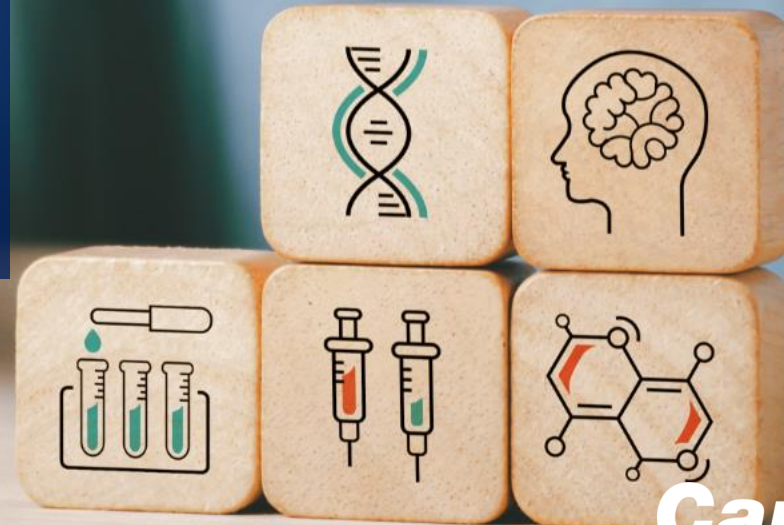




KPJ Healthcare Berhad 2Q 2022 Analyst Briefing



Care for Life

Agenda for this evening



No.	Item
1	Malaysian Healthcare Market Outlook
2	2Q 2022 Results Overview
3	Strategic Direction of the Group
4	Key Financial Highlights
5	Key Operational Highlights
6	2Q 2022 Events and CSR Initiatives

Care for Life

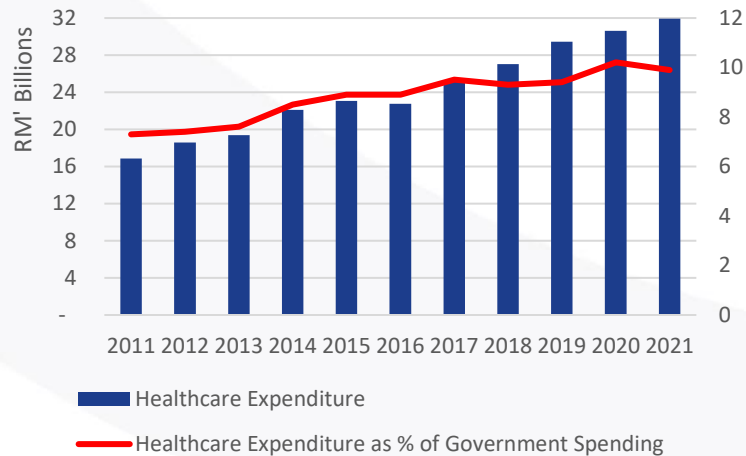
Malaysian Healthcare Market Outlook



The healthcare industry outlook remains to be resilient as the globe enters economic recovery



Growing Healthcare Expenditure



- The Government has allocated **RM32.4 billion** for the healthcare industry in Budget 2022
- The Health Ministry of Malaysia is looking to secure 5% of the country's gross domestic product to upgrade the country's public healthcare and ensure that it has a world-class standard healthcare system in the future



Health Tourism Recovery

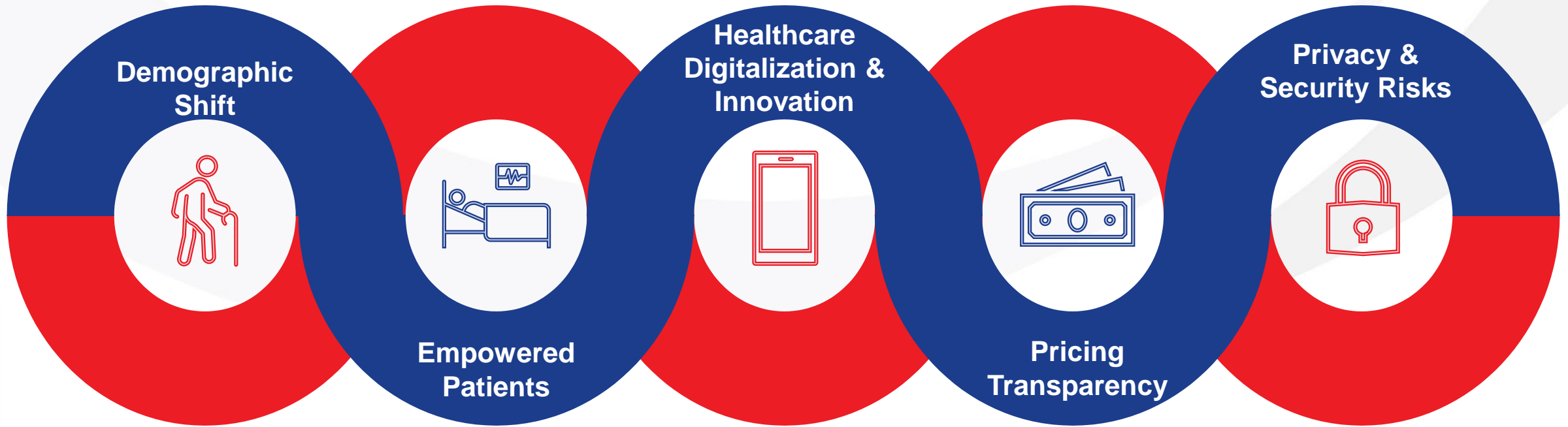
- With the gradual resumption of international travel, Malaysia's medical tourism is expected to grow by the end of 2022 as demand recovers
- In 2019, Malaysia attracted 1.3 million international healthcare tourists with a total of MYR 1.7 billion (approx. US\$400 million) in hospital receipts.
- The government targets a rebound of revenue up to MYR 800 million (US\$190 million) in 2022 and **MYR 1.7 billion (US\$400 million) in 2025** from the country's medical tourism sector through initiatives outlined under the recently unveiled Malaysian Healthcare Travel Industry Blueprint 2021-2025

Inflation Buffers Intact



- According to Aon's 2022 Global Medical Trend Rates report, the current medical inflation rate in Malaysia is 12.0%, which is 6 times higher than the annual general inflation rate
- High medical inflation is contributed by Non-Communal Disease (NCD) prevalence, an ageing population, advances in medical treatment, ringgit depreciation
- Substantial pricing power is critical in helping healthcare players better weather through this high inflationary period
- Inelastic demand for healthcare, which gives hospital operators substantial pricing power

Megatrends in Healthcare



A female scientist with dark hair, wearing a white lab coat and blue gloves, is focused on using a pipette in a laboratory. The background is a blurred laboratory environment with various pieces of equipment and warm lighting. A dark blue banner is overlaid on the left side of the image, containing white text. The company logo is in the bottom right corner.

