



PRESTARIANG®

# PRESTARIANG BERHAD

## Annual General Meeting

25 November 2020

### PIVOTING DIGITALISATION

Technology & Talent | Driving The Digital Economy

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# REPORT CARD 2019

Most Challenging Year since Inception in 2003

‘FAMINE STAGE’

# OUR FOCUS 2019-2020

## 4 FOCUS STRATEGIES

1. Focus on things that we can control
1. Re-Boot and Move On
1. Focus on **right-sizing** and **streamlining** our operation to remain agile, prudent and adaptive
2. To work closely with our clients and in **partnership** with our business partner to **grow** the Business

# PIVOTING DIGITALISATION...



- Outcome base Innovation
- Enhance our product and service offerings
- Continuously advance our talent capabilities



# 1 Rationalisation Plan

## a. Cost cutting measures

- Right sizing and streamlining our operations
- Total headcounts reduced from 177 employees in 2019 to 91 employees in 2020

## b. Divestment of non-core assets

- Completed disposal of education business
- Sale of **UNIMY** for **RM2.5 million**
- Sale of **OLL** for **RM7.8 million**

By strengthening capital structure and improve cash flow:

a. All going concern issues have been addressed and removed

b. Completed fund raising exercise

- Private placement of 10% shares
- Completed in June 2020
- Raised a total of RM14.3 million

c. Fund raising exercise in progress

- Private placement of 79,579,740 shares with warrants to Dr Abu
- Rights issue of 176,843,866 new shares with warrants
- Received overwhelming support from shareholders (147% over subscription rate)
- On track to complete by end of Nov 2020
- On target to raise a total of **RM63.2 million**



## Proposed Utilisation of Proceeds

	Rights subscription RM'000
<b>Gross proceeds</b>	
• Rights Issue	35,369
• Private Placement	27,853
<b>Total</b>	<b>63,222</b>
<b>Proposed utilisation</b>	
• Working capital for expansion of existing business	28,309 (45%)
• Business expansion for new product offerings and services	17,513 (28%)
• Repay borrowing	16,500 (26%)
• Cost of exercise	900 (1%)

## 3 Re-BOOT and PIVOT

### a. Expand service offerings in Technology Business

- Multi-cloud management services (MSP)
- Opportunities to work with major Cloud players
- System Integrator (SI)

### b. Venture deeper into Talent and Employability Industry

- Full life-cycle in profiling, training, certification and placement services
- Lifelong learning - continuous engagement to upskill & reskill

### c. Invest to upgrade our homegrown Talent Platform

- This will enable analytics capabilities and on-board future customers to embark on up-skilling, re-skilling and Lifelong Learning

## a. Talent

### Kerjaya Program with Selangor State Government

- To provide profiling, skills training and job placement for 10,000 job seeking Malaysians residing in Selangor
- Effective from 1 Nov 2020 over 36 months period
- Estimated contract value of **RM50 million**
- Replicating this model for other customers

## b. Technology

### New partnership and offerings

- Expanding from just managing licensing to Cloud services
- **Amazon, Google, SAP, Huawei** and others
- Cloud-based products and services - Infrastructure as a Service (IaaS), Platforms as a Service (PaaS), Software as a Service (SaaS) and Anything as a Service (XaaS)



**02. PERFORMANCE  
OVERVIEW**

1. Our key revenue driver of Software Services and Talent Management showed improvements
  - \*41.2% growth in revenue: \*RM149.6 million in FY2020 vs \*RM109.5 corresponding 12 months period for FP2019
  - Operationally profitable: \*RM4.2 million in FY2020 vs \*(RM14.3) in FP2019
2. Strengthen cash flow position
  - Achieved a net increase in cash flow position of RM1.9 million as compared to negative in FP2019.
3. Reduction in operating expenses
  - General operating expenses reduced by \*\*15%

**Notes:**

- \*Information is based on segmental analysis for Software Services and Talent Management business only when compared between 12 months period from 1 July 2018 to 30 June 2019 for FP2019 and from 1 July 2019 to 30 June 2020 for FY2020.
- \*\*Based on administrative expenses for FY2020 as compared to the annualised administrative expenses for FP2019.

# Shareholdings Info Post Corporate Exercise

Key Institution Investors and Major Shareholders	**Percentage (%) Pro forma after private placement and rights issue based on maximum scenario as disclosed in Abridged Prospectus dated 30 October 2020
Areca Dynamic Growth Fund	13.08%
Affin Hwang Multi Asset Fund 1 & 3	12.26%
Dr Abu Hasan Ismail	10.11%

Financial Year/Period	2015	2016	2017	2019	2020	***30Nov 2020
Total Gross Dividend per Share (sen)	3.75	3.00	2.75	0.70	0.00	0.00
Share Price (RM)	2.97	2.06	1.52	0.41	0.40	N/A
Number of Shares (including treasury shares)	484,000,000	484,000,000	484,000,000	484,000,000	532,230,100	<b>788,653,706</b>

**\*\*\*Market Cap will be approximately RM346 million post corporate exercise**

**Notes:**

Information as at 30 June 2020.

