

**FINANCIAL RESULTS
FOR THE 6 MONTHS ENDED
30th JUNE 2019**

30 AUGUST 2019

DISCLAIMER

This material does not constitute and is not an offer to sell or the solicitation of an offer to buy securities of any company referred to in this presentation in the United States or elsewhere. The Company has not registered and do not intend to register any securities under the US Securities Act of 1933, as amended (the "Securities Act"), and any securities may not be offered or sold in the United States absent registration under the Securities Act or an exemption from registration under the Securities Act.

This material may contain forward-looking statements by the Company that reflect management's current expectations, beliefs, intentions or strategies regarding the future and assumptions in light of currently available information. These statements are based on various assumptions and made subject to a number of risks, uncertainties and contingencies. Actual results, performance or achievements may differ materially and significantly from those discussed in the forward-looking statements. Such statements are not and should not be construed as a representation, warranty or undertaking as to the future performance or achievements of the Company and the Company assumes no obligation or responsibility to update any such statements.

No representation or warranty (either express or implied) is given by or on behalf of the Company or its related corporations (including without limitation, their respective shareholders, directors, officers, employees, agents, partners, associates and advisers) (collectively, the "Parties") as to the quality, accuracy, reliability or completeness of the information contained in this presentation (collectively, the "Information"), or that reasonable care has been taken in compiling or preparing the Information. None of the Parties shall be liable or responsible for any budget, forecast or forward-looking statements or other projections of any nature or any opinion which may have been expressed or otherwise contained or referred to in the Information.

The Information is and shall remain the exclusive property of the Company and nothing herein shall give, or shall be construed as giving, to any recipient(s) or party any right, title, ownership, interest, license or any other right whatsoever in or to the Information herein. The recipient(s) acknowledges and agrees that this presentation and the Information are confidential and shall be held in complete confidence by the recipient(s). This presentation is for the purposes of information only and no part of this presentation is intended to be or shall be construed as an offer, recommendation or invitation to subscribe for or purchase, or otherwise making available, any securities in the Company.

An aerial photograph of an offshore oil rig and a supply ship. The rig is a large, complex structure with multiple cranes and a tall derrick. It has a red and white color scheme. A helicopter landing pad is visible on the rig. A red supply ship is positioned next to the rig, with its deck loaded with various supplies. The text "INDUSTRY UPDATE" is overlaid in large white letters on a dark blue background.

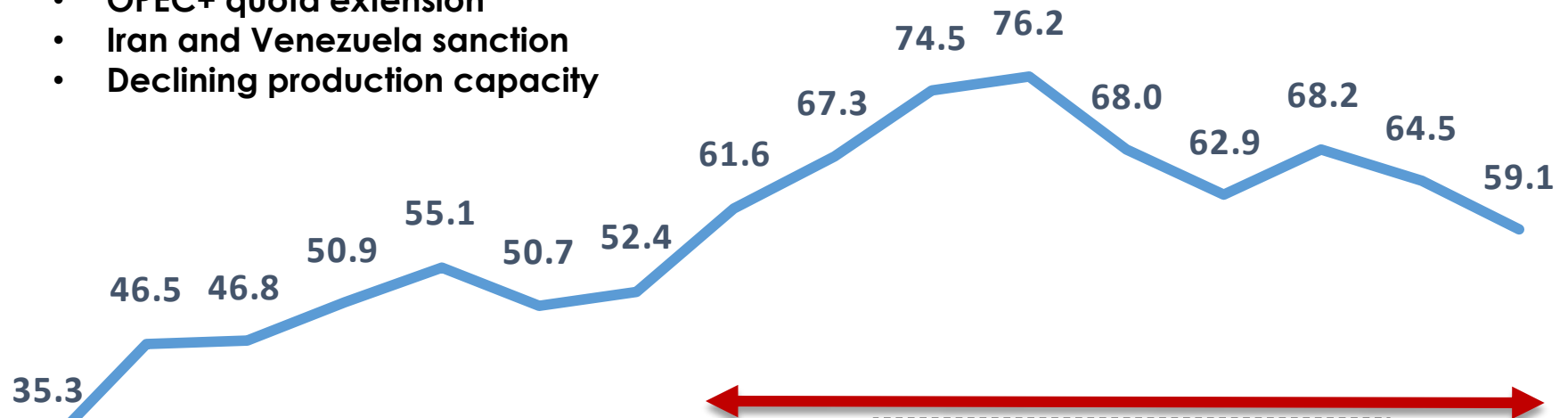
INDUSTRY UPDATE

BRENT PRICE MOVEMENT

OIL PRICE STABILISING IN 2Q 2019:

- OPEC+ quota extension
- Iran and Venezuela sanction
- Declining production capacity

(USD/bbl)



Oil prices remained relatively stable in 2Q19

BUT THREATENED BY:

- Increased US production
- Trade disputes
- Fear of global economic slowdown

1Q16 2Q16 3Q16 4Q16 1Q17 2Q17 3Q17 4Q17 1Q18 2Q18 3Q18 4Q18 1Q19 2Q19 Jul-19 Aug-19

2016

2017

2018

2019

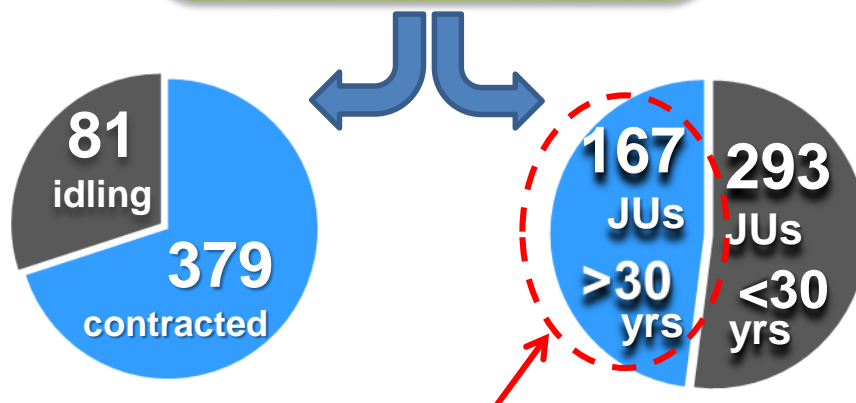
DRILLING RIGS OUTLOOK - SUPPLY



Lesser rigs available
in the future

Potential Rigs Coming Out From The Yard	Total
Total	58

Source: IHS Petrodata August 2019



Potential to be Retired

DRILLING RIGS OUTLOOK - DEMAND

WORLDWIDE JACK-UP DEMAND

REGION	2019A	2020F
Information as at August		
Southeast Asia (Excl. Malaysia)	29	35
Malaysia	14	12
Middle East / India	164	189
Others	172	169
TOTAL	379	405

Does not include PETRONAS' latest additional Jack-up rig requirement for 2019 and 2020

