

1Q 2024 RESULTS ANALYST BRIEFING

24 May 2024, Friday
9.30 a.m. – 11.00 a.m.



DISCLAIMER

This material does not constitute and is not an offer to sell or the solicitation of an offer to buy securities of any company referred to in this presentation in the Malaysia or elsewhere.

This material may contain forward-looking statements by the Company that reflect management's current expectations, beliefs, intentions or strategies regarding the future and assumptions in light of currently available information. These statements are based on various assumptions and made subject to a number of risks, uncertainties and contingencies. Actual results, performance or achievements may differ materially and significantly from those discussed in the forward-looking statements. Such statements are not and should not be construed as a representation, warranty or undertaking as to the future performance or achievements of the Company and the Company assumes no obligation or responsibility to update any such statements.

No representation or warranty (either express or implied) is given by or on behalf of the Company or its related corporations (including without limitation, their respective shareholders, directors, officers, employees, agents, partners, associates and advisers) (collectively, the "Parties") as to the quality, accuracy, reliability or completeness of the information contained in this presentation (collectively, the "Information"), or that reasonable care has been taken in compiling or preparing the Information. None of the Parties shall be liable or responsible for any budget, forecast or forward-looking statements or other projections of any nature or any opinion which may have been expressed or otherwise contained or referred to in the Information.

The Information is and shall remain the exclusive property of the Company and nothing herein shall give, or shall be construed as giving, to any recipient(s) or party any right, title, ownership, interest, license or any other right whatsoever in or to the Information herein. The recipient(s) acknowledges and agrees that this presentation and the Information are confidential and shall be held in complete confidence by the recipient(s). This presentation is for the purposes of information only and no part of this presentation is intended to be or shall be construed as an offer, recommendation or invitation to subscribe for or purchase, or otherwise making available, any securities in the Company.

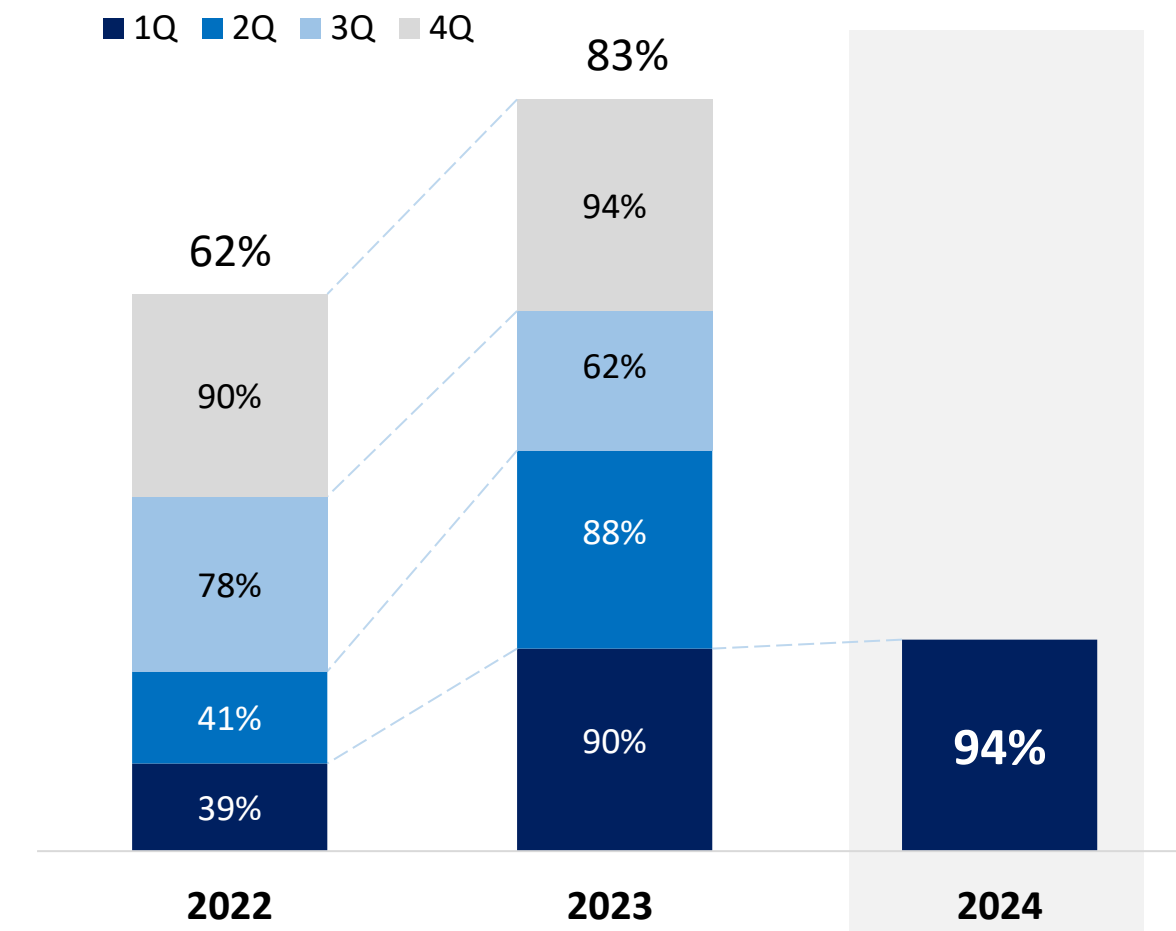
EXECUTIVE SUMMARY

Q1 2024

- Maintained **high utilization of 94%**, achieved **higher average DCR of USD107k/day** and maintained excellent uptime of 99%
- Recorded revenue of RM339 million, with **profit for the quarter** of RM47 million. **Highest Q1 PAT** recorded since **2014**
- Brent oil price **remains above USD80/bbl** during the period
- All rigs **fully contracted** during the quarter except NAGA 2 which commenced in Feb 2024 due to Wait-on-Weather since Dec 2023
- NAGA 2, 3, 4 and 6 benefit from **improved rates from 7 Feb 2024**

Q1 2024 maintained high utilisation against preceding quarter

% Utilisation by quarters

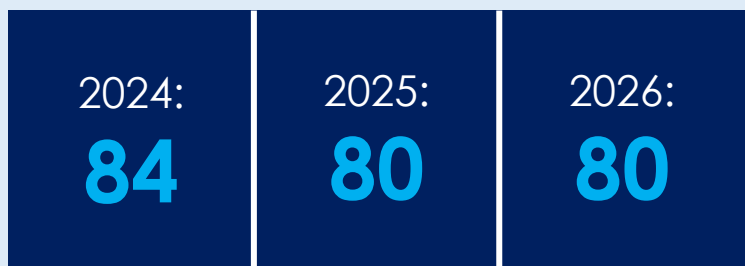


GLOBAL MACROECONOMY AND OIL MARKET HIGHLIGHTS

Global macroeconomic conditions remains strong and supportive of oil price and investments

