



ANALYST BRIEFING

Q3 FY2022 Financial Results

17 November 2022

DISCLAIMER

This Presentation is not intended to form the basis of any investment decision with respect to MISC Berhad (MISC) and shall not form the basis of or be relied upon in connection with any contract or commitment whatsoever.

No representation or warranty, express or implied, is or will be made by MISC in relation to the accuracy and completeness of the information made available and any liability therefore is expressly disclaimed.

Although MISC believes that the expectations of its management as reflected by forward-looking statements contained in this Presentation are reasonable based on information currently available to it, no assurances can be given that such expectations will materialize as these are dependent on risks, uncertainties and other factors which in many cases are beyond MISC's control.

This Presentation and its contents are strictly confidential and must not be reproduced or disclosed without the prior written consent of MISC.



FINANCIAL OVERVIEW

By: Eslin Halimi | Head Financial Reporting,
Governance & Budget, Finance



Financial Performance: Q3 FY2022 vs Q2 FY2022

<i>In USD Mil</i>	Q3 FY2022	Q2 FY2022	QoQ %
Revenue	808	740	9
PBT from Operations	190	70	>100
Non-recurring Items	1	(71)	>(100)
PBT/(LBT)	191	(2)	>(100)
PAT/(LAT)	188	(5)	>(100)
EPS/(LPS) (cent)	4	(0)	>(100)

Higher revenue:

- Offshore – Higher recognition of construction revenue of an FPSO.
- Petroleum – Higher freight rates in the mid-sized tanker and higher in earnings days.

Higher PBT from operations:

- Petroleum – Higher revenue as mentioned above and one-off compensation for a contract renegotiation in Q3 FY2022
- Offshore – Construction gain for an FPSO

Non-recurring items:

- Gain on disposal of ships (Q3 FY2022 and Q2 FY2022)
- Impairment loss of non-current assets (Q2 FY2022).



Financial Performance: Q3 FY2022 vs Q3 FY2021

<i>In USD Mil</i>	Q3 FY2022	Q3 FY2021	QoQ %
Revenue	808	642	26
PBT from Operations	190	98	95
Non-recurring Items	1	(2)	>(100)
PBT	191	96	99
PAT	188	93	>100
EPS (cent)	4	2	97

Higher revenue:

- Petroleum – Higher freight rates in the mid-sized tanker and higher earning days.
- Offshore – Higher recognition of revenue from conversion of an FPSO

Higher PBT from operations:

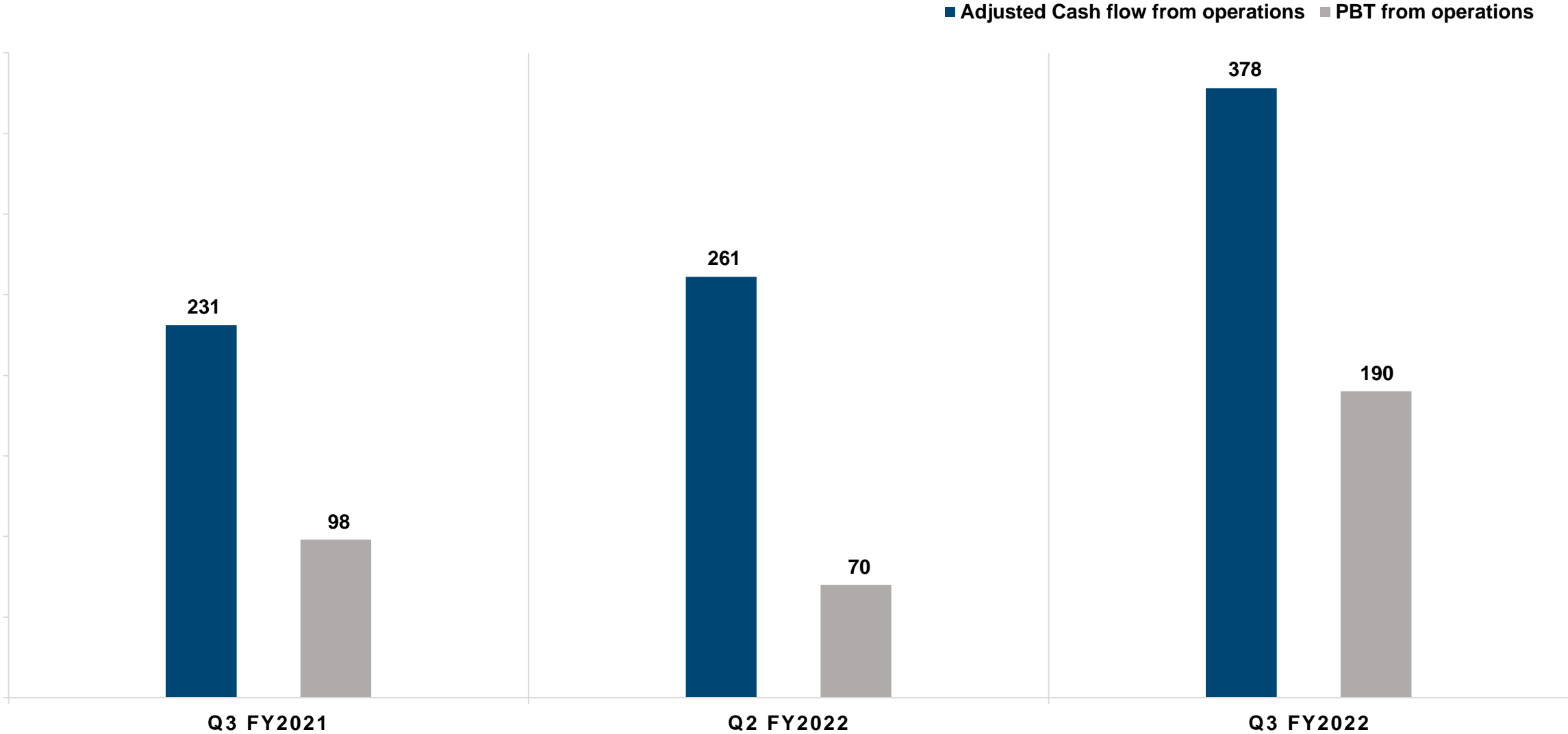
- Petroleum – Higher revenue as mentioned above and one-off compensation for a contract renegotiation in Q3 FY2022

Non-recurring items:

- Gain on disposal of ships (Q3 FY2022)
- Impairment of non-current assets (Q3 FY2021)



Cash Flow & PBT from Operations





Adjusted Cash Flow from Operations (“CFO”)

	Q3 FY2021	Q2 FY2022	Q3 FY2022
	USD Mil	USD Mil	USD Mil
CFO per Statutory Financial Reporting	169	144	159
<u>Add/(Less):</u>			
MFRS 16 lease payments*	(10)	(6)	(7)
Offshore construction work-in-progress**	69	138	195
Forex	3	(15)	31
Adjusted CFO	231	261	378

* MISC considers all lease or charter-in of vessels and other assets as operating activities. For financial reporting purposes, payment of lease liabilities are classified in the cash flow from financing activities.

