



ANALYST BRIEFING Q4 FY2022 Financial Results

15 February 2023

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Q4'22 KEY HIGHLIGHTS



Driving Excellence in a Consistent & Sustainable Manner



Financial Performance

- Revenue increased by 25% YoY to USD919 mil (Q4'21: USD738 mil) and by 14% QoQ from USD808 mil
- Increase in PAT by 43% YoY to USD144 mil (Q4'21: USD101 mil)
- DPS of 12 sen per share equivalent to RM536 mil (approx. USD122 mil) to be paid on 15 March 2023



Sustainability Highlights

- The Edge ESG Awards 2022 – MISC Bhd and MHB
- 6 MSOSH Awards 2022
- Improvement in “low risk” Sustainalytics ESG ratings to 18 (2021: 18.8)
- Member of DJSI and included in the S&P Global Sustainability Yearbook 2023



Operational Highlights

- Awarded 5 LNGCs from QatarEnergy in Q4'22 (total 12 in FY2022)



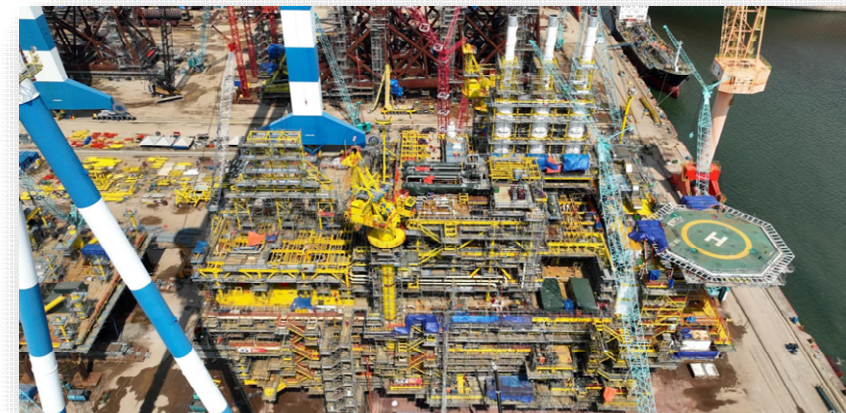
Notable Highlights

Eagle Valence awarded Tanker of the Year award and certified as a Green Ship by Maritime and Port Authority of Singapore (MPA)



Welcomed 2 new generation LNG carriers, **Seri Damai** and **Seri Daya** in Jan'23. These LNGCs are on long-term charters to SeaRiver Maritime LLC (SRM).

Awarded by PETRONAS the EPCIC Alliance services for the Kasawari Carbon Capture & Storage. The biggest in the world. Secured EPC contract from Shell for the Rosmari-Marjoram gas project.



Mero 3: Project Progress



Drydock process ongoing



Lower Part of Flare Tower (F10A) Onboard

MERO 3 project is progressing as planned with several mitigation measures introduced to bolster yard productivity and project progress despite the COVID-19 situation in China.

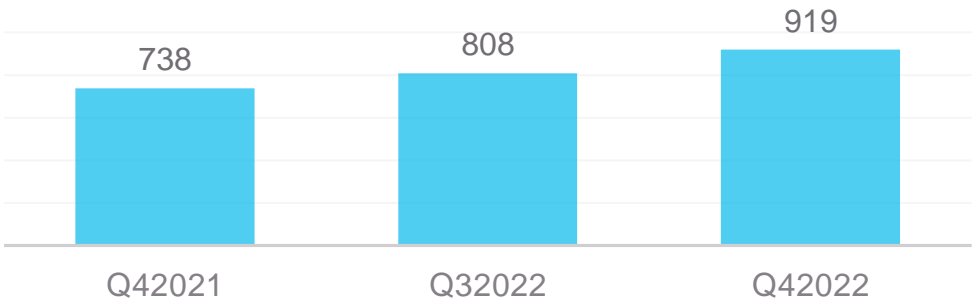


FINANCIAL HIGHLIGHTS



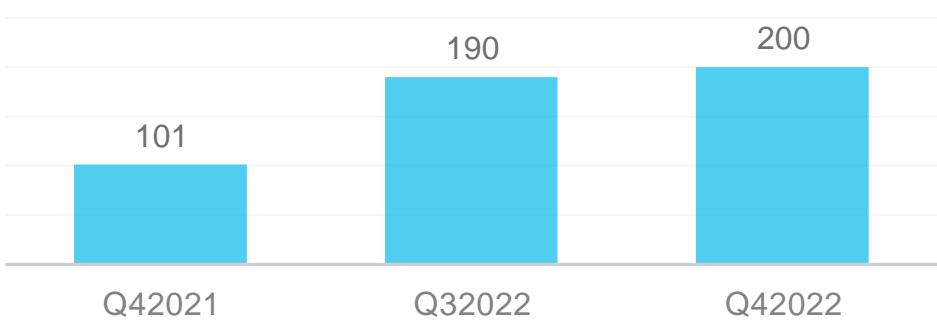
Q4'22: Higher revenue aided by higher tanker rates and an FPSO project progress

REVENUE (USD'M)



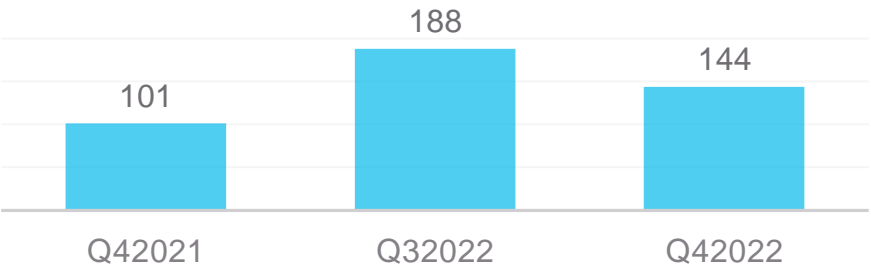
YoY increased due to higher recognition of construction revenue for an FPSO, and higher tanker rates and earning days in the Petroleum & Product Shipping segment.

