



FINANCIAL RESULTS FOR THE QUARTER ENDED 31 December 2023

28 February 2024

VELESTO
energy

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 Malaysia or elsewhere.

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.

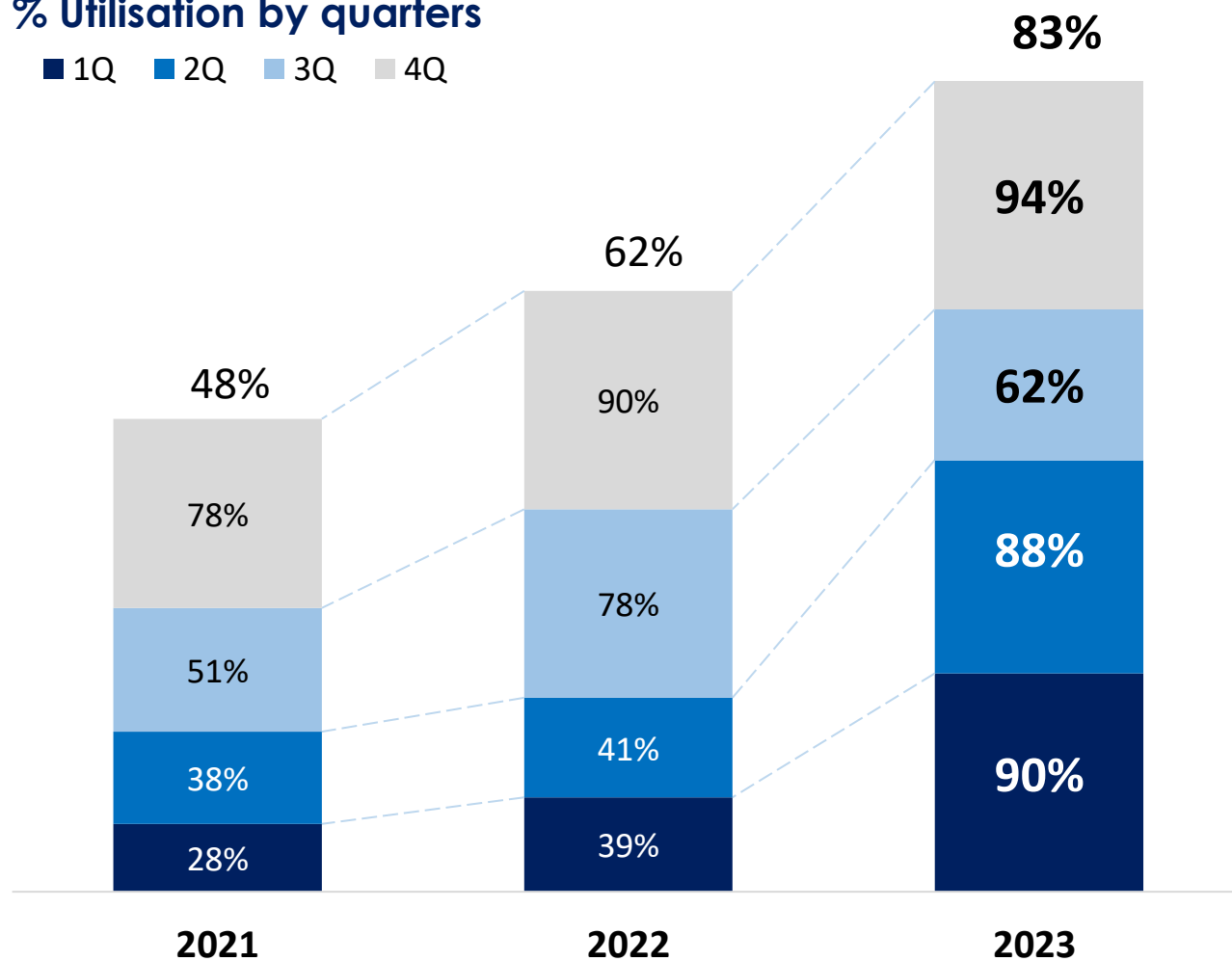
EXECUTIVE SUMMARY

- **Strongest financial performance** since 2014
 - 4Q 2023 recorded revenue of RM359 million, with **profit for the quarter** of RM67 million.
 - FY2023 revenue and PAT of RM1.2 billion and RM100 million respectively.
- All rigs contracted during the quarter except for **NAGA 2** 'wait-on-weather' from December 2023 to early-February 2024. NAGA 2 **has commenced** work with **Vestigo**.
- The oil and gas outlook **remains strong**. Brent oil price expected to remain around **USD80/bbl**.
- First dividend declared since 2014.

4Q 2023 higher utilisation against previous quarters and years

% Utilisation by quarters

■ 1Q ■ 2Q ■ 3Q ■ 4Q



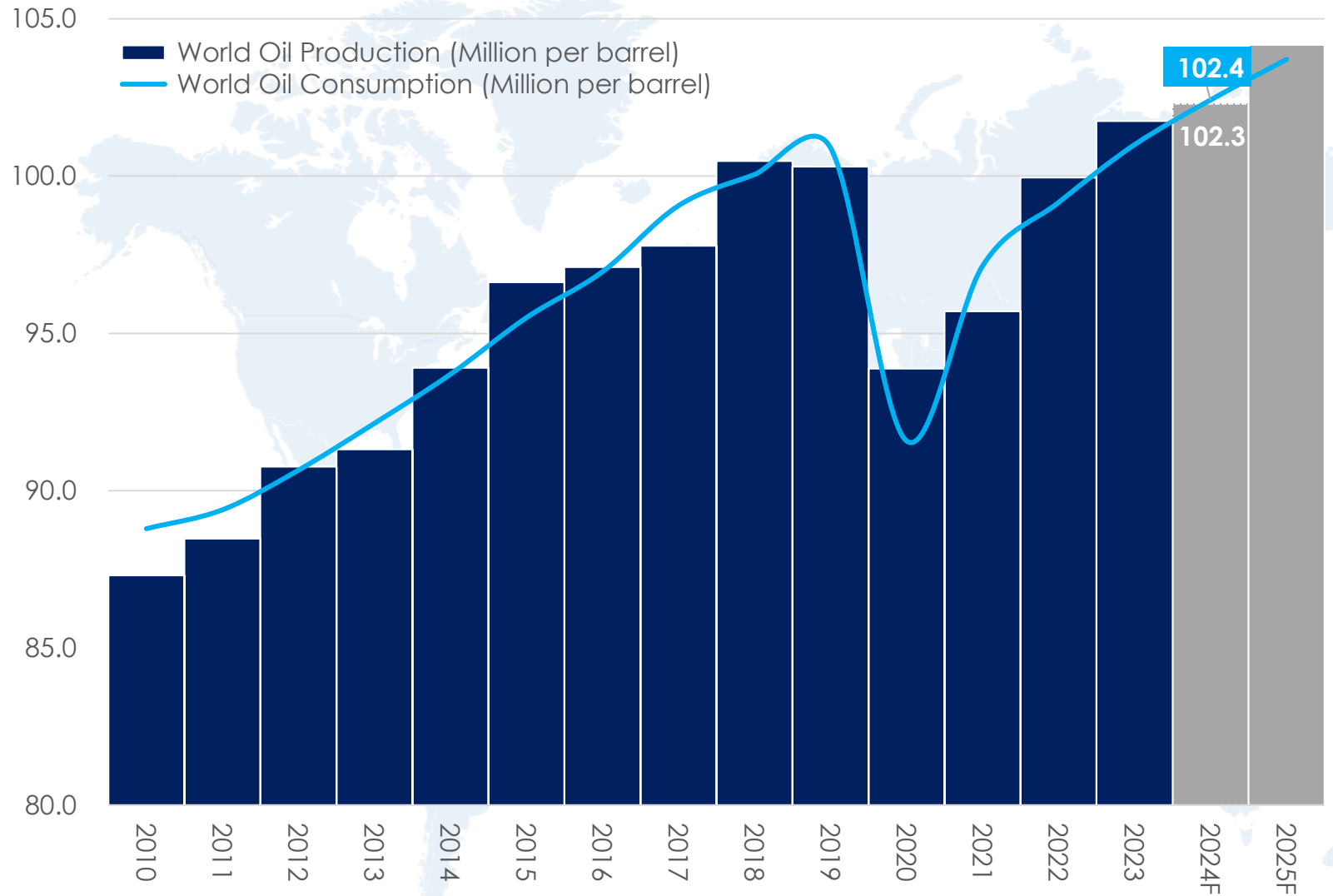
GLOBAL MACROECONOMY AND OIL MARKET HIGHLIGHTS

