



**ENGINEERS**

# **HSS ENGINEERS BERHAD**

Registration No. 201501003232 (1128564-U)

## **Q4 2020 INVESTOR BRIEFING**

**26<sup>th</sup> February 2021 @ 10.30 a.m.**

IR Adviser



**February 2021**


**ENGINEERS**

## HSS ENGINEERS BERHAD

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### 1. BACKGROUND

- COMPANY BACKGROUND
- CORE SERVICES

### 2. FINANCIALS

- REVENUE & GROSS MARGIN
- PBT / PATMI / NET MARGIN
- REVENUE AND GROSS PROFIT SEGMENTATION
- BALANCE SHEET
- COMBINED ORDERBOOK
- MAJOR PROJECTS (ONGOING)
- TENDER BOOK
- KEY PROJECTS TENDERED

### 3. FUTURE PROSPECTS

- PUBLIC TRANSPORT
- ROADS & HIGHWAY
- PORT
- WATER SECTOR

### 4. OVERALL GROWTH STRATEGY

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

# 1. BACKGROUND





*Leading engineering consultancy with deep expertise in infrastructure & water resources works...  
pioneer for BIM in Malaysia*



- Country's first and only engineering and project management service provider listed on the Main Market of Bursa Malaysia.



- Played an integral role in the success of many major iconic infrastructure projects in Malaysia & abroad for more than 30 years



- Certified with ISO 9001: 2015, ISO 14001 : 2015, ISO 45001: 2018 & ISO 37001: 2016



- Staff strength more than 1,000 personnel with more than 50% Professionals (> 64% Bumiputera)



- Helmed by highly-experienced and technically competent management



- Provides full suite of engineering services



- Technical Know How & Readily available experienced resources (24\*7)



