



ANALYST BRIEFING

Q2 2023 Financial Results

24 August 2023

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Q2 2023 KEY HIGHLIGHTS



Q2 2023 HIGHLIGHTS



Revenue

USD785 Million

12% increased QoQ

6% increased YoY



Profit After Tax

USD70 Million

50% decreased QoQ

>100% increased YoY



Cash Flow from Operations*

USD562 Million

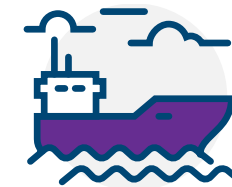
66% increased QoQ

>100% increased YoY



The Star ESG Positive Impact Awards 2022

Silver Award under the Large Companies Tier for the
Environmental Category: Sustainable Ecosystems



Chamber of Shipping of America (CSA)

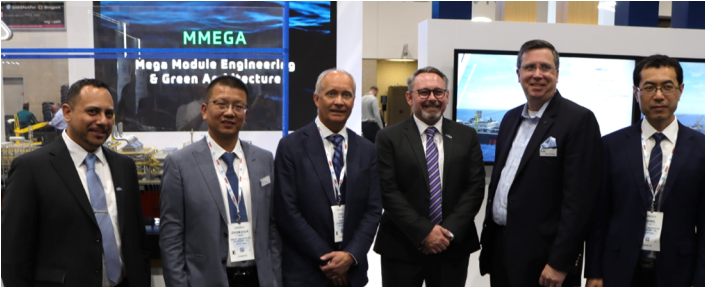
AET and Eaglestar awarded with Jones F. Devlin Award for
Safety for 48 vessels

Note: QoQ represents Q2 2023 against Q1 2023
YoY represents Q2 2023 against Q2 2022

* Adjusted CFO



Q2 2023 NOTABLE UPDATES



2 May 2023, MISC unveils its future-ready Newbuild Floating Production Storage & Offloading (NBFPSO). It is the **world's first NBFPSO**, which uses the Mega-Module topsides and sustainable technologies, makes it **one of the largest and greenest NBFPSO in the market**.



20 June 2023, MISC through its entities AET and Malaysian Maritime Academy Sdn Bhd (MMASB), inked milestone **Collaboration Agreements with WinGD and DNV** respectively, to develop future-ready maritime talents and next-generation ammonia engines.



3 July 2023, MHB signed a **MOU with Uzma Berhad** for a **strategic collaboration** to explore opportunities within renewable energy solutions, and to provide comprehensive services to meet the increasing demands of the oil & gas industry.

Q2 2023 MERO 3: Project Progress

As of Q2 2023, the project has achieved an overall physical completion of 89%.

This progress encompasses significant milestones, including the successful execution of the Topside modules Lifting Campaign, safe completion of the initial Marine Gas Oil (MGO) bunkering operation, and accomplishment of marine cable pulling activities.



FPSO Marechal Duque de Caxias (Mero 3)

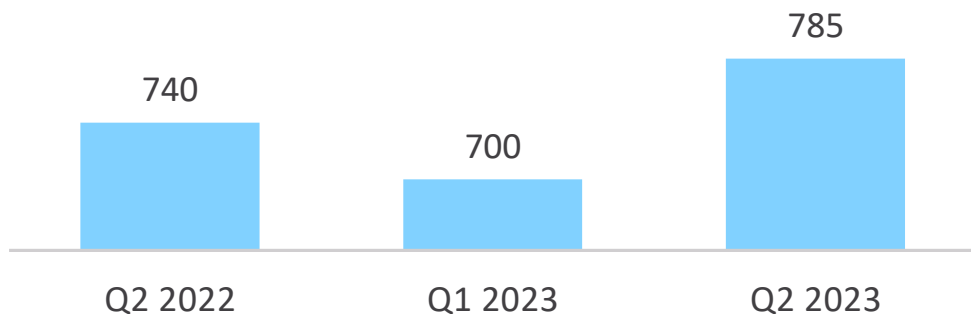


FINANCIAL HIGHLIGHTS



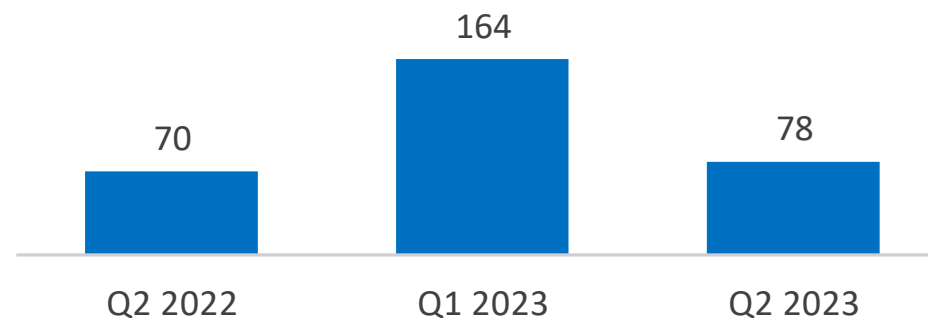
Q2 2023: Higher PAT YoY aided by higher margin in the Petroleum and Offshore segments with lower impairment provisions

REVENUE



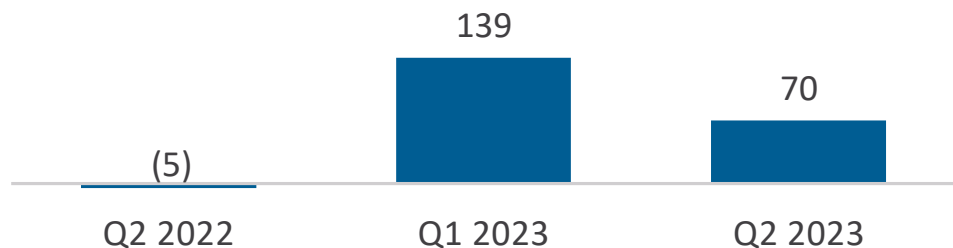
YoY increased mainly driven by higher revenue from on-going Heavy Engineering projects, offset with lower revenue from Offshore Business segment.

PBT FROM OPERATIONS



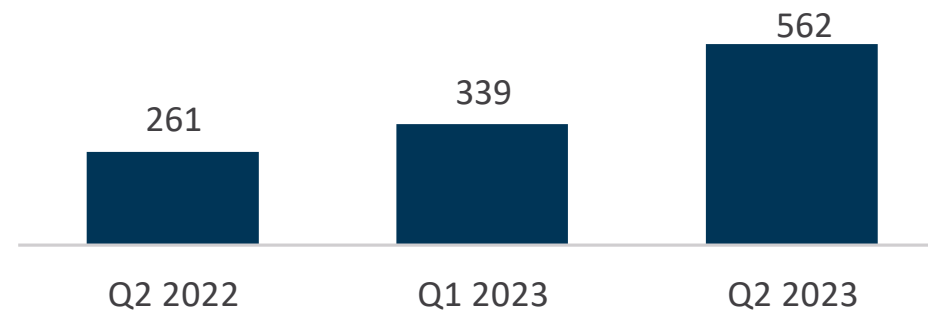
YoY increased from improved margins in Petroleum & Product Shipping segment, coupled with Offshore Business segment as the corresponding quarter included higher construction cost of an FPSO. This was partly offset by additional cost provisions from on-going projects in Heavy Engineering segment.

PAT



Higher PAT YoY from improved operating performance in line with the above and lower impairment provisions.

