



Analyst & Media Briefing



A member of **UEM Group**



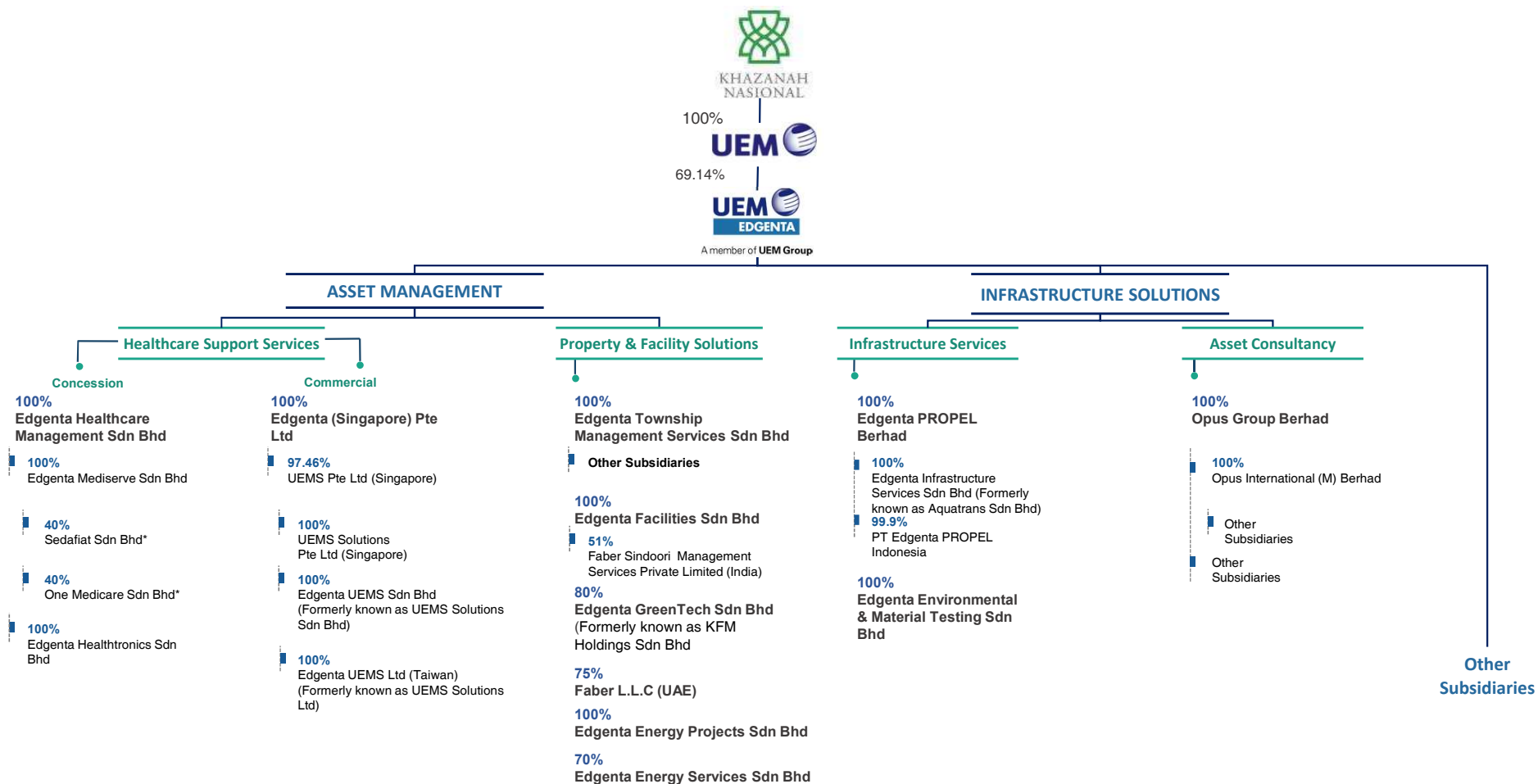
- 1 Introduction to UEM Edgenta**
- 2 Key Highlights of 1H FY2019**
- 3 Business Division Updates & Prospects**
- 4 FY2019 Outlook**
- 5 Investment Rationale**



Section 1

Introduction to UEM Edgenta

UEM Edgenta Corporate Structure



Note: * indirect interest held by Edgenta Mediserve

CORE SECTORS

Our expertise covers **Healthcare Support Services** and **Property & Facility Solutions** within our Asset Management offering, and **Infrastructure Services** along with OPUS Consultancy, our **Asset Consultancy** arm within Infrastructure Solutions.

ASSET MANAGEMENT		INFRASTRUCTURE SOLUTIONS	
Healthcare Support	Property & Facility Solutions	Infrastructure Services	Consultancy
<ul style="list-style-type: none">• Integrated Facilities Management• Civil, Mechanical and Electrical System Maintenance<ul style="list-style-type: none">• Integrated Building Management System• Building Condition Assessment & Survey			<ul style="list-style-type: none">• Asset Consultancy & Management (Asset Life Cycle)• Project Advisory, Planning & Management• Engineering Design and Consultancy• Research & Development
<ul style="list-style-type: none">• Biomedical Engineering Maintenance Services• Healthcare Waste Management Services• Linen and Laundry Services• Cleansing Services• Facilities Management Services• Housekeeping Services• Portering Services• Grounds and Landscape• Pest Control	<ul style="list-style-type: none">• Asset and Inventory Management• Township Management Services• Estate and Security Management• Warranty Management• Property Management Service• Community Management Service• Sustainability Programmes• High Performance Green Building Retrofit	<ul style="list-style-type: none">• Traffic and Safety Management• Utilities Relocation Services• Environmental, Materials Testing and Monitoring• Pavement Condition Assessment• Pavement, Slope Stabilisation, Repair and Rehabilitation• Geotechnical Instrumental Services	
Revenue Contribution for 1H FY19			
50.5% (RM 548.3 mil)	7.7% (RM 83.4 mil)	35.9% (RM 393.4 mil)	5.9% (RM 64.6 mil)
PAT Contribution for 1H FY19			
50.9% (RM 51.7 mil)	8.7% (RM 8.9 mil)	34.9% (RM 35.4 mil)	5.5% (RM 5.6 mil)

