

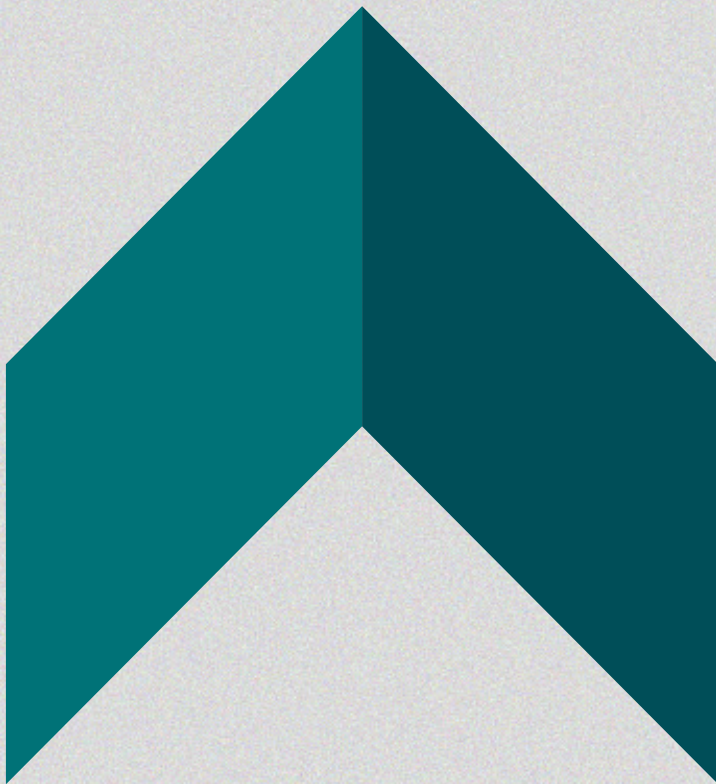
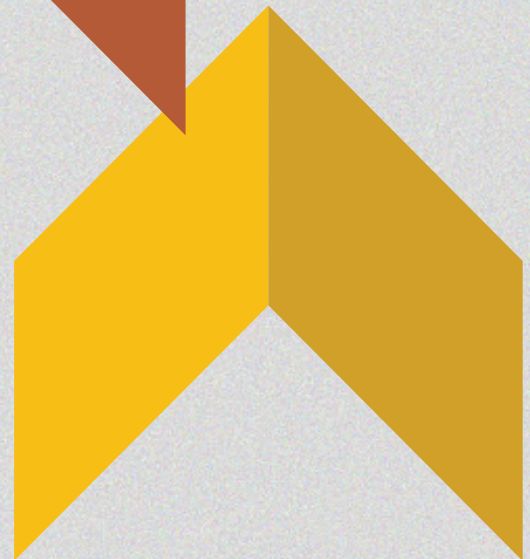
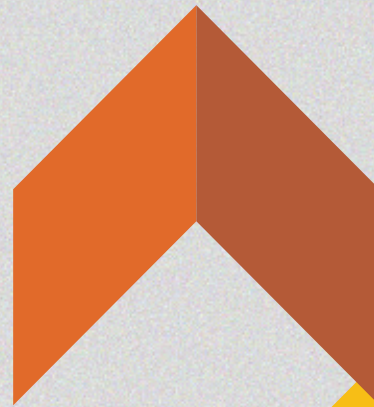
YTL Construction **Transformation 2.0**



Technology

Talent

Innovation



YTL Construction
YTL GROUP



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Introductory Remarks

by Dato' Yeoh Seok Hong, Managing Director

YTL Construction is steadfastly moving forward in achieving their various milestones over the last four years. The first transformation initiative provided the broad overarching framework for structural reforms to the company. YTL Construction has been blessed with many great projects in recent years, most notably the Gemas-Johor Bahru Electrified Double Track Rail line and the High-Speed Rail (HSR). The company thus had to overcome many challenges, and has grown tremendously. The first transformation plan played a crucial role in developing the company to face those challenges.

