



KPOWER BERHAD

(formerly known as Kumpulan Powernet Berhad)

CORPORATE PRESENTATION

1Q FY2021

6 JANUARY 2021

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 KPower Berhad (formerly known as 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.



AGENDA



- | | | | |
|----------|-------------------------------------|-----------|------------------------------|
| 1 | Investment Merits | 7 | Business Segment |
| 2 | Stock Information | 8 | Financial Performance |
| 3 | History & Key Milestones | 9 | Future Outlook |
| 4 | Board of Directors | 10 | Key Takeaways |
| 5 | Key Management Team | 11 | News & Coverage |
| 6 | Corporate Structure | | |



Earnings Growth Catalysts

- On growth mode with focus on renewable energy, utilities and infrastructure jobs
- Achieved RM1.2 billion order book for FY2020
- Aims to achieve RM2 billion order book for FY2021

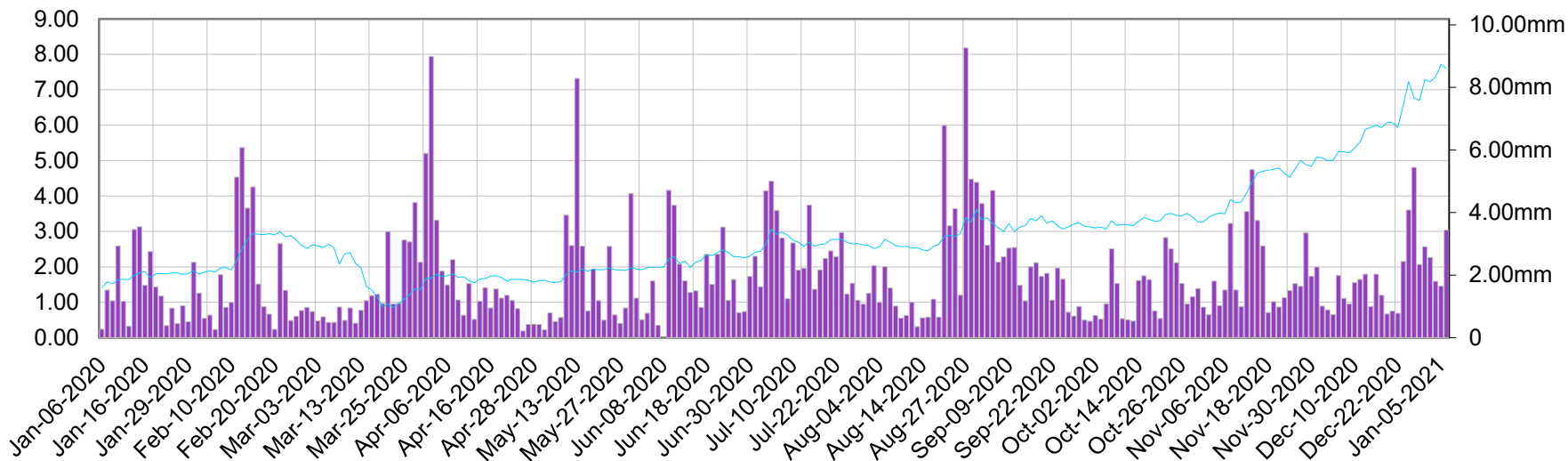
Established & Experienced Board of Directors and Management

- 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



Stock Name / Code	: KPOWER / Code: 7130
Market	: Main Market
Sector	: Consumer Products & Services
Shares Outstanding	: 113.1 million
Market Capital	: RM 859.4 million
52-week high/low	: RM 7.78 / RM 0.85
Share Price	: RM 7.60 (6 January 2021)
Dividend Policy	: 20% of PAT

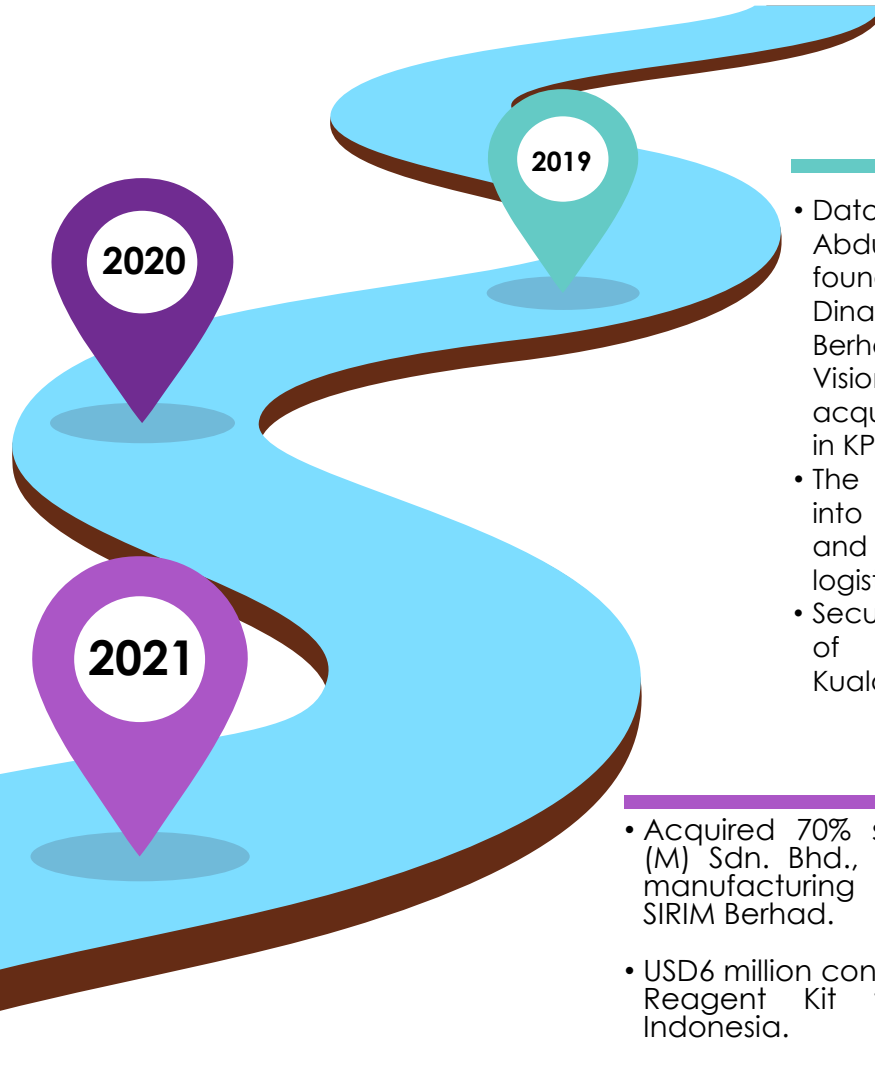
SUBSTANTIAL SHAREHOLDERS

Holder	% of Total Shares Outstanding
Mohd Abdul Karim bin Abdullah	32.14
Grand Deal Vision Sdn Bhd	14.94

