



# MISC 49th Annual General Meeting

## 27 April 2018



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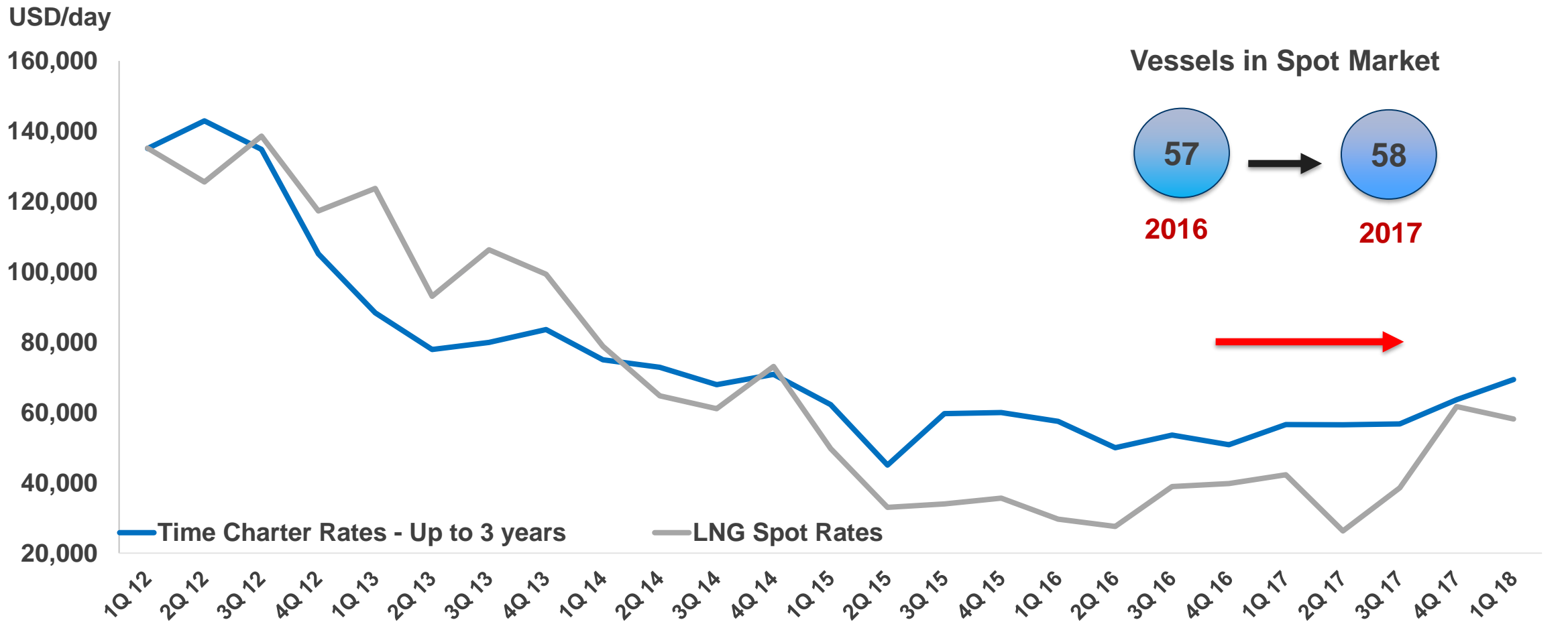
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# 2017 IN REVIEW



