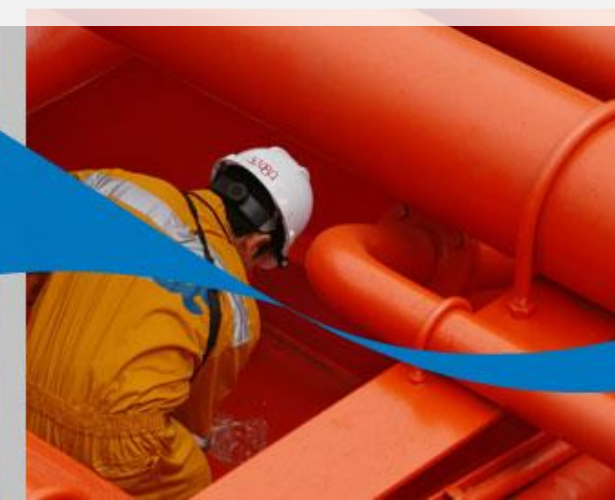




ANALYST BRIEFING 4Q FY2018 Financial Results

22 February 2019



FINANCIAL OVERVIEW

By: Mohammad Romzi | Senior General Manager, Finance



Financial Performance: 4Q FY2018 vs 3Q FY2018

<i>In USD Mil</i>	Q4 FY2018	Q3 FY2018	QoQ %
Revenue	573.2	545.8	5.0
PBT from Operations	104.6	69.5	50.4
Non Recurring Item	(19.4)	16.5	(217.5)
PBT	85.2	86.0	(1.0)
Net Profit	78.2	83.1	(5.8)
EPS (cent)	1.9	1.9	(35.0)
ROE (%)	1.0	1.0	(35.1)

Higher revenue:

- Petroleum – Higher TCE.

Higher PBT from operations:

- Petroleum – Higher revenue.
- Offshore – FPSO Ruby II contract extension and higher share of profit from joint ventures.

Non-recurring items:

- Impairment of LNG and Petroleum vessels.
- Loss on disposal of Petroleum vessels in Q4 FY2018.
- Gain on acquisition of a business.

Financial Performance: 4Q FY2018 vs 4Q FY2017

<i>In USD Mil</i>	Q4 FY2018	Q4 FY2017	QoQ %
Revenue	573.2	592.4	(3.2)
PBT from Operations	104.6	145.3	(28.0)
Non Recurring Item	(19.4)	(130.8)	85.2
PBT	85.2	14.5	488.8
Net Profit	78.2	15.6	401.5
EPS (cent)	1.9	0.5	176.2
ROE (%)	1.0	0.2	178.0

Lower revenue:

- Offshore – FSO Benchamas 2 construction revenue in Q4 FY2017.
- LNG – Seri Balhaf and Seri Balqis commercial arrangement.

Lower PBT from operations:

- Offshore – Reversal of provision for MOPU receivables in Q4 FY2017.
- Heavy Engineering – Lower contribution from Marine.

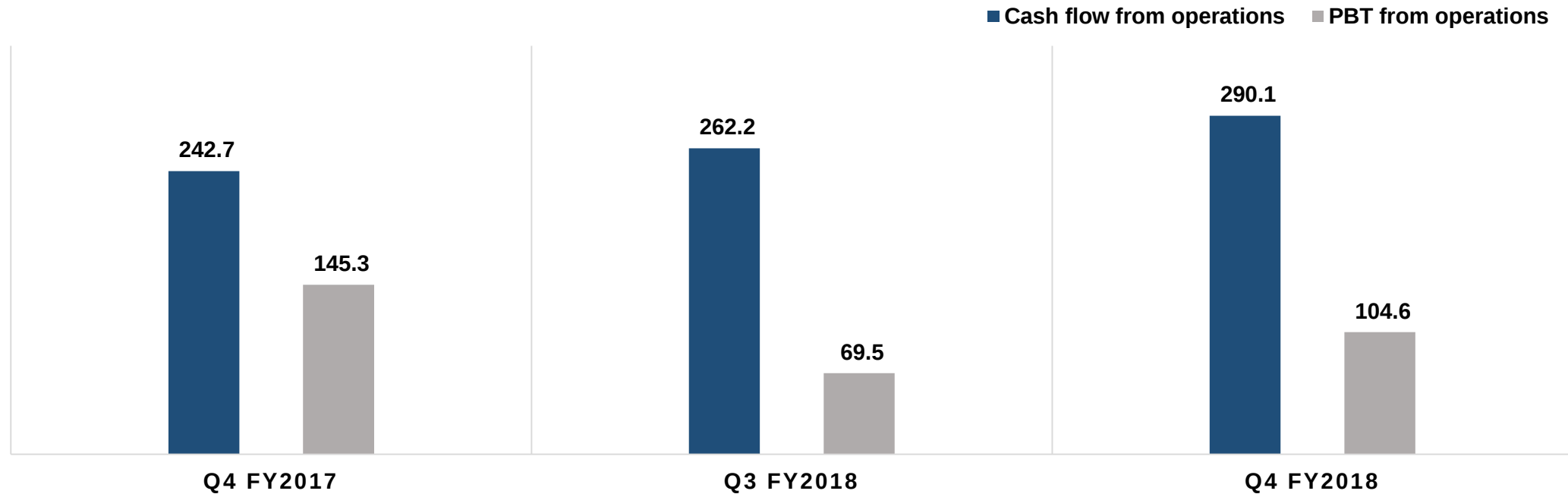
Non-recurring items:

- Impairment of LNG and Petroleum vessels.
- Gain on acquisition of a business in Q4 FY2018.

