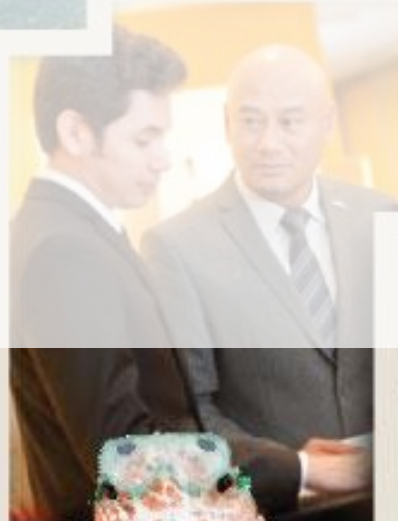
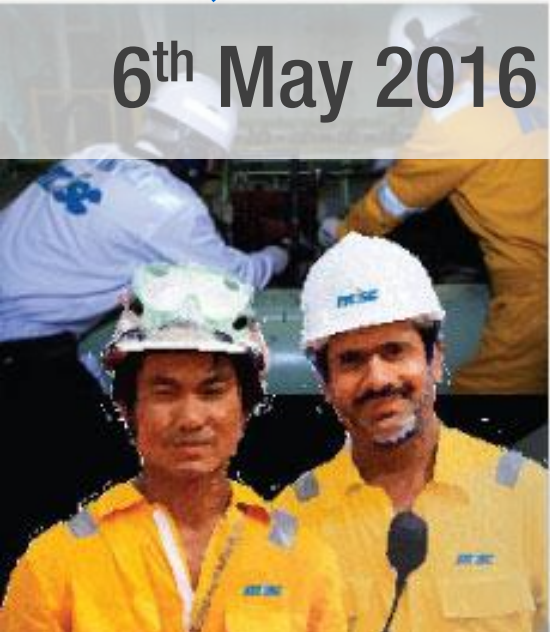




ANALYST BRIEFING

1Q FY2016 Financial Results

6th May 2016



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FINANCIAL OVERVIEW

By : Puan Rozainah Awang | Vice President Finance



Financial Performance - Overview

	1Q FY 15 (Jan - Mar)	1Q FY 16 (Jan - Mar)	yoy %
<i>In USD Mil</i>			
Revenue	688.0	570.9	(17.0)
EBITDA	256.7	336.9	31.2
PBT from Operations	153.3	191.7	25.0
Non-Recurring Items	(11.9)	(5.6)	(52.9)
PBT	141.4	186.1	31.6
Net Profit	153.4	189.6	23.6
EPS (cents)	3.0	2.9	(3.3)
ROE (%)	7.4	6.5	(12.2)

- Lower revenue - lower revenue in Heavy Engineering as its projects are nearing completion. However, Petroleum segment recorded higher revenue from improved freight rates.
- Higher PBT from operations – Compensation for two TC early termination in LNG business.

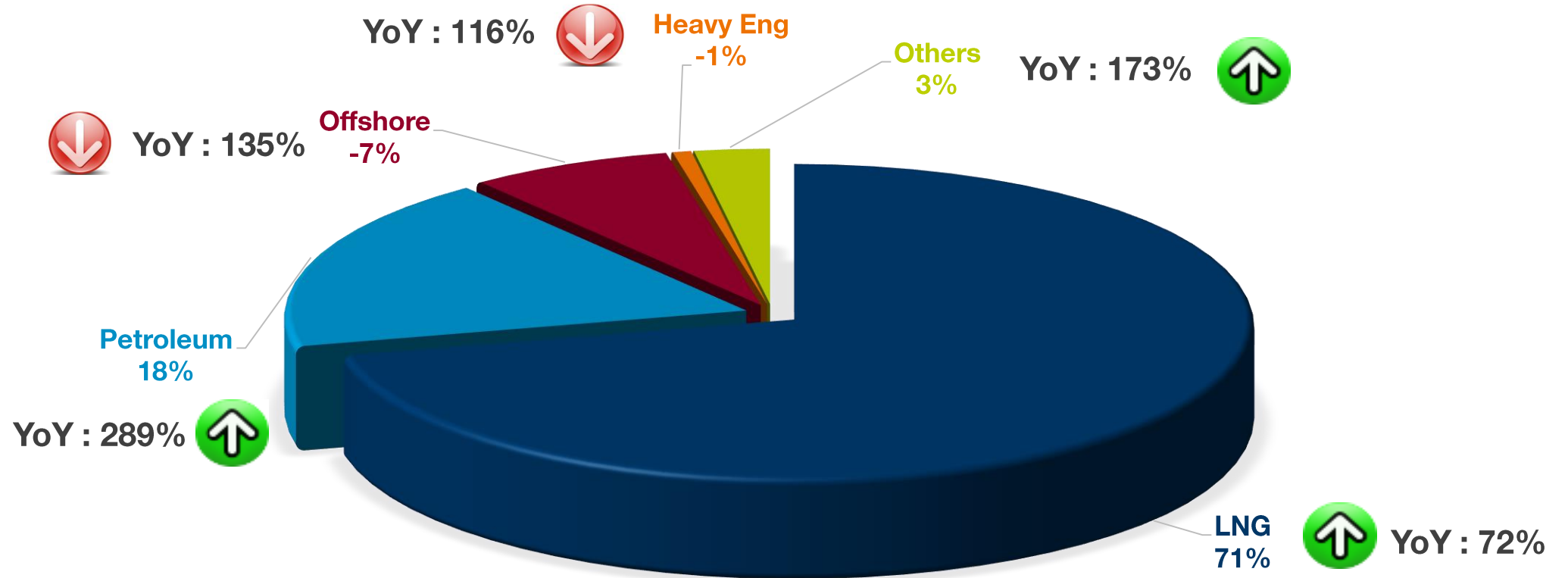
Financial Performance - Overview

	4Q FY 15 (Oct - Dec)	1Q FY 16 (Jan - Mar)	qoq %
<i>In USD Mil</i>			
Revenue	782.2	570.9	(27.0)
EBITDA	384.9	336.9	(12.5)
PBT from Operations	263.8	191.7	(27.3)
Non-Recurring Items	(112.8)	(5.6)	95.0
PBT	151.0	186.1	23.2
Net Profit	261.3	189.6	(27.4)
EPS (cents)	3.3	2.9	(12.1)
ROE (%)	12.7	6.5	(48.8)

- Lower revenue:
 - Lower revenue in Heavy Engineering segment as its projects are nearing completion.
 - Recognition of construction revenue for a finance lease asset under construction in Q4 FY2015.