# Excess Vessel Supply Continue to Pressure LNG Freight Rates

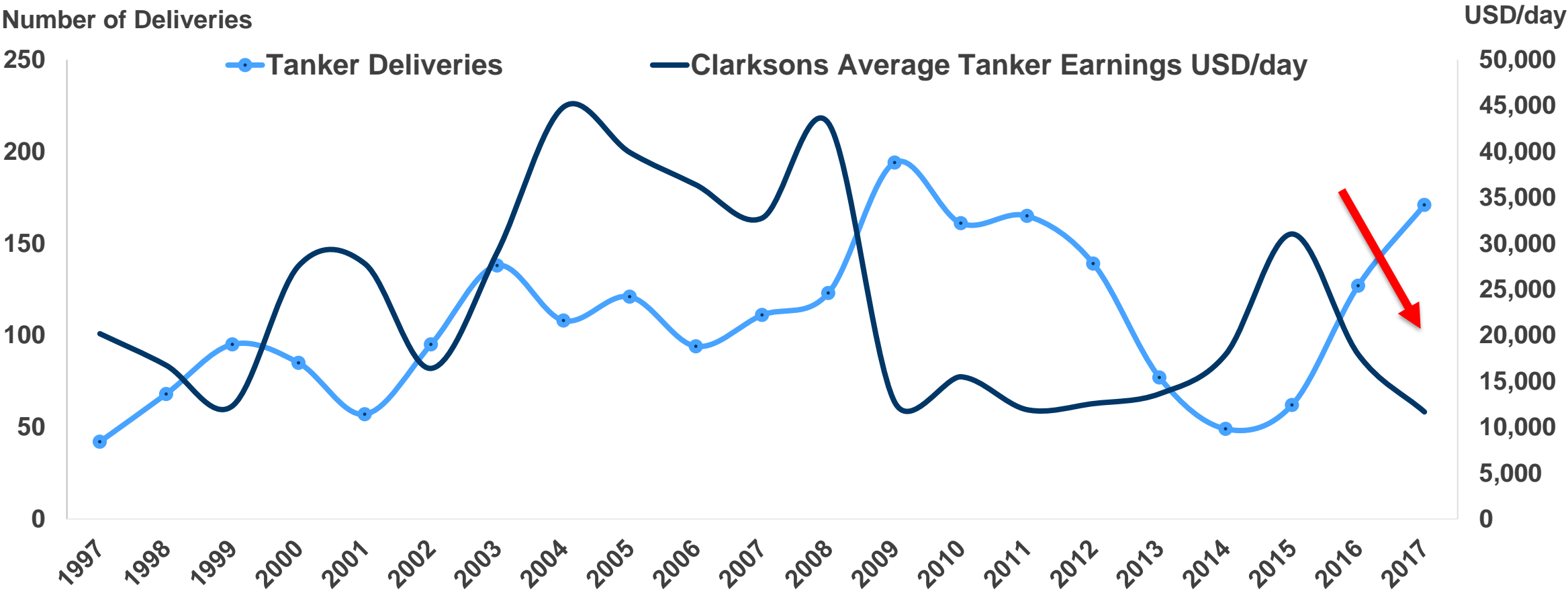
## LNG Charter Rates



Source: LNG Shipping Database, WoodMac

# A Similar Scenario for Petroleum Shipping

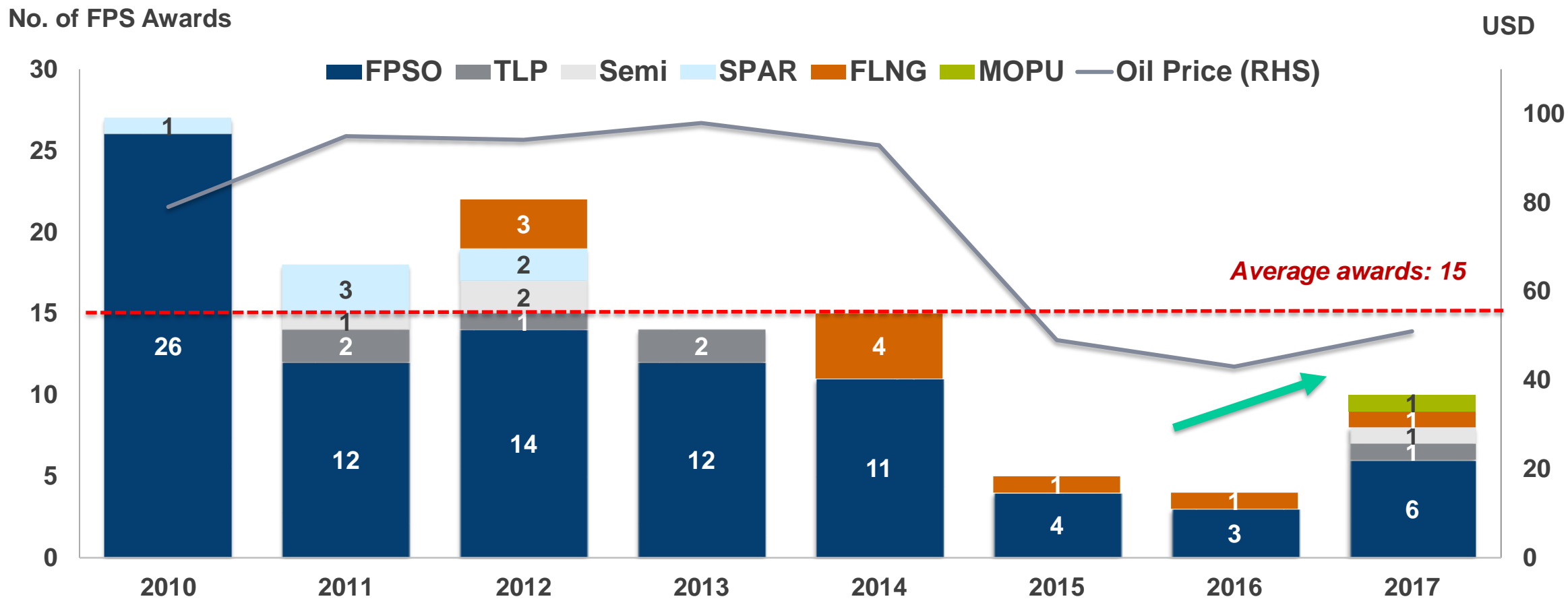
## Tanker Deliveries versus Tanker Earnings



Source: Clarksons

# Stable Oil Price Encouraging Recovery in Offshore Investment

## Floating Production System (FPS) Awards



Sources : EMA Report, EIA

# Overall Challenging Market

Bumi Armada returns to the black, net profit at RM63.8mil in 4Q17



Tanker Headwinds Push SCF into Loss in 2017

**Gener8 Maritime ends 2017 with fourth quarter loss**

**Teekay Tankers falls to a loss after TIL merger**

Bigger fleet could not translate into higher revenue as TCE rates fell in fourth quarter.

**Frontline third quarter loss deeper than forecast by analysts**

Tanker owner slips below consensus expectations and spells out profit on DHT sell-down.

**Bahri's earnings fall in soft spot market**

Saudi Arabian diversified shipowner sees higher bunker prices as it pulls in less revenue.

**Sembcorp Marine heads back into the red**

Singaporean shipbuilder returns to loss for the fourth quarter and sees less profit for the full year.

**Keppel fine propels it to \$379m loss**

Singapore yard group hit by penalty relating to corruption.

**Golar LNG Widens Loss amid Flat Shipping Market**



**Exmar plunges to first-half loss**

Belgian gas carrier owner hit by rising costs and falling revenue.