Source: S&P Capital IQ, as at 6 January 2021

HISTORY & KEY MILESTONES

- **Exceeded RM1.0 billion orderbook** target for the financial year ended 30 June 2020.
- Secured the following projects:
 - USD16 million of renewable energy project in Laos.
 - RM365 million of renewable energy project in Perak, Malaysia.
 - USD48 million of renewable energy project in Nepal.
 - USD41 million of civil works for a hydropower project in Laos.
 - USD46.2 million of renewable energy project in Nepal.
 - USD13 million of renewable energy projects in Indonesia.
 - RM296 million of renewable energy project in Perak, Malaysia
- Private Placements: 10% + 35% of the total number of issued shares.
- Diversification of the Company's principal activities.
- Acquired 51% stake in logistics company, Chemtrax Sdn. Bhd.
- Proposed share split and issuance of free warrants.



- Dato' Dr. Ir. Ts. Mohd Abdul Karim Abdullah, founder of Serba Dinamik Holdings Berhad, and Grand Deal Vision Sdn. Bhd. acquired majority stake in KPower.
- The Group diversified into energy & utilities and infrastructure & logistics.
- Secured RM270 million of utilities project in Kuala Lumpur, Malaysia.

- Acquired 70% stake in Granulab (M) Sdn. Bhd., a medical device manufacturing company, from SIRIM Berhad.
- USD6 million contract to supply PCR Reagent Kit for COVID-19 in Indonesia.

BOARD OF DIRECTORS



Dato' Dr. Ir. Ts. Mohd Abdul Karim Abdullah
Non-Independent Non-Executive Chairman
Founder of oil-and-gas engineering company Serba Dinamik Holdings Berhad since 1993. Presence in Southeast Asia, Central and South Asia, the Middle East, United States of America, Europe and most recently Africa.



Dato' Arivalagan A/L Arujunan
Non-Independent Non-Executive Director
Currently Director of Aspire Homes Sdn Bhd, a property developer.



Mustakim Mat Nun
Deputy Chairman and Group Managing Director
Over 23 years experience in Power, Water, Finance and Private Equity. Served in various locations in the middle east, ASEAN and domestic market.



Kok Pauline
Independent Non-Executive Director
Over 13 years of experience in auditing and accounting in various industries, including government linked companies (GLCs).



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.



Tan Yee Hou
Independent Non-Executive Director
Deputy Managing Director of LTKM's wholly-owned subsidiary LTK Development Sdn Bhd, which he led diversification into property sector.

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 utility and renewable energy sectors.**



Mustakim Mat Nun

Group Managing Director

Over 23 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 and Acting Head of Risk & Compliance

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



Khairulaklam Omar

SVP, Head of Project Development

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

Kamalulariffin Ahmad

VP, Head of Project Implementation

20 years' experience in construction, water & energy project management



Puteri Nur Qistina Abd. Rahman

Acting Head of Finance

10 years of experience in audit with several Big Four accounting firms

Lilik Harianti Saijan

VP, Head of Corporate Resources & Administration

20 years' experience in multinational & 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

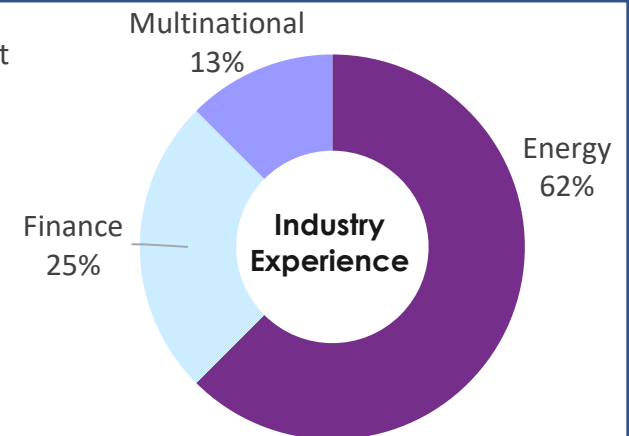
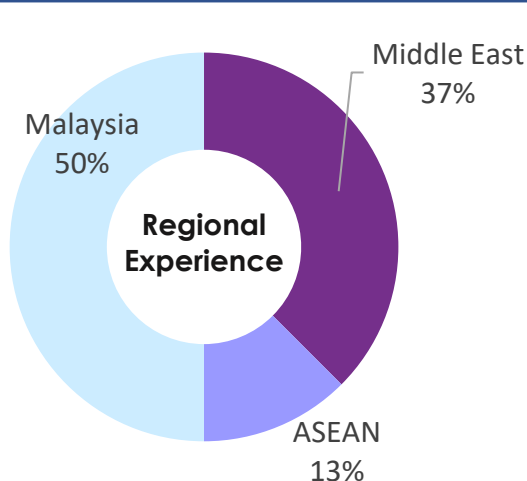
Extensive experience

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.



THE NEW KPOWER - BUSINESS SEGMENT

The Company successfully repositioned itself by expanding into new sectors to generate sustainable revenue streams, in addition to its existing businesses.

