



ANALYST BRIEFING 1Q FY2021 Financial Results

6 May 2021



FINANCIAL OVERVIEW

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



Financial Performance: Q1 FY2021 vs Q4 FY2020

In USD Mil	Q1 FY2021	Q4 FY2020	QoQ %
Revenue	624.6	641.2	(2.6)
PBT from Operations	105.7	119.7	(11.7)
Non-recurring Items	(5.9)	17.5	>(100)
PBT	99.8	137.2	(27.3)
PAT	97.3	134.8	(27.8)
EPS (cent)	2.4	3.1	(22.6)

Lower revenue:

- Heavy Engineering – lower revenue from ongoing projects and lower number of vessels secured for repair and maintenance

Partially offset by:

- Offshore – recognition of construction revenue for an FPSO
- Petroleum – higher blended time charter equivalent (“TCE”) and earning days

Lower PBT from operations:

- Offshore – Lower share of profit from a joint venture
- Heavy Engineering – Additional cost provision recognised for an ongoing project

Partially offset by:

- Petroleum – higher margin on freight rates in the current quarter

Non-recurring items:

- Q1 FY2021:
 - Impairment of non-current asset
- Q4 FY2020:
 - Write back of trade receivables
 - Impairment of non-current assets



Financial Performance: Q1 FY2021 vs Q1 FY2020

<i>In USD Mil</i>	Q1 FY2021	Q1 FY2020	QoQ %
Revenue	624.6	601.1	3.9
PBT from Operations	105.7	200.6	(47.3)
Non-recurring Items	(5.9)	(474.5)	99
PBT/(LBT)	99.8	(273.9)	>100
PAT/(LAT)	97.3	(275.2)	>100
EPS/(LPS) (cent)	2.4	(6.2)	>100

Higher revenue:

- Offshore – recognition of construction revenue for an FPSO

Partially offset by:

- Lower revenue in Petroleum segment due to lower blended TCEs

Lower PBT from operations:

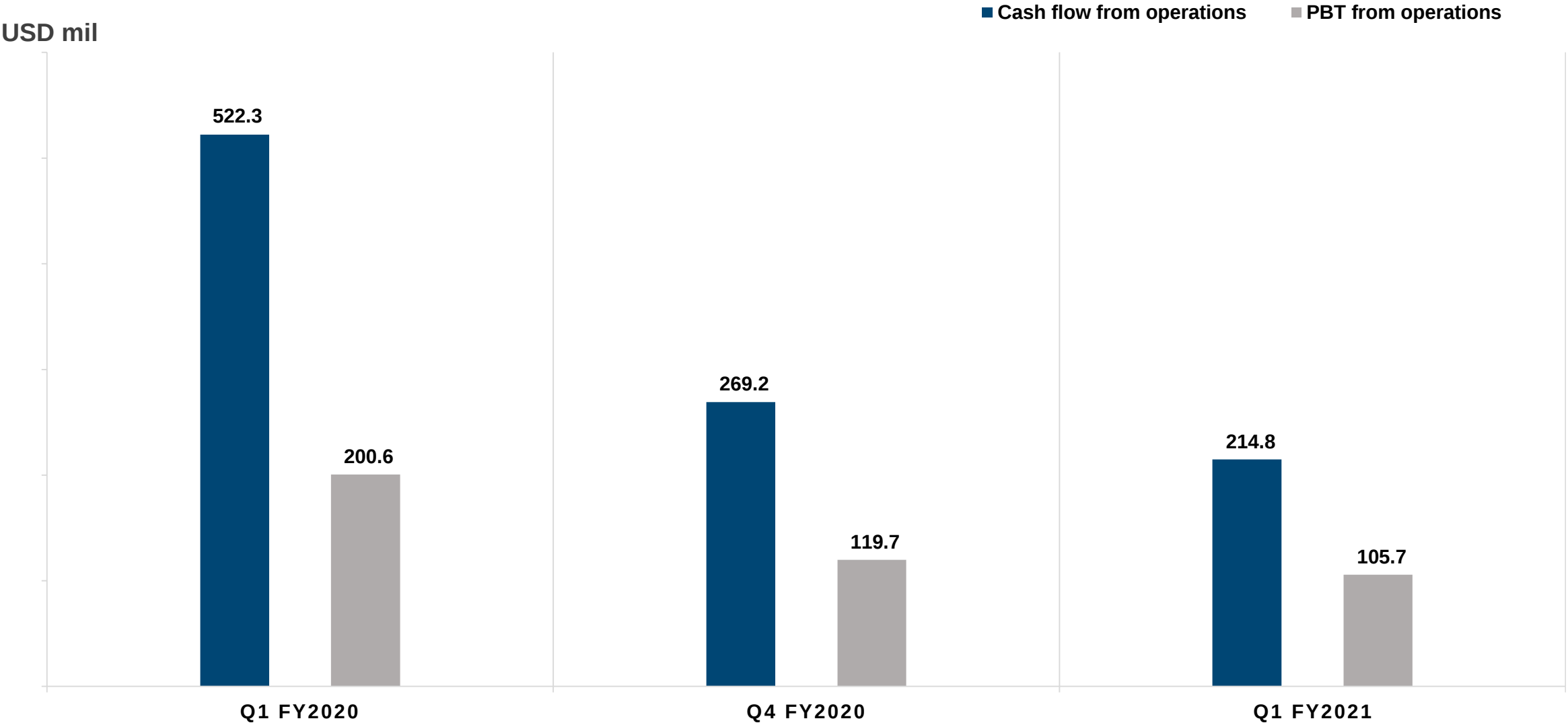
- Petroleum – lower margins on freight rates in the current quarter
- Heavy Engineering – additional cost provision for an ongoing project

Non-recurring items:

- Q1 FY2021:
 - Impairment of non-current asset
- Q1 FY2020:
 - Provision for litigation claims
 - Write off of trade receivables and loss on re-measurement of finance lease receivables



