



MEDIA RELEASE

Kuala Lumpur, 24 August 2023, Thursday

MISC GROUP FINANCIAL RESULTS FOR THE SECOND QUARTER OF FY2023

MISC is pleased to announce its financial results for the second quarter ended 30 June 2023.

Financial Highlights:

- Group revenue for the quarter and period ended 30 June 2023 was higher than the corresponding quarter and period ended 30 June 2022.
- Group operating profit for the quarter and period ended 30 June 2023 was higher than the corresponding quarter and period ended 30 June 2022.
- Group profit before tax for the quarter and period ended 30 June 2023 was higher than the corresponding quarter and period ended 30 June 2022.
- Group cash flows generated from operating activities for the period ended 30 June 2023 was higher than the corresponding period ended 30 June 2022.

Group Revenue, Operating Profit and Profit Before Tax for the Quarter Ended 30 June 2023

Group revenue of RM3,549.6 million was RM337.3 million or 10.5% higher than the quarter ended 30 June 2022 (“corresponding quarter”) revenue of RM3,212.3 million, contributed by improved freight rates in the Petroleum & Product Shipping segment while the increase in the Marine & Heavy Engineering segment’s revenue was attributed by higher revenue from on-going Heavy Engineering projects. The increase in Group’s revenue was however offset by lower revenue recognition from the conversion of a Floating, Production, Storage and Offloading unit (“FPSO”) following lower project progress in the Offshore Business segment.

Group operating profit for the quarter ended 30 June 2023 of RM531.3 million was RM70.4 million or 15.3% higher than the corresponding quarter's profit of RM460.9 million mainly contributed by higher margin on freight rates in the Petroleum & Product Shipping segment coupled with higher profit in the Offshore Business segment as the corresponding quarter was affected by the increase in construction costs of an FPSO arising from the global supply chain issue and lockdowns in parts of China which affected the movement of project personnel, goods and services as well as from engineering, procurement and construction activities. The Marine & Heavy Engineering segment however recorded an operating loss in the current quarter under review on the back of additional costs provisions as a result of revised schedule for on-going projects.

The Group reported a profit before tax of RM339.2 million compared to a loss before tax of RM0.4 million in the corresponding quarter mainly due higher operating profit mentioned above coupled with significantly lower impairment of non current assets in the current quarter.



Group Revenue, Operating Profit, Profit Before Tax and Cash Flows from Operating Activities for the 6 Months Period Ended 30 June 2023

The Group's revenue, operating profit and profit before tax in the current period were all higher compared to the corresponding period based on the reasons as stipulated above.

The Group recorded cash flows generated from operating activities of RM3,276.6 million for the period ended 30 June 2023 which was higher by RM2,192.4 million or more than 100% compared to RM1,084.2 million in the corresponding period, mainly due to higher operating performance in the current period and receipt of charter hire prepayment for two FSUs. Additionally, the Group recorded lower payments for cost relating to turnkey activities for the conversion of a FPSO amounting to RM868.4 million in the current period compared to payments of RM1,288.4 million in the corresponding period. Excluding the payments for the above turnkey activities, the Group's adjusted net cash generated from operating activities of RM4,145.0 million was higher by RM1,772.4 million or 74.7% compared to RM2,372.6 million in the corresponding period.

Moving Forward

In the LNG shipping market for the second quarter of 2023, spot rates bottomed-out in May with slight recovery in June on the back of improved chartering activity, mainly in the Atlantic basin partly due to the production setbacks in US and other producing locations. In the near term, prospects remain positive due to the rebounding of LNG demand prompted by lower prices, restocking for winter requirements and depletion of inventories in the summer given frequent heat waves. Premised on this, the Gas Assets and Solutions segment will continue to pursue available growth opportunities while its operating income continues to remain solid, supported by its current portfolio of long-term charters.

Meanwhile, the petroleum shipping market rates for VLCCs in the second quarter of 2023 remained firm while that of mid-sized tankers have softened in June 2023 due to lower activities in the UK Coast, Mediterranean and Black Sea region. Nevertheless, the overall tanker market outlook remains positive due to new trade patterns supporting tonne-mile demand, despite the recent short term production curbs by OPEC+. Based on the current environment, the Petroleum & Product Shipping segment has been continuing to improve the quality of its income and balance sheet through its niche shuttle tanker business and rejuvenation of its fleet with dual-fueled tankers.

The global upstream capex spending is forecasted to remain strong in 2023 encouraged by high oil prices despite mixed macroeconomic signals. Demand for FPSOs is expected to stay firm with anticipated increase in project awards over the next few years, particularly in the South American region. For the time being, the Offshore Business segment will remain focused on executing the project in hand and undertake mitigation measures to minimize cost and schedule pressures, while selectively pursuing new opportunities in the market. The existing portfolio of long-term contracts will continue to support the segment's financial performance.

For the Marine & Heavy Engineering segment, continuing high oil prices are expected to support increased oil & gas capex, and increasing significance of environmental, social and governance (ESG) will create multiple business opportunities in renewable energy for the Heavy Engineering sub-segment. However, ongoing project execution remains challenging due to raw material price escalation and global supply chain disruption which resulted in additional costs and schedule impact, which the recovery will be pursued from clients. Meanwhile, despite an anticipated increase in demand for dry-docking activities from a rise in seaborne trade requirements, the Marine sub-



segment is also expected to remain challenging given the stiff competition from Chinese shipyards further to the re-opening of China's borders. The Marine & Heavy Engineering segment will continue exploring opportunities in the domestic and international markets with increased emphasis on decarbonisation and renewable energy. It also remains committed to the execution and delivery of all projects meeting clients' requirements. Additionally, it will look to improving its contracting strategies with clients through alliance concept or cost-plus basis to mitigate economic uncertainties for future projects.

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About MISC Berhad

MISC Berhad (MISC or the Group) is a global leader in delivering energy-related maritime solutions & services with more than 50 years of experience in the maritime industry. Our principal businesses comprise energy shipping and its related activities, owning and operating offshore floating solutions, marine repair and conversion, integrated marine services, port management and maritime services as well as maritime education and training.

The Group's modern and diverse fleet consists of more than 100 owned and in-chartered vessels comprising of Liquefied Natural Gas (LNG) and Ethane carriers, Petroleum and Product vessels, Floating Production Systems (FPS) as well as LNG Floating Storage Units (FSU) with a combined deadweight tonnage (dwt) capacity of more than 13 million tonnes.

We are a proud constituent of the DJSI Emerging Markets Index and FTSE4Good Bursa Malaysia Index, a testament to our sustainability performance and strong Environmental, Social and Governance (ESG) practices. MISC Berhad is listed on the Main Board of Bursa Malaysia.

For more information, visit www.misc.com.my

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