

# Delivering What Matters to You



## 29<sup>th</sup> Annual General Meeting

28 June 2022

Care For Life



# Welcoming Remark by Chairman

Delivering on our  
“Care for Life”  
mandate

Here at KPJ, we embrace each new day as another opportunity for us to give of our best and truly make a difference. Having undergone our baptism of fire under the pandemic, we remain resolute in upholding KPJ’s commitment to “Care for Life” and to truly impact people’s lives for the better.





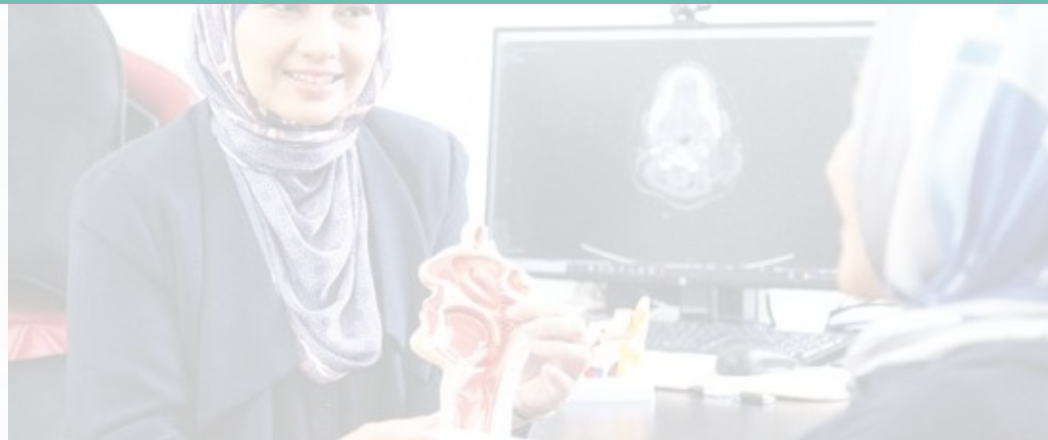


# Ordinary Business AGENDA 1

To receive the Audited Financial Statements for the year ended 31 December 2021 together with the Reports of the Directors and Auditors thereon.

mandate

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*Care For Life*



## 2021 Performance Highlights

### Delivering on our “Care for Life” mandate

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*Care For Life*

# Delivering efficient, patient-centric healthcare

KPJ's value proposition centres on managing a network of specialist hospitals in a professional, efficient and prudent manner. To this end, we have developed a comprehensive set of patient-centric frameworks, measures, processes and procedures all aimed at



## Presentation by President & Managing Director Dato' Mohd Shukrie Bin Mohd Salleh







# Largest Private Healthcare Provider in Malaysia

1



Note: Information as at 31 December 2021

## What We Do



**Specialist Hospital**



**Ambulatory Care Centre**



**Ancillary Services**



**Senior and Assisted Living Care**



**Education**



**Laboratory and Pathology**

**Care For Life**

# Executing KPJ Transformation

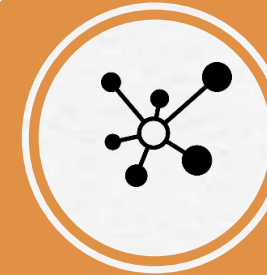
2



## Strategic Thrusts



Strengthening the Core – Operational Excellence and Portfolio Management



Relentless Growth – Business Model and New Growth Areas



Personalized Healthcare

## Strengthening Group's Financial Performance

2

### Turnaround 11 Underperforming Hospitals

- In FY 2022:
  - ✓ Profitable hospitals – 5 hospitals
  - ✓ EBITDA positive – 6 hospitals