1. IMF increased its 2024 global **GDP growth forecast to 3.1%** (October: 2.9%).
 - a. Inflation decreasing;
 - b. US Fed expected to cut rates in 2024.
2. US EIA forecasted 2024 global oil consumption to increase to **102.4 mil bpd** and global oil production **102.3 mil bpd** resulting in balanced inventory surplus.

Bloomberg's Brent oil prices consensus forecast:

2024:	2025:	2026:
83	80	80

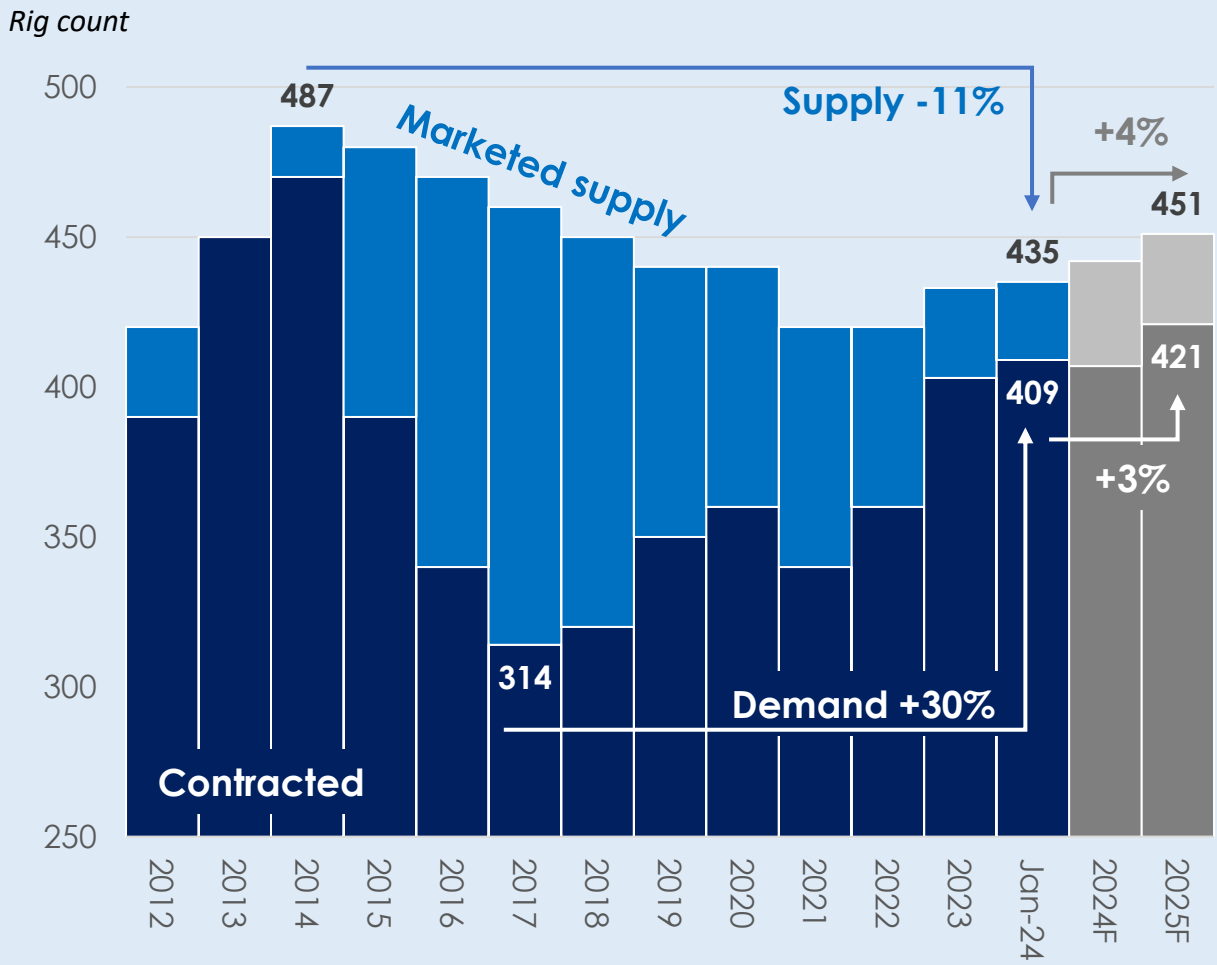
World Oil Production and consumption (M/bbl)



