



THIS IS MISC

ANNUAL GENERAL MEETING | 26 JUNE 2020

PEOPLE

PASSION

POSSIBILITIES

Disclaimer

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MISC Berhad – A global shipping conglomerate

51

years of proven experience in delivering energy related maritime solutions and services



Modern fleet of over

110

LNG, Petroleum and Product vessels

FPSO/FSO owner-operators with

14 assets



Moody's
Investors Service

Strongest
credit rating
in marine
transport
sector

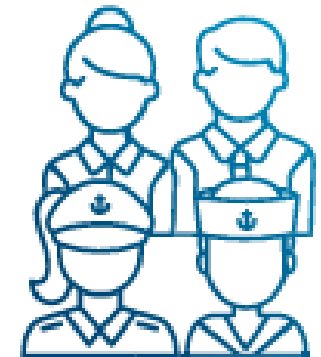


S&P
Global Ratings

International and diverse workforce of more than

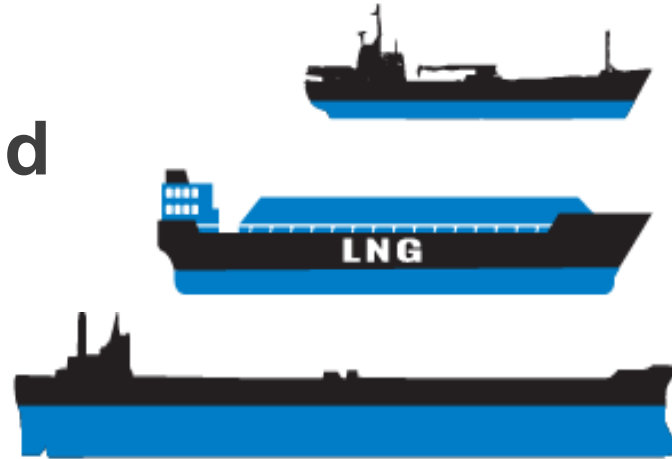
8,800

sea and shore employees from various nationalities



Consistent outstanding operational performance

High overall
vessel availability and
utilisation rate
of above 99%



Excellent asset
performance

with uptime of over

99%



Reduction in carbon
emission intensity by
LNG fleet 16%
Petroleum fleet 13%
Product fleet 9%
from baseline of 2016



Zero
major spills to the
environment
since 2013



Zero
fatalities

Launched the
World's first
2 LNG dual-fuel
DPSTs

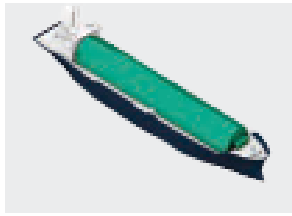


Recognised by the industry for our operational and safety excellence



Four core businesses providing energy related maritime solutions and services

LNG ASSET SOLUTIONS



- Owns 29 LNG vessels and 2 floating storage units (FSU)

Over **9,800** voyages made since 1983



One of the world's **largest** LNG carrier owner-operators



C

PETROLEUM & PRODUCT SHIPPING



- Owns/operates 81 tankers including dynamic positioning shuttle tankers (DPST) and modular capture vessels (MCV)

MARKET LEADER in lightering operations in the US Gulf



The **only** tanker company globally possessing MCV capabilities



C

OFFSHORE



- Owns 14 FPSO, FSO and other floating assets

One of the world's **LEADING** FPSO/FSO owner-operators



Excellent asset performance with uptime of over **99%**



C

MARINE & HEAVY ENGINEERING



- Owns one of the largest drydocks in Southeast Asia with 2 drydock facilities

One of the **LARGEST** dry docks in Southeast Asia in terms of cubic capacity



Over **40** years delivering integrated and complex solutions including deepwater facilities



C

Supported by three key enablers

INTEGRATED MARINE SERVICES



- Ship management arm of MISC

High vessel availability rate of over **99%**



Consistently achieved excellent results in **HSE performance** and **PSC performance**



PORT MANAGEMENT & MARITIME SERVICES



- Centre of excellence for port management and maritime services

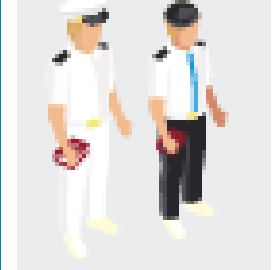
ZERO LTI
since 1999



Successfully handled over **52,000** vessels



MARITIME EDUCATION & TRAINING



- Training institution mainly for seafarers as well as offshore platforms and shipping industry

LEADING maritime education and training (MET) institution in the region



Trained over **13,500** seafarers occupying nearly all key positions in the merchant marine sector in Malaysia both at sea and shore since 1976