2Q 2022 Results Overview and Strategic Direction

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Improved overall performance compared to Q2 FY21 backed by higher bed occupancy rates (“BOR”) and inpatient visitations



RM707.6mn
Revenue

↑ 12%

RM159.7mn
EBITDA

↑ 37%

RM45.8mn
Profit Before Tax

↑ 223%



**Bed
Occupancy
Rate**

↑ 13 ppt



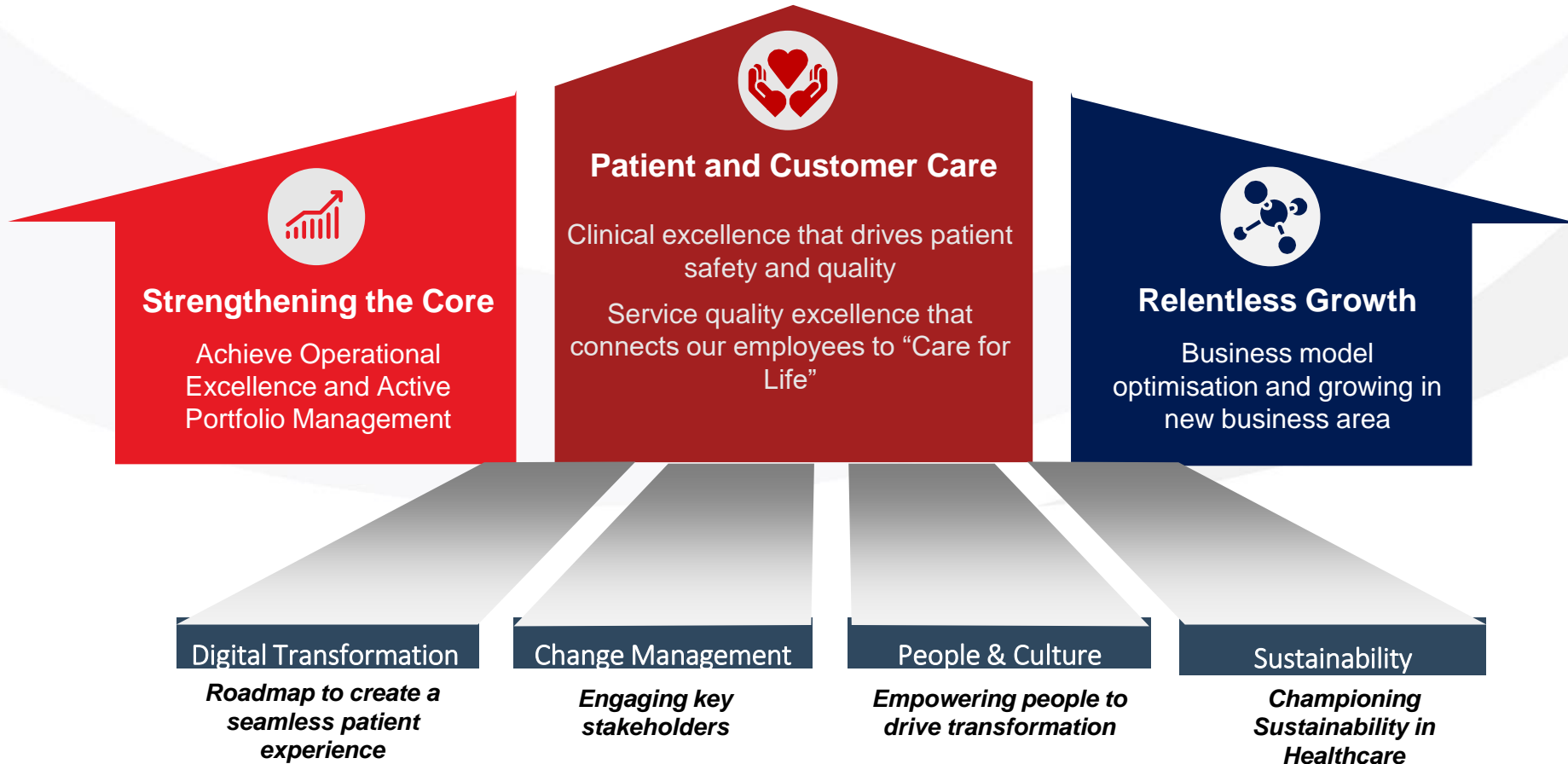
**No. Of
Inpatients**

↑ 31%

Our focus is to execute the three strategic thrusts of the KPJ Transformation Programme



Care for Life





Strengthening the core

We aim to improve the Group's financial performance by taking action on non-performing assets



