



A JCORP Company

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30th Annual General Meeting

Thursday | 22 June 2023 | 11.00 am

CONNECTING HEARTS

Care for Life

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Welcoming Remarks by Chairman

Datuk Md Arif Bin Mahmood



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Ordinary Business **AGENDA 1**

To receive the Audited Financial Statements for the year ended 31 December 2022 together with the Reports of the Directors and Auditors thereon.

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Presentation by Officer In Charge

Norhaizam Mohammad



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About KPJ Group

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Care for Life

KPJ Group is the largest private healthcare provider in Malaysia

Key Statistics FY 2022

Revenue	Operating Beds	Consultants
RM2.9 bil	3,437	1,530
Hospitals	Employees	Inpatients
29	15,222	305k
ACC	BOR	Outpatients
4	58%	3.0 mil

Market Cap	
RM4.6 bil (Dec 22)	RM5.1 bil (Jun 23)

Comprehensive range of healthcare services



Clinical Operations

- Oversees and provide quality and professionalism in patient care services.



Diagnosis Services

- Provides timely, cost-effective, and high quality diagnostic care in a safe environment for patients.



Ambulatory Care Centre

- Provision of dentistry, oral and maxillofacial surgery, rehabilitation services, haemodialysis services, eye care



Education

- Provision of a wide range medical and healthcare programmes via The KPJ Healthcare University College

Comprehensive range of healthcare services (Cont'd)



Health Tourism

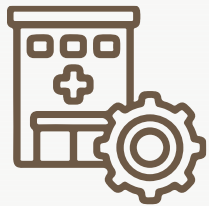
- Preferred healthcare provider to international health travellers



Senior & Assisted Living Care

- Short and long term care for individuals who need support in their daily activities.

SUPPORTED BY



Ancillary Services

- Supply-distribution value chain
- Reducing dependencies to external parties



Hospital Operations Services

- Continuously reviewing, enhancing & streamlining processes
- Expanding capacities and capabilities

Strong financial results for FY2022



Record Revenue & Improved Net Profit

Revenue FY22: RM2.9 bil ▲ 13%
 FY21: RM2.6 bil

Net Profit FY22: RM190.3 mil ▲ 163%
 FY21: RM72.4 mil



Higher Dividend Payout

Total Dividend FY22: RM86.9 mil ▲ 266%
 FY21: RM23.7 mil

Dividend Payout Ratio FY22: 52% ▲ 9ppt
 FY21: 43%

Strong financial results for FY2022 (cont'd)



Higher BOR & Bed Capacity

BOR

FY22: 58%
FY21: 43% **▲ 15ppt**

Bed Capacity

FY22: 3,437
FY21: 3,309 **▲ 4%**



Higher Patient Volumes

Inpatients

FY22: 305.1k
FY21: 228.6k **▲ 33%**

Outpatients

FY22: 3.0 mil
FY21: 2.7mil **▲ 8%**

Key Healthcare Megatrends



Demographic Shifts

Malaysia ageing population is trending upwards - Increasing demand for health services.



Digitalisation & Innovation

Leveraging technological advancements to improve quality of healthcare services.



Pricing Transparency

Provides patients more control over their healthcare choices - level the playing field for health providers.



Privacy Risk

Concerns that digitalisation creates privacy & security risks of sensitive data breaches.

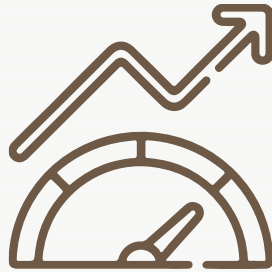


Empowered Patients

Paradigm shift - patients are active partners in their relationships with healthcare providers

Robust strategy to improve patient experience and operational efficiency

Growth Strategy (2021-2025)