CASH FLOWS FROM OPERATIONS**

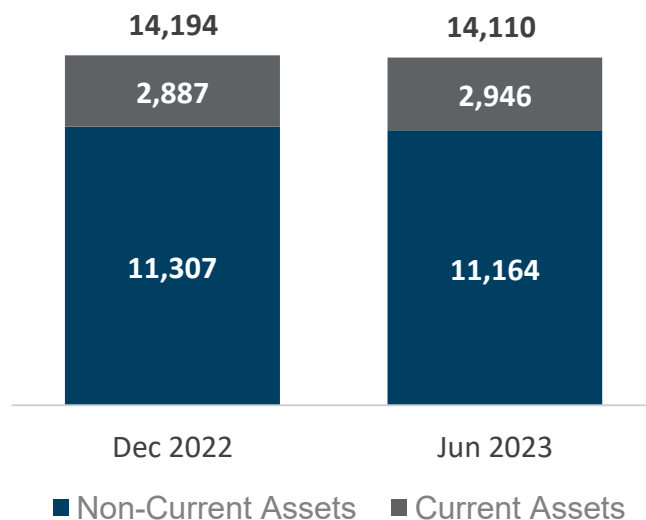


YoY increased mainly from one-off prepayment received from Charterer within the GAS Assets and Solutions segment.

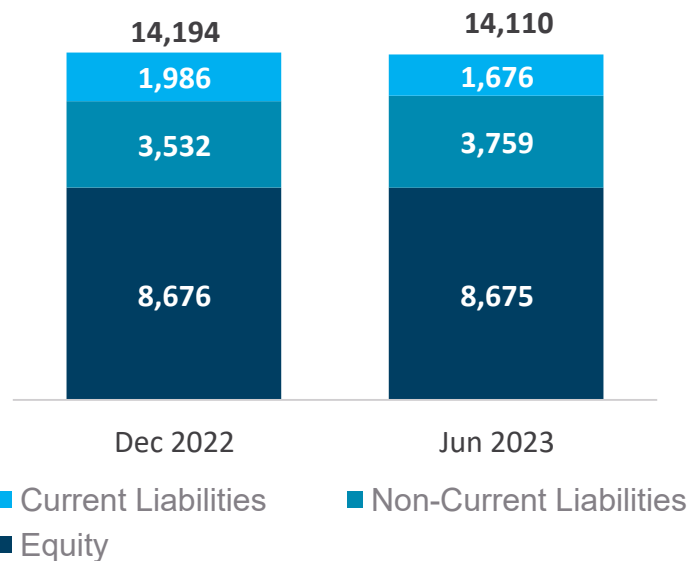


Solid balance sheet with prudent risk management

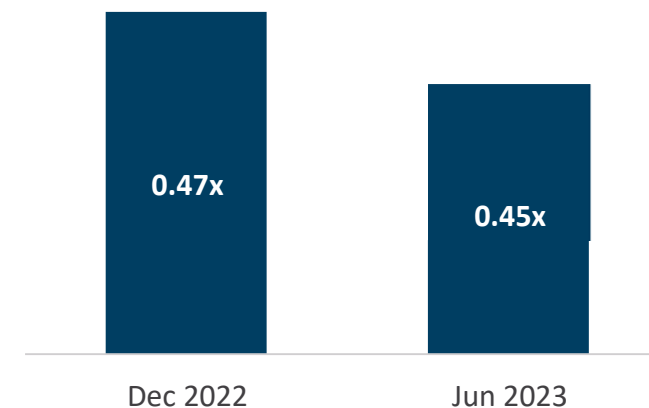
ASSETS



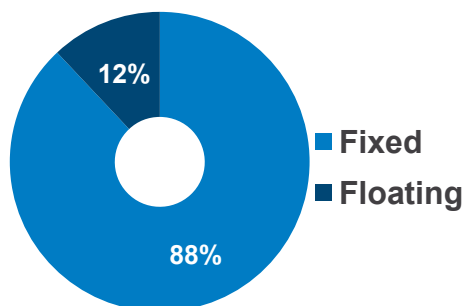
EQUITY AND LIABILITIES



GEARING RATIO



DEBT COMPOSITION AS AT JUNE 2023

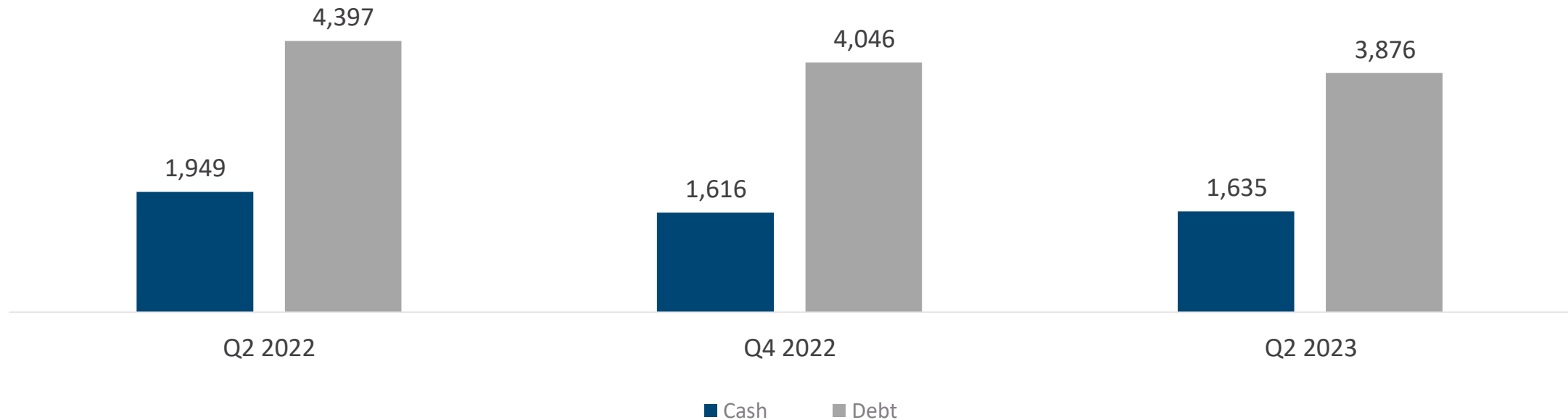


- ❖ The Group's total assets, total equity and total liabilities recorded marginal movements as compared to previous quarter.
- ❖ Gearing ratio slightly reduced as a result of lower debt balance mainly due to repayments during the period.
- ❖ The increased composition of fixed-rate debt to 88% (Q1 2023: 82%) following new hedging arrangements to exchange floating to fixed interest rates.



Cash & Debt Balances

Sustainable cash balances



- ❖ Cash balance declined YoY mainly due to USD1 billion bond issuance in FY2022, partly offset against from one-off prepayment within the GAS Assets and Solutions segment in current quarter.
- ❖ Lower debt balance from Q4 2022 following repayments during the period.
- ❖ Debt balance declined YoY mainly due to USD1 billion bond issuance in FY2022 and lower drawdown of other bridging loan/project financing in current quarter.

