



**FINANCIAL RESULTS FOR THE QUARTER ENDED  
30 SEPTEMBER 2022**

30 November 2022

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# EXECUTIVE SUMMARY

## □ Industry Update

- The oil and gas outlook remains strong. The benchmark Brent oil price is expected to remain above USD80/bbl.
- Rig market conditions tightened further, Southeast Asia marketed utilization is 91%.
- Exploration Program in Malaysia is set to increase in 2023/4.
- JDA Gas development continues to have positive outlook.

## □ VELESTO Update

- Company continues its safe operation in 3Q 2022. Zero LTI YTD September 2022
- 3Q 2022 Utilization at 78% based on:
  - NAGA 2, 4, 5, 8 continuous operations.
  - NAGA 3 and NAGA 6 commenced operations for HLHV and PCSB respectively
- GAIT 5 commenced work for PCSB.
- GAIT 5 awarded P&A Integrated Services contract for Tembungo A and B in August
- NAGA 5 awarded i-RDC contract by Hess and commenced work in November

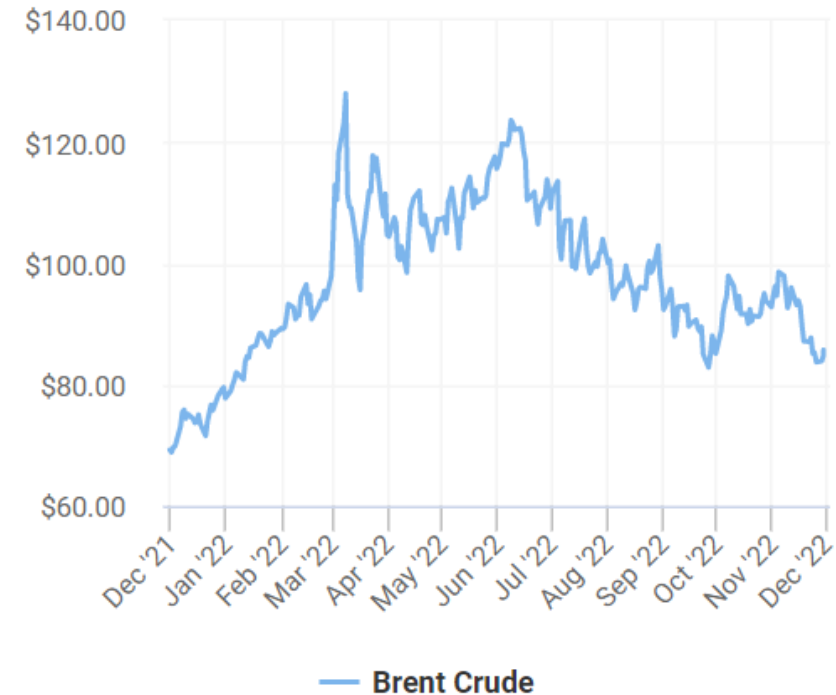
## □ Financial Update

- 3Q 2022 financial results returned to profit due to higher utilisation of jack-up rigs and hydraulic workover units.

