

**FINANCIAL RESULTS
FOR THE 9 MONTHS ENDED
30th SEPTEMBER 2020**

27 NOVEMBER 2020

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An aerial photograph of two large offshore oil rigs in the middle of the ocean. The sun is high in the sky, creating a bright glare on the water's surface. The rigs are complex structures with multiple towers and platforms. The water is dark blue, and the sky is a lighter blue with some wispy clouds.

INDUSTRY UPDATE

INDUSTRY OUTLOOK

The two shocks of COVID-19 and oil price collapse are intertwined

ECONOMIC

- COVID prevention lower measures lead to restricted movement and lower economic activities
- IMF expects global growth to contract by **4.4%** 2020; and a long, uneven and uncertain ascent in 2021 onwards

OIL & GAS INDUSTRY

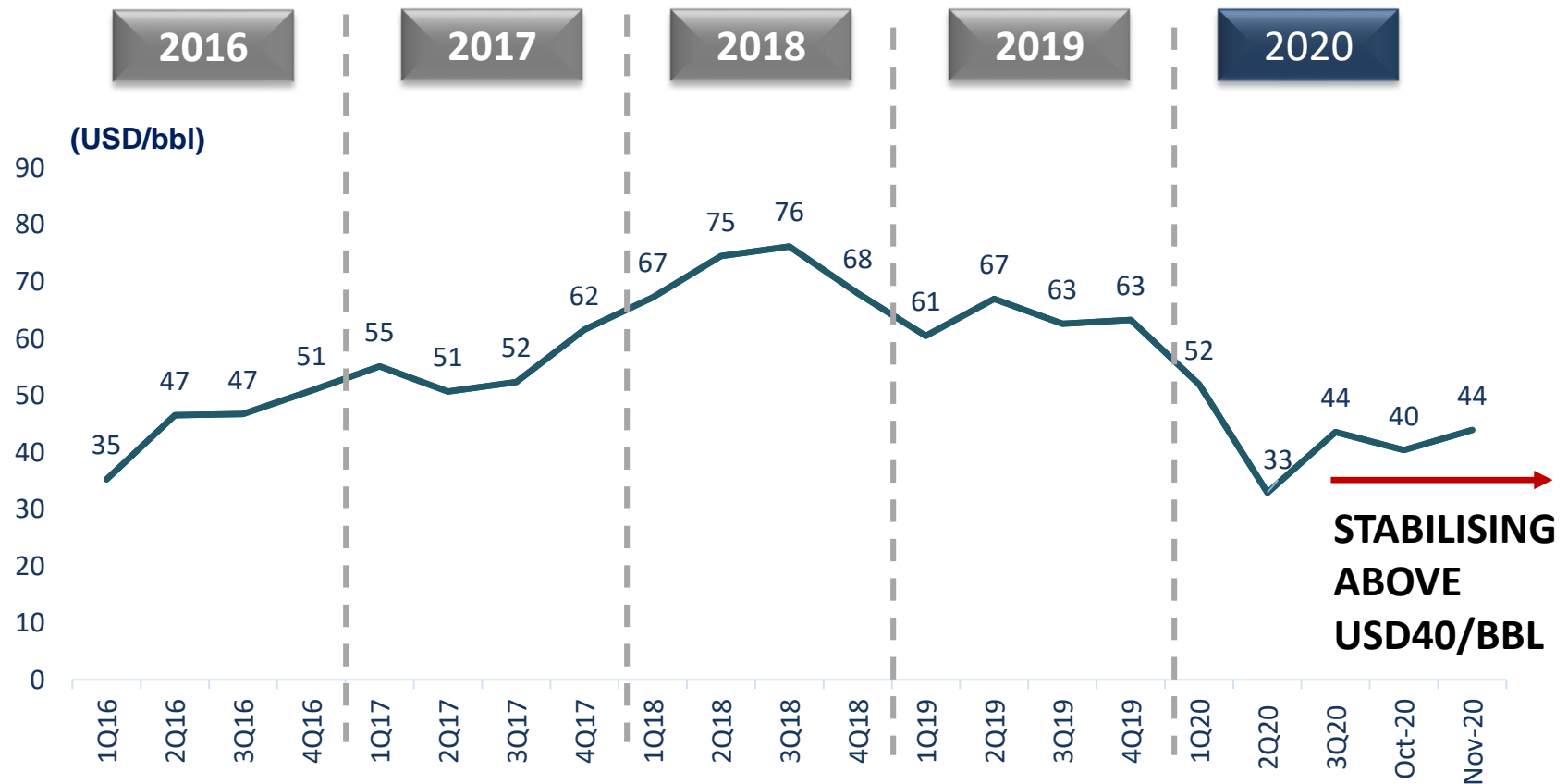
- EIA forecasts global oil demand expected to fall by **~8.6 mil** bbl/day in 2020
- Production cuts led by OPEC+ reducing their surplus capacity to 7.7 mil bpd
- Recovery in demand expected to reduce inventories in 2H 2020

