ANALYST BRIEFING
Q1 2023 Financial Results

24 May 2023

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Q1 2023 KEY HIGHLIGHTS

Q1 2023 HIGHLIGHTS

FINANCIAL PERFORMANCE

Revenue	Profit After Tax	Cash Flow from Operations*
USD700 Million	USD139 Million	USD339 Million
24% decreased QoQ	4% decreased QoQ	8% decreased QoQ
2% increased YoY	56% increased YoY	24% increased YoY

SUSTAINABILITY HIGHLIGHTS

- **MHB signed a MOU with FuelCell Energy, Inc. for the development of large-scale electrolyzer facilities in Asia, New Zealand, and Australia to reduce the cost of green hydrogen production.**
- **Collaborated with Valverde Power Solutions, Clean Energy Systems and Aker Solutions to advance oil and gas field decarbonisation utilising the Oxy-Fuel Burner Technology.**
- **Entered into a USD527 million syndicated sustainable-linked term loan financing with Standard Chartered Bank for six Very Large Ethane Carriers.**

Note: QoQ represents Q1 2023 against Q4 2022
YoY represents Q1 2023 against Q1 2022

** Adjusted CFO*

Q1 2023 NOTABLE UPDATES

13 Feb'23 - MHB secured a contract from Carigali-PTTEPI Operating Company Sdn Bhd for an approximate value of RM1.4 billion for the provision of EPCI for five wellhead platforms, five subsea pipelines, and host tie-ins works. This is the third major awarded project after won the Rosmari-Marjoram and Kasawari CCS project.

EPCI – engineering, procurement, construction & installation

27 Feb'23 - AET signed a MOU with PETCO Trading Labuan Company Ltd to deploy a net-zero green ammonia Aframax, to be delivered in 2026 as AET advances with MISC Group's 2030 and 2050 decarbonisation journey.

Q1 2023 MERO 3: Project Progress


On-going drydock process

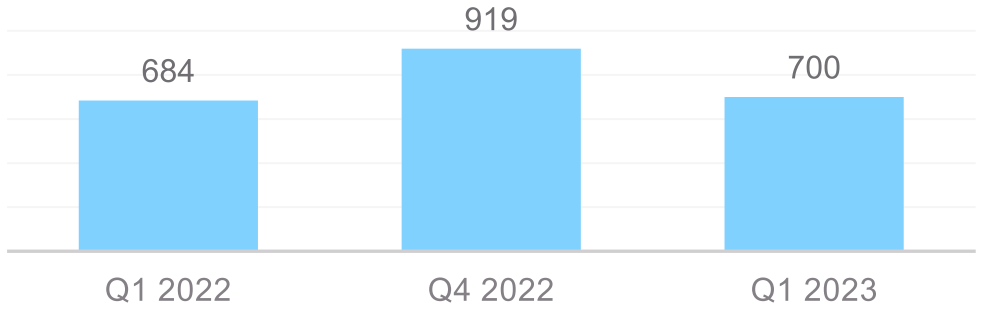
Topside Overview

MERO 3 project and yard productivity is progressing as planned. As of Q1 2023, 85% physical completion on project progress has been inclusive of the Topside modules installed, dry docking works completion as well as preparation for next lifting campaign and module integration.

FINANCIAL HIGHLIGHTS

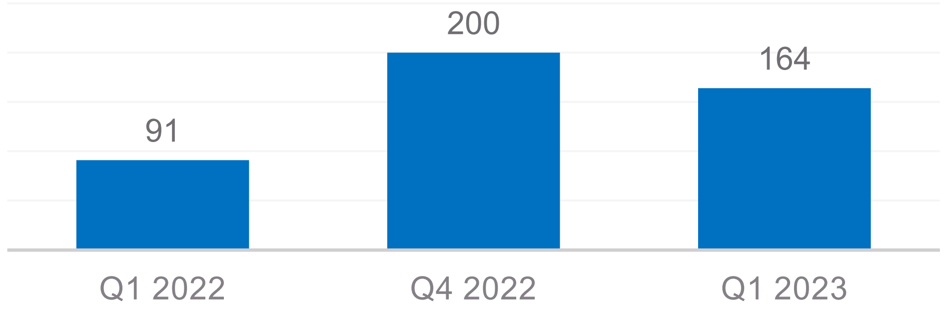
Q1 2023: Higher revenue YoY aided by higher tanker rates, on-going Heavy Engineering projects and dry-docking services

REVENUE



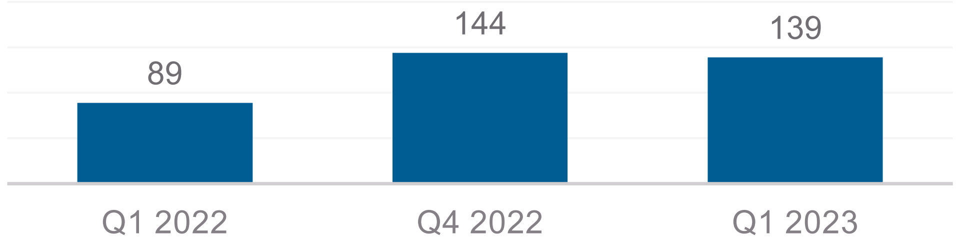
YoY increased due to higher revenue from the Petroleum & Product Shipping segment from higher tanker rates and higher revenue from on-going Heavy Engineering projects and dry-docking services.

PBT FROM OPERATIONS



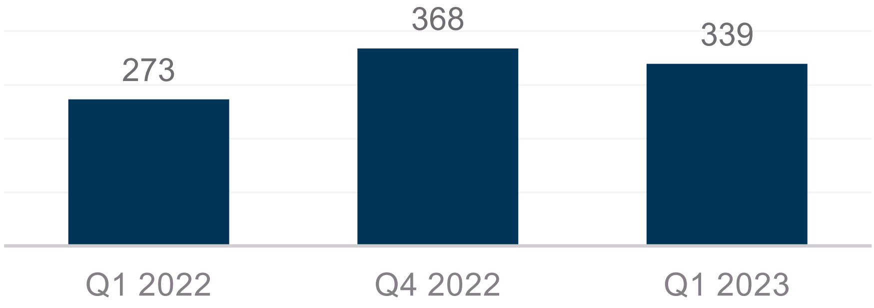
YoY increased from improved margins for Petroleum & Product Shipping segment and from Offshore Business segment as the corresponding quarter included higher construction costs of an FPSO.

PAT



Higher PAT YoY from improved operating performance in line with the above despite impairment provisions.

Cash Flows from Operations*



YoY increased mainly driven by higher collections from the Petroleum & Product Shipping segment in line with the improved operating performance.

