

# ANNUAL REPORT 2020



A member of UEM Group


## EDGENTA OF THE FUTURE

PEOPLE | TECHNOLOGY | SOLUTIONS



## **Thank You, Shareholders**

The global COVID-19 pandemic will be a pivotal moment in our history. At the heart of the challenges faced across all our business segments, our resilience has allowed us to respond efficiently, and perform our role as the guardian of our clients' assets. We thank you for your confidence and trust in UEM Edgenta, and our aim is to ensure the Company remains sustainable for the long-term and we are committed in our support towards national recovery efforts.









## Winning Together

Our business spans across the region, serving clients operating in key industries within this economic landscape. As an essential service provider at the front lines, our preparedness to face crises and disasters was put to the ultimate test in 2020. It was our responsibility to ensure our clients' operations remained uninterrupted throughout the pandemic, in which we transitioned to comply with heightened health and safety standards, as well as formulate new operational protocols, which effectively strengthened our core offerings; all while we adapt our business to the new normal.







## Powering UEM Edgenta Forward

At UEM Edgenta, our people are at the heart of the solutions which we offer to the market. The Company connects our essential front line operations through digital workforce management capabilities, while using innovative technologies to manage asset performance data and create an 'always on' decision support system. This provides us the ability to remotely ensure the assets under our care are always managed efficiently for our clients. Our business ecosystem also provides our people with the tools to operate effectively from home; all while ensuring that their emotional health, safety and well-being are taken care of.









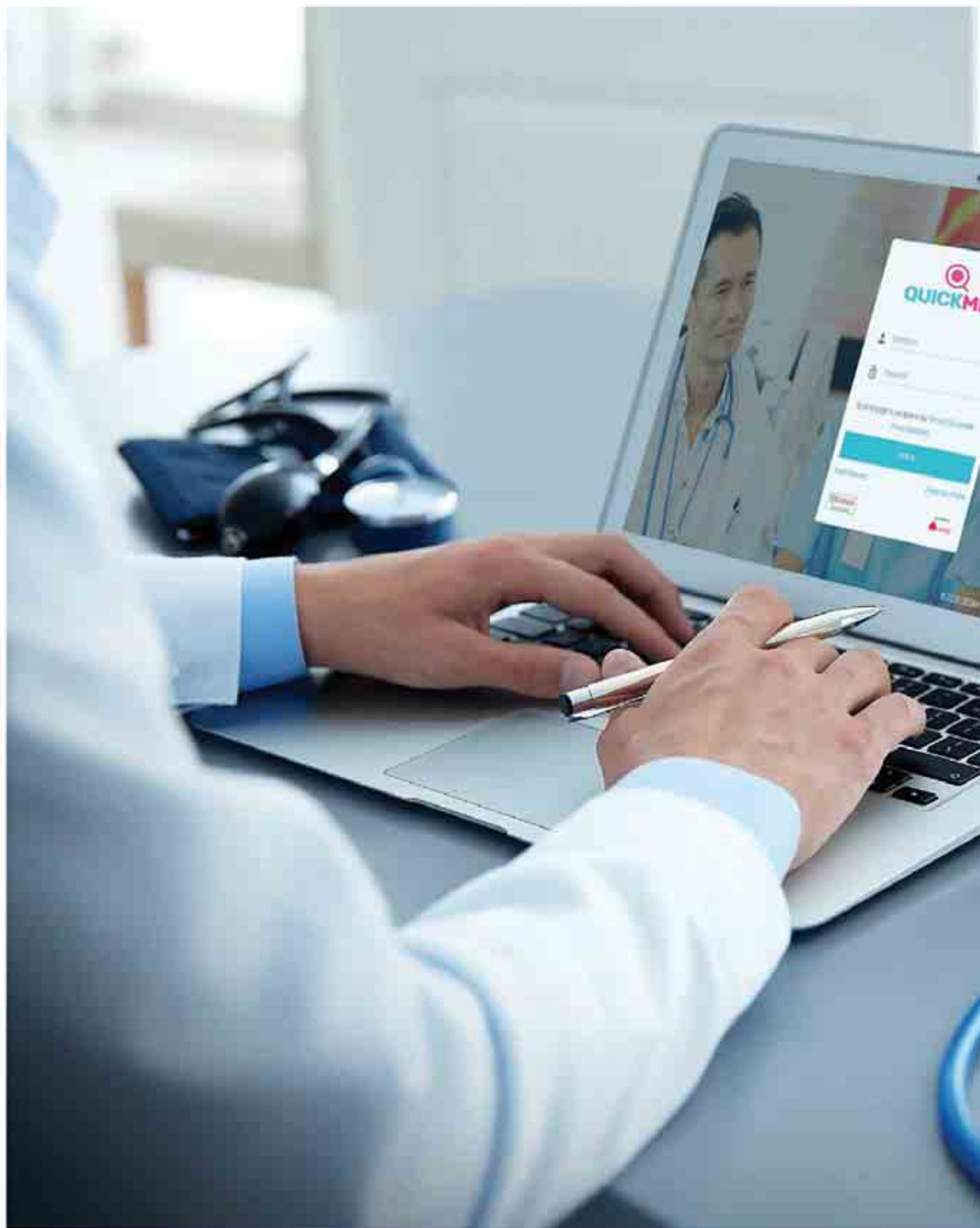




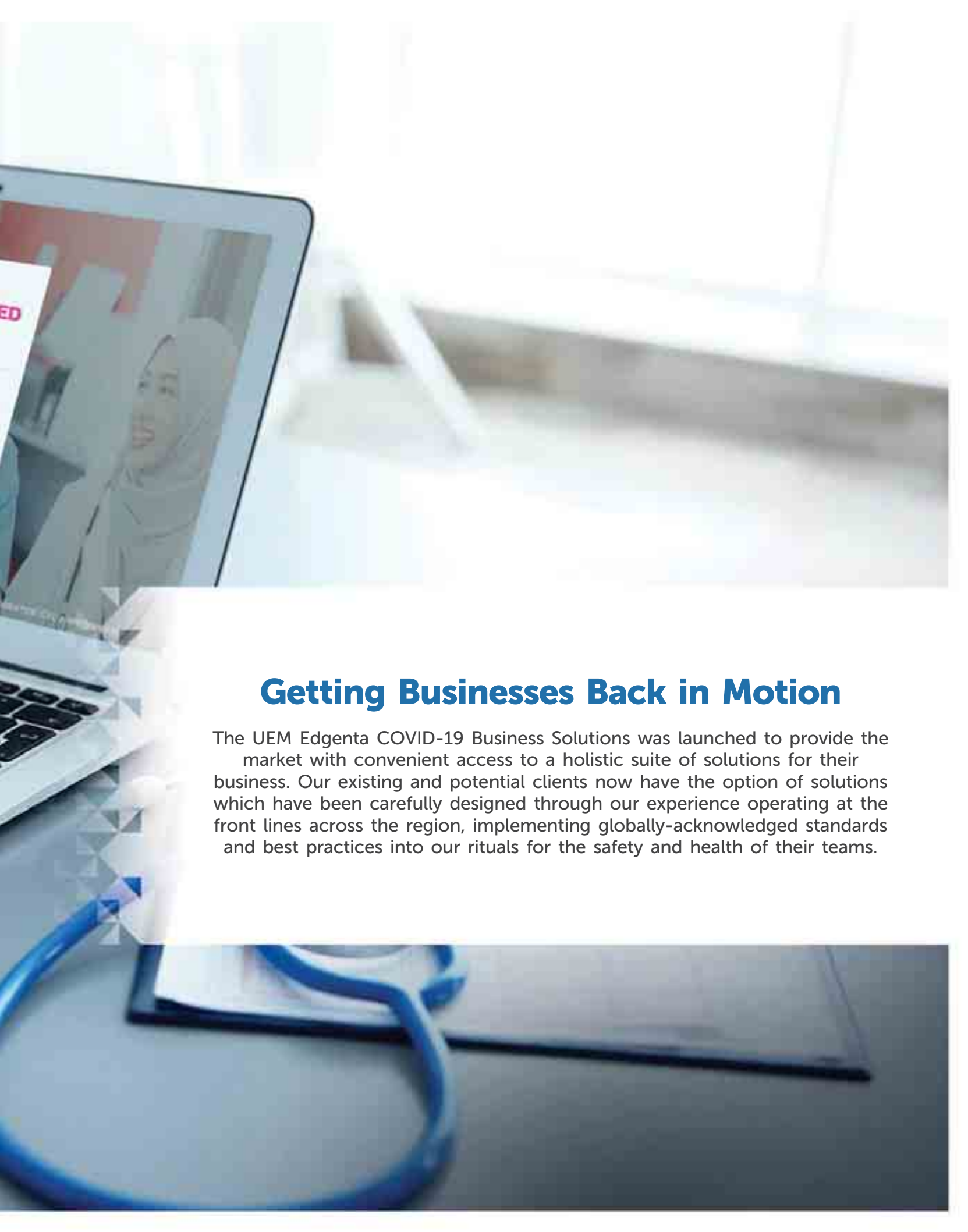
## **Commitment to Social Impact**

We are committed to efforts which can positively impact the lives of society at large, and create shared prosperity for communities living within our operational boundaries. Our support towards national recovery efforts during this time of crisis, providing our digital healthcare products and biomedical equipment services, was supplemented with immediate relief for deserving families to help weather the impact brought by the COVID-19 pandemic. We continue to drive our corporate responsibility activities which are predicated by Environmental, Social and Governance principles.









## **Getting Businesses Back in Motion**

The UEM Edgenta COVID-19 Business Solutions was launched to provide the market with convenient access to a holistic suite of solutions for their business. Our existing and potential clients now have the option of solutions which have been carefully designed through our experience operating at the front lines across the region, implementing globally-acknowledged standards and best practices into our rituals for the safety and health of their teams.



## Transitioning Our People with New Values

As a solutions company, our values play an important role in shaping our purpose as an organisation to achieve the needs of our clients. In our efforts to create an up-to-date service-oriented culture, we have established a new set of values to spur refreshed beliefs and winning mindsets among our people in response to current market demands, as well as to realise our vision of 'Edgenta of the Future'.







# ABOUT OUR REPORT

The cover of our Annual Report this year symbolises a window into Edgenta of the Future, for our stakeholders to embrace and understand more about the innovative, technology-enabled solutions we offer to the market.



It displays our vision to engineer quality, smarter solutions for the healthcare support and infrastructure industries which we currently serve. These solutions have been enabled by harnessing technology to provide world-class, tailored services for our clients, in order to deliver sustainable growth. Laying the foundation for this is the 'Edgenta Way', which is our promise to deliver world-class solutions for our clients.

We pride ourselves in pushing boundaries, challenging the status quo and breaking conventions to harmonise state-of-the-art technologies and innovation in all our different operations, establishing us as the leading Asset Management & Infrastructure Solutions company in the region.

**Online Version:** This report and additional information on UEM Edgenta Berhad ("UEM Edgenta" or "Group" or "Company") is available online at our corporate website, [uemedgenta.com](http://uemedgenta.com)

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

**Head, Corporate Communications**

Level 16, Menara UEM  
Tower 1, Avenue 7  
The Horizon, Bangsar South City  
No. 8, Jalan Kerinchi  
59200 Kuala Lumpur  
Tel: +603 2725 6688 Fax: +603 2711 8057  
E-mail: [communications@edgenta.com](mailto:communications@edgenta.com)



Scope and Boundary

Forward-Looking Statements

Our Targeted Readers

Materiality

Independent Combined Assurance Statement





This Annual Report covers the reporting period of 1 January 2020 to 31 December 2020, unless otherwise stated. Information presented relates to the activities of the Group comprising our subsidiaries, joint operations, joint ventures and associates.

## CONTENTS

### Corporate Section

- Detailed disclosures on UEM Edgenta Group, our business strategies and sustainability performance based on the issues identified as material to the Group and our stakeholders
- Provides a comprehensive assessment of the Group's performance for 2020 and outlook for 2021

### Financial Section

- Provides the full set of the Group and Company's audited financial statements

## REGULATIONS COMPLIED

### Corporate Section

- Companies Act 2016
- Bursa Malaysia Main Market Listing Requirements
- Malaysian Code on Corporate Governance 2017
- Adopts Bursa Malaysia's Sustainability Reporting Guide & Toolkits
- Guided by the International Integrated Reporting Council's framework for integrated reporting and the Global Reporting Initiative's Standards for Sustainability Reporting

### Financial Section

- Bursa Malaysia Securities Berhad Main Market Listing Requirements
- Malaysian Financial Reporting Standards ("MFRS")
- International Financial Reporting Standards ("IFRS")
- Requirements of the Companies Act 2016 in Malaysia



This report contains certain forward-looking statements relating to future performance. These statements and forecasts are based on current assumptions and circumstances, which could change, hence involve uncertainty. Various factors could cause actual results to differ materially from those expressed or implied by these forward-looking statements.



This is our primary report to stakeholders and is intended to address the information requirements of long-term investors (our equity and preference shareholders and prospective investors). We also present information relevant to the way we create value for other key stakeholders, including our employees, clients, regulators and communities.



The information presented in this report addresses matters that are most material to our business and stakeholder value. We identify, prioritise and validate our material matters via a three-step materiality assessment.



The credibility of this report is supported by strong governance practices. Assurance for this report is provided by our Board of Directors, supported by external verification by Ernst & Young PLT, our auditors for financial information and providers of limited assurance on selected non-financial information.

Navigation Icons



## CAPITALS



Financial Capital



Manufactured Capital



Natural Capital



Intellectual Capital



Human Capital



Social and Relationship Capital

## TRANSFORMATION PILLARS



Extract More Value from Our Core Businesses



Enhance Product and Technology Proposition



Expand Our Footprint and Deepen Solutions Base

## MATERIAL MATTERS



Technology-based Operational Excellence



Carbon Emissions



Waste Management



People Development



Diversity & Inclusivity



Internal Stakeholder Management



Health & Safety



Community Engagement



Ethics & Integrity



Vendor Development Programme



Thought Leadership & Advancing Industry

## KEY STAKEHOLDERS



Clients & Partners



Government & Regulators, Industry & Business Associates



Employees



Supply Chain Partners



Community



Shareholders & Investors



Media

## UNITED NATIONS' SUSTAINABLE DEVELOPMENT GOALS





# INSIDE THIS REPORT

## ABOUT OUR REPORT

### OVERVIEW OF UEM EDGENTA BERHAD

16	Who We Are
17	Vision   Mission   Our Values
18	Our Presence
20	2020 Key Highlights
22	Awards & Achievements
24	Our Corporate Structure
26	What We Do
30	Our Technology Solutions
32	Our Milestones

## KEY MESSAGES

34	Chairman's Statement
38	MD/CEO's Statement
44	CFO's Review
48	Our Response to the COVID-19 Global Pandemic

## MANAGEMENT DISCUSSION & ANALYSIS

### A. Strategic Review

50	An Integrated Approach to Value Creation
52	Our Operating Environment
54	Market Trends
56	Stakeholder Engagement
60	Key Risks and Mitigation
64	Our Material Matters
70	Edgenta of the Future 2025
72	Our Key Resources
74	Our Value Creation Business Model
76	Key Achievements

### B. Business Review

78	Healthcare Support
82	Property & Facility Solutions
84	Infrastructure Services
86	Asset Consultancy

### C. Performance Review

88	5-Year Group Financial Summary
90	Financial Highlights
91	Simplified Statements of Financial Position
91	Segmental Analysis
92	Value Added Statement & Value Distribution
93	Group Quarterly Performance
94	Investor Relations



Chairman's  
Statement  
**34**





## C O N T E N T S

### LEADERSHIP

- 99 Corporate Information
- 100 Board of Directors
- 102 Board of Directors' Profile
- 111 Company Secretary's Profile
- 112 Executive Leadership
- 114 Executive Leadership Profile
- 118 Organisation Structure

### GOVERNANCE

- 120 Corporate Governance Overview Statement
- 134 Audit Committee Report
- 137 Additional Compliance Information
- 138 Statement on Risk Management and Internal Control
- 148 Corporate Integrity and Ethical Business Conduct

### SUSTAINABILITY REPORT

- 150 Sustainability Statement
- 152 Environmental
- 158 Social
- 168 Governance

### FINANCIAL STATEMENTS

- 176 Directors' Report
- 181 Statement by Directors
- 181 Statutory Declaration
- 182 Independent Auditors' Report
- 187 Income Statements
- 188 Statements of Comprehensive Income
- 189 Statements of Financial Position
- 192 Statements of Changes in Equity
- 195 Statements of Cash Flows
- 197 Notes to the Financial Statements

### SHAREHOLDERS' INFORMATION

- 312 Analysis of Shareholdings
- 314 Properties Held by the Group
- 316 Recurrent Related Party Transactions
- 329 Glossary
- 332 Notice of the 58<sup>th</sup> Annual General Meeting
- 336 Statement Accompanying Notice of the 58<sup>th</sup> Annual General Meeting
- Form of Proxy
- Group Directory





# WHO WE ARE

UEM Edgenta is the region's leading Asset Management & Infrastructure Solutions company. We promise the Edgenta Way of delivering quality services to our clients by going beyond standards and offering technology-based solutions as a promise of efficiency, anchored upon a mindset to ensure safety across our operations for the benefit of all our stakeholders.

Our expertise covers Healthcare Support and Property & Facility Solutions within our Asset Management segment, and Infrastructure Services, along with Asset Consultancy within Infrastructure Solutions. Today, we have embarked on a vision towards Edgenta of the Future, where we are determined to become a Technology-Enabled Solutions Company with a focus on healthcare by 2025.



Market Capitalisation

**RM1.6  
BILLION\***

One of the region's largest Asset Management & Infrastructure Solutions entities with group assets of

**RM2.8  
BILLION\***

Revenue

**RM2.0  
BILLION\***





# VISION

Optimising Assets to Improve Lives

# MISSION

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

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

# OUR VALUES

Our core values play an integral role in defining our identity in the industries we serve, setting a cultural foundation to reaffirm and reflect our beliefs, philosophies, and priorities, especially for our clients and stakeholders. As part of the Company's culture transformation efforts to align with the Company's next phase of growth against the backdrop of an ever-changing global market, a refreshed set of values were introduced.

Our new core values, FIRST, represent our role in creating a holistic and inclusive identity for our people, while delivering value-added solutions for our stakeholders.