Trying our level best to achieve

## **2. FINANCIALS**

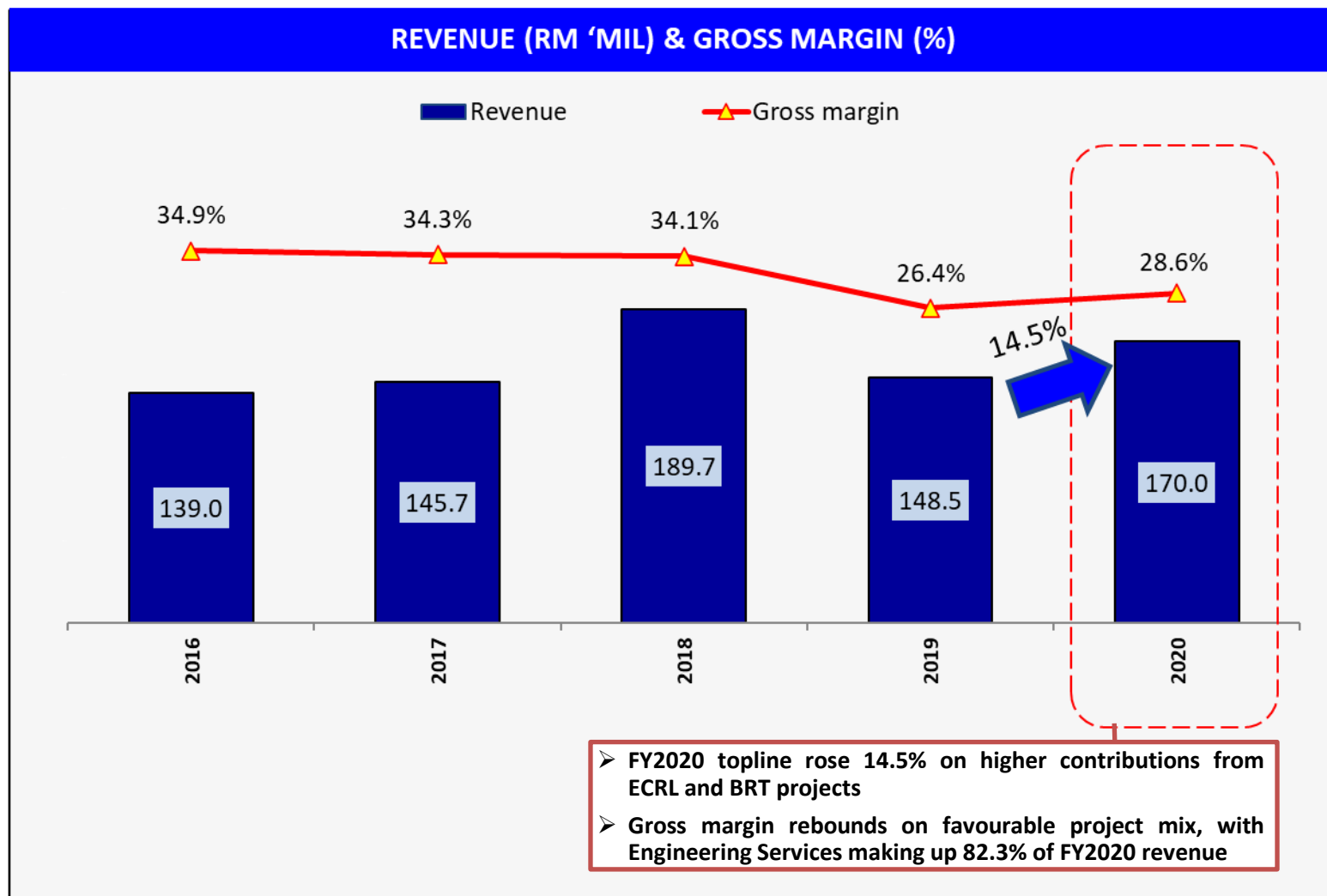
### **VERTICAL 1, 2 & 3**



# FINANCIALS

## REVENUE & GROSS MARGIN

*FY2020 on firm rebound with 14.5% higher group revenue...  
improving margins reflective of project mix*