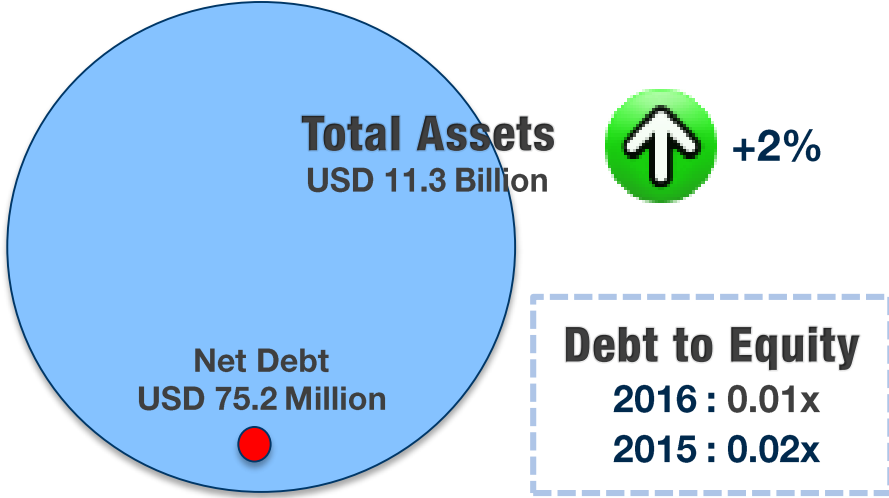
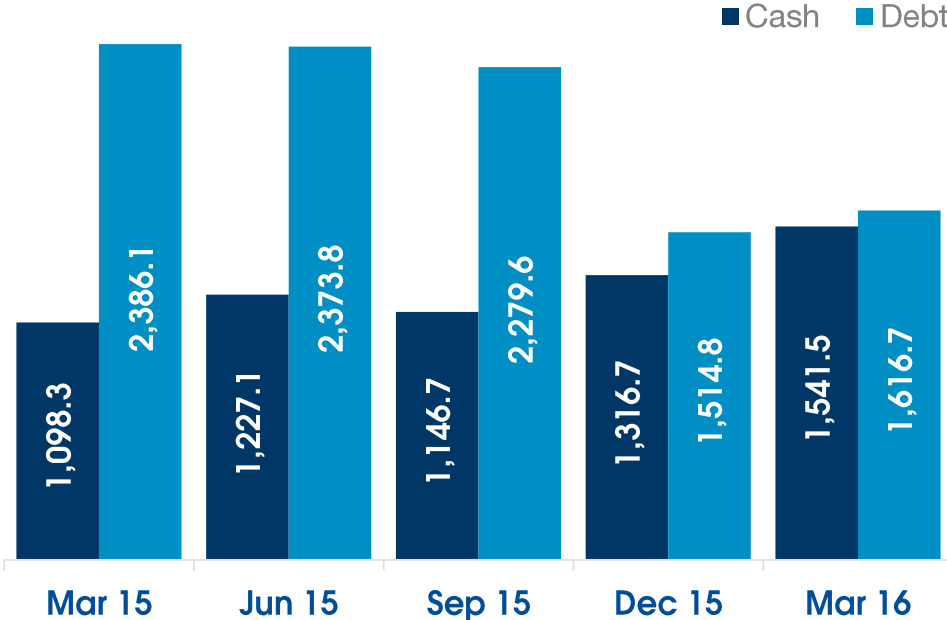
- Lower PBT from operations:
 - Lower profitability in Heavy Engineering segment.
 - Recognition of gain on disposal of a joint venture in Q4 FY2015.
 - Higher depreciation expense from change in estimated useful life of ships.

Profit/(Loss) Before Tax by Segments



Financial Performance – Balance Sheet

TOTAL CASH & DEBT POSITION



Post Quarter End Corporate Exercises

Acquisition of Remaining 50% Equity Stake in Gumusut-Kakap Semi-FPS (L) Limited (“GKL”)

- Cash consideration of US\$ 445m.
- 2015 Pro-forma NAV increase by US\$ 0.20bn to US\$ 8.4bn (RM 36.28bn).
- 2015 Pro-forma Net Profit increase by US\$ 57.1m.
- To recognise once-off negative goodwill gain US\$ 216m (RM 921.1mn).
- Expected completion date mid May 2016.

Acquisition of Remaining 50% Equity Stake in Paramount Tankers Corp

- Cash consideration of US\$ 56.45mn.
- Paramount owns 6 Aframax tankers.
- 2015 NAV US\$ 168m.
- 2015 Net Profit US\$ 29m.
- Potential impairment of US\$ 23m.
- Expected completion date mid May 2016



