

An aerial photograph of the Velesto NAGA 2 offshore oil rig. The rig is a complex structure with multiple levels, including a large central processing area, two large derrick cranes extending upwards, and a helipad at the bottom. The rig is situated in the middle of a dark, choppy sea. The Velesto energy logo is visible in the bottom left corner.

**VELESTO**  
energy

# 13<sup>th</sup> ANNUAL GENERAL MEETING

29 May 2023

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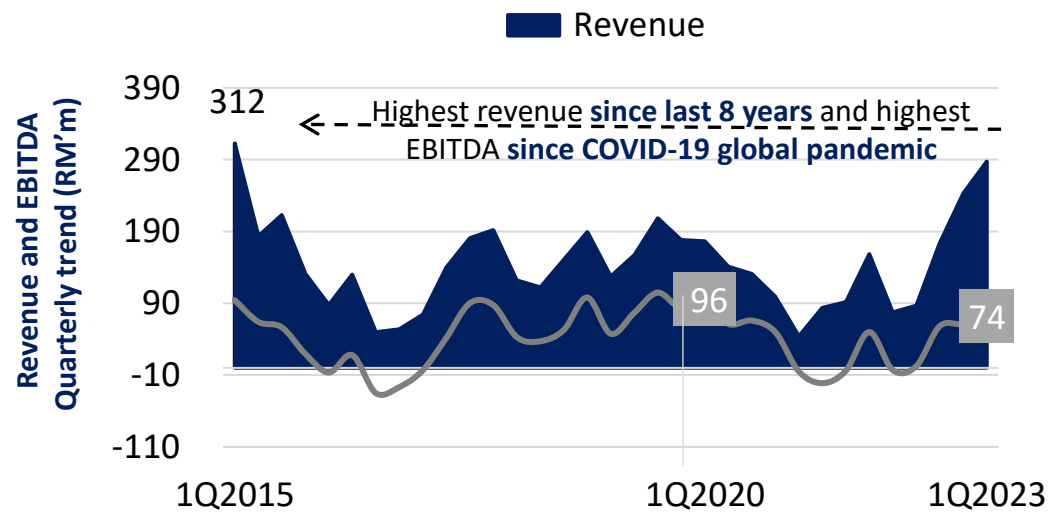
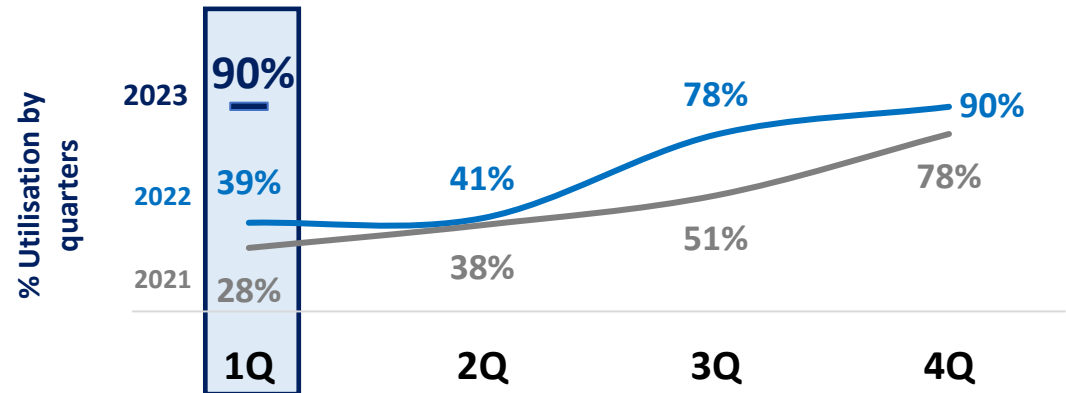
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# EXECUTIVE SUMMARY

- The **oil and gas outlook remains strong** with Brent oil price within USD80 – USD100/bbl by end of 2023
- Velesto's utilisation **reached 62%** and DCR increased to **USD77k/day** in 2022. **Increased further to 90%** and **USD86k/day** in 1Q 2023
- Recorded revenue of **RM581 million**, with EBITDA of **RM122 million**, and loss after tax of **RM100 million** in FY2022
- NAGA 3, 4 and 6 recently **secured contract with PCSB (with improved pricing)** of USD128 million
- Strong prospect of **improved financial performance** in 2023

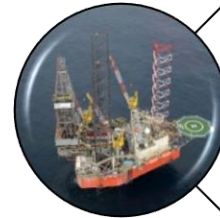




# KEY FACTS



One of PNB's strategic investment companies  
**53% equity**



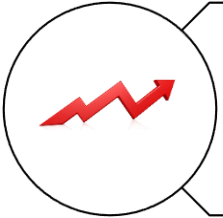
**Largest owner and operator**  
of jack-up drilling rigs  
from **Southeast Asia**



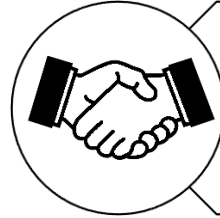
Listed on the  
**Main Board in 2013**



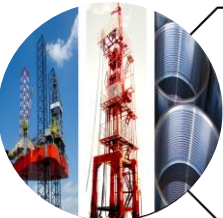
**First Malaysian owner and operator**  
of HWUs since 2001



