ANALYST BRIEFING
Q2 FY2022 Financial Results

18 August 2022



FINANCIAL OVERVIEW

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

Financial Performance: Q2 FY2022 vs Q1 FY2022

In USD Mil	Q2 FY2022	Q1 FY2022	QoQ %
Revenue	740	684	8
PBT from Operations	70	91	(24)
Non-recurring Items	(71)	1	>(100)
(LBT)/PBT	(2)	92	>(100)
(LAT)/PAT	(5)	89	>(100)
(LPS)/EPS (cent)	(2)	2	>(100)

Higher revenue:

- Petroleum – Higher freight rates in the mid-sized tanker segment and higher in earning days.
- Offshore – Higher recognition of construction revenue of an FPSO.

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:

- Petroleum – higher freight rates and earning days during the quarter.

Non-recurring items:

- Impairment loss of non-current assets (Q2 FY2022).
- Gain on disposal of ships (Q2 FY2022 & Q1 FY2022).

Financial Performance: Q2 FY2022 vs Q2 FY2021

In USD Mil	Q2 FY2022	Q2 FY2021	QoQ %
Revenue	740	570	30
PBT from Operations	70	140	(50)
Non-recurring Items	(71)	(10)	>100
(LBT)/PBT	(2)	130	>(100)
(LAT)/PAT	(5)	127	>(100)
(LPS)/EPS (cent)	(2)	3	>(100)

Higher revenue:

- Petroleum – Higher freight rates in the mid-sized tanker segment
- Offshore – Higher recognition of revenue from conversion of an FPSO
- Heavy Engineering - Higher activities for on-going Heavy Engineering project and higher dry-docking activities
- GAS – Higher earning days

Lower PBT from operations:

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

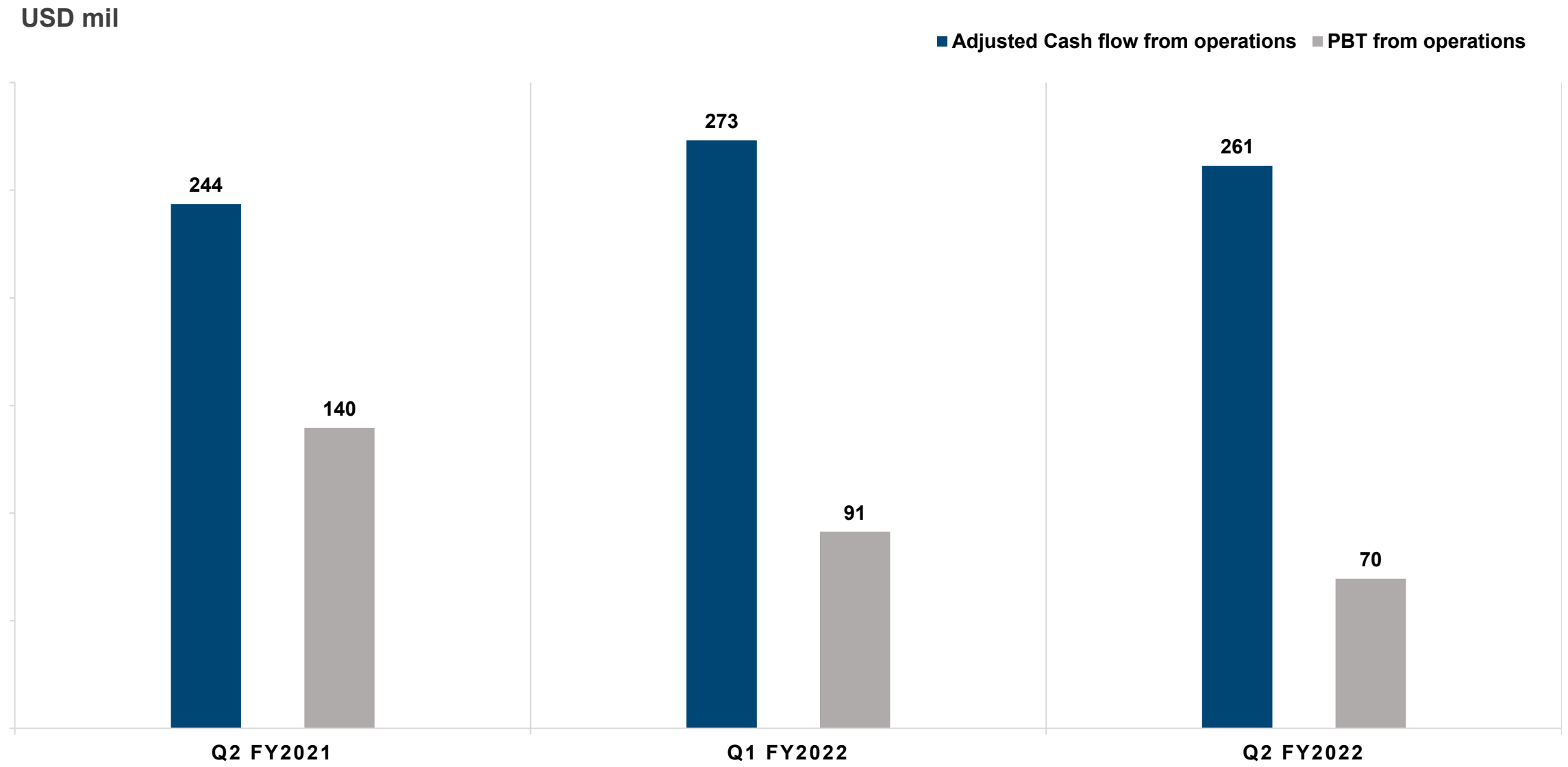
Offset by :

- Heavy Engineering - Higher revenue and reversal of cost provision
- GAS – Higher earning days in the current quarter

Non-recurring items:

- Impairment loss of non-current assets (Q2 FY2022 & Q2 FY2021)
- Gain on disposal of ships (Q2 FY2022 & Q2 FY2021)

Cash Flow & PBT from Operations



Adjusted Cash Flow from Operations ("CFO")

	Q2 FY2021 USD Mil	Q1 FY2022 USD Mil	Q2 FY2022 USD Mil
CFO per Statutory Financial Reporting	**131**	**110**	**144**
Add/(Less):			
MFRS 16 lease payments*	(10)	(10)	(6)
Offshore construction work-in-progress**	132	164	138
Forex	(10)	9	(15)
Adjusted CFO	**243**	**273**	**261**

