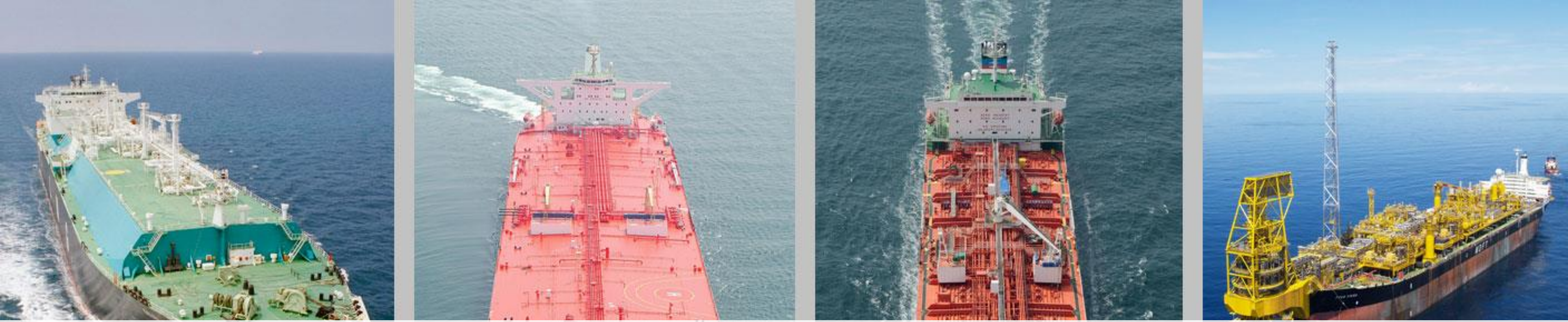


ANALYST BRIEFING
2Q FY2018 Financial Results

7 August 2018

moving energy

FINANCIAL OVERVIEW

By: Mohammad Romzi | Senior General Manager, Finance

Financial Performance: 2Q FY2018 vs 1Q FY2018

In USD Mil	Q2 FY2018	Q1 FY2018	QoQ %
Revenue	542.6	514.8	5.4
PBT from Operation	80.1	81.3	(1.5)
Non Recurring Item	0.4	-	-
PBT	80.5	81.3	(1.0)
Net Profit	78.2	78.7	(0.7)
EPS (cent)	1.8	1.8	2.4
ROE (%)	1.0	0.9	2.7

Higher revenue:

- Heavy Engineering - Higher percentage of completion for ongoing projects.
- Petroleum - Higher TCE.

Lower PBT from operations:

- Petroleum – Higher operating cost.
- Heavy Engineering – Higher cost in the Marine and Heavy Engineering segments.

Financial Performance: 2Q FY2018 vs 2Q FY2017

In USD Mil	Q2 FY2018	Q2 FY2017	QoQ %
Revenue	542.6	533.0	1.8
PBT from Operation	80.1	162.1	(50.6)
Non Recurring Item	0.4	(32.9)	(101.2)
PBT	80.5	129.3	(37.7)
Net Profit	78.2	128.1	(39.0)
EPS (cent)	1.8	2.9	(37.3)
ROE (%)	1.0	1.5	(36.6)

Higher revenue:

- Petroleum - Higher TCE.

Lower PBT from operations:

- LNG – Compensation for early termination of Tenaga Lima in Q2 FY2017.
- Petroleum – Higher operating cost.
- Heavy Engineering – Higher conversion cost.

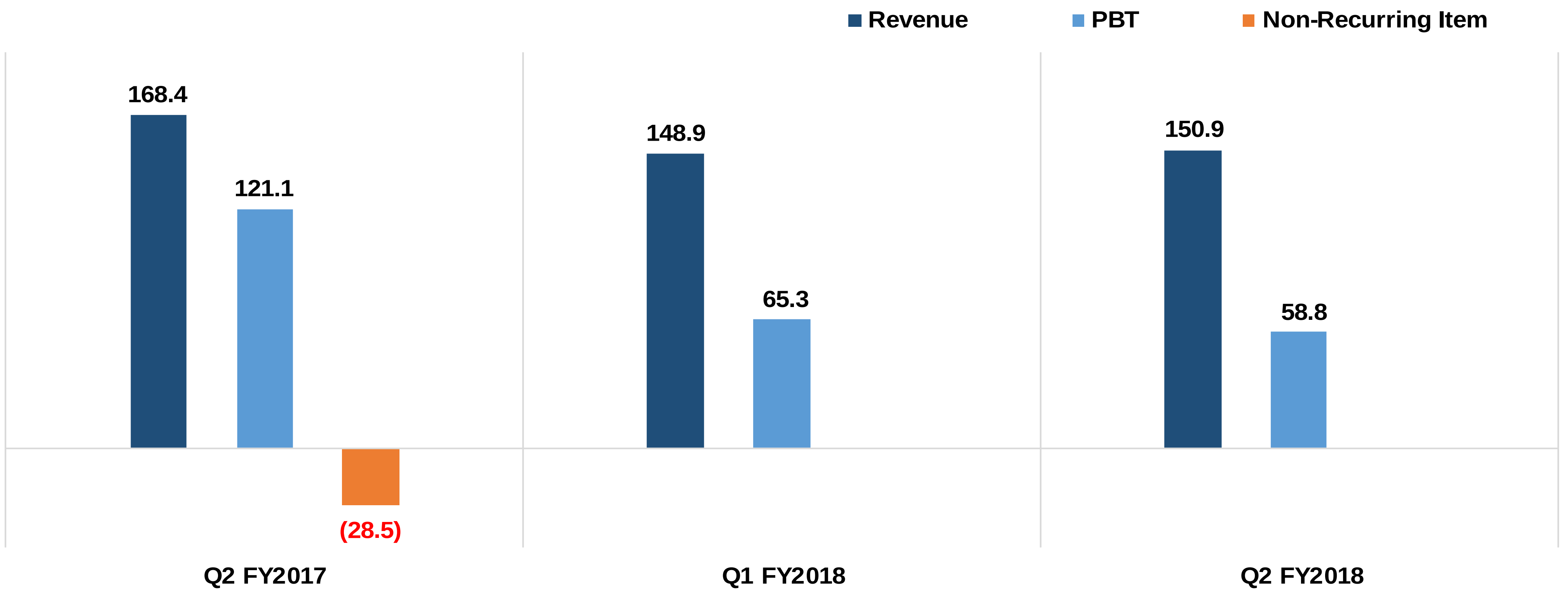
Non-recurring items:

- Impairment of Tenaga Lima and loss on liquidation of MISA Japan in Q2 2017.

