

KUMPULAN **P**OWERNET BERHAD

---



## CORPORATE PRESENTATION

HOTEL ISTANA  
4 DECEMBER 2019

# DISCLAIMER

---



This presentation may contain forward-looking statements that involve assumptions, risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from other developments or companies, changes in operating expenses (including employee wages, benefits and training costs), governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. You are cautioned not to place undue reliance on these forward-looking statements, which are based on the current view of management on future events.

The information contained in this presentation has not been independently verified. No representation or warranty expressed or implied is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information or opinions contained in this presentation. Neither Kumpulan Powernet Berhad (“KPower” or the “Company”) or any of its affiliates, advisers or representatives shall have any liability whatsoever (in negligence or otherwise) for any loss howsoever arising, whether directly or indirectly, from any use, reliance or distribution of this presentation or its contents or otherwise arising in connection with this presentation.

The past performance of KPower is not indicative of the future performance of KPower.

The value of shares in KPower (“Shares”) and the income derived from them may fall as well as rise. Shares are not obligations of, deposits in, or guaranteed by, KPower or any of its affiliates. An investment in Shares is subject to investment risks, including the possible loss of the principal amount invested.

# CONTENTS

---



**1** Investment Merits

**2** Stock Information

**3** History & Key Milestone

**4** Snapshot

**5** Board of Directors

**6** Key Management Team

**7** Leveraging on Human Capital

**8** Corporate Structure

**9** Business Segment

**10** Financial Performance

**11** Future Outlook

**12** Key Takeaways

# INVESTMENT MERITS

---



## Earnings Growth Catalysts

---

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

## Established & Experienced Board of Directors and Management

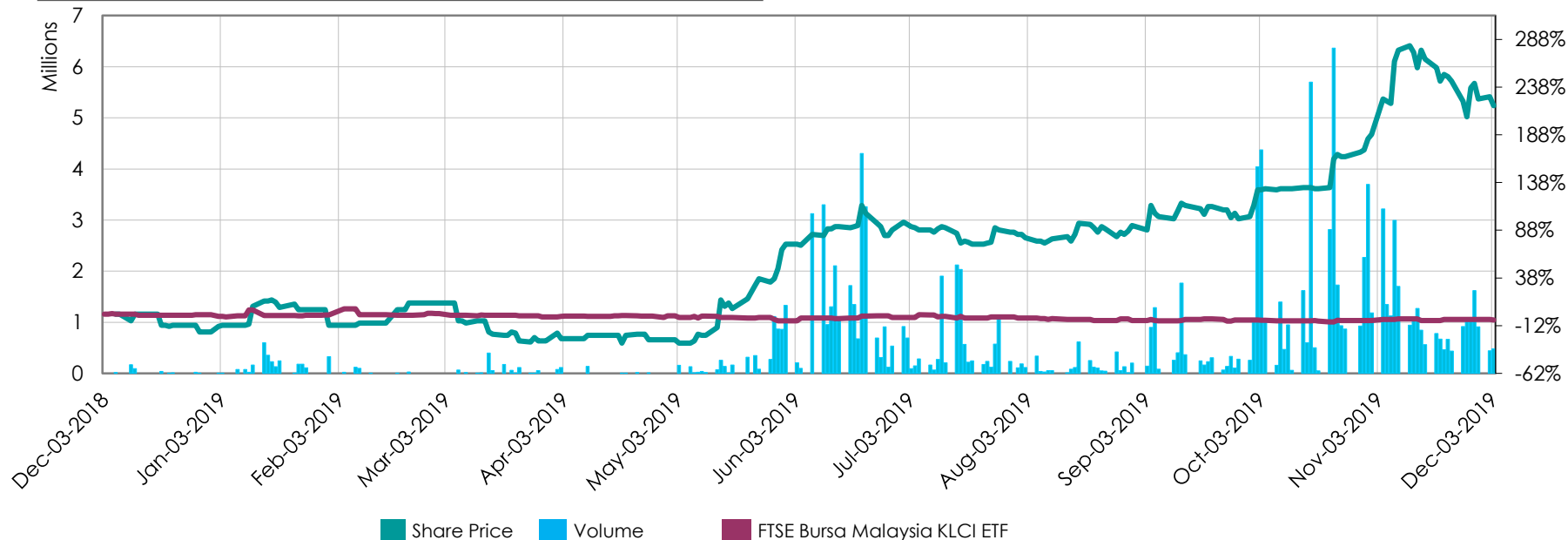
---

- Coming from strategic planning background across diverse areas in energy, utilities and construction industries
- Full force in replicating the success on future developments

# 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>	: 76.15 million
<b>Market Capital</b>	: RM104.3 million
<b>52-week high/low</b>	: RM1.70 / RM0.30
<b>Share Price</b>	: 1.37
<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	28,763,541	37.77	40.3
Grand Deal Vision Sdn Bhd	11,500,000	15.10	16.1

Source: S&P Capital IQ, as at 3 December 2019

# HISTORY & KEY MILESTONES



1970s

**Founded** as a textile manufacturer.



1980s

Receives **Marks & Spencer accreditation** for high quality lingerie fabrics; the only Malaysian company to receive it.



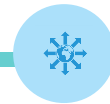
1997

KPower is formed as an **investment holding company**.



2002

KPower **lists on Bursa Malaysia's** second board on 22 March



2013

Wholly-owned subsidiary, **Zelinn Limited acquires a freehold student accommodation building** in Liverpool, UK, known as Nightingale House.



2016

KPower **acquires development rights for a commercial development** in Sentul, Kuala Lumpur, from SSF Home Builders Sdn Bhd.



2019

Dato' Dr. Ir. Mohd Abdul Karim Abdullah, founder of Serba Dinamik Holdings Berhad and Grand Deal Vision Sdn Bhd **acquire majority stake in KPower**. The Group intends to diversify into energy & utilities and infrastructure & logistics.

# SNAPSHOT



## PROPERTY DEVELOPMENT

Kpower's property development division **sold all of the units** of KPower's commercial development in Sentul, Kuala Lumpur.



## NEW MAJOR SHAREHOLDERS

Dato' Dr. Ir. Mohd Abdul Karim Abdullah and Grand Deal Vision Sdn Bhd **acquired majority stake in KPower** in June 2019.



