

## CHIEF FINANCIAL OFFICER'S MESSAGE



**AFENDY MOHAMED ALI**  
Chief Financial Officer

### Dear Stakeholders,

In a challenging environment, MISC operated amid geopolitical volatility, uneven market dynamics and constrained financial visibility. The landscape was characterised by evolving conditions that affected direction and timing, with implications for funding, hedging and capital allocation.

Against this backdrop, we prioritised financial discipline, liquidity readiness and balance sheet strength. This emphasis mattered most in uncertainty, where outcomes depend on decision quality.

### GROUP-LEVEL PERFORMANCE

For the financial year under review, Group revenue for FY2025 declined to RM11,146.1 million, compared with RM13,237.5 million in FY2024, representing a 15.8% decrease year-on-year. The moderation in revenue primarily reflected lower contributions from the GAS Business segment, driven by lower earning days, contract expiries and vessel disposals, and from the Marine & Heavy Engineering segment, reflecting project progression towards completion, with newly secured contracts at early fabrication phases. These effects were partially offset by stronger performance in the Petroleum & Products segment due to higher freight rates and increased earning days.

Despite lower revenue, operating profit increased to RM2,776.5 million from RM2,593.7 million in FY2024, representing a 7.0% increase year-on-year, while profit before tax increased to RM1,862.0 million from RM1,283.5 million in FY2024, representing a 45.1% increase year-on-year. The improvements were supported by the commencement of operations of *FPSO Marechal Duque de Caxias* and by insurance claim recovery in the Offshore segment. Profit before tax was further supported by financing-related gains.

The improved earnings mix enhanced operating margins and strengthened forward earnings visibility. While the GAS Business segment moderated in line with revenue trends, the Group's diversified and largely contracted income base continued to underpin earnings stability and support sustainable long-term value creation.

At the profit before tax level, performance was further enhanced by lower vessel impairments compared with the prior year. During the year, impairments were recognised on selected assets, strengthening balance sheet quality and reducing legacy exposures.

### WHAT GROUP FINANCE ACHIEVED IN 2025

#### Cash Flow and Liquidity Discipline

Net cash generated from operating activities increased to RM5,656.1 million in FY2025, compared with RM4,276.8 million in FY2024, reflecting the contribution of *FPSO Marechal Duque de Caxias* following its transition into operations. Operating cash flow was further supported by insurance claim proceeds and disciplined working capital management across business segments, reinforcing liquidity resilience through a year of volatility.

#### Capital Allocation Under MISC 2030 Ambition

Our financial framework continues to guide capital allocation across the MISC 2030 Ambition. Resilient Core reinvestments are prioritised within sustainable cash flow capacity, with capital directed toward assets that generate stable earnings over the long term. New energy ventures are assessed through a commercial and risk-adjusted return framework, with capital commitments phased to align with return thresholds while preserving balance sheet flexibility. Decarbonisation-related investments are evaluated within the same discipline, balancing compliance requirements with economic viability.

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### CAPEX Execution and Funding Actions

Capital expenditure (CAPEX) for FY2025 amounted to approximately RM1,949.5 million, mainly comprising RM1,295.1 million for the GAS Business segment, RM457.5 million for the Petroleum & Products segment and RM138.0 million for the Marine & Heavy Engineering segment, together with other minor allocations. Funding was sourced through a combination of internal cash flows and bank loans.

### Balance Sheet, Gearing, Ratings and Cost of Capital

Net gearing improved to 0.20x, compared with 0.23x in FY2024, reflecting disciplined capital management, including the repayment of USD400 million Global Medium Term Notes that matured in April 2025 using internally generated cash flows. Our credit ratings were reaffirmed at BBB+ (S&P) and Baa2 (Moody's). We continue to manage leverage in line with rating agency metrics to preserve funding access and maintain cost discipline across market cycles.

As at year-end, the Group's debt portfolio was structured at approximately 80:20 on a fixed-to-floating basis, with interest rate swaps utilised to manage exposure amid rate volatility. Loan tenures were broadly aligned with underlying charter periods, strengthening asset-level cash flow independence and reinforcing funding discipline as the Group sanctions new long-life assets.

### Dividend

The Board has declared a dividend of 38 sen per share for FY2025, reflecting the Group's strong cash flow generation and disciplined capital management while preserving financial flexibility.

### Enterprise Mindset and Finance Transformation

During the year, we strengthened enterprise-level financial governance and decision-making capability through our finance transformation programme. The core platform migration has since been completed, establishing a foundation for standardisation, centralisation and improved data transparency across the finance function and enhancing the quality and timeliness of financial information.

To sustain momentum beyond the migration milestone, we launched Finance for Enterprise Excellence to reinforce continuous improvement, sharpen enterprise-level insights and improve cross-business alignment through faster analysis and clearer performance visibility. This is how the enterprise mindset translates into finance outcomes: higher accountability through clearer ownership, higher transparency through shared data and higher efficiency through streamlined processes.

Please refer to pages 140 to 147 for details of the Group Financial Review.

### PRIORITIES FOR 2026

The financial environment entering 2026 is expected to be characterised by continuing interest rate uncertainty, ongoing geopolitical fragmentation and differentiated financing conditions. In this context, we will prioritise disciplined leverage management, proactive liquidity planning and continued optimisation of funding costs, while maintaining alignment with credit rating thresholds.

From an operating perspective, our revenue base continues to be anchored on contracted and recurring income across core business segments, with selective exposure to spot markets. Capital expenditure will be directed toward committed projects, fleet rejuvenation and asset integrity, with funding decisions anchored on cash flow generation and prudent gearing levels.

We will continue to strengthen enterprise-level financial governance, improve transparency of performance drivers and sharpen decision quality across the Group. This discipline positions MISC to navigate near-term uncertainty while enabling the execution of our strategy under the MISC 2030 Ambition and delivery of sustainable long-term value.