PBT FROM OPERATIONS (USD'M)



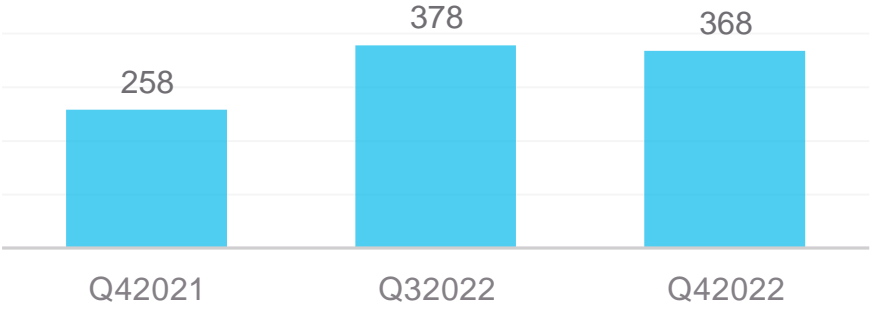
In line with higher revenue coupled with higher dry-docking activities and partial recovery of COVID-19 claims in Marine & Heavy Engineering segment

PAT (USD'M)



Improved YoY in line with higher revenue and operating profits.

Cash Flows from Operations* (USD'M)



YoY increased due to higher collections backed by secured cash flows from long-term contracts.