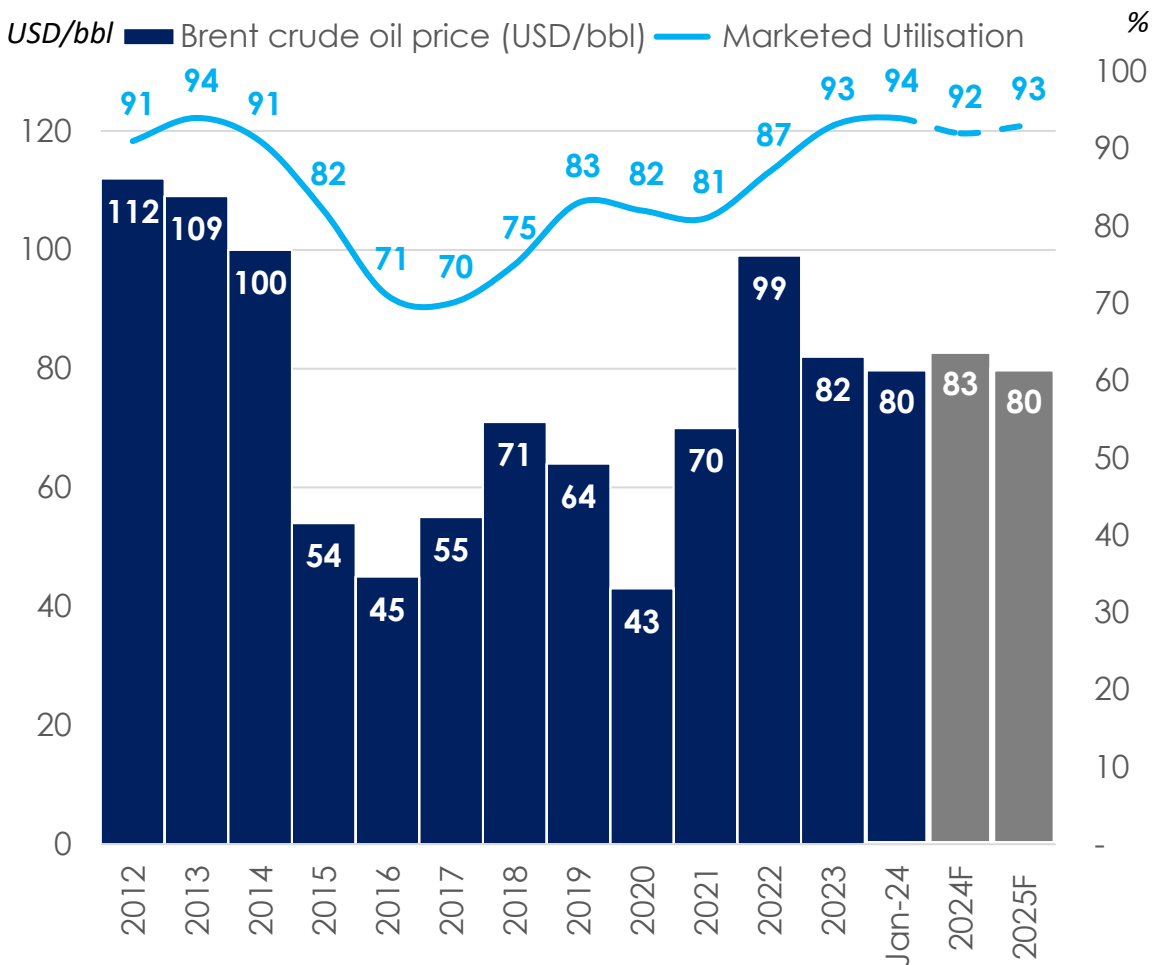
Source: EIA STEO Feb-2024

GLOBAL JACK-UP DRILLING RIG OUTLOOK

Jack-up Rig Supply & Demand



Oil Price against Jack-up Rig Utilisation



IHS is forecasting Global Jack-up Rig **Marketed Utilisation** to remain tight at **93%** until 2025

REGIONAL JACK-UP DRILLING RIG OUTLOOK

DRILLING RIG COUNT
(no.)

FIXTURE RATES[^]
USDk/day

100%

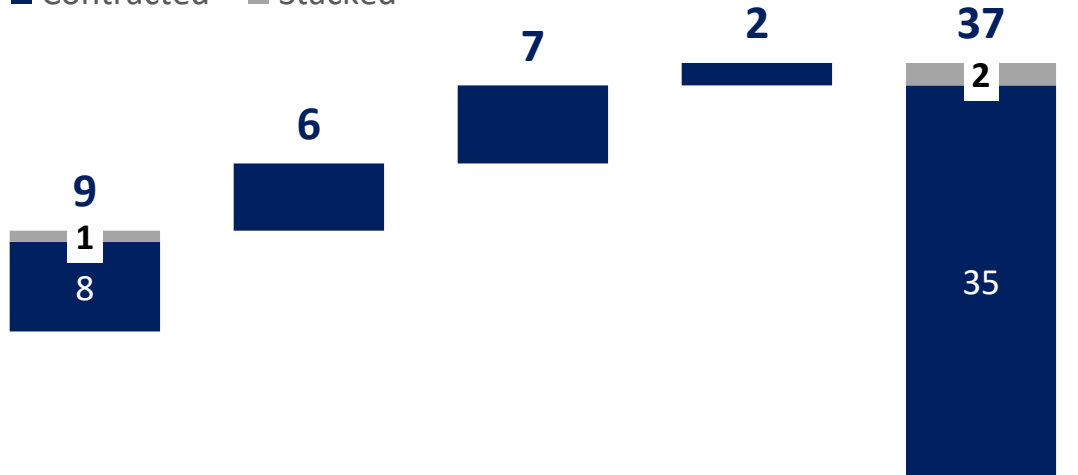
Marketed
Utilisation

Malaysia represents 34% of contracted rigs in SEA and 6 rigs are from VEB

100%

Marketed
Utilisation

■ Contracted ■ Stacked



Malaysia
High

145

Low
90

Indonesia

Vietnam

Thailand

Brunei

SEA
High

Marketed Utilisation in Malaysia and SE Asia remained at 100%

165

Low
68

Note: Malaysia including 1 rig at Malaysia-Thailand JDA

[^] Latest fixture rates from Jan 2023- Jan 2024

Source : IHS RigPoint January 2024, Velesto Analysis

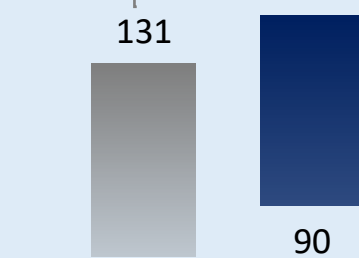
Regional benchmark fixture rates for jack-up rigs continue to increase