Cash Flow & PBT from Operations

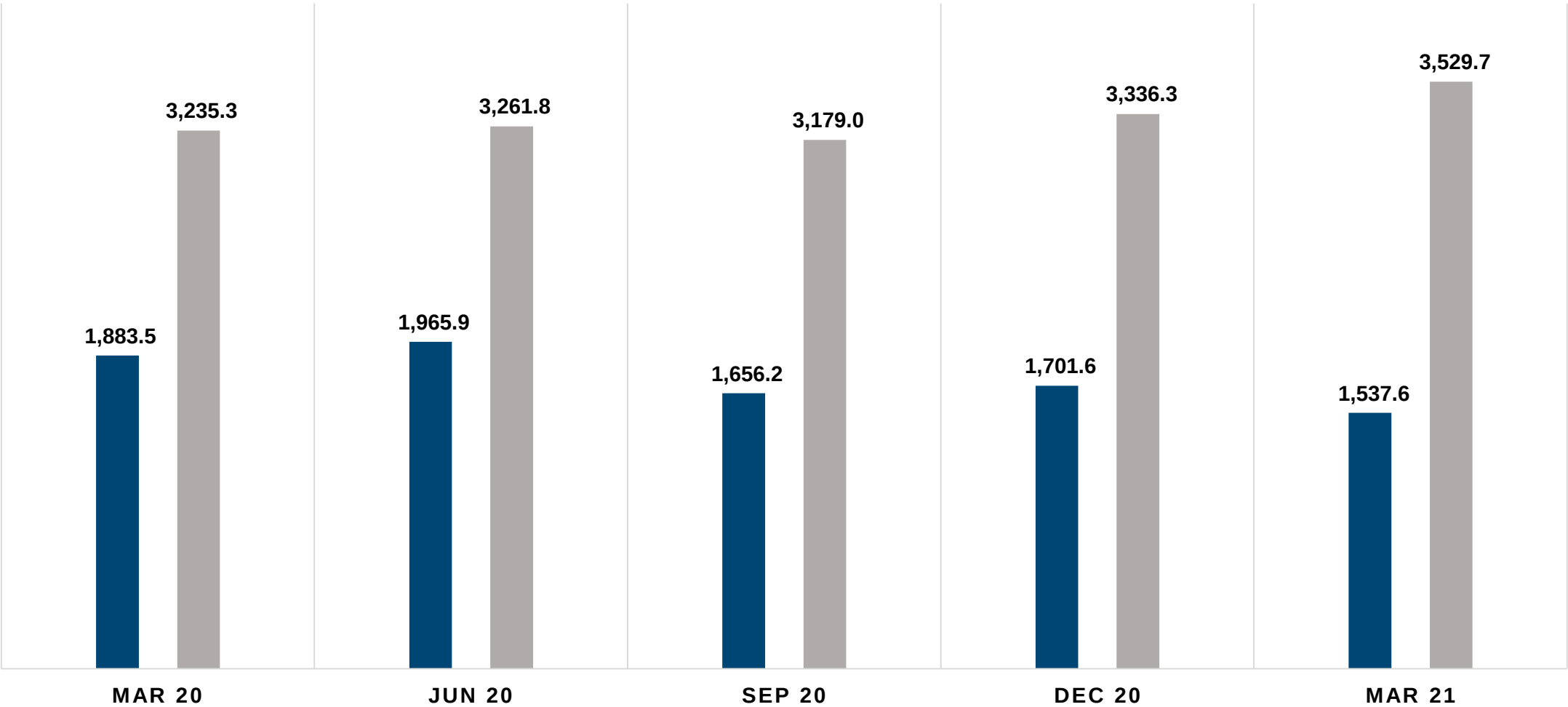




Cash & Debt Balances

USD mil

■ Cash ■ Debt





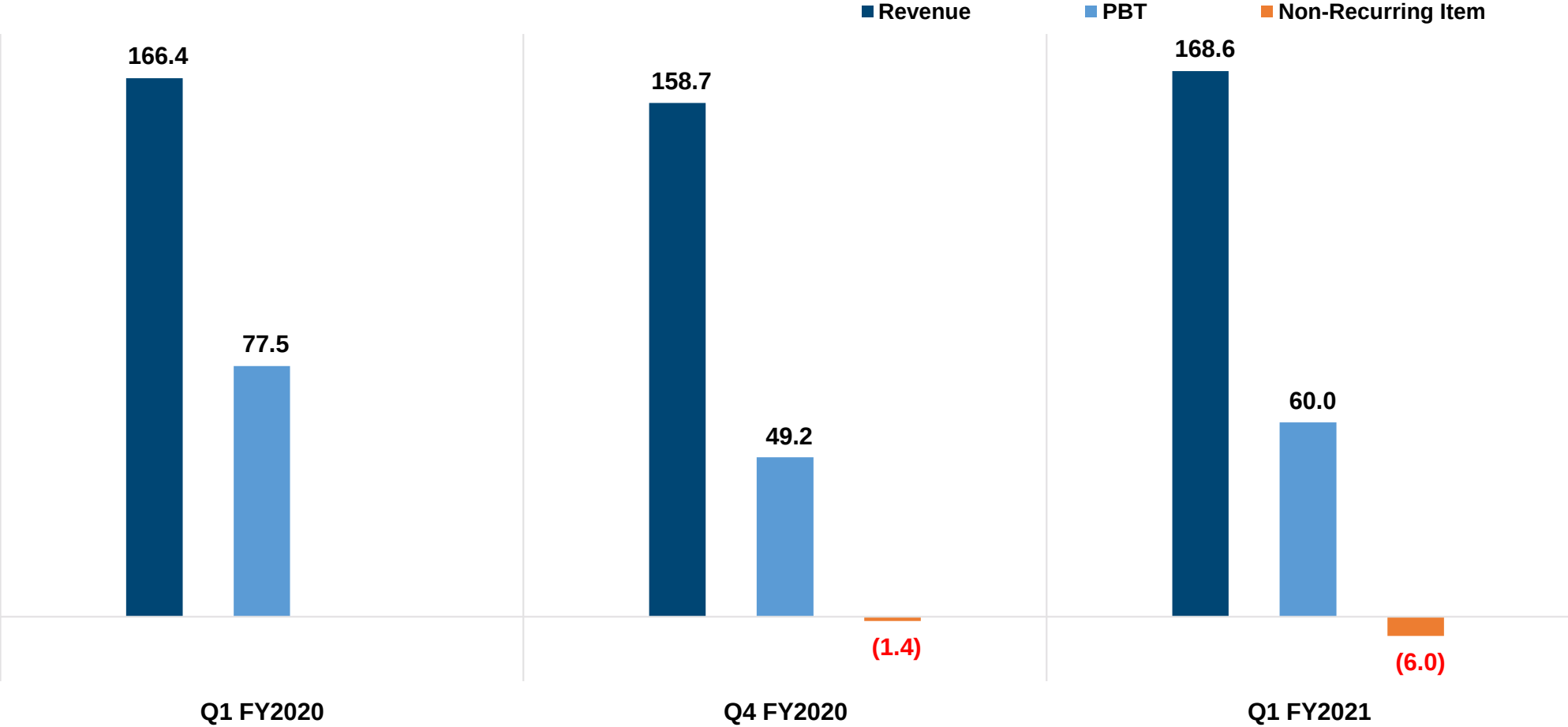
FINANCIAL PERFORMANCE BY BUSINESS SEGMENT