\*\*Projected information as per Abridge Prospectus dated 30 October 2020.

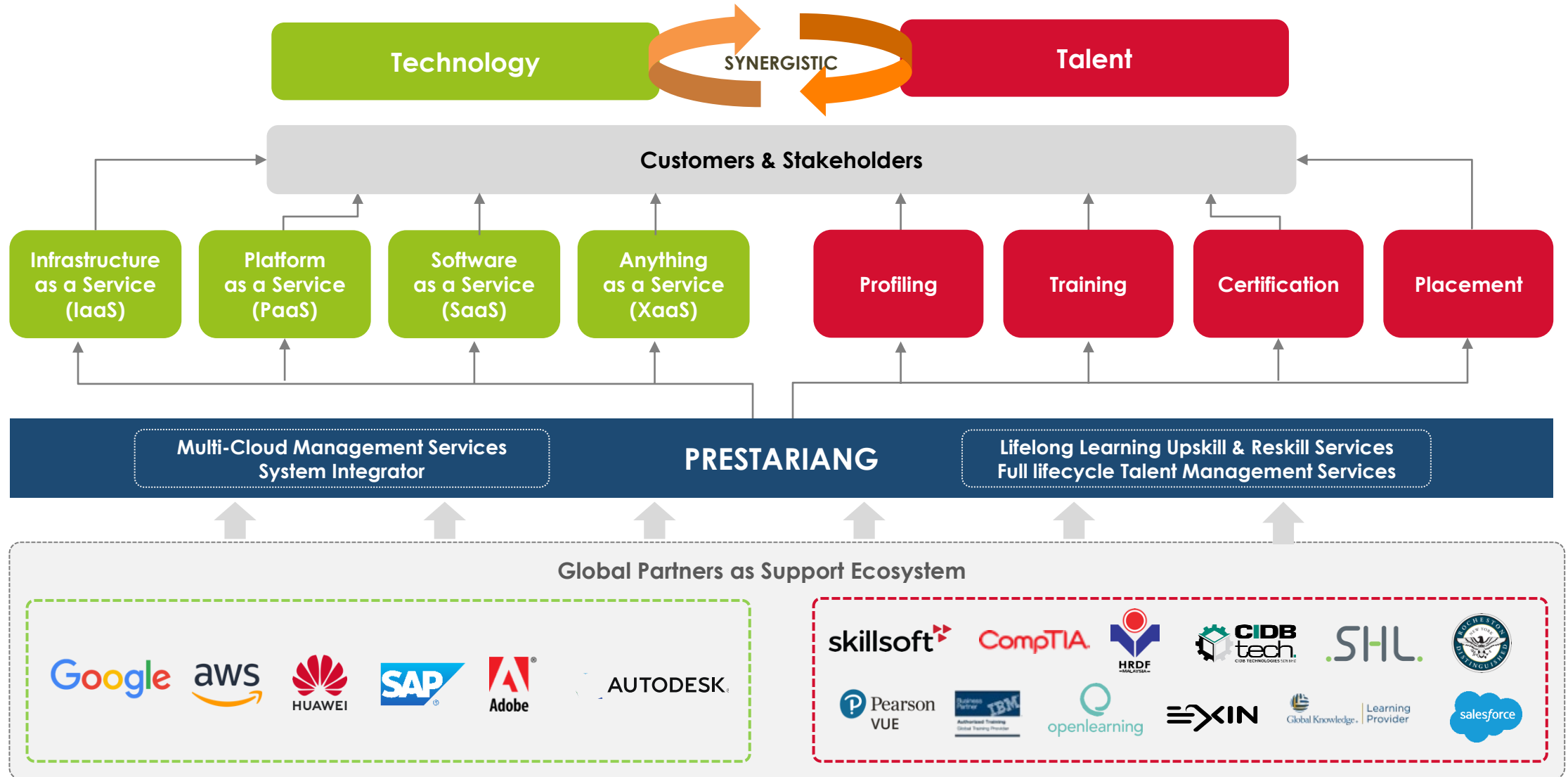
\*\*\*Projected information post corporate exercise including new shares to be listed on Bursa Malaysia and share price as at 24 November 2020 at RM0.44 for illustrative purpose only.



