

# MISC ANALYST BRIEFING

2Q FY2015 Financial Results | 4<sup>th</sup> August 2015



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# Financial Overview

By Puan Rozainah Awang | Vice President, Finance

## Q2 FY2015 Highlights

- MISC Group revenue of USD710.4 million was 9.4% or USD74.0 million lower than Q2 FY2014 revenue of USD784.4 million.
- Group EBITDA of USD316.7 million was 26.0% or USD65.4 million higher than Q2 FY2014 EBITDA of USD251.3 million.
- Group profit before tax from operations of USD210.8 million was 73.0% or USD89.0 million higher than Q2 FY2014 profit of USD121.8 million.
- 1<sup>st</sup> interim dividend of 7.5 sen per share.

# Financial Performance

	YTD			Quarter		
	2Q FY 14 (Jan - Jun)	2Q FY 15 (Jan - Jun)	yoy %	1Q Mar-15 (Jan - Mar)	2Q Jun-15 (Apr - Jun)	qoq %
In USD Mil						
<b>Revenue</b>	1,479.1	1,398.4	(5.5)	688.0	710.4	3.3
<b>EBITDA</b>	537.7	572.1	6.4	255.4	316.7	24.0
<b>PBT from Operations</b>	281.9	362.8	28.7	152.0	210.8	38.7
<b>Non-Recurring Items</b>	(14.7)	(10.0)	(31.9)	(10.6)	0.6	(105.7)
<b>PBT</b>	267.2	352.8	32.0	141.4	211.4	49.5
<b>Net Profit</b>	269.2	361.2	34.2	152.1	209.1	37.5
<b>Shareholders' Fund</b>	7,684.8	8,147.9	6.0	7,944.1	8,147.9	2.6
<b>Cash</b>	2,286.7	1,227.1	(46.3)	1,098.3	1,227.1	11.7
<b>Borrowings</b>	3,795.2	2,373.8	(37.5)	2,386.1	2,373.8	(0.5)
<b>EPS (cents)</b>	5.6	7.8	39.3	3.2	4.6	43.8
<b>ROE (%)</b>	6.6	8.5	28.8	7.3	10.0	37.0
<b>ROA (%)</b>	5.5	6.7	21.8	5.7	7.6	33.3
<b>Net Debt/Equity</b>	0.2	0.1	(30.0)	0.2	0.1	(30.0)
<b>NTA/Share (cents)</b>	173.4	183.2	5.7	178.6	183.2	2.6

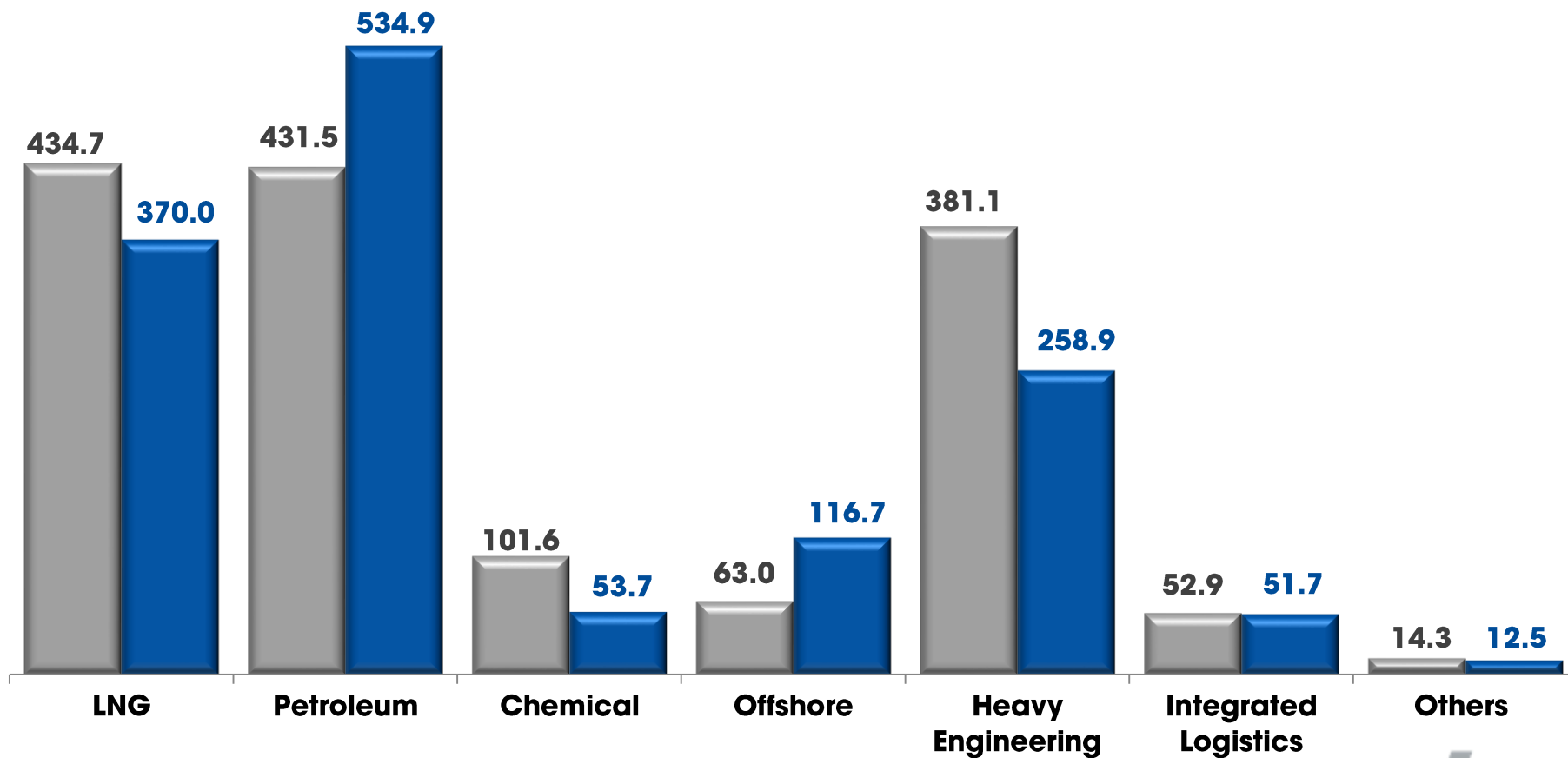
# Revenue

USD mil.

## YTD Segmental

■ 2Q FY2014 (Jan-Jun)

■ 2Q FY2015 (Jan-Jun)



# Segmental PBT

In USD mil.	YTD			Quarter		
	2Q FY14 (Jan-Jun)	2Q FY15 (Jan-Jun)	yoy %	1Q FY15 (Jan-Mar)	2Q FY15 (Apr-Jun)	qoq %
<b>Shipping</b>						
LNG	247.6	201.9	(18.5)	94.2	107.7	14.3
Petroleum	(20.0)	56.5	> 100.0	18.3	38.2	> 100.0
Chemical	(20.3)	(9.1)	55.2	(7.7)	(1.4)	81.8
<b>Other Businesses</b>						
Offshore	61.9	98.0	58.3	47.2	50.8	7.6
Heavy Engineering	18.3	14.4	(21.3)	9.7	4.8	(50.5)
Tank Terminals	14.4	1.1	(92.4)	(5.2)	6.3	> 100.0
Integrated Logistics	(0.2)	1.9	>100.0	0.2	1.7	> 100.0
<b>Others</b>	(29.4)	(24.0)	18.4	(14.6)	(9.4)	(35.6)
<b>Eliminations</b>	9.6	22.1	>100.0	9.9	12.2	22.9
<b>TOTAL*</b>	<b>281.9</b>	<b>362.8</b>	<b>28.7</b>	<b>152.0</b>	<b>210.8</b>	<b>38.7</b>

