



ANALYST BRIEFING

3Q FY2019 Financial Results

13 November 2019



FINANCIAL OVERVIEW

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Budget, Finance



Financial Performance: 3Q FY2019 vs 2Q FY2019

<i>In USD Mil</i>	Q3 FY2019	Q2 FY2019	QoQ %
Revenue	515.6	521.0	(1.0)
PBT from Operations	82.2	113.2	(27.4)
Non-recurring Items	(13.4)	(12.4)	(8.1)
PBT	68.8	100.8	(31.7)
PAT	64.8	96.7	(33.0)
EPS (cent)	1.4	2.2	(36.4)
ROE (%)	0.8	1.1	(27.3)

Lower revenue:

- Petroleum – lower time charter equivalent (“TCE”).
- Heavy Engineering – lower revenue from dry-docking works.

Lower PBT from operations:

- Petroleum – lower revenue.
- Offshore – One-off gain from FPSO Ruby II in Q2 FY2019.

Non-recurring items:

- Impairment/loss on disposal of Chemical vessels in Q3 FY2019.
- Impairment of LNG and Offshore vessels in Q2 FY2019.

Financial Performance: 3Q FY2019 vs 3Q FY2018

<i>In USD Mil</i>	Q3 FY2019	Q3 FY2018	QoQ %
Revenue	515.6	545.8	(5.5)
PBT from Operations	82.2	69.5	18.3
Non-recurring Items	(13.4)	16.5	>(100.0)
PBT	68.8	86.0	(20.0)
PAT	64.8	83.1	(22.0)
EPS (cent)	1.4	1.9	(26.3)
ROE (%)	0.8	1.0	(20.0)

Lower revenue:

- Petroleum – Lower earning days.
- Offshore – FSO Mekar Bergading revenue on T&I works in Q3 FY2018.

Higher PBT from operations:

- Petroleum – Higher margin on TCE.

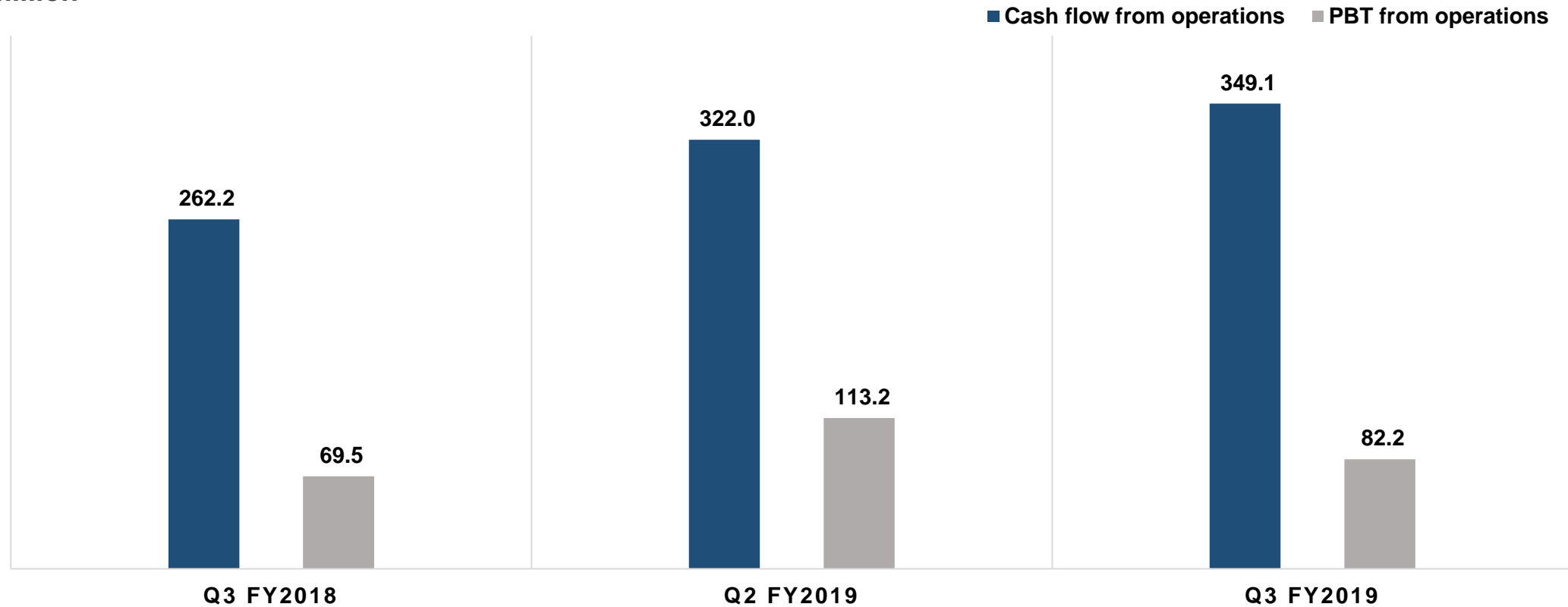
Non-recurring items:

- Impairment/loss on disposal of Chemical vessels in Q3 FY2019.
- Gain from acquisition of a business in Q3 FY2018.

