



DELEUM



ANALYST BRIEFING Q1 FY2023

12 June 2023

IR Adviser:



**BUILDING
MOMENTUM**



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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 1Q23 revenue

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 March 2023
- First Training Well Facility commissioned at Asian Supply Base in Labuan, Malaysia





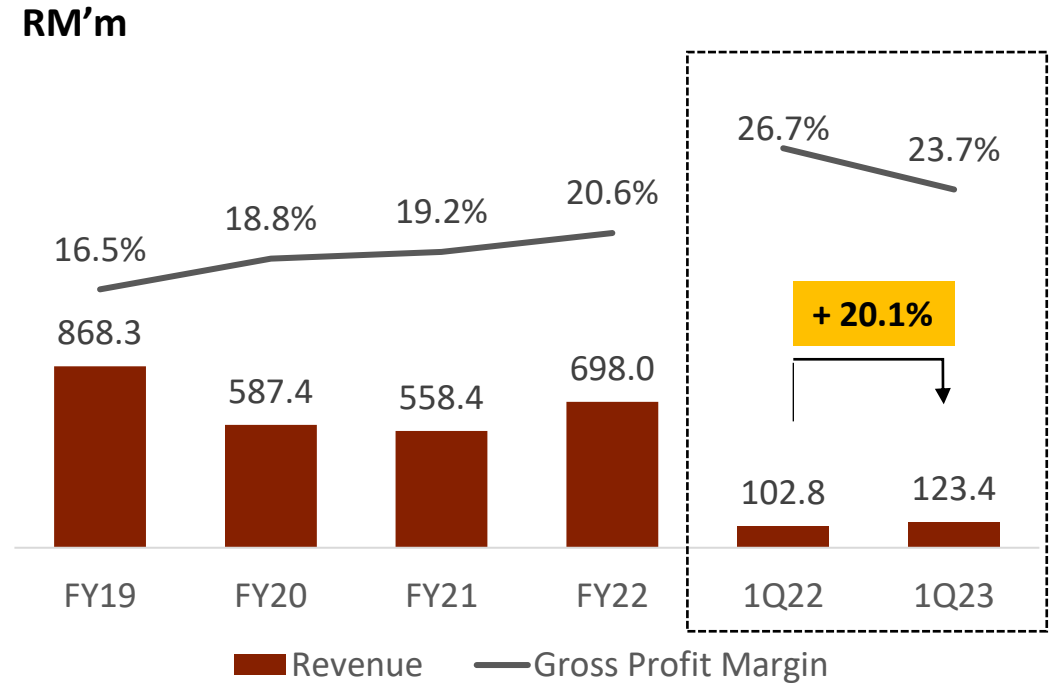
FINANCIAL RESULTS

Q1 FY2023

Continues to benefit from continued spending in the O&G sector... PATANCI up 12.5% in 1Q23

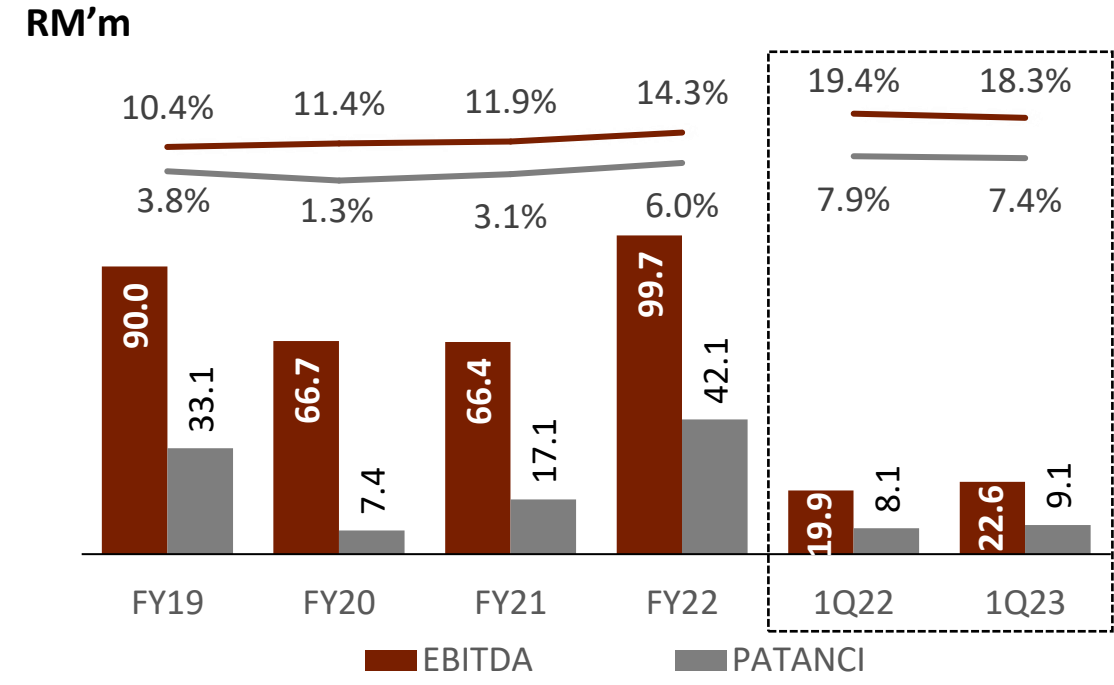


Revenue and Gross Margin



➤ 1Q23 Group Revenue increased by 20.1%, on the back of higher sales activities in the P&M segment