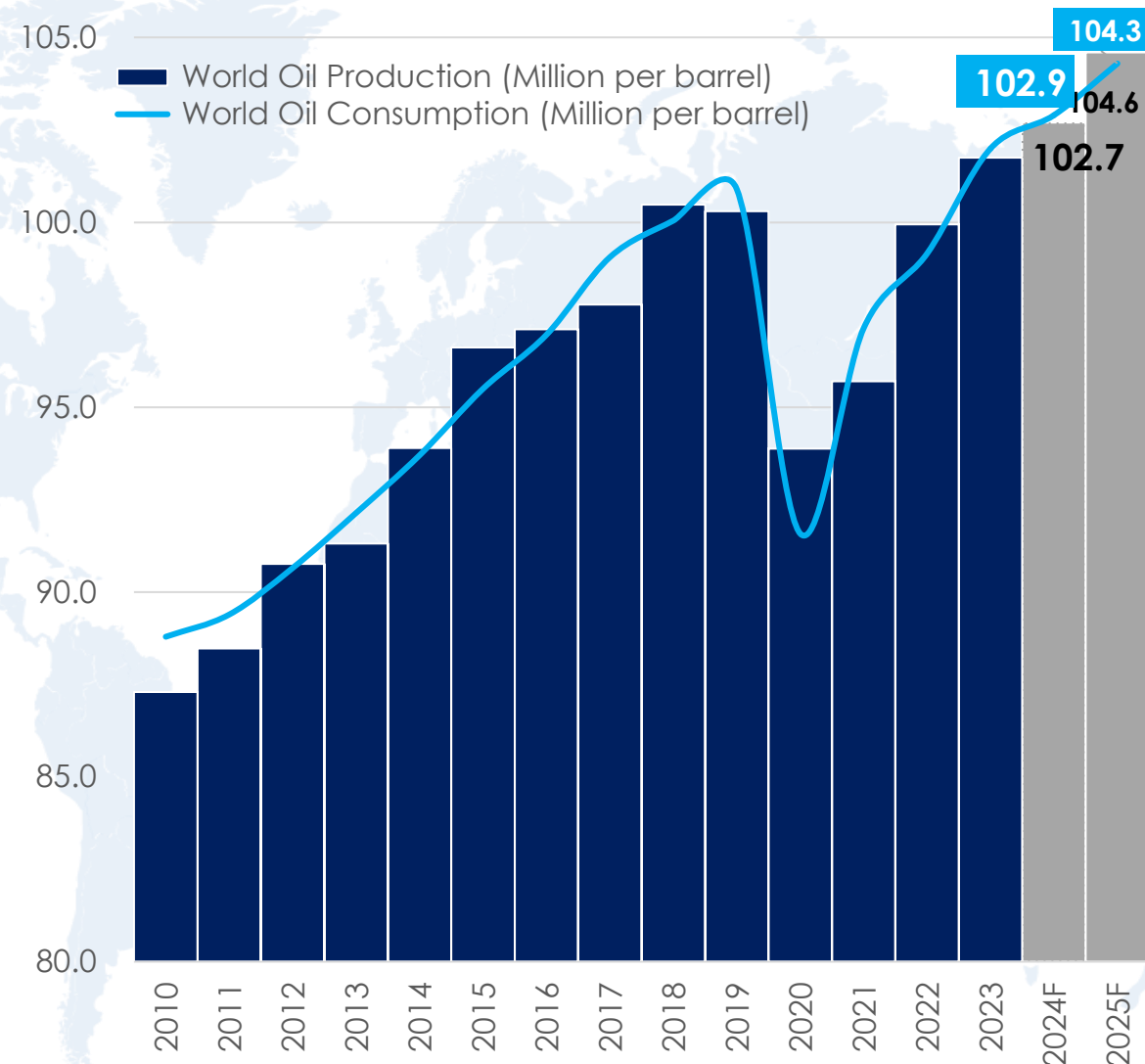
1. IMF increased its 2024 global **GDP growth forecast to 3.2%** (January: 3.1%).
 - a. Inflation declining but at a slower pace;
 - b. US Fed to cut rates at a slower rate
2. US EIA increased its forecasted global oil consumption for 2024 to **102.9 mil bpd** (+0.5 mil bpd) and 2025 to **104.3 mil bpd** (+0.7 mil bpd) respectively.
3. Oil prices forecasts have increased to reflect expected inventory draws and rising geopolitical risk.

Bloomberg's Brent oil prices (USD/bbl) consensus forecast:



Source: Bloomberg May-2024

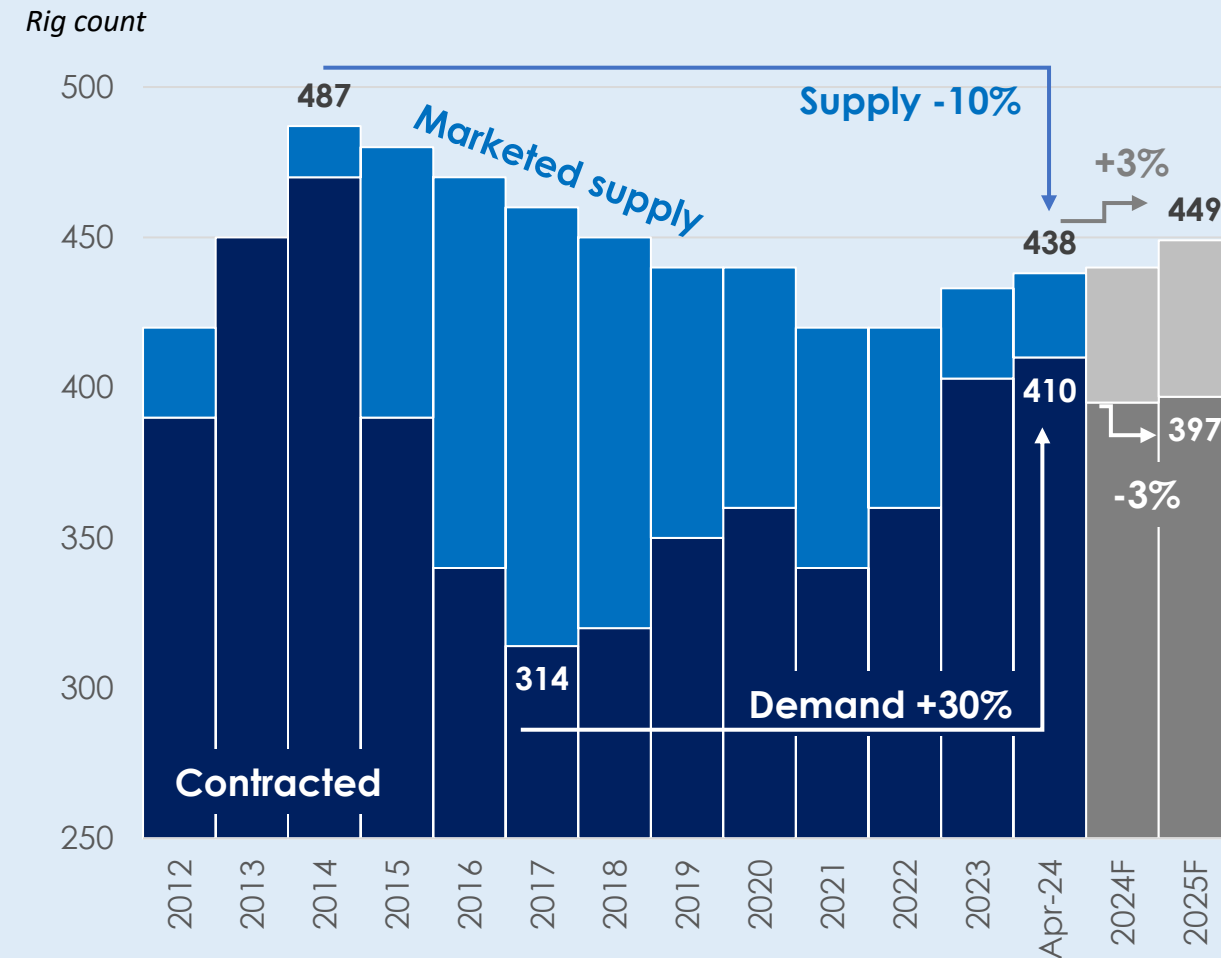
World Oil Production and Consumption (mil bpd)



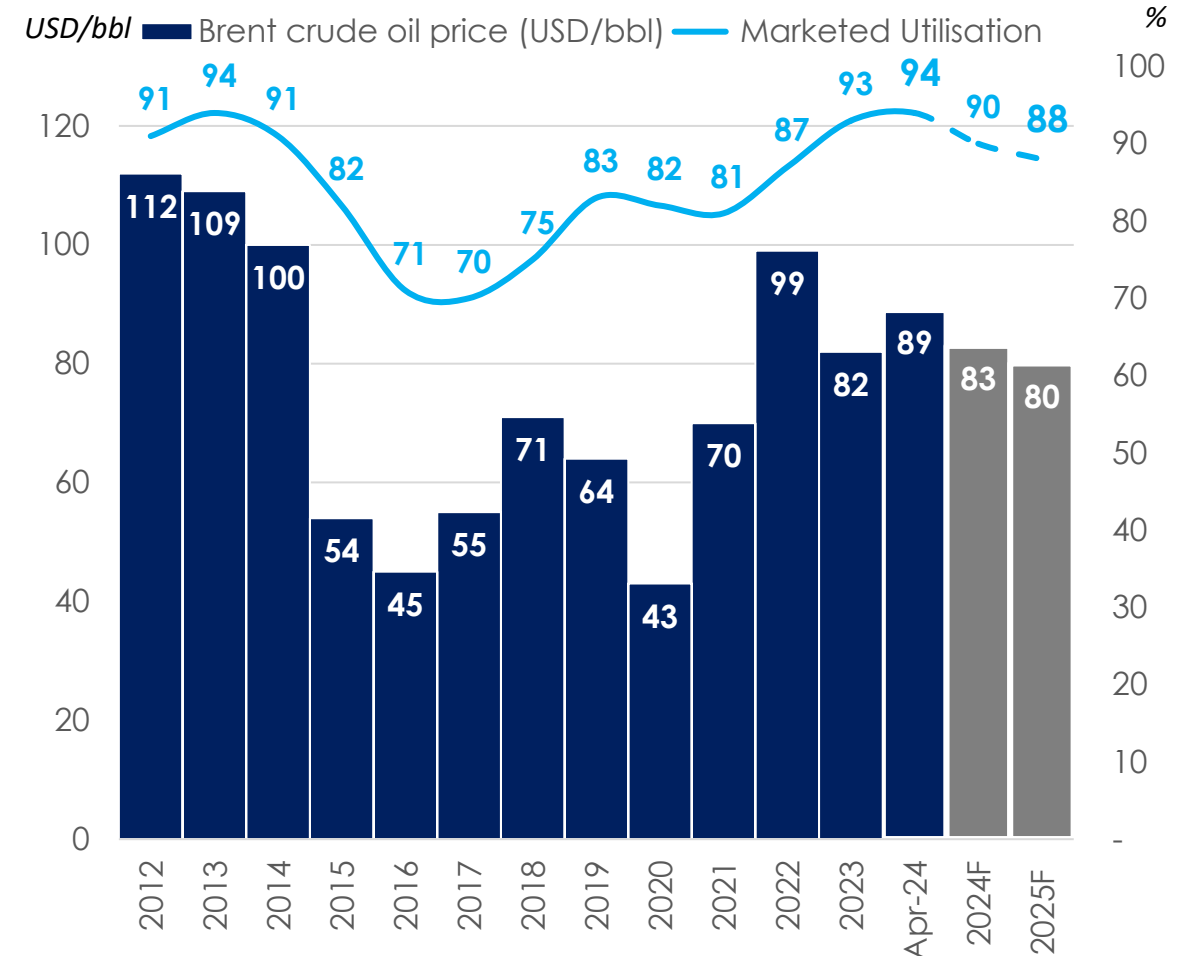
Source: EIA STEO April-2024

GLOBAL JACK-UP DRILLING RIG OUTLOOK

Jack-up Rig Supply & Demand



Oil Price against Jack-up Rig Utilisation



Global Jack-up **Rig Marketed Utilisation** might decline from 94% in April 2024 to **88%** by end of 2025 due to Saudi Aramco suspensions

REGIONAL JACK-UP DRILLING RIG OUTLOOK

DRILLING RIG COUNT
(no.)

