



Malaysian Bulk Carriers Berhad

27th Annual General Meeting



**24th May
2016**

Kuala
Lumpur Golf
& Country
Club

MALAYSIAN BULK CARRIERS BERHAD

(Company No:175953-W)



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AGENDA

1. Year in Review
2. Financial Highlights
3. Business Outlook



Year in Review 2015

Steady revenue performance despite most challenging year on record

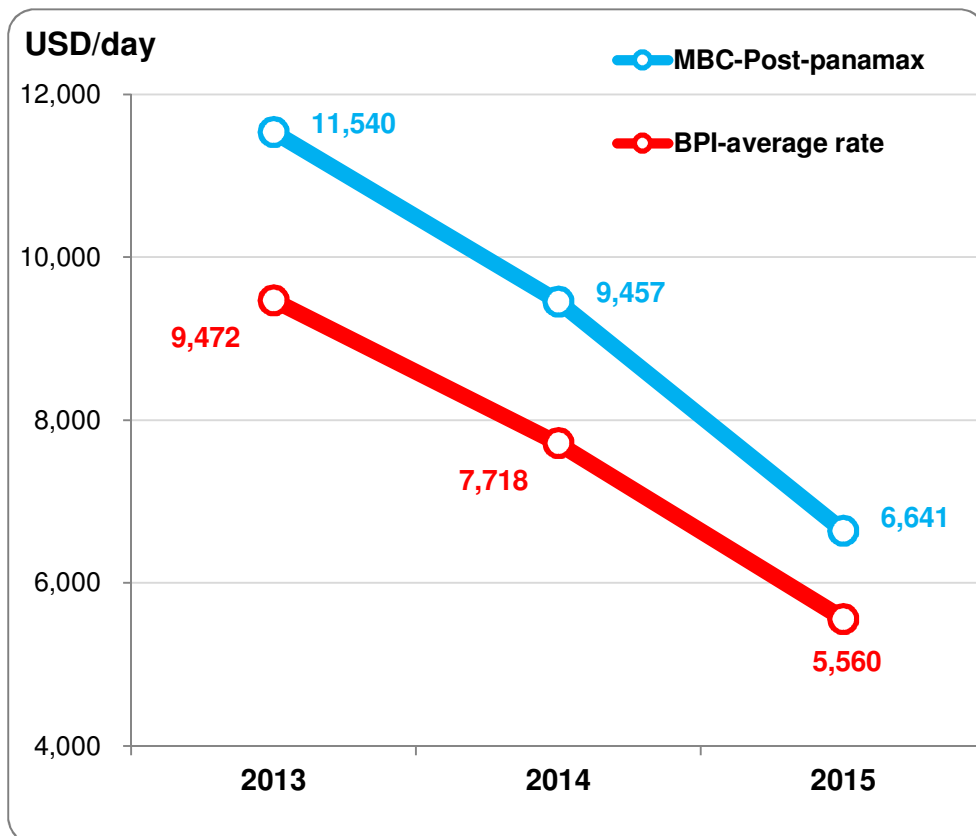
- Baltic Dry Index reached historic lows of 471 on 16 Dec 2015 on continued oversupply, weak demand
- Group reported first annual loss (RM1.2 billion) comprising of operating losses (RM108.5 million) and the balance due to impairments.
- Impairment losses are not unique to MBC and have no cash flow impact.



