



FINANCIAL RESULTS FOR THE QUARTER ENDED 31 March 2023

25 May 2023

VELESTO
energy

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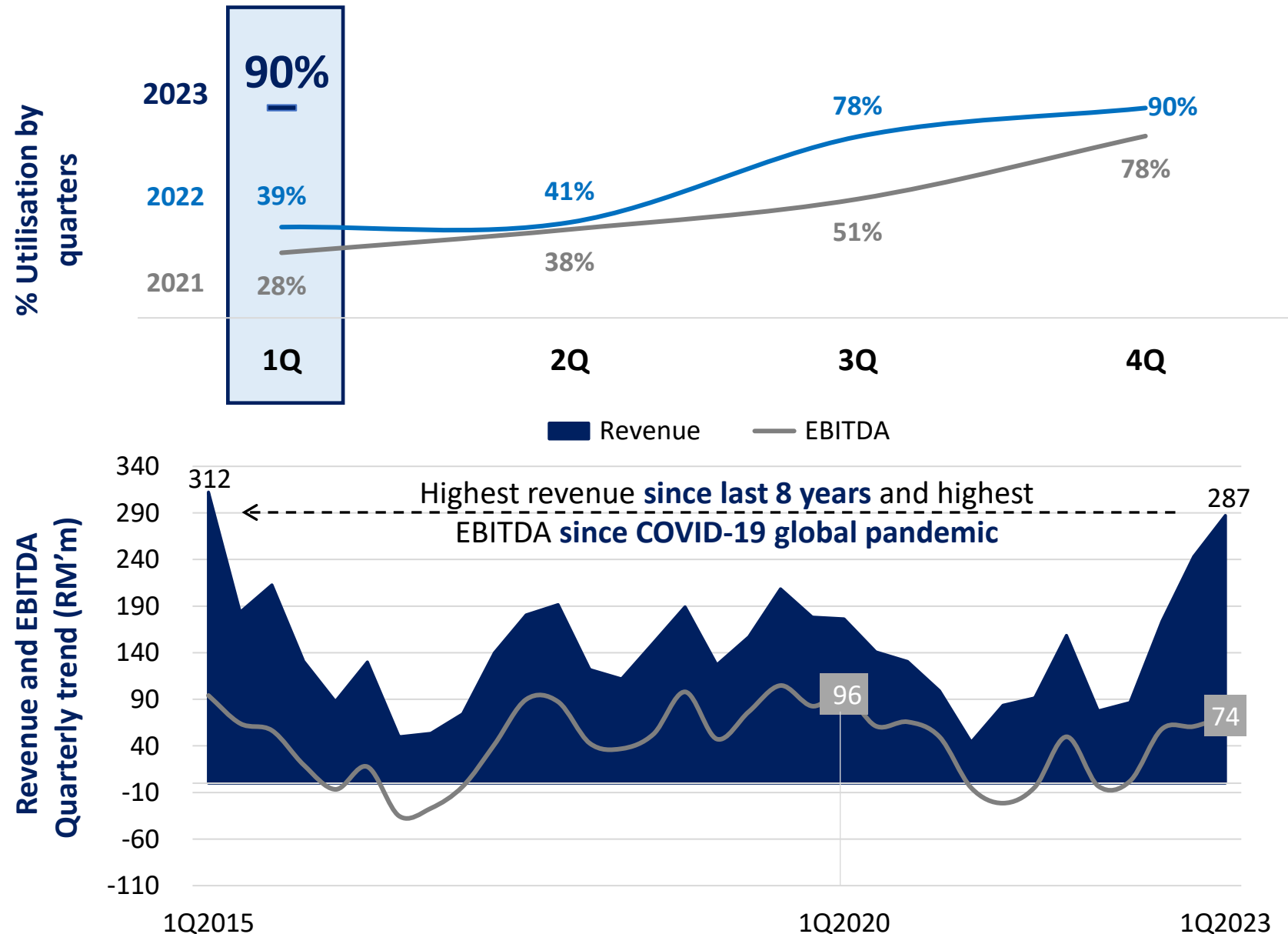
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EXECUTIVE SUMMARY

- Velesto's utilisation **reached 90%** and DCR increased to **USD86k/day** in 1Q 2023
- 1Q 2023 recorded revenue of **RM287 million**, with EBITDA of **RM74 million** and profit for the quarter of **RM14 million**
- The **oil and gas outlook remains strong** with Brent oil price within USD80 – USD100/bbl by end of 2023
- **NAGA 3** completed work for HLJOC and recommenced work in March.
- NAGA 3, 4 and 6 recently **announced contract with PCSB (with improved pricing)** of USD128 million
- **128 days LTI Free** since November 2022



Global outlook

- Global economic **growth prospects are slightly weaker**. IMF reduced its 2023 global **GDP growth projection to 2.8%**.
- Oil markets eased as **EIA expects lower oil demand of 101 mil bpd** while on the supply-side, Russia supply continue to make its way to markets, resulting in an inventory surplus in 1Q 2023.
- The benchmark Brent oil price weakened to USD78/bbl as at end-April, but is **expected to tighten to USD80-100/bbl by end-2023**.