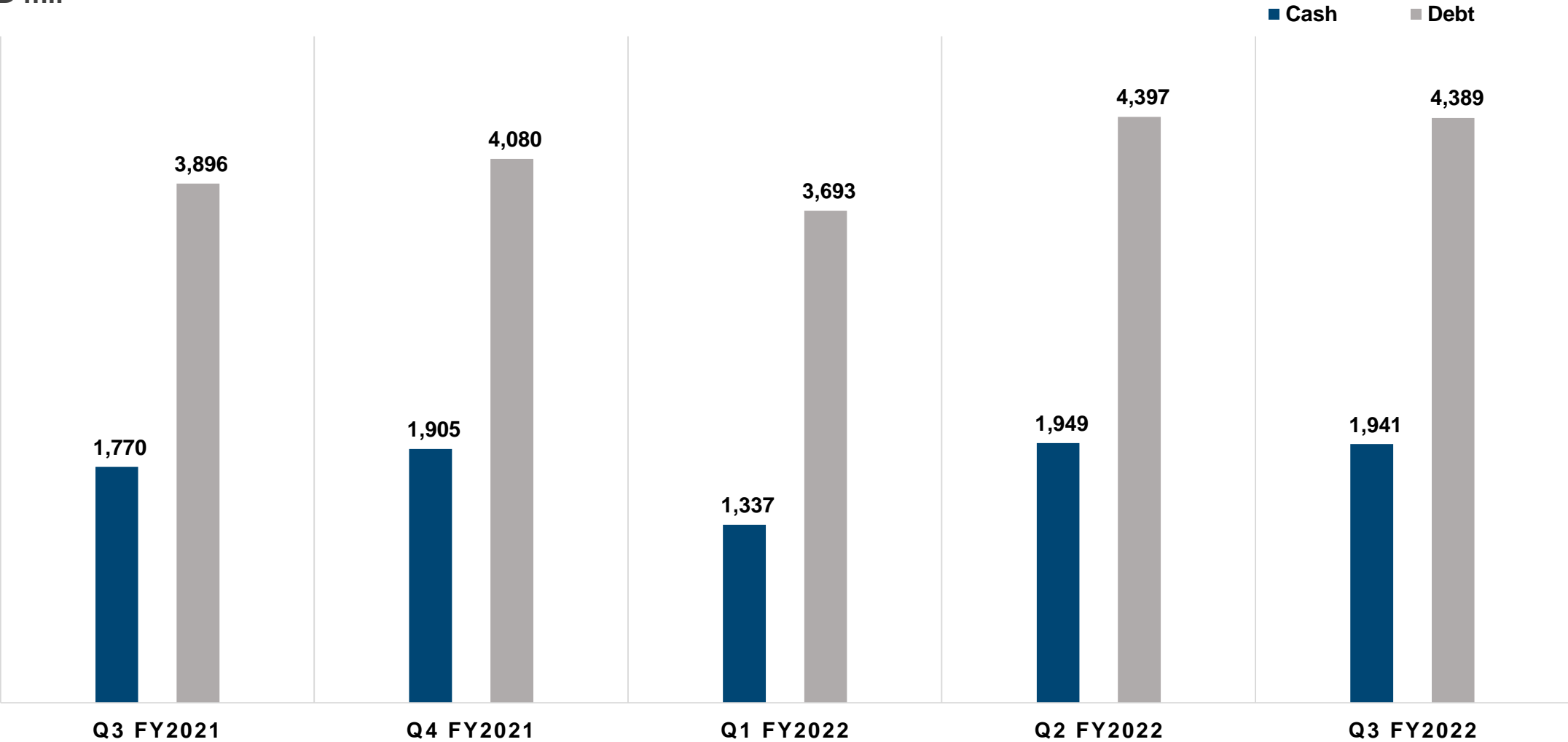
** **For financial reporting purposes**, the payments relating to construction/conversion activities for Offshore turnkey projects are **required to be classified in the cash flow from operating activities**. As at 30 September 2022, the YTD payment was USD497 million.

However, **MISC considers the payments as Capital Expenditure (“CAPEX”) payments**, and **internally classifies them as an outflow from investing activities in measuring its performance and allocation of resources.**