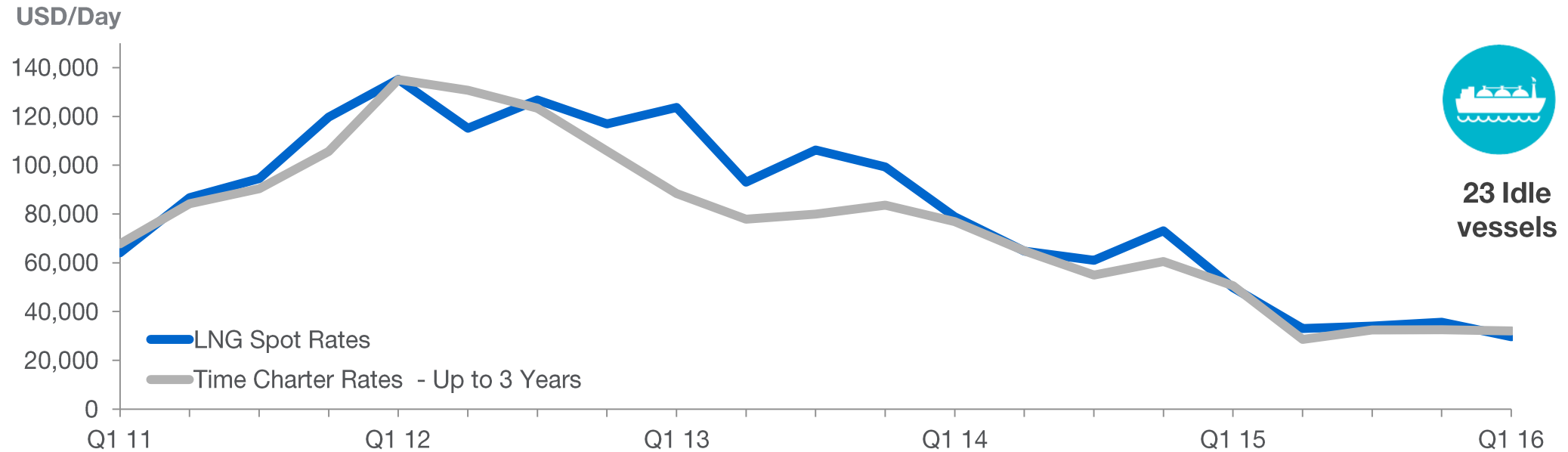
MARKET ENVIRONMENT

By : Teoh Paul Keng | General Manager, CPD



LNG SHIPPING

Q1 2016 : New Vessel Deliveries Further Weakened LNG Spot Rates

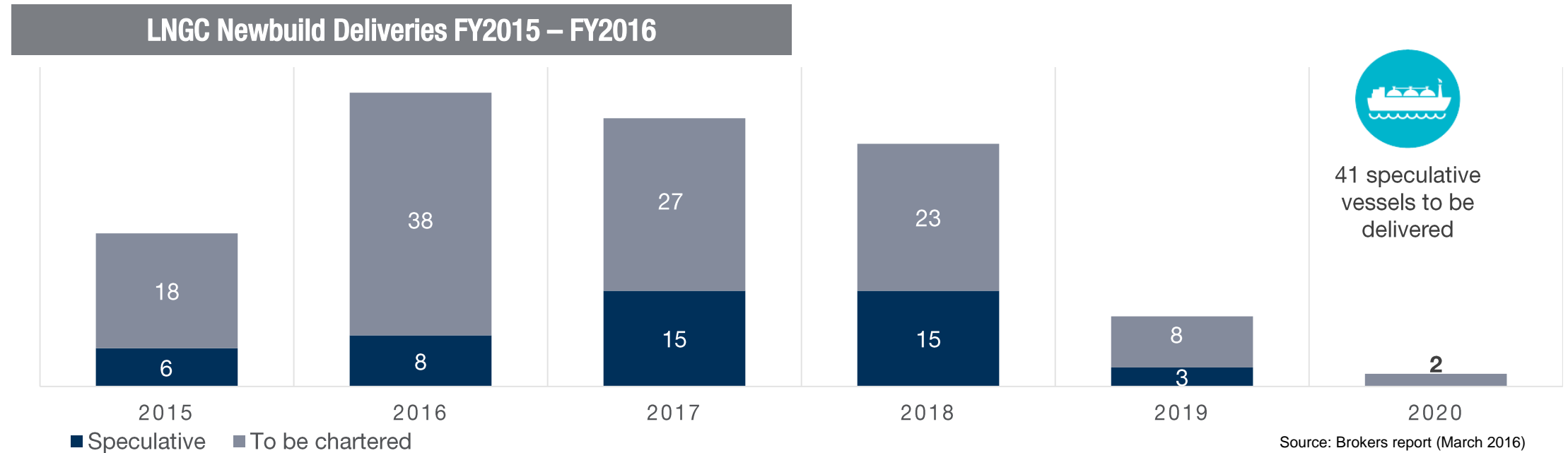


Source: Ship Brokers' Report, March 2016

- Lower demand from Japan due to reactivation of the 3rd nuclear plant and milder winter season.
- Drawdown of existing LNG stock weighed on Korean LNG demand.
- LNG shipping rates remain under pressure in 1Q2016 with delivery of more vessels during the quarter
- Currently, there are 23 vessels laid-up, increased by 5 vessels compared to last year.

LNG SHIPPING

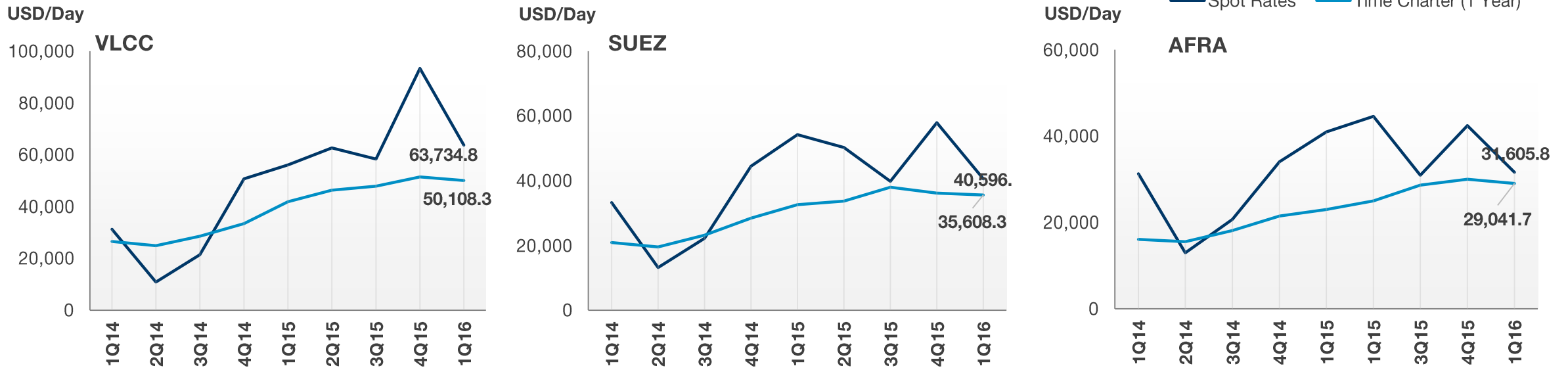
2016 Outlook : Rates continue to be under pressure due to overcapacity



- LNG shipping to remain under pressure in 2016; newbuilds deliveries intensifies between 2016 - 2018
- 46 newbuilds are expected to be delivered in 2016; about 20% of the total number are to be delivered without any employment.
- Oversupply woe compounded by narrowing gas price arbitrage

PETROLEUM SHIPPING

Q1 2016 : Tanker Rates Eased on Seasonality

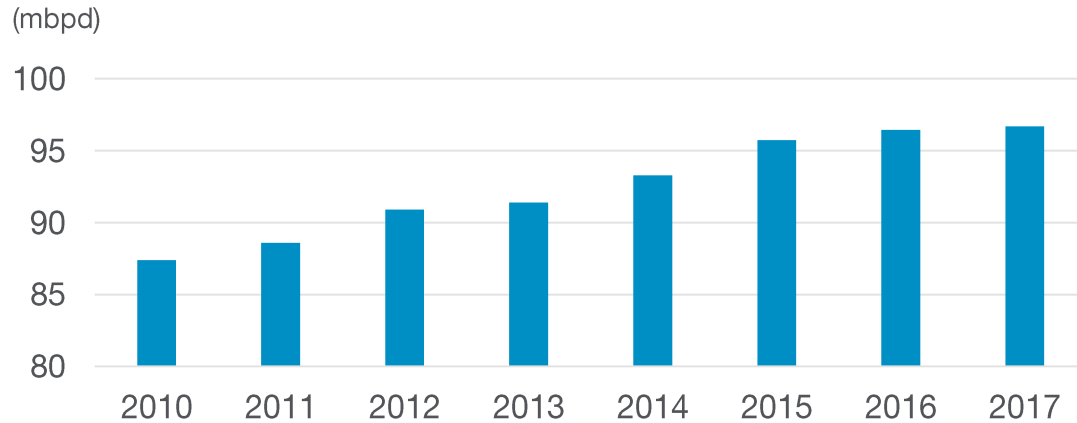


- Rates have dropped QoQ due to tonnage availability and newbuildings delivery.
- Market share dominance by OPEC producers dictated crude oil supply
- Low oil price lends support to rising Chinese and Indian crude imports benefiting longer haul voyages
- Port congestion in Middle East & Far East lifted rates for larger vessels
- Milder winter season and refinery shutdown affected the US trade

