

ANALYST BRIEFING
Q4 2023 Financial Results
27 February 2024



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.

Q4 2023 KEY HIGHLIGHTS





Q4 2023 Highlights and Notable Updates



Revenue
USD915 Million

26% increase QoQ

FY2023: USD3,126 Million

<1% decrease YoY



Profit After Tax
USD134 Million

56% increase QoQ

FY2023: USD429 Million

3% increase YoY



Cash Flow from Operations*
USD433 Million

47% increase QoQ

FY2023: USD1,628 Million

27% increase YoY



Higher Dividend Payout
Compared to FY2022

RM0.36 sen per share

FY2023: USD346 Million

4.5% increase YoY



The EDGE Malaysia ESG Awards 2023

MISC and MHB were respectively bagged with Silver Award (Transport & Logistics Sector) and Silver Award (Green Transition)



41st MSOSH Awards 2023

MISC continues its award-winning run and wins six awards



Marine Fuels 360

Eaglestar awarded with the Alternative-Fuelled Vessel Design of the Year


















*Note: QoQ represents Q4 2023 against Q3 2023
YoY represents FY2023 against FY2022*

** Adjusted CFO*

A Look Back at 2023



KEY HIGHLIGHTS FOR 2023

 <p>Project Award & Execution Excellence</p>		 <p>Delivery of 2 DF VLCCs</p>	 <p>Delivery of 2 LNGCs</p>	 <p>Sale and Leaseback of 2 LNGCs</p>	 <p>Binding Heads of Agreement for an LNG FSU</p>	 <p>Sustainability Linked Loans for 6 VLECS</p>
 <p>Excellence, Awards & Other Recognition</p>		 <p>Sustainability-Linked Deal of the Year (East)</p>	 <p>Silver Award Environmental Category: Sustainable Ecosystems</p>	 <p>48 vessels awarded Jones F. Devlin Award for Safety</p>	 <p>Seri Damai & Seri Daya awarded Green Ship Status</p>	 <p>Recognised for outstanding trust building efforts</p>
 <p>Collaborations & Other Achievements</p>		 <p>PETRONAS, MOL, and MISC invest in developing and monetising Liquefied Carbon Dioxide (LC02) carriers</p>	 <p>MOU with Samsung to jointly develop Floating CO2 storage units</p>	 <p>World's first Newbuild FPSO design incorporating sustainable technologies</p>		 <p>R&D and enhancement of syllabuses at ALAM</p>

Q4 2023 MERO 3: Project Progress

As of Q4 2023, the project has achieved an overall physical completion of 93.5%.

FPSO Marechal Duque de Caxias was named in Yantai, China on 17 January 2024 and has sailed away on 24 February 2024.

Construction is completed and now the project is focusing on completing the pre-commissioning and commissioning phase.

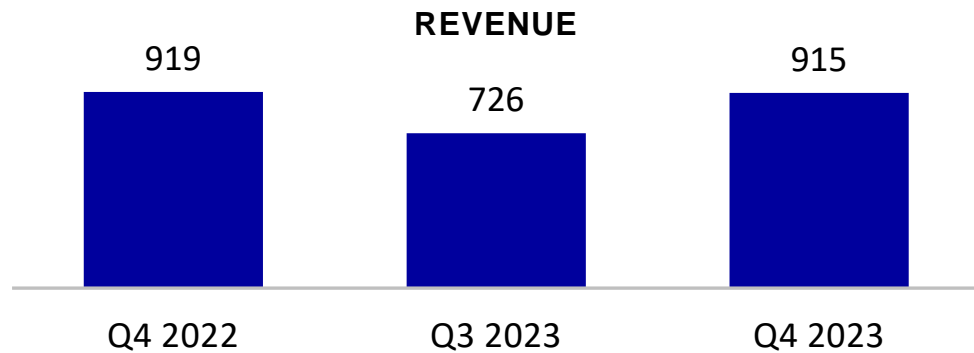


FPSO Marechal Duque de Caxias

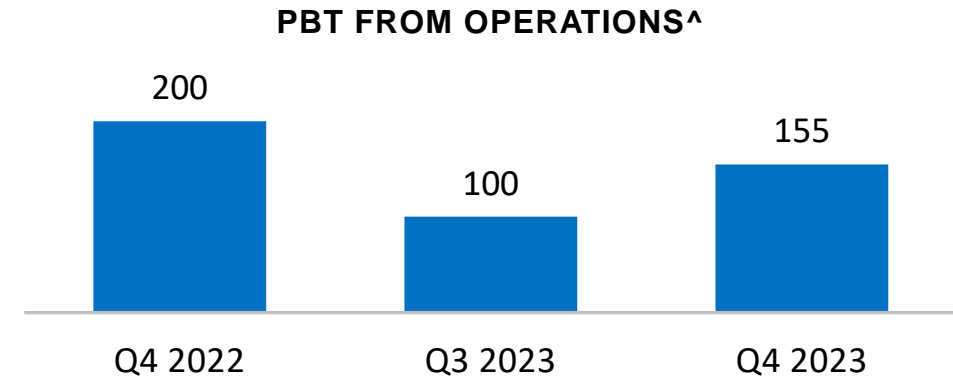
FINANCIAL HIGHLIGHTS



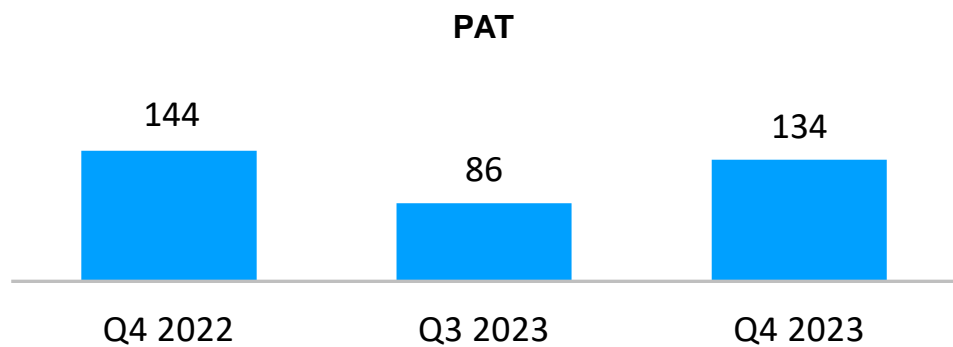
Q4 2023 vs Q4 2022: Lower PAT mainly from lower construction progress for Project Mero 3 in Offshore Business segment and higher vessel operating costs in Gas Business segment offset with lower impairment provisions



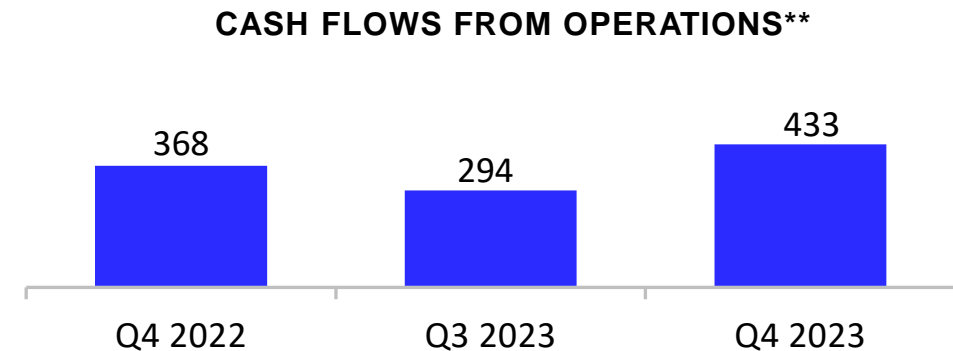
Slightly lower revenue in Q4 2023 against Q4 2022 mainly from lower construction revenue of Project Mero 3 in Offshore Business segment, partly offset by higher revenue from new and on-going Heavy Engineering projects.



