

ANALYST BRIEFING

2Q FY2017 Financial Results

9th Aug 2017



FINANCIAL OVERVIEW

By : Mohammad Romzi, Senior General Manager, Finance



Financial Performance: 2Q FY2017 vs 1Q FY2017

	1Q FY 17 (Jan-Mar))	2Q FY 17 (Apr-Jun))	qoq %
<i>In USD Mil</i>			
Revenue	671.2	533.0	(21)
PBT from Operations	149.7	162.1	8
Non-Recurring Items	6.9	(32.9)	-
PBT	156.6	129.3	(18)
Net Profit	156.0	128.1	(18)
EPS (cents)	3.4	2.9	(15)
ROE (%)	1.8	1.5	(16)

Lower revenue:

- Offshore - Q1 FY2017 results include one-off gain for GKL's adjudication
- Lower construction revenue recognised for FSO Benchamas 2
- Petroleum - Lower charter rates and earning days

Higher PBT from operations:

- Offshore - Q1 FY2017 results include impairment of MOPU's receivables
- Lower construction cost incurred for FSO Benchamas 2
- LNG - Compensation for early termination of Tenaga Lima
- Lower voyage, running and other costs
- Petroleum - Lower charter hire costs due to redelivery of vessels
- Lower bunker costs from lower average bunker price
- Others - Reversal of provision for charter hire loss for liner vessels

Non-recurring items:

- Impairment of Tenaga Lima
- Loss on liquidation of MISA Japan

Financial Performance: 2Q FY2017 vs 2Q FY2016

	2Q FY 16 (Apr - Jun)	2Q FY 17 (Apr - Jun)	qoq %
<i>In USD Mil</i>			
Revenue	596.8	533.0	(11)
PBT from Operations	122.3	162.1	33
Non-Recurring Items	217.4	(32.9)	-
PBT	339.7	129.3	(62)
Net Profit	335.0	128.1	(62)
EPS (cents)	7.4	2.9	(61)
ROE (%)	15.6	1.5	(90)

Lower revenue:

- Petroleum - Lower charter rates and earning days

Higher PBT from operations:

- LNG - Compensation for early termination of Tenaga Lima
- Lower voyage, running, and other costs
- Petroleum - Lower charter hire expenses mainly due to redelivery of vessels
- Offshore - Construction profit for FSO Benchamas 2
- Others - Reversal of provision for charter hire loss for liner vessels

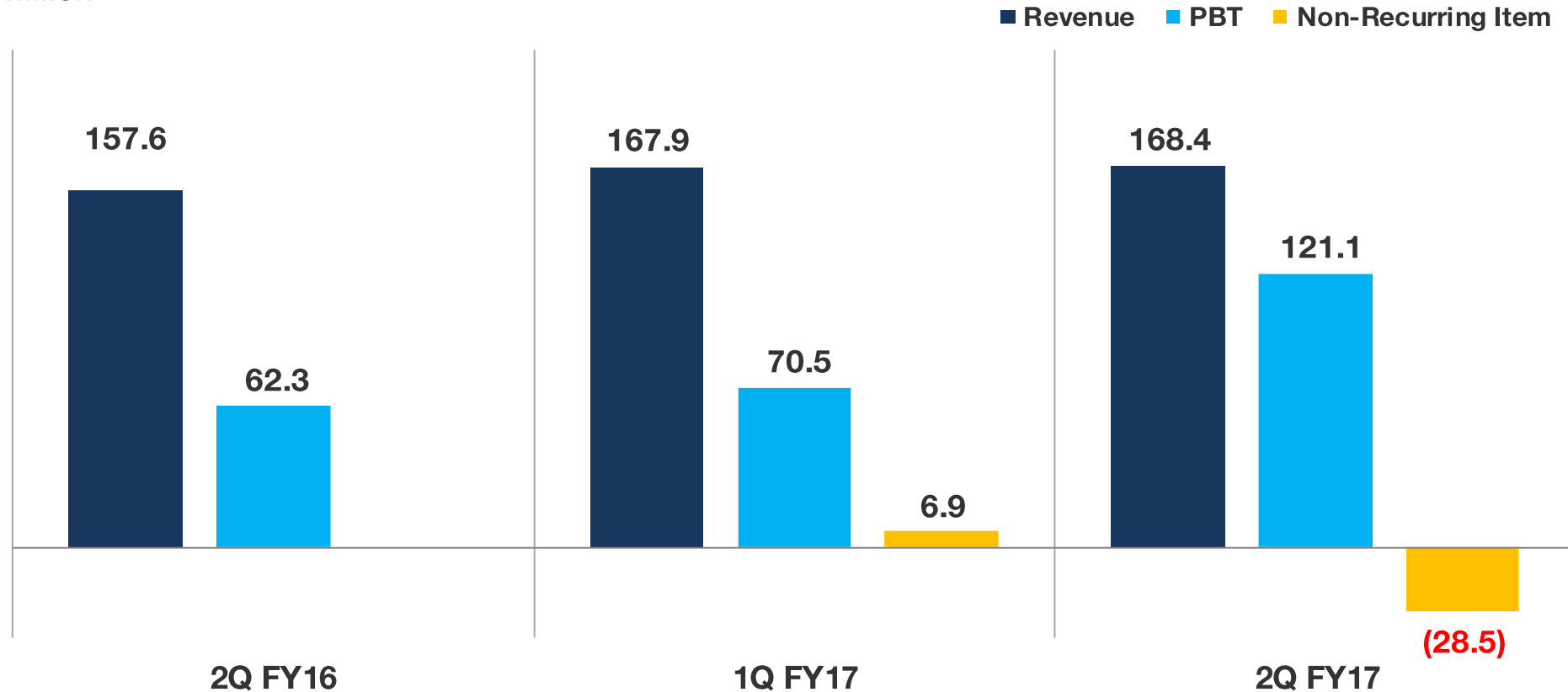
Non-recurring items:

- Impairment of Tenaga Lima
- Loss on liquidation of MISA Japan

Financial Performance by Business Segment

LNG Shipping - Compensation for Early Termination of Tenaga Lima

USD million

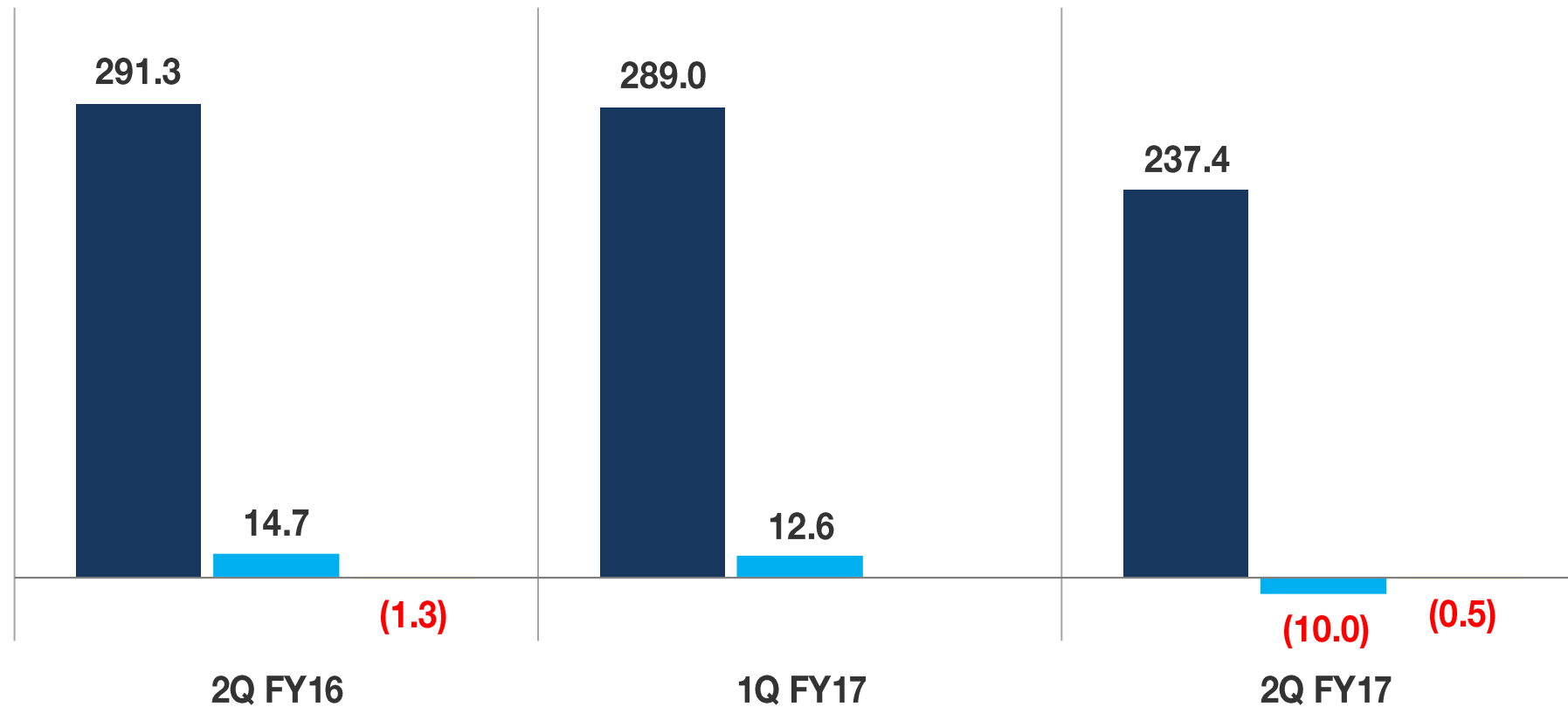


Financial Performance by Business Segment

PETROLEUM Shipping – Lower Charter Rates and Earning Days Contribute to Lower Earnings