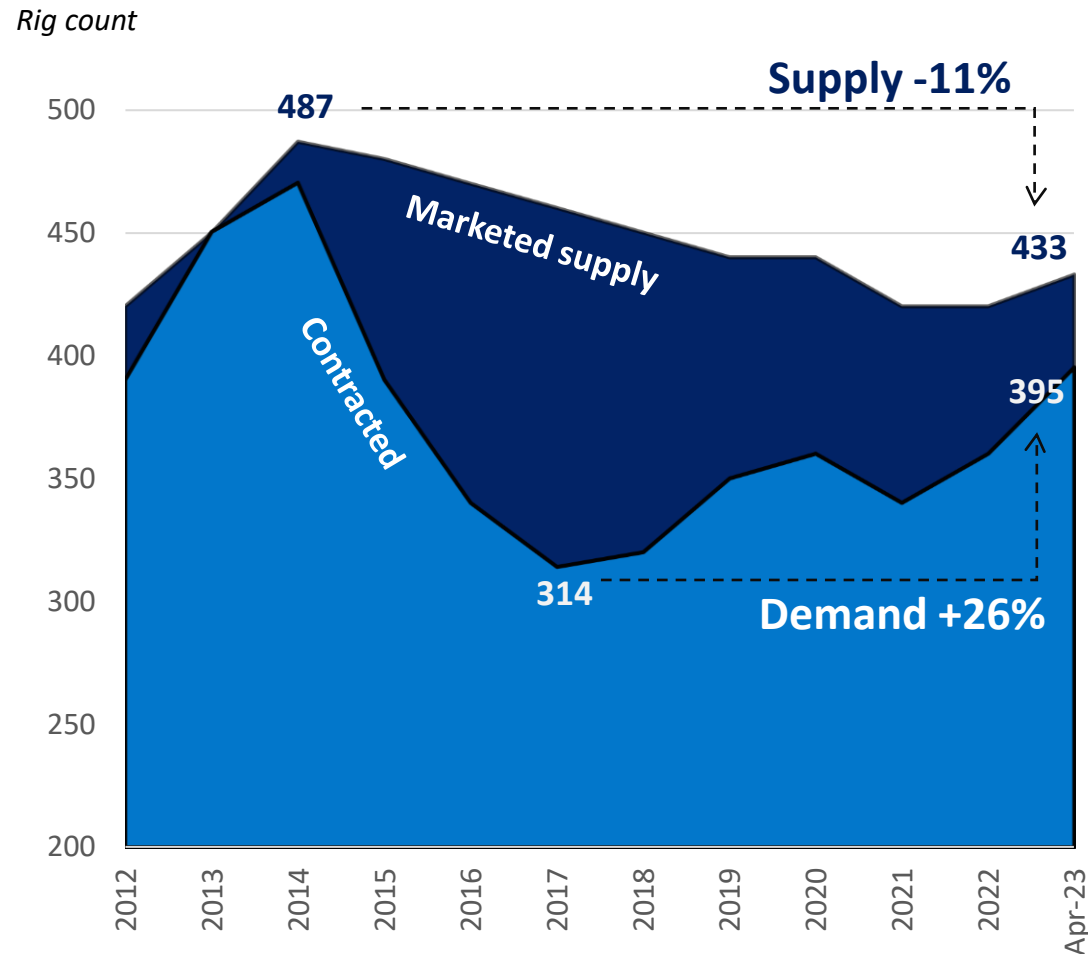
Jack-up Drilling Rig outlook

- Jack-up rig marketed utilisation continue to tighten further, with **Southeast Asia marketed utilisation increasing to 100%**.
- Latest regional fixture rates **rising to USD68,000 - USD131,000 per day**. Jack-up rig demand is expected to continue rising until mid-2025.

