MEDIA RELEASE

Kuala Lumpur, 19 November 2018, Monday

MISC GROUP FINANCIAL RESULTS
FOR THE 9 MONTHS PERIOD ENDED 30 SEPTEMBER 2018

MISC is pleased to announce its financial results for the financial period ended 30 September 2018.

Financial Highlights:

- Group revenue for the quarter and the 9 months period ended 30 September 2018 were lower than the corresponding quarter and 9 months period ended 30 September 2017.
- Group profit before tax for the quarter and the 9 months period ended 30 September 2018 were lower than the corresponding quarter and 9 months period ended 30 September 2017.

MISC's President/Group Chief Executive Officer, Mr. Yee Yang Chien said *"Despite the prevailing challenges in the marketplace, MISC will continue leveraging on our financial strength that allows us to allocate both our capital and human resources toward building value in our existing businesses, as well as in strengthening the quality of our income by expanding into growth areas that will provide us with recurring long-term income streams. 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 that we are able to grow in a more energised and sustainable manner."*

Group Revenue, Operating Profit and Profit Before Tax for the Quarter Ended 30 September 2018

Group revenue for the quarter ended 30 September 2018 of RM2,229.2 million was 3.7% lower than the corresponding quarter's revenue of RM2,315.8 million. The decrease in Group revenue was mainly from the LNG segment due to vessels scheduled maintenance and lower charter rate for one of its carrier following renewal of its contract. Offshore segment also recorded lower revenue as the corresponding quarter included recognition of a one time gain from favourable adjudication decision on Gumusut-Kakap Semi-Floating Production System (L) Limited ("GKL") variation works in August 2017 and construction revenue of the Floating, Storage and Offloading ("FSO") Benchamas 2.

The decrease in Group revenue was however mitigated by the commencement of FSO Mekar Bergading in August 2018 from the Offshore segment. Additionally, Petroleum and Heavy Engineering segments both recorded an increase in revenue in the current quarter. Higher freight rates for Aframax and Suezmax vessels have contributed to the positive results in the Petroleum segment whilst Heavy Engineering segment recognized higher revenue from an on-going project, conversion works and dry docking activities in the current quarter.

Group operating profit of RM354.5 million was 47.7% lower than the corresponding quarter's operating profit of RM678.1 million. The decrease was mainly from Heavy Engineering segment as additional cost provisions made for ongoing projects and additional costs incurred on conversion works as well as compressed margins for dry docking activities have resulted in an operating loss in the current quarter. Offshore segment on the other hand also experienced lower operating profit as the corresponding quarter included a one time gain from the variation works awarded to GKL and construction profit from FSO Benchamas 2. Additionally, LNG segment recorded lower operating profit compared to the corresponding quarter due to lower revenue as explained above as well as a one time reimbursement from charterer in the corresponding quarter.

Group profit before tax of RM351.1 million was lower than the corresponding quarter's profit before tax of RM706.2 million caused by the decrease in Group operating profit as explained above.

Group Revenue, Operating Profit and Profit Before Tax for the 9 Months Period Ended 30 September 2018

Group revenue for the 9 months period ended 30 September 2018 of RM6,391.8 million was 15.9% lower than the corresponding 9 months period ended 30 September 2017 revenue of RM7,603.2 million. The decrease in revenue was mainly from the Offshore segment as the corresponding period included a recognition of a one time gain for Gumusut-Kakap Semi-Floating Production System (L) Limited ("GKL") variation works arising from the favourable adjudication decisions in 2017 and lower construction revenue for FSO Benchamas 2 in the current period. Group revenue was further dampened by the LNG segment due to vessels scheduled maintenance and lower charter rate for one of its carrier following renewal of its contract. Petroleum segment also recorded lower revenue due to lower freight rates for Aframax and Very Large Crude Carrier ("VLCC") vessels whilst Heavy Engineering segment's revenue was lower due to fewer ongoing projects in hand, lesser dry docking repair works secured and lower conversion works in the current period.

Group operating profit for the 9 months period ended 30 September 2018 of RM1,084.9 million was 47.8% lower than the corresponding 9 months period ended 30 September 2017 operating profit of RM2,076.8 million. Petroleum segment recorded operating loss in the current period due to lower freight rates as mentioned above while Heavy Engineering segment's further loss was affected by additional costs incurred on conversion works as well as lower margins earned on dry docking activities. Additionally, both Offshore and LNG segments recorded lower operating profit in the current period following lower revenue recognized. Furthermore, LNG segment's lower operating profit was due to recognition of compensation for early termination of a time charter contract and one time reimbursement from charterer in the corresponding period.

Group profit before tax of RM988.8 million was lower than the corresponding period's profit before tax of RM1,961.5 million caused by the decrease in Group operating profit as explained above.

Moving Forward

In the immediate term, the petroleum tanker market looks forward to a rise in seasonal demand during the upcoming winter months. Slowing newbuilding orderbook and continued scrapping of older tankers are additional immediate term support factors. Over the longer term, growth in tonne-miles that is driven by rising movement of oil from the Atlantic region to Asia suggests a more robust outlook in charter rates.

Meanwhile, LNG spot rates rose to a peak in third quarter 2018, after a lacklustre start for the year, fueled by higher than expected Chinese imports. The Group's LNG shipping unit will take advantage of the buoyant market conditions to lock-in higher charter rates for two (2) to three (3) of its vessels which are presently in the spot market. Nevertheless, the operating income of the larger and core LNG fleet continues to be underwritten by the 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. A growing number of floating production system contracts are expected to be awarded over the coming years. MISC's Offshore business unit will be actively pursuing these opportunities. The unit's core operating income, similar to the LNG shipping unit, remains underpinned by a portfolio of assets on long term charter contracts. Growth in income is expected in 2019, arising from full year contribution of two new assets added in 2018 – FSO Benchamas 2 and FSO Bergading.

The Heavy Engineering segment is expecting a pickup in marine repair activities in the coming year in view of the impending compliance to the International Maritime Organisation (IMO) fuel sulphur cap ruling by January 2020 and is optimistic of maintaining current level of repair activities for the final quarter of the year. Although the industry outlook continues to be challenging in the current year, the Heavy Engineering segment will focus on replenishing its order book. Effort to ensure competitiveness of ongoing and future bids are progressing and remains a priority.

- END -

About MISC Berhad

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 2017, MISC Group's fleet consists of more than 120 owned and in-chartered Liquefied Natural Gas (LNG), Petroleum and Product vessels, 16 Floating Production Systems (FPS) as well as 2 LNG LNG Floating Storage Units (FSUs). The fleet has a combined deadweight tonnage (dwt) capacity of approximately 16 million tonnes.

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.

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 :

Wan Seri Rahayu Wan Mohd Said Group Corporate Communications MISC Berhad Tel : +603-2275 33696 Email : wserirahayu.wmsaid@miscbhd.com	**or**	Maisara Noor Ahmad Group Corporate Communications MISC Berhad Tel : +603-2275 3496 Email : maisara.noorahmad@miscbhd.com