



ANALYST BRIEFING

4Q FY2017 Financial Results

13 February 2018



FINANCIAL OVERVIEW

By : Mohammad Romzi, Senior General Manager, Finance



Financial Performance: 4Q FY2017 vs 3Q FY2017

<i>In USD Mil</i>	Q4 FY2017	Q3 FY2017	QoQ %
Revenue	585.3	544.4	7.5
PBT from Operation	145.5	155.4	(6.4)
Non Recurring Item	(130.8)	10.1	(1,395.0)
PBT	14.7	165.5	(91.1)
Net Profit	15.9	163.1	(90.3)
EPS (cent)	1.5	3.6	(57.6)
ROE (%)	0.2	1.9	(89.7)

Higher revenue:

- Petroleum - Increased fleet size and improved freight rates
- Offshore - Construction revenue recognised for FSO Benchamas 2

Lower PBT from operations:

- LNG - Impairment in receivables due to deferral of collection from customer

Non-recurring items:

- Impairment of vessels

Financial Performance: 4Q FY2017 vs 4Q FY2016

<i>In USD Mil</i>	Q4 FY2017	Q4 FY2016	QoQ %
Revenue	585.3	561.0	4.3
PBT from Operation	145.5	112.3	29.6
Non Recurring Item	(130.8)	14.4	(1,008.3)
PBT	14.7	126.7	(88.4)
Net Profit	15.9	125.6	(87.4)
EPS (cent)	1.5	3.0	(49.1)
ROE (%)	0.2	1.6	(88.0)

Higher revenue:

- LNG - Commencement of Seri C vessels

Offset:

- Petroleum - Lower earning days and freight rates

Higher PBT from operations:

- LNG - Commencement of Seri C vessels
- Offshore - Higher construction profit recognised for FSO Benchamas

Offset

- Petroleum - Lower earning days and freight rates

Non-recurring items:

- Impairment of vessels

Financial Performance: YTD FY2017 vs YTD FY2016

<i>In USD Mil</i>	YTD FY2017	YTD FY2016	YoY %
Revenue	2,334.0	2,294.8	1.7
PBT from Operation	612.5	556.2	10.1
Non Recurring Item	(146.7)	136.1	(207.8)
PBT	465.9	692.3	(32.7)
Net Profit	462.9	687.3	(32.7)
EPS (cent)	44.4	14.3	210.4
ROE (%)	5.7	7.5	(24.2)

Higher revenue:

- Offshore - FSO Benchamas construction revenue
- Favourable GKL adjudication results
- LNG - Commencement of Seri C vessels
- Deferred revenue from Seri Balhaf & Seri Balqis

Offset:

- Petroleum - Lower earning days and freight rates

Lower PBT from operations:

- Petroleum - Lower earning days and freight rates

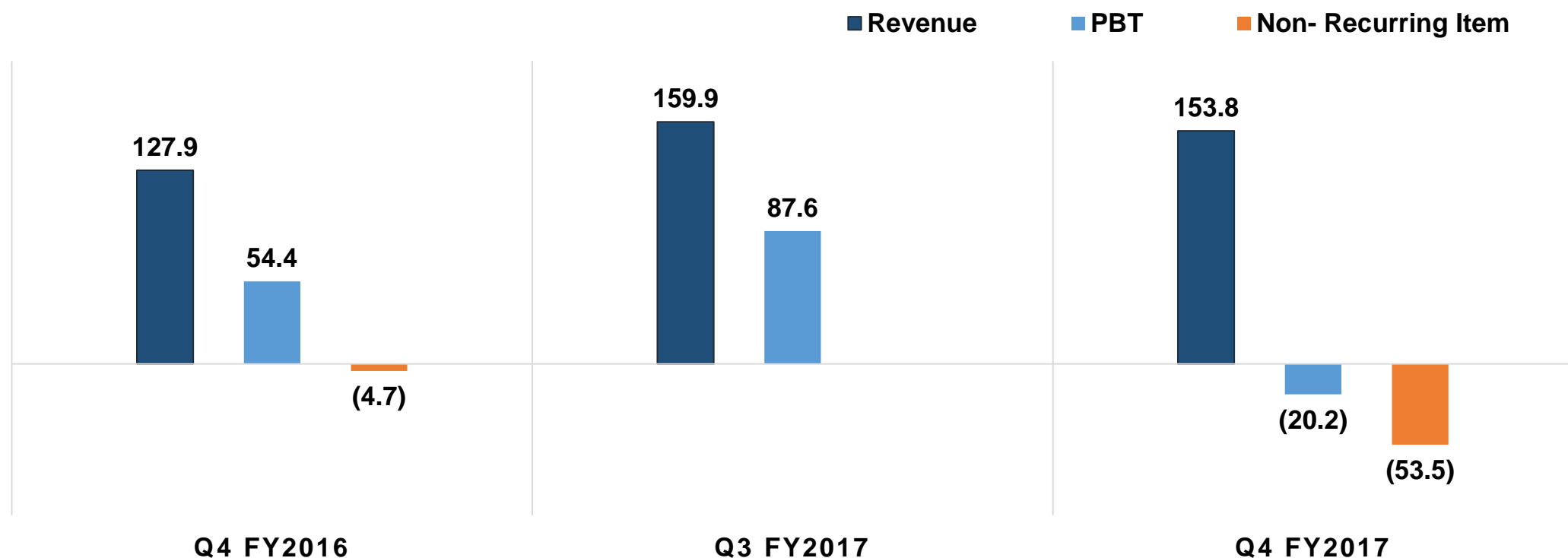
Non-recurring items:

- Impairment of vessels

Financial Performance by Business Segment

LNG Shipping – Impairment of Vessels and Receivables

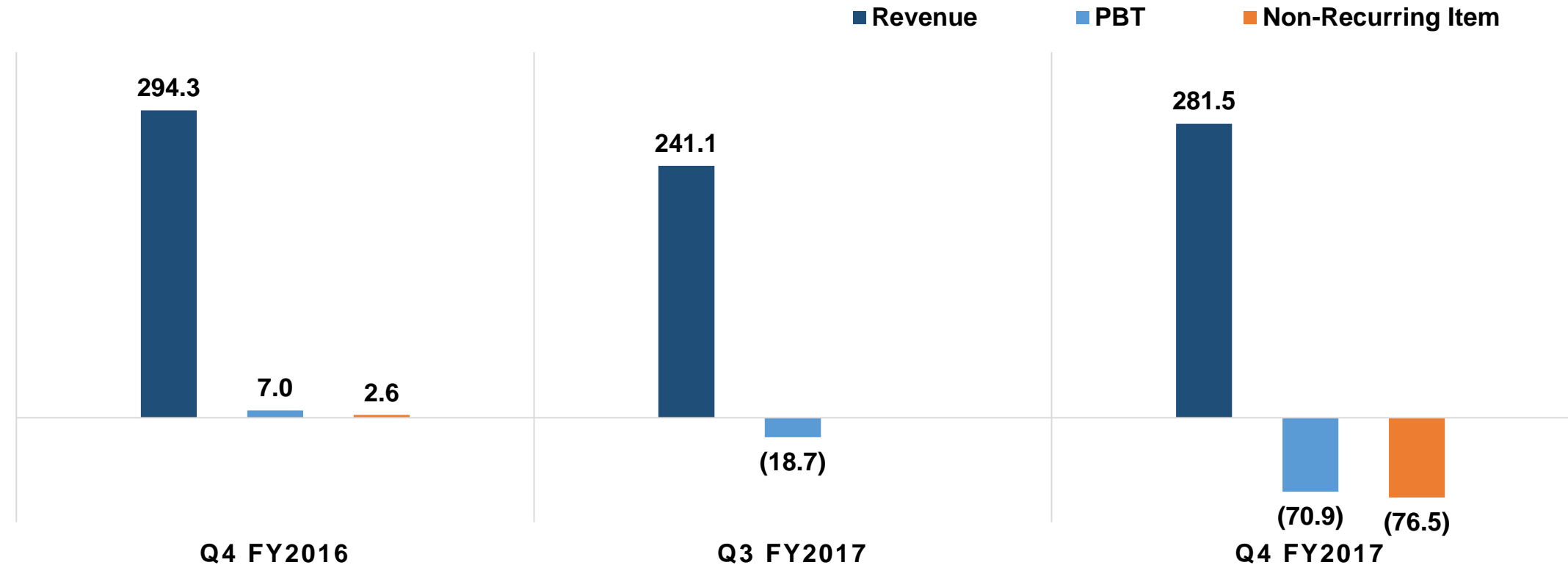
USD million



Financial Performance by Business Segment

PETROLEUM Shipping – Higher Charter Rates and Impairment of Vessels

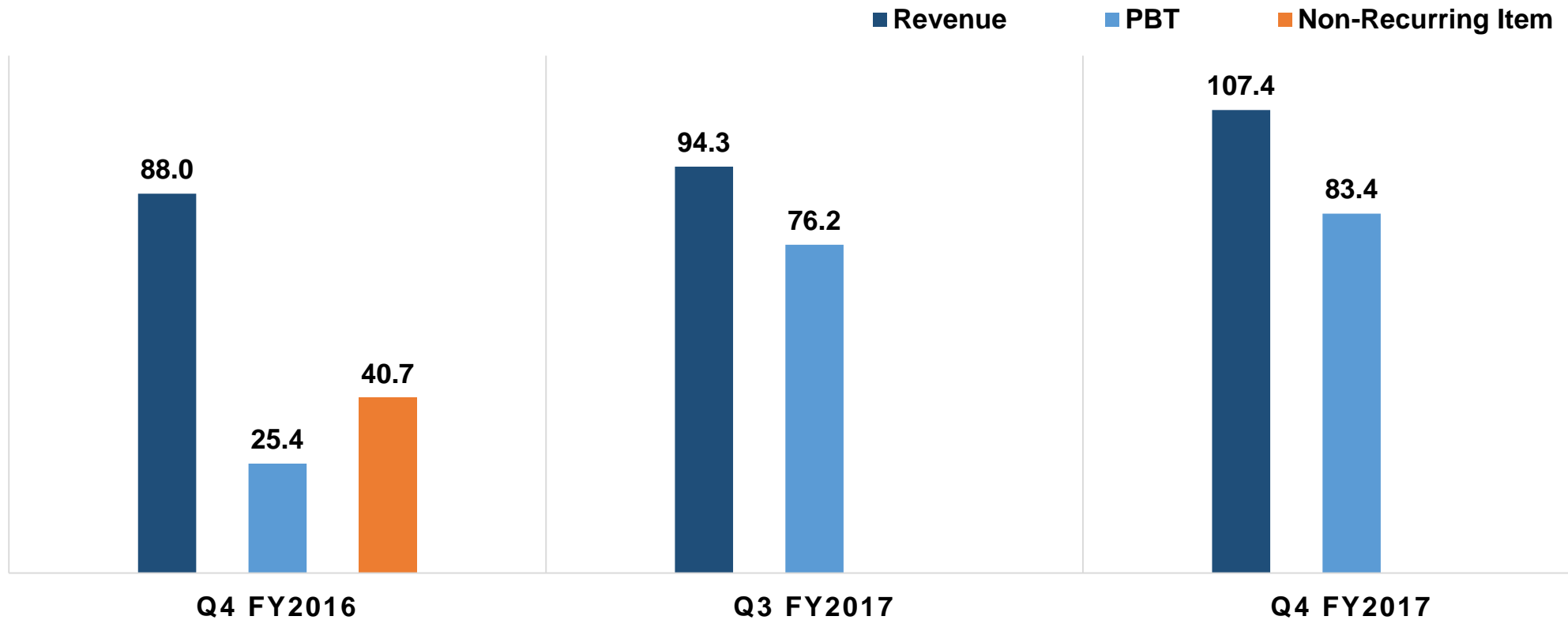
