



A member of **UEM Group**

EMPOWERED BY SCIENCE
INSPIRED BY HUMANS

ORCHESTRATING **INNOVATION**

ANNUAL REPORT 2019



The cover of our Annual Report this year symbolises our theme of Orchestrating Innovation, reflecting the innovative solutions our businesses are anchored on.

It displays our abstract expression on how we are continuously driven to engineer quality, smarter solutions. These solutions have been enabled by harnessing technology to provide world-class, tailored services for our clients, in order to deliver sustainable growth.

Laying the foundation for this is our Edgenta Way, which is our promise to go above and beyond in delivering world-class standards, whether we are creating opportunities, generating assets or providing services and solutions. We pride ourselves in pushing boundaries, challenging the status quo and breaking conventions to harmonise state-of-the-art technologies and innovation in all our different operations, establishing us as the leading Asset Management & Infrastructure Solutions company in the region.



Thank You, Shareholders

It has been five years since we became UEM Edgenta. In our journey since then, we have together established the company as the region's leading Asset Management & Infrastructure Solutions provider today, and we thank you for your confidence and loyalty as esteemed shareholders. Our results in 2019 powers our endurance to continue delivering sustainable growth and we hope you will continue with us on our journey in the years to come. We look forward to seeing you at the 57th Annual General Meeting.





Bespoke Tech-Enabled Solutions

UEM Edgenta's technology-enabled solutions are built on the innovative mindsets and capabilities of our people, that drive our operational excellence initiatives. We pioneer scalable solutions to future-proof and positively impact our operations and the business of our clients, to meet their growing needs.





Excellence in **Health, Safety, Security and Environment**

Safety is a non-negotiable priority at UEM Edgenta. Our safety practitioners continue to spearhead efforts to ensure our stakeholders always operate within the highest standards of safety. Among the workforce, our mantra of 'think safe, work safe and be safe', resonates across the different businesses in our aim to achieve Goal Zero.





Quality Assurance

The Edgenta Way supports us to deliver quality outcomes and exceed stakeholder expectations in the course of delivering our responsibilities and solutions. At UEM Edgenta, we build trust with our clients to create impact and better results, providing assurance and peace of mind to our clients.

Energy Consultancy

Consultation services based on conventional procurement methods

- Energy Assessment
- Independent Measurement & Verification
- Independent Technology Assessment
- Building Energy Simulation
- Renewable Energy System Design & Commissioning

Energy Monitoring & Management System

Comprehensive monitoring and management system

- Energy Audit
- Energy Saving Measures
- ISO 50001 Compliance
- Sustainable Energy Monitoring System
- Active Facilities Maintenance
- Registered Electrical Energy Manager (REEM)

Energy F

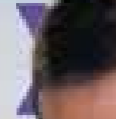
Financing of project
Performance

- New Equipment
- Energy Saving
- Equipment M
- Facilities Main
- Comprehensive Monitoring & M

Energy Measurement



Protocol Converter



Connectivity



RS 485

Digital Power Meter
SMARTConnect XB35



BACNet/IP

Converter
RS 485 to IP



Intuitive Controller
TDB 650



RS 485

Relay

CO2 Sensor

Refresh

1V0



Financing

Energy Efficiency Program through Energy
Performance Contract

Equipment Installation
Performance Measures
Maintenance
Performance
Energy Services and Facilities Management

Sustainability Services

Energy Efficiency Program through
Facilities Maintenance Contract

- Efficient Equipment Installation
- Green Building Certification & Commissioning
- Equipment Maintenance
- Energy Services and Facilities Management
- Active Facilities Maintenance

Command & Contact Centre

Building Internet of Things (IoT) - Collect,
Monitor, Manage, Analyse & Predict

- Online Data Collection
- Remote Monitoring
- Remote Managing
- Machine Learning
- Predictive Analysis
- Contact Centre
- Workforce Management



Data Mining/Data Analyzer/
Data Broadcaster



High Level Interface



Certified Standards

We established the Edgenta Academy to institutionalise standards in the Asset Management & Infrastructure Solutions sector. Our partnership with leading accrediting organisations will spur immense capacity and capabilities among our workforce and steer the industries to greater heights.





Edgenta of the Future

The vision of UEM Edgenta's future will be built on our people's innovative mindset and culture to pioneer new technology-based solutions. We are driven to engineer a path which will allow us to leapfrog and create the right impact in realising global triple-bottom line goals for tomorrow's generation, on the back of sustainable corporate values and practices.

Vision

Optimising Assets to Improve Lives

Mission

Our services, commitment to smarter thinking and improved solutions place us at the forefront of the industry.

We create opportunities for clients and assets that positively influence society.

Values

We are an enterprising entity that embraces teamwork, integrity and passion with a focus on success.



Enterprising

We are creative, resourceful and take calculated risk on all initiatives. We take full ownership and accountability.



Teamwork

We trust, respect, complement and support each other. We demand from each other to be better.



Integrity

We ensure high safety standards and practices. We practice the highest ethical standards in everything we do.



Passion

We love what we do and we put our heart and soul into it. We go beyond the call of duty to deliver our best.



Success

We continuously learn and celebrate our achievements. We win, together.

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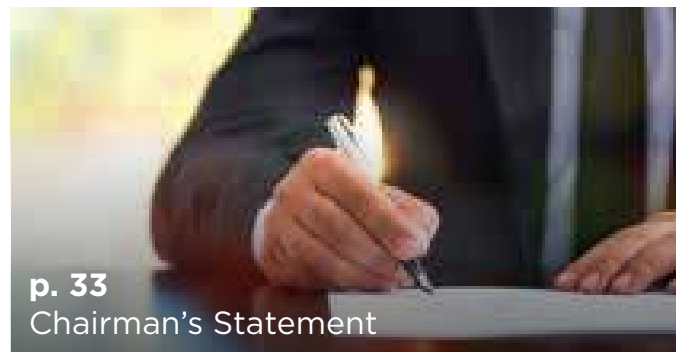
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GLOSSARY

GROUP DIRECTORY

 This annual report is available on the website at uemedgenta.com

 To contact us, please refer to page 23 for Corporate Information and on the inside back cover for Group Directory



 Scan this QR Code to download our Annual Report 2019

About this Report

At UEM Edgenta Berhad (“UEM Edgenta”), we are proud to continue our journey in Integrated Reporting with our third Integrated Annual Report this year. In recognising long-term investors’ need for transparency and accountability, this report presents detailed insights into our Group’s performance in 2019 and outlook for 2020. As we seek to provide a comprehensive view of our business, this report covers our financial and non-financial performance, strategies, initiatives and outcomes to communicate the sustainable value we deliver to all our stakeholders. We have also applied global best practices in preparing this report to ensure fair and complete reporting of our performance, governance and prospects.

NAVIGATION ICONS

This Integrated Annual Report discusses how we create value through our four strategies and six strategic focus areas. For ease of reference in reading this report, our disclosures on each strategic focus area are represented by navigational icons as follows:

FOUR STRATEGIES



Disrupting our delivery model



Broaden income streams



Deepen our competencies



Develop total solutions capabilities

SIX STRATEGIC FOCUS AREAS



Operational Excellence



Client Solutions



Organisational Excellence



Technology & Innovation



Health, Safety, Security and Environment (“HSSE”)



Stakeholder Management & Communications

This report should be read together with additional disclosures for our stakeholders, which we have made available online. These include consolidated and separate financial statements. Unless otherwise indicated, the content of this report includes data and activities of UEM Edgenta and our subsidiaries (“Group”) from 1 January 2019 to 31 December 2019.

SCOPE AND BOUNDARY

	Corporate Section	Financial Section
Contents	<ul style="list-style-type: none"> - Detailed disclosures on UEM Edgenta Group, our business strategies and sustainability performance based on the issues identified as material to the Group and our stakeholders - Provides a comprehensive assessment of the Group’s performance for 2019 and outlook for 2020 	<ul style="list-style-type: none"> - Provides the full set of the Group and Company’s audited financial statements
Regulations Complied	<ul style="list-style-type: none"> - Companies Act 2016 - Bursa Malaysia Main Market Listing Requirements - Malaysian Code on Corporate Governance 2017 - Adopts Bursa Malaysia’s Sustainability Reporting Guide & Toolkits - Guided by the International Integrated Reporting Council’s framework for integrated reporting and the Global Reporting Initiative’s Standards for Sustainability Reporting 	<ul style="list-style-type: none"> - Bursa Malaysia Securities Berhad Main Market Listing Requirements - Malaysian Financial Reporting Standards (“MFRS”) - International Financial Reporting Standards (“IFRS”) - Requirements of the Companies Act 2016 in Malaysia

FORWARD-LOOKING STATEMENTS

This report may contain expressed or implied forward-looking statements, which the Group expects or believes in good faith and on a reasonable basis. However, such forward-looking statements are subject to risks, uncertainties and other factors which could materially affect actual results and cause these to differ from the future results expressed, projected or implied in the forward-looking statements.

These risks include, but are not limited to, currency fluctuations, commodity price volatility, an increase in production costs, political and operational risks in each of the countries the Group is present, legal and regulatory risks.

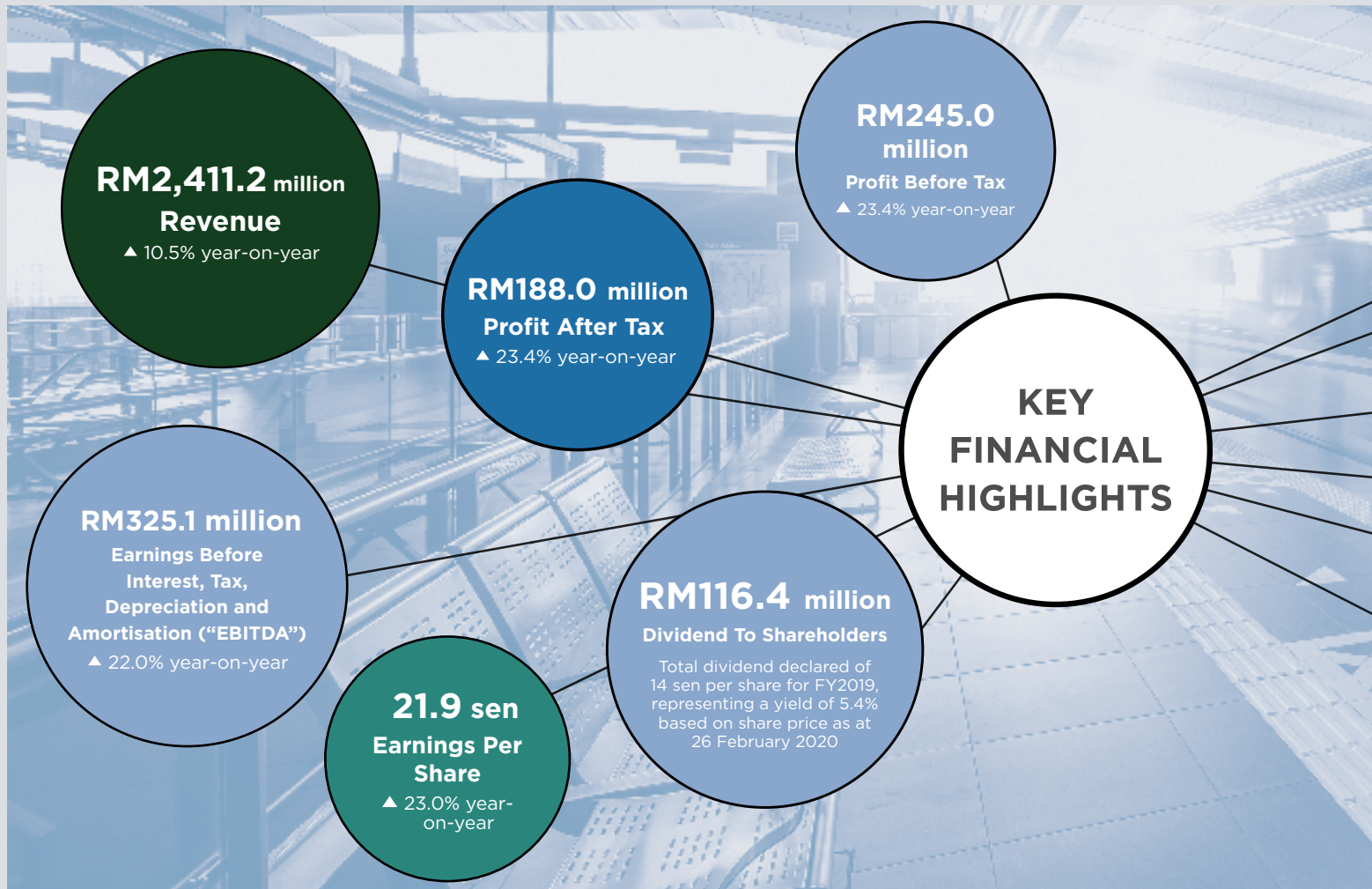
The Group does not provide guarantees or warranties on the certainty of the forward-looking statements and is not obligated to publicly revise the statements to reflect actual circumstances after this report is published, or to reflect the occurrence of unanticipated events, except as may be required under applicable securities laws.

Online Version: This report and additional information on UEM Edgenta is available online at our corporate website, uemedgenta.com

Feedback: We look forward to receiving and responding to any feedback on this report from our stakeholders. Please channel your feedback or query to:

Head, Corporate Communications
 Level 16, Menara UEM
 Tower 1, Avenue 7
 The Horizon, Bangsar South City
 No. 8, Jalan Kerinchi
 59200 Kuala Lumpur
 Tel: 03-2725 6688 Fax: 03-2711 8057
 E-mail: communications@edgenta.com

2019 Key Highlights



Asset Management



Healthcare Support

- All 32 government hospitals we manage in Northern Peninsular Malaysia have received 1 or 2-star ratings by ASEAN Energy Management Scheme ("AEMAS") / Energy Management Gold Standard ("EMGS")
- 4-STAR award for Excellent Hospital Support Services - Company Performance Assessment by Ministry of Health ("MoH") Malaysia
- Rebranding of Healthcare Support (Commercial) division entities in Malaysia and Taiwan to Edgenta UEMS



Property & Facility Solutions

- Recertification of Prime Minister's Office to GBI Platinum Rating
- Successfully facilitated the certification of PETRONAS Twin Towers and Tune Hotel to GBI Gold Rating
- Participated in the International Greentech & Eco Products Exhibition and Conference Malaysia ("IGEM") 2019



Infrastructure Services

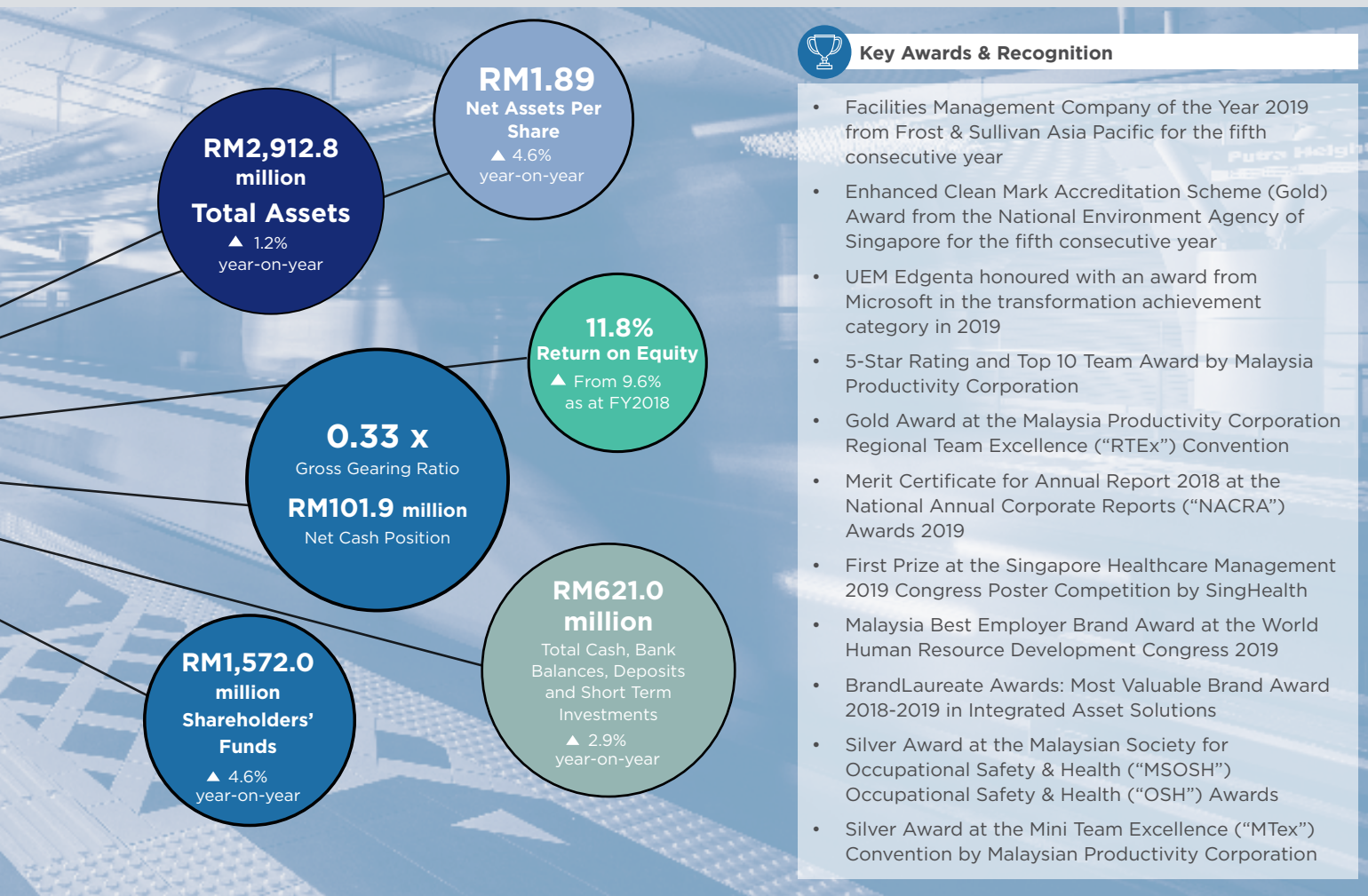
- Entered into a Memorandum of Understanding ("MoU") with the Malaysian Highway Authority ("MHA") and the Construction Industry Development Board Malaysia ("CIDB") to explore potential collaboration opportunities in raising highway maintenance standards, underscoring our industry leadership in HSSE
- Deployed mechanised vehicles in highway maintenance operations for grass cutting and road sweeping works



Asset Consultancy

- Incorporated Opus Consultants (Sarawak) Sdn. Bhd. ("OCS") and established a new office in Kuching, Sarawak in July 2019
- Collaboration with Jabatan Kerja Raya ("JKR") Sarawak on pavement research and innovation

Infrastructure Solutions



Key Awards & Recognition

- Facilities Management Company of the Year 2019 from Frost & Sullivan Asia Pacific for the fifth consecutive year
- Enhanced Clean Mark Accreditation Scheme (Gold) Award from the National Environment Agency of Singapore for the fifth consecutive year
- UEM Edgenta honoured with an award from Microsoft in the transformation achievement category in 2019
- 5-Star Rating and Top 10 Team Award by Malaysia Productivity Corporation
- Gold Award at the Malaysia Productivity Corporation Regional Team Excellence (“RTE”) Convention
- Merit Certificate for Annual Report 2018 at the National Annual Corporate Reports (“NACRA”) Awards 2019
- First Prize at the Singapore Healthcare Management 2019 Congress Poster Competition by SingHealth
- Malaysia Best Employer Brand Award at the World Human Resource Development Congress 2019
- BrandLaureate Awards: Most Valuable Brand Award 2018-2019 in Integrated Asset Solutions
- Silver Award at the Malaysian Society for Occupational Safety & Health (“MSOSH”) Occupational Safety & Health (“OSH”) Awards
- Silver Award at the Mini Team Excellence (“MTex”) Convention by Malaysian Productivity Corporation