Cash Flow from Operations

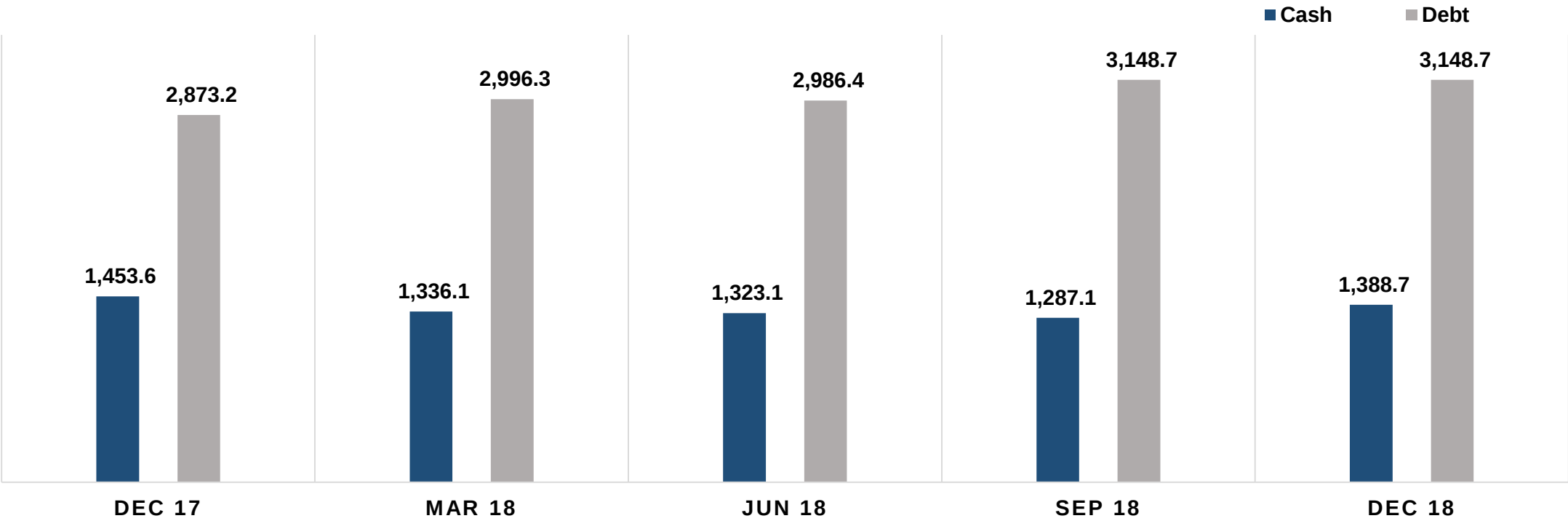
Healthy Group Cash Flow from Operations Despite Reduction in PBT