FIXTURE RATES[^]
USDk/day

100%

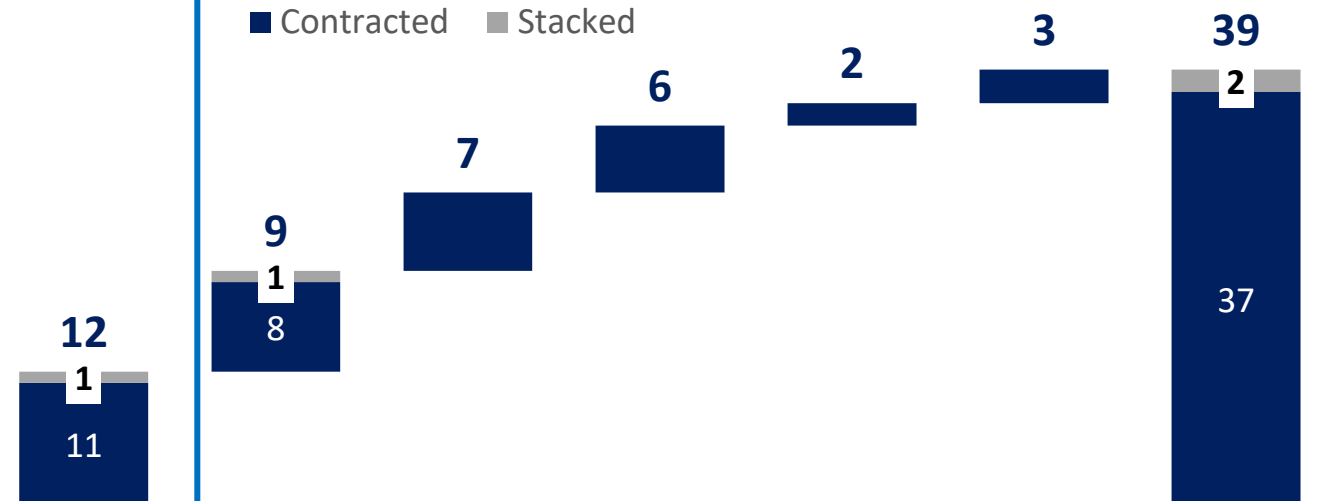
Marketed
Utilisation

Malaysia represents 30% of contracted rigs in SEA and 6 rigs are from VEB

100%

Marketed
Utilisation

■ Contracted ■ Stacked



Malaysia

High

165

Low

90

Indonesia

Vietnam

Thailand

Brunei

Singapore

SEA

High

166

Low

90

Marketed Utilisation in Malaysia and SE Asia remained at 100%

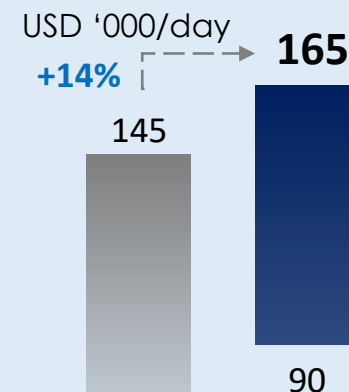
Note: Malaysia including 1 rig at Malaysia-Thailand JDA

