



# MISC 50<sup>th</sup> Annual General Meeting

24 April 2019



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# MISC Berhad – A Global Shipping Conglomerate



50 years of proven experience in delivering energy related maritime solutions and services

Among the world's  
**TOP 3**  
shipping conglomerates  
by market capitalisation at  
**USD7.4 billion**



One of the  
**Top 5**  
offshore  
asset  
owners

**Second largest**  
single  
owner/operator  
of LNG carriers



**Moody's  
Investors Service**

**Strongest**  
credit rating  
in marine  
transport sector



**S&P  
Global Ratings**



One of the  
**largest  
drydocks**  
in Southeast Asia with  
**2 drydock**  
facilities



**Second largest**  
owner  
of Aframax tankers

# Four Core Businesses Providing Energy Related Maritime Solutions & Services



## LNG ASSET SOLUTIONS

- Owns 29 LNG vessels and 2 Floating Storage Units (FSU)
- Delivers LNG to global customers



## PETROLEUM SHIPPING

- Owns/operates 89 tankers
- Transports crude oil, petroleum products and chemicals, includes specialist services such as Dynamic Positioning Shuttle Tankers (DPST), Modular Capture Vessels and lightering business



## OFFSHORE

- Owns 15 FPSO, FSO and other floating assets
- Provides offshore solutions that cater for marginal, conventional and deepwater field production



## MARINE & HEAVY ENGINEERING

- Owns one of the largest drydocks in Southeast Asia with 2 drydock facilities
- Provides integrated and complex heavy engineering services, marine repair and conversion solutions

# Supported by Three Key Enablers



## INTEGRATED MARINE SERVICES

- Ship management arm of MISC
- Provides ship management and operation services to operate LNG, petroleum and product fleets globally as well as project management for MISC newbuilds



## PORT & TERMINAL SERVICES

- Centre of excellence for port & terminal services
- Provides marine assurance and compliance, port and terminal operations, management and consultancy services



## MARITIME EDUCATION & TRAINING

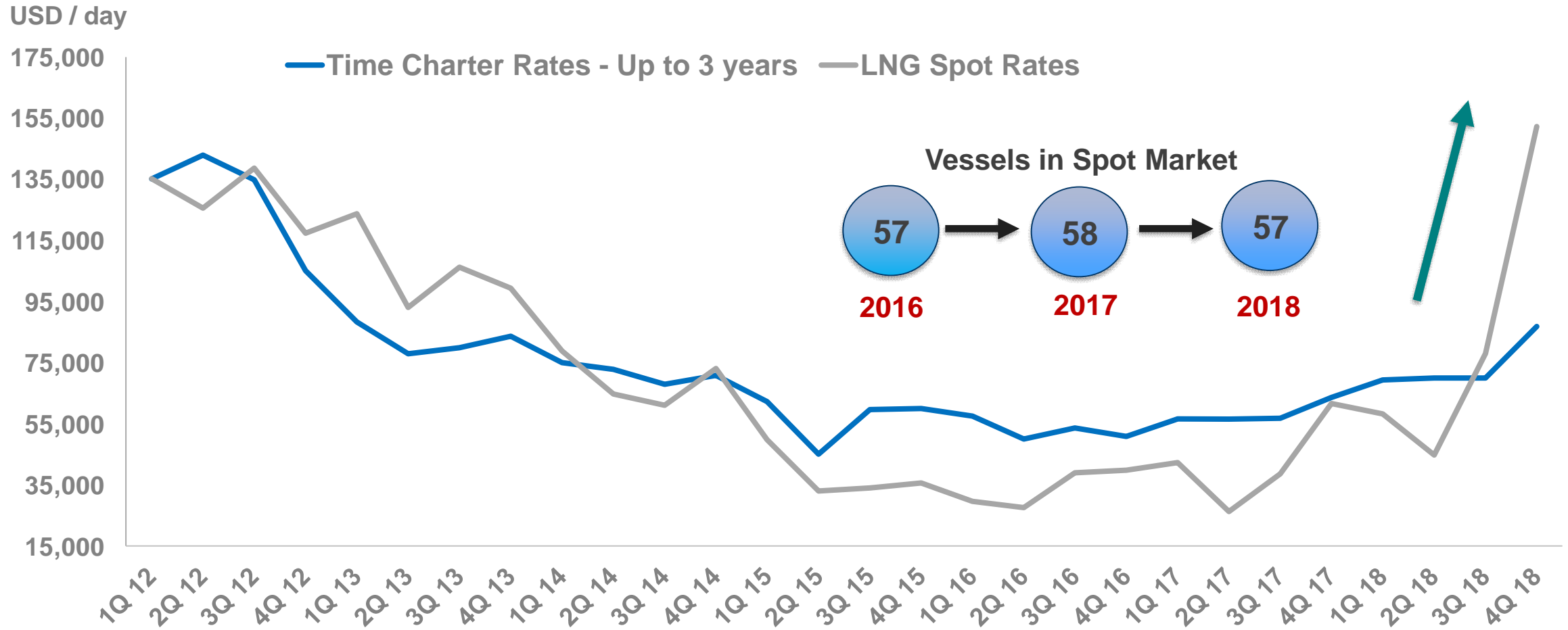
- Training institution mainly for seafarers as well as offshore platforms and shipping industry
- Offers wide range of courses such as pre and post-sea nautical and marine engineering programmes, as well as research and consultancy services

# 2018 IN REVIEW



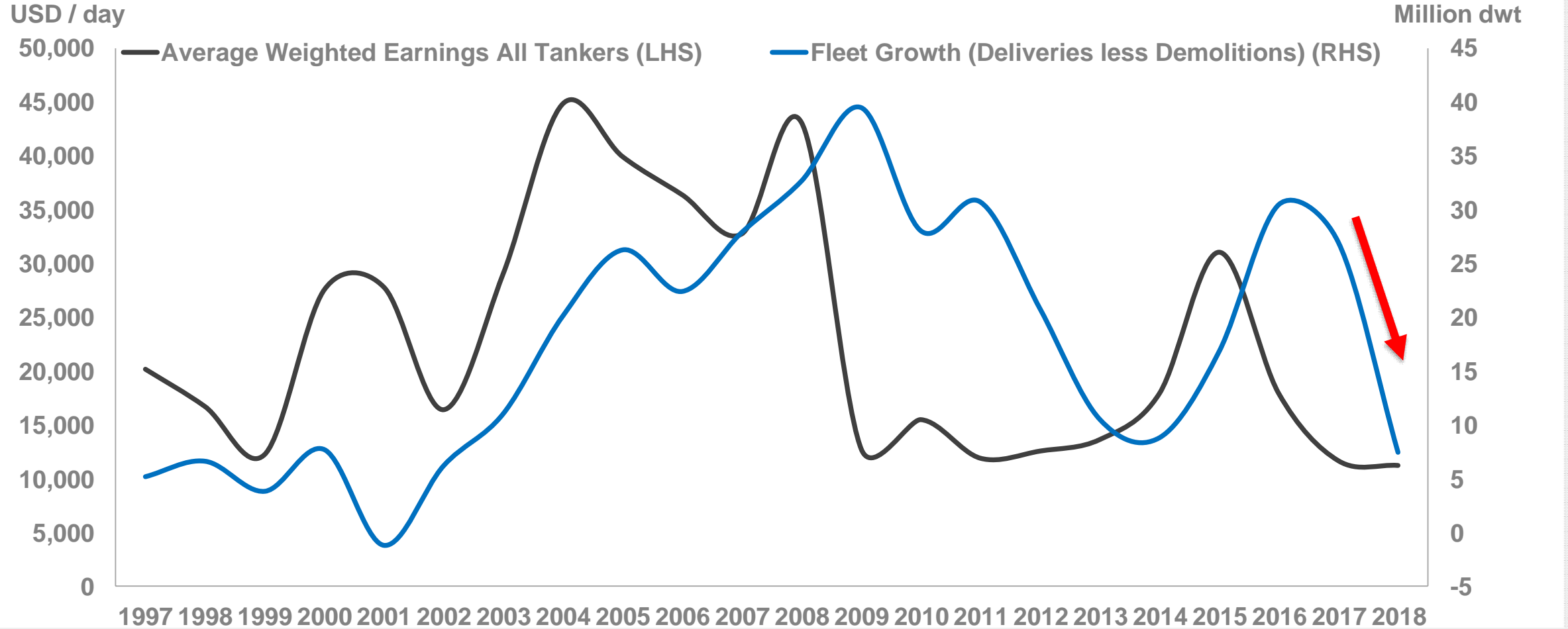
# LNG Spot Rates on Historic Winter Run Towards Year End