## FUTURE FOCUSED

we prepare for tomorrow's challenges, today



## IMAGINE NEW WAYS

we imagine new ways to deliver better work



## RESPECT FOR ALL

we treat our colleagues & stakeholders with respect



## SOLUTIONING MINDSET

we solve challenges to deliver results



## TRUE TO OUR WORD

we are guided by integrity to build trust



**21,798**  
employees serving  
our clients in  
the region\*



Presence in  
**6 COUNTRIES**

Malaysia, Singapore,  
Indonesia, Taiwan, India  
& United Arab Emirates

Combined  
experience of  
more than

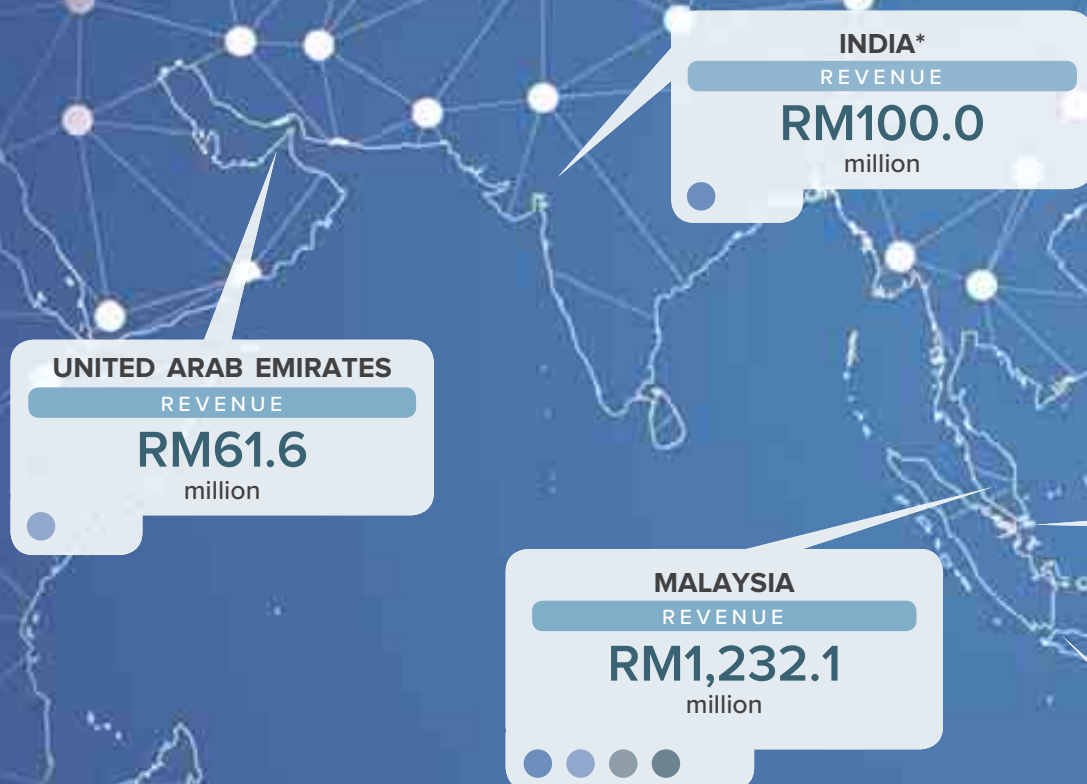
**80 YEARS**

in Asset Management  
& Infrastructure  
Solutions

\*as at 31 December 2020



# OUR PRESENCE



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

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



Healthcare Support



Property & Facility Solutions



Infrastructure Services



Asset Consultancy





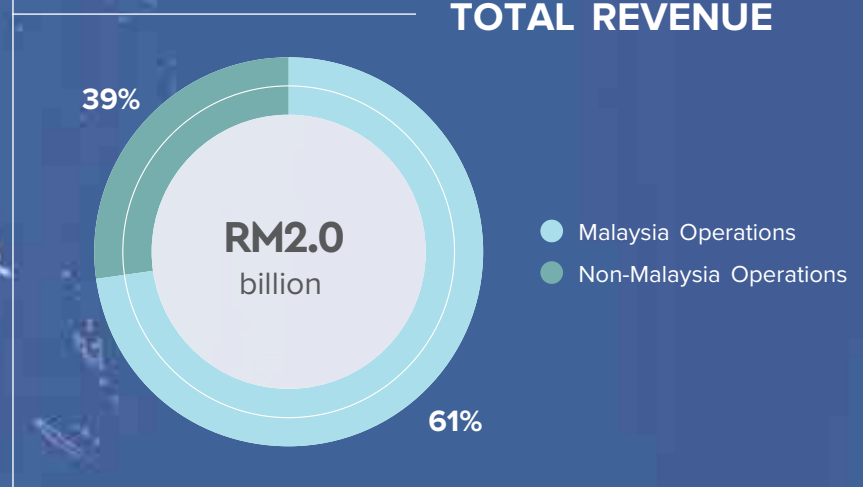
# we operate in 6 countries across the region



## TOTAL EMPLOYEES



## TOTAL REVENUE



Our people have gone above and beyond to deliver our essential services driven by the latest technological innovations and solutions, as well as contributed earnestly through social responsibility efforts for the community. Throughout the global pandemic, UEM Edgenta has stood strong with resilience and discipline at the front lines, working closely with our clients at hospitals, highways, buildings and facilities under our care.

Our continuous resilience and agility to deliver uninterrupted services, even under the most challenging of situations has positively impacted our clients, society and markets. We want to accelerate our journey moving forward with our clients and continue our vision to optimise assets and improve lives for all our stakeholders, the Edgenta Way.

# 2020 KEY

## SUSTAINABILITY HIGHLIGHTS

### ENVIRONMENT



**27%**  
reduction in  
**electricity**  
consumption  
annually



Maintaining over  
**3.6** million m<sup>2</sup>  
of **cleanable**  
**surfaces** every day



More than  
**10**  
**GBI-certified**  
Green Buildings



**11%**  
reduction  
in **water**  
consumption  
annually



**RM55 million**  
in **energy bill savings** through  
our Energy Performance  
Contracting programme



**9 tonnes**  
of **recyclable waste**  
diverted from  
landfills



**LEED v4 Gold Rating**  
Sultanah Maliha Hospital,  
Langkawi – **the only**  
**healthcare facility in the**  
**world** to achieve LEED v4  
Gold Rating

### SOCIAL



#### Workforce Diversity

**52.8%**  
Women

**47.2%**  
Men

**35.8%** of top  
management positions  
held by women



#### Learning & Development

**10 hours**  
average learning hours per employee

More than  
**RM2.1 million** spent on  
training and development programmes  
in 2020

Ratio of digital vs face-to-face learning

**49.8%** to **50.2%**  
(digital) (face-to-face)



#### Communities

**24**  
livelihood projects &  
stakeholder  
engagements

**4,624**  
individual beneficiaries  
of zakat funds  
in 2020  
(1,718 in 2019)

### GOVERNANCE



Scored

**93.71%** ASEAN Corporate Governance  
Scorecard\* by Minority Shareholder Watch  
Group ("MSWG")\*\*

Ranked

**#50** out of 866 Public Listed Companies  
for Overall Corporate Governance &  
Performance in 2019 by MSWG\*\*

**9** initiatives to strengthen the Anti-Bribery &  
Anti-Corruption ("ABAC") Guide

\* for financial year ended 31 December 2018

\*\* latest results published in year 2020

### HEALTH & SAFETY



**0** Number of Fatalities  
(as at 31 December 2020)

Injury Rate of

**1.7** (in 2020) compared to  
2.8 (in 2019)

**Safety Excellence** across operations  
network with over

**250**  
professionally trained experts



# HIGHLIGHTS

## BUSINESS HIGHLIGHTS



New contracts in Singapore for **Sengkang General & Community Hospital** and **Changi General Hospital**

New contracts in Taiwan for Hospital Support Services at **Tri-Service General Hospital, Cheng Hsin General Hospital** and others



**Biomedical Engineering Maintenance Services**, Computerised Asset Management System & Facilities Management contract for **WEIDA Sarawak General Hospital** extension



Integrated Facilities Management services for **287 CIMB branches nationwide**

Project Management Consultant for **Sarawak Coastal Road Network and Second Trunk Road Phase 2**



Pavement contract with Dumas Holdings for the **Pan Borneo Sarawak Highway**



Donation of ventilators and patient monitoring systems to the Ministry of Health Malaysia



Development of a **cloud-based Epidemic Management System** for the Ministry of Health Malaysia and National Crisis Preparedness & Response Centre

Setting-up of a **hybrid Intensive Care Unit** facility at the Tengku Ampuan Rahimah Hospital in Klang, Selangor



Provision of biomedical equipment and operational supplies to Kudat Hospital under the **Sabah MATCH Hub COVID-19 Emergency Relief**

## FINANCIAL HIGHLIGHTS

Revenue

**RM2,028.7**  
million

EBITDA

**RM131.6**  
million

Profit Before Tax

**RM46.9**  
million

Profit After Tax

**RM14.4**  
million

Normalised PAT

**RM64.4**  
million

PATANCI

**RM12.9**  
million

Gross Gearing Ratio

**0.32x**

Net Cash Position

**RM206.6**  
million

Net Asset Per Share

**RM1.80**

Shareholders' Fund

**RM1,500.7**  
million

Total Cash, Bank Balances, Deposits & Short-Term Investment

**RM689.8**  
million

Total Assets

**RM2,807.4**  
million

Earnings Per Share

**1.5**  
sen

## AWARDS & ACHIEVEMENTS



Leadership in Energy and  
Environmental Design ("LEED")  
for Sultanah Maliha  
Hospital, Langkawi  
LEED v4 Gold Rating Hospital



Malaysia Facilities  
Management Company  
of the Year



Australasian Fleet Management  
Association  
AfMA Fleet Safety Award  
("AfMA")



Annual Productivity &  
Innovation Conference  
and Exposition ("APIC")  
Three "5 Star" Awards



Regional Convention on Team  
Excellence ("RTE")  
Three Gold Awards



Mini Convention on  
Team Excellence ("MTE")  
Three Gold Awards



Singapore National  
Environment Agency  
Enhanced Clean Mark  
Accreditation Scheme  
(Gold) Award



The Edge Billion Ringgit Club  
Industrial Products & Services  
Highest Growth in Profit After  
Tax Over Three Years



ENERGY STAR  
Sultanah Maliha Hospital,  
Langkawi  
Energy Star 100



Malaysian Society for Occupational  
Safety & Health ("MSOSH")  
Occupational Safety & Health  
("OSH") Award  
Four Gold Class 1 Award  
Gold Class 2 Award  
Silver Award



ASEAN Energy Management Scheme  
Energy Management Gold  
Standard 3-Star  
(Batu Gajah & Selama Hospitals)  
Energy Management Gold  
Standard 2-Star  
Sultanah Maliha Hospital, Langkawi



National-Level  
"World Toilet Day 2020"  
Second Place in  
the "Public Lay-Bys" –  
Hentian Sebelah Senawang  
(Northbound) Toilets

1

2

3

4

5

6

7

8



# OUR CORPORATE STRUCTURE

As at 17 March 2021

Khazanah Nasional Berhad



100%

UEM Group Berhad



69.14%

## ASSET MANAGEMENT



### HEALTHCARE SUPPORT

#### CONCESSION

100%

Edgenta Healthcare Management Sdn. Bhd.

100%\*

Edgenta Mediserve Sdn. Bhd.

100%  
Edgenta Healthtronics Sdn. Bhd.

100%  
Edgenta Mediserve (Sabah) Sdn. Bhd.

40%  
Sedafiat Sdn. Bhd.

100%  
Edgenta Mediserve (Sarawak) Sdn. Bhd.

40%  
One Medicare Sdn. Bhd.

40%  
Biomedix Solutions Sdn. Bhd.

100%  
Cermin Cahaya Sdn. Bhd.

#### COMMERCIAL

100%

Edgenta (Singapore) Pte. Ltd.

97.46%

UEMS Pte. Ltd. (Singapore)

100%  
UEMS Solutions Pte. Ltd. (Singapore)

100%  
Edgenta UEMS Ltd. (Taiwan)

100%  
Edgenta UEMS SC Ltd. (Taiwan)

100%  
Edgenta UEMS Sdn. Bhd.

Other Subsidiary



### PROPERTY & FACILITY SOLUTIONS

100%

Edgenta Facilities Sdn. Bhd.

100%  
Edgenta Facilities Management Sdn. Bhd.

51%  
Faber Sindoori Management Services Private Limited (India)

Other Subsidiaries

100%

Edgenta GreenTech Sdn. Bhd.

Other Subsidiaries

100%

Edgenta Township Management Services Sdn. Bhd.

Other Subsidiaries

100%

Edgenta Energy Projects Sdn. Bhd.

70%

Edgenta Energy Services Sdn. Bhd.

\* Direct & Indirect Interest



UEM Edgenta Berhad



## INFRASTRUCTURE SOLUTIONS



### INFRASTRUCTURE SERVICES

**100%**

Edgenta PROPEL Berhad

**100%**

Edgenta Infrastructure Services Sdn. Bhd.

**99.9%**

PT Edgenta PROPEL Indonesia

Other Subsidiary

**100%**

Edgenta Environmental & Material Testing Sdn. Bhd.



### ASSET CONSULTANCY

**100%**

Opus Group Berhad

**100%**

Opus International (M) Berhad

**30%**

Opus Consultants (M) Sdn. Bhd.

Other Subsidiaries

Other

Subsidiaries

1

2

3

4

5

6

7

8

# WHAT WE DO

## ASSET MANAGEMENT



## HEALTHCARE SUPPORT

Contribution to Group Revenue

**RM1,233.4** million

Contribution to Group Profit

**RM84.1** million

Our Healthcare Support division comprises both our commercial and concession businesses that cater to specific clients and stakeholders in the region. Through our diverse knowledge and experience in multiple industries, we are able to deliver optimal solutions in improving the non-clinical support services demanded by today's healthcare providers and other commercial industries.

Against the backdrop of the COVID-19 pandemic, we had the monumental task of providing our support to the Malaysian, Singaporean and Taiwanese Governments in their efforts to contain this pandemic by providing hygiene services, among others. In Malaysia, efforts included donations of mobile ventilators, patient monitoring systems, as well as a cloud-based healthcare information system to the Ministry of Health ("MoH") Malaysia. We also launched our COVID-19 Business Solutions for existing and potential stakeholders to keep their businesses up-and-running during these challenging times.

Our innovative solutions Powered by Edgenta serve as the catalyst in delivering value-added results to our clients' hospital assets and facilities at an optimum level of efficiency.

Annual processing output of  
**18,000 tonnes**  
of soiled linen

**32** MoH Malaysia hospitals attained  
**Energy Management**  
**Gold Standard** certification

Managing more than  
**50,000 biomedical**  
**equipment** worth over  
**RM3 billion**

Serving over  
**300 hospitals &**  
**healthcare facilities**  
across the region

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

### Featured Clients:



Ministry of Health  
Malaysia



Cardiac Vascular  
Sentral



Tri-Service General  
Hospital



Pantai Hospitals



Taipei Medical  
University Hospital



KPJ Healthcare



Sengkang General  
Hospital



Changi General  
Hospital





## PROPERTY & FACILITY SOLUTIONS

Contribution to Group Revenue

**RM149.2** million

Contribution to Group Profit

**RM8.9** million

Our Property & Facility Solutions division offers performance-based approaches, supported by technology-driven green building solutions and data grounded asset management with a focus on asset optimisation and energy solutions. From smart workplace solutions to infrastructure and commercial properties facilities management, we enhance experiences through seamless connection of people, assets and processes.

In the stir of the COVID-19 pandemic, we annexed the opportunity to elevate our sanitisation and disinfection services, offering clients heightened protection at their buildings and facilities through the utilisation of SDPro cleaning solutions towards creating a safe and clean workplace environment.

Our role as the custodian of assets and facilities is evident through our Smart FM technology which enables comprehensive and thorough predictive maintenance through the 'Internet of Things' ("IoT") architecture.

Total savings of  
**RM55 million**  
on energy spending  
since 2017 for clients

Facility management  
services at over **300**  
buildings & facilities

Energy efficiency solutions  
at **28 GBI-rated**  
buildings

**9 tonnes**  
of recyclable waste diverted from  
landfills

**78%** reduction in chemical  
oxygen demand

**81.4 million**  
kWh energy savings per annum

### Featured Clients:



CIMB Bank  
Berhad



Prime Minister's Office,  
Putrajaya, Malaysia



Etiqua



wasl Group



KLCC Property  
Holdings



Proton Holdings



Silterra Malaysia

# WHAT WE DO

## INFRASTRUCTURE SOLUTIONS



## INFRASTRUCTURE SERVICES

Contribution to Group Revenue

**RM549.1** million

Contribution to Group Profit

**RM26.1** million

UEM Edgenta's Infrastructure Services division offers industry-leading expertise on Highway Network Maintenance, including innovative Pavement Works & Solutions services through our Pavement Research Centre.

With the ongoing COVID-19 pandemic, we remain steadfast in ensuring that our clients' assets are continuously maintained and managed to ensure that they are optimised in the long-term. We constantly find new and innovative solutions to provide our clients with the best services for their assets with extensive research & development, and ideas from our talents.

Our wealth of experience totalling more than 30 years in the field has also allowed us to further enhance these assets nationwide and across the region with an extensive knowledge on maintaining roads, highways and infrastructure assets to better serve the community during the pandemic.

Creating robust partnerships with our stakeholders is a testament to our promise in delivering high-quality infrastructure services in the region.

**Approximately RM10 billion** worth of infrastructure assets managed

Over **3,500 km** of network management and maintenance of expressways in Malaysia and Indonesia

Road Asset Management System bringing **1,500 km** of expressways and its assets online

More than **30 years** of experience in Highway Maintenance

Involved in **Expressways, State Roads, Airports, Plantations & Rail**

### Featured Clients:



PLUS Malaysia Berhad



Malaysian Public Works Department



LATAR Expressway



Lebuhraya Pantai Timur 2 Sdn. Bhd.



ASTRA Infra



Endaya



## ASSET CONSULTANCY

Contribution to Group Revenue

**RM88.1** million

Contribution to Group Profit

**RM6.4** million

We are represented by Opus Consultants, Malaysia's leading engineering and asset management consultancy firm with more than 30 years of experience delivering mega projects worth over RM100 billion.

Committed towards working closely with our clients, we help visualise and realise goals in transportation infrastructure, utilities, buildings and integrated development.

Our multitude of expertise and knowledge in transport infrastructure such as roads, rails and bridges have allowed us to offer our quality services to meet our clients' needs and overcome project challenges.

With a team of dedicated and talented engineers, planners, as well as specialists from various disciplines, we strive to achieve the desired results for our clients with quality and value-added services.

2 Sectors

- **Highways & Bridges**
- **Rail**

Delivered over  
**RM100 billion**  
worth of infrastructure projects

Represented by

**OPUS**  
CONSULTANTS  
AN EDGENTA COMPANY

Over **30 years** delivering  
professional engineering services

Asset lifecycle management for  
tolled expressways covering  
**1,171 km**

**400** professionals, including  
engineers and project managers  
across Malaysia

### Featured Clients:



Ministry of Works  
Malaysia



Sarawak Public  
Works Department



PLUS Malaysia  
Berhad



Ministry of Health  
Malaysia



Ministry of Transport Malaysia

1

2

3

4

5

6

7

8



# OUR TECHNOLOGY SOLUTIONS

We develop and integrate technology products and digital solutions to address clients', as well as market demands, and this will play a key role in our vision and strategy towards Edgenta of the Future.

