



KPJ HEALTHCARE BERHAD

SUSTAINABLE HEALTHCARE

KPJ Healthcare is the leading provider of private healthcare services in Malaysia. We deliver high standards of care to our patients, with integrity and compassion.



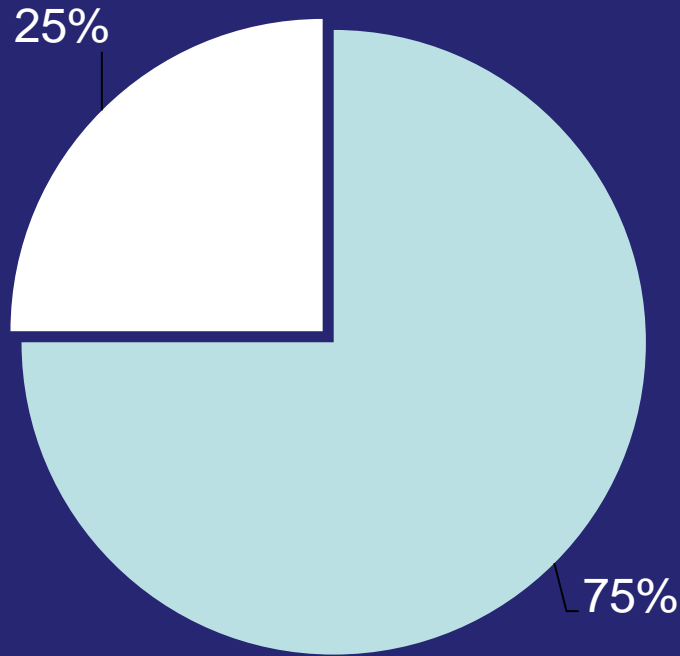
KPJ HEALTHCARE BERHAD

1Q2018

Healthcare Industry in Malaysia

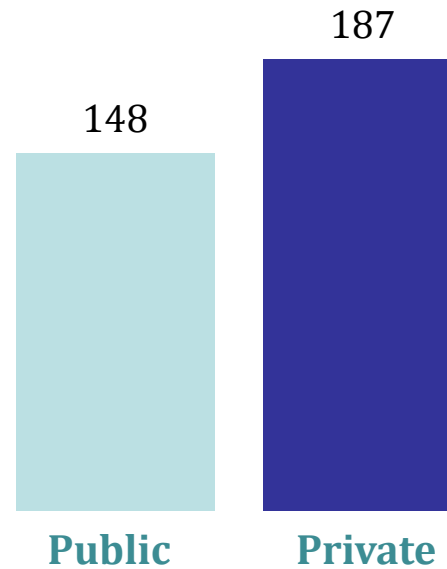
Malaysia Healthcare System 2016

Healthcare Provider

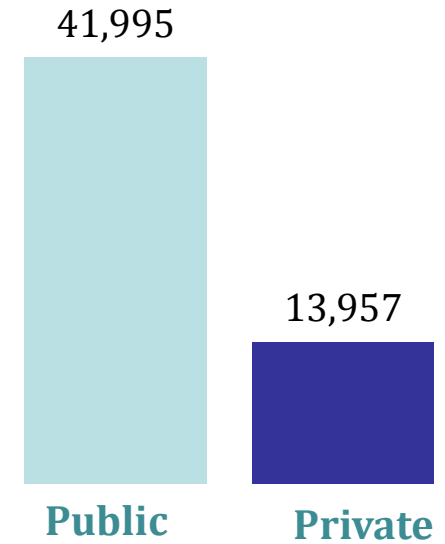


Legend :
Public ■
Private ■

No. of Hospitals



No of. Beds



Other info:

Public	No
Health & Dental Clinics	4,920
Mobile Health & Dental Clinic Team	826
Inpatient (pax)	2,571,880
Outpatient (pax)	63,774,109