# GLOBAL INDUSTRY HIGHLIGHTS

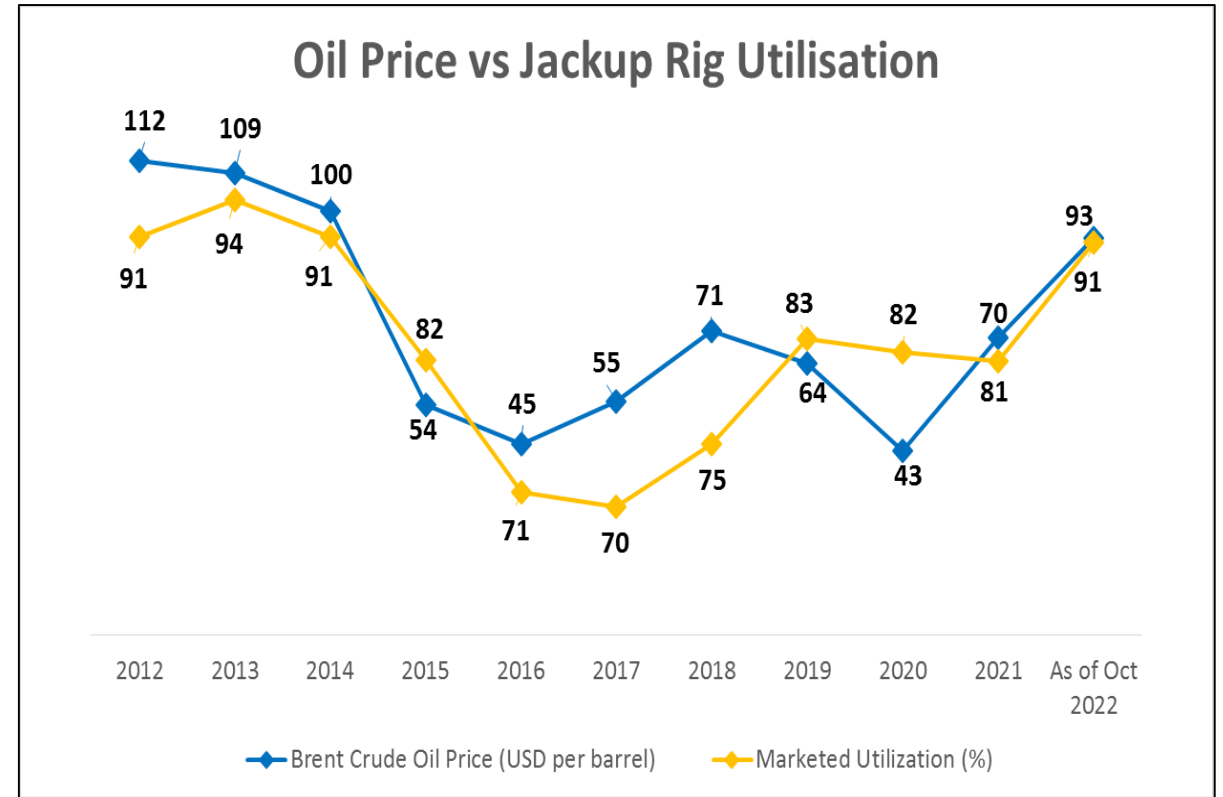
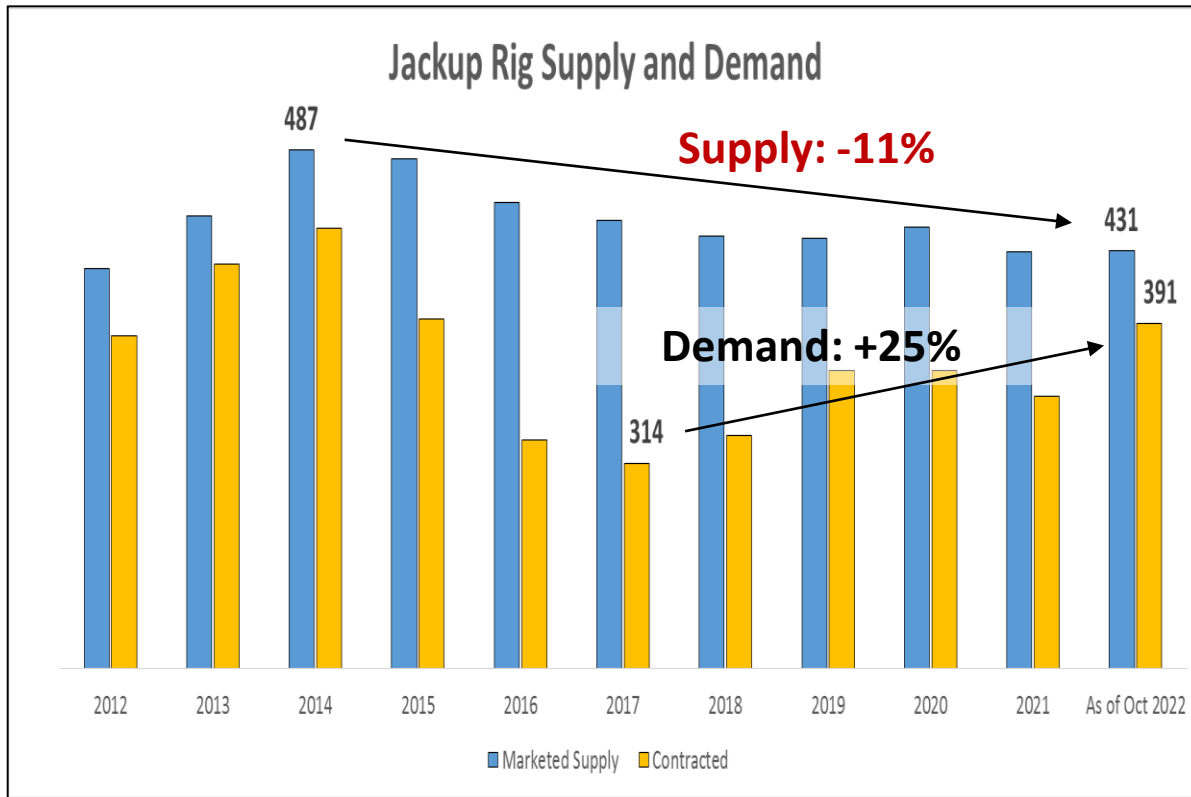
- The benchmark Brent oil price is expected to remain above USD80/bbl.
- IMF lowers 2023 global GDP growth projection to 2.7%.
- OPEC+ agreed to cut output by 2 mil bpd. Oil markets expected to remain tight.
- Latest drilling demand forecast for Malaysia increasing in 2023 and 2024
- Rig markets in Southeast Asia tighten, as rigs are mobilised to Middle East

