



ANALYST BRIEFING

3Q FY2017 Financial Results

3 November 2017



FINANCIAL OVERVIEW

By : Mohammad Romzi, Senior General Manager, Finance



Financial Performance: 3Q FY2017 vs 2Q FY2017

	2Q FY 17 (Apr-Jun)	3Q FY 17 (Jul-Sep)	qoq %
<i>In USD Mil</i>			
Revenue	533.0	544.4	2
PBT from Operations	162.1	155.4	(4)
Non-Recurring Items	(32.9)	10.1	-
PBT	129.3	165.5	28
Net Profit	128.1	163.1	27
EPS (cents)	2.9	3.6	24
ROE (%)	1.5	1.9	23

Higher revenue:

- Offshore - Higher construction revenue recognised for FSO Benchamas 2

Lower PBT from operations:

- LNG - Q2 FY2017 results include compensation for early termination of Tenaga Lima

Offset by:

- Offshore - Provision for doubtful debt reversal and one-off gain following favorable Gumusut's second adjudication outcome
- Higher construction profit recognised for FSO Benchamas 2
- Others - Reversal of provision for charter hire loss for liner vessel

Non-recurring items:

- Gain on disposal of CTSB

Financial Performance: 3Q FY2017 vs 3Q FY2016

	3Q FY 16 (Jul - Sep)	3Q FY 17 (Jul - Sep)	qoq %
<i>In USD Mil</i>			
Revenue	566.1	544.4	(4)
PBT from Operations	72.3	155.4	115
Non-Recurring Items	(32.4)	10.1	-
PBT	39.9	165.5	315
Net Profit	37.2	163.1	339
EPS (cents)	0.8	3.6	347
ROE (%)	1.6	1.9	16

Lower revenue:

- Petroleum - Lower charter rates and earning days
- Heavy Engineering – Lower order book billed

Higher PBT from operations:

- Offshore - Provision for doubtful debt reversal and one-off gain following favorable Gumusut's second adjudication outcome
- Construction profit recognised for FSO Benchamas 2
- LNG - Charter commencement of Seri C vessels
- Petroleum - Lower charter hire expenses due to redelivery of vessels
- Others - Reversal of provision for charter hire loss for liner vessel

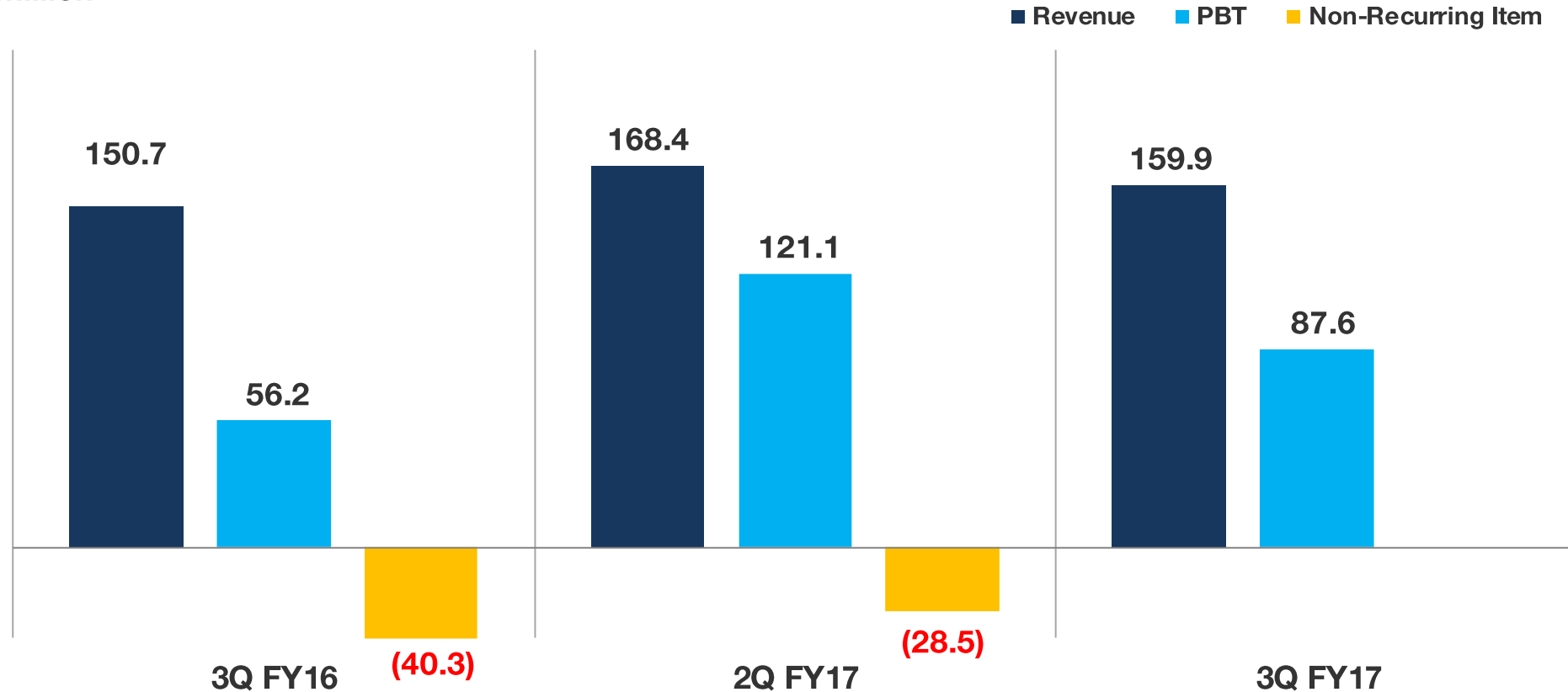
Non-recurring items:

- Gain on disposal of CTSB

Financial Performance by Business Segment

LNG Shipping - Compensation for Early Termination of Tenaga Lima in Q2

USD million



Financial Performance by Business Segment

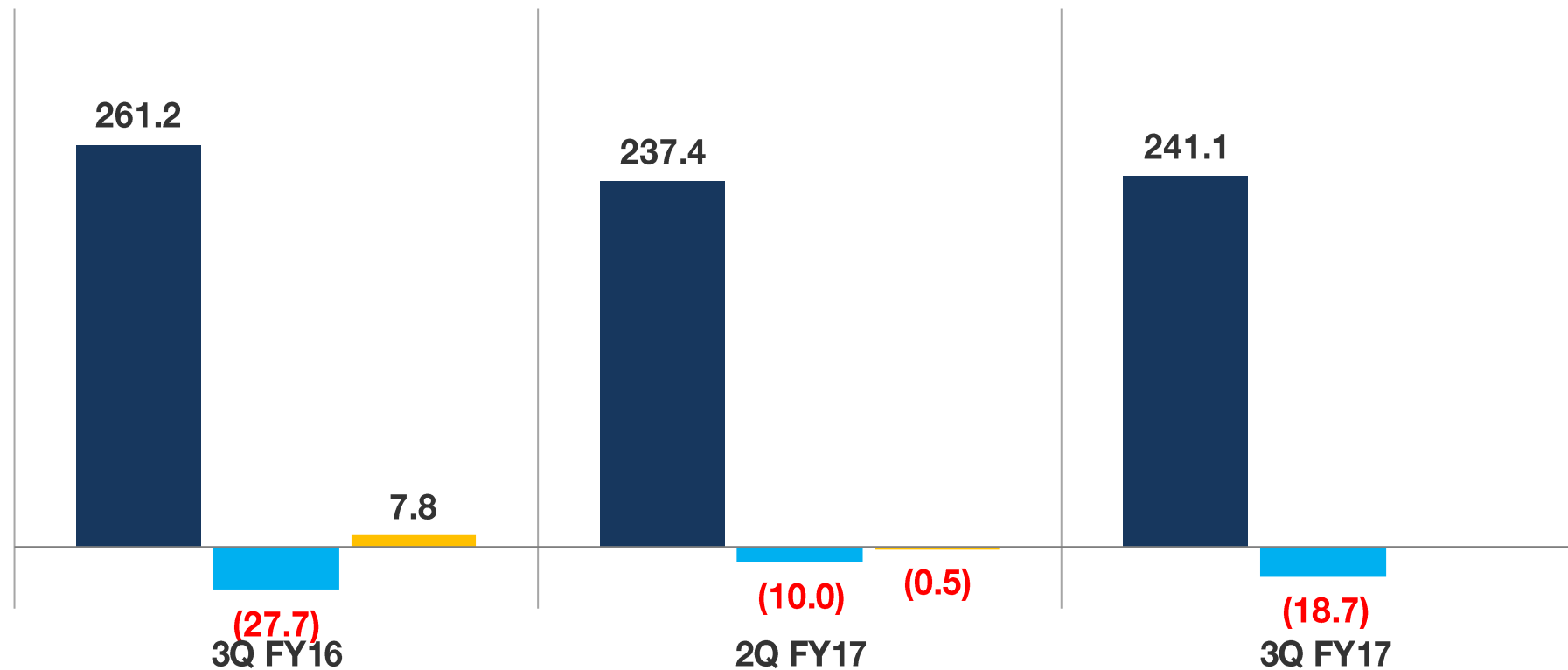
PETROLEUM Shipping – Lower Charter Rates Contribute to Lower Earnings