\* excludes non-recurring items

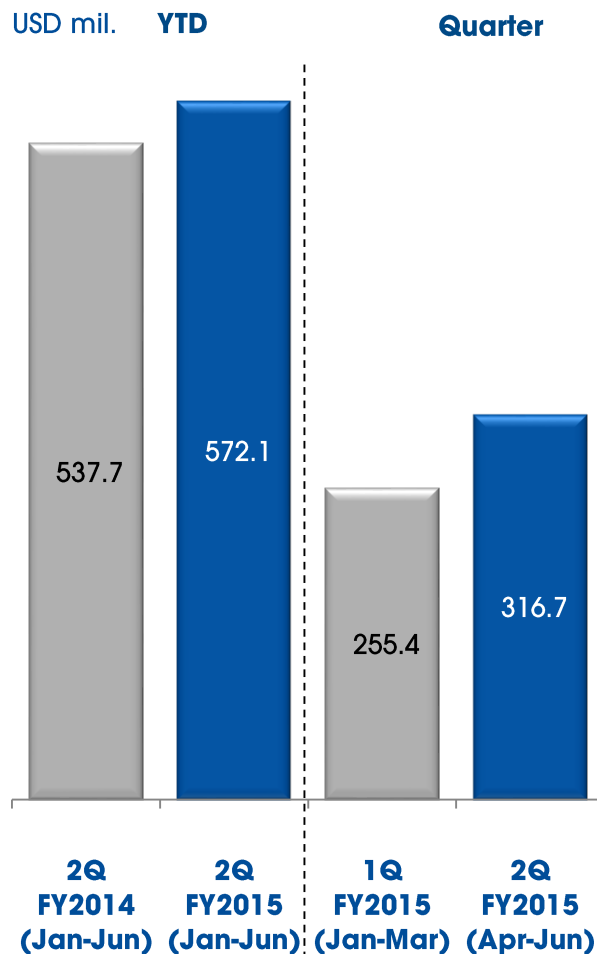




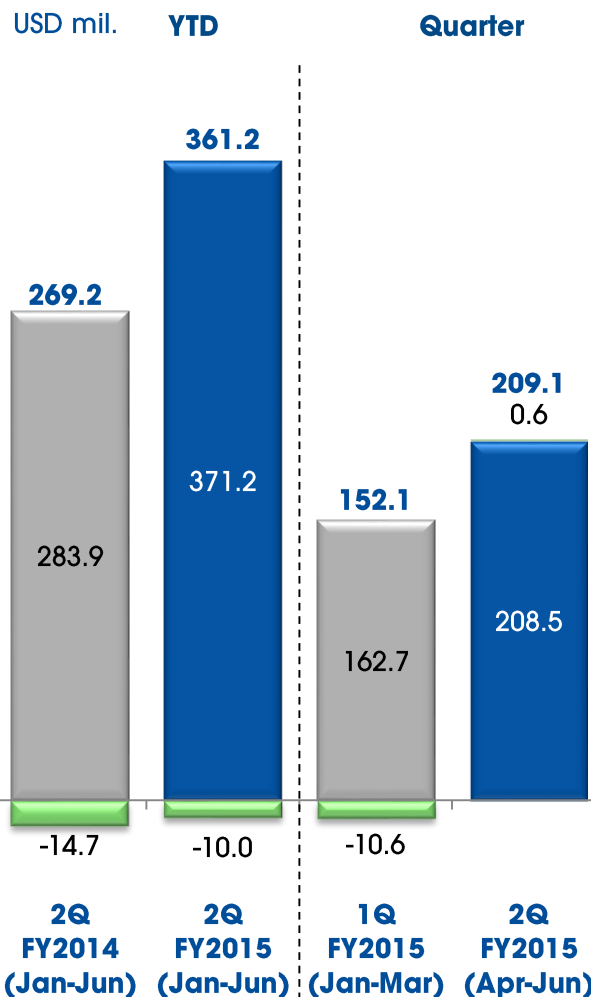
# Profitability Profile

## Group

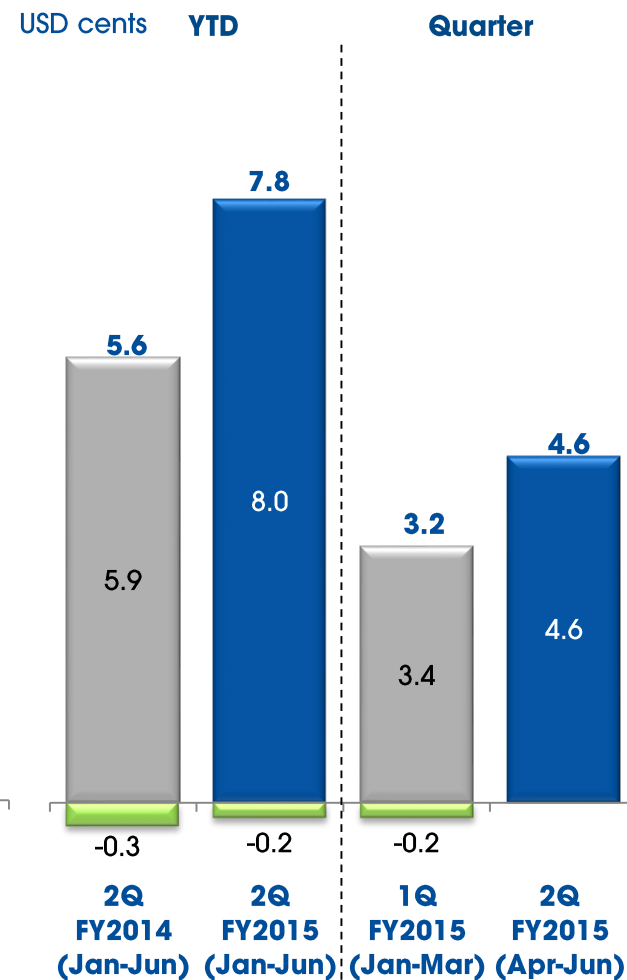
### EBITDA



### Net Profit/(Loss)



### EPS



■ Core Earnings  
■ Core Earnings

■ Non-Recurring Items



# Market Environment

By En. Rafiq Khan, General Manager, Corporate Planning & Development

# LNG Tanker Rates: continuous pressure

USD/Day	2Q 2014	2Q 2015	+/- YoY	1Q 2015	2Q 2015	+/- QoQ
Time Charter Rates - Up to 3 Years	64,916.7	28,583.3	-56%↓	50,583.3	28,583.3	-43%↓
Spot Rates	64,741.7	33,020.8	-49%↓	49,770.8	33,020.8	-34%↓

Source: Ship Brokers' Reports, June 2015

- Oversupply of LNG carriers and lack of demand for LNG continue to plague the market, hence putting pressure on rates.
- Vessel availability remains strong – up to 40 vessels remained idle waiting for employment in Gibraltar, Fujairah, Singapore and Brunei.
- In near term, freight rates are not expected to improve as LNG market still facing oversupply of vessels.
- Demand from Far East countries which accounts for 70% of LNG imports (Japan, China & Korea) fell during May and June as they had accumulated ample stock in April.
- In China, coal has been the preferred choice of China's power companies since the beginning of the year as it is cheaper than LNG.



# Petroleum Tanker Rates: Outperform

USD/Day	2Q 2014	2Q 2015	+/- YoY	1Q 2015	2Q 2015	+/- QoQ
<b>VLCC (200-300,000 dwt)</b>						
Time Charter (1 Year)	24,976.9	39,583.3	58% ↑	41,908.3	39,583.3	-6% ↓
Spot Rates	10,894.8	54,784.6	403% ↑	56,115.1	62,668.4	12% ↑
<b>Suezmax (120-200,000 dwt)</b>						
Time Charter (1 Year)	19,592.9	28,350.0	45% ↑	32,583.3	28,350.0	-13% ↓
Spot Rates	13,226.6	50,495.3	282% ↑	54,191.7	50,247.6	-7% ↓
<b>Aframax (80-120,000 dwt)</b>						
Time Charter (1 Year)	15,522.1	20,916.7	35% ↑	23,000.0	20,916.7	-9% ↓
Spot Rates	12,958.1	41,255.8	218% ↑	40,932.4	44,534.4	9% ↑

Source: Ship Brokers' Reports, Jun 2015

- The petroleum tanker market defies seasonal trends as evidenced in 2Q 2015 and the strong freight rates proved to be resilient throughout the quarter.
- Limited fleet growth and improvement in tonnage demand has resulted in high utilisation thus pushing up freight rates during the quarter.

# Chemical Tanker Rates: Holding Up

Spot Rates (USD/Tonne)	2Q 2014	2Q 2015	+/- YoY	1Q 2015	2Q 2015	+/- QoQ
Rotterdam - Far East 2,000mt Chems S/S*	129.6	105.5	-19% ↓	104.4	105.5	1% ↑
Rotterdam -Taiwan 5,000 MT Easychems	107.2	85.5	-20% ↓	84.4	85.5	1% ↑
Gulf-Far East 15K Chemical Rates	50.2	47.4	-6% ↓	44.5	47.4	7% ↑

\* S/S : Stainless Steel

Source: Ship Brokers' Reports, June 2015

- Freight rates for chemical tankers in the Middle East market have improved during the quarter due to strong demand to move chemical products ahead of Ramadan period.
- Rates for Asia trade lanes have also shown some strengths due to increase in demand from various plants in South Korea, Japan and China resuming their operations after undergoing scheduled maintenance during the quarter.