## COMMAND & CONTACT CENTRE

### AN EDGENTA SOLUTION

- Central hub for the remote monitoring and management of assets
- Connected to 34 hospitals, over 1,000 km of highways and 248 properties
- Key clients from both private and public sectors
- In-house talents comprising data analysts, data engineers and data scientists
- Cloud computing, data analytics, machine learning, and Artificial Intelligence.
- Security and confidentiality for all clients' data
- We embrace innovation in our processes, solutions and technology

## EDGENTA TECHNOLOGY SOLUTIONS

We create and deploy digital solutions and innovative technologies, helping our clients reduce cost and accelerate operational efficiencies.

This powers our sustainable business through continuously improving our solutions in the market by offering a holistic, secure and scalable suite of services for clients across their asset's lifecycle.

## INNOVATION GARAGE, R&D AND ENGINEERING INITIATIVES

- Our skunkworks team analyses data and information to acquire knowledge in further innovating and generating new ideas
- Pavement Research Centre – sustainable pavement solutions
- Engineers/subject matter experts with more than 30 accumulative years of engineering experience
- The Fourth Industrial Revolution ("IR4.0")
- Company-wide investment in process re-engineering and modernisation, laying the foundation for accelerated digital transformation

## DIGITALISATION

**SMART  
CONNECT**  
AN EDGENTA SOLUTION

**FAMS**  
AN EDGENTA SOLUTION

**UETRACK™**  
AN EDGENTA SOLUTION

**QUICKMED**

**RFID**

**IOT**

**GPS**



## FUTURE FOCUS

Commercialisation of technologies and productisation of solutions through Edgenta Cloud, Marketplace, Mall, Digital Healthcare (QuickMed, Wellthily), and smart asset & infrastructure management solutions.

### HOW THE MARKET & OUR STAKEHOLDERS BENEFIT

- Digital and Remote workforce management
- Real-time Cloud, platform, scalability, Software as a Service ("SaaS") monitoring
- Predictive analytics, machine learning and AI
- Fully digital operations and data management
- Performance assessment and lifecycle management
- Automated client reporting – live dashboarding
- Central Command & Contact Centre for asset monitoring and management
- Operational and cost efficiencies
- Consistent delivery of quality output
- Safer operations

### EMPOWERING NATIONAL RECOVERY EFFORTS THROUGH TECHNOLOGY

- Hybrid Intensive Care Unit ("ICU") – mobile ICU which can be assembled in a short amount of time
- Epidemic Management System – Smart asset management and data monitoring of COVID-19 statistics, connecting hospitals and quarantine centres nationwide
- Predictive maintenance to ensure medical equipment availability

## DIGITAL HEALTHCARE

Enabling tomorrow's healthcare, today by empowering the collaboration of different stakeholders on a common cloud-based, patient-centric healthcare platform and ecosystem which allows medical services to be delivered without boundaries. Accelerating rapid data exchange between patients, healthcare professionals, labs, third-party administrators and many more for seamless experiences and innovation.

## AUTOMATION & MECHANISATION

MULAG Mechanised Grass Cutter, DULEVO Road Sweeper, Hymach Slope Grass Mower

- To support the Ministry of Works Malaysia's goal to empower the nation's infrastructure maintenance by leveraging on Automation & Mechanisation to be more efficient and cost effective
- Reduce labour demands and enhance safety, minimising exposure to live traffic when performing routine and maintenance works

1

2

3

4

5

6

7

8

# OUR MILESTONES

## INDICES REPRESENTATION



## CREDIT RATINGS



2016

Jointly provided Biomedical Engineering Maintenance Services ("BEMS") to all Government hospitals in Sarawak (BEMS is today a current service provided by our Healthcare Support division).

Completed an 80% equity stake acquisition in KFM Holdings Sdn. Bhd.

Successful establishment of PT Edgenta PROPEL Indonesia.

Operationalisation of the Command & Contact Centre ("CnC").

Incorporation of Edgenta Energy Projects Sdn. Bhd. to offer energy management services and renewable energy services through capital investments.

Grew our commercial healthcare business via the completion of 100% equity stake acquisition in Asia Integrated Facility Solutions Pte. Ltd., which owns UEMS Pte. Ltd.

2017

Appointed to provide asset consultancy services to Borneo Highway PDP Sdn. Bhd., the Project Delivery Partner for Pan Borneo Highway Sabah.

Project win for the provision of Hospital Support Services ("HSS") to the National Cancer Institute, Malaysia.

Established output-based contracting for network management and maintenance of the North-South Expressway, and execution of a 'Heads of Terms' with PLUS Malaysia Berhad ("PLUS").

Completed disposal of 61.2% equity stake in Opus International Consultants Ltd. ("OIC") which marks UEM Edgenta's exit from the water sector and consultancy business in five countries.

Project win for the provision of Integrated Facilities Management ("IFM") for six CIMB buildings.





## 2018

- Hosted the first Partners Operations Dialogue ("POD"), a platform for UEM Edgenta to engage with contractors and share best safety and operational practices towards achieving our 'Goal Zero' target.
- Embarked on the Trending, Innovation, Disruption, Entrepreneurship ("TIDE") programme introduced by, Khazanah Nasional Berhad, resulting in the setting-up of the Innovation Garage programme to harness innovation in delivering solutions to existing problems, as well as creating new value for the Company.
- Revision of dividend policy payout of at least 50%, and up to 80% of Profit After Tax ("PAT") and Non-Controlling Interests ("PATANCI").
- Signing of the first output-based agreement for pavement works with PLUS.
- Won the Inaugural Clinic Support Services ("CSS") contract for nine state clinics in Penang.
- Secured a string of major project wins for Property & Facility Solutions from Proton, Universiti Sains Malaysia Hospital and wasl Asset Management Group in Dubai.

## 2019

- UEMS businesses in Malaysia, Singapore and Taiwan officially rebranded as Edgenta UEMS.
- First win for Edgenta UEMS to provide Environmental Services to KPJ Healthcare Group's new facility block at KPJ Ampang Puteri Specialist Hospital, Selangor.
- Secured Sime Darby Motors Auto Fitout contract offering retrofitting and design & build works.
- Opus Consultants appointed Project Management Consultant for the Sarawak Coastal Road Network and Second Trunk Roads project, overseeing upgrading and construction works.
- Name change of KFM Holdings Sdn. Bhd. to Edgenta GreenTech Sdn. Bhd., serving as one of the key business units for Property & Facility Solutions.
- Official launch of our new mechanised vehicles for highway maintenance operations, an initiative under Innovation Garage.
- Entered into a Memorandum of Understanding with the Malaysian Highway Authority ("MHA") and Construction Industry Development Board ("CIDB") to explore potential collaboration opportunities between MHA, CIDB and UEM Edgenta.
- Edgenta UEMS wins new HSS contracts from the Ministry of Health Singapore.

## 2020

- The Edgenta brand turns 5 in April since its merger.
- Appointment of new Managing Director/ Chief Executive Officer, Syahrudin Samsudin.
- Portering and cleansing contract wins for several hospitals in Singapore and Taiwan including Sengkang General Hospital, Changi General Hospital, Cheng Hsin General Hospital and National Yang Ming University Hospital.
- Secured the BEMS, Facilities Management ("FM") and Computerised Asset Management System ("CAMS") contract for WEIDA at Sarawak General Hospital extension.
- Secured asset lifecycle cost contract for the Prime Minister's Office in Putrajaya.
- Secured FM services for 287 CIMB branches nationwide.
- Sustainable Pavement Solution programme in collaboration with the Taiping Municipal Council in Perak.
- Continuation of Independent Consulting Engineer ("ICE") with additional scope of services for Sarawak Pan Borneo Highway.
- Pavement contract win with Dumas Holdings for the Pan Borneo Sarawak Highway.
- Replacement Through Maintenance ("RTM") initiative at the Sultanah Maliha Hospital in Langkawi.
- During the COVID-19 pandemic, UEM Edgenta played a key role in supporting national recovery efforts:
  - Contribution of 30 ventilators and 30 patient monitoring systems for use by MoH Malaysia
  - Development of a cloud-based Epidemic Management System for MoH Malaysia and National Crisis Preparedness & Response Centre
  - Introduced drive-through & on-site Polymerase Chain Reaction and Rapid Test Kit COVID-19 testing facilities in the Klang Valley and Melaka
  - Setting-up of a hybrid ICU facility at the Tengku Ampuan Rahimah Hospital in Klang, Selangor
  - Engaged with MERCY Malaysia to provide biomedical equipment and operational supplies to Kudat Hospital under the Sabah MATCH Hub COVID-19 Emergency Relief Project
- Menara UEM recognised as the first corporate building in Malaysia to be certified by Bureau Veritas for complying with the implementation of hygiene excellence and safety controls, and against the spread of COVID-19.

1

2

3

4

5

6

7

8



## Dear Shareholders,

2020 was a test of our resilience and fundamentals with the COVID-19 pandemic dominating all aspects of life and business. The resulting containment measures, from restricted movements to lockdowns, significantly impacted business operations across industries, and UEM Edgenta was no exception.

“

**NEW  
TECHNOLOGIES  
WILL FURTHER  
CHANGE THE  
WAY WE WORK  
TO ACHIEVE  
OUR BUSINESS  
GOALS AND  
PROFITABILITY.**

”

**TAN SRI DR. AZMIL KHALID**

Independent Non-Executive Chairman



# CHAIRMAN'S STATEMENT

Key priorities during the year were to assess our strategic initiatives and drive operational efficiencies against the backdrop of a fast-evolving and volatile economy.

Moving into 2021, we will be embarking on a transformational journey to be a Technology-Enabled Solutions Company with a focus on healthcare by 2025.

In the face of adversity, however, we emerged stronger and I am pleased to report that we recorded a resilient performance for the financial year ended 31 December 2020 ("FY2020").

Navigating our business through an unprecedented landscape was made possible by the sheer strength and tenacity we have built over the years, combining our expertise and experience with leading-edge technologies and innovative solutions.

In FY2020, we registered commendable financial results across all our business segments despite the challenging operating environment. In further demonstrating our resilience, we continued to win key contracts in healthcare support services in Malaysia, Singapore and Taiwan, and introduced new technology-enabled innovative solutions to meet areas of growing demand.

These achievements are testament to the fact that our Company's fundamentals remain intact and that we continue to be adaptable even in trying times.

Key priorities during the year were to assess our strategic initiatives and drive operational efficiencies against the backdrop of a fast-evolving and volatile economy. We also focused on prudent cash flow and resource management to ensure sustainable growth.

We have been keeping a close watch on emerging trends from the pandemic and identified new opportunities that are opening up. New technologies will further change the way we work to achieve our business goals and profitability. We believe the future will be shaped by the deepening and acceleration of several recovery trends, particularly digitalisation and datafication.

As such, the Management has undertaken a strategic review of our business model with an aim to reposition our business for further growth in untapped markets and diversify our revenue streams. Moving into 2021, we will be embarking on a transformational journey to be a Technology-Enabled Solutions Company with a focus on healthcare by 2025. More details on this strategy are provided in the Managing Director/Chief Executive Officer's ("MD/CEO") review.

1

2

3

4

5

6

7

8



## CHAIRMAN'S STATEMENT



**A number of our products and solutions serve either directly or indirectly to enhance the environment. Through our Energy Performance Contracts, for example, we help customers implement energy efficient systems in their premises, reducing their carbon footprint.**

### OUR FRONT LINERS, OUR CHAMPIONS

We take immense pride in our contributions to the nation, and particularly in supporting the Malaysian, Singaporean and Taiwanese Governments by deploying innovative solutions to help manage and overcome the pandemic. Our front liners joined the fight to contain the virus in full force, working around the clock to ensure uninterrupted service at the over 300 hospitals in the countries which we serve; as well as on highways, roads and in buildings under our care by maintaining the integrity of the infrastructure to keep people and communities who use these assets safe. You may read more about our contributions during the pandemic in the MD/CEO's statement.

### DRIVING ESG

A key outcome of the pandemic has been greater awareness of social inequities and environmental issues that require multi-stakeholder efforts to help resolve. As a responsible organisation, we have always been aware of such issues and contributed in our own way towards their redressal. Today, we are making it a greater priority to play a positive role in managing pertinent global issues through our Environmental, Social and Governance ("ESG") agenda. A number of our products and solutions serve either directly or indirectly to

enhance the environment. Through our Energy Performance Contracts ("EPC"), for example, we help customers implement energy efficient systems in their premises, reducing their carbon footprint. We have also started installing solar photovoltaic systems which help to decrease electricity consumption from the grid, hence also contributing to lower emissions. Meanwhile, under the Sustainability Programme offered to hospitals, we carry out retrofitting and refurbishment works to replace various systems with energy efficient alternatives.

In 2020, we were pleased when the Sultanah Maliha Hospital in Langkawi, managed by our Healthcare Support division, received a Gold certification under the 'Leadership in Energy and Environmental Design ("LEED") v4 – Building Operations and Maintenance: Existing Buildings' from the US Green Building Council ("USGBC"), making it the only hospital in the world to be recognised. Through our Sustainability Programme, we have helped the hospital to save 74,381 kWh of energy a month, equivalent to 55 tonnes of carbon emissions.

Supporting our Infrastructure Services, we conduct research on environment-friendly pavement solutions and have developed a system of using 100% recycled pavements. In August 2020, we embarked on a one-year trial programme to apply the system in Taiping, Perak, in collaboration with the

Taiping Municipal Council. The results from the trial will be used for our locally-sourced reclaimed asphalt pavement in more road projects nationwide to achieve greater savings on the use of natural resources.

Our operations also contribute directly to social well-being. Through the maintenance of roads and other physical infrastructure, we create a safer environment for the community. Our healthcare solutions, meanwhile, make a difference to the quality of care received by patients.

Beyond our operations, in 2020, we were very proud to be able to support front line action in the battle against COVID-19 as our healthcare employees continued to carry out their role in hospitals around the country. In addition, we donated ventilators and patient monitoring systems to the MoH Malaysia; and provided biomedical equipment, as well as logistics capabilities to MERCY Malaysia and the Malaysian Red Crescent Society in support of their patient care efforts in Sabah. We also helped to build a Field Hybrid Intensive Care Unit ("ICU") for the Tengku Ampuan Rahimah Hospital in Klang, Selangor, to meet the additional demand for ICU beds.

During FY2020, we were unable to carry out a number of our community outreach programmes in the usual manner due to restrictions imposed by the pandemic. Nonetheless, we still



reached out by helping to disinfect prisons, mosques and other places of worship; providing financial assistance to veteran fire fighters; and supplying essentials to the underprivileged. These efforts mirror our belief that we have a responsibility to the community as we continuously reaffirm our social citizenry.

We feel privileged to have been able to use our resources to make a meaningful difference to lives around us and will continue to enhance our contributions in the years to come.

## OUR COMMITMENT TO GOOD CORPORATE GOVERNANCE

We recognise that good corporate governance is essential in supporting our businesses to execute their strategies, generating long-term shareholder value and sustainable financial performance as well as safeguarding our stakeholders' interests. The Company upholds the highest standards of transparency, accountability and integrity in managing our businesses and are taking proactive measures to further enhance our corporate governance framework.

A particular area of focus during the year was ensuring readiness to meet the requirements of Section 17A of the Malaysian Anti-Corruption Commission ("MACC") Act 2009. The Act, enforced on 1 June 2020, was amended to introduce corporate liability for corruption offences of commercial organisations. While our policy is clear, in that we do not tolerate acts of bribery or corruption in any aspect of our business, we have taken the necessary steps to reinforce awareness, strengthen due diligence procedures, review controls, and identify potential corruption risks as well as put in place adequate mitigation measures. In further building a culture of integrity and compliance in the Company, our Risk, Integrity & Compliance Department, in collaboration with Edgenta Academy,

held an engagement session with the MACC on 'Cultivating Integrity & Eradicating Corruption'. The aim was to ensure we remain up-to-date with applicable laws, regulations and best practices.

## DIVIDEND POLICY

The Company will continue to uphold our dividend policy of 50% to 80% of Profit After Tax And Non-Controlling Interest ("PATANCI"), which will be derived from a diversified business and commercial income base, operating under a leaner, more efficient organisation structure.

In FY2020, due to the unprecedented impact of the COVID-19 pandemic to our operations for both our healthcare and infrastructure divisions and our financial performance, the Management made a prudent decision to preserve our cashflow and withheld dividends for the year. However, we remain committed to returning to our dividend policy as a key priority in FY2021. We will continue to enhance shareholder value through executing our strategies for our refreshed business model which is expected to build a more sustainable future-proof business.

## OUR APPRECIATION

On behalf of my fellow Directors on the Board and the Management, I would like to thank Dato' Azmir Merican, who retired as MD/CEO of UEM Edgenta, for his leadership and dedication. We wish Dato' Azmir all the best in his future endeavours.

Let me take this opportunity to also welcome Syahrudin Samsudin, who came on board on 1 July 2020 as the MD/CEO of UEM Edgenta. With his wealth of experience in technology and engineering management, we are excited to see UEM Edgenta's next phase of growth.

Additionally, I would like to express our gratitude to our valued shareholders, for your faith and support in our business and operations; to our clients, for your continued trust in our ability to provide innovative solutions and deliver on projects; and to our business associates, partners and financiers, for your confidence in our business.

To our workforce, and especially our front liners, thank you for your dedication and commitment. And finally, to my colleagues on the Board, thank you for your good judgement and counsel.

The Board is optimistic about the future of UEM Edgenta and we will continue to strive to build a more competitive, resilient and sustainable UEM Edgenta.

## TAN SRI DR. AZMIL KHALID

Independent Non-Executive Chairman

1

2

3

4

5

6

7

8



## Dear Shareholders,

FY2020 was an unprecedented year during which significant disruptions caused by the COVID-19 pandemic left a devastating impact on people and the economy. Our resilience, agility and adaptability have been key in helping us navigate through this incredibly unpredictable period, enabling us to quickly emerge with confidence and rigour as we continue to deliver our services and solutions amid the pandemic.

“

Trends and data emerging from the crisis helped us identify growth opportunities which in turn prompted a strategy refresh. We saw the need to pivot to a more sustainable business model that will continue to drive long-term value for our stakeholders under the new normal. Ultimately, 2020 was a year for us to reflect, reset and reposition our businesses to be future-proof.

**SYAHRUNIZAM SAMSUDIN**

Managing Director/Chief Executive Officer

”



# MD/CEO'S STATEMENT

Of particular importance is our role in supporting the Malaysian Government to contain the spread of the virus through our digital healthcare solutions, which today power critical healthcare infrastructure nationwide. Our endeavours in this area are detailed under the section on Our Contributions to Pandemic Recovery Efforts.

At the forefront of the battle against the virus are our colleagues who deliver uninterrupted essential services at the hospitals, highways, offices and industrial assets under our care. Their courage, dedication and selfless sacrifice are an inspiration to us all and we would like to take this opportunity to commend these front liners who have been working tirelessly to strengthen the nation's line of defence against the virus, as well as to keep us safe on the roads, at our workplaces and in public places.

