



DELEUM



ANALYST BRIEFING Q4 FY2022

7 March 2023

IR Adviser:



Building Resilience
During Transition



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CORPORATE PROFILE

An Integrated Solutions Provider in Oil & Gas upstream (exploration and production) with 3 core business segments...



Power & Machinery



- Provision of gas turbine packages and 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

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

Note: % contribution of FY2022 revenue (unaudited)

A PETRONAS Licensed Services Provider with presence throughout East and West Malaysia... supported by staff strength of more than 700 employees



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

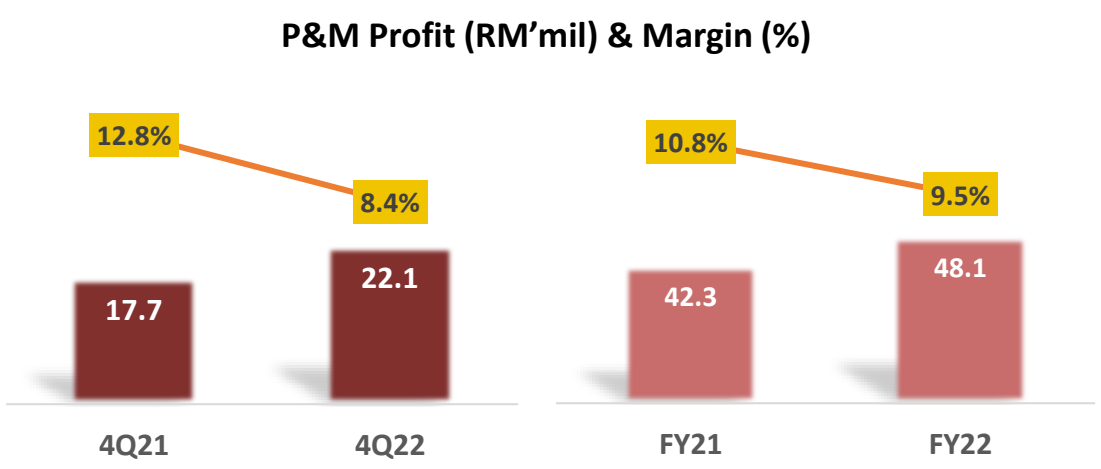
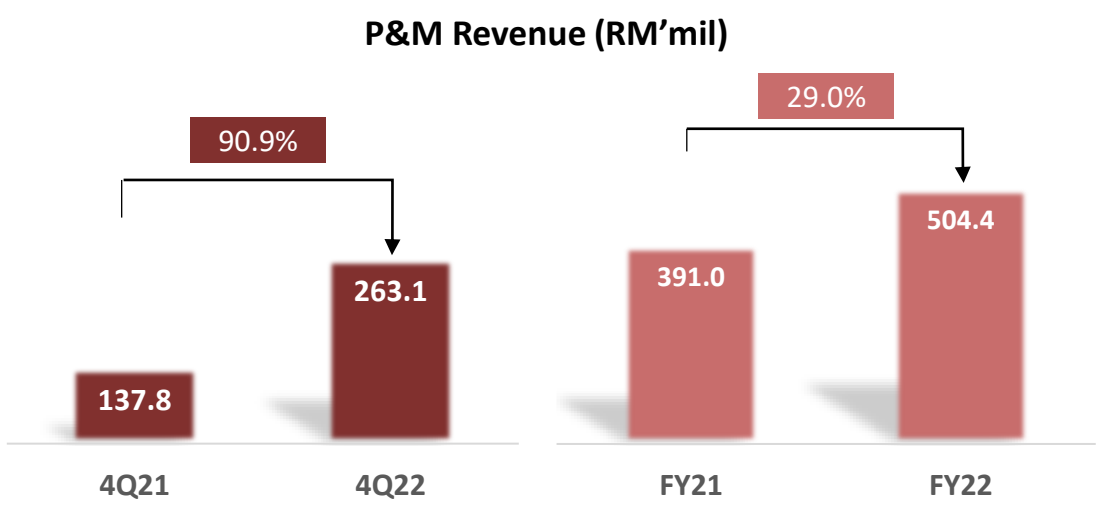
- Staff strength: 781 employees as of 31 December 2022
- First Training Well Facility commissioned at Asian Supply Base in Labuan, Malaysia





OPERATIONAL HIGHLIGHTS

P&M ends year on high note, due to favourable sales mix of equipment and sales of turbine parts and repairs... orderbook remains strong

