

MISC ANALYST BRIEFING

3Q FY2015 Financial Results | 4th November 2015



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Financial Overview

By Puan Rozainah Awang | Vice President, Finance

Q3 FY2015 Highlights

- MISC Group revenue of USD612.9 million was 10.3% or USD70.7 million lower than Q3 FY2014 revenue of USD683.6 million.
- Group EBITDA of USD287.9 million was 8.2% or USD21.7 million higher than Q3 FY2014 EBITDA of USD266.2 million.
- Group profit before tax from operations of USD188.3 million was 21.4% or USD33.2 million higher than Q3 FY2014 profit of USD155.1 million.

Financial Performance

	YTD			Quarter		
	3Q FY 14 (Jan-Sep)	3Q FY 15 (Jan-Sep)	yoy %	2Q Jun-15 (Apr - Jun)	3Q Sep-15 (Jul - Sep)	qoq %
In USD Mil						
Revenue	2,162.7	2,011.3	(7.0)	710.4	612.9	(13.7)
EBITDA	803.9	861.9	7.2	317.2	287.9	(9.2)
PBT from Operations	437.0	553.0	26.5	211.4	188.3	(10.9)
Non-Recurring Items	(10.3)	(75.4)	->100	0.6	(63.5)	->100
PBT	426.7	477.6	11.9	212.0	124.8	(41.1)
Net Profit	420.2	547.4	30.3	209.1	184.3	(11.9)
Shareholders' Fund	7,887.5	8,063.0	2.2	8,147.9	8,063.0	(1.0)
Cash	1,748.1	1,146.7	(34.4)	1,227.1	1,146.7	(6.5)
Borrowings	3,017.8	2,279.6	(24.5)	2,373.8	2,279.6	(4.0)
EPS (cents)	8.8	11.9	35.2	4.6	4.0	(13.0)
ROE (%)	6.7	8.7	29.9	10.0	8.9	(11.0)
ROA (%)	5.7	6.8	19.3	7.6	6.9	(9.2)
Net Debt/Equity	0.2	0.1	(12.5)	0.1	0.1	-
NTA/Share (cents)	177.8	181.1	1.9	183.2	181.1	(1.1)



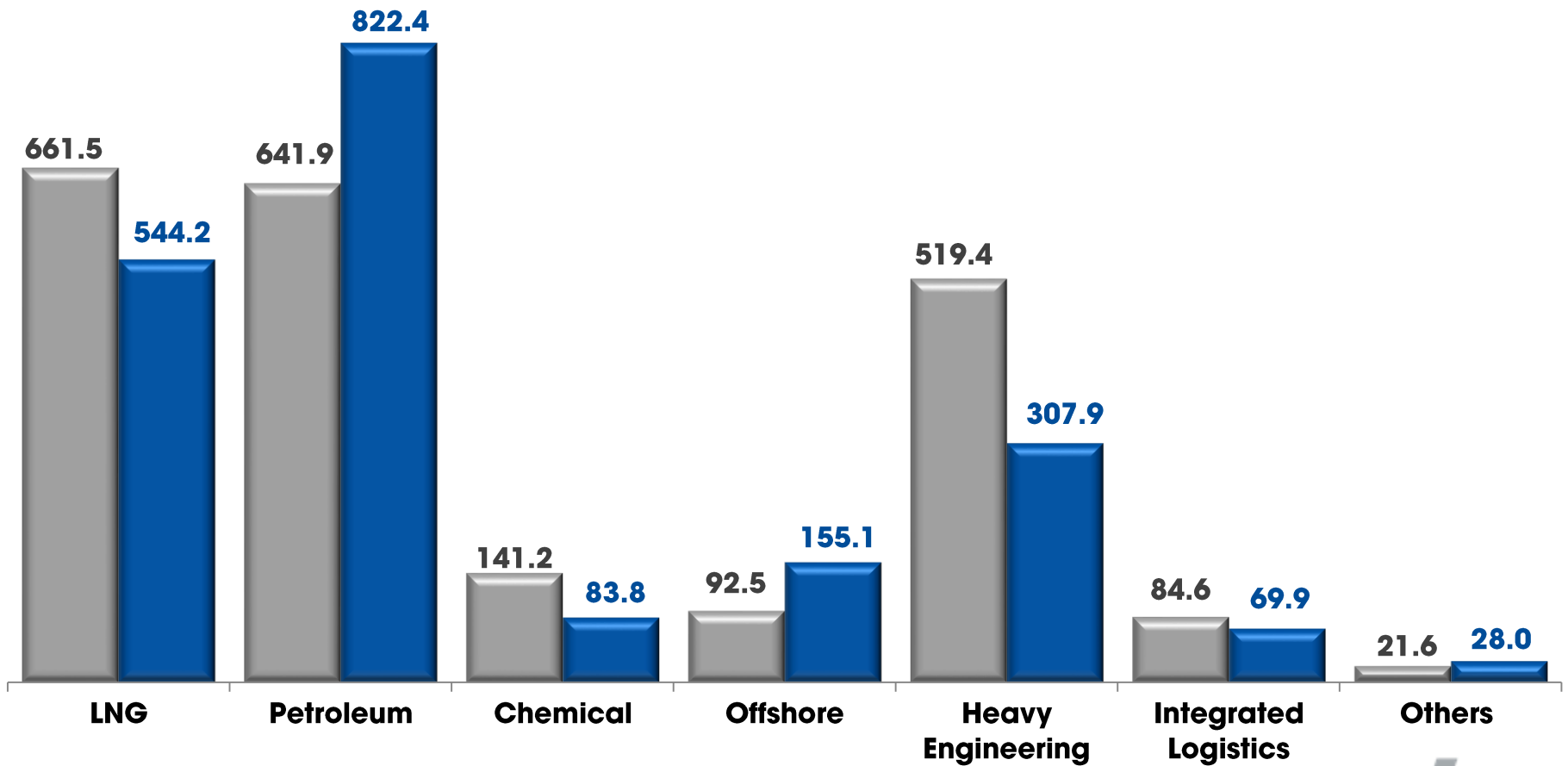
Revenue

USD mil.

YTD Segmental

■ 3Q FY2014 (Jan-Sep)

■ 3Q FY2015 (Jan-Sep)



Segmental PBT

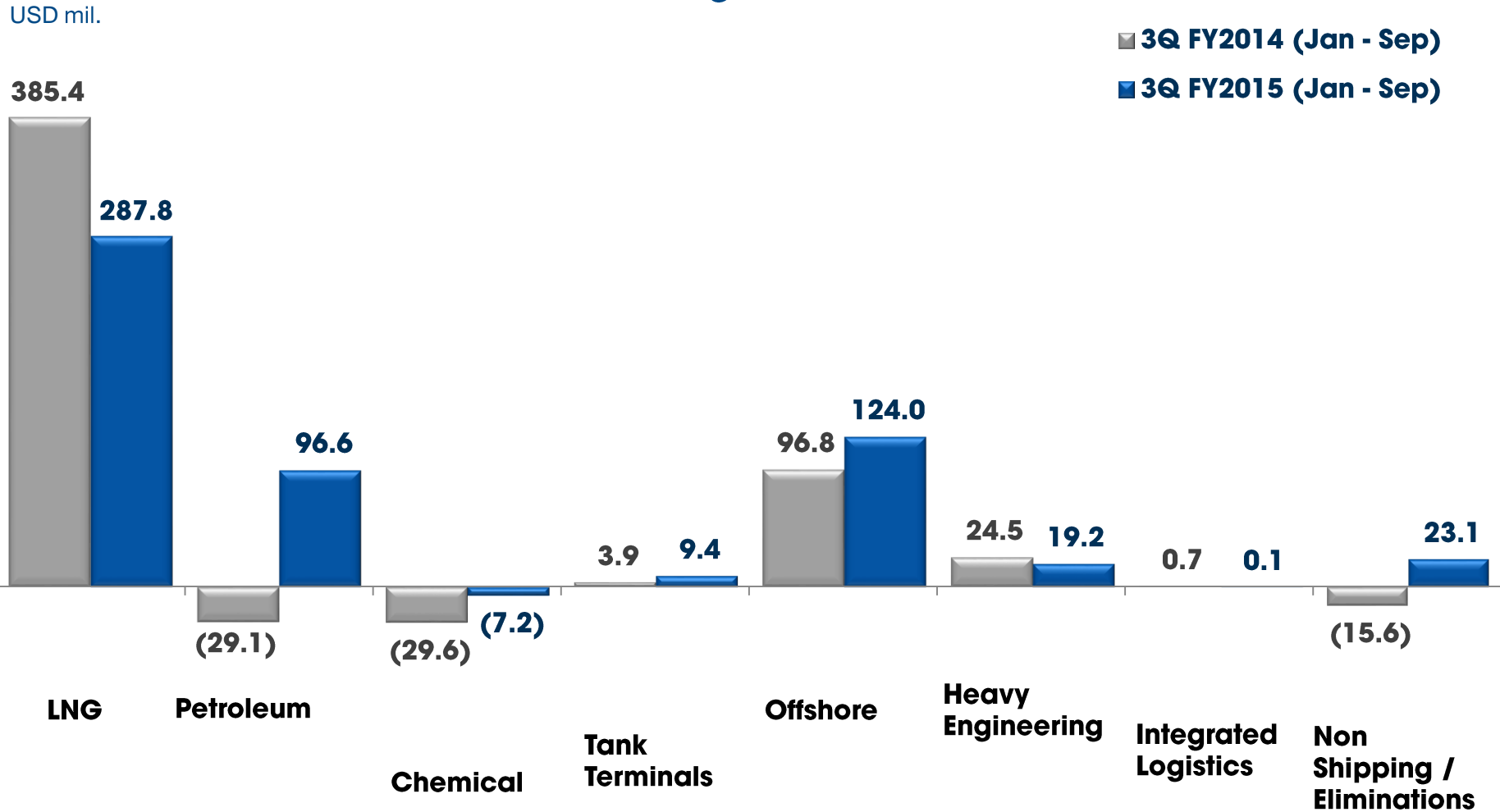
In USD mil.	YTD			Quarter		
	3Q FY14 (Jan-Sep)	3Q FY15 (Jan-Sep)	yoy %	2Q FY15 (Apr-Jun)	3Q FY15 (Jul-Sep)	qoq %
Shipping						
LNG	385.4	287.8	(25.3)	107.7	85.9	(20.2)
Petroleum	(29.1)	96.6	432.0	38.2	40.1	5.0
Chemical	(29.6)	(7.2)	75.7	(1.4)	1.9	235.7
Other Businesses						
Offshore	96.8	124.0	28.1	37.6	39.2	4.3
Heavy Engineering	24.5	19.2	(21.6)	4.8	4.7	(2.1)
Tank Terminals	3.9	9.4	141.0	6.3	8.3	31.7
Integrated Logistics	0.7	0.1	(85.7)	1.7	(1.8)	(205.9)
Others	(28.3)	(8.9)	68.6	4.4	-	(100.0)
Eliminations	12.7	32.0	152.0	12.2	10.0	(18.0)
TOTAL*	437.0	553.0	26.5	211.4	188.3	-10.9