## Brent Oil Price



Source: OilPrice

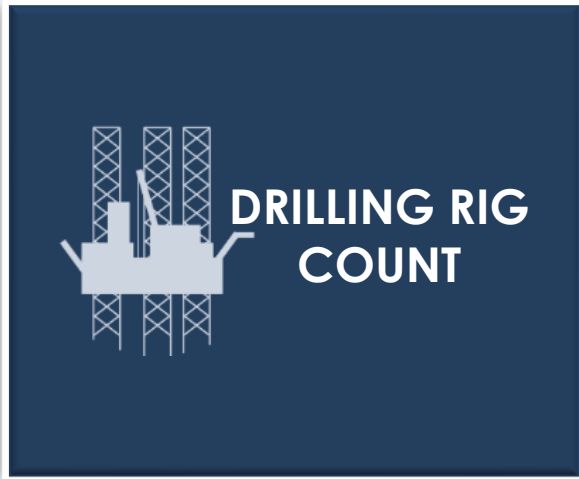
# GLOBAL JACK-UP DRILLING RIGS OUTLOOK



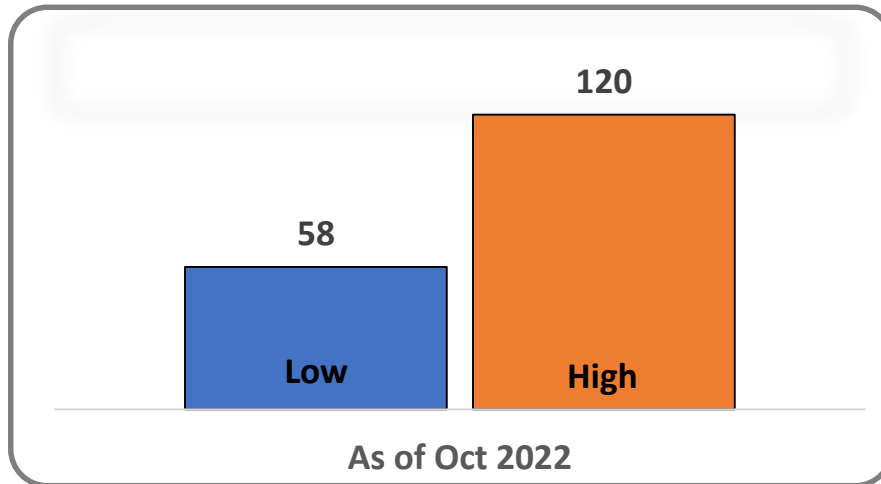
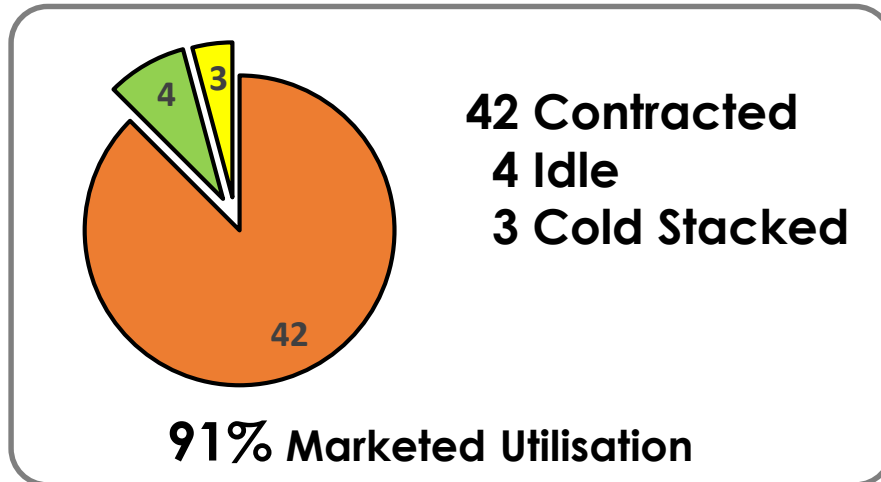
Source: IHS Petrodata October 2022

