



ANALYST BRIEFING

1Q FY2019 Financial Results

24 May 2019



FINANCIAL OVERVIEW

By: Mohammad Romzi | Senior General Manager, Finance



Financial Performance: 1Q FY2019 vs 4Q FY2018

<i>In USD Mil</i>	Q1 FY2019	Q4 FY2018	QoQ %
Revenue	556.7	573.2	(2.9)
PBT from Operations	122.4	104.6	17.0
Non-recurring Items	10.1	(19.4)	152.1
PBT	132.5	85.2	55.5
Net Profit	126.1	78.2	61.3
EPS (cent)	2.8	1.9	46.3
ROE (%)	1.5	1.0	46.8

Lower revenue:

- Petroleum – Lower earning days
- Heavy Engineering – Lower project progress

Higher PBT from operations:

- LNG – Seri Balhaf and Seri Balqis commercial arrangement in Q4 FY2018

Non-recurring items:

- Gain on acquisition of a business in Q1 FY2019 and Q4 FY2018
- Gain on disposal of LNG vessel in Q1 FY2019 and Q4 FY2018
- Impairment of LNG and Petroleum vessels in Q4 FY2018
- Loss on disposal of Petroleum vessels in Q4 FY2018

Financial Performance: 1Q FY2019 vs 1Q FY2018

<i>In USD Mil</i>	Q1 FY2019	Q1 FY2018	QoQ %
Revenue	556.7	514.8	8.1
PBT from Operations	122.4	81.3	50.6
Non-recurring Items	10.1	-	
PBT	132.5	81.3	63.0
Net Profit	126.1	78.7	60.2
EPS (cent)	2.8	1.8	56.8
ROE (%)	1.5	0.9	57.9

Higher revenue:

- Petroleum – Higher TCE

Higher PBT from operations:

- Petroleum – Higher revenue

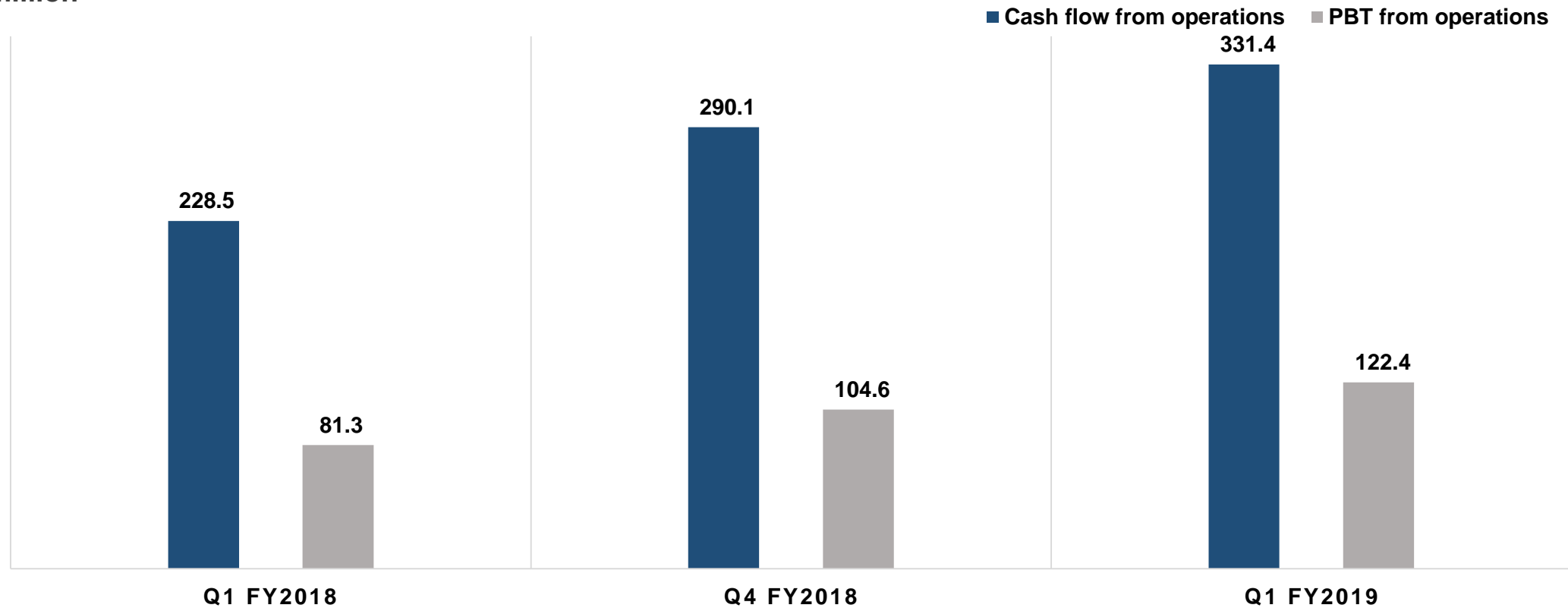
Non-recurring items:

- Gain on acquisition of a business in Q1 FY2019
- Gain on disposal of LNG vessel in Q1 FY2019