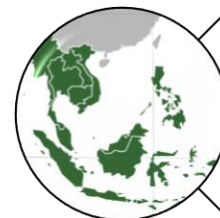
Market capitalization of  
**RM1.81 bil**  
(as at 25 May 2023)



**Solid track record**  
with PETRONAS  
and other international clients



**6** Jack-up Drilling Rigs,  
**4** Hydraulic Workover Units,  
**1** Oilfield Services Plant  
**1** Drilling Academy



**Experience in Southeast Asia**  
(Indonesia, Vietnam and Thailand)

# MAJOR SHAREHOLDERS

## VELESTO energy

As at 19 May 2023

\*PNB **53.2%**

HLAM **8.4%**

MANULIFE **3.7%**

UJSB **3.6%**

\* PNB and PNB Funds

NORGES  
BANK **3.0%**

TOKIO  
MARINE **1.9%**

VANGUARD **1.7%**

Foreign  
Shareholding **10.5%**

# GLOBAL INDUSTRY HIGHLIGHTS

## Global outlook

- Global economic **growth prospects are slightly weaker**. IMF reduced its 2023 global **GDP growth projection to 2.8%**.
- Oil markets eased as **EIA expects lower oil demand of 101 mil bpd** while on the supply-side, Russia supply continue to make its way to markets, resulting in an inventory surplus in 1Q 2023.
- The benchmark Brent oil price weakened to USD78/bbl as at end-April, but is **expected to tighten to USD80-100/bbl by end-2023**.

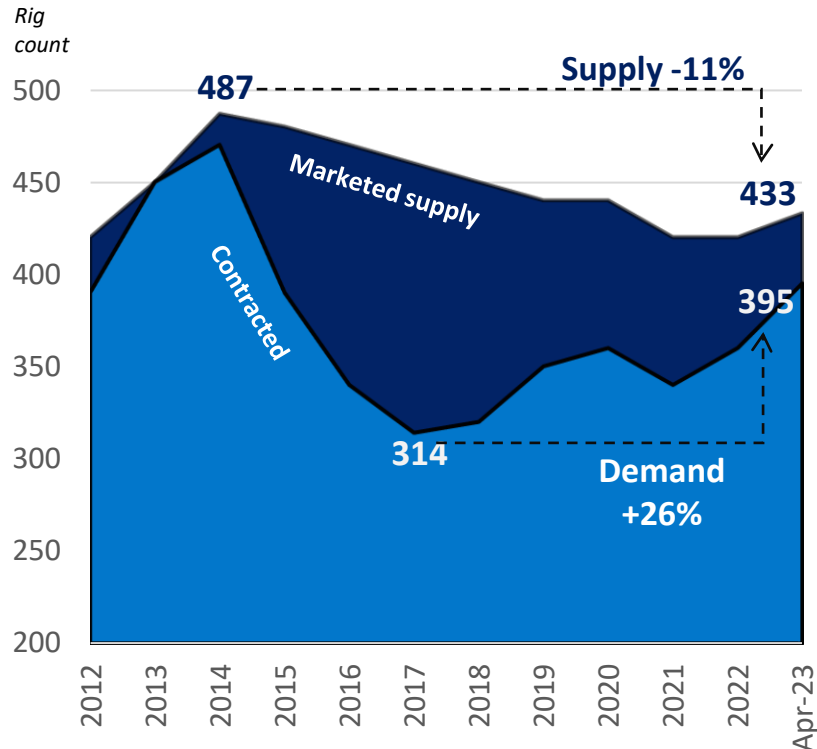
## Jack-up Drilling Rig outlook

- Jack-up rig marketed utilisation continue to tighten further, with **Southeast Asia marketed utilisation increasing to 100%**.
- Latest regional fixture rates **rising to USD68,000 - USD131,000 per day**. Jack-up rig demand is expected to continue rising until mid-2025.