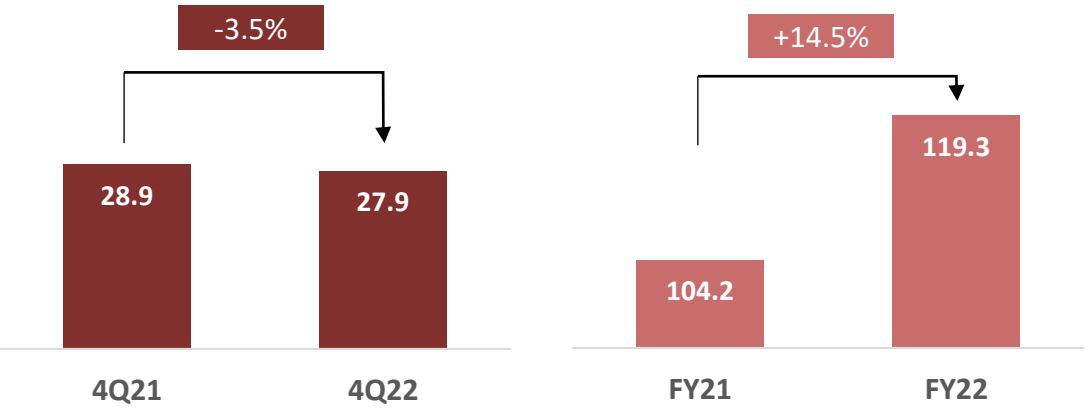


- 4Q22 revenue jumped 90.9% yoy mainly attributable to more deliveries and higher value of exchange engines delivered, sales of turbine parts and repairs, control and safety valves and flow regulator services and call out activities
- 4Q22 segment profit rose at slower pace of 25.0% yoy offset by fair value loss on forward forex contracts
- FY22 segment revenue and profit increased 29.0% and 13.8%, respectively due to favourable sales mix with higher gross profit achieved
- P&M orderbook stood at RM266.6 million as at 31 December 2022

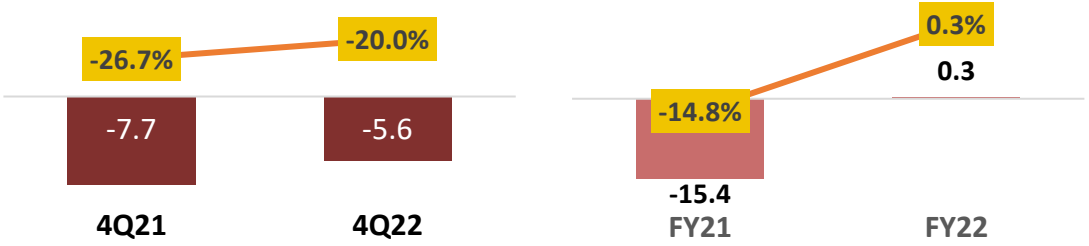
OS segment returned marginally to black in FY22 as operating margins improved in tandem with top line...



OS Revenue (RM'mil)



OS Profit (RM'mil) & Margin (%)

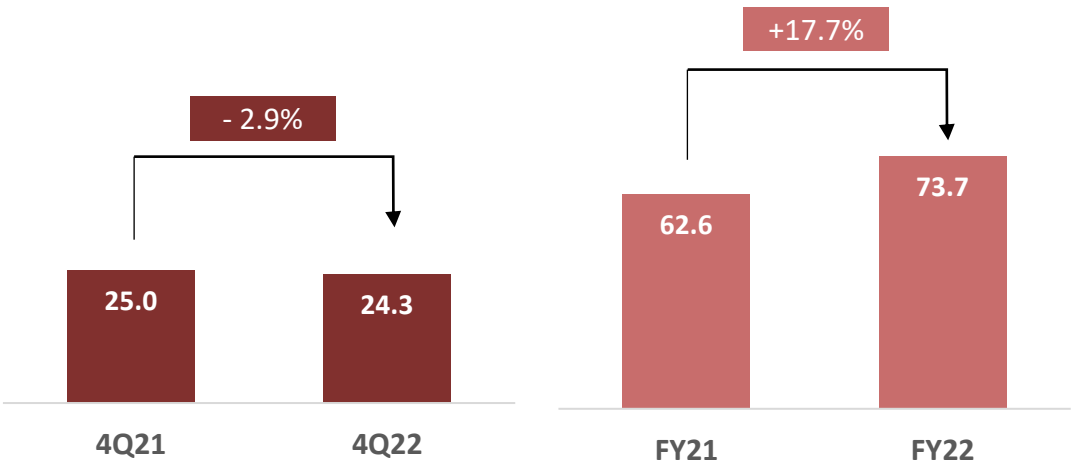


- 4Q22 revenue decreased 3.5% yoy due to lower activities from its slickline services in West Malaysia region and gas lift valve contract
- 4Q22 segment loss reduced to RM5.6 from RM7.7 mil, as a result of reversal of an impairment made on trade receivable.
The loss in current quarter was primarily due to lower activities level and operating margin recorded
- FY22 revenue increased 14.5% mainly attributable to the higher activities from gas lift valves, well intervention and enhancement and slickline activities in West Malaysia region
- OS segment returned to profit, owing to the improved operating margin in tandem with higher revenue reported, reversal of impairment in receivable, and gain on disposal

