



ANALYST BRIEFING

Q3 FY2022

7 December 2022

IR Adviser:

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CORPORATE PROFILE

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



POWER & MACHINERY

70%

- 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

19%

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

INTEGRATED CORROSION SOLUTION

11%

- 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 FY2021 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: 765 employees as of 30 September 2022
- First Training Well Facility commissioned at Asian Supply Base in Labuan, Malaysia



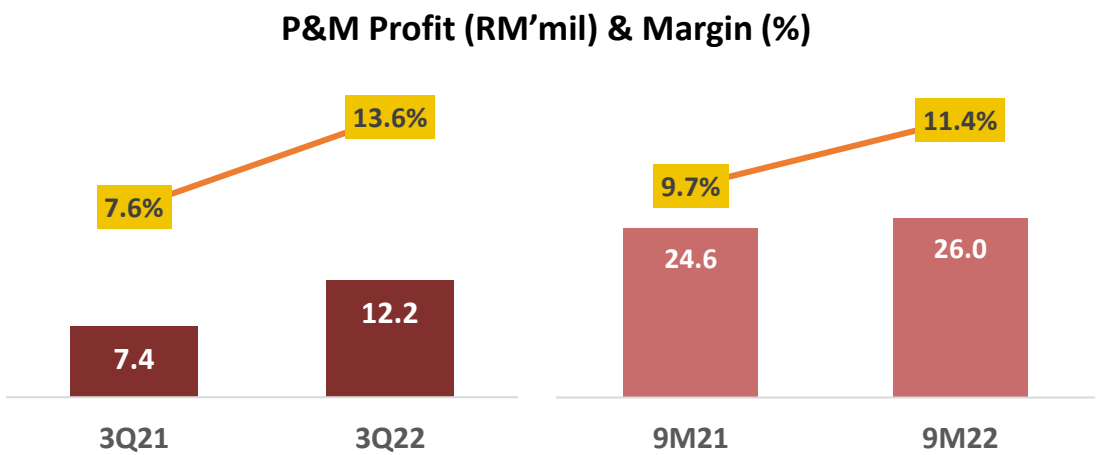
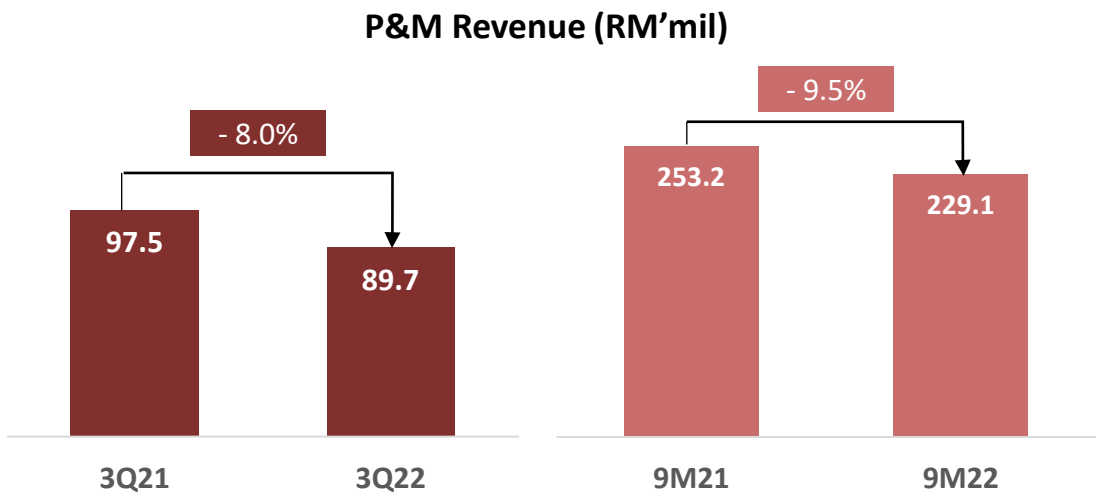


DELEUM



OPERATIONAL HIGHLIGHTS

P&M profit up on better operating costs, FV gain & impairment reversal despite lower revenue... new wins this year point to better quarters ahead

