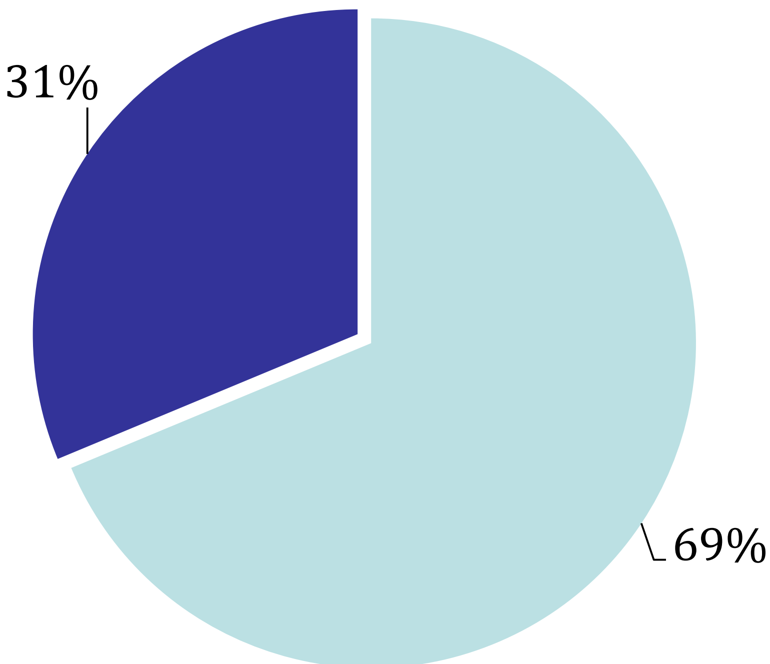
KPJ Healthcare Berhad
Investor Relations
1Q2017

HEALTHCARE INDUSTRY IN MALAYSIA

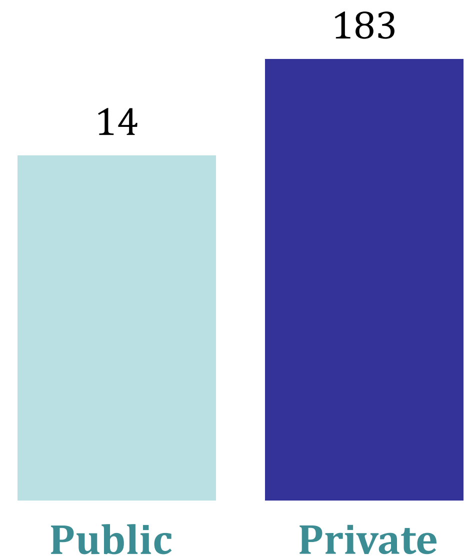
Malaysia Healthcare System 2015

Healthcare Provider

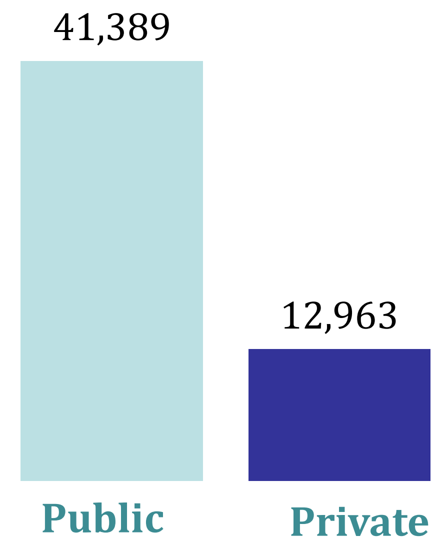


Legend :
Public
Private

No. of Hospitals



No of. Beds



Other info:

Public	No
Health & Dental Clinics	4,543
Mobile Health & Dental Clinic Team	593
Inpatient (pax)	2,526,205
Outpatient (pax)	58,883,654

Private	No
Maternity & Nursing Homes	30
Ambulatory care	63
Medical clinics	7,146
Dental clinics	1,867
Inpatient (pax)	1,064,718
Outpatient (pax)	4,997,079

Source: Official Portal for Ministry of Health

HEALTHCARE INDUSTRY IN MALAYSIA

Competitive Advantages

Malaysia ranked 1st with the *Best Healthcare in the World*

(http://internationalliving.com)

Hospital facilities

- modern & high international standards
- Accreditation by MSQH (*45 Private Hospitals Nationwide of which 18 are KPJ Hospitals)
- Accreditation by JCI (14 Private Hospitals Nationwide of which 4 are KPJ Hospitals)

** As at Dec 2016*

Latest Medical Equipment

-diagnostic and therapeutic resources
-endoscopic suites, cardiac catheterization, oncology suites and MRI

Health Tourism

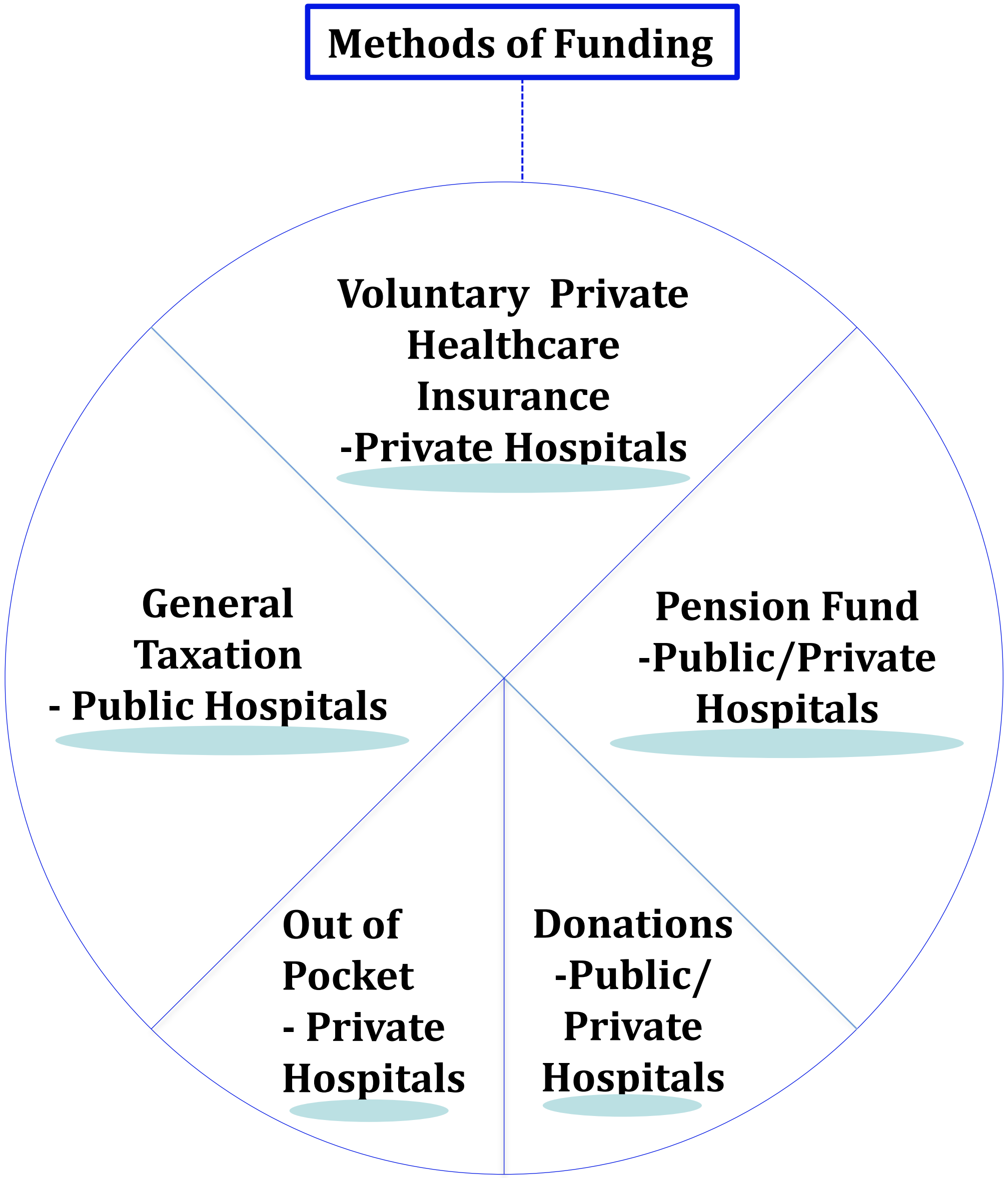
-among the world's most favored destinations

Cost

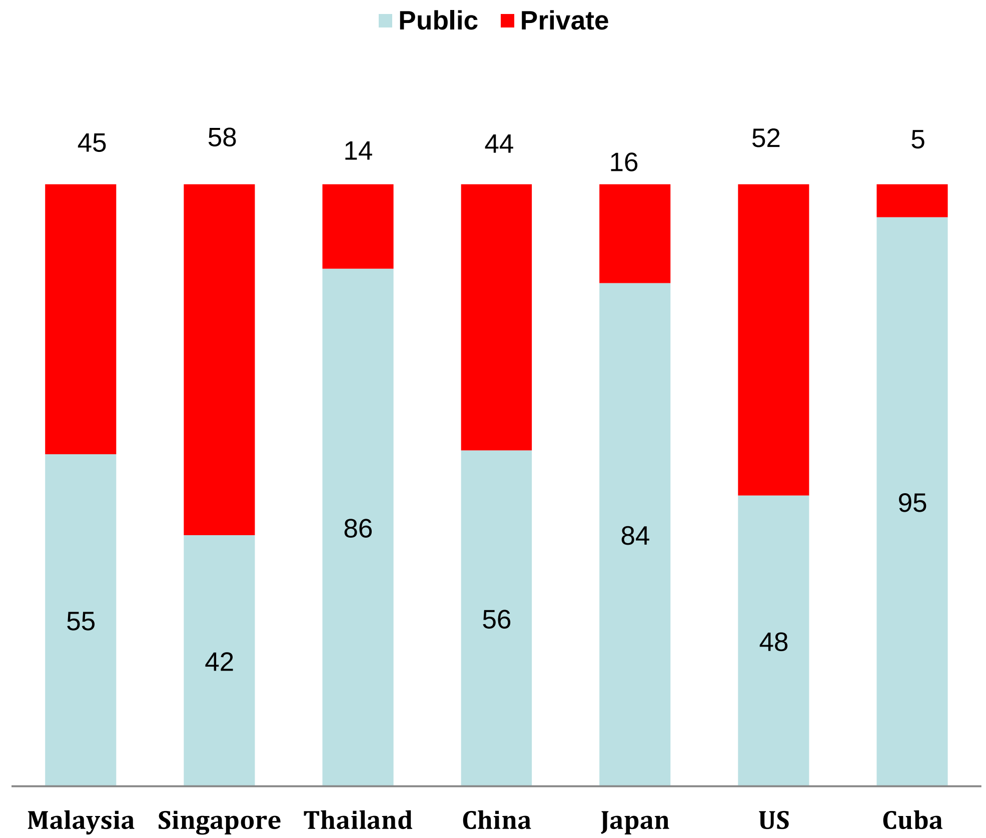
-low cost
-very competitive pricing
-lower than neighboring countries