PETROLEUM SHIPPING

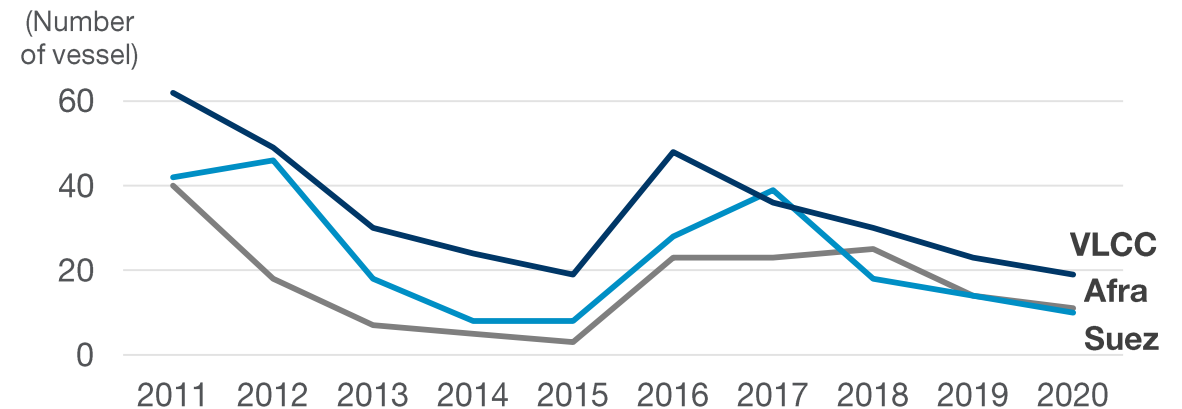
2016 Outlook : Fleet Growth Putting Pressure on Freight Rates

GLOBAL OIL PRODUCTION FORECAST



Source: IEA, Apr 2016

TANKER NEWBUILD DELIVERIES IN 2015



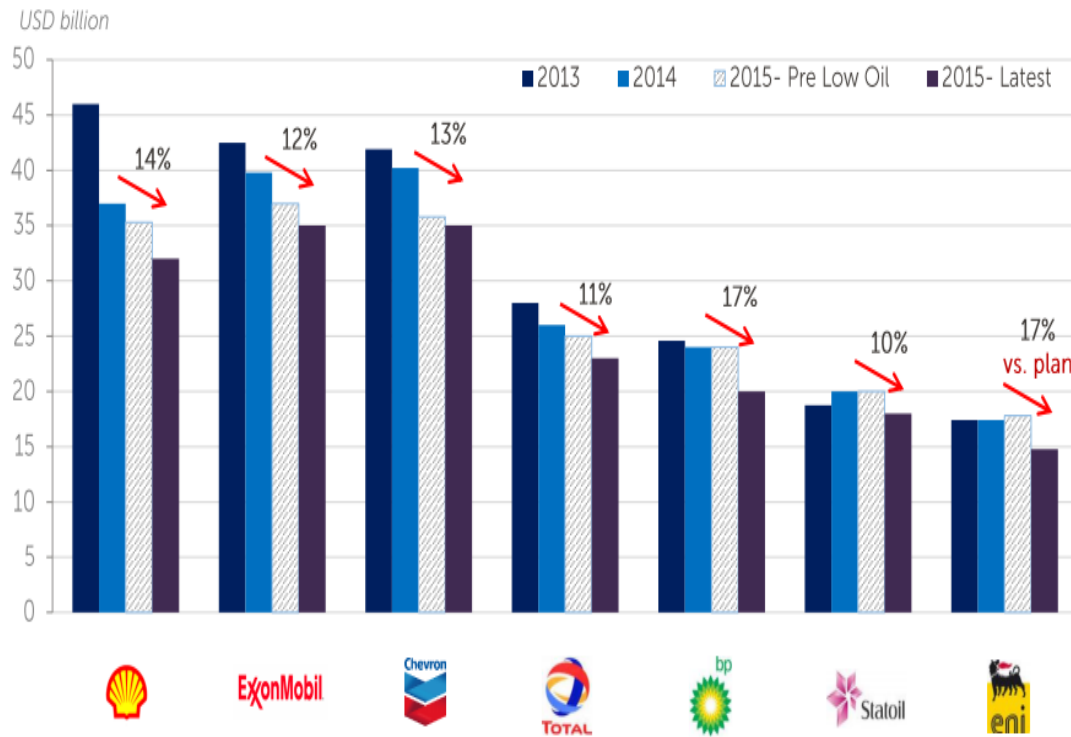
Source: Ship Brokers' Report, Dec 2015

- Demand for crude tankers is projected to increase by 3.1% in 2016, compared to 5.3% fleet growth.
- Strong deliveries is expected to dilute the fleet utilization rate.
- Attractive charter rates and poor scrapping price to keep demolition subdued
- Demand for larger vessels is expected to increase at the fastest pace, supported by projected further growth in crude shipments from the Caribbean, West Africa and the Middle East to China and India.