Recruitment of Consultants & Manpower



Insurance Panelship



Operational Efficiencies



### Rationalise International Businesses

#### JETA GARDENS



#### KPJ INDONESIA

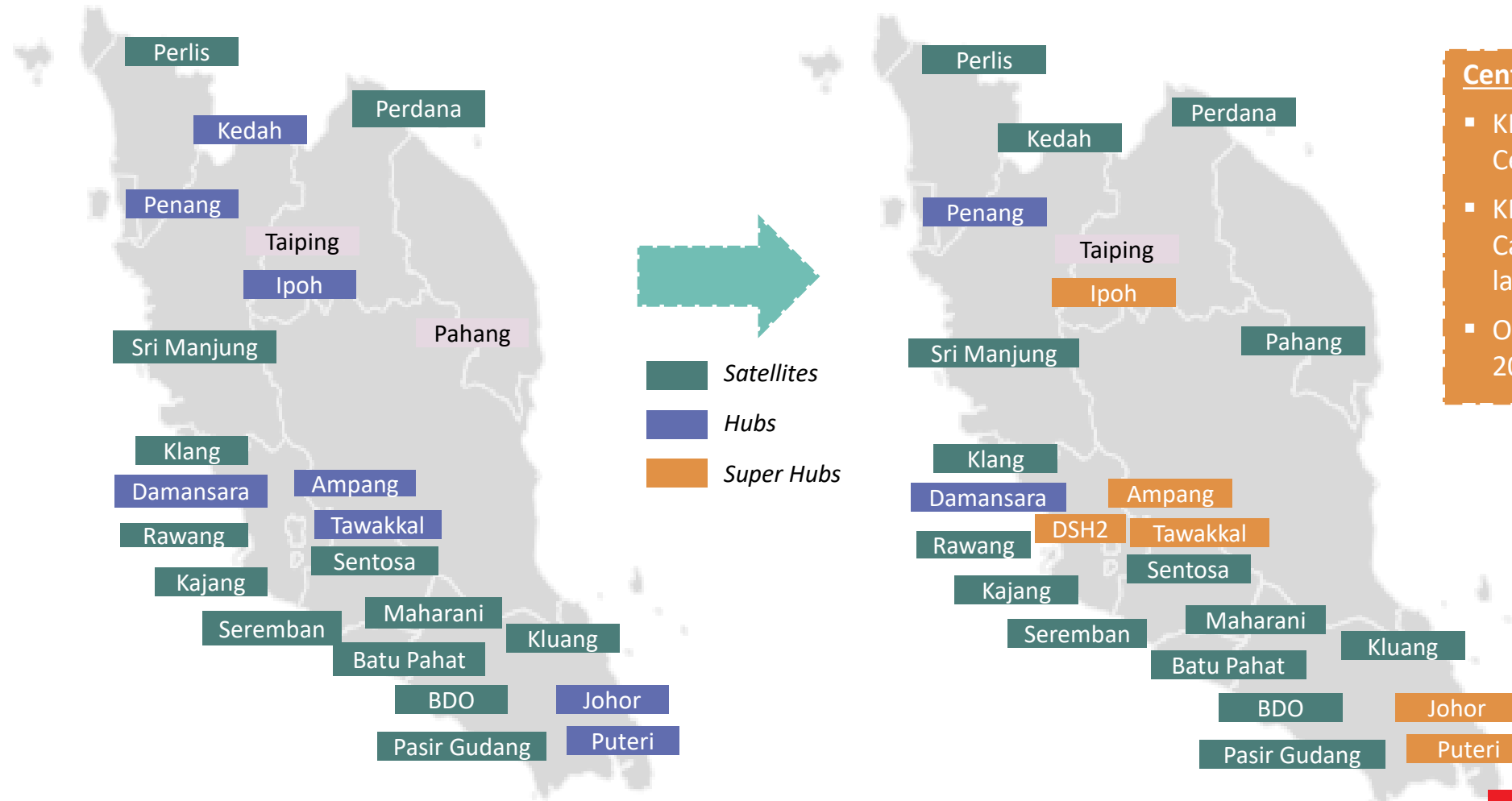




## Continue To Move Up To Quaternary Level Care

Current State

Future State



### Centres of Excellence

- KPJ Damansara – Stroke Centre
- KPJ Ampang Puteri – Cardiology Centre is set to launch late 2022.
- Other COEs in the pipeline for 2023 & beyond.

Relentless Growth – Business Model and New Growth Areas: ACCs

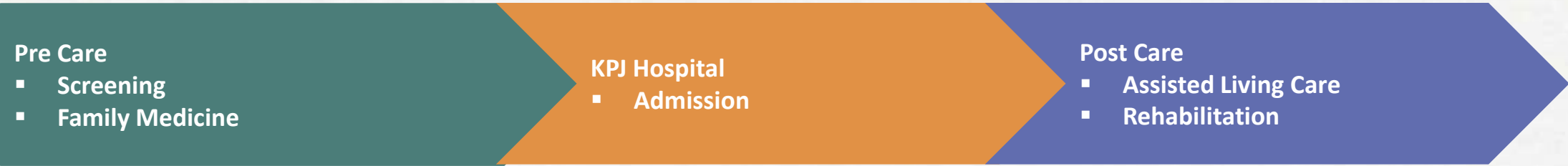
# ACCs: Moving Up Value Chain & Expanding Accessibility

2



Referral done to Post Care facility for chronic diabetic disease, stroke, rehab etc.