Lower PBT from Operations in Q4 2023 against Q4 2022 mainly from lower construction progress from Project Mero 3 in Offshore Business segment, coupled with higher vessel operating costs in Gas Business segment.



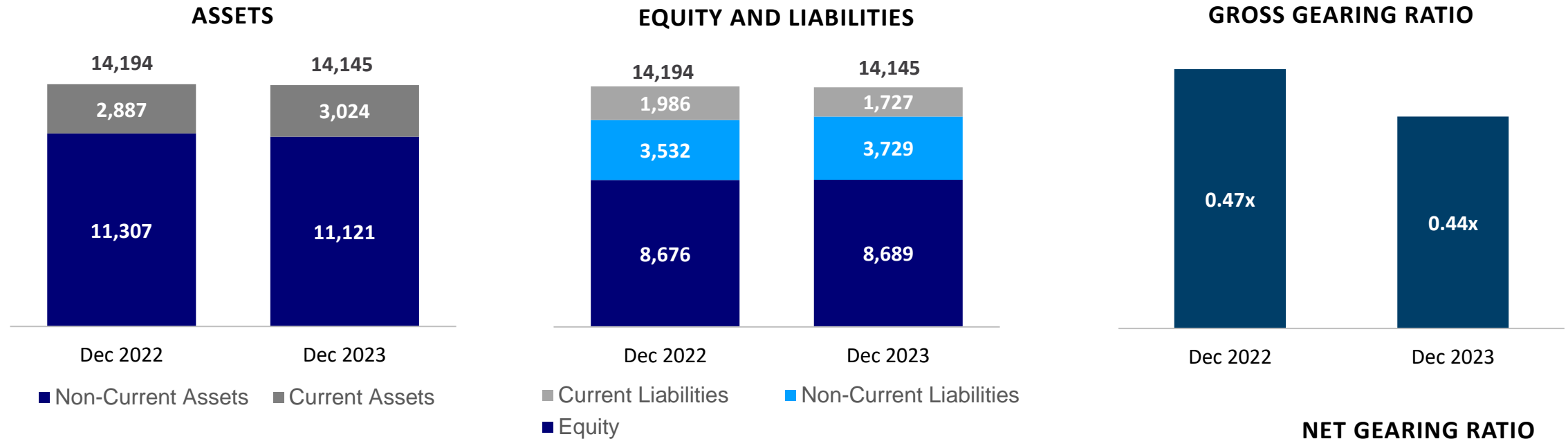
Lower PAT in Q4 2023 against Q4 2022 from lower PBT from operations offset with lower impairment provisions.



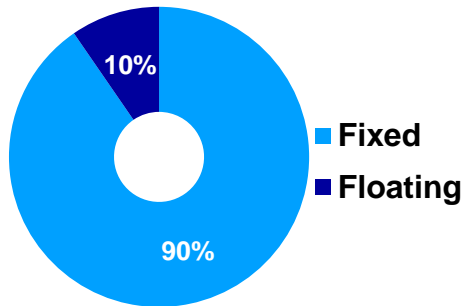
Higher in Q4 2023 against Q4 2022 mainly from higher collections from Heavy Engineering segment.



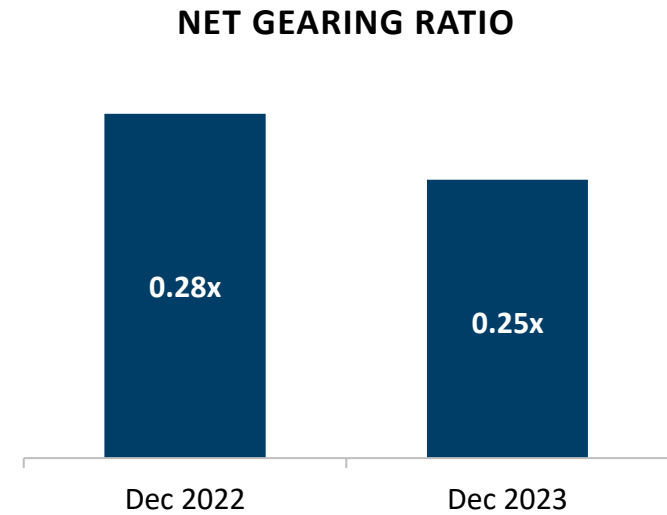
Solid Balance Sheet With Prudent Risk Management



DEBT COMPOSITION AS AT DECEMBER 2023

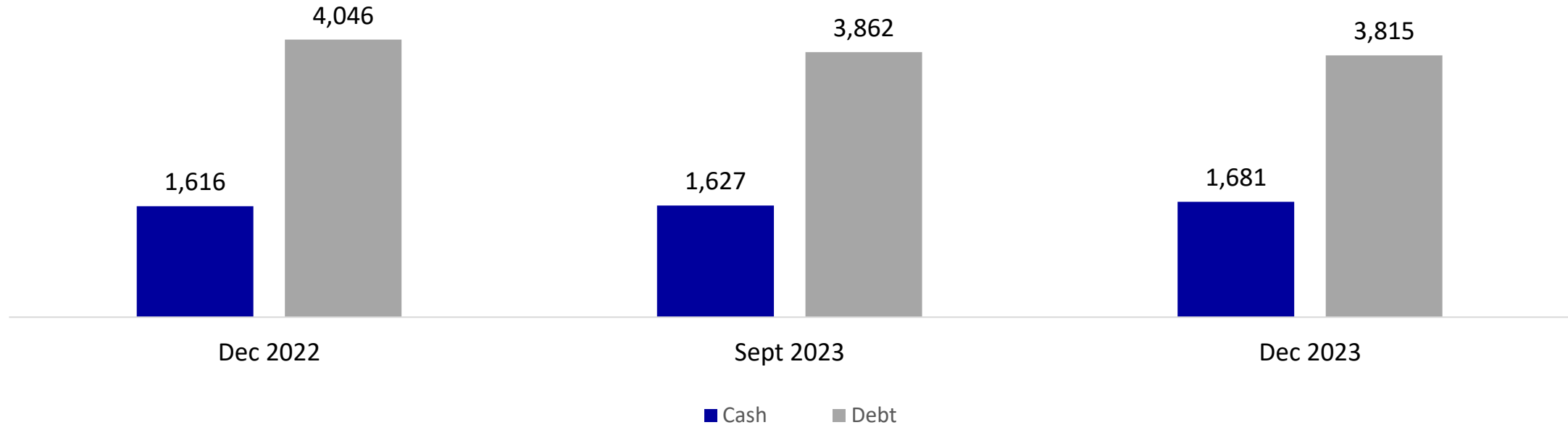


- ❖ The Group's total assets, total equity and total liabilities remain fairly unchanged as compared to December 2022.
- ❖ Gearing ratio reduced as a result of lower debt balance due to net repayments during the year and higher shareholders' equity.
- ❖ Marginally higher composition of fixed-rate debt in Q4 2023 (90%) against Q3 2023 (87%).