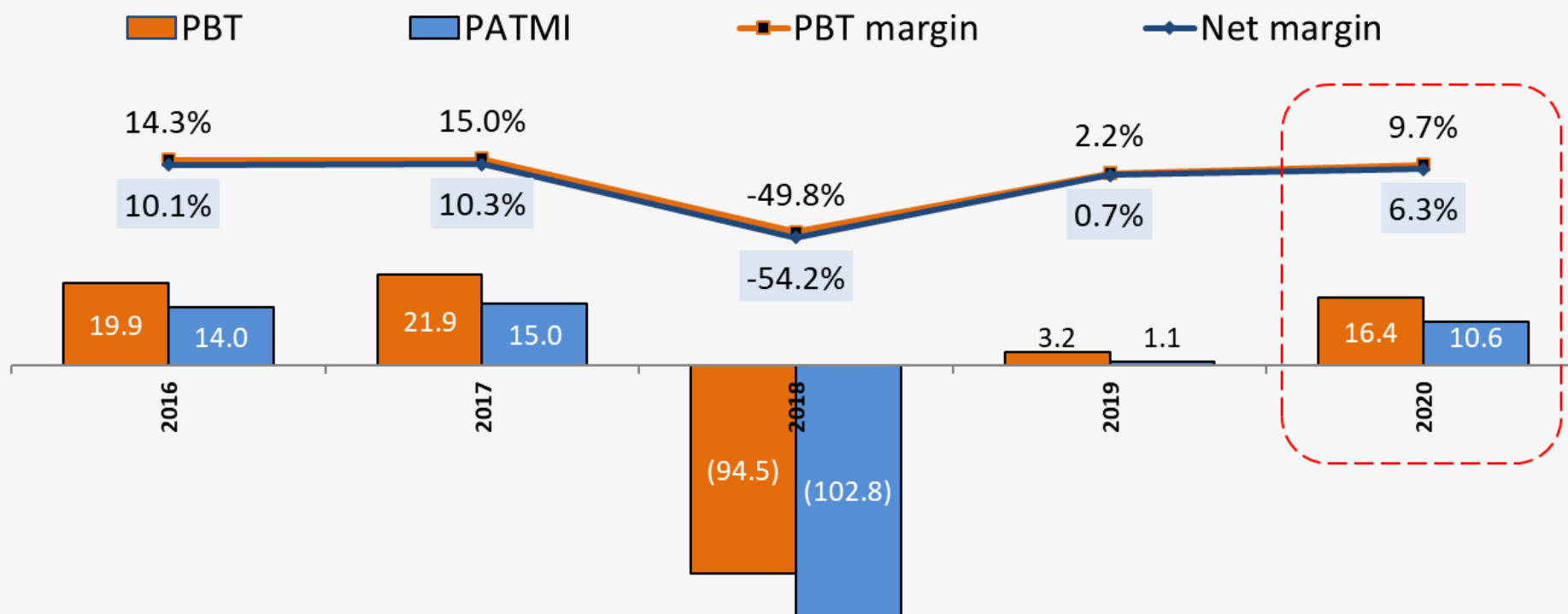


# FINANCIALS

## PBT / PATMI / NET MARGIN

*FY2020 net profit catapulted to RM10.6 million...on the right track to capture Malaysia's transportation and water infrastructure project rollout*

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





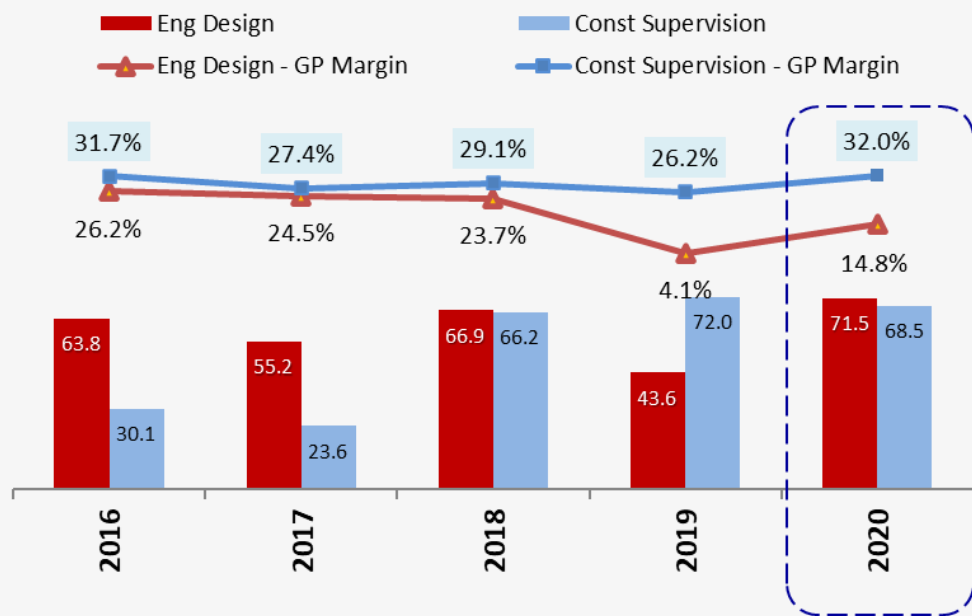
## REVENUE AND GROSS PROFIT SEGMENTATION