ENERGY & UTILITIES

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



PROPERTY

Sustainable property development



LOGISTICS

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



HEALTHCARE & TECHNOLOGIES

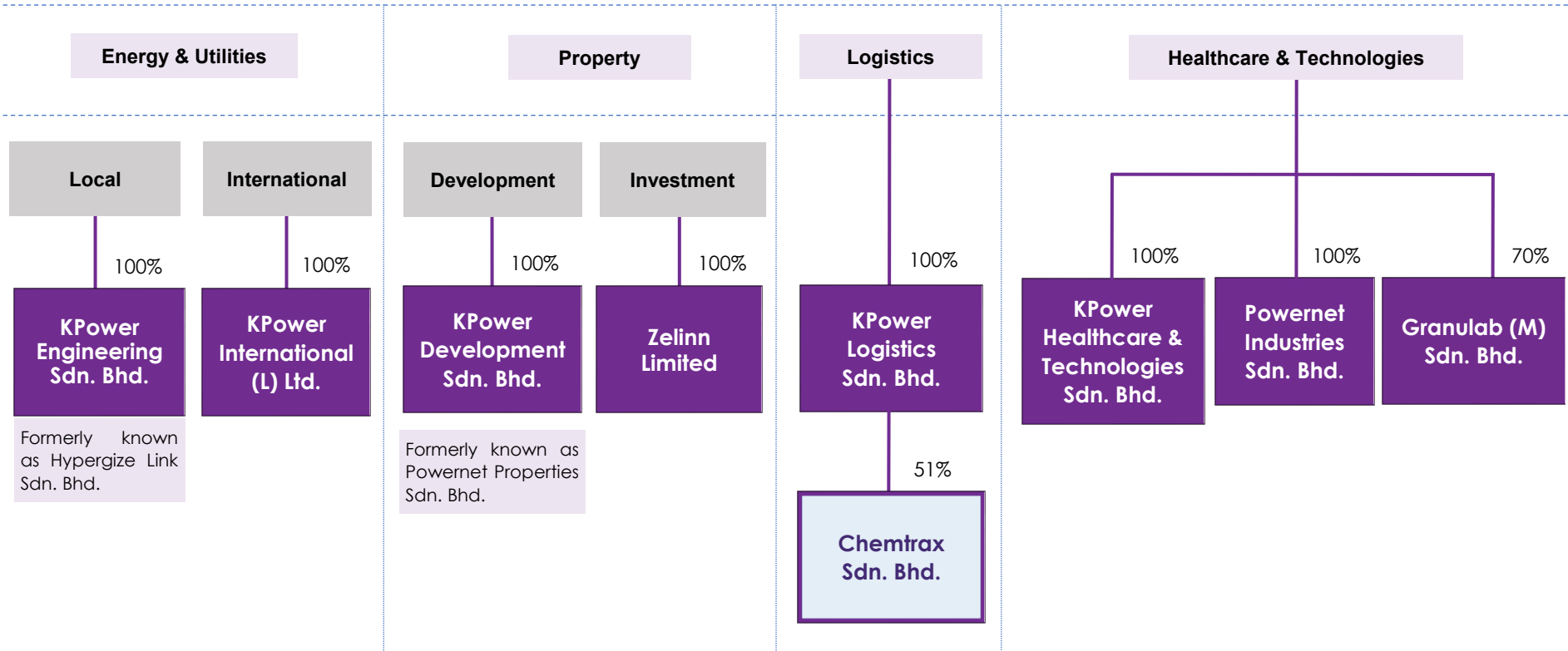
To venture into healthcare and medical products focusing on technology applications and solutions



