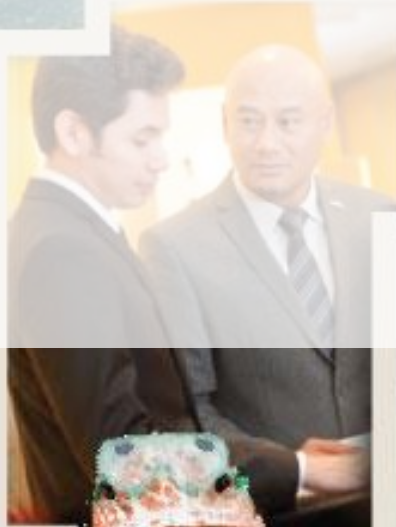




ANALYST BRIEFING

2Q FY2016 Financial Results

4th Aug 2016



FINANCIAL OVERVIEW

By : Nik Azlan Nik Abdul Aziz | Senior General Manager, Finance



Financial Performance: 2Q FY2016 vs 1Q FY2016

Gain on GKL Consolidation Contributed to Higher Profit for the Quarter

	1Q FY 16 (Jan - Mar)	2Q FY 16 (Apr - Jun)	qoq %
<i>In USD Mil</i>			
Revenue	570.9	596.8	4.5
EBITDA	336.9	258.7	(23.2)
PBT from Operations	191.7	122.3	(36.2)
Non-Recurring Items	(5.6)	217.4	>100
PBT	186.1	339.7	82.5
Net Profit	189.6	335.0	76.7
EPS (cents)	2.9	7.4	155.2
ROE (%)	6.5	15.6	140.0

Higher revenue:

- Offshore business – consolidation of GKL
- Heavy Engineering – commencement of new projects

Lower PBT from operations:

- LNG – early termination fees recognized in 1Q
- Petroleum – lower earning rates and earning days

Non-recurring items:

- Gain on acquisition of GKL, USD207 million
- Intangible assets of customer contracts from PMSSB USD13 million
- Loss on acquisition of Paramount USD1.3 million

Financial Performance: 2Q FY2016 vs 2Q FY2015

	2Q FY 15 (Apr - Jun)	2Q FY 16 (Apr - Jun)	qoq %
<i>In USD Mil</i>			
Revenue	710.4	596.8	(16.0)
EBITDA	316.7	258.7	(18.3)
PBT from Operations	210.8	122.3	(42.0)
Non-Recurring Items	0.6	217.4	+>100
PBT	211.4	339.7	60.7
Net Profit	209.1	335.0	60.2
EPS (cents)	4.6	7.4	60.9
ROE (%)	10.0	15.6	56.0

Lower revenue and PBT from operations:

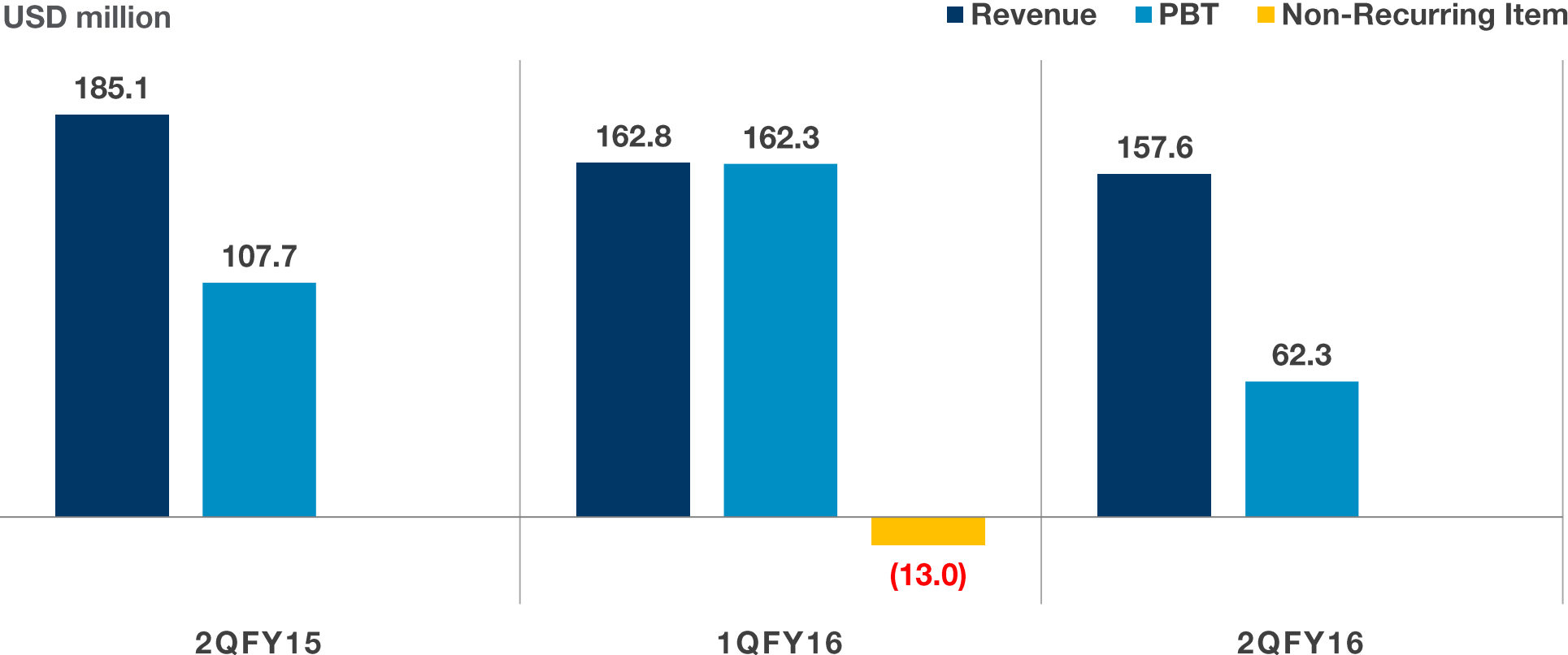
- LNG – smaller fleet of vessels and lower renewal rates
- Petroleum – lower charter rates
- Heavy Engineering – completion of large projects

Non-recurring:

- Gain on acquisition of GKL, USD207 million
- Intangible assets of customer contracts from PMSSB USD13 million
- Loss on acquisition of Paramount USD1.3 million

