



FINANCIAL RESULTS FOR THE QUARTER ENDED 31 DECEMBER 2022

28 February 2023

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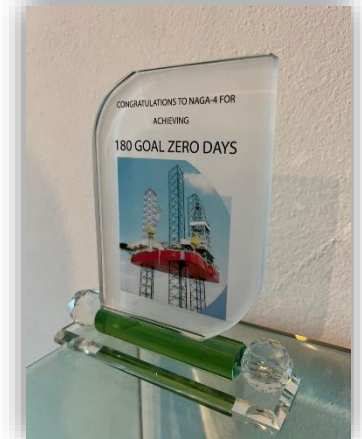
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EXECUTIVE SUMMARY

- The oil and gas outlook remains strong with Brent oil price to remain above USD80/bbl
- Rig Market remains tight. South East Asia Rig market utilization increasing to 93%
- Velesto 4Q 2022 Utilization reached 90%
- NAGA 5 has commenced work under i-RDC contract in November 2022
- N4 received HSE Recognition from SHELL (180 days Accident Free)
- 1 LTI recorded on N2 while at anchorage(off contract)
- 4Q 2022 recorded higher revenue of RM243 million but with RM26 million loss due to several one-off adjustments and HWU/IWS contract loss

Oil prices: Brent and WTI front month futures, USD/bbl



GLOBAL INDUSTRY HIGHLIGHTS

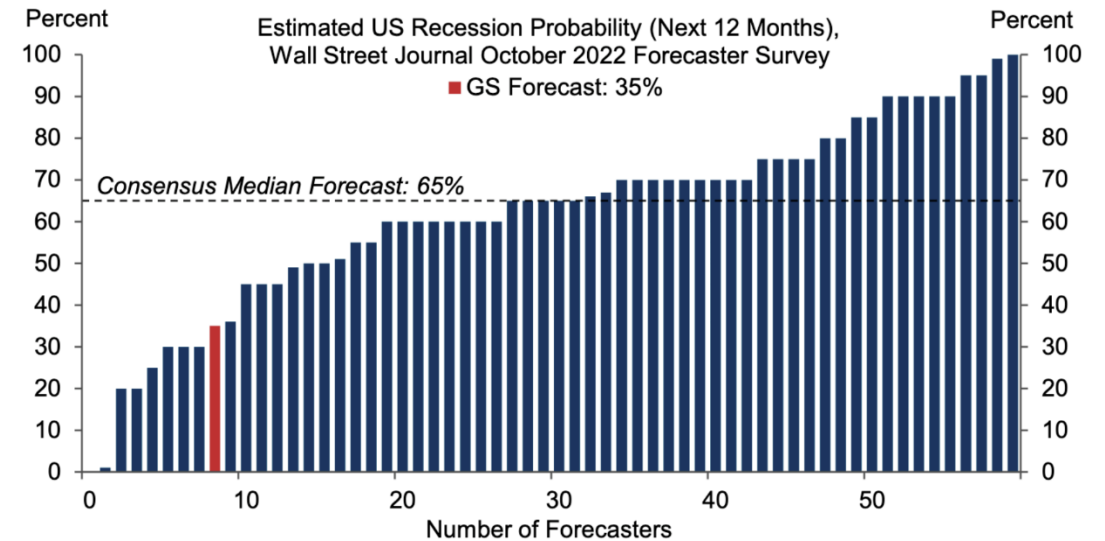
- Global economic growth prospects are recovering. IMF raised its 2023 global GDP growth projection to 2.9%.
- Oil markets expected to remain tight. EIA expects oil demand to increase to 102 mil bpd while on the supply-side, OPEC+ maintained its targets and Russia reduced its production.
- The benchmark Brent oil price is expected to remain above USD80-100/bbl. Upstream E&P CAPEX by oil majors is increasing.
- As such, jack-up rig marketed utilization continue to tighten further, with Southeast Asia marketed utilisation increasing to 93% and latest regional fixture rates rising.
- However, increasing inflation and interest rates remains a risk.

