MEDIA RELEASE

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MISC GROUP FINANCIAL RESULTS FOR THE PERIOD ENDED 31 MARCH 2018

MISC is pleased to announce its financial results for the financial period ended 31 March 2018.

Financial Highlights:

- Group revenue for the quarter ended 31 March 2018 were lower than the corresponding quarter ended 31 March 2017.
- Group profit before tax for the quarter ended 31 March 2018 was lower than the corresponding quarter ended 31 March 2017.

MISC's President/Group Chief Executive Officer, Mr. Yee Yang Chien said "*MISC Group will strive to sustain our financial performance and continue to focus on generating a target level of operating cash flow that will fund our pipeline of growth projects in the coming years. 2018 is expected to be another difficult year, nonetheless, the recovery of oil price will benefit the offshore sector the most and we are positive on the opportunities available on the upstream deepwater projects locally and globally. For LNG Shipping, our present portfolio of long term charters will support the steady financial performance of this segment. Overall, we remain optimistic on long-term prospects and our focus remain on ensuring the successful execution of our 5-year business strategy towards attaining a sustainable level of secured profits by FY2020".*

Group Revenue, Operating Profit and Profit Before Tax for the Quarter Ended 31 March 2018

Group revenue for the quarter ended 31 March 2018 of RM2,020.8 million was 32.3% lower than the corresponding quarter's revenue of RM2,984.9 million. The decrease in Group revenue was mainly due from Offshore segment as the corresponding quarter's revenue included recognition of one time gain for Gumusut-Kakap Semi-Floating Production System (L) Limited ("GKL") from variation works following favourable adjudication decision. Lower freight rates in the current quarter in the Petroleum segment and lower number of operating vessels and charter rate from contract renewal in the LNG segments have further dampened the Group revenue in the current quarter. Furthermore, Heavy Engineering segment also recorded lower revenue mainly due to completion of projects whilst new secured projects are still at their early stages.

Group operating profit of RM383.4 million was lower than the corresponding quarter's operating profit of RM681.3 million as Petroleum and Heavy Engineering segments both recorded operating losses in the current quarter caused by lower revenue as stipulated above. LNG segment recorded lower operating profit compared to corresponding quarter as the latter included recognition of compensation for early termination of time charter contract for one vessel.

Group profit before tax of RM319.2 million was lower than the corresponding quarter's profit before tax of RM696.6 million, as there was a recognition of gain on disposal of a vessel in the corresponding quarter and lower share of profits from joint ventures in current quarter.

Moving Forward

In Q1 2018, petroleum tanker earnings were considerably weaker than previous years, despite the winter season. Lower tonnage demand on the back of OPEC-led production cuts as well as tonnage oversupply depressed the market considerably. The petroleum shipping segment is expected to face a challenging 2018 and performance for the year is expected to be weaker than 2017.

On a positive note, vessels scrapped have been on the rise in Q1 2018 as the number of oil tanker tonnage recycled outnumbered new vessel delivered. The trend in scrapping is expected to continue, supported by good steel prices and a weak earnings environment encouraging owners to retire older tonnages. This supports a recovery in freight rates in the medium to longer term.

In the LNG shipping segment, spot charter rates have eased off in Q1 2018 on the back of diminishing winter demand and new tonnage delivery, after a strong pick up towards the end of 2017. Similar to petroleum shipping, the LNG shipping market is expected to face a weak spot market during the year as a result of tonnage overcapacity, exacerbated by a large number of long term charter expiries. Nonetheless, most of the Group's LNG carriers are on secured long term charters. Two new LNG carriers join the fleet in the first half of 2018 on long term charters, providing growth to operating profits.

The Group believes a more stable and higher oil price environment in 2018 will pave the way for a gradual recovery in global offshore oil and gas investments. The expected recovery in the number of projects approved represent opportunities for the Group, both locally and internationally, including opportunities in West Africa, Middle East and the Americas. Meanwhile, the present portfolio of current long term contracts in hand will support the financial performance of the Offshore segment for the financial year.

The Heavy Engineering segment in MHB continues to suffer from scarcity of new contracts despite signs of improving offshore investment and performance for 2018 is expected to remain under pressure. Similarly, MHB's Marine segment has encountered headwinds as ship owners have deferred their drydocking activities in the first quarter as a result of uncertainty in the enforcement of new regulations in the shipping industry but is expected to improve during the year.

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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.

As of 31 December 2017, MISC Group's fleet consists of more than 120 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 (FSUs). The fleet has a combined deadweight tonnage (dwt) capacity of approximately 16 million tonnes.

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 on behalf of MISC Berhad by the Group Corporate Communications (GCC) Department of MISC Berhad. For media inquiries, please contact :

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