ENGINEERS

Malaysia's Engineering DNA

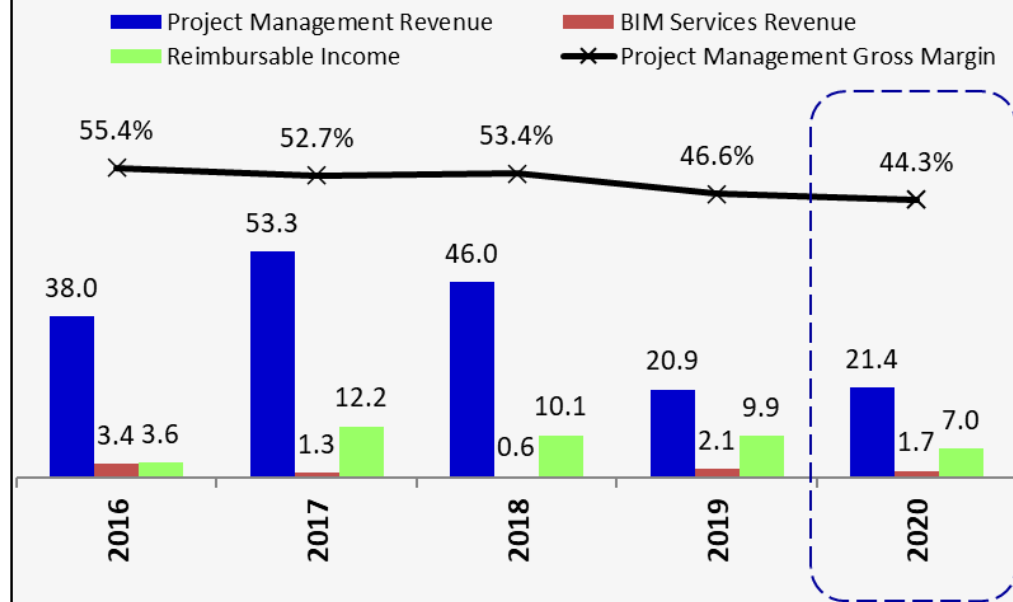
*Engineering services uptrends on progress billings from major ongoing projects; PMC improved on existing projects from Northern Corridor Economic Region...*

### Engineering Services (RM'mil)



- **FY2020 Engineering Design revenue rose** attributed to increasing activities from ECRL (scheme and prelim design) and Iskandar BRT (detailed design works).
- **Construction Supervision declined marginally** in tandem with project progress of on-going projects; marginally decline attributed to MCO disruptions during 1H20

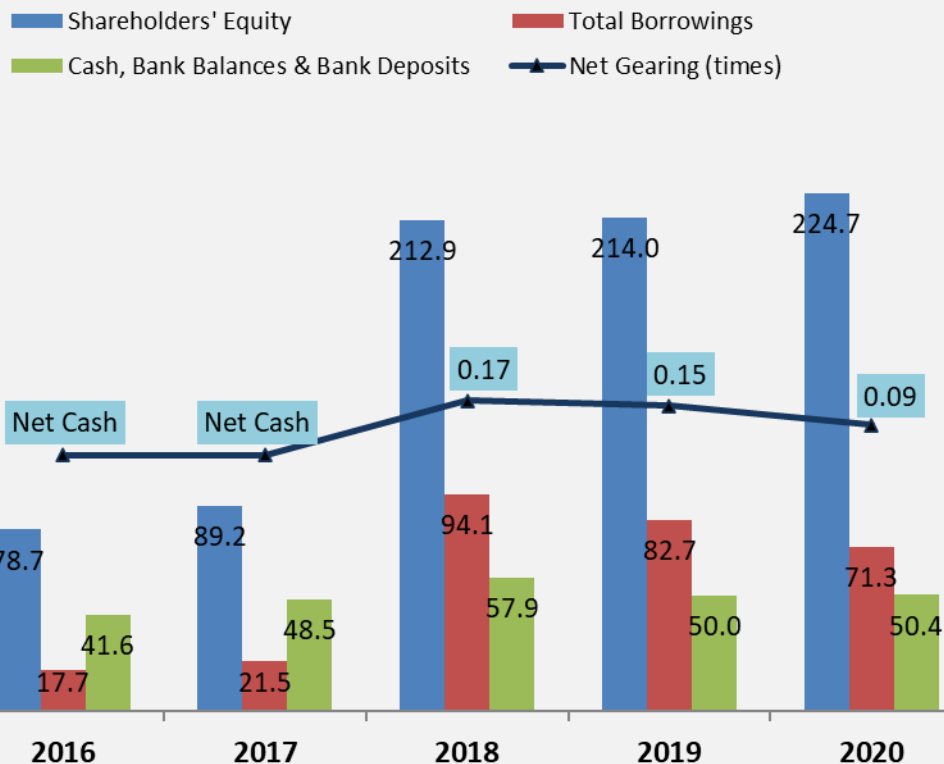
### Project Management, BIM Services & Reimbursable Income (RM'mil)