## NEW MANAGEMENT TEAM

KPower has assembled a team of dynamic professionals with a wealth of experience in project management and construction activities related to **energy & utilities and infrastructure projects.**



## NEW BUSINESS VENTURES

KPower intends to generate more revenue streams by **venturing into new growth areas** such as energy & utilities, infrastructure & logistics.

# BOARD OF DIRECTORS



**Dato' Dr. Ir. Mohd Abdul Karim Abdullah**  
**Non-Independent Non-Executive Chairman**

*Billionaire and founder of oil-and-gas engineering company Serba Dinamik since 1993. Presence in Southeast Asia, Central and South Asia, the Middle East, United States of America, Europe and most recently Africa.*



**Mustakim Mat Nun**  
**Deputy Chairman / Group Managing Director**

*Over 20 years experience in Power, Water, Finance and Private Equity. Served in various locations in the middle east, ASEAN and domestic market.*



**Sarah Azreen Abdul Samat**  
**Non-Independent Non-Executive Director**

*Over 19 years of experience in corporate finance transactions involving equity issuance, mergers and acquisitions, corporate restructuring and corporate valuation.*



**Dato' Arivalagan A/L Arujunan**  
Non-Independent Non-Executive Director



**Kok Pauline**  
Independent Non-Executive Director



**Tan Yee Hou**  
Independent Non-Executive Director



# KEY MANAGEMENT TEAM



KPower is led by a team of dynamic professionals with a wealth of experience in **project management and implementation, construction and investment activities especially in utilities and renewable energy.**



## **Mustakim Mat Nun**

### **Group Managing Director**

*Over 20 years' experience in finance, power & water industries*

## **Amirul Afif Abd Aziz**

### **Group Chief Financial Officer**

*Over 20 years' experience in finance, power & water industries in Malaysia and Middle East*



## **Muhammad Syukri Sulaiman**

### **SVP, Head of Corporate Finance and Investor Relations**

*Over 15 years' experience in finance, power & infrastructure industries*

## **Zainal Azwadi Zainal Abidin**

### **SVP, Supply Chain Management**

*Over 20 years' experience in oil & gas, finance and power industries*



## **Khairulaklam Omar**

### **SVP, Head of Project Development**

*20 years' engineering experience in power and water covering Southeast Asia with multinational companies*

## **Kamalulariffin Ahmad**

### **VP, Head of Project Implementation**

*20 years' experience in construction, water and energy project management*



## **Syaril Ahmad Tajuddin**

### **VP, Head of Finance and Acting Head of Risk & Compliance**

*18 years' experience in risk, compliance and finance in Malaysia and Middle East*

## **Lilik Harianti Saijan**

### **Head of Corporate Resources & Administration**

*20 years' experience in multinational and government-linked companies across various sectors*



# LEVERAGING ON HUMAN CAPITAL



The Board of Directors of KPower and key management team with **combined experience of over 200 years** will further enhance KPower's **strength to evolve for future growth**.

## BOARD OF DIRECTORS

Diverse background

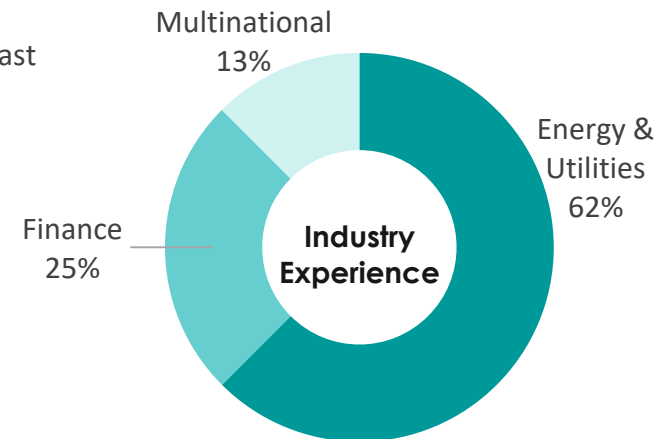
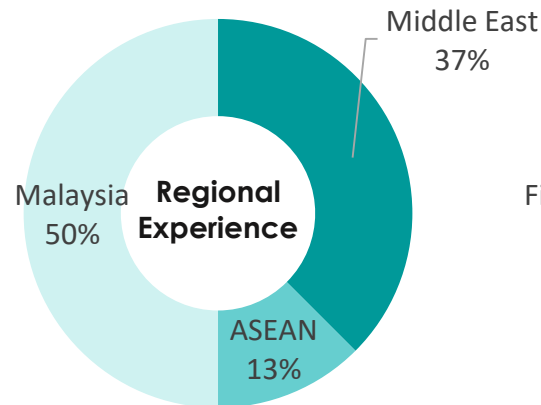
Extensive experience

Dynamic

Vast industry network

## KEY MANAGEMENT

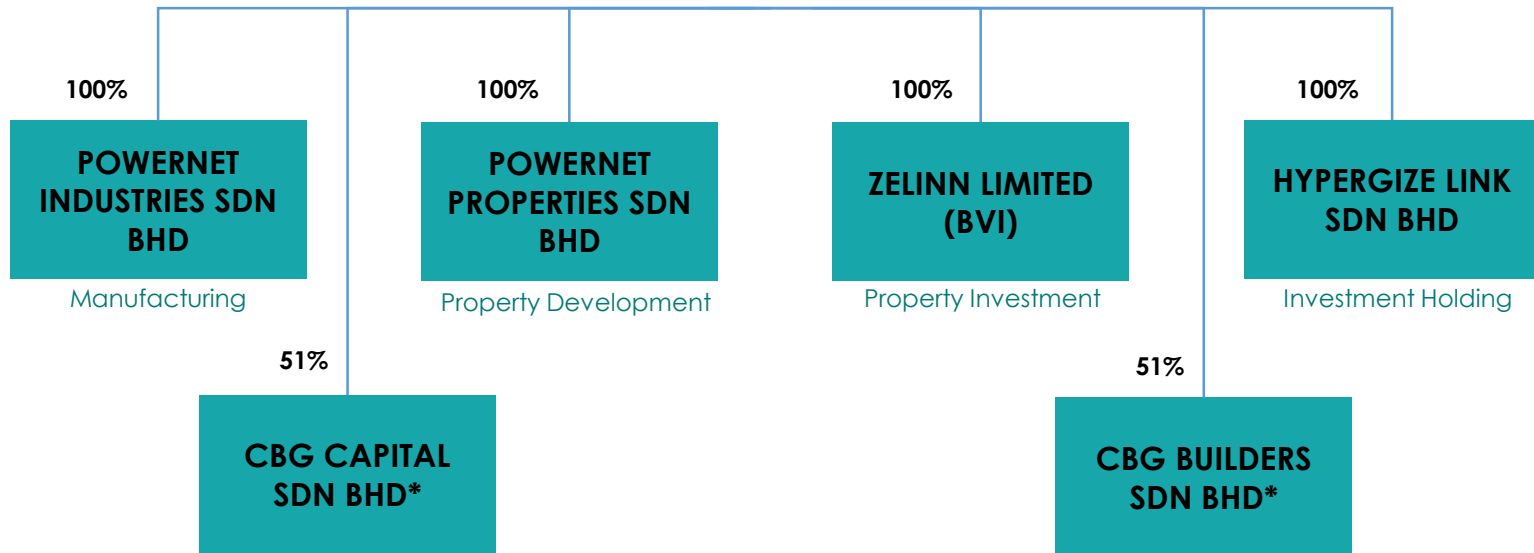
By leveraging on the management's vast experience and industry network, KPower is well positioned to land more major projects in the future.



