



# Analyst & Media Briefing FY2023

29 February 2024

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# Analyst & Media Briefing FY2023

29 February 2024

1. FY2023 in Review
2. Group Financial Highlights
3. Business Update & Prospects
4. Q&A

# FY2023: Strong revenue delivery with moderated profit

2 sen dividend declared

## REVENUE

**RM806.9mil**

▲ 11.9% QoQ (vs Q3 FY23)

▲ 13.6% YoY (vs Q4 FY22)

**RM2,879.0mil**

▲ 14.1% YoY (vs FY22)

## PAT

**RM1.5mil**

▼ -71.8% QoQ (vs Q3 FY23)

▼ -92.9% YoY (vs Q4 FY22)

**RM30.1mil**

▼ -34.1% YoY (vs FY22)



## DIVIDEND

**2 sen** per share single-tier interim dividend

## BALANCE SHEET

- ✓ Net asset per share of **RM1.95**
- ✓ Net cash of **RM154.3mil**
- ✓ Gross Gearing ratio of **0.30x**

## Double digit topline growth, bottomline moderated

- **Highest revenue in 6 years**, driven by realized workorders from strong year-on-year contract wins
- Profit moderated by **global inflationary pressure, increasing cost of doing business**

## Healthy orderbook and new wins

- **Record new wins of RM2bil**, exceeded FY2023 target
- **Strong orderbook replenishment** from both **domestic & international** operations, 52% international new wins
- **43% tech-enabled** new wins for FY2023

## EoTF2025 driving long-term resilience

- **Broaden clientele & services in core markets** – adjacent clients & services in Malaysia, Singapore & Taiwan
- **Operationalisation & integration in high growth markets** – EAL-MEEM go-to-market strategy in KSA, Operon-KAIZEN integrated real estate services platform strategy in UAE
- **82%** of target savings achieved, on track to achieve RM100m savings per EoTF2025 target

# Amidst a confluence of macroeconomic and business challenges

## 2023: A year with persistently high input costs for businesses

**Mar:** MCO 1.0

**Jan:** MCO 2.0

**Feb:** Russian invasion of Ukraine derailed post-Covid recovery

**Jan:** Increased progressive wage in TW & SG (2H2023)

**Aug:** End of Proclamation of Emergency in Malaysia

**Jul:** Highest FED rate at 5.5%

**Oct:** Malaysia allows interstate & overseas travel

**Apr:** Endemic stage

**Sept:** Oil prices surged to highest level in >1yr

**May:** Min wage raised in MY; OPR +25bps

**Oct:** Middle East conflict started

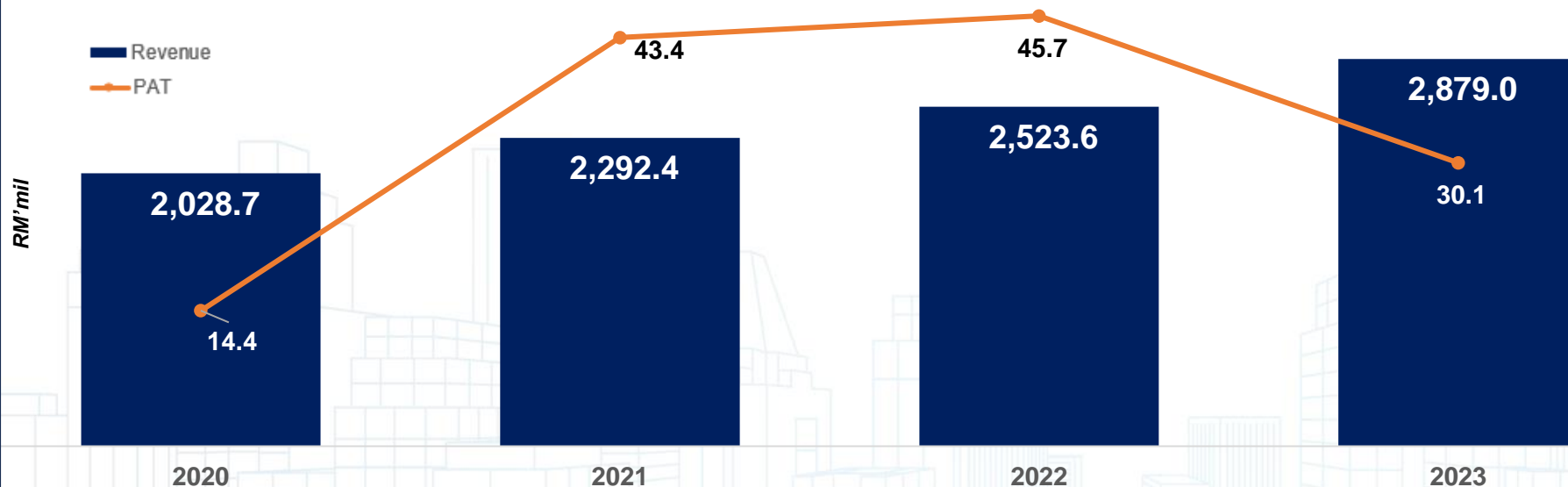
**Nov:** USD/MYR reached 4.67

Hospitals cost and capacity constraints; significant drop in traffic volume on highways

New Normal: Covid management, WFH, digitalization, cashflow preservation

Supply chain disruptions led to high food, energy and commodity prices

Geopolitical tensions, weak global growth with continued supply chain disruption. Cost-push inflation for businesses



### Topline Growth Drivers

- Quality execution & track record support strong orderbook replenishment YoY
- Commencement of revenue contribution from new investment (KSA)
- Strengthening of SGD against MYR

### Bottomline Impact

- Persistent rising cost of raw materials & labour costs
- Flow-through rising cost impact from vendors/ subcontractors (+32.6% YoY)
- Full year impact of minimum wage in Malaysia & progressive wage in TW & half year impact in SG (MY: +25%; SG: +20%; TW: +4.6% YoY)
- Initial investments/costs in growth business

# Path to Sustainable Profitability

Targeted RM150m over 5 years in addition to RM82m realized cost savings thus far

## GOALS

- 1) Mitigate structural challenges in the short-term
- 2) Charting transformational growth in the medium-to-long-term

## LEVERS

### Cost

- ✓ Spend prioritisation
- ✓ Identified **cost optimization & rationalisation levers**
- ✓ **Across all levels** - Corporate & Business Units, cost of sales & opex
- ✓ **Target Phase 1: 10% improvement in addressable cost**

### Operating Model

- ✓ Simplify org & corp structure
- ✓ **Efficient supply chain management** – subcon, materials
- ✓ **Contract renegotiation**
- ✓ **Cross-deployment of resources** eg UAE-KSA
- ✓ **Tech and digitalisation** to streamline operations

### Portfolio

- ✓ **De-risk business portfolio profile** through diversification
- ✓ **Re-evaluate** business & market presence:
  - **Prioritise** where there is high conviction and Right to Win
  - **Monetize** non-core businesses
  - **Opportunistically** exploring selective plays

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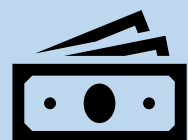
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## Q4 FY2023 Financial Position & Ratio

Net asset remained strong, net cash declined to support working capital and growth investment needs

# KEY FINANCIAL POSITION & RATIO

TOTAL ASSETS	NET ASSET PER SHARE	GROSS GEARING RATIO	NET CASH	CASH & BANK BALANCES
<b>RM 2.97bil</b>  FY22: RM 2.87bil	<b>RM1.96</b>  FY22: RM1.90	<b>0.30x</b>  FY22: 0.29x	<b>RM154.3mil</b>  FY22: RM247.9 mil	<b>RM644.2mil</b>  FY22: RM706.7 mil