Accelerate Growth

- Additional Consultants
- New Centres of Excellence
- Capacity Expansion



Digitalization

- DSH2 –1st Smart Hospital
- New hospital information system



Drive Efficiency & Excellence

- Centralisation procurement
- Consolidation of Support Services

DSH2 - our flagship smart hospital



Comprehensive Range of Services



Patient Centric Private Healthcare



Technology Driven - Smart Hospital



International Affiliations

300
Bed Capacity

123
Fitted

60
Licensed

58 Medical Ward	16 Maternity Ward	10/10 Day Ward	89/20 Surgical Ward
71/20 Premier Ward	6/2 Labour Ward	10/5 ICU	4/2 NICU
4/2 CICU	10 HDCU	7/4 OT	1/1 Cathlab



International Accreditation

The journey continues in 2023



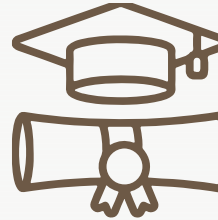
Focus on Expertise



Enhanced Care Offerings



Efficient Expansion



Building a Skilled Workforce



Meeting Specialised Needs



Improving Patient Experience



Strategic Growth



Expanding Horizons

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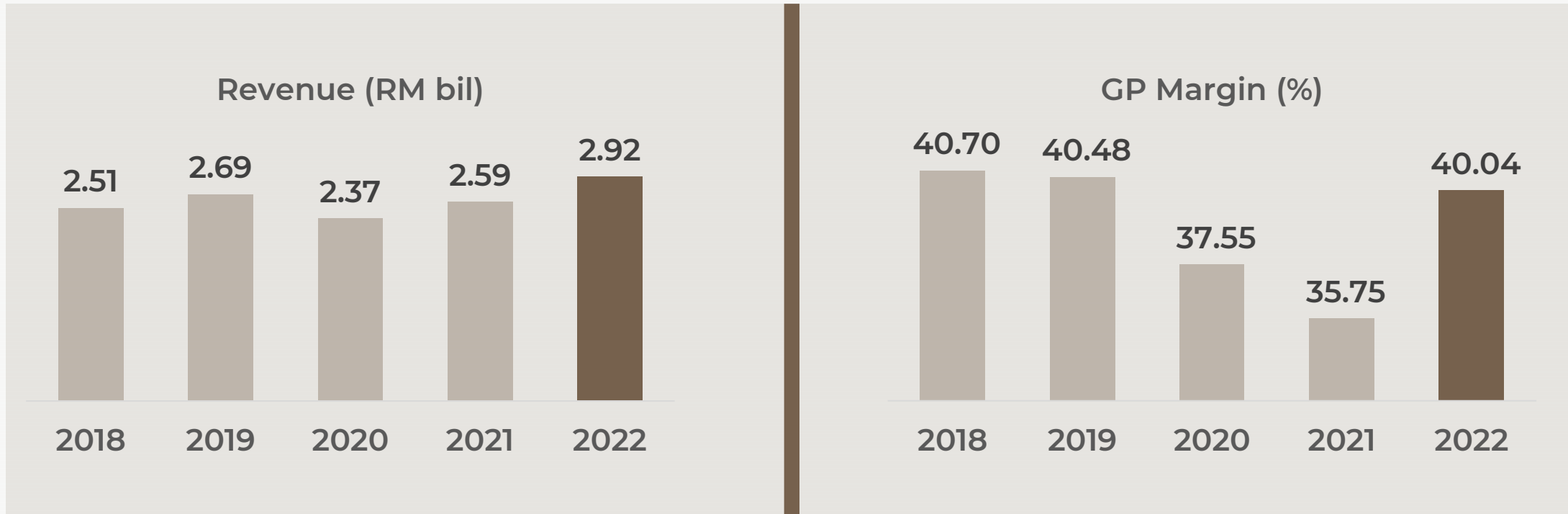