Belgium's Exmar has fallen into the red in the first half as revenue fell and costs rose. The gas carrier company posted a net loss of \$34.1m to 30 June, from profit of \$33.7m

**Fairplay**

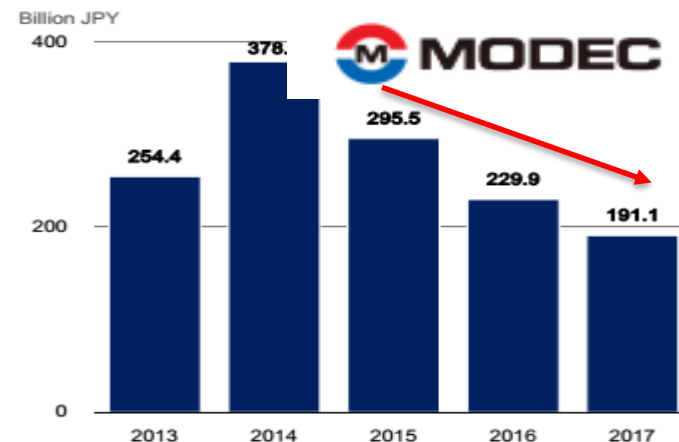
**Stolt-Nielsen sees chemical tanker market bottoming out, considers options**

**BW Offshore notes improving market as profit returns**

Fourth quarter profit helps FPSO specialist return to the black in 2017.

**SBM Offshore to pay \$238m fine in corruption case**

Settlement relates to activities from the mid-1990s through until 2012.




# FINANCIAL HIGHLIGHTS




# Financial Highlights FY2017 - Credible Performance Despite Challenging Market Conditions


## Revenue

2017	10,068.2	+5%
2016	9,597.2	

## Operating Profit

2017	2,733.6	+23%
2016	2,228.8	


## Profit Before Tax

2017	2,003.6	-29%
2016	2,814.0	

## Net Operating Cash Flow

2017	4,739.1	-9%
2016	5,222.3	

## Earnings Per Share (Sen)

2017	44.4	-23%
2016	57.8	

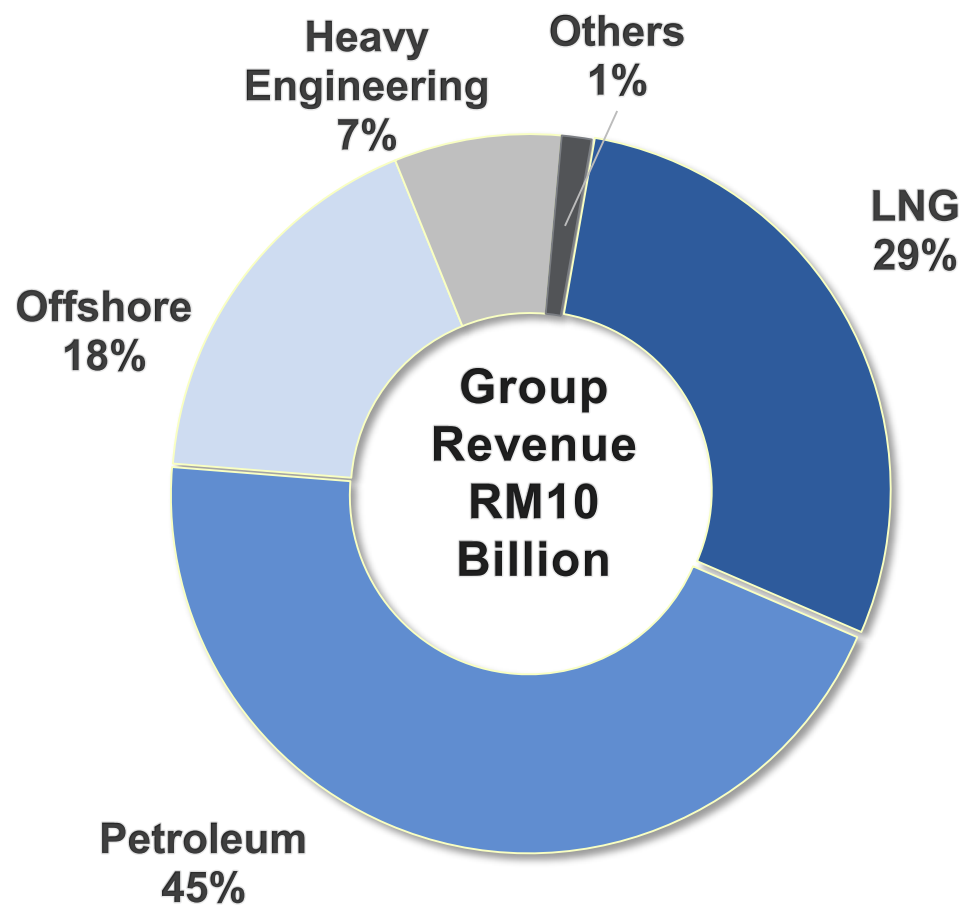
## Dividends Per Share (Sen)