TOTAL JU DEMAND



Source: IHS World Rig Forecast: Short Term Trends August 2019

Current Utilisation in Malaysia

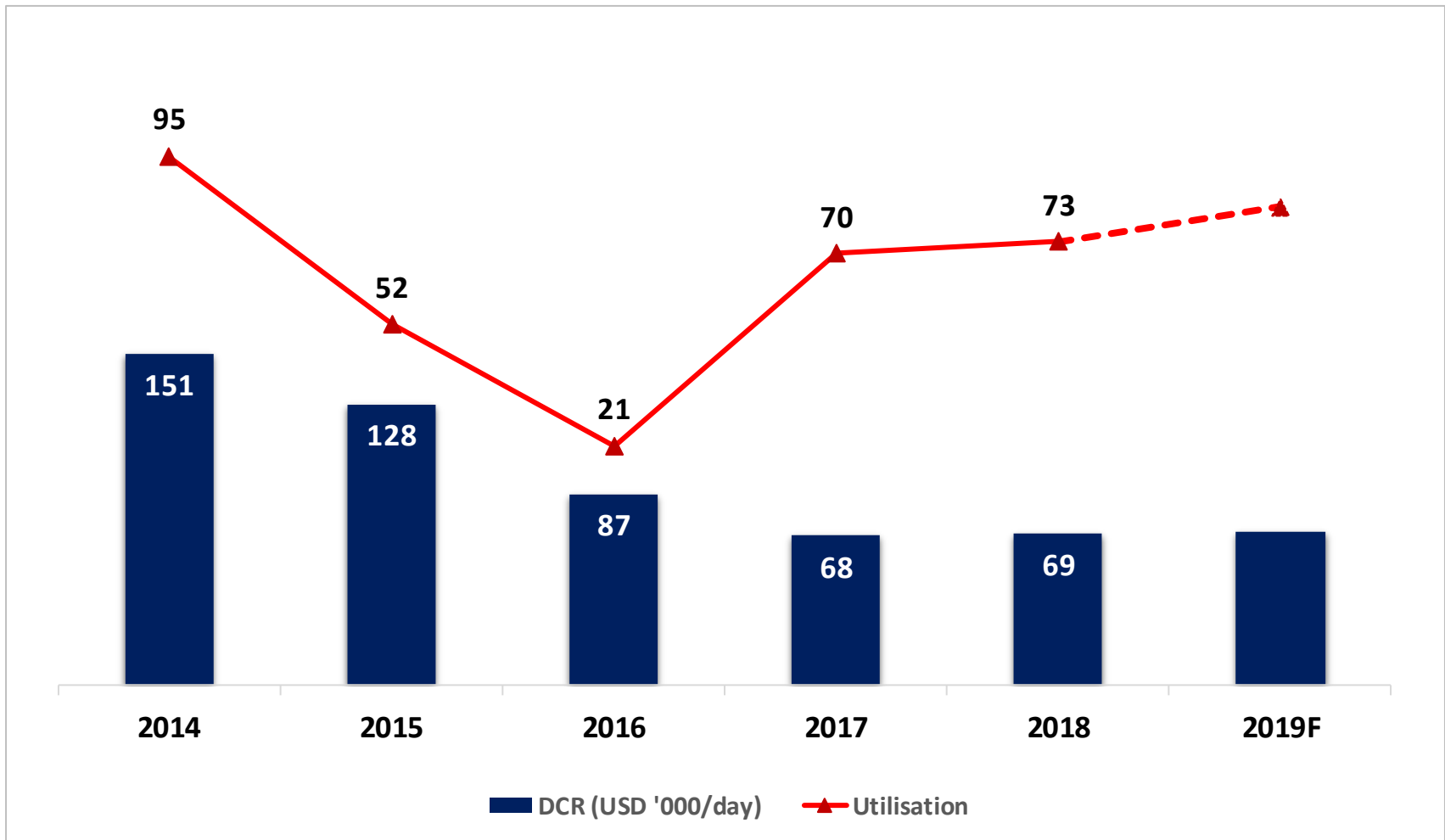
Total Rig in Malaysia	20
Contracted	14
Average Contracted Rig Utilisation	70%

Source: IHS Petrodata August 2019

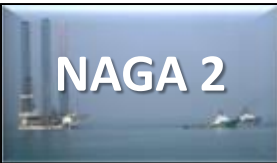






An offshore oil rig is positioned in the middle of a vast, deep blue ocean. The rig's structure is complex, with a prominent red hull and a tall, dark derrick. The sky above is a mix of blue and orange, suggesting a sunset or sunrise. The water in the foreground is choppy with small waves.

