

**ANALYST BRIEFING**  
Q3 2023 Financial Results  
22 November 2023



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# Q3 2023 KEY HIGHLIGHTS



# Q3 2023 Highlights



**Revenue**  
**USD726 Million**  
8% decrease QoQ  
10% decrease YoY



**Profit After Tax**  
**USD86 Million**  
23% increase QoQ  
54% decrease YoY

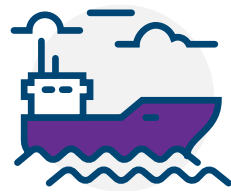


**Cash Flow from Operations\***  
**USD294 Million**  
48% decrease QoQ  
22% decrease YoY

Operationally, excluding one-off items, PAT and CFO are comparable YoY



**Sustainability-Linked Deal of the Year for Asia**  
*MISC's Sustainability-Linked USD527 million Senior Secured  
Term Loan for 6 VLECs*



**Maritime and Port Authority of Singapore's (MPA)  
Green Ship Programme (GSP)**  
*Seri Damai and Seri Daya certified as Green Ship*

*Note: QoQ represents Q3 2023 against Q2 2023  
YoY represents Q3 2023 against Q3 2022*

*\* Adjusted CFO*



# Q3 2023 Notable Updates



28 August 2023

AET delivered its first of three VLCCs, *Eagle Vellore* to Shell.



19 September 2023

Entered into a new partnership agreement with Nissen Kaiun Co. Ltd for the sale and charter of two existing LNG carriers.



30 October 2023

AET delivered its second of three VLCCs, *Eagle Ventura* to Shell.



30 August 2023

Secured an Approval in Principle (AiP) for their innovative Floating CO2 Storage Unit (FCSU).



22 September 2023

PETRONAS, MOL, and MISC invested in developing and monetising Liquefied Carbon Dioxide (LCO2) carriers.



31 October 2023

Entered into a binding Heads of Agreement (HoA) with Pengerang LNG (Two) Sdn Bhd for the supply, operation, and maintenance of an LNG FSU.



## Q3 2023 MERO 3: Project Progress

As of Q3 2023, the project has achieved an overall physical completion of 91.7%.

This progress encompasses the completion of Gas Turbine Generator C (GTG C) installation. There are a total of 4 GTGs (A,B,C, and D) for Mero 3. All GTGs have been installed and are being planned for commissioning/startup.



*FPSO Marechal Duque de Caxias (Mero 3)*

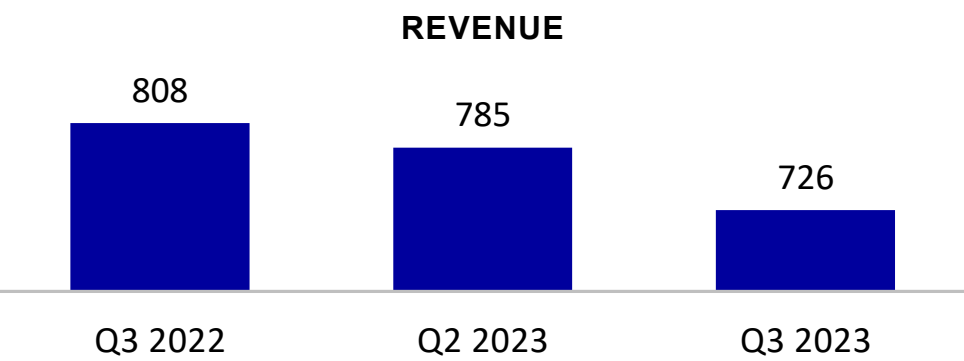




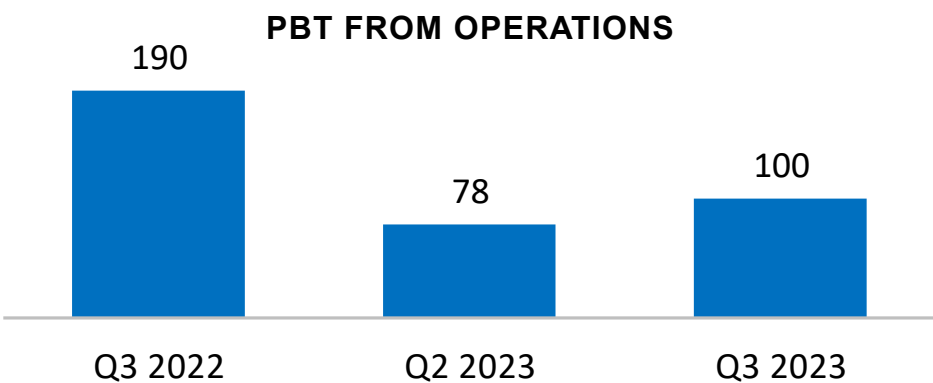
# FINANCIAL HIGHLIGHTS



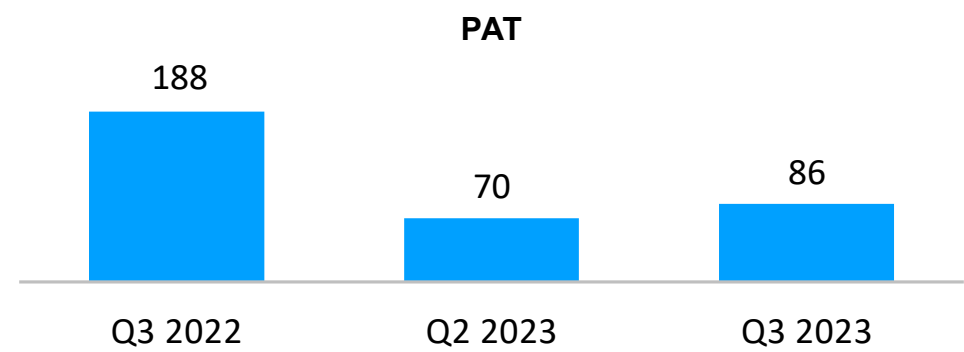
**Q3 2023: Lower YoY PAT mainly from lower construction gain for Project Mero 3, coupled with additional cost provisions in Offshore Business and Heavy Engineering segments, on top of one-off compensation received in corresponding quarter**



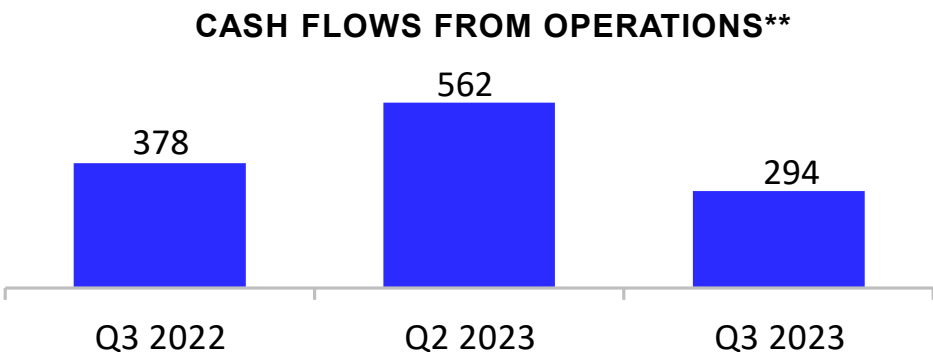
Lower YoY revenue mainly from lower construction revenue of Project Mero 3 in Offshore Business segment, partly offset by higher revenue from new and on-going Heavy Engineering projects



Lower YoY PBT from Operations mainly from one-off compensation received in corresponding quarter in Petroleum & Product Shipping segment and additional cost provisions from Offshore Business and Heavy Engineering segments in current quarter, coupled with lower construction gain from Project Mero 3.



