

**FINANCIAL RESULTS
FOR THE QUARTER ENDED
30 June 2022
30 August 2022**

VELESTO
energy



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□ Industry Update

- The oil and gas outlook remains strong.
- Rig market conditions tightened further, Southeast Asia marketed utilization increasing to 91%.
- Exploration Program in Malaysia is set to increase in 2024.
- JDA Gas development continues to have positive outlook.

□ VELESTO Update

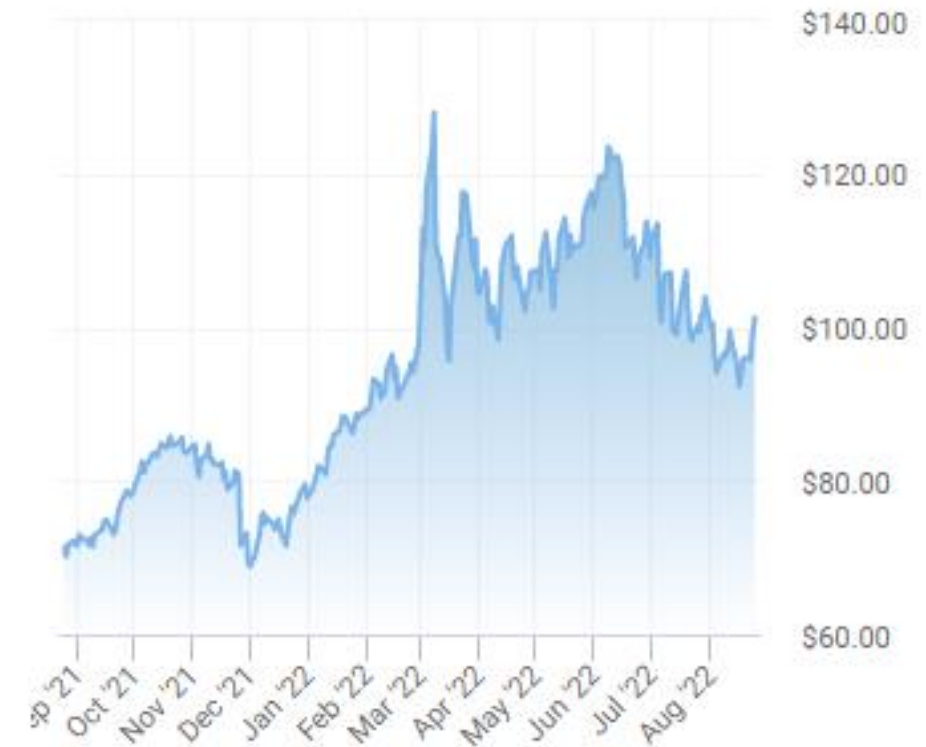
- Company continues its safe operation in 2Q 2022. Received Best Rig Award for 1Q2022 from PCSB.
- Naga 5 and Naga 6 have completed the Offline Capability Upgrade in Jun/Aug.
- High NPT experienced resulted in operational efficiency of 92% in Q2.
- Company continues to improve its utilization with >70% forecasted in 2H 2022.

□ Financial Update

- 2Q 2022 financial results are marginally better than 1Q 2022.