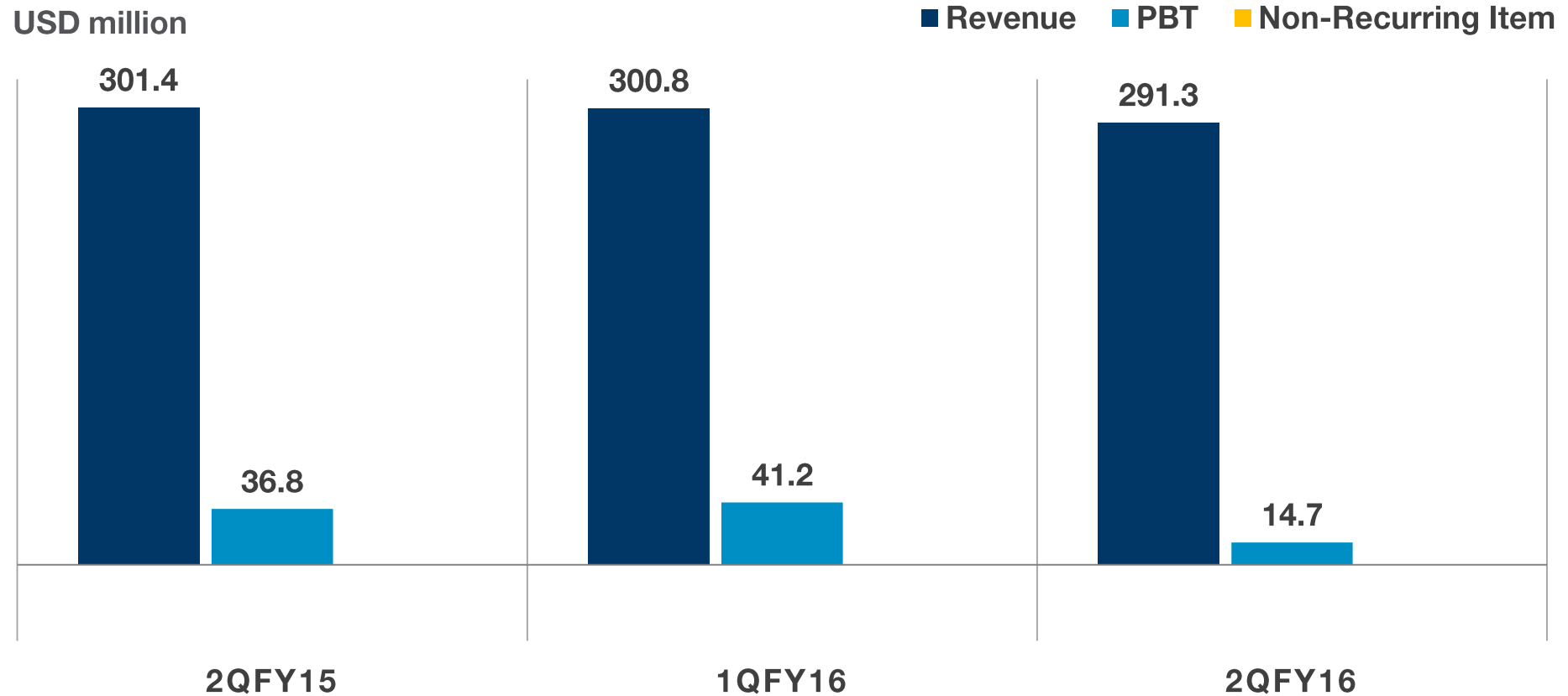
Financial Performance by Business Segment

LNG Shipping



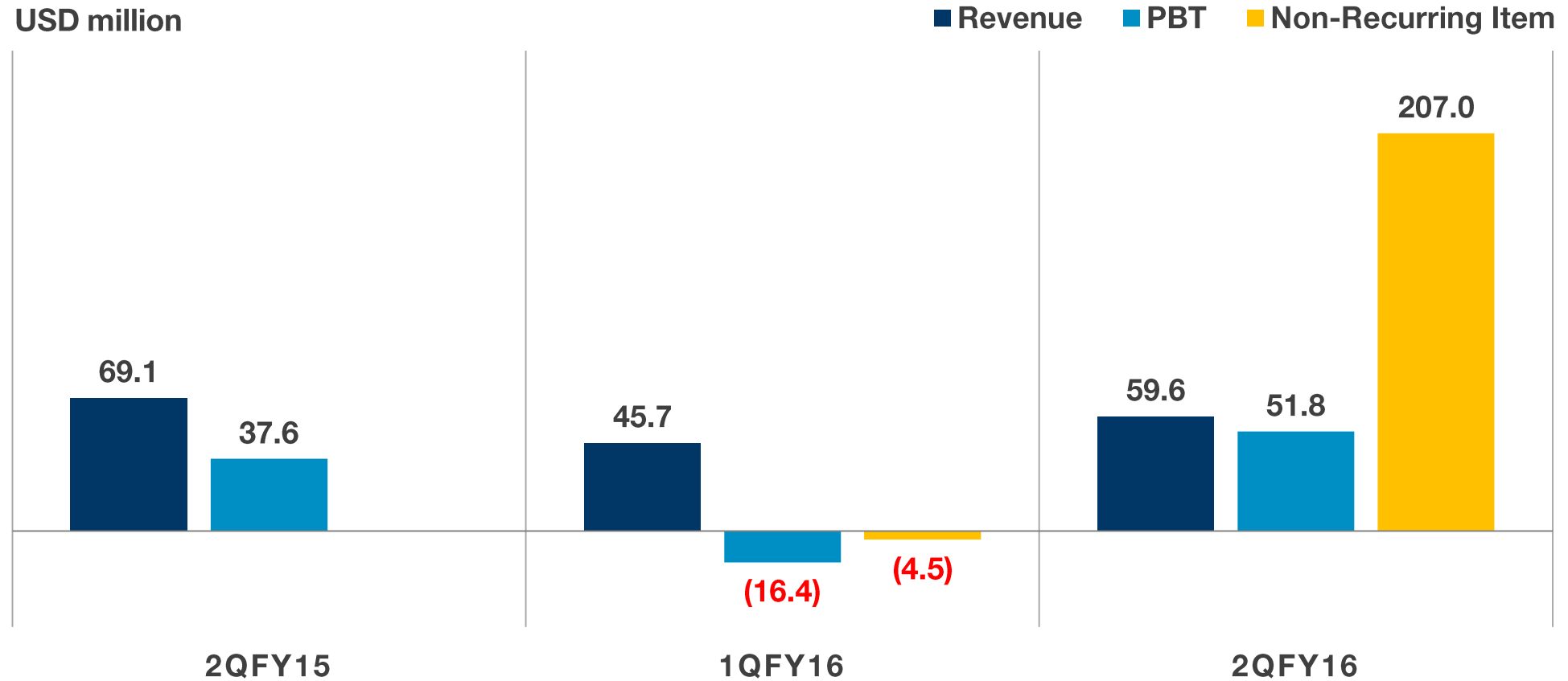
Financial Performance by Business Segment