USD million



Financial Performance by Business Segment

OFFSHORE Business – Construction Revenue Recognised on FSO Benchamas

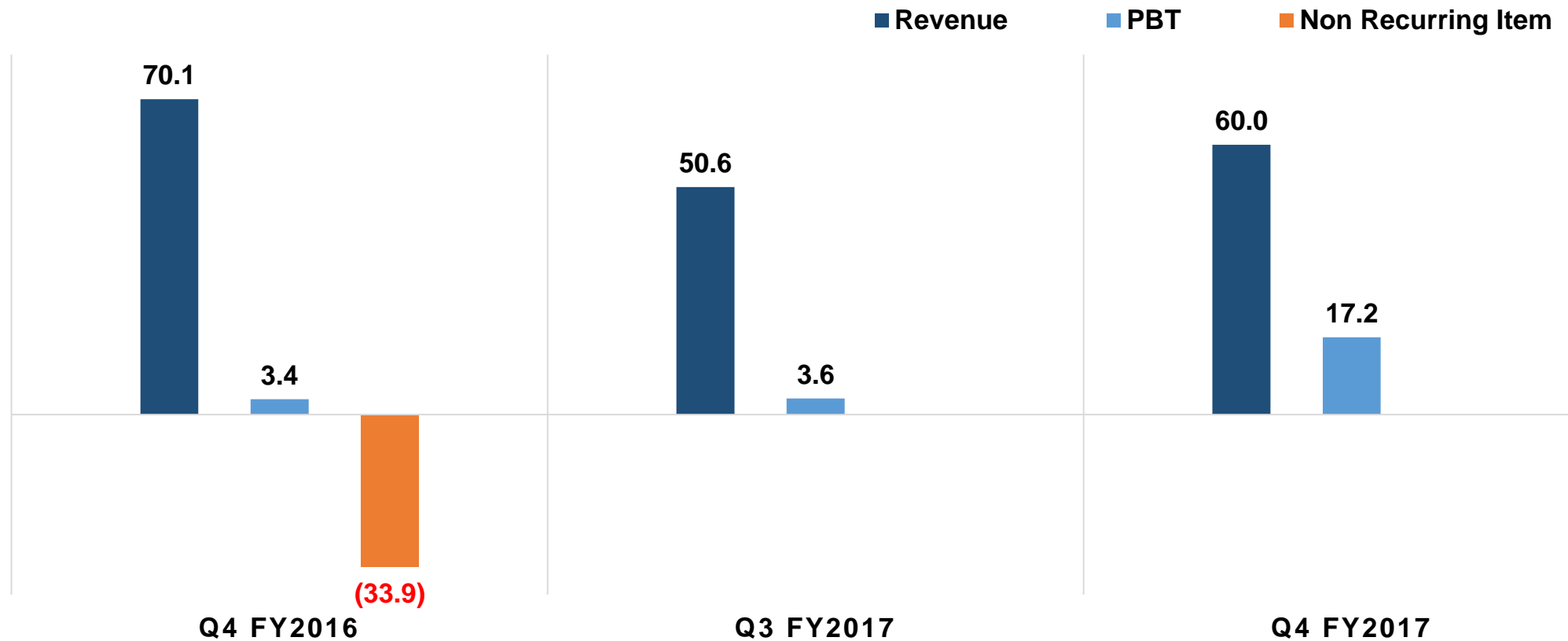
USD million



Financial Performance by Business Segment

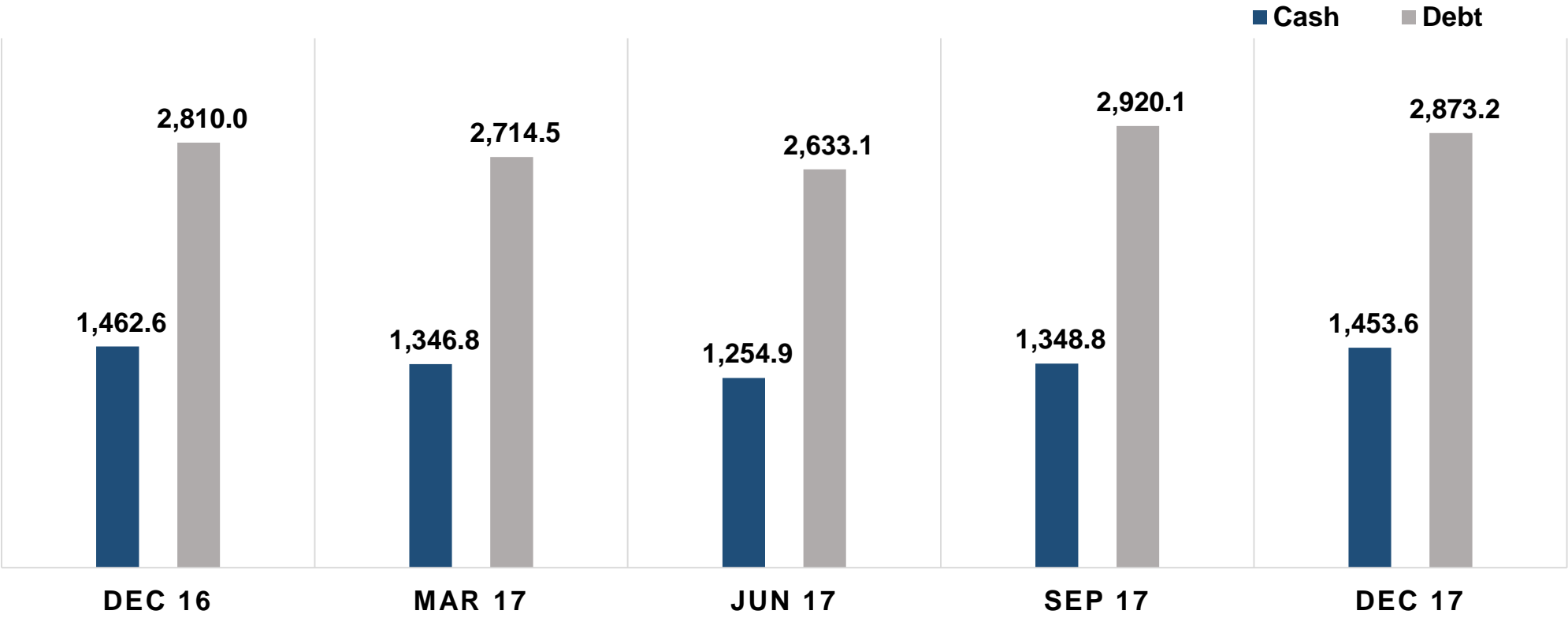
HEAVY ENGINEERING – Tailend of Key Projects