Notes:
Contribution percentage excludes Property Development and Others/Elimination

CORE SECTORS

Asset Management & Infrastructure Solutions company with specialised expertise from highways to hospitals

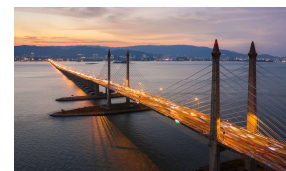


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Asset Management



Infrastructure Solutions



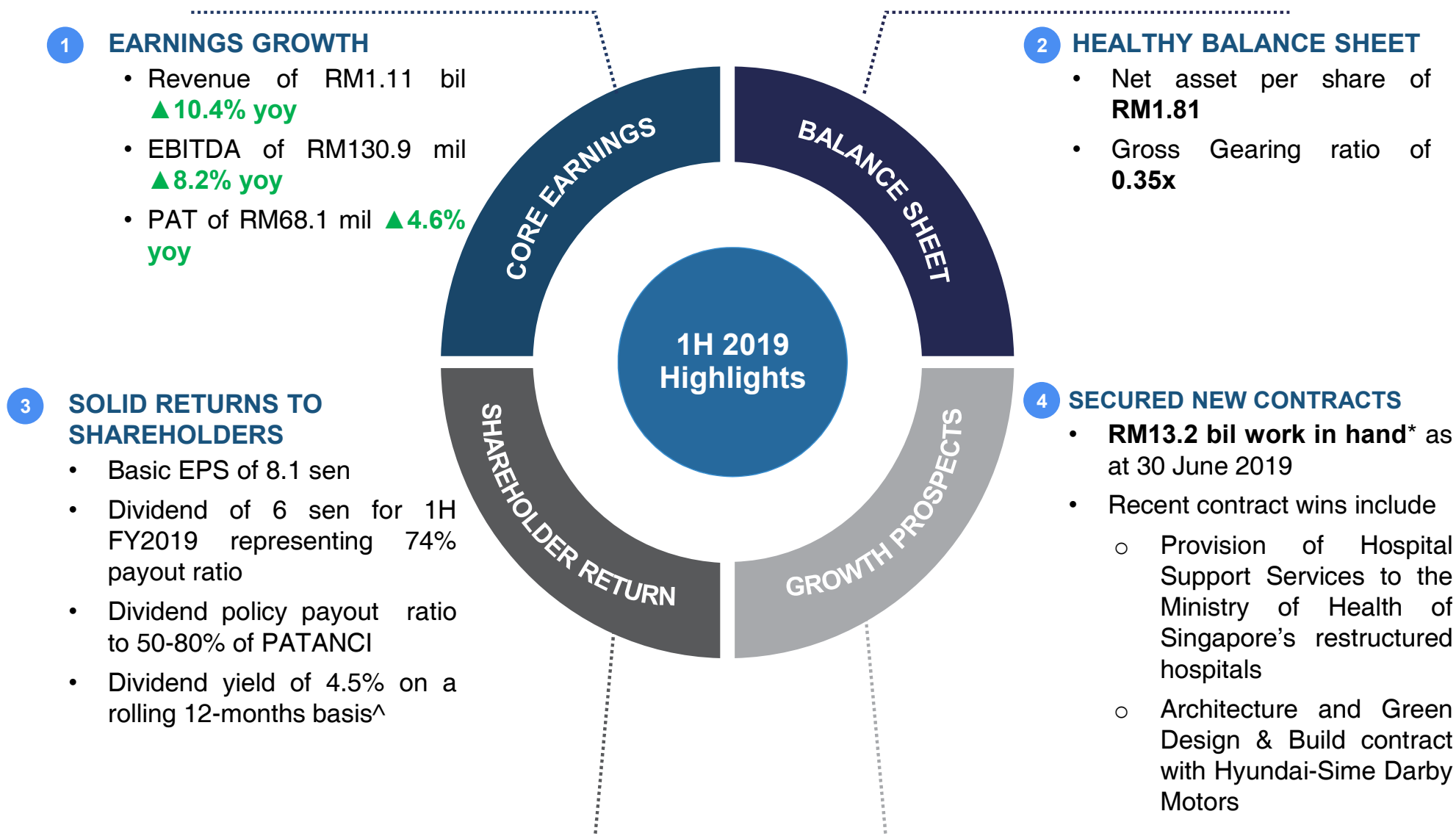
- Serving over **300 hospitals** across **Malaysia, Singapore, Taiwan & India**
- Hospital Support Services (“HSS”) under a 10-year National Hospital Support Service Contract (“NHSS”) to **32 Government hospitals** in the **Northern region of Malaysia**
- Undertakes **energy performance contracting**, an innovative, turnkey concept of shared savings to 3 Government hospitals (Teluk Intan, Raja Permaisuri Bainun, Ipoh and Kepala Batas Hospitals)
- 40%-owned associates, Sedafiat and One Medicare provides HSS to **26 hospitals in Sabah and 23 hospitals in Sarawak** respectively via the NHSS
- Expansion into regional private healthcare services since 2016 via acquisition of UEMS Pte Ltd, a market leader in HSS based out of Singapore
- Over **50 buildings** under our care
- Technology-driven facilities management services & solutions, focused on asset enhancement and energy solutions
- **Key Projects:**
 - 9 CIMB buildings in Klang Valley
 - 20-year asset maintenance & management services contract to the Prime Minister’s Office
 - Tampines Hub, Singapore’s first ever integrated community and lifestyle hub spanning 250k sq. m.
 - Hengyuan Refining facilities, PD
 - Iconic Singapore govt. buildings (e.g. Parliament, Treasury, Ministry of Foreign Affairs, National Design Centre)
 - Energy efficiency initiatives at 2 Proton facilities (Proton Centre of Excellence and Tanjung Malim manufacturing plant)
 - WASL properties in Deira, Dubai
 - Hyundai-Sime Darby Motors Auto Complex
 - Bank Negara Malaysia Recovery Centre & Johor Bahru
- Maintenance services of **2,500 KMs of highways & state roads** and iconic infrastructure such as the Penang Bridge and Malaysia-Singapore Second Bridge
- **Key Projects:**
 - North-South Expressway
 - East Coast Expressway 2
 - Cikampek-Palimanan (Indonesia) maintenance management agreement
 - JKR state roads
- Over **RM100 bil** worth of projects delivered
- **Key Projects:**
 - Network Maintenance Management of North-South Expressway
 - Coastal Road Sarawak & Second Trunk Roads, Phase 1 (Project Consultant)
 - Pan Borneo Highway Sabah (Lead Consultant)
 - Kelana Jaya & Ampang Light Rail Transit (Project Consultant)
 - Ipoh-Padang Besar and Rawang-Ipoh Double Tracking (Project Consultant)
 - Pan Borneo Highway Sarawak (Independent Checking Engineer)

