



# MEDIA RELEASE

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## MISC GROUP FINANCIAL RESULTS FOR THE 9 MONTHS PERIOD ENDED 30 SEPTEMBER 2017

MISC is pleased to announce its financial results for the financial period ended 30 September 2017.

### Financial Highlights:

- The Group revenue for the quarter and the 9 months period ended 30 September 2017 were higher than the corresponding quarter and 9 months period ended 30 September 2016.
- The Group profit before tax for the quarter ended 30 September 2017 was higher than the corresponding quarter ended 30 September 2016.
- The Group profit before tax for the 9 months period ended 30 September 2017 was lower than the corresponding 9 months period ended 30 September 2016.

### Resilient Performance despite Global Uncertainties

*“Amidst difficult market conditions, the recent positive developments and accomplishments reflect our resilience in demonstrating excellent financial and operational performance as well as our ability to consistently create value across the Group and position ourselves well to leverage on growth opportunities. We remain optimistic that our strong presence in the markets will continue to sustain our development and provide the impetus to drive us forward,”* says MISC’s President/Group Chief Executive Officer, Mr. Yee Yang Chien.

### Group Revenue, Operating Profit and Profit before Tax for the Quarter Ended 30 September 2017

Group revenue for the quarter ended 30 September 2017 of RM2,315.8 million was 1.0% higher than the corresponding quarter’s revenue of RM2,292.8 million. The increase in Group revenue was mainly contributed by the lease commencement of three new LNG vessels delivered in October 2016, January 2017 and August 2017. Additionally, Offshore segment also contributed to the increase in revenue with the favourable adjudication decision on Gumusut-Kakap Semi-Floating Production System (L) Limited (“GKL”) variation works and construction revenue from Floating, Storage and Offloading Vessel (“FSO”) Benchamas 2 that commenced construction in January 2017.

The increase in Group revenue was however dampened by the lower earning days and freight rates for Petroleum segment as well as lower revenue from Heavy Engineering segment as most on-going projects are nearing completion.



Group operating profit of RM678.1 million was higher than the corresponding quarter's operating profit of RM310.7 million as the latter included impairment of finance lease receivables in the Offshore segment. Additionally, lower vessel operating costs in LNG segment in the current quarter has further contributed to the increase in operating profit.

Group profit before tax of RM706.2 million was higher than the corresponding quarter's profit before tax of RM154.6 million. This increase is driven by higher operating profit and recognition of net gain on disposal of a joint venture of RM43.5 million in the current quarter. Furthermore, corresponding quarter included impairment loss on ship, property, plant and equipment of RM164.4 million.

### **Group Revenue, Operating Profit and Profit before Tax for the 9 Months Period Ended 30 September 2017**

Group revenue for the 9 months period ended 30 September 2017 of RM7,603.2 million was 7.4% higher than the corresponding 9 months period ended 30 September 2016 revenue of RM7,079.7 million. The increase in revenue was mainly due to the consolidation of GKL beginning May 2016 following completion of 50% of its equity buyback and higher variation works following GKL's favourable adjudication decision. Furthermore, commencement of the construction revenue from Floating Storage and Offloading Vessel ("FSO") Benchamas 2, lease commencement of Marginal Marine Production Unit ("MaMPU") and three new LNG vessels have also contributed to the increase in revenue. Petroleum segment however recorded lower revenue over the 9 months period due to lower earning days and freight rates.

Group operating profit for the 9 months period ended 30 September 2017 of RM2,076.8 million was 16.2% higher than the corresponding 9 months period ended 30 September 2016 operating profit of RM1,786.6 million, driven by higher Group revenue. Additionally, the latter included impairment of finance lease receivables in the Offshore segment.

Group profit before tax for the 9 months period ended 30 September 2017 of RM1,961.5 million was 15.1% lower than the corresponding 9 months period ended 30 September 2016 profit before tax of RM2,309.5 million. This is mainly due to corresponding period's profit included net gain on acquisition of subsidiaries of RM844.7 million, recognition of intangibles of RM47.5 million and higher share of profit from joint ventures.

### **Moving Forward**

Petroleum shipping demand continues to be affected by global production cuts in response to high crude inventory levels and low oil prices. This has also been exacerbated by the delivery of new tankers during the year. Nonetheless, seasonal demand during peak winter months will end the year on a firmer note for the petroleum shipping sector.

On the LNG shipping front, spot charter rates remains sluggish as a result of the tonnage oversupply situation led by higher vessel deliveries and older vessels coming off charter. Spot charter rates are however expected to pick up as countries start building up inventories to meet the winter heating demand. The present portfolio of long term charters in the Group's LNG shipping business will continue to support the financial performance of this segment.

Expectation of a more stable oil price environment will pave the way for a gradual recovery in investments in the global offshore exploration and production space, especially for developments



within the Atlantic Basin. Although opportunities may be limited, the current long term contracts in hand will support the financial performance of the Group's Offshore business division.