HEALTHCARE INDUSTRY IN MALAYSIA

Sources of Funding for Healthcare Expenses



Public vs Private Healthcare Expenditure % 2014



Source : 2016 World Development Indicators

Facts at a Glance YE2016

HOSPITALS

in Malaysia	in Indonesia	in Bangladesh	In Thailand
25	2	1	1

RETIREMENT & AGED CARE CENTERS

1 in Australia

2 in Malaysia

UNIVERSITY COLLEGE

1 38 Programmes

MEDICAL CONSULTANTS

1,122

INPATIENTS

279,794

OUTPATIENTS

2,464,704

NO OF BEDS

2,929

OCCUPANCY RATE

66%

EMPLOYEES

12,635

ACCREDITED HOSPITALS

18 by MSQH

4 by JCI

Sustainability at a Glance YE2016

CUSTOMER STATISFACTION

86.1%

Customer Satisfaction Survey

NURTURING FUTURE MEDICAL PROFESSIONALS *UNIVERSITY COLLEGE (KPJUC)*

25 Years track record

75% Graduates Employed

IT & INNOVATION

~**17** hospital KCIS System

~ Introduced system to reduce waiting times for patient

DIVERSITY *MEDICAL CONSULTANTS*

Ethnicity

- Malay – 45%
- Chinese – 32%
- Indian – 18%
- Others – 5%

COMMUNITY OUTREACH *KLINIK WAQAF AN-NUR (KWAN)*

18 Facilities

- 12 Clinics
- 4 Mobile Clinics
- 8 MSQH-certified

COMMUNITY INVESTMENT

RM9.1mil

ENVIRONMENTAL

WASTE **Management**

AIR QUALITY **Monitoring**

RADIATION **Management**

WATER **Management**

ENERGY **Management**

ABOUT KPJ Shareholdings Stats

Johor Corporation	KWSP EPF	KWAP	Foreign Shareholders
44.23%	12.86%	2.06%	8.94%

As at 31 March 2017

Our Presence

Bangladesh

>1 Hospital
>Low-cost entry
>Presence in Indian sub-continent

Thailand

>1 Hospital
>Medical tourism agenda going forward
>Focusing upper-mid tier market segment

Indonesia

>2 hospitals
>Promising demographics (growing – middle class)

Australia

>1 Aged Care Centre in Brisbane
>Transfer of aged care know-how for Malaysian operations

Malaysia

>1st Hospital Opened in 1981

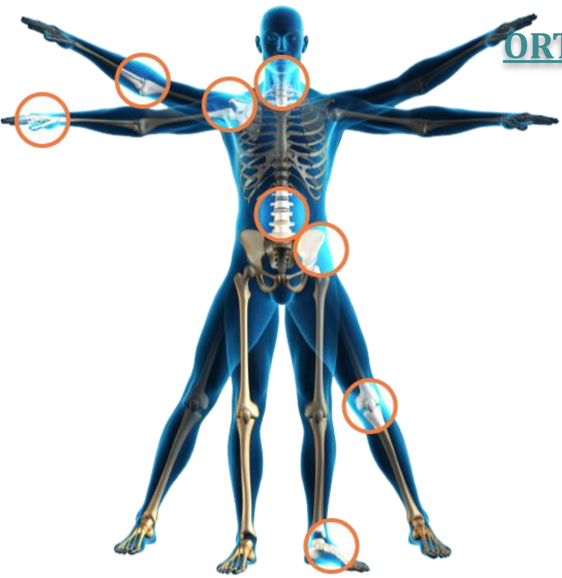
>1st private Healthcare Group Listed on the Bursa Malaysia

>Market Cap RM 4.4Billion

>25 hospitals & 2 Aged Care Centre

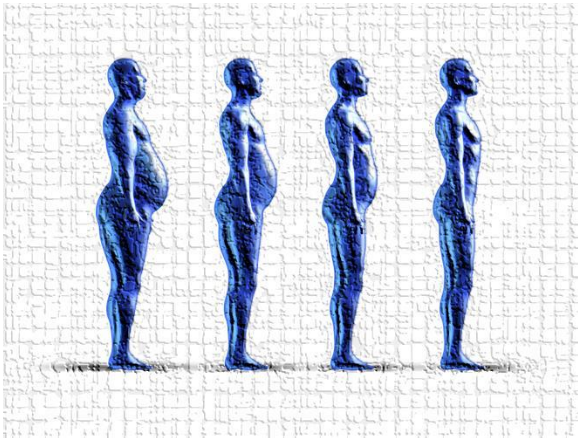
>Target – 2 new hospitals p.a
>Accreditation: MSQH – 17 hospitals & JCI – 4 hospitals

KPJ's NICHE SERVICES



ORTHOPEDIC CARE

- ✓ KPJ Ampang Puteri
- ✓ KPJ Damansara
- ✓ KPJ Ipoh
- ✓ KPJ Johor
- ✓ KPJ Kajang
- ✓ Kedah
- ✓ KPJ Penang
- ✓ KPJ Perdana
- ✓ KPJ Selangor
- ✓ KPJ Seremban
- ✓ KPJ Tawakkal

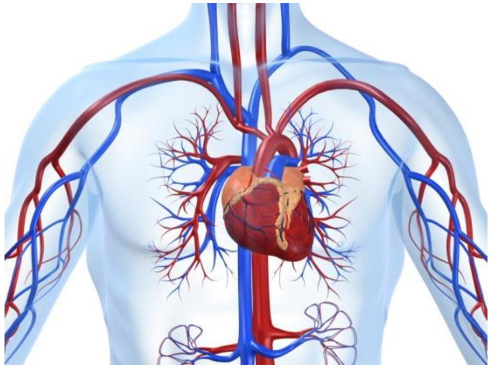


BARIATRIC (Obesity) SURGERY

- ✓ KPJ Damansara

CARDIOLOGY

- ✓ KPJ Damansara
- ✓ KPJ Ipoh
- ✓ KPJ Johor



ONCOLOGY (Cancer)

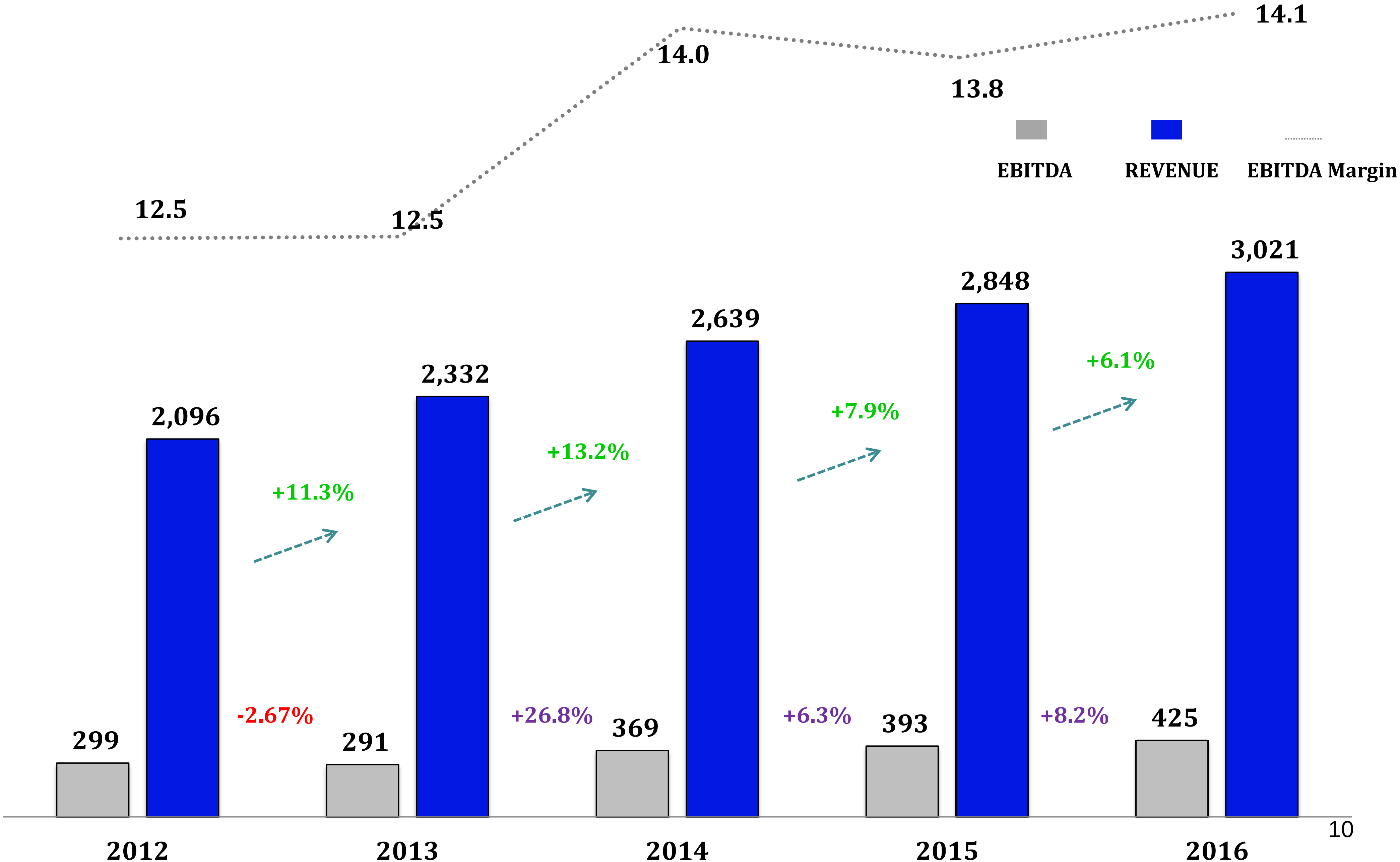
- ✓ KPJ Damansara
- ✓ KPJ Ipoh
- ✓ KPJ Johor
- ✓ KPJ Selangor

RECONSTRUCTIVE & PLASTIC SURGERY

- ✓ KPJ Ampang Puteri
- ✓ KPJ Damansara
- ✓ KPJ Johor

FINANCIAL TRENDS

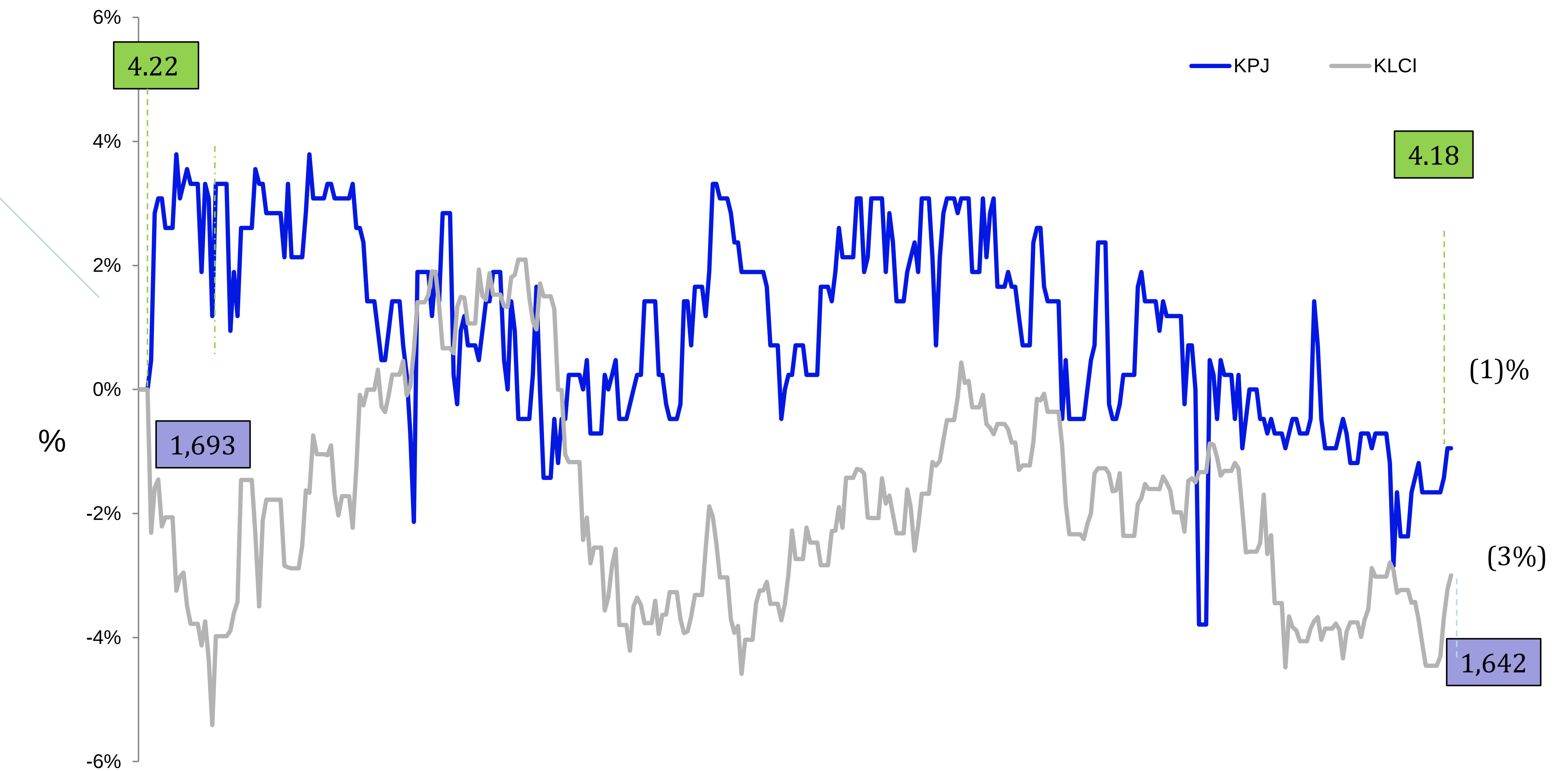
KPJ 5 years Revenue & EBITDA



Key Ratios *YEAR END 2016*

	FY2016 %	FY2015 %	Var
Gross Profit (GP) Margin	29.7	29.0	0.7
Profit Before Tax (PBT) Margin	7.0	7.4	(0.4)
EBITDA Margin	14.1	13.8	0.3
Net Profit Margin	5.2	5.1	0.1
Dividend per share (sen)	4.8	7.0	(2.2)
Gearing Ratio:			
Gross	0.9	1.0	(0.1)
Net	0.7	0.7	-
Net assets per share (RM) - at par value RM0.50	1.50	1.40	10.0

