



ANALYST BRIEFING

4Q FY2016 Financial Results

10th February 2017



FINANCIAL OVERVIEW

By : Nik Azlan Aziz | Senior General Manager, Finance



Financial Performance: 4Q FY2016 vs 3Q FY2016

| | 3Q FY 16 (Jul- Sep) | 4Q FY 16 (Oct- Dec) | qoq % |
|-------------------------------|---------------------------|---------------------------|----------|
| <i>In USD Mil</i> | | | |
| Revenue | 566.1 | 561.0 | (1) |
| EBITDA from Operations | 202.2 | 236.5 | 17 |
| PBT from Operations | 72.3 | 112.3 | 55 |
| Non-Recurring Items | (32.4) | 14.4 | - |
| PBT | 39.9 | 126.7 | >100 |
| Net Profit | 37.2 | 125.6 | >100 |
| EPS (cents) | 0.8 | 3.0 | >100 |
| ROE (%) | 1.6 | 1.6 | - |

Revenue:

- Heavy Engineering - Lower revenue in MHB's Heavy Engineering sub segment.
- LNG – Lower revenue from lower earning days and downward adjustment to FSU OPEX rate.
- Offshore - Higher revenue from demobilization activities for some assets.
- Petroleum – Higher revenue from higher charter rates.

PBT from operations:

- Petroleum – Higher PBT from higher revenue and lower charter hire expenses.
- Offshore – Higher PBT from higher revenue.
- LNG – Lower PBT from lower revenue.

Non-recurring items:

- Impairment of assets: (USD42.1 mil)
- Reversal of provision for MOPUs: USD10.4 mil
- Construction gain on MAMPU: USD30.3 mil
- Gain on disposal of MILS: USD17.6 mil

Financial Performance: 4Q FY2016 vs 4Q FY2015

| | 4Q FY 15 (Oct - Dec) | 4Q FY 16 (Oct - Dec) | qoq % |
|--|----------------------------|----------------------------|----------|
| <i>In USD Mil</i> | | | |
| Revenue | 782.2 | 561.0 | (28) |
| EBITDA from Operations | 384.9 | 236.5 | (39) |
| PBT from Operations before accelerated depreciation | 263.8 | 139.2 | (47) |
| Impact from accelerated depreciation | - | (26.9) | N/A |
| PBT from Operations | 263.8 | 112.3 | (57) |
| Non-Recurring Items | (112.9) | 14.4 | - |
| PBT | 150.9 | 126.7 | (16) |
| Net Profit | 148.5 | 125.6 | (15) |
| EPS (cents) | 3.3 | 3.0 | (9) |
| ROE (%) | 7.2 | 1.6 | (78) |

Lower revenue:

- Heavy Engineering – Completion of large orderbook in Heavy Engineering sub-segment.
- LNG – Lower charter hire rates from new contracts.
- Petroleum – Lower charter rates.

Lower PBT from operations:

- LNG & Petroleum – Lower revenue and higher depreciation following change in vessels' estimated useful lives in January 2016.

Non-recurring items:

- Impairment of assets: (USD42.1 mil)
- Reversal of provision for MOPUs: USD10.4 mil
- Construction gain on MAMPU: USD30.3 mil
- Gain on disposal of MILS: USD17.6 mil

Financial Performance: YTD FY2016 vs YTD FY2015

| | YTD FY 15 (Jan - Dec) | YTD FY 16 (Jan - Dec) | yoy % |
|--|-----------------------------|-----------------------------|----------|
| <i>In USD Mil</i> | | | |
| Revenue | 2,793.5 | 2,294.8 | (18) |
| EBITDA from Operations | 1,246.7 | 1,106.0 | (11) |
| PBT from Operations before accelerated depreciation | 816.8 | 664.4 | (19) |
| Impact from accelerated depreciation | - | (108.2) | N/A |
| PBT from Operations | 816.8 | 556.2 | (32) |
| Non-Recurring Items | (188.3) | 136.1 | - |
| PBT | 628.5 | 692.3 | 10 |
| Net Profit | 620.4 | 687.3 | 11 |
| EPS (cents) | 13.5 | 14.3 | 6 |
| ROE (%) | 9.6 | 7.5 | (22) |

Lower Revenue:

- Heavy Engineering – Completion of large orderbook in prior year.
- LNG – Lower charter higher rates and earning days.
- Petroleum – Lower charter rates.

Lower PBT from operations:

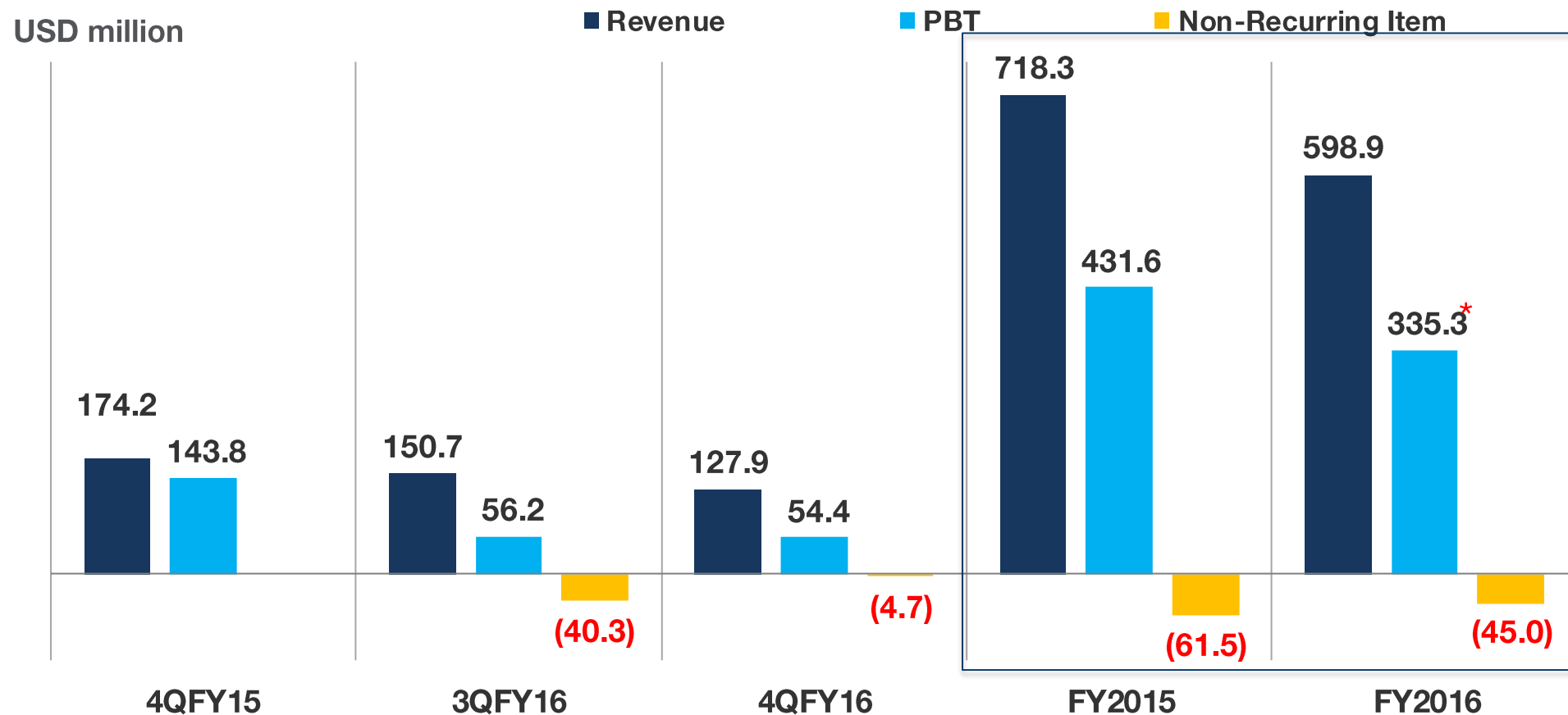
- LNG & Petroleum – Lower revenue and higher depreciation.
- Heavy Engineering - Lower revenue.
- Offshore – Higher provisions following termination of MOPUs.