LNG Shipping

Higher earning days

USD mil

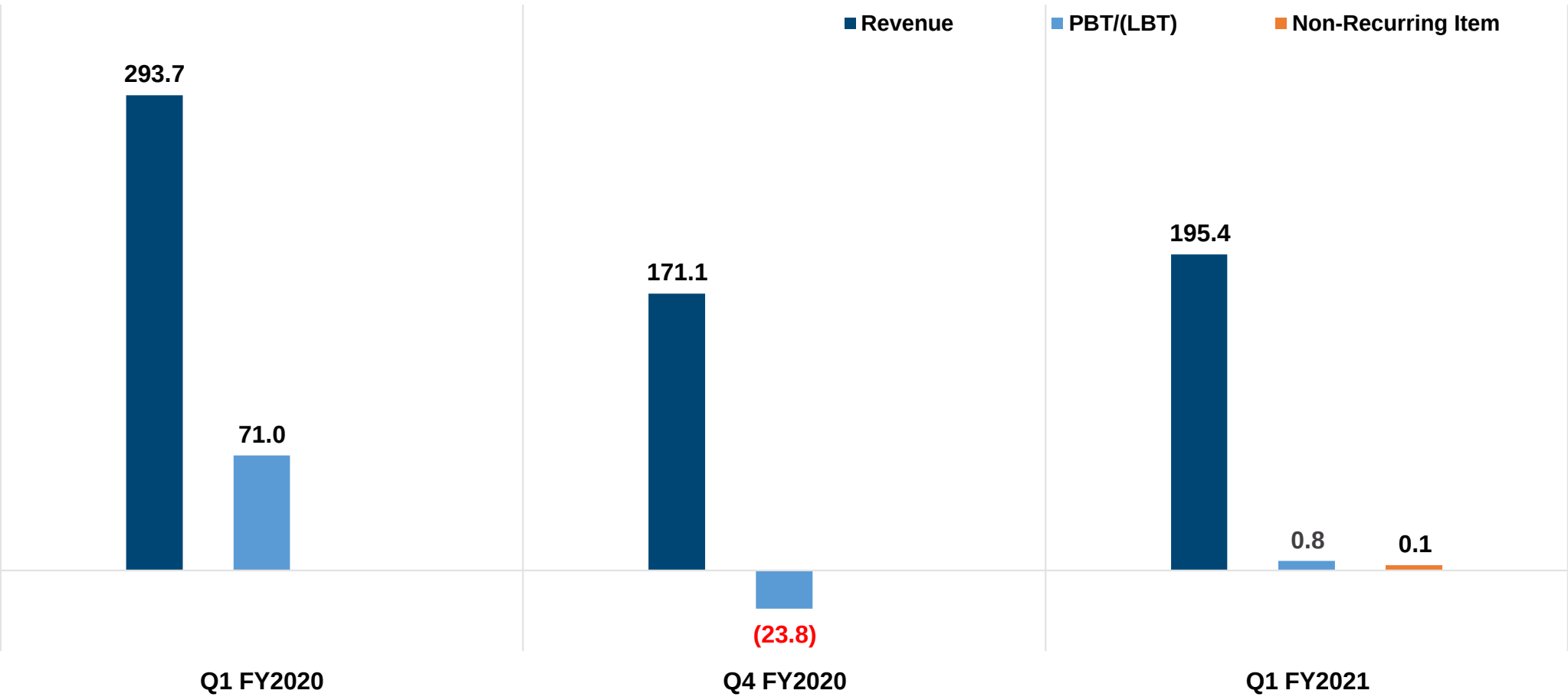




Petroleum & Product Shipping

Higher blended TCE compared to previous quarter

USD mil

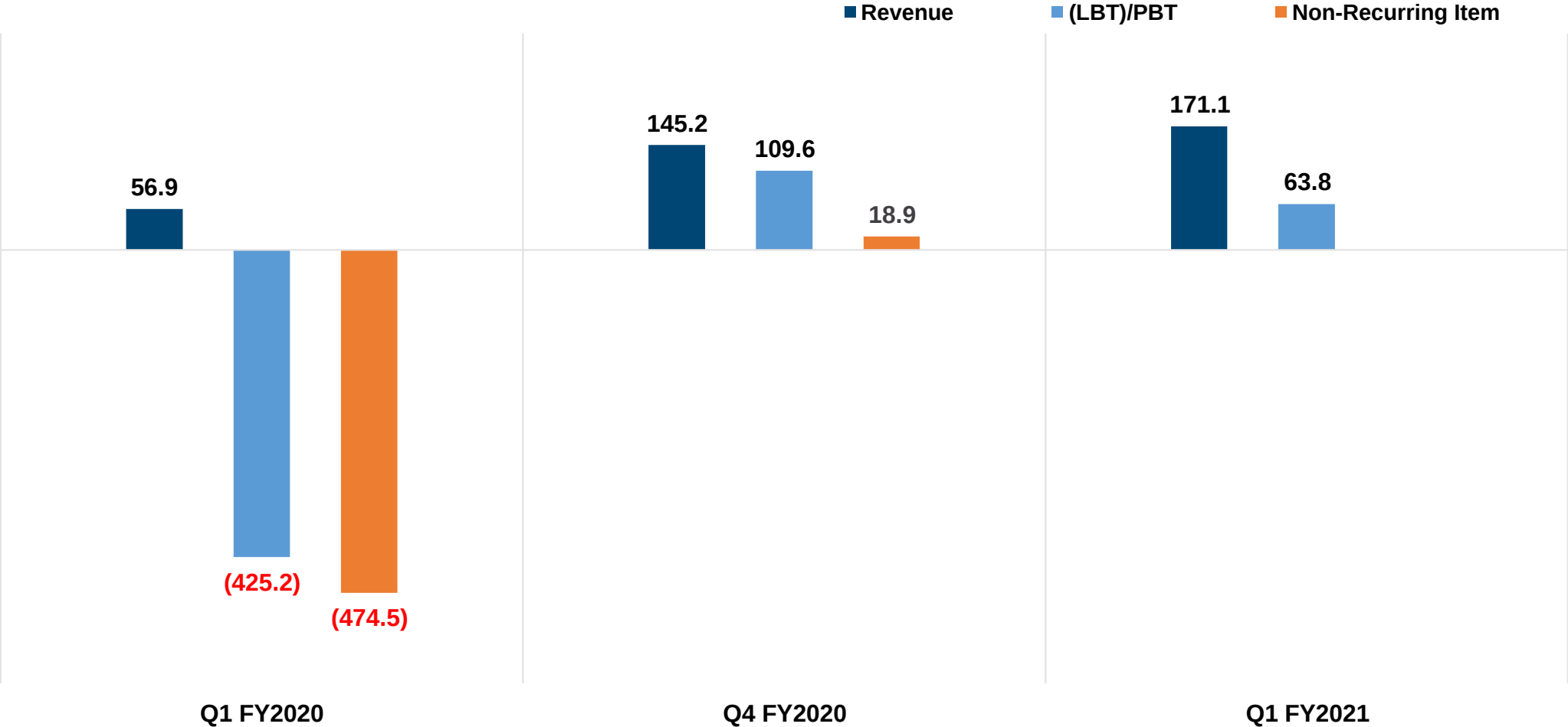