KPJ Share Price vs FBMKLCI 2016



Group Financials *3 months ended – 31 March 2017*

RM'000	1Q/2017	1Q/2016	Var (%)	4Q/2016	Var (%)
Revenue	793,909	743,946	6.7	744,985	6.6
Gross Profit	**239,477**	**232,246**	**3.1**	**213,103**	12.4
Profit from Operations	66,537	61,137	8.8	79,012	(15.8)
Finance Income	2,374	2,693	(11.8)	5,930	(60.0)
Finance Cost	(20,871)	(20,747)	0.6	(27,861)	25.1
Share of Results from associates	6,589	8,338	(21.0)	6,500	1.4
Profit before zakat and tax	**54,629**	**51,421**	**6.2**	**63,581**	**(14.1)**
Zakat	(400)	(400)	-	(2,097)	(80.9)
Taxation	(14,173)	(14,398)	(1.6)	(7,978)	77.7
Profit after zakat and tax	**40,056**	**36,623**	**9.4**	**53,506**	**(25.1)**
Equity holders of company	38,272	34,173	12.0	52,191	(26.7)
Non-controlling interest	1,784	2,450	(27.2)	1,315	35.7
Net profit attributable to shareholders	**40,056**	**36,623**	**9.4**	**53,506**	**(25.1)**
Basic EPS (sen)	3.51	3.25		4.60	

Key Ratios *1Q2017 vs 1Q2016*

	1Q/2017 %	1Q/2016 %	Var
Gross Profit (GP) Margin	30.2	31.2	(1.0)
Profit Before Tax (PBT) Margin	6.9	6.9	-
EBITDA Margin	13.6	14.10	(0.5)
Net Profit Margin	5.0	4.9	0.1
Dividend per share (sen)	2.20	1.75	0.45
Gearing Ratio:			
Gross	0.96	1.04	(0.08)
Net	0.7	0.7	-
Net assets per share (RM) - at par value RM0.50	1.53	1.42	0.11

Segmental 1Q2017 vs 1Q2016

		Malaysia	Var (%)	Indonesia	Var (%)	Australia	Var (%)	Others	Var (%)
REVENUE	1Q/2017	**750,436**	↑ **6.1**	**13,113**	↓ **3.5**	**14,671**	↑ **35.2**	**15,689**	↑ **31.9**
	1Q/2016	707,613		13,585		10,855		11,893	
EBITDA	1Q/2017	**104,959**	↓ **0.7**	**2,879**	↑ **107.0**	**(2,440)**	↑ **17.3**	**2,184**	↑ **220.2**
	1Q/2016	105,662		1,391		(2,949)		682	
PBT	1Q/2017	**55,920**	↓ **3.6**	**959**	↑ **61.7**	**(3,143)**	↑ **7.2**	**893**	↑ **123.4**
	1Q/2016	58,025		593		(3,388)		(3,809)	

Revenue Contributions
YTD 1Q 2017

Jeta Gardens – Brisbane, Australia *Senior Living Care*

Financials	1Q/2017 (RM'000)	1Q/2016 (RM'000)	Var (%)
Revenue	14,671	10,855	⬆ 35.2
Profit/(Loss) Before Tax	(3,143)	(3,388)	⬆ 7.2

Facilities	2017	2016	2015
Aged-Care Facility	180	180	180
Retirement Villas	33	33	33
Apartments Unit	32	32	32
Occupancy Rate	88.6%	88.0%	70.0%

KPJ's Indonesian Hospitals

Financials Group Indonesia Hospitals	1Q/2017 (RM'000)	1Q/2016 (RM'000)	Var (%)
Revenue	13,113	13,585	↓ 3.5
Profit/(Loss) Before Tax	959	593	↑ 61.7
RS Permata Hijau	**1Q/2017**	**1Q/2016**	**Var (%)**
No. of Bed	92	92	-
Occupancy rate (%)	39.75	57.5	↓ (30.9)
Outpatients	12,203	11,725	↑ 4.1
Inpatients	1,212	1,519	↓ (20.2)
RS Bumi Serpong Damai	**1Q/2017**	**1Q/2016**	**Var (%)**
No. of Bed	75	75	-
Occupancy rate (%)	48.73	48.0	↑ 1.5
Outpatients	19,009	15,480	↑ 22.8
Inpatients	1,021	1,204	↓ (15.2)

KPJ Investment in Thailand – Vejthani Hospital, Bangkok

Financials	1Q/2017 (RM'000)	1Q/2016 (RM'000)	Var (%)
Revenue	54,562	45,838	19.0
Net Profit	2,251	2,318	(2.9)
Outpatient	66,537	70,223	(5.2)
Inpatient	1,919	2,203	(12.9)

Sheikh Fazilatunnesa Mujib Memorial KPJ Specialized Hospital & Nursing College – Dhaka

Financials	1Q/2017 (RM'000)	1Q/2016 (RM'000)	Var (%)
Revenue	2,633	1,307	⬆ 101.4
Net Profit	(795)	(1,111)	⬆ 28.4
Outpatient	16,920	10,020	⬆ 68.9
Inpatient	626	516	⬆ 21.3
Occupancy Rate (%)	40.2	33.2	⬆ 21.1

Education – KPJ Healthcare University College

Financials	1Q/2017 (RM'000)	1Q/2016 (RM'000)	Var (%)
Revenue	12,229	10,790	⬆ 13.3
PBT	2,086	701	⬆ 197.6
Students	2,536	2,336	⬆ 8.6

Academic Program KPJ offered 38 programmes ranging from the Foundation to PhD levels at all campus.	Current Program
1. School of Medicine 2. School of Pharmacy 3. School of Nursing 4. School of Health Sciences 5. School of Business & Management 6. School of Behavioral Science and Humanity	1 PHD 8 Master 9 Bachelor 6 Diploma 14 Certificate / Foundation

YTD performance as at 31 March 2017

Hospital Indicators	1Q2017	1Q2016	Var (%) 1Q2017 vs 1Q2016	4Q2016	Var (%) 1Q2017 vs 1Q2016
No of Outpatients	620,450	633,753	(2.1)	604,372	2.7
No of Inpatients	72,735	73,602	(1.2)	67,596	7.6
No. of Operating Beds	2,997	2,903	3.2	2,929	2.3
Occupancy Rate	68.3%	71.5%	(4.5)	66.2%	3.2
Avg. Length of Stay	2.53	2.57	(1.6)	2.53	-

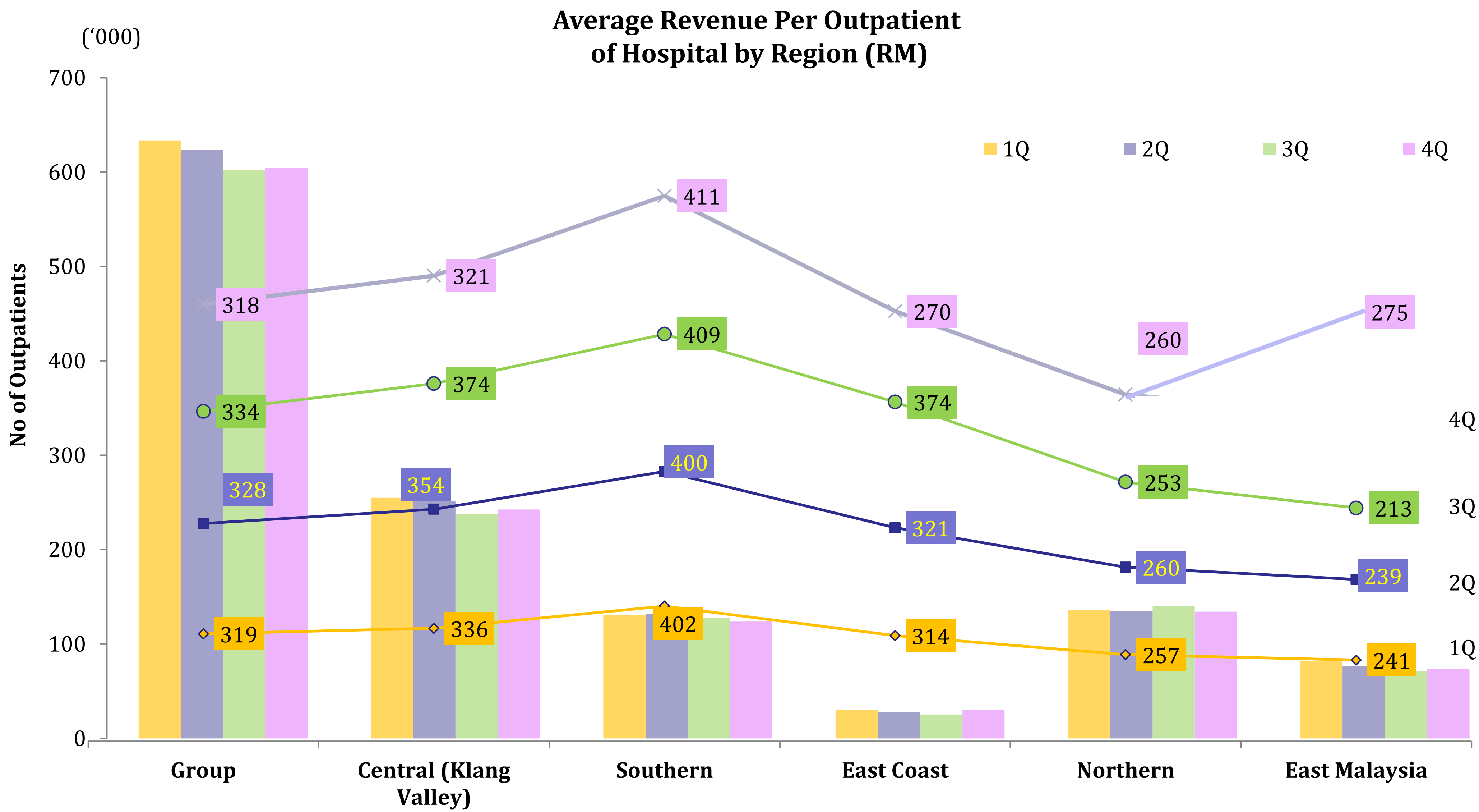
QoQ Performance 2016

Hospital Indicators	1Q	2Q	Var %	3Q	Var %	4Q	Var %
No of Outpatients	633,753	623,632	(1.6)	602,947	(3.3)	604,372	0.2
No of Inpatients	73,602	68,737	(6.6)	69,859	1.6	67,596	(3.2)
No. of Operating Beds	2,903	2,946	1.5	2,924	(0.7)	2,929	0.2
Occupancy Rate	71.5	68.6	(4.1)	67.5	(1.6)	66.2	(1.9)
Avg. Length of Stay	2.57	2.61	(1.6)	2.55	2.3	2.53	0.8