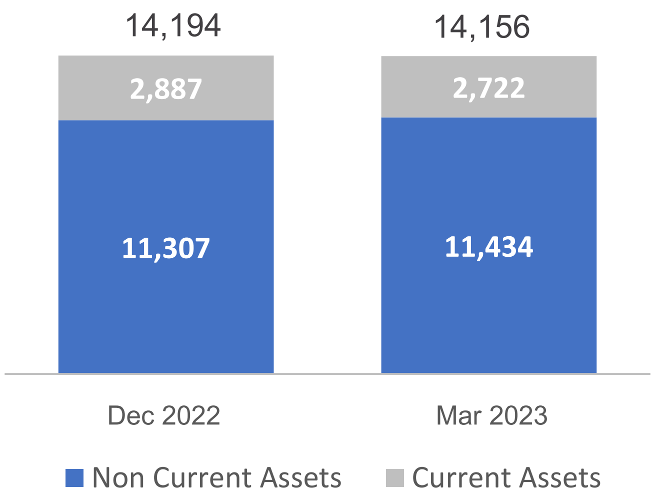
Note: YoY represents Q1 2023 against Q1 2022

**All figures in USD Million unless otherwise stated*

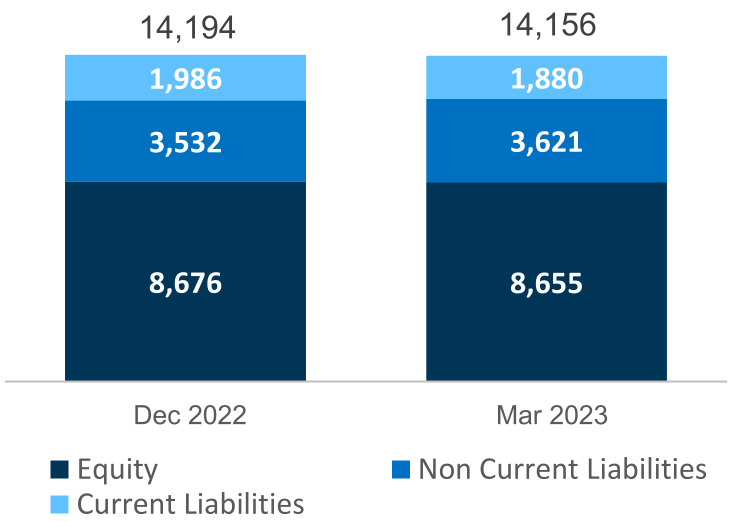
** Adjusted CFO*

Solid balance sheet with prudent risk management

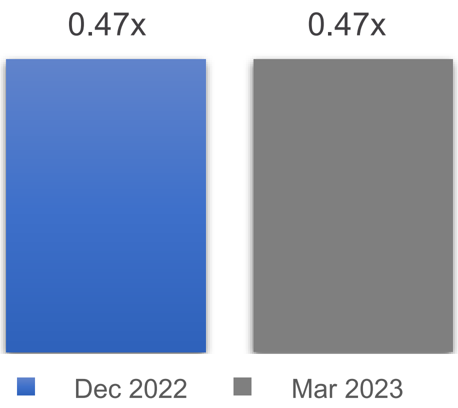
ASSETS



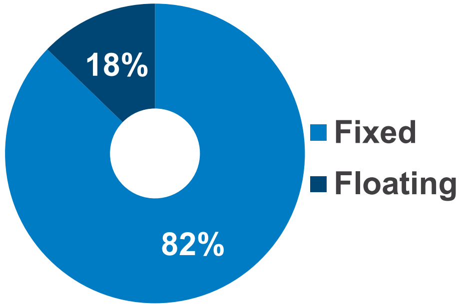
EQUITY & LIABILITIES



GEARING RATIO



DEBT COMPOSITION AS AT MAR 2023

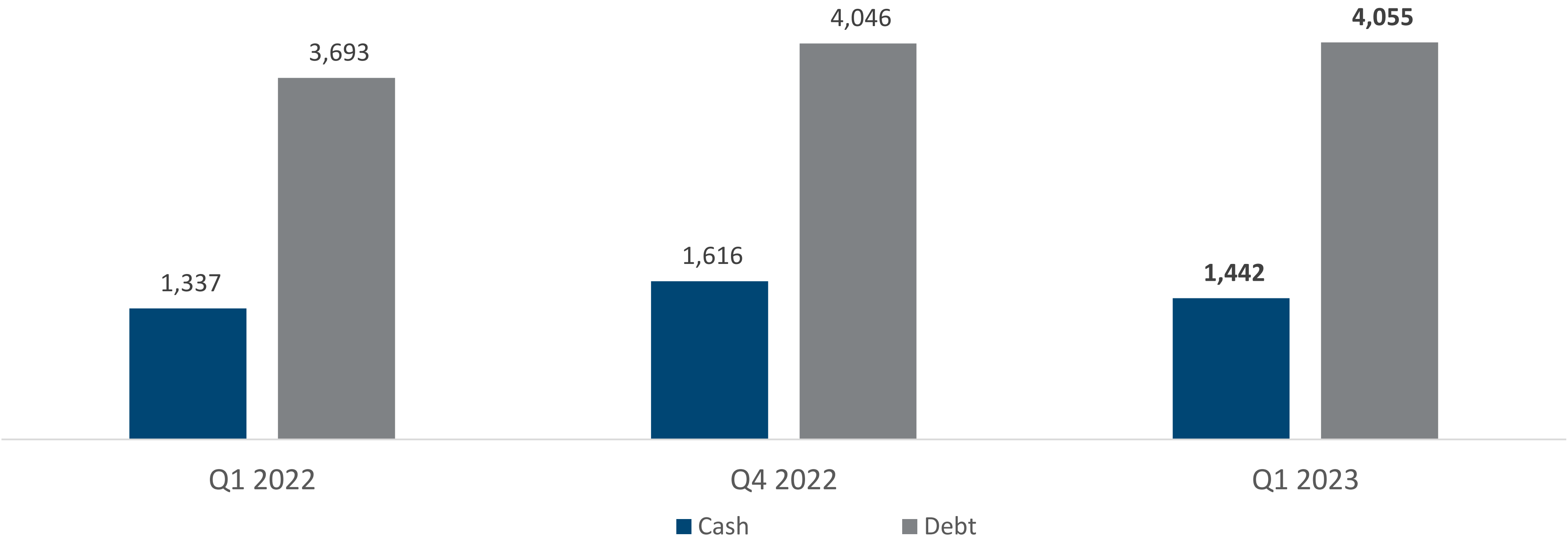


- The Group's total assets, total equity and total liabilities recorded marginal movements since the end of the last financial year.
- Gearing ratio remains at 0.47x, supported by strong balance sheet position.
- Impact on interest rate hike is limited given the current debt composition.

**All figures in USD Million unless otherwise stated*

Cash & Debt Balances

Sustainable cash balances



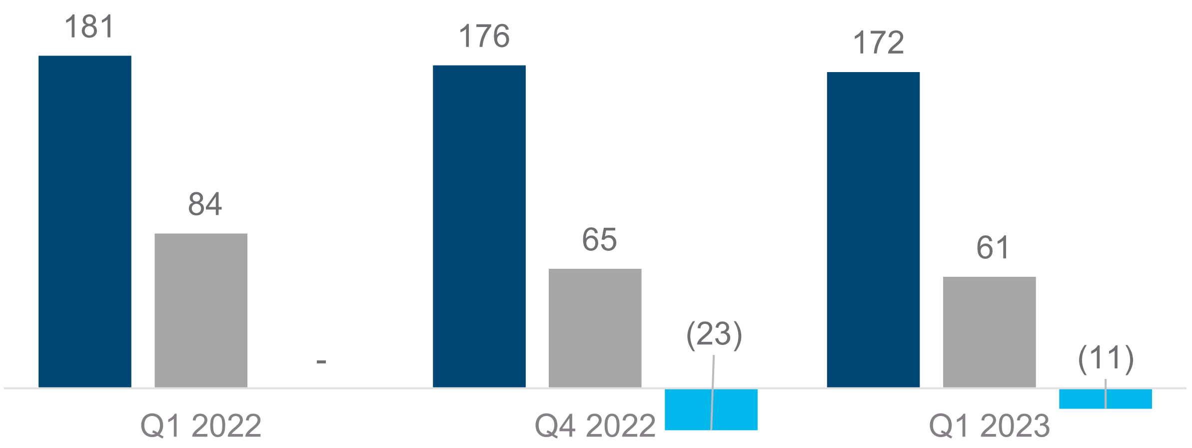
- ❖ The Group's cash balance in Q1 2023 remains healthy at USD1.4 billion despite a QoQ decline due to higher capital expenditure.
- ❖ Debt balance increased YoY mainly due to USD1 billion bond issuance in Q2 2022, offset against loan repayment.