USD million



Cash and Debt Balances

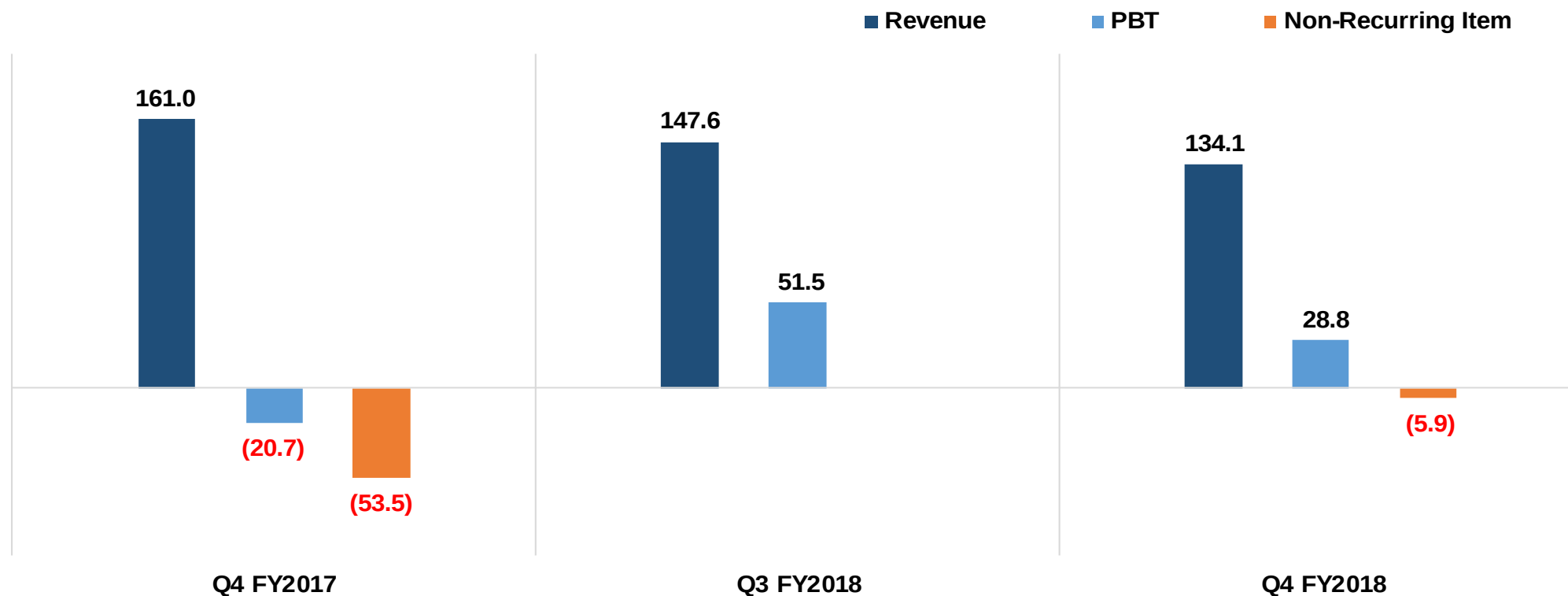
USD million



Financial Performance by Business Segment

LNG Shipping – Seri Balhaf and Seri Balqis Commercial Arrangement

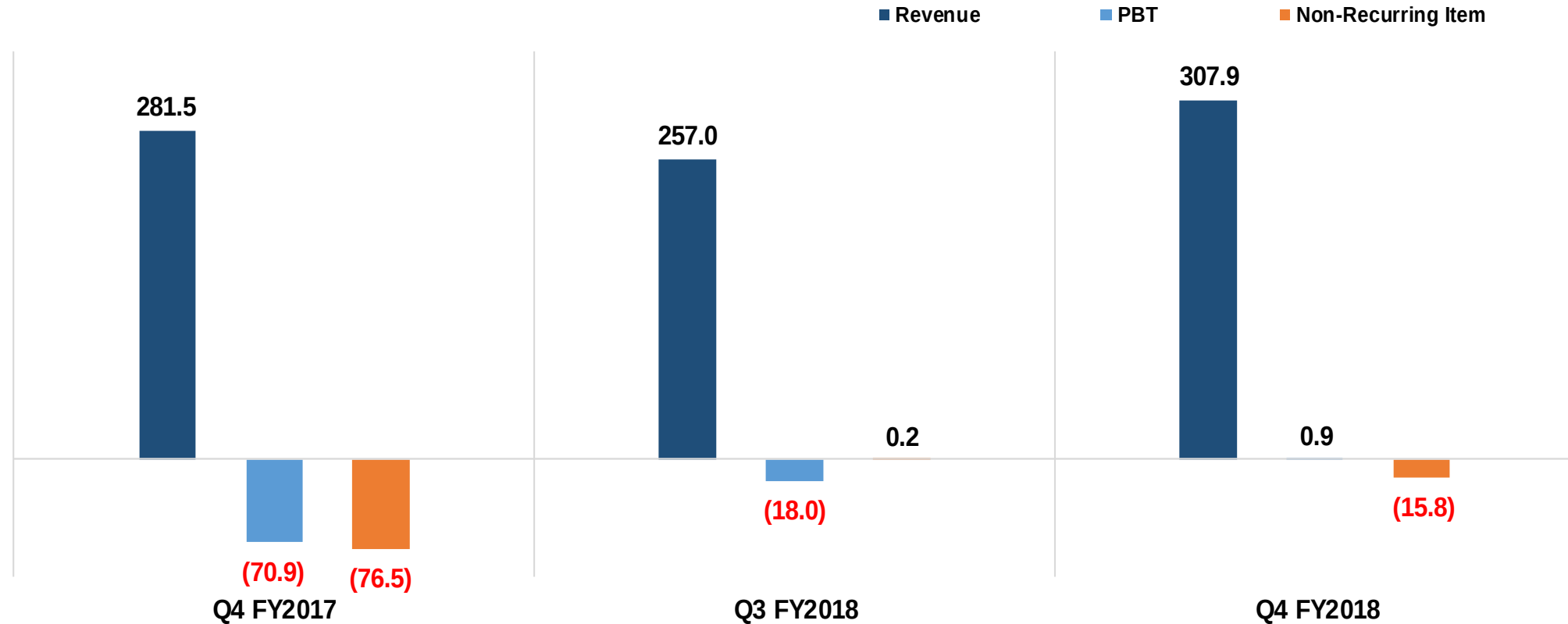
USD million



Financial Performance by Business Segment

PETROLEUM Shipping – Higher TCE

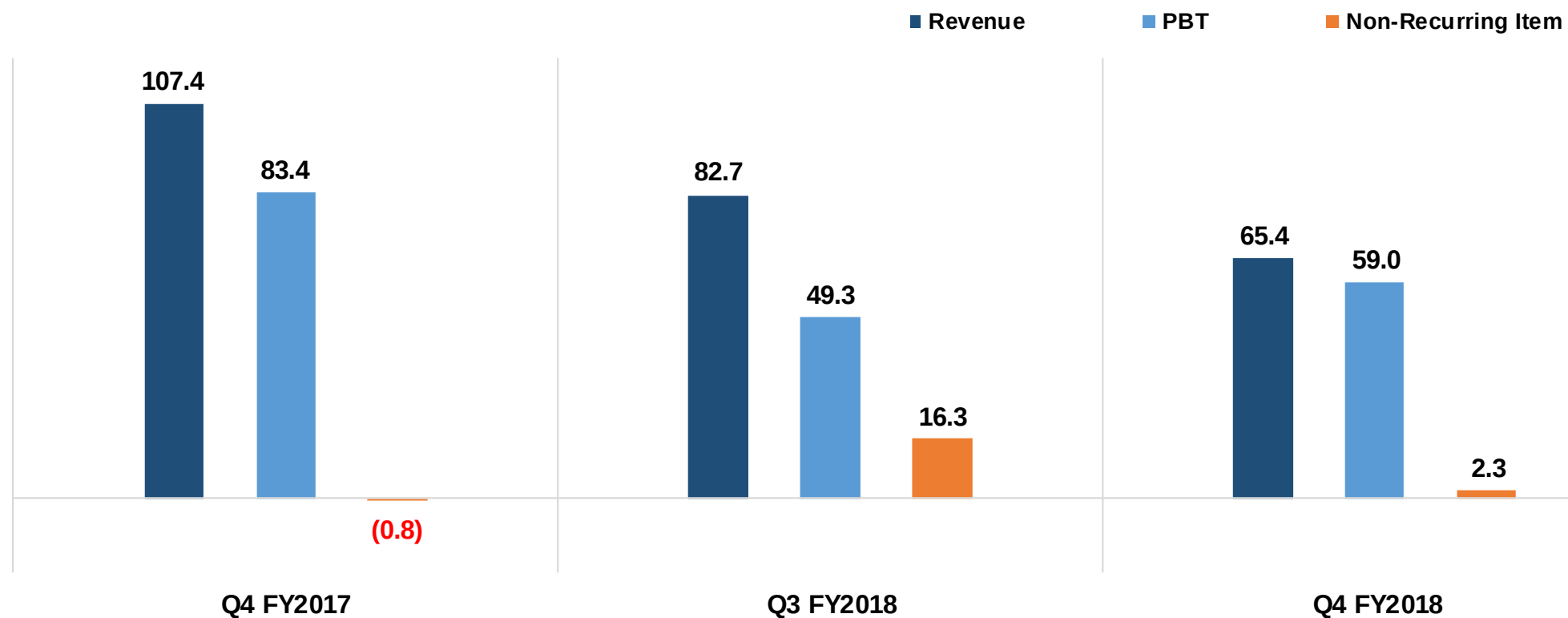
USD million



Financial Performance by Business Segment

OFFSHORE Business – FPSO Ruby II Contract Extension

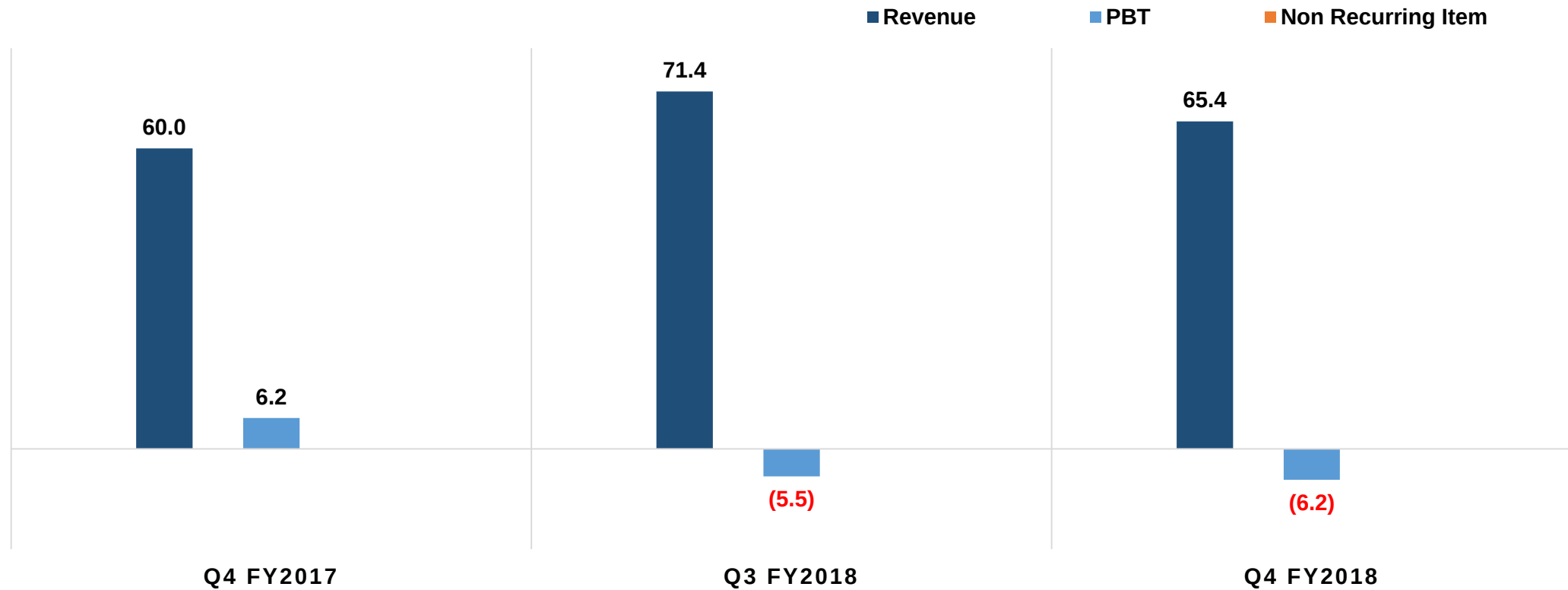
USD million



Financial Performance by Business Segment

HEAVY ENGINEERING – Lower Contribution from Marine