Cash & Debt Balances

USD mil





FINANCIAL PERFORMANCE BY BUSINESS SEGMENT

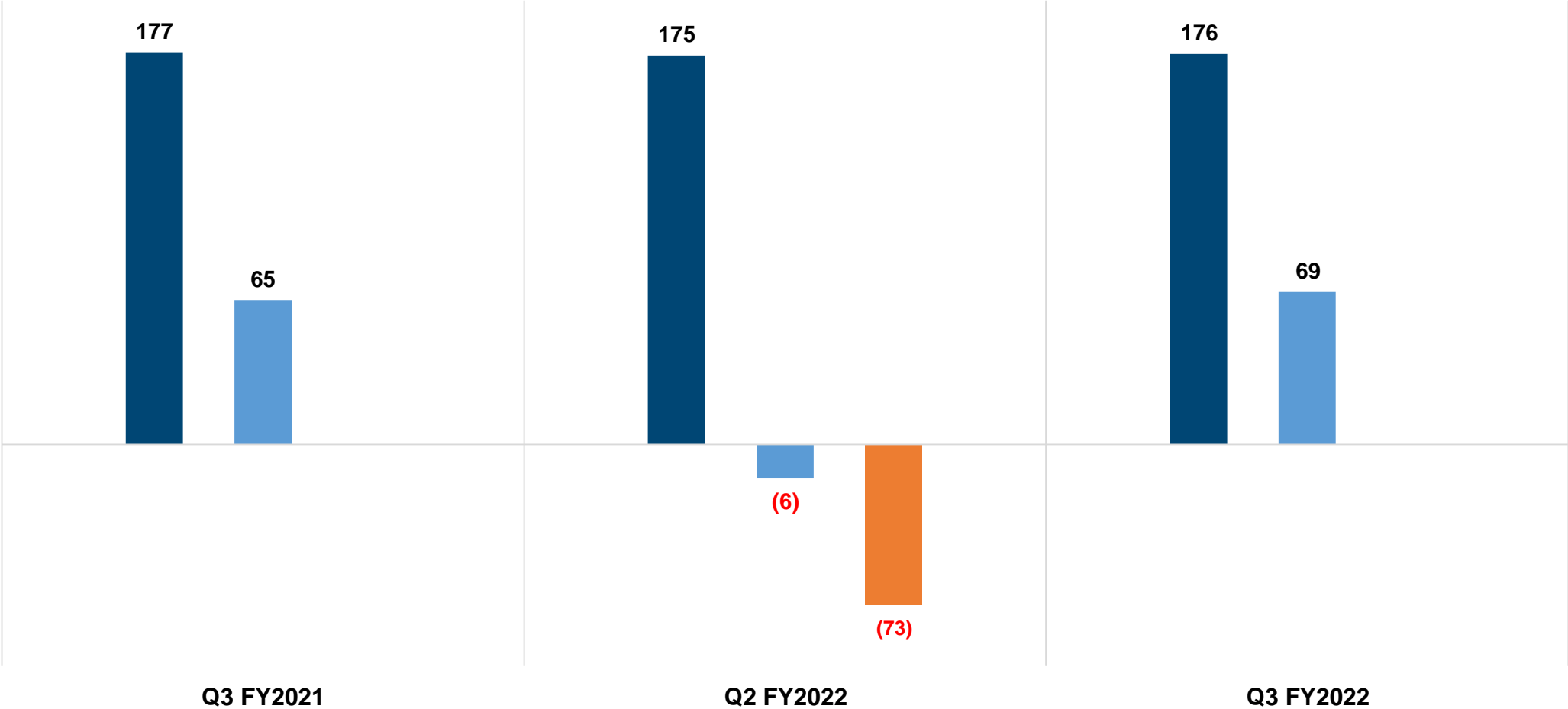


Gas Assets & Solutions

Stable revenue

USD mil

■ Revenue ■ PBT/(LBT) ■ Non Recurring Item

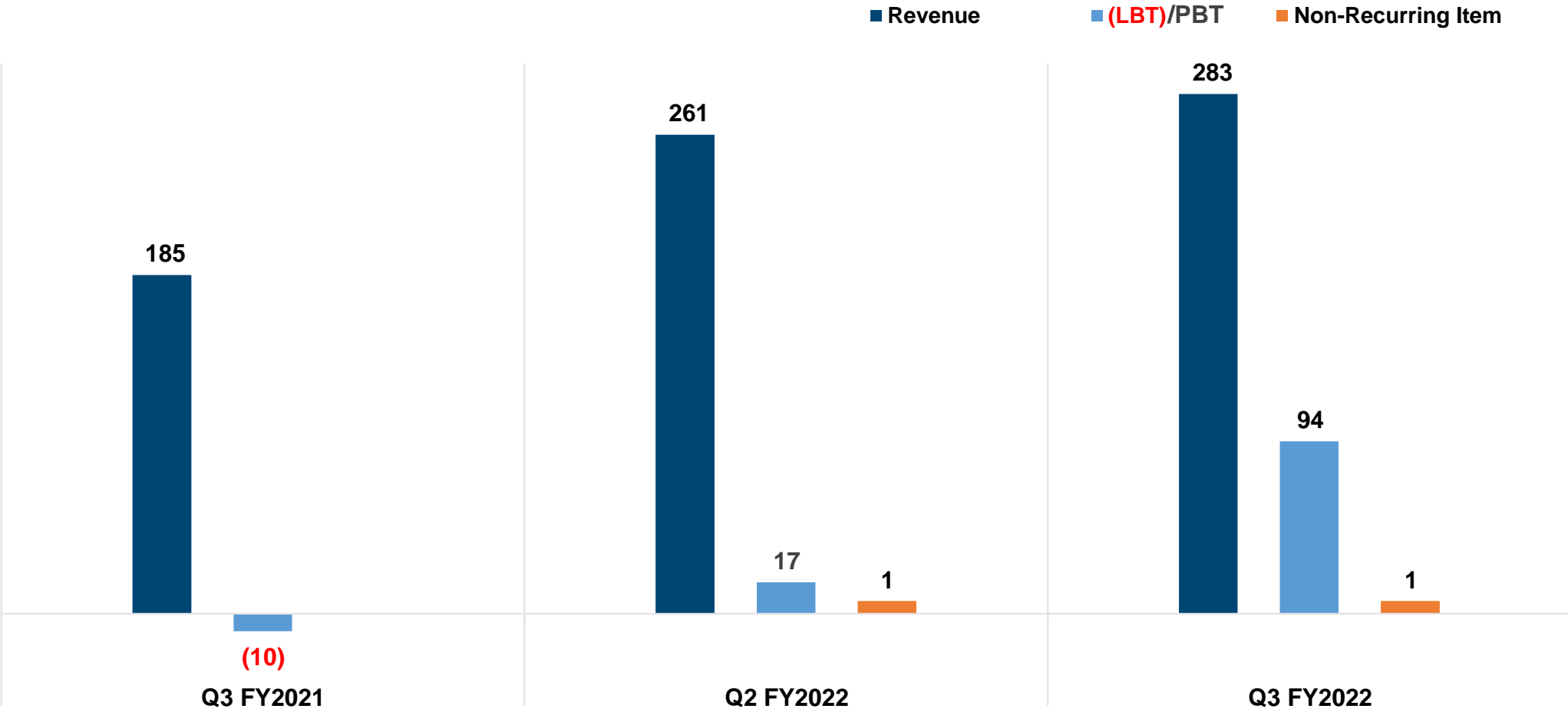




Petroleum & Product Shipping

Higher blended TCE for mid size tankers and compensation for a contract renegotiation