2017	30	<b>Maintained</b>
2016	30	

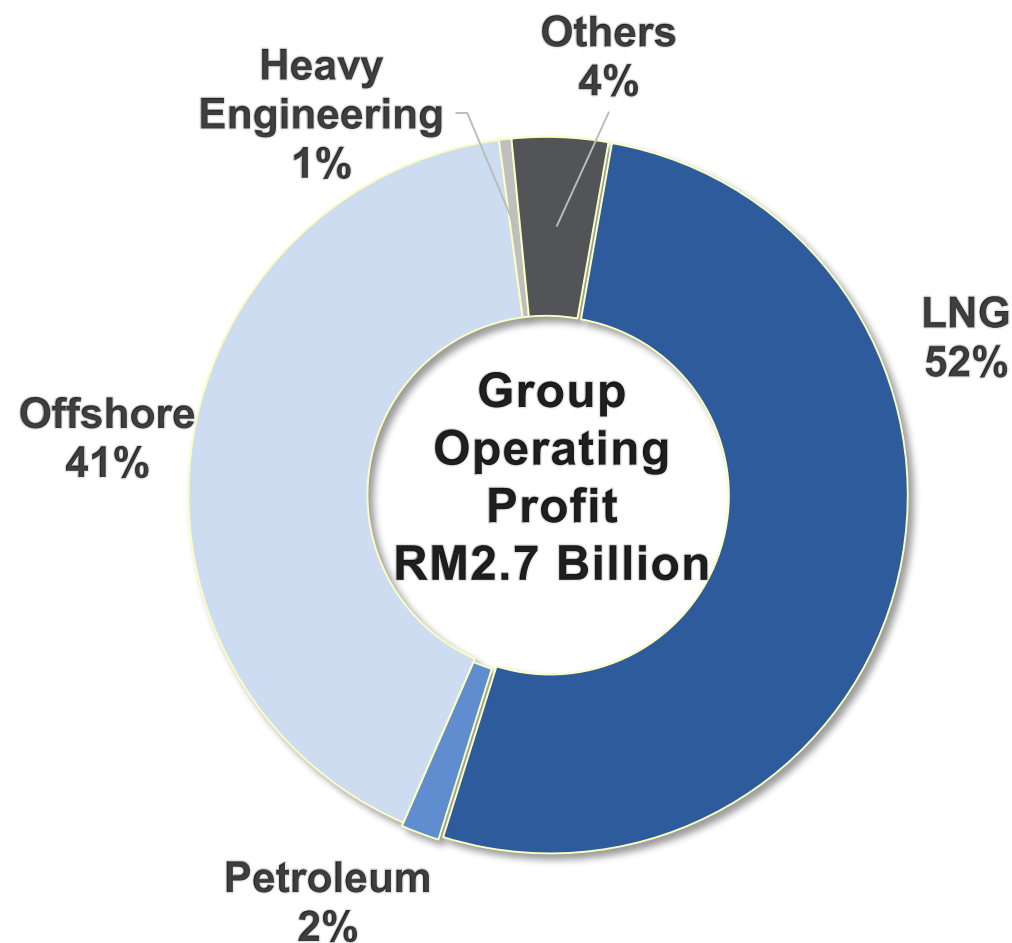
*\*All figures in RM million unless otherwise stated*

# Segmental Contribution in FY2017

Business Unit by % of  
REVENUE

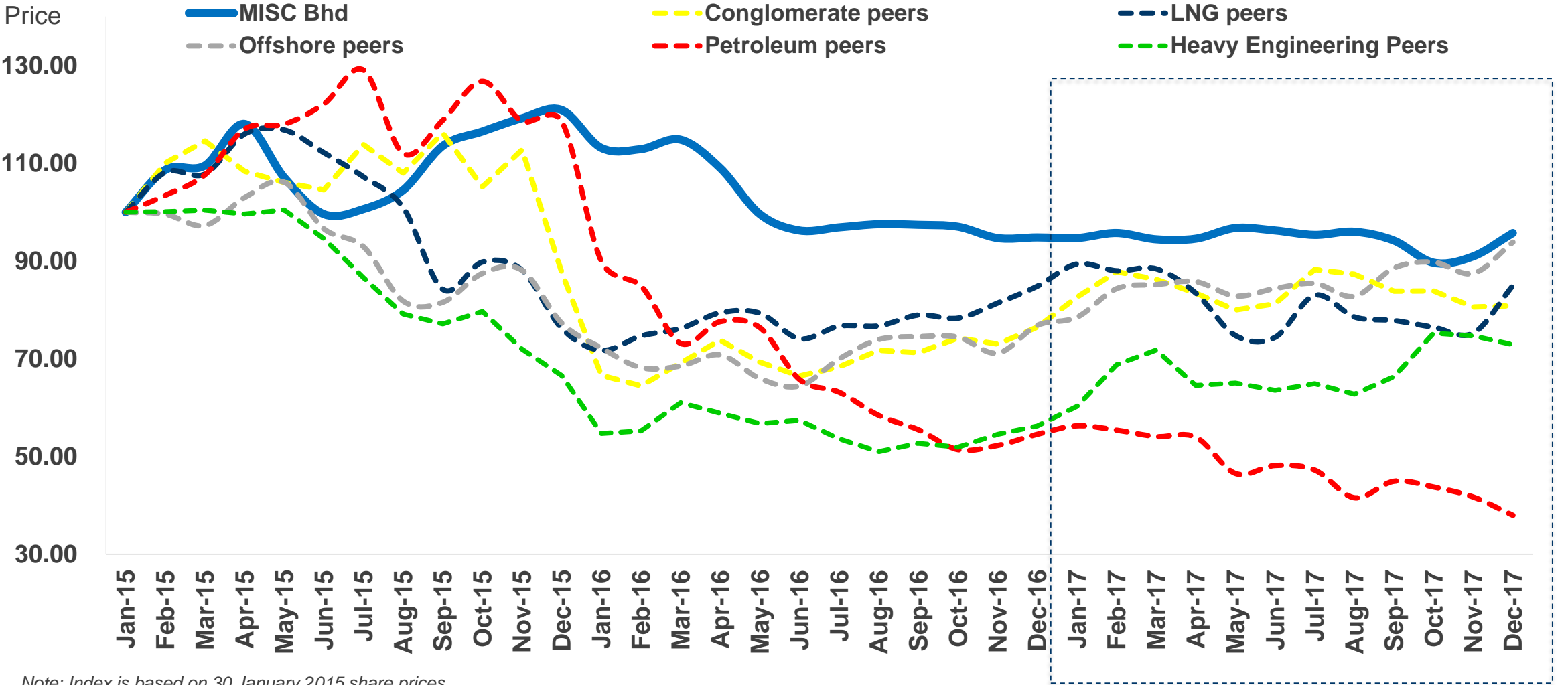


Business Unit by % of  
OPERATING PROFIT



# MISC Share Price Remains Resilient Despite Weak Market Conditions from the Decline in Oil Prices

Indexed Share Price



Note: Index is based on 30 January 2015 share prices

# Offshore and Heavy Engineering Segments have Recovered from Improved Sentiment in Offshore Investment; Meanwhile, Petroleum Tanker Peers Continue to Underperform

