



A member of **UEM Group**

# Analyst Briefing FY2017 Full Year Results



**Monday**  
26 February 2018



**9.30 a.m. - 1.00 p.m.**



**Reflexion Function Room  
@ Nexus**

Empowered by science, inspired by humans



# **Content**

- 1 Key Highlights**
- 2 Core Earnings**
- 3 Balance Sheet & Cash Position**
- 4 UEM Edgenta's Outlook & Strategy**
- 5 Return to Shareholders**
- 6 Investment Rationale**

# DISCLAIMER

All information contained in this presentation belongs to UEM Edgenta Berhad (“**UEM Edgenta**”) and may not be copied, distributed or otherwise disseminated in whole or in part without the written consent of UEM Edgenta.

This presentation has been prepared on the basis of information that is believed to be correct at the time the presentation was prepared, but that may not have been independently verified. UEM Edgenta makes no express or implied warranty as to the accuracy or completeness of any such information.

UEM Edgenta is not acting as an advisor or agent to any person to whom this presentation is directed. Such persons must make their own independent assessment of the contents of this presentation, should not treat such content as advice to legal, accounting, taxation or investment matters and should consult their own advisers.

Nothing in this presentation is intended to be, or should be construed as an offer to buy or sell, or invitation to subscribe for, any securities.

Neither UEM Edgenta nor any of its directors, employees or representatives are to have any liability (including liability to any person by reason of negligence or negligent misstatement) from any statement, opinion, information or matter (express or implied) arising out of, contained in or derived from or any omission from the presentation, except liability under statute that cannot be excluded.



**Section 1**

**Key Highlights**



# 2017 HIGHLIGHTS

## CORE EARNINGS

From Continuing Operations

- Revenue RM2.12 bil **▲34.3% yoy**
- EBITDA of RM239.5 mil **▲16.2% yoy**
- **▲18.5% and ▲15.3% CAGR** 3 years (FY14-17) Revenue & EBITDA respectively ex *East Malaysia & Prop Development*

## BALANCE SHEET & CASH POSITION

- Net cash position of RM143.7 mil **▲145% yoy**
- Net asset per share of RM1.90 **▲15.2% yoy**
- Gross Gearing ratio of 0.35x **▼45.7% yoy**

## GROWTH PROSPECTS

- RM13.9 bil work in hand\* as at 31 Dec 2017
- One of the main consultants supporting the project delivery for Pan Borneo Sabah Highway

## RETURN TO SHAREHOLDERS

- Basic EPS from continuing operations of 15 sen
- 18 sen - Special Dividend
- **31 sen - Total Dividend**
- 75% total dividend payout ratio ex Special Dividend (based on PATANCI ex-gain on disposal of RM143.3 mil)

## STREAMLINED OPERATIONS

- Streamlined operations into 3 offerings across 3 core sectors via the disposal of OIC
- Better alignment and focus
  - **Gain on disposal of RM274.9 mil**
  - Improved net gearing into net cash position





## Section 2

# Core Earnings

# FY 2017 FINANCIAL PERFORMANCE SUMMARY

FY2017 Revenue and EBITDA from Continuing Operations ▲ by 34.3% & 16.2% against FY2016, driven by Healthcare and Infra Services, while Total PATANCI ▲ by RM338.1 mil due to Gain on Disposal of OIC

**RM2.12 bil**

Revenue  
from Continuing Operations  
▲ 34.3%

**RM239.5 mil**

EBITDA  
from Continuing Operations  
▲ 16.2%

**RM143.3 mil**

Total PATANCI ex-gain  
▲ 79.0%

**RM124.6 mil**

PATANCI  
from Continuing Operations  
▼ 10.3%

**15 sen**

EPS from Continuing Operations  
▼ 10.8%

## CONTINUING OPERATIONS (RM'mil)

	FY2016	FY2017		Variance
Revenue	1,579.1	2,120.8	▲	541.7 34.3%
EBITDA	206.1	239.5	▲	33.4 16.2%
EBITDA Margin (%)	13.1%	11.3%	▼	-1.8%
PBT	181.5	172.9	▼	(8.6) -4.7%
PBT Margin (%)	11.5%	8.2%	▼	-3.3%
PAT	140.0	125.1	▼	(14.9) -10.6%
PAT Margin (%)	8.9%	5.9%	▼	-3.0%
PATANCI	138.9	124.6	▼	(14.3) -10.3%
PATANCI Margin (%)	8.8%	5.9%	▼	-2.9%
Basic EPS (Sen)	16.8	15.0	▼	(1.8) -10.8%