Cash Flow from Operations

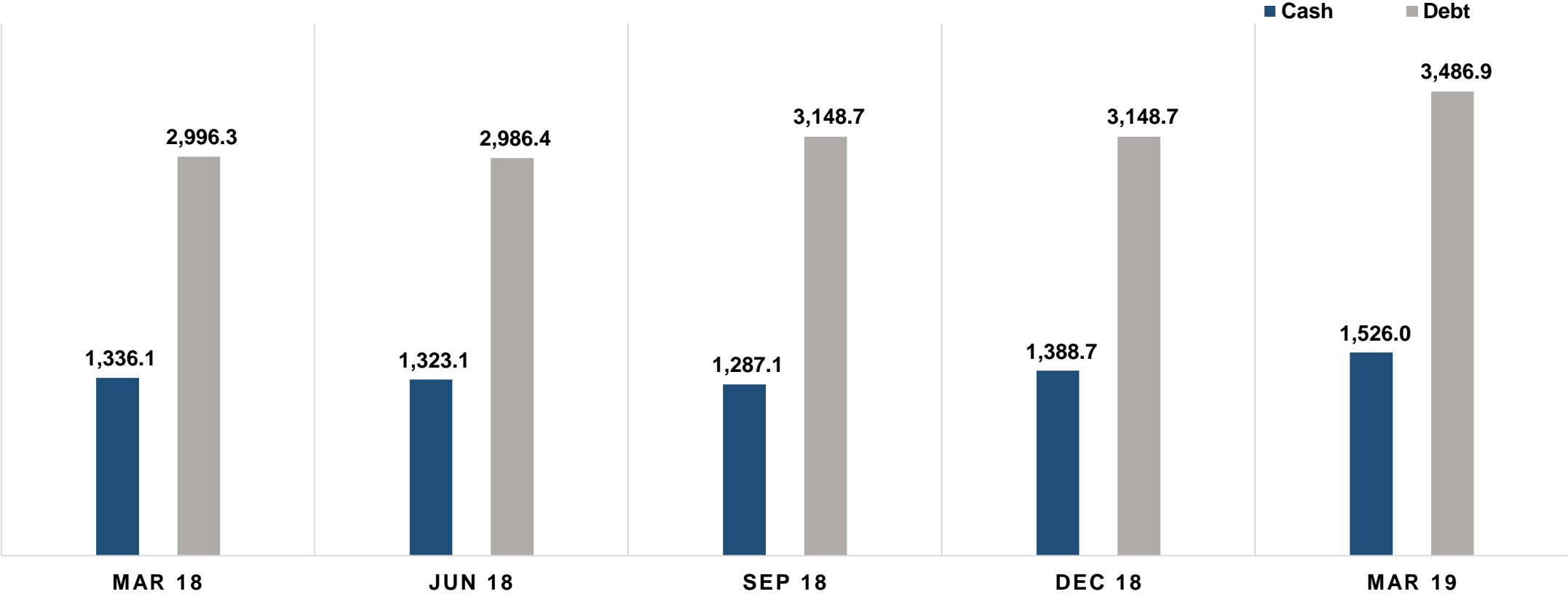
Healthy group cash flow from operations

USD million



Cash and Debt Balances

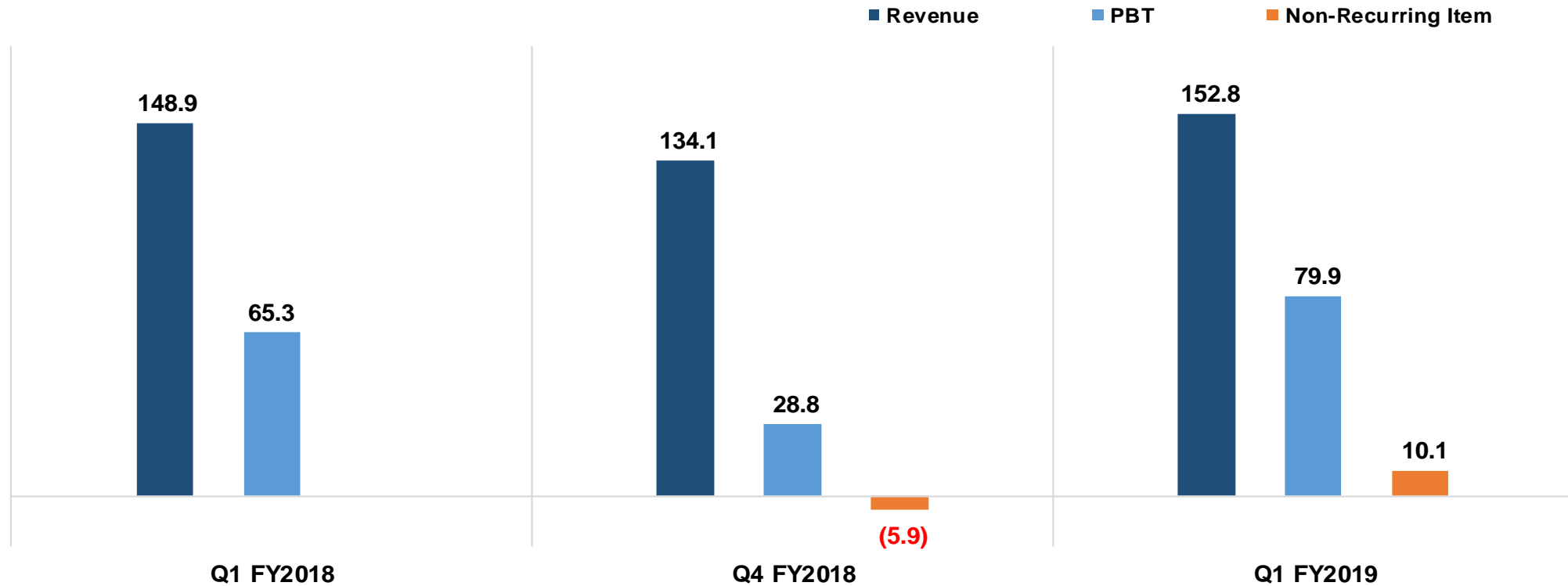
USD million



Financial Performance by Business Segment

LNG Shipping – *Seri Balhaf* and *Seri Balqis* commercial arrangement

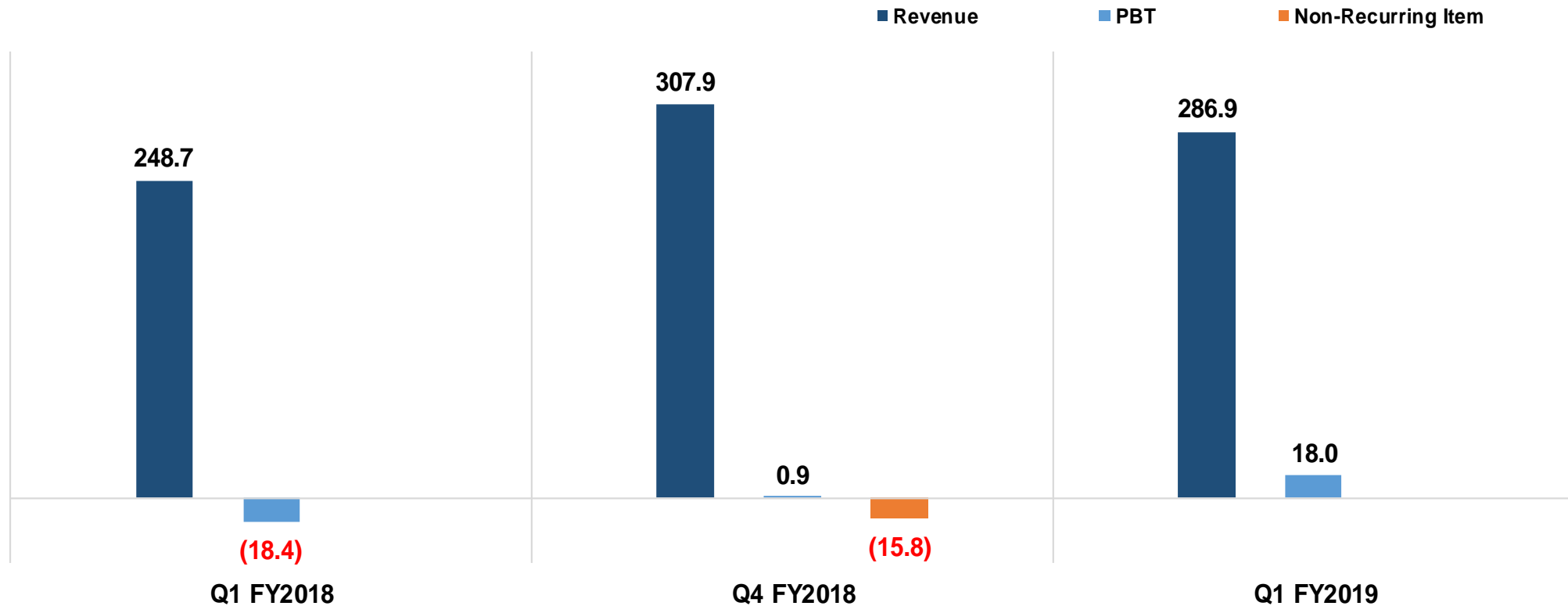
USD million



Financial Performance by Business Segment

Petroleum Shipping – Higher TCE

