

ADVANCECON HOLDINGS BERHAD (426965-M)

Address: 16 & 18, Jalan Pekaka 8/3, Seksyen 8, Kota Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan, Malaysia.
Tel: +603 6157 9563 Fax: +603 6157 0469 Website: http://www.advancecon.com.my/

BUSINESS OVERVIEW

Advancecon Holdings Berhad (Advancecon), established in Malaysia in April 1990, is a leading player in earthworks and civil engineering services in Malaysia. The Group provides a comprehensive range of earthworks solutions, (i.e. site clearance, rock blasting, and erosion and sediment control plan) and civil engineering services (earth road works, drainage works and bridge construction, water supply works, and sewerage works). Advancecon undertakes earthworks and civil engineering services for numerous infrastructure and property development projects. The Group is ISO 9001:2008 accredited for quality management, and holds a Grade 7 license that enables participation in tenders for projects with unlimited value. Major customers include reputable property developers.



PROJECT PORTFOLIO (SELECTED)

Completed Projects

- Trumpet Interchange & EcoHill Link connected to LEKAS Highway
- Site clearance, earthworks & infrastructure works for Setia Ecohill
- Site clearance, earthworks, detention pond & ancillary works for Bandar Setia Alam
- Earthworks, piling works, main drain & detention pond for Nilai Impian 2
- Site clearance, earthworks, detention pond & ancillary works for Setia Eco Gardens
- Earthworks for Hillpark Shah Alam
- Earthworks, drainage & ancillary works for Cyberjaya Flagship Zone
- Site clearance, earthworks, detention pond & ancillary works for Eco Business Park

ONGOING PROJECTS

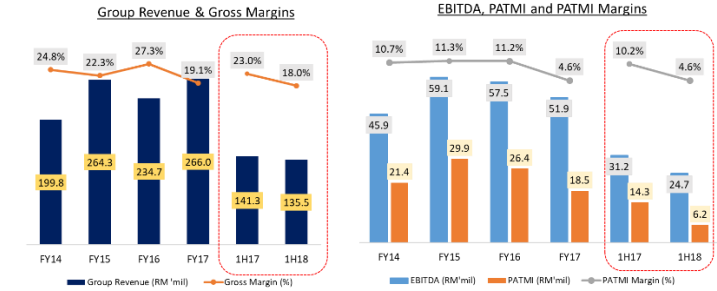
Ongoing Projects	Estimated Contract Value (RM' mil)	Remaining Contract Value (RM' mil)	2017	2018	2019	2020
1) West Coast Expressway (Part 1) (Assam Jawa Interchange to Tanjung Karang Interchange)	370.07	370.07		Jun 2018		Dec 2020
2) West Coast Expressway (Banting Interchange to South Klang Valley Expressway Interchange)	239.81	180.76			Jun 2019	
3) Pan Borneo Highway (Sungai Awik Bridge to Bintangor Junction)	105.23	74.83			Nov 2019	
4) South Klang Valley Expressway (KM 28.7)	75.50	45.46	Dec 2017		Dec 2019	
5) Alam Perdana Development	45.83	35.75		Jan 2018	Jul 2019	
6) Bandar Bukit Raja Stage 2	27.34	27.34		Aug 2018	Aug 2019	
7) Eco Ardence mixed development	20.51	20.51		Jul 2018	Apr 2019	
Others	544.20	154.03	Nov 2013		Sep 2019	
Total Order Book Value	1,428.49	908.75				

Note: Data presented as at 30 June 2018

COMPETITIVE ADVANTAGES & KEY STRENGTHS

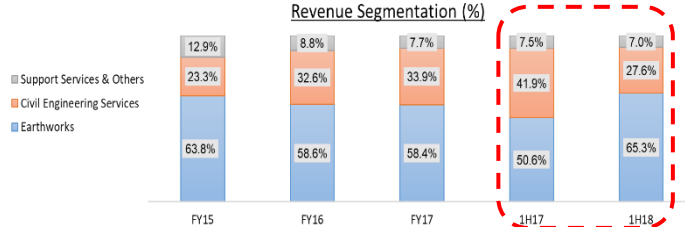
<p>Experienced key management team</p> <ul style="list-style-type: none"> • Extensive experience in the construction industry • Strong engineering team helmed by key management with >15 years experience individually across specialized skillsets 	<p>Proven track record</p> <ul style="list-style-type: none"> • Reputable brand in earthworks and civil engineering services market for approx. 27 years • Track record has earned the Group recurring customers and new customers through referrals 	<p>Maintaining quality standards</p> <ul style="list-style-type: none"> • Strive to render superior service quality and ensure customer satisfaction • Proven by accreditation of Quality Management System in compliance with ISO 9001:2008 	<p>Sizeable fleet of machinery</p> <ul style="list-style-type: none"> • Own, operate and constantly upgrade machinery fleet undertake projects of various sizes • High utilization rate of 85-90% indicates well-maintained fleet and efficiency
--	---	---	---

FINANCIAL PERFORMANCE



Advancecon posted 10.3% lower revenue of RM73.7 million in 2Q18 (2Q17: RM82.2 million) on lower progress billings from construction and support services. Group 2Q18 net profit dipped 51.1% to RM3.7 million (2Q17: RM7.5 million) due to higher operating expenses and finance costs.

1H18 revenue decreased 4.1% to RM135.5 million (1H17: RM141.3 million) due to slower than expected revenue recognition from infrastructure projects. Group bottomline in 1H18 declined 56.8% to RM6.2 million (1H17: RM14.3 million) in line with higher operating expenses and finance costs.



GROWTH STRATEGIES

- **Focus on earthworks projects**
 - Targeting residential earthworks projects with shorter tenure and faster revenue recognition to cushion impact of slower revenue recognition for highway project (secured RM47.8 million worth of contracts post GE-14)
- **Upgrading internal capabilities**
 - To construct a new workshop in Kota Puteri equipped with training facilities, store, and a service yard
- **Monetize investment properties**
 - To liquidate investment properties currently held to minimize opportunity costs
- **Eyeing M&A opportunities**
 - Aiming for M&A opportunities in similar industry that offers recurring income capabilities

New Contract Wins (RM' mil)

Year	Value (RM' mil)
FY2018*	417.9
FY2017*	218.6

***FY2018 key projects**

Project	Value (RM' mil)
WCE – Section 7 (Part 1)	370.1
Eco Ardence – Phase 2	20.5
Bandar Bukit Raja Stage 2	27.3

***FY2017 key projects**

Project	Value (RM' mil)
SKVE	75.5
Alam Perdana	45.8
Gamuda Gardens	32.7
Pan Borneo (Sarikei)	30.1

INVESTMENT MERITS & VALUATION

- **Strong track record** in earthworks and civil engineering services
- **Robust current order book of RM908.8 million** to be recognized till FY2019
- **Tender book over RM1.9 billion**, proxy to infrastructure job flow and township developments
- **Minimum 20% dividend policy**, also Syariah-compliant

Share Price Performance
24 August 2017 - 23 August 2018



Share Price: RM0.47 @ 24 August 2018	525.2 million shares
Market Cap	RM160.2 mil
Annualised PE	18.7
FY17 Dividend Yield	2.1%