

3Q 2024 RESULTS ANALYST BRIEFING

29 November 2024, Friday
2.30 p.m. – 4.00 p.m.





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Continue to deliver positive results and maintain high utilisation and average DCR

Market Update	Brent oil price 70-80 (USD/bbl) During the period	Global JU marketed utilisation 93% As at October 2024	Increase rig supply in SE Asia 44 Entry of COSL Seeker and Baltic	Latest orderbook 876 (RM mil) As at October 2024
	Utilisation 73% ^ (Q3 2023: 62%)	Average DCR USD '000/day 127 ^ (Q3 2023: 97)	Revenue 352 ^ (Q3 2023: 289)	PAT 43 ^ (Q3 2023: 1)
Q3 2024 Performance (RM mil)	Utilisation 88% ^ (YTD 2023: 80%)	Average DCR USD '000/day 116 ^ (YTD 2023: 92)	Revenue 1,084 ^ (YTD 2023: 856)	PAT 153 ^ (YTD 2023: 32)
YTD 2024 Performance (RM mil)				

Global macroeconomic conditions slightly weaker; but still supportive of oil price, CAPEX and development activities

1. IMF reduced its 2025 global **GDP growth forecast to 3.2%**.
2. US EIA decreased its forecasted global oil consumption for 2025 to **104.4 mil bpd** (-0.3 mil bpd). Supply growth exceeds demand in 2025.
3. US Fed lowered the interest rate by 75 bps to range of 4.50%-4.75%. Next meeting in December
4. Aramco expected to suspend more jack-up rigs in Middle East
5. Geopolitical risk due to election of Trump as **US President**
6. Oil prices forecasts have been revised downwards

