



ENGINEERS

HSS ENGINEERS BERHAD

Registration No. 201501003232 (1128564-U)

VIRTUAL INVESTOR BRIEFING 3Q20

18 NOVEMBER 2020

IR Adviser



NOV 2020

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**1. FINANCIALS**

- CORE SERVICES
- REVENUE & GROSS MARGIN
- REVENUE AND GROSS PROFIT SEGMENTATION
- PBT / PATMI / NET MARGIN
- BALANCE SHEET
- MAJOR PROJECTS (ONGOING)
- COMBINED ORDERBOOK

2. TENDER BOOK

- TENDER BOOK
- KEY PROJECTS TENDERED

3. PROSPECTS

- ONE OF THE FOCUS AREA: SARAWAK STATE
- FUTURE PROSPECTS
 - PUBLIC TRANSPORT, ROAD & HIGHWAY, PORT & WATER

4. OVERALL GROWTH & FUTURE STRATEGY

- GROWTH & DIVERSIFICATION OF REVENUE (VERTICAL 1&2)
- RECURRING INCOME





1



2



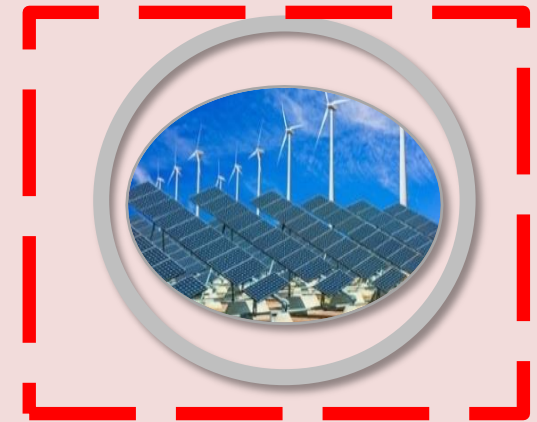
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Engineering Services

- Engineering Design
- Construction Supervision

Project Management

Building Information Modeling ("BIM")