**RIG MARKET CONDITIONS ARE TIGHTENING  
AND IS BEING REFLECTED IN MARKETED UTILISATION AND LATEST FIXTURE RATES**

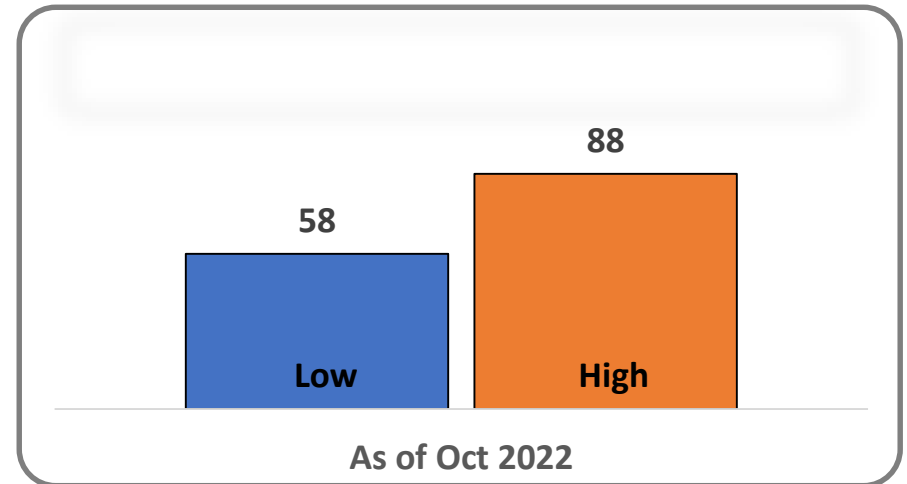
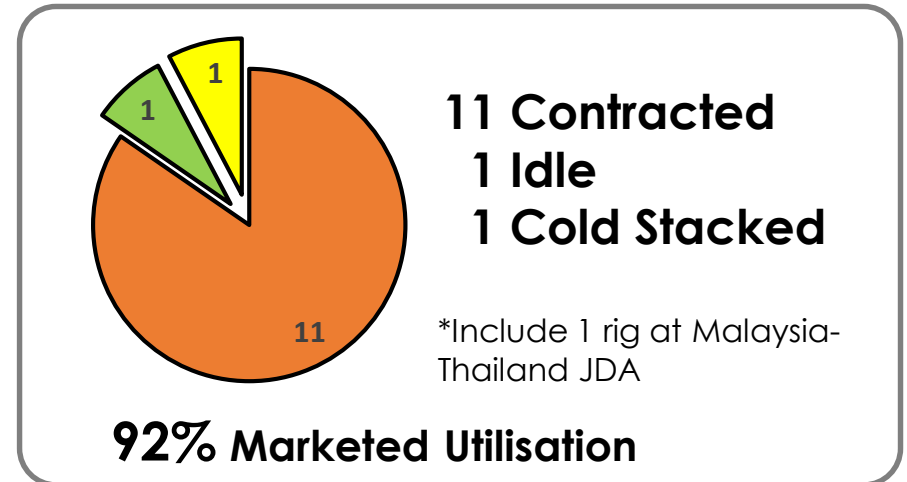
# REGIONAL JACK-UP DRILLING RIG OUTLOOK