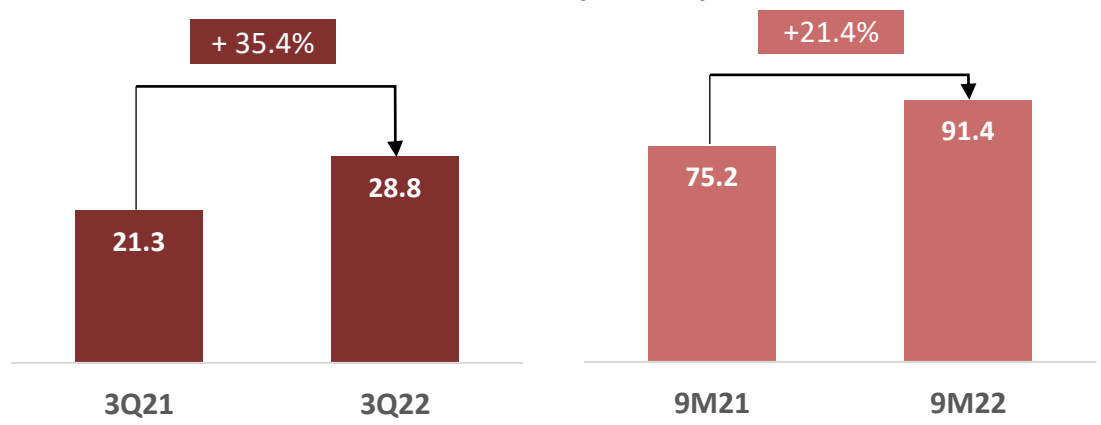


- 3Q22 revenue declined 8.0% yoy mainly due to lower exchange engine deliveries, weaker contribution from retrofit projects and lower sales of turbine parts and repairs, despite higher demand for control and safety valves and flow regulator services coupled with higher services performed for the machinery management system
- 3Q22 segment profit rose 64.1% yoy on lower operating cost, fair value gain on forward forex contracts and reversal of impairment made on a trade receivable
- 9M22 segment profit rose 5.8% while revenue declined 9.5% due to favourable sales mix with higher gross profit achieved and fair value gain recorded on its forward forex contracts
- New wins year-to-date amounted to RM177.6 million while orderbook stood at RM252.0 million as at 30 September 2022

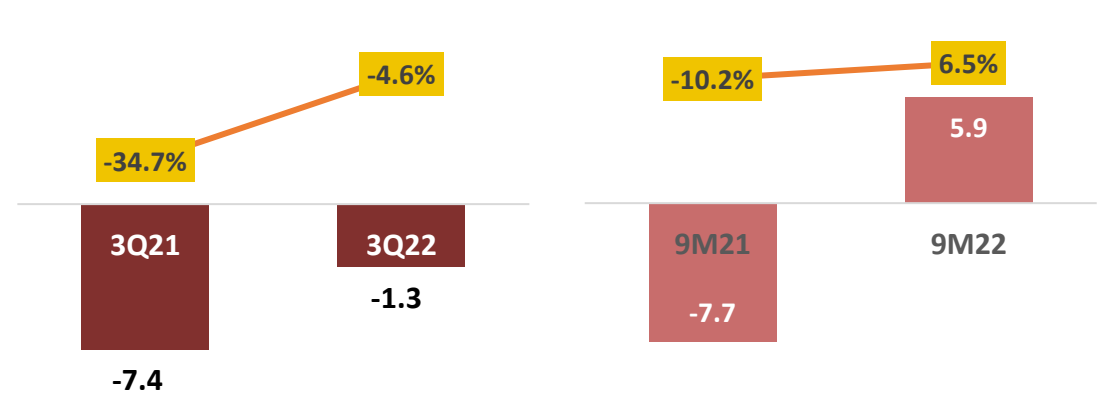
After two years of losses, OS segment looks set for profit turnaround in FY2022... in line with higher revenue and improvement in operating margin



OS Revenue (RM'mil)



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

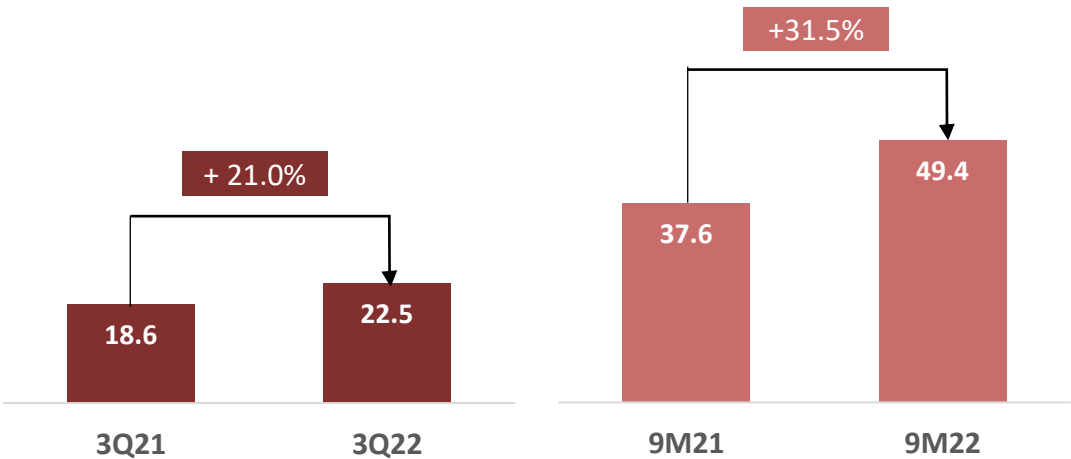


- 3Q22 revenue increased 35.4% yoy due to higher activities from its slickline services in West Malaysia region, well intervention and enhancement services and spillover jobs from gas lift valve contract
- 3Q22 segment loss reduced as a result of higher revenue, lower provision made for slow moving inventories and reversal of impairment made on its trade receivable, which was offset by its operating margin
- 9M22 revenue rose 21.4% on higher slickline activities, specialty chemicals and well stimulation activities and gas lift valves activities, while segment achieved profit turnaround in tandem with higher revenue reported, reversal of an impairment made on its trade receivable and gain on disposal of its plant and equipment
- 9M22 profit margin improved to 6.5% from -10.2% previously

