



# ANALYST BRIEFING

## Q1 FY2022 Financial Results

26 May 2022





# FINANCIAL OVERVIEW

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Governance & Budget, Finance



# Financial Performance: Q1 FY2022 vs Q4 FY2021

<i>In USD Mil</i>	Q1 FY2022	Q4 FY2021	QoQ %
Revenue	684	738	(7)
PBT from Operations	91	101	(9)
Non-recurring Items	1	2	(61)
PBT	92	103	(11)
PAT	89	101	(11)
EPS (cent)	2	3	(20)

Lower revenue:

- Offshore – Lower construction revenue from conversion of an FPSO

Offset by :

- Petroleum – Higher freight rates for mid size tankers

Lower PBT from operations:

- Offshore – Lower share of profit from joint ventures following recognition of gain from contract extensions in Q4 FY2021

Offset by:

- Heavy Engineering – Additional cost provisions for on-going heavy engineering projects in Q4 FY2021

Non-recurring items:

- Gain on disposal of ships (Q1 FY2022 & Q4 FY2021)
- Impairment of non-current assets (Q4 FY2021)
- Gain in disposal of interest in joint ventures (Q4 FY2021)



# Financial Performance: Q1 FY2022 vs Q1 FY2021

<i>In USD Mil</i>	Q1 FY2022	Q1 FY2021	QoQ %
Revenue	684	625	10
PBT from Operations	91	106	(14)
Non-recurring Items	1	(6)	>100
PBT	92	100	(8)
PAT	89	97	(8)
EPS (cent)	2	2	(17)

Higher revenue:

- Petroleum – Higher blended time charter in the mid-sized tanker segment
- Heavy Engineering - Higher activities for on-going Heavy Engineering projects and higher dry-docking activities
- Offshore – Higher recognition of revenue from conversion of an FPSO
- GAS – Higher earning days following lease commencement of VLECs

Lower PBT from operations:

- Offshore – Increase in total construction costs of an FPSO due to global supply chain issues and China lockdown impact

Offset by :

- Heavy Engineering - Higher revenue during the quarter and additional cost provision recognised in Q1 FY2021
- GAS – Higher earning days in the current quarter

Non-recurring items:

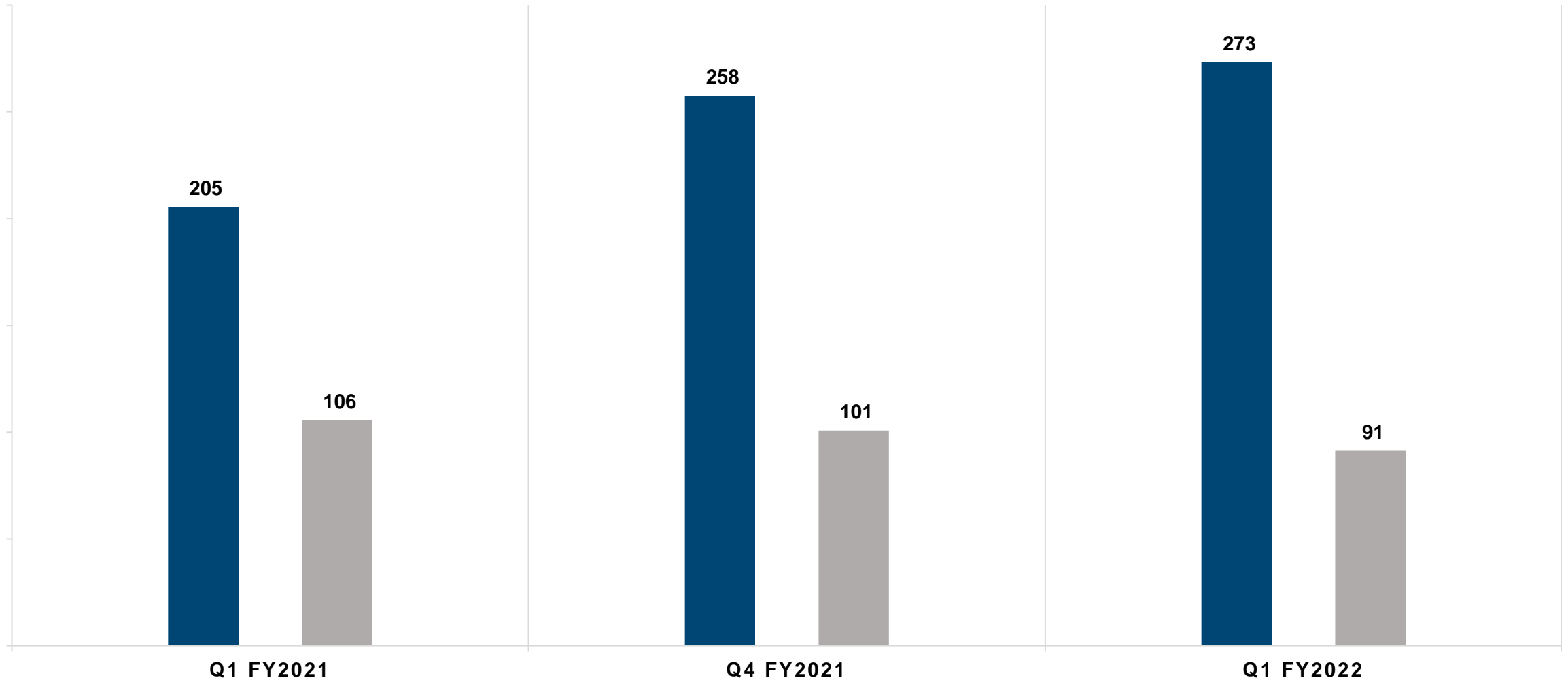
- Gain on disposal of ships (Q1 FY2022 & Q1 FY2021)
- Impairment of non-current asset (Q1 FY2021)



# Cash Flow & PBT from Operations

USD mil

■ Adjusted Cash flow from operations ■ PBT from operations





# Adjusted Cash Flow from Operations (“CFO”)

	Q1 FY2021	Q4 FY2021	Q1 FY2022
	USD Mil	USD Mil	USD Mil
<b>CFO per Statutory Financial Reporting</b>	<b>215</b>	<b>178</b>	<b>110</b>
<b><u>Add/(Less):</u></b>			
MFRS 16 lease payments*	(14)	(12)	(10)
Offshore construction work-in-progress**	-	70	164
Forex	4	22	9
<b>Adjusted CFO</b>	<b>205</b>	<b>258</b>	<b>273</b>

\* MISC considers all lease or charter-in of vessels and other assets as operating activities. For financial reporting purposes, payment of lease liabilities are classified in the cash flow from financing activities.

