



gREEN &
SMART

Introduction to

GREEN & SMART HOLDINGS PLC

May 2017

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Saravanan Rasaratnam, Group Managing Director



- & Over 18 years' management experience – focus on technology commercialisation and strategy
- & Co-founder of Biofusion Sdn Bhd, a BioNexus Status company involved in bio-composting, and VP for Strategy & Planning for Lestari Pasifik Bhd, a biofuel company
- & VP at Malaysian Biotechnology Corporation Sdn Bhd, a government-linked agency mandated to promote the commercialisation of biotechnology in Malaysia

Navindran Balakrishnan, Group Executive Director



- & Experience in technology management
- & Co-founder and Executive Director of Biofusion Sdn Bhd and VP for Business Development for Lestari Pasifik Bhd
- & Senior Manager at IBG Manufacturing Sdn Bhd, a BioNexus company producing bio-fertilisers for palm oil plantations

- & Saravanan Rasaratnam and Navindran Balakrishnan each has a beneficial interest in 27.6% of the issued share capital of Green & Smart Holdings plc

Overview – Green & Smart Holdings plc

- & **Profitable market leader** in the Malaysian biogas market, generating power from biogas captured through the treatment of Palm Oil Mill Effluent (POME)
- & **Fast-growing Malaysian market** underpinned by government legislation
- & **Key partnerships** with leading industry operators such as FELDA Global Ventures Holdings Bhd, world's largest crude palm oil producer, and FELCRA Bhd
- & Ongoing programme of project development, build, commissioning and ownership
 - **Completed seven biogas plants** (five under EPCC and two wholly-owned) in past 18 months, including **five post IPO**
- & **Multilayer revenue streams** from projects and project ownership
- & **Market leadership translating into profitable growth**
 - Revenue and PBT for the year ended 30 Sept 2016 were RM 67.38m (approx. £12m) and RM9.9m (approx. £1.76m) respectively

Established track record over 30 years

- Completed 150 projects in Asia including a World Bank funded project

Strong pipeline

- Pipeline of further 19 contracted projects at various stages of development
- 453 mills in operation in Malaysia, all required to have biogas facilities by 2020