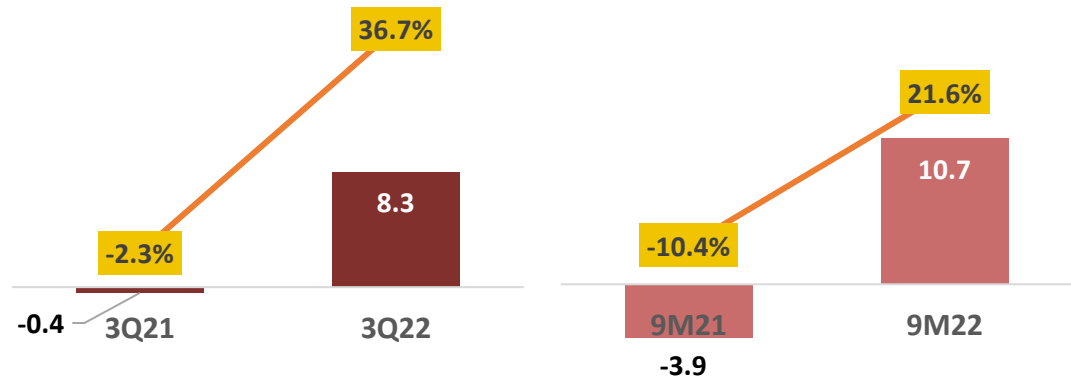
ICS segment's 3Q22 strong performance mainly due to Sponge-Jet business in Indonesia... overall Group's margin bumped up by ICS



ICS Revenue (RM'mil)



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



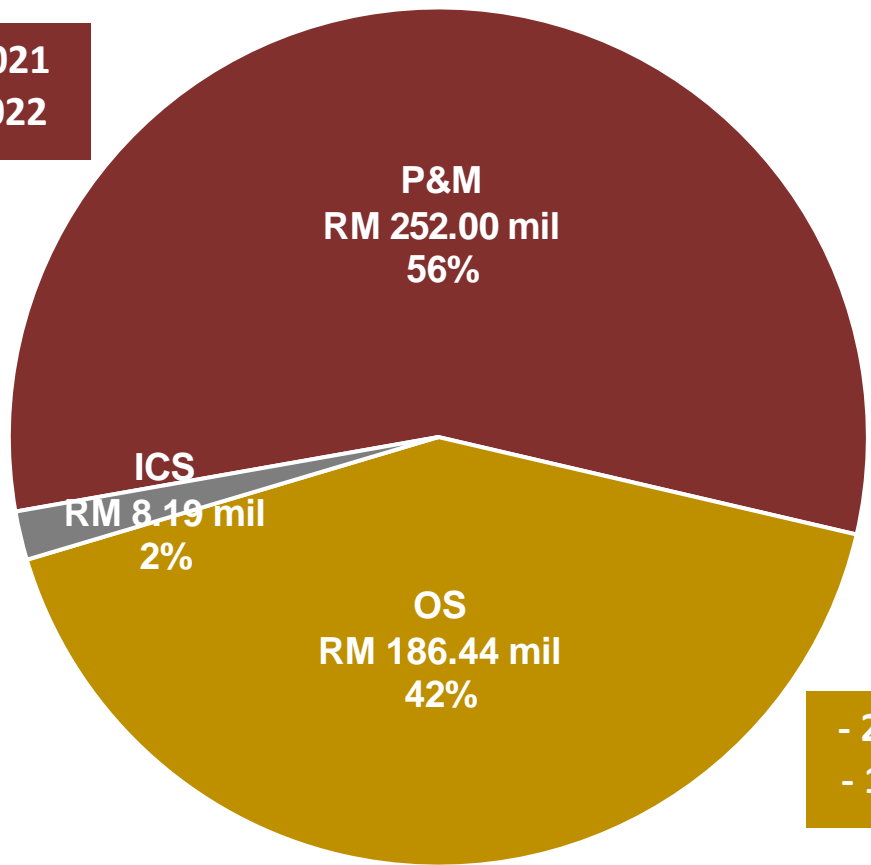
- 3Q22 revenue up 21.0% due to higher maintenance activity levels for the Sponge-Jet Blasting business in Indonesia, which offset lower activities in its Maintenance, Construction and Modification services projects
- 3Q22 segment achieved profit turnaround in tandem with higher revenue, reversal of accrued cost upon final settlement of a legal suit and reversal of impairment made on a trade receivable
- 9M22 revenue rose 31.5% due to higher activity levels for both Sponge-Jet business in Indonesia and Maintenance, Construction and Modification projects. Profit turnaround in line with higher revenue coupled with lower operating expenses