Referral done to KPJ hospital for tertiary care



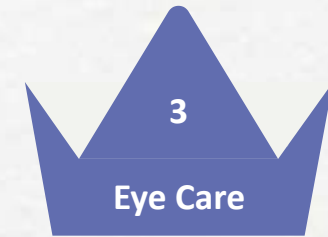
Refer to KPJ Hospital for follow up treatments

Refer to Pre-Care to save patients from travelling problem

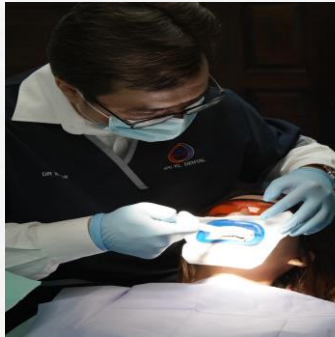


Care For Life

## Expansion of ACC Network of Services



2



**Basic**

- Specialist clinics
- Pharmacy
- Day ward
- Laboratory
- Wellness Clinic
- Operation theatre

**Add-on**

- Dental
- Scope
- Eye Centre
- TCM
- OSH Clinic
- Rehab

Sub-urban areas

(Within KPJ Hospital range new market for KPJ)

**Basic**

- Dialysis
- Assisted living care (ALC)
- Rehab
- Palliative Care
- Post hospitalization
- Home Nursing

**Add-on**

- OP Treatment
- Occupational Therapy
- Rehab Physician
- Wellness Clinic
- Eye Centre
- Confinement
- TCM



Urban areas

(Referrals from all private and public hospitals)



- Lasik Centre
- Satellite CFS

**Targeted area dependant on local market and competition**



## Promising Outlook for Health Tourism

### Health Tourism (HT)

- ❑ Medical Tourism growth is forecasted to be 20% over 2021-2027 vs 10% (2013-2018)
- ❑ Asia to be the largest benefactor
- ❑ Malaysia targeting revenue of RM1.7bn for Malaysia by 2025.
- ❑ KPJ has established contact with 12 main insurance and TPA partners

1

**Leverage KPJ's strength as the largest healthcare group in Malaysia, with presence throughout Malaysia**

2

**Provide specialist services and quaternary care through Super Hubs**

3

**Focus on the top countries from Malaysia Healthcare Tourism Council MHTC**

4

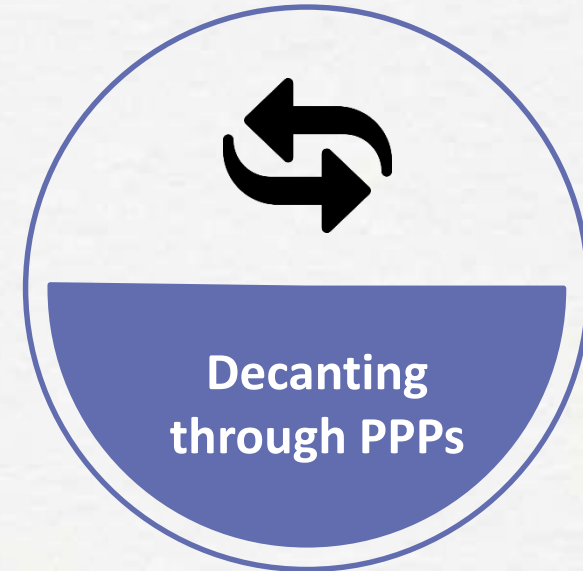
**Establish Health Tourism ecosystem across the Health Tourism value chain**

**Drive greater demand for KPJ's private healthcare services, as well as revenue intensity**

Relentless Growth – Business Model and New Growth Areas: Opportunities

## Expanding Capabilities and New Business Opportunities

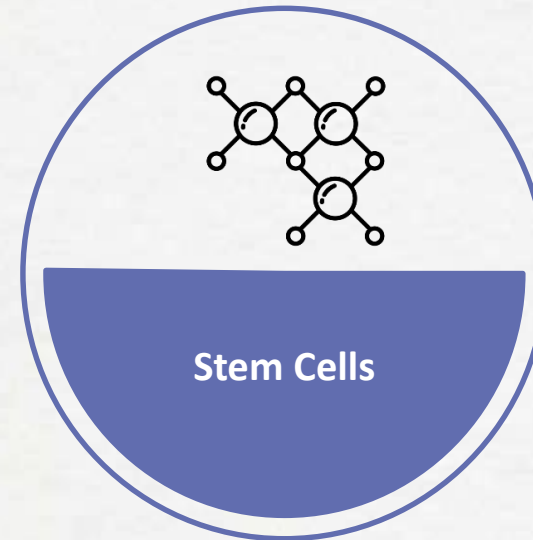
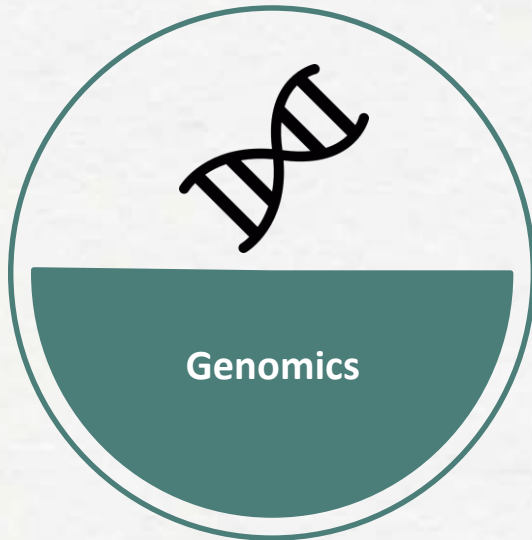
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Relentless Growth – Business Model and New Growth Areas: Partnerships