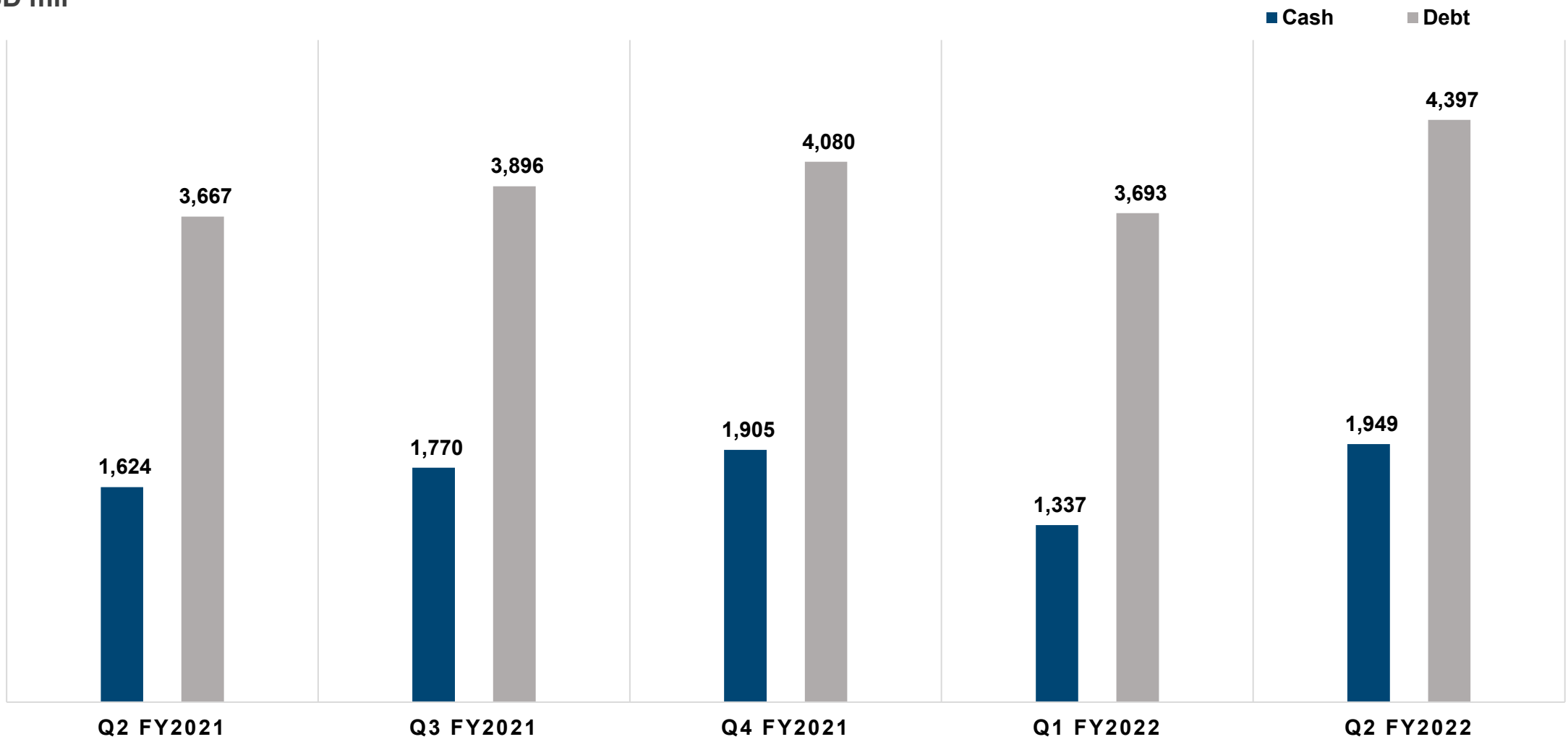
* MISC considers all lease or charter-in of vessels and other assets as operating activities. For financial reporting purposes, payment of lease liabilities are classified in the cash flow from financing activities.

** **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 30 June 2022, the YTD payment was USD302 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