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



Order book totaling RM446.64 million
as at 30 September 2022

+ 238.5% vs 31 Dec 2021
+ 127.2% vs 30 Jun 2022



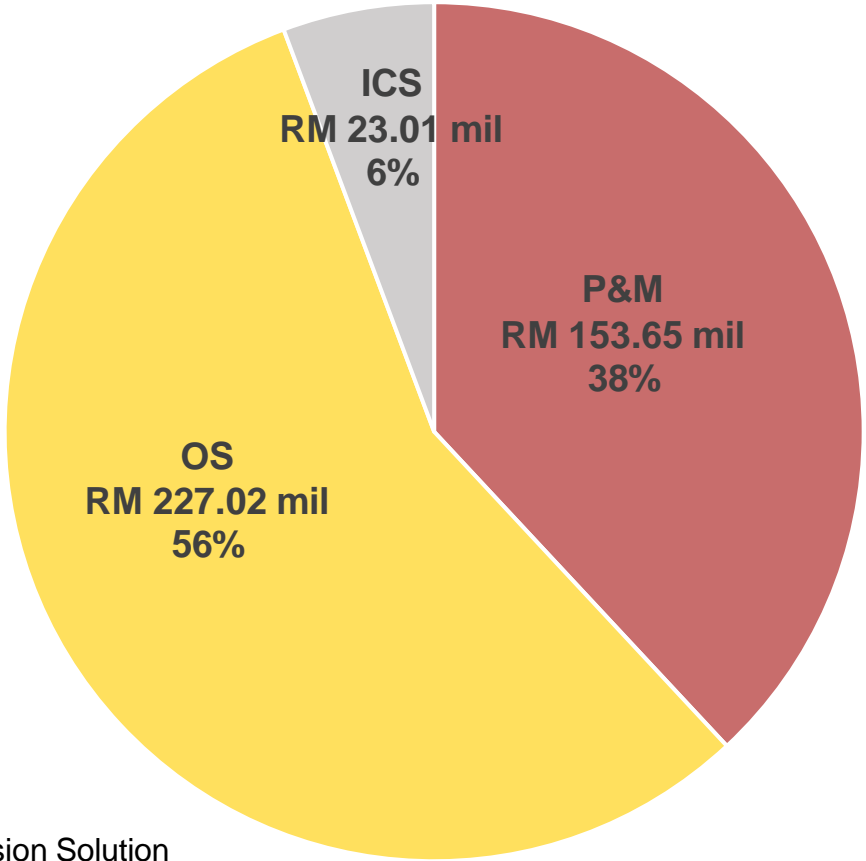
- Healthy orderbook for P&M mainly from gas turbine after sales, with RM252 million of works to be delivered within 12 months
- Depletion of OS orderbook due to increased revenue recognition as slickline orders approaching expiry; in the midst of bidding for new tenders

- 87.0% vs 31 Dec 2021
- 64.4% vs 30 Jun 2022

- 21.5% vs 31 Dec 2021
- 15.5% vs 30 Jun 2022

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

Tender book totaling RM403.67 million
as at 30 September 2022



- Expecting P&M tender book to increase with Master Service Agreement extension in 4Q22
- Higher demand from major client for oilfield maintenance work to drive OS wins

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



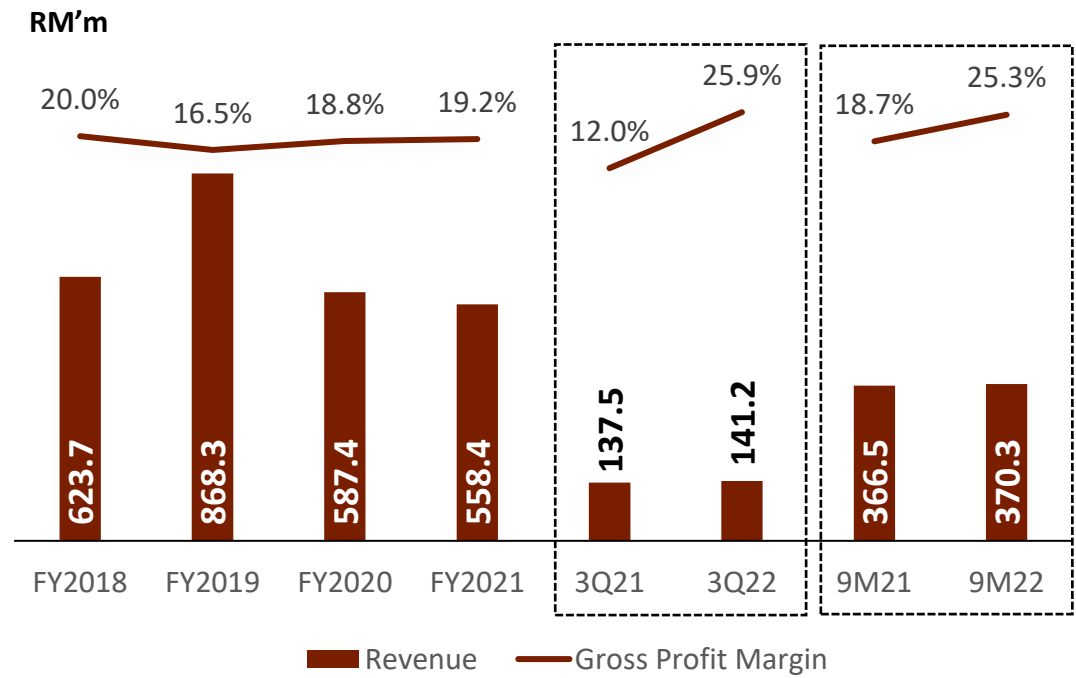
FINANCIAL RESULTS

Q3 FY2022

Continues to benefit from the encouraging recovery of spending in the O&G sector... maintained profit uptrend with RM11.8 million 3Q22 net profit