PETROLEUM Shipping



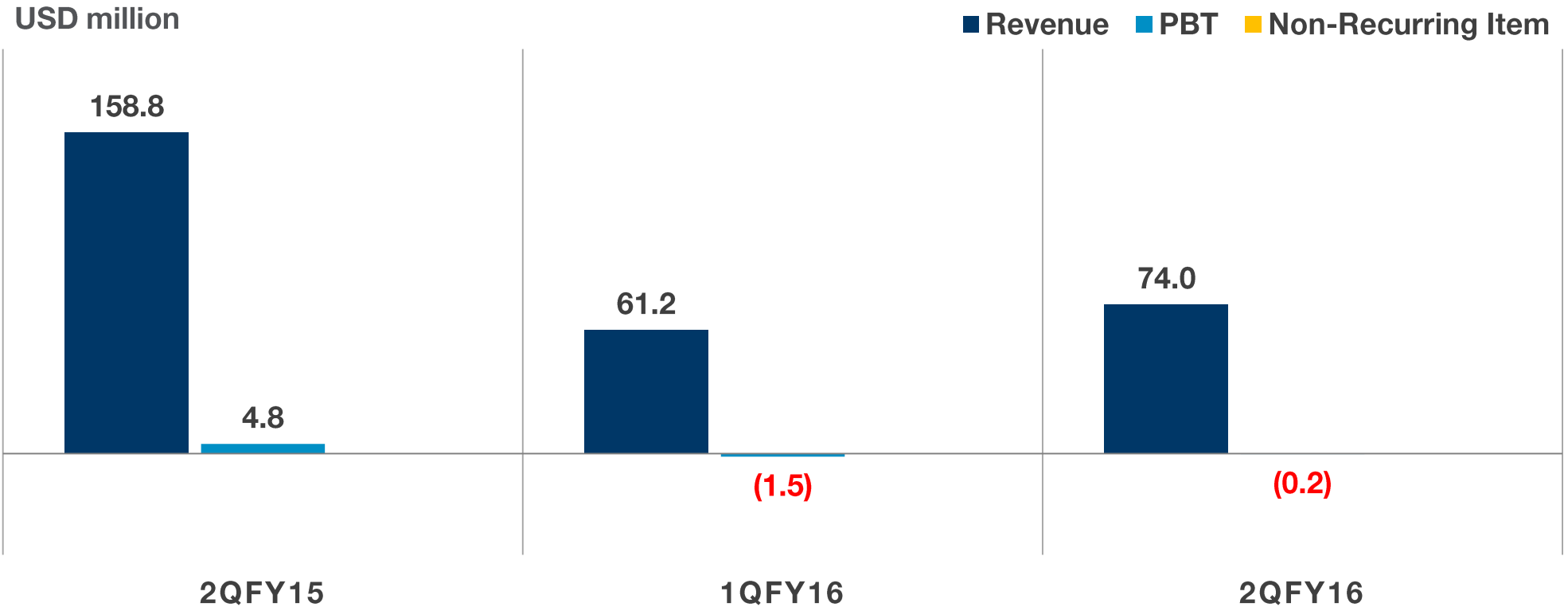
Financial Performance by Business Segment

OFFSHORE BUSINESS

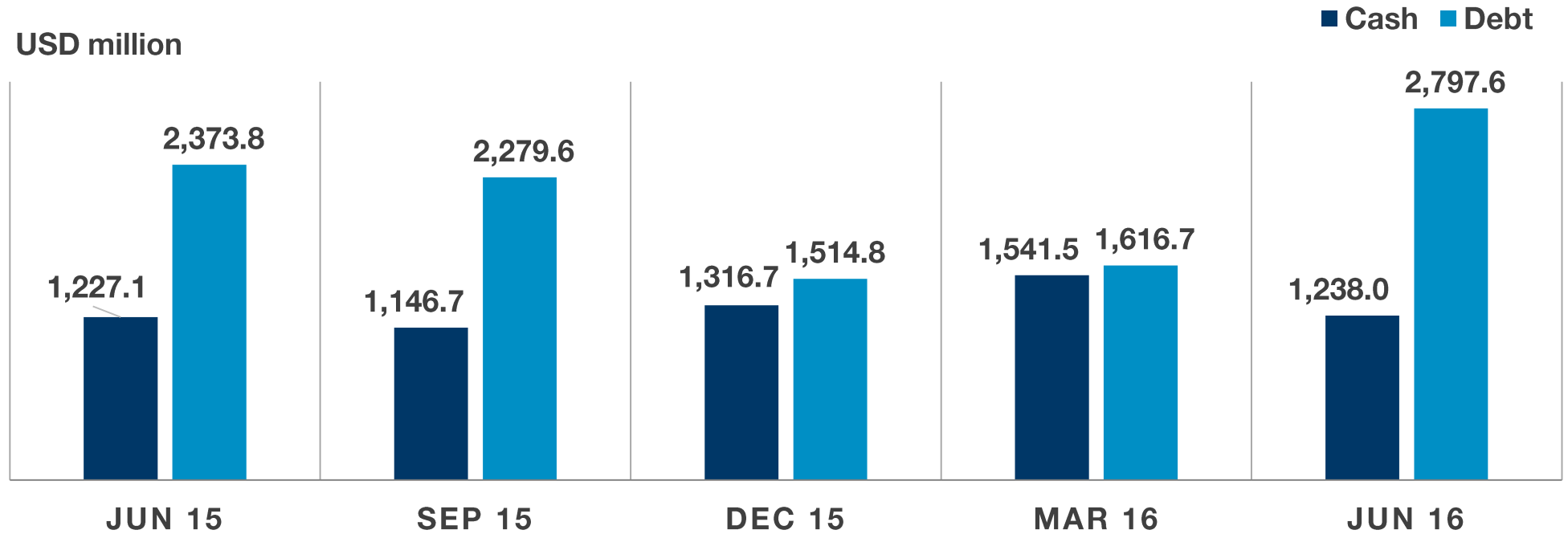


Financial Performance by Business Segment

HEAVY ENGINEERING



Financial Performance – Balance Sheet



- Consolidation of Gumusut-Kakap's borrowing.
- **Net gearing ratio** rose from 0.12x in 1Q 2016 to 0.33x in 2Q 2016

