Value Creation Business Model

Value Creation Business Model

OUR KEY CAPITALS ...

INPUT

F — Financial Capital
- RM60.4 billion in total assets
- RM37.6 billion in shareholders' equity
- RM6.7 billion in cash and cash equivalents
- RM15.5 billion in debt

P — Physical Capital
- 27 LNGCs
- 6 VLECs
- 1 LBV
- 2 FSUs
- 58 Petroleum and product tankers
- 8 LSVs
- 12 Floating assets
- Marine and heavy engineering facilities
- Maritime training facility

H — Human Capital
- 9,536 total employees from 46 nationalities
- 23% of employees are women (shore employees only)
- RM47.4 million invested in capacity building for employees
- 544 total new hires (shore employees only)

SR — Social & Relationship Capital
- RM21.0 million invested in ALAM cadet sponsorships
- Maritime education scholarships to promote youth development
- 346 employees have volunteered in the Heart of The Ocean (HOTO) programme since 2021

I — Intellectual Capital
- 56 years of experience in the maritime industry
- Collaborations on new energy solutions and decarbonisation initiatives

N — Natural Capital
- 56,084,855 gigajoules (GJ) of energy consumption
- Reliance on natural resources, such as fuel, water and land

... DRIVEN BY OUR STRATEGIES AND AMBITIONS ...

VISION | MISSION

MISC 2024 STRATEGY — Short Term

Business Model Transformation
- Selective monetisation of assets to unlock value
- Fleet rejuvenation for the GAS Business segment and selective investments in dual-fuel assets for the Petroleum & Products segment
- Investing in new energy solutions

Strategic Partnerships and Client Positioning
- Collaborating with strategic partners to pursue asset growth and venture into new energy solutions
- Shifting focus to high-value clients

Organisational Culture and Behaviour
- Embedding Generative HSSE Culture across the Group
- Embarking on a transformation journey focusing on enterprise culture to future-proof MISC

MISC 2030 AMBITION — Short to Medium Term

- **50%** CFO* Improvements
- **25%** CFO from New Energy Solutions
- **50%** GHG Emissions Reduction in Shipping Operations**

* Compared to 2022 baseline (approximately USD1.2 billion)
** Compared to 2008 baseline

MISC ENTERPRISE STRATEGY FY2025 - FY2030

Resilient Core
- Portfolio Rejuvenation and Growth
- Maximise Asset Availability and Utilisation
- Superior Project Execution
- Asset Monetisation
- Cost Optimisation

Profitable New Energy Business
- Focus on Carbon, Offshore Wind and Future Fuels Value Chains
- Strategic Partnerships to Monetise New Solutions
- Integrated Value Offering

Decarbonisation
- Energy Efficiency
- Abatement Technology
- Future Fuels
- Invest in Dual-Fuel Assets
- Responsible Supply Chain Programme

Our Winning Formula
Partnership | Project Delivery | Operational Excellence | Sustainability

Our Foundation
HSSE | Simplification | Talent | Culture

#deliveringProgress

Medium to Long Term

MISC 2050 VISION

Renewable Energy Value Chain
The building block to manage climate change challenges with the maritime sector playing a key role

MISC 2050 VISION

Waste-To-Value Chain
Critical in tackling resource scarcity and emissions as well as repurposing maritime assets

For more information, please refer to Delivering Our Strategy and Its Progress on page 70.

... IMPLEMENTED THROUGH OUR BUSINESSES ...

BUSINESS OPERATIONS

1 GAS ASSETS & SOLUTIONS
Focus on selective projects, expand gas asset classes and enhance the fleet with energy-efficient LNGCs

2 PETROLEUM & PRODUCTS
Strengthen income streams and explore low-carbon solutions through collaborations/partnerships

3 OFFSHORE
Project delivery of *FPSO Marechal Duque de Caxias* and pursue targeted market opportunities

4 MARINE & HEAVY ENGINEERING
Enhance project delivery, diversify portfolios and establish international presence

5 MARINE SERVICES
Elevate service excellence, grow market share and diversify revenue streams

6 MARITIME EDUCATION & TRAINING
Rebuild and elevate the academy to University College status

OPERATING ENVIRONMENT
Please refer to pages 52 to 59 for more information.

MATERIAL MATTERS
Please refer to pages 60 to 64 for more information.

RISKS AND MITIGATION STRATEGIES
Please refer to pages 65 to 69 for more information.

BUSINESS REVIEW
Please refer to pages 78 to 97 for more information.

... TO CREATE VALUE FOR OUR STAKEHOLDERS.

