

Chairman's Message



Dear Stakeholders,

2024 was a defining chapter in MISC's journey, a year marked by both challenges and strategic milestones that reinforced our commitment to long-term value creation.

We navigated a dynamic and evolving landscape influenced by geopolitical tensions, economic challenges, regulatory demands and the ongoing energy transition. MISC responded with a re-energised strategic focus, operational agility and a steadfast approach to decarbonisation. Through these efforts, we charted the way forward and continued to create value for stakeholders while building a more resilient and future-ready MISC.



NAVIGATING A COMPLEX OPERATING LANDSCAPE

The macroeconomic and geopolitical environment in 2024 remained uncertain, presenting both risks and opportunities. However, with our strategic focus on advancing MISC's low-carbon future while strengthening our core businesses, we continued to explore growth opportunities to drive meaningful progress.

Geopolitical tensions disrupted trade flows, causing increased tonne-mile demand and operational risks. Sanctions on Russian oil and gas have reshaped global trade, resulting in longer voyage distances, while instability in the Middle East has forced vessels to reroute around the Cape of Good Hope. Despite these headwinds, MISC remained agile, ensuring operational stability, safeguarding our crew and vessels and delivering reliable service to our clients.

The LNG sector faced challenges due to liquefaction project delays and a high number of new LNGC deliveries, which led to weakening charter rates, particularly for steam vessels. In response, we are rejuvenating our LNGC fleet with modern and lower-carbon emissions vessels secured under long-term contracts, strengthening revenue stability and ensuring consistent cash flow in the future.

Additionally, with heightened regulatory requirements from the International Maritime Organization (IMO) and the European Union (EU), we have strengthened our decarbonisation efforts. This involves upgrading our fleet with LNG dual-fuel and ammonia-ready vessels and exploring other future fuels as well as abatement technologies to achieve a targeted 50% reduction in GHG emissions by 2030. We continued embedding our Internal Carbon Pricing (ICP) Framework into our project assessments and investment decisions, ensuring readiness for the anticipated global carbon taxes.

RE-ENERGISED FOCUS, RESILIENT ACHIEVEMENTS

Amidst a rapidly changing environment, MISC has strategically refined its focus while building a foundation for sustainable growth. In 2024, we moved forward with MISC 2030 Ambition by prioritising three key pillars: Resilient Core, Profitable New Energy Business and Decarbonisation. Through targeted emphasis on these areas, we have achieved balanced progress in fortifying our core operations, venturing into the new energy sector and adhering to evolving regulatory requirements.

In 2024, we accomplished a significant milestone following the successful delivery of *FPSO Marechal Duque de Caxias* after it achieved its first oil on 30 October. Being our largest investment to date, it demonstrates our ability to manage complex projects despite pandemic-related disruptions.

Our Marine & Heavy Engineering segment also recorded a turnaround, driven by improved project delivery and financial performance, culminating in the delivery of key projects, such as the Jerun Development and Rosmari-Marjoram Gas projects.

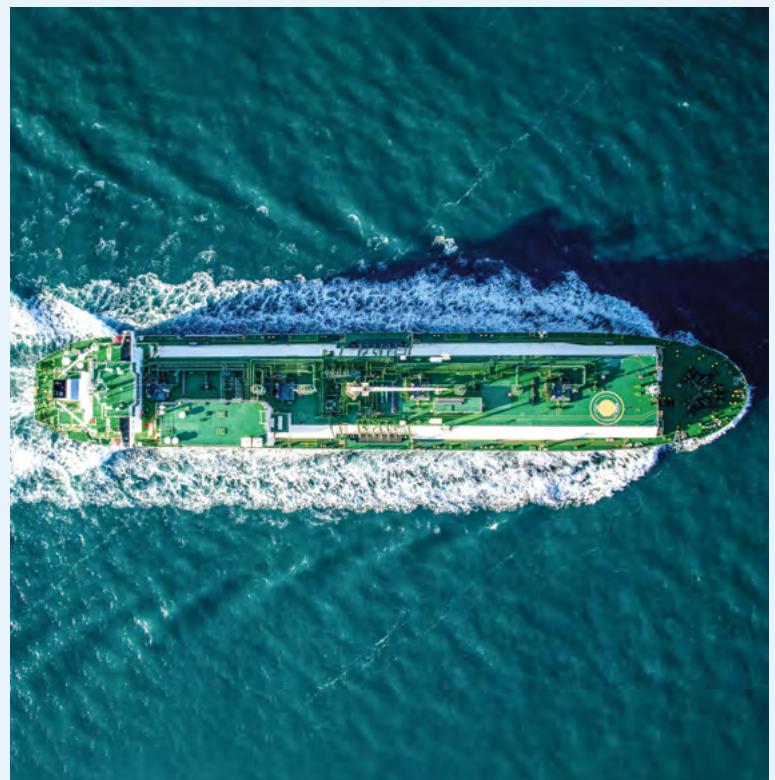
In future fuel innovations, MISC has made significant advancements in ammonia dual-fuel technology. A milestone this year was AET's groundbreaking long-term charter agreement with PETCO Trading Labuan Company Ltd. (PTLCL) for the deployment of the world's first two ammonia dual-fuel Aframaxes.