* excludes non-recurring items



Profit Before Tax / (Loss Before Tax)

YTD Segmental*

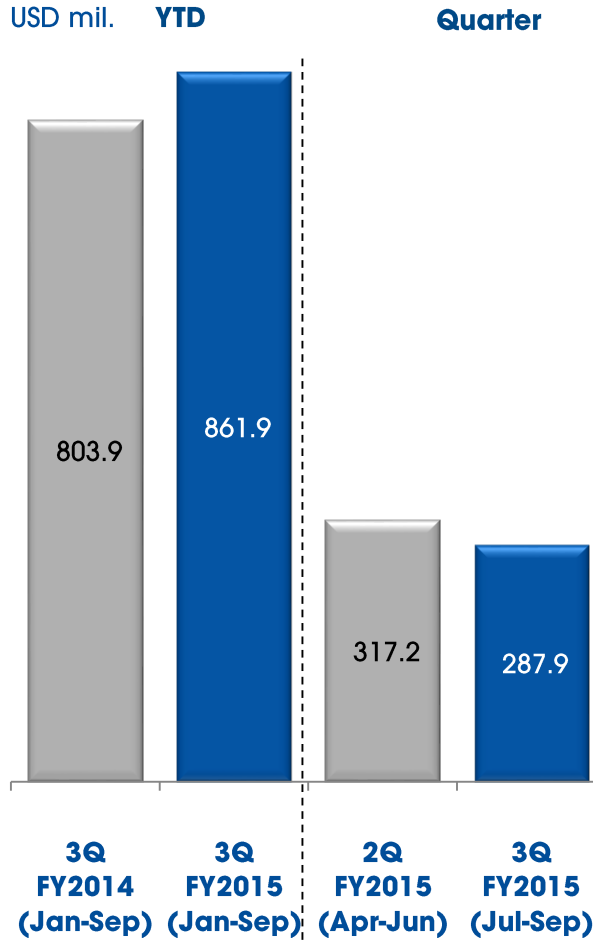


*Excluding non-recurring items

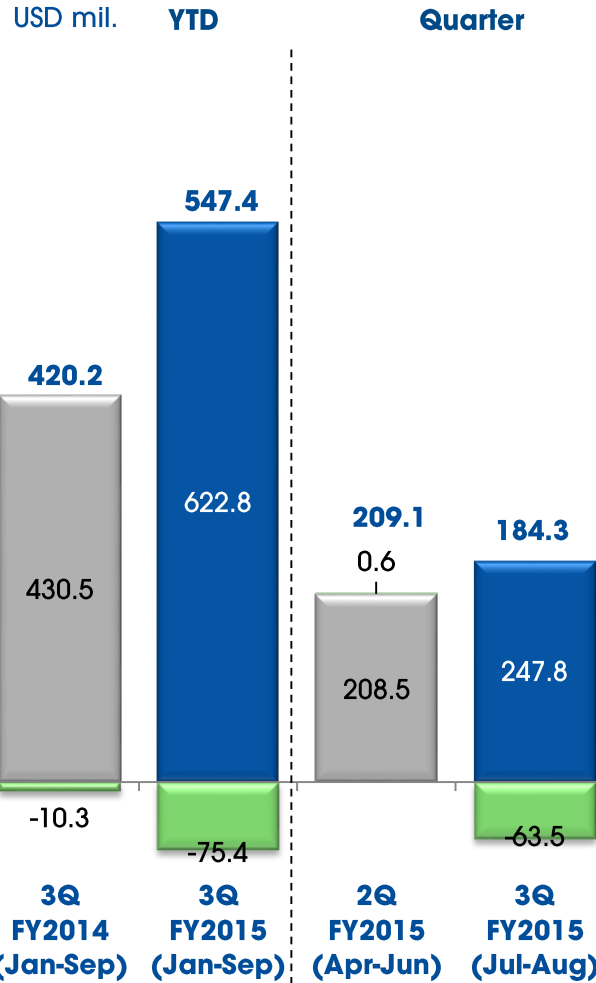
Profitability Profile

Group

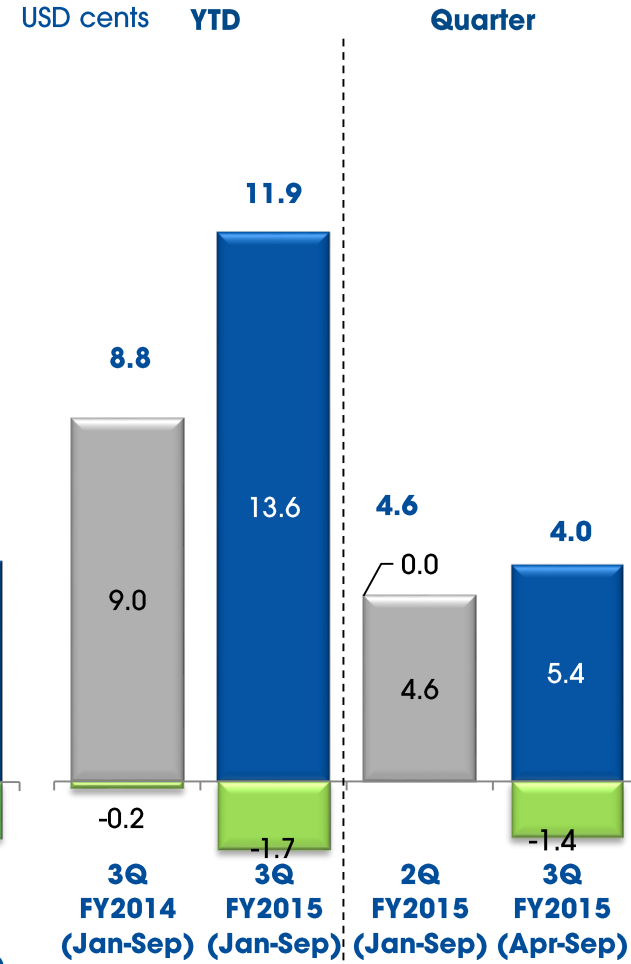
EBITDA



Net Profit/(Loss)



EPS



■ Core Earnings
■ Core Earnings

■ Non-Recurring Items



Market Environment

By En. Rafiq Khan, General Manager, Corporate Planning & Development

LNG Tanker Rates: Mild Improvement

USD/Day	3Q 2014	3Q 2015	+/- YoY	2Q 2015	3Q 2015	+/- QoQ
Time Charter Rates - Up to 3 Years	55,000	32,500	41% ↓	28,583	32,500	14% ↑
Spot Rates	61,058	34,00	44% ↓	33,020	34,000	3% ↑

Source: Ship Brokers' Reports, Sep 2015

- Increase in demand for spot cargoes in Pakistan, India and Egypt has resulted in increase in rates in Q3 2015.
- However, rates remain lower comparatively to last year.
- Medium-term outlook: Expected to remain bearish due to diminishing demand for LNG from Far East with Japan restarting their nuclear plants, the rising number of liquefaction plants within Asia/Australia and vessel oversupply conditions.
- As at 18 Aug 2015, there were 54 vessels on water unemployed.

Petroleum Tanker Rates: Outperform

USD/Day	3Q 2014	3Q 2015	+/- YoY	2Q 2015	3Q 2015	+/- QoQ
VLCC (200-300,000 dwt)						
Time Charter (1 Year)	28,600.0	47,933.3	68% ↑	39,583.3	47,933.3	21% ↑
Spot Rates	21,417.2	58,329.0	172% ↑	62,668.4	58,329.0	-7% ↓
Suezmax (120-200,000 dwt)						
Time Charter (1 Year)	23,183.3	37,970.8	64% ↑	28,350.0	37,970.8	34% ↑
Spot Rates	22,202.9	39,816.0	79% ↑	50,247.6	39,816.0	-21% ↓
Aframax (80-120,000 dwt)						
Time Charter (1 Year)	18,125.0	28,625.0	58% ↑	20,916.7	28,625.0	37% ↑
Spot Rates	20,691.6	30,935.0	50% ↑	44,534.4	30,935.0	-31% ↓

- This quarter has seen a drop in spot rates compared to Q2 2015. Seasonally 3rd quarter rates have always trended lower.
- Comparative against last year, rates for both TC and spot have increased which is the case in all fleet sizes.
- Limited fleet growth and lower demolitions activities indicate that demand is buoyant, which have also supported growth in freight rates.
- Rates are expected to improve further with VLCC rates already showing signs of increases going into the traditionally strong 4th quarter.



