



**SERBA DINAMIK**  
HOLDINGS BERHAD

*Global Integrated Engineering  
Services Provider*

# 3<sup>rd</sup> ANNUAL GENERAL MEETING

*20<sup>th</sup> June 2019*

*Presented by:*

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

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







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# 2018 Overview

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## 2018 Overview



### 1 Awarded the Forbes Asia's Best 200 Under A Billion list

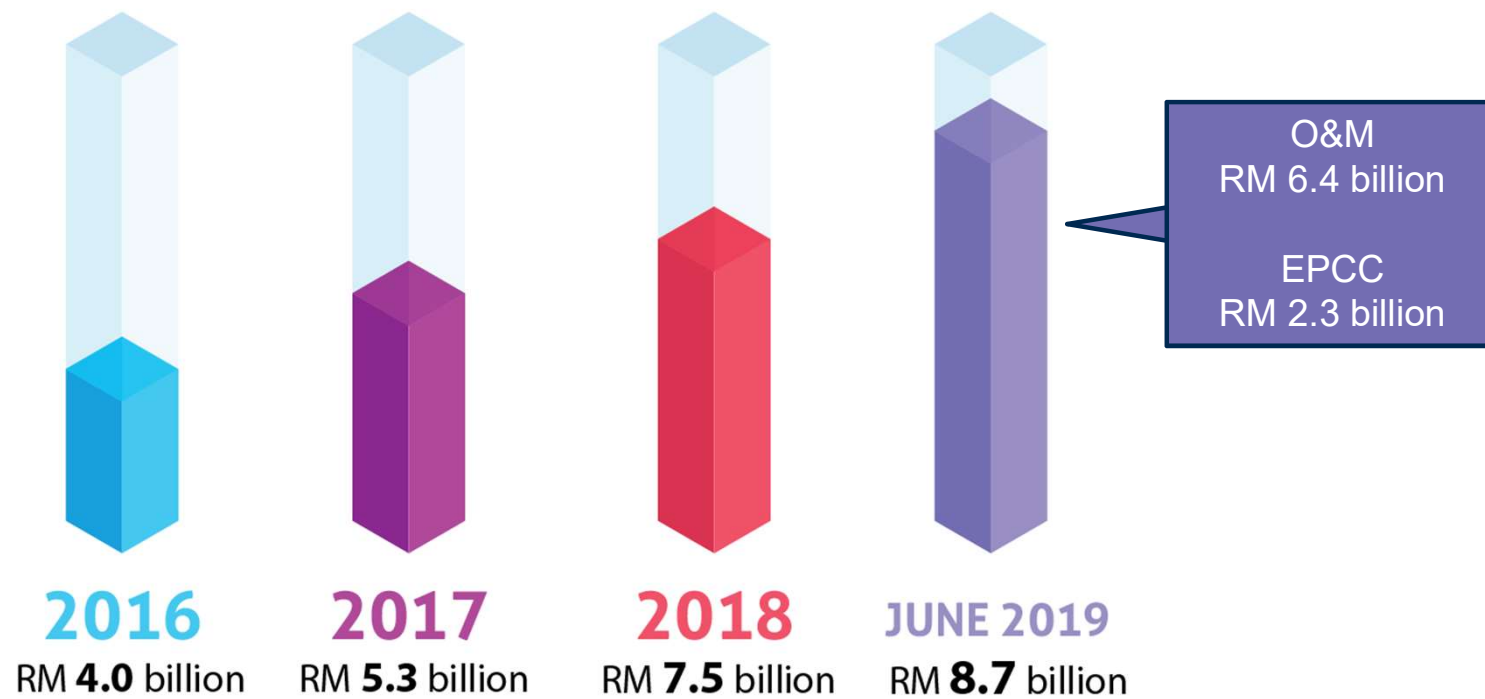


# 2018 Overview



1 Awarded the Forbes Asia's Best 200 Under A Billion list

2 Achieved RM7.5 billion orderbook target





# 2018 Overview

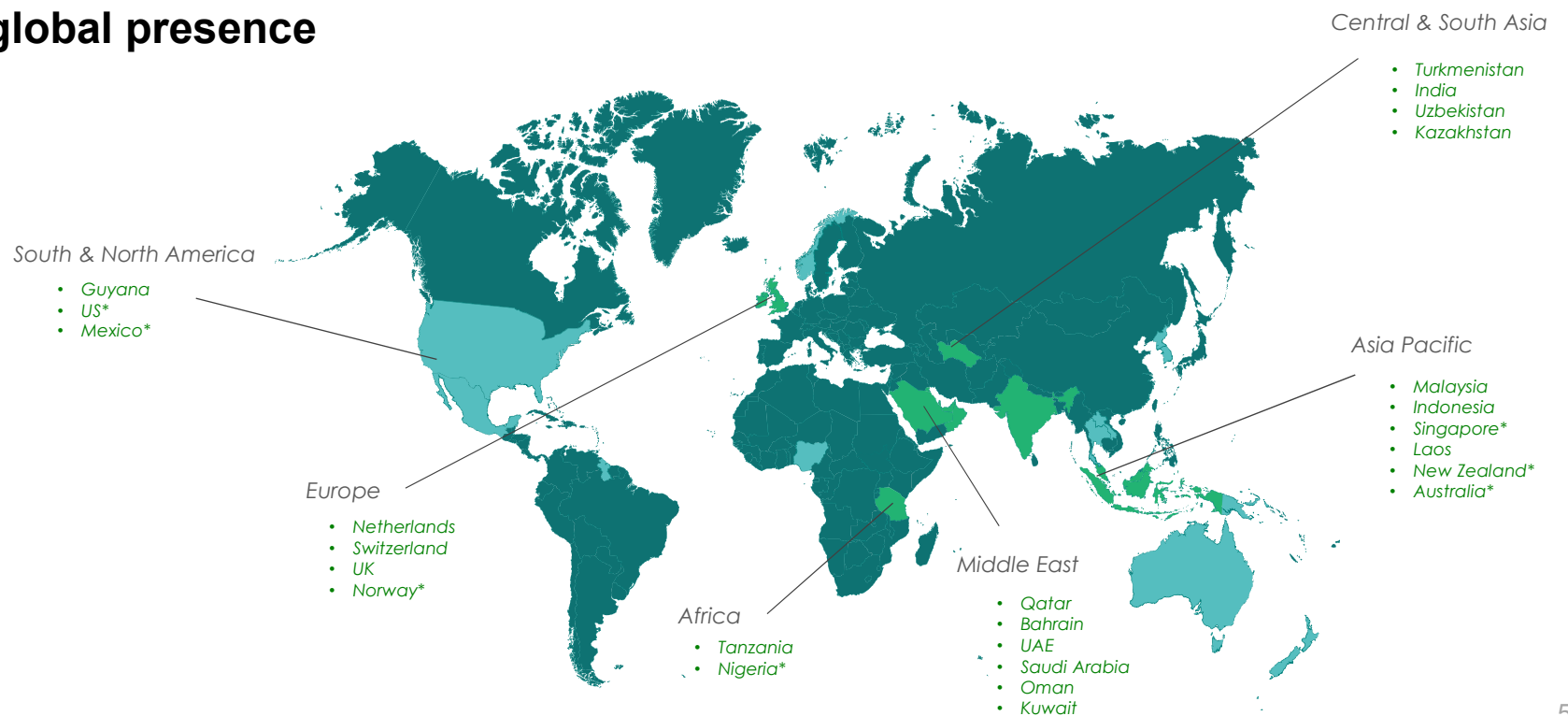


1 Awarded the Forbes Asia's Best 200 Under A Billion list

2 Achieved RM7.5 billion orderbook target

3 Expanded global presence

6  
Regions  
21  
Countries



\* CSE Global operational location

## 2018 Overview



- 1 Awarded the Forbes Asia's Best 200 Under A Billion list
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- 4 Partnered to gain technical & IT expertise as well as geographical foothold**



SREEM SERBA TURBINES



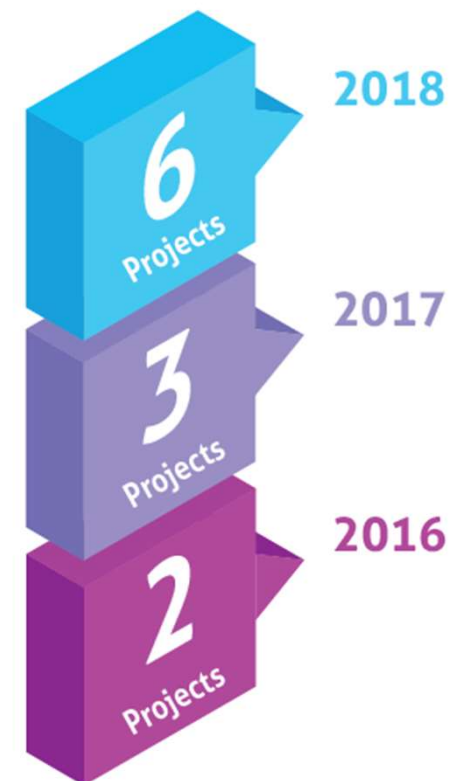
eNoah



## 2018 Overview



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- 5 Advancing asset ownership projects**



# Sustainable Incomes from Asset Ownership



	CNG Plant	LNG Facilities	Water Treatment Plants	Chlor-alkali Plants	Hydropower Plants	
<b>Location</b>	Muaro Jambi, Sumatra Indonesia	Lumut, Perak	Kuala Terengganu Utara, Terengganu	Kibaha, Tanzania**	Kota Marudu, Sabah	Houphan, Laos