Note: QoQ represents Q1 2023 against Q4 2022
YoY represents Q1 2023 against Q1 2022

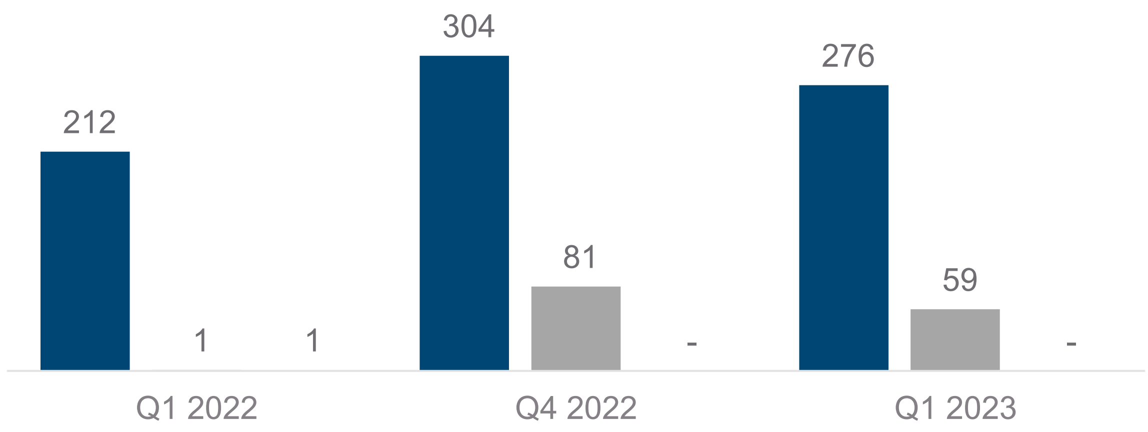
**All figures in USD Million unless otherwise stated*

Financial performance by business segments

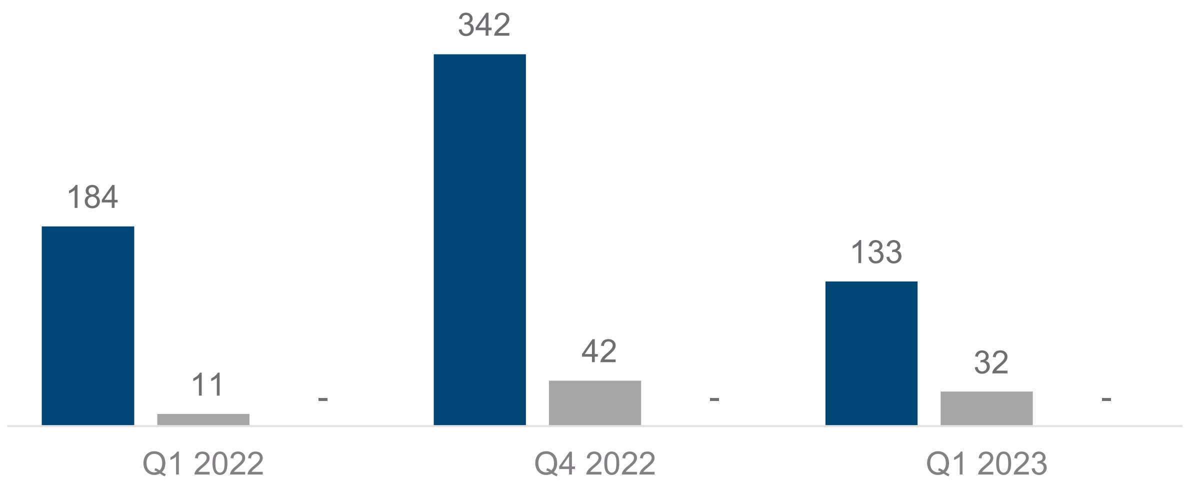
GAS



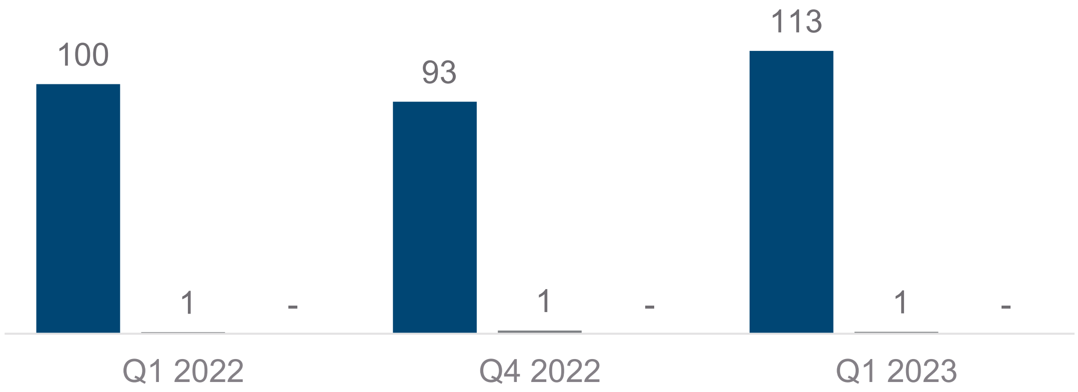
PETROLEUM



OFFSHORE



HEAVY ENGINEERING



■ Revenue ■ PBT ■ Non-recurring item

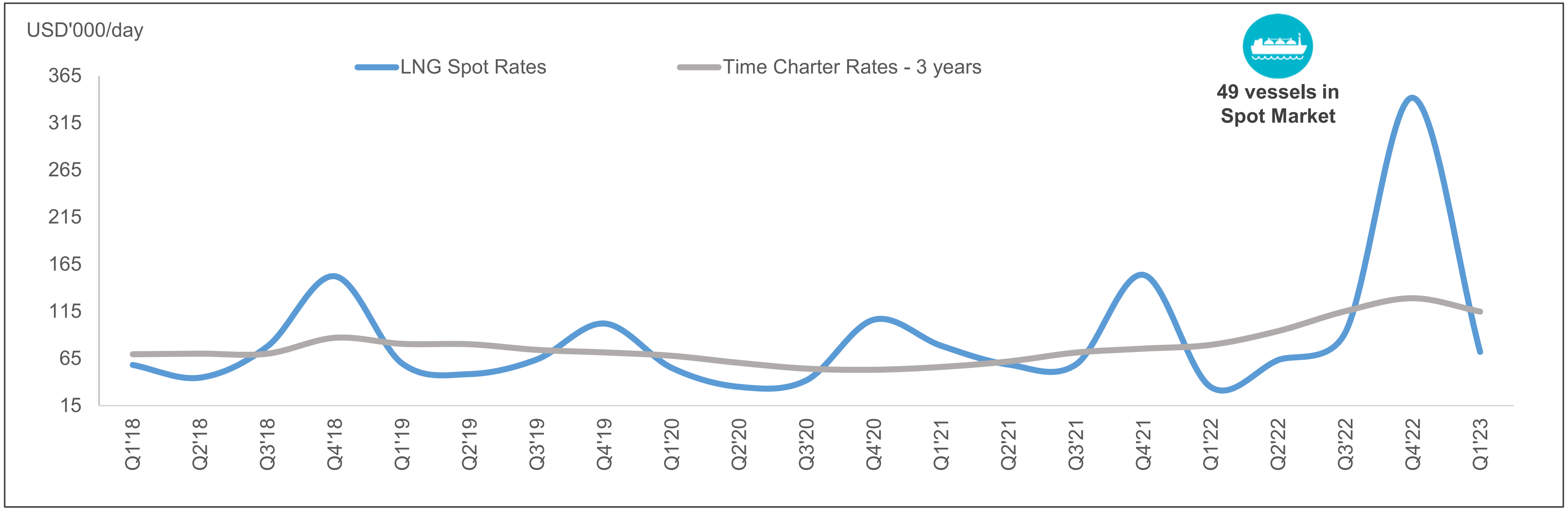
 **All figures in USD Million unless otherwise stated*