EBITDA, PATANCI and Margins



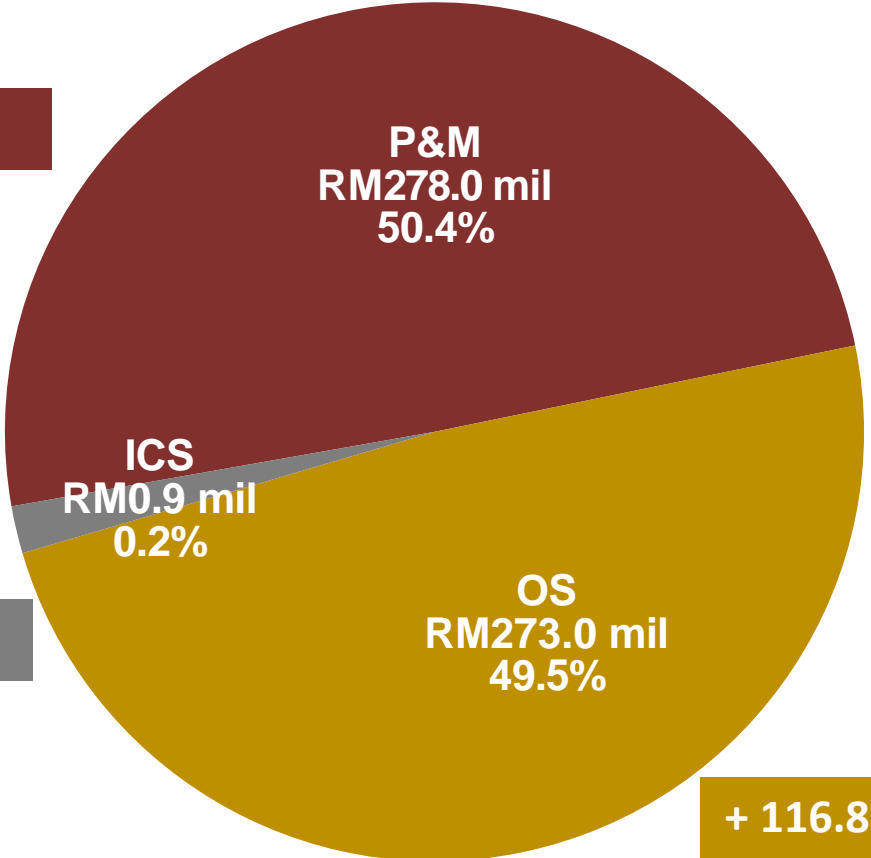
➤ 1Q23 PATANCI grew 12.5% to RM9.1 million due to better operating results achieved, fair value gain on forward foreign currency exchange contracts and gain on foreign exchange in the P&M segment, as well as lower other professional expenses in ICS segment

Strong growth in OS orderbook in tandem with increased investment activities by oil majors...



Order book totaling RM551.9 million as at 30 April 2023

+ 4.3% vs 31 Dec 2022



-76.7% vs 31 Dec 2022

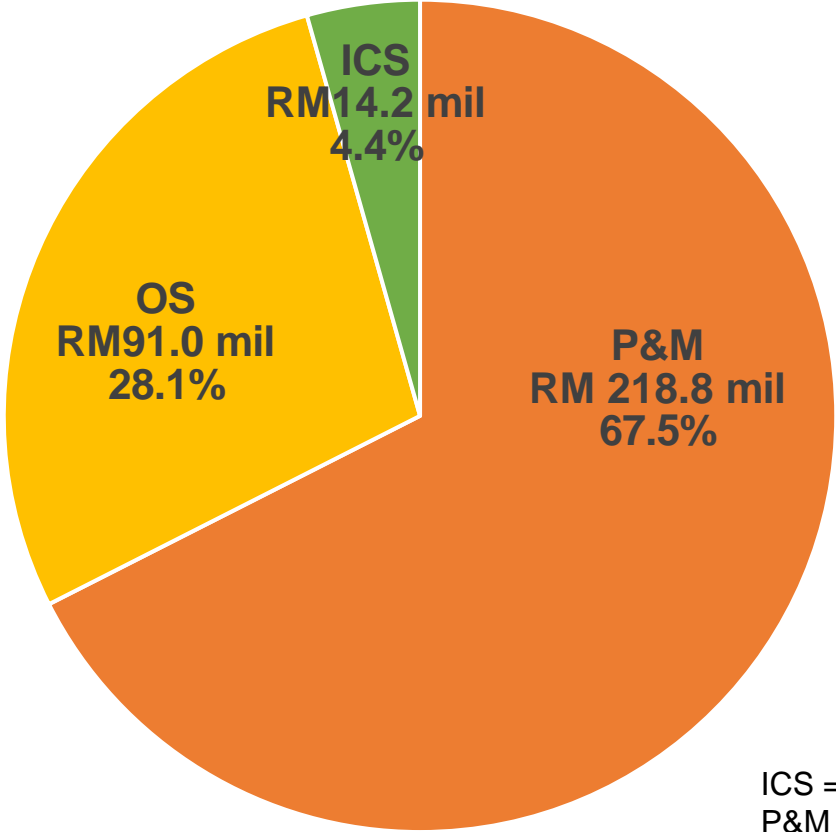
+ 116.8% vs 31 Dec 2022

- Healthy orderbook for P&M mainly from gas turbine after sales, with RM278.0 million of works to be delivered within 12 months
- Strong growth in OS orderbook due to increased demand in slickline orders and winning tenders
- Depletion of ICS orderbook due to Petronas license has just been renewed further to the uplift of suspension, as well as existing contracts expiry