## Partnerships Towards More Advanced Healthcare and Enhancing Care Capabilities

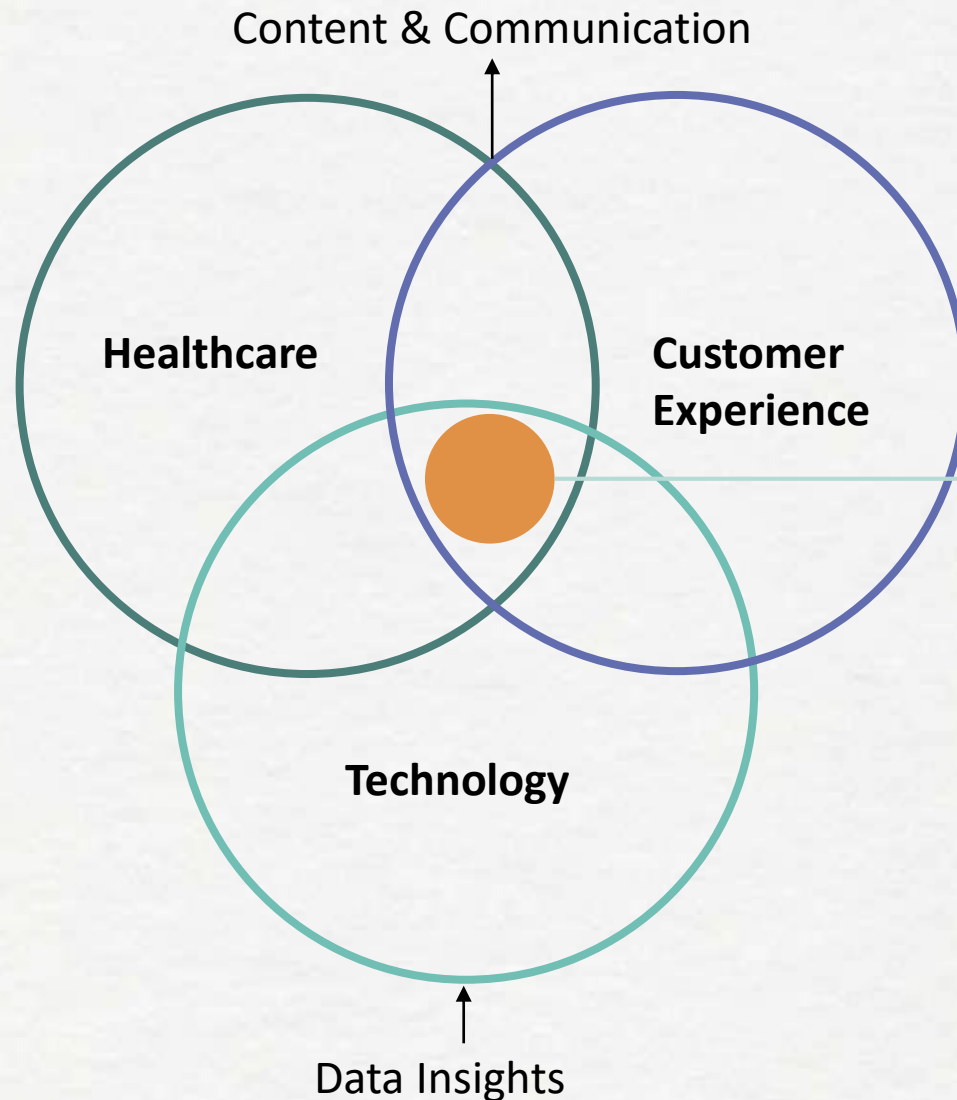
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# Digital Technology to Drive Seamless Patient Experience in Healthcare

