

# 2Q 2024 RESULTS ANALYST BRIEFING

30 August 2024, Friday  
9.30 a.m. – 11.00 a.m.



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# EXECUTIVE SUMMARY

## 2Q 2024

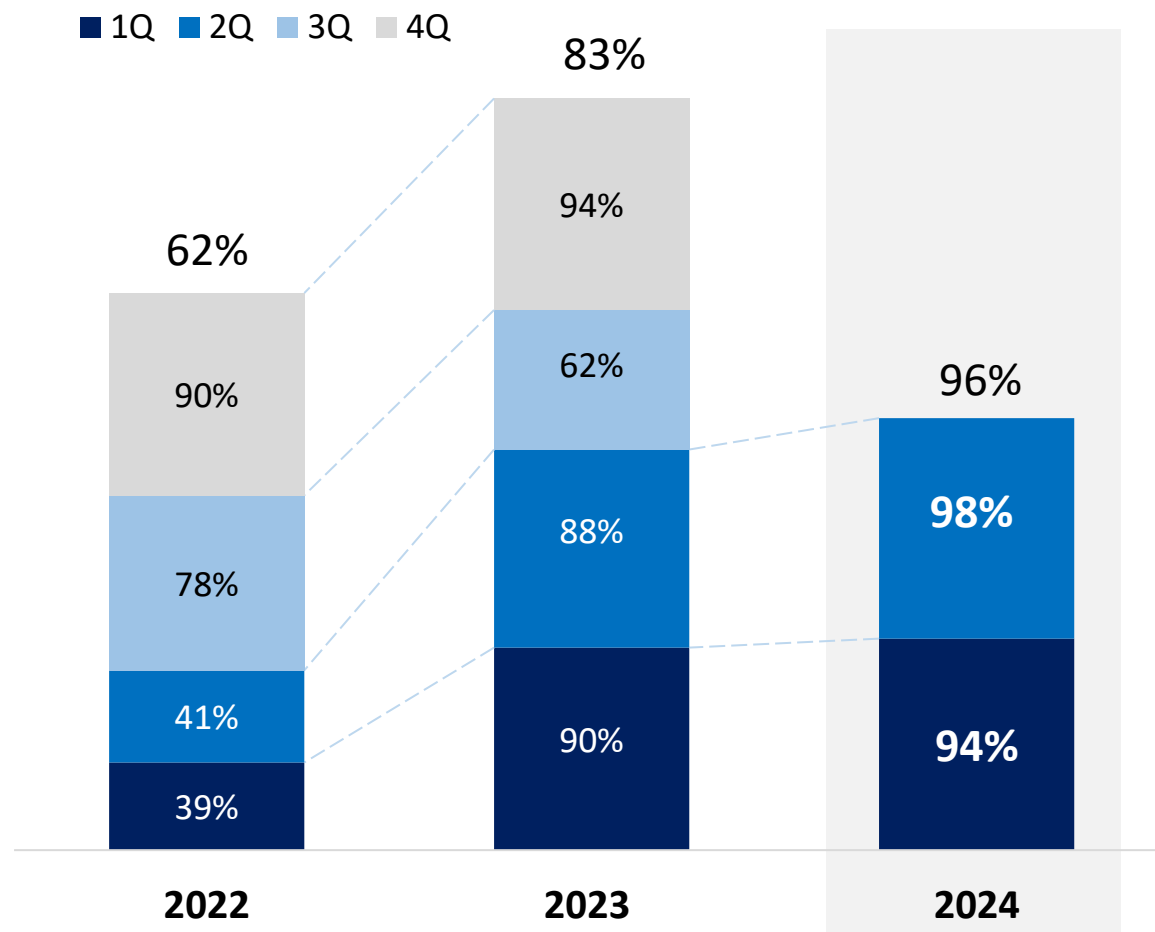
- Recorded revenue of **RM393 mil**, with EBITDA of **RM152 mil** and profit after tax of **RM63 mil**.
- Higher utilisation of **98%** and DCR of **USD115k** and excellent operating efficiency of **99%**.
- Brent oil price remains around **USD80/bbl** during the period.
- All rigs contracted during the quarter except for **NAGA 2 – commenced SPS** in June 2024

## YTD June 2024

- Recorded revenue of **RM732 mil**, EBITDA of **RM286 mil** with profit after tax of **RM110 mil**.
- Average utilisation of **96%** and DCR of **USD111k** and operating efficiency of **99%**
- Higher DCR on renewal of PCSB umbrella contract and NAGA 5 and NAGA 8 extensions.
- Recently completed NAGA 2 SPS and awarded TLJOC contract.
- Declared interim dividend of **0.25 sen** per share