Financial Highlights

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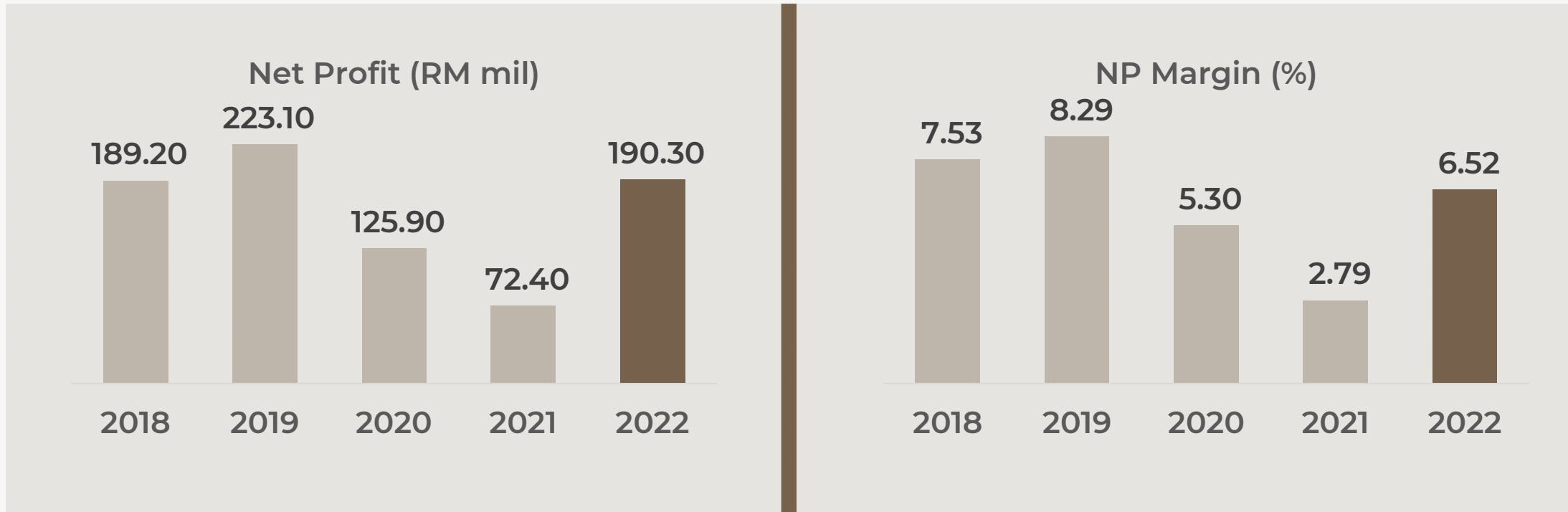
Improvement in all key financial matrices in FY22



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KPJ Group had recorded record levels revenue in FY22

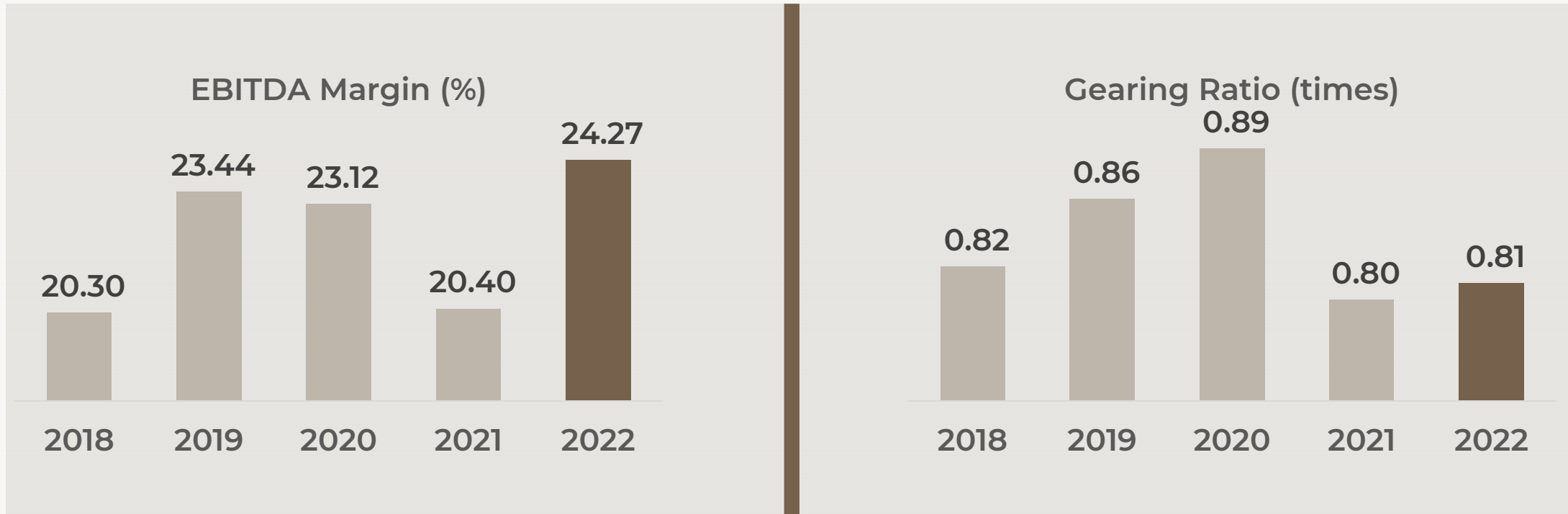
Improvement in all key financial matrices in FY22 (Cont'd)