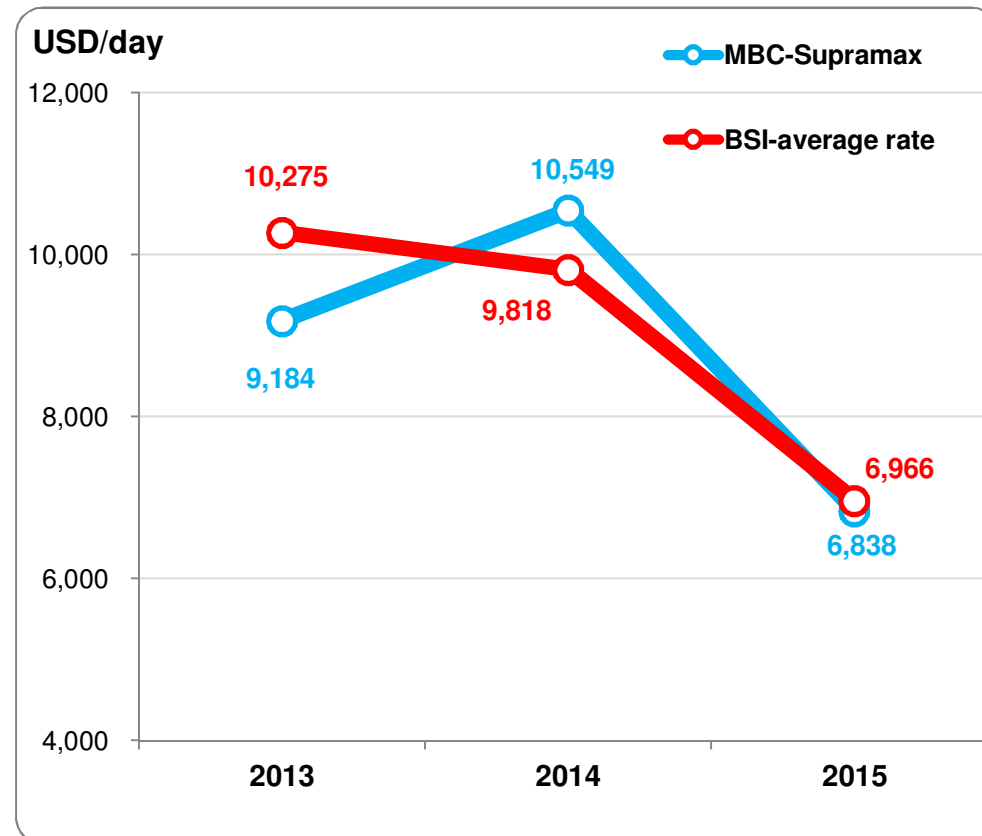
Better performance vs industry average in most segments

