

MD/CEO'S STATEMENT

Dear Stakeholders,

I am pleased to announce that 2022 had been a positive year for UEM Edgenta. Despite the challenging external environment, we have achieved a remarkable growth momentum, surpassing even pre-COVID levels in terms of revenue growth. Our strong bottom line is a testament to the business and financial resilience of our company, reaffirming the success of our strategic vision. Throughout the year, we remained steadfast in executing our Edgenta of the Future 2025 ("EoTF25") strategy, which focuses on driving technology and advancing sustainability in all aspects of our business. This has allowed us to strengthen our international presence and enhance our capabilities to provide technology-enabled solutions that meet the evolving needs of our customers and stakeholders.



**SYAHRUNIZAM
SAMSUDIN**

Managing Director/
Chief Executive Officer

MD/CEO'S STATEMENT

OUR PIVOT TO BECOME A GLOBAL ORGANISATION IS BEARING FRUIT, AS INDICATED BY THE FACT THAT 62% OF OUR NEW WINS IN 2022 WERE FROM OUR INTERNATIONAL BUSINESS

REFLECTING ON THE YEAR

The year under review brought about new uncertainties, with external headwinds such as energy security, global inflation, and supply chain disruptions posing challenges for global economies. However, the reopening of borders and the lifting of movement control orders allowed us to expand our international business presence and deepen our foothold in the market.

In Malaysia, the reopening of the economy led to an increase in work orders secured by our Infrastructure Services division, resulting in a surge of infrastructure and construction projects. Digital and technology also continued to drive the business landscape, building on the pandemic's momentum, which shifted how people worked and lived.

At UEM Edgenta, we adapted to these challenges and made the most of the opportunities. As an early adopter of technology in the asset and facilities management industry, we capitalised on its potential to deliver value and improve lives. Our advanced, technology-driven solutions enabled us to secure RM1.36 billion in new contracts, with half being technology-enabled, sustainable solutions that extract value from our customers' assets powered by data-driven insights. We also formed strategic partnerships with global technology leaders, enhancing our solutions and propositions in our markets.

Our pivot to become a global organisation is bearing fruit, as indicated by the fact that 62% of our new wins in 2022 were from our international business. This shift unlocks new growth avenues and mitigates the threat of localised economic shocks, allowing us to allocate our resources towards high-quality earnings opportunities and operate with greater agility than ever before.

We also recorded a 30% growth in new wins from the previous year, driven by growth in infrastructure and international business. This growth is a testament to the quality of our service delivery and the strength of our



in-house tech capabilities, which have been instrumental in our success. These factors have allowed us to maintain our strong market position in our current operating markets, while also capturing market share in high-growth markets.

EoTF25: OUR STRATEGIC PROGRESS

UEM Edgenta's EoTF25 Strategy has been instrumental in driving our strong performance in 2022, and we made significant progress in executing the strategy throughout the year. Our transformational plan is centred on leveraging technology to propel our growth, with three key pillars at the core of our strategy. We are on track to achieving the goals set out in these pillars, which drive our transformational journey.

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OUR 2025 GOAL IS TO **REACH 12%** REVENUE GROWTH PER ANNUM OVER FIVE YEARS, AND WE HAVE ALREADY **ACHIEVED A 12%** COMPOUND ANNUAL GROWTH RATE ("CAGR") SINCE 2020

Pillar 1

EXPAND FOOTPRINT AND DEEPEN SOLUTIONS

Our 2025 goal is to reach 12% revenue growth per annum over five years, and we have already achieved a 12% compound annual growth rate ("CAGR") since 2020. A key area of progress has been the development of new products, including our innovative Integrated Healthcare Support. We have already rolled out 15 Integrated Hybrid Intensive Care Units ("ICU") and implemented a Replacement-Through-Maintenance ("RTM") programme for 62 units of Biomedical Engineering Maintenance Services ("BEMS") assets between 2020 and 2022. These solutions are helping us to stay at the forefront of the industry, and we're always looking for new ways to innovate.