**2Q and YTD June 2024 maintained high utilisation** against preceding quarters and periods

### % Utilisation by quarters

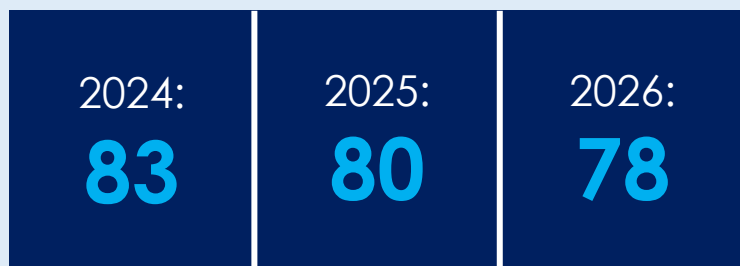


# GLOBAL MACROECONOMY AND OIL MARKET HIGHLIGHTS

**Global macroeconomic conditions remains strong and supportive of oil price, CAPEX and development activities**

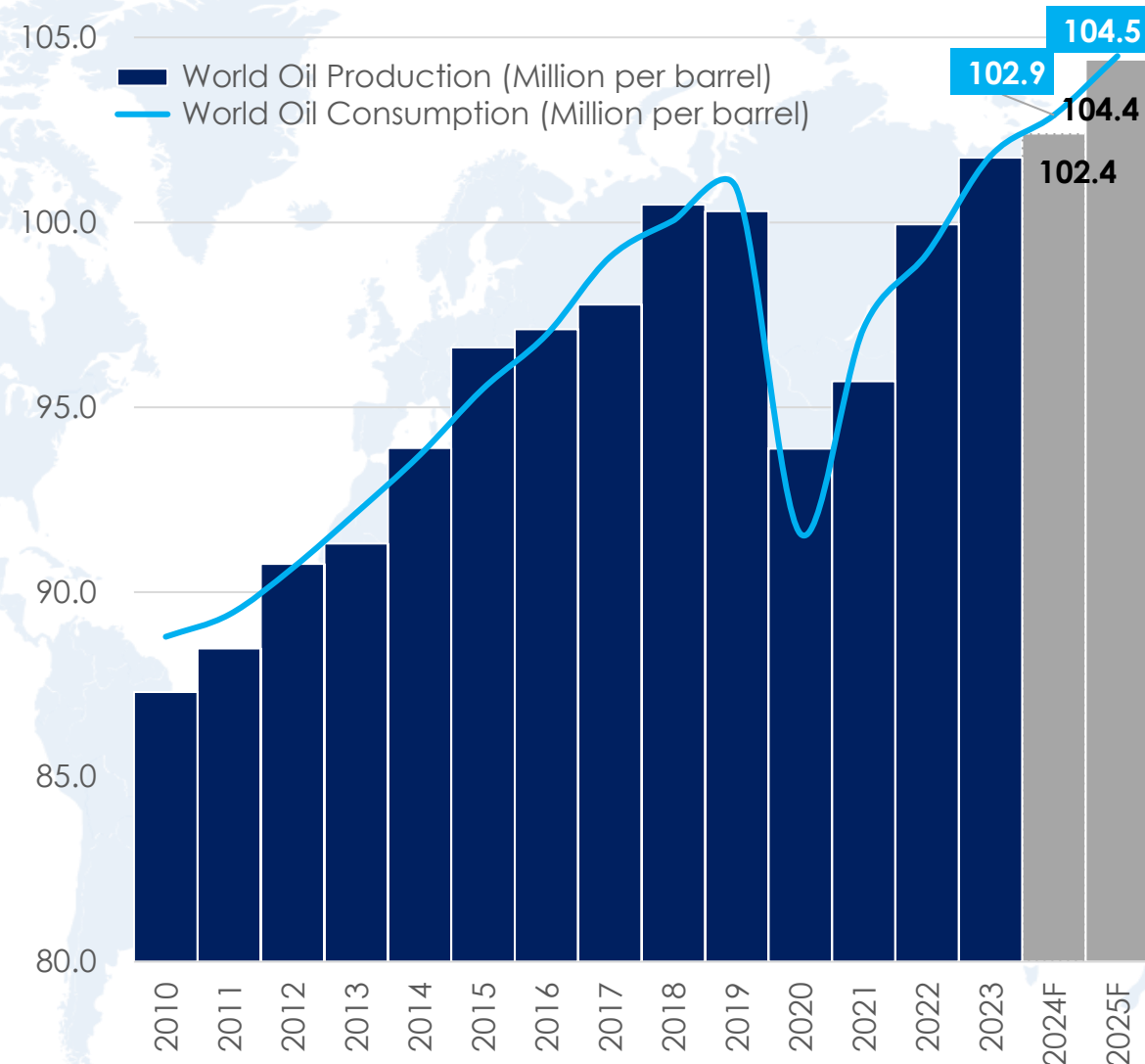
- IMF increased its 2025 global **GDP growth forecast to 3.3%**.
  - Inflation declining but at a slower pace;
  - US Fed expected to cut rates once by end of 2024
  - Risk of policy uncertainty due to US election results
- US EIA increased its forecasted global oil consumption for 2025 to **104.5 mil bpd** (+0.2 mil bpd).
- Oil prices forecasts remain relatively unchanged.

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



Source: Bloomberg Aug-2024

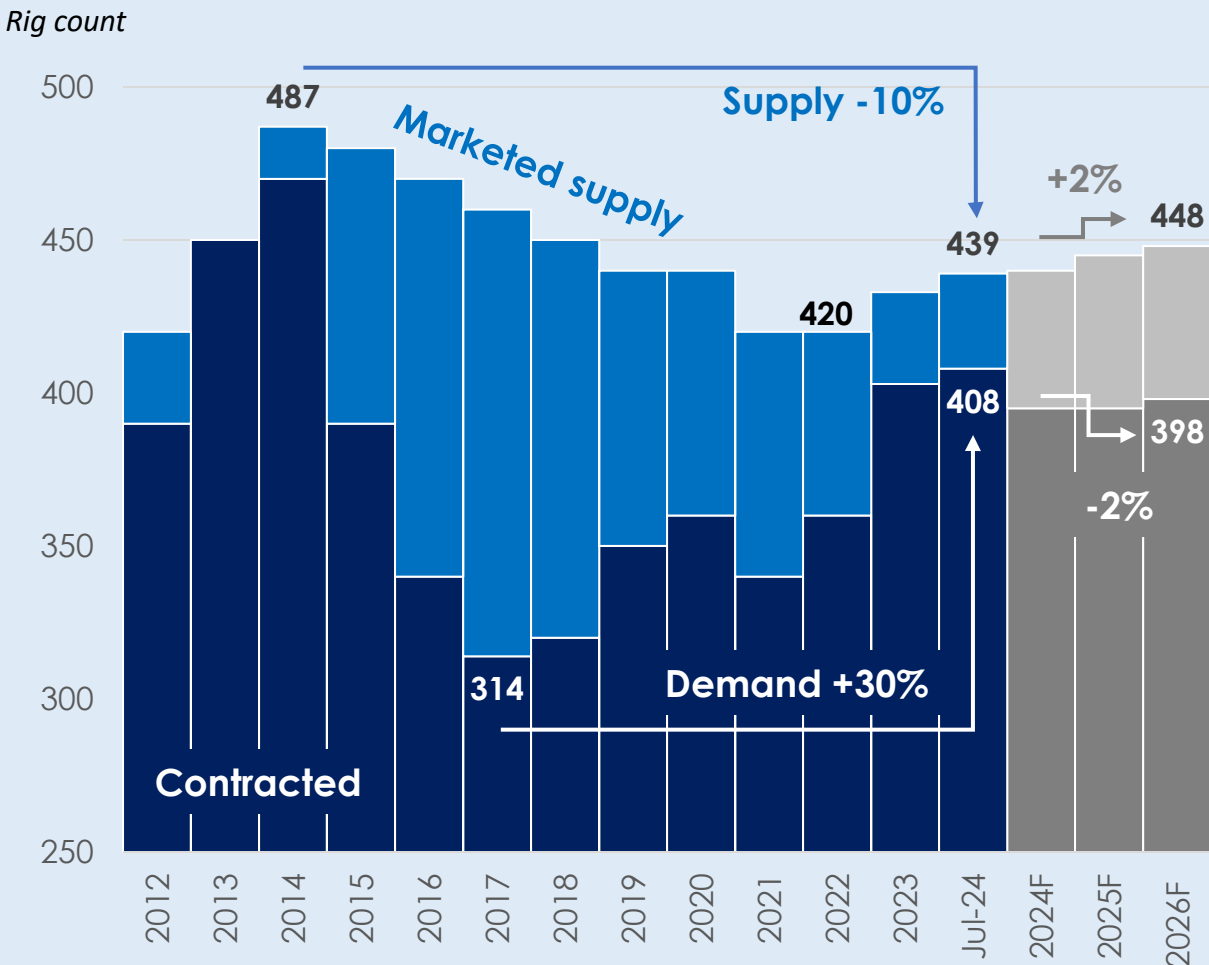
## World Oil Production and Consumption (mil bpd)