Others – Recent Corporate Exercise

Disposal of MISC Entire Equity Interest in MISC Integrated Logistic Sdn Bhd (MILS)

- Sale and purchase agreement was entered with SWIFT Haulage Sdn Bhd (“SWIFT”) on 9 May 2016.
- Cash consideration of RM257.2 million
- 31 December 2015 net assets RM255.5 million
- SWIFT to pay Shareholders loan of RM66.8 million and other receivables due to MISC of up to RM34 million
- Expect completion within 6 months



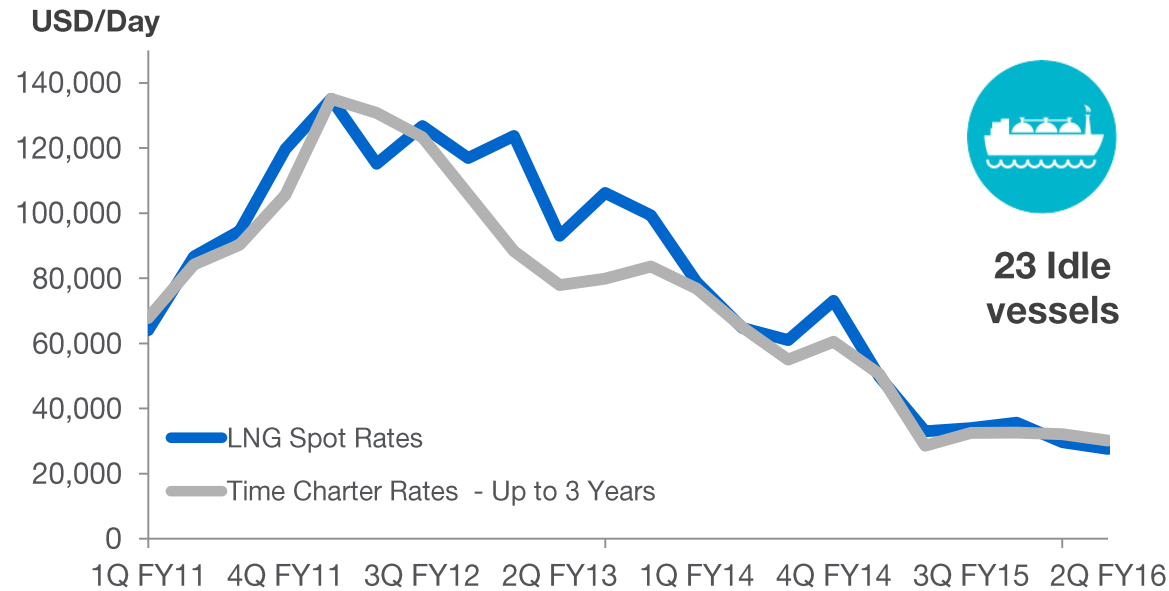
MARKET ENVIRONMENT

By : Teoh Paul Keng | General Manager, CPD

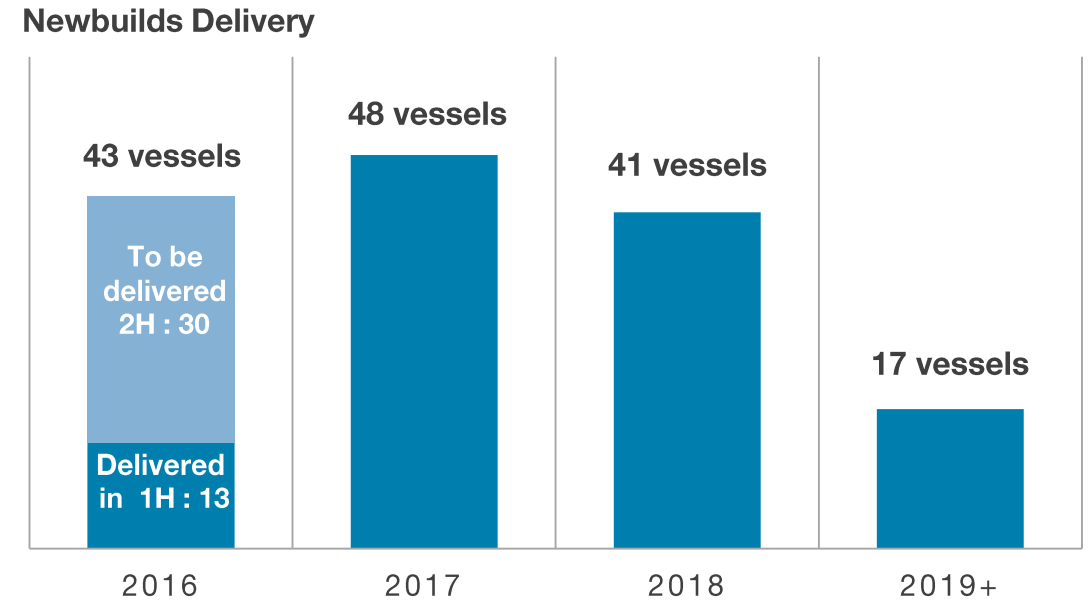


LNG SHIPPING

Projects Disruption and Newbuild Deliveries Added to the Oversupply Woe in the Spot Market