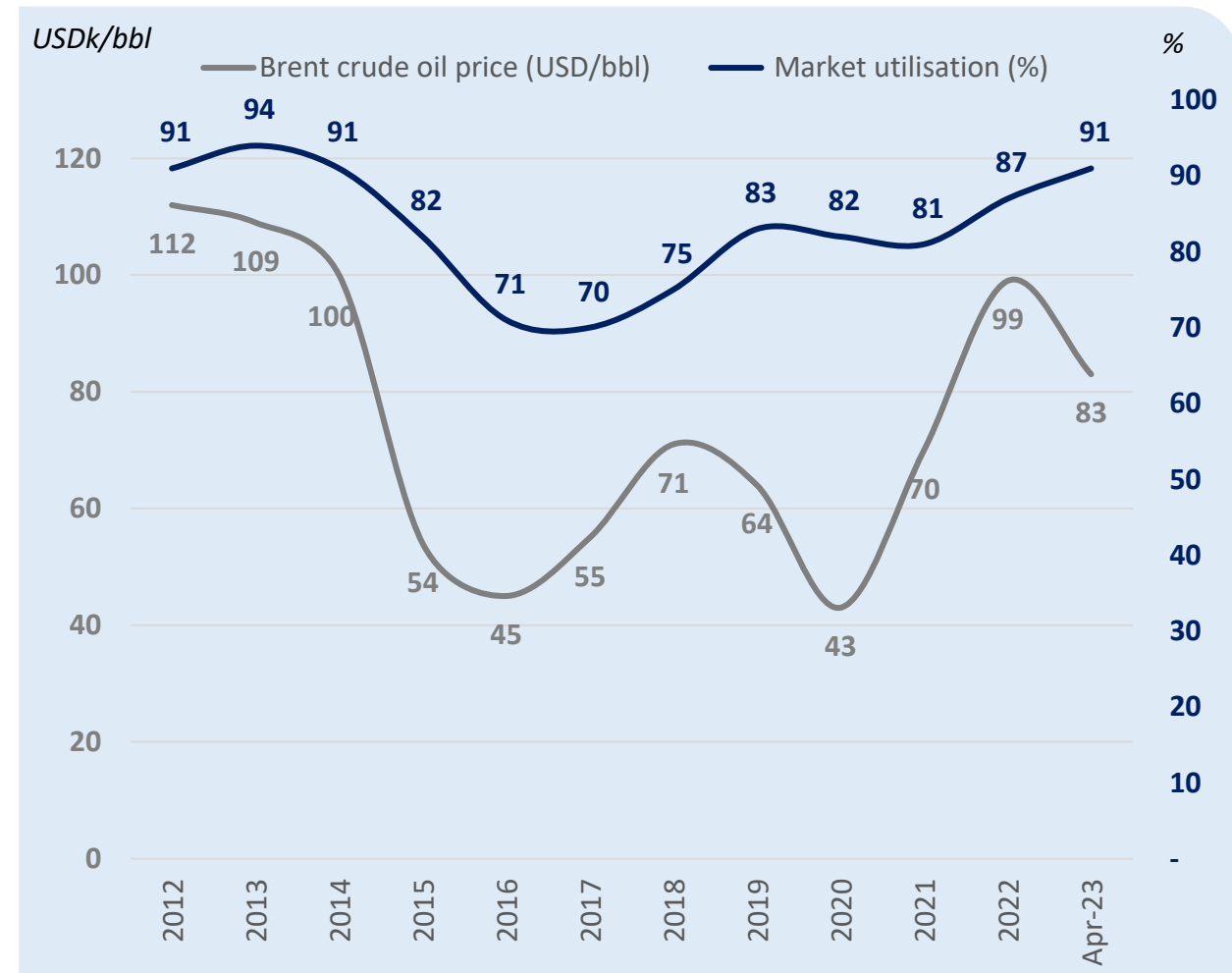


GLOBAL DRILLING JACK-UP DRILLING OUTLOOK

Jackup rig Supply and Demand



Oil price against Jack-up rig utilisation



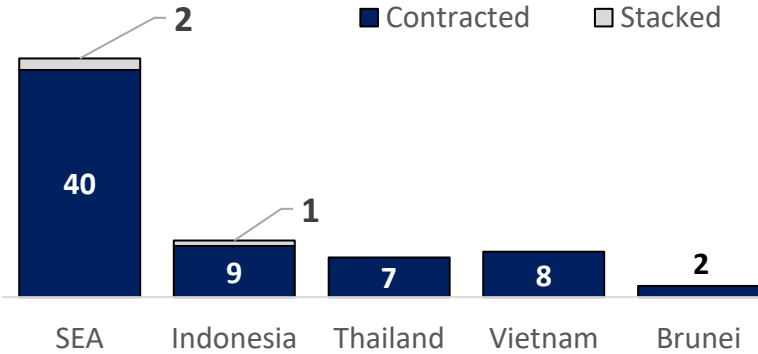
Rig market conditions are **tightening further** and is being reflected in marketed utilisation and latest fixture rates

REGIONAL JACK-UP DRILLING RIG OUTLOOK

SOUTHEAST ASIA

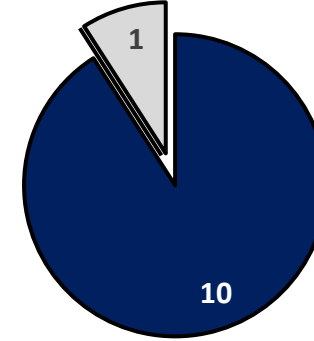


DRILLING RIG COUNT



100% Marketed Utilisation

MALAYSIA*



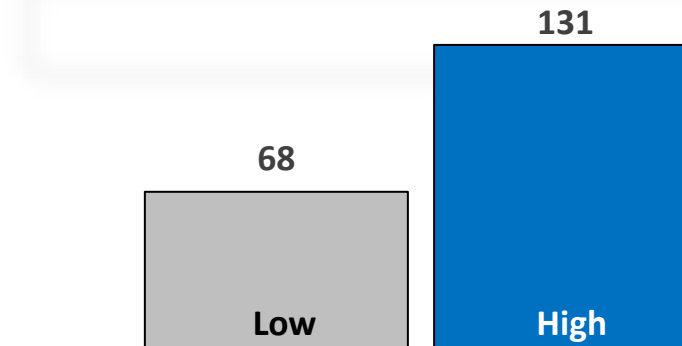
**10 Contracted
0 Idle
1 Cold Stacked**

*Including 2 rigs at Malaysia-Thailand JDA

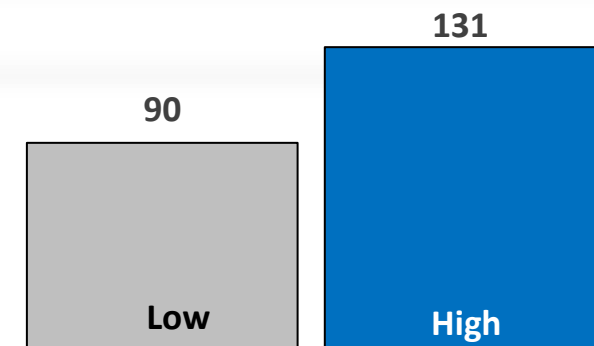
100% Marketed Utilisation



LATEST FIXTURE RATES (USD'000)