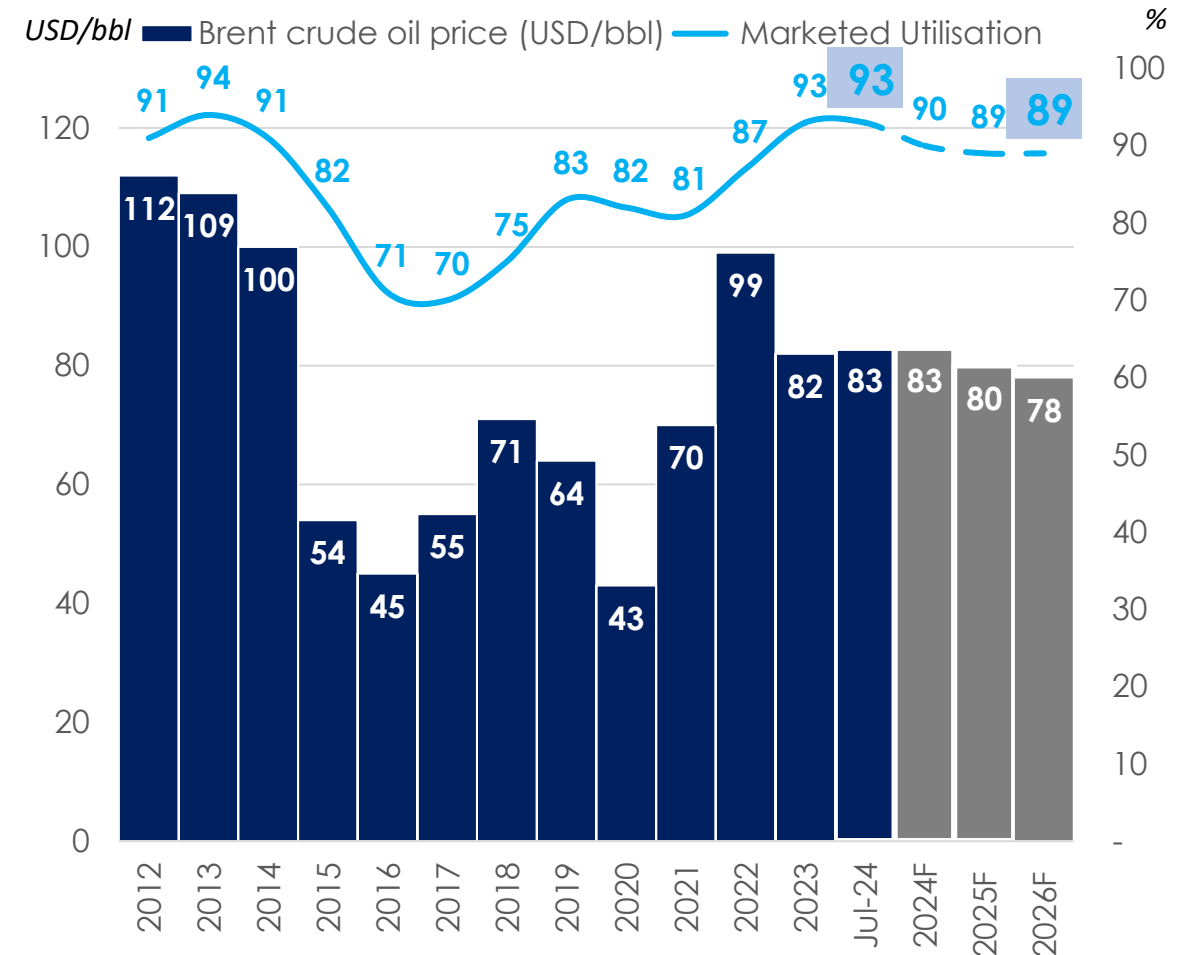
Source: EIA STEO Aug-2024

# GLOBAL JACK-UP DRILLING RIG OUTLOOK

## Jack-up Rig Supply & Demand



## Oil Price against Jack-up Rig Utilisation

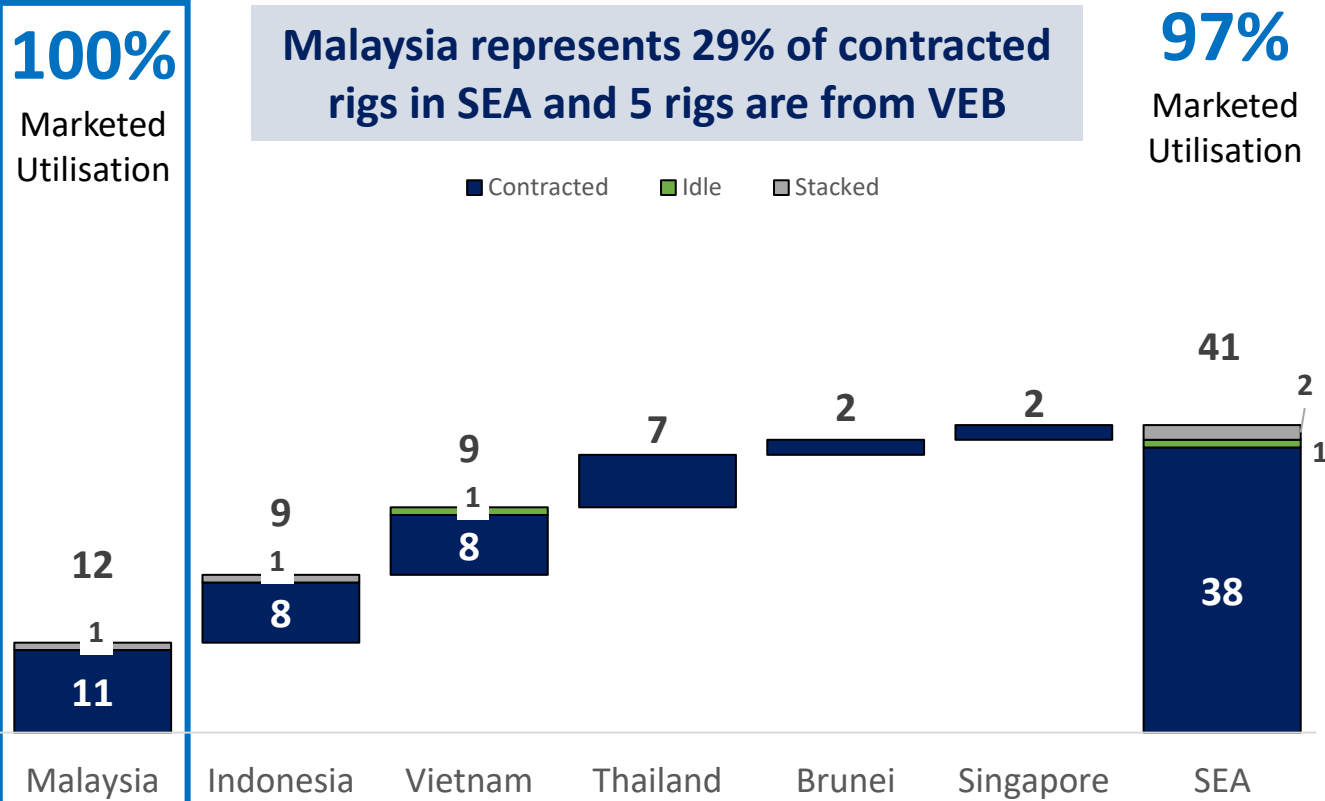


Global Jack-up **Rig Marketed Utilisation** is expected to