Offshore Business

Recognition of construction profit for Brazil FPSO

USD mil



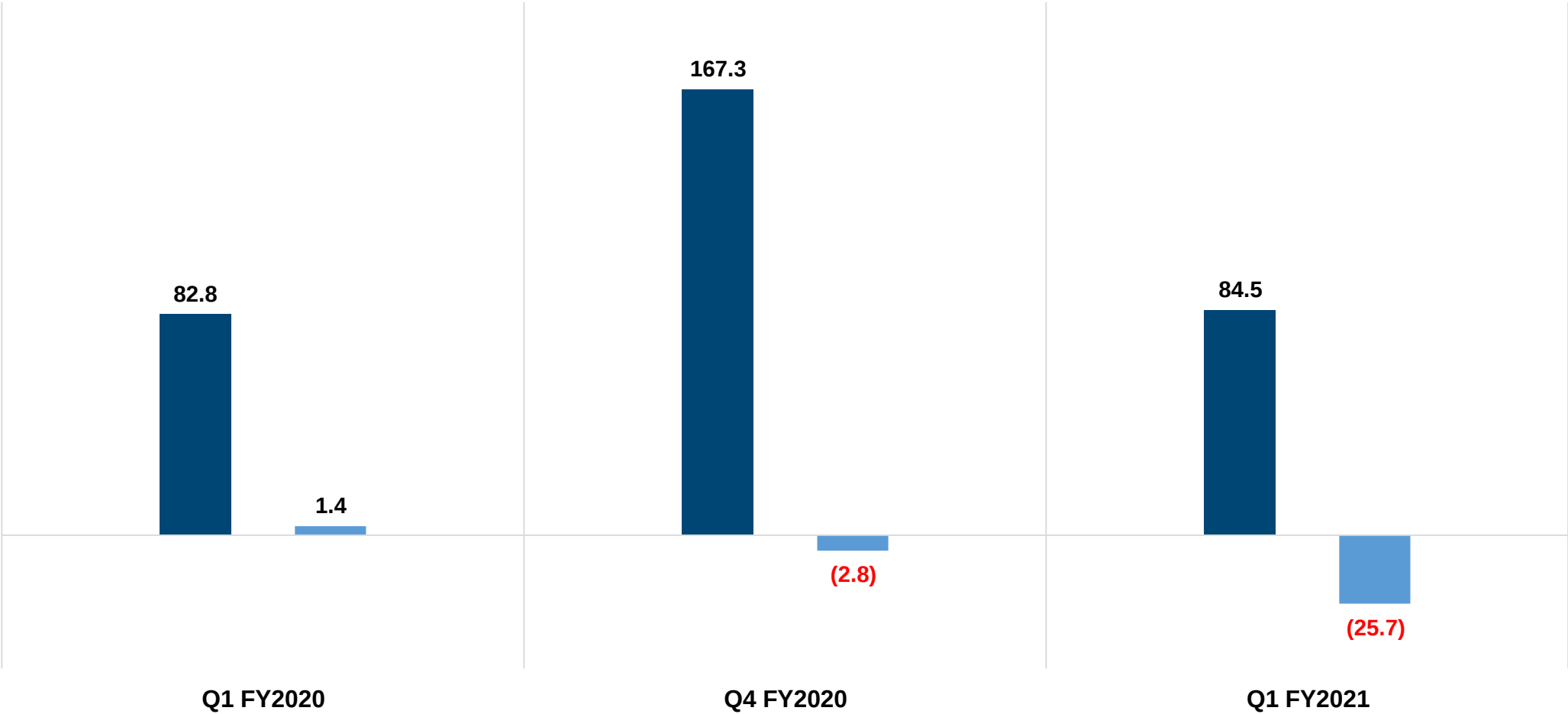


Marine & Heavy Engineering

Additional cost provision for an ongoing project

USD mil

■ Revenue ■ PBT/(LBT)