## CONTINUING OPERATIONS AFTER ADJUSTING INTEREST & AMORTISATION

Interest Expense	(10.4)	(36.8)	▼	(26.4) <-100%
Amortisation	(3.0)	(22.7)	▼	(19.7) <-100%
Adjusted PATANCI	152.3	184.1	▲	31.8 20.8%

## DISCONTINUED OPERATIONS (RM'mil)

OIC PATANCI	(58.8)	18.7	▲	77.6 >100%
Gain on Disposal	-	274.9	▲	274.9 >100%
PATANCI	(58.8)	293.6	▲	352.5 >100%

## TOTAL (RM'mil)

	FY2016	FY2017		Variance
Reported				
PATANCI	80.1	418.2	▲	338.1 >100%
Basic EPS (Sen)	9.7	50.3	▲	40.6 >100%
Ex- Gain				
Total PATANCI ex-gain	80.1	143.3	▲	63.2 79%

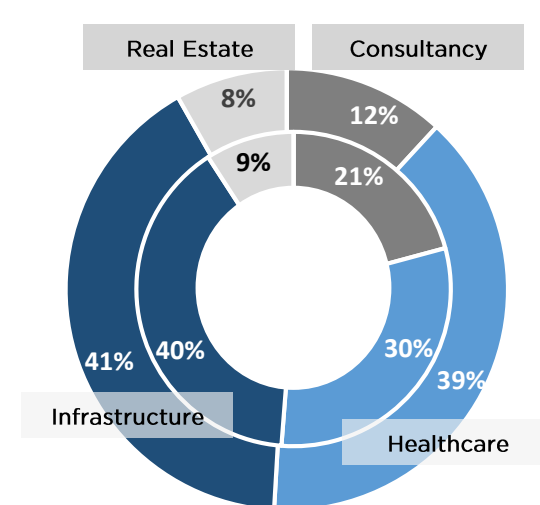
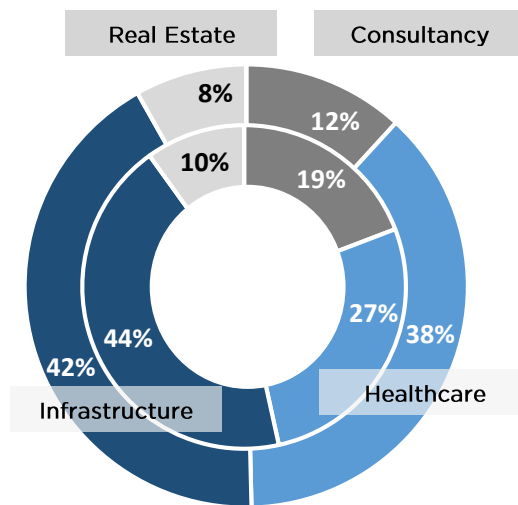
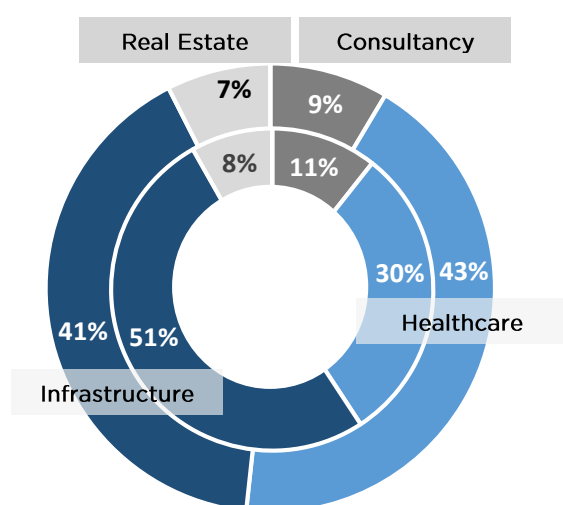
## FY 2017 VS 2016 CONTRIBUTION BY DIVISION (Cont'd Operations)