Undoubtedly, our business segments were impacted by the repercussions of the pandemic, from restricted movements to delays and postponements in projects, rising operating costs and unemployment. Recognising early on that the impact may last beyond the year, we reviewed our business priorities and portfolio. Trends and data emerging from the crisis helped us identify growth opportunities which in turn prompted a strategy refresh. We saw the need to pivot to a more sustainable business model that will continue to drive long-term value for our stakeholders under the new normal. Ultimately, 2020 was a year for us to reflect, reset and reposition our businesses to be future-proof.

## A RESILIENT PERFORMANCE

Against the backdrop of unprecedented operating conditions, we recorded a commendable revenue of RM2.0 billion for the year ended 31 December 2020 (FY2020), from RM2.4 billion in the previous financial year (FY2019).

The Group's normalised net profit, excluding write-down of unsold property inventories, totalled RM64.4 million compared with RM165.0 million in FY2019. The lower profit factored in a one-off write-down of RM50.0 million undertaken in the first half of FY2020, as part of efforts to restructure and rationalise our non-core businesses.

Our balance sheet remained healthy with a low gross gearing ratio of 0.32 times, a strong net cash position at RM206.6 million.

Of significance, we ended the year with a robust long-term orderbook of RM12.2 billion, which will see us through to 2038. We continued to win new contracts throughout the turbulent year

AT THE FOREFRONT OF THE BATTLE AGAINST THE VIRUS ARE OUR COLLEAGUES WHO DELIVER UNINTERRUPTED ESSENTIAL SERVICES AT THE HOSPITALS, HIGHWAYS, OFFICES AND INDUSTRIAL ASSETS UNDER OUR CARE

in all four of our business segments, totalling RM1.44 billion, of which 92% were from non-concession businesses and 60% from international businesses. These demonstrate our resilience and the ability to break into new markets as we expand our support services, technology and digital-based offerings while continuing to focus on operational and service delivery excellence.

Our Healthcare Support division has been playing a pivotal role in supporting national COVID-19 recovery efforts across the region, serving over 300 hospitals in Malaysia, Singapore, Taiwan and India. Despite the macroeconomic uncertainties, higher operational costs exacerbated by the pandemic and

STRONG NET CASH  
POSITION AT  
**RM206.6** million

WE CONTINUED TO WIN NEW CONTRACTS THROUGHOUT THE TURBULENT YEAR IN ALL FOUR OF OUR BUSINESS SEGMENTS, TOTALLING RM1.44 BILLION, OF WHICH 92% WAS FROM NON-CONCESSION BUSINESSES AND 60% FROM INTERNATIONAL BUSINESSES

1

2

3

4

5

6

7

8

## MD/CEO'S STATEMENT

**The Healthcare Support division reported higher year-on-year revenue growth supported by key contract wins from both commercial and concession businesses valued at RM1.0 billion representing 71% of all new contracts for the year.**

compressed margins, the division reported higher year-on-year revenue growth supported by key contract wins from both commercial and concession businesses valued at RM1.0 billion representing 71% of all new contracts for the year. Notable wins include Biomedical Engineering Maintenance Services ("BEMS") contracts for the Sarawak General Hospital in Malaysia, Replacement Through Maintenance ("RTM") contracts for the MoH Malaysia, and four soft services contracts, mainly in public and environmental health-related operations, for Sengkang General Hospital and Changi General Hospital in Singapore, and for Cheng Hsin General Hospital and Yang Ming University Hospital in Taiwan. These contributed to the division's revenue of RM1.23 billion and Profit Before Tax ("PBT") of RM97.3 million.

The Group's Property & Facility Solutions division registered a decrease in revenue at RM149.2 million and PBT of RM12.5 million, mainly due to the completion of township management contracts and projects in Dubai as well as the progression of Energy Performance Contract ("EPC") projects from the installation phase to the maintenance phase. Restrictions imposed during the pandemic also saw a reduction in facilities management works because of project delays and reprioritisation of expenditure by businesses. On a positive note, the division gained traction during the year by securing new facilities management and maintenance services contracts for CIMB Bank branches and Universiti Teknologi Petronas' District Cooling Plant in Malaysia.

Revenue from our Infrastructure Services fell during the year due to the suspension and deferment of work owing to reduced traffic volume from recurring Movement Control Order restrictions and curbs on inter-state travel. The division, which currently manages the maintenance of 3,500 km of highways and state roads in Malaysia and Indonesia, recorded a respectable

revenue of RM549.1 million. Despite new contract wins for the maintenance of the Sarawak State Road and pavement work packages for the Pan Borneo Sarawak Highway, as well as a pavement contract for Selangor Public Works Department ("JKR"), PBT contracted to RM38.7 million.

Reprioritisation and deferment in government expenditure for big infrastructure projects, as well as reduced work packages for Network Maintenance Management and Pan Borneo Sabah, led to our Asset Consultancy division registering lower revenue of RM88.1 million. In tandem with the decrease in revenue and lower utilisation of project employees, the division's PBT contracted to RM8.2 million. Nevertheless, the division won contracts to carry out project management consultancy for the Sarawak Coastal Road Network Phases 1 & 2 and the Second Trunk Road Phase 2. It also acquired an additional scope of service for the Pan Borneo Sarawak Highway Phase 2 and consultancy expertise for Pavement Structural Overlay works on the North-South Expressway.

### OUR CONTRIBUTIONS TO PANDEMIC RECOVERY EFFORTS

In a proactive move to support the Government's efforts to contain the virus as well as to stimulate economic recovery, we established various healthcare infrastructure and digital solutions during the year.

Our National Crisis Preparedness and Response Centre ("CPRC") is a cloud-based real-time information system that connects all hospitals and quarantine centres that care for COVID-19 patients nationwide. The National CPRC system is used to collect patient details and clinical data; produce reports and statistics; manage capacity utilisation across the hospitals; and facilitate the management of resources such as personal protective equipment, manpower and laboratories.

We also provided a Field Hybrid Intensive Care Unit (“ICU”) at the Tengku Ampuan Rahimah Hospital in Klang, Selangor, to take in patients who could not be accommodated at the Sungai Buloh Hospital – the country’s main COVID-19 treatment centre – when its ICU was overcrowded. As these Field Hybrid ICUs are prefabricated, they can be assembled quickly to meet the demand for ICU beds in overcrowded hospitals.

In addition, we provided sanitisation and disinfection services to hospitals under the MoH Malaysia and COVID-19 quarantine centres. We also introduced more accessible and convenient COVID-19 testing facilities in the Klang Valley and Melaka in the form of drive-through screenings for businesses and individuals who require the Rapid Test Kit (“RTK”) or the Polymerase Chain Reaction (“PCR”) test. These innovative solutions represent new revenue streams and growth opportunities for the Group, and form part of our holistic COVID-19 business solutions playbook under our COVID-19 economy initiatives. The playbook, which was launched recently, encompasses UEM Edgenta’s digital-based solutions for the new normal. In this way, the Group is ever-ready to further support the Government in its ongoing national recovery efforts, as well as to provide our clients with post-pandemic solutions.

## BECOMING A TECH-ENABLED SOLUTIONS COMPANY

Emerging trends and technologies brought about by the pandemic have presented us with new opportunities, with the potential to unlock new growth, new revenue streams and differentiated products and service offerings. One area where we have seen burgeoning growth is digitalisation. While there has been a rise in digital adoption over the years, there is no doubt that COVID-19 accelerated these trends.

In staying ahead of the competition, we began our transformation strategy, taking digital to the core in 2020. We believe our focus on accelerating our digitalisation plans has provided the much needed resilience during these challenging times. We will spearhead our technological adoption across all our businesses under our refreshed strategy and vision to be a Technology-Enabled Solutions Company with a focus on healthcare by 2025 – Edgenta of the Future 2025 (“EoTF25”).

EoTF25 is a fundamental shift towards a highly sustainable and future-proof business model. It enables UEM Edgenta to operate in the new environment of innovative low-cost, scalable, high-growth and differentiated solutions, whilst sustaining and extracting more value from our concession-based business. The shift also allows us to operate under a leaner cost structure with flexibility in managing costs by adopting technology and mechanisation while pursuing output-based contracts in growing markets. Essentially, these endeavours will provide us with top-line growth and margin expansion as the organisation is transformed into a key technology-enabled solutions company focused on growing our healthcare support, infrastructure, and facilities management (“IFM”) sectors.

Through rapid digitalisation and consolidating cost structures, we aim to save RM100 million over the next five years. This will be achieved through more efficient internal processes and organisation structure and will relate to procurement savings, tax and operating efficiency, digitalisation and mechanisation.

EoTF25 focuses on three pillars – diversifying markets, driving cost efficiency, and disrupting the industry with new products and services. We will gradually migrate away from our concession-based businesses and move into commercial businesses that will bring longer term returns and enable us to compete in international markets.

WE PROVIDED  
SANITISATION AND  
DISINFECTION  
SERVICES TO  
HOSPITALS UNDER  
THE MINISTRY OF  
HEALTH MALAYSIA  
AND COVID-19  
QUARANTINE  
CENTRES.

WE ALSO  
INTRODUCED  
MORE ACCESSIBLE  
AND CONVENIENT  
COVID-19 TESTING  
FACILITIES IN THE  
KLANG VALLEY  
AND MELAKA IN  
THE FORM OF  
DRIVE-THROUGH  
SCREENINGS FOR  
BUSINESSES AND  
INDIVIDUALS  
WHO REQUIRE  
THE RAPID TEST  
KIT (“RTK”) OR  
THE POLYMERASE  
CHAIN REACTION  
 (“PCR”) TEST.

1

2

3

4

5

6

7

8



## MD/CEO'S STATEMENT

This diversification will involve both inorganic and organic growth strategies and partnerships, where we will push our boundaries beyond our shores. The goal is to grow into larger addressable markets in the Middle East, Europe and generally written as Southeast Asia.

Beyond Malaysia, we aim to expand our healthcare support services in existing markets. We currently have a dominant market position in providing soft support services in Singapore where we manage 11 of the 15 public hospitals, and in Taiwan, where we operate in more than 75% of all government public health facilities. We are exploring niche support services such as Facilities Engineering Maintenance Services ("FEMS") and BEMS in Singapore, which are currently being provided to our concession-based HSS businesses in Malaysia. At the same time, we aim to pursue an inorganic strategy to acquire an ME-15 license in Singapore which would allow us to compete in larger government tenders thus enable us to penetrate the IFM sector.

UEM Edgenta's future technology offerings in IFM will be based on our proven solutions in Healthcare Support businesses operating in Malaysia, Singapore and Taiwan. We are looking into expanding these services into high-value commercial IFM contracts including for industrial-based buildings, engineering, procurement and construction; and technology-based solutioning, particularly in the Middle East, where we have built inroads in Dubai, through our wholly owned subsidiary Operon Middle East.

We are also expanding our footprint in Singapore's Smart Facilities Management ("FM") business, which is aligned to the Singapore Government's ambition to drive Smart FM adoption. Our existing *UETrack™* platform, which features Smart FM systems for building owners, has been implemented in an integrated community and lifestyle building in Singapore. Plans are in the pipeline to upgrade *UETrack™* with new features and modules to meet increasing operational demands.

For our infrastructure solutions, we will be focusing on delivering our current projects, driving efficiencies, and optimising cost savings as well as pursuing our expansion plans in Pan Malaysia. Our thrust into Borneo – Sarawak, Sabah and Kalimantan – will pave the way for our regional expansion, with Opus Consultants providing an existing beachhead through our involvement in the Sarawak Coastal Road Network and Second Trunk Road Phase 2 Project. We believe we will be able to capitalise on upcoming opportunities especially in view of recent developments including plans for better transportation and connectivity in Sarawak as well as Indonesia's decision to relocate its capital city from Jakarta to Kalimantan. At the same time, we will continue to explore opportunities in Peninsular Malaysia's highways and roads infrastructure segment.

We seek to disrupt our industry via a digitalisation strategy with a platform company rolling out cloud-based digital healthcare services. Our participation in various exciting post-COVID-19 initiatives are at an exploratory stage. For example, QuickMed, our virtual clinic platform, was successfully piloted during a nationwide COVID-19 screening for the Company's 3,755 essential front liners. It allows users easy access and convenience to primary healthcare management and services.

Technology will play a crucial role in how we deliver our services. Our achievements are a testament of the capability of our teams, and we will continue to leverage on our in-house capabilities as well as new partnerships to introduce a combination of mechanisation and automation, Artificial Intelligence ("AI"), Internet of Things ("IoT") and performance or output-based contracting services. This will enable us to transform our delivery model from being commodified, labour intensive and conventional, to one that is platform-based, mechanised, automated and differentiated from our competition. Our first wave of products will focus on digital healthcare to provide the market with convenient access to primary healthcare services, followed by more technology-enabled and cloud-based solutions for the property and infrastructure segments. We believe these offerings will revolutionise our products and services as we disrupt the conventional way of providing such services.

### REVITALISING OUR CORE VALUES

As an important part of our journey towards building EoTF25, we have revitalised our core values. We believe that as the Group evolves, so will the way we make decisions, work, think and interact with each other. As such, our core values must stay relevant and current in changing times.

Core values represent the fabric of the culture we intend to build. Having a strong culture, established on a clear set of values, guides better decision-making, drives innovation and helps us stay on track in reaching our goals amidst business environment changes.

In redefining our core values, we undertook an employee-led exercise to encourage employees to voice out their thoughts. This also enabled us to incorporate diverse and inclusive perspectives into our core values, which led to the creation of **FIRST** – **F**uture Focused; **I**mage New Ways; **R**espect For All; **S**olutioning Mindset; and **T**rue to Our Word. Specific behaviours have been defined for each of the values which steer our preferred ways of working and form an integral part of our desired culture.

For UEM Edgenta, communicating our revitalised core values is just as important as defining them. We continue to ensure



that they are embedded across our culture through various methods and communication channels. Additionally, my leadership team and I have taken the lead to champion and cultivate these core values, with each of us taking the role of an ambassador for a specific value to ensure that they are always at the forefront of each activity, initiative or programme carried out throughout the Group. It is our hope that every employee embraces and lives by these core values in everything they do.



## OUTLOOK

With a global recovery from the pandemic now on the horizon, several recovery trends are expected to emerge from the prolonged crisis.

As the Malaysian Government gradually eases Movement Control Orders and lifts inter-state travel bans, we expect demand for domestic travel to increase, requiring more critical and non-critical maintenance from our Infrastructure Services division.

Additionally, our EPC solutions, driven by our Property & Facility Solutions division, will help drive cost efficiency for many asset owners in the new normal.

Future healthcare delivery models will shift away from traditional delivery models into new areas such as value-based care, preventive healthcare, medical technology, as well as telemedicine. These are areas that UEM Edgenta is currently pivoting into, and where we see new growth opportunities.

UEM Edgenta will continue to remain agile and responsive as we reposition ourselves for further growth by focusing on regional partnerships, new markets and new solutions, backed by a solid business model. We are confident that UEM Edgenta is well positioned to capitalise on post-pandemic recovery trends and emerge stronger going into FY2021.

**CONTINUE TO REMAIN AGILE AND RESPONSIVE AS WE REPOSITION OURSELVES FOR FURTHER GROWTH BY FOCUSING ON REGIONAL PARTNERSHIPS, NEW MARKETS AND NEW SOLUTIONS, BACKED BY A SOLID BUSINESS MODEL.**

## ACKNOWLEDGEMENTS

In closing, I would like to take this opportunity to thank my predecessor Dato' Azmir Merican, for his leadership, guidance and contributions in bringing UEM Edgenta to where it is today.

I wish to also express my gratitude to our shareholders, partners and clients – thank you for the trust, confidence and support through the years. We remain steadfast in our promise to continue creating shareholder value and are confident that our strategies have set us up well for the future.

To our Board of Directors, thank you for steering us through an unusually challenging year with your astute insights and guidance.

My deepest appreciation goes to our workforce across the organisation especially our front liners who keep the hospitals and buildings running in the backend, ensuring our roads remain safe and public spaces have been sanitised throughout the pandemic. Our people have demonstrated remarkable dedication, agility, and resilience through the year in unprecedented circumstances. And, to my leadership team, thank you for your unwavering support in driving our strategies. Stepping in as MD/CEO in July 2020, I am indeed honoured to lead such an amazing and talented team. With your support and our determination to build a sustainable business, I am confident that we will achieve our vision to be a Technology-Enabled Solutions Company with a focus on healthcare by 2025. Together, let us build a stronger UEM Edgenta.

## SYAHRUNIZAM SAMSUDIN

Managing Director/Chief Executive Officer

1

2

3

4

5

6

7

8

# CFO'S REVIEW

FY2020 WAS A CHALLENGING YEAR FOR UEM EDGENTA BOTH OPERATIONALLY AND FINANCIALLY. WHILE MANAGING DAY-TO-DAY OPERATIONS WITHIN THE CONSTRAINTS OF THE COVID-19 PANDEMIC, WE WERE IMPACTED BY DELAYS AND DEFERMENTS OF NON-CRITICAL INFRASTRUCTURE MAINTENANCE WORK AND COST ESCALATION IN OUR HEALTHCARE SUPPORT DIVISIONS. UNCERTAINTIES IN THE ECONOMIC CLIMATE, TOGETHER WITH THE NEED TO ENSURE THE SAFETY OF OUR EMPLOYEES, MADE IT CRITICAL FOR US TO STAY RESILIENT. OUR PRIMARY FOCUS THEREFORE WAS COST OPTIMISATION AND COST CONTROL, IN ORDER TO PROTECT OUR TOP AND BOTTOM LINES.

**HILLARY CHUA PEI SUM**

Chief Financial Officer



In terms of cost management, we embarked on a comprehensive programme to trim unnecessary expenses across the board. Among others, we looked at strategic procurement initiatives and cost optimisation; removing duplication as we implement a leaner and more sustainable business model. These efforts are supported by greater emphasis on the delivery of operational efficiencies through the use of technology and mechanisation.

## Analysis of Financial Performance

Group	FY2020	FY2019	Variance	
	RM'mil	RM'mil	RM'mil	%
Revenue	2,028.7	2,411.2	(382.5)	(15.9)
EBITDA	131.6	325.1	(193.5)	(59.5)
PBT	46.9	245.0	(198.1)	(80.8)
PAT	14.4	188.0	(173.6)	(92.4)
Normalised EBITDA*	181.6	302.1	(120.5)	(39.9)
Normalised PBT*	96.9	222.0	(125.1)	(56.3)
Normalised PAT*	64.4	165.0	(100.6)	(61.0)

\* Normalised EBITDA, PBT and PAT:

FY2020: Excluding write-down of unsold property inventories (mixed residential developments by Faber Development Holdings amounting to RM50.0 million).

FY2019: Excluding profit from final payment settlement from Abu Dhabi project, offset by provision and write-back taken during the year.