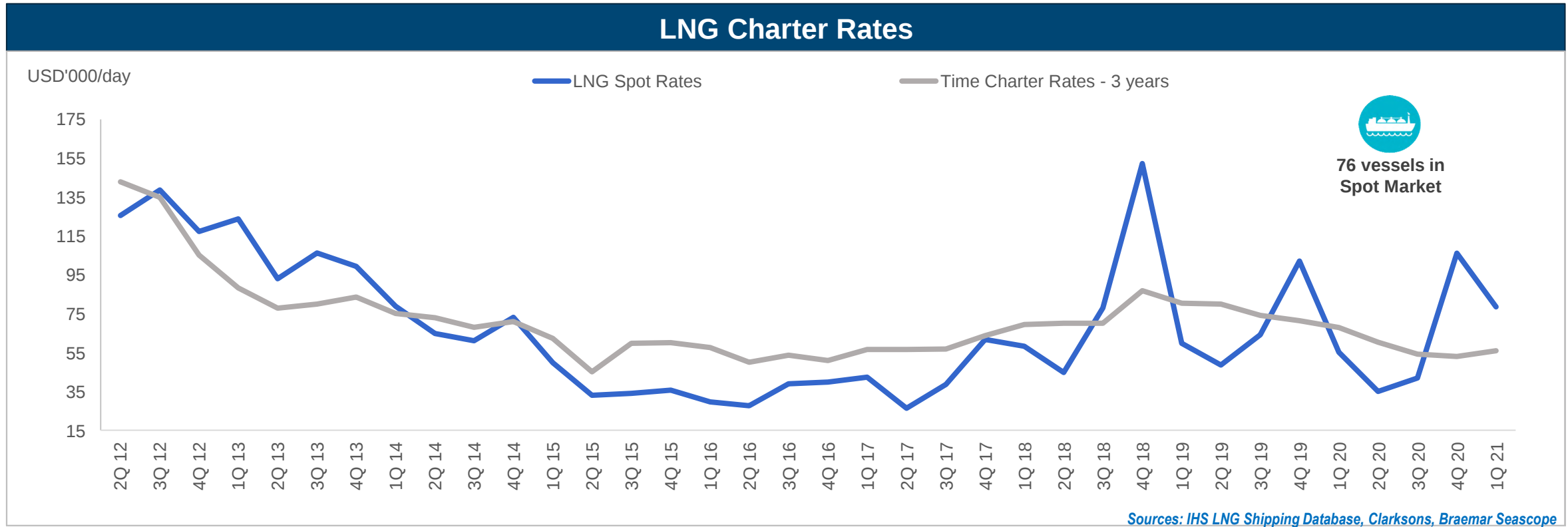
MARKET ENVIRONMENT

By: Vincent Ng | General Manager, CPD



LNG Shipping

Spot rates retreat as peak winter demand fades

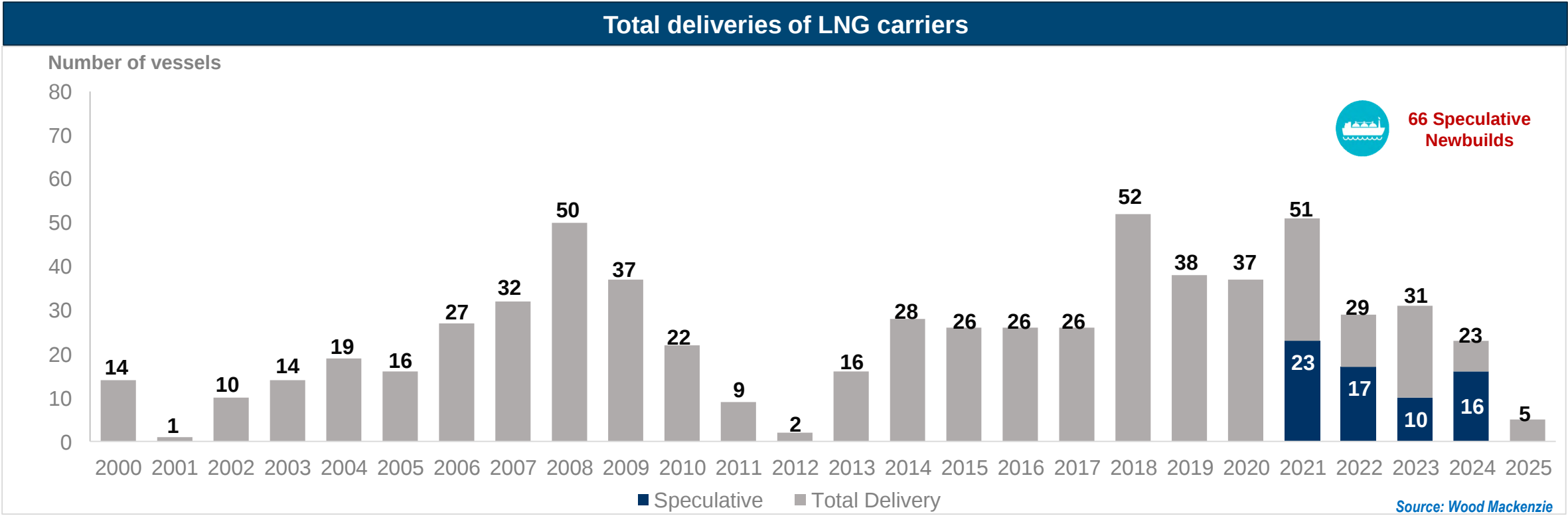


- LNG spot rates descended in line with the end of the peak winter season. The temporary interruption of LNG exports from the US due to extreme weather conditions in Texas and the easing of congestion at the Panama Canal have also driven up vessel availability
- Spot rates are expected to remain weak in Q2 2021 owing to the market entering the seasonal low demand period
- Time charter rates are recovering slowly as charterers take advantage of the low point of the current market cycle



LNG Shipping

2021 sees more new tonnage coming on water

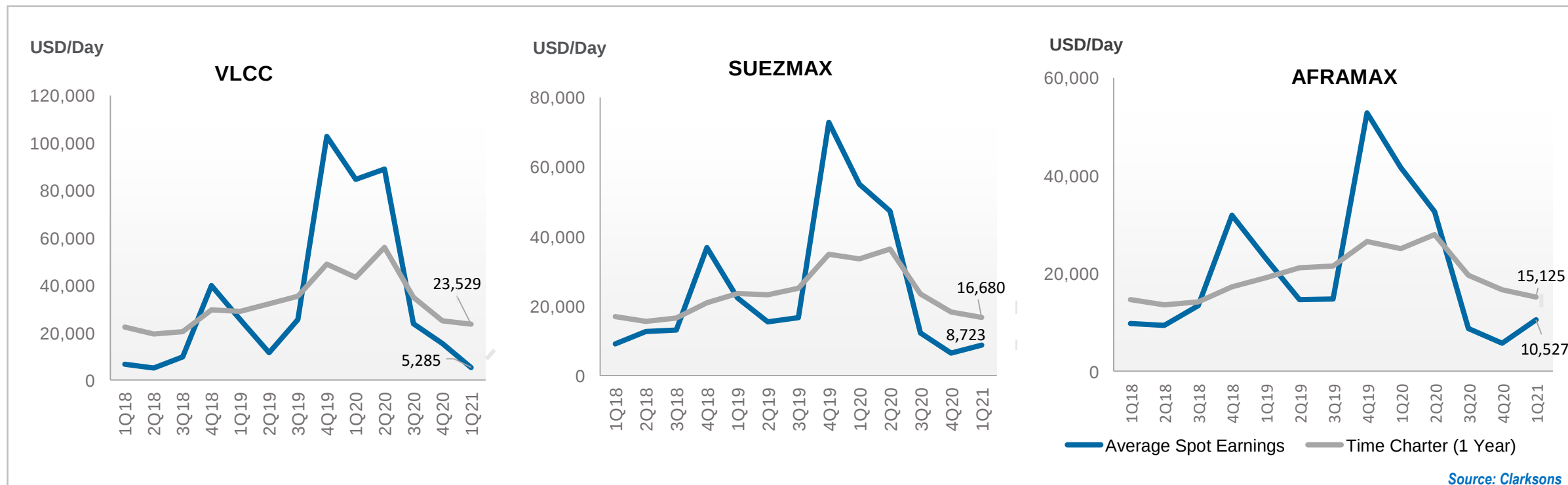


- The increase in global LNG carrier fleet capacity in 2021 is expected to keep shipping rates in check
- The 2021 newbuild additions are expected to outstrip any additional tonnage demand from the limited increase in global liquefaction capacity of approximately 10mtpa



