



ANALYST BRIEFING

3Q FY2018 Financial Results

19 November 2018



FINANCIAL OVERVIEW

By: Mohammad Romzi | Senior General Manager, Finance



Financial Performance: 3Q FY2018 vs 2Q FY2018

| <i>In USD Mil</i> | Q3 FY2018 | Q2 FY2018 | QoQ % |
|--------------------|--------------|--------------|----------|
| Revenue | 545.8 | 542.6 | 0.6 |
| PBT from Operation | 69.5 | 80.1 | (13.2) |
| Non Recurring Item | 16.5 | 0.4 | 4,025.0 |
| PBT | 86.0 | 80.5 | 6.8 |
| Net Profit | 83.1 | 78.2 | 6.3 |
| EPS (cent) | 1.9 | 1.8 | 7.0 |
| ROE (%) | 1.0 | 1.0 | 7.2 |

Higher revenue:

- Heavy Engineering - Higher percentage of completion for ongoing projects.
- Offshore – FSO Mekar Bergading commencement.

Lower PBT from operations:

- Offshore – FSO Benchamas 2 construction profit in Q2 FY2018.
- LNG – Vessels dry-docking.

Non-recurring items:

- Gain from acquisition of a business in Q3 FY2018.

Financial Performance: 3Q FY2018 vs 3Q FY2017

| <i>In USD Mil</i> | Q3 FY2018 | Q3 FY2017 | QoQ % |
|--------------------|--------------|--------------|----------|
| Revenue | 545.8 | 544.4 | 0.2 |
| PBT from Operation | 69.5 | 155.4 | (55.3) |
| Non Recurring Item | 16.5 | 10.1 | 62.7 |
| PBT | 86.0 | 165.5 | (48.0) |
| Net Profit | 83.1 | 163.1 | (49.1) |
| EPS (cent) | 1.9 | 3.6 | (45.5) |
| ROE (%) | 1.0 | 1.9 | (45.1) |

Higher revenue:

- Heavy Engineering - Higher percentage of completion for ongoing projects.
- Petroleum – Higher TCE.

Lower PBT from operations:

- LNG – Vessels dry-docking.
- Offshore – GKL adjudication impact and construction profit from FSO Benchamas 2 in Q2 FY2017.

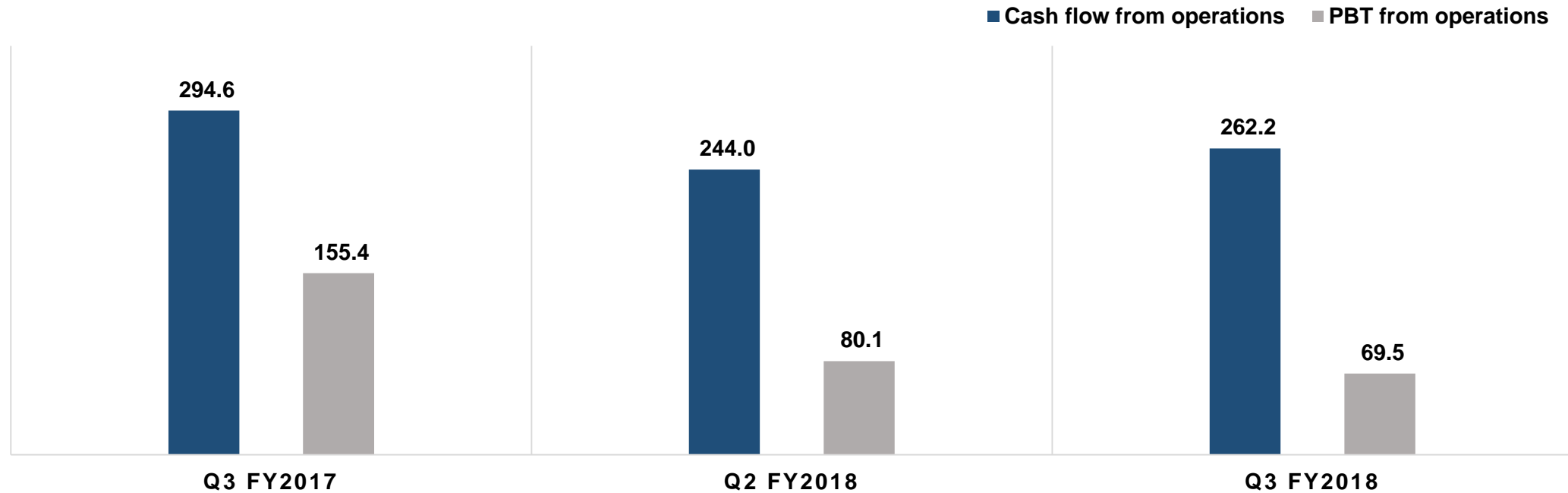
Non-recurring items:

- Gain from acquisition of a business in Q3 FY2018.
- Gain on disposal of CTSB in Q3 FY2017.