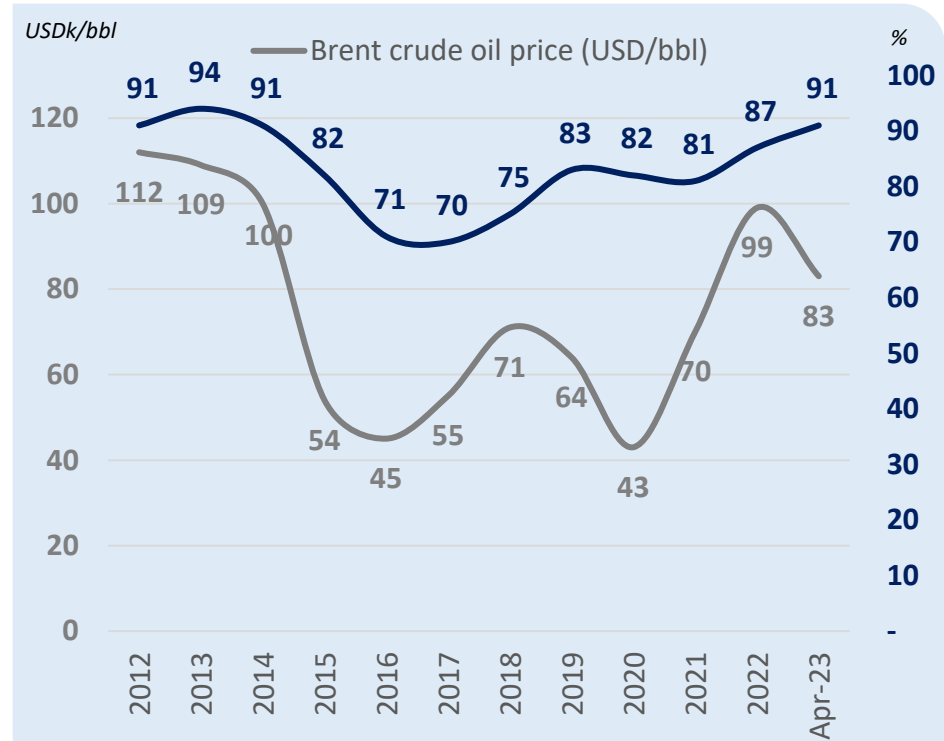


# GLOBAL DRILLING JACK-UP DRILLING OUTLOOK

## Jack-up rig Supply and Demand



## Oil price against Jack-up rig utilisation



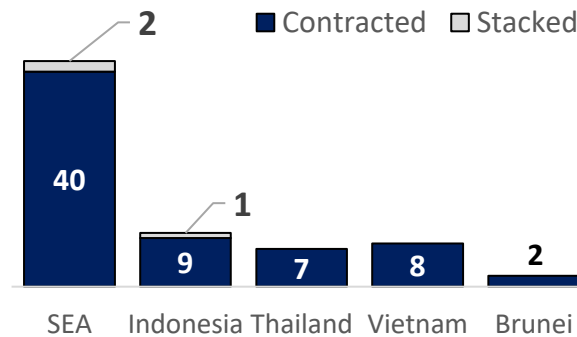
Rig market conditions are **tightening further** and is being reflected in marketed utilisation and latest fixture rates

# REGIONAL JACK-UP DRILLING RIG OUTLOOK

## DRILLING RIG COUNT

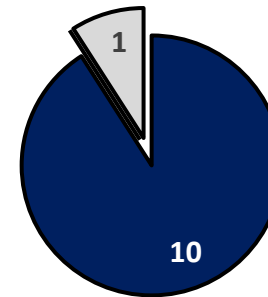


### SOUTHEAST ASIA



**100% Marketed Utilisation**

### MALAYSIA\*

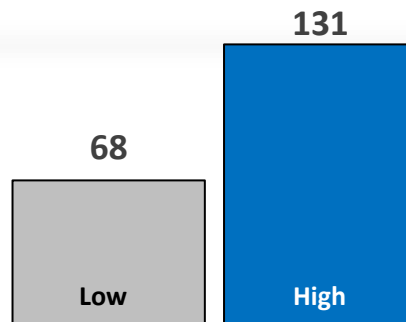


**10 Contracted  
0 Idle  
1 Cold Stacked**

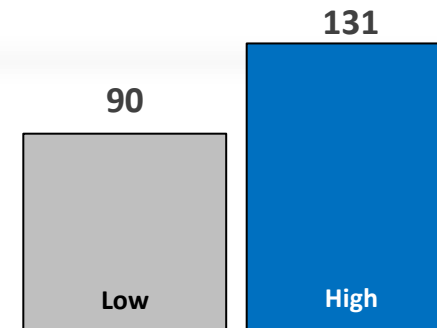
\*Including 2 rigs at Malaysia-Thailand JDA