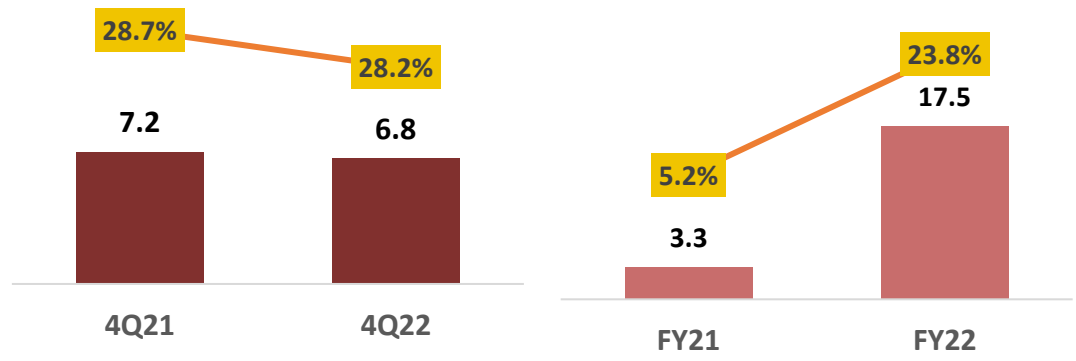
ICS segment FY22 profit surges, owing primarily to increased revenue contribution from both SPJ and MCM activity levels...



ICS Revenue (RM'mil)



ICS Profit (RM'mil) & Margin (%)



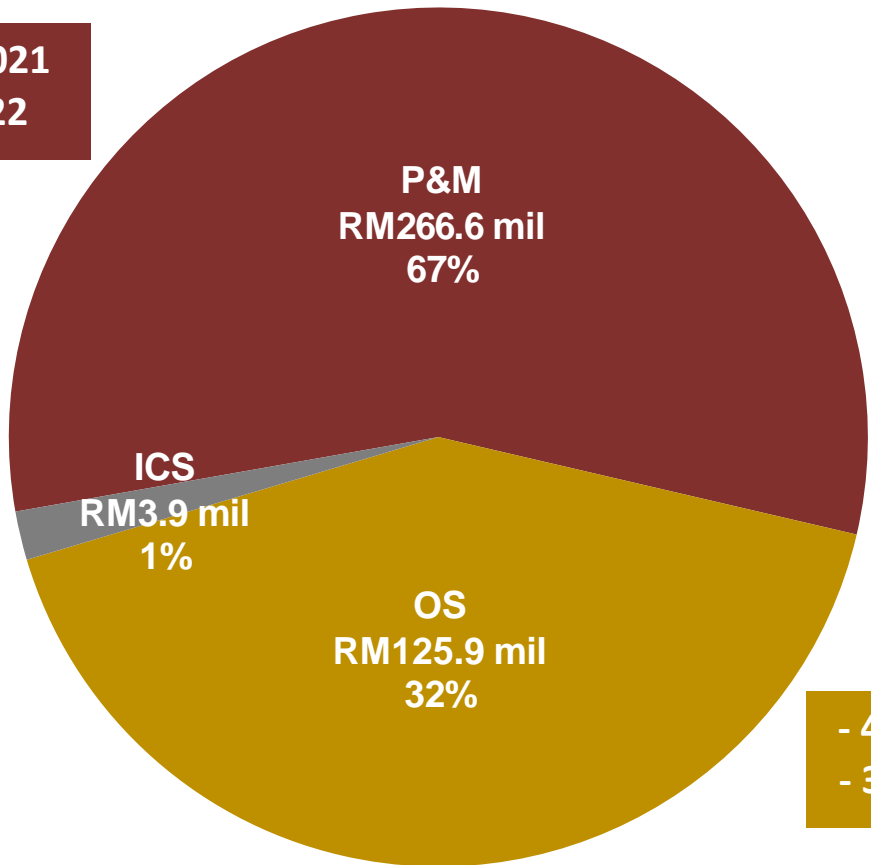
- 4Q22 revenue down 2.9% due to lower maintenance activity levels for the Sponge-Jet Blasting (SPJ) business in Indonesia
- 4Q22 segment profit decreased slightly by 4.6%, on the back of lower contribution from the Maintenance, Construction, and Modification (MCM) projects with higher provision made for its slow-moving stocks and inventories written off
- FY22 revenue rose 17.7% due to higher activity levels for both its SPJ business in Indonesia and the MCM projects
- FY22 segment profit surged fivefold, in line with the higher revenue achieved and reversal of impairment made on its trade receivable

Strong growth in P&M orderbook in tandem with increased investment activities by oil majors...