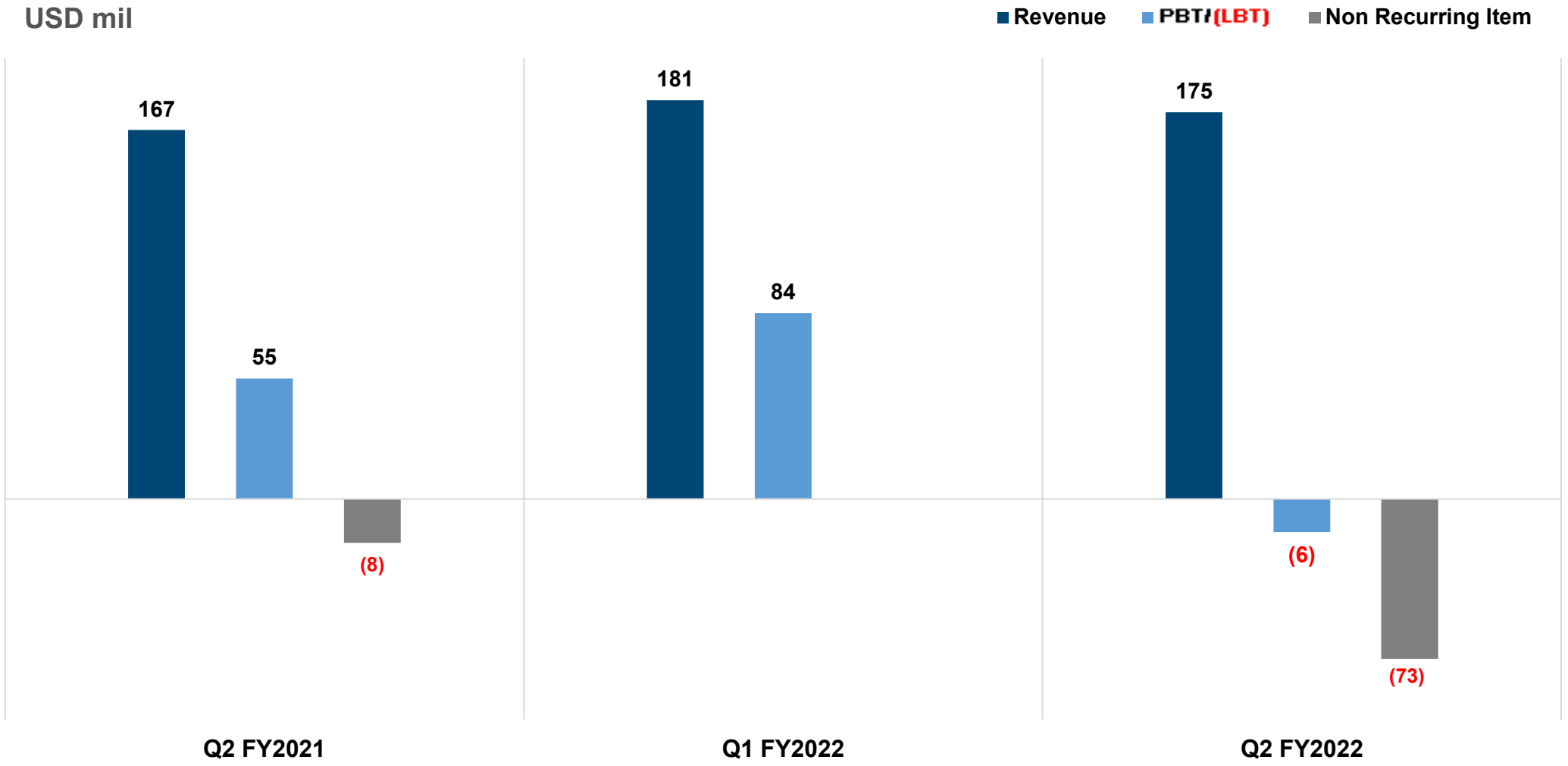




FINANCIAL PERFORMANCE BY BUSINESS SEGMENT

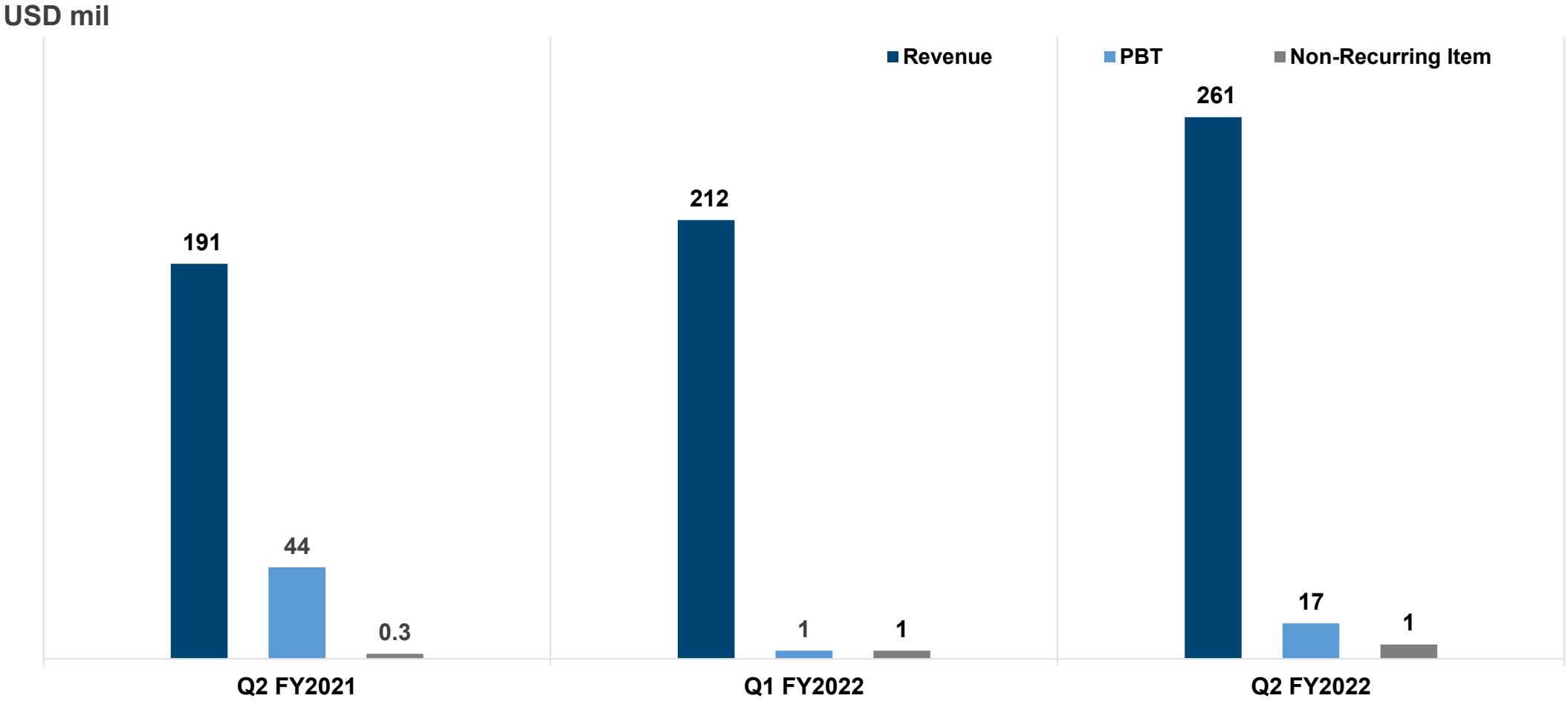
Gas Assets & Solutions

Impairment of LNG Carriers



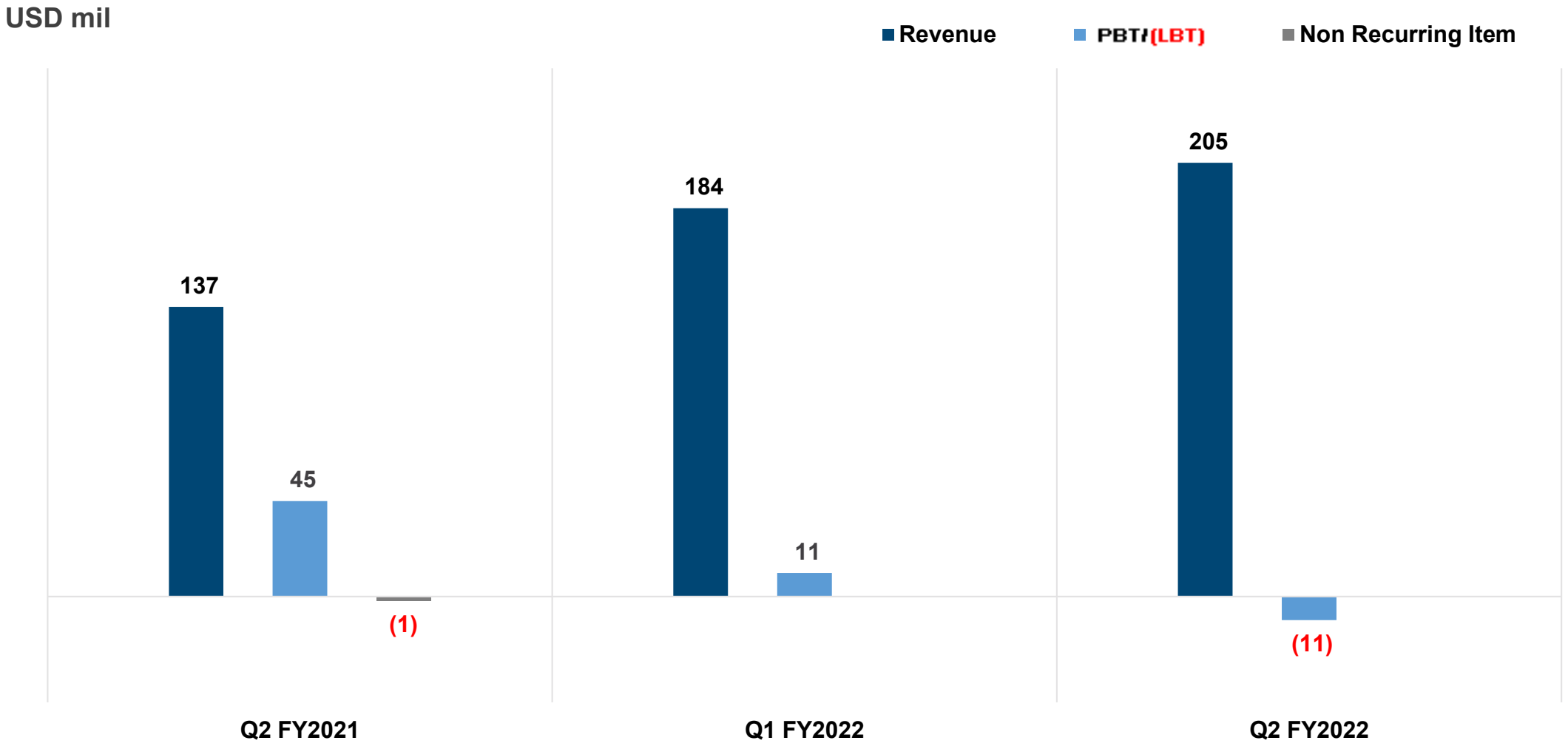