Cash Flow from Operations

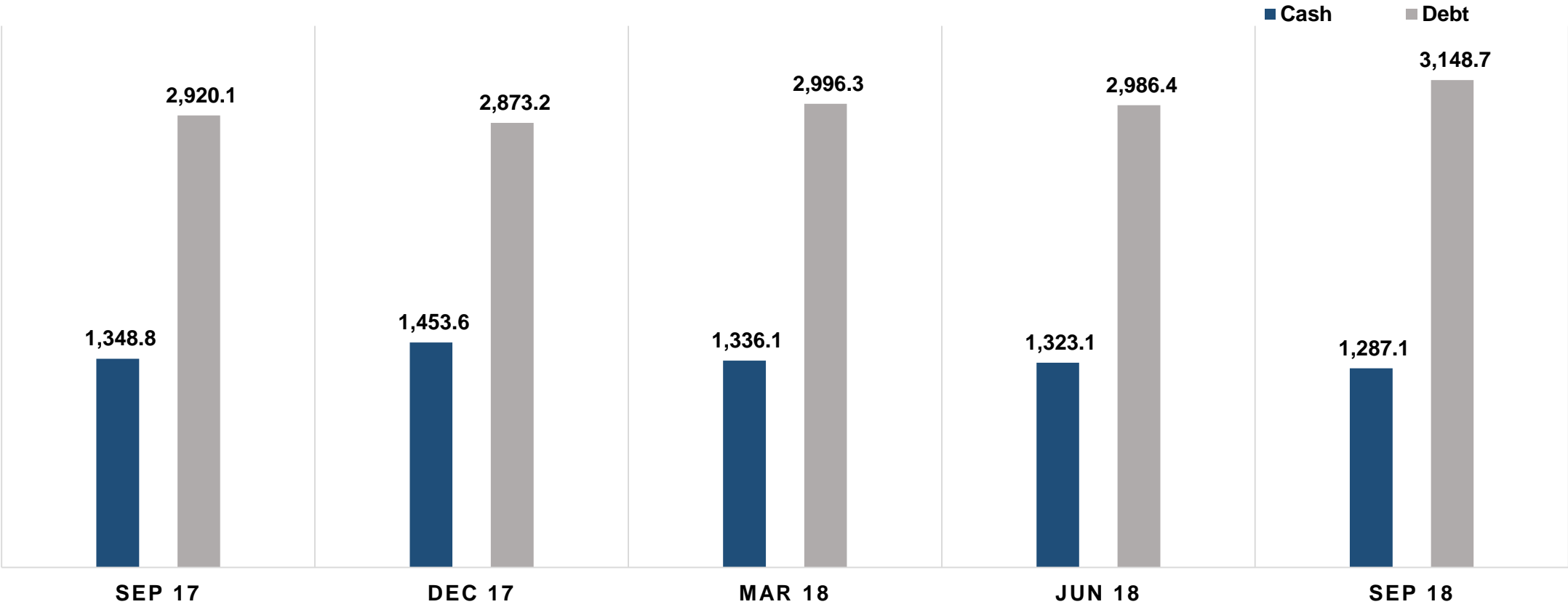
Healthy Group Cash Flow from Operations Despite Reduction in PBT