USD million

■ Revenue

■ PBT

■ Non-Recurring Item

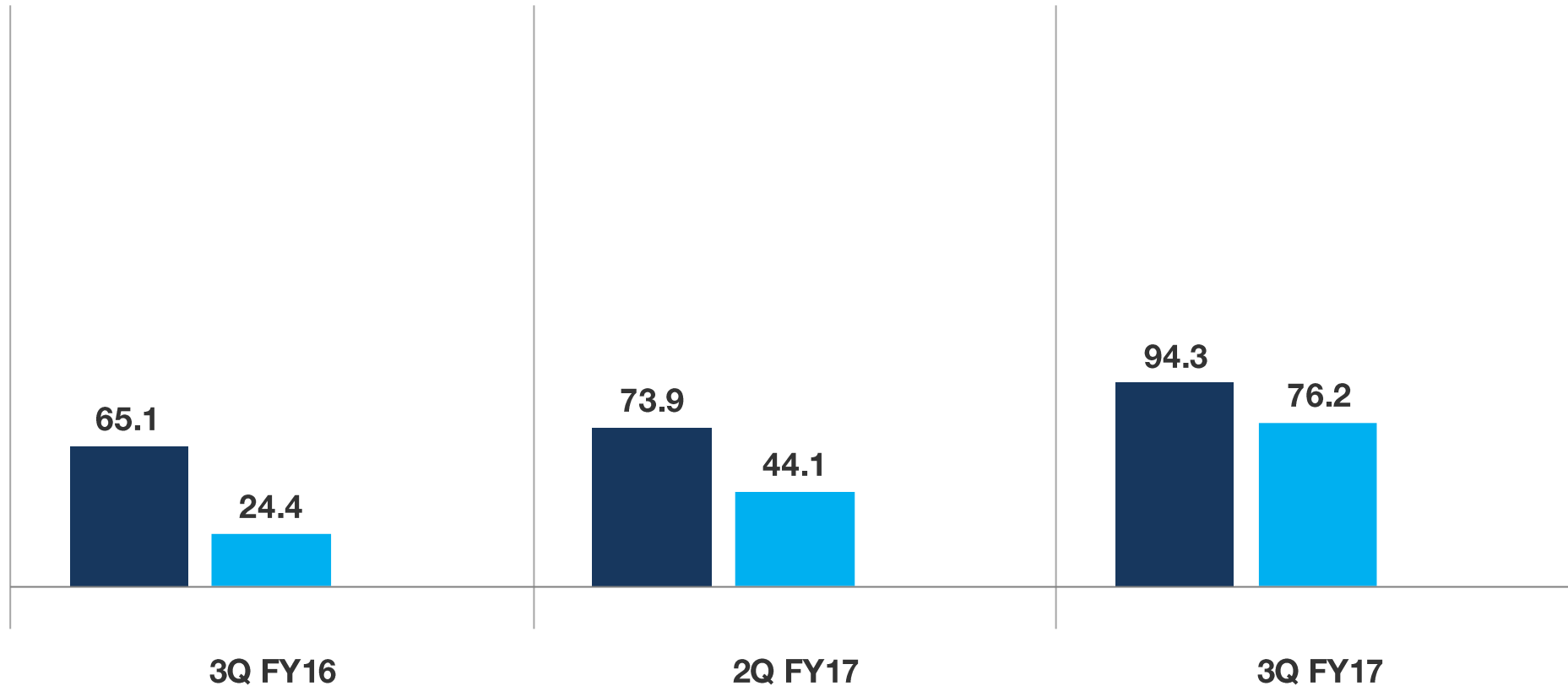


Financial Performance by Business Segment

OFFSHORE Business – Favourable GKL Second Adjudication Outcome

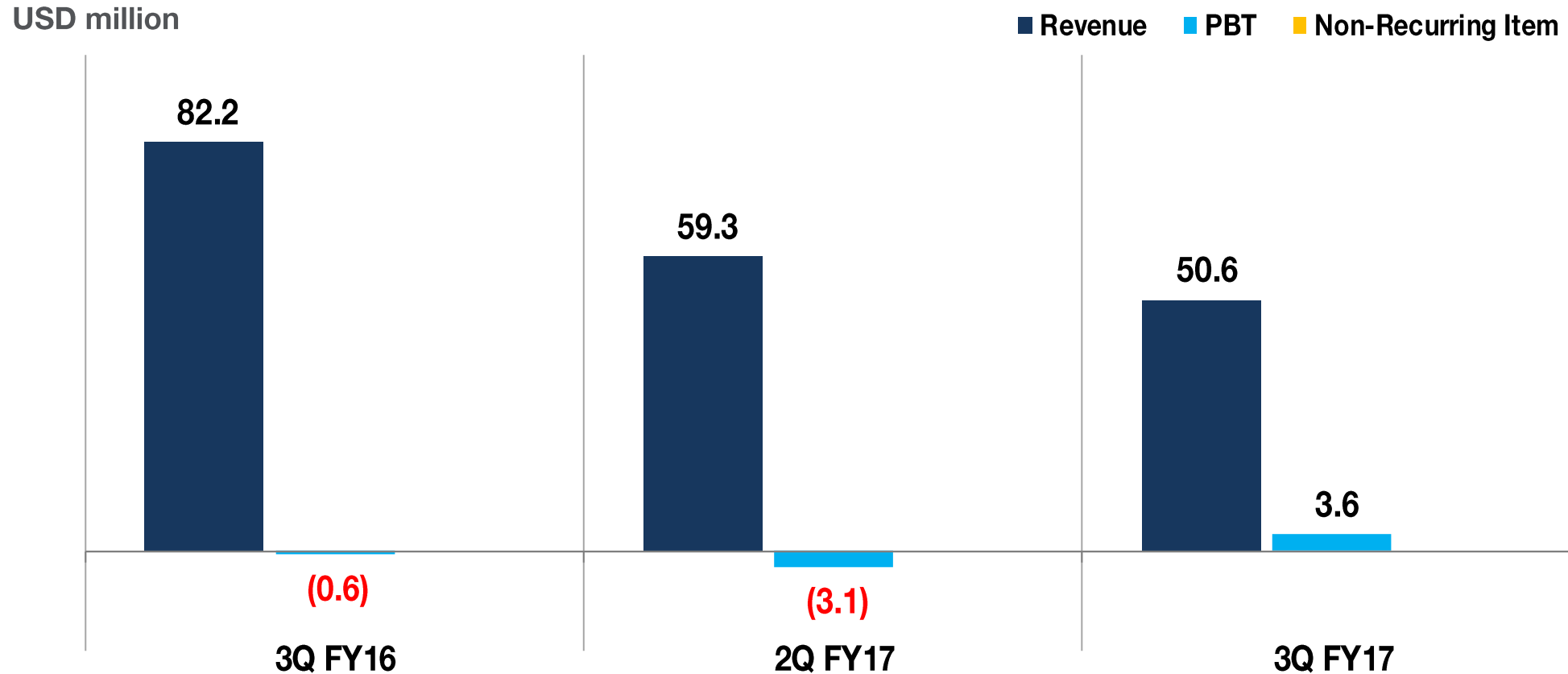
USD million

■ Revenue ■ PBT ■ Non-Recurring Item

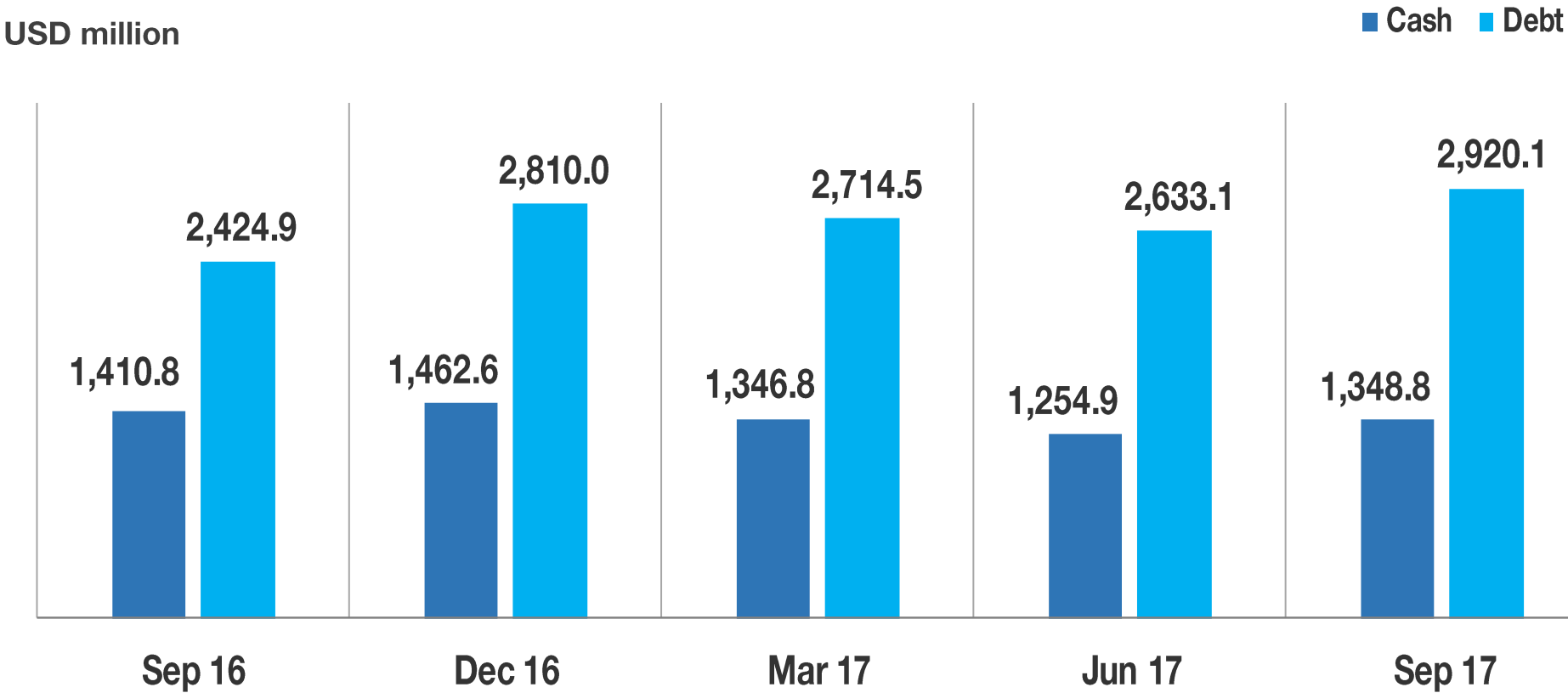


Financial Performance by Business Segment

HEAVY ENGINEERING – Lower Revenue After Completion of Major Projects



Financial Performance – Balance Sheet



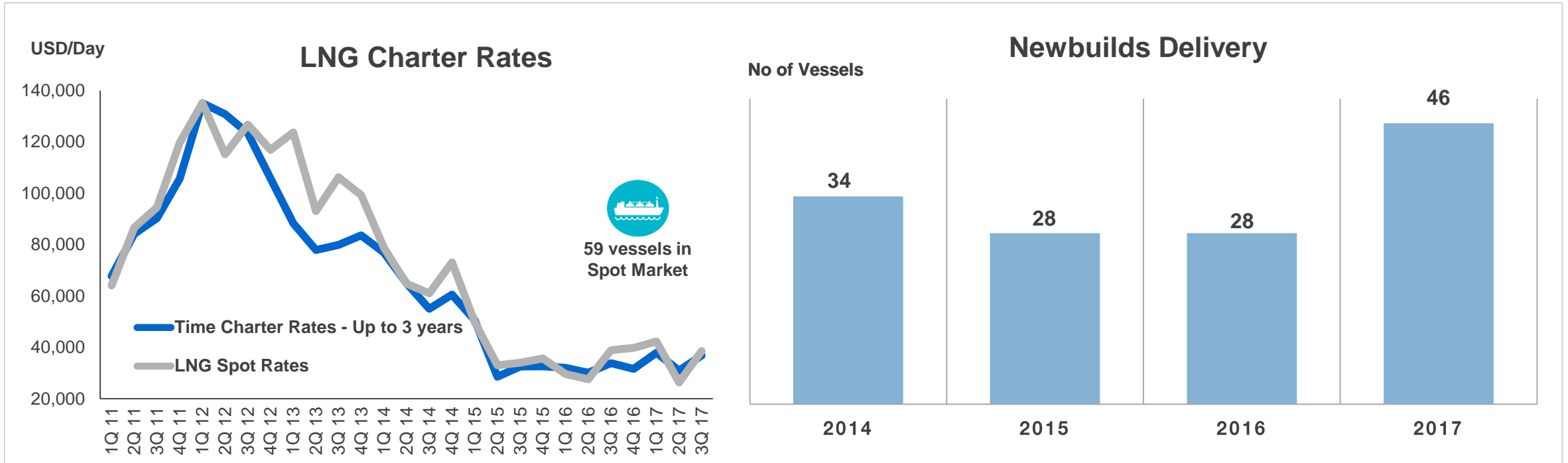
MARKET ENVIRONMENT

By : Teoh Paul Keng | General Manager, CPD



LNG SHIPPING