2



## Seamless Care Experience

Where patients expect to interact and engage

## DSH 2 – Unique Value Propositions



QUATERNARY  
LEVEL HOSPITAL

COMPREHENSIVE RANGE  
OF SERVICES

PATIENT CENTRIC  
PRIVATE HEALTHCARE

TECHNOLOGY DRIVEN –  
SMART HOSPITAL

INTERNATIONAL  
AFFILIATIONS

INTERNATIONAL  
ACCREDITATION



## 3 Ongoing Digital Initiatives to Enhance Customer Experience



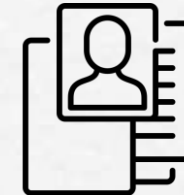
### eGuarantee Letter & eBilling

- **Improve** admission and discharge **turnaround** by 83%
  - from > 3Hrs to < 30 mins
- Improve GL approval and **billing accuracy**



### Bill Estimator

- Improve on **accuracy of bill estimation** for patients
- Provide **transparency to Payor**



### Patient HI-Story

- **Provide** patient with convenient **access to medical records**
- **Ease of referrals** and collaboration

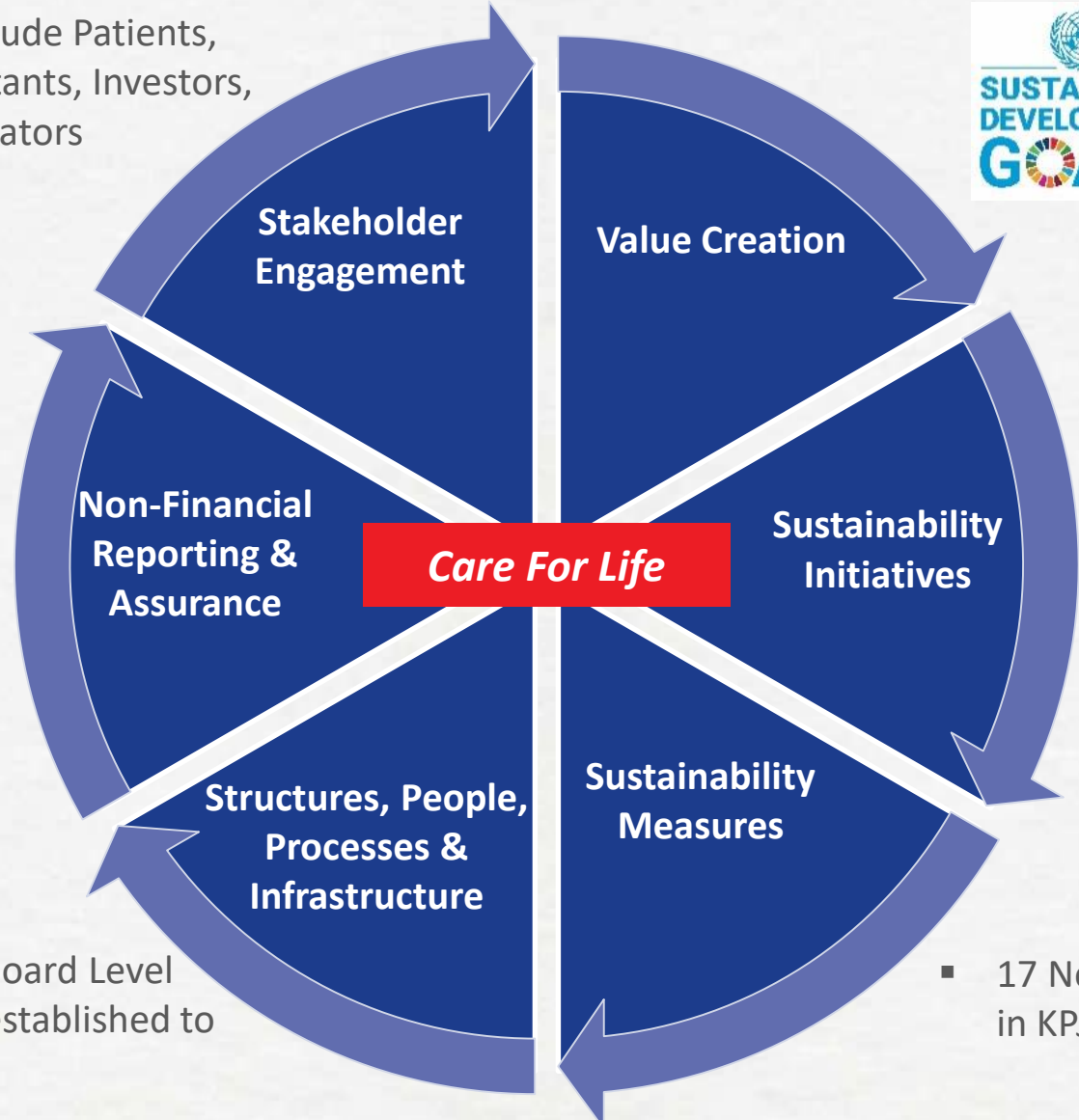




# New ESG Framework – Caring For Life through KPIs Contribution to UN SDGs

- Key Stakeholders include Patients, Employees & Consultants, Investors, Government & Regulators