# CORPORATE STRUCTURE



## KUMPULAN POWERNET BERHAD



Note: \*dormant

# BUSINESS SEGMENT



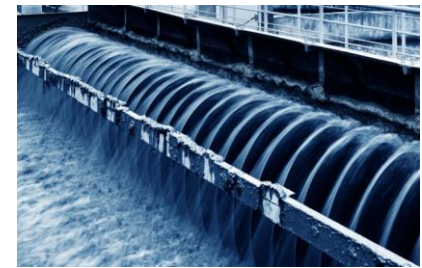
PROPERTY  
DEVELOPMENT



PROPERTY  
INVESTMENT



TEXTILE  
MANUFACTURING



ENERGY, UTILITIES,  
INFRASTRUCTURE  
& LOGISTICS

Existing Business

New Business

Moving forward, KPower plans to expand itself into **provision of project management and construction related activities in energy & utilities, infrastructure & logistics** with a focus to incorporate **green technology and green energy element**.



# BUSINESS SEGMENT (CONT'D)



## 1 PROPERTY DEVELOPMENT

<b>Project owner</b>	:	Powernet Properties Sdn Bhd
<b>Location</b>	:	Jalan Sentul Pasar, Kuala Lumpur (Northern Sentul Commercial Project)
<b>Details</b>	:	<ul style="list-style-type: none"><li>• 1 unit of 6-storey shop offices</li><li>• 5 units of 5-storey shop offices</li></ul>
<b>Current Progress</b>	:	42%, as at 19 November 2019
<b>Completion</b>	:	2020



# BUSINESS SEGMENT (CONT'D)



## 2 PROPERTY INVESTMENT

<b>Building owner</b>	:	Zelinn Limited (BVI)
<b>Location</b>	:	Nightingale House, The Lodge, Princes Road, Liverpool, United Kingdom
<b>Details</b>	:	Student hall of residence, equipped with 36 student rooms together with communal facilities including lounges, kitchens, bathrooms and shower rooms as well as an office, store and plant room.
<b>Tenure</b>	:	Freehold
<b>Occupancy rate</b>	:	Average 70% in 2019





# BUSINESS SEGMENT (CONT'D)



## 3 TEXTILE MANUFACTURING

<b>Company Name</b>	: Powernet Industries Sdn Bhd
<b>Factory Address</b>	: No. 53, Batu 4, Jalan Bentong-Kuala Lumpur, 28700 Bentong, Pahang Darul Makmur
<b>Details</b>	: Fully integrated manufacturer of warp-knitted fabrics from synthetic yarns for lingerie, apparel, automotive, household, shoe and industrial products. Powernet currently manufactures and supplies warp-knitted fabrics that range from elastic, tricot, brushed tricot, meshed tricot, microfibre and others
<b>Update</b>	: Currently undergoing review and refurbishment before starting production within this quarter

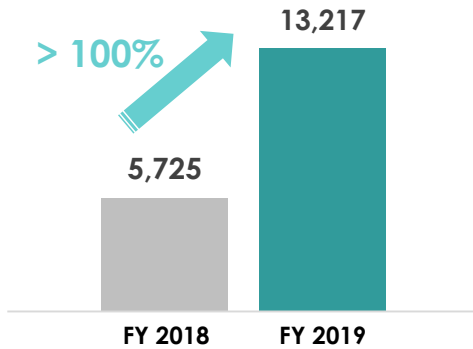


# FINANCIAL PERFORMANCE

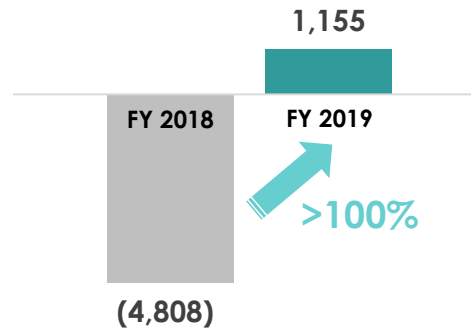


Financial performance of KPower as at FY2019 vs FY2018 as follows:

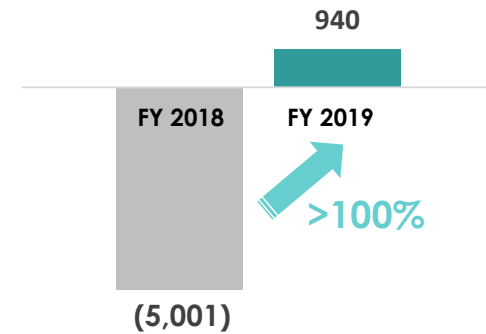
Revenue (RM'000)



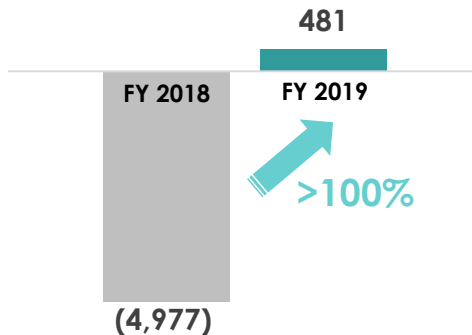
Operating Profit/(loss) (RM'000)