Jan 2023 - Apr 2023

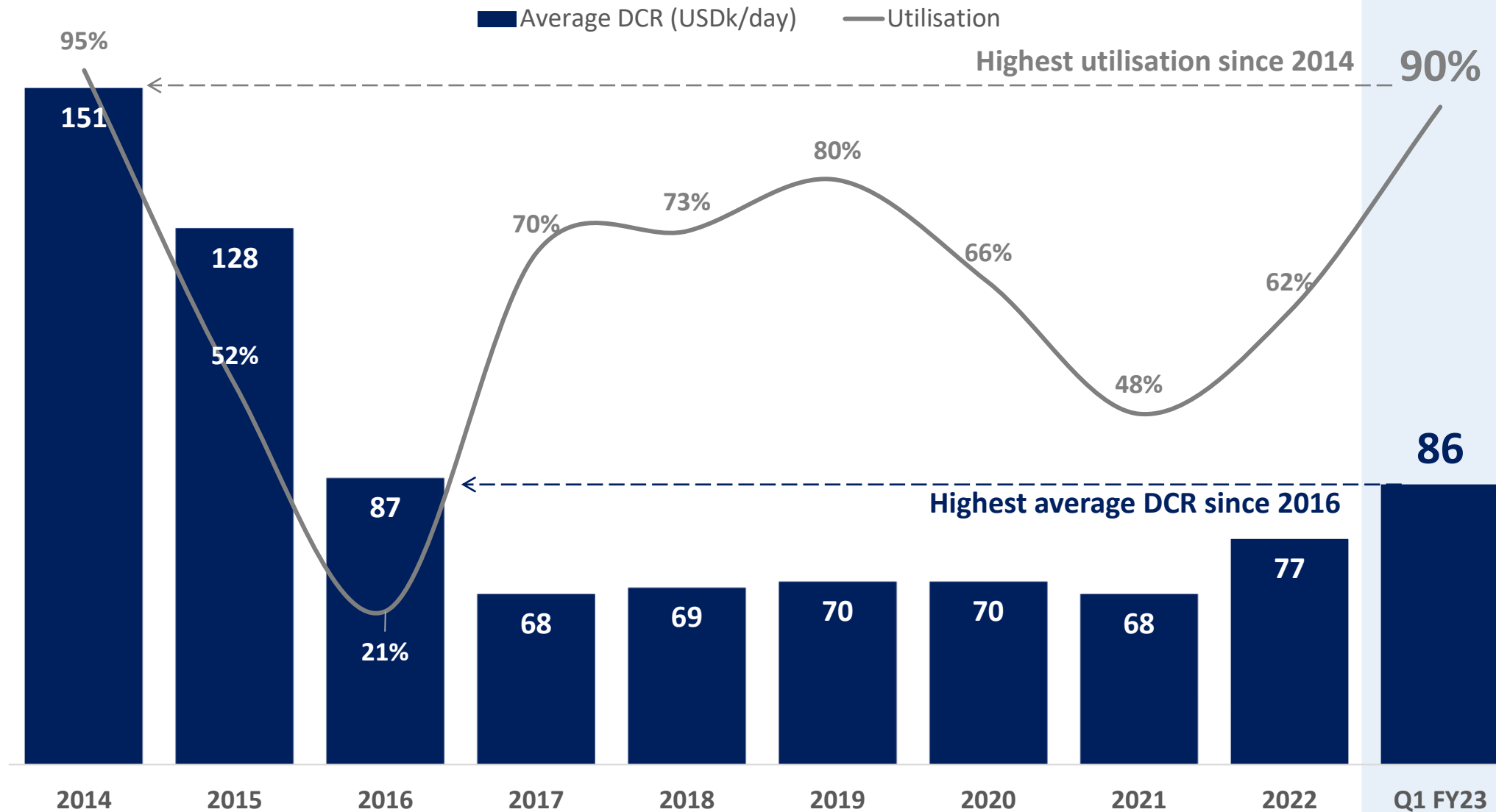


Jan 2023 - Apr 2023

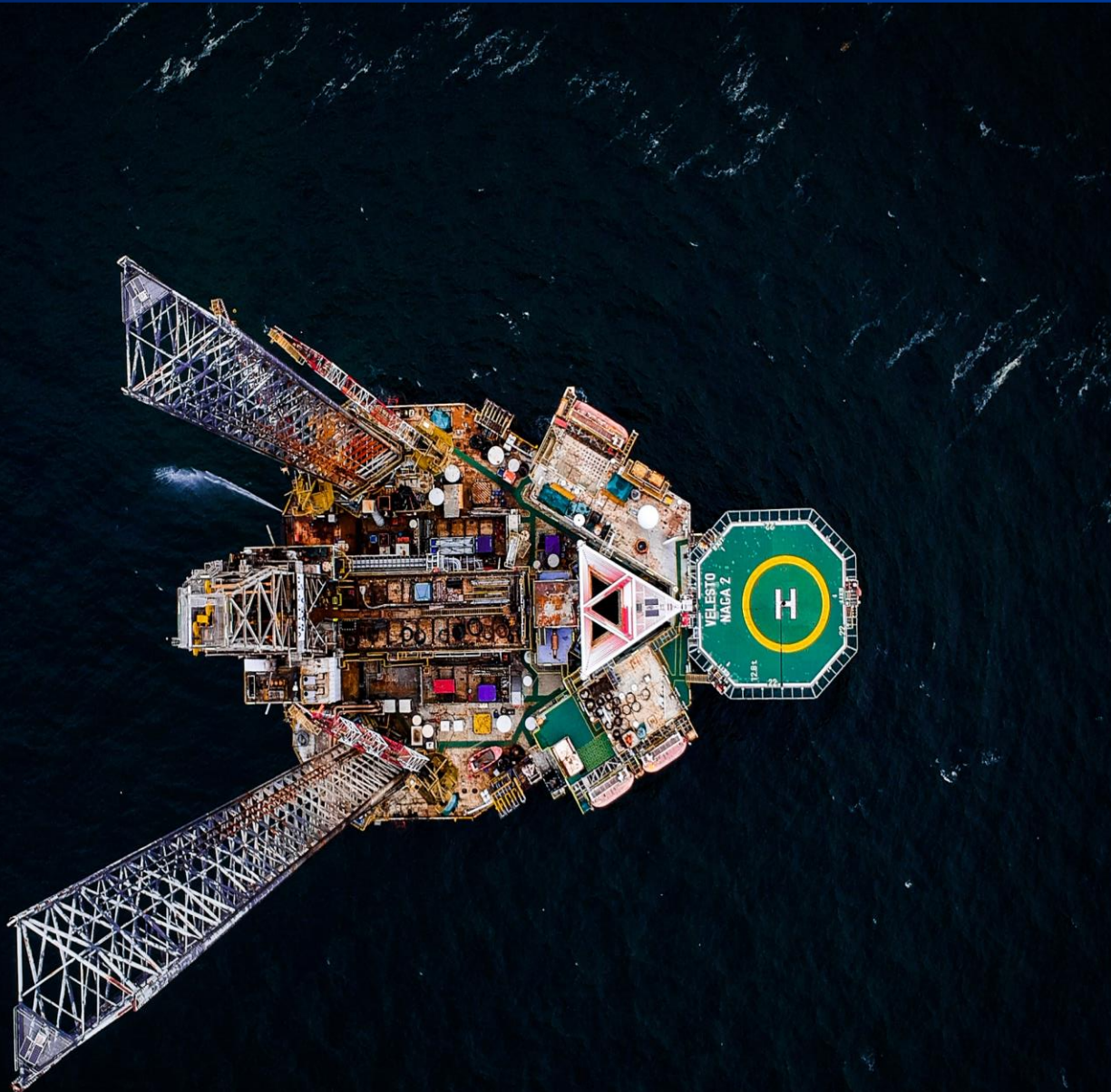
Source : IHS RigPoint April 2023, Velesto Analysis