<b>Capacity</b>	2.5 MMSCFD	500,000 MTPA	120 MLD & 28 MLD	45 MTPD	29.1 MW (for 3 plants)	30MW (for 2 plants)
<b>EPCC</b>	Completed (1Q15-4Q16)	RM 332.8 mil (4Q19-4Q21)	RM 289.0 mil (2Q17-2Q20)*	USD 78.0 mil (2Q18-2Q20)	RM 218.0 mil (4Q16-3Q19)	USD 66.2 mil (2Q19-1Q22)
<b>O&amp;M</b>	Approx. RM1.2 mil/year	To be confirmed	Under negotiation	To be confirmed (10+5 years)	RM4.5mil/year (for 21 years)	To be confirmed
<b>Equity Owned</b>	51%	42%	40%	25%	30%	34%
<b>Investment Cost</b>	RM 3.8 mil	RM 16.0 mil + RM 10.0 mil RCPS	RM 34.0 mil	USD 4.0 mil	RM 12.2 mil	USD 0.8 mil
<b>Projected Profit/ Year for Serba's Equity</b>	RM 2.9 mil (Profitable by 3Q18)	RM 6.7 mil	RM 3.3 mil	USD 1.0 mil	RM 3.0 mil	USD 2.6 mil
<b>Total Projected Profit/ Year</b>	-	RM 15.9 mil	RM 8.2 mil	USD 4.1 mil	RM 9.4 mil	USD 7.5 mil
<b>Current Status</b>	Commence operation	Early preparatory works	Construction in progress	Earthworks in progress	Construction in progress, 1 <sup>st</sup> plant to commence operation in 3Q19	Construction to start in 2Q19

\* For 28 MLD only. EPCC for 120MLD was awarded to SALCON

\*\* Partnering with Junaco (T) Limited, a leading supplier of water related solutions which operate in more than 10 countries namely, Tanzania, South Africa, Mauritius, Netherlands, Malawi, Zambia, Uganda, Kenya, Democratic Republic of Congo and Dubai (UAE)



# LNG Facilities

Lumut, Perak



## *Preparation for Bathymetric Survey*





# Water Treatment Plants

Kuala Terengganu, Terengganu



Telaga Daing- Slab for tank foundation



Telaga Daing-Pump House



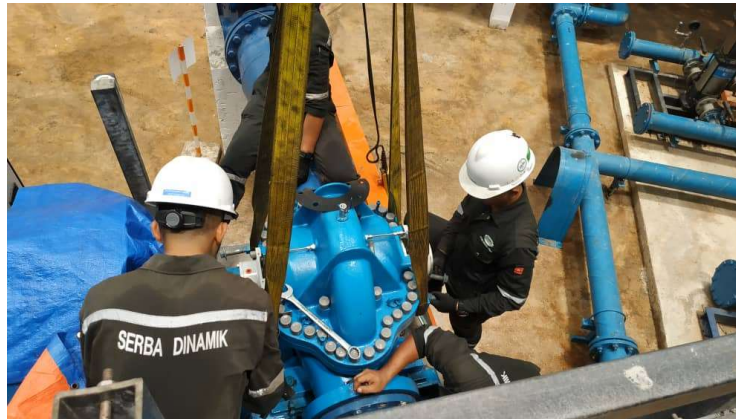
Kepong 1- New Lime Plant



Kepong 1-Elevated Water Tank (Column Works)