* Adjusted CFO

Note: YoY represents Q4 2022 against Q4 2021

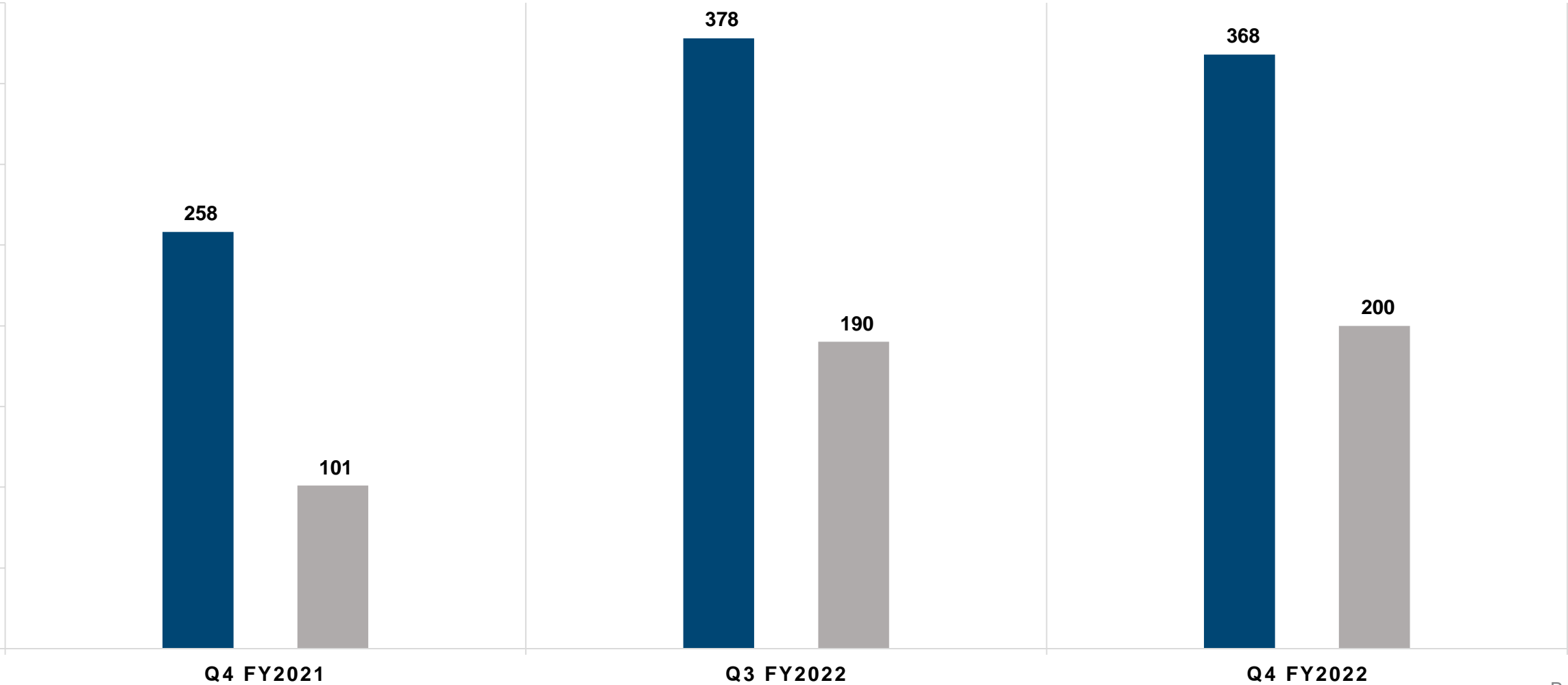


Cash Flow & PBT from Operations

Higher collections backed by secured cash flows from long-term contracts

USD mil

■ Adjusted Cash flow from operations ■ PBT from operations



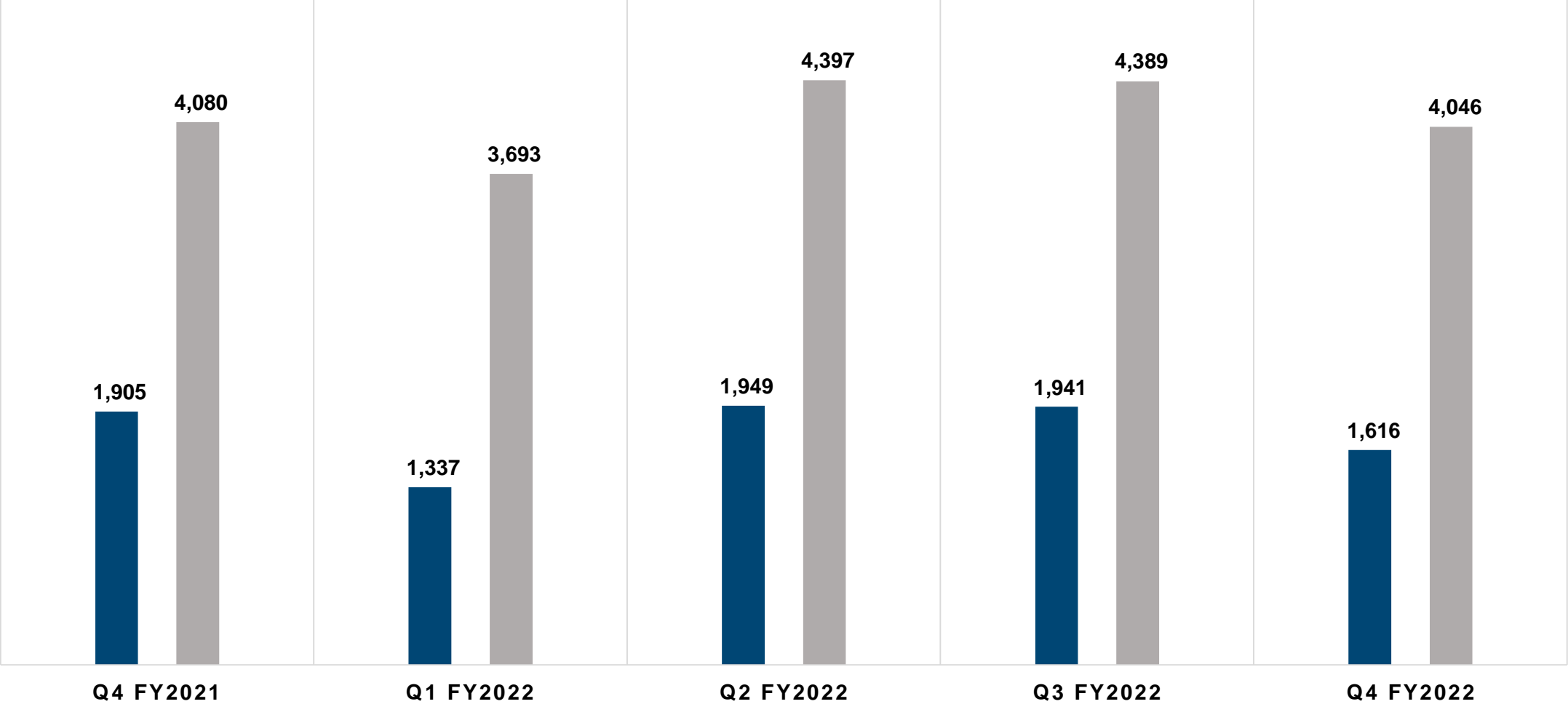


Cash & Debt Balances

Healthy cash balances

USD mil

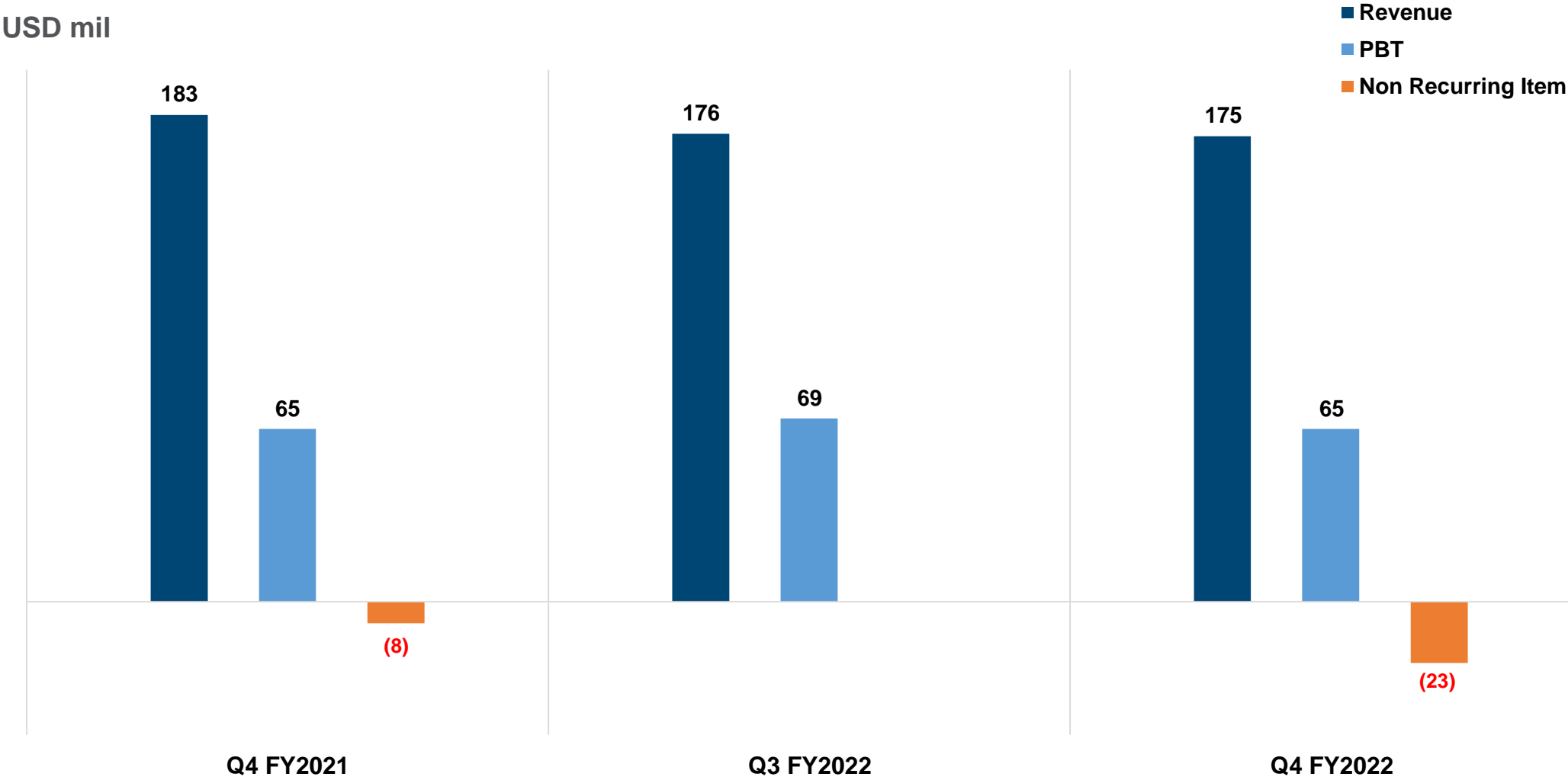