Cash & Debt Balances

Sustainable cash balance

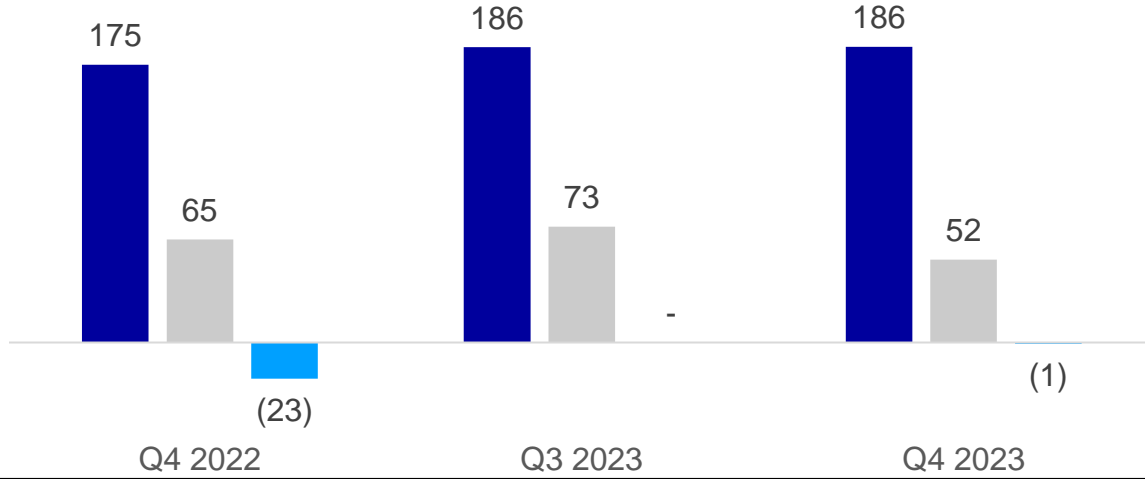


- ❖ Higher cash balance as at December 2023 against December 2022 mainly due to lower capex payments during the year.
- ❖ Debt balance declined as at December 2023 against December 2022 mainly due to net repayments of loans and borrowings during the year.