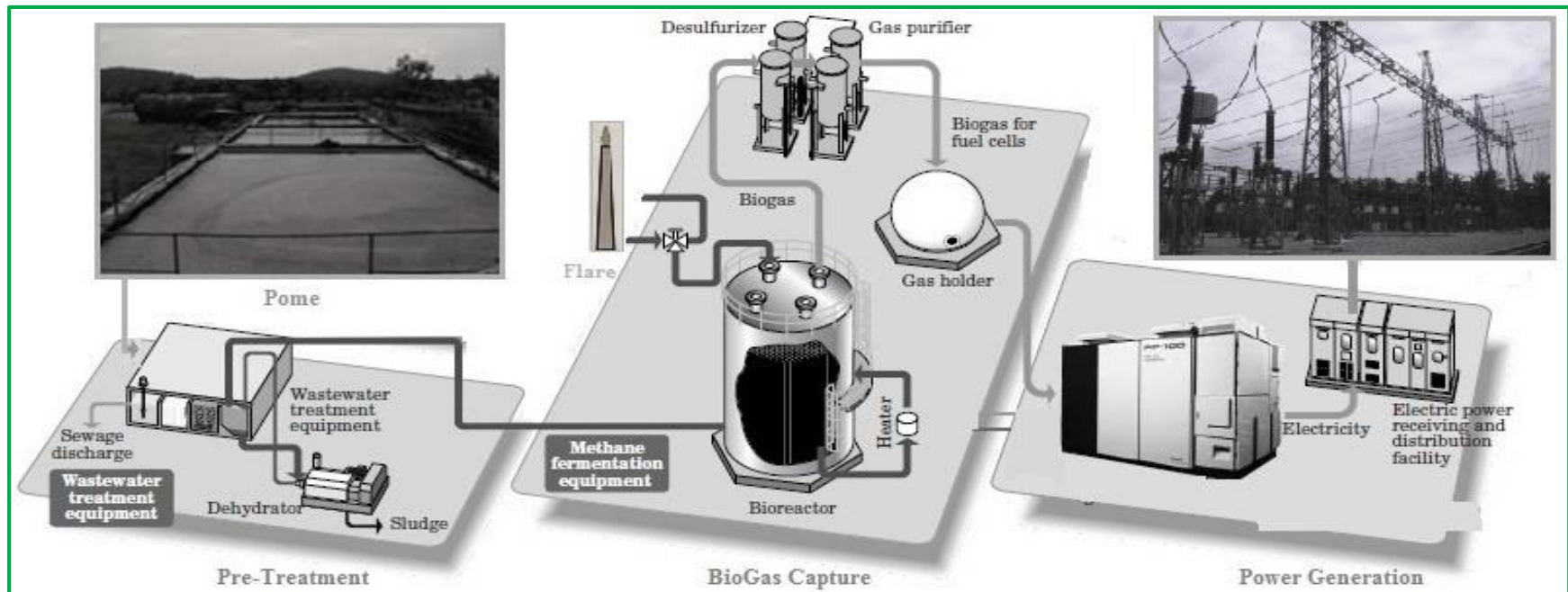


Generating Electricity From POME

Treating POME appropriately can help the environment as well as generate electricity

- Palm Oil Mill Effluent (POME) is an oily liquid that's a wastewater byproduct of the palm oil milling process
- POME poses an environmental threat if released untreated into waterways
- Treatment of POME produces biogas that is 62.5% methane, a form of greenhouse gas that causes environmental pollution

How Green & Smart treats POME to generate electricity



Process for Building a Biogas Power Plant **GREEN & SMART**

It takes c. 9-12 months to build a biogas power plant and connect it to the grid

- 1** Undertake study to determine the possible power that could be generated from mill waste

Palm Oil Mill

2

- & Supply feedstock
- & Address pollution control under the government new directive

3

Execute BOO Agreement

4

Biogas Company

- & Fund the construction of the Biogas to Power Plant
- & Sale of power to National Utility Company (TNB)



5

Renewable Energy Power Purchase Agreement with National Utility Company

National Utility Company

6

- & Execute guaranteed off-take agreement
- & Fixed contract duration of 16 years
- & Fixed price per kw over tenure of contract



Economics of Operating a Biogas Plant

Illustrative Financial Model of a 2MW Biogas Power Plant

REVENUE	RM (m)	£ (m)
Revenue from sale of power RM0.4669 x 2,000 kW x 7446 hours/year	6.95	1.32

COST OF SALES

(-) Revenue shared with the mill RM6.95m x 17%	1.2	0.23
(-) O&M Expense RM6.95m x 21%	1.5	0.29

GROSS PROFIT PER ANNUM	4.3	0.82
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INVESTMENT PAYBACK PERIOD **3.3 years**

*Construction of a new biogas power plant would cost between RM12.5m and RM16.5m (£2.38m-£3.14m)

*Assumptions used:

- 1) Plant operates 7446 hours per annum
- 2) 7-17% of revenue is shared with mill owner to cover supply of POME and lease of land for plant
- 3) O&M cost per annum estimated at 21% of revenue
- 4) Average cost of a 2MW biogas plant is RM14.0m (£2.67m)
- 5) Based on illustrative gross profit excluding allocation of overheads
- 6) Based on exchange rate 1 GBP : RM5.25

Independent Power Producer Model

IPP Business Model Revenue for G&S

Green & Smart



- Sign Build, Own & Operate (BOO) agreement with mill owners
- Submit FiT application to SEDA
- Sign Renewable Energy Power Purchase Agreement (REPPA) with TNB
- Undertake the construction and ongoing operation & maintenance of plants



G&S shares up to 17% of the FiT revenue with mill owner

Palm oil mill owners

The Grid



c. 83% of the revenue from the sales of electricity power generated by its wholly owned biogas plants