■ Cash ■ Debt





Gas Assets & Solutions

Stable revenue backed by long-term contracts



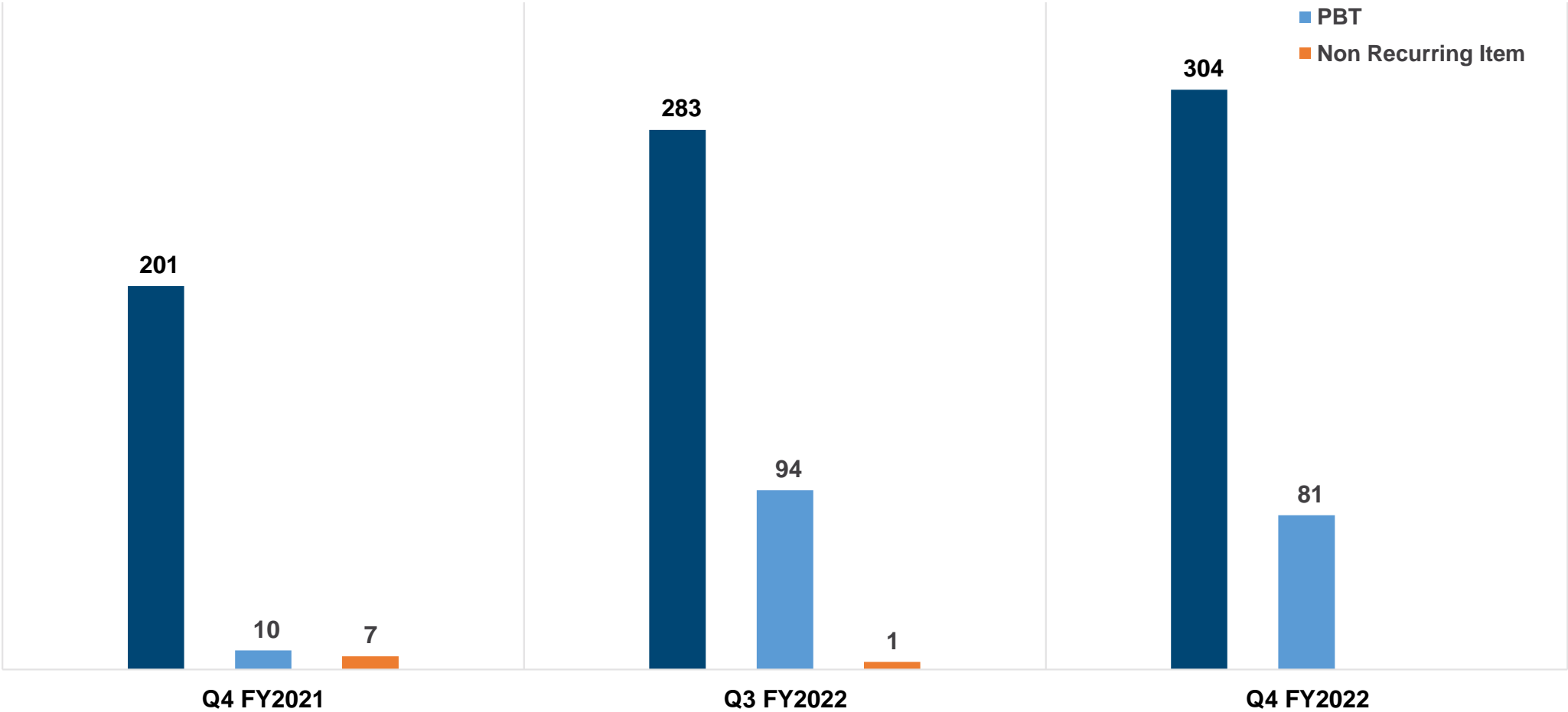


Petroleum & Product Shipping

Higher rates for mid size tankers and VLCCs

USD mil

■ Revenue
■ PBT
■ Non Recurring Item

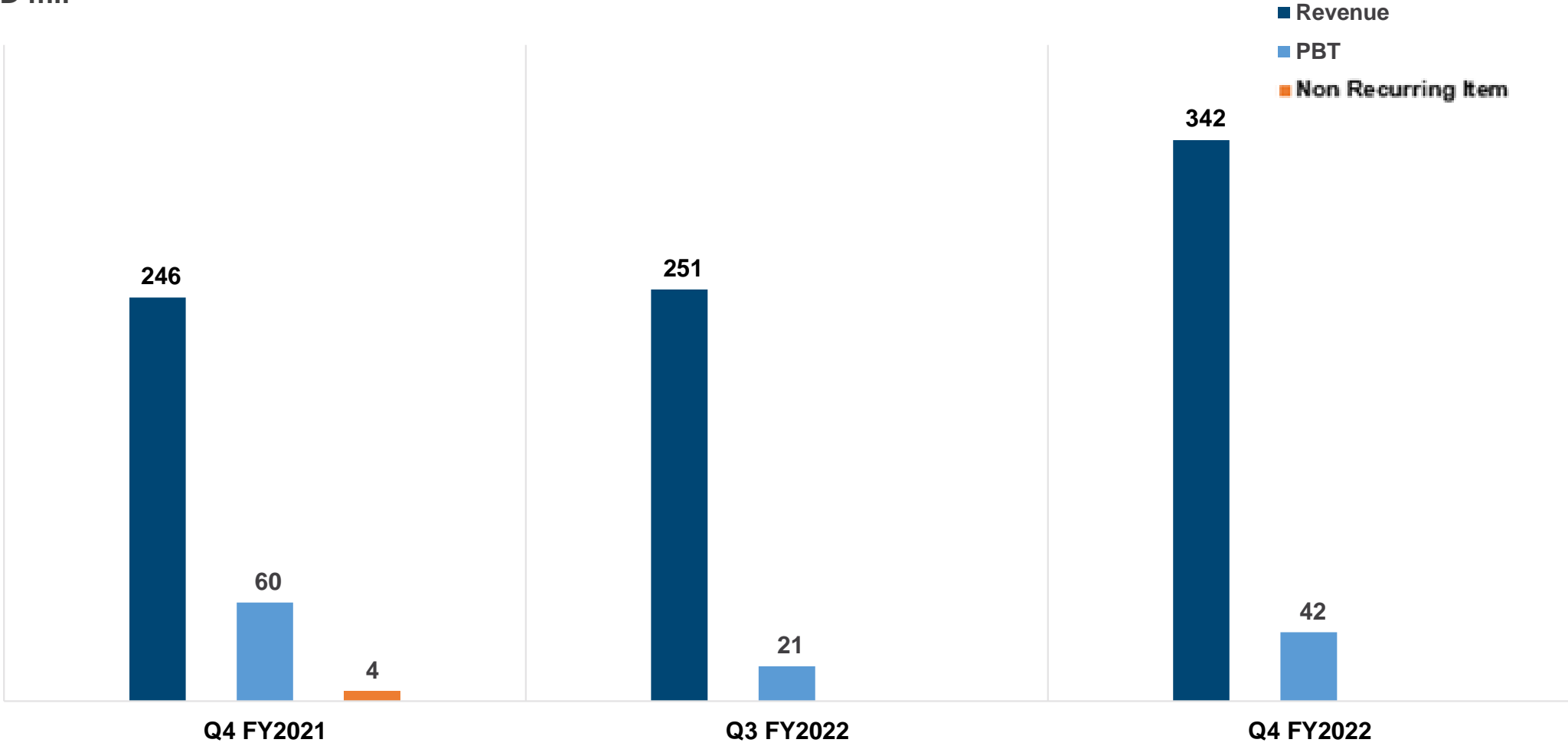




Offshore Business

Recognition of construction profit for an FPSO project

USD mil

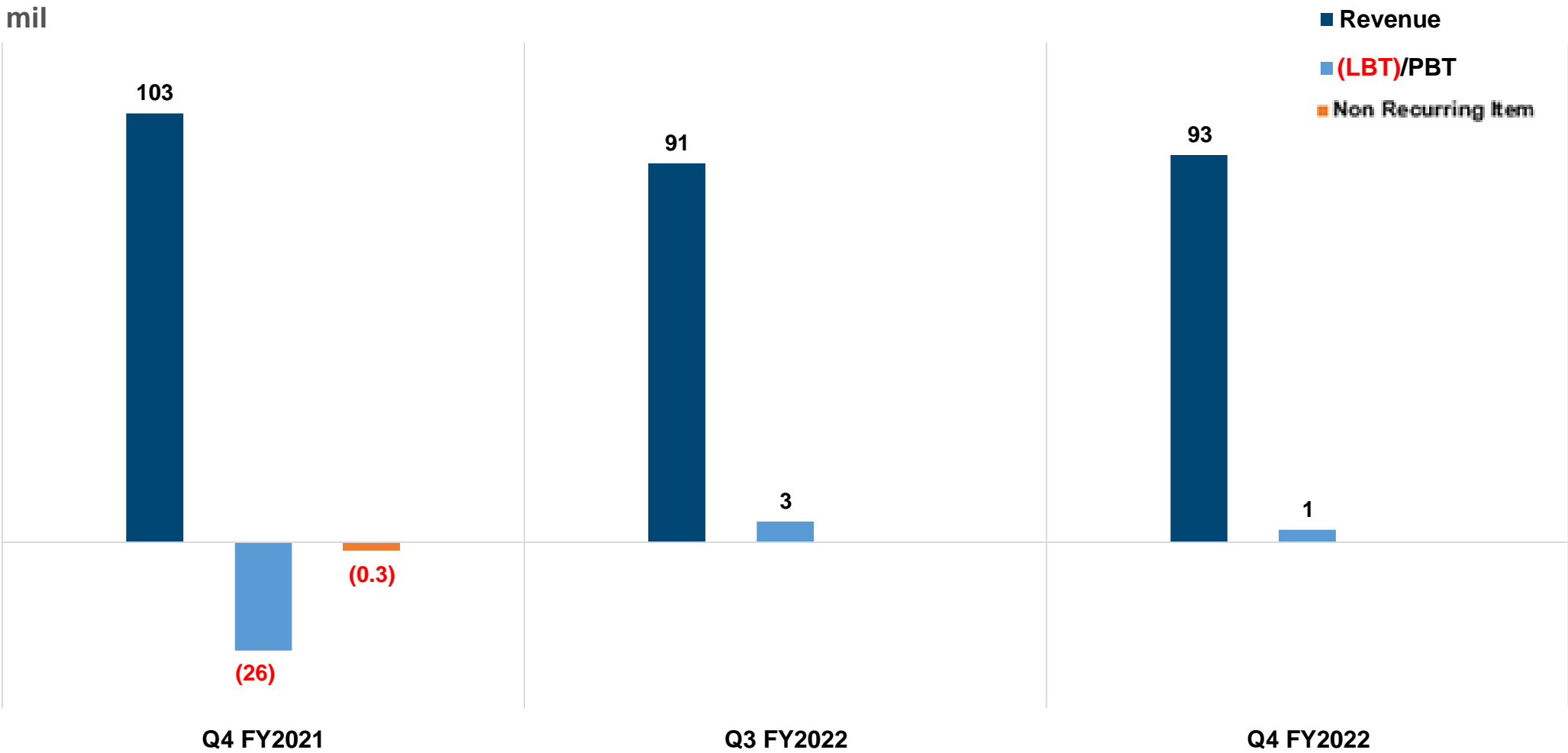




