MEDIA RELEASE

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MISC GROUP FINANCIAL RESULTS FOR THE SECOND QUARTER OF FY2021

MISC is pleased to announce its financial results for the second quarter ended 30 June 2021.

Financial Highlights:

- Group revenue and operating profit for the quarter ended 30 June 2021 were higher than the corresponding quarter ended 30 June 2020.
- Group revenue for the 6 months period ended 30 June 2021 was higher than the corresponding 6 months period ended 30 June 2020.
- Group operating profit for the 6 months period ended 30 June 2021 was lower than the corresponding 6 months period ended 30 June 2020.
- Group recorded a profit before tax for the 6 months period ended 30 June 2021 compared to a loss in the corresponding 6 months period ended 31 June 2020 as the corresponding period 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 steered firmly into the second quarter with a consistent strategy and paced ourselves well for a steady performance. In the second quarter, we completed the delivery of the remaining Very Large Ethane Carrier ("VLEC") - Seri Elbert, which now makes us the single owner of six largest VLECs of its kind in the world. The current year also saw recognition of revenue from the conversion of a Floating Production, Storage and Offloading unit. These reflect our deliberate strategy in positioning ourselves to capitalise on market opportunities across operating environments. Our strong core earnings and trends reflect a structurally enhanced business model that is well-positioned to deliver sustainable returns for our shareholders.*"

"*As vaccination rates rise and mobility restrictions ease in certain parts of the world, we are cautiously optimistic that the global oil demand will continue to rebound in tandem with the economy, but with differing recoveries amidst high uncertainty due to the ongoing global health crisis and other geopolitical factors. We will remain focused on maintaining our growth momentum across our businesses. With the emergence of new variants rapidly increasing COVID-19 cases across the globe, we will not budge from our continued commitment to keep health and safety as our top priority for our global workforce at sea and shore,*" he added.

Group Revenue, Operating Profit and Profit Before Tax for the Quarter Ended 30 June 2021

Group revenue for the quarter ended 30 June 2021 of RM2,353.8 million was 7.7% higher than the corresponding quarter's revenue of RM2,186.3 million contributed by higher revenue from the Offshore Business segment following the recognition of revenue from conversion of a Floating Production, Storage and Offloading ("FPSO"). The Marine & Heavy Engineering segment also recorded higher revenue from on-going heavy engineering projects as well as the corresponding quarter's activities were severely affected by the complete yard shutdown during the Movement Control Order ("MCO") 1.0. The increase however, was offset by lower revenue in the Petroleum & Product Shipping segment mainly from lower freight rates and lower earning days as compared to last year.

Group operating profit for the quarter ended 30 June 2021 of RM627.0 million was 19.9% higher than the corresponding quarter's operating profit of RM522.9 million mainly from the Offshore Business segment following higher revenue as mentioned above. In addition, the Petroleum & Product Shipping segment recorded an operating profit in the current quarter mainly due to a one-off compensation for a contract renegotiation. The Marine & Heavy Engineering segment recorded lower operating loss in the current quarter mainly due to additional cost provision associated with the COVID-19 pandemic recognised in the corresponding quarter. However, the LNG Asset Solutions segment recorded lower operating profit mainly due to the higher vessel operating costs and impairment on receivables in the current quarter.

The Group reported a higher profit before tax of RM534.7 million compared to a profit before tax of RM186.0 million in the corresponding quarter from higher operating profit and lower impairment loss mainly in the Marine & Heavy Engineering segment on its property, plant and equipment recorded in the current quarter.

Group Revenue, Operating Profit and Profit Before Tax for the 6 Months Period Ended 30 June 2021

Group revenue for the 6 months period ended 30 June 2021 of RM4,894.7 million was 4.1% higher than the corresponding 6 months period ended 30 June 2020 revenue of RM4,700.1 million mainly from the recognition of revenue from the conversion of an FPSO in the Offshore Business segment and higher revenue from on-going projects in the Marine & Heavy Engineering segment. However, the increase was offset by the lower revenue recorded in the Petroleum & Product Shipping segment as mentioned in the current quarter's revenue explanation above.

