

**FINANCIAL RESULTS  
FOR THE 12 MONTHS ENDED  
31<sup>st</sup> DECEMBER 2019**

26 FEBRUARY 2020

# 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 United States or elsewhere. The Company has not registered and do not intend to register any securities under the US Securities Act of 1933, as amended (the "Securities Act"), and any securities may not be offered or sold in the United States absent registration under the Securities Act or an exemption from registration under the Securities Act.

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.

An aerial photograph of an offshore oil rig and a supply vessel. The rig is a large, complex structure with multiple towers and cranes, situated on a red-hulled platform. A helicopter landing pad is visible on the rig. The supply vessel is a smaller red-hulled ship with a white superstructure, carrying various supplies on its deck. The ocean is dark blue with some whitecaps.

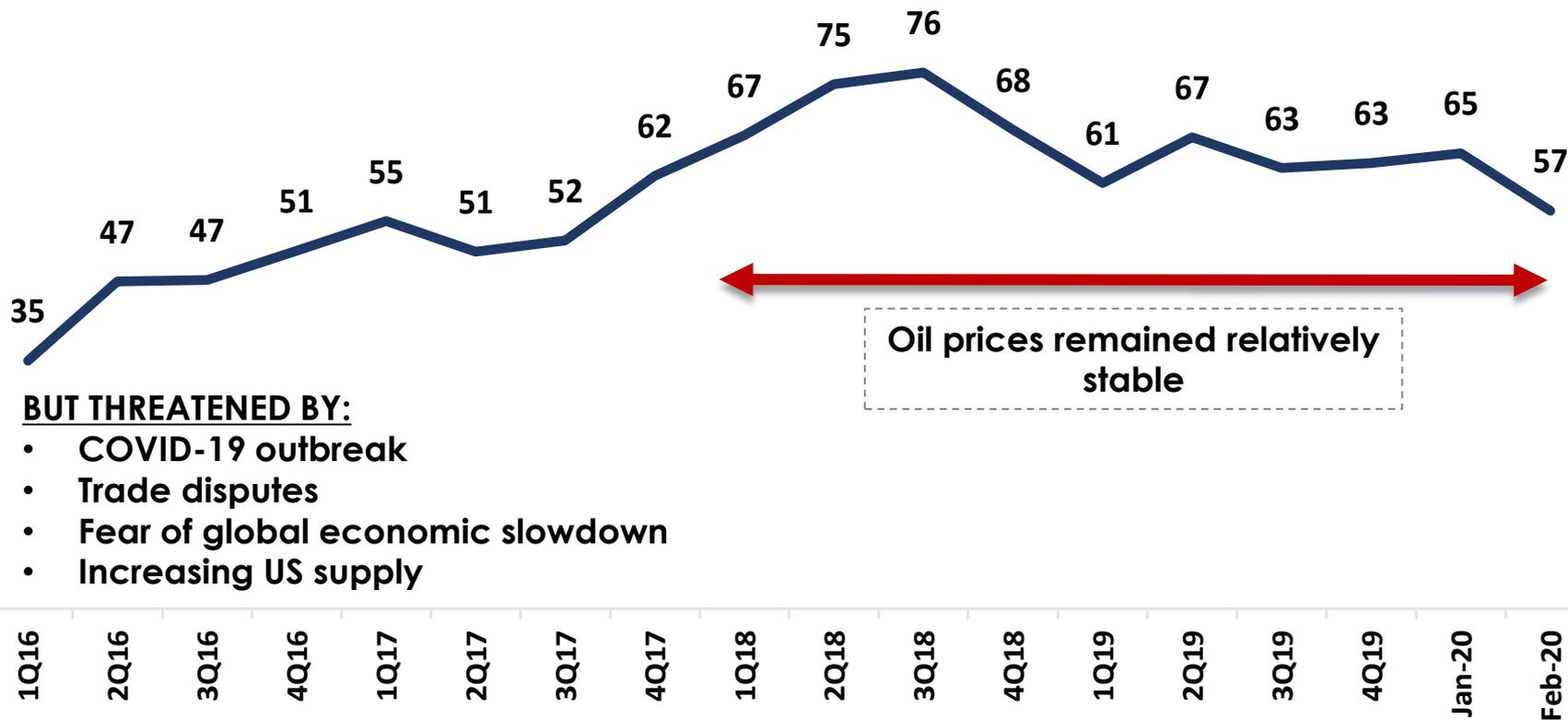
# INDUSTRY UPDATE

# BRENT PRICE MOVEMENT

## OIL PRICE CONTINUE TO BE SUPPORTED BY:

- Potential OPEC+ quota extension
- Iran and Venezuela sanctions, Libyan conflict
- Declining production capacity

(USD/bbl)



## BUT THREATENED BY:

- COVID-19 outbreak
- Trade disputes
- Fear of global economic slowdown
- Increasing US supply

Oil prices remained relatively stable

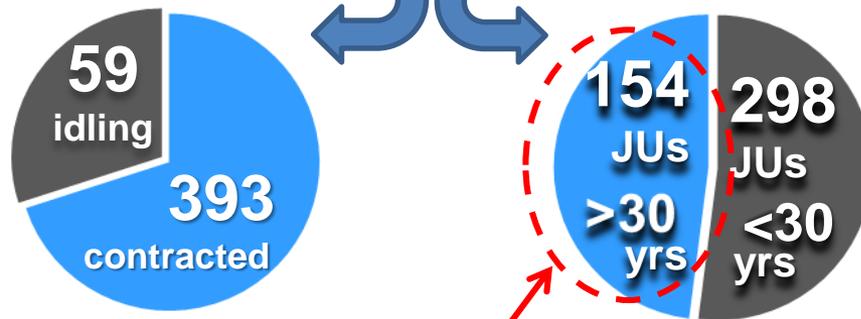
# DRILLING RIGS OUTLOOK - SUPPLY



**Lesser rigs** available  
in the future



Potential Rigs Coming Out From The Yard	Total
<b>Total</b>	<b>47</b>



Source: IHS Petrodata January 2020

**Potential to be Retired**

# DRILLING RIGS OUTLOOK - DEMAND

## WORLDWIDE JACK-UP DEMAND

REGION	2020A	2021F
Information as at January		
Southeast Asia (Excl. Malaysia)	29	31
Malaysia	15	15
Middle East / India	171	175
Others	178	163
<b>TOTAL</b>	<b>393</b>	<b>384</b>