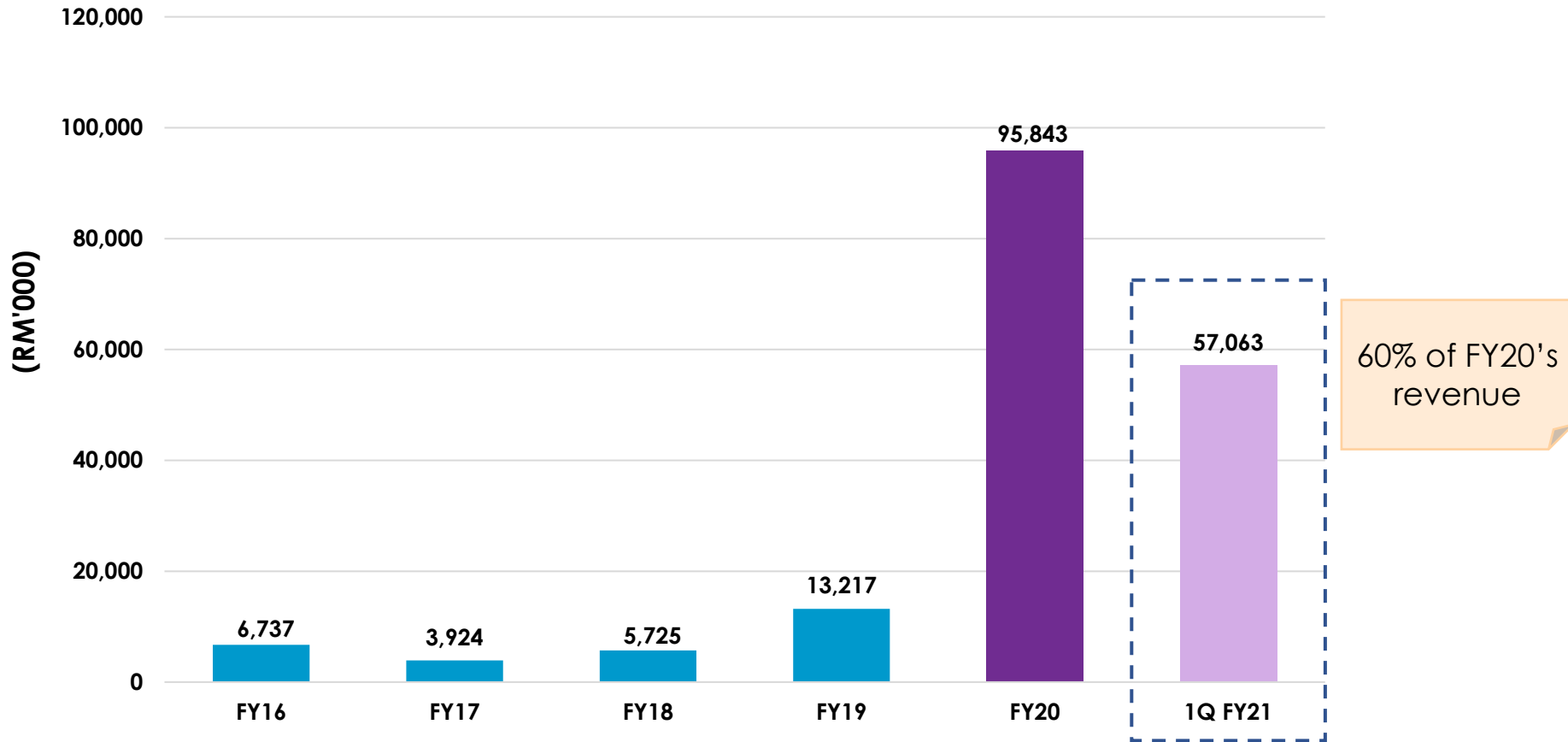
CORPORATE STRUCTURE




KPOWER



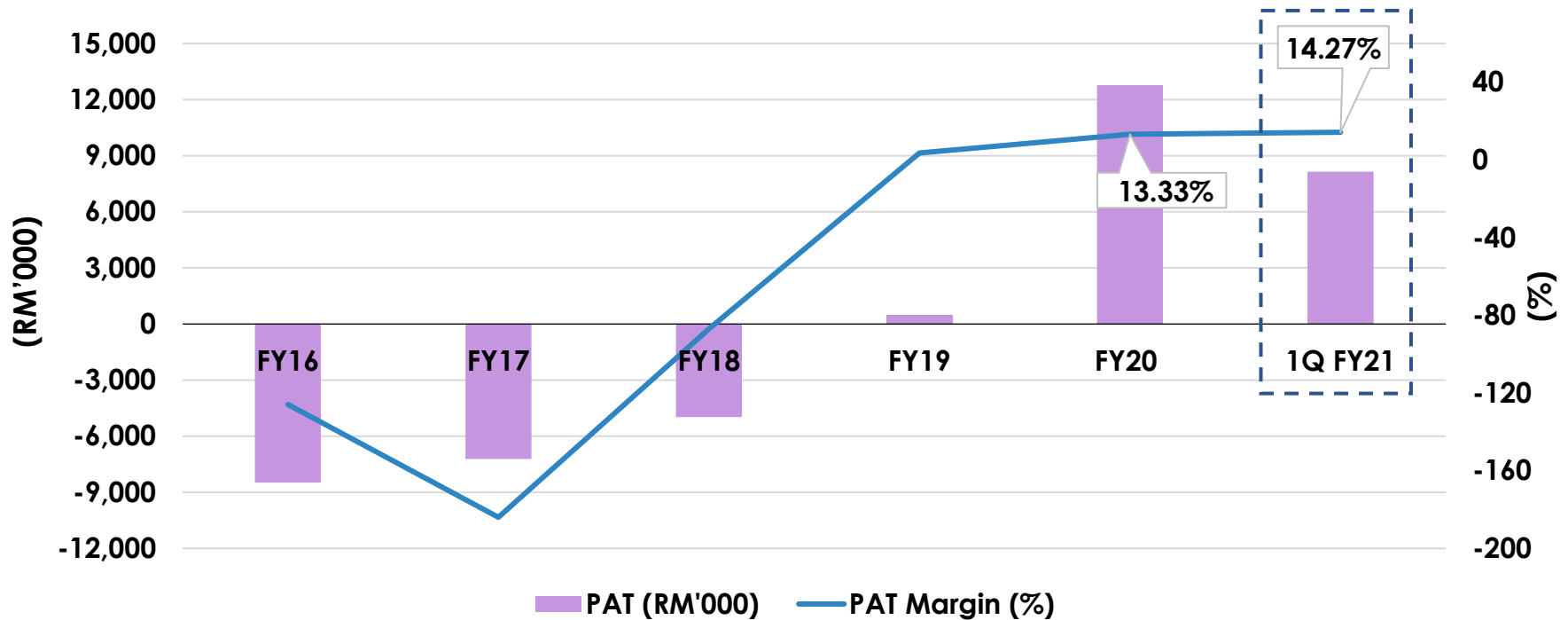
TOTAL REVENUE



 Quarter under review

PROFITABILITY

PROFIT AFTER TAX (“PAT”) AND PAT MARGIN



	FY16	FY17	FY18	FY19	FY20	1Q FY21
PAT (RM'000)	(8,481)	(7,218)	(4,977)	481	12,776	8,143
PAT Margin (%)	(125.89)	(183.94)	(86.94)	3.64	13.33	14.27

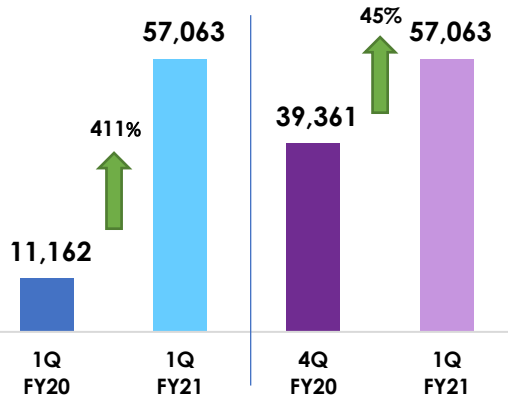
 Quarter under review

FINANCIAL PERFORMANCE

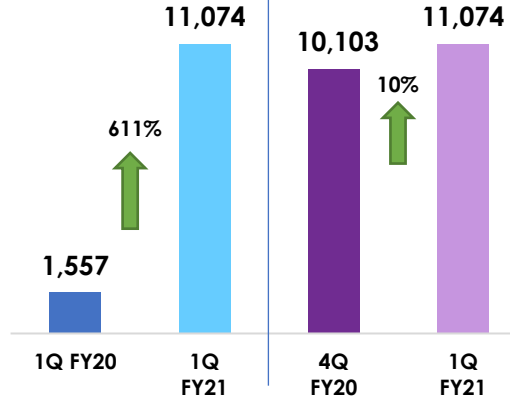
Improved Quarter-on-Quarter Performance



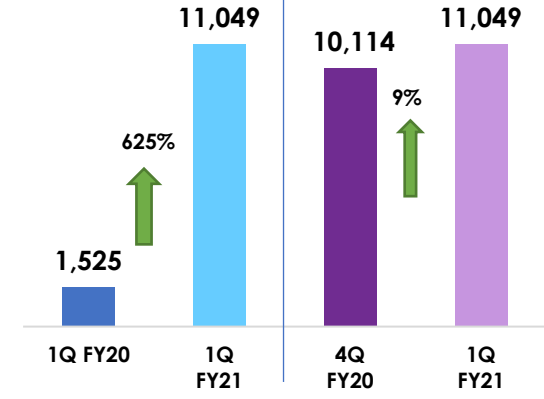
Revenue
(RM'000)



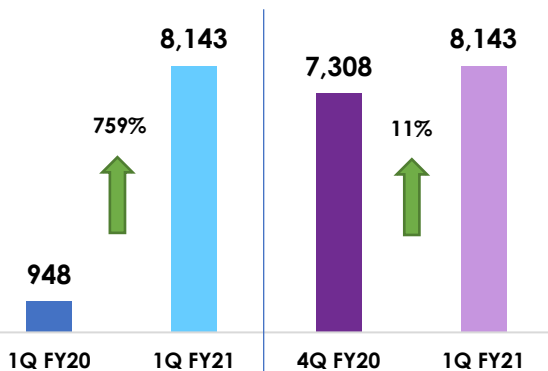
Operating profit/(loss)
(RM'000)



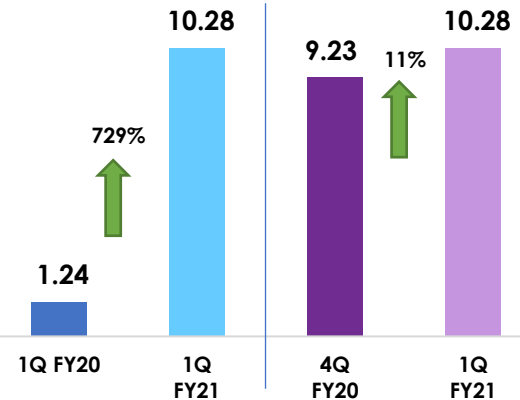
Profit/(loss) before tax
(RM'000)