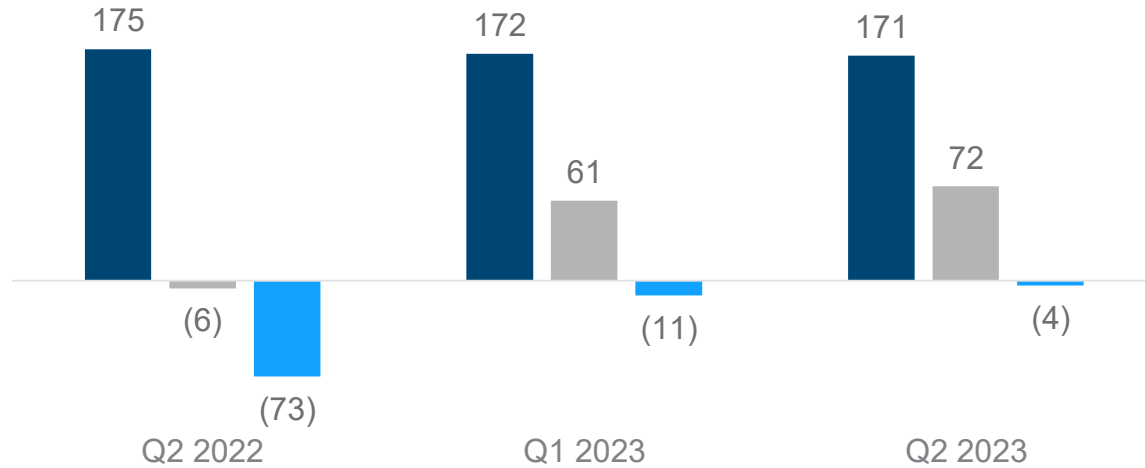
Note: QoQ represents Q2 2023 against Q1 2023
YoY represents Q2 2023 against Q2 2022

