

KUMPULAN **P**OWERNET BERHAD



CORPORATE PRESENTATION

13 February 2020

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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

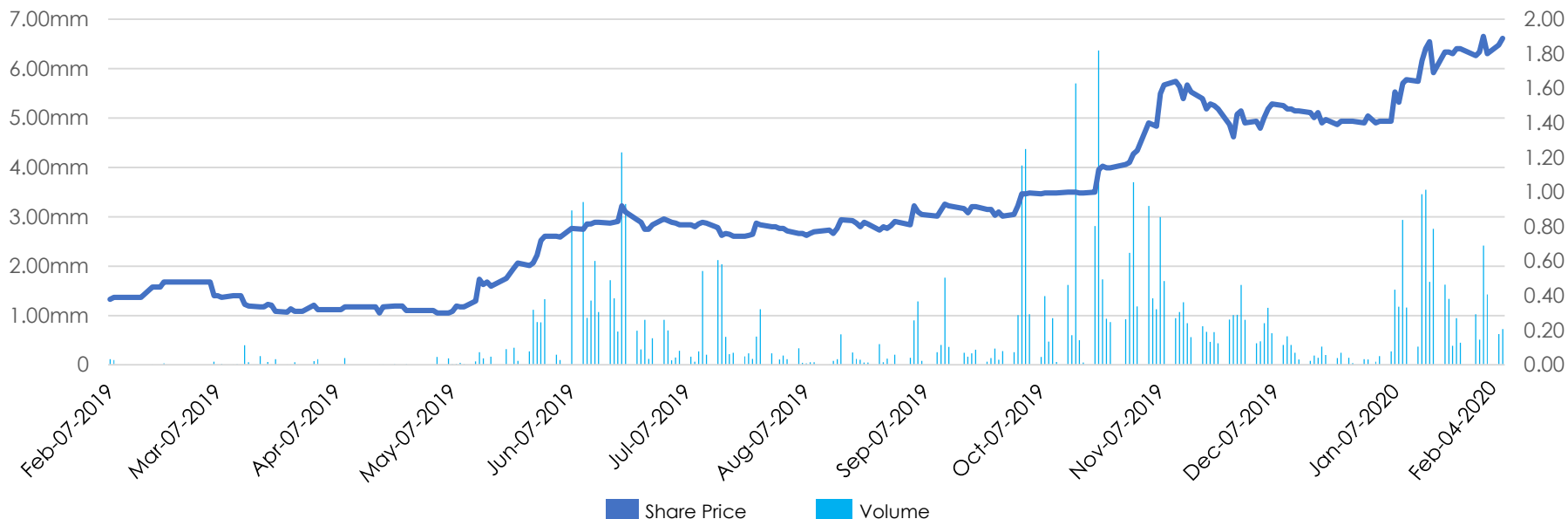
Established & Experienced Board of Directors and Management

- 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



Stock Name / Code	: KPOWER / Code: 7130
Market	: Main Market
Sector	: Consumer Products & Services
Share Capital	: 76.15 million
Market Capital	: RM210.9 million
52-week high/low	: RM 2.90 / RM 0.30
Share Price	: RM 2.77
Dividend Policy	: 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	37.77	79.7
Grand Deal Vision Sdn Bhd	11,500,000	15.10	31.9

Source: S&P Capital IQ, as at 5 February 2020

HISTORY & KEY MILESTONES



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

1980s



1970s

Founded as a textile manufacturer.