**100% Marketed Utilisation**

## LATEST FIXTURE RATES (USD'000)



**Jan 2023 - Apr 2023**



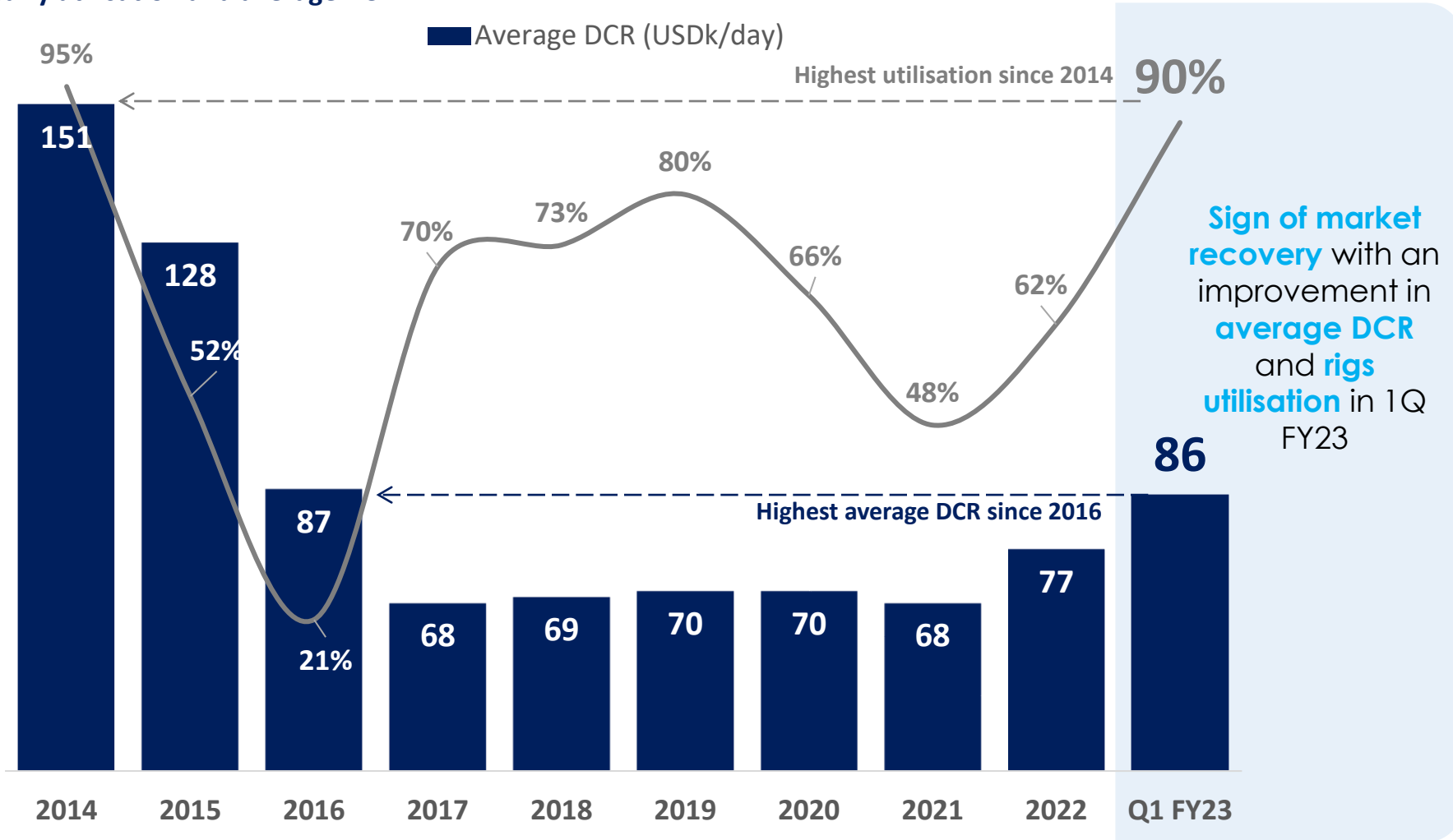
**Jan 2023 - Apr 2023**

Source : IHS RigPoint April 2023, Velesto Analysis

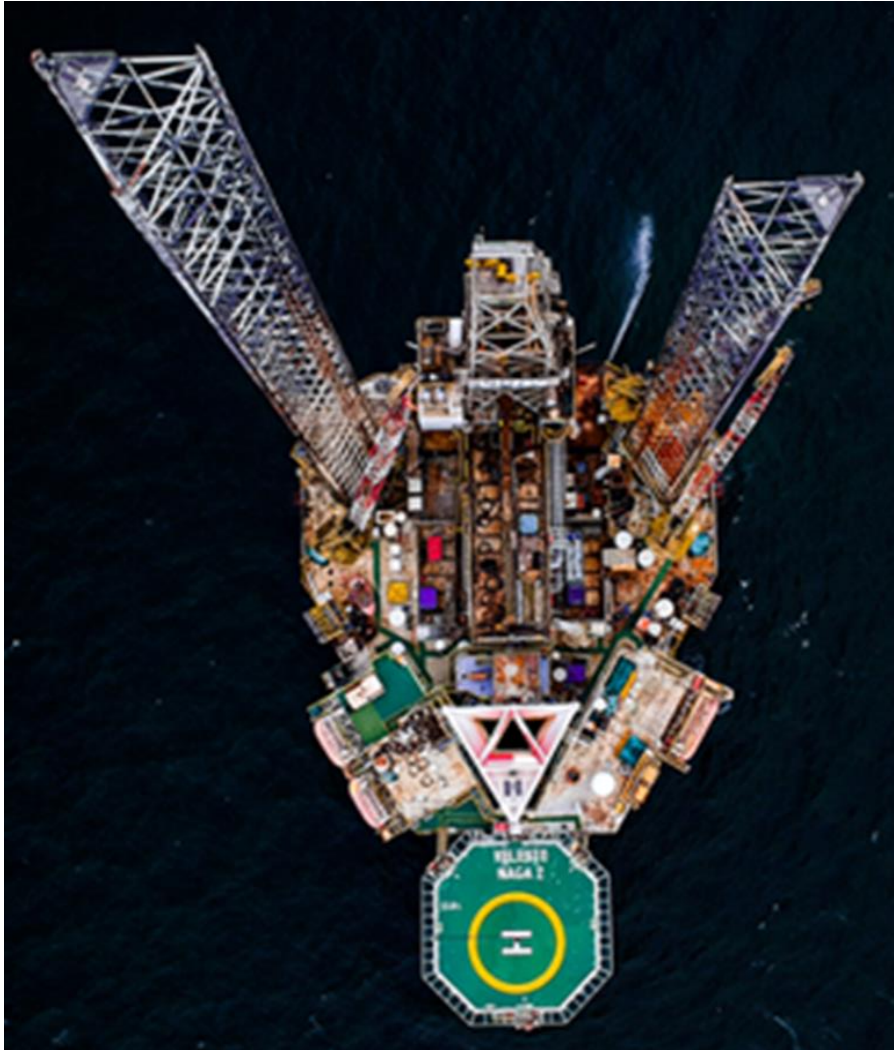


# RIG UTILISATION AND AVERAGE DAILY CHARTER RATE

Yearly utilisation and average DCR



# OPERATIONAL HIGHLIGHTS



## 2022 Operational Highlights

### Recovering Activity:

	1Q 22	2Q 22	3Q 22	4Q 22
Utilisation (%)	39	41	78	90
DCR (USD k/day)	74	75	74	78

**Offline Capabilities** upgrade for NAGA 5 and NAGA 6

Secured **i-RDC contract** with Hess for NAGA 5

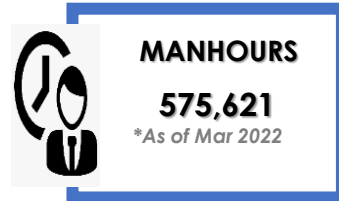