Healthcare and Infrastructure Services continue to be the key revenue (43% and 41%) and profit drivers (39% and 41% PATANCI) for the company

Revenue (RM'mil)	
FY 2016	FY 2017
1,579.1	2,120.8

EBITDA (RM'mil)	
FY 2016	FY 2017
206.1	239.5

PATANCI (RM'mil)	
FY 2016	FY 2017
138.9	124.6



\*Chart excludes Solutions, Property Development and others



## FY 2017 VS 2016 REVENUE

Higher Revenue from Continuing operations by RM541.7 mil due to contribution from newly acquired UEMS (Healthcare Services), and higher civil and pavement works carried out (Infra Services)

External Revenue				
(RM million)	FY2016	FY2017	Variance	% Variance
<b>Continuing:</b>				
<b>Consultancy (OIM)</b>	<b>163.1</b>	<b>180.9</b>	<b>17.8</b>	<b>▲ 10.9%</b>
Services:				
Healthcare Services	460.8	912.3	451.5	▲ 98.0%
Infra Services	781.7	862.3	80.6	▲ 10.3%
Real Estate Services	125.5	158.4	32.9	▲ 26.2%
<b>Total Services</b>	<b>1,368.0</b>	<b>1,933.0</b>	<b>565.0</b>	<b>▲ 41.3%</b>
<b>Solutions</b>	<b>0.3</b>	<b>0.7</b>	<b>0.4</b>	<b>▲ &gt;100%</b>
<b>Property Development</b>	<b>47.7</b>	<b>6.2</b>	<b>(41.6)</b>	<b>▼ -87.1%</b>
<b>Total</b>	<b>1,579.1</b>	<b>2,120.8</b>	<b>541.7</b>	<b>▲ 34.3%</b>
<b>Discontinued:</b>				
Consultancy (OIC)	1,351.9	1,320.3	(31.6)	▼ -2.3%
<b>Total</b>	<b>2,931.0</b>	<b>3,441.1</b>	<b>510.1</b>	<b>▲ 17.4%</b>

### Commentary:

- **Consultancy** recorded higher revenue for the year by RM17.8 million mainly contributed by Design and Project Management Support work in Sabah and Project Delivery ("PD") consultancy in Sarawak
- **Healthcare Services** recorded higher revenue by RM451.5 mil mainly due to contribution from new subsidiary, UEMS, acquired in December 2016.
- **Infra Services** recorded higher revenue by RM80.6 mil, compared to last year mainly due to higher civil and pavement works carried out. This was offset by lower contribution from environmental material testing operations
- **Real Estate Services** recorded higher revenue by RM32.9 mil mainly due to full year contribution from KFM

**▲ CAGR 18.5%**

**FY14 - 17 3 YEARS CAGR**

Revenue from Continuing Operations *ex-East M'sia Concession and Property Development* increased from RM1.3 bil to RM2.1 bil

## FY 2017 VS 2016 EBITDA

Higher EBITDA from Continuing Operations by RM33.4 mil against previous year mainly on the back of contribution from newly acquired UEMS (Healthcare Services)

EBITDA (RM million)	FY 2016		FY 2017		Variance	
	Amount	Margin	Amount	Margin	Amount	%
<b>Continuing</b>						
<b>Consultancy (OIM)</b>	<b>49.1</b>	<b>30%</b>	<b>33.2</b>	<b>18%</b>	<b>(15.9)</b>	<b>▼ -32.3%</b>
Services:						
Healthcare Services	70.0	15%	106.4	12%	36.4	▲ 52.0%
Infra Services	111.3	14%	118.7	14%	7.4	▲ 6.7%
Real Estate Services	25.4	20%	23.0	15%	(2.4)	▼ -9.5%
<b>Total Services</b>	<b>206.7</b>	<b>15%</b>	<b>248.1</b>	<b>13%</b>	<b>41.4</b>	<b>▲ 20.0%</b>
<b>Solutions</b>	<b>(0.0)</b>	<b>-4%</b>	<b>(5.1)</b>	<b>nm</b>	<b>(5.1)</b>	<b>▼ &lt;-100%</b>
<b>Property Development</b>	<b>7.4</b>	<b>16%</b>	<b>(4.7)</b>	<b>-77%</b>	<b>(12.1)</b>	<b>▼ &lt;-100%</b>
Other / Elimination	(57.1)	nm	(32.0)	nm	25.1	▲ -44.0%
<b>Total</b>	<b>206.1</b>	<b>13%</b>	<b>239.5</b>	<b>11%</b>	<b>33.4</b>	<b>▲ 16.2%</b>
<b>Discontinued</b>						
Consultancy (OIC) (ex-gain)	(34.2)	-3%	90.4	7%	124.6	▲ >100%
<b>Total (ex-gain)</b>	<b>171.9</b>	<b>5.9%</b>	<b>329.9</b>	<b>10%</b>	<b>158.0</b>	<b>▲ 91.9%</b>