Order book totaling RM396.4 million as at 31 December 2022

+ 258.1% vs 31 Dec 2021
+ 5.8% vs 30 Sep 2022



- 93.9% vs 31 Dec 2021
- 52.8% vs 30 Sep 2022

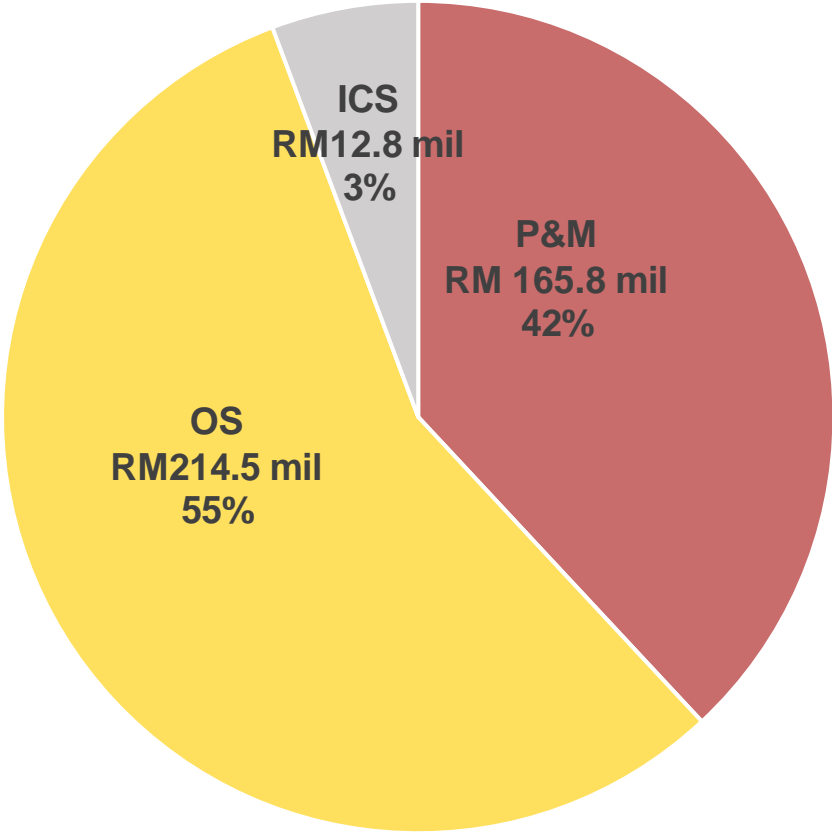
- 47.0% vs 31 Dec 2021
- 32.5% vs 30 Sep 2022

- Healthy orderbook for P&M mainly from gas turbine after sales, with RM266.6 million of works to be delivered within 12 months
- Depletion of OS orderbook due to increased revenue recognition as slickline orders approaching expiry; in the midst of bidding for new tenders
- Depletion of ICS orderbook due to Petronas license has just been renewed further to the uplift of suspension, as well as existing contracts expired

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

Tender book totaling RM393.1 million as at 31 December 2022

- Pipeline P&M tenders remaining strong in 1Q23
- Higher demand from major client for oilfield maintenance work to drive OS wins