Financial Performance by Business Segment

LNG Shipping – Delivery of Seri Cemara

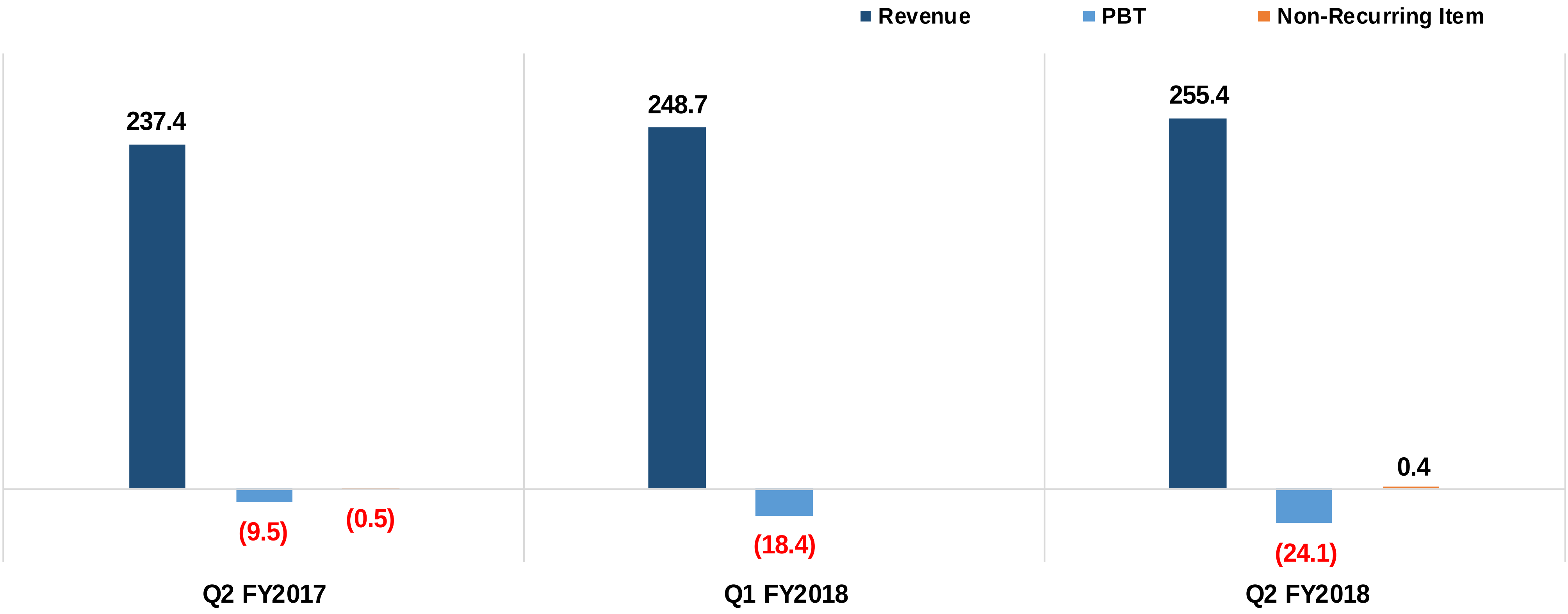
USD million



Financial Performance by Business Segment

PETROLEUM Shipping – Higher operating cost

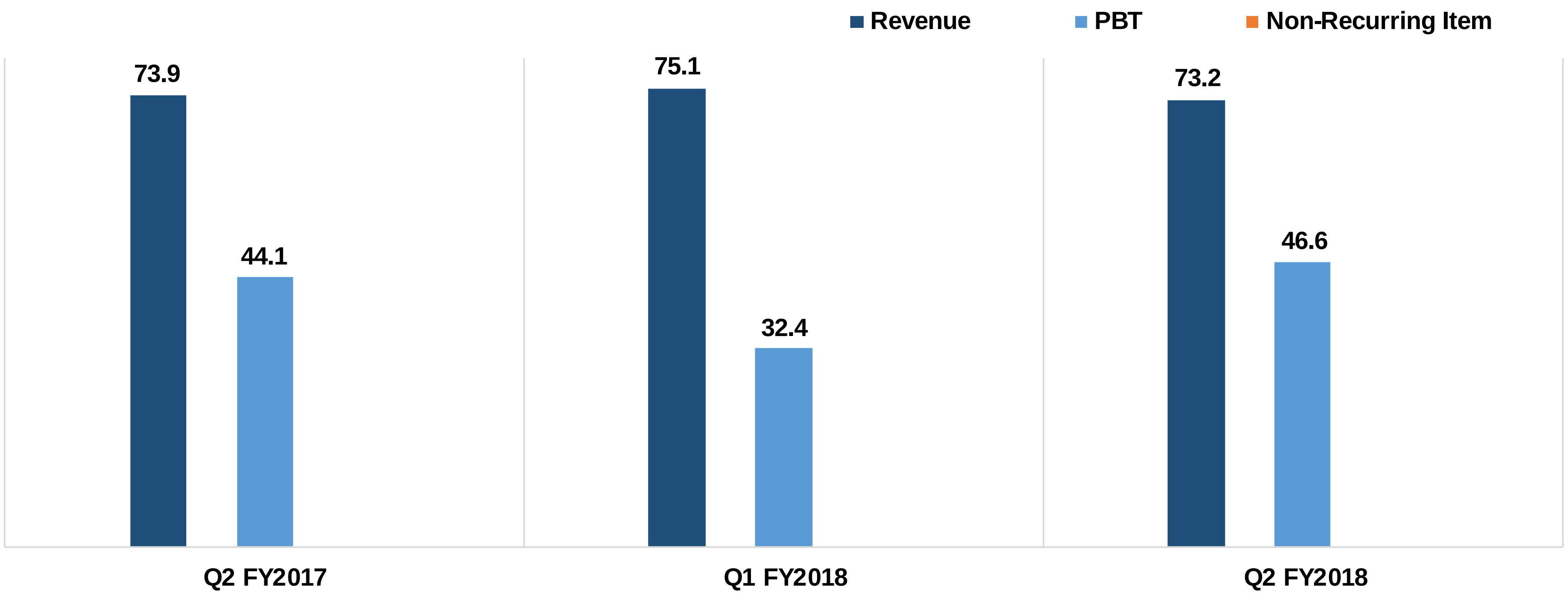
USD million



Financial Performance by Business Segment

OFFSHORE Business – FSO Orkid contract extension and Benchamas charter commencement