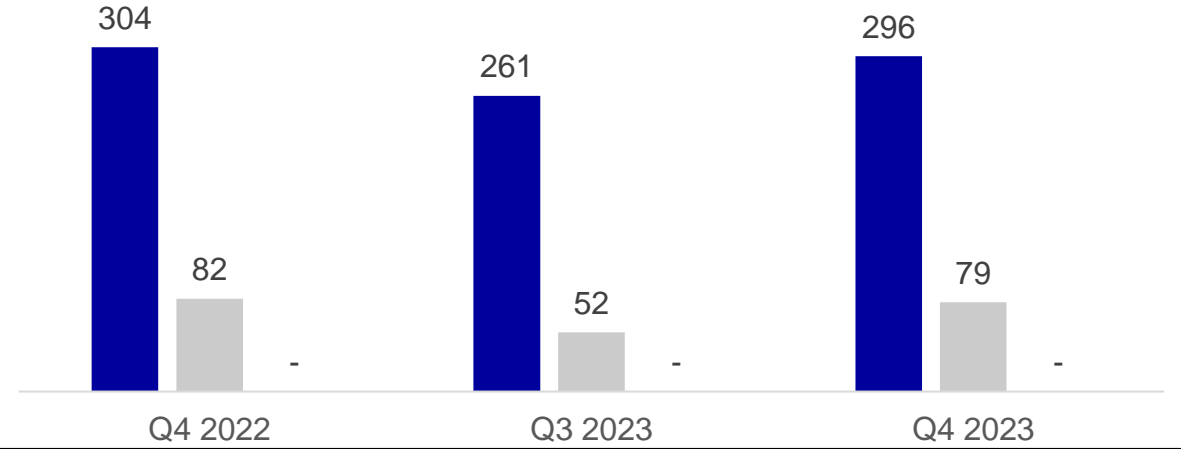


Financial Performance By Business Segments

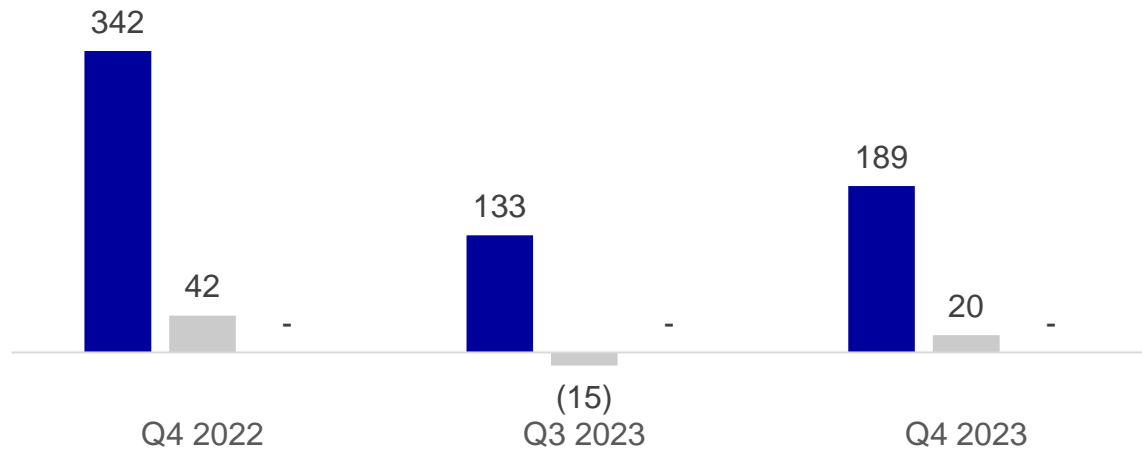
GAS



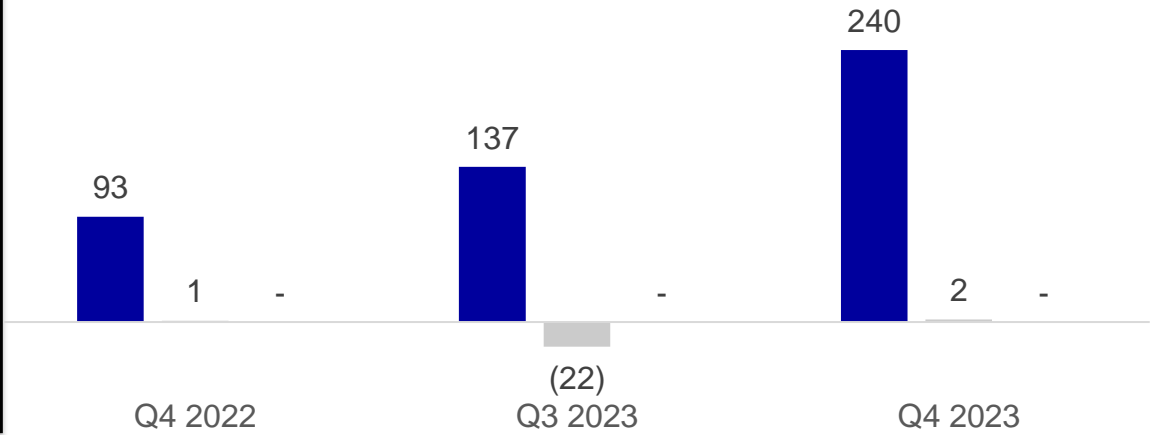
PETROLEUM



OFFSHORE



HEAVY ENGINEERING

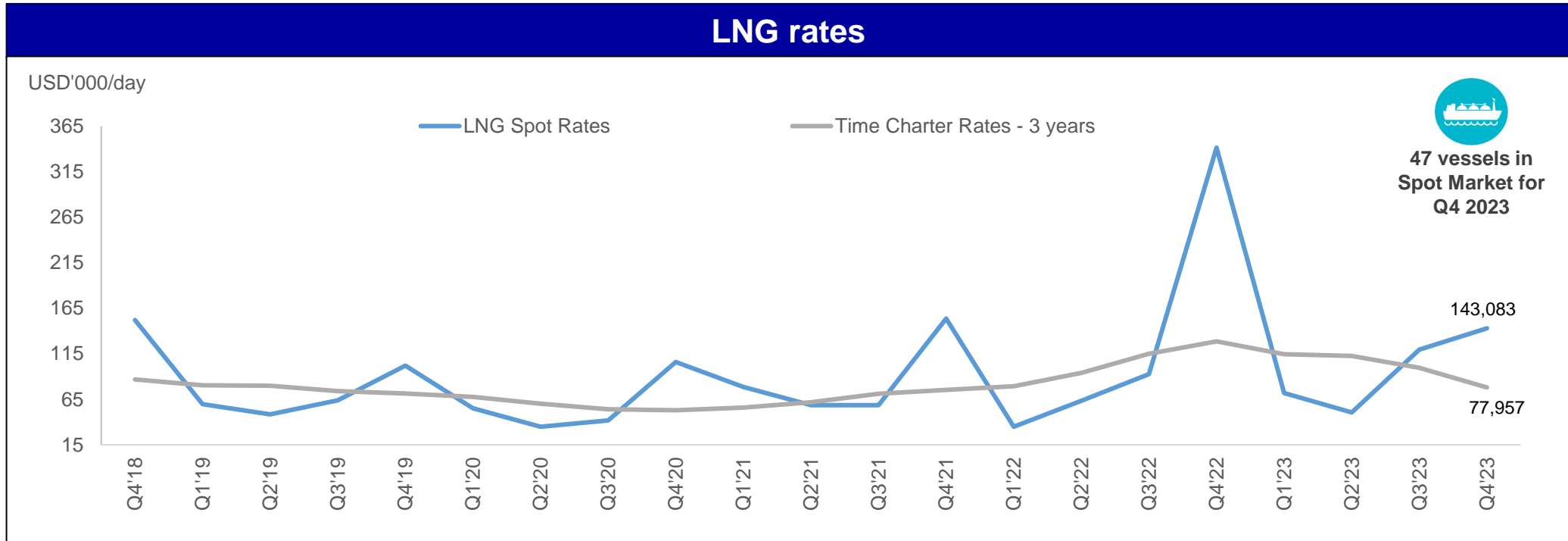


MARKET ENVIRONMENT



LNG Shipping

Spot rates continue to strengthen in Q4 2023, with positive prospects of growing LNG demand

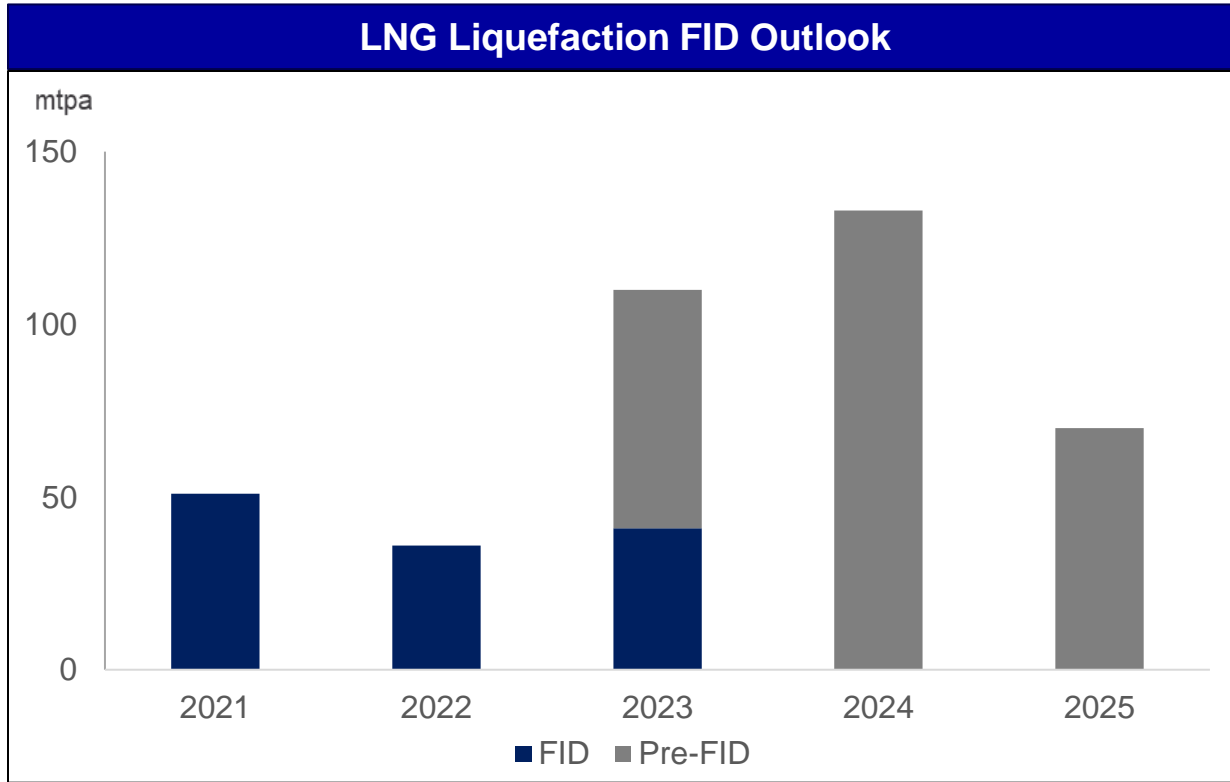


Source: Clarksons

- LNG spot rates continue to strengthen in Q4 2023 despite the mild winter and a decline in European inventory buildup.
- The prospects remain positive due to growing Asia’s LNG demand and increasing LNG infrastructure investments.