MARKET ENVIRONMENT

LNG Shipping

Spot rates remained subdued amid weak seasonal demand, mild winter and high vessel availability

LNG rates



Source: Drewry LNG Forecaster

- LNG carrier spot rates started dipping in December 2022 and remained subdued in Q1 2023 due to mild winter as well as ample gas inventories in Europe and Asia.
- Time charter rates however, remained stable as charterers had a high preference to lock in assets for short-term periods.

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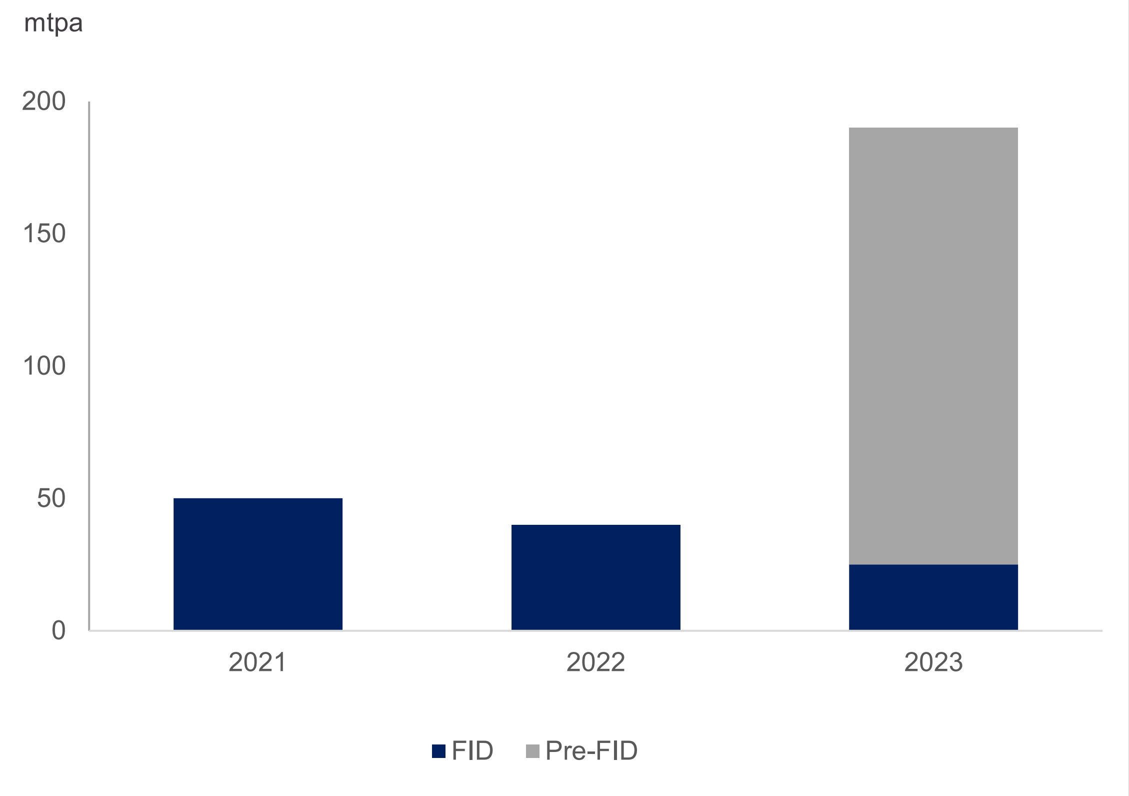
LNG Shipping

Positive FID outlook for LNG projects bodes well for fleet expansion

LNG Liquefaction FID Outlook



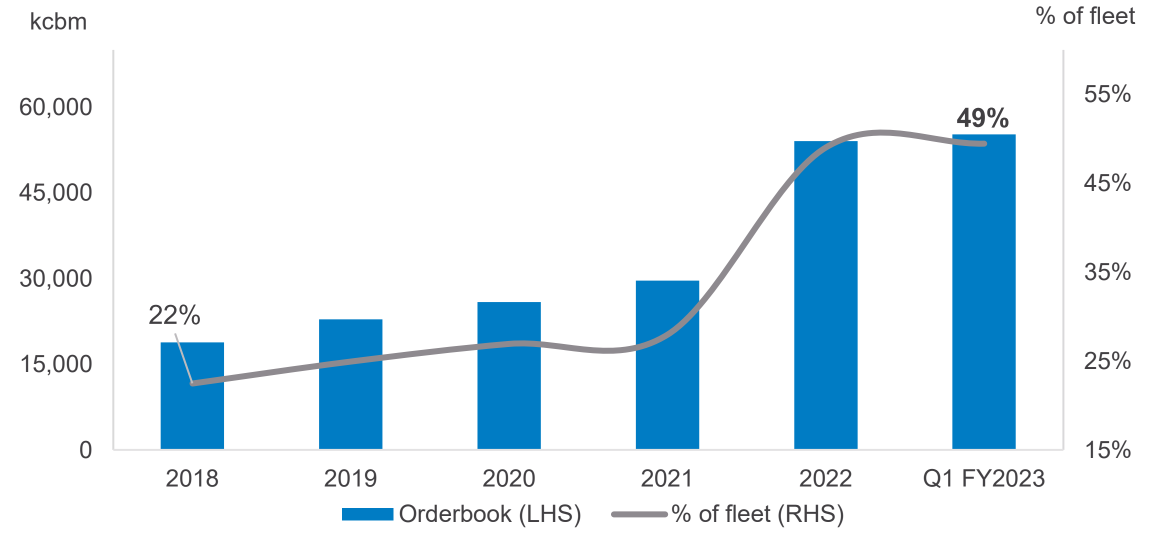
Source: Drewry

- Investment boost in the liquefaction sector is expected to occur as more liquefaction projects are vying for FIDs in 2023, generating additional vessel demand.
- Three liquefaction projects have secured FID in Q1 2023 - two projects in the US and one project in West Africa.
- Qatar's North Field South Expansion project that reached FID in 2022 is expected to confirm 40 vessel orders in 2023 under Phase 2 of its LNGC order.