1997

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



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

2002



2013

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



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

2016



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

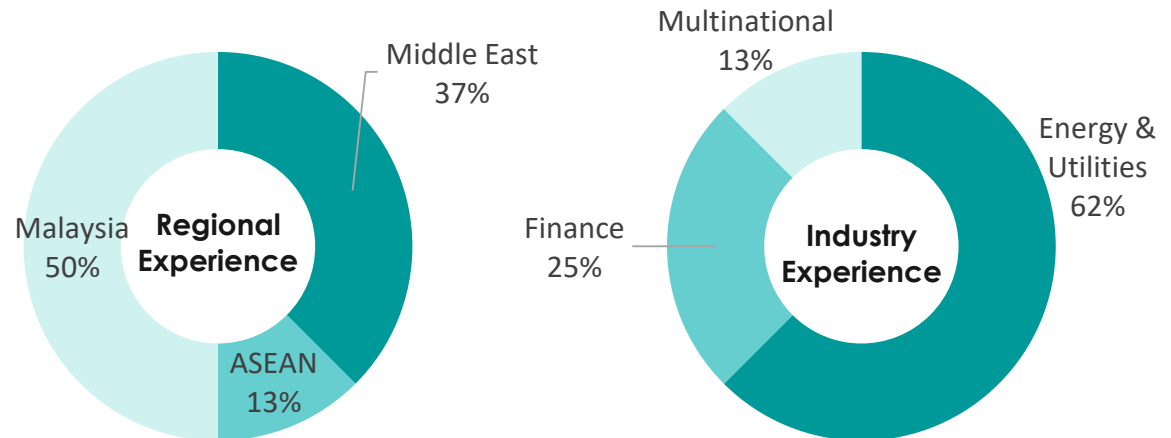
Extensive experience

Dynamic

Vast industry network

KEY MANAGEMENT

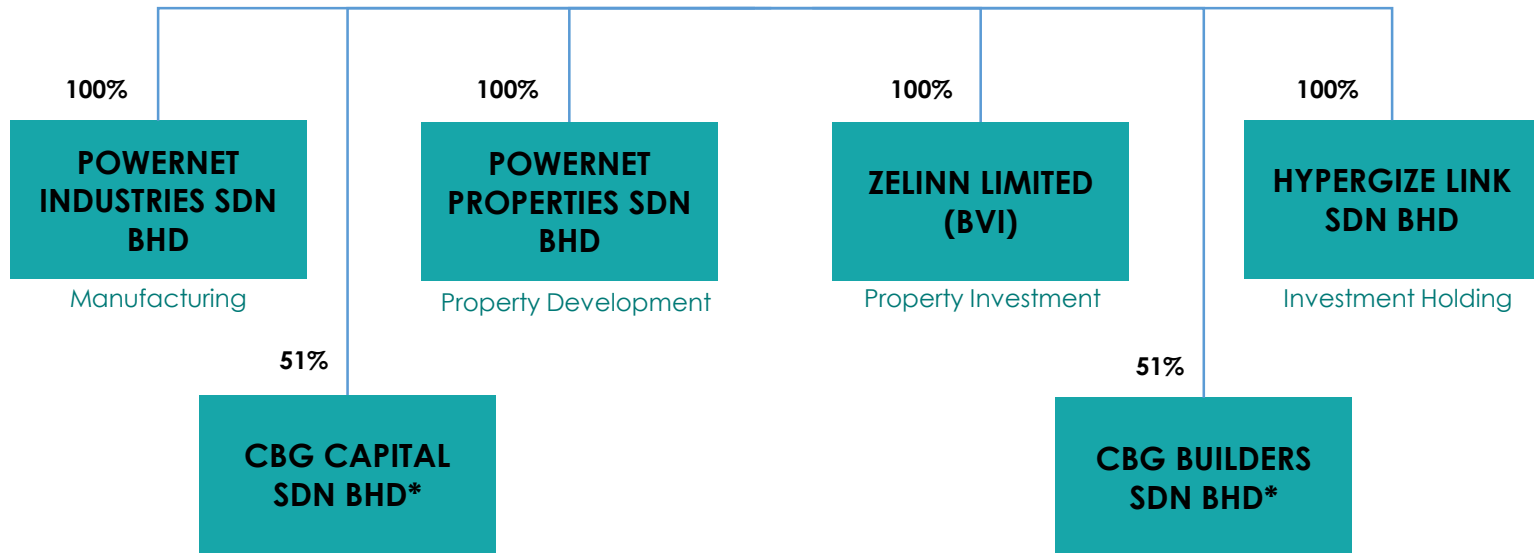
By leveraging on the management's vast experience and industry network, KPower is well positioned to land more major projects in the future.



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

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



BUSINESS SEGMENT (CONT'D)



2 PROPERTY INVESTMENT

Building owner	:	Zelinn Limited (BVI)
Location	:	Nightingale House, The Lodge, Princes Road, Liverpool, United Kingdom
Details	:	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.
Tenure	:	Freehold
Occupancy rate	:	Average 70% in 2019



BUSINESS SEGMENT (CONT'D)