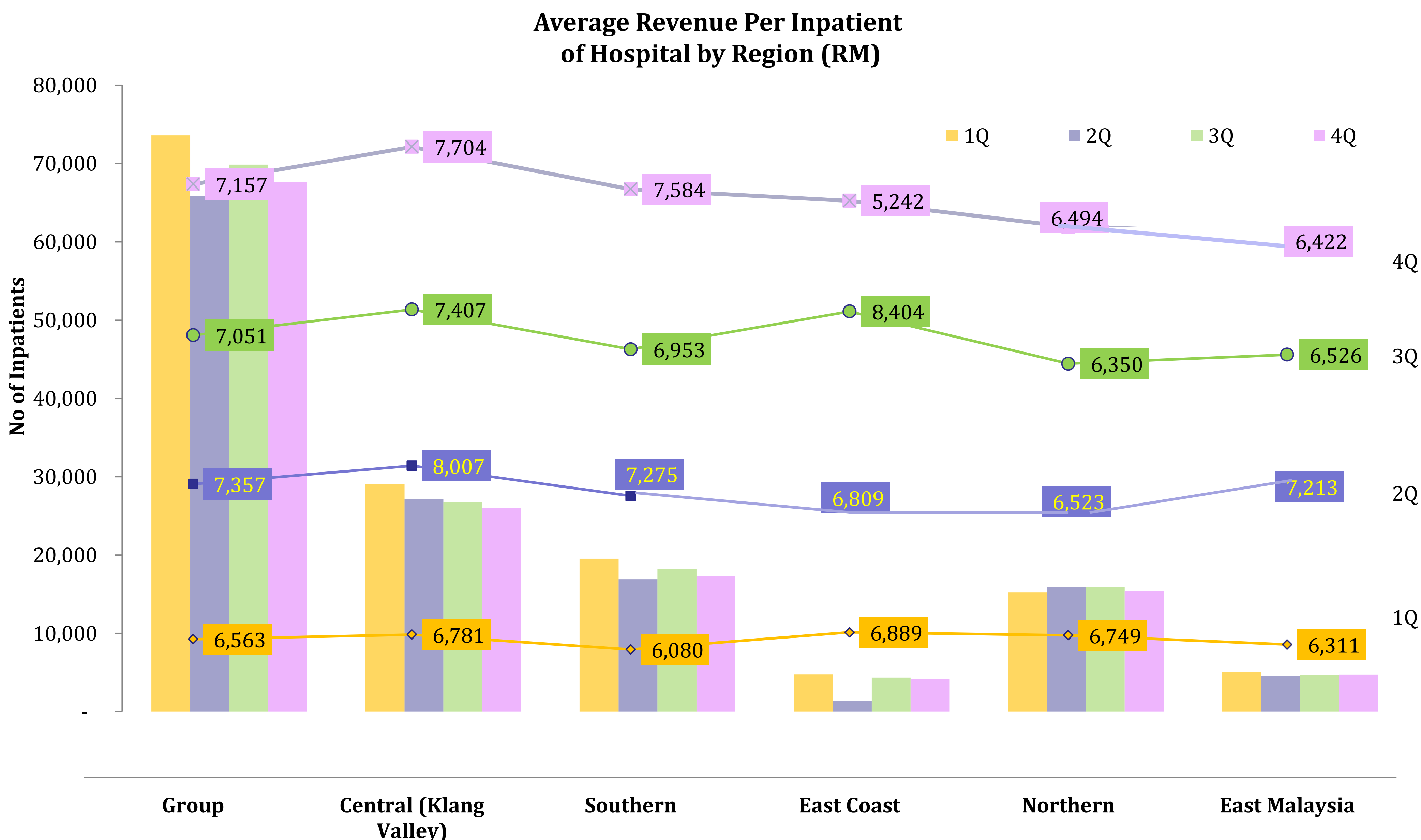
1Q2017 AVERAGE REVENUE

Region	Per outpatient	Per inpatient	Per beds
Group	333	7,156	173,680
Central (Klang Valley)	351	7,510	178,838
Southern	443	7,154	192,405
East Coast	306	7,572	175,488
Northern	266	6,460	159,867
East	255	6,727	137,620