Key Contracts Secured in 2019

- | | | | |
|---|--|---|---|
| <ul style="list-style-type: none"> • Provision of Hospital Support Services to MoH Singapore’s restructured hospitals worth up to RM944 million • Energy Performance Contracts (“EPC”) at MoH Malaysia hospitals • Replacement Through Maintenance for up to six years at four MoH Malaysia hospitals • Blood Bank Information System at MoH Malaysia’s blood banks and hospitals | <ul style="list-style-type: none"> • EPC carried out at Proton’s Centre of Excellence at the Sime UEP Industrial Park and the Tanjung Malim manufacturing plant • Integrated Facility Management contract for Menara Bumiputera-Commerce, for Pelaburan Hartanah Berhad • Facility management for additional wasl Group sites in Dubai • Architecture and Green Design & Build works for Hyundai-Sime Darby Motors | <ul style="list-style-type: none"> • Maintenance and asset management for Cikampek - Palimanan Highway, Indonesia in partnership with Astra Group • 1st productisation of RAMS technology solution in the Infrastructure sector for Sarawak State Roads • Upgrade of Sewerage Treatment Plants along the North-South Expressway over three years • Award for LPT2 Pavement Structural Overlay (“PSO”) works, first award of its kind in that network | <ul style="list-style-type: none"> • Project management consultancy for Coastal Road Network and Second Trunk Roads (Phase 1 & 2) • Asset Condition Survey for MRT Line 1 • Operational & Maintenance Consultancy for Yangon Expressway, Myanmar |
|---|--|---|---|

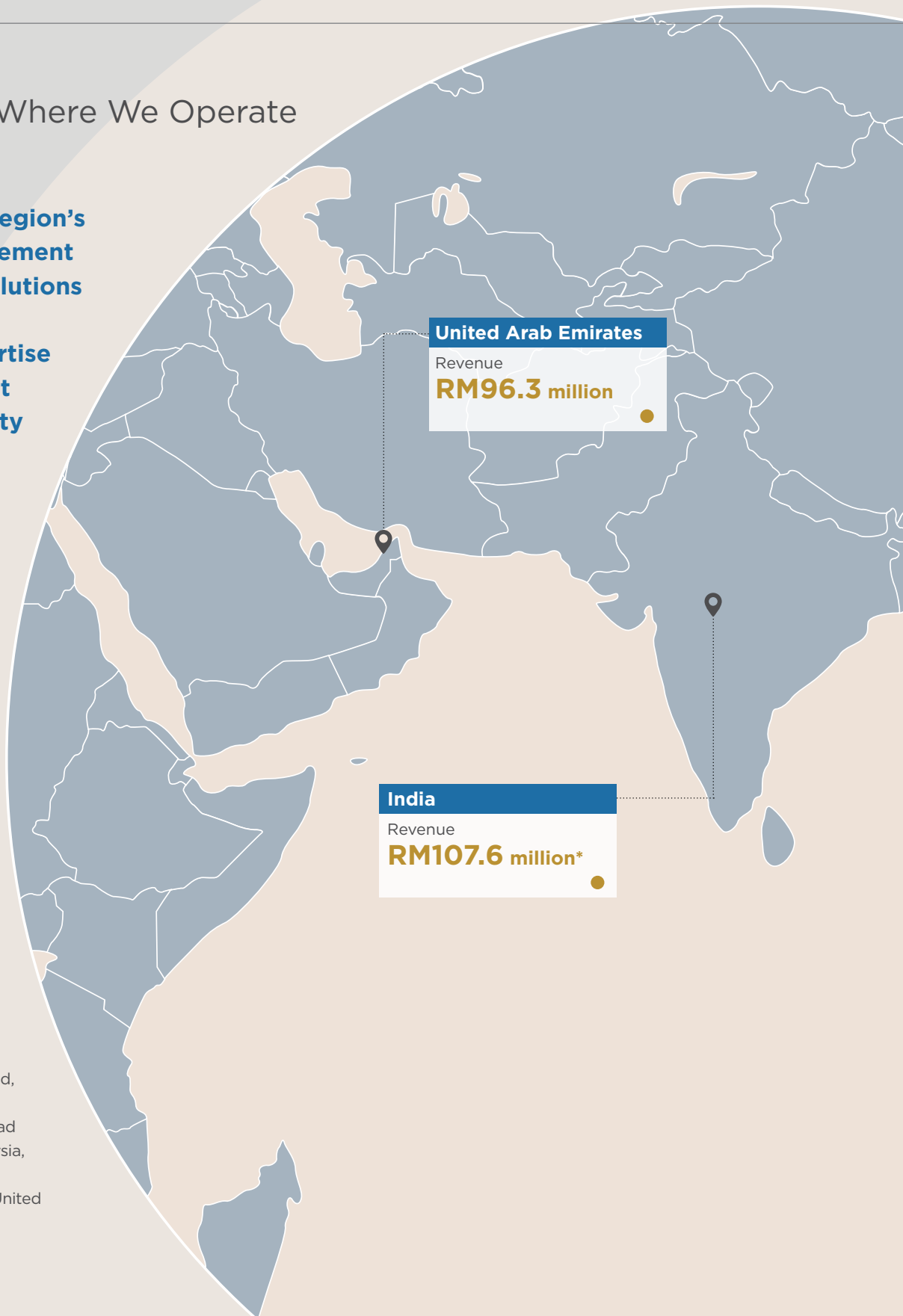
Who We Are & Where We Operate

UEM Edgenta is the region's leading Asset Management and Infrastructure Solutions company. We have established our expertise in Healthcare Support and Property & Facility Solutions together with Infrastructure Services covering, but not limited to, Expressways and Rail, including project management & engineering design capabilities via Asset Consultancy.

This has enabled us to offer a complete suite of services throughout the asset lifecycle, including consultancy, procurement & construction planning, operations & maintenance, as well as optimisation, rehabilitation and upgrades.

A subsidiary of UEM Group Berhad, we are listed on the Main Market of Bursa Malaysia Securities Berhad (KLSE: EDGENTA). Beyond Malaysia, we are also present in Singapore, Indonesia, Taiwan, India and the United Arab Emirates.

* *Faber Sindoori Management Services Pte. Ltd. is accounted as an associate of UEM Edgenta*



- Healthcare Support
- Infrastructure Services
- Property & Facility Solutions
- Asset Consultancy

Who We Are & Where We Operate

WE OPERATE IN 6 COUNTRIES ACROSS THE REGION

Taiwan

Revenue

RM336.7 million

Malaysia

Revenue

RM1,665.4 million

Singapore

Revenue

RM264.5 million

Indonesia

Revenue

RM48.4 million



Market Capitalisation of

RM2.0 billion

As at 28 February 2020



FY2019 Shareholders' Funds of

RM1.6 billion



Listed on the Main Market of

BURSA MALAYSIA

Securities Berhad Since 2 January 1964



Combined Experience of more than

80 Years

in Asset Management & Infrastructure Solutions



One of the Region's Largest Asset

Management & Infrastructure Solutions

Entities with FY2019 Group Assets of

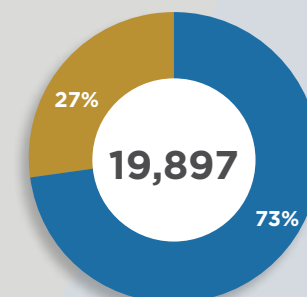
RM2.9 billion



TOTAL NUMBER OF EMPLOYEES

serving our customers

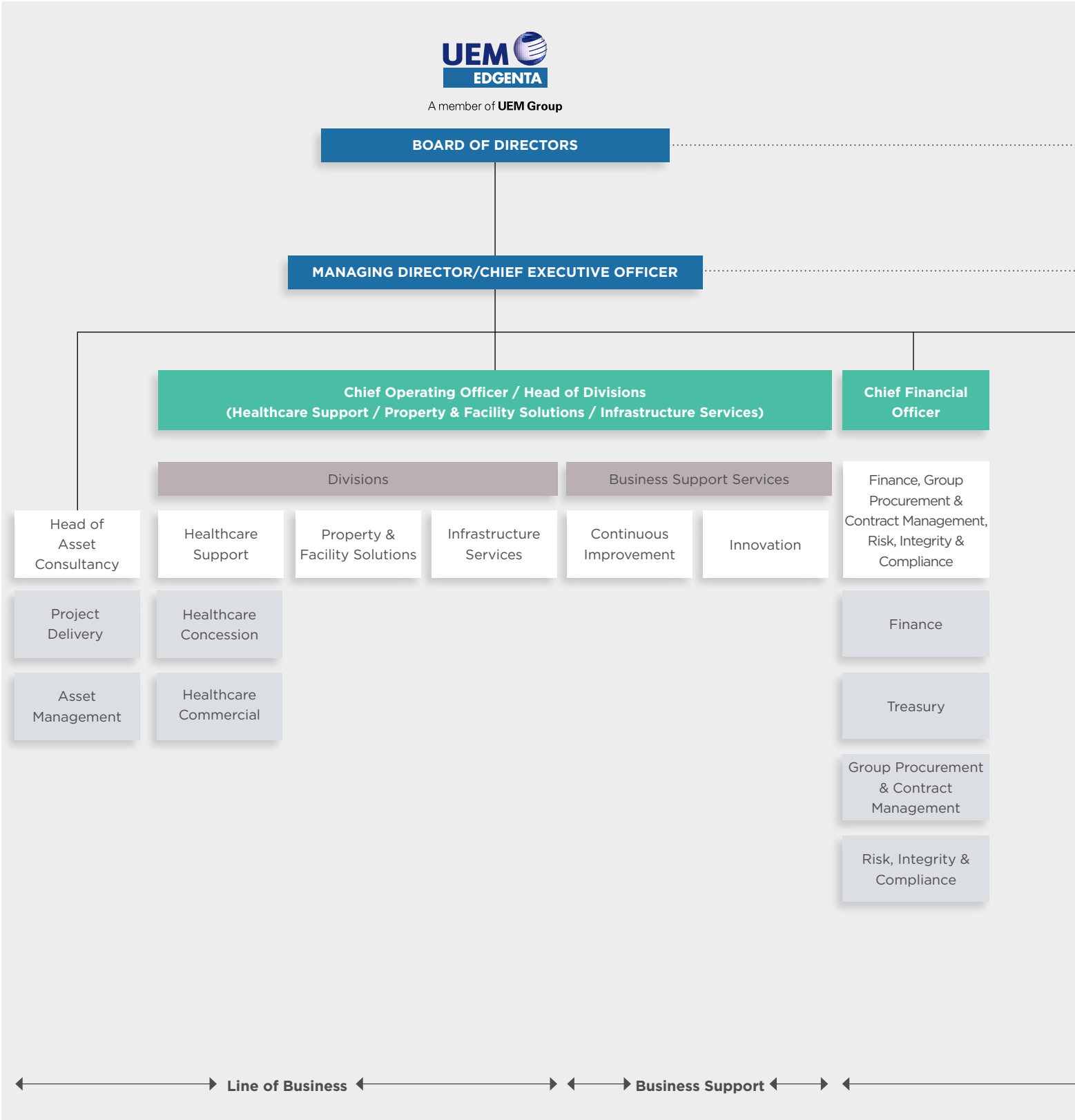
as at 31 December 2019



● Non-Malaysian
● Malaysian

Organisation Structure

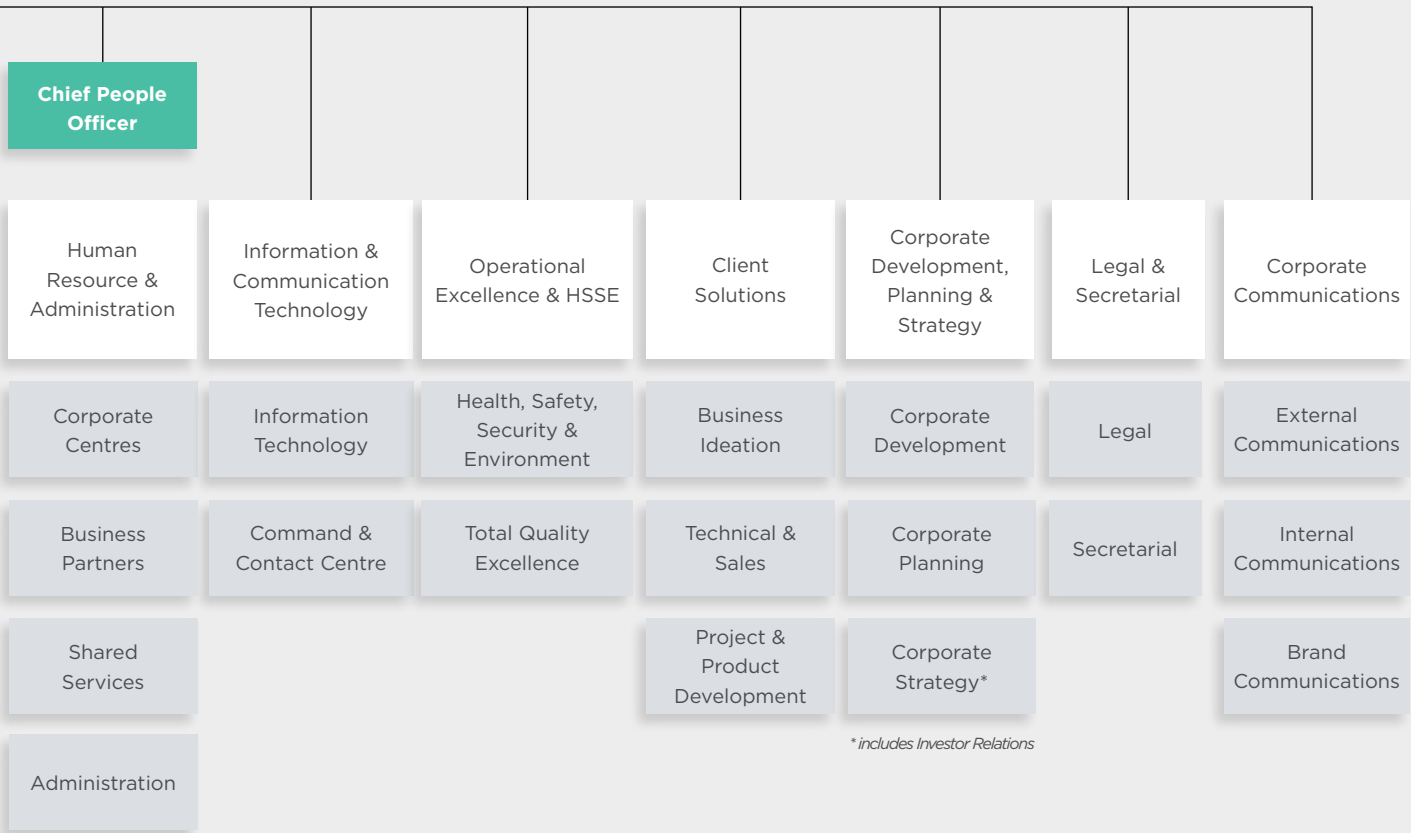
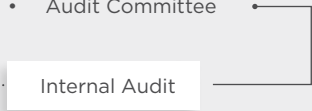
As at 31 March 2020



Organisation Structure

Board Committees

- Nomination and Remuneration Committee
- Board Tender Committee
- Board Governance and Risk Committee
- Audit Committee

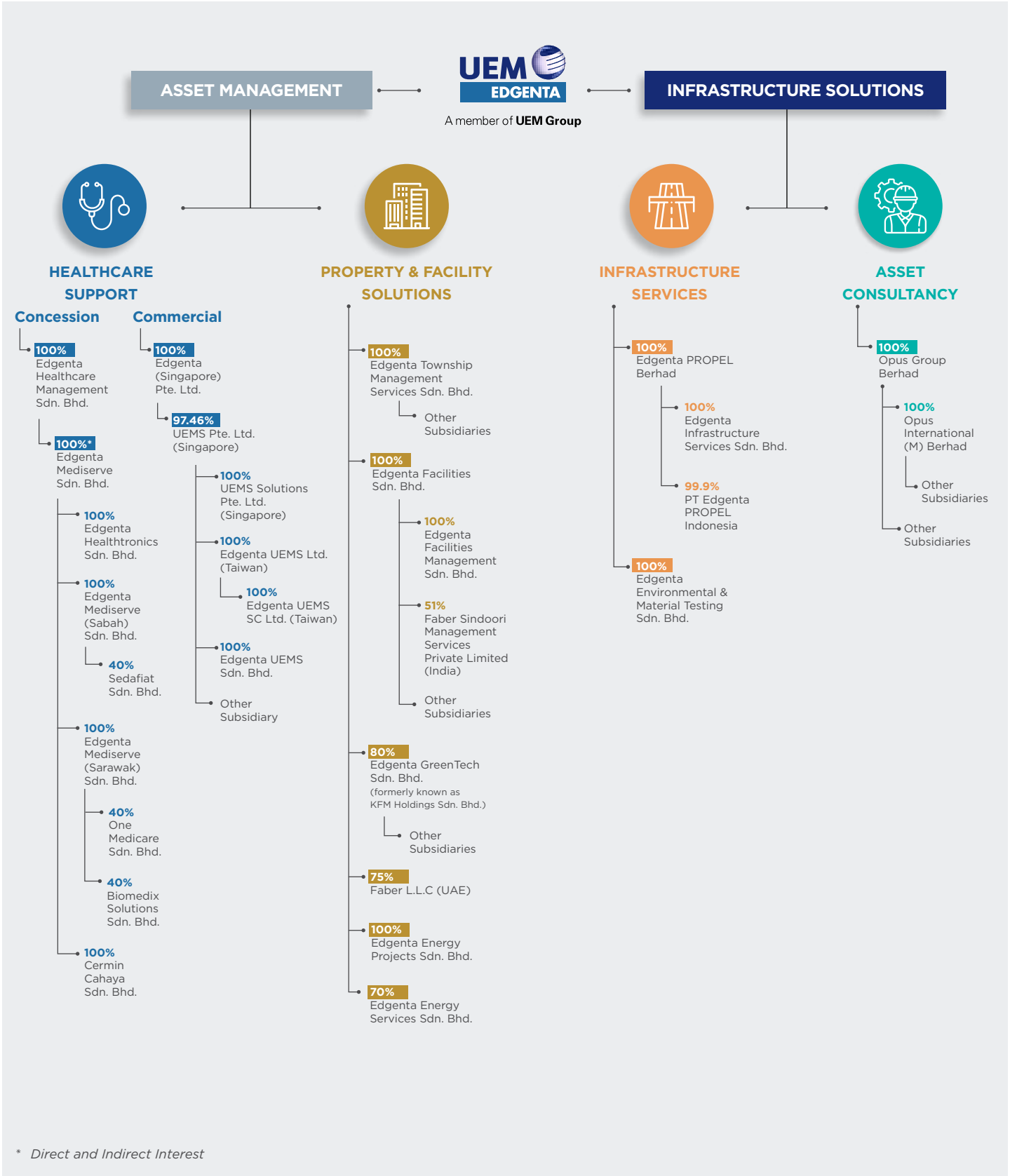


* includes Investor Relations

Corporate Support

Corporate Structure

As at 31 March 2020



Corporate Information

AUDIT COMMITTEE

Effective from 1 January 2020

Robert Tan Bun Poo
Chairman

Elakumari Kantilal
Member

Emily Kok
Member

NOMINATION AND REMUNERATION COMMITTEE

Rowina Ghazali Seth
Chairman
(Re-designated on 31 March 2020)

Dato' Mohd Izani Ghani
Member
(Appointed on 22 October 2019)

Dato' George Stewart LaBrooy
Member
(Appointed on 31 March 2020)

Dr. Saman @ Saimy Ismail
Member
(Demised on 29 April 2019)

Dato' Noorazman Abd Aziz
Member
(Relinquished membership on
22 October 2019)

Juniwati Rahmat Hussin
Chairman
(Resigned on 31 March 2020)

BOARD TENDER COMMITTEE

Elakumari Kantilal
Chairman

Robert Tan Bun Poo
Member
(Appointed on 31 March 2020)

Emily Kok
Member

Dato' George Stewart LaBrooy
Member
(Resigned on 31 March 2020)

BOARD GOVERNANCE AND RISK COMMITTEE

Effective from 1 January 2020

Dato' George Stewart LaBrooy
Chairman

Tan Sri Dr. Azmil Khalid
Member

Dato' Noorazman Abd Aziz
Member

Rowina Ghazali Seth
Member

BOARD OF DIRECTORS

TAN SRI DR. AZMIL KHALID

Independent Non-Executive Chairman
(Appointed on 24 May 2019)

DATO' AZMIR MERICAN DATO' AZMI MERICAN

Managing Director/Chief Executive Officer

DATO' MOHD IZANI GHANI

Non-Independent Non-Executive Director
(Appointed on 22 October 2019)

DATO' NOORAZMAN ABD AZIZ

Non-Independent Non-Executive Director

ROBERT TAN BUN POO

Independent Non-Executive Director

ELAKUMARI KANTILAL

Non-Independent Non-Executive Director

DATO' GEORGE STEWART LABROOY

Independent Non-Executive Director

EMILY KOK

Independent Non-Executive Director

ROWINA GHAZALI SETH

Independent Non-Executive Director

SHAHAZWAN HARRIS

Alternate Director to
DATO' NOORAZMAN ABD AZIZ
Non-Independent Non-Executive Director
(Resigned on 28 February 2019)

DR. SAMAN @ SAIMY ISMAIL

Independent Non-Executive Director
(Demised on 29 April 2019)

DATUK SERI AMIR HAMZAH AZIZAN

Non-Independent
Non-Executive Chairman
(Retired on 15 May 2019)

JUNIWATI RAHMAT HUSSIN

Independent Non-Executive Director
(Resigned on 31 March 2020)

COMPANY SECRETARY

Chiew Siew Yuen
SSM PC No.: 201908001259
MAICSA 7063781

REGISTERED OFFICE

Level 17, Menara UEM
Tower 1, Avenue 7
The Horizon, Bangsar South City
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Tel : +603 2725 6688
Fax : +603 2725 6888

AUDITORS

ERNST & YOUNG (AF: 0039)
Chartered Accountants
Level 23A Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur

SHARE REGISTRAR

**BOARDROOM SHARE
REGISTRARS SDN. BHD.**
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan
Tel : +603 7890 4700
Fax : +603 7890 4670

PRINCIPAL BANKERS

Ambank Berhad
CIMB Bank Berhad
HSBC Amanah Malaysia Berhad
Malayan Banking Berhad
Public Bank Berhad
RHB Bank Berhad

PRINCIPAL SOLICITORS

Christopher & Lee Ong
Sanjay Mohan
Lee Hishammuddin Allen & Gledhill
Rahman Rohaida
Wiyono & Partners

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia
Securities Berhad
Stock Name / Code : EDGENTA/1368
Stock Sector : Industrial
Products &
Services

Our Business Divisions

KEY OFFERINGS AND CORE SECTORS

Our Asset Management segment covers Healthcare Support and Property & Facility Solutions, while we provide Infrastructure Services and Asset Consultancy under our Infrastructure Solutions segment.