## SOUTHEAST ASIA

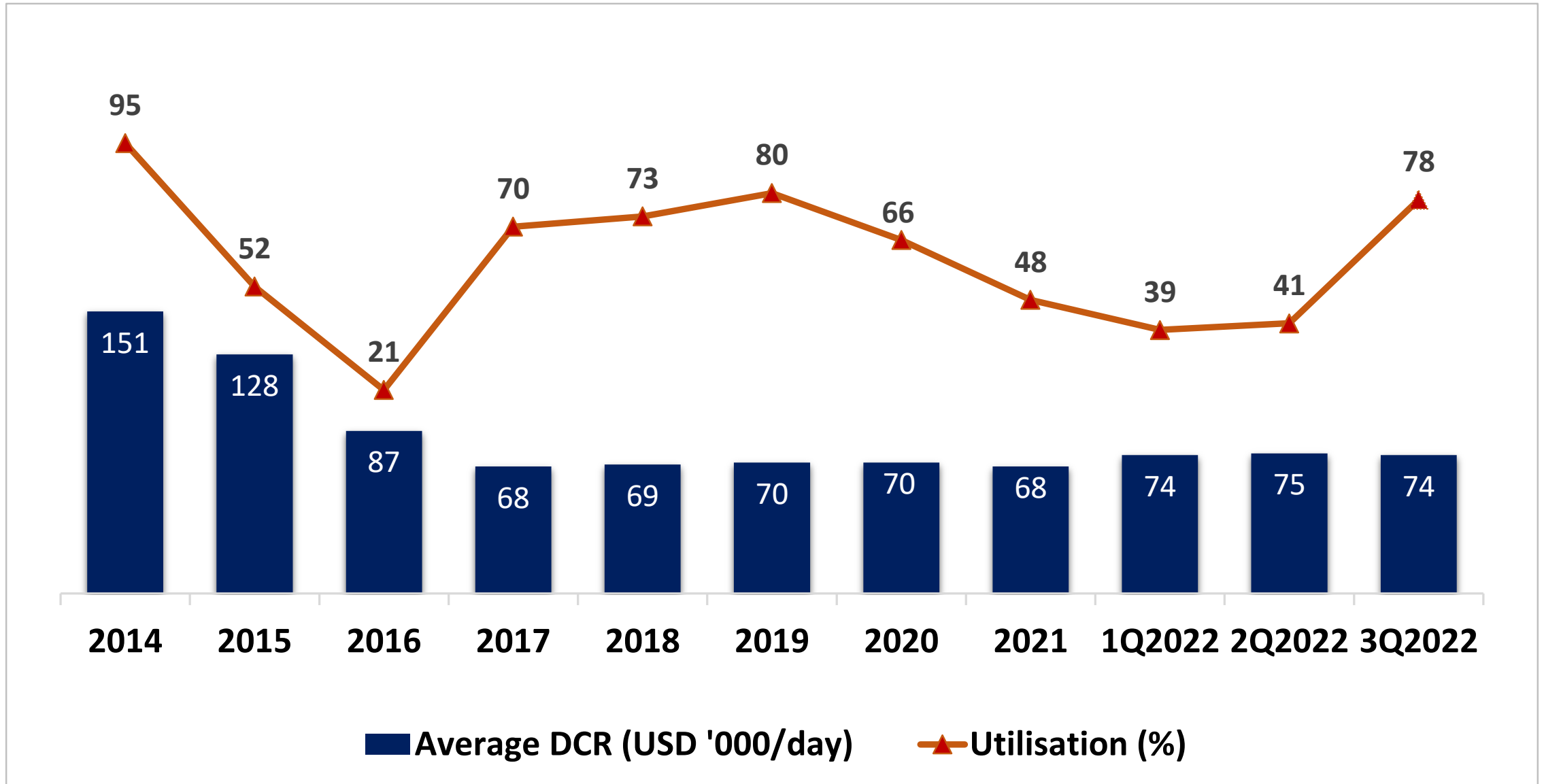


## MALAYSIA\*



Source : IHS RigPoint October 2022, Velesto Analysis

# RIG UTILISATION AND AVERAGE DAILY CHARTER RATE



## 3Q 2022 Operational Highlights

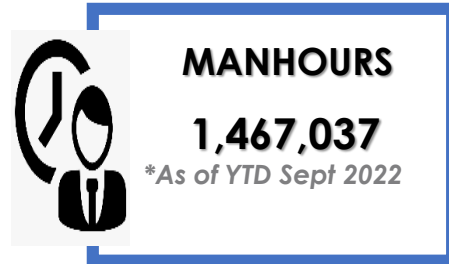
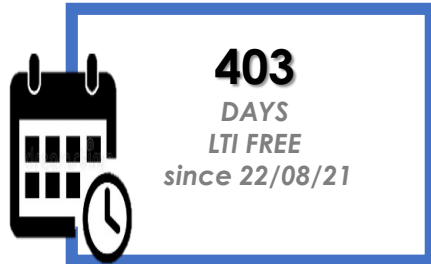
- 3Q 2022 Rig Utilization at 78% based on:
  - NAGA 2, NAGA 4, NAGA 5 and NAGA 8 continuous operations.
  - NAGA 3 and NAGA 6 commenced operations for HLHV and PCSB respectively in 3Q2022
- Operational efficiency in 3Q 2022 improved to 98%
- 3Q HWU Utilisation at 18% based on:
  - GAIT 5 and GAIT 6 started work for PCSB and ExxonMobil respectively





# SAFETY HIGHLIGHTS

## 3Q 2022 Safety Performance



## Awards



- MSOSH Gold Class 1 Category Award (2<sup>nd</sup> consecutive year)