4

Recurring Income

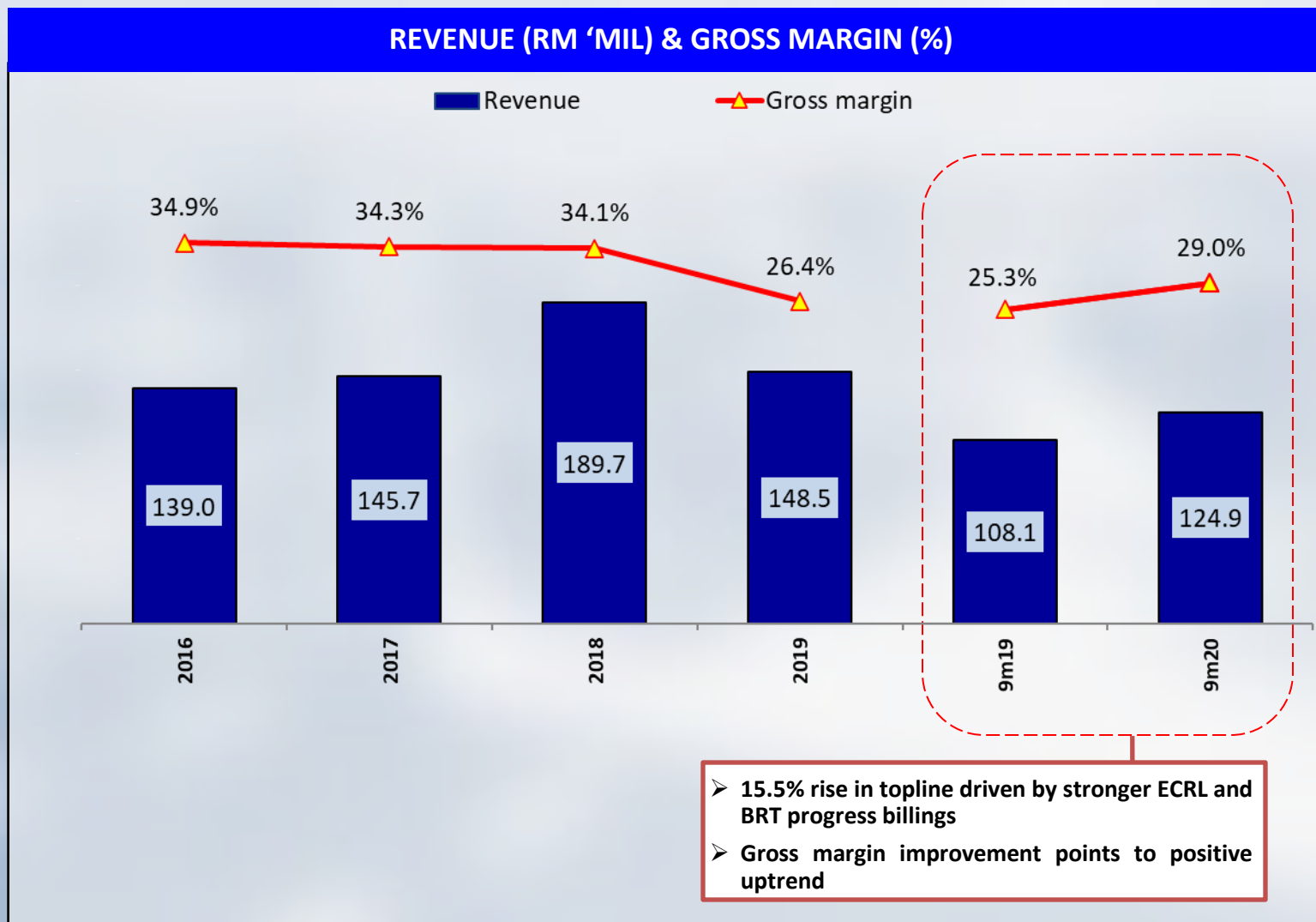
Trying our level best to achieve

- Financial Highlights for Vertical 1,2 and 3

FINANCIALS

REVENUE & GROSS MARGIN

*9m20 revenue rises 15.5% to RM124.9 million on higher ECRL and BRT contributions...
on track for outperformance*