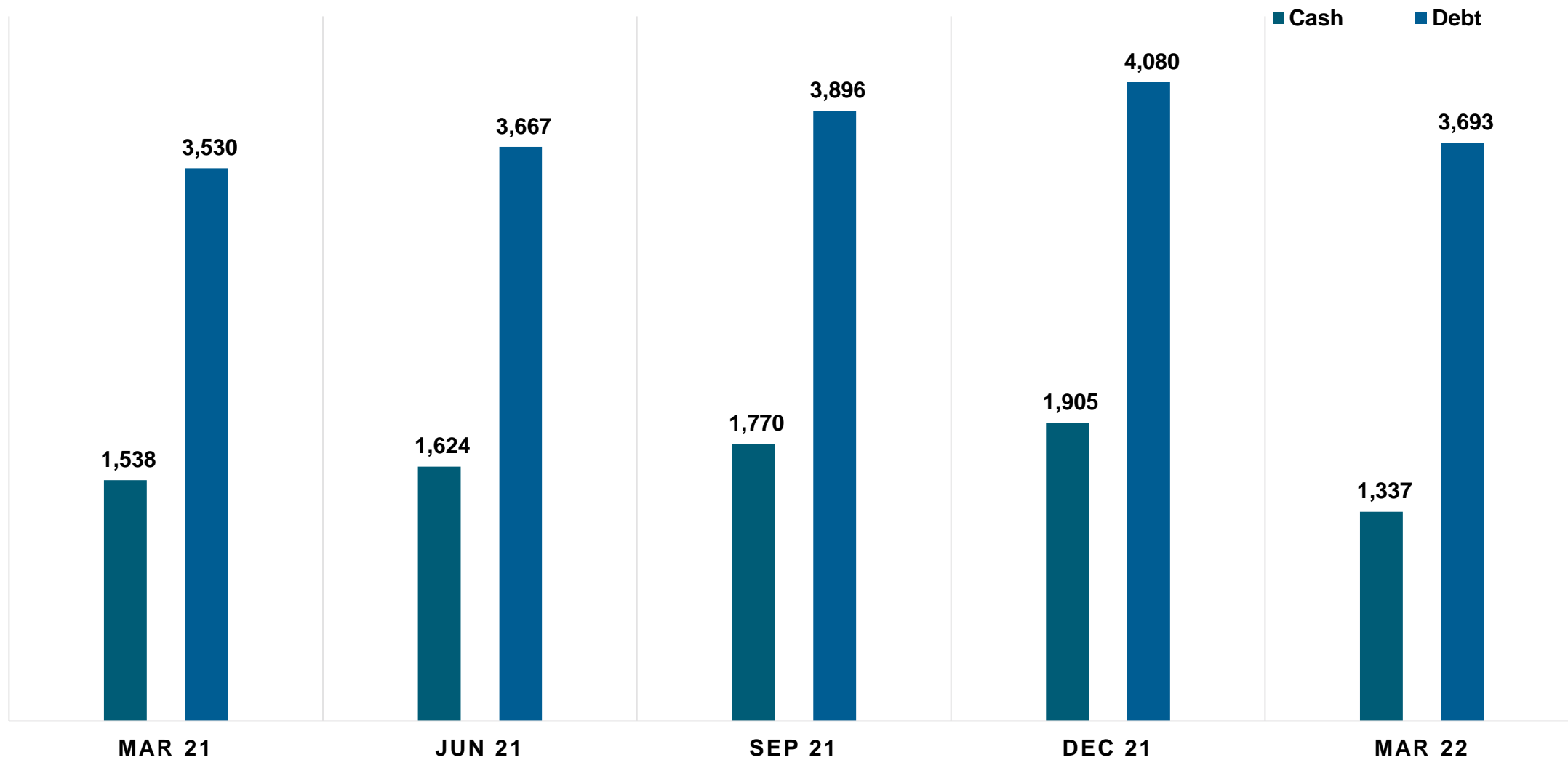
\*\* **For financial reporting purposes**, the payments relating to construction/conversion activities for Offshore turnkey projects are **required to be classified in the cash flow from operating activities**. As at 31 March 2022, the YTD payment was USD164 million.

However, **MISC considers the payments as Capital Expenditure (“CAPEX”) payments**, and **internally classifies** them as an **outflow from investing activities** in measuring its performance and allocation of resources.