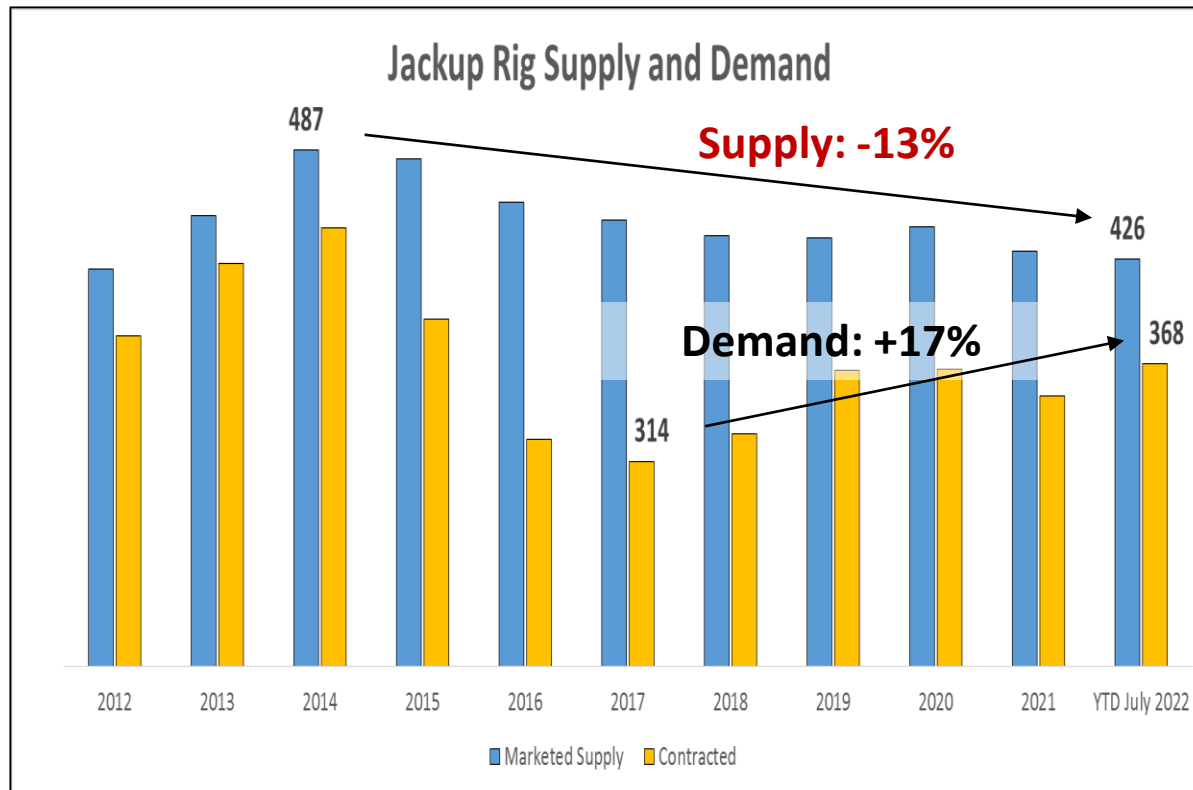
GLOBAL INDUSTRY HIGHLIGHTS

- The benchmark Brent oil price is expected to remain above USD80/bbl due to restricted oil supply.
- OPEC+ struggles to increase its supply.
- US production is increasing but remains below 2019 level.
- Oil producers are unable to respond adequately due to prolonged lack of investment.
- IMF has revised its projected GDP growth rate for 2022 to 3.2% from 3.6%.
- The US Fed has raised interest rates to 2.25% - 2.50% to contain rising inflation.