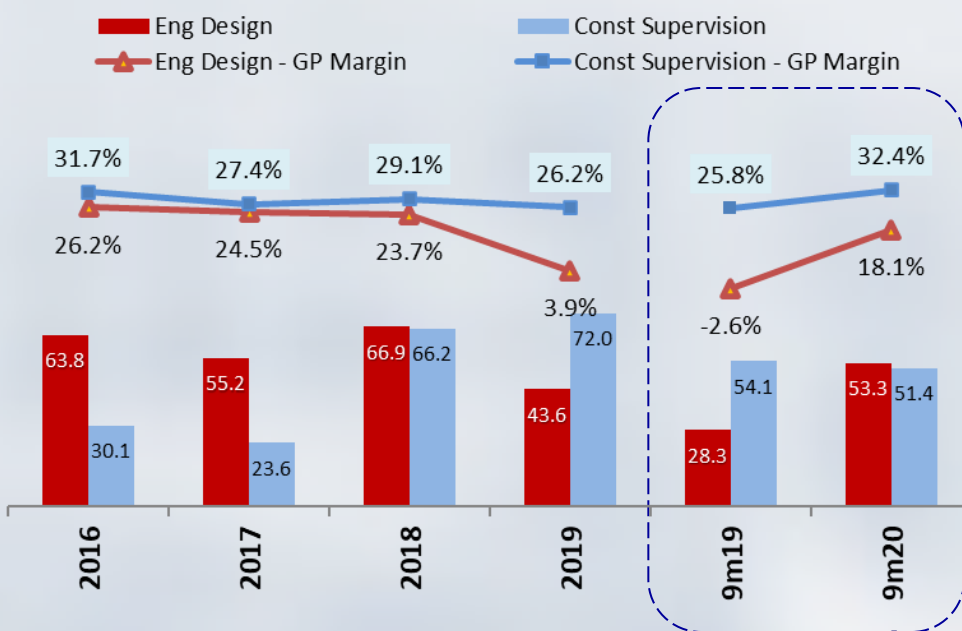
REVENUE AND GROSS PROFIT SEGMENTATION

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Malaysia's Engineering DNA

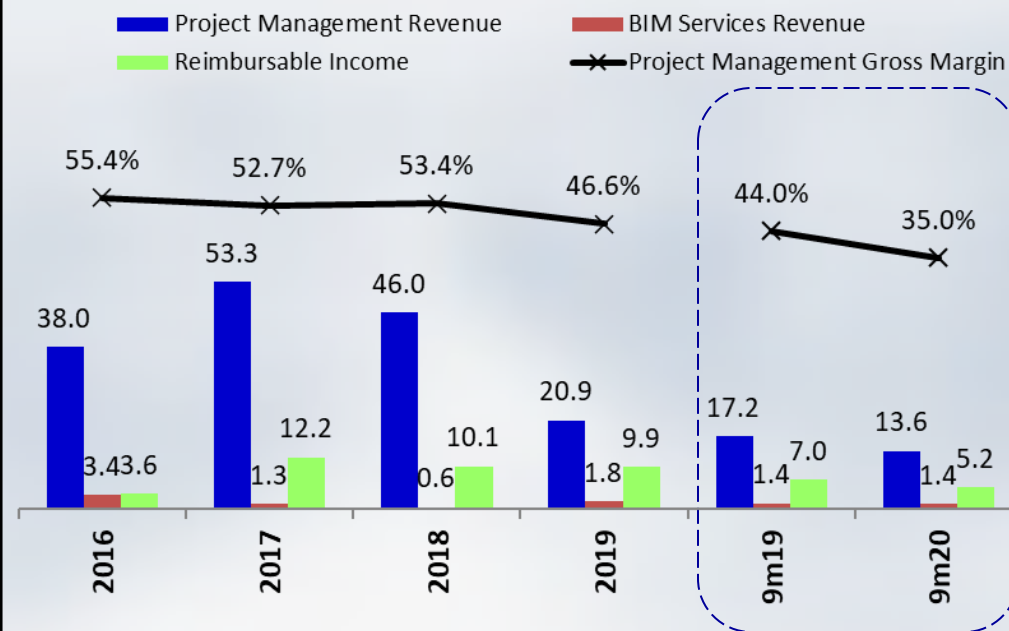
*Engineering services rebounds on progress billings to remain highest revenue generator...
PMC notes Northern Corridor Economic Region contributions alongside KVMRT2*

Engineering Services (RM'mil)



- **9m20 Engineering Design revenue increased** due to on major on-going projects including ECRL scheme and prelim design, and Iskandar BRT detailed design works.
- **9m20 Construction Supervision revenue reduced marginally** in tandem with project progress; largely intact despite MCO restrictions in 1H20.

Project Management, BIM Services & Reimbursable Income (RM'mil)



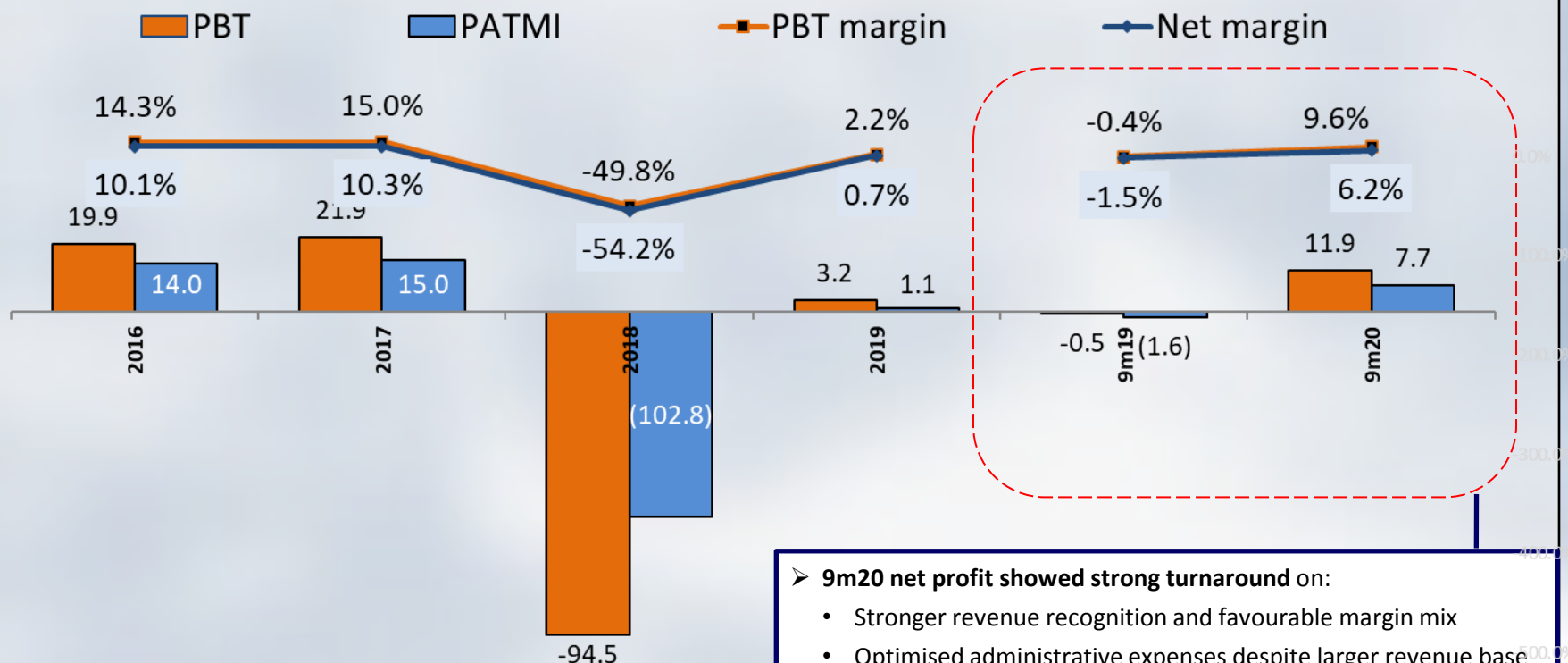
- **9m20 PMC revenue declined** along project progress and revised scope and reduced contract value of KVMRT2; while also noting contributions from Project Delivery Management Office for development projects within the Northern Corridor Economic Region.
- **BIM revenue stable** on steady project progress