During the MCO and CMCO period, travel restrictions and border closures had drastically affected interstate travel. The reduction in traffic volume, has led to lower revenue and budgetary constraints for asset owners (our customers) which in-turn led to deferment of award of work for major expressways. The reprioritising and deferment in Government spend for several key government projects in the infrastructure space has also impacted the award of work packages. These resulted in lower revenue year-on-year ("Y-o-Y") amounting to RM366.5 million and RM43.8 million from Infrastructure Services and Asset Consultancy division, respectively.

Nevertheless, the weakness in revenue were partially mitigated by increased revenue from Healthcare Support division of RM101.2 million (or 8.9%), particularly from the mega tender in Singapore for provision of hospital support services and new pandemic business opportunities in Singapore and Taiwan. As a result, total Group revenue decreased by RM382.5 million (or 15.9%) Y-o-Y from RM2,411.2 million to RM2,028.7 million.

Despite our best effort to manage cost in these challenging time, we still see higher operating costs primarily in the Healthcare Support division. Incremental COVID-19 cost for personal protective equipment, hospital staff overtime and sanitisation cost contributed to higher cost of sales. In addition, the gazettement of Minimum Wage Order 2020 which took effective in February 2020, also weighed down our margin to some extent. Lower revenue, coupled with higher cost resulted in a decrease in EBITDA and PAT by RM193.5 million and RM173.6 million respectively.

In FY2020 also the Group recognised write-down of unsold property inventories amounting to RM50.0 million. This was a prudent measure taken by the management, as part of our on-going efforts to streamline non-core businesses and prioritise growth for key businesses such as Healthcare Support and Infrastructure Services. Excluding this one-off non-cash write-down, the Group's normalised PAT was RM64.4 million, 61.0% less than the RM165.0 million recorded in FY2019.



## CFO'S REVIEW

NET ASSET  
PER SHARE

**RM1.80**

(▼ 4.5%)

GROSS GEARING  
RATIO

**0.32X**

(▼ 2.3%)

NET CASH POSITION

**RM206.6  
MILLION**

(▲ 102.7%)

TOTAL CASH, BANK  
BALANCES, DEPOSITS  
AND SHORT-TERM  
INVESTMENTS

**RM689.8  
MILLION**

(▲ 11.1%)

	2020 RM'mil	2019 RM'mil	Variance	
			RM'mil	%
<b>Total Assets</b>	<b>2,807.4</b>	<b>2,912.8</b>	<b>(105.4)</b>	<b>(3.6)</b>
Property, plant and equipment	193.7	212.0	(18.3)	(8.6)
Right-of-use assets	40.8	30.9	9.9	32.1
Intangible assets	718.3	734.3	(16.0)	(2.2)
Inventories	77.9	133.8	(55.9)	(41.8)
Trade and other receivables	580.0	672.7	(92.7)	(13.8)
Contract-related assets	361.1	379.9	(18.8)	(4.9)
Short-term investment	11.8	62.5	(50.7)	(81.1)
Cash, bank balances and deposits	678.0	558.5	119.5	21.4
<b>Total Liabilities</b>	<b>1,298.1</b>	<b>1,328.4</b>	<b>(30.3)</b>	<b>(2.3)</b>
Borrowings	483.2	519.1	(35.9)	(6.9)
Trade and other payables	670.6	673.6	(3.0)	(0.4)
Lease liabilities	37.6	30.3	7.3	24.0
Contract liabilities	30.7	21.1	9.6	45.3
<b>Total Equity</b>	<b>1,509.3</b>	<b>1,584.4</b>	<b>(75.1)</b>	<b>(4.7)</b>
Shareholder's fund	1,500.7	1,572.0	(71.3)	(4.5)
Non-controlling interest	8.6	12.4	(3.8)	(30.7)
Net asset per share (RM)	1.80	1.89	(0.1)	(4.5)
Gross gearing ratio (times)	0.32	0.33	(0.1)	(2.3)
Net cash position (RM'mil)	206.6	101.9	104.7	102.7

### Analysis of Financial Position

Despite the challenging market, we managed to strengthen our cash position, our total cash, bank balance and short-term investments increased by 11.1% Y-o-Y to RM689.8 million in FY2020. Our main focus was on cash flow management via improved collections from customers and optimised payment to suppliers. Despite the shortfall in revenue and PAT, we were able to maintain net operating cash flows of RM220.9 million; almost similar to prior year's level. As a result, we ended the year with a healthy net cash balance, our net cash position doubled to RM206.6 million in FY2020.

Our gross gearing ratio continued to be low at 0.32 times, as we focused on strengthening our working capital and optimising our capital structure, we pared down our borrowings by 6.9% to RM483.2 million. Our low gearing, strong financial position and healthy cash balance provides us ample headroom to navigate any short-term volatility in the new norm while maintaining the capacity to leverage to fund our future growth.



## OUTLOOK

The pandemic has accelerated the need for us to take a more critical review of our business models, internal operations and financial management to ensure optimal efficiencies. This will allow us to re-emerge stronger and be better prepared to benefit from the economic rebound post-pandemic situation, as we operate in the 'New Normal'.

In the New Normal, new economies will emerge and the needs of our customers and potential customers will change. Our customers will likely have budget constraints, therefore, we will partner with them to strengthen their capability and operational efficiency by introducing high-tech and digitalisation element in our asset management and infrastructure solutions services.

Healthcare Support division will continue to focus on operationalising and optimising new contracts secured. At the same time, we also aim to accelerate adjacent revenue streams beyond our traditional hospital support service offerings with the development of our digital healthcare solutions. We will continue to expand our stronghold niche offerings such as BEMS and FEMS in Singapore. From geographical expansion perspective, we also aim to replicate our successes in Singapore and Taiwan to other new growth markets such as Indonesia and the Gulf Cooperation Council ("GCC") states.

For Property & Facility Solutions division, we are looking to expand into high-value commercial IFM contracts for industrial-based buildings, technology based solutioning and continue to scale up our Energy Performance Contracts to champion the industry in the green/sustainability and industrial space. Building from our strong foothold in Dubai, GCC also will be one of the key geographical target markets in the near future.

Infrastructure Services division will focus on long-term growth opportunities in East Malaysia, Indonesia and Southeast Asia while continuing to enhance operational efficiencies through the use of digitalisation solutions to preserve profit margins in delivering our existing large book order. We believe the Pan Borneo expansion strategy will resume in the near future, providing huge opportunities for the Asset Consultancy division to pursue actively.

In order to improve margins and profitability, we seek to enhance efficiencies through process improvement and operational excellence initiatives, including Innovation Garage and LEAN programmes. We will also implement tighter cost controls and leverage on technology to enable efficiencies.

## HEALTHY REVENUE GROWTH, CONTINUOUS IMPROVEMENT IN OPERATIONAL EFFICIENCIES AND BETTER CASHFLOW MANAGEMENT WILL SET US UP TO REALISE OUR EDGENTA OF THE FUTURE VISION BY YEAR 2025.

Among others, we have launched Strategic Procurement Initiatives to drive cost optimisation in both Demand and Supply Management; detailed cost modeling and strategic sourcing are some of the key initiatives planned for FY2021.

Our Digital Transformation journey, which was started with the migration of three core support functions systems (Finance, Human Capital and Procurement) onto the Oracle ERP Cloud, provides the core enabler platform for us to achieve operational excellence for our business support functions. The Oracle ERP allows for streamlining of financial information and processes across our companies, helps to optimise procurement process and promotes better governance and transparency. Moving forward, this will help to drive decision making based on data analytics and enhance speed to market for all our business divisions.

Our key focus will be on prudent cash and liquidity management to optimise our business in these challenging times, we will continue to invest cautiously in area of adjacent new businesses, digitalisation of our solutions and new geographical markets. Given our strong financial position, we strive to continue to deliver shareholders' value, while still maintain a dividend payout ratio of between 50% to 80% for subsequent years. Ultimately, healthy revenue growth, continuous improvement in operational efficiencies and better cashflow management will set us up to realise our Edgenta of the Future vision by year 2025.

**HILLARY CHUA PEI SUM**  
Chief Financial Officer

1

2

3

4

5

6

7

8





KEMENTERIAN KESIHATAN  
MALAYSIA  
**FIELD HYBRID ICU**

# OUR RESPONSE TO THE **COVID-19** GLOBAL PANDEMIC

A KEY PRIORITY DURING THE CURRENT PANDEMIC HAS BEEN TO PROTECT THE SAFETY AND WELL-BEING OF OUR STAKEHOLDERS. WE HAVE ADOPTED AND ADHERED TO ALL NATIONAL-LEVEL PROTOCOLS, AS WELL AS INDUSTRY REGULATIONS. AT THE SAME TIME, WE HAVE CONTINUED TO WORK CLOSELY WITH AND SUPPORT OUR CLIENTS AND BUSINESS PARTNERS. LEARNINGS FROM THIS EXPERIENCE HAS ENABLED US TO FURTHER STRENGTHEN OUR CORE OFFERINGS WHILE CREATING BETTER SOLUTIONS AND MORE CONVENIENT ACCESS TO THE MARKET.



## THE KEY ACTIONS WE HAVE IMPLEMENTED TO DATE



### Employees

Every effort has been made to ensure the safety, health and well-being of our more than 20,000 employees across six countries in the region, as they continued to deliver our services.

- Following the Malaysian Government's MCO which allowed only essential businesses to keep their physical locations open, we immediately implemented flexible work arrangements for our corporate employees. Subsequently, Return-to-Work protocols and standard operating procedures ("SOPs") were rolled out
- For employees operating at work sites – such as healthcare facilities, highways, buildings and other assets under our care – we provided adequate personal protective equipment ("PPE") daily and complied with all other SOPs. Training on new procedures enforced by Government authorities was provided as and when needed
- Meals were catered for employees servicing clients at high-risk locations, to ensure they avoided leaving the workplace, thus not exposing themselves to further risks outside the clients' premises
- In recognition of their commitment, a special cash relief initiative was provided to employees delivering essential front line services
- COVID-19 updates were communicated to all employees daily



### Society

As the 'caretaker of caretakers', our services directly impact the lives of people and communities. During these challenging times, we are going beyond our norm to ensure society's well-being is also taken care of.

- We developed digital healthcare solutions such as the Epidemic Management System for MoH Malaysia and the National CPRC to efficiently manage and monitor daily data from hospitals and quarantine centres nationwide
- Our experience in delivering essential front line services culminated in the online publishing of the UEM Edgenta COVID-19 Business Solutions brochure which provides the market with convenient access to solutions that help address their safety concerns
- We provided direct aid to communities living within our operations, while supporting the relief work of organisations such as MERCY Malaysia and the Malaysian Red Crescent Society



### Value Chain Partners

Our service ecosystem includes strategic partners who play a key role in supporting us to provide best-in-class services to our clients.

- We regularly reached out to our service partners virtually, communicating updates on new protocols and HSSE-related matters to ensure compliance and alignment at the front lines
- Our digital procurement system was rolled out in April 2020, allowing us to manage critical operations and financial data efficiently and effectively from each work location while enhancing spend management and budget controls
- Vendor management and development initiatives such as the Bumiputera Vendor Development Programme ("BVDP") continued with existing and potential partners to boost their market competitiveness and value



### Clients

We partnered with our clients to ensure uninterrupted services at all our work sites.

- At the onset of the pandemic, we worked with our clients to design and maintain new operational procedures based on national, local and industry regulatory requirements. These included the implementation of physical distancing, movement restrictions, the use of PPE for different types of tasks, and manpower deployment limitations, among others
- At the height of the pandemic, we donated ventilators and patient monitoring systems to MoH Malaysia
- We deployed manpower, services and engineering expertise as and when required, for example to set up quarantine centres and hybrid ICUs

1

2

3

4

5

6

7

8

## A. STRATEGIC REVIEW

# AN INTEGRATED APPROACH TO VALUE CREATION

### EVALUATE OUR BUSINESS ENVIRONMENT

#### OPERATING ENVIRONMENT & MARKET TRENDS

See pages 52 to 55

The economic and political landscape in the different countries in which we operate determine our operating environment, to form our value creation process. In addition to analysing these environments, we also invest in:

#### STAKEHOLDER ENGAGEMENT RELATIONSHIPS

See pages 56 to 59

##### Our Key Stakeholders



Constant dialogue and engagement with our stakeholders help us understand their needs and expectations which are taken into consideration when determining our:

#### RISKS AND OPPORTUNITIES

See pages 60 to 63

We have identified six key risks, which we constantly monitor and manage in order to pursue our Edgenta of the Future vision by the year 2025.

##### UEM Edgenta Key Risks



### IDENTIFY AND PRIORITISE OUR MATERIAL ISSUES

We identify matters that are important to our stakeholders, as well as those that are critical to achieving our business goals, as these influence our ability to create value in the short, medium and long-term. These matters are reviewed every year to ensure continued relevance, and to refine our strategies so as to better manage our risks and leverage current opportunities.



Technology-based Operational Excellence



Carbon Emissions



Waste Management



People Development



Diversity & Inclusivity



Internal Stakeholder Management



Health & Safety



Community Engagement



Ethics & Integrity



Vendor Development



Thought Leadership & Advancing Industry

See our materiality discussion on pages 64 to 69, and further discussion on our Material Matters in the Sustainability Statement on pages 150 to 173.

### Underpinned by Robust Governance Framework

Governance to UEM Edgenta is not simply a matter of compliance. We see governance as the foundation of our entire value creation framework. Integrity and transparency are integrated into the way we think and the way we operate, ensuring we make choices that are aligned with our values and strategic objectives.

Through good governance, we are able to reconcile our stakeholders' interests with our own business objectives. The outcome is strong financial performance that upholds Environmental, Social and Governance ("ESG") principles.

Value creation at UEM Edgenta is a holistic process that takes into consideration the interplay of our operating environment, as well as the needs and expectations of our stakeholders with our business goals. In seeking to achieve our business objectives, we are also driven to deliver optimum value to stakeholders with interests in our operations, as well as those impacted by our business.

## INTEGRATE INTO OUR BUSINESS

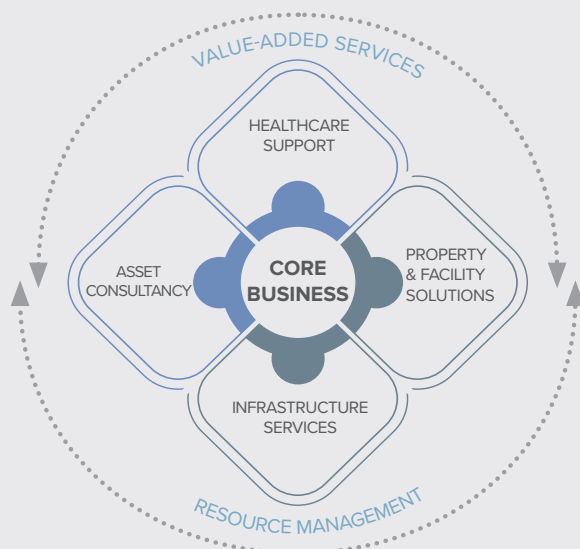
### EDGENTA OF THE FUTURE 2025

See pages 70 to 71

#### TRANSFORMATION PILLARS



Supported by Our Core Values:



### RELYING ON OUR KEY RESOURCES

See pages 72 to 73

We depend on six capitals – financial, intellectual, manufactured, human, social & relationship resource and natural – to drive growth, deepen our resilience and deliver sustainable value for all our stakeholders.

### BUSINESS MODEL

See pages 74 to 75

Our business model is premised on leveraging our resources (or capitals) in order to create the best outcomes for our stakeholders. Through our activities, we seek to enhance the positives while minimising negative outcomes.

## CREATE STAKEHOLDER VALUE

**UEM Edgenta creates value through achieving our strategic business objectives while protecting our stakeholders' interests**



Maintaining optimum financial performance to deliver returns to investors



Becoming an employer of choice



The leading Asset Management and Infrastructure Solutions provider



A dependable and reliable business partner



A responsible corporate citizen

1

2

3

4

5

6

7

8



## A. STRATEGIC REVIEW

# OUR OPERATING ENVIRONMENT

Border closures, business shutdowns and the need to maintain physical distancing in order to contain the COVID-19 pandemic severely reduced global manufacturing and disrupted supply chains with universal effect. The global economy is estimated to have contracted 4.3%<sup>1</sup> in 2020 while the impact on individual countries varied according to how quickly and effectively the pandemic was contained. Malaysia's Gross Domestic Product ("GDP") shrunk by 5.6%<sup>2</sup> with the construction, mining and services sectors posting the biggest declines. At UEM Edgenta, our Healthcare Support and Infrastructure Services divisions faced operational headwinds from escalating costs from consumables (PPE and labour, overtime) and lower work packages arising from the MCO.

## MALAYSIA

- GDP contraction in 2020 – 5.6%
- In Malaysia, we are involved in all our core businesses, providing engineering maintenance services, waste management, laundry, housekeeping & cleaning, portering, sustainability and digital solutions for 68 hospitals and healthcare facilities. We also manage more than 3,300 km of highways and roads, provide facilities management at more than 300 buildings and offer consultancy services for various infrastructure projects

### How these sectors were impacted by COVID-19:

#### POSITIVE

- Increase demand for sanitisation & disinfection services
- Potential to embark on new services such as COVID-19 screening services
- Ability to support the Government with a cloud-based platform to assist the National CPRC
- Ability to launch new digital healthcare solutions such as QuickMed and Wellthily

#### NEGATIVE

- Increased cost of healthcare support
- Overburdened healthcare system
- Reduction in work packages for infrastructure maintenance
- Deferment of non-critical works, including mega projects

## SINGAPORE

- GDP contraction in 2020 – 5.4%<sup>3</sup>
- In Singapore, we have a presence in the healthcare support sector via hospital support services

### How the healthcare sector was impacted by COVID-19:

#### POSITIVE

- Use of technological innovations
- Funding support from the Government
- Appreciation for front line healthcare workers

#### NEGATIVE

- Resources are stretched
- Medical tourism is curtailed severely
- Outpatient follow-up appointments are being deferred
- Pharmacy inventory management is affected

<sup>1</sup> Source: World Bank

<sup>2</sup> Source: Bank Negara Malaysia

<sup>3</sup> Source: Singapore's Ministry of Trade & Industry ("MTI")



## TAIWAN

- GDP growth in 2020 – expanded by 3.0%<sup>4</sup>
- In Taiwan, we have a presence in the healthcare support sector via hospital support services contracts in portering, housekeeping and cleansing for public and private hospitals

### How the healthcare sector was impacted by COVID-19:

- Taiwan had lower COVID-19 infection rates compared to other countries around the world due to its Government-guided strategies:
  - Border control
  - Official media channel and press conferences
  - Name-based rationing system for medical masks
  - Rapid triage, outdoor clinics and protective sampling devices based on Travel, Occupation, Contact and Cluster (“TOCC”)
  - Physical distancing

## UAE

- GDP growth in 2020 – estimated contraction of 5.9%<sup>5</sup>
- We have presence in Dubai, through Operon Middle East, a subsidiary of the Property & Facility Solutions division
- Currently, we provide FM services for wasl Group sites, Emirates Golf Club and others

### How the FM sector was impacted by COVID-19:

- The market has been severely hampered by lockdown, travel restrictions and bans within the country
- Shutdown of shopping complexes, mosques and malls, where security and cleaning services are usually required daily

## INDONESIA

- GDP growth in 2020 – contracted by 2.1%<sup>6</sup>
- In Indonesia, we have a presence in the infrastructure sector via the road maintenance and asset management contract to the Cikopo-Palimanan Toll Road, in partnership with Astra Group

### How the infrastructure sector was impacted by COVID-19:

- Several infrastructure projects have been postponed as the state budget focuses on managing the economic fallout from the pandemic

## INDIA

- GDP growth in 2020 – estimated contraction of 7% in 2020/21<sup>7</sup>
- In India, we have a presence in the healthcare support sector via our associate, Faber Sindoori. We provide BEMS and IFM services to Apollo and government hospitals, as well as to other medical institutions

### How the healthcare sector was impacted by COVID-19:

- Public policy measures to contain COVID-19 caused significant operational disruption to the healthcare industry
- Significant drop in both in-patient and out-patient footfall for private hospital chains – be it a single speciality, multi-speciality, tertiary-care hospitals or even diagnostics businesses
- Decreased level of medical tourism

<sup>4</sup> Source: Directorate General of Budget, Accounting and Statistics (“DGBAS”), Taiwan

<sup>5</sup> Source: Fitch Solutions

<sup>6</sup> Source: Fitch Solutions

<sup>7</sup> Source: Economist Intelligence Unit (“EIU”)

## A. STRATEGIC REVIEW

# MARKET TRENDS

In addition to the impact of the pandemic, various global trends continue to shape our core businesses in Healthcare Support, Property & Facility Solutions, Infrastructure Services, as well as Asset Consultancy. These are outlined below.