### Commentary:

- **Consultancy** recorded lower EBITDA by RM 15.9 million during the year despite increase in revenue, mainly due to works requiring external consultants which resulted in full revenue pass-through
- **Healthcare Services** recorded higher EBITDA by RM36.4 mil mainly due to contribution from the new subsidiary, UEMS acquired in December 2016.
- **Infra Services** recorded higher EBITDA by RM7.4 mil compared to last year mainly due to higher civil and pavement works carried out. This was offset by lower contribution from environmental material testing operations
- **Real Estate Services** recorded lower EBITDA by RM 2.4 mil due to Township Management Services

▲ CAGR 15.3%

FY14 - 17 3 YEARS CAGR

EBITDA from Continuing Operations ex-East M'sia Concession and Property Development increased from RM159.4 mil to RM244.2 mil

## FY 2017 VS 2016 PATANCI

Lower PATANCI from Continuing Operations by RM14.3 mil in FY2017 due to Consultancy works which required external consultants, and higher interest and amortisation costs in FY2017

PATANCI (RM million)	FY 2016		FY 2017		Variance	
	Amount	Margin	Amount	Margin	Amount	%
<b>Continuing</b>						
<b>Consultancy (OIM)</b>	<b>41.3</b>	<b>25%</b>	<b>24.3</b>	<b>13%</b>	<b>(17.0)</b>	<b>▼ -41.1%</b>
Services:						
Healthcare Services	60.4	13%	80.3	9%	19.9	▲ 32.9%
Infra Services	78.7	10%	84.0	10%	5.3	▲ 6.7%
Real Estate Services	18.2	14%	16.9	11%	(1.3)	▼ -7.2%
<b>Total Services</b>	<b>157.3</b>	<b>11%</b>	<b>181.2</b>	<b>9%</b>	<b>23.9</b>	<b>▲ 15.2%</b>
<b>Solutions</b>	<b>(0.1)</b>	<b>nm</b>	<b>(5.3)</b>	<b>nm</b>	<b>(5.2)</b>	<b>▼ &lt;-100%</b>
<b>Property Development</b>	<b>6.8</b>	<b>14%</b>	<b>(3.1)</b>	<b>nm</b>	<b>(9.9)</b>	<b>▼ &lt;-100%</b>
Other / Elimination	(66.4)	nm	(72.5)	nm	(6.1)	▼ -9.2%
<b>Total</b>	<b>138.9</b>	<b>9%</b>	<b>124.6</b>	<b>6%</b>	<b>(14.3)</b>	<b>▼ -10.3%</b>

### Continuing Operations After Adjusting Interest & Amortisation

Interest Expense	(10.4)		(36.8)		(26.4)	▼ <-100%
Amortisation	(3.0)		(22.7)		(19.7)	▼ <-100%
Adjusted PATANCI	152.3		184.1		31.7	▲ 20.7%

### Discontinued

Consultancy (OIC) (ex-gain)	(58.8)	-4%	18.7	1%	77.5	▲ >100%
<b>Total (ex-gain)</b>	<b>80.1</b>	<b>2.7%</b>	<b>143.3</b>	<b>4%</b>	<b>63.2</b>	<b>▲ 78.9%</b>

### Commentary:

- **Consultancy** recorded lower PATANCI by RM17.0 million during the year despite increase in revenue, mainly due to works requiring external consultants which resulted in full revenue pass-through
- **Healthcare Services** recorded higher PATANCI by RM19.9 mil mainly due to contribution from the new subsidiary, UEMS acquired in December 2016.
- **Infra Services** recorded higher PATANCI by RM 5.3 mil compared to last year mainly due to higher civil and pavement works carried out. This was offset by lower contribution from environmental material testing operations
- **Real Estate Services** recorded lower PATANCI by RM 1.3 mil due to Township Management Services.
- **Higher Amortisation Costs** in FY2017 by RM 19.7 mil mainly from intangible assets related to subsidiaries acquired in 2016
- **Higher Interest Costs** in FY2017 by RM 26.4 mil due to interest from Murabahah and Sukuk facilities.