PRODUCTION

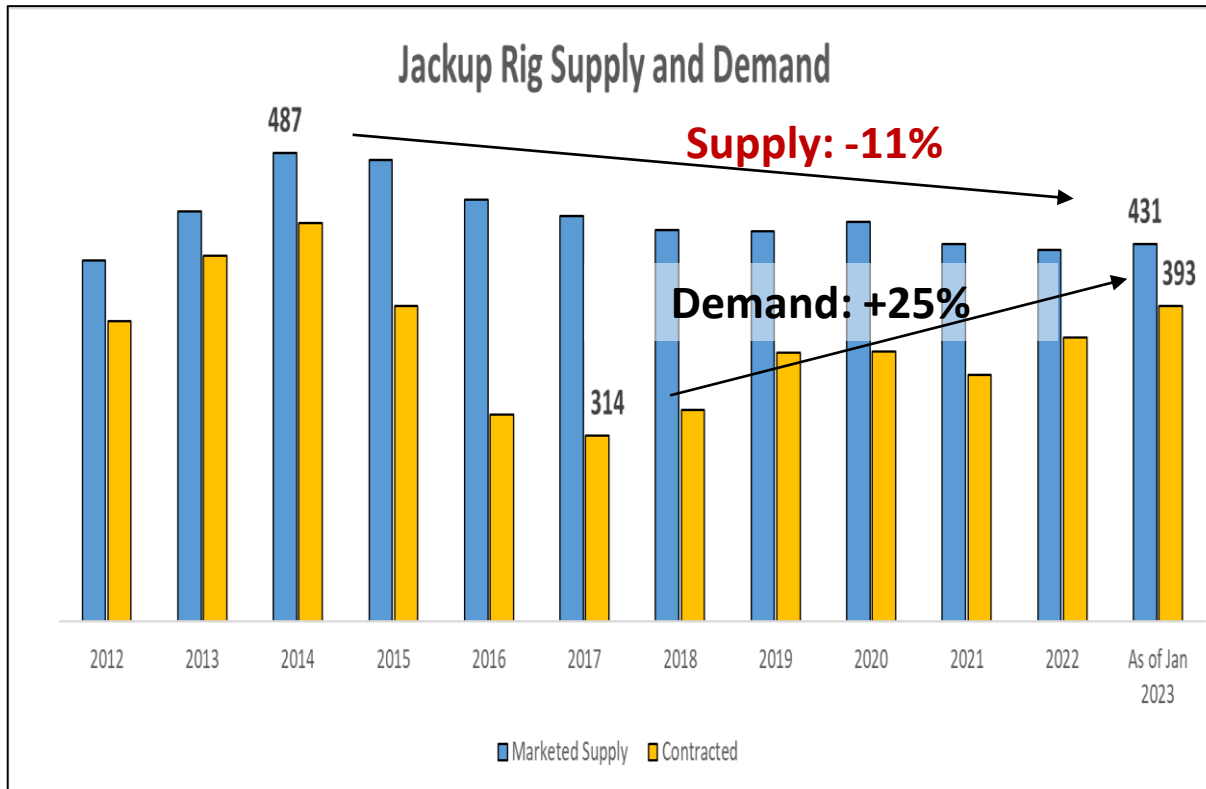
Hess details offshore investments for 2023

Hess is budgeting capex of \$3.7 billion this year for its E&P activities.