TCE rates achieved

Post Panamax



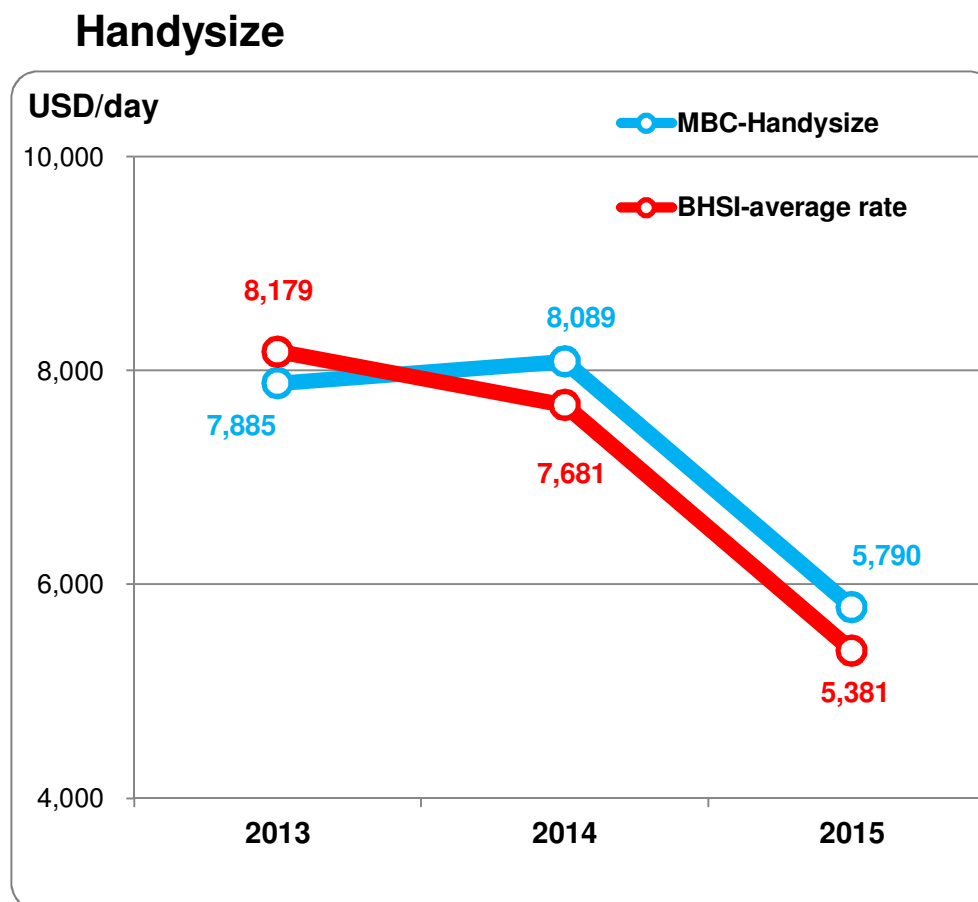
Supramax





Better performance vs industry average in most segments

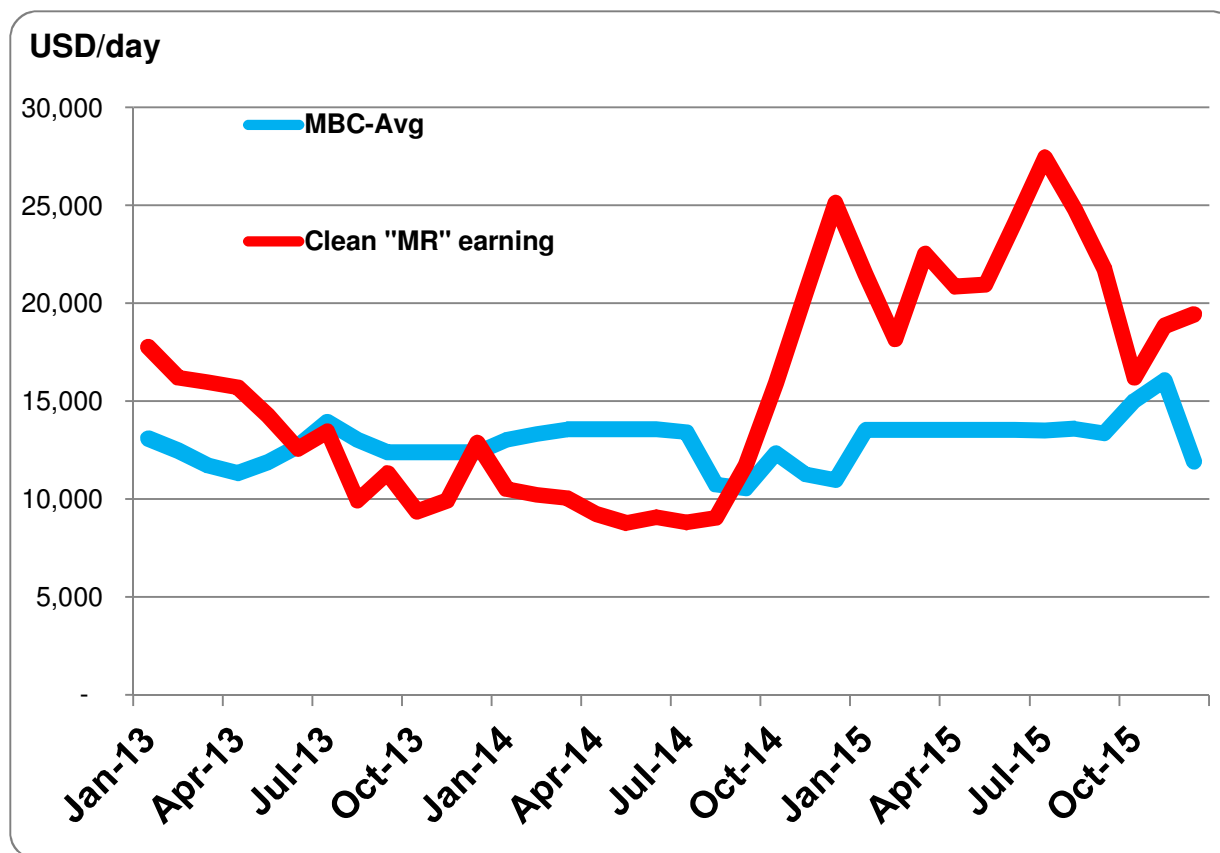
TCE rates achieved





Tanker segment - stable long term contract

MR Tankers





FINANCIAL HIGHLIGHTS

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Steady revenue, bottomline affected by industry headwinds

2015 GROUP FINANCIAL HIGHLIGHTS

	2015	2014	Change
Revenue	RM241.5m	RM255.7m	(RM14.2m)
EBITDA*	(RM56.2m)	RM21.0m	(RM77.2m)
(Loss)/profit before tax	(RM1.2b)	RM18.3m	(RM1.2b)
Impairment loss on vessels	(RM295.2m)	N.A.	(RM295.2m)
Onerous contracts	(RM105.7m)	(RM5.2m)	(RM100.5m)
Share of JV results	(RM79.0m)	RM0.3m	(RM79.3m)
Share of associate results	(RM106.2m)	RM36.7m	(RM142.9m)
Impairment on associate	(RM495.8m)	N.A.	(RM495.8m)

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**excludes associate, JV, impairments & onerous contracts*

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Bottomline hit by unprecedented industry-wide challenges