Petroleum Shipping

Tanker rates continue to remain low in Q1 2021

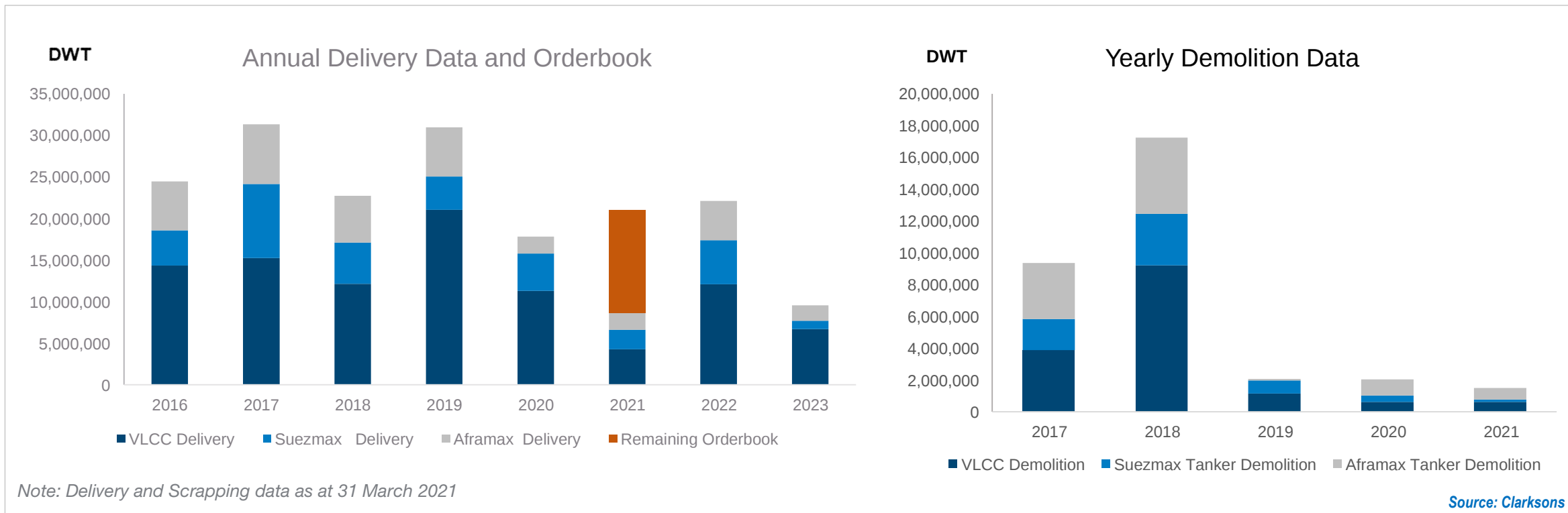


- Tanker rates remain dismal due to the prolonged oil production cuts by the OPEC+ and the continuing impact of the pandemic on global oil demand. Although midsize tankers are rebounding albeit marginally, the larger tanker segment continues to record lower earnings
- The tanker market is expected to remain difficult especially in the larger tanker segment, although there will be potential upside upon the gradual increase of OPEC+ oil production from May 2021 onwards and the recovery of oil demand in tandem with the rolling out of the COVID-19 vaccines



Petroleum Shipping

Moderate growth for global fleet expected while demolition activities remain subdued

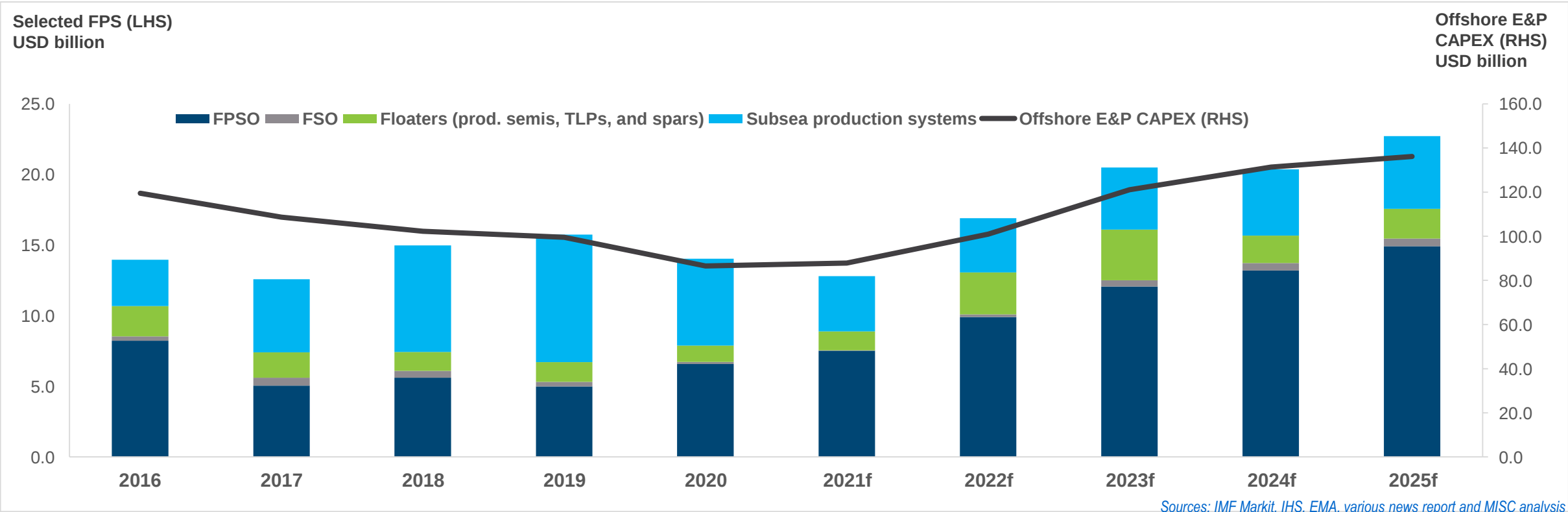


- Although deliveries in 2021 and 2022 are slightly higher than in 2020, the overall orderbook trend is stagnating mainly due to uncertainty on propulsion technology in meeting the regulatory emission target as well as the prevailing tonnage oversupply
- Demolition activity in Q1 2021 has not picked up pace as expected and continued to remain low. Despite the disappointing tanker rates, the second-hand market proved to be the preferred alternative compared to scrapping