Non-recurring items:

- Net Gain on Equity Buyback of GKL: USD207.4 mil
- Gain on Disposal of MILS: USD17.6 mil
- Construction gain on MAMPU: USD30.3 mil
- Impairment of assets: (USD99.8 mil)
- Impairment of Finance Lease Receivables: (USD47.3 mil)

Financial Performance by Business Segment

LNG Shipping - Lower Earning Days and Impairment for Puteri Class Vessels

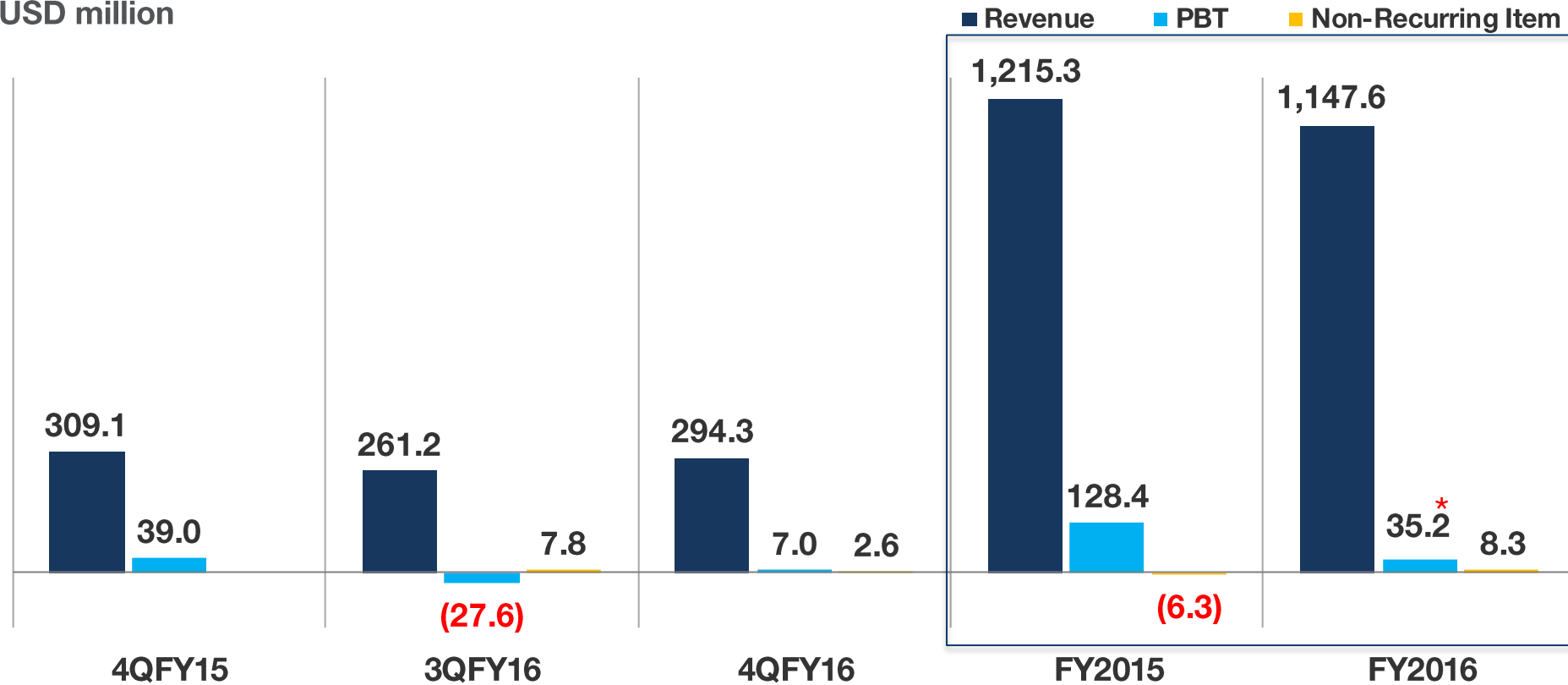


* Includes depreciation impact of USD39 mil

Financial Performance by Business Segment

PETROLEUM Shipping – Higher Depreciation For The Year

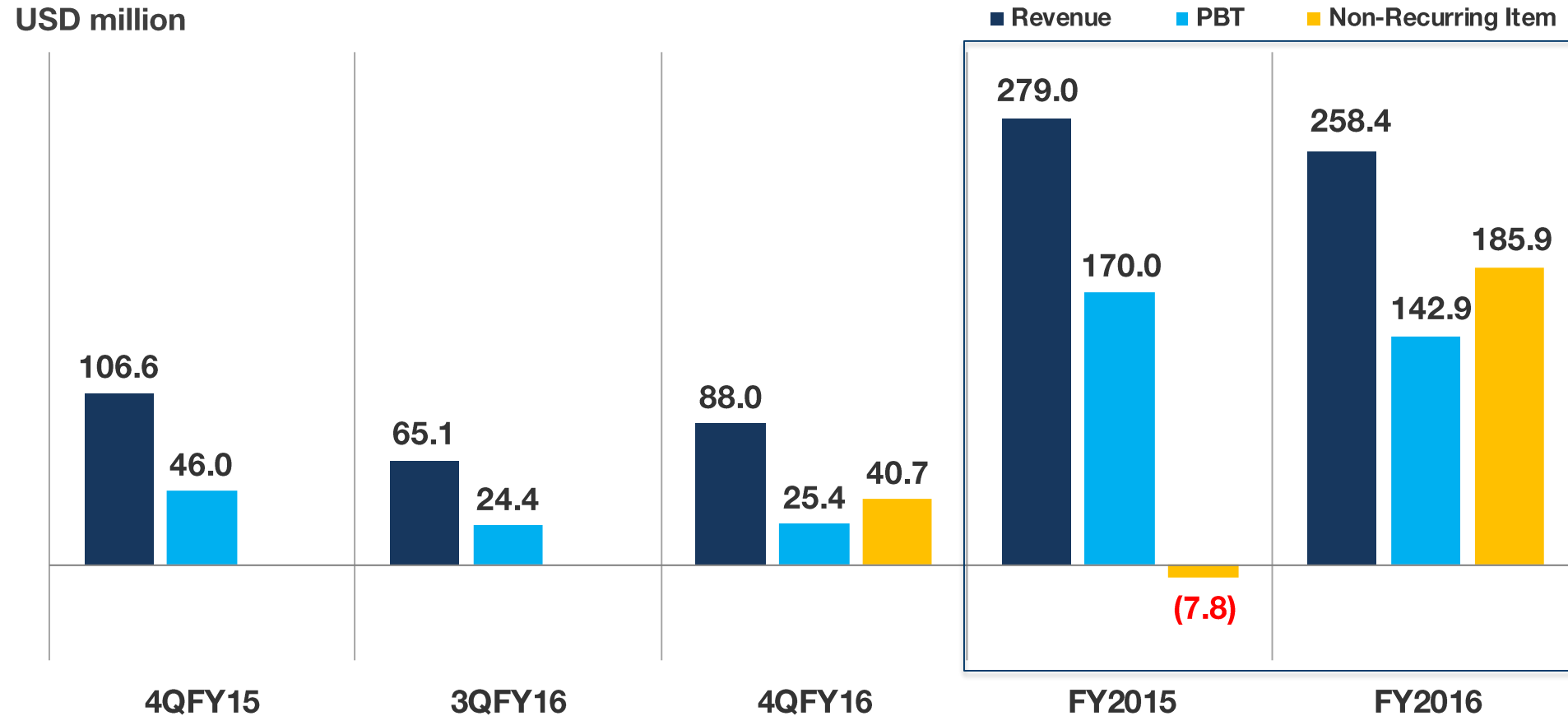
USD million



*Includes depreciation impact of USD69.2 mil

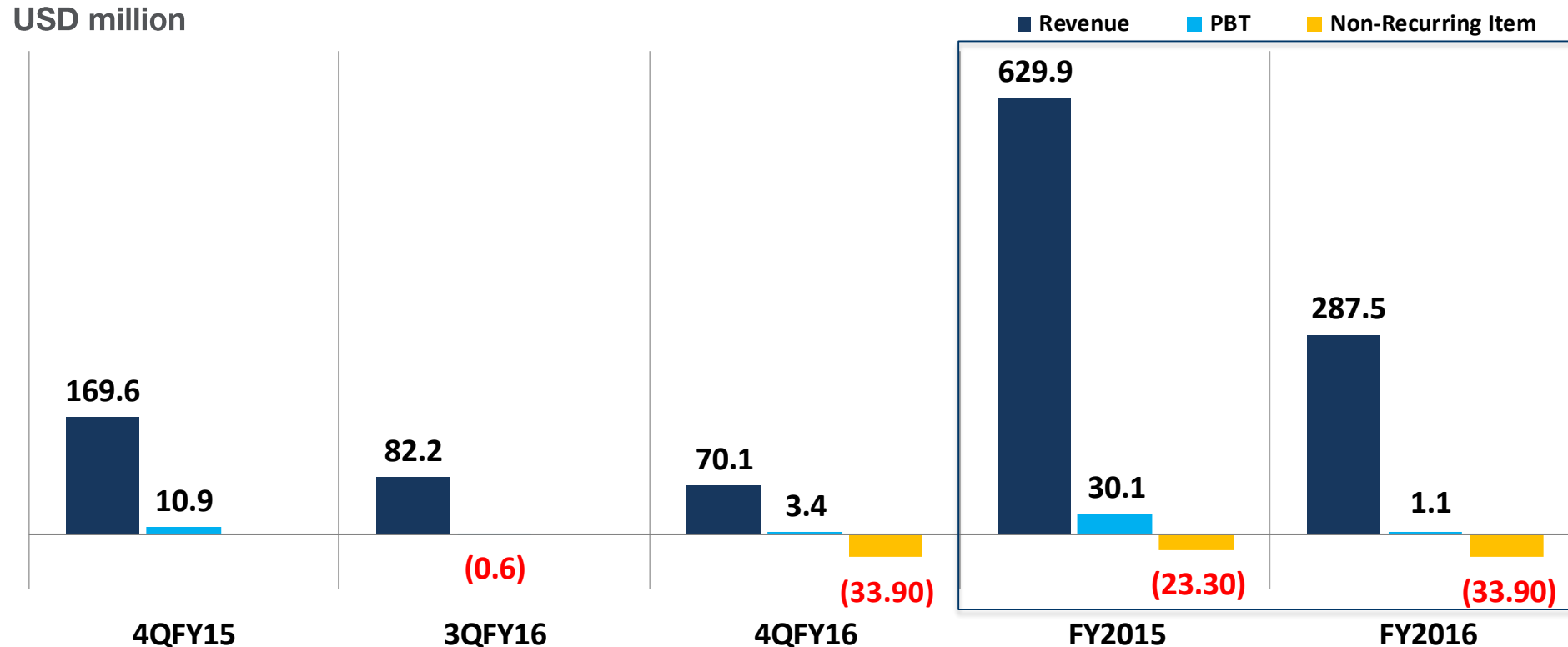
Financial Performance by Business Segment