A high-angle, aerial photograph of a complex highway interchange with multiple overpasses and ramps, illuminated at night. The image is in a dark, monochromatic blue tone.

Section 2

Key Highlights of 1H FY2019

1H FY2019 HIGHLIGHTS



[^] Based on share price of RM3.10, at 23 August 2019

^{*} Work in hand: Secured order book and work based on scheduled rates

1H FY2019 KEY HIGHLIGHTS

RM1,111.3 mil

Revenue
▲ 10.4% yoy

RM130.9 mil

EBITDA
▲ 8.2% yoy

RM68.1 mil

PAT
▲ 4.6% yoy

6.0 sen

Dividend payout
for 1HFY2019

8.1 sen

EPS
▲ 6.5%

	RM'mil				
	1H FY18	1H FY19		Variance	
Revenue	1,006.9	1,111.3	▲	104.4	10.4%
EBITDA	121.0	130.9	▲	9.9	8.2%
<i>EBITDA Margin (%)</i>	<i>12.0%</i>	<i>11.8%</i>	▼	<i>-0.2%</i>	
PBT	90.2	92.8	▲	2.6	2.8%
<i>PBT Margin (%)</i>	<i>9.0%</i>	<i>8.3%</i>	▼	<i>-0.6%</i>	
PAT	65.1	68.1	▲	3.0	4.6%
<i>PAT Margin (%)</i>	<i>6.5%</i>	<i>6.1%</i>	▼	<i>-0.3%</i>	
PATANCI	63.0	67.0	▲	4.1	6.5%
<i>PATANCI Margin (%)</i>	<i>6.3%</i>	<i>6.0%</i>	▼	<i>-0.2%</i>	
Basic EPS (Sen)	7.6	8.1	▲	0.5	6.5%

• Results in 1H FY2019:

- Maintained growth momentum with **revenue growth of 10.4% and PAT growth of 4.6% Y-o-Y**; driven by the Healthcare Support division
- Declared interim dividend of 6.0 sen for 1HFY2019 representing a yield of 4.5%, based on share price as at 23 August 2019