3



- Sustainability issues raised at Board Level
- Sustainability Working Group established to drive agenda within KPJ Group

- 17 New Sustainability Targets incorporated in KPJ Scorecard





## New KPJ Targets & Initiatives Aligned to FTSE4 Good Index, EPF & PNB Frameworks

### TARGETS

### INITIATIVES

- Source 10% of energy from cleaner sources and reduce water usage by 20% per patient by 2025 from 2021 baseline
- Increase the number of customers with access to guidance and / or services on prevention and general wellness by at least 20% by 2025 from 2021 baseline
- Adhere publicly to international human rights and labour standards (e.g. UDHR, UNGC, ILO) by 2024
- Engage 100% Tier 1 suppliers and 20% of critical non-Tier 1 suppliers on KPJ's Supplier Code of Conduct by 2024
- Join 3 industry-wide initiatives or collaborations around environmental and labour related topics by 2025

- Energy & water saving projects
- Expand wellness & screening initiatives within communities
- Revise internal policies in line with international human rights standards
- Engagement programme with KPJ Suppliers



Thank You



# Delivering efficient, patient-centric healthcare

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## Q&A Questions Raised by MSWG



# 29<sup>th</sup> Annual General Meeting



## Question 1

KPJ became the single largest private services provider to assist the Malaysian Government in the treatment of decanted COVID-19 cases. However, due to the high costs involved in equipping its hospitals to deal with COVID-19 cases as well the implementation of stringent standard operating procedures (SOPs) throughout its operations, its bottom-line was impacted in 2021. On top of this, there was lower demand for medical treatment/non-essential treatment during the pandemic period, while the number of non-COVID patient cases at its hospitals declined due to its coverage of COVID-19 cases and the general public's hesitation to approach hospitals during the pandemic. (Page 37 of AR 2021)

What are the measures taken by the Company to tap into the revival of the medical services environment in the country as the pandemic enters the endemic stage?

## Answer

**Our planned capacity addition for the past 3-4 years and the retention of our workforce throughout the pandemic will allow us to cater for the strong pent up demand of our services.**

**In addition, we have also embarked on initiatives to enhance our clinical and service quality by embracing digital and technology to improve our processes. We have also intensified our promotional activities in order to attract more patients into our system.**

# 29<sup>th</sup> Annual General Meeting



## Question 2

Bed Occupancy Rates (BORs) declined to 43% in FYE 2021 from 47% in FYE 2020. As the pandemic's impact wanes and the people's confidence is restored to seek treatment at hospitals, the BOR is expected to be on the upward trajectory.

- (a) What are the measures taken by the Company to enhance BORs in FYE 2022?
- (b) What is the projected BORs for FYE 2022?

## Answer

**(a) Measures taken to enhance BOR in FY2022 includes:**

- **Appointment of new consultants and opening of new services;**
- **Securing new panel ship from insurance and corporate companies;**
- **Offering new and attractive screening and treatment packages for patients;**
- **Promotion for health tourism.**

**(b) With the improvement in market post pandemic, we are projecting BOR for FYE 2022 to be above 50%.**





## Question 3

The Company aspires to build a digital ecosystem that will help integrate all its hospitals onto a single holistic platform. This will see it moving beyond just looking at mobile apps, to delving deep into the smart hospital environment to ensure it is able to build a fully digitalised framework over the next couple of years. This will be a key ongoing initiative. (Page 44 of AR 2021)

- (a) Please elaborate further on the Company's digital transformation plan?
- (b) What would be the cost allocated to the digital transformation plan?

## Answer

- (a) The main purpose of KPJs digital transformation plan is to move towards a more patient centric and personalised approach to healthcare delivery. This will involve adopting the smart hospital approach that leverages on digital and technology to improve efficiencies and patient experience. The digital transformation plan will include the implementation of new hospital information system (NHIS) across KPJs hospital network. From the digital transformation plan, patients can expect efficiencies in the hospital with reduced wait times, greater accessibility to their own medical records, ease of virtual consultation, convenience in performing online bookings for appointments, packages and medicine prescription. With technology and AI, data can also be captured that will allow for better diagnosis and treatment.**
- (b) The total cost allocated for NHIS under the digital transformation plan is estimated to be RM150 million over the next five years.**



## Question 4

Net profit margin of the Company declined substantially to 2.5% in FYE 2021 from 4.6% in FYE 2020. (Page 52 of AR 2021). What were the reasons for the substantial decline and what are the measures taken by the Company to improve its net profit margin for FYE 2022?

