

**KUMPULAN POWERNET BERHAD**

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**QUARTERLY INVESTOR BRIEFING**  
**FINANCIAL RESULTS : 2Q FY2020**

**24 FEBRUARY 2020**  
**WORQ, KUALA LUMPUR**

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# AGENDA

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**1** Investment Merits

**5** Future Outlook

**2** Stock Information

**6** Funding & Corporate Exercises

**3** Business Segment

**7** Key Takeaways

**4** Financial Performance

# INVESTMENT MERITS

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## Earnings Growth Catalysts

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- Existing business undergoing reconciliation and restructuring exercise
- On track for **expansion** into concession based renewable energy, utilities, infrastructure & logistics jobs
- Leveraging on improving financial performance

## Established & Experienced Board of Directors and Management

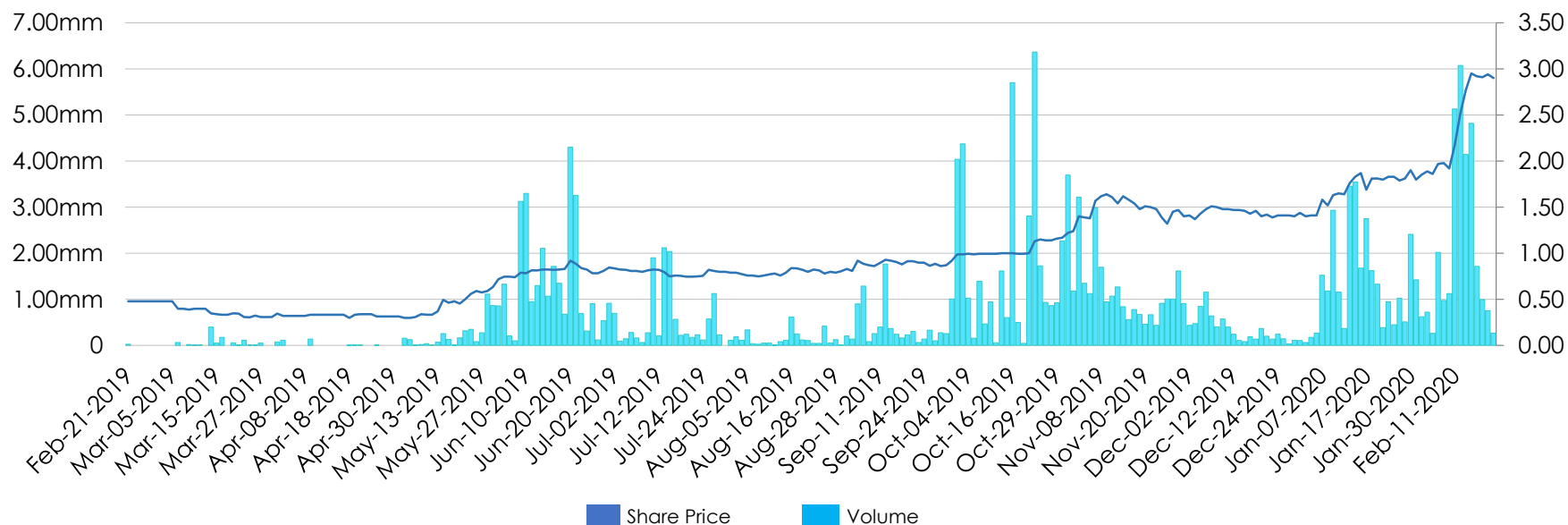
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- Directors and management with experience across diverse areas under energy, utilities and construction industries
- Ability in replicating execution capabilities for KPower's growth

# STOCK INFORMATION



## 1-YEAR SHARE PRICE AND VOLUME MOVEMENT



<b>Stock Name / Code</b>	: KPOWER / Code: 7130
<b>Market</b>	: Main Market
<b>Sector</b>	: Consumer Products & Services
<b>Share Capital</b>	: 83.76 million
<b>Market Capital</b>	: RM242.9 million
<b>52-week high/low</b>	: RM 2.98 / RM 0.30
<b>Share Price</b>	: RM 2.90
<b>Dividend Policy</b>	: At least 20% of PAT

## SUBSTANTIAL SHAREHOLDERS

Holder	Common stock equivalent held	% of Total Shares Outstanding	Market Value (MYR in mm)
Mohd Abdul Karim bin Abdullah	28,765,478	34.34	83.4
Grand Deal Vision Sdn Bhd	11,500,000	13.73	33.4

Source: S&P Capital IQ, as at 20 February 2020

# BUSINESS SEGMENT – NEW FOCUS



**ENERGY, UTILITIES,  
INFRASTRUCTURE &  
LOGISTICS**

1

## PRIMARY FOCUS

KPower primarily focuses on provision of project management and construction related activities in energy & utilities, infrastructure & logistics

2


## PROJECTS SECURED

As at 21 February 2020, KPower has successfully secured contracts worth approximately RM 370.2 million

# BUSINESS SEGMENT – NEW FOCUS (CONT'D)




## 1. ENERGY


 Green and renewable energy related to hydropower, solar, waste to energy and biomass

