

# MISC 45<sup>th</sup> Annual General Meeting

20 May 2014

*Staying the Course, Driving Value*



# Disclaimer

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A world map is centered on the page, rendered in a light blue color. The map is overlaid on a dark blue background that features a grid of latitude and longitude lines. The grid lines are thin and light blue, creating a subtle pattern across the entire image. The map shows the outlines of all major continents: North America, South America, Europe, Africa, Asia, and Australia. The text "Economic and Industry Environment 2013" is superimposed over the map, centered horizontally and slightly above the vertical center. The text is in a bold, white, sans-serif font. The overall aesthetic is professional and data-oriented.

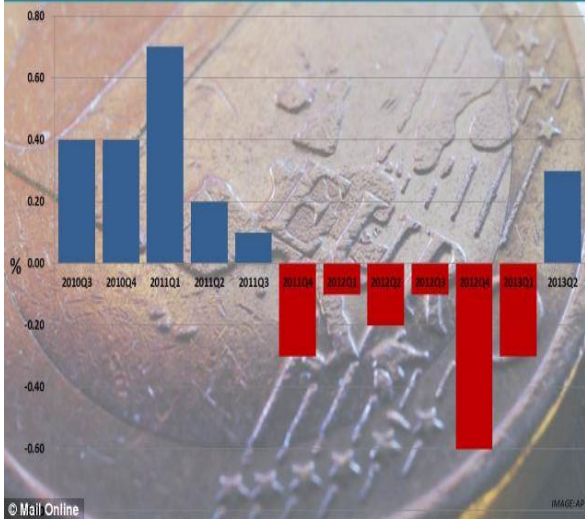
# **Economic and Industry Environment 2013**



