



**SERBA DINAMIK**  
HOLDINGS BERHAD

# SERBA DINAMIK HOLDINGS BERHAD

GLOBAL INTEGRATED ENGINEERING SERVICES PROVIDER

## **4<sup>th</sup> ANNUAL GENERAL MEETING**

2<sup>nd</sup> July 2020

Presenter:

**Dato' Dr. Ir. Ts. Mohd Abdul Karim Abdullah**

Group Managing Director, Group CEO  
& Non-Independent Executive Director



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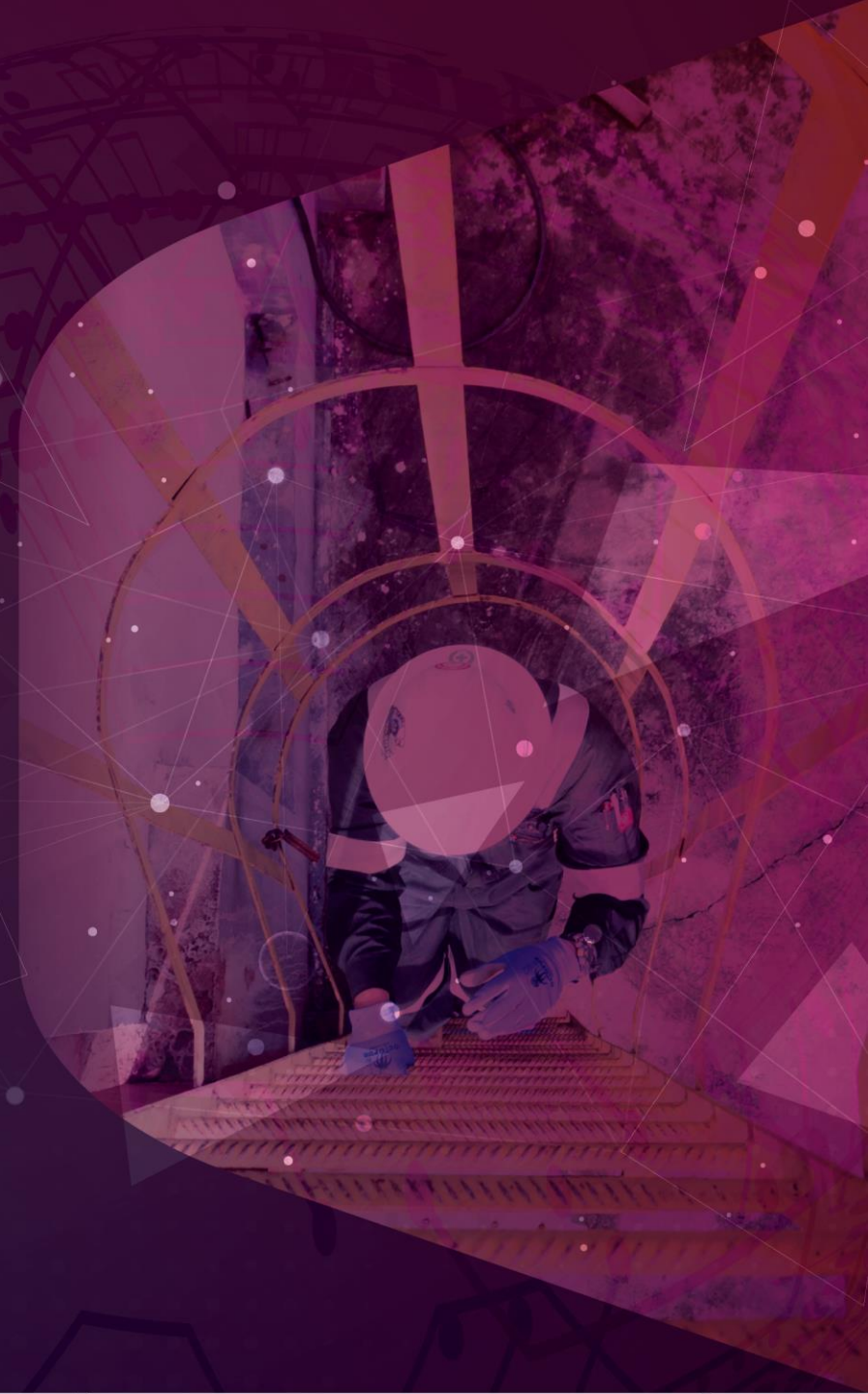




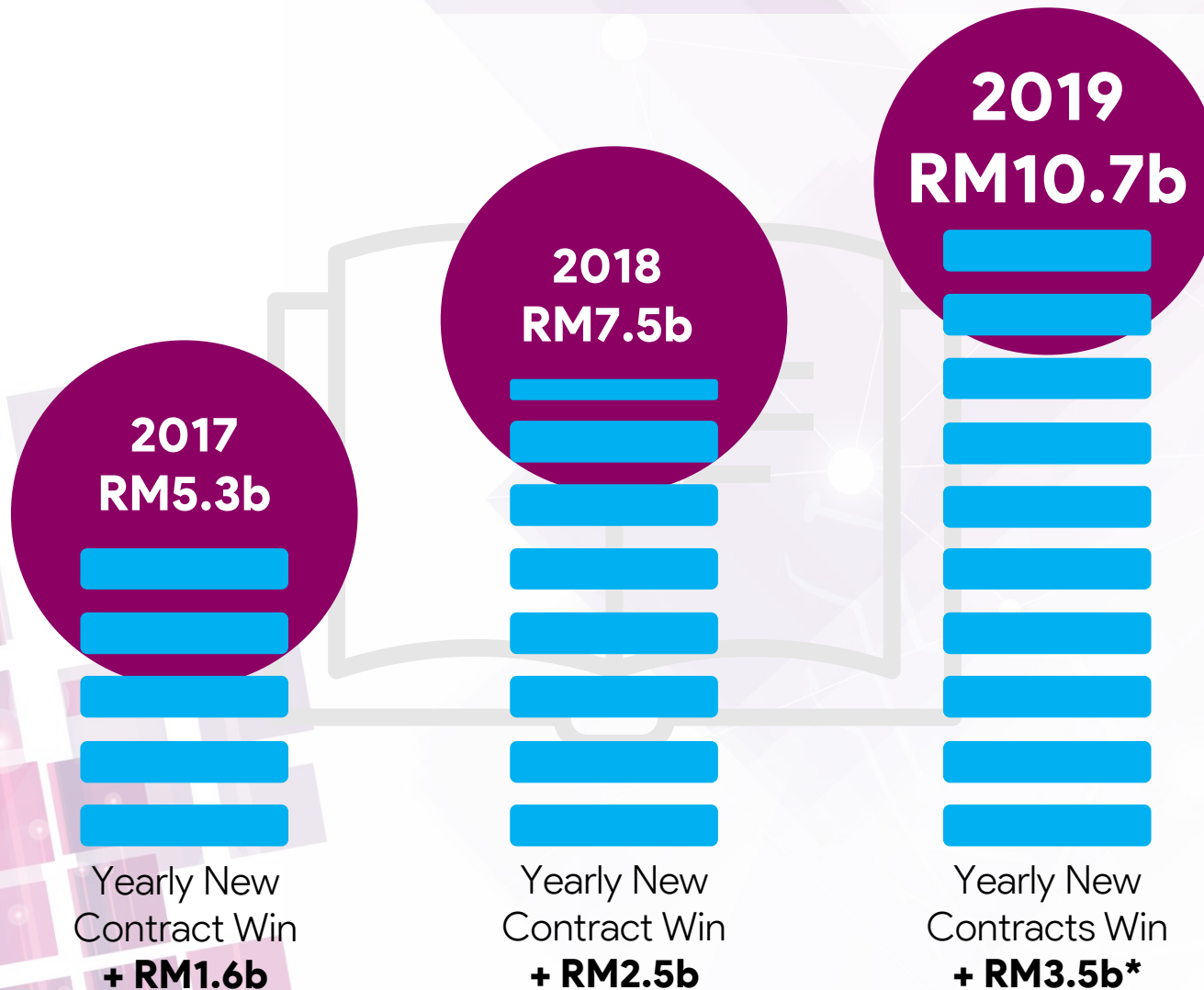
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# 2019