2015 GROUP FINANCIAL HIGHLIGHTS

For financial prudence, the Group made 3 significant provisions in 2015:-

- 1) Impairment on associate (POSH) RM495.8 million
- 2) Impairment on vessels (incl JVs) RM368.1 million
- 3) Provision for onerous contracts RM110.8 million

**Accounting
treatment with
no cash impact**

**excludes associate, JV, impairments & onerous contracts*

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Working to strengthen financial position

BALANCE SHEET

	2015	2014
Borrowings	RM607.6m	RM415.6m
Net Debt	RM467.1m	RM264.1m
Shareholders' Equity	RM1,179.6m	RM1,952.5m
Net Debt/Shareholders' Equity	40%	14%



BUSINESS OUTLOOK



Challenging Market Outlook : Unfavourable macro conditions

Macroeconomic and industry weakness likely to persist

- Baseline 2016 world economic growth projection at modest 3.2%, strengthening expected from 2017 from emerging markets
- 2016 outlook continued to be weighed on by: Slowdown in China and some other major developing economies, lower commodities prices, and also some further newbuilding deliveries
- China's cutback on coal imports brings significant downside; although the rise in Indian imports has filled some of the gap



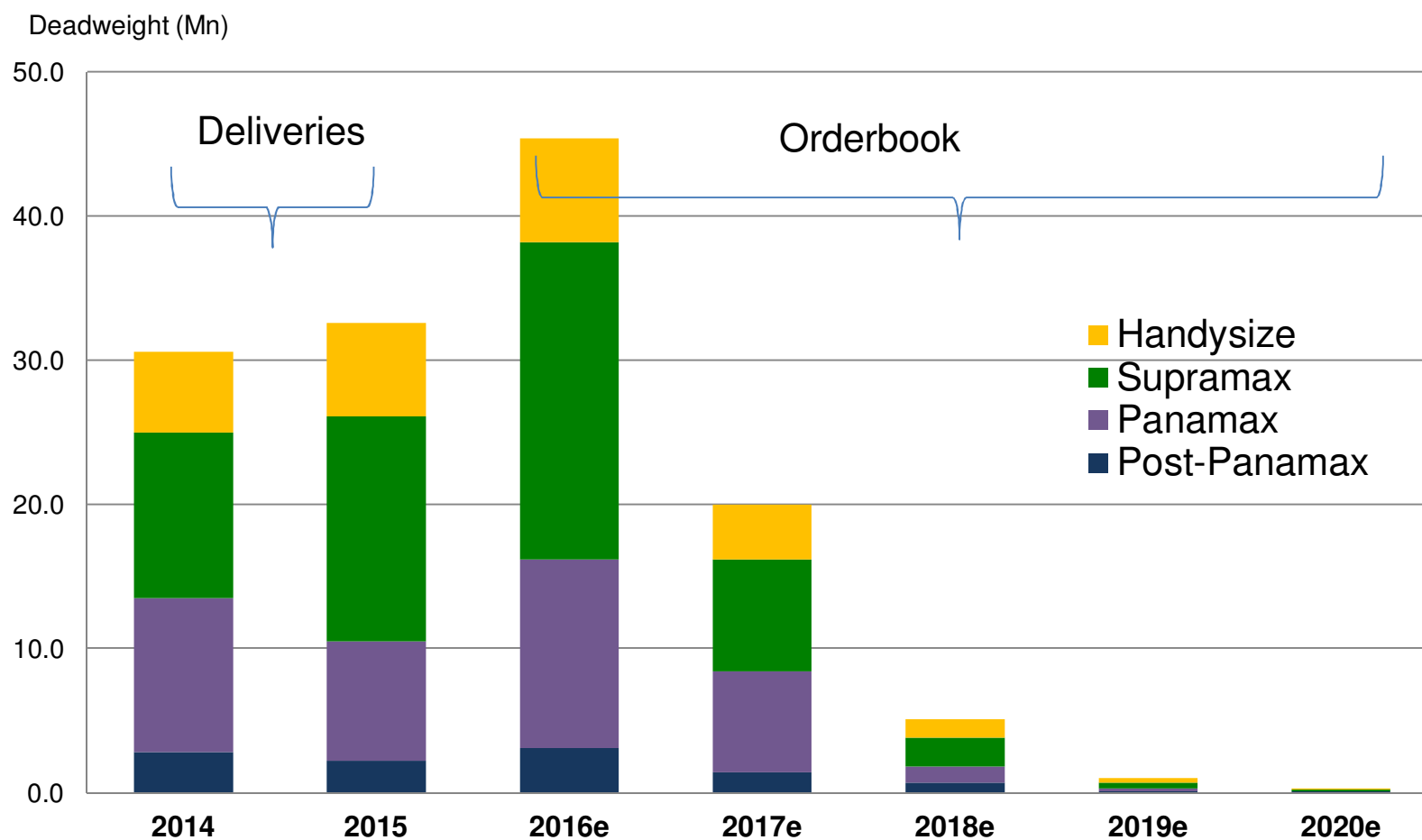
Navigating stormy seas ahead

- 2016 to remain challenging but higher scrapping rates, reduced order books and more layups should eventually ease overcapacity situation