Marine & Heavy Engineering

Partial recovery of COVID-19 claims and higher dry-docking activities

USD mil



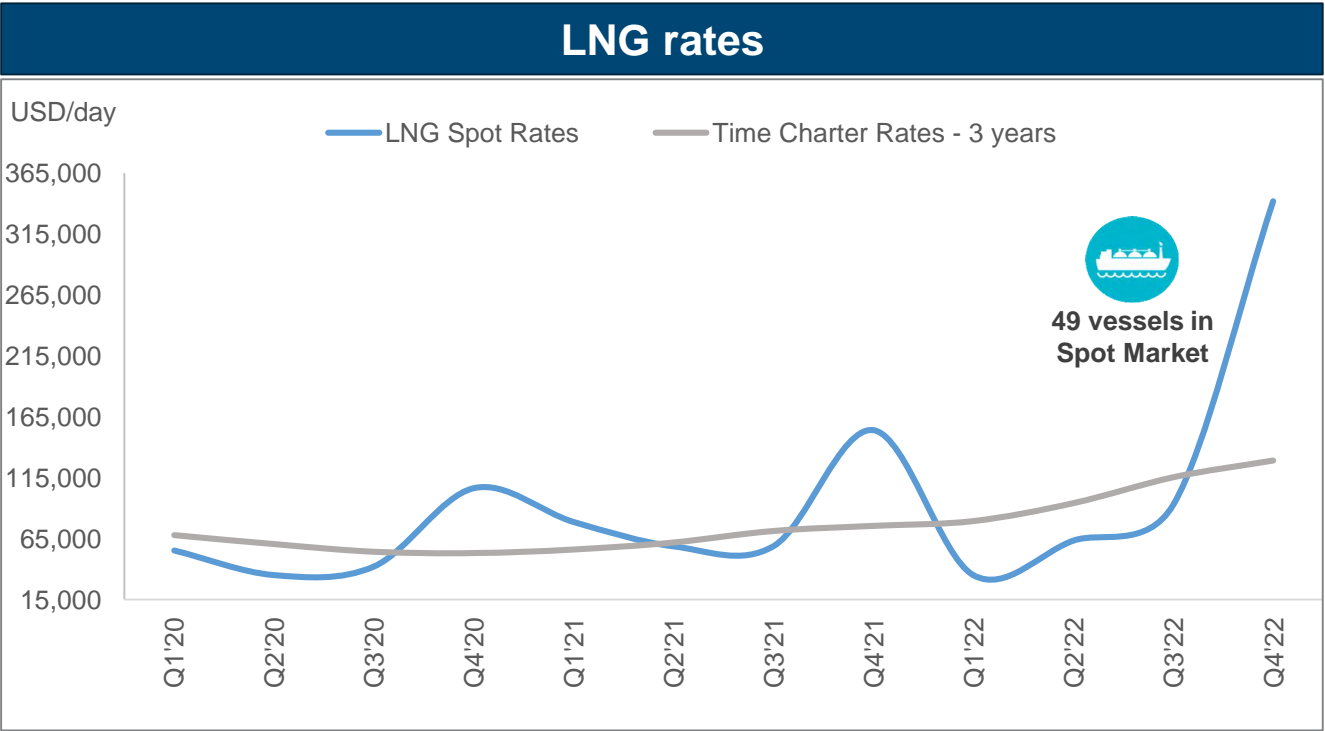


MARKET ENVIRONMENT



LNG Shipping

High EU demand further accelerates LNG rates during Q4'22

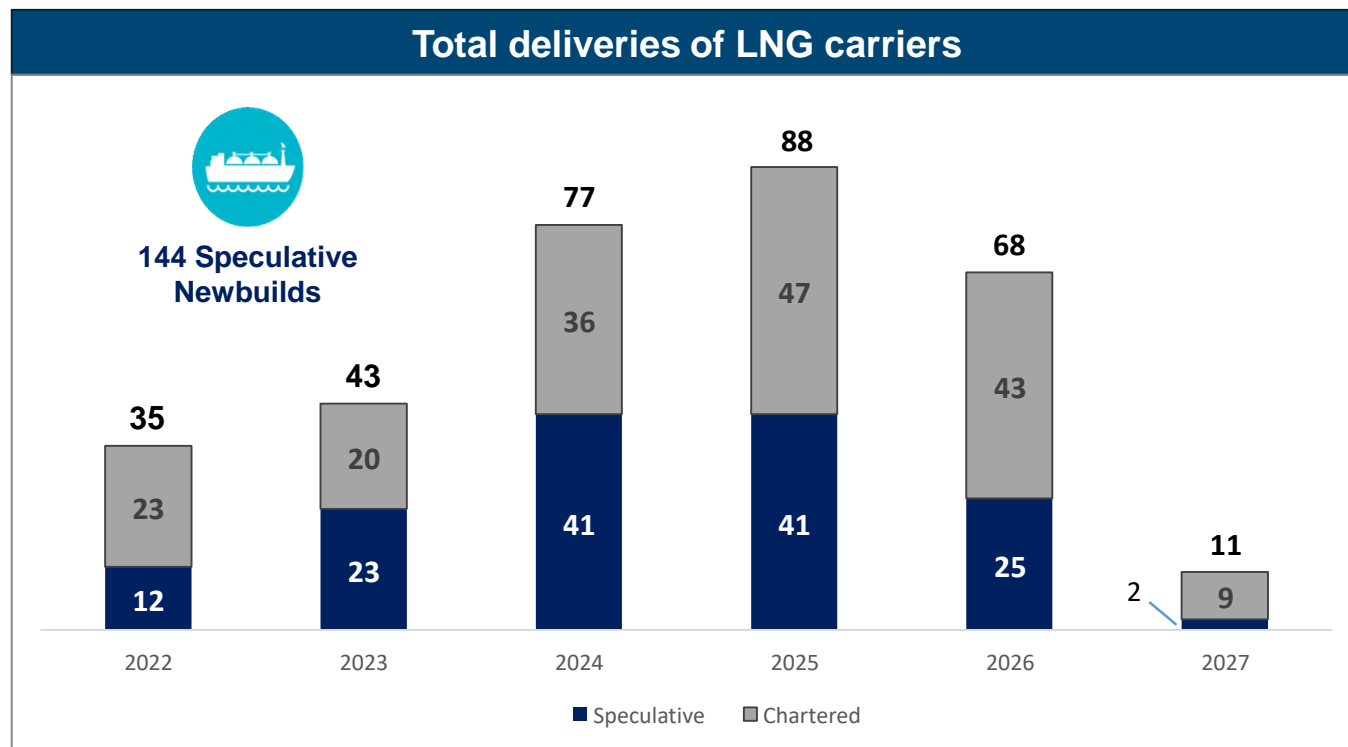


Source: Drewry LNG Forecaster

- LNG carrier spot rates started on the high in the early quarter before dipping in December