Initial Build Own and Operate Contracted Projects

- Build, own & operate 5 biogas power plants with 10.4MW total capacity
- First plant (Kahang) has been connected to the grid and is generating electricity, second plant to be connected in 2017
- 5th plant to be grid expected to be connected and start generating by 2018

Potential Customers

Selected IPP Power Plant Projects

Felda Kahang, Klauang, Johor (FGV)

2MW biogas processing facility utilising the tank tower system



Nibong Tebal, Pulau Pinang (MALPOM)

2MW biogas processing facility utilising the lagoon system



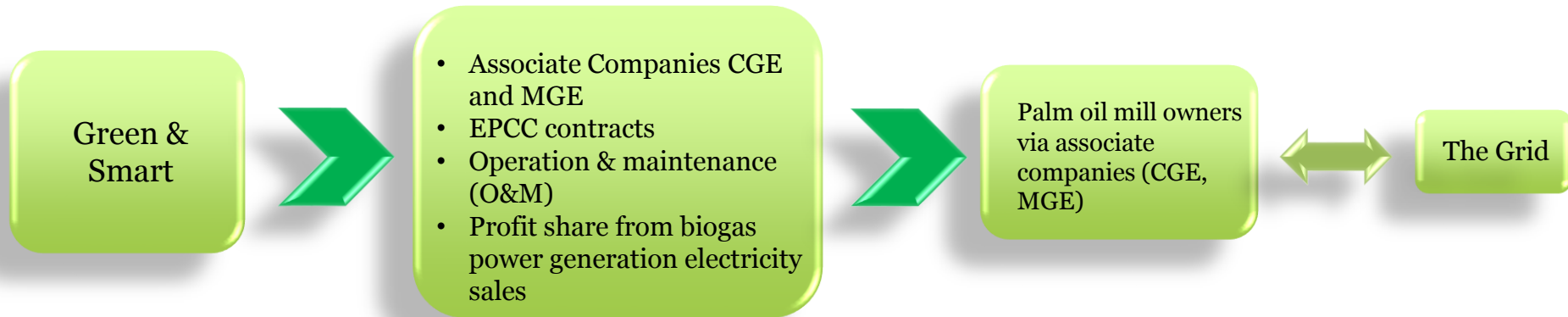
Gua Musang, Kelantan (LIZIZ)

2.7MW biogas processing facility utilising the lagoon system



* Tank tower system requires less space

Co-ownership Business Model Revenue for G&S



Megagreen Energy (MGE)

- Completed 5 biogas plants under EPCC contracts; 6MW total capacity

Concord Green Energy (CGE)

- Initial four biogas plants (RM63.5m (£11.28m) of EPCC contracts; 5.6MW total capacity)
- Pipeline of at least eight other biogas plants EPCC contracts with revenues of RM56.5m (approx. £10m); 12.5MW capacity

Potential Customers



Selected MGE Projects

Felcra Seberang Perak, Perak (FELCRA)

2MW biogas processing facility utilising the tank tower system



Felcra Nasaruddin, Perak (FELCRA)

1MW biogas processing facility utilising the lagoon system



Felcra Sungai Melikai, Bukit Kepong, Johor (FELCRA)

1MW biogas processing facility utilising the lagoon system



Selected CGE Projects

POME-MAS at Panching, Kuantan, Pahang (FGV)

500kW biogas processing facility utilising the tank tower system



POME-MAS at Pasoh, Bahau, Negeri Sembilan (FGV)

500kW biogas processing facility utilising the tank tower system



POME-MAS at Chalok, Kuala Terengganu, Terengganu (FGV)