Cash Flow from Operations

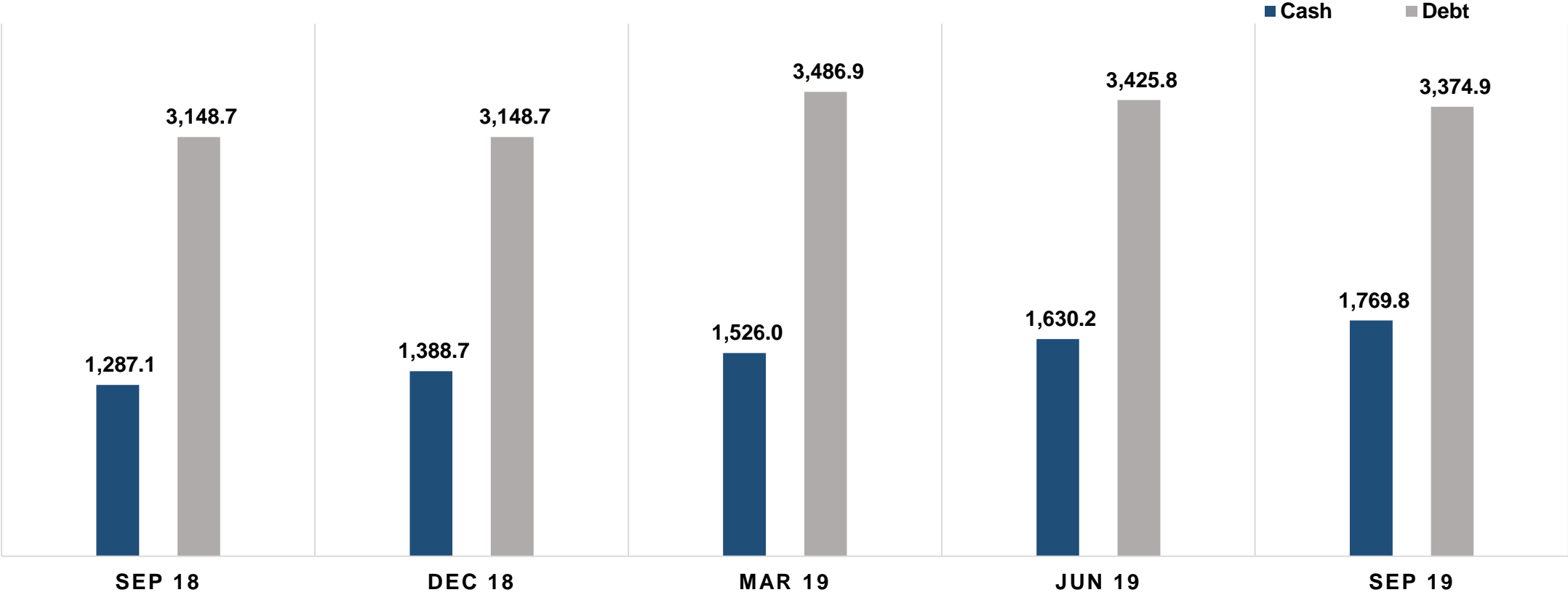
Healthy group cash flow from operations

USD million



Cash and Debt Balances

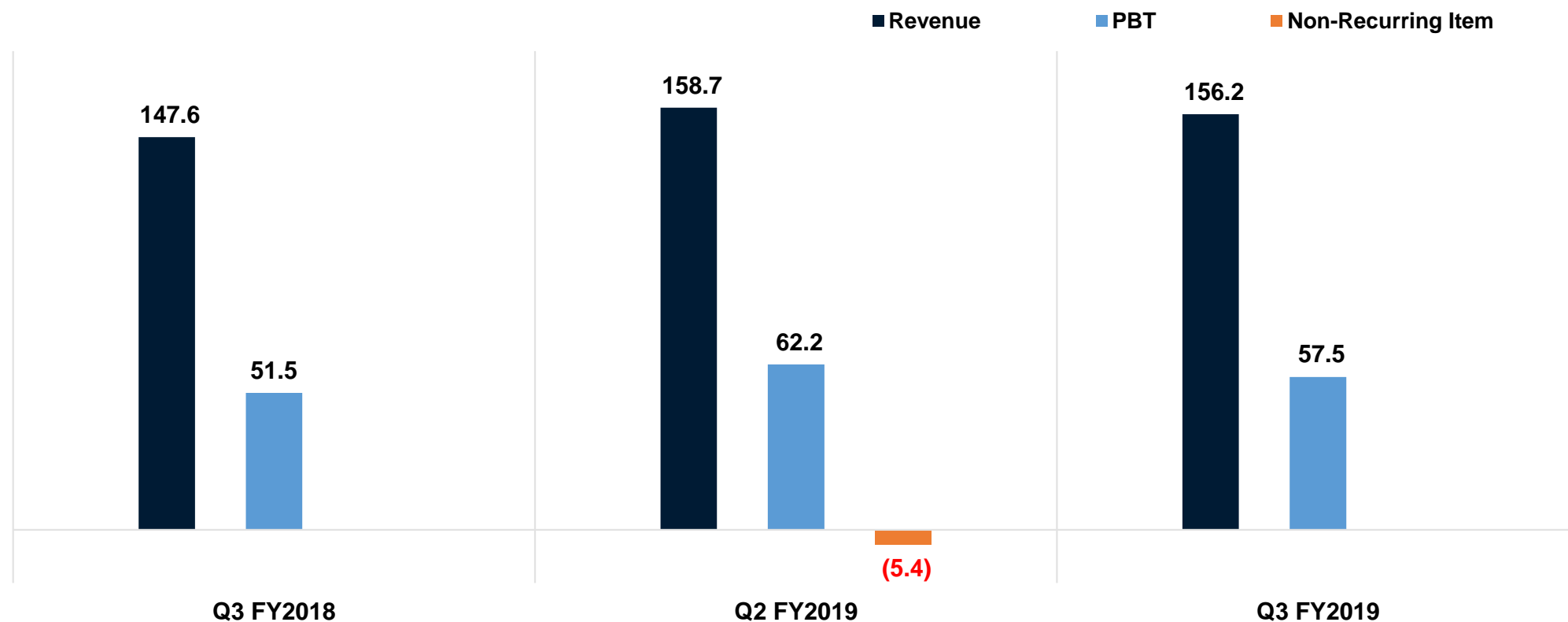
USD million



Financial Performance by Business Segment

LNG Shipping – Vessels dry-docking

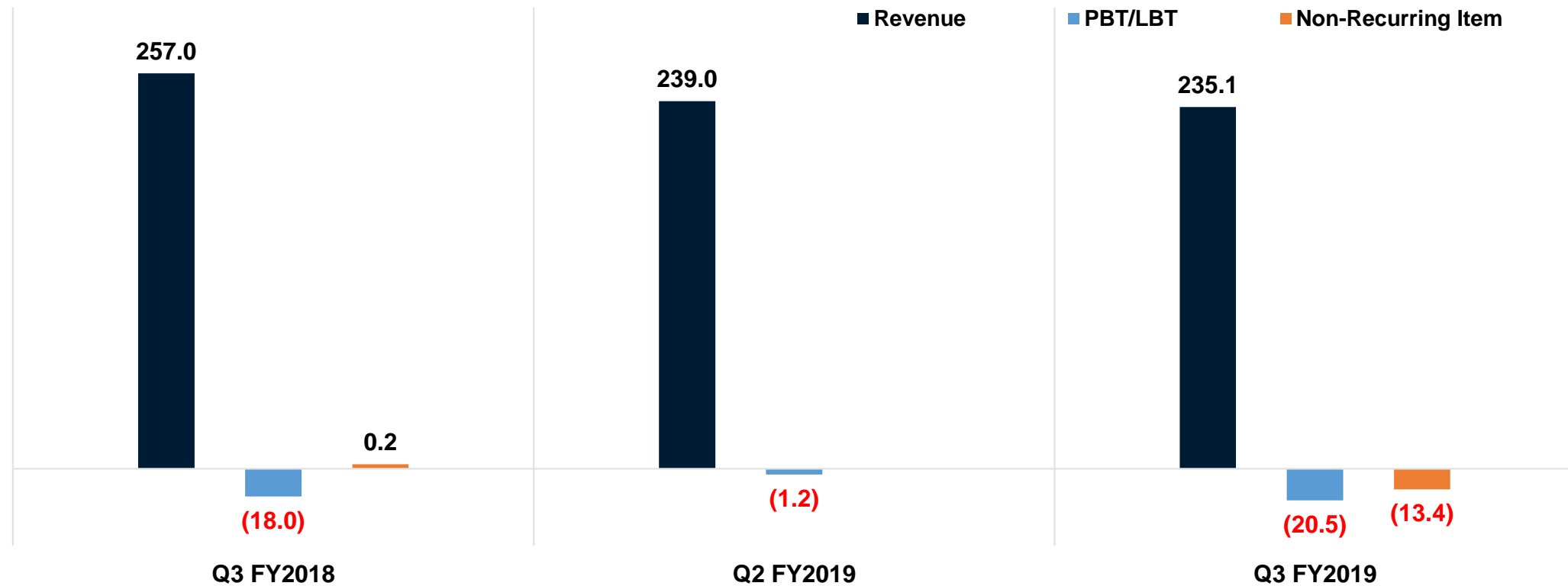
USD million



Financial Performance by Business Segment

Petroleum Shipping – Lower earning days

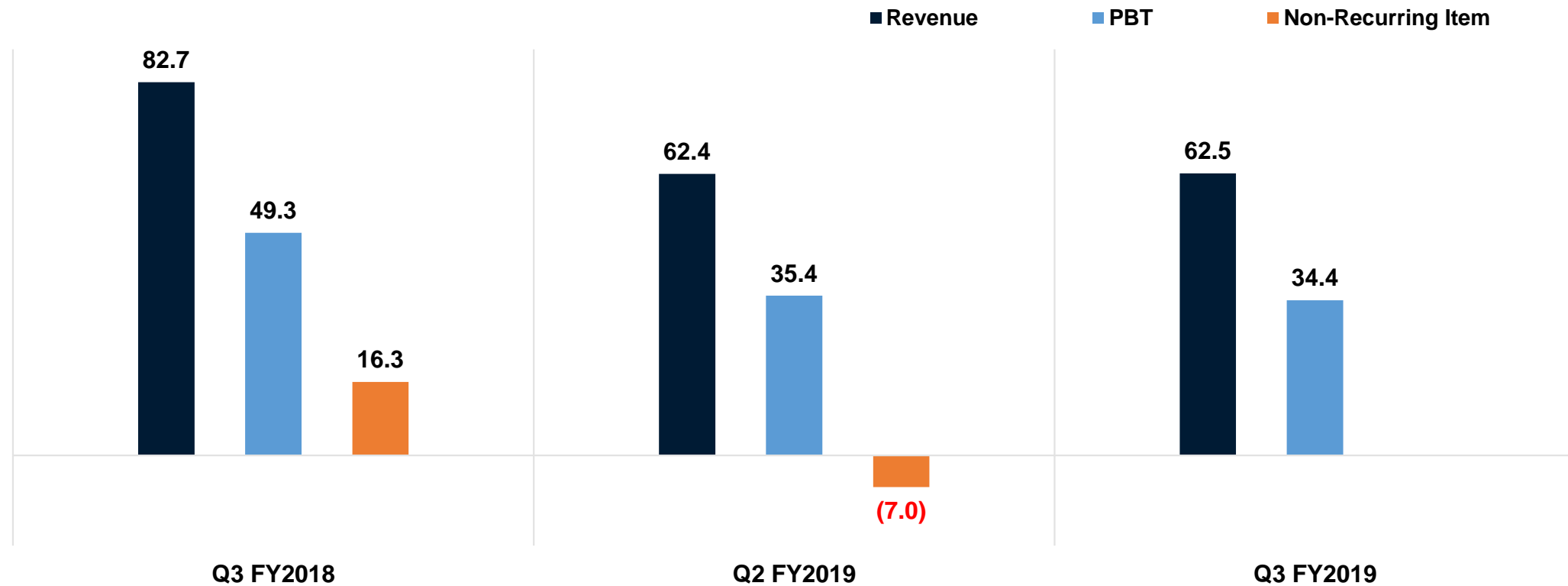