# Cash & Debt Balances

USD mil







# FINANCIAL PERFORMANCE BY BUSINESS SEGMENT

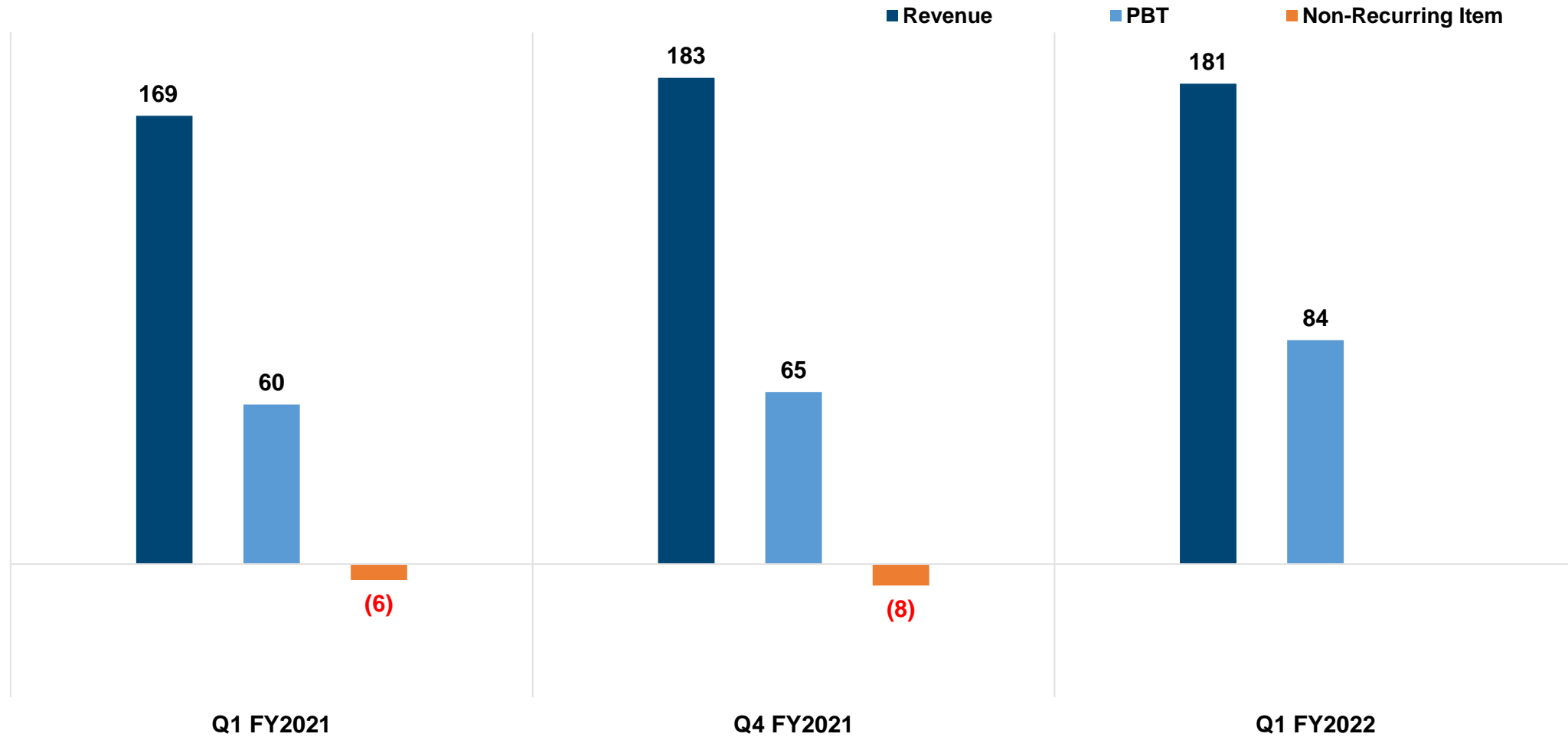




# Gas Assets & Solutions

Stable earning days

USD mil

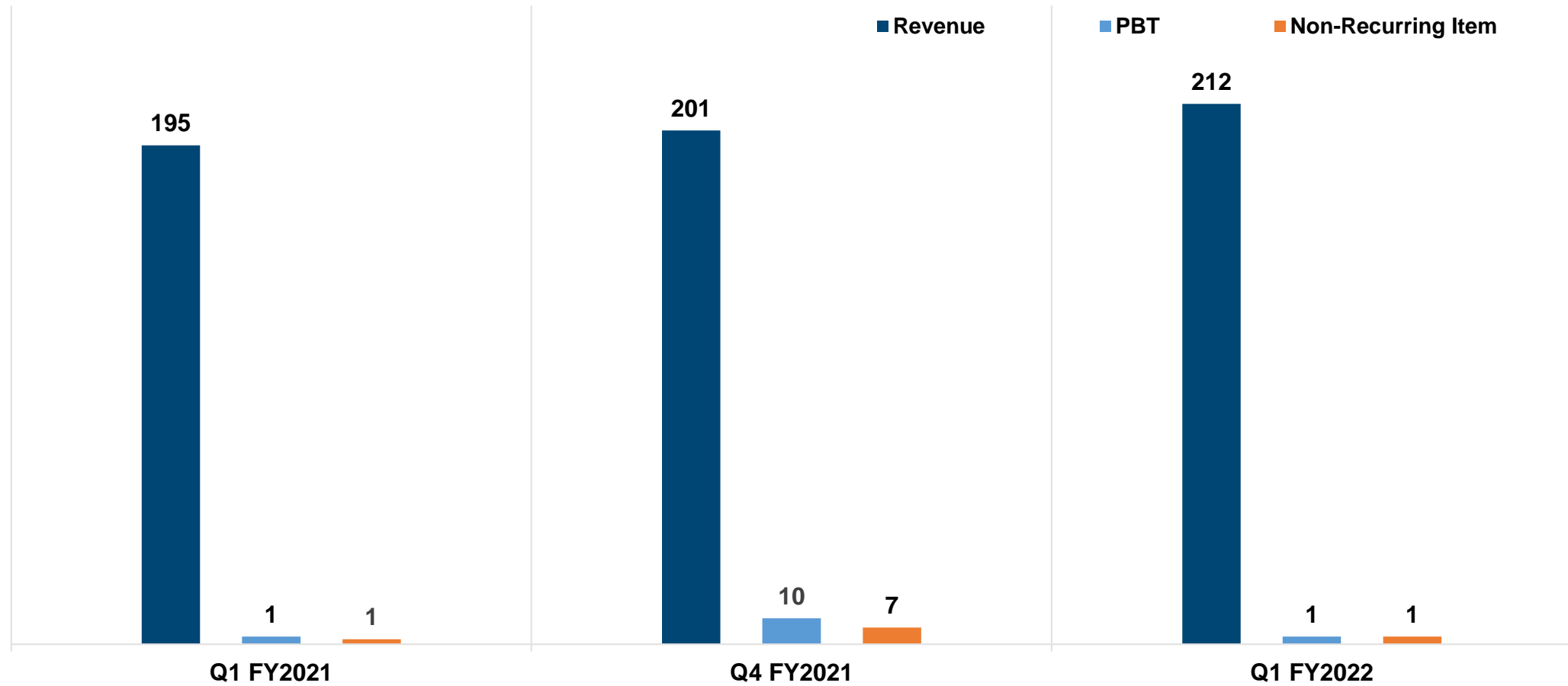




# Petroleum & Product Shipping

Higher blended TCE for mid size tankers

USD mil

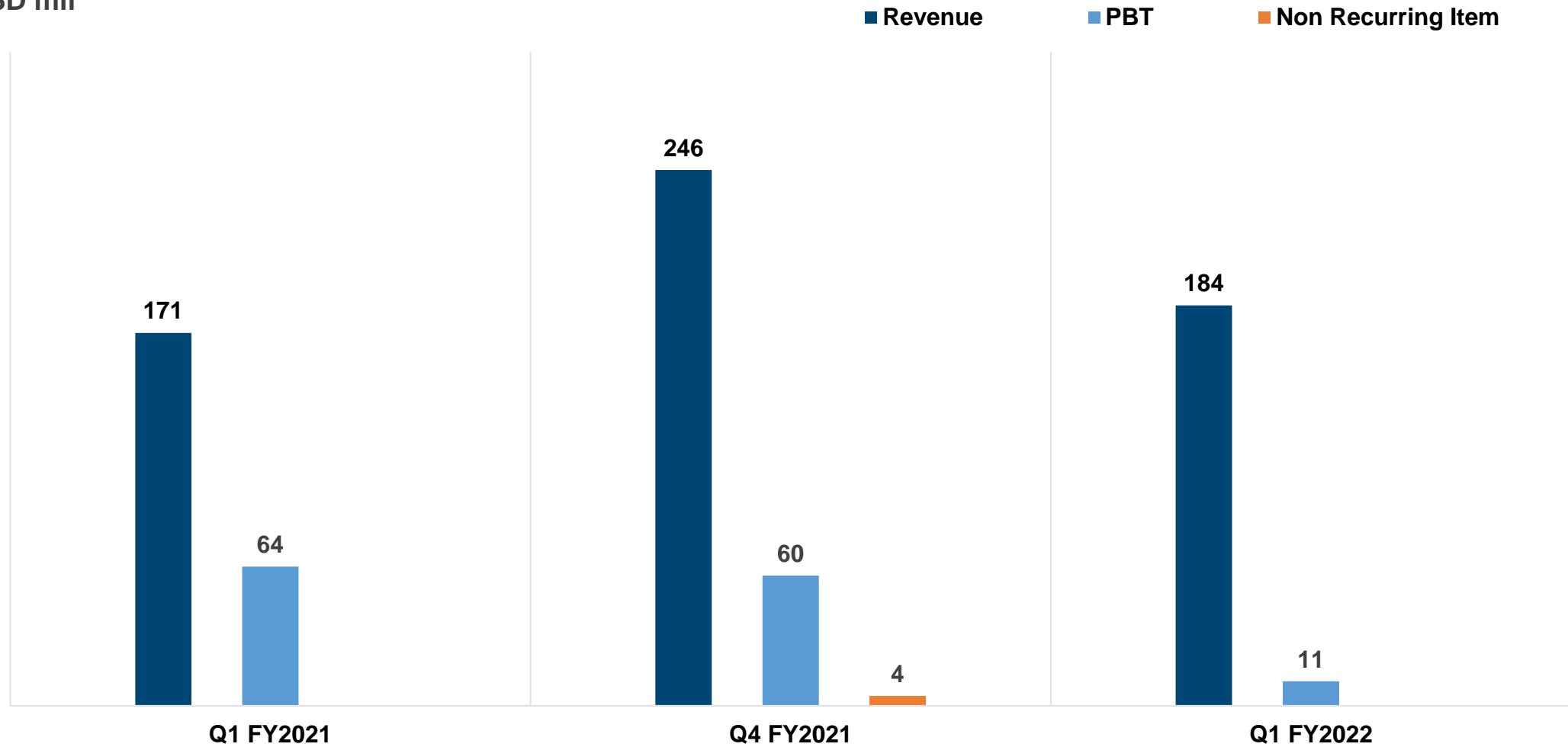




# Offshore Business

Global supply chain issues and China lockdown impact

