

## MEDIA RELEASE

For Immediate Release

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### **UEM EDGENTA REPORTS 22% PROFIT GROWTH FOR FY2018 AND LAYS DOWN THE STRATEGY TO DRIVE DOUBLE-DIGIT GROWTH IN THE COMING YEARS**

- Delivered net profit of RM152.4 million for FY2018, representing a growth of 22% as compared to RM125.1 million for FY2017.
- Declared a full-year dividend pay-out of 14 sen.
- Forecast double-digit growth in FY2019.
- Company to invest over RM80 million in its people & technology over the next three years to drive future growth in all divisions.

**Kuala Lumpur, 15 May 2019** – UEM Edgenta Berhad (“UEM Edgenta” or “Company”), the region’s leading Asset Management and Infrastructure Solutions company held its 56<sup>th</sup> Annual General Meeting (“AGM”) here today.

After sharing the Company’s FY2018 results which produced another year of profitability and growth, Managing Director/Chief Executive Officer of UEM Edgenta, Dato’ Azmir Merican shared the Company’s plan to achieve double-digit growth in a challenging operating environment. He is committed to deliver sustainable growth and continuity in the delivery of a robust dividend pay-out ratio (of up to 80%). This comes on the back of the Company achieving another stellar year of profitability and growth.

For the financial year ended 31 December 2018, UEM Edgenta recorded a 3% increase in revenue to RM2.2 billion as compared to the previous year’s revenue of RM2.1 billion. Profit Before Tax (“PBT”) increased to RM198.5 million for FY2018 which was driven by improvements realised through group-wide efficiency and lower financing costs, resulting in a PBT margin increase to 9% in FY2018 as compared to 8% in FY2017. Correspondingly, net profit stood at RM152.4 million.

The PBT margin increase in FY2018 is also attributed to further tidying up of operations, specifically in the rolling-out of work processes which continuously improve operational excellence, customer value, plus the elimination of waste with the adoption of LEAN programmes across the company’s diversified business portfolio.

As at 31 December 2018, the Company’s work-in-hand was at RM13.4 billion; driven by its core segments which provided sustainable return.

The strong performance of the **Healthcare Support** division recorded growth of 8.9% in revenue and net profit of 7.1%, and is on an upward trend as it capitalises on opportunities beyond the concession scope of work by proactively introducing value-added solutions to the Ministry of Health (“MOH”) hospitals and clinics under its care in Perak, Kedah, Pulau Pinang

and Perlis. The implementation of the *UETrack*<sup>™</sup> system at selected hospitals is the first of its kind for government hospitals in Malaysia. The system operates on intelligent building management capabilities which enables effective automated solutions and intelligent insights to support real-time decision making, acting as a catalyst to drive predictive maintenance capabilities instead of the conventional reliance on scheduled and routine maintenance.

The operations of the Healthcare Support division in Singapore, Taiwan and Malaysia recorded new business in-roads in recent months, all of which are expected to positively impact the Company's performance in 2019. These include in Singapore: Tan Tock Seng Hospital, Assisi Hospice and Jurong Medical Centre; Taiwan: National Taiwan University Hospital and Taipei Medical University Hospital; and Malaysia: the KPJ Healthcare Group and Cardiac Vascular Sentral Hospital Kuala Lumpur. Contract renewals have also been secured at several hospitals and facilities in Singapore and Malaysia, some of which have already taken effect since Q1 FY2019.

Performance of the **Property & Facility Solutions** division in FY2018 showed improvement in revenue and net profit at 19.1% and 50.4% respectively and is mainly attributed to the development of advisory work for Tun Razak Exchange as well as facilities and township management services for CIMB buildings, Medini Iskandar and Marina View Residences. The Company will continue to focus on maintaining the growth trajectory in this division through differentiation of service offerings by focusing on asset enhancement via technology applications and platforms which will also help improve efficiency and profitability.

KFM Holdings Sdn Bhd, which was acquired by UEM Edgenta in 2016, has been officially rebranded as Edgenta GreenTech Sdn Bhd to leverage on the value of the Edgenta Brand in the sustainable green building sector. The rebranding will provide the impetus for its growth strategy which has in recent months focused on implementing energy performance solutions. This comes on the back of the Malaysian Government's RM2 billion allocation to the Green Technology Financing Scheme in its 2019 budget to incentivise investments in Green Technology.