OFFSHORE Business – Lower PBT from Reversal of Construction Gain for FPSO Cendor

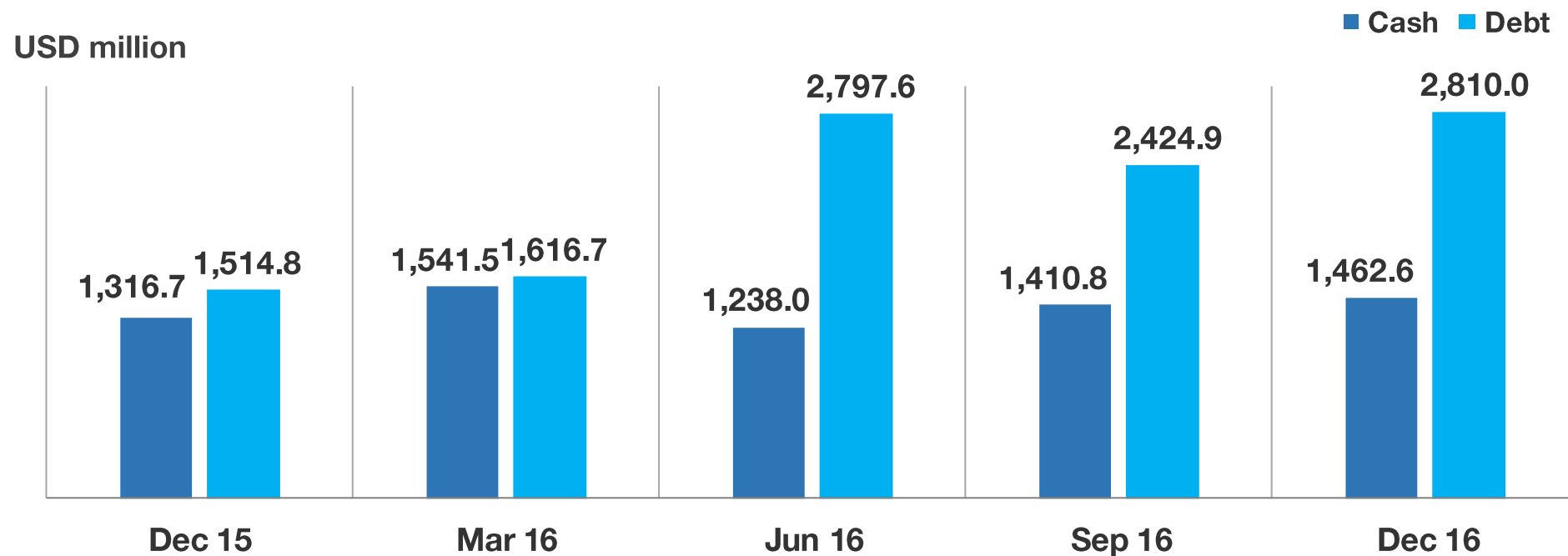


Financial Performance by Business Segment

HEAVY ENGINEERING – Marine Repair Continues to Cushion Lower Heavy Engineering Orderbook



Financial Performance – Balance Sheet



- Consolidation of Gumusut-Kakap's borrowing in 2Q 2016.

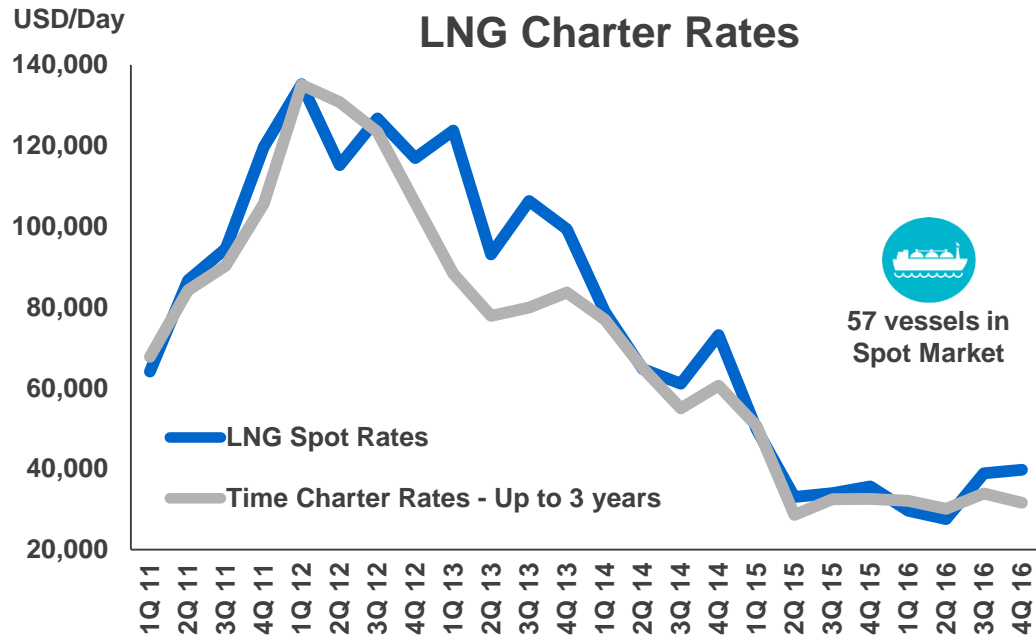
MARKET ENVIRONMENT

By : Teoh Paul Keng | General Manager, CPD



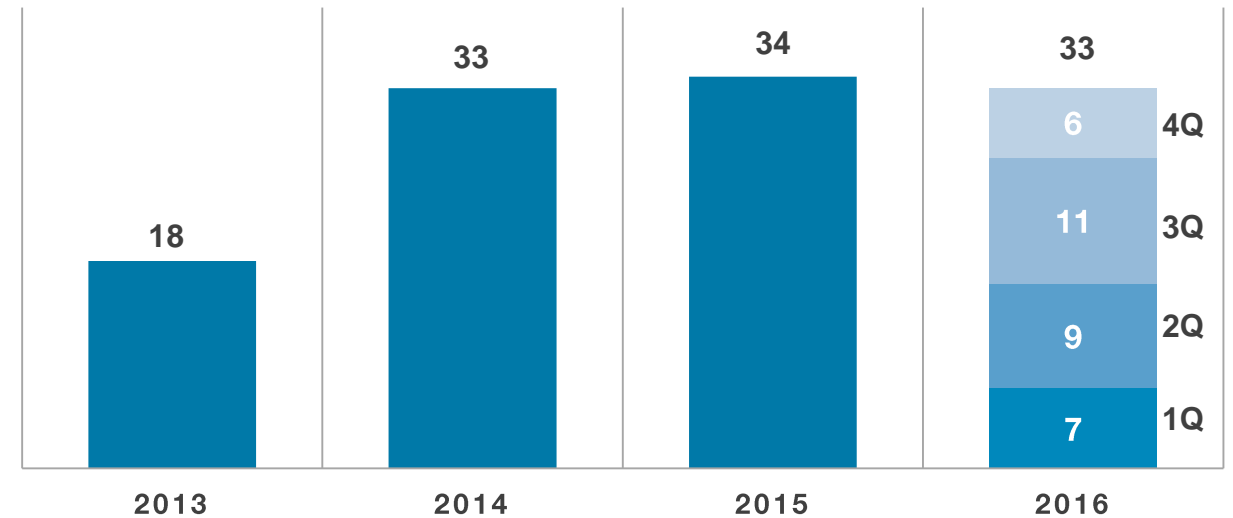
LNG SHIPPING

Hike in Spot Rates Due to Seasonal Demand and Arbitrage Trade Between West – East



No of Vessels

Newbuilds Delivery



Source: Shipbrokers' Report, Dec 2016

- Higher spot rates in 4Q due to increase in activities for the winter season and West-East arbitrage trade.
- China and Korea natural gas imports rose 38% and 71% QoQ.
- Natural gas price spike due to supply instability at Gorgon and Angola LNG.
- Increase in seasonal demand coupled with higher LNG price led to higher volume of West - East arbitrage trade, elevating vessel demand West of Suez.
- Approximately 30% newbuild deliveries slippage in 2016.