DRILLING RIG OUTLOOK

- IEA expects Global Upstream E&P Investments to drop by **35%** in 2020
- Global jack-up demand expected to drop to **327 rigs** in 2021 from 380 rigs in early 2020
- Utilisation and daily charter rates continue to be under pressure

Downside risk of further disruptions due to lockdowns balanced with prospects of developing a vaccine and recovering oil demand

OIL PRICE MOVEMENT - BRENT



**ALTHOUGH OIL PRICES ARE STILL ~30% LOWER THAN 2019 LEVELS,
IT HAS BEEN STABILISING ABOVE USD40/BBL FOR THE PAST SIX MONTHS;**

DRILLING RIGS OUTLOOK - SUPPLY



minus



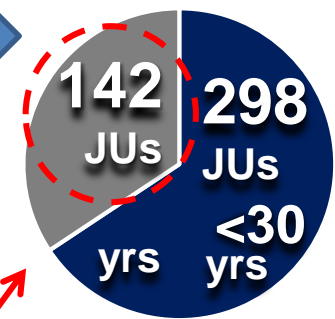
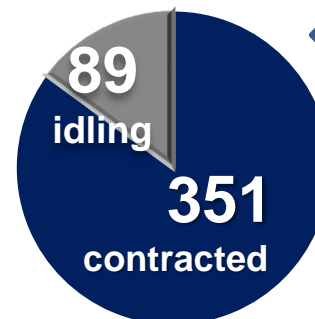
Jack-up Rigs Available
for Contract

440

Lesser rigs available
in the future

Potential Rigs Coming Out From The Yard	Total
Total	41

Source: IHS Petrodata October 2020



Potential to be Retired

DRILLING RIGS OUTLOOK - DEMAND

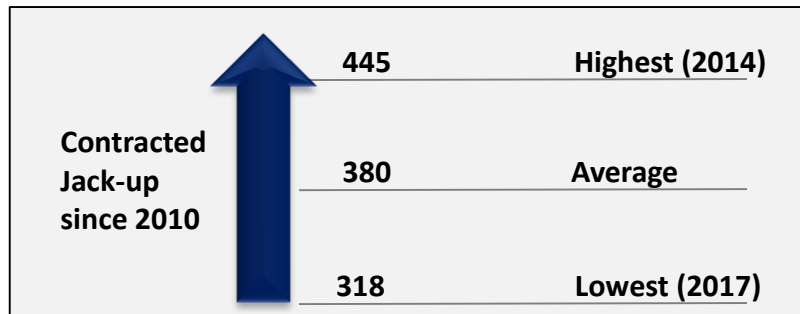
WORLDWIDE JACK-UP DEMAND

REGION	2020A Information as at July	2021F
Southeast Asia (Excl. Malaysia)	27	28
Malaysia	8	11
Middle East / India	165	144
Others	151	144
TOTAL	351	327