## Section 3

# Balance Sheet & Cash Position

## FY 2017 FINANCIAL POSITION

Net gearing improved from 0.20x as at 31 Dec 16 to a net cash position of RM143.7 mil as at 31 Dec 17

**RM143.7mil**

Net Cash Position

▲ 145.0%

**0.35x**

Gross Gearing ratio

▼ 45.7%

**RM1.90**

Net Assets per share

▲ 15.2%

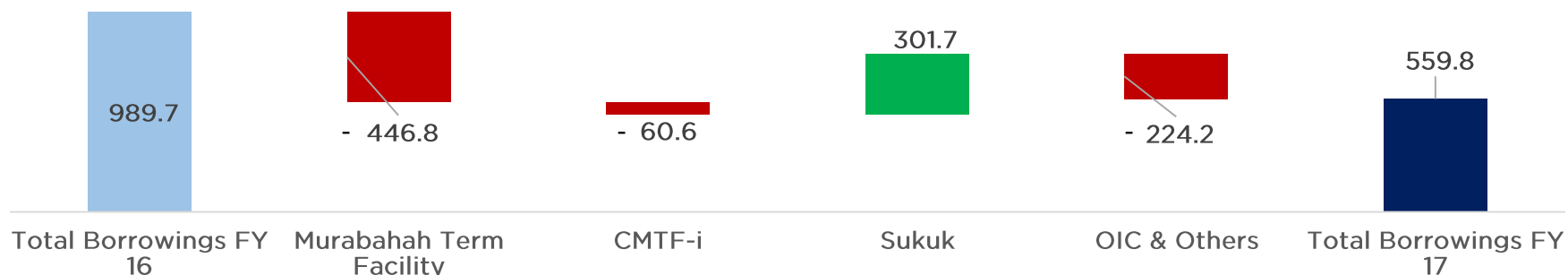
*Figures in RM Million unless otherwise stated*

	FYE 2016	FYE 2017	Variance		
			Amount		%
<b>Balance Sheet</b>					
Property, plant and Equipment	227.8	193.4	(34.3)	▼	-15.1%
Intangible assets	964.5	733.9	(230.6)	▼	-23.9%
Inventories	36.5	168.7	132.2	▲	362.2%
Trade and other receivables	1,256.4	984.2	(272.2)	▼	-21.7%
Cash and investment securities	682.4	703.5	21.1	▲	3.1%
Borrowings	989.7	559.8	(429.9)	▼	-43.4%
Trade and other payables	862.2	745.0	(117.2)	▼	-13.6%
Shareholders' equity (Ex non-controlling interest)	1,368.9	1,582.9	214.0	▼	15.6%
Net assets per share (831.6 mil shares)	1.65	1.90	0.25	▲	15.2%
Gross Gearing Ratio (D:E ratio)	0.64x	0.35x	-0.29x	▼	45.7%
Net Gearing Ratio	0.20x	N/A	-0.29x	▲	144.9%
Return on Equity (ROE)	5.9%	28.6%		▲	22.7%
Return on Equity (ROE) (ex-gain)	5.9%	9.8%		▲	3.9%

## DEBT STRUCTURE

Total Borrowings have reduced from RM989.7 mil to RM559.8 mil mainly due to the repayment of Murabahah Term Facility of RM446.8 mil in the year via proceeds from the disposal of OIC

Figures in RM'mil



### Key Debt Maturity Profile

	Murabahah Term Facility		CMTFi		Sukuk		OIC & Others		TOTAL BORROWINGS	
	FY16	FY17	FY16	FY17	FY16	FY17	FY16	FY17	FY16	FY17
Total Outstanding	575.9	129.1	60.6	-	-	301.7	353.2	129.0	989.7	559.8
< 1 year	132.2	28.2	20.6		-	52.2	75.7	36.9	228.5	117.3
1 – 5 years	443.7	100.9	40.0		-	249.5	277.5	92.1	761.2	442.5