Offshore

Gradual increase in CAPEX spending as economy recovers from COVID-19 pandemic



Sources: IMF Markit, IHS, EMA, various news report and MISC analysis

- IHS Markit is forecasting a mild rebound in upstream spending for 2021 followed by a more robust recovery in 2022 – 9% and 20% respectively
- FPS awards have resumed in Q1 2021 after a pause in Q4 2020 with oil prices stabilizing and COVID-19 vaccines being rolled out. The pace is expected to increase in the second half of the year especially in Brazil and Guyana as the global economic outlook improves



BUSINESS UPDATES

By: Vincent Ng | General Manager, CPD



LNG Business

- Took delivery of remaining three of the six Very Large Ethane Carriers (“VLECs”) which are *Seri Emei*, *Seri Emory*, *Seri Emperor* in 1Q 2021 and the sixth VLEC, *Seri Elbert*, in April 2021

All VLECs are chartered to Zhejiang Satellite Petrochemical Co. Ltd. for a firm period of 15 years.

- Selectively exploring conventional and non-conventional LNG shipping solutions to support this segment’s long-term growth strategy



Petroleum & Product Shipping

- Current portfolio mix is at 67:33 term to spot
- AET has signed long-term charter agreements with Shell for three LNG dual-fuel VLCCs. The VLCCs will be built by Daewoo Shipbuilding & Marine Engineering (DSME) and will be on time charter to Shell for seven years
- AET redelivered two VLCCs (*Eagle Vermont* and *Eagle Virginia*) and sold one Aframax (*Eagle Tampa*) during the quarter



Offshore Business

- Sold two assets i.e. MOPU SATU and MOPU DUA in February 2021
- Will concentrate on the execution of the new FPSO project in hand while selectively sourcing for attractive opportunities in targeted markets
- **Gumusut Kakap (GKL)**
 - On 7 July 2020, MISC's wholly-owned subsidiary, GKL has filed the following court applications:
 - a) An Originating Summons dated 7 July 2020 for setting aside of parts of the Arbitral Award dated 8 April 2020 ("Setting Aside OS"); and
 - b) A Notice of Application for an injunction to restrain SSPC from setting off the sums that GKL was ordered to pay to SSPC under the Arbitral Award dated 8 April 2020 ("Injunction NOA") which was subsequently withdrawn
 - On 9 October 2020, the Court gave further directions for Parties to exchange affidavits which have been duly exhausted
 - Additionally, GKL had filed an interim application preventing SSPC from enforcing the Award prior to the determination of the Setting Aside OS. This application is now fixed for hearing on 16 August 2021, although attempts are being made to try and secure an earlier hearing date
 - GKL's substantive Setting Aside OS is fixed for hearing thereafter on 9 September 2021



Offshore Business

- **Gumusut Kakap (GKL) (cont'd)**

SSPC's *ex-parte* application for enforcement of the Award

There is an interim expungement application filed by SSPC which would have to be heard first before SSPC's application for enforcement of the Award can be heard. This interim expungement application has been fixed for hearing on 9 August 2021.

- **PCPP – MOMPL**

Arbitration

- The first arbitration proceedings seek to claim for part of the outstanding sums amounting to approximately USD18,829,000 and RM17,944,000. MOMPL's Statement of Claim was filed on 21 December 2016. MOMPL continues to pursue and progress the arbitration proceedings
- MOMPL has re-filed the Notice of Arbitration for the second arbitration proceedings for part of the outstanding sums amounting to approximately USD80,954,000.00 and RM4,674,000.00. PCPP has responded to the Notice of Arbitration on 15 July 2020. Parties are in the midst of constituting the tribunal



Offshore Business

■ PCPP – MOMPL (cont'd)

Adjudication

- Adjudication proceedings under the Construction Industry Payment and Adjudication Act 2012 (“CIPAA”) was first commenced to recover MOMPL’s claim for the completed variation works amounting to approximately USD9,949,000.00. On 9 January 2019, MOMPL was awarded its entire claim of USD9,949,734.00 plus interest and costs
- The second adjudication proceedings under CIPAA was commenced to recover the disputed demobilisation costs amounting to approximately USD4,796,000. On 7 October 2019, MOMPL received the second Adjudication decision dated 26 July 2019 where MOMPL was awarded its entire claim of USD4,752,239.11 plus interest and costs
- The Federal Court (“FC”) had on 16 October 2019 made a ruling that the CIPAA, which provides the basis upon which the Adjudication Proceedings were commenced, only applies prospectively to construction contracts entered into after the date CIPAA became effective i.e. 15 April 2014. The MOMPL lease agreement is dated 28 November 2008 and as such, falls outside the purview of CIPAA
- In view of the FC decision, MOMPL has stayed its hand on moving for the enforcement of the Adjudication decisions and will focus on the Arbitration Proceedings in order to recover the monies owing by PCPP
- As far as MOMPL is aware, there is no pending application to set aside the said Adjudication decisions



Offshore Business

■ PCPP – MOMPL (cont'd)

Proceedings in Court

- An Originating Summons in the High Court was filed on 7 August 2018 to recover the undisputed portion of the early termination fees and demobilisation costs amounting to approximately USD42,307,000. The High Court had, on 30 May 2019, allowed PCPP's application to stay the Originating Summons pending the disposal of the arbitration proceedings. MOMPL has filed an appeal to the Court of Appeal ("CA") against this decision, which was heard on 12 April 2021. The CA set aside the stay application granted by the High Court and instead imposed a conditional stay on PCPP wherein PCPP is required to deposit a sum of USD7,766,549.61 into a joint account held by both parties' solicitors within 30 days, failing which MOMPL will be able to proceed with the full hearing in the High Court action against PCPP
- A writ action in the High Court was also filed on 13 August 2018 against PCSB, PERTAMINA and PETROVIETNAM (being the shareholders of PCPP) seeking for a declaration that the shareholders be liable for the amounts due and owing by PCPP to MOMPL under the Contract. PCSB and PCPP filed applications in the High Court to strike out and stay the proceedings pending the disposal of the arbitration proceedings which were allowed on 26 October 2018 and 11 December 2018 respectively. MOMPL appealed against both decisions to the Court of Appeal
- MOMPL's appeal against PCSB's striking out application was dismissed by the Court of Appeal on 26 September 2019. MOMPL has filed leave to appeal against the Court of Appeal's decision to uphold the High Court's decision to strike out the proceedings against PCSB to the Federal Court. On 18 August 2020, the Federal Court dismissed MOMPL's appeal
- The appeal against PCPP's stay application was heard on 19 June 2020. The Court of Appeal has set aside the stay against the shareholders i.e. PCSB, PERTAMINA and PETROVIETNAM, whilst the stay against PCPP is affirmed. Pursuant to this decision, MOMPL has proceeded to serve the cause papers out of jurisdiction on PERTAMINA and PETROVIETNAM

If successful, the Legal Proceedings are expected to contribute positively to the earnings per share, gearing and net assets per share of MISC in the future.