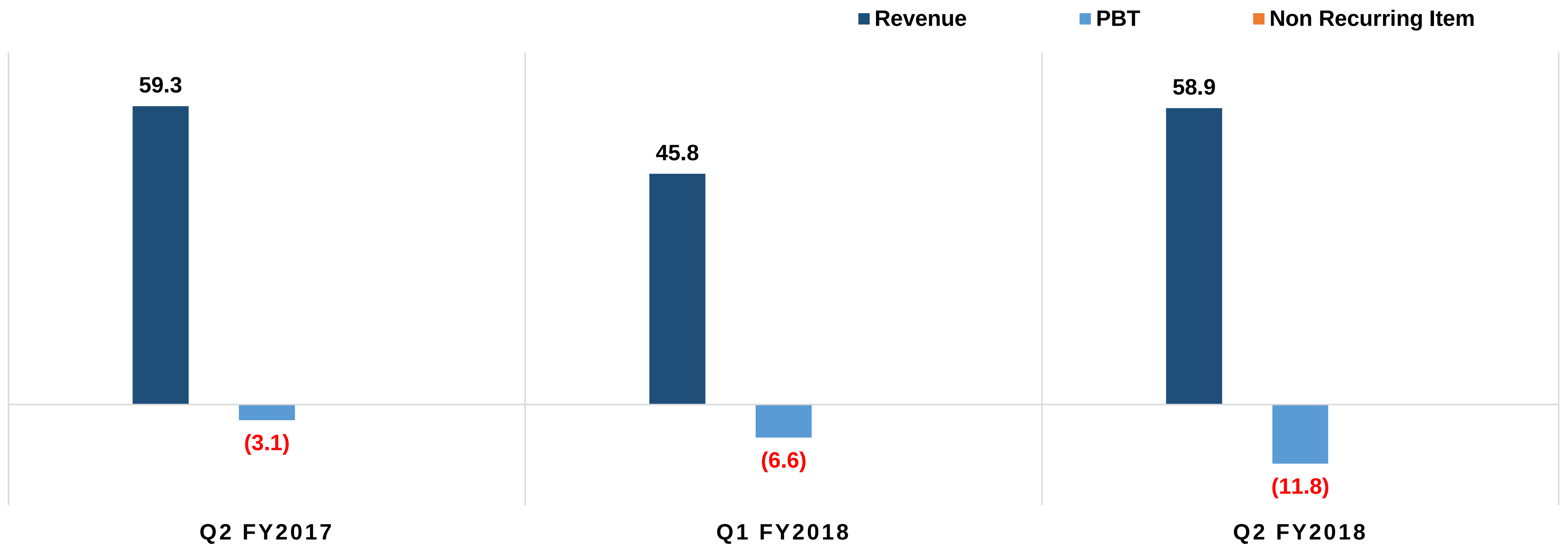
USD million



Financial Performance by Business Segment

HEAVY ENGINEERING – Tailend of key projects and early phase of new project

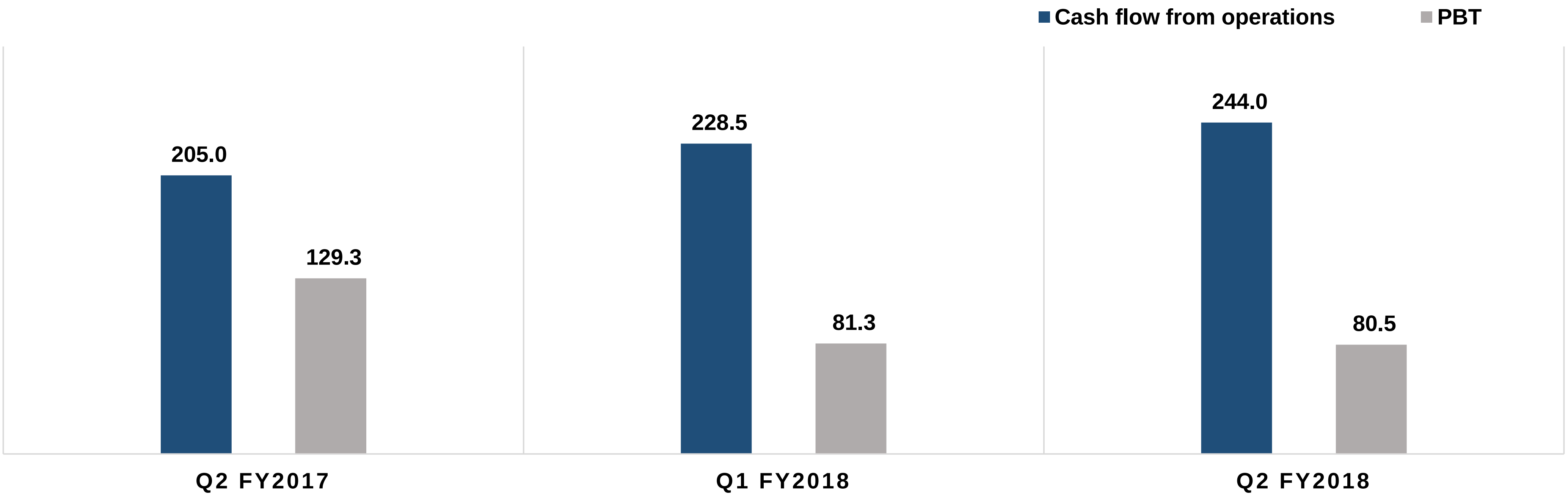
USD million



Cash flow from operations

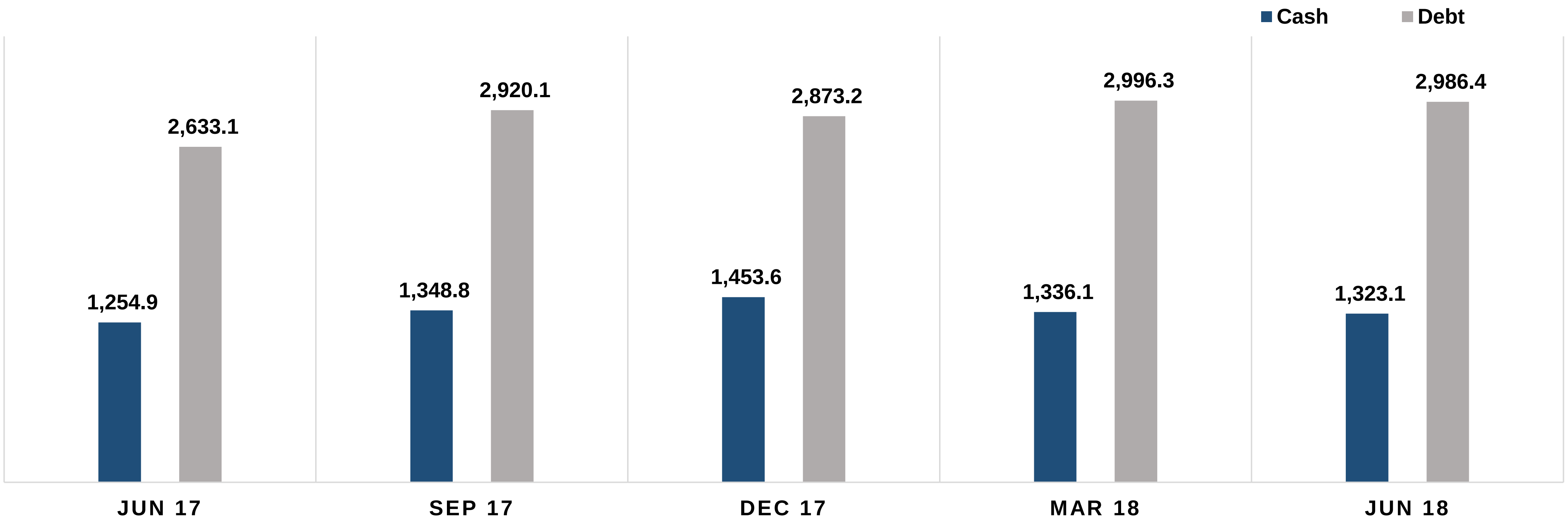
Healthy cash flow from operations despite reduction in PBT