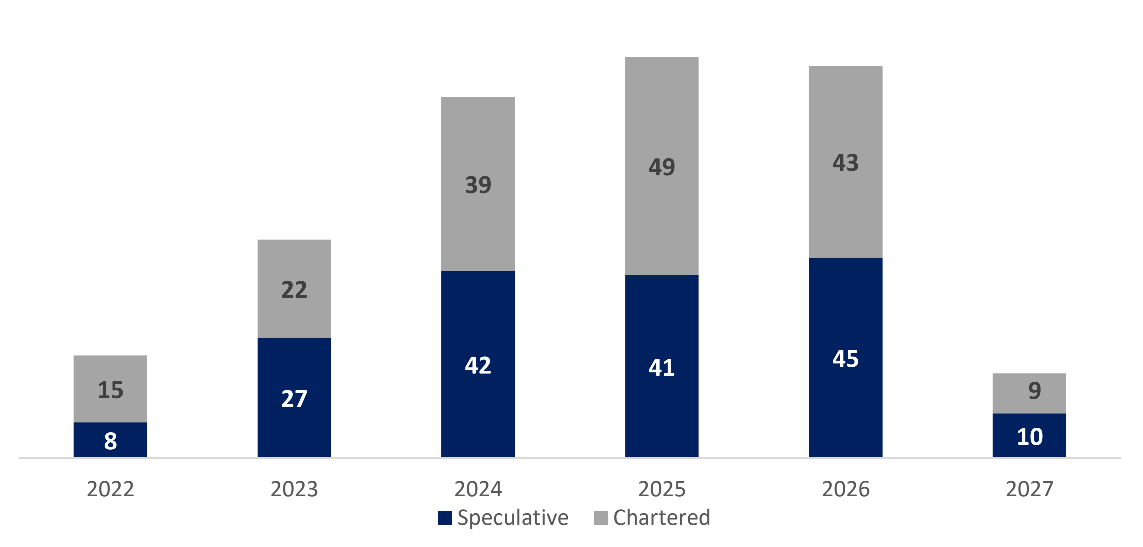
LNG Shipping

Surge in newbuilding orders amid strong LNG demand

Orderbook and new orders



Total deliveries of LNG carriers

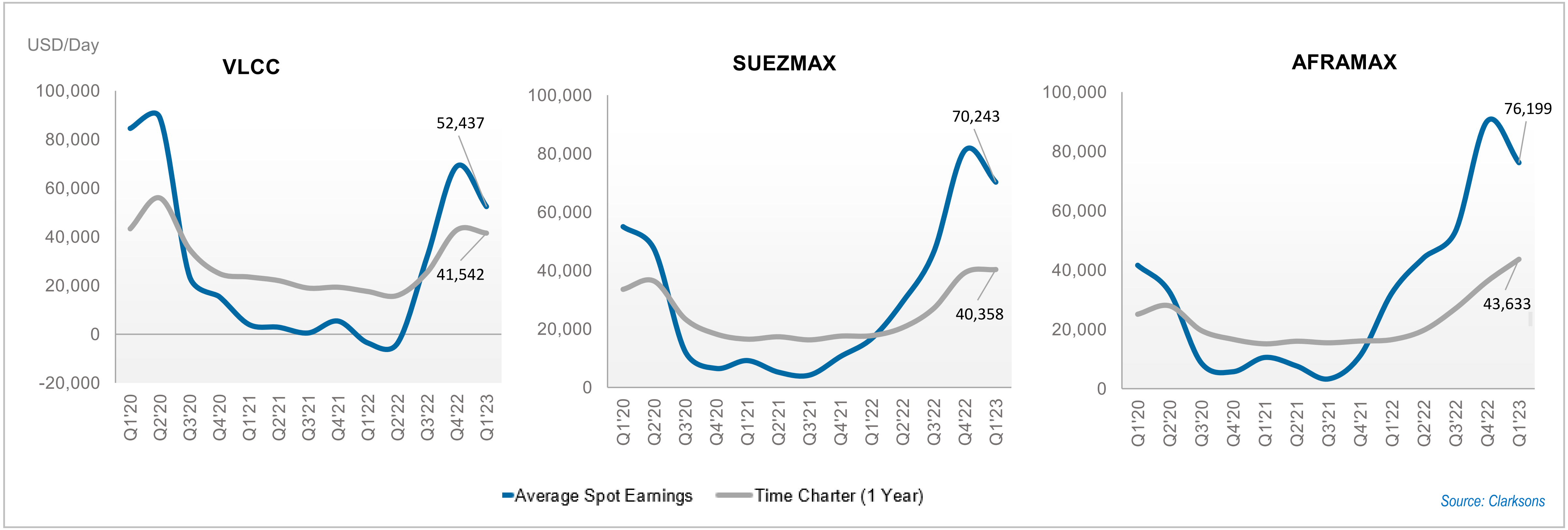


Source: Drewry and Woodmac

- As more planned liquefaction projects are expected to reach FID, newbuilding orders are expected to be robust in 2023 despite tight shipbuilding capacity and high newbuild prices thus increasing shipping requirements in the future.
- In addition, the EEXI and CII regulations that came into effect on 1 January 2023 will impact the employability of older steam turbine carriers resulting in fleet replacement.
- During Q1 2023, about 8 LNG carriers were added to the fleet and the LNGC fleet is expected to grow by 6% in 2023, with around 41 carriers scheduled to be delivered.
- Moving into 2H 2023, speculative orders are expected to decline due to high newbuild prices and fears of a recession, impacting vessel financing.

Petroleum Shipping

Average tanker rates declined due to softening in demand



- Spot rates weakened in Q1 2023 due to shifts in regional refinery capacities amid seasonal softening in demand as well as recent OPEC+ production curbs which are likely to squeeze oil supply in the short term.
- Notwithstanding this, earnings are expected to remain high backed by new trade patterns supporting tonne-mile demand for crude shipping.

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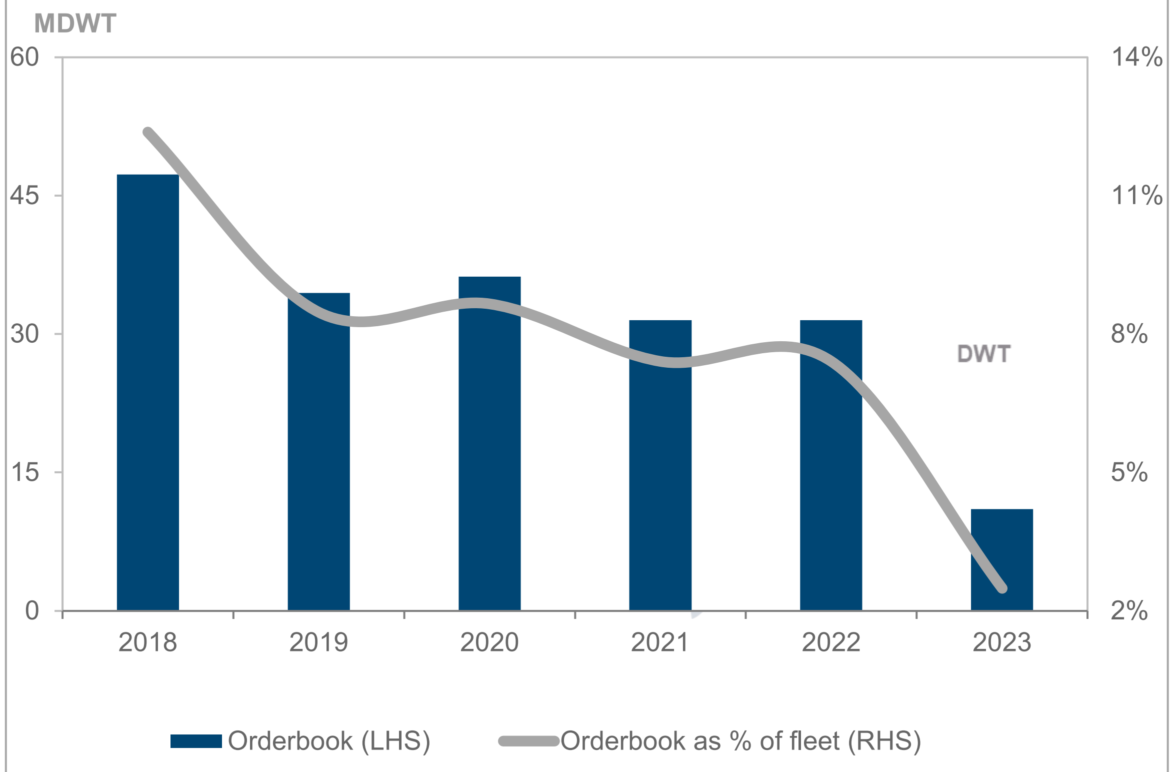
Petroleum Shipping

Fleet growth to be subdued due to historically weak orderbook

Crude tanker orderbook



Note: Data as at Q1 2023

Source: Drewry

- The overall orderbook for crude tankers continues to decrease as newbuilding tanker orders have been restrained by higher asset prices and uncertainty over sustainable fuels to be used in the future.
- This record-low orderbook of 2.5% of the fleet will curb fleet growth over the next two years and will push the utilisation of existing vessels.
- Aframaxes dominate the orderbook, comprising 46% of the total vessels on order, followed by Suezmaxes, which account for about 29% of the orderbook.