	ASSET MANAGEMENT	INNOVATIVE OPERATIONAL SOLUTIONS	VALUE-ADDED SERVICES
ASSET MANAGEMENT	 Healthcare Support Partnering for a better healthcare experience	<ul style="list-style-type: none"> • Integrated Facilities Management • Civil, Mechanical & Electrical System Maintenance • Integrated Building Management System • IoT Technology Development & Deployment • Building Condition Assessment & Survey • UETrack™ • Biomedical Equipment Asset Total Solutions (“BEATS”) • Toilet Demand Inspection System (“TDIS”) • Smart Connect • Road Asset Management System (“RAMS”) 	<ul style="list-style-type: none"> • Biomedical Engineering Maintenance Services (“BEMS”) • Facilities Engineering Maintenance Services (“FEMS”) • Healthcare Waste Management Services (“HWMS”) • Linen & Laundry Services (“LLS”) • Housekeeping / Cleansing Services (“HKS / CLS”) • Porter Services (“PTR”) • Operations Central Workshop (“OCW”) • Sustainability programme
	 Property & Facility Solutions Enhancing asset value, optimising asset performance		<ul style="list-style-type: none"> • Development Advisory • Design & Build • Energy Engineering • Smart Facilities Management • Digitalisation Management • Sanitation and Disinfection Treatment
INFRASTRUCTURE SOLUTIONS	 Infrastructure Services Ensuring reliability, safety and comfort for users		<ul style="list-style-type: none"> • Network Maintenance and Asset Management Services • Environmental Material Testing and Monitoring • Pavement Products and Services • Traffic and Safety Management
	 Asset Consultancy Delivering with distinction	<ul style="list-style-type: none"> • Asset Consultancy & Management (Asset Lifecycle) • Project Advisory, Planning & Management • Engineering Design & Consultancy • Research & Development 	<p>Project Management</p> <ul style="list-style-type: none"> • Value Management • Project Planning • Procurement and Contract Administration • Design and Construction Management <p>Engineering and Technical</p> <ul style="list-style-type: none"> • Feasibility Study • Engineering Design • Site Supervision • Value Engineering <p>Asset Management</p> <ul style="list-style-type: none"> • Inspections and Condition Assessment • Maintenance Planning & Programme Management • Pavement Research & Solutions • Information Systems & Management

OUR SERVICE QUALITY & PERFORMANCE AT A GLANCE



Serving over **300 hospitals and clinics** across Malaysia, Singapore, Taiwan and India



Processing **18,000 tonnes of soiled linen** annually



Optimised manpower utilisation by over **20%** through our **Portering service**



Caring for more than **RM1.8 billion worth of FEMS assets**



Incinerating **6,900 metric tonnes of clinical waste** annually



Maintaining over **3.6 million sqm² of cleanable area** daily



Preserving the lifespan of **more than 50,000 BEMS assets** worth over RM3 billion



More than **two decades** of experience in Facilities Management



>RM55 million Energy bill savings 2017-2019



Our Energy Efficient Solutions **reduce electricity consumption by 27%**



Achieved **GBI Certifications** for **10** Green Buildings through our Energy Efficient Solutions



Managing over **300** buildings in Malaysia and the United Arab Emirates



>RM100 million Total capex spending on energy projects to date



More than **30 years** of experience in highway maintenance



Involved in **expressways, state roads, airports, plantations, ports and rail**



Providing **Integrated Infrastructure Services** of Pavement Rehabilitation, Network Maintenance, Traffic & Safety Management and Utilities Relocation Services, and Environment & Material Testing Services



Track record is evident in the network management and maintenance of over **3,100 km** of expressways in Malaysia and Indonesia



Delivered projects valued at more than **RM100 billion over 3 decades**



Providing total lifecycle management for over **1,171 km** of toll expressways



Services:

- **Project Management & Value Engineering**
- **Asset Management Consultancy**
- **Engineering & Technical Consultancy**



Over 30 years of experience in highways and roads, airports, urban transit and built environment and other key infrastructure projects



Expertise in 3 sectors:

- **Highways & bridges**
- **Built environment**
- **Rail**

Our Technology Solutions

We pride ourselves in providing value-added services across our Asset Management and Infrastructure Solutions offerings by leveraging on proprietary technology which have been developed in-house. As an organisation with an eye on the future, we value the role of technology-enabled solutions not only to achieve operational excellence internally, but also to improve service delivery to our clients. This also allows us to adopt a holistic and sustainable approach to address challenges throughout the asset lifecycle and support our drive towards becoming a technology company focused on healthcare and infrastructure.

Our approach to technology and innovation is also in line with the Industrial Revolution 4.0 (“IR 4.0”) to ensure we always stay ahead of the curve. Our technology and innovation initiatives are further anchored on Health, Safety, Security & Environment (“HSSE”) to ensure the well-being of all employees, clients, asset users, external vendors, contractors and sub-contractors. Please refer to our Sustainability Statement on pages 64 - 83 of this Report.

The following discloses our approach and capabilities in technology and innovation. For further details on how we have made these solutions work for our organisation and our customers, please refer to the Operational Review section on pages 55 - 63 of this Report.



TRANSFORMING WORK THROUGH AUTOMATION AND MECHANISATION

By introducing machinery and robots to automate and mechanise our work, we are able to work smarter, at lower costs with reduced dependency on manpower, as well as minimal exposure to health and safety risks.

In our Healthcare Support division, we have invested in floor scrubbers that automate the cleaning process using intelligent dynamic mapping and obstacle & collision avoidance technology effectively reducing the need for a headcount to operate. We have increased sensorisation through the use of Radio Frequency Identification (“RFID”) tags which are attached to all linen at five sites (four hospitals and a laundry plant) that automates the counting and tracking of linen, resulting in zero loss.



We have also installed asset monitoring sensors and Global Positioning System (“GPS”) trackers that enables us to track the performance of chillers and ambulances throughout the hospitals

under our care. These smart equipment automatically generates data which flows into the Smart FM (facility management) dashboard allowing for predictive, condition-based maintenance through an Internet of Things (“IoT”) architecture.



In Infrastructure Services, we have mobilised a fleet of mechanised expressway maintenance vehicles such as road sweepers, MULAG hydraulic arm grass cutter, remote slope lawn mowers, traffic management vehicles and safety vehicles. These technology assets have drastically reduced the need to perform manual work and exposure to dangers and hazards on the road. Using drone technology and digital data by mapping out the rock slope for a part of the Bukit Lanjan interchange, we have a successful proof-of-concept on a critical slope inspection programme to monitor slope movement and to improve safety conditions of inspectors.



EMBRACING RESEARCH AND TESTING

We recognise the value of research and testing to produce technology solutions which elevate the industry standards. We have an established Pavement Research Centre that develops new asphalt mixes and innovative techniques and pavement design. We aim to offer full pavement lifecycle solutions – to plan, design, build and maintain through partnerships with authorities, developers, or undertaking

pavement works from main contractors. Our Environmental Material Testing Lab offers material testing services, as well as conducts assessments of pavement conditions. On the Healthcare Support front, we have also set up an Operations Central Workshop to test, calibrate and repair biomedical equipment in the Northern region of Peninsular Malaysia.


POWERING SOLUTIONS THROUGH PLATFORMS AND SYSTEMS

Our technology platforms developed in-house make up the core of our client solutions. Our use of these systems have also made us an early adopter of Artificial Intelligence (“AI”) and machine learning on the back of cloud computing, strengthening our ability to provide better services to customers through real-time data and performance assessment.


UETrack™



Our UETrack™ platform employed by our Healthcare Support division, enables mobile resource optimisation through a web portal, as well as mobile and tablet applications. The platform supports housekeeping, portering, facilities management, customer feedback and other services, enhancing productivity through automation of work processes. It has also allowed us to realise cost efficiencies and improve customer satisfaction but more importantly to power our efficiency and daily operations for the convenience of over 10,000 of our employees in the region.

-  **2,000** Portering jobs daily per hospital
-  **> 60,000** Laundry and linen RFID trackers
-  **> 6,900** Hospital FM devices measured


Edgenta Smart Connect



Our Property & Facility Solutions division uses this smart facilities management solution to harness data insights and realise better value and service excellence. Using this system, we capture real-time data from air-conditioning, lighting, lift systems and other building services to enable predictive maintenance and anomaly detection. This ensures the assets under our care perform at optimised levels as we attend to them prior to any issues arising.

- ▼ 29%**
Reduction in labour intensity
- ▼ 25%**
Reduction in scheduled maintenance man-hours
- ▼ 20%**
Reduction in cost of managing buildings
- ▲ 40%**
Increase in tool-time, by reducing time spent on manual processes

Road Asset Management System (“RAMS”)



RAMS comprises a comprehensive and integrated enterprise system used by our Infrastructure Services division to deliver efficient and effective asset management and maintenance operation services. The system enables remote monitoring and management of work and assets with ongoing data collection to improve real-time reporting and operational efficiency.

RAMS takes in information on the entire length and assets of an expressway and has the functionality to integrate with other systems like Geographic Information System (“GIS”) and provide access to various stakeholders of the asset including the asset owner, governmental authorities, consultants, surveyors, managers, mainline workers, supply chain partners and auditors. This platform coupled with the additional connectivity and availability to integrate seamlessly with other systems makes RAMS the ideal infrastructure and road asset monitoring system.

Command & Contact Centre



Our Command & Contact Centre represents a significant breakthrough in integrating our technology systems and allows us to closely monitor the assets under our care. Serving as the central hub for the creation and implementation of Internet of Things (“IoT”) applications in facilities management, the centre facilitates energy management, real-time monitoring with controls and building automation. It also allows for predictive maintenance and strategic building management planning.

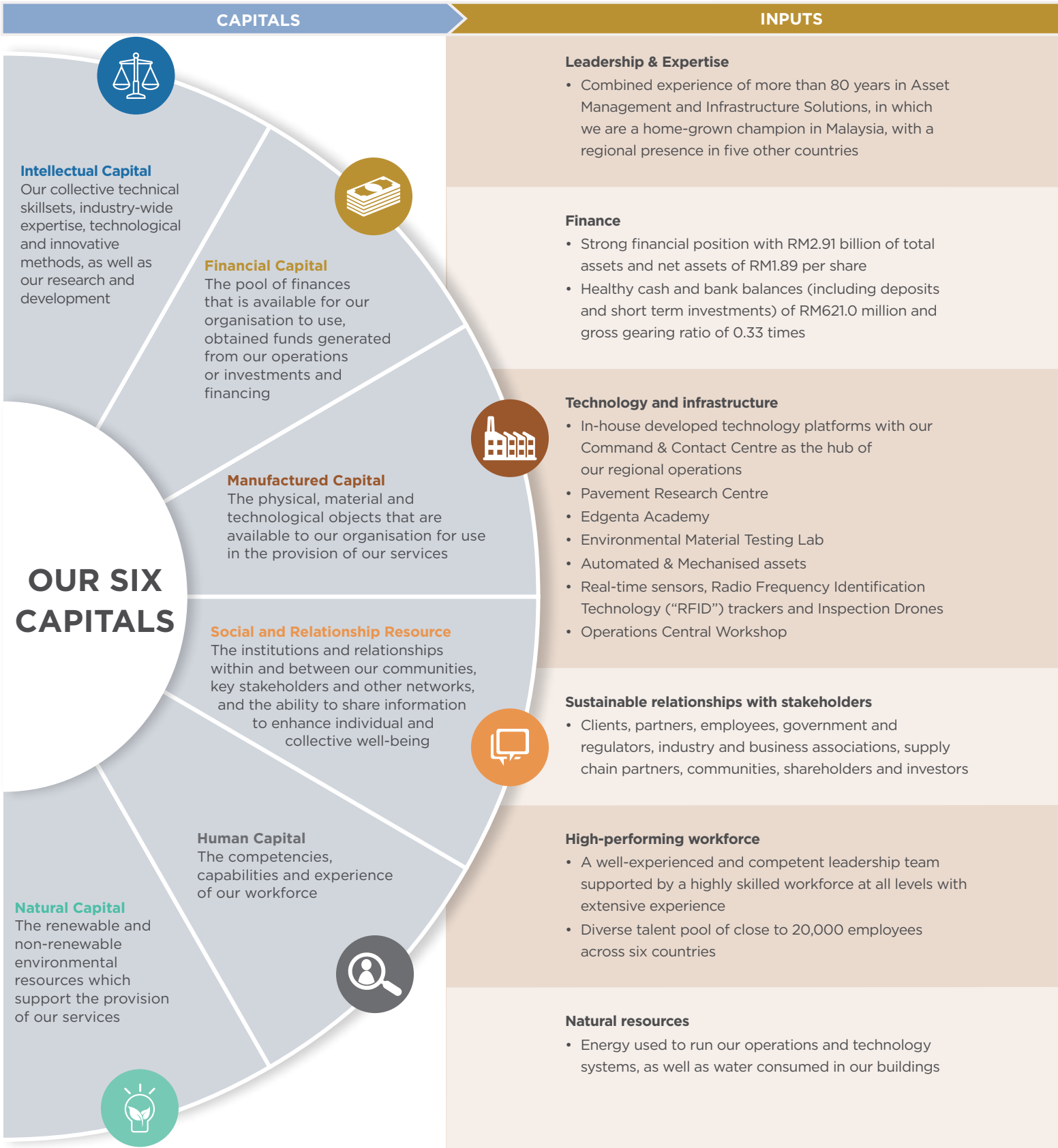
The Command & Contact Centre houses our data repository and enables remote asset management as well as employs machine learning and predictive analysis. Additionally, it serves as our contact centre, while also providing workforce management capabilities.

The Command & Contact Centre has connected 34 properties and 32 hospitals online, as well as monitors over 1,000 km of highway and 1,100 Edgenta vehicles and tracks 213 ambulances, over 2,000 portering services in hospitals daily, 60,000 linen and 6,900 FM devices in hospitals.

SECURING OUR TECHNOLOGY SYSTEMS

In view of the need to ensure the security of our technology systems, data and infrastructure, we have put in place strict measures and contingency plans to circumvent threats. These include internal firewalls, cloud security systems and building security features to ensure our assets are protected at all times. For further details on our approach to security, including cybersecurity, please refer to our Statement on Risk Management and Internal Controls, as well as our Key Risks and Opportunities section on pages 119 - 129 and 51 - 54 of this Report.

Our Business Model



VALUE CREATION PROCESS

OUTPUTS

OUTCOMES

SIX STRATEGIC FOCUS AREAS



Operational Excellence



Organisational Excellence



Health, Safety, Security & Environment (‘HSSE’)



Client Solutions



Technology & Innovation



Stakeholder Management & Communications

THREE VALUES WHICH DEFINE US:

- **Purpose Driven:**
 - Assurance and Peace of Mind as our value proposition to clients
 - Edgenta Way as the industry standard
- **Powered by Technology:**
 - Platforms, systems & processes
 - Technology and innovation as a company culture
- **Sustainability:**
 - Sustainability as a hallmark of industry leadership & corporate citizenry
 - Leadership by example - Triple Bottom-Line goals (people, planet & profit)



Financial Output

- RM188.0 million PAT for FY2019
- 11.8% Return on Equity for FY2019
- Dividend declared of 14 sen per share for FY2019, representing a yield of 5.4% based on share price as at 26 February 2020



World-class services

- Offering a suite of services and solutions in Healthcare Support, Property & Facility Solutions, Infrastructure Services and Asset Consultancy
- Value-added services which meet international standards and certifications



People

- Skilled and motivated workforce
- Committed to deliver efficient and high-quality services

Delivering sustainable value

- Financial growth and attractive value
- Resilient and defensive stock
- Track record of shareholder returns and yield
- More than RM850 million in dividends paid to shareholders from 2014 to 2019

Building a sustainable, value-added business

- Partnerships with suppliers and business partners to unleash operational efficiency
- Caring for our subcontractors' well-being through HSSE
- Vendor development programme to promote the growth of innovative and competitive SMEs and entrepreneurs
- Energy efficient solutions to minimise carbon emissions

Nation-building and community outreach

- Supporting the Malaysian economy through job creation, tax payments, dividends and economic activity
- Philanthropic contributions to underserved communities
- Support of education initiatives to develop future-ready, technologically-advanced talents
- CSR initiatives in communities
- Zakat funds distributed under *Asnaf- Miskin, Fisabilillah* and *Al-Gharimin* benefiting 1,718 recipients



Employee well-being and growth

- Emphasis on health and safety of frontline staff
- Continuous career development through capability-building and learning & development programmes

Key Relationships

We value the role our stakeholders play in helping to build our organisation's long-term value. To this end, we conduct regular formal and informal engagements with both internal and external stakeholders across multiple platforms. These engagements are aimed at gaining insight into their needs and concerns. Our Management then deliberates on these perspectives, which are also presented to the Board, to enable us to develop effective strategies for our business.

The following details the stakeholders whom we have key relationships with, the way that we communicate with them, the areas which they have identified as relevant and how we addressed these areas during the year in review.