COMPANY OUTLOOK

RIG UTILISATION AND AVERAGE DAILY CHARTER RATE



LATEST ORDER BOOK STATUS

	PCSB
	PCSB
	ROC OIL
	PCSB
	5-Yearly SPS
	PCSB
	HESS

Total Contract Value

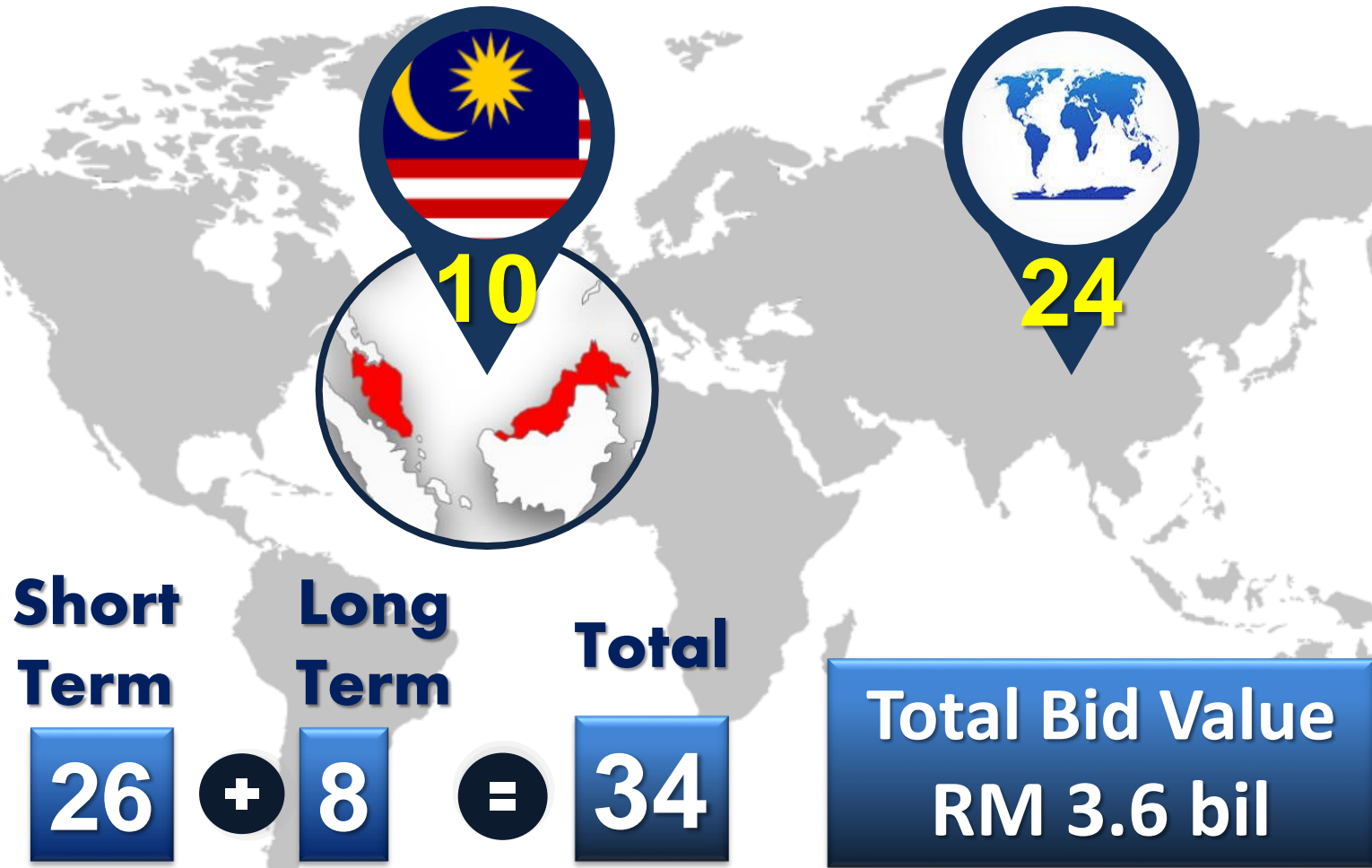
RM 1.1 b
+
RM 0.9 b
(option)
=
RM 2.0 b

Remaining Order Book

RM 0.6 b
+
RM 0.9 b
(option)
=
RM 1.5 b

As at 31 July 2019

CURRENT TENDER ACTIVITIES



As at 31 July 2019

MAJOR SHAREHOLDERS



*	PNB	EPF	Urusharta Jamaah	Public Mutual	Manulife	Vanguard	OTHERS
	60.0%	6.8%	5.1%	3.0%	2.2%	1.6%	21.3%

*  : PNB and Funds
Permodalan Nasional Berhad

Foreign shareholding: 5.2%

Note: As at 21 Aug 2019

SUSTAINABILITY



FTSE4Good

VELESTO ADDED TO THE FTSE4GOOD BURSA MALAYSIA INDEX ON 24 JUNE 2019

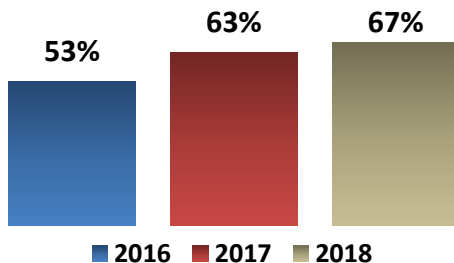


ECONOMIC

We develop capabilities in our supply chain and employees



Purchases from Local Supplier (%)



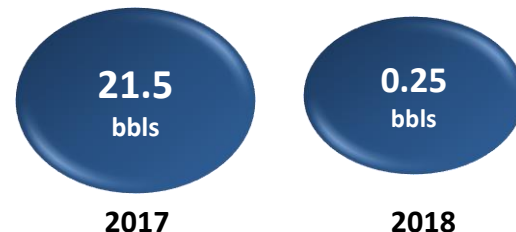
ENVIRONMENT

We minimise the impact of our activities

Greenhouse Emission



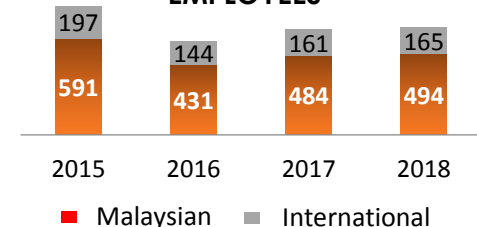
Environmental Spills



SOCIAL

We invest in our people and communities

BREAKDOWN OF VELESTO'S MALAYSIAN & INTERNATIONAL EMPLOYEES



Community Investment



Safety



Environment



Education

An aerial photograph of a large, complex offshore oil platform being towed by several tugboats across a deep blue ocean. The platform is a multi-level structure with various equipment and pipes. It is being moved by at least five tugboats, with thick black oil slicks trailing behind them. The word "FINANCIALS" is overlaid in large white letters on a dark horizontal band across the center of the image.