# Water Treatment Plants

Kuala Terengganu, Terengganu

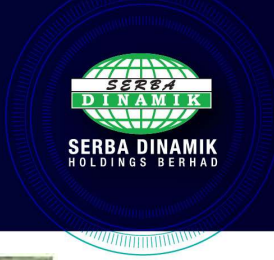


**Kepong 2 WTP-(Retrofitting Works) Installation and alignment on Pump No 4 and Pump No 5**



# Chlor-alkali Plants

## Tanzania



**Aerial/ Plan view**



**Backfilling in progress**



**Excavation for silt trap**



# Hydropower Plants

Kota Marudu, Sabah





# Hydropower Plants

Laos



**Access road to project area in progress**



**Drilling borehole & setting up base camp in progress**



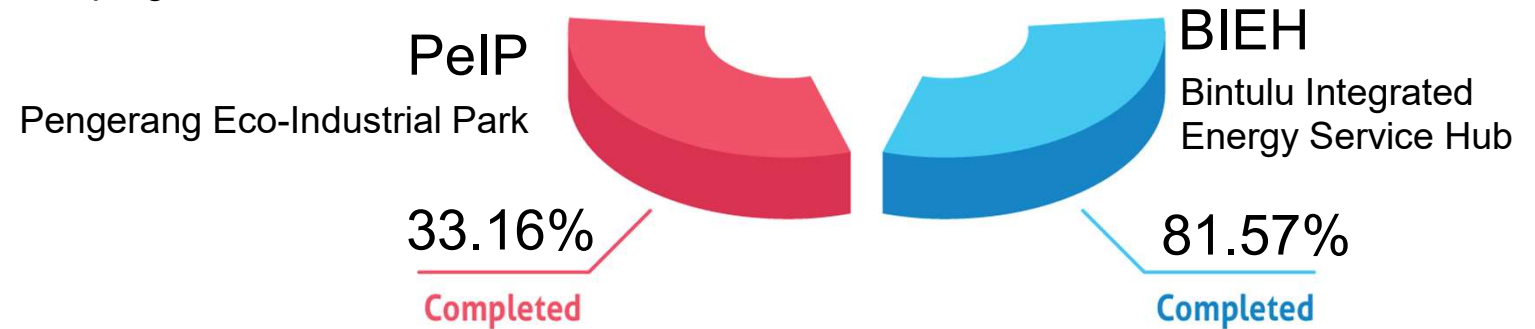
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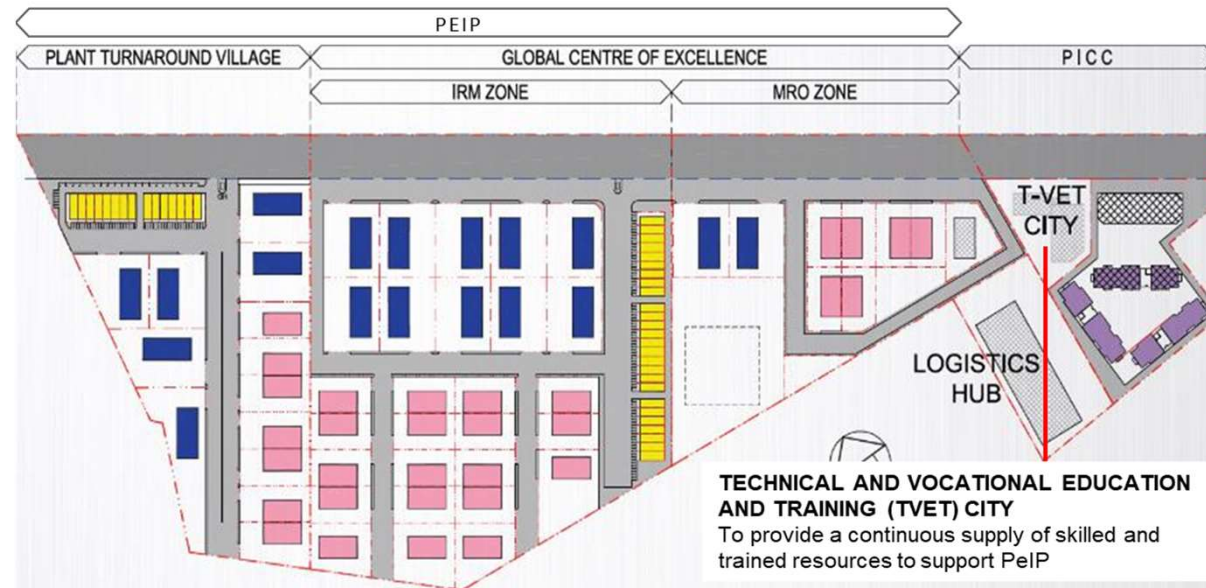
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## 6 Strengthening operational capabilities & capacities