USD million



Financial Performance – Balance Sheet

USD million

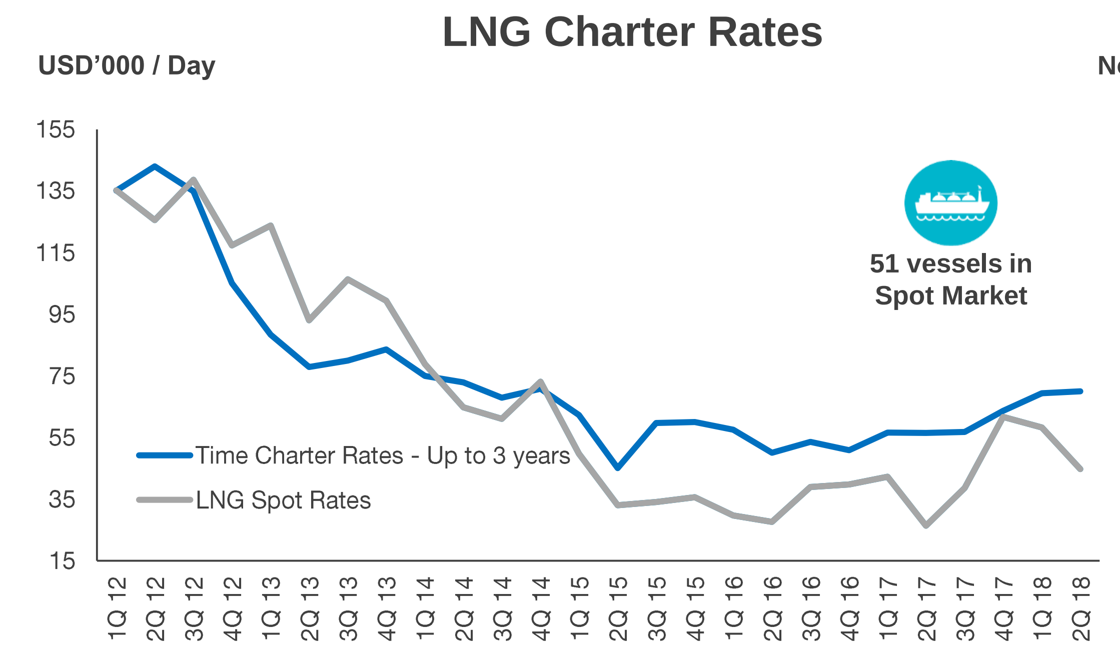


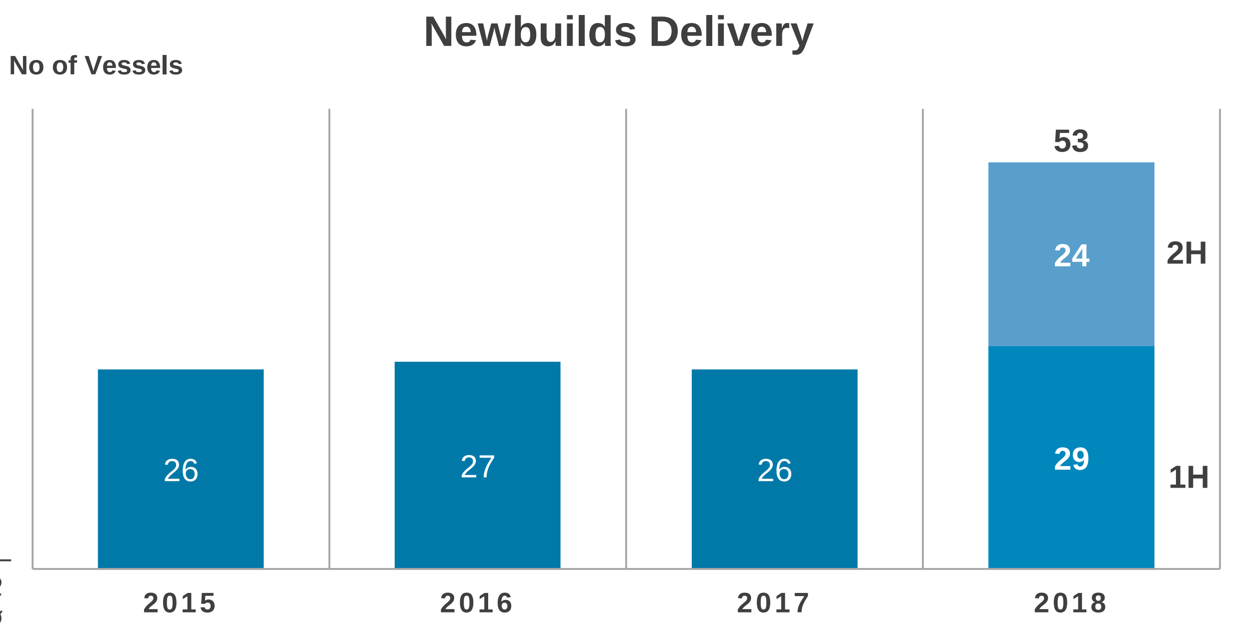
MARKET ENVIRONMENT

By: Rafiq Khan | General Manager, CPD

LNG SHIPPING

LNG Spot Rates Seasonally Lower





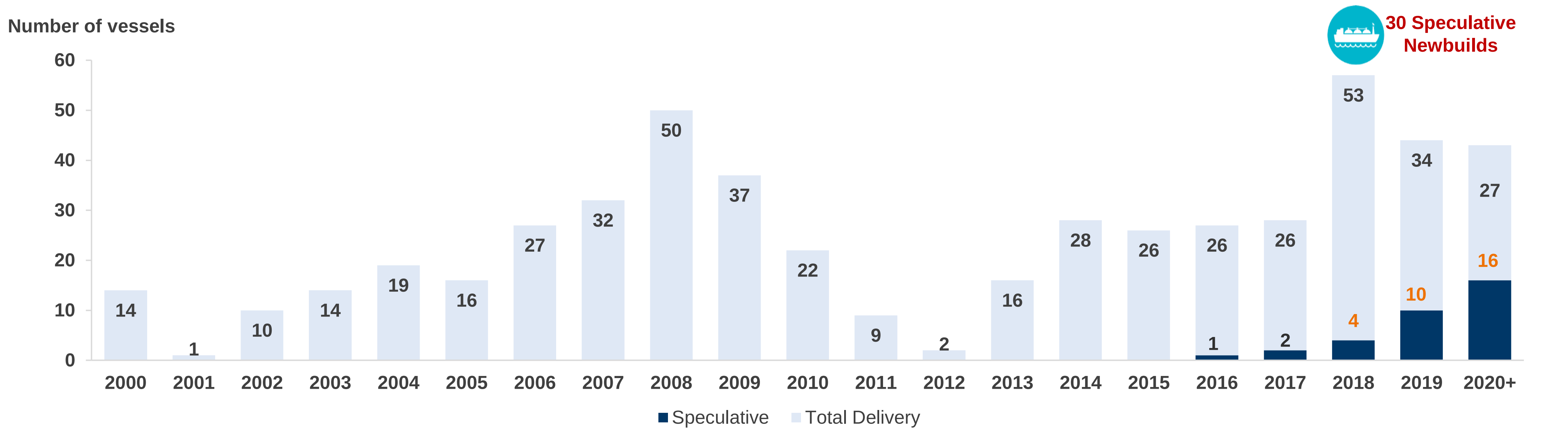
Source: LNG Shipping Database, Woodmac

- Low seasonal demand led to softer LNG spot rates in Q2 FY2018.
- However, on a year to year basis, LNG spot rates were above USD35k during the quarter and higher by 70% Y-o-Y due to strong global LNG demand.
- Newbuild vessel deliveries have remained strong - there were 29 new vessels delivered in 1H 2018.