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As part of the PETRONAS Group's Gas and Maritime division, we will continue to explore new value-creation opportunities and synergies by aligning the core aspects of our business. Strengthening our partnership with PETRONAS, we have signed Time Charter Parties (TCPs) for two new LNGCs, each secured under firm 15-year contracts.

DELIVERING CONSISTENT RETURNS

Amidst prevailing market uncertainties, MISC remained financially resilient. The Group recorded a profit before tax of RM1,283.5 million, lower than in 2023 due to headwinds in the Gas Assets & Solutions and Offshore segments. Despite these challenges, the Group's cash flow remained strong. Accordingly, the Board declared a dividend of 36 sen per share, reflecting our ability to deliver sustainable returns consistently.



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STRENGTHENING TRANSPARENCY AND ACCOUNTABILITY

Governance is a fundamental pillar of MISC's operations, ensuring that corporate responsibility and integrity are upheld to the highest standards. A key initiative was the establishment of Director's Conflict of Interest (COI) Review Procedures to ensure that compliance with reporting and disclosure requirements are met, while fostering a culture of accountability and integrity.

To ensure long-term stability, we prioritised senior management succession planning, equipping MISC with a strong pipeline of capable leaders to drive the Group's continued growth and resilience. Additionally, with the introduction of the MISC Human Rights Policy, we embedded a risk-based approach to identifying and mitigating potential human rights impacts, aligning our operations with international human rights standards. Reinforcing a culture of ethical conduct and regulatory compliance, Board members also participated in mandatory training to uphold robust governance practices.



AET was named joint winner of Tanker Operator of the Year at The Tanker Shipping & Trade 2024 Awards.

RECOGNISING EXCELLENCE ACROSS OUR ACHIEVEMENTS

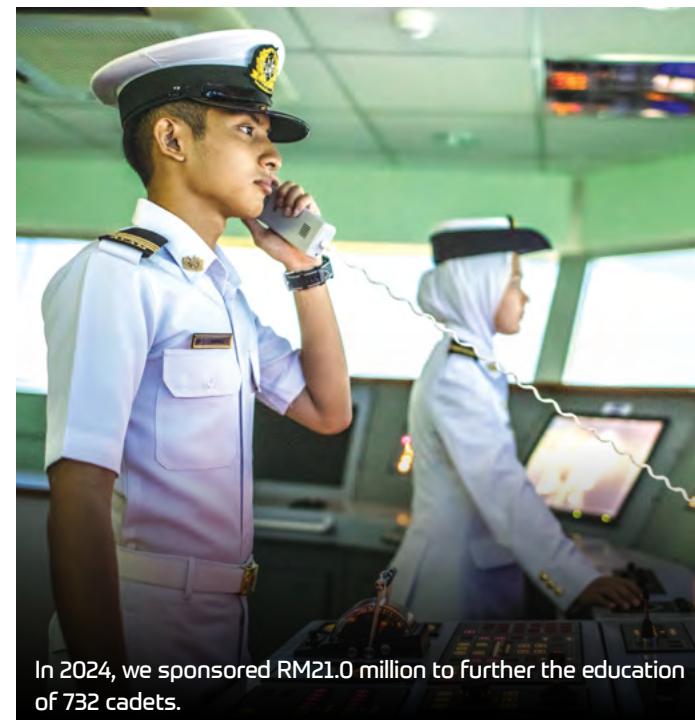
Our achievements in 2024 earned industry recognition, underscoring our commitment to excellence. AET was named joint winner of Tanker Operator of the Year at The Tanker Shipping & Trade 2024 Awards. MISC's dedication to sustainability earned us the Silver Award at The Edge ESG Awards 2024, marking our third win in the Transport & Logistics Sector category. Additionally, MISC received the Industry Excellence Award in Transportation & Logistics at the National Corporate Governance & Sustainability Awards 2024 and was recognised among Malaysia's Top 25 Overall Excellence Award winners.