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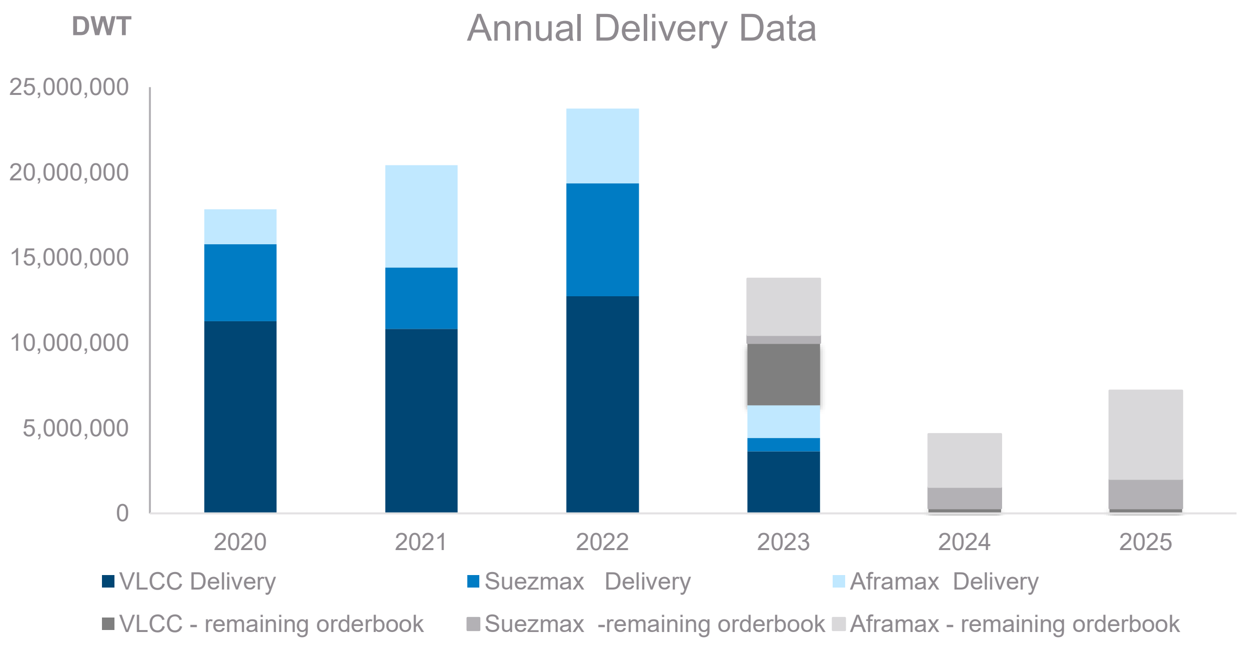
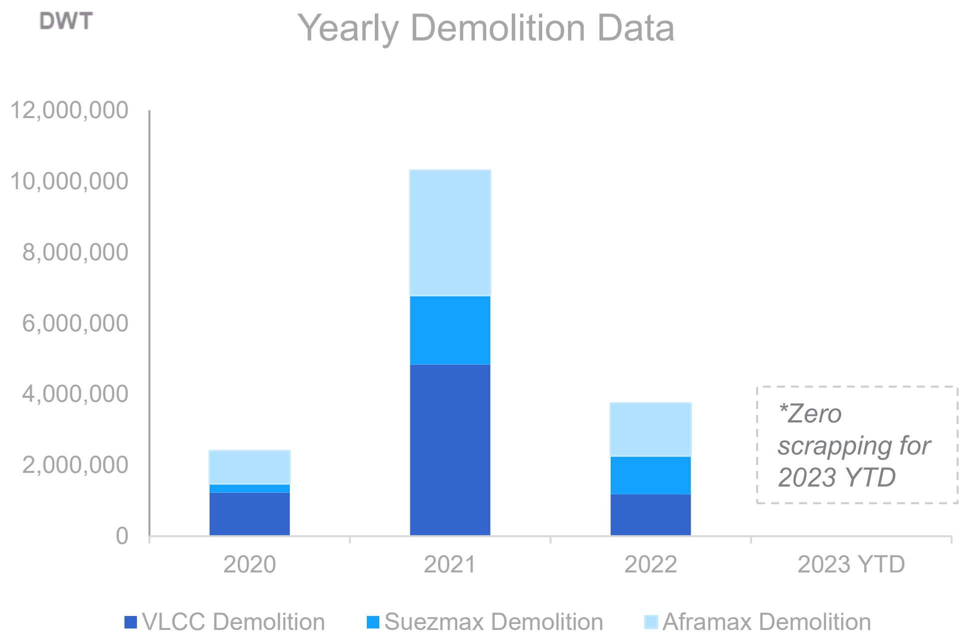
Petroleum Shipping

Fewer deliveries with zero pick-up in demolition activity





Note: Delivery and Scrapping data as at 2 May 2023

Source: Clarksons

- Tight tonnage supply is expected in the next two years due to the sharp decline in deliveries as a result of the low orderbook.
- The lowest deliveries of the decade are anticipated in 2024 as only 26% of the existing orderbook is scheduled to be delivered during the year, and vessels ordered in 2023 are likely to join the fleet from 2H 2025.
- No crude tanker has been scrapped since the start of the year as higher tanker earnings have discouraged shipowners from demolishing their vessels.