decline from **93%** in July 2024 to **89%** by end of 2026; which remains relatively tight compared to historical levels

Source : IHS RigPoint Jul 2024, Bloomberg, Velesto Analysis

# REGIONAL JACK-UP DRILLING RIG OUTLOOK

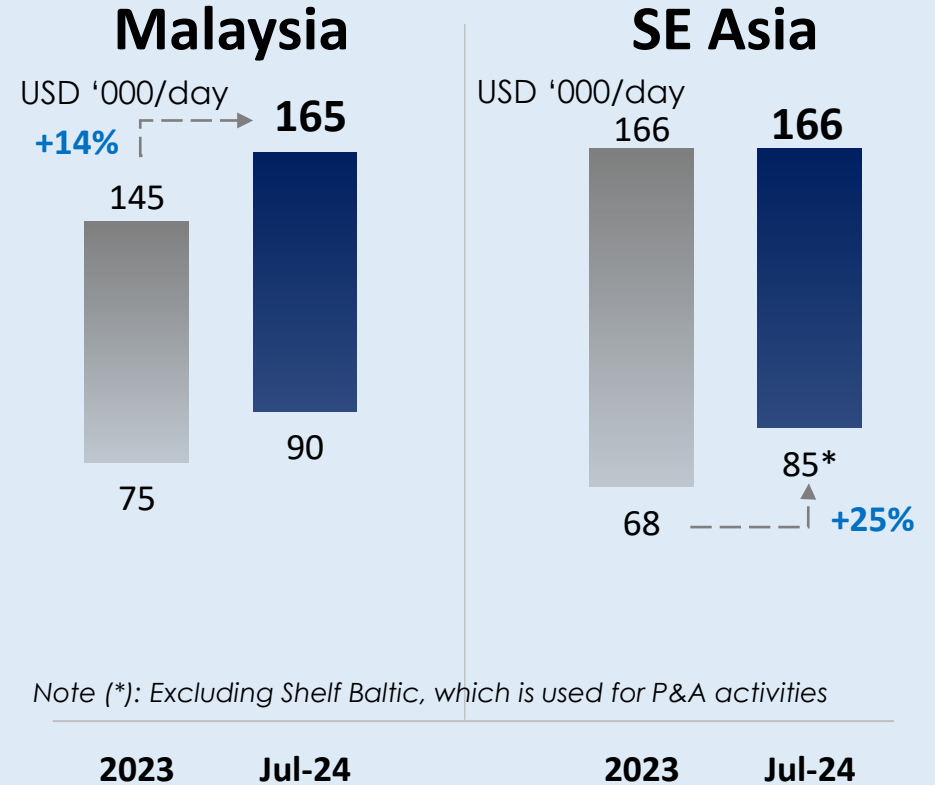
DRILLING RIG COUNT  
(no.)