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

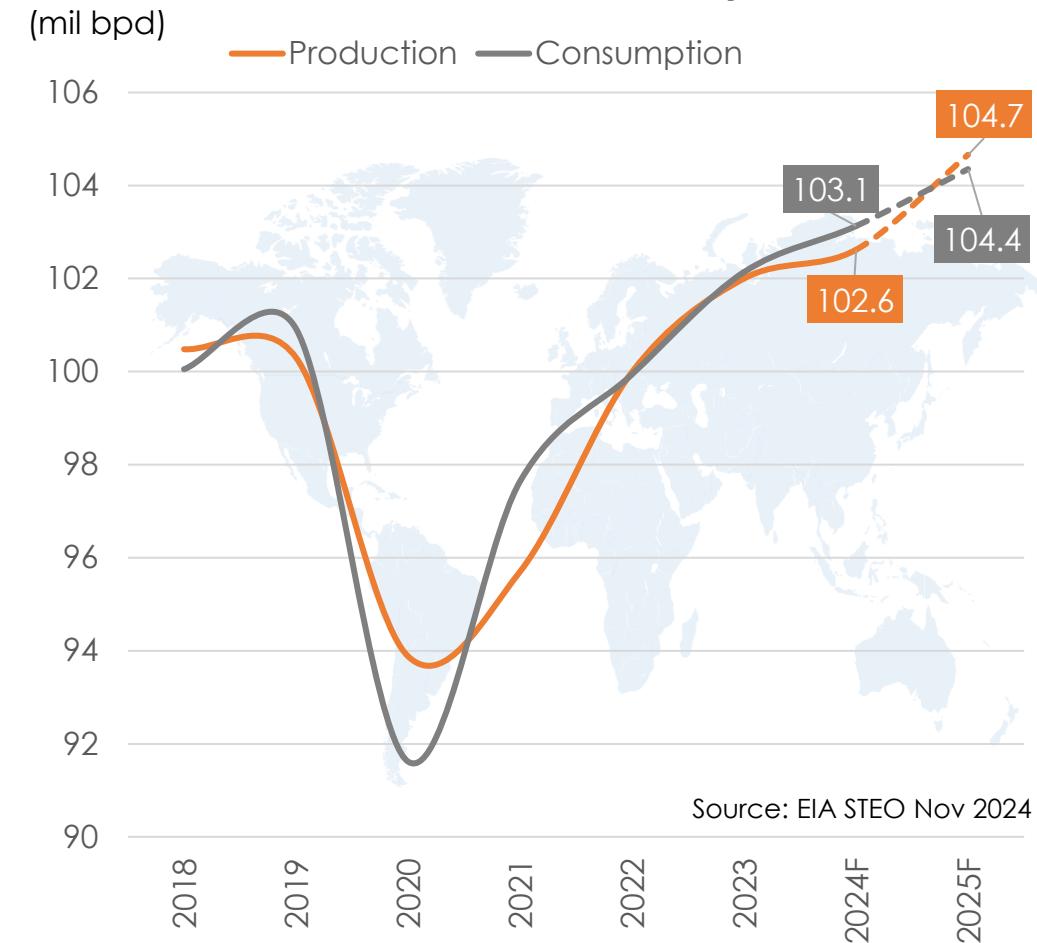
81
Previous: 83
2024

76
Previous: 80
2025

74
Previous: 78
2026

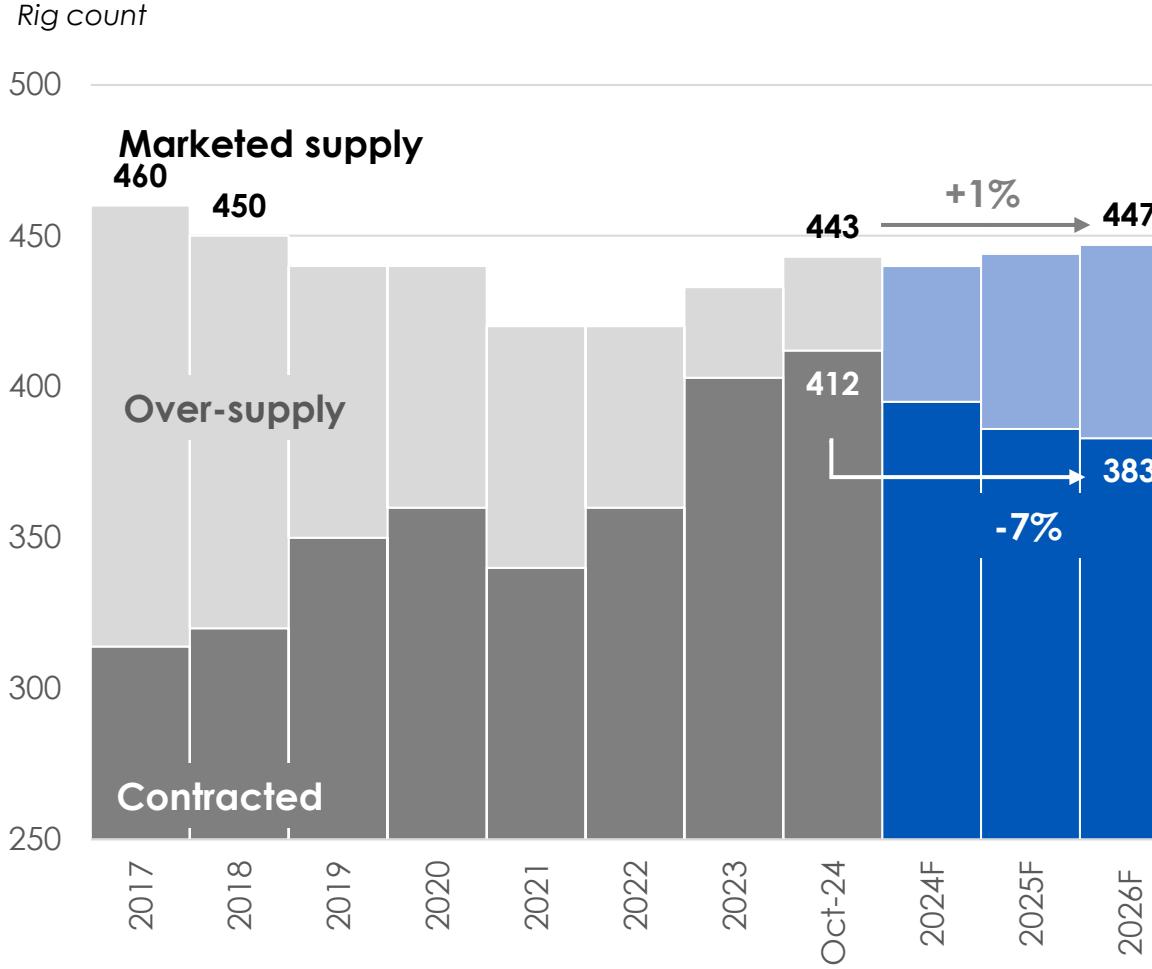
Source: Bloomberg Nov 2024

World Oil Production and Consumption

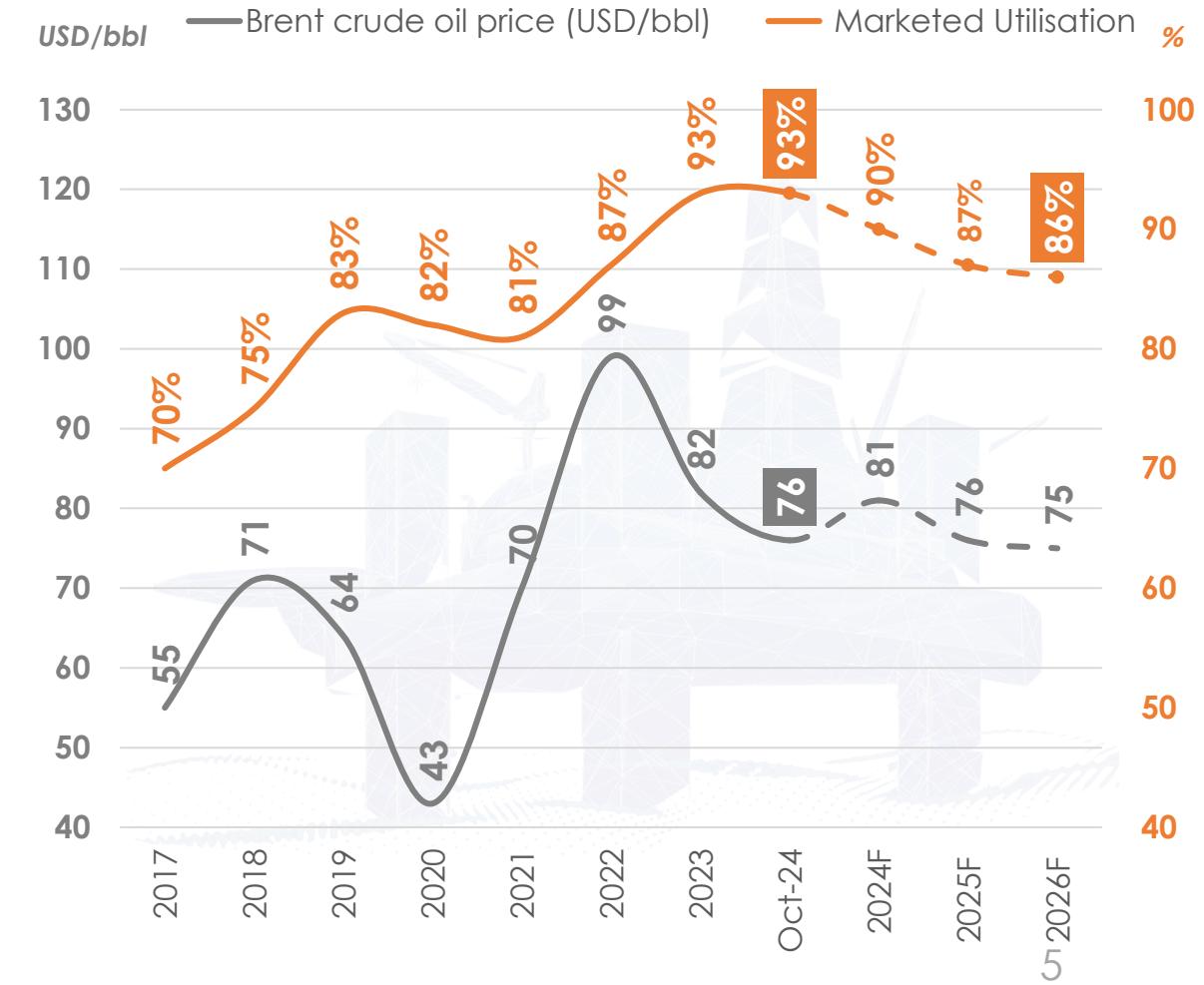


Global Jack-up Rig Marketed Utilisation is expected to decline from 93% in October 2024 to 86% by end of 2026