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Net profit and net profit margins nearing pre-pandemic levels

Improvement in all key financial matrices in FY22 (Cont'd)



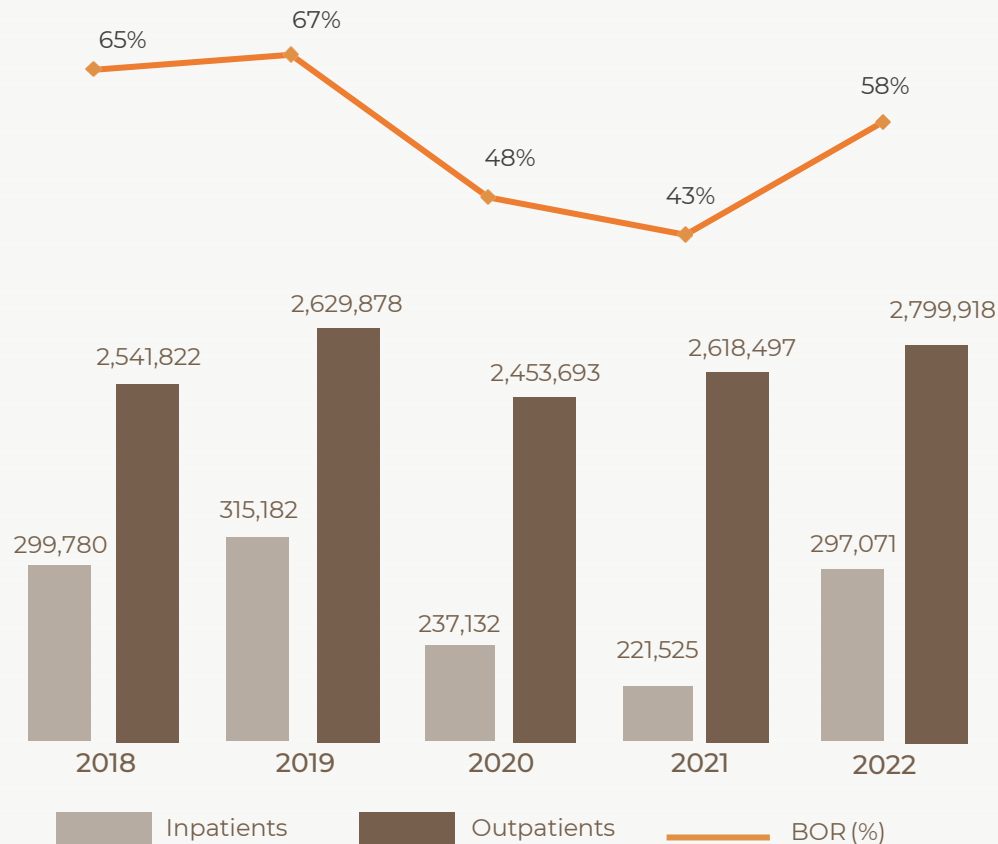
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EBITDA Margin surpassed pre-pandemic levels