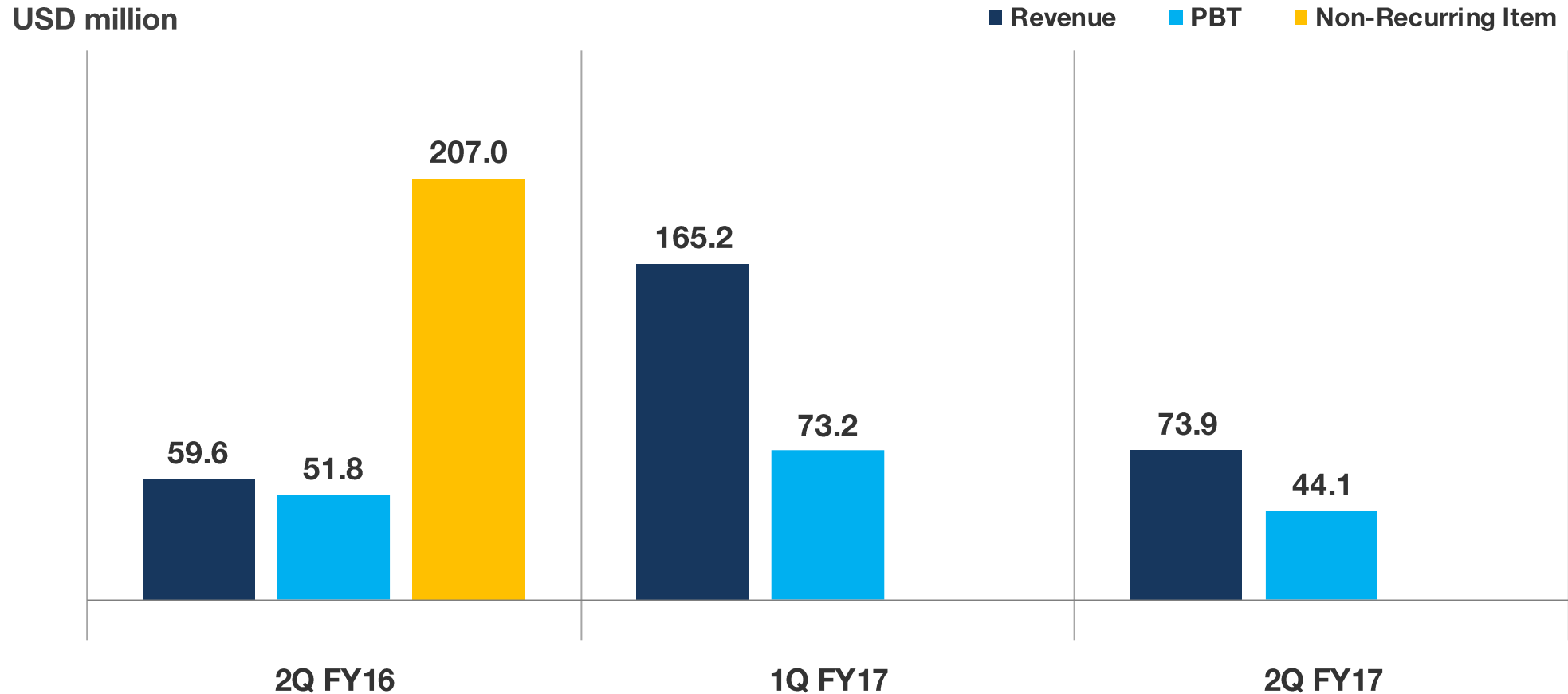
USD million

■ Revenue ■ PBT ■ Non-Recurring Item



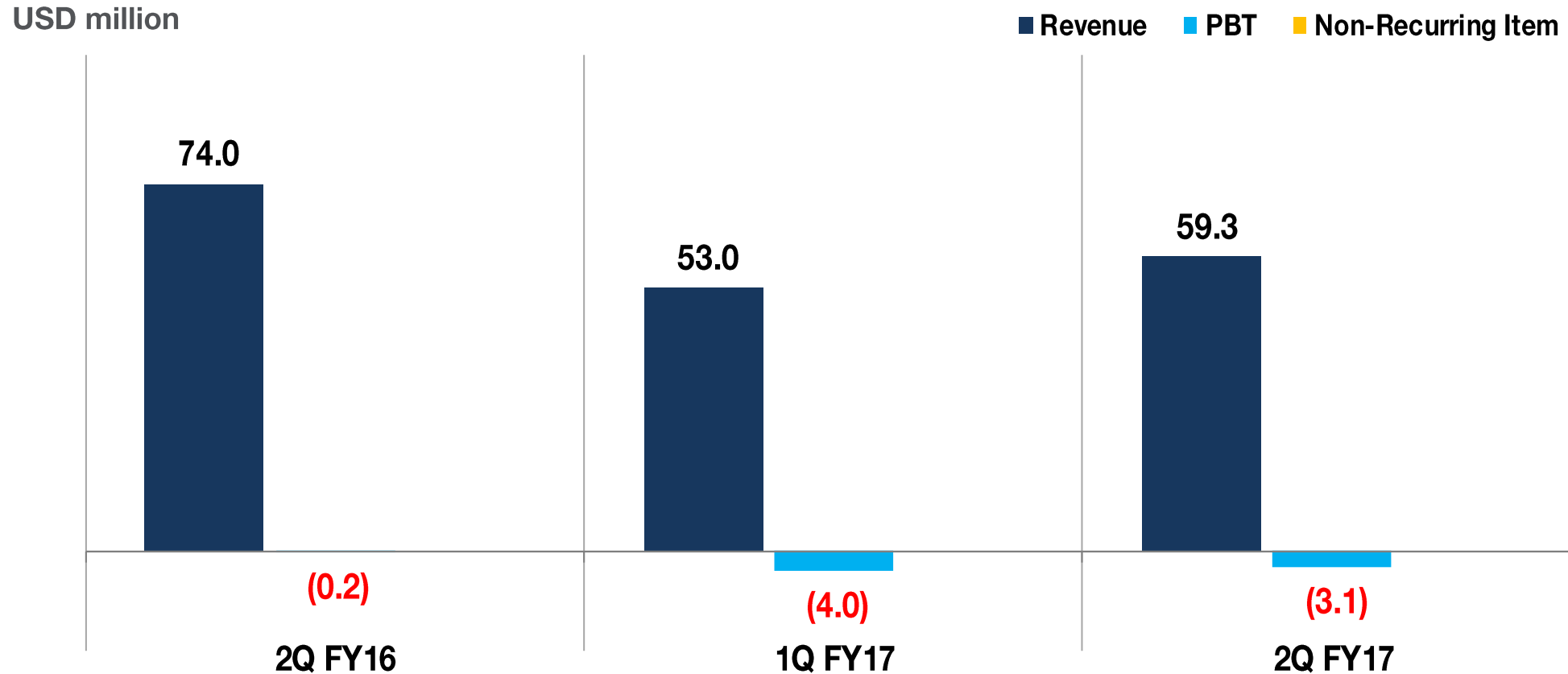
Financial Performance by Business Segment