Does not include PETRONAS' latest additional Jack-up rig requirement for 2020

## TOTAL JU DEMAND



Source: IHS World Rig Forecast: Short Term Trends January 2020

## Marketed Utilisation in Malaysia

Total Rig in Malaysia	15
Contracted	15
Average Contracted Rig Utilisation	100%

Source: IHS Petrodata January 2020

# PETRONAS ACTIVITY OUTLOOK

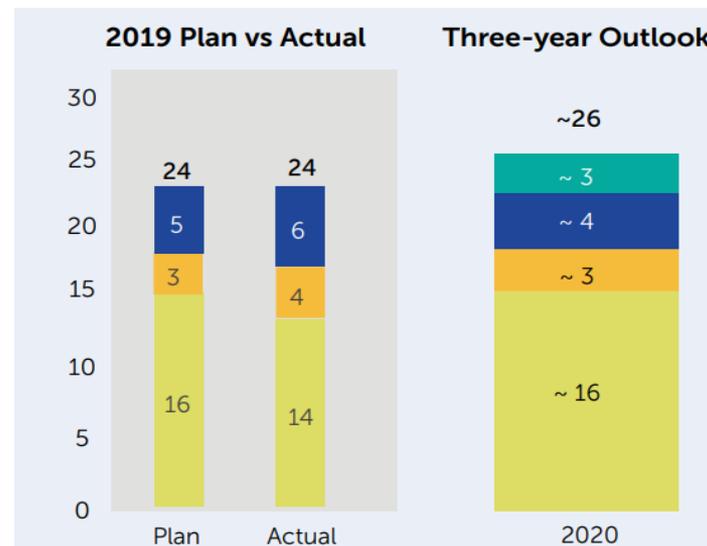
## PETRONAS ACTIVITY OUTLOOK (PAO):

### Malaysia Jack-up Drilling Rig and Hydraulic Workover Unit requirement

	PAO 2019-2021 (Dec 2018)		PAO 2020-2022 (Dec 2019)	
	Jack-up	HWU	Jack-up	HWU
2019	16-18	5-6	14	6
2020	17-19	2-3	16	4
2021	17-19	3-4	16	4
2022	n/a	n/a	16	4

### Drilling Rigs and HWUs requirement

2020-2022 (Released in December 2019)



**Legend:** Jack-up Rigs (Yellow), Tender-Assisted Drilling Rigs (Purple), Hydraulic Workover Unit (Teal), Tender-Assisted Drilling Rigs (Dark Teal)

2021-2022

Steady lineup of drilling activities is planned for 2021 and 2022

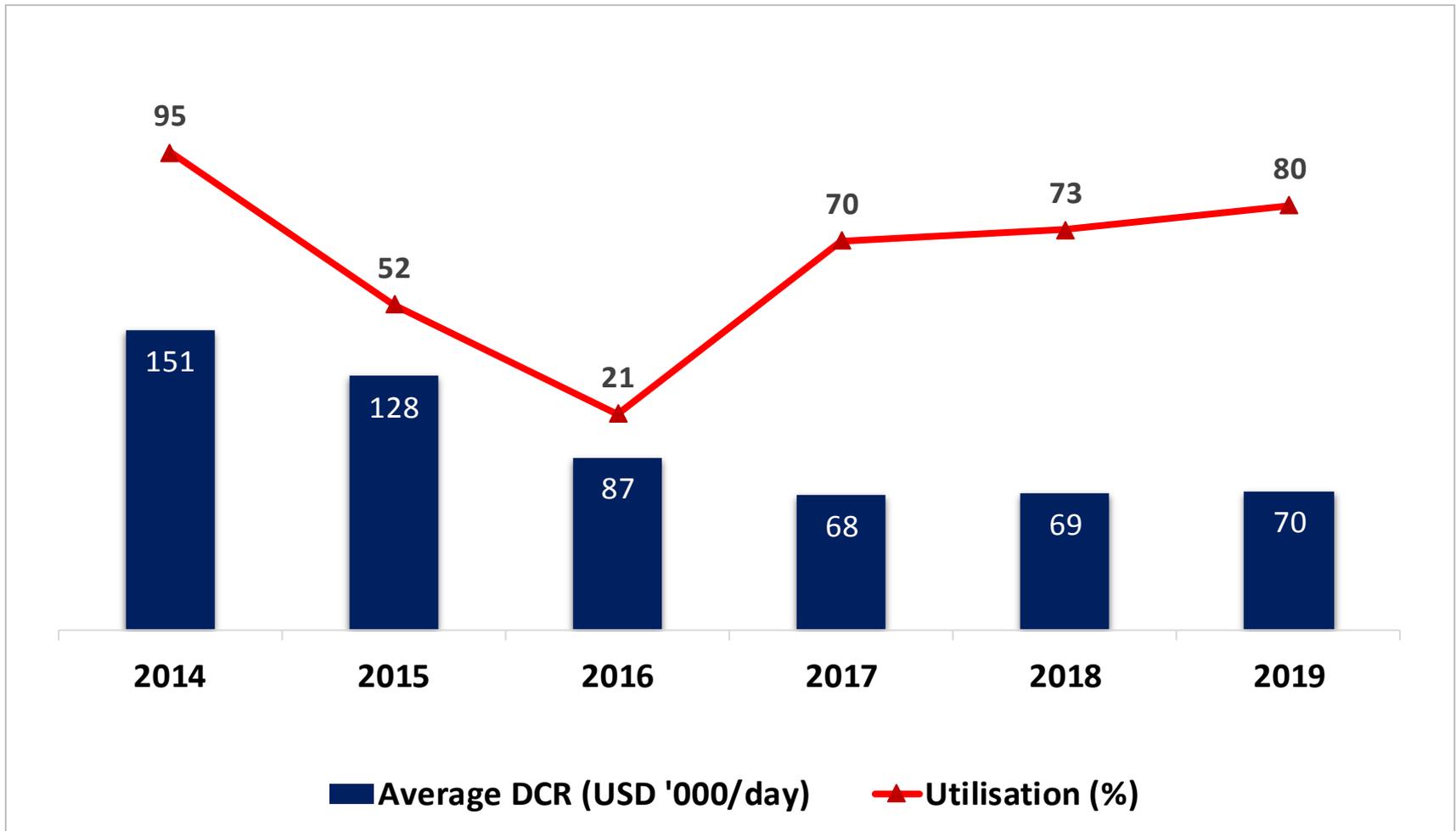
Medium-term outlook – Post 2022:

Steady through PETRONAS' effort of optimising its resource requirement

An offshore oil rig is shown in the middle ground, supported by a steel jacket structure. The rig's deck is painted a bright orange-red color. It features a tall derrick on the right side and various pieces of equipment, including cranes and piping. The rig is situated in the middle of a vast, deep blue ocean with visible waves. The sky above is a mix of blue and light orange, suggesting a sunrise or sunset. A dark horizontal band is overlaid across the middle of the image, containing the title text.

# COMPANY OUTLOOK

# RIG UTILISATION AND AVERAGE DAILY CHARTER RATE



# INCREASING WORKOVER ACTIVITIES

## Reactivation and Increasing Utilisation of HWU

- 1 HWUs currently working (GAIT 5)
- Completed more jobs:
  - 2019: 3 Workover wells and 7 P&A wells
  - 2018: Only 4 P&A wells
- Increasing Utilisation
  - 2019: 19%
  - 2018: 10%
- Awarded umbrella contract by PETRONAS to provide integrated well services for intervention, workover and abandonment services

## Steady Demand Outlook

Based on PETRONAS Activity Outlook 2020-2022:

- Subsurface: ~4 HWUs; and
- Decommissioning: 30 Wells



# LATEST ORDER BOOK STATUS

<b>NAGA 2</b>		<b>PCSB</b>
<b>NAGA 3</b>		<b>PCSB</b>
<b>NAGA 4</b>		<b>ROC Oil</b>
<b>NAGA 5</b>		<b>PCSB</b>
<b>NAGA 6</b>		<b>PCSB</b>
<b>NAGA 7</b>		<b>SHELL</b>
<b>NAGA 8</b>		<b>HESS</b>