Now, this new decade has come with its own set of obstacles, such as navigating in through this post pandemic climate. Thus, it is very timely that we are able to launch this second transformation initiative. The Transformation 2.0 plan is intended to create a conducive environment to facilitate the growth of YTL Construction. Lessons from the last transformation allowed the company to further enhance our processes. With the new objective to be best in the country, it is important to get the buy in and support of all the stakeholder of our organisation.

In pursuing this new company objective, the Transformation 2.0 plan will elevate company processes through the integration of technology and leveraging the benefits of digitalisation. YTL Construction has always embraced innovation and it is promising to see this aspect of our DNA take prominence in this transformation plan.



It is also imperative for the company to build up the men and women that make up this organisation. The YTL Learning Academy will be an amazing addition to the company, allowing for the open and free exchange of knowledge and the promotion of self-improvement. The programmes in store for the coming years will aid the growth of the many professionals in YTL Construction.

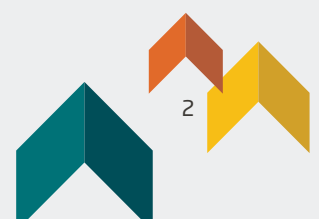
I would like to express my appreciation for the contribution of the from the leaders within YTL Construction who provided much valuable input and support to formulate this Transformation 2.0 plan. I believe the framework developed will enable the company to achieve its objective through its many planned initiatives. And I will be looking forward to seeing the growth of YTL Construction over the next 3 years.

Building the Foundations: YTL Construction First Transformation

The first YTL Construction transformation journey began four years ago, when we realised there was a greater potential for the organisation. This first transformation plan guided the development of YTL Construction for from 2016 to 2020. Further to this, we developed 10 transformation themes that would be incorporated throughout the company. These themes set the foundation to which the company would build on and were used as a compass to guide our decisions.

YTL Construction Transformation 2016 Vision:

“Building better built environments that inspire people and nations, generating revenue of RM1 billion a year and capturing a global, diversified customer base. We will achieve this by championing organisational and environmental sustainability, increasing effectiveness through technology and growing talent.”



Transformation 2016 - 2020 Highlights

One of the main goals presented was to generate RM 1.00 billion revenue in a single year. In 2019, YTL Construction achieved this goal with RM 1.22 billion in revenue declared. We continued to exceed this in 2020 with RM 1.36 billion in revenue.

The collective income generated by the various on-going projects has allowed YTL Construction to boost its revenue by more than threefold.

YTL Construction Revenue

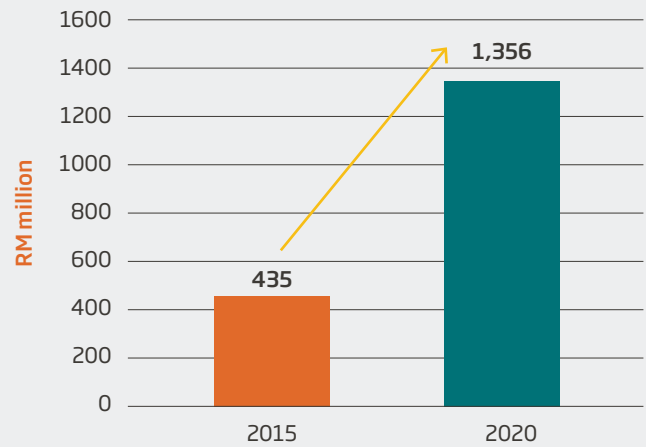


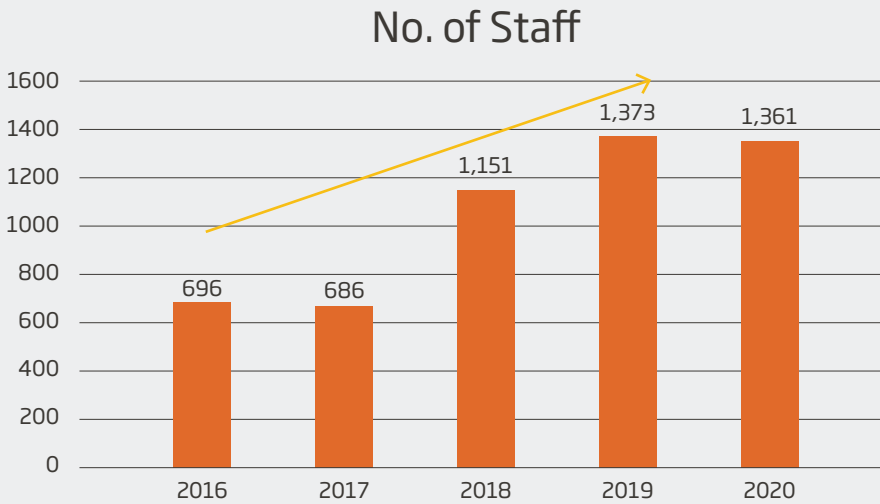
Figure 1 - YTL Construction revenue growth