USD mil

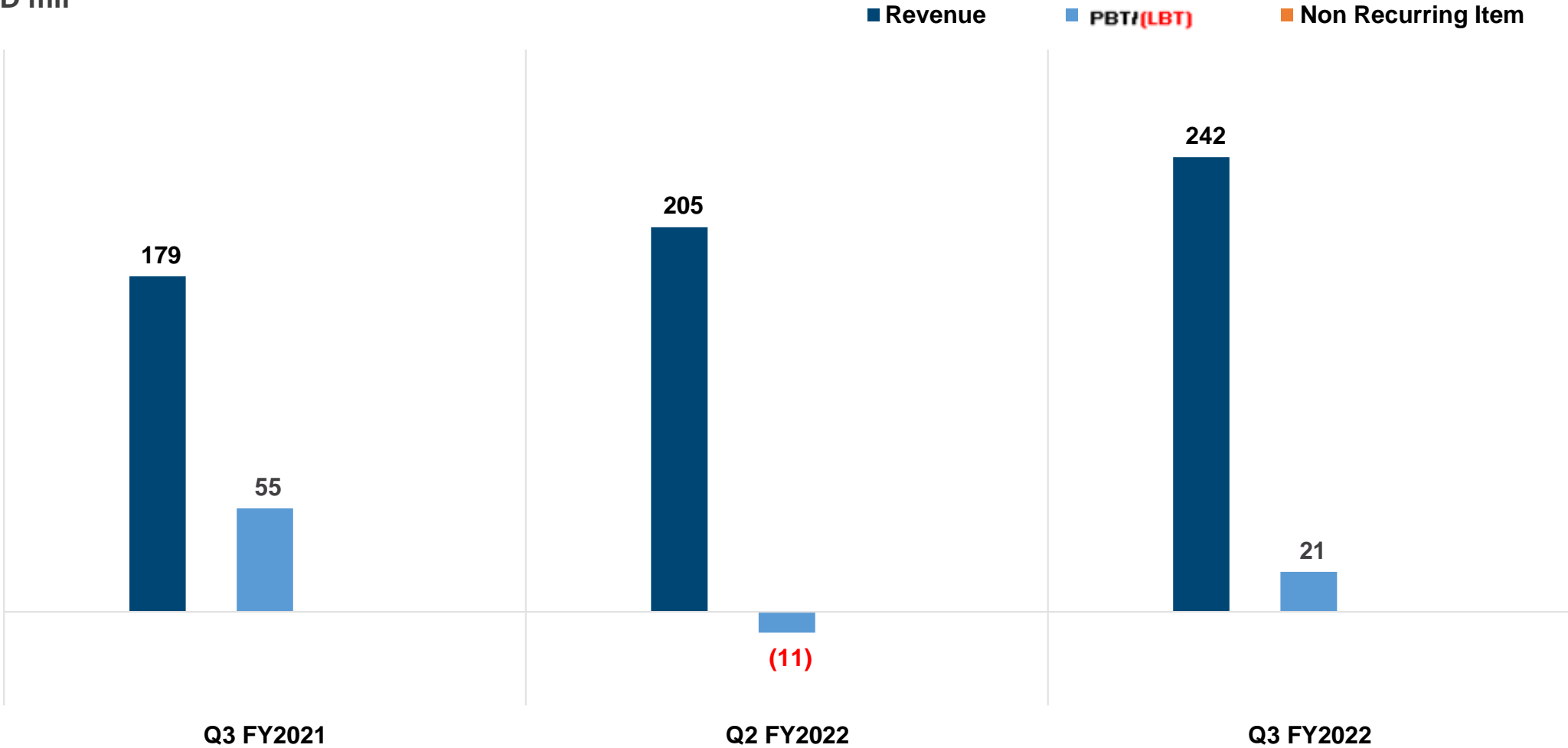




Offshore Business

Recognition of construction profit for an FPSO project and additional construction cost

