MEDIA RELEASE

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MISC GROUP FINANCIAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019

MISC is pleased to announce its financial results for the financial year ended 31 December 2019.

Financial Highlights:

- Group revenue and profit before tax for the quarter ended 31 December 2019 were lower than the corresponding quarter ended 31 December 2018.
- Group revenue and profit before tax for the year ended 31 December 2019 were higher than the corresponding year ended 31 December 2018.
- Group cash generated from operating activities for the year ended 31 December 2019 was higher than the corresponding year ended 31 December 2018.

Mr. Yee Yang Chien, President/Group CEO of MISC said "We are very pleased indeed with our financial performance for 2019. Our performance is clearly reflected in our ability to generate a 36.1% increase in operating cash flow year-on-year. Taking into consideration our current capital commitments and foreseeable new investment opportunities, I am happy that we are able to return some surplus cash to our shareholders in the form of the special dividend that has been announced together with the quarterly dividend.

Unique to the MISC Group, we continue to see new investment opportunities before us, despite the backdrop of uncertain global growth outlook. We intend to ride this tailwind with the mission to further accelerate our growth in 2020." Yee added.

Group Revenue, Operating Profit and Profit Before Tax for the Quarter Ended 31 December 2019

Group revenue for the quarter ended 31 December 2019 of RM2,375.5 million was 0.5% or RM13.0 million lower than the corresponding quarter's revenue of RM2,388.5 million. The slight decrease in Group revenue was mainly due to the lower number of operating vessels in the Petroleum segment in the current quarter but was offset by the uplift in the LNG segment, following redeployment of vessels previously on charter suspension and acquisition of two LNG carriers in December 2018 and January 2019 respectively.

Group operating profit of RM476.6 million was 25.0% or RM95.2 million higher than the corresponding quarter's profit of RM381.4 million mainly contributed by higher revenue in the LNG segment as explained above and higher margin on freight rates in the Petroleum segment. Additionally, the Heavy Engineering segment also contributed to the increase as a result of improved margin in the Marine sub-segment coupled with lower unabsorbed overhead costs in the current quarter.

Group profit before tax of RM263.7 million was 25.8% or RM91.6 million lower than the corresponding quarter's profit before tax of RM355.3 million mainly due to lower share of profit of joint ventures and higher impairment of assets in the current quarter coupled with recognition of a gain on acquisition of a business in the corresponding quarter.

Group Revenue, Operating Profit, Profit Before Tax and Cash Generated from Operating Activities for the Year Ended 31 December 2019

Group revenue for the year ended 31 December 2019 of RM8,962.7 million was 2.1% or RM182.4 million higher than the revenue for the corresponding year ended 31 December 2018 of RM8,780.3 million. The increase in revenue was mainly from higher number of operating vessels in the LNG segment following redeployment of vessels previously on charter suspension and acquisition of two (2) LNG carriers, one each in December 2018 and January 2019. Higher revenue from dry docking services and conversion works from the Heavy Engineering segment also contributed to the higher revenue in the current year.

Group operating profit for the year ended 31 December 2019 of RM1,929.2 million was 31.6% or RM462.9 million higher than the corresponding year of RM1,466.3 million. The Petroleum segment recorded operating profit in the current year as compared to an operating loss in the previous year mainly due to the higher margin on freight rates achieved. The LNG segment also recorded higher operating profit, mainly contributed by higher revenue as well as additional charter rate for Floating Storage Units ("FSU"). Furthermore, lower operating loss was recorded in the Heavy Engineering segment mainly from higher revenue coupled with lower unabsorbed overheads in the Marine sub-segment.

Group profit before tax of RM1,512.3 million was 12.5% or RM168.2 million higher than the corresponding year's profit before tax of RM1,344.1 million mainly from the increase in Group operating profit as explained above but partially offset by higher impairment recorded in the current financial year.

Group cash generated from operating activities increased by 36.1% or RM1,479.9 million to RM5,579.1 million in the current year from RM4,099.2 million in the previous financial year. The increase in the cash generated from operating activities is mainly from higher net inflows in all the business segments.

Moving Forward

Petroleum freight rates were elevated and volatile throughout Q4 2019 on strong seasonal demand and geopolitical factors. The Petroleum shipping segment was able to reap some of the benefits of the robust albeit volatile market and ended the year on a stronger note. The tanker market is widely expected to remain firm in 2020 due to fewer deliveries and growing long-haul prospects as well as demand growth arising from the International Maritime Organization 2020 ("IMO 2020") sulphur cap implementation. However, the recent Covid-19 virus outbreak has posed some risks to the oil and tanker market, and whilst the impact is currently uncertain, the tanker market could face short-term headwinds if the outbreak is not contained or if the situation escalates.

In the LNG shipping segment, spot rates ended the year lower compared to the previous year mainly due to lack of demand owing to mild winter and high inventories. However, liquefaction expansion in North America and the Middle East is expected to lead to an increased requirement for vessels and this should support charter rates going forward. Nonetheless, the Group's present portfolio of long-term charters will underwrite the steady performance of MISC's LNG business segment, and the two long-term contracts secured in Q4 2019 will provide growth in future years.

The resurgence in offshore oil and gas projects is set to continue its upward trajectory in 2020 with oil prices remaining relatively stable. The floating production system market will likely remain robust with an increasing number of contract awards in the next few years, and MISC's Offshore business unit will continue to assess the merit of pursuing these opportunities. The unit's existing portfolio of long-term contracts will continue to support the stable financial performance of the Offshore business segment.

While there is an increase in offshore activities, the Heavy Engineering segment remains prudent on the outlook for its business in the near term amidst uncertainties on the timing of capital spending by major oil and gas players. Meanwhile, the segment is cautiously optimistic on the outlook for the marine business in view of the expected global LNG expansion driven by an increase in exports from Qatar, Australia, Russia and the United States to the Asia Pacific market and expects no further deferment of dry docking activities by ship owners in 2020 in relation to IMO 2020 implementation. Notwithstanding, the Heavy Engineering segment remains committed to replenish its order book by expanding its footprint in various geographical areas and diversifying into new business opportunities.

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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. 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 at 31 December 2019, MISC Group's fleet consists of more than 100 owned and in-chartered Liquefied Natural Gas (LNG), Petroleum and Product vessels, 14 Floating Production Systems (FPS) as well as 2 LNG Floating Storage Units (FSU). The fleet has a combined deadweight tonnage (dwt) capacity of more than 13 million tonnes.

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.

MISC Group is a proud member of 'Getting to Zero Coalition' committed to developing zero-emission vessels by 2030. The Coalition is a powerful alliance of more than 70 public and private organizations that will lead the push for international shipping's decarbonisation.

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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