Turnaround Underperforming Malaysian Based Hospitals



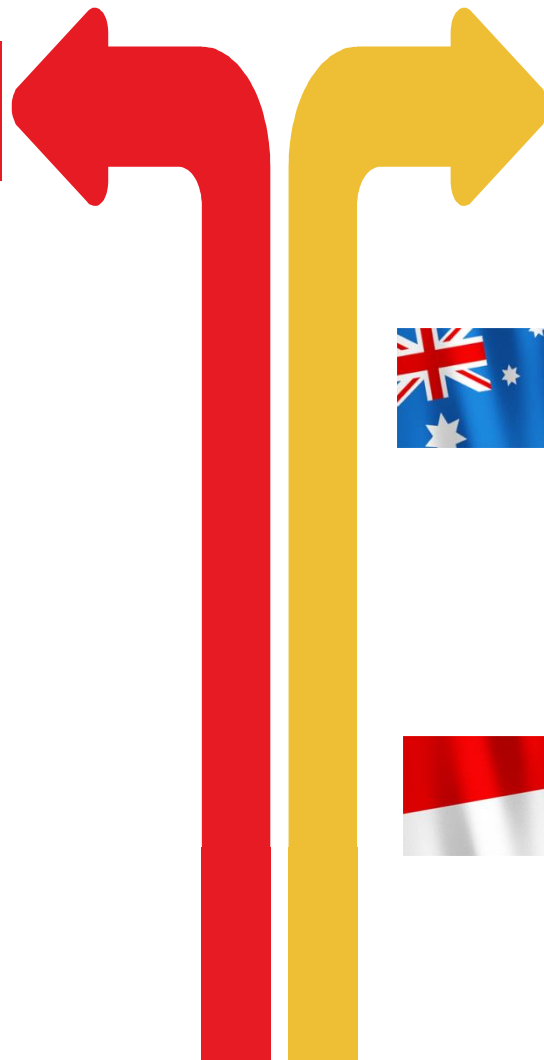
Recruit more Consultants and Manpower



Strengthen Insurance Panelship across all 29 hospitals



Improve and achieve internal operational efficiencies



Rationalise International Businesses



**Jeta Gardens
Aged Care Facility**



**KPJ Indonesia
2 Private Hospitals**





At the heart of our business is our patients where we strive to provide excellence across clinical and service quality



Care for Life

Develop a structured pathway to reach patient-centered excellence and drive patient safety and clinical quality

Key Objectives



Building trust and confidence within the community by partnering with patients and families



Attract & Retain the right talent - doctors, nurses, employees



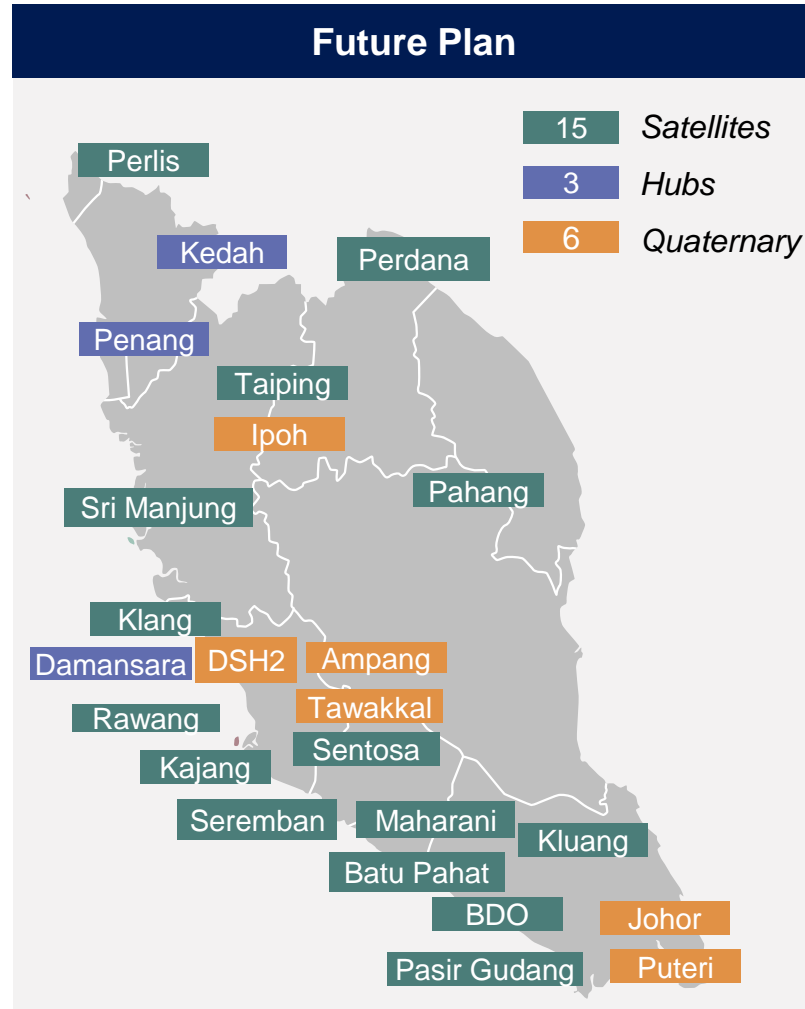
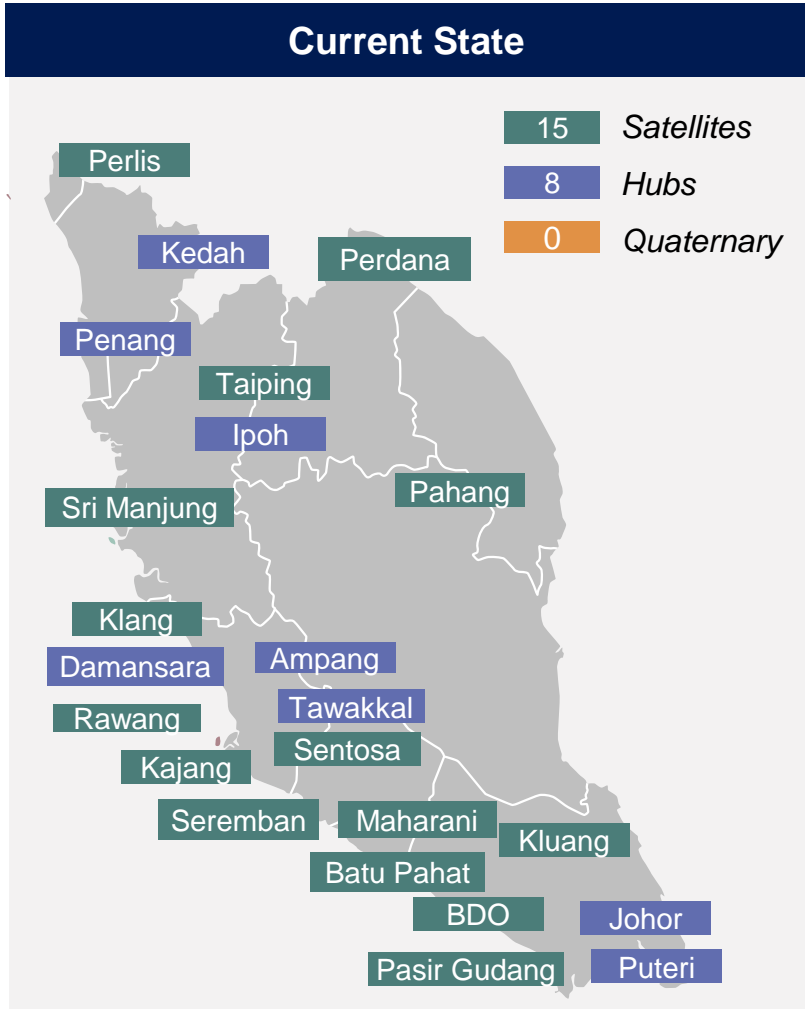
Create a **safety first environment** with greater emphasis on reducing patient harm (i.e. falls) and increasing safety in using medication