Indexed Share

Price

130

120

110

100

90

80

70

60

50

Jan-17

Feb-17

Mar-17

Apr-17

May-17

Jun-17

Jul-17

Aug-17

Sep-17

Oct-17

Nov-17

Dec-17

— MISC Bhd

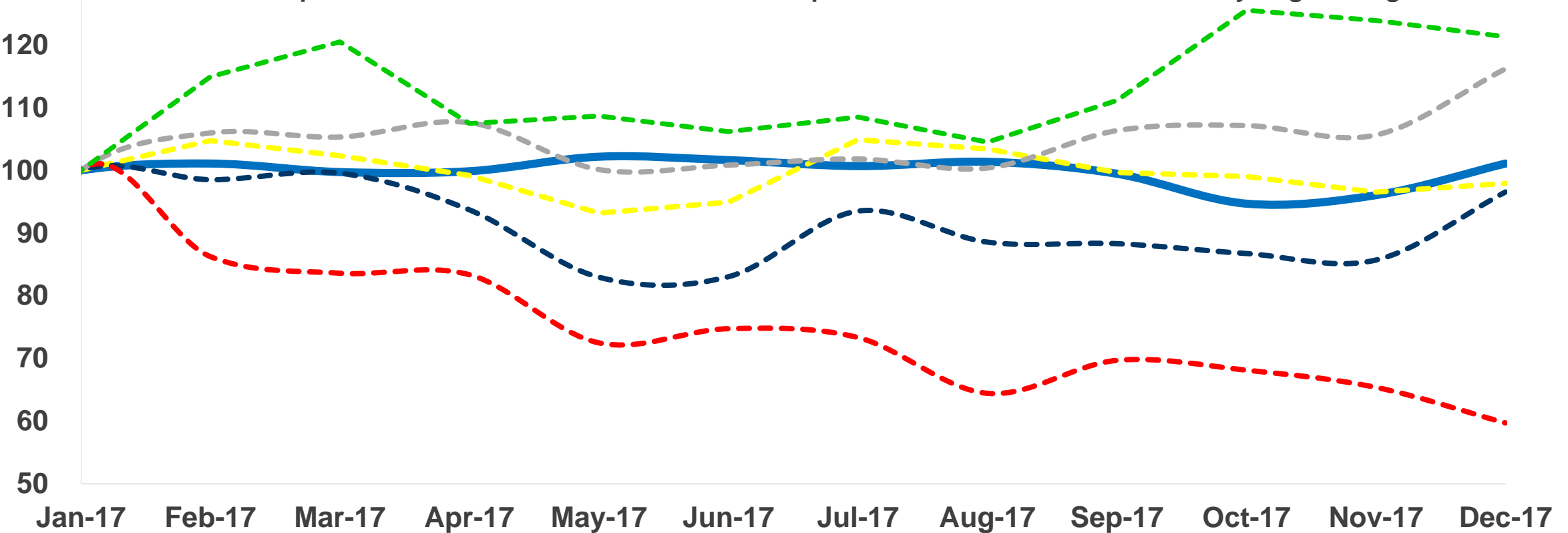
- - - Offshore peers

- - - Conglomerate peers

- - - Petroleum peers

- - - LNG peers

- - - Heavy Engineering Peers



Note: Index is based on 31 January 2017 share prices

## A Challenging Year for The Overall Industry

	Revenue		NPAT	
	2016 (+/- %)	2017 (+/- %)	2016 (+/- %)	2017 (+/- %)
MISC Bhd.	↓ -17%	↑ 1%	↑ 4%	↓ -31%
Conglomerate Peers	↓ -22%	↑ 1%	↓ -177%	↓ -116%
LNG Peers	↑ 3%	↑ 15%	↓ -9%	↓ -19%
Petroleum Peers	↓ -8%	↓ -18%	↓ -56%	↓ -183%
Offshore Peers	↓ -16%	↓ -9%	↓ -251%	↑ 161%
Heavy Engineering Peers	↓ -17%	↓ -47%	↑ 182%	↓ -120%

# CORPORATE MILESTONES IN 2017



# Corporate Milestones in 2017

## New Contracts Won

- AET signed second long-term charter contract with Statoil for two DPSTs for North Sea.
- MHB won a RM1 billion contract to develop the central processing platform (CPP) for PETRONAS' Bokor phase 3 redevelopment project.

## Other Notable Corporate Events

- Construction of a new dry dock 3 (DD3) at MHB which is expected to commence its operation in Q3 2020.
- Sale of MILS to SWIFT Haulage Sdn Bhd fully completed with all amounts owing to MISC fully settled.
- Integration of fleet management services of MISC and AET, which is now known as the Eaglestar Group.
- Disposal of tank terminal business, Centralised Terminals Sdn Bhd to Dialog Group in September for RM193 million.

## New Vessels

- Second and third Seri C class LNG vessels, Seri Cenderawasih and Seri Cempaka were delivered in January and August 2017 respectively. Seri Camar was delivered in February 2018.
- Two second-hand VLCCs from Gener8, currently on long-term charters to KOCH.
- First two LR2 product tanker newbuilds, Eagle Lyon and Eagle Le Havre on long-term charter with TOTAL.

