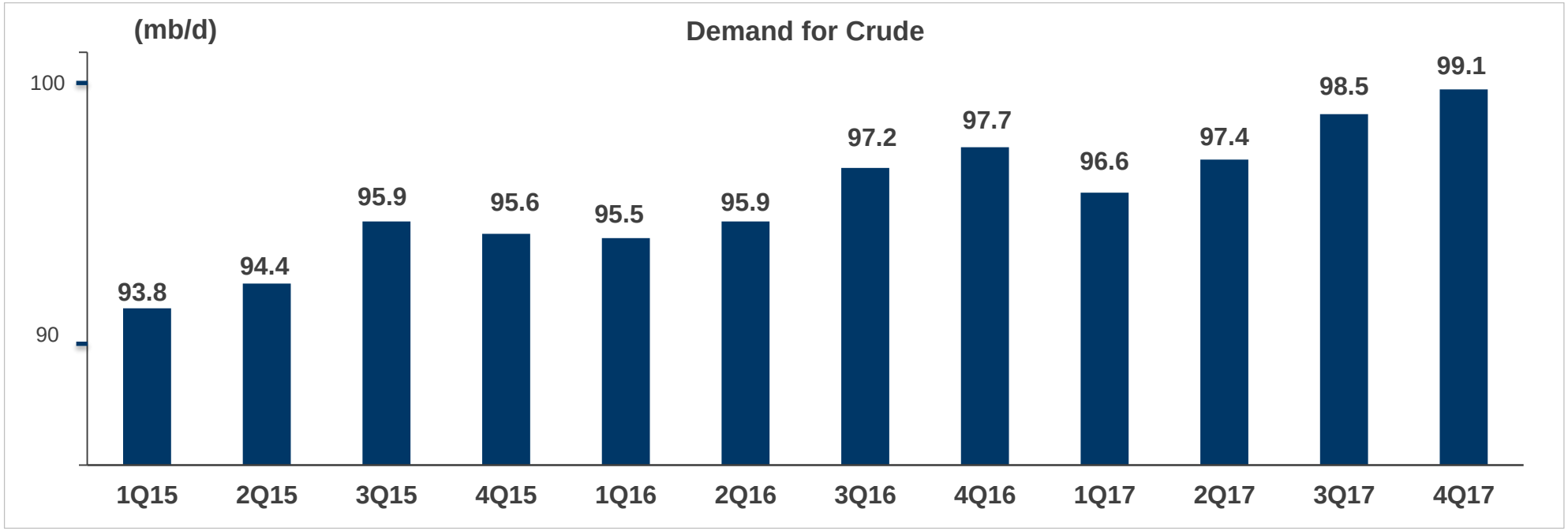


Source: Shipbrokers' Report

- High fleet growth has put further pressure on tanker rates during the quarter.
- The global tanker fleet saw 18 VLCC, 16 Suezmax and 16 Aframax newbuilds delivered in Q1 2017.
- Reduced OPEC oil production post January 2017's quota restriction resulted in lower tonne mile demand for tankers from the Middle East.
- Continued supply disruptions in West Africa had also reduced export volumes further limiting demand for vessels.