Private	No
Maternity & Nursing Homes	10
Ambulatory care	73
Medical clinics	7,335
Dental clinics	1,992
Inpatient (pax)	1,073,039
Outpatient (pax)	4,894,737

Healthcare Industry in Malaysia

Competitive Advantage

Malaysia is one of the 5 Countries with the Best Healthcare in the World

(<http://internationalliving.com>)

Hospital facilities

- modern & high international standards
- Accreditation by MSQH (*56 Private Hospitals Nationwide of which 20 are KPJ Hospitals)
- Accreditation by JCI (11 Private Hospitals Nationwide of which 4 are KPJ Hospitals) *As at March2018

Health Tourism

- among the world's most favored destinations

Latest Medical Equipment

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

Cost

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

Healthcare Industry in Malaysia

Sources of Funding for Healthcare Expenses

TREATMENT FUNDING

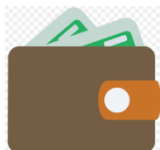
KPJ Is mindful of the various ways through which treatment is funded for our patient



Healthcare Insurance



Corporate Clients

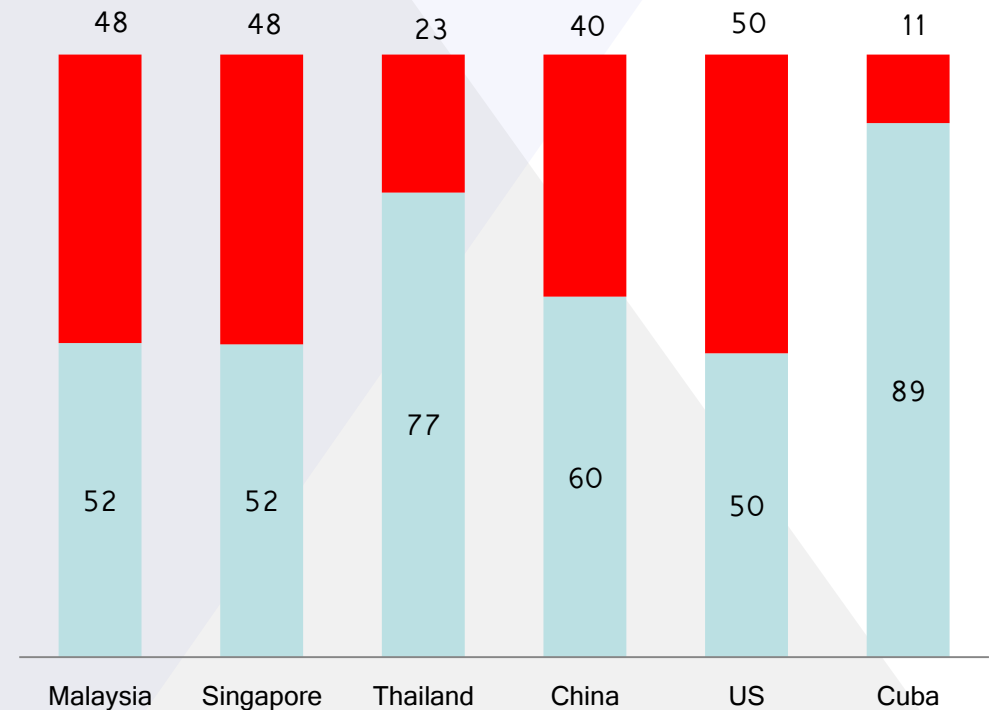


Out of Pocket

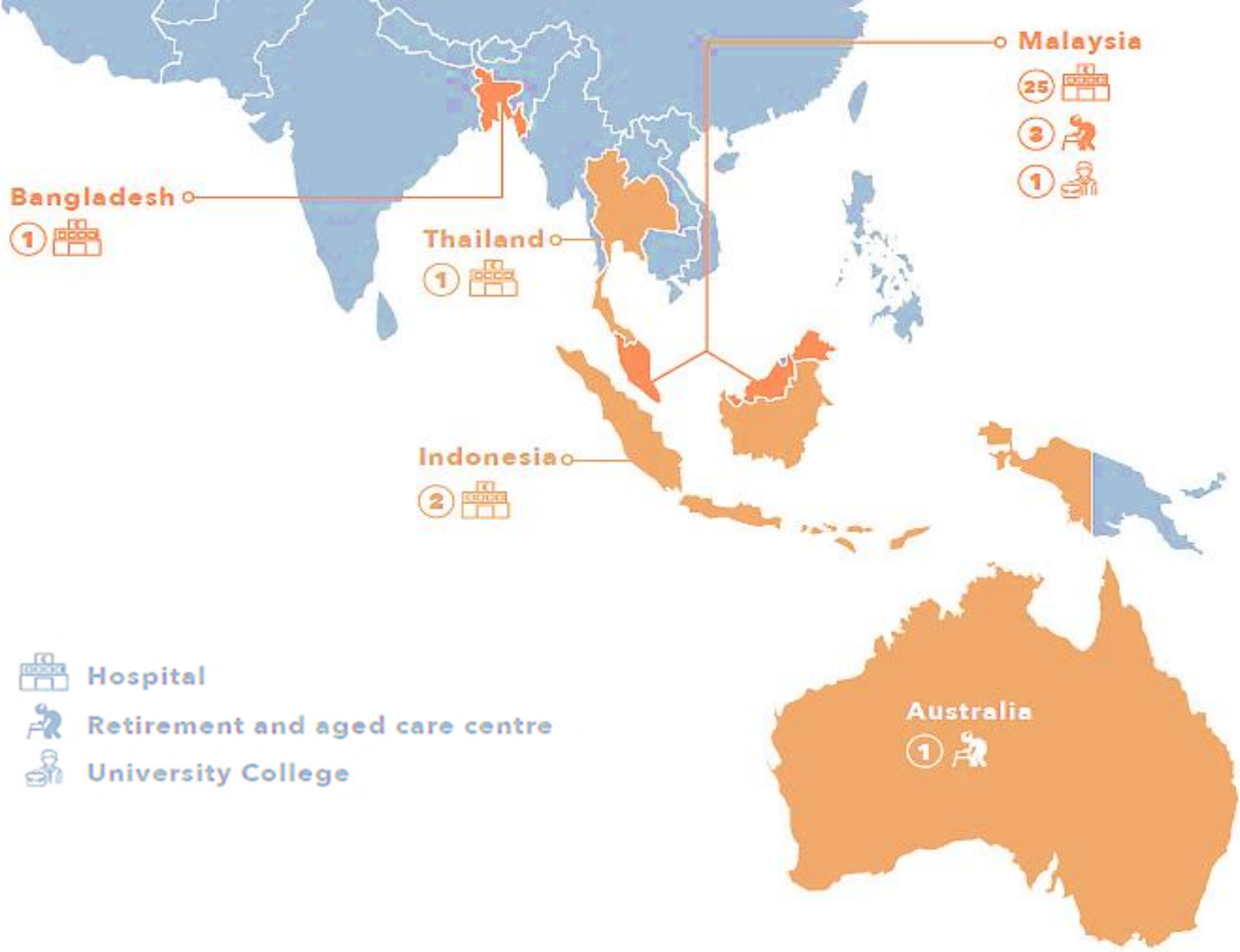
Public vs Private Healthcare Expenditure %