USD mil





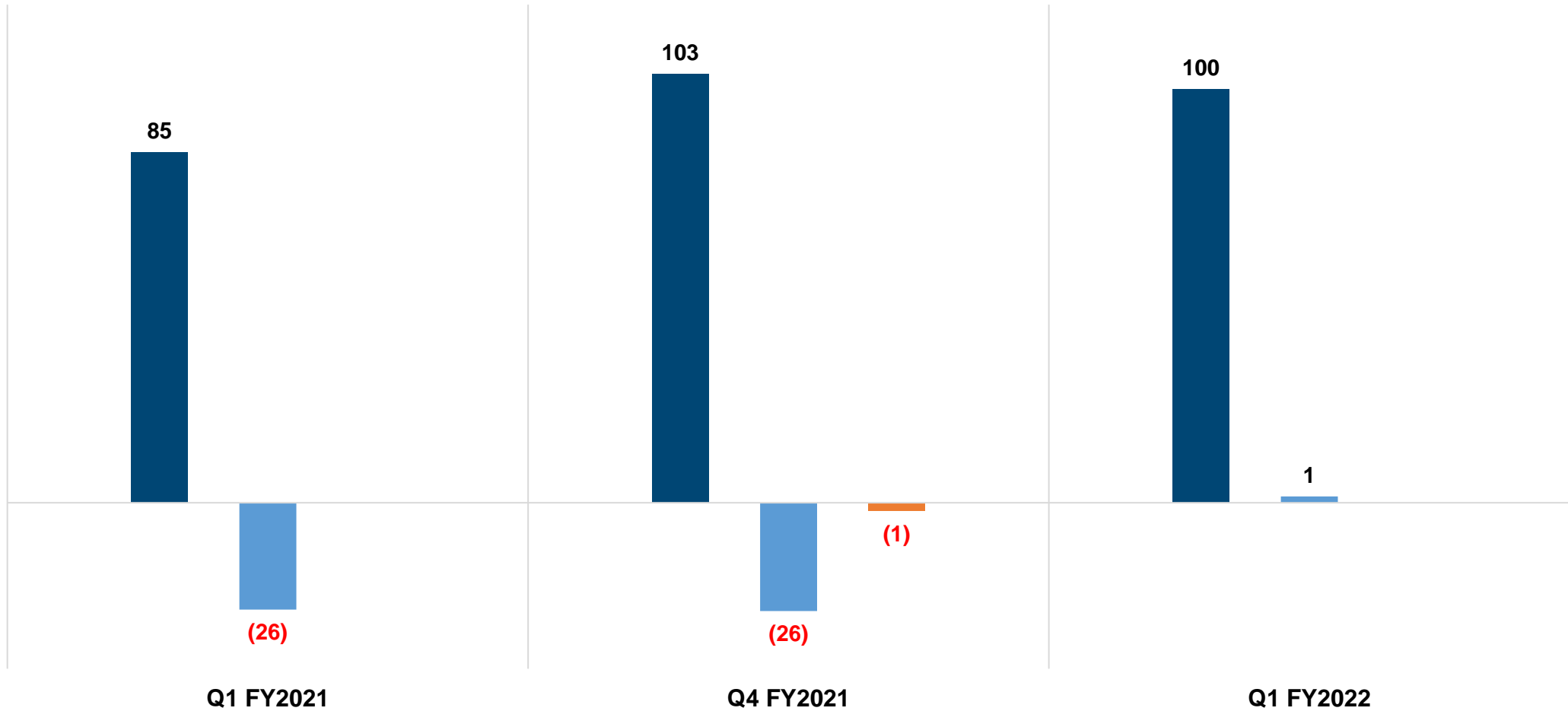


# Marine & Heavy Engineering

Additional cost provisions for ongoing projects in previous quarters

USD mil

■ Revenue ■ (LBT)/PBT ■ Non Recurring Item





# MARKET ENVIRONMENT

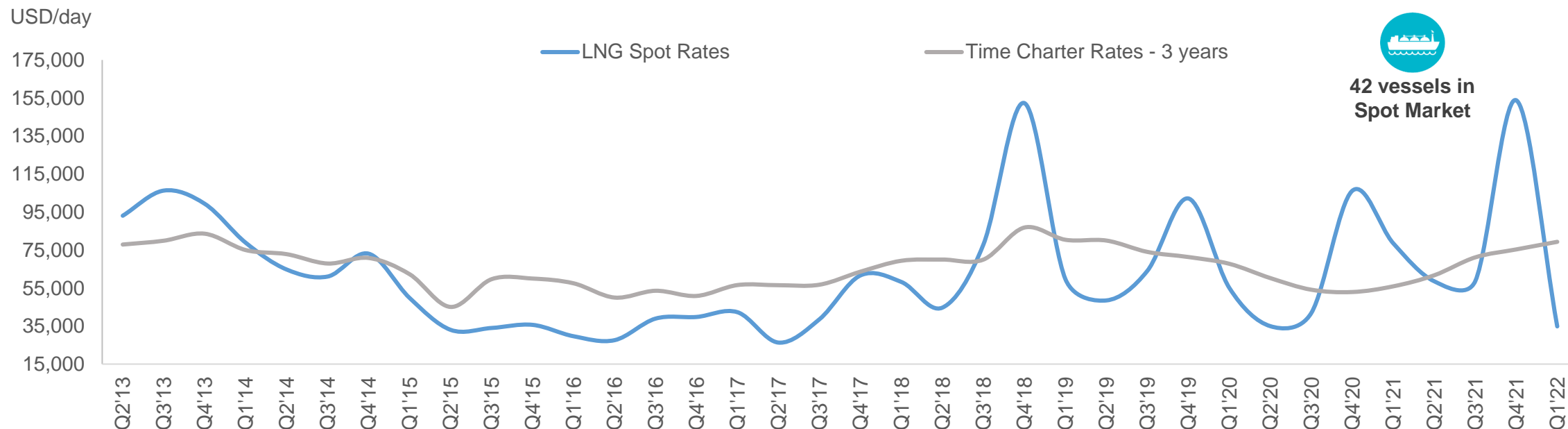
By: Vincent Ng | General Manager, CPD



# LNG Shipping

Sharp fall in spot rates post-winter

## LNG charter rates



Source: Drewry LNG Forecaster