USD million



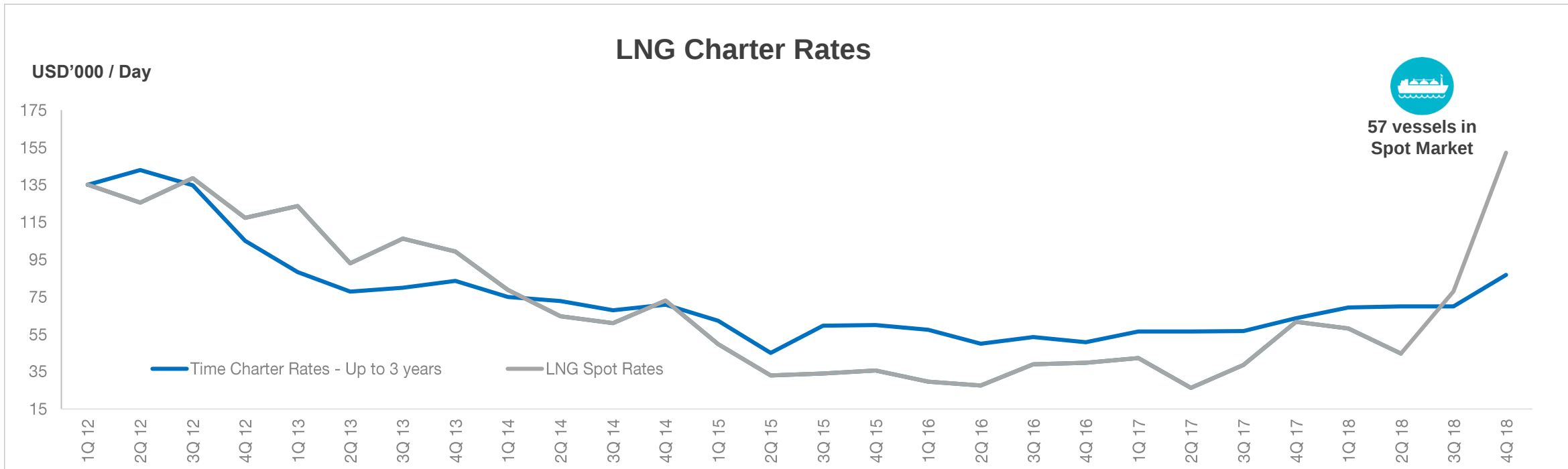
MARKET ENVIRONMENT

By: Vincent Ng | General Manager, CPD



LNG SHIPPING

LNG Spot Rates on Historic Winter Run



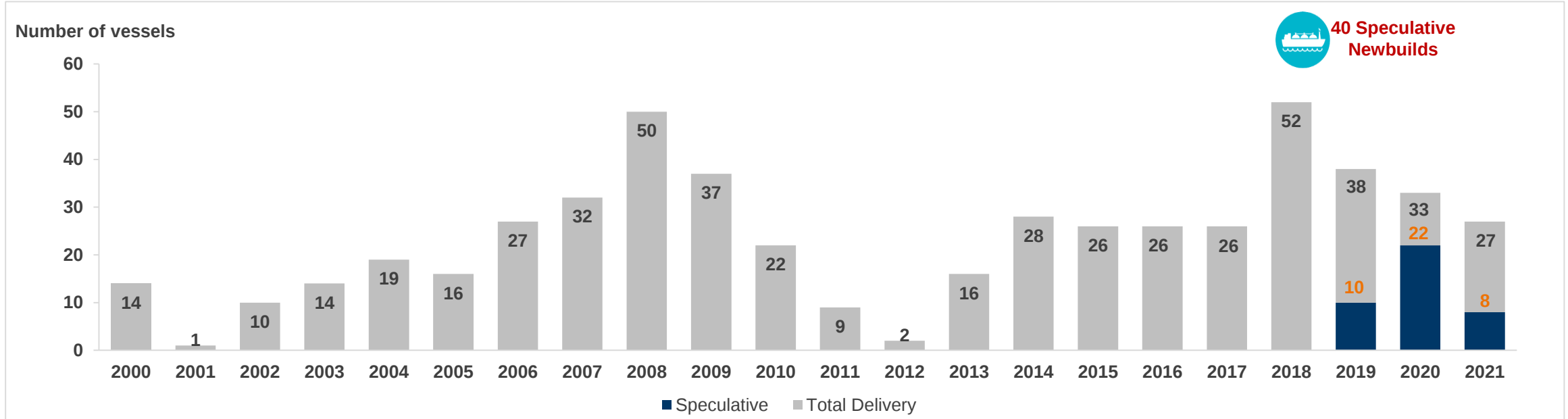
Source: LNG Shipping Database, Wood Mackenzie

- LNG spot rates went on a historic rise in Q4 2018 premised on high demand, tight tonnage availability and spurred further by floating storage plays.
- Nevertheless, spot rates have cooled off since the start of 2019 as the winter demand subsides.
- However, spot rates are expected to be well-supported in 2019 as more liquefaction capacity comes online.