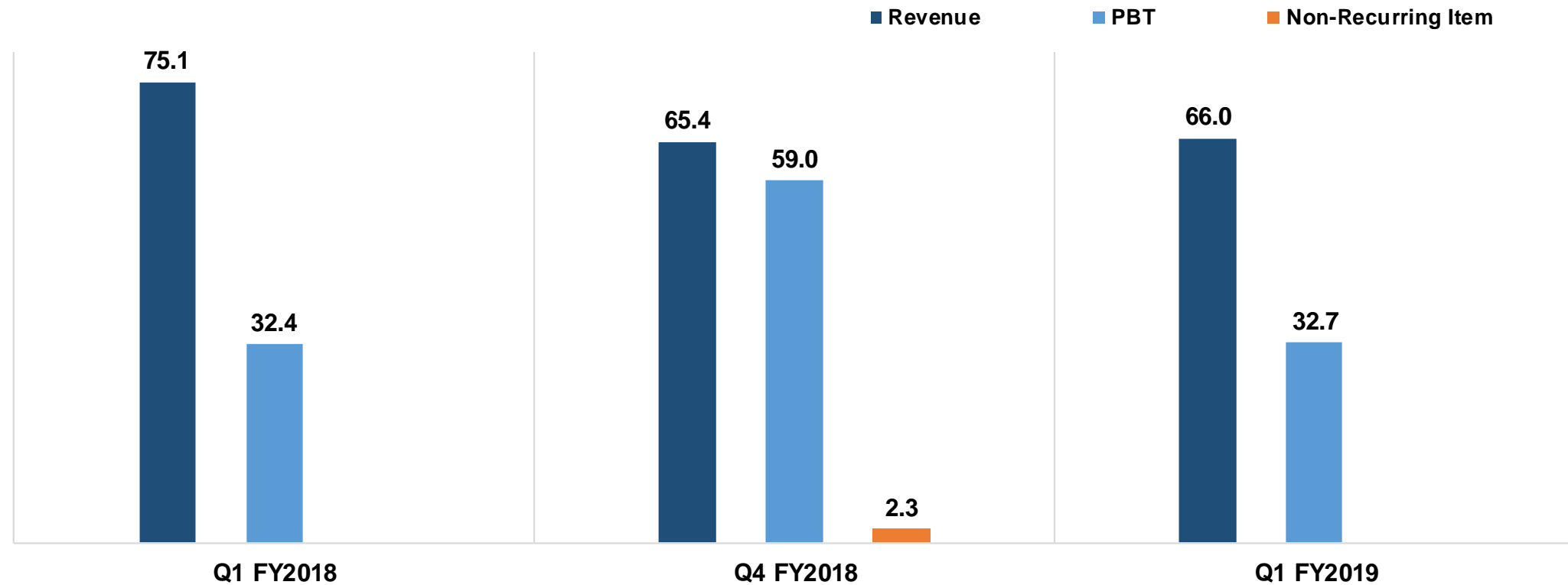
USD million



Financial Performance by Business Segment

Offshore Business – *FPSO Ruby II* contract extension in Q4 FY2018

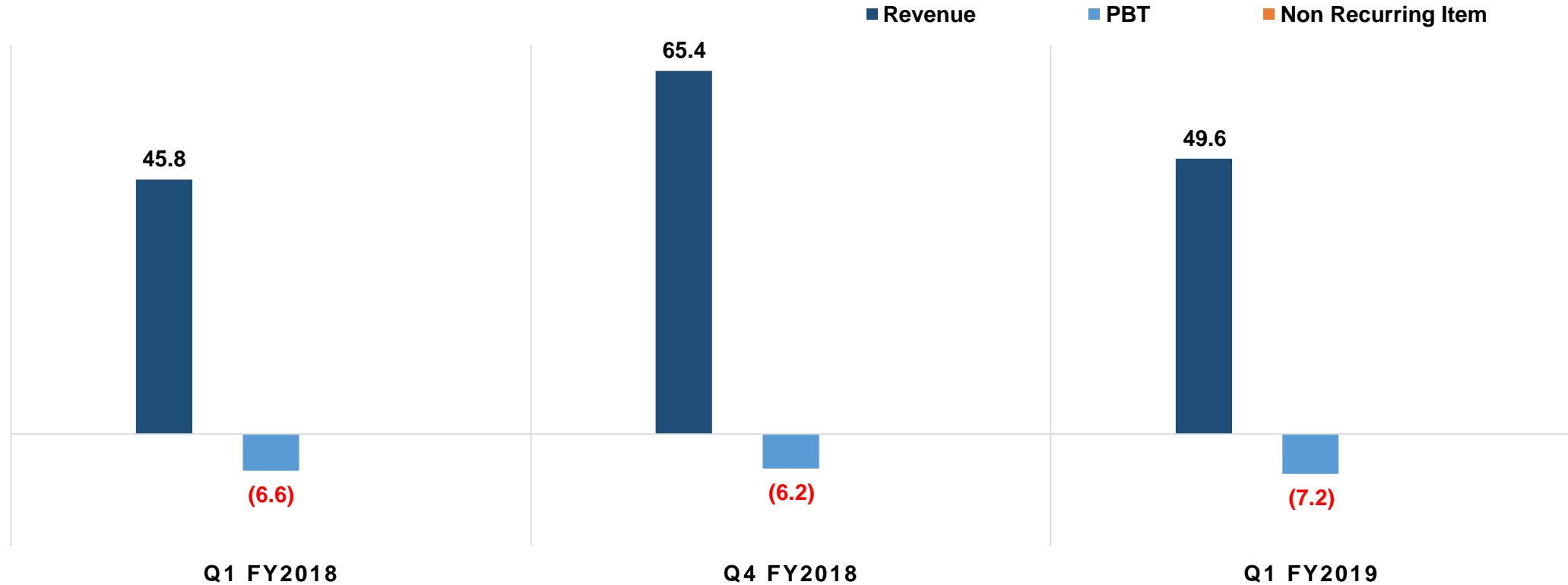
USD million



Financial Performance by Business Segment

Heavy Engineering – Lower contribution from projects

USD million



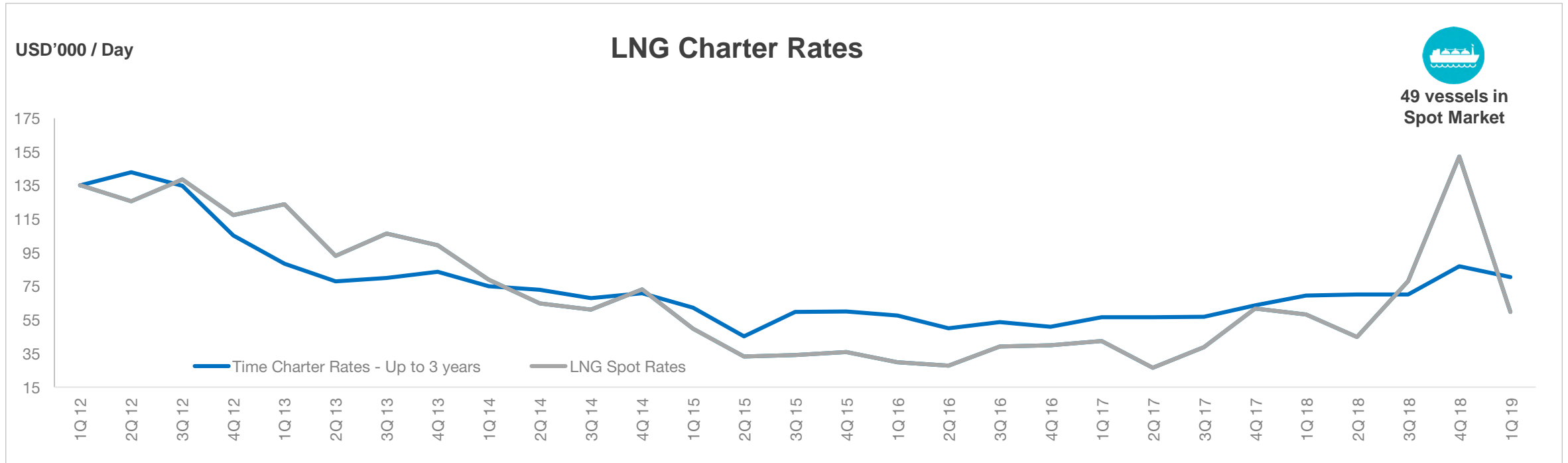
MARKET ENVIRONMENT

By: Vincent Ng | General Manager, CPD



LNG Shipping