- **FY2020 PMC revenue improved** on contribution by the existing project management projects which includes Project Delivery Management Office for all development projects by the Client within Northern Corridor Region
  - PMC contributed RM7.7m in 4Q20 alone
- **BIM revenue lower** from lesser project wins

*Group's financial prudence paying off as net gearing improves on decreased borrowings...*

**Balance Sheet Analysis**



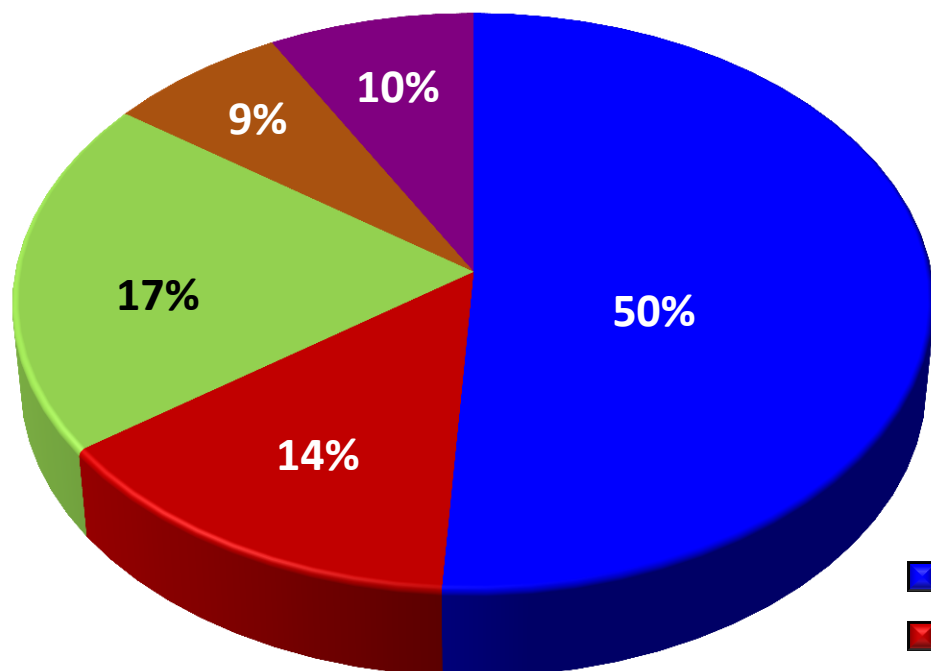
Balance Sheet (RM'mil)	FY2019 (Audited)	FY2020 (Unaudited)	Remarks
Non-Current Assets	181.8	182.1	Higher on increased Right-of-use assets
Current Assets	164.1	182.3	Improve on higher contract assets
Current Liabilities	67.1	79.1	Increase in WIP-subcon, in line with higher contract assets
Non-Current Liabilities	64.7	60.6	Lower from reduced long-term loan
Shareholders' Equity	214.1	224.7	Higher on reduction in accumulated losses
Net Gearing Ratio	0.15	0.09	Lower on reduced borrowings