LNG SHIPPING

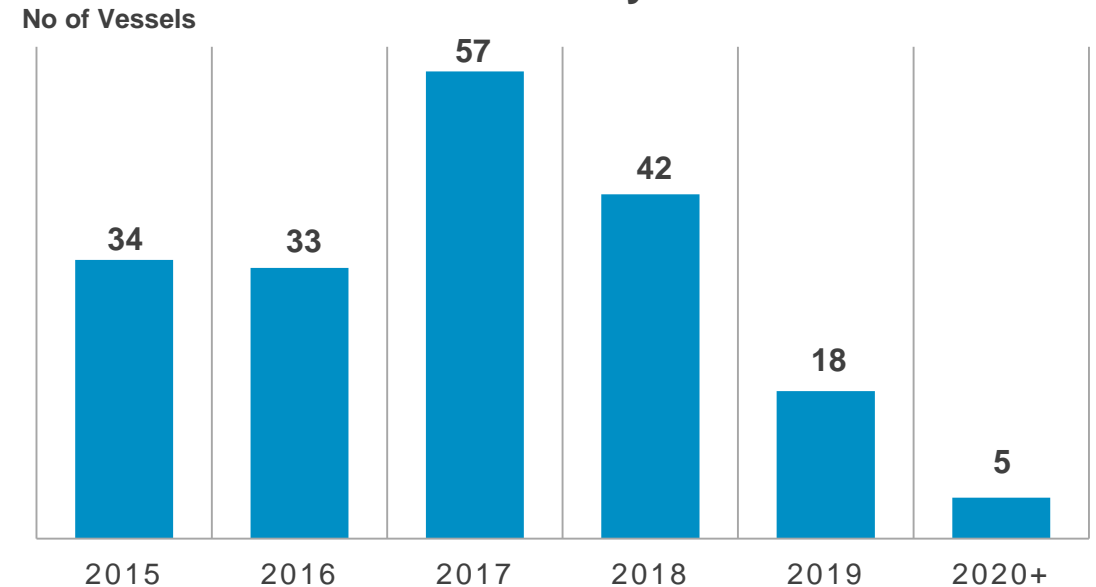
Oversupply to Persist with More Vessel Deliveries and Less Project to Absorb the Tonnage

Liquefaction projects expected to start-up in 2017

| Project | Country | Capacity (MMtpa) | Expected start date |
|--------------------|---------------|------------------|---------------------|
| Pacific LNG T2 | Australia | 4.5 | 1Q |
| PFLNG Satu | Malaysia | 1.2 | 1Q |
| Sengkang LNG T1 | Indonesia | 0.5 | 1Q |
| Gorgon LNG T2 | Australia | 5.2 | 1Q |
| MLNG T9 | Malaysia | 3.6 | 2Q |
| Sabine Pass LNG T3 | United States | 4.5 | 2Q |
| Sabine Pass LNG T4 | United States | 4.5 | 3Q |
| Wheatstone LNG T1 | Australia | 4.5 | 3Q |
| Gorgon LNG T3 | Australia | 5.2 | 3Q |
| Ichthys LNG T1 | Australia | 4.5 | 3Q |
| Total | | 38.2 | |

Source: IHS Energy

Newbuilds Delivery - Forecast

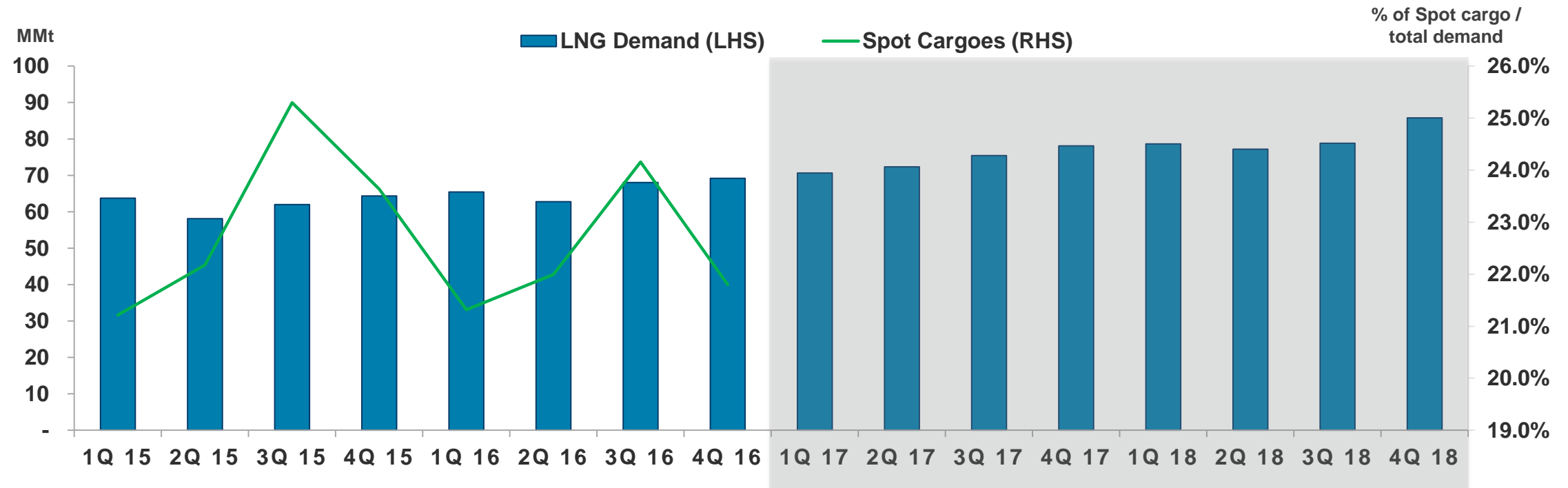


Source: Shipbrokers' Report, Dec 2016

- The completion of new liquefaction plant in 2017 is expected to add another 14% to current global LNG supply.
- Vessel oversupply to persist with heavier deliveries; current orderbook stands at 27% of total fleet.

