



DELEUM



GROUP ANALYST BRIEFING Q2FY2022

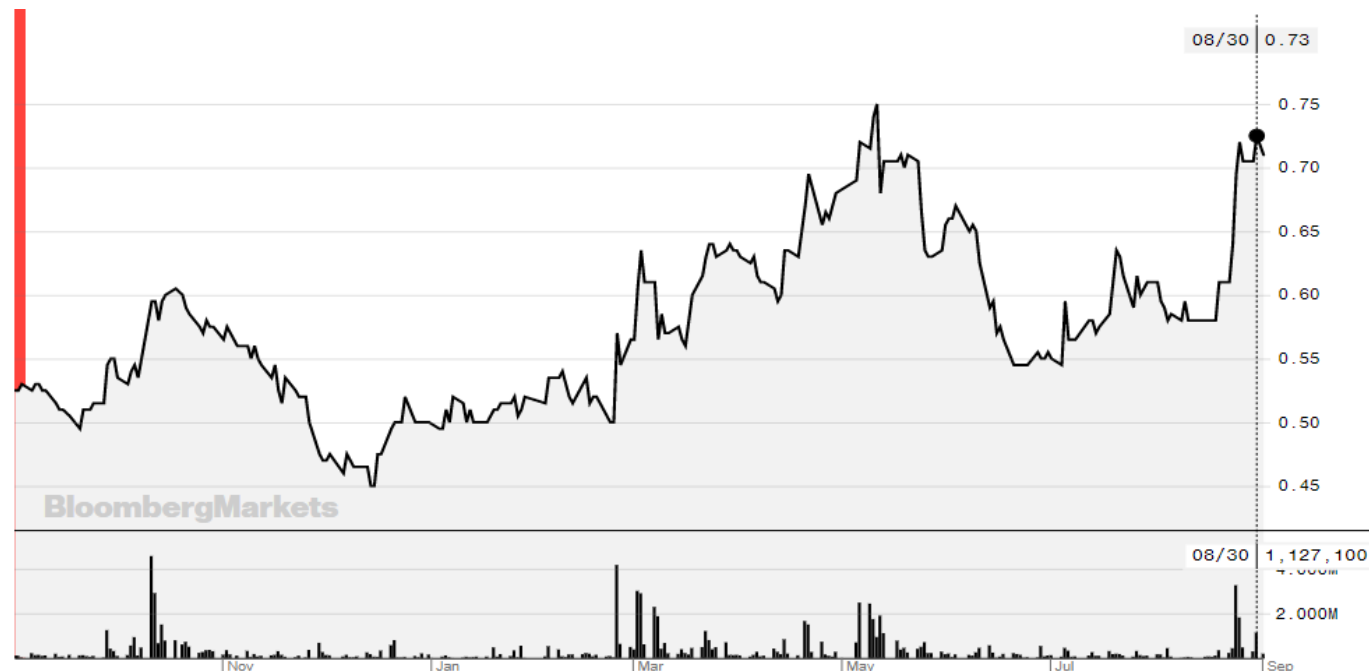
6 September 2022

COMPANY SNAPSHOT

Deleum Berhad (Deleum or the Group) was established in 1982 and was listed on the Main Board of Bursa Malaysia in 2007.

The Group is involved in the provision of gas turbine packages and related services, oilfield equipment and services, servicing of rotating equipment, integrated corrosion and inspection services, predominantly for the oil and gas industry.

It is a PETRONAS licensed service provider.



FINANCIAL HIGHLIGHTS

| FINANCIAL YEAR, 31 DEC (RM'000) | FY2021 | H1FY2022 |
|--|---------|----------|
| Revenue | 558,367 | 229,095 |
| Gross profit | 107,387 | 57,076 |
| Earnings before Interest, Tax, Depreciation and Amortisation | 66,405 | 40,694 |
| Profit before Tax | 32,153 | 24,502 |
| Profit after Tax and Non-Controlling Interest | 17,068 | 16,571 |

MARKET DATA *(as at 30 Aug 2022)*

| | |
|---|-------------|
| Current Share Price | RM0.725 |
| Number of Ordinary Shares | 401,553,500 |
| Market Capitalisation | RM291.1 mil |
| Shareholders' Equity <i>(as at 30 Jun 2022)</i> | RM371.6 mil |

ABOUT DELEUM

Overview

- Established in 1982
- Listed on the Main Market of Bursa Malaysia in 2007
- PETRONAS Licensed Service Provider