2015

Public Private

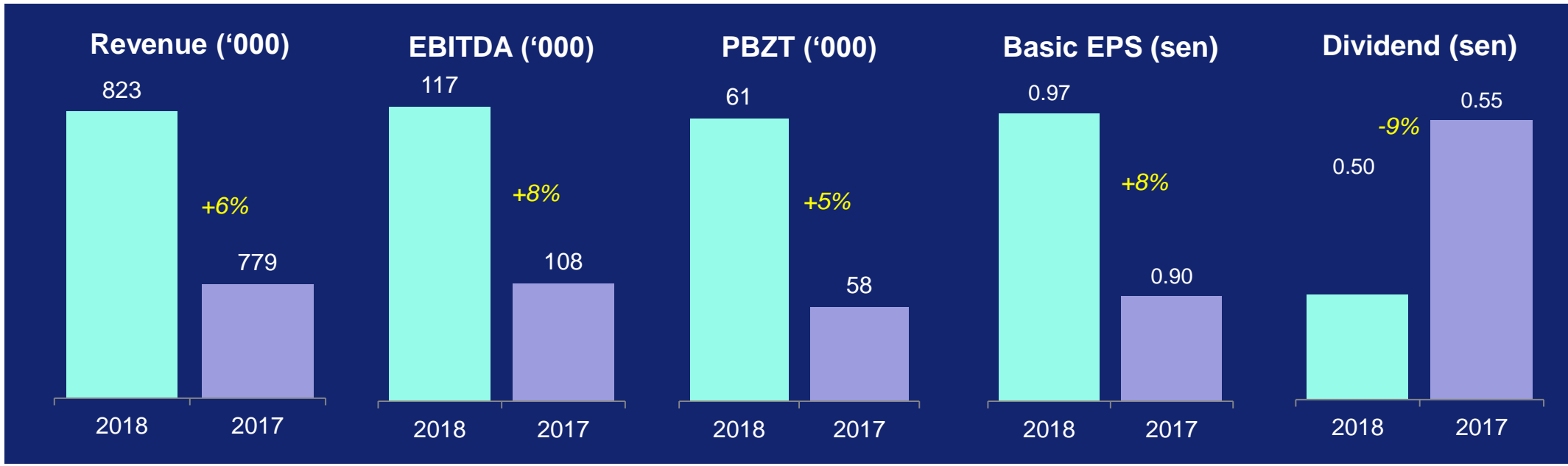


Source : 2018 World Development Indicators



Our Presence

2018 Highlights as at 1Q2018



+4.1%
 Outpatients
 2018 – 645,618
 2017 – 620,450

+5.2%
 Inpatients
 2018 – 76,538
 2017 – 72,735

+1.5%
 Occupancy Rate
 2018 – 69%
 2017 – 68%

+3.0%
 No. Operating Beds
 2018 – 3,087
 2017 – 2,997

-1.2%
 Avg Length of Stay
 2018 – 2.50 days
 2017 – 2.53 days

+4.2%
 Employee
 2018 – 13,103
 2017 – 12,569

ABOUT KPJ Shareholdings Stats