LNG SHIPPING

Policy Changes in Europe – Expanding European LNG Demand in the Long Term

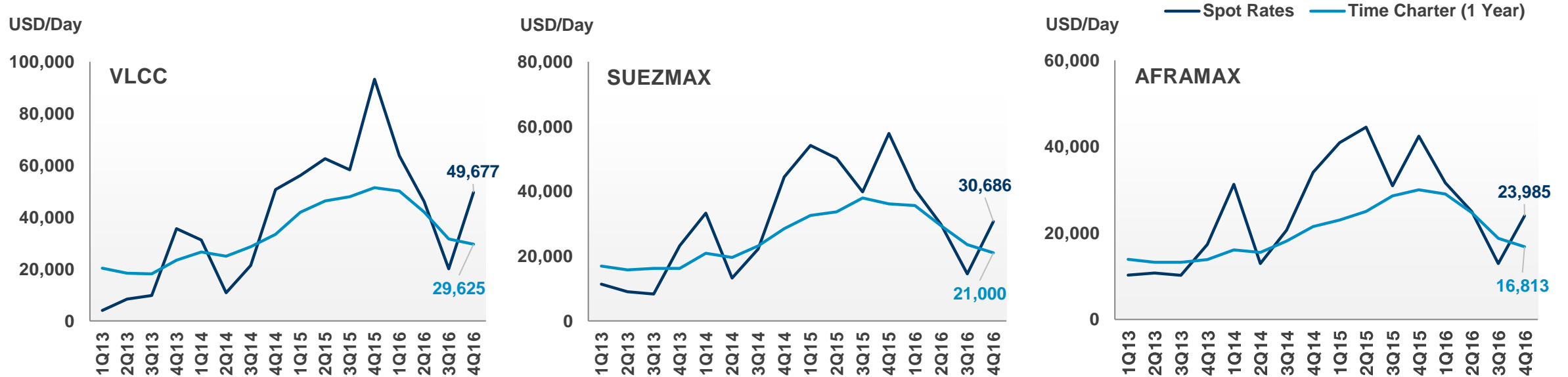


Source: IHS Energy

- Spot cargo demand averaged between 20% to 25% annually with increasing demand from Egypt, China and Europe.
- Netherlands and France, have called for the closing of all coal-fired plants as early as 2020 due to growing pressures to reduce carbon emissions.
- Germany has also announced a reversal of policy that will see all the country's nuclear power plants phased out by 2022.
- Growing list of FSRU recently awarded and planned will raise LNG demand from 2017 onwards.

PETROLEUM SHIPPING

Slow Start to the Year End Seasonal Uptick

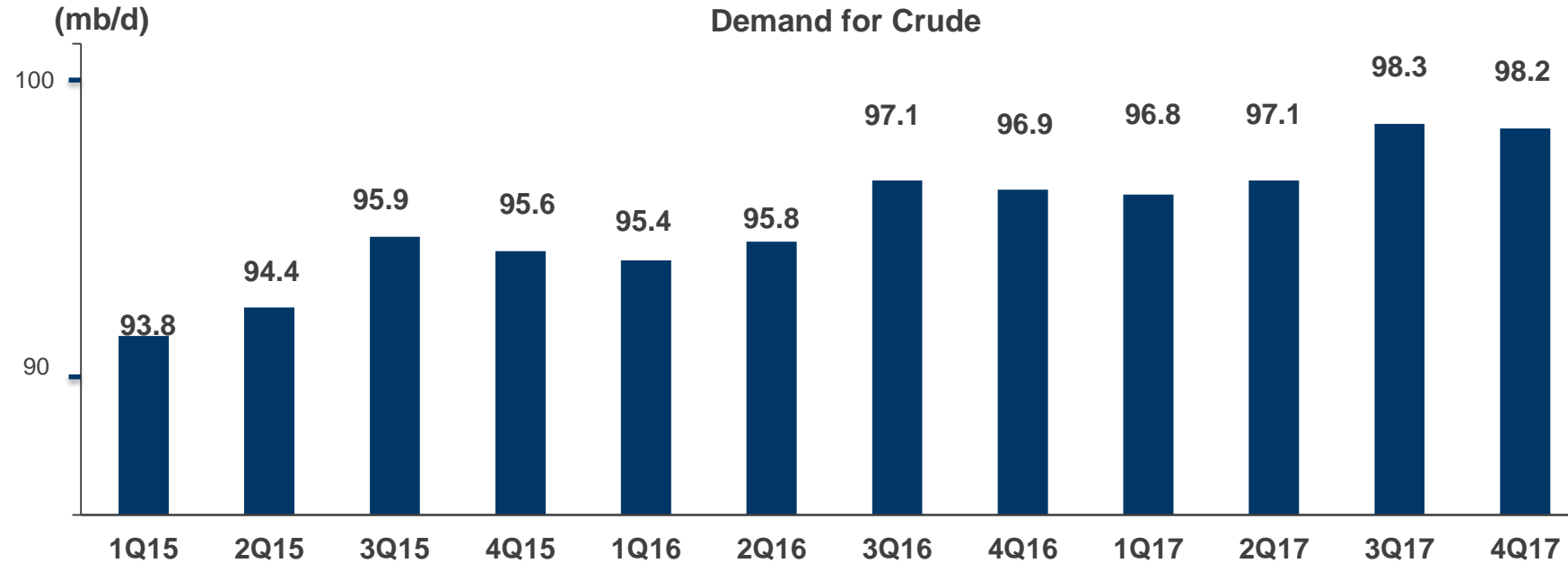


Source: Shipbrokers' Report, December 2016

- Seasonal peak Q4 spot rates arising from the winter demand.
- Increased demand as China continues to import crude with an estimated 11.61 mb/day in Q4, up from an average of 10.95 mb/day in 2015.
- The increase in Chinese demand was mainly attributable to the rise of independent teapot industries, drop in local production, as well as build up of strategic national reserves.
- There was also slight increase in crude demand from Far East Asia ahead of the anticipated OPEC cuts in 2017 to import more crude.
- Supply from Nigeria improved during the quarter with force majeure being lifted.