QoQ 2016 AVERAGE REVENUE

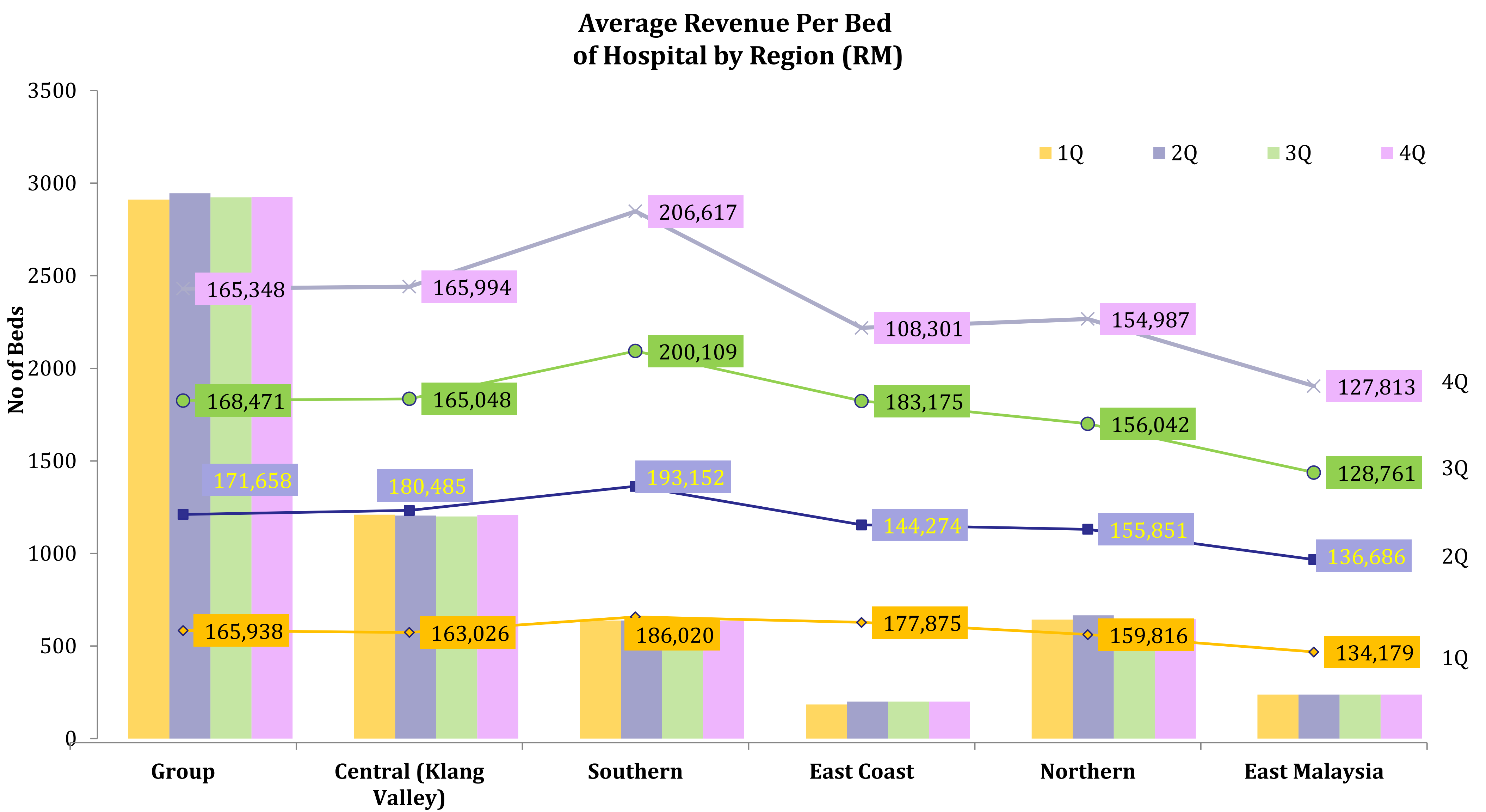


QoQ 2016 AVERAGE REVENUE

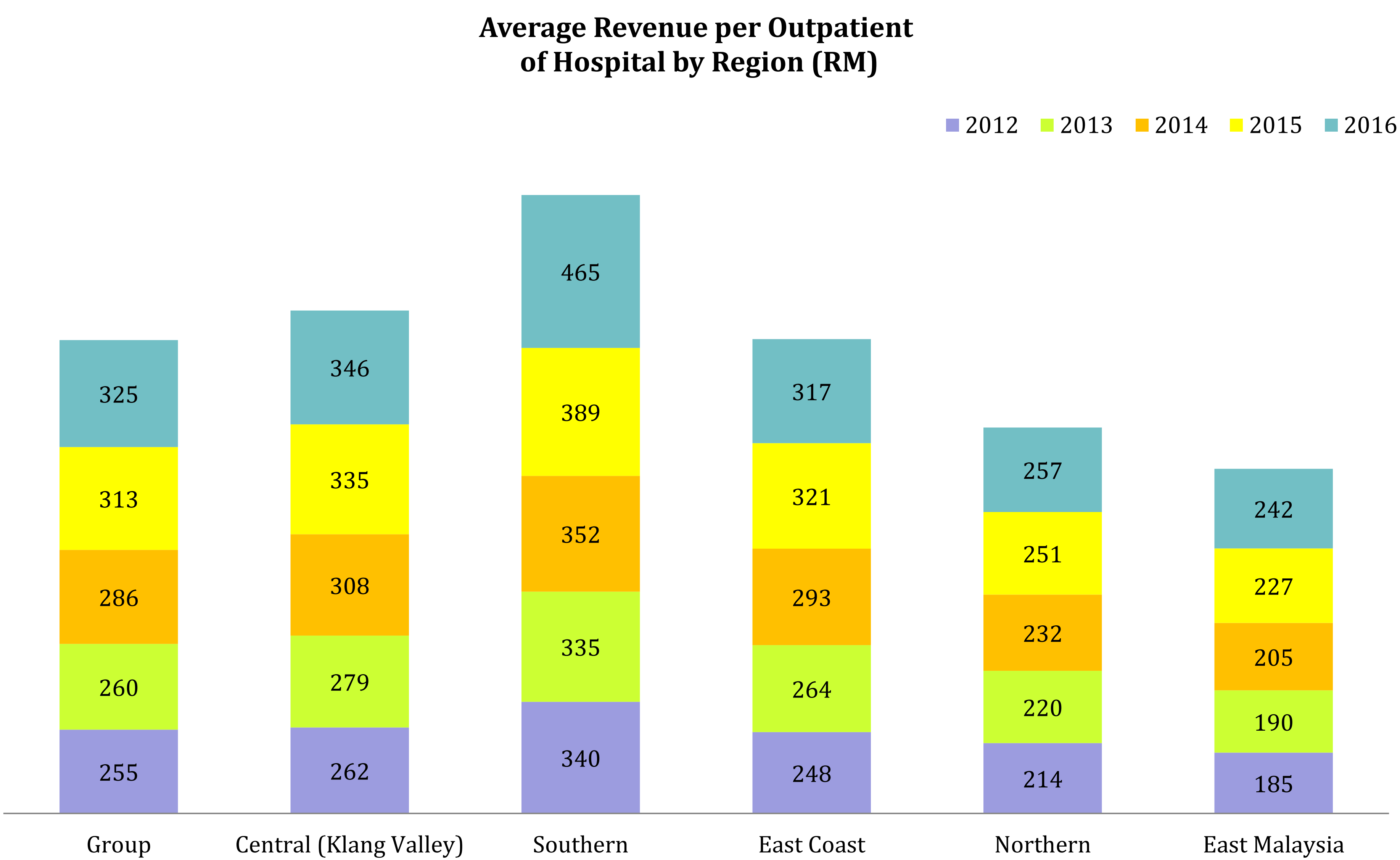


Group Operational Highlights

QoQ 2016 AVERAGE REVENUE



AVERAGE REVENUE – 5 YEARS HISTORICAL