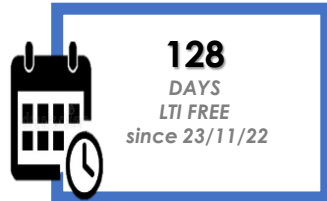
**97%** Operating Efficiency / Uptime

GAIT 5 and GAIT 6 secured long-term contracts with PCSB and EMEPMI

**Zero Fatality** and **One Loss Time Incident** (from contractor). **Zero Major Spills**.

# SAFETY HIGHLIGHTS

## 2022 Safety Performance



0  
FATALITY



1  
LTI



0  
RWC



0  
MTC



*\*from contractor*

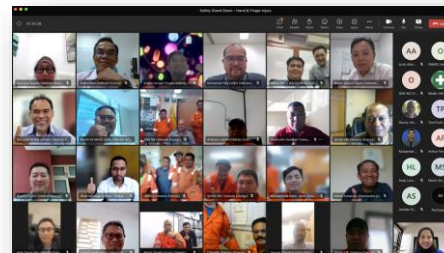
*As at April 2023*

## Recent Achievements



## 1Q 2023 Safety Activities

- Generative Safety Leadership Workshop by Scorpion Tact - Gait 5 & Gait 6
- IMS Process Internal Audit - KSB & Yard 1
- Pre-mob & Pre-Spud for Chenda-1 - NAGA 3
- Fleetwide Safety Stand Down - Hand & Finger Injury