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

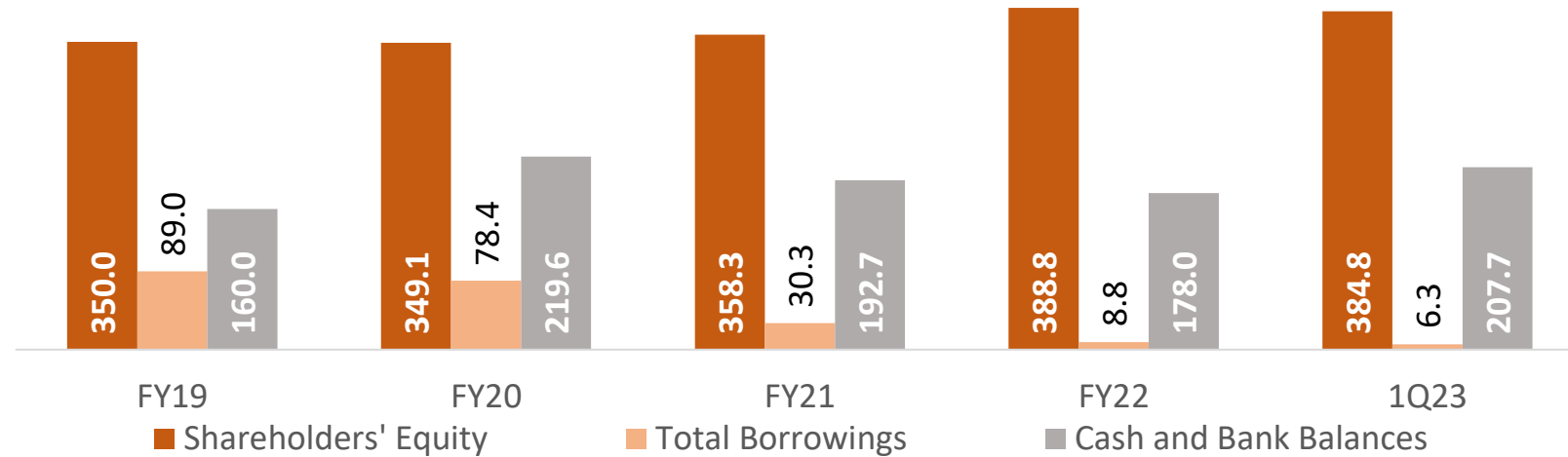
Tender book totaling RM323.9 million as at 30 April 2023

- P&M tenders pipeline remains strong
- Higher demand from major clients for oilfield maintenance work to drive OS wins



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

Strong net cash position allows Group to capture opportunities for future expansion...

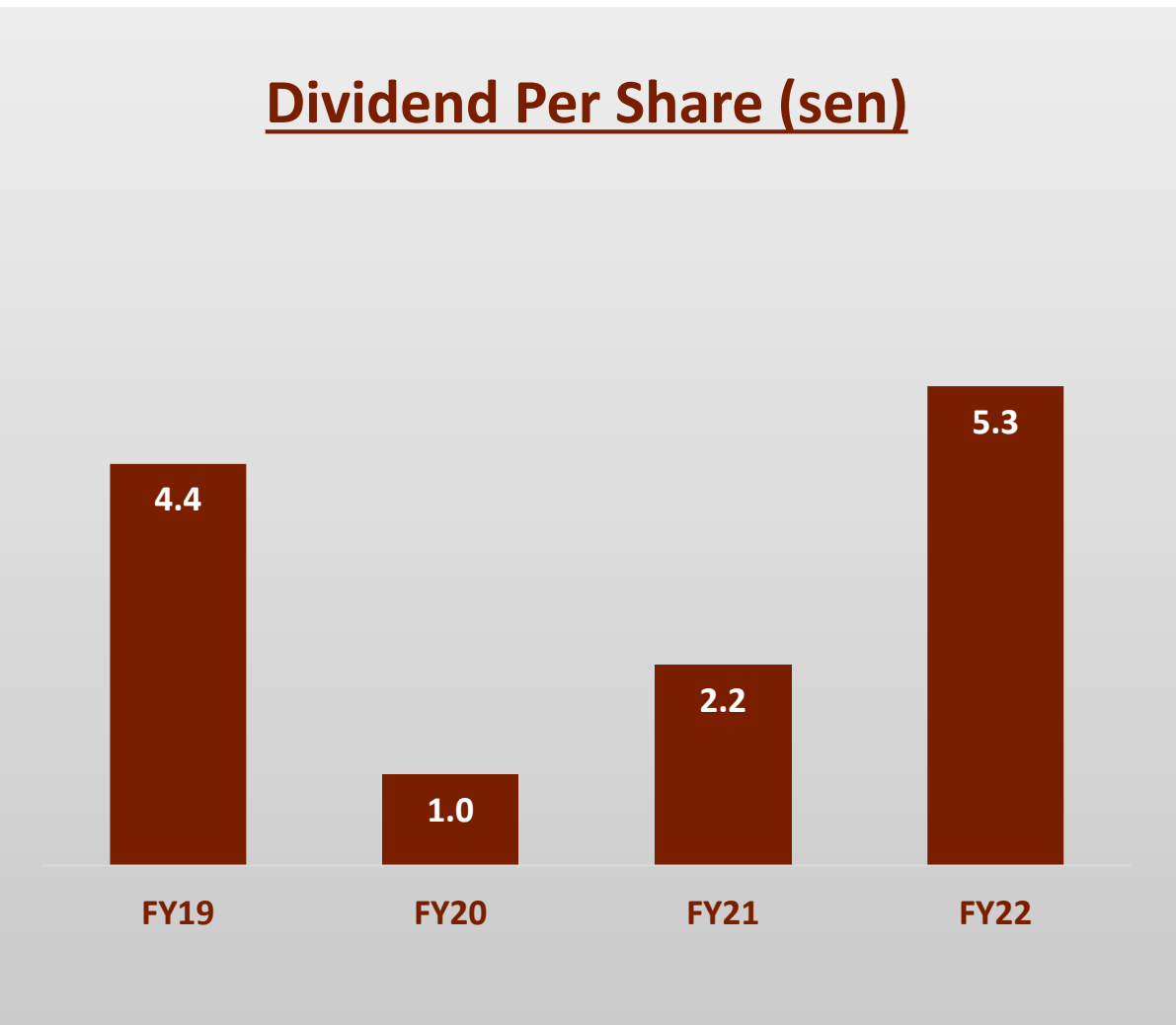


	FY19 (RM'm)	FY20 (RM'm)	FY21 (RM'm)	FY22 (RM'm)	1Q23 (RM'm)
Current Assets	474.7	426.4	413.0	536.4	389.2
Non-Current Assets	272.8	222.1	195.9	177.4	175.4
Current Liabilities	323.4	236.6	210.6	283.2	137.2
Non-Current Liabilities	45.6	41.5	19.6	16.0	15.7
Shareholders' Equity	350.0	349.1	358.3	388.8	384.8
Net Gearing	Net Cash	Net Cash	Net Cash	Net Cash	Net Cash