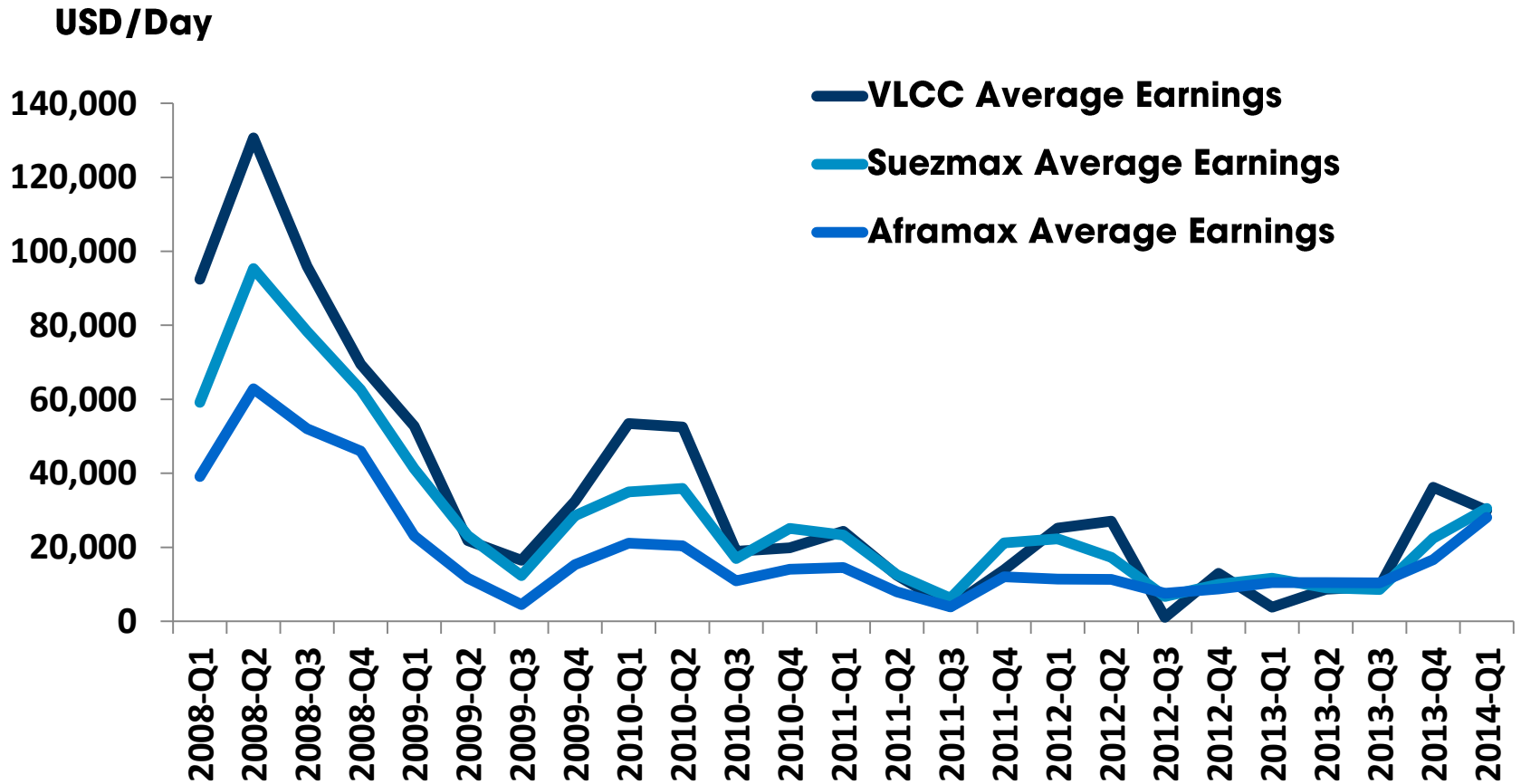
# 2013: The Year In Review



END OF THE LONGEST