LNG spot rates have eased on seasonal factors



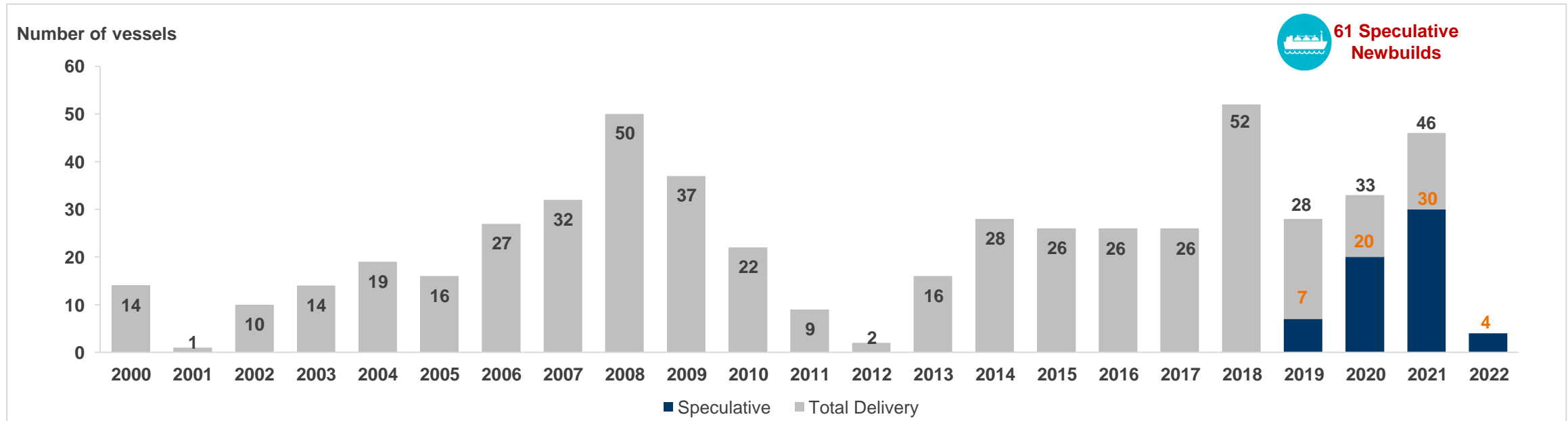
Source: LNG Shipping Database, Wood Mackenzie

- In Q1 2019, LNG spot rates have fallen back to previous levels after the historic run in the second half of 2018, with demand dampened by a milder-than-expected winter in Asia
- The bigger picture remains positive as Q1 long term charter rates remained relatively stable and LNG demand and supply are expected to rise in 2019