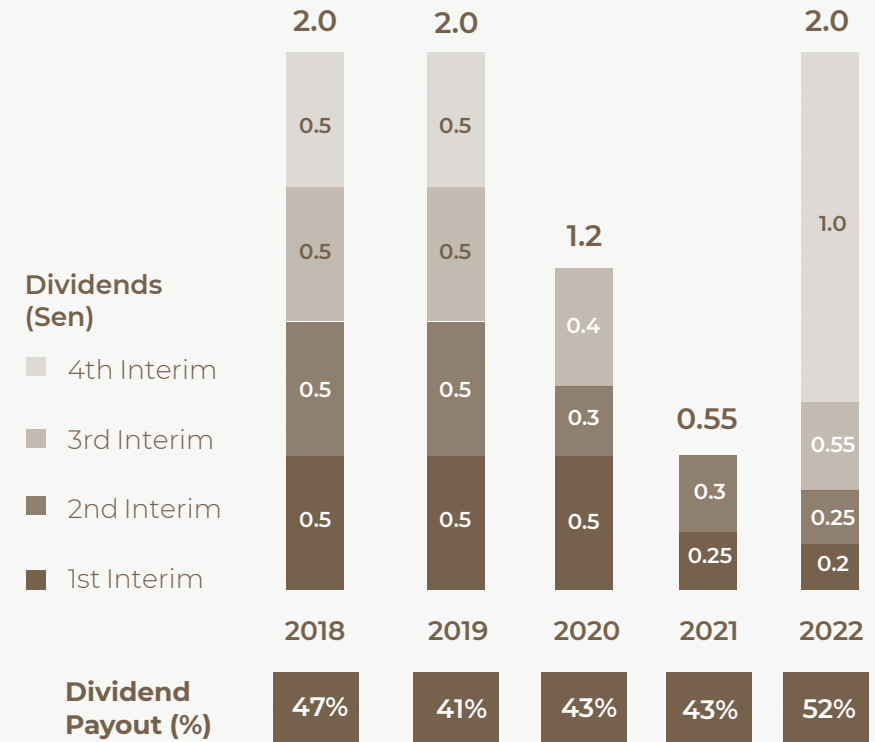
Gearing ratio is at manageable levels

Recovery in Malaysian hospital performance led to higher dividends

Inpatients, Outpatients & BOR (2018 – 2022) (Malaysia)



Dividend 2018 - 2022



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ESG

Our sustainability journey



1998

Launched Klinik Waqaf An-Nur (KWAN) offering quality and affordable healthcare for underprivileged groups



2010

Opened 1st baby hatch for abandoned babies.



FTSE4Good

2016

- Issued 1st KPJ Sustainability Statement
- Became constituent of **FTSE4Good** Index



2017

- 1st pilot projects on energy saving system



2018

- Launched Zero Single Use Plastic Campaign Groupwide
- 1st Sustainability Report aligned with UN SDGs



2021

- Set up a multi-disciplinary Sustainability Working Committee to strengthen ESG



2023

- Issued 1st Healthcare Sustainability Sukuk in ASEAN
- KPI currently operates 11 KWAN clinics, 8 dialysis centres, 8 mobile clinics

Our ESG recognition

RM555 Mil Sustainability Sukuk



- KPJ issued first sustainability sukuk from a healthcare company in ASEAN
- **“Gold” Sustainability Sukuk Assessment by MARC**

FTSE4Good Index Rating Improvement



- Index Constituent since 2016
- 2022 Index Rating: 3.1
- 2021 Index Rating: 1.9

Continue to champion ESG in FY2023



Environment

- Decarbonisation
- Renewable Energy
- Waste Management Plan
- Climate Risk & Mitigation Plan



Social

- Diversity & Inclusion
- Community Outreach Programmes
- Educate Communities



Governance

- Supply Chain Code of Conduct

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Q&A Questions Raised by MSWG



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Operational & Financial Matters

- 1. KPJ's disciplined cost management and improved hospital activities in 2022 led to increased revenue and better margins. Hospitals in their gestation period have shown positive EBITDA margins or reduced losses. However, this progress was partially offset by losses from the new Damansara Specialist Hospital 2, which began operations in September 2022 (page 32 of IAR2022).**

Operational & Financial Matters

Question 1(ai) What specific cost management strategies were implemented by KPJ in 2022, and what were the corresponding cost reductions achieved?