Petroleum & Product Shipping

Higher blended TCE for mid size tankers



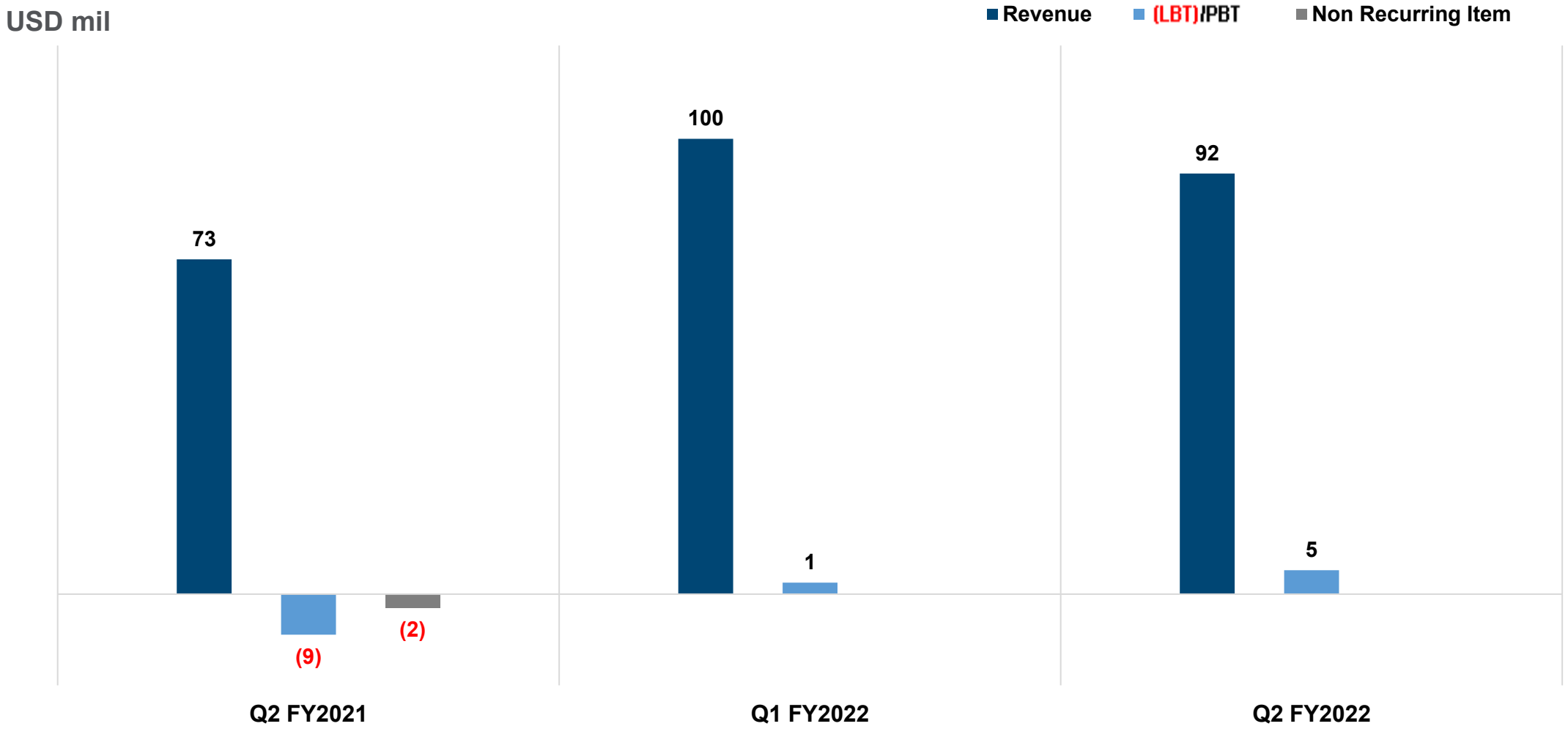
Offshore Business

Impact of global supply chain issues and China lockdown on project cost and schedule



