

# STATEMENT FROM OUR CHAIRMAN

## CLEAR MANIFESTATION OF OUR 'CARE FOR LIFE'

### Dear Valued Stakeholders,

On behalf of the Board, I am pleased to present KPJ Healthcare Berhad's Integrated Annual Report for the financial year ended 31 December 2022.

#### THE RETURN TO NORMAL

The year 2022 stood out in stark but with positive contrast to prior years as Malaysia and indeed most of the world moved beyond COVID-19, embraced endemicity and exhibited resilience in getting back on track. Although global economic growth faltered slightly due to inflationary pressures and the wider effects of the ongoing Russian-Ukraine conflict, here in Malaysia, we saw the economy growing by 8.7%. This reflected the confidence that the public had in getting on with their lives on the back of the largely successful vaccination campaign carried out by the government.

With economic and social activities returning to almost pre-pandemic levels, industries that were affected during the pandemic have started to rebound. The healthcare industry has seen



**DATUK MD ARIF BIN MAHMOOD**  
Chairman  
KPJ Healthcare Berhad

#### PERFORMANCE HIGHLIGHTS

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The KPJ Group has **more than 1,400 consultants and 5,000 nurses**

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encouraging growth in 2022. For the KPJ Group specifically, I note that patients have returned in droves to our hospitals. Both inpatient and outpatient visits have improved to almost pre-pandemic levels.

While this has definitely helped us deliver a strong financial performance this year, the more pertinent observation is the swiftness with which patients chose to return to our care. The return was definitely encouraging for us and we believe it is a clear manifestation of our 'Care for Life'. Our dedication and commitment to care over the last 42 years have yielded intangible amount of goodwill, value and trust among the communities we serve, translating into their continued patronage of our hospitals. Thank you for your loyalty and trust in KPJ.

### CARING FOR LIFE

KPJ Group has played an important role in getting the country to where it is today, underpinned by our purpose - 'Care for Life.' At the peak of the pandemic, we stepped up our efforts and assisted the government in the distribution of vaccines, adding our vast network of hospitals, doctors and nurses to the nation's arsenal. We administered over a million doses of vaccines for 2021 and 2022, with each dose helping to make people feel safer. We also collaborated with the Ministry of Health (MOH) to reduce the strain on the public healthcare system by taking in non-covid patients through a decanting arrangement that continues to be in place until today.

Through the combined efforts of all stakeholders involved, we were able to bring the country to a point where people felt safe and comfortable to return to normalcy.

### 19 clinics nationwide

via our flagship Klinik Waqaf An-Nur (KWAN) initiative, that provides care and medicines to patients at affordable fees





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We continued to do more day in and day out to ensure we deliver our level best to meet our customer's expectation. Through the efforts of our team, we opened our 29<sup>th</sup> hospital, Damansara Specialist Hospital 2, increased our bed capacity and optimised our operations. With that, we have been able to meet the strong demand for our healthcare services in 2022. Beyond the investment in the physical infrastructure, the KPJ Group has also invested in our human capital to better serve the needs of our patients and customers. With the collective knowledge and experience of more than 1,400 consultants and 5,000 nurses, we were able to deliver the best outcomes and experience for our patients and customers.

With all the above and our obsession to 'Care for Life', we believe has built a strong bond and trust of all our stakeholders especially with our patients and customers. Trust is our key currency and is what I believe to be the most important outcome of our 'Care for Life'. It has helped pave the way for our sustained growth, enabling us to do even more for our patients and customers. We also know that trust is hard to earn but can easily be lost and this drives us even more to protect it at all costs.

### SUSTAINING THE TRUST

We are dedicated to continuously improve our efforts around sustainability, guided by our Sustainability Roadmap. To drive the commitment, the Board of Directors and Management had incorporated the sustainability measures as part of their own key performance indicators. We have also strengthened our sustainability governance, with the Risk, Sustainability, and Governance

Committee (RSGC) now overseeing the risks and opportunities related to sustainability.

From the lessons learned during the pandemic, we have updated our sustainability framework accordingly. We now have five pillars addressing EESG (Economic, Environmental, Social and Governance) with a fresh perspective that allows us to not only adapt to economic changes and protect the environment but also grow and nurture our potential while maintaining good governance. Our goal is to make sustainability a core aspect of our company culture, as with health and safety. Our commitment to sustainability goes beyond regulatory compliance, as we aim to generate positive impacts and contribute to a sustainable future for all.

In terms of the sustainability of human resources for the healthcare industry, as a pioneer, our healthcare and

nursing schools have been producing specialists and nurses who trained in our hospitals, to serve not just the nation, but the world. There will also be focus and growth in this area including strengthening our research areas to assist in strengthening the country's healthcare ecosystem by injecting new talent and research discovery in delivering care to patients.