EVER EUROZONE RECESSION

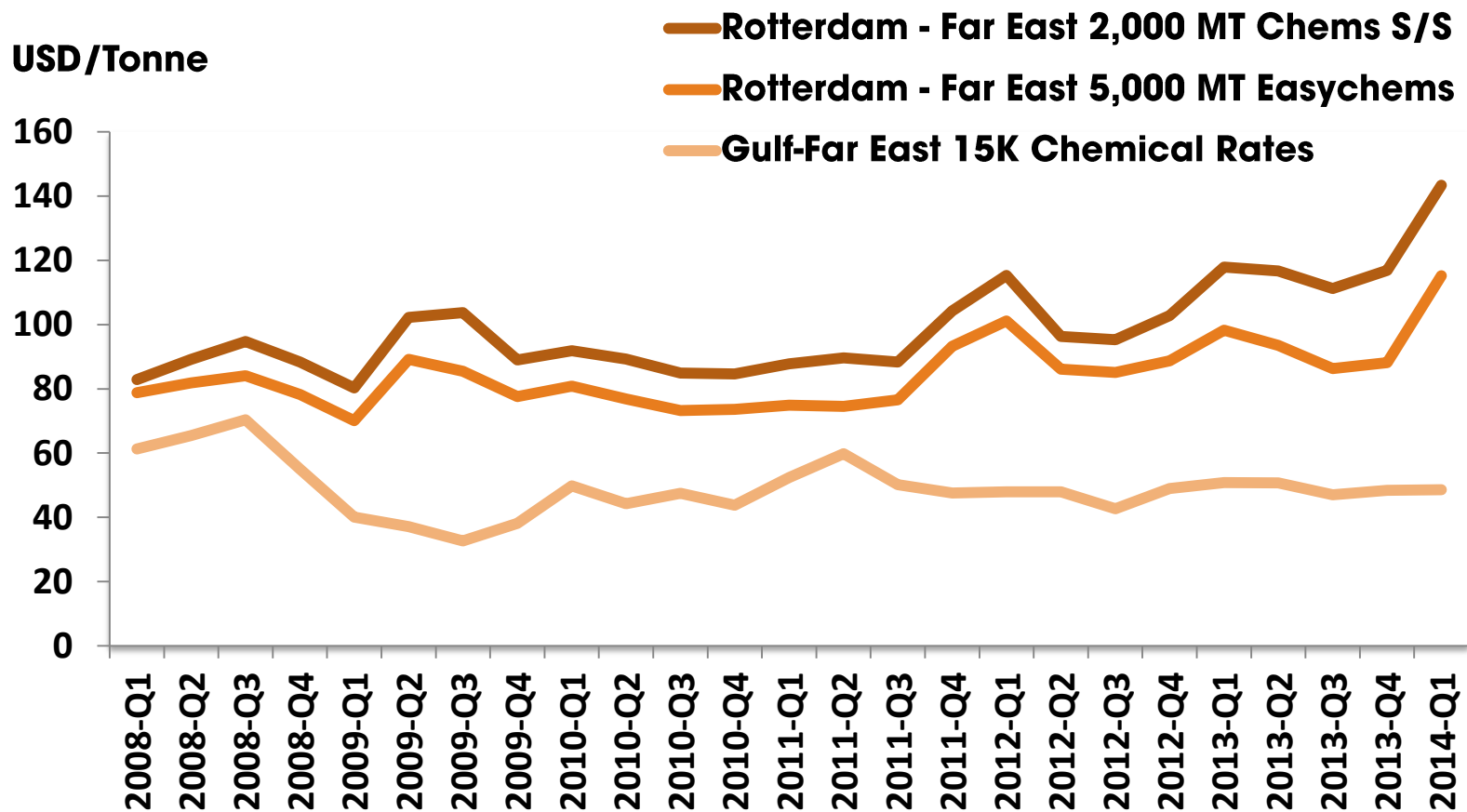


# Petroleum Tankers: Good