3 TEXTILE MANUFACTURING

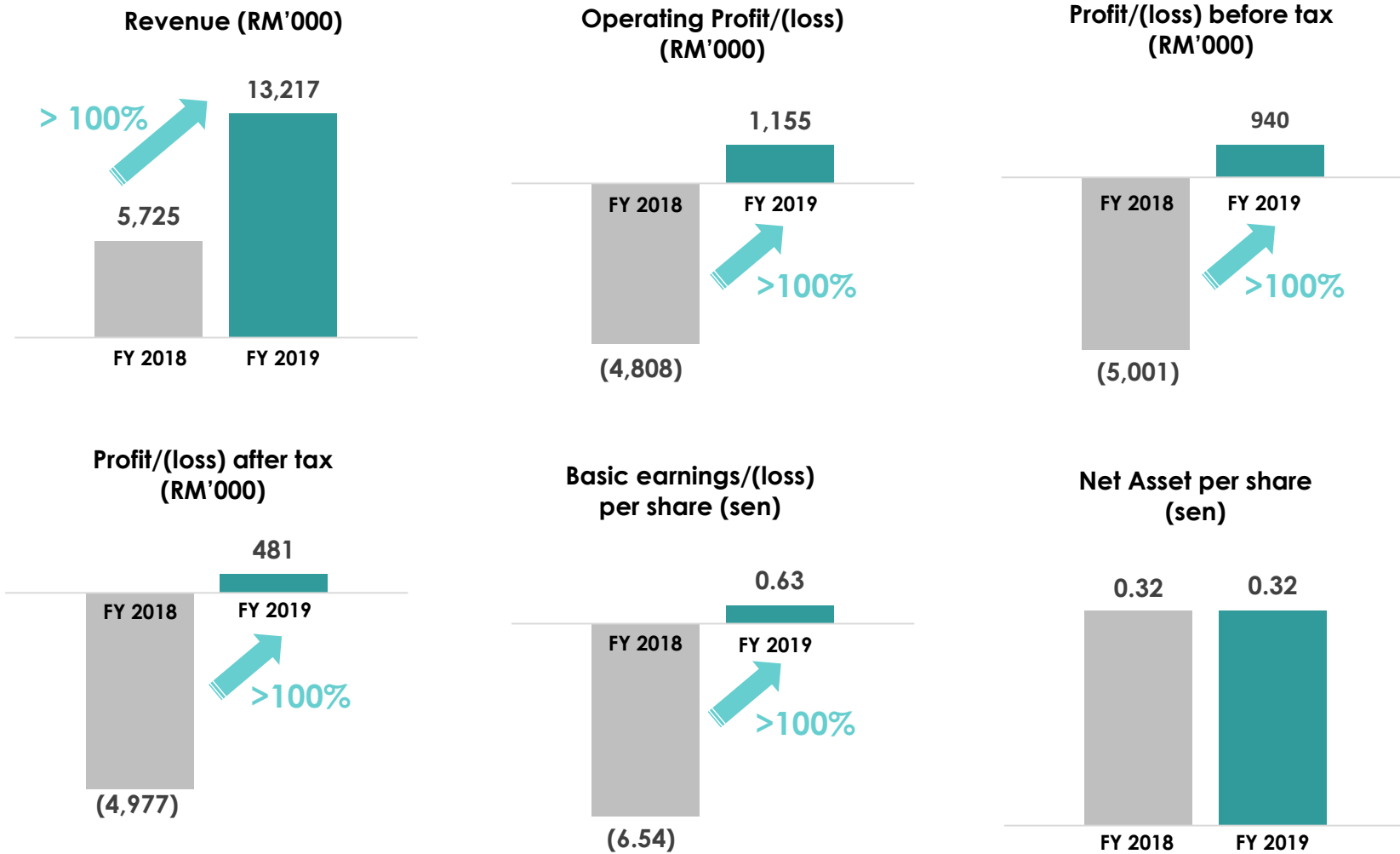
Company Name	:	Powernet Industries Sdn Bhd
Factory Address	:	No. 53, Batu 4, Jalan Bentong-Kuala Lumpur, 28700 Bentong, Pahang Darul Makmur
Details	:	Fully integrated manufacturer of warp-knitted fabrics from synthetic yarns for lingerie, apparel, automotive, household, shoe and industrial products. Powernet currently manufactures and supplies warp-knitted fabrics that range from elastic, tricot, brushed tricot, meshed tricot, microfibre and others
Update	:	After review and some refurbishment, the plant is currently producing. The plant is also working closely with the government agencies (MITI, MITI agencies and local colleges) and other SMIs to explore various avenues for process improvement and customers expansion.



FINANCIAL PERFORMANCE



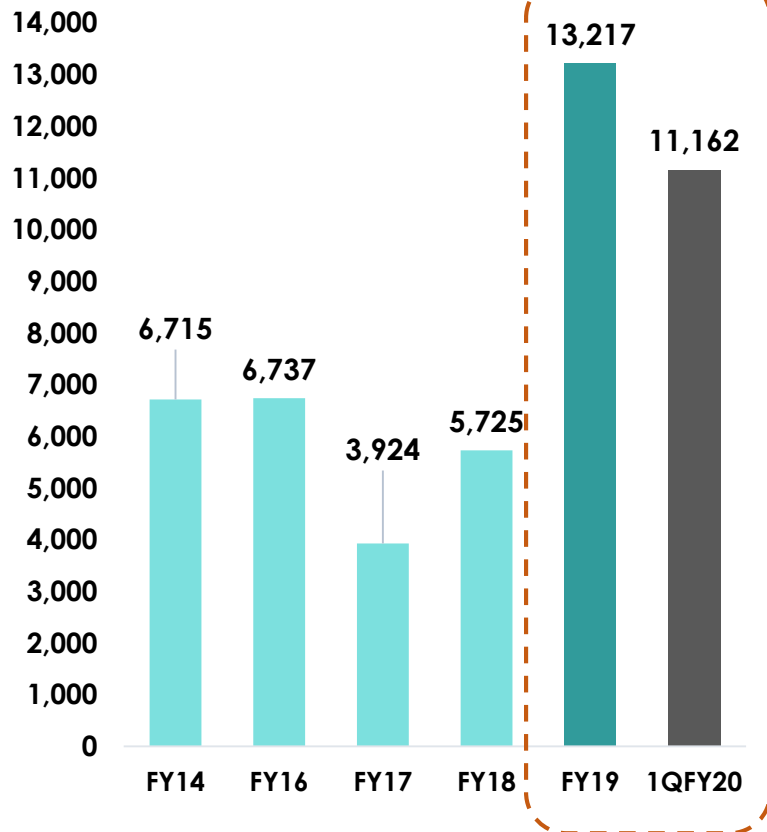
Financial performance of KPower as at FY2019 vs FY2018 as follows:



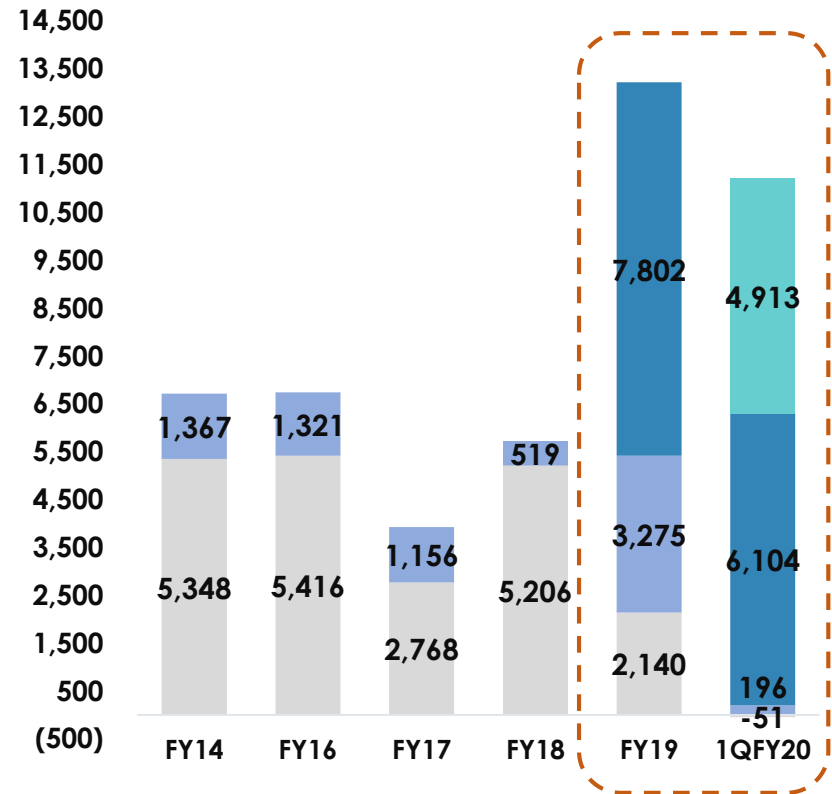
TOTAL REVENUE AND BREAKDOWN



**Total Revenue
(RM'000)**



**Revenue Breakdown
(RM'000)**



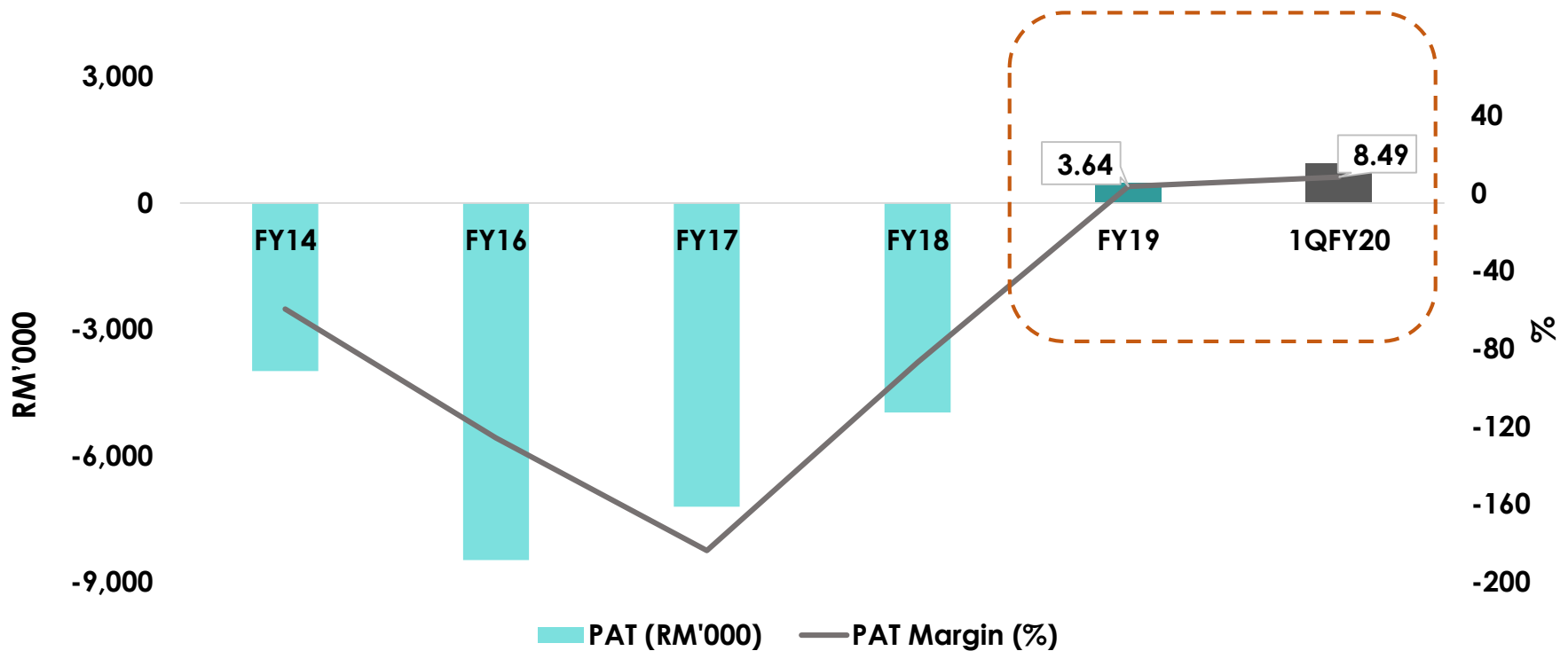
- Construction related activities
- Property Development
- Property Investment
- Manufacturing