TOTAL JU DEMAND



Source: IHS World Rig Forecast: Short Term Trends October 2020



Utilisation in Malaysia

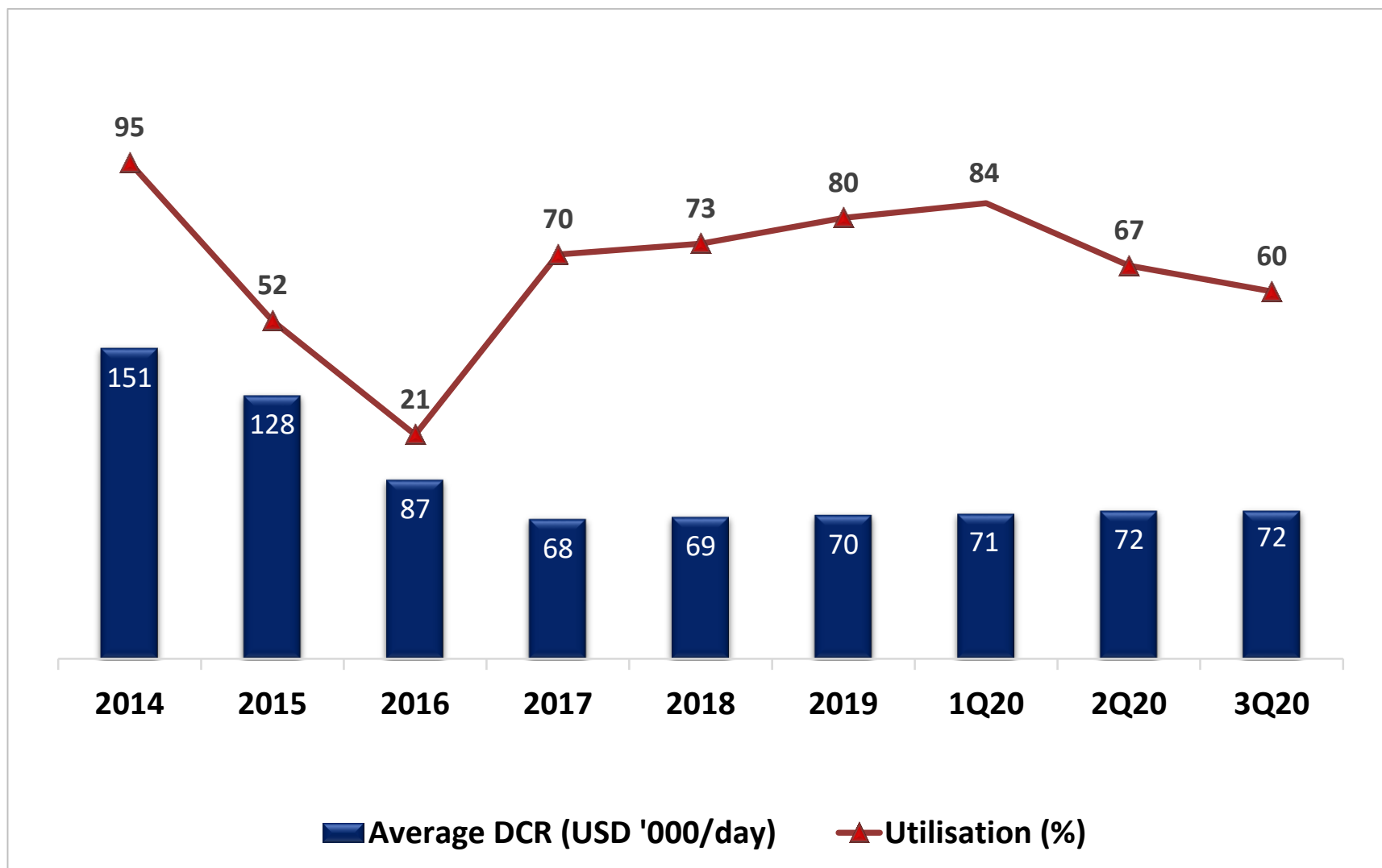
Total Rig in Malaysia	14
Working	8
Average Contracted Rig Utilisation	57%

Source: IHS Petrodata October 2020

An aerial photograph of two large offshore oil rigs, likely jack-up rigs, positioned side-by-side in the ocean. The rigs have red hulls and complex blue and red steel structures. The rig on the left features a green helipad with a yellow 'H' on its deck. The background shows a calm sea under a clear sky with a warm, golden glow from the setting or rising sun. The text 'COMPANY OUTLOOK' is superimposed in large white letters across the center of the image.