### DIGITALISATION OF EVERYTHING

#### Trend

- COVID-19 has accelerated the move towards cloud and digitalisation. Everything, from payments and location tracking to healthcare, is being digitalised along with increased usage of data analytics and cloud computing
- With emerging technologies, the route-to-market is much faster; new apps are being conceptualised and commercialised in record time
- Digitalisation is also enabling remote work (work from home), which is becoming more important in the new norm

#### Response

- We are building our digital capabilities for enhanced productivity such as in building supply-chain redundancies and improving data security as we increase the use of technology in daily operations
- Along with workplace digitalisation, we are ensuring our people are comfortable with new technologies through reskilling. This is supported by the creation of a tech culture with learning programmes embedding innovation and digital skills in all signature trainings
- Adopting new technologies in products and services to enhance our customer offerings



### RISE OF COVID-19 ECONOMY

#### Trend

- COVID-19 has brought about new opportunities in healthcare services, and asset and facilities management, while revealing shortcomings of an overburdened healthcare sector
- There has been an accelerated shift towards telehealthcare. According to a McKinsey report, a Children's Hospital Medical Centre in the US recorded 2,000 telehealth visits in all of 2019 – and 5,000 a week in July 2020. In Japan, fewer than 1,000 institutions offered remote care in 2018; by July 2020, more than 16,000 did

#### Response

- The Company has taken a proactive approach to support pandemic recovery efforts via expanded service offerings to include sanitisation & disinfection, drive-through & on-site COVID-19 screening, digital healthcare solutions such as setting up hybrid ICUs, cloud-based healthcare information, QuickMed and UEM Edgenta COVID-19 business solutions
- This creates an opportunity to introduce healthcare reforms to outdated systems and processes in the public and private sectors – in areas such as Electronic Medical Record ("EMR"), and BBIS, among others
- Potential to expand current hospital services to include more digitalised systems enabling a transition to telehealth
- Shift in short-term priorities from infrastructure to healthcare



## SEISMIC SHIFT TO GREEN

### Trend

- Most countries are including climate change considerations in their COVID-19 recovery plans, using the opportunity for reset as a platform to make significant progress in their emissions commitments. Investments into green technologies and green companies are increasing at an unprecedented rate. BlackRock, the largest asset investment company in the world, notes that “the tectonic shift towards sustainable investing is accelerating”

### Response

- UEM Edgenta is involved in the provision of various green solutions for clients, such as EPCs, designing cutting-edge solutions to deliver more efficient and sustainable built environments
- Within our extensive portfolio are mission-critical assets that we have retrofitted and successfully certified to GBI Platinum standards. To date, we have more than 10 GBI-certified green buildings including the Malaysian Prime Minister’s Office in Putrajaya and the Tun Hussein Onn Memorial in Kuala Lumpur, among others
- With the current shift in demand, we will look into further expanding our portfolio of green products and solutions



## POST-PANDEMIC RECOVERY

### Trend

- The COVID-19 pandemic has brought disruptions to many industries globally. Restricted mobility and travel disrupted supply chains, and the decline in overall aggregate demand have resulted in business closures, furlough and layoffs, while putting companies’ resilience and adaptability to the test
- With a global recovery from the pandemic now on the horizon, several recovery trends are expected to emerge from the prolonged crisis – pent-up demand for travel, focus on driving business efficiency and adaptability, evolving healthcare delivery models and a drawn out low-interest rate environment

### Response

- UEM Edgenta is well positioned to capitalise on post-pandemic recovery trends. As the Government gradually eases movement control orders, the demand for travel domestically will drive interstate traffic, requiring more critical and non-critical maintenance from our Infrastructure Services division
- Additionally, our EPC solutions driven by our Property Facility Solutions division will help drive cost efficiency for many asset owners in the new normal
- Future healthcare delivery models will shift away from traditional delivery models into new areas such as value-based care, preventative healthcare, medical technology, as well as telemedicine; all of which, UEM Edgenta is currently pivoting into

1

2

3

4

5

6

7

8



## A. STRATEGIC REVIEW

# STAKEHOLDER ENGAGEMENT

We have a broad range of stakeholders who we impact and, who in turn, impact us. Given this interdependence, we take our stakeholders expectations into consideration when developing strategies and decision-making. Trust is key to maintaining healthy stakeholder relations, hence we invest in maintaining an open and transparent dialogue. Ultimately, we seek to create value for all our stakeholders by understanding their needs and creating clarity on our business.



## CLIENTS & PARTNERS

### Value Proposition

For clients, we offer cutting-edge technologies that help enhance their operations via added efficiencies and reduced costs. Our partners receive our fullest support in all collaborations, in which we are committed to maintaining the highest level of integrity.

### How We Engage

Proactive engagements across multiple touchpoints.

- Regular & ad-hoc meetings
- Bi-annual client satisfaction surveys
- Visits to corporate office/operational sites
- Industry conferences & exhibitions
- Joint media & public relations initiatives
- Print, digital & social media
- Annual Reports
- Sponsorships & donations

### Why We Engage

We engage with our clients in order to fully understand their operations and needs. We believe in customising our solutions for optimal effectiveness, and will visit their sites, talk to their people and discuss their needs in order to provide the right solutions. Subsequent engagement is necessary to provide ongoing technical support.

### Key Concerns

During the pandemic, key concerns have been on continuity and reliability of service delivered in a manner that is safe. Other ongoing concerns relate to:

- Easy access to technical experts when there is a need to trouble-shoot
- The ability to upgrade products and services to keep up with technological advances
- Reprioritising of spendings due to the delay of projects

### Our Response

- Introduced software and technology solutions to enhance operations capabilities (digitalisation, automation, mechanisation)
- Improving our solutions to value-based services
- Dedicated teams to manage client solutions and relationships
- Continue delivering operational excellence initiatives to improve efficiency



## SHAREHOLDERS & INVESTORS

### Value Proposition

We ensure UEM Edgenta is run in a manner that is profitable while adhering to principles of sound ESG management. In this manner, we create sustainable returns and profits that are shared with our shareholders and investors.

### How We Engage

- One-on-one meetings at investors' request
- Strategic scheduled and ad-hoc engagements throughout the year
- Bi-annual analyst & media briefings
- Annual & Extraordinary General Meetings
- Joint media & public relations initiatives
- Print, digital & social media
- Annual Reports
- Sponsorships & donations

### Why We Engage

It is important to maintain the trust that our shareholders and investors have in the Company's strategic management and our ability to deliver on our commitments. This trust is built through regular communication and transparent disclosure to the market.

### Key Concerns

With the economic slowdown, investors are concerned about sustaining the companies they invested in and the return of value from these investments. Ongoing concerns include:

- Transparent financial disclosure & clear articulation of strategy
- Disciplined capital allocation aligning with strategic objectives
- Robust business & resilient balance sheet
- Mitigations towards ESG risks and impact

### Our Response

- Detailed and transparent updates through integrated online and offline engagements
- Continuous improvement on Annual Report content and delivery through accurate reporting of the Company's performance and activities
- Continuous adoption of new communications tools and best practices for external engagements
- Healthy balance sheet through comprehensive capital allocation on each business segment



## GOVERNMENT & REGULATORS, INDUSTRY & BUSINESS ASSOCIATES

### Value Proposition

We partner with the Government by providing cutting-edge solutions to protect critical national assets and ensure they remain effective while contributing towards the achievements of broad socio-economic goals in the countries where we operate. At the same time, we comply with all relevant regulations, hence promoting vibrant ecosystems in the industries that we are in.

### How We Engage

- Scheduled/ad-hoc meetings
- Visits to Menara UEM
- Print, digital & social media
- Annual Reports
- Regulatory audits and inspections
- Code of Conduct
- Active membership in industry associations and Government bodies

### Why We Engage

A strong relationship with the Government (ministries, agencies & regulators), industry players and business associates is crucial to create sustainable value for our clients. Partnering with the Government, we align our policies and procedures with national standards, ensuring transparency and the highest standards of operations.

### Key Concerns

The overriding concern for the Government in 2020 has been to manage the pandemic while supporting economic activities.

Other concerns include:

- Capability and capacity building of national workforce to enhance national income
- Increase digital competencies and adoption of technologies to remain competitive globally
- Provision of world-class transport and infrastructure for ease and safety of mobility
- Provision of world-class healthcare support services

### Our Response

- Donated ventilators and patient monitoring systems to MoH Malaysia
- Developed digital healthcare solutions such as the Epidemic Management System for the National CPRC to efficiently manage and monitor data from hospitals and quarantine centres nationwide
- Deployed manpower, services and engineering expertise to set up quarantine centres and a hybrid ICU facility
- Ensured front line essential services remain uninterrupted during the pandemic
- Aligned with various industry and national protocols relating to movement restrictions in the countries we operate

1

2

3

4

5

6

7

8

## A. STRATEGIC REVIEW

# STAKEHOLDER ENGAGEMENT



### EMPLOYEES

#### Value Proposition

We seek to attract and retain the best talent by being an employer of choice, providing employees with a stimulating work environment that encourages them to realise their full potential while rewarding performance.

#### How We Engage

- Daily one-on-one interactions with line managers
- Internal/departmental meetings
- Regular announcements on corporate developments, campaigns, and topical updates on safety & health, governance, company branding, policies and processes
- Bi-annual employee engagement survey
- Monthly MD/CEO messages
- Annual management and employees appraisals/performance reviews
- Employee induction programmes, focus group discussions, virtual talks & dialogues, volunteer and CSR programmes
- Employee engagement activities such as #StayFit Challenge, Work from Home ("WFH") Daily Challenge, Win and Be Rewarded Campaign, among others
- Print, digital & social media

#### Why We Engage

Our employees determine our ability to not only meet our immediate targets but also for organisational growth. Moreover, they are our ambassadors, representing the Company and our values to external stakeholders.

#### Key Concerns

In 2020, key concerns were on security of employment, safety and well-being at work, and remaining updated with work-related matters. Ongoing concerns include:

- Competitive remuneration and attractive benefits
- Effective talent and welfare management to support career development
- Flexible work arrangements to spur positive work-life balance

#### Our Response

- Implemented flexible work arrangements for corporate employees during the MCO
- Developed Return-to-Work protocols and SOPs post-MCO
- Training and PPEs provided to all employees working at the operations
- Provision of salary packages and benefits benchmarked against the industry
- Implemented learning requirements of minimum learning hours
- Clear expectations on performance with a holistic rewards system
- Launched new core values, FIRST, to future-proof our businesses



### SUPPLY CHAIN PARTNERS

#### Value Proposition

We see our supply chain partners as an extension of the UEM Edgenta family, and are committed to empowering them as we empower our employees. We value their contributions to our business success and seek opportunities to grow together to support our clients' needs.

#### How We Engage

Our supply chain partners are key members of our daily operations activities.

- Vendor Development Programme and workshops
- Periodic vendor performance reviews
- Operational audits and site visits
- Small engagement sessions and dialogues
- Code of Conduct for Business Partners
- Training at Edgenta Academy

#### Why We Engage

Our supply chain partners operate at the front of our operations, representing our brand and values. We therefore ensure our supply chain partners are equipped with the capabilities to consistently deliver high-quality services, while operating responsibly and effectively at all times.

#### Key Concerns

Due to the new challenges arising from the COVID-19 pandemic, suppliers' main concerns are safety and continuity of contracts in light of disruptions to various economic activities. Ongoing concerns relate to:

- Fair and transparent procurement procedures
- Anti-corruption
- Supply chain management
- Fast-changing market and industry

#### Our Response

- Regular virtual sessions with service partners, communicating updates on new protocols and HSSE-related matters to ensure continued compliance and alignment
- Rolled out new vendor management systems to ensure the efficiency and transparency of procurement processes
- Ensure that all vendors undertake and agree to abide by the business policy to promote ethical business conduct
- Compliance with regulatory requirements for all businesses



## COMMUNITY

### Value Proposition

We are determined to ensure the local communities where we operate benefit from the quality of our services and solutions, and our commitment towards shared prosperity. We seek to be proactive in identifying ways in which we can complement our operations to generate positive value by enhancing the well-being of the community.

### How We Engage

- Strategic and opportunistic engagements to enhance relationships with communities
- Corporate responsibility activities and programmes
- Sponsorships and donations to support key focus areas
- Strategic and ad-hoc meetings/visits to identify opportunities to collaborate on events/projects
- Print, digital & social media

### Why We Engage

Our business sustainability depends on the well-being of the community, which provides the ultimate reason for our being. The community, moreover, provides us the licence to operate – reflecting our value within the wider context of service providers and their utility in society.

### Key Concerns

The most pertinent concerns within the community during the pandemic is their safety and continued livelihood. Other ongoing concerns include:

- Access to quality and affordable healthcare
- Access to quality infrastructure
- Job/income generating opportunities
- A healthy and clean environment with minimum pollution
- Mitigation of climate change

### Our Response

- Developed an Epidemic Management System for MoH Malaysia and the National CPRC
- Construction of hybrid ICUs
- Donation of ventilators and patient monitoring systems
- Donation to MERCY Malaysia and the Malaysian Red Crescent Society for relief efforts in Sabah
- Distributed B40 aid reliefs to the community of Pantai Dalam, Kuala Lumpur
- Continued alignment of operations with the United Nations' Sustainable Development Goals ("UNSDGs")
- Strengthened governance in philanthropic partnership selection



## MEDIA

### Value Proposition

We value the opportunity presented by the media to communicate important Company updates to key stakeholders, hence the establishment of an open-door policy with the media. We are also committed to transparency in our disclosure in order to maintain our market reputation.

### How We Engage

A quality media and public relations plan supports the Company's investor relations activities and is an integral component of our business development strategy.

- Media releases and statements
- Media briefings and press conferences
- Interviews with the C-suites & executive leadership team
- Advertorials and strategic article placements in reputable publications
- Website and social media
- Ad-hoc issues management

### Why We Engage

The media plays a key role in keeping our stakeholders updated and informed on news relating to UEM Edgenta, including new contract wins, financial results and corporate developments. Through the media, we are also able to share our strategies and respond to any public issue.

### Key Concerns

- Integrity and transparency of our business operations
- Ethical stakeholder engagement
- Timely, accurate and transparent updates on strategies, financial performance and corporate developments

### Our Response

- 31 media releases and statements in 2020
- Media and public relations activities are communicated across all official internal & external platforms managed by the Company
- Daily monitoring of print, digital and social media
- Involvement in media-related events such as *Malam Wartawan Malaysia* & BERNAMA's Rukun Negara 50<sup>th</sup> Anniversary special programme

1

2

3

4

5

6

7

8



## A. STRATEGIC REVIEW

# KEY RISKS AND MITIGATION

### INTRODUCTION

Effective risk management is vital as it entails risk mitigation and taking advantage of potential opportunities to deliver our business strategy successfully. Through risk management, we are able to maintain our competitive advantage as we drive sustainable growth and enhance shareholder value. We focus on principal risks which could affect our business performance and therefore the achievement of our strategic objectives.

Risks, inherent to our business, as well as external risks are identified and managed through our robust risk management framework. Going beyond compliance, we adopt policies, principles and practices which help to minimise our risk exposure and maximise our performance.

We see risks as opportunities to strengthen our internal controls, compliance procedures and management strategies. The risks identified are mapped against the likelihood of occurrence and potential business impact. We continuously monitor different types of risks associated with our business which are discussed below under six key categories.

More details on our Risk Management Framework and processes can be found on pages 138 to 147.

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

The Transformation Pillars we have adopted to drive our Edgenta of the Future strategy acknowledge our key risks while encompassing responses to mitigate them. These Transformation Pillars are supported by 6 Focus Areas, as described below:

### TRANSFORMATION PILLARS



**Extract Value from  
Our Core**



**Enhance Product and  
Technology Proposition**



**Expanding Footprint &  
Deepening Solutions**

### 6 FOCUS AREAS

Operational Excellence

Client Solutions

Organisational Excellence

Technology and  
Innovation

Health, Safety, Security  
and Environment

Stakeholder Management  
& Communications



## MARKET/INDUSTRY (STRATEGY) RISK

### Risk Description

Industry/Strategic risk refers to the potential exposure to a changing market landscape which could affect an organisation's business strategy or model. This risk could result in the potential loss of market share and growth, shareholders' value or even reputational damage.