FINANCIALS

KEY FINANCIAL HIGHLIGHTS

2Q 2019

AVERAGE
UTILISATION **74%**

AVERAGE
DAY RATE **USD71k**

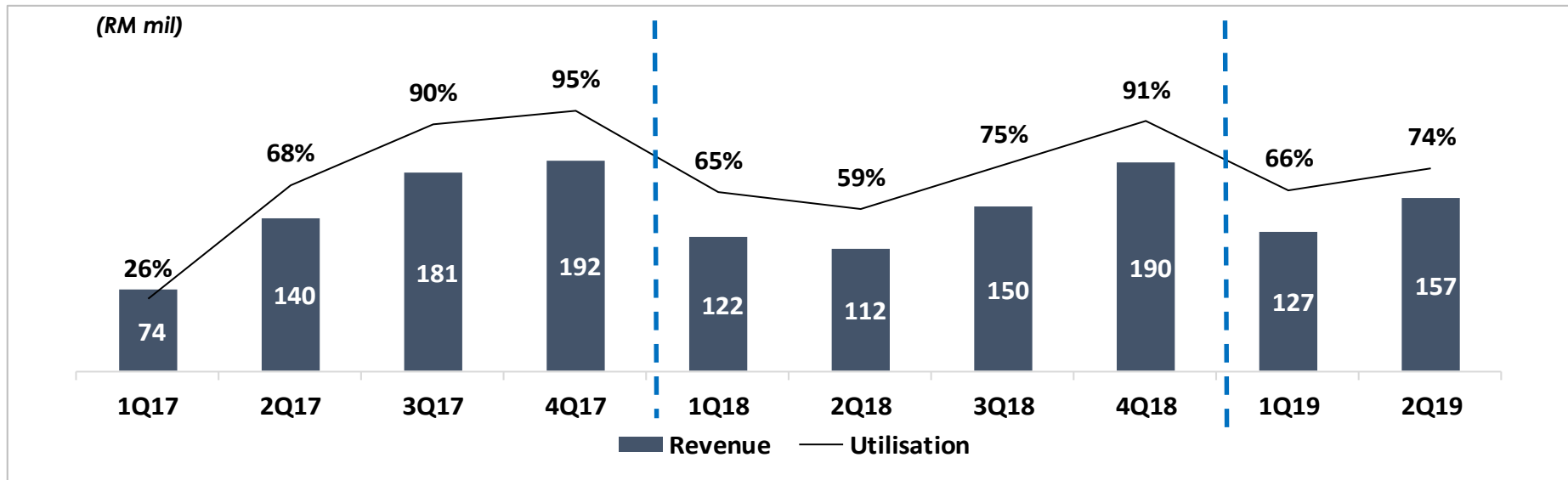
OPERATIONAL