In terms of international expansion, we entered the Kingdom of Saudi Arabia ("KSA") in 2022, which became our sixth overseas market for business operations. Our acquisition of a 60% stake in MEEM through the partnership with MASIC, a reputable Saudi-based investment company, strengthened this establishment and opened up opportunities to tender for mega infrastructure and healthcare projects under the government's ambitious Saudi Vision 2030 strategy. Our healthcare support services and facility management contracts in Singapore, Taiwan, and the United Arab Emirates ("UAE") continue to experience success, evidenced by an impressive 90%

renewal rate during 2022, which is a testament to the quality of our work and the strong relationships we have built with local clients.

We are also expanding into new sectors that offer higher margins and more promising growth opportunities, such as manufacturing, education and hospitality industries across Singapore and Taiwan. We are leveraging our technology and sustainability solutions in asset and facilities management to expand our addressable market.

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Pillar 2

EXTRACT VALUE FROM CORE BUSINESSES

We have made strong progress towards achieving our EoTF2025 goal of delivering cost savings of RM100 million over five years. In just two years, we achieved RM51.9 million in cost savings through a variety of initiatives, including bulk purchasing to reduce input unit costs, implementing LEAN programmes to identify operational efficiency opportunities, and driving ongoing digitalisation and mechanisation efforts.

We also implemented a Supplier Financing Programme and conducted data analysis under the Strategic Vendor Programme to drive rate reductions while creating a fit-for-purpose organisation by optimising work processes and right-sizing manpower to reduce costs and deliver effective solutions.

A key factor in our success is the smart and effective use of technology. By leveraging data analytics and machine learning capabilities, we have been able to extract valuable insights that have enabled us to develop more cost-effective resource utilisation strategies and implement predictive maintenance schedules across our assets, among other areas of impact.

In addition to these efforts, we have also been monetising mature and non-core businesses to streamline our portfolio and prioritise our resources towards growth markets. As an example, we have divested Fabor Sindoori Management Services Private Limited to Apollo Sindoori Hotels. This allows us to reinvest the proceeds and allocate more resources towards expediting our international expansion strategy and propelling our investments in technology and innovation.

Pillar 3

ENHANCE PRODUCT AND TECHNOLOGY PROPOSITION

Our goal is to differentiate ourselves through technology-based solutions, and we have achieved over RM1 billion in tech-enabled wins since 2020. This year, we made significant progress on commercialising our Asseto platform, the digital asset management solution developed by our technology innovation arm, Edgenta NXT. Asseto was chosen by KLCC Urusharta to consolidate and aggregate data from various sources, enabling better asset and user management across Towers 1, 2 and 3 of the Petronas Twin Towers.

We have also seen a strong interest in digital asset management in the healthcare industry, resulting in the development of Asseto for Health. This solution is specifically designed for hospitals, allowing healthcare providers to gain better insights, improve asset quality and comply with increasingly complex healthcare regulations.

Furthermore, we focused on building a tech ecosystem of Smart City solutions. Our partnerships with companies like Alibaba, ITMAX, Disrupt-X, Softbank and Sumitomo have enabled our customers to adopt advanced technologies for carbon emissions accounting, facial recognition-based access and security, smart traffic management and IoT into their building and operational management systems. As the Smart Facility Management industry matures, these new technologies help us shift our focus from managing individual assets to driving value, connectivity and efficiency across entire townships and eventually cities, leading our evolution towards becoming a holistic Smart City enabler.

Our efforts to enhance our product and technology offerings have allowed us to differentiate ourselves in the market and win significant contracts while providing innovative and efficient solutions to our clients.

INNOVATING FOR A SUSTAINABLE FUTURE

We view sustainability as a core element in the value we provide to our clients. We understand that by offering environmentally-friendly solutions, we can optimise our clients' assets and stand out in our competitive asset management and infrastructure services markets.

To further our commitment to sustainability, we began construction of a Recycled Asphalt Premix Plant in 2022. This plant is designed to produce recycled asphalt pavement and is expected to reduce up to 800 tonnes in CO₂ emissions annually. We aim to launch this solution commercially in the second half of 2023. This is just one example of how we are integrating business and sustainability to create synergies.

Furthermore, we launched a Green Building certification program to help our clients adapt to sustainability-related demands from authorities and society. This program assists building owners in achieving certifications such as Green Building Index ("GBI"), Leadership in Energy and Environmental Design ("LEED"), or Malaysian Carbon Reduction and Environmental Sustainability Tool ("My CREST"). With our assistance, eight hospitals received GBI certification in 2022 alone.