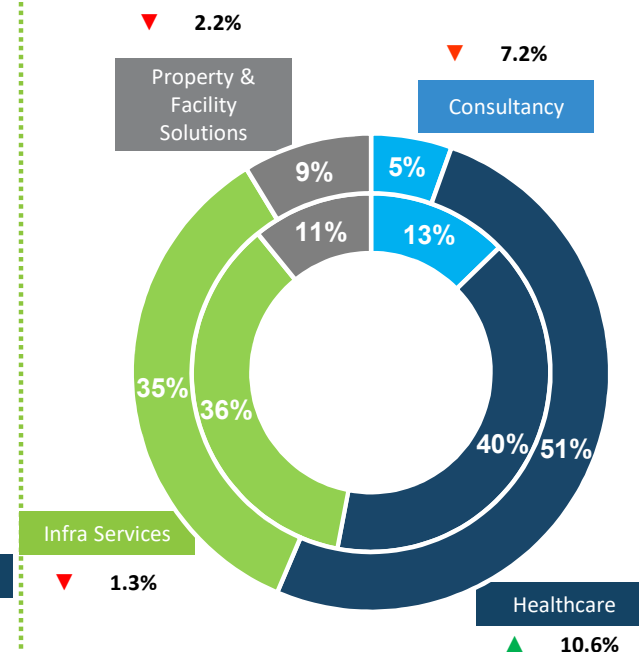
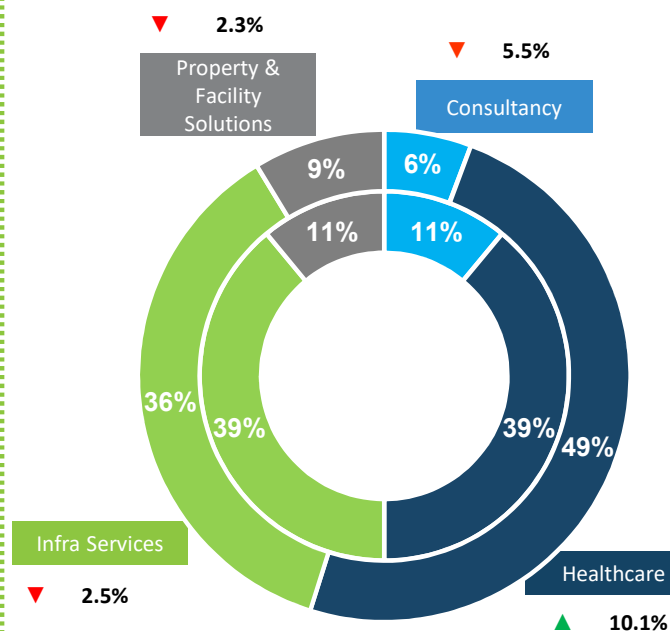
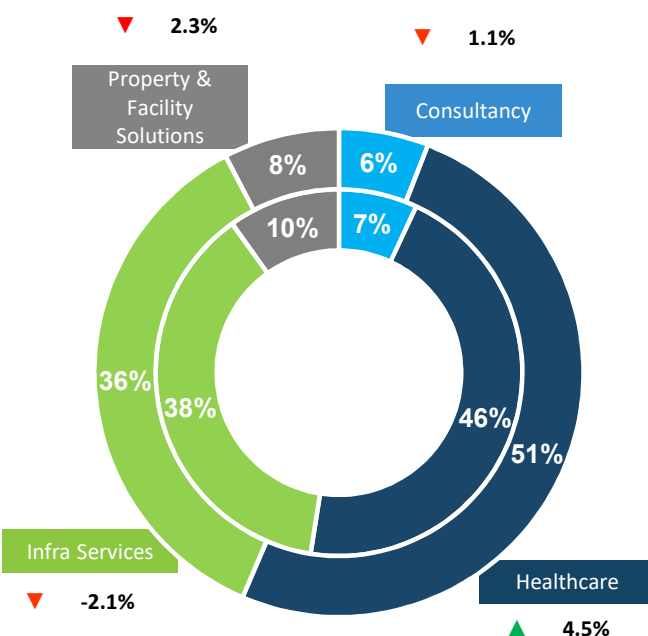
1H FY2019 VS 1H FY2018 CONTRIBUTION BY SEGMENT

Healthcare Support division contribution is the largest at 51%

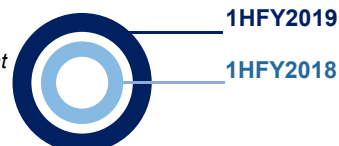
Revenue (RM'mill)			
1H FY18	1H FY19	Variance	
1,006.9	1,111.3	▲	10.4%

EBITDA (RM'mill)			
1H FY18	1H FY19	Variance	
121.0	130.9	▲	8.2%

PAT (RM'mill)			
1H FY18	1H FY19	Variance	
65.1	68.1	▲	4.6%



*Chart excludes Property Development and others/elimination



OVERVIEW OF BUSINESS SEGMENT PERFORMANCE

Continued growth on a balanced portfolio, notwithstanding challenging backdrop in 1H FY2019

External revenue (RM mil)	1H FY 2018	1H FY 2019		Variance Amount	%
Healthcare Support	458.2	548.3	▲	90.1	19.7%
Property & Facility Solutions ("PFS")	96.1	83.4	▼	(12.7)	-13.2%
Infra Services	381.1	389.4	▲	8.3	2.2%
Consultancy	65.8	64.6	▼	(1.2)	-1.9%
Others	5.8	25.7	▲	19.9	345.0%
Total	1,006.9	1,111.3	▲	104.4	10.4%

EBITDA (RM mil)	1H FY2018		1H FY2019			Variance	
	Amount	Margin	Amount	Margin		Amount	%
Healthcare Support	54.6	11.9%	70.9	12.9%	▲	16.3	29.8%
PFS	15.3	15.0%	12.5	13.8%	▼	(2.8)	-18.1%
Infra Services	54.7	13.9%	52.6	13.3%	▼	(2.1)	-3.9%
Consultancy	16.8	25.6%	8.3	12.6%	▼	(8.6)	-50.8%
Others/Elimination	(20.5)	nm	(13.5)	nm	▲	7.1	-34.5%
Total	121.0	12.0%	130.9	11.5%	▲	9.9	8.2%

PAT (RM mil)	1H FY2018		1H FY2019			Variance	
	Amount	%	Amount	%		Amount	%
Healthcare Support	42.1	9.2%	51.7	9.4%	▲	9.6	22.9%
PFS	11.4	11.2%	8.9	9.8%	▼	(2.5)	-22.0%
Infra Services	37.7	9.6%	35.4	8.9%	▼	(2.3)	-6.2%
Consultancy	13.3	20.2%	5.6	8.5%	▼	(7.7)	-58.1%
Others/Elimination	(39.4)	nm	(33.5)	nm	▲	5.9	-15.0%
Total	65.1	6.5%	68.1	6.1%	▲	3.0	4.6%

Y-O-Y business segments commentary:

- **Healthcare Support Services** recorded higher revenue due to new projects secured from its regional operations in Singapore and Taiwan. EBITDA and PAT increased on the back of increased revenue as well as improved efficiency in the concession business
- **Property & Facility Solutions** recorded lower revenue, EBITDA and PAT due to facilities and township management projects completed during the period
- **Infra Services** recorded a moderate increase in revenue due to higher works done for expressways while EBITDA and PAT was lower than previous year due to increased operational costs
- **Consultancy** recorded lower revenue, EBITDA and PAT due to lower consultancy works done in the current period, mainly due to the delay in materialisation of consultancy work packages for Pan Borneo Sabah