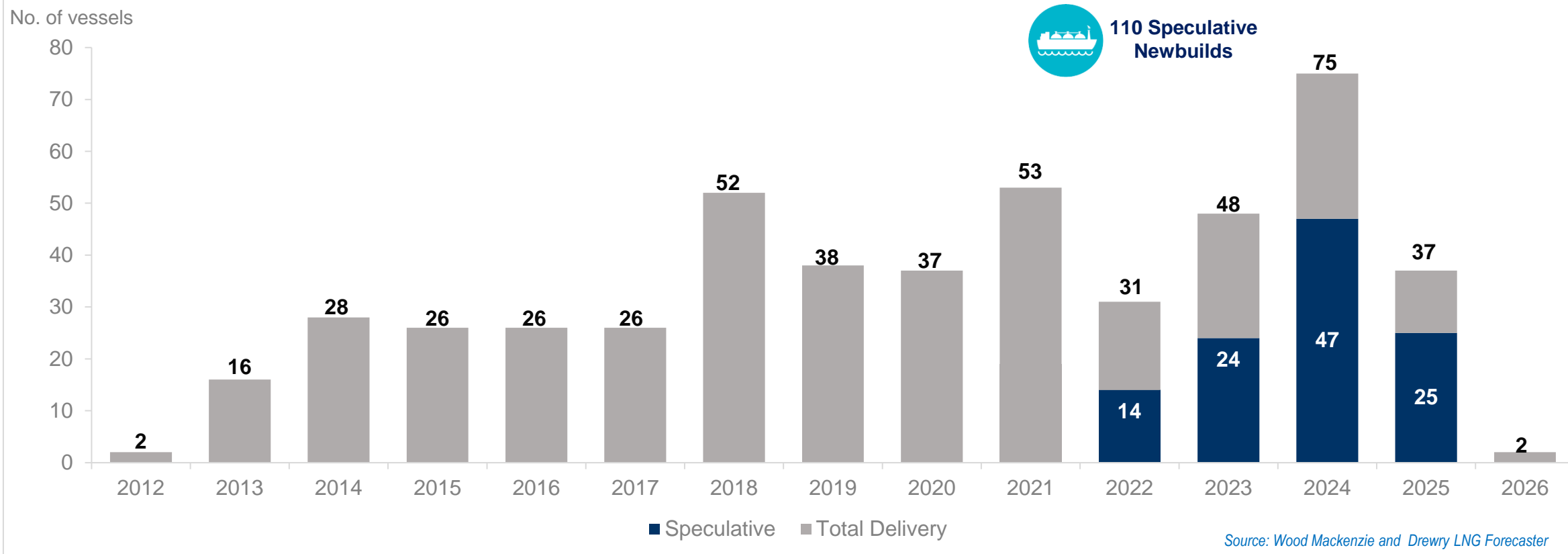
- LNG carrier spot rates fell more sharply than normal in Q1 as Asian-bound cargoes were diverted to Europe due to the Russia-Ukraine conflict, impacting tonne-mile demand, coupled with weaker LNG demand due to lockdowns in China.
- However, time charter rates rose slightly due to some charterers taking term charter positions to cover for geopolitical uncertainties.