USD mil



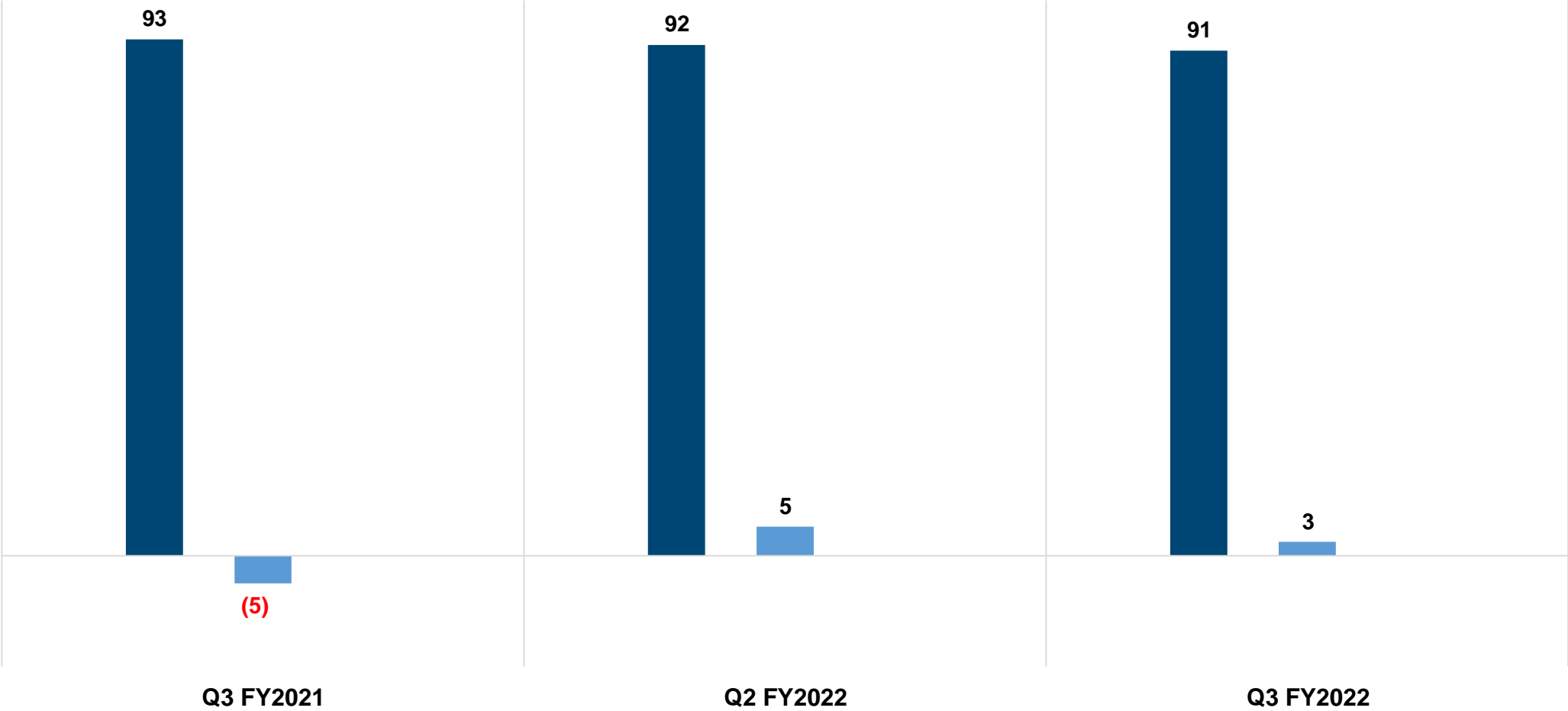


Marine & Heavy Engineering

Partial recovery of COVID-19 claims and relatively stable revenue

USD mil

■ Revenue ■ (LBT)/PBT ■ Non Recurring Item





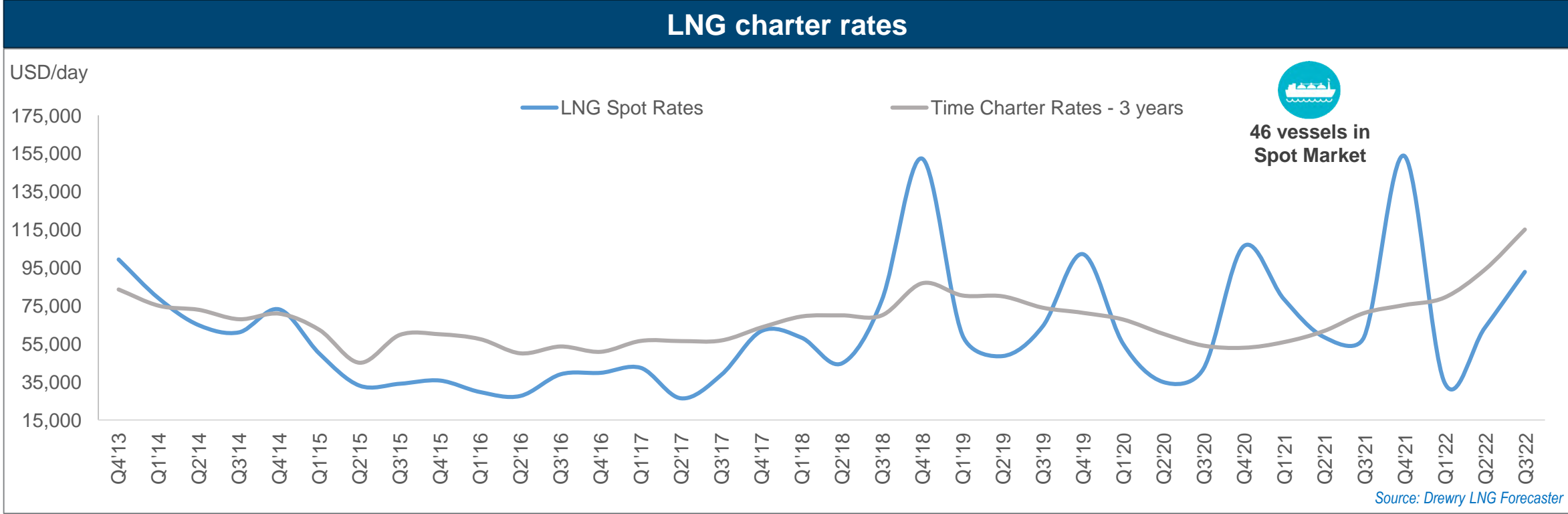
MARKET ENVIRONMENT

By: Azmir Feisal | Senior Manager, CPD



LNG Shipping

Strengthening spot rates driven by EU demand and bullish winter demand



- LNG carrier spot rates spiked 46% in Q3'22 from Q2'22 due to higher demand for LNG cargoes heading into winter while Europe accelerates its FSRU-based LNG import projects, resulting in subdued Asian LNG import and power generation projects in Asia.
- In line with spot rates, time charter rates also rose due to push towards energy security, increasing LNG demand and shortage of tonnage supply in anticipation of the winter period.

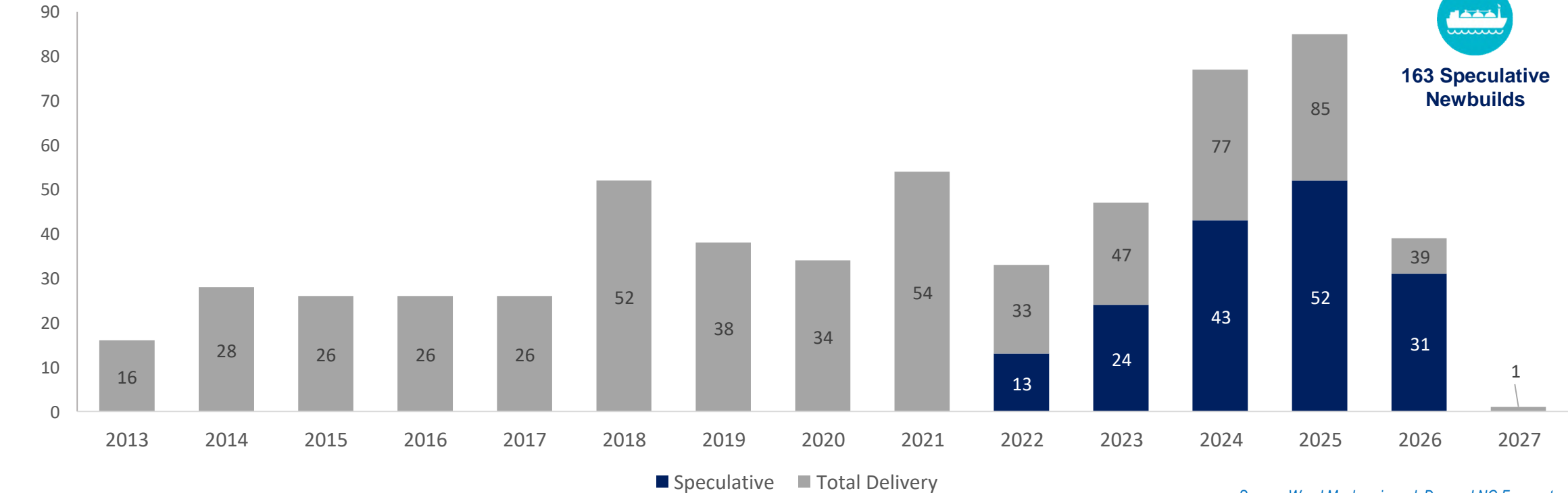


LNG Shipping

New orders soars to record high amid high LNG demand

Total deliveries of LNG carriers

Number of vessels

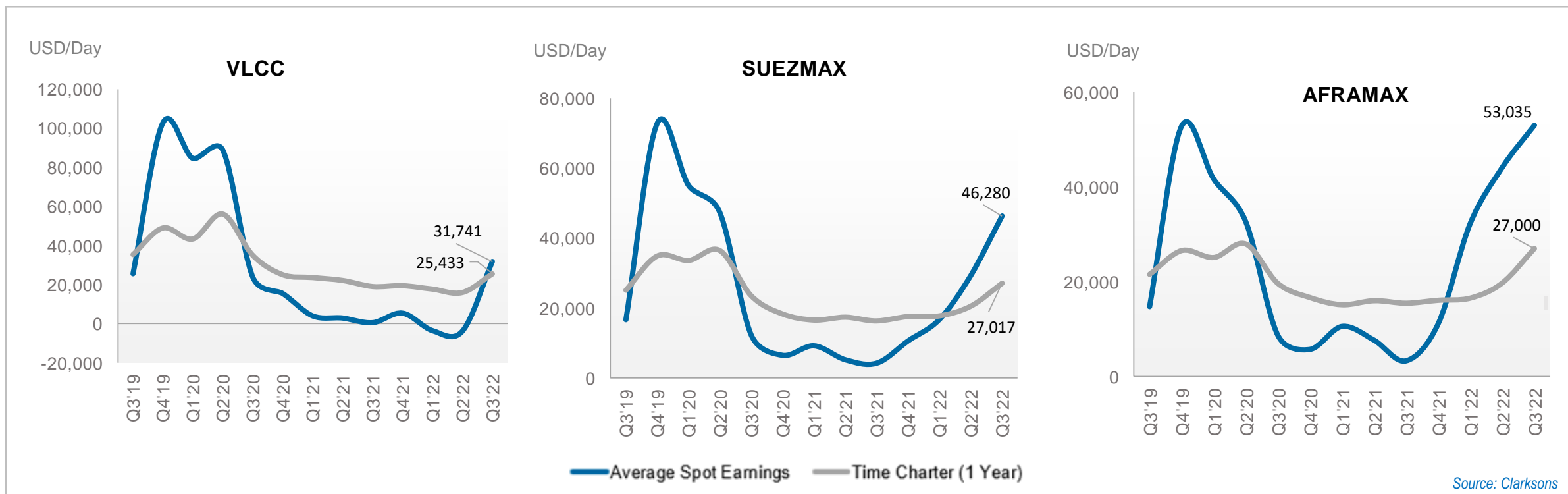


- A record high of new orders are expected throughout 2022, driven by Qatar’s LNGC orders and surging European demand where there were 124 vessels ordered as at mid Q3’22 as compared to 78 vessels in H1’22.
- Shipping requirement in the future are expected to increase, backed by increase in the FID of planned liquefaction projects and growing demand for LNG especially in Europe.