500kW biogas processing facility utilising the tank tower system



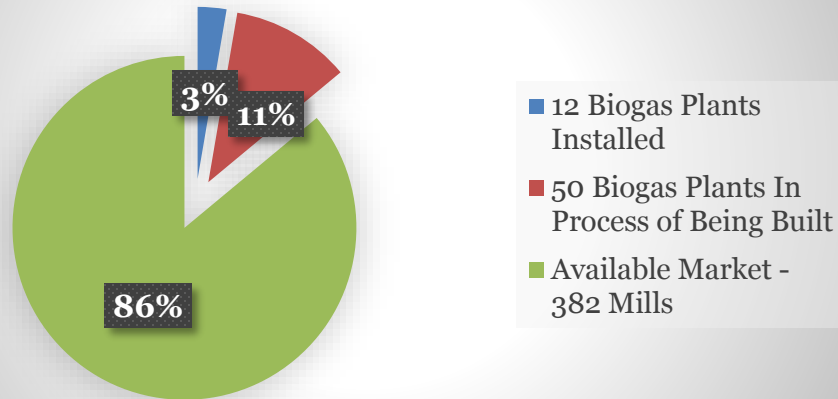
POME-MAS at Maokil, Labis, Johor (FGV)

1.0MW biogas processing facility utilising the lagoon system. Work in progress under the EPCC profit sharing model

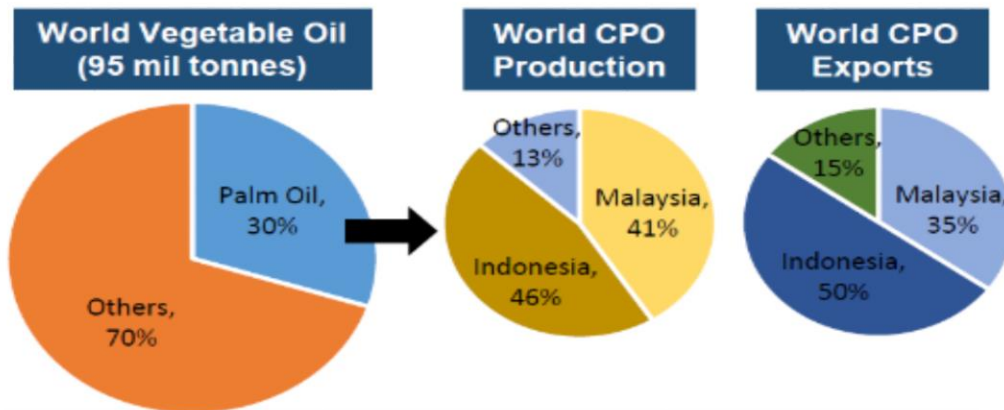


Market Drivers & Legislation

453 Palm Oil Mills Operating



- & The Economic Transformation Programme identifies biogas in two of the twelve National Key Economic Areas –NKEA 2 for Energy and NKEA 3 for the palm oil industry.
- & The palm oil industry in Malaysia is regulated by Malaysian Palm Oil Board (“MPOB”) . On 1 January 2014 the MPOB issued a directive requiring the existing palm oil mills in the country, plus mills with construction approval, to have a biogas facility in place by 2020
- & Introduction of the FiT regime in Malaysia was only legislation to be passed that was supported by both the governing and opposition parties
- & Regulation being enforced with ability to remove mill operating licence



Mill operators are able to sell CPO at a premium price if they are certified under Roundtable on Sustainable Palm Oil (RSPO) in Malaysia and Indonesian Sustainable Palm Oil Foundation (ISPO) in Indonesia

Competitive Landscape

The company has gained early traction in the biogas power industry through its unique competitive advantage