*All figures in USD Million unless otherwise stated

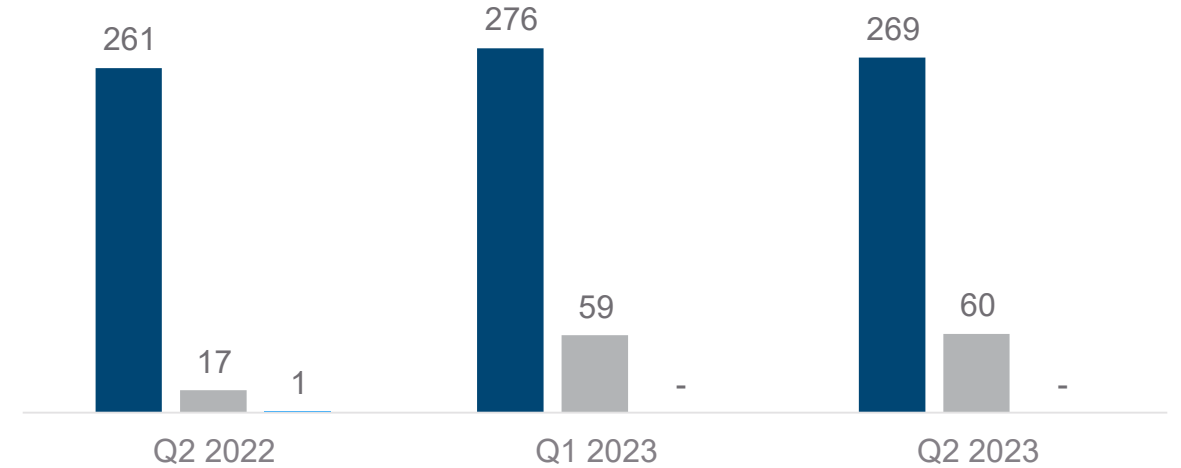


Financial performance by business segments

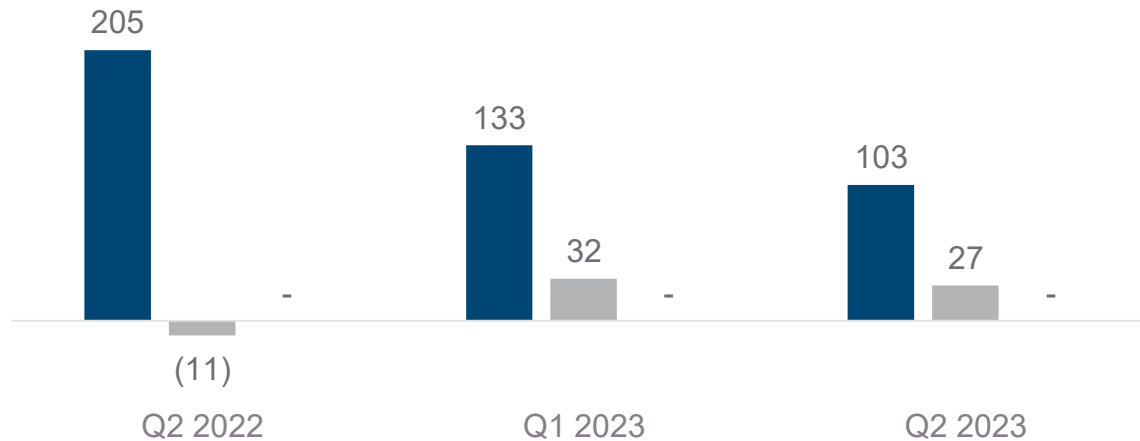
GAS



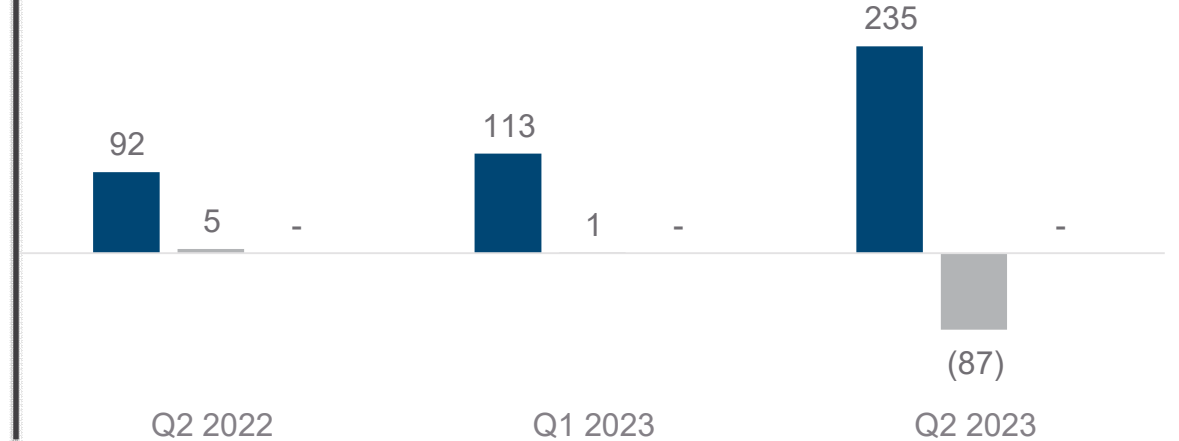
PETROLEUM



OFFSHORE



HEAVY ENGINEERING



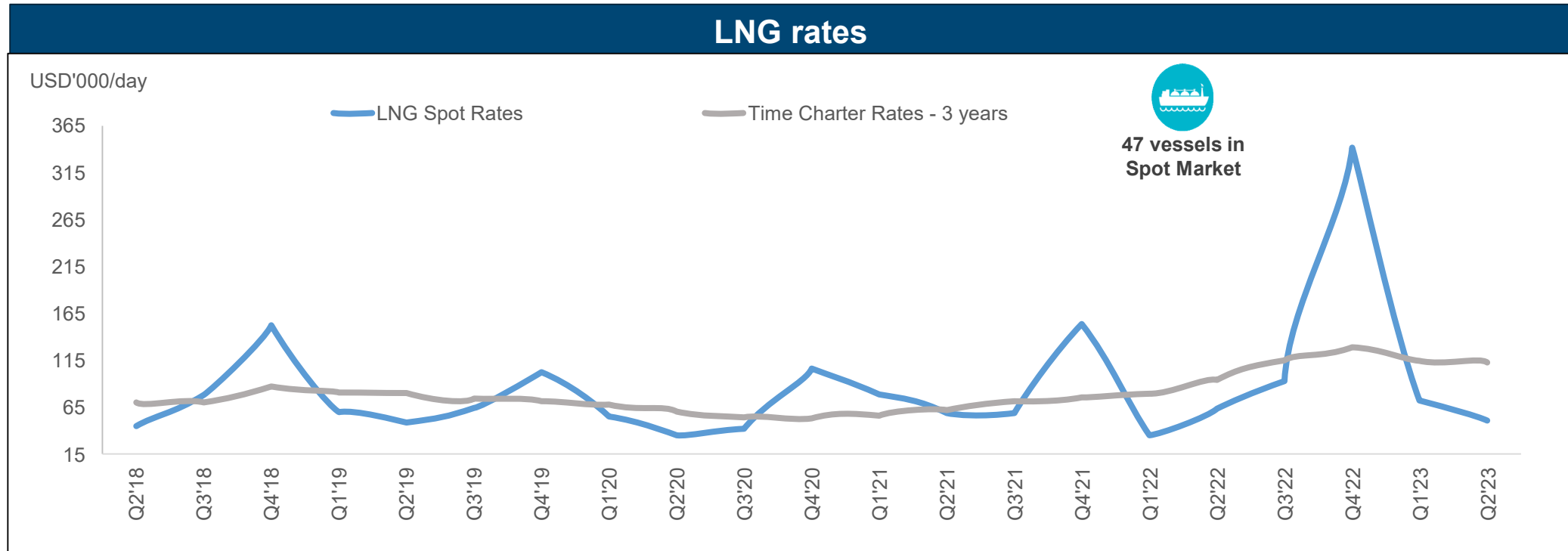


MARKET ENVIRONMENT



LNG Shipping

Spot rates remained subdued for Q2 2023, with positive prospects of winter season demand



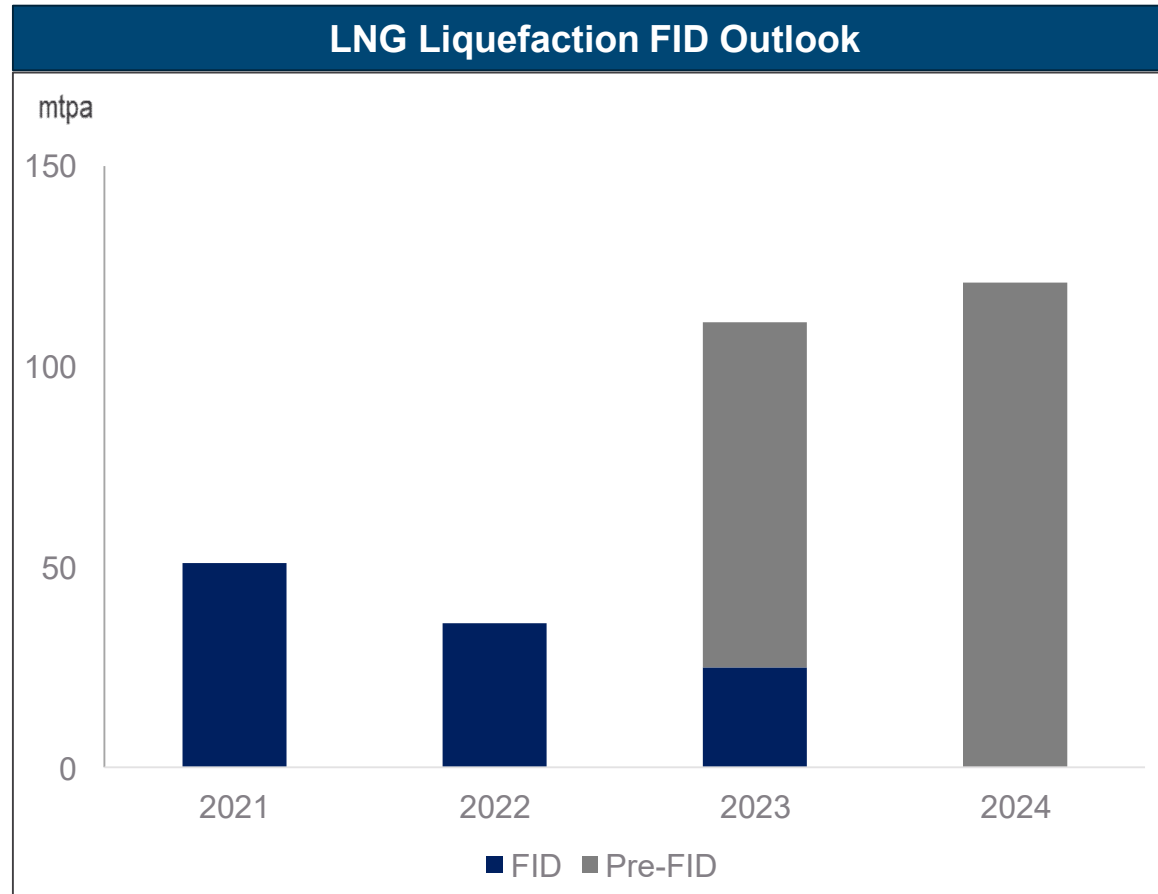
Source: Clarksons

- LNG spot rates bottomed-out in May with slight recovery in June on the back of improved chartering activity, mainly in the Atlantic basin partly due to the production setbacks in US and other producing locations.
- However, the prospects remain positive due to the rebounding of LNG demand prompted by lower prices, restocking for winter requirements and depletion of inventories in the summer given frequent heat waves.