OFFSHORE Business – One-off Gain for GKL Adjudication in Q1

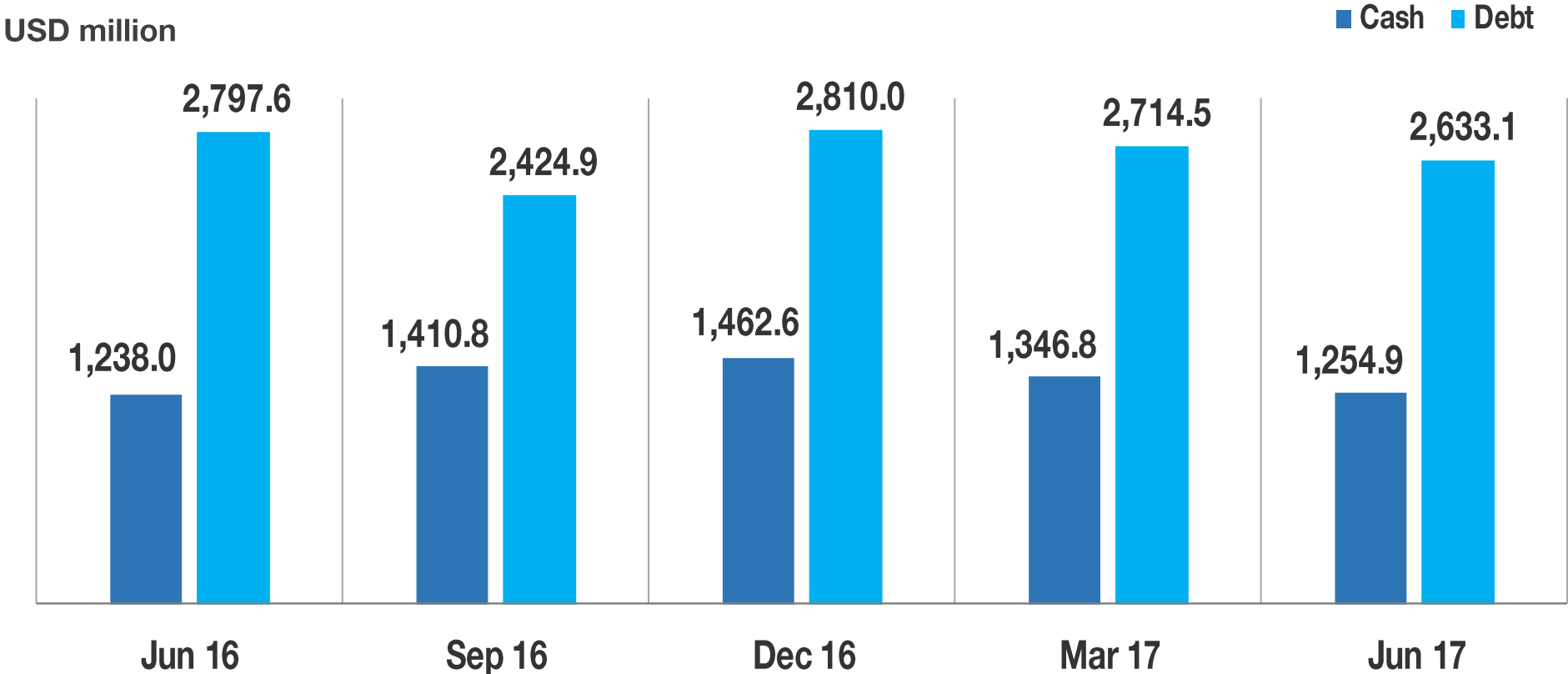


Financial Performance by Business Segment

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



Financial Performance – Balance Sheet



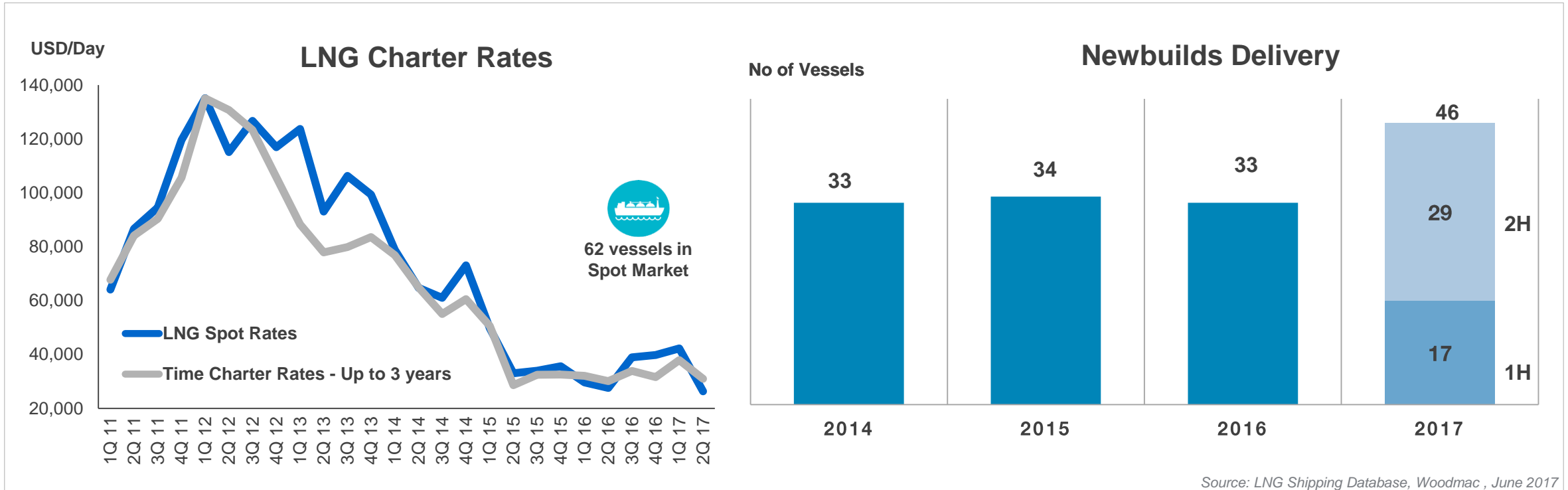
MARKET ENVIRONMENT

By : Teoh Paul Keng | General Manager, CPD



LNG SHIPPING

Slower Seasonal Chartering Activity and New Vessel Supply Depressed Spot Market Rates

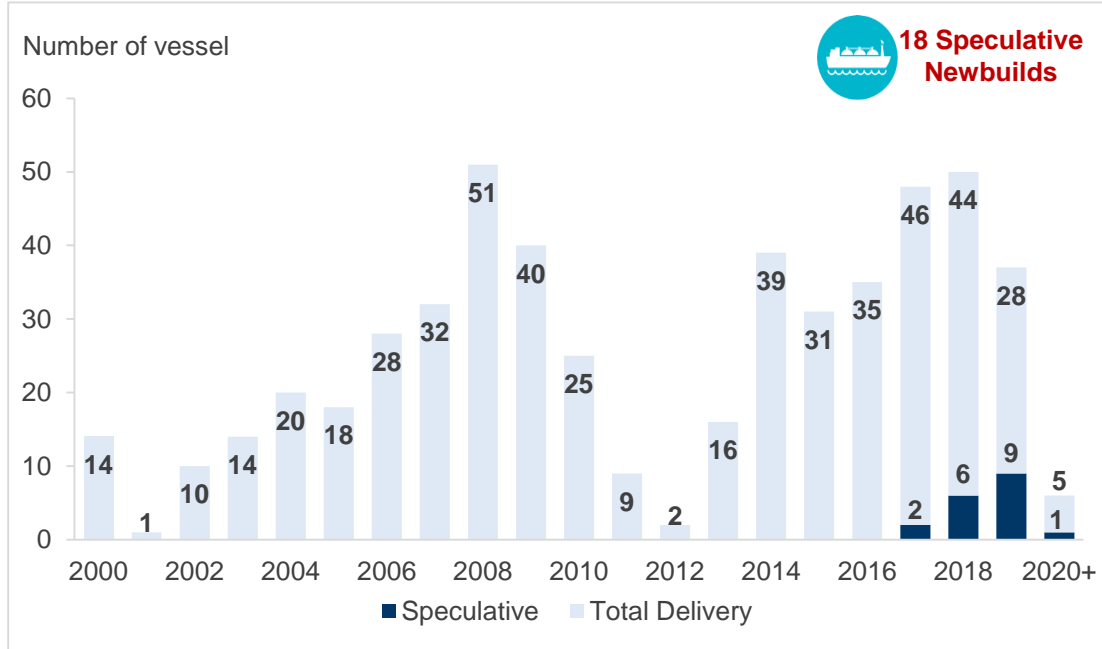


- LNG demand fell 8% q-o-q, driven by lower imports from Japan, South Korea and Turkey.