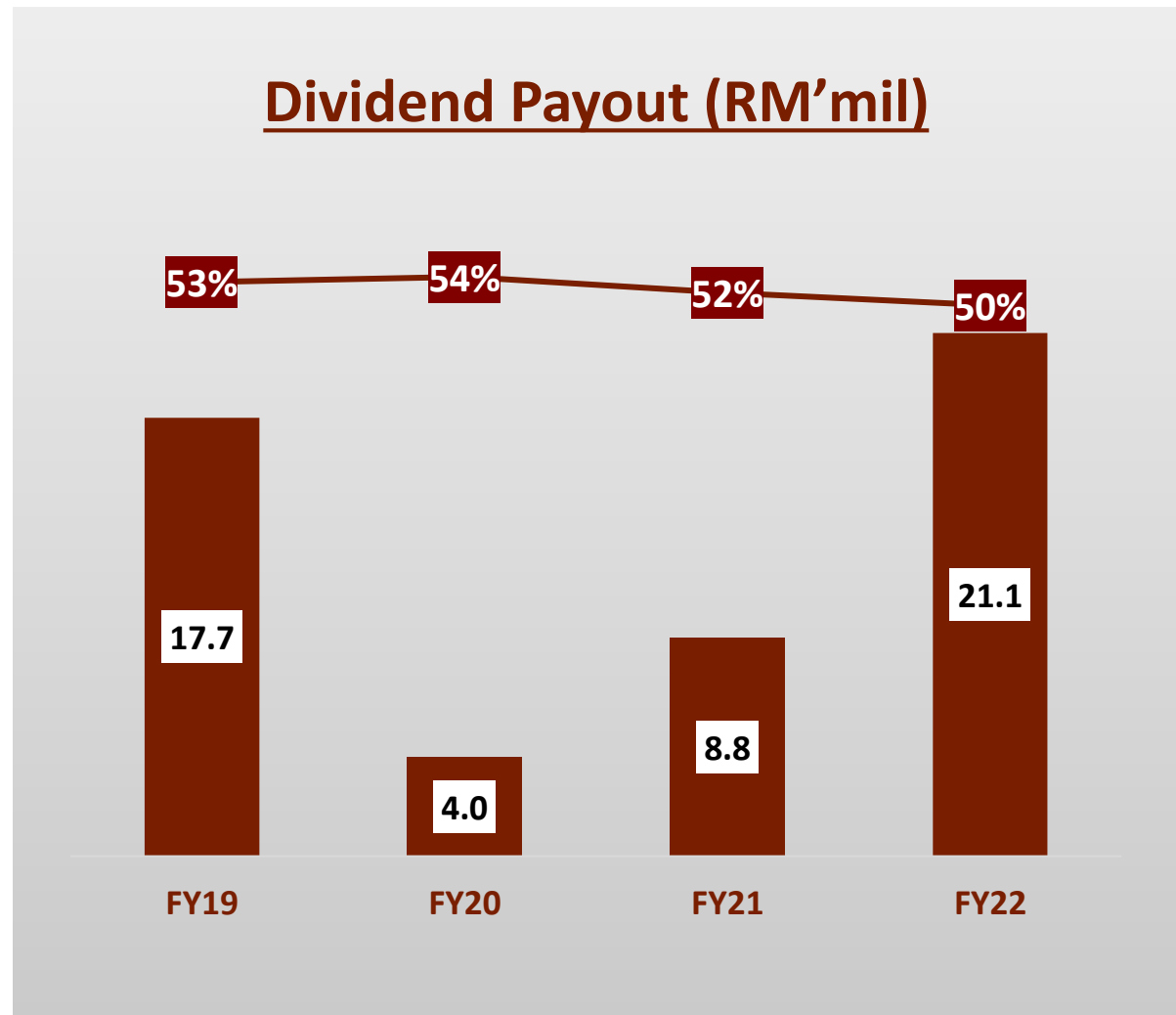
Consistently pays 50% of annual net profit as dividends to reward shareholders...



Dividend Per Share (sen)