Improve **effective and open communication** by creating a system that will encourage patients and families to communicate any concerns



To enhance our business model, we aim to establish 6 Quaternary Care Hubs and launch COE's



- Establishment Of Centres of Excellence (COEs) within Hubs and Quaternaries with a focus on the following specialties in 2022:



Stroke Centre in KPJ Damansara



Cardiology Centre in KPJ Ampang Puteri

- Other COEs in the pipeline are planned for 2023 and beyond
- Quaternary care hospitals will allow for:
 - Greater revenue intensity by provision of specialized and higher value services
 - Better patient referrals within the KPJ network
 - Reduced investments costs through a centralized approach



We have identified new growth areas within the healthcare value chain to expand accessibility within the community...



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

Referral done to KPJ hospital for tertiary care

Pre-Care

- Screening
- Family Medicine

KPJ Hospital

- Admission

Post Care

- Assisted Living Care
- Rehabilitation

Referral done to KPJ hospital for follow up care

Refer to Pre-Care to save patients from travelling





... which will be supported by an expansion of our Ambulatory Care Centers (ACC) after a successful pilot in Bandar Kinrara

Pre-Care

Sub-urban areas within KPJ Hospital vicinity



Post-Care

Urban areas to tap referrals from all public and private hospitals

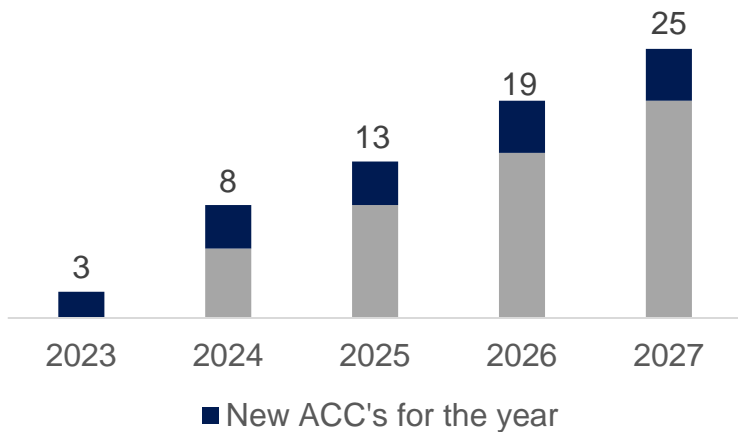


Eye-Care

Targeted area dependant on local market and competition



Development of 25 New ACC's by 2027



Synergies

- Feeder for KPJ hospitals:
 - Primary & Secondary care at Pre-Care model
 - Referral to KPJ hospitals for tertiary care
 - Direct referral to Post-Care
- Free up hospital space for other high value services
- New markets - Underserved market between GPs and hospitals



Healthcare tourism (HT) remains to be a key growth area due to its promising outlook post-pandemic

As global travel returns back to normal, we have seen strong growth within the HT space

Country	2022	2021	Growth
Indonesia	4,936	1,264	291%
Bangladesh	543	472	15%
India	482	543	(11%)
China	304	273	11%
Myanmar	284	193	47%
Yemen	236	213	11%
Somalia	225	144	56%
Korea, republic of	198	136	46%
Libya	189	115	64%
Singapore	161	32	403%



This in turn will drive greater revenue intensity with the following key principles

- 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



We have established contact with the following partners in Indonesia to support growth from Healthcare Tourism



Our new flagship quaternary level smart hospital boasts a comprehensive range of services by leveraging on IoT and AI Technology has obtained CKAPs approval and will be launching in Q3 2022



“Our drive to enhance our customers’ experiences through technological innovations, improved clinical processes, and management systems will further bolster our vision to become the preferred healthcare provider, delivering quality health treatment, care, and diagnosis to every single person who steps through our doors, here at Damansara Specialist Hospital 2 (DSH2).”

QUATERNARY HOSPITAL

**COMPREHENSIVE RANGE
OF SERVICES**

**PATIENT CENTRIC
PRIVATE HEALTHCARE**

**TECHNOLOGY DRIVEN –
SMART HOSPITAL**

INTERNATIONAL AFFILIATIONS

INTERNATIONAL ACCREDITATION

DSH2 is focused on creating seamless patient experiences by developing an integrated digital ecosystem – a key effort towards becoming a “Smart Hospital”



Implementation of a New Health Information System (nHIS) as a core system will be rolled out across 29 KPJ Hospitals over the next several years, where **Damansara Specialist Hospital 2** will be the first pilot

1

Centralisation of data

Capability to perform thorough analysis and determine best clinical outcome of patient's treatment

