UEM EDGENTA

A member of UEM Group

ANALYST BRIEFING

1st Half 2017 Results Update

Level 9, Meeting Rooms
Menara UEM

23 August 2017

Total Asset Solutions

uemedgenta.com

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Contents

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Section 1

Key Highlights of 1H2017

1H2017 RESULTS HIGHLIGHT

RM1.63 bil
REVENUE
▲ 20.6%

RM142.9 mil
Normalised EBITDA
▲ 33.3%

RM93.8 mil
Normalised PBT
▲ 19.4%

RM54.7 mil
Normalised PATANCI
▲ 0.7%

Interim Dividend of 8 sen
Representing payout ratio of 122% as at 1H2017

RM843.2 mil
(Excl. OIC RM708.9mil)
Cash and investment securities

0.25x
Net gearing ratio remains healthy

- **Positive results in 1H2017**
  - Contributed by **Healthcare Services** due to contribution by UEMS acquired on 15 Dec 2016 and higher variation orders for concession business
  - Better performance by **Consultancy** mainly contributed by favourable forex translation of NZD/MYR
  - Better performance by **Real Estate Services** contributed by KFM acquired on 6 Apr 2016 and new contracts secured by township management services
- **Declared interim dividend of 8 sen ,** representing **122% of payout ratio as at 1H2017**
- **Positive cash flow** mainly due to sukuk drawdown of approx. RM300.0mil in April 2017
- **Net gearing remains healthy at 0.25x**

FINANCIAL HIGHLIGHTS (1H2017 vs 1H2016)

- **Revenue increased by 20.6% to RM1,627.9 mil**
- **Normalised PATANCI increased by 0.7% to RM54.7 mil**

Figures in RM Million unless otherwise stated	1H2017	1H2016	Variance		
			Amount		%
Revenue	1,627.9	1,349.3	278.6	▲	20.6%
Gross Profit	508.4	449.8	58.6	▲	13.0%
Gross Margin (%)	*31.2%*	*33.3%*		▼	-2.1%
EBITDA	142.9	38.9	104.0	▲	>100%
EBITDA Margin (%)	*8.8%*	*2.9%*		▲	5.9%
PBT	93.8	10.3	83.5	▲	>100%
PBT Margin (%)	*5.8%*	*0.8%*		▲	5.0%
PAT	60.8	(13.3)	74.1	▲	>100%
PAT Margin (%)	*3.7%*	*-1.0%*		▲	4.7%
PATANCI	54.7	12.5	42.2	▲	>100%
PATANCI Margin (%)	*3.4%*	*0.9%*		▲	2.4%
Normalised Figures:					
EBITDA	142.9	107.2	35.7	▲	33.3%
EBITDA Margin (%)	*8.8%*	*7.9%*		▲	0.8%
PBT	93.8	78.5	15.2	▲	19.4%
PBT Margin (%)	*5.8%*	*5.8%*			
PAT	60.8	55.0	5.8	▲	10.6%
PAT Margin (%)	*3.7%*	*4.1%*		▼	-0.3%
PATANCI	54.7	54.3	0.4	▲	0.7%
PATANCI Margin (%)	*3.4%*	*4.0%*		▼	-0.7%

Note: Normalised items recognised in 1H2016 are goodwill impairment for OSW and Australia and impairment loss of JV totalling RM68.3mil

FINANCIAL HIGHLIGHTS (1H2017 vs 1H2016)

- **Strong balance sheet with cash and investment securities of RM843.2 mil**
- **Healthy net gearing ratio of 0.25x**