FINANCIAL POSITION

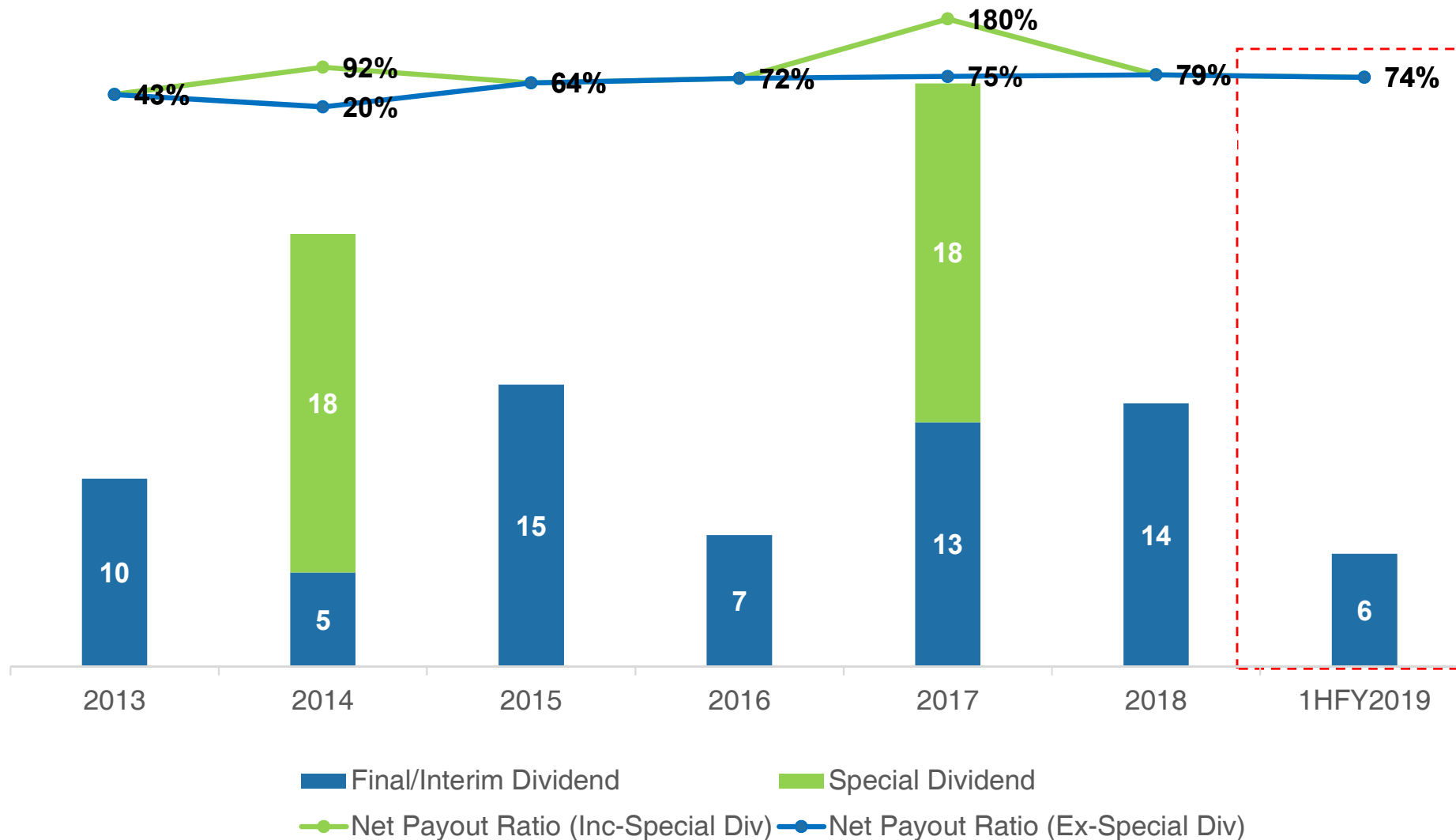
Return on Equity has improved to 10.3%

RM1.81 Net Assets per share ▲ 0.4%	0.35x Gross Gearing ratio	10.3% (Trailing 4 quarters ROE) ▲ from 9.8% as at 31 Dec 18	6.0 sen 1H FY2019 dividend payout
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Figures in RM mil unless otherwise stated	31 Dec 2018	30 June 2019	Variance	
Balance Sheet				
Total Assets	2,877.7	2,839.9 ▼	(37.8)	-1.3%
Property, Plant and Equipment	185.0	223.9 ▲	38.8	21.0%
Inventories	156.8	136.5 ▼	(20.3)	-12.9%
Trade and other receivables	896.6	872.6 ▼	(24.0)	-2.7%
Contract assets	199.8	278.8 ▲	79.0	39.5%
Short Term Investment	107.2	4.7 ▼	(102.5)	-95.6%
Cash & Bank Balance	496.3	457.5 ▼	(38.8)	-7.8%
Total Liabilities	1,360.9	1,317.3 ▼	(43.6)	-3.2%
Borrowings	532.5	535.4 ▲	2.9	0.5%
Trade and other payables	744.8	667.1 ▼	(77.6)	-10.4%
Contract liabilities	14.4	1.0 ▼	(13.4)	-92.9%
Total Equity	1,516.8	1,522.6 ▲	5.8	0.4%
Shareholders Fund	1,502.3	1,508.2 ▲	5.9	0.4%
Non - Controlling Interest	14.5	14.4 ▼	(0.0)	-0.2%
Net assets per share (RM)	1.81	1.81 ▲	0.0	0.4%
Gross Gearing Ratio	0.35	0.35 ▲	0.0	0.2%
Net Gearing Ratio	Net Cash	Negligible		
Return on Equity	9.8%	10.3%		
(PATANCI/ Average (Opening + Closing Shareholders' Fund))		(Trailing 4 quarters PATANCI)		