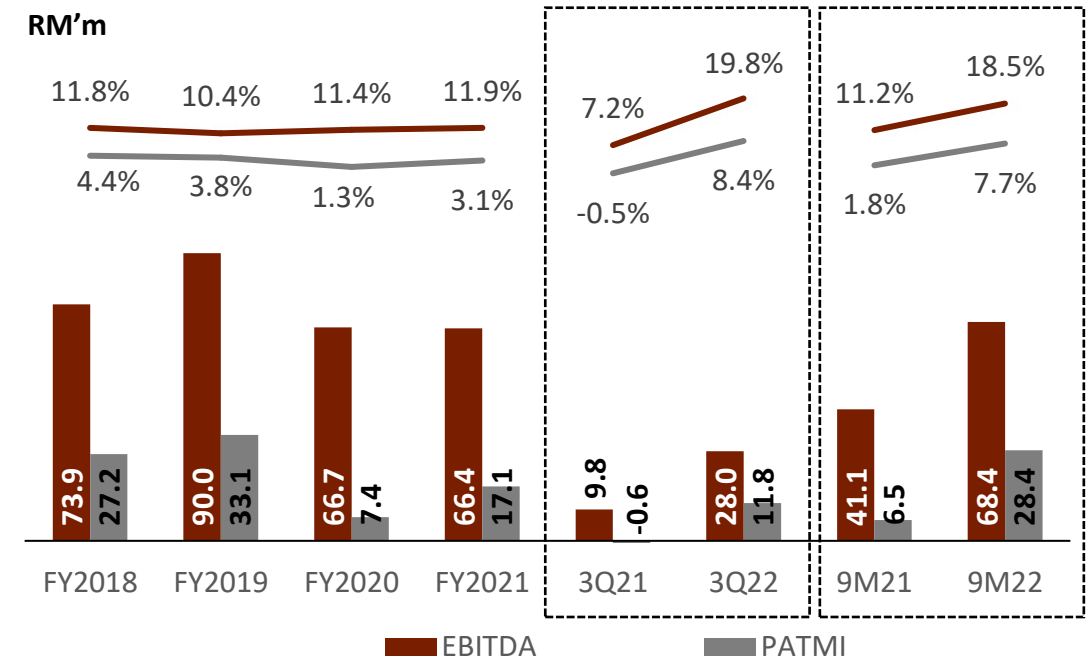


Revenue and Gross Margin



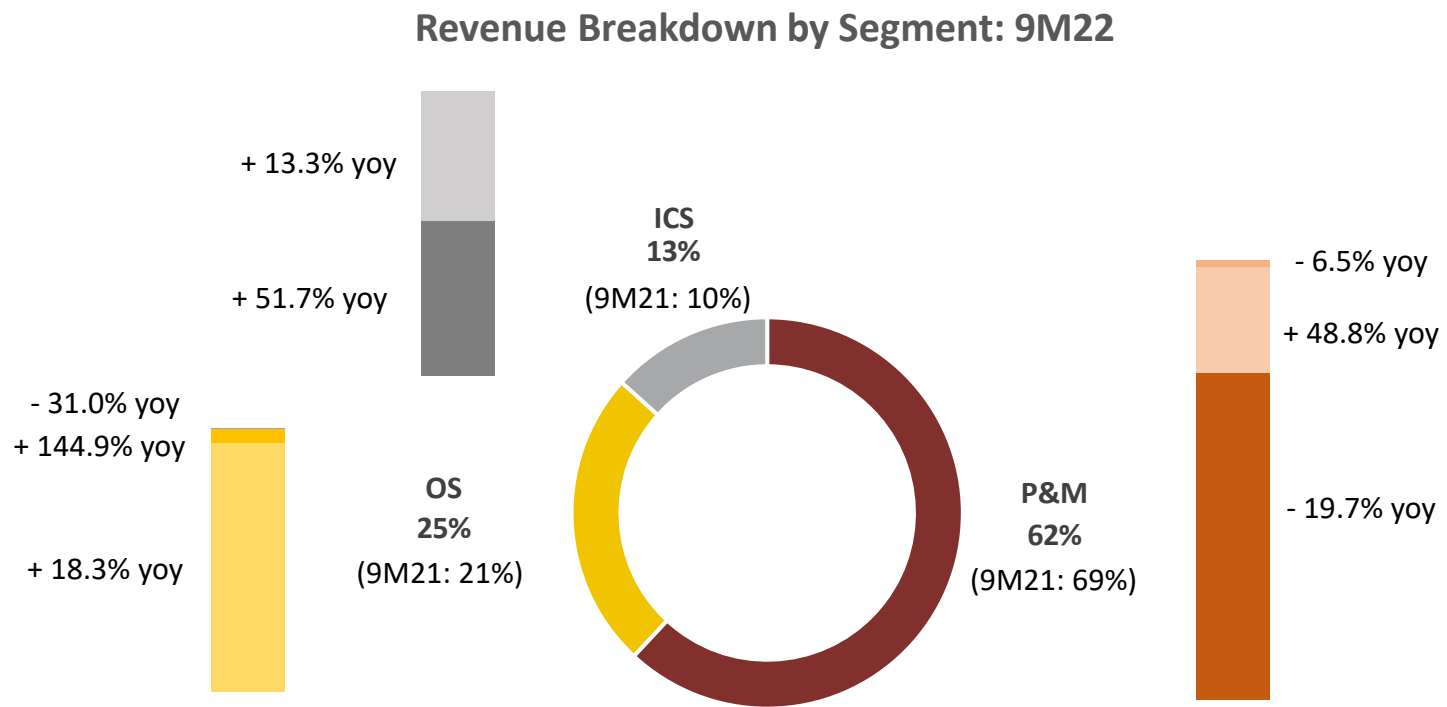
- Revenues remained flat despite growth in OS and ICS segments, which offset lower contribution from P&M segment
- Improvements in gross margins mainly driven by OS and ICS segments