RIG UTILISATION AND AVERAGE DAILY CHARTER RATE

Yearly utilisation and average DCR



Sign of market recovery with an improvement in average DCR and rigs utilisation in 1Q FY23



1Q 2023 Operational Highlights

1Q 2023 Rig Utilisation at 90% based on:

- NAGA 2 commenced work for Roc Oil in February.
- NAGA 3 completed work for HLJOC and recommenced work for PTTEP in March.
- NAGA 4, NAGA 5 (i-RDC), NAGA 6 and NAGA 8 continuous operations.

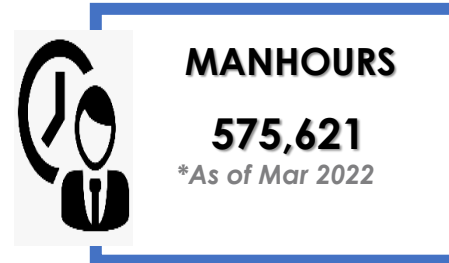
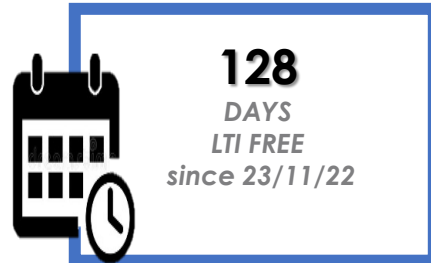
Operational efficiency in 1Q 2023 fell to **94%** as NAGA 4 reported a high NPT due to breakdown of key component and long lead on spare parts.

1Q 2023 HWU Utilisation at **48%** based on:

- GAIT 5 continuous operations.
- GAIT 6 completed work for ExxonMobil

SAFETY HIGHLIGHTS

1Q 2023 Safety Performance



Achievements



As at April 2023

1Q 2023 Safety Activities

- Generative Safety Leadership Workshop by Scorpion Tact - Gait 5 & Gait 6
- IMS Process Internal Audit - KSB & Yard 1
- Pre-mob & Pre-Spud for Chenda-1 - NAGA 3
- Fleetwide Safety Stand Down - Hand & Finger Injury