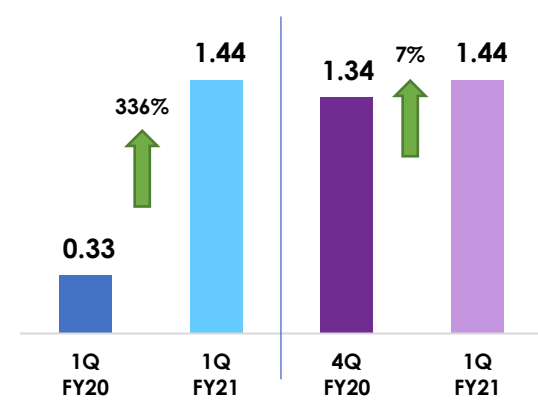
Profit/(loss) after tax
(RM'000)



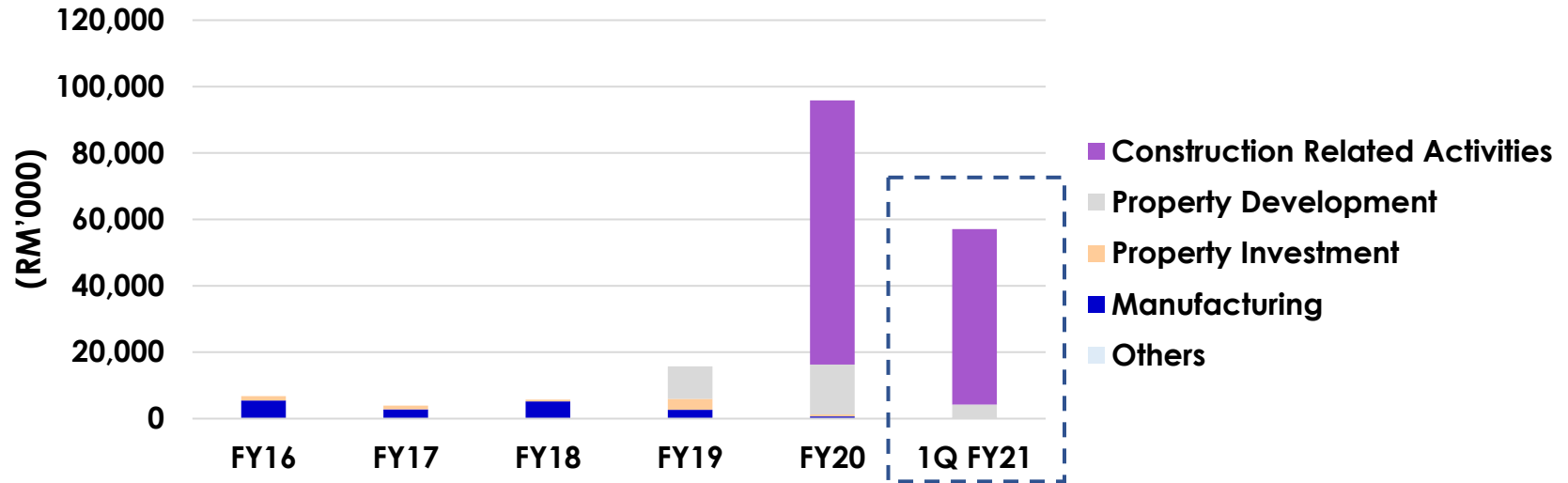
Basic earnings/(loss)
per share (sen)




Net asset per share
(RM)



SEGMENTAL BREAKDOWN



Segments	FY (RM'000)					1Q FY21	
	2016	2017	2018	2019	2020	RM'000	% Contribution
Construction Related Activities	-	-	-	-	79,571	52,809	92.54
Property Development	-	-	-	9,802	15,010	4,092	7.17
Property Investment	1,321	1,156	519	3,275	606	21	0.04
Manufacturing	5,435	2,768	5,209	2,669	656	141	0.25
Others	8	-	-	-	-	-	-

 Quarter under review



FUTURE OUTLOOK
Industry

OUTLOOK OF CURRENT BUSINESS



World Energy Consumption by 2050

+50%

Most of this growth comes from regions where strong economic growth is driving demand, particularly in Asia

Renewables – accounting for almost ¼ of global demand growth
+4.0%



Global Renewable Energy Investment Trends, 2010-2019

USD 2.8 trillion

total renewable energy investment

USD 301.7B

total investment in 2019



Malaysia and ASEAN's Energy Mix Target by 2025

35% from renewable energy in installed power capacity (20% in 2019)

RM 33B investments to be supported by government, public-private partnerships & private financing. Latest government stimulus via 1000 MW LSS4.



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



Small Hydropower Plants Growth in Malaysia by 2024

225MW

(from 59.3MW in 2018)

Representing CAGR of **24%**

Sources:

U.S. Energy Information Administration; Frankfurt School-UNEP Centre; International Energy Agency; Joint Ministerial Statement of the 38th ASEAN Ministers on Energy Meeting, 19 November 2020 ; Asian Development Bank; Protégé Associates Sdn Bhd



SECTOR OUTLOOK

Opportunities in the Energy Sector

Main concerns of ASEAN countries

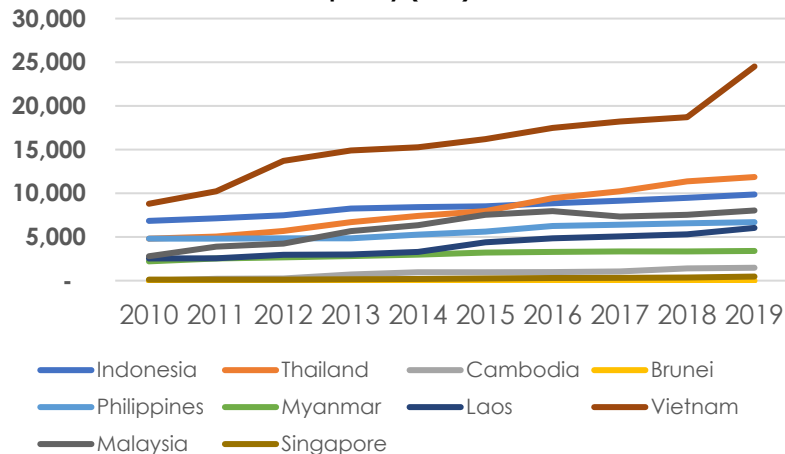
Energy security

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

RE Installed Capacity (MW) in Southeast Asia



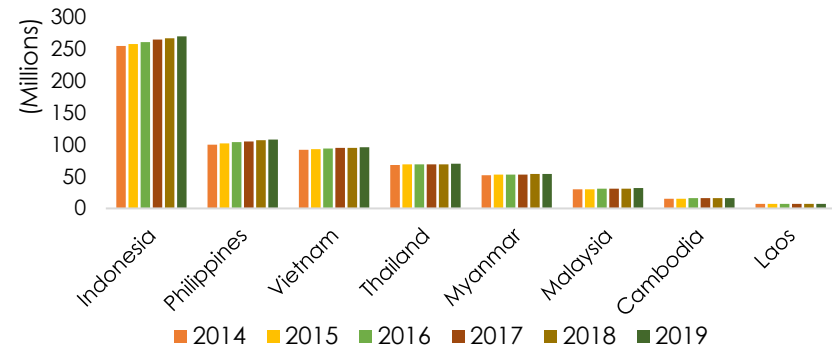
Source: Renewable Energy Statistics 2020, International Renewable Energy Agency (IRENA)