FIXTURE RATES<sup>^</sup>  
USDk/day



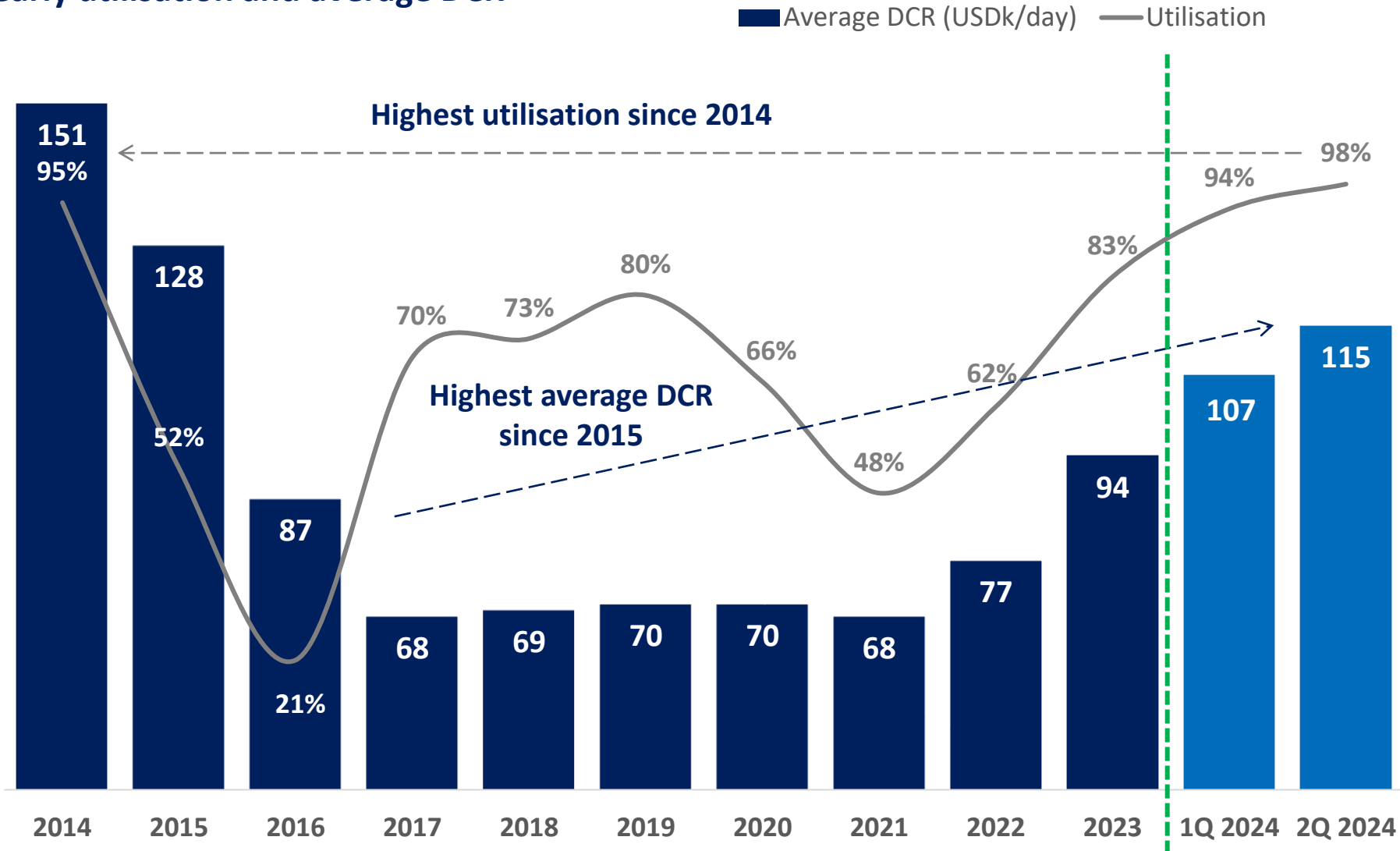
Highest Malaysia fixture rates increased to USD165,000/day



Lowest Regional fixture rates at USD85,000/day in Indonesia

# RIG UTILISATION AND AVERAGE DAILY CHARTER RATE

## Yearly utilisation and average DCR



**Higher utilisation** in 2Q 2024 as all rigs were working except for NAGA 2 underwent SPS in June

**Average DCR continues to increase** due to improved rates

# 2Q 2024 OPERATIONAL HIGHLIGHTS



## Drilling:

2Q 2024 Rig Utilisation at **98%** based on:

- All rigs are working except for NAGA 2 which commenced SPS in June 2024.
  - SPS completed and departed from Seatrium drydock on 26 August 2024
- NAGA 6 arrived at Labuan in July 2024 and commenced SPS.

Achieved **Operational Efficiency** of **99%** in 2Q 2024

## Integrated Project Management:

IRDC completed the main scope (14 wells) in June 2024 resulting on higher progress in billing.

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

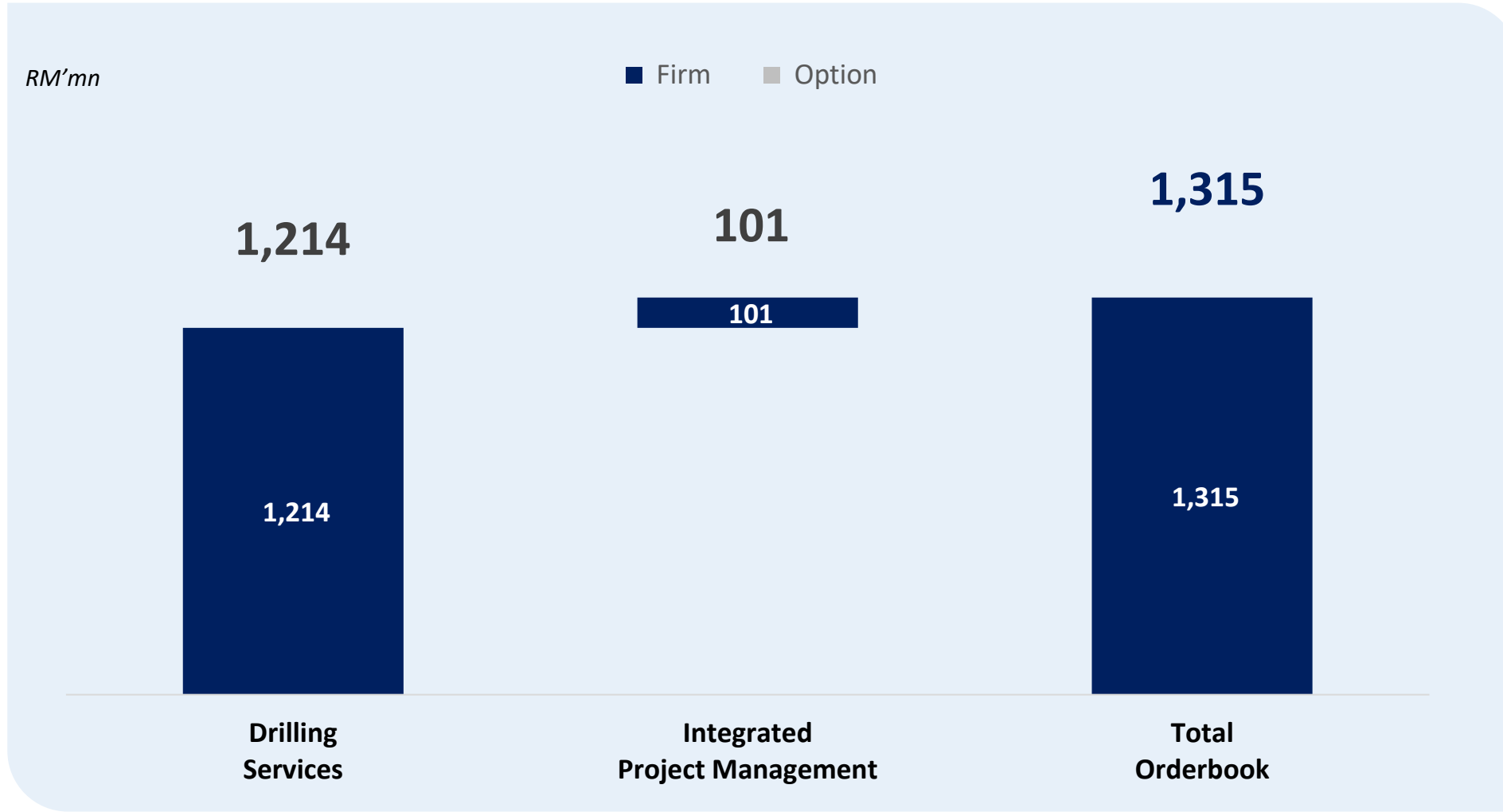
2Q 2024 HWU Utilisation at **50%** based on:

- GAIT 6 are working throughout the quarter.