Existing Clients and Partners	Link to Strategy: 
<p>How We Engage with Them: Regular engagement across multiple touchpoints</p> <ul style="list-style-type: none"> • Regular & ad-hoc meetings • Bi-annual client satisfaction surveys • Visits to corporate office / operational sites • Industry & technical conference • Exhibitions & roadshows • Annual Partners Operations Dialogue • Website • Annual Report • Periodic newsletter to our clients <hr/> <p>Key Interest, Concerns & Expectations:</p> <ul style="list-style-type: none"> • A fulfilling experience through quality services and results that optimise their assets • Technology-enabled solutions that sustainably drive efficiency and support their growth strategy 	<p>Our Responses:</p> <ul style="list-style-type: none"> • Service-based delivery to value-based services • Promote our Edgenta Way (Tech-enabled, HSSE focused, Quality assured and Certified) of providing services which cater to the expectations of our clients and partners • Developed and adopted software and technology solutions, innovation, automation and mechanisation to support operations • Addressing all queries and concerns by clients and partners • Active participation in relevant industry associations
Government & Regulators, Industry & Business Associations	Link to Strategy: 
<p>How We Engage with Them:</p> <ul style="list-style-type: none"> • Scheduled / ad-hoc meetings • Conferences & events • Visits to our corporate office • Presentation & talks at workplace • Website • Annual report • Regulatory audits / inspection • Active corporate membership in industry associations and government bodies <hr/> <p>Key Interest, Concerns & Expectations:</p> <ul style="list-style-type: none"> • Compliance to rules and regulations, with the Group keeping them updated with various requirements • Share, contribute and create best practices for the industry or new policies and regulations towards nation building, in alignment with local and Government agendas • Provide thought leadership & industry contributions 	<p>Our Responses:</p> <ul style="list-style-type: none"> • Provided regular updates on compliance issues and operations towards ensuring full compliance to rules and requirements • Maintained and updated ISO Certifications • Periodic engagement with Government and regulatory agencies on policy matters relating to industries we serve • Hosted key Government official visits to promote more incentives and other types of assistance to spur industry players to modernise the industry with digitalisation, automation and mechanisation technologies • Launched the revised Code of Conduct to provide guidance and help our employees to comply with fundamental requirements and commitment to build trust in everyday business and outline ethical behaviour standards in our business activities • Key leaders in UEM Edgenta holding key positions in MAPMA and Malaysia Chapter of Institution of Civil Engineers ("ICE") United Kingdom • Key events participated in: <ul style="list-style-type: none"> - International Seminar & Workshop of Safer Road by Infrastructure Design & Operation - Association of Private Hospital of Malaysia International Healthcare Conference & Exhibition - 26th World Road Congress in support of JKR and Road Asset Association of Malaysia ("REAM") - ASEAN Health Summit - International Greentech & Eco Products Exhibition & Conference Malaysia 2019 ("IGEM")

Employees

[Link to Strategy:](#)


How We Engage with Them:

Consistent employee engagement via the following initiatives throughout the year:

- Periodic management staff reviews
- Internal team meetings / department meetings
- Monthly MD/CEO Messages
- Annual Management Dialogue
- Internal employee events
- Learning and development programmes for personal and professional development
- Daily / weekly internal communications / announcements via Edgenta Connect (Intranet) and social media
- Periodic forums
- Focus group discussions
- Staff induction
- Annual individual performance review
- Employee engagement survey
- Volunteering and CSR programmes

Key Interest, Concerns & Expectations:

- Continuous employer-employee engagement / relations
- Updates on business strategies and operational performance
- Providing a safe & conducive working environment
- Providing fair and competitive remuneration and benefits
- Clear, timely and effective communications channels
- Effective talent & welfare management to achieve career progression
- Work-life balance

Our Responses:

- Annual Management Dialogue organised to clearly communicate company's business direction, strategy and targets to the senior and middle management who are the movers and shakers across all businesses
- Edgenta Academy website launched in Q4 2019 to institutionalise industry standards, processes, competencies through structured trainings, capabilities assessment & certification programme
- As part of Digital Revolution ("DR"): Human Capital Management ("HCM") System implemented to empower employees to access their benefits 24/7, with some functions available on mobile
 - Employee Self Service ("ESS") and Manager Self Service ("MSS") went live in October 2019
 - To ensure all employees benefit from the DR initiative, 88 internal trainers conducted 201 sessions company-wide with a total outreach of 75% involving 3,182 employees
 - The HCM frees the HR team from manual HR functions, enabling them to provide industry knowledge & business advisory to business divisions and employees
- 11,204 employees were trained with technical skills as the main training focus in 2019; other trainings include soft skills, leadership, quality and HSSE
- Launched the Frontline Supervisor Development Programme 2.0 and trained 251 staff from the Infrastructure Services division to enhance leadership and competencies to uphold safety quality towards achieving our "Goal Zero" target
- Launched the Accelerated Leadership Programme ("ALP") for the Healthcare Support division, piloting the programme for 25 Executives
- Improved performance evaluation through Performance Management System, Pay for Performance and Individual Development Plan
- Conducted team-building sessions to improve organisational agility, boost teamwork performance and foster innovation and creativity
- Improved Employee Engagement Survey with an overall score of 74%, 6% higher from 2017. This places UEM Edgenta as one of the top-quartile companies within the Government-Linked Company ("GLC") and Malaysian Norm 2017 / 2018 companies
- Promoting work-life balance via 90 Days Maternity Leave, 3 days Paternity Leave, festive events, Sports & Recreation Club activities, as well as volunteering / participation in corporate responsibility activities

Supply Chain Partners

[Link to Strategy:](#)


How We Engage with Them:

- Vendor development programme workshops
- Periodic vendor performance reviews, planned audits & site visits
- Annual Partners Operations Dialogue
- Code of Conduct for business partners

Key Interest, Concerns & Expectations:

- Fair treatment
- Responsible sourcing
- Safe and conducive operation sites
- Anti-corruption

Our Responses:

- Conducted the Vendor Development Programme to support Bumiputera entrepreneurs
- Continuing engagements on safety and periodic checks on compliance with regulations and relevant laws and codes
- Launched our Code of Conduct for Business Partners to uphold compliance and integrity among supply chain partners and held Integrity Day to amplify integrity and openness in doing business
- Whistleblowing reporting channel, policies procedures to address collusion and to promote integrity & good governance
- Zero tolerance for corrupt practices

Key Relationships

Community	Link to Strategy: 
<p>How We Engage with Them:</p> <ul style="list-style-type: none"> • Meetings & engagements to collaborate on events / projects • Site visits • Volunteering and CSR programmes <hr/> <p>Key Interest, Concerns & Expectations:</p> <ul style="list-style-type: none"> • Community engagements through donations & sponsorships • Zakat funds contribution & disbursement 	<p>Our Responses:</p> <ul style="list-style-type: none"> • Identified specific United Nations Sustainable Development Goals (“SDGs”) relevant with our business strategies to improve our sustainability aspirations • Continued and expanded philanthropic activities during festive seasons • Continued and improved engagements in education: sponsored the “Equinox Metropolitan” team from the Pusat GENIUS@Pintar Negara to participate in the World Robot Olympiad 2019 • SK Tan Sri P. Ramlee CSR Programme – refurbishment works & corporate responsibility activities • Contributions towards corporate social responsibility projects • Zakat funds distributed under <i>Asnaf-Miskin</i>, <i>Fisabilillah</i> and <i>Al-Gharimin</i> benefiting 1,718 recipients
Shareholders & Investors	Link to Strategy:  
<p>How We Engage with Them:</p> <ul style="list-style-type: none"> • Annual General Meeting • Extraordinary General Meeting • Analyst reports • Quarterly financial announcements • Print, online & social media • Half-yearly analyst & media briefings • Investor relations corporate website • Media releases / statements • One-to-one meeting at investors’ request <hr/> <p>Key Interest, Concerns & Expectations:</p> <ul style="list-style-type: none"> • Consistent and concise financial performance for all businesses • Transparency and disclosure of financial information for better understanding of the Company’s strategies • Disciplined mitigations towards Economic, Environmental & Social (“EES”) risks & impact 	<p>Our Responses:</p> <ul style="list-style-type: none"> • Detailed and transparent updates through ongoing half-yearly analyst and media briefings • Improving Annual Report content and delivery to ensure transparent and accurate reporting of the Group’s performance and activities • Hosting visits by key stakeholders & investors
Media	Link to Strategy: 
<p>How We Engage with Them:</p> <ul style="list-style-type: none"> • Media releases / statements • Media briefings • Press conferences • Interviews • Social media channels <hr/> <p>Key Interest, Concerns & Expectations:</p> <ul style="list-style-type: none"> • Timely, accurate and transparent update on company’s strategies, financial performance financials and corporate development 	<p>Our Responses:</p> <ul style="list-style-type: none"> • 20 media releases in 2019 • Six media briefings conducted in 2019 • Daily monitoring of print, online and social media news • Sponsoring media-related events such as Malam Wartawan Malaysia • Media training for Key Senior Management team

Chairman's Statement

Dear Shareholders,

I am pleased to present my first Statement as Chairman since assuming this role on 24 May 2019. During the year in review, UEM Edgenta continued to demonstrate its value as a company with long-term growth prospects as well as a resilient financial position, and businesses that are defensive against short-term volatility.

All these have and will continue to enable us to deliver returns to our shareholders, clients and other stakeholders.



Tan Sri Dr. Azmil Khalid
Independent Non-Executive Chairman

RESILIENT AGAINST HEADWINDS

Against a challenging operating environment weighed down by uncertainty and a soft economy, we recorded double-digit growth in both revenue and Profit After Tax ("PAT"), which rose 10.5% and 23.4% to RM2.4 billion and RM188.0 million, respectively. Revenue growth was recorded across all our divisions, driven by new contracts and overall stable margins, contributing to the improved profit. For further details on our financial performance, please refer to the CFO's Review and Operational Review on pages 40 - 41 and 55 - 63 of this Report.

The commendable results were achieved amidst volatility in the highway concession sector in Malaysia. Discussions on ownership of the PLUS North-South Expressway, which we maintain and accounts for an important portion of our work-in-hand, caused delays in some planned activities. The Government

We are prepared to rise to the occasion and are geared towards our next phase of growth.

eventually announced a reduction in toll rates by 18% starting 1 February 2020 and this will remain fixed for the remaining of the concession which has been extended to 2058.

In a wider context, we have seen the emergence of industry megatrends in healthcare and infrastructure sectors which will significantly impact the market landscape. Please refer to Our Market Landscape on page 49 of this Report. These developments pose both new challenges and opportunities for our service offerings and delivery.

Towards the end of 2019, we also saw the emergence of the novel coronavirus ("COVID-19") outbreak which has since gripped the world in a global pandemic. This situation remains fluid, but the consensus is that the already fragile global economy will take a turn for the worse.

Notwithstanding, given our resilient financial position, we are well-positioned to weather short-term uncertainties and are geared towards our vision of building "Edgenta of the Future", representing a technology company which focuses on healthcare and infrastructure.

REDEFINING OUR FUTURE

In establishing our Edgenta of the Future vision, we undertook a strategic review in FY2019, with a view to future-proof our business over the longer-term. This has led to us looking for new areas of growth in a world where traditional or incumbent business models are facing disruption.

Given that we have built significant capabilities that have set us apart as an Asset Management and Infrastructure Solutions company, the clear pathway for our next phase of growth was to move beyond technology as an enabler of our own operations, to offering our clients value-added and innovative solutions to complement our existing service offerings to them.



Earnings Per Share

21.9 sen

Dividend Payout Ratio

64%

Total Shareholder Returns

have exceeded the
FBM KLCI by

44.0%

These included the productisation of existing technology platforms which we have developed over the years as well as the development of new digital solutions, for which we have made progress in 2019, as highlighted in our MD/CEO's Statement on pages 36 and 39 of this Report.

FOCUSED ON VALUE CREATION

Our Edgenta of the Future vision is also anchored on maintaining the positive trajectory of our financial performance. In addition

to our commendable financial results recorded in FY2019, our shares demonstrated its value as a defensive stock and in delivering yield. On 30 September 2019, our shares reached a high of RM3.52 for the year.

Over the years, we have performed and improved our performance to provide consistent shareholder returns. In FY2019, we registered basic Earnings Per Share ("EPS") of 21.9 sen and declared a dividend of 14.0 sen for FY2019, representing a 64% dividend payout ratio. This is in line with our revised dividend policy to distribute between 50% and 80% of Profit After Tax and Non-Controlling Interests ("PATANCI"), which we announced in 2018.

For FY2019, the resulting dividend yield of 5.4% based on share price as at 26 February 2020 and since FY2014, we have distributed more than RM850 million in dividends. Over the past five years (1 January 2015 to 28 February 2020), our Total Shareholder Returns have exceeded the FBM KLCI by approximately 44.0%. This value is testament to the initial underlying rationale of unlocking the value from the merger of Faber Group Berhad ("Faber"), Projek Penyelenggaraan Lebuhraya Berhad ("PROPEL") and Opus Group Berhad ("Opus") in 2014, which formed the basis of our existence as UEM Edgenta today.

Since then, we have demonstrated our position as a trusted partner which provides value-added solutions that are fit-for-purpose and relevant to our clients' needs, paving the way for the resilience and sustainability of our business.

Our efforts and approach have also received continued acknowledgement through multiple awards. For further information on our awards and recognition for FY2019, I invite you to read the Key Highlights section on pages 16 - 17 of this Report.

CORPORATE CITIZENRY

As a company, we have identified three core values which will shape our identity going forward: Purpose Driven, Powered by Technology and Sustainability. Please refer to the Group Strategy section on pages 47 - 48 of this Report.

As one of our core values, we have identified Sustainability as a hallmark of industry leadership. This will be fundamental in driving business practices and operations where performance will be measured on the achievement of the triple bottom-line of People, Planet and Profit.

The first focus area comprises stakeholder capitalism, under which we identify as an organisation with a social purpose and a strong corporate social responsibility ("CSR") base. This is key in reinforcing our industry leadership and corporate citizenry, as well as in moving towards our triple bottom-line targets.

Second, we are committed to preventing harm to the environment. This will be achieved by putting in place our strategy on sustainability, as well as setting and measuring our targets towards being carbon neutral.

Our investor relations positioning represents another focus area for sustainability. We view sustainability as a gateway which enables us to leverage on better access to capital, such as 'green' sukuk and exposure to a new class of investors such as Environmental, Social and Corporate Governance ("ESG") funds.

To achieve this, we will undertake measures to enhance our sustainability positioning, such as through improved reporting according to international standards, as with our continued journey into Integrated Reporting following the International Integrated Reporting Council's ("IIRC") framework. We will also look towards gaining admission into ESG indices such as the FTSE4Good Bursa Malaysia Index.

Finally, to build our track record of sustainable businesses, we have also

implemented several Energy Performance Contracts for Ministry of Health ("MoH") Malaysia hospitals and several industrial clients to achieve energy efficiency and cost savings whilst decreasing carbon emissions. We will continue to drive sustainability and ingrain it as the way we conduct our business towards minimising climate change.

COMMITTED TO GOVERNANCE

As a responsible corporate citizen, we remain committed to upholding the requirements of good corporate governance. This has been underscored by our signing of the Corruption-Free Pledge with the Malaysian Anti-Corruption Commission ("MACC") during our Integrity Day 2019. The pledge reinforces our Board and Management's values and corruption-free stand, setting a clear leadership tone that we will not compromise on corruption.

Furthermore, we have put in place the adequate procedures in preparation of the Guidelines on Adequate Procedures pursuant to subsection (5) of Section 17A of the Malaysian Anti-Corruption Commission Act 2009, which will take effect from 1 June 2020. We have firmly adopted the principles of the Guidelines to minimise the occurrence of corrupt practices relating to the Group's business activities.

For further information on our governance activities, please refer to our Corporate Governance Overview Statement and Statement on Risk Management and Internal Control on pages 102 - 117 and 119 - 129 of this Report.

ENGAGING OUR STAKEHOLDERS

Stakeholder engagement forms one component of our strategy and during the year, we hosted several engagements with the Government through Ministerial visits by the Ministers of Works and Energy, Science, Technology, Environment and Climate Change, as well as Deputy Ministers of Finance and Health to our headquarters and / or site operations, as well as visits held in conjunction with our sponsorship of local and international conferences and exhibitions. Three key events were the 26th World Road Congress in Abu Dhabi, United Arab Emirates, the 10th International Greentech & Eco Products Exhibition and Conference Malaysia ("IGEM 2019") and the ASEAN Health Summit in Kuala Lumpur.

Additionally, we continued to play our part in giving back to society through CSR programmes in collaboration with Pusat GENIUS@Pintar Negara, Universiti Kebangsaan Malaysia and various charities and schools. At the 2019/2020 CFA Institute Malaysia Research Challenge, an annual competition for university students to compete in the global arena, our Company participated as the subject company of research where members of our management addressed queries and guided students to assist with their preparation for the competition.

Further details on our stakeholder engagement activities are available in our Key Relationships on pages 30 - 32 of this Report.

MOVING FORWARD

As an organisation with a strong focus on Health, Safety, Security and Environment ("HSSE"), we will march forth to champion our enhanced 2019 HSSE theme of "Comply" with "Comply with

Quality" in 2020. Additionally, in the year ahead we will place emphasis on growing our presence as a technology-driven company anchored on the Edgenta Way, which sets the standards of how we approach our work towards achieving organisational and operational excellence.

ACKNOWLEDGEMENTS

On behalf of the Board of Directors, allow me to take this opportunity to express our sadness over the passing of Dr. Saman @ Saimy Ismail, an Independent Non-Executive Director and Chairman of Edgenta Mediserve Sdn Bhd, on 29 April 2019. Appointed on 9 May 2013, Allahyarham Dr. Saimy had been a key figure on our Board leading our Company with his expertise in the healthcare industry for the past six years. We mourn his loss and are indebted to him for his contributions.

The Board would like to convey our special thanks to Dato' Seri Amir Hamzah Azizan, who served as Non-Independent Non-Executive Chairman for three years until his retirement on 15 May 2019. As his successor, I am especially grateful for his role in steering UEM Edgenta to its position today.

We would also like to welcome Dato' Mohd Izani Ghani who was appointed on 22 October 2019 as Non-Independent Non-Executive Director. I am confident that his appointment will bring significant contributions to our Board's effectiveness.

Effective 21 April 2020, we will see the departure of Dato' Azmir Merican from his role as our Managing Director/Chief Executive Officer. Dato' Azmir has been a key figurehead in the growth of UEM Edgenta since the merger of Faber, PROPEL and Opus, paving the way for our Edgenta of the Future. He leaves behind a strong management team which is well-placed to execute strategies and plans towards realising our vision for the Company, and we thank him for his valuable contributions and wish him the best in his future endeavours.

I wish to thank my colleagues on the Board of Directors, as well as our major shareholders, UEM Group Berhad and Khazanah Nasional Berhad, for their cooperation and guidance during the start of my tenure of Chairman. I am also grateful to our clients, investors, regulatory authorities and Government agencies, members of the media and our supply chain partners for their continued support. Last but not least, I would like to extend my appreciation to all employees of UEM Edgenta who are instrumental in driving our business and operations.

Finally, I would like to express my gratitude to you, our valued shareholders, for your continued trust and belief in us. I am confident that with your support and the plans we have put in place, UEM Edgenta will continue to harness and deliver value for all our stakeholders.

TAN SRI DR. AZMIL KHALID

Independent Non-Executive Chairman

In the year ahead, we will place emphasis on growing our presence as a technology-driven company anchored on the Edgenta Way.

MD/CEO's Statement

For the year 2019, I am pleased to note that UEM Edgenta registered a solid performance despite a slower economy and a more volatile operating environment domestically.

We were able to navigate through these conditions by staying true to our focus, disciplined execution, driving operational excellence and leveraging on technology to do more with less. Our people no doubt understood what it takes and delivered results to make the difference.

Revenue

RM2,411.2 million

▲ 10.5%
year-on-year

Earnings Before Interest, Tax, Depreciation and Amortisation

RM325.1 million

▲ 22.0%
year-on-year

Profit After Tax

RM188.0

▲ 23.4%
year-on-year



Dato' Azmir Merican
Managing Director/Chief Executive Officer

All our businesses registered growth in FY2019, the Company's revenue rose to RM2.4 billion, recording a 10.5% growth or a RM228.6 million increase. Profit After Tax was at RM188 million recording a growth of 23.4% an increase of RM35.6 million.

Overall, I am pleased that the Company was able to register another strong growth for FY2019, a result which could only be achieved by the hard work of our people and support from our clients for the past years as we execute our business strategies to make our growth a sustainable success.

THE UEM EDGENTA JOURNEY

The UEM Edgenta of today represents a culmination of several corporate transactions which took place between 2014 to 2017. These then set the step for transformation and organic growth through diversification of our business beyond traditional contracts, regional expansion into Singapore, Indonesia and Taiwan, reducing our exposure to low growth markets and using technology, IT, mechanisation and sustainability to power the transformation thinking.

Since the creation of UEM Edgenta in 2014, the Company embarked on an ambitious programme to set itself as a clear industry leader in Asset Management

and Infrastructure Solutions. Today, we are proud that our leadership position is not only acknowledged in Malaysia, but beyond, and our market position and multiple awards reflect this.

Since then, we have nurtured the evolution of our businesses. Previously disparate, we are now focused on Asset Management and Infrastructure Solutions with a balanced portfolio of concession and commercial contracts, regional presence and involvement in marquee projects across our sectors.