## Achievements and Awards

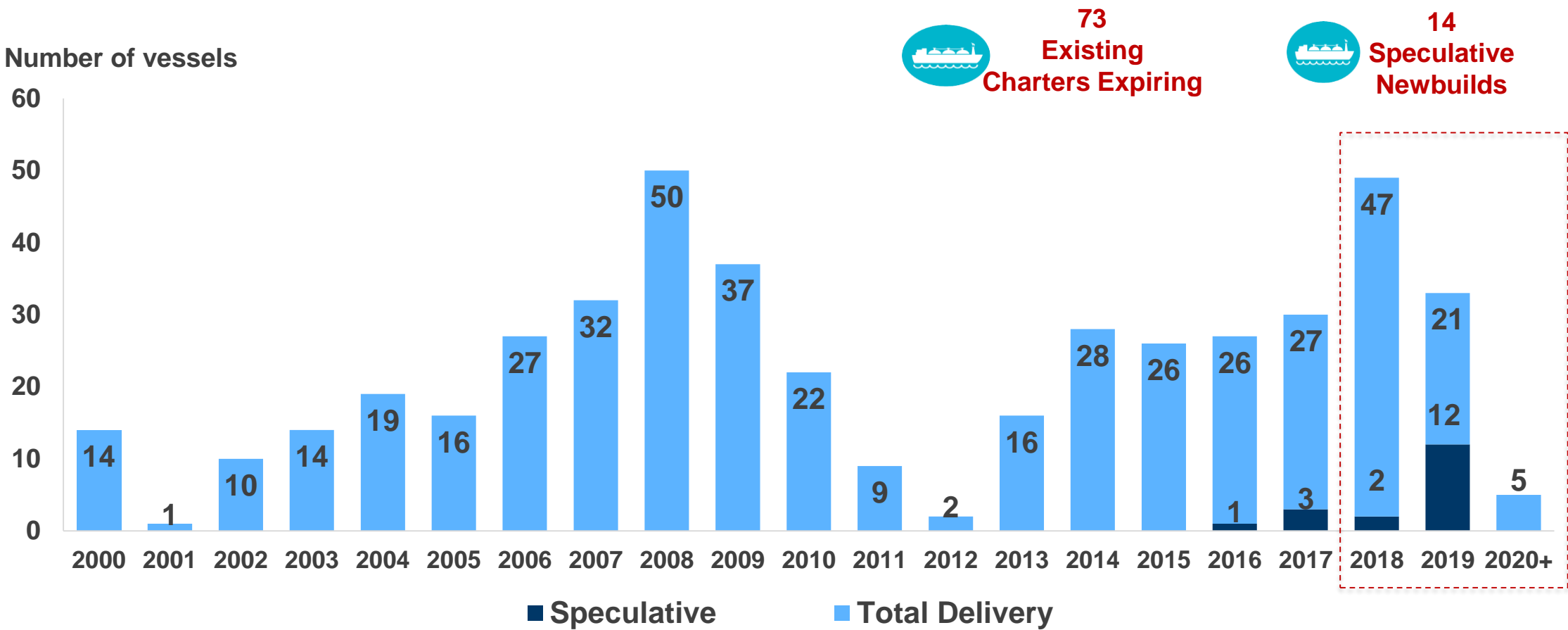
- Wins Tanker Operator of the Year in the Lloyd's List Asia Pacific Awards 2017.
- ALAM named the "Best in Maritime Education & Training" at the Seatrade Maritime Awards Asia 2017.
- Continues to maintain its position in the FTSE4Good Bursa Malaysia Index, one of the globally recognised sustainability indices, with an improved score.

# EXPECTATIONS FOR 2018



# Oversupply of LNG Tankers Continue

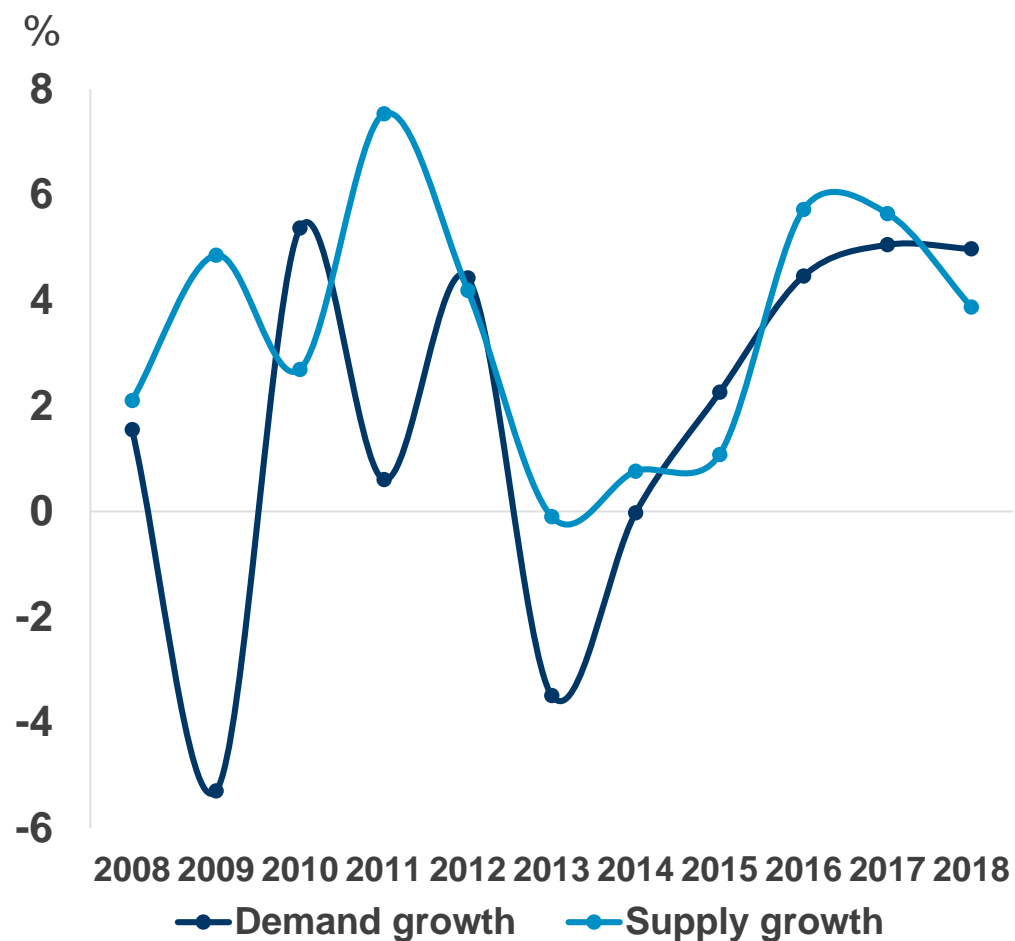
## Newbuilds to be delivered (2018 to 2020+)