Marine & Heavy Engineering

Reversal of cost provision and higher dry docking activities





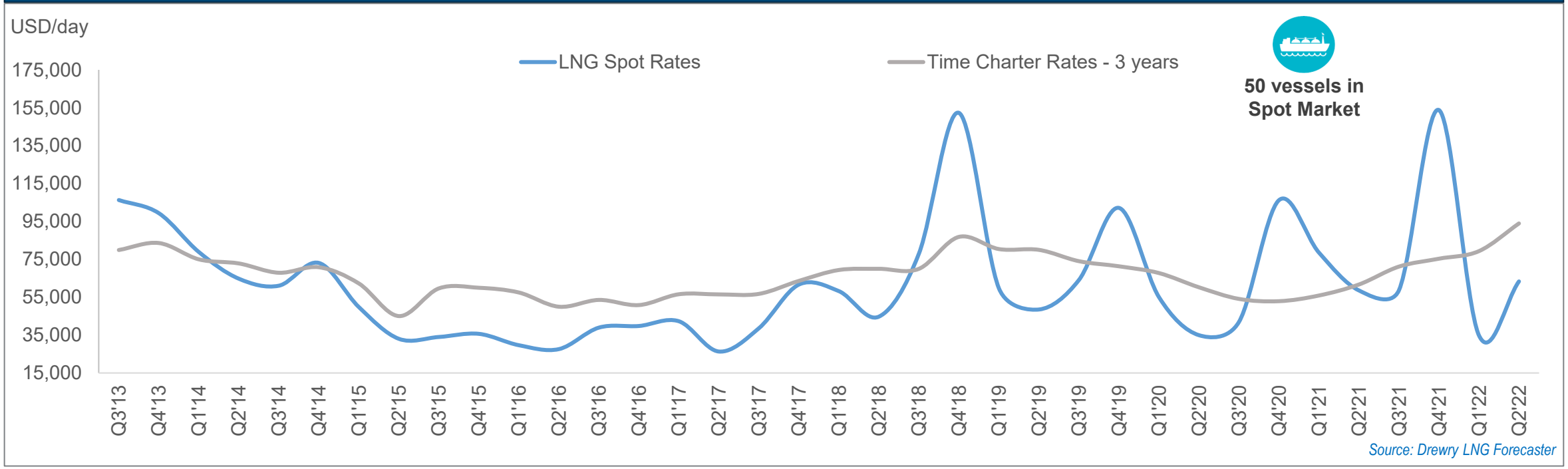
MARKET ENVIRONMENT

By: Vincent Ng | General Manager, CPD

LNG Shipping

Spike in spot rates driven by higher EU demand and upcoming winter restocking

LNG charter rates

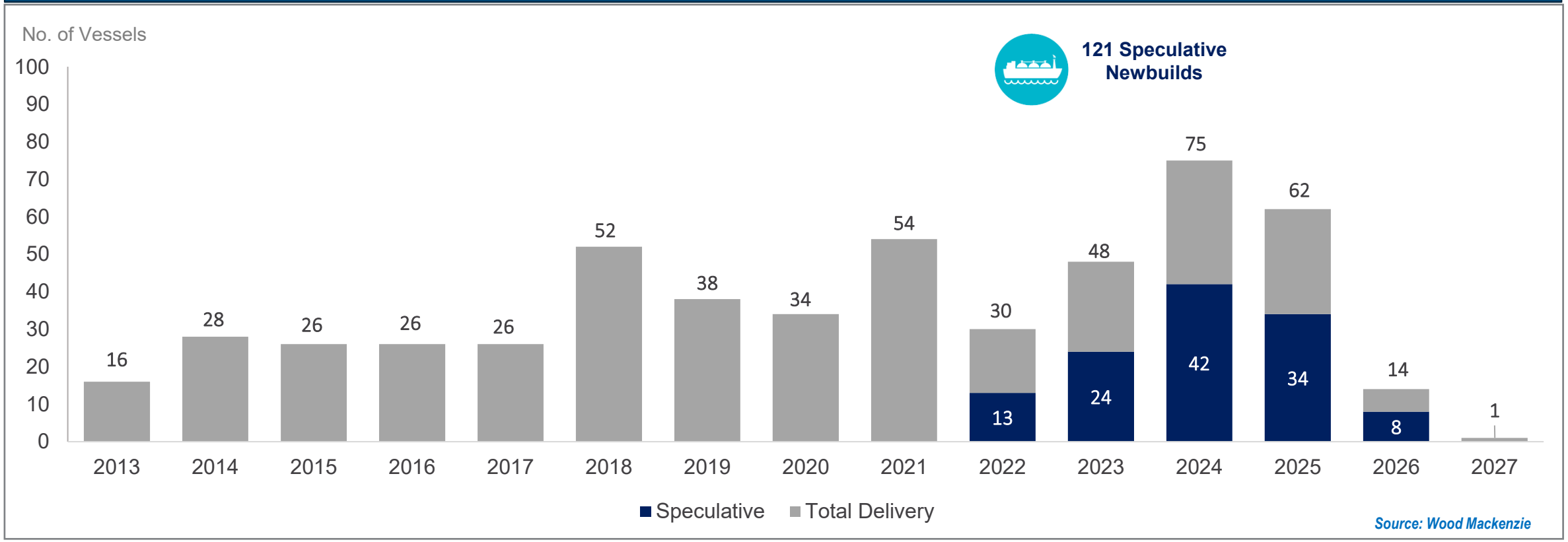


- LNG carrier spot rates spiked 82% in Q2’22 from Q1’22 due to higher demand for LNG cargo especially in the European region as well as expected restocking of gas for the upcoming winter in the UK, Asia and Europe.
- In line with spot rates, time charter rates also rose due to some charterers taking term charter positions to cover for geopolitical uncertainties and push towards energy security.

LNG Shipping

Boost in new orders amid strengthening LNG demand

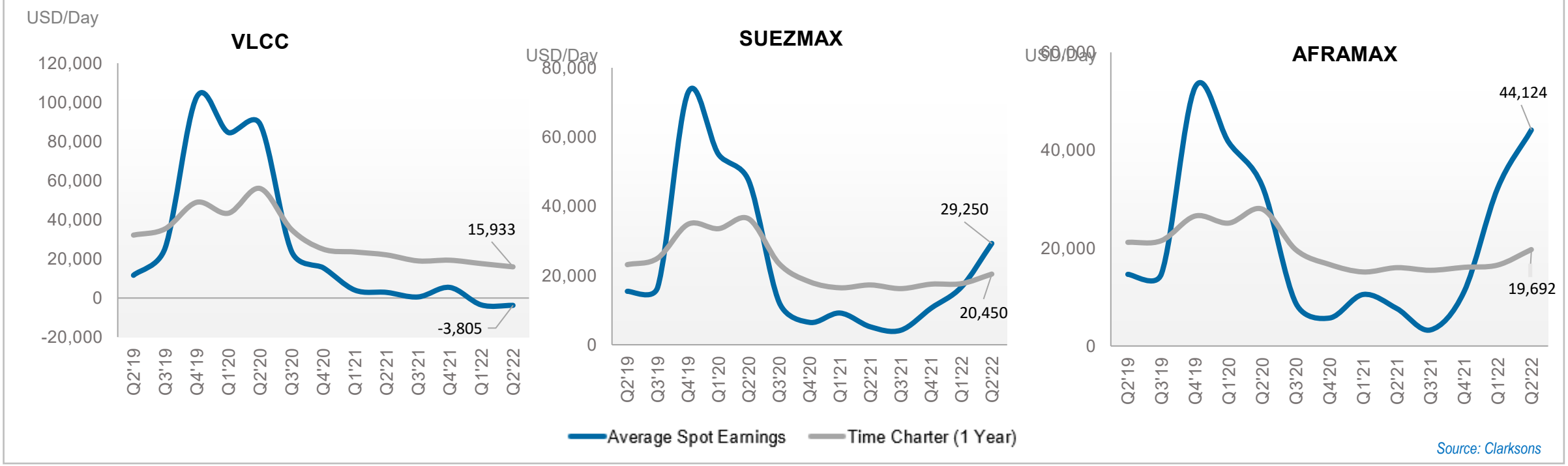
Total deliveries of LNG carriers



- Higher newbuilding orders in 2022 are backed by improving gas demand outlook. A record 78 vessels were ordered in H1'22 compared to only 23 in H1'21.
- Geopolitical tensions has led to higher LNG demand especially in Europe while LNG supply has been tight, with most producers operating near full capacity. The strong market is expected to accelerate the FID of planned liquefaction projects, which will increase shipping requirements in the future.