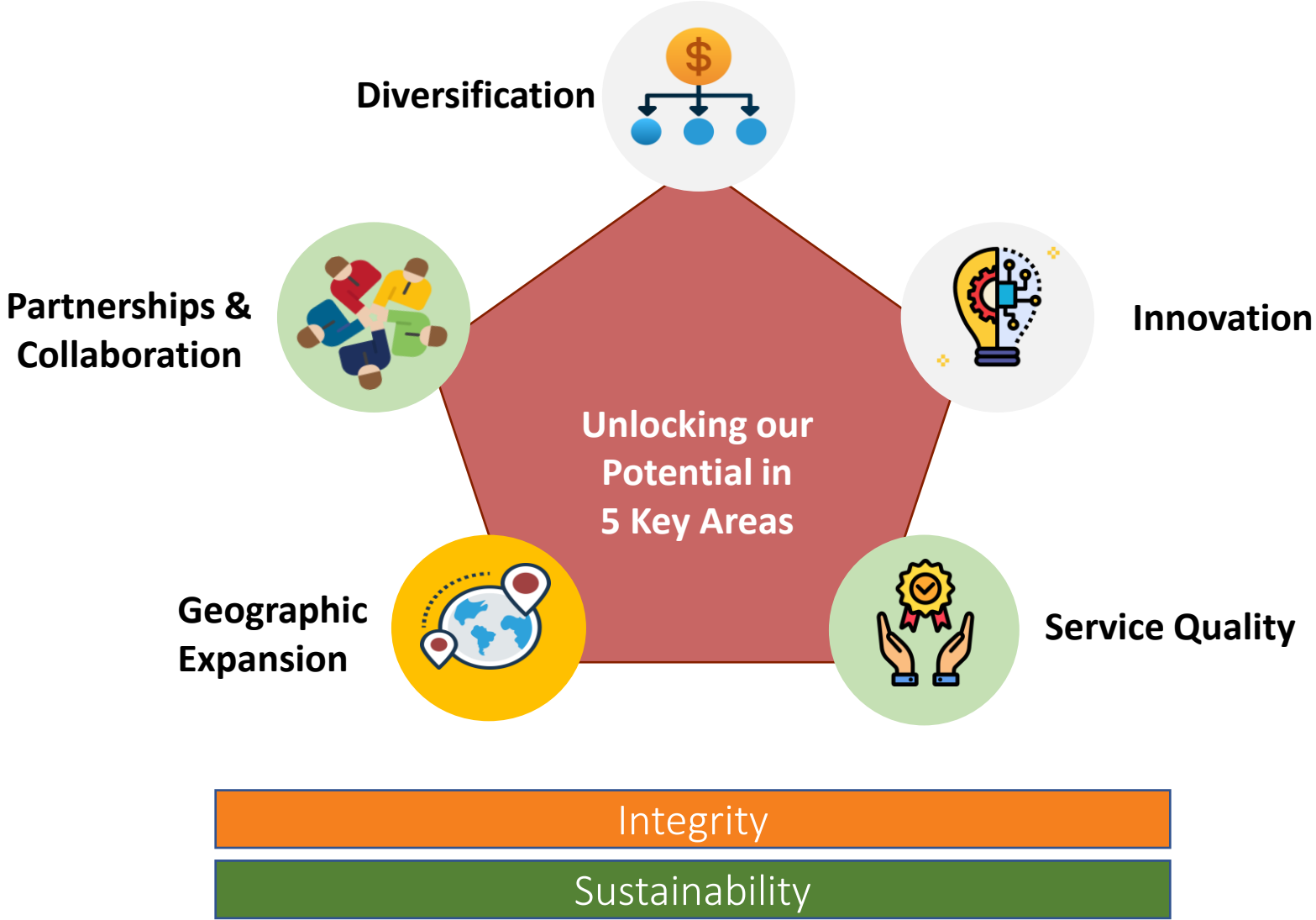


Dividend Payout (RM'mil)





GROWTH STRATEGIES





INVESTMENT MERITS

Niche leading player in upstream O&G services... undiscovered gem of 1.8x Enterprise Value with high dividend yield



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 RM551.9 million order book and RM323.9 million tender book to undergird earnings growth

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

1.8x EV/EBITDA yet to reflect Deleum's investment merits

Valuations @ 31 May 2023	
Share Price (RM)	0.895
Market Cap (RM 'm)	359.4
P/E (ttm)	8.3
P/E (net of cash)	3.5
P/B	0.9
EV/EBITDA	1.81
Dividend Yield (FY2022)	5.87%



Thank You

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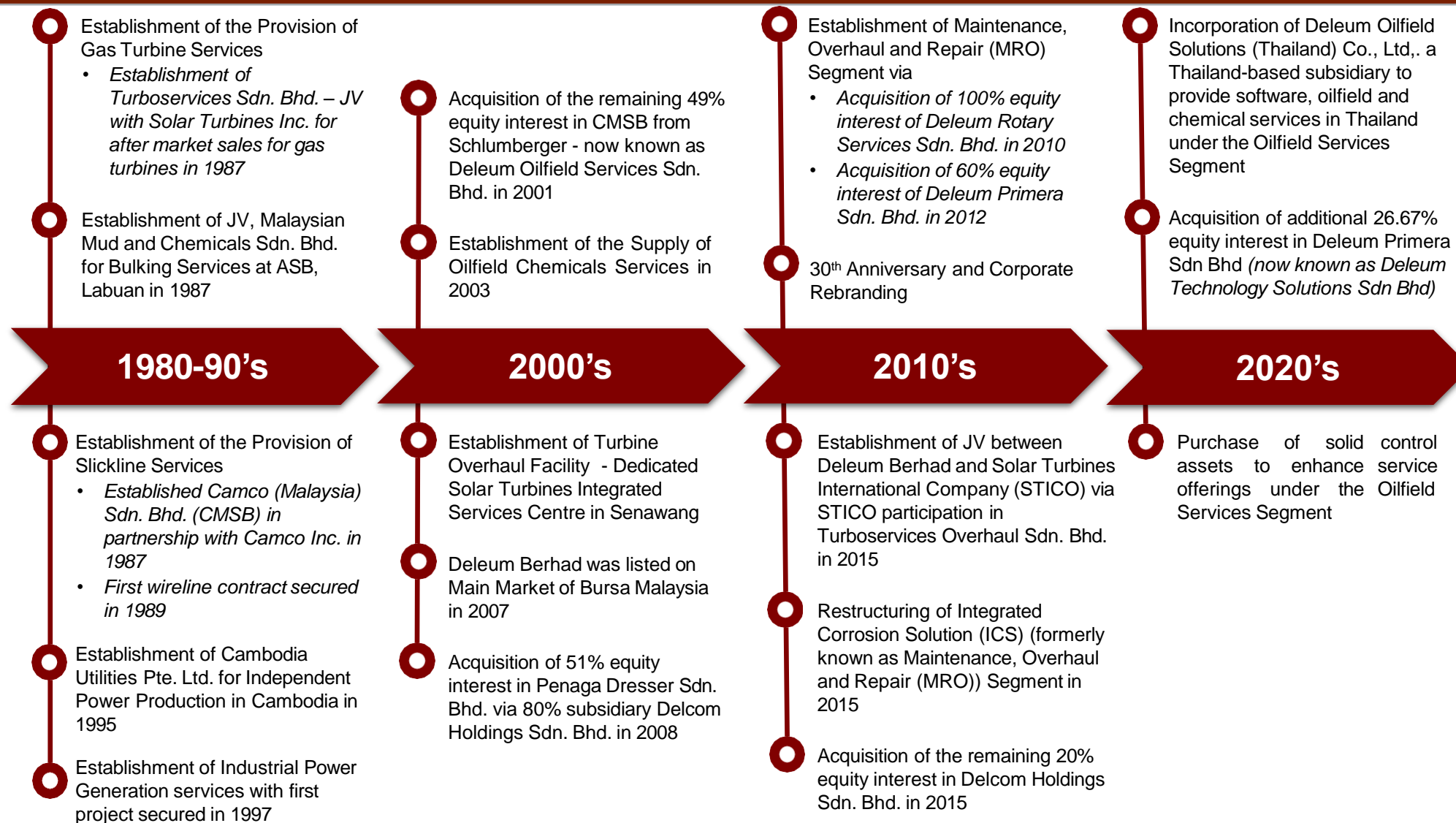
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APPENDIX





Tan Sri Dato' Seri Shamsul Azhar bin Abbas
Independent Non-Executive Chairman

He joined Petroliaam Nasional Berhad (PETRONAS) in 1975 and served in various capacities during his 40 years tenure with the organisation including his last held position as President and Chief Executive Officer of PETRONAS from 2010 to 2015.