- End of peak winter demand and 2% q-o-q decline in LNG spot trading increased vessel availability especially in the Pacific region.
- Strong fleet growth with 17 vessels delivered in the first half of 2017.
- 45 existing LNG vessels are 'open' and actively seeking for charters in the spot market, which are mostly vessels that are modern and fuel efficient.

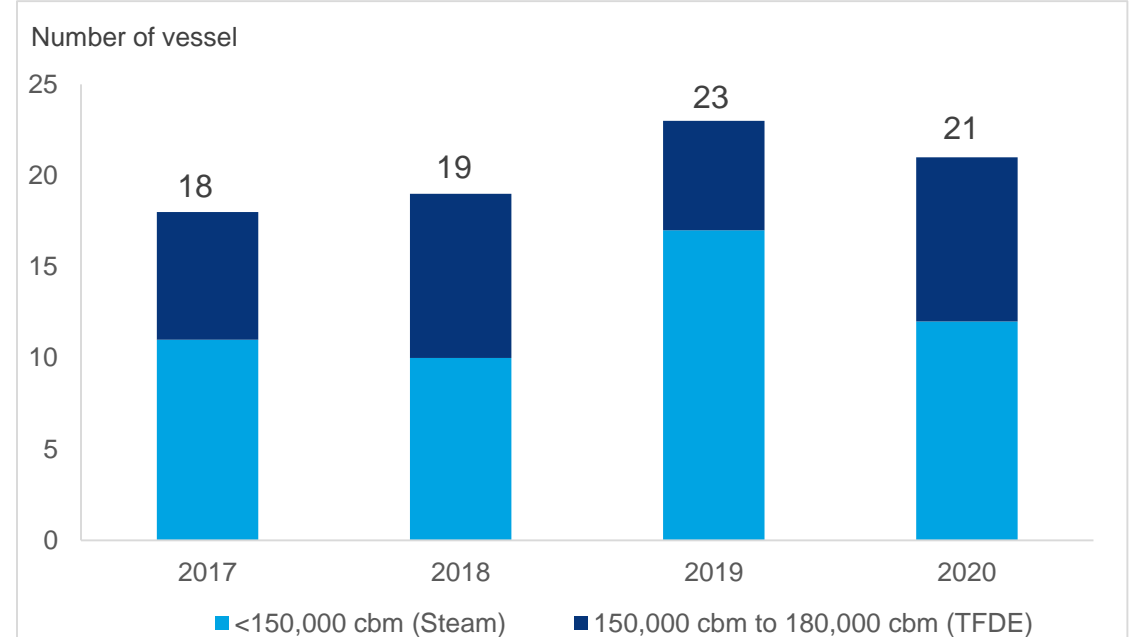
LNG SHIPPING

Vessel Supply Overhang – Delivery of Newbuilds and Expiry of Existing Vessel Contracts