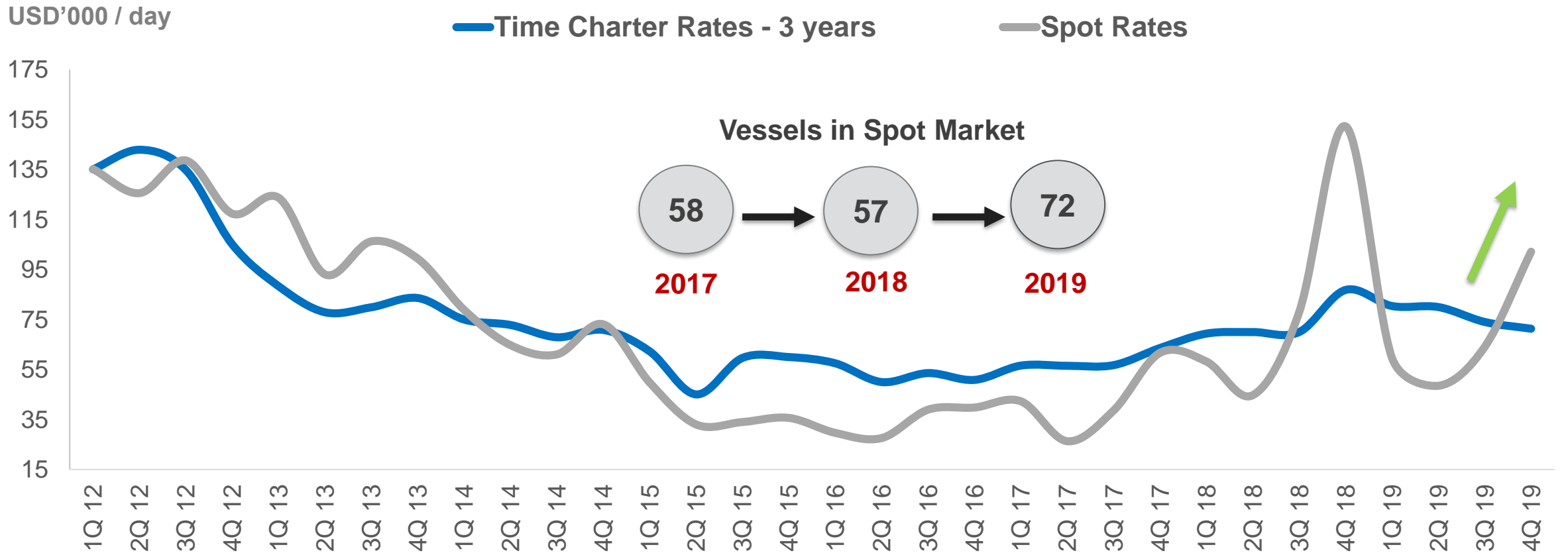


2019 IN REVIEW



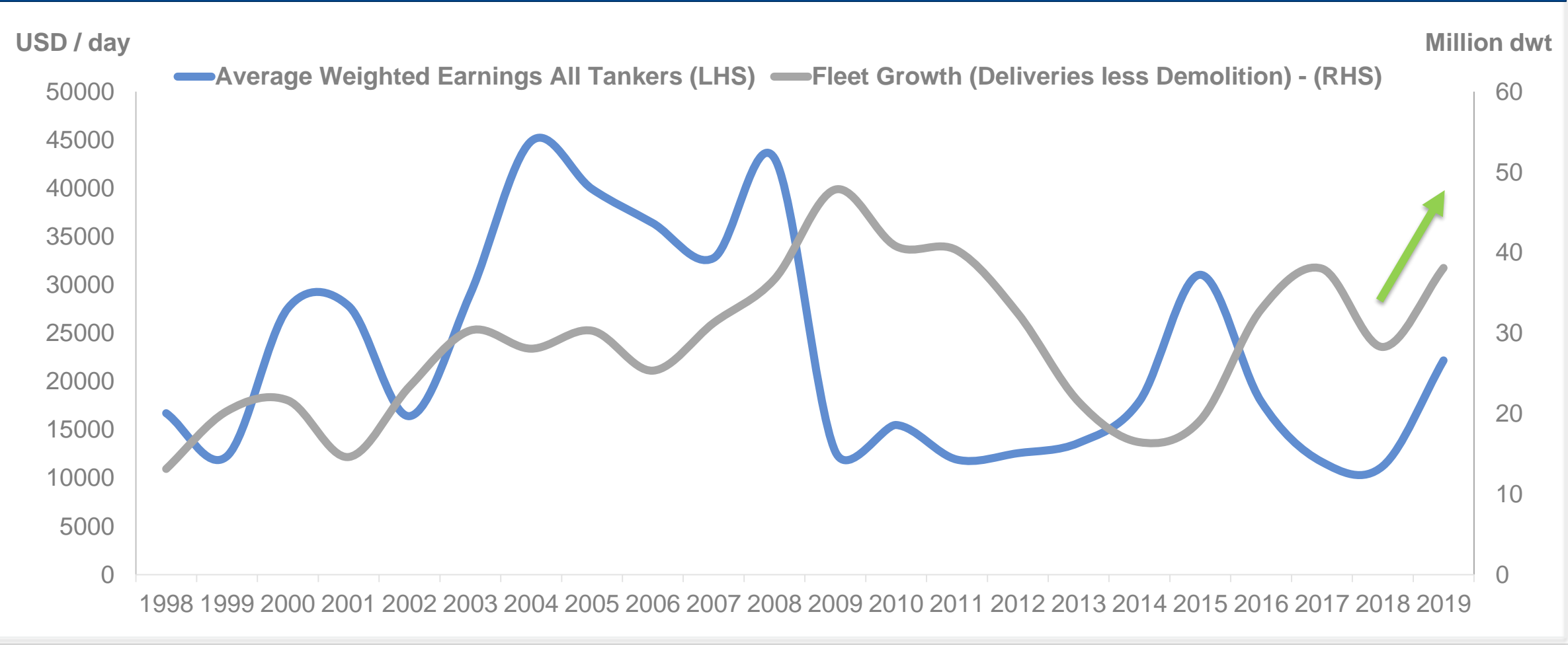
LNG shipping rates climbed as global LNG demand and supply continued to expand

LNG Charter Rates



Crude tanker earnings reached their highest levels since 2015, driven mainly by geopolitical factors

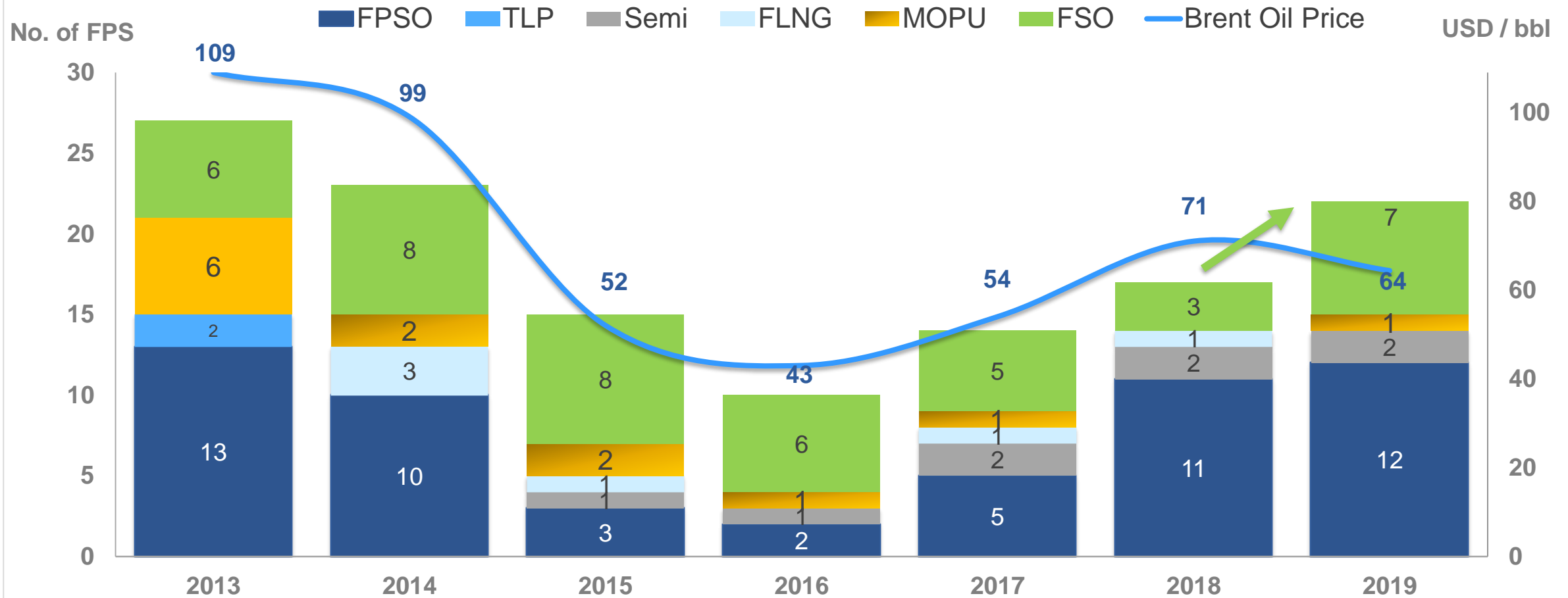
Average Crude Tanker Earnings versus Fleet Growth



Source: Clarksons

The favourable oil price environment enabled recovery of upstream activities to continue in 2019

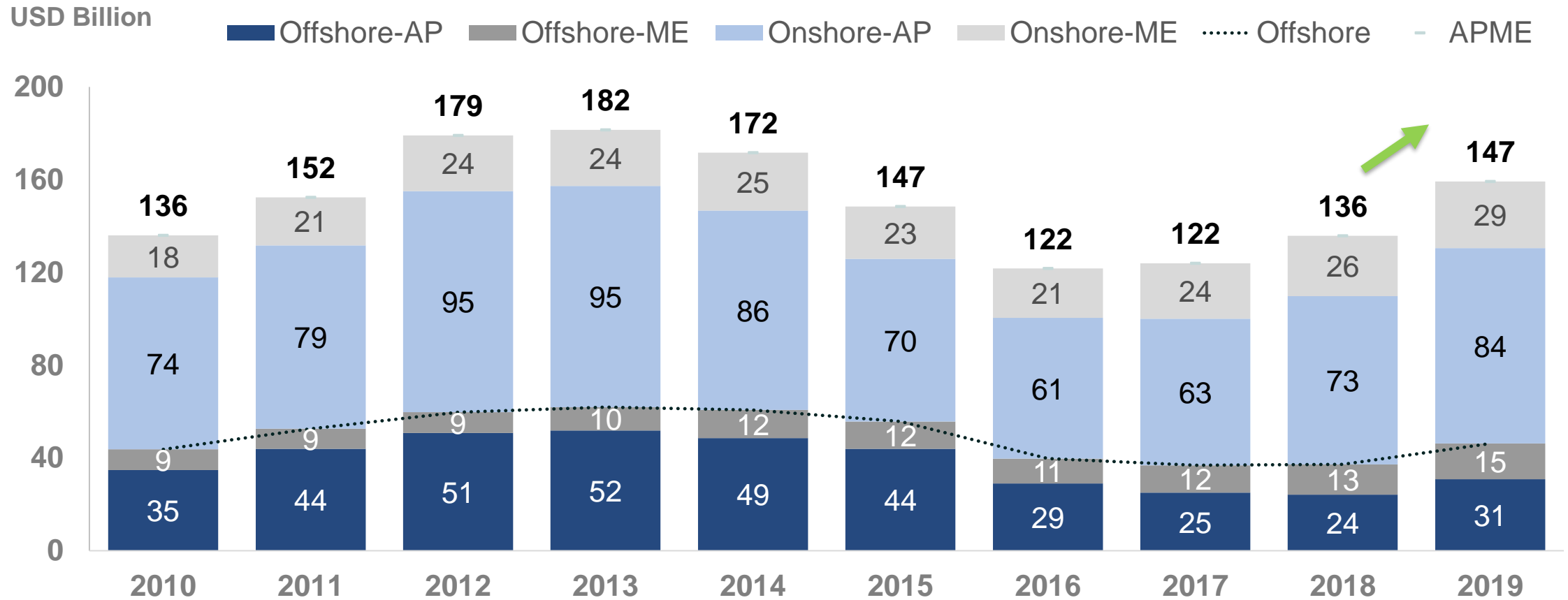
Global Floating Production System (FPS) Awards