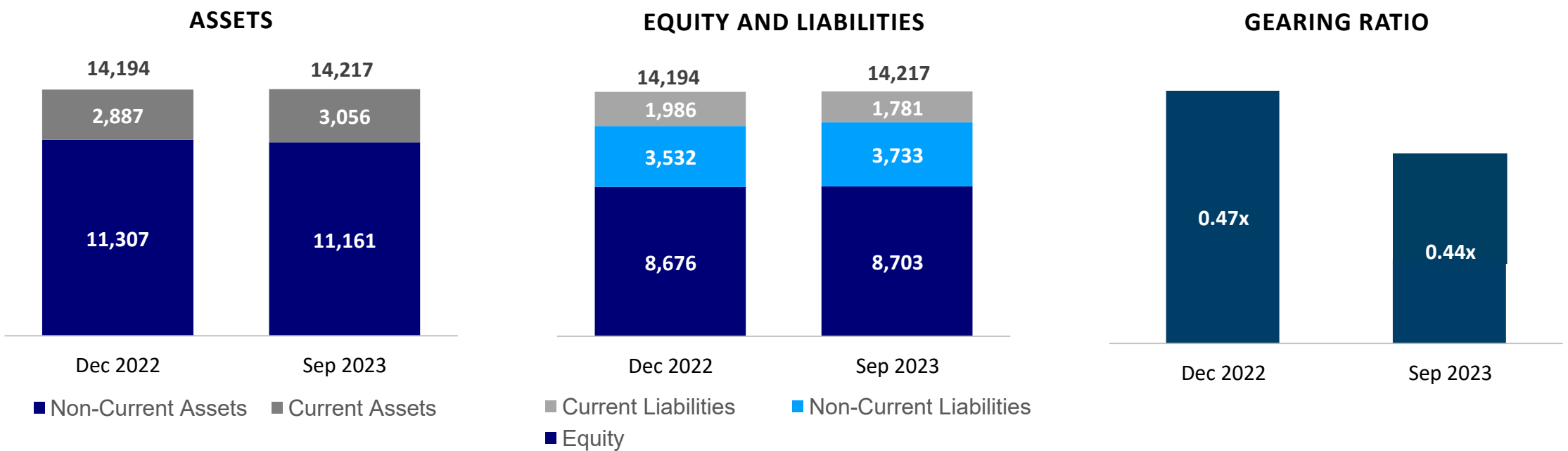
Lower YoY PAT from lower PBT from operations.



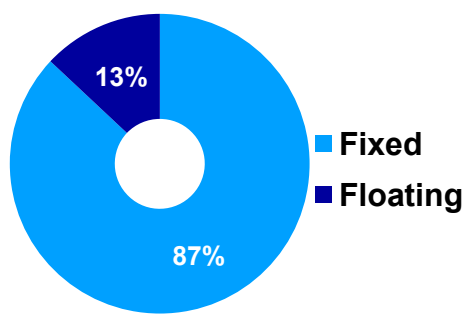
Lower YoY mainly from one-off compensation received in corresponding quarter, coupled with lower collections.



# Solid Balance Sheet With Prudent Risk Management



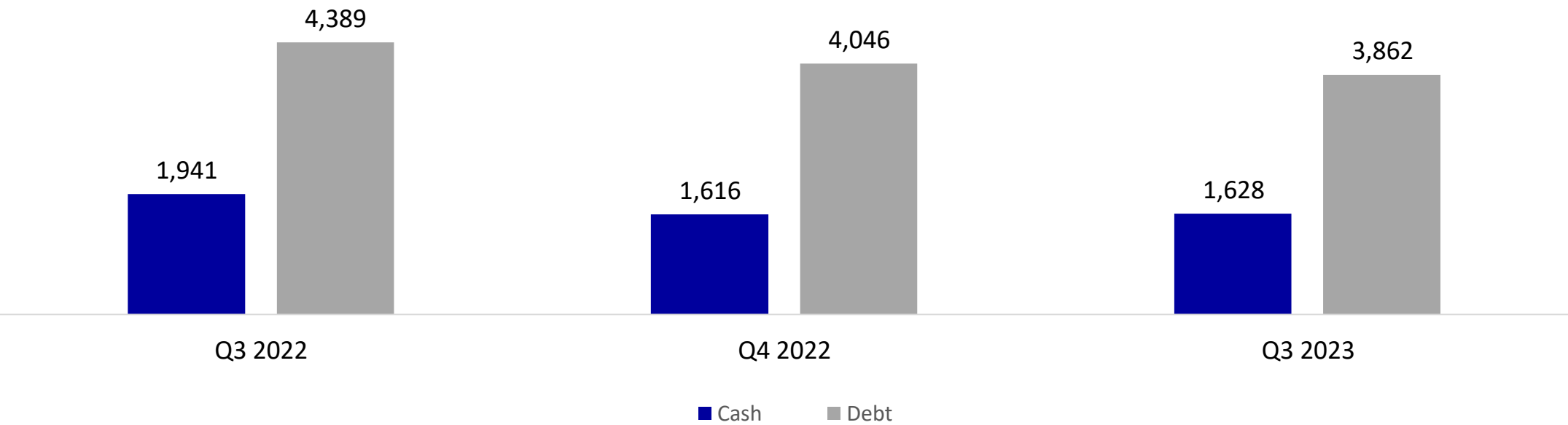
## DEBT COMPOSITION AS AT SEPTEMBER 2023



- ❖ The Group's total assets, total equity and total liabilities recorded marginal movements as compared to Dec 2022.
- ❖ Gearing ratio slightly reduced as a result of lower debt balance mainly due to repayments during the period.
- ❖ Marginally lower QoQ composition of fixed-rate debt of 87% (Q2 2023: 88%).

# Cash & Debt Balances

Sustainable cash balance



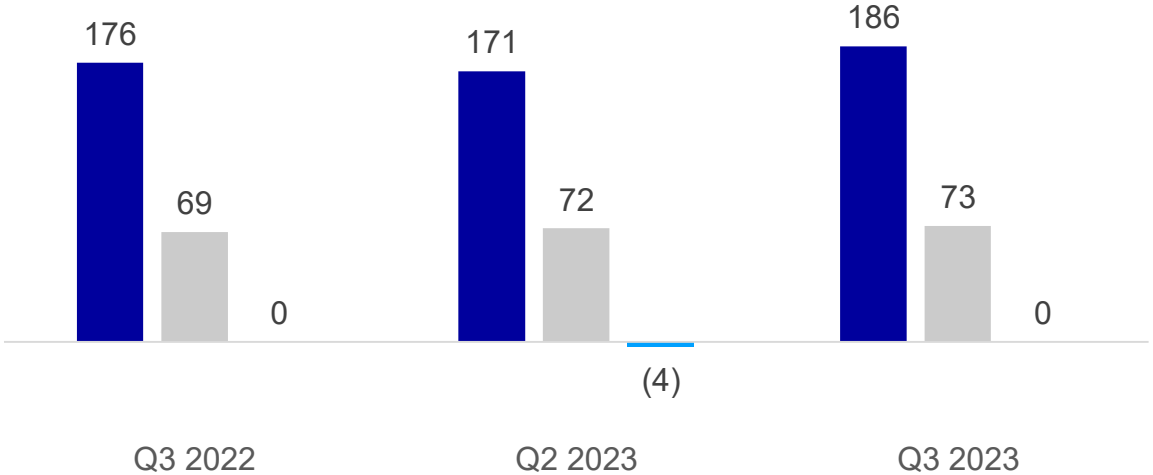
- ❖ Cash balance declined YoY mainly due to higher net repayments of borrowings, in addition to the one-off compensation received in Q3 2022. This was partly offset by the one-off prepayment received within the GAS Assets and Solutions segment in FY2023.
- ❖ Debt balance declined YoY mainly due to higher repayments of borrowings during the year.