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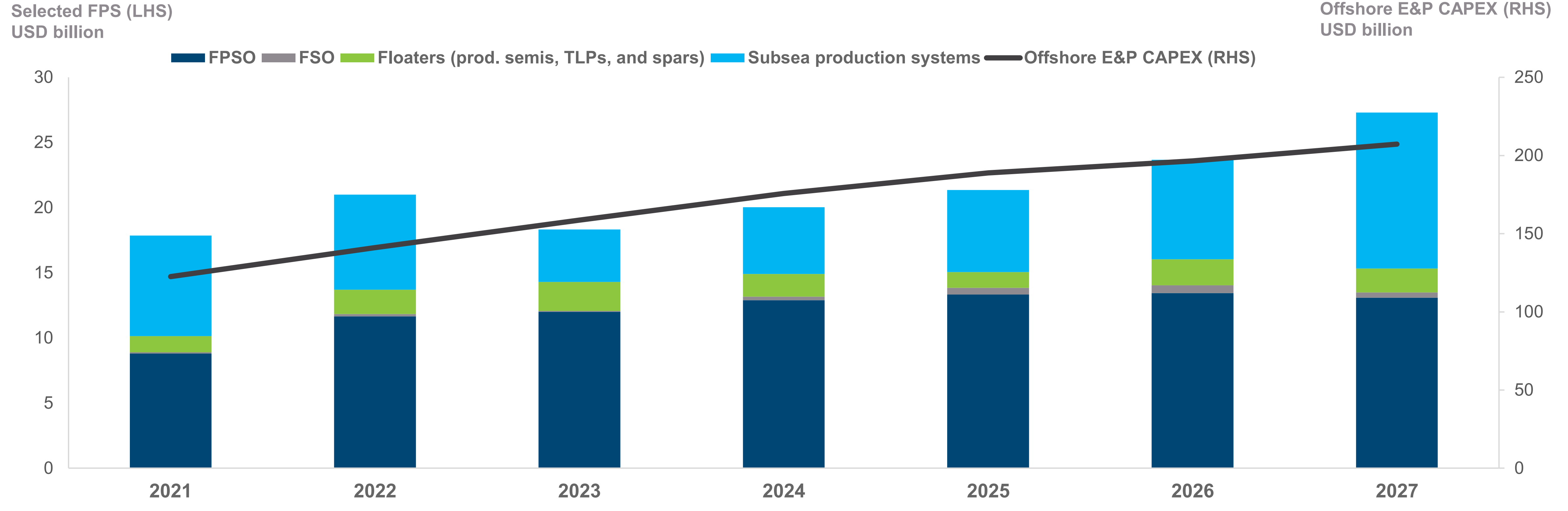
Offshore

Moderate growth in upstream CAPEX spending expected in 2023



Source: IHS Markit

- Global offshore E&P capex spending is expected to increase by 12.5% in 2023, with Latin America and Asia Pacific accounting more than half of the total.
- This positive momentum will provide a huge uptick in the global FPSO market in the coming years, leading to a higher number of FPSO awards in the near term, coming from the South American region, led by Brazil followed by West Africa.

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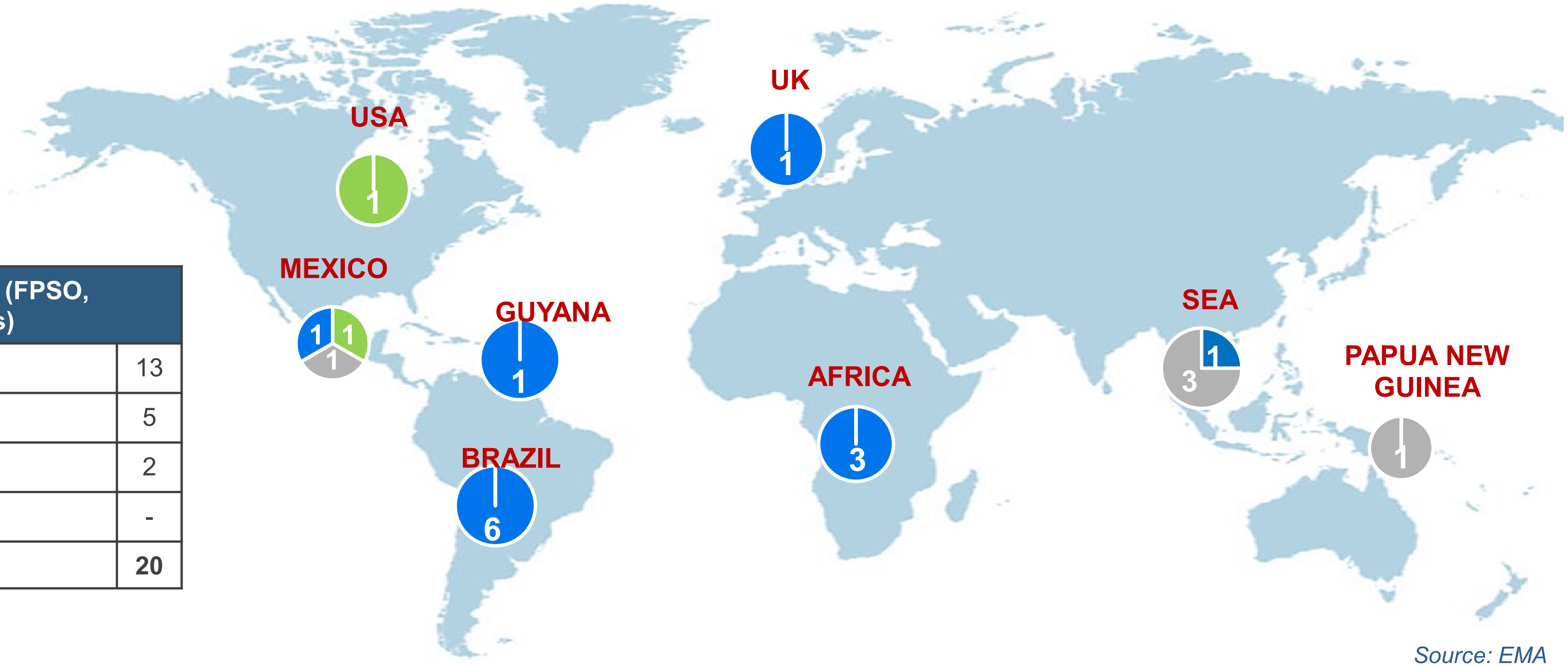
Offshore

Upcoming greenfield FPSO projects will mainly concentrate in the Atlantic Basin

Expected Awards – 2023 (FPSO, FSOs, Semis and MOPUs)		
	FPSO	13
	FSO	5
	SEMI	2
	MOPU	-
Total		**20**



Source: EMA

- As of Q1 2023, there are 37 FPSOs on order, whereby 16 orders are coming from Brazil, driven by strong demand for FPSOs and delayed start-ups due to COVID-19.
- There could be up to 6 FPSOs awarded for Brazil and two for Angola within the next 12 months. Despite increase in development costs due to inflation and rising interest rates, these projects would likely proceed to FID as the economics for these projects are still quite robust.

APPENDICES

Adjusted Cash Flow from Operations ("CFO")

	Q1 2022 USD Mil	Q4 2022 USD Mil	Q1 2023 USD Mil
CFO per Statutory Financial Reporting	**110**	**290**	**207**
<u>Add/(Less)</u>:			
MFRS 16 lease payments*	(10)	(5)	(5)
Offshore construction work-in-progress**	164	112	142
Others and forex	9	(29)	(5)
Adjusted CFO	**273**	**368**	**339**

* 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 **<u>required</u> to be classified in the cash flow from operating activities**. As at 31 March 2023, the YTD payment was USD142.4 million.