## PRIMARY FOCUS


## 3. INFRASTRUCTURE

 Sustainable and green infrastructure development

## 2. UTILITIES

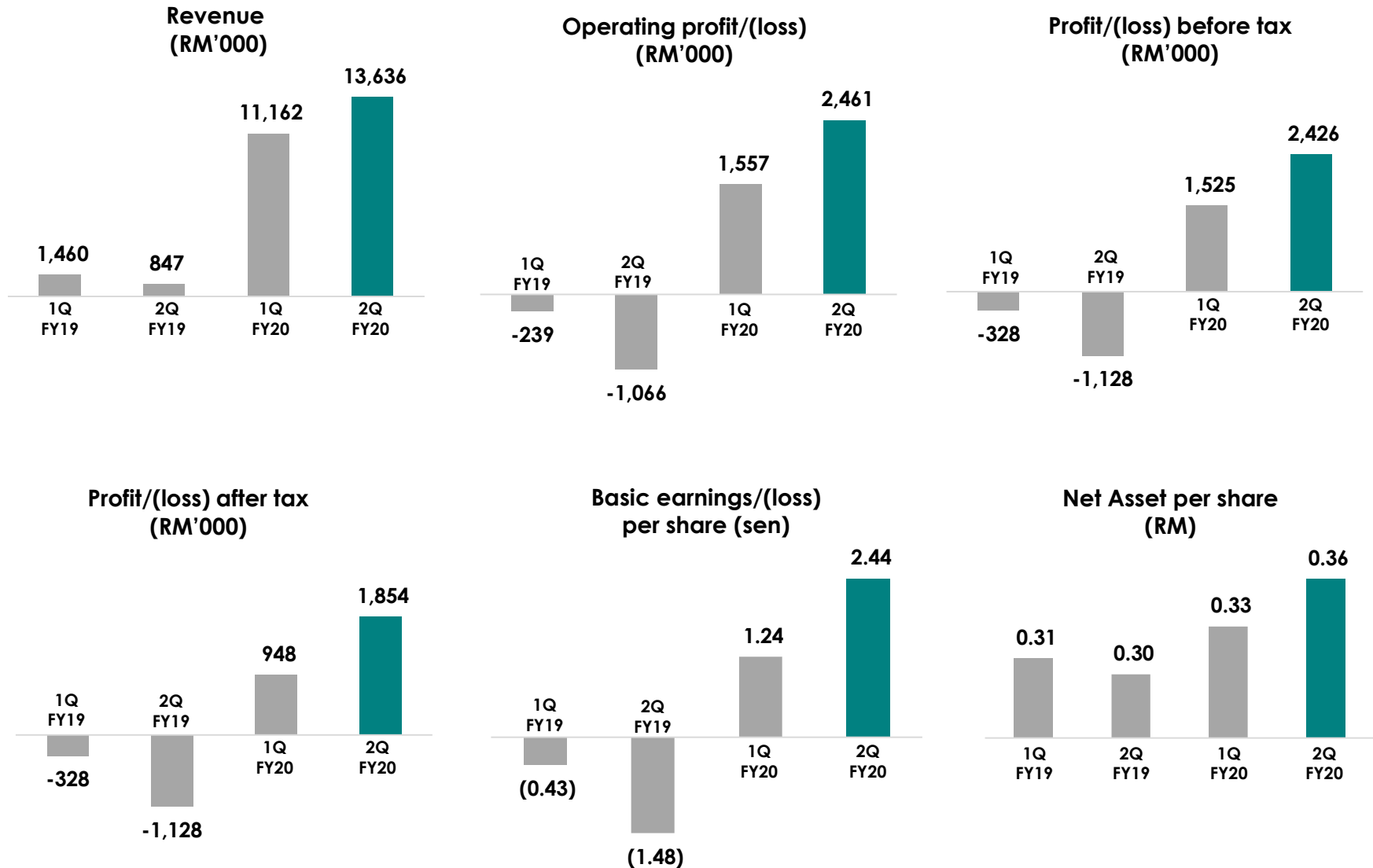
 Infrastructure projects related to water and sewage related activities

## 4. LOGISTICS

 To provide logistic solutions to complement various activities within the network of shareholders