Spot Rates Held Up with the Onset of the Peak Winter Demand



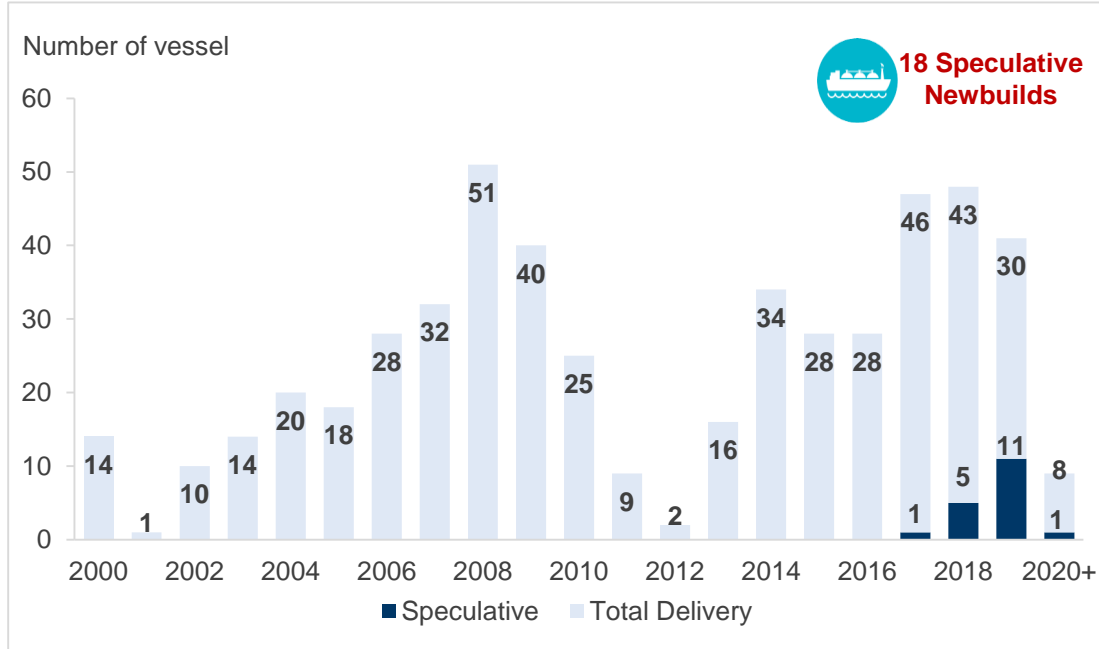
Source: LNG Shipping Database, Woodmac

- Availability of vessel has reduced, specifically in the Atlantic region and this has improved the bargaining power to shipowners.
- Spot rates increased 47% q-o-q on the back of higher demand as the market enters the peak winter season stockpiling.
- LNG demand increased 5% q-o-q, driven by higher imports from Japan, South Korea and Turkey.
- Regional gas price differential widened, leading to higher number of spot traded cargoes and resale of cargoes.
- Strong fleet growth with 22 vessels delivered year to date till September 2017.