Malaysia

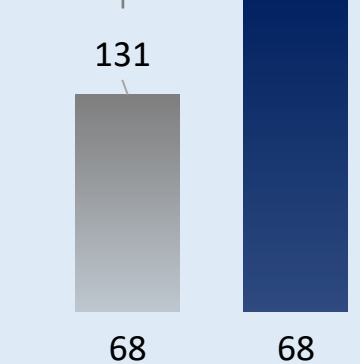
SE Asia

USD '000/day

+11%



+26%



Jan-23

Jan-24

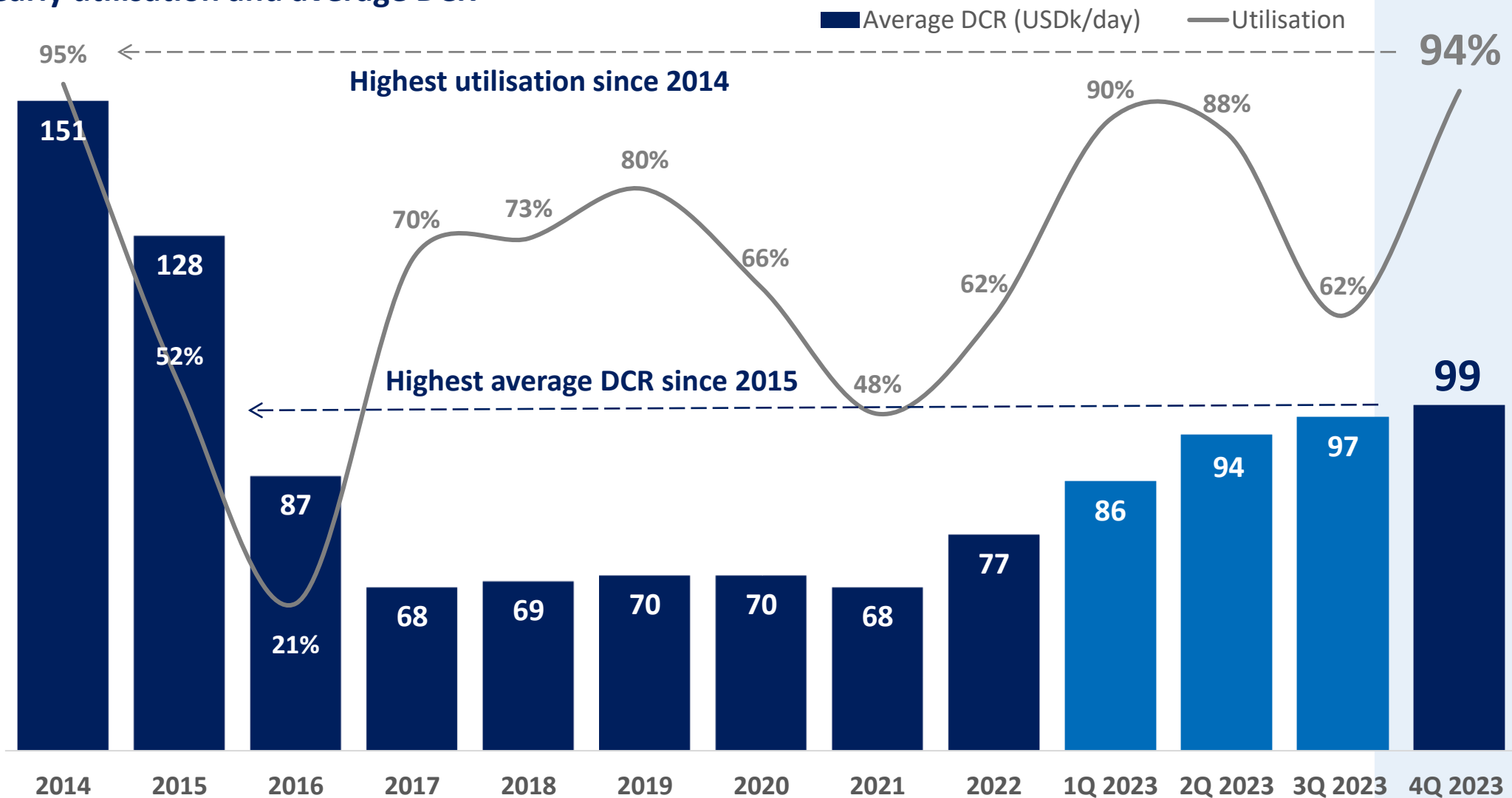
Jan-23

Jan-24

Latest benchmark for highest fixture rate in Malaysia up to USD145,000/day

RIG UTILISATION AND AVERAGE DAILY CHARTER RATE

Yearly utilisation and average DCR



Higher utilisation in 4Q 2023 as all rigs were working except for NAGA 2 'wait on weather'

Average DCR on an increasing trend

4Q 2023 OPERATIONAL HIGHLIGHTS



Drilling:

4Q 2023 Rig Utilisation at **94%** based on:

- All rigs working except for
 - NAGA 2 'wait-on-weather' period from Dec 2023 to early-Feb 2024

Achieved **Operational Efficiency** of **99%** in 4Q 2023

Completed installation of NOVOS autonomous drilling system on NAGA 4.

Integrated Project Management:

IRDC progressing well on-track for completion by May 2024

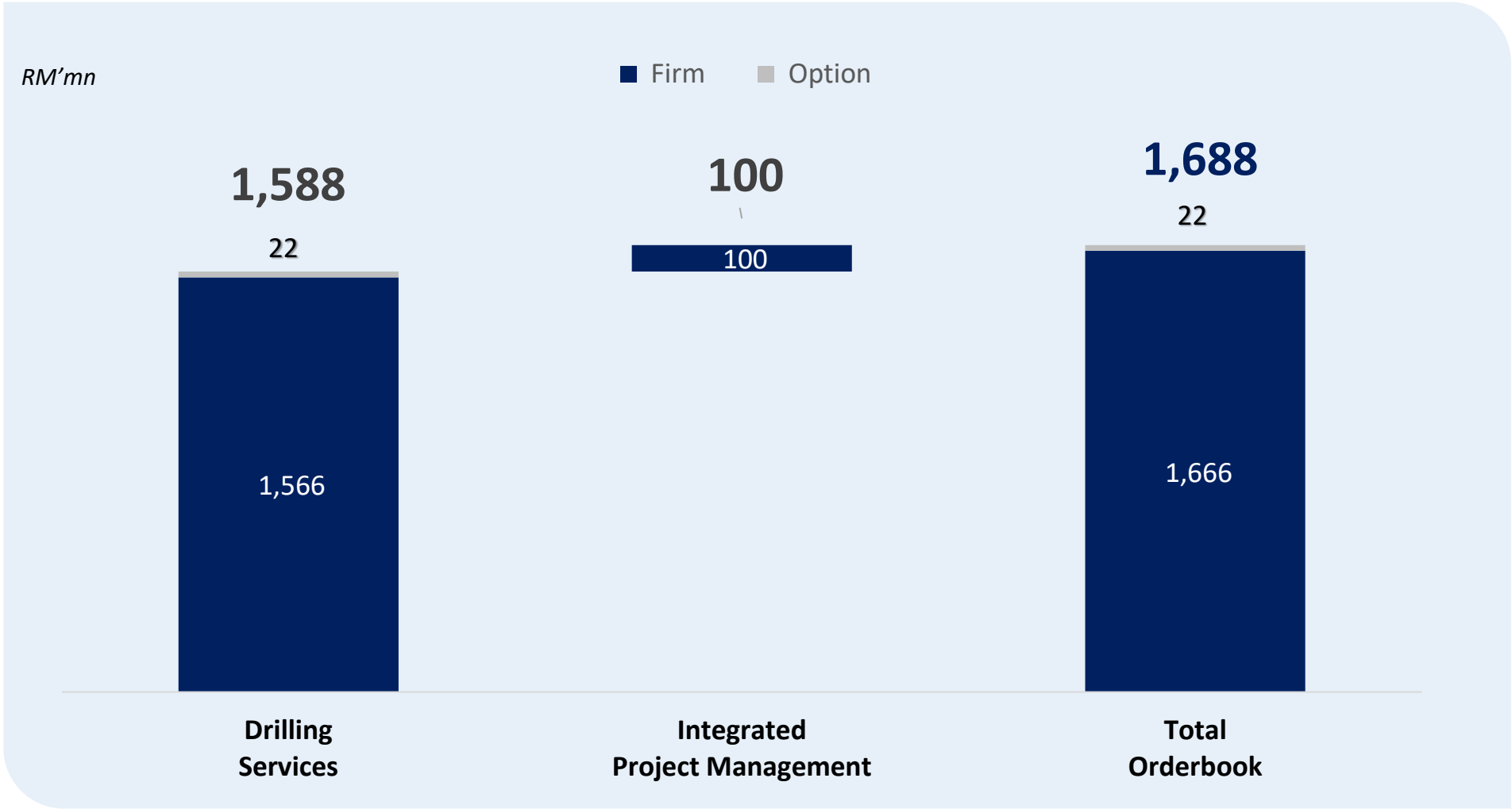
4Q 2023 HWU Utilisation at **45%** based on:

- GAIT 5 completed of PCSB Tembungo P&A project in Oct 2023
- GAIT 6 working 100% throughout 4Q 2023

LATEST ORDER BOOK STATUS

Current order book stands at RM1.7 bil with 99% firm contracts

Current Clients



VESTIGO

PCSB

HESS

CARIGALI
HESS

EXXONMOBIL

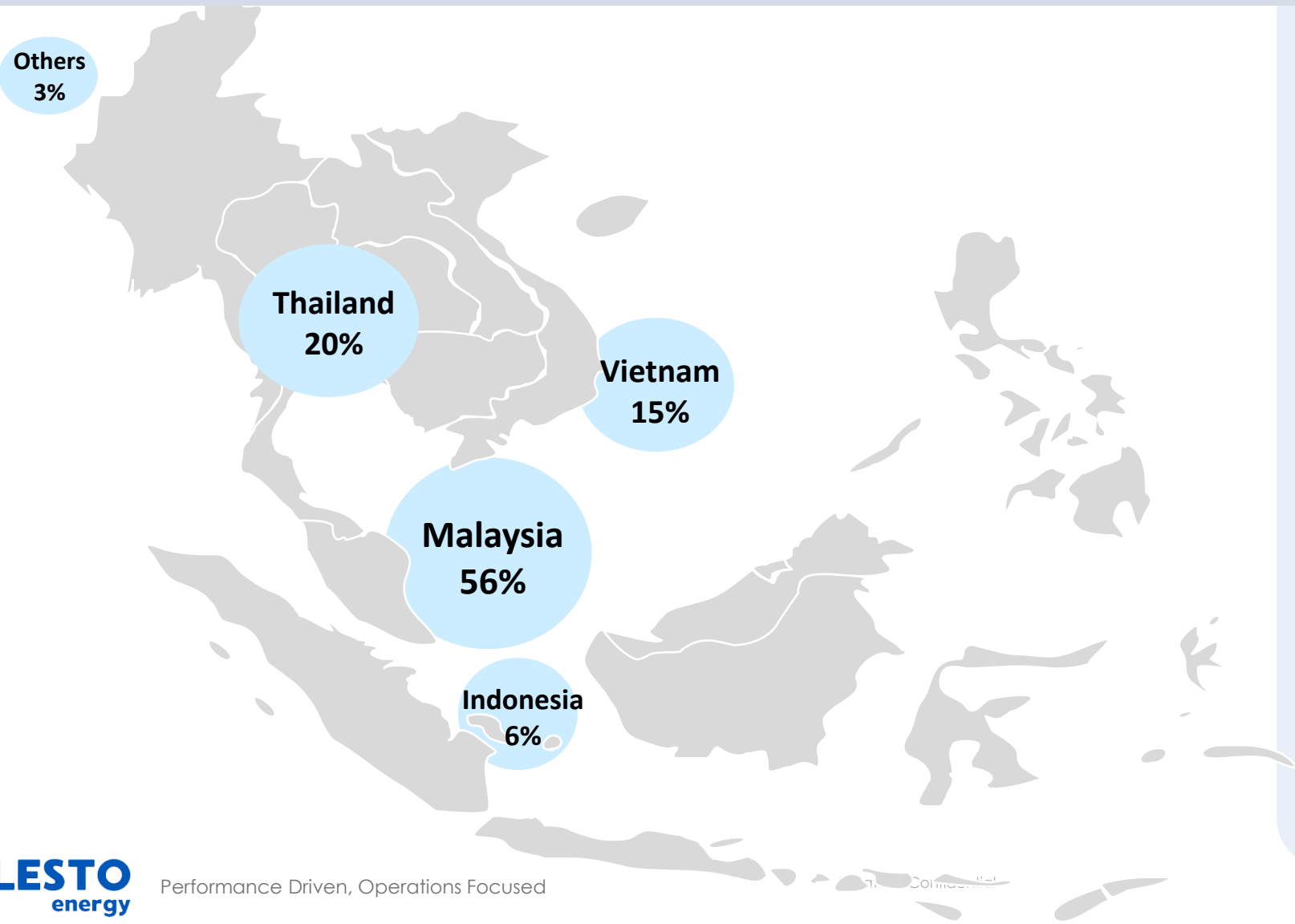
Including drilling services for i-RDC

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

As at February 2024

CURRENT TENDER ACTIVITIES

Total prospects currently stands at **RM4.2 bil** and focus is now on building order book for **2024 to 2026**



4.2

RM Billion

Total prospect value

	Short term <12 months	Long term >12 months
No of tenders	17	5
Value (RMbn)	1.5	2.7

As at February 2024

HSE HIGHLIGHTS

ZERO
Fatality

ZERO
Loss
Time Injury

1.56
Total Recordable
Case Frequency

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

58
Management
Visits per year

ZERO
Major Spills
(>800 litres)

1
Minor Spill
(less than 1 barrel)

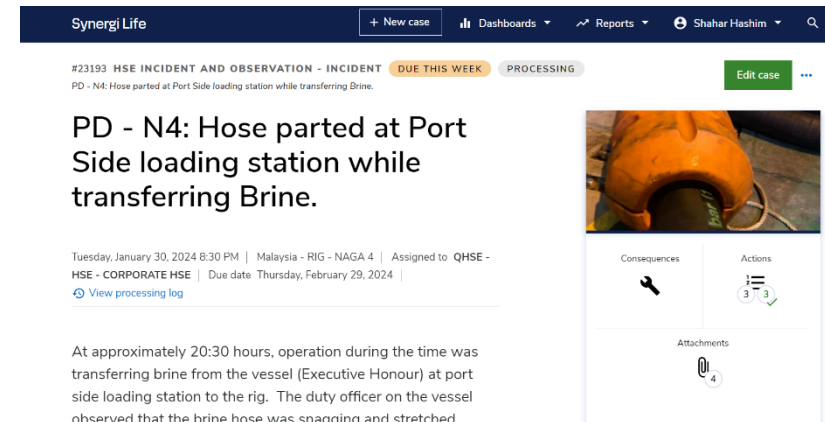
4Q 2023 HSE Initiatives / Awards



**Petronas Carigali Sdn. Bhd.
(Sabah Asset) – 2023 SPSM Award)**



**Generative Safety Leadership
Workshop 2023**



Synergy Life system implemented

SUSTAINABILITY UPDATE

IMPROVED OVERALL ESG PERFORMANCE IN 2023



**Rated 4 Stars - top 25%
in the ESG index**
(2022: 3-Star)



**3.8 ESG Score as rated
by FTSE Russell**
(2022: 2.9)



17.8 (Low ESG Risk)
(2022: 21.2 Medium
Risk)

OUR COMMITMENT

**Velesto continues to focus on environmental
stewardship by reducing our emission footprint and
no pollution to environment**

2030 Target

- **10% reduction** of operational emission intensity
- **30% reduction** of revenue emission intensity