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

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Fleet Information as at 31 March 2023

	Vessel Type	Total Vessel Operated	Owned	Chartered-In	Average Age (yrs)		Contracted Newbuilds/ Conversions
					MISC	Industry	
GAS	LNG	31	31	--	15.0	11.0	14*
	FSU	2	2	--	11.0	--	--
	VLEC	6	6	--	2.0	--	--
	LBV	1	--	1	2.0	--	--
Subtotal		40	39	1	--	--	14*
Petroleum	VLCC	10	10	--	8.5	11.0	3
	Suezmax	6	6	--	8.9	11.5	-
	Aframax	20	18	2	10.7	13.3	-
	LR2	2	2	--	5.8	10.1	-
	DPST	17	17	--	3.7	8.6	-
Chemical	Chemical	2	--	2	12.2	12.9	-
Subtotal		57	53	4	--	--	3
GRAND TOTAL		97	92	5	--	--	17*
Offshore	FPSO/FSO/SS	12	12	--	10.5	--	1

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

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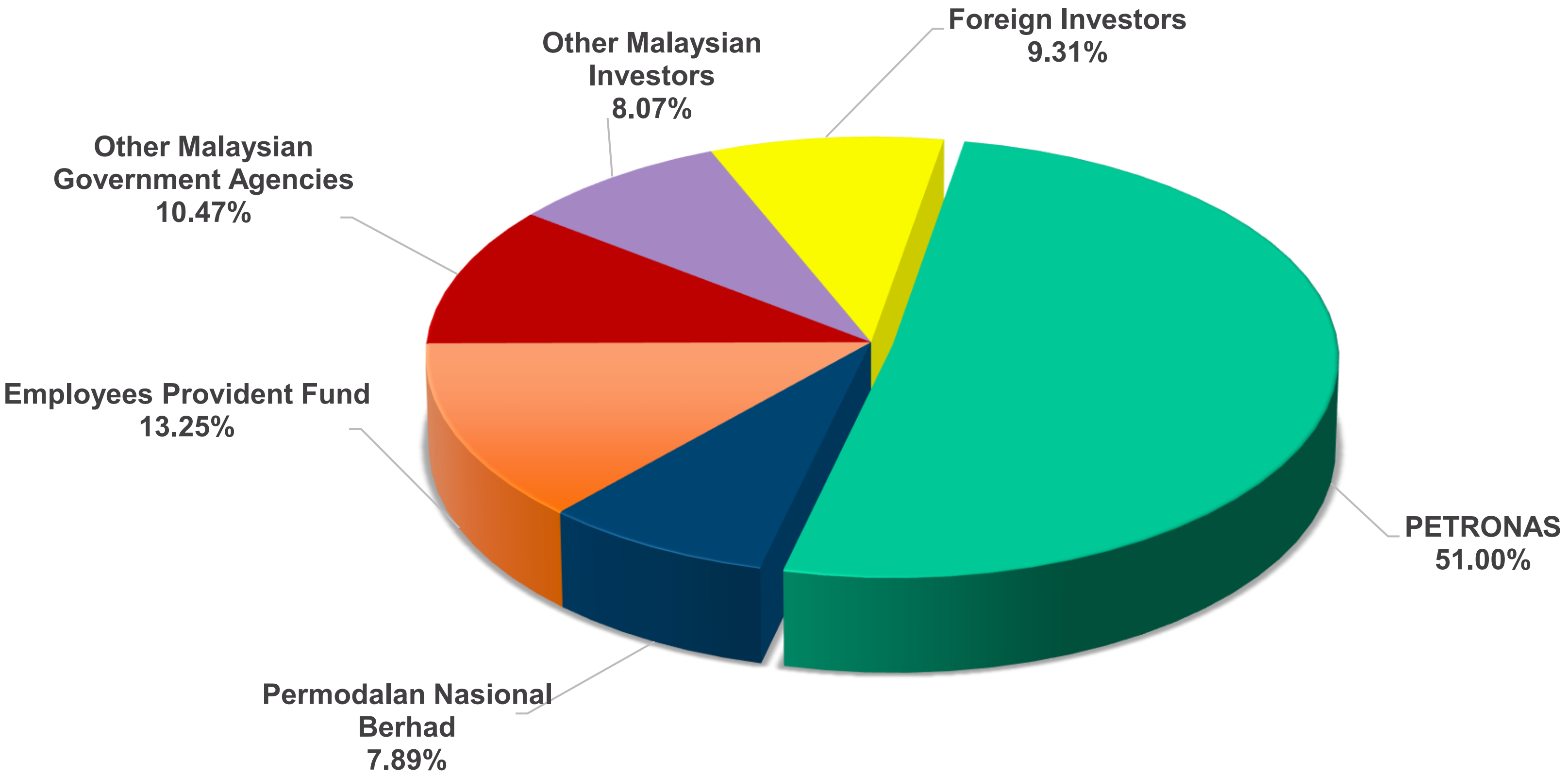
Schedule of Future Deliveries as at 31 March 2023

	LNG	Petroleum
	LNG Carriers	**VLCC**
1H 2023	-	-
2H 2023	-	3
2025	4	-
2026	10*	-

*Note: * 2 LNGCs (for SeaRiver) and 8 LNGCs (for QatarEnergy)*

Shareholders’ Profile as at 31 March 2023

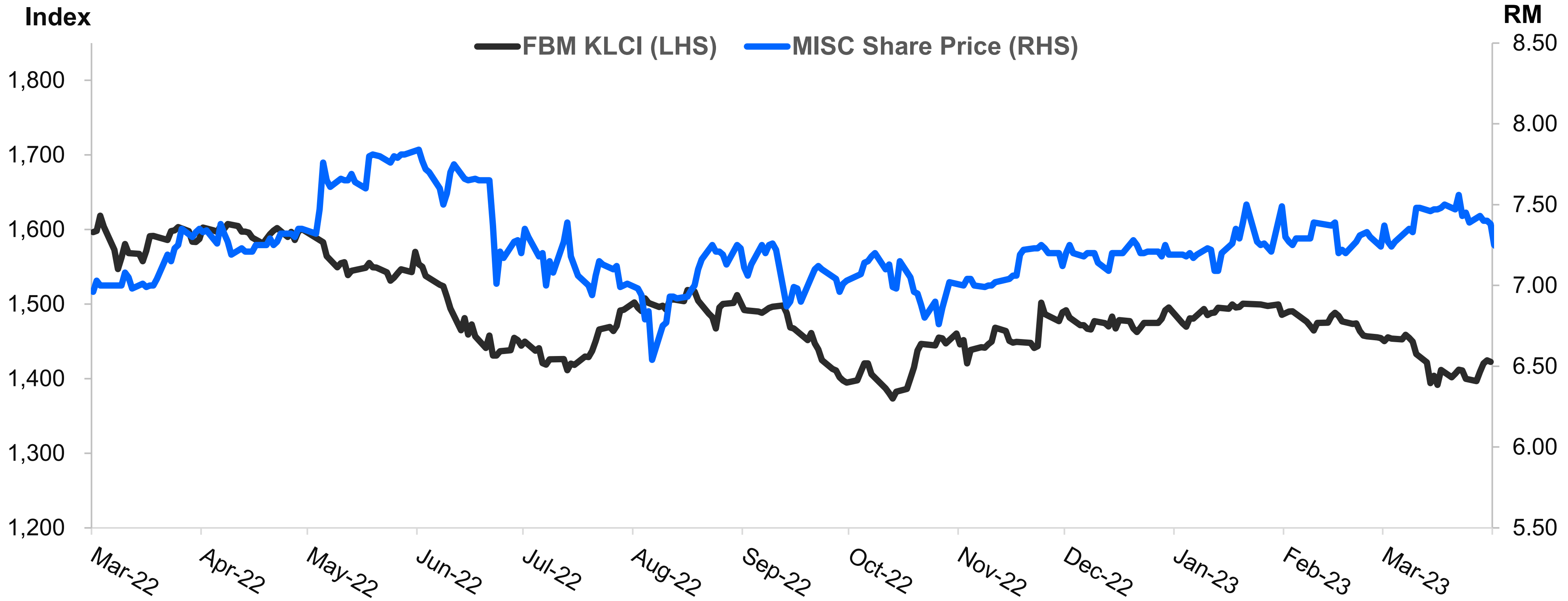


MISC One Year Share Price Performance

Share Price	RM
3-month average	7.30
6-month average	7.20
12-month average	7.15
High for the year (5 May 22)	7.84
Low for the year (13 July 22)	6.54

MISC vs. FBM KLCI

Share Price :
RM7.22 as at 31 March 2023



Source: Bloomberg

Q&A Session

THANK YOU