Sources: EMA, EIA and MISC analysis

Exploration and production CAPEX spending picked up pace

Asia Pacific (AP) & Middle East (ME) Exploration & Production CAPEX Spending

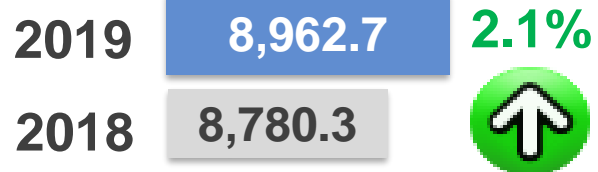


FINANCIAL HIGHLIGHTS

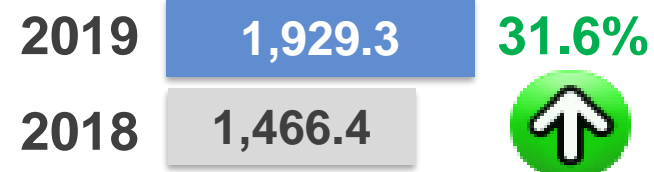


Financial highlights FY2019 – better financial performance

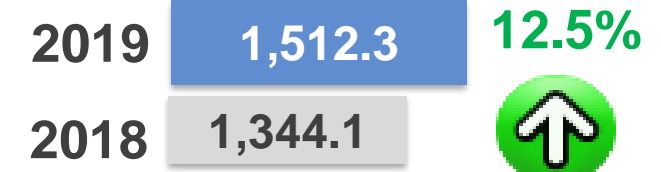
Revenue



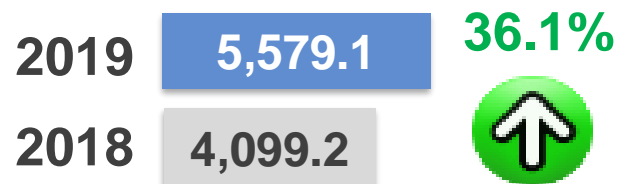
Operating Profit



Profit Before Tax

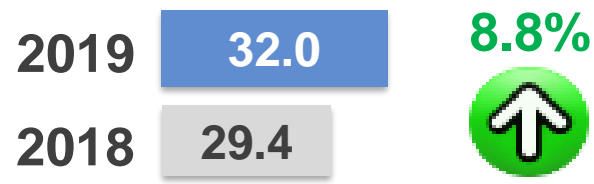


Net Operating Cash Flow



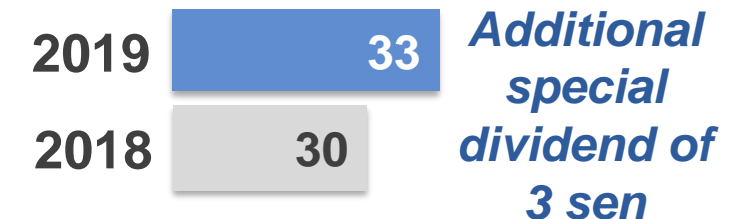
Earnings Per Share

(Sen)



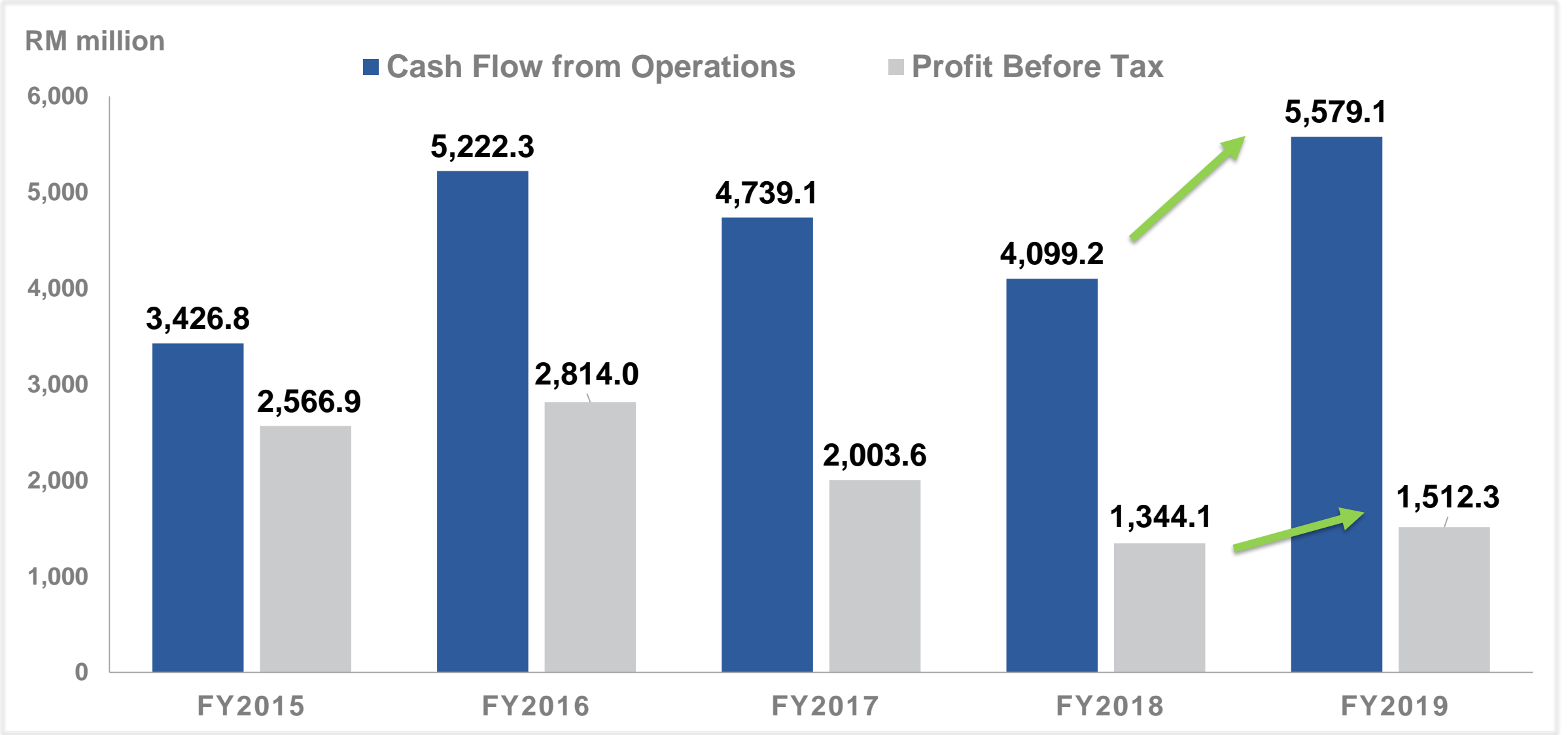
Dividends Per Share

(Sen)