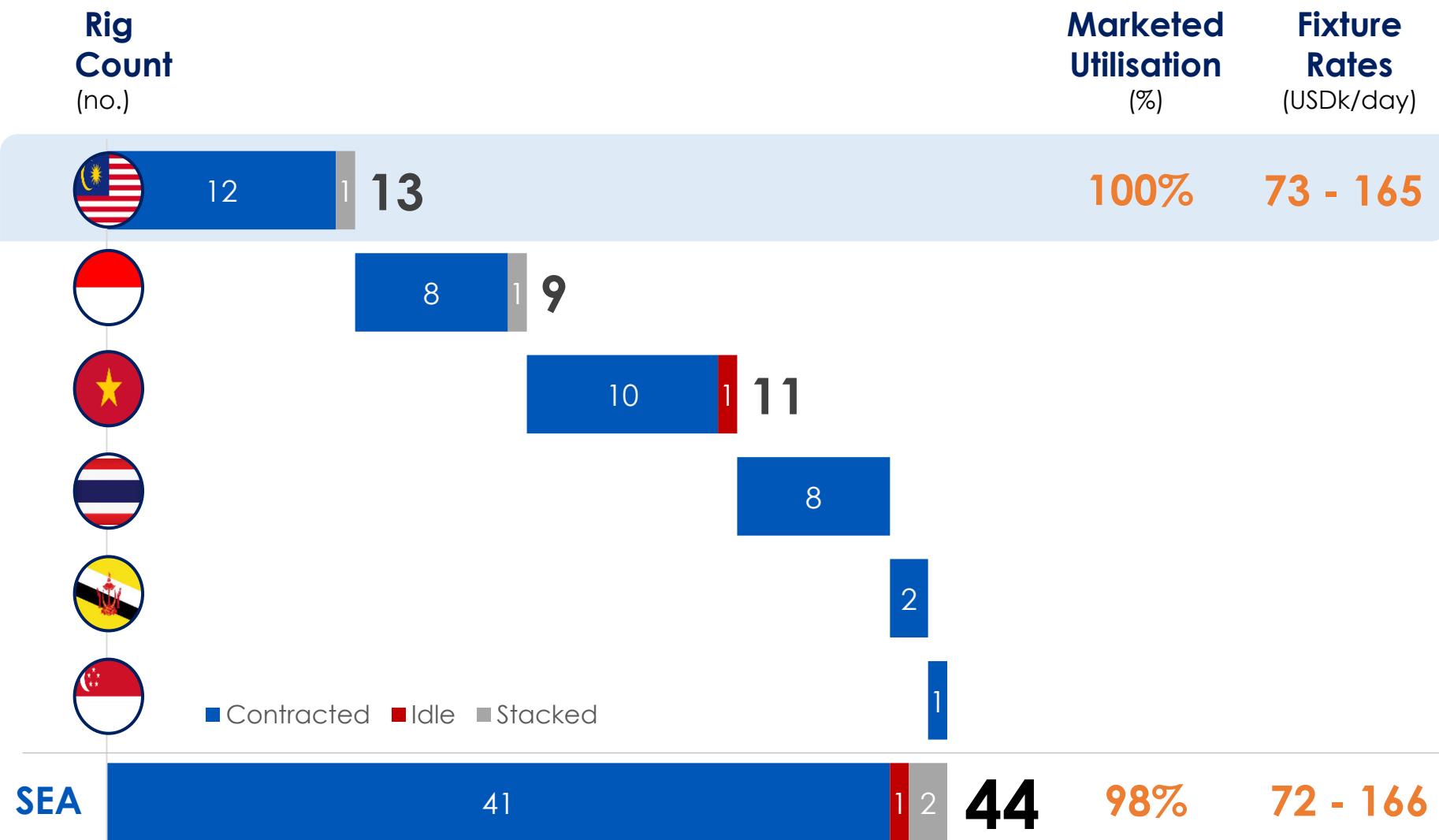
Jack-up Rig Supply & Demand



Oil Price against Jack-up Rig Utilisation



Regional fixture rates under pressure due to additional supply from Middle East



Note: Total rig count in SEA as at Aug 2024 was 41

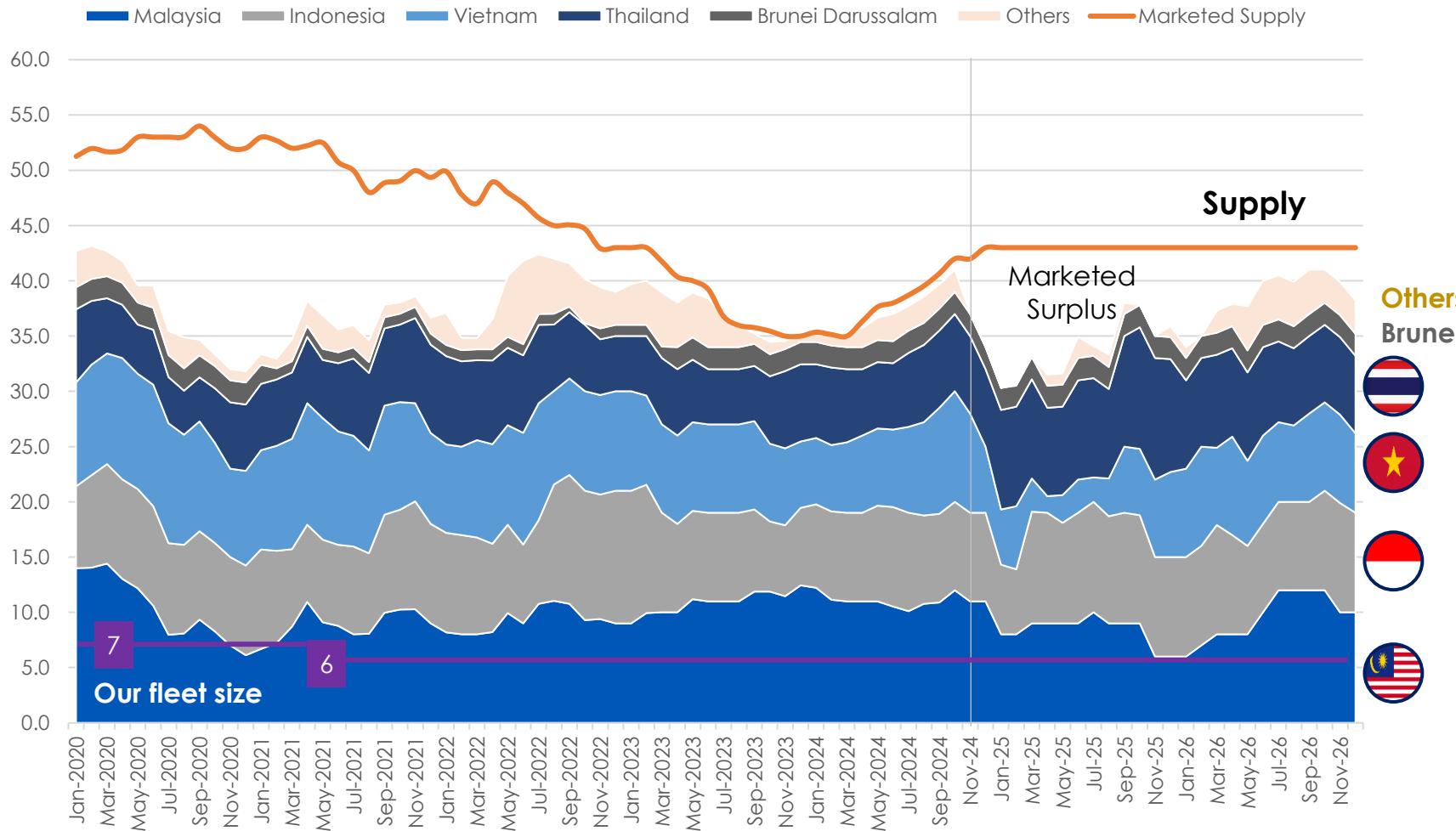
Source: S&P Petrodata Oct 2024, Various, Velesto Analysis

