MEDIA RELEASE

Kuala Lumpur, 17 November 2022, Thursday

MISC GROUP FINANCIAL RESULTS
FOR THE THIRD QUARTER OF FY2022

MISC is pleased to announce its financial results for the third quarter ended 30 September 2022.

Financial Highlights:

- Group revenue and operating profit for the quarter ended 30 September 2022 was higher than the corresponding quarter ended 30 September 2021.
- Group revenue and operating profit for the 9 months period ended 30 September 2022 was higher than the corresponding 9 months period ended 30 September 2021.

Captain Rajalingam Subramaniam, MISC's President & Group Chief Executive Officer, said "*MISC continues to demonstrate resilience and delivered a healthy third quarter financial performance amidst the ongoing volatility of the industry. Anchored by our proven track record and capabilities, we remain steadfast in executing our ongoing projects with continued discipline and focus."*

"Our robust financial standing places us on the progressive path to deliver sustainable value to our stakeholders. At the same time, we will be steering our mid to long-term ambitions to pursue new business opportunities as we advance to the net-zero future with greater synergy and collaboration with our stakeholders and partners," added Captain Rajalingam.

Group Revenue, Operating Profit and Profit Before Tax for the Quarter Ended 30 September 2022

Group revenue for the quarter ended 30 September 2022 of RM3,614.1 million was 34.3% higher than the corresponding quarter's revenue of RM2,691.8 million, contributed by higher revenue from all segments. The Petroleum & Product Shipping segment reported higher revenue mainly from higher freight rates in the mid-sized tanker segment while the Offshore Business segment recorded an increase in revenue following improved project progress in this quarter for conversion of a Floating, Production, Storage and Offloading unit ("FPSO").

Group operating profit for the quarter ended 30 September 2022 of RM1,029.9 million was 112.7% higher than the corresponding quarter's operating profit of RM484.3 million due mainly to one-off compensation for a contract renegotiation and higher freight rates in the Petroleum & Product Shipping segment in the current quarter. The Marine & Heavy Engineering segment also reported an increase in operating profit mainly from the recovery of COVID-19 claims and higher dry-docking activities in the current quarter.

The Group reported a higher profit before tax of RM837.8 million compared to a profit before tax of RM402.1 million in the corresponding quarter primarily contributed by higher revenue and operating profit as mentioned above.

Group Revenue, Operating Profit, Profit Before Tax and Cash Flows from Operating Activities for the 9 Months Period Ended 30 September 2022

Group revenue for the 9 months period ended 30 September 2022 of RM9,694.0 million was 27.8% higher than the corresponding 9 months period ended 30 September 2021 revenue of RM7,586.5 million following higher revenue contribution from all segments as explained in the quarter-on-quarter performance above.

Group operating profit for the 9 months period ended 30 September 2022 of RM2,007.7 million was 27.5% higher than the corresponding 9 months period ended 30 September 2021 of RM1,575.1 million largely attributable to the increase in revenue from Petroleum & Product Shipping. Additionally, the Marine & Heavy Engineering segment has swung to an operating profit during the period due to higher revenue and reversal of warranty provision for post sail-away heavy engineering projects coupled with partial recovery of COVID-19 claims in the current period. The segment recorded losses in corresponding period as it was impacted by additional cost provisions for on-going heavy engineering projects. However, the increase in operating profit is softened by Offshore Business segment's lower operating profit mainly due to increase in construction costs of an FPSO arising from the global supply chain issue and recent lockdown in parts of China which affected the movement of project personnel, goods and services as well as from engineering, procurement and construction activities.

The Group reported a lower profit before tax of RM1,224.0 million compared to profit before tax of RM1,342.5 million in the corresponding period, stemming from higher impairment of ships, higher finance costs as well as lower share of profit from joint ventures.