LNG Shipping

Positive FID outlook for LNG projects bodes well for fleet expansion



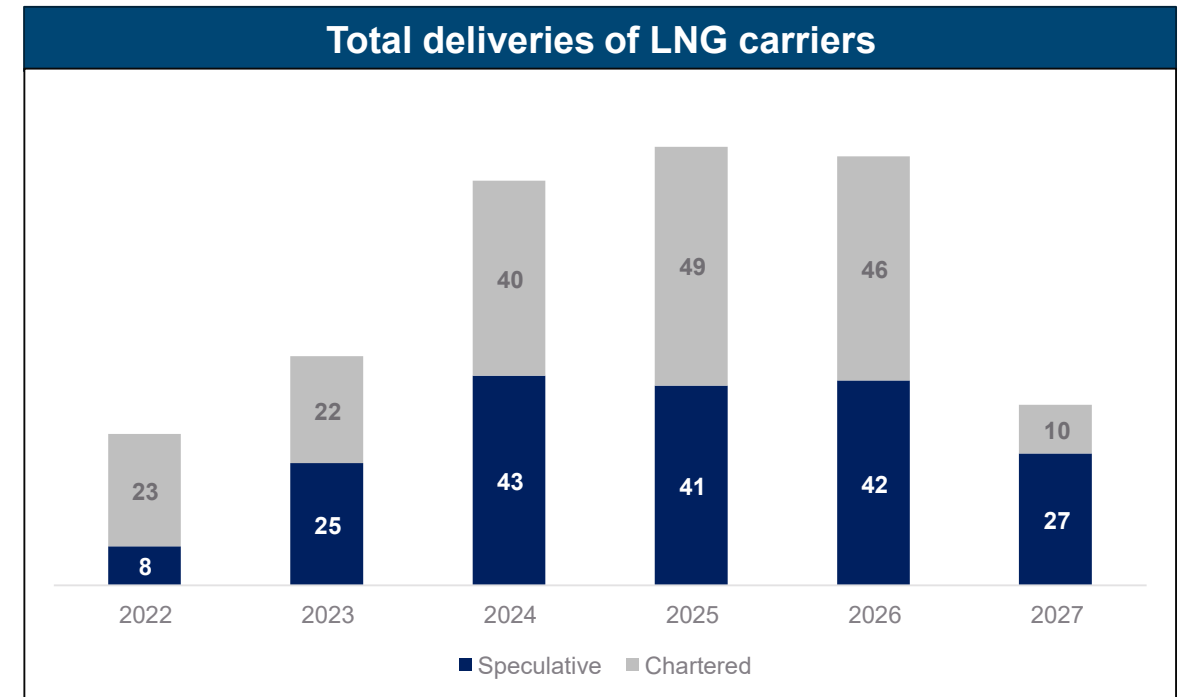
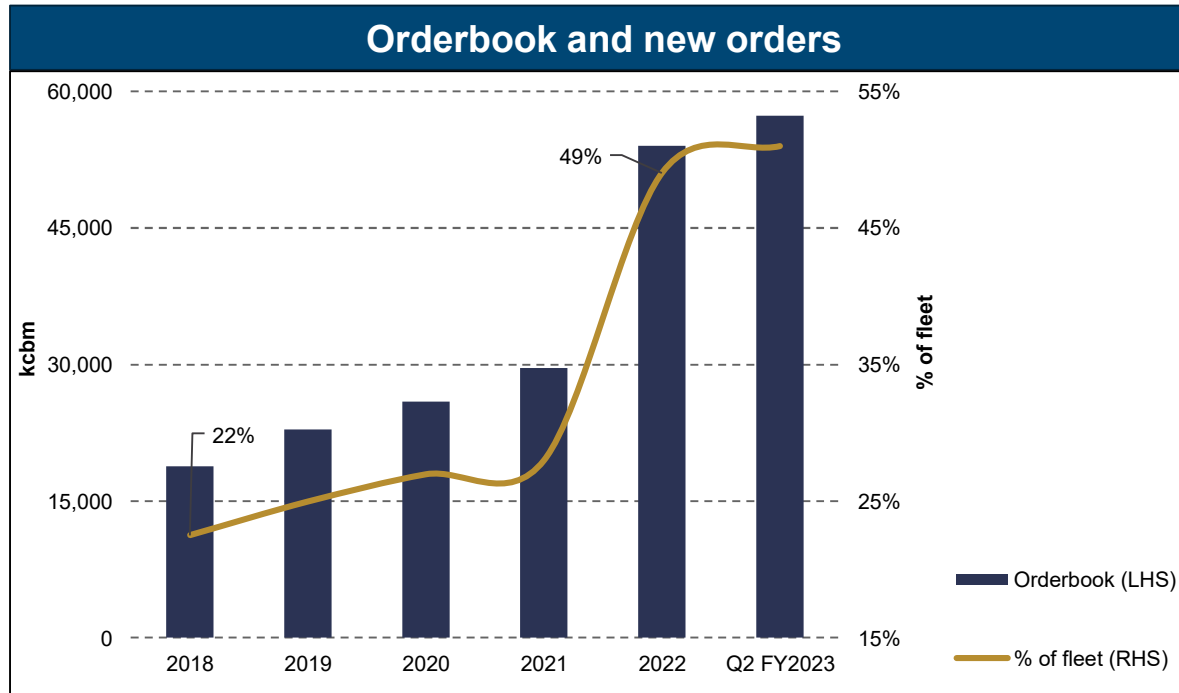
Source: Drewry

- Global liquefaction capacity is expected to increase, creating tight LNG supply during 2023-2024.
- The likelihood of FID depends on securing supply contracts, cultivating confidence among investors, and entailing more liquefaction projects which safeguard supply contracts.



LNG Shipping

Surge in newbuilding orders amid strong LNG demand



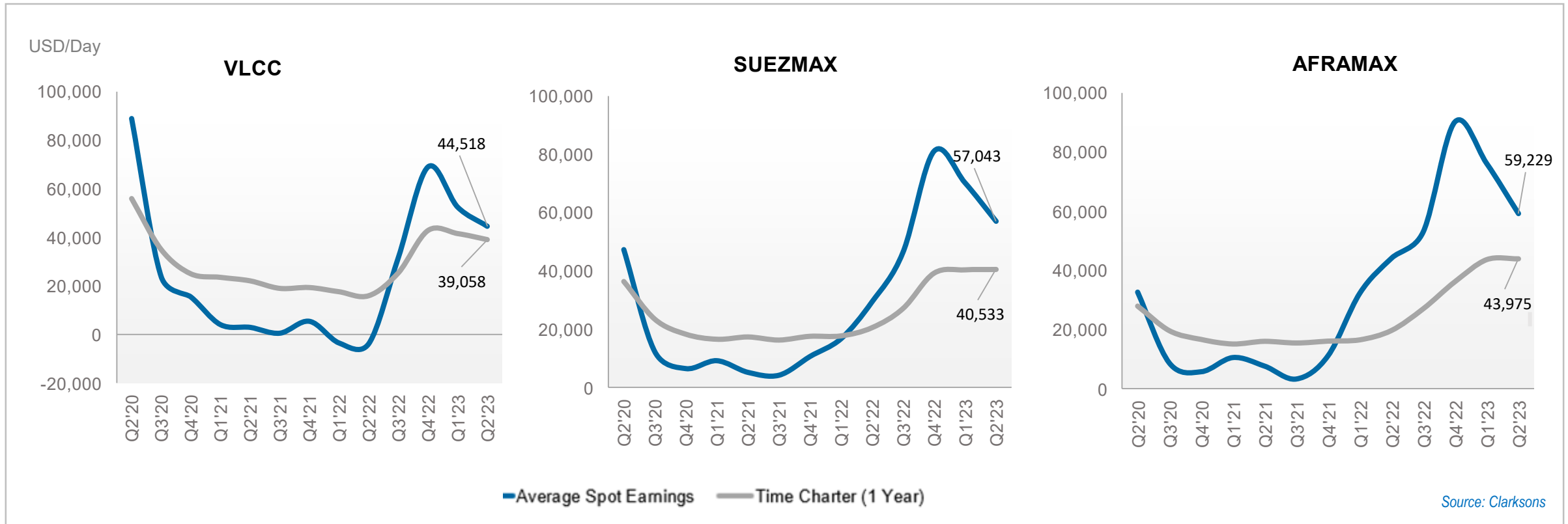
Source: Drewry and Woodmac

- As more planned liquefaction projects are expected to reach FID, newbuilding orders are expected to be robust in 2023 despite tight shipbuilding capacity and high newbuild prices thus increasing shipping requirements in the future.
- In addition, the EEXI and CII regulations that came into effect on 1 January 2023 will impact the employability of older steam turbine carriers resulting in fleet replacement.