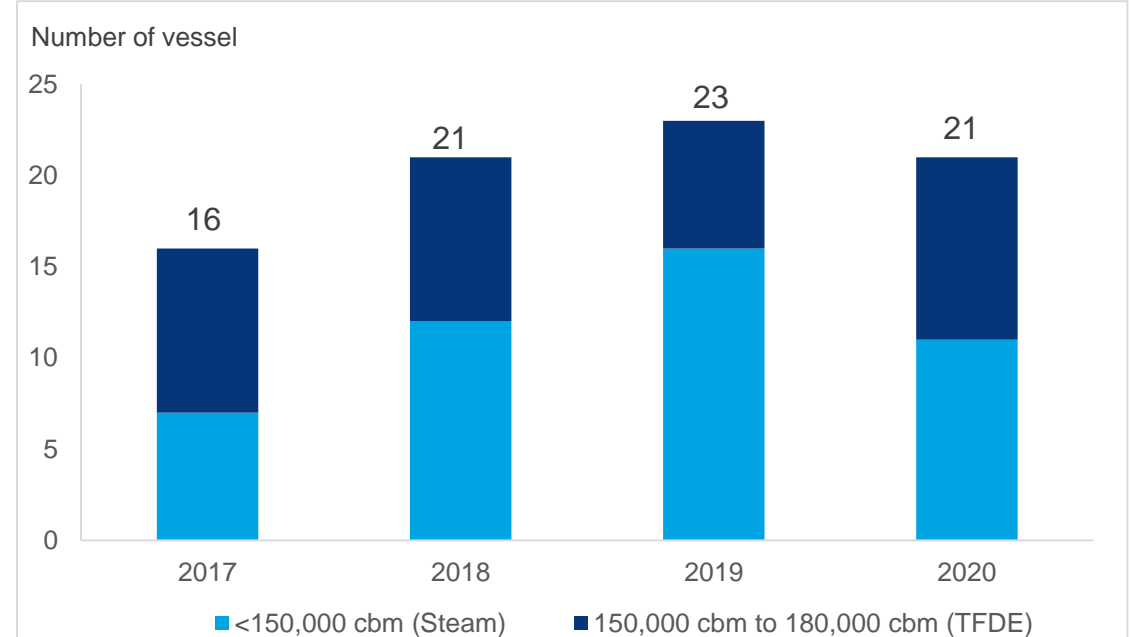
LNG SHIPPING

Tonnage Oversupply Situation Continues, Compounded by Expiring Charters

Newbuilds to be delivered (2017 to 2020+)



Availability of existing vessels post contract expiry

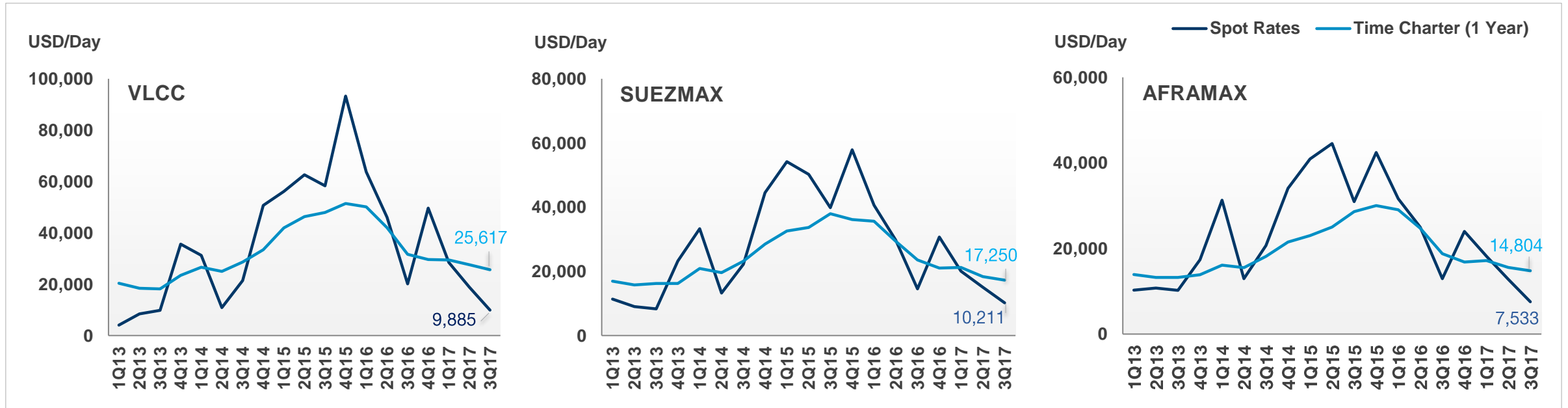


Source: Woodmac, July 2017

- There will be a total of 108 new LNG vessels to be delivered until 2020.
- About 81 existing vessels are due to come off charter over the next 3 years.
- Emerging markets will drive demand for non-conventional solutions such as FSRU as a means of importing low cost LNG to met growing demand.