- Nonetheless, healthy LNG trade growth and China's growing LNG demand is expected to help absorb the new tonnage coming on water.

LNG SHIPPING

Newbuilding Orders Picking Up

Newbuilds to be delivered (2018 to 2020+)

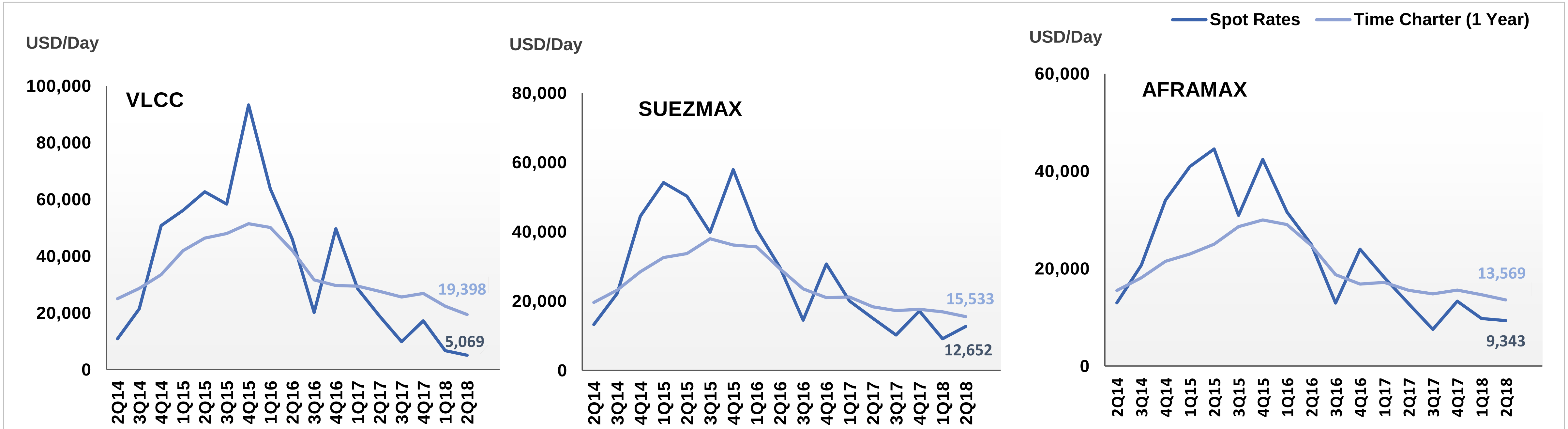


Source: LNG Shipping Database, Woodmac

- With the upcoming liquefaction capacity addition and growing Asian LNG demand, more shipowners are investing in LNG vessels. 19 new orders were placed in 1H 2018.
- There will be a total of 114 new LNG vessels to be delivered from 2018 until 2020+.
- Meanwhile, approximately 67 existing vessels are due to come off charter over the next 3 years.