EBITDA, PATMI and Margins



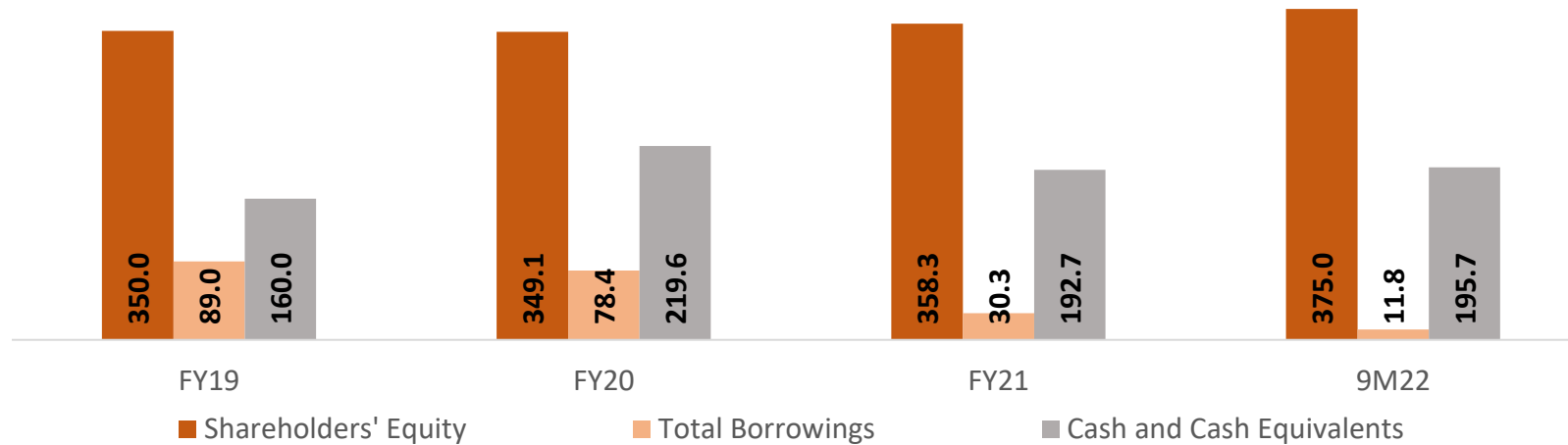
- Profits rose mainly due to better performance from all three segments, fair value gain on forward forex contracts, lower allowance made for slow moving inventories and reversal of impairment made on its trade receivables

P&M remains main contributor to revenue... OS' increased slickline activities help growth in topline



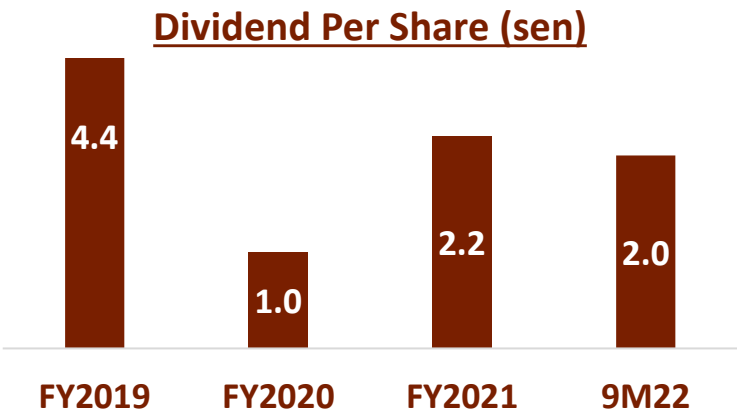
Power and Machinery	Oilfield Services	Integrated Corrosion Solution
<div></div> Sale of gas turbine packages and after sales support and services	<div></div> Principal based income services	<div></div> Provision of integrated corrosion and inspection services etc.
<div></div> Commission based income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