## LNG Charter Rates



# Crude Tanker Earnings Hit One of the Worst Years in Recent History

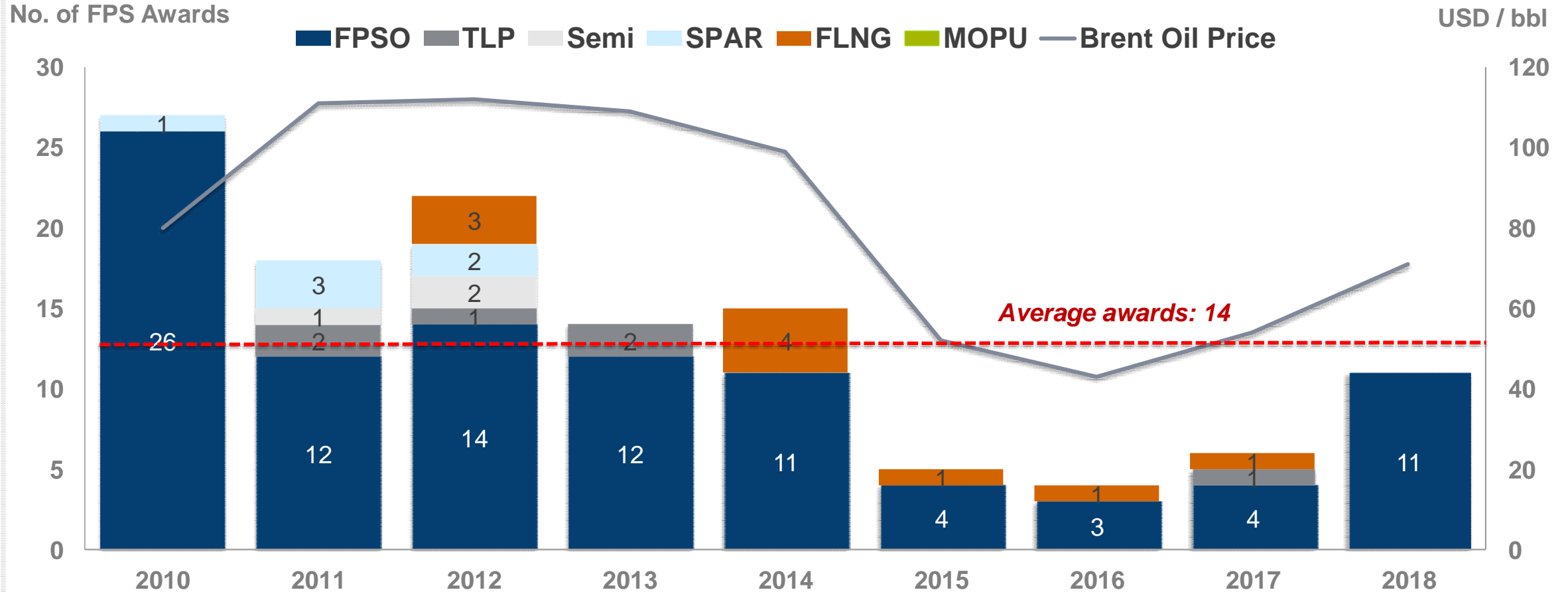
## Average Crude Tanker Earnings versus Fleet Growth





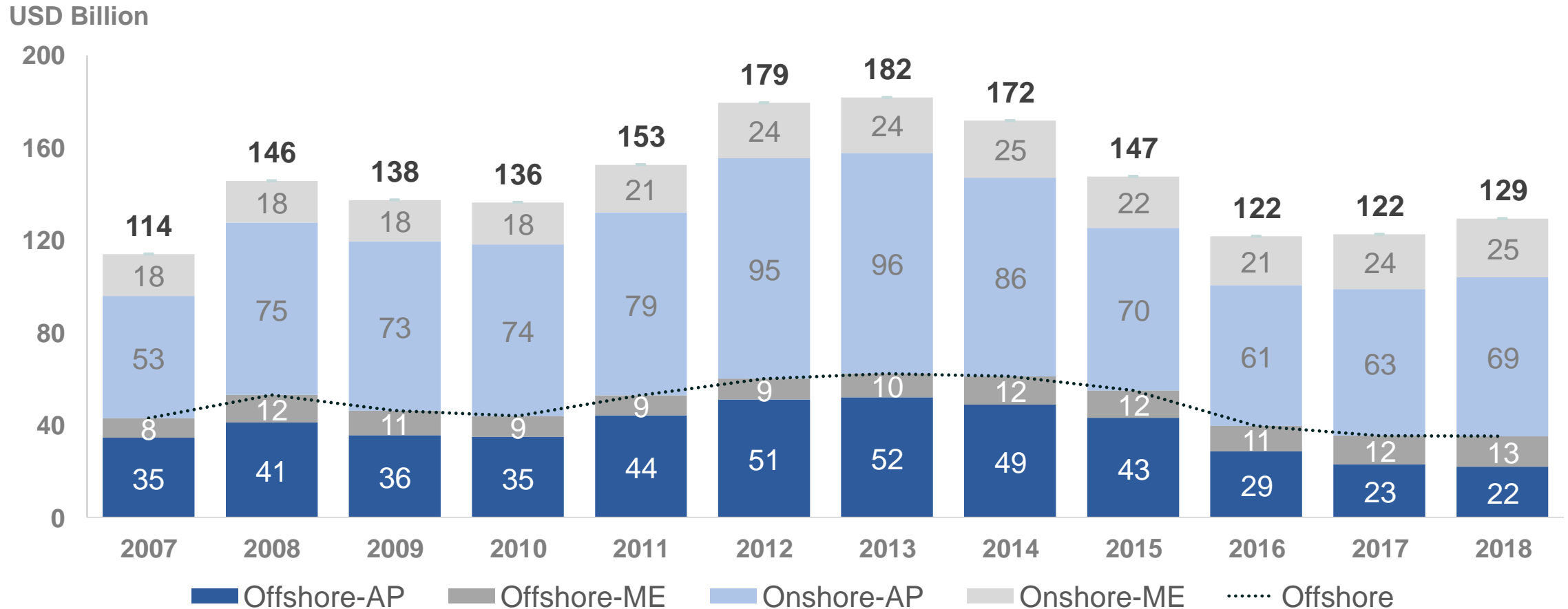
# Recovery in Contract Awards for Floating Production System