COMPANY OUTLOOK

RIG UTILISATION AND AVERAGE DAILY CHARTER RATE



LATEST ORDER BOOK STATUS

Total Contract Value

RM 1.69 b
+
RM 0.90 b
(option)
=
RM 2.58 b

Remaining Order Book

RM 0.45 b
+
RM 0.20 b
(option)
=
RM 0.65 b

NAGA 2



PCSB

NAGA 3



IDLE

NAGA 4



MUBADALA

NAGA 5



IDLE

NAGA 6



PCSB

NAGA 7



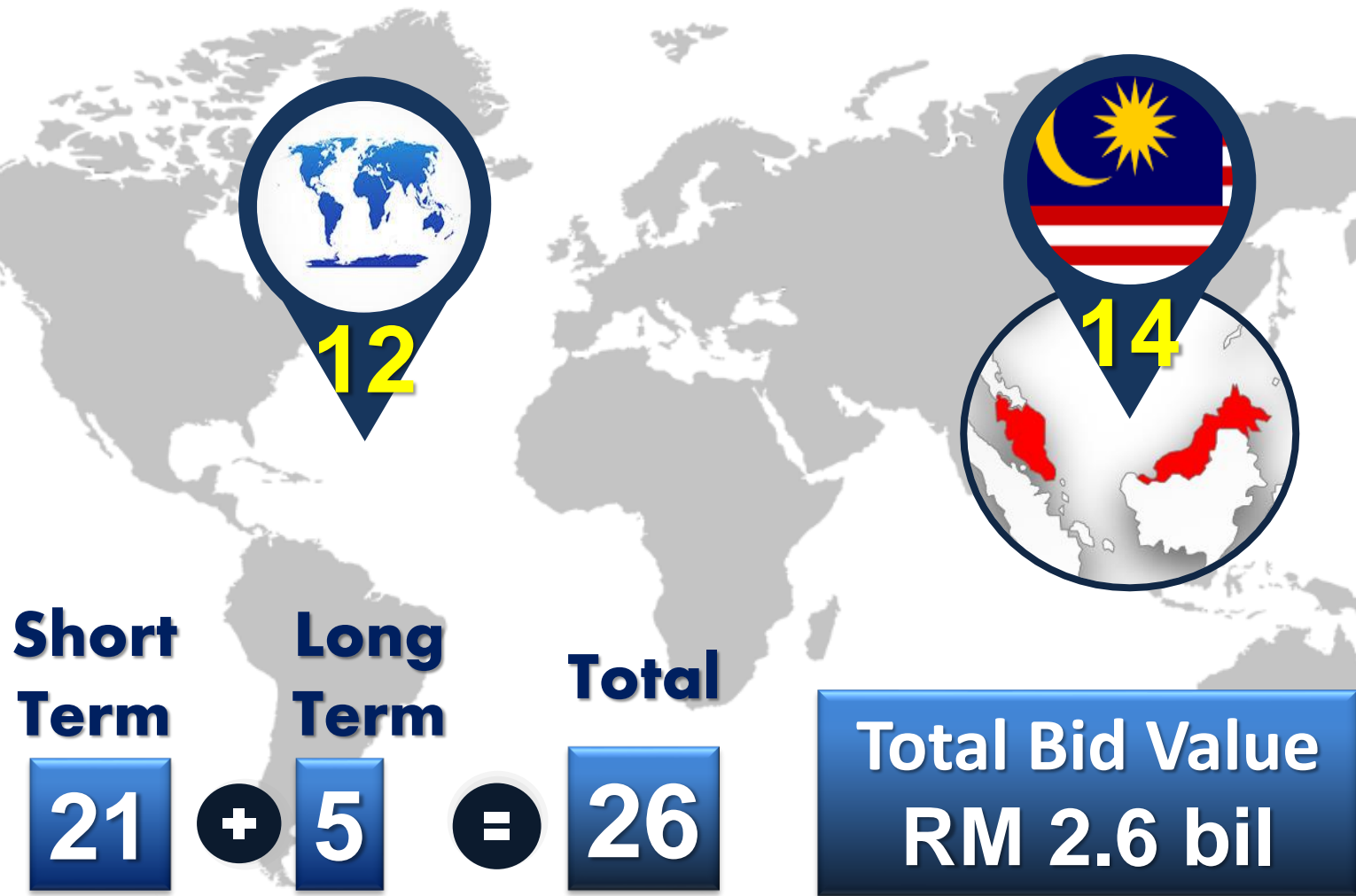
SHELL

NAGA 8



UWILD

CURRENT TENDER ACTIVITIES



As at 31 October 2020

MAJOR SHAREHOLDERS



57.2%

**Urusharta
Jamaah**

5.0%

**Public
Mutual**

1.6%

Vanguard

1.6%

OTHERS

32.6%



and PNB Funds

Manulife

1.1%

KWAP

0.9%

***Foreign
shareholding: 4.4%***

As at 12 November 2020

An aerial photograph of a large, complex offshore oil platform being towed by several tugboats across a deep blue sea. The platform is a multi-level structure with various equipment and pipes. Two long, dark, parallel lines, likely pipelines, stretch across the water's surface. The tugboats are positioned around the platform, with ropes visible connecting them to the structure. The water is a deep blue with some whitecaps.

