



**FINANCIAL RESULTS FOR THE
QUARTER ENDED
30 September 2023**

30 November 2023

VELESTO
energy

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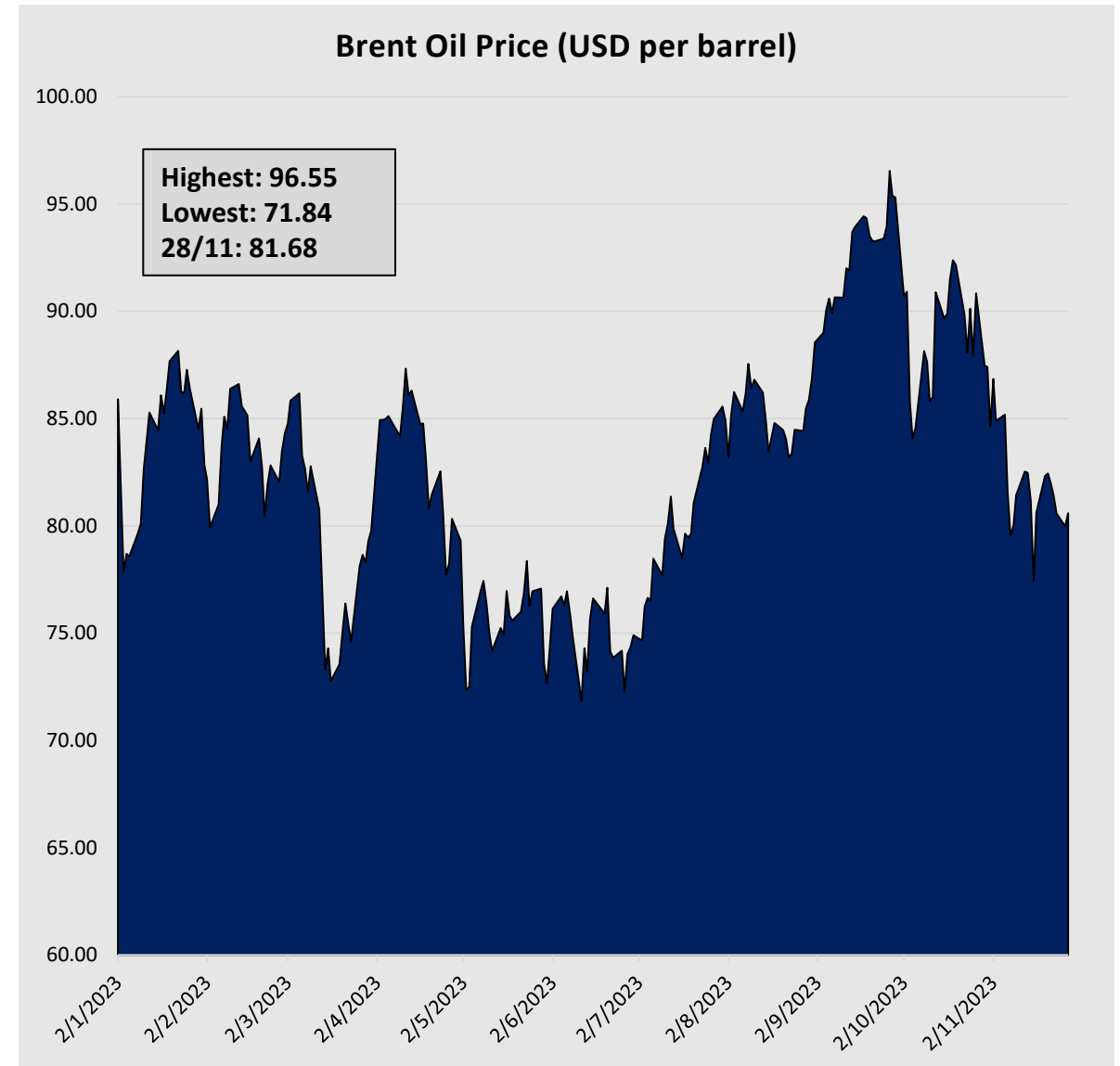
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GLOBAL MACROECONOMY AND OIL MARKET HIGHLIGHTS