**Thank You**

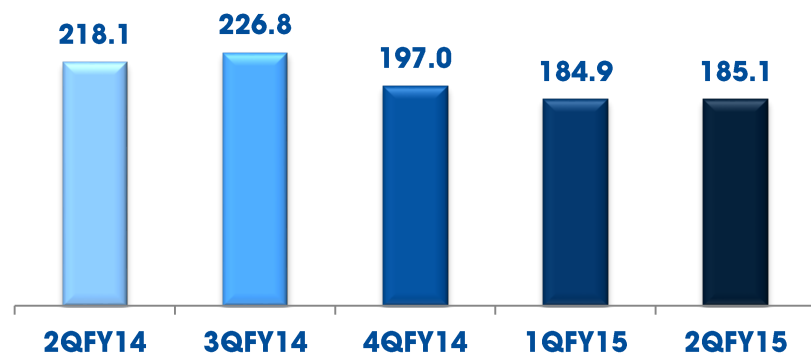
# Appendices

# Appendix 1

## LNG Shipping

USD mil.

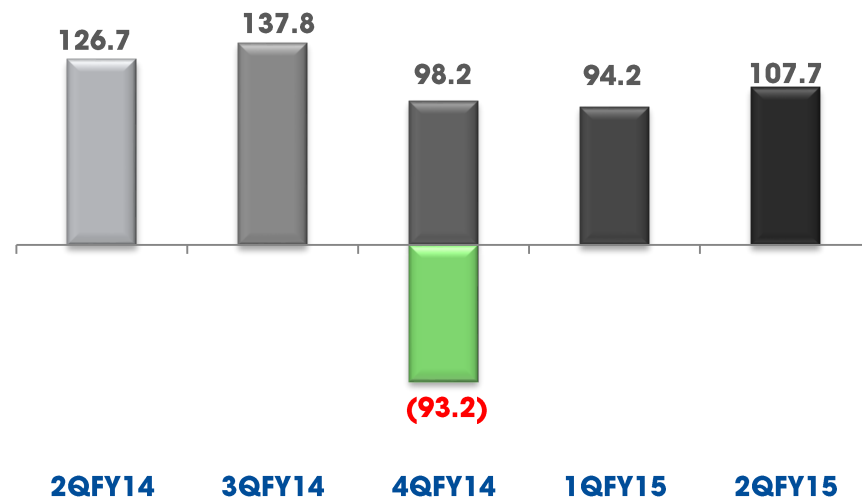
REVENUE



USD mil.

PBT

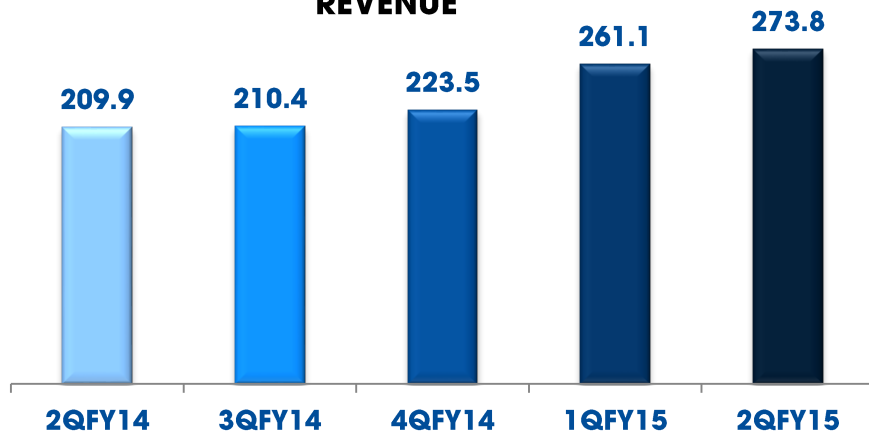
■ PBT ■ Non-Recurring Item



## Petroleum Shipping

USD mil.

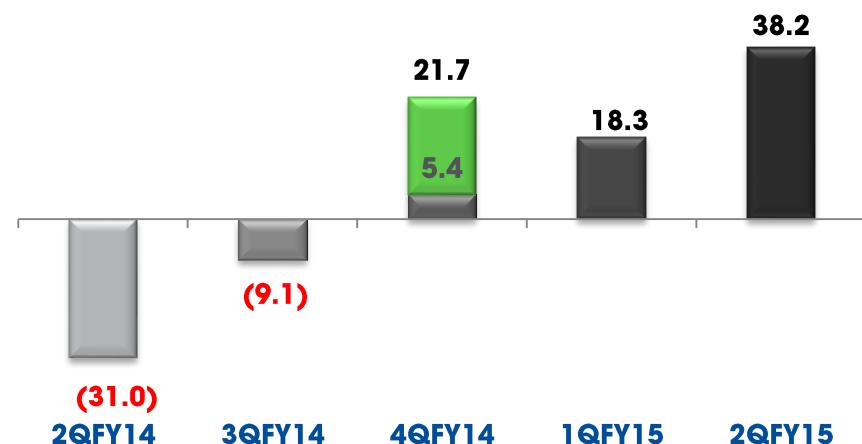
REVENUE



USD mil.

PBT

■ PBT ■ Non-recurring Item



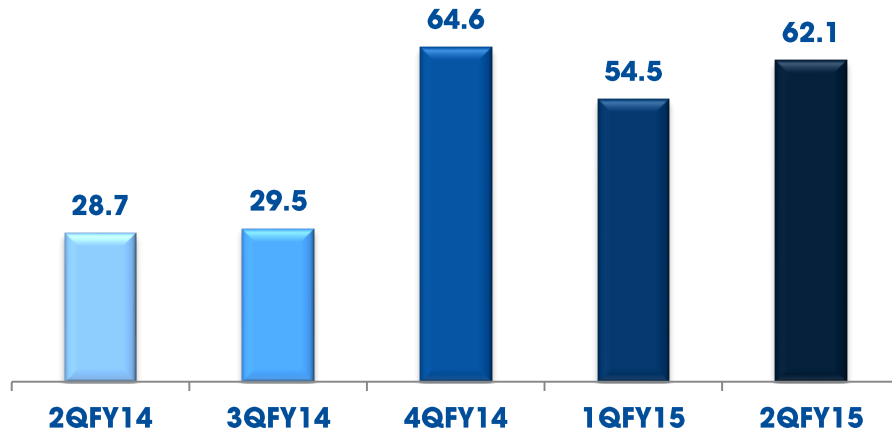


# Appendix 1

## Offshore

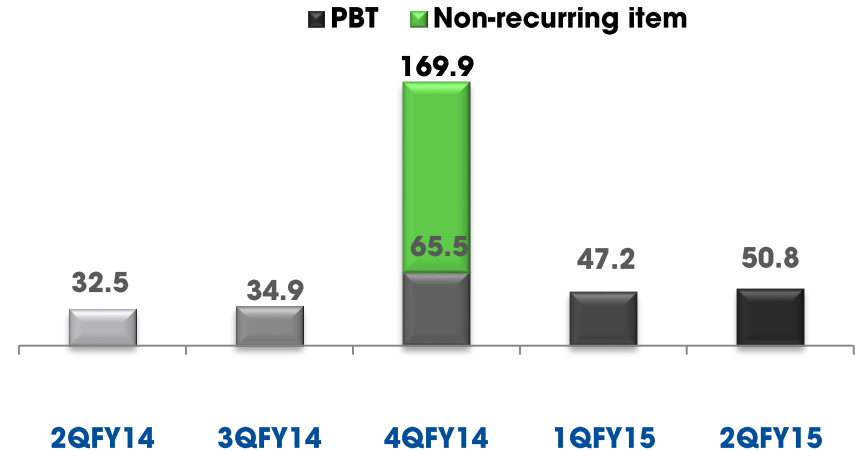
USD mil.

### REVENUE



### PBT

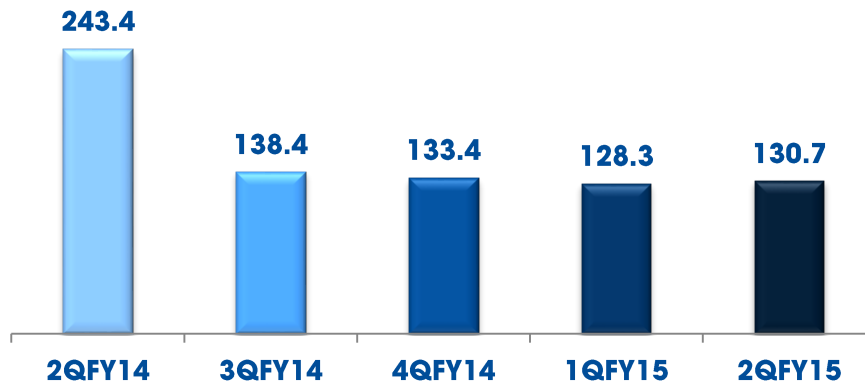
USD mil.