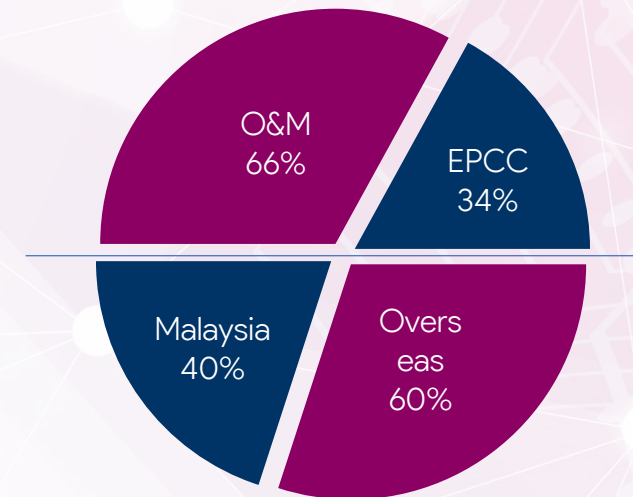
## OVERVIEW



# CONTINUOUS OF ORDERBOOK GROWTH



## <<< Orderbook Breakdown



### Among big contracts won in 2019

- ❖ Panel contractor for the Provision of Mechanical Rotating Equipment Services and Parts for Petronas Group of Companies
- ❖ EPCC for 90 Ton Per Day Chlorine Processing Plant at Hazarasp Free Economic at the Khorezm Region, Republic of Uzbekistan & 26MW/h Steam Turbine Independent Power Plant



# EXPANDED GEOGRAPHICAL FOOTPRINTS

6 Regions 25 Countries



# ENHANCED CORE CAPABILITIES & CAPACITIES

## Via technology investments

### Parts and components manufacturing



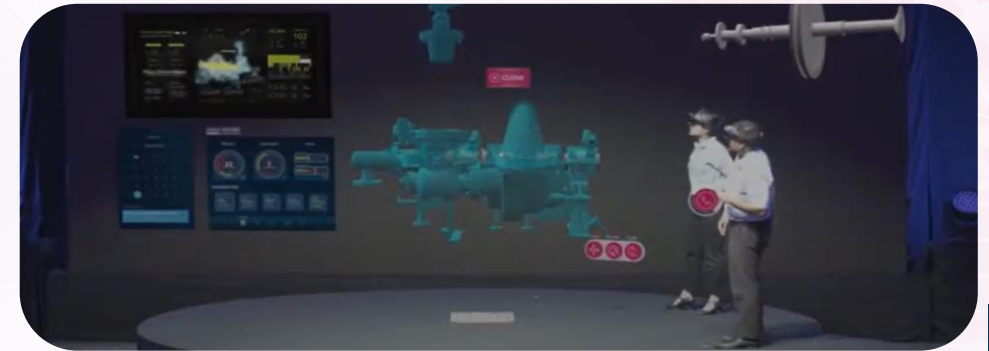
**80%** for GBP 1.5m    **23%** for EUR 5.0m    **30%** for EUR 1.2m