Our own actions towards sustainability also match our commitments to our clients. With this in mind, we launched a sustainability roadmap spanning from FY2022 to FY2024. It outlines crucial actions across the ESG spectrum and measurable goals embedded within our corporate scorecard. This provides momentum for our leaders at all levels to adopt sustainable thinking and processes in our everyday operations. We started digitising our backend systems for sustainability data collection as well as delivering capacity-building programs for our teams to establish our net zero targets by 2023.



As a testament to our sustainability endeavours, we improved our FTSE4Good rating from 2.5 in 2021 to 3.1 in 2022, indicating that our corporate sustainability practices are comparable to global companies. In addition, we are proud to announce that we have been recognised by the KSI Strategic Institute and the All-Party Parliamentary Group on SDGs ("APPG-SDG") at the 2022 Malaysia Outstanding ESG Impact Corporate Awards. This award recognises Malaysian organisations that demonstrate exemplary ESG practices in their business model and respective industries.

NEW FRONTIERS IN FACILITIES MANAGEMENT

The Facilities Management industry is undergoing unprecedented change with increasing client standards and demand with technological advancements and sustainability considerations driving disruption and transformation. At UEM Edgenta, we have embraced this change by integrating digital and tech-enabled solutions and sustainability programs across all our core businesses.

Our tech subsidiary, Edgenta NXT, offers a suite of technology-enabled solutions across the healthcare, infrastructure, facility management, and asset management consultancy sectors through its end-to-end digital transformation capabilities. With growing expertise in technology-based solutions, we provide hospital support services in 250 healthcare institutions across Malaysia, Singapore, and Taiwan. Additionally, our Property & Facility Solutions business arm manages over 500 building assets in Malaysia and the Middle East.

Through the Aseto platform, our digital transformation capabilities enable real-time, Internet of Things ("IoT") data analytics, predictive maintenance, and early detection of anomalies to manage our clients' assets more effectively. By harnessing the power of technology, we strive to deliver services that positively impact our everyday lives, from ensuring the cleanliness and safety of highways to maintaining top-notch healthcare delivery services.

Our goal is to continue scaling up our technology to surpass high delivery standards and benefit society well into the future. We are committed to resilient growth through tech-enabled solutions and sustainability programs across our business operations, and we will continue to work towards digital transformation through Edgenta NXT, offering end-to-end services and technology solutions.

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LOOKING FORWARD

The market landscape in the upcoming year is expected to remain challenging, marked by geopolitical instability, high raw material and labour costs, and global inflation. Despite the moderate growth of major developed economies, we remain cautiously optimistic about our future. Our proactive technology-based innovations, combined with our expanding global presence, position us well to weather any headwinds that may come our way. We have diversified our business across geographies, industries, and technologies, enabling us to quickly capitalise on opportunities in growth markets while mitigating against any country-level economic shocks.

Our long-term success depends on our ability to adapt to a constantly evolving asset and facility management industry. Today's asset owners demand more than just basic asset restoration, repair, and maintenance. They seek solutions that improve asset longevity, create new revenue streams, enhance user experience through technology and digitalisation, and help them reduce emissions and improve their overall ESG performance. Our technology-driven solutions provide us with a competitive edge, allowing us to offer holistic asset lifecycle management solutions that enable our customers to achieve their sustainability goals. This approach positions us higher up the value chain and enables us to tap into opportunities as a Smart City enabler, integrating intelligent and sustainable solutions.

As we embark on another year of uncertainty, I am confident in UEM Edgenta's ability to adapt and emerge stronger than ever. We have demonstrated time and again our ability to seize opportunities and build our resiliency. Our diverse stakeholders have played a crucial role in navigating this dynamic environment and encouraging our teams to approach challenges from different perspectives.

Therefore, I want to express my sincere gratitude to our stakeholders, including our loyal customers, dedicated management team, committed employees, suppliers, shareholders, and the wider community for their unwavering trust and support. With their continued backing, we are well on our way to achieving our vision of becoming a Technology-Enabled Solutions Company that drives innovation and advances sustainability.

SYAHRUNIZAM SAMSUDIN

Managing Director/Chief Executive Officer