2

Tailored services

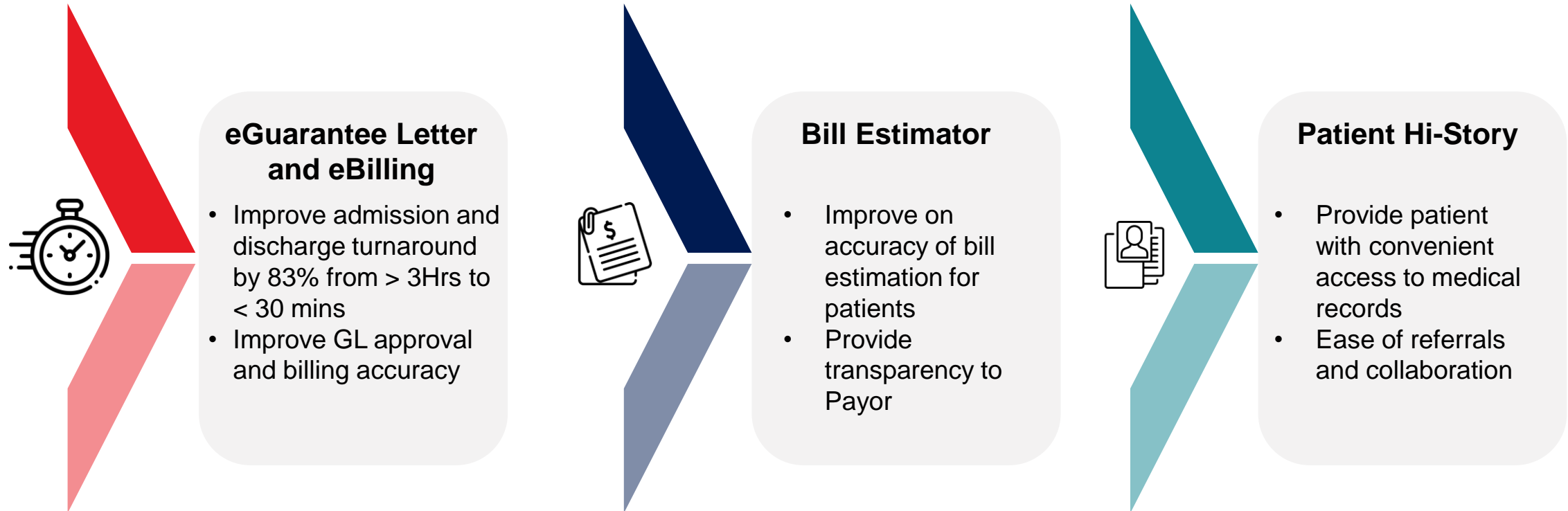
Holistic view of patient data can provide opportunity to develop best packages for prevention and treatment

3

Setup for Smart Hospital

Master patient data enables opportunities for virtual health as well as for patient to view billing through mobile app

Additionally, the following digital initiatives are on-going across the group to enhance customer experience

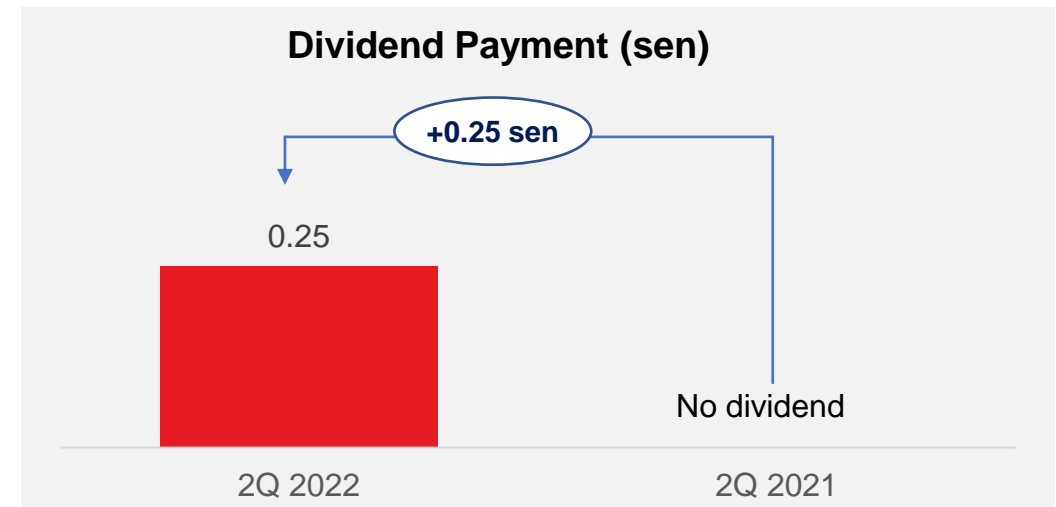
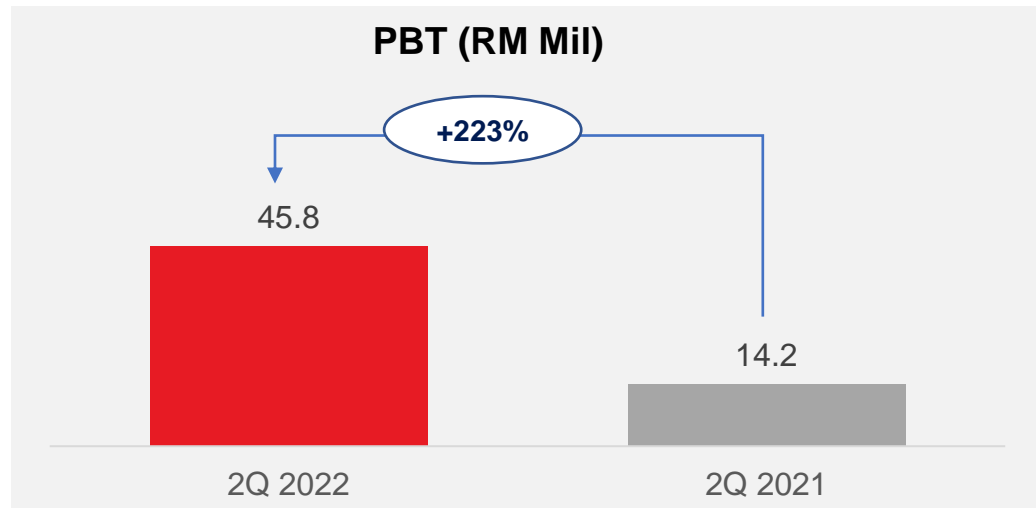
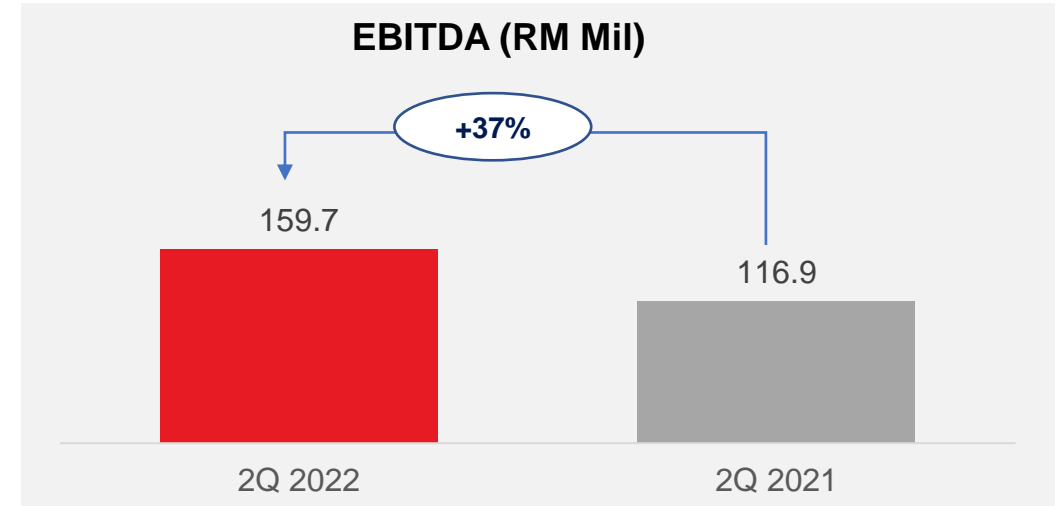
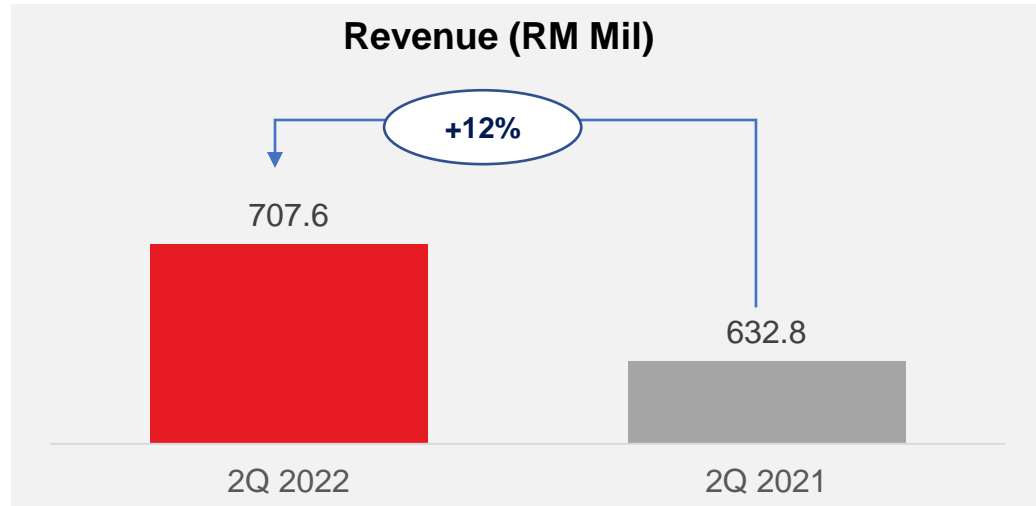