EPCC & Biogas Technology Providers	G&S S/B	With CIDB licences – allowed to undertake civil construction of biogas plants	& One of the only three players with both technology & CIDB approval & Sole player with its own patented technology
	Tenaga Tiub S/B Watermech Engineering S/B		
Pure EPCC Players	Choon Hin Engineering Works S/B KONPRO Energy S/B	Without CIDB licences	Direct EPCC competitors but lack of biogas technology expertise
	<i>SP Multitech S/B</i> <i>Weida Resources S/B</i>		
	Weida Works S/B		
Biogas Technology Providers	ALT Energy (M) S/B Biogas Environmental Engineering S/B Biotec International Asia S/B Cenergi SEA S/B Green Energy Resources (M) S/B Kim Loong Power S/B Knowledge Integration Services (M) S/B	Without CIDB licences	Direct biogas technology competitors but unable to undertake civil construction works
	<i>Konzen Clean Energy S/B</i>		
	Majurutera Engineering & Management S/B Oilteck Novaviro Bioenergy S/B Ronser Bio-Tech S/B SP Multitech Corporation Bhd VATA VM Synergy (M) S/B		
	<i>Veolia Water Solutions & Technologies S/B</i>		

Source: Smith Zander Market Research

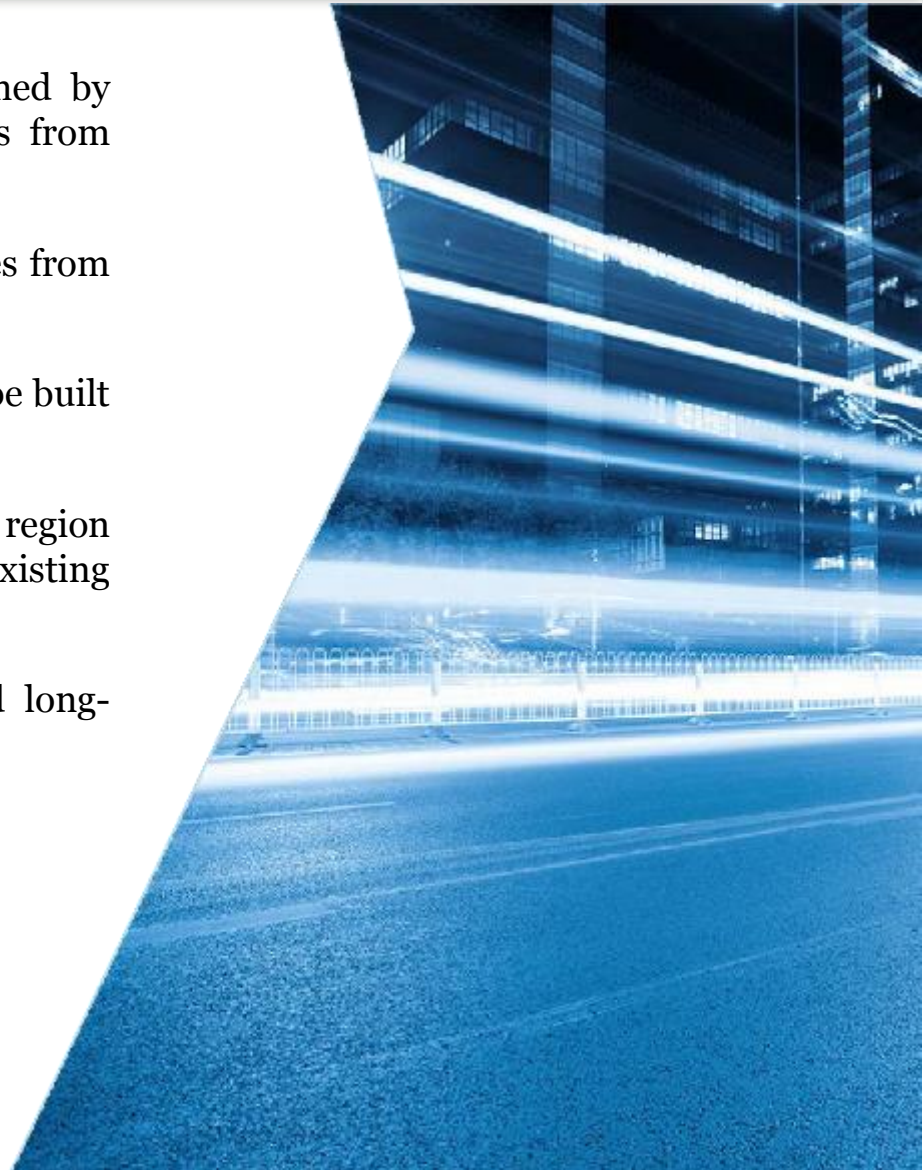
FY 2016 Financial Summary

- & Revenue increased 260% to RM67.38m (approx. £12.0m) (FY 2015: RM18.70m)
- & Profit before tax increased 181% to RM9.9m (approx. £1.8m) (FY 2015: RM3.5m)
- & Net profit increased 181% to RM9.9m (FY 2015: RM3.5m) (post AIM listing costs of RM1.9m)
- & Raised £3.3m net proceeds through IPO on AIM in May 2016
- & Cash and cash equivalents at 30 September 2016 were RM2.2m (31 March 2016: RM5.2m); as of 14 March 2017 the balance was RM3.0m
- & Post period, raised RM6m through the issue of new ordinary shares to Malaysian Technology Development Corporation Sdn Bhd

1GBP = approx. RM5.25



- & Good visibility of full year revenues underpinned by contracted EPCC contracts and electricity sales from Kahang
- & Malpom expected to commence earning revenues from power sales
- & Out of the six EPCC contracts ongoing, three to be built in H2 2017
- & Continue to evaluate further opportunities in the region while remaining focused on completing existing pipeline
- & The Board is confident of delivering sustained long-term growth and shareholder value





APPENDIX

Financials: P&L

	Audited Year ended 30 Sept 2016 RM'000	Pro-forma Year ended 30 Sept 2015 RM'000
Revenue	67,375	18,702
Cost of sales	<u>(50,318)</u>	<u>(13,632)</u>
Gross profit	17,057	5,070