Our Business

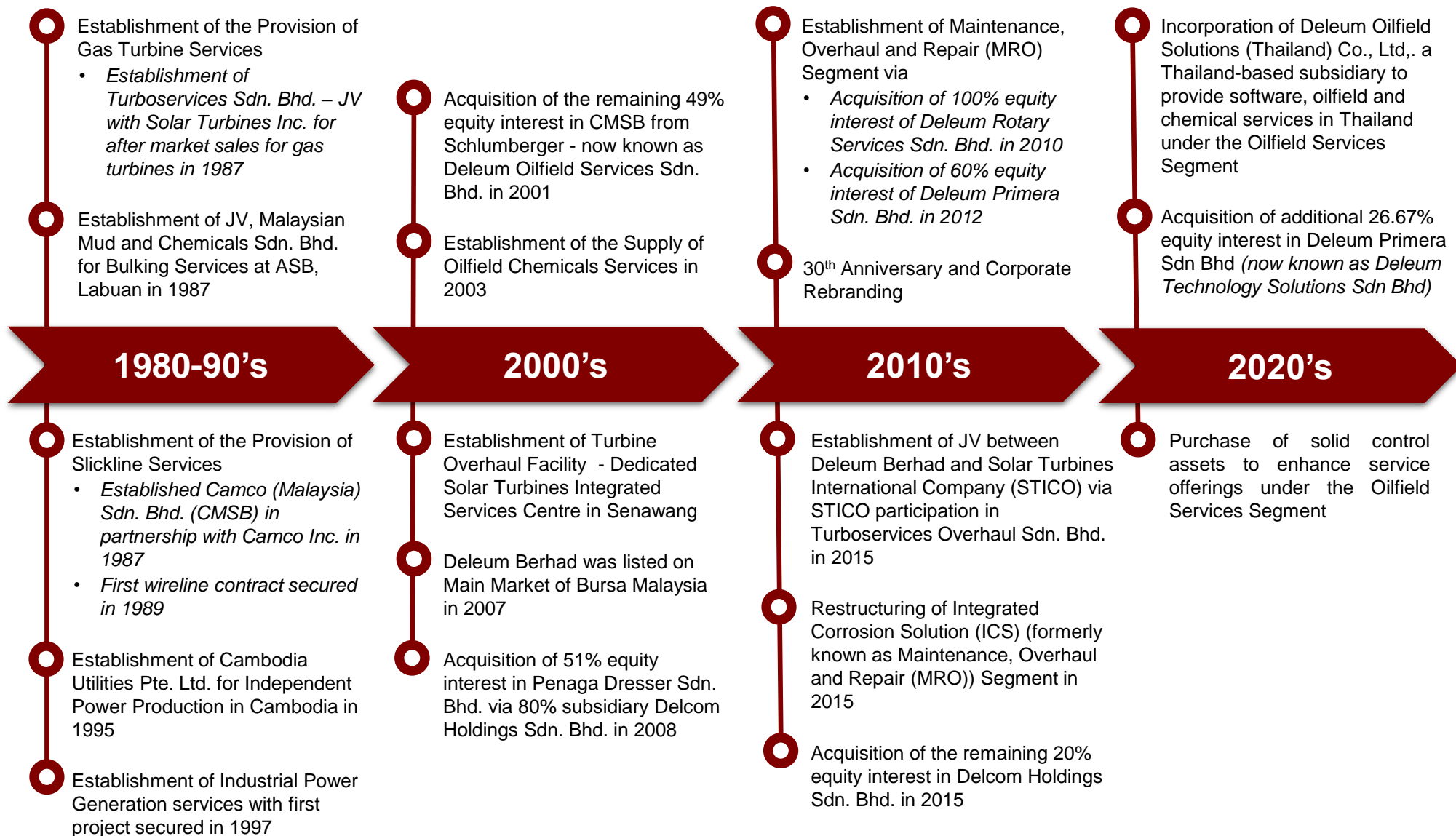
- Evolved from a Product Oriented business to an Integrated Solutions provider.
- Focused on 3 core business segments :
 - Power and Machinery (“P&M”)
 - Oilfield Services (“OS”)
 - Integrated Corrosion Solution (“ICS”)

Our Competencies

- Staff strength: 871 employees as of 30 June 2022
- First Training Well Facility commissioned at Asian Supply Base in Labuan, Malaysia



MILESTONES



BOARD OF DIRECTORS



Dato' Izham bin Mahmud

Non-Independent Non-Executive Chairman

Co-founder of Deleum Services Sdn Bhd. More than 30 years in the financial and banking sectors. Served in several other listed financial and non-financial companies/group.



Datuk Vivekananthan a/l M.V. Nathan

Non-Independent Non-Executive Deputy Chairman

Co-founder of Deleum Services Sdn Bhd. Vast experience in both upstream and downstream of the oil and gas industry across several countries within the Asean region.



Ramanrao bin Abdullah

Group Chief Executive Officer

He was appointed as Group Chief Executive Officer of Deleum on 1 July 2021 and appointed as Director to the Board on 9 July 2021. More than 25 years in the oil and gas industry.



Lee Yoke Khai

Independent Non-Executive Director

Started his career with PricewaterhouseCoopers PLT in 1981. Was an Audit Partner from 1991 until retirement in 2018. Extensive experience within the audit profession in wide range of industrial and commercial operations in Malaysia and Australia.



Datuk Manharlal a/l Ratilal

Senior Independent Non-Executive Director

He was the Executive Vice President & Group Chief Financial Officer, member of PETRONAS' Board, Executive Leadership Team and several PETRONAS' subsidiaries until retirement in 2018. Attached to RHB Investment Bank Berhad for 18 years prior to PETRONAS.



Tan Sri Dato' Seri Shamsul Azhar bin Abbas

Independent Non-Executive Director

He was the President and Chief Executive Officer of PETRONAS from 2010 to 2015. He joined PETRONAS in 1975 and served in various capacities during his 40 years tenure with the organisation.