Key highlights:

- 42% our market share in Malaysia
- Increase in rig supply in SE Asia of **44 rigs** (Q2 2024: 41) due to entry of rigs into the region such as **Admarine 502, Emerald Driller, COSL Seeker and Baltic**
- Latest fixtures e.g. Hakuryu 14 and Baltic set **lower benchmark daily charter rates**

Lower regional demand leading to marketed surplus in 2025;
SE Asia Marketed Utilisation expected to fall in 2025 before potentially recovering in 2026

Southeast Asia Jackup supply and demand



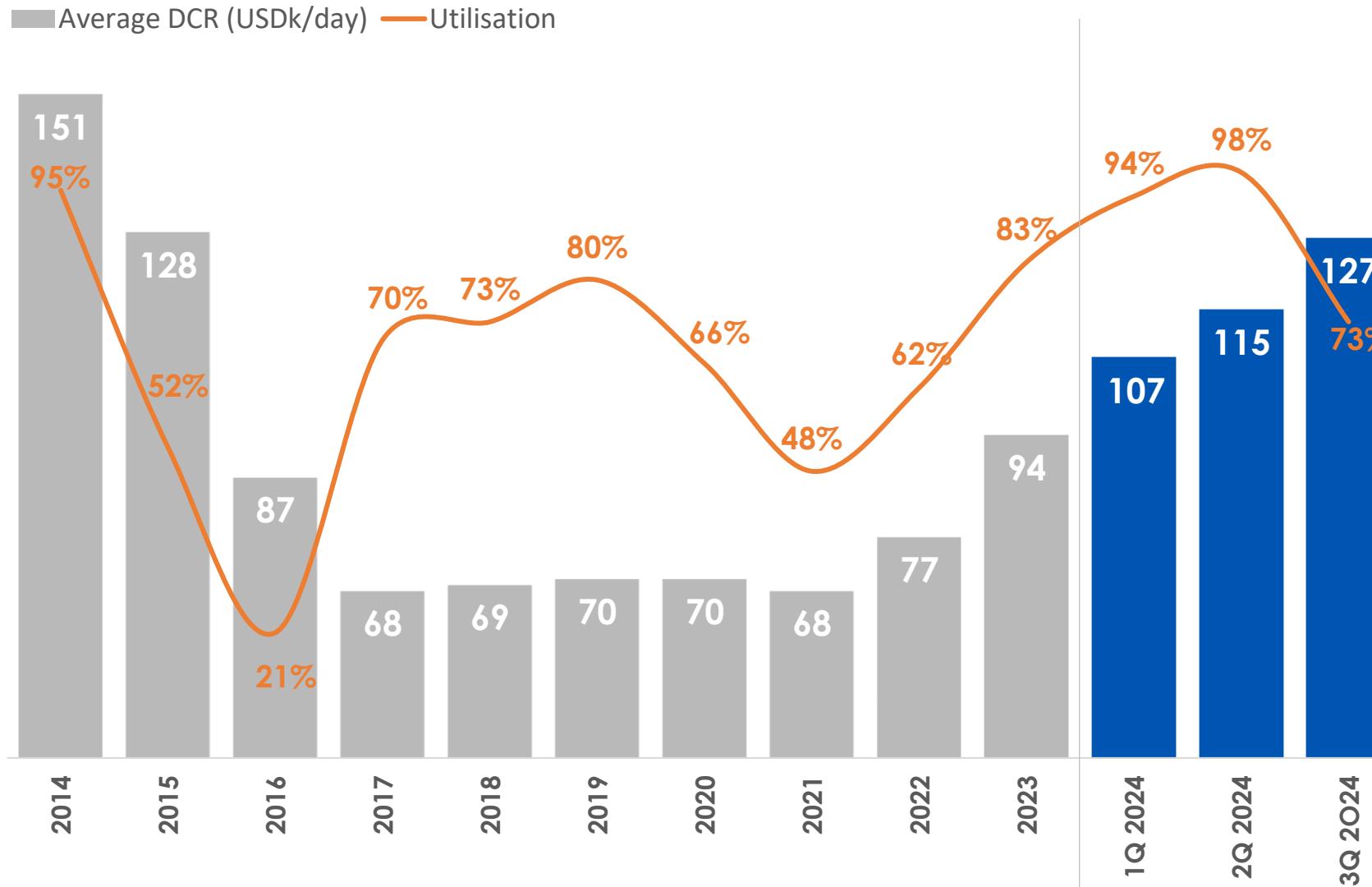
Source: S&P Petrodata as at Oct 2024, PETRONAS LTDS, Velesto Analysis
Others represent Philippines, Myanmar, Cambodia and East Timor

Key Highlights

- Average demand to fall in 2025 before recovering in 2026.
- 'White space' indicates **marketed surplus**. We expect lower marketed utilisation in 2025.
- Risk of more rigs being brought into the region.