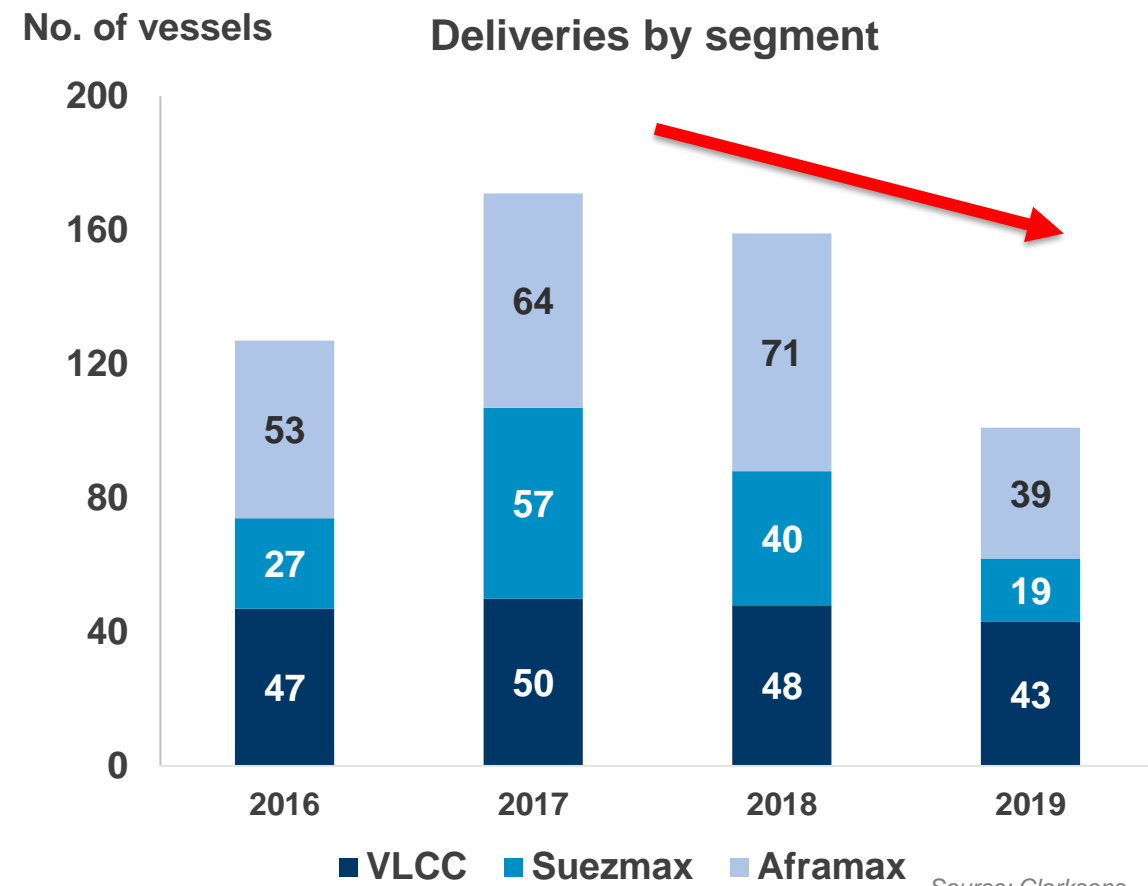
Source: WoodMac

# Another Difficult Year for Petroleum Shipping

Tanker Demand and Supply Growth in %

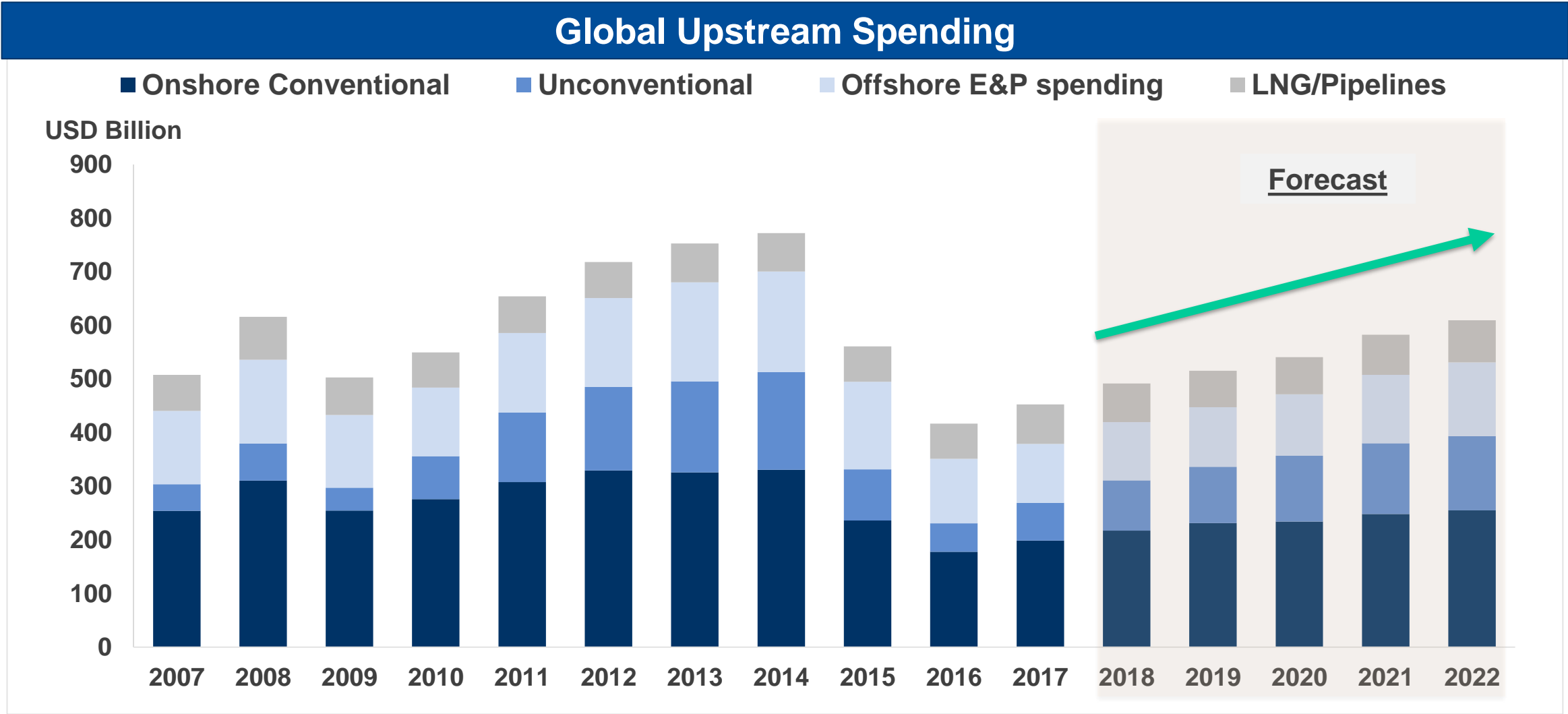


Tanker Deliveries



Source: Clarksons