A significant factor that facilitated this accomplishment is the current Gemas-Johor Bahru Electrified Rail Link project. A vital component of the country's blueprint, the 197 km double track rail line will reduce travelling time to just 90 minutes between Gemas and Johor Bahru. The project is also expected to ease congestion for a wide range of stakeholders including: local business, delivery services and cargo services.

In 2019, YTL Construction also completed the 42-storey office tower block that will form the YTL Group's new headquarters in the heart of the Kuala Lumpur Golden Triangle. Built to the most modern specifications, the new building is situated opposite The Ritz-Carlton, Kuala Lumpur in Bukit Bintang and the Pavilion mall.

A key aspect of the first transformation was to grow the YTL Construction talent base, and in the past 4 years we have experienced tremendous growth.



“
Number of staff in
YTL Construction
has grown by 96%”

Figure 2 - YTL Construction staff growth

By the end of the first transformation, almost 40% of the staff strength is below 30 years old. This is double the percentage compared to that in 2016. Today, there is an opportunity for these promising young professionals to further build the future of this company. The focus of the new 2020 transformation will be in part on developing these young talent.

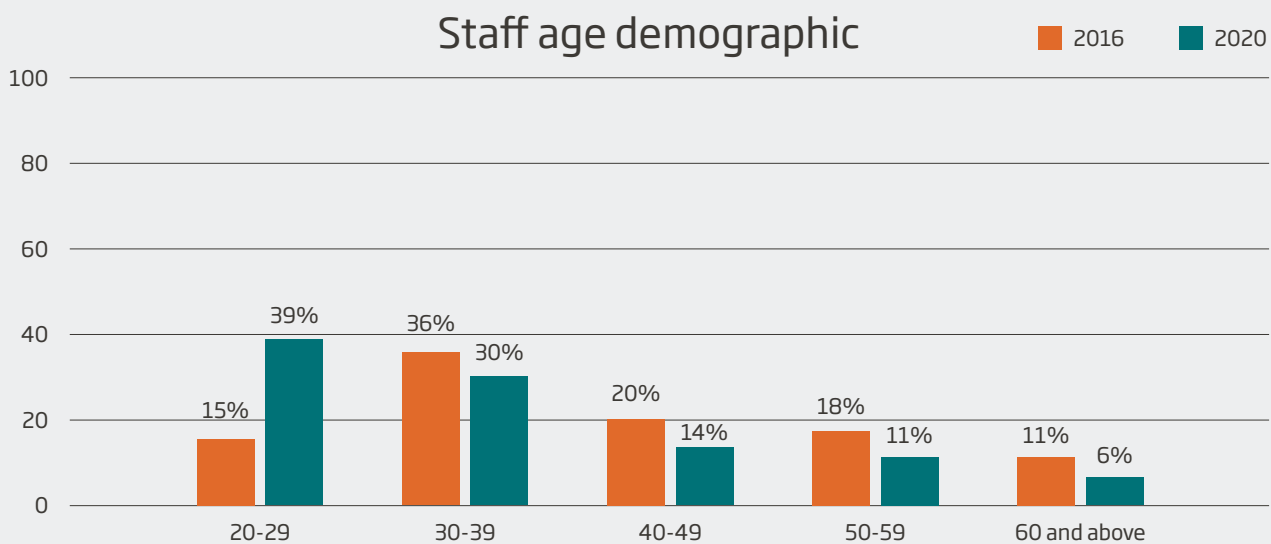


Figure 3 - Staff demographics



Over the last 4 years, YTL Construction has received external recognition from various agencies. In 2019, our design team gained national recognition, being awarded the premier award for architecture, the **PAM 2019 Building of the Year by Pertubuhan Arkitek Malaysia**, as well as the Sports and Recreation Award for the contemporary and unique Hotel Stripes Kuala Lumpur.