LNG Shipping

Order book continues to build up

Newbuilds to be delivered (2019 to 2022)

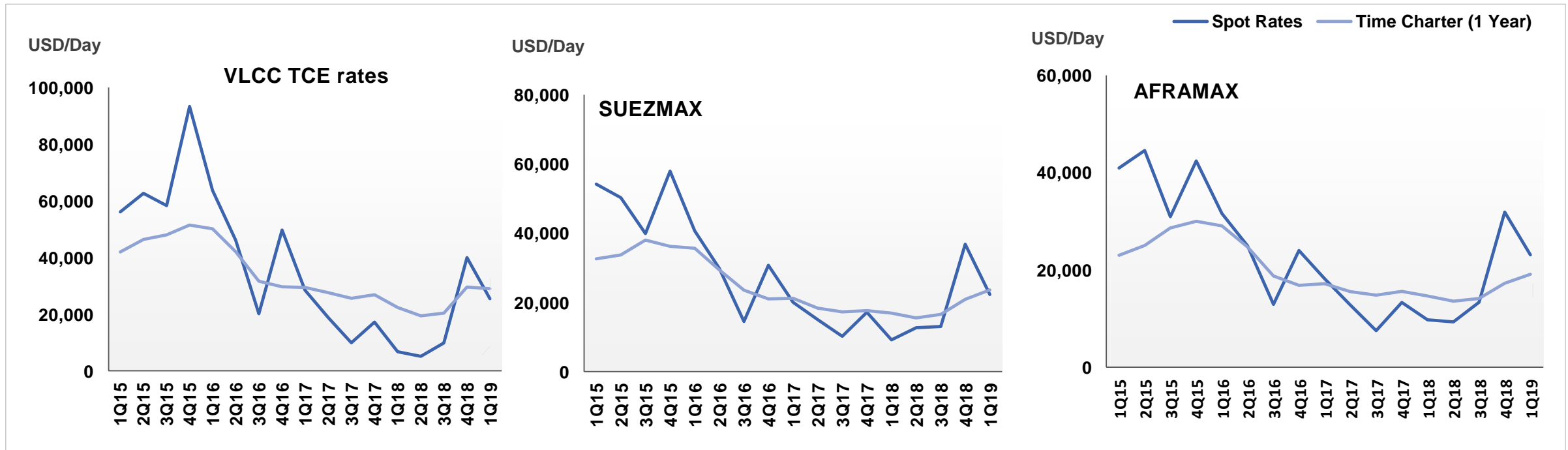


Source: LNG Shipping Database, Wood Mackenzie

- Even though charter rates have been under pressure, the positive long-term outlook for the LNG market has continued to attract investment into the sector
- Approximately 111 new LNG vessels are expected to be delivered from 2019 until 2022