EFFICIENCY **97.8%**

REVENUE
RM157m

PAT
RM12m

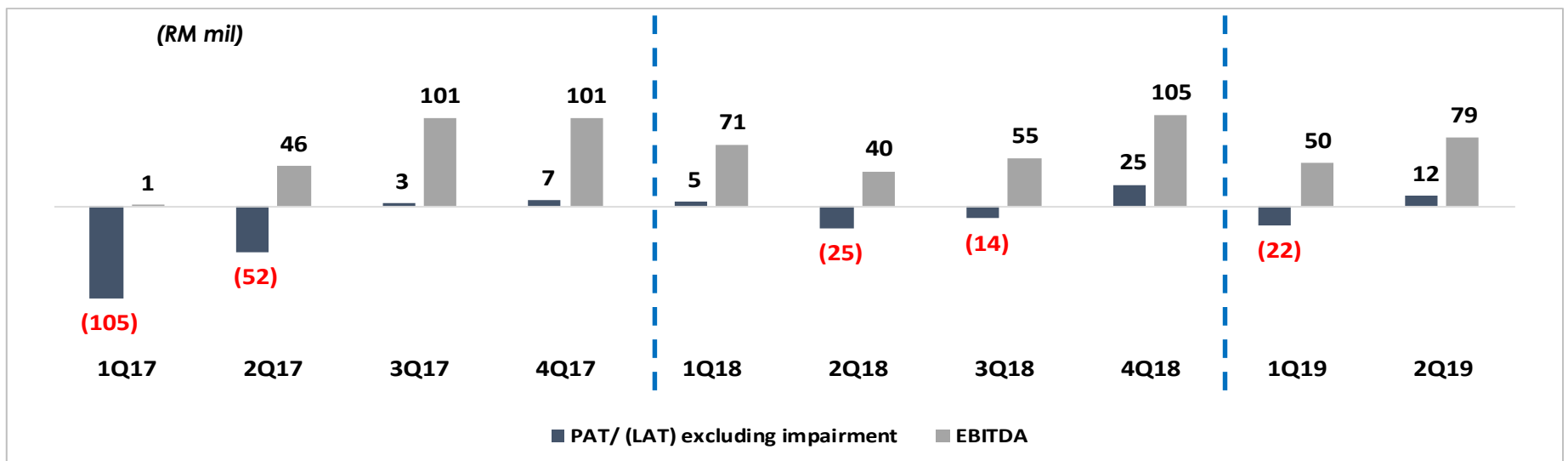
EBITDA
RM79m

EVOLUTION OF PERFORMANCE – QUARTERLY