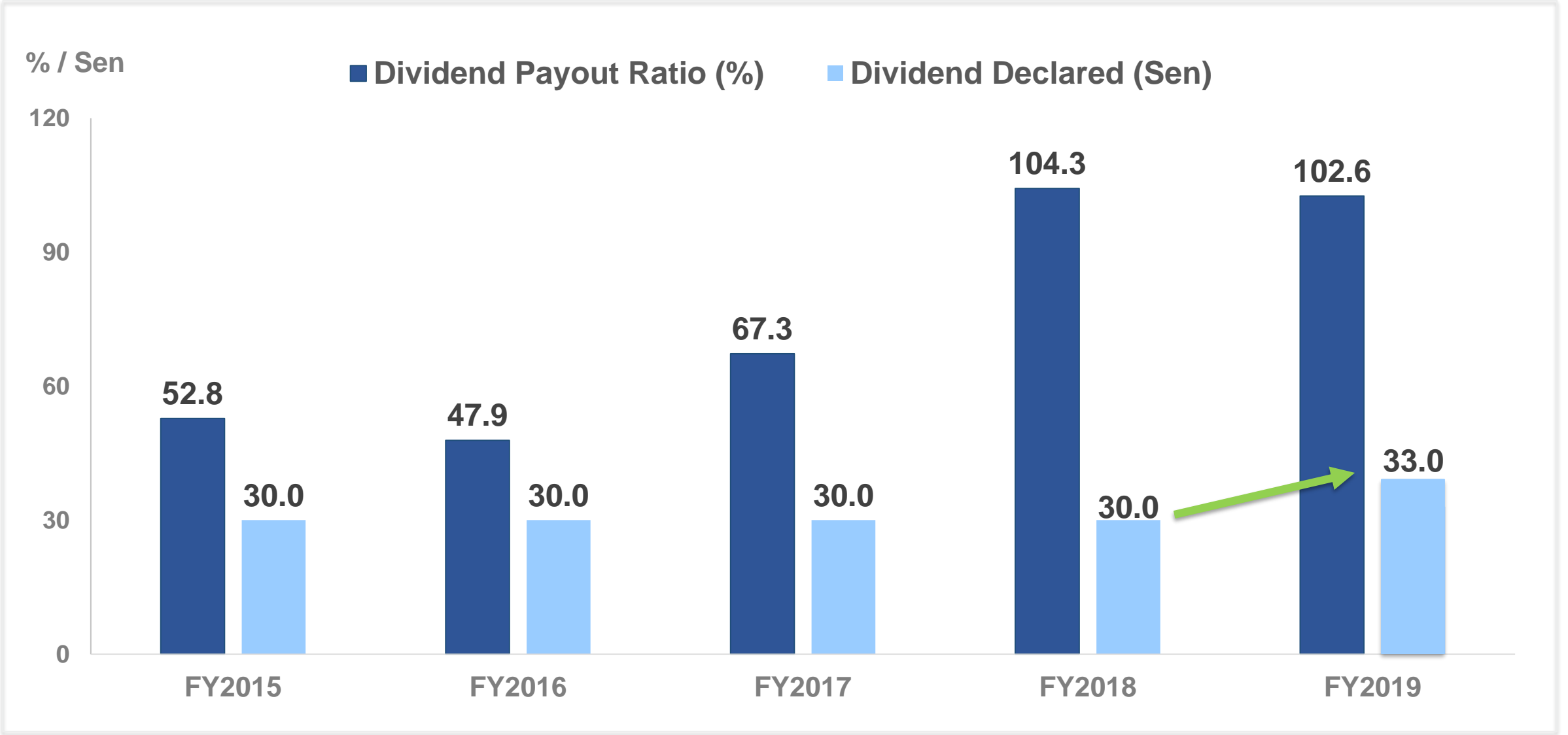


*All figures in RM million unless otherwise stated

36% increase in group operating cash flow

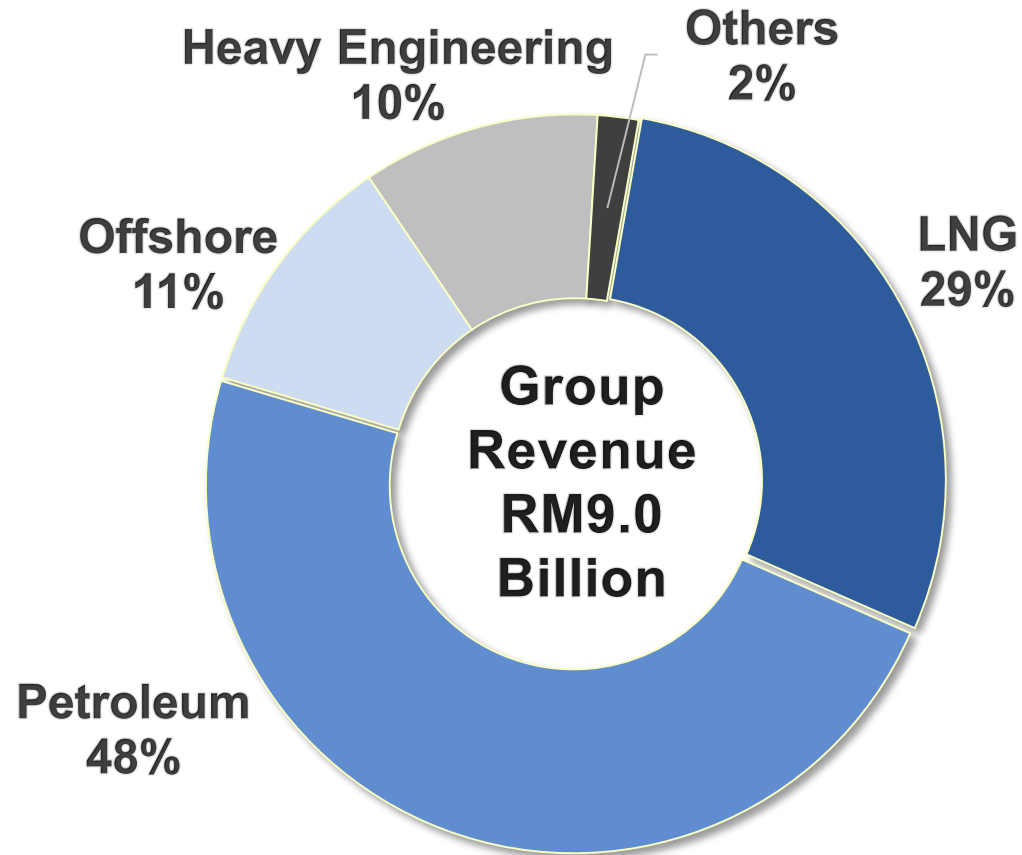


Additional special dividend of 3 sen declared

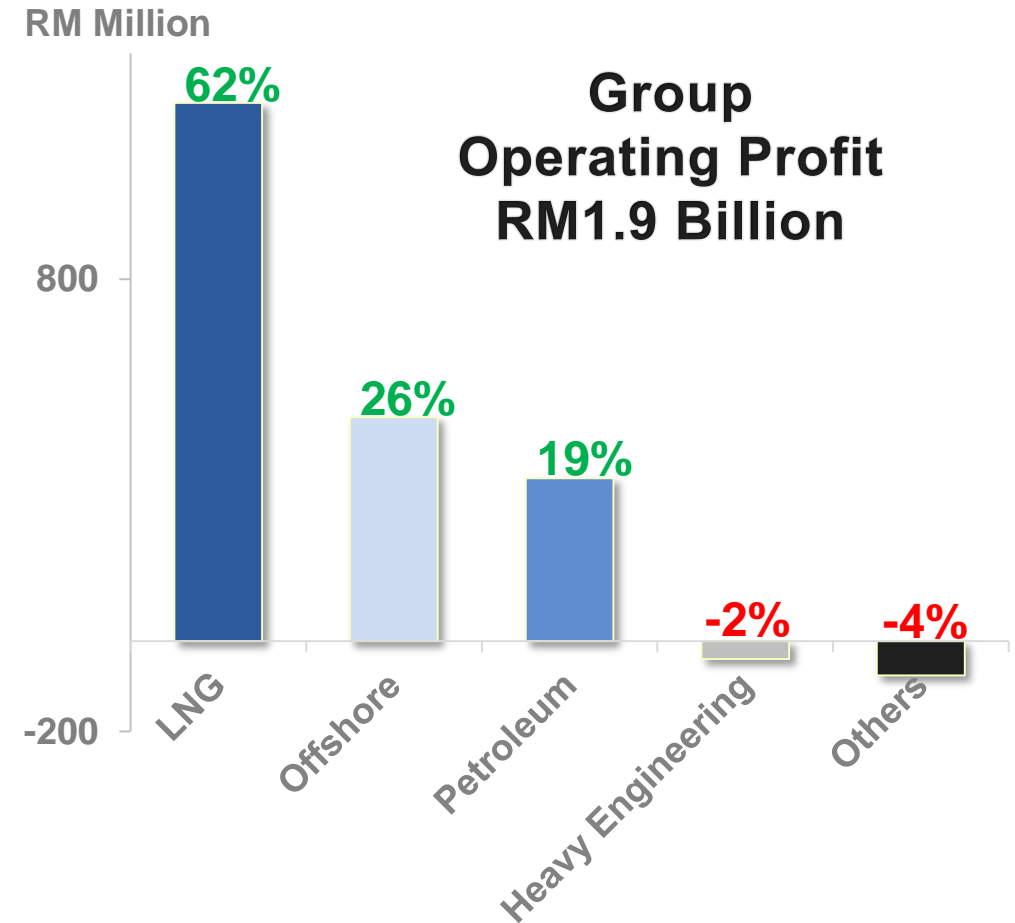


Segmental contribution in FY2019

REVENUE BREAKDOWN



OPERATING PROFIT BREAKDOWN



Mixed performances across industry segments

Tsakos Energy Navigation : Ten Ltd. Reports Profits For Fourth Quarter And Year End 2019 And Declares Dividend Of \$0.05 Per Common Share

Impairment hurts GasLog's 2019 profit

Euronav finishes 2019 with USD 160 million profit

Knutsen NYK Offshore reports 2019 loss but touts stable business

Maersk 2019 profitability boost a 'solid starting point for 2020'

Scorpio Tankers Inc. Reports Lower 2019 Loss

Cosco Shipping 2019 Net Profit Surged

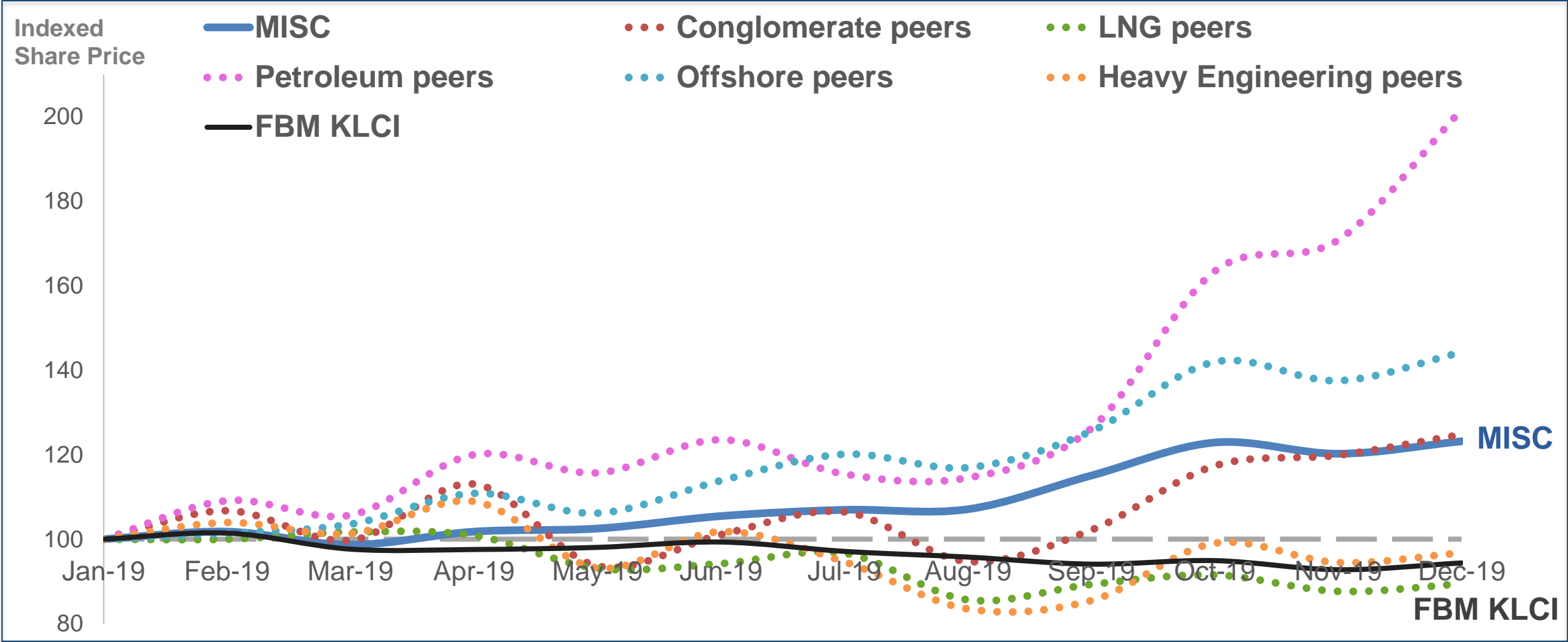
Sapura Energy returns to the black in 2019 with RM207m net profit

Bumi Armada posts net profit of RM58m in FY19

Exceptional year for the petroleum shipping industry

	REVENUE		NPAT	
	2018 (+/- %)	2019 (+/- %)	2018 (+/- %)	2019 (+/- %)
MISC Berhad	- 13% ▼	2% ▲	- 33% ▼	12% ▲
Conglomerate Peers	9% ▲	- 9% ▼	- 27% ▼	> - 100% ▼
LNG Peers	26% ▲	7% ▲	- 4% ▼	-13% ▼
Petroleum Peers	12% ▲	34% ▲	> 100% ▲	> 100% ▲
Offshore Peers	29% ▲	21% ▲	> 100% ▲	- 4% ▼
Heavy Engineering Peers	9% ▲	8% ▲	> - 100% ▼	37% ▲