Construction in progress



# PEIP – Progress on track





# BIEH – Progress on track





## 2018 Overview



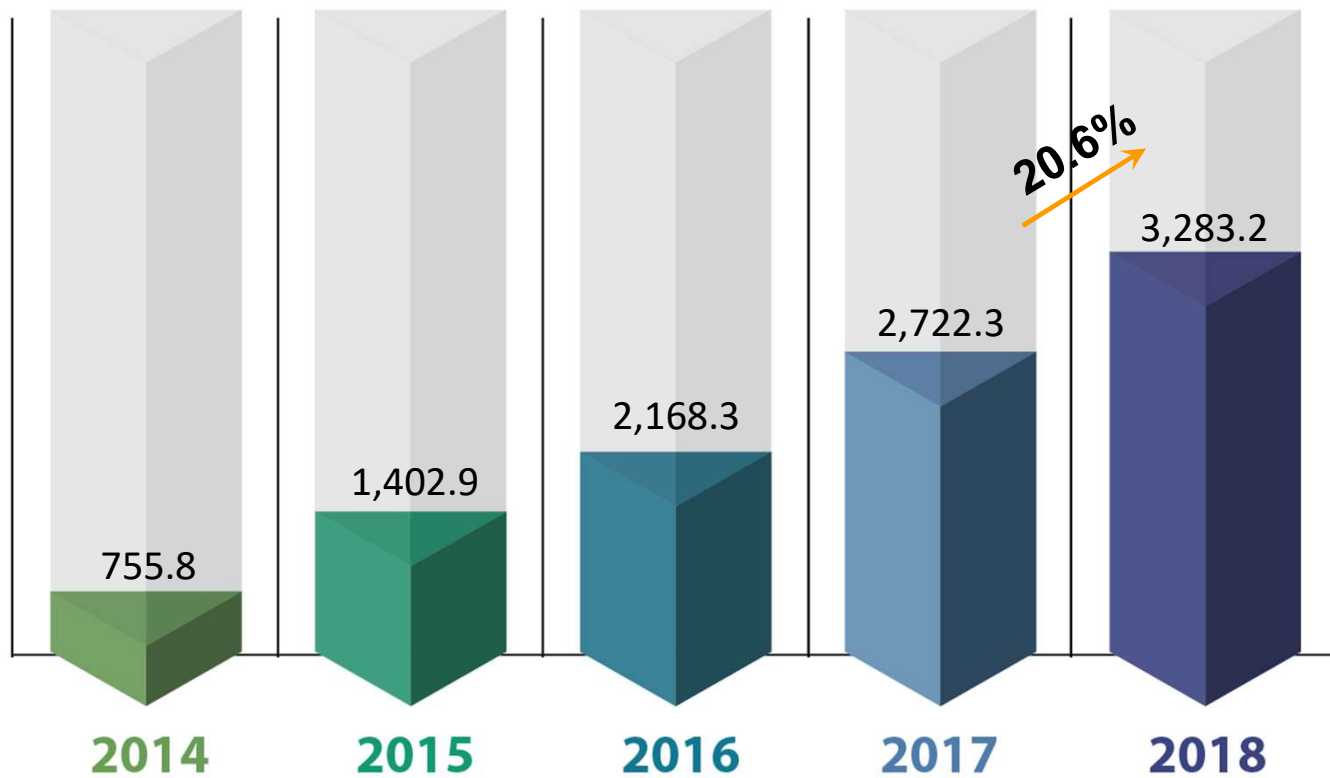
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- 6 Strengthening operational capabilities & capacities
- 7 >20% YoY Growth at top- and bottom-line**

# Revenue Achieved New Record High



Revenue (RM'000)

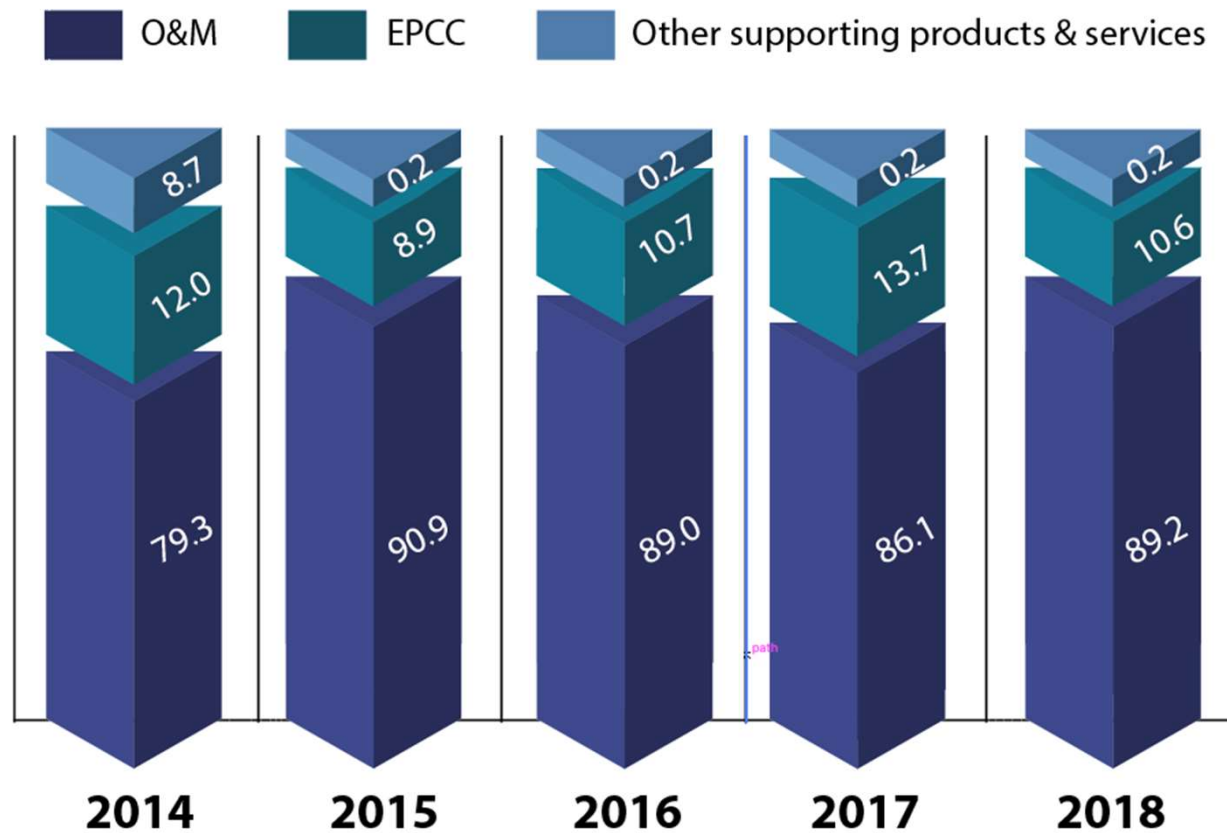
CAGR **44.4%**



# O&M Remained as Our Strong Bread & Butter



Revenue by Operations (%)



O&M: Operation & Maintenance  
EPCC: Engineering,  
procurement, construction &  
commissioning