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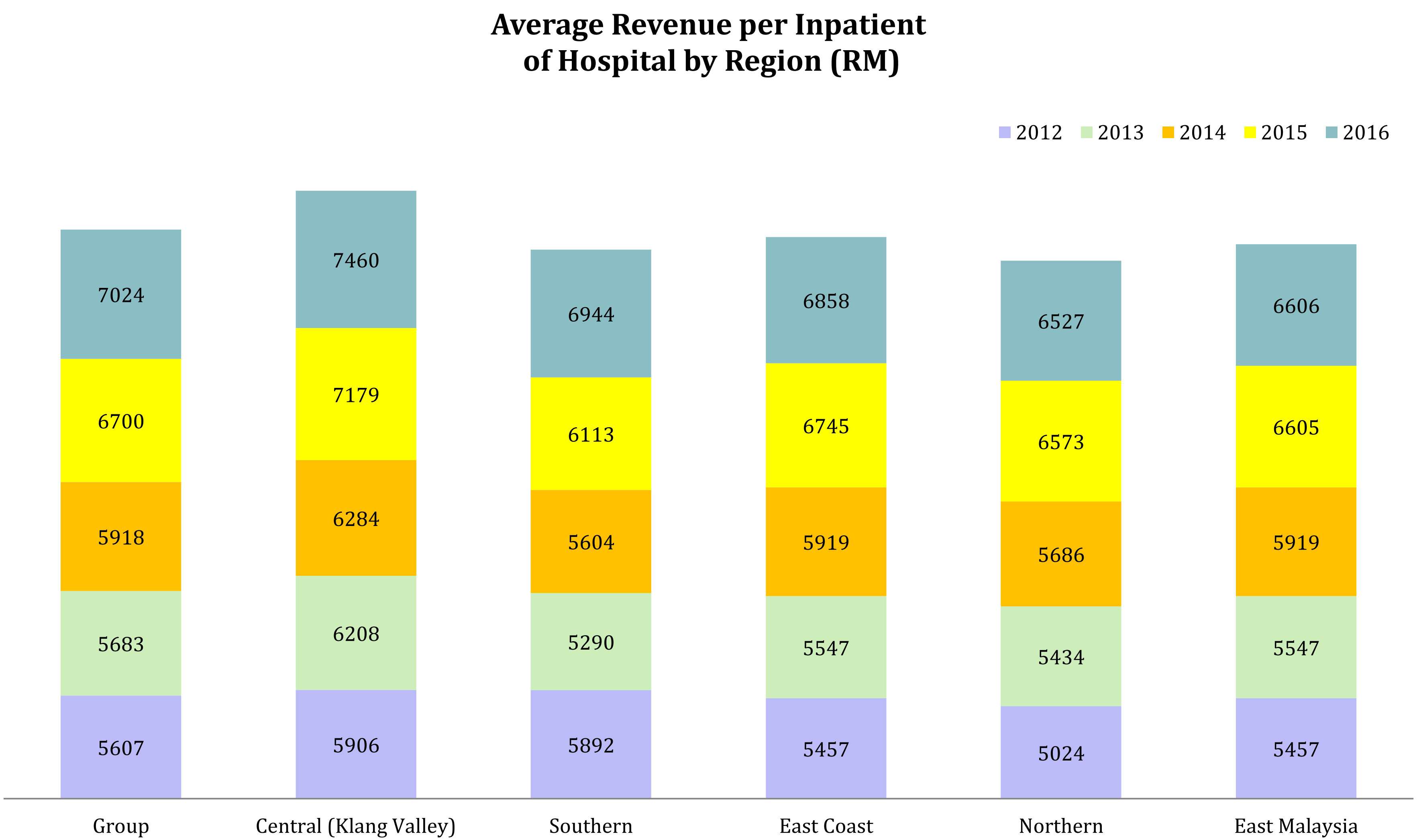

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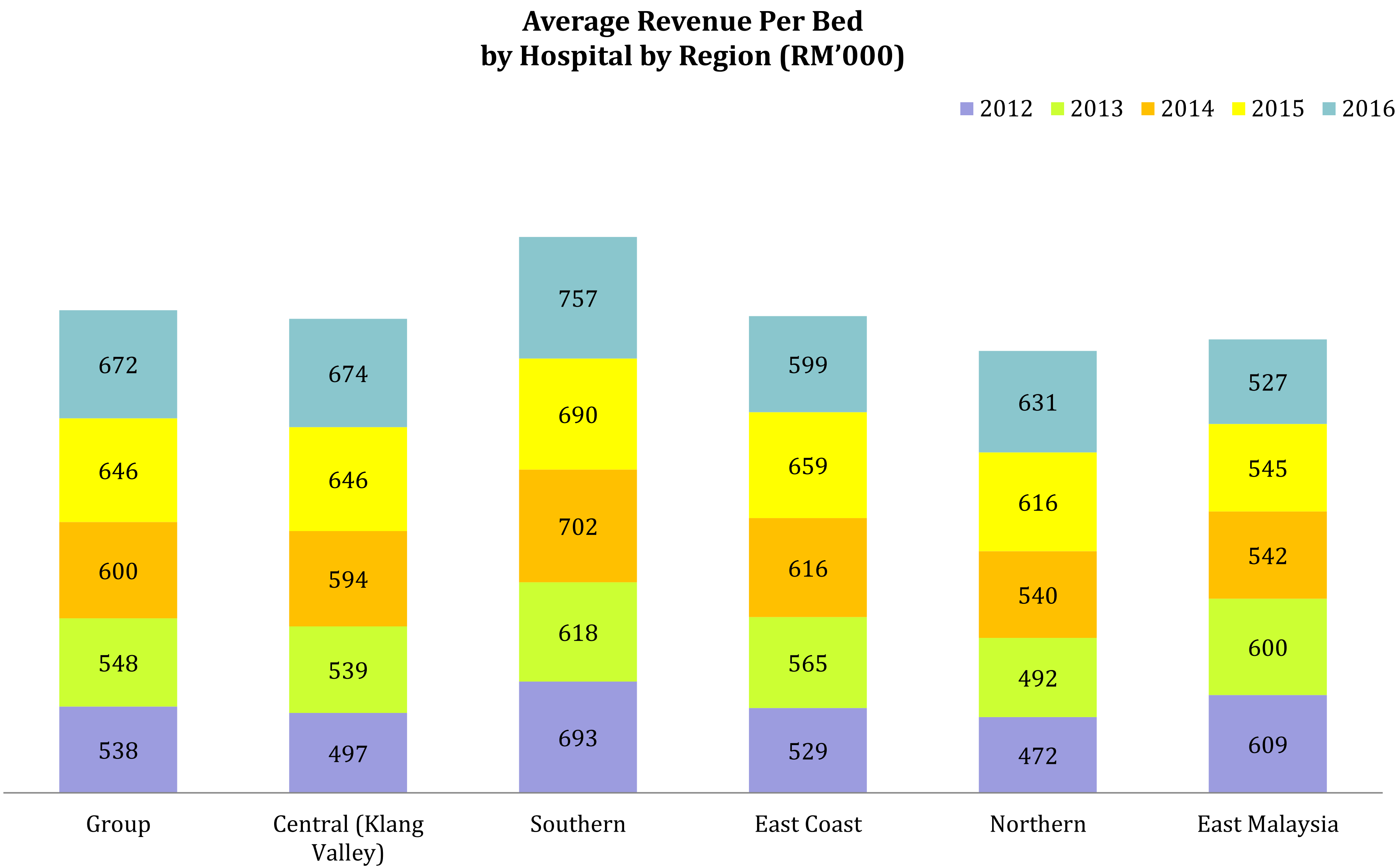
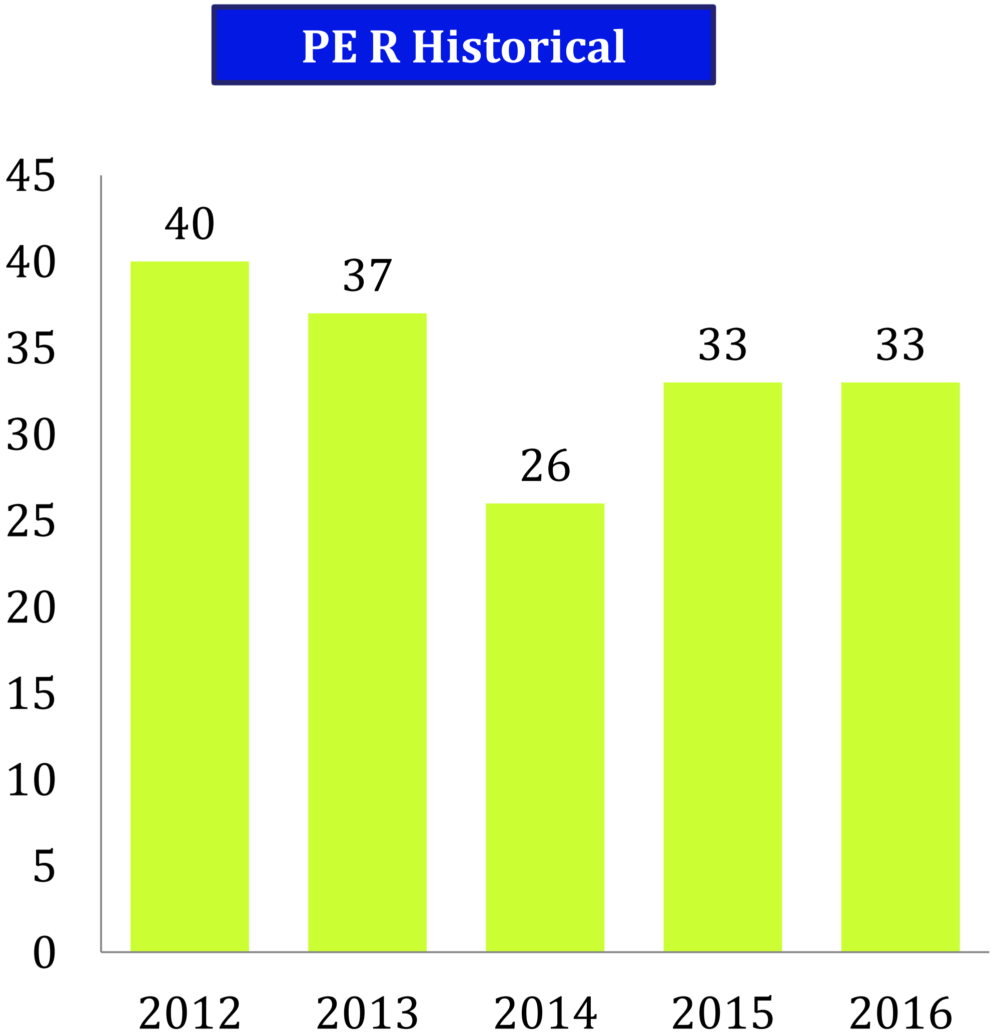
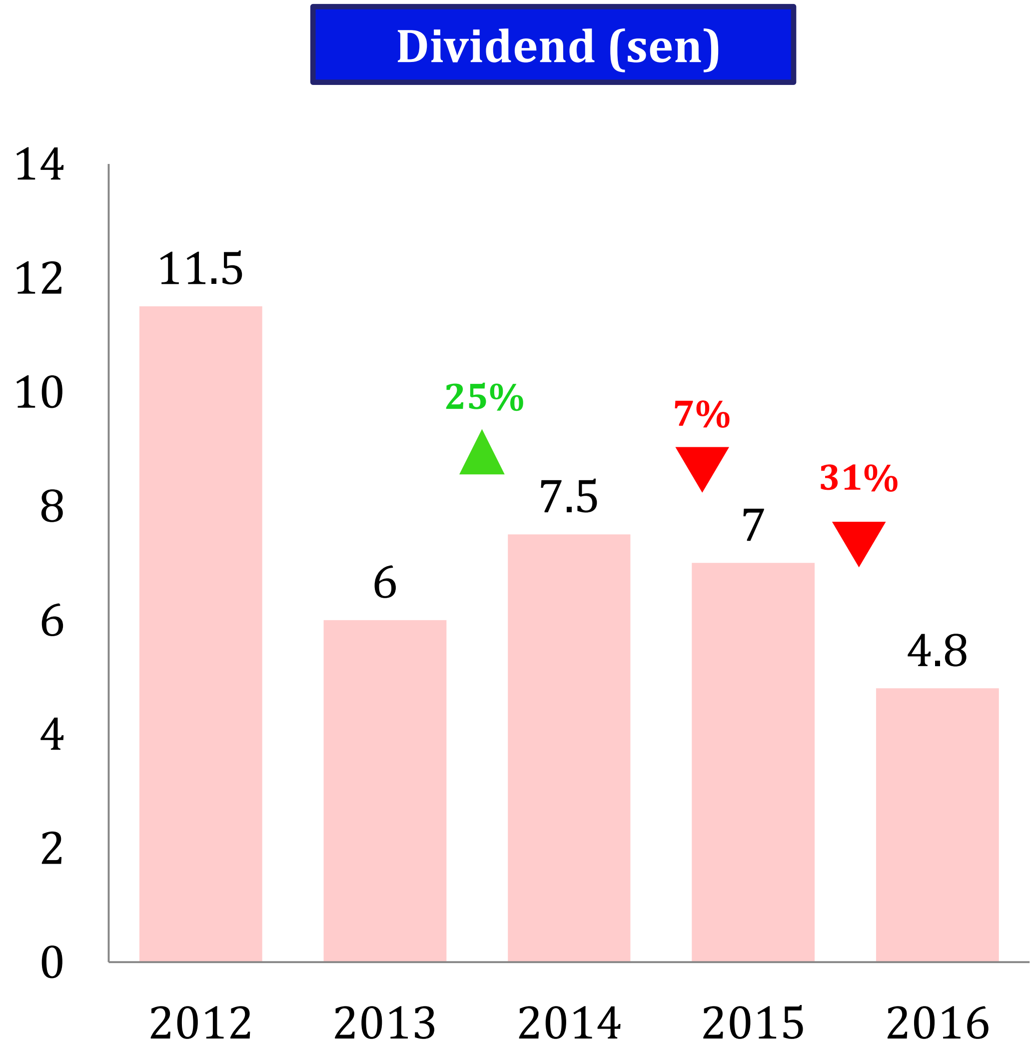


