

CHAIRMAN'S *Message*



DATO'
KAMARUZZAMAN
ABU KASSIM



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*Dear Shareholders
and Stakeholders of KPJ,*

Welcome to the Annual Report of KPJ Healthcare Berhad ('KPJ' or 'the Group') for the Fiscal Year 2016.

It is imperative to note that the year under review had been characterised by ongoing uncertainty, marked with periods of market volatility, following a rather dismal trend of relatively modest global economic growth for several years.

Despite the myriad of macroeconomic and geopolitical challenges faced, KPJ never lost sight of our north star – which is to provide the highest levels of quality and safe services for our patients and communities, both at home and abroad. We are also deeply committed to creating economic and sustainable value for our shareholders.

Guided by these principles, KPJ has once again presented strong deliverables, registering a revenue of RM3.0 billion, a 6.1% year-on-year growth from 2015. In addition, net profit came in at RM155.9 million, compared to RM145.1 million the previous year, registering a 7.4% increase.

KPJ registered
a revenue of

RM **3.0** Billion

a 6.1% year-on-year
growth from 2015

Net Profit came in at

RM **155.9** Million

registering a 7.4% increase
from 2015



Three-Pronged Strategy

- **NETWORK EXPANSION**
- **STRONG GROWTH POTENTIAL**
- **NEW AND IMPROVEMENT ON PRODUCTS AND SERVICES**

Moving Forward

- expands our reach throughout the nation;
- strengthens our leading market position in the private healthcare industry;
- enables us to generate greater long term value.

Continuing our journey, we anchor our core strategies to a three-pronged strategy, namely network expansion to reach underserved areas with strong growth potential; cost containment measures to protect and improve margins; and ramping up operations of hospitals with new and improved products and services.

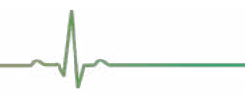
As we go forward, this strategy will evolve as we increase the level of engagement and interconnectedness with our patients and customers.

The decision to continue investing in more capital projects – though while being mindful of the current pressures faced by the construction industry – is essential, on three counts. First, it expands our reach throughout the nation; second, it strengthens our leading market position in the private healthcare industry; and finally it enables us to generate greater long term value.

To date, there are four (4) specialist hospitals already nearing completion. Out of these four, KPJ Perlis is set to be opened to the public in 2017. Further our sub-specialist hospital located in Bandar Dato' Onn in Johor is scheduled to be opened in 2018. In the meantime, the two hospitals in Sarawak targeted for opening in 2018 are part of KPJ's wider efforts to reach out to more communities in Malaysia's largest state.

Apart from hospitals, we pushed for growth in all other segments of the business, such as senior living care and healthcare education. Each of these have proven to be worthwhile investments for the Group.

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”



Details of these initiatives are contained in this report.

More importantly, for me as Chairman, is to ensure that KPJ is constantly keeping abreast on the latest technological and medical advancements. We recognise that as service providers, we must continuously strive to improve our service and even exceed the service level expectations of our customers.

Moving in tandem with the markets – and, anticipating the next turns in the road ahead – is crucial in today's fast paced healthcare industry. In this regard, as is evident throughout this Report, KPJ is proactively and aggressively incorporating sustainable innovation into its business.

The Group has identified several factors that are material to our sustainability, potential disruptors to

our business, and the technology we can apply to manage the former – and control the latter. These initiatives are covered in greater depth within our Sustainability Summary report.

The markets are highly competitive and we are confronted by aggressive competition in all areas of our business. Through this I am pleased to say we have an excellent team on board to take on these challenges. The Board takes this opportunity to acknowledge and express our appreciation to the entire KPJ Group who have worked hard to get KPJ to where it is today. We have accomplished a lot in a year, and I am thankful to each and every one of you who has made this possible.

On a personal level, I would like to thank my colleagues on the Board for their unwavering support and guidance to the Management team in navigating these challenges.

I would like to express my utmost appreciation to our shareholders, business partners, customers and patients for your continued confidence and support as we work towards growing our business and increasing value for our shareholders.

Thank you.

Dato' Kamaruzzaman Abu Kassim
Chairman
KPJ Healthcare Berhad