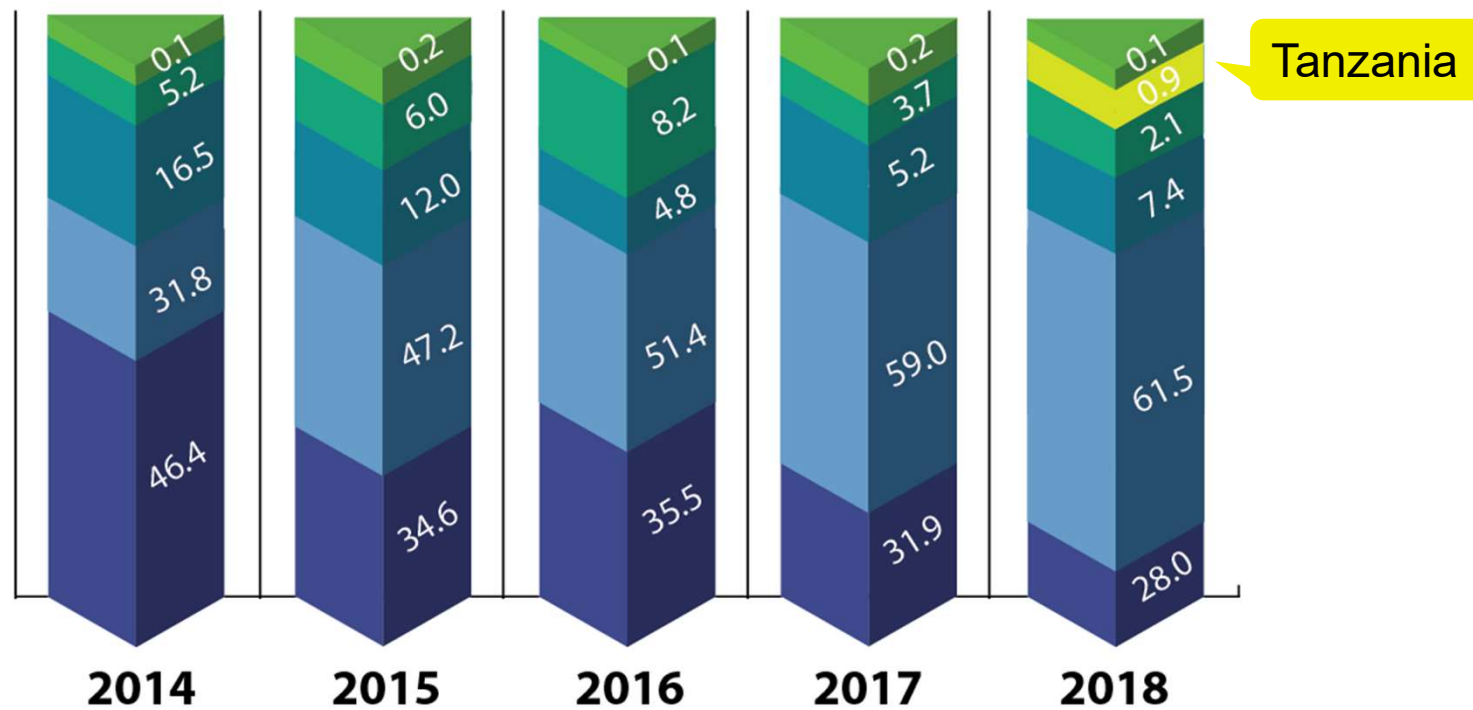


# Contribution from New Markets

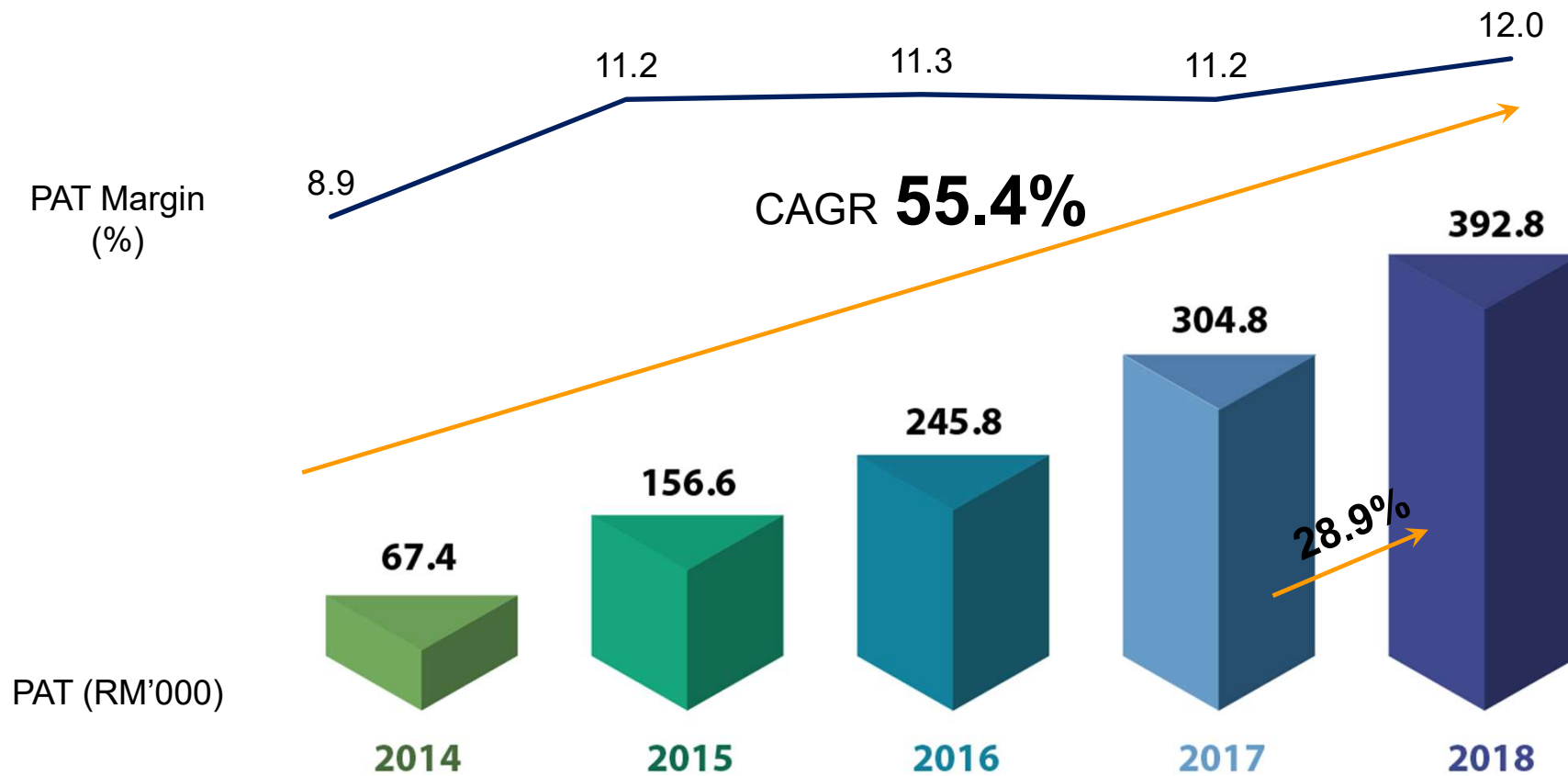


Revenue by Geography (%)