Chemical Tanker Rates: Subdued

Spot Rates (USD/Tonne)	3Q 2014	3Q 2015	+/- YoY	2Q 2015	3Q 2015	+/- QoQ
Rotterdam - Far East 2,000mt Chems S/S*	114.7	105.3	-8% ↓	105.5	105.3	-0.2% ↓
Rotterdam - Taiwan 5,000 MT Easychems	94.7	85.2	-10% ↓	85.5	85.2	-0.4% ↓
Gulf-Far East 15K Chemical Rates	53.0	48.1	-9% ↓	47.4	48.1	1% ↑

* S/S : Stainless Steel

Source: Ship Brokers' Reports, Sep 2015

- Freight rates for chemical tanker continue to be subdued in 3Q FY2015 due to softer market demand in the Far East and Asia.
- Freight rates are expected to remain under pressure due to economic uncertainties in China, exacerbated by the recent devaluation of the Chinese currency.
- Pockets of growth is expected coming from Middle East and India due to commissioning of new refineries. However, the impact on freight rates is yet to be seen.

Thank You

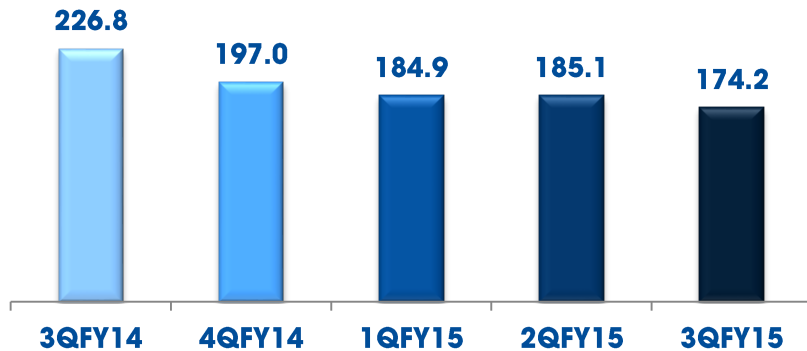
Appendices

Appendix 1

LNG Shipping

USD mil.

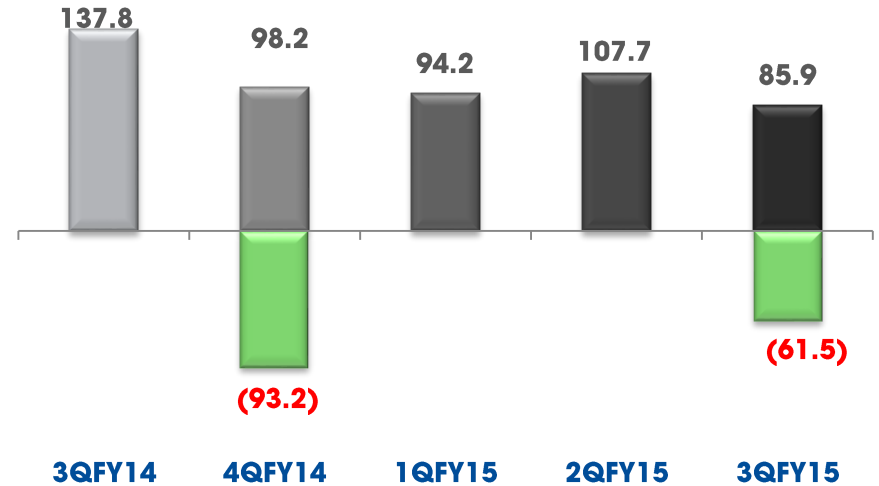
REVENUE



USD mil.

PBT

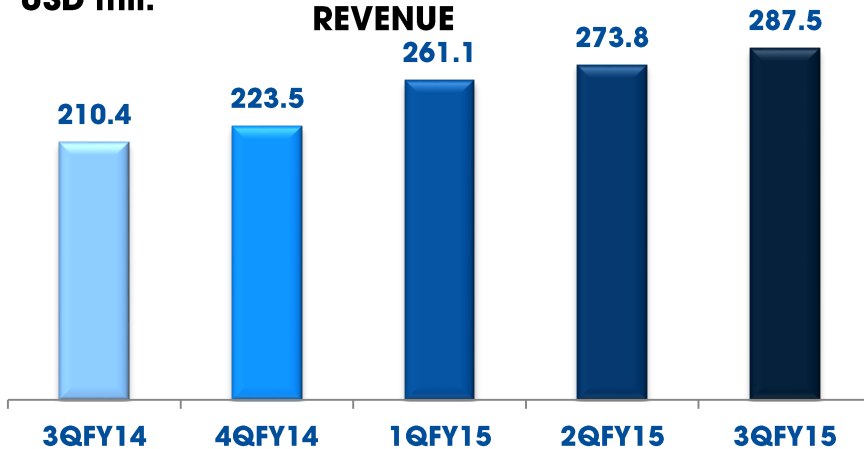
■ PBT ■ Non-Recurring Item



Petroleum Shipping

USD mil.

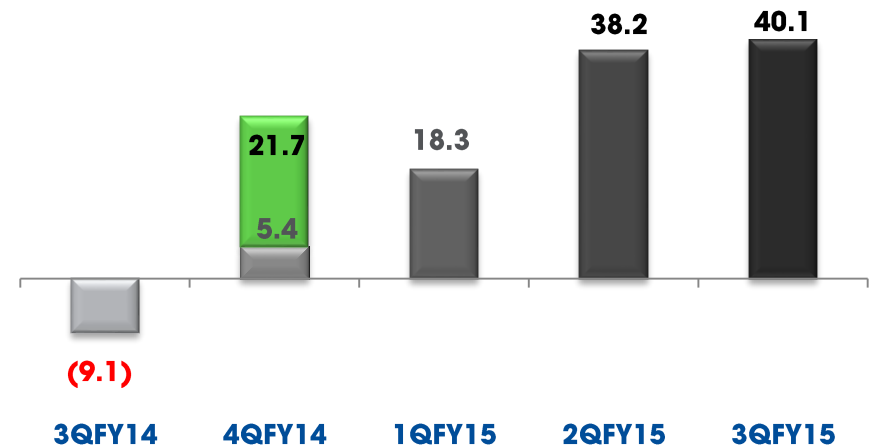
REVENUE



USD mil.

PBT

■ PBT ■ Non-recurring Item

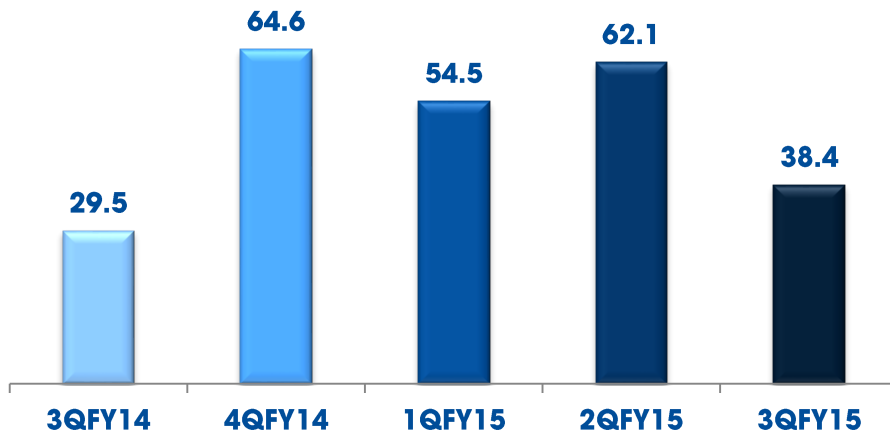


Appendix 1

Offshore

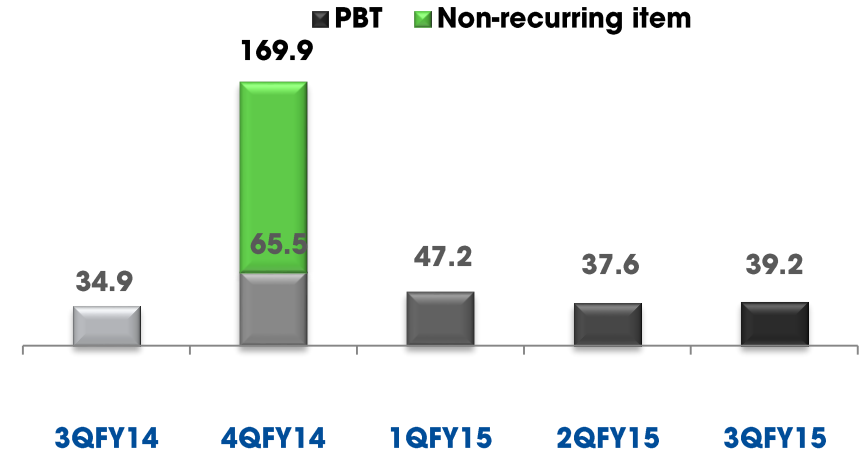
USD mil.