## Answer

**The decline in net profit margin is due to:**

- **Increase in material costs from Covid 19 related expenses**
- **Higher tax expense for the year mainly due to non-recognition of tax benefits arising from the new hospitals still in their gestation period.**

# 29<sup>th</sup> Annual General Meeting



## Question 5

The Travel and Health tourism sector is expected to perform better in 2022 as travel restrictions are being eased and also with borders re-opening around the region. (Page 85 of AR 2021)

- (a) What are the measures taken by the Company to promote travel and health tourism at its hospitals in FYE 2022?
- (b) What is the projected revenue from this segment for FYE 2022?

## Answer

### **(a) Measures taken to promote health tourism in FY2022 includes:**

- **Providing cashless facilities to international patients via collaboration with foreign banks;**
- **Securing new international insurance panel ship;**
- **Actively promoting services through various platforms in targeted markets in their local language;**
- **Actively participating in roadshows and events organized by MHTC.**

**(b) In FY2022, MHTC estimates RM800 million of revenue from health tourism. KPJ expects to capture more revenue from this segment by positioning its 12 hospitals for health tourist market.**





## Question 6

Impairment for Trade Receivables increased significantly to RM11.6 million in FYE 2021 from a reversal of 21k in FYE 2020. (Page 195 of AR 2021)

- (a) What were the reasons for the significant increase?
- (b) Have the credit policies of the Company been reviewed to ensure only credit-worthy customers are given credit?
- (c) Do you foresee a further spike in impairment as the economy is still weak?

### Answer

**(a) The higher impairment for trade receivables in FY2021 were mainly from the Indonesian operations.**

**(b) Yes, this is a standard practice that the Group adopts.**

**(c) Presently, we do not foresee the need to carry out any impairment, however, impairment testing will be performed when required.**



## Question 7

Practice 5.2 of MCCG 2021 stipulates that a Large Company should have more than 50% of its directors as Independent Directors. As of December 31, 2021, the Company had 45.5% of its Board as Independent Directors. This is not in line with the Practice.

Does the Company plan to apply Practice 5.2 and if yes, by when?

## Answer

**The present composition of the Board is as follows :**

- **Independent Directors (INED) : 5 (i.e. 45.5%)**
- **Non-Independent Directors (NINED) : 5 (i.e. 45.5%)**
- **Executive Director (PMD) : 1 (i.e. 9%)**

**This is also in compliance with Bursa Malaysia's Main Market Listing Requirements (MMLR), of at least 1/3 of Board being INEDs.**

## Ordinary Business

### AGENDA 2

To re-elect the following Directors of the Company who retire in accordance with the Constitution of the Company:-

- i. Datuk Md Arif Bin Mahmood - Rule 96
- ii. Dato' Mohd Shukrie Bin Mohd Salleh - Rule 96
- iii. Annie Binti Rosle - Rule 96
- iv. Hisham Bin Zainal Mokhtar - Rule 96
- v. Lydia Anne Abraham - Rule 96
- vi. Prof Dato' Dr Azizi Bin Omar - Rule 95(i)
- vii. Khairuddin Bin Jaflus - Rule 95(i)



Delivering  
efficient, patient-  
centric healthcare

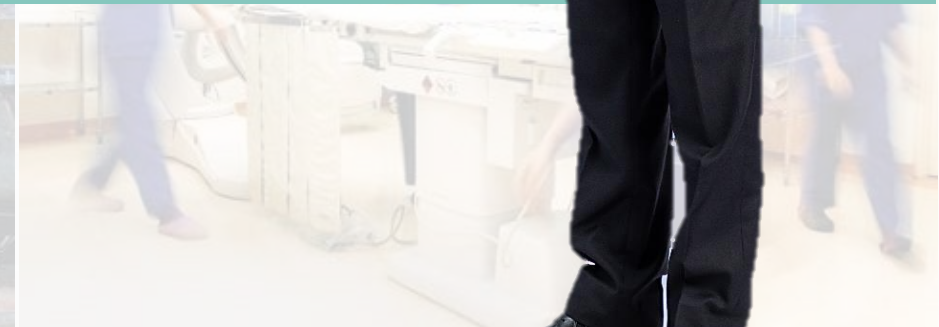
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# Ordinary Business AGENDA 2

(Ordinary Resolution 1)

Re-election of Datuk Md Arif Bin Mahmood



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# Ordinary Business AGENDA 2

(Ordinary Resolution 2)

Re-election of Dato' Mohd Shukrie Bin Mohd Salleh

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# Ordinary Business AGENDA 2

(Ordinary Resolution 3)

Re-election of Annie Binti Rosle





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## Ordinary Business

# AGENDA 2

(Ordinary Resolution 4)

Re-election of Hisham Bin Zainal Mokhtar





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# Ordinary Business AGENDA 2

(Ordinary Resolution 5)

Re-election of Lydia Anne Abraham



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# Ordinary Business AGENDA 2

(Ordinary Resolution 6)

Re-election of Prof Dato' Dr Azizi Bin Omar



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# Ordinary Business AGENDA 2

(Ordinary Resolution 7)

Re-election of Khairuddin Bin Jaflus







# Ordinary Business AGENDA 3

To ratify the payment of Fees of up to RM800,000 for the Non-Executive Directors (“NEDs”) from 1 January 2022 until the conclusion of the 29th AGM of the Company.