Through our efforts in attracting young talent, we have also gained recognition amongst graduates. We received the **Graduates' Choice Award** in Engineering and also Real Estate in 2018 and 2019.

Transformation 2.0

By far one of the biggest challenges throughout the first transformation was the COVID-19 pandemic that hit Malaysia in 2020. Never in recent times have we faces a global crisis of this scale. With over seventy thousand cases in Malaysia alone, the nation and especially the frontline workers have been working tirelessly to combat the virus. Thankfully as of the time of writing, over 80% of patients have recovered. The pandemic also led to a new challenge for the organisation, with Movement Control Order (MCO) and its variants, the country's economy has been heavily impacted as many industries were shut down and there were restrictions on the workforce. YTL Construction had to adapt to be flexible, creating a robust work schedule to accommodate to this new norm. Thus, moving forward the Transformation 2.0 initiative, for the 2020 - 2023 period, will have to take into consideration these various factors.

Dreaming Big

In developing the YTL Construction Transformation 2.0, leaders throughout the company were brought together for an initial engagement session. The session began with opening addresses followed by an interdepartmental sharing of the outcomes from the first transformation. This was followed with group discussions, where participants were told to "Dream Big" and to think about what they wanted for the future of the company in 5 categories.

Innovation

Work Culture

Branding

Sustainability

New Growth Ideas



The discussion involved a range of topics, including exploring flexible working arrangements, incorporating more green technology and going paperless. There were many unconventional ideas brought forward, from establishing a group R&D department, using Big Data Analytics and 3D printing technologies, to even building a hotel in space! The discussion showed an eagerness in the company to explore new ideas; be it innovation in technology like IBS or the implementation of new processes through digitalisation and even steps to enhance the YTL Construction company culture.

Setting the Transformation 2.0 Goals

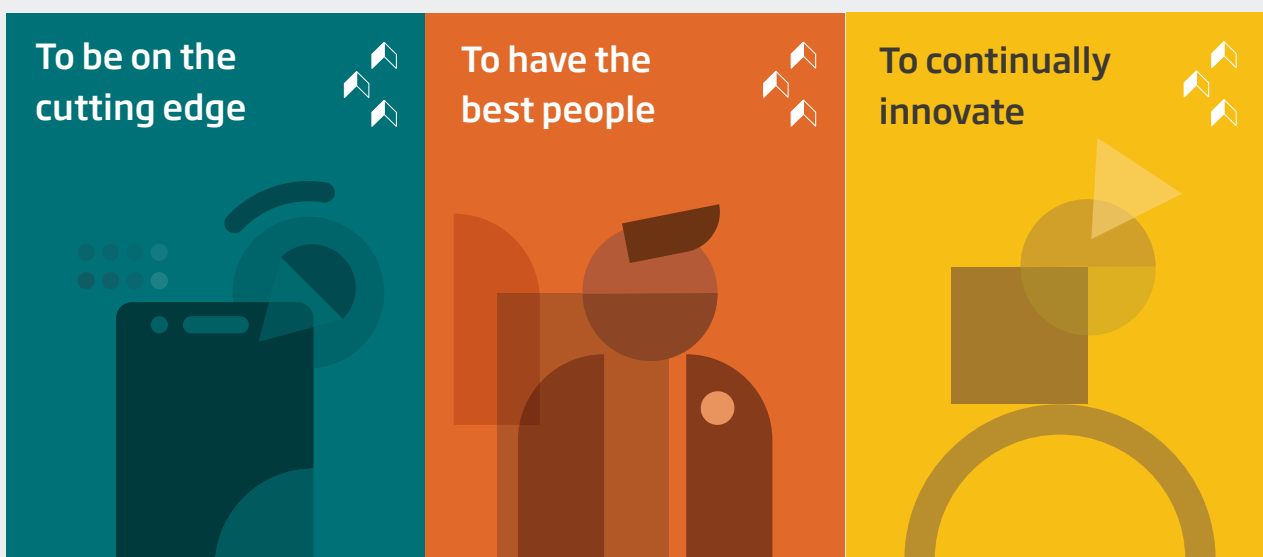
Following this session, a working group was established as a collaborative effort between management and the heads of departments (HODs). The working group gathered to discuss the future direction of YTL Construction. The consensus was that YTL Construction should be an industry leader in terms of innovation, building the best projects in the nation and attracting the best talent. In essence, the objective of the Transformation 2.0 is for “YTL Construction to be the Number 1 construction company in Malaysia”. During this discussion, the question that had to be addressed was then, what does it mean to be number 1? Through a robust discussion, it was concluded that being “number 1” should not only be measured by the highest revenue, but by the following aspects.