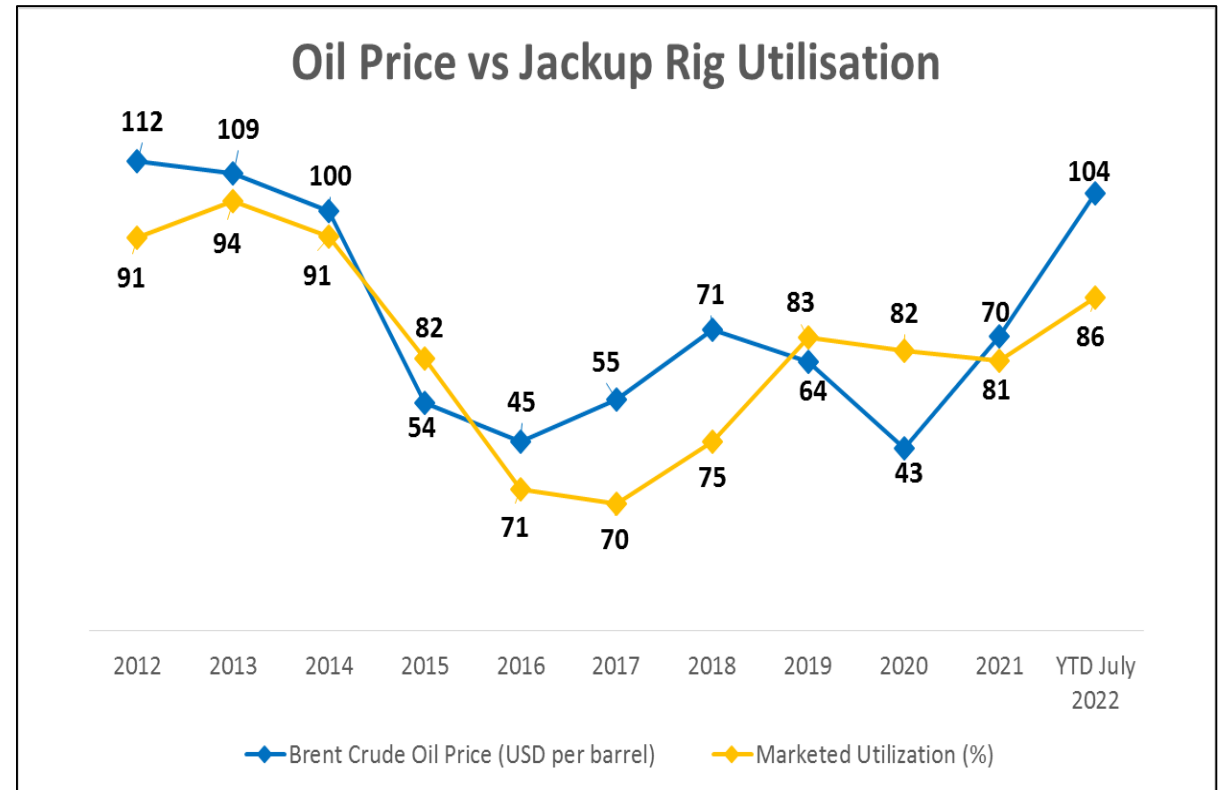


Source: Oilprice.com/24 Aug 2022

GLOBAL JACK-UP DRILLING RIGS OUTLOOK



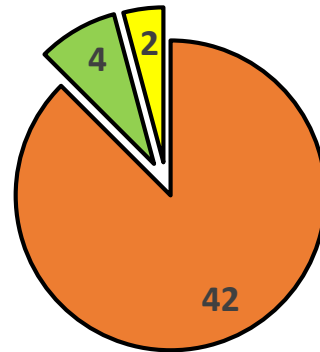
Source: IHS Petrodata July 2022



**RIG MARKET CONDITIONS ARE TIGHTENING
AND IS BEING REFLECTED IN MARKETED UTILISATION AND LATEST FIXTURE RATES**

REGIONAL OUTLOOK

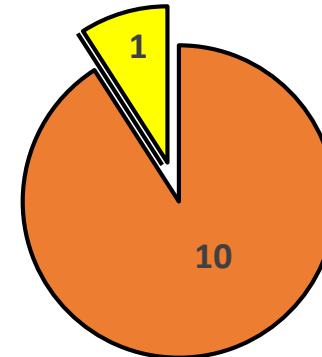
SOUTHEAST ASIA



42 Contracted
4 Idle
2 Cold Stacked

91% Marketed Utilisation

MALAYSIA



10 Contracted
0 Idle
1 Cold Stacked

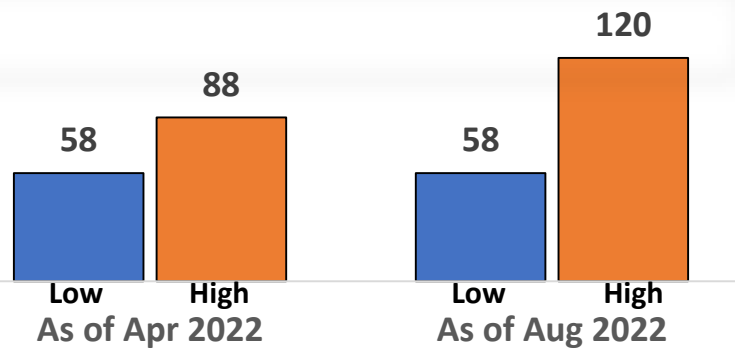
100% Marketed Utilisation



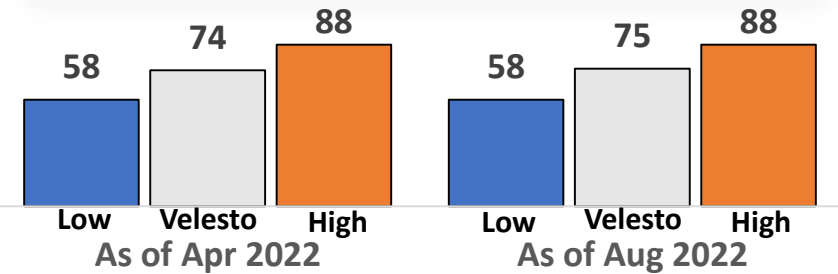
DRILLING RIG COUNT



LATEST FIXTURE RATES

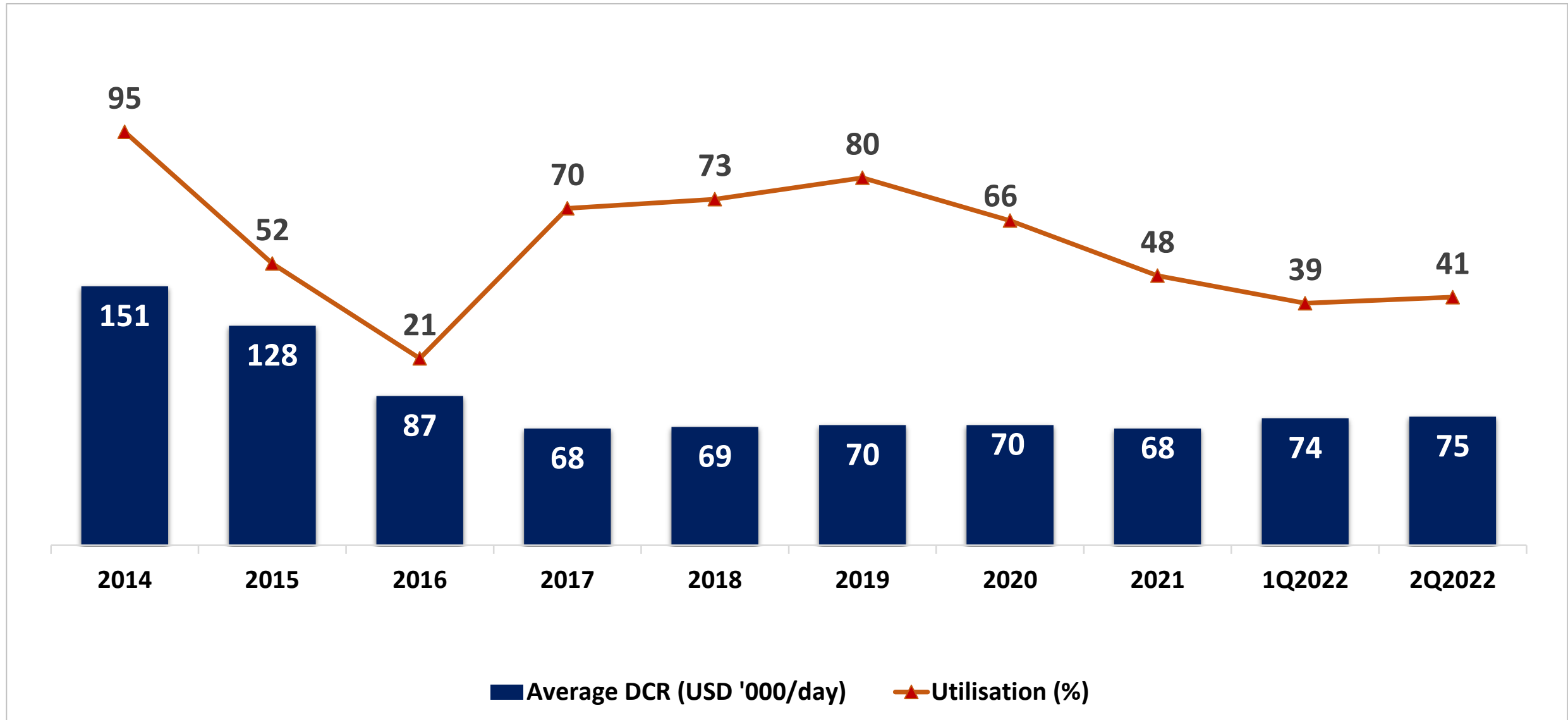


USD'000



USD'000

RIG UTILISATION AND AVERAGE DAILY CHARTER RATE



OPERATIONAL HIGHLIGHTS

2Q 2022 Operational Highlights

- Continued with safe operations with Zero LTI and Zero TRCF
- 2Q 2022 Utilization at 41% based on:
 - NAGA 8 continuous operations.
 - NAGA 2 and NAGA 4 commenced operations for PCSB and Shell respectively
- Low operational efficiency in 2Q 2022 due to well control related equipment failure
- NAGA 5 and NAGA 6 have completed Offline capability upgrade in Singapore.
- 3 rigs to commence work in 3Q 2022
 - NAGA 5 with PTTEP in July
 - NAGA 3 with HLJOC in September
 - NAGA 6 with PCSB in September
- GAIT 1, GAIT 5 and GAIT 6 has started work in April, July and August respectively