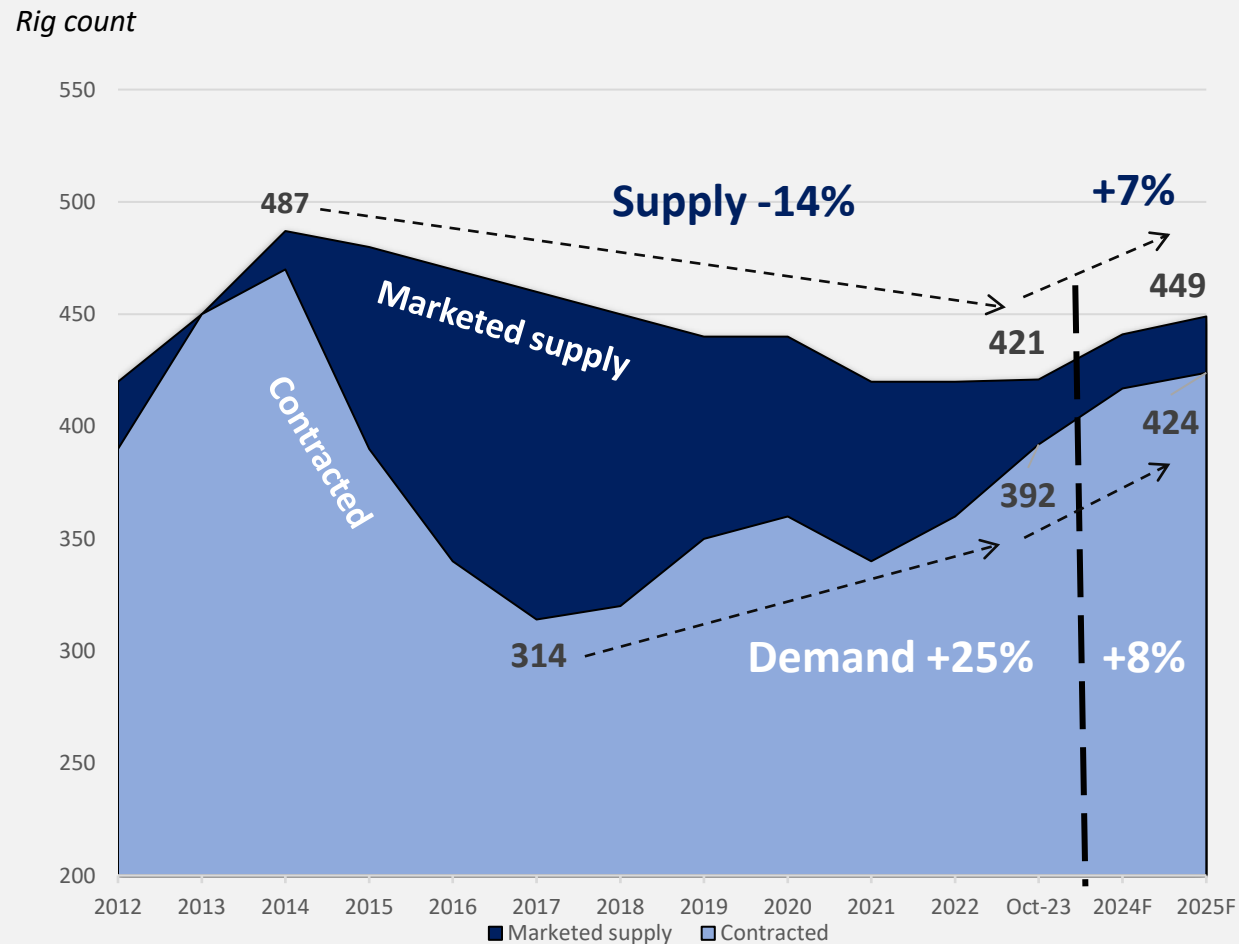
1. IMF is projecting **global GDP growth** to grow by **2.9% in 2024** (July: 3.0%).
2. EIA is projecting global oil consumption to increase to **102 million barrels per day** in 2024.
3. Brent oil prices are expected to remain **above USD80/bbl** into 2024.
 - Bloomberg Consensus: USD85/bbl
4. However, the latest geopolitical risk i.e. **Gaza conflict**, is a key uncertainty in 2024.