USD million



Financial Performance – Balance Sheet

USD million



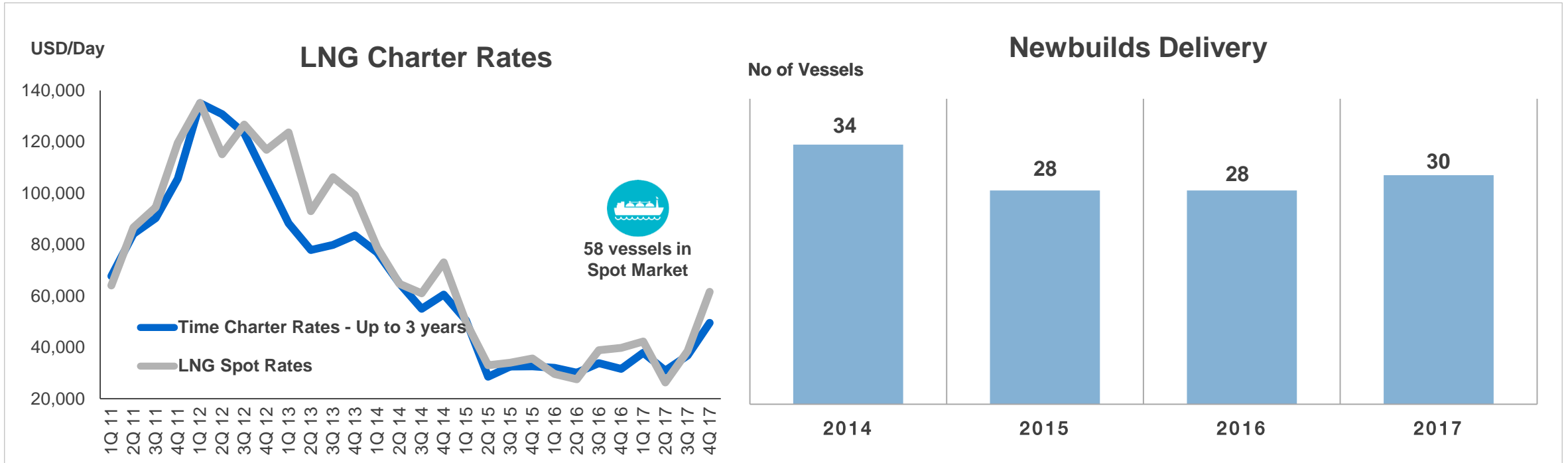
MARKET ENVIRONMENT

By : Teoh Paul Keng | General Manager, CPD



LNG SHIPPING

LNG Spot Rates Spiked on Rush to Stock up for Winter



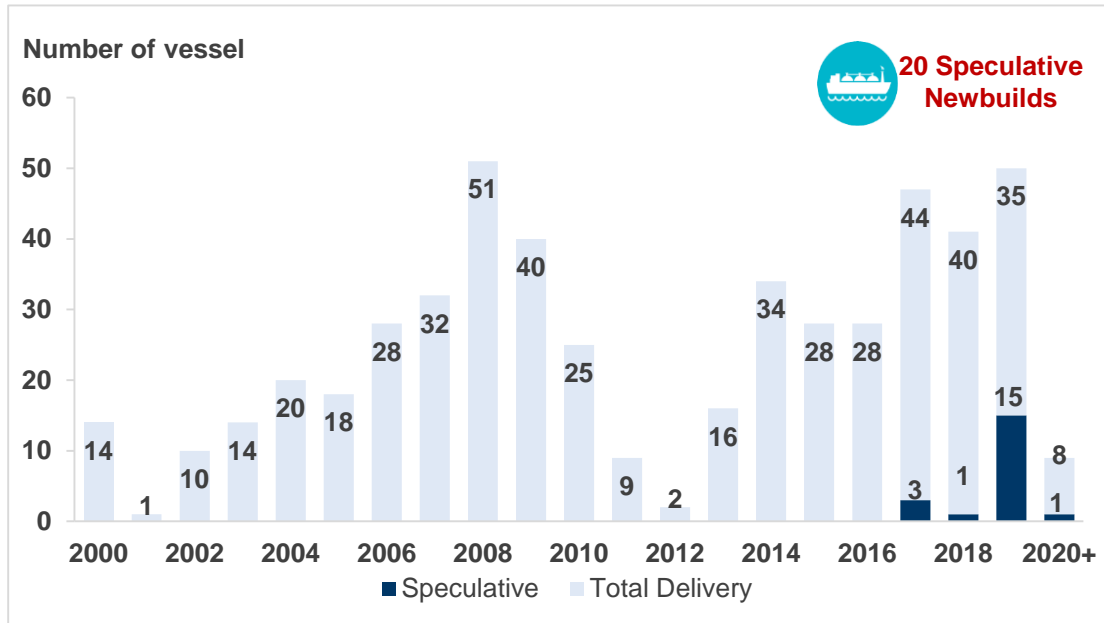
Source: LNG Shipping Database, Woodmac

- Vessel availability has been radically reduced due to longer voyage distances as a result of Atlantic Basin volumes flowing to the Far East to meet winter demand.
- Spot rates increased 60% q-o-q on the back of higher demand from China due to winter requirements and replacement of coal with gas policy.
- LNG demand increased 3% q-o-q, driven by higher imports from Japan, South Korea and China.
- Regional gas price differential widened, leading to higher number of spot traded cargoes and resale of cargoes.
- Strong fleet growth with 30 vessels delivered in 2017.