### Dividend Payout

FY23: 2 sen (^2.0%)

FY22: 4 sen (\*4.2%)

\*Dividend yield based on last traded price @ 27 Feb 2023

^ Dividend yield based on share price @ 26 Feb 2024



# QoQ & YoY Financial Highlights

RM'mil (unless otherwise stated)	QoQ					YoY				
	Q4 FY23	Q3 FY23		Variance		FY2023	FY2022		Variance	
Revenue	806.9	721.1	▲	85.9	11.9%	2,879.0	2,523.6	▲	355.4	14.1%
EBITDA	24.8	44.8	▼	-20.1	-44.8%	158.9	179.9	▼	-21.0	-11.7%
EBITDA Margin (%)	3.1%	6.2%	▼	-3.2%		5.5%	7.1%	▼	-1.6%	
PBT	1.2	18.0	▼	-16.8	-93.2%	63.7	93.8	▼	-30.1	-32.1%
PBT Margin (%)	0.2%	2.5%	▼	-2.3%		2.2%	3.7%	▼	-1.5%	
PAT	1.5	5.2	▼	-3.8	-71.8%	30.1	45.7	▼	-15.6	-34.1%
PAT Margin (%)	0.2%	0.7%	-	-0.5%		1.0%	1.8%	-	-0.8%	
Normalised PAT*	2.0	6.0	▼	-4.0	-67.3%	31.3	62.9	▼	-31.6	-50.2%
Normalised PAT Margin (%)	0.2%	0.8%	-	-0.6%		1.1%	2.5%	▼	-1.4%	
PATANCI	2.3	5.1	▼	-2.7	-53.9%	30.8	45.9	▼	-15.1	-32.8%
PATANCI Margin (%)	0.3%	0.7%	-	-0.4%		1.1%	1.8%	-	-0.7%	
Basic EPS (Sen)	0.28	0.61	▼	-1.0	>-100%	3.71	5.52	▼	-1.8	-32.8%

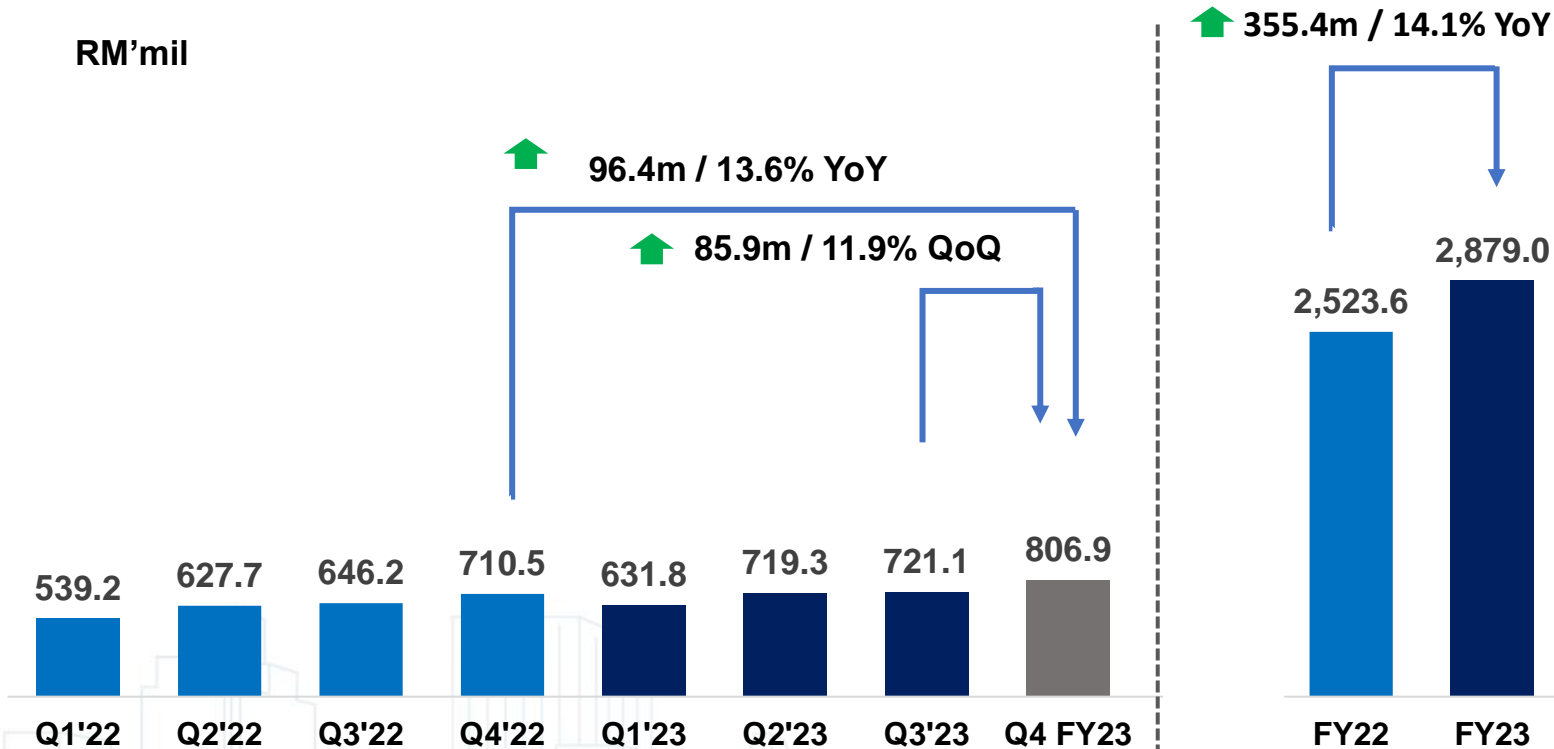
Normalised items:

FY 2022 Net of tax : Rationalisations cost 9.9mil, inventory written off 12.7mil, tax audit settlement 6.9mil and land revaluation -12.2mil

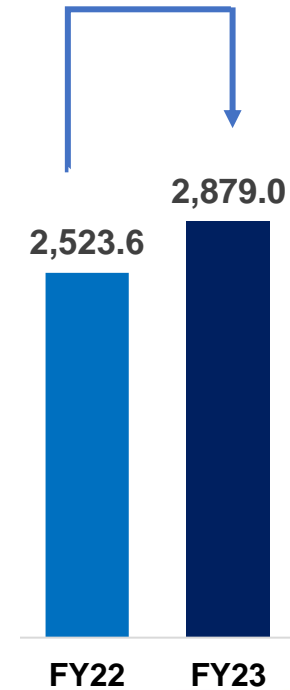
Q4 2023 Net of tax : Rationalisation cost 0.9mil and land revaluation -0.4mil