DIVIDEND

Total dividend payout of 6.0 sen in 1H FY2019 (representing 74% dividend payout ratio) and a rolling 12-months' dividend yield of 4.5%



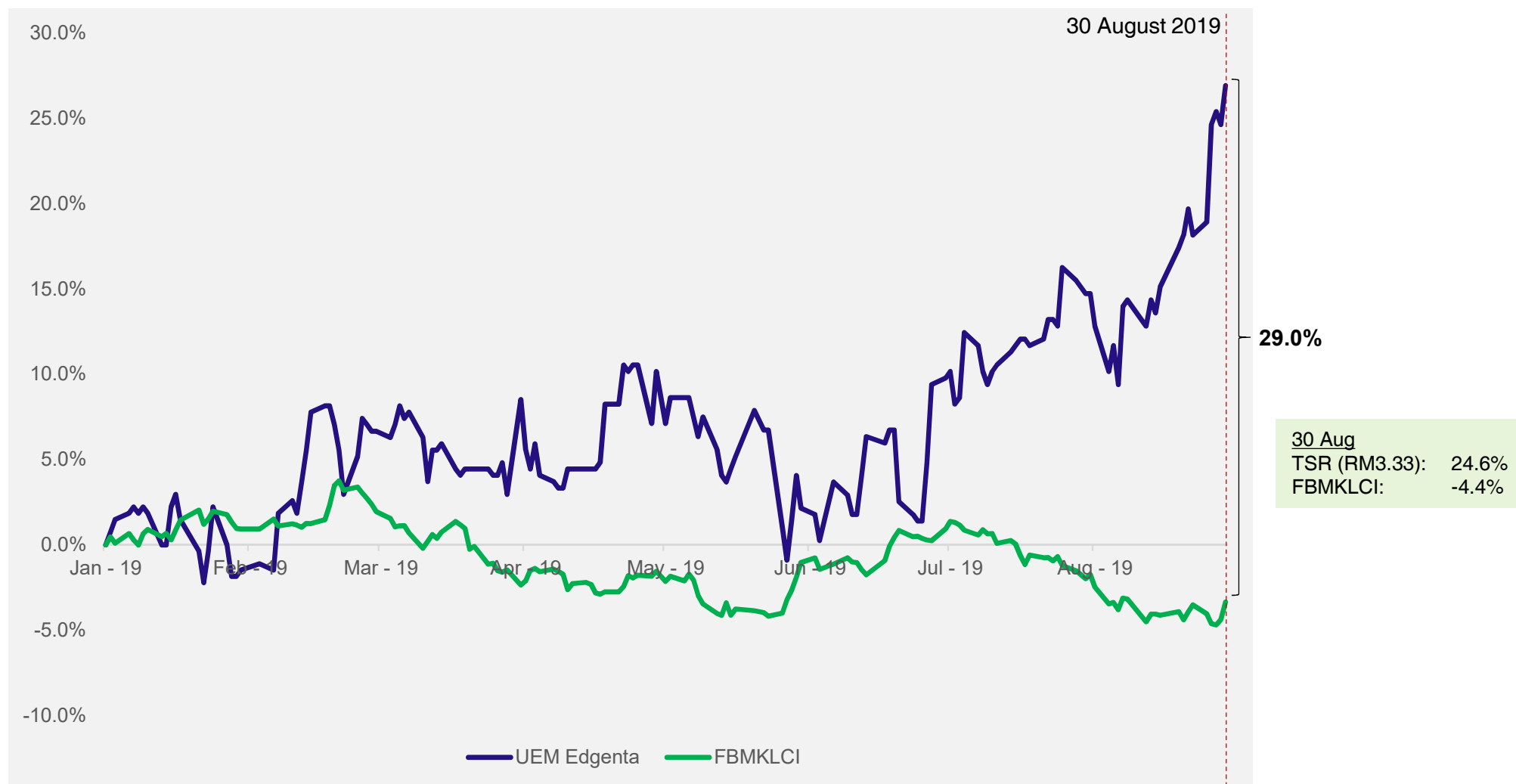
Dividend policy pay-out ratio is **between 50% and 80% of PATANCI**

TOTAL SHAREHOLDER RETURN (TSR)

UEM Edgenta's TSR exceeded the KLCI index by 29.0% from 2 Jan 2018 to 30 Aug 2019

Total Shareholder Returns (2 January 2019 – 30 August 2019)

Edgenta TSR (*Adjusted Close price of RM2.62 – RM3.33)	▲	24.6%
FBM KLCI (1,668.1 – 1,612.1)	▼	-4.4%



*Dividend factor adjustments

Section 3

Business Division Updates & Prospects

ASSET MANAGEMENT - HEALTHCARE SERVICES

Optimise margins of newly secured contracts and secure more business

1H FY2019 PERFORMANCE (vs. 1H FY2018)

- Revenue increased by 19.7% on an overall basis (both Concession and Commercial) due to new contracts secured across all regions.
- PAT increased on an overall basis by 23.0% on the back of increased revenue as well as improved efficiency in the concession business.