Response:

We did the following as cost management strategies in 2022:

- (i) Energy Efficiency Management;*
- (ii) Staff Optimization Exercise; and*
- (iii) Technology Adoption*

Total cost savings from these activities amount to c.2% - 3% of our administrative costs or approximately RM22 million.

Operational & Financial Matters

Question 1(aii) - What are KPJ's cost management strategies for 2023 and what are the expected outcomes?

Response:

Our approach for FY23 is to continue the efforts we made in FY22.

In 2023, we target to achieve a further 2% - 3% costs savings as compared to overall administration costs.

Operational & Financial Matters

Question 1(b) - Which hospitals are currently in the gestation phase or experiencing losses, and what is the projected timeline for these hospitals to reach profitability?

Response:

1. KPJ Perlis, KPJ Miri, KPJ Batu Pahat & KPJ Bandar Dato Onn are expected to be profitable by FY24.
2. DSH2 is expected to be profitable(PBT) by FY25.

Operational & Financial Matters (Reply)

Question 1(c) - What is the average gestation period for KPJ's hospitals to attain profitability? What is the average return on investment that KPJ expects to achieve once a hospital reaches maturity?

Response:

It may take 3 years for the hospital to register a positive EBITDA (Earnings Before Interests, Tax, Depreciation & Amortisation), and a further 1 to 2 years to be profitable (PBT).

Based on our existing portfolio of recently matured hospitals, the typical ROI enjoyed on average is c.50% based on FY22 performances.

CAPEX

2. KPJ plans to use its Financial Capital to expand its hospital network and invest in medical equipment and new technologies, thereby enhancing its Manufactured and Intellectual Capitals (page 62 of IAR202).

CAPEX

Question 2(a) What is the projected capital expenditure for 2023, and how is it apportioned among initiatives such as hospital network expansion, acquisition of medical equipment and adoption of new technologies?

Response:

Our budgeted CAPEX for FY23 is approximately RM450m. Our focus will be primarily on purchasing of medical equipment (34%) and uplifting and renovation works of our hospitals (32%).

CAPEX

Question 2(b) How will the capital expenditure for 2023 impact KPJ's debt-to-equity ratio? What range of debt-to-equity ratio is deemed optimal or ideal?

Response:

We expect minimal increase in the debt to equity ratio of 0.2x. Ideally, we would like to maintain the debt to equity ratio below 1.0x (FY22: 0.86x).

Health Tourism (Question)

3. KPJ Healthcare has demonstrated substantial progress in the health tourism sector, as detailed on page 102 of IAR2022.

Health Tourism

Question 3(a) - How is the revenue from health tourism distributed across the various services offered by KPJ? Is there a particular service that significantly drives revenue?

Response:

The revenue from Health Tourism is mainly from preventive care and elective treatment.

In particular, services from orthopedic, neurology and IVF are the most sought after.

Health Tourism (Reply)

Question 3(b) - How does KPJ differentiate its services from both local competitors and international healthcare providers offering similar services? What are KPJ's unique value propositions that attract health tourists over these competitors?

Response:

- KPJ has the largest network of consultants out of any private hospital in Malaysia which gives us an advantage over our competitors in terms of the number of **specialisations, expertise and experience** that we can draw from to treat our patients.*
- KPJ also has the advantage in terms of accessibility, as we have the largest network of hospitals in Malaysia positioned in key strategic entry points across Malaysia that are **accessible by flight, ferry, or road.***

Health Tourism

Question 3(c) How is KPJ leveraging technology to improve the international patient experience, from initial contact and consultation to treatment and post-care?