Q4 2022 Net of tax: Rationalization cost 0.5mil

RM'mil



$\uparrow 355.4\text{m} / 14.1\% \text{ YoY}$

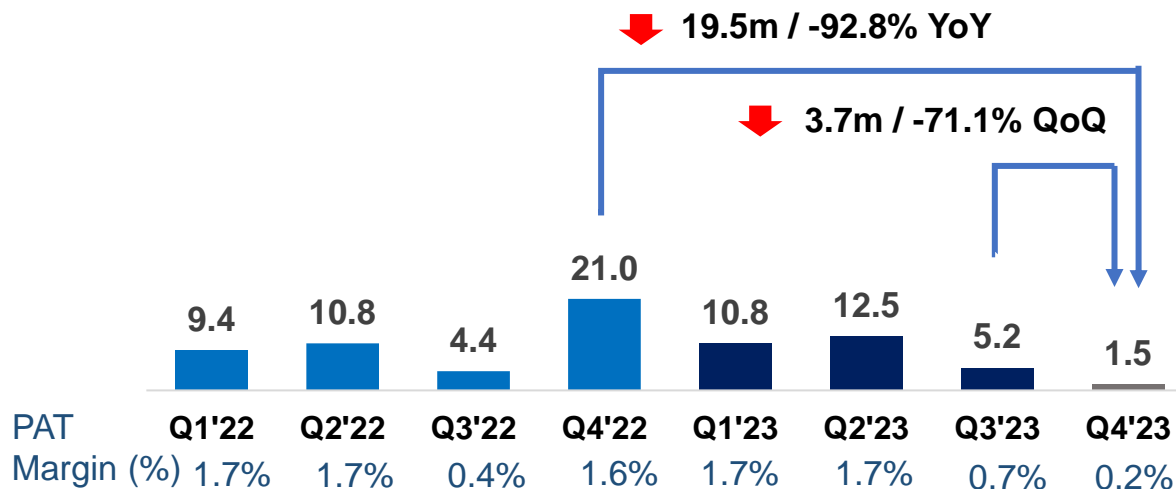


- Revenue growth in FY2023 has surpassed 12% target under EoTF25.
- The Group experienced **11.9%** growth in revenue **in Q4**, with full-year revenue increased to **RM2.8bil (+14.1% YoY)**.
- The strong revenue was attributed to the increase in **PLUS infrastructure service works** and **new contracts secured in healthcare support services** (especially in **Singapore** and **Taiwan**), supported by **strengthening of SGD against MYR**
- In addition, **workorders were realized from healthy contract wins** across businesses over the last few years and the **commencement of revenue contribution from KSA**.

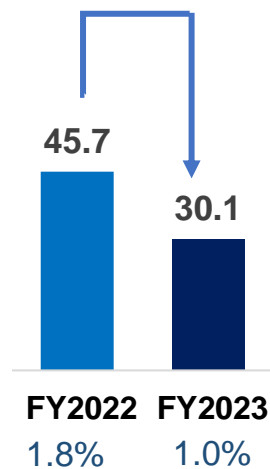
# Financial Highlights: Profit After Tax (PAT)

## Reported PAT

RM'mil

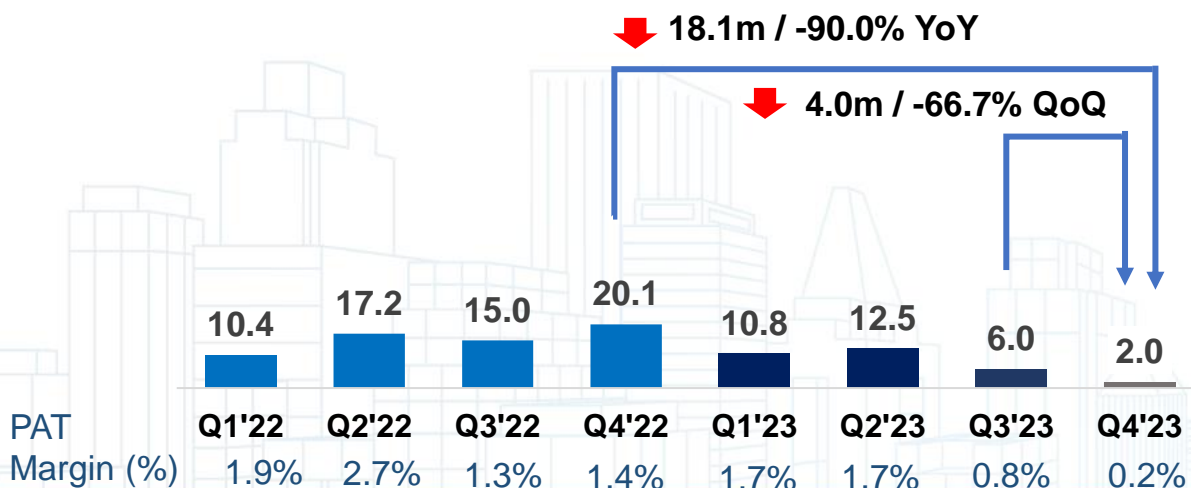


↓ 15.6m / -34.1% YoY

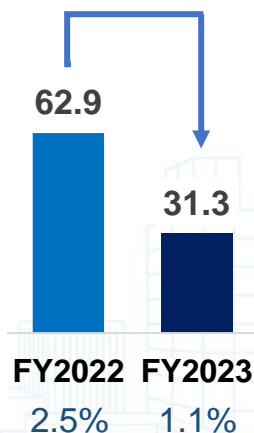


## Normalized PAT

RM'mil



↓ 31.6m / -50.2% YoY



- **Cost-push inflationary pressure** with persistent rising cost of raw materials and **labour costs** has directly impacted PAT across all divisions.
- Margin compression was compounded by the **flow-through impact from vendors/subcontractors**.
- These have contributed to the PAT decline to **RM30.1mil (-34.1% YoY)**.
- The decline in Normalised PAT primarily caused by higher cost incurred by **Healthcare Concession** (incl. one-off repair cost for BEMS machine breakdown and **renewal of subcontracts at higher price**), as well as the **investment costs in growth businesses**.