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



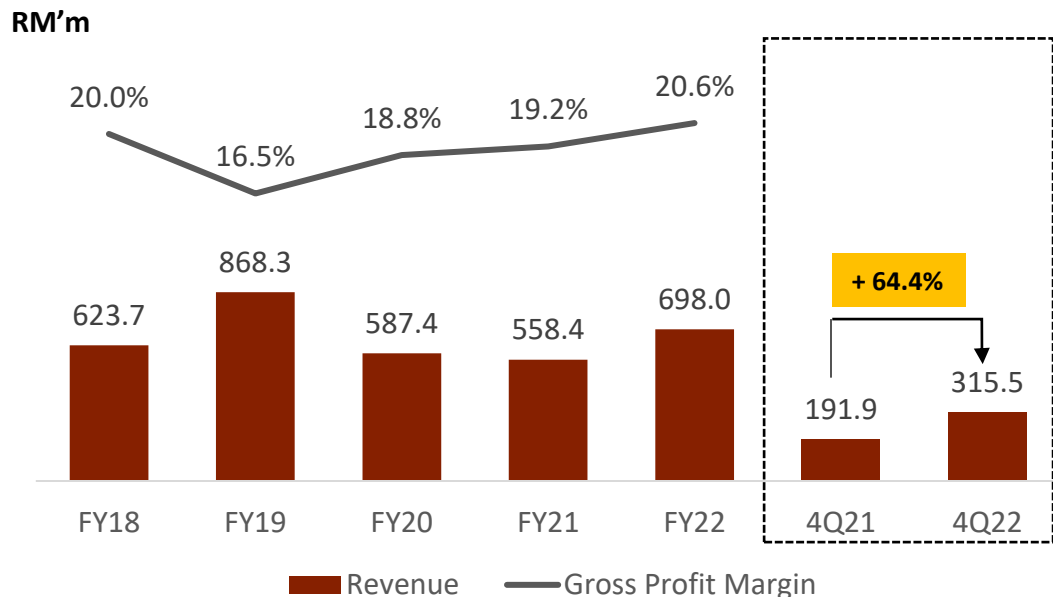
FINANCIAL RESULTS

Q4 FY2022

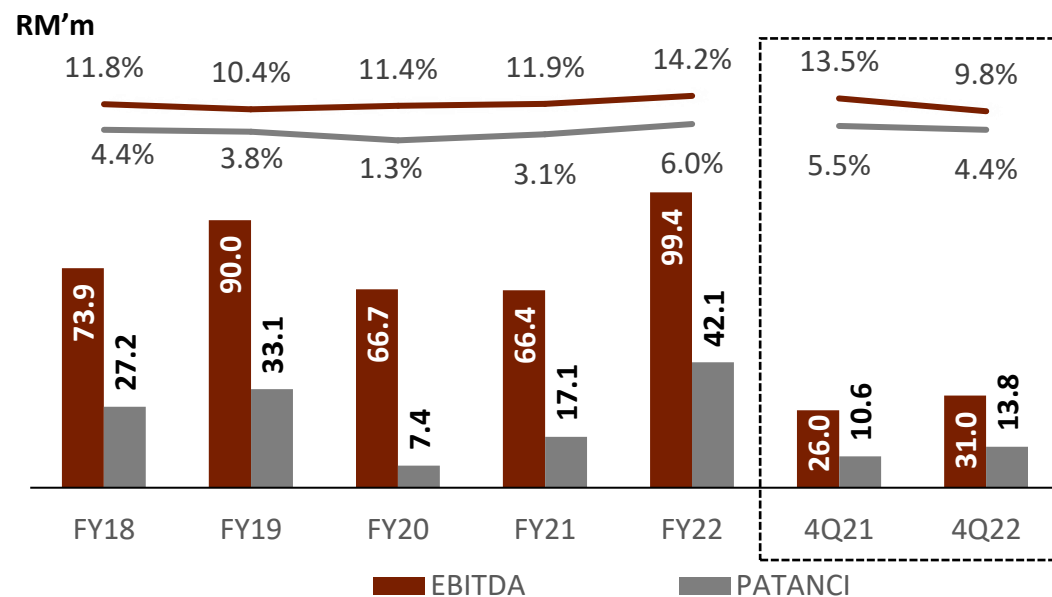
Continues to benefit from continued spending in the O&G sector... PATANCI up 146.9% in FY22, best-ever group net profit in the past 7 years



Revenue and Gross Margin



EBITDA, PATANCI and Margins



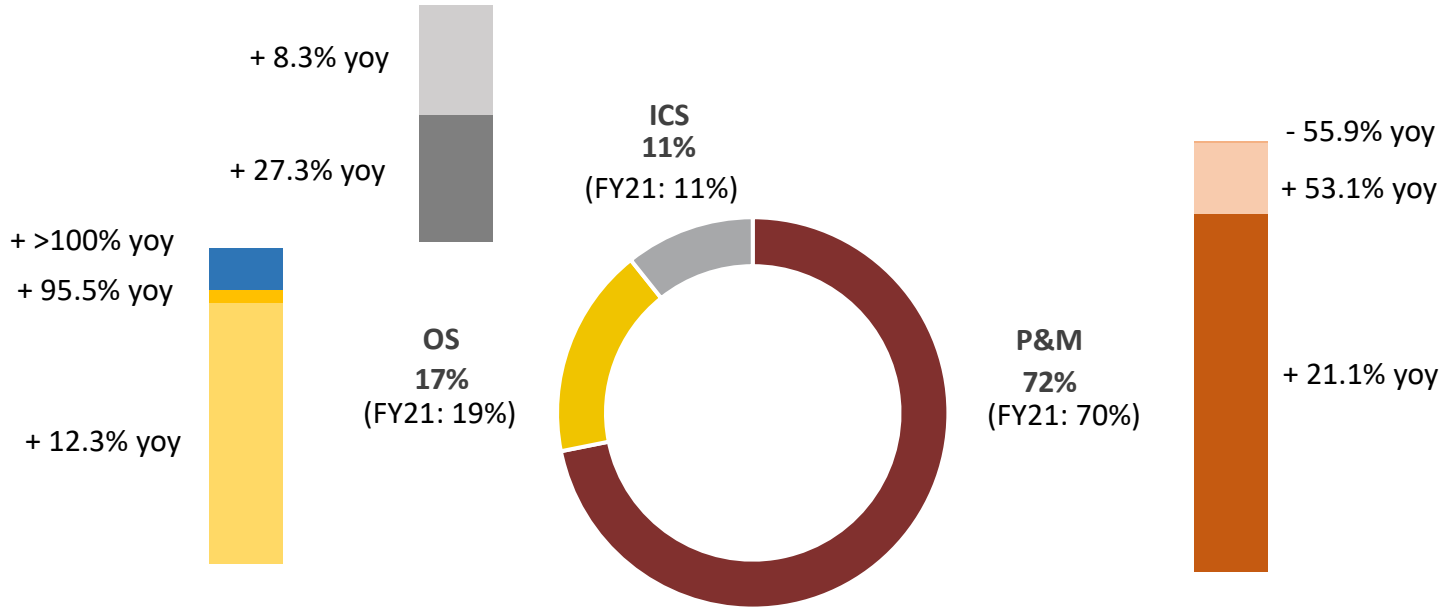
- 4Q22 Group Revenue increased by 64.4%, on the back of higher sales activities in the P&M segment
- Revenues up 25.0% to RM698.0 million in FY22 from RM558.4 million in FY21, due to stronger contribution across all three segments
- Gross margin improved from 19.2% in FY21 to 20.6% in FY22, in line with better sales mix

- Profits rose mainly due to better operating margins achieved across all three segments coupled with reversal of impairment made on trade receivables, gain on disposal of plant and equipment and lower operating expenses incurred

P&M remains main contributor to revenue...