## Heavy Engineering

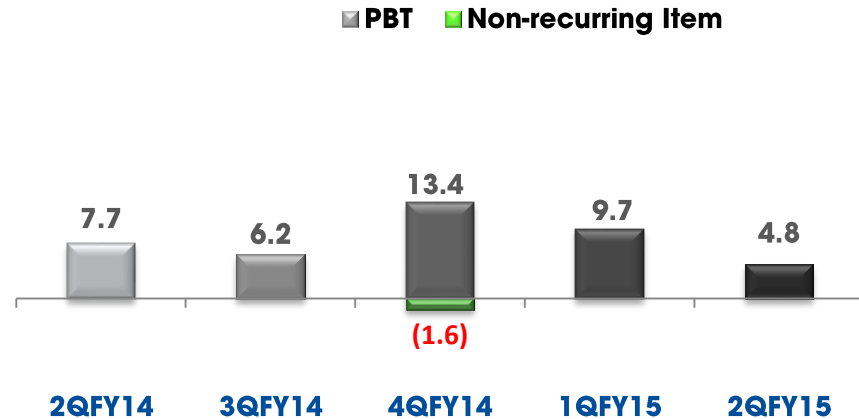
USD mil.

### REVENUE



### PBT

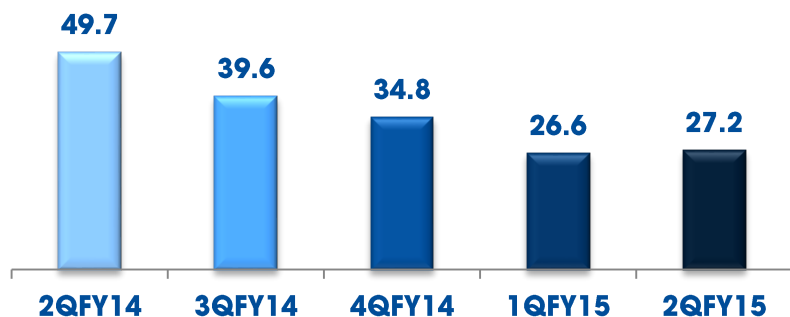
USD mil.



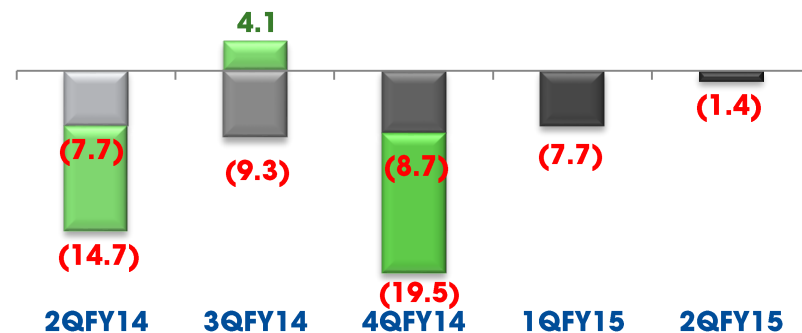
# Appendix 1

## Chemical Shipping

REVENUE  
USD mil.



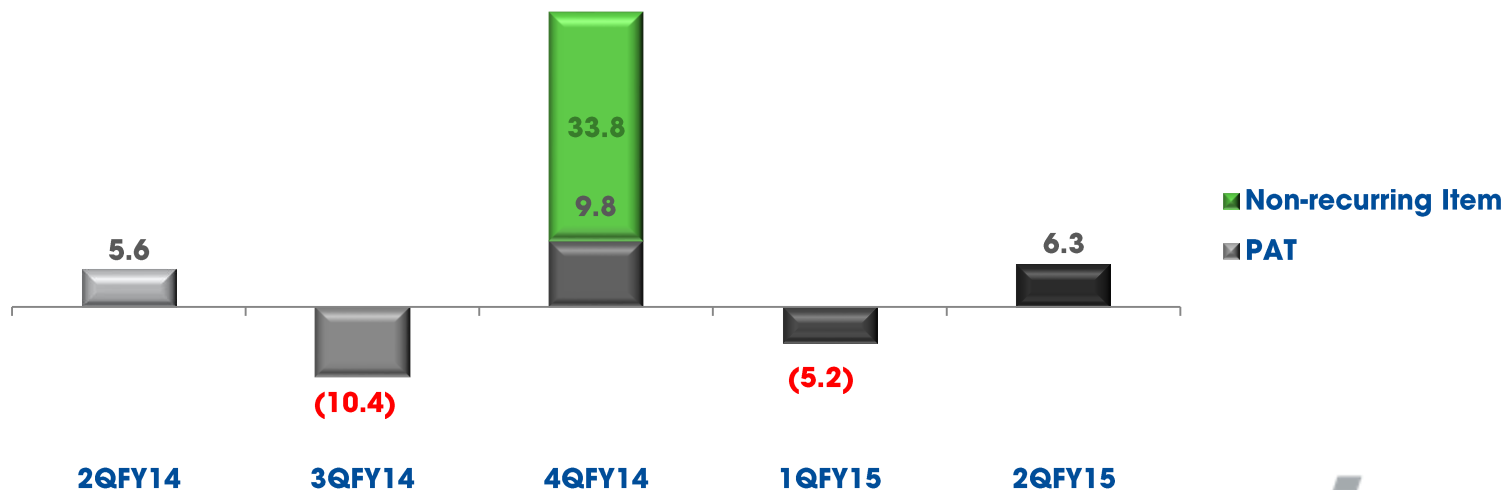
PBT  
USD mil.  
■ Non-recurring Item ■ PBT



## Tank Terminal

USD mil.

SHARE OF PAT



\* 50% VTTI and 36% effective interest in Langsat Terminal 1 and 2

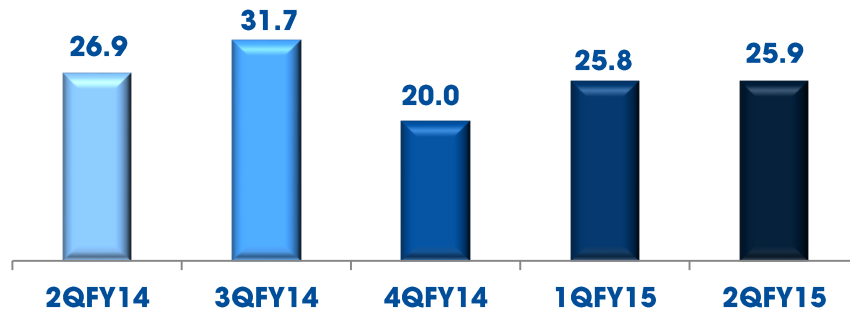


# Appendix 1

## MISC Integrated Logistics

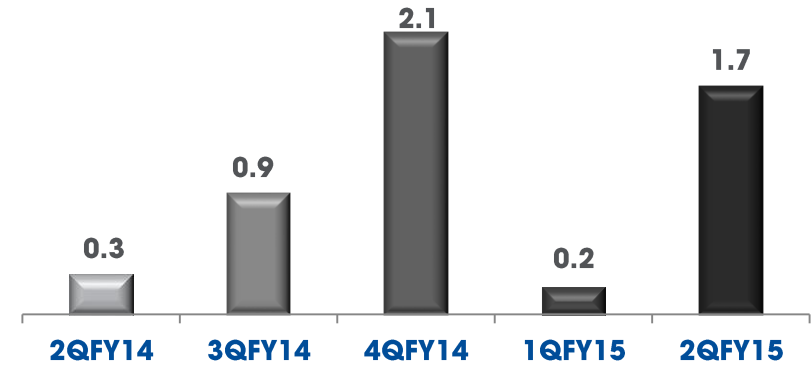
USD mil.

### REVENUE



USD mil.