FINANCIALS

3Q 2020 KEY FINANCIAL HIGHLIGHTS

AVERAGE UTILISATION

60%

2Q20 : 67%
3Q19 : 92%

AVERAGE DAY RATE

USD72k

2Q20 : 72k
3Q19 : 70k

OPERATIONAL EFFICIENCY

96%

2Q20 : 99%
3Q19 : 98%

REVENUE

RM131m

2Q20 : 141m
3Q19 : 209m

EBITDA

RM68m

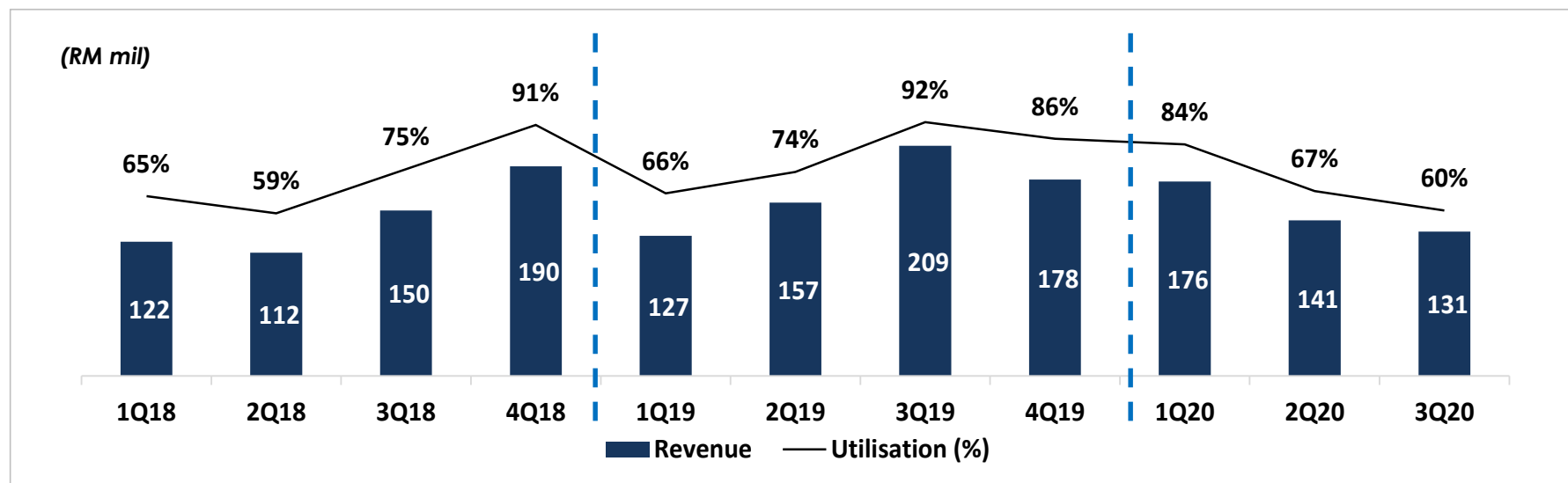
2Q20 : 62m
3Q19 : 109m

PAT/(LAT)