# LNG Shipping

New orders continue to rise as LNG demand outlook strengthens

## Total deliveries of LNG carriers

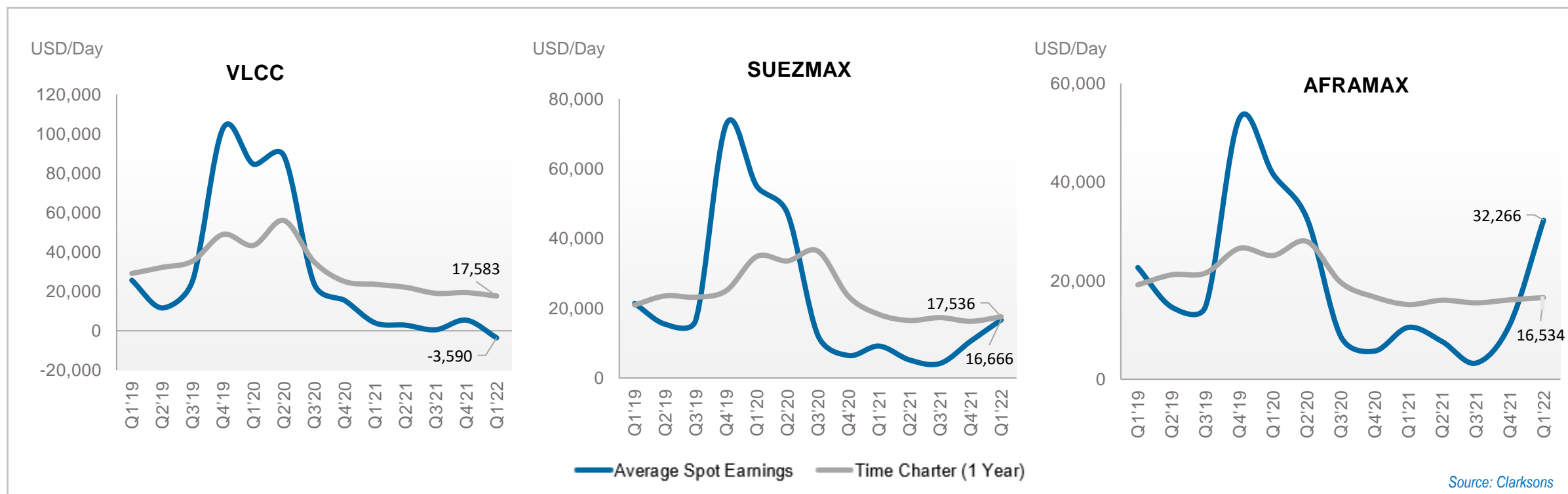


- Newbuilding orders to remain high in 2022 with more LNG projects expected to reach FID in 2022-23 amid an improving gas demand outlook.
- A record 40 vessels were ordered in Q1'22 compared to only 5 in Q1'21.



# Petroleum Shipping

Russia-Ukraine war driving up mid-size tanker rates

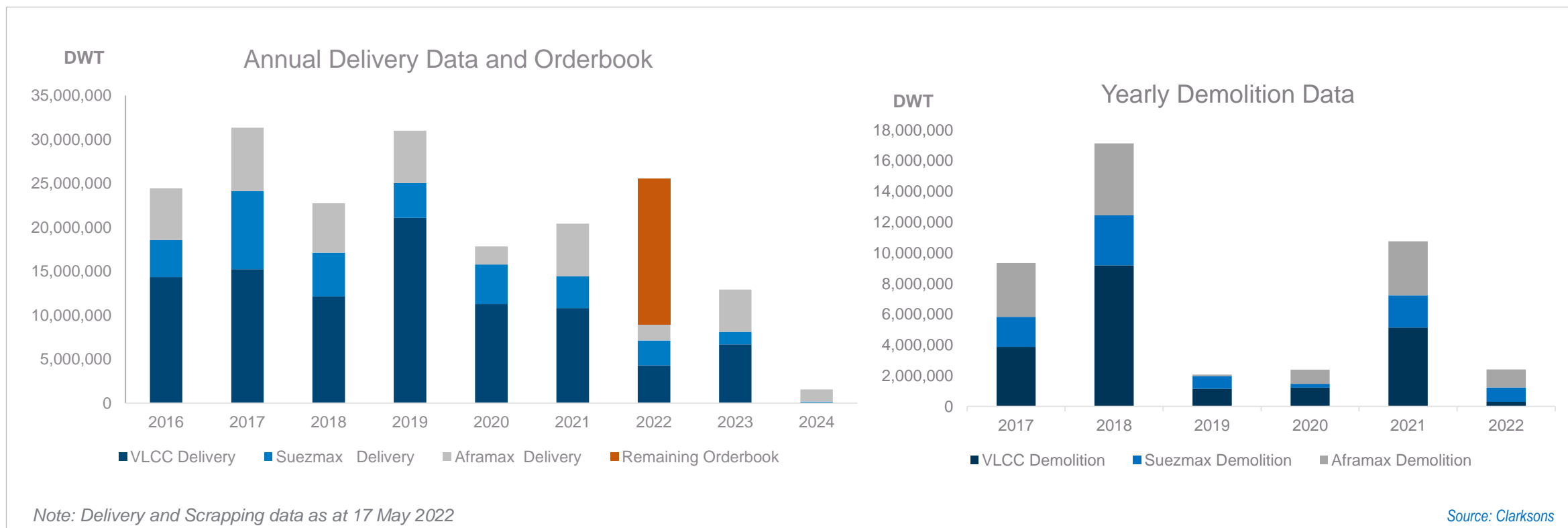


- Uptrend seen in Suezmax and Aframax spot rates towards the end of Q1'22 and expected to continue in the short term mainly due to changes in the crude trade oil pattern arising from the Russia-Ukraine conflict which resulted in longer-haul routes.
- Nevertheless, there are risks relating to the global economy outlook coupled with escalating oil prices that will have an impact to global oil demand. Lockdowns in China are also a concern as expanded restrictions will undermine Chinese crude imports.