### PBT



# Appendix 2: Fleet Information

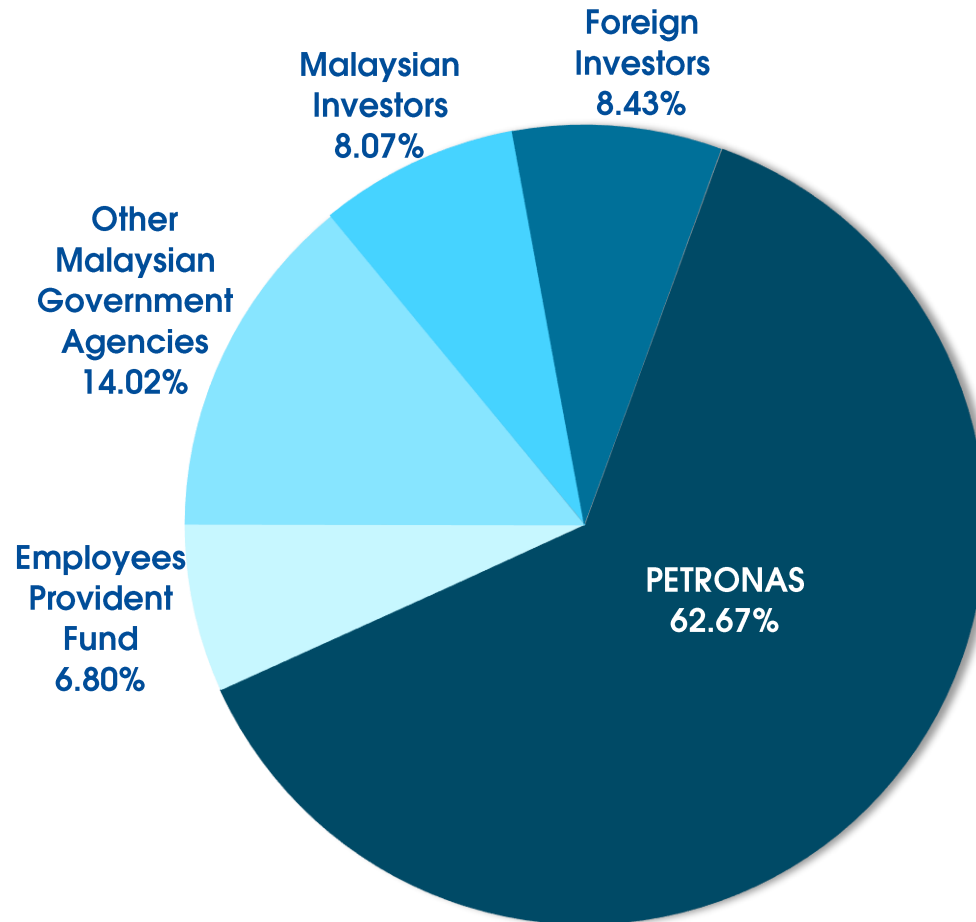
Business Unit	Vessel Type	Total Vessel Operated	Owned As At 30-Jun-15	Chartered-In As At 30-Jun-15 (1)	Average Age (yrs) 30-Jun-15	Industry Average Age (yrs) 30-Jun-15	Contracted Newbuilds/Conversions	Contracted In-Charters
LNG	LNG	27	27	–	15.0	11.5	5	-
	FSU	2	2	–	33.5	–	-	-
Petroleum	VLCC	13	10	3	7.2	8.6	-	-
	Suezmax	4	4	-	2.9	8.9	-	-
	Aframax	49	37	12	10.9	9.3	-	-
	LR2 (2)	3	-	3	9.9	7.7		
	MR2	8	-	8	5.5	9.0	-	-
	Shuttle	4	4	-	1.6	9.8	-	-
Chemical	Chemical	13	7	6	4.7	9.5		
	LPG	1	–	1	17.0	15.7		
TOTAL		124	91	33			5	-
Offshore	FPSO/FSO/S-S	–	10	–	6.17		–	–
	MOPU (3)	–	2	–	4.4		–	–



# Appendix 3

## Shareholders' Profile

As At June 2015

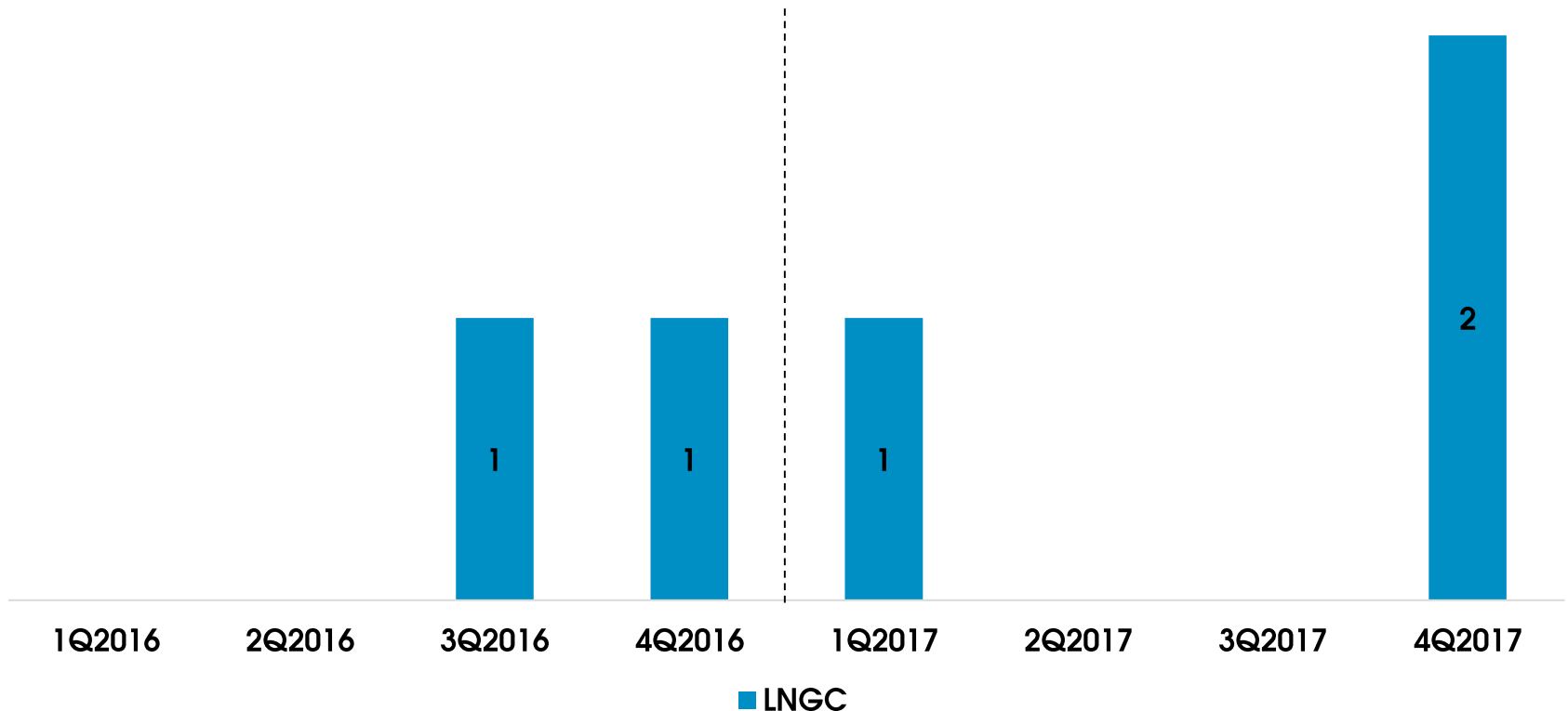


# Appendix 4

## Delivery Schedule

As At 3 June 2015

### NEWBUILDINGS (Number of Vessel)



# Appendix 5

## Additional Information

# Veg Oil Rates: Steady

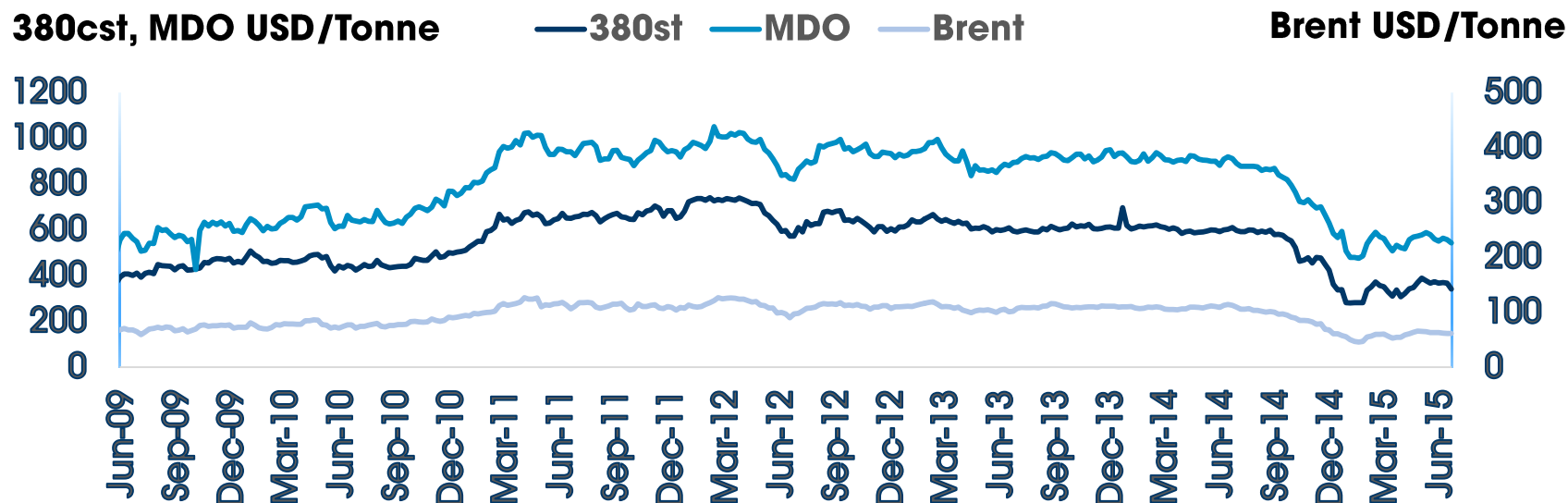
Veg Oil Rates (USD/Tonne)	2Q 2014	2Q 2015	+/- YoY	1Q 2015	2Q 2015	+/- QoQ
<b>PALM OIL</b>						
Straits – Europe	80.2	73.0	-9% ↓	75.3	73.0	-3% ↓
Straits – US Gulf	72.0	71.3	-1% ↓	71.0	71.3	0% ↑
Straits – Indian Subcon	33.8	31.2	-8% ↓	30.1	31.2	4% ↑
Straits – Far East	39.3	32.9	-16% ↓	30.7	32.9	7% ↑
<b>SOYBEAN OIL</b>						
South America - Far East	63.7	60.0	-6% ↓	57.3	60.0	5% ↑

Source: Ship Brokers' Reports, Jun 2015

- The import demand for palm oil continued to be firm ahead of scheduled Indonesian export duty levy in July 2015. This firm demand has pushed palm oil prices higher.
- Higher volumes were seen moving into India, Pakistan and Middle East ahead of Ramadan period in June.