Response:

We offer teleconsultation services, connecting patients with consultants remotely. We employ digital patient portals and secure messaging systems for seamless communication between patients, families, and healthcare professionals, during treatment and post care.

Ordinary Business

AGENDA 2

To re-elect the following Directors of the Company who retire in accordance with the Constitution for the Company and being eligible, have offered themselves for re-election:-

- (i) Shamsul Anuar Bin Abdul Majid - Rule 95(i)
- (ii) Rozaini Bin Mohd Sani - Rule 95(i)
- (iii) Dato' Mohd Redza Shah Bin Abdul Wahid - Rule 95(i)
- (iv) Lee Lai Fan - Rule 96

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Ordinary Business **AGENDA 2**

(Ordinary Resolution 1)
Re-election of Shamsul Anuar Bin Abdul Majid



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Ordinary Business **AGENDA 2**

(Ordinary Resolution 2)
Re-election of Rozaini Bin Mohd Sani



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Ordinary Business **AGENDA 2**

(Ordinary Resolution 3)
Re-election of Dato' Mohd Redza Shah
Bin Abdul Wahid



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Ordinary Business **AGENDA 2**

(Ordinary Resolution 4)
Re-election of Lee Lai Fan



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Ordinary Business

AGENDA 3

To approve the payment of Directors' Fees of up to RM1,600,000 for the Non-Executive Directors ("NEDs") from the conclusion of the 30th AGM until the conclusion of the next AGM of the Company.

Ordinary Business

AGENDA 4

To approve the payment of benefits payable to the NEDs up to an amount of RM2,200,000 from the conclusion of the 30th AGM until the conclusion of the next AGM of the Company.

Ordinary Business

AGENDA 5

To re-appoint Ernst & Young PLT as Auditor of the Company for the ensuing financial year ending 31 December 2023 and to authorise the Directors to fix their remuneration.

Ordinary Business

AGENDA 6

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 “Act”), 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 of the Act, to issue and allot shares in the Company 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 issued pursuant to this resolution 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 issued on Bursa Malaysia Securities Berhad AND FURTHER THAT such authority shall commence immediately upon the passing of this resolution and shall continue to be in force until the conclusion of the next AGM of the Company.

THAT pursuant to Section 85 of the Act to be read together with Rule 7.5 of the Constitution of the Company, approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company to be offered new shares of the Company ranking equally to the existing issued shares arising from any issuance of new shares in the Company pursuant to Sections 75 and 76 of the Act.”

Ordinary Business

AGENDA 7

Proposed Renewal of the Existing Shareholders' Mandate for Recurrent Related Party Transactions of A Revenue or Trading Nature

“THAT subject to the Act, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the Company's Constitution, approval be and is hereby given to the Company and/ or its subsidiaries (the “Group”) to enter into any of the transactions falling within the classes of recurrent related party transactions of a revenue or trading nature (“RRPTs”) as set out in the Circular to Shareholders dated 27 April 2023 with the related parties as described therein, provided that such transactions are:

- a. recurrent transactions of a revenue or trading nature;
- b. necessary for the day-to-day operations of the Group;
- c. carried out in the ordinary course of business of the Group, made on arm's length basis and on normal commercial terms not more favourable to the related parties than those generally available to the public; and
- d. not detrimental to the minority shareholders of the Company;

THAT such authority shall 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. (b) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
 - c. revoked or varied by an ordinary resolution passed by the shareholders of the Company at a general meeting;
- whichever is the earlier;

Ordinary Business

AGENDA 7 (cont)

Proposed Renewal of the Existing Shareholders' Mandate for Recurrent Related Party Transactions of A Revenue or Trading Nature

AND THAT the Directors of the Company be and are authorised to complete and to do all acts, deeds and things, including execute all documents as they may consider expedient or necessary to give effect to the RRPTs contemplated and/or authorised by this ordinary resolution with full power to assent to any conditions, variations, modifications, arrangements and/or amendments in any manner as may be imposed or permitted by the relevant regulatory authorities and/or deemed fit by the Directors in the best interest of the Company.

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Questions & Answers by Shareholders



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Thank You

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