AVERAGE UTILISATION

41%



312
DAYS
LTI FREE
since 22/08/21

OPERATIONAL EFFICIENCY

92%



MANHOURS
778,528
*As of June 2022

0
FATALITY



0
LTI



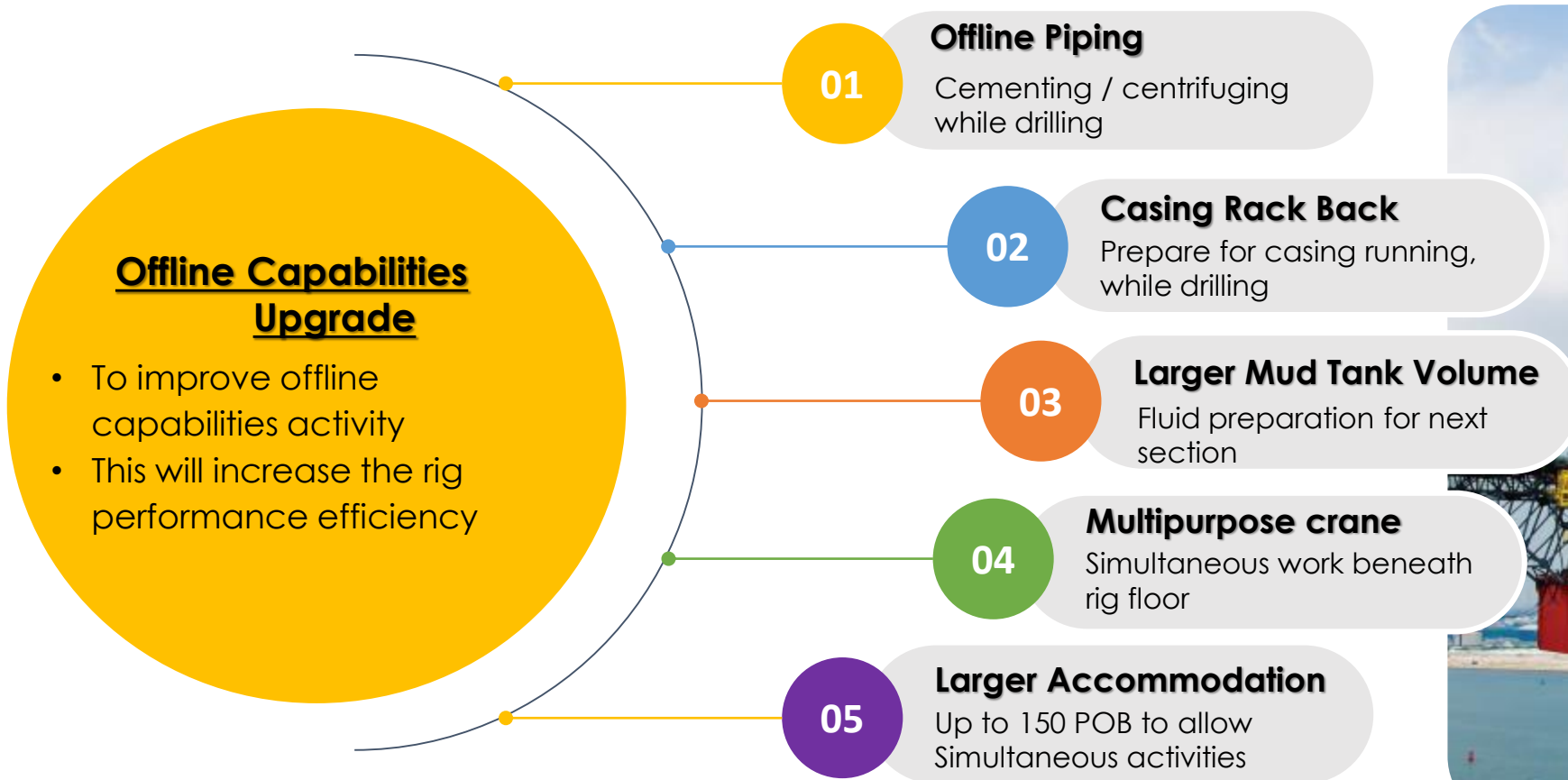
0
RWC



0
MTC



RIG UPGRADE - OFFLINE CAPABILITIES



**ESTIMATED TIME SAVINGS OF UP TO 5-10%
DEPENDING ON TYPE OF WELL**

LATEST ORDER BOOK STATUS

Drilling Order Book	