USD million



Cash and Debt Balances

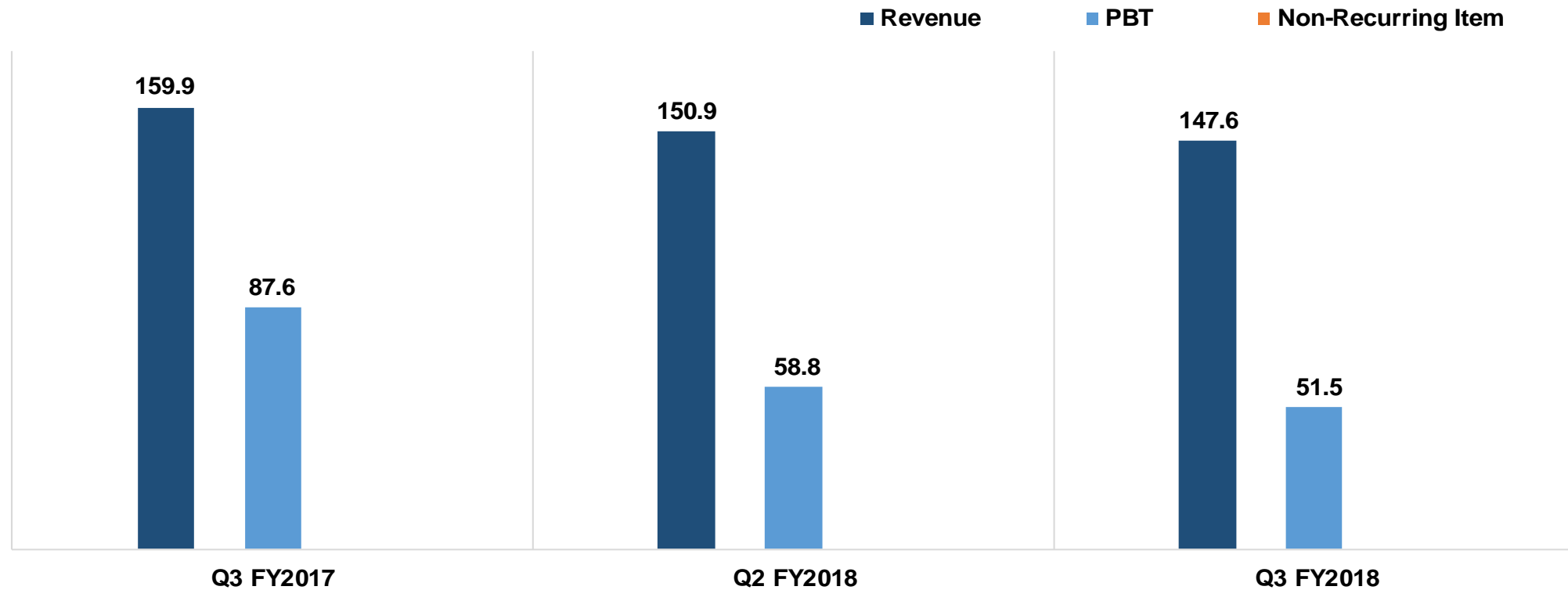
USD million



Financial Performance by Business Segment

LNG Shipping – Vessels Drydocking

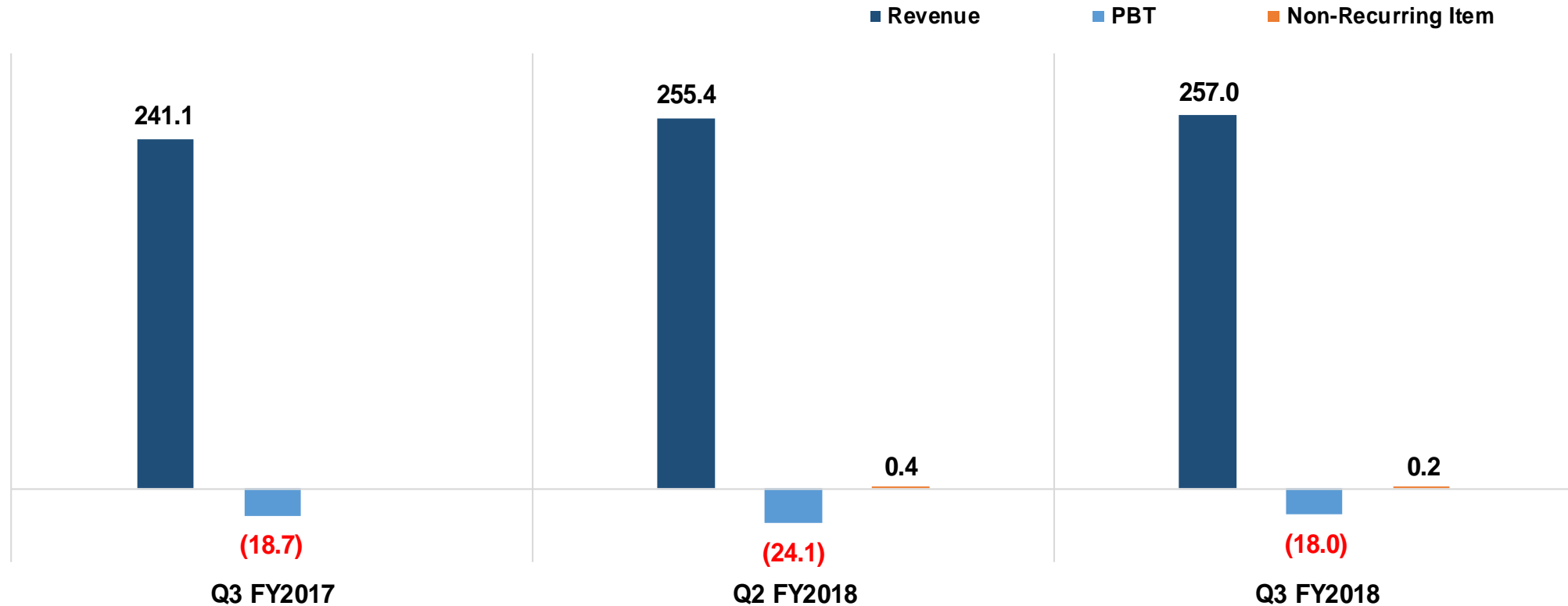
USD million



Financial Performance by Business Segment

PETROLEUM Shipping – Higher TCE

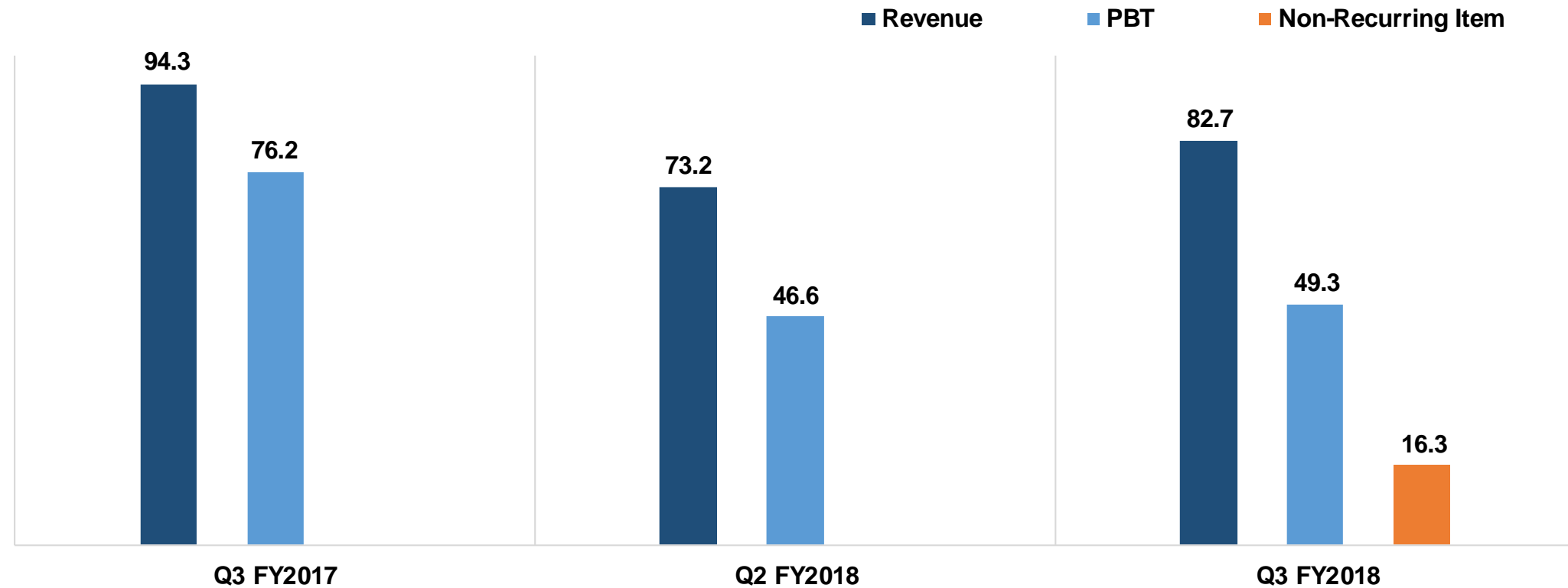
USD million



Financial Performance by Business Segment

OFFSHORE Business – FSO Mekar Bergading Charter Commencement

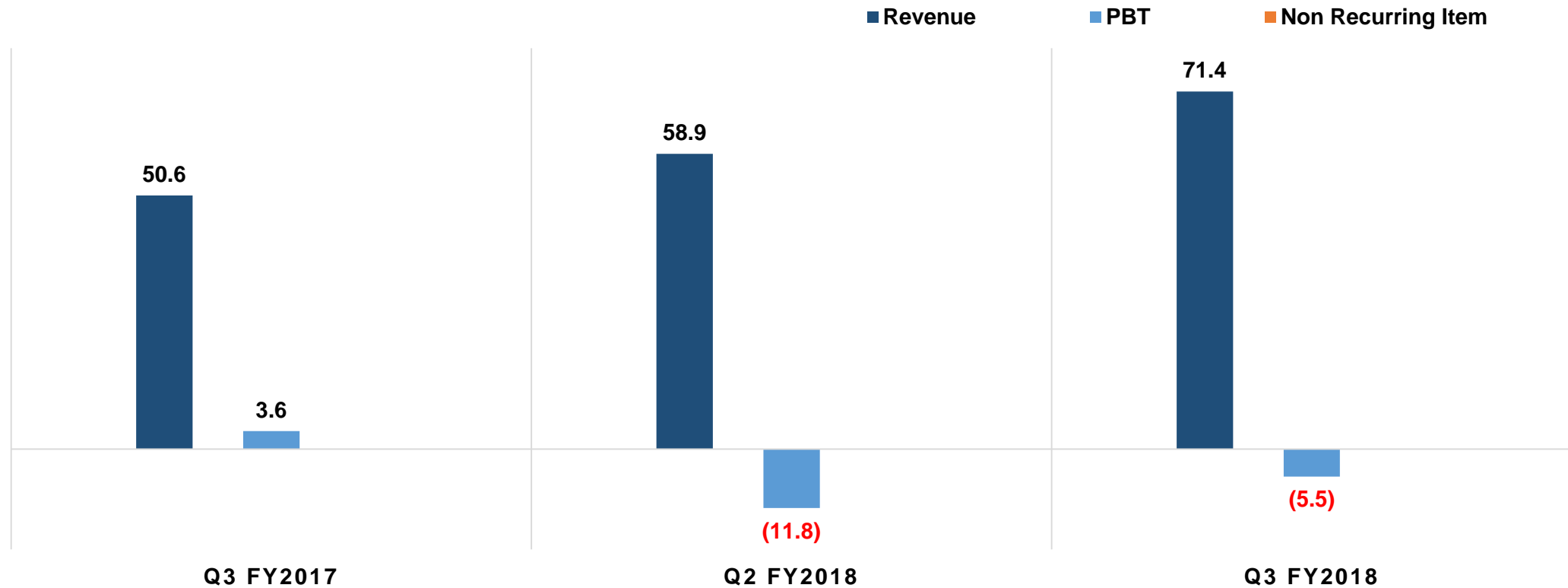
USD million



Financial Performance by Business Segment