[^] Latest fixture rates from Jan 2023- Apr 2024

Source : IHS RigPoint Apr 2024, Velesto Analysis

Highest Malaysia fixture rates increased to USD165,000/day

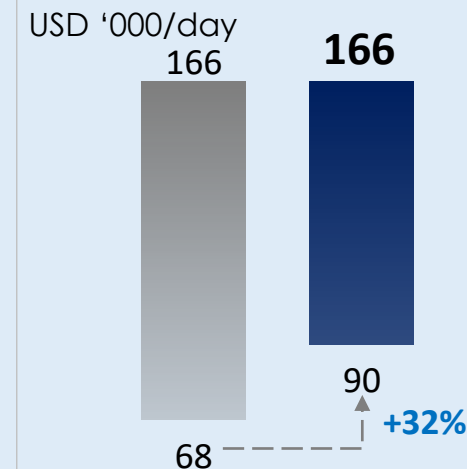
Malaysia



USD '000/day

+14%

SE Asia



USD '000/day

+32%

2023

Apr-24

2023

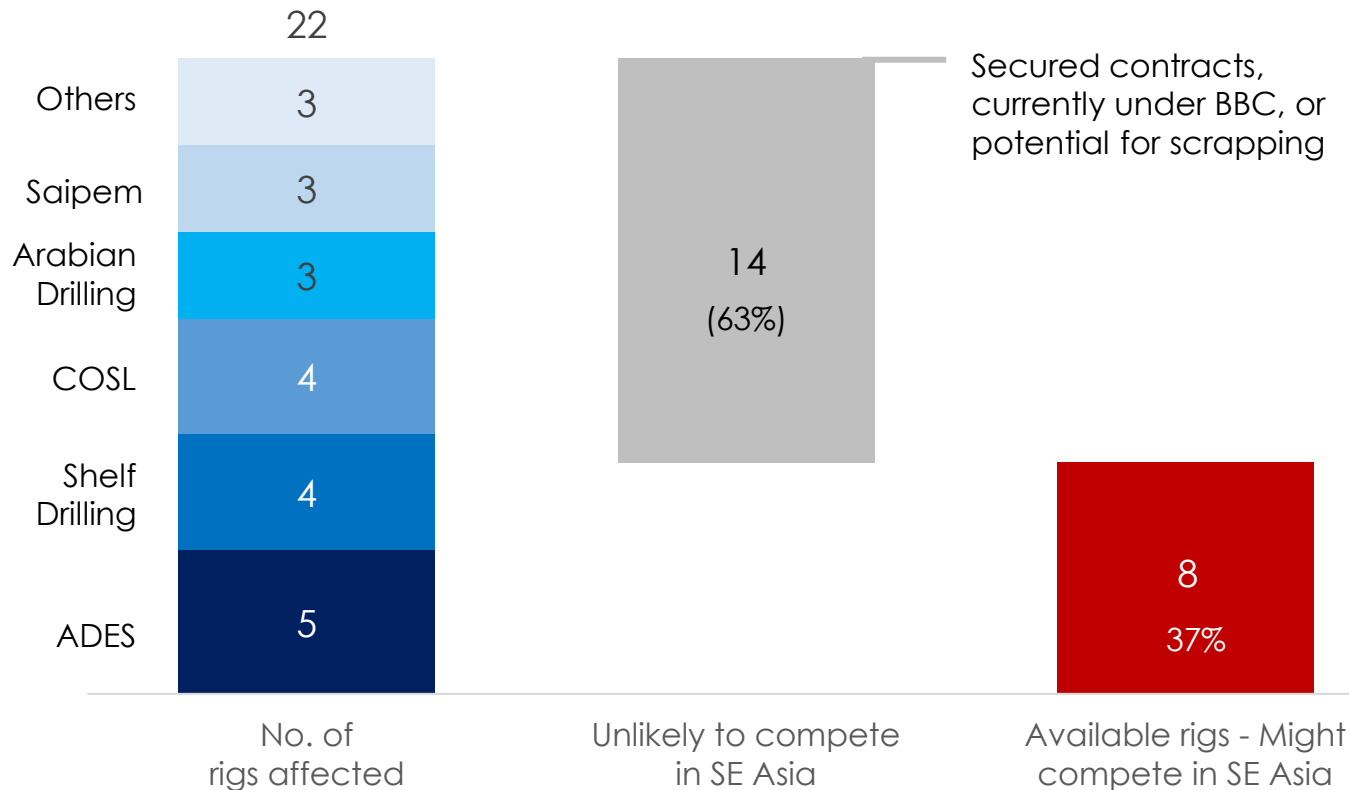
Apr-24

Lowest Regional fixture rates tighten to USD90,000/day

SAUDI ARAMCO

Saudi Arabia cuts oil production growth target to 12 MMb/d and likely to defer at least two major projects i.e. Safaniyah and Manifa beyond 2025

Out of 92 contracted rigs by Saudi Aramco, 22 were suspended while ~70 rigs remained contracted

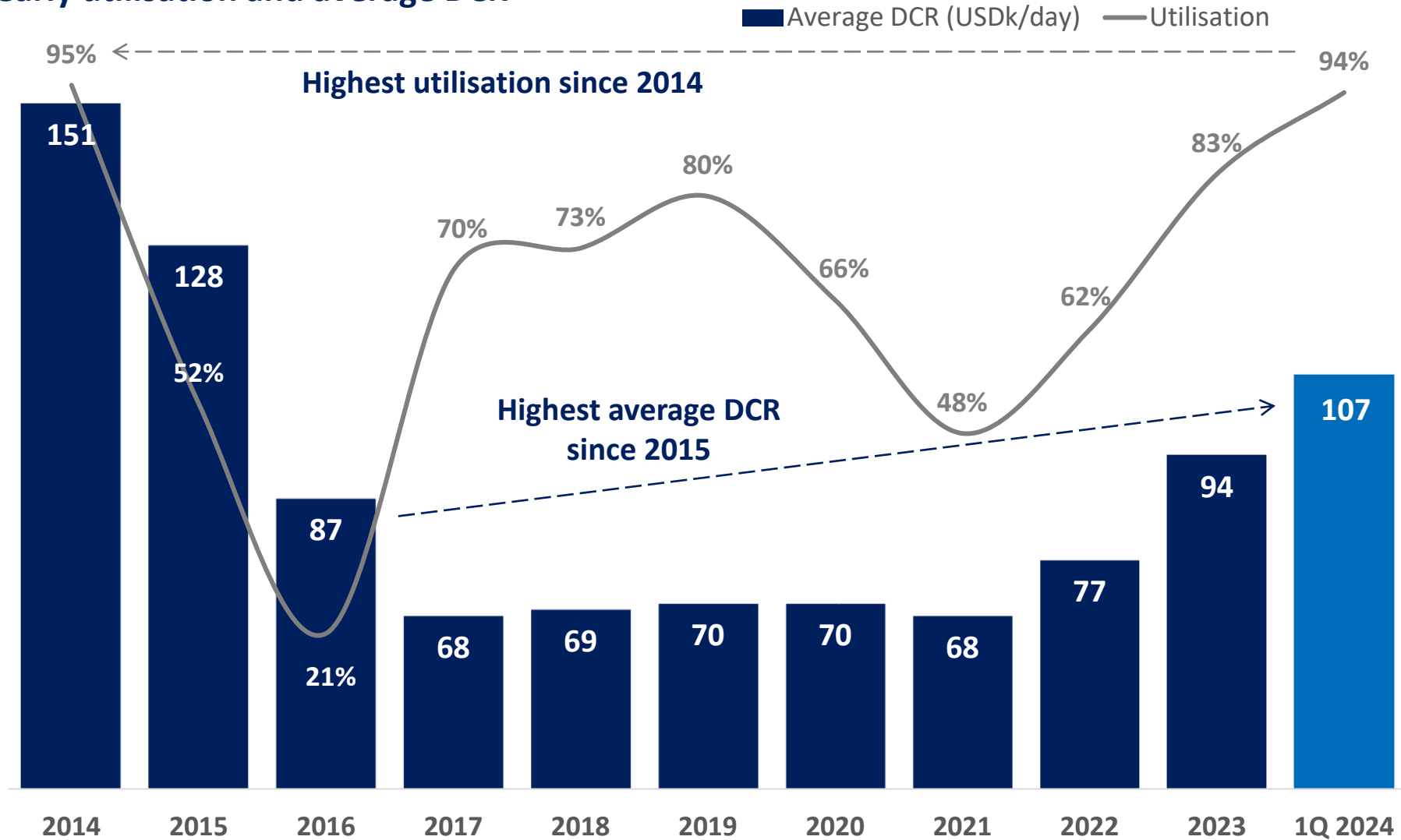


- Saudi Aramco announced it will terminate or suspend at least **22 jack-up rigs** by up to 12 months
- Based on our analysis, up to 8 jack-up rigs **might be competing** for long-term jobs in SE Asia.
- Global JU rig **demand remains strong** – on-going tenders sufficient to absorb affected rigs.
- However, we expect temporary **downward pressure on dayrates** in 2025/6 onwards.
- We are **closely monitoring** the situation for our future bidding strategy, especially for mid-2026 onwards.

Source : Various, Velesto Analysis

RIG UTILISATION AND AVERAGE DAILY CHARTER RATE

Yearly utilisation and average DCR



Higher utilisation in 1Q 2024 as all rigs were working except for NAGA 2 'wait on weather'

Average DCR continues to increase due to improved rates

1 Q 2024 OPERATIONAL HIGHLIGHTS



Drilling:

1 Q 2024 Rig Utilisation at **94%** based on:

- All rigs are working except for
 - NAGA 2 'wait-on-weather' period from Dec 2023 to early-Feb 2024

Achieved **Operational Efficiency** of **99%** in 1 Q 2024

NAGA 2 completed Vestigo and NAGA 4 completed PCSB jobs.