Figures in RM Million unless otherwise stated	1H2017	FYE 2016	Variance	
			Amount	%
Balance Sheet				
Property, plant and Equipment	240.8	227.8	13.0	▲ 5.7%
Intangible assets	951.1	964.5	(13.4)	▼ -1.4%
Inventories	174.3	36.5	137.8	▲ >100%
Trade and other receivables	1,455.6	1,398.1	57.6	▲ 4.1%
Cash and investment securities	843.2	682.4	160.8	▲ 23.6%
Borrowings	1,229.5	989.7	239.8	▲ 24.2%
Trade and other payables	878.4	862.2	16.3	▲ 1.9%
Shareholders' equity (Ex non-controlling interest)	1,379.5	1,368.9	10.7	▲ 0.8%
Cash Flow Statement				
Cash flow from operating activities	21.9	33.4	(11.5)	▼ -34.5%
Cash flow from investing activities	(40.8)	(325.5)	284.7	▲ 87.5%
Cash flow from financing activities	167.5	273.6	(106.1)	▼ -38.8%
Net increase / (decrease) in cash	148.6	(18.4)	167.0	▲ >100%
Debtors Turnover Days	117	114	3	▼ -2.8%
Creditors Turnover Days	61	65	4	▲ 6.6%
BVPS	1.66	1.65	0.01	▲ 0.8%
Gross Gearing Ratio	0.79x	0.64x	0.15x	▼ -22.9%
Net Gearing Ratio	0.25x	0.20x	0.05x	▼ -24.3%
Return on Equity (ROE)	8.0%	3.5%		▲ 4.5%
Return on Invested Capital (ROIC)	6.6%	3.3%		▲ 3.3%

OVERVIEW OF DIVISIONAL PERFORMANCE (1H2017 vs 1H2016)

- **Revenue and Normalised PBT increased by 20.6% and 19.4% compared to 1H2016**
- **Better performance contributed by Consultancy, Healthcare Services and Real Estate Services Divisions**

EXTERNAL REVENUE

RM mil	1H2017	1H2016	Var	% Var
Consultancy	**772.5**	**727.1**	**45.4**	**6.2%**
Services:				
Healthcare Services	*444.9*	*213.6*	*231.4*	*>100%*
Infra Services	*334.7*	*350.1*	*(15.3)*	*-4.4%*
Real Estate Services	*75.2*	*33.6*	*41.6*	*>100%*
Total Services	**854.9**	**597.3**	**257.7**	**43.1%**
Solutions	0.3	0.0	0.3	0%
Property Development	0.2	24.9	(24.7)	-99.2%
Total	**1,627.9**	**1,349.3**	**278.6**	**20.6%**

PROFIT BEFORE TAX

RM mil	1H2017	1H2016	Var	% Var
Consultancy	**40.1**	**(46.1)**	**86.2**	**>100%**
Services:				
Healthcare Services	*48.9*	*20.3*	28.7	>100%
Infra Services	*40.1*	*41.3*	(1.2)	-2.8%
Real Estate Services	*10.8*	*5.8*	5.0	86.5%
Total Services	**99.9**	**67.4**	**32.6**	**48.3%**
Solutions	(2.1)	(1.0)	(1.1)	<-100%
Property Development	(3.6)	6.2	(9.8)	<-100%
Other / Elimination	(40.6)	(16.2)	(24.4)	<-100%
Total PBT	**93.8**	**10.3**	**83.5**	**>100%**
Total Normalised PBT	**93.8**	**78.5**	**15.2**	**19.4%**

Commentary:

Consultancy

▲ Revenue (+6%) and Normalised PBT (+81%) contributed by favourable forex translation of NZD/MYR offset by lower performance from Australia and UK

Note: Normalised items recognised in 1H2016 are related to Consultancy - goodwill impairment for OSW and Australia and impairment loss of JV totalling RM68.3mil

Healthcare Services

▲ Revenue and PBT (+>100%) due to contribution from UEMS acquired on 15 Dec 2016 and higher variation orders for concession business