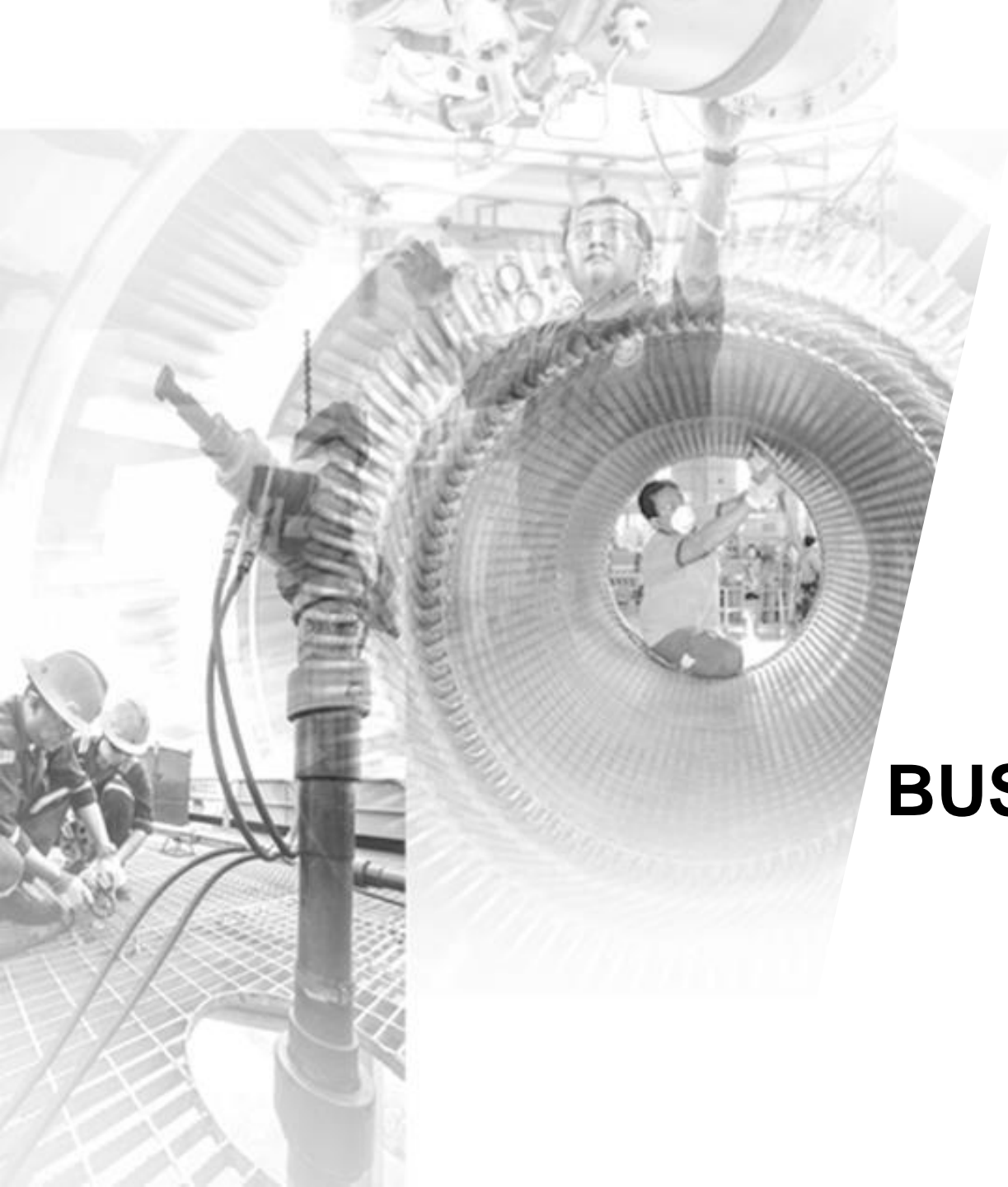
Datin Aisah Eden

Independent Non-Executive Director

She has extensive corporate services experience covering a wide range of board, corporate-legal, strategic human resource, retail, shared services, sustainability and corporate social responsibility (CSR), government relations to managing brand and reputation.

GROUP CORPORATE STRUCTURE





BUSINESS SEGMENTS

CORE BUSINESSES



POWER AND MACHINERY

- Provision of gas turbine packages, aftersales support and services.
- Provision of printed circuit heat exchanger and operational spares.
- Provision of multi-phase pump solutions & submersible motors, after sales and spares.
- Provision of thermal engineering products and solutions.
- Supply, installation, repair and maintenance of valves and flow regulators.



OILFIELD SERVICES

- Slickline and Well Services (SWS).
- Asset Integrated Solutions (AIS).
- Specialty Chemical and Well Stimulation (SCWS).



INTEGRATED CORROSION SOLUTION

- Provision of low dust, environmentally friendly blasting technology for surface preparation.
- Coating removal by controlled induction heating.
- Passive fire protection services.
- Integrated maintenance, construction and modification services.
- Oil spillage combat equipment and services.

CORE BUSINESSES



Power & Machinery (P&M)

Deleum Services Sdn. Bhd. – 100%

Provision of gas turbines packages, maintenance and technical services, combined heat and power plants, and production related equipment and services predominantly for the oil and gas industry.

Deleum Rotary Services Sdn. Bhd. – 100%

Maintenance, project management, installation and commissioning support services of gas turbines packages.

Penaga Dresser Sdn. Bhd. – 51%

Supply, repair, maintenance and installation of valves and flow regulators.

^ Turboservices Sdn. Bhd. – 74%

Provision of gas turbine overhaul and technical services and supply of gas turbine parts.

^ Turboservices Overhaul Sdn. Bhd. – 80.55%

Gas turbines overhaul and repair facility.



Oilfield Services (OS)

Deleum Oilfield Services Sdn. Bhd. – 100%

Provision of slickline equipment and services, integrated wellhead maintenance services, drilling equipment and services, well intervention and other oilfield related products and services.

Deleum Chemicals Sdn. Bhd. – 100%

Development and provision of solid deposit removal solutions for enhancement of crude oil production and the supply of oilfield chemicals and services.



Integrated Corrosion Solution (ICS)

Deleum Technology Solutions Sdn. Bhd. – 86.67%%

Provision of integrated corrosion and inspection services, blasting technology, maintenance, construction and modification (MCM) maintenance activities, services for tanks, vessels, structures and piping.

Remarks:

^ Partnership with Solar Turbines International Company (“STICO”).

Partnership with Baker Hughes-Dresser.



POWER AND MACHINERY

GAS TURBINE PACKAGES

Turboservices Sdn Bhd (“TSSB”) provides total lifecycle support to Solar Turbines®’s gas turbine users in Malaysia.

Servicing centre is located in Senawang, Negeri Sembilan.

- Invested plant and equipment > RM 20 million
- Sitting on 3.5 acres site (30k sq. ft. built-up area)
- Equipped with advanced simulators and training skids
- Capabilities:
 - Gas Turbine Overhaul
 - Gas Compressor Overhaul
 - Factory Pre-Commissioning Test for Control Systems Upgrade
 - Classroom and Practical Training