## 3Q 2022 Safety Activities

### Physical Activities:

- Management rig visits
- Supply Base visits

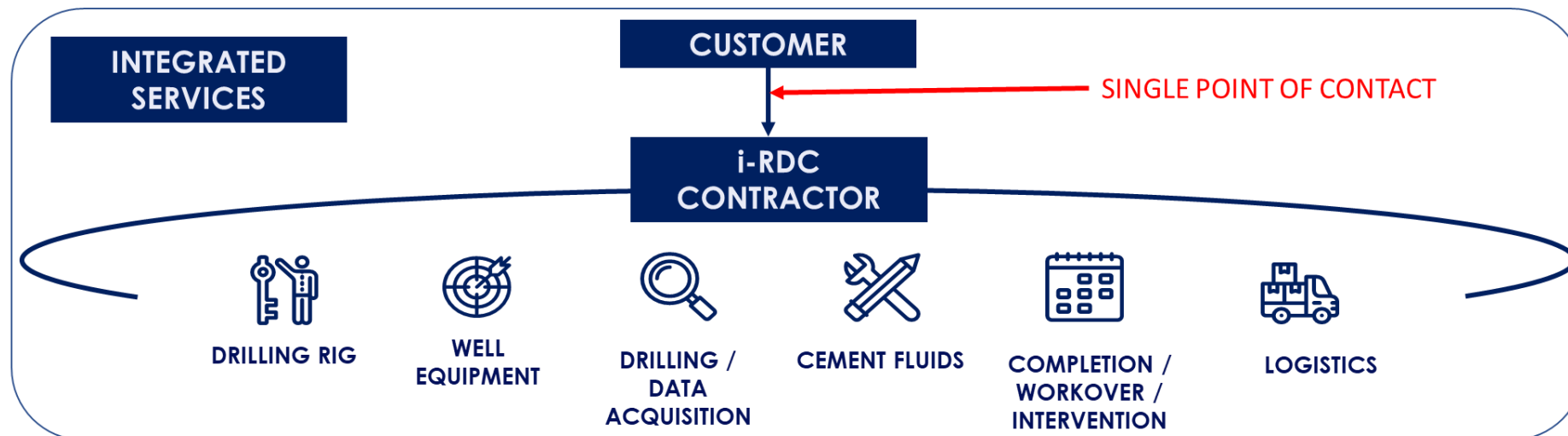
### Training / Communication

- HSE induction for crew
- Emergency Response Team Briefing at KL HQ
- Behavior in Focus Campaign
- Plan Brief Execute Debrief Training by HSE Coach
- Safety Leadership Workshop with ExxonMobil
- Q3 Wells HSE Business Partner Meeting

### HSE Engagement

- Q3 HSE Committee Meeting
- Bi-monthly HSE Operations Meeting
- QHSE Advisor and Medic Engagement
- Safety Stand-down in August
- IMS Process Internal Audit

# INTEGRATED RIG DRILLING & COMPLETION



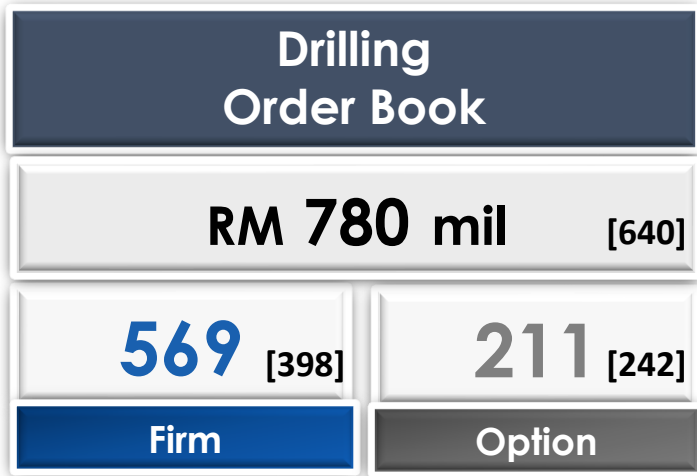
**Integrated Rig Drilling & Completion** (i-RDC) is a concept in which integration of all services, equipment and in some cases procurement of materials for drilling & completion services are covered under a single contract between the operator or oil company, as owner of the project, and one service company or i-RDC contractor.

- **To optimize project results - best performance in well delivery with the highest safety standards**
  - **Improve Drilling efficiency, lower total cost of Drilling for client**
  - **Mutually beneficial to ALL partners**

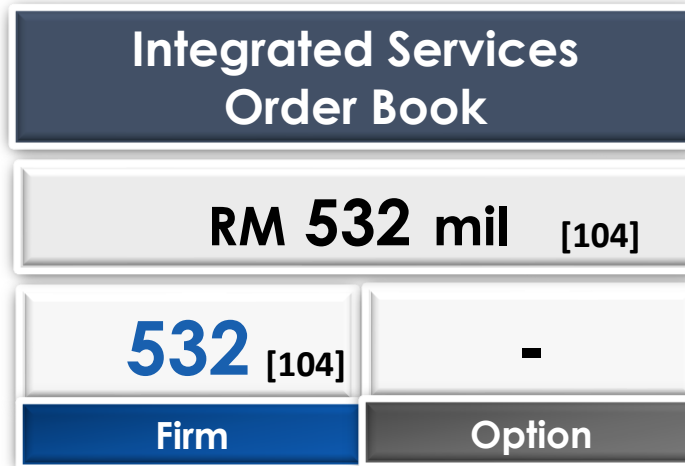
## **Terms and Conditions:**

- Contractor responsible for performance risk. Client responsible for wells risk
- Pricing per well is on a fixed price fixed scope basis with an upside for any out of scope items
- Project execution managed by i-RDC contractor along with shared management with the client
- Potential upside from early completion of project