FINANCIALS

PBT / PATMI / NET MARGIN

Operations and profitability back on track post-MCO...
Anticipates revival of local construction and infrastructure projects

PBT, PATMI (RM'MIL) & MARGINS (%)

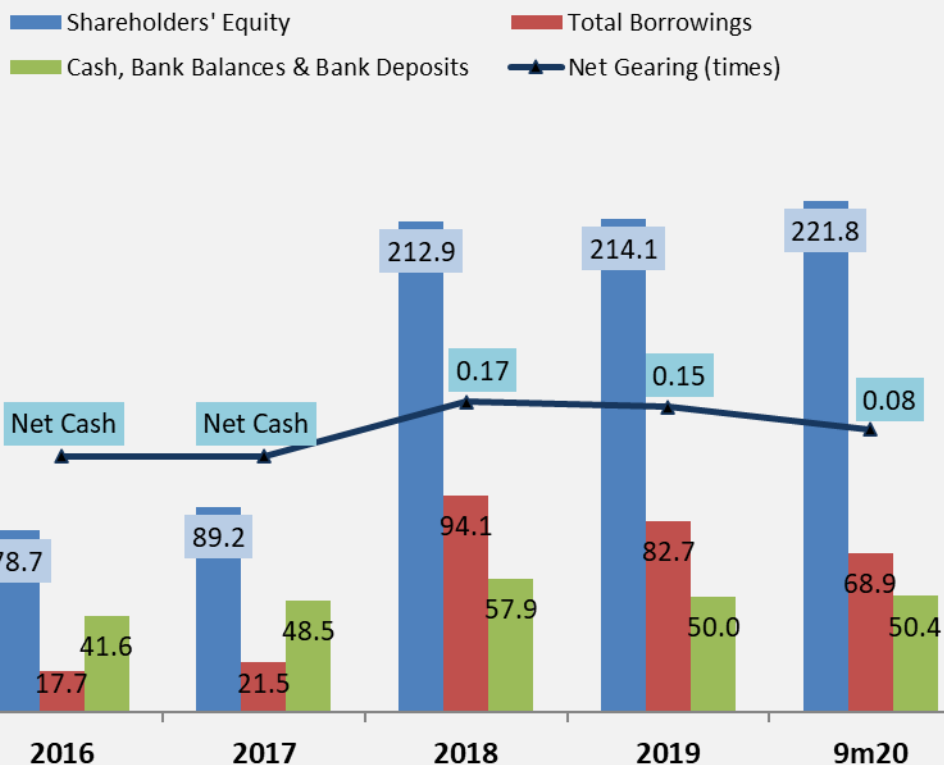


➤ 9m20 net profit showed strong turnaround on:

- Stronger revenue recognition and favourable margin mix
- Optimised administrative expenses despite larger revenue base
- Reduced finance costs

*Net gearing improves on decreased borrowings...
to be further reduced on improved cash flow*

Balance Sheet Analysis



Balance Sheet (RM'mil)	FY2019 (Audited)	9m20 (Unaudited)	Remarks
Non-Current Assets	181.8	176.6	Lower on reduced intangible and right-of-use assets
Current Assets	164.1	171.4	Lower trade receivables offset by expanded contract assets
Current Liabilities	67.1	66.7	Largely maintained
Non-Current Liabilities	64.7	59.6	From reduced long-term loans
Shareholders' Equity	214.1	221.8	Improved on reduction in accumulated losses
Net Gearing Ratio	0.15	0.08	Lower on reduced borrowings