# LATEST ORDER BOOK STATUS

Current order book stands at RM1.3 bil with 100% firm contracts



Including drilling services for i-RDC

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

As at July 2024

## Current Clients

PCSB

HESS

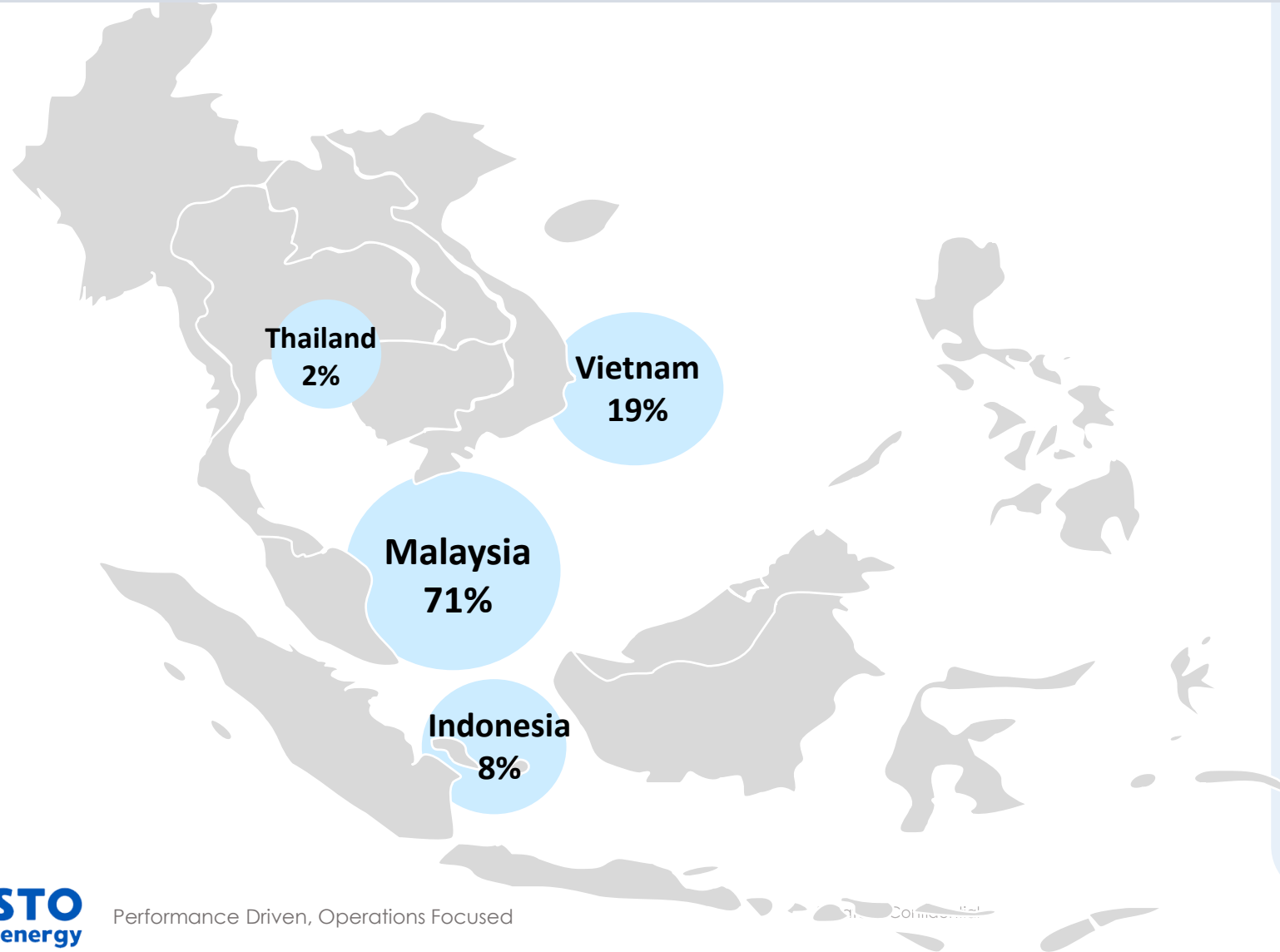
CARIGALI  
HESS

TLJOC

EXXONMOBIL

# CURRENT TENDER ACTIVITIES

Total prospects currently stands at **RM3.2 bil** and focus is now on building order book for **2025 to 2026**



# 3.2

RM Billion

Total prospect value

	Short term <12 months	Long term >12 months
No of tenders	<b>13</b>	<b>5</b>
Value (RM b)	<b>1.3</b>	<b>1.9</b>

As at July 2024

# 2Q 2024 HSE HIGHLIGHTS

## HSE Performance

**ZERO**

Fatality

**ZERO**

Loss  
Time Injury

**0.71**

Total Recordable  
Case Frequency \*  
(YTD 2Q 2024)

**585**

Days  
LTI Free\*\*

**8**

Management  
Visits to Worksites

**ZERO**

Major Spills  
(> 5 bbls or 800L)

Note:

\*TRCF indicates a number of incidents per 1 mil man hours. IADC 2023 Asia Pacific waters average TRCF: 1.11


\*\* Since last LTI on 23<sup>rd</sup> November 2022

## HSE Engagements



HSE Awareness for Supervisor, LPT and OSHA Training for Supply Base at KSB

# 2Q 2024 SUSTAINABILITY UPDATES

**10%**   
Emission Intensity  
Reduction Target

**48**  
Emission Intensity  
Baseline (2021)

**31**  
tCO2e/ Ops Day  
YTD Emission Intensity

**35**  
% Reduction  
against baseline

**9**  
% Reduction (YoY)  
against FY2023

Committed to **Net Zero Emission by 2050**

- Continue to show improvement in reducing emission YoY
- Validation of emission baseline and climate targets ongoing

## Engagements/ Initiatives

In Q2 2024



### Coral Restoration @ Perhentian Phase 3, June

- YTD 2,001 corals planted (total: 2,536)
- 35 volunteers
- 600 volunteer hours



### Vendor Engagement Day, 18<sup>th</sup> July

- 30 vendors; >50% SME
- MACC and MRPC involved
- Rolled out Vendor ESG maturity assessment

An aerial photograph of an offshore oil rig on a dark teal sea. The rig has a red hull and a white superstructure. Three tall, lattice-structured derrick towers rise from the deck. The leftmost tower is painted with red and white diagonal stripes. The middle and right towers are black. A helicopter landing pad is visible on the deck. In the background, a long pier extends into the sea under a cloudy sky.