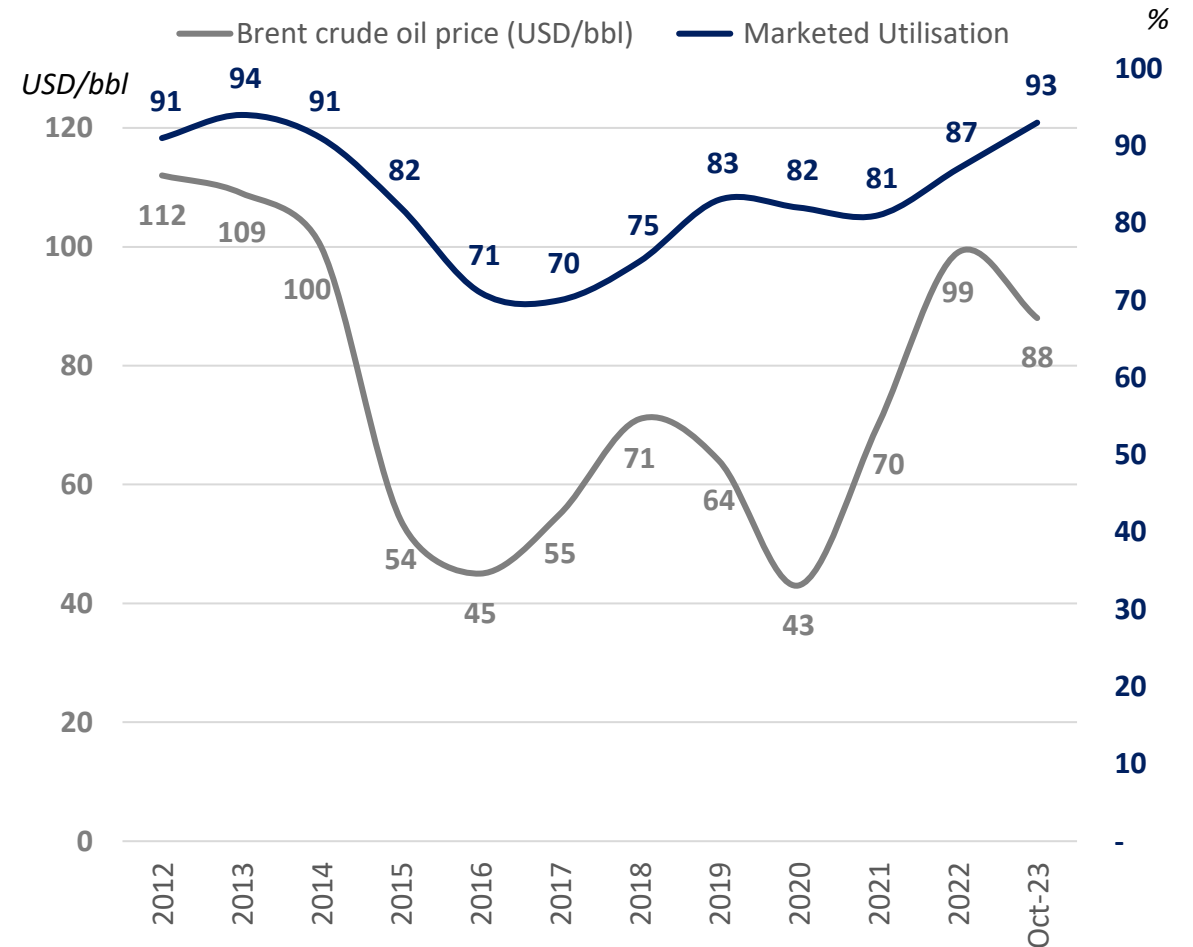
Source : Bloomberg

GLOBAL JACK-UP DRILLING RIG OUTLOOK

Jack-up Rig Supply & Demand



Oil Price against Jack-up Rig Utilisation



Source : IHS RigPoint November 2023, Velesto Analysis

IHS forecasting global jack-up rig marketed utilization of **95% for 2024** and **94% for 2025**.
Rig market conditions are **remain very tight**.

REGIONAL JACK-UP DRILLING RIG OUTLOOK

DRILLING RIG COUNT (no.)

FIXTURE RATES^ USDk/day

100%
Marketed Utilisation

Malaysia represent 37% of contracted rigs in SEA and 6 rigs are from VEB

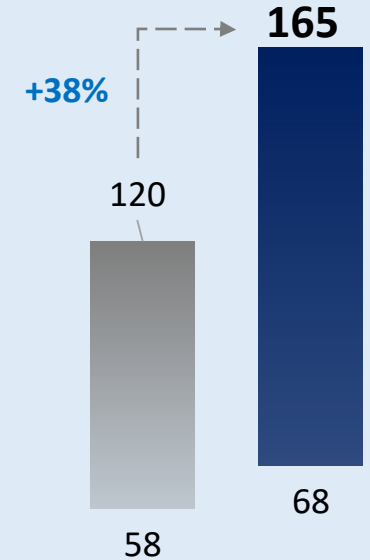
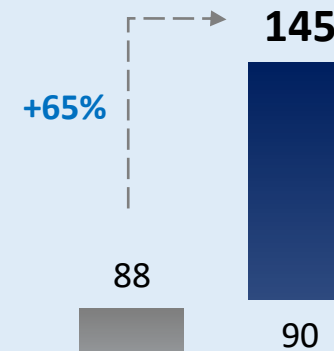
100%
Marketed Utilisation

Regional benchmark fixture rates for jack-up rigs continue to increase

Malaysia

SE Asia

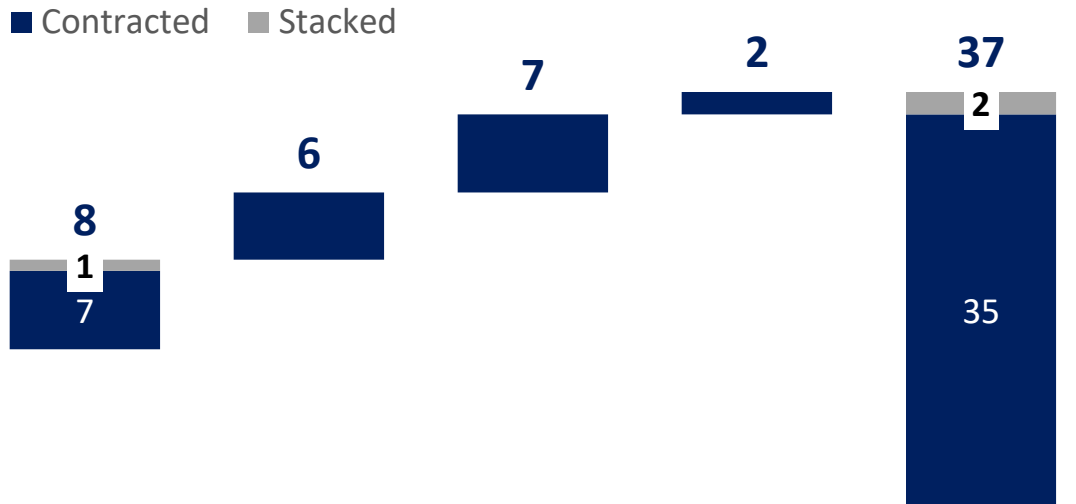
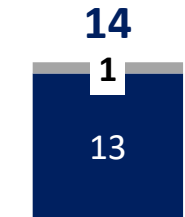
USD '000/day