Infra Services

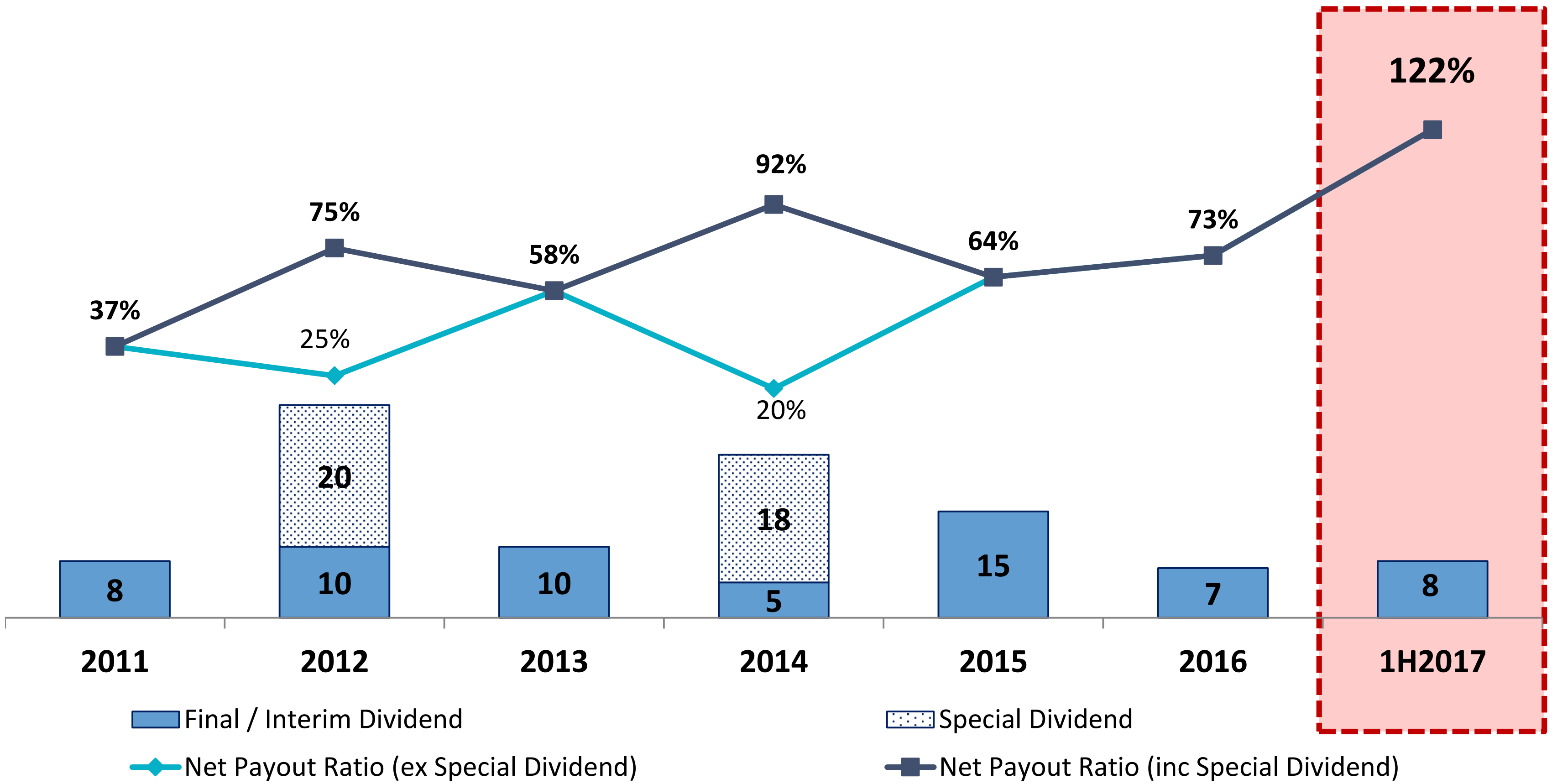
▼ Revenue (-4%) and PBT (-3%) due to completion of one-off projects (4th lane widening and Bayan Lepas Expressway) as compared to 1H2016

Real Estate Services

▲ Revenue (+>100%) and PBT (+86%) due to contribution from KFM acquired on 6 Apr 2016 and new contracts secured by township management services

DIVIDEND

Interim Dividend payout of 8 sen (122% of payout ratio as at 1H2017)



Dividend policy **unchanged**

Up to 70% of PATANCI

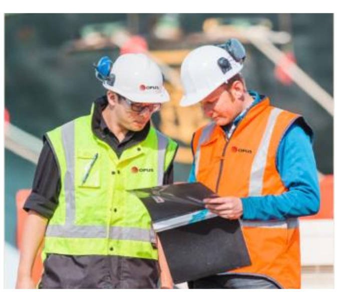
Section 2

Key Business Division Updates

CONSULTANCY

- Improved overall performance with revenue increased by 6.2% to RM772.5mil
- Driven by strengthening of forex translation for NZD vs MYR offset by lower contribution from Australia and UK due to tough market conditions