LNG SHIPPING

Newbuild Orders Remain Strong

Newbuilds to be delivered (2019 to 2021)

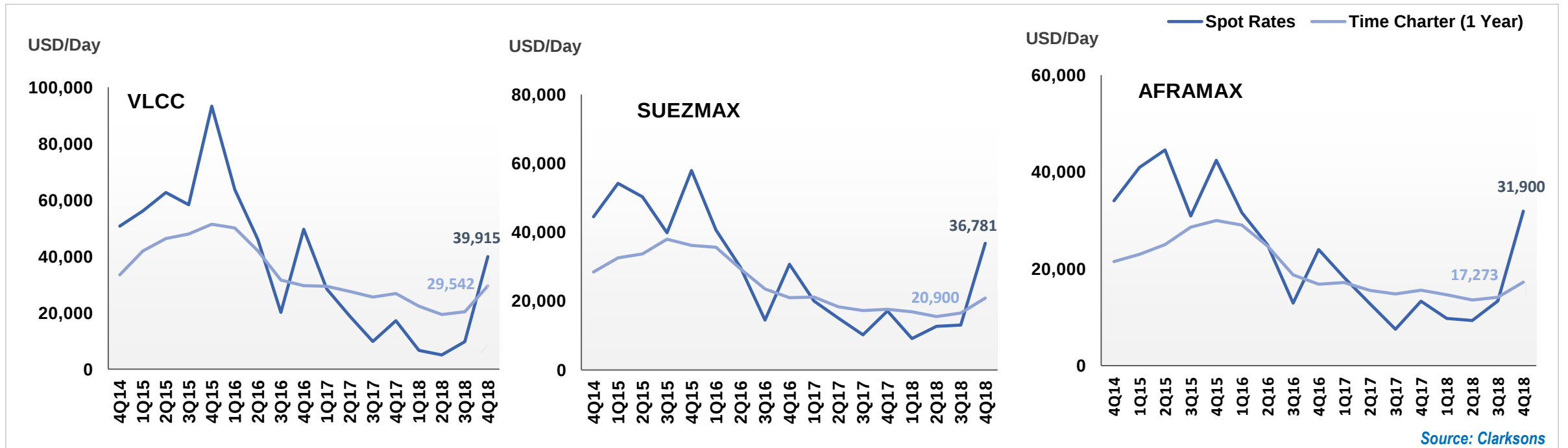


Source: LNG Shipping Database, Wood Mackenzie

- Low asset values and a positive market outlook continue to attract investment in LNG shipping.
- 52 LNG vessels were delivered in 2018 while a total of 54 newbuilds were ordered throughout the year.
- Approximately 98 new LNG vessels are expected to be delivered from 2019 until 2021.
- The market is expected to see this newbuild momentum carry into the new year as shipowners chase healthy LNG charter rates.