- Focus on immediate challenges by:
 - Selectively monetising assets to improve liquidity
 - Arranging long term banking facilities
 - Rescheduling new-buildings deliveries
 - Rescheduling charter hire payment on long term charters
 - Seeking long term contract of affreightments
 - Driving cost saving initiatives



Deliveries & Orderbook as of 1st May 2016



Source: Howe Robinson Partners

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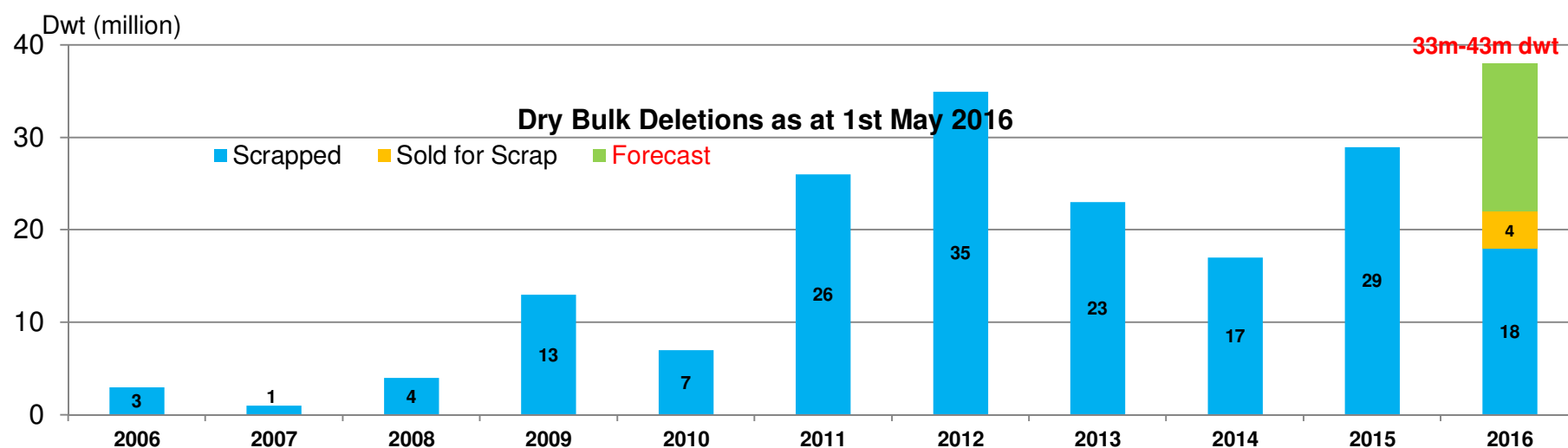
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Challenging Market Outlook : Demand and supply rebalancing?

Dry bulk:

- If subdued new-buildings ordering, increased scrapping and layups continue, then easing of oversupply situation will result in better rates



MR Tankers:

- Demand still expected to grow at moderate pace on continued availability of cheap oil and shale gas for consumption or refining purposes
- Tanker segment facing risk of over-supply



Steady progress made

- Secured 15-years long-term CVC contract with TNB Fuels for coal transportation starting Sept 2016
- Deferred portion of charter-in costs for our long-term chartered fleet
- Delayed deliveries of newbuilds to avoid delivery into a weak market
- Selective divestments of older vessels to maintain a modern and competitive fleet



Modern diversified fleet offers competitive advantage

- Modern, versatile fleet of sister vessels that deliver operational efficiencies
- Good mix across Post-Panamax, Supramax and Handysize segments serving the varying needs of our clients



Post-Panamax/Panamax



Supramax



Handysize



MR Tanker

Existing Fleet	5*	8	7	2
On Order	3	-	1	-
Total	8	8	8	2

**1 vessel has been sold and will be delivered to buyers during Q2 2016*

(Fleet as at 20th May 2016)

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Key Takeaways: Short term challenges, long-term prospects

Group positioning itself for eventual up cycle

- Careful cash management,
- Delayed newbuilding deliveries,
- Diversified asset class,
- Stringent cost rationalisation, strong track record and experienced management will help us to come through stronger.



Thank you

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