Latest benchmark for highest fixture rate in Malaysia up to USD145,000/day

Oct 2022 Latest

Oct 2022 Latest



Malaysia
High
145

Low
90

Indonesia Vietnam Thailand Brunei

Malaysia is the largest market for Jack-up Rigs in Southeast Asia

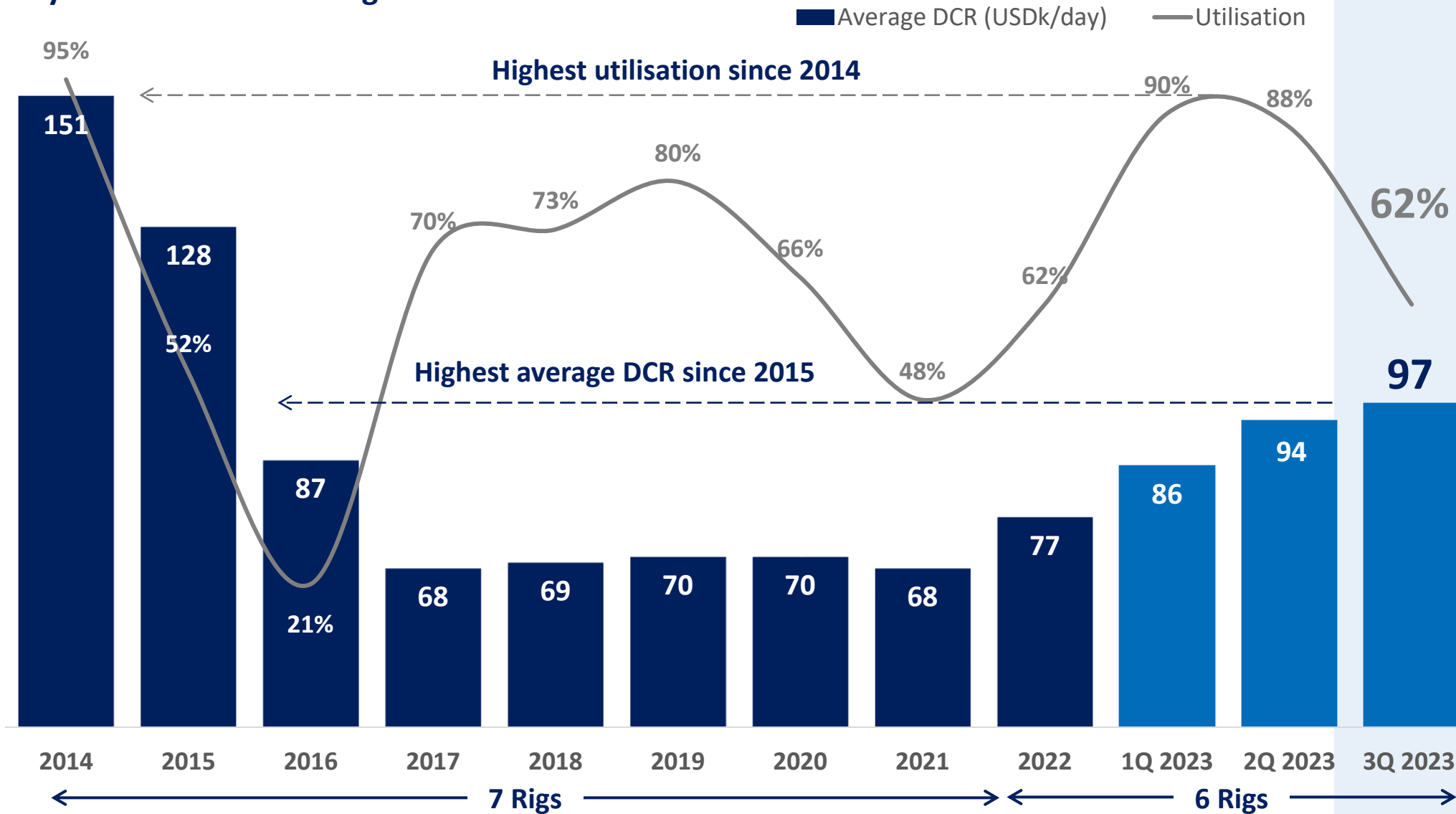
SEA
High
165

Low
68

Note: Malaysia including 2 rigs at Malaysia-Thailand JDA
^ Latest fixture rates from Jan 2023-28 Nov 2023
Source : IHS RigPoint November 2023, Velesto Analysis

RIG UTILISATION AND AVERAGE DAILY CHARTER RATE

Yearly utilisation and average DCR



Lower utilisation in 3Q 2023 due to SPS for NAGA 4;

Average DCR still on an increasing trend

3Q 2023 OPERATIONAL HIGHLIGHTS

Drilling:

3Q 2023 Rig Utilisation at **62%** based on:

- NAGA 4 completed SPS in September.
- NAGA 3 commenced operations in October.