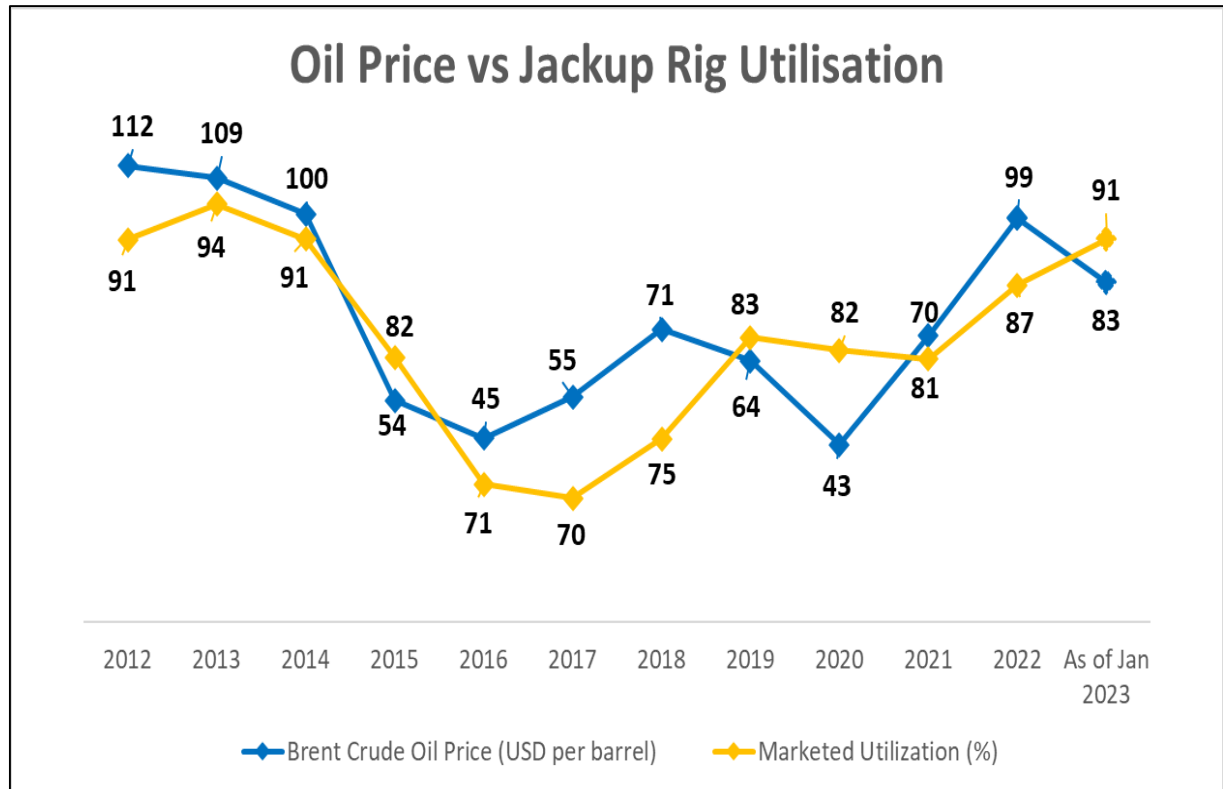
Jan. 26, 2023



GLOBAL JACK-UP DRILLING RIGS OUTLOOK



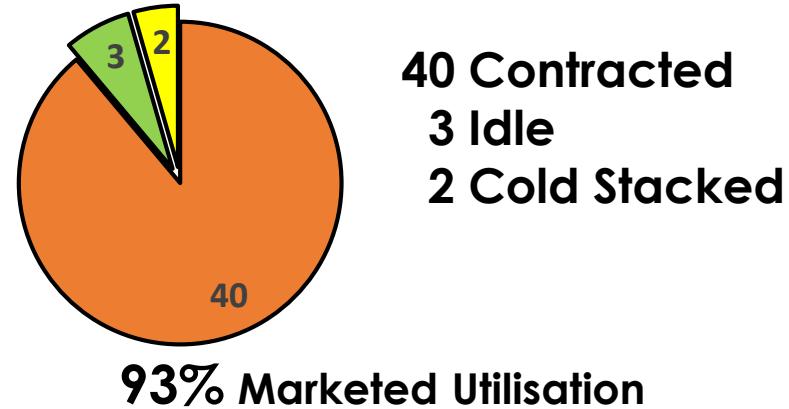
Source: IHS Petrodata January 2023



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

REGIONAL JACK-UP DRILLING RIG OUTLOOK

SOUTHEAST ASIA



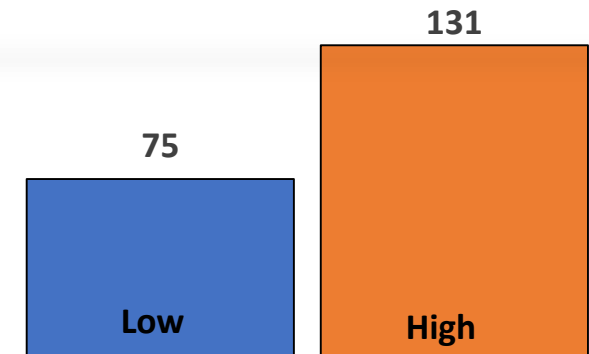
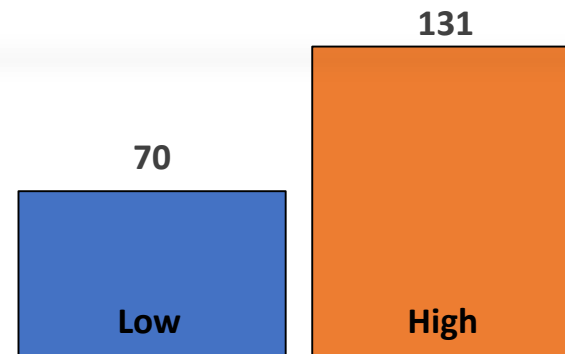
MALAYSIA*



DRILLING RIG COUNT

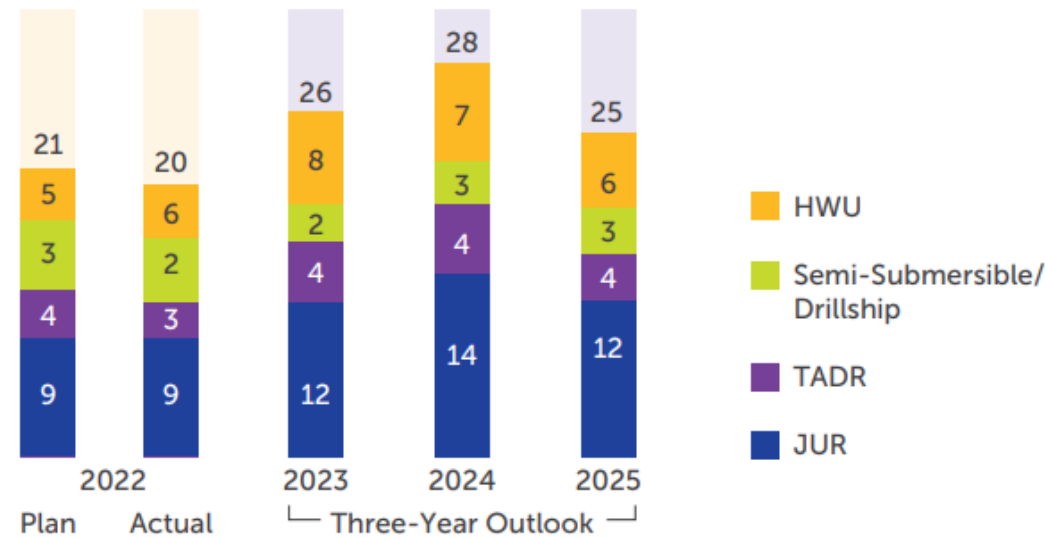


LATEST FIXTURE RATES (USD'000)