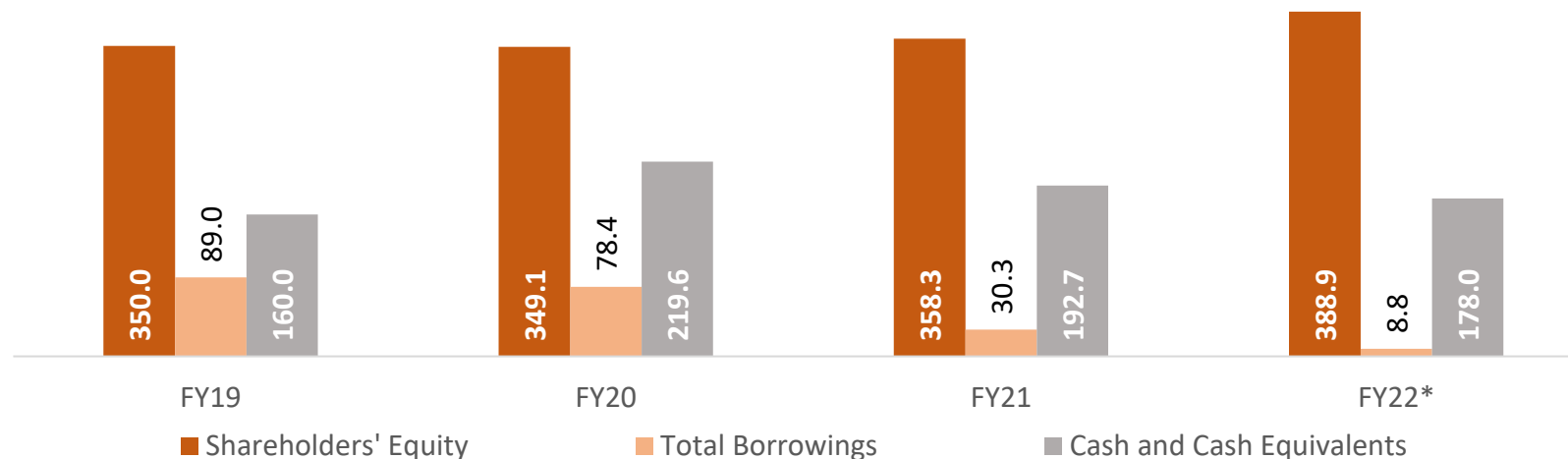


Revenue Breakdown by Segment: FY22 (unaudited)



Power and Machinery	Oilfield Services	Integrated Corrosion Solution
Sale of gas turbine packages and after sales support and services	Principal based income services	Provision of integrated corrosion and inspection services etc.
Commission based income services	Provision of slickline equipment and services, well intervention etc.	Provision of maintenance, construction and modification services
Sale of valves and flow regulators and after sales support and services	Provision of specialty chemical and well stimulation	

Balance sheet continues to strengthen even during Covid-19... strong net cash position allows Group to capture opportunities for future expansion



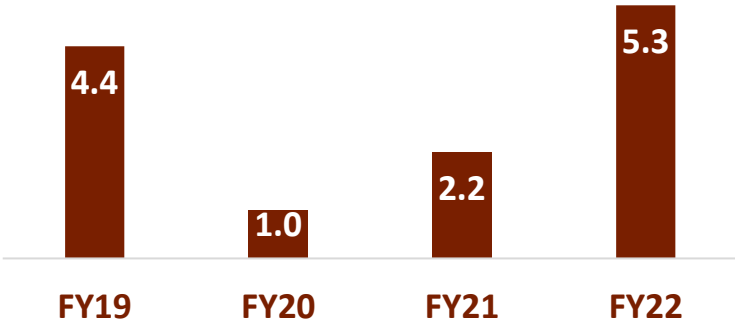
	FY19 (RM'm)	FY20 (RM'm)	FY21 (RM'm)	FY22* (RM'm)
Current Assets	474.7	426.4	413.0	536.4
Non-Current Assets	272.8	222.1	195.9	177.4
Current Liabilities	323.4	236.6	210.6	283.3
Non-Current Liabilities	45.6	41.5	19.6	16.0
Shareholders' Equity	350.0	349.1	358.3	388.8
Net Gearing	Net Cash	Net Cash	Net Cash	Net Cash

*unaudited figure

Consistently pays 50% of annual net profit as dividends to reward shareholders...