Petroleum Shipping

Strengthening average tanker rates in Q3'22 driven by changes in trade routes

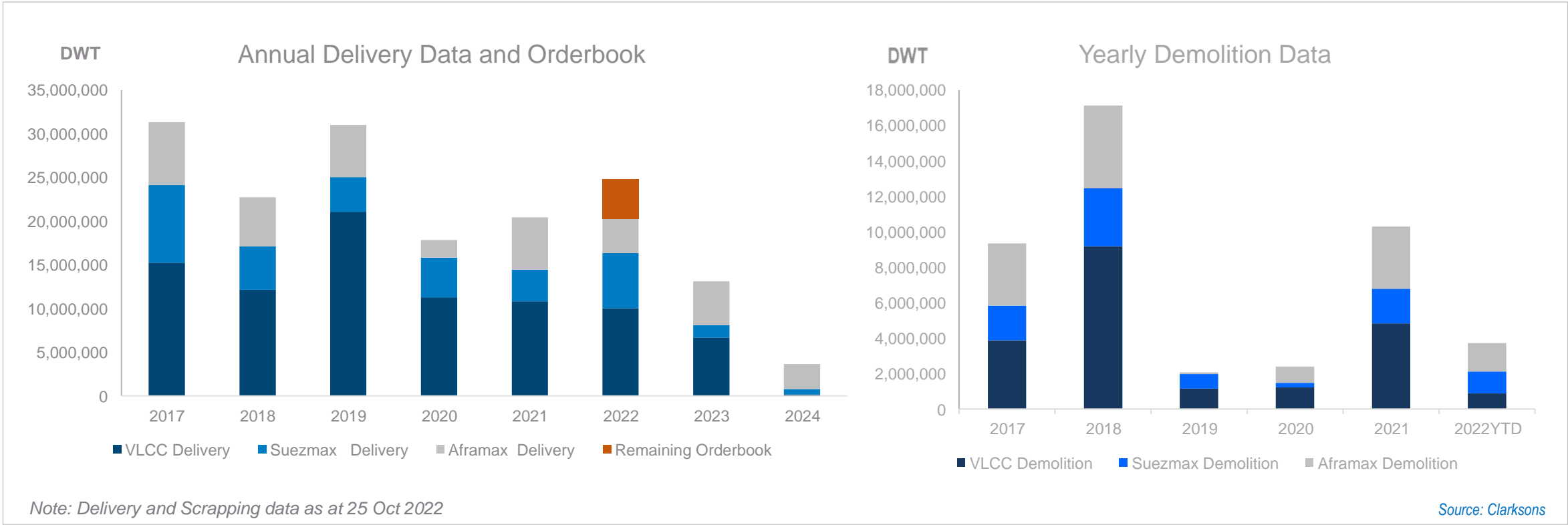


- VLCC earnings continued to rebound in Q3'22 mainly due to the increase in US crude flows to the Far East and South Asia.
- Uptrend continues in mid-size tanker spot rates in Q3'22 due to reshuffling of trade routes prompted by EU's ban on Russian imports as well as greater tonne-mile growth owing to the Russian invasion of Ukraine.
- Notwithstanding this, upcoming OPEC+ production curbs are anticipated to keep oil supply tight this winter, capping any rise in freight rates. In addition, downside risks to the demand outlook remains, with a lack of improvement in Chinese oil demand and a slowing global economy.



Petroleum Shipping

New deliveries outpaced tonnage demolition in Q3 FY2022

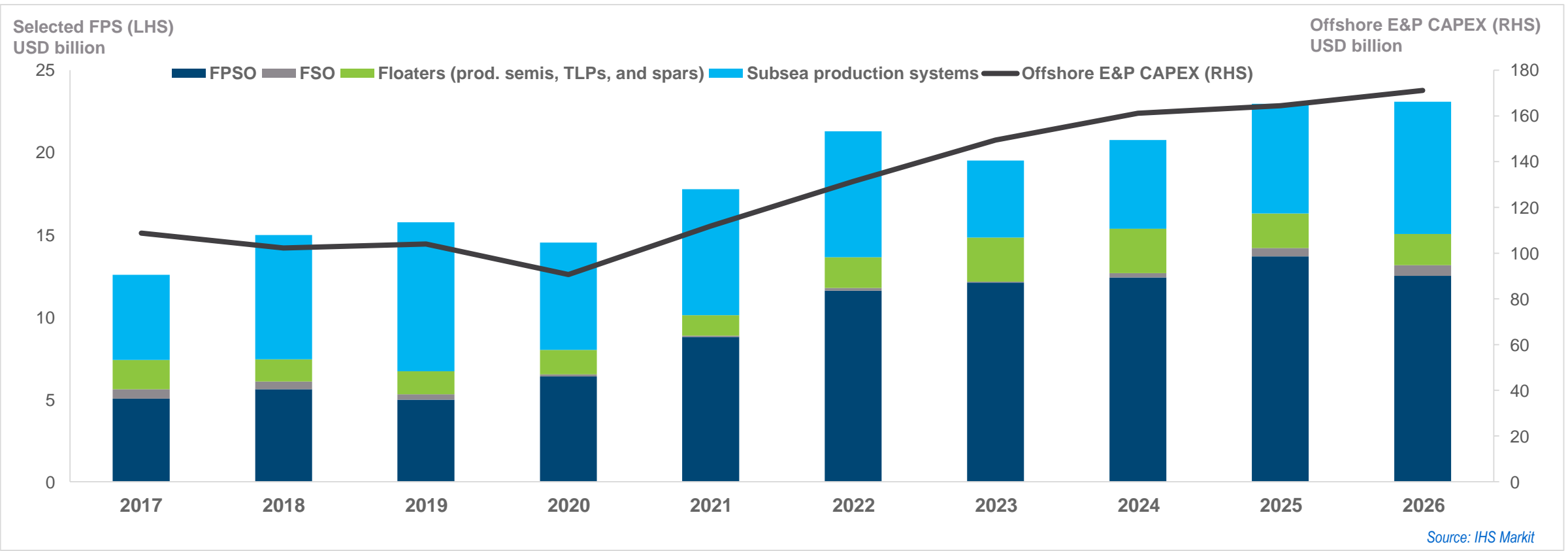


- The tanker market orderbook trend remained low amid high newbuilding prices, lack of yard space, prevailing tonnage oversupply as well as uncertainty over decarbonisation targets.
- Overall scrapping activities remains low despite some slight pickup in the midsize tanker segment since last quarter.