LATEST ORDER BOOK STATUS

Drilling Order Book	
RM 1,069 mil	
797	272
Firm	Option

Note: Including drilling services for i-RDC

Integrated Services Order Book	
RM 523 mil	
523	-
Firm	Option

Note: Including HWU, IWS and non-drilling services for i-RDC

Total Remaining Order Book	
RM 1,592 mil	
1,320	272
Firm	Option

As at April 2023

CURRENT CLIENTS

ROC OIL

PTTEP

SHELL

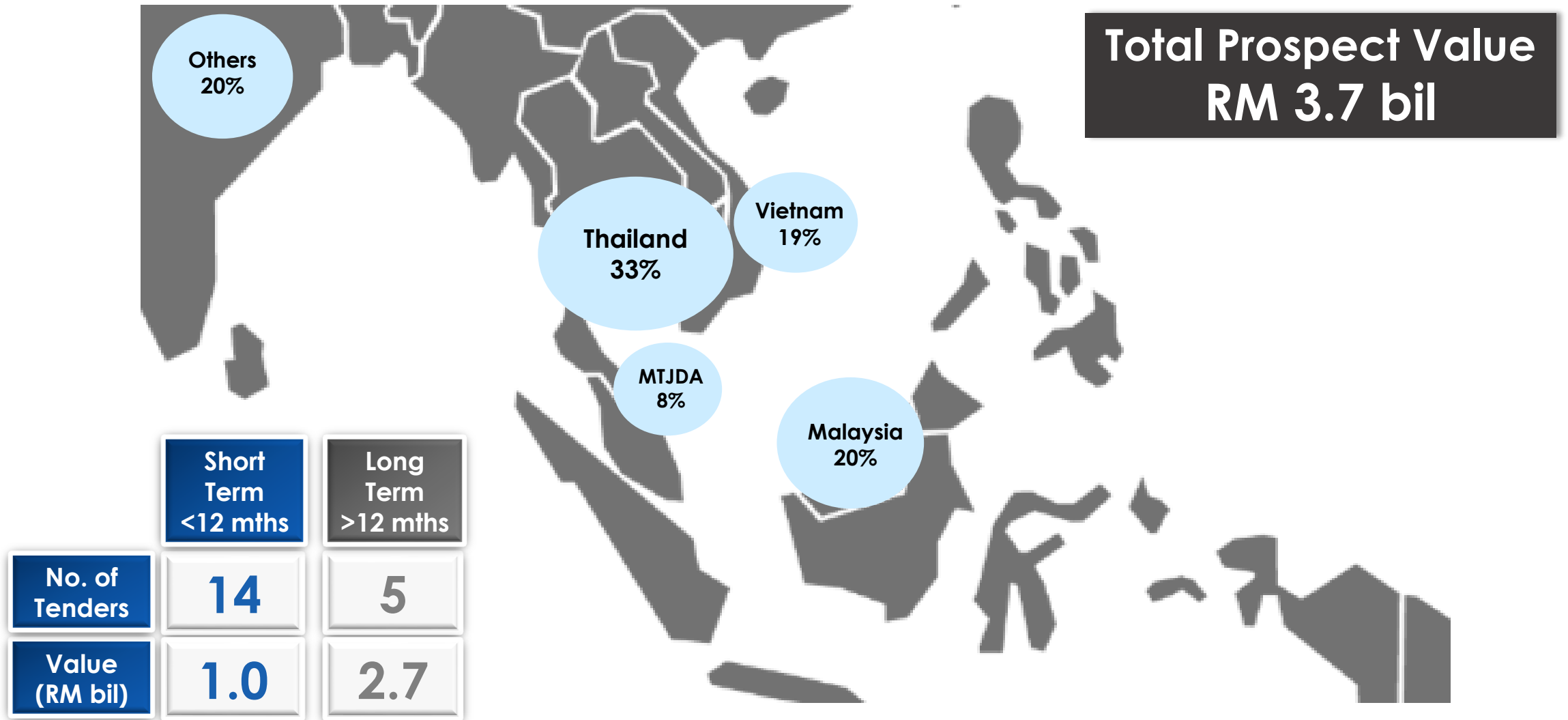
HESS

PCSB

CARIGALI
HESS

EXXONMOBIL

CURRENT TENDER ACTIVITIES



As at April 2023

SUSTAINABILITY UPDATE

SR 2022 Highlights



1. Achieved reduction of **15%** operational emission intensity & **32%** revenue emission intensity ahead of 2030 target of **10%** and **30%** respectively
2. TCFD-aligned disclosure
3. Disclosed Scope 3 (business travel by air)

1Q2023 Update

	Q4 2022	Q1 2023	
Operating Days	499	488	2% ↓
Total Emissions	15,153 tCO ₂ eq	16,126 tCO ₂ eq	6% ↑
Emissions Intensity	30 tCO ₂ eq/ Ops day	33 tCO ₂ eq/ Ops day	10% ↑

Emission Management Workshop

Date: 12 Jan 2023, 8 Feb & 15 Feb 2023



2023 Focus Areas



ENVIRONMENT

Develop Operations **Emissions Reduction** Playbook/ Guide



SOCIAL

Strengthen stakeholders collaboration and community investment
(Coral Planting Project, Q3 2023)



GOVERNANCE

Internal company wide **Data Assurance** audit

1Q FY23 Financial Highlights



1 Q 2023 KEY FINANCIAL HIGHLIGHTS

AVERAGE
UTILISATION

90%

4Q22 : 90% / 1Q22 : 39%

AVERAGE
DAY RATE

USD86k

4Q22 : 78k / 1Q22 : 74k

OPERATIONAL
EFFICIENCY

94%

4Q22 : 98% / 1Q22 : 99%

REVENUE

RM287m

4Q22 : 243m / 1Q22 : 77m

EBITDA

RM74m

4Q22 : 53m / 1Q22 : (3m)

PAT / (LAT)