HEAVY ENGINEERING – Tailend of Key Projects and Early Phase of New Project

USD million



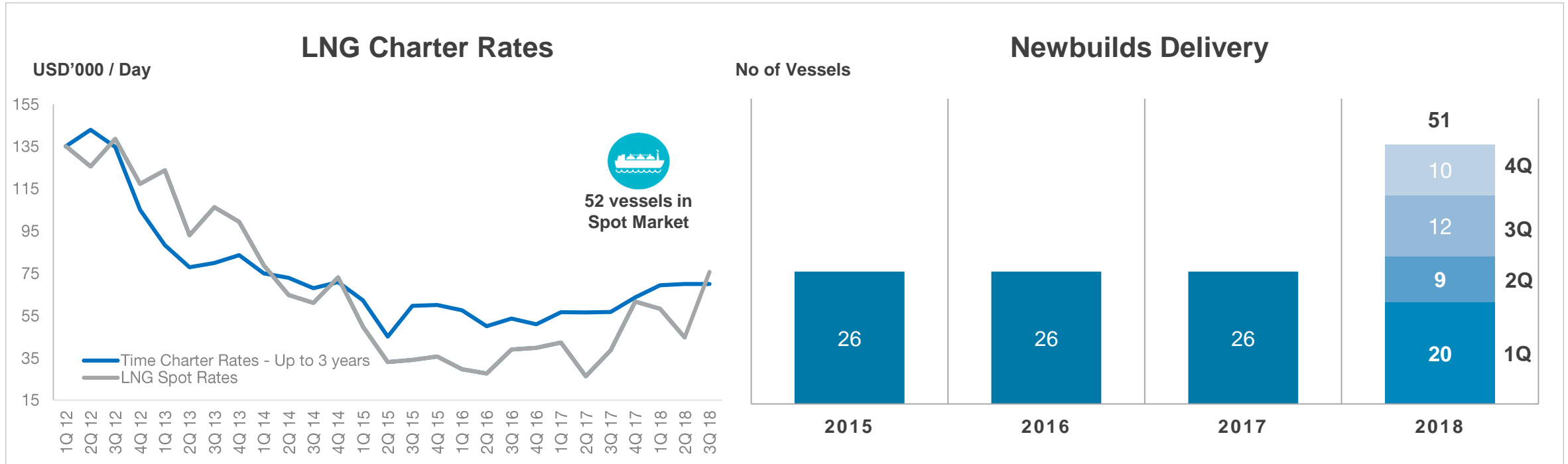
MARKET ENVIRONMENT

By: Rafiq Khan | General Manager, CPD



LNG SHIPPING

LNG Spot Rates on the Rise



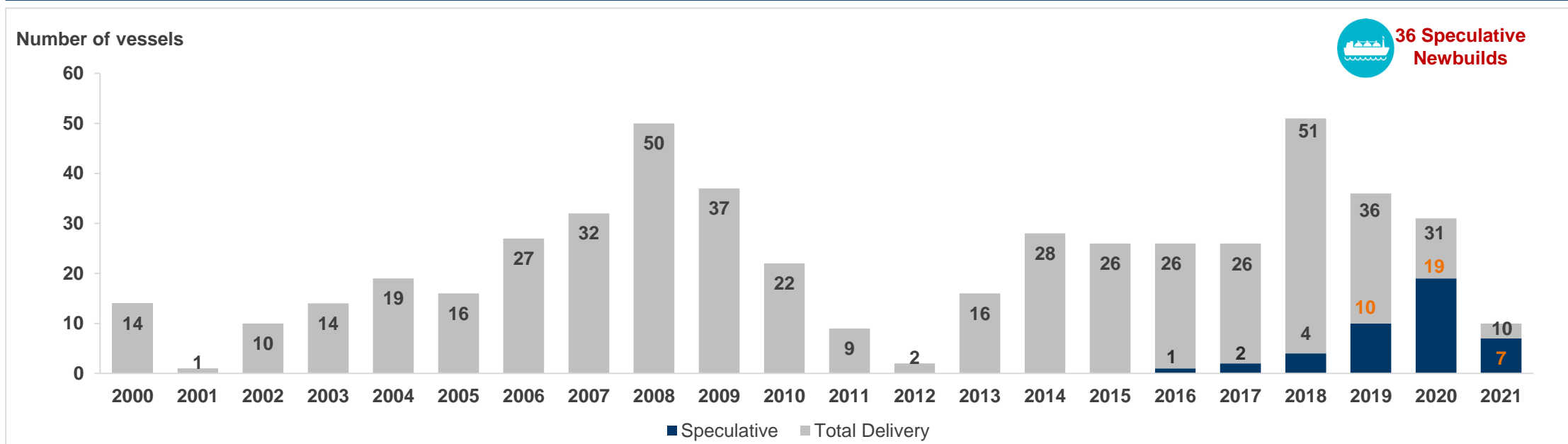
Source: LNG Shipping Database, Woodmac

- LNG spot rates has been on a steady rise in Q3 2018 on the back of tight tonnage availability and early winter demand.
- Meanwhile, there were 12 newbuild vessel deliveries in Q3 2018.
- Market sentiments remain buoyant moving into the seasonally peak winter months coupled with a tightening LNG shipping market.