PETRONAS ACTIVITY OUTLOOK 2023-2025

Number of Rigs

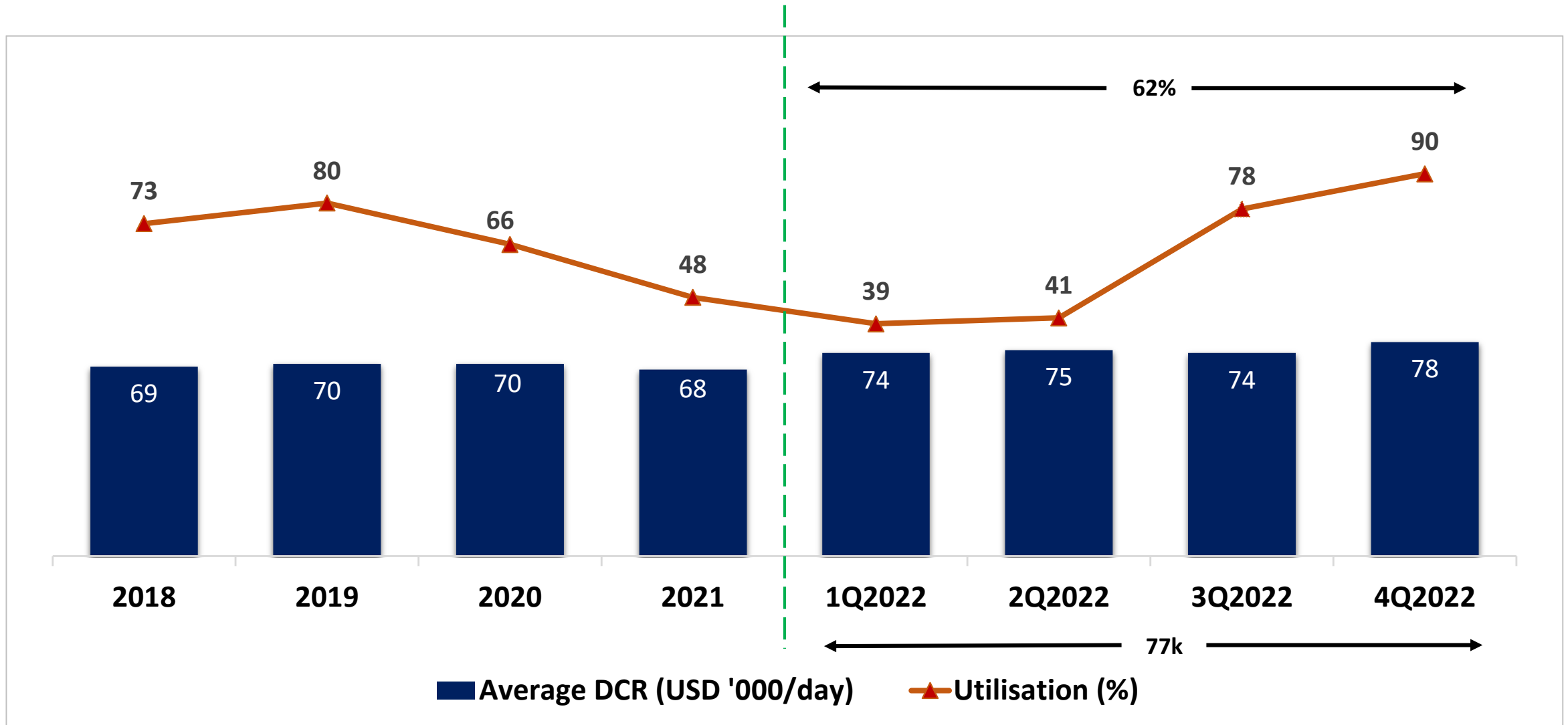


Outlook includes activities which may have been contracted out at the time of reporting

- Jackup Rig demand is on an upward trend for the next three years:
 - 2022 – 9;
 - 2023 – 12;
 - 2024 – 14;
 - 2025 – 12;

- Hydraulic Workover Unit demand is also on an increasing trend:
 - 2022: 6 (exceed planned)
 - 2023: 8
 - 2024: 7
 - 2025: 6

RIG UTILISATION AND AVERAGE DAILY CHARTER RATE



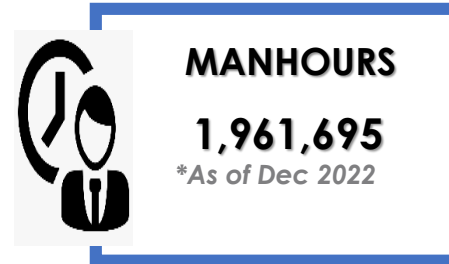
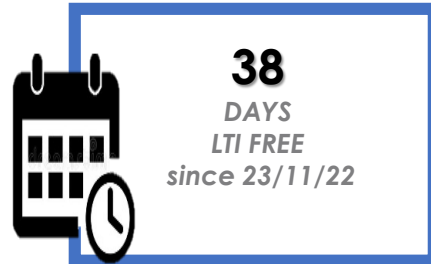
4Q 2022 Operational Highlights