# Singapore Bunker Prices: Slightly higher



Bunker Prices (USD/Tonne)	2Q 2014	2Q 2015	+/- YoY	1Q 2015	2Q 2015	+/- QoQ
380cst	595.4	355.7	-40%	318.1	355.7	12%
MDO	907.3	557.1	-39%	524.6	557.1	6%
Brent	109.8	62.1	-43%	54.0	62.1	15%

Source: Ship Brokers' Reports, June 2015

- QoQ : Bunker prices rises, echoing oil price movement.

# Tanker Demolition Prices: Decline

(USD/LDT)

Country	2Q 2014	2Q 2015	+/- YoY	1Q 2015	2Q 2015	+/- QoQ
China	325.0	215.0	-34% ↓	215.0	215.0	0% ↔
India	480.0	380.0	-21% ↓	390.0	380.0	-3% ↓
Bangladesh	475.0	382.0	-20% ↓	385.0	382.0	-1% ↓

Source: Ship Brokers' Reports, Jun 2015

- Firm freight rates in the tanker market continued to buoy newbuilding and second-hand activity, while leading to a decline in demolition activity.
- The demolition market has also been affected by depreciation in steel prices and currencies in various markets.

# Newbuild Prices: firm

Newbuild prices (USD Million)	2Q 2014	2Q 2015	+/- YoY	1Q 2015	2Q 2015	+/- QoQ
<b>LNG Tankers</b>						
160,000 cbm	199.9	200.0	0% ↔	200.0	200.0	0% ↔
<b>Petroleum Tankers</b>						
VLCC (200 – 300,000 dwt)	100.7	96.2	-4.5% ↓	96.5	96.2	-0.3% ↓
Suezmax (120-200,000 dwt)	65.5	64.8	-1.2% ↓	65.0	64.8	-0.4% ↓
Aframax (80-120,000 dwt)	55.0	53.3	-3.2% ↓	53.6	53.3	-0.7% ↓
MR2 (45-50,000 dwt)	37.0	36.5	-1.4% ↓	36.5	36.5	0.0% ↔
<b>Chemical : Coated</b>						
35-37,000 dwt	32.8	31.0	-5% ↓	31.0	31.0	0% ↔
<b>Chemical : Stainless Steel</b>						
35-37,000 dwt	65.0	64.0	-2% ↓	64.0	64.0	0% ↔

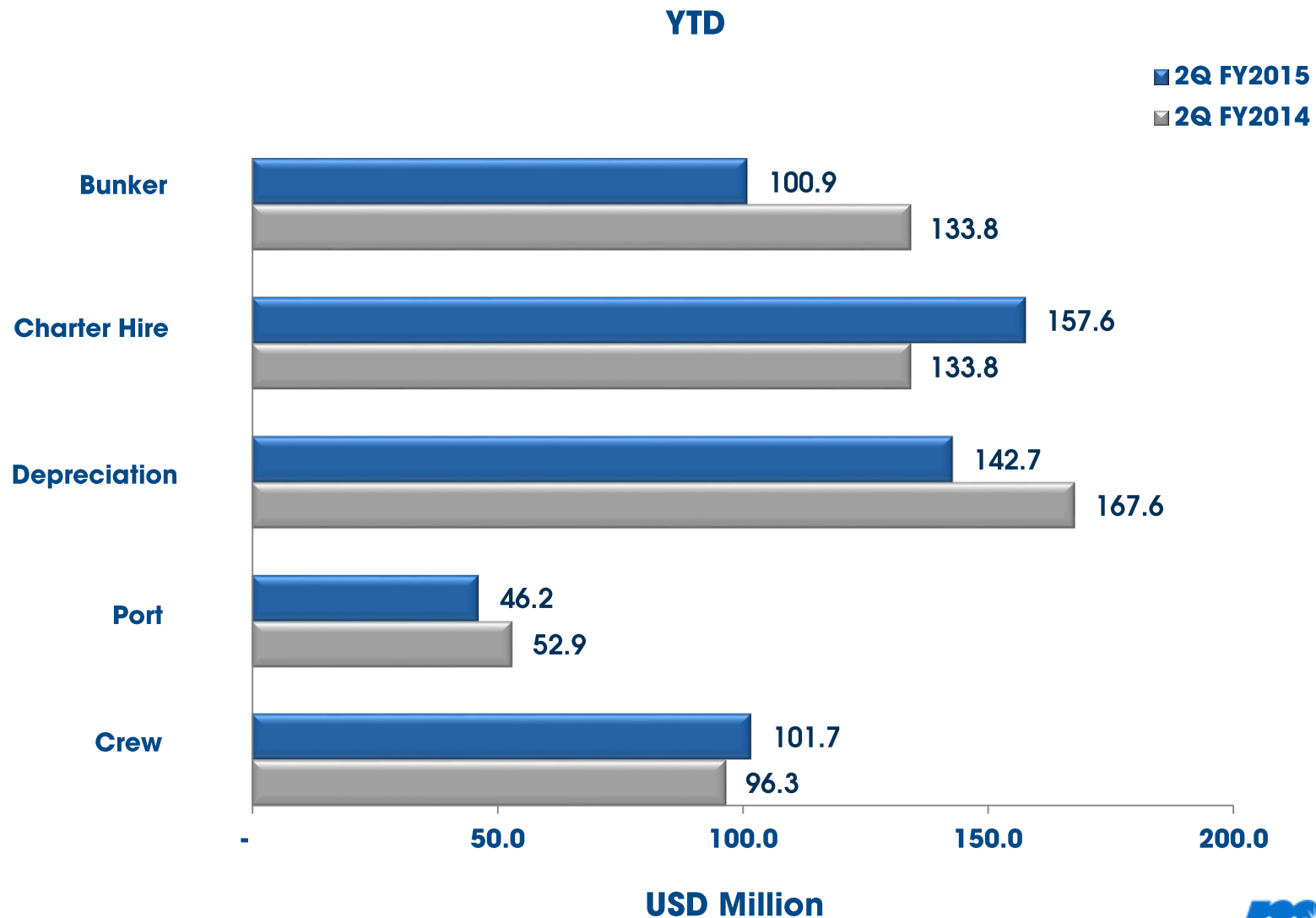
Source: Ship Brokers' Reports, June 2015