LNG SHIPPING

High Orderbook in the Mid-term

Newbuilds to be delivered (2018 to 2021)

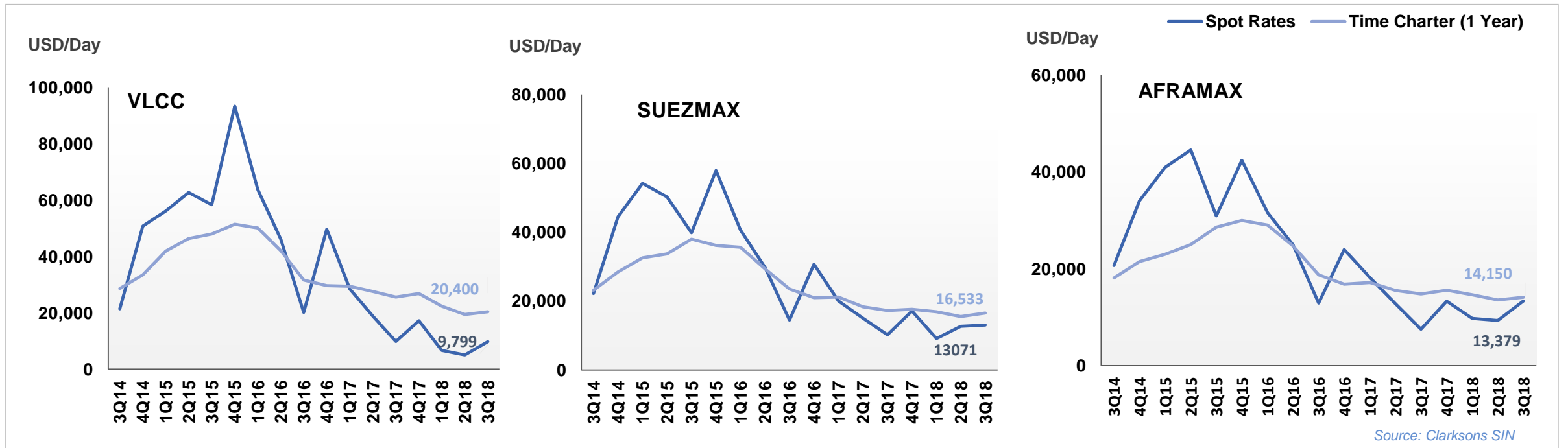


Source: LNG Shipping Database, Woodmac

- Low asset values and a positive market outlook continue to attract investment in LNG shipping.
- More than 30 LNG newbuilds were ordered in 2018 to date and there will be a total of 77 new LNG vessels to be delivered from 2019 until 2021.
- Meanwhile, approximately 79 existing vessels are due to come off charter over the next 3 years.