MISC was one of the best performing large capitalisation stocks on Bursa in 2019 with 25% increase in share price



Note: Index is based on 31 January 2019 share price

CORPORATE MILESTONES IN 2019



Focused delivery across the value chain



LNG ASSET SOLUTIONS

- Secured two newbuild LNG carriers from ExxonMobil's Seariver Maritime LLC
- Formed a joint venture partnership with Mitsubishi Corporation and NYK to co-own two (2) newbuild LNG carriers
- Secured LNG Bunker vessel time charter contract with PETRONAS in collaboration with Avenir LNG



PETROLEUM & PRODUCT SHIPPING

- Delivered two (2) new dual-fuelled LNG Aframax vessels, *Eagle Brasilia* and *Eagle Bintulu*
- Awarded six (6) long-term charter contracts to provide three (3) newbuild DPSTs to Shell and three (3) newbuild DPSTs to Petrobras



OFFSHORE

- Secured contract extensions for two existing charters for MISC assets
- Expanding and building capability for deepwater projects in Brazil



MARINE & HEAVY ENGINEERING

- Secured EPCIC contract for Kasawari Gas Development project
- Delivered several notable onshore and offshore projects
- Secured four (4) en bloc agreements for marine repair jobs

Focused delivery across the value chain (cont'd)



INTEGRATED MARINE SERVICES

- Eaglestar in collaboration with AET was recognized by the Chamber of Shipping America for the Annual Environmental Achievement Awards
- Top five (5) finalist for the Technical Innovation Award