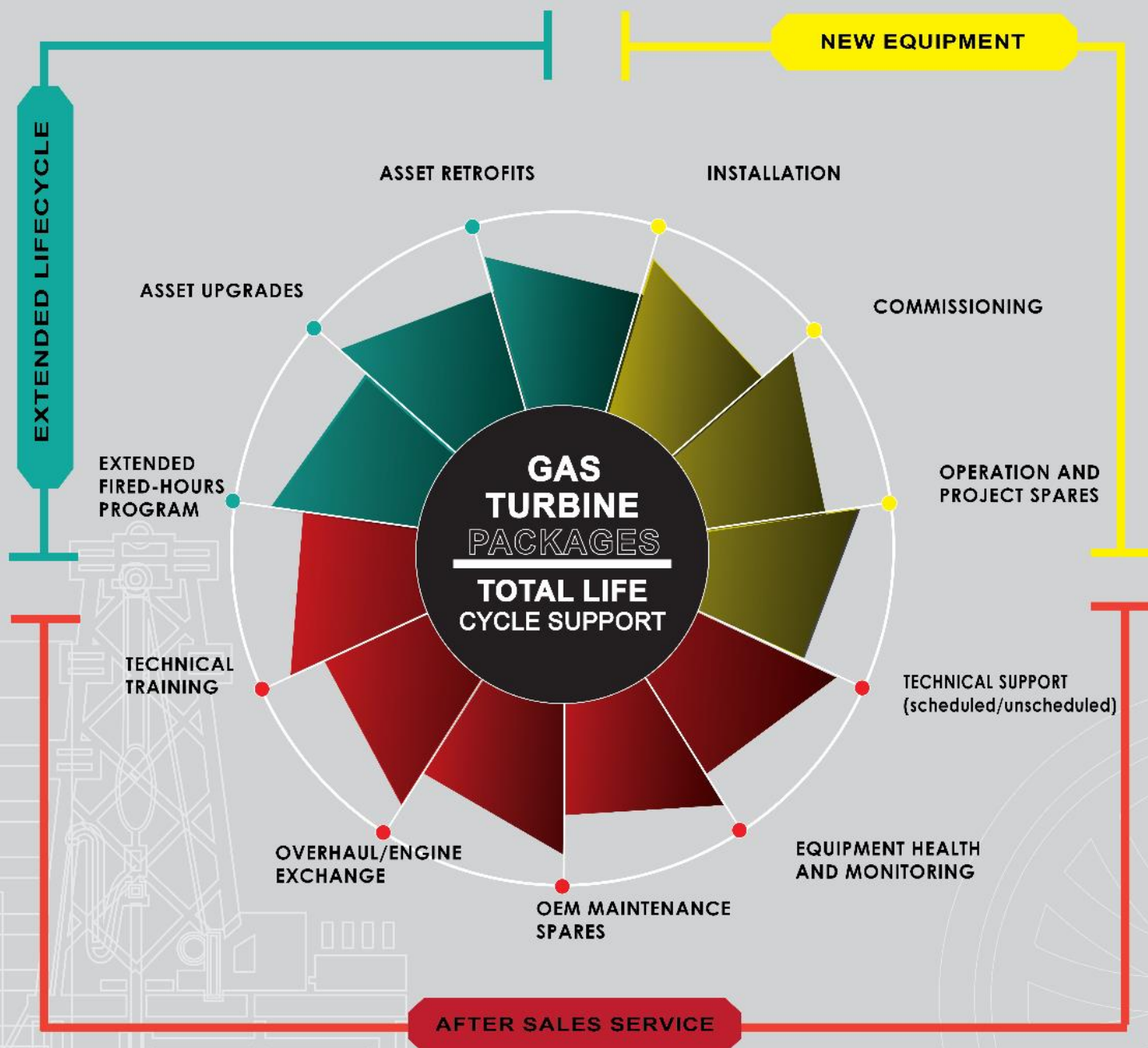
TSSB’s facility in Senawang, Negeri Sembilan

Solar Turbines

A Caterpillar Company

SOLAR TURBINES® INCORPORATED

Solar Turbines Incorporated, headquartered in San Diego, California, is a wholly owned subsidiary of Caterpillar Inc. Solar manufactures the world’s most widely used family of mid-sized industrial gas turbines, ranging from 1 to 23 megawatts. More than 16,000 Solar units are installed in more than 100 countries with more than 3 billion operating hours. Solar is a leading provider of energy solutions, featuring an extensive line of gas turbine-powered compressor sets, mechanical drive packages, and generator sets.



VALVES & FLOW REGULATORS SERVICES

Penaga Dresser Sdn Bhd (“PDSB”) is the sole agent of Dresser’s products on control valves, regulators and safety relief valves for Malaysia market. It also provides Total Valve Management and supporting activities.

Services offered by PDSB include:

- Service support for control valves, regulators and safety relief valves, actuators and related instruments
- Diagnostic services using Electronic Valve Testing (EVT) methodology
- Control valves modification, upgrading and refurbishment
- Training on control valves servicing, assembly and smart products (i.e. Positioners and Digital Level Transmitters)



PDSB’S BACKGROUND

PDSB has come a long way since it commenced operations in 1992, which began as a strategic partnership between a Malaysian entrepreneur with Grove Italia Spa under the name of Penaga Grove Sdn Bhd, supplying solely Grove Ball valves c/w Ledeen Actuators to the Oil and Gas sector. With the acquisition of Grove by Dresser USA back in June 1995, PDSB moved another step ahead by expanding its services to represent all products under the Dresser brand name.

To reflect its position as being part of the global Dresser group, Penaga Grove later changed its name to PDSB in October 2001. Practicing Dresser’s policy and working procedures, PDSB also has direct access to all Dresser’s manufacturing plants worldwide.



OILFIELD SERVICES

BUSINESS SUB-SEGMENTS



SLICKLINE & WELL SERVICES (SWS)

Slickline equipment & services

- Slickline Routine & Non-Routine Activities
- Heavy Duty Slickline Fishing
- Downhole Memory Gauges
- Sub-surface Safety Valve Maintenance
- Equipment & Tool Rental

Wellhead maintenance & gas lift valve

- Total Wellhead Maintenance Management
- Corrective Maintenance
- Preventive Maintenance
- Data and Well History Management
- Extended Maintenance Services Up To Header Ball Valves
- Critical Spare Parts Management
- Failure Analysis Report
- Echometer Services
- Annulus Fluid Top Up
- Gas Lift Valves Services

Training well facility & others

Deleum Oilfield Services Sdn Bhd (DOSSB) had successfully commissioned the first Training Well Facility at Asian Supply Base in Labuan, Malaysia.

- Total depth is 115 feet with dual strings completion, wellhead and working platform (similar set-up as at offshore locations)
- Serves as a training platform providing simulated work environment
- Made available also to external parties for training, testing and etc.

BUSINESS SUB-SEGMENTS *(Cont.)*



ASSET INTEGRATION SOLUTIONS (AIS)

Cased hole logging & interpretation

- Slickline Routine & Non-Routine Activities
- Heavy Duty Slickline Fishing
- Downhole Memory Gauges
- Sub-surface Safety Valve Maintenance
- Equipment & Tool Rental

Well intervention engineering

- Slickline Routine & Non-Routine Activities
- Heavy Duty Slickline Fishing
- Downhole Memory Gauges
- Sub-surface Safety Valve Maintenance
- Equipment & Tool Rental

Drilling & completions

- Auxiliary Cementing Accessories Business (ACAB)
- Drill Bits (Rock/PDC) & Hole Enlargement
- Well Control Services & Contingency Planning
- Pressure Activated Sealant
- Well Plug & Abandonment
- Integrated Drilling Services

Sub-surface engineering

- Subsurface Study
- Thru Tubing Electrical Submersible Pump (TTESP)
- Geomechanic & Pore Pressure Study
- Idle Well Reactivation
- New Technology Approach

BUSINESS SUB-SEGMENTS *(Cont.)*



SPECIALTY CHEMICAL & WELL STIMULATION (SCWS)

A research oriented unit which provides *customised solutions* to oil and gas industry.