Offshore

Upstream CAPEX spending expected to stay high driven by pick-up in activity levels



- Higher FIDs and renewed focus on the energy security agenda to the forefront are expected to drive more upstream capital investment.
- Global offshore E&P capex spending to reach USD131b in 2022 – an increase of 18% from 2021, the highest level since 2016, with Latin America and Asia Pacific accounting for nearly half of the total.
- New FPSO projects over the next 12-24 months are expected to be mostly centered around South America, particularly in Brazil and Guyana.



BUSINESS UPDATES

By: Azmir Feisal | Senior Manager, CPD



Business Updates

Gas Assets & Solutions

- In September, MISC through its vessel-owning entities, namely Polaris LNG Three Pte. Ltd. ("Polaris 3") and Polaris LNG Four Pte. Ltd. ("Polaris 4"), has signed two (2) Time Charter Parties ("TCPs") with Exxon Mobil Corporation's wholly owned subsidiary, SeaRiver Maritime LLC. ("SeaRiver"), for the time charter of two (2) newbuild Liquefied Natural Gas Carriers ("the Vessels") for operations in international waters, extending its total to four (4) LNG carriers.
- SeaRiver, headquartered in Spring, Texas, United States, is a wholly owned subsidiary of ExxonMobil and provides a wide range of technical and commercial marine services throughout the world.
- Pursuant to the TCPs, the LNGCs will be chartered by SeaRiver for a firm period of 10 years. The charters for the Vessels are expected to commence in 2026. The Vessels will be constructed by Daewoo Shipbuilding & Marine Engineering of Korea.





Business Updates (cont'd)

Gas Assets & Solutions

- In November, MISC through a consortium with Nippon Yusen Kabushiki Kaisha (“NYK”), Kawasaki Kisen Kaisha, Ltd. (“K-Line”) and China LNG Shipping (Holdings) Limited (“CLNG”) (the “Consortium”), has been awarded long term Time Charter Parties (“TCPs”) by QatarEnergy for five (5) 174,000 m³ newbuild Liquefied Natural Gas Carriers (the “LNGCs”) to be built by Hudong-Zhonghua Shipbuilding (Group) Co., Ltd. Together with the seven long-term time-charter contracts that were secured earlier in August, this brings to a total of 12 newbuilding LNG carriers awarded by QatarEnergy to the consortium.
- Each Consortium member will have equal equity interest of 25% in each awarded LNGC. MISC will enter into shareholders’ agreements with the Consortium through its wholly-owned subsidiary known as Portovenere and Lerici (Labuan) Private Limited (“PLL”).
- Joint venture companies will be formed to manage the commercial operations of the LNGCs and, an indirect wholly-owned subsidiary of the Company will be providing ship management services for part of this project.





Business Updates (cont'd)

Petroleum & Product Shipping

- Current portfolio mix is at 72:28 term to spot
- On 29 September 2022, PTT and AET have signed a Memorandum of Understanding (MOU) for the development and construction of two zero-emission Aframaxes to be powered by green ammonia. Jointly PTT and AET are taking the lead to encourage the use of green ammonia as a main propulsion fuel. AET will select a suitable shipyard and the two zero-emission dual-fuel tankers are to be delivered to PTT for long-term charters in Q4 2025 and Q1 2026 respectively. This MOU sets another clear signal of PTT's and AET's commitment to reduce Greenhouse Gas (GHG) emissions from international shipping as energy efficiency improvements alone will not be sufficient. This effort is a complementary to MISC's Castor initiative.





Business Updates (cont'd)

Petroleum & Product Shipping

- On 10 November 2022, AET's first LNG dual-fuel VLCC Eagle Valence has won the Tanker of the Year Award at the Tanker Shipping & Trade Conference, Awards & Exhibition 2022 held in Athens, Greece. The 2022-built vessel is on long-term charter to Total Energies.
- The award was open to tankers delivered since November 2021 and engage in bulk liquid transport that sets new benchmark in design, environmental, operational, safety, and technical performance.
- Eagle Valence has been recognised for setting a new bar for vessels of its kind – it can run on LNG, powered by a WIN GD 7x82 dual-fuel engine. The vessel exceeds the EEDI Phase 2 reference line by more than 20% and supports AET's goals of a 40% reduction in annual efficiency ratio Greenhouse Gas (GHG) intensity by 2030 and net-zero GHG emissions by 2050.



Offshore Business

- Will concentrate on the execution of the new FPSO project in hand while selectively pursuing opportunities in targeted markets.



Business Updates (cont'd)

Marine & Heavy Engineering

- Marine Repair milestones for Q3'22 YTD:
 - Completed repair & maintenance of 72 vessels of various categories including 8 LNG carriers
- Heavy Engineering milestones as at Q3'22:
 - Shortlisted and awarded with the provision of Front-End Engineering Design (FEED) Competition for the Kasawari Carbon Capture & Storage (CCS) project from PETRONAS Carigali Sdn Bhd.
 - Secured a contract from Sarawak Shell Berhad (SSB) to undertake the Engineering, Procurement and Construction (EPC) services of the offshore platform for the Rosmari-Marjoram gas project, off the coast of Sarawak, offshore Malaysia.
- Orderbook backlog as of Q3'22 is RM2.2 billion
- Approximately RM15 – RM16 billion worth of heavy engineering tenders submitted as of Q3'22.



APPENDIX



Appendix 1 : Fleet Information as at 30 Sept 2022

	Vessel Type	Total Vessel Operated	Owned	Chartered-In	Average Age (yrs)		Contracted Newbuilds/ Conversions
					MISC	Industry	
GAS	LNG	30	30	--	16.0	11.2	11*
	FSU	2	2	--	10.4	--	--
	VLEC	6	6	--	1.6	--	--
	LBV	1	--	1	2.0	--	--
Subtotal		39	38	1	--	--	11*
Petroleum	VLCC	10	10	--	7.9	10.5	3
	Suezmax	6	6	--	8.3	10.7	-
	Aframax	20	18	2	9.3	11.6	-
	LR2	2	2	--	5.2	9.9	-
	DPST	17	17	--	3.2	8.7	-
Chemical	Chemical	3	--	3	11.5	12.6	-
Subtotal		58	53	5	--	--	3
GRAND TOTAL		97	91	6	--	--	14*
Offshore	FPSO/FSO/SS	12	12	--	10.0	--	1

Note: (*) contracted vessels include seven (7) vessels awarded by QatarEnergy, 25% owned by MISC, NYK, K-Line and CLNG through the joint venture.