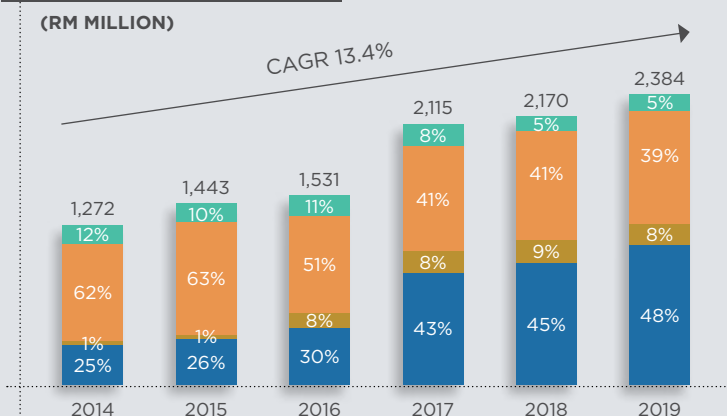
To anchor our growth, we have inculcated operational and organisational excellence initiatives, as well as technological and HSSE leadership, and best practices from other industries. This has not only benefited our organisation, but also transformed and elevated the industries we operate in.

Following these efforts undertaken throughout the years, we have registered a compounded annual growth rate ("CAGR") of 13.4% in our core revenue from RM1.27 billion in 2014 to RM2.38 billion in 2019, while core PAT has risen at a CAGR of 13.2% from RM101.0 million to RM188.0 million during the same period.

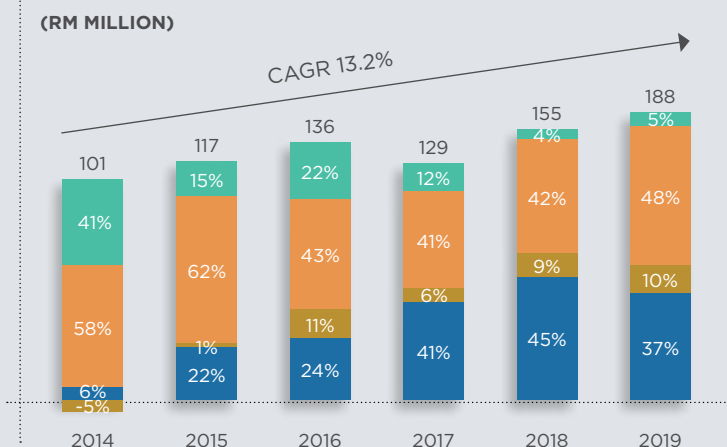
As highlighted in our Chairman's Statement on pages 33 - 35 of this Report, the

journey we embarked on in 2014 has borne fruit, evidenced by more than RM850.0 million in dividends paid out from 2014 to 2019 enjoyed by shareholders.

CORE REVENUE* 2014 - 2019



CORE PAT* 2014 - 2019



- Healthcare Support
- Infrastructure Services
- Property & Facility Solutions
- Asset Consultancy

* Excludes Opus International Consultants, East Malaysia Healthcare Support Concession and Property Development.

BUSINESS OVERVIEW

UEM Edgenta has, over the years, built an agile and resilient business with clear focus areas. In 2019, the Healthcare Support business in Singapore successfully secured contracts worth close to RM944 million to provide Hospital Support Services at the Ministry of Health (“MoH”) Singapore’s restructured hospitals. Apart from that, the Singapore business also managed to obtain a visitor management services contract, which will be provided to the Singapore General Hospital. The division also received the Enhanced Clean Mark accreditation from the National Environment Agency of Singapore in recognition of our high cleaning standards and services in delivering sustainable, value-added results.

In Malaysia, we have rolled out energy management programmes including Energy Performance Contracting (“EPC”), which has resulted in energy cost savings of RM55.0 million between 2017 and 2019; out of

which RM41.0 million was generated for MoH Malaysia’s hospitals. Furthermore, we have also supported the MoH Malaysia with a new Replacement Through Maintenance programme for hospital equipment, as well as the development and maintenance of the Blood Bank Information System (“BBIS”) project which is a comprehensive system that covers vein-to-vein functionalities in Transfusion Service across MoH Malaysia’s blood banks and hospitals. At present, MoH Malaysia has deployed the system at 22 transfusion centres including National Blood Centres nationwide.

Following our previous consolidation, during the year in review, we continued with our rebranding and repositioning exercise initiated at the end of 2018. In 2019, we undertook the rebranding of UEMS Malaysia to Edgenta UEMS and UEMS Taiwan to Edgenta UEMS Taiwan, efforts aimed at simplifying and streamlining the UEM Edgenta brand across the business.

We also changed the name of KFM Holdings Sdn. Bhd. to Edgenta GreenTech Sdn. Bhd., serving as one of the key business units for our Property & Facility Solutions (“PFS”) division. To strengthen our brand positioning initiatives and deepen stakeholder engagement efforts, we launched our new corporate website in November 2019 which projects our current values and beliefs, as well as our corporate profile and service offerings.

Through our PFS division, we also carried out facility management for additional wasl Group sites in Dubai, as well as secured an Integrated Facility Management contract for Menara Bumiputera-Commerce for Pelaburan Hartanah Berhad, bringing our coverage of CIMB Group buildings to nine. We also carried out an EPC project at Proton’s Centre of Excellence at the Sime UEP Industrial Park and the Tanjung Malim manufacturing plant.

Our Infrastructure Services division also secured significant contracts during the year. These include a three-year maintenance and asset management contract for the Cikampek-Palimanan Highway in Indonesia, which we will undertake in partnership with Astra Group. The contract is for a period of three years with an option to extend for two years.

Additionally, the division achieved a major milestone with its first productisation of our Road Asset Management System (“RAMS”) technology, which we first developed in-house for our own use and is now commercialised for Sarawak State Roads via working with a strategic local partner.

In our Asset Consultancy division, we were appointed as the project management consultant for the Sarawak Coastal Road Network and Second Trunk Roads, as well as to undertake a condition survey on the rail assets of MRT Corp’s MRT Line 1.

An exciting development which is poised to make a big impact in the near future is the monetising of our investment in technology and IT. For every area of our business, we are able to offer software-driven solutions to drive efficiency and provide useful intelligence. These solutions range from efficient-based hospital-related solutions such as UETrack™, asset monitoring sensors on equipment such as chillers, ambulances and hospital

MD/CEO's Statement

linen, to infrastructure-based solutions such as RAMS and drone inspections. For our PFS business, we have productised our solutions into three different service levels such as Smart Connect, Smart Connect Plus and Smart Connect Advance.

Being a service provider to essential and core industries, it is imperative that our Company is in pursuit of 'Best-In-Class Operations'. Under this banner, we will uphold our focus in Operational Excellence where the Innovation Garage is to tackle high-impact problem statements, while Continuous Improvement / LEAN principles are built into process improvement programmes. Supporting this, our Company will embark on a new contracting strategy moving from a conventional, input-based model towards an outcome-driven one, with efficiency-based elements.

We strive to achieve top line growth by defending our existing stable revenue base.

To standardise and institutionalise knowledge and improve service delivery, we have launched the Edgenta Academy which will focus not only on training our own employees but that of our service partners too. Under a new initiative to elevate the capabilities of our service partners and contractors, the Edgenta Academy will evaluate and rate these companies according to predetermined technical and commercial criteria and based on the assigned rating, develop a programme to train and upgrade their knowledge. This serves not only to ensure our partners have the necessary capabilities but also the opportunity to upskill and modernise themselves. We hope to develop competent and capable service partners who can take on more complex work as well as invest in mechanisation and technology. This is part of our programme to develop the industry and the players within the value chain.

DEVELOPMENT OF THE EDGENTA WAY



The Edgenta Way was developed to show how we work in the organisation. The four key differentiators of the Edgenta Way are being Technology-Enabled, HSSE Focused, Quality Assured and having Certified Standards, which will be our promise to our clients on how we approach our work and deliver our services. We have endeavoured to inculcate the Edgenta Way throughout all facets of our business.

OUR COMMITMENT TO HSSE

Health, Safety, Security and Environment ("HSSE") is a critical and priority area within the organisation and with our partners. In FY2019, we continued this improvement journey in driving safety culture into every



aspect of our business and operations, reviewing systems and processes, supported by a team of dedicated HSSE personnel. We further enhanced our approach by collaborating with key stakeholders such as the Malaysian Institute of Road Safety (MIROS) and innovation-focused teams, implementing several safety-driven automation and mechanisation initiatives this year. My management team and I continue to learn from our safety incidents which will only serve to strengthen our resolve and make our work zones safer for our frontline workers.

OUR COMMITMENT TO TECHNOLOGY AND INNOVATION

Technology and Innovation is part of the Edgenta Way and is being embedded as part of our culture and thinking. We have led the adoption and use of technology across all our businesses to enhance our product offerings, applied mechanisation, automation and digitalisation widely within our services while embracing data analytics, cloud computing, machine learning and artificial intelligence, as well as the use of mobile devices and tablets to deliver on our services. Building on this, we have partnered with technology providers and startups to produce commercially viable solutions, with digital healthcare and online e-commerce platforms.

Innovation has become fundamental for us with disruptions rife around us. Thus, in order to promote innovation within the organisation, a permanent 'garage' has been set-up as an agile decision-making space, which enables ideas to be tested, solutions to be prototyped, and pushed out for scale-up. The garage functions as a funnel and repository for ideas and eventually becomes an enabler by employing a dare-to-fail approach, spurring our employees to take risks and encouraging innovative ideas to flourish towards the modernisation of our services. Therein lies, our approach towards embedding innovation as a culture within our organisation.

DELIVERING ON OUR STRATEGIC OBJECTIVES

In FY2019, we reviewed and refined our strategies into four which are Disrupting Our Delivery Model, Deepening Our Competencies, Broadening Income Streams and Developing Total Solutions Capabilities. The Company will continue to remain guided by these growth strategies, supported by our six strategic focus areas of Operational Excellence; Organisational Excellence; HSSE; Client Solutions; Technology and Innovation; and Stakeholder Management and Communications that has carried us through the years.

Via these strategic initiatives to guide our efforts, we strive to achieve top-line growth by defending our existing stable revenue base from our long-term contracts and track record of high renewal rates, pursue organic growth by building a healthy pipeline of projects, exploring opportunities for expansion regionally and promoting cross-selling internally between business divisions.

I invite you to read further details on our performance against our strategic objectives in the Group Strategy, Operational Review and Sustainability Statement on pages 47 - 48, 55 - 63 and 64 - 83 of this Report.



LEADERSHIP BENCH

During the course of the year, we strengthened our leadership bench with the appointments of En. Razman Ismail as Chief People Officer, who has joined us in October 2019, and Dr. Nik Fawaz Nik Abdul Aziz as Head of Healthcare Support (Concession) and Managing Director of Edgenta Mediserve Sdn Bhd ("EMS") to succeed En. Ahmad Zamri Said. We also welcomed Mr. Kenny Lim as the Head of PFS division, as well as the recent appointment of En. Shariman Yusuf Mohamed Zain as Head of Infrastructure Services and Managing Director of Edgenta PROPEL Berhad.

MOVING FORWARD 2020 AND BEYOND

We are bracing for a difficult period in 2020 which reached unprecedented proportions. The start of 2020 has been tumultuous, whereby tough macroeconomic conditions, as well as the swift spread of the COVID-19 virus and its unfolding ramifications across the globe, may yet bring the world to its knees during the year.

In the face of this unprecedented event and the yet to be ascertained impact on the global economy, financial markets and people across the globe in general, it is inevitable to foresee tough economic conditions with the main challenge of how to kick-start the economy going forward and to restore industries and workforce productivity.

UEM Edgenta takes its position as a responsible corporate citizen seriously and will work with our clients,

regulators, policymakers, service partners and contractors to contribute our resources and ideas to support the industry and its players.

In April 2020, given our focus on our expertise in biomedical equipment and healthcare technology, UEM Edgenta donated 30 units of mobile ventilators, 30 unit of patient monitoring systems, as well as enabled a cloud-based healthcare information system to the MoH Malaysia for pandemic management, in support of the Malaysian Government's effort in combating the growing COVID-19 pandemic.

Over the years our businesses have proven to be resilient and agile to adjust to changes in the market. As a company in stable and defensive markets with attractive yield, I am confident we will weather this storm and come out strong. Given our healthy balance sheet and sound financial position, the timing will be right to look at possible opportunities to build up on new areas especially technology-related fields.

Our continued efforts in technology and innovation, which have already proven worthy of commercialisation, place us in good stead to preserve our sustainability over the long-term. Please refer to Our Technology Solutions on pages 26 - 27 of this Report for further details.

ACKNOWLEDGEMENTS

It was with great sorrow we saw the passing of Dr. Saman @ Saimy Ismail, an Independent Non-Executive Director of the Company. Dr Saimy was also the Chairman of EMSB, in which he served the Company from 9 May 2013. We are grateful for his contribution and time with us and extend our condolences to his wife Pn. Rosnah Mohd Yusof, children and family.

I would also like to thank key members of the management team who have moved on or retired, namely En. Shahazwan Harris, Chief Strategy & Transformation Officer; En. Ahmad Zamri Said, Head of Healthcare Support (Concession) whose career spanned 22 years with our Company; Mr. Chin Chi Haw, who spent his career serving Opus in various capacities and later led Edgenta PROPEL Berhad as its Executive Director and Mr. Alastair McCracken, our previous Head of Property & Facility Solutions who resigned in June 2019.

I would like to take this opportunity to thank Datuk Seri Amir Hamzah Azizan, for his invaluable contribution and guidance as our Chairman from 29 August 2016 until his retirement on 15 May 2019 and wish him the very best in his role as President/Chief Executive Officer of Tenaga Nasional Berhad. We welcomed Tan Sri Dr. Azmil Khalid as our new Chairman on 24 May 2019, who brings with him a wealth of experience in this industry as an accomplished entrepreneur. We also welcomed Dato' Mohd Izani Ghani as a new Board member effective 22 October 2019 and am sure he will bring much value to the Company.

It has been my privilege and honour to have served as the first Managing Director/Chief Executive Officer of UEM Edgenta, after the merger of the legacy companies of Faber Group Berhad, Projek Penyelenggaraan Lebuhraya Berhad or PROPEL, and Opus Group Berhad. While many mergers and acquisitions do not reach its intended objectives, I feel that UEM Edgenta's success was built around a good post-acquisition programme which aligned the entire workforce, from the Board of Directors, to senior management and all employees. In short, we were determined to create a successful organisation in this process and shaped the DNA of UEM Edgenta.

My sincere gratitude and appreciation to the entire Board of Directors who have guided me through the years and allowed me to carry out my duties with support and encouragement. I would like to thank our major shareholders, UEM Group Berhad and Khazanah Nasional Berhad, for their stewardship. I would also like to express my appreciation to all our other shareholders for their continued trust in us.

Additionally, I would like to extend my gratitude to our local and regional clients, our many supply chain partners, shareholders and the Government for their support and contributions to our ecosystem.

My final word of thanks is reserved for each and every employee of UEM Edgenta, management and staff who have made this Company special, as without their belief, support and dedication, we would not have scaled the heights which we have reached today. Throughout my tenure, I have met many talented and extraordinary colleagues, I am humbled by your continuous dedication to our vision and the important service we deliver. I am certain you will rise above any challenge and make use of the opportunities in realising the Edgenta of the Future, as well as ensure the Company's continued leadership in Asset Management and Infrastructure Solutions.

DATO' AZMIR MERICAN

Managing Director/Chief Executive Officer

CFO's Review

UEM Edgenta registered a 'green' report card in FY2019, achieving double-digit growth in revenue of 10.5% to RM2.4 billion following topline growth across all our businesses.

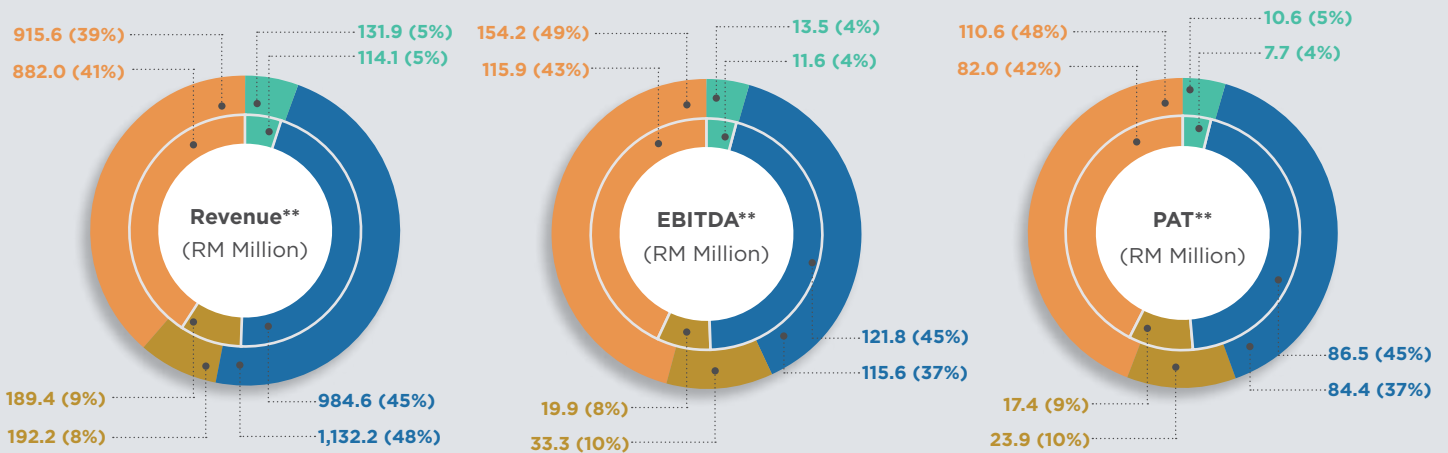
This was contributed by new hospital support services contracts secured in Taiwan and Singapore, a higher volume of road maintenance works in Malaysia and Indonesia, as well as project management consultancy contracts in East Malaysia. Subsequently, EBITDA and PAT rose by 22.0% and 23.4% to reach RM325.1 million and RM188.0 million, respectively, due to operational efficiency initiatives. Our earnings and profitability for the year were also contributed by receipt of the final payment settlement from our Abu Dhabi project, as well as higher profit from our associate companies.



Our Healthcare Support and Infrastructure Services divisions remained the largest contributors and consistent engines for our growth story. Healthcare Support contributed to 48% and 37% of full-year revenue and PAT respectively, while Infrastructure Services division contributed to 39% and 48% of total revenue and PAT respectively. For further details on the segmental performances of our Healthcare Support, Property & Facility Solutions, Infrastructure Services and Asset Consultancy divisions, please refer to the Operational Review on pages 55 - 63 of this Report.

Overall, our businesses also demonstrated stability against challenges such as uncertainty over infrastructure mega projects following Malaysia's 2018 General Election and delays in some planned initiatives for our PLUS highway maintenance contract due to questions over its business and ownership structure.

We also saw a more competitive market as the Government moved towards open tenders from direct and indirect negotiations. Nonetheless, we were able to keep our financials intact and even stay ahead of our competitors in delivering consistent results with optimum costs and anchored on our high HSSE awareness, underscoring the value and sustainability we assure our stakeholders of.



FY2019 FY2018

● Healthcare Support ● Property & Facility Solutions ● Infrastructure Services ● Asset Consultancy

** Excludes property development, final settlement from Abu Dhabi project, intercompany revenue and others.

FINANCIAL POSITION REMAINS ROBUST

Improved collections from customers and an increase in net operating cash flow allowed us to maintain a healthy financial position during the year in review.

Our balance sheet showed ample room to leverage on for growth, with total assets rising 1.2% year-on-year to RM2.91 billion and net assets per share growing 4.6% to RM1.89 per share. While total liabilities decreased by 2.4% to RM1.33 billion, we have reduced our gross gearing ratio to 0.33 times from 0.35 times in the previous year.

Total equity increased 4.5% to RM1.58 billion and we will continue to focus on improving our working capital management and optimising our capital structure. As at the financial year ended 31 December 2019, our total cash, bank balances, deposits and short term investments stood at RM621.0 million. Additionally, our net cash position improved to RM101.9 million in FY2019 from RM71.0 million in the previous year.

With our low gearing and healthy cash balance, we are well positioned to weather short-term volatility and deploy for growth, where required.

Given our robust financial position, we are pleased to deliver continued returns to our shareholders, with return on equity rising to 11.8% from 9.6% in FY2018 and a dividend payout of 14 sen, representing a dividend payout ratio of 64%.