Utilisation and Daily Charter Rates still on an up-trend

Highest utilisation since 2014 and highest average DCR since 2015



3Q 2024 vs 2Q 2024

- **Lower utilisation of 73%** in 3Q 2024 as NAGA 2 and NAGA 6 underwent SPS in June and July respectively
- **Higher Average DCR of USD127k/day** due to improved rates

9M 2024 vs 9M 2023

- Higher YTD Utilisation of **88%** (9M 2023: 80%) and YTD Average DCR of **USD116k/day** (9M 2023: USD90k) respectively



Excellent uptime recorded for all NAGAs

Drilling

- Maintained **Operational Efficiency** of **99%** during the quarter. YTD average Operational Efficiency of 99%
- **NAGA 3 - 14 years LTI-free** & **NAGA 6 - 10 years LTI-free**
- **NAGA 8** received **Recognition from CHOC** for **operations safely**
- **SPS for NAGA 2** and **NAGA 6 completed on time** i.e. August 2024 and September 2024

Integrated Project Management

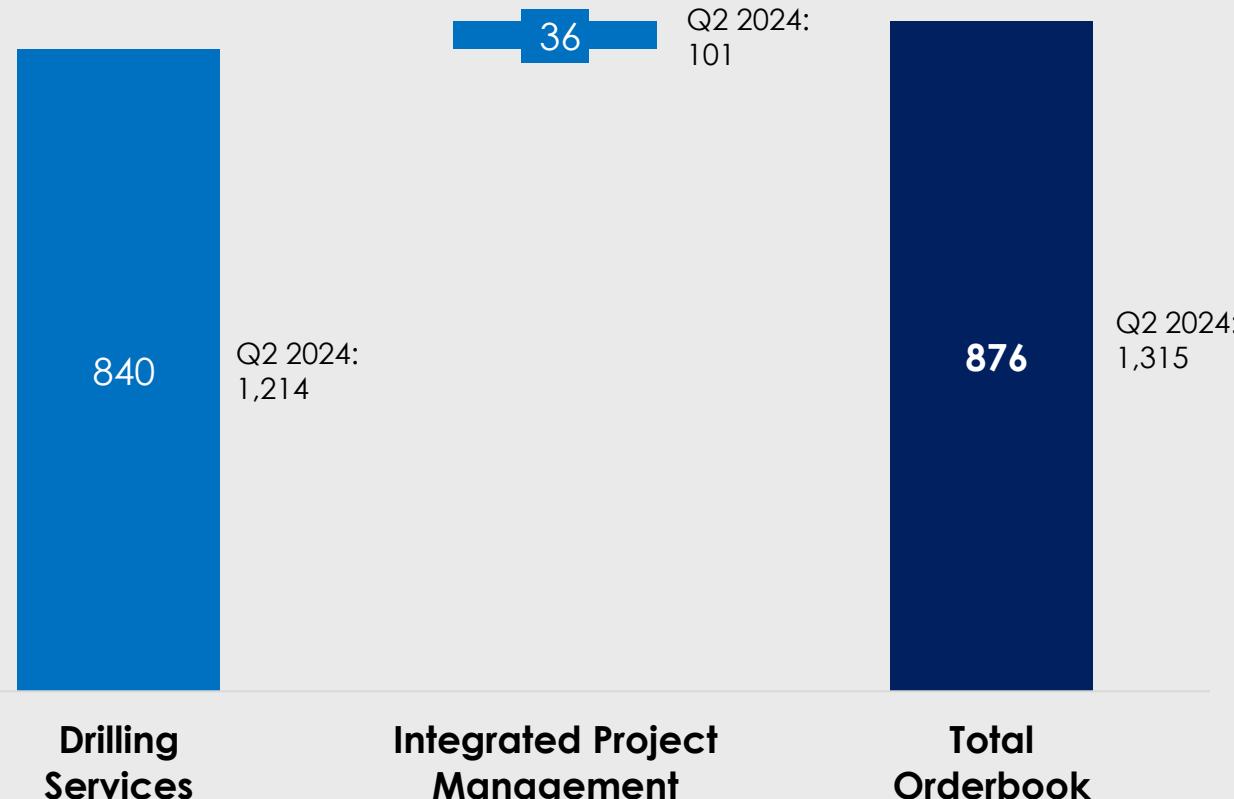
- **Successfully delivered IRDC main scope and additional well** in October 2024
- HWU Utilisation at **50%** based on GAIT 6 are working throughout the quarter

Current order book stands at RM876mil with 100% firm contracts

Orderbook as at October 2024

(RM'mn)