Our in-house *Research & Development Technology Centre* formulates chemicals for performance and integrated production chemicals, coupled with in-house technical expertise in wells behavior and flow assurance, providing superior solutions to customers.

Production Enhancement Solutions

- Organic deposit treatment
- Naphthenates treatment
- Scale treatment
- Removal of wellbore dirt
- Water shut-off and profile modification
- Pressure pumping and nitrogen lifting
- Sand consolidation, fine migration control
- Zonal isolation
- Well integrity

Flow Assurance

- Scale squeeze treatment
- Production and performance chemicals for water injectors and oil producers
- Integrated tank cleaning
- On-line/offline cleaning (separators, heat exchangers, boilers)
- Tracer study, cleaning of flowline & pipelines, hazard containment
- Specialty formulation for CEOR schemes
- H2S monitoring, remediation and integrated management

Well Stimulation

- N2 System & Services
- Pumping Services
- Coiled Tubing Unit & Services
- Chemical Injection System
- Low Pressure Production Unit (LoPPU)
- Multiphase Flowmeter
- Annulus Pressure Management



INTEGRATED CORROSION SOLUTION

INTEGRATED CORROSION SOLUTION

Deleum Technology Solutions Sdn Bhd (“DTSSB”) is involved in the provision of services in the integrated corrosion, inspection and mitigation for the oil and gas industry.

Included in DTSSB’s range of products and services is **Sponge-Jet** that focuses on surface preparation.

SPONGE-JET Technology

- Low blast-related dust, excellent profiling and cleaning capabilities
- Enhanced surface contaminant removal and retention
- Exponential waste reduction
- High productivity
- Improved work safety
- Dramatically reduced



INTEGRATED CORROSION SOLUTION *(Cont.)*

DTSSB has also ventured in SLICKBAR™ Technology, a complete marine application equipment and oil spill equipment.

SLICKBAR™ takes great pride in servicing the industry with first class solutions, services and products that conform to international standards utilizing the latest technology combined with over 50 years of experience in the field.

SLICKBAR™ Products

- Oil Booms
- Oil Skimmers
- Oil Absorbents
- Oil Spill Monitoring Systems
- Oil Dispersants
- Dispersant Sprayer Systems
- Oil Spill Response Vehicles
- Response Vessels and others

SLICKBAR™ International Quality Assurance System

- The first manufacturer of Oil Spill Response equipment in the World to meet the requirements of International Environmental Management Systems
- ISO 9001: 2008
- ISO 14001: 2004
- International Occupational Health & Safety Standards, OHSAS 18001: 2007

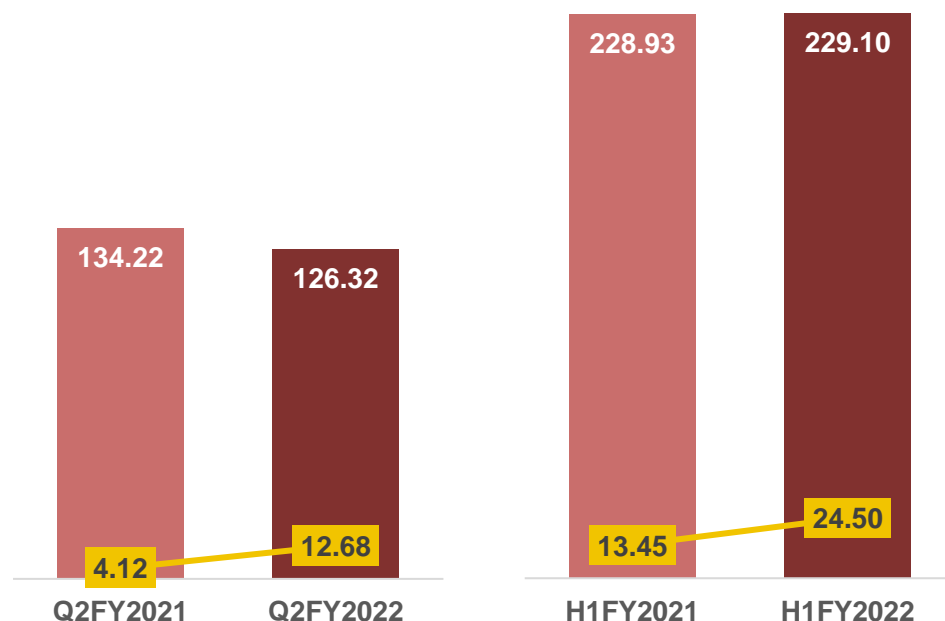


FINANCIAL RESULTS

Q2FY2022

OVERALL FINANCIAL PERFORMANCE

| GROUP | | |
|--|---------------------|----------------------|
| Comparison Period | Revenue (mil) | PBT (mil) |
| Individual Quarter: Q2FY22 vs Q2FY21 | ↓ RM7.90 (-5.9%) | ↑ RM8.55 (207.4%) |
| Cumulative Quarters: H1FY22 vs H1FY21 | ↑ RM0.17 (0.1%) | ↑ RM11.05 (82.2%) |



Revenue, RM'mil

 Profit before tax (PBT), RM'mil

Summary

Quarter-on-Quarter

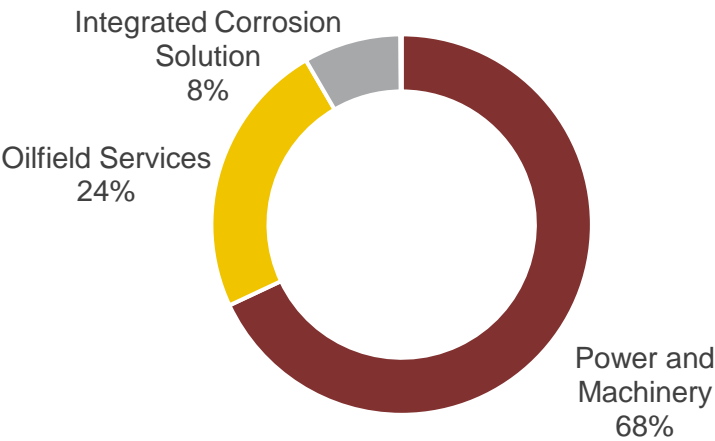
- The Group's PBT improved despite lower revenue, mainly due to better contribution by the OS and ICS segments.