PETROLEUM SHIPPING

Expect Demand for Crude to Recover After Stockpile Adjustment

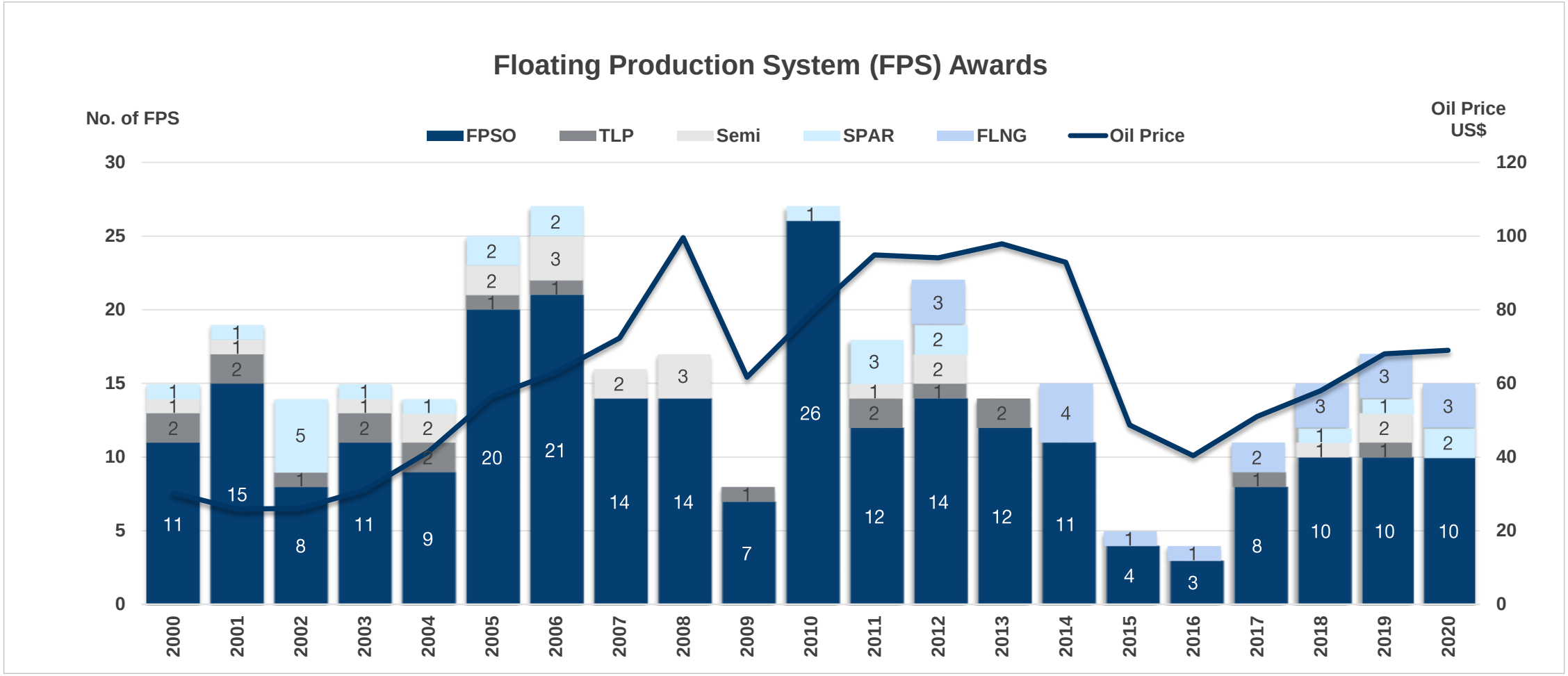


Source: IEA

- Growth of 1.3 mb/d is foreseen for 2017, taking total global demand up to an average 97.9 mb/d compared to 2016 average of 96.6 mb/d .
- Q1 2017 demand growth eased back to 1.1 mb/d y-o-y with sizeable slowdowns in the US and OECD Asia Oceania.
- On the contrary, many east-Asian economies, including China, Hong Kong and Taiwan, saw demand growth build in Q1 2017.
- OECD crude oil inventories fell by 0.6% y-o-y in Q1 2017 to 2,978 mb/d.
- Higher exports from US to the Pacific region increases tonne miles, benefiting larger tankers such as the VLCCs.