	Figures in RM mil	1H2017	1H2016	Variance RM mil	Variance %	
NEW ZEALAND	Revenue	439.0	384.9	54.1	▲	14.0%
	Operating EBIT	57.8	38.7	19.1	▲	49.2%
	Operating Margin (%)	13.2%	10.1%		▲	3.1%
CANADA & USA	Revenue	104.9	103.3	1.6	▲	1.5%
	Operating EBIT	(1.9)	(17.4)	15.6	▲	89.3%
	Operating Margin (%)	-1.8%	-16.9%		▲	15.1%
AUSTRALIA	Revenue	65.6	69.0	(3.4)	▼	-4.9%
	Operating EBIT	(7.2)	(4.4)	(2.8)	▼	-62.5%
	Operating Margin (%)	-11.0%	-6.4%		▼	-4.5%
UNITED KINGDOM	Revenue	85.2	98.1	(12.8)	▼	-13.1%
	Operating EBIT	(0.3)	3.4	(3.7)	▼	<-100%
	Operating Margin (%)	-0.4%	3.4%		▼	-3.8%
MALAYSIA	Revenue	66.9	65.6	1.4	▲	2.1%
	Operating EBIT	11.5	14.5	(3.0)	▼	-20.6%
	Operating Margin (%)	17.2%	22.2%		▼	-4.9%
	Others *(Contribution by other countries, and unallocated corporate cost):*					
	Revenue	10.9	6.3	4.6	▲	72.3%
	Operating EBIT	(20.4)	(12.5)	(7.9)	▼	-63.3%
	TOTAL REVENUE	**772.5**	**727.1**	**45.4**	▲	**6.2%**
	PBT	**40.1**	**(46.1)**	**86.2**	▲	**>100%**
	PBT Margin (%)	**5.1%**	**-6.3%**		▲	**11.5%**



CONSULTANCY: COUNTRY UPDATE & OUTLOOK

- **Positive outlook for New Zealand and Malaysia backed by strong infrastructure pipeline**
- **Continuous efforts to manage costs for remaining overseas operations**

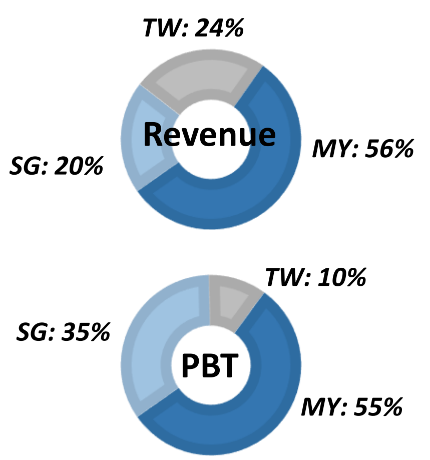
	Update & Outlook	1 year order book as % of budget 2017 revenue
New Zealand	• **Order book growth** has occurred across all New Zealand sectors, particularly **transportation**, underpinned the Consultancy's performance. • This includes collaboration with a consortium of companies to deliver the **set-up phase of the Northern Corridor Improvements Project in Auckland** for the **NZ Transport Agency (NZTA)**	**48%**
Canada & USA	• **Improved performance in 1H2017** primarily due to impairment losses recognised in 2016 and management action to improve operating efficiencies for Opus Stewart Weir (OSW) • Significant **opportunities in North America's water sector**	**50%**
Australia	• **Continuous efforts to manage cost** by adjusting resources to meet demand • **Outlook remains challenging** and continue to work closely with trusted partners to deliver important work and secure future potential opportunities.	**27%**
United Kingdom	• **Continuing uncertainty** about Brexit and order book is impacted by a **reduction in client spend** on transportation programmes • However, outlook remains positive due to **extension of contracts with Network Rail, MTR Crossrail and the Hertfordshire County Council**	**48%**
Malaysia	• Working directly with UEM Group by providing **asset consultancy for the Pan Borneo project** • Actively **pursuing various transportation opportunities** such as SKLIA, Sungai Besi-Ulu Kelang Elevated Expressway (SUKE), MRT, KL-SG High Speed Rail and **development planning works in real estate**	**72%**

HEALTHCARE SERVICES

Revenue and PBT increased to RM444.9mil and RM49.0mil respectively contributed by UEMS and higher variation orders from concession business