## Mandate

Here at KPJ, we embrace each new day as another opportunity for us to give of our best and truly make a difference. Having undergone our baptism of fire under the pandemic, we remain resolute in upholding KPJ’s commitment to “Care for Life” and to truly impact people’s lives for the better.







# Ordinary Business AGENDA 4

To approve the payment of Fees of up to RM1,600,000 for the NEDs from the conclusion of the 29th AGM until the conclusion of the next AGM of the Company.

## Mandate

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*Care For Life*



# Ordinary Business AGENDA 5

To approve the payment of Other Remuneration comprising Committee Fees, Committee Allowances and Meeting Allowances of up to RM1,800,000 for the NEDs from the conclusion of the 29th AGM until the conclusion of the next AGM of the Company

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# Ordinary Business AGENDA 6

To approve the Benefits payable to the NEDs from the conclusion of the 29th AGM until the conclusion of the next AGM of the Company.

## mandate

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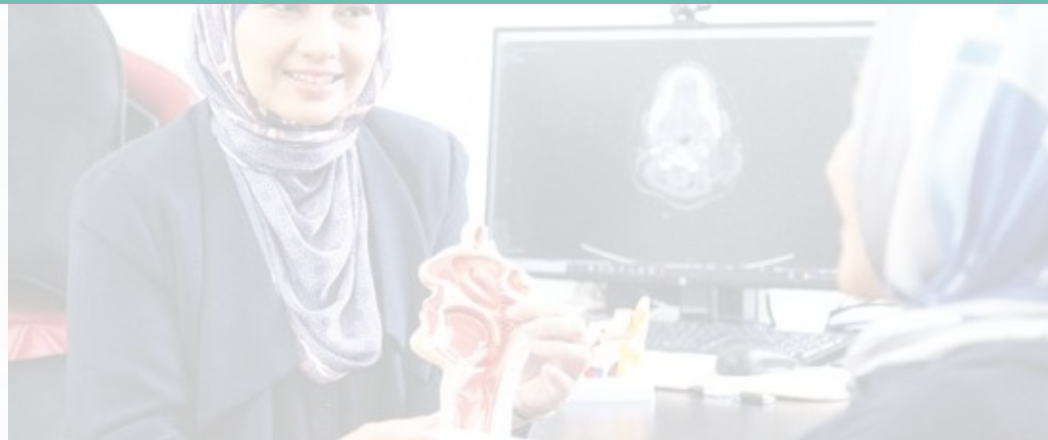


# Ordinary Business AGENDA 7

To re-appoint Ernst & Young PLT as Auditor of the Company for the ensuing financial year ending 31 December 2022 and to authorize the Directors to fix their remuneration.

mandate

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*Care For Life*





# Special Business

## AGENDA 8

### **AUTHORITY TO ISSUE AND ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016**

“THAT subject to the Companies Act 2016, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Company’s Constitution and approval of the relevant governmental and/or regulatory authorities, if required, the Directors be and are hereby empowered pursuant to Sections 75 and 76 to allot shares in the Company, grant rights to subscribe for shares in the Company, convert any security into shares in the Company or allot shares under an agreement or option or offer at any time and grant rights to subscribe for shares in the Company, convert any security into shares in the Company or allot shares under an agreement or option or offer at any time and from time to time to such persons and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares allotted pursuant to this resolution during the preceding 12 months does not exceed ten percent (10%) of the total number of issued shares (excluding treasury shares) of the Company for the time being and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so allotted on the Bursa Malaysia Securities Berhad; AND THAT such authority shall commence immediately upon the passing of this resolution and continue to be in force until:- (a) the conclusion of the next AGM of the Company at which time it will lapse, unless by an ordinary resolution passed at the next AGM, the authority is renewed; or (b) the expiration of the period within which the next AGM of the Company is required by law to be held; or (c) revoked or varied by an ordinary resolution passed by the shareholders of the Company at a general meeting, whichever is the earlier.”



# Special Business AGENDA 9

PROPOSED RENEWAL OF THE EXISTING SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF REVENUE OR TRADING NATURE

mandate

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## Questions & Answers by Shareholders