## Global Floating Production System (FPS) Awards



# Slower Recovery in Exploration & Production CAPEX Spending

## Asia Pacific (AP) & Middle East (ME) Exploration & Production (E&P) CAPEX Spending



# A Year of Mixed Performance

**Tsakos Energy (TNP) Reports Q4 Loss Misses Revenue Estimates**

Exmar swings to loss as Tango FLNG is yet to start operation

Sembcorp Marine announces full-year net loss of \$74m

**Teekay LNG's 2018 profit slumps**

K Line hit with \$448m in losses from charter contract cancellations

Golar LNG posts fourth-quarter loss

**Euronav losses widen in fourth quarter**

**Bumi Armada sinks into the red**

Negative result comes as Malaysian company also reveals change in leadership

**SBM Offshore adds to firepower as profit piles up**

"The market is growing; a new cycle is coming up," chief executive Bruno Chabas said

**Maersk positive on global container shipping despite Q4 miss**

Teekay Corp Narrows Loss amid Stronger LNG, Crude Tanker Markets

**Keppel reverses losses to post S\$135m Q4 profit**

**Tanker rate spike pushes Sovcomflot back to profit in fourth quarter**

**Sapura back in the black**

One-off gain from partnership with OMV sees Malaysian player return to profit

**Nakilat eyes more expansion as profit rises**

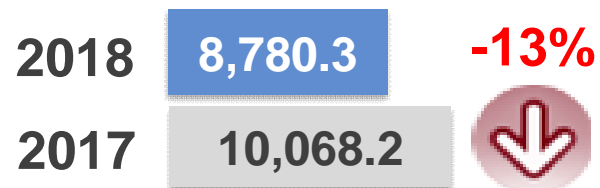
Qatari owner wants to diversify after adding shares in two LNGCs and an FSRU.

# FINANCIAL HIGHLIGHTS



# Financial Highlights FY2018 – Difficult Market Conditions

## Revenue



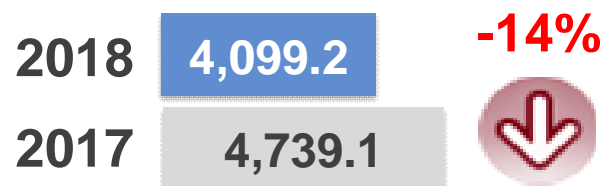
## Operating Profit



## Profit Before Tax

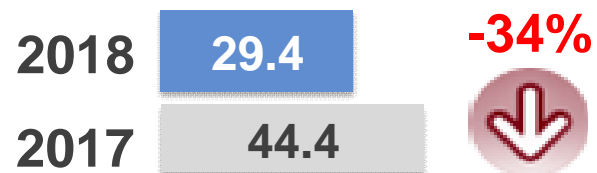


## Net Operating Cash Flow



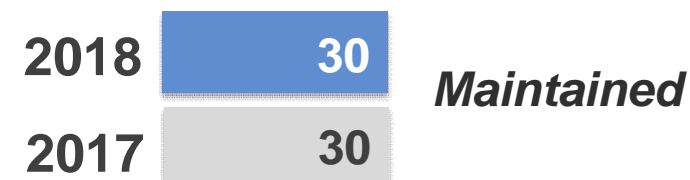
## Earnings Per Share

(Sen)



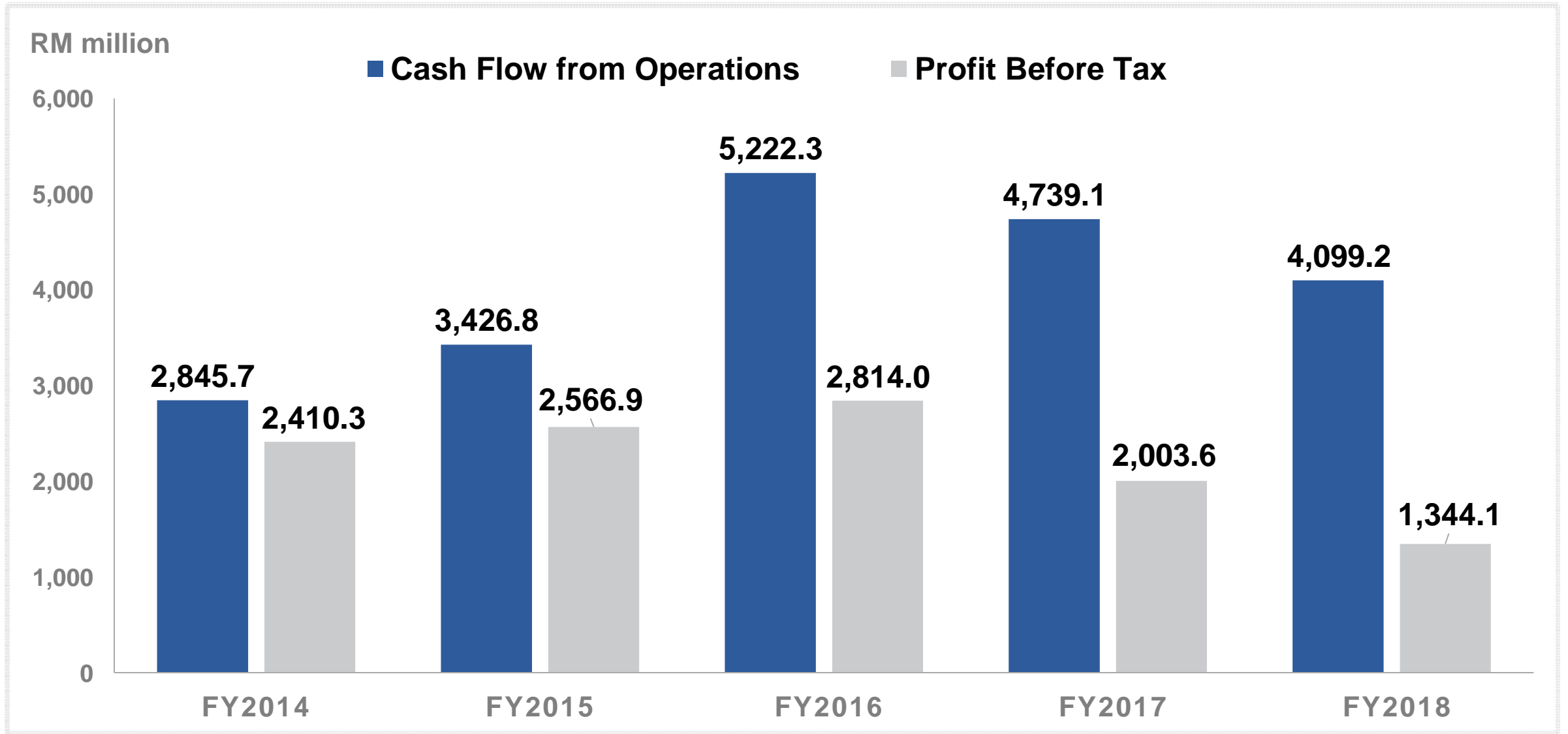
## Dividends Per Share

(Sen)