We have the largest network of private specialist hospitals to complement the public healthcare system. Extending from our hospitals, for those who cannot directly access our hospitals, they can do so via our mobile clinics and ambulatory care centres. Also, in order to address the wider communities, our 19 flagship Klinik Waqaf An-Nur (KWAN) provide care and medicines to patients at very affordable fees.

We will continue our 'Care for Life' commitment and strive to deliver an even higher level of care and



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accessibility for our patients and customers. We are investing in our digital transformation programme and upgrading our older hospitals in order to be more efficient and extending the reach of our services. Again, we never take the trust you have in us for granted.

### DIVESTING TO ENSURE CONTINUED GROWTH

As part of active business portfolio management, we announced in 2022 our plans to divest our businesses in Indonesia and Australia. We believe this strategic move will further improve the value of KPJ and at the same time, allow us to focus our resources more on our core business, both in driving operational excellence and growth.

### THE FUTURE OF KPJ

Looking ahead, we are optimistic on the future for KPJ with many pathways. Our 'Care for Life' and superior returns to all our stakeholders will guide our investments and growth.

For example, given the number of hospitals we operate, we have access to vast datasets which we can draw insights that will completely change how healthcare is administered. These insights would allow us to know more about our patients, their health status and other relevant information which will enable us to be far more effective and tailored in delivering care. We would be able to diagnose more accurately, and impart more effective treatment and care.

We shall be investing in upgrading and strengthening our hospital information system, digital capabilities and equipment. We will also be

investing in our people for them to be better equipped, as well as ensuring more beds and resources are made available in order to elevate our ability to care for our patients and customers. Furthermore, we are currently in the midst of constructing another hospital to be added to the group in 2024, and shall explore the ability for us to serve beyond our network of hospitals.

Moreover, we will be further strengthening our partnership with the government, to assist in alleviating the backlog of cases that government hospitals are currently facing. We shall also explore opportunities to serve as a testbed for concepts that the MOH may have.

Partnering with general practitioners is also key and aligned with our efforts to make them as part of our extensive networks in referring patients who need further care to us.

We believe that more can be done to address access to affordable private healthcare. That being said, we plan to work closer with the Association of Private Hospitals of Malaysia, insurance companies and the government on the matter.

### ACKNOWLEDGEMENT

On behalf of the Board, I thank our shareholders for their trust and confidence in our focus to create long-term value creation. To our customers and patients, especially those who have been loyal to us, we thank you for your encouraging support that drives us to perform and serve you better.

We also express our sincere gratitude to the Federal and State Governments,

the MOH and other health regulators and accreditation bodies whose commitment to the healthcare industry eased our ability to serve seamlessly. Our vendors and suppliers, thank you for providing us with the needed support in our journey to contribute to the healthcare system with innovative solutions. We appreciate our collaborative relationships.

We are indeed fortunate to have the KPJ Family consisting of consultants, medical officers, nurses and all other medical and non-medical professionals who continue to selflessly commit to our patients and customers' needs. Thank you for tirelessly dedicating yourselves to the nation's well-being and upholding our reputation as one of Malaysia's leading healthcare providers. I express my appreciation to the KPJ leadership team for their outstanding work in 2022 and I am confident that the team will continue to steer the organisation in our next level of growth.

The path forward is both challenging yet exciting, and we will do our best to 'Care for Life'.

Thank you.



**DATUK MD ARIF BIN MAHMOOD**

Chairman  
KPJ Healthcare Berhad

# REVIEW OF THE OFFICER IN CHARGE

**Dear valued stakeholders,**

I am honoured to present the KPJ Group's Annual Report 2022 which details our financial, strategic and operational performance for the year. Collectively, we have made significant headway in realising our strategies while stepping up our commitments to meet the healthcare needs of Malaysians, underpinned by our 'Care for Life' philosophy.

## OVERVIEW

Overall, the year 2022 was an encouraging one for the healthcare industry and by extension, the KPJ Group, as economic activities resumed, and pandemic-related restrictions were permanently removed. With these barriers falling, largely due to the government's sustained and successful vaccination programme, patients were confident enough to return to our hospitals. Many were finally able to go through with elective procedures that they had decided to put on hold ever since the pandemic first struck. In addition, the reopening of international borders spurred our health tourism business that saw a strong increase in revenue and visits.

## DRIVE EFFICIENCY AND EXCELLENCE



### PERFORMANCE HIGHLIGHTS (RM)

#### Revenue (RM billion)

**2022**



2021



#### PBT (RM million)

**2022**



2021