### Context

- The pandemic and resulting response (i.e. MCO) were challenging for the Malaysian infrastructure industry due to the deferment of higher-value infrastructure projects
- The operational nature of our business (which tends to be deprioritised as a strategic business imperative by clients/potential clients in price sensitive industries). Service commoditisation leads to competitive price
- Margin compression in the market continues to pose challenges to growing our revenue stream and maintaining a healthy order book

### Mitigation

- Continued organic and inorganic growth through:
  - Expansion and enlarging addressable market to diversify revenue streams through the Pan-Malaysia Strategy, regional expansion and new industry
  - Developing technology solutions to enhance service delivery in healthcare and infrastructure sector
  - Productisation and scalability of existing sector technology solutions
  - New digital solutions such as digital healthcare
- Continued focus on cost rationalisation initiatives and prudent cash flow management
- Sustaining the concession business, maintaining pipeline and growing market shares
- Cross-selling, expanding client base and new delivery model via performance-based contracting

#### Transformation Pillars



#### Capitals Impacted



## OPERATIONAL RISK

### Risk Description

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

### Context

Our continuing challenges are:

- Focusing on cost stewardship and service efficiency improvement to protect margins and improve cash flow
- Increase in operating costs to implement COVID-19 precautionary and safety measures
- Manual and labour-intensive aspects of operations
- Inculcating a safety-first mindset and continuous monitoring of our work environment to ensure compliance with HSSE standards

### Mitigation

Preserve operational excellence amid adaption to the new normal:

- Manage cost and preserve margins by keeping fundamentals strong
- Deliver value through technology via automation & mechanisation, data analytics, artificial intelligence and IoT as foundations of our technology enabled platforms

We maintain a safe and healthy work environment to protect our people, business partners and other stakeholders including healthcare front liners:

- Contribute to national efforts to combat COVID-19 via donation of patient monitoring systems and ventilator machines to MoH Malaysia and a cloud-based healthcare information system
- Continuously promote our 'Goal Zero' aspiration in line with the theme 'Comply with Quality'
- Drive innovation via the introduction of new technologies

#### Transformation Pillars



#### Capitals Impacted



1

2

3

4

5

6

7

8

## A. STRATEGIC REVIEW

### KEY RISKS AND MITIGATION



#### FINANCIAL RISK

##### Risk Description

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

##### Context

Our financial risk exposures:

- Reduced margins & profitability amid higher competition and increase in operating costs
- Delayed collection from customers for trade and other receivables which could impede cash management
- Foreign exchange risk, i.e. risk that the fair value or future cash flow of a financial instrument will fluctuate due to changes in foreign exchange rates against the Malaysian Ringgit

##### Mitigation

- We manage credit risk by conducting credit evaluations, monitoring recovery procedures by customers and receivables respectively. We keep the company's balance sheet healthy with a low gross gearing ratio and strong net cash position
- Focus on managing cost and preserving margin through tighter cost controls, leveraging technology and operational excellence to derive work and cost efficiencies
- Leverage Enterprise Resource Planning ("ERP") to streamline financial information and processes across our companies, improve spending and strategic sourcing analysis, as well as cost control and increase visibility of spending
- In mitigating foreign exchange risk, we maintain a natural hedge by borrowing in the same currency as the future revenue stream to be generated from the overseas entities

##### Transformation Pillars



##### Capitals Impacted



#### COMPLIANCE/REGULATORY RISK

##### Risk Description

Compliance/regulatory risk is exposure to legal penalties, financial forfeiture and material loss due to failure to act in accordance with industry laws and regulations, internal policies or prescribed best practices.

##### Context

- A sizeable portion of our businesses are concessions, especially Healthcare Support and Infrastructure Services, and are subject to a broad range of rules and regulations
- As a public listed company, we are also required to adhere to good corporate governance practices and to uphold integrity throughout our business undertakings and proceedings
- Any adversity could result in the suspension of necessary authorisation, licence and/or rights. Lack of regulatory certainty impacts our operations, reputation, and investment decisions

##### Mitigation

- We make a concerted effort to deliver quality service to our clients with strict adherence to service level agreements. We have dedicated functions such as Integrity & Compliance, HSSE, Quality Management Assurance and Secretarial to monitor regulatory and policy developments, and liaise with relevant governing authorities to stay abreast of regulatory changes and our obligations
- Instil a culture of integrity & compliance within the organisation, with the enforcement of internal processes for operations
- Maintain close collaboration with regulatory bodies on emerging legal & regulatory requirements and industry standards & practices
- Have in place Whistleblowing channels as an avenue for employees of UEM Edgenta and members of the public to report any improper conduct

##### Transformation Pillars



##### Capitals Impacted





## PEOPLE RISK

### Risk Description

Obtaining and fostering an engaged talented team that has the knowledge, training, skills and experience to deliver our strategic objectives is vital to our success. Common challenges are to upskill and reskill our people as well acquire and retain the right talents (including digital skill set) who are able and motivated to deliver value for our stakeholders.

### Context

- People are one of our greatest assets and key pillars of success in executing the Edgenta of the Future strategy. Having acquired and merged from different companies in the past, our workforce has grown more diverse. Legacy cultures and ways of working are deep rooted that could lead to a lack of cohesive culture

### Mitigation

- We are establishing an Employee Value Proposition to offer the best experience for our employees in exchange for productivity and high performance. We not only hire the right talent, but also retain the best talent by continuously benchmarking against competitive industry practices
- A holistic people strategy and UEM Edgenta-wide culture change programme via our new core values, FIRST, will be undertaken to ensure the desired culture is robustly managed and sustained over time
- To build a future-ready and digital-savvy workforce, the Edgenta Academy is well-positioned to upskill and reskill our people, equipping them with new talents and knowledge in digital learning

#### Transformation Pillars



#### Capitals Impacted



## MANAGEMENT INFORMATION SYSTEM RISK

### Risk Description

Information Technology infrastructure, security of confidential data and information in technology systems might be exposed to cybersecurity risk caused by cyber-attacks, weak defence systems, improper maintenance, ageing applications or system overload, among others.

### Context

- Organisation-wide, we see technology as a key enabler and the biggest game changer which will allow us to productise existing technology solutions, develop digital healthcare solutions, optimise resources, reduce costs, increase productivity and improve our offerings for better outcomes
- Due to growing connectivity of our systems, there is an increased risk of exposure to cyber threats that emerge in cybersphere, malicious threats to corporate cloud network, breach of information security, compromised data integrity, privacy and prolonged disruption of IT ecosystem

### Mitigation

- We look at company-wide security planning by implementing cyber security solutions that cover the network, application, information, end-user and data security. This includes the enhancement of cloud security, monitoring of critical information, security control (utilising infrastructure security protection solutions via firewall, anti-spam/virus) and continuous awareness programmes
- We undertake self-assessments in identifying gaps via security posture assessments and seek ways to improve our technology and digital solutions and user experience

#### Transformation Pillars



#### Capitals Impacted



1

2

3

4

5

6

7

8



## A. STRATEGIC REVIEW

# OUR MATERIAL MATTERS

We define our material matters as those that are important to our stakeholders, as well as to UEM Edgenta, and particularly to progressing our strategies in order to attain our business goals. These matters reflect challenges in our operating environment, hence by focusing on them we effectively manage ongoing risks while capitalising on opportunities.

In 2019, we undertook a materiality assessment to identify our material matters using the following three steps:



### Defining

We reviewed internal and external resources – including the feedback from stakeholders through our engagement with them to determine key challenges in our operating environment.



### Evaluating

The large number of matters that surfaced from the first step were evaluated by our senior management according to their relative relevance to our stakeholders, as well as our business.



### Prioritising

We then prioritised the material matters that are considered important to both our stakeholders and to UEM Edgenta.

Through this process, we initially identified eight broad material matters – Growth, Workplace, Collaborations, Climate Positive, Resource Efficient, Consumption, Health & Safety and Communities. This year, along with a reset in our strategy, the management reviewed our material matters and refined them for greater alignment with Edgenta of the Future. We have also renamed some of our material matters for greater clarity.

As a result of the review, we now have the following 11 material matters:

### MATERIAL MATTERS

- Technology-based Operational Excellence
- Carbon Emissions
- Waste Management
- People Development
- Diversity & Inclusivity
- Internal Stakeholder Management
- Health & Safety
- Community Engagement
- Ethics & Integrity
- Vendor Development
- Thought Leadership & Advancing Industry

A description of these material matters, and our approach to each, is provided in the following pages. However, for more detailed information on our sustainability initiatives, refer to our Sustainability Statement on pages 150 to 173.



## TECHNOLOGY-BASED OPERATIONAL EXCELLENCE

### WHY IT IS IMPORTANT

Technology is revolutionising the way work is done, enhancing efficiency and reducing costs. Customers, moreover, expect the most effective solutions which tend to be the most technologically advanced.

### VALUE CREATION MEASUREMENT

- Greater productivity
- Cost efficiencies
- Reliability

### OPPORTUNITIES

- Demonstrate leadership in digital technologies in the markets we are in by introducing better, more efficient systems and solutions
- Digitise our own systems and processes for optimum efficiencies and for better collaboration across geographic locations
- Create a more digital culture at UEM Edgenta via learning & development and other engagements

### OUR RESPONSE

We are making headway towards becoming a Technology-Enabled Solutions Company with digitalised and automated solutions such as SmartConnect for smart building maintenance and management, *UETrack™* for enhanced healthcare support services, and Road Asset Management System (“RAMS”) for efficient highway maintenance works, among others.



Capitals Impacted:



UNSDGs:



## CARBON EMISSIONS

### WHY IT IS IMPORTANT

Greenhouse gases have far-ranging environmental and health impacts. They cause climate change, as well as respiratory diseases from smog and pollution.

### VALUE CREATION MEASUREMENT

- Reduced emissions
- Increased cost savings

### OPPORTUNITIES

- Leverage emerging green technologies for greater energy efficiency
- Further expand our portfolio of products and services with green solutions that will not only reduce customers' carbon footprint, but create cost efficiencies from energy savings

### OUR RESPONSE

We introduced effective Energy Management programmes with real-time energy performance dashboard reporting which help clients save on spending, energy and time. We have also installed solar panels at Menara UEM to ensure greater energy efficiency and savings within our premise.



Capitals Impacted:



UNSDGs:

1

2

3

4

5

6

7

8



## WASTE MANAGEMENT

### WHY IT IS IMPORTANT

Indiscriminate use of materials and waste places a strain on the environment during disposal process at the end of their lifecycle.

### VALUE CREATION MEASUREMENT

- Reduced waste to landfill
- Reduced use of natural resources such as paper

### OPPORTUNITIES

- Leverage technologies to reduce reliance on natural resources
- Create efficiencies in our own and our customers' systems and processes to reduce consumption of natural resources and materials – for example, by reducing paper usage from greater adoption of digital communications platforms and data storage

### OUR RESPONSE

We provide environmentally friendly waste management systems for assets under our care, such as hospitals, commercial and hospitality buildings. Focus at our Pavement Research Centre is on the development of sustainable pavement mixes, which led to the recent introduction of 100% locally-sourced Reclaimed Asphalt Pavement.



Capitals Impacted:



UNSDGs:

## A. STRATEGIC REVIEW

### OUR MATERIAL MATTERS



#### PEOPLE DEVELOPMENT

##### WHY IT IS IMPORTANT

Our employees determine how well we perform. It is therefore important to attract high calibre individuals and provide continuous opportunities for them to grow professionally.

##### VALUE CREATION MEASUREMENT

- Amount spent on employee training
- Employee productivity

##### OPPORTUNITIES

- Create a culture of continuous development that motivates employees to continuously enhance their capabilities and productivity
- Assess current skills of employees and determine gaps in competencies, using this to develop relevant training programmes
- Maintain an appropriate budget for training and ensure all employees are given the opportunity to attend minimum training hours

##### OUR RESPONSE

We established Edgenta Academy to design impactful programmes in order to enhance the capabilities, skills and knowledge of our employees; and the UEM Edgenta Learning Centre ("UELC") to host learning and development programmes. Meanwhile, the Human Resource department sets a budget for training every year based on an assessment of needs.



Capitals Impacted:



#### DIVERSITY & INCLUSIVITY

##### WHY IT IS IMPORTANT

Diversity of perspectives, skills and experiences enhances an organisation's ability to make informed, stakeholder-sensitive decisions; while inclusivity ensures a sense of cohesion and unity that is critical for teamwork.

##### VALUE CREATION MEASUREMENT

- Diversity in terms of racial, age and gender mix
- Zero incidents of intolerance, bigotry or harassment

##### OPPORTUNITIES

- Local hires in the foreign countries where we operate not only enhances our cultural sensitivity but enables better integration into the local environment in order to network with key stakeholders and capture more local contracts

##### OUR RESPONSE

Of our total 21,798 employees, 33.2% are Malaysian; 27.2% Taiwanese; 28.4% Indian; 7.1% Singaporean; and the remaining 4.1% from more than 20 other countries. Meanwhile, women make up 52.8% of our total workforce, and 35.8% of top management.



Capitals Impacted:



Capitals Impacted:



Capitals Impacted:



Capitals Impacted:



Capitals Impacted:



Capitals Impacted:



Capitals Impacted:





## INTERNAL STAKEHOLDER MANAGEMENT

### WHY IT IS IMPORTANT

Engaged employees are more satisfied at work, productive and invested in the company, therefore actively seek to contribute towards the company's objectives and goals.

### VALUE CREATION MEASUREMENT

- Lower turnover rate
- High employee engagement score
- Greater productivity

### OPPORTUNITIES

- Leverage initiatives to support organisational shift towards a more digital culture as a means to engender greater engagement
- Continue with online engagement platforms developed in light of work from home even once most employees return to work at the office

### OUR RESPONSE

We conduct engagement surveys to gauge our effectiveness in connecting with employees. Feedback from the surveys will become our action plans to improve employee experience through various key initiatives and programmes.



Capitals Impacted:



UNSDGs:

1

2

3

4

5

6

7

8



## HEALTH & SAFETY

### WHY IT IS IMPORTANT

We value the well-being of our people, hence place the greatest priority on ensuring their health and safety are safeguarded. This is especially important in job functions that are inherently more hazardous than others.

### VALUE CREATION MEASUREMENT

- Reduced safety incidents
- Reduced lost time due to injury
- Zero fatalities

### OPPORTUNITIES

- Create a culture of safety via constant training and monitoring
- Ensure our own and contractors' employees have the appropriate training and skills to undertake their work safely
- Leadership team to demonstrate commitment to safety via regular site visits and talks/engagements with employees
- In 2020, we extended our routine HSSE measures to ensure all employees continued to remain safe and productive throughout the pandemic

### OUR RESPONSE

Introduced 'Goal Zero' where we strive to achieve zero work-related accidents, injuries and illness. In response to the pandemic, we adopted all SOPs issued by Government while developing our own COVID-19 Resource Centre for easy reference by employees. We also placed greater emphasis on employees' mental well-being.



Capitals Impacted:



UNSDGs:



## A. STRATEGIC REVIEW

# OUR MATERIAL MATTERS



### COMMUNITY ENGAGEMENT

#### WHY IT IS IMPORTANT

Companies thrive in healthy, well-functioning communities. This was made evident during the pandemic, when companies were affected by the fact that communities were prevented from carrying out normal activities.

#### VALUE CREATION MEASUREMENT

- Financial value of community programmes
- Time value of community programmes
- Number of employees involved

#### OPPORTUNITIES

- Giving back to the community increases a company's visibility in a positive manner
- It attracts better talent, better investors and customers who are better because they place value on integrity
- Community outreach programmes enhance employee engagement and add to a company's employee value proposition

#### OUR RESPONSE

We prioritise three areas in our community programmes: education; science, technology & innovation; and community development. When the need arises, we will go beyond these three areas to provide critical aid. In 2020, for example, we supported the Government's efforts to contain the pandemic by introducing the Epidemic Management System for MoH Malaysia and National CPRC. We also donated 30 ventilators and 30 patient monitoring systems to MoH Malaysia; helped to build a hybrid ICU; and provided biomedical equipment and logistics capabilities to MERCY Malaysia and the Malaysian Red Crescent Society to support patient care efforts in Sabah.



Capitals Impacted:



UN SDG:



### ETHICS & INTEGRITY

#### WHY IT IS IMPORTANT

We rely on the support of various stakeholders to maintain our operations. Upholding integrity ensures we are able to further strengthen important relationships and engender a higher level of trust with our stakeholders.

#### VALUE CREATION MEASUREMENT

- Number of whistleblowing cases
- Number of regulatory non-compliance
- Integrity training programmes run with employees

#### OPPORTUNITIES

- Ensure everyone associated with UEM Edgenta is aware of our Code of Conduct
- Create a culture of integrity through continuous reinforcement of our zero tolerance against all forms of corruption and bribery
- Encourage use of Whistleblowing reporting channels to demonstrate commitment to integrity

#### OUR RESPONSE

In 2020, we strengthened our Anti-Bribery and Anti-Corruption Policy and Guide in line with the Amendment to Section 17A of the MACC Act 2009 and shared the new Guide with all employees via awareness sessions. We also developed e-learning modules on integrity and compliance. In addition, we have made it compulsory for all business partners to sign a Letter of Declaration to the effect that they are not involved in any act of bribery, corruption or fraud.



Capitals Impacted:



UN SDG:



## VENDOR DEVELOPMENT

### WHY IT IS IMPORTANT

Vendors are key suppliers, hence sustainability of their operations contributes to our sustainability. Small and medium-sized enterprises ("SMEs") also play a key role in the local economy, accounting for 38.9% of local GDP in 2019.<sup>1</sup>

### VALUE CREATION MEASUREMENT

- Vendor accreditation with relevant bodies
- Vendors' business profitability
- Vendors' business growth

### OPPORTUNITIES

- Supporting vendors in enhancing their capabilities not only ensures better, more reliable supply, but also engenders better relationships that will serve UEM Edgenta's interests in the long-term
- As vendors enhance their operational efficiencies, they will be able to offer UEM Edgenta more competitive prices for products & services

### OUR RESPONSE

In addition to supporting the Malaysian Government's Bumiputera Vendor Development Programme, we provide training for our vendors. In 2020, three vendors underwent training organised by Technology Park Malaysia and Malaysia Institute of Transport.

We have also processed and approved 1,297 of new applications for vendor registrations on the Oracle Procure to Pay ("P2P") online system.



Capitals Impacted:



UN SDG:

1

2

3

4

5

6

7

8



## THOUGHT LEADERSHIP & ADVANCING INDUSTRY

### WHY IT IS IMPORTANT

As we seek to introduce new technologies, it is important to gain the trust of our customers and other stakeholders. It is important to advance our industries as there is a great deal of interdependencies between the Company and our supplier ecosystem with the industries we are in.

### VALUE CREATION MEASUREMENT

- Number of participation in industry events
- Number of organisations in which we have leadership positions

### OPPORTUNITIES

- Through participation in local and international events, we widen our network and are able to increase our visibility, thus build the UEM Edgenta brand
- Exposure to other technology players enables us to form strategic partnerships to advance our transformation into Edgenta of the Future

### OUR RESPONSE

We regularly participate in local and international talks, forums and conventions focused on innovation, healthcare services, real estate, infrastructure and asset management. In 2020, we were involved in 7 thought leadership initiatives and programmes.

Our leadership team also hold prominent positions in industry organisations such as MAPMA and The Malaysian Chapter of Civil Engineers UK besides being an active member of 8 industry associations.