# LATEST ORDER BOOK STATUS



Note: Including drilling services for i-RDC



Note: Including non-drilling services for i-RDC



As at 31 Oct 2022

## CURRENT CLIENTS

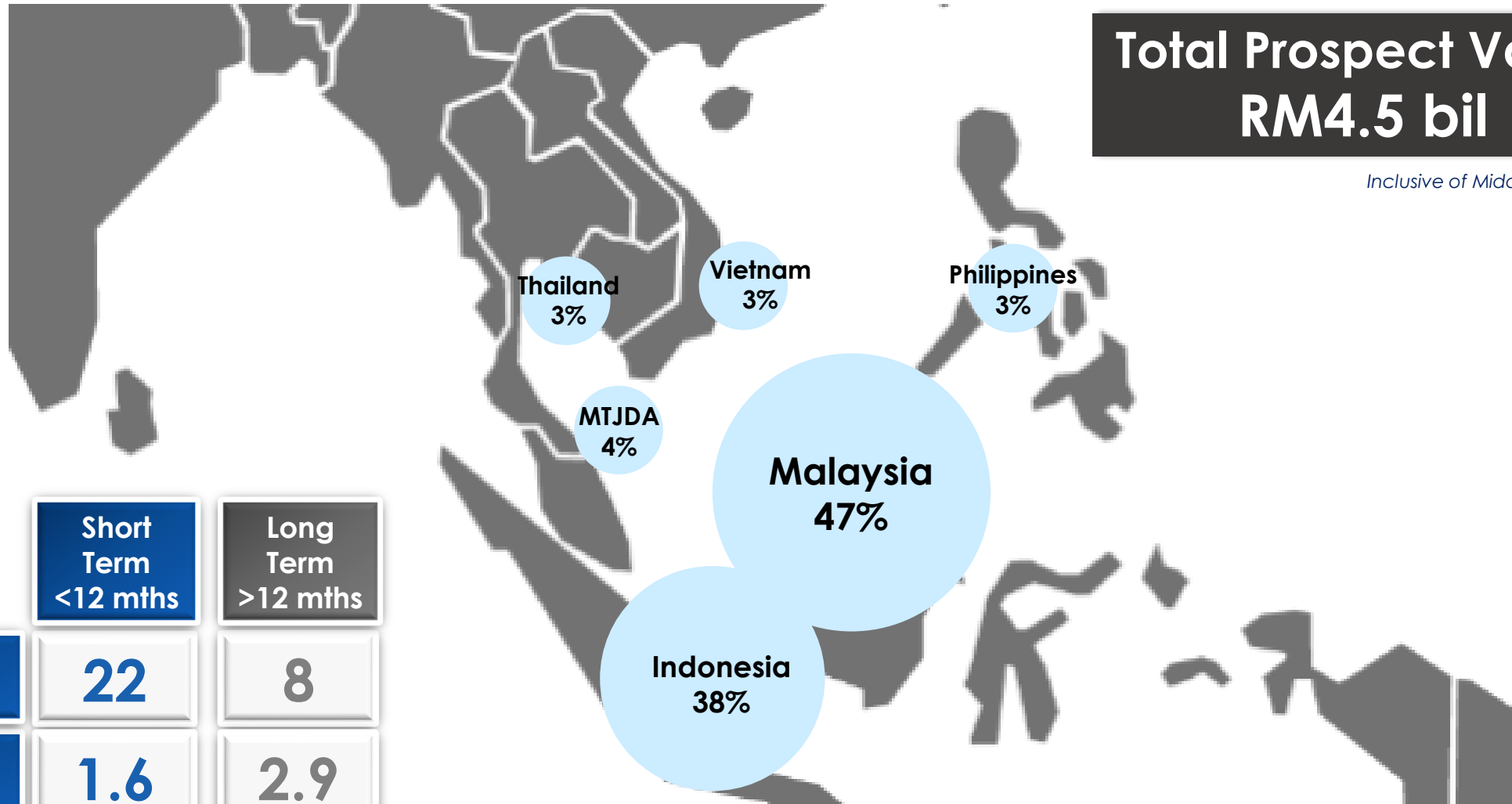


# CURRENT TENDER ACTIVITIES

**Total Prospect Value  
RM4.5 bil**

[3.0]

*Inclusive of Middle East – 2%*



	Short Term <12 mths	Long Term >12 mths
No. of Tenders	22	8
Value (RM bil)	1.6	2.9