# LATEST ORDER BOOK STATUS

Drilling Order Book	
RM 1,069 mil	
797	272
Firm	Option

*Note: Including drilling services for i-RDC*

Integrated Services Order Book	
RM 523 mil	
523	-
Firm	Option

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

Total Remaining Order Book	
RM 1,592 mil	
1,320	272
Firm	Option

*As at April 2023*

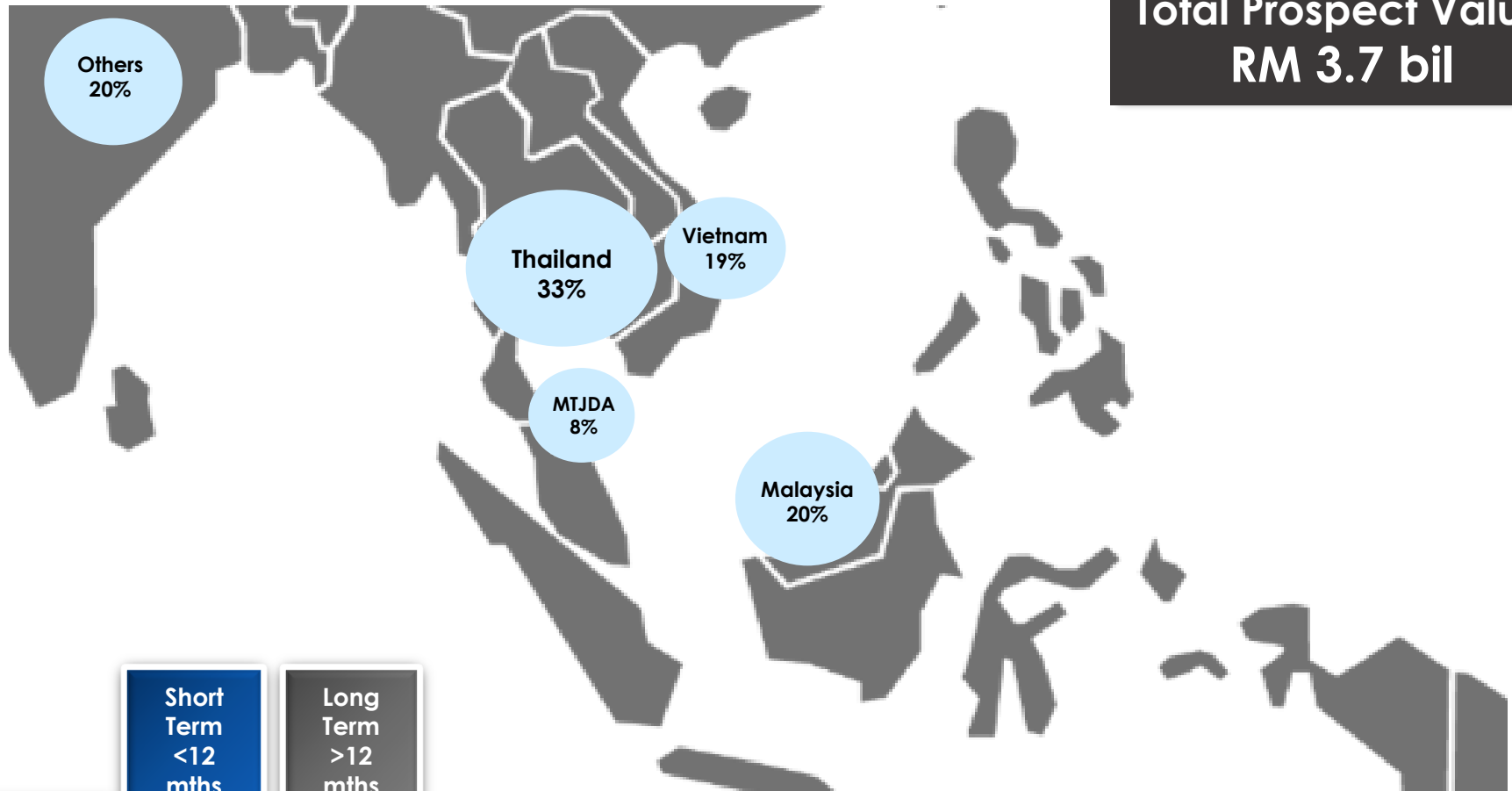
## CURRENT CLIENTS

ROC OIL   PTTEP   SHELL   HESS   PCSB   CARIGALI  
HESS   EXXONMOBIL



# CURRENT TENDER ACTIVITIES

**Total Prospect Value  
RM 3.7 bil**



As at April 2023

	Short Term <12 mths	Long Term >12 mths
No. of Tenders	14	5
Value (RM bil)	1.0	2.7

# SUSTAINABILITY UPDATE

## SR 2022 Highlights



1. Achieved reduction of **15%** operational emission intensity & **32%** revenue emission intensity ahead of 2030 target of **10%** and **30%** respectively
2. TCFD-aligned disclosure
3. Disclosed Scope 3 (business travel by air)

## 1Q2023 Update

	Q4 2022	Q1 2023	
Operating Days	499	488	2% ↓
Total Emissions	15,153 tCO <sub>2</sub> eq	16,126 tCO <sub>2</sub> eq	6% ↑
Emissions Intensity	30 tCO <sub>2</sub> eq/Ops day	33 tCO <sub>2</sub> eq/Ops day	10% ↑

### Emission Management Workshop

Date: 12 Jan 2023, 8 Feb & 15 Feb 2023



## 2023 Focus Areas



### ENVIRONMENT

Develop Operations Emissions Reduction Playbook/ Guide



### SOCIAL

Strengthen stakeholders collaboration and community investment  
(Coral Planting Project, Q3 2023)