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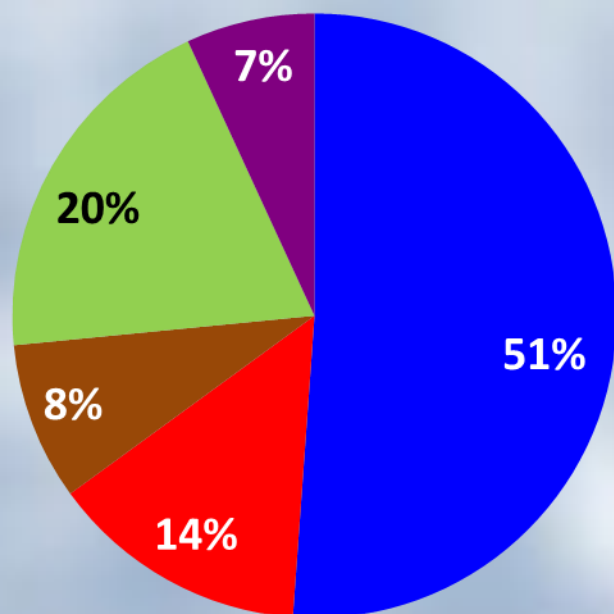
Malaysia's Engineering DNA

	Mass Rapid Transit Line 2 Project Management	RM 174.7 m		Ship-To-Ship Hub at Johor Conceptual Master planning	RM 11.8 m		Proposed bridge crossing, Sg. Pulai Eng Design & Const. Supervision	RM 11.7 m
	East Coast Rail Link Feasibility Study, Scheme & Prelim Design & Construction Supervision	RM 143.8 m		Water Distribution System Upgrade, Iskandar Malaysia Eng. Design & Const. Supervision	RM 5.1 m		NCIA DMO for all Development Projects	RM 16.6 m
	BRT Johor Engineering Design & Construction Supervision	RM 71.3 m		Upgrade of Lubuk Buntar Lama, Kedah Water Treatment Plant Engineering Design	RM 3.2 m	<p><i>The figures represent the total contract value</i></p>		
	Mass Rapid Transit Line 2 Engineering Design & Const. Supervision	RM 201.1 m		Langat 2 Water Supply Scheme Engineering Design & Const. Supervision	RM 91.3 m			
	West Coast Expressway Engineering Design & Construction Supervision	RM 81.5 m		Upgrade of Pelubang Water Treatment Plant Eng. Design & Const. Supervision	RM 17.7 m			
	Sungai Besi - Ulu Kelang Expressway Engineering Design & Construction Supervision	RM 50.9 m		Langat Centralized Sewage Treatment Plant Eng. Design & Const. Supervision	RM 14.2 m			
	Maju Expressway Extension to KLIA Engineering Design & Construction Supervision	RM 17.8 m		Sewerage Network in Batu, Jinjang and Kepong - Package D43 Eng. Design & Const. Supervision	RM 12.6 m			
	Pan Borneo Highway Engineering Design & Construction Supervision	RM 11.9 m		Raw Water Supply to Layang-Layang Eng. Design & Const. Supervision	RM 5.5 m	<p>Legend:</p> <ul style="list-style-type: none"> Railway Highway Water Infrastructure Others 		
	Central Spine Road - Package 3 Engineering Design & Const. Supervision	RM 49.2 m		Submarine Pipeline from Butterworth to Pulau Pinang Eng. Design & Const. Supervision	RM 4.0 m			
	East Klang Valley Expressway Engineering Design	RM 4.1 m		Kwasa Damansara Township Development Project Management	RM 17.3 m			

Urban transportation projects maintaining prominence for combined entity...

Combined Orderbook of Enlarged Group

RM488 million
as at 30 Sep 2020



■ Railway
■ Infrastructure
■ Others
■ Highway
■ Water

Vertical	Core Services	Amount (RM 'mil)	(%)
1	Engineering Services		
	• Design	158.9	32.6%
	• Supervision	274.0	56.2%
2	Project Management	49.5	10.1%
3	BIM Services	5.5	1.1%
Total		487.9	100%