# Petroleum Shipping

Modest fleet growth with fewer demolition activities



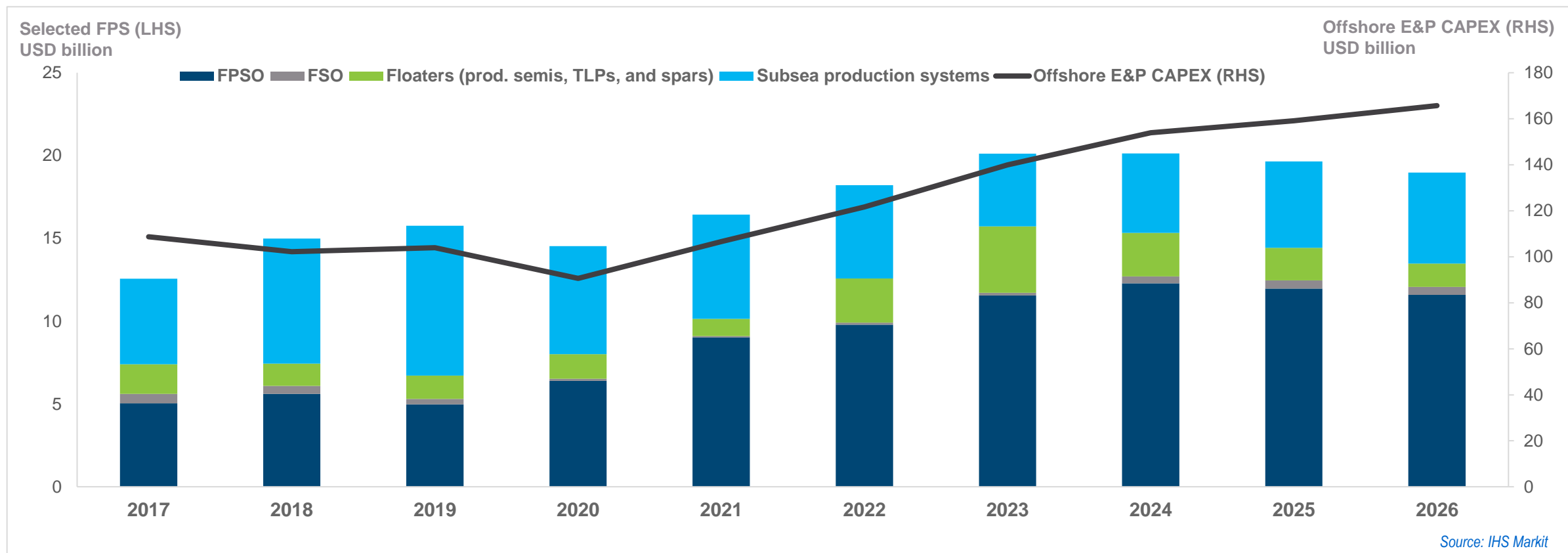
- Newbuilding orders remained subdued amid uncertainty over decarbonisation targets which may affect investment decisions, high newbuilding prices as well as prevailing tonnage oversupply.
- Demolition activity in Q1'22 has softened as compared to 2021 despite an increase in scrap values and firm steel prices mainly due to improvement in the tanker market which resulted in higher tonnage requirement.





# Offshore

CAPEX upstream spending increases as economy gradually recover from the pandemic



- Offshore spending expected to stay robust in 2022 as the oil market continues to rebalance with oil prices staying high
- Production and drilling activity will record some growth in 2022 with overall higher commodities prices and planned increased capital spending despite continuing headwinds such as escalating costs, supply chain issues and elongation of the pandemic.
- New FPSO projects over the next 12-24 months are expected to be mostly centered around Latin America, Asia Pacific and Africa



# BUSINESS UPDATES

By: Vincent Ng | General Manager, CPD

# Business Updates

## Gas Assets & Solutions

- 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 65:35 term to spot
- During the quarter, AET took delivery of:
  - *Eagle Campos* and *Eagle Canoas*, the Suezmax Dynamic Positioning (DP2) Shuttle Tankers purpose built for long-term charter to Brazil Shipping I Limited, a wholly owned indirect subsidiary of Shell.
  - *Eagle Valence* one of the world's first LNG dual-fuel Very Large Crude Carriers (VLCC), built for long-term charter to Chartering and Shipping Services SA, a wholly owned subsidiary of TotalEnergies SA.
  - *Eagle Colatina* the first of another three Suezmax Dynamic Positioning (DP2) Shuttle Tankers purpose built for long-term charter to Petróleo Brasileiro S.A. – Petrobras, the Brazilian multinational petroleum corporation.



***Eagle Canoas***



***Eagle Colatina***



***Eagle Valence***



## Business Updates (cont'd)

### Petroleum & Product Shipping (cont'd)

- In April 2022, AET took delivery of *Eagle Vallery*, the second LNG dual-fuel VLCC for TotalEnergies SA., i.e., sister vessel to *Eagle Valence*.
- AET sold one Aframax vessel (*Bunga Kelana 9*) and redelivered three LR2 vessels (*Wonder Sirius*, *Wonder Polaris*, *Agneta Pallas*) and one Chemical Products vessel (*Bunga Laurel*) during the quarter.
- In April 2022, MISC via AET, together with Lloyd's Register and Samsung Heavy Industries (SHI) have signed a memorandum of understanding (MOU) for the development and construction of two very large crude carriers which can be operated on zero-emission fuel.