KEY FINANCIAL HIGHLIGHTS

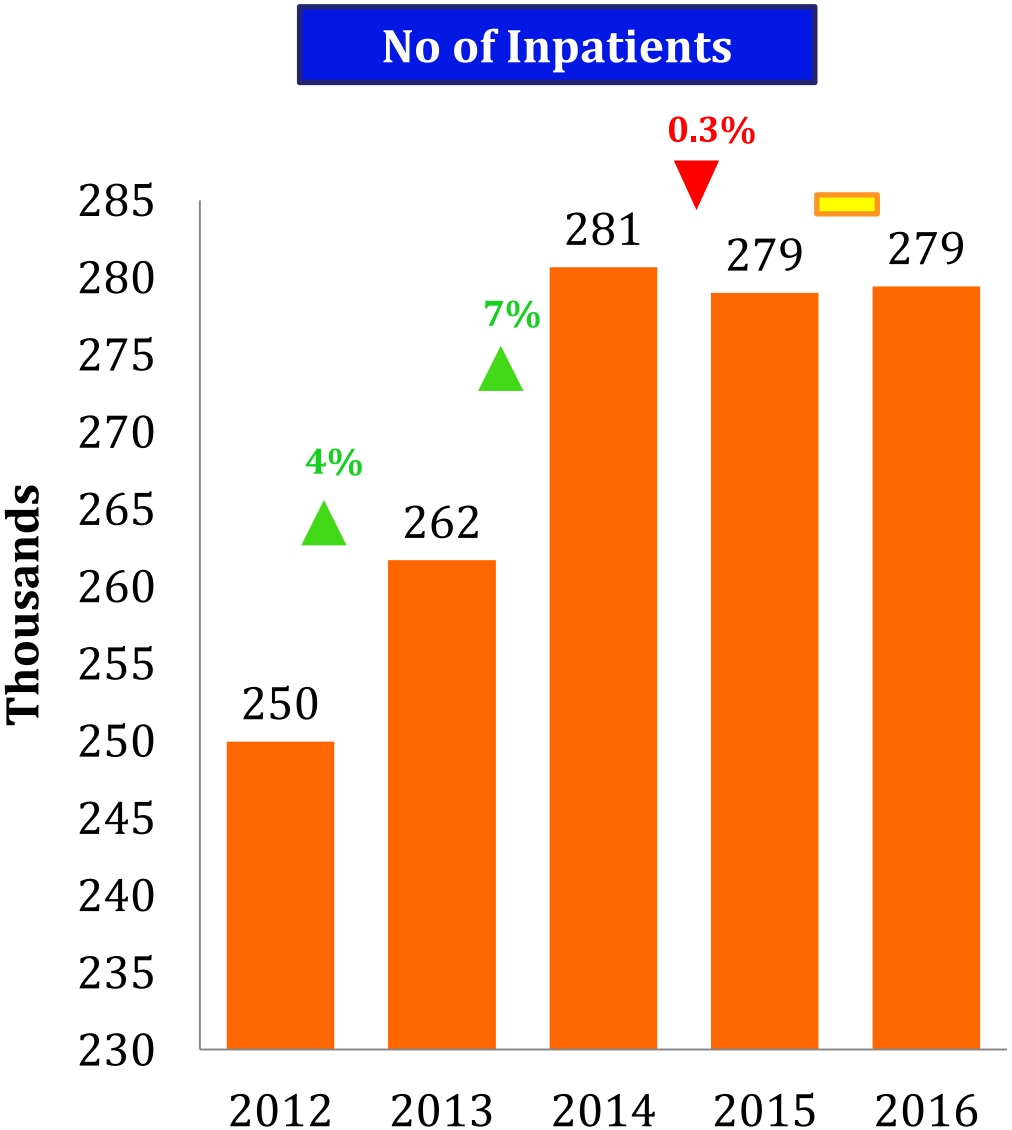
FY2012-FY2016

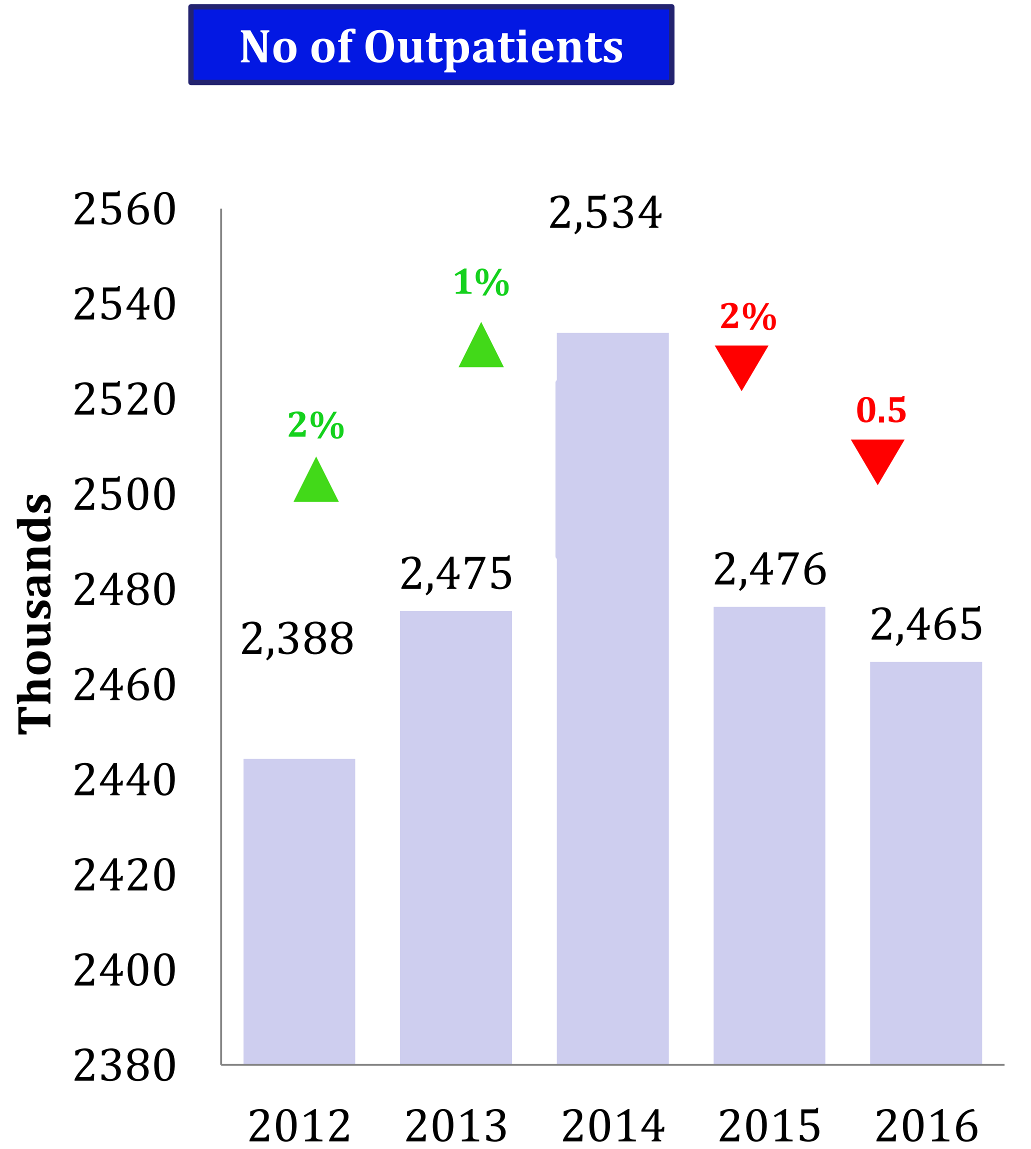




Key Operational Highlights

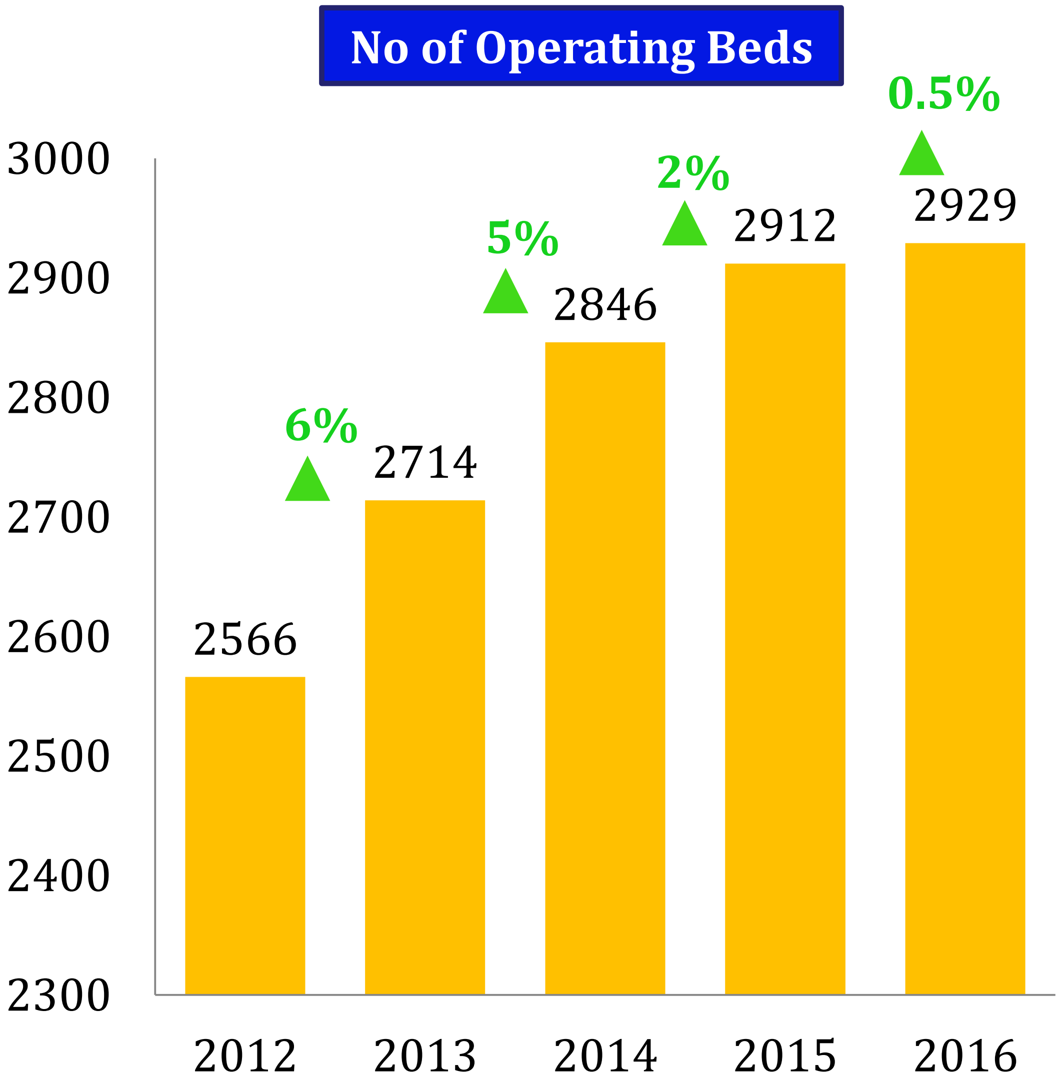
FY2012-FY2016

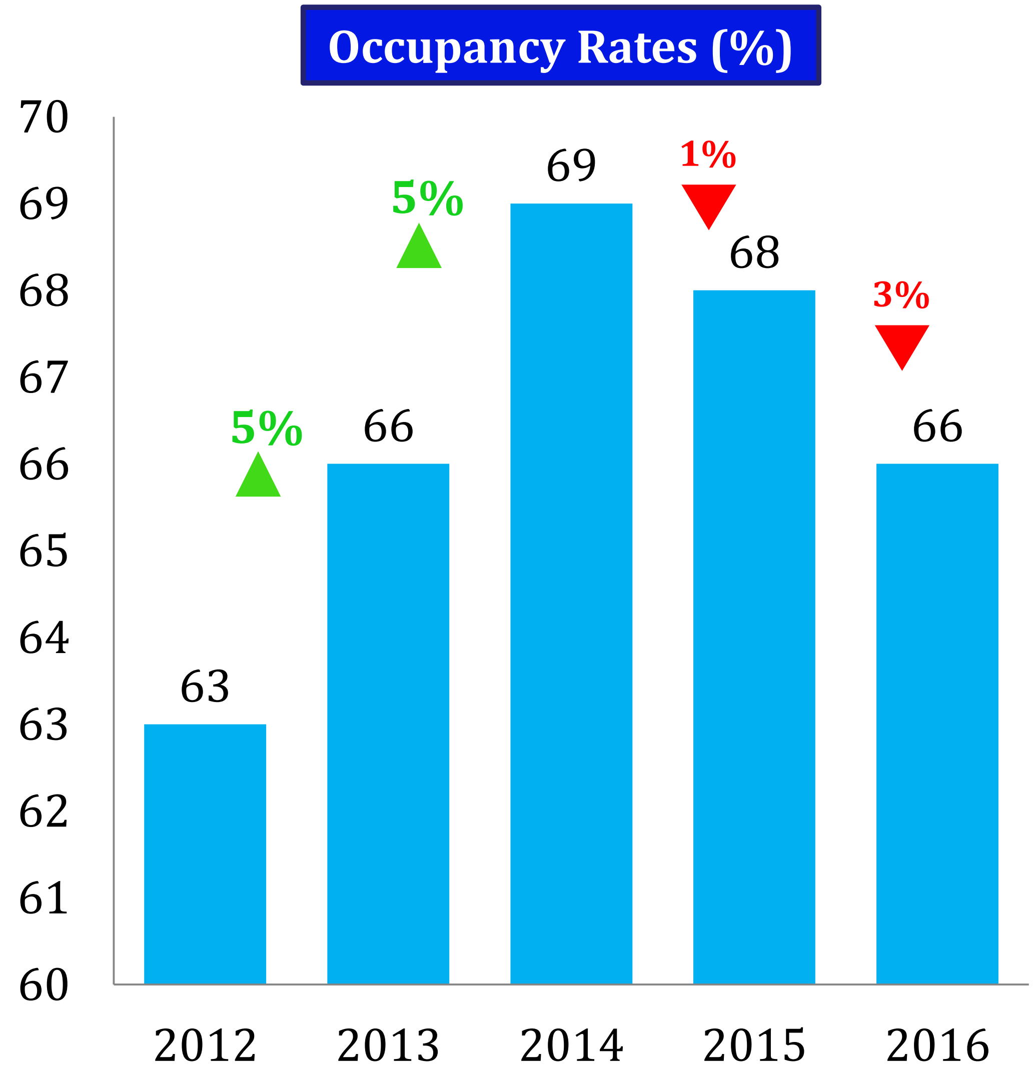




Key Operational Highlights

FY2012-FY2016





GROWTH & STRENGHTENING CAPACITY

Expanding Network

7 new hospitals over the next 4 years

Adding new capacity to established hospitals where possible

To tap Medical Tourism opportunities

High occupancy rate of > 70%

Growth Strategies

Focus on Quality Medical Care

Compliance with > Clinical Governance guidelines

>Quality / Accreditation standards

>17 hospitals with MSQH accreditation

>4 hospitals with JCI accreditation

Medical Tourism

- Strong cooperation with Malaysian Govt – ETP, MHTC, MOH & Tourism Malaysia

-Targeting tourists arrivals   from Indonesia, China, Middle East, East Africa & Indochina

Explore niche market such as Aged / Senior Living Care

> Jeta Garden, Australia

> Sibu

>Tawakkal Health Centre

Medical Tourism

KPJ's Involvement

- MHTC
- MOH
- Tourism Malaysia
- Govt / Corporates targets

Marketing agents in target market

- INDONESIA
- MENA Countries
- CHINA

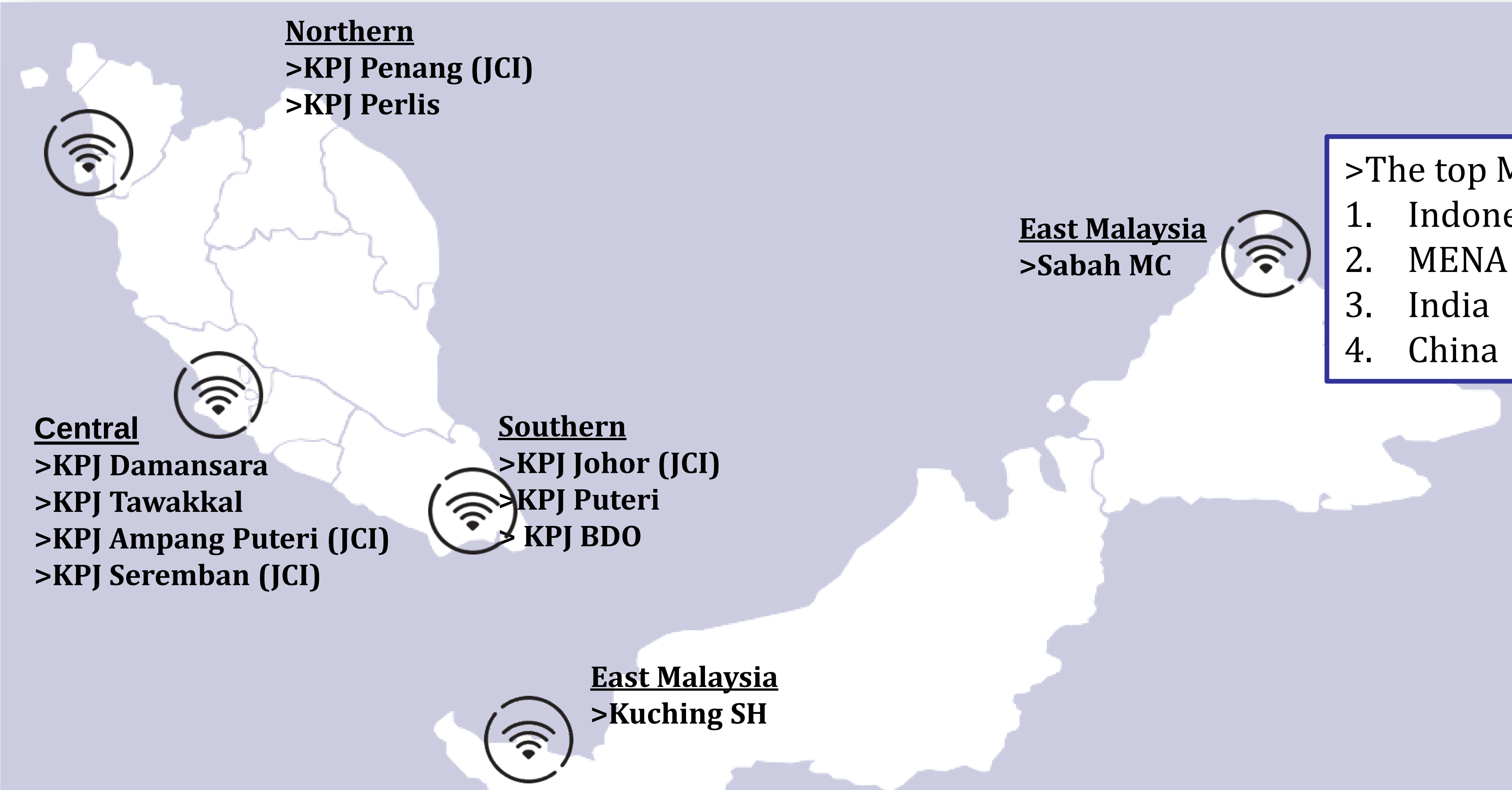
Opportunities

- Price advantage over regional peers
- World class facilities
- Reputable & talented doctors pool

Limitations

- Hospital capacity constraint
- No price differential
- Logistic ease

Medical Tourism *KPJ MT Hub*



>The top MT patients

1. Indonesia
2. MENA
3. India
4. China

Comparison of Healthcare Travelers to Malaysia between 2011-2015

Year	2011	2012	2013	2014	2015
No. of Healthcare Travellers	641,000	728,800	881,000	882,000	850,000

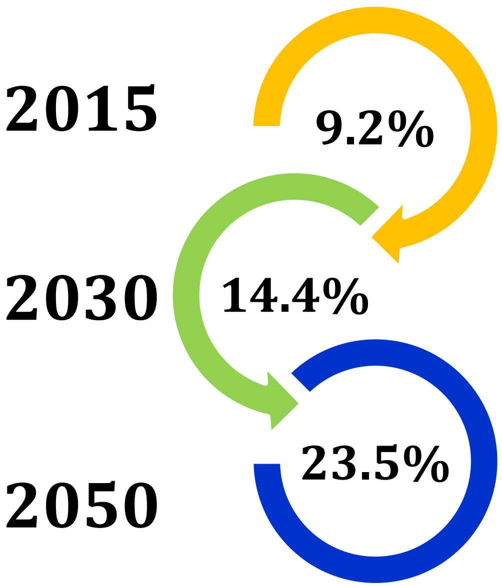
Source:
Malaysia Health Travel Council

Aged Care Projection of Elderly Population

Malaysia is in the Top 10 ranked for The World Best Places to Retire 2017

Global Retirement Index 2017 (http://internationalliving.com)

> By 2050, 20% of Malaysian population will be over 60 years old.