PETROLEUM SHIPPING

Slow Q2 - Rates Remain Under Pressure

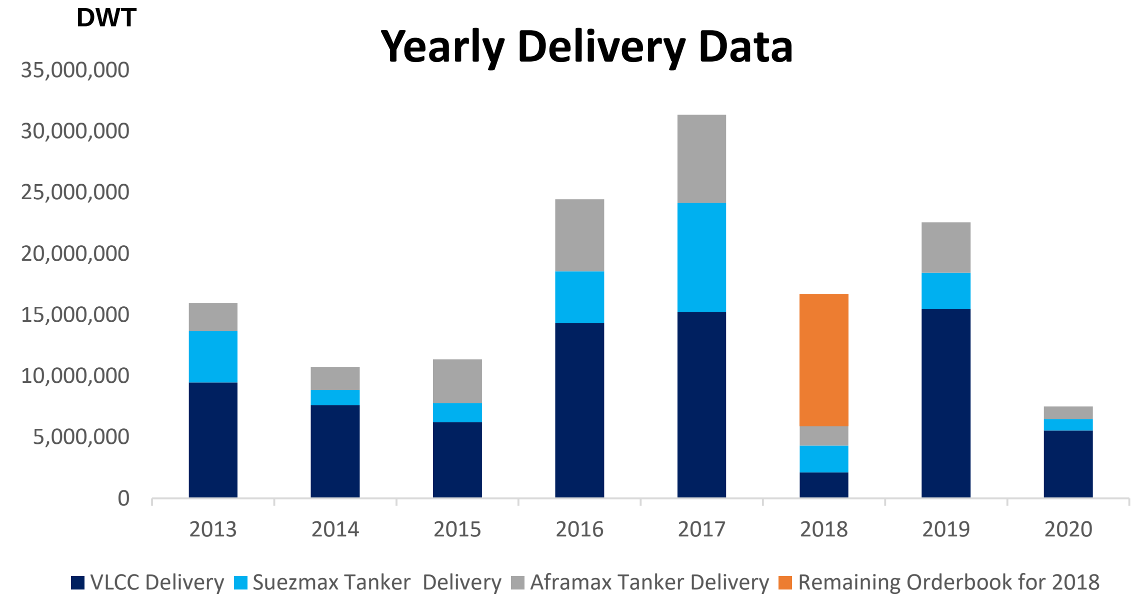


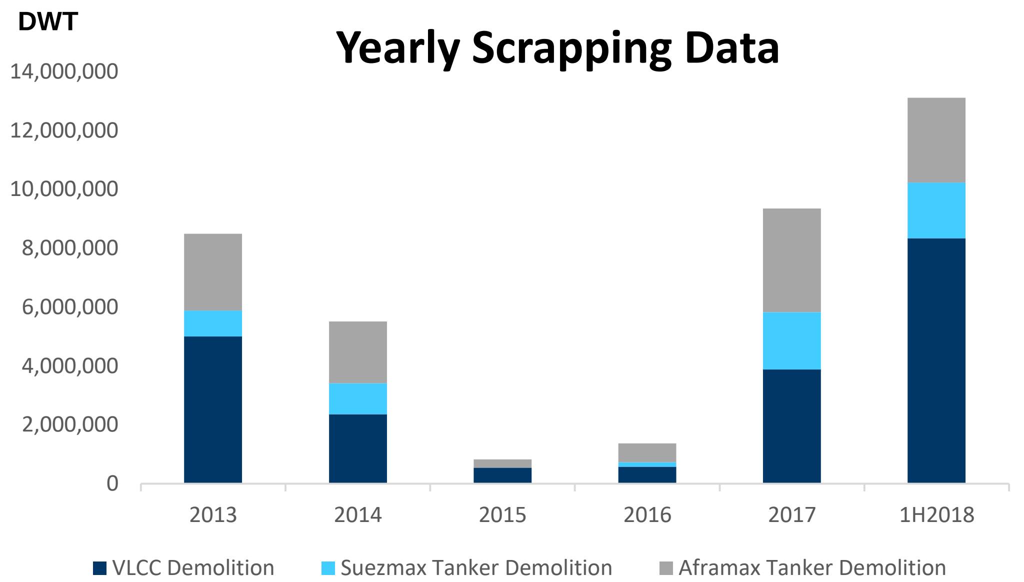
Source: Clarksons SIN, April 2018

- Quarter to quarter, spot rates for VLCC declined sharply as compared to a steep gain for Suezmax whereas it was a soft market for the Aframax.
- Although tanker rates are at its lowest since 2014, an upward trend appeared towards the end of Q2 giving new breath to the market.
- OPEC oil production increase has kept the tanker market hopeful for charter rate recovery.

PETROLEUM SHIPPING

Tonnage Re-balancing Yet to Boost Demand





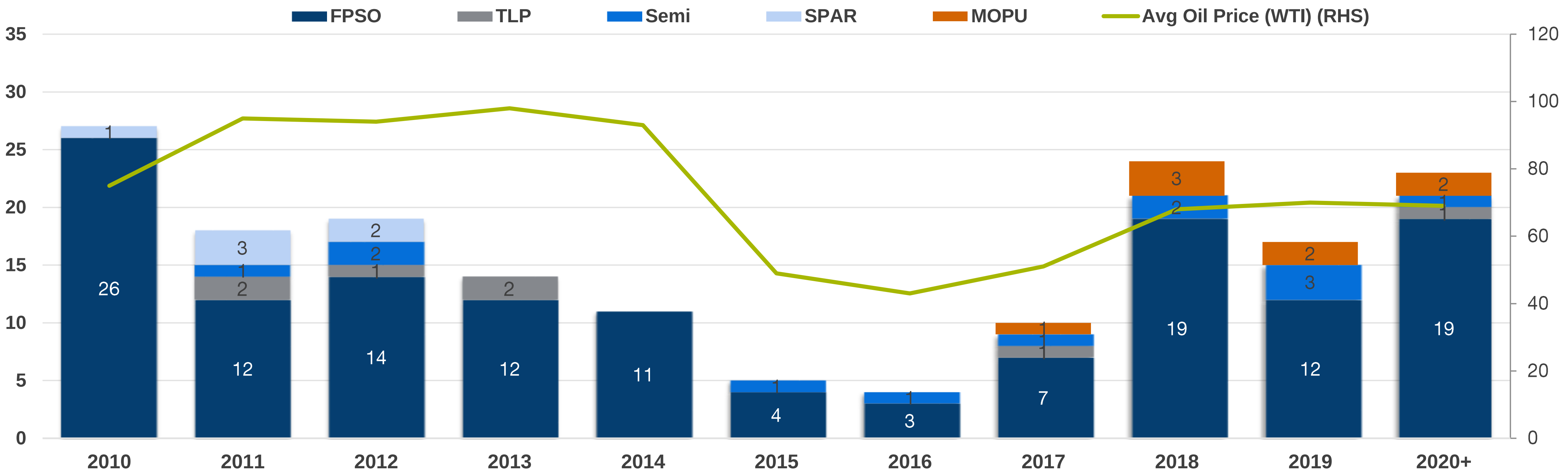
Source: Clarksons SIN, Ju;y 2018

- Crude tanker appears to see a re-balancing between a low orderbook against an increased number of scrapping.
- YTD Q2 2018 saw increased demolition activities (The highest count in past 5 years).
- Orderbook remains lower as compared to recent years.
- Similar to Q1, in Q2 2018 the VLCC and Aframax sectors witnessed accelerated scrapping activity. However, due to a high number of deliveries in 2016 and 2017, these sectors remains saddled with oversupply.