USD million



Financial Performance by Business Segment

Offshore Business – FPSO Ruby II contract extension in Q2 FY2019

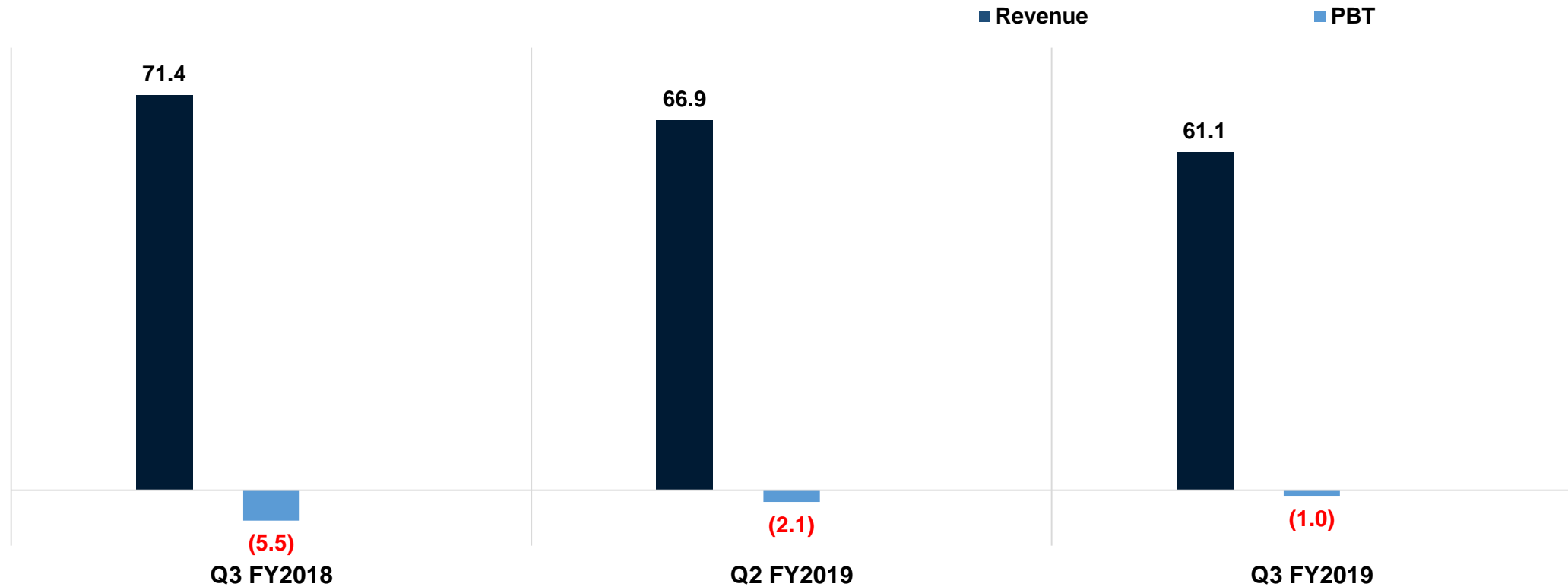
USD million



Financial Performance by Business Segment

Heavy Engineering – Finalisation of projects

USD million



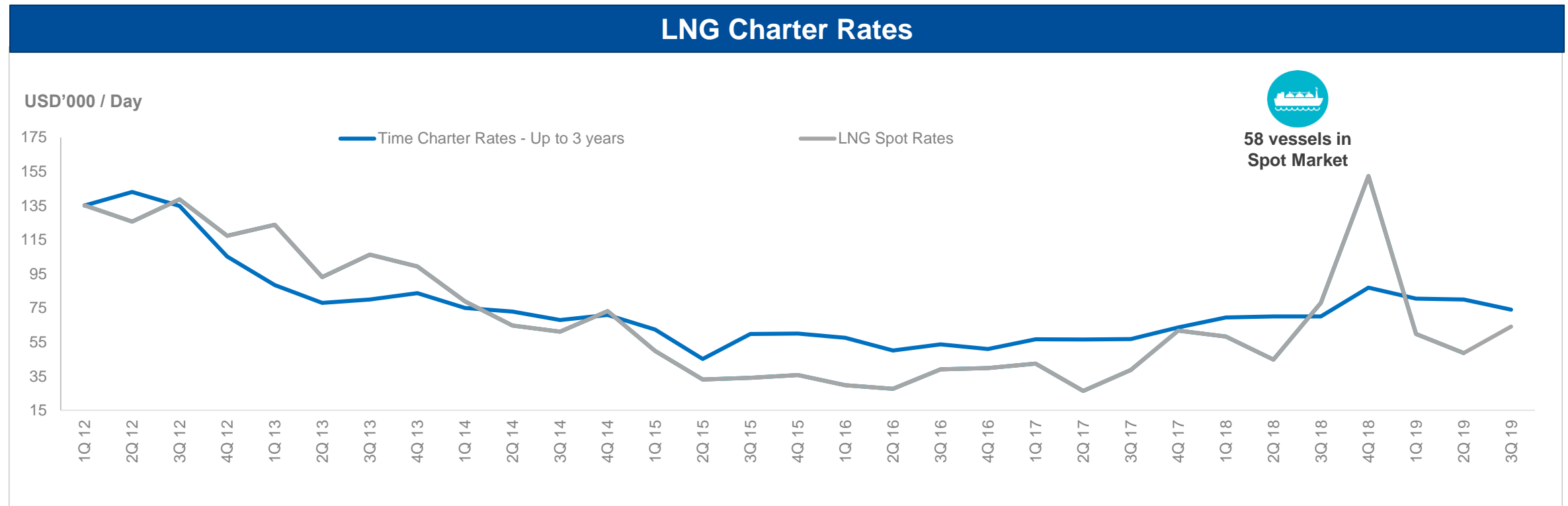
MARKET ENVIRONMENT

By: Vincent Ng | General Manager, CPD



LNG Shipping

LNG spot rates on the rise

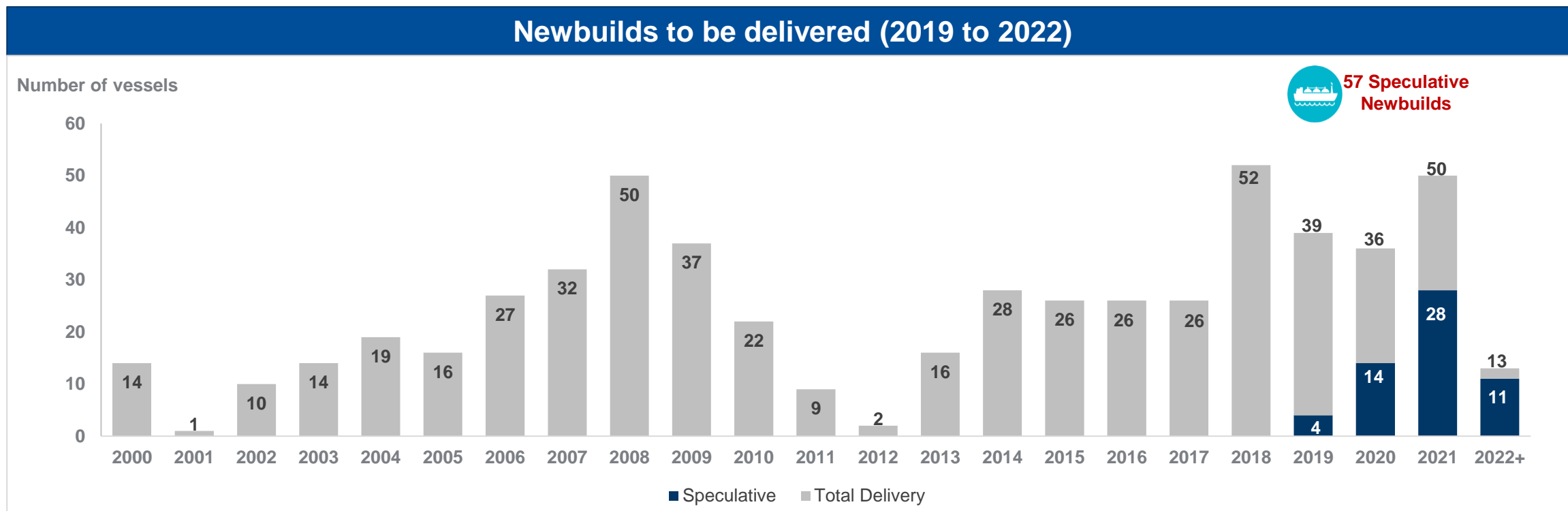