# 2Q 2024 Financial Highlights

# 2Q 2024 KEY FINANCIAL HIGHLIGHTS

Key financial highlights	Quarterly		
	2Q 2024	1Q 2024	2Q 2023
Average utilisation	<b>98%</b>	94%	88%
Average day rate (USDk/d)	<b>115</b>	107	94
Operational efficiency	<b>99%</b>	99%	96%
Revenue (RM'mn)	<b>393</b>	339	279
EBITDA (RM'mn)	<b>152</b>	134	78
EBITDA margin	<b>39%</b>	39%	28%
PAT (RM'mn)	<b>63</b>	47	17

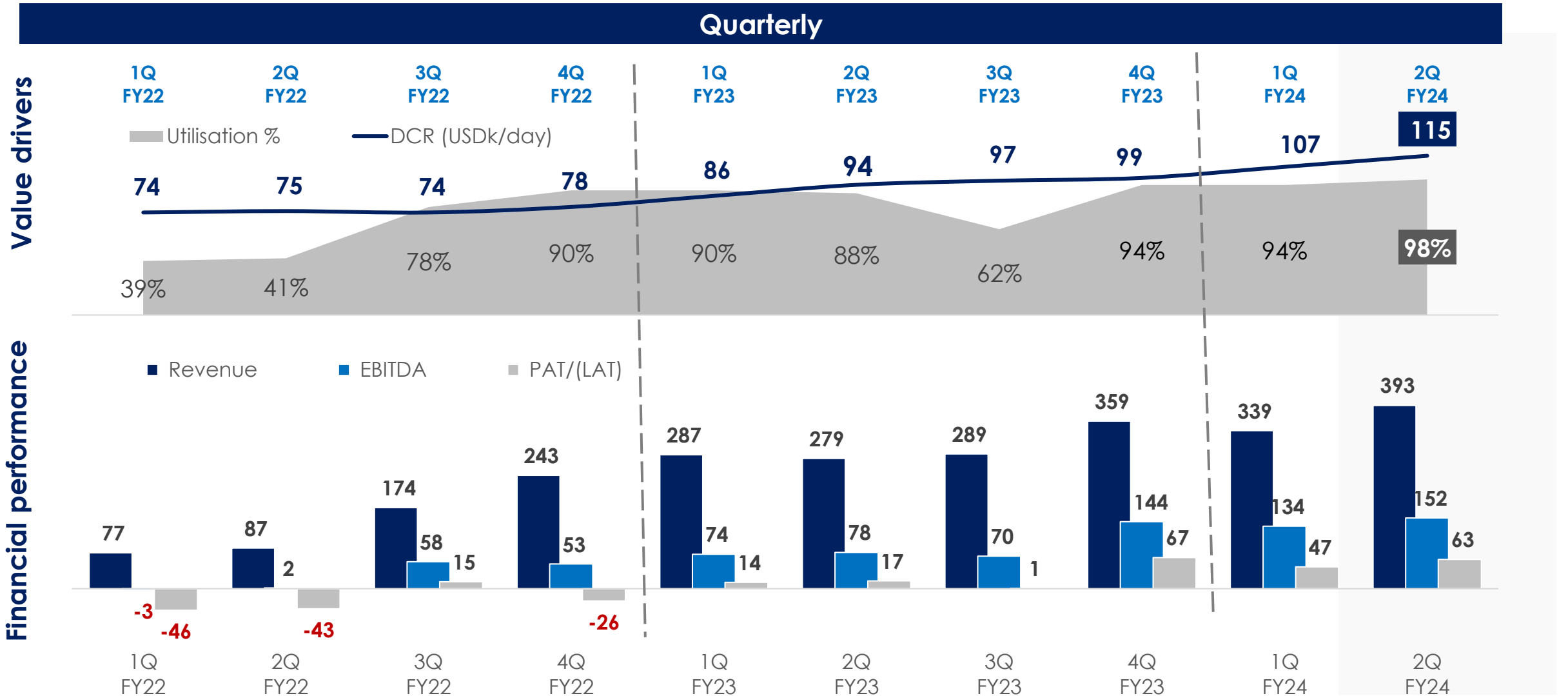
## Quarterly:

- Delivered another excellent quarter, (year-on-year):
  - Revenue +41%
  - EBITDA +95%
  - PAT +270%
- Mainly due to
  - Higher utilisation and average DCR
  - Higher progress on iRDC