Full Year 2023:

28%

reduction in emission
intensity/ ops day
(at 34 tCO₂e) against
2021 baseline

Industry & Community Collaboration



MoU Signing with SEDC
- Education
Empowerment



Teaching Aid
Contribution to Rural
Schools, Miri



Collaboration with
customers for GHG
Reductions



Business Partner
Integrity Day



Vendor Engagement
Day



MACC Pledge

Key Activities:

- Enhanced emission inventory and baselining other ESG materials
- Completed internal ESG assurance audit for improve governance & disclosure



4Q FY23 Financial Highlights

FY 2023 KEY FINANCIAL HIGHLIGHTS

Key financial highlights	Quarterly			Yearly	
	4Q 2023	3Q 2023	4Q 2022	FY 2023	FY2022
Average utilisation	94%	62%	90%	83%	62%
Average day rate (USDk/d)	99	97	78	94	77
Operational efficiency	99%	99%	98%	97%	97%
Revenue (RM'mn)	359	289	243	1,215	581
EBITDA (RM'mn)	144	70	60	365	117
EBITDA margin	40%	24%	25%	30%	20%
PAT (RM'mn)	67	1	(26)	100	(100)

Quarterly:

- Delivered highest quarterly revenue and profit
- Due to higher utilisation, DCR and excellent operational efficiency
- Includes reversal of provisions for claims

Yearly:

Strongest financial performance since 2014

**Higher PAT
including
non-
recurring
upsides in
4Q 2023**

RM17m non-recurring upsides as follows:

- Reversal of provision for claims from NAGA 7 incident
- Excellent operating efficiency of 99%

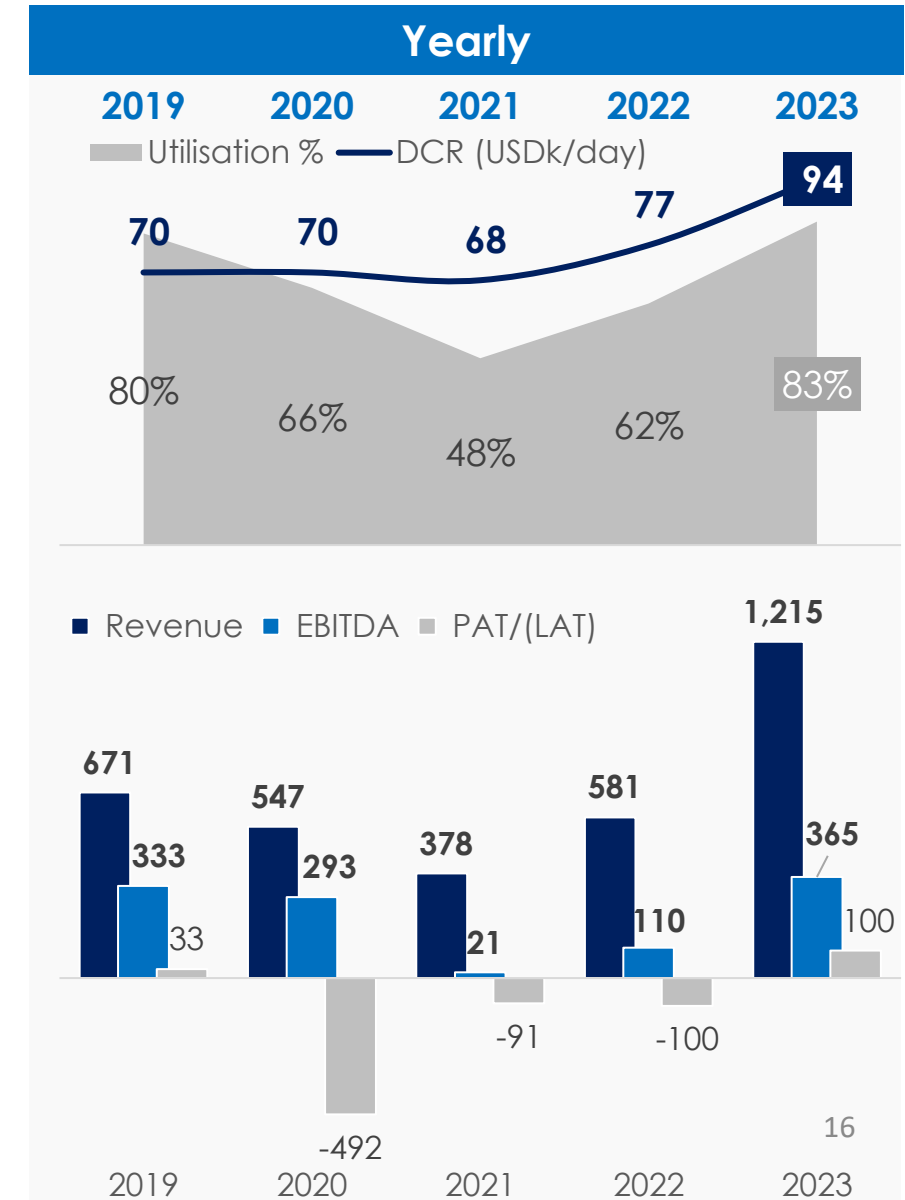
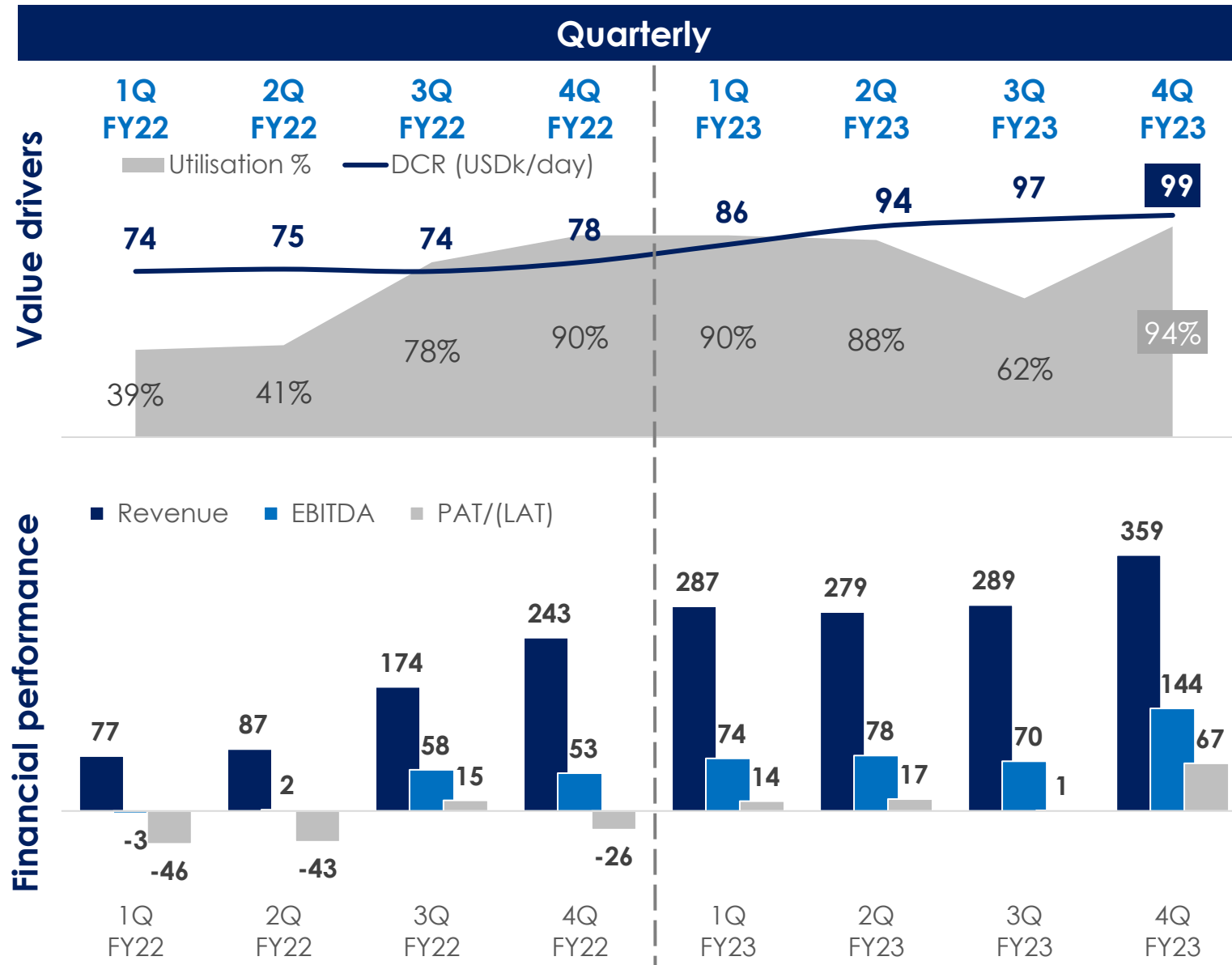