### GOVERNANCE

Internal company wide Data Assurance audit

# FY2022 Financial highlights



# FY 2022 KEY FINANCIAL HIGHLIGHTS

AVERAGE UTILISATION

**62%**

2021 : 48%

AVERAGE  
DAY RATE

**USD77k**

2021 : 68k

OPERATIONAL  
EFFICIENCY

**97%**

2021 : 98%

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REVENUE

**RM581m**

2021 : 378m

EBITDA

**RM122m**

2021 : 21m

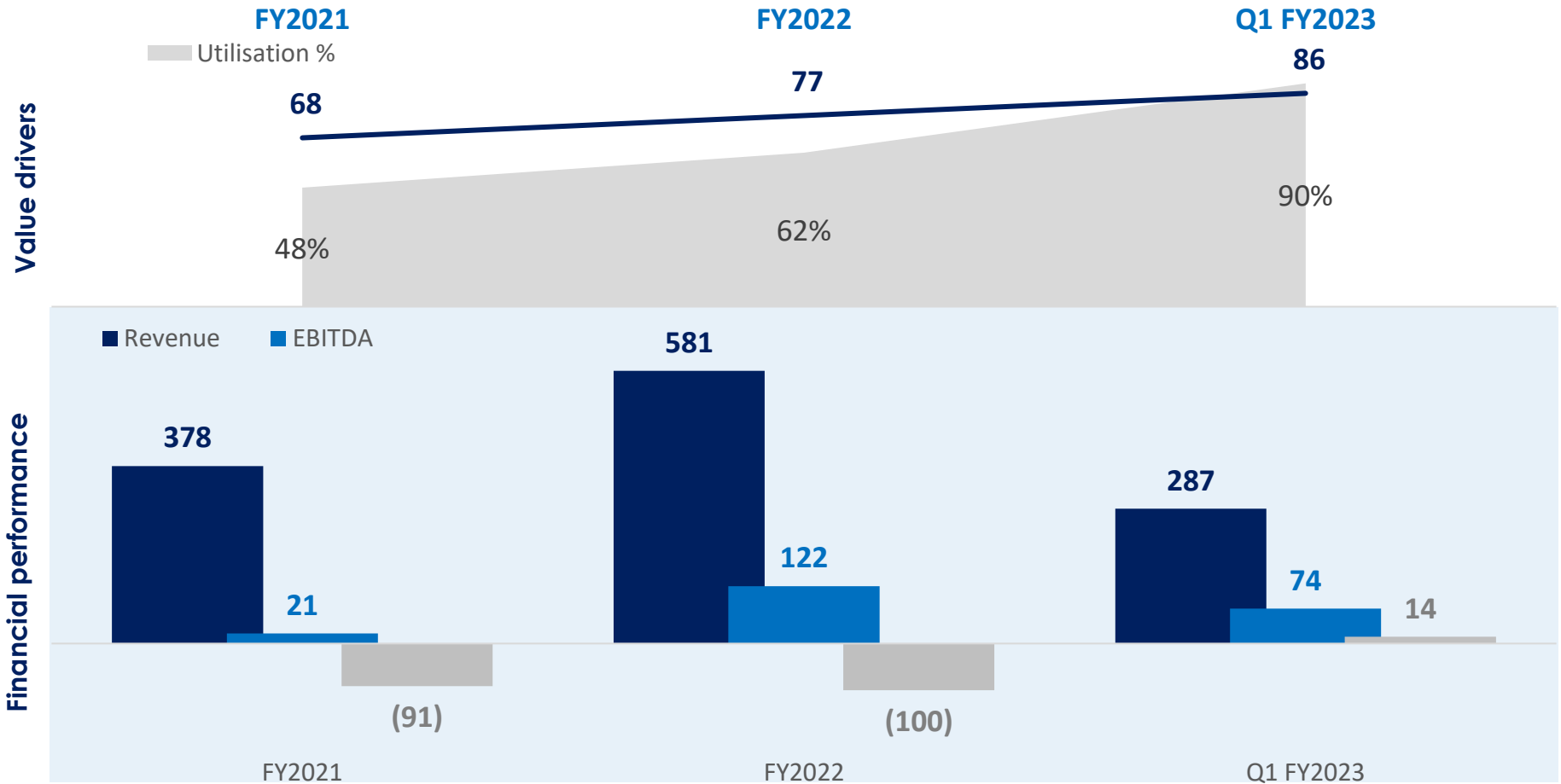
(LAT) / PAT

**(RM100m)**

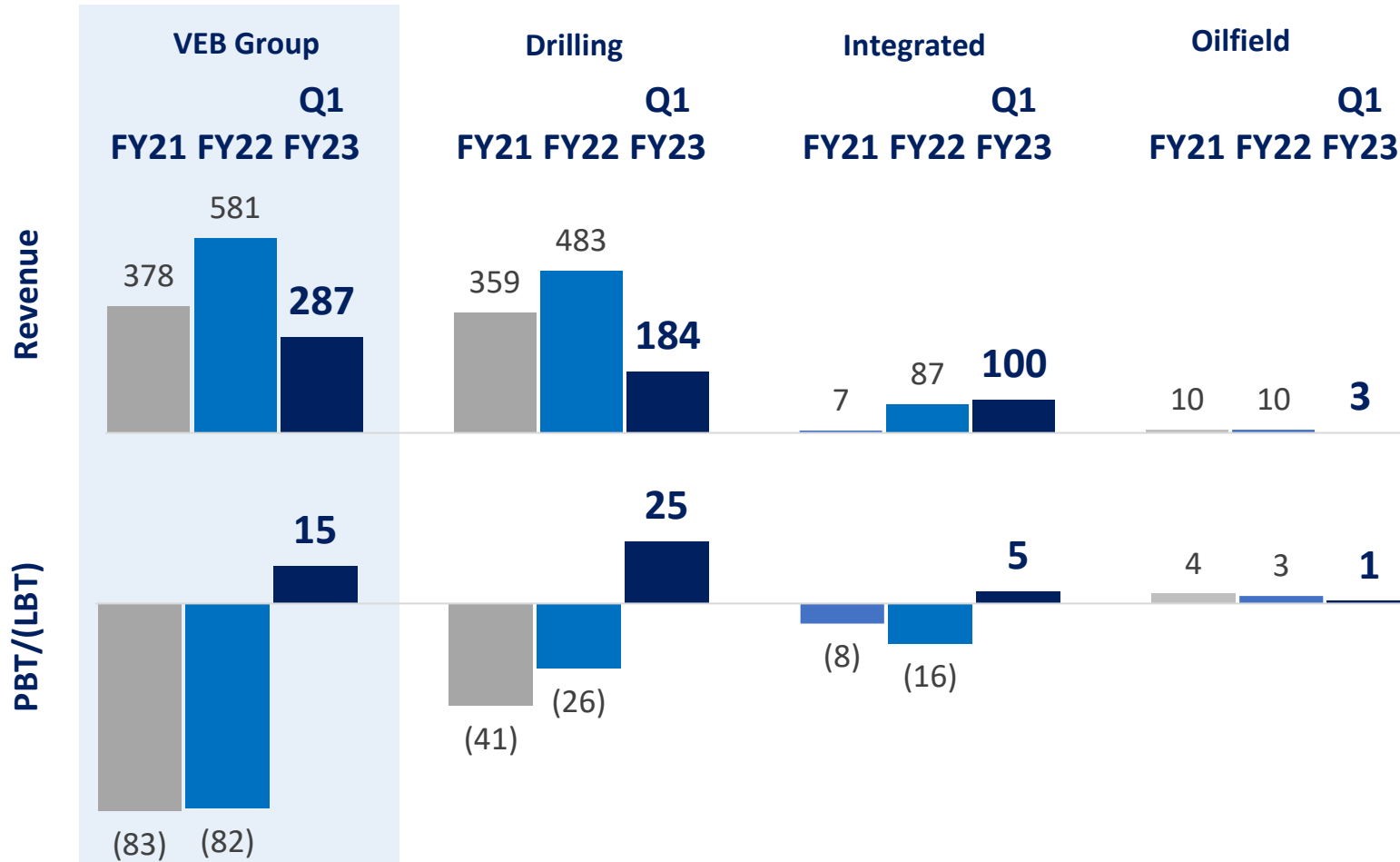
2021 : (91m)



# YEARLY PERFORMANCE



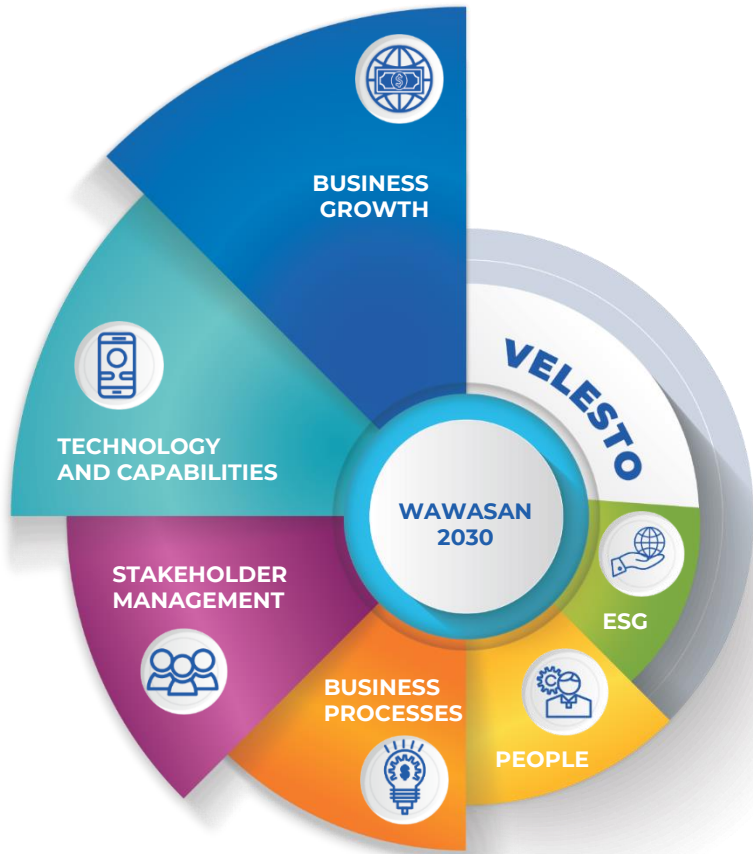
# YEARLY DIVISIONAL PERFORMANCE



Note: VEB Group includes corporate costs and eliminations

**Improving positive results** from all business segment In 1Q FY23

# MOVING FORWARD



- **Wawasan 2030:** Strategic roadmap identified six pillars to increase VELESTO's competitiveness and accelerate transformation:
- Ensure Operational Excellence, Commercial Competitiveness, Cost Discipline and Strengthen Enablers
- **Performance Driven, Operations Focused**
  - Service Quality
  - HSE Performance
  - Technology
  - ESG

# SUMMARY

- **Robust industry outlook**
- **Building on our strong competitive position**
- **Strong prospects for improved financial performance in FY2023**





**THANK YOU**

VELESTO ENERGY BERHAD