### Offshore Business

- Will concentrate on the execution of the new FPSO project in hand while selectively sourcing for attractive opportunities in targeted markets





## Business Updates (cont'd)

### Marine & Heavy Engineering

- Heavy Engineering milestones:
  - Awarded with the provision of Front-End Engineering Design (FEED) Competition for the Kasawari Carbon Capture & Storage (CCS) project from PETRONAS Carigali Sdn Bhd
- Marine Repair milestones:
  - Completed repair & maintenance of 16 vessels of various categories
- Orderbook backlog as of March 2022 is RM1.9 billion
- Approximately RM18 – RM19 billion worth of heavy engineering tenders submitted as of March 2022
- Explore opportunities in non oil & gas sector
- Secure onshore module and offshore wind farm projects
- In April 2022, MMHE has:
  - signed a strategic agreement with maritime clean technology company, Silverstream Technologies to support maritime decarbonisation agenda where the partnership will facilitate retrofit opportunities for Silverstream's market-leading air lubrication technology – the Silverstream® System – as well as collaboration, information and knowledge sharing between the two companies.
  - entered into a strategic alliance with Dyna-Mac Engineering Services Pte Ltd, a subsidiary of Dyna-Mac Holdings Ltd for the purpose of mutual cooperation and joint bidding on targeted international projects. This synergistic partnership will jointly offer one-stop solutions for module fabrication, vessel conversion and integration work as well as other projects of mutual interest.





# APPENDIX



## Appendix 1 : Fleet Information as at 31 March 2022

	Vessel Type	Total Vessel Operated	Owned	Chartered-In	Average Age (yrs)		Contracted Newbuilds/ Conversions
					MISC	Industry	
GAS	LNG	30	30	--	15.5	11.2	2
	FSU	2	2	--	9.9	--	--
	VLEC	6	6	--	1.1	--	--
	LBV	1	--	1	1.5	--	--
Subtotal		39	38	1	--	--	2
Petroleum	VLCC	9	9	--	8.3	10.4	4
	Suezmax	6	6	--	7.8	10.7	-
	Aframax	24	21	3	9.7	11.3	-
	LR2	2	2	--	4.7	9.7	-
	DPST	14	14	--	3.3	9.0	3
Chemical	Chemical	3	--	3	11.0	12.4	-
Subtotal		58	52	6	--	--	7
GRAND TOTAL		97	90	7	--	--	9
Offshore	FPSO/FSO/SS	12	12	--	9.5	--	1

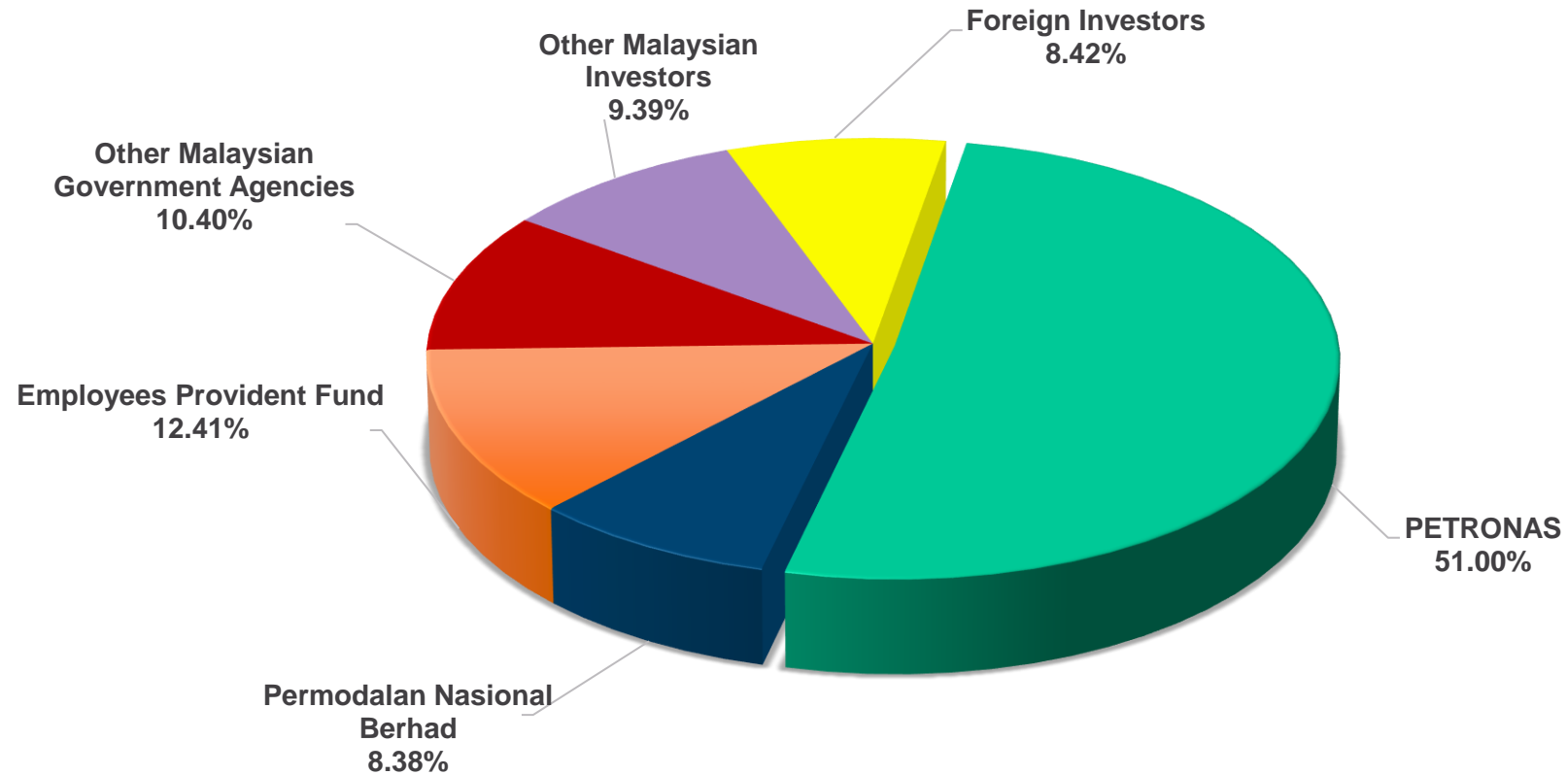


## Appendix 2 : Schedule of Future Deliveries as at 31 March 2022

	LNG	Petroleum	
	LNG Carriers	DPST	VLCC
1H 2022	-	2	1
2H 2022	-	1	-
1H 2023	2	-	1
2H 2023	-	-	2
1H 2024	-	-	-



## Appendix 3 : Shareholders' Profile as at 31 March 2022



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