*Urban transportation projects maintaining prominence for combined entity...*

### Combined Orderbook of Enlarged Group























**RM 443 million**

As at 31 Dec 2020



- Rail
- Highway
- Water
- Infrastructure
- Others

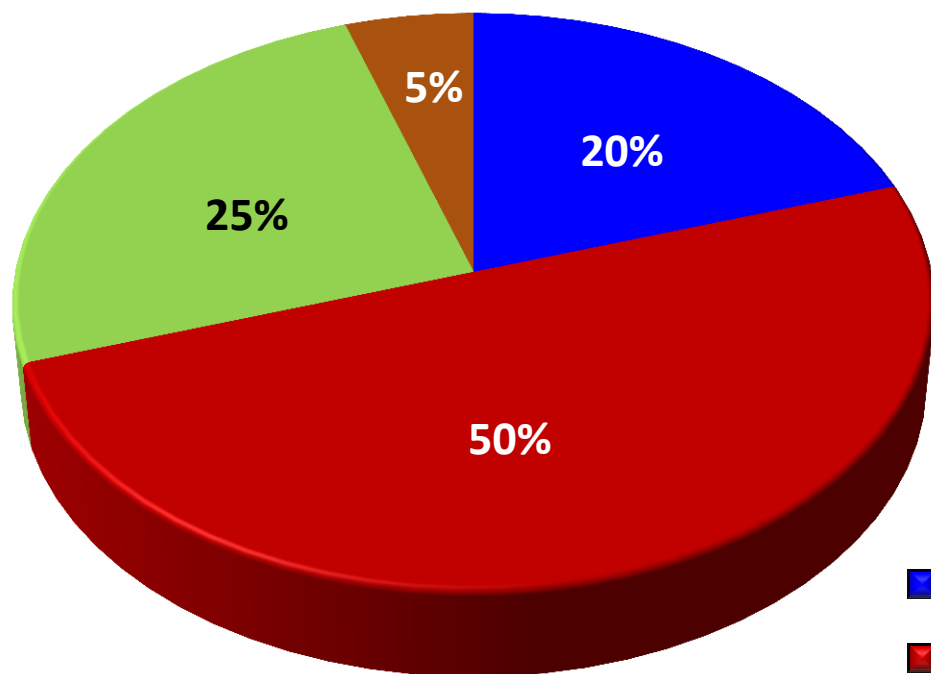
Vertical	Core Services	Amount (RM 'mil)	(%)
1	Engineering Services		
	• Design	149.0	33.6%
	• Supervision	243.9	55.0%
2	Project Management	45.3	10.2%
3	BIM Services	5.2	1.2%
	Total	443.4	100%

	<b>Mass Rapid Transit Line 2 Project Management</b>	RM 174.7 m		<b>Ship-To-Ship Hub at Johor Conceptual Master planning</b>	RM 11.8 m		<b>NCIA DMO for all Development Projects</b>	RM 16.6 m
	<b>East Coast Rail Link Feasibility Study, Scheme &amp; Prelim Design &amp; Construction Supervision</b>	RM 143.8 m		<b>Water Distribution System Upgrade, Iskandar Malaysia Eng. Design &amp; Const. Supervision</b>	RM 5.1 m		<b>Proposed bridge crossing, Sg. Pulai Eng Design &amp; Const. Supervision</b>	RM 11.7 m
	<b>BRT Johor Engineering Design &amp; Construction Supervision</b>	RM 71.3 m		<b>Upgrade of Lubuk Buntar Lama, Kedah Water Treatment Plant Engineering Design</b>	RM 3.2 m	<i>The figures represent the total contract value</i>		
	<b>Mass Rapid Transit Line 2 Engineering Design &amp; Const. Supervision</b>	RM 201.1 m		<b>Langat 2 Water Supply Scheme Engineering Design &amp; Const. Supervision</b>	RM 91.3 m			
	<b>West Coast Expressway Engineering Design &amp; Construction Supervision</b>	RM 81.5 m		<b>Upgrade of Pelubang Water Treatment Plant Eng. Design &amp; Const. Supervision</b>	RM 17.7 m	<b>Legend:</b> <ul style="list-style-type: none"> <li><span style="display: inline-block; width: 20px; height: 10px; background-color: blue; border: 1px solid black;"></span> Railway</li> <li><span style="display: inline-block; width: 20px; height: 10px; background-color: red; border: 1px solid black;"></span> Highway</li> <li><span style="display: inline-block; width: 20px; height: 10px; background-color: lightgreen; border: 1px solid black;"></span> Water</li> <li><span style="display: inline-block; width: 20px; height: 10px; background-color: gray; border: 1px solid black;"></span> Infrastructure</li> <li><span style="display: inline-block; width: 20px; height: 10px; background-color: purple; border: 1px solid black;"></span> Others</li> </ul>		
	<b>Sungai Besi – Ulu Kelang Expressway Engineering Design &amp; Construction Supervision</b>	RM 50.9 m		<b>Langat Centralized Sewage Treatment Plant Eng. Design &amp; Const. Supervision</b>	RM 14.2 m			
	<b>Maju Expressway Extension to KLIA Engineering Design &amp; Construction Supervision</b>	RM 17.8 m		<b>Sewerage Network in Batu, Jinjang and Kepong – Package D43 Eng. Design &amp; Const. Supervision</b>	RM 12.6 m			
	<b>Pan Borneo Highway Engineering Design &amp; Construction Supervision</b>	RM 11.9 m		<b>Raw Water Supply to Layang-Layang Eng. Design &amp; Const. Supervision</b>	RM 5.5 m			
	<b>Central Spine Road – Package 3 Engineering Design &amp; Const. Supervision</b>	RM 49.2 m		<b>Submarine Pipeline from Butterworth to Pulau Pinang Eng. Design &amp; Const. Supervision</b>	RM 4.0 m			
	<b>East Klang Valley Expressway Engineering Design</b>	RM 4.1 m		<b>Kwasa Damansara Township Development Project Management</b>	RM 17.3 m			