PETROLEUM SHIPPING

Asia Demand to Drive Tanker Markets

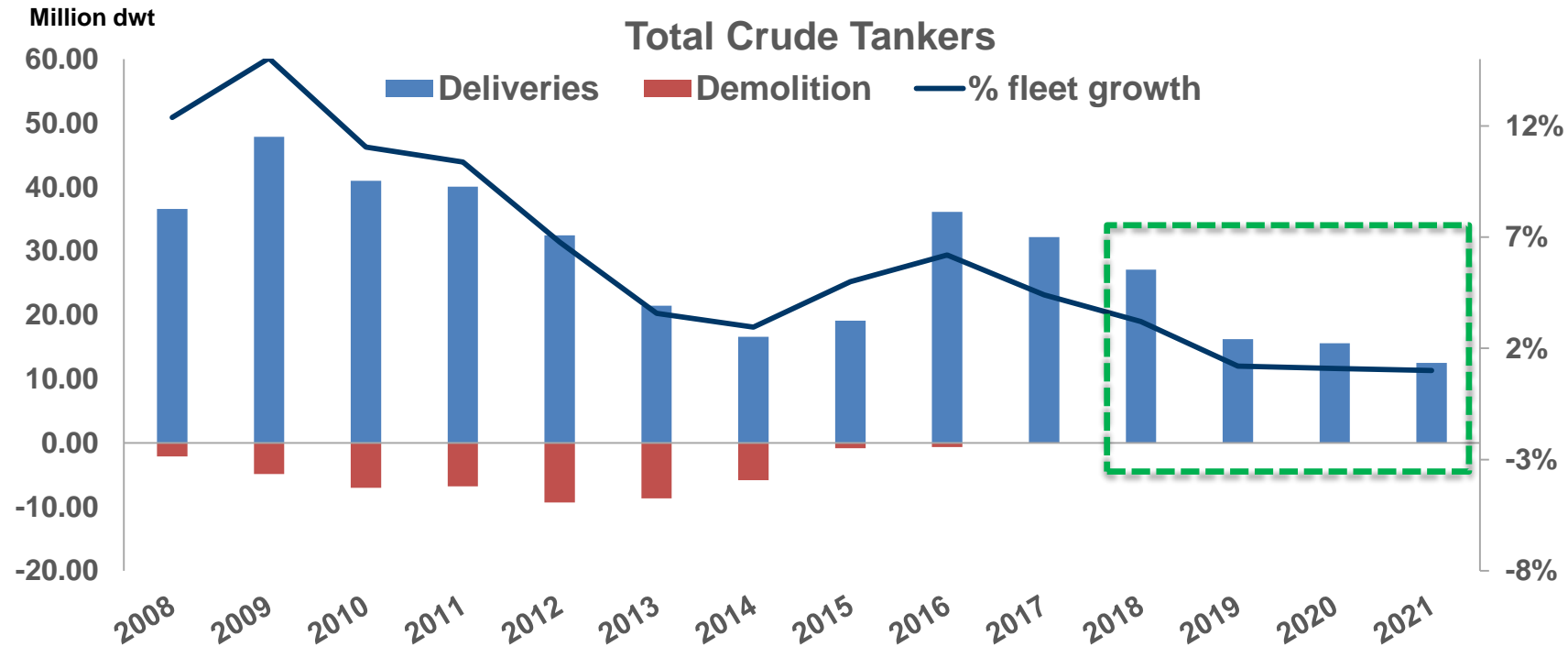


Source: IEA, Dec 2016

- Crude demand for 2017 expected to average at 97.6 mb/day vs 96.3 mb/day in 2016, up by 1.3%.
- China and India are expected to be the biggest contributor to oil trade demand in 2017.
- Longer-haul Atlantic to Pacific movements is expected to result in longer tonne-miles, likely benefiting larger tankers such as the VLCCs.

PETROLEUM SHIPPING

Orderbook Discipline in 2016 Augurs Well for Market Recovery Post 2017



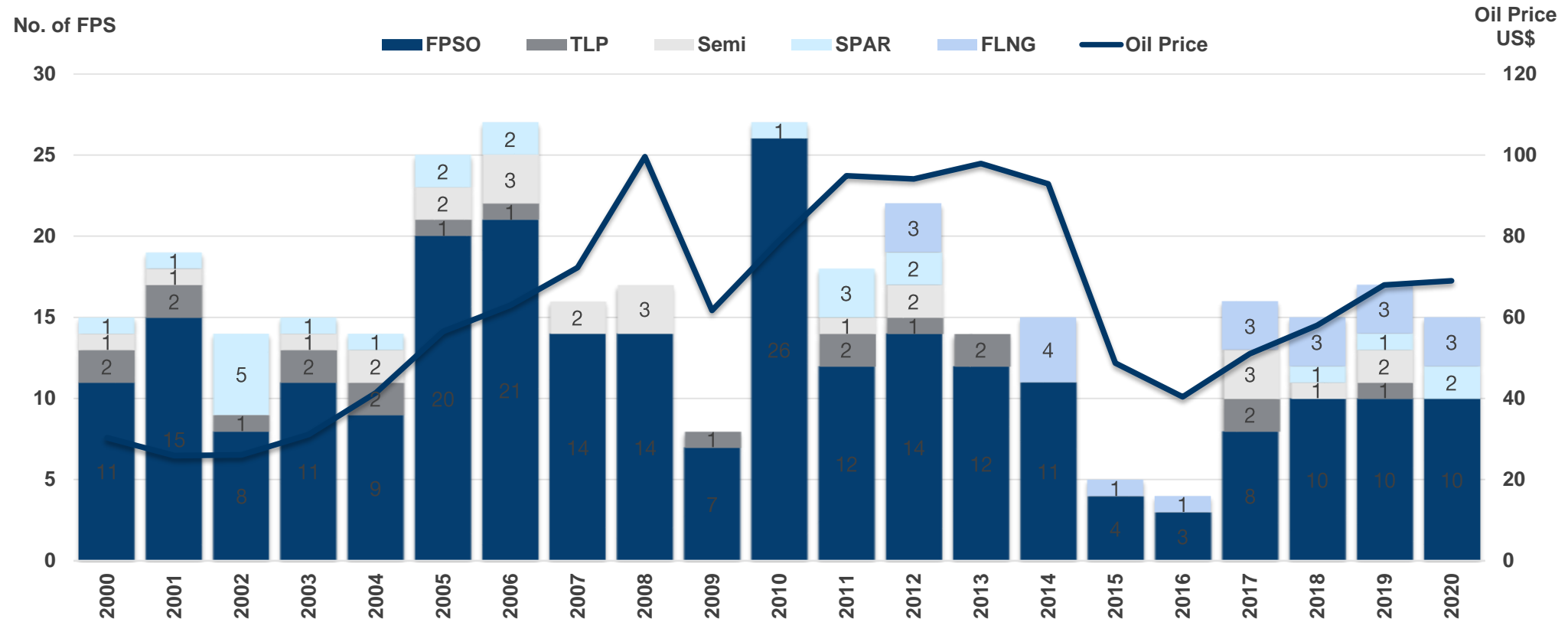
Source: Ship Brokers' Report, December 2016

- Fleet growth in 2017 to moderate tanker rates further.
- Drop in newbuilding orders; 73 vessels in 2016 vs 485 vessels in 2015.
- Looking further ahead, tanker market inflection point in 2018 as fleet growth slows and demand fundamentals remain stable.

OFFSHORE BUSINESS

Gradual Recovery in Oil Price Sets Stage for Offshore Capex Recovery

Floating Production System (FPS) Awards



Source : EMA Q3 2016 Report

BUSINESS UPDATES

By : Teoh Paul Keng | General Manager, CPD



LNG Business

- Seri Camellia has completed her first loading operation at Bintulu on 12 October 2016 and successfully delivered her first cargo at Pyeong Taek, South Korea on 18 October 2016.
- Seri Camellia has delivered a total of 3 LNG cargoes during the quarter.
- The second of Petronas newbuilds, the Seri C Class LNG fleet - Seri Cenderawasih, was delivered on 20 January 2017.
 - Chartered to PETRONAS on a 15 + 5 years TCP contract.
 - MOSS-Type cargo containment system.
- 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.
- Actively exploring non-conventional LNG shipping solutions to support this segment's long term growth strategy.

Petroleum & Chemical Business

- Current portfolio mix at 43:57 term to spot due to expiry of time charters and lower lightering activities.
- Negotiating more COAs with floor price to manage volatility on the downside.
- 4 DP shuttle tankers and 2 MCVs provide secured income base to AET.
- Focusing on further building up long term charters; well-positioned to capture more opportunistic prospects in the DP shuttle tanker market.
- On the chemical fleet, new COA was signed in December with SITME (Shell Middle East).
- Fleet rejuvenation with delivery of 8 new tankers as well as re-delivery of more expensive in-charters and older tonnages.