Technology upgrades:

Offline Capabilities, NOVOS, Starlink, to increase the marketability of our rigs.

All 6 jack-up rigs are currently working

Integrated Project Management:

3Q 2023 HWU Utilisation at **47%** based on:

- GAIT 5 continuous operations.
- GAIT 6 commenced EMEPMI job in September.

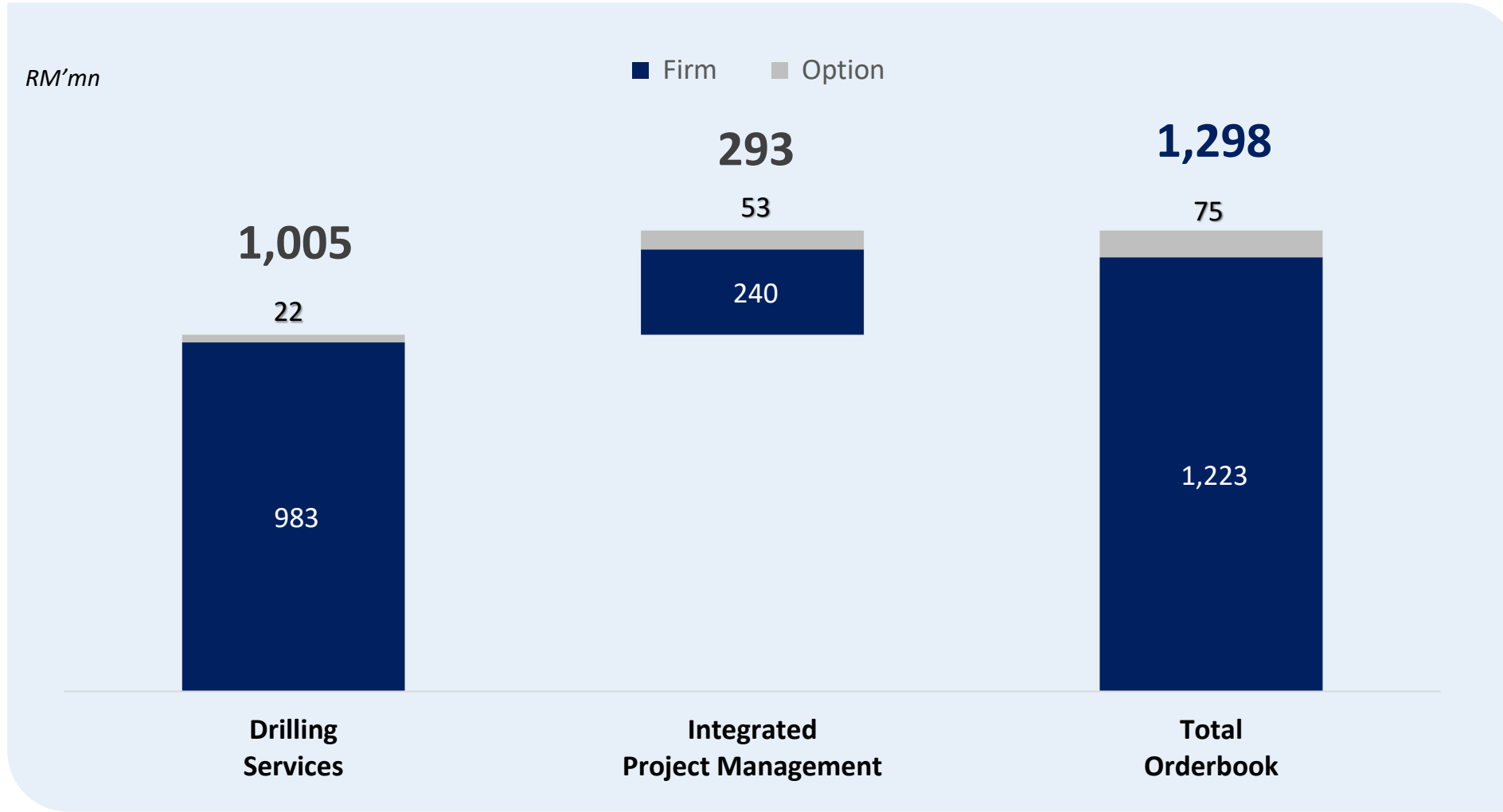
Awarded Star Excellence Award by **ExxonMobil** – **Gold (Wells Category)**