PETROLEUM SHIPPING

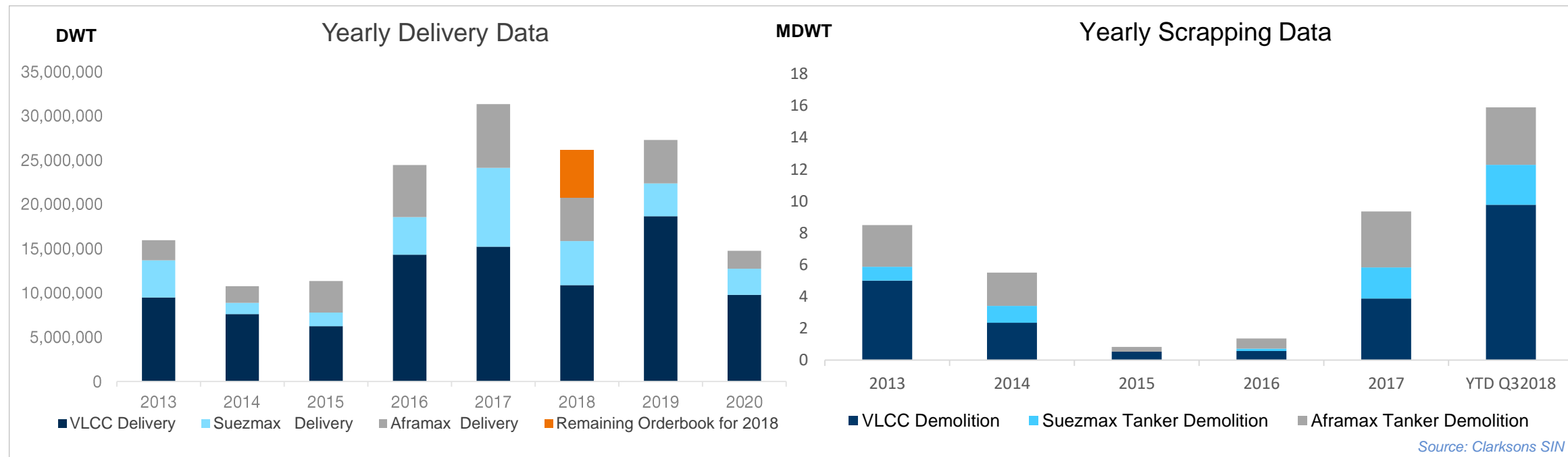
Overall Charter Rates Improved from Previous Quarter



- Rates improved markedly for VLCC and Aframax, whereas Suezmax rates were flat quarter on quarter.
- Overall, tanker rates are still at historical lows and well below peaks in 2015.
- Peak winter season demand is expected to lift rates further in Q4.

PETROLEUM SHIPPING

Slower Fleet Tonnage Growth Allows Rates to Improve

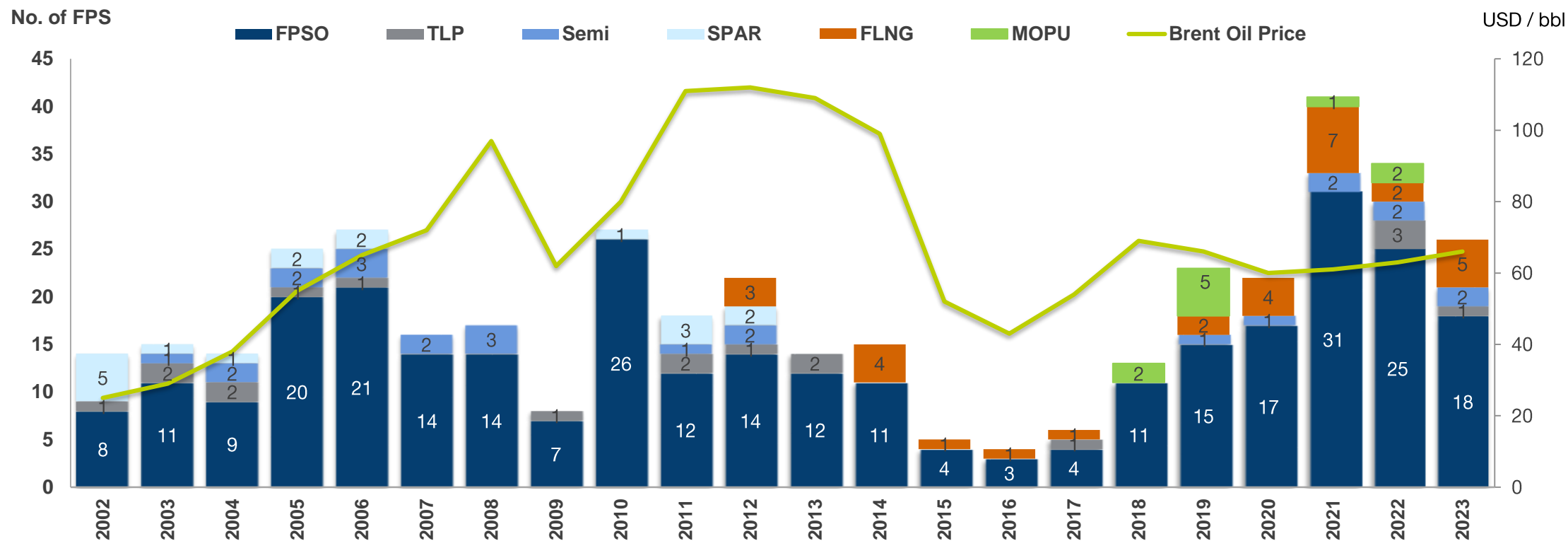


- New deliveries surged post 2015, when tanker charter rates peaked. Order books are still sizeable for deliveries up to 2019. Post 2019, deliveries are expected to be significantly lower.
- Scrapping activities increased significantly since 2017. At the end of Q3 2018, year to date scrapping were almost 1.8 times of FY2017.
- Slower fleet tonnage growth is positive for the market as it allows the oversupply situation to correct and charter rates to improve.