Other income	197	13
Less: operating expenses		
Listing costs	(1,936)	-
Administrative expenses	(5,070)	(1,298)
Other expenses	<u>(119)</u>	<u>(15)</u>
	<u>(7,125)</u>	<u>(1,313)</u>
Operating profit	10,129	3,770
Finance cost	(45)	(37)
Share of result in associate undertakings, net of tax	<u>(156)</u>	<u>(218)</u>
Profit before taxation	9,928	3,515
Income tax expense	-	-
Profit for the year	9,928	3,515
Earnings per share		
Basic (RM, cents)	8.93	3.17
Diluted (RM, cents)	8.89	3.16

Financials: Balance Sheet

	Audited 2016 RM'000	Pro-forma 2015 RM'000
Assets		
Total non-current assets	28,680	12,941
Total current assets	59,197	26,322
Total assets	87,877	39,263
Equity		
Total equity	41,511	8,167
Liabilities		
Total current liabilities	36,756	21,907
Total non-current liabilities	9,610	9,189
Total liabilities	46,366	31,096
Total liabilities and equity	87,877	39,263

Financials: Cash Flow

	2016 RM'000	2015 RM'000
Cash flow from operating activities		
Profit before taxation	9,928	3,515
<i>Adjustments for:</i>		
Amortisation of intangible assets	55	55
Depreciation of equipment	147	7
Government grant income	(13)	(13)
Share of loss of associate	156	218
Interest expenses	9	7
Cash flow from operating activities before working capital changes	10,282	3,789
Decrease/(increase) in trade and other receivables	1,180	(11,971)
Increase in trade and other payables	14,219	20,482
(Increase)/decrease in amount owing by/to contract customers	(2,072)	1,671
Increase in amount owing by associates	(43,215)	-
Cash flow used in/(from) operating activities	(19,606)	13,971
Interest paid	(9)	(7)
Net cash flow used in/(from) operating activities	(19,615)	13,964
Cash flow for investing activities		
Additional development expenditure for patents	-	(59)
Investment in associates	-	(250)
Purchase of plant and equipment	(15,260)	(10,969)
Net cash flow used in investing activities	(15,260)	(11,278)
Cash flow for financing activities		
Issuance of new ordinary shares	19,416	-
Issuance of redeemable convertible preference shares	4,000	-
Advances to K2M Ventures	-	(25)
Advances from directors	-	530
Repayment of hire purchase obligations	(42)	-
Drawdown of term loans	1,921	8,496
Repayment of term loans	(465)	-
Net cash flow from financing activities	24,830	9,001
Net (decrease)/increase in cash and cash equivalents	(10,045)	11,687
Cash and cash equivalents at the beginning of the year	12,198	511
Cash and cash equivalents at the end of the year	2,153	12,198