PETROLEUM SHIPPING

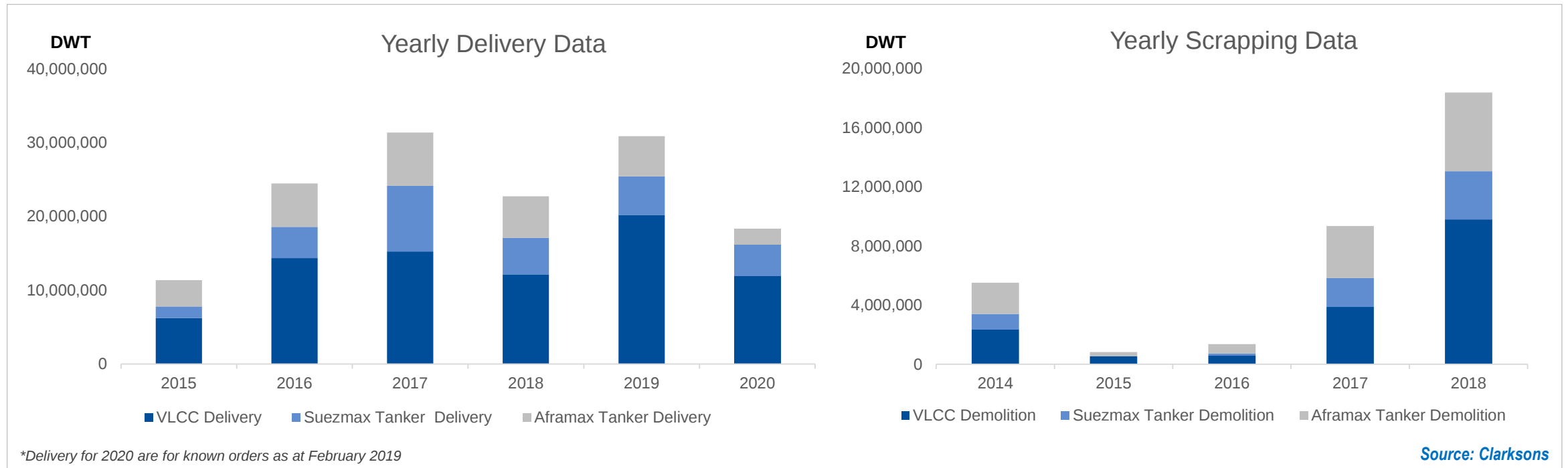
A Positive Winter Season



- Overall market sentiment for all segments were positive and rates were stronger this quarter.
- Winter season spot rates surged to levels not seen since Q42016. For VLCC, Asian buyers were very active led by Japan and South Korea. China resumed imports of US crude oil after the pause during the year following escalation of trade tensions.
- Vessel owners are hopeful that a recovery may be under way, while expecting to face a year of uncertainty in 2019.

PETROLEUM SHIPPING

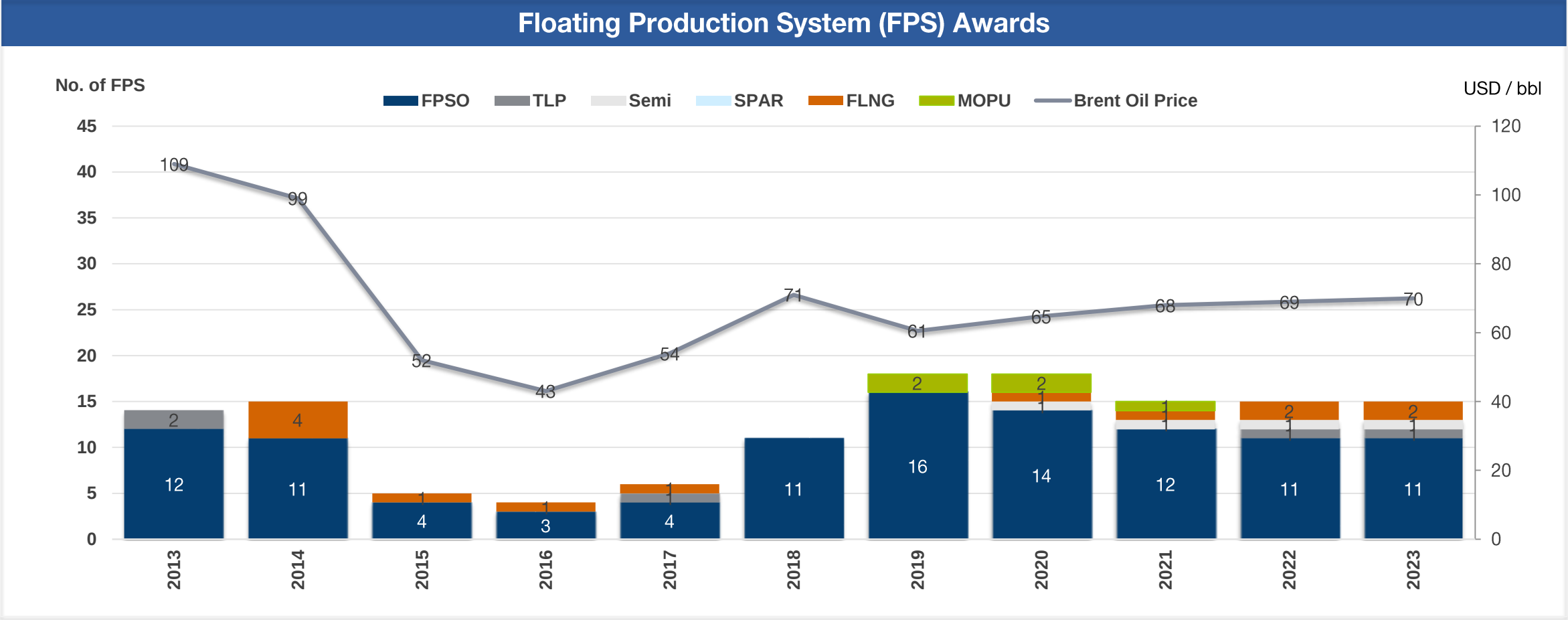
Scrapping Level at 10 Year Record High



- 2018 saw a reduction in deliveries as compared to the past 2 years but the 2019 order book returns to the recent high levels.
- The combination of low freight rates, high scrap prices, an aging tanker fleet, and the impact of upcoming vessel regulations have resulted in the scrapping of double the number of ships, compared to last year. Around 100 vessels in these three segments were scrapped in 2018 making it the highest in 10 years.
- Overall fleet growth for 2018 was moderate due to higher scrapping and fewer deliveries.

OFFSHORE BUSINESS

Recovery In Global Offshore Production System Investment Is Underway Despite A Slight Expected Dip in Oil Prices in 2019