Source: LNG Shipping Database, Wood Mackenzie

- Shipping demand picked up towards the middle of Q3 2019 with a consistent flow of shipping requirements pushing up spot rates.
- Market sentiments are buoyant as winter months near, with shipping demand rising and tonnage availability becoming scarce.
- The general market expects a tighter tonnage availability and increasingly bullish rates as Q4 2019 draws in.

LNG Shipping

Orderbook is building up

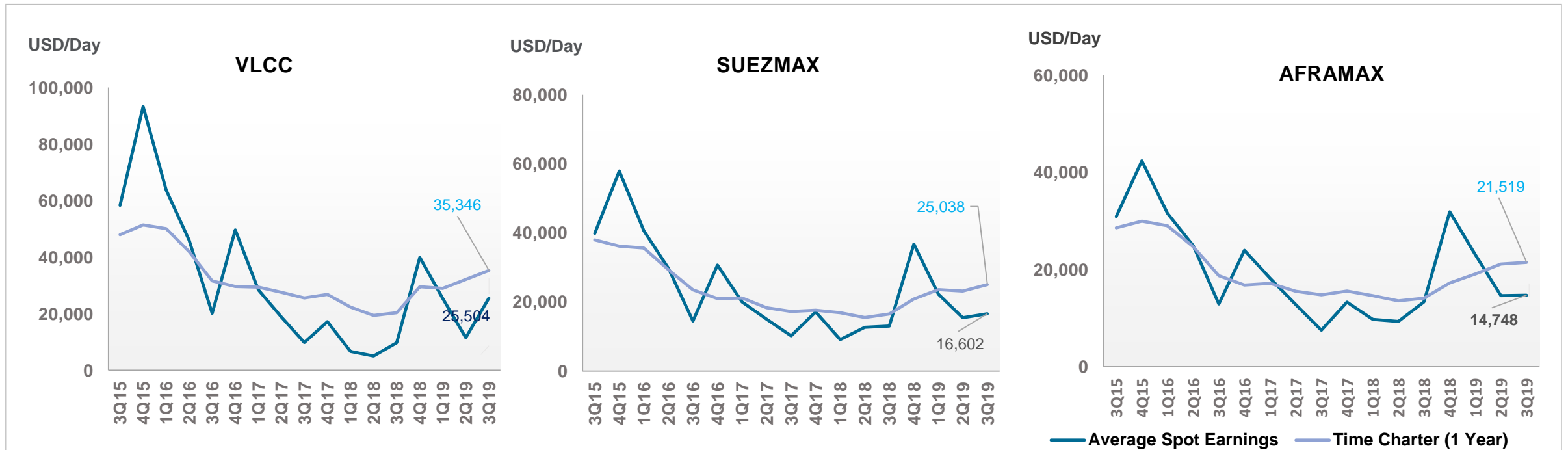


Source: LNG Shipping Database, Wood Mackenzie

- Newbuilding orders for LNG carriers are building up strongly as more liquefaction projects are expected to reach FID, resulting in an anticipated increase in new tonnage requirements.
- Approximately 138 new LNG vessels are expected to be delivered from 2019 until 2022+

Petroleum Shipping

VLCC rates have started to surge ahead of winter peak season but gains not yet felt in other segments