A new target of **35% renewable energy** in installed power capacity in the ASEAN region **by 2025**

Source: Joint Ministerial Statement of the 38th ASEAN Ministers on Energy Meeting, 19 November 2020

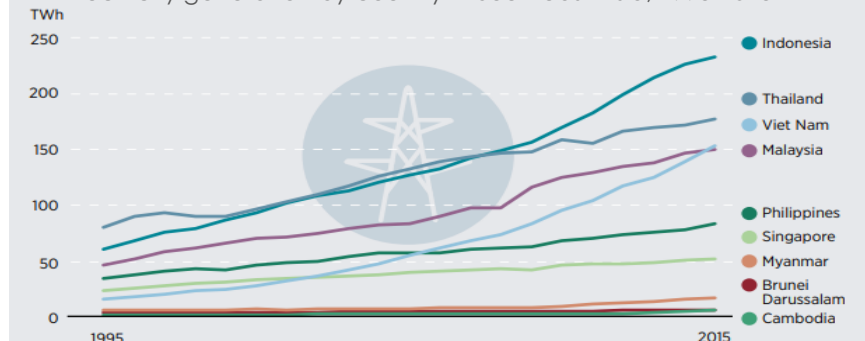
Rapid Economic & Demographic Growth

Total Population (2014-2019)



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

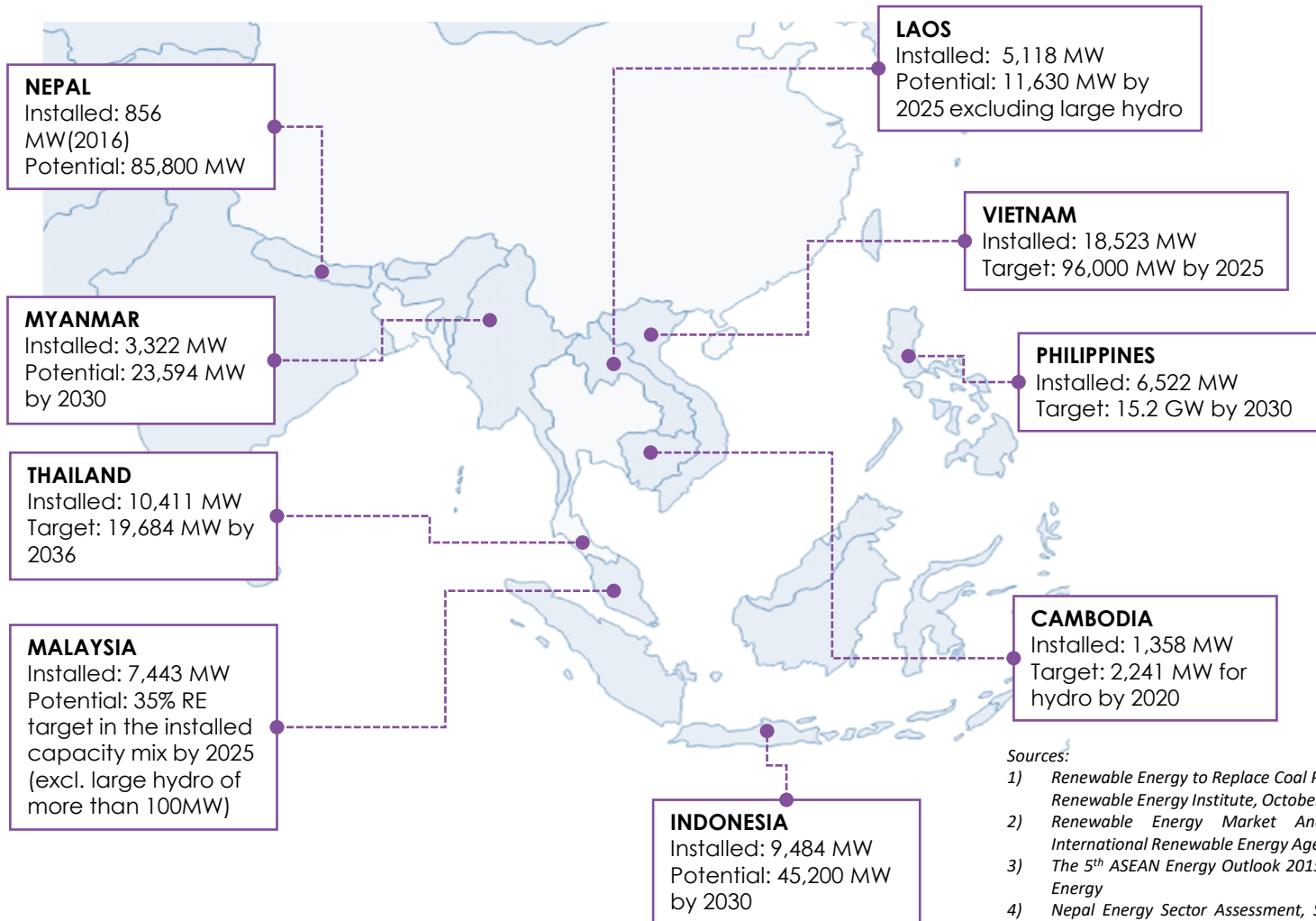
Electricity generation by country in Southeast Asia, 1995-2015



Source: International Energy Agency, 2017

SECTOR OUTLOOK

Opportunities in the Renewable 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 5th ASEAN Energy Outlook 2015-2040, ASEAN Centre for Energy*
- 4) *Nepal Energy Sector Assessment, Strategy, and Road Map, Asian Development Bank, March 2017*
- 5) *Joint Ministerial Statement of the 38th ASEAN Ministers on Energy Meeting, 19 November 2020*