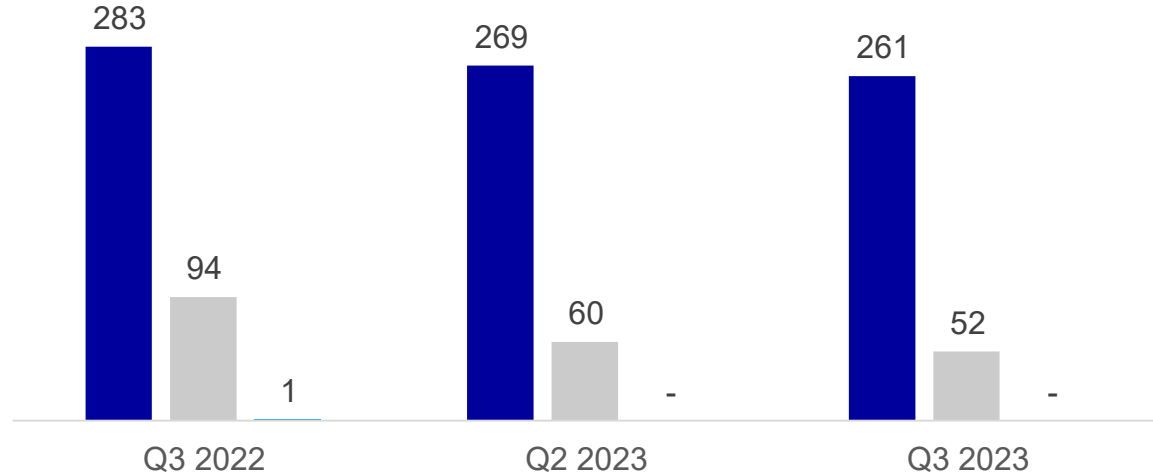


# Financial Performance By Business Segments

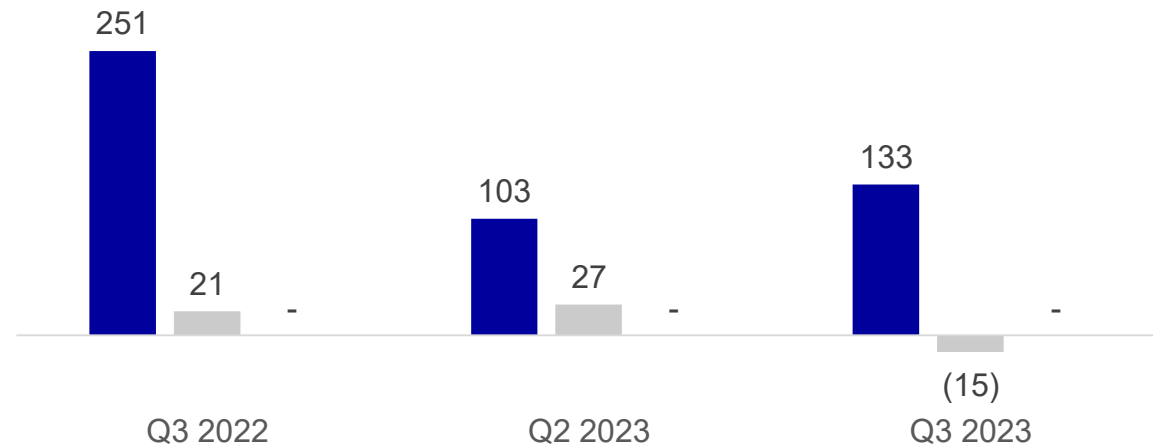
## GAS



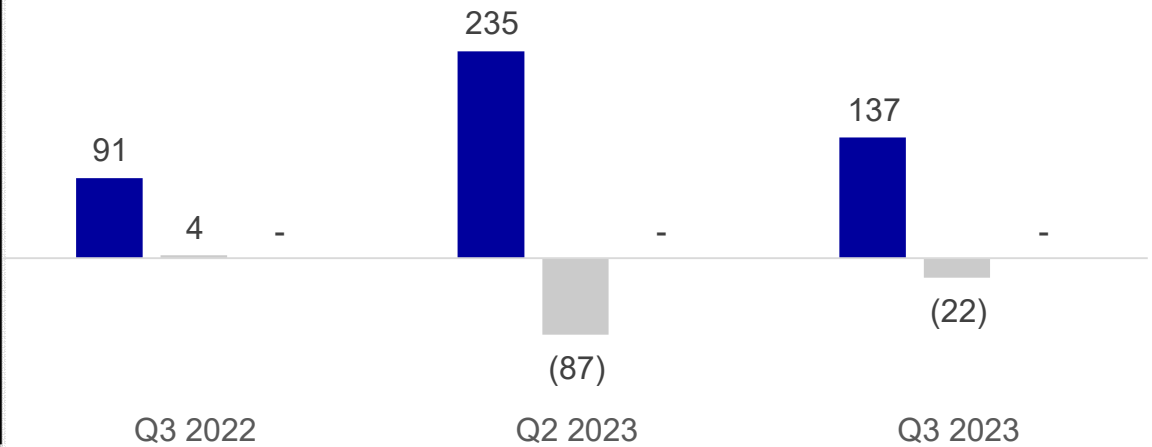
## PETROLEUM



## OFFSHORE



## HEAVY ENGINEERING

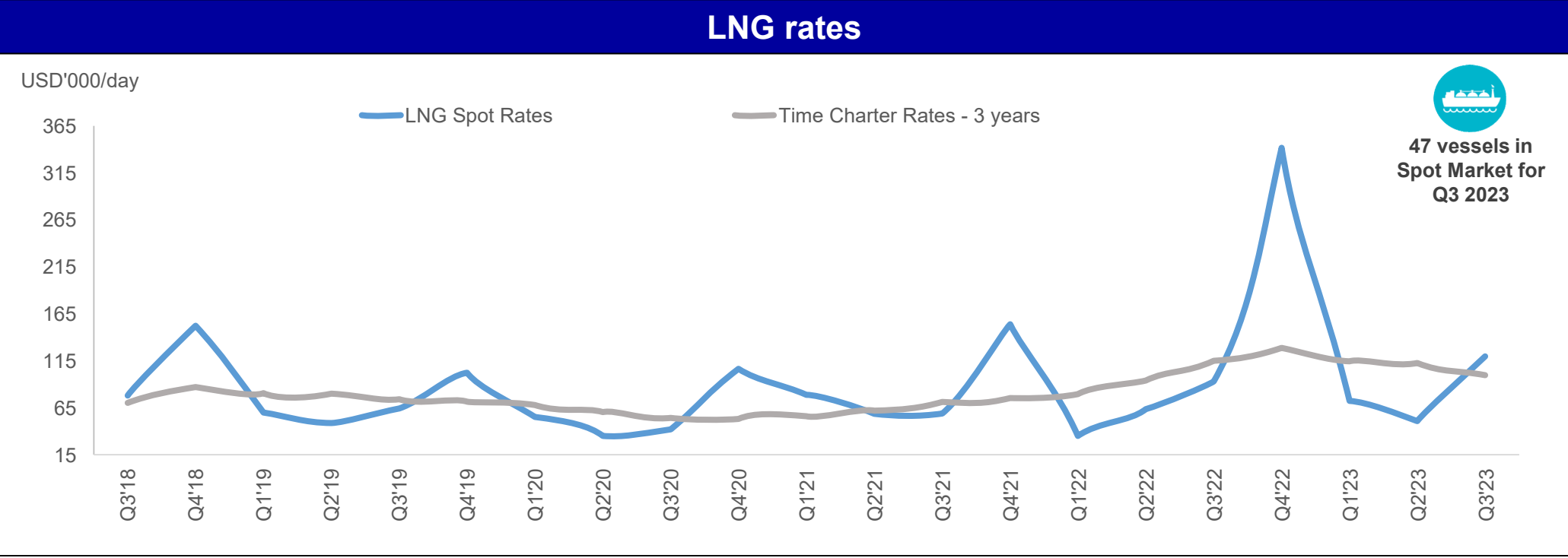




# MARKET ENVIRONMENT

# LNG Shipping

Spot rates continue to strengthen in Q3 2023, with positive prospects of winter season demand