PETROLEUM SHIPPING

Slow 3Q Before the Restocking in 4Q

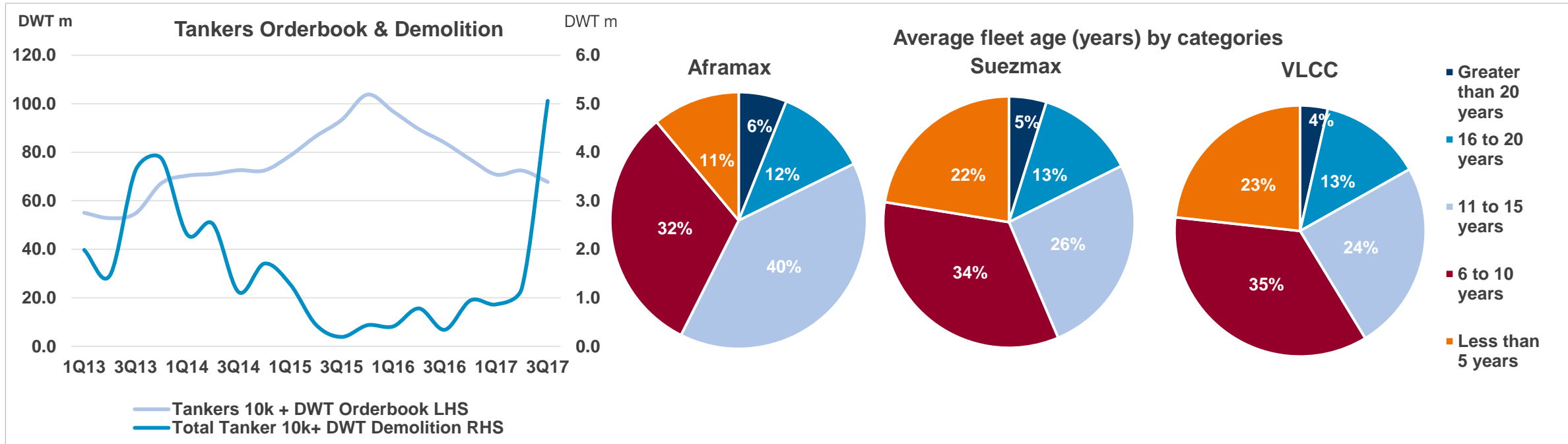


Source: Shipbrokers' Report

- Slow 3Q amidst high inventory level.
- OPEC production cuts and inventory drawdown are progressing in the right direction of rebalancing the market.
- US hurricane season helped to lift rates towards the end of the quarter.
- Delivery of newbuilds (12 VLCC, 14 Suezmax and 19 Aframax) contributed to an overall softening of freight rates in the quarter.

PETROLEUM SHIPPING

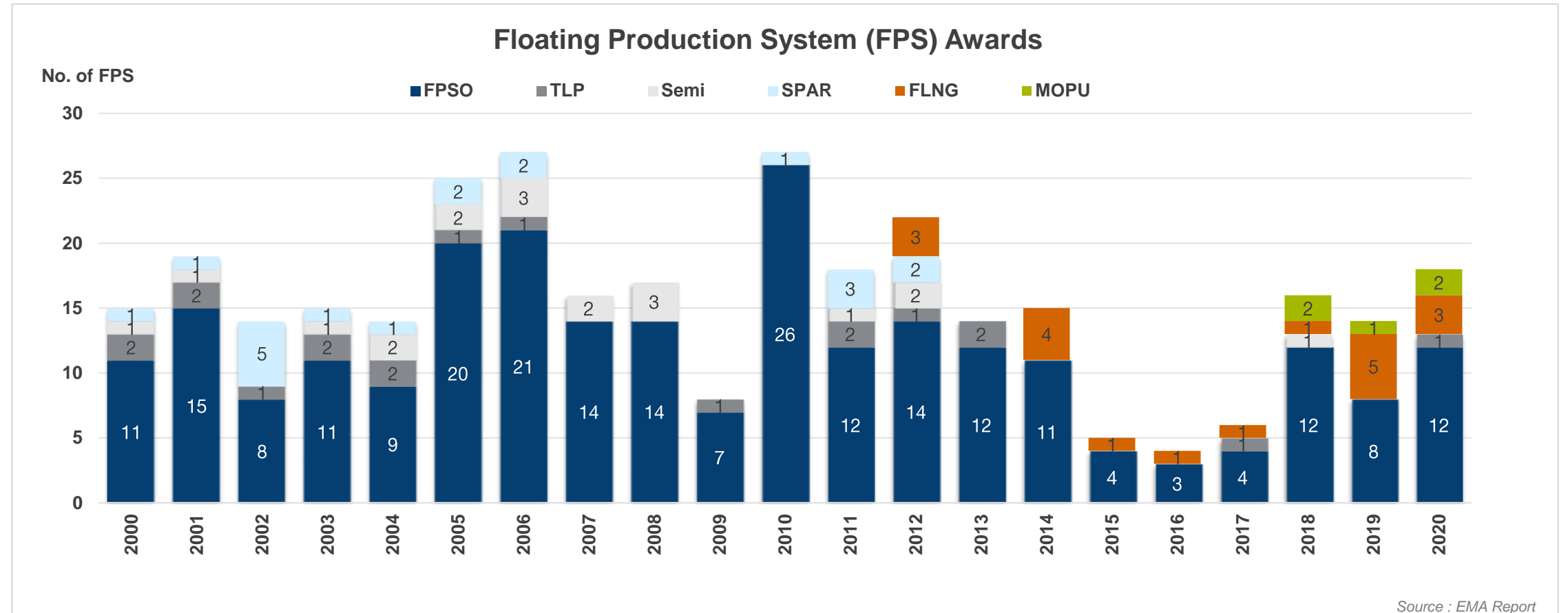
Demolition Spiked Removing Older Tonnages from Trade



- Favorable scrapping prices and poor charter market has pushed demolition to new highs.
- 18% of the crude tanker fleet is greater than 16 years old making them potential candidates for scrapping.
- Environmental regulations and a suppressed freight market expected to push demolition sales further.
- The orderbook is declining and approaching recent lows.