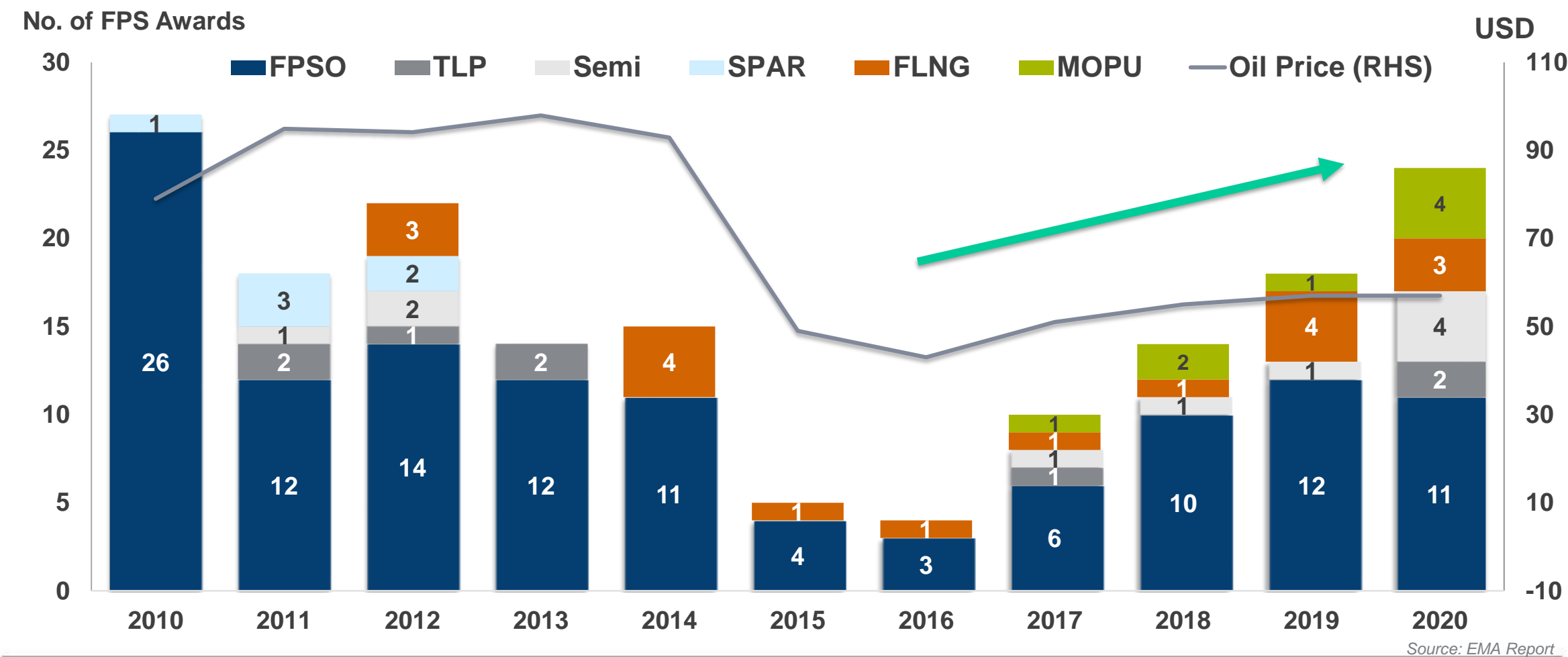
# Recovery in Upstream/Offshore Investments/Spending



Source: IHS Markit

# Similar Recovery in Floating Production Project Opportunities

## Floating Production System (FPS) Awards



# Thank You