Marine & Heavy Engineering

- Heavy Engineering milestones:

Offshore

- Awarded EPCIC contract for SK408W Jerun Development Project, offshore Sarawak

- Marine Repair milestones:

- Completed repair and maintenance of 29 vessels
- Secured 36 jobs

- Orderbook backlog as of March 2021 is RM3.0 billion
- Approximately RM7 – RM8 billion worth of heavy engineering tenders submitted as of March 2021
- Continue pursuing existing business of Marine & Heavy Engineering
- Explore new business opportunities namely modular fabrication and offshore wind farm



APPENDIX



Appendix 1 : Fleet Information as at 31 March 2021

	Vessel Type	Total Vessel Operated	Owned	Chartered-In	Average Age (yrs)		Contracted Newbuilds/ Conversions
					MISC	Industry	
LNG	LNG	29	29	--	15.9	11.5	4
	FSU	2	2	--	39.8	--	--
	VLEC	5	5	--	0.3	--	1
	LBV	1	--	1	--	--	--
Subtotal		37	36	1	--	--	5
Petroleum	VLCC	9	9	--	9.0	10.1	5
	Suezmax	6	6	--	6.9	10.4	--
	Aframax	32	27	5	11.5	12.3	--
	LR2	2	2	--	10.9	9.4	--
	DPST	11	11	--	3.2	9.3	6
Chemical	Chemical	4	--	4	10.3	11.9	--
Subtotal		64	55	9	--	--	11
GRAND TOTAL		101	91	10	--	--	16
Offshore	FPSO/FSO/SS	12	12	--	8.7	--	1
	MOPU	--	--	--	--	--	--

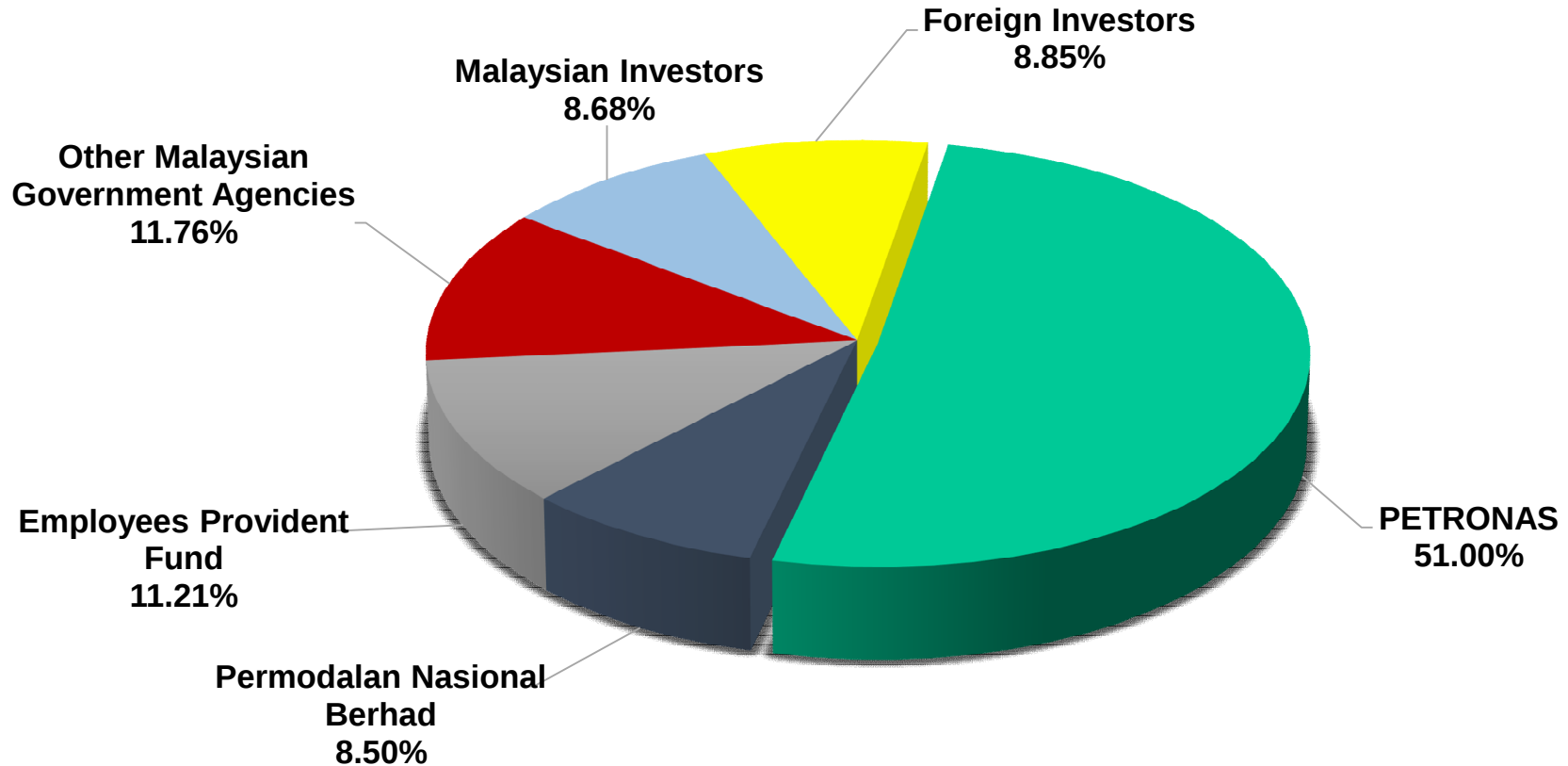


Appendix 2 : Schedule of Future Deliveries as at 31 March 2021

	LNG		Petroleum	
	LNG Carriers	VLEC	DPST	VLCC
1H 2021	1	1	-	-
2H 2021	1	-	1	-
1H 2022	-	-	4	2
2H 2022	-	-	1	-
1H 2023	2	-	-	1
2H 2023	-	-	-	2



Appendix 3 : Shareholders' Profile as at 31 March 2021



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