MARITIME EDUCATION & TRAINING

- Received approval from Cabinet for MISC's concession for ALAM for a period of 30 years until 2046
- Received sponsorship from Melaka State Economic Planning Unit for 100 students under the Sijil Kemahiran Malaysia rating programme



PORT MANAGEMENT & MARITIME SERVICES

- Secured new domestic business for vessel screening and provision of other marine services at Pengerang terminals
- Secured contracts for provision of Marine Coordinator services

EXPECTATIONS FOR 2020



An extremely challenging start to 2020

COVID-19 pandemic

- Worldwide lockdowns
- Global recession
- Disruptions to global supply chains
- “New normal”

Collapse in oil price

- Oil price war
- Increase in floating storage
- Capex cuts by oil majors

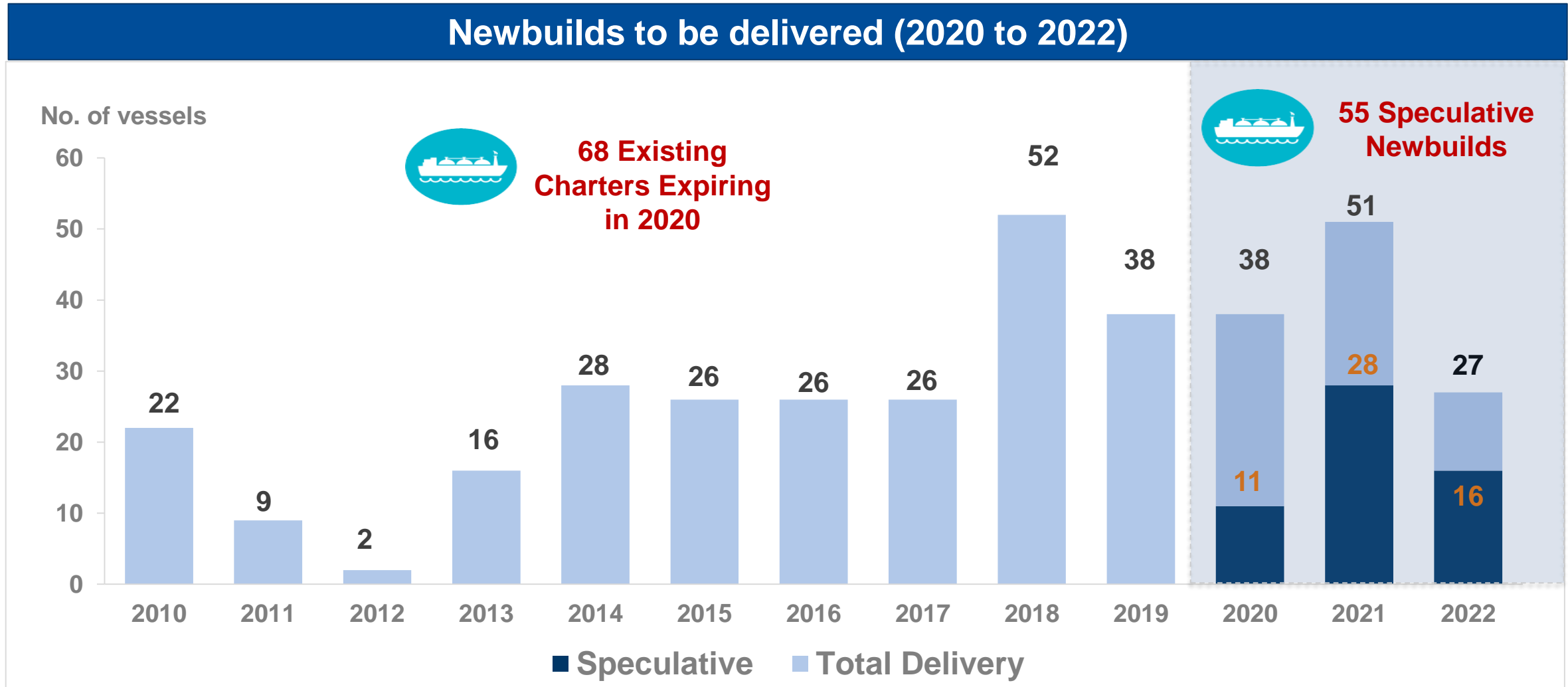
Unfavourable Gumusut Kakap (GKL) arbitration outcome

- Unexpected result
- Net loss in 1Q 2020 due to large one-off charge to income statement – provision/write-off/loss

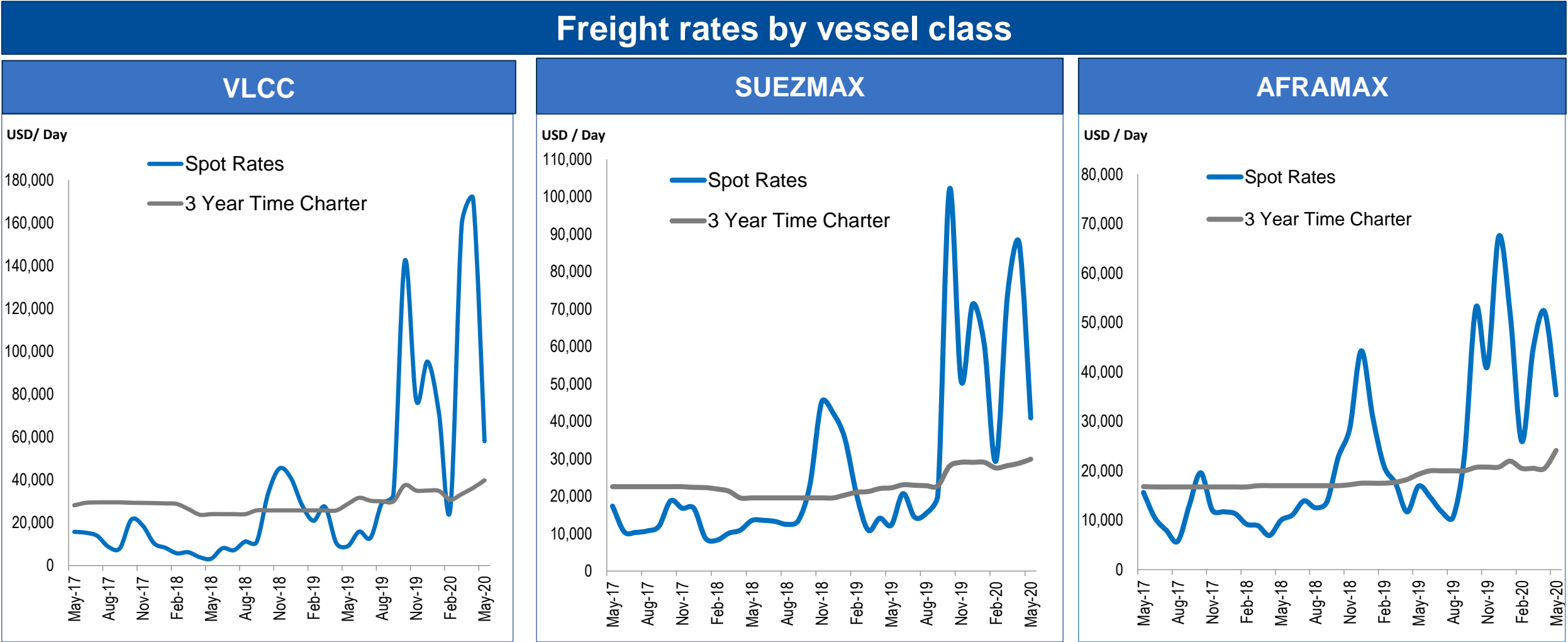
COVID-19 AND COLLAPSE IN OIL PRICE



LNG demand impacted by COVID-19 while incoming LNG newbuild deliveries to add pressure on rates