Newbuilds to be delivered (2017 to 2020+)



Availability of existing vessels post contract expiry

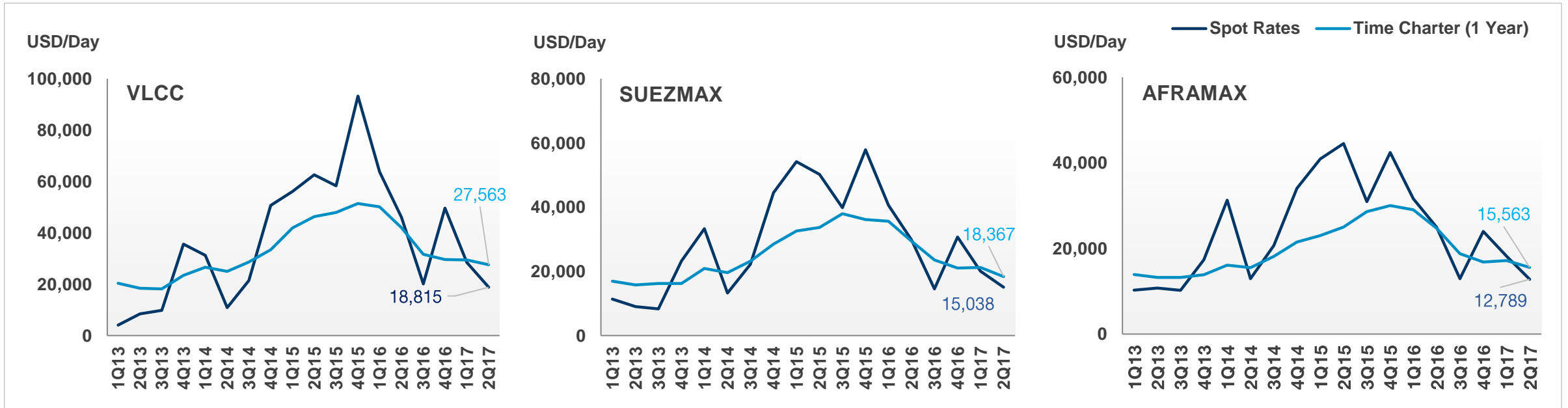


Source: Woodmac, June 2017

- There will be a total of 121 new LNG vessels to be delivered until 2020.
- About 81 existing vessels are due to come off charter over the next 3 years.
- Non-conventional solutions will be the potential driver for growth in LNG demand, especially from emerging countries.

PETROLEUM SHIPPING

Lethargic Market Driven by Inventory Drawdown and High Fleet Growth



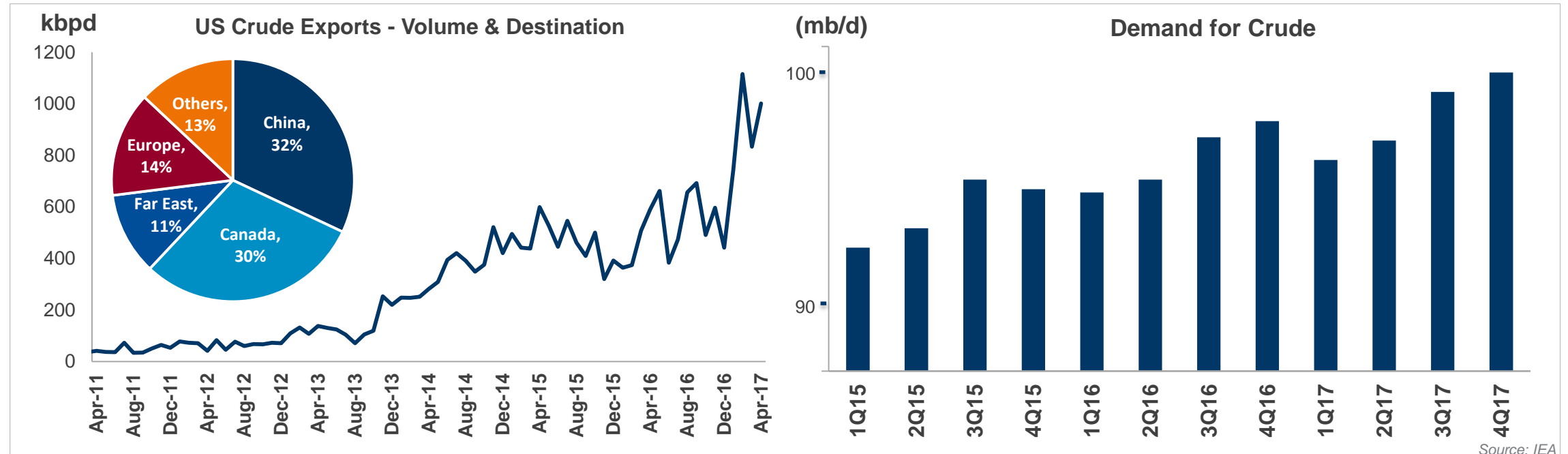
Source: Shipbrokers' Report

- Demand for VLCC were sluggish due to OPEC production cuts.
- Inventory adjustment continues to dampen tanker demand.
- For the first half of 2017, crude tanker fleet grew 7% y-o-y with minimal scrapping.
- During the quarter, global tanker fleet saw 11 VLCC, 17 Suezmax and 17 Aframax newbuilds delivered.

