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MEDIA RELEASE

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MISC GROUP FINANCIAL RESULTS FOR THE FIRST QUARTER OF FY2021

MISC is pleased to announce its financial results for the first quarter ended 31 March 2021.

Financial Highlights:

- Group revenue for the quarter ended 31 March 2021 was higher than the corresponding quarter ended 31 March 2020.
- Group recorded profit before tax for the quarter ended 31 March 2021 compared to the loss in the corresponding quarter ended 31 March 2020 as the corresponding quarter included provision for litigation claims and write off of trade receivables and loss on re-measurement of finance lease receivables relating to the adverse decision on arbitration proceedings by Gumusut-Kakap Semi-Floating Production System (L) Limited ("GKL") against Sabah Shell Petroleum Company Limited ("SSPC").

Mr. Yee Yang Chien, President and Group Chief Executive Officer of MISC said, "*We opened the financial year for 2021 well by firmly positioning ourselves with resilience despite the lingering global COVID-19 pandemic effects and low oil price. In the first quarter, we took delivery of five assets, in tandem with our focus on delivering new assets into service that will generate long-term revenue. This certainly reflects our sustained progress towards long-term strategic objectives in pursuit of growth prospects, consistent with our track record performance."*

"One year after the challenging market conditions, the global economy is gradually strengthening as the rollout of vaccines becomes more prevalent in most countries. The outcome from the rollout will lead to an increase in oil price given the surge in demand and rebound in oil and gas activities. We maintain our cautious optimism for the year ahead and will continue to strengthen the fundamentals of our business for a meaningful growth in the next quarter. Most important for us now, is that we continue to keep a tight grip on our policies and practices on safety and health for our personnel across the globe; be it at sea or shore as their wellbeing remains as our top priority," he added.

Group Revenue, Operating Profit and Profit Before Tax for the Quarter Ended 31 March 2021

Group revenue for the quarter ended 31 March 2021 of RM2,540.9 million was 1.1% higher than the corresponding quarter's revenue of RM2,513.8 million contributed by higher revenue from the Offshore Business segment following the recognition of construction revenue for a Floating Production, Storage and Offloading unit ("FPSO"). This however, was offset by lower revenue in the Petroleum & Product Shipping segment mainly from lower freight rates in the current quarter.

Group operating profit for the quarter ended 31 March 2021 of RM463.8 million was 45.1% lower than the corresponding quarter's operating profit of RM845.1 million mainly from lower revenue in the Petroleum & Product Shipping segment as mentioned above. In addition, the Marine & Heavy Engineering segment recorded an operating loss in the current quarter compared to an operating profit in the corresponding quarter due to lower number of vessels secured for repair and maintenance works coupled with additional cost provision recognised in current quarter as a result of revised target completion date for an on-going project. The LNG Asset Solutions segment also recorded a lower operating profit mainly due to higher vessel operating costs in the current quarter. However, the reduction in operating profit was softened by the recognition of construction gain for an FPSO in the Offshore Business segment as mentioned above.

The Group reported a profit before tax of RM405.7 million compared to a loss before tax of RM1,145.4 million in the corresponding quarter as the corresponding quarter included recognition of provision for litigation claims amounting to RM1,049.2 million, as well as a write off of trade receivables and loss on re-measurement of finance lease receivables of RM846.2 million following the adverse decision by the Arbitration Tribunal on the GKL's arbitration proceeding against SSPC.

Group's cash flows generated from operating activities for the quarter ended 31 March 2021 of RM873.8 million decreased by 60.0% from RM2,183.9 million recorded in the corresponding quarter mainly due to lower operating performance in the current quarter as mentioned above while the corresponding quarter included a one-off charter prepayment from a customer.

Moving Forward

In the LNG shipping market, spot charter rates have fallen sharply in February and March 2021 after hitting historically high levels in January. The decline in charter rates was broadly due to weakening global spot trade as seasonal winter demand in Asia eased. This has been aggravated by a large wave of newbuild LNG carriers being delivered. Furthermore, more US spot cargoes were destined to Europe instead of Asia and thereby requiring less vessel capacity. If this situation persists, spot charter rates could potentially fall further in the near term but there could be some potential upside if countries start stockpiling earlier in the summer for the winter months. Nevertheless, most of the Group's LNG carriers are on long-term charters including the six new Very Large Ethane Carriers ("VLECs") that joined the fleet recently which will provide revenue growth to the LNG Asset Solutions segment. In the meantime, the segment will continue to pursue available growth opportunities in the market.

Meanwhile, the crude tanker market had a sluggish start to 2021, with rates still suffering from the continuing oil production cuts by the OPEC+ alliance. The recent blockage of the Suez Canal has had a positive impact on spot rates, but its duration was short-lived. Although tanker rates for smaller vessels are rebounding, some of the larger tankers continue to record low freight earnings. On the supply side, demolition has not picked up pace despite the disappointing freight rates during the quarter. In the short-term, the tanker market outlook remains challenging especially in the larger tanker segment, although the gradual return of OPEC+ oil production to the market across May to July 2021 is likely to provide some crude tanker market upside.

As the oil price climbs back to pre-pandemic levels, the oil and gas sector is on a gradual recovery path. The expected recovery in oil demand from the COVID-19 vaccine rollout and a more stable oil price environment will pave the way for an increase in activity levels in the global offshore exploration and production space. Notwithstanding the expected increase in activity levels, the Offshore Business segment will be very selective on growth opportunities as it focuses on the execution of the new FPSO project in hand. Nevertheless, the segment will continue to monitor the market for the next major project as and when the right opportunity arises. The existing portfolio of long-term contracts will continue to support the financial performance of the Offshore Business segment.

For the Marine & Heavy Engineering segment, aligned with the recent recovery in oil price, several deferred projects have since been revived and its efforts to replenish its order book have generated positive results with the recent award of the EPCIC contract for the SK408W Jerun Development Project, offshore Sarawak. Nevertheless, the volatile industry condition and the wider lingering effects of the COVID-19 pandemic remain major risks moving forward. As such, the segment maintains its cautiously optimistic stance regarding its business prospects throughout the year and into 2022. Meanwhile, the prospects of acquiring more marine repair projects is highly dependent on the reopening of borders and worldwide recovery from the COVID-19 pandemic. Hence, the segment expects the marine business to remain challenging. The segment will continue to pursue business opportunities in other areas and new regions to grow its order book.

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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 30 April 2021, MISC Group's fleet consists of more than 100 owned and in-chartered vessels comprising of Liquefied Natural Gas (LNG), Petroleum and Product vessels, Very Large Ethane Carriers (VLECs), 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 11 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.

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