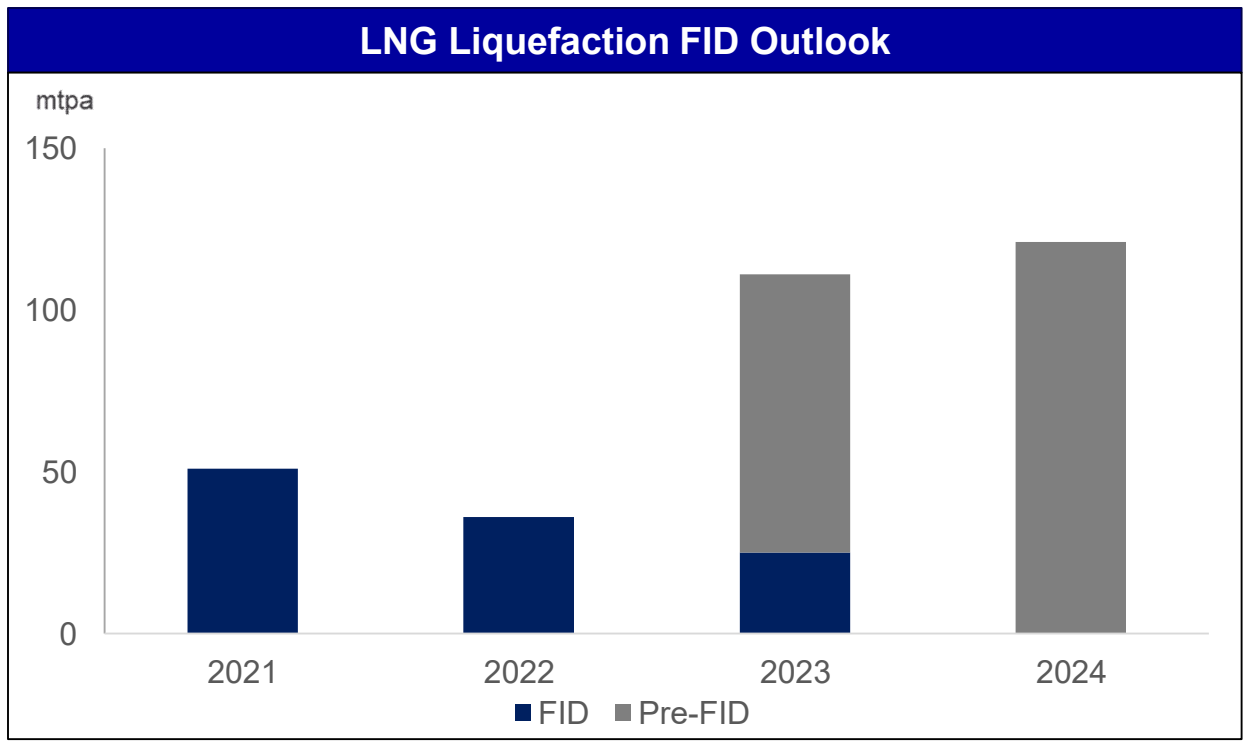


Source: Clarksons

- LNG spot rates continue to strengthen in Q3 2023, driven by rerouting of shipments through longer routes due to the geopolitical situation and seasonal demand.
- The prospects remain positive due to growing global LNG demand and additional LNG infrastructure investments.