- 4Q 2022 Rig Utilization at 90% based on:
 - NAGA 2 completed PCSB in November and recommenced work in February.
 - NAGA 5 commenced work under i-RDC contract in November.
 - NAGA 3, NAGA 4, NAGA 5, NAGA 6 and NAGA 8 continuous operations.
- Operational efficiency in 4Q 2022 maintained at 98%.
- 4Q 2022 HWU Utilisation at 27% based on:
 - GAIT 5 completing PCSB Bokor in October and commenced work for PCSB Tembungo in December.
 - GAIT 6 working for ExxonMobil.



SAFETY HIGHLIGHTS

4Q 2022 Safety Performance



Awards



- NAGA 4 received HSE Recognition from SHELL (180 days Accident Free)

As at December 2022

4Q 2022 Safety Activities

Physical Activities:

- Joint HSE Management Visit with EXXON – GAIT 6
- VELESTO HSE Management Visit – NAGA 2
- Joint HSE Management Visit with HESS – NAGA 8
- Joint HSE Management Visit with HESS – NAGA 5
- Major Simulation Drill



UPDATE ON VELESTO'S SUSTAINABILITY STRATEGY



FTSE4Good

**Maintained as
Bursa Malaysia FTSE4GOOD
Index Constituent**

Environment

Set Emissions Intensity Reduction targets:

- 10% by Operating Days
- 30% by Revenue

Focus on operationalizing Emissions Reduction target and building culture and capacity internally

Social

Continued focus on HSE, extending to our industry partners

Increasing wages above the minimum wage requirements

Governance

Anti-corruption initiatives rolled-out to supply chain

Drilling Ops:

2021

2022

Exclude N7

Operating Days

1,039

1,354

30%↑

Operating Emissions

33,135
tCO₂eq

41,469
tCO₂eq

22%↑

Emissions Intensity

31.89
tCO₂eq/
Ops day

29.89
tCO₂eq/
Ops day

6%↓

On-going Operational Initiatives

1. Daily Engine Load vs Rig Activity
2. Condition Based Monitoring to optimise engine efficiency
3. Optimise PMS (Power Management System) available on 3 rigs (Naga 4,5, and 8).

LATEST ORDER BOOK STATUS

Drilling Order Book	
RM 1,124 mil	
907	217
Firm	Option

Note: Including drilling services for i-RDC

Integrated Services Order Book	
RM 484 mil	
484	-
Firm	Option

Note: Including non-drilling services for i-RDC

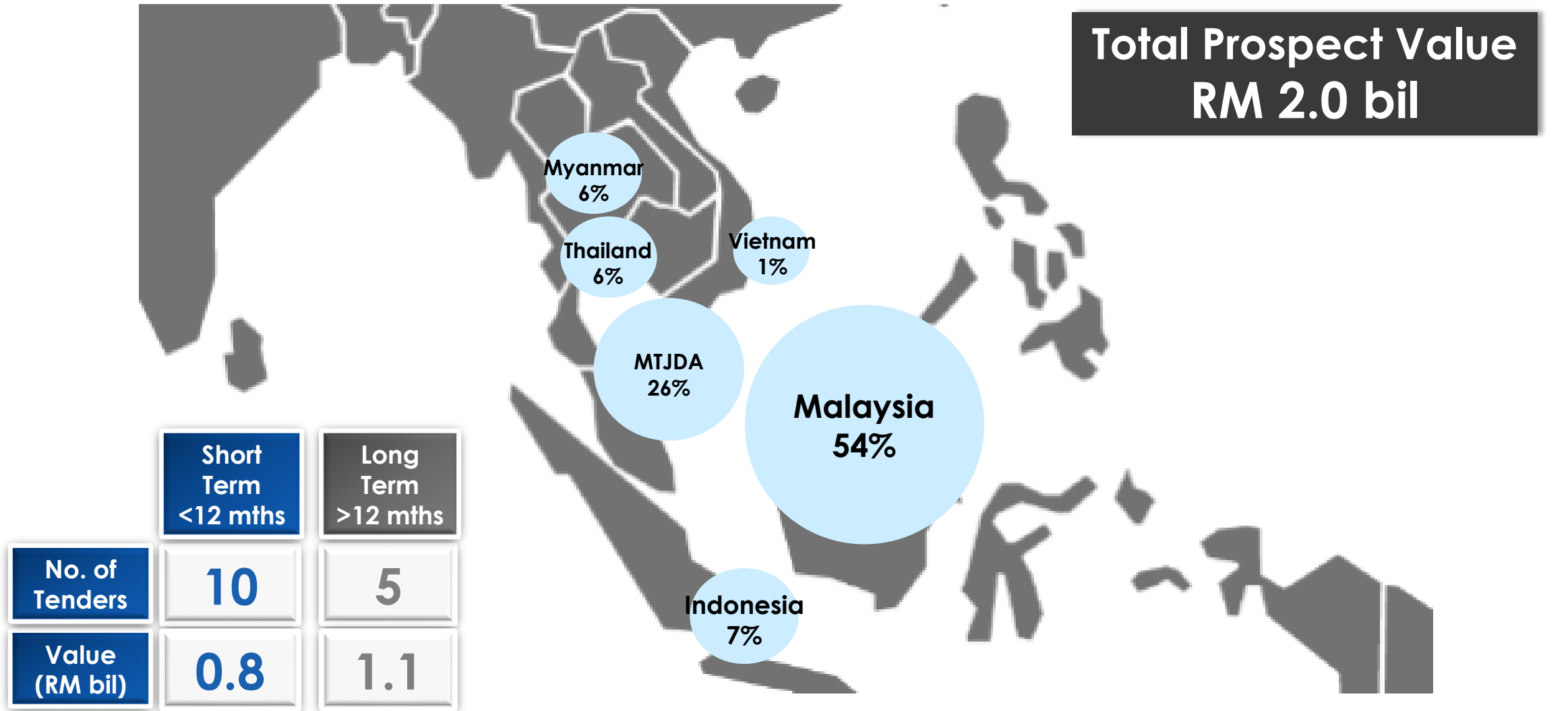
Total Remaining Order Book	
RM 1,608 mil	
1,391	217
Firm	Option