Source: Shipbrokers' Report, June 2016

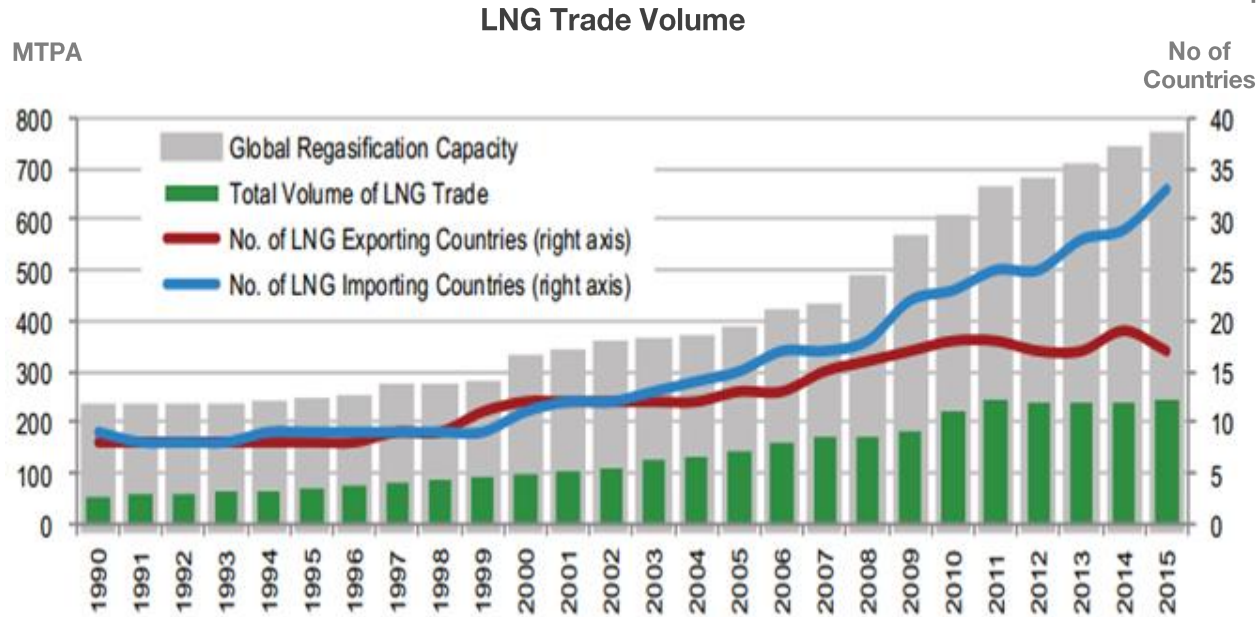


Source: Shipbrokers' report, June 2016

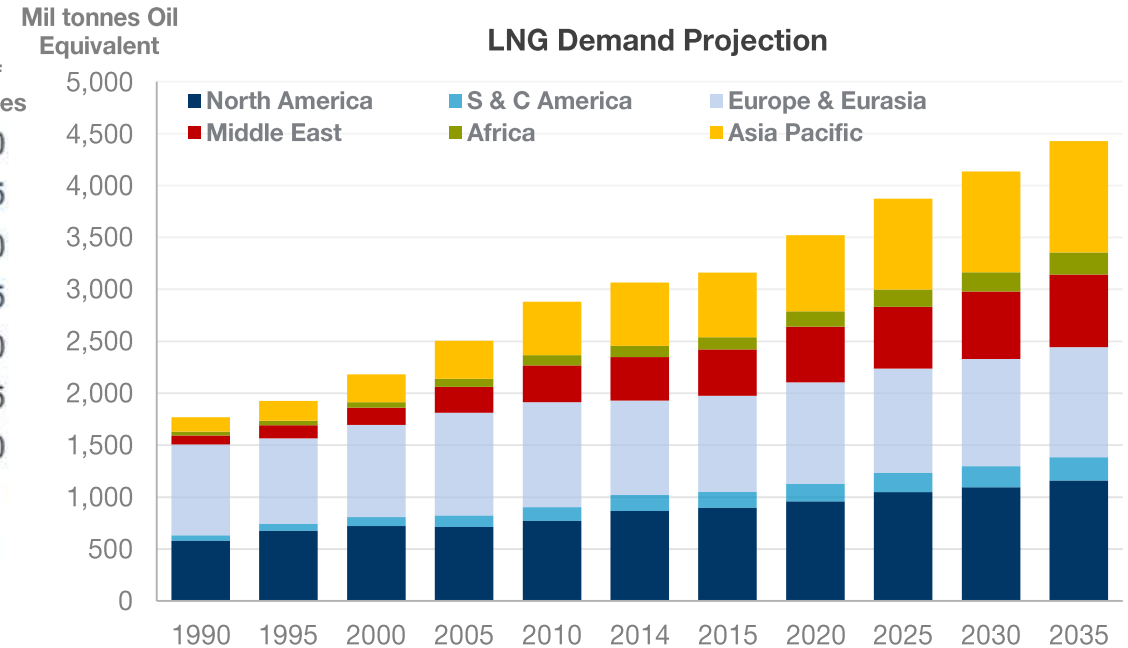
- Temporary closure of Gorgon LNG Terminal and delay in Angola Terminal reactivation added project vessels to the spot market.
- Reactivation of Angola LNG Terminal will remove 7 vessels from the spot market.
- Only 4 vessels ordered in YTD versus 33 vessels in 2015 and 69 vessels in 2014.