Note: RM12mn non-recurring upside in 3Q 2023 due to the following:

- Operated with excellent uptime of 99%
- Higher call-out income from workover business
- Finalisation of recharges
- Catching-up iRDC milestone

QUARTERLY AND YEARLY PERFORMANCE

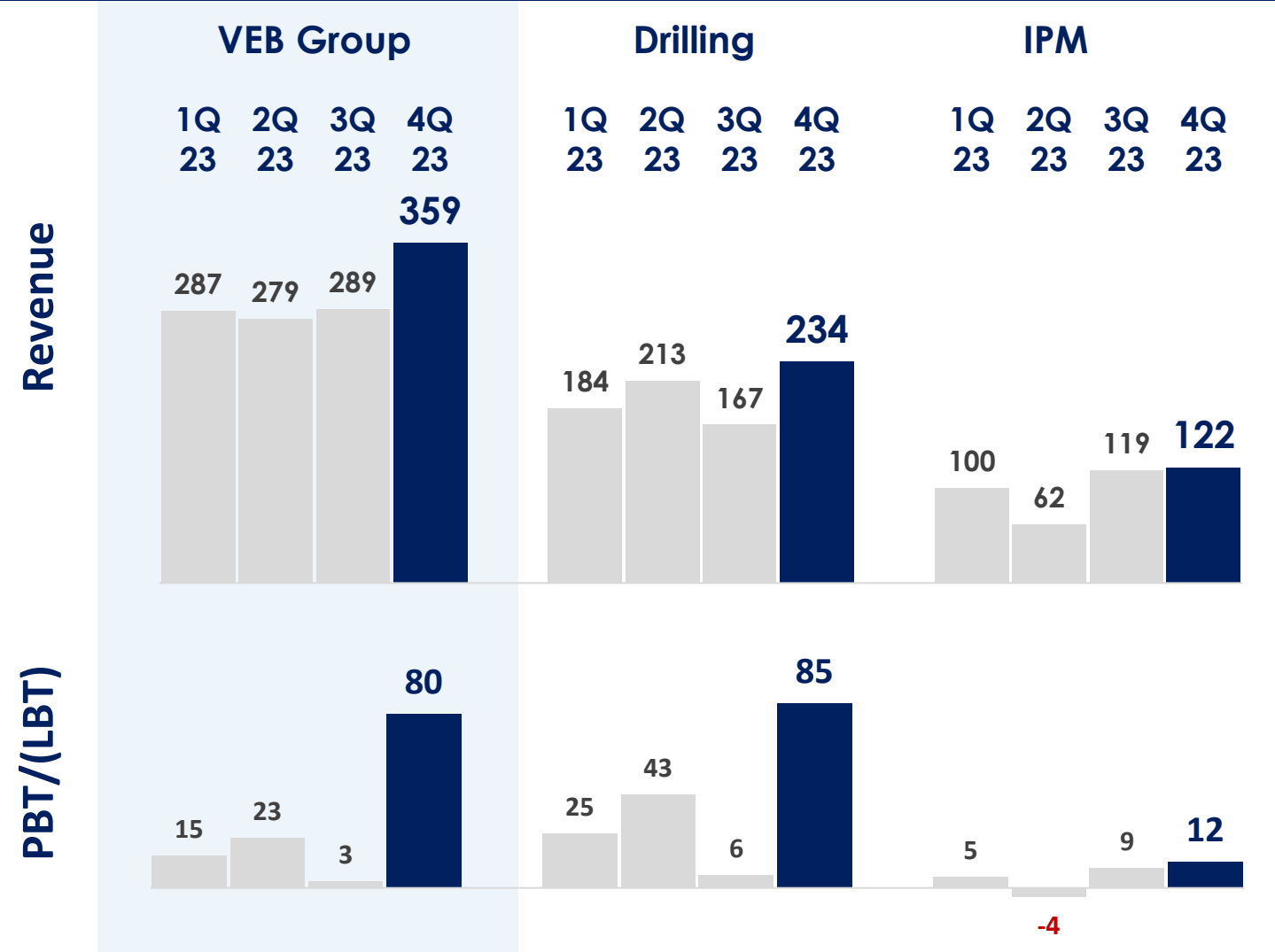
Delivered **highest Revenue, EBITDA and PAT in recent years** on the back of **higher utilisation and average day rate**