### PAT Normalisation Items

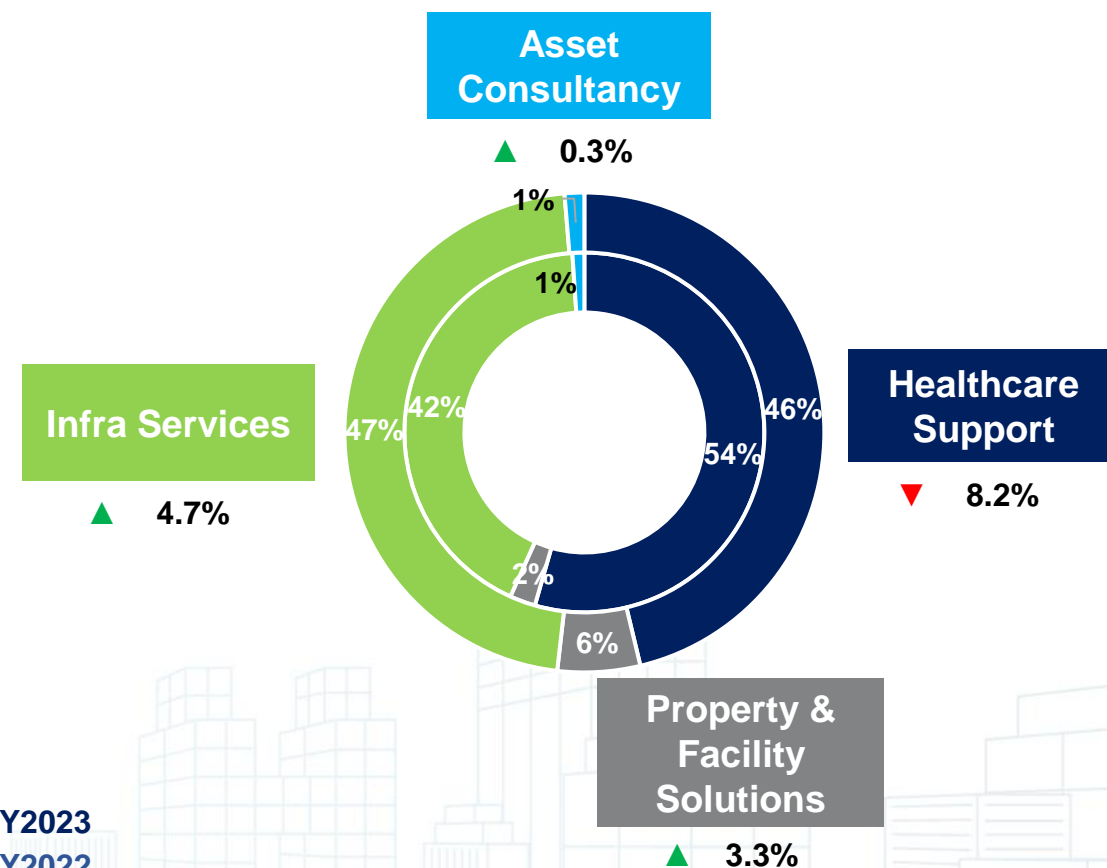
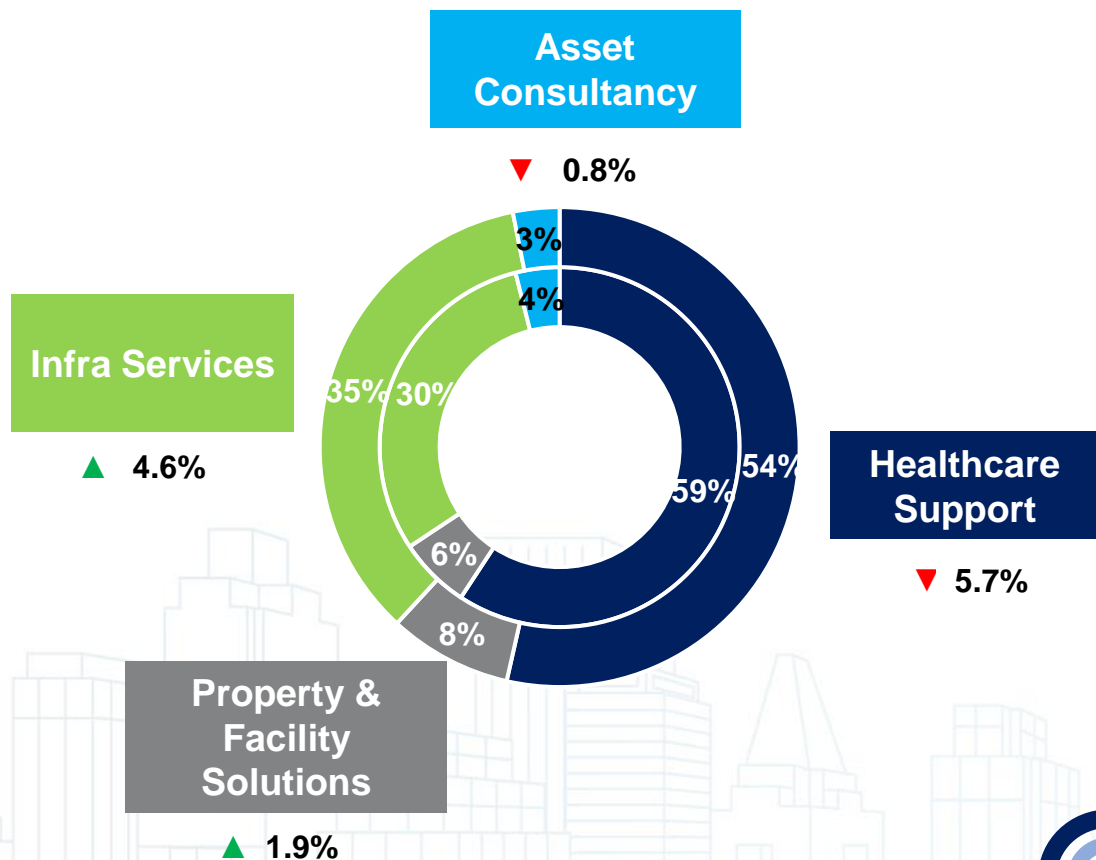
- FY 2022 and FY2023 - Staff Rationalisation Cost
- FY2022 Inventory Written Off (unsold test kits)
- FY 2022 Tax Audit Settlement
- FY 2022 and FY2023 Land Revaluation

# FY2023 Segmental Contribution

Healthcare Support and Infra Services segments remain key contributors for revenue and PAT

Revenue (RM'mil)			
FY2023	FY2022	Variance	
2,879.05	2,523.6	▲ 355.4	14.1%

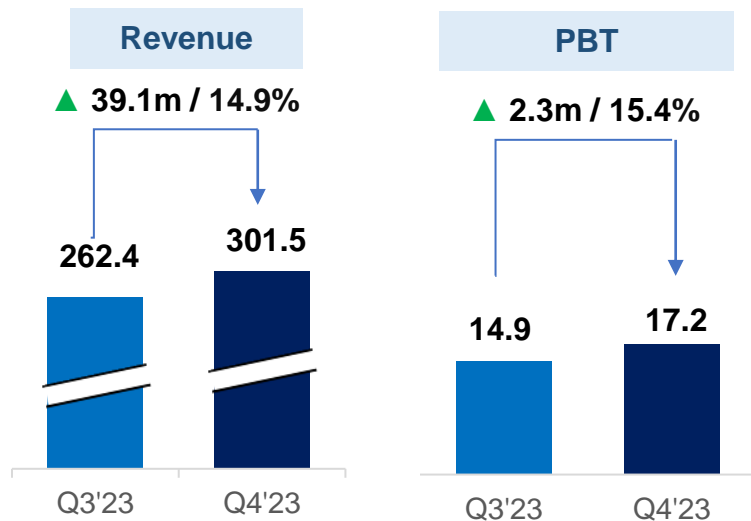
Normalised PAT (RM'mil)			
FY2023	FY2022	Variance	
31.3	62.9	▼ 31.6	-50.2%



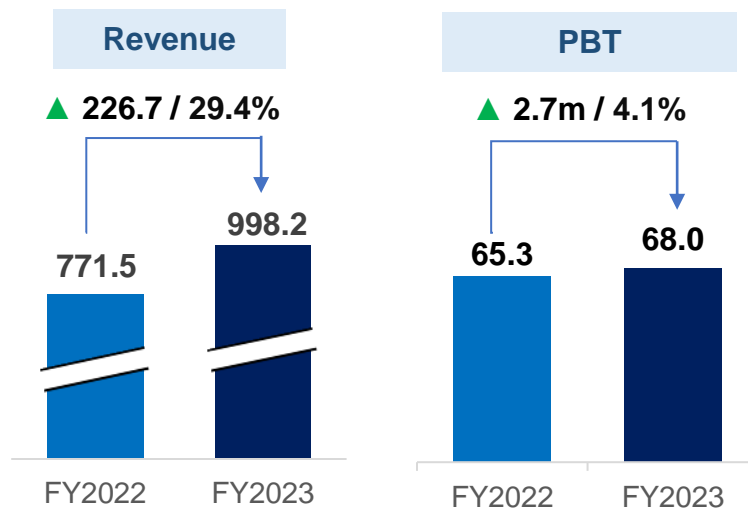
\* Chart excludes Property Development and others/elimination