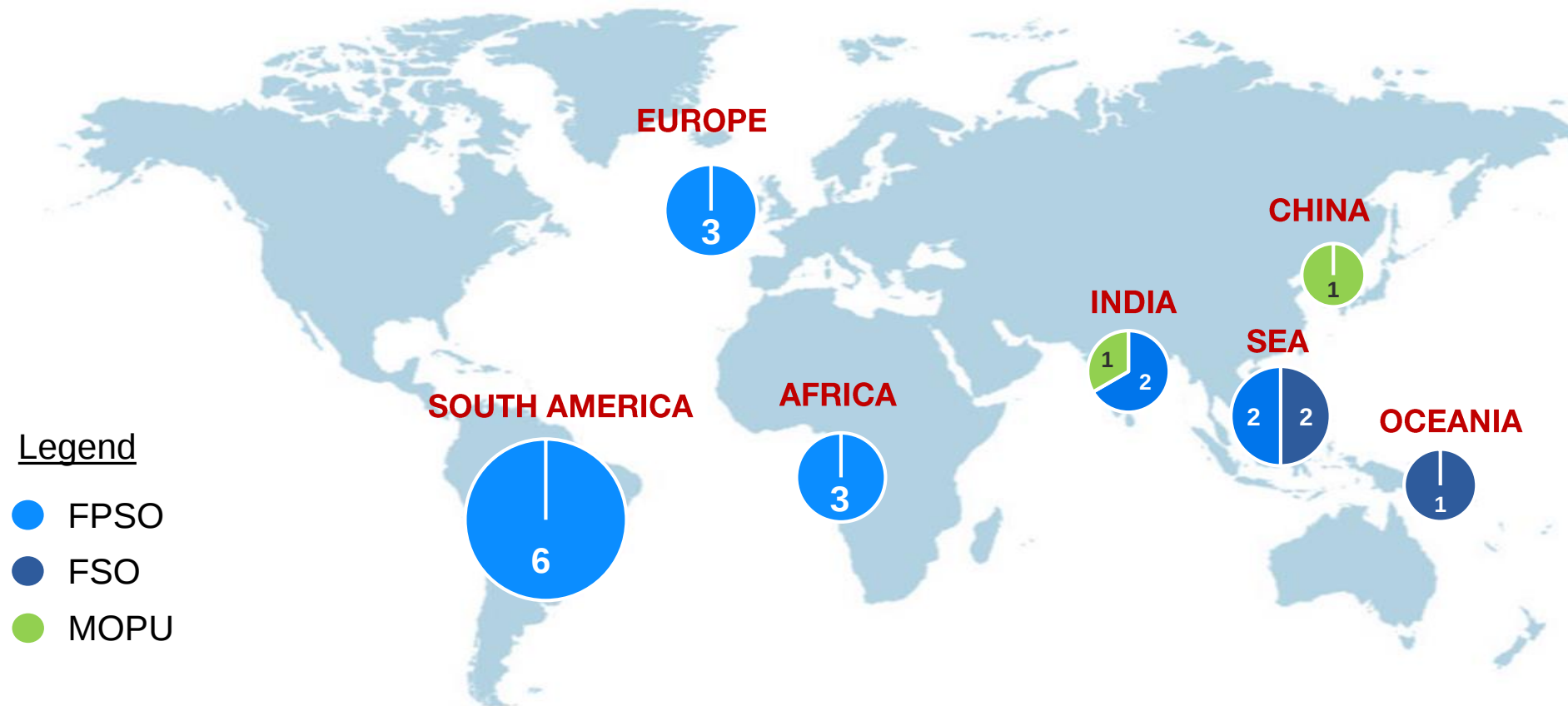


❖ New FPSO projects over the next 12 months are expected to be centered mostly around Brazil

Sources: Awards – EMA Oil Price – Wood Mackenzie and MISC Analysis

OFFSHORE BUSINESS

In 2019, Greenfield FPSO Projects Are Mainly Concentrated In The Atlantic Basin With Other Floater Opportunities In The Asia Pacific



Source: EMA, MISC Analysis

BUSINESS UPDATES

By: Vincent Ng | General Manager, CPD



LNG Business

- Concluded the sale of Tenaga Lima and the vessel was delivered to the buyer, Maximus Shipping Ltd, in October 2018.
- In November 2018, signed 2 Time Charter Parties Contracts with LNG Shipping S.p.A., a 100% owned subsidiary of Eni S.p.A, for the acquisition and leaseback of 2 LNGCs known as LNG Portovenere and LNG Lerici for a period of 5 years.
- Successfully negotiated the suspension of contract with Yemen LNG and has successfully fixed Seri Balhaf and Seri Balqis on short term charters.

Petroleum & Chemical Business

- Current portfolio mix at 60:40 term to spot.
- Higher number of lightering days from previous quarter.
- In Q4 2018, AET scrapped five Aframaxes and re-delivered one Aframax and one LPG carrier.
- AET has taken delivery of two newbuild LNG dual-fuel Aframax tankers in Q1 2019 built in Samsung Heavy Industries (SHI). This has been chartered on long-term to Shell International Trading and Shipping Company.

Offshore Business

- Exploring both organic and inorganic growth in deep water opportunities in the Atlantic Basin as well as brown field replacement projects and shallow water asset requirements in the region.
- **Gumusut Kakap (GKL):**
 - ❑ **Arbitration** - Parties are in the midst of preparing for the arbitration hearing scheduled for Q1 2019.
- **PCPP – MOMPL:**
 - ❑ **Arbitration:** MOMPL's Notice of Arbitration was filed on 7 August 2018. No further progress in Q4 2018.
 - ❑ **Adjudication:**
 - On 9 January 2019, MOMPL was awarded its entire claim and costs. On 28 January 2019, PCPP filed an application in the High Court to set aside the Adjudication decision. No hearing date has been fixed for the setting aside application.
 - MOMPL has filed its Payment Claim to recover the disputed demobilisation costs on 14 August 2018 and Notice of Adjudication on 25 January 2019. Parties are in the midst of appointing an adjudicator.
 - ❑ **Proceedings in Court:**
 - An Originating Summons in the High Court was filed on 7 August 2018 for the undisputed portion of the early termination fees and demobilization costs. PCPP filed an application to stay the Originating Summons which was heard on 22 January 2019 and decision is expected to be delivered on 7 March 2019.
 - A writ action in the High Court was also filed on 13 August against the shareholders of PCPP. PCSB filed an application to strike out the proceedings which was allowed on 26 October 2018. PCPP also filed an application to stay which was allowed on 11 December 2018. MOMPL has pursued an appeal against both decisions.