Current Clients



Note: Included suspension impact for NAGA 8

PCSB

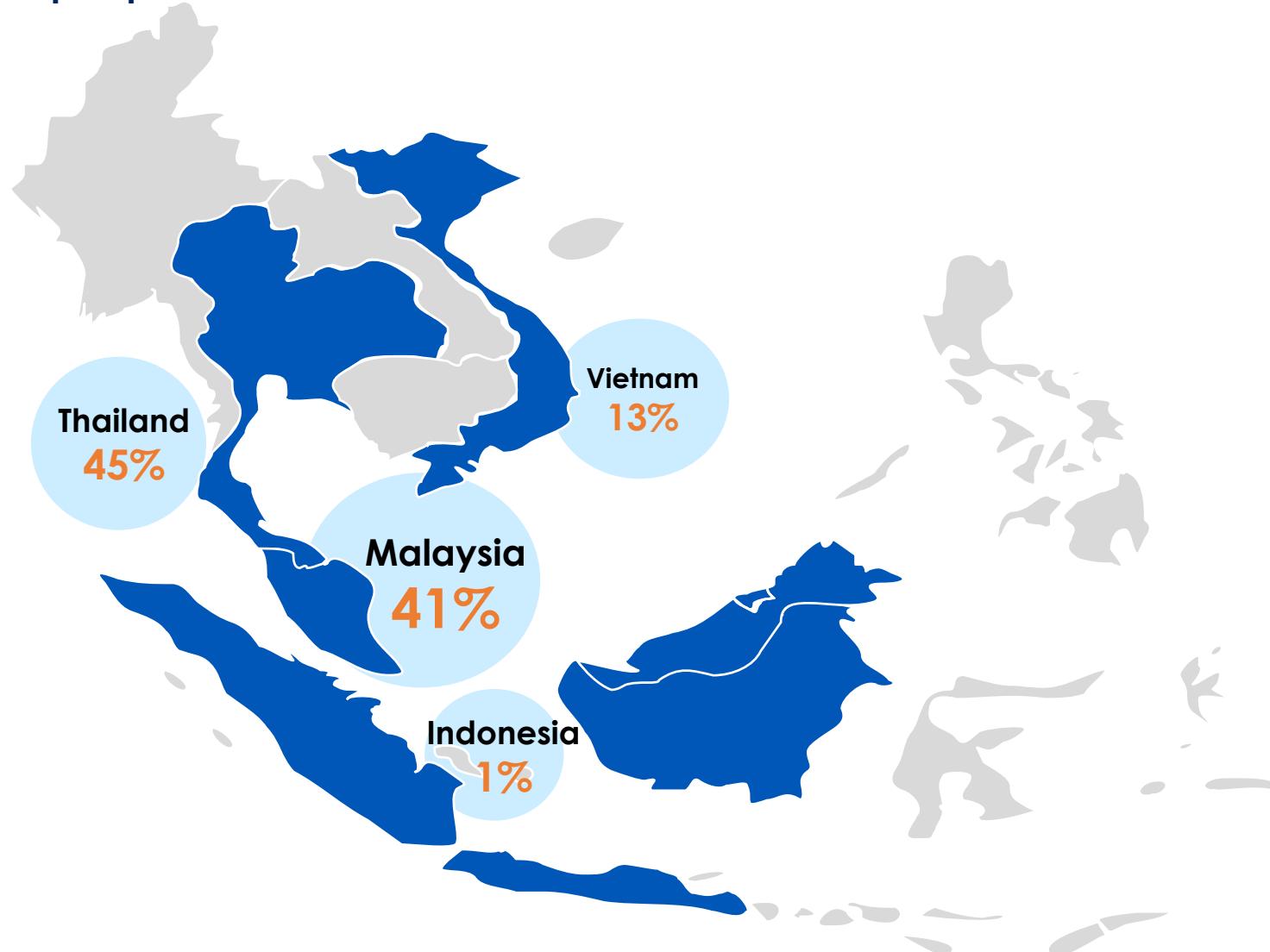
TLJOC

CARIGALI
HESS

EXXONMOBIL

Total prospects currently stands at RM5.4 bil
Focus is now on building order book for 2025 to 2026

Total prospects as at Oct 2024



Total prospects value

5.4 Q2 2024: 3.2
 RM Billion

	Short term <12 months	Long term >12 months
No of tenders	13 Q2 2024: 13	7 Q2 2024: 5
Value (RM b)	1.6 Q2 2024: 1.3	3.8 Q2 2024: 1.9

Maintained excellent HSE Performance in 3Q 2024

HSE Performance

Fatality
Zero

Loss
Time Injury
Zero

TRCF*
0.88

Days
LTI Free**
677

Management
Visits to
Worksites
22

Major Spills
(> 5 bbls or
800L)
Zero

Note:

*Total Recordable Case Frequency ("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 November 2022

HSE Engagements



Defensive Riding Training for
KL Office staff
(16 Aug 2024)



Safety Leadership Workshop
(SLW) with ExxonMobil and
GAIT-6 crew (31 Jul 2024)



Velesto and PCSB Senior
Management visited Naga 6
during SPS @ LSE Labuan
(27 Aug 2024)



Velesto Injury Prevention Program
(VIPP-VMS) practical training
session at ASB (30 Sep 2024)

YTD 2024 emission intensity is a reduction by ~38% against 2021 baseline



Key Highlights

 **10%**

Emission Intensity/ Op Day Reduction by 2030

 **0**

Major Spill (annually)

 **0**

Reg. Non-compliance, Data Breaches & Corruption

Material Indicator	YTD 2023	YTD 2024 ⁽²⁾	Variance
Operating Days⁽¹⁾	1,310	1,517	 16%
Total Emission (tCO2e)⁽¹⁾	45,338	46,133	 2%
Intensity/ Ops Day (tCO2e/ day)⁽¹⁾	35	30	 (15%)

(1) Only include rig emission (as the biggest emission contributor, 99% of total)

(2) As of Sept 2024

Recognition



TOP 50

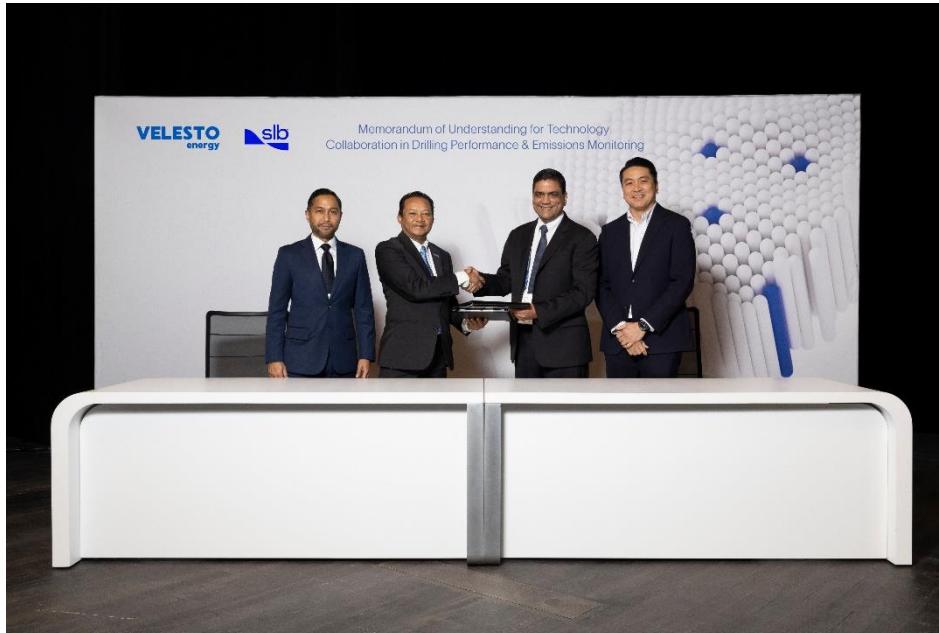
Velesto recognised at NACGSA 2024 among top 5% of all PLCs

Engagement/ Initiatives

- Recently **completed 2nd certification audit for ISO MS ISO 37001:2016** Anti-Bribery Management Systems (ABMS)
- AssetCare pilot on NAGA 4** – real time rig emission profiling solution
- Roll out of company-wide sustainability competency pathway and training** module in Sept 2024

Signed two technology-driven Memorandum of Understanding (MOU)

STRATEGIC MOU WITH SLB TO ENHANCE RIG CAPABILITIES 4 OCT 2024



- To deploy DrillOps™ Intelligent Well Delivery and Insights Solutions and Drilling Emissions Management Solutions
- To **enhance and optimize drilling performance and monitor emissions**