## Infrastructure Services

### QoQ (RM'm)



### YoY (RM'm)



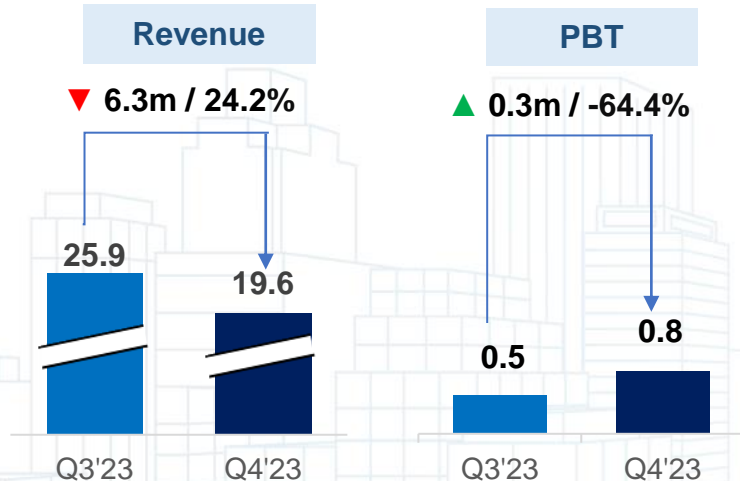
- Full year revenue was higher mainly driven by the **AWP spilled over from last year and higher work volume.**

- **Higher normalized PBT** primarily driven by higher revenue, partially offset by the impact of rising material and subcontractor costs.

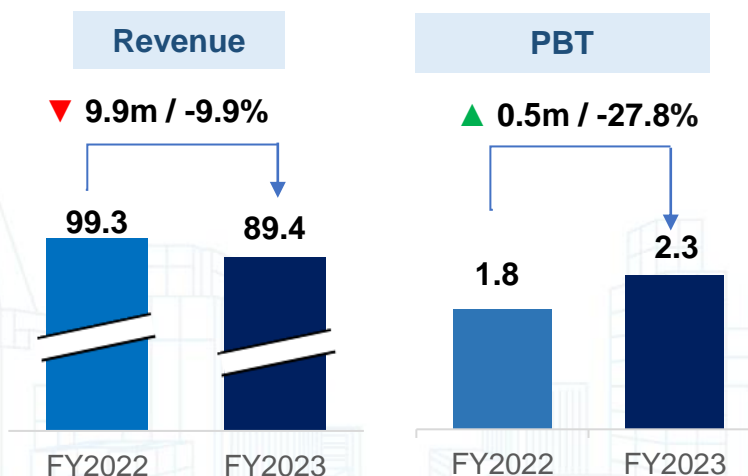
- *FY2022: Normalised for staff rationalisation cost RM12.7mil*

## Asset Consultancy

### QoQ (RM'm)



### YoY (RM'm)

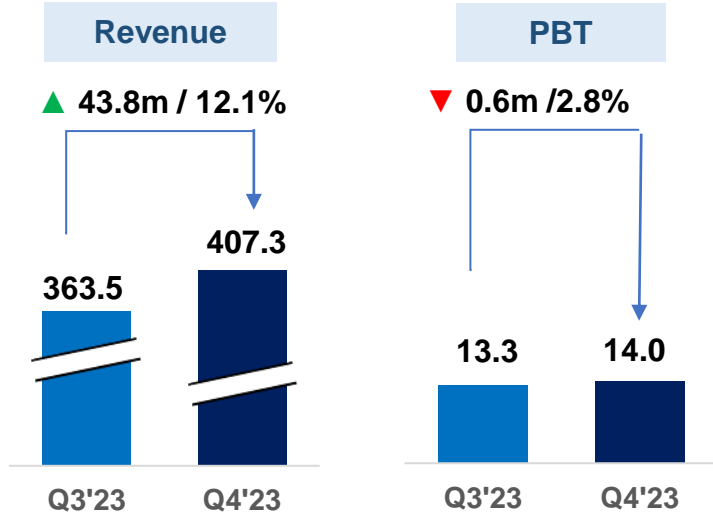


- Lower revenue was mainly due to **Stop Work Order for KUTS project in Sep'22** and Pan Borneo Sarawak.

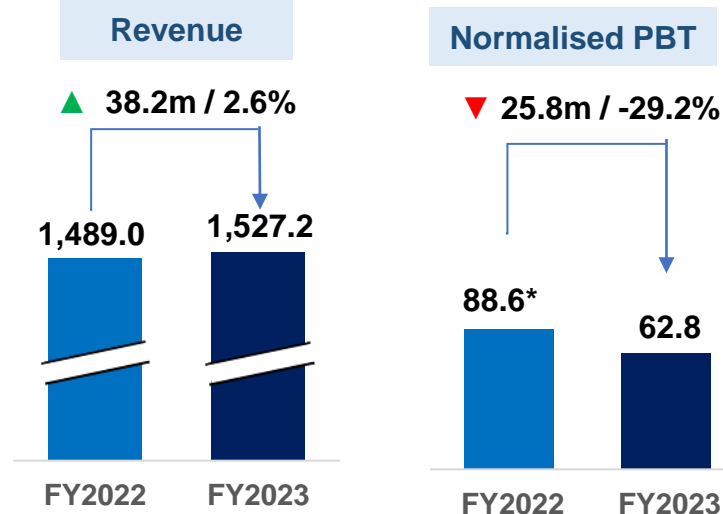
- Higher PBT is a direct flowthrough from higher GP margin mainly contributed by the **final claim for KUTS in Q3 2023**.

## Healthcare Support

### QoQ (RM'm)



### YoY (RM'm)

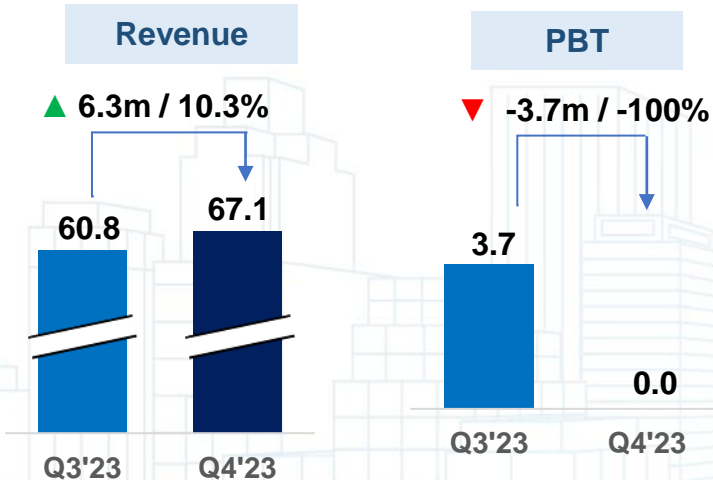


- Higher revenue primarily contributed by **SG & TW**, driven by **commencement of new projects** and **renewal of existing projects**, supported by the appreciation of **SGD** against **MYR**.
- Higher cost of supporting hospital operations overall** (incl. increase in min. wage, one-off BEMS machine repair cost, OT), has led to **cost escalation** across all operating markets, compounded by the **cessation of Covid-19 related business in FY2023** (Penang Airport Project, TTSH, E-bracelet and Hybrid ICU), causing a **-RM25.8mil (-29.2% YoY)** decrease in Normalized PBT