Group operating profit for the 6 months period ended 30 June 2021 of RM1,090.8 million was 20.3% lower than the corresponding 6 months period ended 30 June 2020 of RM1,368.0 million mainly due to lower margin on freight rates and earning days following reduced fleet size in the Petroleum & Product Shipping segment. The LNG Asset Solutions segment also recorded lower operating profit mainly due to higher vessel operating costs and impairment on receivables during the period. In addition, the Marine & Heavy Engineering segment recorded higher operating loss in the current 6 months period compared to the corresponding period due to additional cost provision recognised for an on-going project. The decrease in the operating profit was however softened by the one-off compensation received for a contract renegotiation in the Petroleum & Product Shipping segment and higher operating profit recorded in the Offshore Business segment due to higher revenue as mentioned above.

The Group reported a profit before tax of RM940.4 million compared to a loss before tax of RM959.4 million in the corresponding period as the corresponding period included the 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 RM935.2 million following the adverse decision by the Arbitration Tribunal on the GKL's arbitration proceeding against SSPC. Additionally, the Group also recorded a lower impairment loss of RM66.6 million in the current period compared to RM306.0 million in the corresponding period.

The Group recorded cash flows generated from operating activities of RM1,418.5 million for the 6 months period ended 30 June 2021, which included an accounting adjustment for cash payments of RM540.6 million for the conversion of an FPSO in the current period. Excluding this accounting impact, the Group generated an operating cash flow of RM1,959.1 million, which is lower by 42.6% compared to RM3,410.5 million recorded in the corresponding period. The decrease was mainly due to a one-off charter prepayment received from a customer by the Petroleum & Product Shipping segment in the corresponding period and the lower operating cash flow in the Marine & Heavy Engineering and the Petroleum & Product Shipping segments in the current period. However, the Group's cash balance remains healthy at RM6,748.1 million, supported by the steady cash flow generated from the Offshore Business and the LNG Asset Solutions segments' portfolio of long-term contracts.

Moving Forward

In the LNG shipping market, spot charter rates rebounded in April and May 2021, earlier than the usual seasonal pick-up ahead of winter as seen in previous years. The pick-up in charter rates was mainly contributed by the strong restocking demand in Europe due to the extended winter and charterers securing vessels early to provide coverage for the expected restocking of gas for the coming winter. LNG shipping rates are expected to remain firm in the short term, sustained by robust vessel demand for LNG imports into Asia, Europe, and South America. As most of the Group's LNG carriers are on long-term charters including the six VLECs, the LNG Asset Solutions segment's revenue is expected to remain steady. In the meantime, the segment will pursue growth opportunities selectively in the market.

The petroleum shipping market remains depressed with freight rates still under pressure from vessel oversupply amid the continuing COVID-19 pandemic. In the short term, the tanker market outlook continues to face challenges due to the new outbreaks of COVID-19 infections and re-imposition of restrictions on mobility and business activities in Asia, Latin America, the Middle East and Africa. Nonetheless, there is a ray of positivity for the tanker industry with the OPEC+ alliance reaching a belated consensus to increase oil production by 400,000 barrels per day each month from August 2021 continuing into 2022, which will help ease a looming oil supply squeeze. The medium-term prospects remain positive, with oil demand picking up in tandem with a more broad-based economic recovery as normalcy gradually returns to the globe.

As the oil price reached its highest level in more than two years on the back of optimism over oil demand recovery, this bodes well for the prospects of a gradual improvement in the oil and gas sector, including the global offshore exploration and production space. For the time being, the Offshore Business segment aims to focus 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. In the meantime, the existing portfolio of long-term contracts will continue to underpin the financial performance of the Offshore Business segment.

The Marine & Heavy Engineering segment continues to be cautiously optimistic on future business prospects despite the oil and gas industry showing signs of recovery. The marine business prospects are expected to continue to be impacted by the nation's prevailing stringent border restrictions as foreign clients continue to opt for shipyards in countries with lower COVID-19 cases and more relaxed border restrictions. Meanwhile, the segment remains committed to replenishing its order book and optimising its operating costs along with ensuring safe execution and delivery of ongoing projects on time and on budget.

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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 June 2021, MISC Group's fleet consists of more than 95 owned and in-chartered vessels comprising of Liquefied Natural Gas (LNG), Petroleum and Product vessels, 12 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 14 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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