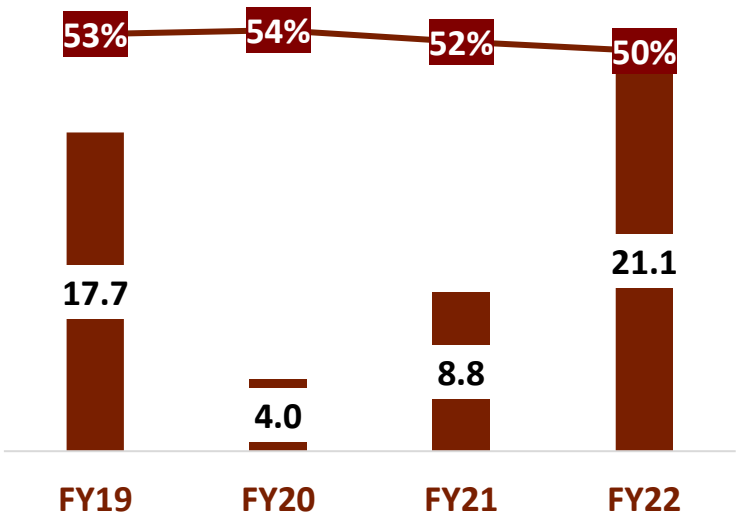


Dividend Per Share (sen)



- Paid 1st interim single tier dividend of 2.0 sen/share in respect of FY2022 on 30 September 2022
- Declared a 2nd interim single tier dividend of 3.25 sen/share in respect of FY2022, payable on 30 March 2023

Dividend Payout (RM'mil)

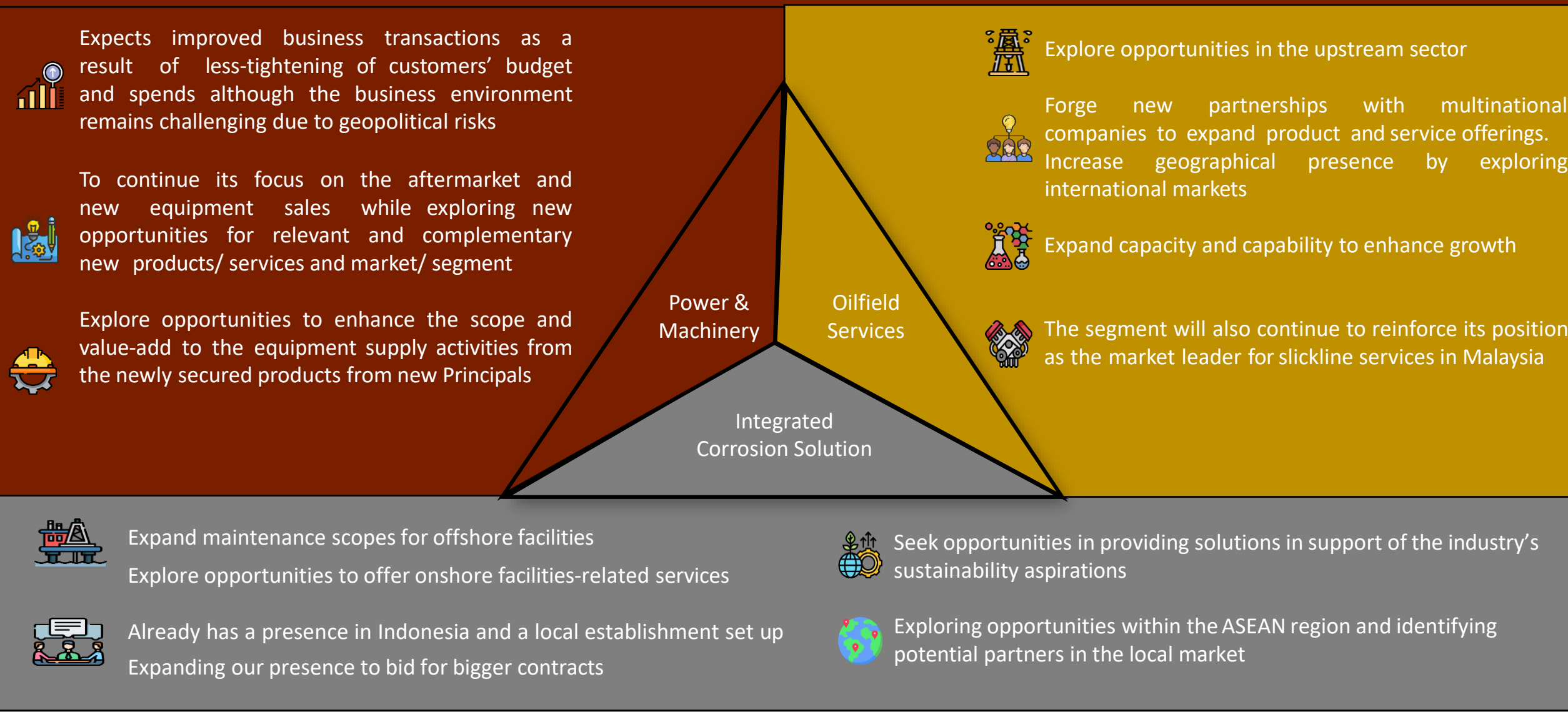


Deleum's Dividend Policy: 50% of annual net profit



GROWTH STRATEGIES

Growth plans not only to maintain pole position in respective markets... but also to develop new products and services to clientele