Naga 3 - 5,000 days LTI-free & NAGA 5 - 10 years LTI-free

Integrated Project Management:

IRDC progressing well and secured extension for an additional well. Targeted completion by August 2024

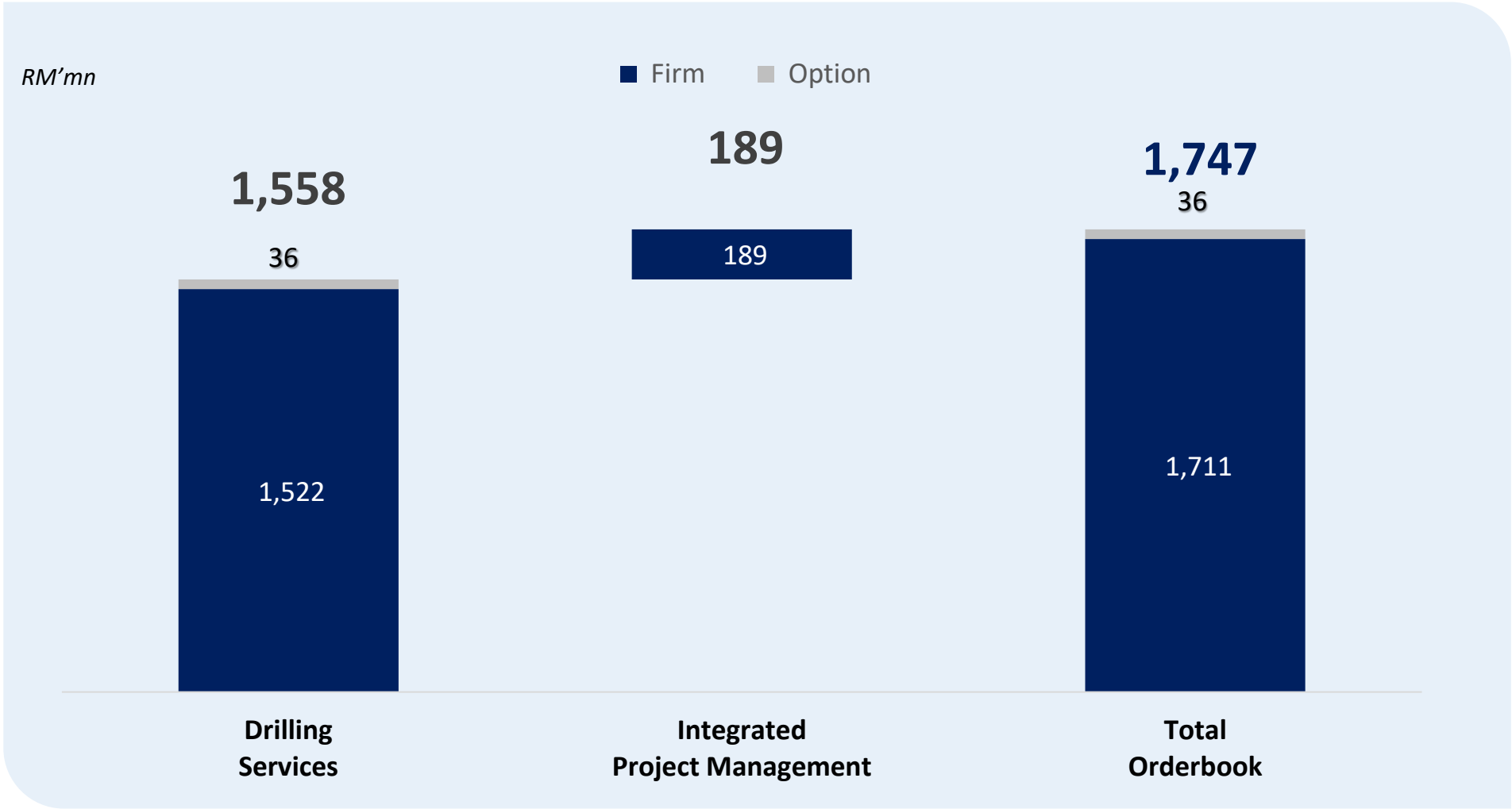
1 Q 2024 HWU Utilisation at **50%** based on:

- GAIT 6 are working throughout the quarter.