Petroleum Shipping

Average tanker rates declined due to softening in demand

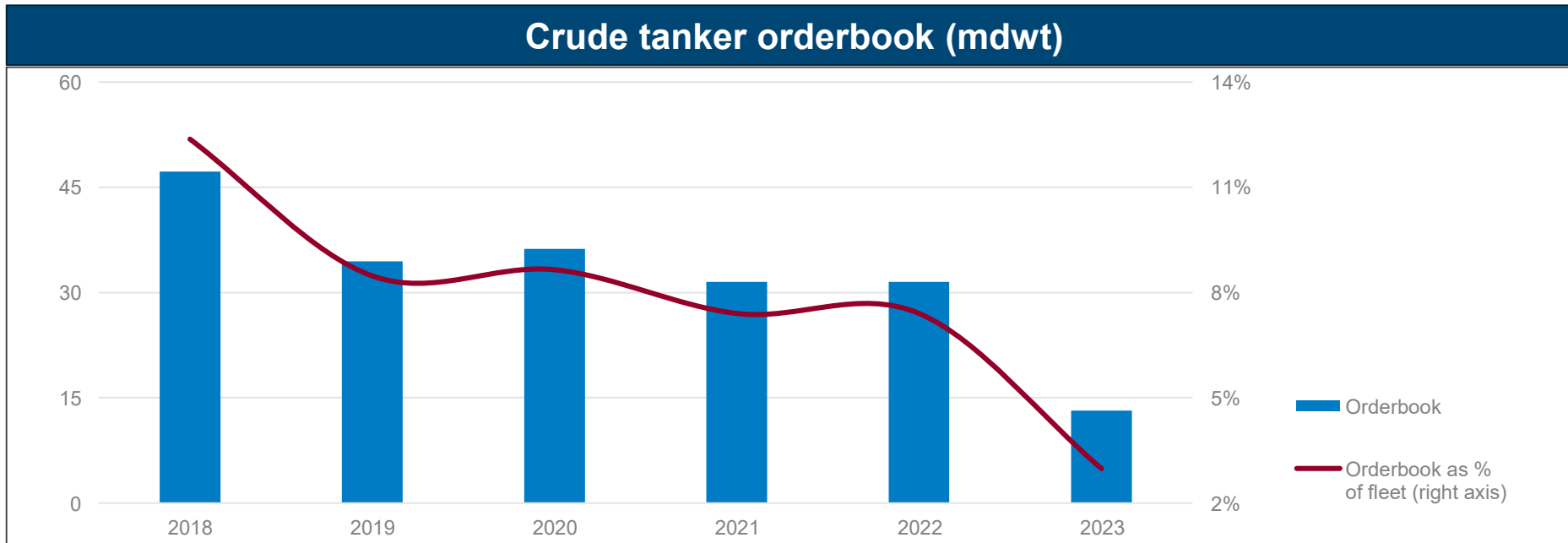


- Spot rates softened in Q2 2023 due to lower activities in UK Coast, Mediterranean and Black Sea region.
- Notwithstanding this, the overall tanker market outlook remains positive due to change of trade patterns supporting tonne-mile demand, despite the recent short term production curbs by OPEC+.



Petroleum Shipping

Fleet growth to be subdued due to weak orderbook



Note: Data as at Q2 2023

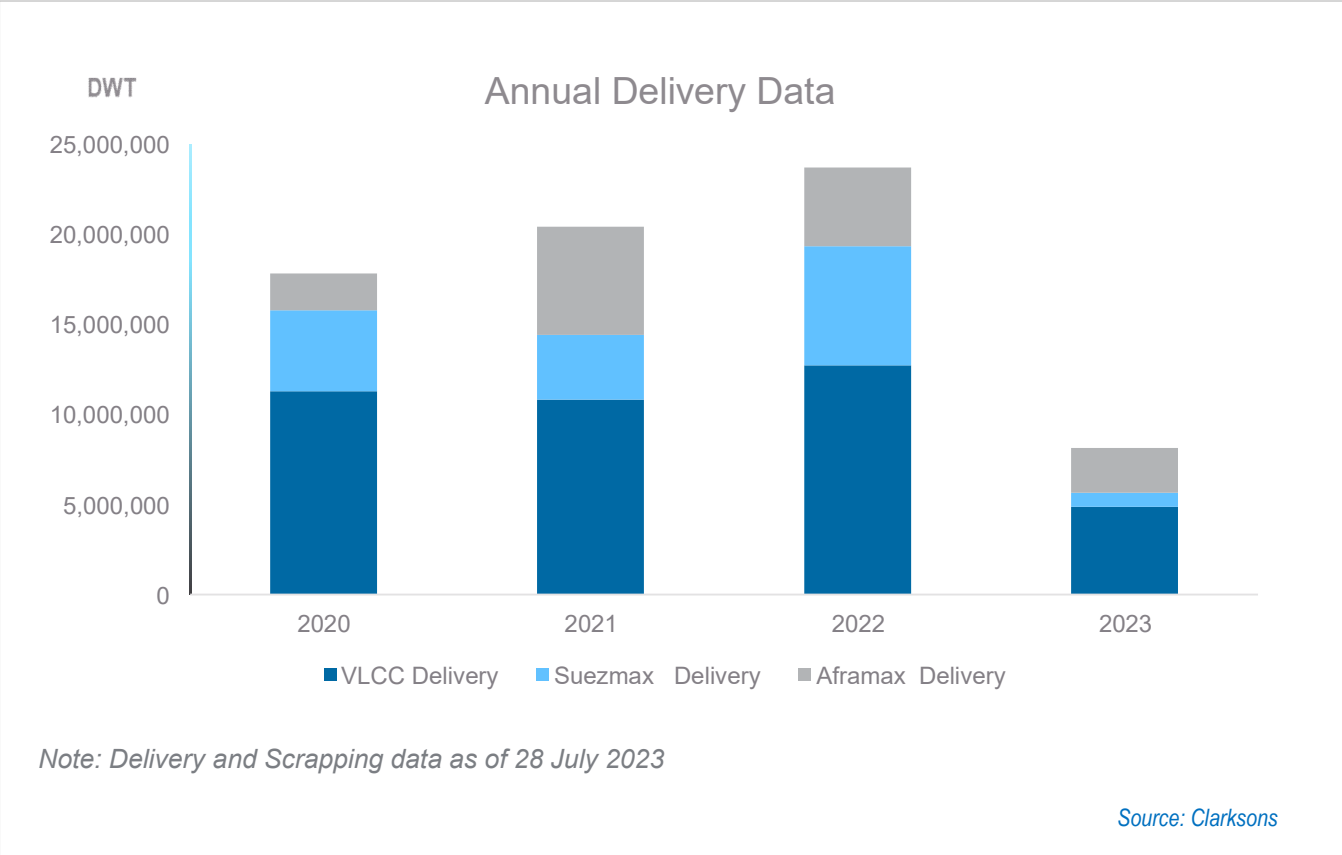
Source: Drewry

- The overall orderbook for crude tankers continues to decrease as newbuilding tanker orders have been restrained by higher asset prices and uncertainty over sustainable fuels to be used in the future.
- The record-low orderbook of 2.9% of the fleet will curb fleet growth in the forecast period as tight tonnage supply will continue to spur new orderings.
- Suezmax dominate the orderbook, comprising about 48% of the total deadweight, followed by Aframaxes, which account for about 28% of the orderbook.



Petroleum Shipping

Fewer deliveries with zero pick-up in demolition activity

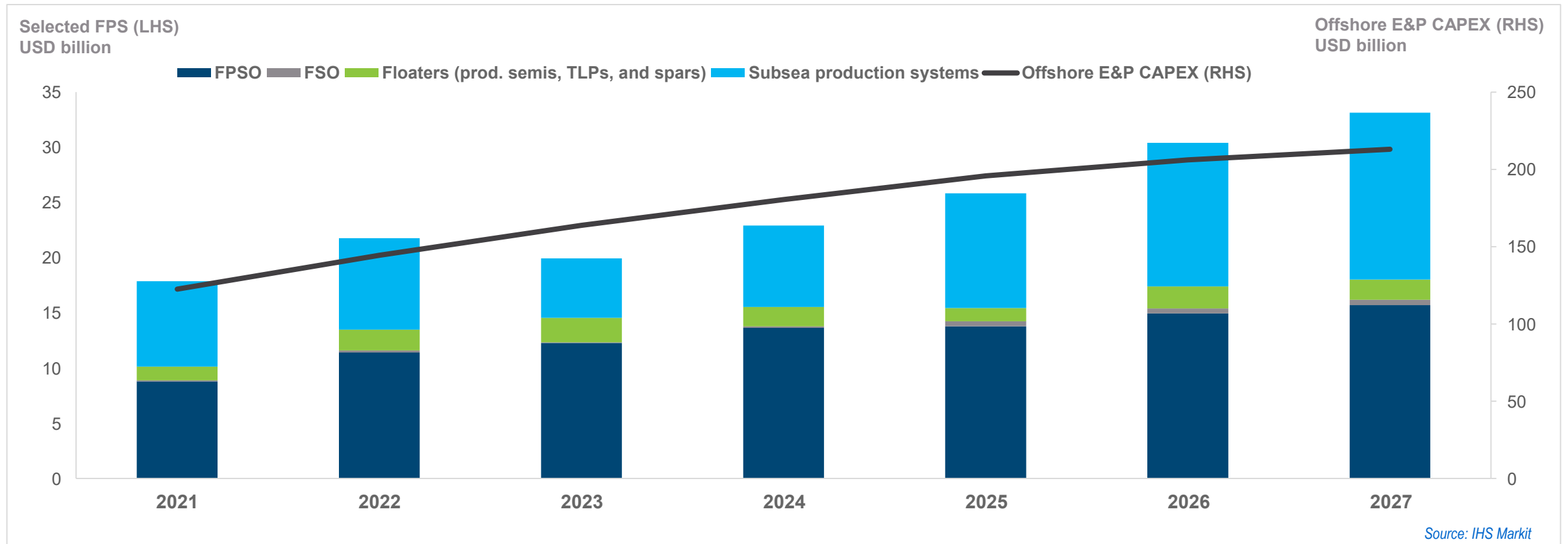


- Tight tonnage supply is expected in the next two years due to the sharp decline in deliveries.
- No crude tanker has been scrapped since the start of the year as higher tanker earnings have discouraged shipowners from demolishing their vessels.