TECHNOLOGY COLLABORATION BETWEEN VELESTO, PETRONAS AND NOV 6 NOV 2024



- MOU on Drilling Rig Automation System and Robotics
- To **enhance operational performance and safety**

3Q 2024

Financial Highlights



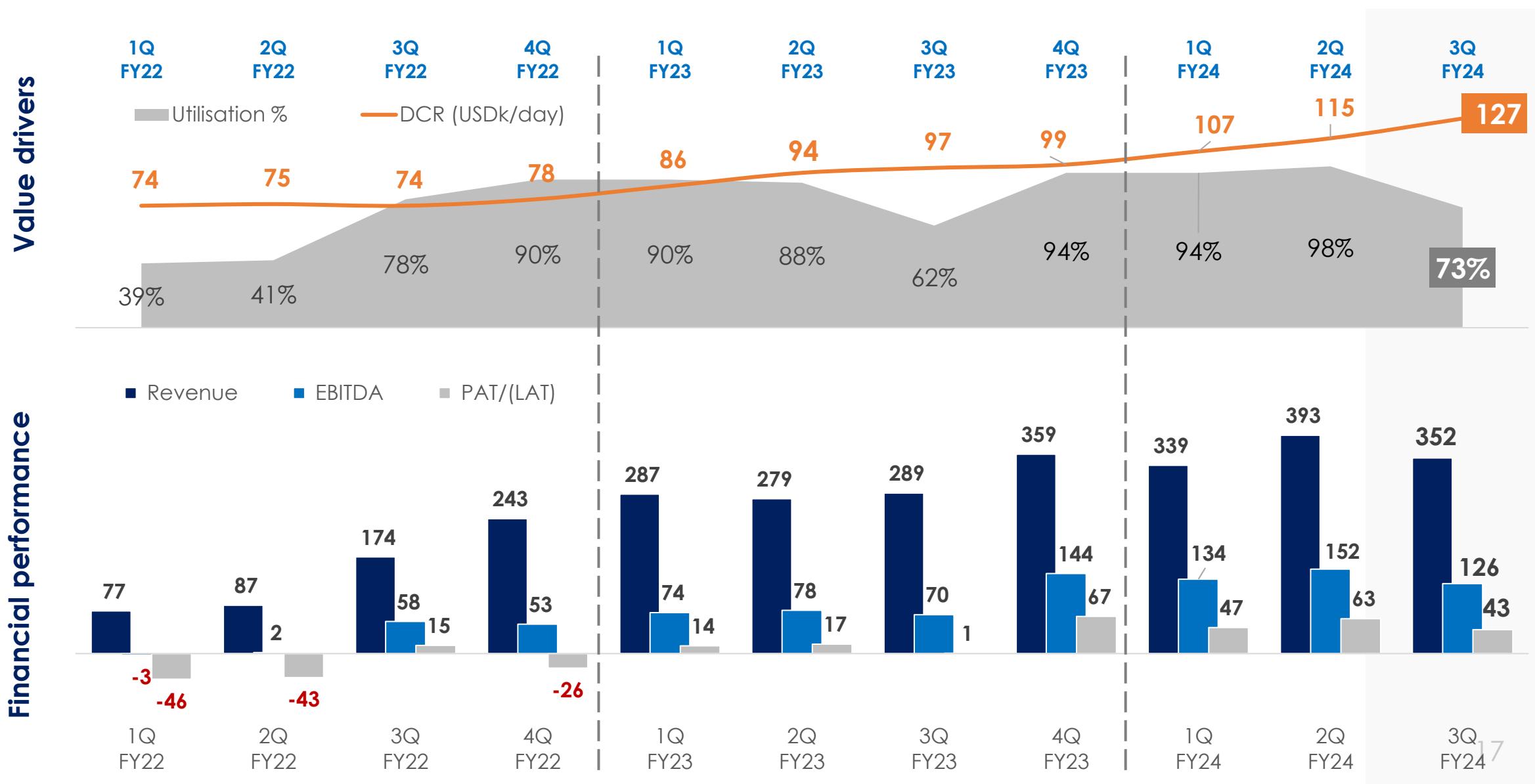
Continued positive EBITDA and PAT for the quarter with high utilisation and average day rate

Key Financial Highlights	3Q 2024	2Q 2024	3Q 2023
Average Utilisation (%)	73%	98%	62%
Average Day Rate (USD '000)	127	115	97
Operational Efficiency (%)	99%	99%	99%
Revenue (RM mil)	352	393	289
EBITDA (RM mil)	126	152	70
EBITDA margin (%)	36%	39%	24%
PAT (RM mil)	43	63	1