A scientist in a white lab coat and blue gloves is looking at a tablet displaying a 3D molecular model. The background shows a laboratory setting with another person in a white lab coat and blue gloves working at a workstation. The scene is brightly lit, and the overall atmosphere is professional and focused on scientific research.

Key Financial and Operational Highlights

Care for Life

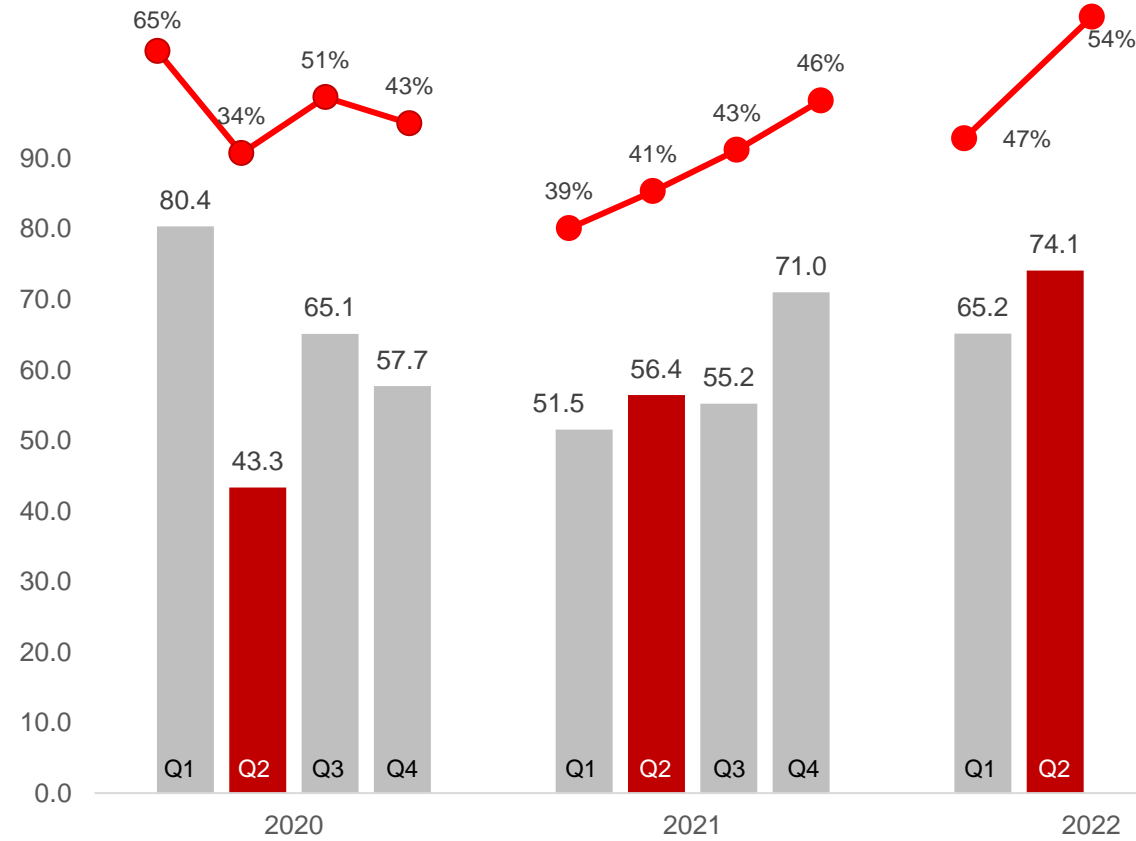
2Q 2022 Performance Up On Higher Utilisation and Hospital Activity