# FINANCIAL PERFORMANCE

Improved Quarter-on-Quarter Performance

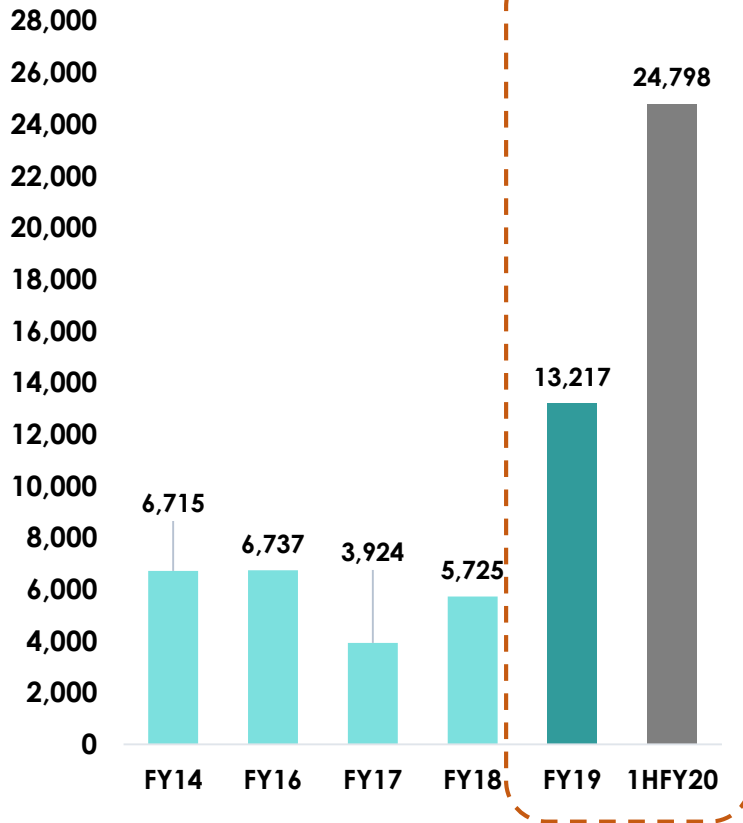




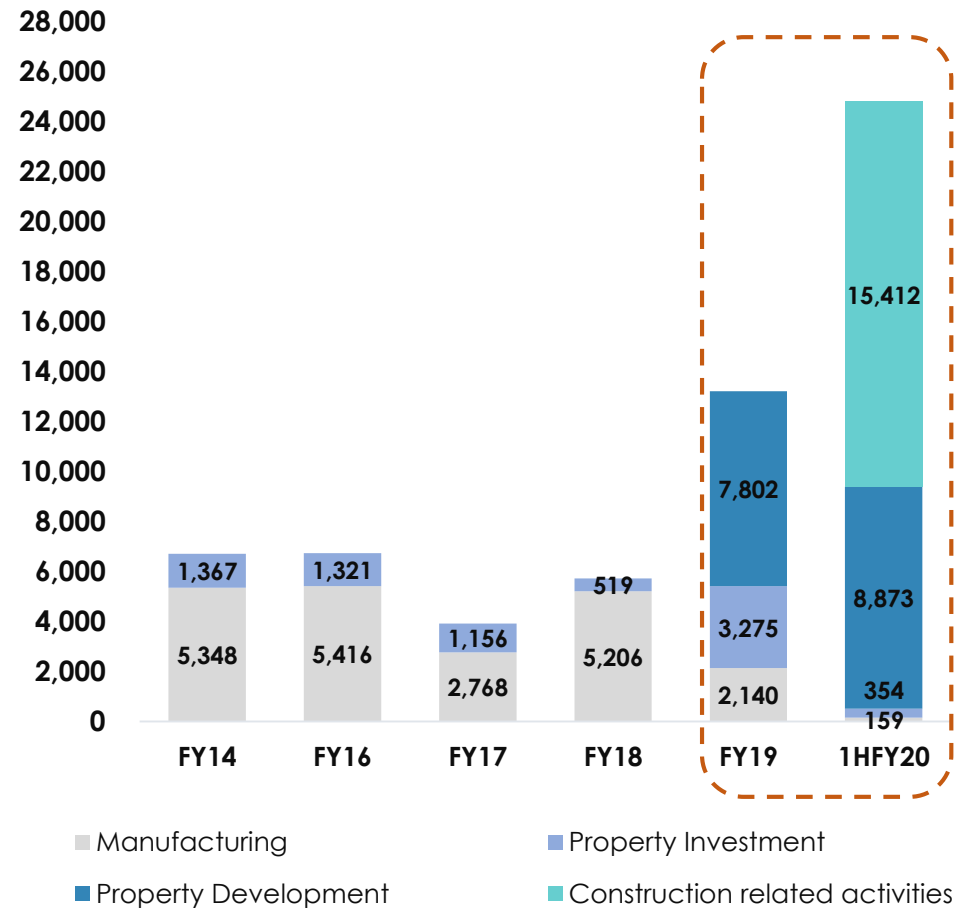
# TOTAL REVENUE AND BREAKDOWN



**Total Revenue  
(RM'000)**



**Revenue Breakdown  
(RM'000)**

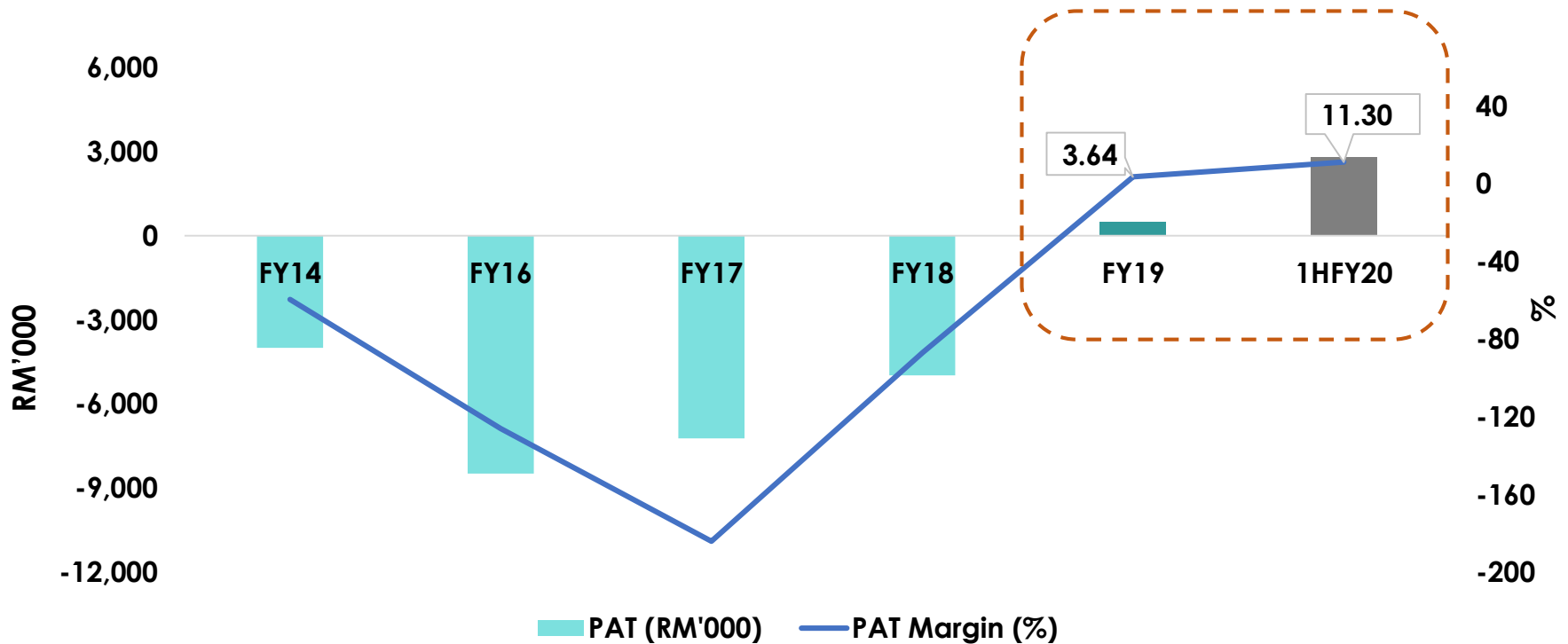


Note: Financial year end changed from 31 Dec to 20 June in 2015

# PROFITABILITY (CONT'D)



## PROFIT AFTER TAX ("PAT") AND PAT MARGIN

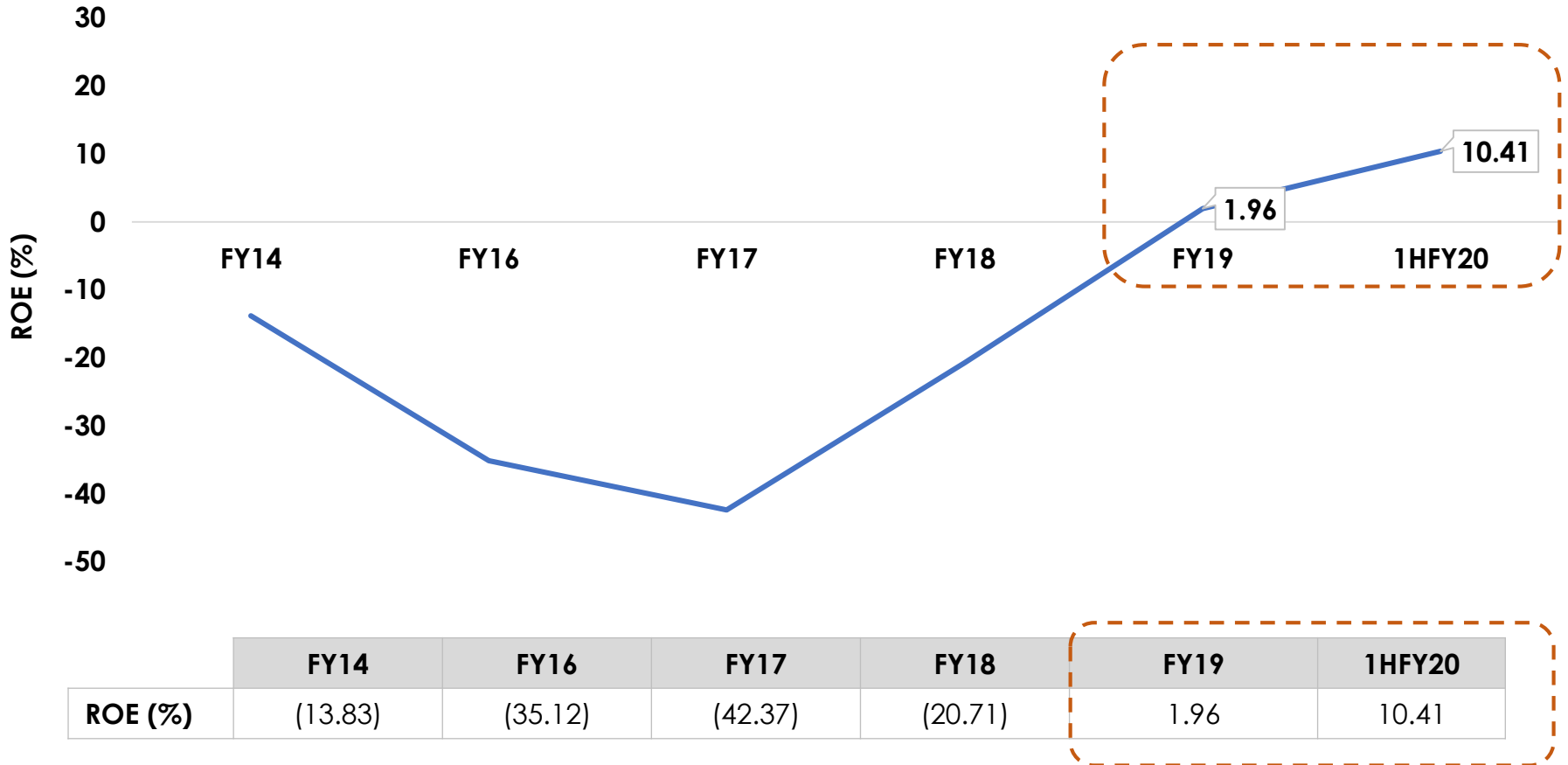


	FY14	FY16	FY17	FY18	FY19	1HFY20
<b>PAT</b>	(3,994)	(8,481)	(7,218)	(4,977)	481	2,802
<b>PAT Margin (%)</b>	(59.48)	(125.89)	(183.94)	(86.94)	3.64	11.30

# PROFITABILITY (CONT'D)



## RETURN ON EQUITY ("ROE")



# FUTURE OUTLOOK



# CURRENT BUSINESS SEGMENT – BUSINESS PLAN

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**Powernet Industries Sdn Bhd  
(Manufacturing)**

**To maintain current business and currently  
undergoing rationalising exercise.**