RM1.89

Net Assets
per Share
▲ 4.6%

0.33 X

Gross Gearing
Ratio

RM101.9 million

Net Cash
Position
▲ 43.5%

11.8 %

ROE*
▲ from 9.6%
for FY2018

Figures in RM mil unless otherwise stated	2019	2018	Increase / (Decrease)	
	RM'mil	RM'mil	RM'mil	%
Summary of Statement of Financial Position				
Total Assets	2,912.8	2,877.7	35.1	1.2
Property, plant and equipment	212.0	185.0	27.0	14.6
Right-of-use assets	30.9	-	30.9	100.0
Intangible assets	734.3	731.9	2.4	0.3
Inventories	133.8	156.8	(23.0)	(14.7)
Trade and other receivables	672.7	896.6	(223.9)	(25.0)
Contract-related assets	379.9	199.8	180.1	90.1
Short-term investment	62.5	107.2	(44.7)	(41.7)
Cash, bank balances and deposits	558.5	496.3	62.2	12.5
Total Liabilities	1,328.4	1,360.9	(32.5)	(2.4)
Borrowings	519.1	532.5	(13.4)	(2.5)
Trade and other payables	673.6	744.8	(71.2)	(9.6)
Lease liabilities	30.3	-	30.3	100.0
Contract liabilities	21.1	14.4	6.7	46.5
Total Equity	1,584.4	1,516.8	67.6	4.5
Shareholders' fund	1,572.0	1,502.3	69.7	4.6
Non-controlling interest	12.4	14.5	(2.1)	(14.5)
Net Asset per share	1.89	1.81	0.08	4.6
Gross Gearing Ratio	0.33	0.35	(0.02)	(6.7)
Net Cash Position	101.9	71.0	30.9	43.5

* PATANCI / Average (Opening + Closing Shareholders' Fund)

MOVING FORWARD

For the year ahead, we expect the Healthcare Support division's Malaysia projects to register revenue growth from the scaling up of value-added services at MoH hospitals and the development of more digital healthcare solutions, as well as expansion into private hospitals. Regionally, the division will focus on operationalising and optimising new contracts secured, in particular the contracts won from MoH Singapore.

In our Property & Facility Solutions division, revenue will be driven by the scaling up of Energy Performance Contracts and efforts to champion the industry in the green / sustainability and industrial space. Additionally, we will pursue selective focus on projects undertaken within the highly competitive facility management sector in Malaysia, targeting industrial and high-value commercial sectors.

Revenue in our Infrastructure Services and Asset Consultancy divisions will be anchored on our expansion in East Malaysia and Indonesia, as well as the provision of infrastructure solutions such as RAMS and the use of our Pavement Research Centre.

To improve margins and profitability, we will continue to focus on operational efficiency through process improvement and operational excellence initiatives, including Innovation Garage and LEAN programmes. We will also implement tighter cost controls and leverage on technology to enable efficiencies.

Specifically, we expect to implement Enterprise Resource Planning ("ERP") on three core support functions: Finance, Human Capital Management and Procurement in the second quarter of 2020. ERP will facilitate us in streamlining financial information and processes across our companies, improve spending and strategic sourcing analysis, as well as cost control and increase visibility into spending.

It will also increase efficiency through supplier enablement, integrate project and financial information and improve human resource analysis for better decision-making.

Additional finance initiatives to be focused on for the year 2020 include improving collections from customers and cost optimisation to maintain our strong cash position and strengthen our financial position.

In terms of earnings prospects, our orderbook remains healthy with RM13.2 billion worth of work-in-hand as at 31 December 2019, with our long-term contracts providing a base for expansion and visibility for revenue recognition.

MUHAMMAD NOOR BIN ABD AZIZ @ HASHIM

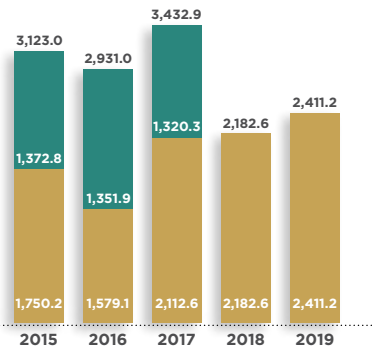
Chief Financial Officer

Key Performance Indicators

Five-Year Group Financial Highlights

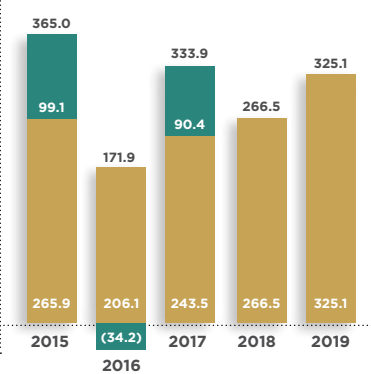
REVENUE

(RM MILLION)



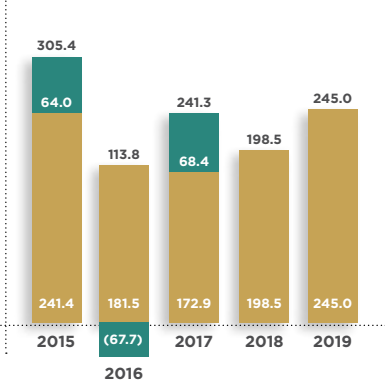
EBITDA

(RM MILLION)



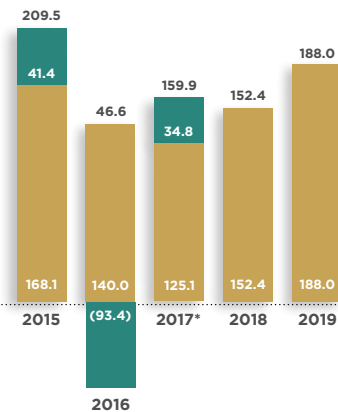
PROFIT BEFORE TAX

(RM MILLION)



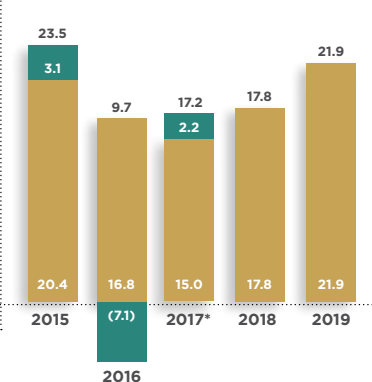
PROFIT AFTER TAX

(RM MILLION)



EARNINGS PER SHARE

(SEN)



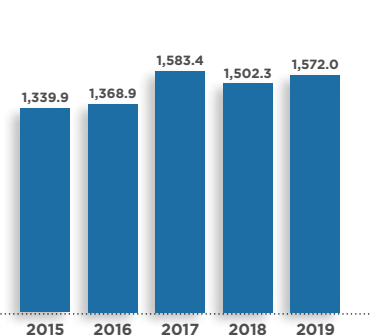
Legend

■ Discontinued operations

* Excluding one-off gain on disposal of Opus International Consultants Limited ("OIC") in 2017 of RM274.9 million.

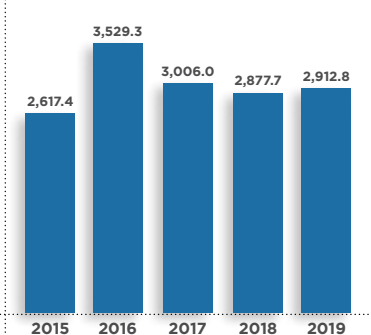
SHAREHOLDER'S FUNDS

(RM MILLION)



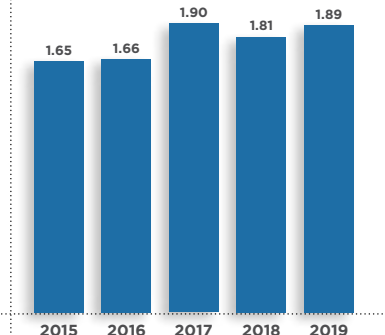
TOTAL ASSETS

(RM MILLION)



NET ASSETS PER SHARE

(RM)



Key Performance Indicators

Five-Year Group Financial Summary

The Board and General Management Committee monitor a range of financial key performance indicators (KPIs), reported on a monthly and quarterly basis, to measure performance over time.

STATEMENTS OF FINANCIAL POSITION

In RM Million	2015	2016	2017	2018	2019
ASSETS					
Non-current assets	770.1	1,425.2	1,139.2	1,143.3	1,229.9
Current assets	1,847.3	2,104.1	1,866.8	1,731.3	1,682.9
Assets held for sale	-	-	-	3.1	-
TOTAL ASSETS	2,617.4	3,529.3	3,006.0	2,877.7	2,912.8
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	203.4	207.9	268.1	268.1	268.1
Share premium	-	60.2	-	-	-
Reserves	383.1	392.0	301.1	312.8	317.2
Retained earnings	753.4	708.8	1,014.2	921.4	986.7
	1,339.9	1,368.9	1,583.4	1,502.3	1,572.0
Non-controlling interests	188.2	168.9	18.5	14.5	12.4
Total equity	1,528.1	1,537.8	1,601.9	1,516.8	1,584.4
Non-current liabilities	361.2	876.2	549.8	468.2	443.4
Current liabilities	728.1	1,115.3	854.3	892.7	885.0
Total liabilities	1,089.3	1,991.5	1,404.1	1,360.9	1,328.4
TOTAL EQUITY AND LIABILITIES	2,617.4	3,529.3	3,006.0	2,877.7	2,912.8
Net assets per share attributable to owners of the parent (RM)	1.65	1.66	1.90	1.81	1.89
Net tangible assets per share (RM)	1.09	0.49	1.03	0.93	1.01
Current ratio (times)	2.5	1.9	2.2	1.9	1.9
Liquidity ratio (times)	0.8	0.6	0.6	0.6	0.6
Gearing ratio (times)	0.2	0.6	0.3	0.3	0.3

INCOME STATEMENTS

In RM Million	2015	2016	2017	2018	2019
REVENUE					
- continuing operations	1,750.2	1,579.1	2,112.6	2,182.6	2,411.2
- discontinued operation	1,372.8	1,351.9	1,320.3	-	-
TOTAL REVENUE	3,123.0	2,931.0	3,432.9	2,182.6	2,411.2
EBITDA					
- continuing operations	265.9	206.1	243.5	266.5	325.1
- discontinued operation	99.1	(34.2)	90.4	-	-
TOTAL EBITDA	365.0	171.9	333.9	266.5	325.1

Key Performance Indicators
Five-Year Group Financial Summary

INCOME STATEMENTS (CONT'D)

In RM Million	2015	2016	2017	2018	2019
PROFIT BEFORE TAX					
- continuing operations	241.4	181.5	172.9	198.5	245.0
- discontinued operation	64.0	(67.7)	68.4	-	-
TOTAL PROFIT BEFORE TAX	305.4	113.8	241.3	198.5	245.0
PROFIT AFTER TAX					
- continuing operations	168.1	140.0	125.1	152.4	188.0
- discontinued operation	41.4	(93.4)	34.8	-	-
Sub-total	209.5	46.6	159.9	152.4	188.0
- gain on disposal of OIC	-	-	274.9	-	-
TOTAL PROFIT AFTER TAX	209.5	46.6	434.8	152.4	188.0
Attributable to:					
Owners of the parent (PATANCI)					
- continuing operations	166.2	139.0	124.6	148.4	181.8
- discontinued operation	25.0	(58.9)	18.7	-	-
Sub-total	191.2	80.1	143.3	148.4	181.8
- gain on disposal of OIC	-	-	274.9	-	-
Total PATANCI	191.2	80.1	418.2	148.4	181.8
Non-controlling interests	18.3	(33.5)	16.6	4.0	6.2
	209.5	46.6	434.8	152.4	188.0
EARNINGS PER SHARE (SEN)					
- continuing operations	20.4	16.8	15.0	17.8	21.9
- discontinued operation	3.1	(7.1)	2.2	-	-
Sub-total	23.5	9.7	17.2	17.8	21.9
- gain on disposal of OIC	-	-	33.1	-	-
	23.5	9.7	50.3	17.8	21.9
Dividend per share - gross (sen)	15	7	31	14	14
For continuing operations:					
Earnings before interest, taxation, depreciation and amortisation as a percentage of revenue (%)	15	13	12	12	13
Profit before tax as a percentage of revenue (%)	14	11	8	9	10
Profit before tax as a percentage of total equity at year end (%)	16	12	11	13	15

2019 Group Quarterly Performance

Statement of profit and loss for the financial year ended 31 December 2019 - Simplified

	Qtr 1 RM'000	Qtr 2 RM'000	Qtr 3 RM'000	Qtr 4 RM'000	Total RM'000
Revenue	515,876	595,418	587,637	712,264	2,411,195
Gross profit	99,920	113,024	90,371	163,492	466,807
Other income	8,850	6,261	9,822	41,502	66,435
Operating expenses	(60,326)	(71,500)	(73,945)	(76,070)	(281,841)
Earnings before interest, tax, depreciation and amortisation (EBITDA)	65,196	65,669	48,743	145,498	325,106
Profit before tax	46,036	46,756	25,902	126,255	244,949
Profit after tax	33,475	34,650	17,277	102,638	188,040
Profit attributable to owners of the parent	32,664	34,356	17,275	97,487	181,782
Earning per share (sen)	3.9	4.1	2.1	11.8	21.9

Revenue by segment

	Qtr 1 RM'000	Qtr 2 RM'000	Qtr 3 RM'000	Qtr 4 RM'000	Total RM'000
Healthcare Support	270,910	277,421	275,001	308,883	1,132,215
Property & Facility Solutions	37,679	45,689	53,812	55,035	192,215
Infrastructure Services	172,261	217,128	228,025	298,195	915,609
Asset Consultancy	34,997	29,553	29,967	37,403	131,920
Others*	29	25,627	832	12,748	39,236
	515,876	595,418	587,637	712,264	2,411,195

EBITDA by segment

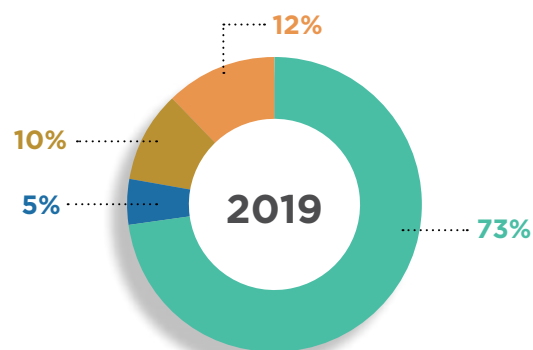
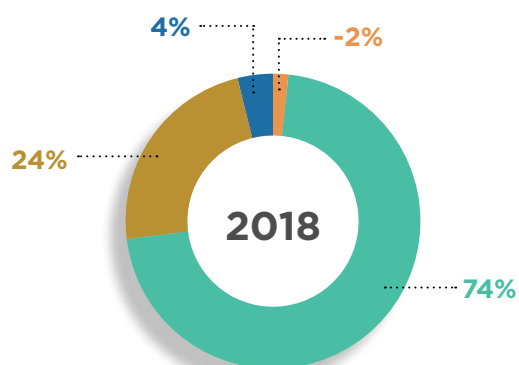
	Qtr 1 RM'000	Qtr 2 RM'000	Qtr 3 RM'000	Qtr 4 RM'000	Total RM'000
Healthcare Support	37,817	33,094	24,512	20,207	115,630
Property & Facility Solutions	8,286	4,229	4,356	16,383	33,254
Infrastructure Services	23,262	29,350	22,271	79,291	154,174
Asset Consultancy	2,038	6,249	(929)	6,184	13,542
Others*	(6,207)	(7,253)	(1,467)	23,433	8,506
	65,196	65,669	48,743	145,498	325,106

* Others comprise Property Development, Faber LLC, corporate costs and elimination items.

Group Statement of Value Added

In RM Million	2018	2019
VALUE ADDED		
Continuing operations		
Revenue	2,183	2,411
Other income	40	60
Interest income	10	6
Operating expenses	(1,206)	(1,300)
Finance cost	(28)	(28)
Share of profit of associates and joint ventures	17	22
VALUE ADDED AVAILABLE FOR DISTRIBUTION	1,016	1,171
DISTRIBUTION		
To Employees		
Employee cost	751	857
To Government		
Taxation	43	54
To Shareholders		
Dividend	241	116
Non-controlling interests	4	6
Retained for reinvestment and future growth		
Depreciation and amortisation	67	72
Retained earnings	(90)	66
TOTAL DISTRIBUTED	1,016	1,171

Distribution of Value Added



● Employee Cost
 ● Taxation
 ● Dividend & Non-controlling Interest
 ● Depreciation, Amortisation & Retained Earnings

Group Strategy

OUR VISION







An Asset Management and Infrastructure Solutions company with a vision of **“Optimising Assets to Improve Lives”**

Our long-term strategy is geared towards building Edgenta of the Future, representing a technology company which focuses on healthcare and infrastructure.

To achieve this goal, we have identified **four strategies** which are tied to our delivery model, the competencies and capabilities we need, and the income streams which we generate.

<div style="background-color: #0056b3; color: white; border-radius: 50%; width: 60px; height: 60px; margin: 0 auto; display: flex; align-items: center; justify-content: center;"> <div style="text-align: center;"> <p>01</p> <p>Delivery Model</p> </div> </div> <p>Disrupting Our Delivery Model</p> <ul style="list-style-type: none"> Tech-driven Delivery model 	<div style="background-color: #00a68a; color: white; border-radius: 50%; width: 60px; height: 60px; margin: 0 auto; display: flex; align-items: center; justify-content: center;"> <div style="text-align: center;"> <p>02</p> <p>Competencies</p> </div> </div> <p>Deepen Our Competencies</p> <ul style="list-style-type: none"> Contractor management HSSE leadership Research and development; and productisation 	<div style="background-color: #8c7a3d; color: white; border-radius: 50%; width: 60px; height: 60px; margin: 0 auto; display: flex; align-items: center; justify-content: center;"> <div style="text-align: center;"> <p>03</p> <p>Capabilities</p> </div> </div> <p>Develop Total Solutions Capabilities</p> <ul style="list-style-type: none"> Design to delivery capabilities Funding solutions / capital advisory Work with network of technical and financial partners 	<div style="background-color: #e67e22; color: white; border-radius: 50%; width: 60px; height: 60px; margin: 0 auto; display: flex; align-items: center; justify-content: center;"> <div style="text-align: center;"> <p>04</p> <p>Income Streams</p> </div> </div> <p>Broaden Income Streams</p> <ul style="list-style-type: none"> Adjacent sectors New geographies Broader client base
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Our strategies are supported by **six strategic focus areas**, which make up the tactical initiatives we undertake and use to measure our progress towards achieving our vision.