due to higher inventory arising from the mild winter as well as increased tonnage availability.
- Time charter rates however, remained positive amid push towards energy security, increasing European LNG demand and China's relaxation of its zero covid restrictions.

LNG Shipping

High LNG demand continues to accelerate orders



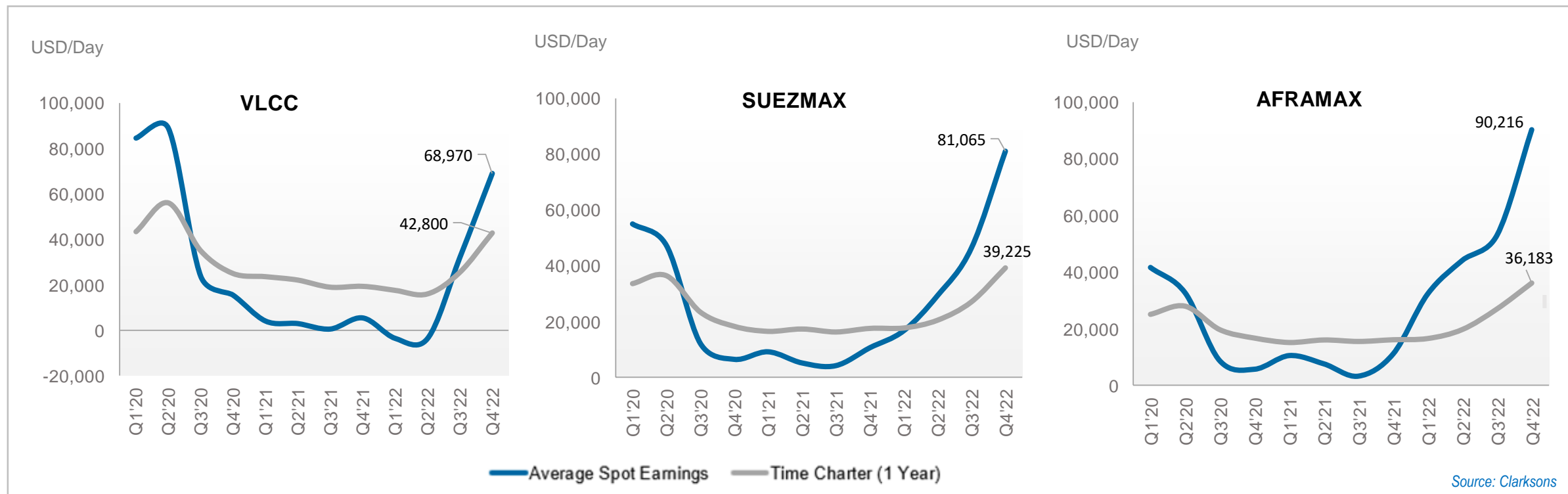
Source: Wood Mackenzie and Drewry LNG Forecaster