Source: Clarksons SIN, July 2017

PETROLEUM SHIPPING

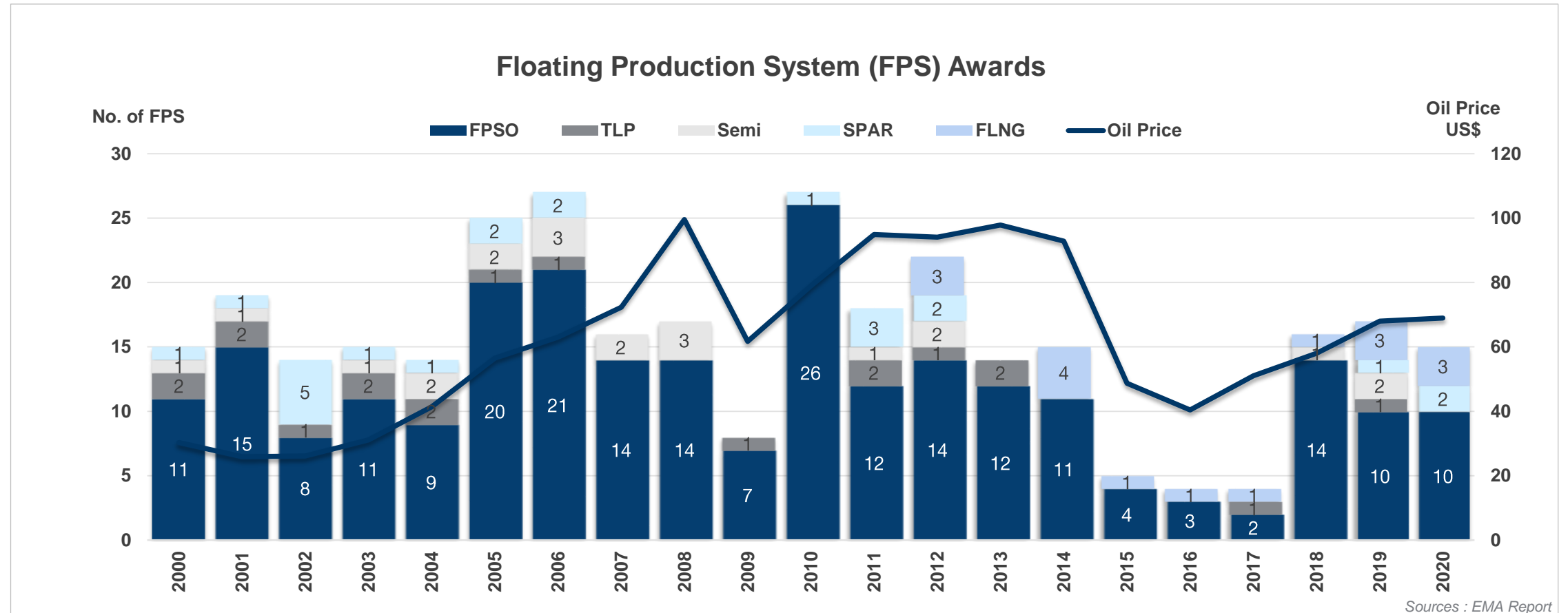
Non-OPEC Supply Growing; Healthy Rebound in 2H Demand



- In 2Q17, non-OPEC supply increased by 0.9mb/d year on year on the back of strong US light oil production. OPEC on the other hand saw their supply cut by 1.13mb/d in May compared to the baseline production in October 2016.
- 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. Average global demand for second half of 2017 is expected to be 2.1 mb/d higher than the first half of the year.
- Returning supply from Libya and Nigeria coupled with moderate pace of inventory drawdowns, leading to more protracted than expected rebalancing of crude supply and demand.
- Asia has been the leading destination for US crude export (average 1mbpd in April 2017) benefiting larger tankers such as VLCC.

OFFSHORE BUSINESS

Stable Oil Price Will Pave the Way for Gradual Recovery in Global Offshore Investment



- During the quarter, 1 FPSO project from West Africa was awarded.
- 14 new FPSO projects centered around Brazil expected to be tendered over the next 12 months.

BUSINESS UPDATES

By : Teoh Paul Keng | General Manager, CPD



LNG Business

- Seri Bakti has loaded LNG at GLNG in Gladstone, Australia and successfully performed the first LNG Ship-to-Ship operation in the Philippines.
- Seri Camellia successfully completed her first cargo loading from PFLNG Satu and delivered the cargo to India in May 2017.
- The third Seri C Class LNG vessel named Seri Cempaka, was delivered on 27 July 2017.
 - Chartered to PETRONAS on 15+5 years TCP contract.
 - MOSS-Type cargo containment system.
- Actively exploring non-conventional LNG shipping solutions to support this segment's long term growth strategy.
- Entered into MOU for Gas4Sea consortium for the collaboration to promote the use of LNG as marine fuel in May 2017.