LNG Shipping

LNG Demand Remains Flat in Short to Medium Term



Source: IHS., IEA, IGU

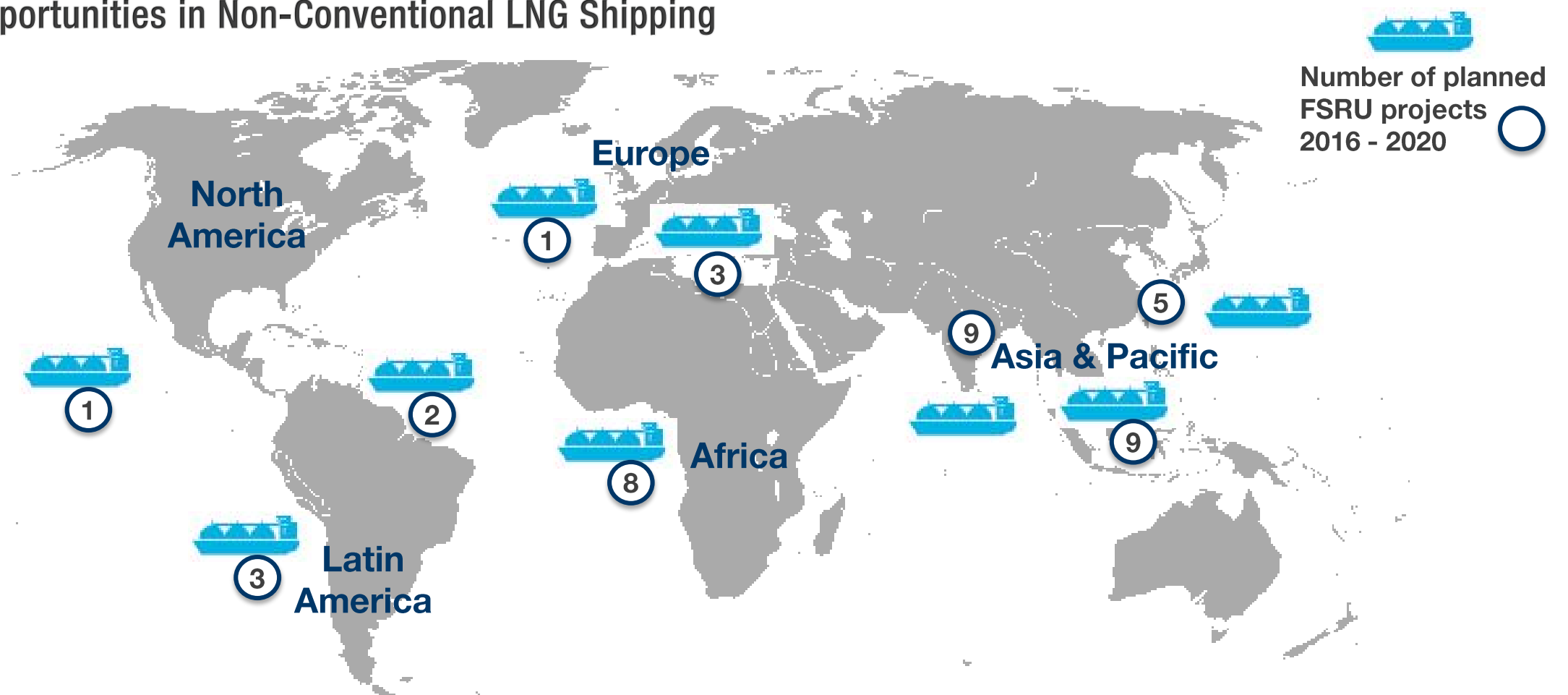


Source: BP Report Q3 2016

- Number of importing countries doubled to 33 in the last 10 years but demand remains flat.
- Egypt, Jordan, Pakistan and Poland became the latest countries importing gas in 2015.
- Other countries like Argentina, Columbia, Philippines, Sri Lanka, Uruguay and Bangladesh are expected to import LNG gas in the future.