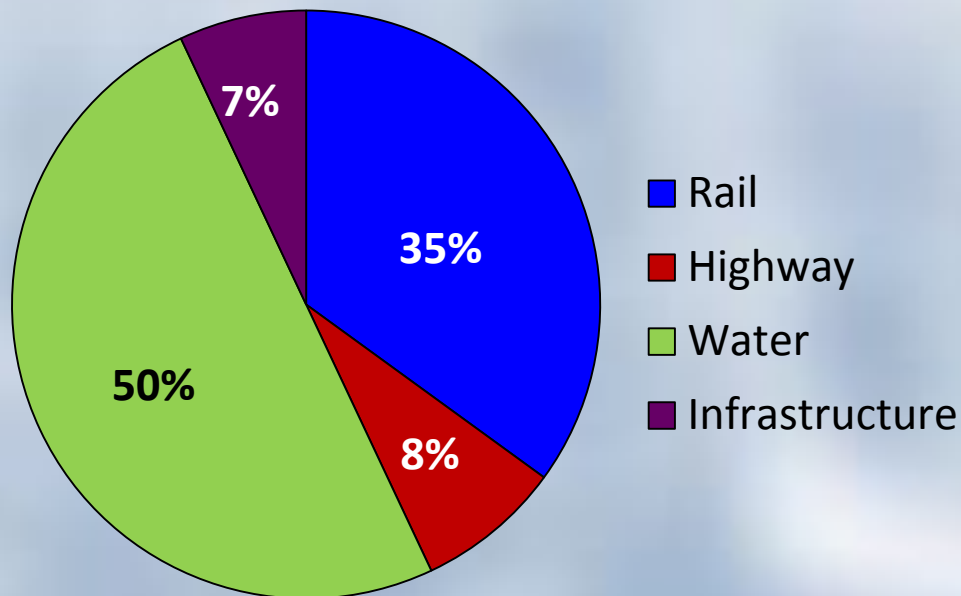


TENDER BOOK



Tender book value is RM 280 million

- 50% Success Rate based on track record for Engineering Services, Supervision & Project Management
- 20% Success Rate based for Building Information Modeling (BIM)



Vertical	Core Services		Amount (RM) Million	(%)
1	Engineering Services <ul style="list-style-type: none">• Engineering Design• Construction Supervision		182 50	65.0% 17.8%
2	Project Management		35	12.5%
3	BIM Services	Contractors	8	2.9%
		Direct Client	5	1.8%
	Total		280	100%



**Proposed PMO Services
for AI Park, Technology
Park Malaysia**



**Penyediaan Pelan
Pengurusan Pantai
Bersepadu (ISMP) Negeri
Kelantan**



**Proposed Development
of Small Hydro Projects
at Sungai Pahang,
Pahang**



**Design, Supply,
Installation, Testing and
Commissioning for
Automated People
Mover (APM), KLIA**



**Perkhidmatan
Perunding Bagi
Rekabentuk Terperinci
Rancangan Tebatan
Banjir Sg. Kinta Fasa 2,
Daerah Kinta, Perak**



**Project Off-River
Storage, Negeri
Sembilan**



**Muda River Water
Scheme phase 4A,
Package 12A – 114
MLD and associated
works, Sg. Dua WTP,
SPU**



**Proposed of the
Design,
Manufacture,
Delivery, Testing and
Commissioning of 10
sets of 6-car EMU**



**Pembinaan Baraj Baru di
Rantau Panjang Sungai
Muda, Seberang Perai,
Pulau Pinang**



**Perkhidmatan Perunding
untuk Project membina dan
menyiapkan Loji Rawatan
Air Semambu Fasa 3
berkapasiti 145 JLH di
Kuantan, Pahang**



ONE OF THE FOCUS AREA: SARAWAK STATE

- TOTAL RM 5.69 BILLION UNDER STATE ALTERNATIVE FUNDING INITIATIVES
- Sarawak to be a major beneficiary from Indonesia's decision to built its new capital city in Kalimantan. (*Catalyst for Borneo to develop economically*)
- In relation to Kalimantan being the new capital, Sarawak can be the Singapore to Kalimantan
- The movement of people and bilateral trade between Sarawak and Indonesia expected to increase.
- Transportation Study :-
 - *Roads*
 - *Rail*
 - *Airports*
 - *Ports*