OFFSHORE BUSINESS

Stable Oil Price Sets Stage for Offshore Capex Recovery

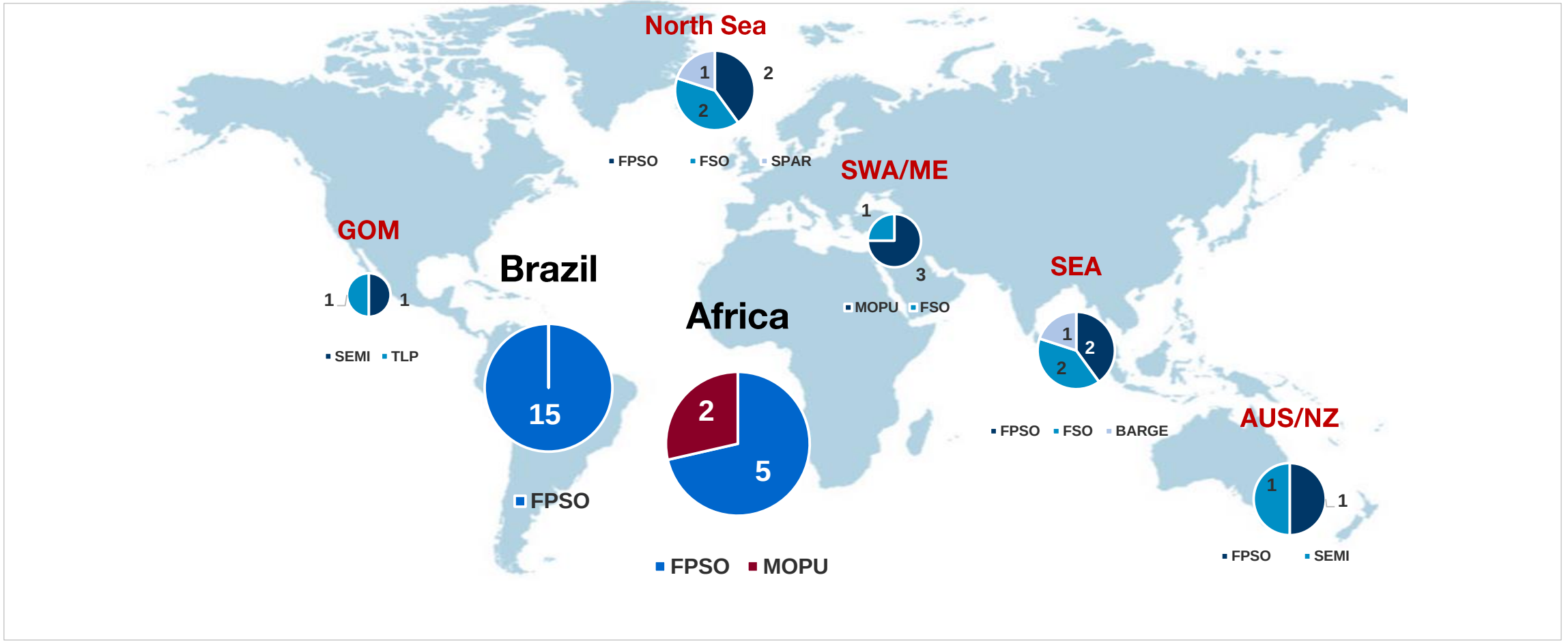


Sources : EMA Report

- Only 1 FPSO award in the quarter.

OFFSHORE BUSINESS

Opportunities on the Horizon Especially In the Atlantic Basin



Source: EMA Report

- OBU – Greenfield FPSO projects opportunities mainly concentrated in the Atlantic Basin whilst selective on-water opportunities in South-East Asia.

BUSINESS UPDATES

By : Teoh Paul Keng | General Manager, CPD

LNG Business

- The new Seri C Class LNG fleet (Seri Camellia and Seri Cenderawasih) successfully delivered 4 LNG cargoes during the quarter.
- The 3rd Seri C Class LNG newbuild will be delivered in 2H FY2017.
- Seri Bakti has successfully secured a short term time charter contract with Koch Shipping Inc. commencing end of 1Q 2017.
- The charterer of Seri Anggun, International Gas Transportation Company Limited, has exercised the first option (of two option years) to extend the contract by one year, commencing end of 1Q 2017.
- Aman Bintulu has been sold to Farenco Shipping on an “as is where is” basis and the vessel has been delivered to the buyer in February 2017.
- Continue to actively explore non-conventional LNG shipping solutions to support this segment’s long term growth strategy.

Petroleum & Chemical Business

- Current portfolio mix at 53:47 term to spot ratio.
- Focused on lightering activities during the quarter to capitalize on premium rates within the lightering niche market.
- Concerted efforts will also be undertaken to grow our footprint in the DP shuttle tanker business which will provide long term quality income.
- On the chemical fleet, new COAs were signed with KOLMAR, SIPCHEM, OTI and Total Petrochemicals during the quarter.
- LNG dual fuel option for 4 newbuild Aframaxes:
  - Green Sustainability Agenda – adopting responsible maritime practices to improve environmental footprint
  - Fitted with twin LNG tanks and a range of eco-innovations to maximize fuel efficiency and minimize emission impact
  - Fitted with an IMO-compliant ballast water management system

Offshore Business

- FSO Benchamas 2 Project - the refurbishment and conversion works of Bunga Kelana 5 are ongoing at MHB with progress slightly ahead of plan as at 3 March 2017.
- Adjudication decision in favour of Gumusut-Kakap Semi-Floating Production System (L) Limited ("GKL") against Sabah Shell Petroleum Company Limited ("SSPC") under CIPAA 2012 for variation work claims.
- FPSO Cendor revision of charter with extension of contract tenure.
- Exploring both organic and inorganic growth in deep water opportunities in the Atlantic Basin.
- Looking at opportunistic brown field replacement projects and shallow water asset requirements in the region.

Heavy Engineering

- New Project Awards:
  - Bokor Phase 3 Re-Development Project
  - Sepat-A WHP

- Heavy Engineering Milestones:
  - Sail-away of F12 Kumang Structures
  - Sail-away of Besar-A structures
  - Sail-away of Baronia CPP-B jacket, bridge piles

- Marine Milestones:
  - Repair and maintenance of 16 vessels
  - Secured 27 vessels business

- RM4.5 billion ongoing and planned tenders for 2017.
- Focus on niche offshore development (CPP), onshore (RAPID) and offshore maintenance (facilities improvement, HUC).
- Diversification and Enhancement/ Development of Capabilities - Onshore Maintenance; Process Module Fabrication.