Offshore Business

Marginal Marine Production Unit (MaMPU 1) Achieved First Oil

- MaMPU 1 commenced operations.
 - Contract of 10 firm years, completed its mooring hook up at location on 24 November 2016.
 - Achieved first oil on 29 November 2016.

Demobilisation of Assets

- Demobilisation of MOPU Satu and MOPU Dua completed on 2 October 2016 and 14 October 2016 respectively.
- Demobilisation of FSO Abu completed on 31 October 2016.

FSO Benchamas 2 Project

- MISC's maiden foray into Thailand's offshore market and the first contract won through competitive bidding with a new major customer, Chevron Thailand.
- Contract for 10 years, with Chevron Thailand having the right to extend for up to 5 extensions of one year each.
- Commenced conversion of Bunga Kelana 5 in MHB yard on 18 January 2017.

On-Going

- Looking at opportunistic brown field replacement projects and shallow water asset requirements in the region.
- Exploring deep water opportunities in the Atlantic Basin.

Heavy Engineering

- Heavy Engineering Project Milestones:
 - sail-away of deepwater Malikai TLP
 - sail-away of Bergading structures
 - load-out of Besar-A jacket
 - integration of Bergading turret
 - delivery of Kanowit HUC
- Marine Milestones:
 - FPSO MaMPU-1 conversion
 - LNGC Puteri Zamrud major RLE
 - repair & maintenance of 54 vessels
 - JV co “MEMS” for East Coast M'sia OSVs
- New order intake for FY2016 of RM963 million (Heavy Engineering – RM679 million; Marine – RM284 million) and current orderbook stands at RM1.059 million.
- Continue to focus on achieving recurring revenue streams such as developing onshore construction and fabrication capabilities and its current marine repair business.

APPENDIX



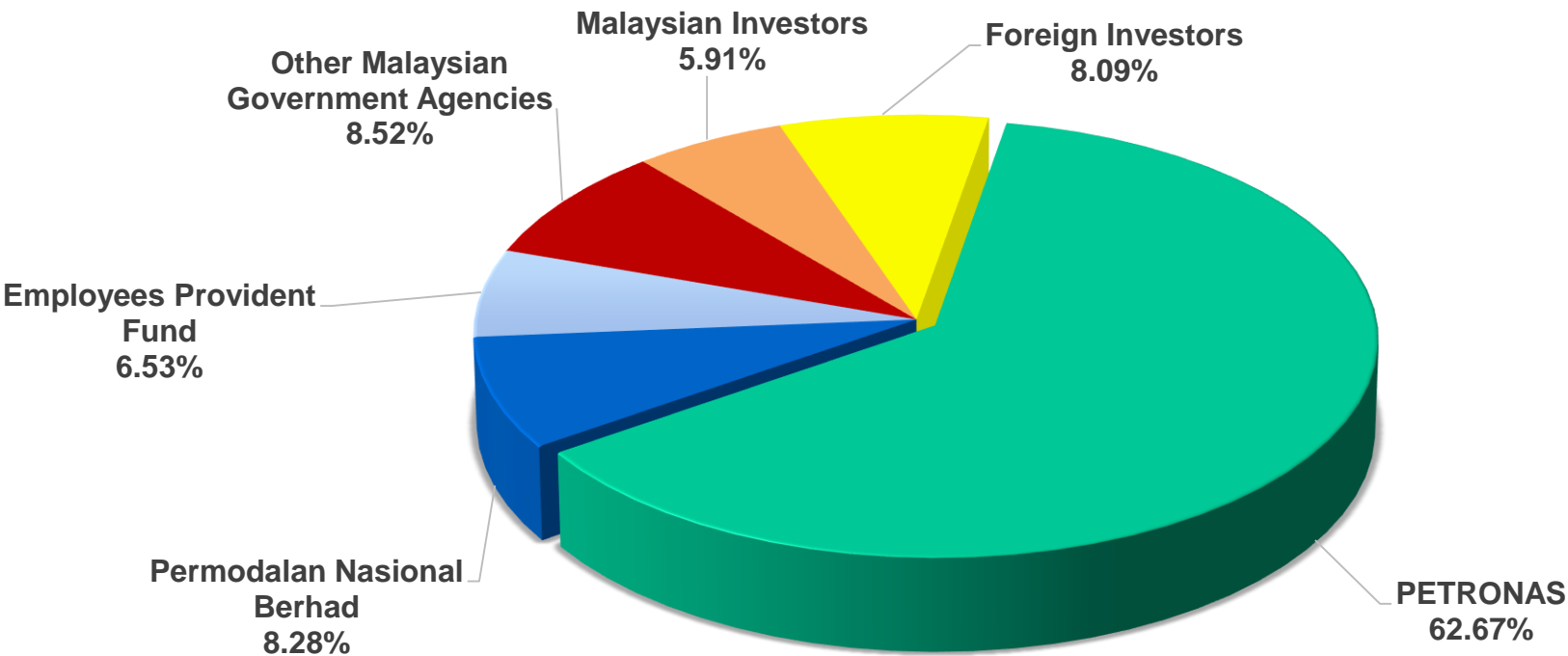
Appendix 1 : Fleet Information

As at 31 December 2016

| | Vessel Type | Total Vessel Operated | Owned | Chartered-In | Average Age (yrs) | | Contracted Newbuilds/ Conversions |
|-----------|--------------|-----------------------|-------|--------------|-------------------|----------|-----------------------------------|
| | | | | | MISC | Industry | |
| LNG | LNG | 26 | 26 | -- | 14.4 | 11.1 | 4 |
| | FSU | 2 | 2 | -- | 34.5 | -- | - |
| Petroleum | VLCC | 12 | 10 | 2 | 8.9 | 9.2 | - |
| | Suezmax | 4 | 4 | - | 4.5 | 9.8 | 2 |
| | Aframax | 52 | 37 | 15 | 12.2 | 11.0 | 4 |
| | LR2 | - | - | - | - | 8.0 | 2 |
| | MR2 | 5 | - | 5 | 7.3 | 8.8 | - |
| | Shuttle | 4 | 4 | - | 4.6 | 12.0 | - |
| Chemical | Chemical | 13 | 7 | 6 | 6.2 | 10.0 | - |
| | LPG | 1 | - | 1 | 18.2 | 12.3 | - |
| TOTAL | | 119 | 90 | 29 | - | - | 12 |
| Offshore | FPSO/FSO/ SS | 10 | 12 | - | 7.5 | - | 1 |
| | MOPU | - | 2 | - | 5.9 | - | - |

Appendix 2 : Shareholders' Profile

As at 31 December 2016



Appendix 3 : Delivery Schedule

As at 31 December 2016

| | LNG | Petroleum | | |
|--------|--------------|-----------|---------|-----|
| | LNG Carriers | Suezmax | Aframax | LR2 |
| 1H2017 | - | - | - | 1 |
| 2H2017 | 1 | - | - | 1 |
| 1H2018 | 2 | 2 | 4 | - |

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