**Powernet Properties Sdn Bhd  
(Property Development)**

**Completing current development and  
currently exploring opportunities**



**Zelinn Limited  
(Property Investment)**

**Mark for disposal and in the process of  
identifying potential buyer**

# FUTURE OUTLOOK

## *Industry*



# OUTLOOK OF CURRENT BUSINESS



## Global Energy Demand Growth, 2018

**+2.3%**

Fastest in last decade – driven by robust global economy & stronger needs in some regions

**Renewables** – accounting for almost 1/4 of global demand growth

**+4.0%**



## Global Renewable Energy Investment Trends, 2008-2018

**60.3%**

CAGR for total new investments (2008: USD 177.2B – 2018: USD 288.9B)



## Malaysia's Energy Mix Target by 2025

**20%**

From renewable energy (2% in 2019)

**RM 33B** investments to be supported by government, public-private partnerships & private financing



## Asia Estimated Infrastructure Investment Needs, 2016-2030

**USD 22,551B**

including maintenance & rehabilitation costs (without climate change mitigation & adaptation costs)

**⚡** Power USD 11,689B  
**🚆** Transport USD 7,796B  
**📶** Telecommunications USD 2,279B  
**💧** Water & sanitation USD 787B

Sources: International Energy Agency; Asian Development Bank

# SECTOR OUTLOOK

## OPPORTUNITIES IN THE ENERGY SECTOR



- Electricity demand in Southeast Asia has substantially increased since the beginning of the century and it is projected to double by 2040.
- Approximately 107 million people in Southeast Asia do not have access to electricity.

### Main concerns of ASEAN countries

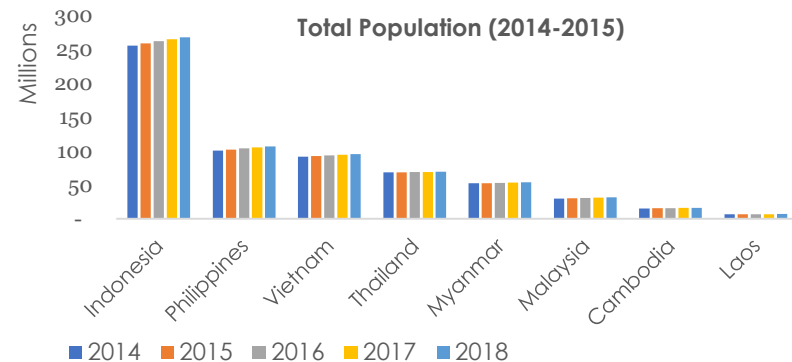
#### Energy security

Struggling to meet the escalating energy demand of the growing populations and economies

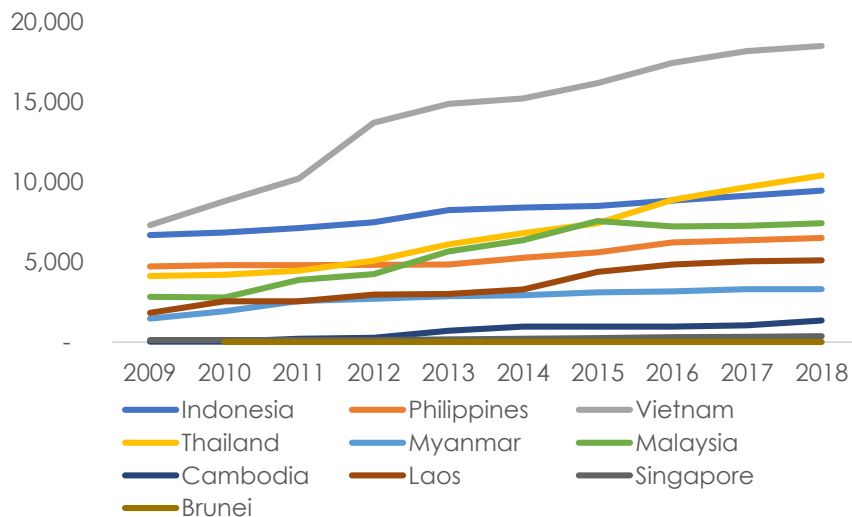
#### The need to develop energy infrastructure