...the objective of the Transformation 2.0 is for “YTL Construction to be the Number 1 construction company in Malaysia”.

1. To utilise modern technology and be fully digitalised
2. To have the best work culture that attracts talent and develop capable professionals
3. To be at the forefront of innovation, both in company processes and construction methods

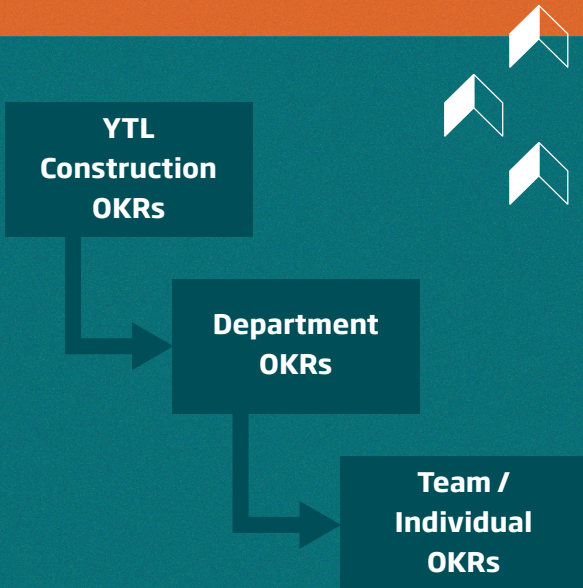
These 3 aspects will set the foundation for YTL Construction in becoming the “**Number 1 Construction Company in Malaysia**”.

What does it mean to be number 1?



Objectives and Key Results

To effectively track the Transformation 2.0 objective, the goal-setting framework called “Objectives and key results” or “OKRs” was adopted. This framework has been successfully utilised by companies like Intel, Google and Microsoft. OKRs are comprised of an **objective** - a clearly defined goal - and **3-5 key results** - specific measures used to track the achievement of that goal. The purpose of the OKRs is to define how to achieve objectives through concrete, specific and measurable actions.



Objectives should also be supported by initiatives, which are the plans and activities that help to achieve the objective and move forward the key results. The OKR framework allows for the overall goals of the Transformation 2.0 to be cascaded down to the individual departments, then teams within the company. An OKR framework can be developed at each level of the company. Each department will have the freedom to establish their own OKRs that align to the company objectives.

Thus, as previously established, the Transformation 2.0 objective is to be the **Number 1 construction company in Malaysia with 3 key results.**

Transformation 2.0 Key Results

1. To leverage on the latest **Technologies** and be fully **Digitalised**
2. To have the best **work culture, environment and training**
3. To have the best **company processes and procedures**



1. To leverage on the latest Technologies and be fully Digitalised

The discussion on digitalisation is not a new one, YTL Construction has been working towards achieving fully digital processes. However now, this commitment towards being fully digitalised will now be one of the top initiatives for the company. One of the main drivers of this digitalisation initiative is to work towards setting up an Enterprise Resource Planning (ERP) system. This would digitalise the account and procurement processes within the company. The longer-term goal is to then digitalise and integrate all other processes in the company operations, such as site progress monitoring or even HR processes into a universal system. The implementation of building information modelling (BIM) is another step towards being a fully digitalised company. 5D-BIM refers to the