Offshore Business Sector Outlook

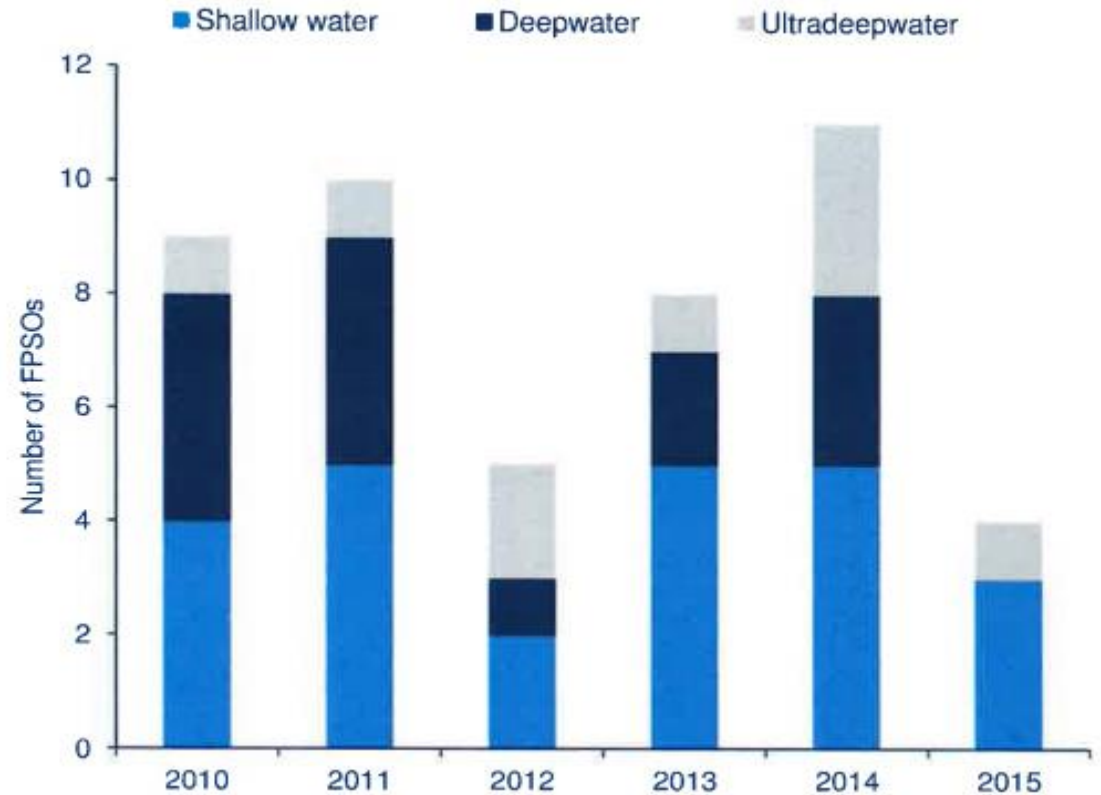
Deepwater Projects Facing Biggest Cutbacks

New CAPEX Reduction by Company (USD Billion)



Source: PETRONAS EEA, 2015

FPSO Installation by Water Depth

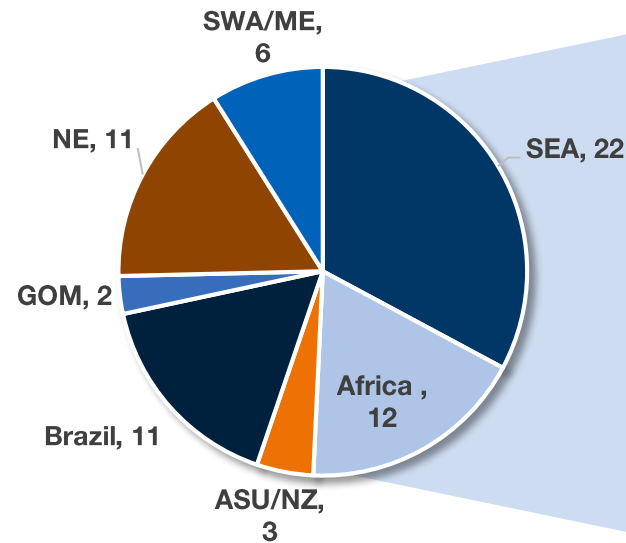


Source : Infield System

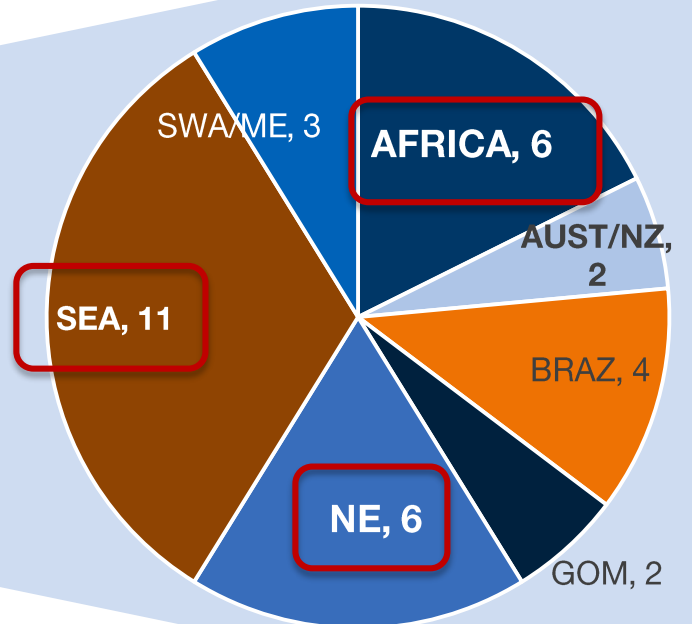
Offshore Business Sector Outlook

Better Prospect from Brownfield / Asset Replacement Requirement

67 FPSO/FSO will be expiring within 2016 - 2020



34 FPSO/FSO will be expiring in 2016 - 2017



- 26 new FPSOs estimated to be sanctioned by the end of the decade if oil price stays above US\$60/bbl.
- More opportunities in Brown field / replacement asset
- Opportunities in potential distress asset sale

BUSINESS OUTLOOK



LNG Business

- Conducted boiler retrofit for FSU 1 to lower operational cost
- The first PETRONAS newbuild is on track to be delivered in 3Q and to be followed by the second newbuild in 4Q.

Petroleum & Chemical Business

- Chemical business has been consolidated into Petroleum segment for better operational management and synergy in the CPP trade.
- 1Q FY2016 term to spot ratio is 70:30.
- 3 VLCCs and 2 Aframaxes' contract were renewed at higher rates.
- MCV Eagle Louisiana was the first DP Aframax tanker to participate in the flowback operation at the Julia Field, Gulf of Mexico.



Offshore Business

- Assessing on the potential redeployment of MOPU assets after receiving notice of termination.
- MAMPU is currently awaiting instruction from client for deployment.
- Acquisition of remaining 50% in Gumusut-Kakap semi submersible post quarter end.