SECTOR OUTLOOK

Opportunities in the Utilities Industry – Water Related Activities



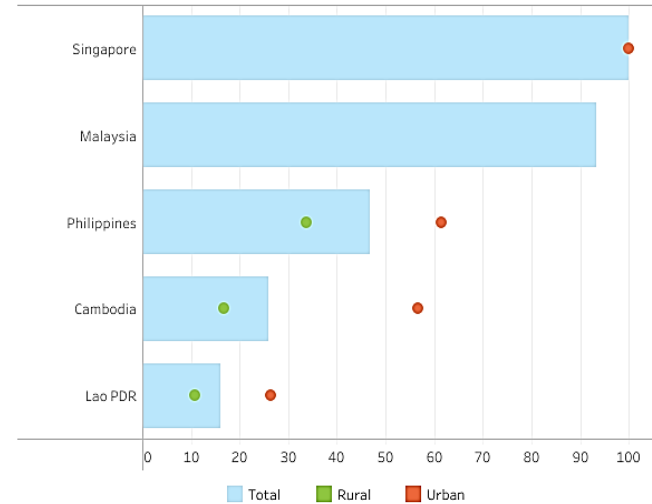
Growth Opportunities

Propelled by a rapid population growth & urbanisation

Inadequate infrastructure

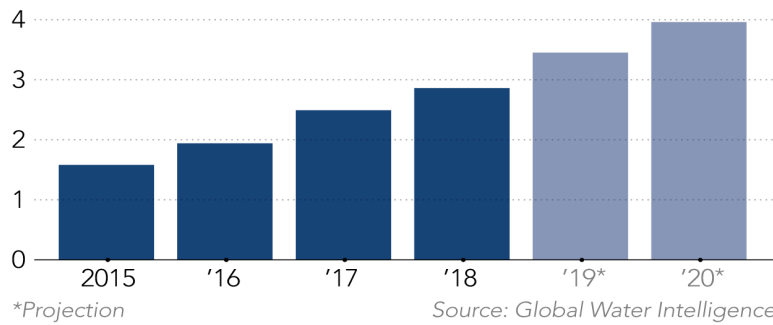
- In Southeast Asia, the water and wastewater services industry is still nascent with a highly fragmented market.
- Although Singapore and Malaysia are currently the markets with the most activity, developing markets such as Indonesia, Vietnam, and the Philippines are expected to offer strong growth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



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.

~300 million have no access to safe drinking water

~1.5 billion people lack basic sanitation

Sources:

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



8 MW NAM SAMOY HYDROPOWER PLANT

Contract Value : USD16 million (equivalent to approximately RM66 million)

3X5 MW NAM TAEP 1 AND 3X5 MW NAM TAEP 2 HYDROPOWER PLANTS

Contract Value : USD41 million (equivalent to approximately RM175 million)



KUALA LUMPUR SEWERAGE TREATMENT PLANT

Contract Value : RM270 million

32.47 MW PERAK MINI HYDROPOWER PLANTS

Contract Value : RM365 million

PROPERTY DEVELOPMENT & OTHER JOBS

Contract Value : RM53 million

27.3 MW PERAK MINI HYDROPOWER PLANT

Contract Value : RM296 million



3.1 MW SG. SIMPANG, SUMATERA MINI HYDROPOWER PLANT

Contract Value : USD7 million (equivalent to approximately RM30 million)

2.6 MW SG. KLAAI, SUMATERA MINI HYDROPOWER PLANT

Contract Value : USD6 million (equivalent to approximately RM25 million)



22.9 MW NEPAL MINI HYDROPOWER PLANT

Contract Value : USD48 million (equivalent to approximately RM208 million)

22 MW NEPAL MINI HYDROPOWER PLANT

Contract Value : USD46.2 million (equivalent to approximately RM193 million)

SUPPLY OF PCR REAGENT KIT FOR COVID-19

Contract Value : USD6 million (equivalent to approximately RM24 million)

MISCELLANEOUS

Contract Value : Approximately RM40 million



CURRENT TENDER ACTIVITIES

TOTAL BID WON
(since KPower's acquisition)
RM1.745 Billion

Malaysia	RM984 Mil
Nepal	RM401 Mil
Laos	RM241 Mil
Indonesia	RM119 Mil

- Utilities : RM270 Mil
- Energy : RM1.361 Bil
- Infrastructure : RM52 Mil
- Property Development : RM42 Mil
- Healthcare : RM24 Mil

TOTAL ORDER BOOK OUTSTANDING
(as at to date)

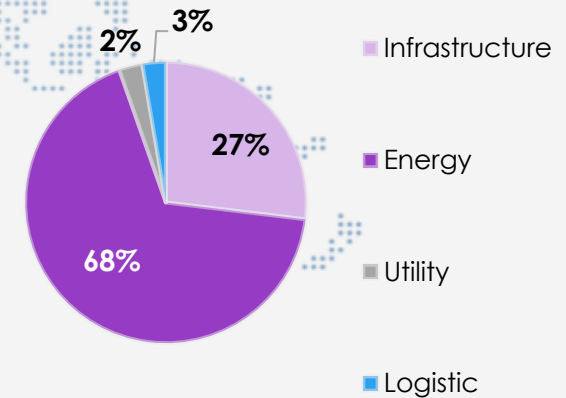
RM1.583 Billion

Laos
RM44 Million



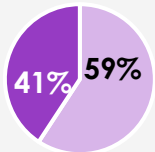
TOTAL BID = RM3.91 Billion

Malaysia
RM743 Million



Middle East
RM1.35 Billion

■ Infrastructure ■ Energy



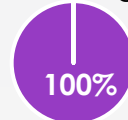
Nepal
RM602 Million

■ Energy



Indonesia
RM1.169 Billion

■ Energy



KEY TAKEAWAYS

Improvement in financial performance from new business

- ✓ Recorded an increase in revenue by 411% y-o-y during 1Q FY2021.
- ✓ Profitability grew by 759% y-o-y in the same period.
- ✓ Driven by construction related activities mainly arise from preliminary works on the construction projects.

On track to expand and strengthen regional presence

- ✓ Secured RM984 million of utilities, energy, and property projects in Malaysia.
- ✓ Secured RM401 million of energy projects in Nepal.
- ✓ Secured RM241 million of energy projects in Laos.
- ✓ Secured RM95 million of energy and infrastructure projects in Indonesia.
- ✓ Secured RM24 million contract to supply PCR Reagent Kit for COVID-19 in Indonesia.

Steadily progressing the growing path

- ✓ Achieved RM1.2 billion order book of works in FY2020 which provides the earnings visibility for next 3-4 years.
- ✓ Out of RM2.0 billion order book target in FY2021, RM568 million is secured.
- ✓ Exploring potential mergers and acquisitions to enhance business prospects.
- ✓ Major shareholders are committed to support the capital requirements of the Group.