Concession		Commercial	
Revenue	PAT	Revenue	PAT
RM237.4 mil	RM28.1 mil	RM311.0 mil	RM23.7mil
▼ 9.5% y-o-y (RM216.8 mil)	▲ 44.1% y-o-y (RM19.5 mil)	▲ 28.8% y-o-y (RM241.4 mil)	▲ 4.9% y-o-y (RM22.6 mil)

OUTLOOK & PROSPECTS FOR 2019

- In Malaysia, Edgenta is looking into cross-selling and sharing of best practices between its concession and commercial businesses. Prospects are strong on the back of growth in no. of hospitals, amid ageing population and increasing life expectancy trends.
- In the Healthcare Commercial business, Edgenta is confident on securing more business in Singapore given the ongoing re-clustering of hospitals exercise, as well as in Taiwan.
- Edgenta will continue to focus on optimising the margins of newly secured contracts through operational excellence and technology.



Successful implementation of RFID technology for linen tagging at Hospital Sultanah Bahiyah and 2 other Ministry of Health Malaysia hospitals



Successfully taken over the housekeeping services at the 1,000-bed Changi General Hospital, Singapore



Deployment of Blood Bank Information System in Ministry Of Health Malaysia blood banks and hospitals

ASSET MANAGEMENT - PROPERTY & FACILITY SOLUTIONS

Focused on customers' asset enhancement particularly in the industrial sector

1H FY2019 PERFORMANCE (vs. 1H FY2018)

- Decline in revenue and PAT due to facilities and township management projects completed during the period.

Revenue

RM83.4 mil

▼ **13.2%**

(RM96.1 mil)

PAT

RM8.9 mil

▼ **22.0%**

(RM11.4 mil)

OUTLOOK & PROSPECTS FOR 2019

- In 2019, the Company continues to differentiate its service offerings via the in-house development of technology solutions that inculcate artificial intelligence and machine learning. These solutions enable predictive maintenance, efficient work order management, and remote real-time monitoring to support decision-making by both our operations personnel and the client.
- Moving forward, with its proposition of asset enhancement, Edgenta will focus securing more higher quality revenue particularly in the industrial sector.



Raja Permaisuri Bainun Hospital,
Ipoh – Energy Performance
Contracting (“EPC”) project



EPC carried out at Proton's Centre of
Excellence HQ



Integrated Facility Management (IFM)
contract for Menara Bumiputra-
Commerce for Pelaburan Hartanah
Berhad

INFRASTRUCTURE SOLUTIONS - INFRA SERVICES

New contracts with efficiency-based elements

1H FY2019 PERFORMANCE (vs. 1H FY2018)

- Moderate increase in revenue by 2.2% arising from higher works done for expressway maintenance business.
- Decrease in PAT by 6.2% due to increased operational costs.

Revenue
RM389.4 mil
▲ 2.2% y-o-y
(RM381.1 mil)

PAT
RM35.4 mil
▼ 6.2% y-o-y
(RM37.7 mil)

OUTLOOK & PROSPECTS FOR 2019

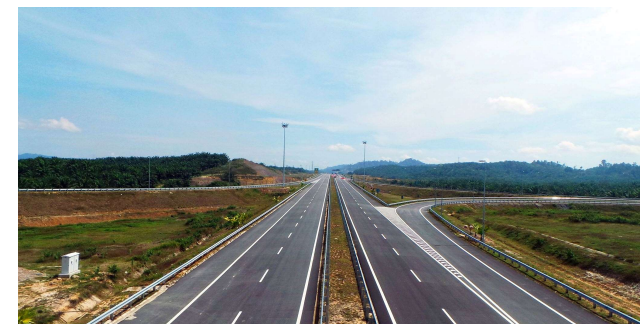
- The learnings from the Performance-Based Contracting pilot undertaken in early 2019 has enabled Infra Services to now focus on securing new contracts with efficiency-based elements in the expressway maintenance business.
- With almost 30 years' track record, experience and knowledge to deliver maintenance services at scale, Edgenta is on track to further improve and modernise its service delivery through technology & innovation, e.g. introduce more automated and mechanised solutions to capture cost-efficiencies.
- Additionally, leveraging on its presence in Indonesia via its maintenance of the 115-km Cipali highway (part of the Trans-Java network), the Company is also seeking further long-term growth opportunities in Indonesia.



Launch of mechanised vehicles and MoU signing between Malaysia Highway Authority, Construction Industry Development Board Malaysia and UEM Edgenta



Rolled out the Road Asset Management System across operations on the North-South Expressway



Received award for LPT2 Pavement Structural Overlay ("PSO") works, first award of its kind in that network

INFRASTRUCTURE SOLUTIONS - CONSULTANCY

Focused on delivering work in hand

1H FY2019 PERFORMANCE (vs. 1H FY2018)

- Lower revenue and PAT in turn due to lower consultancy works done in the current period, mainly due to the delay in materialisation of consultancy works mainly in Pan Borneo Sabah.

Revenue	PAT
RM64.6 mil	RM5.6 mil
▼ 1.9% y-o-y (RM65.8 mil)	▼ 58.1% y-o-y (RM13.3 mil)

OUTLOOK & PROSPECTS FOR 2019

- Challenging first half for the Malaysian infrastructure industry; the Company is cautiously optimistic of its prospects on the back of announcements on continuation of several key infrastructure projects by the Government.
- The Consultancy Division will focus on delivering its services for the newly-secured Sarawak's Coastal Road Network and Second Trunk Roads project while continuing to deliver the Pan Borneo Highway Sabah packages that have already been awarded.