LNG Shipping

Opportunities in Non-Conventional LNG Shipping

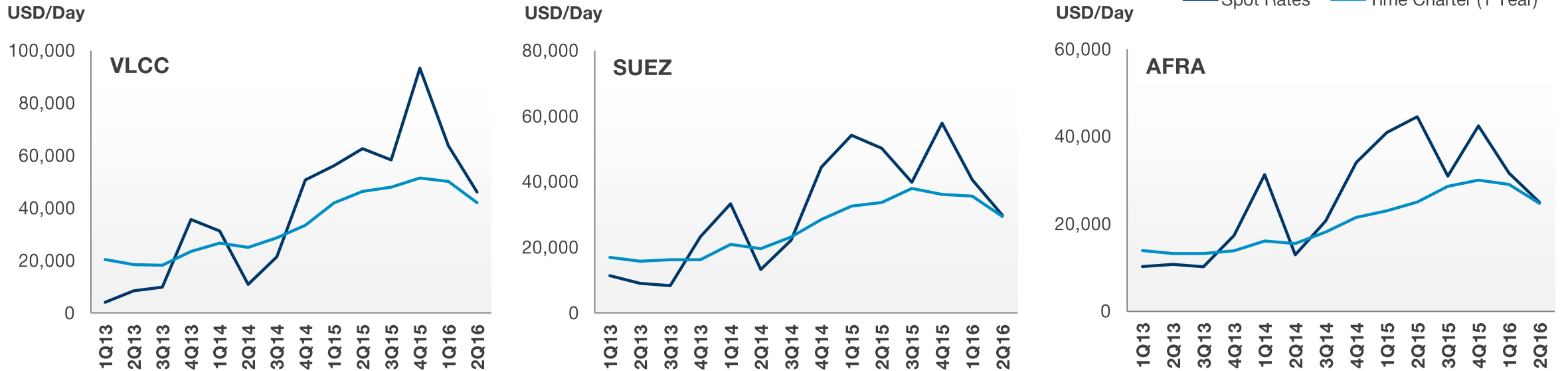


- Non-conventional solutions potential driver for LNG demand growth

Source: EMA Report Q2 2016

PETROLEUM SHIPPING

Seasonal Cyclicity Driven by Refinery Maintenance

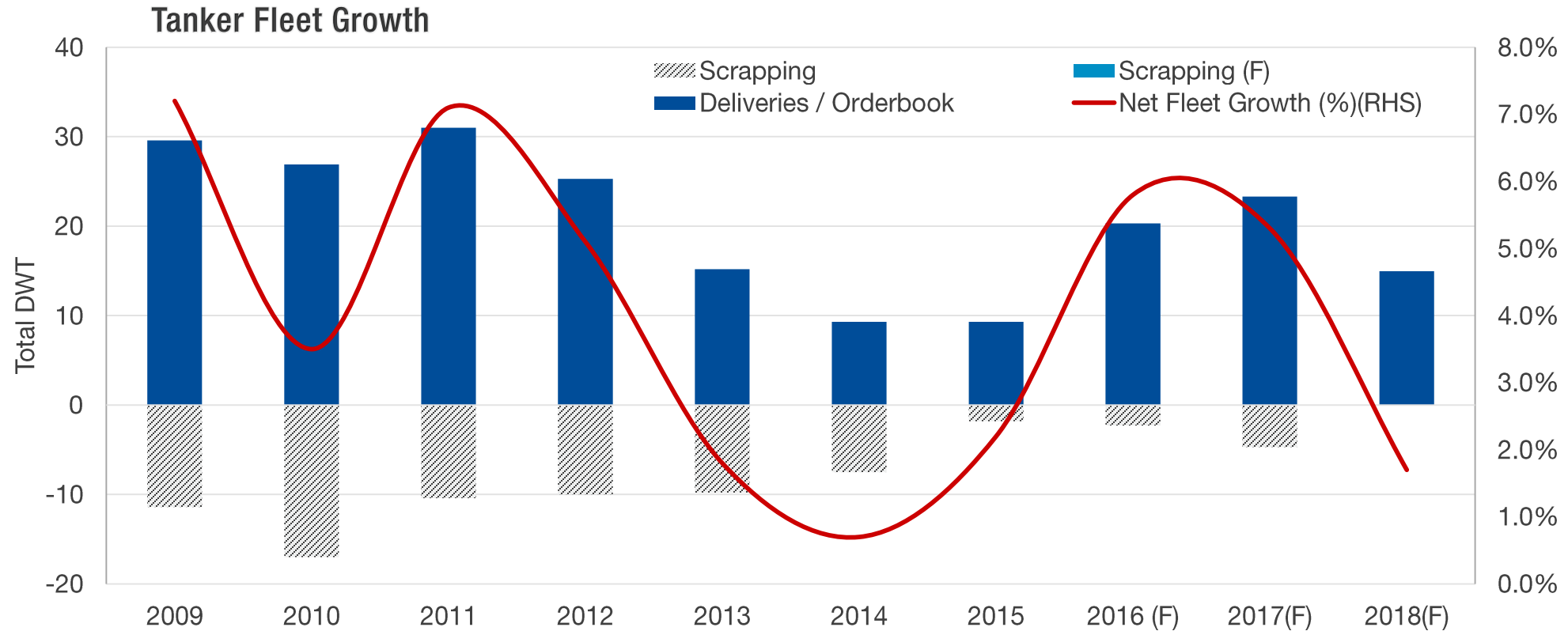


Source: Ship Brokers' Report, June 2016

- Softening of Q2 tanker rates due to:
 - Seasonal refinery maintenance activities in Northeast Asia reduced vessel demand for VLCC.
 - Supply interruption in West Africa impacted Suezmax vessel demand.
 - Slowdown in refinery throughput due to high inventory and lower margin.
 - 3% fleet growth in first half of 2016 vs 3% for the whole of 2015.
- Expect seasonal pick-up in 4Q as refineries ramp up on the winter season.
- Extreme weather pattern could potentially provide a boost to the tanker market.

PETROLEUM SHIPPING

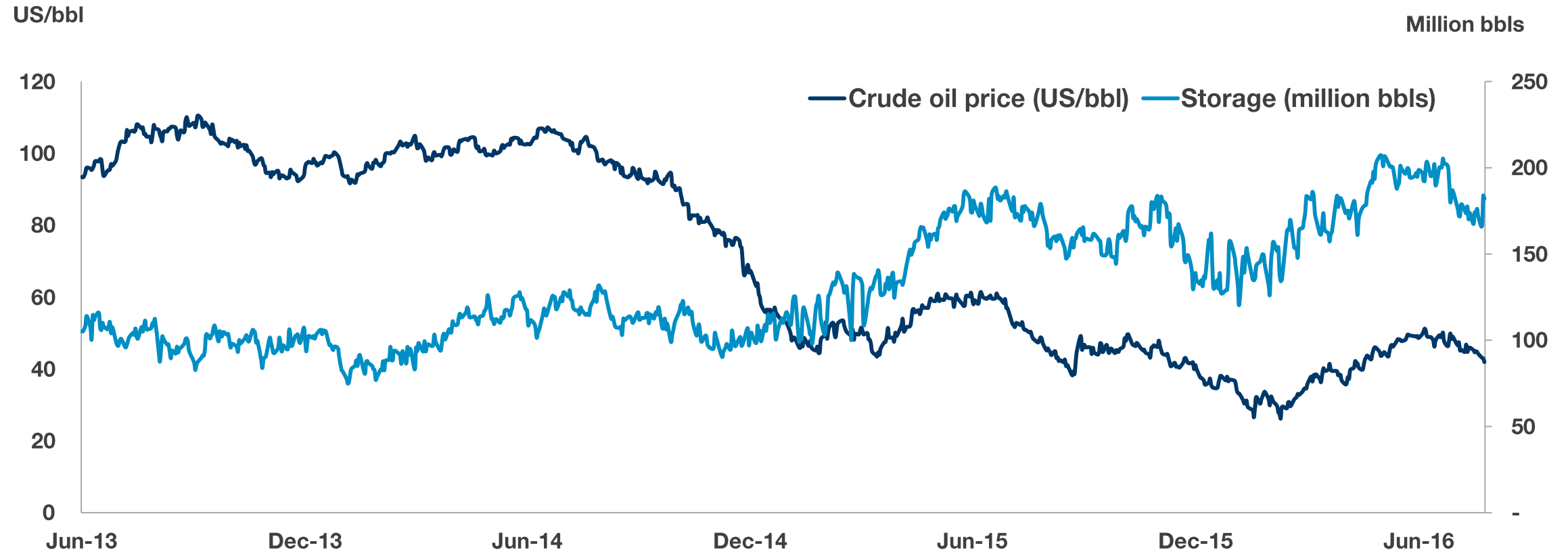
Moderate Orderbook Beyond 2017, Limiting The Downside Of The Tanker Rates



- Tanker order has shrunk significantly with 11 tanker ordered YTD versus 172 in 2015.
- Potential cancellation/slippage in orderbook delivery at troubled yards