REVENUE



PBT

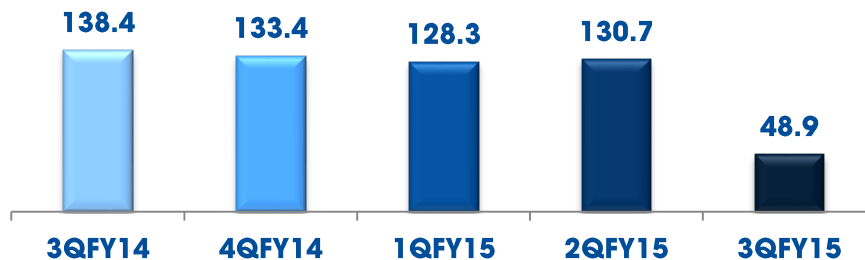
USD mil.



Heavy Engineering

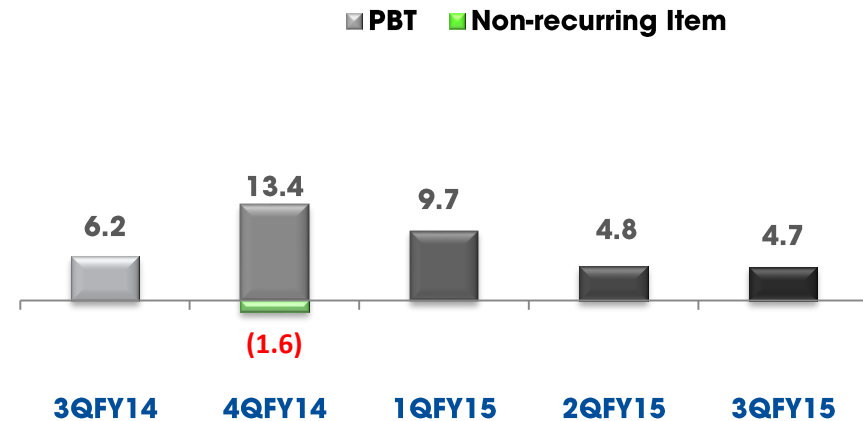
USD mil.

REVENUE



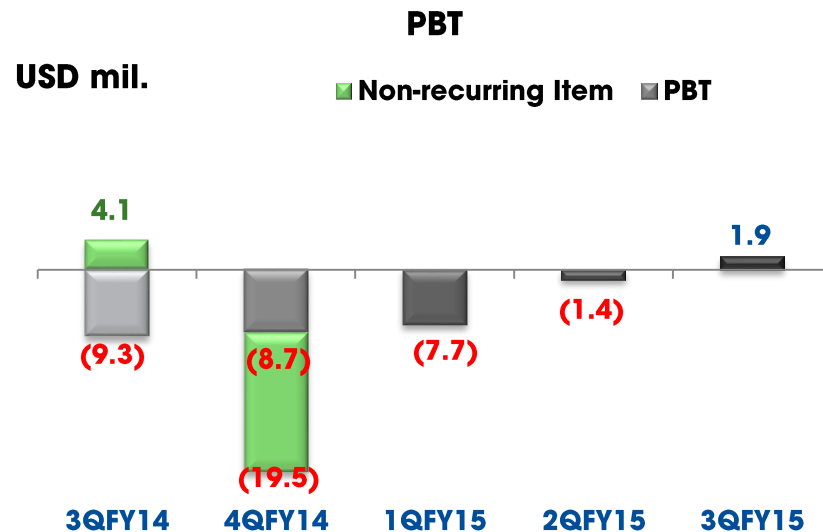
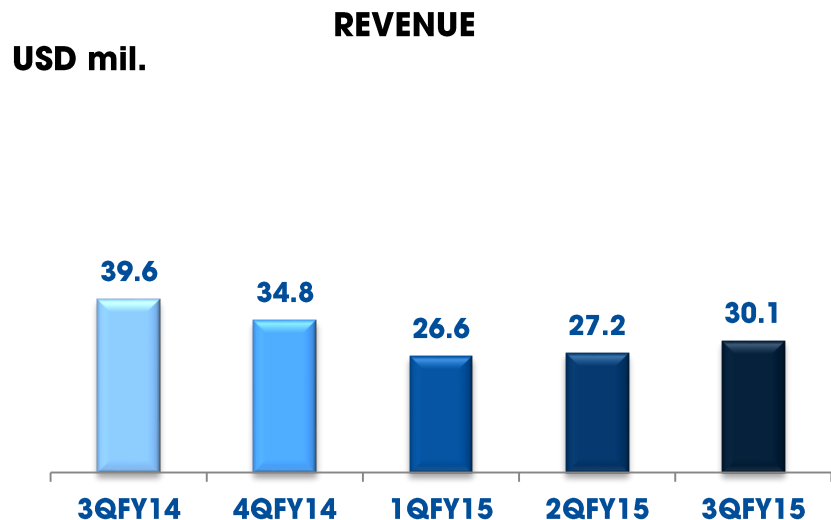
PBT

USD mil.



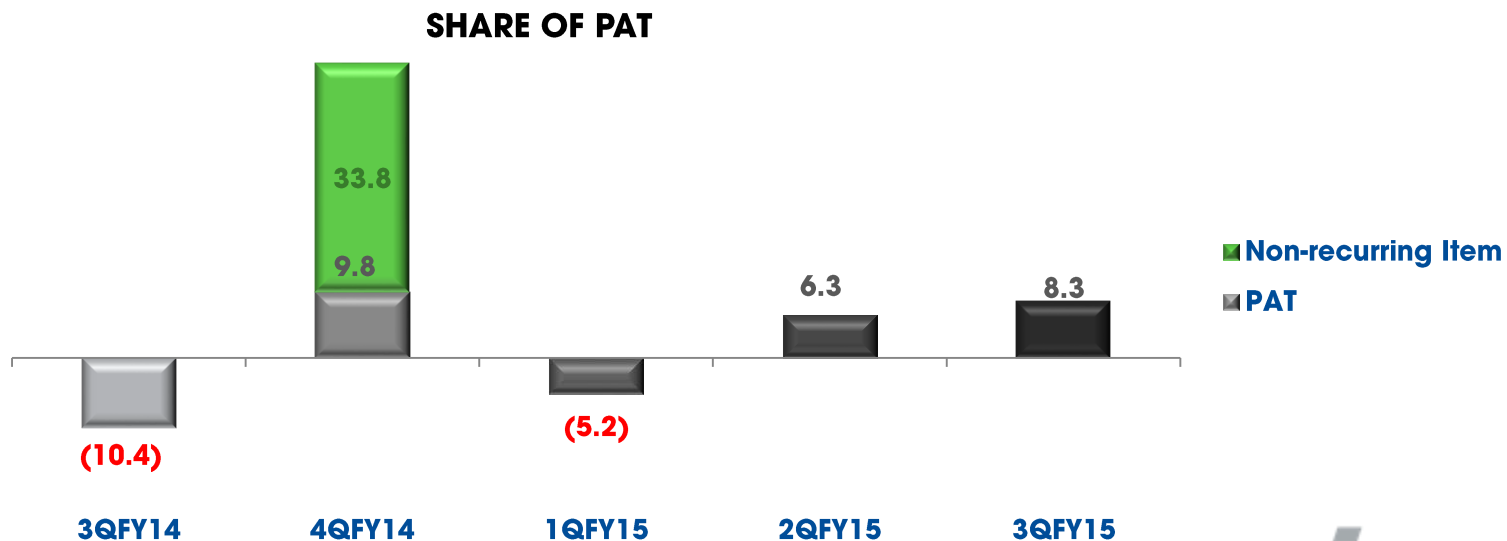
Appendix 1

Chemical Shipping



Tank Terminal

USD mil.



* 50% VTTI and 36% effective interest in Langsat Terminal 1 and 2

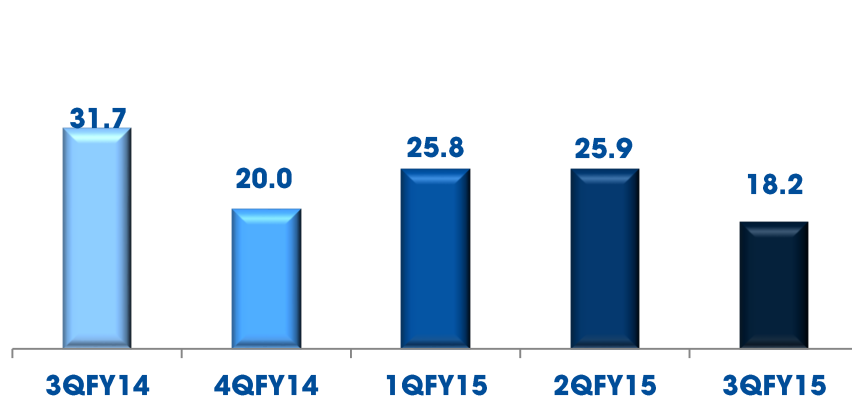


Appendix 1

MISC Integrated Logistics

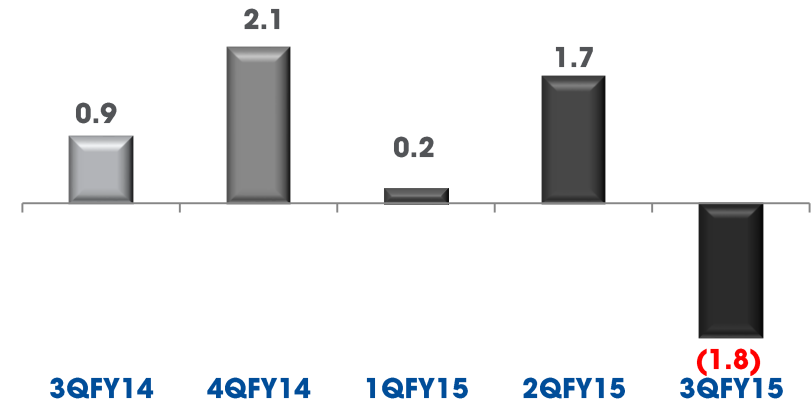
USD mil.