The Group's net cash generated from operating activities of RM1,792.3 million was lower by 15.9% or RM337.6 million compared to RM2,129.9 million in the corresponding period, mainly due to higher payments for cost relating to turnkey activities for the conversion of a FPSO amounting to RM2,157.0 million in the current period compared to payments of RM831.2 million in the corresponding period. Excluding the payments for the above turnkey activities, the Group's adjusted net cash generated from operating activities of RM3,949.3 billion was higher by 33.4% or RM988.2 million compared to RM2,961.1 million in the corresponding period from higher collection received from customers in the current period.

Moving Forward

Spot rates continued to surge in the LNG shipping market in the third quarter of 2022, driven by strengthening winter season demand towards year-end in Asia and Europe, high European demand due to the prolonged Russia-Ukraine war, and tight vessel availability. In the near term, prospects remain positive backed by growing global demand for LNG amidst the ongoing European energy crisis and additional LNG infrastructure investment, which would further support LNG growth despite tonne-mile demand coming under some pressure from trade pattern shifts to shorter distances. Notwithstanding the market situation, the operating income of the Gas Assets and Solutions segment is expected to remain stable, underwritten by its portfolio of long-term charters.

The petroleum shipping market rates have seen improvements since the last quarter with average tanker rates strengthening, supported by rebounding oil production, ongoing recovery from COVID-19 impacts and shifts to longer-haul trade flows arising from the Ukraine invasion. In addition, VLCC rates continue to strengthen in September due to the increase of US crude flows to the Far East and South Asia. Notwithstanding this, upcoming OPEC+ production curbs are anticipated to keep oil supply tight this winter, capping any rise in freight rates. Additionally, downside risks to the demand outlook remains, with a lack of improvement in Chinese oil demand and a slowing global economy. Amidst this volatile backdrop, the Petroleum and Product Shipping segment has continued to improve the quality of its income and balance sheet through its shuttle tanker business and asset rejuvenation with greener-fueled newbuildings.

Higher oil prices have encouraged the increase in global upstream capex spending as the world economy continues to recover despite impacts of inflation and supply chain disruptions. The demand for FPSOs is positive with the increase in project sanctions around the world particularly from Brazil, being the highest FPSO demand center, followed by West Africa. Meanwhile, the Offshore Business segment will remain focused on executing the project in hand while undertaking mitigation measures to minimise cost and schedule pressures. In the meantime, the segment's financial performance will continue to be supported by its existing portfolio of long-term contracts.

Despite the increase in global upstream capex spending, the Marine & Heavy Engineering segment remains cautiously optimistic on the outlook of its Heavy Engineering sub-segment for the remainder of the year in view of prolonged supply chain disruptions and high steel prices. The reopening of international borders in April 2022 contributed to the Marine sub-segment's significant turnaround this year due to higher dry-docking activities. However, soaring global gas prices and robust LNG demand are anticipated to lead the growth in LNG trade, in which more vessel owners are expected to defer dry-docking and create stiffer competition amongst shipyards. Given this backdrop, the Marine sub-segment expects its business to remain challenging. The Group aims to replenish its order book, including venturing into carbon capture and storage as well as renewables. It will also continue to focus on cost management, improving project execution and project delivery through prudent investment in technology, people, digitalisation and automation.

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About MISC Berhad

MISC Berhad (MISC or the Group) is a global leader in delivering energy-related maritime solutions & services with more than 50 years of experience in the maritime industry. Our principal businesses comprise energy shipping and its related activities, owning and operating offshore floating solutions, marine repair and conversion, integrated marine services, port management and maritime services as well as maritime education and training.

The Group's modern and diverse fleet consists of more than 100 owned and in-chartered vessels comprising of Liquefied Natural Gas (LNG) and Ethane carriers, Petroleum and Product vessels, Floating Production Systems (FPS) as well as LNG Floating Storage Units (FSU) with a combined deadweight tonnage (dwt) capacity of more than 13 million tonnes.

We are a proud constituent of the DJSI Emerging Markets Index and FTSE4Good Bursa Malaysia Index, a testament to our sustainability performance and strong Environmental, Social and Governance (ESG) practices. MISC Berhad is listed on the Main Board of Bursa Malaysia.

For more information, visit www.misc.com.my

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