Heavy Engineering

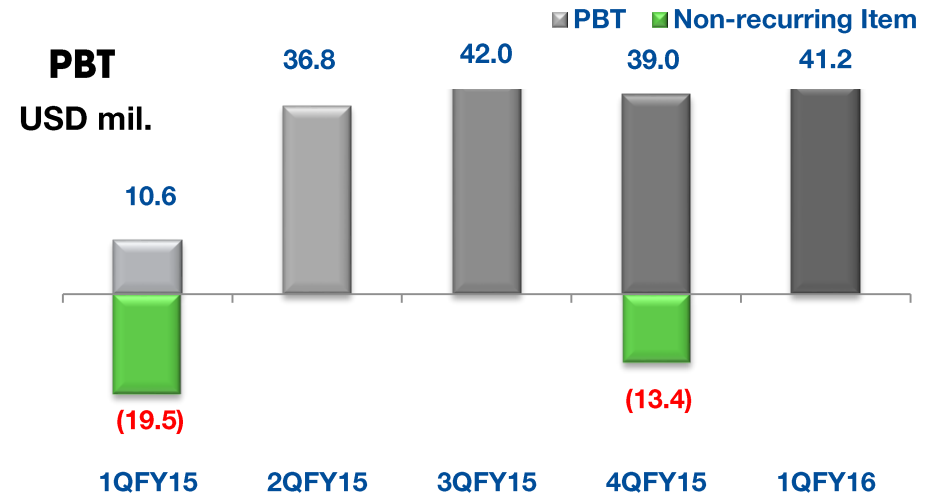
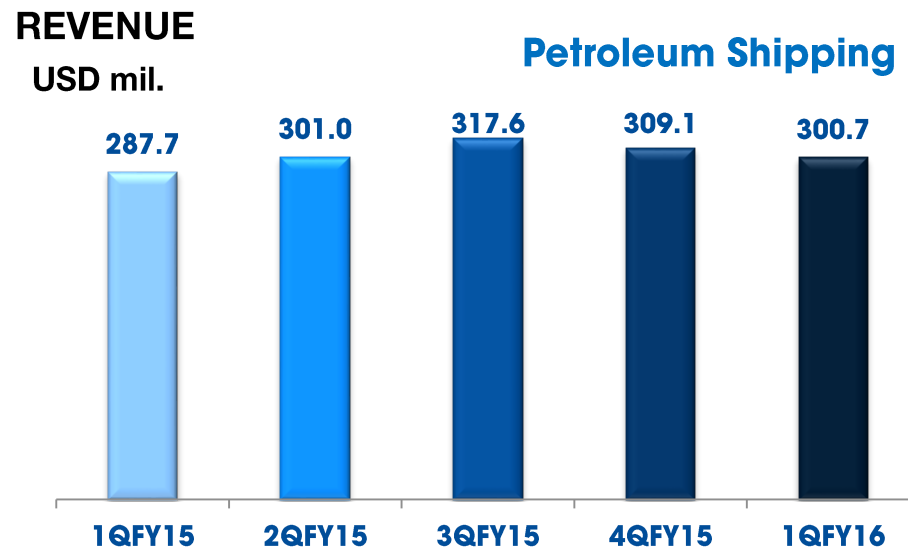
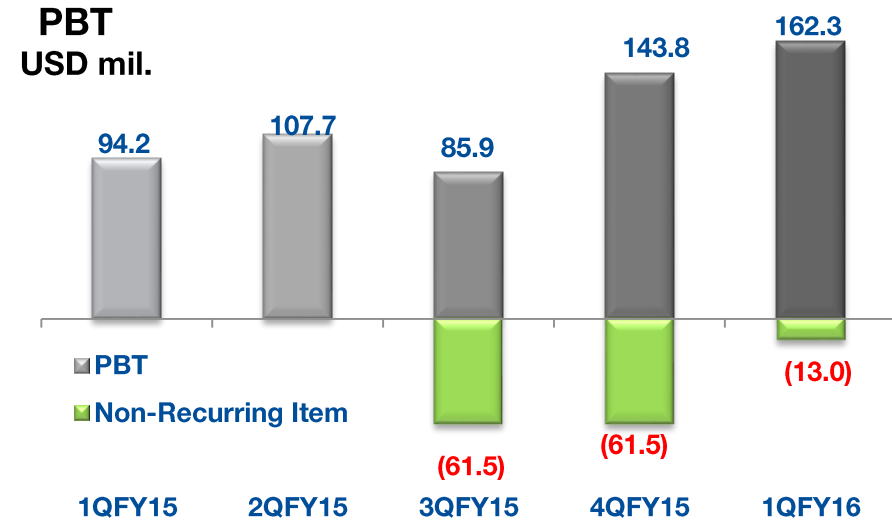
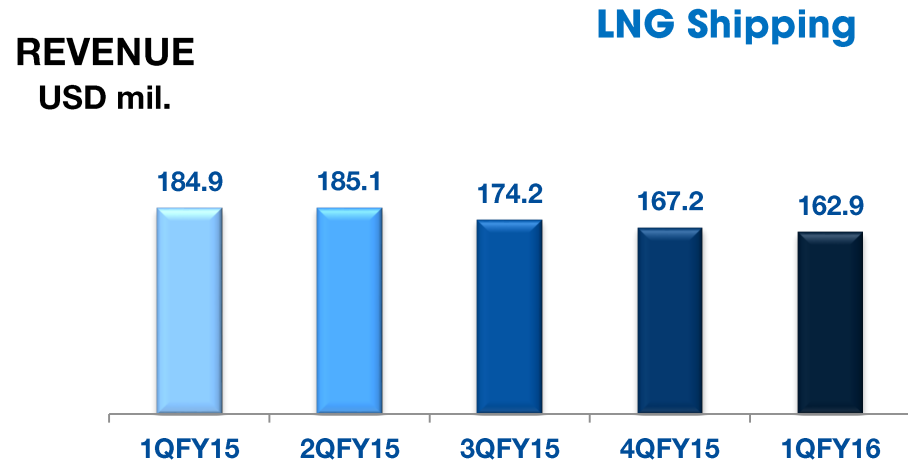
- Projects delivery / load out / sail away:
 - i. OBU – Completion of Kanowit HUC
 - ii. MBU – 16 vessels of various type
- Projects award:
 - i. RAPID Package 3 - Piping prefabrication
- Malikai TLP is at the tail end of the project. Expected to sail away in 2Q 2016.
- Orderbook as at 1Q2016 - RM1.1 billion
- New order intake as in 1Q2016 - RM109 million.