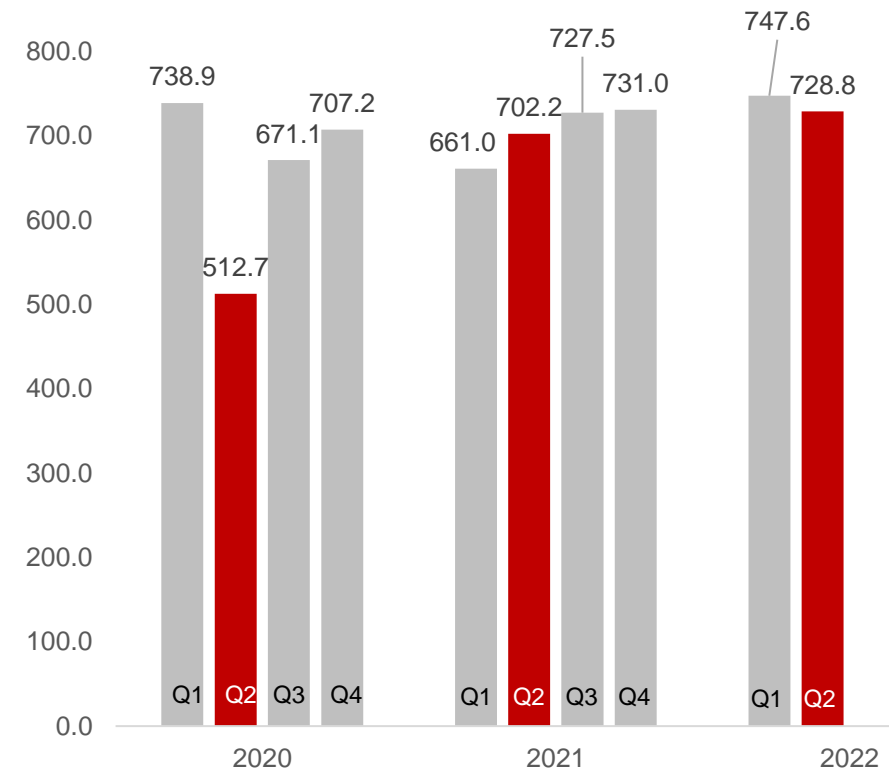
Hospital visitations trending upwards towards pre-pandemic utilisation