REVENUE



USD mil.

PBT



Appendix 2: Fleet Information

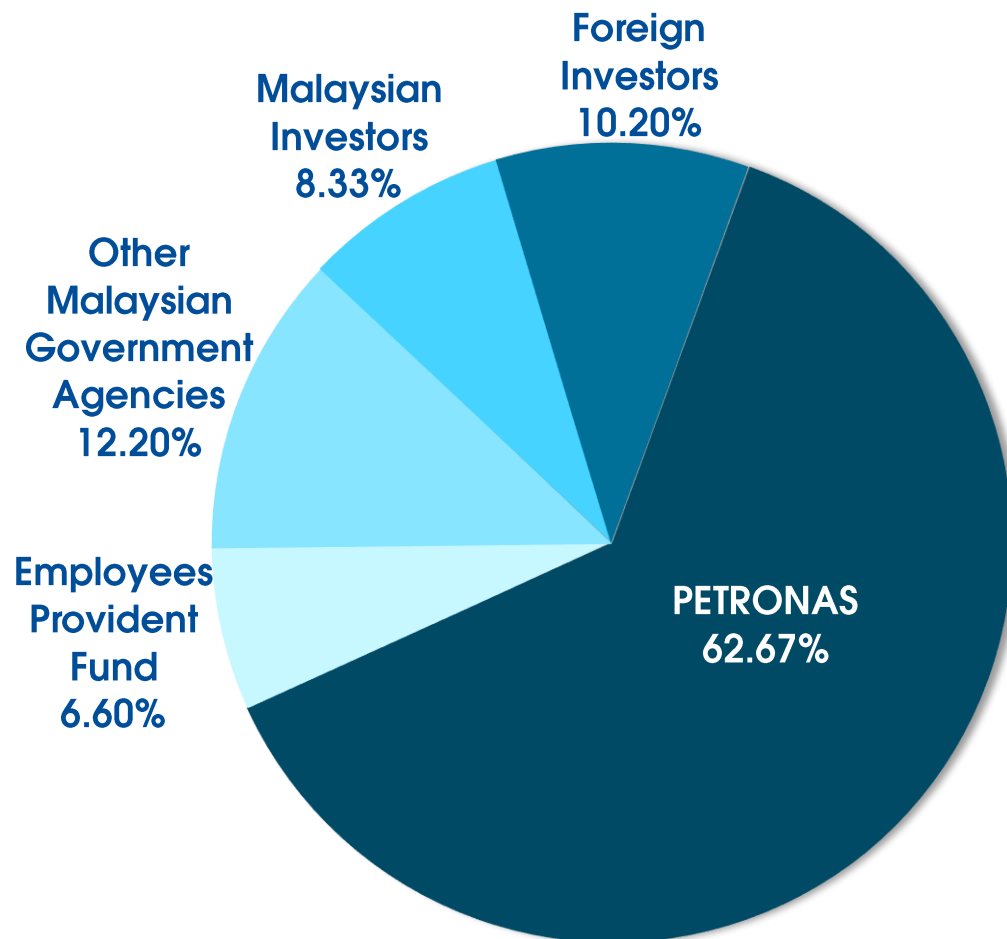
Business Unit	Vessel Type	Total Vessel Operated	Owned As At 30-Sep-15	Chartered-In As At 30-Sep-15 ⁽¹⁾	Average Age (yrs) 30-Sep-15	Industry Average Age (yrs) 30-Sep15	Contracted Newbuilds/Conversions	Contracted In-Chararters
LNG	LNG	27	27	–	15.0	11.5	5	-
	FSU	2	2	–	33.5	–	-	-
Petroleum	VLCC	13	10	3	7.5	8.7	-	-
	Suezmax	4	4	-	3.2	8.4	2	-
	Aframax	50	37	13	11.4	9.9	4	-
	LR2 ⁽²⁾	3	-	3	10.1	7.4	2	-
	MR2	8	-	8	5.8	8.1	-	-
	Shuttle	4	4	-	1.9	9.1	-	-
	Chemical	Chemical	13	7	6	5.3	9.8	-
	LPG	1	-	1	17.2	14.7	-	-
TOTAL		125	91	34			13	
Offshore	FPSO/FSO/S-S	-	11	-	6.0	-	-	-
	MOPU ⁽³⁾	-	2	-	4.7	-	-	-



Appendix 3

Shareholders' Profile

As At 30 Sep 2015

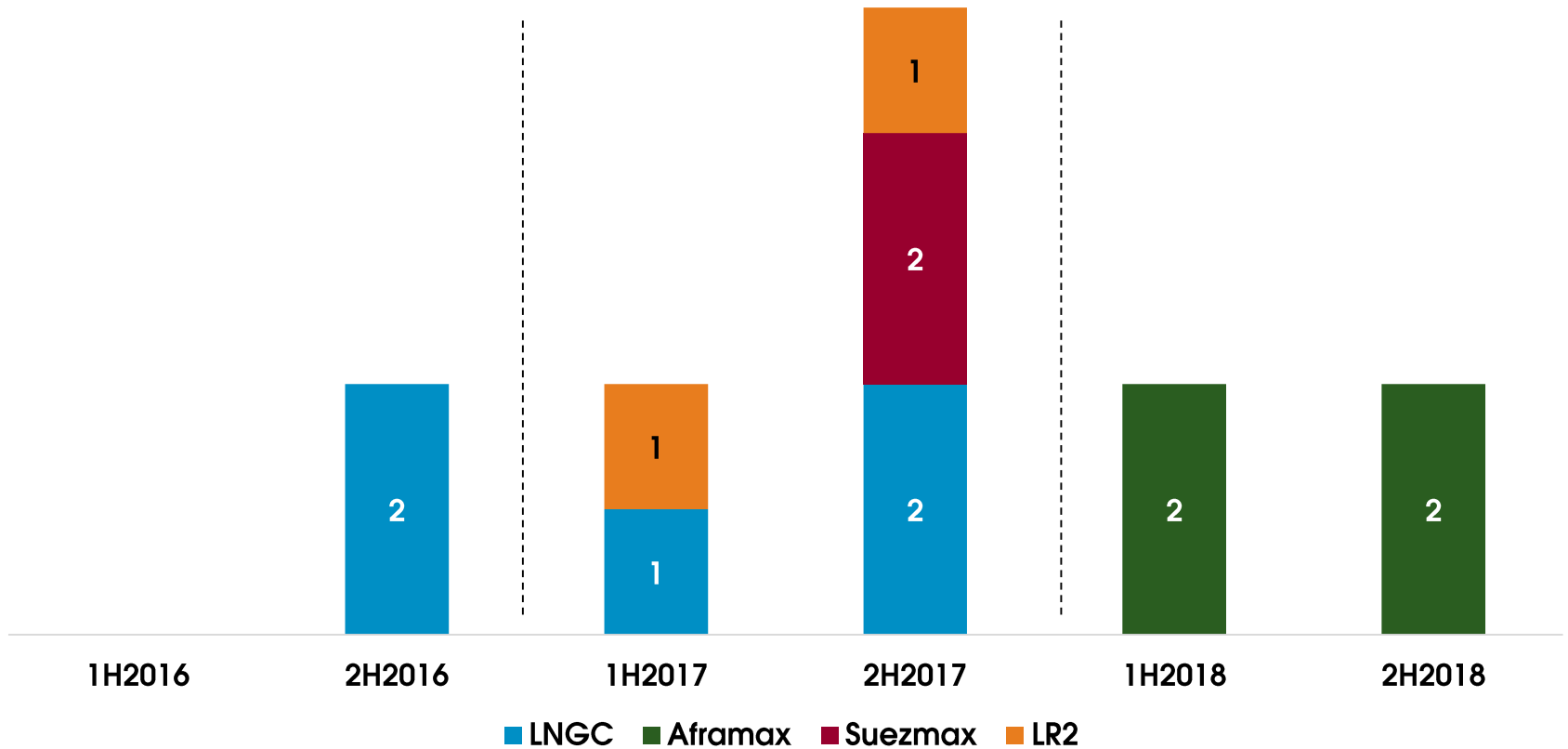


Appendix 4

Delivery Schedule

As At 31 Oct 2015

NEWBUILDINGS (Number of Vessel)