Source :

>MOH (Overview Of Development Of Malaysia Healthcare Towards Medical Tourism, 15 June 2015)

>Global Age Watch Index 2015

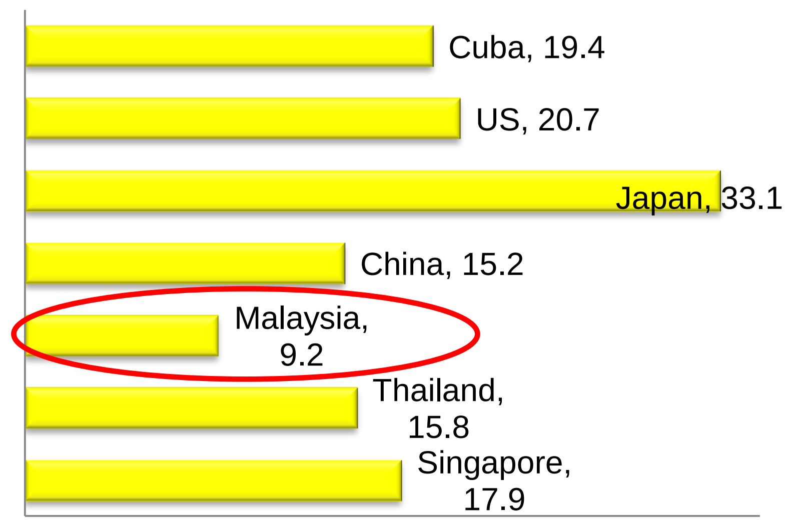
Challenges

. Culture

. Legal framework

. Funding mechanism

% Population & Aged > 60 years 2015



Source : United Nations, Department of Economic and Social Affairs, Population Division (2015.)

Aged Care & KPJ *Business of the future*

<u>Facilities</u>

- **AUSTRALIA - Jeta Garden, Queensland**
  - **64-acre retirement village**
  - **Independent & dependent living facilities**

- **MALAYSIA**
  - **Tawakkal Health Centre (pilot)**
  - **Senior Living Care**
  - **Sibu Geriatric**

> KPJ Presence in Aged Care Segment

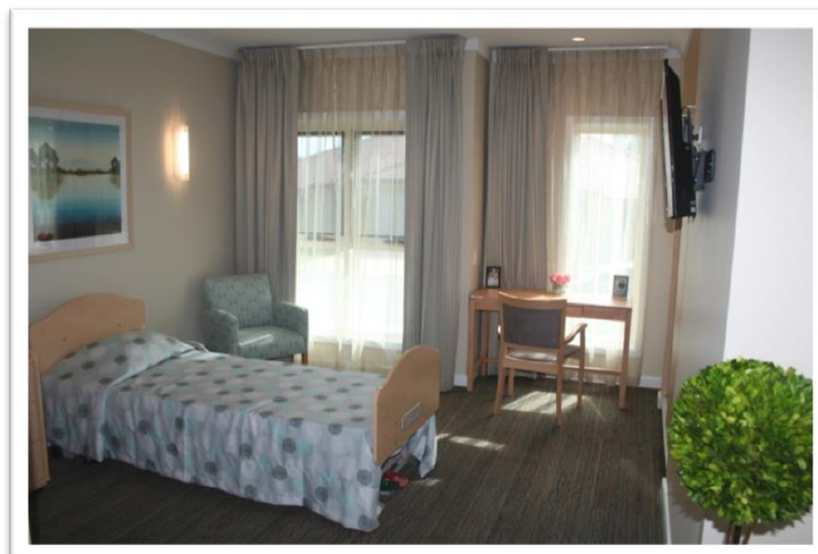
Distribution of elderly population (above 60) by state (2020 projection)

State	% elder population	Remarks
Selangor	16%	*KPJ Ampang *KPJ Damansara
Johor	12%	*Coronation Square *BDO *KPJ Puteri *KPJ Johor
Sarawak	9%	Sibu Geriatric
Kuala Lumpur	6%	Tawakkal Health Centre
Pahang	6%	*KPJ Pahang

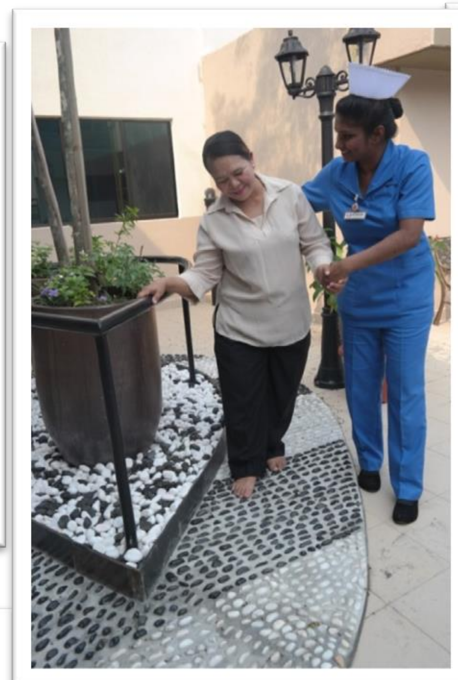
***Planning**

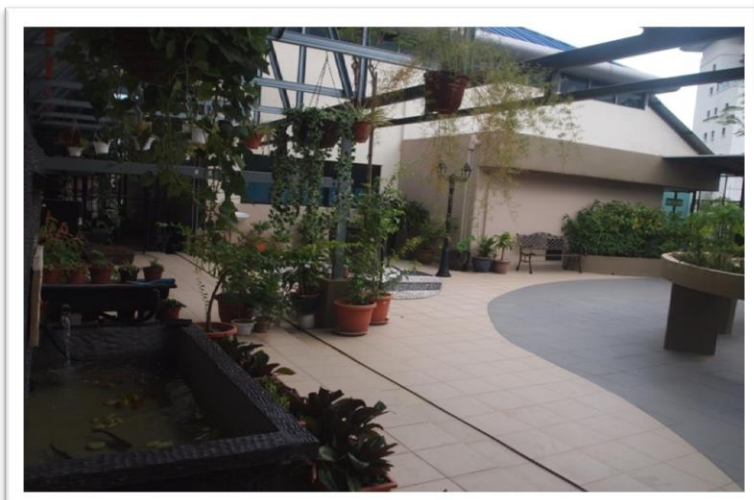
Jeta Gardens –Brisbane, Australia

Senior Living Care – New Building



KPJ Tawakkal Health Centre *Senior Living Care*





	2016				2017
2016	*1Q*	*2Q*	*3Q*	***4Q***	***1Q***
Beds	42	42	42	42	42
Occupancy Rate (%)	74	64	70	68	62
ALOS	32.3	31.1	28.7	25	24

Network Expansion *New Hospitals*

PROJECT	LOCATION	TOTAL CAPACITY (Beds)	OPERATING BEDS	COMPLETION	OPENING
*Tg Lumpur	Pahang	190	88	4Q2015	May 2016
Perlis	Perlis	90	60	3Q2017	4Q2017
Kuching	Sarawak	150	114	1Q2018	2Q2018
Miri	Sarawak	96	61	1Q2018	2Q2018
BDO	Johor	150	90	4Q2017	1Q2018
UTM	Johor	150	90	TBA	TBA
Nilai	Negeri Sembilan	96	61	TBA	TBA
K/Bayuemas	Selangor	90	90	TBA	TBA

Total Beds	**1,012**	**654**

* Completed

Network Expansion *New Hospitals- lease*

PROJECT	LOCATION	TOTAL CAPACITY (Beds)	OPERATING BEDS	COMPLETION	OPENING	LEASE PERIOD
KPJ Batu Pahat	Batu Pahat	240	90	2018	TBA	30 years (6+3yrs up to 30 years)
Kluang Specialist	Kluang	90	90	2019	TBA	30 years (15+15yrs)
KPJ Damansara	Sg Penchala	300	150	2019	TBA	30 years (15+15yrs)

Total Beds	**630**	**330**

Network Expansion *Hospital Expansion*

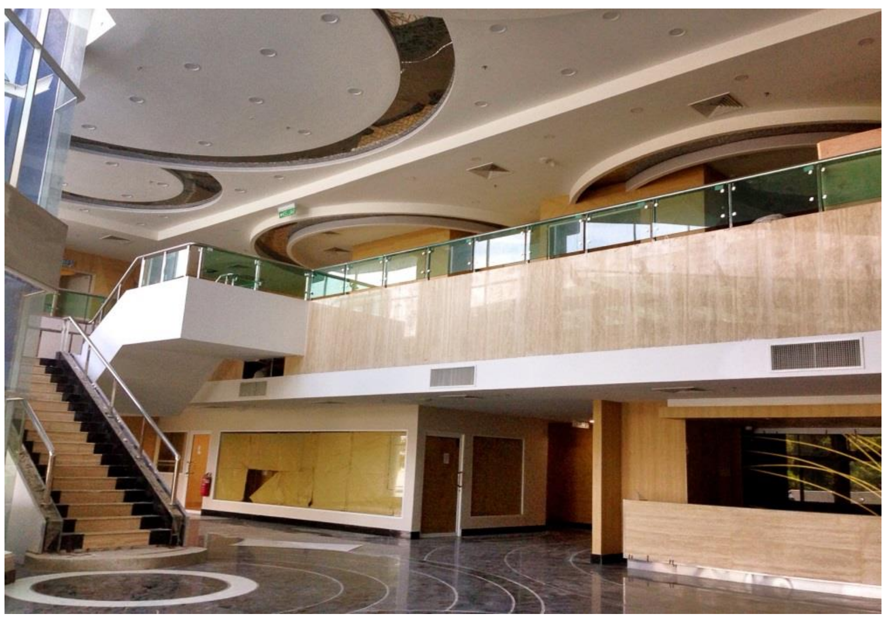
HOSPITALS	DESCRIPTION	CAPACITY	COMPLETION	OPENING
*KPJ Selangor	Clinics	54	Oct 2016	1Q2017
*KPJ Seremban	Beds	90	1Q2017	2Q2017
Taiping	Clinics	16	3Q2017	4Q2017
Sri Manjung	Beds	30	4Q2017	1Q2018
KPJ Johor	Beds	53	4Q2017	1Q2018
KPJ Ampang	Beds	150	4Q2017	1Q2018
	Clinics	33		
KPJ Puteri	Beds	66	1Q2019	2Q2019
KPJ Penang	Beds	138	4Q2019	1Q2020

Total Beds	**527**
Total Clinics	**103**

* Completed

New Hospitals in 2015 & beyond

KPJ Pahang Specialist Hospital – Opened 23rd May 2016



New Hospitals

Bandar Dato' Onn Specialist Hospital

BDC Specialist Hospital

Hospital Expansion

KPJ Selangor Specialist Hospital

KPJ Seremban Specialist Hospital

Hospital Expansion-lease

KPJ Batu Pahat Specialist Hospital

Kluang Specialist Hospital

KPJ Damansara Empire Specialist Hospital

<u>1. Limited pool of healthcare professionals for sub-specialty</u>

– potential high cost

<u>2. Highly regulated industry</u>

>Lower margin compared to regional peers

> High compliance cost

<u>3. Keeping new hospital development on track</u>

> costs & timeline

<u>4. Managing bottom line during gestation period of greenfield projects</u>

> between 3 to 5 yrs

<u>5. Potential structural changes</u>

>1 Care, AEC, AFTA

<u>6. Competition</u>

>from other players & government hospitals

KPJ

Current Issues

GST

Impact on cost of living

RM Weakness

Conclusion

- Despite all the challenges, the healthcare industry in which the Group operates is forecasted to enjoy steady growth due to the increase of the world's ageing population and rapid growth of the middle income group.

- The Group sees this as a growth opportunity to further strengthen its presence in Malaysia and Asia via expansion of existing hospitals as well as the building of new hospitals and acquisition of brownfield hospitals.

"Future Proof Our Network Today, To Ensure Sustainable Growth Tomorrow"

THANK YOU