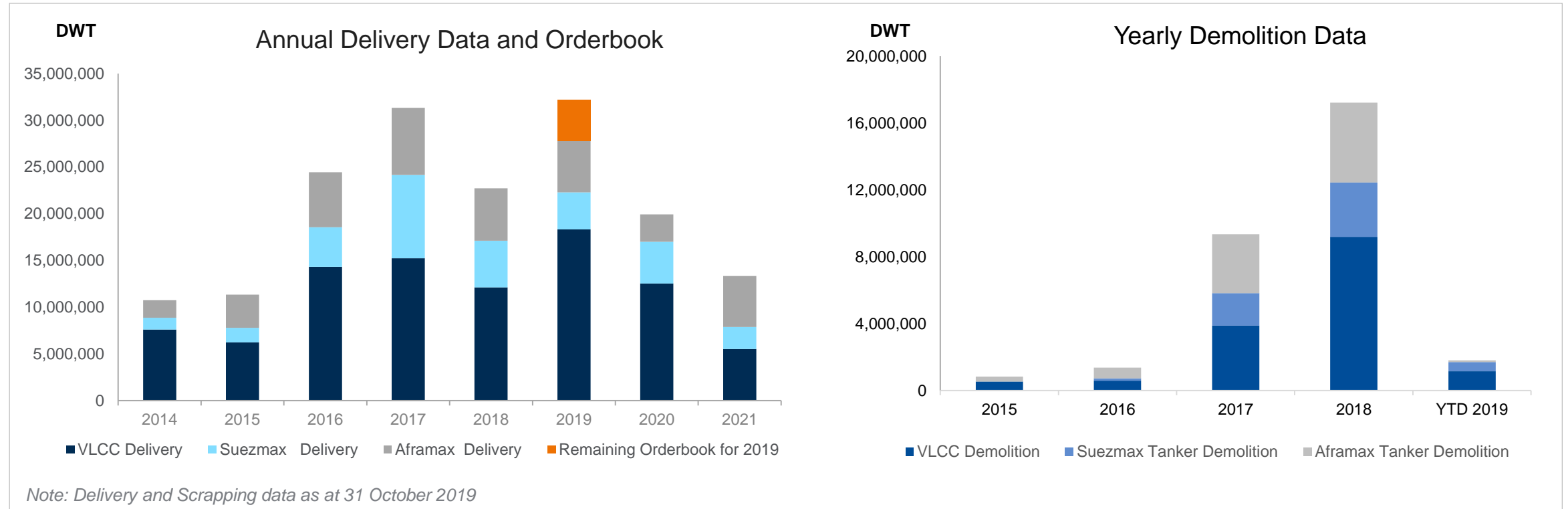


Source: Clarksons

- VLCC average spot and time charter rates surged towards the end of Q3 2019 as refineries appear to have resumed purchases after a longer than usual shutdown period.
- The bullish sentiment for VLCCs had not yet passed down to Suezmax and Aframax segments resulting in no gains in rates this quarter.

Petroleum Shipping

Strong deliveries coupled with low demolitions are seeing the global crude tanker fleet expand in 2019 before it is expected to slow again in 2020



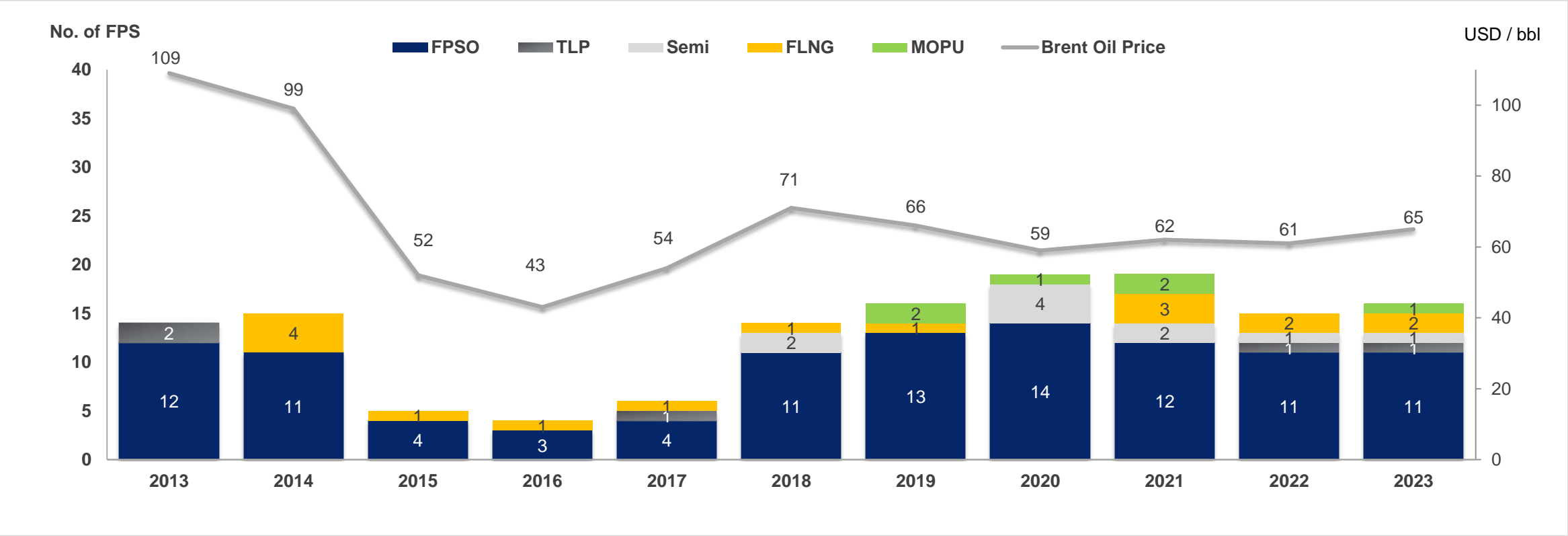
Source: Clarksons

- Deliveries were strong in the first three quarters of 2019 but the smaller orderbook will see fewer deliveries for the rest of 2019 and 2020.
- Surging freight rates, expected to remain high in Q4, will keep demolitions low until the implementation of IMO 2020.