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.



Dato' Izham bin Mahmud
Non-Independent Non-Executive Director

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.



Lee Yoke Khai
Senior 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.



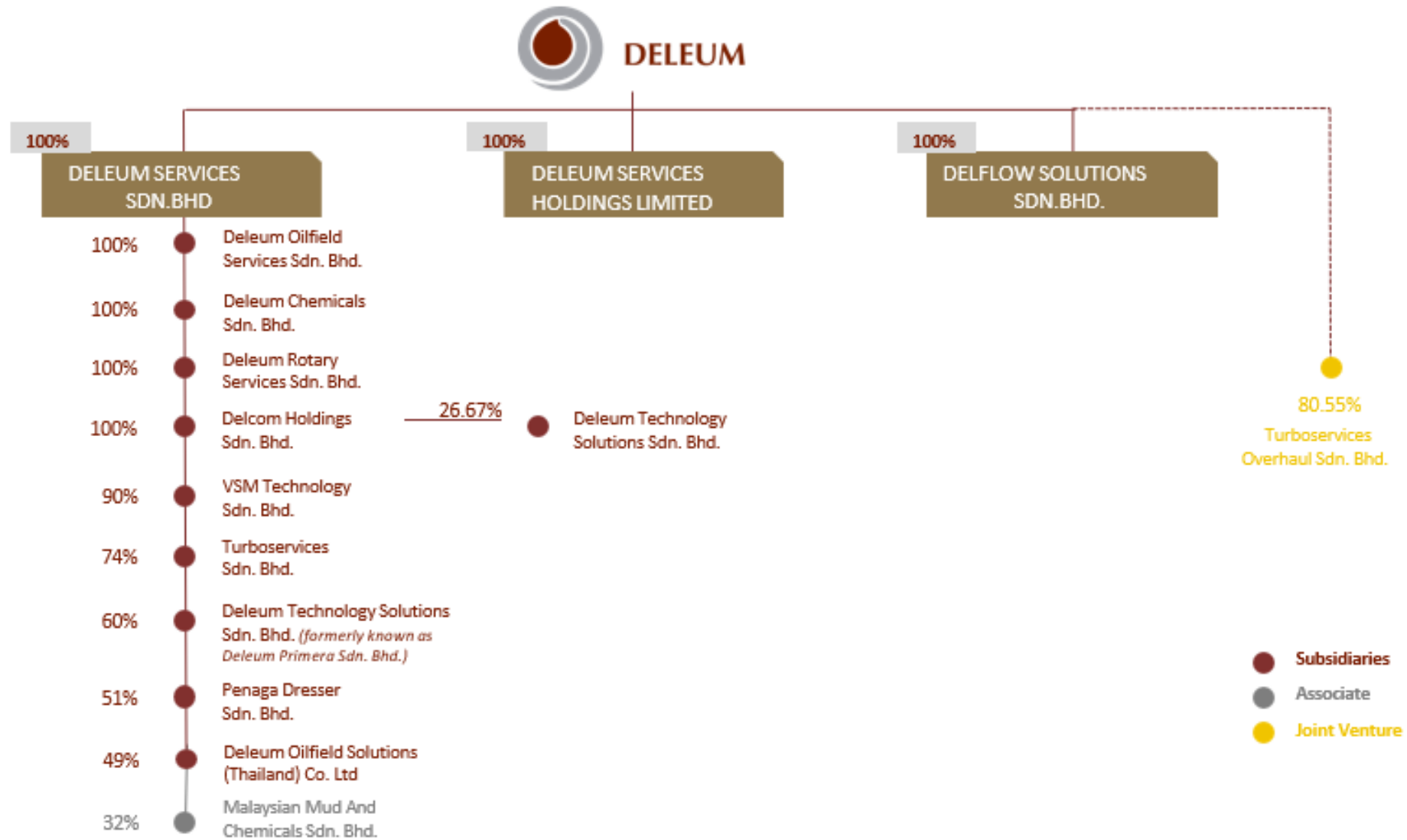
Datuk Manharlal a/l Ratilal
Independent Non-Executive Director

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.



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.





DELEUM

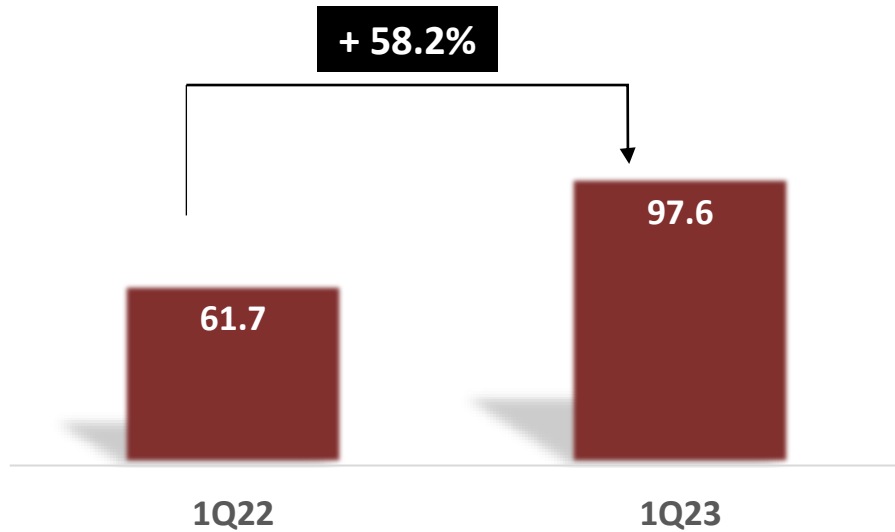


OPERATIONAL HIGHLIGHTS

P&M segment remains the growth driver for the group revenue...