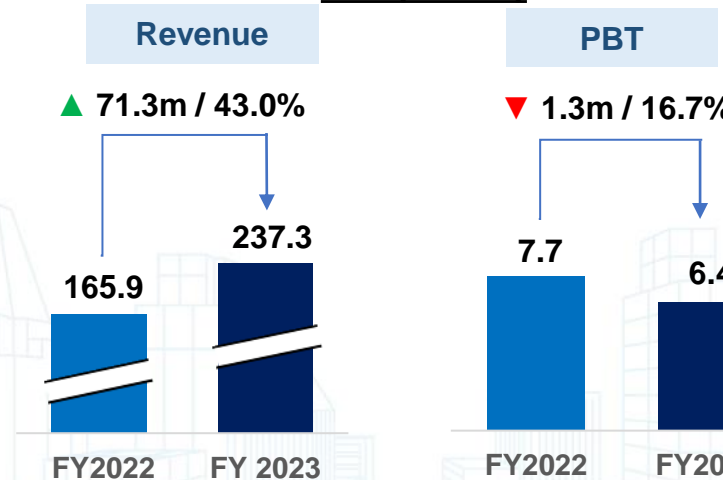
\* FY'22: Normalised for provision of impairment for inventories RM12.8mil

## Property & Facility Solutions

### QoQ (RM'm)



### YoY (RM'm)



- Higher revenue attributed to **new contracts secured in Dubai** and **VO works for PFS Malaysia**.
- PBT decreased by **RM1.3 million (16.7% YoY)** as a result of declining GP margin, due to the cost of **clearing backlog work orders**, **increased operating expenses**, and margin compression brought on by **increased labour and subcontractor costs**.

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# Our key strategic initiatives towards EOTF25

Bold moves were made with early strategic success



**Expand footprint and deepen solutions base**

**Goal** 12% revenue growth p.a. over 5Y

**Status** **12%**  
CAGR growth from FY2020-FY2023



**Extract value from core businesses**

**Goal** RM100 mil cost savings over 5Y

**Status** **RM81.8 mil**  
Cost savings from FY21 – FY23



**Enhance product and technology proposition**

**Goal** Drive differentiation through tech-based solutions

**Status** **~RM2.2 bil**  
tech-enabled wins from FY21 – FY23

## Key Highlights

### Business Expansion in Middle East



**KAIZEN Group** acquisition - **upward integration** through a curated & integrated real estate services platform



### Business Expansion in PAN Borneo



Infra secured **contracts** for the Cikopo-Palimanan Toll Road

### International Partnerships

Enhancing Edgenta's Global Franchise



IoT Platform Strategic Partnerships



### Procurement Initiatives

- Bulk purchasing & LEAN programme
- Digitalisation & mechanisation
- Supplier Financing Programme & Strategic Vendor Programme

### Fit-for-Purpose Organisation

- Optimisation of work process to reduce costs
- Right sizing manpower

### Service Improvement with PLUS

- Truck Mounted Attenuator (TMA) as one of SMART Highway initiatives

### OPUS Sustainability Solutions

- Repositioned as Sustainability Solutions provider

### Asseto Deployment



**10 PFS sites**: on-boarded  
**CIMB, KLCC sites & Iskandar Educuity**: on-boarding commenced

### Tech Proposition Enhancement

- Implementation of robots such as **Smart Toilet** designs at Kaohsiung Veterans General Hospital and Taipei Veteran General Hospital in Singapore

### Expansion of UETrack™ Solutions



Successful roll-out of new **UETrack™** Portering and EM Mobile App systems to 11 and 24 facilities in Taiwan respectively

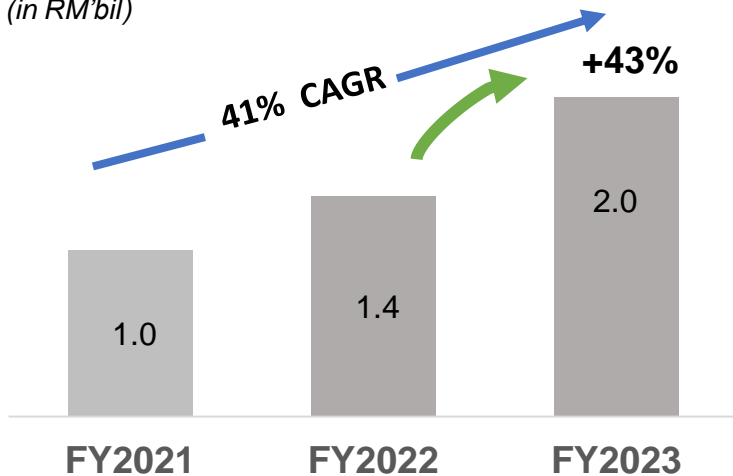
Successfully signed MOU in with **6 Tech companies** to further enhance the capabilities of UETrack™ product.



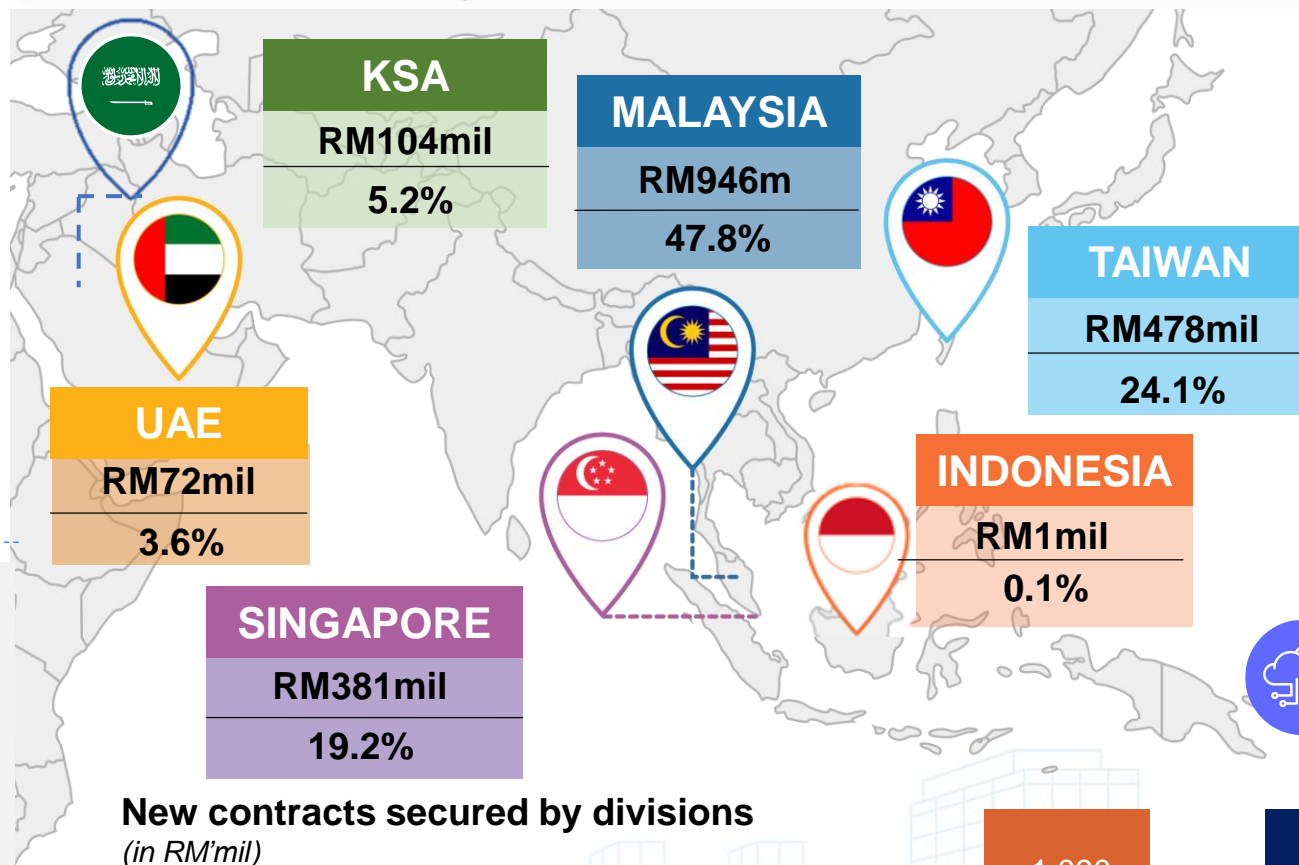
# FY2023 new wins of RM2bil, exceeded target

