MEDIA RELEASE

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MISC GROUP FINANCIAL RESULTS FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2017

MISC is pleased to announce its financial results for the financial period ended 30 June 2017.

Financial Highlights:

- Group revenue for the quarter ended 30 June 2017 was lower than the corresponding quarter ended 30 June 2016.
- Group revenue for the 6 months period ended 30 June 2017 was higher than the corresponding 6 months period ended 30 June 2016.
- Group profit before tax for the quarter and the 6 months period ended 30 June 2017 was lower than the corresponding quarter and 6 months period ended 30 June 2016.

Group Revenue, Operating Profit and Profit Before Tax for the Quarter Ended 30 June 2017

Group revenue for the quarter ended 30 June 2017 of RM2,302.5 million was 3.8% lower than the corresponding quarter's revenue of RM2,392.4 million. The decrease in Group revenue was mainly due to lower freight rates and earning days for Petroleum segment as well as lower revenue from Heavy Engineering segment as most on-going projects are nearing completion.

The consolidation of Gumusut-Kakap Semi-Floating Production System (L) Limited ("GKL") following completion of its equity buyback in May 2016 and higher variation works following GKL's favourable adjudication decision has however mitigated the decrease in revenue for the current quarter. Additionally, construction revenue from Floating, Storage and Offloading Vessel ("FSO") Benchamas 2 and lease commencement of Marginal Marine Production Unit ("MaMPU") in Q4 FY2016 have also contributed to the increase in revenue in the Offshore segment. Furthermore, lease commencement of two new LNG vessels have also mitigated the decrease in revenue mentioned above.

Group operating profit of RM717.4 million was higher than the corresponding quarter's profit of RM500.3 million mainly due to recognition of compensation for early termination of a time charter contract and lease commencement of two new LNG vessels.

Group profit before tax of RM558.7 million was lower than the corresponding quarter's profit before tax of RM1,374.1 million, as the latter included net gain on acquisition of subsidiaries of RM847.3 million, recognition of intangibles of RM47.5 million and higher share of profit from joint ventures.

Group Revenue, Operating Profit and Profit Before Tax for the 6 Months Period Ended 30 June 2017

Group revenue for the 6 months period ended 30 June 2017 of RM5,287.4 million was 10.5% higher than the corresponding 6 months period ended 30 June 2016 revenue of RM4,786.9 million. The increase in revenue were mainly due to the consolidation of GKL beginning 1 May 2016 following the completion of 50% of its equity buyback and higher variation works following GKL's favourable adjudication decision. Furthermore, commencement of the construction revenue from Floating Storage and Offloading Vessel ("FSO") Benchamas 2, lease commencement of Marginal Marine Production Unit ("MaMPU") and two new LNG vessels have also contributed to the increase in revenue.

Petroleum and Heavy Engineering segments however recorded lower revenue over the 6 months period. Petroleum segment from lower freight rates and earnings days whilst Heavy Engineering due to most major projects are nearing completion while new secured projects are still at their early stages as well as lower value of LNG vessel repairs.

Group operating profit for the 6 months period ended 30 June 2017 of RM1,398.7 million was 5.2% lower than the corresponding 6 months period ended 30 June 2016 operating profit of RM1,475.9 million, as the latter included recognition of compensation for early termination of time charter contracts for two LNG vessels.

Group profit before tax for the 6 months period ended 30 June 2017 of RM1,255.3 million was 41.7% lower than the corresponding 6 months period ended 30 June 2016 profit before tax of RM2,154.9 million. This is mainly due to corresponding period's profit included net gain on acquisition of subsidiaries of RM847.3 million, recognition of intangibles of RM47.5 million and higher share of profit from joint ventures.

Moving Forward

The global oil market rebalancing is expected to continue, impacted by the OPEC and non-OPEC production cuts, rising drilling activity in the United States and uncertainty over Libyan and Nigerian production. In addition to production cuts, drawdown of crude oil and products inventory continue to dampen demand for petroleum tankers in the immediate term. Freight rates are also being pressured by high fleet growth in 2017. Nonetheless, vessel demand generally improves with the year-end seasonal demand.

Meanwhile, the LNG shipping market continues to be affected by newbuilds delivery and expiry of older vessel charters, which has depressed spot rates. However, this will have limited impact on the steady performance of the Group's LNG business segment due to its present portfolio of long term charters in place.

As the oil market rebalances, a more stable oil price environment will pave the way for a gradual recovery in global offshore oil and gas investment. Notwithstanding the limited opportunities present, the offshore segment will continue to experience stable financial performance due to its long term contracts in hand.

In the Heavy Engineering segment, the business will focus on diversifying into new revenue streams while efforts to replenish the order book continues. At the same time, cost management, resource optimisation and operational efficiency will remain an on-going priority. While Heavy Engineering has successfully secured several contracts during the period, the impact may not be seen immediately and majority of the contribution will only be realised in 2018 and beyond.