OFFSHORE BUSINESS

Steady Oil Price Recovery and Renewed Interest in Growth Opportunities Have Led to Increase in Offshore Investments

Floating Production System (FPS) Awards

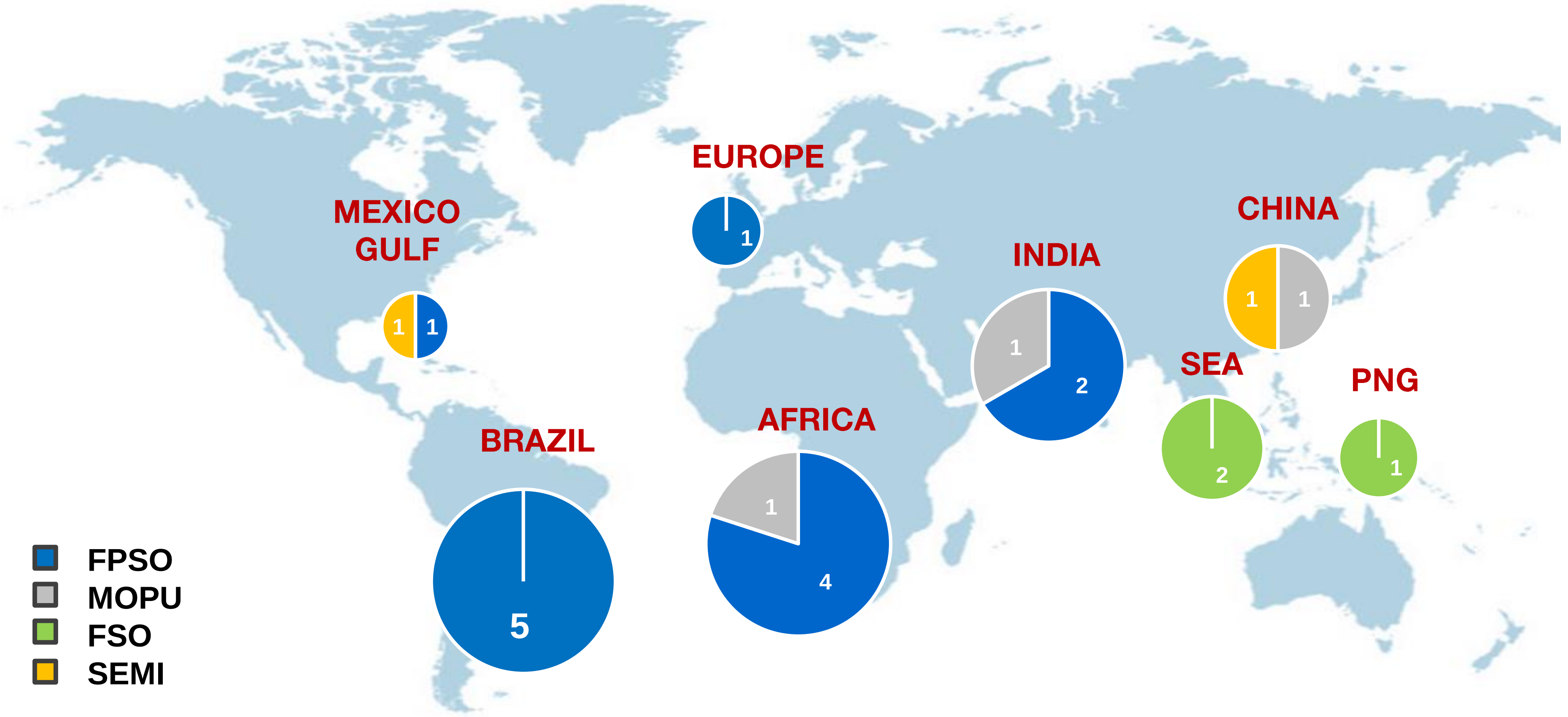


- 12 of the FPSO projects mostly centered around Brazil and Africa are expected to be tendered in the next 12 months.

Sources : EMA Q3 Report, IHS Markit

OFFSHORE BUSINESS

Opportunities in the Next 12 Months Concentrate Mainly in the Atlantic Basin



- Two FPSO awards in Q2 2018
- Floater opportunities are mainly concentrated in Brazil and Africa with other opportunities in Asia.

Sources : EMA Q3 Report

BUSINESS UPDATES

By: Rafiq Khan | General Manager, CPD

LNG Business

- On 30 April 2018, MISC marked another milestone with the delivery of the 5th and final Seri C Class LNG newbuild - Seri Cemara, which brings our current LNG fleet total to 29 LNG vessels.

- LNG Ship-To-Ship (STS) Transfer Services - supported PETRONAS in their first LNG STS operation conducted in Malaysian water. The transfer took place safely and smoothly in Labuan water from 9 to 12 June 2018, involving Seri Bijaksana as the mother vessel to Lucia Ambition.

Petroleum & Chemical Business

- Current portfolio mix at 59:41 term to spot.
- Bunker cost rose in line with improvement to oil price leading to reduction in charter earnings.
- Higher number of lightering days from previous quarter.
- Growing footprint in the Shuttle Tanker business:- AET was recently awarded a contract in May 2018 to own and operate four specialist DP2 Suezmax Shuttle Tankers on long-term charter to Petrobras. This is in addition to the existing two units of DPST currently serving PETROBRAS offshore Brazil.
- AET is on track to take delivery of one newbuild LNG dual-fuel Aframax tanker in Q3 2018 currently built in Samsung Heavy Industries (SHI). This will be the first of two that will be on long-term charter to Shell International Trading and Shipping Company.