LNG Shipping

Positive FID outlook for LNG projects bodes well for fleet expansion

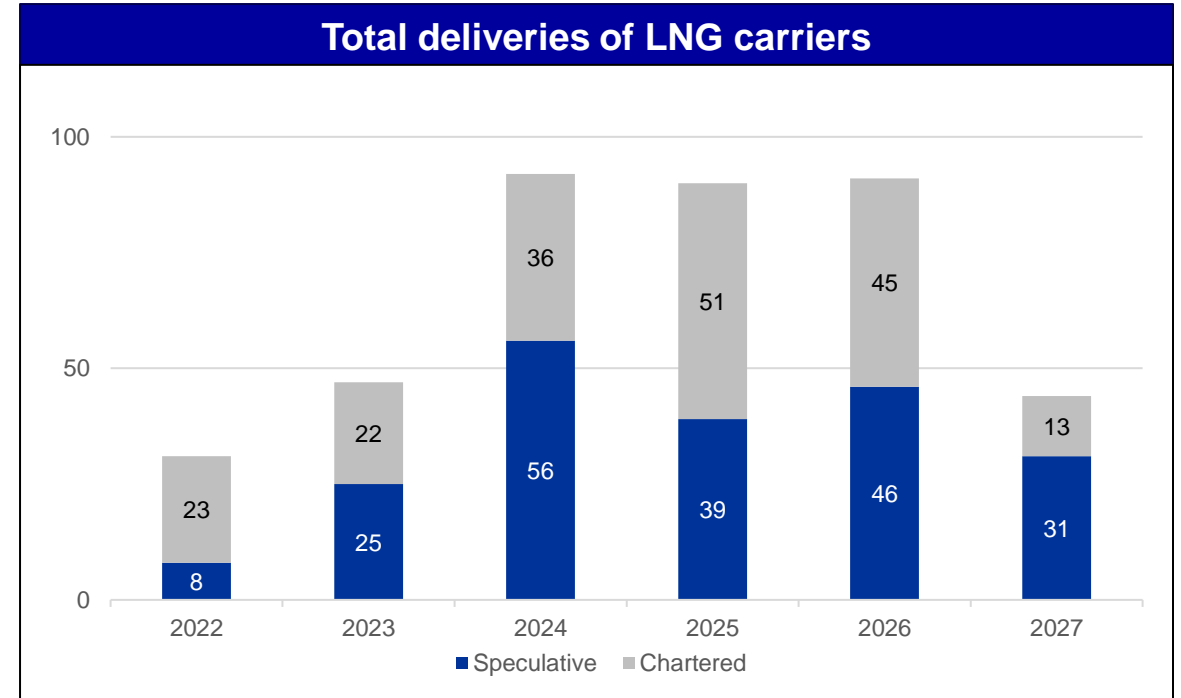
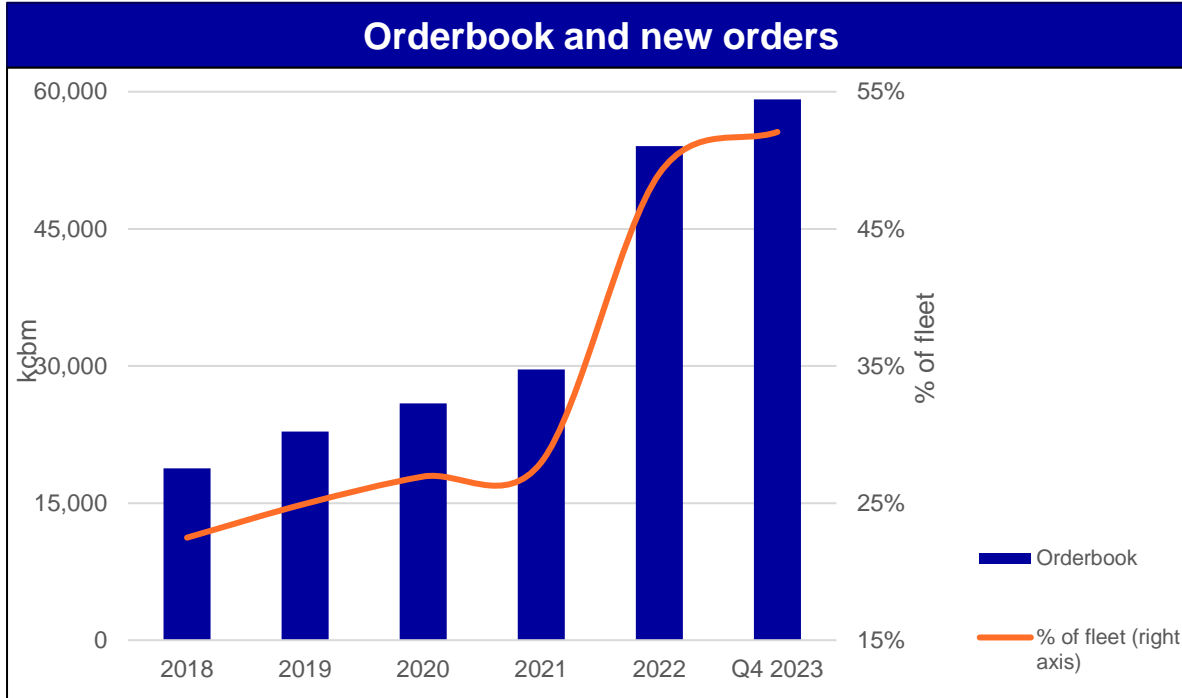


Source: Drewry

- Global liquefaction capacity is expected to increase in 2024. The expansion of liquefaction facilities contributes to meeting the rising demand.
- FID outlook remains positive to meet rising global demand for LNG, despite increasing competition from investments in net-zero emission projects.

LNG Shipping

Surge in newbuilding orders amid strong LNG demand

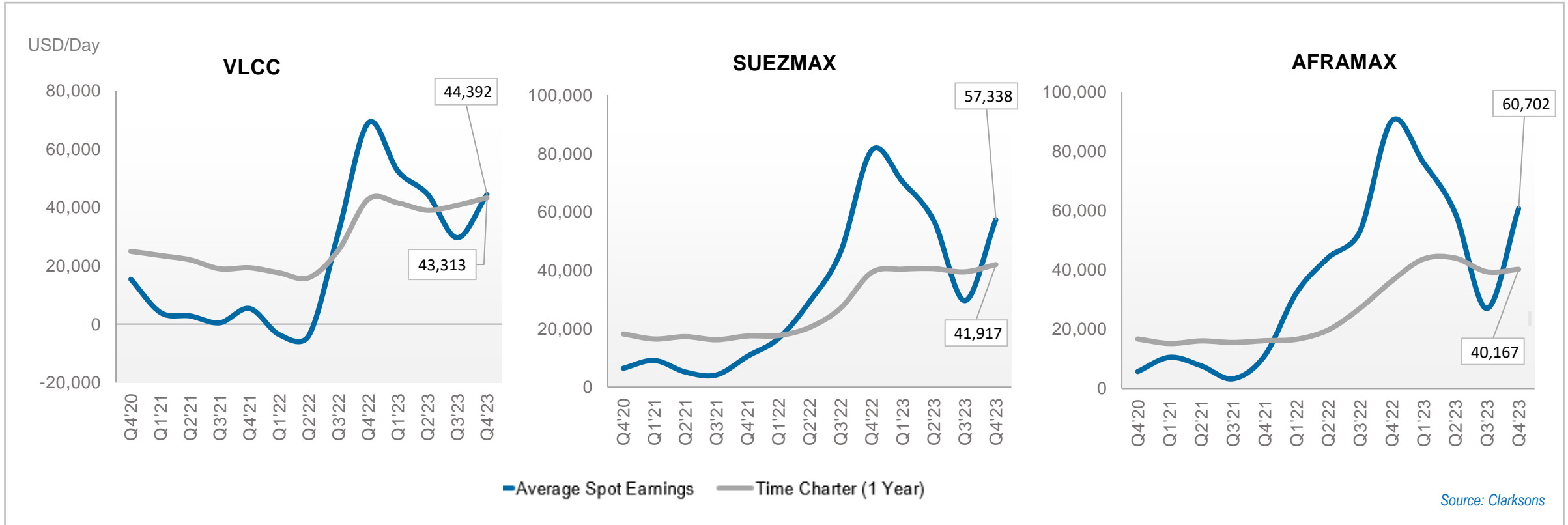


Source: Drewry and Woodmac

- As more planned liquefaction projects are expected to reach FID, newbuilding orders are expected to remain robust in 2024.
- New LNGCs are expected to be delivered into the market during 2024-2026. Despite this delays are anticipated due to tight shipbuilding capacity and high newbuild prices, which will flow deliveries to subsequent years.