Petroleum Shipping

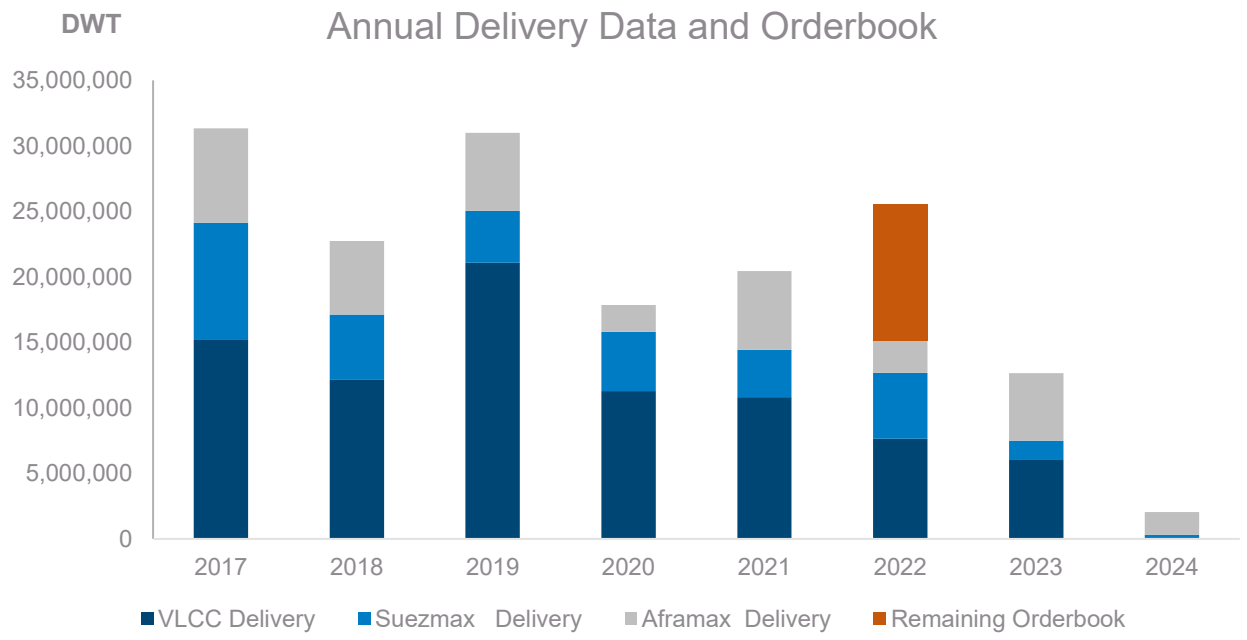
Firmer mid-size tanker rates in Q2'22 driven by changes in trade routes

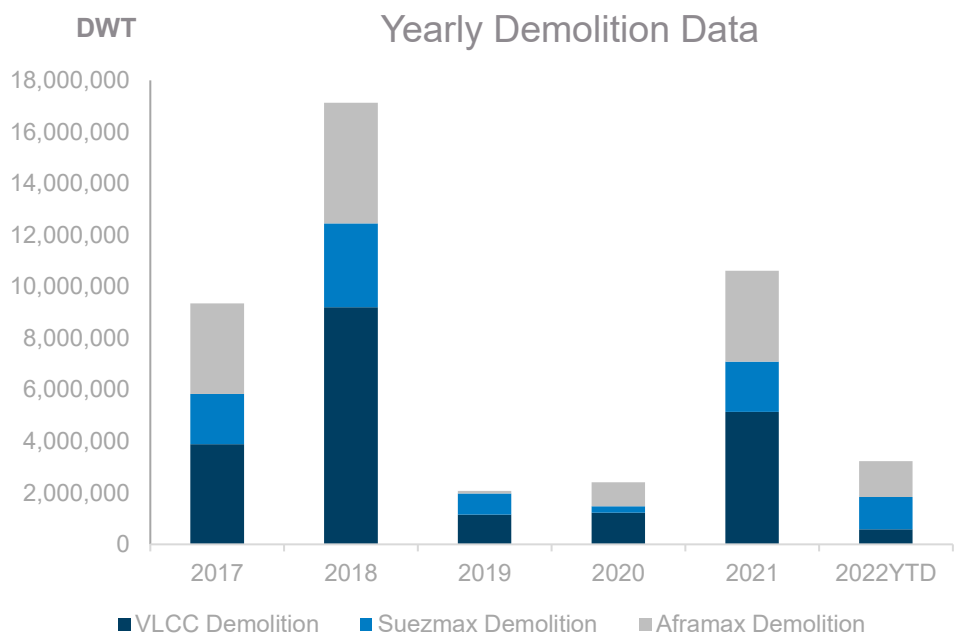


- VLCC earnings have been negative in Q2'22 mainly due to lower oil demand from China and a reshuffling of global oil trading patterns due to the Russia-Ukraine conflict which has favoured mid-sized tankers over VLCCs.
- Uptrend continues in mid-size tanker spot rates in Q2'22 as the Russian invasion of Ukraine has led to greater tonne-mile growth for Suezmaxes and Aframaxes as China and India increased their oil imports from Russia.
- In the near term, the outlook seems positive with continuing growth in global oil demand and supply particularly due to easing of China lockdowns and gradual increase of OPEC+ oil production, albeit at a slower pace of recovery. However, there are concerns due to rising interest rates and inflation and potential further lockdowns in China.