Petroleum & Chemical Business

- Current portfolio mix at 49:51 term to spot.
- Reduced operating fleet in the weak market.
- Growing footprint in the Shuttle Tanker business:
 - Second long-term charter contract with Statoil to operate two specialist Dynamic Positioning 2 offshore loading shuttle tankers (DPSTs) for operations in oilfields off the North Sea.
 - The world's first LNG fueled DPSTs, the most energy efficient when in operation in 2019.
- Strengthening product portfolio business:
 - Two new LR2 petroleum tankers on long-term charter to French oil major TOTAL.
- Purchased two modern VLCCs from Gener8.

Offshore Business

- FSO Benchamas 2 Project - the refurbishment and conversion works of Bunga Kelana 5 is progressing ahead of plan.
- Sabah Shell Petroleum Co filed counterclaim against the adjudication decision.
- Within the region, actively exploring shallow water asset requirements.
- Deep water opportunities in the Atlantic Basin remain the focus for growth.

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 Repair milestones:
 - Repair and maintenance of 16 vessels
 - Secured 27 vessels business
- RM1.79 billion ongoing and planned Heavy Engineering tenders for 2017.
- Developing Onshore Construction & Fabrication capabilities through RAPID and process module.
- Marine Repair capacity expansion through additional drydock.

APPENDIX



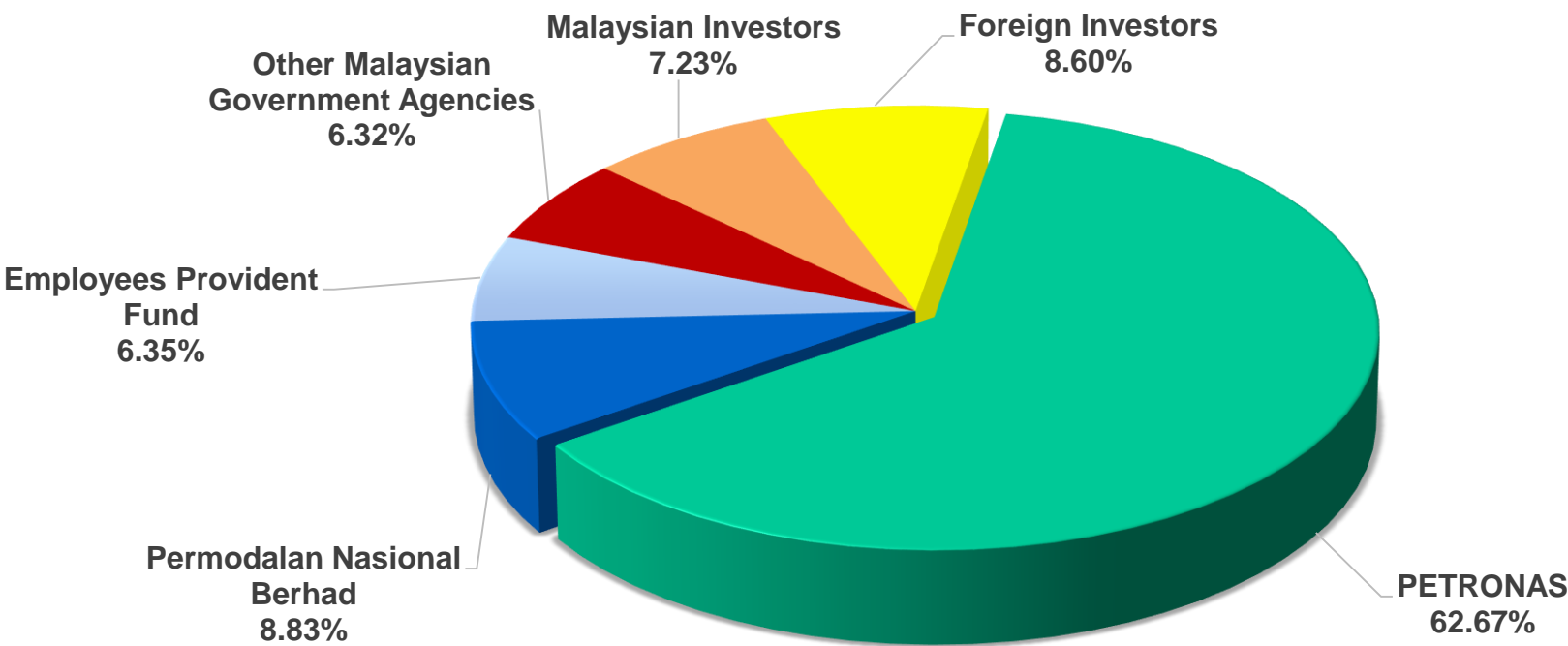
Appendix 1 : Fleet Information

As at 30 June 2017

	Vessel Type	Total Vessel Operated	Owned	Chartered-In	Average Age (yrs)		Contracted Newbuilds/ Conversions
					MISC	Industry	
LNG	LNG	26	26	--	14.0	11.0	3
	FSU	2	2	--	35.5		--
Petroleum	VLCC	12	10	2	9.4	10.3	--
	Suezmax	4	4	--	4.9	10.6	2
	Aframax	46	35	11	12.0	12.2	4
	LR2	1	1	--	0	9.0	1
	MR2	5	--	5	7.7	11.0	--
	Shuttle	4	4	--	3.6	10.6	2
Chemical	Chemical	13	7	6	6.7	11.3	--
	LPG	1	--	1	18.7	15.9	--
TOTAL							
Offshore	FPSO/FSO/ SS	10	12	--	7.9	--	1
	MOPU	--	2	--	6.4	--	--

Appendix 2 : Shareholders' Profile

As at 30 June 2017



Appendix 3 : Delivery Schedule

As at 30 June 2017

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

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