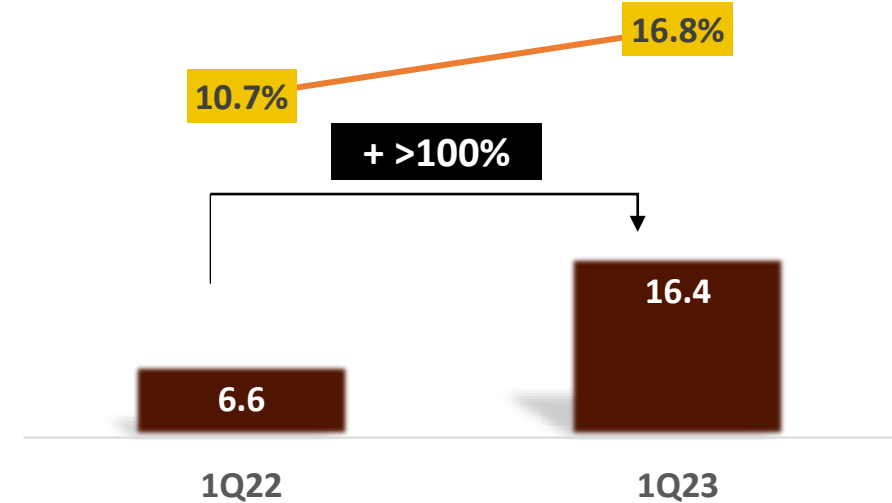


P&M Revenue (RM'mil)



- 1Q23 revenue grew 58.2% yoy mainly attributable to higher value of exchange engines delivered, retrofit projects, as well as higher activities from the control and safety valves and flow regulator services

P&M Profit (RM'mil) & Margin (%)



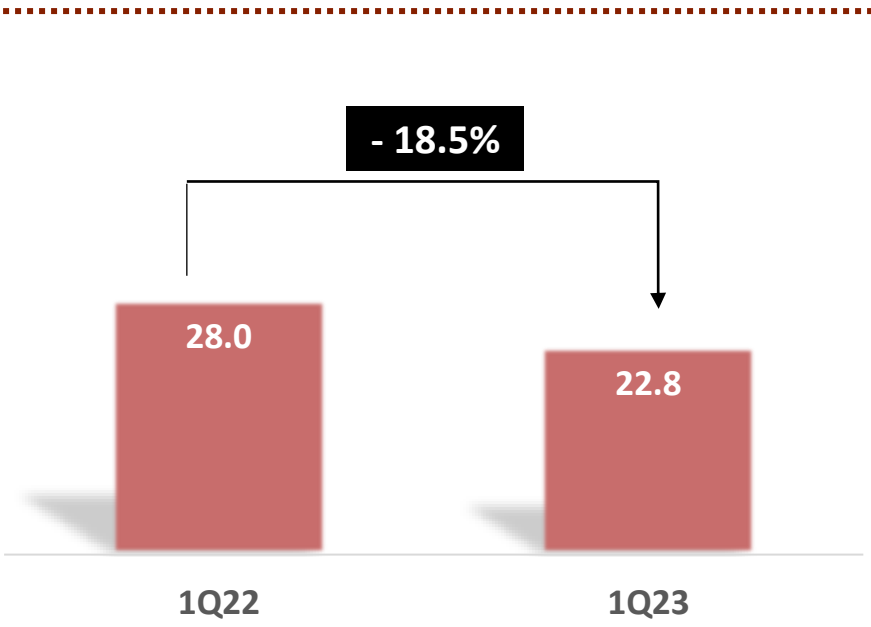
- 1Q23 segment profit surged 146.8%, resulted from higher operating margin achieved, gain on foreign exchange of RM2.8 million and fair value gain of RM1.4 million on forward foreign currency exchange contracts

P&M orderbook stood at RM278.0 mil as at 30 Apr 2023

OS segment revenue and profit decline due to lower activities in the slickline services...robust growth in orderbook up > 100%

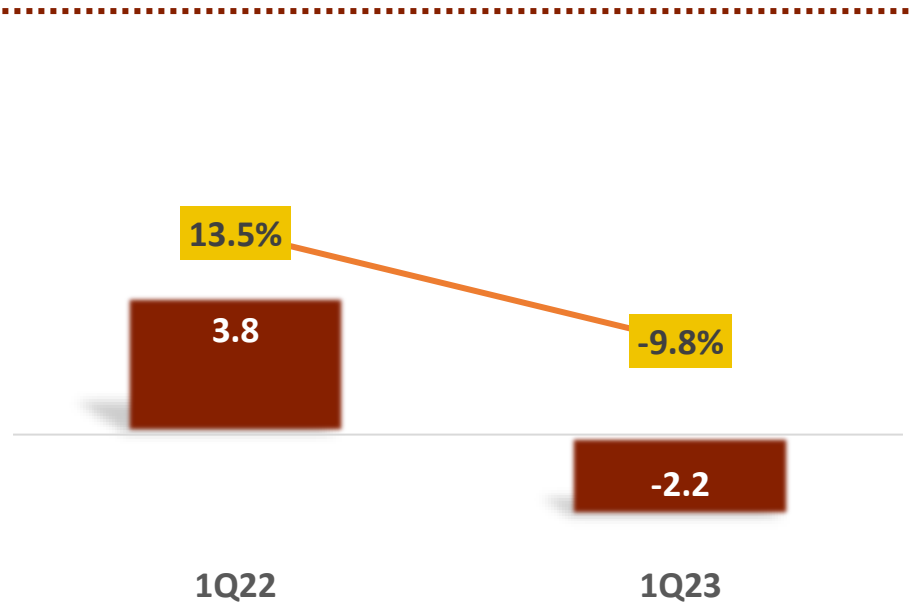


OS Revenue (RM'mil)



- 1Q23 revenue decreased 18.5% mainly attributable to the lower activities in the slickline services in West Malaysia region and gas lift valve services