 <p>Operational Excellence</p>	 <p>Client Solutions</p>	 <p>Health, Safety, Security and Environment</p>
 <p>Organisational Excellence</p>	 <p>Technology & Innovation</p>	 <p>Stakeholder Management & Communications</p>

We have also identified the **three values** which define who we are as an organisation in carrying out our business:

<p> Purpose Driven</p> <ul style="list-style-type: none"> Assurance and Peace of Mind as our value proposition to clients Edgenta Way as the industry standard 	<p> Powered by Technology</p> <ul style="list-style-type: none"> Platforms, systems & processes Technology and innovation as a company culture 	<p> Sustainability</p> <ul style="list-style-type: none"> Sustainability as a hallmark of industry leadership & corporate citizenry Leadership by example – Triple Bottom-Line goals (People, Planet and Profit)
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Group Strategy

During the year in review, we recorded the following achievements towards our strategic focus areas:

Progress in 2019

Strategic Focus Area	Achievements
 <p>Operational Excellence Please refer to <i>Operational Review on pages 55 - 63 of this Report.</i></p>	<ul style="list-style-type: none"> Recorded year-on-year growth in Revenue (+10.5%), EBITDA (+22.0%) and PAT (+23.4%) for 2019 results Implemented Continuous Improvement (“CI”) & LEAN methodologies and techniques throughout the operations of business divisions, where employees have been certified up to Yellow Belt and trained up to Green Belt Opening of new offices in Jakarta, Indonesia and Kuching, Sarawak Realised RM29.1 million operational savings from LEAN programmes and Innovation Garage initiatives under Operational Excellence
 <p>Organisational Excellence Please refer to our <i>Sustainability Statement on pages 64 - 83 in this Report.</i></p>	<ul style="list-style-type: none"> Invested RM6.0 million in capability development, training 11,477 employees over 16,969 training days 6% improvement in our Employee Engagement Survey results to 74%. This has put UEM Edgenta as one of the top-quartile companies within the Government-Linked Company (“GLC”) and Malaysian Norm 2017 / 2018 companies Fully operationalised the Human Resources module of our ERP System Launched Edgenta Academy, the Centre of Excellence for technical learning in the industry and to build talent pipeline Implementation of Performance-Based Incentive Schemes to instil high performance culture and financial accountability
 <p>HSSE Please refer to our <i>Sustainability Statement on pages 64 - 83 in this Report</i></p>	<ul style="list-style-type: none"> Silver Award at the Malaysian Society for Occupational Safety & Health (“MSOSH”) - Occupational Safety & Health Awards Executed an agreement with the Malaysian Highway Authority (“MHA”) and the Construction Industry Development Board Malaysia (“CIDB”) to set highway maintenance, demonstrating our leadership in HSSE Conducted Safety Day event across operational sites locally and internationally to promote awareness on safety culture
 <p>Client Solutions Please refer to <i>Operational Review on pages 55 - 63 of this Report.</i></p>	<ul style="list-style-type: none"> New key contracts secured: <ul style="list-style-type: none"> Healthcare Support - Energy Performance Contracts for MoH Malaysia hospitals; Replacement Through Maintenance for four MoH Malaysia hospitals, mega-tender of MoH Singapore's restructured hospitals, Blood Bank Information System at MoH Malaysia's blood banks and hospitals Property & Facility Solutions - Additional facility management for wasl group sites in Dubai, United Arab Emirates and Architecture and Green Design & Build works for Sime Darby Motors Infrastructure Services - Maintenance and asset management for Cikampek-Palimanan Highway, Indonesia, in partnership with Astra Group, Road Asset Management System (“RAMS”) for the Sarawak State Roads and upgrade of Sewerage Treatment Plants (“STPs”) along the North-South Expressway Asset Consultancy - Project management consultancy for the Sarawak Coastal Road Network and Second Trunk Roads (Phases 1 & 2)
 <p>Technology & Innovation Please refer to <i>Our Technology Solutions and Operational Review on pages 26 - 27 and 55 - 63 of this Report.</i></p>	<ul style="list-style-type: none"> Launched mechanised vehicles for highway maintenance operations First productisation of RAMS for Sarawak State Roads Increased adoption of technology at additional MoH Malaysia hospitals: <i>UETrack™</i> at 8 more hospitals, RFID Linen Tracking across 5 sites and started with Active FM dashboard monitoring which uses predictive, condition-based and Internet of Things (“IoT”) technology coupled with Infra-red Thermography (“Irt”), Vibration Analysis and Drones at four hospitals Rolled out optimisation of existing 24-hour Regional Helpdesk Centre operations for all 32 hospitals we manage in the Northern region of Peninsular Malaysia Installed Ambulance Monitoring Systems in 213 ambulances
 <p>Stakeholder Management & Communications Please refer to <i>Investor Relations on pages 114 - 117 of this Report.</i></p>	<ul style="list-style-type: none"> Facilities Management Company of the Year 2019 from Frost & Sullivan Asia Pacific for 5th year running Merit Certificate for Annual Report 2018 at the National Annual Corporate Reports Awards (“NACRA”) 2019 BrandLaureate Awards: Most Valuable Brand Award 2018-2019 in Integrated Asset Solutions Launched new UEM Edgenta corporate website and Edgenta Connect portal for staff Held Integrity Day event to reaffirm our commitment against corruption with guests from MACC Hosted various visits and tours to governmental stakeholders and foreign delegates for greater engagement and to promote further collaboration with our Company. Most notably a visit from JKR Sarawak and the Ministry of Infrastructure and Port Development Sarawak was planned in conjunction with the signing of an MoU to set up a pavement research centre to propel pavement research and innovation initiatives Increased visibility via participation in several industry-related external events, including, International Greentech & Eco Products Exhibition & Conference Malaysia 2019, ASEAN Health Summit and the 26th World Road Congress Participated as the subject company for 2019/2020 CFA Institute Malaysia Research Challenge

Our Market Landscape

Economic and operating conditions remained challenging in 2019, as geopolitical tensions and Brexit weighed on the global economy while the domestic economy continued to see uncertainty due to the change in Government in 2018. Malaysia recorded GDP growth of 4.3% during the year, slower than 4.7% in 2018. Growth was driven by private consumption and investment, and was also impacted by supply disruptions in the commodities sector.

UEM Edgenta remained largely resilient against this backdrop, as evidenced by the continued award of new projects across all our businesses. Please refer to our Operational Review on page 55 - 63 or this Report. Further reporting on our economic and operating conditions is also available in our Chairman's Statement on pages 33 - 35, MD/CEO's Statement on pages 36 - 39 and CFO's Review on pages 40 - 41 of this Report.

Across our market landscape, we have also seen the emergence of industry megatrends which will impact our businesses and influence the services we deliver. As discussed below, these comprise technology disruptions, changing behavioural patterns as well as healthcare and infrastructure trends.

 TECHNOLOGY DISRUPTIONS	 CHANGING BEHAVIOURAL TRENDS	 HEALTHCARE TRENDS	 INFRASTRUCTURE TRENDS
<p>As the world has rapidly become entrenched in the mobile and digital era, the market we operate has become heavily influenced by technology disruptions which impact all industries, from agriculture to financial services.</p> <p>This has accelerated the time-to-market for products and services, while also providing organisations with the agility to review and revise their strategies to adapt with new norms. The development of 5G technology has also raised considerations on its impact on our operating environment going forward.</p> <p>In view of this, we will continuously enhance and develop innovative technology solutions to add value to all our businesses, achieve operational excellence and benchmark the industry to the highest standards, showcasing our leadership in the sectors we are in.</p>	<p>The consumer market is currently dominated by two distinctive generations: Millennials born between 1980 and 1996, and Generation Z born between 1997 and the 2010s. Despite some similarities, the two generations display distinct attitudes towards key behaviours, such as spending and ideals.</p> <p>These could be driven by the differing economic landscapes the generations grew up in, with millennials brought up during an economic boom and Generation Z growing up during a recession. Against this backdrop, we have observed the emergence of a generation that is purpose-driven to work. At the same time, the acceleration of climate-related events has created growing consciousness and demands on climate change and sustainability.</p> <p>To this end, we will build on our capabilities in green, sustainability-led solutions in providing energy efficiency initiatives in the buildings we manage. This will see us scaling up our Energy Performance Contracting solutions, where our services have contributed to reducing carbon emissions.</p>	<p>We see three key trends impacting the Healthcare sector. These consist of ageing populations, with more people aged 65 and older than those less than five years old in 2020. Additionally, data has shown an increase of chronic diseases such as arthritis, cardiovascular, cancer and diabetes. The prevalence of these non-communicable diseases, largely attributed to lifestyles, has shifted the focus on treatment from administering cures to prevention and wellness.</p> <p>Technological advancements have opened up solutions in the areas of genomics, microbiomics, synthetic biology and quantum computing & sensing. This takes healthcare beyond hospitals and provides potential for cutting-edge, value-added healthcare services.</p> <p>As discussed previously, technology and innovation have added value across industries. In the healthcare sector, advancements in areas including wearable devices, robotics, mobile survey, virtual and augmented reality, digital health and Big Data will continue to influence the provision of care.</p> <p>In view of these trends, our Healthcare division will continue developing value-added services for our clients and developing Digital Healthcare solutions, with projects we will focus on including our Replacement Through Maintenance programme, Blood Bank Information Systems and Energy Performance Contracting services.</p>	<p>In addition to environmental concerns, the emphasis on sustainability has also led to the need for sustainable infrastructure development. In the context of our Infrastructure Services division, this has created demand for improving interconnectivity of cities through better roads and rail, which must be planned by taking into account the creation of socioeconomic benefits.</p> <p>In this regard, we see continued opportunities in Sabah and Sarawak as well as Indonesia, where we are expanding our presence. Sustainable infrastructure also includes water security, which is why we are seeking more water-related projects where we can deploy our technology systems.</p> <p>We will also focus on lifecycle infrastructure solutions, which we will couple with the commercialisation of our technology solutions to provide end-to-end services.</p>

IMPACT OF THE MARKET LANDSCAPE ON OUR OPERATIONS

UEM Edgenta plans to respond to the trends impacting the healthcare sector by focusing on healthcare beyond hospitals, shifting from the B2B segment towards the B2B2C segment, increasing our digital and technology solutions, as well as driving solutions which cover the entire life span while improving quality of life for the ageing population. We will also leverage digital and technology solutions within our infrastructure segment, while focusing on addressing developments and growing demand for climate action and sustainability. We have already initiated measures to address our market landscape by leveraging on our Edgenta Way, which focuses on raising industry standards to go above and beyond in delivering value-added services. These efforts and their results are captured in our Operational Review on page 55 - 63 of this Report.

Moving forward, with the emergence of the COVID-19 as a global pandemic towards the end of 2019 and another change of Government in Malaysia in March 2020, we expect economic and business uncertainties to prevail in 2020. However, we remain confident that our financial position and ability to provide quality and value-added services will allow us to remain resilient in the face of challenges. For more information on our key risks and opportunities, and how we address them, please refer to pages 51 - 54 of this Report.

Material Issues

Material issues are the result of our process to identify, evaluate and prioritise relevant themes that can impact our value creation initiatives in the short, medium and long term.

Our activities and operations contribute to several of the 17 Sustainable Development Goals (“SDGs”) from the United Nations’ 2030 Agenda. Our material themes are mainly related to the following SDGs:



DEFINING THE THEMES

Elaboration of a list from the compilation of previous material themes, survey of the expectations of stakeholders, relevant issues to the FTSE4Good and Sustainability Accounting Standards Board (“SASB”), interactions with investors and themes of our sustainability framework.

EVALUATION

The relevant themes were evaluated internally by our senior management, as recommended by the International Integrated Reporting Council (“IIRC”) framework, and externally, by assigning importance in two dimensions: impact on our business and relevance to stakeholders.

PRIORITISATION

Elaboration of a list from the compilation of previous material themes, survey of the expectations of stakeholders, relevant issues to the FTSE4Good and SASB, interactions with investors and themes of our sustainability framework.



Better Business

- 1 Growth**
 - Operational Excellence and Technology
 - Value Creation
- 2 Workplace**
 - Gender Diversity & People Development
 - Employee Engagement
 - Governance
- 3 Collaborations**
 - Thought Leadership & Advancing Industry
 - Vendor Development Programme



Better Planet

- 1 Climate Positive**
 - Emissions Monitoring
 - Renewable Energy
- 2 Resource Efficient**
 - Energy Management
 - Reuse & Recycle
- 3 Consumption**
 - Anti Single-Use Plastics
 - Waste Management



Better Lives

- 1 Health and Safety**
 - “Goal Zero” Culture through HSSE Leadership
- 2 Communities**
 - Philanthropy and Engagements
 - Education


Key Risks and Opportunities

The balance of effective risk management and taking advantage of all potential opportunities enables us to deliver our strategy. It is imperative that the integrity of our brand, which underpins the successful delivery of our strategy, is preserved through effective risk management.

Risk management is an integral part of all our activities. Risks are considered in conjunction with opportunities in all business decisions. We focus on the principle risks which could affect our business performance and therefore the achievement of our strategic objectives.

We identify and manage the inherent, as well as external risks to our business through our robust risk management framework. We believe in going beyond compliance to adopt policies, principles and practices which will help minimise our risk exposure and maximise our performance.

We see risks as opportunities to strengthen our internal controls, compliance procedures and management strategies. With a robust enterprise risk management platform, we identify principal risks, classify them based on their likelihood and impact, and prioritise in keeping with the dynamic operating environment. We continuously monitor different types of risks associated with our business which can be discussed under six key categories.

 More on our Risk Management Frameworks and processes can be found on pages 119 - 129.

The principal risks that follow, whilst not exhaustive or in any order of priority, are those which we believe could have the greatest impact on our business. The Board regularly reviews these risks in the knowledge that currently unknown, non-existent or immaterial risks could turn out to be significant in the future, and confirms that a robust assessment has been performed.

We took cognisance of the risks, and adopted our four strategies to drive the strategic focus in mitigating the key risks. Subsequently, we deepened our mitigation efforts through our 6 strategic focus areas.

FOUR STRATEGIES



Disrupting our delivery model



Broaden income streams



Deepen our competencies



Develop total solutions capabilities

SIX STRATEGIC FOCUS AREAS



Operational Excellence



Client Solutions



Organisational Excellence



Technology & Innovation



Health, Safety, Security and Environment (“HSSE”)



Stakeholder Management & Communications

MARKET / INDUSTRY RISK

There is a risk that we do not take advantage of, or are overtaken by changes in our industry. This could lead to loss of market share, loss of revenue and reputational damage.

**Context:**

- The operational nature of our business (which tends to be deprioritised as a strategic business imperative by clients / potential clients in price sensitive industries). Service commoditisation lead to competitive price.
- Challenging first half for the Malaysian infrastructure industry. We are cautiously optimistic of its prospects on the back of announcements on continuation of several key infrastructure projects by the Government.

Mitigation:

In disrupting our delivery model, we adopted a differentiated approach to drive growth, innovation and efficiency. We are leveraging on the Industrial Revolution 4.0 wave:

- Early adoption of artificial intelligence and machine learning, automation & mechanisation.
- Productisation of technology solutioning.

To broaden income streams, we are looking into:

- Cross-selling and sharing of best practices between Healthcare Support Concession and Commercial businesses.
- Securing higher quality revenue particularly in the industrial sector.
- Securing new contracts with efficiency-based elements in the expressway maintenance business and seeking further long-term growth opportunities in Malaysia and Indonesia.

OPERATIONAL RISK

Operational risk relates to the risk of losses resulting from uncertainties and hazards a company faces when it attempts to do its day-to-day business activities within the industry.

**Context:**

More than 80% of our employees are blue-collared workers and the working conditions – especially in healthcare, infrastructure and property management involving project construction sites, plants, hospitals, highways and high-rise buildings, among others.

Our continuing challenges are:

- Focusing on cost stewardship and service efficiency improvements to protect margins and improve cash flow.
- Manual and labour-intensive aspects of asset management.
- Inculcate a ‘safety-first’ mindset and to continuously monitor our working environment to ensure we comply with HSSE standards.

Mitigation:

Continuous efforts to increase efficiency in achieving operational excellence and sustainably improve our margins through:

- Optimising the margins of newly secured contracts through an outcome driven delivery model, with efficiency-based elements and performance-based incentives schemes.
- Differentiate our service offerings via in-house development of technology solutions.
- Roll-out operational initiatives, including LEAN programmes for process improvements and the Innovation Garage to tackle high-impact problem statements.

We maintain a safe and healthy work environment to protect our people, business partners and other stakeholders. To mitigate work-related HSSE risks:

- Continuously promote the “Goal Zero” aspiration to drive disciplined and consistent execution of the basics and compliance with safety standards, in line with the theme “Comply”.
- Drive innovation initiatives by introducing new technology to keep our employees and users safe, through Innovation Garage.

FINANCIAL RISK

Financial risks are those which directly relate to financial controls and performance.



Context:

We are exposed to financial risks such as credit and foreign exchange fluctuation, which arises primarily from trade and other receivables.

Credit risk refers to the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligation.

Foreign exchange risk refers to the risk that the fair value or future cash flow of a financial instrument will fluctuate due to changes in foreign exchange rates against Malaysian Ringgit.

Mitigation:

We control credit risk by carrying out stringent credit evaluations and monitoring procedures on customers and receivables respectively. We leverage on technology to keep track of receivables, status and prompt customers the amount due.

In mitigating foreign exchange risk, we maintain a natural hedge to the extent possible, by borrowing in the same currency as the future revenue stream to be generated from the overseas entities.

COMPLIANCE / REGULATORY RISK

Compliance / regulatory risk is exposure to legal penalties, financial forfeiture and material loss an organisation faces when it fails to act in accordance with industry laws and regulations, internal policies or prescribed best practices.



Context:

We take cognisance that our sizeable businesses are concession in nature, operating in various industries, especially Healthcare Support and Infrastructure Services that are subject to a broad range of rules and regulations.

Any adversities could result in the suspension of necessary authorisations, licences and rights. A lack of regulatory certainty impacts our operations, reputation and investment decisions.

Mitigation:

With our cross-industry experience, we are well-positioned to meet the strategic needs of our clients and value-add, even in concession businesses.

We make a concerted effort to deliver quality services to our clients with strict adherence to service level performance.

We have dedicated functions such as Compliance, HSSE, Quality Assurance / Quality Control, and Secretarial to monitor regulatory and policy developments, liaise with relevant governing authorities to stay abreast of regulatory changes and our obligations.

To ensure work culture excellence among employees with strong morals and ethics, these are the initiatives in place:

- Setting up Integrity & Compliance Function under the requirement of Prime Minister’s Directive No 1. of 2018.
- Develop and implement the policies and procedures in relation to integrity and governance (i.e. Code of Conduct, Anti-Bribery & Anti-Corruption Guide, Conflict of Interest Procedures, Compliance Framework, etc.).
- Whistleblowing reporting channel, policies and procedures.

PEOPLE RISK

Through the high-quality work of our employees, we will achieve our vision, respond to the changing needs of our stakeholders and create competitive advantage for our business. Obtaining and fostering an engaged and talented team that has the knowledge, training, skills and experience to deliver our strategic objectives is vital to our success. We must attract, integrate and retain the talent we need at all levels of the business.



Context:

People are one of our great assets and key pillars of success.

Having acquired and merged from different companies in the past, our workforce has grown more diverse. Legacy cultures and ways of working are deep rooted that could lead to lack a cohesive culture.

Mitigation:

We are establishing an Employee Value Proposition to offer the best experience for our employees in exchange for productivity and high performance. We not only hire the 'right' talent, but also retain the 'best' talent by continuously benchmarking with competitive industry practices.

A holistic people strategy and Edgenta-wide culture change programme will be undertaken to ensure the desired culture is robustly managed and sustained over time.

To build a workforce fit for the future, the Edgenta Academy is well positioned to upskill and reskill our people, equip them with new talents and knowledge.

MANAGEMENT INFORMATION SYSTEM RISK

Gaps in IT security might be caused by weak defence systems, improper maintenance, ageing applications or system overload, etc. Confidential information and financial data are kept in our technology system.



Context:

Organisation-wide, we see technology as a key enabler and the biggest game changer which will allow us to optimise resources, reduce costs, increase productivity and improve our offerings for better outcomes.

Due to growing connectivity of our systems, there is an increased risk of exposure to cyber threats, breach of information security, compromised data integrity / privacy and prolonged disruption of IT ecosystem.

Mitigation:

To maintain our competitive advantage in an era of increasing digitisation, we are embarking on a digital revolution by adopting ERP system.

We look at company-wide security planning through monitoring of critical information, security control via comprehensive IT security solutions and continuous awareness programmes.

We undertake self-assessment in identifying gaps and seek ways to improve our digital assets and user experience.

Operational Review



THE VALUE WE DELIVER

At UEM Edgenta, we are clear on the elements which set us apart in the industries we serve, having determined Assurance and Peace of Mind as our value proposition to clients. This is anchored on applying our Edgenta Way, which sets standards on how we approach our tasks and establishing distinct parameters on what we do, as the industry benchmark to provide assurance to our customers.

This assurance extends to asset owners, who can depend on us to care for their assets throughout its lifecycle. The standards and quality of outcomes we deliver to our clients also ensures continued value of the services we provide. With the assurance we provide, our clients are then able to focus on carrying out their core operations while we support their mission-critical operations and complex assets.

In providing further value to our customers, we provide scalable solutions which we also continuously improve through our operational excellence initiatives. This offers our clients the support they need to pursue their own growth and expansion activities while meeting their evolving needs.

Our Edgenta Way also assures our customers that their capital investments are safeguarded from any risk. Additionally, our solutions provide potential for customers to enhance their assets and capital investments.

With our approach to delivering value, we are recognised as trusted partners who provide value-added, technology-enabled solutions that are fit-for-purpose and relevant to our clients' needs.



Healthcare Support



Partnering for a better healthcare experience

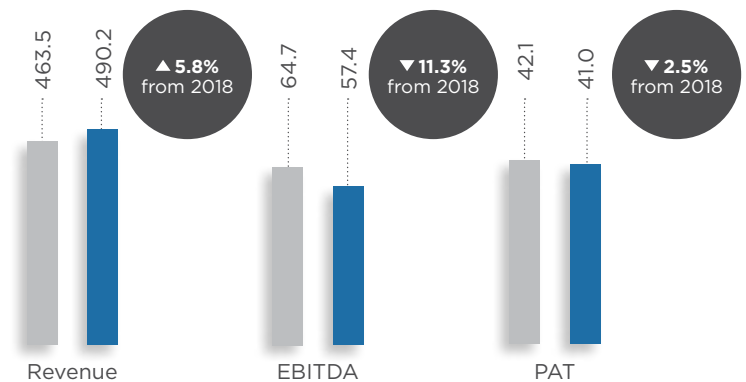
WHO WE ARE

We ensure the hospital assets and clinical facilities of our healthcare clients in the public and private sectors at more than 300 hospitals and clinics in Malaysia, Singapore, Taiwan and India are functioning at optimal levels of efficiency.