RM0.5m

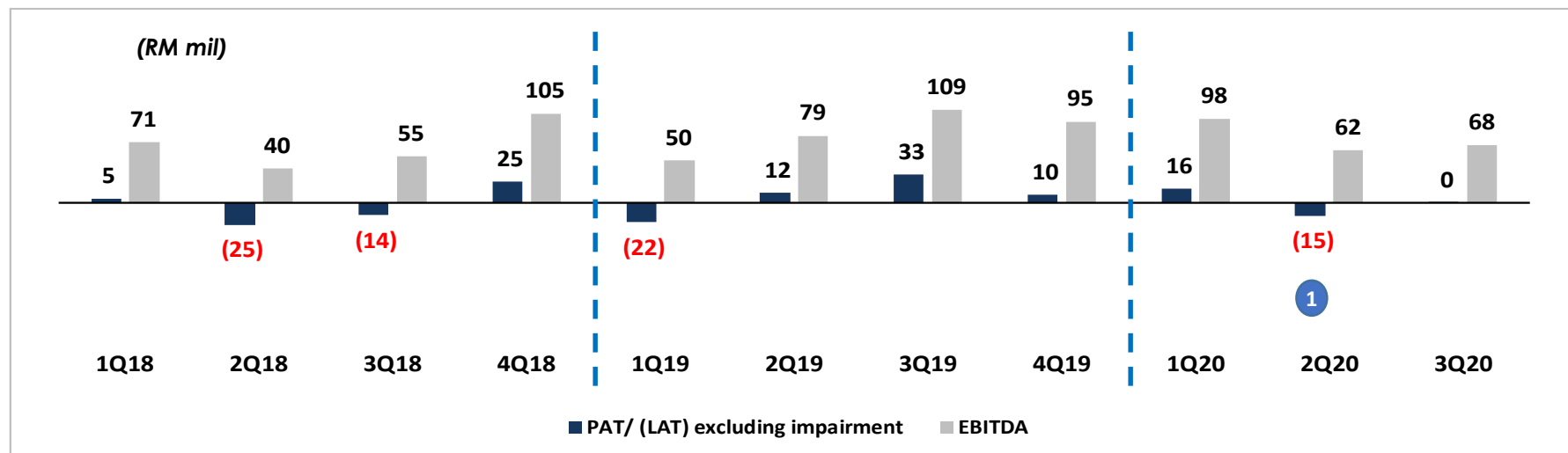
2Q20 : (15m)
3Q19 : 33m

EVOLUTION OF PERFORMANCE



DCR
(USD 'k)

68	68	70	68	69	71	70	71	71	72	72
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1 Includes (i) FOREX losses of RM8.4 mil and (ii) COVID-related expenses RM10.9 mil