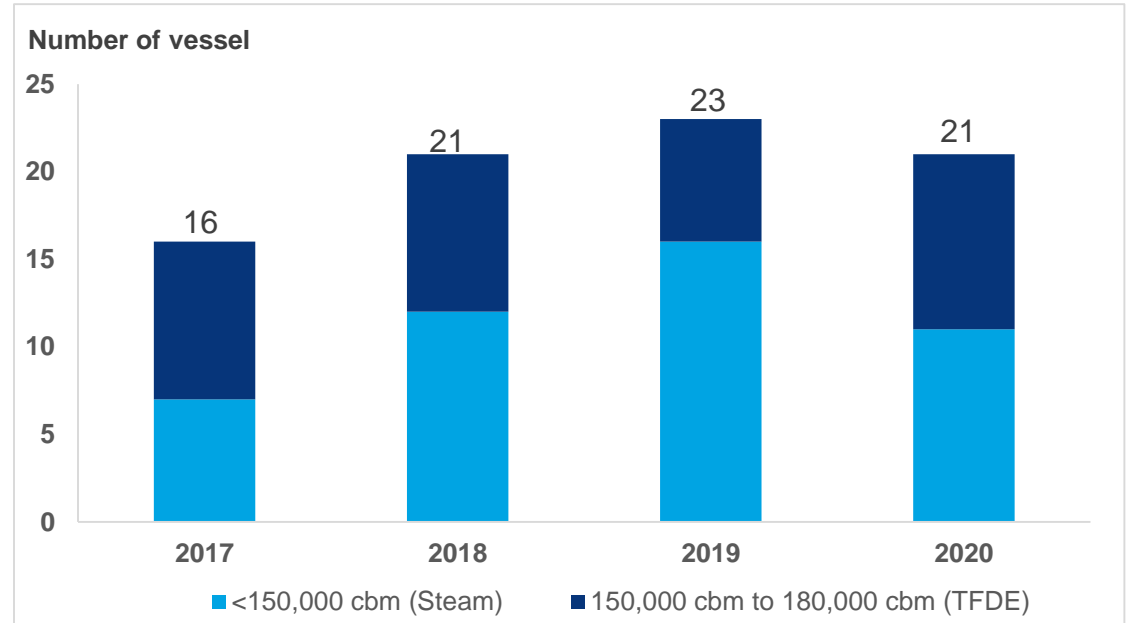
LNG SHIPPING

Tonnage Oversupply Concern Will Spill Over Into 2018

Newbuilds to be delivered (2017 to 2020+)



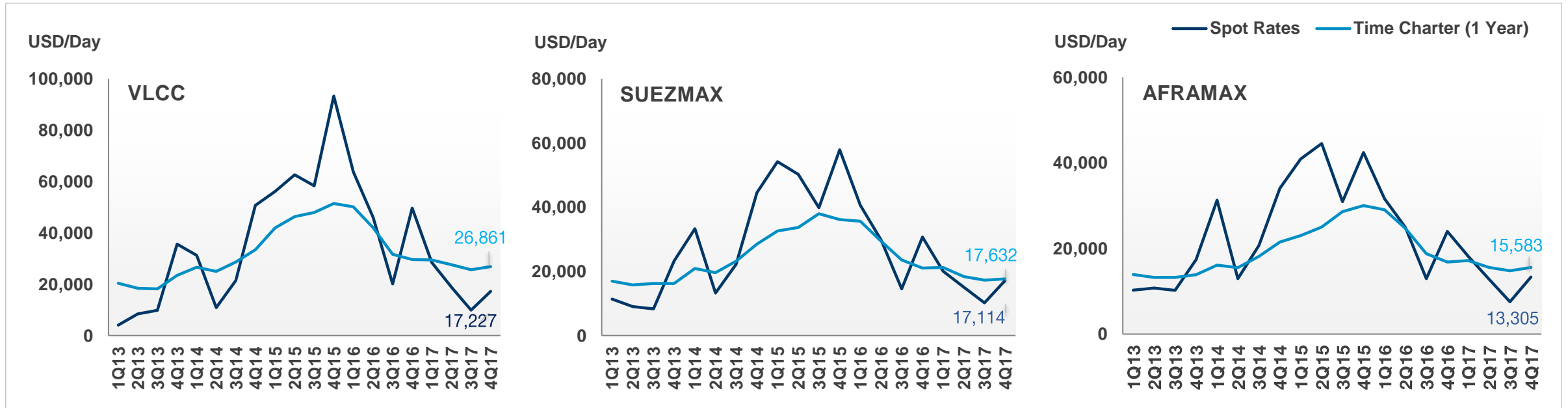
Availability of existing vessels post contract expiry



- There will be a total of 83 new LNG vessels to be delivered post 2017 until 2020+.
- Meanwhile, approximately 65 existing vessels are due to come off charter over the next 3 years.
- China's "2+26" policy to curb pollutions in Beijing, Tianjin and 26 cities in the surrounding region during the winter as well as India's new gas policy will be the driving force for LNG demand growth.
- Increasing demand will drive more development of non-conventional solutions which will help to expedite the build up of infrastructure to cater to the downstream demand of LNG, in areas such as LNG for Power or LNG bunkering.