OFFSHORE BUSINESS

Recovery in Global Offshore Production System Investment is Underway with the Expected Increase in Oil Prices

Floating Production System (FPS) Awards

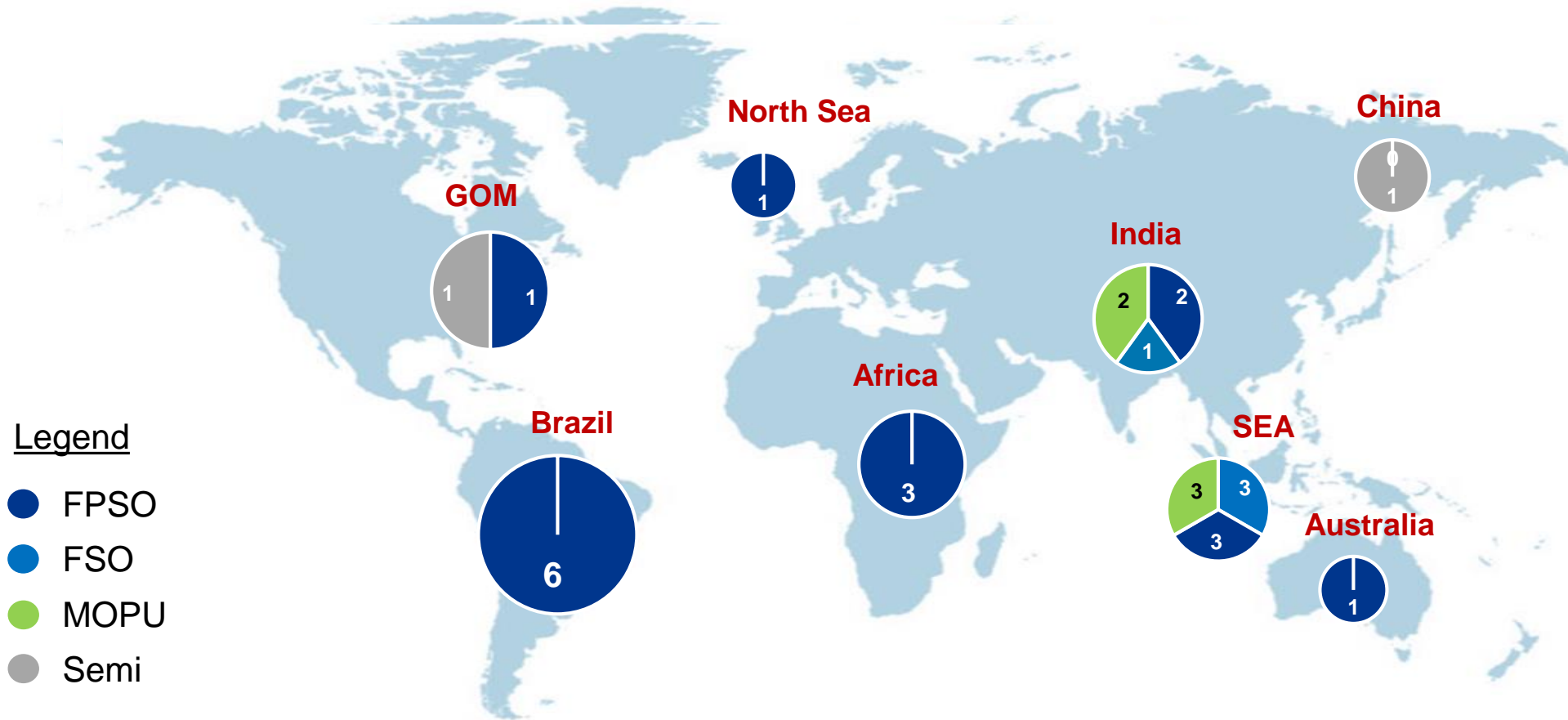


- New FPSO projects over the next 12 months are expected to be mostly centered around Brazil.

Sources: Awards – EMA Oil Price – EIA and WoodMackenzie

OFFSHORE BUSINESS

In 2019, Greenfield FPSO Projects are Mainly Concentrated in the Atlantic Basin with Other Floater Opportunities in Asia Pacific



Sources: EMA

BUSINESS UPDATES

By: Rafiq Khan | General Manager, CPD



LNG Business

- Actively exploring non-conventional LNG shipping solutions and will take advantage of the buoyant market conditions to lock-in higher charter rates for two (2) to three (3) of our vessels which are presently in the spot market.

Petroleum & Chemical Business

- Current portfolio mix at 59:41 term to spot.
- 2 Aframax vessels were disposed (Eagle Austin and Bunga Kelana 3).
- Growing footprint in the Shuttle Tanker business whilst continuing to explore opportunities to build quality secured income stream:
 - AET was recently awarded a contract in August 2018 to own and operate one specialist DP2 Suezmax Shuttle Tankers on long-term charter to Shell Brazil. This is in addition to the existing four units of DPST currently in operation and six new DPST currently under construction.

Offshore Business

- **FSO Bergading** : commenced operations in Q3 2018.
- **FSO Sao Vang Dai Nguyet**: Has secured a seven years firm charter contract with Idemitsu Kosan Co Ltd. The charter is expected to commence by early 2021. Letter of award was accepted on 29 October 2018.
- **Gumusut Kakap (GKL)**:
 - ❑ **Arbitration** - Parties are in the midst of preparing for the arbitration hearing due to be held in Q1 2019.
- **PCPP – MOMPL Arbitration**:
 - ❑ **Arbitration**: MOMPL's Notice of Arbitration was file on 7 August 2018.
 - ❑ **Adjudication**: MOMPL's Adjudication Claim was filed on 12 October 2018 and MOMPL's Payment Claim was filed on 14 August 2018.
 - ❑ **Proceedings in Court**: An Originating Summons in the High Court was filed on 7 August 2018 for the undisputed portion of the early termination fees and demobilization costs.
- Exploring both organic and inorganic growth in deep water opportunities in the Atlantic Basin as well as brown field replacement projects and shallow water asset requirements in the region.

Heavy Engineering

- Marine Repair milestones:
 - ❑ Completed repair and maintenance of 28 vessels
 - ❑ Secured 14 new jobs
- Orderbook as of September 2018 stands at RM0.9 billion.
- Approximately RM6.0 billion of on-going tenders submitted.
- Continue pursuing existing business of Marine & Heavy Engineering, seizing available floaters conversion opportunities and expanding marine capacity through additional dry dock.
- Continue to employ productivity improvement initiative to achieve better operational excellence and better position among the competitors.