LATEST ORDER BOOK STATUS

Current order book stands at RM1.3 bil with 94% firm contracts

Current Clients



VESTIGO

PCSB

HESS

CHOC

EXXONMOBIL

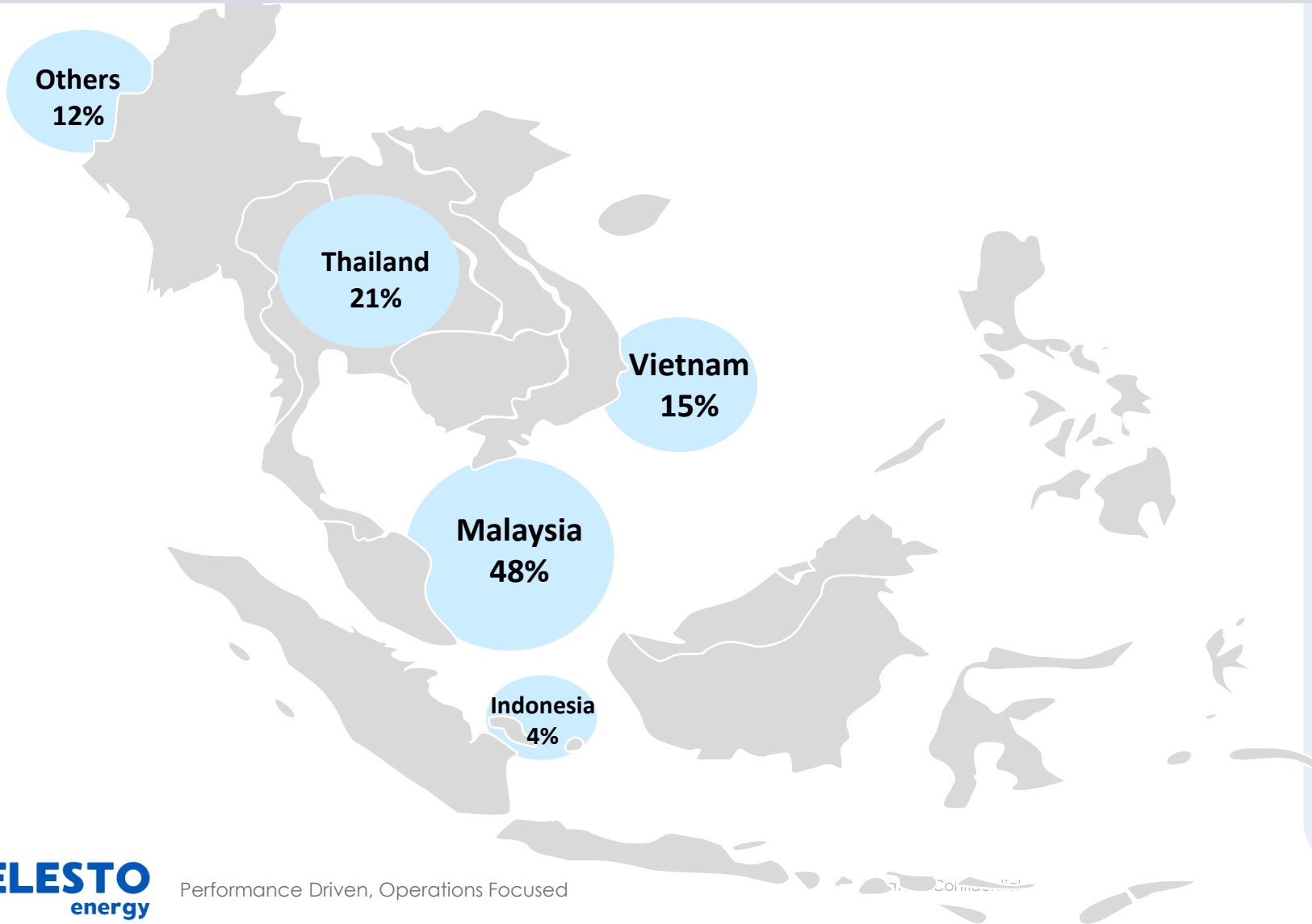
Including drilling services for i-RDC

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

As at October 2023

CURRENT TENDER ACTIVITIES

Total prospects currently stands at **RM6.4 bil** and focus is now on building order book for **2024 to 2026**



6.4

RM Billion

Total prospect value

	Short term <12 months	Long term >12 months
No of tenders	18	6
Value (RMbn)	2.2	4.2

As at October 2023

HSE HIGHLIGHTS

1,937,576

Manhours as of 30 September 2023

311

Days

LTI Free

15

Days

Longest days without incident

7

Days

Incident Free

0

Days

Shortest days incident

0

Fatality

0

Loss Time Injury

0

Restricted Work Case

3

Medical Treatment Case

3Q 2023 HSE Initiatives / Awards



27 Management Visits to promote safety culture and encourage open communication



Participated in Petronas' Monsoon Zero Incident Zero Accident (ZIZA) Campaign



EXXONMOBIL
STAR Excellence Award – Gold (Wells Category)



Generative Safety Leadership Workshop (GSLW) for Front Line Supervisors



MSOSH Award 2023 - OSH Gold (Class 1)

SUSTAINABILITY UPDATE

OUR COMMITMENT

Velesto continues to focus on environmental stewardship by reducing our emission footprint and no pollution to environment

2030 Target

- **10% reduction** of operational emission intensity
- **30% reduction** of revenue emission intensity

Year to date:

26%

reduction in emission intensity/ ops day against 2021 baseline

No Pollution

ZERO

Major Spill

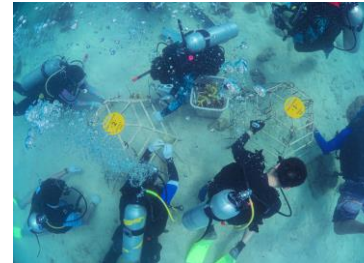
Safe Workplace

ZERO

Lost Time Injury (LTI)