## 03. NEW BUSINESS MODEL

# NEW BUSINESS MODEL

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## 04. SUMMARY

1. We have stabilised our cashflow and address ALL going concern
2. Rebuilding core business in technology and talent business with new product offerings and services
3. Pivoting into multi-cloud management services to drive digitalisation
4. Venture deeper into employability market with full life cycle talent management in profiling, training, certification and placement services
5. Invest to upgrade our homegrown Talent Platform to enable analytics capabilities and drive future customers to embark on up-skilling, re-skilling and Lifelong Learning
6. On-going litigation process with GOM on SKIN legal suit with hearing date in Jan & Feb 2021
7. Continue to be a FTSE4Good and a shariah compliant stock

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**THANK YOU**

1. The Company's subsidiary, Prestariang Systems Sdn Bhd (PSSB) was informed by Microsoft that it will cease being a Channel Partner from January 31, 2021. Microsoft had been one of Prestariang's major suppliers for its Software and Sales divisions.
  - a. What is the potential loss of revenue for FYE2021 if this cessation is factored into the revenue stream of the Company?

**Our response:**

- a. **The termination of the Channel Partner Agreement with effect from 31 January 2021 is expected to have a material effect on our Group's business operations and financial performance for the FYE 30 June 2021 due to the expected loss of income from the sale of Microsoft Products during the period from 1 February 2021 to 30 June 2021. Based on our management's internal estimation, in the event that we are not able to generate higher revenue from other non-Microsoft products, the discontinuation of the Channel Partner Agreement is expected to result in estimated loss of revenue of more than 90% of our Group's total revenue from 1 February 2021 onwards, calculated based on the actual revenue contributed from the sale of Microsoft Products for the latest FYE 30 June 2020 of approximately 90.87%.**

- b. What are the steps being taken by the company to find alternative suppliers and how will the Company ensure that the quality of its services would not suffer if it chooses an alternative supplier as Microsoft is one of the main software names in the market?

**Our response:**

- b. **Moving forward, we will leverage our experience and market knowledge to focus on growing the Software & Services and Talent business segment to include wider range of products and scope of services including investing in cloud related competencies to capitalize on opportunities in the IaaS, PaaS and SaaS space and underpin our growth in the medium term. We intend to build alliances with more key product principals and platform providers to broaden the range of products and services. We currently have agreements with other global brands besides Microsoft, including Amazon, Google, SAP, Adobe, Dell, VMWare and SAS as their distribution and service partner in Malaysia. Efforts are being made to strengthen our workforce in terms of product knowledge to market products and services from the wider range of principals to our existing and new customers.**

2. The Company has plans to undertake a private placement of 79,579,740 shares or 15% of the Company's paid-up capital to its President/GCEO Dr. Abu Hasan Ismail which is expected to raise RM27.9 million. The exercise is expected to be completed by year end.
  - a. What is the status of this placement exercise?

**Our response:**

- a. **The Private placement is expected to complete by the end of November 2020.**

3. The Company has sued the Government of Malaysia following the termination of the Sistem Kawalan Imigresen Nasional (SKIN) project. The matter is in litigation and the amount claimed by the Company was around RM733 million.
  - a. What are the updates from this litigation and the chances of the Company in obtaining the amount claimed?

**Our response:**

- a. **The hearing of the matter has been fixed on 21 January 2021, 22 January 2021, 29 January 2021, and 26 February 2021. Prestariang's solicitors are of the view that Prestariang Skin Sdn Bhd has reasonable prospects of success in its claims against the Government.**

- b. In view of the Company reliance on contracts from the Government, what is the company's stance if it is not favoured by the Government in awarding contracts in view of the pending litigation?

**Our response:**

- b. **To date, the pending litigation has not affected our current business with the Government. It has also not prevented us from being invited to submit proposals and participating in tenders by the Government.**



4. Prestariang rationalised its business strategy in the year under review, narrowing its focus to core businesses with profit-making consistency and growth potential while divesting loss-making entities.
  - a. In line with its strategy, what are the other businesses that the company has earmarked to dispose in FYE2021?

**Our response:**

- a. **To date, the Group has no further plan to divest any other existing businesses, save for our Education business, Prestariang Education Sdn Bhd, owner and operator of University Malaysia of Computer Science and Engineering, which was completed recently. We will however continue our other efforts to monetise other non-core assets, such as properties.**

5. Trade receivables in the Company of RM225.5 million include amount of RM183 million due from the Government of Malaysia for the SKIN's project which had been terminated in 2018.
  - a. Why has the amount due of RM183 million not been impaired since it has been long outstanding?
  - b. What are the chances of recovering the amount?

**Our response:**

- a. **This forms part of the amount that we are seeking compensation from the Government for the termination of the SKIN contract. Prestariang's solicitors are of the view that Prestariang Skin Sdn Bhd has reasonable prospects of success in its claims against the Government. Accordingly, the amount is not impaired in the accounts.**
- b. **We have reasonable prospect.**

1. Practice 8.1 of the Malaysian Code of Corporate Governance stipulates that the Chairman of the Audit Committee should not be the Chairman of the Board.

We note that the Company's current Chairman, is also the Chairman of the Audit Committee.

Does the Company intend to remedy this departure, and if yes, by when?

**Our response:**

**Mr. Paul Chan Wan Siew is currently the Interim Chairman of the Board. We are in midst of identifying a suitable candidate for the position.**