Low electrification rate among the countries especially the rural areas

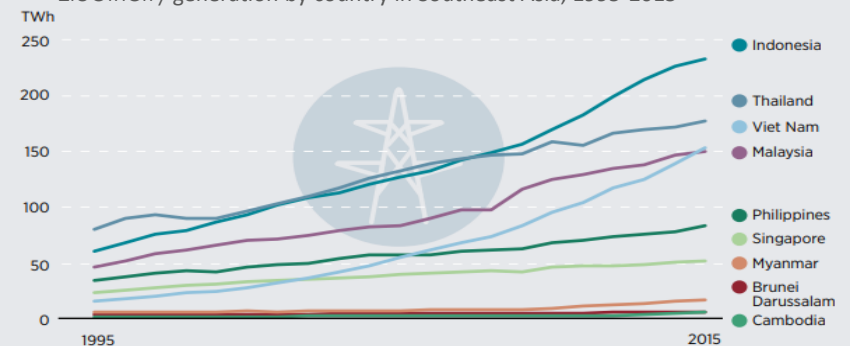
### Rapid Economic & Demographic Growth



### RE Installed Capacity (MW) in Southeast Asia



### Electricity generation by country in Southeast Asia, 1995-2015



Source: International Energy Agency, 2017

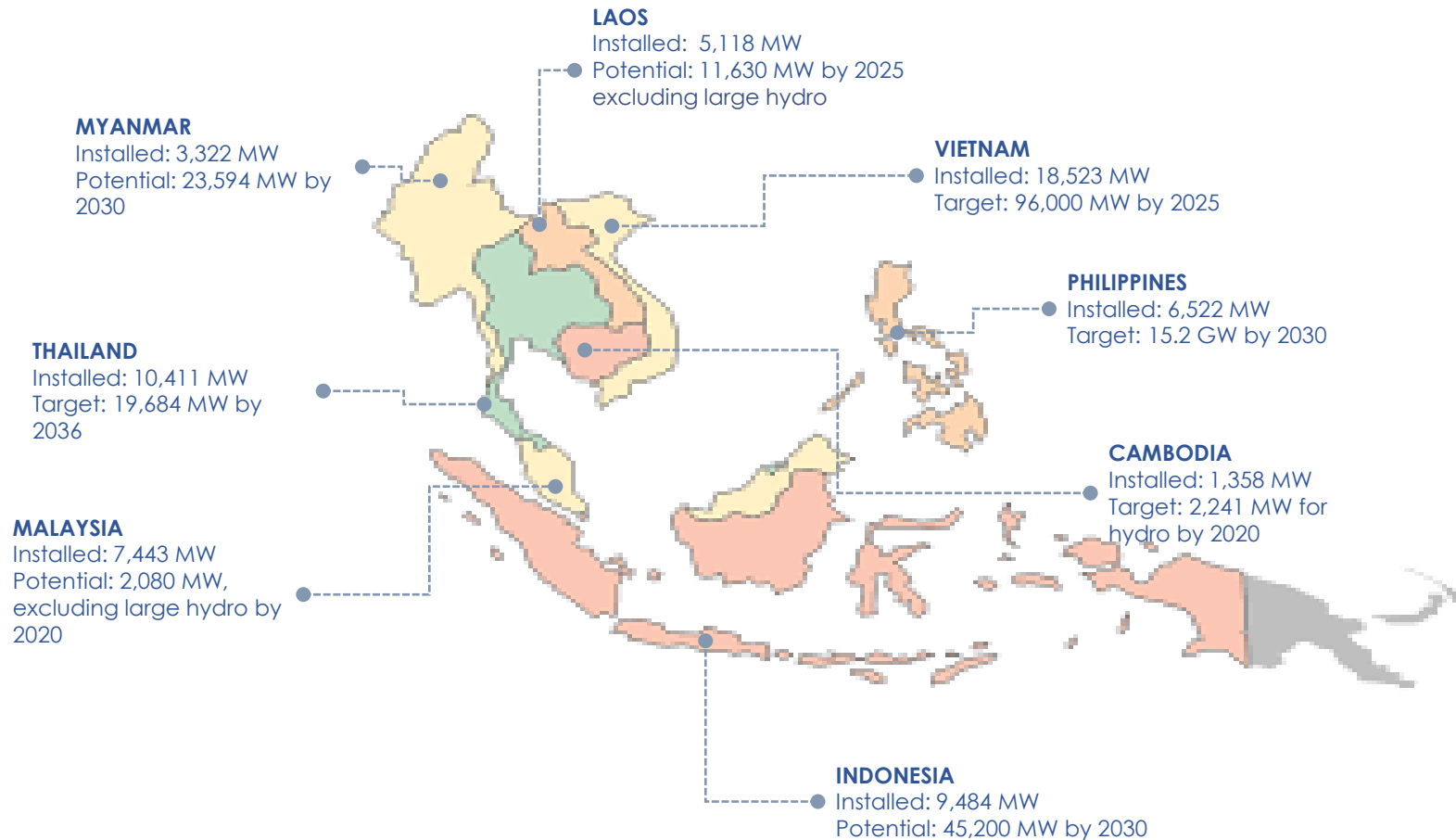
Electricity generation in the region has tripled between 1995 and 2015, reaching over 872 terawatt hours (TWh). During this period, electricity generation grew at an average rate of 7% per year, led by increases in Indonesia, Malaysia, the Philippines, Singapore, Thailand and Vietnam