Run



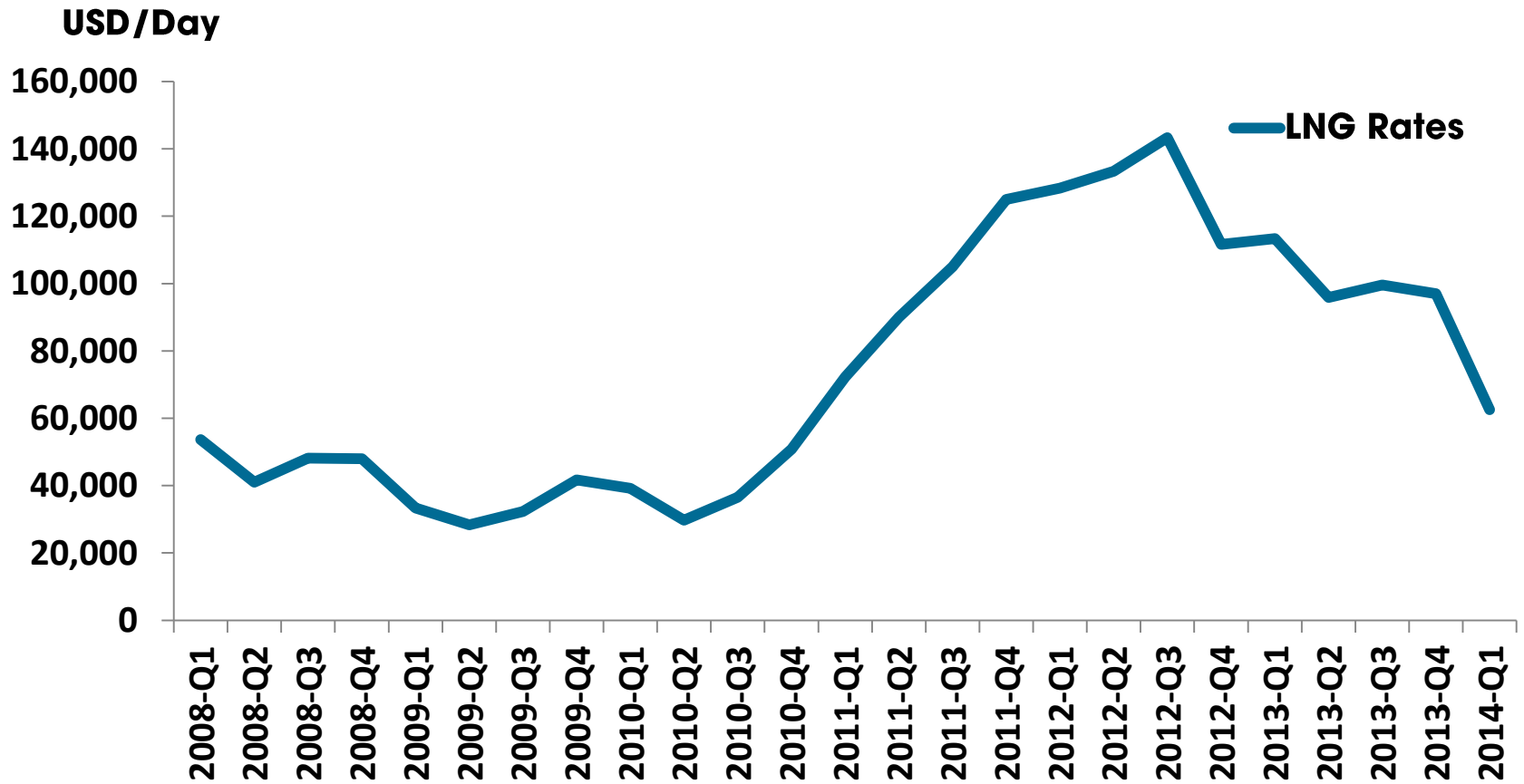
Source: Ship Brokers' Report, April 2014