Year to date

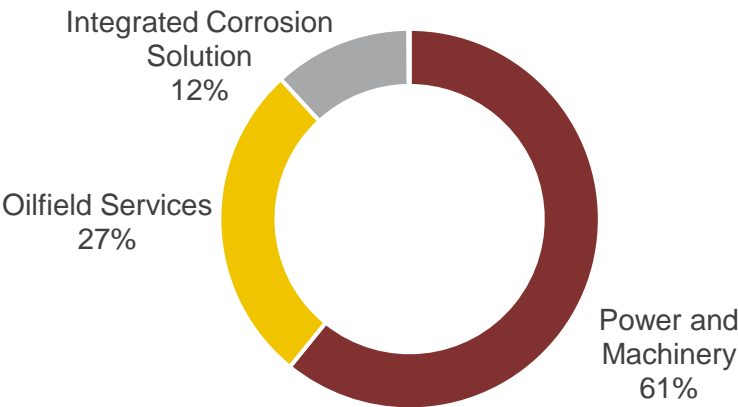
- Improved PBT was supported by better performance of the OS and ICS segments with improvement in operating margins.
- The reversal of impairment made for a trade receivable of RM2.6 million and a gain on disposal of plant and equipment of RM1.6 million also contributed to the improved overall profitability.
- Better results were partially offset by the weaker performance from the P&M segment.

REVENUE AND PBT BY SEGMENT

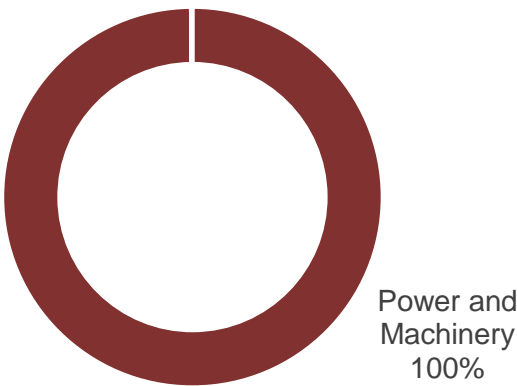
Revenue Breakdown by Segment: H1FY2021



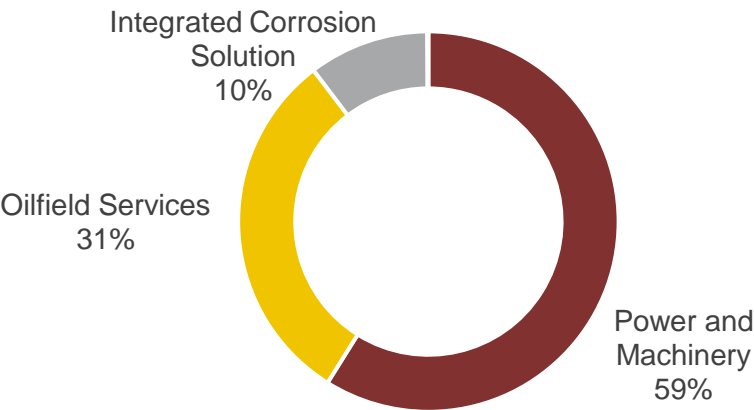
Revenue Breakdown by Segment: H1FY2022



PBT Breakdown by Segment: H1FY2021



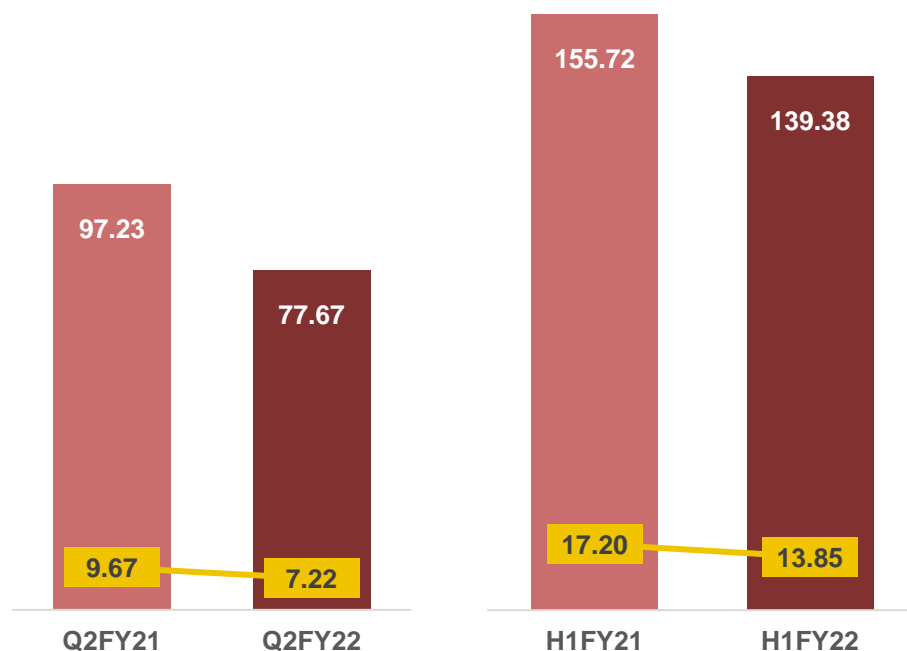
PBT Breakdown by Segment: H1FY2022



Note: Oilfield Services and Integrated Corrosion Solution reported losses in H1FY2021

SEGMENTAL PERFORMANCE

| Power & Machinery | | |
|-------------------|-----------------------|----------------------|
| Comparison Period | Revenue (mil) | Segment Profit (mil) |
| Q2FY22 vs Q2FY21 | ↓ RM19,56 (-20.1%) | ↓ RM2.45 (-25.4%) |
| H1FY22 vs H1FY21 | ↓ RM16.34 (-10.5%) | ↓ RM3.34 (-19.4%) |



Revenue, RM'mil

 Segment Profit, RM'mil

SUMMARY

Quarter-on-Quarter

- Segment revenue fell by 20.1% due to decrease in exchange engine deliveries, weaker sales for turbine parts and lower contribution from retrofit projects and third party.
- Segment results were also affected by the unfavourable change in sales mix and higher operating costs.