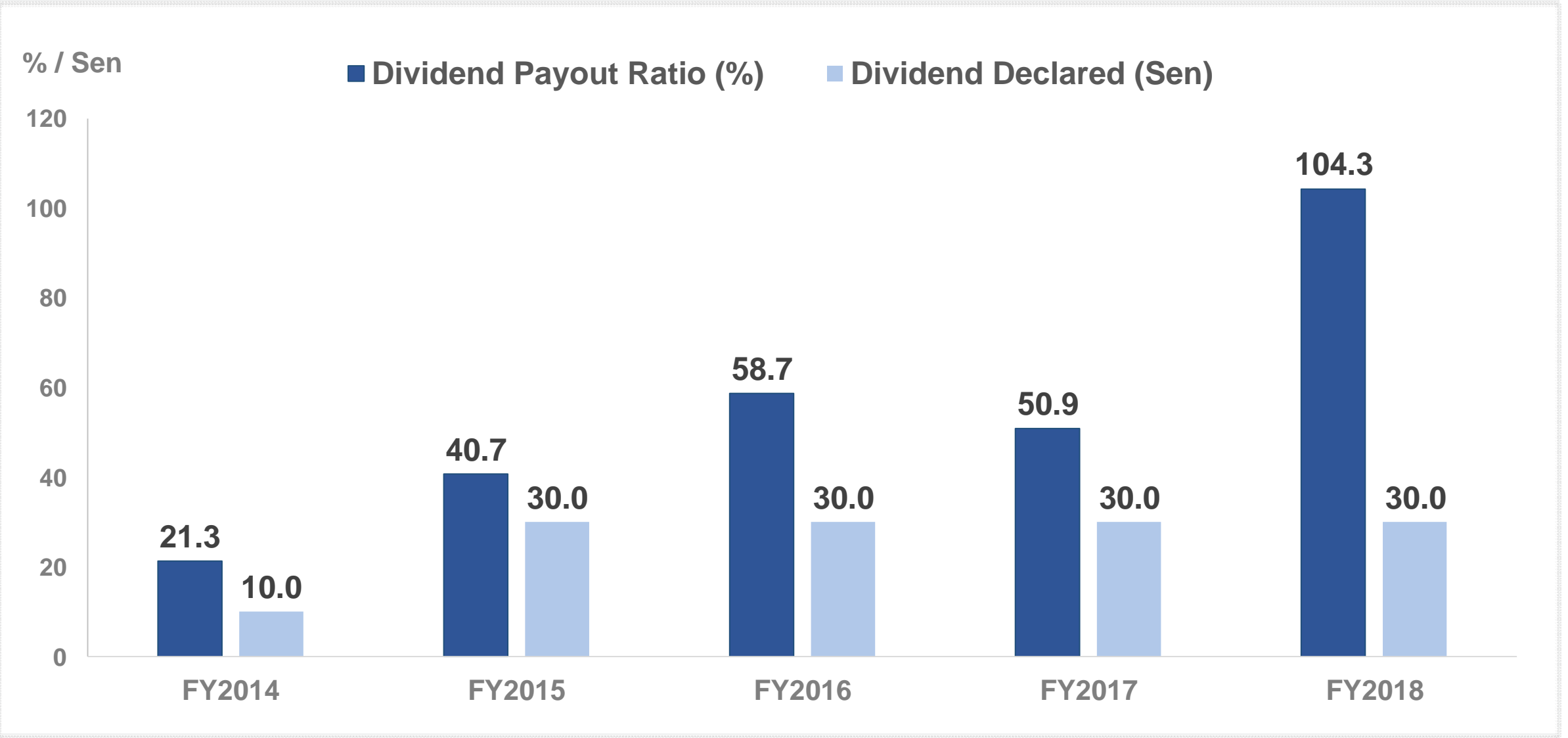


\*All figures in RM million unless otherwise stated

# However, Group Operating Cash Flow Remains Healthy

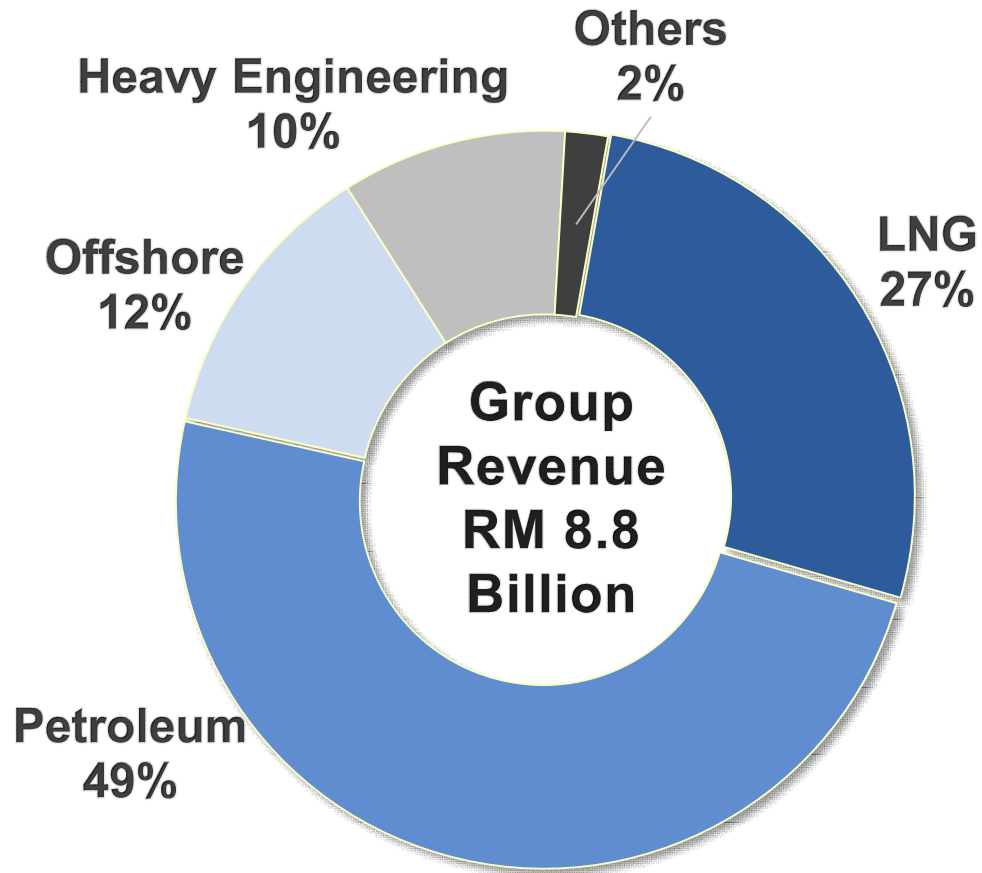


# Consistent Dividend Payout for the Past Four Years

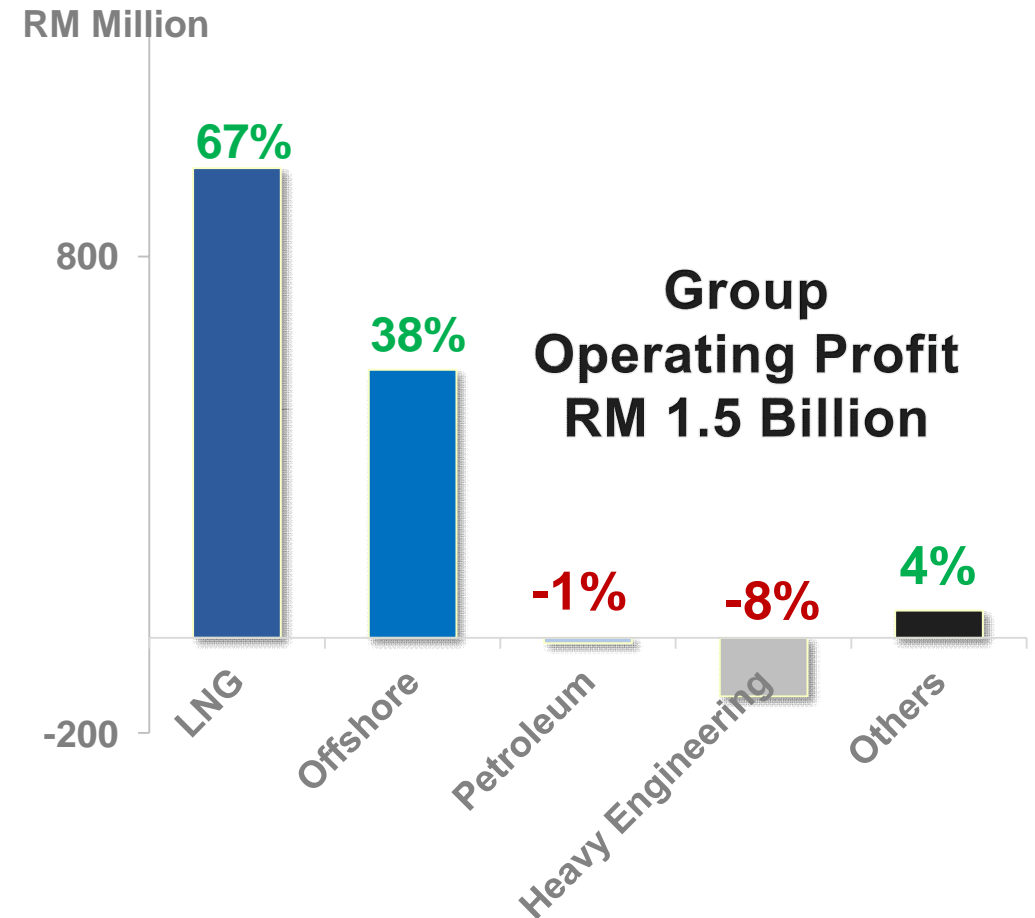


# Segmental Contribution in FY2018

## REVENUE BREAKDOWN



## OPERATING PROFIT BREAKDOWN

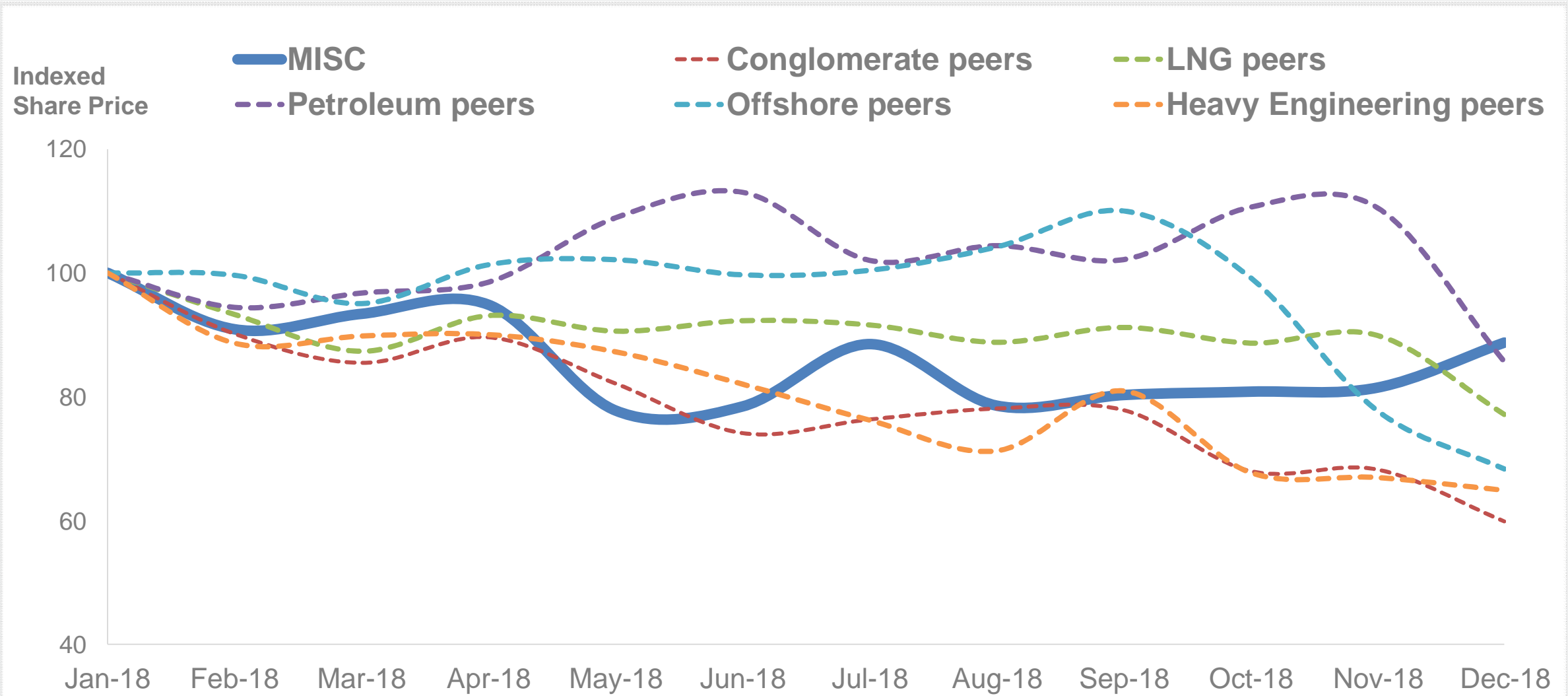




# Mixed Performances Across Industry Segments

|                         | REVENUE      |              | NPAT         |              |
|-------------------------|--------------|--------------|--------------|--------------|
|                         | 2017 (+/- %) | 2018 (+/- %) | 2017 (+/- %) | 2018 (+/- %) |
| MISC Berhad             | 5% ↑         | - 13% ↓      | - 29% ↓      | - 33% ↓      |
| Conglomerate Peers      | - 2% ↓       | 9% ↑         | > -100% ↓    | - 27% ↓      |
| LNG Peers               | 22% ↑        | 26% ↑        | 27% ↑        | - 4% ↓       |
| Petroleum Peers         | - 16% ↓      | 12% ↑        | > -100% ↓    | > - 100% ↓   |
| Offshore Peers          | 9% ↑         | 29% ↑        | > -100% ↓    | > 100% ↑     |
| Heavy Engineering Peers | - 25% ↓      | 9% ↑         | > -100% ↓    | > - 100% ↓   |