APPENDIX



Appendix 1 : Fleet Information

As at 30 September 2018

| | Vessel Type | Total Vessel Operated | Owned | Chartered-In | Average Age (yrs) | | Contracted Newbuilds/ Conversions |
|-----------|-------------|-----------------------|-------|--------------|-------------------|----------|-----------------------------------|
| | | | | | MISC | Industry | |
| LNG | LNG | 29 | 29 | -- | 13.6 | 11.0 | -- |
| | FSU | 2 | 2 | -- | 36.5 | -- | -- |
| Petroleum | VLCC | 14 | 12 | 2 | 9.4 | 10.0 | -- |
| | Suezmax | 6 | 6 | -- | 4.3 | 10.1 | -- |
| | Aframax | 43 | 33 | 10 | 10.8 | 11.8 | 2 |
| | LR2 | 2 | 2 | -- | 1.2 | 9.0 | -- |
| | MR2 | 3 | -- | 3 | 7.9 | 11.3 | -- |
| | Shuttle | 4 | 4 | -- | 4.9 | 10.6 | 7 |
| Chemical | Chemical | 13 | 7 | 6 | 7.9 | 11.5 | -- |
| | LPG | 1 | -- | 1 | 19.9 | 15.8 | -- |
| TOTAL | | 117 | 95 | 22 | | | 9 |
| Offshore | FPSO/FSO/SS | 12 | 13 | -- | 7.6 | -- | -- |
| | MOPU | -- | 2 | -- | 7.7 | -- | -- |

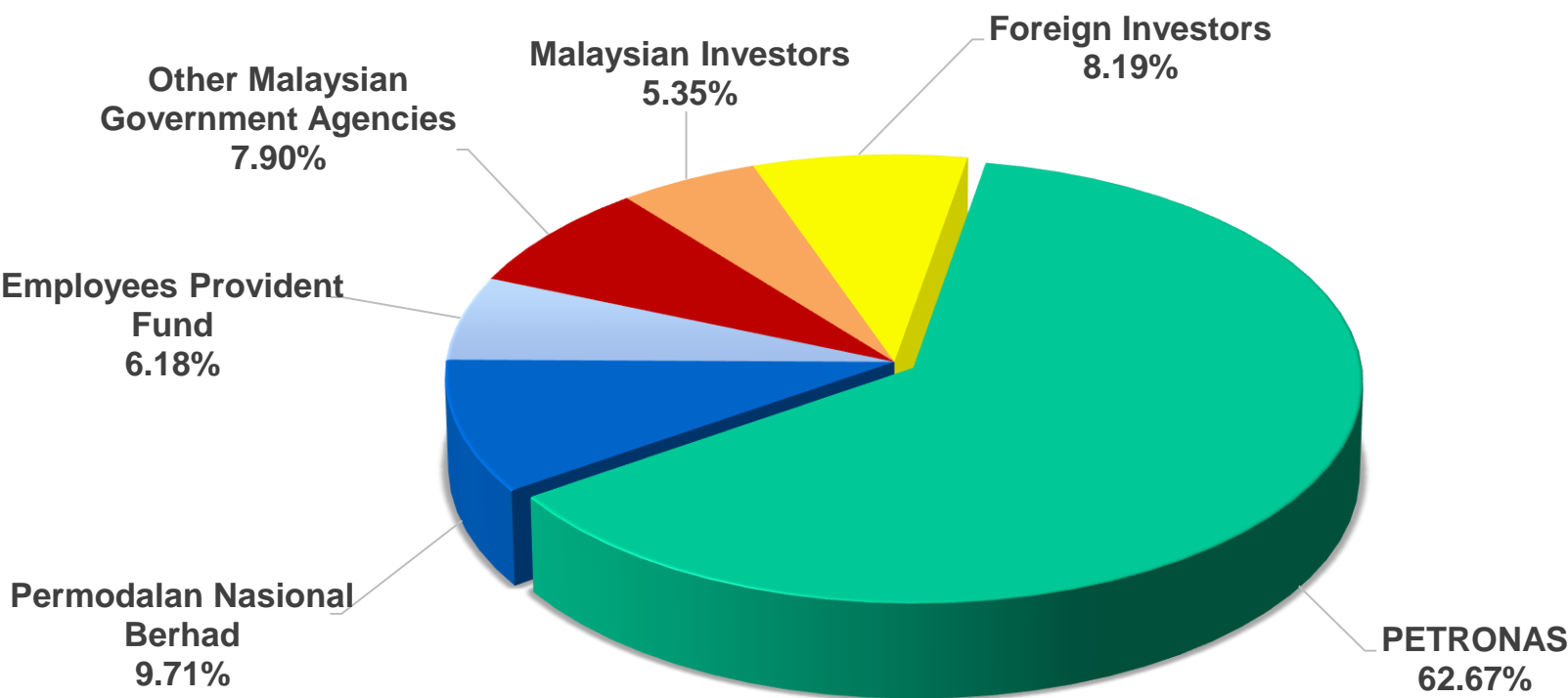
Appendix 2 : Delivery Schedule

As at 30 September 2018

| | LNG | Petroleum | | | |
|---------|--------------|-----------|---------|-----|------|
| | LNG Carriers | Suezmax | Aframax | LR2 | DPST |
| 2H2018 | -- | -- | 1 | -- | -- |
| 1H2019 | -- | -- | 1 | -- | -- |
| 2H2019 | -- | -- | -- | -- | 1 |
| 1H 2020 | -- | -- | -- | -- | 3 |
| 2H 2020 | -- | -- | -- | -- | 3 |

Appendix 3 : Shareholders' Profile

As at 30 September 2018



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Thank You