Appendix 5

Additional Information

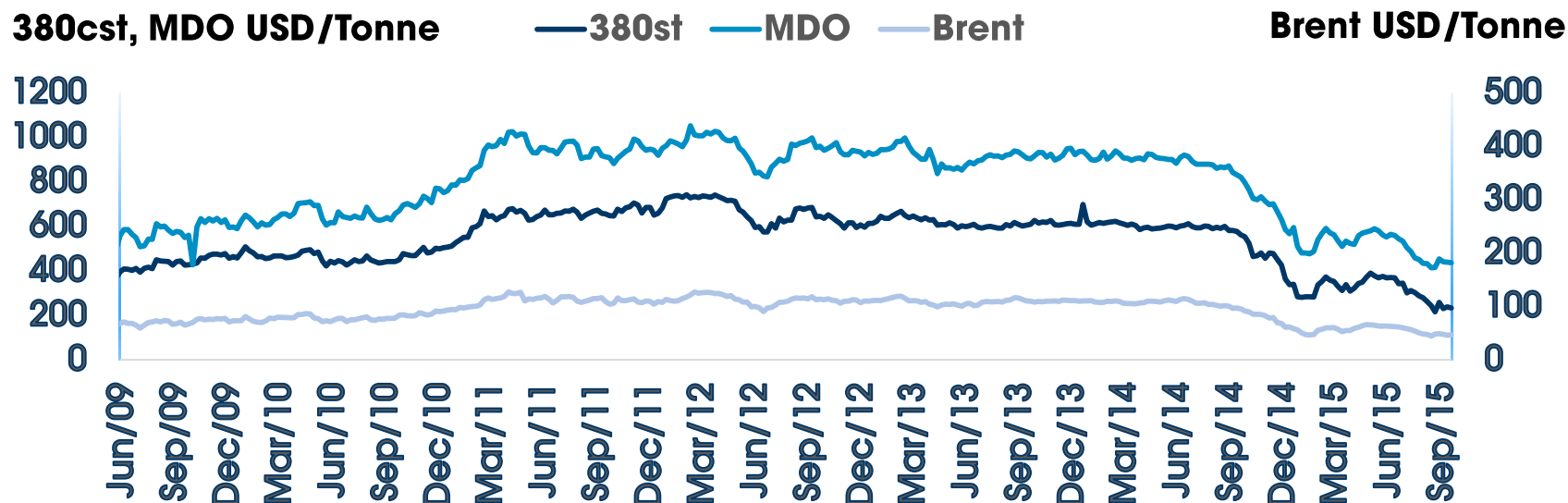
Veg Oil Rates: Firm

Veg Oil Rates (USD/Tonne)	3Q 2014	3Q 2015	+/- YoY	2Q 2015	3Q 2015	+/- QoQ
PALM OIL						
Straits – Europe	83.0	74.0	-10.8% ↓	73.0	74.0	1.4% ↑
Straits – US Gulf	72.8	71.8	-1.4% ↓	71.3	71.8	0.7% ↑
Straits – Indian Subcon	34.5	32.8	-4.9% ↓	31.2	32.8	4.9% ↑
Straits – Far East	36.3	33.3	-8.3% ↓	32.9	33.3	1.2% ↑
SOYBEAN OIL						
South America - Far East	63.7	65.0	2% ↑	60.0	65.0	7.7% ↑

Source: Ship Brokers' Reports, Sep 2015

- Even though demand for palms is quite slow, as there is ample stocks in India and Pakistan, the rates have remained firm. Activities are expected to pick up ahead of Deepavali in early November.
- Activity in the Middle Eastern market slowed down due to Hari Raya Aidil Adha holidays.
- Brazilian and Argentinian exports of vegoil have remained strong.

Singapore Bunker Prices: Softening



Bunker Prices (USD/Tonne)	3Q 2014	3Q 2015	+/- YoY	2Q 2015	3Q 2015	+/- QoQ
380cst	588.2	265.9	-55% ↓	355.7	265.9	-25% ↓
MDO	863.1	450.1	-48% ↓	557.1	450.1	-19% ↓
Brent	102.2	50.1	-51% ↓	62.1	50.1	-19% ↓

Source: Ship Brokers' Reports, Sep 2015

- Bunker prices are on a downward trend, with mild volatility.



Tanker Demolition Prices: Decline

(USD/LDT)

Country	3Q 2014	3Q 2015	+/- YoY	2Q 2015	3Q 2015	+/- QoQ
China	290.0	170.0	-41% ↓	215.0	170.0	-21% ↓
India	510.0	300.0	-41% ↓	380.0	300.0	-21% ↓
Bangladesh	505.0	305.0	-40% ↓	382.0	305.0	-20% ↓

Source: Ship Brokers' Reports, Sep 2015

- Firm freight rates in the tanker market continued to buoy newbuilding and second-hand activity, while leading to a decline in demolition activity.
- The demolition market has also been affected by depreciation in steel prices and currencies in various markets.

Newbuild Prices: Stable

Newbuild prices (USD Million)	3Q 2014	3Q 2015	+/- YoY	2Q 2015	3Q 2015	+/- QoQ
LNG Tankers						
160,000 cbm	200.0	200.0	0% ↔	200.0	200.0	0% ↔
Petroleum Tankers						
VLCC (200 – 300,000 dwt)	98.7	95.0	-3.7% ↑	96.2	95.0	-1.3% ↑
Suezmax (120-200,000 dwt)	65.1	64.5	-0.9% ↓	64.8	64.5	-0.4% ↓
Aframax (80-120,000 dwt)	53.9	53.0	-1.7% ↓	53.3	53.0	-0.5% ↓
MR2 (45-50,000 dwt)	37.0	35.9	-3.0% ↓	36.5	35.9	-1.7% ↓
Chemical : Coated						
35-37,000 dwt	32.8	30.3	-7.6% ↓	31.0	30.3	-2.3% ↓
Chemical : Stainless Steel						
35-37,000 dwt	65.9	56.7	-14% ↓	64.0	56.7	-11.4% ↓

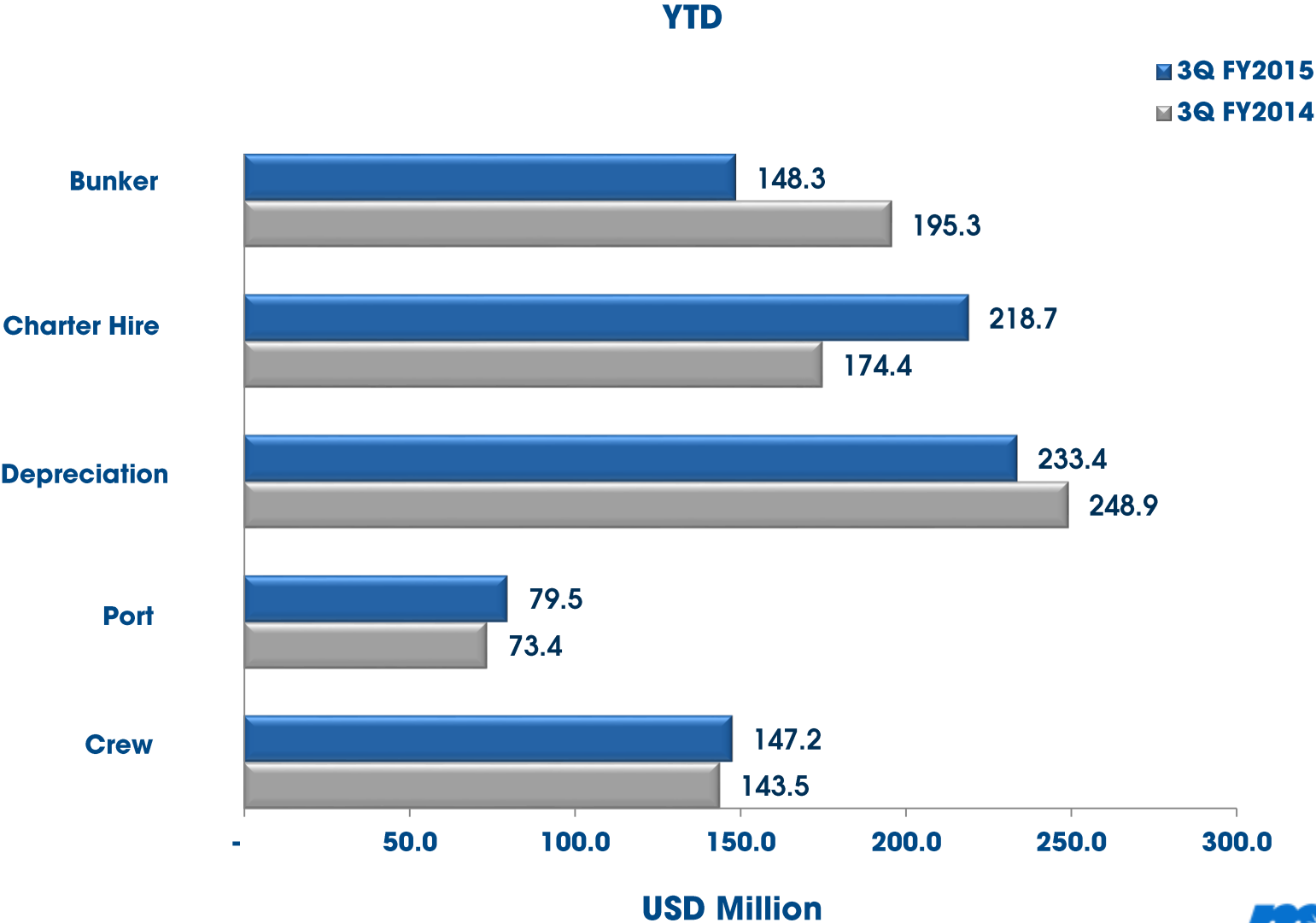
Source: Ship Brokers' Reports, Sep 2015

Secondhand Prices: Level

Secondhand Prices (USD Million)	3Q 2014	3Q 2015	+/- YoY	2Q 2015	3Q 2015	+/- QoQ
Petroleum Tankers - 5 years						
VLCC (200 – 300,000 dwt)	73.0	82.0	12% ↑	80.3	82.0	2% ↑
Suezmax (120-200,000 dwt)	48.3	60.0	24% ↑	59.0	60.0	2% ↑
Aframax (80-120,000 dwt)	38.7	46.0	19% ↑	45.0	46.0	2% ↑
MR2 (45-50,000 dwt)	26.2	26.3	1% ↔	25.0	26.3	5% ↔
Chemical : Coated - 10 years						
35-37,000 dwt	16.8	16.3	-3% ↓	18.0	16.3	-9% ↓
Chemical : Stainless Steel - 10 years						
35-37,000 dwt	39.0	36.2	-7% ↓	38.7	36.2	-6% ↓