RENEWED FOCUS ON COST SAVINGS

TARGETING RM20M COST SAVINGS FOR FY2020

RM mil

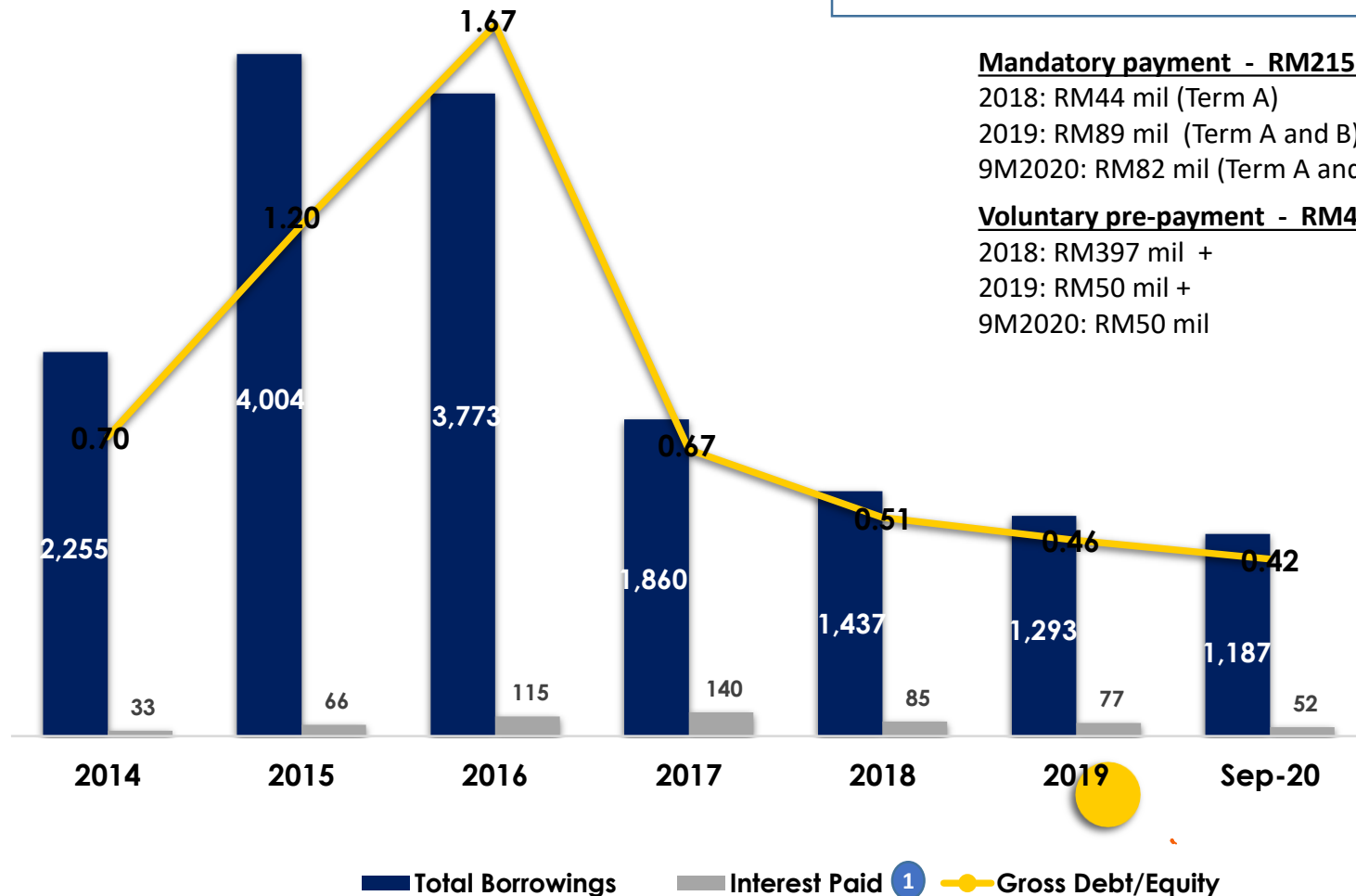


Major Drivers

1. Procurement
2. Repair & Maintenance
3. Idle Rig Management
4. Personnel Costs
5. Early Loan Repayment

MAINTAINING LOW DEBT/ EQUITY RATIO

RM mil



Cash & cash equivalents	RM219 mil
Short-term placements	RM227 mil
Total	RM445 mil

Mandatory payment - RM215 mil

2018: RM44 mil (Term A)

2019: RM89 mil (Term A and B)

9M2020: RM82 mil (Term A and B)