Offshore

Steady growth in upstream CAPEX spending expected in 2023






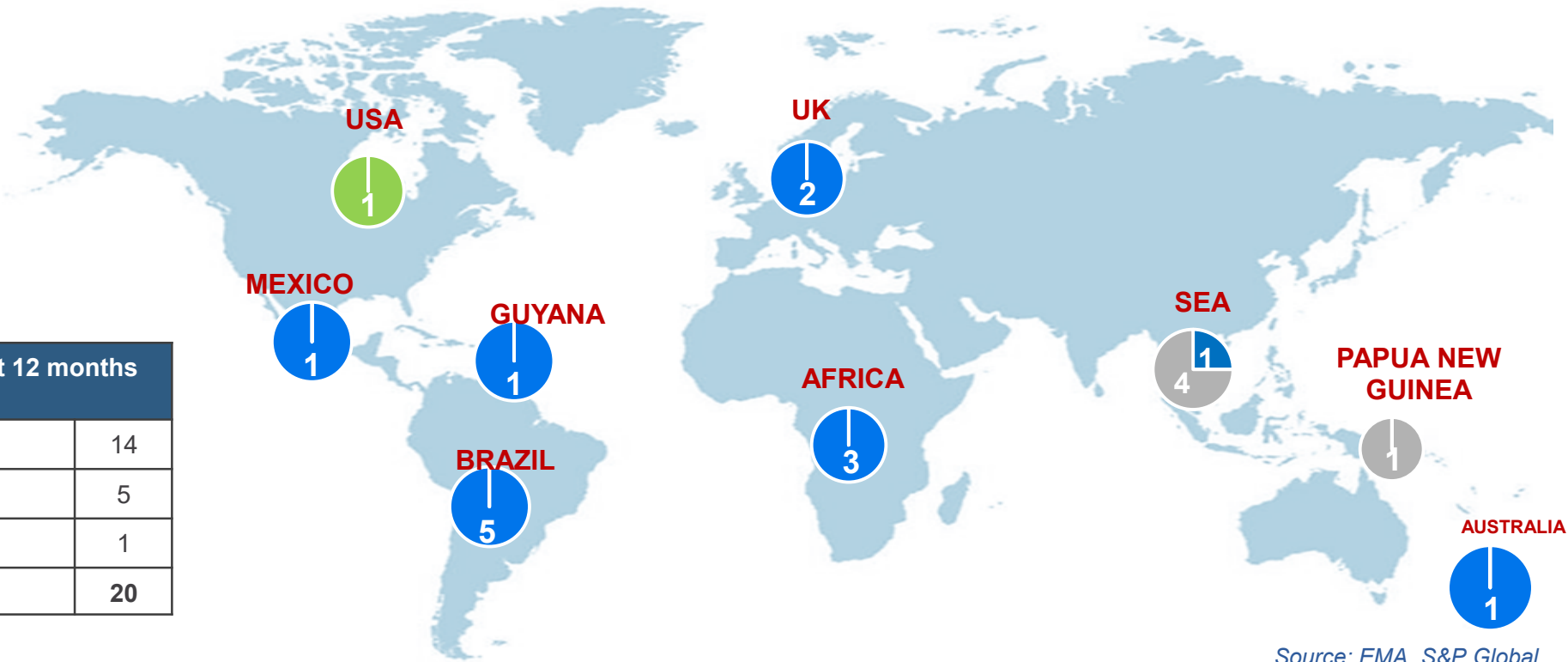
- Anticipated for 2023, there is a projected uptick of 11% in Global offshore E&P capex expenditure. Notably, this growth is predominantly driven by Latin America and the Asia Pacific regions, collectively contributing to over 50% of the total expenditure.
- This uptrend momentum will generate a substantial upswing in the global FPSO market in the upcoming years. This will potentially lead to a higher number of FPSO awards especially coming from the South American region, led by Brazil followed by West Africa.



Offshore

Upcoming greenfield FPSO projects will mainly concentrate in the Atlantic Basin

Expected Awards in the next 12 months (FPSO, FSOs and Semis)		
	FPSO	14
	FSO	5
	SEMI	1
Total		20



Source: EMA, S&P Global

- As of Q2 2023, there are 35 FPSOs on order, whereby 15 orders are coming from Brazil, driven by strong demand for FPSOs.
- Demand for FPSOs is expected to stay firm within the next 12 months, with five projects from Brazil and two from Angola are expected to be awarded despite mixed macroeconomic signals.



APPENDICES



Adjusted Cash Flow from Operations (“CFO”)

	Q2 2022 USD Mil	Q1 2023 USD Mil	Q2 2023 USD Mil
CFO per Statutory Financial Reporting	144	207	519
Add/(Less):			
MFRS 16 lease payments*	(6)	(5)	(11)
Offshore construction work-in-progress**	138	142	52
Others and forex	(15)	(5)	2
Adjusted CFO	261	339	562

* MISC considers all lease or charter-in of vessels and other assets as operating activities. For financial reporting purposes, payment of lease liabilities are classified in the cash flow from financing activities.

** **For financial reporting purposes**, the payments relating to construction/conversion activities for Offshore turnkey projects are **required to be classified in the cash flow from operating activities**. As at 30 June 2023, the YTD payment was USD194.6 million.

However, **MISC considers the payments as Capital Expenditure (“CAPEX”) payments**, and **internally classifies them as an outflow from investing activities** in measuring its performance and allocation of resources.



Fleet Information as of 30 June 2023

	Vessel Type	Total Vessel Operated	Owned	Chartered-In	Average Age (years)		Contracted Newbuilds/Conversions
					MISC	Industry	
GAS	LNG	31	31	--	15.0	11.0	14*
	FSU	2	2	--	11.0	--	--
	VLEC	6	6	--	2.0	--	--
	LBV	1	--	1	2.0	--	--
Subtotal		40	39	1	--	--	14*
Petroleum	VLCC	10	10	--	8.7	11.1	3
	Suezmax	6	6	--	9.1	11.7	-
	Aframax	20	18	2	10.1	13.5	-
	LR2	2	2	--	6.0	10.2	-
	DPST	17	17	--	3.9	8.6	-
Chemical	Chemical	1	--	1	11.9	13.1	-
Subtotal		56	53	3	--	--	3
GRAND TOTAL		96	92	4	--	--	17*
Offshore	FPSO/FSO/SS	12	12	--	10.7	--	1

Note: (*) contracted vessels include 12 vessels awarded by QatarEnergy, 25% owned by MISC, NYK, K-Line and CLNG through the joint venture.