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

PROFITABILITY (CONT'D)



PROFIT AFTER TAX ("PAT") AND PAT MARGIN

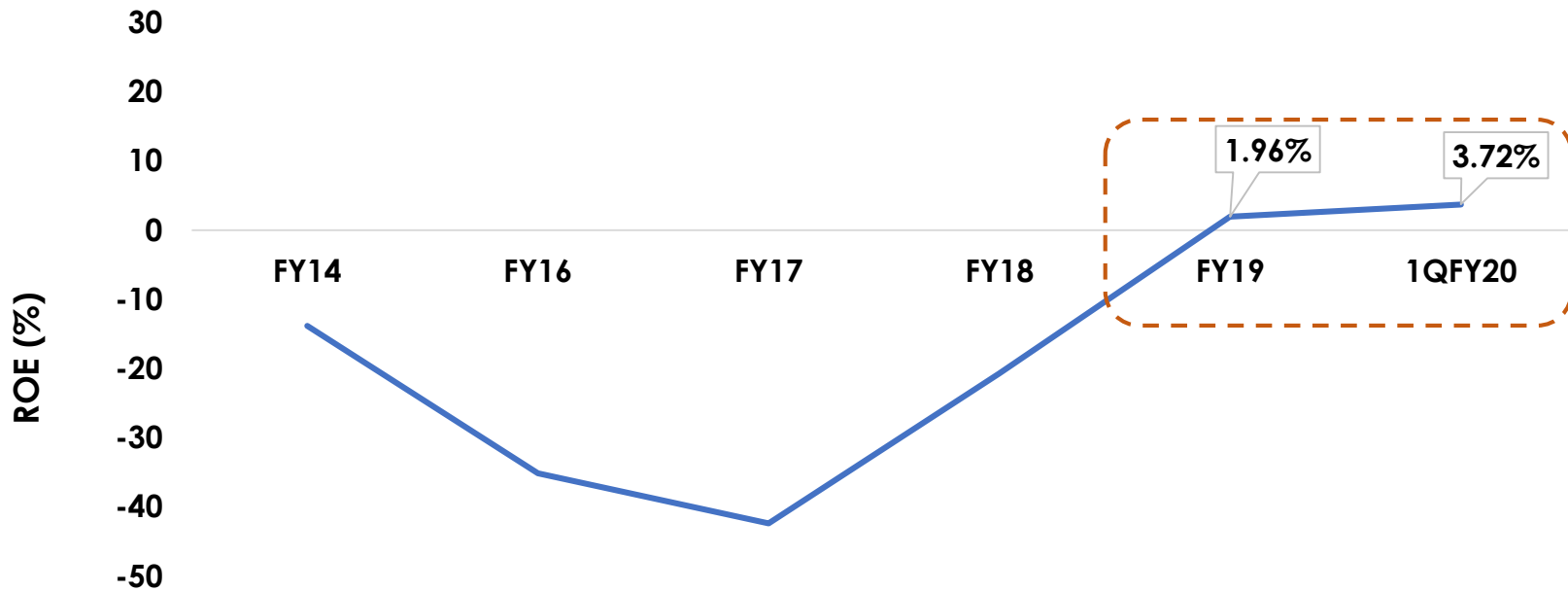


	FY14	FY16	FY17	FY18	FY19	1QFY20
PAT	(3,994)	(8,481)	(7,218)	(4,977)	481	948
PAT Margin (%)	(59.48)	(125.89)	(183.94)	(86.94)	3.64	8.49

PROFITABILITY (CONT'D)



RETURN ON EQUITY ("ROE")