Year to date

- Profit fell by 19.4%, consistent with the decline in revenue reported and lower contribution from the valves & flow regulators services and third-party sales.
- Partially mitigated by favourable movement in foreign currency contract differences with a lower net loss as compared to previous year.

SEGMENTAL PERFORMANCE *(Cont.)*

| Oilfield Services | | |
|-------------------|---|--|
| Comparison Period | Revenue (mil) | Segment Profit (mil) |
| Q2FY22 vs Q2FY21 | <div> <div></div> <div>RM8.51</div> <div>(32.7%)</div> </div> | <div> <div></div> <div>RM4.44</div> <div>(456.1%)</div> </div> |
| H1FY22 vs H1FY21 | <div> <div></div> <div>RM8.61</div> <div>(15.9%)</div> </div> | <div> <div></div> <div>RM7.57</div> <div>(2,306%)</div> </div> |

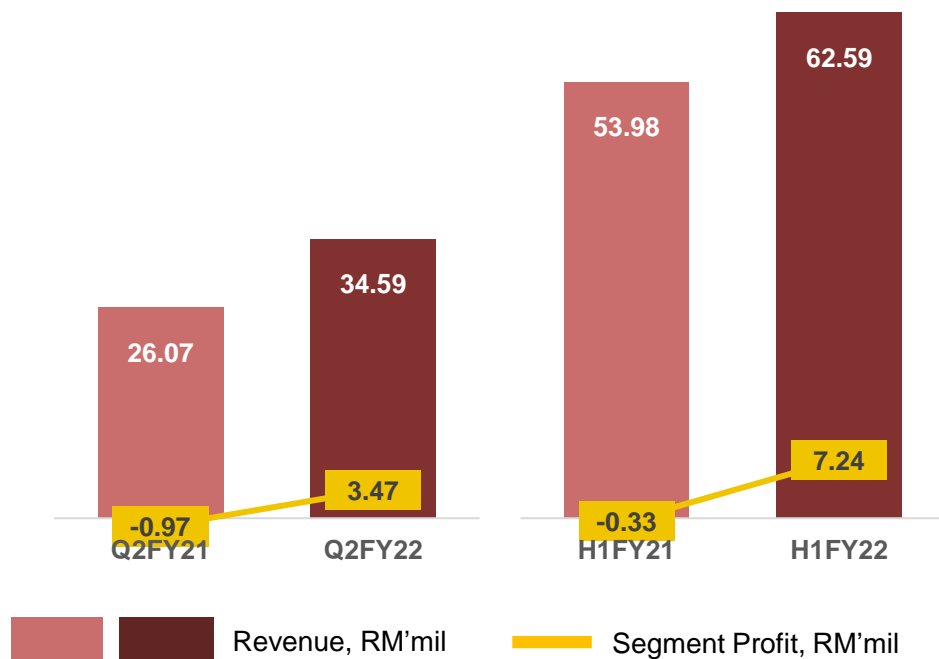
SUMMARY

Quarter-on-Quarter

- Improved results due to higher activities from slickline services in both East and West Malaysia regions, well intervention and enhancement services, chemical sales and spillover jobs from the gas lift valve contract.

Year to date

- Turned profitable on the back of higher revenue recorded, improvement in operating margins earned and reversal of impairment made.



SEGMENTAL PERFORMANCE *(Cont.)*

| Integrated Corrosion Solution | | |
|-------------------------------|---------------------|----------------------|
| Comparison Period | Revenue (mil) | Segment Profit (mil) |
| Q2FY22 vs Q2FY21 | ↑ RM3.16 (29.3%) | ↑ RM4.88 (134.0%) |
| H1FY22 vs H1FY21 | ↑ RM7.91 (41.7%) | ↑ RM5.89 (169.2%) |

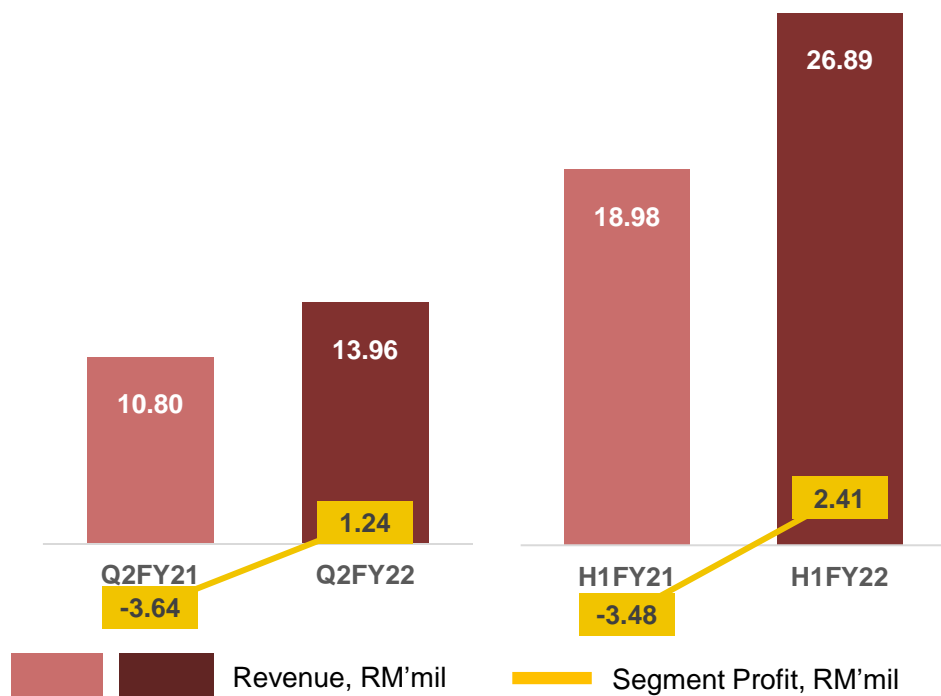
SUMMARY

Quarter-on-Quarter

- Higher maintenance activity levels for both Sponge-Jet Blasting (SPJ) business in Indonesia and the Maintenance, Construction and Modification services (MCM) project.