NEWS & COVERAGE



KUMPLAN POWERNET
10 Dec 2020
BUY (Maintained)

RENEWABLE ENERGY
BAGS RM236mil hydropower plant job in Perak

Investment Bank Company report

Reasons for report: Company update

Investment Highlights

- We maintain our BUY recommendation, forecasts and value of RM6.35/share for Kumpulan PowerNet (KPN) based on the FY21 EPS. This is a discount to the net forward P/E of leading renewable energy players to reflect (1) KPN's relatively small market value, (2) its relatively low base case growth rate, and (3) its relatively low base case growth rate. KPN's earnings in investments at -10% in FY21 and FY22 respectively based on our report.
- KPN has secured a 20MW design and construction procurement, commission and commissioning contract for a 21.38MW mini hydro power project in Perak, with a construction period of 18 months.
- This latest contract has boosted KPN's book to RM453 million (Exhibit 1).


Key financials:

Year	FY20	FY21	FY22	FY23
Revenue (RM mil)	85.8	89.9	89.9	104.4
Operating Profit (RM mil)	11.2	21.3	21.3	21.3
EPS (RM)	1.1	2.1	2.1	2.1
Dividend Yield (%)	1.0	1.0	1.0	1.0

Share and Financial Data:

Item	Value
Market Capitalization (RM mil)	111.2
Share Price (RM)	2.1
Dividend Yield (%)	1.0
EPS (RM)	2.1
Dividend Yield (%)	1.0
Market Capitalization (RM mil)	111.2

Share performance:

RHB Small Cap Asean Research
20 November 2020
Energy & Utilities | EPCC Services
Buy (Maintained)
Set To Deliver Earnings; Reiterate BUY

Target Price (RM/share): MYR5.70 (+20%)
Price: MYR4.76
Market Cap: USD132m
Avg Cash Turnover (MYR/USD): 7.13x/1.72x

Analyst: Sean Lim
+603 6200 8887
sean.lim@rhm.com

- Reiterate BUY, new TP of MYR5.70 from MYR4.13, 20% upside with a 2.7% FY22 (24x) yield. We believe Kumpulan PowerNet is on track to deliver phenomenal earnings growth in FY21, and will double its orderbook by end FY21. The company, in our view, may undergo a further re-rating if it can penetrate the solar industry, which fetches premium valuations.
- Q1 FY21 earnings growth expectations. Conservatively, we expect Q1 FY21 core earnings to at least match Q1 FY20 MYR0.3m, on the back of continuous project billings from contracts in hand, coupled with the revenue from property development. KPN's only commercial job in Seremban, Kuala Lumpur - with a GOV of MYR41m - was 10% complete as of end-October. Due to the disruption caused by the Movement Control Order, the expected completion date has been pushed back until to June 2021. The company's unutilized sales of MYR12m will be recognized largely in FY21.
- Expanding the Large Solar 4 (LS4) pie. Together with its parent KPOWER has put in bids as an asset owner for 50MW capacity in the LSS project, whereby the award could be announced by the end of this year. We estimate the capex needed for a 50MW capacity at MYR100m. As such we do not discount the possibility of potential cash sale. If KPOWER is able to secure this project at the same time, the company is also seeking to engineering, procurement, construction and commissioning job opportunities from LS4.
- On track to meet its end FY21 orderbook target of MYR20m. KPN's FY21 orderbook stood at MYR1.4bn as of October, and it has secured MYR24m in contracts YTD. The company aims to grow its orderbook total to MYR20m by end FY21, implying a replenishment of MYR18m. Its current bid value stands at MYR23m, of which 67% is from the energy segment, followed by infrastructure, at 32%. Both logistics and utilities jobs account for less than 1% of its total orderbook.
- Sell BUY. We maintain our earnings estimates, but lift our TP to MYR5.70 from MYR4.13, after rolling forward our valuation base year to FY22 (pegged to unchanged) 16.8x. KPOWER has proposed a 4-for-1 share split and a 4-for-3 new warrants issue, after the share split adjustment. The warrants will have a 5-year tenure, with the exercise price set at MYR0.20. We have yet to input the warrants into our projections, as we do not expect it to be exercised in the near term. We are confident that KPOWER offers attractive value.



KPower posts 760% jump in first quarter net profit
By Cheah Chor Sook 22 hours ago in Featured, Markets, Top

KPower to further strengthen regional presence after impressive Q1 results
bernama.com.my/business/news.php



KUALA LUMPUR, Dec 1 -- Kumpulan PowerNet Bhd (KPN) further expand its geographical presence in the energy, infrastructure, and services sectors across ASEAN and South Asia, amid the resilient outlook for the

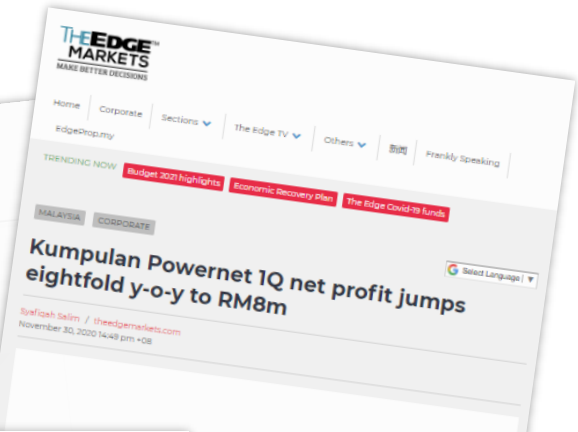


KUMPLAN POWERNET BERHAD
POWERNET INDUSTRIES SDN BHD
POWERNET PROPERTIES SDN BHD
ZELIMAN LIMITED (BM)
HYDROGRIZ LINK SDN BHD

theStar.com.my/business/business-news/2020/12/02/kpower-to-further-strengthen-its-regional-presence

2 December 2020

Group managing director Mustakim Mat Nun (pic) said the group is optimistic that governments across the region will continue to focus on the energy, utilities and infrastructure industries because they are key industries in revitalising and expanding the economy.



THE EDGE MARKETS
MAKE BETTER DECISIONS

Home Corporate Sections The Edge TV Others

TRENDING NOW Budget 2021 Highlights Economic Recovery Plan The Edge Covid-19 funds

Kumpulan PowerNet 1Q net profit jumps eightfold y-o-y to RM8m

Realish Selim / theedgemarkets.com
November 30, 2020 14:49 pm +08



KPOWER
Sustainability Through Diversity

KPN Bhd posted a higher net profit of RM8.15 million (FY21) compared to RM0.48,000 a year ago, lifted chiefly

THANK YOU