# Secondhand Prices: Unchanged

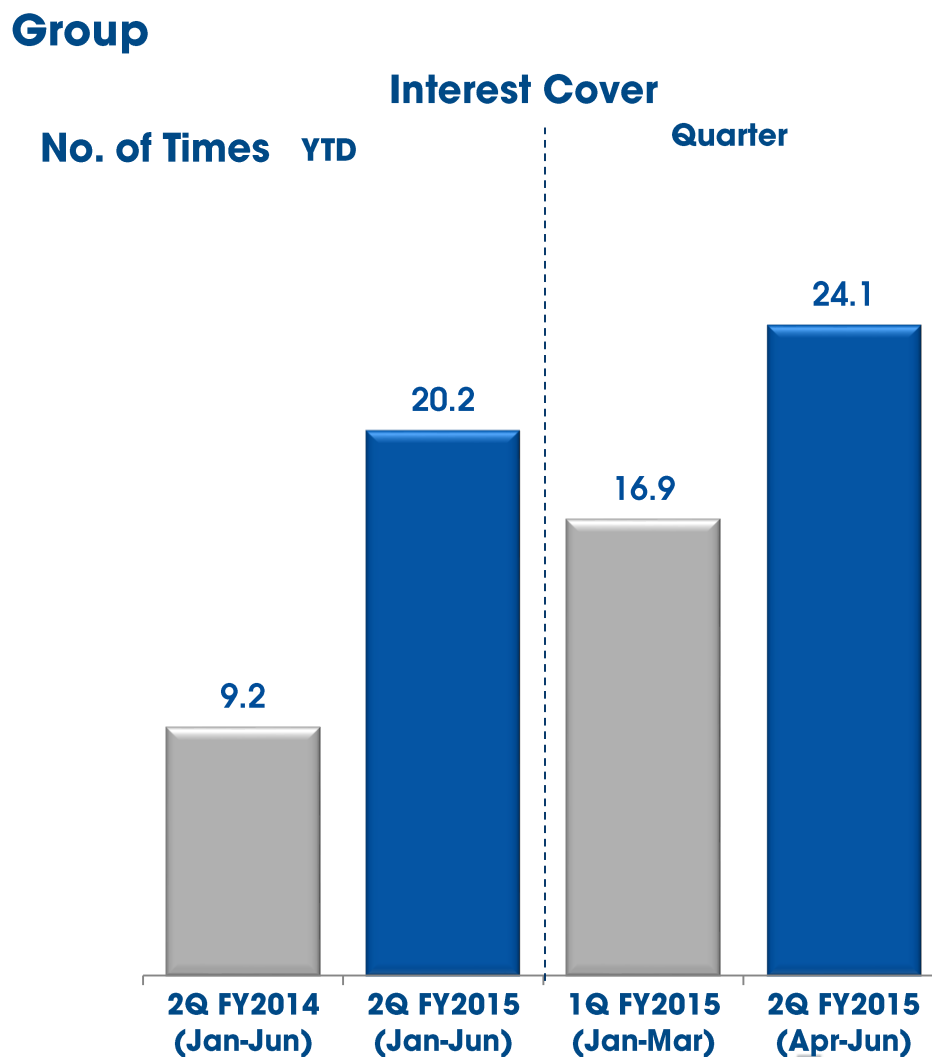
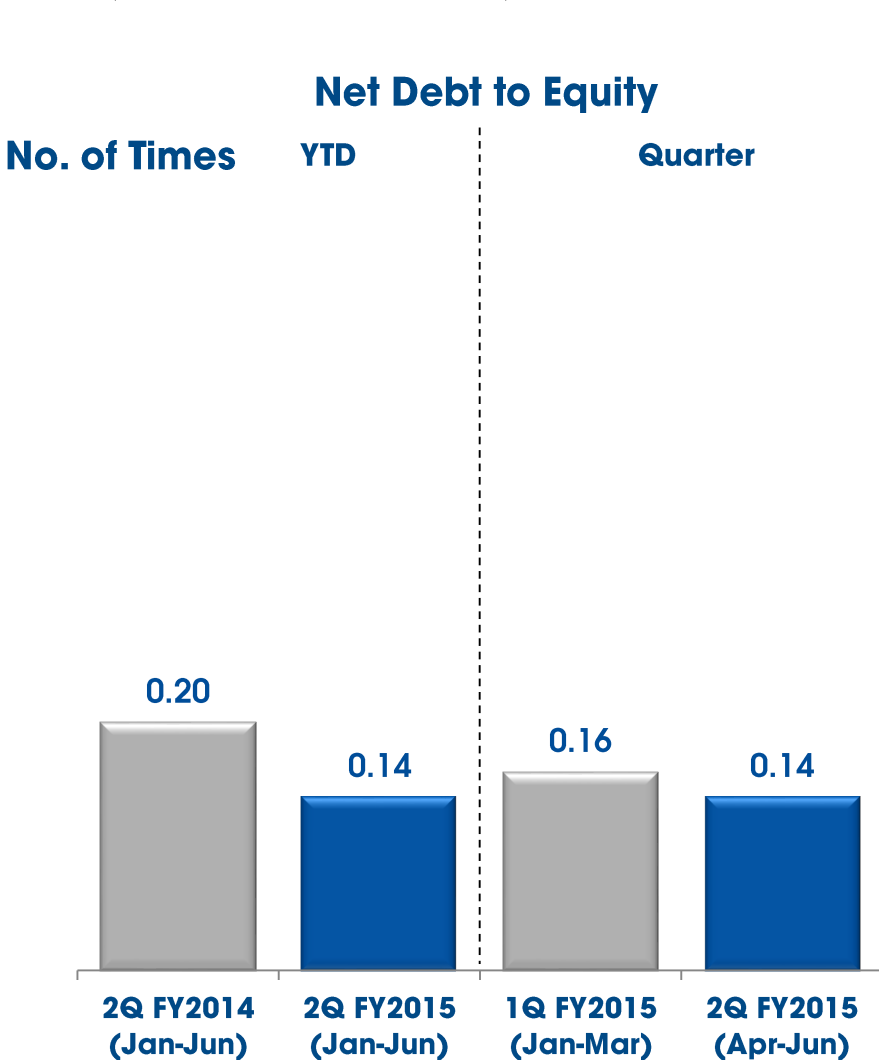
Secondhand Prices (USD Million)	2Q 2014	2Q 2015	+/- YoY	1Q 2015	2Q 2015	+/- QoQ
<b>Petroleum Tankers - 5 years</b>						
VLCC (200 – 300,000 dwt)	73.0	80.3	10% ↑	81.0	80.3	-1% ↓
Suezmax (120-200,000 dwt)	48.3	59.0	22% ↑	59.3	59.0	-1% ↓
Aframax (80-120,000 dwt)	37.2	45.0	21% ↑	45.3	45.0	-1% ↓
MR2 (45-50,000 dwt)	28.0	25.0	-11% ↓	25.0	25.0	0% ↔
<b>Chemical : Coated - 10 years</b>						
35-37,000 dwt	17.5	18.0	3% ↑	15.0	18.0	20% ↑
<b>Chemical : Stainless Steel - 10 years</b>						
35-37,000 dwt	39.0	38.7	-1% ↓	38.0	38.7	2% ↑

Source: Ship Brokers' Reports, June 2015

# Main Shipping Cost Components



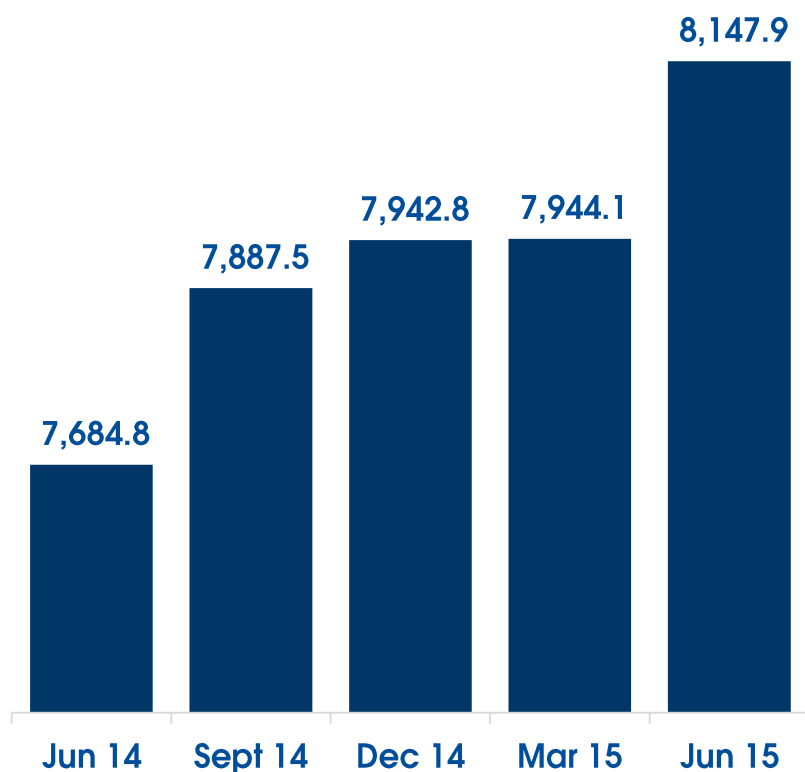
# Liquidity Ratios (Core Earnings)



# Balance Sheet

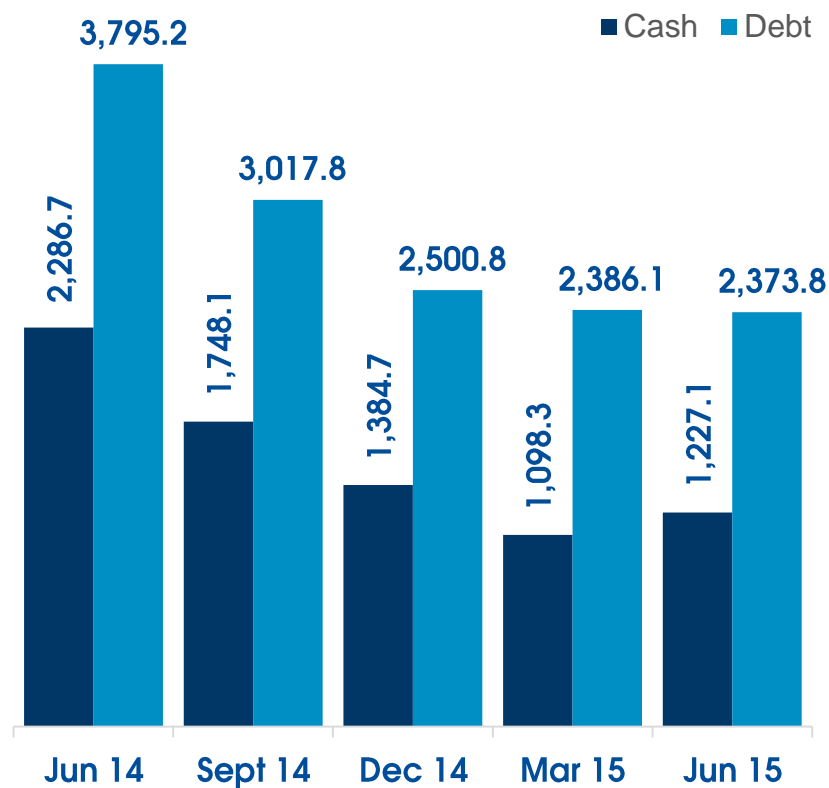
## Shareholders' Funds

USD mil.