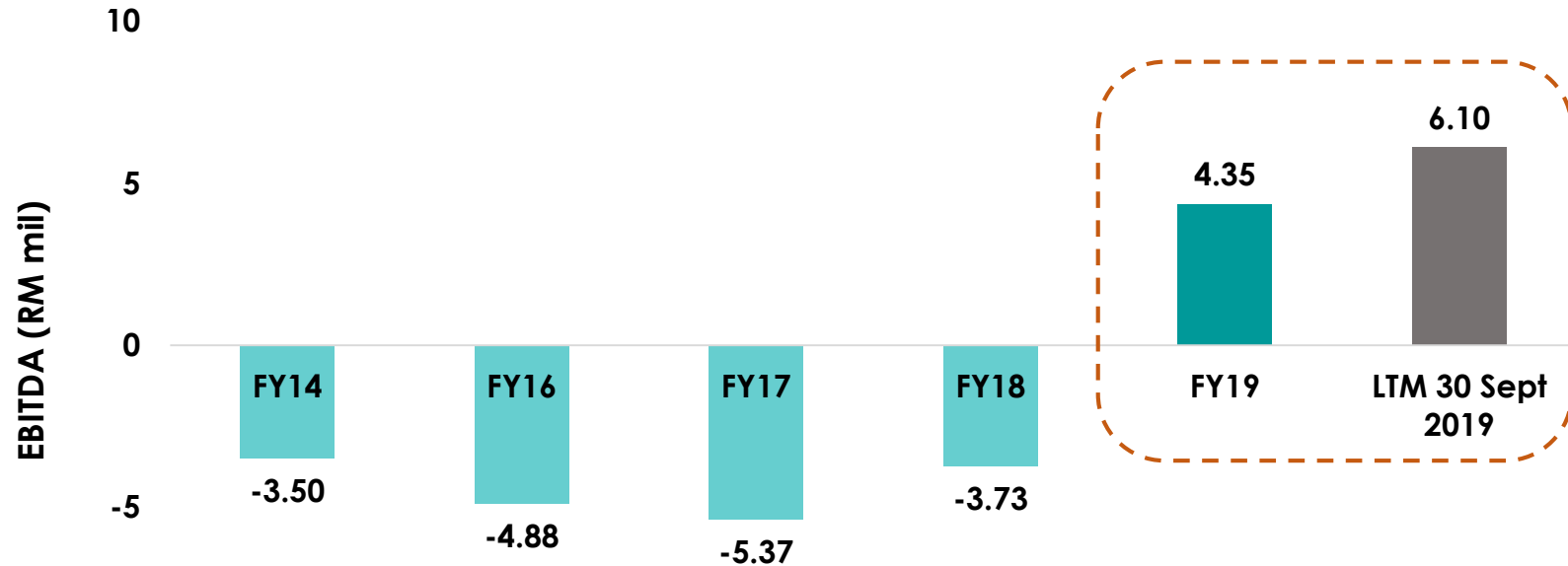


	FY14	FY16	FY17	FY18	FY19	1QFY20
ROE (%)	(13.82)	(35.12)	(42.37)	(20.71)	1.96	3.72

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


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



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

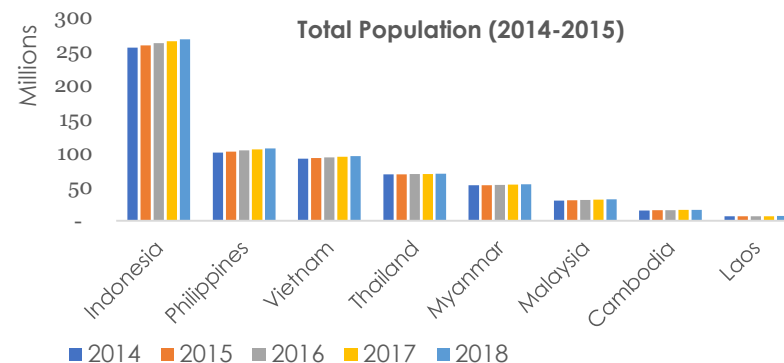
Energy security

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

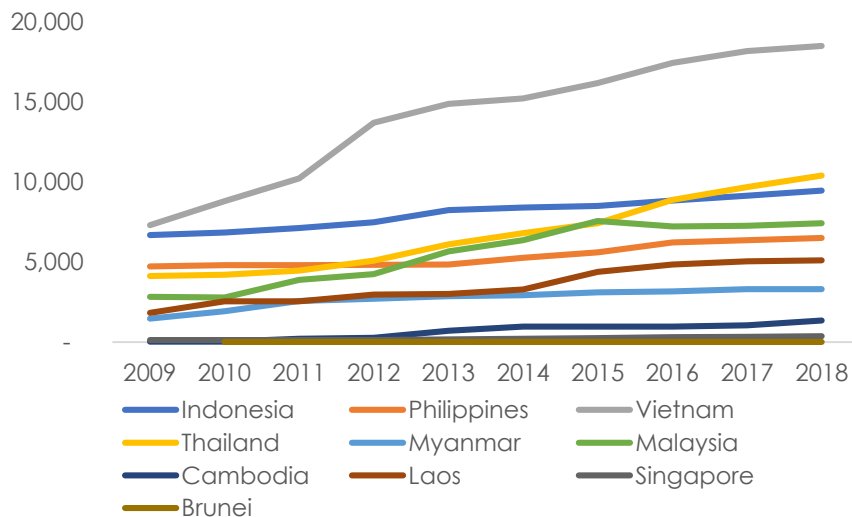
The need to develop energy infrastructure