## 43% y-o-y growth in new wins

(in RM'bil)

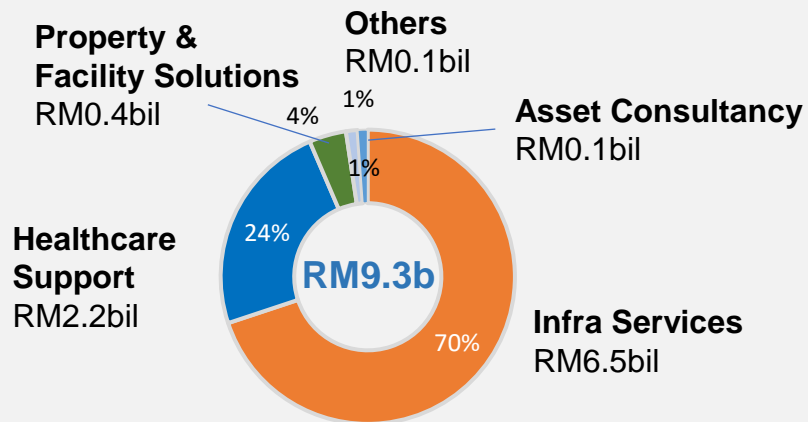


## Successfully secured high new wins both domestically & internationally



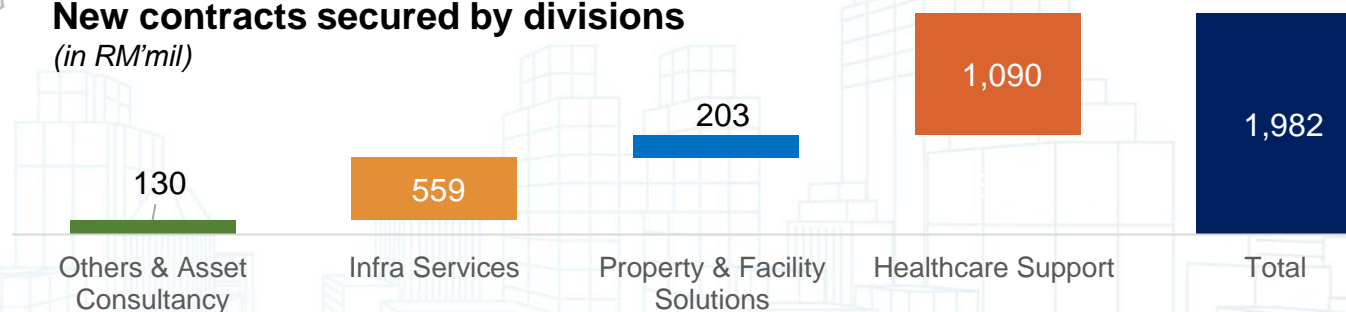
**52%**  
International new wins

## RM9.3bil orderbook as at 31 December 2023



## New contracts secured by divisions

(in RM'mil)



**43%**  
tech-enabled new wins

# Solid domestic position

Captured new clients & services beyond concession



## HEALTHCARE SUPPORT

Continued relationship with MOH providing healthcare solutions beyond concession & growing private healthcare clientele

Cyberjaya Hospital



Hospital Tunku Azizah



## PROPERTY & FACILITY SOLUTIONS

Championing technology & sustainability solutions

KLCC Urusharta



CIMB Nationwide



The Exchange TRX



Mydin Hypermarket



# RM946m

FY2023 new wins

## INFRASTRUCTURE SERVICES

Maintain market dominance with additional state roads

Selangor State Road



Pasir Gudang Highway



Johor State Road



## ASSET CONSULTANCY

Strengthened core business & pivoting into EES

Jalan Sultan Tengah



SUKE highway



Institut Penyelidikan Kesihatan Bersepadu



# Diversification across services and markets at international front



## RM859m

FY2023 new wins

**EDGENTA UEMS**

~90% contract renewal rate with strong credibility & track record

### Quality clientele expansion

- SG: Expand hospitality business - growth in the client base & provision of new services – 9 new hospitality clients



- TW: Secured 3 new commercial projects & started Facility Engineering business contract

### Enhanced tech proposition

- New UETrack™ - Portering and EM Mobile App system successfully been rolled out to 11 and 24 facilities in TW respectively
- Intense use of cleaning robots in TW (19 robots are used in 18 facilities)



## RM176m

FY2023 new wins

### Successful renewals & entry into Abu Dhabi market



### Curation of integrated real estate services platform

Completion of acquisition of KAIZEN Group



### KSA operationalization through MEEM

Managing ~30 assets across Riyadh, Jeddah & Damman  
Commercial and residential properties



# Latest Strategic Acquisition: KAIZEN Group

Unlocking value by bringing UEM Edgenta's smart buildings & sustainability solutions in Dubai & wider ME market



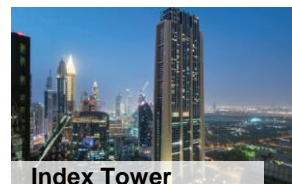
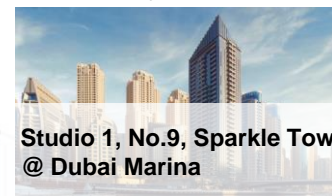
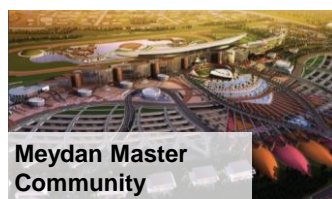
## 60% acquisition in KAIZEN Group

- Acquisition by Edgenta International Investments LLC ("EII")
- To establish a comprehensive & integrated real estate services platform
- Designed to adapt to the rapidly changing demand for end-to-end services and quality lifestyle



16-year track record & strong relationship with >25,000 clientele

### Marquee Projects



Manages a portfolio of over 130 projects in UAE

### Notable Clientele



### Value advantage post-acquisition



**Cross selling** existing services between OME and KAIZEN Group



Fast tracked **relationship building** with KAIZEN Group >25,000 client base



Potential **cost synergies** through HQ functions consolidation



Opportunity to **scale-up property management platform** across UEM Edgenta markets



**Cross pollinating** between KAIZEN & UEM Edgenta tech ecosystem



Fast track **tech revenue growth** within OME & wider UEM Edgenta group

# Well-positioned to address Facilities Management opportunities & challenges

Digital, IOT, sustainability & end-to-end capabilities

## Opportunities



### Outcome-based contracting

Outcome-driven contracts for asset lifecycle management



### Automation & IoT

Transforming managed services from a low margin sector by making asset management smarter