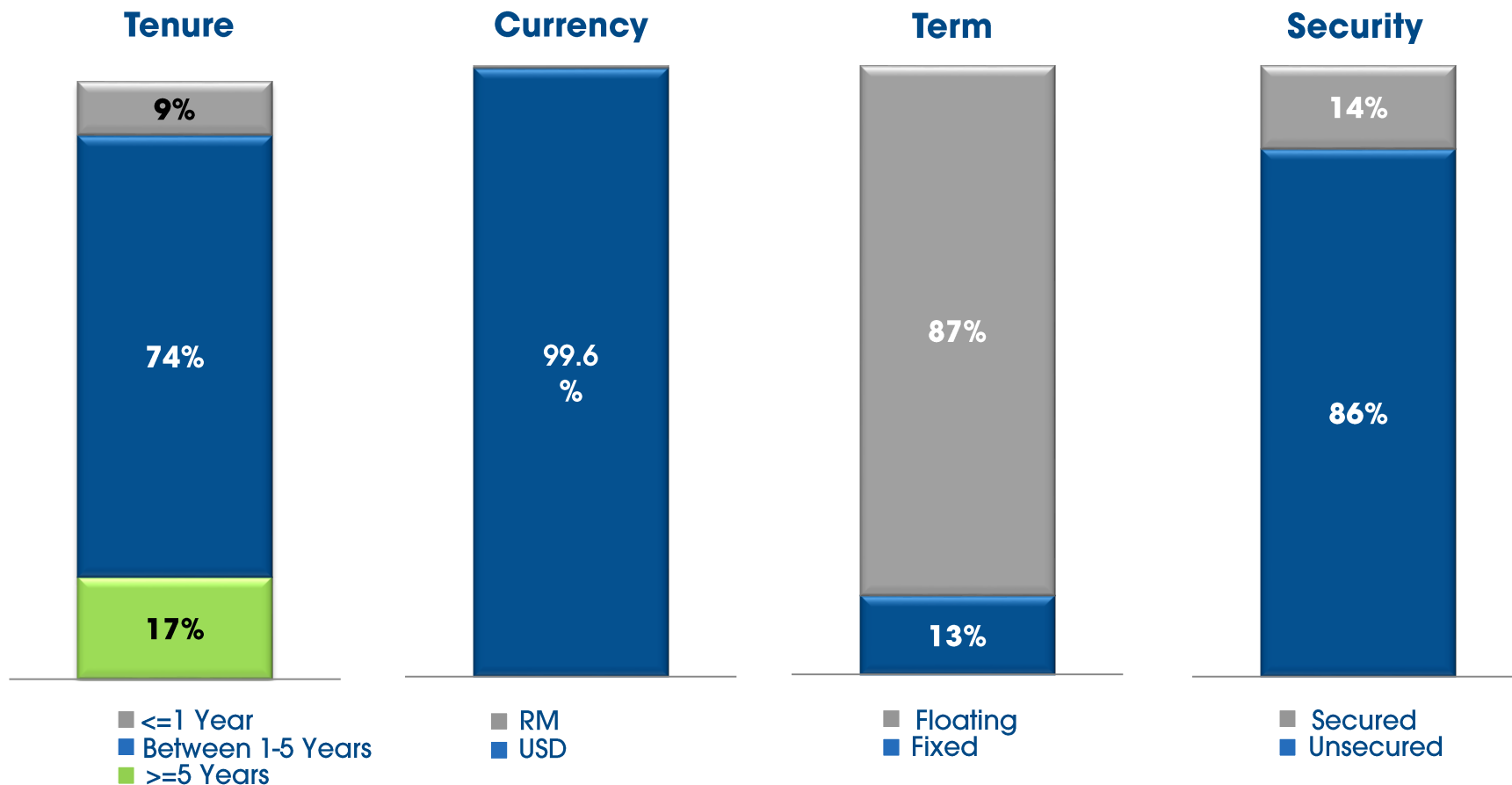
## Total Debt & Cash Position

USD mil.



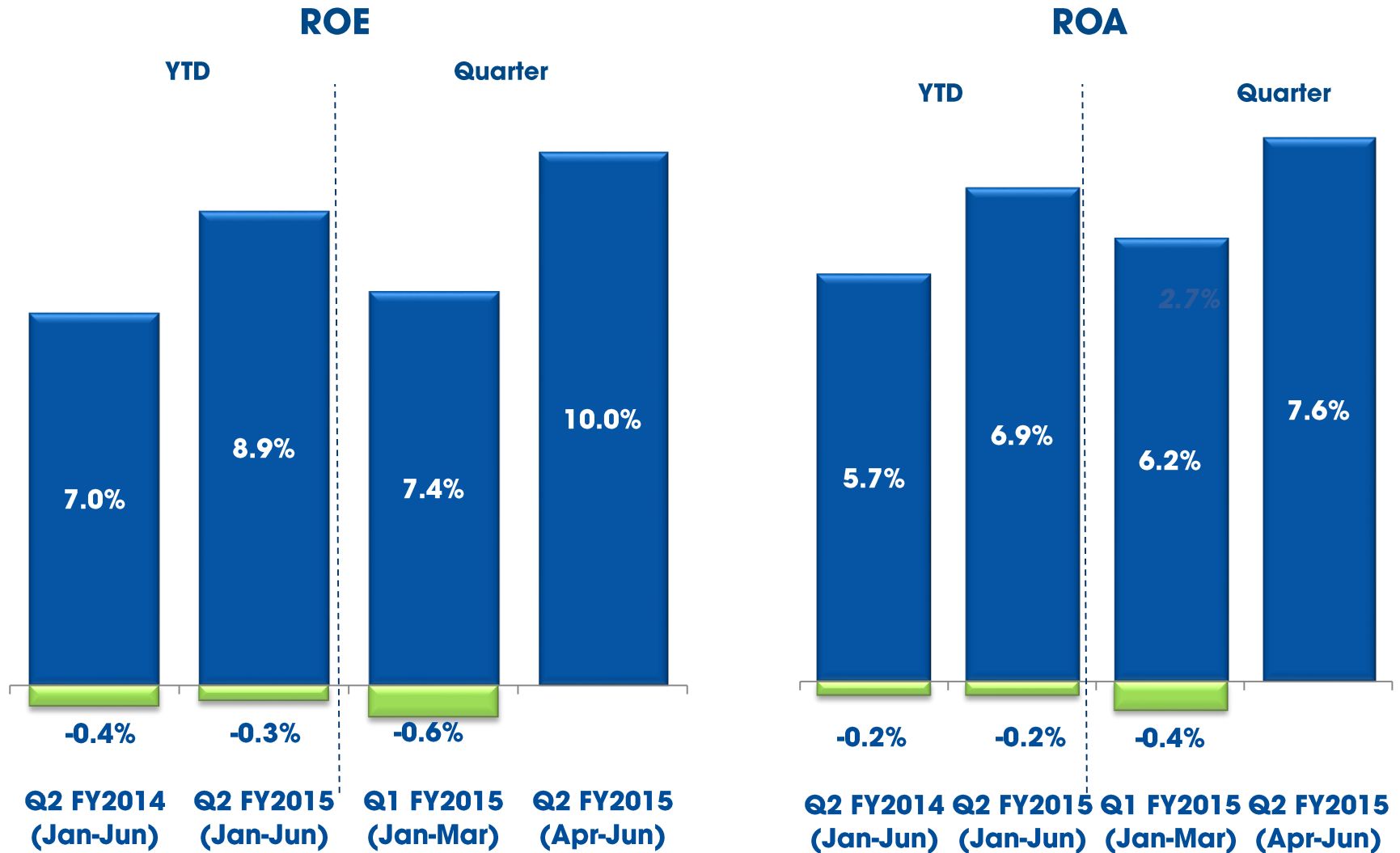
# Debt Profile

## As at 30 June 2015





# Return on Investment



■ Core Earnings

■ Non-Recurring Items

# Assets Profile

As at 30 June 2015