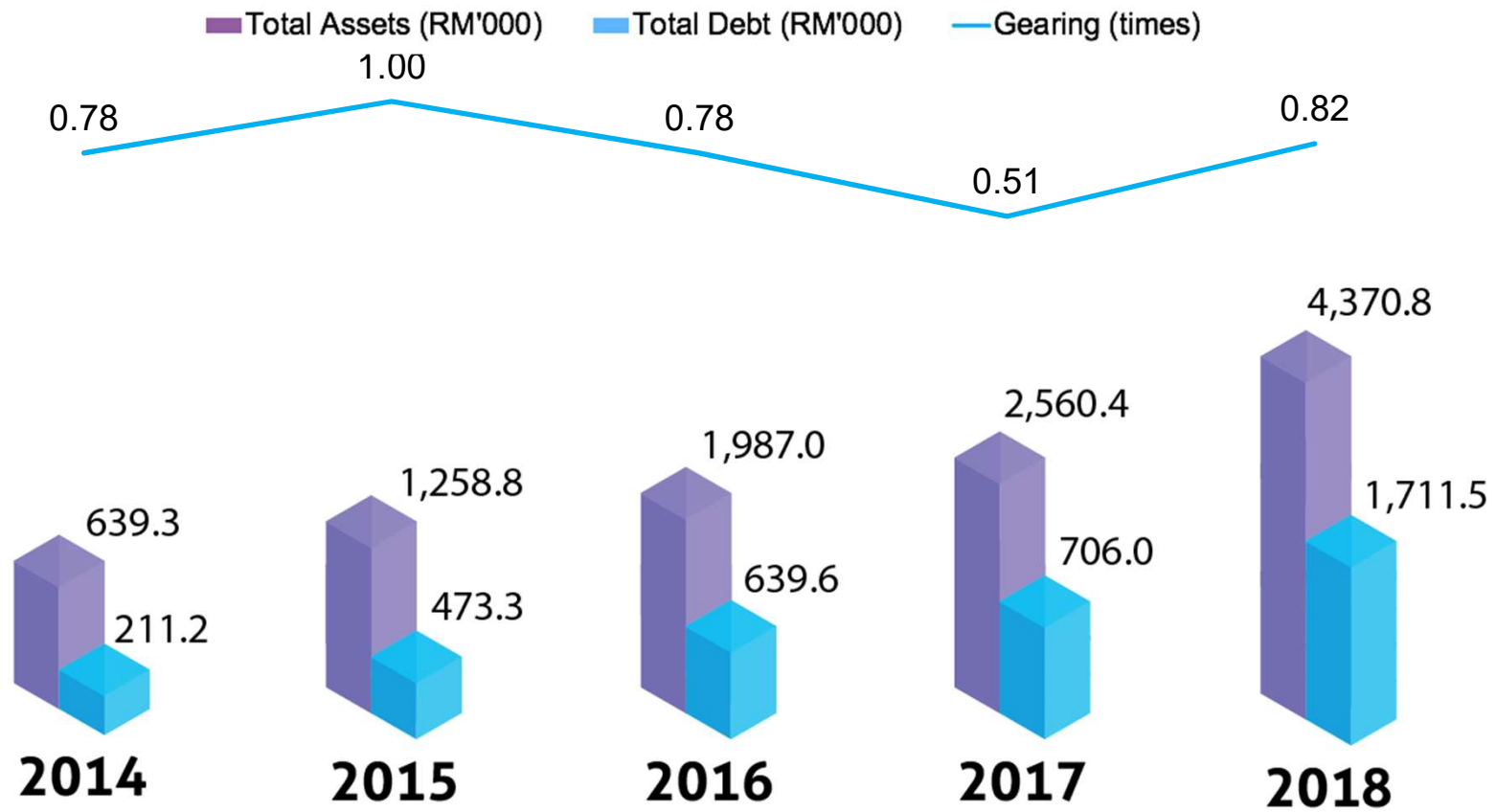
Malaysia Middle East Central & South Asia Indonesia Tanzania Europe



## PAT Grew in line with Revenue



# Healthy Balance Sheet





# Proceed Utilisation – Update

(As at 1Q19)



IPO*	Estimated Timeframe	Proposed Utilisation		Actual Utilisation	
		RM'000	%	RM'000	(%)
Expansion of business & operational facilities	Within 36 months	300,000	73.7	197,051	65.7
Working capital	Within 36 months	29,300	7.2	29,300	100.0
Repayment of bank borrowings/ financing	Within 12 months	60,000	14.7	60,000	100.0
Estimated listing expenses	Within 6 months	17,800	4.4	17,800	100.0
<b>Total</b>		<b>407,100</b>	<b>100.0</b>	<b>304,151</b>	<b>74.7</b>

Private Placement**					
Partial development of PeIP – valued at c. RM400 million	Within 24 months	270,486	63.3	119,880	44.3
Partial development of PICC – valued at c. RM450 million	Within 24 months	38,301	9.0	16,975	44.3
Working capital for Tanzania's EPCC contract – valued at c. RM295 million	Within 24 months	111,113	26.0	28,847	26.0
Estimated private placement expenses	Within 6 months	7,300	1.7	7,300	100.0
<b>Total</b>		<b>427,200</b>	<b>100.0</b>	<b>173,002</b>	<b>40.5</b>