# Chemical Tankers : Firm Demand



Source: Ship Brokers' Report, April 2014

# LNG Spot Rates : Softening



Source: Ship Brokers' Report, April 2014

# MISC BUSINESS OVERVIEW 2013







**Four years ago, we began a journey to re-build our financial and business resilience...**



# Business Portfolio Rebalancing Initiatives

## Rebuilding Financial Resilience

### Liner Business Exit

2011



2013



Fleet Optimisation

### Monetisation of Gumusut Semi-Sub FPS

2012



2014



Divestment of MILS

# FY2013 Highlights

## Rebuilding Financial Resilience



- Delivery of Gumusut Semi-Sub FPS and recognition of profit.
- Siakap North-Petai project (tie-back to FPSO Kikeh) and recognition of profit.
- Delivery of 4 new eco-friendly VLCCs.
- Fleet optimisation.
- Award of contracts for TLP Malikai and SK-316 projects to MHB

**FINANCIAL HIGHLIGHTS FOR  
FINANCIAL YEAR ENDED 31 DECEMBER  
2013**

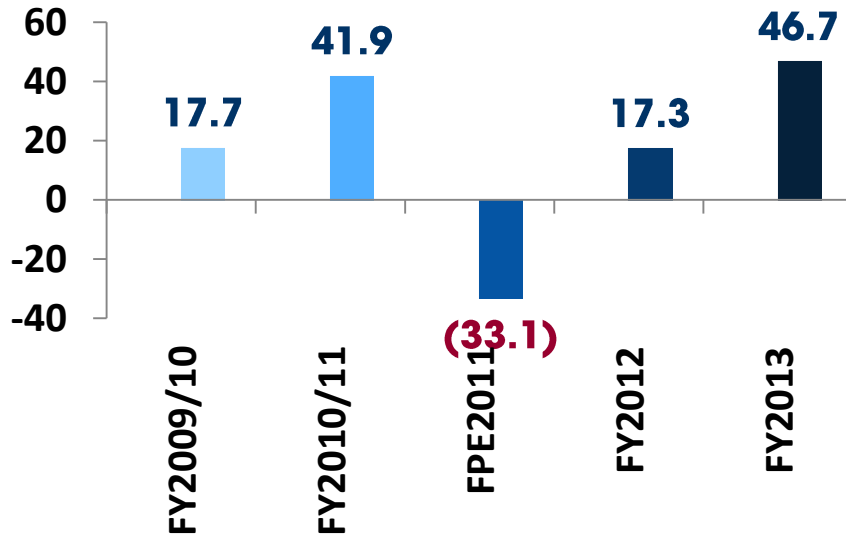




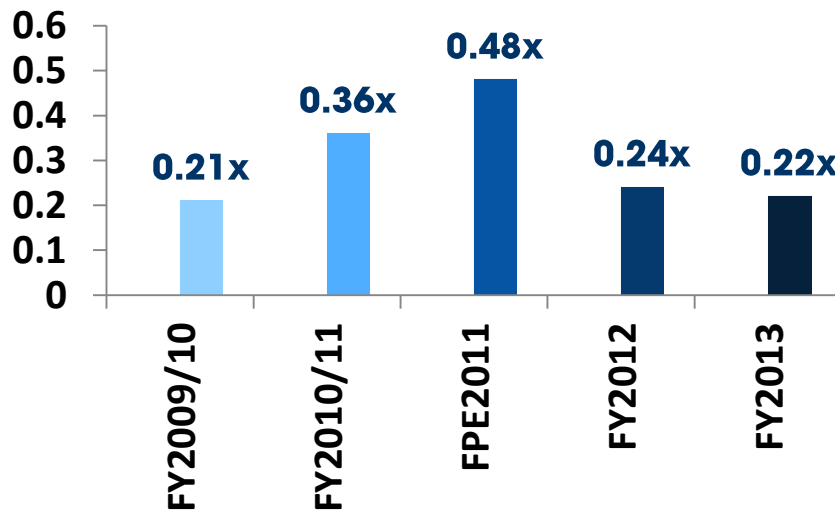
# Improved Financial Strength

## Enhancing Shareholder Value

Earnings/(Loss) Per Share (Sen)



Net Debt to Equity Ratio (Times)



## Increased Earnings per Share

- Incurred loss per share in \*FPE 2011 during the worst of the shipping down cycle and Liner exit.
- Portfolio rebalancing initiatives led to improving profitability reflected in increasing earnings per share.

## Reduced Debt Levels

- Monetisation of assets to pare down debt levels.
- Bolstered balance sheet strength with low net debt to equity ratio of 0.22x.

\*FPE – 9-month Financial Period Ended 31 December

# Key Financial Highlights for Financial Year Ended 31 December 2013

Revenue\* : RM 8.97 billion

Profit Before Taxation\* : RM 2.23 billion

Total Assets : RM 40.23 billion

Shareholders' Equity : RM 24.71 billion

*\*Continuing and Discontinued Operations*



# Dividends



- The Board is proposing a final tax exempt dividend of 5.0 sen per share totalling RM223.2 million for the financial year ended 31 December 2013.



- The proposed final tax exempt dividend is made after careful consideration of the future funding requirements of the Group.

# OUTLOOK 2014





# FY2014 - The Shipping Industry

## Gradual Improvement

- Brighter economic climate in 2014 compared to 2013 with less headwind.
- Greater degree of oversupply in LNG and chemical segments in the short term.

Vessel Type	Existing Vessels	World Fleet Capacity % Increase/Decrease			
	2013	2014	2015	2016	2017
LNG ('000 cbm.)	53,587	10.1% ↑	4.0% ↑	4.2% ↑	2.4% ↑
Petroleum ('000 dwt)	413,578	4.2% ↑	2.9% ↑	3.9% ↑	0.7% ↑
VLCC (200-300,000 dwt)	189,665	4.8% ↑	2.0% ↑	6.1% ↑	1.0% ↑
SUEZMAX (120-199,999 dwt)	74,160	4.8% ↑	2.2% ↑	0.6% ↑	0.0% ↔
AFRAMAX (80 - 119,999 dwt)	68,840	1.5% ↑	1.9% ↑	1.0% ↑	0.8% ↑
Chemical ('000 dwt)	82,917	7.9% ↑	6.4% ↑	1.7% ↑	0.2% ↑

Source: Ship Brokers' Report, April 2014

- New breed of ship owners and investors in the shipping sphere.
- 2014 could prove to be an inflection point for freight rates. However, LNG shipping will remain soft in the short term.
- High oil price continues to support aggressive offshore investments.
- Shale oil and gas development is rapidly changing demand and supply dynamics as well as trade lanes.

# FY2014 - The Year Ahead

## New Capacity for Growth



### MISC Berhad

- Reposition for growth.
- Value building in existing businesses.
- Value creation by expanding in growth areas that will provide recurring long-term income.
- Continuing business portfolio optimisation to ensure greater resilience.
- Prudent financial management and capital resource allocation.

**THANK YOU**