## Beyond Paradigm Summit & KL Summit embracing IR 4.0



## Via IT initiatives

### Smart Maintenance embedded with AI & Mixed Reality



### Virtual Reality Training digitalising knowledge & experience





## Via development of service hubs

**BIEH** Bintulu Integrated Energy Hub

**| 30 acres**

**97% Completion**

To start commissioning for  
East Malaysia market by **3Q20**



**PEIP** Pengerang Eco-Industrial Park

**| 57 acres**

**42% Completion**

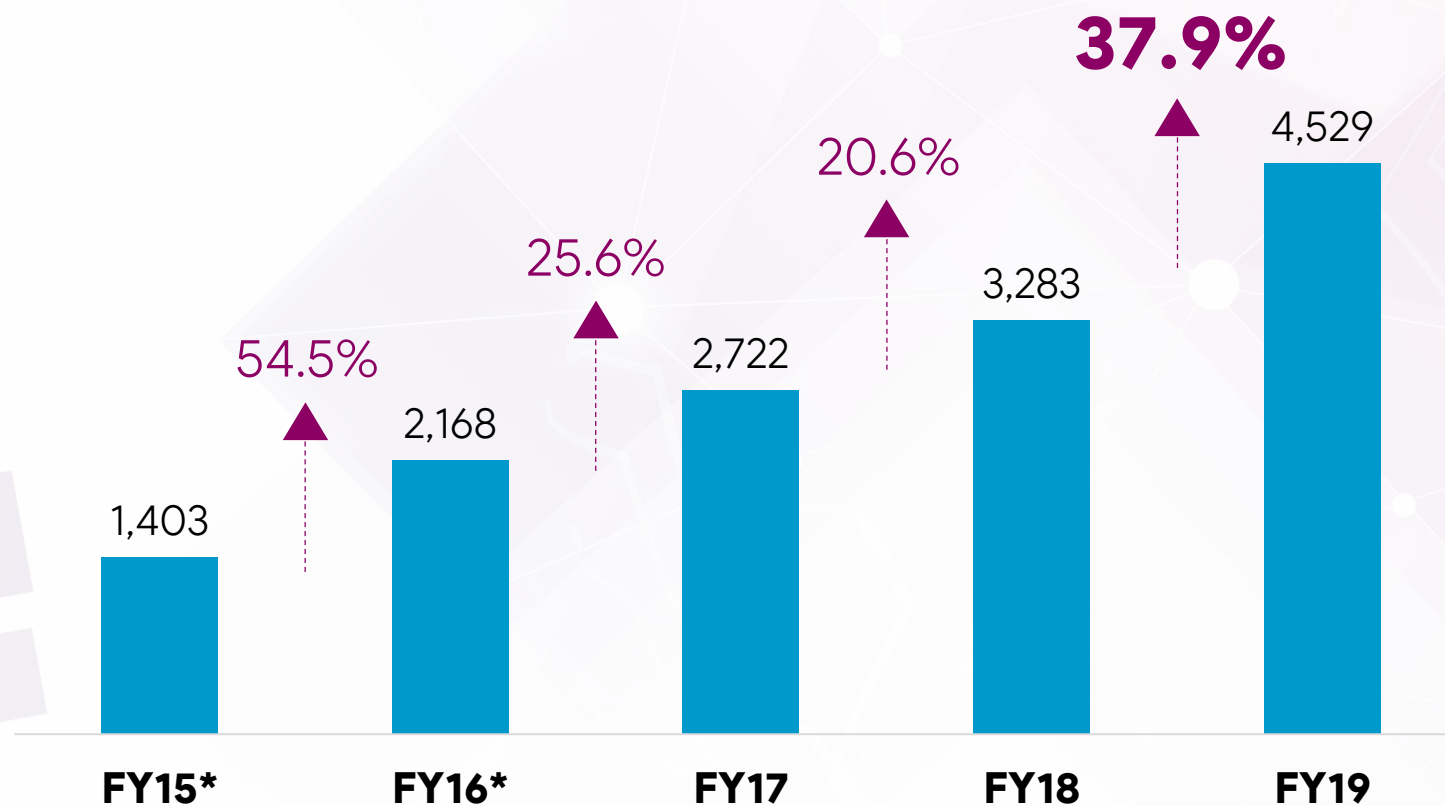
To be ready for RAPID  
and regional demand by **1Q21**





# REVENUE HIT NEW RECORD HIGH

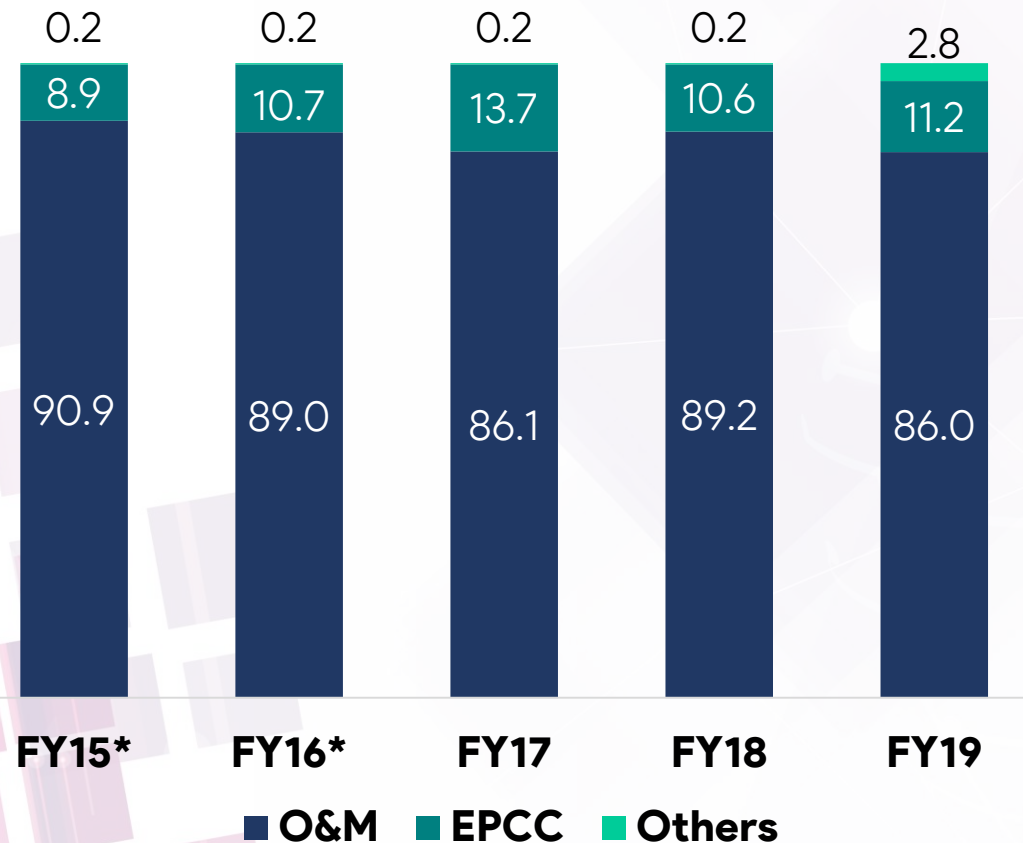
## Total Revenue (RM mil)





# O&M AS KEY REVENUE DRIVER WITH EXPONENTIAL GROWTH FROM IT

## Activity Breakdown (%)



Growth Rate (%)