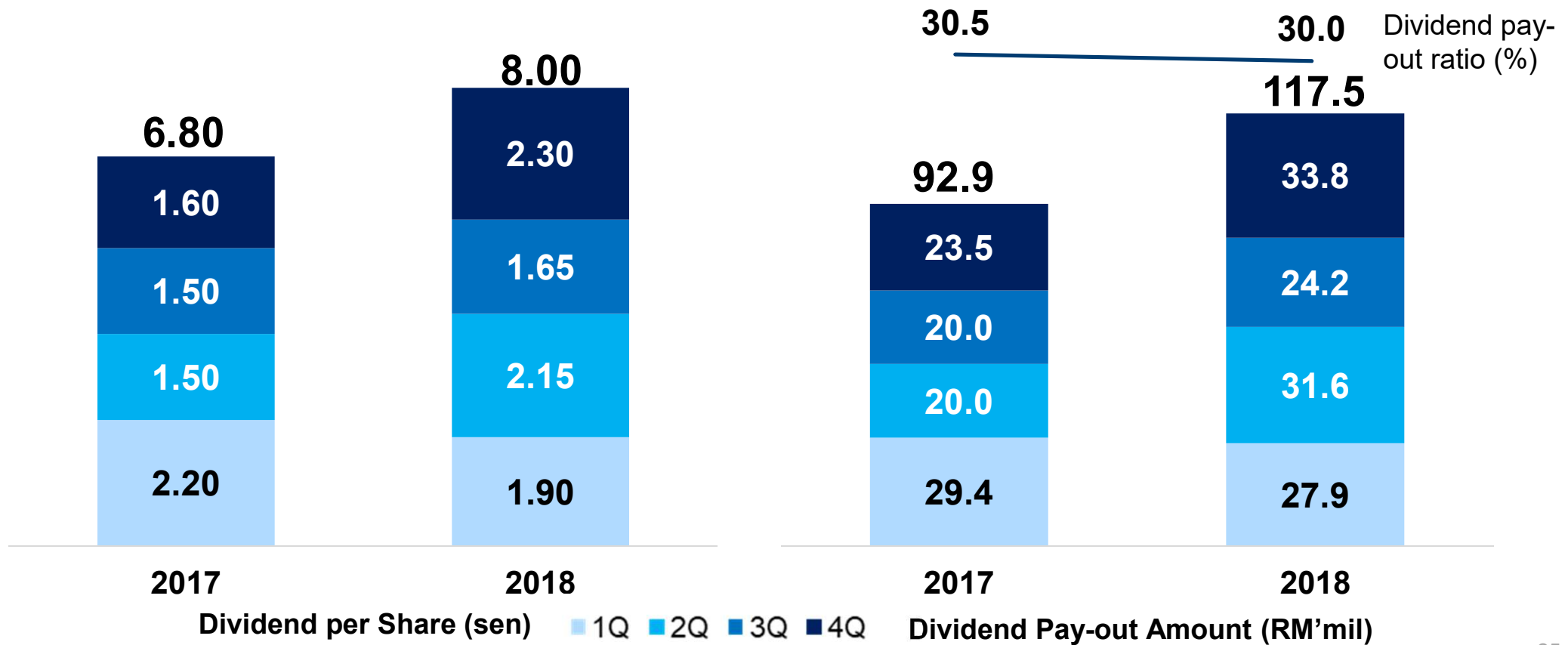
\* Estimated timeframe is from the Listing date: 8 Feb 2017

\*\* Estimated timeframe is from the completion of Placement (10% of existing share capital) issued at RM3.20 each): 30 Jan 2018

# Consistent Dividend Commitment



Policy: At least 30% of PAT







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# 2019 Outlook

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# 2019 Outlook



**1**

***Aim RM10 billion orderbook***

**2**

***Strengthening global presence***

**3**

***Optimising the partnership synergies***

**4**

***Venturing further into renewable energy & water sectors***



## 1 Aim RM10 billion orderbook



**O&M**  
Remains resilient as a function of installed capacity

**EPCC**  
Improving from market recovery, reduced political uncertainties & new asset ownership contracts

World oil demand growth 2020 <sup>(1)</sup>	Global upstream capex 2019 <sup>(1)</sup>	Petronas capex 2019 <sup>(2)</sup>
1.4 mb/d growth Current world oil demand approximately 100 mb/d	USD 497 billion + 4.6%	RM 50 billion+ + >6.8%

Sources:

(1) International Energy Agency (2) Petronas Activity Outlook 2019-2021

# 2019 Outlook



1 Aim RM10 billion orderbook

2 Strengthening global presence

## Southeast Asia



Malaysia



Indonesia



Laos

## Central & South Asia



Turkmenistan



Kazakhstan



Uzbekistan



India

## Africa



Tanzania



Senegal



Ivory Coast



Guinea

## South & North America



US



Mexico



# 2019 Outlook



1 Aim RM10 billion orderbook

2 Strengthening global presence

3 **Optimising the partnership synergies**

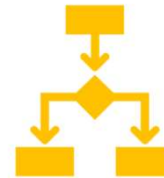
A nurturing year for our M&As by integrating the strengths



To complement existing product & service offerings



To gain access into new market



To grow other business segment



To achieve greater cost efficiency



1 Aim RM10 billion orderbook

2 Strengthening global presence

3 Optimising the partnership synergies

## 4 Venturing further into renewable energy & water sectors

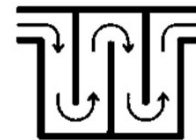
### Renewable energy



Global demand growth  
2023 <sup>(1)</sup>  
**+12.4%**

Malaysia generation target  
2025 <sup>(2)</sup>  
**20%**

### Water



Global water market value  
2023 <sup>(3)</sup>  
**\$914.9 billion**

Sources:

(1) International Energy Agency

(2) Global Water Intelligence (3) The Edge





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## MSWG Highlighted Points

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# MSWG Highlighted Points



No	Questions	Answer
1	<p>In the Chairman's Statement on page 18 SDHB's Annual Report ("AR") 2018, it was disclosed that the Company plans to penetrate new regions to grow its business and explore new projects both locally and internationally. For Financial Year ("FY") 2018, SDHB continued to grow its international business which contributed to 71.97% of the Company's total revenue. (FY 2017: 68.08%).</p> <p>a) What are the markets and countries the Company is looking to venture in FY 2019 and FY 2020?</p> <p>b) What are the challenges that the Company foresees in achieving (a) and the mitigating actions to counter these challenges?</p>	<p>a) For FY 2019 &amp; 2020, the Group is striving to become a global player and looking into exploring opportunities in various region such as North &amp; South America, Africa, Central Asia and Europe. The Group is also strengthening its position in power sector especially in renewable energy and water &amp; utilities sector.</p> <p>b) The anticipated challenges are defined in the section of Management Discussion &amp; Analysis ("MDNA") of the 2018's Annual Report. Among others, the Company has stated that changes in political and economic conditions in those countries could adversely affect the financial results. Thus, the Company has engaged significant local participation to leverage on the local expertise and reduce the foreign elements, thus effectively reducing the risk exposure. In addition, the Company has established necessary processes and governance structure in order to address potential &amp; identified challenges in respect to penetration of new region and exploration of new projects. Among others, all the potential and proposed business deals shall be presented to the Executive Committee, Audit &amp; Risk Committee, Investment Committee and the Board of Directors, in its respective meetings. Furthermore, the Company has engaged consultants to execute necessary procedures, not limited to Due Diligence, for assessment of challenges and its mitigation actions, prior to presentation to the above avenue for approval. For other note, the Group Risk Register is a permanent agenda for the Audit &amp; Risk Committee Meeting and the Board of Directors Meeting, which further deliberate the above.</p>