APPENDIX



Appendix 1

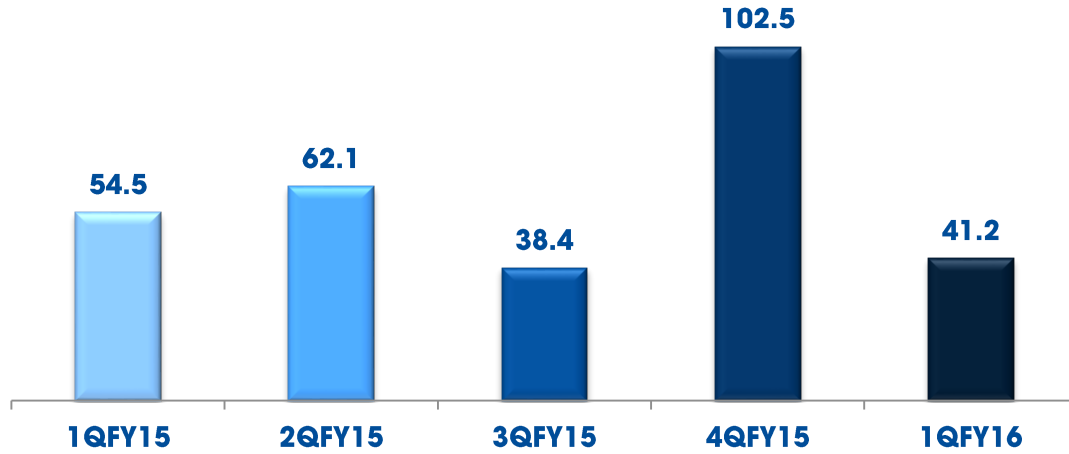


Appendix 1

Offshore

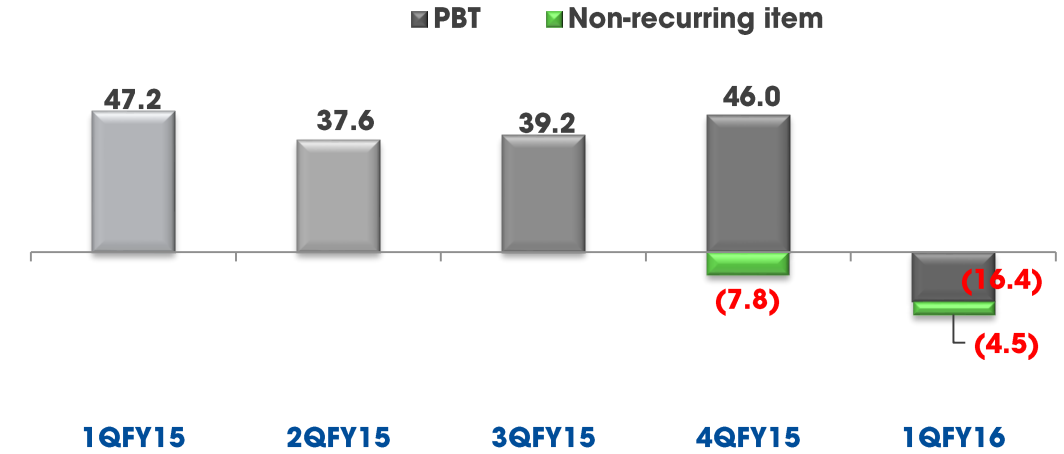
USD mil.

REVENUE



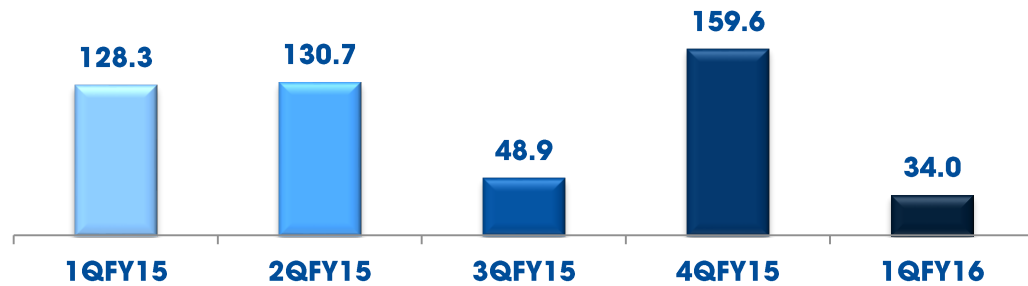
USD mil.

PBT



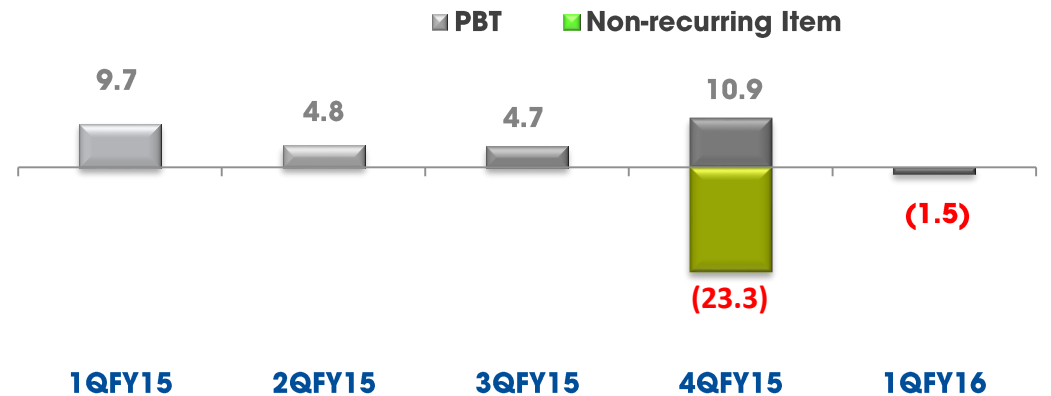
USD mil.

REVENUE



USD mil.