Source: Ship Brokers' Reports, Sep 2015

Main Shipping Cost Components



Liquidity Ratios (Core Earnings)

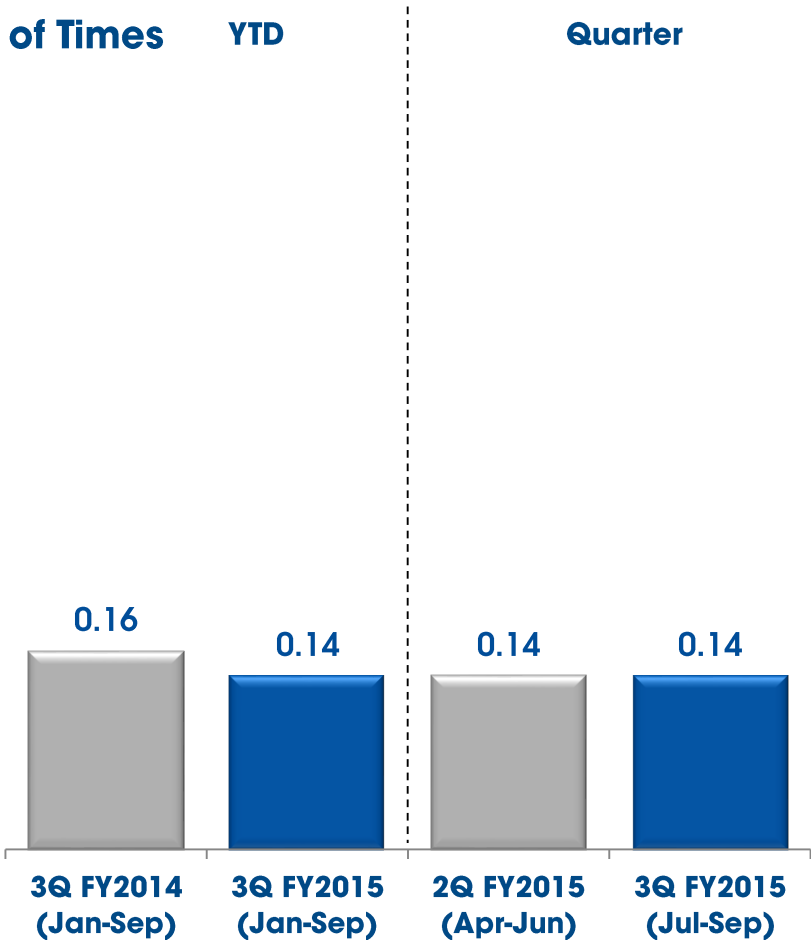
Group

Net Debt to Equity

No. of Times

YTD

Quarter

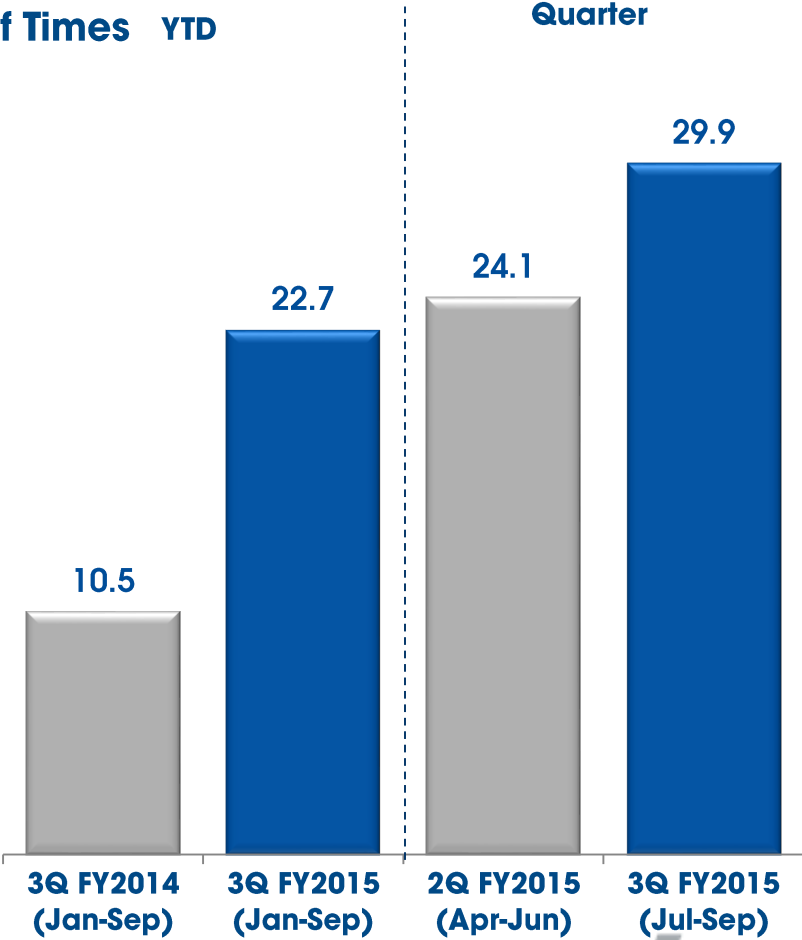


Interest Cover

No. of Times

YTD

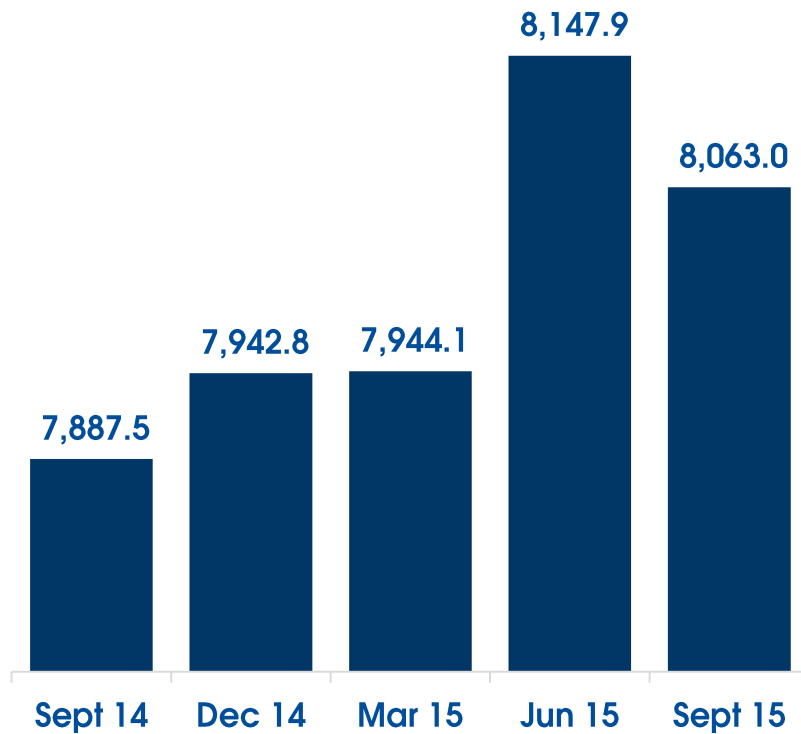
Quarter



Balance Sheet

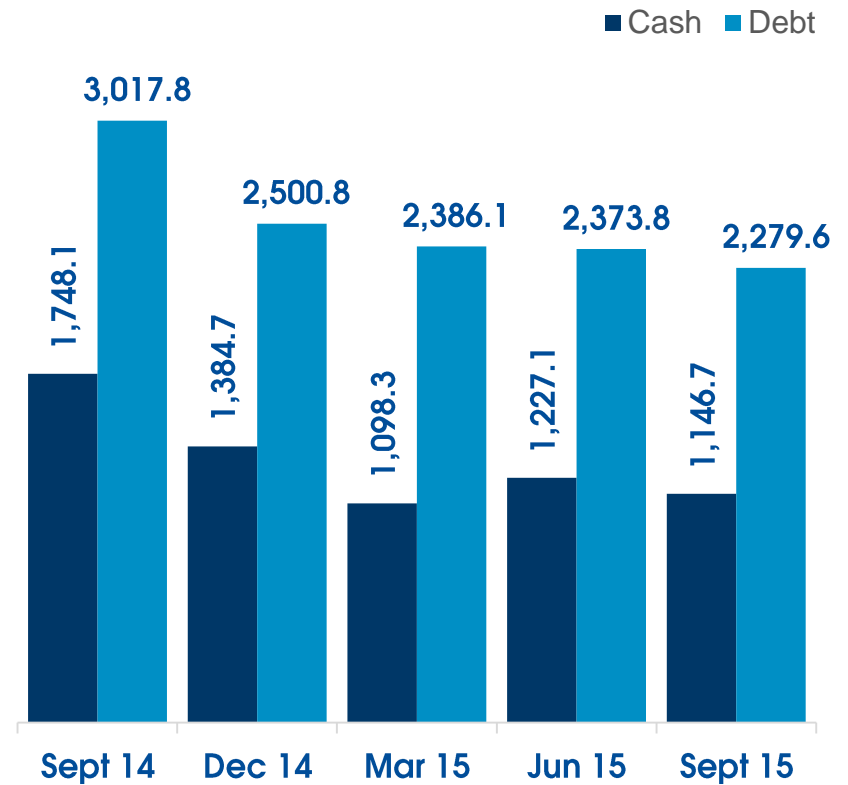
Shareholders' Funds

USD mil.