**Total  
Contract Value**

**RM 1.7 b**

**+**

**RM 1.1 b  
(option)**

**=**

**RM 2.8 b**

**Remaining  
Order Book**

**RM 0.9 b**

**+**

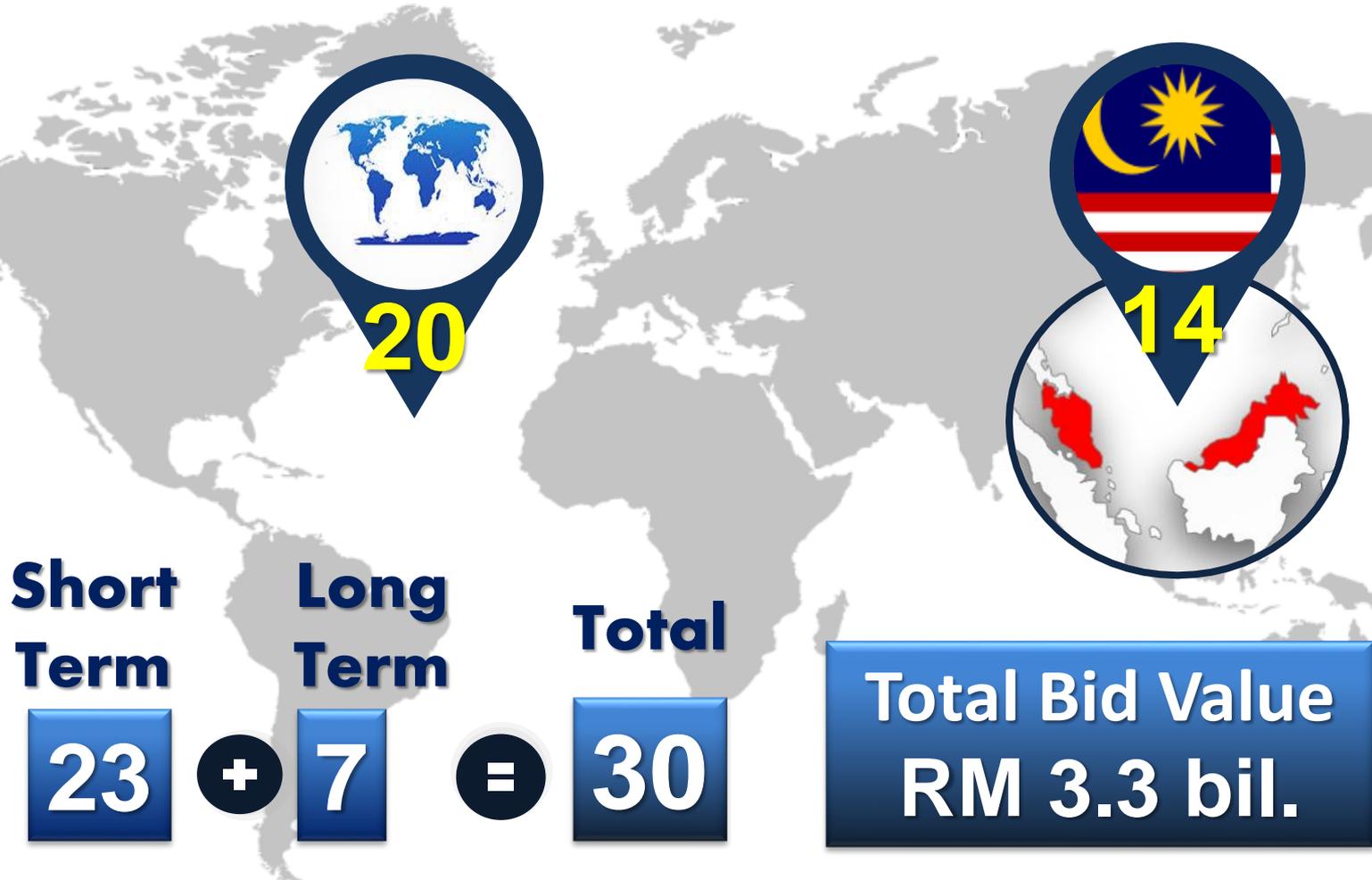
**RM 1.1 b  
(option)**

**=**

**RM 2.0 b**

*As at 31 January 2020*

# CURRENT TENDER ACTIVITIES



As at 31 January 2020

# 2019 ACHIEVEMENTS

**Best Rig Performance  
Malaysia Operations**  
PETRONAS Carigali



**Appreciation for Lang  
Lebah-1RDR2 – PTTEP**



**9-year Loss Time Injury  
free Milestone on 7 Sept  
2019**

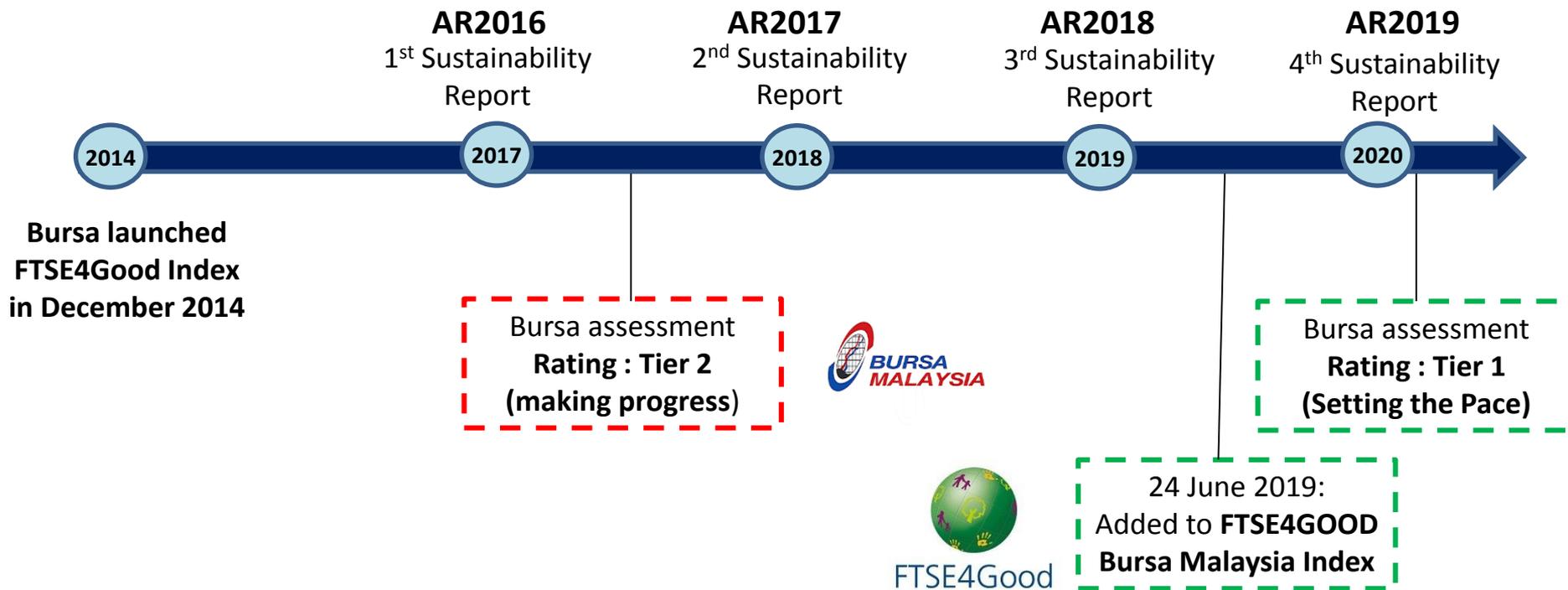


**HSE Outstanding  
Performance Award -  
Destini Oil Services Sdn Bhd**

# SUSTAINABILITY JOURNEY

VEB has been **upgraded to Tier One** (Setting the Pace) which is the **highest ranking** in the Sustainability Disclosure assessment by Bursa Malaysia.