INITIATIVES & PROGRAMS

Biodiversity



Coral Restoration Program

- > 500 corals planted to date at Perhentian Island

Governance



Velesto's Anti-Corruption Pledge

- Launched Velesto Anti-Corruption Plan (VACP)

Responsible Supply Chain



Vendor Engagement Day

- Sustainable supply chain, integrity & HSE knowledge sharing

RECOGNITIONS & ACHIEVEMENTS

1



CSR Initiative of the Year - Oil & Gas at 2023 Malaysia Management Excellence Award

2



Shortlisted for Forward Faster Sustainability Award on Climate Action



3Q FY23
Financial
Highlights

3Q 2023 KEY FINANCIAL HIGHLIGHTS

Delivered higher than expected revenue and earnings due several non-recurring events

62%

Average Utilisation

2Q23 : 88%
3Q22 : 78%

97k

USD
Average day rate

2Q23 : 94k
3Q22 : 74k

99%

Operational efficiency

2Q23 : 96%
3Q22 : 98%

289

RM mil
Revenue

2Q23 : RM279 mil
3Q22 : RM174 mil

70

RM mil
EBITDA

2Q23 : RM78 mil
3Q22 : RM58 mil

1

RM mil
PAT

2Q23 : RM17 mil
3Q22 : RM15 mil

**Breakeven
PAT despite
low
utilisation in
3Q 2023**

RM12m non-recurring upsides as follows:

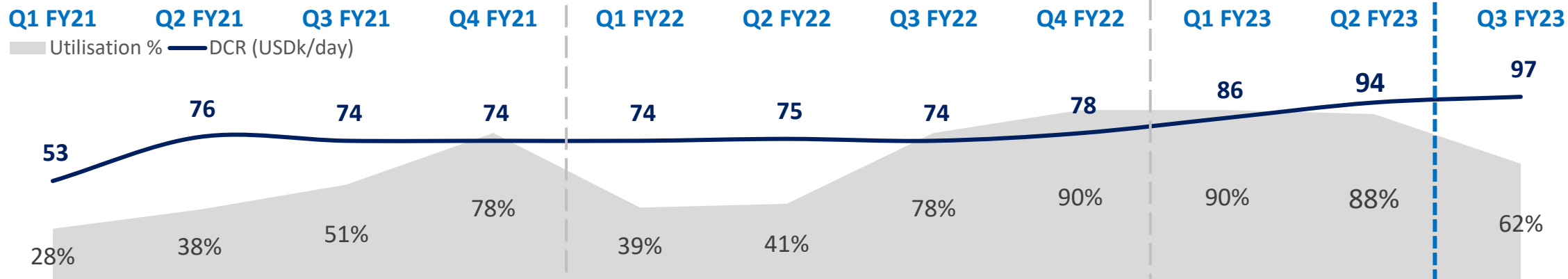
- Operated with **excellent uptime of 99%**
- **Higher call-out income** from workover business
- Finalisation of **recharges**
- **Catching-up iRDC** milestone



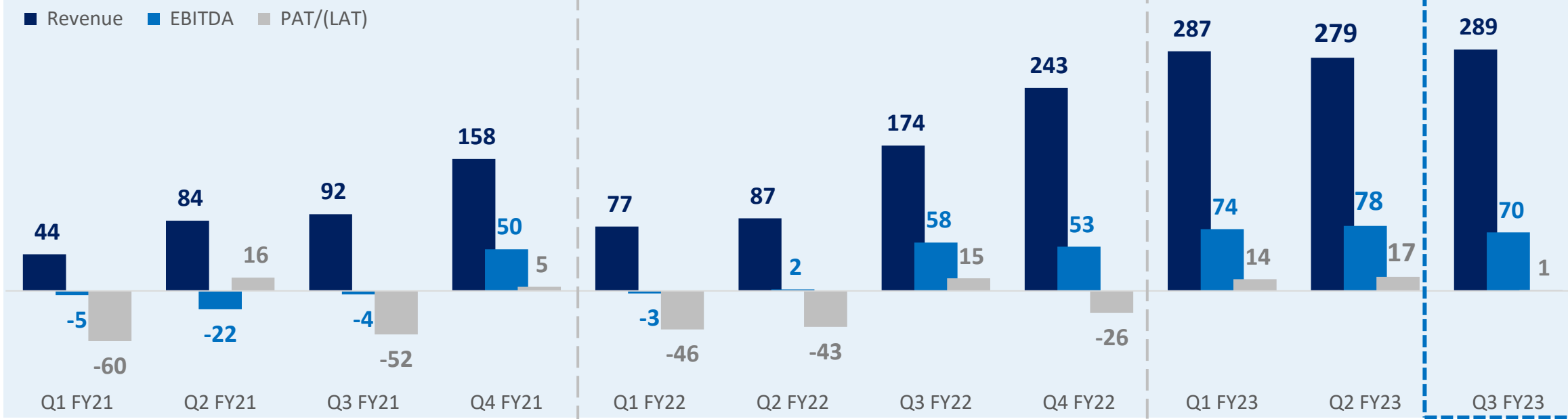
QUARTERLY PERFORMANCE

Breakeven PAT at the back of lower utilisation, higher average day rate and non-recurring items