PETROLEUM SHIPPING

Lower Than Expected Tanker Rates in a Traditionally Strong Season

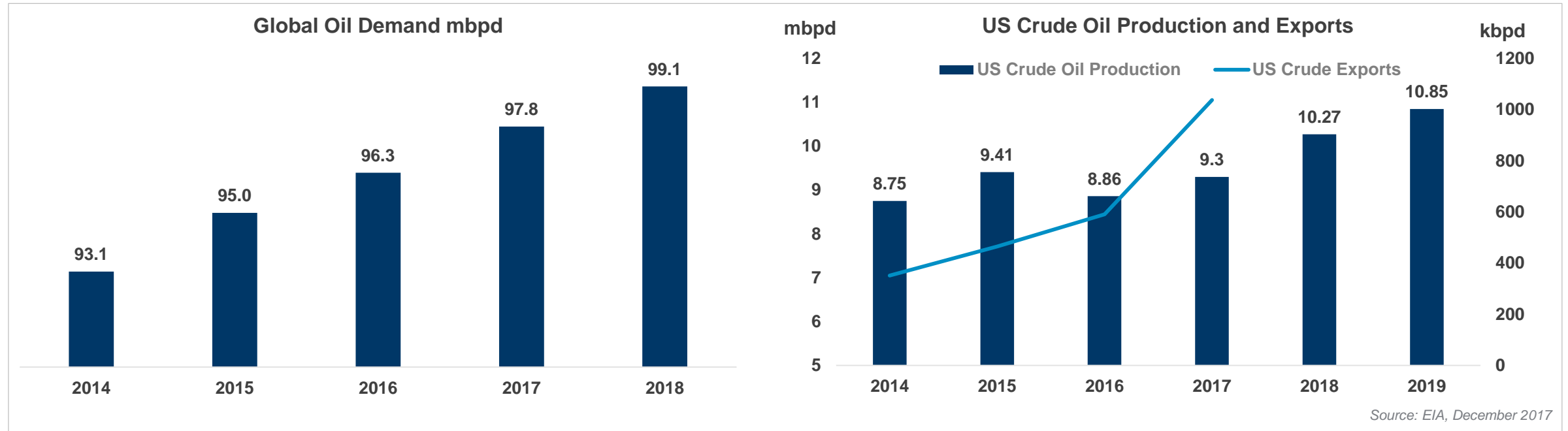


Source: Shipbrokers' Report

- The tanker market bounced off the year's low but was unable to match prior years seasonal impact.
- Three key factors contributed to weak tanker rates in the quarter – oversupply of tonnage, OPEC production cuts and inventory drawdowns on the back of improving oil prices.
- 2017 was a difficult year for the industry, with rates remaining well below trend and most tanker markets continuing to feel the pressure as it enters 2018.

PETROLEUM SHIPPING

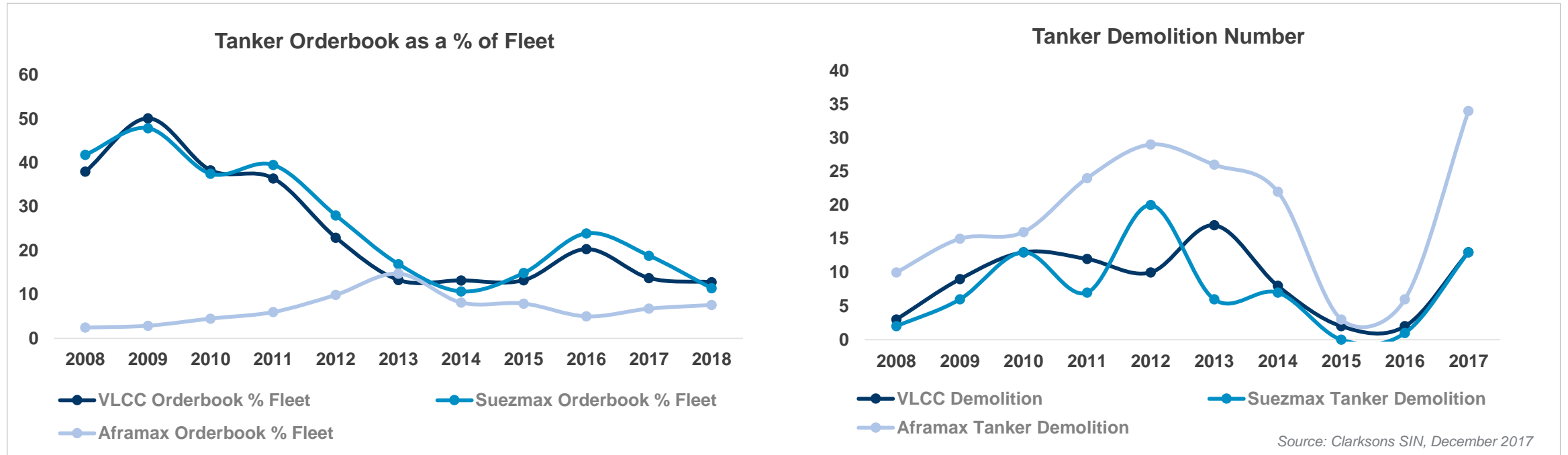
Oil Demand Steady Amid Strong Economic Growth, Oil Supply Growth Driven by the US



- In 2018, the oil demand side of the market fundamentals remained strong with demand growth driven by developing countries in Asia.
- On the supply side, growth is driven by non-OPEC countries and mainly the US, positive for long haul trade.
- Exports from the US almost doubled in 2017, driving the tonne mile growth in the crude segment.

PETROLEUM SHIPPING

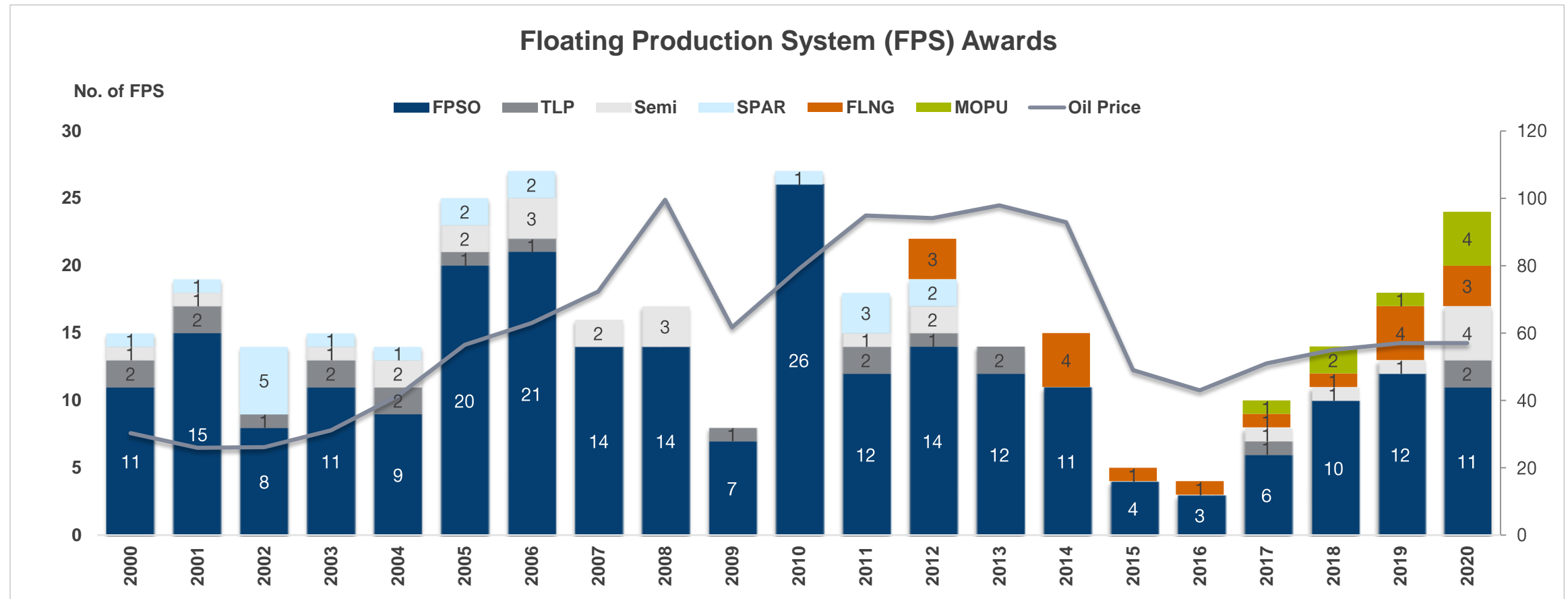
Orderbook for Large to Mid Size Crude Tankers at its Lowest in a Decade