Petroleum Shipping

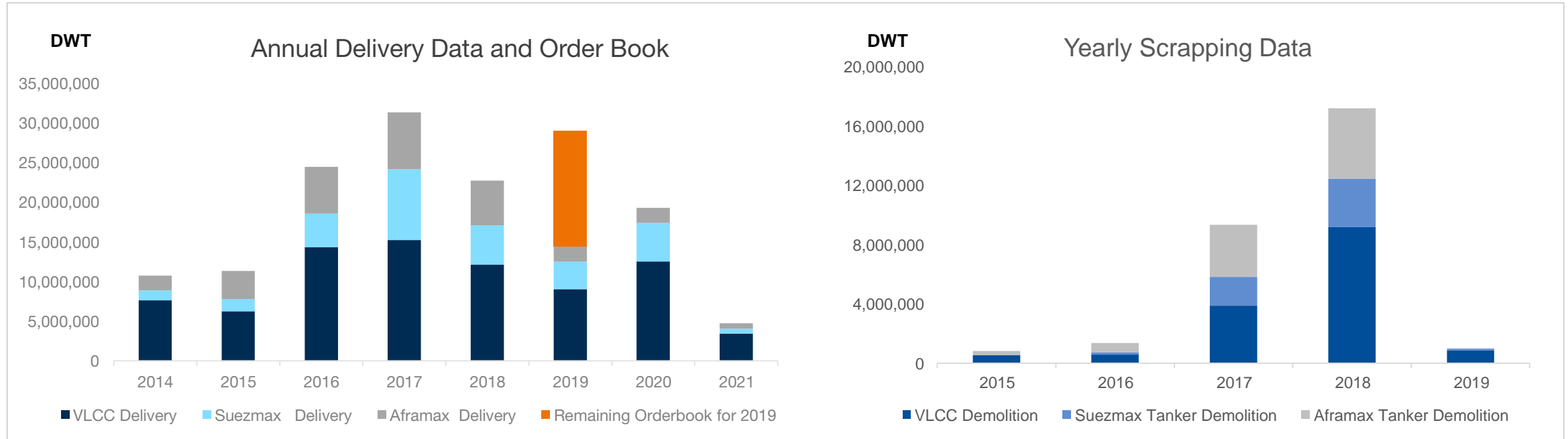
Improved market conditions compared to Q1 2018



- Average spot rates weakened in all segments this quarter following the end of the winter peak season. In addition to the expected seasonal softness, productions cuts and earlier-than-expected refinery maintenance activities further dampened demand
- Despite weaker demand, rates were significantly higher than in the same period last year due to slower fleet growth in 2018

Petroleum Shipping

Moderate fleet growth expected in 2019 from rebounding order book and limited scrapping



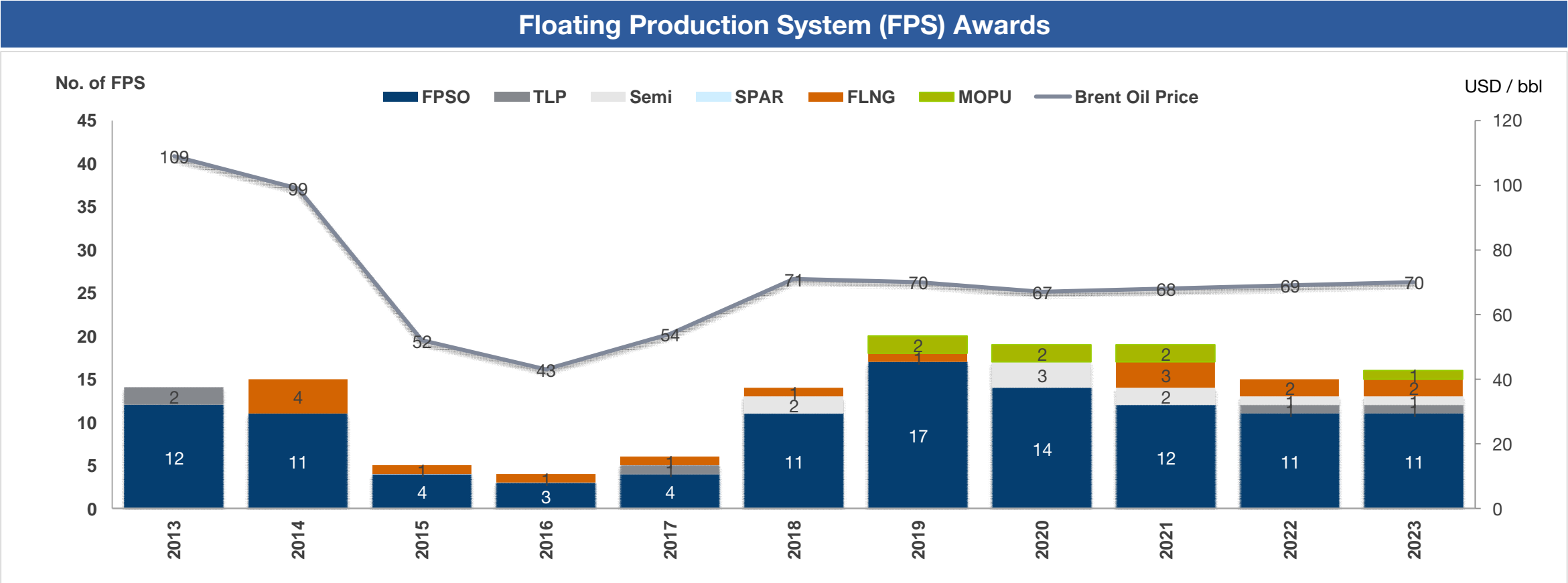
Note: Delivery and Scrapping data for 2019 as at 15 May 2019

Source: Clarksons

- After stagnating in 2018, the global tanker fleet is expected to grow moderately in 2019 due to a stronger order book coupled with a reduced level of scrapping observed so far. However, fleet growth is expected to slow from 2020 onwards
- The 2019 order book is front-loaded with almost half the deliveries taking place in Q1
- Fleet growth is expected to be absorbed by tanker demand growth, reduction in active fleet due to down time for scrubber retrofits and increased demand for floating storage leading up to IMO 2020 implementation