Petroleum Shipping

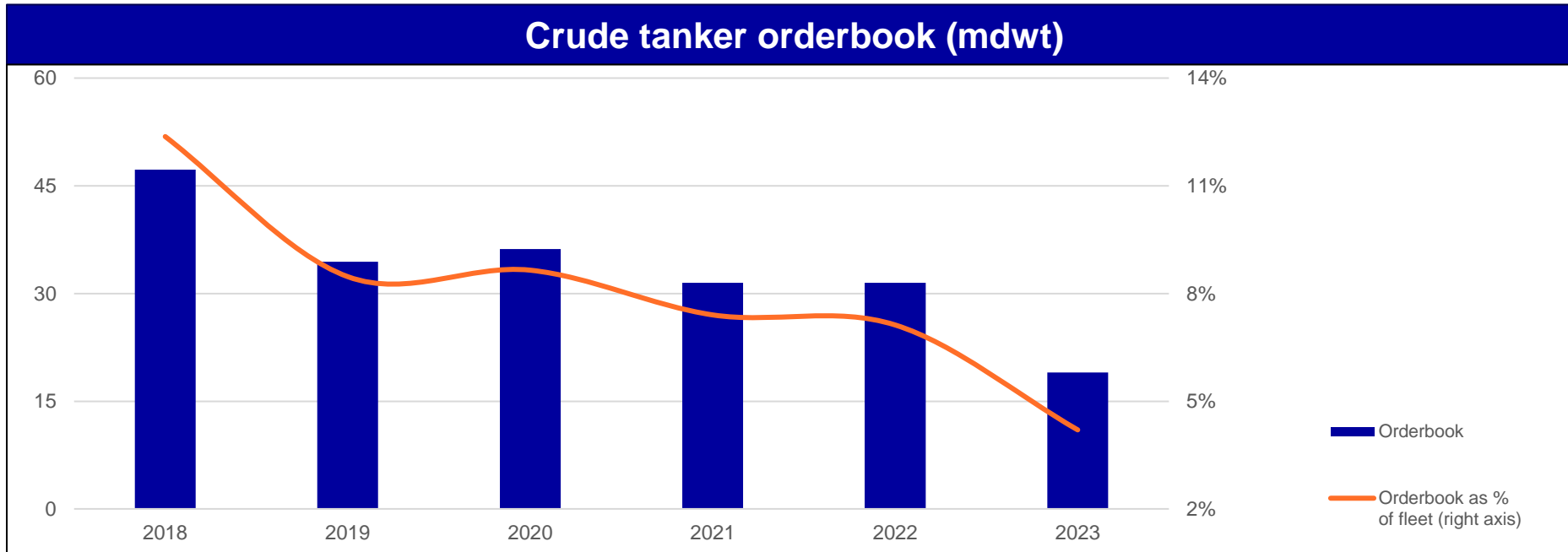
Average tanker rates strengthened in Q4 2023, with positive demand prospects



- Spot rates strengthened in Q4 2023 despite a seasonal dip in December.
- Notwithstanding this, the overall tanker market outlook remains positive due to strong Atlantic exports and increased crude imports to Asia.

Petroleum Shipping

Fleet growth to be subdued due to weak orderbook



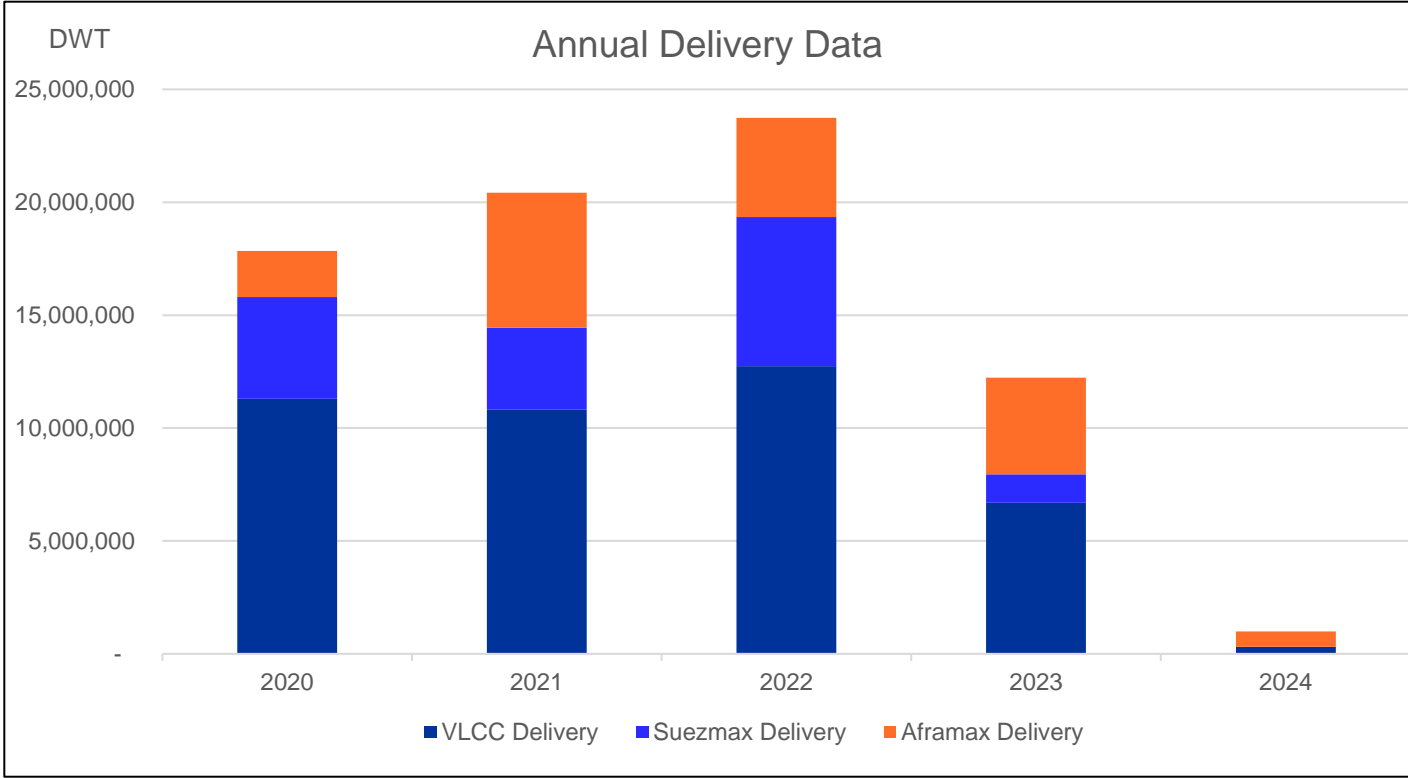
Note: Data as at Q4 2023

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.