# MISC Share Price in 2018 Displayed Resilience



Note: Index is based on 30 January 2018 share price

# CORPORATE MILESTONES IN 2018



# Focused Delivery Across the Value Chain



## LNG ASSET SOLUTIONS

- Delivered the final two (2) Seri C class LNG vessels
- Two (2) LNG carriers, *LNG Portovenere* and *LNG Lerici* were chartered for five (5) years



## PETROLEUM SHIPPING

- Delivered four (4) newbuilds in 2018: two (2) Aframax vessels and two (2) Suezmax vessels
- Won five (5) DPST contracts: four (4) with Petrobras and one (1) with Shell Brazil
- Won contract with Shell for two (2) newbuild LNG dual-fuelled Aframax tankers



## OFFSHORE

- Successful sailaway of FSO *Benchamas 2* on 9 April 2018 and achieved first oil on 28 April 2018
- Secured a 16-year contract in July 2018 from HESS for FSO *Mekar Bergading*
- Won a seven (7) year contract with Idemitsu Kosan Co Ltd. for FSO in Vietnam



## MARINE & HEAVY ENGINEERING

- Delivered five (5) units of Dangote Catenary Anchor Leg Mooring buoys to Dangote Oil Refining Company in offshore Nigeria
- Signed a Long-Term Agreement with Saudi Aramco in support of Saudi Aramco's Offshore Maintain Potential Program
- Awarded frame agreement by PETRONAS for the EPC of fixed offshore structure works