### Credit Metrics

	FY2016	FY2017
Net debt/(cash)	307.3	(143.7)
Gross Gearing Ratio	0.64x	0.35x
Net Gearing Ratio	0.20x	N/A
Net debt/EBITDA	1.5x	(0.6)x
Interest cover (EBITDA/Interest expense)	19.8x	6.5x





## Section 4

# UEM Edgenta's Outlook & Strategy

# UEM EDGENTA'S CORE OFFERINGS

Asset Consultancy and Asset Management Services as key drivers of UEMEd's business moving forward. The Solutions offering will eventually be integrated according to the sectors

Asset Consultancy	Asset Management <b>Services</b>			<b>Solutions</b>	
	Healthcare sector	Infrastructure sector	Real Estate sector		
<ul style="list-style-type: none"><li>• Asset Consultancy &amp; Management (Asset Life Cycle)</li><li>• Project Advisory, Planning &amp; Management</li><li>• Engineering Design and Consultancy</li><li>• Research &amp; Development</li></ul>	<ul style="list-style-type: none"><li>• Integrated Facilities Management</li><li>• Civil, Mechanical and Electrical System Maintenance</li><li>• Integrated Building Management System</li><li>• Building Condition Assessment &amp; Survey</li></ul>	<ul style="list-style-type: none"><li>• Biomedical Engineering Maintenance Services</li><li>• Healthcare Waste Management Services</li><li>• Linen and Laundry Services</li><li>• Cleansing Services</li><li>• Facilities Management Services</li><li>• Housekeeping Services</li><li>• Portering Services</li><li>• Grounds and Landscape</li><li>• Pest Control</li></ul>	<ul style="list-style-type: none"><li>• Traffic and Safety Management</li><li>• Utilities Relocation Services</li><li>• Environmental, Materials Testing and Monitoring</li><li>• Pavement Condition Assessment</li><li>• Pavement, Slope Stabilisation, Repair and Rehabilitation</li><li>• Geotechnical Instrumental Services</li></ul>	<ul style="list-style-type: none"><li>• Asset and Inventory Management</li><li>• Township Management Services</li><li>• Estate and Security Management</li><li>• Warranty Management</li><li>• Property Management Service</li><li>• Community Management Service</li><li>• Sustainability Programmes</li><li>• High Performance Green Building Retrofit</li></ul>	<ul style="list-style-type: none"><li>• Energy Performance Management System/Energy Audit/Energy Assessment</li><li>• Green Building Rating Services</li><li>• Energy Financing</li><li>• Building Energy Design</li><li>• Centralised Command and Contact Center (Cloud-based work order management system and Internet of Things (IoT))</li></ul>



# UEMED STRATEGY FOR FY18-22

We are a Total Assets Solutions Company underpinned by 3 strategic pillars; Growth, Innovation & Technology and Operational Excellence

## UEM Edgenta Berhad

### Total Assets Solutions company

Revenue CAGR in the range of low to mid-teens (FY2017-22) with a high single to low-teens PATANCI margin in FY22 (FY2017: 6%)

#### 1 Recurring Revenue & Growth

Organic revenue growth on top of existing projects:

- **Consultancy** – Design and project management support projects for Pan Borneo Highway
- **Healthcare** – New contracts from UEMS, along with cross-selling opportunities between the concession and commercial businesses
- **Infrastructure** – Continued contribution from expressway maintenance contract with PLUS
- **Real Estate** – Revenue diversification & densification, broadening FM/MEP services to full scope contracts

#### 2 Technology & Innovation

Harnessing of technology to improve efficiency and margins; as well as deliver innovative tech solutions for clients

- **Consultancy** – Data-driven asset management technology incl. use of analytics and Building Information Modelling
- **Healthcare** – Automation and mechanisation of processes to optimise resources and increase productivity
- **Infrastructure** – Implementation of Performance-Based Contracting for PLUS
- **Real Estate** – Technology application (e.g. IoT) to enhanced experience and value-for-money to customers

#### 3 Operational & Organisational Excellence

Focus on operational excellence initiatives to drive margins and profitability

- Continue to realise synergies from acquisitions
- Edgenta Academy as the company's Centre of Excellence for technical learning to build talent pipeline
- Roll-out of high performance culture, e.g. Performance-Based Contracting



# RECURRING REVENUE & GROWTH

## Existing Key Projects



**CONCESSION CONTRACT BY MINISTRY OF HEALTH**  
Provision of hospital support services to 32 hospitals in Perak, Kedah, Perlis and Penang servicing more than 12,000 of beds.