Petroleum Shipping

Fewer deliveries with zero pick-up in demolition activity

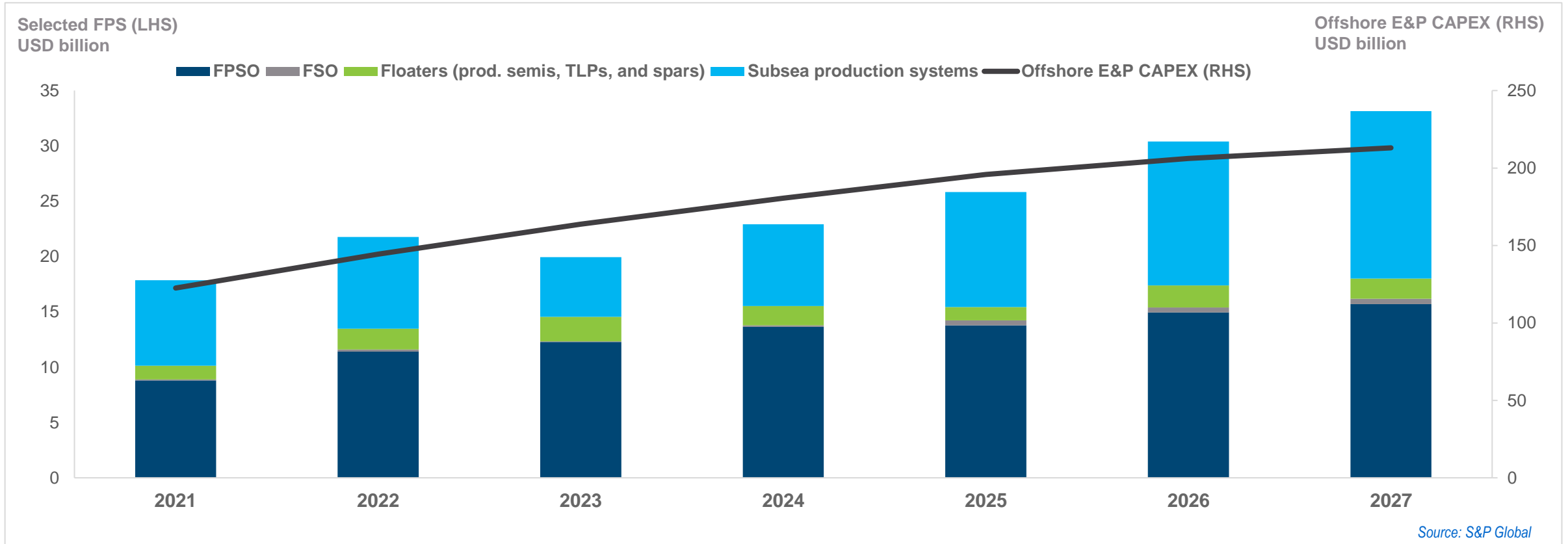


Source: Clarksons

- Tight tonnage supply is expected in the next two years due to the sharp decline in deliveries.
- Demolitions remain weak in 2024 as the demand for old tonnage in the second-hand market increase.

Offshore

Continued steady growth in upstream CAPEX spending expected for 2024 and onwards



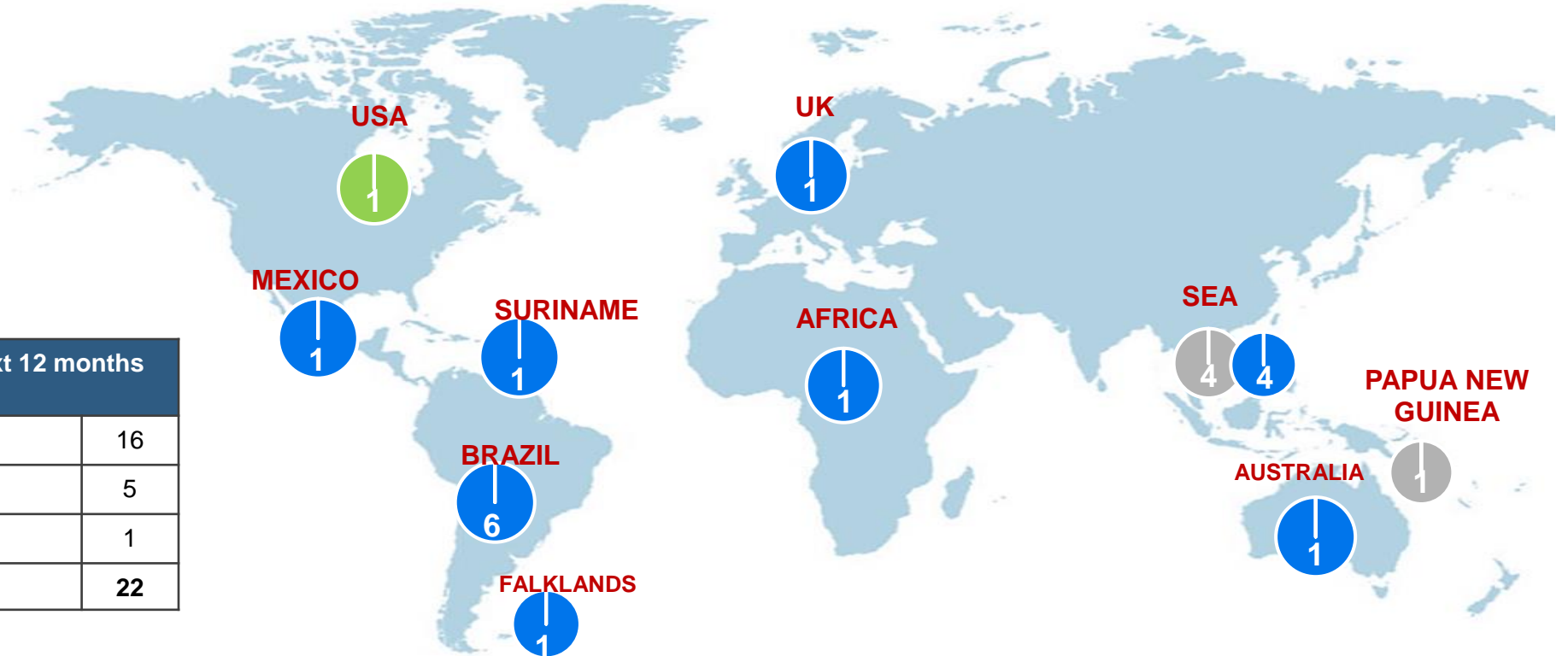
- Anticipated for 2024, there is a projected uptick of 6% in Global offshore E&P capex expenditure. The increase in capex is driven by higher activity levels and higher service costs.
- This uptrend momentum will generate a substantial upswing in the global FPSO market in the upcoming years. This will potentially lead to a higher number of FPSO awards especially coming from Latin America and the Asia-Pacific.

Offshore

Upcoming greenfield FPSO projects are mainly concentrated in the Atlantic Basin



Expected Awards in the next 12 months (FPSOs, FSOs and SEMI)		
●	FPSO	16
●	FSO	5
●	SEMI	1
Total		22



Source: EMA, S&P Global

- Demand for FPSOs is expected to stay firm within the next 12 months.
- Six projects from Brazil mainly for Petrobras, and one from Angola are expected to be awarded despite mixed macroeconomic signals.

APPENDICES





Adjusted Cash Flow from Operations (“CFO”)

	Q4 2022 USD Mil	Q3 2023 USD Mil	Q4 2023 USD Mil
CFO per Statutory Financial Reporting	290	219	295
<u>Add/(Less):</u>			
MFRS 16 lease payments*	(5)	(3)	(2)
Offshore construction work-in-progress**	112	79	126
Others and forex	(29)	(1)	14
Adjusted CFO	368	294	433

* 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 31 December 2023, the YTD payment was USD399.2 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 31 December 2023



	Vessel Type	Total Vessel Operated	Owned	Chartered-In	Average Age (years)		Contracted Newbuilds/Conversions
					MISC	Industry	
GAS	LNG	31	30	1	15.0	11.0	14*
	FSU	2	2	--	11.0	--	-
	VLEC	6	6	--	2.0	--	-
	LBV	1	--	1	2.0	--	-
Subtotal		40	38	2	--	--	14*
Petroleum	VLCC	12	12	--	7.8	11.6	1
	Suezmax	6	6	--	9.7	12.2	-
	Aframax	18	18	--	11.6	13.8	-
	LR2	2	2	--	6.5	10.5	-
	DPST	17	17	--	4.5	9.1	-
Chemical	Chemical	1	1	--	--	13.5	-
Subtotal		56	56	--	--	--	1
GRAND TOTAL		96	94	2	--	--	15*
Offshore	FPSO/FSO/SS	11**	12	--	11.0	--	1

Note:

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

** FPSO Bunga Kertas is currently under refurbishment.



Schedule of Future Deliveries as of 31 December 2023

	GAS	Petroleum
	LNG Carriers	VLCC
2H 2023	-	-
2024		1*
2025	4	-
2026	10**	-

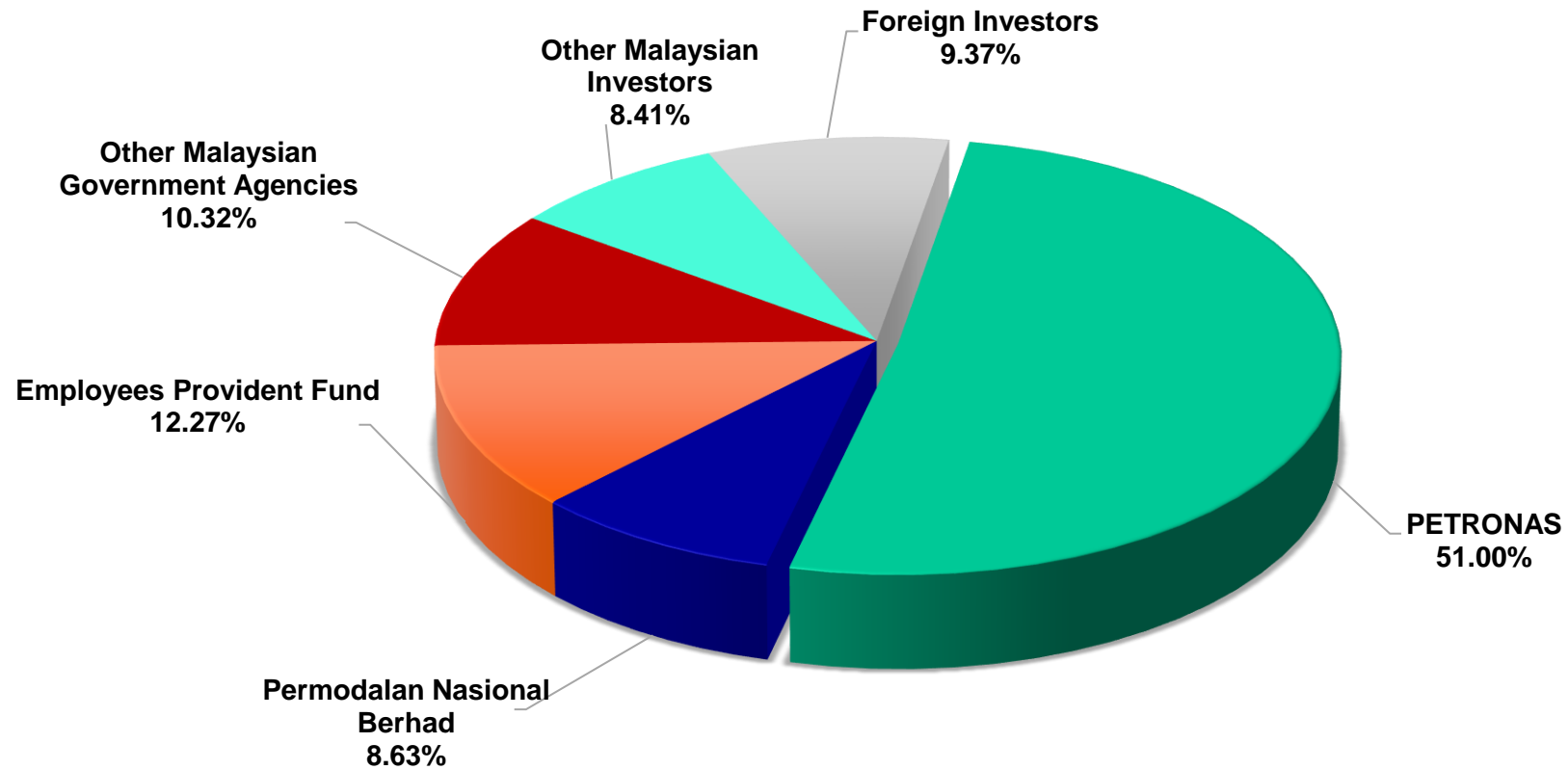
Note:

* AET delivered its final and third VLCC, Eagle Veracruz to Shell on 23 January 2024.

** 2 LNGCs (for SeaRiver) and 8 LNGCs (for QatarEnergy).



Shareholders' Profile as of 31 December 2023



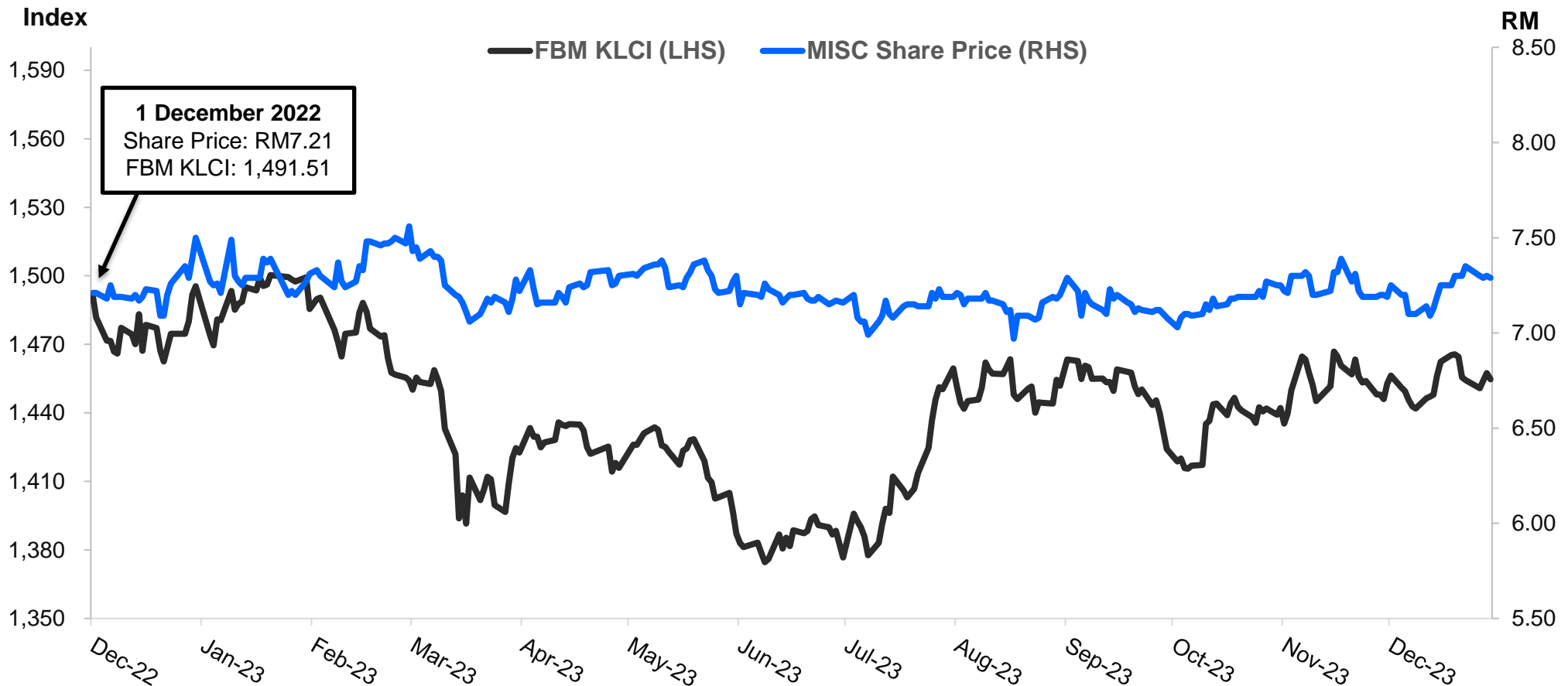


MISC One Year Share Price Performance

Share Price	RM
3-months average	7.21
6-months average	7.18
12-months average	7.22
High for the year (28 Feb 23)	7.56
Low for the year (17 Aug 23)	6.97

MISC vs. FBM KLCI

29 December 2023
Share Price: RM7.29
FBM KLCI: 1,454.66



Q&A SESSION

THANK YOU