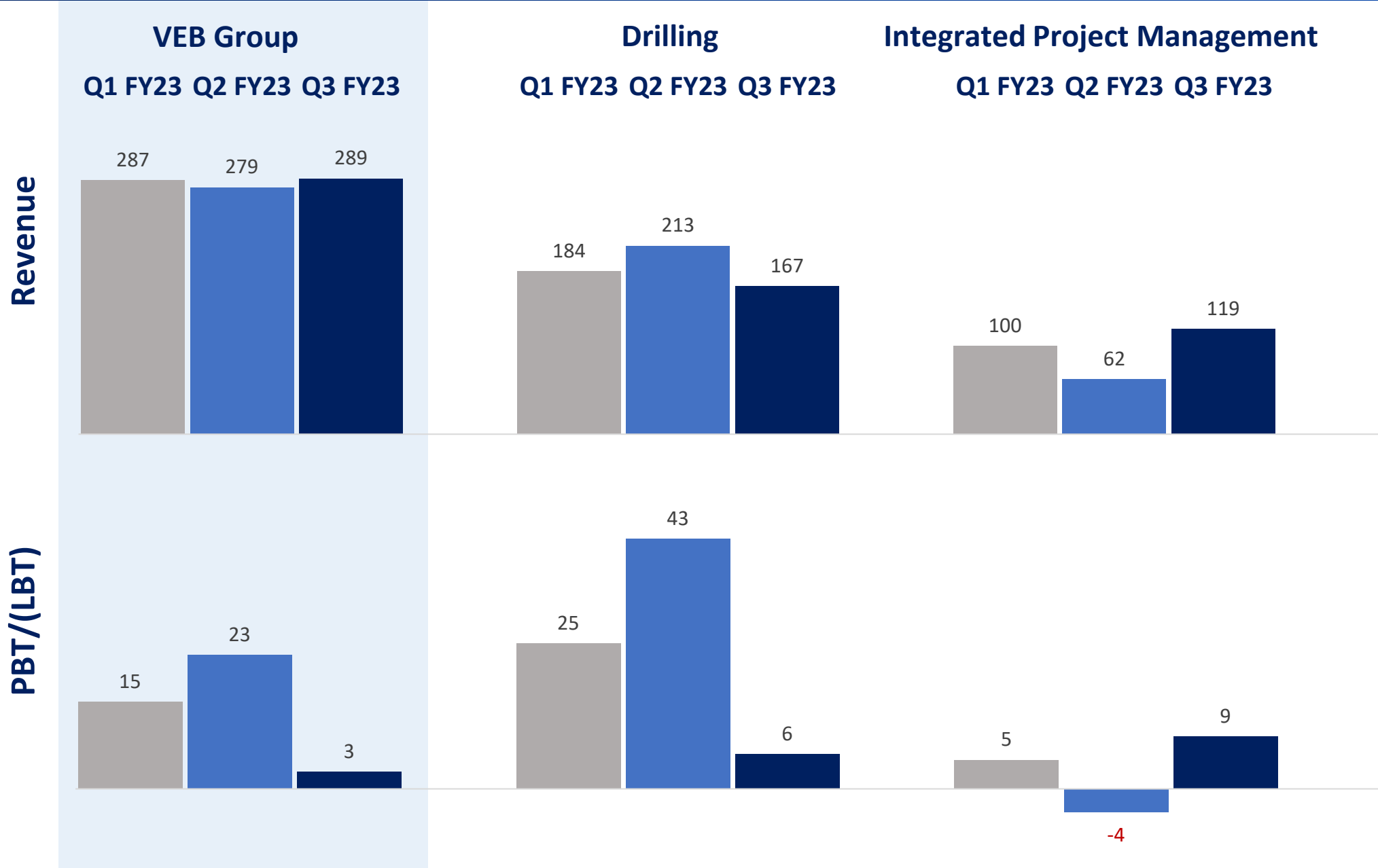
Value drivers



Financial performance



QUARTERLY DIVISIONAL PERFORMANCE



Drilling Segment recorded a profit before tax despite lower utilization

Integrated Project Management turned to profit due to higher call-out income from HWU business and catching up IRDC milestones

Note: VEB Group includes corporate costs and eliminations

SUMMARY

- 3Q 2023 recorded higher **Revenue of RM289 mil, EBITDA of RM70 mil** and **Profit after Tax of RM1 mil** on the back of **Utilisation of 62%** and **average DCR of USD97k**.
- Looking ahead, all **six rigs are currently working**.
 - Likely to maintain **high utilisation and increasing DCR** in 2024;
 - Order book of **RM1.3 bil**, including exercised CHOC option
 - Tender book of **RM6.4 bil**.
 - Focus on building order book for **2024 - 2026**.
- Optimistic that financial performance for FY2024 to be better than 2023.

THANK YOU

VELESTO ENERGY BERHAD