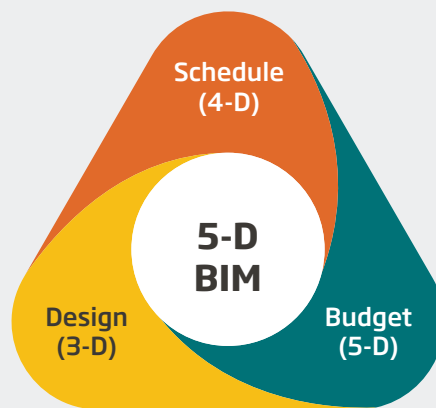
intelligent linking of individual 3D components or assemblies with time schedule (4D BIM) constraints and then with cost-related information. 5D models enable the visualisation of construction progress and related costs over time. This BIM-centric project management technique has potential to improve management and delivery of projects of any size or complexity within the company.

“...The longer-term goal is to then digitalise and integrate all other processes in the company operationst

Elements of a 3-D model are linked to the execution schedule

Information that can be embedded in 3-D model:

- Geometry
- Spatial data (from geographic information systems/lidar)
- Specifications
- Aesthetics (eg. color)
- Thermal properties
- Acoustic properties



Elements of a 3-D model are used to develop budget and linked to cost heads

2. To have the best work culture, environment and trainings

One of, if not the most important aspects of the company is its people. Our staff is the backbone of the company and it is important to care for the well-being of every individual that in the YTL Construction family. As part of the new transformation initiative, the company wants to cultivate a strong yet welcoming work culture and environment; in line with the YTL Group core values of Honesty, Hard Work, Moral Responsibility, Togetherness and Vitality. Through many initiatives in store for the next three- year period YTL Construction attract the best talent in the industry, and to be the number 1 name in the construction industry.



YTL Learning Academy

YTL Construction
YTL GROUP 



In addition to attracting talent, it is of equal priority to develop and train the existing members of the organisation. A key initiative in this Transformation 2.0 will be the formation of the YTL Learning Academy. The Learning Academy initiative was introduced during the first Movement Control Order (MCO). The YTL Learning Academy was then introduced as a free online platform to facilitate both technical trainings as well as recreational classes.

With over 250 participants in 62 classes each, the online YTL Learning Academy was a massive success. This was in no small part thanks to the over 2,880 volunteer man-hours in preparing these trainings. Now the Learning Academy will introduce in person trainings, following the completion of the level 23 facilities. This will be the official home to the Learning Academy, and all future classes, trainings and events will be conducted here.



3. To have the best company processes and procedures



In creating an enabling environment to foster innovation, it is necessary for YTL Construction to ensure the utilisation of efficient and robust processes and procedures.

With the integration of digital processes, there is potential to streamline the company's internal processes. This initiative will work towards eliminating redundant processes, minimise time wastage, and increase the overall efficiency of the company's workflow.

There will be greater transparency in the processes and procedures designed, which will improve accountability and facilitate the tracking of key milestones.

The efficiency gains from better processes will translate into better outputs for the company.

1. Improved quality of products
2. Lower rate of defects
3. More efficient project timelines








Department of OKRs

Each of the eleven departments were tasked to develop department level OKRs that align to the greater objective of the company. The OKRs were developed on a three-year timeline, with a quarterly milestone in the first year. These OKRs are fluid and will be reviewed and assessed each quarter.

The milestones for the next year will be developed at the last quarter of the current year. In order to evaluate the departmental objective, the OKRs Measurable Performance Indicator will be used; which measures the impact on speed and turn around time, cost savings, quality of projects, customer experience and revenue upside.

OKRs measurable performance indicator

Depending on function, the OKRs to be aligned to some (if not all) of these performance indicators:

 Speed	Reducing our Turn Around Time (TAT) for the projects we execute
 Cost	Keeping the cost in check while we try to achieve the speed and quality
 Quality	Reducing the error/defect rate for the projects we execute
 Experience	Ensuring we do such a good job that our customers would want to refer SPYTL to others as well as internal stakeholders
 Revenue Upside	Create ways to sell more

Below are the Objectives set by each department:

No.	Department	OKRs
1.	 Stakeholder Management & Strategic Communications	<ul style="list-style-type: none"> • Objective 1 - Digitalise 100% of land processes by 2023 • Objective 2 - Establish Learning Academy as the best in-house training centre in Malaysia • Objective 3 - YTL Construction wins a social media and PR Campaign award by 2023
2.	 Admin and HR	<ul style="list-style-type: none"> • Objective 1 - Embrace Full Digitalisation by 2023 & Improve Work Process • Objective 2 - Best Company Through Recognition and People Building
3.	 Accounting	<ul style="list-style-type: none"> • Objective 1 - Improve on Compliance and Management Reporting • Objective 2 - Digitalisation of Accounting Workflow
4.	 Design	<ul style="list-style-type: none"> • Objective 1 - Move up the Technology Maturity Curve • Objective 2 - Designing with Technical Proficiency
5.	 Contracts	<ul style="list-style-type: none"> • Objective 1 - Achieve RM5 billion Revenue by 2023 • Objective 2 - Embrace Full Digitalisation by 2023 • Objective 3 - Best Contract and Commercial Team by 2023
6.	 Purchasing	<ul style="list-style-type: none"> • Objective 1 - Digitalisation to improve Purchasing Efficiency • Objective 2 - Improve Quality and Manage Relationship

7.	 Planning	<ul style="list-style-type: none"> • Objective 1 - Full 4D BIM Adoption for All Projects by 2023 • Objective 2 - Sharpening Planning Skills • Objective 3 - Planning SOP and Sharpening Production Outputs
8.	 KJNPP	<ul style="list-style-type: none"> • Objective 1 - Digitise System to Store KJNPP's 5000 Sites Documentation /Information
9.	 Environment, Health and Safety (EHS)	<ul style="list-style-type: none"> • Objective 1 - No 1 in Malaysia in terms of HSE • Objective 2 - Embrace full digitalisation • Objective 3 - Best Work Culture, Environment and Talent Development
10.	 Projects & QAQC	<ul style="list-style-type: none"> • Objective 1 - Highest QLASSIC Score in Malaysia by 2023 • Objective 2 - Digitalisation of Construction Process by Smart Data Gathering to Drive Results by 2023 • Objective 3 - Zero major non-conformance works and defects by 2023
11.	 IT	<ul style="list-style-type: none"> • Objective 1 - Digitalisation to Improve Speed of Delivery • Objective 2 - Quality: Move up the Technology Maturity Curve • Objective 3 - Experience: Technology that Fosters Collaboration and Trust

CRJGR Resolution 2021 OKRs and Milestones

No	Section / Trade	OKRs
1	Section 1	Infra - Section 1 Infra Physical Works Complete in 2021 Station - Station 1 Segamat Complete 100% and Genuang Complete 75% in 2021
2	Section 2	Infra - Section 2 Earthwork Complete 100% and Bridge Phase 2 Complete 75% in 2021 Station - Station 2 Labis Phase 2 Complete 100%; Bekok & Paloh Complete 100% in 2021
3	Section 3	Infra - Section 3 Infra Physical Works Complete in Q3 2021 Station - Station 3 Kluang Phase 2 Complete 80%; Mengkibol & Renggam Complete 100% in 2021
4	Section 4	Infra - Section 4 Earthwork Phase 2 Complete 85% and Bridge Phase 1 Complete 88% in 2021 Station - Station 4 Layang-Layang Phase 2 Complete 83% and Kulai Phase 2 Complete 90% in 2021
5	Section 5	Infra - Section 5 Earthwork Phase 2 Complete 79%; Bridge Phase 1 Complete 95% and Phase 2 Complete 89% in 2021 Station - Station 5 Kempas Baru Phase 2 Complete 85% & Depot Complete 55% in 2021
6	Trackworks	Northern - Northern Trackwork Complete in 2021 Southern - Southern Trackwork Migration Complete 83% and Handover 42% in 2021
7	System	Electrification - Wiring Complete 49% in 2021 by End 2021 Signalling - System Equipment Room Installation Complete 92% by End 2021 Communication - System Equipment Room Installation Complete 92% by End 2021
8	Contract	Best Contract and Commercial Team by 2023
9	QAQC	Zero Major Non-Conformance Throughout the Duration of the Project