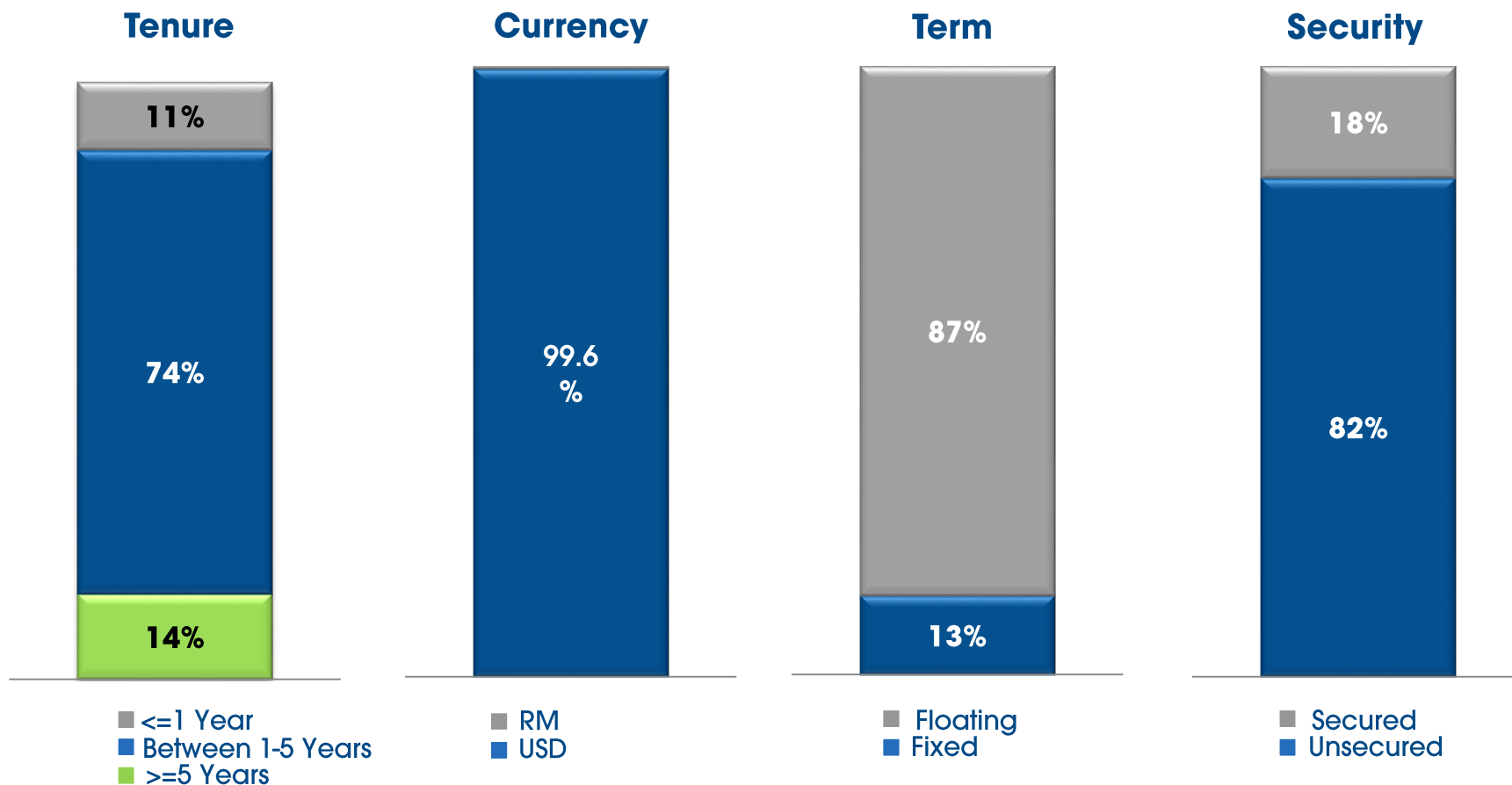
Total Debt & Cash Position

USD mil.

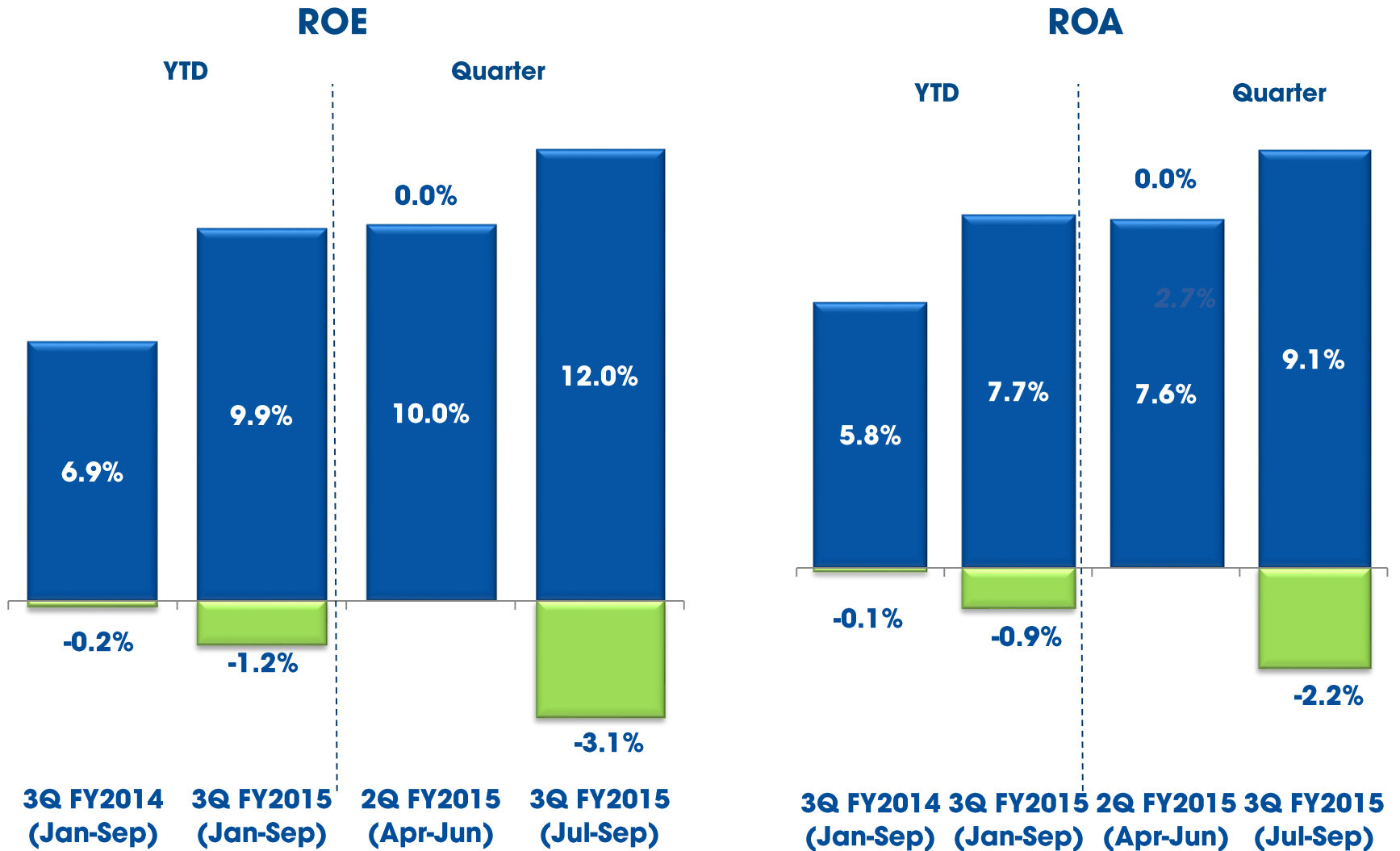


Debt Profile

As at 30 September 2015



Return on Investment



■ Core Earnings

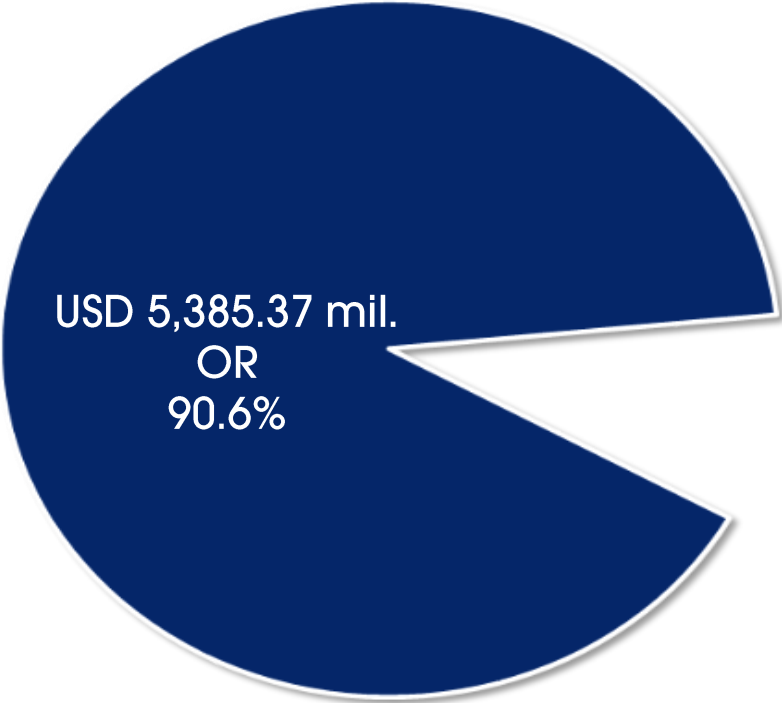
■ Non-Recurring Items



Assets Profile

As at 30 September 2015

Unencumbered Assets



Encumbered Assets



Total Assets
USD 5,957.38 mil.