FY18 vs FY19

### O&M

Operation & Maintenance

33.0

### EPCC

Engineering, Procurement,  
Construction & Commissioning

46.8

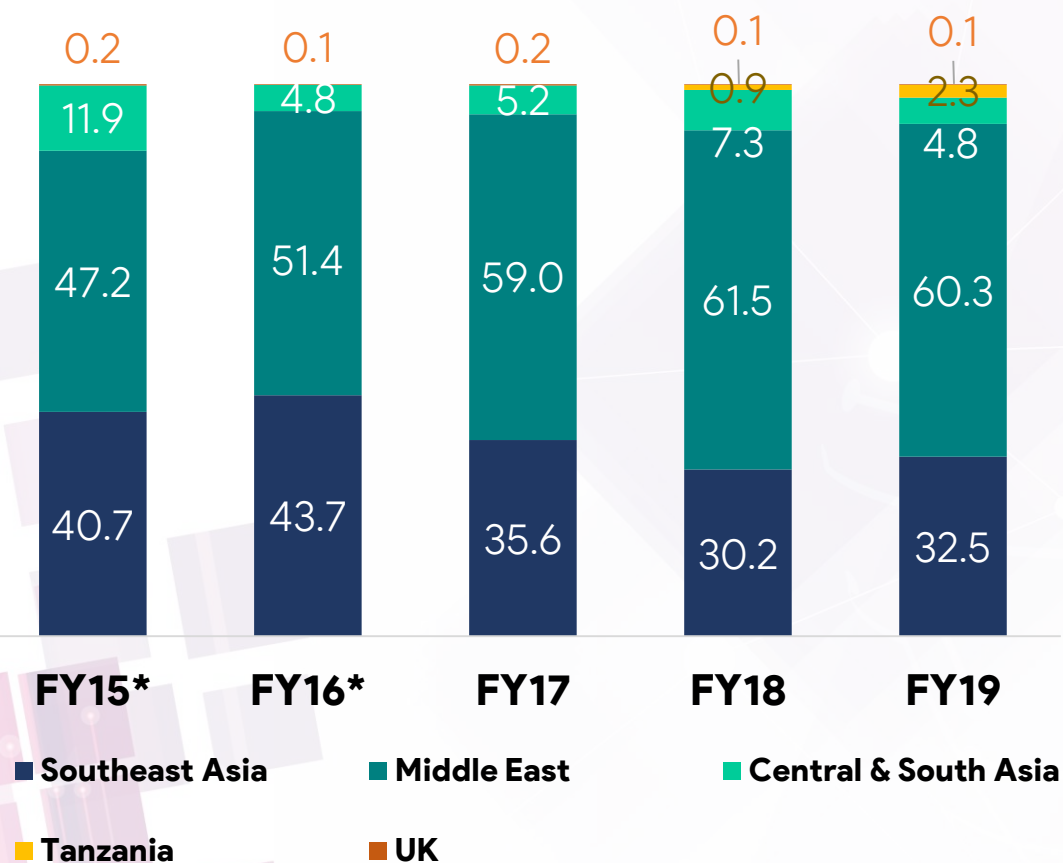
### Others

IT – Information Technology  
E&T – Education & Training

>100

# RECORDED NEW MARKET CONTRIBUTIONS

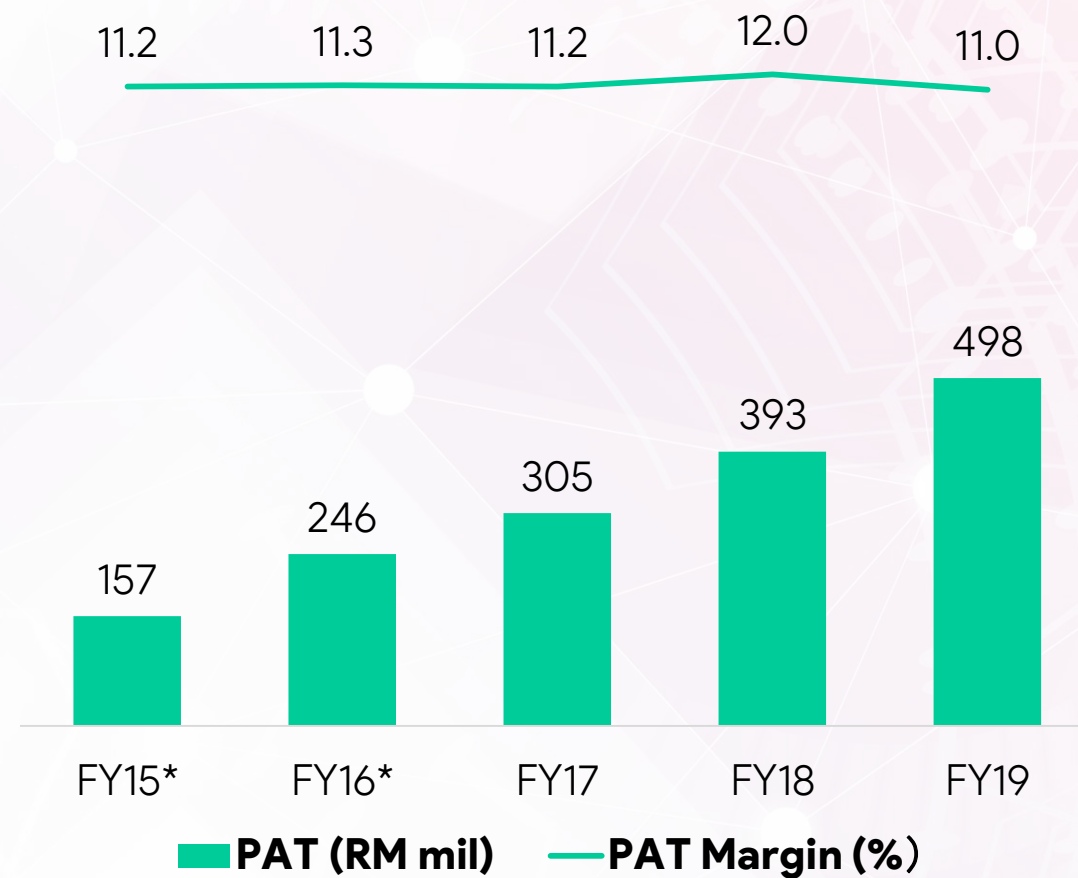
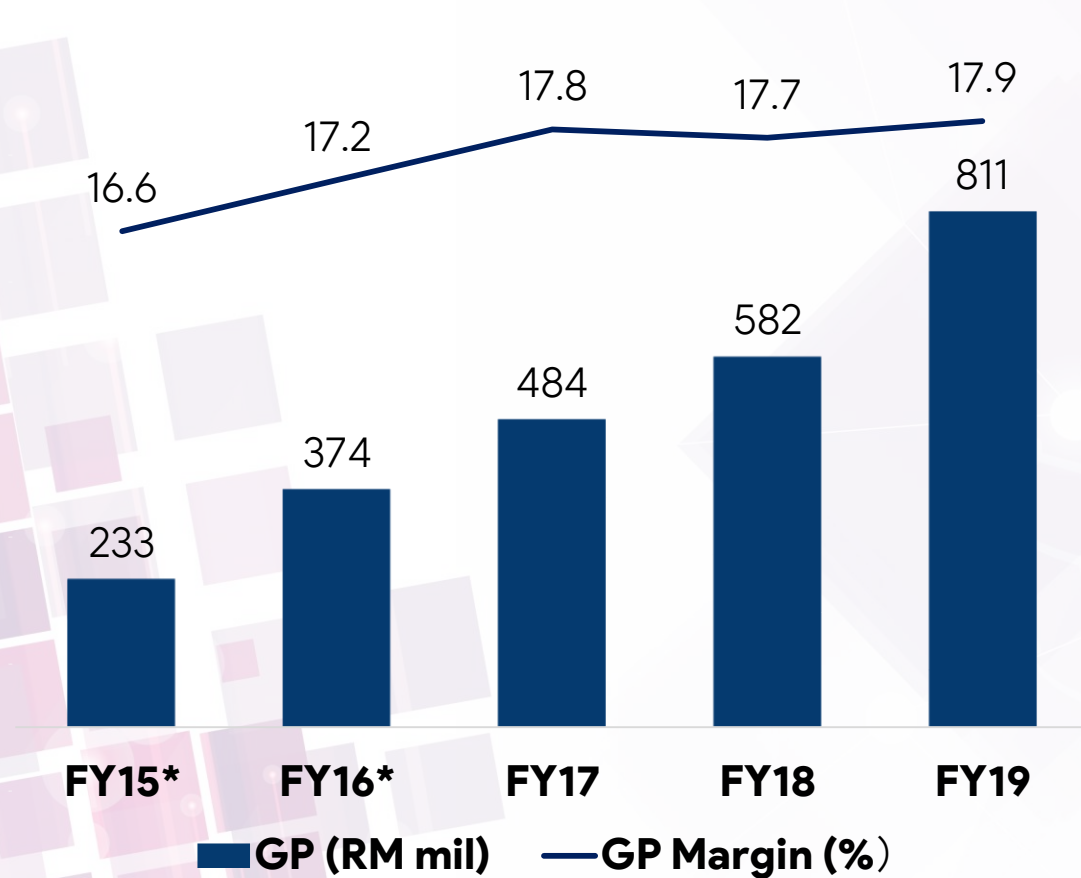
## Geographical Breakdown (%)