AET's financing innovation was accorded the Islamic Finance Deal of the Year by EuroMoney for its USD100 million sustainability-linked Islamic revolving credit facility. AET also secured two awards in the Best Sustainability-Linked Financing category at The Asset's Triple A Islamic Finance Awards 2024.

CHARTING A COURSE FOR SUSTAINABLE GROWTH

Looking ahead, the maritime landscape will continue to be shaped by geopolitical shifts, economic pressures and evolving regulations. Navigating this environment requires agility, foresight and decisive action to manage risks and capitalise on opportunities.

MISC remains committed to sustainable growth, founded on a resilient business model, disciplined financial management and a clear sustainability agenda. We are aligned with international climate goals to maintain business continuity and competitiveness. Our target to achieve a 50% reduction in GHG emissions by 2030 underscores our proactive approach to leading a sustainable maritime future.



In 2024, we sponsored RM21.0 million to further the education of 732 cadets.

MISC is dedicated to nurturing future maritime professionals, continuously investing in maritime talent development through ALAM. In 2024, we allocated RM21.0 million to sponsor 732 cadets, demonstrating our commitment to building a skilled maritime workforce. Complementing this effort, we strengthened our unwavering dedication to diversity and inclusive leadership with three female Captains actively serving in command roles.



AFFIRMATION OF MISC'S STRONG BOARD AND LEADERSHIP TEAM

In 2024, MISC recorded some changes in the Board, adding new skills and capabilities. On behalf of the Board, I am pleased to welcome Datuk Adif Zulkifli as a Non-Independent Non-Executive Director. His extensive experience and expertise will drive MISC's continued growth and success.

Another essential aspect of our leadership strategy is succession planning. En. Zahid Osman, the former Chief Operating Officer of MISC, took over as President & Group CEO after Captain Rajalingam Subramaniam's departure in August. En. Zahid Osman seamlessly transitioned into the role with his extensive experience and deep understanding of the company, ensuring a smooth leadership change. This transition also played a key role in streamlining the executive leadership team, reinforcing leadership continuity and supporting long-term stability.

On behalf of the Group, I would like to express our heartfelt appreciation and gratitude to Captain Rajalingam Subramaniam for his exceptional leadership at MISC. With a distinguished career spanning over 40 years in the maritime industry, starting as a cadet and progressing through various management and leadership roles within the Group, his contributions have been invaluable.

I would also like to warmly welcome En. Zahid Osman and reaffirm our complete trust and confidence in his ability to lead MISC forward, delivering progress and success.

ACKNOWLEDGEMENTS

I would like to extend my gratitude to all our stakeholders for their continued trust and support, which have been vital to MISC's progress.

To our shareholders, your confidence is our strength. Despite the challenging operating environment, we remain dedicated to delivering sustainable value and fostering MISC's growth. Your trust drives our perseverance and innovation as we chart our path forward.

To my fellow Board members, I sincerely appreciate your guidance and teamwork. Your strategic insights and leadership have been essential in steering us through complexities and keeping our focus on long-term growth and sustainability.

To our management team and employees, your dedication and innovative spirit continue to drive our progress. Your passion and hard work keep MISC on an even keel, ensuring we remain at the forefront of our industry. We take pride in fostering strong connections between leadership and our workforce through initiatives such as Health, Safety, Security and Environment (HSSE) moments and direct engagement with the Board. These interactions cultivate a culture of inclusiveness and collaboration, strengthening MISC from within.

Finally, to our customers, business partners and communities, your continued trust and collaboration are vital to our journey. Together, we are building a future characterised by excellence, sustainability and impactful progress for generations to come.

DATUK ABU HURAIRA ABU YAZID

*Chairman,
Independent Non-Executive Director*

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