RM 640 mil	
398	242
Firm	Option

HWU Order Book	
RM 104 mil	
104	-
Firm	Option

Total Remaining Order Book	
RM 744 mil	
502	242
Firm	Option

As at 31 July 2022

CURRENT CLIENTS

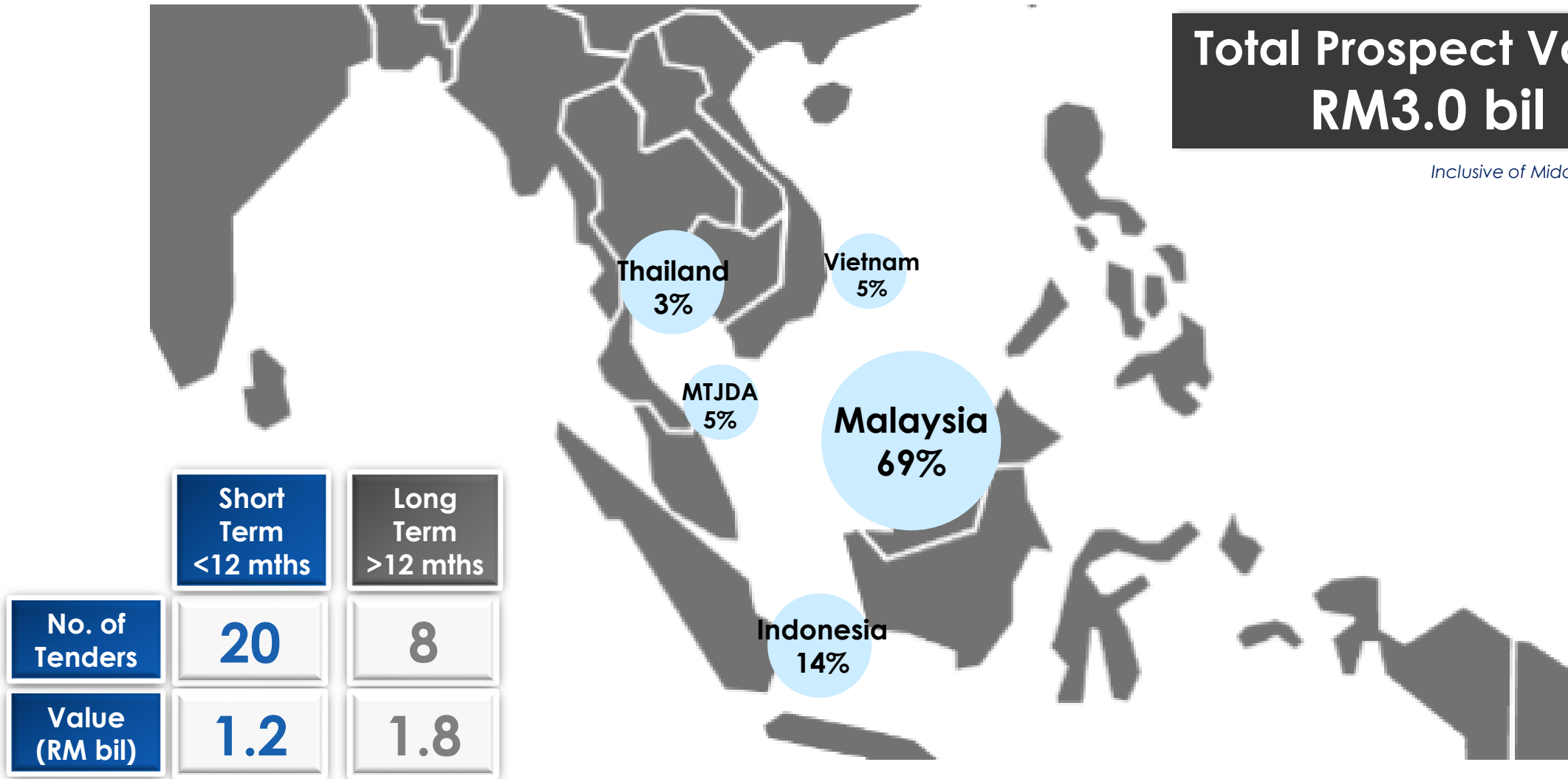
DRILLING				
PCSB	HLHV JOC	SHELL	PTTEP	C HESS

HWU	
EMEPMI	PCSB

CURRENT TENDER ACTIVITIES

**Total Prospect Value
RM3.0 bil**

Inclusive of Middle East – 4%



