

# MD/CEO'S STATEMENT

## OVERVIEW

As we reflect on 2023, I am pleased to share that UEM Edgenta has persevered in strengthening our business and delivering value to our stakeholders, guided by our Edgenta of the Future 2025 ("EoTF2025") strategy. Our resilience within a challenging operating environment is testament to our strategic foresight, commitment to innovation and prudent cost management.

# KEEPING THE MOMENTUM GOING STRONG

### EoTF2025: OUR STRATEGIC PILLARS

#### Pillar 1



**EXPAND**  
Footprint And  
Deepen Solutions

#### Pillar 2



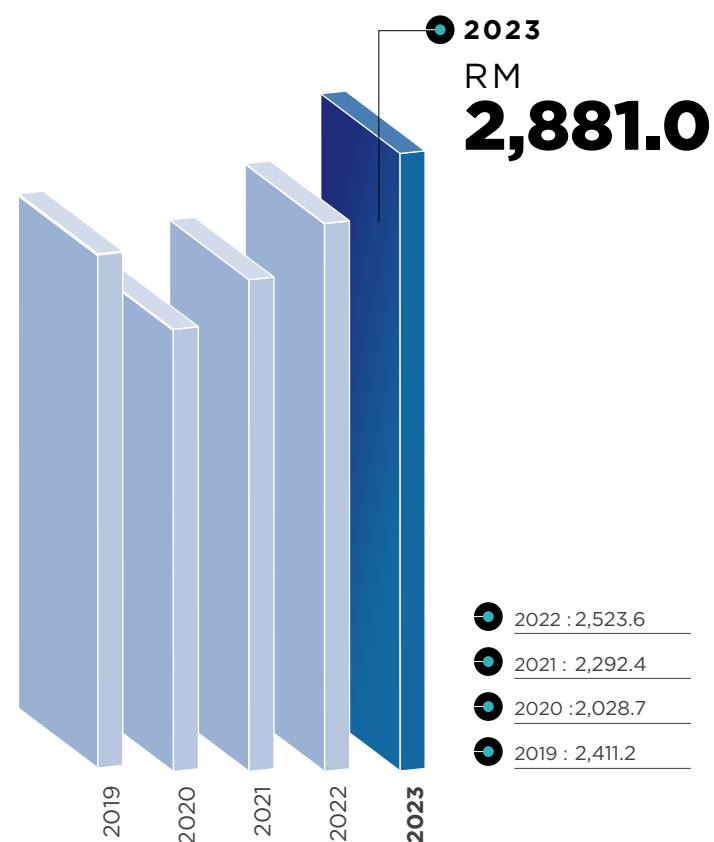
**EXTRACT**  
Value From Core  
Businesses

#### Pillar 3



**ENHANCE**  
Product And  
Technology  
Proposition

Revenue (RM million)



**SYAHRUNIZAM SAMSUDIN**

Managing Director/Chief Executive Officer

## MD/CEO'S STATEMENT

This year, we continued delivering on our strategy to obtain significant milestones such as higher revenues and the expansion of our international presence, largely driven by tech-enabled contract wins and our commitment to operational excellence. This aligns with our strategic focus under EoTF2025 to drive our growth through innovation and has brought us closer to our ambition of becoming a Malaysian company with a global presence.

In terms of our contract wins this year, our Infrastructure Services division secured several long-term state and rural contracts in Malaysia, while our core Healthcare Support division continues to expand its presence in the region, intensifying efforts into adjacent sectors such as the manufacturing and hospitality sectors. Our Property & Facility Solutions division also secured tech-enabled and sustainability solutions contracts in Malaysia as well as successful renewals and captured new business beyond existing clients in the United Arab Emirates ("UAE"). With the completion of the MEEM acquisition in the Kingdom of Saudi Arabia ("KSA"), we added approximately RM100 million to our orderbook.

We also continue to see a high contract renewal rate especially in our Healthcare Support businesses in Singapore and Taiwan. The accomplishment clearly indicates the confidence that customers have in us, predicated on our work ethic, culture, technology and sustainability-related offerings as well as the partners we have that enable us to provide greater value add. In essence, our achievements this year reflect our strategic priorities under EoTF2025 coming to fruition.

Overall, much of our revenue performance this year was driven by high contract renewals and realised workorders across Malaysia, Singapore and Taiwan. In addition, there was also revenue contribution from the KSA coming online following our recent acquisition there.