# Focused Delivery Across the Value Chain (cont'd)



## INTEGRATED MARINE SERVICES

- Recognised as the 'Safety Conscious Employer/Ship Operator of the Year' at the Safety at Sea Awards 2018 in London



## MARITIME EDUCATION & TRAINING

- Obtained approval from Malaysia Ministry of Education to conduct Advanced Diploma programmes in Nautical Studies and Marine Engineering that open doors to a degree pathway



## PORT & TERMINAL SERVICES

- Secured 14 Port & Terminal contracts and two (2) contracts with PETRONAS for supply of marine specialist and Roving Marine Marshall Services

# Excellent Operational Performance in 2018



High overall vessel availability rate of

**99%**



Excellent asset performance with uptime of over

**98%**



**30%**

Reduction in Lost Time Injury Frequency (LTIF)



reduction in carbon emission intensity by

**4%, 8%, 10%**

for our LNG, Petroleum & Product fleets respectively



**ZERO**

major spills to the environment



**24%**

Reduction in Total Recordable Case Frequency (TRCF)

# Industry Recognition of Our Operational and Safety Excellence



**CLASSNK  
Tanker  
Operator  
of the Year**

Lloyd's List Global Awards 2018



Safety  
Conscious  
Employer/Ship  
Operator of the Year

Safety at Sea Awards 2018



FTSE4Good  
Bursa Malaysia  
Index

**3.5** score



MISC Annual  
Report 2017 received

**CERTIFICATE  
OF MERIT**

at the NACRA 2018

National Annual Corporate Report Awards (NACRA)



**The CSA Annual Safety  
Awards/the Jones  
F. Devlin Awards**

**45**  
cargo  
vessels

**4**  
lightering  
support vessels

Chamber of Shipping of America (CSA)