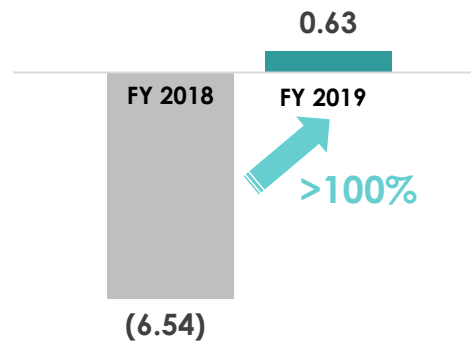
Profit/(loss) before tax (RM'000)



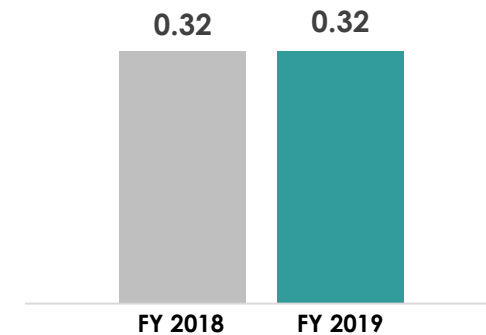
Profit/(loss) after tax (RM'000)



Basic earnings/(loss) per share (sen)



Net Asset per share (sen)

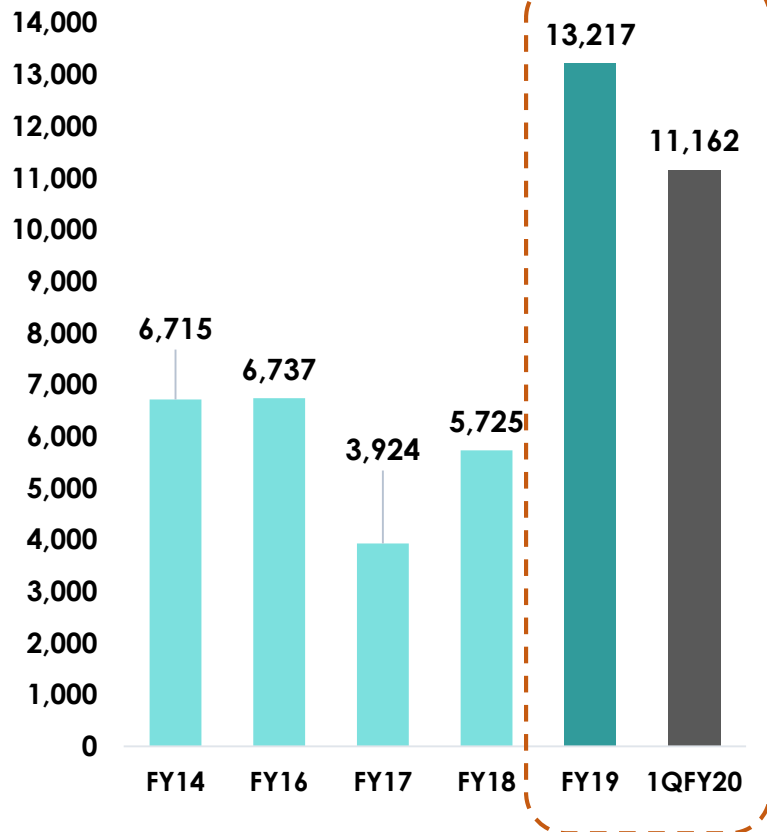




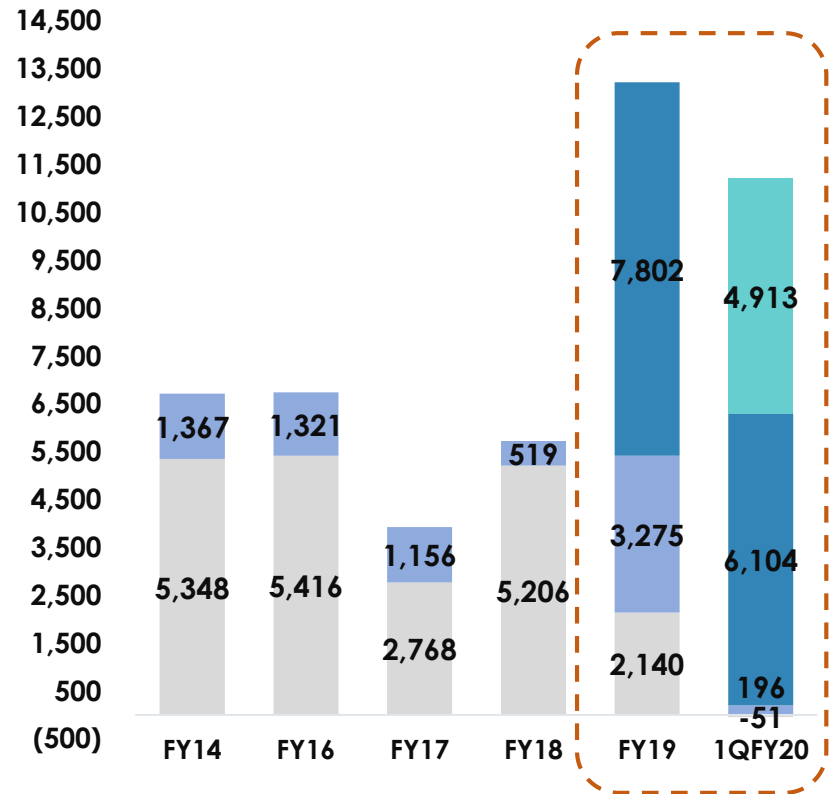
# TOTAL REVENUE AND BREAKDOWN



**Total Revenue  
(RM'000)**



**Revenue Breakdown  
(RM'000)**



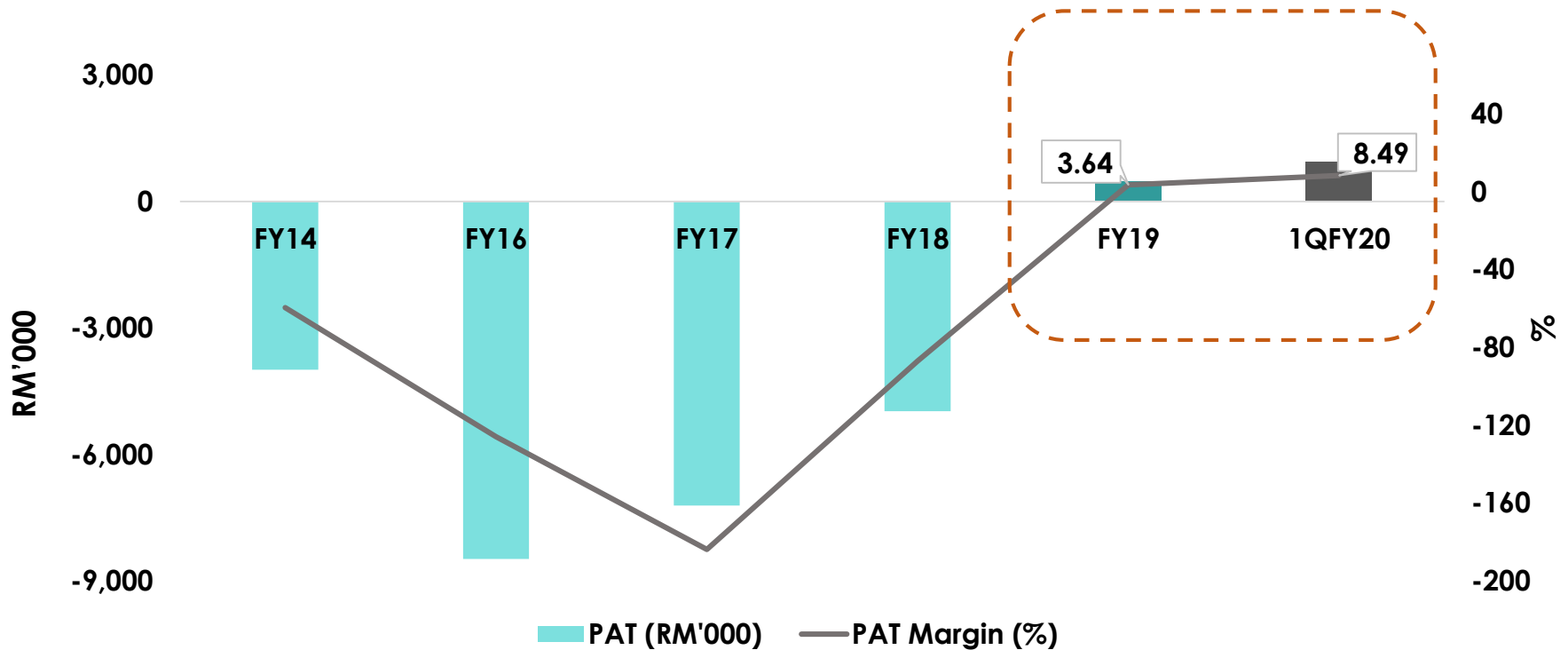