LATEST ORDER BOOK STATUS

Current order book stands at RM1.7 bil with 98% firm contracts

Current Clients



PCSB

HESS

CARIGALI HESS

EXXONMOBIL

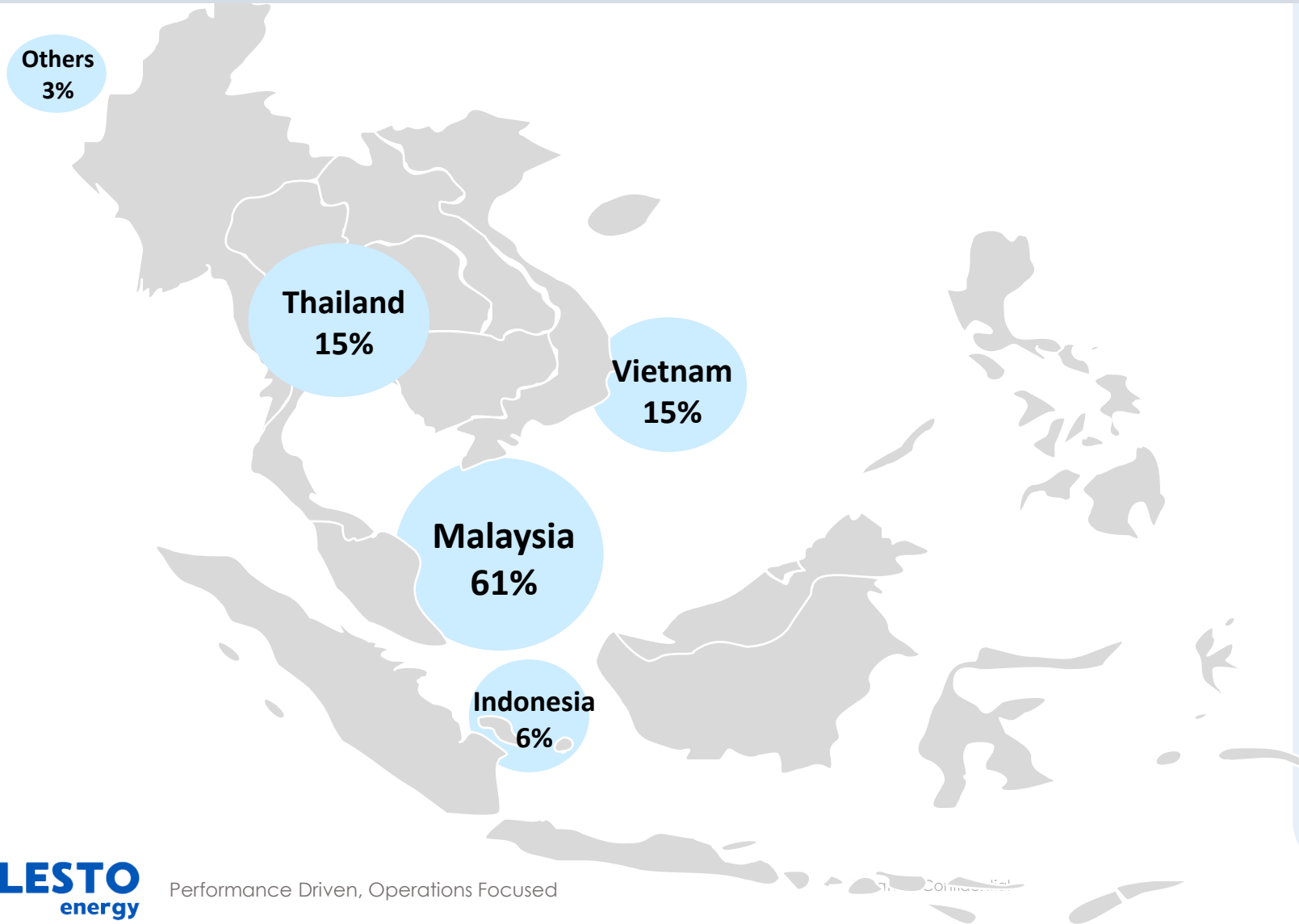
Including drilling services for i-RDC

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

As at April 2024

CURRENT TENDER ACTIVITIES

Total prospects currently stands at **RM4.6 bil** and focus is now on building order book for **2025 to 2026**



4.6

RM Billion

Total prospect value

| | Short term <12 months | Long term >12 months |
|------------------|-----------------------------|----------------------------|
| No of tenders | 14 | 7 |
| Value (RM b) | 1.4 | 3.2 |

As at April 2024

1Q 2024 HSE HIGHLIGHTS



Note:
 *TRCF indicates number of incidents per 1 mil man hours. IADC 2023 Asia Pacific waters average TRCF: 1.11
 ** Q1-2024 compared to Q4-2023

HSE Engagements and Awards



Senior Management Visit with Petronas and Hess to NAGA 5



IADC 2023 Best Rig in South East Asia (Offshore) to NAGA 6 for Years without a Recordable Injury



PTTEP CEO SSHE Excellence Award

SUSTAINABILITY UPDATES

In 2024, Velesto strengthen its climate commitment to decarbonize its value chain towards achieving Net Zero 2050



What will happen next:

- Roadmap development for decarbonisation pathways towards 2050
- Validation of baseline and emission reduction targets

INTERIM MID-TERM TARGET & PROGRESS:

2030 TARGETS

1 (10%)

Reduction of Emission Intensity/ Ops Day

2 (30%)

Reduction of Emission Intensity/ Revenue

Cumulative
(as of Mar 2024):

(35%)

reduction in
emission intensity/
ops day
against 2021
baseline

Corresponding
Quarter

(6%)

reduction in
emission intensity/
ops day
against 2023 Q1

ENGAGEMENTS/ INITIATIVES

PAST ACTIVITIES



Sustainability Report 2023

- Published and can be read on our [website](#)



Capability Building

- > 10 sessions of cross-functional knowledge sharing sessions
- Monthly **Sustainability Awareness Briefing for Crew**, 48 sessions conducted so far



ESG initiatives at supply bases

- Harvesting rainwater for domestic purposes
- Solar-powered floodlights for open yard

UPCOMING

- June – Year 3 of our coral restoration initiatives in Perhentian Island
- June – Net Zero and decarbonization assessment
- July – Vendor Engagement Day

An aerial photograph of an offshore oil rig, likely a jack-up rig, positioned in the middle of a vast, deep blue ocean. The rig has a red hull and a white upper section. It features three tall, slender derrick structures: one with red and white diagonal stripes, and two solid black ones. A helipad is visible on the left side of the rig's deck. In the background, a distant shoreline with various industrial buildings and structures is visible under a clear sky. A semi-transparent dark grey horizontal band is overlaid across the middle of the image, serving as a background for the title text.

1Q 2024 Financial Highlights

1Q 2024 KEY FINANCIAL HIGHLIGHTS

| Key financial highlights | Quarterly | | |
|----------------------------------|------------|---------|---------|
| | 1Q 2024 | 4Q 2023 | 1Q 2023 |
| Average utilisation | 94% | 94% | 90% |
| Average day rate <i>(USDk/d)</i> | 107 | 99 | 86 |
| Operational efficiency | 99% | 99% | 94% |
| Revenue <i>(RM'mn)</i> | 339 | 359 | 287 |
| EBITDA <i>(RM'mn)</i> | 134 | 144 | 74 |
| EBITDA margin | 39% | 40% | 26% |
| PAT <i>(RM'mn)</i> | 47 | 67 | 14 |