Source: Renewable Energy Statistics 2019, International Renewable Energy Agency (IRENA)



# SECTOR OUTLOOK

## OPPORTUNITIES IN ENERGY SECTOR



### Sources:

- 1) Renewable Energy to Replace Coal Power in Southeast Asia, – Renewable Energy Institute, October 2019
- 2) Renewable Energy Market Analysis, Southeast Asia, International Renewable Energy Agency
- 3) The 5<sup>th</sup> ASEAN Energy Outlook 2015-2040, ASEAN Centre for Energy

# SECTOR OUTLOOK

## Opportunities In The Utilities Industry – Water Related Activities



The Asia Pacific (Asia) total water and wastewater services industry market is considered to be at the growth stage, with varied development stage across countries in the region.

CAGR  
**5.82%**  
between 2017  
and 2022

**~300 million**  
have no access  
to safe drinking  
water

**~1.5 billion**  
people lack  
basic sanitation

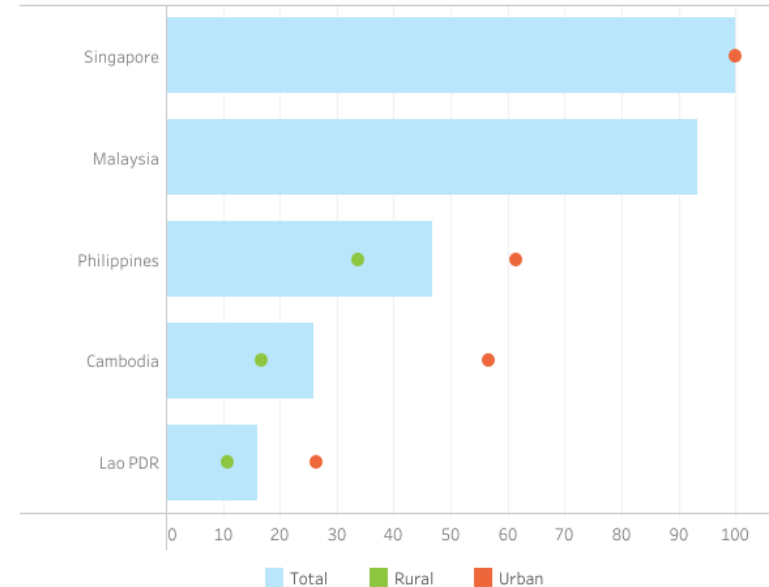
### GROWTH OPPORTUNITIES

Propelled by a rapid  
population growth &  
urbanization

Inadequate  
infrastructure

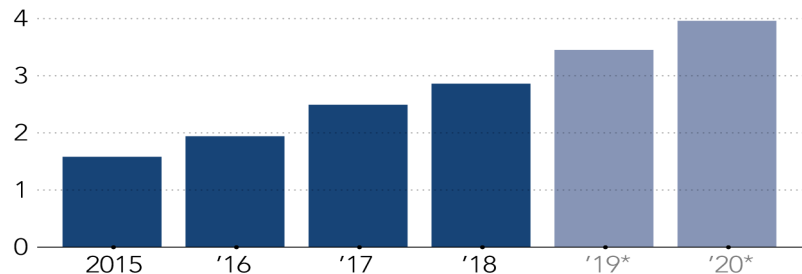
- In Southeast Asia, the water and wastewater services industry is still nascent with a highly fragmented market.
- Although Singapore and Malaysia are currently the markets with the most activity, developing markets such as Indonesia, Vietnam, and the Philippines are expected to offer strong growth opportunities in the coming years.

Proportion of the Population Using Safely Managed Drinking Water Services, 2017 (%)



### INVESTMENT IN SEA

#### Rising sewage treatment investment in Southeast Asia (in billions of dollars)



\*Projection

Source: Global Water Intelligence

Driven by the region's robust growth, Southeast Asia's sewage-related spending will increase to \$3.9 billion in 2020, up 150% from 2015, according to Global Water Intelligence, a U.K. market research company. This will far outpace the 30% growth for the world as a whole over the same period.