Contribution (%)	FY15	FY16	FY17	FY18	FY19
<b>Southeast Asia</b>	<b>40.7</b>	<b>43.7</b>	<b>35.6</b>	<b>30.2</b>	<b>32.5</b>
Malaysia	34.6	35.5	31.9	28.0	28.8
Indonesia	6.0	8.2	3.7	2.2	3.4
Laos	-	-	-	-	0.3
<b>Middle East</b>	<b>47.2</b>	<b>51.4</b>	<b>59.0</b>	<b>61.5</b>	<b>60.3</b>
Bahrain	0.4	7.6	12.5	10.0	8.4
UAE	14.0	9.8	10.6	20.6	19.7
Qatar	18.2	16.1	18.0	20.7	27.4
Oman	12.7	1.8	4.3	1.4	-
KSA	1.1	12.9	11.2	8.4	4.2
Kuwait	0.9	3.1	2.3	0.4	0.6
<b>Central &amp; South Asia</b>	<b>11.9</b>	<b>4.7</b>	<b>5.2</b>	<b>7.3</b>	<b>4.8</b>
Turkmenistan	11.9	4.7	5.1	7.2	3.9
Kazakhstan	-	-	-	0.1	0.0
India	-	-	-	-	0.4
Uzbekistan	-	-	-	-	0.5
<b>Tanzania</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.9</b>	<b>2.3</b>
<b>UK</b>	<b>0.2</b>	<b>0.1</b>	<b>0.2</b>	<b>0.1</b>	<b>0.1</b>



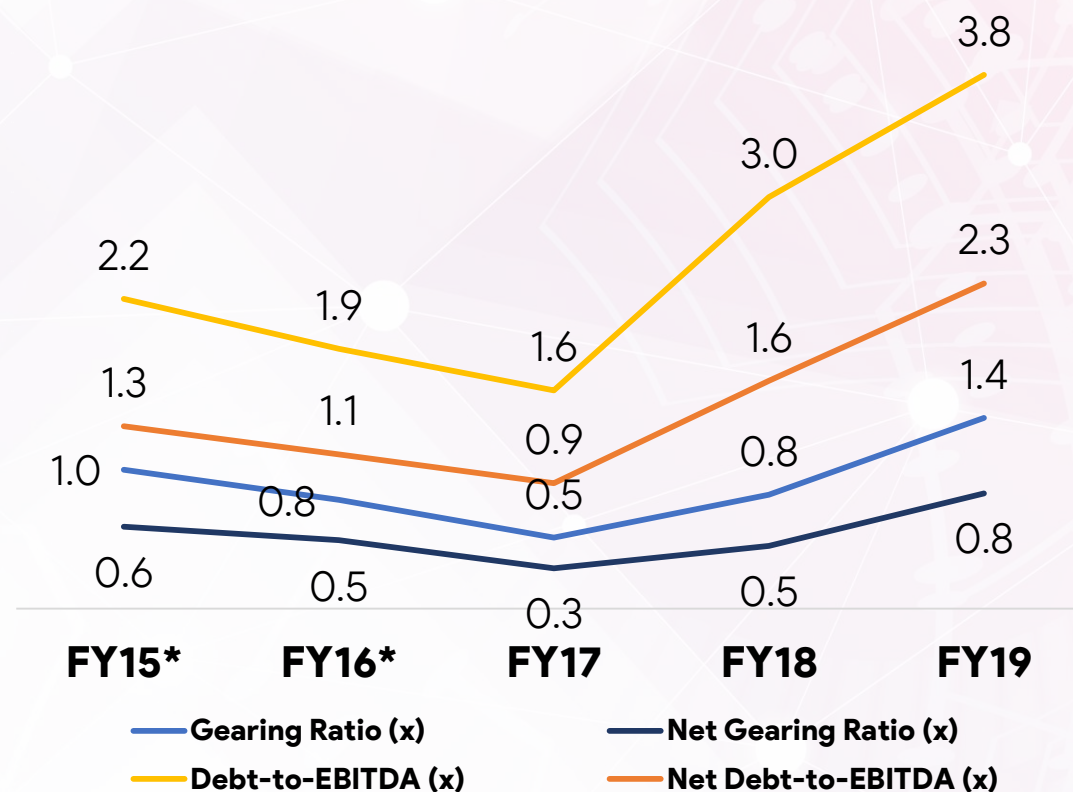
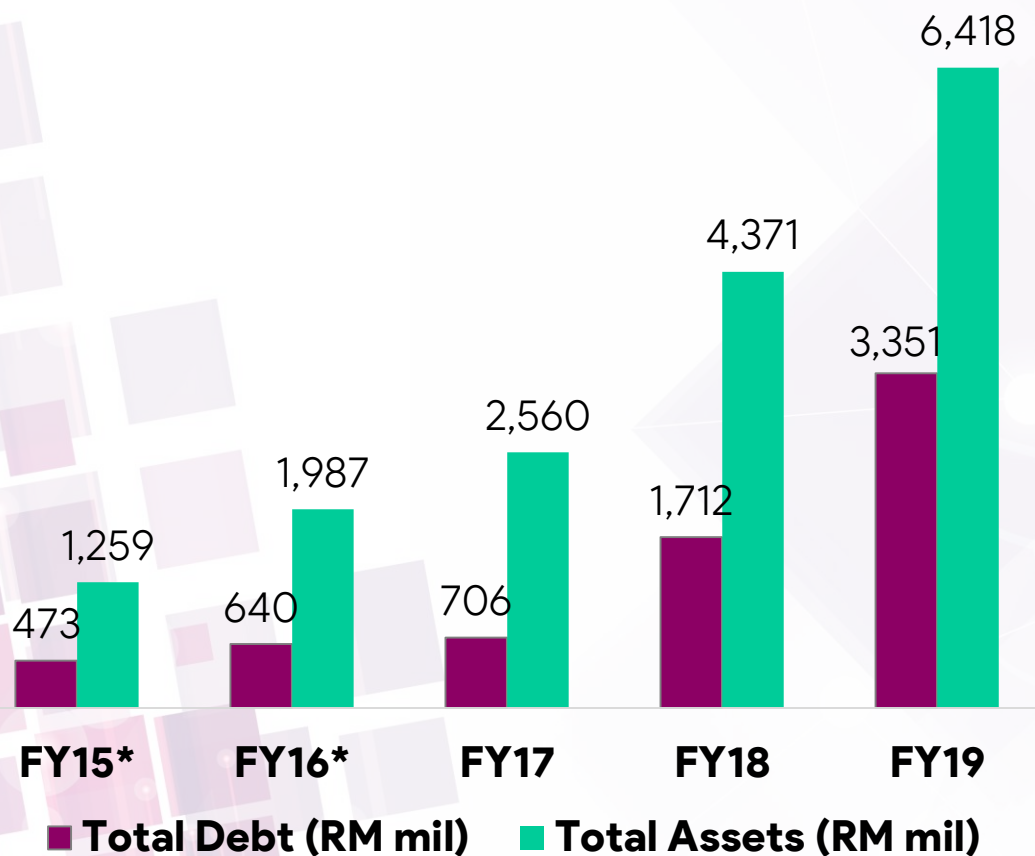
# DELIVERED STEADY PROFITABILITY