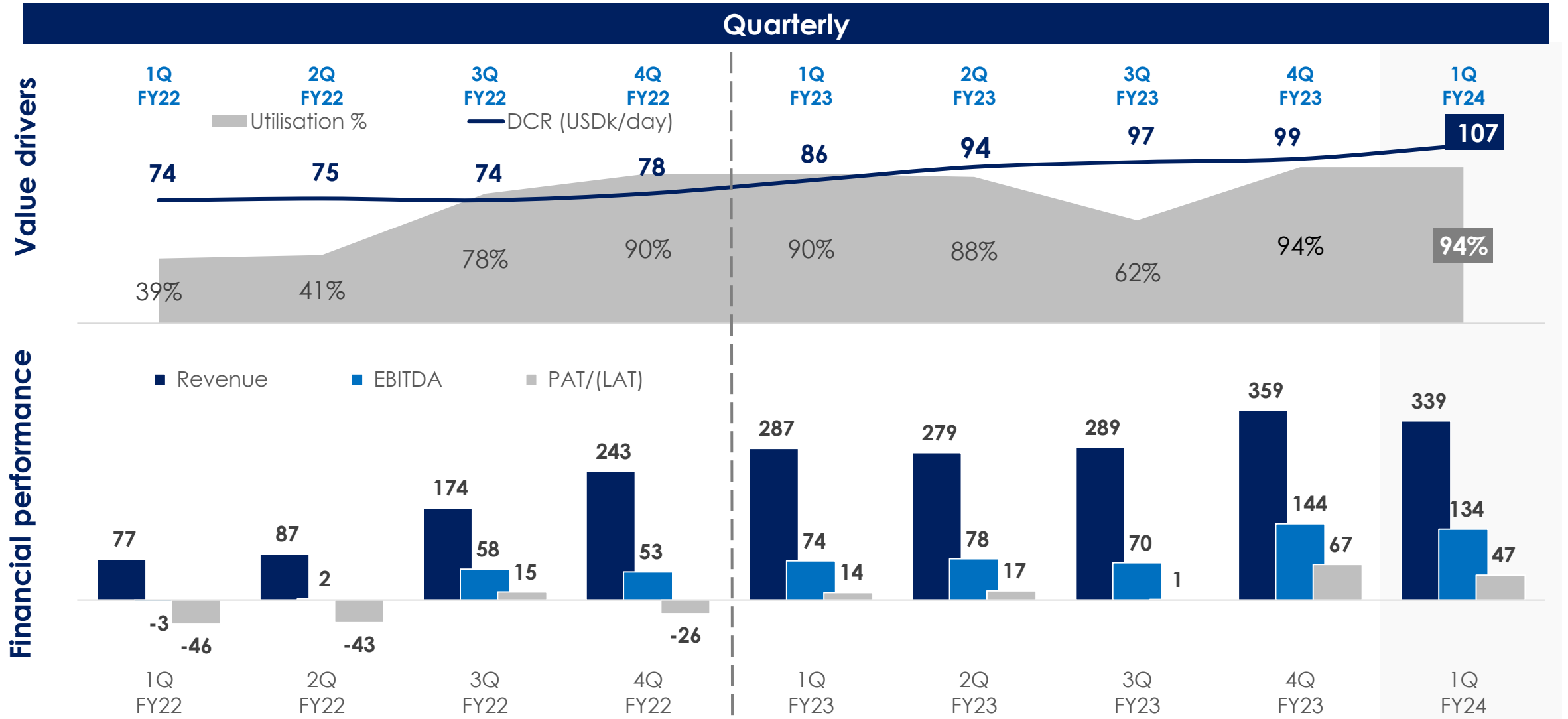
Quarterly:

- Delivered significant growth year-on-year (compared with 1Q23)
 - Revenue +18%
 - EBITDA +81%
 - PAT +236%
- Slightly lower quarter-on-quarter due to
 - Lower iRDC revenue
 - Higher depreciation
 - Absence of one-off reversals

Best first-quarter performance since 2014

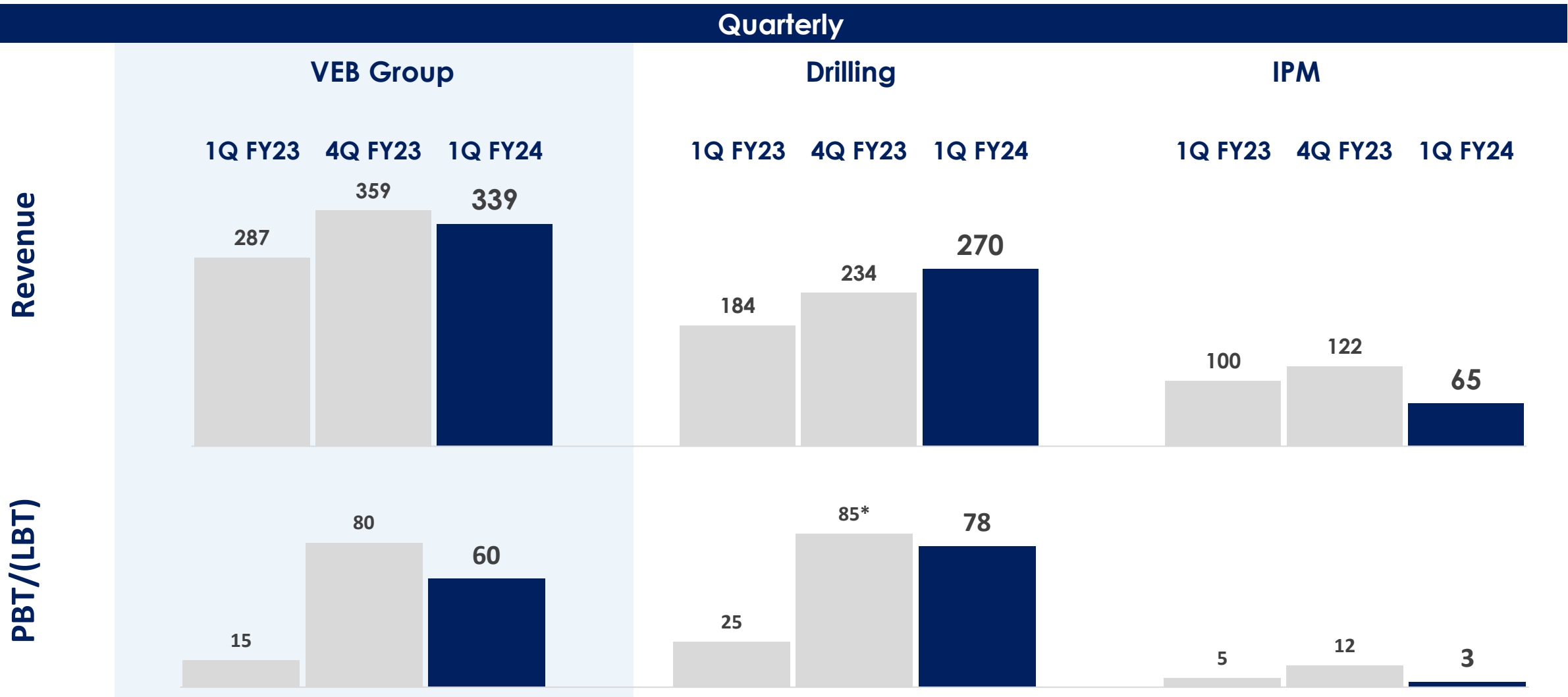
QUARTERLY PERFORMANCE

Delivered **highest first quarter Revenue, EBITDA and PAT** since 2014
on the back of **higher utilisation and average day rate**



QUARTERLY AND YEARLY DIVISIONAL PERFORMANCE

Drilling Segment recorded the highest revenue and profit before tax of recent years
Integrated Project Management progressing on i-RDC and 1 working HWU units



Note: VEB Group includes corporate costs and eliminations

*: Includes reversal of provision - RM8 million

SUMMARY



- Best first-quarter performance since 2014, driven by both market conditions and **operations excellence** i.e. 99% operating efficiency and Zero LTI.
- Performance Driven, Operations Focused **cultural transformation** is delivering results.
- On-going efforts to **secure future earnings** through longer term contracts and competitive rates.
- On-track for an **equally promising** FY2024.

THANK YOU

VELESTO ENERGY BERHAD