MISC's President/Group Chief Executive Officer, Mr. Yee Yang Chien said *"Amidst difficult market conditions, the recent positive accomplishments during the second quarter of 2017 reflect MISC's resilience in demonstrating positive financial results and excellent operational performance. We aim to continue to drive for sustainable growth, guided by our five-year business plan, MISC2020."*

"Despite the prevailing challenges in both the oil and gas as well as the shipping industry, MISC continues to record positive developments, focusing our growth on our portfolio of maritime and offshore related assets that are secured under long term employment/contract with quality customers/counterparties. Our strong financial position allows us to allocate our capital and human resources towards building value in our existing businesses, as well as in strengthening the quality of our income. Nonetheless, we shall continue to remain vigilant on cost management. As we strive to fulfill our aspiration of consistently providing better energy-related maritime solutions and services, MISC will capitalise on timely investment opportunities to ensure we are able to grow in a more energised and sustainable manner," Mr. Yee Yang Chien added.

Additional Info: MISC Group notable milestones and achievements during Q2 FY 2017

A summary of the notable milestones and achievements recorded by MISC Group during the period under review are as follows :

3 April 2017 : AET champions environmental responsibility by adopting LNG dual fuel for its newbuilds

- Up to four of AET's new Aframax tankers currently under construction with Samsung Heavy Industries Co. Ltd., (SHI) will be equipped with the LNG dual fuel systems, in line with the Group's continuous commitment towards improving our global environmental footprint.
- Investment in LNG-fuelled ships is the sustainable solution, both in the mid and long term, and this LNG solution provides fuel efficiency to the ships.
- The 113,000 dwt vessels, due for delivery from Quarter 3, 2018 onwards, will replace existing tonnage as part of an ongoing fleet renewal programme. AET's fleet of modern tankers are relevant to the industry and meeting customer and regulatory requirements.

16 May 2017 : MISC's Fleet Management Services (MISC FMS) successfully completed the integration into the Eaglestar Group

- After the launch of the Eaglestar Group earlier this year, MISC's Fleet Management Services (MISC FMS) has successfully completed the integration into the Eaglestar Group.
- This new integrated marine services group will play an important role in the continued development of the MISC Group ship management area.
- Eaglestar is uniquely positioned as a well of insight and expertise in a full range of vessel classes, namely LNGs, chemical and petroleum.
- This will bring greater opportunities for the MISC Group through the consolidation of strategic capabilities and rich expertise of both MISC FMS and AETSM when AETSM joins the Group at the later part of this year.
- This integration will promote synergistic cost realization for the Group.

23 May 2017 : MISC, KOCH Supply & Trading, Jovo, LNG STS & Teekay accomplished pioneering deal in LNG Ship-To-Ship transfer

- MISC's Seri Bakti has successfully completed the first of multiple ship-to-ship (STS) LNG transfers with charterers KOCH Supply & Trading and sub-charterers JOVO (a private Chinese company).
- and it was the first LNG STS for the three companies involved.
- Seri Bakti took LNG cargo of 147,000 cbm at GLNG, Australia before transferring them into two parcels on board a smaller vessel, Polar Spirit at Subic Bay in the Philippines.
- The operations were carefully managed by LNG STS (Teekay Marine Solutions) with shipowners MISC and Teekay providing their extensive LNG experience to administer a safe and successful transfer. The cargo was then delivered to JOVO's China terminal Donguan where it was distributed by truck to one of their many customers in Southern China.

8 June 2017 : Naming Ceremony of AET's long-range (LR2) petroleum tankers

- AET, proudly commemorates a double naming ceremony of two long-range (LR2) petroleum tankers from Hyundai Heavy Industries (HHI) in Korea.
- The Singapore flagged 114,000dwt Eagle Lyon and French-flagged Eagle Le Havre, are owned by AET.
- This has expanded AET's portfolio of product tankers and both vessels have been taken on long-term charter by French oil major, TOTAL.

22 June 2017 : Statoil and AET extend partnership in North Sea shuttle sector

- Norwegian energy company, Statoil ASA, has awarded a long-term contract to AET to own and operate two specialist DP2 Offshore Loading Shuttle Tankers (OLSTs).

- AET won the long-term contract after going through a competitive bidding process, and competing against key industry players in the region. These new vessels add to the two AET DP2 ships which are already on charter in the same area for Statoil.
- The two twin skeg 125,000dwt tankers will be built by Samsung Heavy Industries for delivery in 2019 and will be contracted to Statoil for operations both in oilfields on the Norwegian Continental Shelf of the North Sea, Norwegian Sea and the southern Barents Sea as well as on the UK Continental Shelf.

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About MISC Berhad

MISC Berhad (MISC) was incorporated in 1968 and is a world leading provider of international energy related maritime solutions and services. We take pride in our asset and service reliability, commitment to uphold the highest standards of Health, Safety and Environment (HSE), fostering a culture of excellence amongst our employees, operating responsibly and caring for the environment as well as making a positive difference to the communities in which we operate.

The principal businesses of the Group comprise energy shipping and its related activities, owning and operating offshore floating solutions, marine repair and conversion, engineering and construction works, port and terminal services as well as maritime education and training.

MISC Group's fleet consists of more than 110 owned and in-chartered LNG, Petroleum and Product vessels; as well as 14 floating facilities. The fleet has a combined capacity of approximately 12 million dwt.

Aside from its shipping business, maritime education is a priority for the Group and its Malaysian Maritime Academy (ALAM) is ranked amongst the top 10% of the world's Maritime Education and Training (MET) institutions.

Since 2014, we have been a proud constituent of the FTSE4Good Bursa Malaysia Index, a testament to our sustainability performance and strong Environmental, Social and Governance (ESG) practices.

Issued on behalf of MISC Berhad by the Group Corporate Communications (GCC) Department of MISC Berhad.

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