Low electrification rate among the countries especially the rural areas

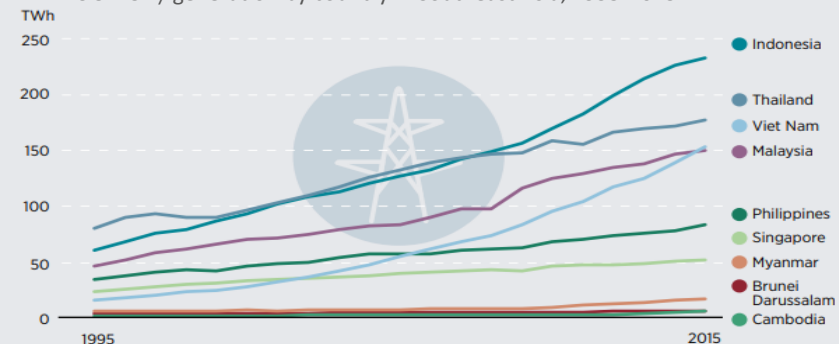
Rapid Economic & Demographic Growth



RE Installed Capacity (MW) in Southeast Asia



Electricity generation by country in Southeast Asia, 1995-2015



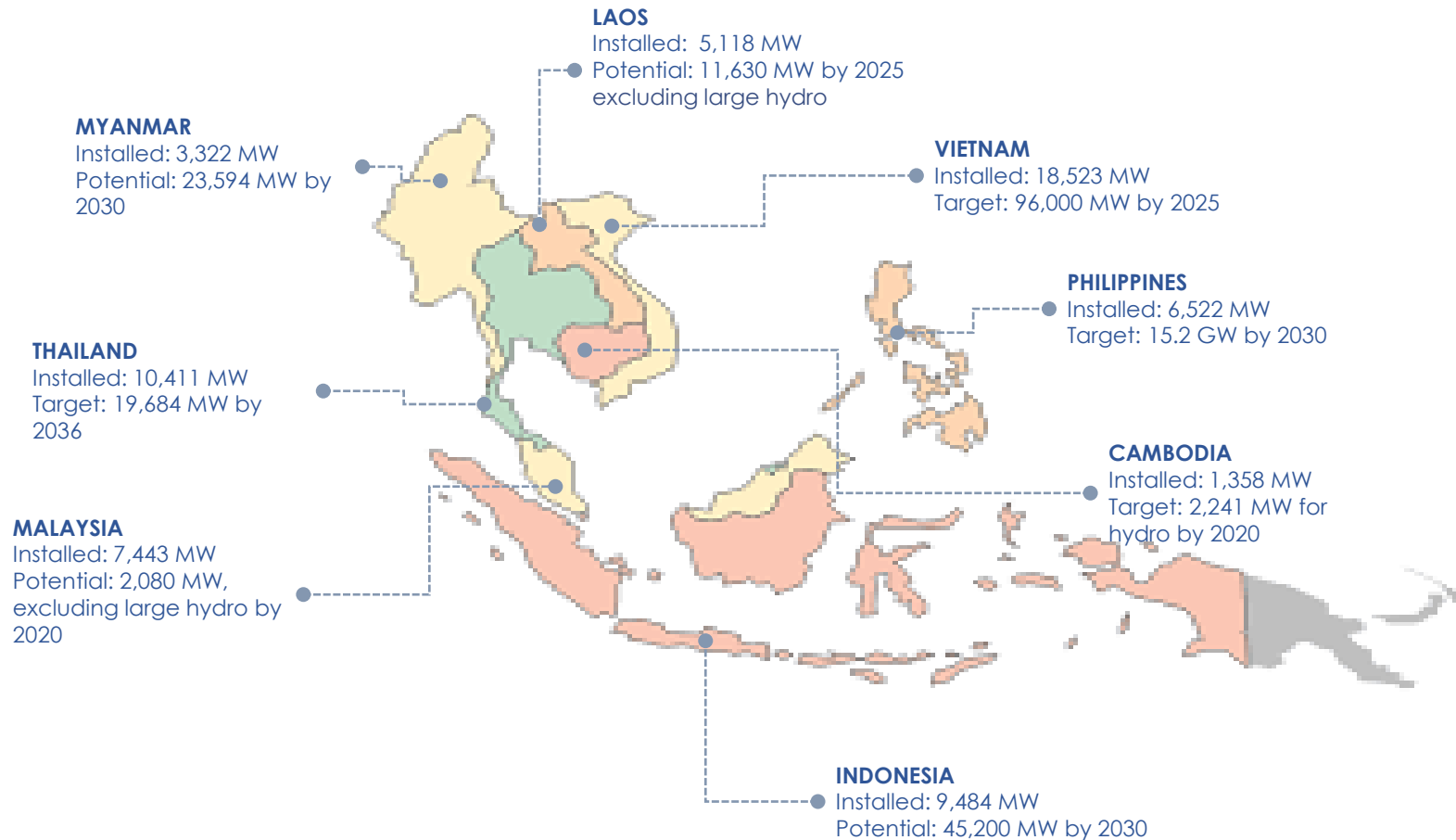
Source: International Energy Agency, 2017

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 5th 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