As at October 2022

# 3Q 2022 KEY FINANCIAL HIGHLIGHTS

AVERAGE  
UTILISATION

**78%**

2Q22 : 41% / 3Q21 : 51%

AVERAGE  
DAY RATE

**USD74k**

2Q22 : 75k / 3Q21 : 74k

OPERATIONAL  
EFFICIENCY

**98%**

2Q22 : 92% / 3Q21 : 97%

REVENUE

**RM174m**

2Q22 : 87m / 3Q21 : 92m

EBITDA

**RM58m**

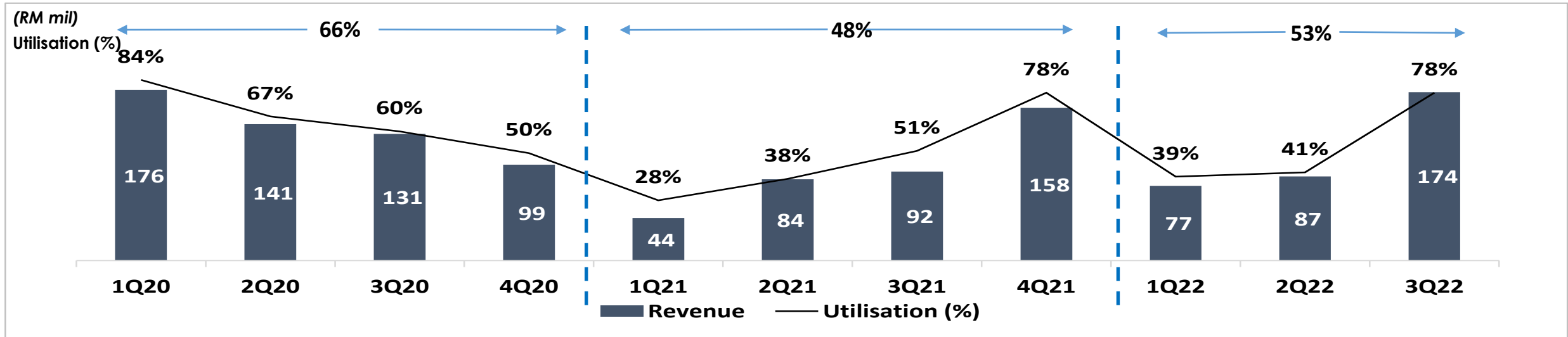
2Q22 : 2m / 3Q21 : (1m)

PAT/(LAT)

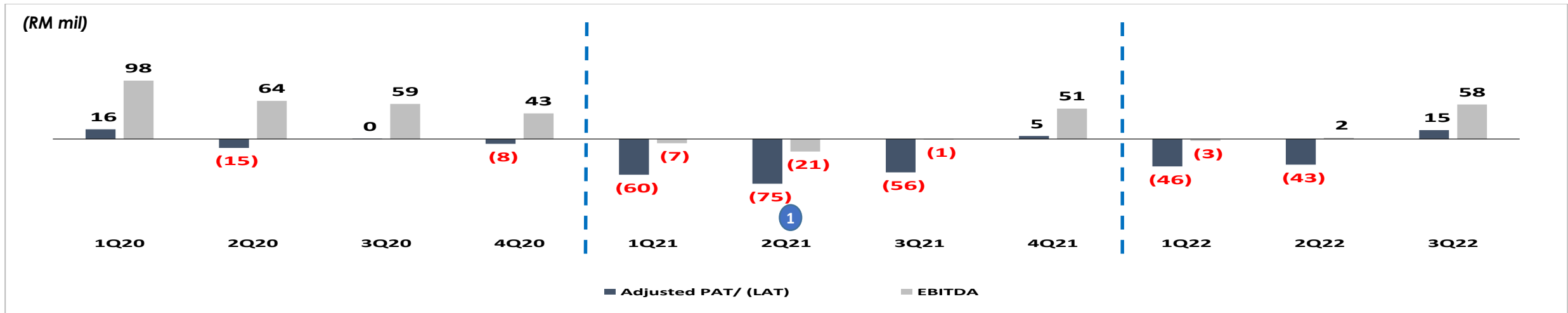
**RM15m**

2Q22 : (43m) / 3Q21 : (56m)

# EVOLUTION OF PERFORMANCE - QUARTERLY



DCR (USD 'k)	71	72	72	66	53	76	74	74	74	75	74
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<sup>1</sup> Excluding write-off of assets, insurance claim for claims for NAGA 7



FTSE4Good

**FTSE4GOOD ESG  
Score increased to  
3.3 (June 2022)**



**Maintained 4-stars (top  
quartile) ESG rating by Bursa  
Malaysia and FTSE4GOOD**

## Environment

Installed high-output solar-powered LED floodlights to reduce electricity consumption at Labuan warehouse

Change to LED lighting for office and rigs



## Social

Smarts Cool 5.0 CSR in collaboration with State Education of Miri:

- Teaching & Learning Maths and Science Dual Language Programme (DLP); and
- Outreach Programme for two (2) Sekolah Kurang Murid



## Governance

MSWG-ASEAN Corporate Governance Award 2021

- Industry Excellence Award for CG Disclosure – Energy
- Second consecutive win after being awarded in the same category last year



## SUMMARY

- Higher **Utilization of 78%** in 3Q 2022, financial performance recorded an **EBITDA of RM58 mil** and **Profit after Tax of RM15 mil**
- Robust industry outlook and drilling activities in Southeast Asia and Malaysia continue to increase.
- NAGA 5 awarded **i-RDC contract** by Hess and has commenced work in November.
- Five rigs currently working and NAGA 2 is expected to start work in December.
- **Strong prospects** for securing more contracts into 2023 and 2024



**THANK YOU**

VELESTO ENERGY BERHAD