Capitals Impacted:



UN SDG:

<sup>1</sup> Ministry of Entrepreneur Development and Cooperatives press release, 3 August 2020

## A. STRATEGIC REVIEW

# EDGENTA OF THE FUTURE 2025

### OUR KEY STRATEGIES TO STRENGTHEN THE CORE

In 2020, in response to the significant shift in our operating landscape brought about by the pandemic, we reviewed and refreshed our Edgenta of the Future vision. This vision represents a departure from our traditional concession-based business model into one which is focused on commercial contracts, technology differentiation and regional diversification. Throughout our transformation plan, we will drive efficiency from our core businesses, while pivoting the company into a scalable technology-based solutions company by the year 2025.

**'A Technology-Enabled Solutions Company with a Focus on Healthcare' by 2025.**

We have identified three key pillars of our transformation strategy towards achieving our Edgenta of the Future vision

#### EXTRACT MORE VALUE FROM CORE BUSINESSES

Release inefficiencies and cashflows to fund the journey

- RM100 million of cost savings over 5 years
- Mechanisation & automation, optimise procurement spend and streamline business structure

#### ENHANCE PRODUCT AND TECHNOLOGY PROPOSITION

Products and solutions oriented towards achieving optimised outcomes

- Optimising service availability
- Superior user experience

#### EXPAND OUR FOOTPRINT AND DEEPEN SOLUTIONS BASE

Differentiated and diversified income streams

- Accelerating digital adoption
- Diversify into new growth markets

They are further supported by our **FIRST** core values:



**FUTURE FOCUSED**  
WE PREPARE FOR TOMORROW'S CHALLENGES, TODAY



**IMAGINE NEW WAYS**  
WE IMAGINE NEW WAYS TO DELIVER BETTER WORK



**RESPECT FOR ALL**  
WE TREAT OUR COLLEAGUES & STAKEHOLDERS WITH RESPECT



**SOLUTIONING MINDSET**  
WE SOLVE CHALLENGES TO DELIVER RESULTS



**TRUE TO OUR WORD**  
WE ARE GUIDED BY INTEGRITY TO BUILD TRUST

### THE FUNDAMENTAL SHIFT: OUR BUSINESS MODEL

The unprecedented challenges brought on by the pandemic has prompted the necessity to pivot to a more sustainable model that will enable the Group to capitalise on potential growth opportunities in key target markets. Our shift towards a commercially driven business model under EoTF25 will allow us to strengthen our order book by pursuing a diversified range of higher value commercial contracts.

The transformation enables us to operate under a leaner operating structure with agility in managing various circumstances in our markets in future. Further, adoption of technology and mechanisation in all aspects of our business will be our key differentiator in industries we operate in. Under the refreshed strategy, we will focus on pursuing output-based contracts in high growth industries and markets to effectively provide us with greater top line growth and margin expansion across a larger diversified footprint.

### OUR EDGENTA OF THE FUTURE 2025 GOALS



#### Create sustainable shareholder value

Pivot to a business model with a strong focus on commercial work (vis-à-vis concession work) to ensure growth and sustainability of future dividends.



#### Improve profitability across all businesses

Enable businesses to operate under an agile and lean operating model through rapid digitalisation and cost efficiency initiatives.



#### Digitalisation and disrupting our industries

Accelerate transformation journey through digitalisation and disrupt existing old economy industries where we operate in.

## OUR TRANSFORMATION PILLARS TOWARDS ACHIEVING EDGENTA OF THE FUTURE 2025 GOALS



### EXTRACT MORE VALUE FROM CORE BUSINESSES

UEM Edgenta's core businesses in asset management and infrastructure solutions have provided a steady stream of recurring revenues, enabling the Company to distribute RM850 million in dividends over the past seven years. While this is a testament that our fundamentals remain intact, operating in the new normal requires us to extract more value from our core businesses while diversifying from a traditional concession-focused to a more commercial client base.

Through rapid digitalisation and consolidation of cost structures, we aim to save RM100 million over the next five years. This will be achieved through four key areas: streamlining of business structures, tax and operating efficiency, optimising procurement spend, digitalisation and mechanisation.

  
**RM100 million  
Operational Cost  
Savings Over 5 Years**



### ENHANCE PRODUCT AND TECHNOLOGY PROPOSITION

As UEM Edgenta evolves to a Technology-Enabled Solutions Company by 2025, we aim to digitalise all aspects of our business. This will be spearheaded by our dedicated technology business unit, Edgenta NXT, which will serve to not only digitalise our existing business units, but to also disrupt traditional delivery models as we transition to an innovative, asset-light, scalable, and differentiated business model.

The company has over 20 technology-enabled solutions ready for productisation that will be rolled out over the next 12 months including QuickMed – a digital healthcare platform and RAMS – an infrastructure asset management technology platform through our own digital ecosystem platform that will be enabled through Edgenta Cloud.

In an effort to swiftly scale up our technology solutions, we aim to establish partnerships with international clients and peers as we deploy our solutions to achieve greater market access.

#### Edgenta Cloud | Mall | Marketplace



**RAMS**  
AN EDGENTA SOLUTION

**UETRACK™**  
AN EDGENTA SOLUTION

**SMART C-CONNECT**  
AN EDGENTA SOLUTION

**QUICKMED**

**Edgenta  
Technology Solutions**



### EXPAND OUR FOOTPRINT AND DEEPEN SOLUTIONS BASE

UEM Edgenta's current regional footprint spreads across six countries with over 60% of revenue derived from our increasingly saturated domestic market. Our future growth plans will see us expanding into more commercial businesses in high growth markets in three key regions – South East Asia, the Middle East and Europe.

We aim to grow into larger addressable markets such as Saudi Arabia and Indonesia, move up the value chain in the existing markets of Singapore and Taiwan while stepping into new horizons in Sarawak, our next primary domestic focus area. Our endeavours will involve both inorganic and organic growth strategies besides establishing partnerships with locally established players.

UEM Edgenta has made a strong headway into Sarawak through our Pan Malaysia strategy with over RM1.4 billion worth of projects on hand and an addressable infrastructure market of RM105 billion over the next 10 years. Our infrastructure arm led by Opus Consultants and Edgenta PROPEL Berhad in Sarawak and Sabah, respectively, will also look to participate in projects in neighbouring Kalimantan as Indonesia relocates its new administrative capital from Jakarta by 2025.

In established markets of Singapore and Taiwan, where we have a strong market share in providing soft services for government hospitals, we will strive to move up the IFM value chain into FEMS and BEMS. Through acquiring an ME-15 licence in Singapore, we aim to compete in larger government tenders.

#### SEA, Middle East and Europe



**Tech-enabled  
Solutions**

1

2

3

4

5

6

7

8



## A. STRATEGIC REVIEW

# OUR KEY RESOURCES

Our key resources comprise the six capitals that we leverage in order to create value. Each capital is important to our operations and all are interrelated. In managing these capitals, we therefore need to make strategic decisions to ensure optimal outcomes.



### FINANCIAL CAPITAL

Our financial capital comprises shareholders' equity, funds from financial institutions, as well as income from operations and investments. This enables us to manage our day-to-day operations, fulfil our financial obligations to various stakeholders, and invest in further technologies in order to create greater value for our customers, shareholders and UEM Edgenta itself.

Shareholder's funds  
**RM1.5**  
billion

Cash and bank balances  
including short term  
investment and deposit  
**RM689.8**  
million

Total Revenue  
**RM2.03**  
billion



### INTELLECTUAL CAPITAL

Over the years, we have adopted and developed our own technological systems and processes, including proprietary technology developed in-house. For Healthcare Support, we have developed our own mobile resource optimisation platform, *UETrack™*, which enables hospital employees to function more efficiently. Other innovative systems developed include Edgenta SmartConnect for predictive maintenance of assets and anomaly detection; RAMS, which enables remote monitoring and management of roads, and a CnC leveraging IoT for facilities management. Supporting Infrastructure Services and Asset Consultancy, we conduct research on sustainable pavement solutions at our Pavement Research Centre.

#### Introduced:

UEM Edgenta  
COVID-19 Business  
Solutions and digital  
healthcare products

#### Productised:

Developed *UETrack™*  
to enhance primary  
healthcare support  
services

#### Served the nation with:

cloud-based Epidemic  
Management System  
used by MoH Malaysia  
and the National CPRC



### MANUFACTURED CAPITAL

We automate our services via mechanised vehicles to carry out different functions within our Healthcare Support and Infrastructure Services businesses. These range from cleaning machinery for hospitals to maintenance vehicles such as mechanised grass cutters, road sweepers, remote slope lawn mowers, traffic management vehicles and safety vehicles.

No. of drones:  
**6 units**

No. of premises:  
**60**

No. of highway and  
road maintenance  
vehicles:  
**762**





## HUMAN CAPITAL

Our people bring great diversity of perspectives, invaluable experience, as well as technical and soft skills to the Company. They enrich our knowledge repository and contribute in numerous tangible and intangible ways towards shaping Edgenta of the Future.

No. of employees:  
**21,798**

Training budget increased by  
**18.1%**  
year-on-year

No. of nationalities:  
**>20**

No. of employees trained:  
**3,878**  
(3,617 in 2019)



## SOCIAL AND RELATIONSHIP RESOURCE

We have strong relationships with our vendors, analysts, shareholders, media and the communities we operate in. We are also a key player in the industries where we operate, contributing our knowledge and expertise through active participation in local and international events. Our leadership team has held key positions in industry associations such as the Malaysian Asset & Project Management Association ("MAPMA") and the Malaysia Chapter Representative of Institution of Civil Engineers ("ICE"), UK.

Membership of industry associations:  
**8**

Media interviews by leadership in 2020:  
**9**

No. of community outreach programmes organised:  
**24**



## NATURAL CAPITAL

We make use of various natural resources in the course of our operations – fossil fuels for energy; water for cleaning; wood (in paper and cardboard) for documents and packaging; sand in pavements, roads and highways, among others. As most natural resources are finite, while others (such as fossil fuels) contribute to environmental issues such as climate change, we are therefore responsible in our use of these resources, and seek to reduce as much as possible our impact on the environment.

Fuel (diesel & petrol) consumption:  
**2.19**  
mil litres  
(3.18 mil litres in 2019)

**LEED v4  
Gold Rating:**  
For the Sultanah Maliha Hospital, Langkawi – the only healthcare facility in the world to achieve LEED v4 Gold Rating

Electricity consumption at Menara UEM reduced by approximately:  
**21%**  
from 2018 to 2020 with solar installation



1

2

3

4

5

6

7

8

## A. STRATEGIC REVIEW

# OUR VALUE CREATION BUSINESS MODEL

### Market Trends



Digitalisation of Everything



Seismic Shift to Green



Rise of COVID-19 Economy



Post-Pandemic Recovery

HOW WE DRIVE VALUE....

### OUR VALUE CREATION ACTIVITIES

### INPUT



#### FINANCIAL CAPITAL

Prudent financial management ensures we have sufficient capital for ongoing operations and business growth



#### INTELLECTUAL CAPITAL

Our proprietary and licensed technologies, software, licences, procedures and protocols lend us a competitive edge



#### MANUFACTURED CAPITAL

By investing in cutting-edge machinery and equipment, we are able to ensure optimum performance to meet the highest industry standards



#### HUMAN CAPITAL

We nurture a high-performing, innovative and diverse workforce with the right skills and experience to grow our business and drive our transformation into Edgenta of the Future 2025



#### SOCIAL AND RELATIONSHIP RESOURCE CAPITAL

We build strong relationships based on trust with our various stakeholders, integrating their needs into our business as we deliver on our commitments



#### NATURAL CAPITAL

We use energy to run our operations and technology systems, water for cleaning and hygiene, as well as paper for documented work

### 6 FOCUS AREAS



Operational Excellence



Organisational Excellence



Health, Safety, Security and Environment



Client Solutions



Technology & Innovation



Stakeholder Management & Communications

### ASSET MANAGEMENT



HEALTHCARE SUPPORT



PROPERTY & FACILITY SOLUTIONS

### MATERIAL MATTERS



Technology-based Operational Excellence



Health & Safety



Carbon Emissions



Community Engagement



Waste Management



Ethics & Integrity



People Development



Vendor Development



Diversity & Inclusivity



Thought Leadership & Advancing Industry



Internal Stakeholder Management

### SUPPORTED BY A ROBUST GOVERNANCE FRAMEWORK

Corporate Governance, Risk Management & Internal Controls and Corporate Integrity & Ethical Business

## Vision

Optimising Assets to Improve Lives.

## Mission

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

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

## Core Values



## INFRASTRUCTURE SOLUTIONS

### INFRASTRUCTURE SERVICES



### ASSET CONSULTANCY



### WHILE MANAGING KEY RISKS



Market/Industry  
(Strategy) Risk



Operational  
Risk



Financial  
Risk



Compliance/  
Regulatory Risk



People  
Risk



Management  
Information  
System Risk

## OUTPUTS



### OPERATIONAL

- Manage more than 50,000 biomedical equipment worth over RM3 billion
- Maintain over 3.6 million m<sup>2</sup> of cleanable area daily
- Process over 18,000 tonnes of soiled linen annually
- EPC programme contributing RM55 million in clients' energy bill savings
- Provide FM services and technology at more than 300 buildings & facilities
- Manage over RM10 billion worth of infrastructure assets
- Over 3,500 km of highways and roads managed in Malaysia & Indonesia
- RAMS bringing over 1,000 km of expressways online
- Provide project management consultancy for the Sarawak Coastal Road Network and Second Trunk Road for Phase 2 project



### NEW SERVICES

- Sanitisation and disinfection
- Drive-through and on-site COVID-19 screening
- Digital healthcare
- Hybrid ICU
- Replacement Through Maintenance
- Cloud-based healthcare information for the National CPRC



### FINANCIAL

- Revenue: RM2.03 billion
- RM12.2 billion order book
- New contracts secured: RM1.4 billion
- Net cash position: RM206.6 million
- Total assets: RM2.8 billion

## OUTCOMES

### FOR MALAYSIA

- Involved in setting up a cloud-based platform to support the National CPRC and Blood Bank Information System ("BBIS")
- Helped to set up a hybrid ICU to meet the shortage of ICU beds
- Provided vital biomedical equipment and logistics capabilities to MERCY Malaysia and the Malaysian Red Crescent Society to support COVID-19 patient care efforts in Sabah
- Donated 30 ventilators and 30 patient monitoring systems to MoH Malaysia

### FOR SHAREHOLDERS

- Shareholders' fund: RM1.5 billion
- Cumulative dividend: RM850 million
- Net assets per share: RM1.80

### FOR CUSTOMERS

- UEM Edgenta COVID-19 Business Solutions
- Mobile resource optimisation platform, UETrack™
- RTM service for biomedical assets
- RAMS for Sarawak state road maintenance

### FOR GREATER SOCIAL EQUITY

- 21,798 employees comprising more than 20 nationalities in 6 countries across the region
- Increased training budget by 18.1% to over RM8 million
- 52.8% of total workforce are women
- Approximately RM1.3 million disbursed to more than 4,000 of our front liners as a token of appreciation

### FOR A BETTER ENVIRONMENT

#### Energy

- Energy efficient solutions at 28 GBI-rated buildings
- Reduced clients energy consumption by 81.4 million kWh per annum since 2017
- The Sultanah Maliha Hospital in Langkawi achieved Gold certification under LEED v4 - Building Operations and Maintenance: Existing Buildings by the USGBC. The hospital saves up to 74,381 kWh of electricity a month, equivalent to over 55 tonnes of carbon emissions

#### Waste

- Collaboration with the Taiping Municipal Council, Perak on a one-year Cold Central Plant Recycling Pilot Programme using 100% locally sourced reclaimed asphalt pavement on Jalan Taming Sari

1

2

3

4

5

6

7

8



## A. STRATEGIC REVIEW

# KEY ACHIEVEMENTS

### OPERATIONAL EXCELLENCE



- Achieved Gold certification under the 'LEED v4 - Building Operations and Maintenance: Existing Buildings' by the USGBC for the Sultanah Maliha Hospital in Langkawi
- Awarded the Clean Mark Gold Award under the Enhanced Clean Mark Accreditation Scheme from the National Environment Agency of Singapore for the sixth year in a row
- 14001:2015 Environmental Management System and ISO 45001:2018 Occupational Health and Safety Management Systems by SIRIM QAS International
- Realised RM23.6 million cost savings from Continuous Improvement and LEAN initiatives

### ORGANISATIONAL EXCELLENCE



- Collaboration with General Electric for Training Centre Hub
- Launched the Facility Managers Development Programme
- Revised our new core values, FIRST which will spearhead culture transformation towards Edgenta of the Future
- Operationalisation of Edgenta Academy focusing on leadership, soft skills and technical skills
- Enhanced skill development via the launch of a digital learning platform, with about 50% of all training conducted online
- Invested RM2.1 million, training 3,878 employees

### HEALTH, SAFETY, SECURITY AND ENVIRONMENT



- Outlined 25 major projects in our 3-year Master Plan on enhancing safety and health across our operations
- Launched the Gensuite Digital HSSE Management System, an incidence reporting platform that enables tracking and monitoring of all COVID-19 cases
- Achieved zero fatalities and decrease in injury rate from 2.8 in 2019 to 1.7 in 2020
- Setting-up of the Online Problem-Solving Team to look into injuries from slips, trips and falls

### CLIENT SOLUTIONS



- Introduced the Edgenta COVID-19 Business Solutions
- Set up a hybrid ICU at the Tengku Ampuan Rahimah Hospital in Klang, Selangor
- Advancing Sustainability Programme with MoH Malaysia in the areas of Energy Performance, Chiller Retrofit and Solar Photovoltaic features
- Secured key contracts for portering and housekeeping services in Singapore and Taiwan
- Launched the RTM programme for biomedical assets
- Secured FM services for 287 CIMB branches nationwide
- Won pavement contract with Dumas Holdings for the Pan Borneo Sarawak Highway and Sarawak State Road maintenance extension
- Productisation of RAMS to Sarawak State Road (Miri division)



## TECHNOLOGY & INNOVATION



- 23 projects delivered across the four business divisions in 2020
- Introduced a cloud-based platform to support the National CPRC and BBIS v2
- Introduced new modules for *UETrack™* as well as the optimisation of the Biomedical Engineering Maintenance Services, Asset Utilisation and Tracking
- Launched an e-PTW system for our own and contractors' employees
- Collaboration with the Taiping Municipal Council in Perak on a 1-year Cold Central Plant Recycling Pilot Programme using 100% locally sourced reclaimed asphalt pavement

## STAKEHOLDER MANAGEMENT & COMMUNICATIONS



- Organised more than 50 engagement activities through corporate events, exhibitions, media engagements and community outreach programmes
- Provided training for three vendors under the Bumiputera Vendor Development Programme at Technology Park Malaysia and Malaysia Institute of Transport
- Launched the Oracle Procure to Pay online system for vendors
- Hosted two Analyst & Media Briefing programmes for half year and full year results, as well as 31 media releases in 2020

## OUR COMPETITIVE ADVANTAGES



**Diversified Portfolio**



**Sizeable & Long-Term Order Book**



**Tech Solutions for Healthcare & Infrastructure**



**Health & Safety Excellence**



**Regional Footprint**

1

2

3

4

5

6

7

8