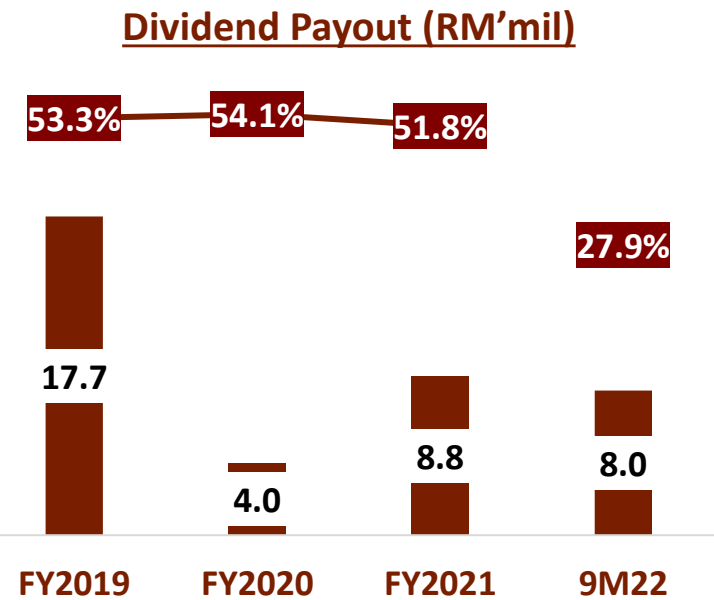


	FY2019 (RM'm)	FY2020 (RM'm)	FY2021 (RM'm)	9M22 (RM'm)
Current Assets	474.7	426.4	413.0	402.6
Non-Current Assets	272.8	222.1	195.9	179.3
Current Liabilities	323.4	236.6	210.6	166.1
Non-Current Liabilities	45.6	41.5	19.6	18.0
Shareholders' Equity	350.0	349.1	358.3	375.0
Net Gearing	Net Cash	Net Cash	Net Cash	Net Cash

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



Paid 1st interim dividend of 2.0 sen/share in respect of FY2022 on 30 September 2022



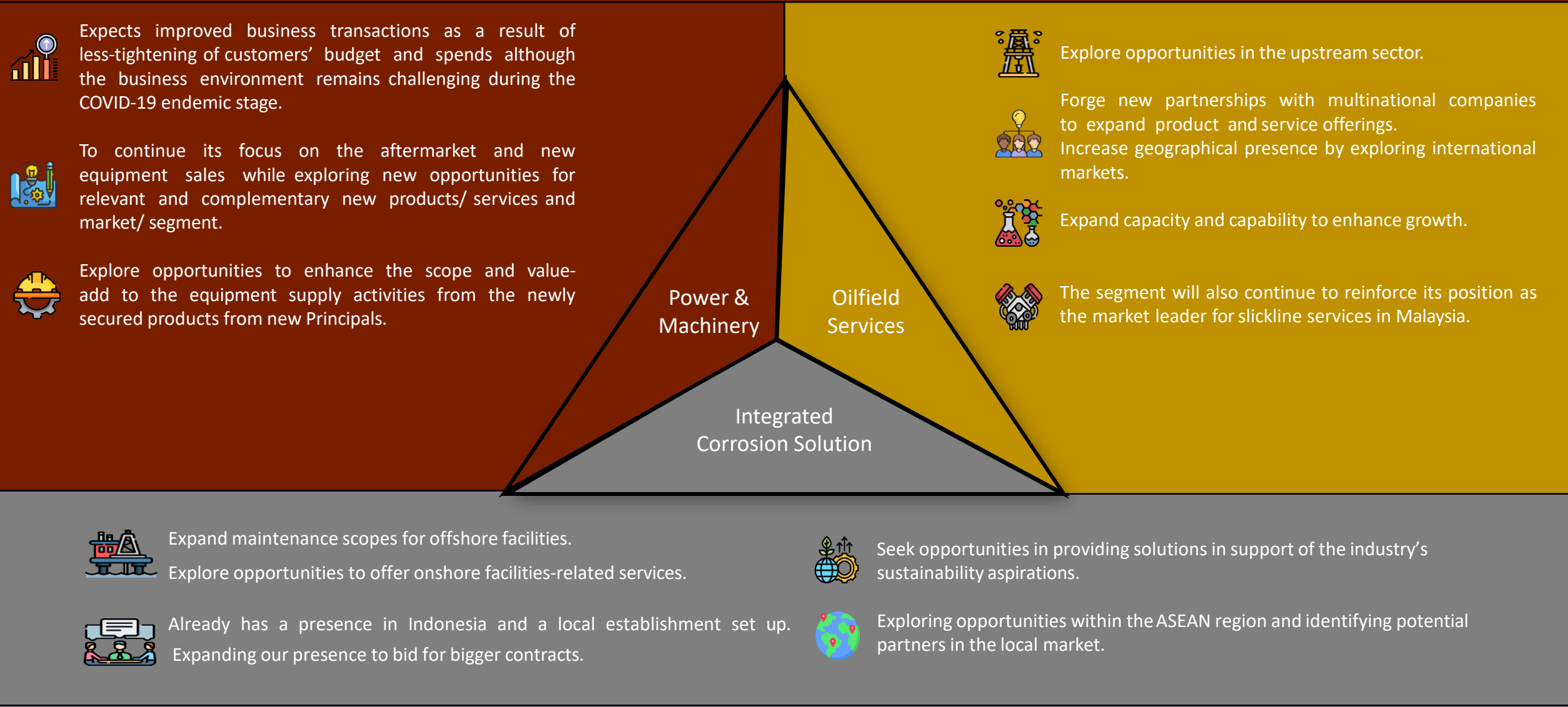
Deleum's Dividend Policy: 50% of annual net profit