Capital Structure

Shareholder	%
K2MV	51.1
MTDC	6.8
Innvotec Ltd	4.4
Saravanan Rasaratnam	4.1
Navindran Balakrishnan	4.1
Simon Peter	3.7
Kaminy Velayudhan	3.7
Sivadas Kumar	2.6

- 287,428,034 shares in issue
- £250k debt facility obtained in April 2017 to progress work on its fully owned biogas projects

Growth Drivers for Generating Electricity **GREEN & SMART** from POME

& Government mandates to encourage development of biogas as a renewable energy source

- Importance of biogas and POME treatment is identified in 2 of 12 National Key Economic Areas
- Renewable Energy Fund: 1.6% surcharge on electricity bills paid by consumers
- BioNexus status: Tax exemption on statutory income for 5 years to 2018
- Import duty and sales tax exemption on machinery, equipment, materials, spare parts & consumables used directly in the generation process

& Attractive Feed-in-Tariff rates for biogas power generators

- Enables producers to generate revenue at predetermined price (fixed for 16 years) – with biogas generators receiving bonus FiT rates in addition to basic FiT rates for generators

& Availability of feedstock from the palm oil industry

- Sustained growth of Malaysian palm oil industry: increased CPO production, planted area for oil palm and mills in operation

& Marketability of palm oil with the implementation of biogas capture facilities

- Improves the marketability for palm oil products with the export market

& Increasing demand for electricity

- From 1980 to 2013, Malaysia's per capita demand for electricity grew >550% - set to continue to increase with further economic development



Source: MPOB, SMITH ZANDER analysis

Malaysian Government Response



Renewable Energy Target (MW)						
YEAR	BIOMASS	BIOGAS	MINI-HYDRO	SOLAR PV	SOLID WASTE	TOTAL
2015	330	100	290	65	200	985
2020	800	240	490	190	360	2,085
2025	1,190	350	490	455	380	2,865
2030	1,340	410	490	1,370	390	4,000
2050	1,340	410	490	18,700	430	21,370

Source: National Renewable Energy Policy and Action Plan (2009)

ECONOMIC TRANSFORMATION PROGRAMME

- & Under the National Key Economic Area (NKEA) for Palm Oil – Entry Point Project 5 (EPP5), **ALL PALM OIL MILLS MUST INSTALL BIOGAS PLANT FACILITIES BY 2020**

GREEN & SMART is *listed as a Technology Provider for Biogas Implementation in NKEA for Palm Oil - EPP5*

- & **Establishment of Renewable Energy Fund** - RE surcharge of 1.6% on electricity bills paid by consumers

TAX INCENTIVES

- & **BioNexus status** – Tax exemption on statutory income generated from Renewable Energy business for 5 years to 2018
- & **Import Duty & Sales Tax Exemption** on machinery, equipment, materials, spare parts & consumables used directly in the generation process

Oil Palm Processing

> OIL PALM TREE



10% OIL
90% BIOMASS

> PLANTATION RESIDUAL



Oil Palm Fronds



Fresh Fruit Bunch (FFB)

> PLANTATION RESIDUAL



Oil Palm Trunk

> PALM OIL MILL RESIDUAL



Palm Kernel Cake (PKC)



Palm Kernel Shell (PKS) 5.5%



Empty Fruit Bunch (EFB) 22%



Mesocarp Fibre (MF) 13.5%

> OIL PRODUCTS



Crude Palm Kernel Oil



Crude Palm Oil



POME 13.5%