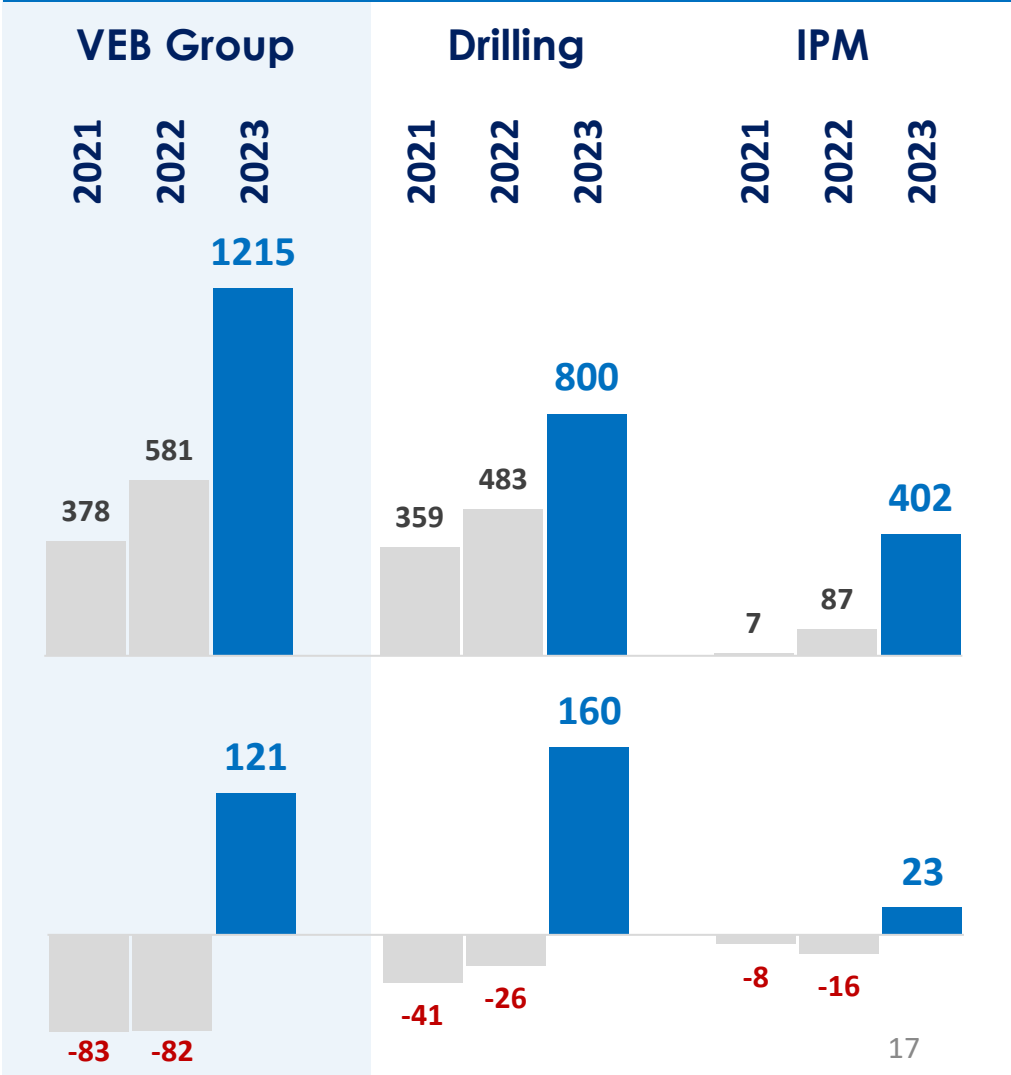
QUARTERLY AND YEARLY DIVISIONAL PERFORMANCE

Drilling Segment recorded the highest revenue and profit before tax of recent years
Integrated Project Management progressing on iRDC and 2 working HWU units

Quarterly



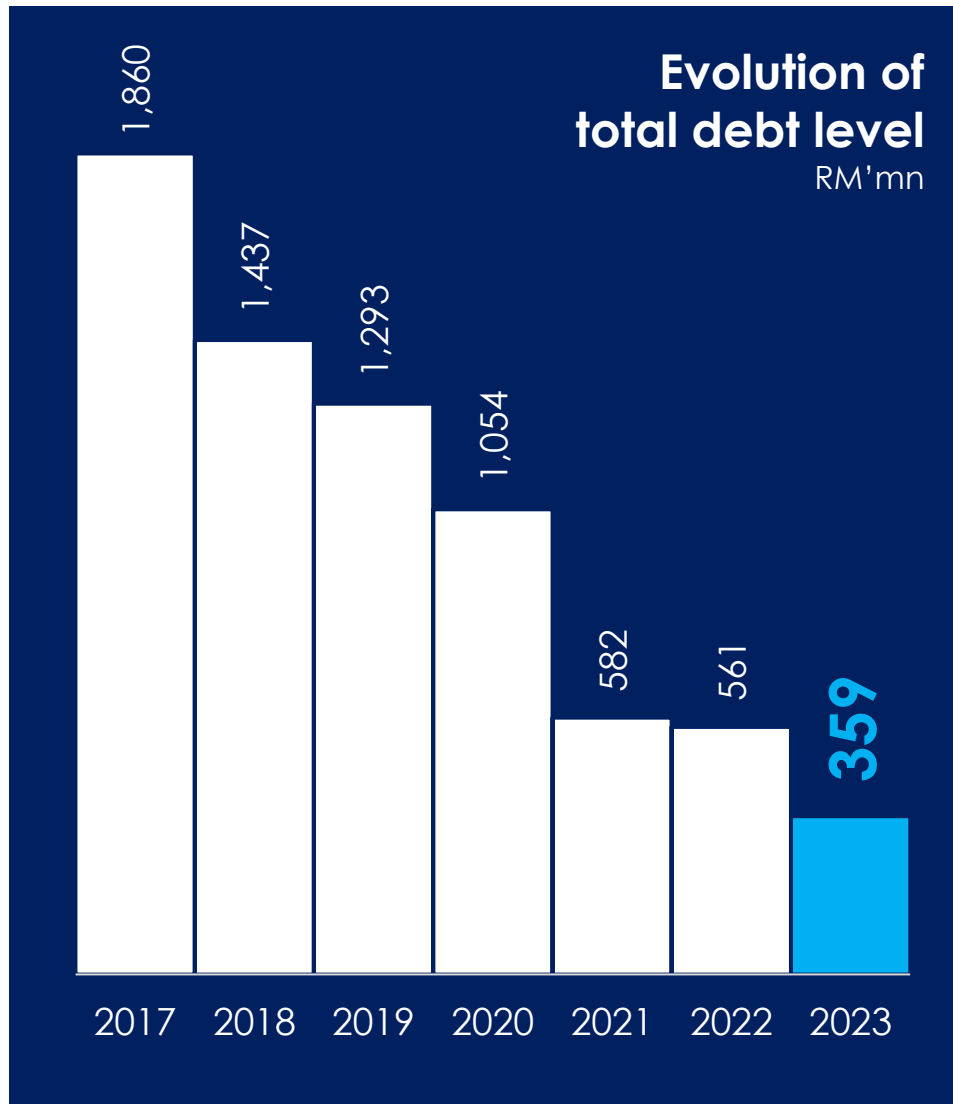
Yearly



Note: VEB Group includes corporate costs and eliminations

HEALTHY LIQUIDITY POSITION AND DIVIDEND DECLARATION

Reducing total debt levels since 2017



Sustainable debt balance as at 31 December 2023

Financial ratios

0.14x

Healthy gross gearing ratio

0.64x

Strong net debt to EBITDA

1.34x

DSCR above covenant

Debt information

0.4bn

Available RC (RM)

2026

Next term loan repayment

83%

Term Loan pared down since 2017

First dividend declared since 2014

Declared Interim Dividend of 0.25 sen per share to be paid on 25 April 2024

- Successful **turnaround performance** in 2023, driven by both market conditions and operations excellence
- Performance Driven, Operations Focused **cultural transformation** is delivering results
- On-going efforts to **secure future earnings** through longer term contracts and competitive rates
- Strong fundamentals and better footing to catalyse Velesto's **next stage of growth**

THANK YOU

VELESTO ENERGY BERHAD