- Construction related activities
- Property Development
- Property Investment
- Manufacturing

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

# PROFITABILITY (CONT'D)



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

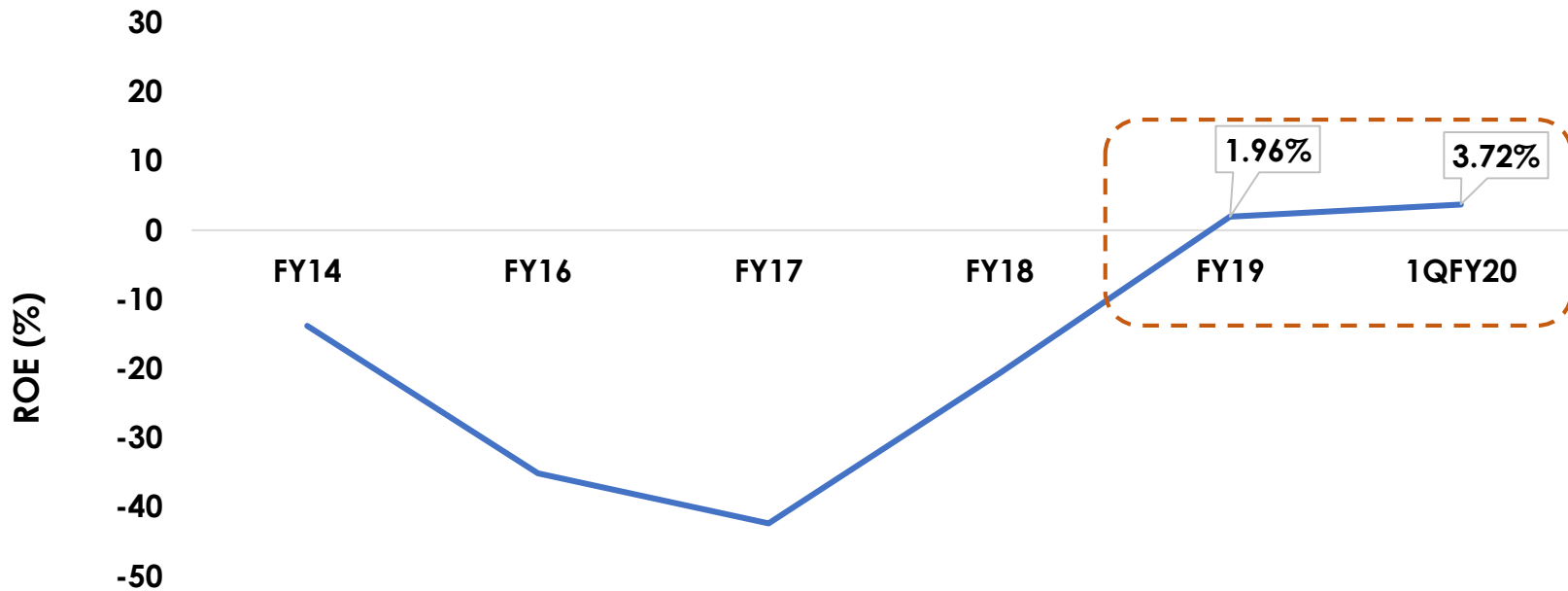


	FY14	FY16	FY17	FY18	FY19	1QFY20
<b>PAT</b>	(3,994)	(8,481)	(7,218)	(4,977)	481	948
<b>PAT Margin (%)</b>	(59.48)	(125.89)	(183.94)	(86.94)	3.64	8.49