Heavy Engineering

- Heavy Engineering milestones:
 - Completion of centralised piping fabrication for RAPID Package 5
 - Sail-away of five units of Dangote CALM Buoy
 - Completion of piping and steel structure installation work for RAPID Refinery of Gas (RoG) area
- Marine Repair milestones:
 - Completed repair & maintenance of 27 vessels
 - Secured 23 new jobs
- Orderbook as of December 2018 stands at RM0.8 billion.
- Approximately RM5.5 billion on going tenders submitted.
- Continue pursuing existing business of Marine & Heavy Engineering, seizing available Floaters Conversion opportunities and expanding marine capacity through additional dry dock.
- Exploring new business, such as onshore construction & fabrication opportunities and expanding Oil & Gas Services for onshore and offshore.
- Continuous implementation of productivity improvement initiative to achieve better operational excellence and better position among competitor.

APPENDIX



Appendix 1 : Fleet Information

As at 31 December 2018

	Vessel Type	Total Vessel Operated	Owned	Chartered-In	Average Age (yrs)		Contracted Newbuilds/ Conversions
					MISC	Industry	
LNG	LNG	29	29	--	12.5	10.7	--
	FSU	2	2	--	36.5	--	--
Petroleum	VLCC	14	12	2	9.6	9.3	--
	Suezmax	6	6	--	4.6	9.4	--
	Aframax	37	28	9	11.1	10.9	2
	LR2	2	2	--	1.5	8.3	--
	MR2	3	--	3	8.2	9.7	--
	Shuttle	4	4	--	5.1	10.0	7
Chemical	Chemical	13	7	6	8.2	11.7	--
	LPG	--	--	--	--	15.2	--
TOTAL		110	90	20			9
Offshore	FPSO/FSO/SS	12	13	--	7.9	--	--
	MOPU	--	2	--	8.0	--	--

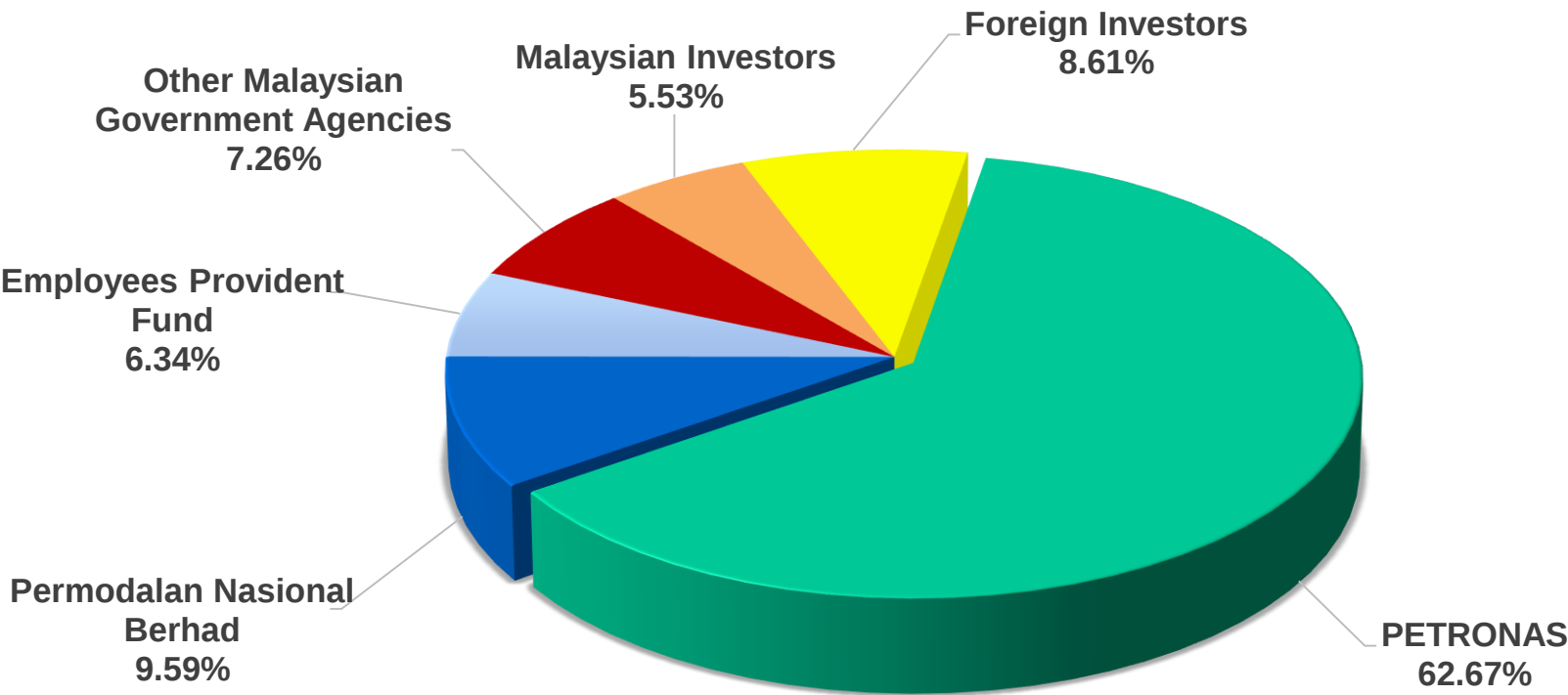
Appendix 2 : Delivery Schedule

As at 31 December 2018

	LNG	Petroleum			
	LNG Carriers	Suezmax	Aframax	LR2	DPST
1H2019	1	--	2	--	--
2H2019	--	--	--	--	1
1H 2020	--	--	--	--	3
2H 2020	--	--	--	--	3

Appendix 3 : Shareholders' Profile

As at 31 December 2018



Disclaimer

This Presentation is not intended to form the basis of any investment decision with respect to MISC Berhad (MISC) and shall not form the basis of or be relied upon in connection with any contract or commitment whatsoever.

No representation or warranty, express or implied, is or will be made by MISC in relation to the accuracy and completeness of the information made available and any liability therefore is expressly disclaimed.

Although MISC believes that the expectations of its management as reflected by forward-looking statements contained in this Presentation are reasonable based on information currently available to it, no assurances can be given that such expectations will materialize as these are dependent on risks, uncertainties and other factors which in many cases are beyond MISC's control.

This Presentation and its contents are strictly confidential and must not be reproduced or disclosed without the prior written consent of MISC.

Thank You