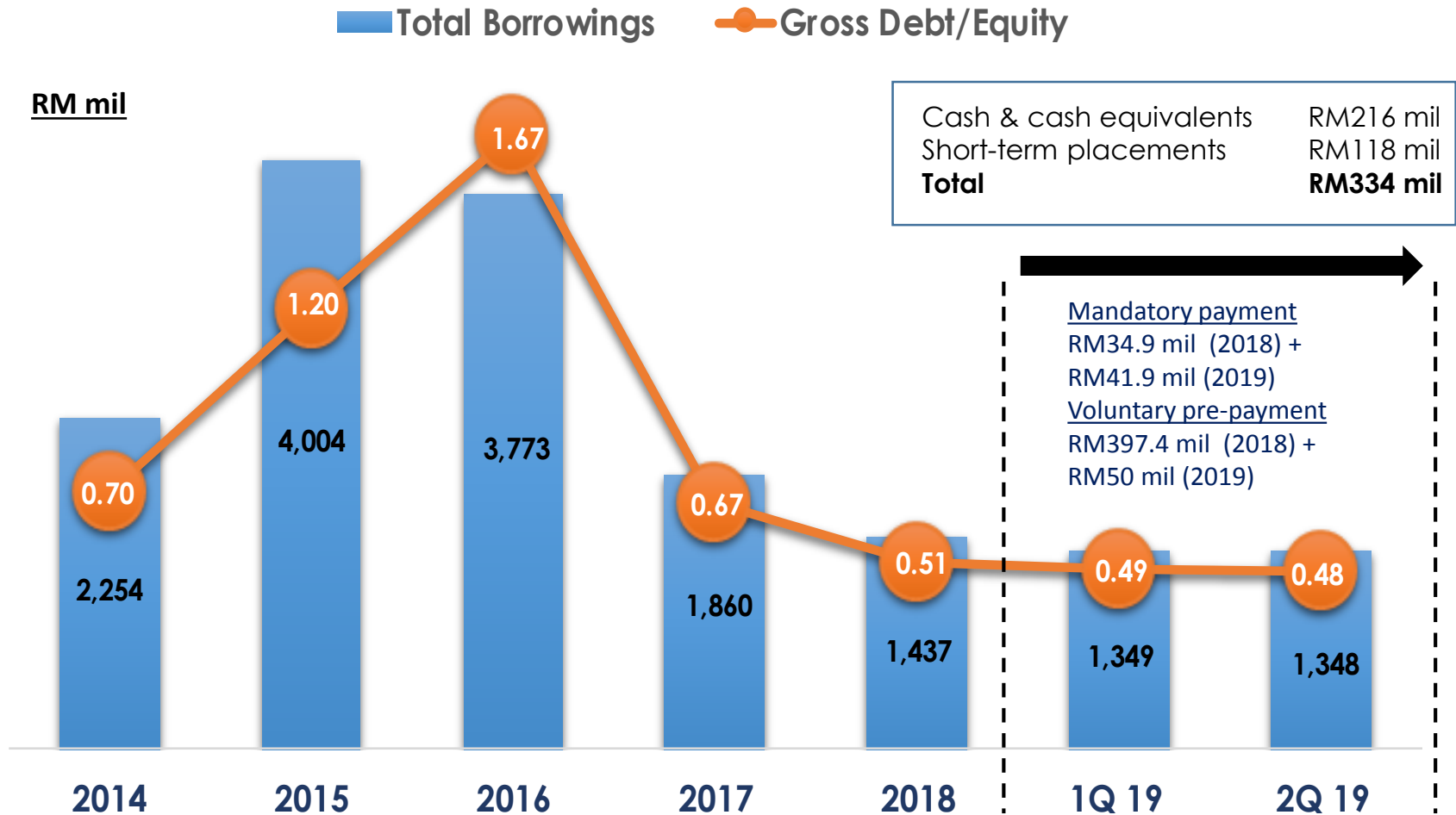


DCR (USD 'k)

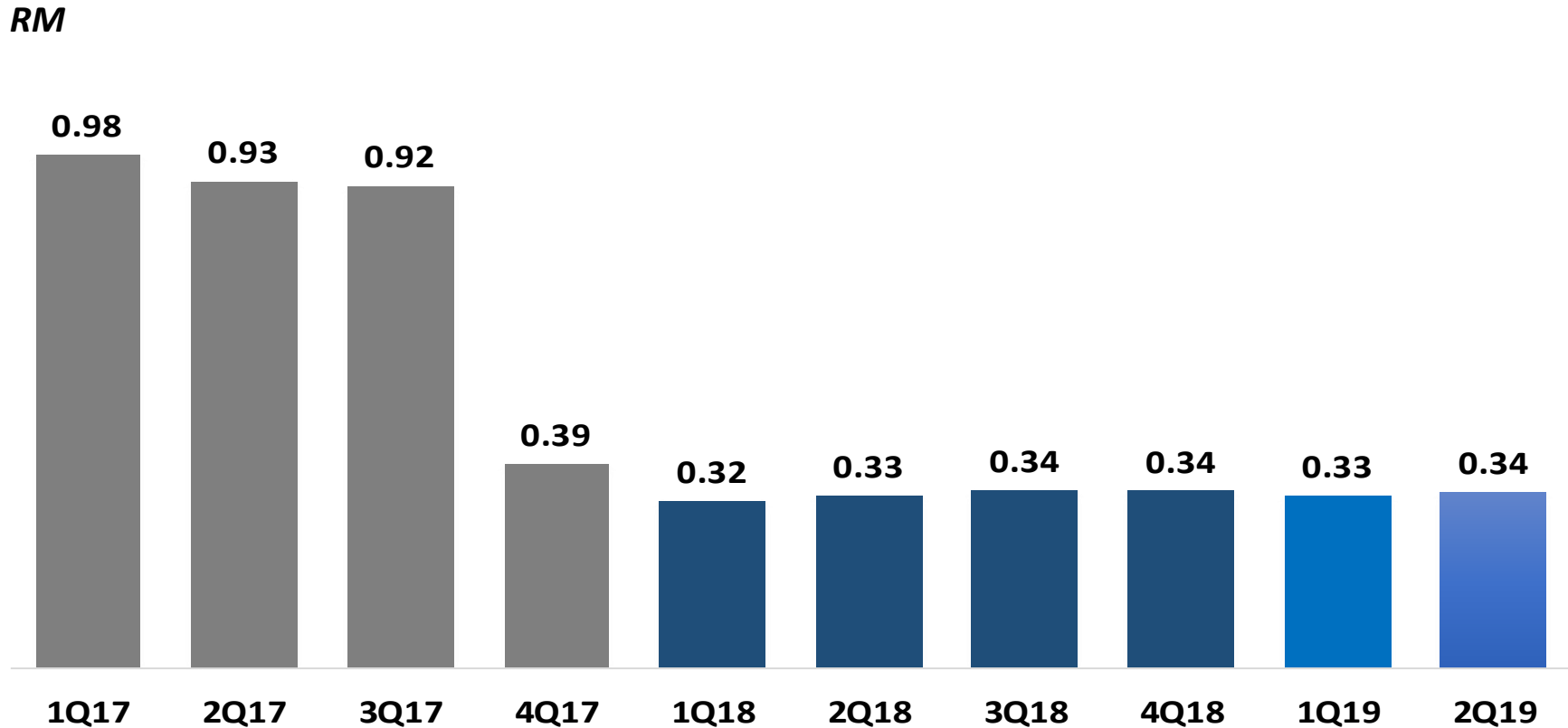
72	70	68	68	68	68	70	68	69	71
----	----	----	----	----	----	----	----	----	----