# PROFITABILITY (CONT'D)



## RETURN ON EQUITY ("ROE")

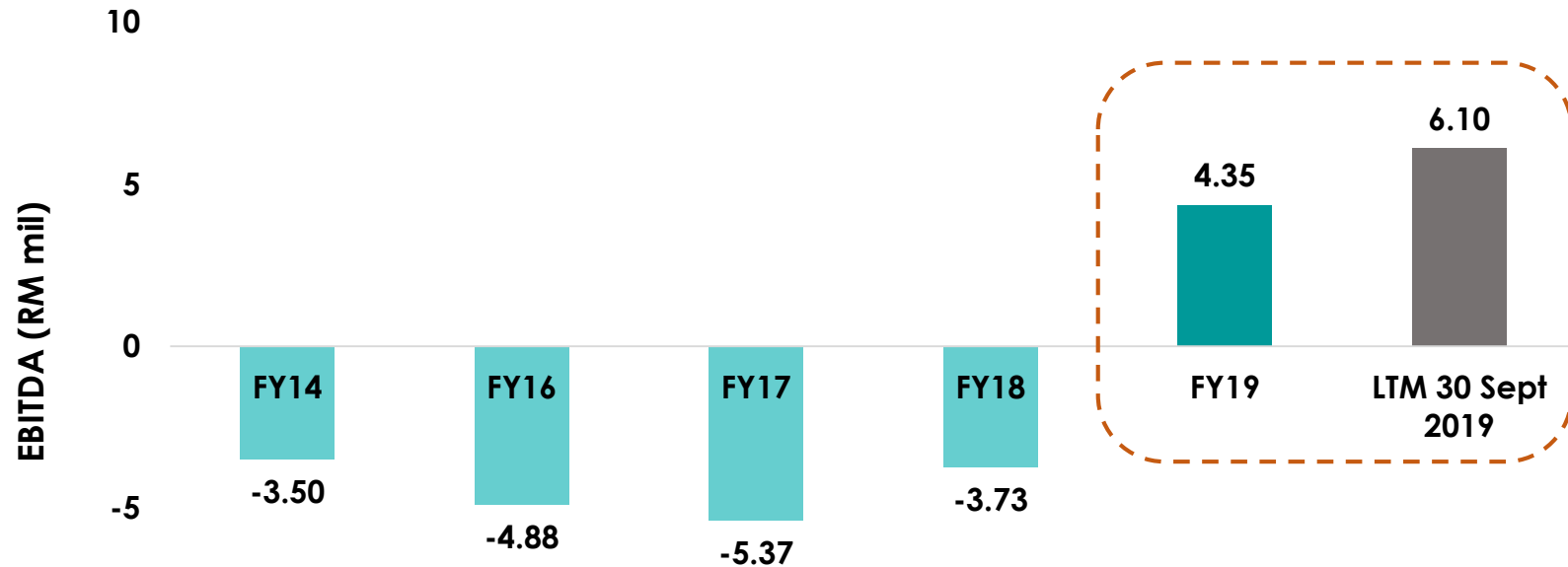


	FY14	FY16	FY17	FY18	FY19	1QFY20
ROE (%)	(13.82)	(35.12)	(42.37)	(20.71)	1.96	3.72

# PROFITABILITY (CONT'D)



## EBITDA



	FY14	FY16	FY17	FY18	FY19	LTM 30 Sept 19
EBITDA (RM mil)	(3.50)	(4.88)	(5.37)	(3.73)	4.35	6.10

# FUTURE OUTLOOK



# CURRENT BUSINESS SEGMENT – BUSINESS PLAN

---



## **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**

# OUTLOOK


## Diversification Plan




### TRANSITION

With new management in place, the Company intends to reposition itself by expanding into new sectors to generate sustainable revenue streams, in addition to its existing businesses.


#### 1. ENERGY

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


#### 2. UTILITIES

 Infrastructure projects related to water and sewage related activities

#### 3. INFRASTRUCTURE

 Sustainable and green infrastructure development

#### 4. LOGISTICS

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



# OUTLOOK OF TARGETED INDUSTRIES



## 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 ¼ 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

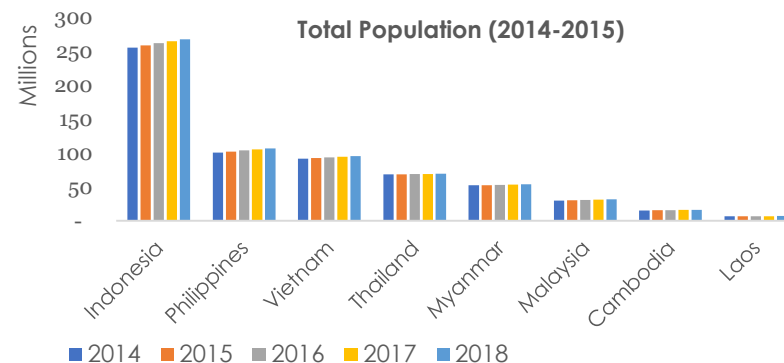
#### Energy security

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

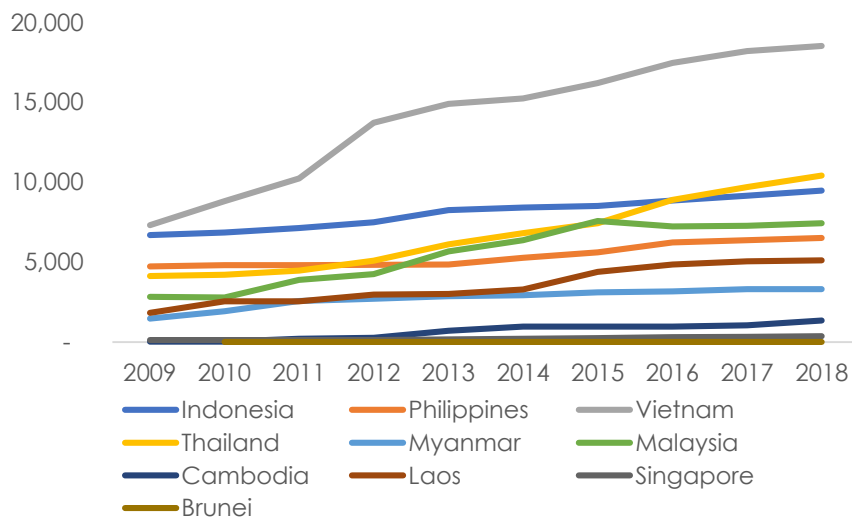
#### The need to develop energy infrastructure