**49**  
cargo  
vessels

**4**  
lightering  
support vessels

**The CSA Annual  
Environmental  
Achievement Awards**

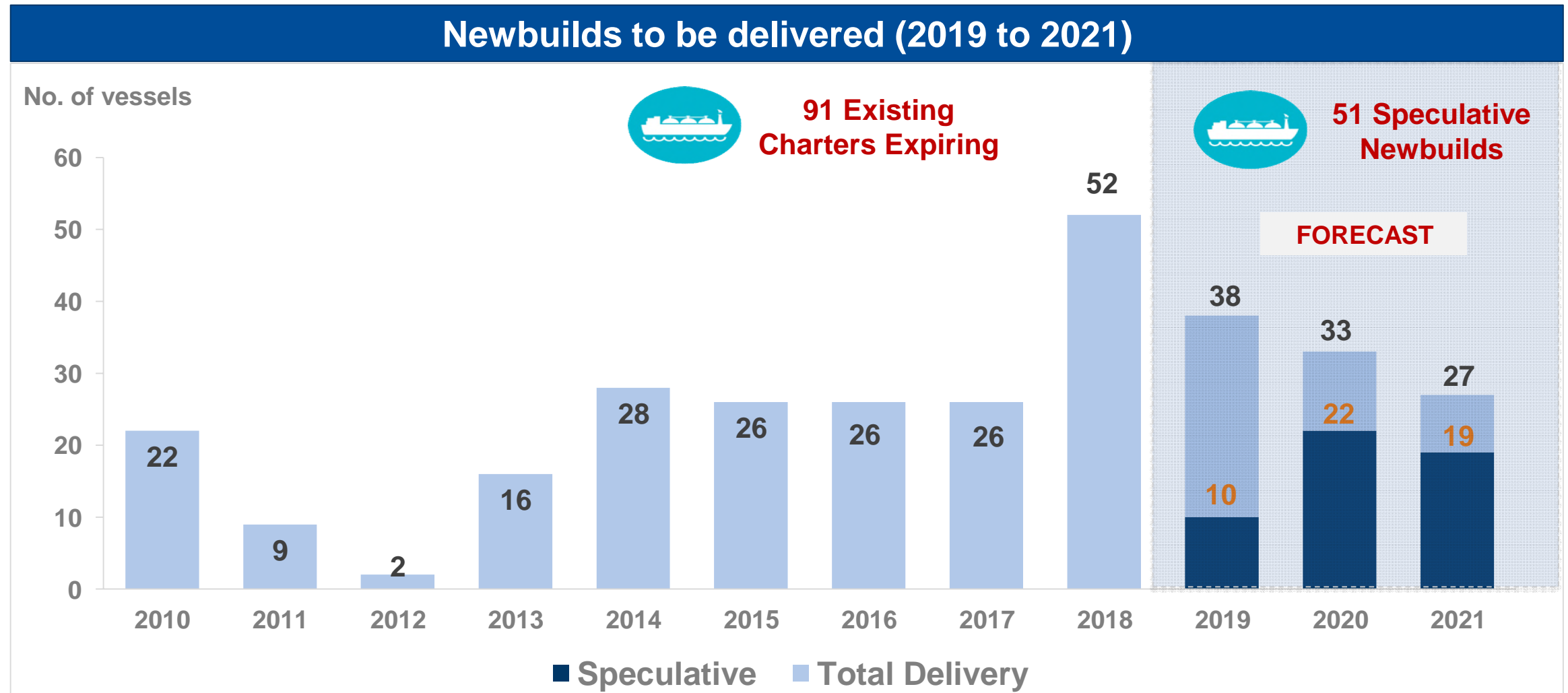


# EXPECTATIONS FOR 2019



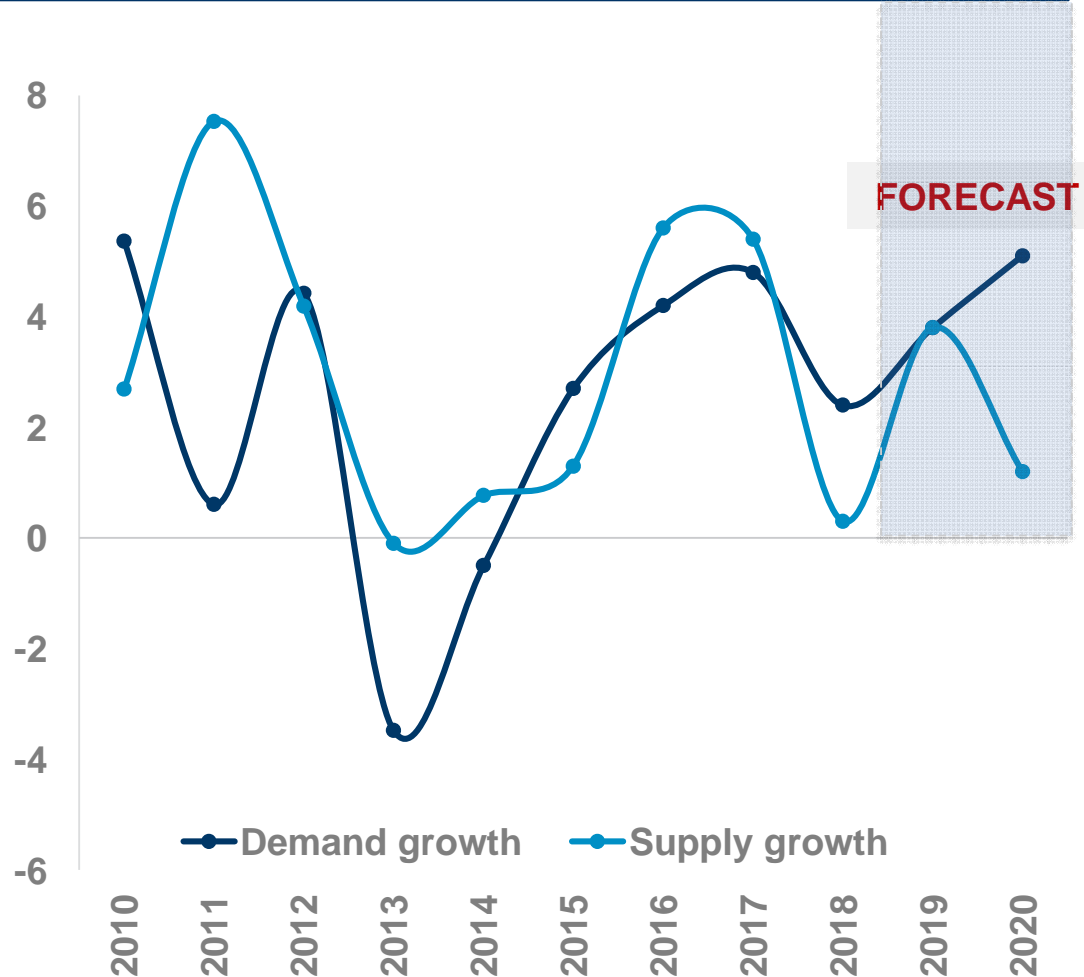


# LNG Newbuild Deliveries to Slow, but High Expiring Contracts

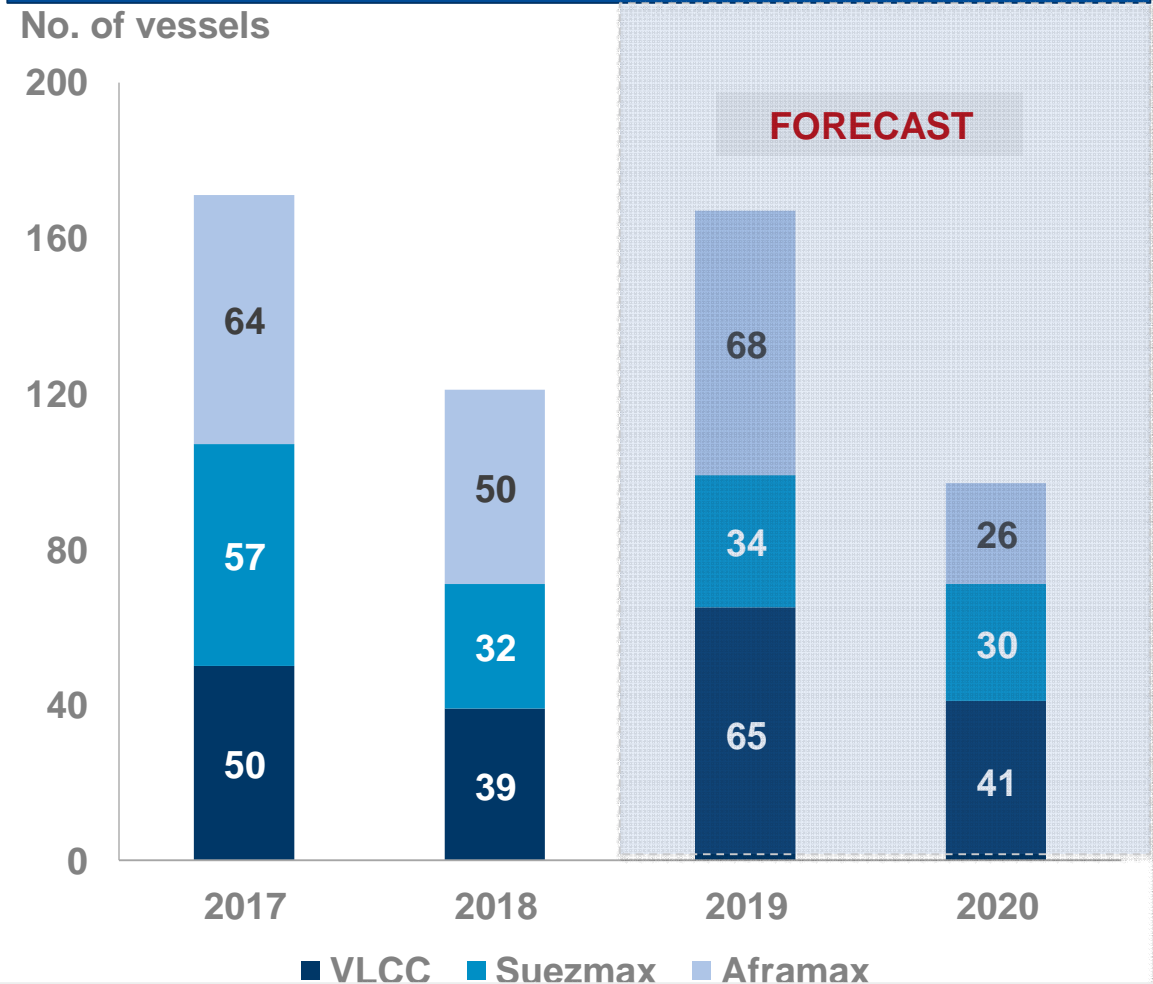


# Petroleum Shipping Demand Growth to Accelerate

## Tanker Demand and Supply Growth in %

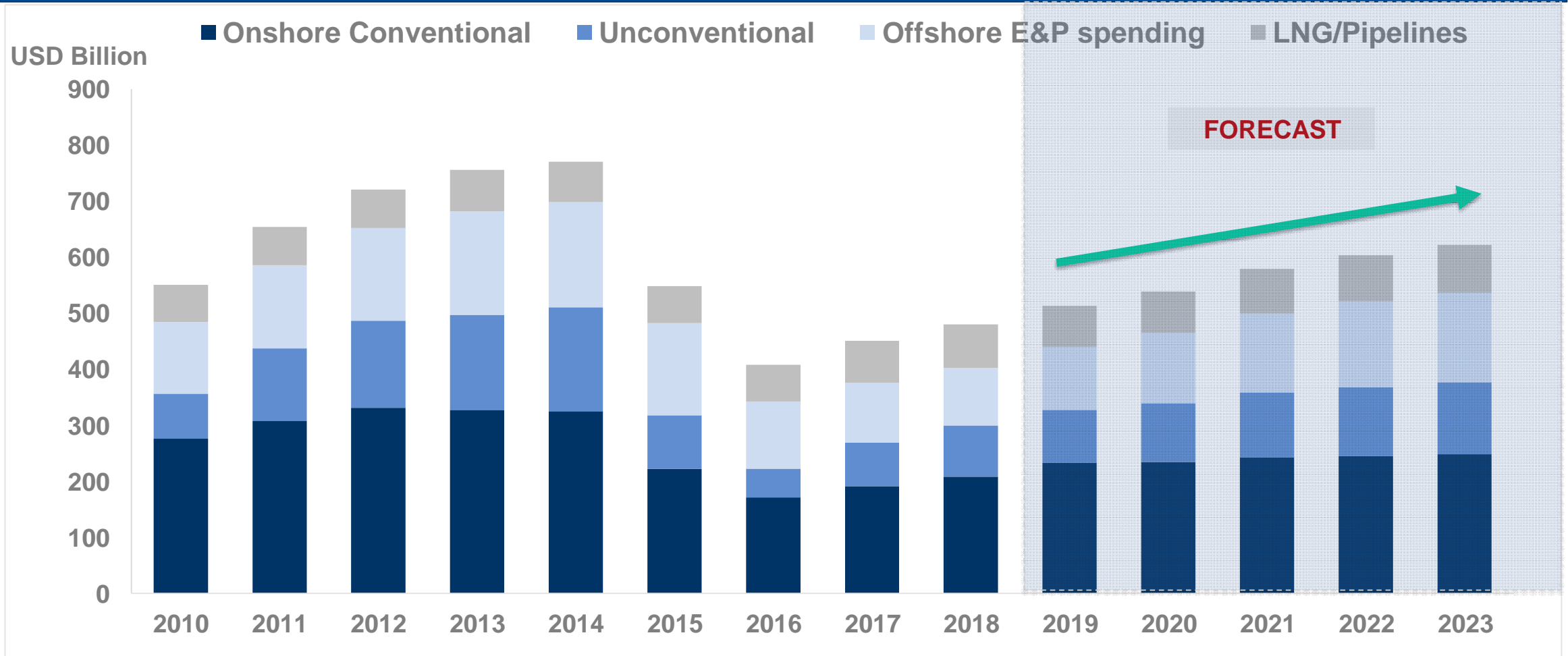


## Tanker Deliveries by Segment



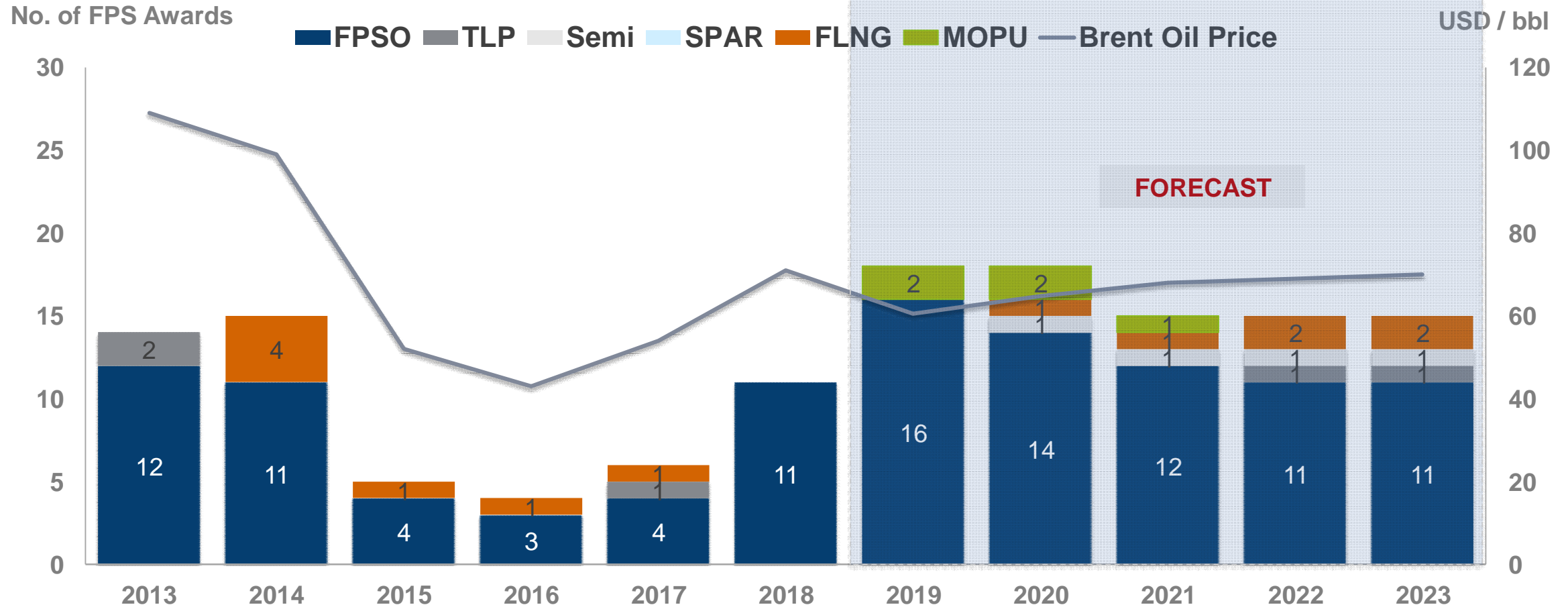
# Continued Recovery in Upstream Offshore Investments

## Global Upstream Spending



# Greater Contract Awards in Global Offshore Production System

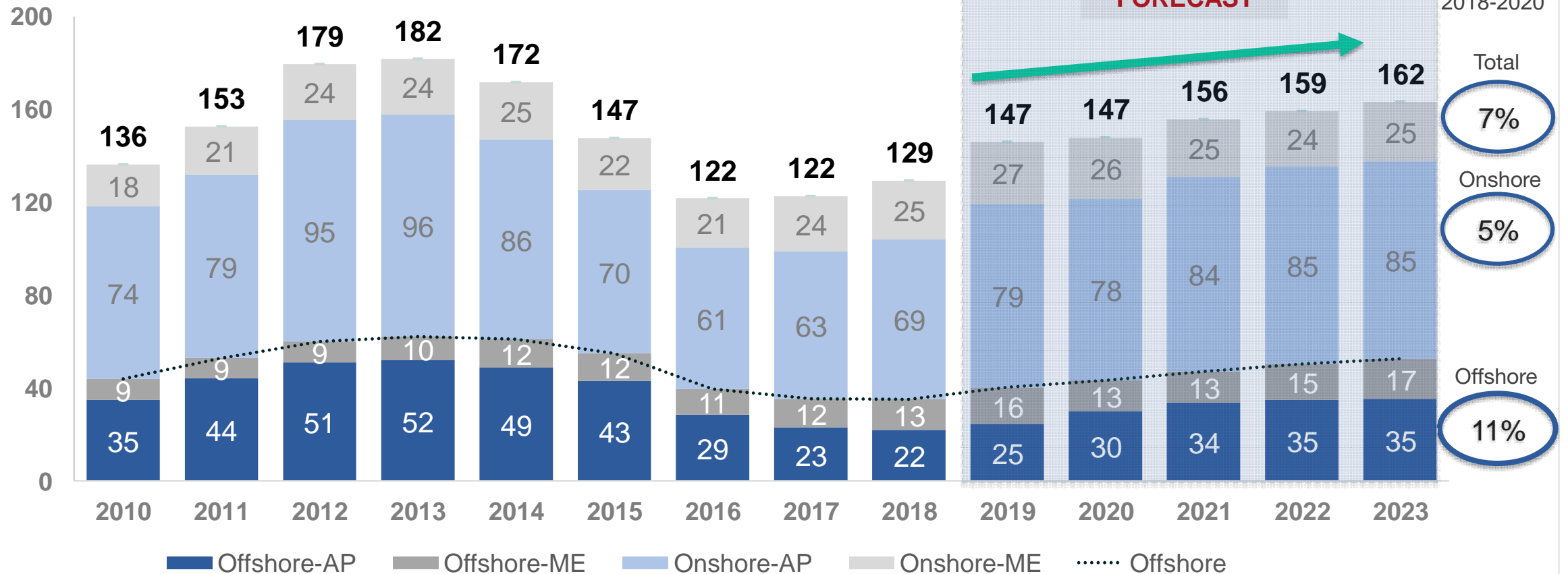
## Global Floating Production System (FPS) Awards



# Continued Recovery in Exploration & Production Activities

## Asia Pacific (AP) & Middle East (ME) E&P CAPEX Spending

USD Billion



# Looking Ahead...

- **Increasing number of growth opportunities and our bidding success rate is improving**
- **We see tailwinds rather than headwinds in our pursuit of growth in our present economic and industry climate**
- **Our credit strength and acknowledged service quality are key attractions**
- **Operating cash flow is the true measure of our performance and our secured base of operating cash flow is growing as planned**



Thank You