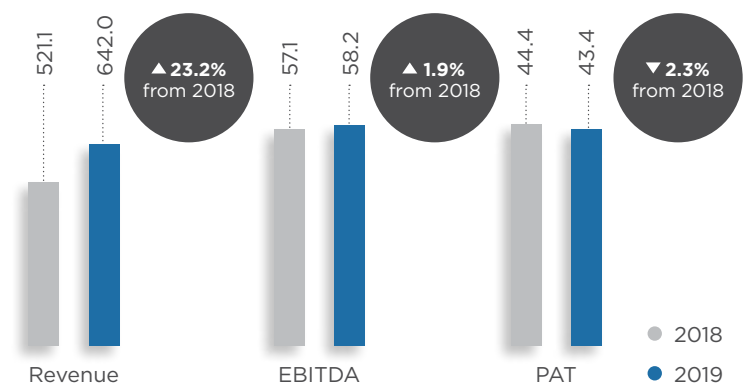
We achieve this through our non-clinical healthcare support services and technology solutions, including biomedical equipment maintenance, environmental services and integrated facilities management.

FINANCIAL PERFORMANCE (RM MILLION)

Concession





Commercial



Our Healthcare Support business registered a 15.0% year-on-year growth in revenue to RM1.13 billion in FY2019, covering both our Concession and Commercial businesses. This was a result of new contracts won, in particular the Ministry of Health Singapore's ("MoH Singapore") restructured hospitals.

Stagnant profitability for our Concession business was mainly due to unscheduled maintenance on major equipment in our Malaysian concession hospital business. For our Commercial business, despite the increase in revenue from execution of significant contacts won, the margins recorded were lower due to the competitive tendering environment.

KEY INITIATIVES AND RESULTS

Key Initiatives	Results
 Expansion Into New Areas	<ul style="list-style-type: none"> The Biomedical Engineering Maintenance Services (“BEMS”) unit embarked on a new Replacement Through Maintenance (“RTM”) project for hospital equipment at four hospitals for up to six years Secured first contract to provide visitor management services in Singapore General Hospital Secured an integrated facilities management (“IFM”) contract with Cardiac Vascular Sentral Kuala Lumpur (“CVSKL”), marking the first comprehensive IFM contract for private hospitals in Malaysia
 Operational Excellence	<ul style="list-style-type: none"> Secured Energy Performance Contracts (“EPC”) for six hospitals Successfully mobilised larger scale operations for new contracts secured, amongst others such as clinic support services for nine state clinics in Penang, comprehensive IFM for CVSKL and housekeeping services at Changi General Hospital, Singapore All 32 of the government hospitals we manage in Northern Peninsular Malaysia have received 1 or 2-star ratings by AEMAS / EMGS Achieved the National Environment Agency of Singapore Enhanced Clean Mark Accreditation Scheme (Gold) Award for 5th consecutive year Achieved high ratings in MoH’s Company Performance Assessment and Customer Feedback Survey; the best-rated among hospital support service concession companies Slim River Hospital, Perak awarded National Energy Award Runner-Up, Level 5 Maintained ISO 9001:2015, ISO 13485:2016, ISO 14001:2015, OHSAS 18001:2007 and MS1722:2011 certifications for concession business operations Maintained Integrated Management System (“IMS”) certification including ISO 9001:2015, ISO 14001:2015, ISO 45001:2018; continuity management system ISO 22301:2013 for commercial business Achieved new certification for Information Security Management System (ISO 27001:2013) for commercial business in Singapore and Taiwan Attained bizSAFE Partner on top of the bizSAFE Level Star, an accreditation under the Workplace Safety & Health Council (“WSHC”), Singapore to promote safety standards
 Organisational Excellence	<ul style="list-style-type: none"> Completed full-year implementation of Healthcare Support Performance Incentive (“PI”) Scheme 2.0 for Facility Heads of Services; the PI Scheme rewards Facility Heads who manage and maintain site operations effectively resulting in savings, contributing to a higher gross profit Trained & certified 29 laundry & linen services supervisory personnel through National Occupational Skill Standard certification programme from Malaysian Skills Certification Edgenta UEMS won the Malaysia Best Employer Brand Award at the World Human Resource Development (“HRD”) Congress 2019
 Technology and Innovation	<ul style="list-style-type: none"> Implemented <i>UETrack</i>TM for eight additional hospitals Installed Radio Frequency Identification (“RFID”) tagging for linen management at selected hospitals in Northern Region to enhance inventory management and decision making Expanded use of Infra-red Thermography (“IrT”), Vibration Analysis and Drones to undertake cost saving initiatives generated from automation, mechanisation and technology utilisation Scaled up Active FM dashboard monitoring using predictive, condition-based and Internet of Things (“IoT”) technology at four hospitals Rolled out optimisation of existing 24-hour Regional Helpdesk Centre operations for 32 hospitals Installed Ambulance Monitoring Systems in 213 ambulances

OUTLOOK AND PROSPECTS

In 2020, the Asset Management segment led by the Healthcare Support division is expected to continue delivering growth for the Company, fuelled by the increasing demand for hospital support services and the emergence of new care models beyond the traditional hospital settings.

In Malaysia, we will focus on enhancing our collaboration with MoH Malaysia through higher value solutions. This will include scaling up value-added services at MoH Malaysia hospitals and developing more Digital Healthcare solutions. Among other projects we will focus on include our Replacement Through Maintenance programme, Blood Bank Information Systems and Energy Performance Contracting services. We will also continue our expansion into private hospitals in Malaysia, where the trend of outsourcing is gradually increasing.

On the regional front, we will place emphasis on operationalising and optimising the contracts secured from MoH Singapore. While we are cautious on the short-term outlook due to the ongoing global coronavirus (“COVID-19”) outbreak, we will remain focused on achieving operational excellence to safeguard margins and deliver quality service. The MoH Singapore contracts provide us with long-term earnings visibility, with the contracts’ duration of up to five years and renewal options of up to five years.



Property & Facility Solutions



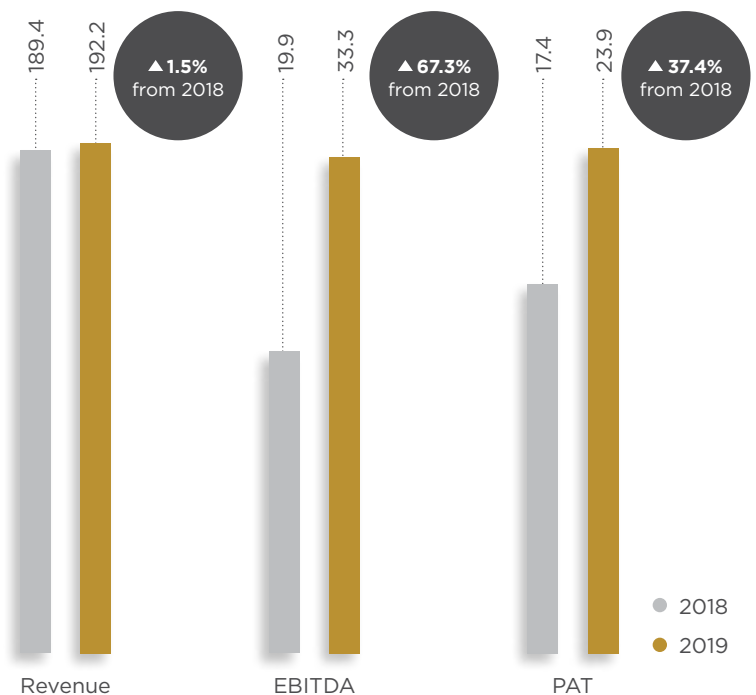
Enhancing asset value, optimising asset performance

WHO WE ARE

We offer technology-driven Green Building Solutions and Asset Optimisation, with a focus on energy and sustainability. Through the use of technology, we reduce the operational costs of our clients' businesses and enhance their asset value.





We currently manage more than 300 buildings across Malaysia and Dubai, United Arab Emirates. From smart building solutions to recreational spaces, we improve quality of life and experience by connecting people, assets and processes.

FINANCIAL PERFORMANCE (RM MILLION)



Our Property & Facility Solutions division registered muted growth in FY2019, with revenue rising 1.5% to RM192.2 million from FY2018. Nevertheless, we recorded a significant increase in profitability due to improved margins from new projects. During the year, EBITDA rose 67.3% to RM33.3 million and PAT increased 37.4% to RM23.9 million.

KEY INITIATIVES AND RESULTS

Key Initiatives	Results
 <p>Development of Market Segment & Engagement</p>	<ul style="list-style-type: none"> Continued to expand footprint in banking industry with new contracts to service Bank Negara Malaysia and more than 250 new CIMB branches, in addition to the existing nine CIMB buildings we manage in the Klang Valley and Penang Secured contracts in facility management for additional wasl Asset Management Group sites in Dubai New contract win from Sime Darby Motors for Architecture and Green Design & Build works signifies entrance into the automotive industry segment Participation in International Greentech & Eco Products Exhibition and Conference Malaysia 2019 (“IGEM 2019”) to increase market and brand awareness
 <p>Technology Driven Solutions</p>	<ul style="list-style-type: none"> Continuous improvement on the Smart Connect platform - addition of features such as the Building Condition Assessment capability and Point-and-Shoot functions to provide intelligent insights leveraging on Artificial Intelligence / Machine Learning Roll-out of a vendor marketplace platform to procure spare parts and sub-contractor services
 <p>Performance-Based Incentives</p>	<ul style="list-style-type: none"> Operations Incentive Scheme (“OIS”) for Facility Managers implemented in 2019; the OIS rewards Facility Managers who manage and maintain site operations effectively and realise savings, contributing to improved gross profit
 <p>Operational Excellence</p>	<ul style="list-style-type: none"> Surpassed targets in actual cost savings achieved with operational excellence team’s support such as CI & LEAN programmes at work sites



OUTLOOK AND PROSPECTS

The Property & Facility Solutions division will continue its focus on green and sustainable energy solutions. To date, we have a track record of undertaking energy efficiency initiatives at more than 80 buildings and have facilitated Green Building Index certification for, amongst others, a Gold Rating for the Petronas Twin Towers. In particular, we aim to scale-up our Energy Performance Contracting (“EPC”) solution, an innovative, turnkey financing concept of shared savings which helps building owners overcome upfront capital commitment.

We have undertaken ten EPC projects for the Prime Minister’s Office, three industrial buildings and six MoH Malaysia hospitals which had resulted in a total contract value of more than RM100 million.

Additionally, we will focus on selective projects within the highly competitive facility management sector in Malaysia, targeting the high-value industrial and commercial sectors. We are confident that our sustainable energy solutions will provide highly complementary and value-added services to our clients.



Infrastructure Services



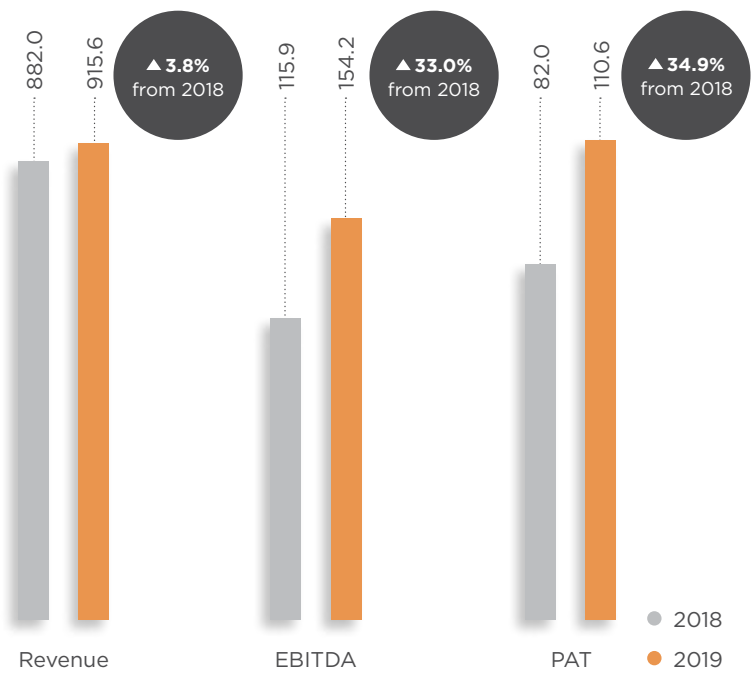
Ensuring reliability, safety and comfort for users

WHO WE ARE

With over 30 years of experience in the infrastructure industry, we provide network routine and asset management for over 3,100 km of roads and expressways in Malaysia and Indonesia.


Today, we have expanded our capabilities beyond roads, servicing multiple industries including rail, airports, ports, plantation roads, water and waste water and other commercial and industrial sectors.

FINANCIAL PERFORMANCE (RM MILLION)



Our Infrastructure Services division recorded a 3.8% growth in revenue to RM915.6 million despite a challenging operating environment, as we achieved a higher volume of work in Malaysia and Indonesia. The earnings and profitability for the year were also contributed by receipt of the final payment settlement from Abu Dhabi project.

KEY INITIATIVES AND RESULTS

Key Initiatives	Results
 Regional and Market Expansion	<ul style="list-style-type: none"> Entered into a joint-operations agreement with Astra Group to provide maintenance services for the Cikampek-Palimanan Highway, which is part of the Trans-Java Toll Road and to embark on other opportunities Secured first productisation of Road Asset Management System (“RAMS”) for one of the Sarawak State Road concessionaires
 Health, Safety, Security & Environment	<ul style="list-style-type: none"> Carried out HSSE Contractor Engagement Roadshow 2019 Launched Mechanised Vehicle to enhance safety and improve efficiencies through out maintenance Operations Held Safety Day on 22 August 2019 across multiple sites in Malaysia, Indonesia HSSE continuous learning initiatives and critical training undertaken: <ul style="list-style-type: none"> Traffic Management for all frontliners Defensive Driving for the PROPEL Intervention Team personnel Won Silver Award for 2018 Good OSH Performance from Malaysia Society for Occupational Safety and Health (“MSOSH”) Awards
 People Competencies & Stakeholders Management	<ul style="list-style-type: none"> Launched Supervisor 2.0, an in-depth and structured safety programme to improve Operations Excellence and HSSE compliance, with participation from 250 supervisors Partners Operations Dialogue successfully held with more than 450 contractors in attendance Organised a High-Speed Weigh-In-Motion (“HSWIM”) workshop with participation from Ministry of Works (“MoW”) and Ministry of Transport (“MoT”) to introduce the benefits of the technology and share our expertise on best practices Won Gold & Silver Award in Malaysia Productivity Corporation (“MPC”) for National, Regional and Mini Convention on Team Excellence



OUTLOOK AND PROSPECTS

In 2020, the Infrastructure Services division will focus on operational efficiency to sustain its profitability, secure new full pavement lifecycle projects in Malaysia and regionally, as well as increase the productisation of technology solutions. In terms of geographical focus, the division will build on its existing pipeline of projects for long-term growth opportunities in Indonesia, Sabah and Sarawak, where there is a significant need for infrastructure development projects of socio-economic importance.

The COVID-19 pandemic has directly impacted our business due to the implementation of national directives by the Malaysian and Indonesian governments in response to the crisis, which has reduced utilisation of highways and limited our routine maintenance activities. Despite the limitations, we will continue to sustain our business to continuously provide quality delivery of services to our clients.



Asset Consultancy



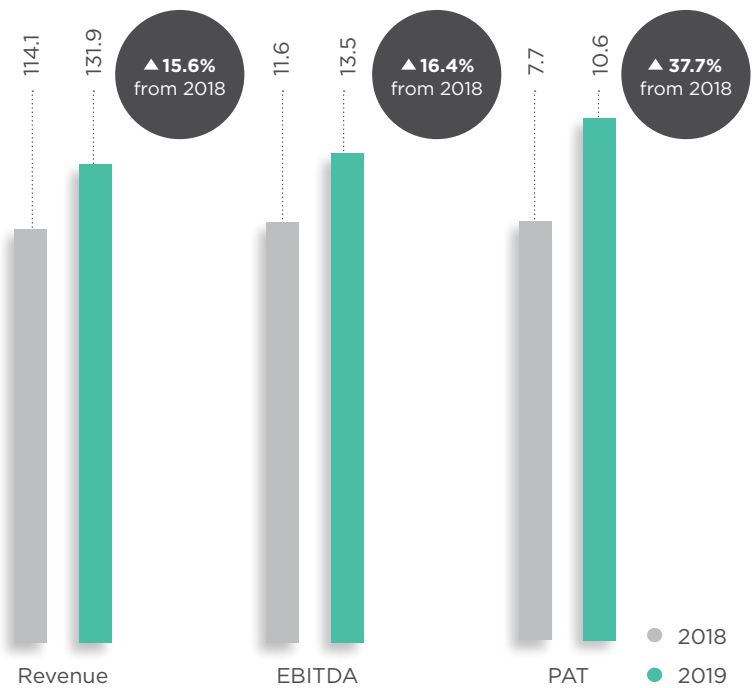
Delivering with distinction in Project Management, Asset Management and Technical Consultancy

WHO WE ARE

We offer professional services in project management, technical engineering & design and asset management consultancy.

Our corporate vision and promise of quality, commitment, integrity and innovation has underpinned our position as a major player in the Malaysian market and abroad.

FINANCIAL PERFORMANCE (RM MILLION)



The Asset Consultancy division posted a healthy increase of 15.6% in revenue to reach RM131.9 million in FY2019, mainly arising from our project management consultancy contracts in Sabah and Sarawak. EBITDA rose 16.4% to RM13.5 million and PAT increased 37.7% to RM10.6 million following the growth in revenue, coupled with cost reduction from operational efficiency initiatives.

KEY INITIATIVES AND RESULTS

Key Initiatives



Expand business capabilities to offer new services and diversifying into new markets, with a sectoral focus in Road and Rails



Employing Technology Different from Competitors



Strengthening Relations and Building Reputation

Results

- Extended asset management capabilities to Rail Sector by securing the Asset Condition Survey of MRT Line 1 through strategic partnership; this marks the first major conditioning assessment on the railway assets in Malaysia
- Strengthening our position in the new market by securing new wins on Mega projects such as the Coastal Road Network and Second Trunk Road projects for both Phase 1 and Phase 2 in Sarawak
- Expanded business footprint to Sabah and Sarawak in Malaysia, and Indonesia, as well as developed local thought leadership
- Restructured the operations to adopt a lean and agile cost structure to maintain competitiveness

- Developed Digital Twin of the PLUS Highway C3 Section (Sungai Buloh to Tanjung Malim) to demonstrate the benefits of combining the Road Asset Management System (“RAMS”) and Building Information Modelling (“BIM”). This real-time integrated asset management and enterprise system is an in-house product used to improve the operational efficiency and service delivery for asset management services at the North-South Expressway
- Successful Proof-of-Concept using drone technology to generate digital elevation map of rock slopes at Bukit Lanjan Interchange to facilitate the inspection and monitoring programme, while alleviating safety risks to the inspectors. The 3D data mapping will be used as the basis to scale up the critical slope inspection programme for the North-South Expressway
- Embarked Smart Infrastructure as the potential engine of growth in-lined with the Industry Revolution 4.0 (“IR4”) initiated by the Malaysia Government

- Hosted various visits and tours for stakeholders such as MoW, MoT, MoF, and Sarawak’s Public Works Department (“JKR”) and Sarawak’s Ministry of Infrastructure and Port Development, as well as foreign delegates from Indonesia and Myanmar to promote our capabilities and build relationships
- Collaboration with JKR Sarawak to propel pavement research and innovation initiatives in the State. Signed a Memorandum of Understanding (“MoU”) to formalise partnership in support of the establishment of a Pavement Research Centre in Sarawak

OUTLOOK AND PROSPECTS

In 2020, the Asset Consultancy division will build on its existing pipeline of projects for long-term growth opportunities in Indonesia, Sabah and Sarawak, where there is a significant need for infrastructure. These include the Project Management Service for the Sarawak Coastal Highway and Second Trunk Road, technical support on Pavement Research Centre, following the signing of an MoU with JKR Sarawak, as well as the Technical Management Services for both the Pan Borneo Highway in Sabah and Sarawak.