# MSWG Highlighted Points



No	Questions	Answer												
2	<p>We note from page 247 of the AR 2018, that Non-audit fees payable to KPMG PLT Malaysia (“KPMG”) amounted to RM682k in FY 2018, a significant increase from prior year non-audit fee of RM10k.</p> <p>a) What was the reason for the increase in FY 2018? As required under Appendix C, Part A item 18 of the Main Market Listing Requirement (“MMLR”) Bursa Securities, please provide a breakdown of the nature of services rendered by KPMG?</p>	<p>a)</p> <table> <tr> <th>No</th><th>Description of services</th><th>Non-audit fee (RM'000)</th></tr> <tr> <td>1</td><td>Professional services in connection with international offering outside the US and Malaysia under Regulation S of the US Securities Act of 1933 (USD Sukuk)</td><td>660.0</td></tr> <tr> <td>2</td><td>Others</td><td>22.0</td></tr> <tr> <td></td><td>Total non-audit fees</td><td>682.0</td></tr> </table>	No	Description of services	Non-audit fee (RM'000)	1	Professional services in connection with international offering outside the US and Malaysia under Regulation S of the US Securities Act of 1933 (USD Sukuk)	660.0	2	Others	22.0		Total non-audit fees	682.0
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2	Others	22.0												
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# MSWG Highlighted Points



No	Questions	Answer
2	<p>b) The audit fee payable to KPMG for FY 2018 was RM371k which is 54.4% of the non-audit fees payable to KPMG.</p> <p>What is the Company's policy in regards to proportion of non-audit fee related services to audit fee related services to ensure that the independence and objectivity of the auditor is not compromised</p> <p>c) What was the basis of appointing KPMG for the non-audit engagement? Was there a tender process undertaken to source for the other service providers?</p>	<p>b) The Audit &amp; Risk Committee is constantly reviewed the independence and objectivity of the external auditor to ensure it is not being compromised. A standard declaration by the external auditor is required prior to annual appointment of the external auditor, by recommendation of the ARC and the Board, and approval by the shareholders. The Company will undertake to formalize the policy on the above, which shall be presented to the upcoming Board's meeting for approval.</p> <p>c) Due to the fact that significant engagement for non-audit fee was related to sukuk issuance by the Company, KPMG was engaged to act as a Reporting Accountant, to provide assurance services in respect to submission of Offering Circular to regulators and investors. Thus, the Board is in opinion that it is a norm practice within industry for companies to engage its own external auditor to act as a Reporting Accountant, as long as it has not contradicted with any provision of laws.</p>

# MSWG Highlighted Points



No	Questions			Answer
3		2018 (RM'000)	2017 (RM'000)	<p>a) The 4 counterparties are Petronas Carigali Sdn Bhd (Malaysia), Process Dynamic Company (Qatar), Lata International Trading and Services (Bahrain) and Berk Hill ES (Turkmenistan). As at 31 December 2018, all of these balances are not past due.</p> <p>b) Post year end all balances fully recovered. No provision / impairment is required.</p>
	Total trade receivables - B	923,617	755,011	
	Counterparties identified with concentration of credit risk	4	2	
	Trade receivables due from counterparties - A	458,152	204,141	
	A / B (%)	49.6%	27.0%	
	<p>a) Who are the 4 counterparties accounts and what is the ageing of these balances?</p> <p>b) Are these balances within the credit term of 90 days? What is the recoverability of these balances based on receipts post year end?</p>			

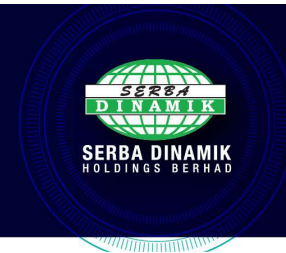
# MSWG Highlighted Points



No	Questions	Answer
4	Practice 4.5 of Malaysian Code on Corporate Governance (“MCCG”) 2017 – Actions the Company has taken or intends to take and timeframe required to achieve 30% women directors.	<p>The Company acknowledge MSWG’s comments and the Board of Directors will delegate to Nomination &amp; Remuneration Committee (“NRC”) to undertake the process of application of Practice 4.5 of MCCG2017.</p> <p>In addition, the matter would be deliberated in the upcoming Board of Directors’ meeting, to derive for any resolution, and the Company will update to its stakeholder on the subject matter upon resolution is obtained.</p>
5	Practice 7.2 of Malaysian Code on Corporate Governance (“MCCG”) 2017 – A named basis the top five senior management’s remuneration.	<p>The Company – Serba Dinamik Holdings Berhad – has only 3 employees, consisting the Group CEO, Deputy CEO &amp; Group CFO, as disclosed on Page 44 &amp; Page 45 of the 2018’s annual report, which resulted to disclosure in the CG Report.</p> <p>The remaining Management Personnel are employed by the subsidiary companies.</p>
6	Practice 4.3 of Malaysian Code on Corporate Governance (“MCCG”) 2017 – Tenure of independent directors to 9 years.	<p>Due to the fact that the Company was incorporated in 2016, the 9-years period yet to be applicable.</p> <p>Nevertheless, the Board Charter will be amended to include the MSWG’s comment which shall be presented to the upcoming Board’s meeting for approval.</p>



## MSWG Highlighted Points



No	Questions	Answer
7	Practice 9.3 of Malaysian Code on Corporate Governance (“MCCG”) 2017 – Risk Management Committee	<p>The Board is in opinion that no compromising of risk management issue due to the fact of dual functions of ARC.</p> <p>The Terms of Reference of ARC has specifically segregated its functions &amp; duties in accordance to audit &amp; risk management.</p> <p>To add, the Group Risk Register is a permanent agenda for the Audit &amp; Risk Committee Meeting other than audit matters.</p>

# ***Thank You***

*For more information, please refer to: <https://e-serbadk.com/>  
For Investor Relations, please contact: +603 5511 3213/ +603 6201 4110  
[serba.ir@serbadinamik.com](mailto:serba.ir@serbadinamik.com)  
[sinsin@esente.com.my](mailto:sinsin@esente.com.my)  
[ashley@esente.com.my](mailto:ashley@esente.com.my)*