**RM1.0 bil (work-in-hand for FY18-20)**



### COMMERCIAL CONTRACTS WITH VARIOUS SINGAPORE HOSPITALS

such as Khoo Teck Puat Hospital for housekeeping services (incl. cleaning and maintenance of wards, clinics, operating theatres, offices, car park and compound) and Changi General Hospital for portering services

**RM480 mil (work-in-hand for FY18-20)**



### EXPRESSWAY MAINTENANCE

Provision of Pavement Repair & Rehabilitation, Pavement Structural, Overlay Traffic and Safety Management, Civil Routine Maintenance Works, Mechanical, Electrical & Electronic Work

**RM1.4 bil (work-in-hand for FY18-20 based on scheduled rates)**



**PAN BORNEO SABAH**  
One of the main consultants supporting the PDP

**RM231 mil**

## RECURRING REVENUE & GROWTH

### New projects secured to-date



Secured Energy Performance Contracting Project (Teluk Intan, Sungai Siput and Ipoh Hospitals)

**RM28.2 mil**



Hospital Support Services contract ("HSS") for National Cancer Institute, Putrajaya

**RM75.5 mil**



Provision of building consultancy and advisory services for Tun Razak Exchange

**RM2.3 mil**



HSS for Women and Children Hospital Kuala Lumpur

**RM467.0 mil**



Provision of IFM to six CIMB Buildings

**RM31.6 mil**



Clinched new Township contracts - Medini Iskandar and Marina View Residences

**RM8.0 mil**

## 1 RECURRING REVENUE & GROWTH

A total of RM13.9 bil of work-in-hand has been estimated as at 31 Dec 2017 of which RM3.9 bil revenue to be realised up to 2020, and RM9.9 bil to be realised in 2021 and beyond. Healthcare and Infrastructure makes up 28% and 64% of secured revenue respectively

As at 31 Dec 2017

Divisions	Estimated Work-in-hand		To be realised in	
	RM'mil	%	FY2018-2020	FY2021 and beyond
Consultancy	557	4	363	194
Services				
<i>Concession</i>	3,339	24	1,407	1,932
<i>Commercial</i>	480	3	480	-
Healthcare	3,819	28	1,887	1,932
Infrastructure	8,832	64	1,458	7,374
Real Estate	659	5	231	427
Total	13,867	100	3,939	9,927

Work in hand: Secured order book and work based on scheduled rates

## RECURRING REVENUE & GROWTH

Identified Pipelines / Targeted Projects

Asset Consultancy	Asset Management Services		
	Healthcare	Infrastructure	Real Estate
<ul style="list-style-type: none"> <li>• HSR</li> <li>• SKLIA</li> <li>• Affordable Housing</li> <li>• Iskandar BRT</li> <li>• KLIA Upgrading</li> <li>• Central Spine</li> </ul>	<ul style="list-style-type: none"> <li>• Hospital Asset Replacement Programme</li> <li>• Optimisation of Sterile Processing Department Operations</li> </ul>	<ul style="list-style-type: none"> <li>• SKLIA</li> <li>• MAHB Routine Maintenance</li> <li>• SUKE</li> <li>• DASH</li> <li>• MRT 2</li> <li>• NCER</li> </ul>	<ul style="list-style-type: none"> <li>• Tun Razak Exchange District Management</li> <li>• Public higher education institutions</li> </ul>



## TECHNOLOGY AND INNOVATION

In-house creation of various technology platforms, as well as development of additional modules to support the key Business Divisions, in particular Infra and Healthcare Services with the Command & Contact Centre acting as the central hub for IoT applications.