## VEB Sustainability Journey



# MAJOR SHAREHOLDERS

## VELESTO energy

\* **PNB**  
Permodalan Nasional Berhad

54.1%



7.2%

Urusharta  
Jamaah

5.0%



2.8%



2.0%<sup>^</sup>

**OTHERS**

21.3%

\* **PNB**  
Permodalan Nasional Berhad

and PNB Funds



1.8%



Vanguard®

1.7%



1.6%<sup>^</sup>



1.4%<sup>^</sup>

Foreign  
shareholding: 7.2%

<sup>^</sup>: Recently increased shareholdings >1%

Note: As at 31 Dec 2019

An aerial photograph of an offshore oil rig in the middle of the ocean. The rig is a complex structure with various platforms and equipment. Several support vessels, including tugboats and supply ships, are positioned around the rig, connected by thick black hoses. The water is a deep blue color. The word "FINANCIALS" is overlaid in large white letters across the center of the image.

# FINANCIALS

# KEY FINANCIAL HIGHLIGHTS

## 4Q 2019

**AVERAGE  
UTILISATION**

**86%**

**AVERAGE  
DAY RATE**

**USD71k**

**OPERATIONAL  
EFFICIENCY**

**98%**

**REVENUE**

**RM178m**

**PAT**

**RM10m**

**EBITDA**

**RM85m**



# KEY FINANCIAL HIGHLIGHTS

## FY 2019

**AVERAGE  
UTILISATION**

**80%**

**AVERAGE  
DAY RATE**

**USD70k**

**OPERATIONAL  
EFFICIENCY**

**98.3%**

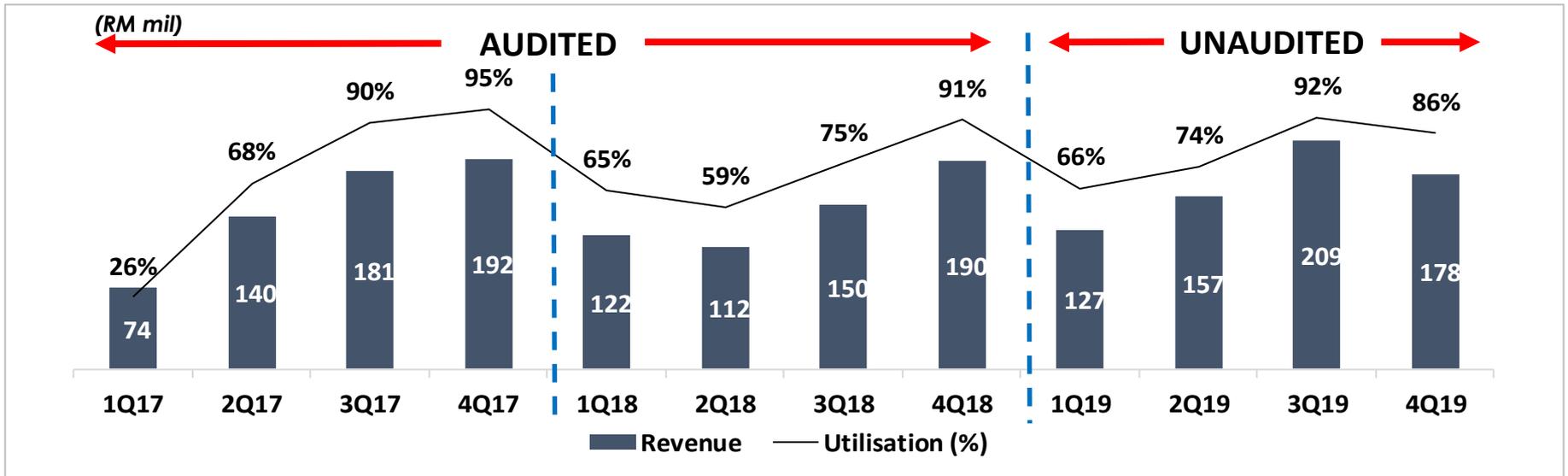
**REVENUE**  
**RM671m**

**PAT**  
**RM33m**

**EBITDA**  
**RM322m**

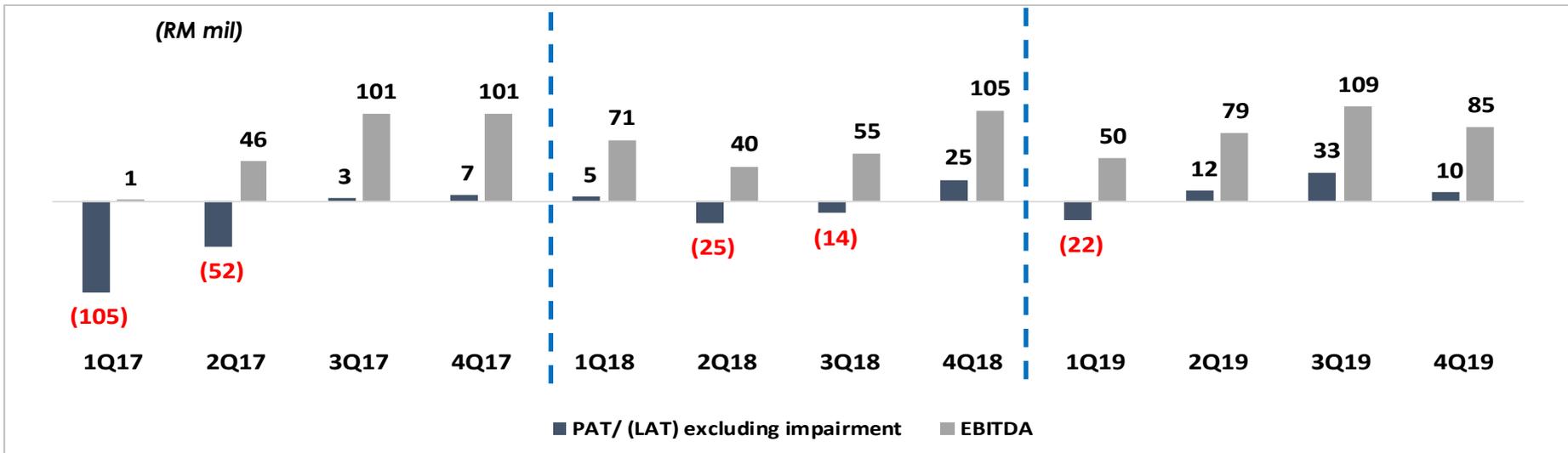


# EVOLUTION OF PERFORMANCE – QUARTERLY

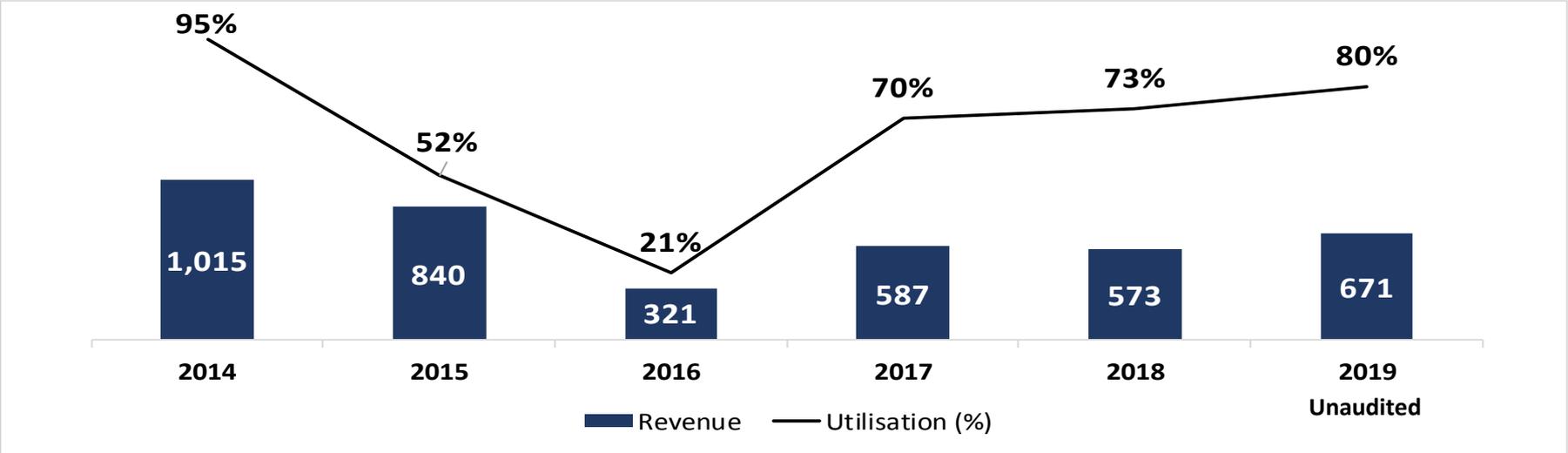


DCR (USD 'k)

72	70	68	68	68	68	70	68	69	71	70	71
----	----	----	----	----	----	----	----	----	----	----	----