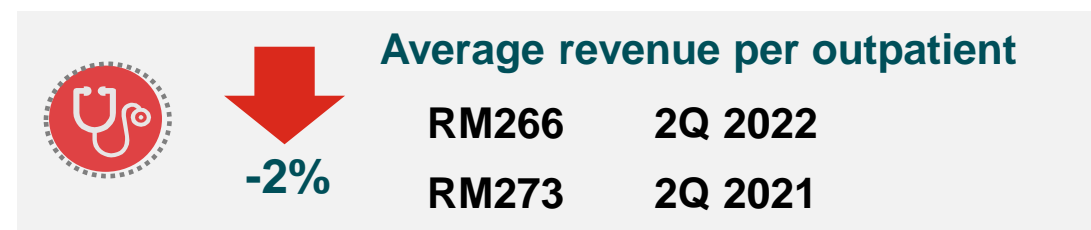
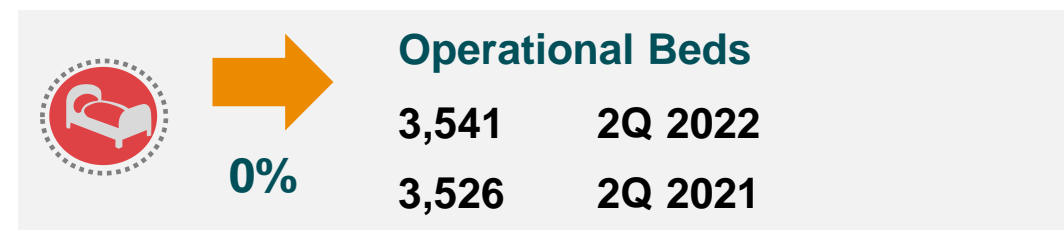
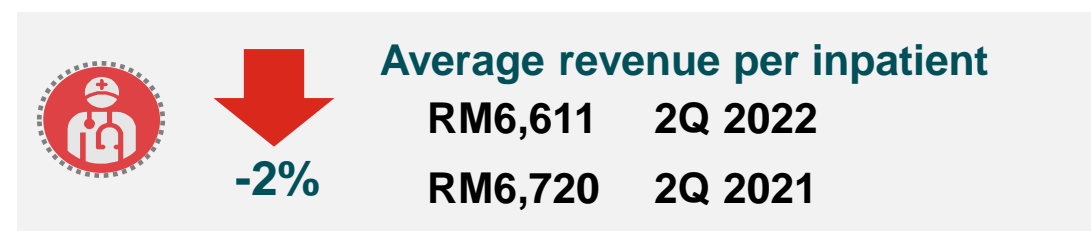
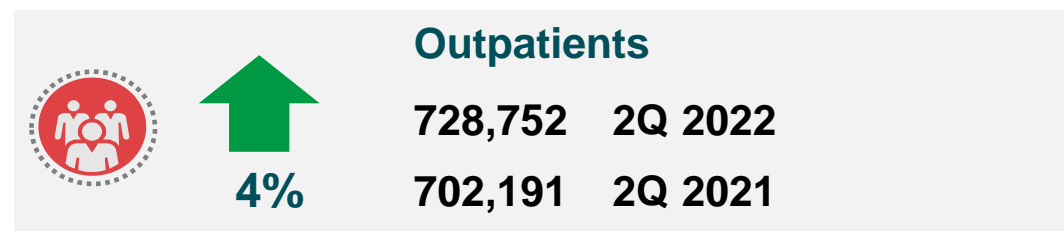
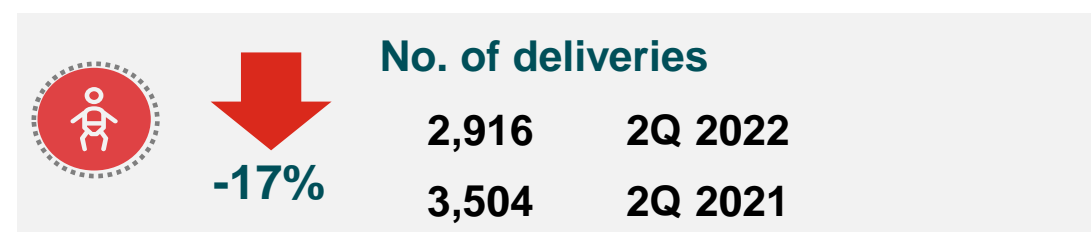
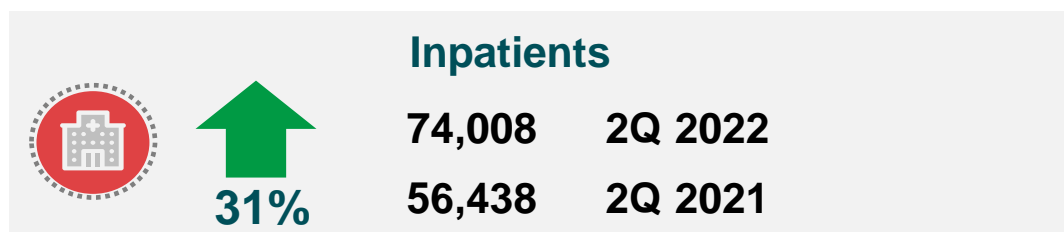
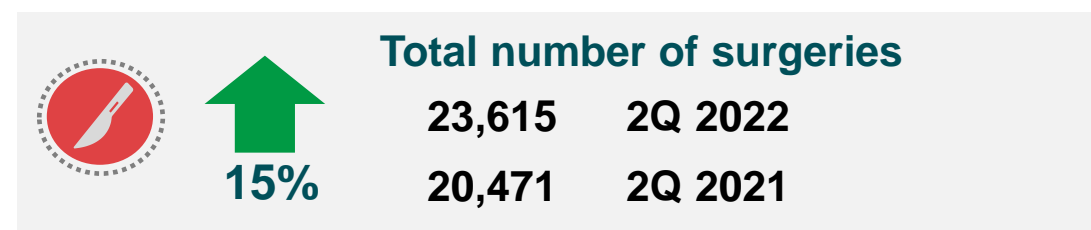
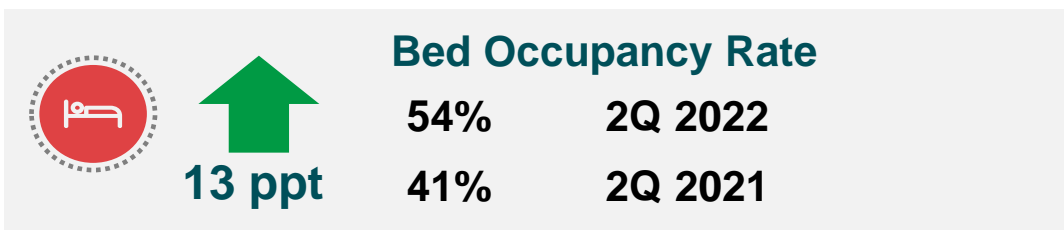
Inpatients ('000) and BOR (%)



Outpatients ('000)



Other operational measures show improved bed occupancy rate and inpatient visits



Profitability ratios remain healthy and in the green



	Q2 2022	Q2 2021	Variance	Q1 2022	Variance
Gross profit margin	39.6%	35.6%	4.0%	37.9%	1.7%
Profit before tax margin	6.5%	2.2%	4.3%	5.9%	0.6%
Net profit margin	4.2%	1.4%	2.8%	4.1%	0.1%
EBITDA margin	22.6%	18.5%	4.1%	23.3%	-0.7%
PATAMI margin	3.8%	1.1%	2.7%	3.4%	0.4%



2Q 2022 Events and CSR Initiatives

Care for Life

Q2 2022 Corporate Events



- KPJ Nurses Day @ 12 May 2022, Dewan Anugerah, KPJ Ampang Puteri Specialist Hospital.
- 32 Deserving Nurses was bestowed with a special recognition award

- KPJ Hari Raya Aidilfitri Open House @ 20 May 2022, Sime Darby Convention Centre
- The event saw 1,500 reconnected in person strengthening relationships and fostering further collaboration

- The APHM International Healthcare Conference & Exhibition 2022 @ 31 May – 2 June 2022, Kuala Lumpur Convention Centre
- Our booth which saw us showcasing Damansara Specialist Hospital 2, KPJ Centre of Excellence and the newly opened Ambulatory Care Centre had received 1,500 visitors in total.

KPJ Healthcare Bhd- Wakalah Zakat Distribution Programme



- KWAN Mobile - Free Medical Screening & Distribution of Wakalah Zakat (MAIWP) to 130 recipients (Mualaf/Fakir Miskin)
- Masjid Amru Ibni Al'-As Sentul, Kuala Lumpur
- 14 April 2022



- Distribution of Wakalah Zakat (MAIWP) to 145 Anak-anak Darul Kifayah, MAIWP in conjunction with Majlis Hari Raya
- 30 May 2022



Q&A Session



Thank You