# HEALTHY BALANCE SHEET

Manageable cash flow with **RM1,307 mil cash on hand**

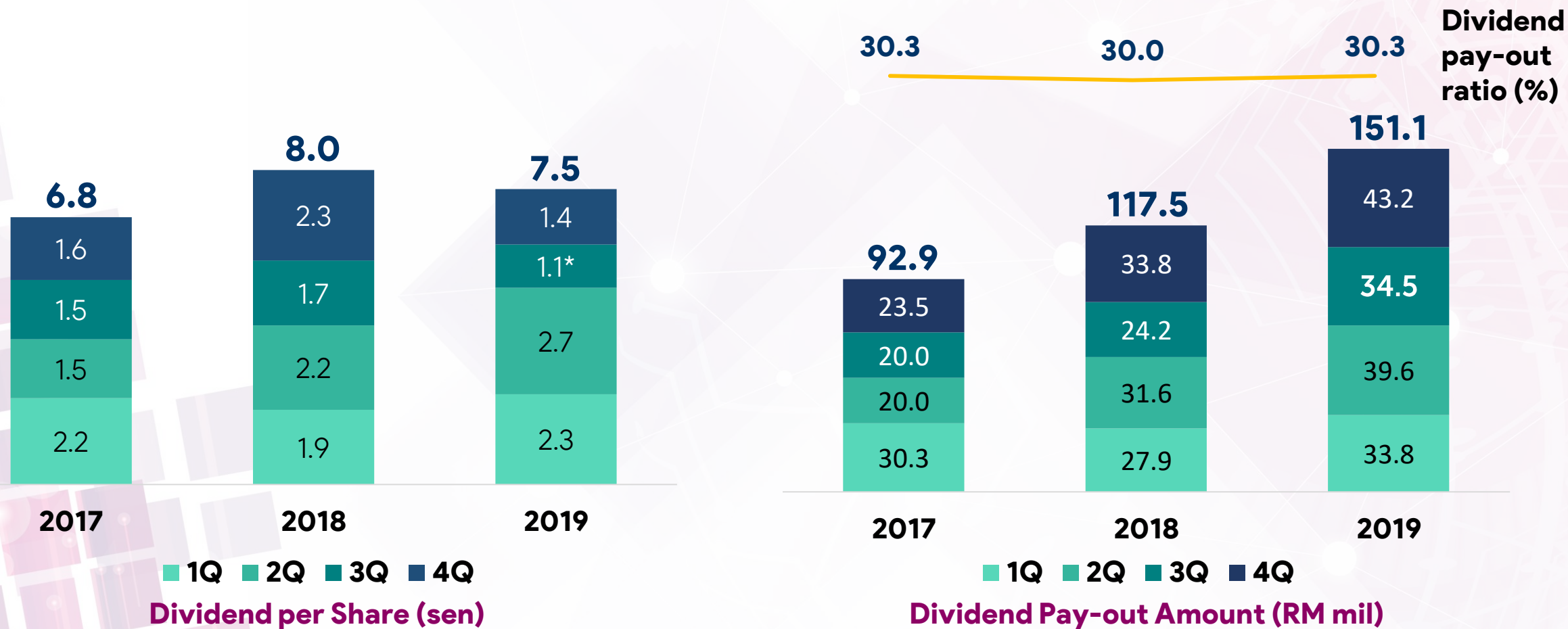
Rose due to sukuk raised for refinancing and working capital.  
Yet liquidity improved as longer borrowing tenure secured





# CONSISTENT DIVIDEND COMMITMENT

**Policy: At least 30% of PAT**



\* Lower DPS yet higher payout amount as share base enlarged from 1,468,500,000 to 3,083,849,878 through share split & bonus issue exercise in 2019



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# 2020 OUTLOOK





# KEY MACROECONOMIC FACTORS

## COVID-19 PANDEMIC

- Operations are ongoing as involving in essential industries.
- Manpower management – mobilise the existing & local project teams.
- Inventory management – smooth supply chain as we tap on the year-end stock-up & bulk purchase strategy.

## OIL PRICE FLUCTUATION

- The lower oil price is, the higher the production will be ramped-up by oil companies, which in turns causing more wears & tears on the assets, subsequently creating more demands for O&M services (regulatory & functional requirement).
- Continue to receive call-out jobs as usual.
- Low price level has been taken into considerations for contracts on hand.
- Serves established names, national oil companies & major players in the industry.

## POLITICAL UNCERTAINTY

- Mostly B2B projects, yet might experience delay due to government transition in which some projects required local authority approval.
- Looking at potential overseas markets like Central Asia.