Voluntary pre-payment - RM497 mil

2018: RM397 mil +

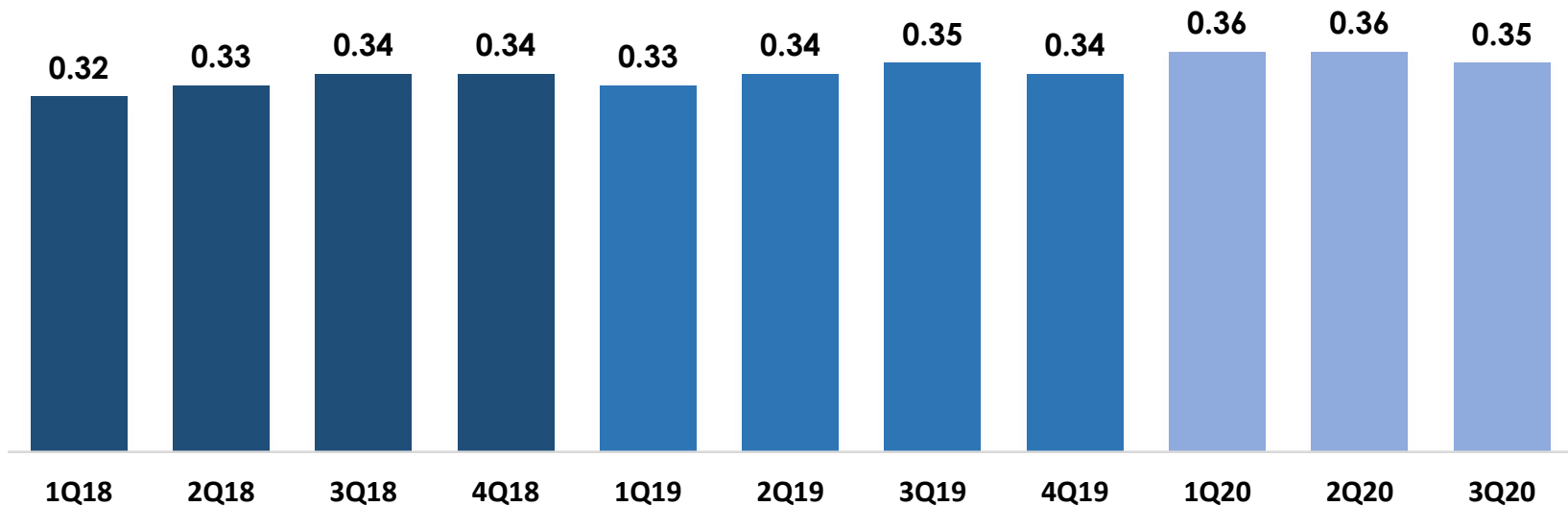
2019: RM50 mil +

9M2020: RM50 mil

¹ Average interest rates (i) December 2019: 5.2% (ii) September 2019: 3.6%

Private & Confidential

NET ASSET PER SHARE



Share Price
26/11/2020

RM 0.135

Market Capitalisation
26/11/2020

RM 1.11 billion

KEY FINANCIAL RATIOS

Financial Ratios	2014	2015	2016	2017	2018	2019	YTD Sept 2020
Utilisation (%)	95	52	21	70	73	80	68
Average Daily Charter Rate (USD' 000)	151	128	87	68	69	70	72
Revenue (RM mil)	1,015	840	321	587	574	671	448
Revenue growth (%)	37.6	(17.2)	(61.8)	82.9	(2.2)	16.9	(9.1) ¹
EBITDA margin (%)	43.7	36.8	2.9	42.4	47.1	49.2	51.3
PAT/ (LAT) margin excluding impairment (%)	25.0	(2.5)	(125.3)	(25.1)	(1.6)	4.9	0.3
Earnings/ (Loss) per share attributable to equity holders of the Company (sen)	11.66	-17.08	-54.46	-36.79	-0.24	0.40	0.02
Total borrowings (RM mil)	2,254	4,004	3,773	1,860	1,437	1,293	1,187
Gross debt to equity ratio	0.70	1.20	1.67	0.67	0.51	0.46	0.42
Net debt to equity ratio	0.34	0.91	1.42	0.43	0.37	0.33	0.26
EBITDA / Interest (x)	17.0	4.8	0.1	1.8	3.2	4.1	4.5

¹ Compared with 9M 2019

SUSTAINABILITY HIGHLIGHTS



FTSE4Good

VELESTO ADDED TO THE FTSE4GOOD BURSA MALAYSIA INDEX IN JUNE 2019



Tier 1 (Setting the Pace)
for Sustainability disclosures
by BURSA Malaysia



Top 25% by ESG Ratings
amongst PLCs in FBMKLCI assessed
by FTSE Russell



FTSE4Good

Included in
**FTSE4Good
Bursa Malaysia
Index**



**6 United Nations
Sustainability Development Goals** (“UN SDGs”)
adopted by VELESTO; UN SDG 3, UN SDG 4, UN SDG 5, UN
SDG 7, UN SDG 8, UN SDG 14

THEME SCORES

Pillars	June 2020 (out of 5)
Environment	2.3
Social	2.6
Governance	5.0
Aggregate	3.3

TFCD Recommended Disclosures

- Metrics and targets**
- Risk management**
- Strategy**
- Governance**

PROPOSED SHARE CAPITAL REDUCTION

Details of the Proposal

The reduction and cancellation of RM2.21 billion of the issued share capital of the Company and corresponding elimination accumulated losses, pursuant to Section 116 of the Companies Act, 2016 (“Act”).

Unaudited 31.12.2019 RM mil	Company Before	Company After	Group Before	Group After
Share Capital	4,055	1,845	4,055	1,845
Accumulated Profit/ (Losses) (*)	(2,172)	38	(2,146)	63
Other Reserves	291	291	893	893
Total Shareholders' Equity	2,174	2,174	2,802	2,802
Net Asset per share (sen)	0.26	0.26	0.34	0.34

(*) Assumption: After estimated expenses of RM250k



Progress Update – Completed

- | | |
|---|-------------|
| 1. Shareholders approval at 10 th AGM of VEB | 29 Jun 2020 |
| 2. Application to High Court | 25 Aug 2020 |
| 3. Obtained court order | 13 Oct 2020 |
| 4. Lodgement of order and completion of Proposal | 21 Oct 2020 |

COMPLETED

A wide-angle photograph of the ocean under a blue sky with scattered white clouds. In the distance, an offshore oil rig is visible on the horizon. In the lower-left foreground, a red and white support vessel is moving across the water, leaving a white wake. The text "MOVING FORWARD" is overlaid in large white letters in the center of the image.

MOVING FORWARD

CURRENT OUTLOOK

Potential economic recovery due to improved outlook for COVID-19 vaccine

Brent oil price has started to increase steadily since mid-November to around USD48/barrel

The oil price outlook is expected to be better in 2021

General market sentiment has recovered to pre-COVID levels

Oil majors are reevaluating their mid-term development plans based on the latest developments

WHAT ARE WE DOING

Continue to pursue contracts in the domestic market

Actively tender in regional and global markets

Continue to improve operational and financial efficiencies

Enhance cost cutting measures and prioritising expenses

Reevaluating CAPEX requirements due to potential higher activities

Developing new capabilities and expanding asset workscope

An aerial photograph of a large offshore oil rig, specifically a semi-submersible drilling rig, floating on the dark blue ocean. The rig has a complex structure with various platforms, including two prominent green helipads with yellow markings. The text "THANK YOU" is superimposed in large, white, sans-serif capital letters across the center of the image, partially obscuring the rig's structure.

THANK YOU