PETROLEUM SHIPPING

Short Term: Softening Oil Price Boost Offshore Storage Demand

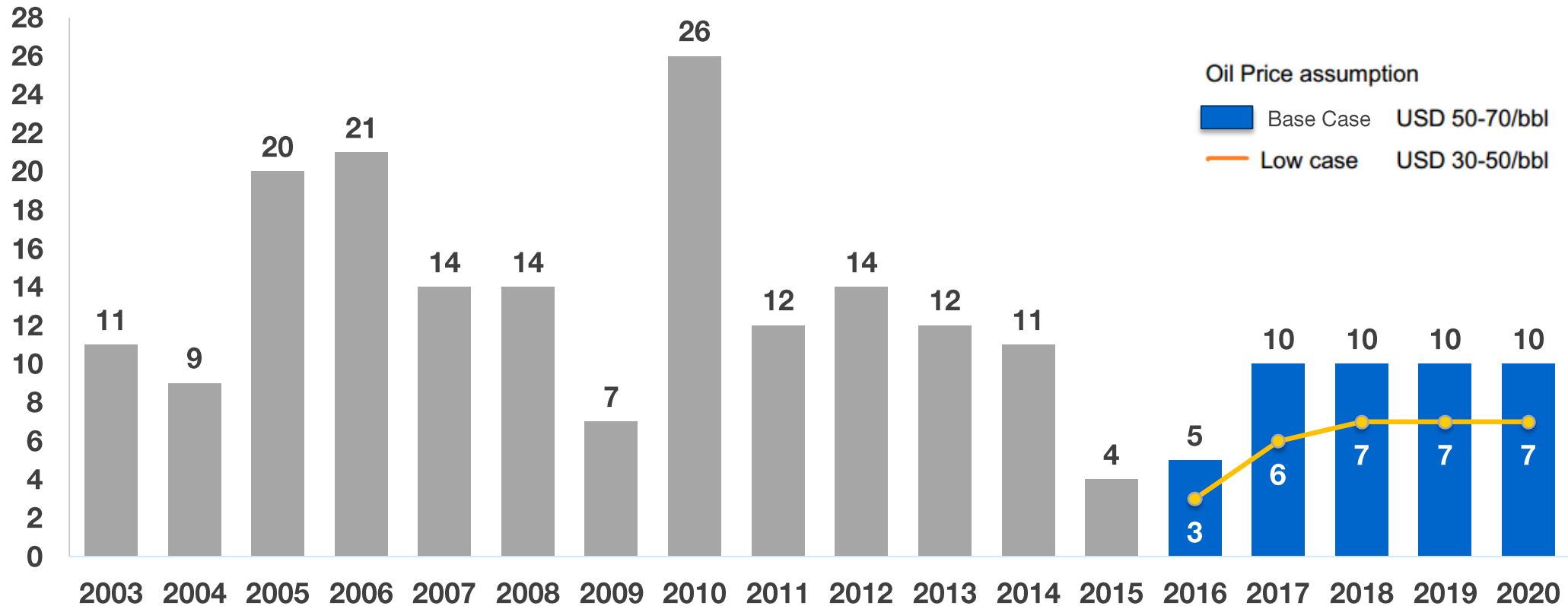


Source: IEA Report July 2016

Offshore Business Sector Outlook

Projects Award to Recover in Tandem with Better Longer Term Outlook for Oil Price

FPSO Awards Historical and Forecasted 2016 – 2020 (Base and Low Case)

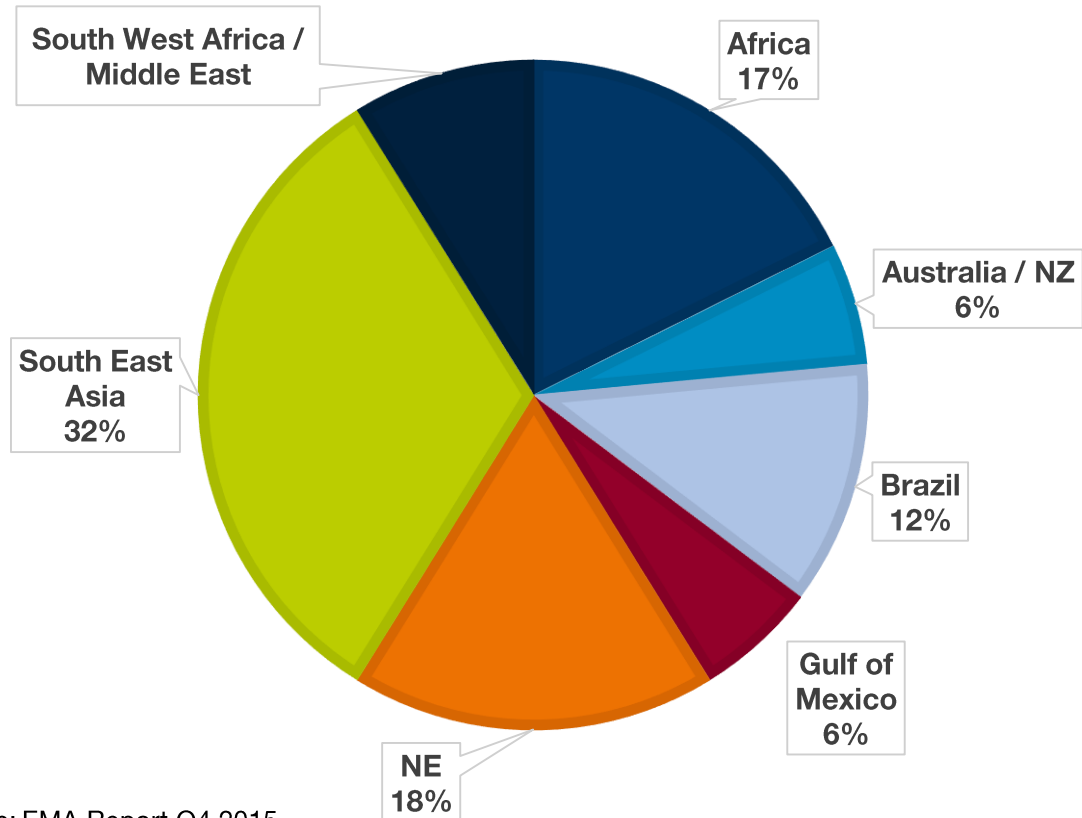


Source: EMA Report Q2 2016

Offshore Business Sector Outlook

Brownfield/Asset Replacement Opportunities Remain Attractive

34 FPSO/FSO will be expiring in 2016 - 2017



Unit Name	Number of Assets
Barge	1
FPSO	11
FSO	10
MOPU	2
SEMI	3
OTHERS	7

Source: EMA Report Q4 2015

BUSINESS OUTLOOK



LNG Business

- Boiler retrofit for FSU 1 completed. FSU 2 to be retrofitted in Q3.
- First and second Petronas newbuilds are on track to be delivered in 2016.
- Secured new 1 year charter contract for Seri Anggun.
- Continue to secure long term contracts within the conventional shipping space.
- Explore potential non-conventional solutions to increase the product offerings of LNG.
- Delivery schedule for the new LNGC:

LNGC	Delivery Date
Petronas NB1	Q3 2016
Petronas NB2	Q4 2016
Petronas NB3	Q3 2017
Petronas NB4	Q1 2018
Petronas NB5	Q2 2018

Petroleum & Chemical Business

- Completed the acquisition of Paramount Tankers in May 2016.
- 7 Aframaxes' and 2 chemicals contract were renewed during the quarter.
- Maximizing current portfolio mix at 60:40 term to spot
- Replicating lightering business model outside Gulf of Mexico
- Continue to explore opportunities for longer term income stream to niche projects like the shuttle tanker business.
- Delivery schedule for the 8 new tanker:

Petroleum Tanker	Delivery Date
Aframax	Q1 2018
Aframax	Q1 2018
Aframax	Q2 2018
Aframax	Q2 2018
LR2	Q2 2017
LR2	Q3 2017
Suezmax	Q3 2017
Suezmax	Q3 2017

Offshore Business

- Completed the buyback of Gumusut-Kakap Semi-Floating Production System (L) Limited in May 2016.
- Pursue redeployment of existing assets in the brownfield space.
- Expand services to include decommissioning and demobilization of assets.

Heavy Engineering

- Projects delivery / load out / sail away:
 - Sail away of Malikai deepwater TLP
 - Sail away of Bergading sub-structures
 - Integration of turret onto Bergading FSO
 - Delivery of Kanowit HUC
- New order intake as at June 16 - RM157 million including RAPID package 3, 5 and 14.
- Increase the proportion of recurring income base through investing into an additional drydock
- Focus on managing the cost base in this downturn period.
- Improve on utilization of existing assets through bidding of non-offshore based contracts.

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