Low electrification rate among the countries especially the rural areas

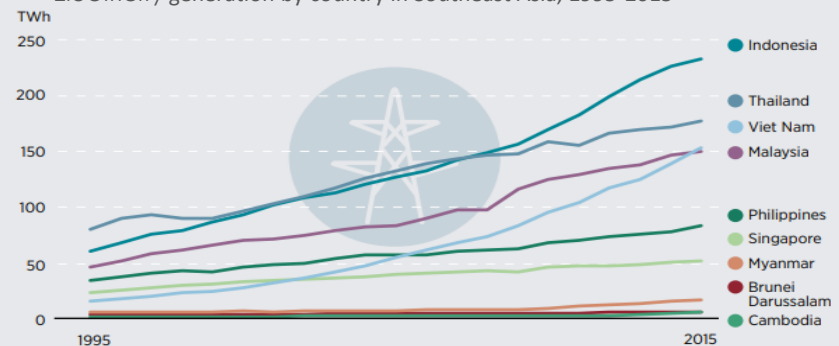
### Rapid Economic & Demographic Growth



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



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



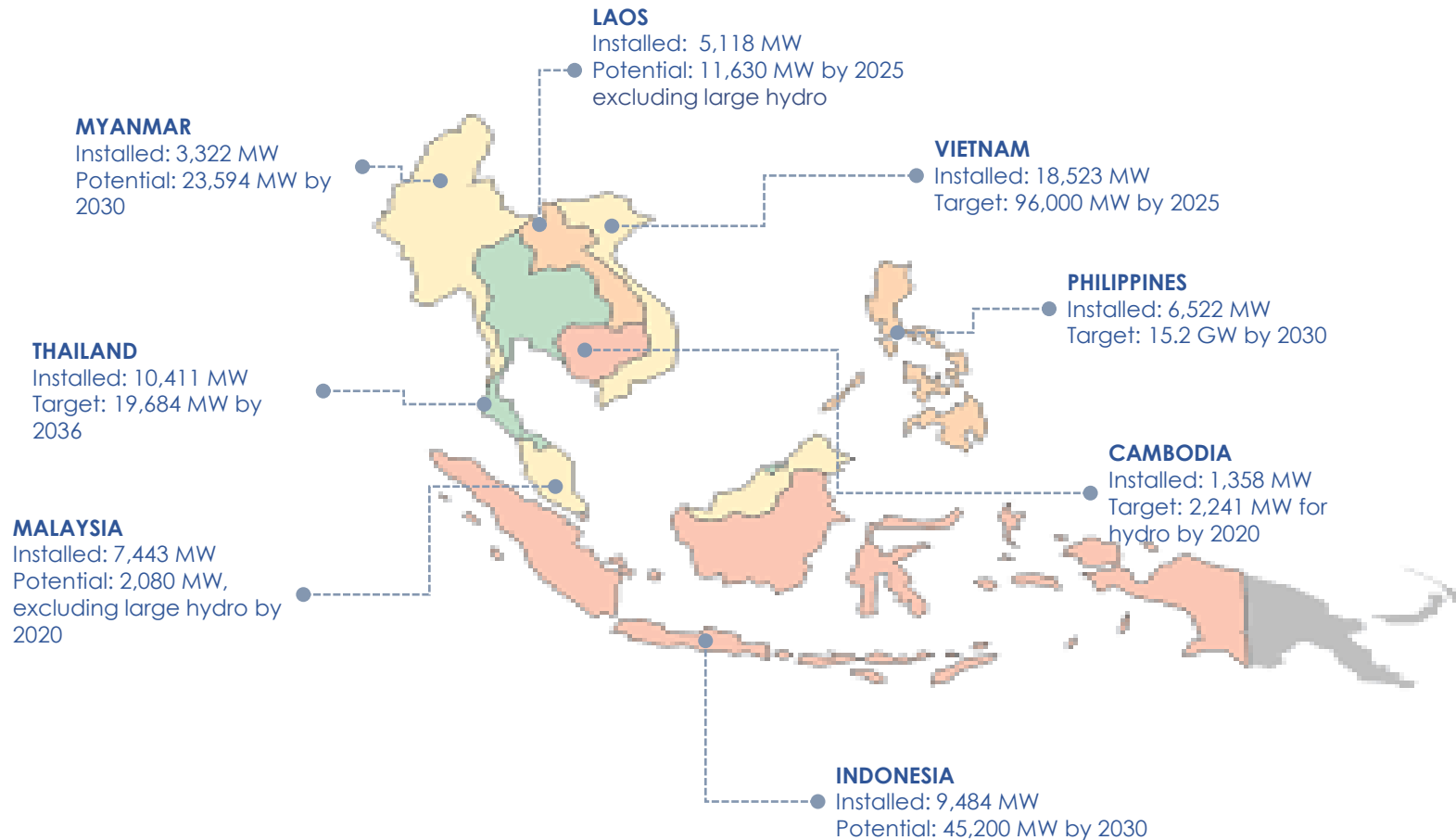
Source: International Energy Agency, 2017