44.14%



JOHOR CORPORATION

13.04%



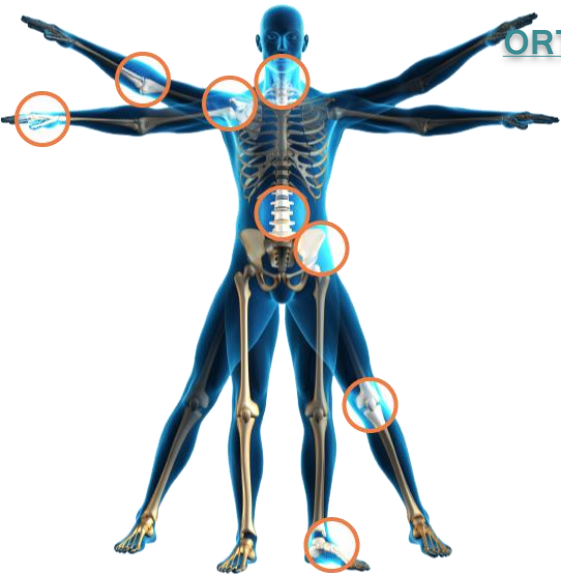
5.05%



6.61%

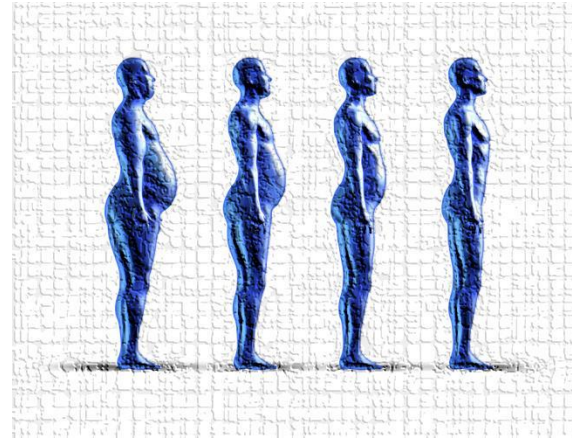
**FOREIGN
SHAREHOLDERS**

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

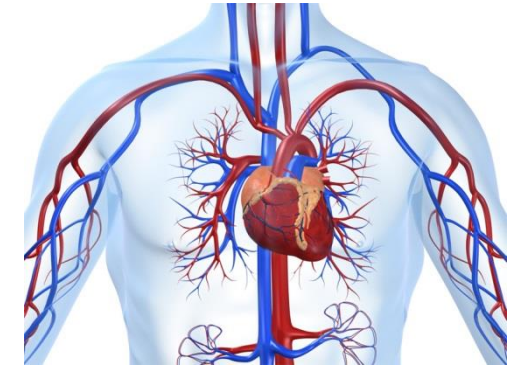


BARIATRIC (Obesity) SURGERY

- ✓ KPJ Damansara

CARDIOLOGY

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



ONCOLOGY (Cancer)

- ✓ KPJ Damansara
- ✓ KPJ Ipoh
- ✓ KPJ Johor
- ✓ KPJ Selangor
- ✓ KPJ Ampang Puteri