- Newbuilding orders to continue accelerating with more planned liquefaction projects expected to reach FID, thus increasing shipping requirements in the future.
- A record high of 174 orders in 2022, driven by Qatar's LNGC orders and surging European demand resulted in LNG orderbook-to-fleet ratio at 49% at the end of 2022.
- Nevertheless, limited shipbuilding capacity and high newbuilding cost will be a challenge to new orders.



Petroleum Shipping

Continued strengthening average tanker rates in Q4'22

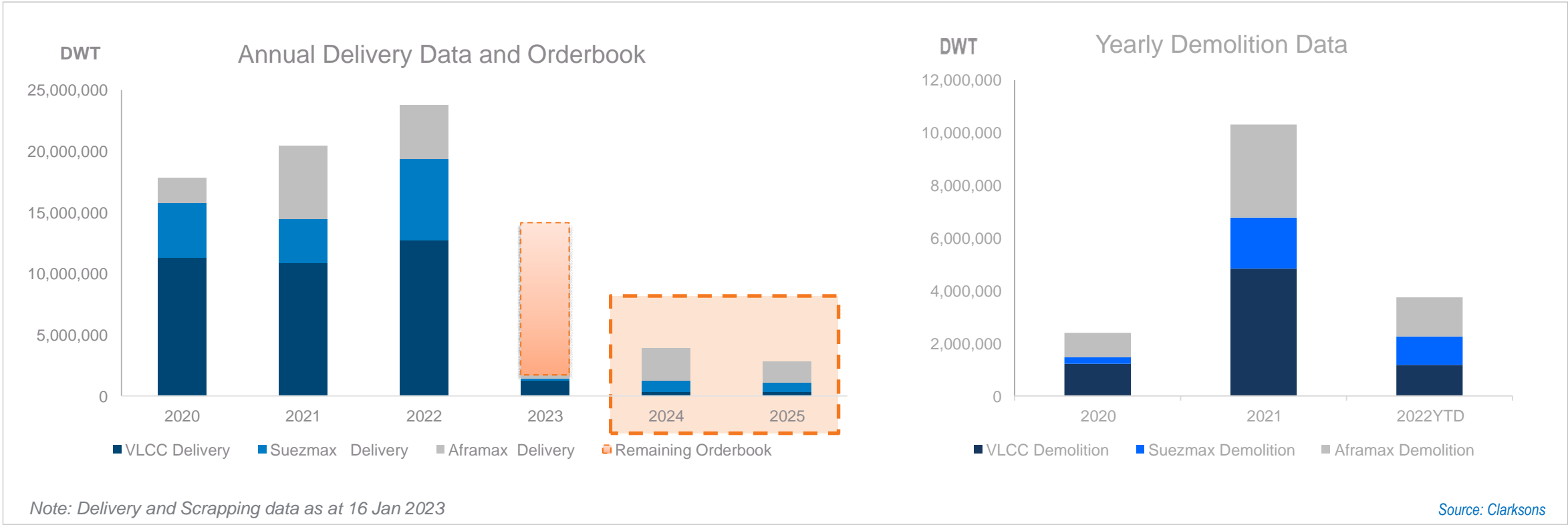


- VLCC earnings continued to strengthen mainly due to the increase in US crude flows to the Far East and South Asia.
- Uptrend continues in mid-size tanker spot rates since last quarter, due to reshuffling of trade routes prompted by Russian-related EU sanctions, increasing Asia bound crude imports and easing of Covid restrictions in China.
- Notwithstanding this, recent OPEC+ production curbs are anticipated to keep oil supply tight throughout year 2023.