MAINTAINING LOW DEBT/ EQUITY RATIO



NET ASSET PER SHARE



Share Price
29/08/2019

RM 0.300

Market Capitalisation
29/08/2019

RM 2.465 billion

KEY FINANCIAL RATIOS

Financial Ratios	2014	2015	2016	2017	2018	1Q19	2Q19
Revenue (RM mil)	1,015	840	321	587	574	127	157
Revenue growth (%)	37.5	(17.2)	(61.8)	82.7	(2.3)	4.2 ¹	40.5 ¹
EBITDA margin (%)	43.6	36.8	2.8	42.4	47.3	39.5	50.3
PAT (excl. impairment) margin (%)	25.0	(2.5)	(125.2)	(25.1)	(1.6)	(17.5)	7.5
Basic EPS per share (sen)	11.7	(17.1)	(54.5)	(36.8)	(0.24)	(0.27)	0.15
Total Borrowings	3,268	4,004	3,773	1,860	1,437	1,349	1,348
Gross Debt to Equity ratio	0.70	1.20	1.67	0.67	0.51	0.49	0.48
EBITDA / Interest (times)	17.0	4.8	0.1	1.8	3.2	2.3	3.7

¹ Compared with previous year corresponding quarter

EMPLOYEES' SHARE OPTION SCHEME ("ESOS")

Rationale for Proposed ESOS

Entrepreneurship

Promote enterprise leadership to drive returns and achievement of long term goals.

Ownership in the Company

Instill a greater sense of ownership and belonging to enhance productivity and motivate employees.



Organisational alignment

Strengthen alignment of employees to the Company's long term objectives and shareholders' interest.

Compensation and retention

Create a more competitive total compensation package for performing employees.

Financial Impact

Expense arising will be recognised in the P&L over the vesting period.

Timeline

Target implementation by 4th quarter of 2019

EMPLOYEES' SHARE OPTION SCHEME ("ESOS")

The salient terms for the Proposed ESOS are set out below:

Maximum issue size



- ▶ Up to 7.5% of the total number of issued shares of the Company

Option exercise price



- ▶ <10% discount to the 5-day VWAP preceding the date of offer

Duration



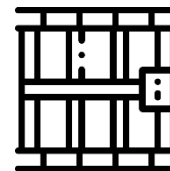
- ▶ 5 years, with an option to extend for a further 5 years

Ranking of shares



- ▶ Shares issued will rank pari passu in all aspects to existing VEB shares.

Retention period



- ▶ Shares issued will not be subject to any retention period

Termination



- ▶ May be terminated, provided an announcement is made to Bursa Securities.

EMPLOYEES' SHARE OPTION SCHEME ("ESOS")

The salient terms for the Proposed ESOS are set out below (cont'd):

Eligibility



- ▶ At least 18 years of age
- ▶ Not bankrupt/subject to bankruptcy proceedings.
- ▶ For Non-Malaysians, subject to approvals from relevant authorities

Basis of allotment



- ▶ Not exceeding the maximum issue size of up to 7.5% of the total number of issued shares of the Company;
- ▶ <10% to an eligible person or persons connected who individually or collectively holds >20% equity interest in VEB;
- ▶ <50% to Executive Directors and senior management

A wide-angle photograph of an offshore oil rig in the middle of the ocean. The rig is a tall, dark structure with a yellow base. To the left of the rig, a red and white support vessel is visible. The sky is blue with scattered white clouds. The water is dark blue with gentle ripples.

MOVING FORWARD

CURRENT OUTLOOK

- Certain level of stability in oil price with upward potential
- Sustained global recovery of oil and gas industry
- Sustained increase in exploration and production activities
- Increased utilisation of jack-up rigs
- Further increase in day rates and longer contract duration
- Shortage of skilled personnel

WHAT ARE WE DOING

- Continue to pursue medium term contract for remaining rigs
- Work towards further increase in day rates and improved terms & conditions
- Continue to improve operational, financial and costs efficiency
- Increase Hydraulic Workover Unit activities
- Develop and retain streams of affordable human capitals
- Explore wider client base and geographical coverage

An aerial photograph of three large red offshore supply vessels, labeled UMW NAGA 1, UMW NAGA 2, and UMW NAGA 3, positioned on a wide river. Each vessel is equipped with a tall, lattice-structured crane. The vessels have green helipads on their decks. In the background, a city with various buildings and a bridge is visible across the river, with hills in the distance under a cloudy sky.

THANK YOU