APPENDIX

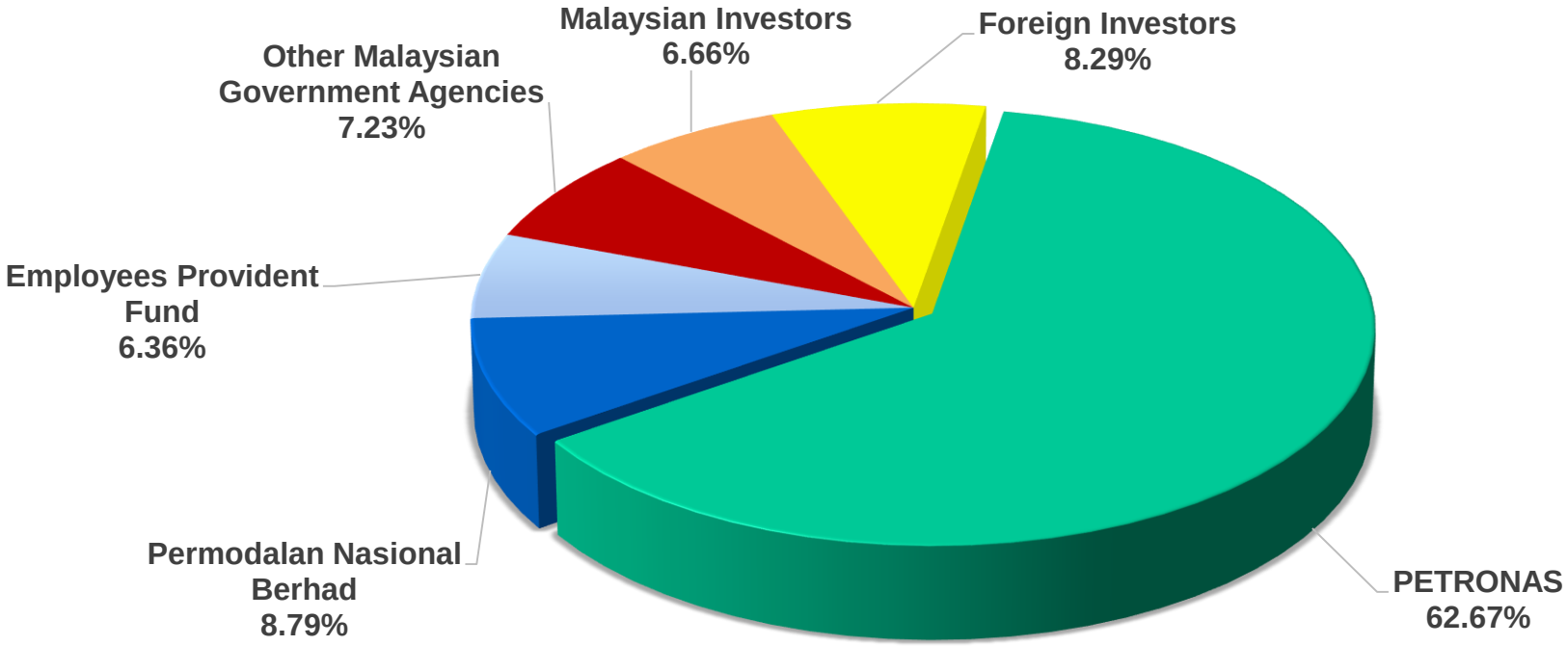
Appendix 1 : Fleet Information

As at 31 March 2017

	Vessel Type	Total Vessel Operated	Owned	Chartered-In	Average Age (yrs)		Contracted Newbuilds/ Conversions
					MISC	Industry	
LNG	LNG	26	26	--	13.4	11.7	3
	FSU	2	2	--	35.5	--	-
Petroleum	VLCC	12	10	2	8.9	9.2	-
	Suezmax	4	4	--	4.5	9.8	2
	Aframax	47	36	11	12.2	11	4
	LR2	--	--	--	-	8	2
	MR2	5	--	5	7.3	8.8	-
	Shuttle	4	4	--	4.6	12	-
Chemical	Chemical	13	7	6	6.2	10	-
	LPG	1	-	1	18.2	12.3	-
TOTAL		114	89	25	-	-	11
Offshore	FPSO/FSO/ SS	10	12	-	7.7	-	1
	MOPU	-	2	-	6.2	-	-

Appendix 2 : Shareholders' Profile

As at 31 March 2017



Appendix 3 : Delivery Schedule

As at 31 March 2017

	LNG	Petroleum		
	LNG Carriers	Suezmax	Aframax	LR2
1H2017	-	-	-	1
2H2017	1	-	-	1
1H2018	2	2	2	-
2H2018	-	-	1	-
1H2019	-	-	1	-

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