Petroleum Shipping

Orderbook remains low





Note: Delivery and Scrapping data as at 27 July 2022

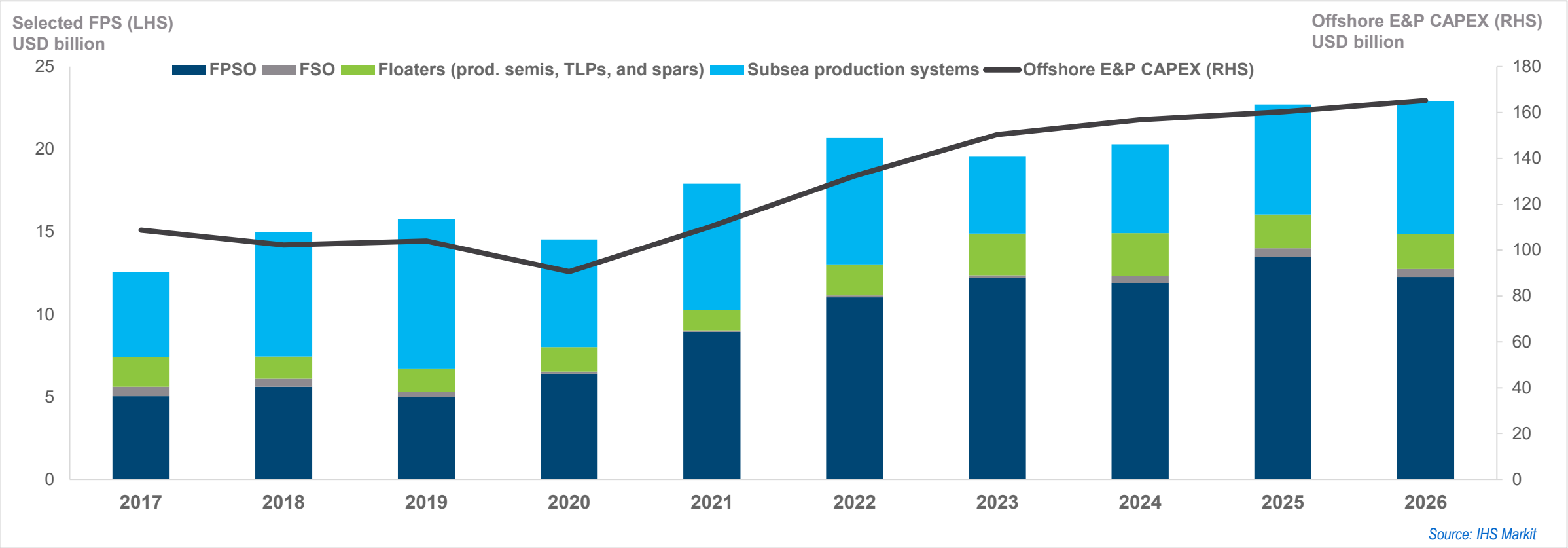
Source: Clarksons

- The overall orderbook trend remained low amid high newbuilding prices, lack of yard space, prevailing tonnage oversupply as well as uncertainty over decarbonisation targets.
- Demolition activity appears to be picking up slightly in the midsize tanker segment but overall scrapping remains low so far.

[Internal Use]

Offshore

Upstream CAPEX spending expected to be elevated in tandem with high oil prices



- High oil prices and the return of the energy security agenda to the forefront expected to drive more upstream capital investment.
- Global offshore E&P capex spending to reach USD132b in 2022 – an increase of 20% from 2021, the highest level since 2016, with Latin America and Asia Pacific accounting for nearly half of the total.
- New FPSO projects over the next 12-24 months are expected to be mostly centered around South America, particularly in Brazil and Guyana.



BUSINESS UPDATES

By: Vincent Ng | General Manager, CPD

Business Updates

Gas Assets & Solutions

- In August, MISC through a consortium with Nippon Yusen Kabushiki Kaisha (“NYK”), Kawasaki Kisen Kaisha, Ltd. (“K-Line”) and China LNG Shipping (Holdings) Limited (“CLNG”) (the “Consortium”), has been awarded long term Time Charter Parties (“TCPs”) by QatarEnergy for seven (7) 174,000 m^3 newbuild Liquefied Natural Gas Carriers (the “LNGCs”) to be built by Hyundai Heavy Industries Co,, LTD. Each Consortium member will have equal equity interest of 25% in each awarded LNGC.

- Joint venture companies will be formed to manage the commercial operations of the LNGCs and Eaglestar Shipmanagement GAS (S) Pte. Ltd., an indirect wholly-owned subsidiary of the Company will be providing ship management services for part of this project.

- Pursuant to the TCPs, the LNGCs will be employed by QatarEnergy under long-term charters starting from 2025 onwards.

Business Updates (cont'd)

Petroleum & Product Shipping

- Current portfolio mix is at 72:28 term to spot
- During the quarter, AET took delivery of:
  - *Eagle Vallery*, the second LNG dual-fuel VLCC for TotalEnergies SA., i.e., sister vessel to *Eagle Valence*.
  - *Eagle Colombo,* latest second generation Dynamic Positioning Shuttle Tanker (DPST) from Hyundai Heavy Industries (HHI) marks the completion of construction of a series of three DPSTs at HHI for long-term charter to Shell.
  - *Eagle Cambe,* newest DPST from Samsung Heavy Industries, second of a series of three vessels which are purpose-built for long-term charter to Petrobras., i.e., sister vessel to *Eagle Colatina*, which was delivered earlier in March, to operate in the Brazilian Basin at the highest operational environment standards.



Eagle Colombo



Eagle Vallery



Eagle Cambe

Business Updates (cont'd)

Petroleum & Product Shipping (cont'd)

- AET sold one Aframax vessel (*Bunga Kelana 10*) during the quarter.
- In July 2022, AET took delivery of *Eagle Crato*, the final of three Suezmax Dynamic Positioning (DP2) Shuttle Tankers purpose built for long-term charter to Petróleo Brasileiro S.A. – Petrobras, the Brazilian multinational petroleum corporation, i.e. sister vessel to *Eagle Colatina* and *Eagle Cambe*, plus six other DPSTs which AET already operates at the Brasilian Basin. The eco-efficient and highly specialised DP2 shuttle tanker *Eagle Crato* was unveiled at a naming ceremony held at the Samsung Heavy Industries (SHI) Shipyard in Geoje, South Korea.



Eagle Crato

Offshore Business

- Will concentrate on the execution of the new FPSO project in hand while selectively pursuing opportunities in targeted markets.

Business Updates (cont'd)

Marine & Heavy Engineering

- Marine Repair milestones for Q2'22:
  - Completed repair & maintenance of 28 vessels of various categories
- Orderbook backlog as of June 2022 is RM1.7 billion
- Aproximately RM18 – RM19 billion worth of heavy engineering tenders submitted as of June 2022.