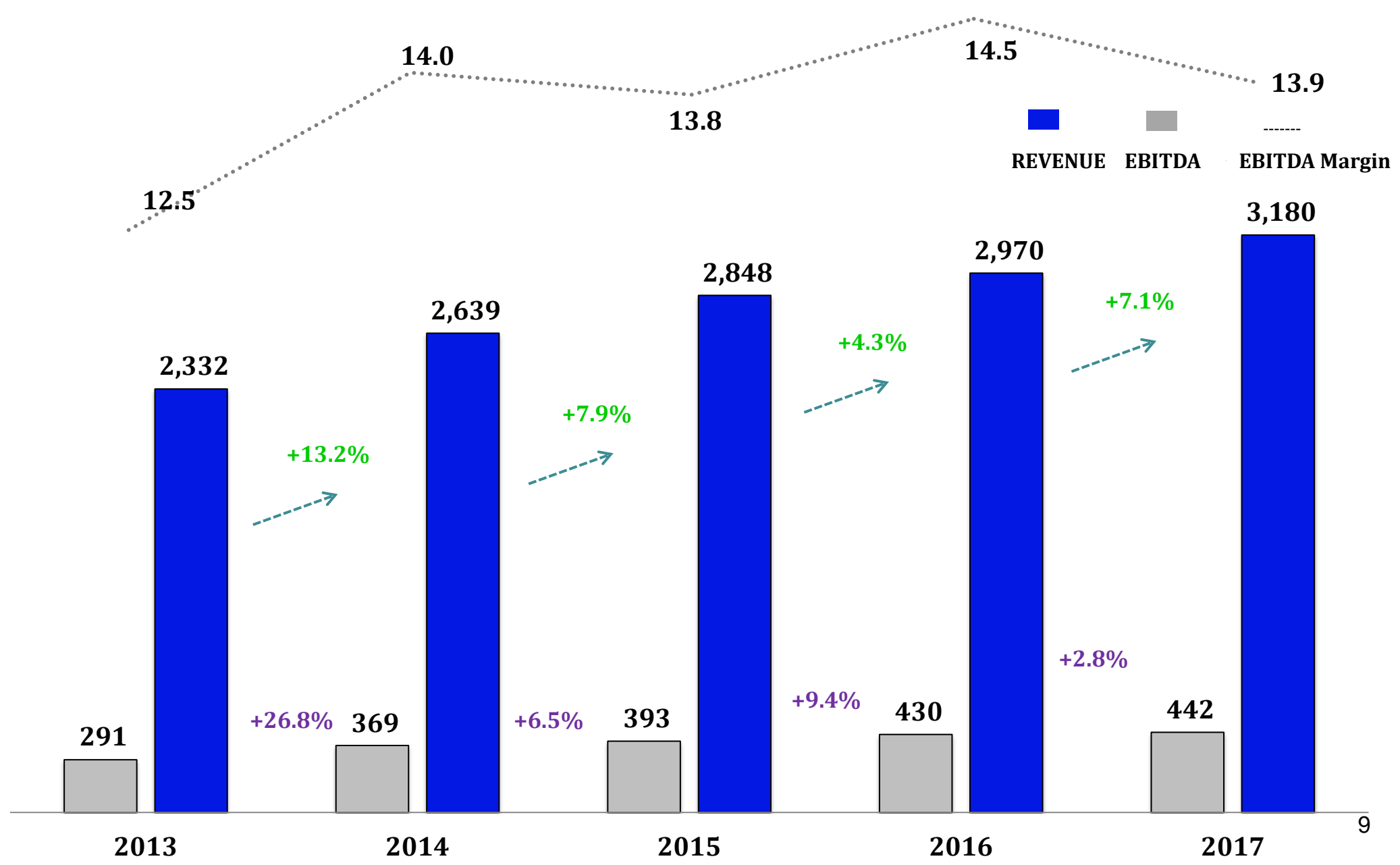
RECONSTRUCTIVE & PLASTIC SURGERY

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



FINANCIAL TRENDS

KPJ 5 years Revenue & EBITDA



KPJ Share Price vs FBMKLCI as at 1Q2018



Group Financials 3 months ended – 31 March 2018

RM'000	1Q/2018 RM ('000)	4Q/2017 RM ('000)	1Q/2017 RM ('000)	Sequential Var (%)	Y-o-Y Var (%)
Revenue	822,883	833,728	779,238	(1.3)	5.6
Gross Profit	250,773	267,613	235,279	(6.3)	6.6
Profit from Operations	70,802	79,657	69,680	(11.1)	1.6
Finance Income	1,020	3,851	2,374	(73.5)	(57.0)
Finance Cost	(20,267)	(22,496)	(20,871)	9.9	2.9
Share of Results from associates	9,331	16,091	6,589	(42.0)	41.6
Profit before zakat and tax	60,886	77,103	57,772	(21.0)	5.4
Zakat	(1,075)	(973)	(400)	(10.5)	(168.8)
Taxation	(14,805)	(13,125)	(14,173)	(12.8)	(4.5)
Profit after zakat and tax	45,006	63,005	43,199	(28.6)	4.2
(Loss)/Profit from discontinuing	480	(692)	(3,143)	169.4	115.3
Net profit for the year	45,486	62,313	40,056	(27.0)	13.6
Equity holders of company	42,482	60,923	38,272	(30.3)	11.0
Non-controlling interest	3,004	1,390	1,784	116.1	68.4
Net profit attributable to shareholders	45,486	62,313	40,056		
Basic EPS (sen)	0.97	0.4	0.90		