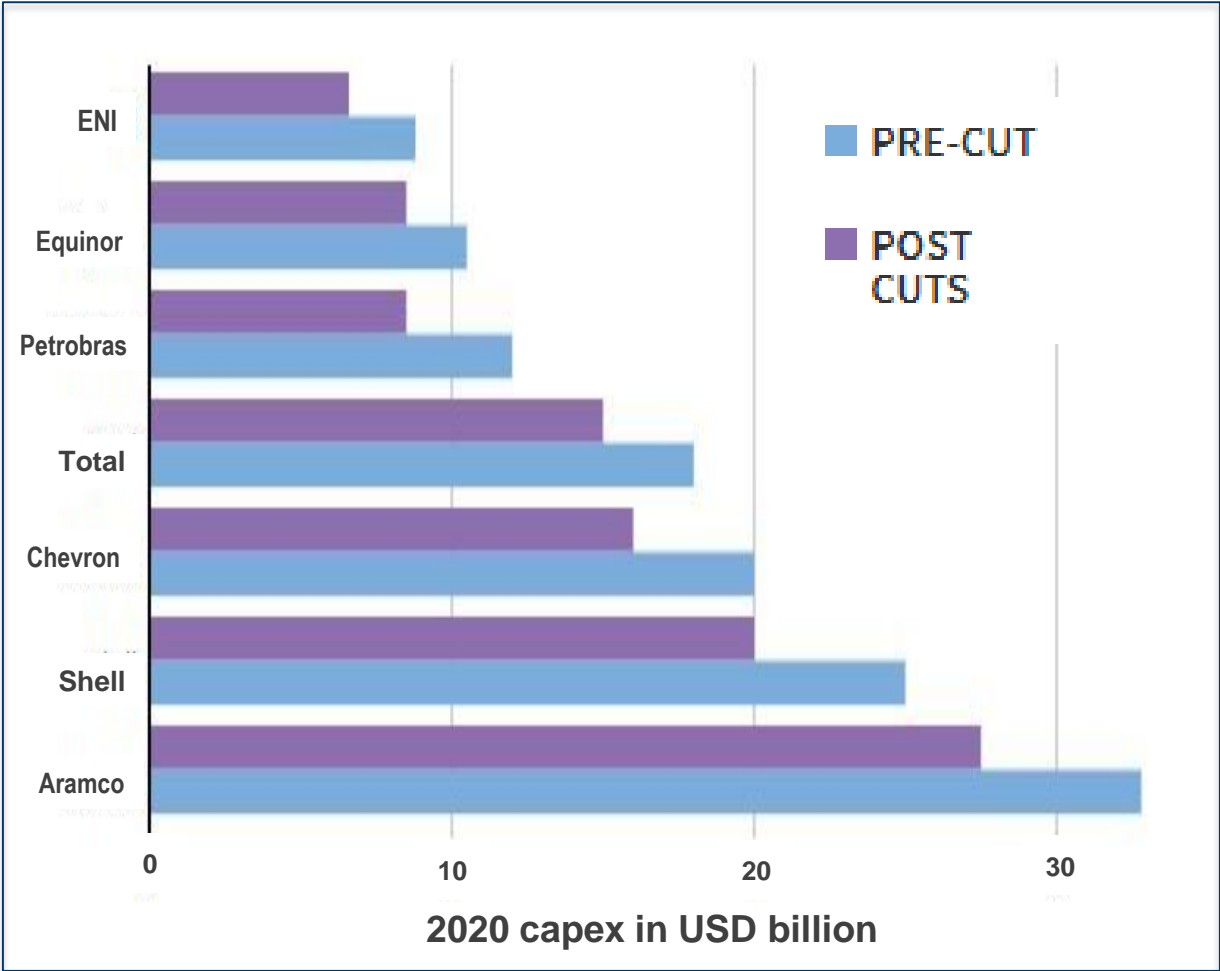


Tanker rates boomed as oil price war led to surge in floating storage demand but are easing off as market starts to rebalance