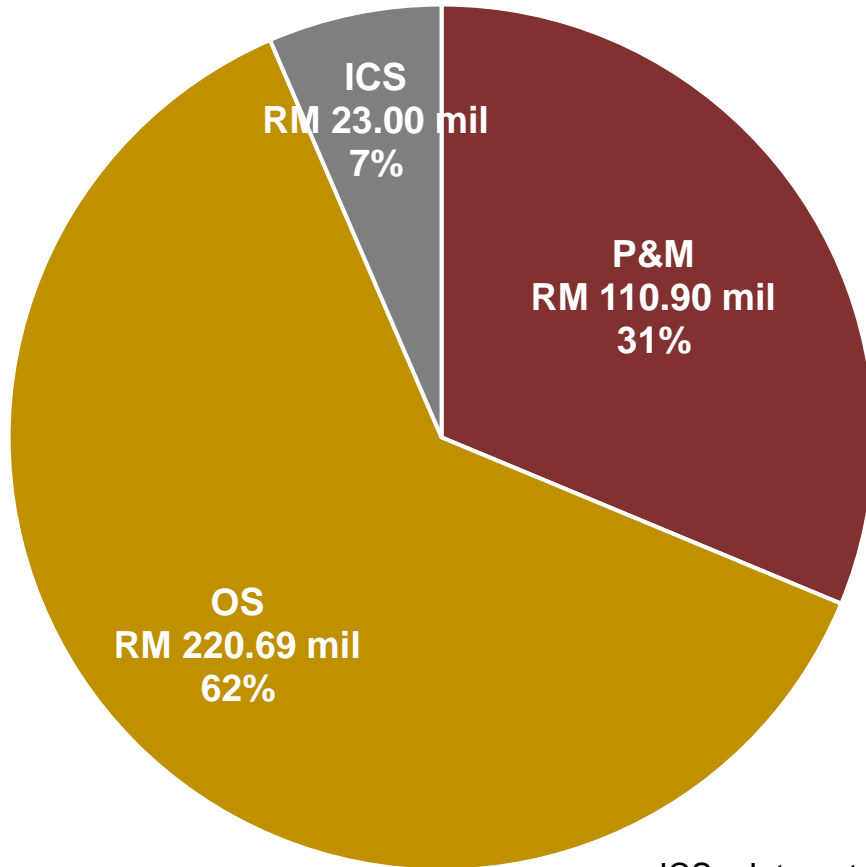
Year to date

- Reported profit of RM2.4 million against previous year's loss, in line with higher revenue achieved coupled with lower professional fees, penalty charges and lower operating costs.

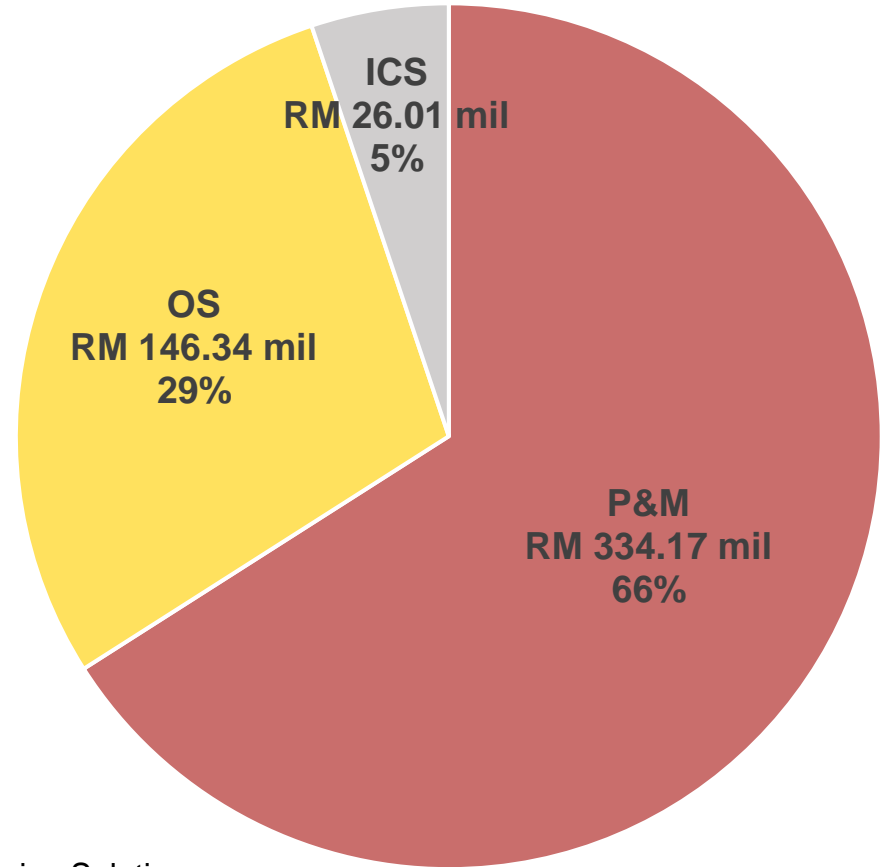


ORDER & TENDER BOOKS

**Order book totaling RM354.59 million
as at 30 June 2022**



**Tender book totaling RM506.53 million
as at 30 June 2022**



ICS = Integrated Corrosion Solution
P&M = Power & Machinery
OS = Oilfield Services



MOVING FORWARD

POWER & MACHINERY



Expects improved business transactions as a result of less-tightening of customers' budget and spends although the business environment remains challenging during the COVID-19 endemic stage.



To continue its focus on the aftermarket and new equipment sales while exploring new opportunities for relevant and complementary new products/ services and market/ segment.



Explore opportunities to enhance the scope and value-add to the equipment supply activities from the newly secured products from new Principals.

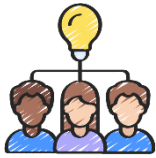


P&M will continue looking into rationalization and consolidation exercises for its operations and resources.

OILFIELD SERVICES



Explore opportunities in the upstream sector.



Forge new partnerships with multinational companies to expand product and service offerings.

Increase geographical presence by exploring international markets.



Drive research activities for new chemical products.

Expand capacity and capability to enhance growth.



The segment will also continue to reinforce its position as the market leader for slickline services in Malaysia.

INTEGRATED CORROSION SOLUTION



Expand maintenance scopes for offshore facilities.

Explore opportunities to offer onshore facilities-related services.



Already has a small presence in Indonesia and a local establishment set up.

Expanding our presence to bid for bigger contracts.



Seek opportunities in providing solutions in support of the industry's sustainability aspirations.



Exploring opportunities within the ASEAN region and identifying potential partners in the local market.

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