# LNG Shipping

Positive FID outlook for LNG projects bodes well for fleet expansion

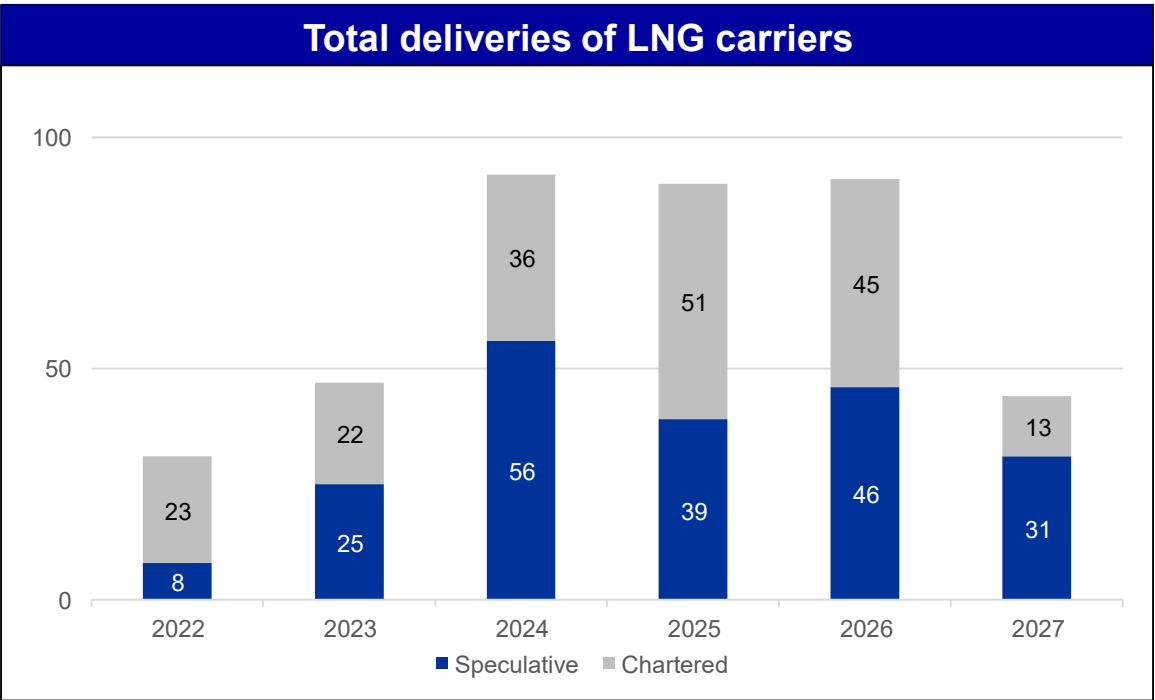
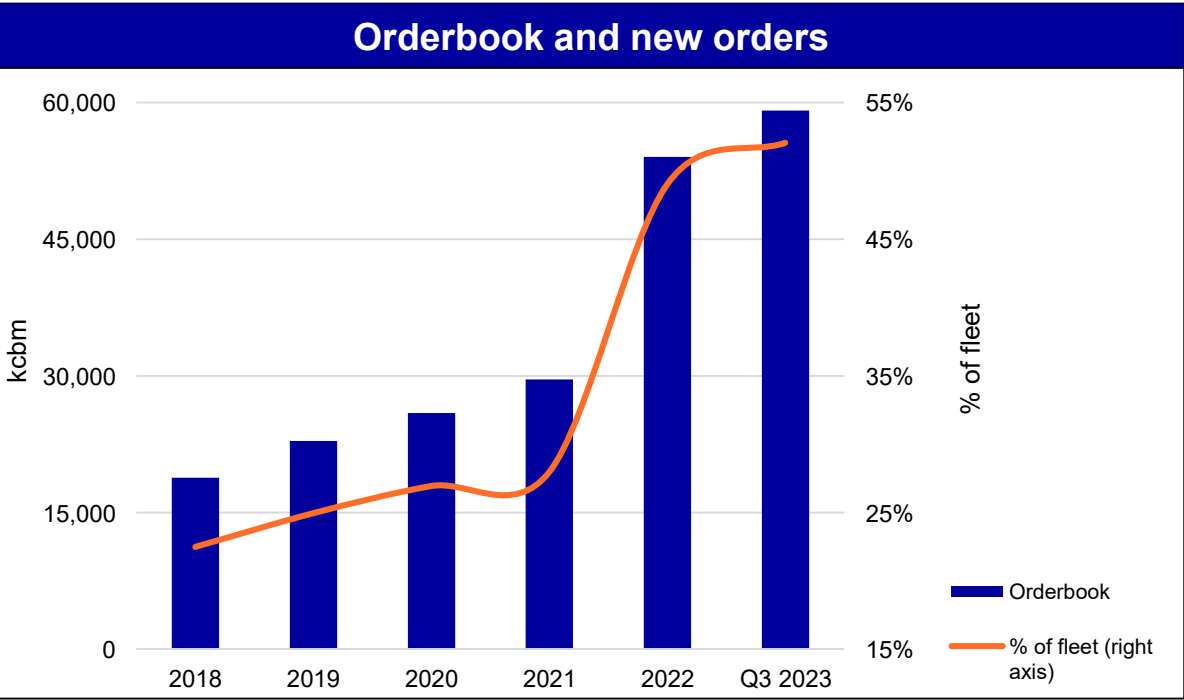


Source: Drewry

- Global liquefaction capacity is expected to increase, creating tight LNG shipping market supply during 2023-2024.
- FID outlook remains positive but will depend on the recession in the US, terms and conditions of contracts, and funding options.

# LNG Shipping

Surge in newbuilding orders amid strong LNG demand

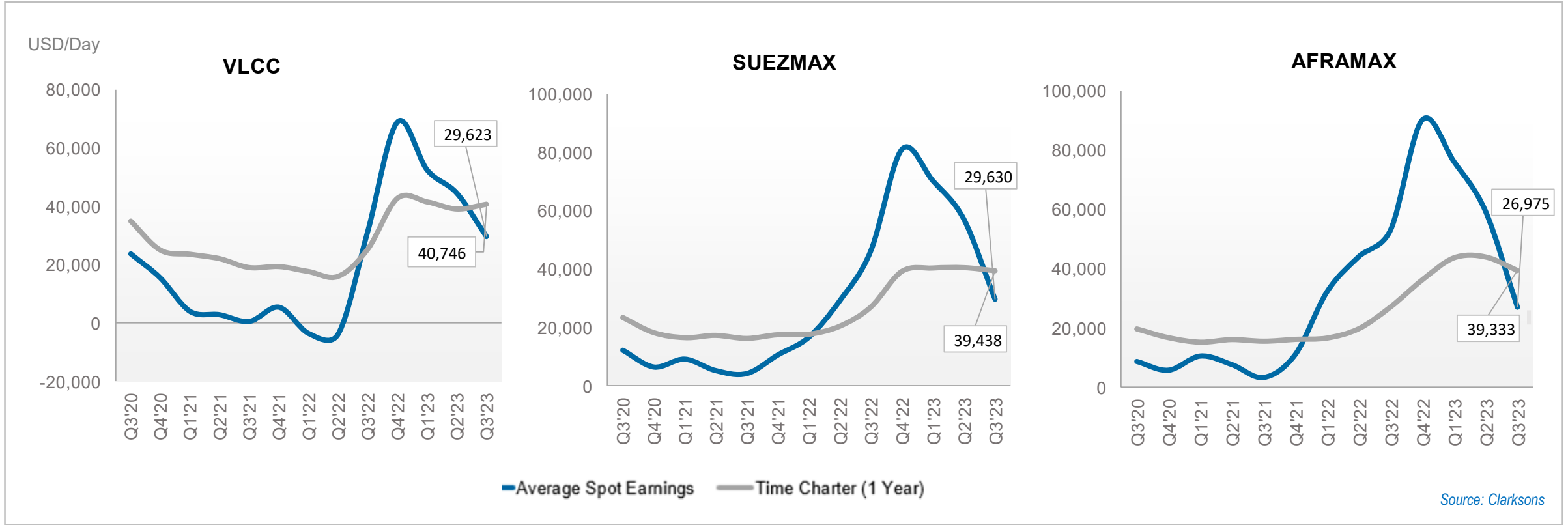


Source: Drewry and Woodmac

- As more planned liquefaction projects are expected to reach FID, newbuilding orders are expected to be robust in 2023.
- The tight shipbuilding capacity and high newbuild prices thus increasing shipping requirements in the future.
- In addition, the new emission regulations (EEXI and CII) will phase out older steam turbine vessels, leading to higher scrapping.

# Petroleum Shipping

Average tanker rates softened but expected to strengthen for the rest of the year