As at January 2023

CURRENT CLIENTS

ROC OIL	SHELL	HESS	PCSB	CHOC	EMEPMI
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CURRENT TENDER ACTIVITIES



As at January 2023

4Q 2022 KEY FINANCIAL HIGHLIGHTS

AVERAGE
UTILISATION

90%

3Q22 : 78% / 4Q21 : 78%

AVERAGE
DAY RATE

USD78k

3Q22 : 74k / 4Q21 : 74k

OPERATIONAL
EFFICIENCY

98%

3Q22 : 98% / 4Q21 : 98%

REVENUE

RM243m

3Q22 : 174m / 4Q21 : 158m

EBITDA

RM53m

3Q22 : 58m / 4Q21 : 50m

(LAT) / PAT

(RM26m)

3Q22 : 15m / 4Q21 : 5m

FY 2022 KEY FINANCIAL HIGHLIGHTS

AVERAGE
UTILISATION

62%

2021 : 48%

AVERAGE
DAY RATE

USD77k

2021 : 68k

OPERATIONAL
EFFICIENCY

97%

2021 : 98%

REVENUE

RM581m

2021 : 378m

EBITDA

RM110m

2021 : 21m

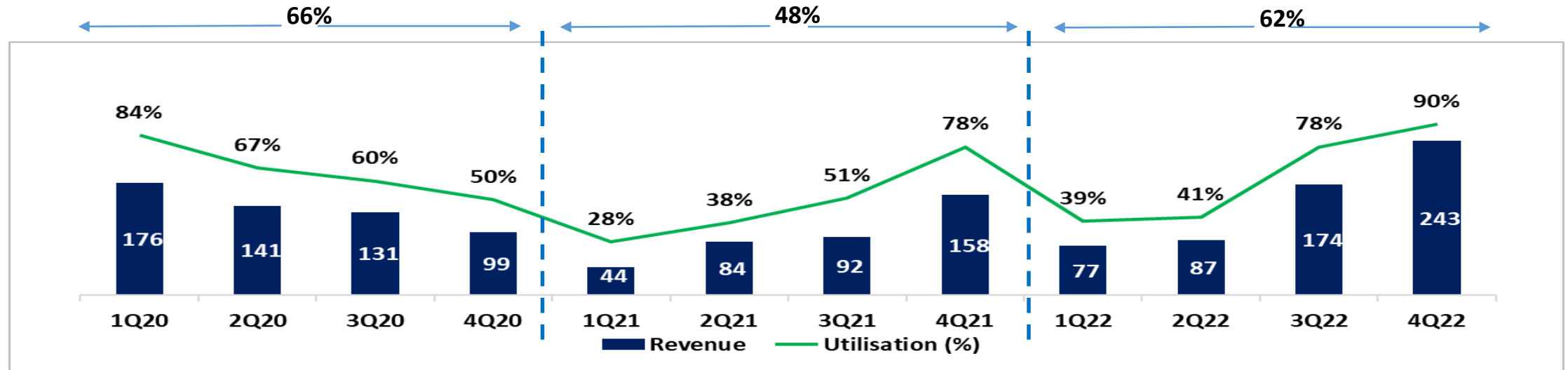
(LAT) / PAT

(RM100m)

2021 : (91m)