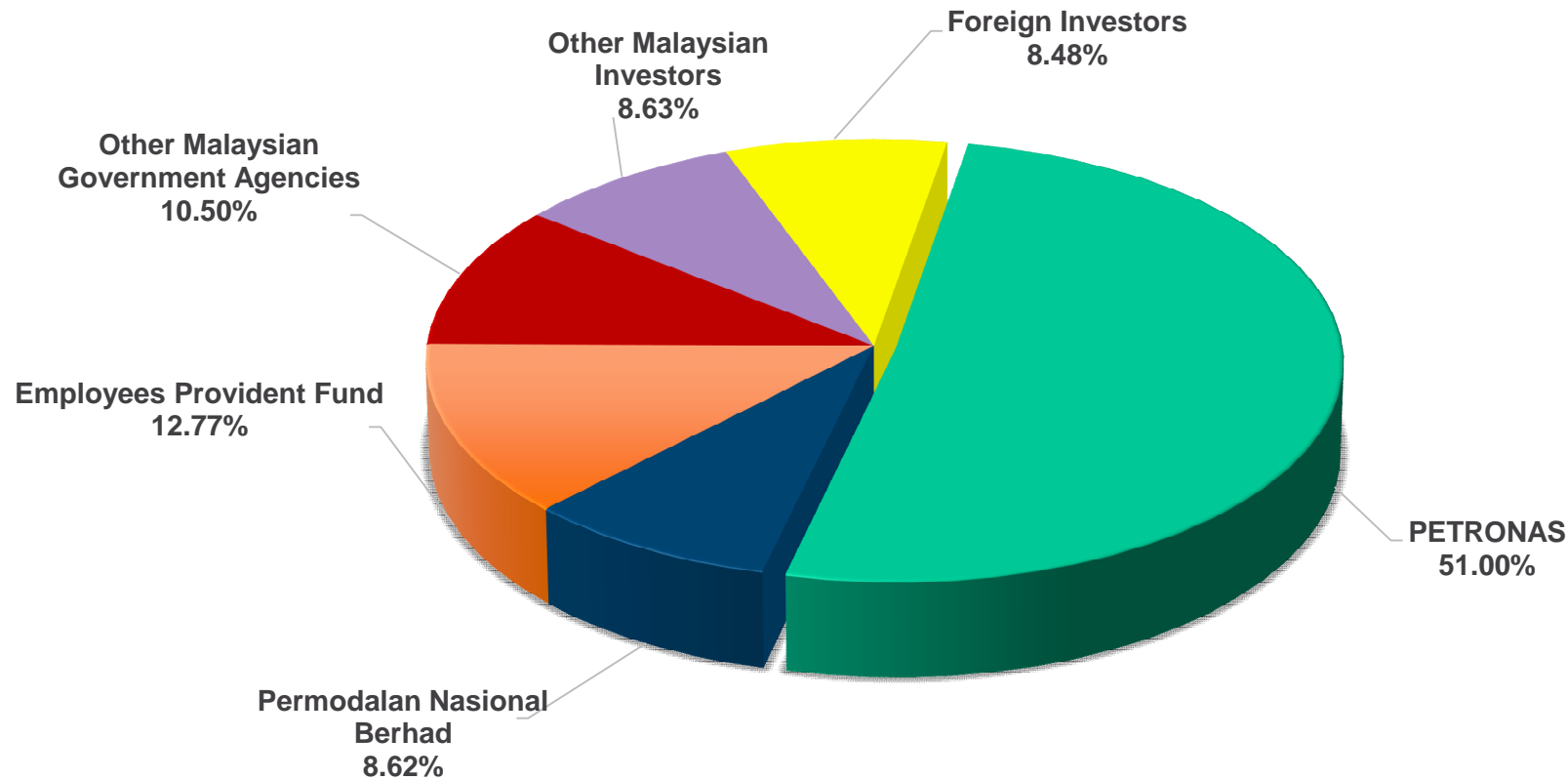
Appendix 2 : Schedule of Future Deliveries as at 30 Sept 2022

	LNG	Petroleum	
	LNG Carriers	DPST	VLCC
2H 2022	-	-	-
1H 2023	2	-	1
2H 2023	-	-	2
1H 2024	-	-	-

Note: 2 LNGCs (for SeaRiver) and 7 LNGCs (for QatarEnergy) to be delivered in 2025-2026.



Appendix 3 : Shareholders' Profile as at 30 Sept 2022



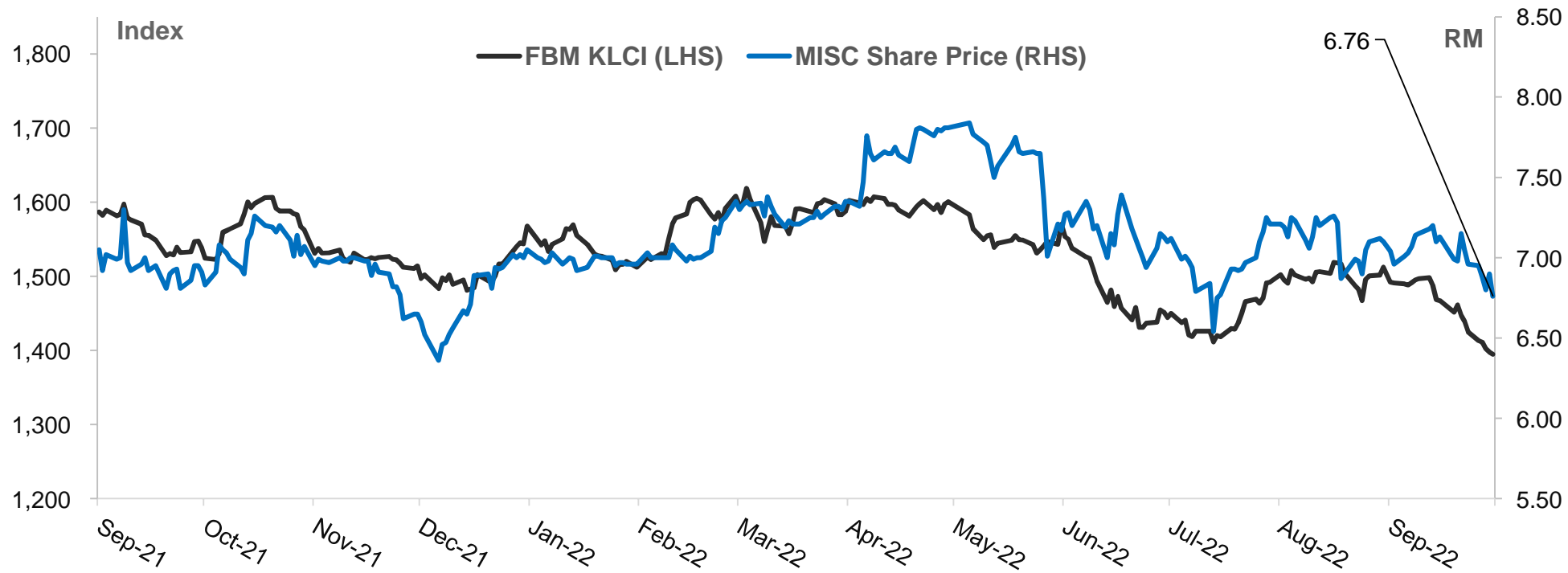


Appendix 4 : MISC 1 Year Share Price Performance

Share Price	RM
3-month average	7.03
6-month average	7.25
12-month average	7.11
High for the year (5 May 22)	7.84
Low for the year (6 Dec 21)	6.36

Share Price :
RM6.76 as at 30 Sept 2022

MISC vs. FBM KLCI





Q&A Session



THANK YOU