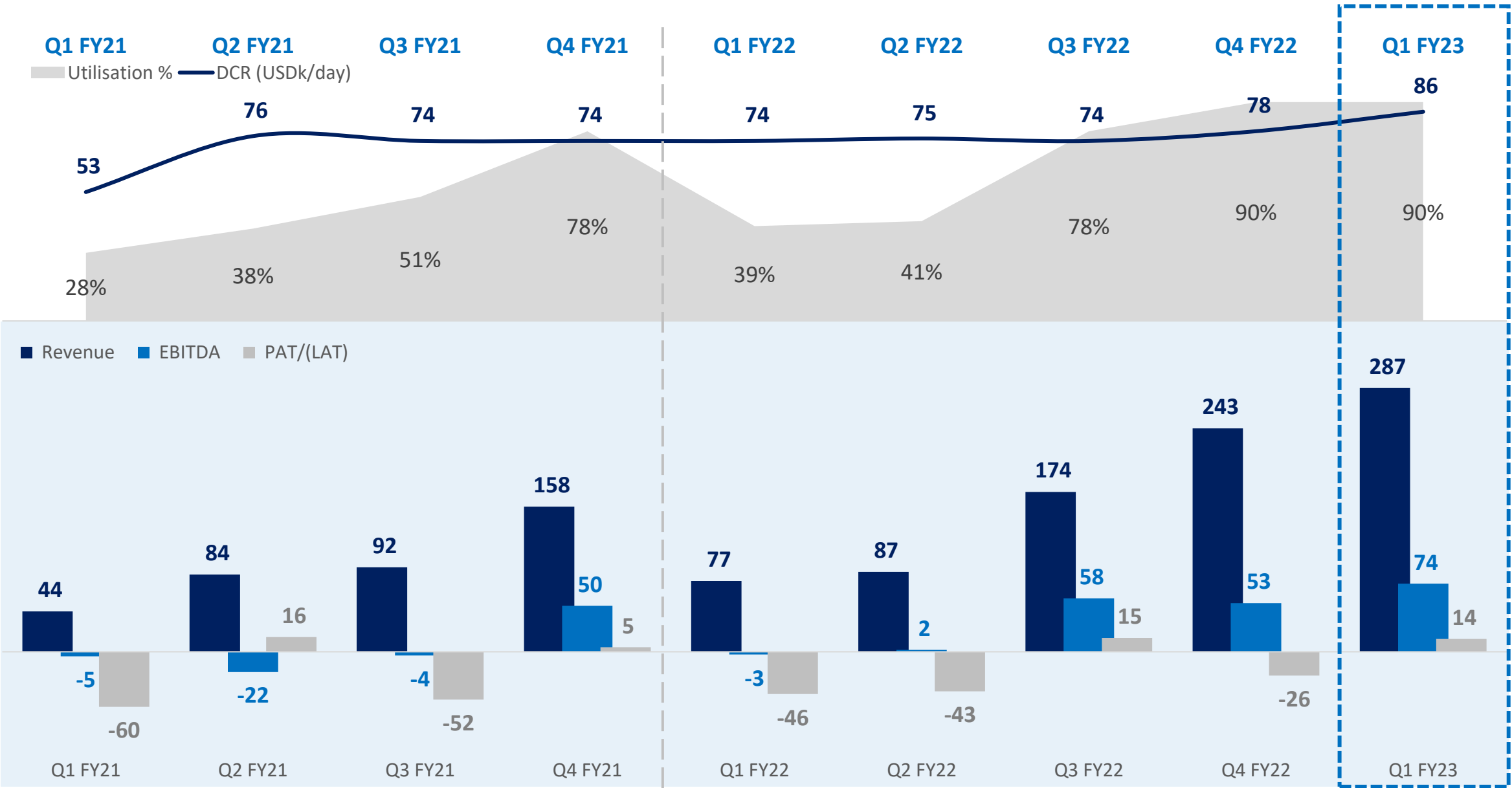
RM14m

4Q22 : (26m) / 1Q22 : (46m)