INVESTMENT MERITS

Niche leading player in upstream O&G services... undiscovered gem of 2.5x Enterprise Value



Niche player in upstream O&G services with dominant positions in respective markets

To benefit from increased CAPEX and OPEX by oil majors

A member of FTSE4Good Bursa Malaysia Index and Shariah-compliant

Strong balance sheet with net cash position affords Group to undertake expansion plans

Robust RM396.4 million order book and RM393.1 million tender book to undergird earnings growth

50% dividend policy; current year's yield expected to be rewarding

2.5x EV/EBITDA yet to reflect Deleum's investment merits

Valuations @ 1 Mar 2023	
Share Price (RM)	0.98
Market Cap (RM 'm)	393.5
P/E (ttm)	9.3
P/E (net of cash)	5.1
P/B	0.9
EV/EBITDA	2.52
Dividend Yield (FY2022)	5.36%



Thank You

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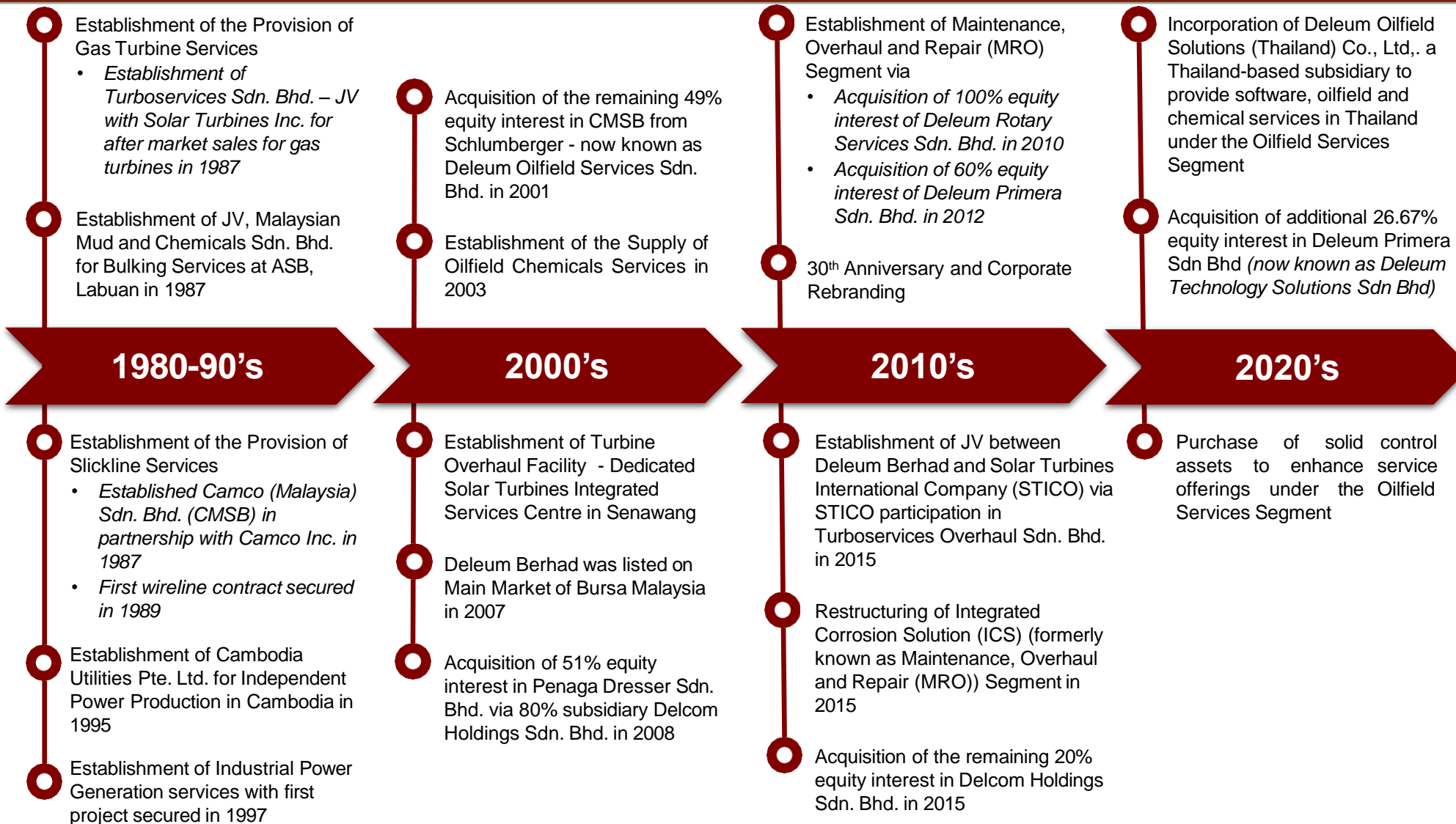
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APPENDIX





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.