Petroleum Shipping

New deliveries outpaced tonnage demolition in 2022

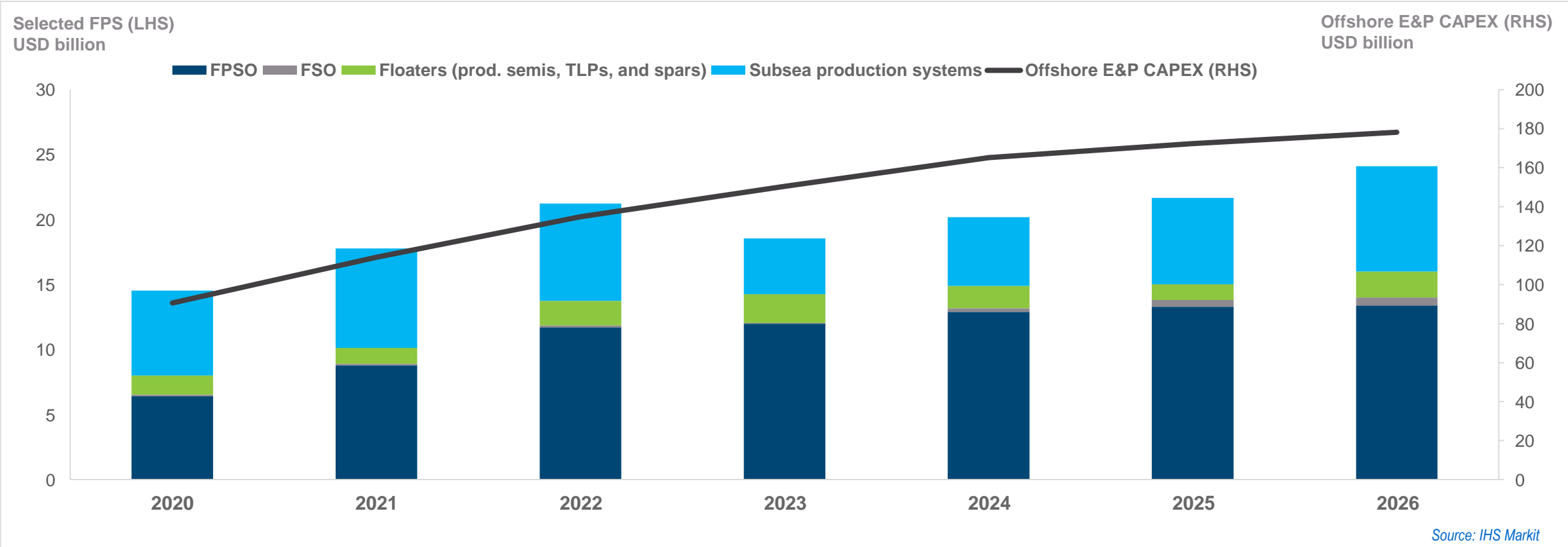


- Total deliveries for FY2022 outpaced FY2021 despite high newbuilding prices, lack of yard space, prevailing tonnage oversupply as well as uncertainty over decarbonisation targets.
- Overall scrapping activities remained low despite pickup in the midsize tanker segment for the year ended 2022.



Offshore

Upstream CAPEX remained buoyant backed by robust activity levels



- The new energy security reality is reflective with the uptick in LNG liquefaction projects in 2022 alongside LNG’s importance as an energy transition fuel.
- Global offshore E&P capex spending to reach USD135b in 2022. Additionally, an increase of 12% expected in 2023, with Latin America and Asia Pacific accounting more than half of the total.



APPENDICES



Adjusted Cash Flow from Operations (“CFO”)

	Q4 FY2021	Q3 FY2022	Q4 FY2022
	USD Mil	USD Mil	USD Mil
CFO per Statutory Financial Reporting	186	159	267
<u>Add/(Less):</u>			
MFRS 16 lease payments*	(12)	(7)	(7)
Offshore construction work-in-progress**	70	195	112
Others and forex	13	31	(4)
Adjusted CFO	258	378	368

* 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 December 2022, the YTD payment was USD609 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.



Fleet Information as at 31 Dec 2022

	Vessel Type	Total Vessel Operated	Owned	Chartered-In	Average Age (yrs)		Contracted Newbuilds/Conversions
					MISC	Industry	
GAS	LNG	30	30	--	17.3	21.0	16*
	FSU	2	2	--	10.6	--	--
	VLEC	6	6	--	1.9	--	--
	LBV	1	--	1	2.2	--	--
Subtotal		39	38	1	--	--	16*
Petroleum	VLCC	10	10	--	8.2	10.8	3
	Suezmax	6	6	--	8.6	10.9	-
	Aframax	20	18	2	9.6	11.9	-
	LR2	2	2	--	5.5	10.2	-
	DPST	17	17	--	3.4	9.0	-
Chemical	Chemical	3	--	3	11.7	12.8	-
Subtotal		58	53	5	--	--	3
GRAND TOTAL		97	91	6	--	--	19*
Offshore	FPSO/FSO/SS	12	12	--	10.3	--	1

Note: (*) contracted vessels include 12 vessels awarded by QatarEnergy, 25% owned by MISC, NYK, K-Line and CLNG through the joint venture.



Schedule of Future Deliveries as at 31 Dec 2022

	LNG	Petroleum
	LNG Carriers	VLCC
1H 2023	2*	1
2H 2023	-	2
2024	-	-
2025-2026	12	-

Note: 2 LNGCs (for SeaRiver) delivered on 31 Jan'23 and 12 LNGCs (for QatarEnergy) to be delivered in 2025-2026.*



The Edge Awards

- On 28 November 2022, MISC received the silver award under the Equities Category – Transport & Logistics sector. **The ESG Award** is a first of its kind in The Edge Awards series and it recognises top-performing and resilient companies for their positive contribution and implementation of best ESG practices.
- MHB also received the silver award under the Energy sector category during the same event.
- These Awards are a testament to our commitment to upholding the environmental, social and governance principles while collectively creating a positive impact towards a sustainable future.
- MISC returned to the **Edge Billion Ringgit Club** again for the second time since 2020 and won the Highest Returns to Shareholders Over Three Years (Transportation & Logistics) award





40th MSOSH Awards 2022

- On 21 December 2022, MISC received six awards at the 40th Malaysian Society for Occupational Safety and Health (MSOSH) Awards 2022. This marks another record achievement for the organisation compared to 2021, where MISC won five awards.
- The recognitions honouring our safety performance and commitment were given for the following categories:

PETROLEUM, GAS, PETROCHEMICAL & ALLIED SECTORS

- ❖ GRAND AWARD : MISC Maritime Services Sdn Bhd (MMS) - Sg Udang Port
- ❖ GOLD CLASS 1 AWARD : MISC Berhad - FPSO Ventures Sdn Bhd (FSO Puteri Dulang)
- ❖ GOLD CLASS 1 AWARD : MISC Berhad - Malaysia Vietnam Offshore Terminal (L) Limited (FSO Orkid)
- ❖ GOLD CLASS 2 AWARD : Malaysia Marine And Heavy Engineering Sdn Bhd

EDUCATIONAL SECTORS

- ❖ GOLD MERIT AWARD : Akademi Laut Malaysia (ALAM)

LOGISTICS AND TRANSPORTATION SECTORS AND PETROLEUM, GAS, PETROCHEMICAL & ALLIED SECTORS

- ❖ GOLD CLASS 1 AWARD : Eaglestar Shipmanagement (L) Pte. Ltd.





MISC signs MOU with Industry Experts in the Carbon Capture and Storage (CCS) Value Chain



- On 18 January 2023, MISC signed respective Memorandum of Understandings (MoUs) with Misui & Co., Ltd., Samsung Heavy Industries (SHI) and ANDRITZ AG (ANDRITZ) to explore opportunities on CCS solutions in the maritime value chain which include identifying storage hubs, development of floating solutions and carbon capture parts and equipment.
- The MOUs reflect MISC's ambition to define our role in a future that is being shaped by the energy transition and we are pleased to explore opportunities in this new venture with our partners.
- MISC's foray in the CCS value chain puts the Group in a firm position to deliver the long-term strategy of MISC 2050 which focuses on identifying new business opportunities while driving sustainable value for our stakeholders.



Q&A Session



THANK YOU