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**We are innovating beyond traditional FM spaces, exemplified by our commitment of RM200 million to the Zero-Capex programme to help our clients be more resource-efficient and the strategic repositioning of entities like Opus Consultants to focus on resource efficiency.**

In 2023, we strengthened our commitment to responsible practices by refining and solidifying our Sustainability Policy. It was also a significant year for us as we launched our Net Zero Targets for Scope 1 and Scope 2 emissions, reflecting our commitment to reducing our carbon footprint. Launching these targets is crucial as we take proactive steps towards sustainable practices to stay ahead of the competition and to address climate change.

Despite the significant progress achieved in 2023, we recognise that there have been challenges we faced which impacted our profits this year. While the macroeconomic environment and highly competitive industry created one set of headwinds, we also had to navigate another set of challenges, especially in the context of the cost/margin environment in the different countries we operate in. This required a unique approach to cost management in each operating country and we are committed to managing this more effectively as we expand our business further.

### KEEPING THE MOMENTUM GOING STRONG



**In the quest to fortify UEM Edgenta's market leadership and ensure enduring growth, our approach can be best described in three parts. The first is our ambition to develop a sustainable facilities management ("FM") business that embraces technology and sustainability across all markets, not just Malaysia. Our preference going forward will be towards embracing more opportunities in Integrated Facilities Management ("IFM"), where the value that we bring is the combination of technology and sustainability. This will be the main growth engine moving forward under EoTF2025.**

- 1 This effort is not only about expanding our product and solution offerings but also about innovating beyond traditional FM spaces, exemplified by our commitment of RM200 million to the Zero-Capex programme to help our clients be more resource-efficient and the strategic repositioning of entities like Opus Consultants to focus on resource efficiency. This innovation represents a fundamental shift, propelling us beyond the conventional boundaries of FM.

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Secondly, I believe that we need to anchor our growth in markets conducive to building a long-term sustainable asset management business. This includes mature markets like Malaysia, Singapore and further into the Middle East, such as the UAE and the KSA. These regions offer UEM Edgenta the opportunity for long-term engagement in infrastructure asset management and technological capability development.

Through our strategic presence in key markets and harnessing our extensive talent pool, UEM Edgenta is not just pursuing global aspirations but setting the pace in IFM and propelling the transformation of expansive infrastructure initiatives beyond traditional boundaries. This expansion not only underscores our leadership but also generates employment opportunities both

in Malaysia and internationally. It embodies a deeply held ambition to integrate Malaysians into the global workforce, showcasing their expertise as project managers, engineers and facility managers on a worldwide stage. This global exposure not only enhances their professional growth but also allows them to contribute significantly to our organisation's development, enriching it with a wealth of international experience and insights.

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Thirdly, we will continue focusing on continuous improvement in cost optimisation and process re-engineering across UEM Edgenta's operations. This approach is not solely about managing budget constraints but also about enhancing efficiency in the face of economic pressures, including exchange rates and rising costs. We are relentlessly reducing manual processes through digitalisation, allowing for swifter operations and more effective cost management within our asset management business. This strategic emphasis on cost efficiency and digitalisation ensures the company remains well-positioned in terms of having more headroom to invest in technological and sustainability initiatives, thus giving us a competitive edge as we pursue our global ambitions.

In summary, as we sit at the intersection of technology, sustainability and facilities management, I believe UEM Edgenta is uniquely positioned to be the service provider for everything a building needs. The most exciting part is that we do have the capabilities and the expertise. We can provide the entire array of services and infrastructure a building requires – the technology, energy efficiency, the cleaning, the equipment management, IT services and more. Therefore, an ongoing imperative for us is to infuse this concept of UEM Edgenta being the heart and soul of a building into our DNA to ensure we can continue to effectively serve our clients.



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EoTF2025 – Our Strategic Progress

UEM Edgenta’s EoTF2025 strategy has played a pivotal role in shaping our strong performance in 2023. Throughout the year, we have made substantial progress in this strategy, focusing on a transformative approach that is deeply rooted in technological advancements. Our strategy is built around three fundamental pillars, each a cornerstone in guiding our path towards achieving our objectives.

PILLAR 1

EXPAND FOOTPRINT AND DEEPEN SOLUTIONS

GOAL

12% Revenue Growth per Annum

Achievement to date:

12% Compounded Annual Growth Rate (“CAGR”) since 2020

Several initiatives under this pillar have been key to our success in maintaining this growth, including our resilience and ability to capture market opportunities effectively. In 2023, these efforts have seen us secure new contract wins worth RM2 billion, the highest in the post-COVID era.

A key strategy in our international expansion strategy has been the expansion and integration of our businesses in high-growth markets. A key initiative was the purchase of a 60% stake in MEEM, one of the KSA’s leading facilities management companies, by Edgenta Arabia Limited (“EAL”). MEEM started to contribute to the Group’s topline during the year and we foresee long-term sustainable growth in the region especially in supporting developments driven by the Saudi Vision 2030. We have also broadened our presence in the UAE through Edgenta International Investments LLC (“EII”)'s 60% acquisition of KAIZEN Group – a pioneer in technology-driven end-to-end property management services.