Highest quarterly revenue and EBITDA since 2014

# QUARTERLY PERFORMANCE

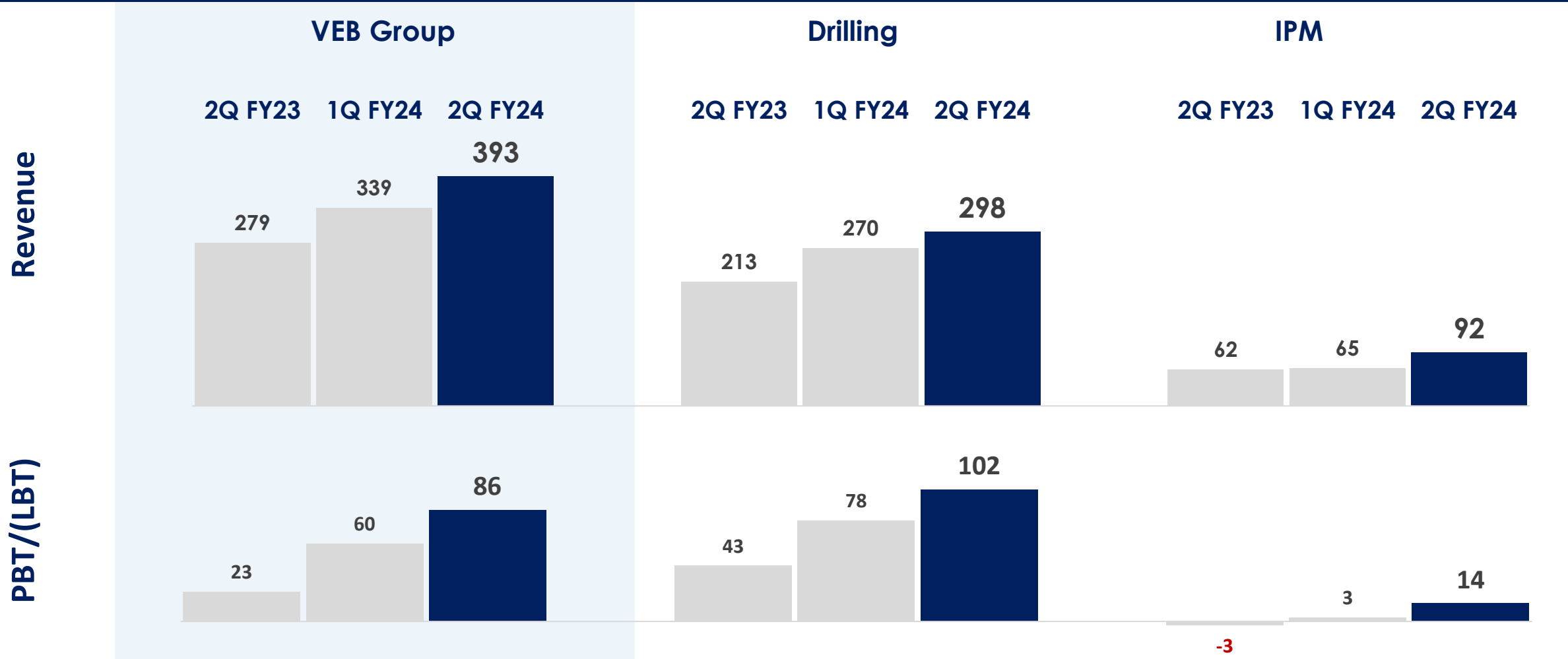
Delivered **highest revenue and EBITDA since 2014** on the back of **higher utilisation and average day rate**



# QUARTERLY AND YEARLY DIVISIONAL PERFORMANCE

**Drilling Segment** benefited from higher utilisation and average DCR  
**Integrated Project Management** achieved higher progress on iRDC during the quarter

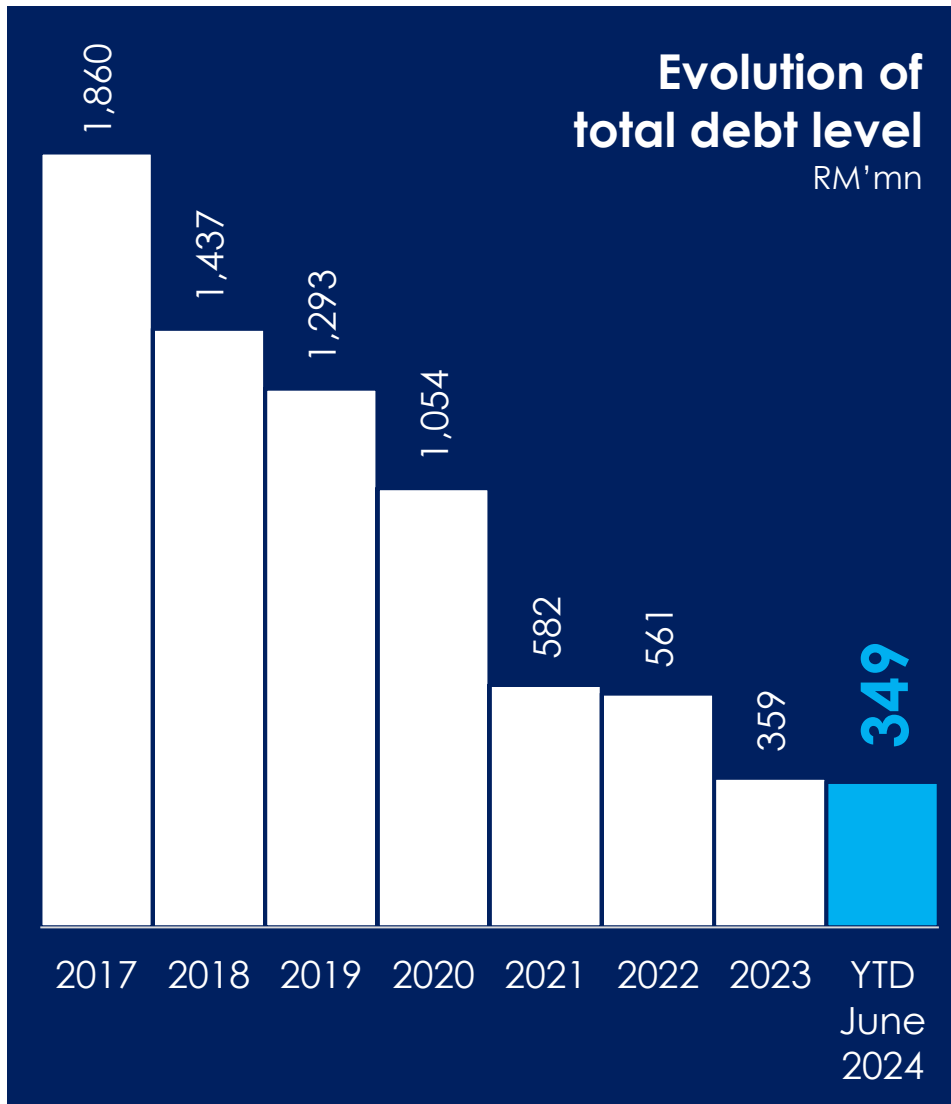
## Quarterly





# HEALTHY LIQUIDITY POSITION AND DIVIDEND DECLARATION

## Reducing total debt levels since 2017



## Sustainable debt balance as at 30 June 2024



**Declared Interim Dividend of 0.25 sen per share**

To be paid on 28 November 2024

# SUMMARY



- Best quarter performance since 2014, driven by higher utilisation of **98%**, higher average DCR of **USD115k** per day and completion of **iRDC** firm scope (14 wells).
- Excellent operational performance i.e. **99%** operating efficiency and **Zero LTI**. Completed NAGA 2 SPS ahead of schedule on August 2024.
- Existing **rig schedule intact**. NAGA 2, NAGA 4 and NAGA 6 contracted until February 2026. Utilisation to remain high in 2025 and average DCR still increasing.
- On-going efforts to **secure future earnings** through longer term contracts and competitive rates, especially in Southeast Asia markets.
- **Dividend payment** reflect our commitment to increase return to our shareholders when we have the capacity and cashflow to affect it
- On-track for an **promising** FY2024 and FY2025.

**THANK YOU**

VELESTO ENERGY BERHAD