PBT



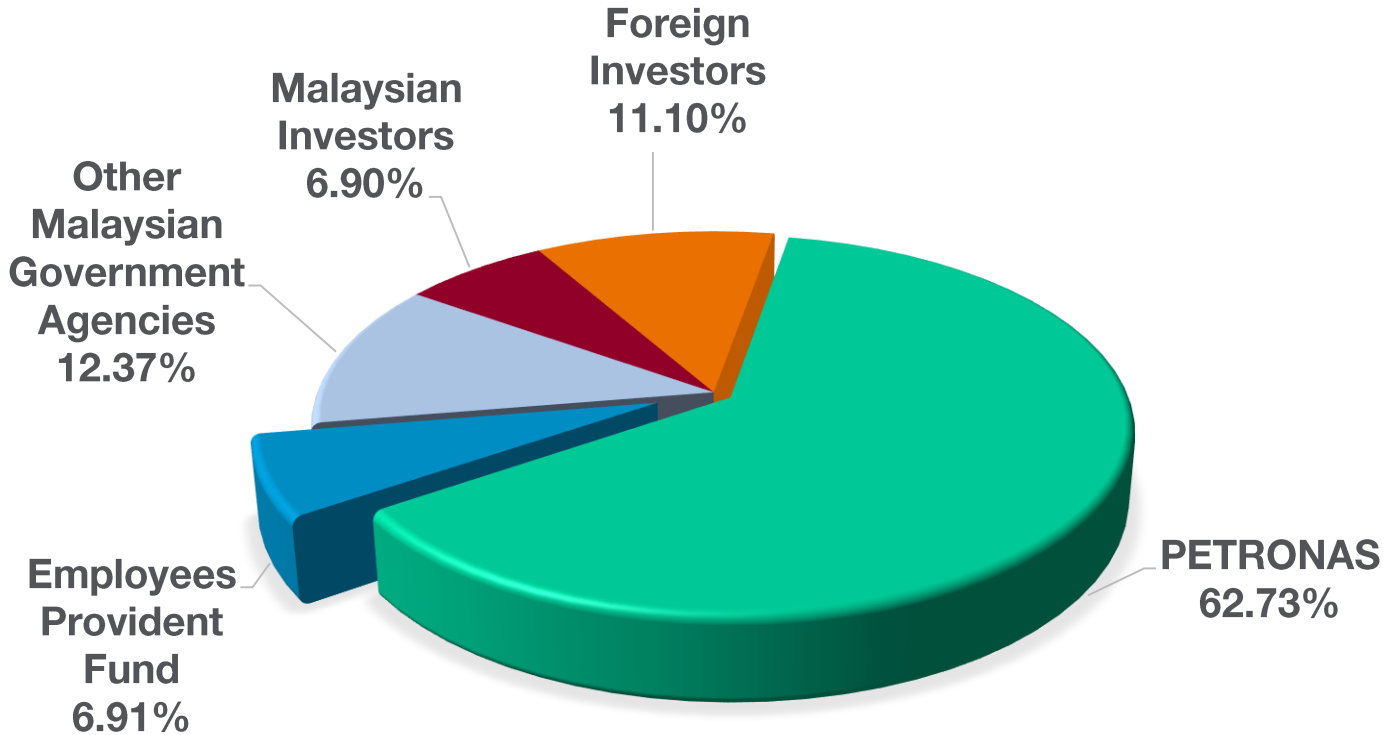
Appendix 2 : Fleet Information

As at 31 March 2016

Business Unit	Vessel Type	Total Vessel Operated	Owned As At 31-Mar-16	Chartered-In As At 31-Mar-16	Average Age (yrs) 31-Mar-16	Industry Average Age (yrs) 31-Mar-16	Contracted Newbuilds/Conversions	Contracted In-Charters
LNG	LNG	25	25	-	14.0	11.0	5	-
	FSU	2	2	-	33.8	-	-	-
Petroleum	VLCC	12	10	2	8.2	9.3	-	-
	Suezmax	4	4	-	3.7	10.0	2	-
	Aframax	52	37	15	11.9	11.1	4	-
	LR2	3	-	3	10.7	8.1	2	-
	MR2	8	-	8	6.3	9.5	-	-
	Shuttle	4	4	-	2.4	10.4	-	-
	Chemical	Chemical	13	7	6	5.7	9.8	-
	LPG	1	-	1	17.7	14.7	-	-
TOTAL		124	89	35			13	-
Offshore	FPSO/FSO/SS	-	12	-	6.5	-	-	-
	MOPU	-	2	-	5.2	-	-	-

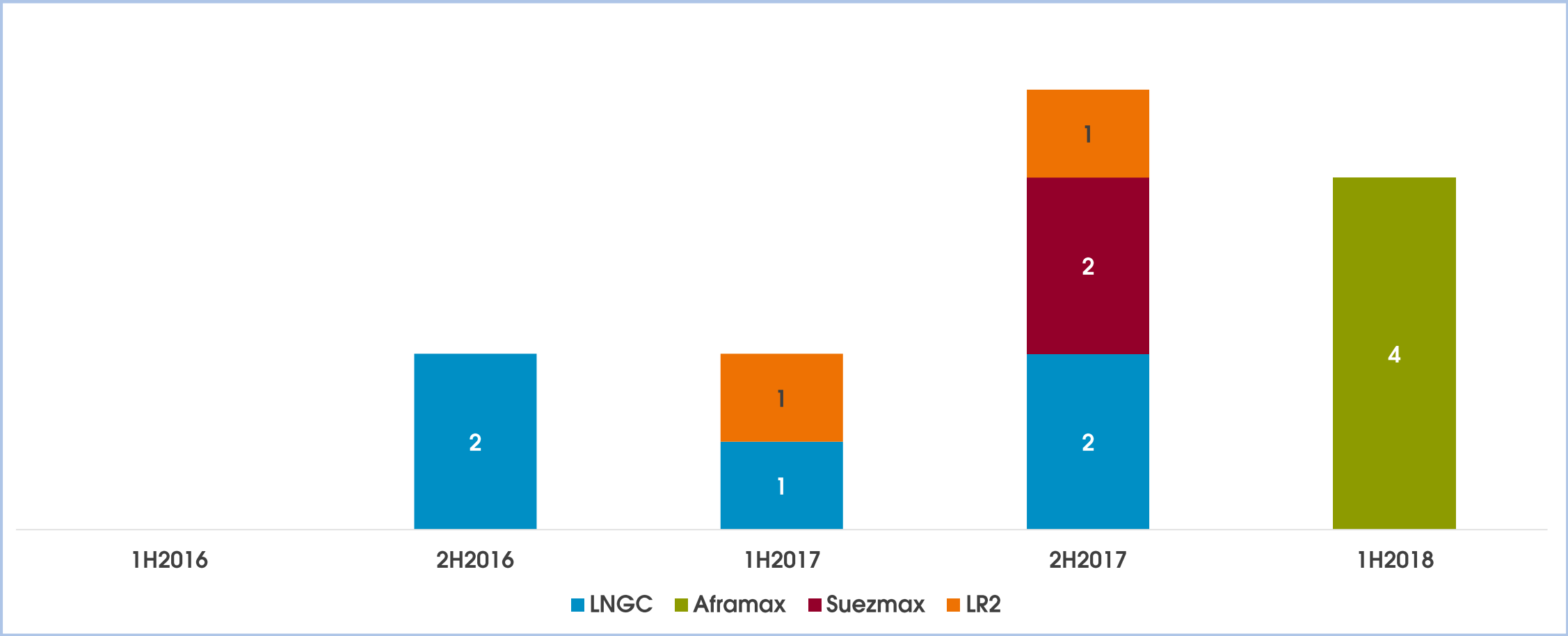
Appendix 3 : Shareholders' Profile

As at 31 March 2016



Appendix 4 : Delivery Schedule

As at 31 March 2016





Thank You