Meanwhile, the Heavy Engineering business segment remains committed to managing costs, optimising its resources and improving operational efficiency to combat the challenging environment. Replenishment of order book from the marine segment and offshore services are progressing and remain a priority. While the segment has successfully secured several offshore fabrication projects during the period, the majority of the contribution will only be realised in 2018 and beyond.

Commenting on MISC's expectations ahead, Mr. Yee Yang Chien said, *"MISC will continue to pursue sustainable growth guided by MISC2020, our 5-year masterplan, with emphasis on advancing the growth of our core business segments. Sustainability continues to be integral to MISC's overall business agenda and, throughout all aspects of our operations, MISC is committed to conduct our business in a responsible and respectful manner with respect for the wider economic, social and environmental impacts of our activities."*

*"We continue to accomplish notable milestones during this quarter and the recent months which includes MISC becoming a Strategic Partner of the Global Maritime Forum, a platform that is dedicated to unleashing the potential of the global maritime industry and is committed to shaping the future of global seaborne trade. MISC was recently acknowledged as the Tanker Operator of the Year at the Lloyd's List Asia Pacific Awards 2017, highly regarded as a global mark of recognition within the shipping industry."*

*"With a clear sense of purpose towards achieving our aspirations to consistently provide better energy related maritime solutions and services, as well as fulfilling the expectations of our key stakeholders, it will be an exciting journey ahead for the MISC Group as we continue our efforts in moving energy to build a better world,"* added Mr. Yee Yang Chien.

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### **About MISC Berhad**

MISC Berhad (MISC), was incorporated in 1968 and is a world leading provider of international energy shipping and maritime solutions.

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, maritime education and training. Its fleet consists of more than 114 owned and in-chartered LNG, Petroleum and Product vessels; as well as 14 floating facilities. The fleet has a combined capacity of approximately 16 million dwt.

Aside from its shipping business, maritime education is a priority for the Company and its Malaysian Maritime Academy (ALAM) is ranked amongst the top 10% of the world's Maritime Education and Training (MET) institutions.

Operating a modern, well-diversified fleet and backed by a knowledgeable workforce of more than 10,000 employees from all corners of the globe; MISC is committed to impart quality services to our customers, creating value for our stakeholders and contributing to the sustainability of the Industry.



**Issued by Group Corporate Communications Department of MISC Berhad. For media inquiries, please contact:**

Ms. Maisara Noor Ahmad  
Manager, External Communications  
Group Corporate Communications (GCC)  
MISC Berhad  
E-mail : [maisara.noorahmad@miscbhd.com](mailto:maisara.noorahmad@miscbhd.com)  
Telephone : 03-2275 3496

Mr. Mike Elsom  
Navigate PR Ltd (London)  
E-mail : [melsom@navigatepr.com](mailto:melsom@navigatepr.com)  
Telephone : +44 (0) 20 3326 8464  
Mobile : +44 (0) 7968 196077

## MISC Group's notable milestones and achievements during Q3 FY 2017

A summary of the notable milestones and achievements recorded by MISC Group during the period under review are as follows :

### **27 July 2017 : Naming and Delivery Ceremony of Seri Cempaka, MISC's third MOSS-Type LNG Carrier**

- MISC celebrated the naming and delivery of its new LNG Carrier, Seri Cempaka. The 150,200 CBM Liquefied Natural Gas ("LNG") carrier is the third in a series of five MOSS-Type LNG carriers ordered from Hyundai Heavy Industries Co., Ltd. ("HHI") by MISC.
- Seri Camellia has joined MISC's LNG fleet as the 27<sup>th</sup> active LNG Carrier, further strengthening MISC's position as a reliable and safe transporter of LNG.

### **8 September 2017 : MISC became one of the Strategic Partners of the Global Maritime Forum**

- This year marks the launch of the Global Maritime Forum (GMF), a platform that is dedicated to unleashing the potential of the global maritime industry and is committed to shaping the future of global seaborne trade.
- The platform of which MISC is a Strategic Partner, consists of high-level leaders from the entire maritime spectrum and aims to effect positive long-term change for the industry and for society. It recently launched the Task Force on Decarbonizing Shipping.
- The task force is an industry-led initiative which brings together leaders and experts from across the maritime industry to develop and mobilise the industry along tangible pathways aligned with ambitious, science-based emission reduction targets.
- It will focus on five areas key to effectively addressing the maritime industry's climate challenge: industry leadership, technology, transparency, finance, and carbon pricing. Outcomes of the task force will be presented at the inaugural summit in October 2018.
- More initiatives will be announced and rolled out by GMF in the near future.

## Additional Information

### **26 October 2017 : MISC wins Tanker Operator of the Year in the Lloyd's List Asia Pacific Awards 2017**

- MISC won the Tanker Operator of the Year at the Lloyd's List Asia Pacific Awards 2017, one of the most respected awards within the international maritime industry and the first win for the Group. The Lloyd's List Award series recognises the industry's successes, setting a benchmark for excellence while rewarding innovative ideas and concepts that have pushed the boundaries of what is possible.
- In winning the award the judges noted that MISC was recognised for its impressive performance that demonstrate operational excellence above the industry's average while placing priority on high standards of Health, Safety and Environment (HSE) and environmental stewardship.