EVOLUTION OF PERFORMANCE - QUARTERLY

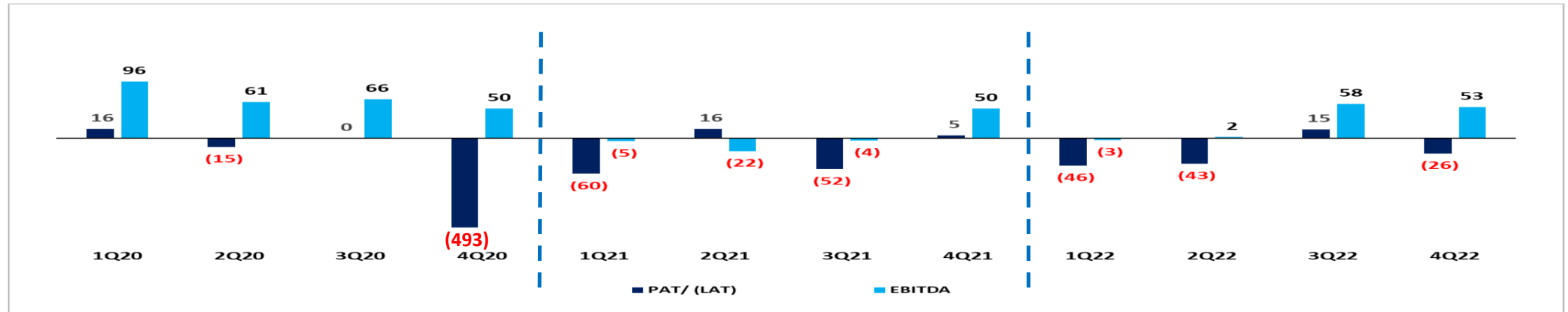
(RM mil)
Utilisation (%)



DCR
(USD 'k)

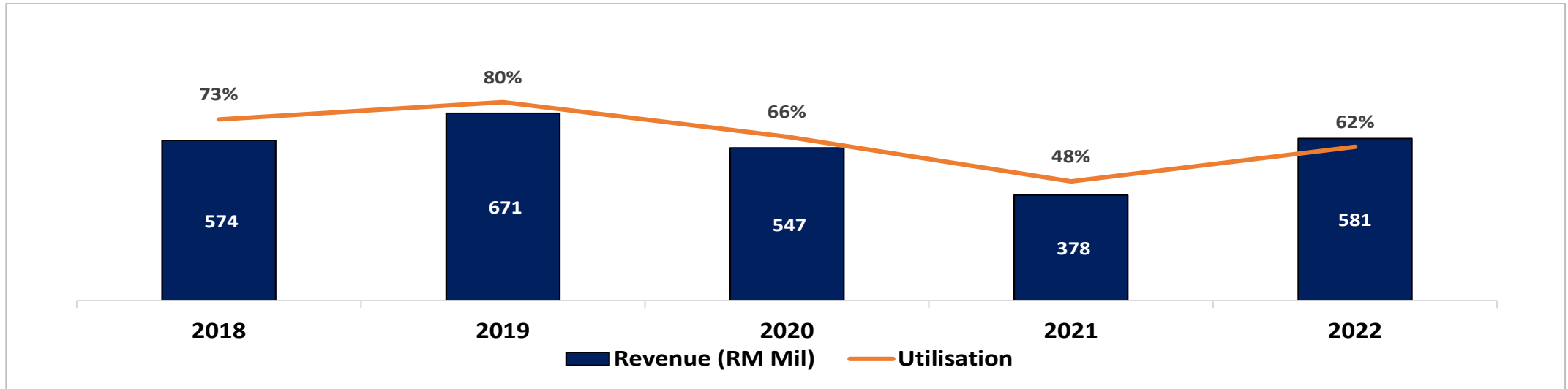
71	72	72	66	53	76	74	74	74	75	74	78
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(RM mil)



EVOLUTION OF PERFORMANCE - ANNUALLY

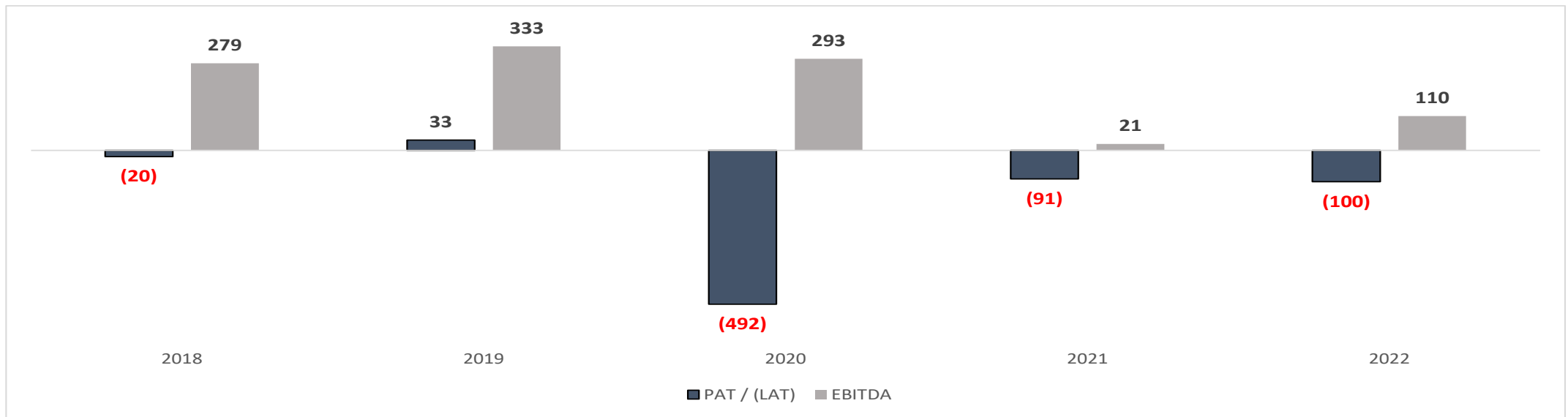
(RM mil)
Utilisation (%)