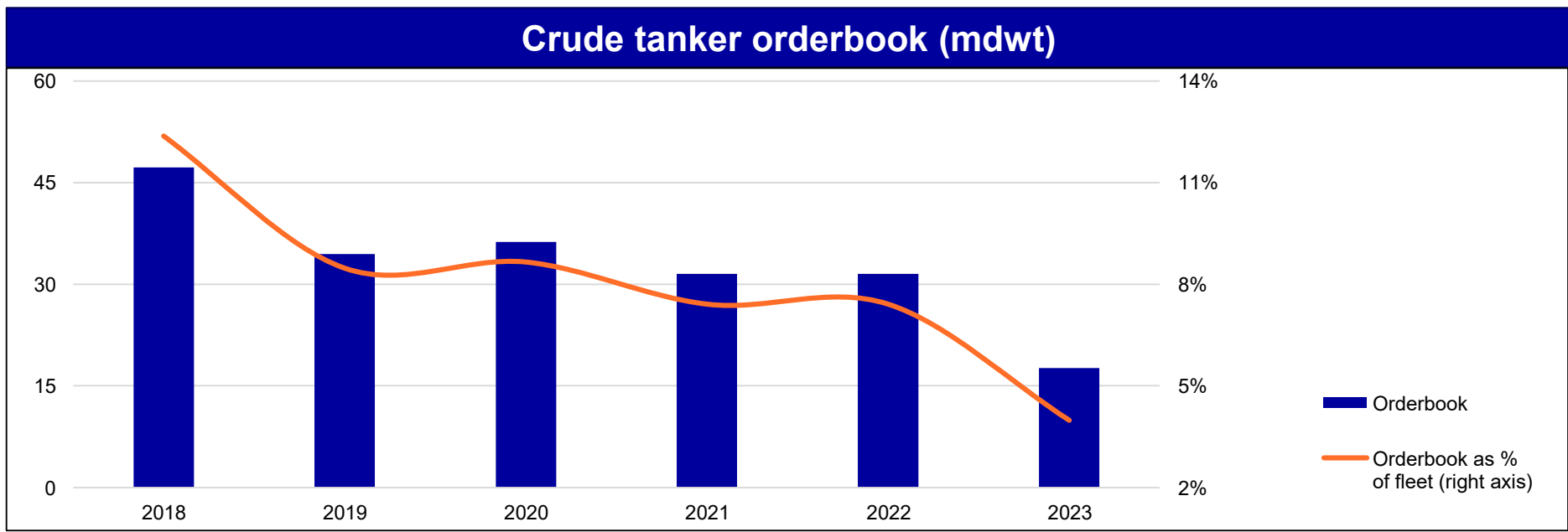


- Spot rates softened in Q3 2023 due to weak seasonal demand, autumn refinery maintenance, and surge in oil prices.
- Notwithstanding this, the overall tanker market outlook remains positive due to strong Chinese oil demand, firm Atlantic exports, acceleration in refinery runs and seasonal trends.



# Petroleum Shipping

Fleet growth to be subdued due to weak orderbook

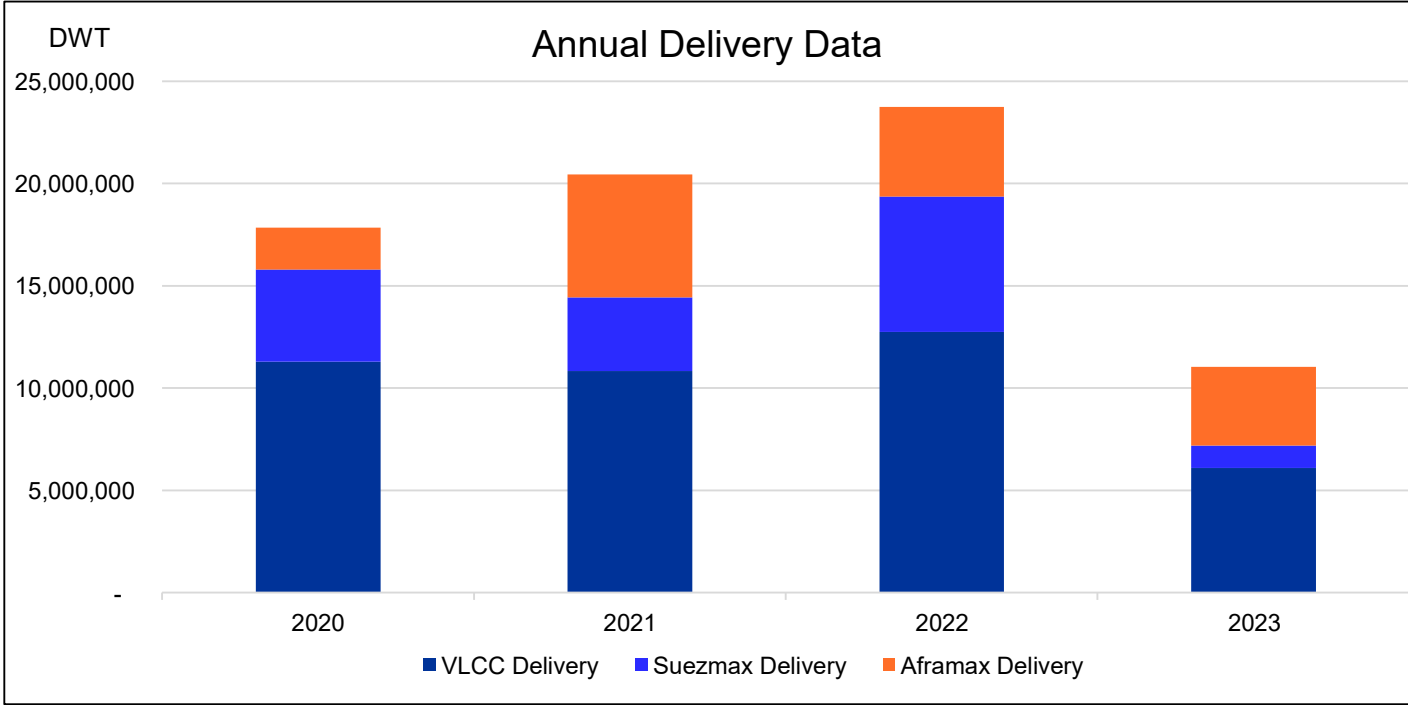


Note: Data as at Q3 2023 Source: Drewry

- 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.

# Petroleum Shipping

Fewer deliveries with zero pick-up in demolition activity

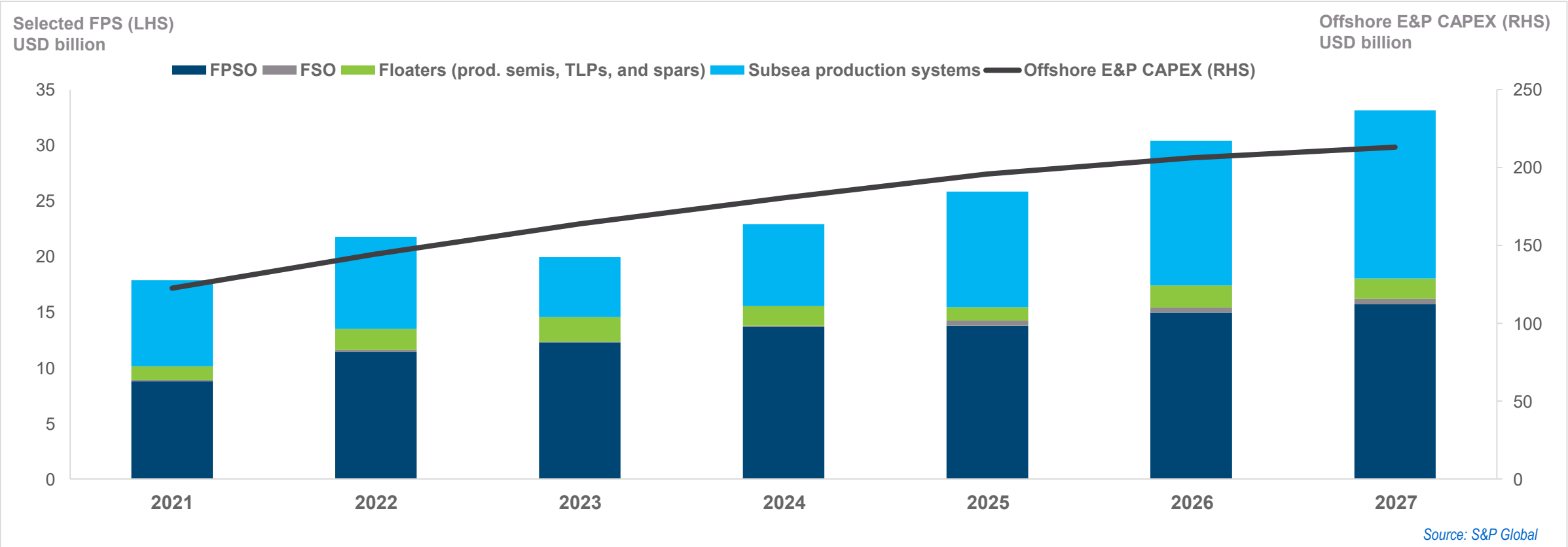


Source: Clarksons

- Tight tonnage supply is expected in the next two years due to the sharp decline in deliveries.
- No crude tanker has been scrapped since the start of the year as higher tanker earnings have discouraged shipowners from demolishing their vessels.