### Rise of Sustainability

Emphasis on green infrastructure, climate adaptation & resilience as fast-growing services



### End-to-end Services

Demanding comprehensive services from design to completion

## Challenges



### Cost-Driven Market

- Escalating manpower cost
- High tech spending & upfront capital costs



### Increasing Competition

- Competition from non-traditional FM players



### Increasing Demand for High Quality

- Growing demand for high-quality services
- Upskilling and training requirements

## OUR POSITION

**Moving towards a global technology-enabled sustainability solutions provider**

### Regional Player

Global presence with quality and smart services as USP

### Frontrunner in Tech Deployment

SaaS, PaaS, digital twin, AI as differentiator & disruptor

### Sustainability as a Service

Sustainability integration throughout the entire lifecycle

### Optimise Delivery Model & Synergies

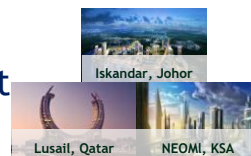
Revenue & cost synergies across business portfolio

# Edgenta has initiated strategic pivots to establish a strong starting point in digital, ESG and new markets



## Strengthening digital assets

- Successfully deploying Asseto to large-scale projects (e.g., KLCC)
- Building strong in-house tech capabilities for healthcare verticals
- Creating ecosystem of partners in the Middle East for an IoT platform
- Actively competing for Smart Building and Smart City contracts



## Building ESG capabilities

- Managing growing portfolio of 19+ green-certified (LEEDS and GBI) buildings
- Over RM100+mn invested in energy efficient projects, with RM30mn captured this year
- Launched OPUS sustainability solutions in Sep '23 with 100+ engineers and RM200mn funding



## Entering new markets

We have strategically built strong relationships in the Middle East

- Managing portfolio of >200 residential and commercial properties for WASL across 8 zones in Dubai
- Managing ~30 residential and commercial assets across Riyadh, Jeddah & Damman
- Partnered with WATAD Group to explore IFM and Smart City opportunities



# Enshrined capabilities to deliver financial and sustainability values to preserve world-class assets, beyond traditional IFM

## WHAT WE DELIVERED

## IMPACT ACHIEVED



Data Repository	Remote Monitoring & Asset Management	Machine Learning & Predictive Analysis
Workforce Management	Contact Centre	GBI Requirements

15% Energy savings at Twin Towers	GBI Score: Gold rating	30% Daylight Factor
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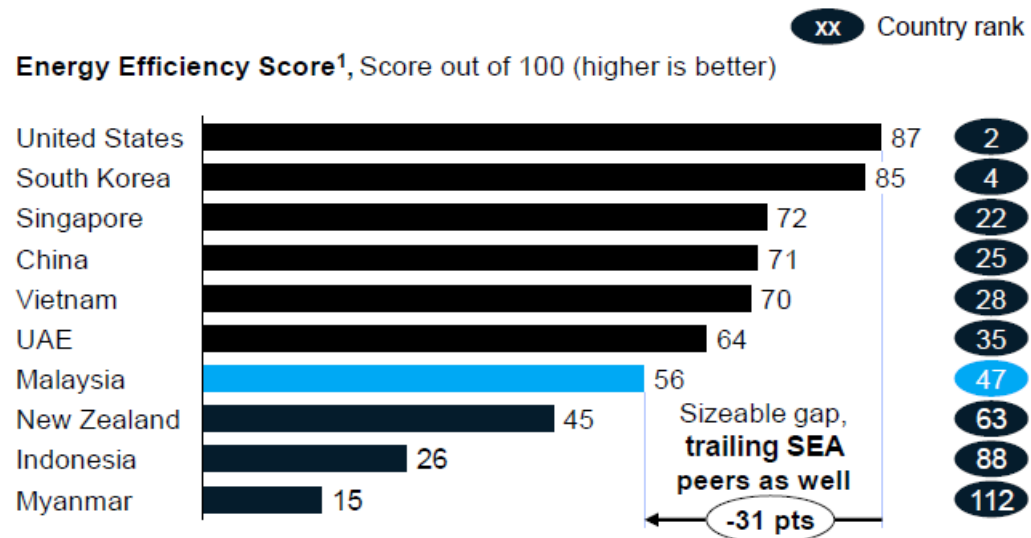
Predictive & Preventive Maintenance	Community Management	Energy Monitoring & Reporting
Workplace Safety Standards	Periodic Savings Initiatives	

0 Loss Time Injury (LTI) on 903,375 hours & 1,246,854 hours worked during 2020 & YTD Aug 2021	Tenant Satisfaction ▲ 1.3% Y/Y	21% reduction in electricity consumption
11% reduction in water consumption		1,610 metric tons reduction in carbon footprint



# The case for sustainability solutions in the built environment

## Malaysia's EE market has significant room for growth



- **Significant potential to improve EE**, as Malaysia trails behind its SEA peers e.g., Singapore & Vietnam
- **Under-developed and fragmented EE services landscape**
  - Only ~30% of 205 registered ESCOs companies are active
  - **No major international EE players present in Malaysia**
- Edgenta's track-record in this space is well recognized with over **RM200mn investments made in 2016**, across **11 projects** in commercial, residential and industrial complexes

Source: McKinsey, company data

## Edgenta's End-to-End Sustainability Solutions Capabilities



Supported through strategic partnerships across OEMs and solutions providers



## Our Commitment

**RM100m**

commitment for EE in Peninsula Malaysia

**RM100m**

commitment for EE in Pan Borneo

**~RM30m**

EE spent to-date for projects such as Mydin Hypermarket, Ritz-Carlton Hotel, Bursa Malaysia amongst others

**30-50%**

energy savings delivered



# Analyst & Media Briefing FY2023

29 February 2024

## Investment Rationale

# Institutionalising sustainability practices across our businesses

## Key Milestones & Awards



**Energy Efficiency (Gold), Good Health and Wellbeing (Silver), Renewable Energy (Silver), Talent Management (Silver)**  
The Star ESG Positive Impact Awards



**Company of the Year for Outstanding Community Engagement 2023**  
Sustainability and CSR Malaysia Awards 2023



**Launch of UEM Edgenta's Net Zero Targets**  
Attended by YB Tuan Nik Nazmi Nik Ahmad, Tan Sri Dr. Azmil Khalili Dato' Khalid, and Datuk Amran Hafiz Affifudin.  
Signed MOBEs with Earth Finance Inc., Honeywell International Sdn. Bhd., and Yinson Green Technologies



FTSE4Good



**Rating of 3.1 (from 2.5 in FY2020)**  
Surpassed FTSE's threshold of 2.9 in the December 2022 rating review



**2022 Malaysia Outstanding ESG Corporate Excellence Award**  
KSI Strategic Institute for Asia Pacific (KSI) partnered with the All-Party Parliamentary Group Malaysia (APPG-SDG), ECKL & Malaysian CSO Alliance

# A leading global franchise with technology and sustainability-embedded capabilities to deliver sustainable growth

- 1
 Global integrated asset management company with **presence in key high growth markets**
- 2
**Embodiment of tech & sustainability** in DNA, with readily deployable capabilities to capitalise on opportunities
- 3
**Ability to invest** in growth areas with strong balance sheet and sustainable orderbook
- 4
**Sustainable Practice and Net Zero Target**  
 Commitment to ESG principles, aspire to foster positive environmental, social, and governance impact for a resilient and responsible future
- 5
**Committed to long term value creation** with EoTF2025 & providing return to shareholders





**Thank you**