OUTPUTS/OUTCOMES	STAKEHOLDERS	SDGs
• Revenue of RM13.2 billion • Profit after tax of RM1.2 billion • CFO of RM4.3 billion • Dividend payout of 36 sen per share • Credit rating of BBB+ at S&P Global Ratings, Baa2 at Moody's		8
• Transported 5% of global LNG • Transported approximately 171 million tonnes of crude and petroleum products globally • Above 99% for vessel availability • Above 96% for vessel utilisation • Above 97% for offshore floaters' uptime		9
• A total average of 38 training hours per shore employee • LTIF at 0.05 • TRCF at 0.23		3, 5, 10
• Sponsored 732 cadets at ALAM • Sponsored 22 students under maritime education scholarships • Engaged 10 families within the community in the HOTO programme		4, 16, 17
• 19 accolades received • 9 dual-fuel vessels owned • 2 ammonia dual-fuel Aframax project awards		10
• Recorded 3.85 million tCO_2e of Scope 1 and 2 GHG emissions • Achieved a 32% reduction in our fleet average CO_2e intensity compared to 2008 • Recycled, reused or recovered 99.7% of hazardous waste • Recorded zero major oil spills		12, 13, 14

Key Capitals

Key Capitals

F FINANCIAL CAPITAL

INPUTS

- RM60.4 billion in total assets
- RM37.6 billion in shareholders' equity
- RM6.7 billion in cash and cash equivalents
- RM15.5 billion in debt

OUTPUTS/OUTCOMES

	2024	2023
Revenue (RM billion)	**13.2**	14.3
Profit After Tax (RM billion)	**1.2**	2.0
Cash Flows from Operating Activities (RM billion)	**4.3**	5.7
Dividend Payout (sen per share)	**36**	36
Moody's Ratings	**Baa2 (stable)**	Baa2 (stable)
S&P Global Ratings	**BBB+ (stable)**	BBB+ (stable)

ACTIONS TO ENHANCE OUTCOMES

- Strengthened cash flow stability through long-term contracts
- Implemented prudent management of financial commitments, disciplined capital allocation and responsible investment
- Strived to adopt the highest standards of governance and transparency, including Task Force on Climate-related Financial Disclosures

TRADE-OFFS

- A majority of our capital is allocated for operating and maintaining our fleet, ongoing project requirements, new CAPEX investments and purchasing new assets
- While CAPEX allocations reduce our financial capital in the short term, they build our physical capital base for longer-term growth
- Our long-term customer contracts for newbuild and purchased assets ensure secured income streams, thus growing our financial capital into the future
- Investment in innovation initiatives to drive operational and organisational efficiencies has reduced our financial capital in the short term but will enhance our intellectual capital in the long term

P PHYSICAL CAPITAL

INPUTS

- 27 LNGCs
- 6 VLECs
- 1 LBV
- 2 FSUs
- 58 Petroleum and product tankers
- 8 LSVs
- 12 Floating assets
- Marine and heavy engineering facilities
- Maritime training facility

OUTPUTS/OUTCOMES

	2024	2023
LNG Transported Globally (%)	**5**	6
Estimated Crude and Petroleum Products Transported Globally (MT)	**171**	134
Vessel Availability (%)	**>99**	>99
Vessel Utilisation (%)	**>96**	>99
Offshore Floaters' Uptime Performance (%)	**>97**	>90

ACTIONS TO ENHANCE OUTCOMES

- Maintained operational excellence with a highly available and utilised fleet
- Expanded decarbonisation efforts to meet climate goals
- Continued portfolio diversification to manage market volatility

TRADE-OFFS

- Our capital mainly consists of our vessel fleet, floating assets, yards and infrastructure. We focus on investments in eco-friendly newbuilds with lower emissions to enhance our natural capital
- We are providing customers with an eco-friendly fleet, improved efficiency and safety measures. This enhancement boosts our social and relationship capital
- We reduce obsolete physical capital by disposing older assets through green ship recycling initiatives. This positively impacts our natural capital and aligns with energy transition and climate change imperatives for sustainable long-term growth

H HUMAN CAPITAL

INPUTS

- 9,536 total employees from 46 nationalities
- 23% of employees are women (shore employees only)
- RM47.4 million invested in capacity building for employees
- 544 total new hires (shore employees only)

OUTPUTS/OUTCOMES

	2024	2023
Employee Attrition Rate (%)*	**10**	15
Number of Employees Completed Training*	**5,556**	6,672
Average Total Hours of Training per Employee (hours/person)*	**38**	27
Lost Time Injury Frequency (LTIF)	**0.05**	0.09
Total Recordable Case Frequency (TRCF)	**0.23**	0.31