As at August 2022

2Q 2022 KEY FINANCIAL HIGHLIGHTS

AVERAGE
UTILISATION

41%

1Q22 : 39% / 2Q21 : 38%

AVERAGE
DAY RATE

USD75k

1Q22 : 74k/ 2Q21 : 76k

OPERATIONAL
EFFICIENCY

92%

1Q22 : 99% / 2Q21 : 97%

REVENUE

RM87m

1Q22 : 77m / 2Q21 : 84m

EBITDA

RM2m

1Q22 : (3m) / 2Q21 : (21m)

1

PAT/(LAT)

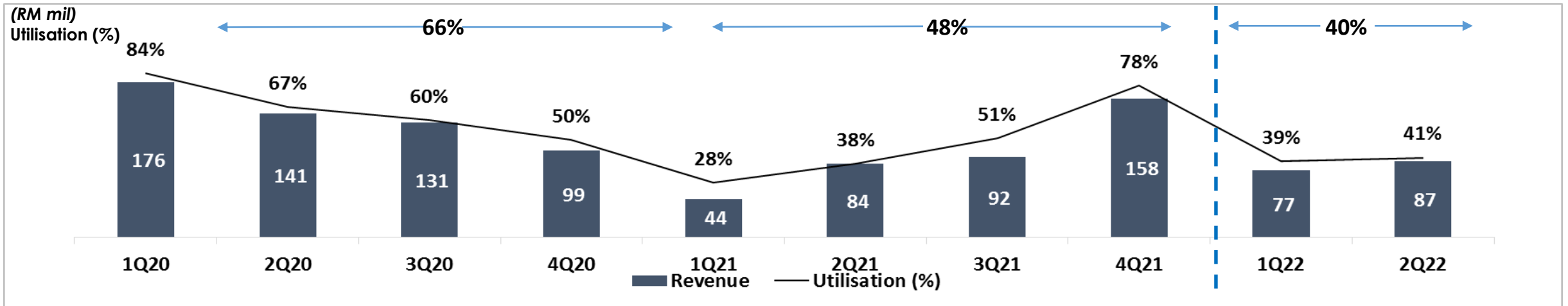
(RM43m)