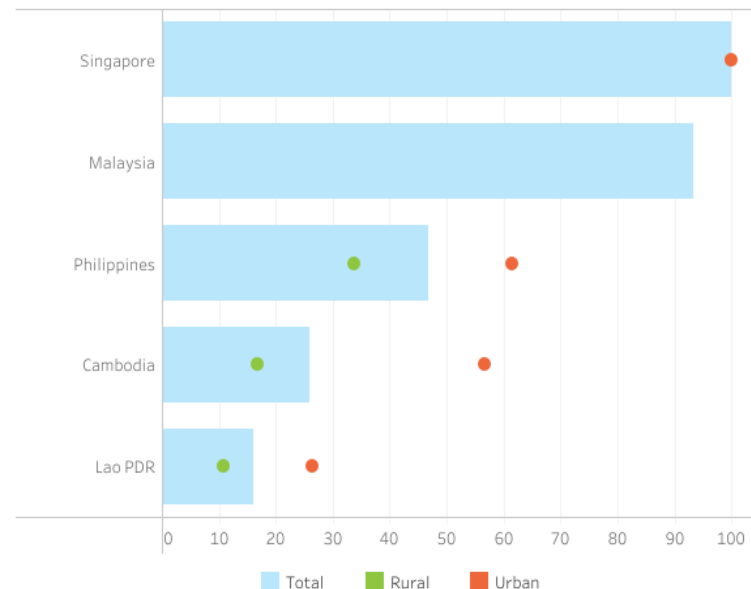
GROWTH OPPORTUNITIES

Propelled by a rapid
population growth &
urbanization

Inadequate
infrastructure

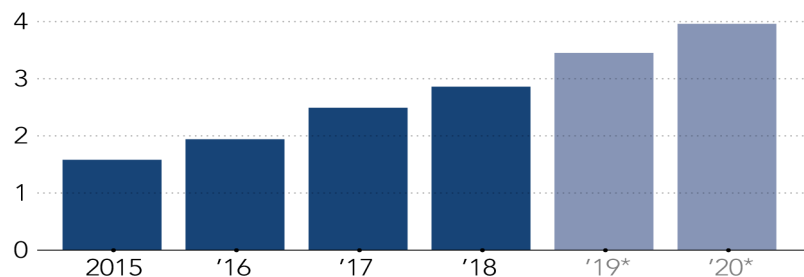
- In Southeast Asia, the water and wastewater services industry is still nascent with a highly fragmented market.
- Although Singapore and Malaysia are currently the markets with the most activity, developing markets such as Indonesia, Vietnam, and the Philippines are expected to offer strong growth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

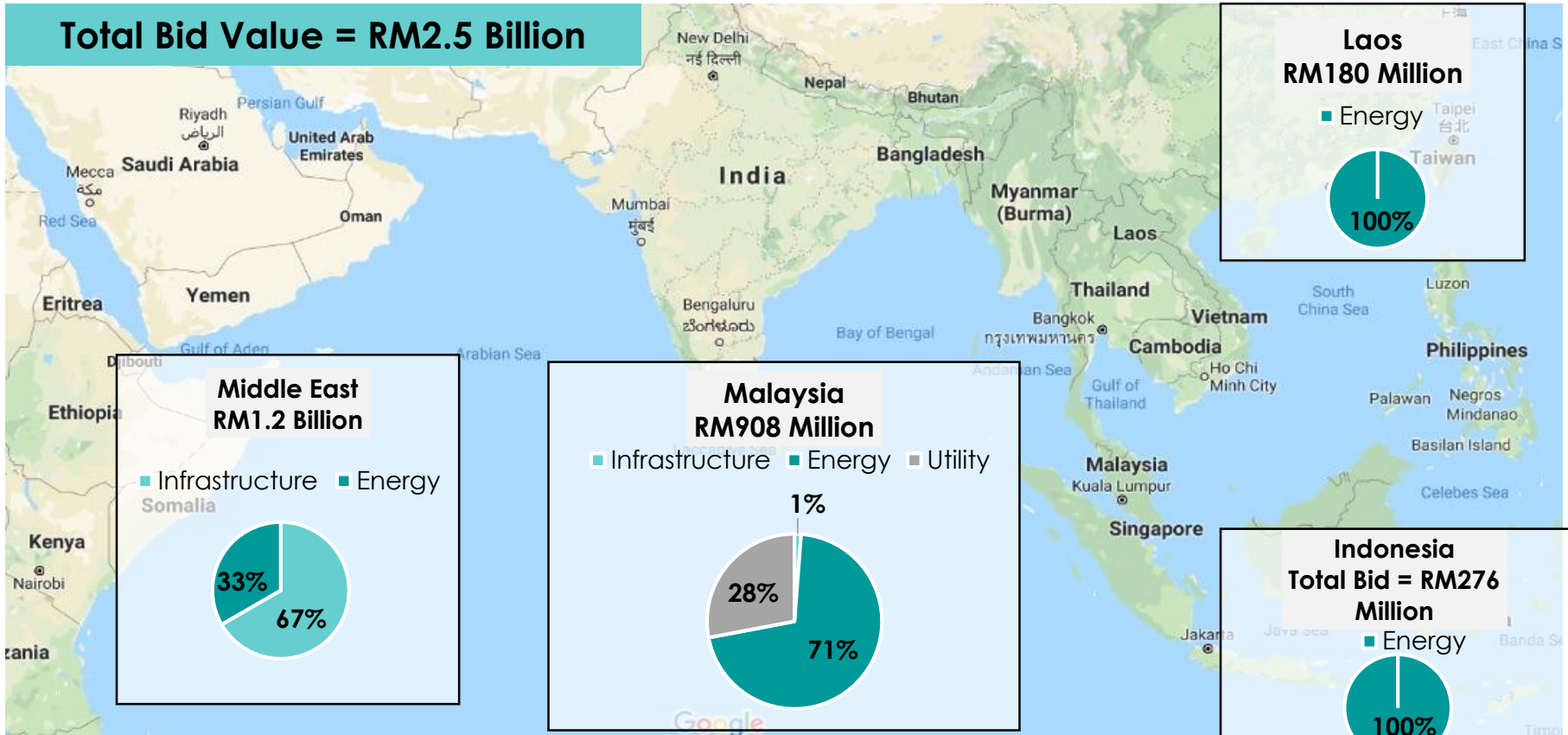
Source:

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