	1H17		1H16		Variance	
	RM mil	% of total	RM mil	% of total	RM mil	%
Total Revenue	**444.9**		**213.6**		**231.4**	▲ **>100%**
Concession	*228.9*	*51.4%*	*213.6*	*100.0%*	*15.4*	▲ *7.2%*
Commercial	*216.0*	*48.6%*	-	-	*216.0*	▲ *>100%*
PBT	**49.0**		**20.3**		***28.7***	▲ **>100%**
Concession	*27.0*	*55.0%*	*20.3*	*100.0%*	*6.7*	▲ 32.5%
Commercial	*22.0*	*45.0%*	-	-	*22.0*	▲ *>100%*
PBT Margin	*11.0%*		*9.5%*			▲ *1.5%*

Contribution by Geography (1H2017)



- **Higher revenue by RM231.4 mil** and **higher PBT by RM28.7 mil** mainly due to contribution from the new subsidiary, UEMS acquired in December 2016 and higher variation orders for concession business
- The concession business secured a RM75.5 mil contract for provision of hospital support services for **National Cancer Institute**, Putrajaya in Jul 2017
- For commercial business, UEMS won amongst others, integrated facilities management services contract for **5 nursing homes under Vanguard Healthcare, Ministry of Health Singapore** and a housekeeping contract for **Yew Tee Nursing Home** under **Methodist Welfare Services**

INFRA SERVICES

Slight reduction in revenue largely driven by the completion of projects in 2016 offset with higher pavement work orders in 1H2017

	1H17		1H16		Variance		
	RM mil	% of total	RM mil	% of total	RM mil		%
Total Revenue	**334.7**		**350.1**		(15.3)	▼	-4.4%
Routine maintenance	124.9	*37.3%*	118.9	*34.0%*	6.0	▲	5.0%
Work Orders	132.9	*39.7%*	96.8	*27.6%*	36.1	▲	37.3%
Projects (one-off)	74.9	*22.4%*	125.3	*35.8%*	(50.4)	▼	-40.2%
Others	2.0	*0.6%*	9.1	*2.6%*	(7.1)	▼	-78.0%
PBT	**40.1**		**41.3**		**(1.2)**	▼	**-2.8%**
PBT Margin (%)	*12.0%*		*11.8%*			▲	*0.2%*

- **Lower revenue by RM15.3mil** compared to last year due to the completion of North-South Expressways fourth lane widening works and Bayan Lepas Expressway (“BLE”)
- This was however, mitigated **by higher pavement work orders by RM19.6mil**
- Infra Services is focusing on various operational initiatives to drive operational and cost efficiency, particularly the **performance based contracting approach** to road and highway maintenance
- Under the new contracting approach, the fees are linked to performance thus allow the flexibility and use of more cost-effective methods to achieve the desired performance and service level outcome

REAL ESTATE SERVICES

Revenue and PBT increased to RM75.2mil and RM10.8mil respectively mainly contributed by project work progress and new contracts secured by township management services

	1H17	1H16	Variance	
	RM mil	RM mil	RM mil	%
Total Revenue	**75.2**	**33.6**	41.6 ▲	>100%
PBT	**10.8**	**5.8**	5.0 ▲	86.5%
PBT Margin (%)	*14.4%*	*17.3%*	- ▼	*-2.9%*

- **Higher revenue by RM41.6 mil** and **PBT by RM5.0 mil** mainly due to contribution from KFM acquired in April 2016 and higher work progress for Menara Tun Hussein Onn project

- The township management services **clinched new contracts** such as **Medini Iskandar and Marina View Residences worth RM8.0 mil** earlier this year which contributed to improved revenue