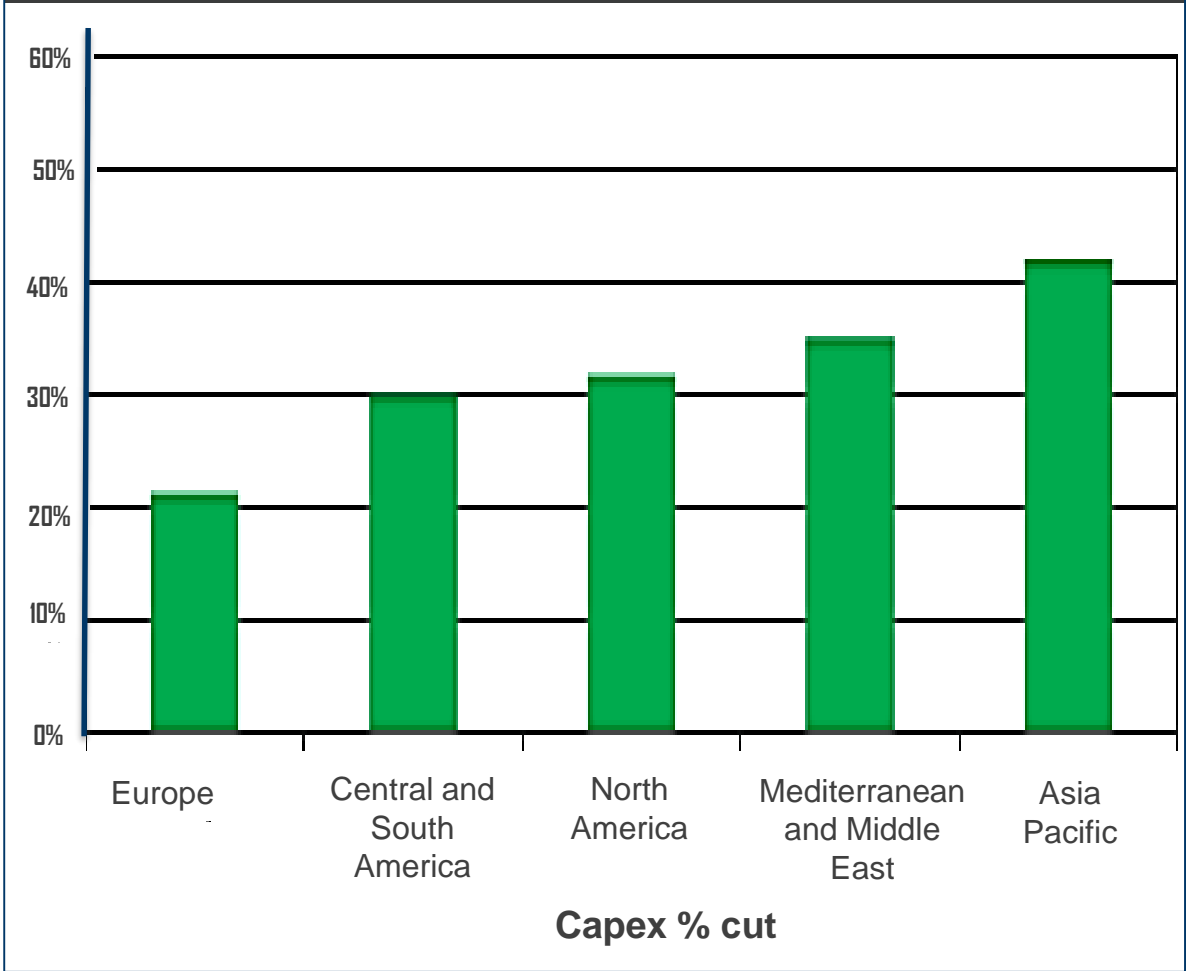


Slump in oil demand and depressed oil prices have forced oil majors to cut capex

Capex cut by Oil Majors

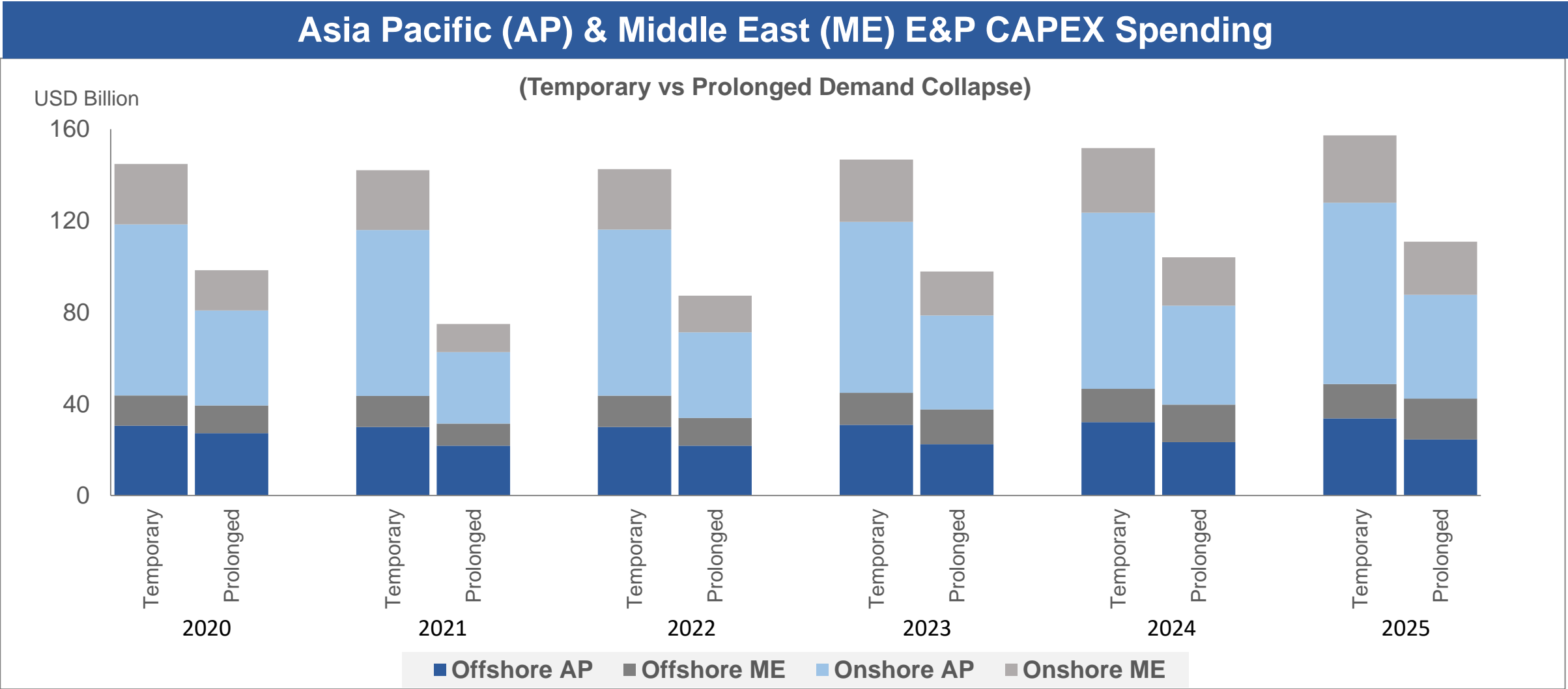


Capex cut by Region



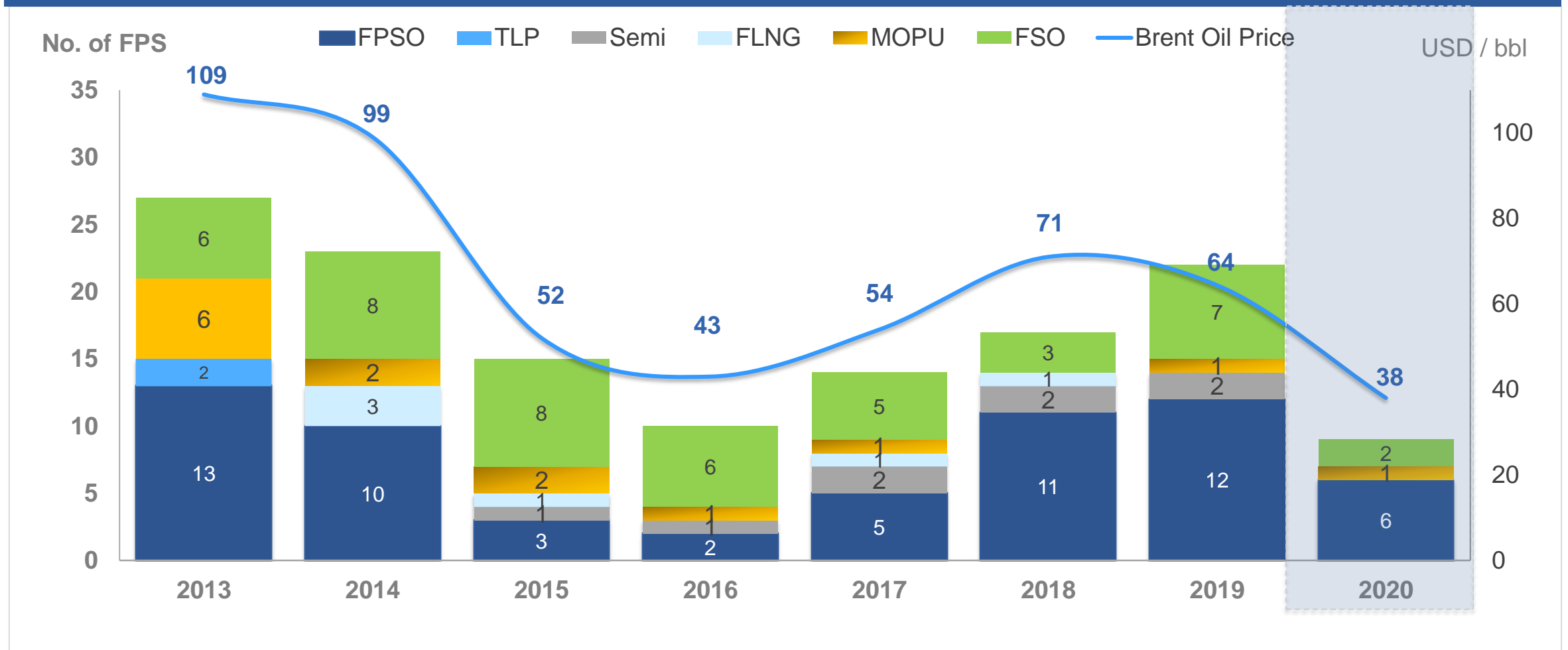
Sources: IHS, various news report and MISC analysis

Consequently, upstream capex spending is expected to decline



The floating production market is also affected by COVID-19 and oil price slump

Floating Production System (FPS) Awards



GKL ARBITRATION OUTCOME



Unfavourable outcome from GKL arbitration

- **Undoubtedly surprised and naturally disappointed by the outcome**
- **GKL is advised that it has legal merits to challenge the Award under the Arbitration Act 2005**
- **GKL is determined to rigorously challenge the Tribunal's decision**
- **Meanwhile, the Group has made provisions and impairments in 1Q 2020**
- **The outcome is not expected to have a major adverse impact on our business**

Source: IHS Markit

Despite these strong headwinds, MISC will stay the course supported by its long-term and secured income streams



LNG Asset Solutions

87% of its vessels are on long-term charters



Petroleum & Product Shipping

71% on term, 29% on spot charters*



Offshore

All operating assets are on long-term charters

* Based on 1Q 2020 results

Looking ahead...

- **With a large proportion of the Group's revenue contracted and secured, we have a high level of visibility in our cashflow projection for 2020, despite the challenging global economic climate**
- **MISC's intention to challenge the decision notwithstanding, the Group has sufficient financial resource reserves to absorb the negative impact of the GKL arbitration outcome**
- **MISC continues to push its growth agenda for the year and the Group is determined to uphold dividend payment for 2020**
- **High level of quiet confidence within the Group that some projects currently pursued will find success in 2020 despite the high level of external pessimism**

eaglestar

mms



THANK YOU

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Our Annual Report is printed on FSC mix materials