Offshore

Recovery in global offshore production system investment is expected to continue as oil price stabilizes

Floating Production System (FPS) Awards

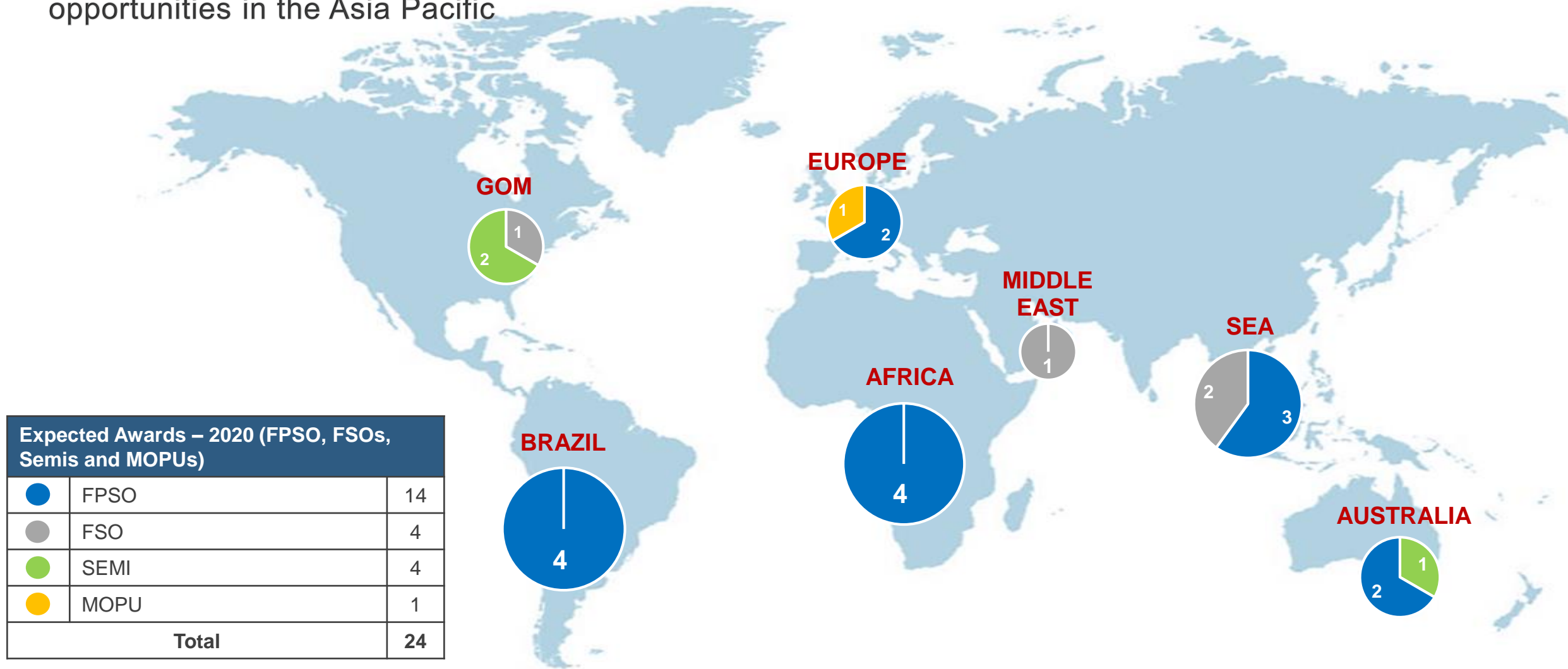


Sources: EMA, EIA and MISC analysis

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

Offshore

In 2020, greenfield FPSO projects will mainly concentrate in the Atlantic Basin with other floater opportunities in the Asia Pacific



Source: EMA

BUSINESS UPDATES

By: Vincent Ng | General Manager, CPD



LNG Business

- Secured an agreement with Mitsubishi Corporation and Nippon Yusen Kabushiki Kaisha to co-own two (2) newbuild LNG vessels to serve Diamond Gas International Pte. Ltd.'s LNG carrier requirements worldwide on a time charter contract for a firm period of 18 years.
- Through a collaboration with Avenir Ltd, MISC was awarded a 3-year Time Charter Party by PETRONAS for the provision of one (1) LNG Bunker Vessel for operations primarily in Malaysian and Singaporean waters.
- Secured two (2) time charter contracts with Exxon Mobil Corporation's wholly-owned subsidiary, SeaRiver Maritime LLC for the time charter of two (2) newbuild LNG vessels for operations in international waters. The vessels will be chartered for a firm period of 15 years.

Petroleum & Chemical Business

- Current portfolio mix at 60:40 term to spot
- AET has entered into a Memorandum of Agreement with Maersk Tankers for the sale of its seven (7) A-class vessels which will take place between now and Q1 2020. One ship has been delivered in Q3 2019.
- Unveiled two of the world's first LNG Dual-Fuel Dynamic Positioning Shuttle Tankers - Eagle Blane and Eagle Balder, at a naming ceremony held at Samsung Heavy Industries (SHI) Geoje Shipyard, South Korea in early Q4. The tankers are scheduled to be delivered in Q4 2019 and Q1 2020.

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.
- Contract expiry: *FSO Angsi* expired on 12 August 2019. An extension has been secured up to end of Dec 2019.
- **Gumusut Kakap (GKL):**
 - ❑ **Arbitration** - The hearing for the Arbitration from 25 February 2019 to 16 March 2019 has been concluded and parties have filed their respective closing submissions. The decision is expected to be delivered in 2020. No further update.
- **PCPP – MOMPL:**
 - ❑ **Arbitration:** MOMPL's Notice of Arbitration (for second arbitration proceedings) was filed on 7 August 2018. MOMPL continue to pursue and progress the two arbitration proceedings.
 - ❑ **Adjudication**
 - On 9 January 2019, MOMPL was awarded its entire claim and costs of USD9,949,734. PCPP has since filed an application in the High Court to set aside the Adjudication decision, which MOMPL is contesting.
 - On 7 October 2019, MOMPL received the 2nd Adjudication decision dated 26 July 2019 where MOMPL was awarded its entire claim of USD4,752,239.11 plus interest and costs. MOMPL is currently in the midst of registering the 2nd Adjudication decision in the High Court for enforcement.
 - ❑ **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 amounting to USD42,307,000. The High Court had, on 30 May 2019, allowed PCPP's application to stay the Originating Summons pending the disposal of the arbitration proceedings. MOMPL has filed an appeal to the Court of Appeal against this decision.
 - A writ action in the High Court was also filed on 13 August 2018 against the shareholders of PCPP. PCSB and PCPP filed applications to strike out and stay the proceedings which were allowed on 26 October 2018 and 11 December 2018 respectively. MOMPL appealed against both decisions to the Court of Appeal. The hearing for the appeal against PCSB's striking out application proceeded on 26 September 2019. The Court of Appeal upheld the High Court's decision to strike out MOMPL's proceedings against PCSB. The appeal against PCPP's stay application has been fixed for hearing on 13 February 2020.