In addition, we strive to enhance our global franchise through strategic partnerships. These partnerships work by complementing our capabilities and extending our market reach. In the Internet of Things (“IoT”) space, we established partnerships with Tadoom, ZainTech and Disrupt-X to expand our technological capabilities to better serve our clients in the Middle East. In Healthcare Support, we entered into partnerships with WAS, First Ambulance and Optima Technic, with the aim to strengthen our position in the healthcare sector and enhance our service delivery. Additionally, to accelerate our involvement in Smart City solutions, partnerships with Watad, ITMax, Sumitomo, and Softbank were established to help us in our efforts to penetrate the urban infrastructure development segment.

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PILLAR 2

EXTRACT VALUE FROM CORE BUSINESSES

GOAL

Realise **RM100 million** in cost savings over a five-year period.

Achievement to date:

**RM81.8 million** in total cost savings since 2021

The success we have achieved has shown the extent of our strategic and prudent management, as well as our ability to optimise operations while maintaining high-quality service delivery. These efforts in extracting value through cost savings are vital in our pursuit of scaling and enhancing the profitability of our core businesses. This includes organisational simplification, which aims to streamline our operations for greater efficiency and effectiveness.

Besides continuing to identify cost efficiency opportunities across our operations through our LEAN programme, we also focused on optimising procurement processes and reducing Selling, General and Administrative (“SGA”) expenses. These initiatives are crucial in trimming unnecessary costs and enhancing our financial health. Furthermore, our digitalisation and automation initiatives have seen us generate greater cost savings. These technological initiatives serve as enablers, allowing us to refine our operational processes. By embracing digital tools and automating where possible, we have improved our resource allocation and service delivery.

In 2022, we collaborated with HSBC Amanah Malaysia Bhd to launch Asia’s first Syariah-compliant Supplier Financing Programme (“SFP”), offering collateral-free financing to suppliers for better cash flow and reduced business costs. This initiative earned recognition at The Asset’s “Triple A” Islamic Finance Awards 2023. The company also supports small and medium enterprises (“SMEs”) and micro, small and medium enterprises (“MSMEs”) through the Strategic Vendor Management Programme, enhancing vendor relationships, improving pricing, delivery schedules and product or service quality. These efforts contributed to decreased costs without compromising the quality of our products and services.

Additionally, we established a centralised treasury function that will pool excess funds to ensure efficient capital deployment at optimal cost. This effort helps ensure effective cash management across our operations to reduce external funding costs.

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PILLAR 3

ENHANCE PRODUCT AND TECHNOLOGY PROPOSITION

GOAL

Drive **differentiation** through technology-based solutions

Achievement to date:

**RM2 billion** in tech-enabled wins since 2021

Our recent successes are driven by Edgenta NXT, our technology venture, which remains at the forefront of driving digital transformation in the built environment through its Asseto Platform. In 2023, Edgenta NXT successfully completed the Asseto rollout to 15 Property Facility Solutions (“PFS”) clients, including prestigious locations such as three sites within the iconic KLCC and over 200 CIMB branches across Malaysia. During the same period, Edgenta NXT secured four new sites and over 3,000 assets of a higher education facility. The total number of assets managed within the Asseto Platform in 2023 is 35,000, showcasing its stable growth trajectory as UEM Edgenta’s tech commercialisation venture.

The Asseto Platform stands as the bedrock of our operations, fostering seamless collaboration across all Edgenta entities. With its dynamic features, including real-time data analytics and bespoke dashboards, we empower our clients with invaluable insights into their facilities, driving efficiency, sustainability and customer excellence. The Asseto Platform will propel UEM Edgenta forward, allowing us to adapt and evolve our solutions in tandem with industry trends and the evolving needs of our clients. This encapsulates the core value of UEM Edgenta: a commitment to continuous innovation that drives us to continually set new standards of excellence in facilities management.

**The essence of managing a vast and diverse organisation numbering more than 17,000 employees is grounded in UEM Edgenta’s FIRST Principles and the Edgenta Way that aligns with the management’s direction and defines every employee’s role.**

Additionally, Opus Consultants have been repositioned as a provider of Energy and Sustainability Solutions. This strategic move aligns with the growing global focus on sustainability. Opus Consultants now offers readily deployable energy efficiency capabilities and solutions, along with the necessary capital via the Sustainable Zero-Capex Programme. A total of RM200 million was pledged towards this programme in 2023, equally split between Peninsular Malaysia and East Malaysia.