OFFSHORE BUSINESS

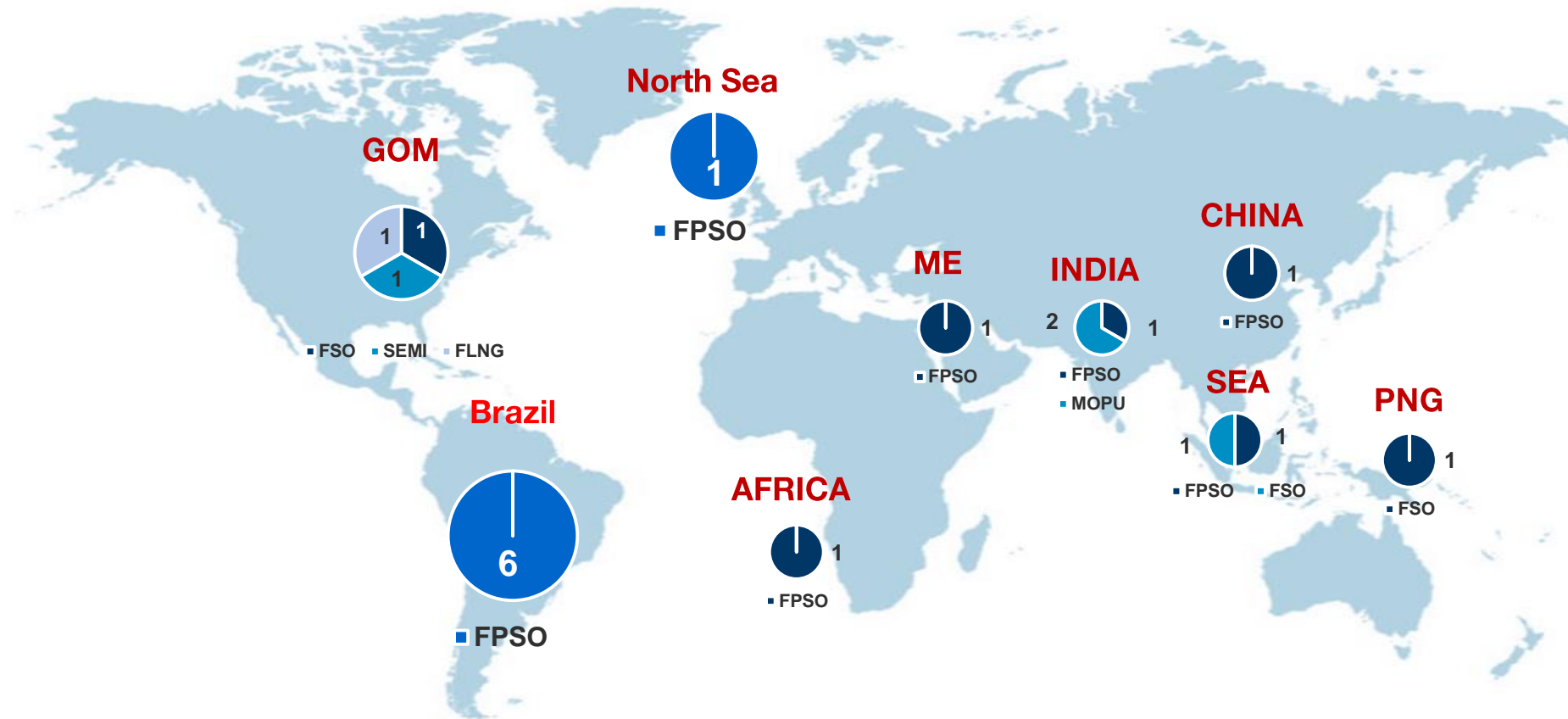
Stable Oil Price Will Set the Stage for Gradual Recovery in the Global Offshore Space



- During the quarter, 2 FPSO projects were awarded.
- New FPSO projects expected to be tendered over the next 12 months are mostly centered around Brazil.

OFFSHORE BUSINESS

Opportunities on the Twelve Months Horizon Concentrated Mainly in the Atlantic Basin



Source: EMA Report

- Greenfield FPSO projects opportunities mainly concentrated in the Atlantic Basin whilst selective on-water opportunities in South-East Asia.

BUSINESS UPDATES

By : Teoh Paul Keng | General Manager, CPD



LNG Business

- The third Seri C Class LNG vessel, Seri Cempaka, was delivered on 27 July 2017.
 - Chartered to PETRONAS on 15+5 years TCP contract.
 - MOSS-Type cargo containment system.
 - Loaded her first cargo on 14 September 2017.
- The remaining fourth and fifth Seri C Class LNG newbuilds will be delivered in 1H FY2018.
- Option years for Puteri Intan Satu did not materialize.
- PETRONAS LNG (PLSB) agreed to the charter swap arrangement where Puteri Firus will be replaced by Puteri Intan Satu and Seri Bijaksana commencing 12 October 2017.
- Continue to actively explore non-conventional LNG shipping solutions to support this segment's long term growth strategy.

Petroleum & Chemical Business

- Current portfolio mix at 47:53 term to spot.
- Received delivery of two modern VLCCs from Gener8. Both vessels are on long term charter to strategic customer.
- The two new LR2 petroleum tankers which are on long-term charter to French oil major TOTAL were delivered in June and July 2017.
- Signed a 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.
- As part of fleet rejuvenation, sold Aframax tanker Eagle Columbus for demolition (>20 years old).
- Pursuing long term secured income business to manage cyclicity - concerted efforts will be undertaken to grow our footprint in the DP shuttle tanker business.

Offshore Business

- FSO Benchamas 2 Project - the refurbishment and conversion works at MHB is progressing ahead of plan as at end Sept 2017.
- Update on Gumusut-Kakap Semi-Floating Production System (L) Limited (“GKL”) and Sabah Shell Petroleum Limited (“SSPC”) proceedings:
 - Second adjudication award - On 29th August 2017, the adjudicator decided in GKL’s favour and declared that GKL is entitled to outstanding payments for variation works due from 2014 to early 2017.
- Exploring both organic and inorganic growth in deep water opportunities in the Atlantic Basin.
- Looking at opportunistic brown field replacement projects and shallow water asset requirements in the region.