Section 3

Proposed Disposal of OIC

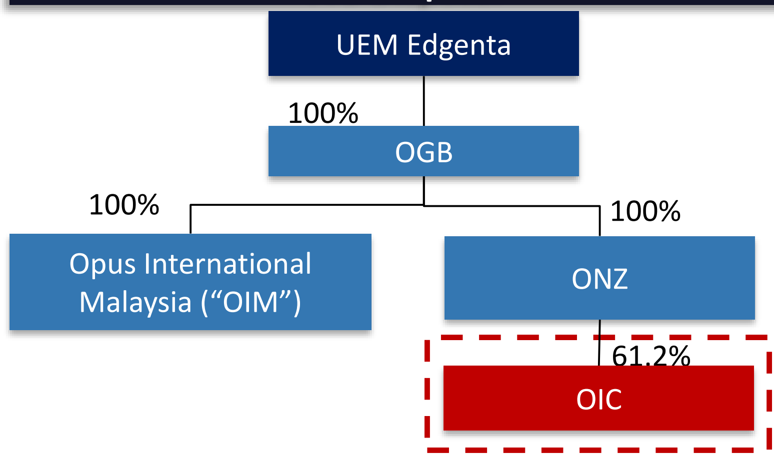
SUMMARY OF THE PROPOSED DISPOSAL

- On 14 Aug 2017, **WSP NZ Acquisition Ltd ("Offeror")** served a notice of intention to the Board of OIC to purchase all of the ordinary shares of OIC ("OIC Shares") for a cash consideration **of NZD1.78 per OIC share.**

- **Concurrently,** UEMEd entered into a Lock-Up Agreement with WSP Global Inc ("WSP Global") for the disposal of its entire holdings of 90,511.615 ordinary shares (61.2% equity interest) in OIC.

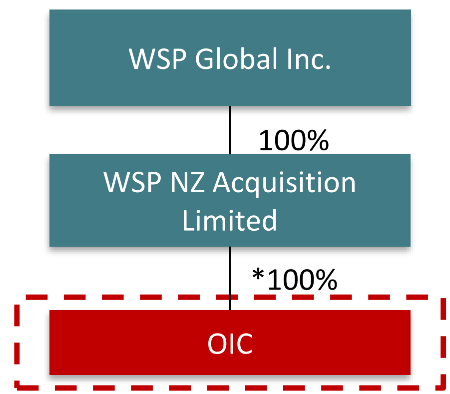
- A fully imputed **cash dividend of up to NZD 0.07 per OIC share** without adjusting the Offer Price ("**Dividend**") may be declared by the Board of OIC

Pre-Disposal



- OIC is a **61.20% subsidiary** of Opus International (NZ) Ltd ("ONZ"), which in turn is a wholly-owned subsidiary of Opus Group Berhad ("OGB") and UEM Edgenta

Post-Disposal



**The offeror will hold 100% of OIC assuming the successful acquisition of the remaining minority equity interest*

- The Offeror is a wholly owned subsidiary of WSP Global Inc, a leading professional services firm, providing technical expertise and strategic advice in the property and buildings, transportation and infrastructure, environment, industry, resources and power and energy sectors.

- WSP Global Inc is listed in the Toronto Stock Exchange with a **Market Cap of $CAD 5.0bn /RM16.9bn as 11 August 2017**

SUMMARY OF THE PROPOSED DISPOSAL (CONT'D)

- **Key terms of the Proposed Disposal are as follows:**

Offer Price and Disposal Consideration	• Offer price of **NZD 1.78 per OIC share**
	• A fully imputed **cash dividend of up to NZD 0.07 per OIC share** without adjusting the Offer Price ("**Dividend**")
	• Based on the holding of 90,511,615 OIC shares by UEM Edgenta as at 11 August 2017, the total consideration is between:
	  ○ **NZD161.1 million/RM 504.1 million** (Excluding Dividend)
	  ○ **NZD167.4 million/RM523.9 million** (Including Dividend)