1Q22 : (46m) / 2Q21 : (75m)

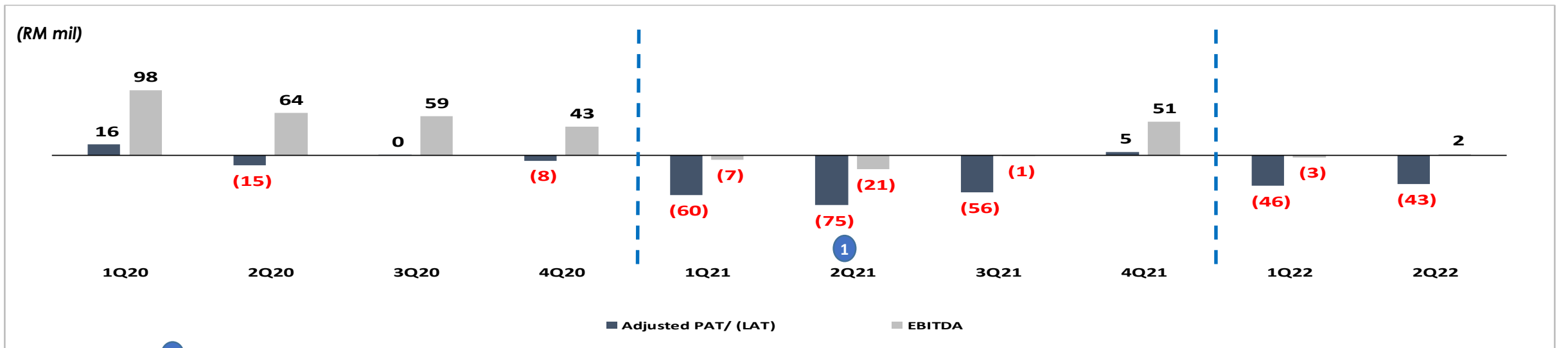
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¹ Excluding write-off of assets, insurance claim for claims for NAGA 7

EVOLUTION OF PERFORMANCE - QUARTERLY



DCR (USD 'k)	71	72	72	66	53	76	74	74	74	75
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1 Excluding write-off of assets, insurance claim for claims for NAGA 7



FTSE4Good

**FTSE4GOOD ESG
Score increased to
3.3 (June 2022)**



**Maintained 4-stars (top
quartile) ESG rating by Bursa
Malaysia and FTSE4GOOD**

Environment

Emissions management:

**Set 2030 emissions intensity
reduction goal**

10% by Operating Days;
and
30% by Revenue

Coral planting CSR project in
collaboration with Universiti
Malaysia Terengganu (UMT)
at Pulau Perhentian



Social

Complied with **minimum wage
policy** of RM1,500 per month from 1
May 2022 onwards

Governance

MSWG-ASEAN Corporate
Governance Award 2020

- Rank 21 of Top 100
- Excellence Award for CG Disclosure
- Rank 1 Industry Excellence Award

- **Robust industry outlook due to supply demand imbalance.**
- **Drilling activities in Southeast Asia and Malaysia are increasing towards second half of 2022.**
- **Completed upgrade of NAGA 5 and NAGA 6 with Offline capabilities.**
- **Secured work for three hydraulic workover units.**
- **2Q 2022 financial performance marginally better than 1Q 2022.**

THANK YOU

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