- Crude tanker growth expected to decelerate in 2018 with fewer newbuilds expected to hit the waters - this is likely to be a positive for tanker markets.
- Demolition is expected to stay steady in 2018, driven by subdued market conditions, improved scrap prices and environmental regulations.

OFFSHORE BUSINESS

Awards Picked Up Pace in 4Q 2017

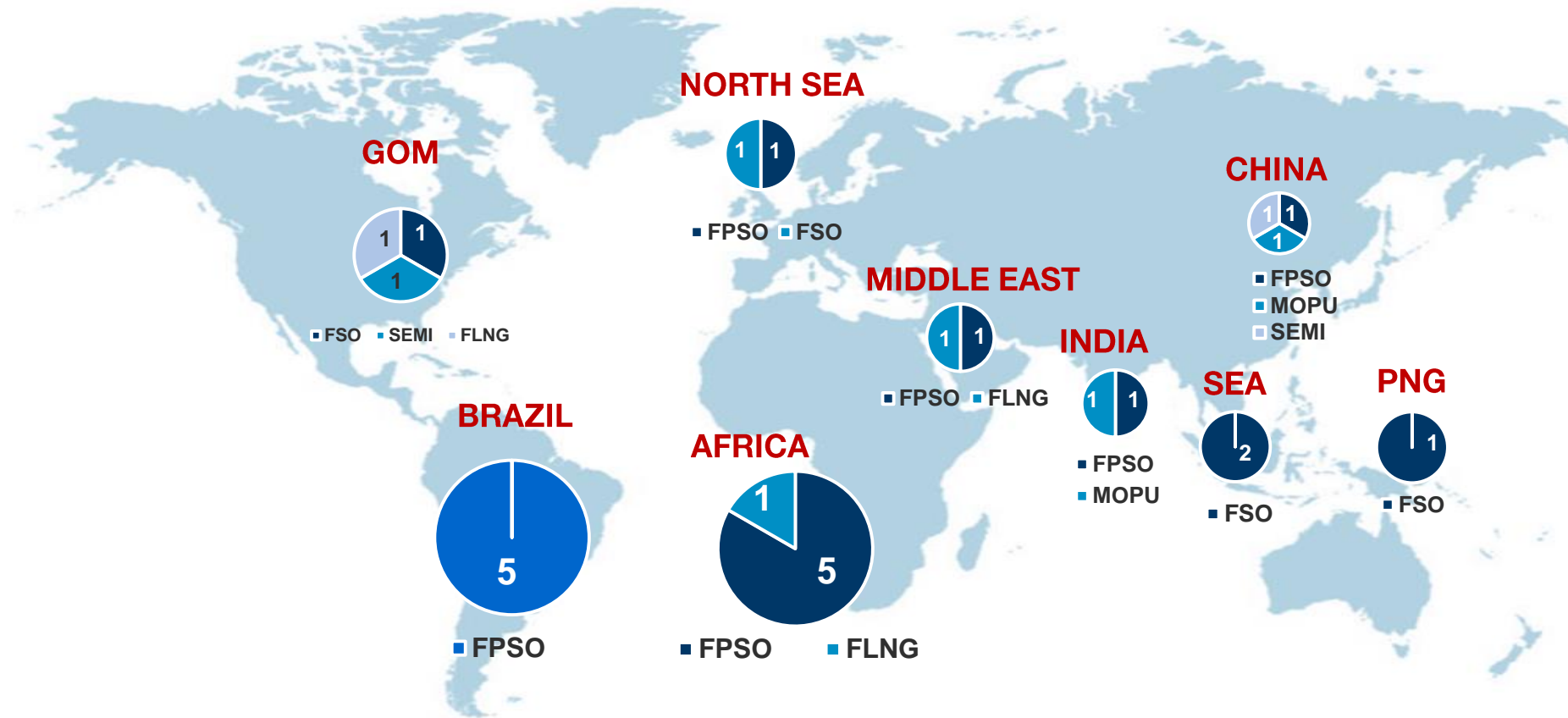


- Four projects were awarded in 4Q 2017.
- 14 FPSO projects mostly centered around Brazil and Africa are expected to be tendered in 2018.

Sources : EMA Report, EIA

OFFSHORE BUSINESS

Opportunities in 2018 Concentrate Mainly In the Atlantic Basin



- Floater opportunities mainly concentrated in the Atlantic Basin whilst selective on-water opportunities in Asia.

Source: EMA Report

BUSINESS UPDATES

By : Teoh Paul Keng | General Manager, CPD



LNG Business

- Seri Begawan delivered its first commercial cargo to the Regasification Terminal 2 (RGT2) Pengerang Johor in November 2017.
- Successful commissioning of the new Soma LNG terminal in Japan by Puteri Intan Satu on 15 December 2017.
- The remaining fourth and fifth Seri C Class LNG newbuilds will be delivered in 1H FY2018.
- Actively exploring non-conventional LNG shipping solutions to support this segment's long term growth strategy.

Petroleum & Chemical Business

- Current portfolio mix at 54:46 term to spot.
- Improved performance from the Suezmax, Aframax and Product Tankers segment.
- Higher number of lightering days from previous quarter.
- There will be delivery of four new builds in Q1 2018 as part of the fleet rejuvenation strategy – two Suezmaxes and two Aframax.
- Continue to explore opportunities to build quality secured income stream.