Offshore

Recovery in global offshore production system investment is underway

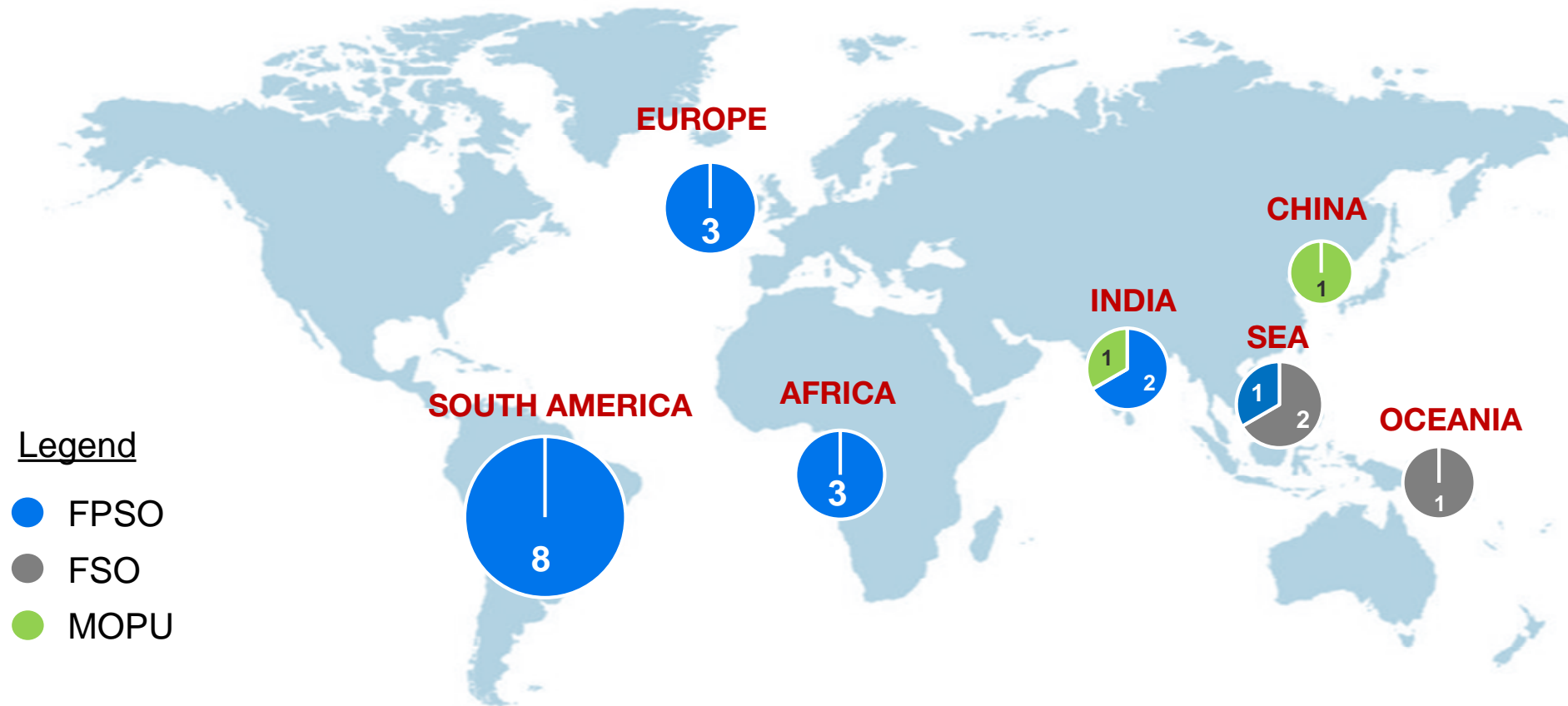


Sources: Awards – EMA Oil Price – EIA and MISC Analysis

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

Offshore

In 2019, greenfield FPSO projects are mainly concentrated in the Atlantic Basin with other floater opportunities in the Asia Pacific



Source: EMA

BUSINESS UPDATES

By: Vincent Ng | General Manager, CPD



LNG Business

- Delivered the second LNGC on acquisition and leaseback, *LNG Portovenere* in January 2019
- Concluded the sale of *Aman Hakata*, and the vessel was delivered to the buyer in March 2019

Petroleum & Chemical Business

- Current portfolio mix at 62:38 term to spot
- AET took delivery of the two newbuild LNG dual-fuel Aframax tankers - *Eagle Brasilia* on 4 January 2019 and *Eagle Bintulu* on 15 February 2019 - at the Samsung Heavy Industries shipyard in South Korea. In April, these vessels received their first LNG bunker from Shell at the Port of Rotterdam
- In Q1 2019, AET re-delivered the Aframax tanker *Eagle Sydney* as part of its fleet renewal programme

Offshore Business

- 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
- **Gumusut Kakap (GKL):**
 - ❑ **Arbitration** - The hearing for the Arbitration from 25 February 2019 to 16 March 2019 has been concluded and parties have filed their respective closing submissions
- **PCPP – MOMPL:**
 - ❑ **Arbitration:** MOMPL's Notice of Arbitration (for second arbitration proceedings) was filed on 7 August 2018. No further progress in Q1 2019
 - ❑ **Adjudication**
 - On 9 January 2019, MOMPL was awarded its entire claim and costs of USD9,949,734. PCPP has since filed an application in the High Court to set aside the Adjudication decision
 - MOMPL has filed its Payment Claim to recover the disputed demobilisation costs amounting to approximately USD 4,796,000 on 14 August 2018 and Notice of Adjudication on 25 January 2019
 - ❑ **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 amounting to USD42,307,000. The High Court has allowed PCPP's application to stay the Originating Summons. MOMPL shall file an appeal to the Court of Appeal against the decision of the High Court by 30 May 2019
 - A writ action in the High Court was also filed on 13 August 2018 against the shareholders of PCPP. PCSB and PCPP filed applications to strike out and stay the proceedings which were allowed on 26 October 2018 and 11 December 2018 respectively. MOMPL is appealing against both decisions to the Court of Appeal. The hearing for the appeal against PCSB's striking out application is fixed on 26 September 2019

