MEDIA RELEASE

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MISC GROUP RECORDS HIGHER REVENUE FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2019

MISC is pleased to announce its financial results for the financial period ended 30 June 2019.

Financial Highlights:

- Group revenue and profit before tax for the quarter and the 6 months period ended 30 June 2019 were higher than the corresponding quarter and the previous 6 months period ended 30 June 2018.

Mr. Yee Yang Chien, President/Group CEO of MISC said "*Global industry players continue to face a challenging operating environment this year due to the protracted trade wars, softening economic growth as well as geopolitical tensions which impacts business and investment decisions. Nonetheless, MISC remains steadfast in pursuing our strategy to continuously grow our base of secured income that will ensure greater stability and ability to generate operating cash flow in the years to come, regardless of the external market conditions."*

"Our positive financial performance over the first half of 2019, reflects MISC's resilience and capability to drive sustainable growth despite the tough playing field. Capitalising on our healthy balance sheet, we will allocate our resources towards building value in our existing businesses and at the same time, actively pursue the opportunities to expand into growth areas that will provide us with recurring and long-term income." Mr. Yee added.

Group Revenue, Operating Profit and Profit Before Tax for the Quarter Ended 30 June 2019

Group revenue for the quarter ended 30 June 2019 of RM2,161.7 million was 0.9% higher than the corresponding quarter's revenue of RM2,141.8 million. The increase in Group revenue was contributed by the higher number of operating vessels in the LNG segment following the acquisition of two LNG carriers and full quarter revenue from one Seri C vessel. Additionally, the Heavy Engineering revenue also increased resulting from LNG dry-dockings, higher progress of ongoing projects and approved change orders in the current quarter.

This increase however was softened by the Offshore segment as the corresponding quarter's revenue included the construction revenue of the Floating, Storage and Offloading ("FSO") Benchamas 2 which was completed in May 2018. The Petroleum segment also recorded a lower revenue due to the lower number of operating vessels from the disposal of seven and redelivery of two in-chartered Aframax vessels since June 2018. This however was cushioned by higher freight rates achieved in the current quarter.

Group operating profit of RM484.3 million was higher than the corresponding quarter's operating profit of RM347.0 million following higher freight rates for Aframax vessels in the Petroleum segment. Additional vessels in the LNG segment also contributed to the higher operating profit in the current quarter. The Heavy Engineering segment recorded lower operating loss mainly due to improvement in the progress of ongoing projects and LNG dry-dockings in the current quarter.

Group profit before tax of RM419.1 million was higher than the corresponding quarter’s profit before tax of RM318.5 million following higher operating profit as explained above. However, this increase was offset with higher finance costs and impairment of assets.

Group Revenue, Operating Profit and Profit Before Tax for the 6 Months Period Ended 30 June 2019

Group revenue for the 6 months period ended 30 June 2019 of RM4,439.4 million was 6.6% higher than the corresponding 6 months period ended 30 June 2018 revenue of RM4,162.6 million. The increase in revenue was mainly from the Petroleum segment due to higher freight rates. A higher number of operating vessels from the LNG segment also contributed to the higher revenue in the current period. Additionally, Heavy Engineering revenue also increased resulting from LNG dry-dockings, higher progress of ongoing projects and approved change orders in the current period.

Group operating profit for the 6 months period ended 30 June 2019 of RM1,076.2 million was 47.3% higher than the corresponding 6 months period ended 30 June 2018 of RM730.4 million. The Petroleum segment recorded an operating profit in the current period as compared to an operating loss in the corresponding period due to higher freight rates and lower vessel operating costs in line with lower number of vessels in operation. The LNG segment’s higher operating profit was due to higher revenue from a higher number of vessels operating as well as the additional charter rate from Floating Storage Units (“FSU”). Furthermore, lower operating loss was recorded by the Heavy Engineering segment mainly due to the corresponding period’s results which included additional cost recognised for conversion works.

Group profit before tax of RM961.1 million was higher than the corresponding period’s profit before tax of RM637.7 million mainly due to the increase in Group operating profit as explained above.

Moving Forward

In the first half of the year, petroleum tanker earnings were considerably better than the previous year, due to market rebalancing after a high level of scrapping in 2018, supported by long-haul crude trade growth. However, continued OPEC-led oil production cuts, geopolitical risk in Iran and the recent tanker attacks in the Straits of Hormuz may affect shipping volumes in the shorter term. Nonetheless, the latter half of 2019 is expected to pick up for the tanker market as ship supply will be crimped by ships taken out of service for scrubber retrofitting, and tanker markets would be boosted by increasing US oil exports and increase in tonne-mile demand.

The LNG shipping spot market has been experiencing a seasonal decline in the first half of 2019. Rates have firmed up in recent months and are expected to pick up gradually on the back of peak summer demands in Asia and Europe and vessels are expected to be in short supply in the later part of 2019. Nevertheless, the operating income of MISC’s LNG business unit continues to be underwritten by the existing portfolio of long term charters that are in place.

The outlook for the offshore segment continues to be positive, supported by healthy activities in oil and gas exploration and production. As there are increasing opportunities in the global offshore exploration and production space, especially for developments within the Atlantic Basin and South East Asia, MISC's Offshore business unit will continue to assess the merit of pursuing these opportunities in the current year. The unit's core operating income remains underpinned by a portfolio of assets on long term charter contracts which will support the stable financial performance of the Offshore business segment.

The overall outlook for the Heavy Engineering segment remains uncertain amidst prolonged trade and geopolitical tensions, as well as slowing economic growth. Despite the uncertainties, offshore oil and gas production activities continue to improve albeit moderately. Meanwhile, the outlook for marine business continues to improve, supported by higher volume for upgrading and retrofitting work due to the implementation of the IMO 2020 sulphur cap regulation. Additionally, the recent contract award from PETRONAS Carigali Sdn Bhd for the Kasawari Gas Development project demonstrates the segment's commitment to ensure the sustainability of its order book. As the industry outlook continues to be challenging in the current financial year, the Heavy Engineering segment remains cautious and will focus on replenishing the order book in various geographical areas as well as diversifying into other businesses.

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About MISC

MISC Berhad (MISC), was incorporated in 1968 and is a world leading provider of international energy related maritime solutions and services. 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, integrated marine services, port and terminal services as well as maritime education and training.

As of 31 December 2018, MISC Group's fleet consists of 120 owned and in-chartered Liquefied Natural Gas (LNG), Petroleum and Product vessels, 15 Floating Production Systems (FPS) as well as 2 LNG Floating Storage Units (FSUs). The fleet has a combined deadweight tonnage (dwt) capacity of approximately 16 million tonnes.

MISC Group takes 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.

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. For media inquiries, please contact :

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