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



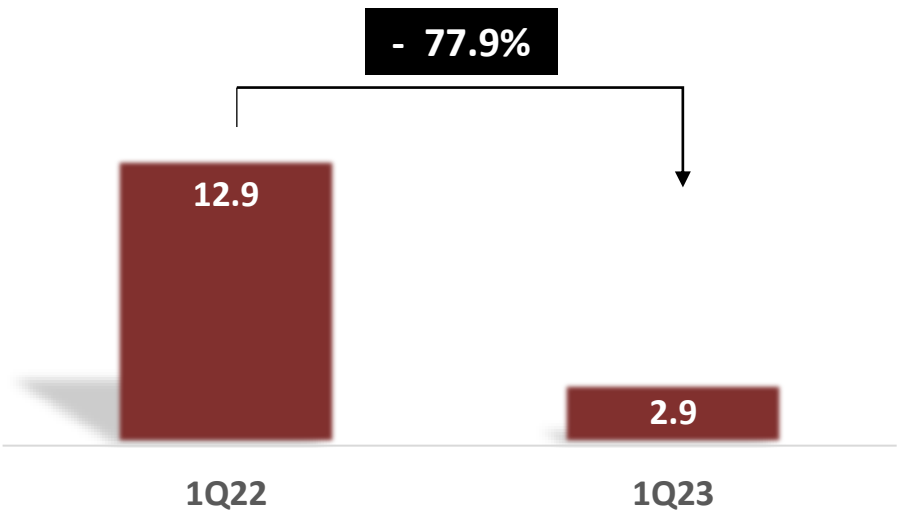
- OS segment posted a loss due to reduced revenue, caused by lower business activities in slickline services

OS orderbook stood at RM273.0 mil as at 30 Apr 2023

ICS segment results weakening on lower maintenance activities from the SPJ business in Indonesia and MCM projects...

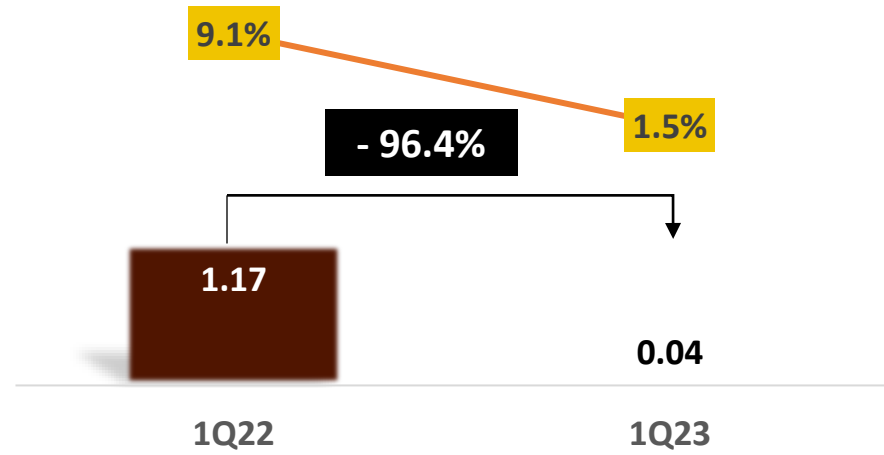


ICS Revenue (RM'mil)



- The decrease in ICS revenue in 1Q23 was mainly attributable to lower maintenance activities from the Sponge-Jet Blasting business in Indonesia and Maintenance, Construction, and Modification

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



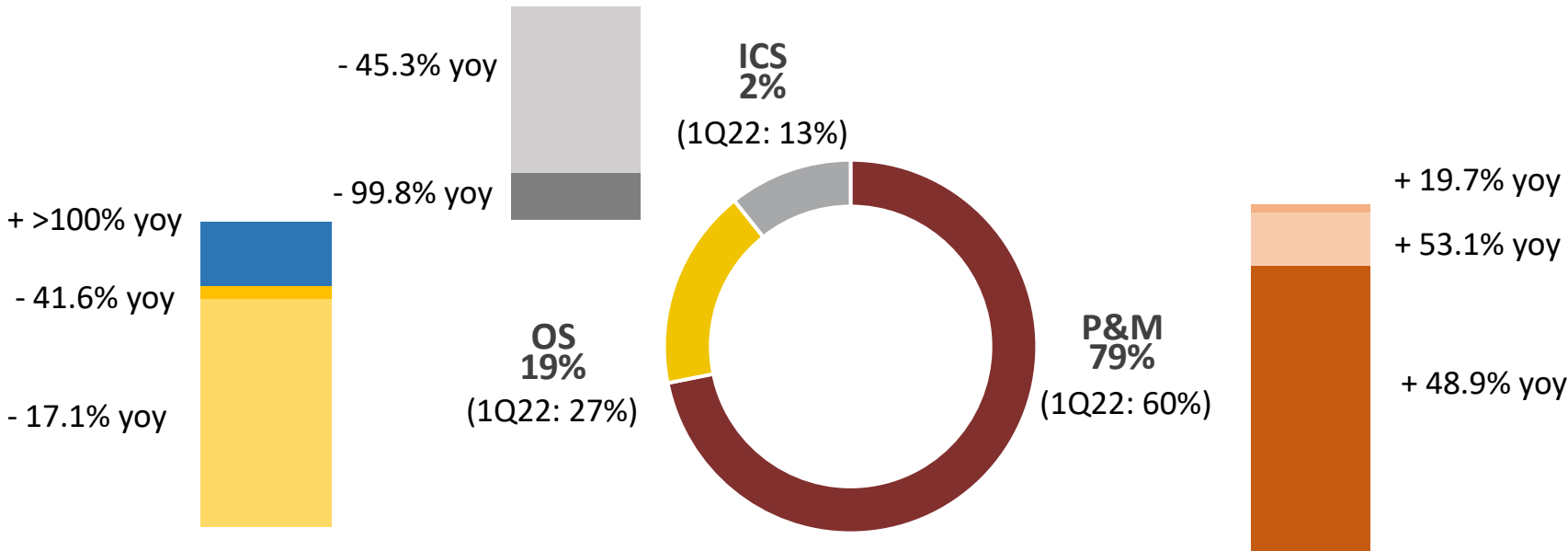
- In tandem with lower revenue, 1Q23 segment profit also declined to RM0.04 million from RM1.17 million in the previous year

ICS orderbook stood at RM0.9 mil as at 30 Apr 2023

P&M remains main contributor to revenue...



Revenue Breakdown by Segment: 1Q23



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	