PUBLIC TRANSPORTATION SECTOR



ROADS & HIGHWAY SECTOR



PORT SECTOR



WATER SECTOR



- MRT 3

- Johor Bahru – Singapore RTS

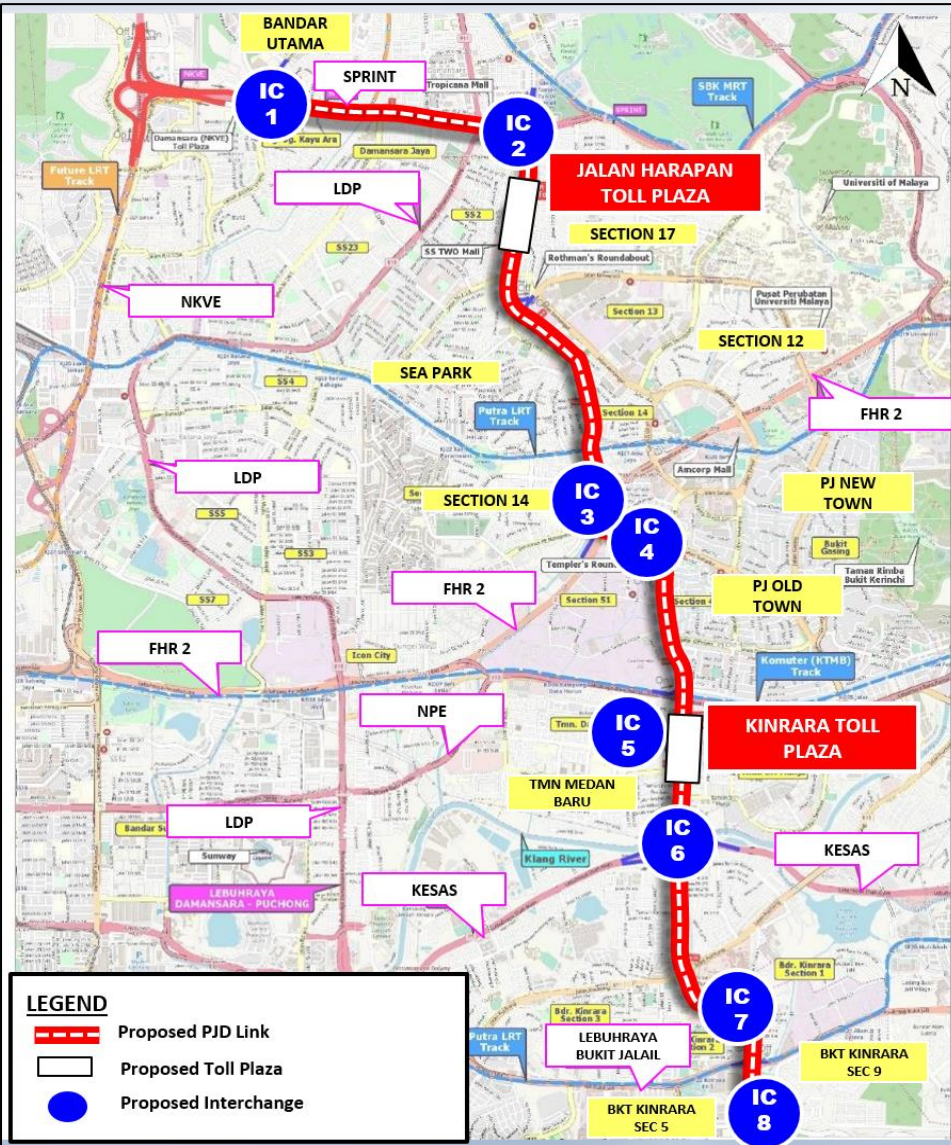
- HSR (KL - Singapore)

- Sarawak Metro

- Penang LRT



ROADS & HIGHWAYS - PJD Link



PLUS' NKVE DAMANSARA TOLL PLAZA



BUKIT JALIL HIGHWAY

Mainline : **12.5km**, Ramp : **21.8 km**, 8 Interchanges,
Dual 2 carriageway lane with 3m shoulder,
Fully Elevated Expressway : **34.3 km**

- PJD Link is a **fully elevated** traffic dispersal highway scheme that utilizes existing road/river reserve
- Serves the current and future traffic needs of the **Klang Valley North South corridor**
- Fully private sector funded** commercially viable project with **no Government subsidy required**.
- Tremendous economic multiplier** effect with benefits to the Government and Rakyat.
- Provides Inter-urban connection to **6 major highways** (NKVE, SPRINT, FHR2, NPE, KESAS and Bukit Jalil Highway)
- Toll Free alternative routes can be used** for connection between Damansara to Kinrara

WESTPORT PHASE 2

- Received Approval in Principal from the Government of Malaysia to undertake the study to develop Westports Expansion (Phase 2) on 23rd August 2017.
- The project will expand a further eight (8) Container Terminals, hence increasing the current port handling capacity from 15 mil TEU's to 28 mil TEU's and maintain Port Klang as a competitive hub in the region.
- Technical Studies completed.
- Large economic benefits to the nation.