APPENDIX

Appendix 1 : Fleet Information as at 30 June 2022

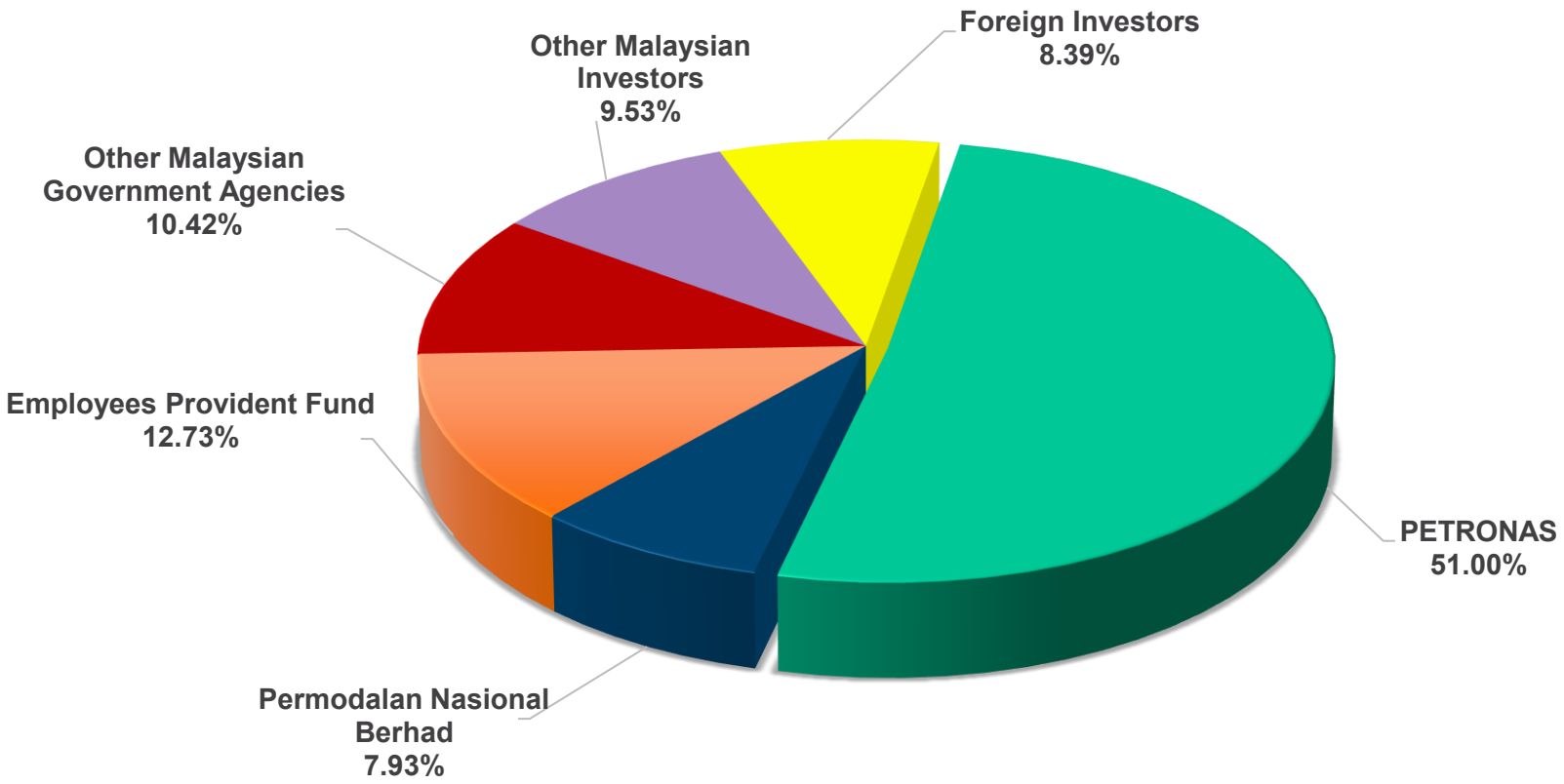
	Vessel Type	Total Vessel Operated	Owned	Chartered-In	Average Age (yrs)		Contracted Newbuilds/ Conversions
					MISC	Industry	
GAS	LNG	30	30	--	14.0	11.2	2
	FSU	2	2	--	10.1	--	--
	VLEC	6	6	--	1.1	--	--
	LBV	1	--	1	1.7	--	--
Subtotal		39	38	1	--	--	2
Petroleum	VLCC	10	10	--	7.7	10.5	3
	Suezmax	6	6	--	8.1	10.7	-
	Aframax	23	20	3	9.6	12.9	-
	LR2	2	2	--	5.0	9.9	-
	DPST	16	16	--	3.1	8.9	1
Chemical	Chemical	3	--	3	11.2	12.5	-
Subtotal		60	54	6	--	--	4
GRAND TOTAL		99	92	7	--	--	6
Offshore	FPSO/FSO/SS	12	12	--	9.7	--	1

Appendix 2 : Schedule of Future Deliveries as at 30 June 2022

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

** Eagle Crato was delivered in July 2022*

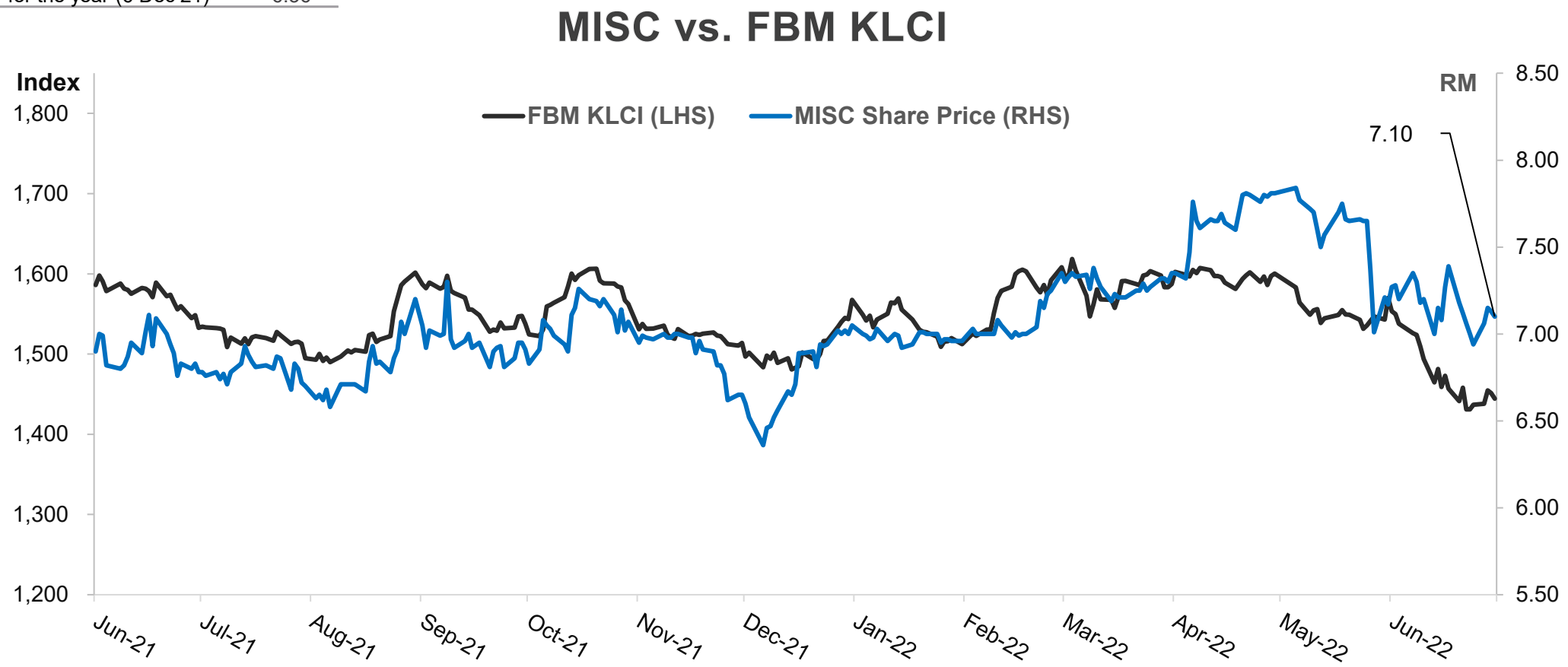
Appendix 3 : Shareholders' Profile as at 30 June 2022



Appendix 4 : MISC 1 Year Share Price Performance

Share Price	RM
3-month average	7.34
6-month average	7.24
12-month average	7.06
High for the year (5 May 22)	7.84
Low for the year (6 Dec 21)	6.36

Share Price :
RM7.10 as at 30 June 2022



Source: Bloomberg

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