# Offshore

Continued steady growth in upstream CAPEX spending expected for 2023 and beyond






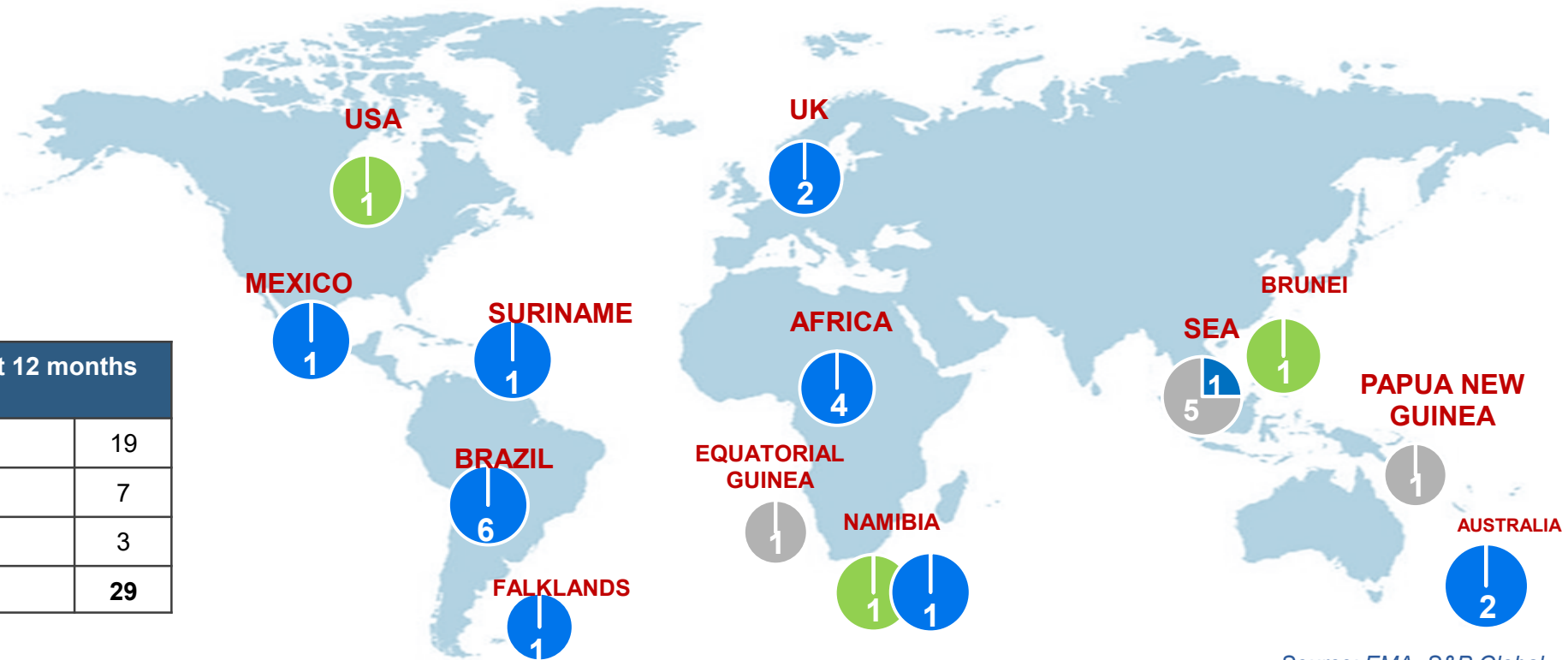
- Anticipated for the remaining of 2023, there is a projected uptick of 10% in Global offshore E&P capex expenditure.
- The increase in spending is directed towards drilling and well services, surface production facilities, and investment in new technologies.
- This uptrend momentum will generate a substantial upswing in the global FPSO market in the upcoming years. This will potentially lead to a higher number of FPSO awards especially coming from Latin America and the Asia-Pacific.

# Offshore

Upcoming greenfield FPSO projects are mainly concentrated in the Atlantic Basin



Expected Awards in the next 12 months (FPSO, FSOs and Semis)		
	FPSO	19
	FSO	7
	SEMI	3
Total		29



Source: EMA, S&P Global

- Demand for FPSOs is expected to stay firm within the next 12 months.
- Six projects from Brazil mainly for Petrobras, and two from Angola are expected to be awarded despite mixed macroeconomic signals.



# APPENDICES



## Adjusted Cash Flow from Operations (“CFO”)

	Q3 2022 USD Mil	Q2 2023 USD Mil	Q3 2023 USD Mil
CFO per Statutory Financial Reporting	159	519	219
<b>Add/(Less):</b>			
MFRS 16 lease payments*	(7)	(11)	(3)
Offshore construction work-in-progress**	195	52	79
Others and forex	31	2	(1)
<b>Adjusted CFO</b>	<b>378</b>	<b>584</b>	<b>294</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 30 September 2023, the YTD payment was USD273.1 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 of 30 September 2023

	Vessel Type	Total Vessel Operated	Owned	Chartered-In	Average Age (years)		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	11	11	--	9.0	11.4	2
	Suezmax	6	6	--	9.4	11.6	-
	Aframax	19	18	1	10.1	13.5	-
	LR2	2	2	--	6.3	10.4	-
	DPST	17	17	--	4.2	8.8	-
Chemical	Chemical	1	1	--	12.3	13.3	-
Subtotal		56	55	1	--	--	2
GRAND TOTAL		96	92	4	--	--	16**
Offshore	FPSO/FSO/SS	12	12	--	11.0	--	1

Note:

\* The first of the two vessels is expected to be delivered to Nissen Kaiun in Q4' 2023.