Offshore Business

- **FSO Benchamas:** Achieved first oil on 28th April 2018 and provisional acceptance on 6th June 2018.
- **FSO Bergading Acquisition:** MISC has secured a long-term charter contract from Hess Exploration and Production Malaysia B.V. (“HESS”) for the lease of a floating, storage and offloading facility (FSO) known as Mekar Bergading on a bareboat basis. The FSO will be chartered by HESS for a period of 16 years.
- Update on Gumusut Kakap Semi-Floating Production System (L) Limited (“GKL”) and Sabah Shell Petroleum Limited (“SSPC”) proceedings:
  - Parties are in the midst of preparing for the arbitration hearing due to be held in Q1 2019.
- Exploring both organic and inorganic growth in deep water opportunities in the Atlantic Basin as well as brown field replacement projects and shallow water asset requirements in the region.

Heavy Engineering

- Heavy Engineering milestones:
  - Completion of FSO Benchamas 2 turret
  - Sail-away of Sepat-A jacket and topside

- Marine Repair milestones:
  - Completed repair and maintenance of 18 vessels
  - Secured 48 vessels business

- Orderbook as of June 2018 stands at RM1.14 billion.
- Approximately RM4.3 billion of on-going tenders submitted.
- Continue to pursue existing business of Marine & Heavy Engineering, seizing available floaters conversion opportunities and expand marine capacity through additional drydock.
- Develop new business, namely Onshore Construction & Fabrication and expanding Oil & Gas Services for onshore and offshore.
- Continue to employ productivity improvement initiative to achieve better operational excellence and better position among the competitors.

APPENDIX

Appendix 1 : Fleet Information

As at 30 June 2018

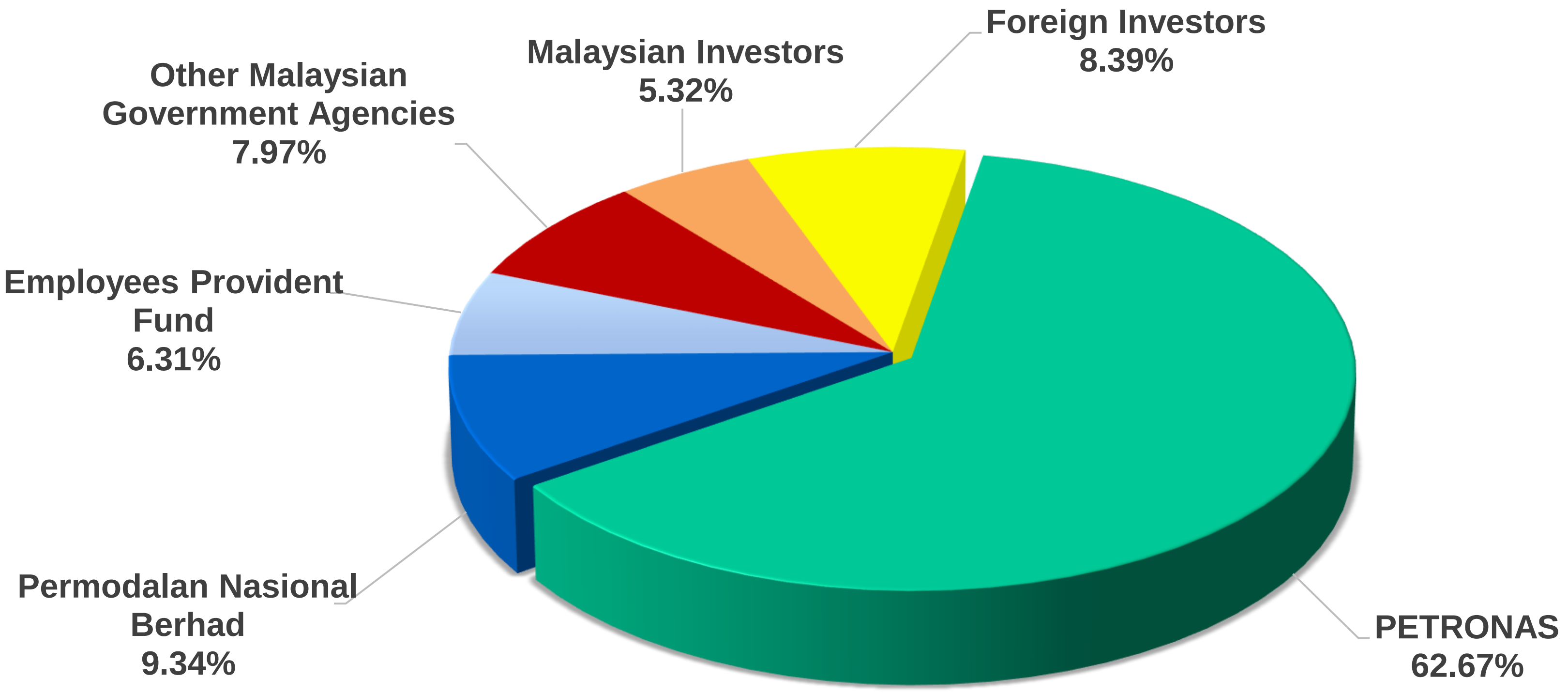
	Vessel Type	Total Vessel Operated	Owned	Chartered-In	Average Age (yrs)		Contracted Newbuilds/ Conversions
					MISC	Industry	
LNG	LNG	29	29	--	13.5	11.2	--
	FSU	2	2	--	36.5	--	--
Petroleum	VLCC	14	12	2	9.1	10.3	--
	Suezmax	6	6	--	4.1	10.3	--
	Aframax	45	35	10	11.7	10.0	2
	LR2	2	2	--	1.0	9.2	--
	MR2	3	--	3	7.7	11.5	--
	Shuttle	4	4	--	4.6	10.9	6
Chemical	Chemical	13	7	6	7.7	11.7	--
	LPG	1	--	1	19.7	16.0	--
TOTAL		119	97	22			8
Offshore	FPSO/FSO/SS	11	13	--	8.2	--	--
	MOPU	--	2	--	7.4	--	--

Appendix 2 : Delivery Schedule
As at 30 June 2018

	LNG	Petroleum			
	LNG Carriers	Suezmax	Aframax	LR2	DPST
2H2018	--	--	1	--	--
1H2019	--	--	1	--	--
2H2019	--	--	--	--	1
1H 2020	--	--	--	--	3
2H 2020	--	--	--	--	2

Appendix 3 : Shareholders' Profile

As at 30 June 2018



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