Heavy Engineering

- Heavy Engineering milestones:
 - Completion of modification and rejuvenation of Facilities Improvement Project (FIP)
 - Completion of plate rolling for Package 22
- Marine Repair milestones:
 - Completed repair and maintenance of 10 vessels
 - Secured 13 vessels business
- Orderbook as of September 2017 stands at RM1.45 billion.
- Focus in developing onshore construction and fabrication capabilities.
- Expanding oil & gas services for onshore and offshore.
- Marine Repair capacity expansion through additional third drydock.

Others – Recent Corporate Exercise

Disposal of MISC's 45% Equity Interest in Centralised Terminals Sdn Bhd ("CTSB")

- Share purchase agreement for disposal of MISC's 45% equity interest in CTSB to Dialog Group Berhad was signed on 25 September 2017. The disposal was completed on 29 September 2017.
- The total proceeds from the Proposed Disposal is RM193 million comprising:-
 - (i) the purchase consideration for MISC's 4,500,00 ordinary shares and 10,800 redeemable preference shares amounting to approximately RM137 million; and
 - (ii) repayment of shareholder's advances and accrued interest by Dialog on behalf of CTSB amounting to approximately RM56 million.
- This marks MISC's exit of the tank terminal business following the disposal of its interest in VTTI BV in 2015.
- The disposal is part of the business portfolio streamlining and to refocus MISC on the 4 core businesses.

APPENDIX



Appendix 1 : Fleet Information

As at 30 September 2017

	Vessel Type	Total Vessel Operated	Owned	Chartered-In	Average Age (yrs)		Contracted Newbuilds/ Conversions
					MISC	Industry	
LNG	LNG	27	27	--	13.6	11.4	2
	FSU	2	2	--	35.5	--	--
Petroleum	VLCC	14	12	2	8.4	9.1	--
	Suezmax	4	4	--	5.2	9.2	2
	Aframax	47	34	13	11.9	9.8	4
	LR2	2	2	--	0.2	7.7	--
	MR2	4	--	4	7.6	9.9	--
	Shuttle	4	4	--	3.9	9.5	2
Chemical	Chemical	13	7	6	6.9	10.2	--
	LPG	1	--	1	18.9	14.8	--
TOTAL		118	92	26			10
Offshore	FPSO/FSO/ SS	10	12	--	8.2	--	1
	MOPU	--	2	--	6.7	--	--

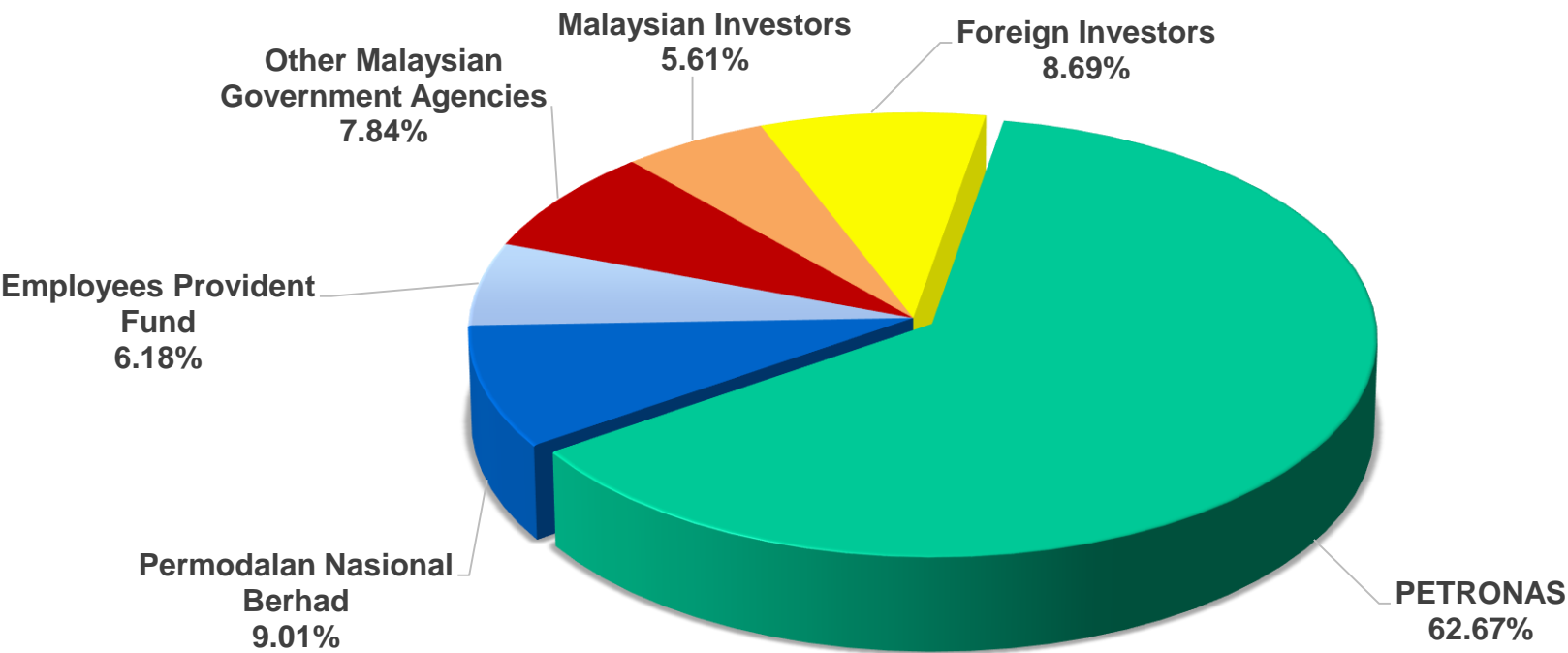
Appendix 2 : Delivery Schedule

As at 30 September 2017

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

Appendix 3 : Shareholders' Profile

As at 30 September 2017



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