### Tender book value is RM 300 million

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



- Rail
- Highway
- Water
- Infrastructure

Vertical	Core Services		Amount (RM) Million	(%)
1	Engineering Services <ul style="list-style-type: none"><li>Engineering Design</li><li>Construction Supervision</li></ul>		100	33%
			10	3%
2	Project Management		180	60%
3	BIM Services	Contractors	5	2
		Direct Client	5	2
	Total		300	100%



Proposed PMO Services for AI Park, Technology Park Malaysia



The Appointment of Scheme Design Consultant for the Development of Kuching Urban Transportation (KUTS) Kuching, Sarawak



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



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



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



# FINANCIALS

## KEY PROJECTS TENDERED (Cont'd)



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



**Provision of Owner's Engineers for Ramunia Project Scheduled Waste to Energy (SWTE)**



**Cadangan Meningkatkan Sistem Bekalan Air di Wilayah Iskandar, Johor**



**East Perak Integrated Small Hydro Scheme**



**Kajian Permintaan Air, Sumber Air, Bekalan Air Terawat dan Sistem Bekalan Air di Negeri Kedah**



**Feasibility Study for Integrated Water Resources and Flood Mitigation in Kota Belud, Sabah**

# **3. FUTURE PROSPECTS**

## **VERTICAL 1, 2 & 3**





## PUBLIC TRANSPORTATION SECTOR



## ROADS & HIGHWAY SECTOR



## PORT SECTOR



## WATER SECTOR



# PUBLIC TRANSPORTATION SECTOR PROSPECTS

*Implementation of major infrastructure projects and award of new contracts to be accelerated in 2H-2021 to pump prime the economy as the Covid-19 pandemic eases with the roll out of the vaccine.*

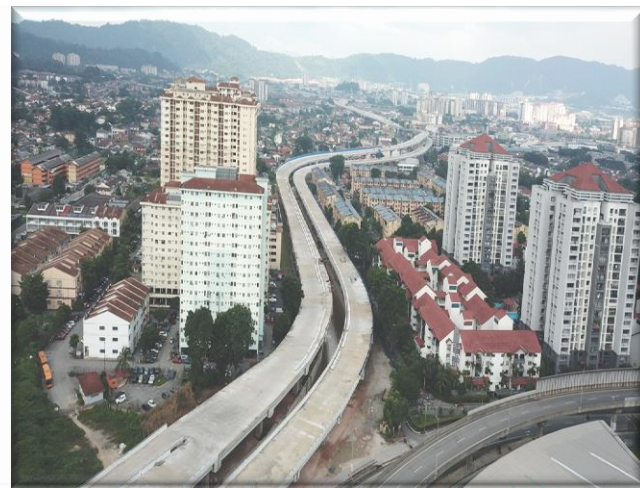
- **MASS RAPID TRANSIT (MRT) 3**
- **JOHOR BAHRU – SINGAPORE RTS**
- **SARAWAK METRO**
- **BAYAN LEPAS LRT  
(Penang Transportation Master Plan)**