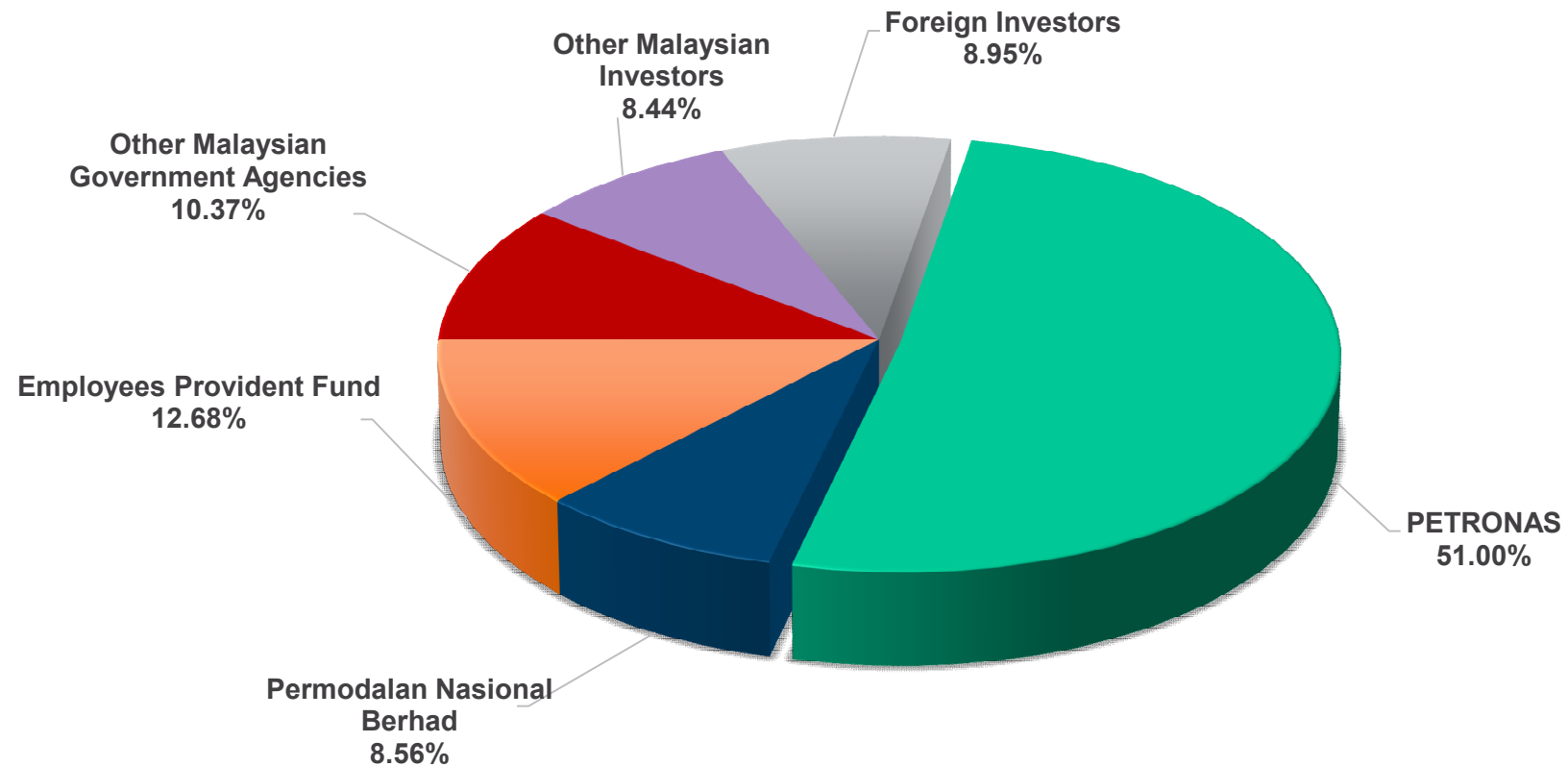


Schedule of Future Deliveries as of 30 June 2023

	GAS	Petroleum
	LNG Carriers	VLCC
1H 2023	-	-
2H 2023	-	3
2025	4	-
2026	10*	-

Note: * 2 LNGCs (for SeaRiver) and 8 LNGCs (for QatarEnergy)

Shareholders' Profile as of 30 June 2023



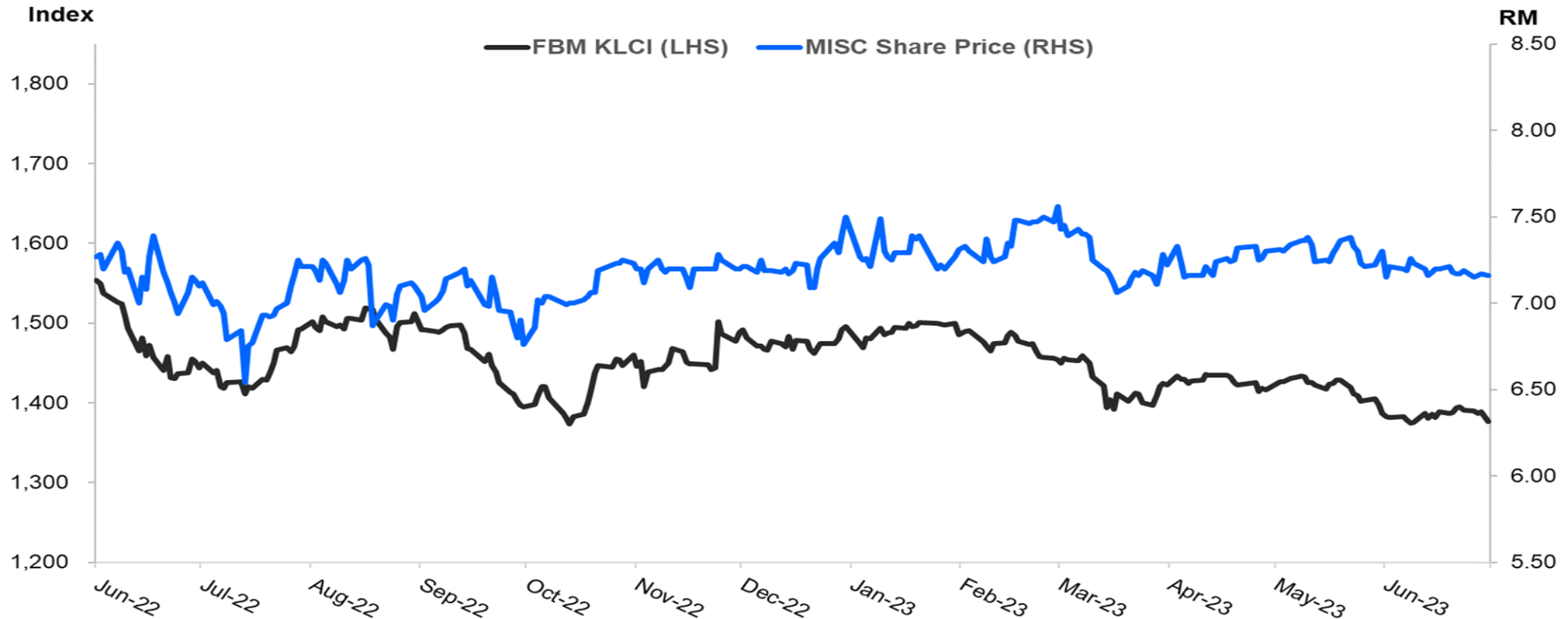


MISC One Year Share Price Performance

Share Price	RM
3-months average	7.24
6-months average	7.27
12-months average	7.18
High for the year (28 Feb 23)	7.56
Low for the year (13 July 22)	6.54

MISC vs. FBM KLCI

Share Price :
RM7.16 as of 30 June 2023



Source: Bloomberg

Q&A SESSION

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THANK YOU

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