# SERBA DINAMIK CORE COMPETENCIES

## OPERATION & MAINTENANCE

### Site Maintenance

- Daily Maintenance Operation
- Plant Turnaround Activity

### Workshop Maintenance

- Bintulu Integrated Energy Hub
- Pengerang Eco-Industrial Park

### Manufacturing of parts & components

- La Rapida
- Al Sagar Engineering
- OMT
- Psicon
- Geppert



## EPCC



### Current Business Model

**Asset Ownership Model**  
EPCC + O&M synergies

### Exploring and moving towards a new model

**Innovation Hub & Smart City**  
EPCC + ICT related solutions  
Prospect in East Malaysia and Middle East

**Acquisition of Offshore Fabrication Yard / Facilities**  
To strengthen offshore capabilities & positioning in South East Asia and Middle East

## INFORMATION TECHNOLOGY

### Customised software development

Specialised tailored programme for Institution and plant operators

### Mobile application solutions

Targeting end user and global populations with quick cash turnaround cycle

### Innovation Hub & Smart City

Integration of IT services and solutions from IR 4.0 initiatives i.e. Robotics, A.I, IoT, Smart Maintenance, AR/VR and cloud computing



## EDUCATION & TRAINING

### Certification programmes

Joint training programmes with approved and reputable education provider

### Tertiary Learning

Specialised and focusing on ICT related course – acquisition of UniMY

### Research and Development

Moving towards industry relevant R&D and human resources training to support the Group's core business



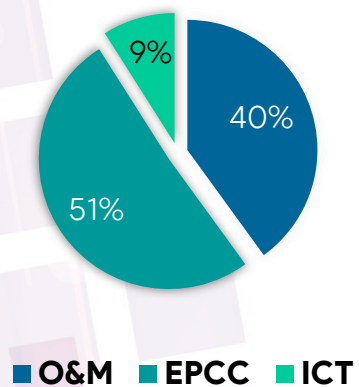




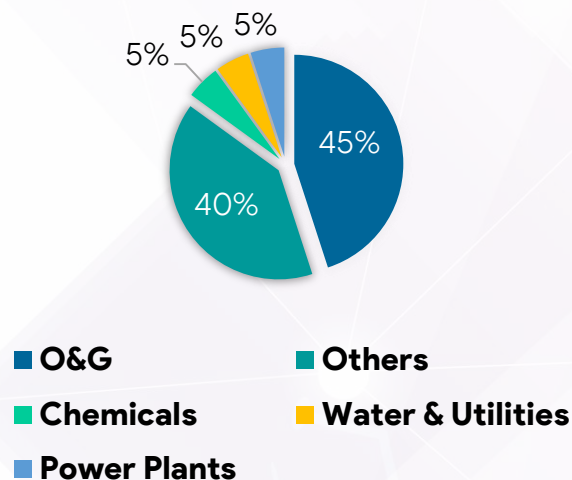
# TARGETING RM15B ORDERBOOK BY FYE 2020

Recorded RM17.5b as of Jun 2020

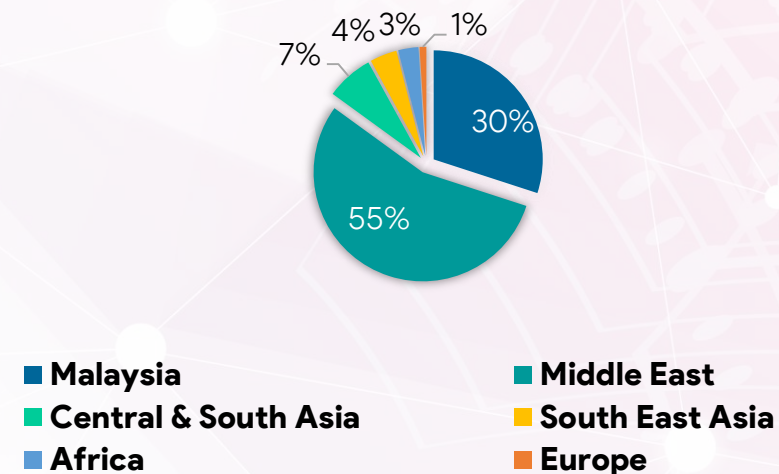
by Segment



by Industry



by Geography



World oil demand growth  
2021<sup>(1)</sup>

**2.1 mb/d growth**  
Current world oil demand  
approximately 100 mb/d

Global renewable energy demand  
2021<sup>(1)</sup>

**+12.4%**

Malaysia generation target  
2025<sup>(2)</sup>

**20%**

Global water market value  
2023<sup>(3)</sup>

**\$914.9 billion**

# DIVERSIFYING GEOGRAPHICAL EXPOSURES

**6 Regions 25 Countries  
+ 3 New Markets**

(Nepal, Maldives, Zambia)

## SOUTH & NORTH AMERICA

- Guyana
- US\*
- Mexico\*

## EUROPE

- UK
- Norway\*
- Netherlands\*\*
- Switzerland\*\*

## AFRICA

- Tanzania
- Zambia
- Nigeria\*

## MIDDLE EAST

- Qatar
- Bahrain
- UAE
- Saudi Arabia
- Oman
- Kuwait

## CENTRAL & SOUTH ASIA

- Turkmenistan
- India
- Uzbekistan
- Kazakhstan
- Nepal
- Maldives

## ASIA PACIFIC

- Malaysia
- Indonesia
- Singapore
- Laos
- New Zealand\*
- Australia\*



# ADVANCING CORE CAPABILITIES & CAPACITIES

*by leveraging on readily available facilities*



## BIEH

Total Land Area	30 acre (12.14 hectare)
Capacity	High end maintenance and fabrication work up to 1,000 tonnes

- Realising the potentials to perform higher-end and larger-scale O&M works which are at par with international players – corrosion prevention, piping preparatory works
- To streamline operations by combining existing workshops into this integrated hub.
- Sizeable opportunities from Sabah & Sarawak as well as regional markets.



## TELUK RAMUNIA YARD

Total Land Area	170 acre (68.8 hectare)
Capacity	Up to 50,000 tonnes

- To position company as a total engineering solution provider covering onshore and offshore services – top side maintenance, integrated hook up and commissioning, decommissioning, offshore transport and installation works.
- Sizeable opportunities from domestic as well as international markets.
- Strategic location with opportunity to tap existing MRO and ship repair business as well as supports in aromatic complex nearby Pengerang.



# ADVANCING CORE CAPABILITIES & CAPACITIES

by growing IT & E&T Segments

## GROWTH STRATEGIES

### TARGET MARKET

CONSUMER/RETAIL

INSTITUTIONAL



## EDUCATION & TRAINING

International Certification Body



Engineering Construction  
Industry Training Board



City & Guilds

Training & Certification Centre

Tertiary Education



Materials Technology Education Sdn Bhd  
A company owned by IMM & IM Education

Materials Technology  
Education Sdn Bhd  
(70% Owned)



University Malaysia Of Computer  
Science & Engineering  
(100% Owned)



# RECENT CORPORATE EXERCISE – UPDATES

## Private Placement

(Completed on 5 May 2020)

	Proposed Utilisation		Actual Utilisation	
	RM mil	%	RM mil	(%)
<b>Working capital</b> To be utilised within 12 months	<b>245.6</b>	<b>53.8</b>	-	-
<b>Repayment of bank borrowings</b> To be utilised within 24 months	<b>200.0</b>	<b>43.8</b>	-	-
<b>Estimated private placement expenses</b> To be utilised immediately	<b>11.1</b>	<b>2.4</b>	<b>7.2</b>	<b>64.8</b>
<b>Total</b>	<b>456.7</b>	<b>100.0</b>	<b>7.2</b>	<b>1.6</b>







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# MSWG

## HIGHLIGHTED POINTS





# QUESTION 1



**MINORITY SHAREHOLDERS WATCH GROUP**  
*Shareholder Activism and Protection of Minority Interest*

The recent in-house development for smart virtual reality training at the D-Virtual Park in Kota Samarahan is a commitment towards realising the Government's push for businesses to adopt Industry 4.0 technologies and practices while helping our customers to reach operational and cost efficiencies. (page 18 Annual Report)

(a) Please explain how the D-Virtual Park help in the adoption of Industry 4.0 and help customers in improving cost and operational efficiencies as the D-Virtual Park offers virtual games? (page 139 of the Annual Report).