**Infrastructure Services** division posted an increase in revenue by 2.3% in FY2018, mainly due to civil and pavement maintenance works for highways. Growth was moderate as projected key national infrastructure projects did not materialise.

Costs were also incurred for the development of the Pavement Research Centre, which supports the Company's vision to develop new and more durable products to be used in road pavement. For FY2019, the Company will continue with the roll-out of operational initiatives, including "LEAN" programmes for process improvements, as well as further its investments in innovative technology.

Despite external headwinds, this division will continue to explore further growth opportunities. The division currently delivers maintenance works for over 2,500 kilometres of highways and state roads across Malaysia and Indonesia. In Indonesia, the division has recently entered into a joint-operations agreement with Astra Infra Services to provide maintenance services for the Cikampek-Palimanan Toll Road, while in Malaysia, it has secured a tender to upgrade sewage treatment plants and ancillary facilities along the North-South Expressway. The ongoing roll-out of Performance-Based Contracting ("PBC") will set the motion for the division's revamped service delivery model, driving efficiency and innovation.

The introduction of new mechanised vehicles - the MULAG Grass Cutter and DULEVO Road Sweepers are expected to contribute towards, and positively impact operations through reduced manpower costs and improvement of safety procedures for employees at the frontline and public road users. As part of its sustainable efforts, this division will be focusing on improving its operational abilities as well as the implementation of top-class safety standards with the introduction of new operating procedures when performing routine and maintenance works with its service partner network.

The **Asset Consultancy** segment will continue to focus on completing existing projects and is optimistic of the long-term prospects for the infrastructure sector as the government at State and Federal levels stay committed towards the implementation of key projects such as the Pan Borneo Highway, Klang Valley Double Track and Sarawak Coastal Road Network & Second Trunk Roads projects. The Company is thus exploring opportunities to provide project management services for new highways and roads.

### **Looking Forward**

The Company has rolled out various incentives to boost organisational excellence including the establishment of its very own UEM Edgenta Learning Centre which will act as the regional hub on all matters pertaining to improving and establishing high service delivery standards.

“We are optimistic that in 2019, we will be able to secure more business locally and in the region. The Healthcare Support Division will continue to be our strongest growth engine as we work towards increasing our market share in Singapore, while in Taiwan, we are targeting growth by upselling new services to our existing customers. On the home front, we are strategically looking into cross-selling and capitalising on the synergies amongst our business divisions”, said Dato’ Azmir Merican.

He added, “Our aim for FY2019 is to continue to remain profitable as we target double-digit growth. We will achieve this through continuing to focus on people and technology investments which are intended to spur value creation initiatives that will positively impact our bottom-line. Continuous improvement through LEAN programmes have already been implemented and is driving further organisational and operational excellence enabling us to offer our clients’ new automated and mechanised solutions for their businesses”.

### **Dividend for FY2018**

In view of the Company’s positive FY2018 performance and in line with its commitment to enhance its dividend policy between 50% and 80%, UEM Edgenta had declared a full-year dividend pay-out of 14 sen, which is equivalent to a pay-out ratio of 78.5% based on PATANCI for FY2018 results. The total dividend pay-out in FY2018 represented a yield of 5.1% based on the share price as at 31 December 2018 of RM2.72.

### **About UEM Edgenta Berhad**

UEM Edgenta ([www.uemedgenta.com](http://www.uemedgenta.com)) is a leading Asset Management and Infrastructure Solutions company in the region and a subsidiary of UEM Group. Listed on the Main Market of Bursa Malaysia Securities Berhad (KLSE: EDGENTA), our expertise covers Healthcare Support and Property & Facility Solutions, and Infrastructure Services covering Expressways and Rail, including project management & engineering design capabilities via OPUS Consultants.

UEM Edgenta’s full suite of services throughout the asset life cycle include consultancy, procurement & construction planning, operations & maintenance, as well as optimisation, rehabilitation and upgrades. UEM Edgenta has operational presence in Malaysia, Singapore, Indonesia, Taiwan, India and United Arab Emirates.

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