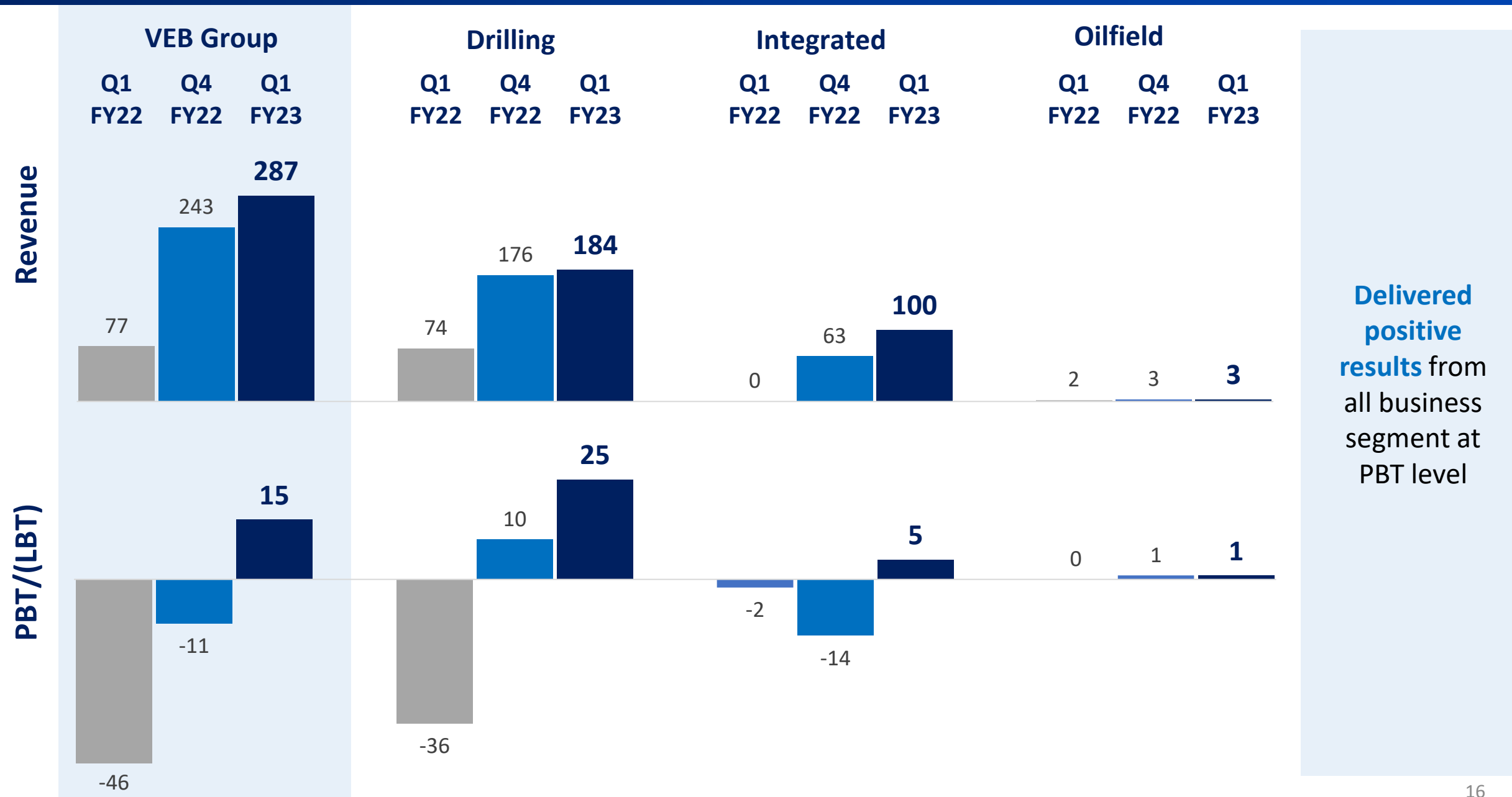
QUARTERLY PERFORMANCE

Value drivers

Financial performance



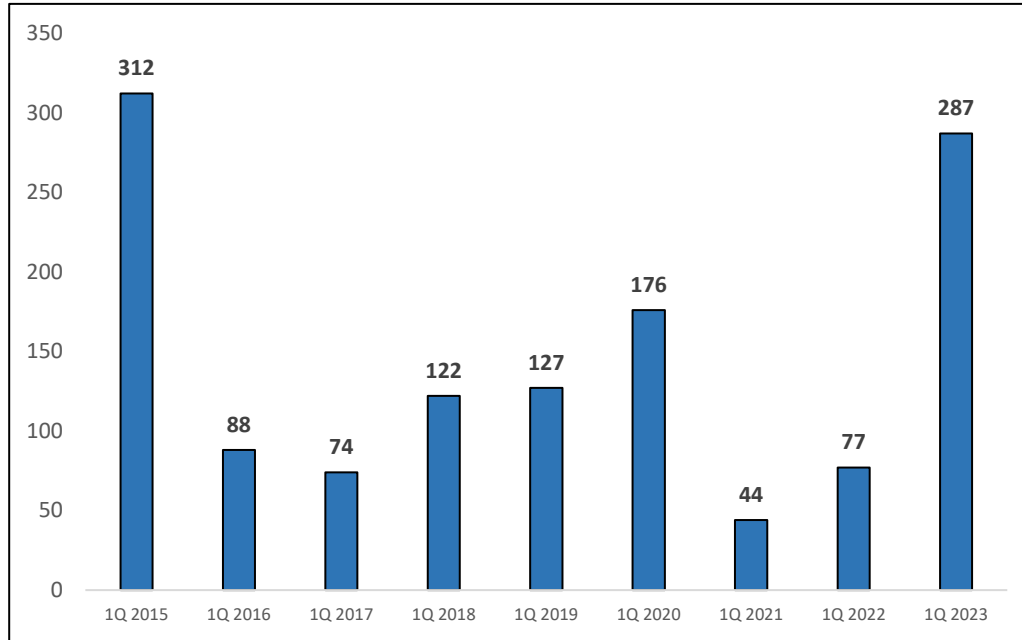
QUARTERLY DIVISIONAL PERFORMANCE



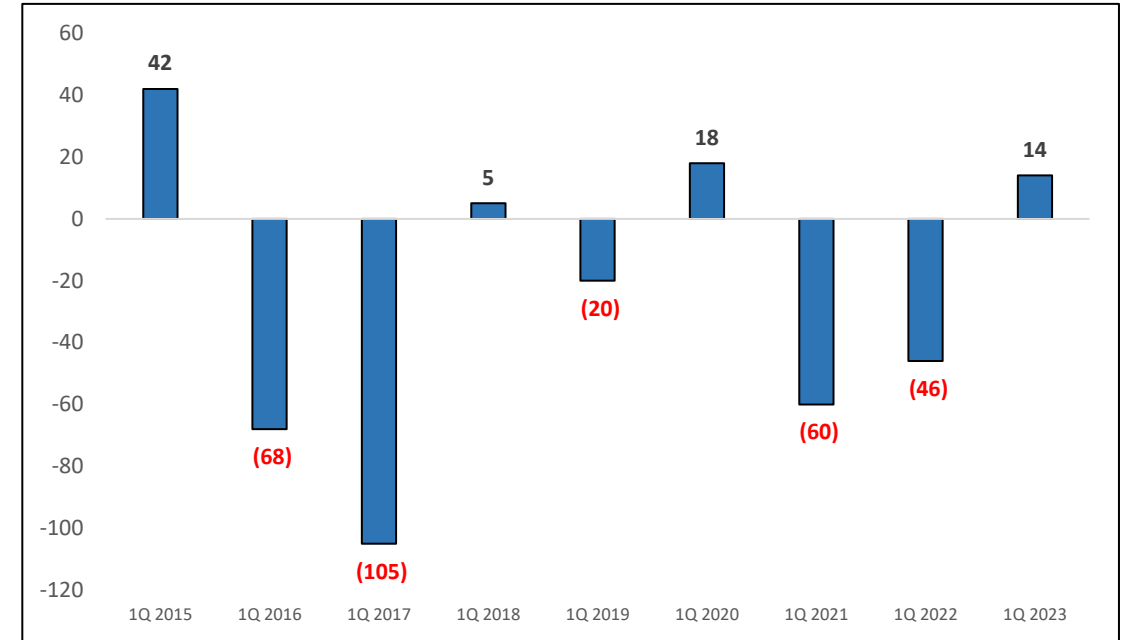
Note: VEB Group includes corporate costs and eliminations

PERFORMANCE OF THE FIRST QUARTER

Revenue (RM Million)



Profit / (Loss) Before Tax (RM Million)



Comparing to the previous year first quarters, 1Q 2023 is showing signs of a strong recovery.

- 1 Q 2023 recorded **Revenue of RM287 mil**, higher **EBITDA of RM74 mil** and **Profit after Tax of RM14 mil**.
- **Utilisation of 90%** and **DCR of USD86k** in 1 Q 2023. Secured work for six Jack-up rigs and two HWU units into 2024.
- Order book stands at **RM1.6 bil** as of end-April 2023. We have shifted our focus to building order book for activities in 2024.
- Strong prospects for improved financial performance in FY2023.

THANK YOU

VELESTO ENERGY BERHAD