- Sungai Perak Raw Water Transfer Scheme (SPRWTS)
- Upgrading of Water Resource and Supply for Johor (Iskandar and PIPC)
- Langkawi Water Supply
- Development of Rasau Water Supply Scheme
- State-wide NRW
- Off River Storage (ORS)
- Sarawak Grid Study





OVERALL GROWTH & FUTURE STRATEGY



GROWTH & DIVERSIFICATION OF REVENUE (VERTICAL 1&2)

MAINTAIN NO.1 POSITION IN MALAYSIA & GROW IN STEADY STEPS GEOGRAPHICALLY

A. Locally

- Government's Economic Agenda?
- Continue to pursue Opportunities (Tender & Prospective Projects)
- Sector Diversification?
- Specialist areas (M&A / Strategic Partnerships)
- Multi disciplinary (Architectural/QSD/Planning)? (M&A / Strategic Partnerships?)

B. Geographically (Philippines / Indonesia & India)

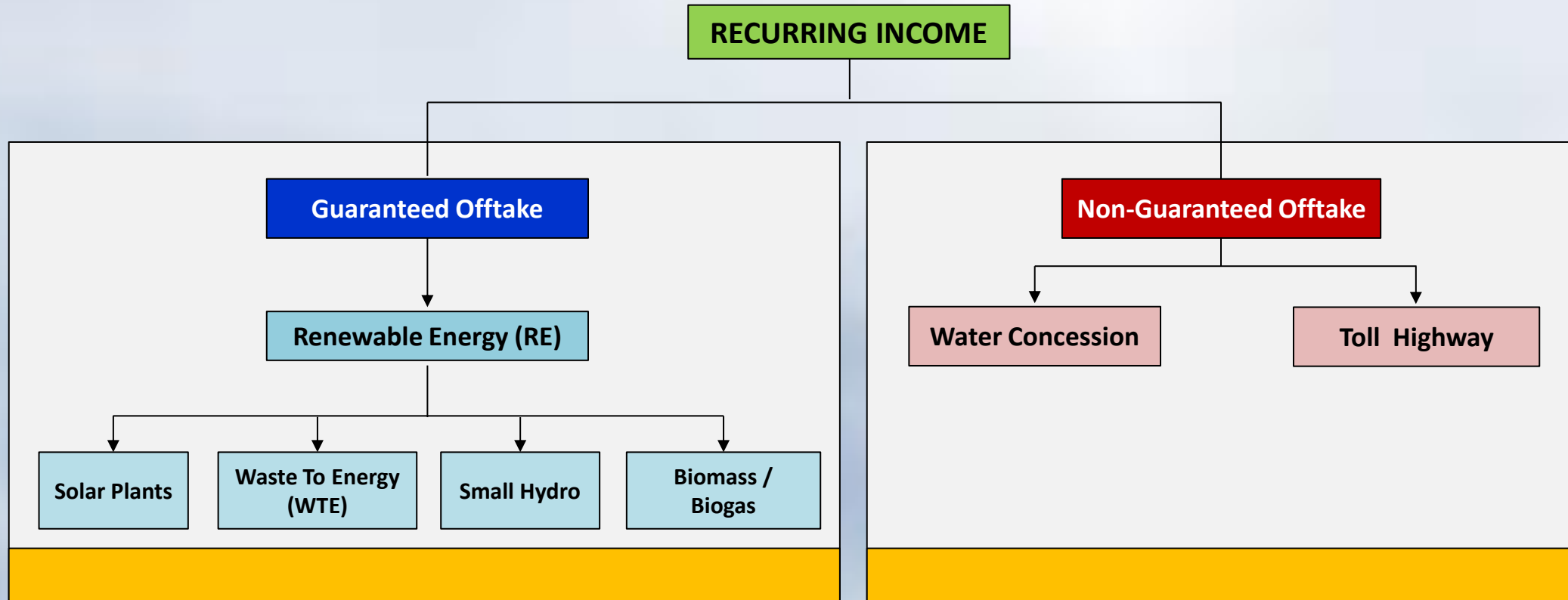
- Tendency towards Nationalism ?
- Still in the horizon? Assumption of high growth countries - still valid?
- Realistic Mid / Long Term opportunities available due to current global scenario?
- Mode of Entry? (Own Bid / Strategic Partnership / Partial Acquisition)



RECURRING INCOME



RECURRING INCOME



1. Participating in the LSS@MEnTARI (LSS 3b) (1GW)
2. Other Opportunities :-
 - Waste to Energy Plants (WTE)
 - Small Hydro Projects
 - Biomass / Biogas? Feed stock issues
 - Ongoing concession with steady revenue streams (with / without guaranteed offtake)



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THANK YOU

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