Quarterly

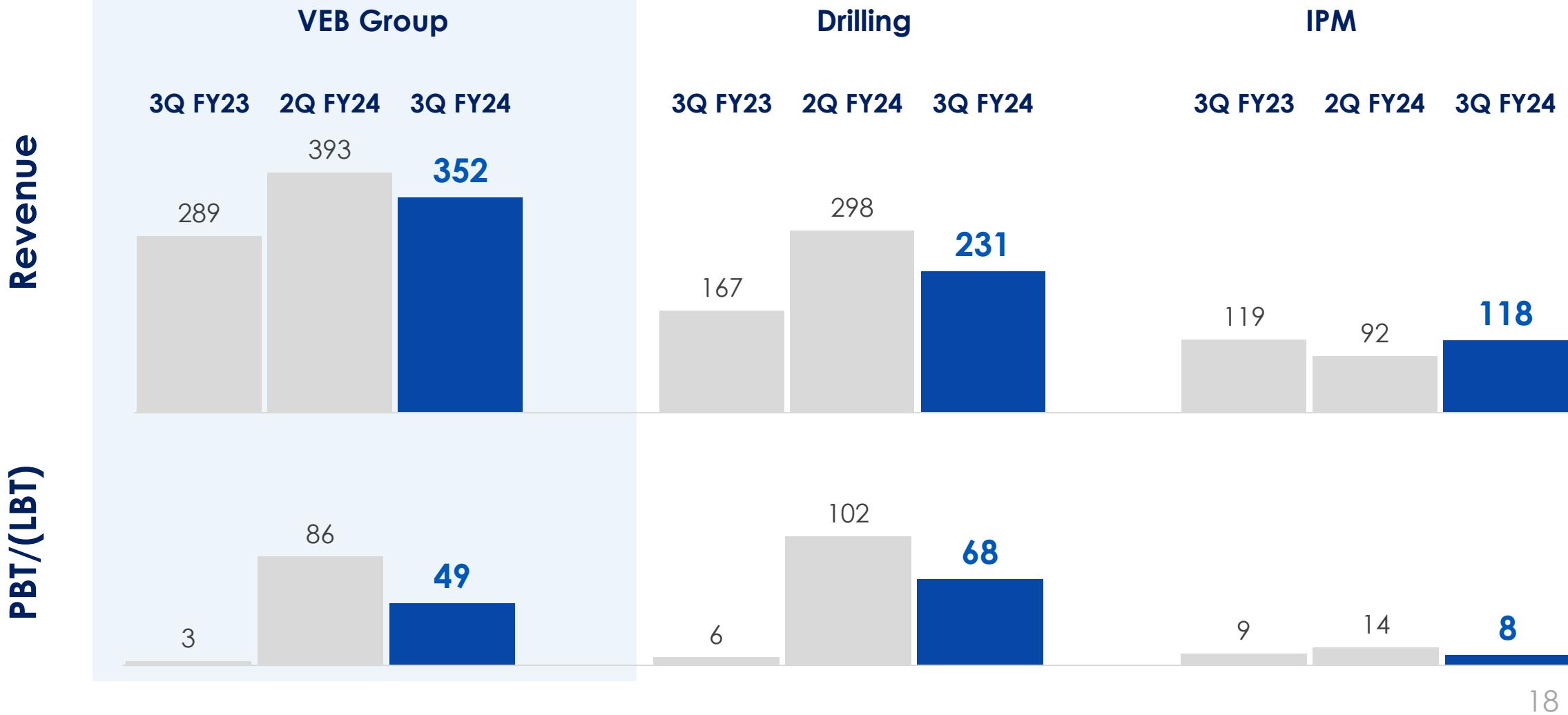
- **Higher utilisation** in Q3 FY24 of **73%** (Q3 FY23: 62%) and **average daily charter rates** of **USD127k/day** (Q3 FY23: USD97k/day)
- **Profit after tax** & **EBITDA** in the current quarter improved at **RM43 mil** & **RM126 mil** respectively

Delivered respectable Revenue and EBITDA despite lower utilisation



Drilling Segment recorded a strong profit, despite lower utilisation
Integrated Project Management successfully delivered IRDC project

Quarterly



Interim Dividend of 0.25 sen per share

Ex-date on 29 October 2024 and paid on 28 November 2024

Sustainable debt balance as at 30 September 2024

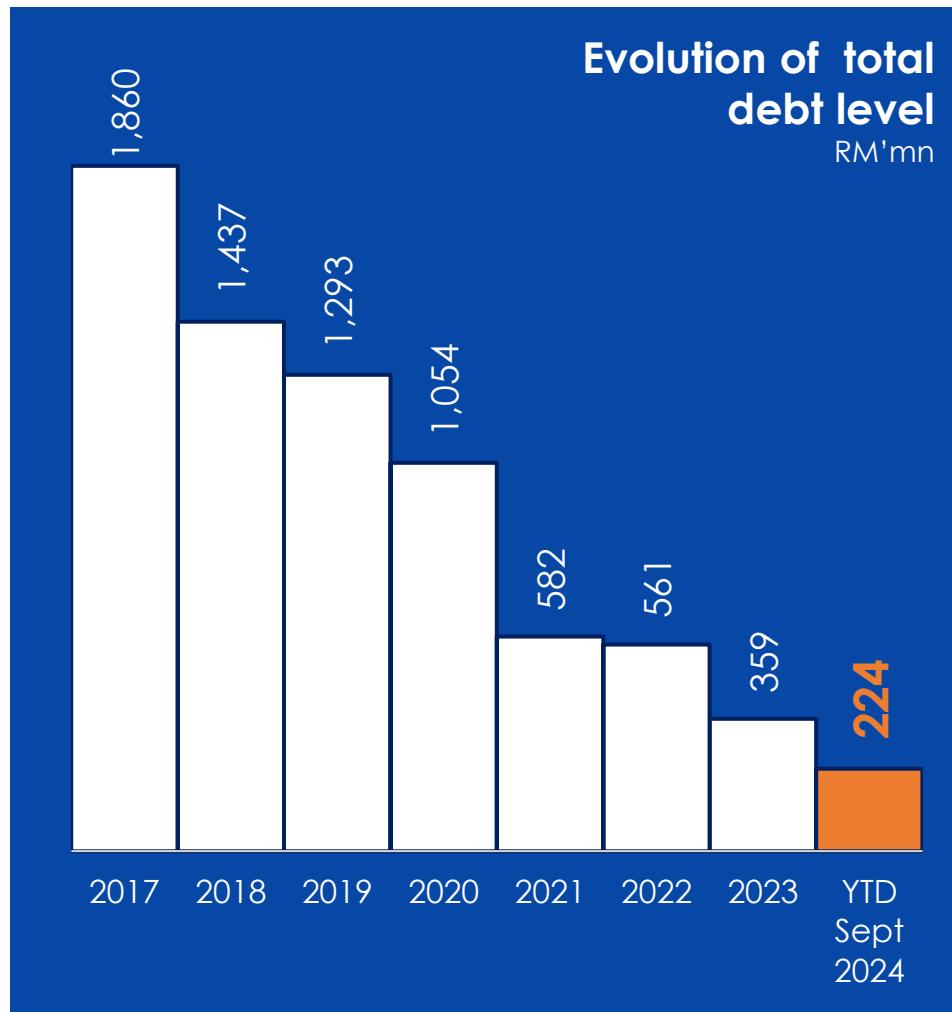
Healthy gross
gearing ratio**0.10x**Strong net debt
to EBITDA**0.06x**DSCR above
covenant**2.70x**Financial
RatiosDebt
InformationAvailable RC
(RM)**0.4bn**Term loan pared
down since 2017**83%**

As at Sept 2024

Further debt
repayment**USD10m**

Term Loan fully repaid in October 2024

Reducing total debt levels since 2017





Maximise returns to shareholders



Securing long term earnings



Focus on cost optimization initiatives



Return free cash flow to shareholders

Summary

- Achieved **RM153 mil PAT** year to date in 9M 2024. 2024 will be a very good year for VELESTO
- We are optimistic about our financial performance in 2024, but maintain a more **cautious** outlook for 2025
- Deteriorating outlook for jack-up rigs in SE Asia. We foresee lower **marketed utilisation** in 2025
- **Cost efficiency** and **long-term contracts** will remain the Group's focus
- **Stronger financial position** and ability to pay dividends

THANK YOU