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

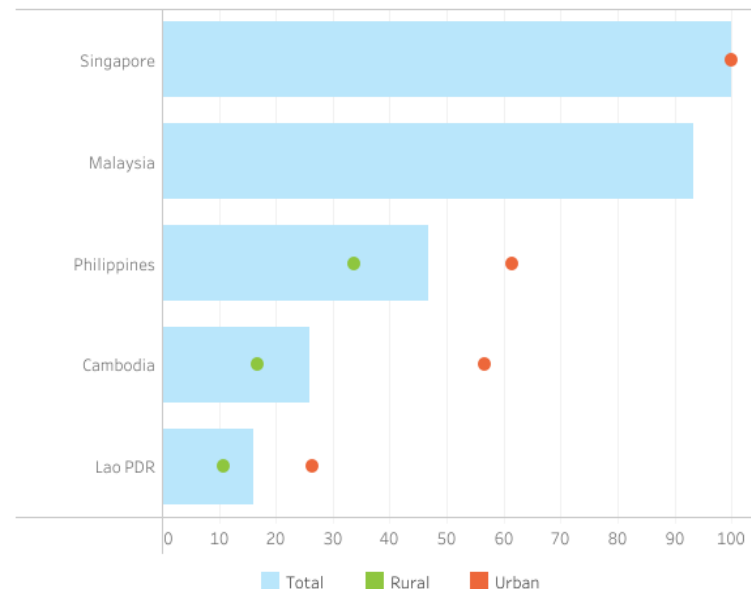
### GROWTH OPPORTUNITIES

Propelled by a rapid  
population growth &  
urbanization

Inadequate  
infrastructure

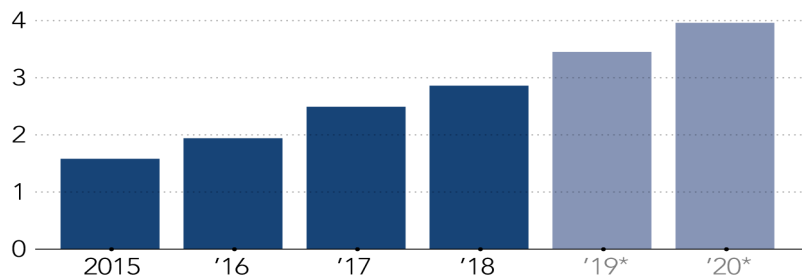
- In Southeast Asia, the water and wastewater services industry is still nascent with a highly fragmented market.
- Although Singapore and Malaysia are currently the markets with the most activity, developing markets such as Indonesia, Vietnam, and the Philippines are expected to offer strong growth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

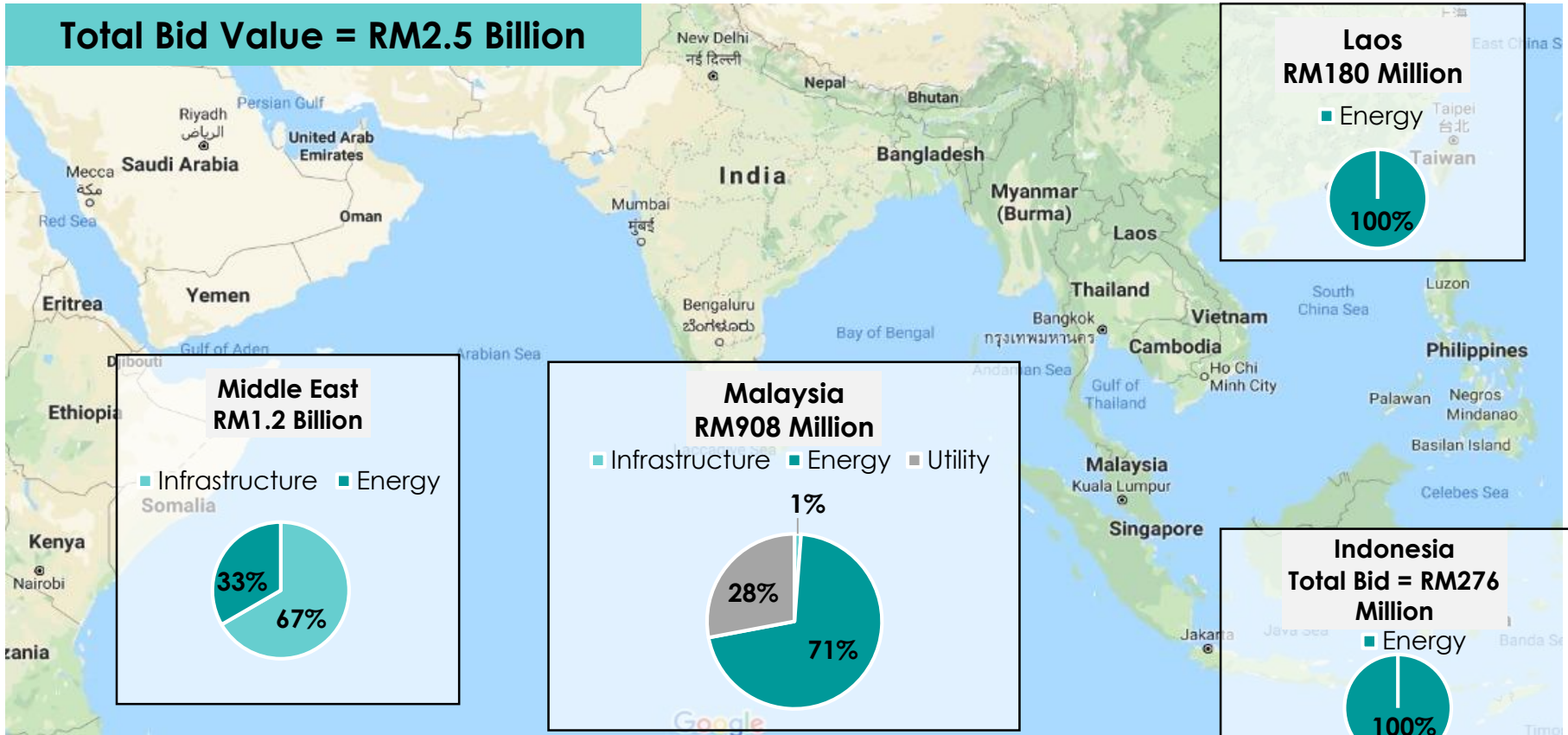
Source:

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

# CURRENT TENDER ACTIVITIES



**Total Bid Value = RM2.5 Billion**



**Total Bid By Sector**



**RM1 Billion  
order book in  
FYE2020**

# FUNDING & CORPORATE EXERCISES

---



- To pursue our business expansion, we are looking at the best possible options available for funding exercise. Currently we are evaluating various options that are available to us.
- We are exploring various mergers and acquisitions exercises to expand and eventually become an asset owner.
- Whilst such corporate exercises are being executed, the major shareholders have given their assurance that they will support the capital requirement of the Company.

# KEY TAKEAWAYS



## Capitalising on existing resources & potential expansion

- ✓ Rationalisation and streamline of existing business
- ✓ Growth via construction/concession based service provision incorporating green and renewable energy element – growing with new management's experiences & networks

## FY2019 returned to black, supporting brighter prospect

- ✓ First profit after 8 years of consecutive losses
- ✓ Sustaining YoY growth trend for the latest 5 quarters

## FY2020 Base year for future growth

- ✓ Profitable Q1 result set a base for the future
- ✓ First major project (RM254 m) in the new business segment is the first of many
- ✓ Target order book of RM1 billion for FYE 30 June 2020

# THANK YOU



For more information:

<https://powernetgroup.com.my/>  
[http://www.bursamalaysia.com/market/listed-companies/list-of-companies/plc-profile.html?stock\\_code=7130](http://www.bursamalaysia.com/market/listed-companies/list-of-companies/plc-profile.html?stock_code=7130)

---