DELEUM

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 1.9x 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 RM446.6 million order book and RM403.7 million tender book to undergird earnings growth

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

1.9x EV/EBITDA yet to reflect Deleum's investment merits

Valuations @ 2 Dec 2022

Share Price (RM)	0.85
Market Cap (RM 'm)	341.3
P/E (ttm)	8.8
P/E (net of cash)	3.7
P/B	0.9
EV/EBITDA	1.91
Dividend Yield (FY2021)	2.59%



Thank You

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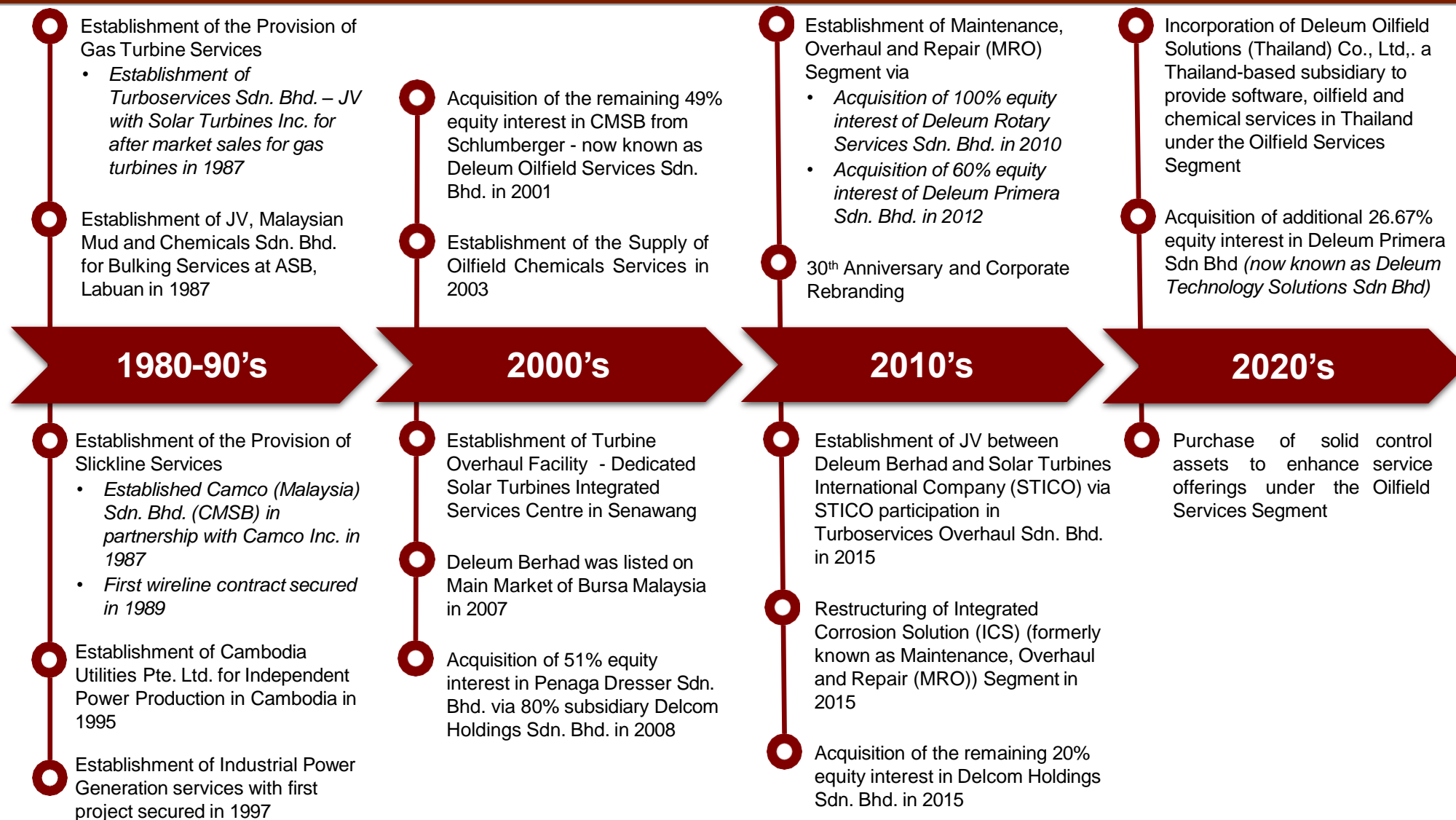
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APPENDIX





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.