Heavy Engineering

- Heavy Engineering milestones:
 - Awarded a Frame Agreement by PETRONAS for 6 years for two packages of fixed offshore structure works
- Marine Repair milestones:
 - YTD Q1 Completed repair & maintenance of 18 vessels
 - YTD Q1 Secured 26 jobs
- Other Business milestones:
 - Awarded Master Service Agreement for Integrated Turnaround Main Mechanical & Maintenance Static from PETRONAS for 5 years
- Order book as of March 2019 stands at RM0.86 billion
- Approximately RM6.3 billion 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
- Develop new business, namely modular fabrication, offshore wind farm and plant turnaround work
- Deployed a number of in-house processes and explore strategic partnership and collaboration opportunities to promote competitive price offerings

APPENDIX



Appendix 1 : Fleet Information

As at 31 March 2019

	Vessel Type	Total Vessel Operated	Owned	Chartered-In	Average Age (yrs)		Contracted Newbuilds/ Conversions
					MISC	Industry	
LNG	LNG	29	29	--	13.4	11.3	--
	FSU	2	2	--	36.5	--	--
Subtotal		31	31	--			--
Petroleum	VLCC	14	12	2	10.5	9.4	--
	Suezmax	6	6	--	4.8	9.4	--
	Aframax	38	30	8	10.5	10.9	--
	LR2	2	2	--	10.6	8.3	--
	MR2	3	--	3	8.4	9.9	--
	Shuttle	4	4	--	5.4	10.3	7
Chemical	Chemical	13	7	6	8.4	10.8	--
Subtotal		80	61	19			7
TOTAL		111	92	19			7
Offshore	FPSO/FSO/SS	12	13	--	8.1	--	--
	MOPU	--	2	--	8.2	--	--

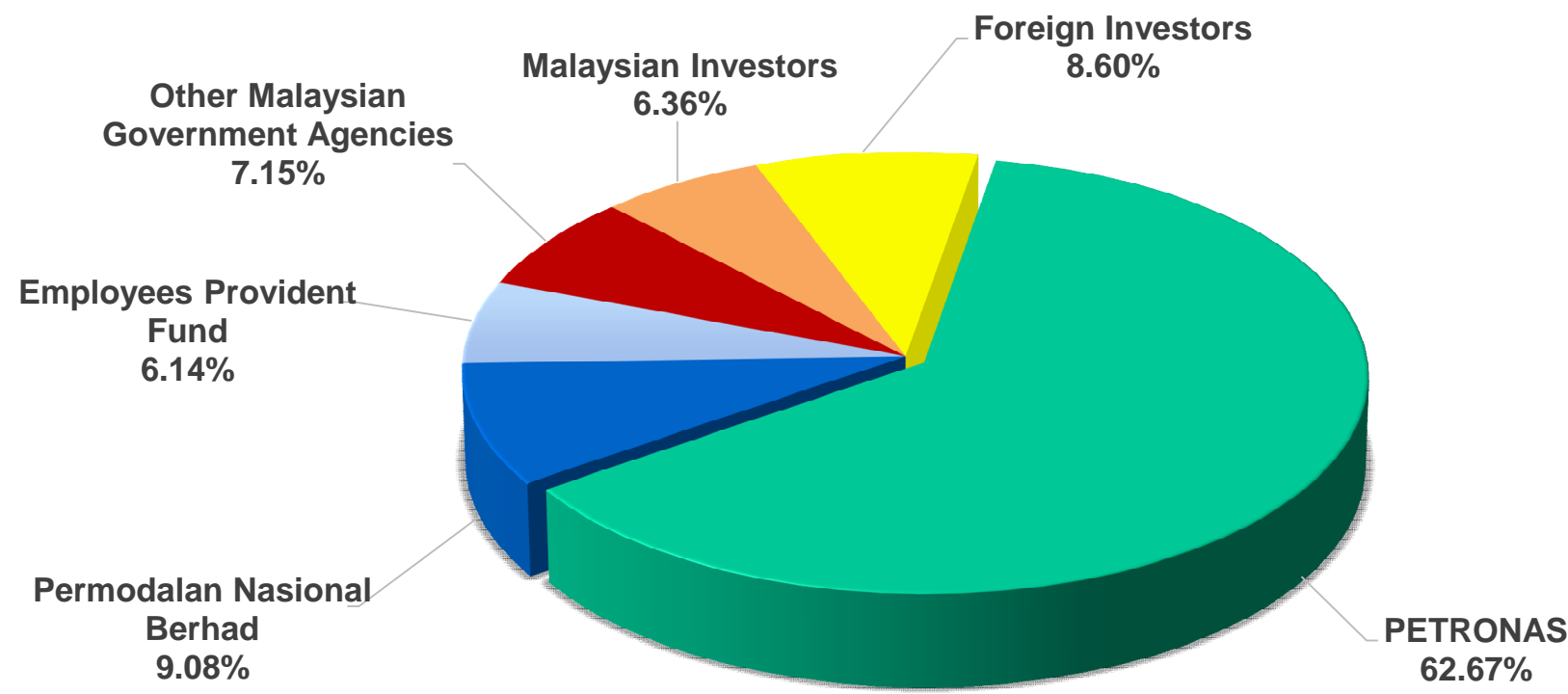
Appendix 2 : Schedule of Future Deliveries

As at 31 March 2019

	LNG	Petroleum			
	LNG Carriers	Suezmax	Aframax	LR2	DPST
1H 2019	--	--	--	--	--
2H 2019	--	--	--	--	1
1H 2020	--	--	--	--	3
2H 2020	--	--	--	--	3

Appendix 3 : Shareholders' Profile

As at 31 March 2019



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