CULTIVATING A UNIFIED CULTURE IN A DIVERSE WORKFORCE

At UEM Edgenta, the essence of managing a vast and diverse organisation numbering more than 17,000 employees is grounded in core principles and a culture that aligns with the management’s direction and defines every employee’s role. Central to our ethos are universal values that foster understanding and application across our global team. Implementing these values—Future Focused, Innovative Thinking, Solution-Oriented Mindset, Stewardship and Respect For Others—has been transformative.

Our approach, characterised by an inverted pyramid model where I start with meeting people at the working level, ensures that these principles resonate at every level, confirming alignment with our strategic goals. This has cultivated a tight-knit and committed team across various markets, transcending cultural and geographical boundaries who want to achieve exceptional performance. Our success underscores that performance, propelled not just by key performance indicators (“KPIs”) but by a culture that inspires action and unity, proving that it is people, not just plans, that turn vision into reality.

This year, we continued to support our employees with ongoing development and empowerment initiatives to assist with their career growth in addition to providing support through various wellness programmes. We also published our commitment to the recent amendments to Employment Act 1955 that has increased and expanded the protection and welfare of all private sector employees.

OUTLOOK

**As we step into 2024, UEM Edgenta is poised for an exciting phase of growth, driven by a robust orderbook from 2023’s strong contract executions and new wins.**

Our focus will be on leveraging technology, environmental, social and governance (“ESG”) principles and enhancing customer experience to meet evolving needs. The diverse pace of digital adoption presents an opportunity to elevate our business model towards higher margins and sustainability.

With our Asseto Platform spearheading UEM Edgenta’s digital innovation, we are reshaping tech-enabled services for the built environment. We empower facility managers and building owners with real-time insights, enabling proactive decision-making and efficient operations. Through the integration of Internet of Things (“IoT”) sensors and artificial intelligence (“AI”) analytics, we actively minimise downtime and maximise asset performance, yielding tangible results.

At the core of our solution is a commitment to sustainability. Our Asseto Platform actively unlocks actionable insights that drive continuous improvement and optimisation, helping clients reduce energy consumption, lower carbon footprints and achieve their environmental goals. We offer a comprehensive strategy and a full spectrum of services including consultancy, advisory and tailored sustainability solutions and a Zero-Capex model.

We are consistently innovating our technology offerings to stay ahead of the curve, meeting evolving client needs. Our tech-enabled approach ensures seamless integration with existing systems and third-party applications, thus maximising return on investment (“ROI”) for our clients.

Besides that, our Recycled Asphalt Pavement (“RAP”) plant which is expected to be launched in the second quarter of 2024 is set to reduce up to 800 tonnes in carbon dioxide (“CO<sub>2</sub>”) emissions annually. This reflects our commitment to integrating business and sustainability to create synergies to ensure operational efficiency and long-term success while meeting global standards.

As we navigate through the challenges presented by both the macroeconomic landscape and the unique dynamics of our industry, our foremost objective remains the attainment of sustainable profitability. Our strategic approach will revolve around the meticulous optimisation and rationalisation of costs across all levels, streamlining our operating model, and mitigating risks associated with our business portfolio through strategic diversification. Central to our strategy is the prioritisation of endeavours where we hold a distinct advantage, maximising our potential for success. Concurrently, we will diligently evaluate the monetisation prospects of non-core businesses, while opportunistically exploring select opportunities to ensure the continuous expansion of our revenue streams, while maintaining our commitment to sustainable profitability.

We are confident that our strategies will help us mitigate structural challenges in the short-term and chart transformational growth in the medium to long-term. We look forward to seeing the results that they will bring as we pursue opportunities that lie ahead to drive our business forward.

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ACKNOWLEDGEMENTS

In closing, my heartfelt thanks go out to all our stakeholders, loyal customers and the committed management team for their steadfast support and dedication. Special recognition is deserved by our Edgenta Stars, whose extraordinary efforts constantly motivate us, and our gratitude extends to our suppliers and vendors for their invaluable partnership. The trust placed in us by our shareholders propels our ambition forward, and we deeply appreciate the communities where we operate, whose welcoming support allows us to expand and flourish. As we move forward, our collective commitment is to not only sustain but enhance our trajectory towards a more sustainable and prosperous future. Our efforts in strategic markets and the global workforce are underpinned by a strong commitment to sustainability, ensuring that as we grow, we remain dedicated to responsible practices that benefit both our planet and its people. Together, we are poised to make significant strides in shaping a future that values sustainability as much as success, ensuring a lasting impact for generations to come.

**SYAHRUNIZAM SAMSUDIN**  
Managing Director/  
Chief Executive Officer