DCR
(USD 'k)

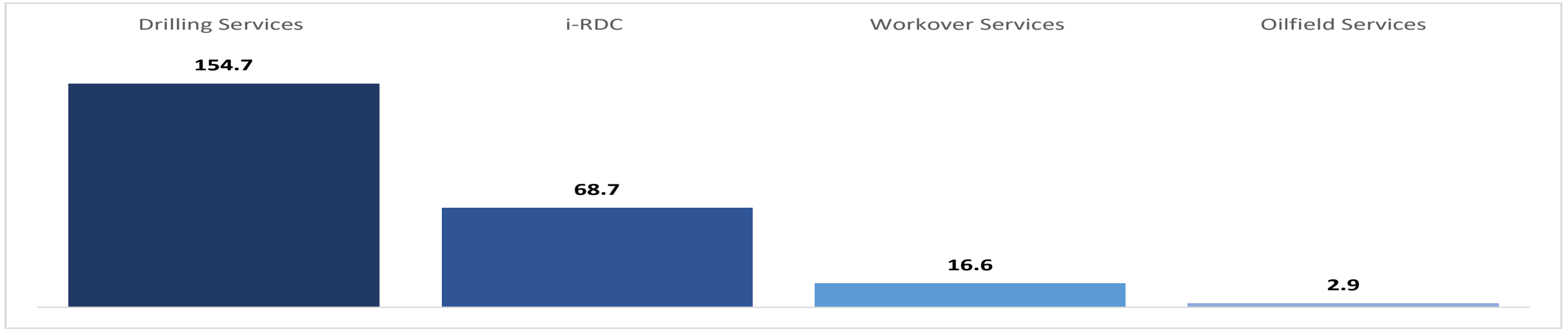
69	70	70	68	77
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(RM mil)

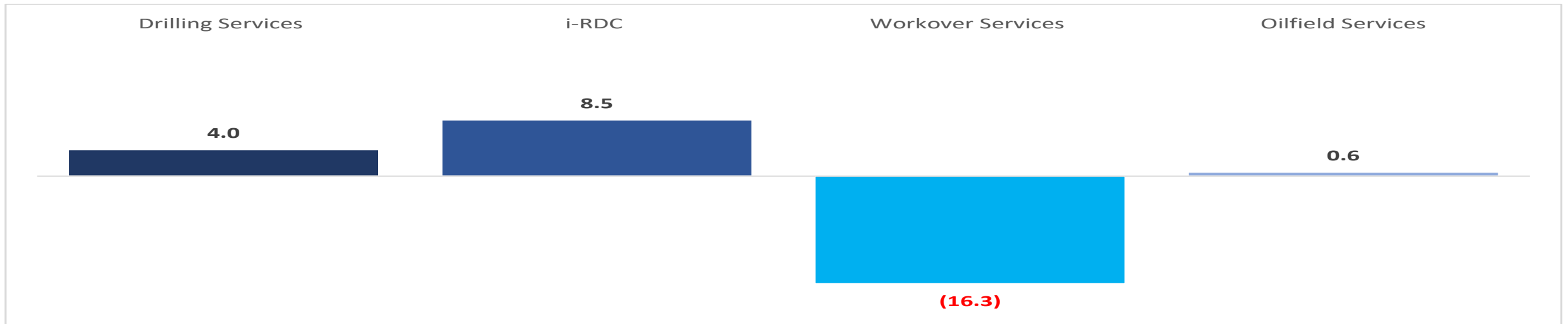


SEGMENTAL PERFORMANCE - QUARTERLY

4Q 2022 Revenue (RM Million)



4Q 2022 Profit / (Loss) Before Tax (RM Million)



- Higher **Utilization of 90%** in 4Q 2022. However, financial performance recorded an **EBITDA of RM53 mil** and **Loss after Tax of RM26 mil**, due to higher cost and one-off items.
- Successfully secured work orders for NAGA 2, NAGA 3, NAGA 4 and NAGA 6 with a higher revised day rate.
- All five rigs currently working and NAGA 3 is expected to start work in March.
- Robust industry outlook and drilling activities in Southeast Asia and demand in Malaysia continue to increase. **Strong prospects** for securing more contracts into 2024.

THANK YOU

VELESTO ENERGY BERHAD