# ROADS & HIGHWAYS SECTOR PROSPECTS

- **PJ DE LINK HIGHWAY (34.3 Km Fully Elevated Expressway)**  
*(Connecting PLUS' NKVE DAMANSARA TOLL PLAZA to BUKIT JALIL HIGHWAY)*
- **VARIOUS PRIVATIZATION PROPOSALS (URBAN HIGHWAYS):** *As a driver of infrastructure projects to reduce the financial strain on the government's national coffers.*



## WESTPORT PHASE 2

- Received Approval in Principle 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.





- **Sungai Perak Raw Water Transfer Scheme (SPRWTS)**

- **Upgrading of Water Resource and Supply for Johor (Iskandar and PIPC)**

- **Langkawi Water Supply**

- **Sarawak Water Grid Study**



## 4. OVERALL GROWTH STRATEGY



- Diversification of Revenue (V1 & 2)

- Recurring Income (V4)





# GROWTH & DIVERSIFICATION OF REVENUE (VERTICAL 1&2)

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

- Geographically :- (Philippines / Indonesia & India)**

- *Rising Tendency towards Nationalism*
- ***Evaluate** commitment of these countries to their high growth infrastructure development plan & realistic mid / long term opportunities*
- ***Mode of Entry** (Own Bid / Strategic Partnership / Partial Acquisition)*
- *Strategic collaborations with leading Japanese consultants to participate in JICA funded projects*

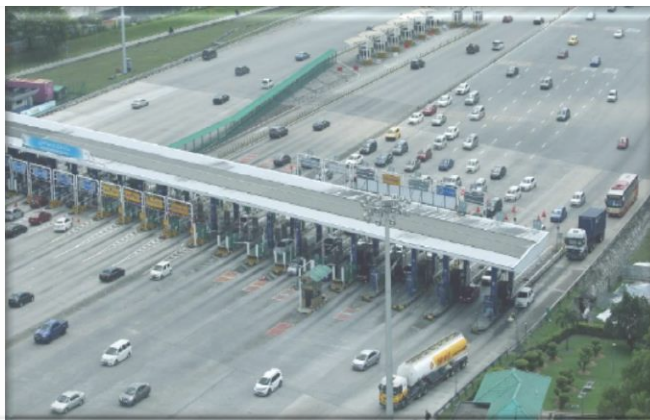
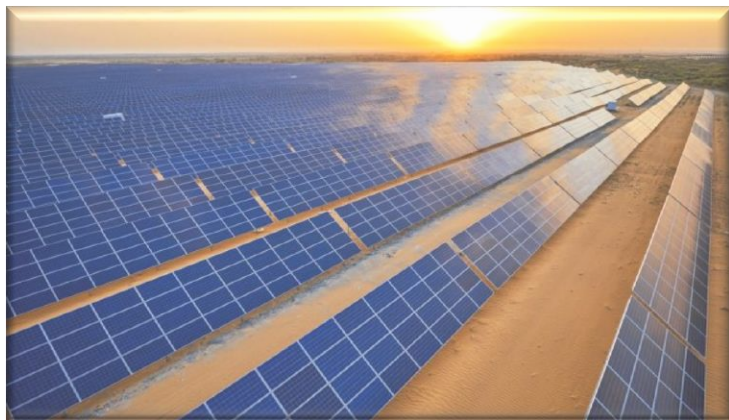


# RECURRING INCOME



**Active pursuit of a fourth vertical to our current revenue portfolio which is an important part of our on-going strategy to provide a longer term sight on revenue that is recurring.**

- **On September 2nd 2020, we have submitted our bid for a Development of 50MW AC Solar plant under the Large Scale Solar@MEnTARI (LSS) 3B.**
- **Exploring the opportunities in the areas of water concessions and toll highway as another potential area of recurring income for the Group.**







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**THANK YOU**

IR Adviser



*February 2021*