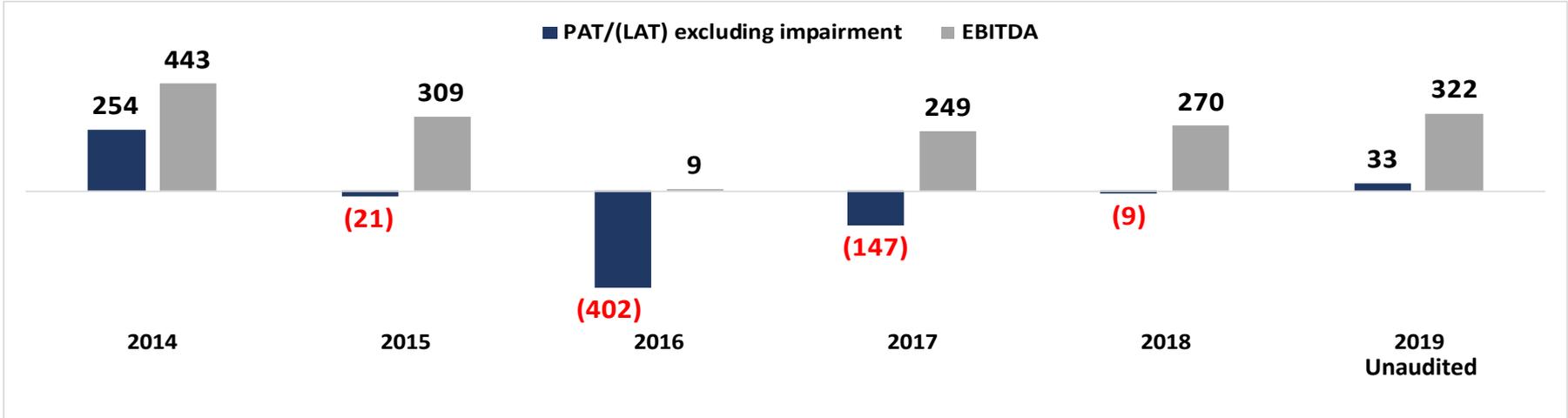


# EVOLUTION OF PERFORMANCE – ANNUAL

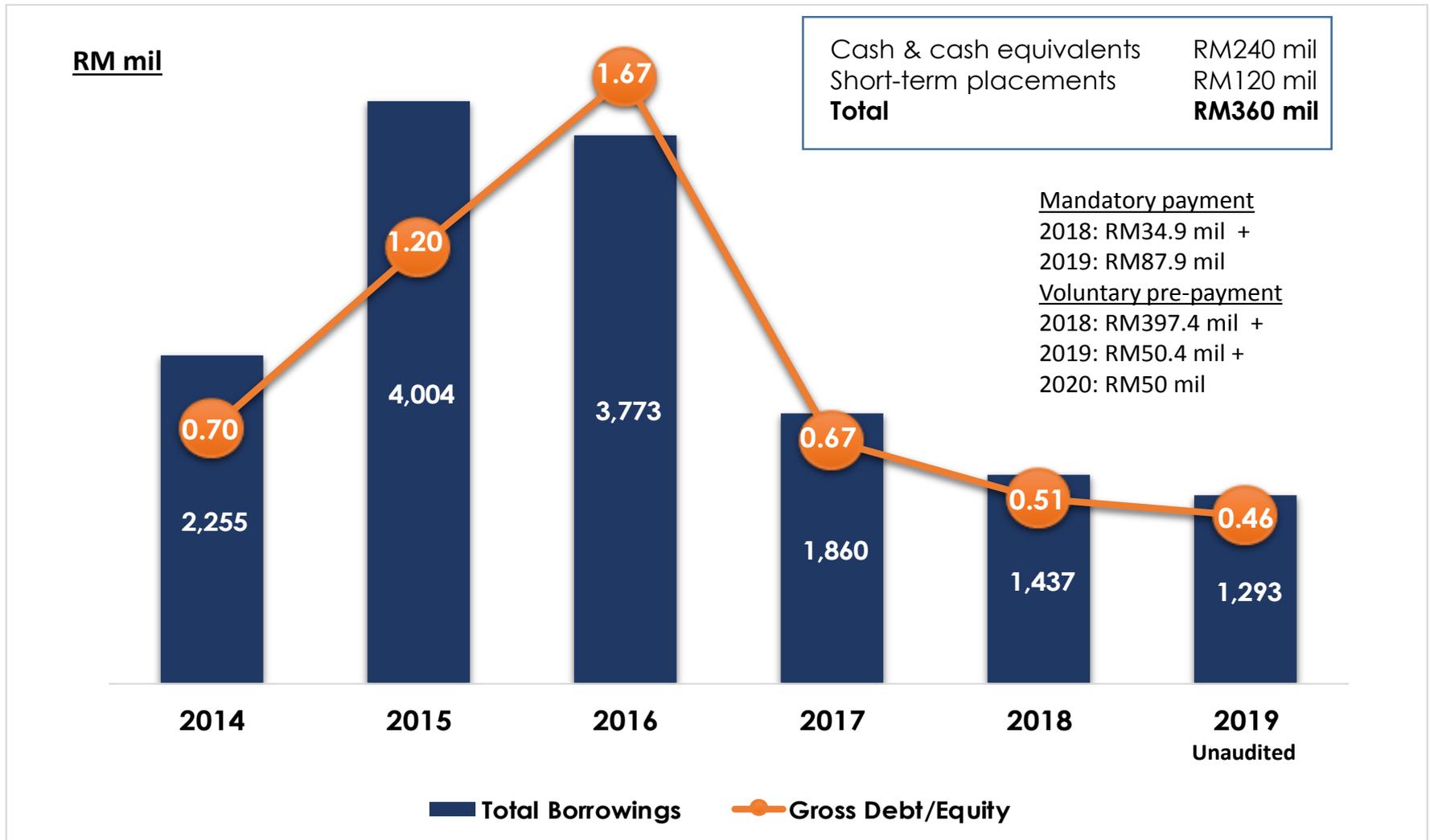


DCR (USD 'k)