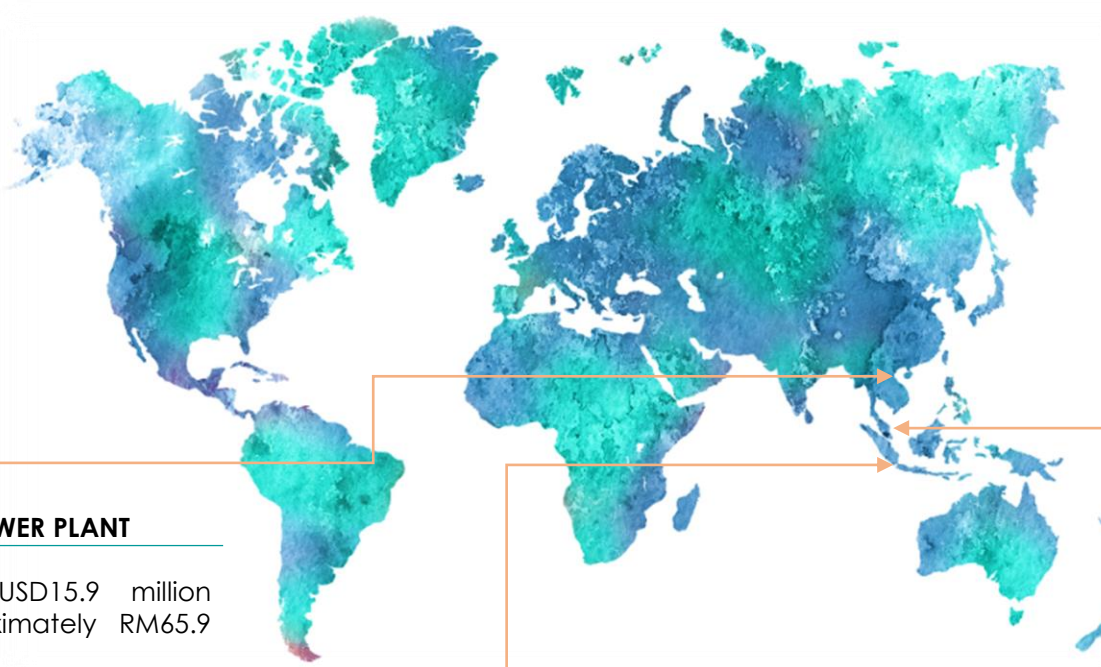
Source:

1. Asian Development Bank
2. Water Situation and Opportunities in Asia, Asiawater.org
3. Growth Opportunities in APAC Water & Wastewater Services Market, Frost & Sullivan

# FUTURE OUTLOOK *Group*



# CURRENT ORDER BOOK



## NAM SAMOY HYDROPOWER PLANT

**Contract Price** : USD15.9 million (equivalent to approximately RM65.9 million)

**Services** : To undertake amongst others, the design, supply, construction, commissioning and completion of an eight (8) MW small hydropower plant at Nam Samoy, Kasi District in Vientiane Province of the LAO PDR



## MISCELLANEOUS

**Total Contract Value** : Approximately RM40 million

**Services** : Construction related jobs



## SEWERAGE TREATMENT PLANT & OTHER JOBS

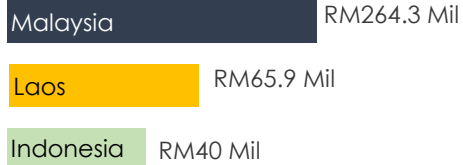
**Total Contract Value** : RM264.3 million

**Services** : To undertake amongst others, the construction and completion of sewerage treatment facilities and upgrading works as well as the construction of a GBI certified building of twelve (12) floors, all in Wilayah Persekutuan Kuala Lumpur and other construction related jobs.

# CURRENT TENDER ACTIVITIES

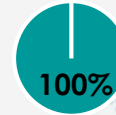


## TOTAL BID WON RM370.2 Million



## Laos RM115 Million

■ Energy



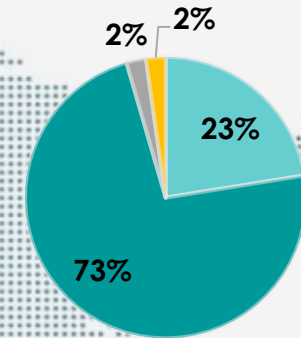
## Malaysia RM890 Million

■ Infrastructure

■ Energy

■ Utility

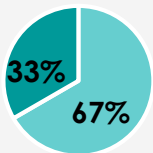
■ Logistic



**TOTAL BID = RM2.76 Billion**

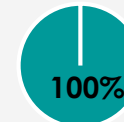
## Middle East RM1.2 Billion

■ Infrastructure ■ Energy



## Indonesia RM550 Million

■ Energy



# FUNDING & CORPORATE EXERCISES



## COMPLETED EXERCISE

- Recently completed Private Placement exercise on 21 February 2020.
- Successfully raised a total of RM13,326,239.50 from this exercise to address the immediate financial condition and requirements of KPower.

## FUTURE PLAN

- Notwithstanding the recent Private Placement exercise, we are also looking at the best possible options to further increase our capital base in the future in order to achieve our business plan. Currently we are evaluating various options that are available to us.
- We are also exploring various mergers and acquisitions exercises to expand and grow the Group.
- The major shareholders have given their assurance that they will support the capital requirements of the Group going forward.

# KEY TAKEAWAYS



## Major revenue and contributions from new businesses

- ✓ The sewerage water treatment plant package awarded on 28 November 2019 has started to significantly contribute to the financial performance of the Group.
- ✓ Current order book is expected to contribute positively to the FYE 2020.

## Improvement in financial performance

- ✓ KPower has recorded a significant increase in revenue by RM22.5 million during 1H FY2020.
- ✓ Profitability has increased by RM4.24 million, representing 294.6% during 1H FY2020.

## On track to expand and strengthen its regional presence

- ✓ Secured RM254 million of utilities project in Hartamas, Kuala Lumpur.
- ✓ Secured USD15.88 million of energy project in Laos.
- ✓ On track to achieve RM1 billion order book for FYE 2020.

# THANK YOU