* *Shore employees only*

ACTIONS TO ENHANCE OUTCOMES

- Facilitated comprehensive retention programmes, including employee engagement activities, immediate recognition and flexible work arrangements
- Strengthened safety culture through Generative HSSE Culture programmes
- Promoted continuous learning to build future-ready capabilities and a culture of innovation

TRADE-OFFS

- Our human capital, including skills, capabilities and knowledge, drives our intellectual capital. We invest our financial capital in human capital through talent development programmes and strategic human capital management aligned with our business plans
- The short-term reduction of our financial capital to sustain our human capital enables us to strengthen the capabilities of our workforce to respond to client needs and exceed customer expectations, thus building our social and relationship capital in the long run

SR SOCIAL & RELATIONSHIP CAPITAL

INPUTS

- RM21.0 million invested in ALAM cadet sponsorships
- Maritime education scholarships to promote youth development
- 346 employees volunteered in the HOTO programme since 2021

OUTPUTS/OUTCOMES

	2024	2023
Number of ALAM Cadets Sponsored	**732**	829
Number of Sponsored Students Under Maritime Education Scholarships	**22**	13
Number of Families Within the Community Engaged in the HOTO Programme	**10**	13

ACTIONS TO ENHANCE OUTCOMES

- Rejuvenated the ALAM campus to provide students with a conducive learning environment and to foster academic excellence
- Continued to cultivate young talents and develop future leaders by providing scholarships in maritime education
- Actively engaged employees in various volunteering programmes to positively contribute to communities where we operate

TRADE-OFFS

- We invest financial capital in stakeholder engagements conducted by our employees, which impact our human capital through the manhours spent. The expenses associated with these engagements reduce our short-term financial capital. However, in the long term, they enable the growth of our social and relationship capital, ensure compliance with legal requirements, pave the way for sustainable future growth and maintain our industry reputation
- We undertake industry collaborations, focusing on lower-carbon emissions vessels and developing new energy solutions
- Our community-based environmental programmes positively impact our natural capital
- The growth of our social and relationship capital ultimately contributes to increasing our financial capital, as we maintain and expand our customer base

I INTELLECTUAL CAPITAL

INPUTS

- 56 years of experience in the maritime industry
- Collaborations on new energy solutions and decarbonisation initiatives

OUTPUTS/OUTCOMES

	2024	2023
Number of Accolades Received	**19**	13
Dual-fuel Vessels Owned	**9**	8
Ammonia Dual-fuel Aframax Project Awards	**2**	0

ACTIONS TO ENHANCE OUTCOMES

- Advanced new energy solutions through our NED division in collaboration with business units across the Group
- Pursued decarbonisation technologies and leveraged collaborations for technical advancements in new energy solutions

TRADE-OFFS

- We invest financial capital to drive our intellectual capital by rejuvenating our fleet with the latest technologies, which improves our natural capital through a lower-carbon emissions fleet and enhances our human capital through new skills, while boosting our social and relationship capital from improved customer satisfaction
- In the short term, our financial capital is reduced with investments in technical solutions for floating assets, new technologies for port management, vessel inspections and yard operations. In the long run, these investments will boost our intellectual capital across our maritime value chain

N NATURAL CAPITAL

INPUTS

- 56,084,855 GJ of energy consumption
- Reliance on natural resources, such as fuel, water and land

OUTPUTS/OUTCOMES

	2024	2023
Major Oil Spill	**0**	0
Scope 1 and 2 GHG Emissions (million tCO_2e) **	**3.85**	4.16
Fleet Average Co_2e Intensity Reduction Compared to 2008 (%)	**32%**	24%
Hazardous Waste Recycled, Reused or Recovered (%)	**99.7%**	99.9%

** *Scope 1 and 2 data for 2023 have been restated following a third-party GHG verification exercise*

ACTIONS TO ENHANCE OUTCOMES

- Advanced our decarbonisation efforts in alignment with our MISC 2030 Ambitions, ensuring that our newbuild vessels are equipped with eco-efficient technologies and energy-efficient solutions
- Implemented marine biodiversity conservation initiatives
- Reduced emissions and hazardous waste through continuous improvement

TRADE-OFFS

- Our physical capital's emissions and waste have a negative impact on our natural capital. To improve our natural capital in line with energy transition imperatives, climate change and industry decarbonisation, we have refined our MISC 2030 Ambition and strengthened our commitment to achieving Net-Zero GHG emissions, aligning with the MISC 2050 Vision
- Efforts towards improving our natural capital will reduce our financial capital in the shorter term and impact on our human, intellectual and physical capitals. Improvement of natural capital will heighten our social and relationship capital, as MISC commits to a sustainable future