*Cloud based*



*Wireless*



*Mobile applications*

### Command & Contact Centre



A work order management system for Infra Services



Mobile resource optimisation platform for Healthcare Services



Edgenta Community Management Platform - Module for managing the developers, property owners, property & facility managers eco-system

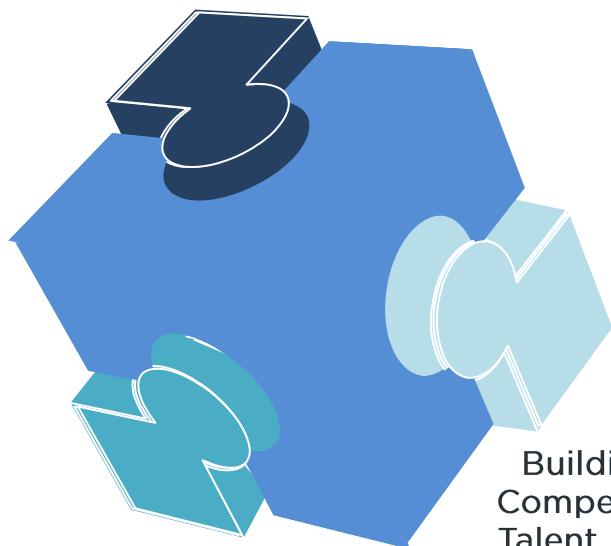
### 3 OPERATIONAL & ORGANISATIONAL EXCELLENCE

Harnessing of Edgenta Academy, which is to be launched in FY18, to inculcate technical learning, including change in business processes to be re-engineered for the implementation of PBC in Infra Services

#### Edgenta Academy

Centre of Excellence for technical learning to build talent pipeline

Driving Innovation and R&D



Building Competent Talent Pool

Prime Accreditation  
Internally certified and co-certified programmes with partners

#### Business Process Re-Engineering with PBC in Infra Services

Service Delivery

Sub-Contractor Management

Output based Performance Measurement

Work Process & Change Management

Finance, Reporting & Documentation



Transforming the organisation to be performance oriented



Embracing technology



Delivering enhanced service levels

## CAPITAL EXPENDITURE

To support the growth strategies, UEMEd will invest c. RM100mil in FY2018 for growth, technology and innovation that are expected to deliver growth in financial performance

### CAPEX

c. RM100 mil for FY2018



**RECURRING  
REVENUE &  
GROWTH**



**TECHNOLOGY &  
INNOVATION**



**OPERATIONAL &  
ORGANISATION  
EXCELLENCE**

The above additional capex investment would result in additional depreciation and amortisation expenses of c. RM18 mil in FY18



Section 5

# **Return to Shareholders**



## FY2017 DIVIDENDS

1st Interim Dividend  
(Paid out in Sept 2017)

**8 sen  
per share**

Special Dividend  
(To be paid April 2018)

**18 sen  
per share**

Total Dividend

**31 sen  
per share**

2nd Interim Dividend  
(To be paid May 2018)

**5 sen  
per share**

Dividend Yield

**12.4%**

*Based on share price of  
RM2.50  
(as at 22<sup>nd</sup> August 2017, prior to 1<sup>st</sup>  
interim div announcement)*



## Section 6

# Summary & Investment Rationale

# INVESTMENT RATIONALE

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



A member of **UEM Group**

## 1 **CONSISTENT AND SUSTAINABLE DIVIDENDS:**

- **Consistent dividends:** Declared a total of 75% total dividend payout ratio ex Special Dividend (based on PATANCI ex gain of RM143.3 mil)
- **Dividend Policy:** Unchanged at 70% of PATANCI, payable 2x a year

## 2 **RESILIENT AND DEFENSIVE STOCK:**

- **Established track record with sustainable earnings:** 18.5% and 15.3% CAGR - 3 years (FY14-17) Revenue and EBITDA from Continuing Operations ex EM and PD, respectively
- **Work in Hand:** RM13.9 bil in work in hand
- **Diversified portfolio:** 3 Offerings across 3 Core Sectors with strong growth prospects
- **Key Subsidiary:** Strategic Subsidiary of UEM Group and Khazanah Nasional

## 3 **GROWTH :**

- Healthy economic outlook for Malaysia
- Revenue CAGR in the range of low to mid-teens (FY2017-22) with a high single to low-teens PATANCI margin in FY22 (FY2017: 6%), on the back of organic revenue growth and margin expansion from deployment of technology and innovation as well as operational & organisational excellence



▶ **THANK YOU**