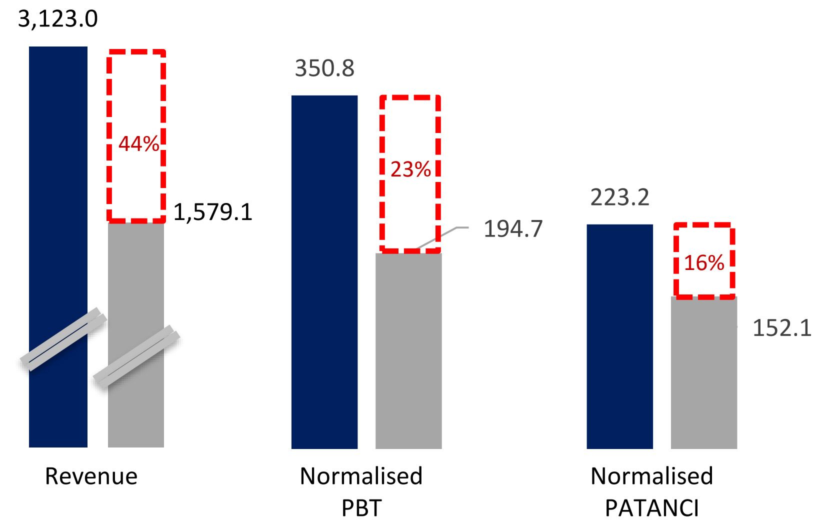
Conditions Precedent	• Due Diligence By Offeror • UEM Edgenta shareholders' approval. UEM Group Berhad has on 14 August 2017 provided an irrevocable undertaking to vote in favour of the Proposed Disposal. • Offeror receiving consent from the Overseas Investment Office in New Zealand
Indicative Timeline	• **EGM** is expected to be convened in **Nov 2017** • **Completion of transaction targeted before the end of 2017.**

FINANCIAL IMPACT POST DISPOSAL OF OIC (FY2015 vs FY2016)

OIC contributed 44% and 46% to UEM Edgenta's FY15 and FY16 revenue respectively; However, the normalised PATANCI contribution is lower at only 16% and 8% respectively

FYE 31 December 2015

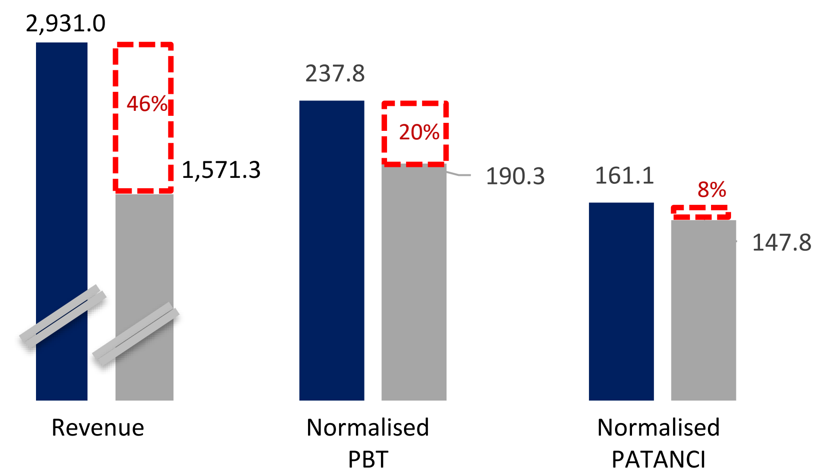
Figures in RM' million



Figures in RM' million	UEM Edgenta Audited	OIC Contribution	%
Revenue	3,123.00	1,374.5	**44%**
Normalised PBT	350.8	79.8	**23%**
Normalised PBT	*11.2%*	*5.8%*	
Normalised PATANCI	223.2	34.9	**16%**
Normalised PATANCI	*7.1%*	*2.5%*	

FYE 31 December 2016

Figures in RM' million



Figures in RM' million	UEM Edgenta Audited	OIC Contribution	%
Revenue	2,931.0	1,359.7	**46%**
Normalised PBT	237.8	47.5	**20%**
Normalised PBT	*8.1%*	*3.5%*	
Normalised PATANCI	161.1	13.3	**8%**
Normalised PATANCI	*5.5%*	*1.0%*	

FINANCIAL IMPACT POST DISPOSAL OF OIC (Financial Position)

Improved Gross Gearing position from 0.79x – 0.38x
Net Gearing position from 0.25x to a net cash position

- Current **net gearing ratio is only at 0.25x** despite the acquisition financing for acquisition of Asia Integrated Facility Solutions Pte Ltd ("AIFS"), holding company of UEMS ("AIFS loan") and the sukuk drawdown of approx. RM 300.0mil.
- After the proposed disposal UEM Edgenta will be in a net cash position:

	Per Bursa announcement		As per 30 June 2017	
	Audited as at 31 December 2016	After Proposed Disposal	As at 30 June 2017	After Proposed Disposal
	RM'000	RM'000	RM'000	RM'000
Share capital	207,906	207,906	207,906	207,906
Share premium	60,168	60,168	60,168	60,168
Merger relief reserve	313,856	313,856	313,856	313,856
Other reserves	78,149	58,191	79,818	59,268
Retained earnings ***(Excluding potential Dividends)***	**708,785**	**973,150**[(1)]	**717,768**	**975,803**[(1)]
Shareholders' funds / NA	**1,368,864**	**1,613,271**	**1,379,516**	**1,617,001**
No. of ordinary shares in issue ('000)	831,624	831,624	831,624	831,624
NA per share (RM)	**1.65**	**1.94**	**1.66**	**1.94**
Interest bearing borrowings (RM'000)	989,699	361,981[(2)]	1,229,511	633,634[(2)]
Gross Gearing (times)	**0.64**	**0.22**	**0.79**	**0.38**
Net Gearing / (Net Cash)	**0.20**	**(0.17)**	**0.25**	**(0.10)**

Notes:

1) *After deducting the estimated expenses of RM3.4 million for the Proposed Disposal.*
2) *For illustrative purposes, including partial repayment of the AIFS Loan of about RM415.2 million and deconsolidation of the loans of the OIC Group. The repayment of the AIFS Loan is expected to result in cumulative interest savings of about RM14.2 million over the next two (2) financial years.*

KEY RATIONALE OF THE PROPOSED DISPOSAL

1 Opportunity to unlock value and monetise equity stake in OIC	• Based on the share price as at 11 August 2017: ○ Excluding Potential Dividends : **Premium of 79.8%** ○ Including Potential Dividends : **Premium of 86.9%** • **Disposal Proceeds of RM504.1mil with dividend of up to RM19.8mil (Based on NZD:MYR of 3.1287)** • An estimated **gain on disposal of RM267.8mil (excluding dividend of RM19.8 mil)**
2 Streamline operations and re-allocate capital	• **Resources will be allocated** into other **core businesses** i.e. healthcare, infrastructure and real estate sectors which are expected to continue to see positive returns
3 Reduce Exposure in underperforming markets	• Canada and Australia have been negatively impacted by offshore challenges and slow-down in the oil & gas industry and the mining industry
4 Enhance gearing position and interest savings	The disposal proceeds will be used for the partial re-payment of AIFS/UEMS loan • **Gross Gearing to reduce from 0.79x to 0.38x** (As at 30 June 2017) • Estimated **interest savings of RM14.2 mil** from the remaining loan tenure

Section 4

Strategic Direction and Guidance

BUSINESS FOCUS MOVING FORWARD
After Proposed Disposal of OIC

Current Business Segmentation

CONSULTANCY	SERVICES	SOLUTIONS

- HEALTHCARE
- INFRASTRUCTURE
- REAL ESTATE
- WATER

Business Segmentation Post Disposal of OIC

CONSULTANCY	SERVICES	SOLUTIONS

- HEALTHCARE
- INFRASTRUCTURE
- REAL ESTATE

FY2017 STRATEGIC DIRECTION

Growing and enhancing our business offerings organically in Healthcare, Infrastructure and Real Estate Sectors

Healthcare Sector

- **Organic growth** by expanding offerings to **commercial sector** and **growing healthcare client base regionally** via UEMS
- Harnessing revenue synergies and **cross selling opportunities** between commercial and concession business
- Deploying technology to **deliver hospital support services**

Infrastructure Sector

- **Organic growth** and actively pursuing various opportunities such as **SKLIA**, Sungai Besi-Ulu Kelang Elevated Expressway **(SUKE), MRT, KL-SG High Speed Rail**
- Driving cost efficiency by effective implementation of **Performance Based Contracting** for expressway/road maintenance
- New markets: **Indonesia (PT Edgenta Propel)**

Real Estate Sector

- **Organic growth** by expanding our building and township **portfolios in the southern regions**
- Driving cost efficiency with **technology enablers** (Command & Contact Centre) to take service to the next level
- Take services delivery to next level; Launch of **Communa**, a property and community management platform **customised for UEM Edgenta clients**

COMMUNA
AN EDGENTA SOLUTION

Operational Focus

- Driving **Operational Excellence** and **Organisational Excellence** to improve performance delivery of our services
  - **Implementation of Enterprise Resource Planning (ERP)** to enhance back-end support system and integration of processes

THANK YOU

DISCUSSION / Q&A