Offshore Business

- FSO Benchamas 2 Project - the refurbishment and conversion works of Bunga Kelana 5 are ongoing at MHB.
- Update on Gumusut-Kakap Semi-Floating Production System (L) Limited (“GKL”) and Sabah Shell Petroleum Limited (“SSPC”) proceedings:
 - Arbitration - Pleadings are now officially closed with GKL filing its Statement of Rejoinder to Counterclaim on 22 December 2017. Parties are now in the process of carrying out procedural directions given by the Tribunal in preparation for the arbitration hearing currently reserved for 25th February 2019 to 16th March 2019.
- Within the region, actively exploring shallow water asset requirements and brown field replacement projects.
- Deep water opportunities in the Atlantic Basin remain the focus for growth.

Heavy Engineering

- Heavy Engineering milestones:
 - Completion of FSO Benchamas 2 External Turret on 22 November 2017
 - Sail-away of PETRONAS PFLNG2 Turret system on 2 December 2017
- Marine Repair milestones:
 - Completed repair and maintenance of 18 vessels
 - Secured 13 vessels business
- Orderbook as of December 2017 stands at RM1.27 billion.
- Approximately RM4.0 billion on going Heavy Engineering tenders.
- Marine Repair capacity expansion through additional third drydock which is expected to commence operation in Q3 2020.
- Focus in developing onshore construction and fabrication capabilities through process module and non O&G industry.
- Seizing available Floater Conversion opportunities in international market.
- Developing Oil & Gas Services for onshore and offshore.

APPENDIX



Appendix 1 : Fleet Information

As at 31 December 2017

	Vessel Type	Total Vessel Operated	Owned	Chartered-In	Average Age (yrs)		Contracted Newbuilds/ Conversions
					MISC	Industry	
LNG	LNG	27	27	--	13.7	11.1	2
	FSU	2	2	--	35.5	--	--
Petroleum	VLCC	14	12	2	8.6	9.5	--
	Suezmax	4	4	--	5.4	9.7	2
	Aframax	46	34	12	12.0	10.1	4
	LR2	2	2	--	0.5	8.1	--
	MR2	3	--	3	7.2	10.4	--
	Shuttle	4	4	--	4.1	9.9	2
Chemical	Chemical	13	7	6	7.2	10.7	--
	LPG	1	--	1	19.2	15.2	--
TOTAL		116	92	24			10
Offshore	FPSO/FSO/ SS	10	12	--	8.5	--	1
	MOPU	--	2	--	7.0	--	--

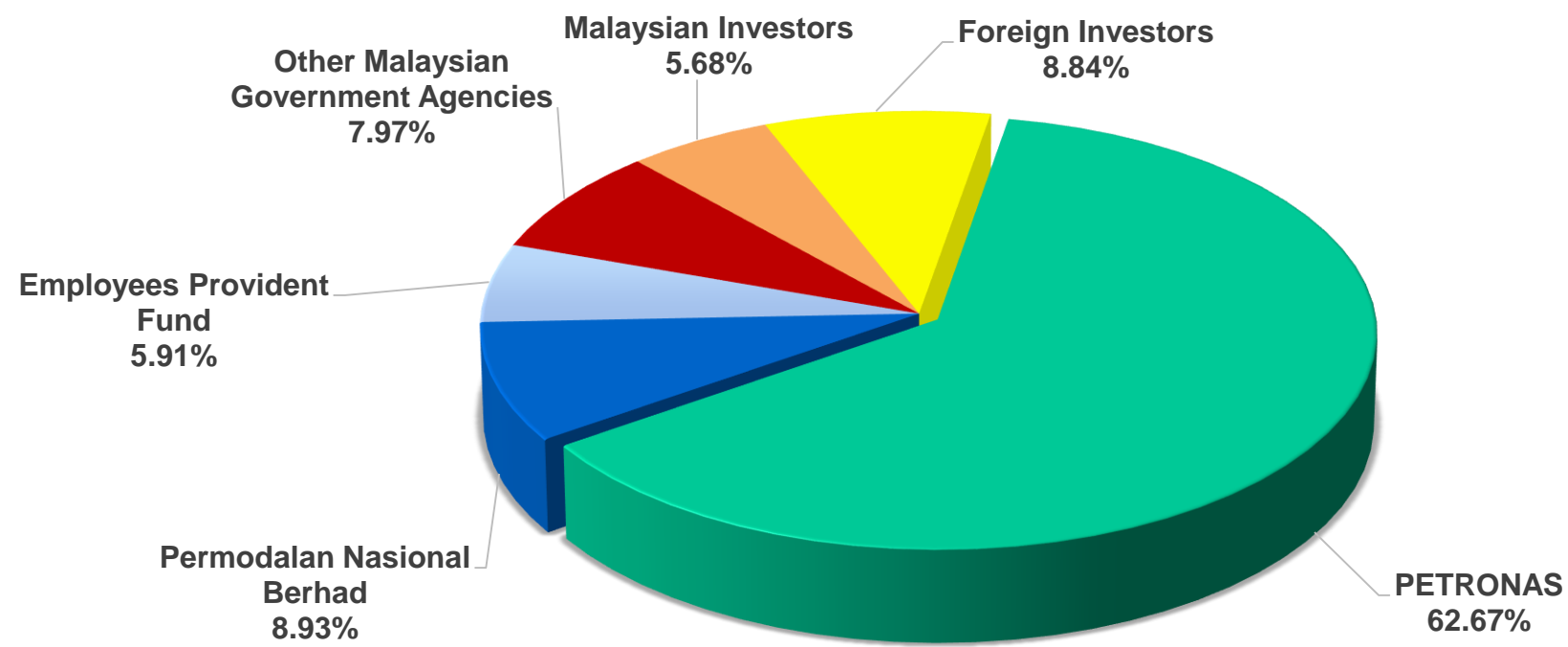
Appendix 2 : Delivery Schedule

As at 31 December 2017

	LNG	Petroleum			
	LNG Carriers	Suezmax	Aframax	LR2	DPST
1H2018	2	2	2	--	--
2H2018	--	--	1	--	--
1H2019	--	--	1	--	--
2H2019	--	--	--	--	1
1H 2020	--	--	--	--	1

Appendix 3 : Shareholders' Profile

As at 31 December 2017



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