Heavy Engineering

- Heavy Engineering milestones:
 - Offshore
 - Sailaway of Tembikai Non-Associated Gas development
- Marine Repair milestones:
 - YTD Q3 Completed repair & maintenance of 59 vessels
 - YTD Q3 Secured 72 jobs
- Orderbook backlog as of September 2019 is RM2.7 billion.
- Approximately RM13.74 billion worth of on going heavy engineering tenders submitted.
- Continue pursuing existing business of Marine & Heavy Engineering, seizing available floaters conversion opportunities and expanding marine capacity through additional dry dock.
- Develop new business, namely modular fabrication.
- Deployed a number of in-house processes and explore strategic partnership and collaboration opportunities to promote competitive price offerings.

APPENDIX



Appendix 1 : Fleet Information

As at 30 September 2019

	Vessel Type	Total Vessel Operated	Owned	Chartered-In	Average Age (yrs)		Contracted Newbuilds/ Conversions
					MISC	Industry	
LNG	LNG	29	29	--	14.1	10.8	4
	FSU	2	2	--	37.5	--	--
Subtotal		31	31	--	--	--	4
Petroleum	VLCC	14	12	2	10.4	9.5	--
	Suezmax	6	6	--	5.3	9.8	--
	Aframax	36	30	6	10.6	11.3	--
	LR2	2	2	-	9.4	8.6	--
	MR2	3	--	3	8.9	9.4	--
	Shuttle	4	4	--	5.9	10.3	7
Chemical	Chemical	12	6	6	8.3	11.2	--
Subtotal		77	60	17	--	--	7
GRAND TOTAL		108	91	17	--	--	11
Offshore	FPSO/FSO/SS	12	13	--	8.6	--	--
	MOPU	--	2	--	8.7	--	--

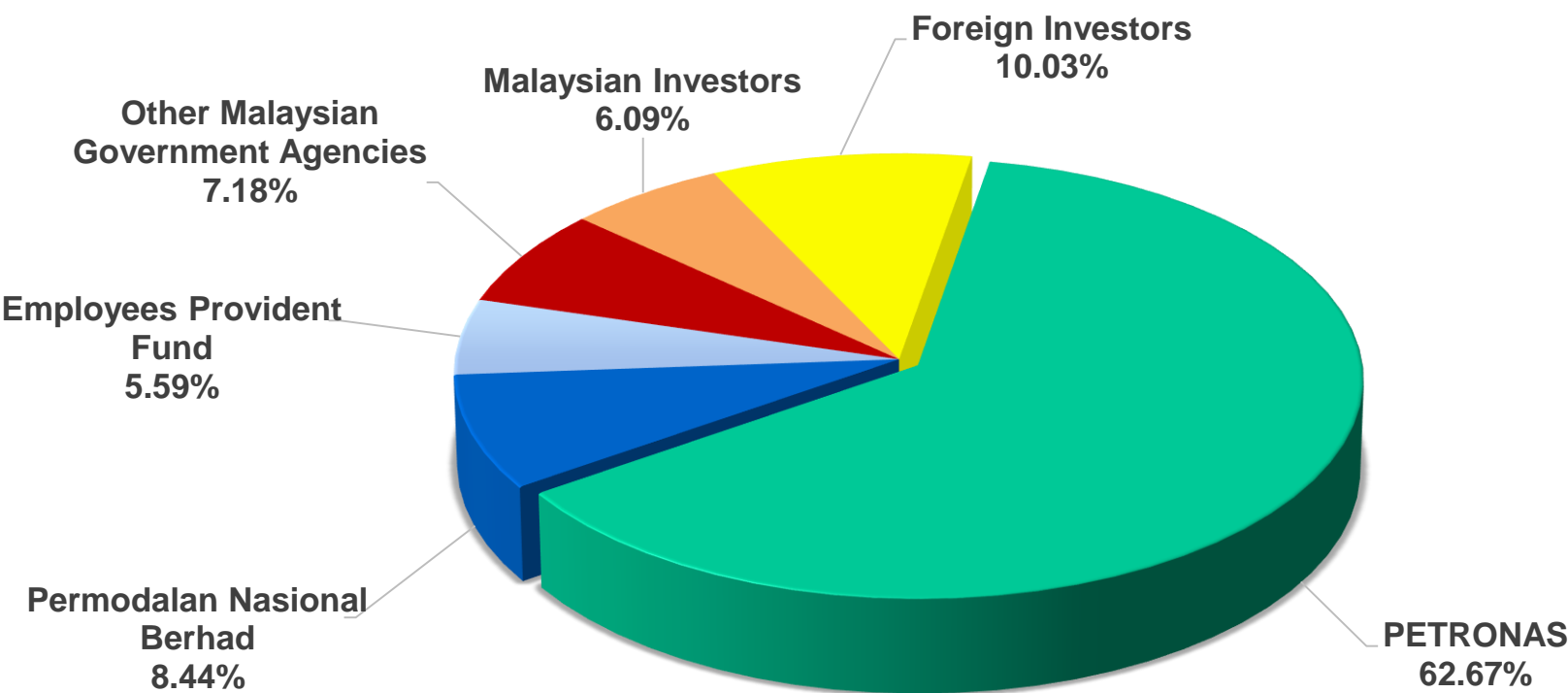
Appendix 2 : Schedule of Future Deliveries

As at 30 September 2019

	LNG	Petroleum
	LNG Carriers	DPST
2H 2019	-	1
1H 2020	-	3
2H 2020	-	3
1H 2021	1	-
2H 2021	1	-
1H 2022	-	-
2H 2022	-	-
1H 2023	2	-

Appendix 3 : Shareholders' Profile

As at 30 September 2019



Disclaimer

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