(b) When is D-Virtual Park expected to contribute to the Group's profit?



(a) The Government of Malaysia always encourage private sector to embrace Industry Revolution 4.0 ("IR 4.0"). The Government through Ministry of International Trade and Industry ("MITI") has come out with National Policy on IR 4.0 where specific goals has been set to ensure labour productivity growth, manufacturing contribution to economy, innovation capacity and high skilled jobs. The adoption of IR4.0 will assist the industry in increasing efficiency and productivity to remain relevant and competitive in domestic and global market. D-Virtual Park ("D-VP") not just only offers virtual games, but also provide a platform for incubators, accelerators and start-up companies to create an ecosystem for these companies to be able to channel their creativity and to benefit the industry. The Group through collaboration with Start-up Borneo will provide a huge networking for start-ups in digital technology segment. Hence the D-VP is set to play important role in digital technology to support Government's agenda in promoting digital economy and IR4.0.

(b) D-VP is expected to start contribute revenue in Q3 2020.

## QUESTION 2



**MINORITY SHAREHOLDERS WATCH GROUP**  
Shareholder Activism and Protection of Minority Interest

The Middle East region has always been the Group's largest revenue contributor for the past five financial years. This region is known as the largest oil producers in the world; for 2018 the region accounted for more than a third of the global oil production at 33.5%. (page 76 Annual Report).

(a) How will the low crude oil price, (due to lower demand for oil caused by both the slowing world economic growth as well as the effect of the lockdown arising from Covid-19 pandemic), impact the Group's revenue?

(b) What are the measures taken to overcome the potential slow-down in business activities due to the factors mentioned above?



(a) Historically, the Group has faced multiple low crude oil price situation and has been resilient throughout it. Despite the current crisis which has impacted the world, our business remain strong. Covid-19 pandemic has created an impact on the mobility and restricted the movement of people. With the strategy and measures undertaken by the Group, it is sufficient to address the current issue and the Group is still confident that it can achieve the necessary growth year on year.

(b) Among measures taken by the Group to overcome the potential slow-down in business activities include manpower management whereby the Group mobilise existing and local people to respective projects to ensure the jobs completed on time. Apart from that, the Group strategy on managing inventory such as buying inventory in bulks towards year end has ensure that there is no disruption on our operation during the current pandemic.



# QUESTION 3



**MINORITY SHAREHOLDERS WATCH GROUP**  
Shareholder Activism and Protection of Minority Interest

Currently, the Group is targeting the power generation, water treatment and utilities sectors to broaden the revenue stream so as not to be too dependent on the oil & gas sector.

(a) What is the Group's revenue and profit before tax from the power generation, water treatment and utilities sectors respectively in FY 2019?

(b) How does the Group compete with more established competitors as the Group is a new player in these sectors?



(a) The Group's revenue and gross margin as below:-

Industries	Revenue (RM million)	GP (RM million)
Power generation	135.7	23.2
Water treatment & utilities	270.2	43.5

(b) Serba is a global integrated engineering service provider. The Group provide engineering solution to multiple industries such as oil & gas, power generation, water & utilities, chemicals, marine & others. With the capabilities and technical know-how on engineering spectrum, the Group is able to compete in these sectors. With the Group 27 years in engineering business, we have the experience and capabilities which is in-line with the industry standards.

# QUESTION 4



**MINORITY SHAREHOLDERS WATCH GROUP**  
Shareholder Activism and Protection of Minority Interest

In the Operating Segments Results, the Others Segment recorded a higher segment profit of RM22.1 million in FY 2019 as compared to a segment profit of RM2.1 million in FY 2018. (page 294 of Annual Report)

(a) Please provide the segment profit of Technical Training, Information, Communication & Technology (“ICT”) Solutions and supply of products and parts for each of the business units in both FYs 2019 and FY2018, respectively.

(b) Which business unit has the potential of higher segment profit in FY 2020 and why?



(a) Segment’s revenue and gross profit of Education & Training (“E&T”) segment and Information, Communication & Technology (“ICT”) are as below:-

Segment	Revenue (RM million)		Gross Profit (RM million)	
	2019	2018	2019	2018
ICT	122.8	5.6	21.2	1.7
E&T	1.6	2.2	0.9	0.4

(b) The Group is expecting higher gross profit in term of amount/value from ICT segment mainly due to higher revenue growth expected in FY2020.



## QUESTION 5



**MINORITY SHAREHOLDERS WATCH GROUP**  
Shareholder Activism and Protection of Minority Interest

The Group recorded a loss on disposal of trade receivables of RM8.0 million in FY 2019 that is RM5.2 million or 185.7% higher than RM2.8 million recorded in FY 2018. (page 218 of Annual Report)

- (a) What is the reason for the trade receivables being sold at a loss and why is the amount increasing?
- (b) Please explain why the Company has entered a Non-Recourse Receivables Purchase Framework Agreement (“NRRPFA”) with a licensed bank as compared to the normal practice of in-house collection of trade receivables? (page 272)
- (c) Please provide the salient features of the NRRPFA?
- (d) What is the fee paid to the licensed bank in FYs 2019 and 2018 for this service?



The Group was offered a non-recourse Receivable Purchase with a licensed bank to help improve our working capital. The facility started mid of 2018.

- a) The trade receivables are sold to financier at discount to ensure we are able to collect payment faster. The increasing trend was due to full year effect as compare to 2018.
- b) By having the facility, we are able to collect payment earlier as compare to the normal credit term with client as well as the Group be able not to included the debt as borrowing where this financing is consider as non-recourse basis.
- c) The salient features include purchasing up to 90% of invoice value, limited to approved customers by the bank and term of payment is up to 90 days.
- d) The fee paid to the licensed bank is RM8.0 million and RM2.8 million in FY2019 and FY2018 respectively.



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# THANK YOU

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