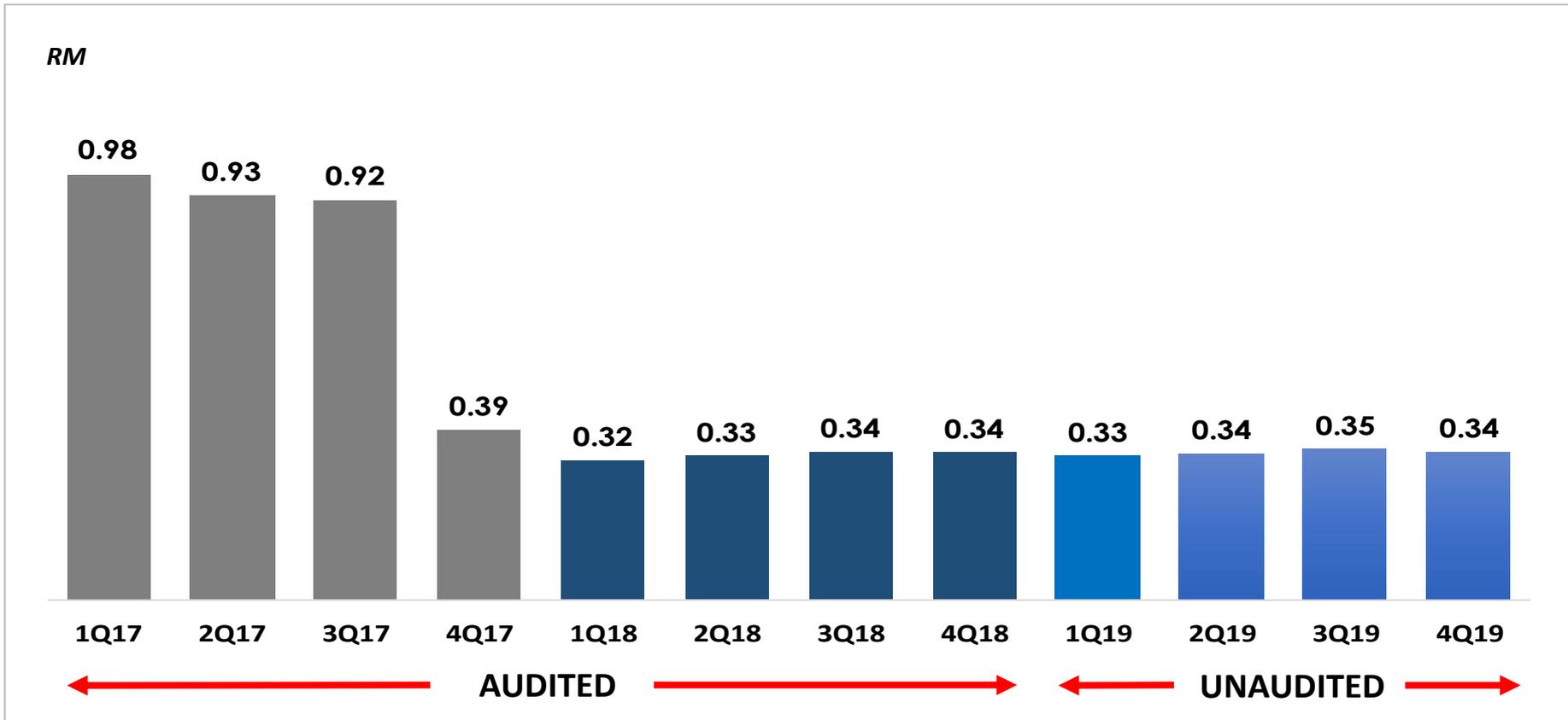
151	128	87	68	69	70
-----	-----	----	----	----	----



# MAINTAINING LOW DEBT/ EQUITY RATIO



# NET ASSET PER SHARE



Share Price  
25/02/2020  
**RM 0.34**

Market Capitalisation  
25/02/2020  
**RM 2.79 billion**

# KEY FINANCIAL RATIOS

Financial Ratios	2014	2015	2016	2017	2018	2019 Unaudited
Revenue (RM mil)	1,015	840	321	587	574	671
Revenue growth (%)	37.6	(17.2)	(61.8)	82.9	(2.2)	16.9
EBITDA margin (%)	43.7	36.8	2.9	42.4	47.1	48.1
PAT/ (LAT) margin excluding impairment (%)	25.0	(2.5)	(125.3)	(25.1)	(1.6)	4.9
Earnings/ (Loss) per share attributable to equity holders of the Company (sen)	11.66	(17.08)	(54.46)	(36.79)	(0.24)	0.40
Total borrowings (RM mil)	2,254	4,004	3,773	1,860	1,437	1,293
Gross debt to equity ratio	0.70	1.20	1.67	0.67	0.51	0.46
EBITDA / Interest (x)	17.0	4.8	0.1	1.8	3.2	4.0

# PROPOSED SHARE CAPITAL REDUCTION

## Details of the Proposal

The reduction and cancellation of RM2.21 billion of the issued share capital of the Company and corresponding elimination accumulated losses, pursuant to Section 116 of the Companies Act, 2016 (“Act”).

Unaudited 31.12.2019 RM mil	Company Before	Company After	Group Before	Group After
Share Capital	4,055	1,845	4,055	1,845
Accumulated Profit/ (Losses) (*)	(2,172)	38	(2,146)	63
Other Reserves	291	291	893	893
<b>Total Shareholders’ Equity</b>	<b>2,174</b>	<b>2,174</b>	<b>2,802</b>	<b>2,802</b>
Net Asset per share (sen)	0.26	0.26	0.34	0.34

(\*) Assumption: After estimated expenses of RM250k



## Impact of the Proposal

For avoidance of doubt, the Proposal will not result in:

- (i) Any adjustment to the share price;
- (ii) Any change in the total number of ordinary shares
- (iii) Any payment to the shareholders
- (iv) Any outflow of cash or change in the net assets, save for the estimated expenses



# PROPOSED SHARE CAPITAL REDUCTION

## Rationale for the Proposal

- (i) Rationalise financial position by eliminating its accumulated losses;
- (ii) Enhance credibility with stakeholders; and
- (iii) Enhance the ability to pay dividends out of its retained earnings in the future**



## Approvals Required

- (i) Shareholders' of the Company at an AGM
- (ii) Sanction of the High Court of Malaya pursuant to Section 116 of the Act
- (iii) Any other relevant authorities and parties

## Estimated Timeframe

By 3<sup>rd</sup> quarter of 2020

An aerial view of an offshore oil rig and several support vessels on the ocean. The rig is a tall, lattice-structured tower in the center-right. A large red and white supply vessel is in the lower-left. The sky is blue with scattered white clouds. The water is dark blue with gentle ripples.

# MOVING FORWARD

# CURRENT OUTLOOK

- **Certain level of stability in oil price**
- **Global recovery of oil and gas industry**
- **Increase in exploration and production activities**
- **Increased utilisation of Jack-Up rigs**
- **Further increase in day rates and longer contract duration**
- **Shortage of skilled personnel**

# WHAT ARE WE DOING

- Continue to pursue contract for remaining rigs
- Work towards further increase in day rates and improved terms & conditions
- Continue to improve operational, financial and costs efficiency
- Increase Hydraulic Workover Unit activities
- Develop and retain streams of sustainable human capitals
- Explore wider client base and geographical coverage



THANK YOU