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

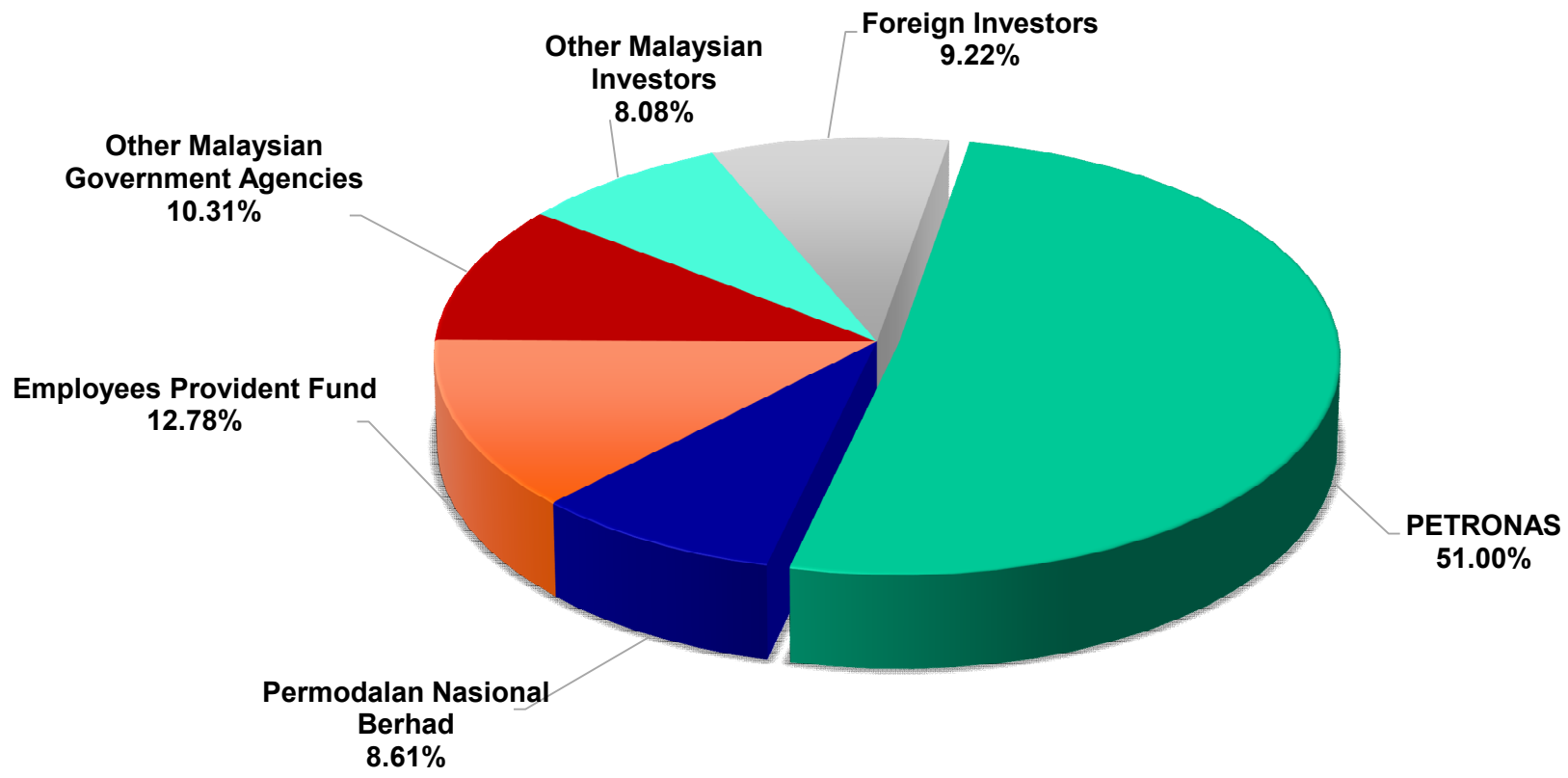
Schedule of Future Deliveries as of 30 September 2023



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

Note:  
\* AET delivered its second of three VLCCs, Eagle Ventura to Shell on 30 October 2023.  
\*\*2 LNGCs (for SeaRiver) and 8 LNGCs (for QatarEnergy).

# Shareholders' Profile as of 30 September 2023



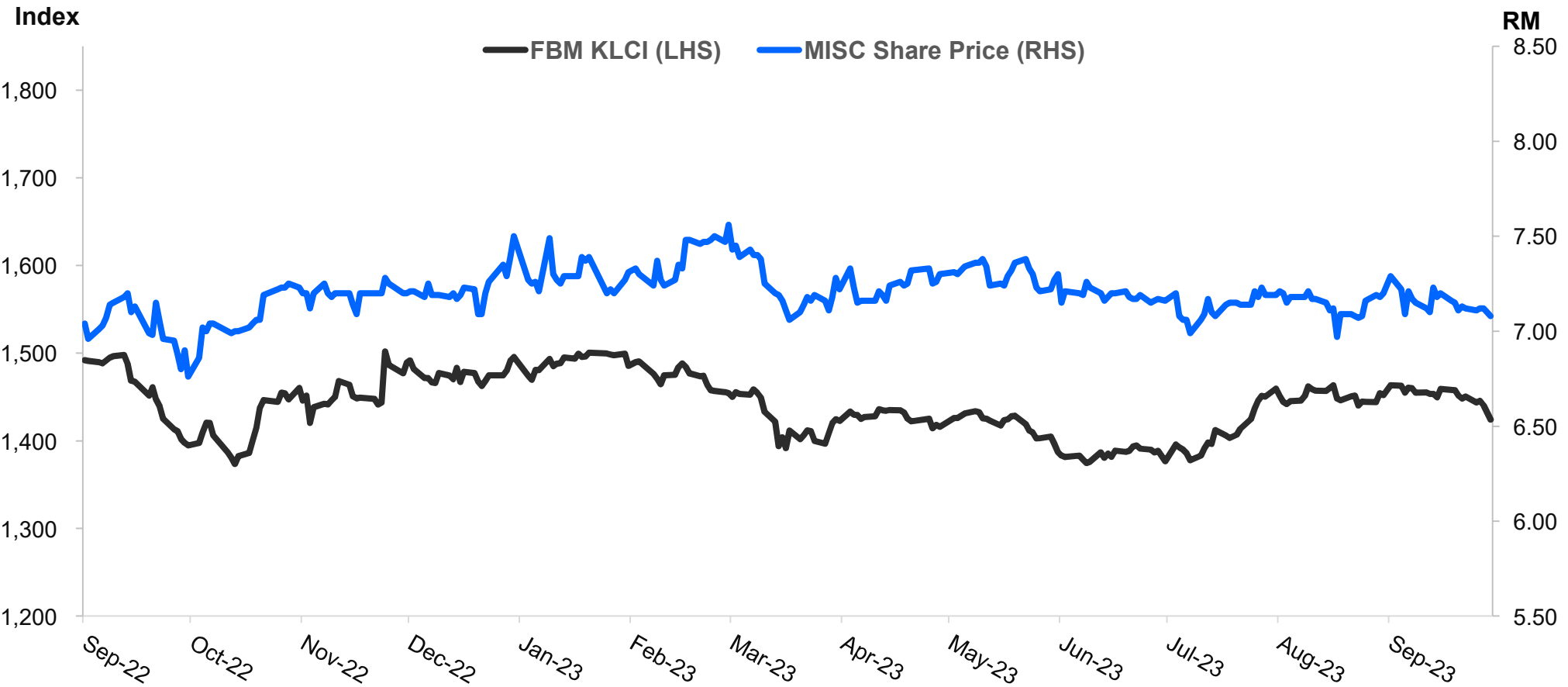


# MISC One Year Share Price Performance

Share Price	RM
3-months average	7.14
6-months average	7.19
12-months average	7.21
High for the year (28 Feb 23)	7.56
Low for the year (3 Oct 22)	6.86

Share Price :  
RM7.08 as of 29 September 2023

## MISC vs. FBM KLCI



# Q&A SESSION

THANK YOU