Project management consultant for the Sarawak Coastal Road Network and Second Trunk Roads Project



Network Maintenance Management for the North-South Expressway

Section 4

FY2019 Outlook

GROWTH PILLARS

Our growth pillars of revenue growth and margin expansion



GROWTH



1 Revenue Growth

Stable revenue base	Organic revenue growth
<ol style="list-style-type: none">1. Concession contract2. Long term maintenance agreement3. Strong track record of contract renewals	<ol style="list-style-type: none">1. Healthy pipeline of projects2. Exploring regional expansion3. Cross-selling between divisions



2 Margin Expansion

Changing the delivery model	Tech, Innovation & Ops. Excellence
Moving from a conventional, input-based model towards an outcome-driven one, with efficiency-based elements	<ol style="list-style-type: none">1. Automation & mechanisation2. Machine learning & artificial intelligence3. Innovation & process improvements via LEAN programmes and innovation garages4. Innovative materials & testing5. Platforms and systems6. New contracting strategy7. UEM Edgenta Learning Centre

Opportunistic M&As and partnerships

1

REVENUE GROWTH – Stable Revenue Base

Our Work In Hand remains healthy at RM13.2 bil, with replenishment via new regional contracts won in Singapore, Taiwan as well as Dubai

As at 30 June 2019

Divisions	Estimated Work-in-hand	
	RM'mil	%
Healthcare		
Healthcare Concession	2,876.6	21.8
Healthcare Commercial	914.8	6.9
Total	3,791.4	28.7
Property & Facility Solutions	534.1	4.1
Infrastructure Services	8,394.2	63.7
Consultancy	466.2	3.5
Total	13,186.0	100.0

1 REVENUE GROWTH – Organic Revenue Growth

Examples of our recent project wins



Project management consultant for Coastal Road Network and Second Trunk Roads worth up to RM50 mil



Provision of Hospital Support Services to Ministry Of Health Singapore's restructured hospitals worth up to RM540.0 mil



Architecture and Green Design & Build work for Hyundai-Sime Darby Motors worth RM45.2 mil



Energy Performance Contract at Kepala Batas Hospital worth RM5.0 mil



Comprehensive Facility Management Services at Bank Negara Malaysia Recovery Centre (Shah Alam) and Johor worth up to RM12.4 mil

MARGIN EXPANSION - Technology, innovation & operational excellence

Continuous effort to increase efficiency and drive margin improvement

Technology, Innovation and Operational Excellence

Transforming Work via:

- Automation & mechanisation, e.g. autonomous scrubbers, delivery robots, UV sterilisation
- QR code tracking
- RFID, asset monitoring sensors, GPS Trackers
- Drones



EQUIPMENT

MATERIAL

Innovative Materials & Testing:

- Pavement Research Lab** to develop new asphalt mixes and innovative techniques & pavement design
- Environmental Material Testing Lab** for testing & monitoring services, and pavement condition assessment
 - Operations Central Workshop** to test, calibrate and repair biomedical equipment for the northern region of Peninsula Malaysia



PROCESSES

SYSTEMS

In-house Creation of Tech Platforms:



Sensors



Cloud based



Wireless

Work Process Improvements:

- UEM Edgenta Learning Centre**
- LEAN** Programmes (incl. High Performance Work System)
- Innovation Garages** under Khazanah's TIDE Programme
- Asset-based** P&L accountability
- Moving from input-based and working towards **outcome-driven delivery model**



HSSE

COMMAND & CONTACT CENTRE
AN EDGENTA SOLUTION



→ Work order management system for Infra Services



Mobile resource optimisation platform for Healthcare Services

→ **Smart Connect**
An integrated facilities management system built on Microsoft's Azure IoT Hub and Machine Learning

These initiatives are expected to drive efficiency and significant cost savings, resulting in margin improvements

2

MARGIN EXPANSION - Technology, innovation & operational excellence

Early adoption of Artificial Intelligence and Machine Learning

COMMAND & CONTACT CENTRE AN EDGENTA SOLUTION



UETRACK™
AN EDGENTA SOLUTION



RAMS



SMART CONNECT
AN EDGENTA SOLUTION

Proprietary systems to power our efficiency & daily operations for the convenience of our 18,000 employees in the region

32 Hospitals online

241 Ambulances tracked

2,100 Portering jobs daily per hospital

>60,000 Laundry & Linen RFID trackers

>6,900 Hospital FM devices measured

>120,000 Unscheduled work orders closed in H1 2019

34 Properties online

>1,000 KMs of Highway kilometres monitored

>1,100 Edgenta vehicles monitored

As at August 2019



Section 5

Investment Rationale

INVESTMENT RATIONALE

Solid returns to shareholders via consistent and sustainable dividends on the back of strong financials; resilient and defensive with growth & attractive value

1

CONSISTENT AND SUSTAINABLE DIVIDENDS

- **Consistent Dividends:**
Consistent pay-out ratio above 50% for the past 5 years
- **Dividend Policy:** 1H FY2019 dividend pay-out ratio at 74% of PATANCI, which is in line with dividend policy pay-out of between 50-80% of PATANCI
- **Dividend Payout:**
Dividend payout in 1H FY2019 of 6.0 sen represents an attractive yield of 4.5% on a rolling 12-months basis

2

RESILIENT AND DEFENSIVE STOCK

- **Defensive Sectors:**
Resilient sectors mainly Healthcare and Infrastructure comprising over ~90% of our revenue and profit
- **Work In Hand:**
Remains healthy at RM13.2 bil as at 30 June 2019

3

GROWTH & ATTRACTIVE VALUE

- **1H FY2019 Revenue and PAT growth** of 10.4% and 4.6% respectively on Y-o-Y basis
- Continued **organic revenue growth and margin expansion** as well as continuous effort to increase efficiency and drive margin improvement

Thank You



A member of **UEM Group**

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