Key Ratios 3 months ended – 31 March 2018

	1Q/2018	4Q/2017	1Q/2017	Sequential Var	Y-o-Y Var
	%	%	%		
Gross Profit (GP) Margin	30.5	32.1	30.2	(1.6)	0.3
Profit Before Zakat Tax (PBZT) Margin	7.4	9.2	7.4	(1.8)	–
Net Profit Margin	5.5	7.5	5.5	(0.9)	–
EBITDA Margin	14.2	14.9	13.8	(0.7)	0.4
PATAMI Margin	5.2	7.3	4.9	(2.1)	0.3
Dividend per share (sen)	0.5	0.4	0.6	0.1	(0.1)
Gearing Ratio:					
Gross	1.0	0.9	0.9		
Net	0.7	0.8	0.8		
Net assets per share (RM)	0.4	0.4	0.4		

Segmental Financial Highlights

	1Q2018	1Q2017	Var (%)
Revenue	RM ('000)	RM ('000)	
Malaysia	797,347	750,436	6.3
Indonesia	10,675	13,113	(18.6)
Australia	14,919	14,671	1.7
PBT			
Malaysia	63,852	56,272	13.5
Indonesia	(693)	959	(172.3)
Australia	480	(3,143)	115.3
EBITDA			
Malaysia	116,331	103,039	12.9
Indonesia	1,124	2,879	(61.0)
Australia	1,545	(2,440)	163.3

Segmental Operational Highlights

	1Q2018	1Q2017	Var (%)
No of Beds			
Malaysia	3,087	2,997	3.0
Indonesia – RS PH	88	92	(4.3)
Indonesia – RS BSD	56	75	(25.3)
Dhaka –SFMMK	50	50	–
Occupancy Rates (%)			
Malaysia	69	68	1.5
Indonesia – RS PH	54	40	35
Indonesia – RS BSD	37	49	(24.5)
Dhaka –SFMMK	69	61	13.1
Average Length of Stay			
Malaysia	2.5	2.5	–
Indonesia – RS PH	3.4	2.8	21.4
Indonesia – RS BSD	2.6	2.2	18.2
Dhaka –SFMMK	3.3	2.9	13.8

Segmental Operational Highlights

	1Q2018	1Q2017	Var (%)
Outpatients			
Malaysia	645,618	620,450	4.1
Indonesia – RS PH	13,614	12,203	11.6
Indonesia – RS BSD	18,202	19,009	(4.2)
Dhaka –SFMMK	27,486	16,920	62.4
Inpatients			
Malaysia	76,538	72,735	5.2
Indonesia – RS PH	1,260	1,212	3.9
Indonesia – RS BSD	737	1,021	(27.8)
Dhaka –SFMMK	942	626	50.5
Manpower			
Malaysia	13,103	12,569	4.2
Indonesia – RS PH	201	208	3.4
Indonesia – RS BSD	164	159	3.1
Dhaka –SFMMK	340	262	29.8

Segmental Average Revenue Highlights

	1Q2018 RM	1Q2017 RM	Var (%)
Average Revenue – per beds			
Malaysia	178,167	173,680	2.6
Indonesia	45,656	62,656	(27.1)
Dhaka	29,453	18,807	56.6
Average Revenue – per outpatient			
Malaysia	338	333	1.5
Indonesia	128	142	(10.0)
Dhaka	67	65	3.1
Average Revenue – per inpatient			
Malaysia	7,186	7,156	0.4
Indonesia	3,292	4,055	(18.8)
Dhaka	1,563	1,502	4.1

Senior Living Care

Hospitals / Facilities	1Q2018	1Q2017	Var (%)
Australia – Jeta Gardens			
Aged Care Facility (ACF)	180	180	–
Retirement Villas	33	33	–
Apartment Unit	32	32	–
No of Residents	169	156	8.3
Occupancy Rate (%) (ACF)	95	90	5.6
Tawakkal Health Centre			
No of Beds	42	42	–
No of Residents	33	26	26.9
Occupancy Rate (%)	63	62	1.6
Sibu Geriatric			
No of Beds	28	34	(17.6)
No of Residents	27	30	(10.0)
Occupancy Rate (%)	93	89	4.5
Kuantan Health Centre			
No of Beds	22	–	–
No of Residents	13	–	–
Occupancy Rate (%)	59	–	–

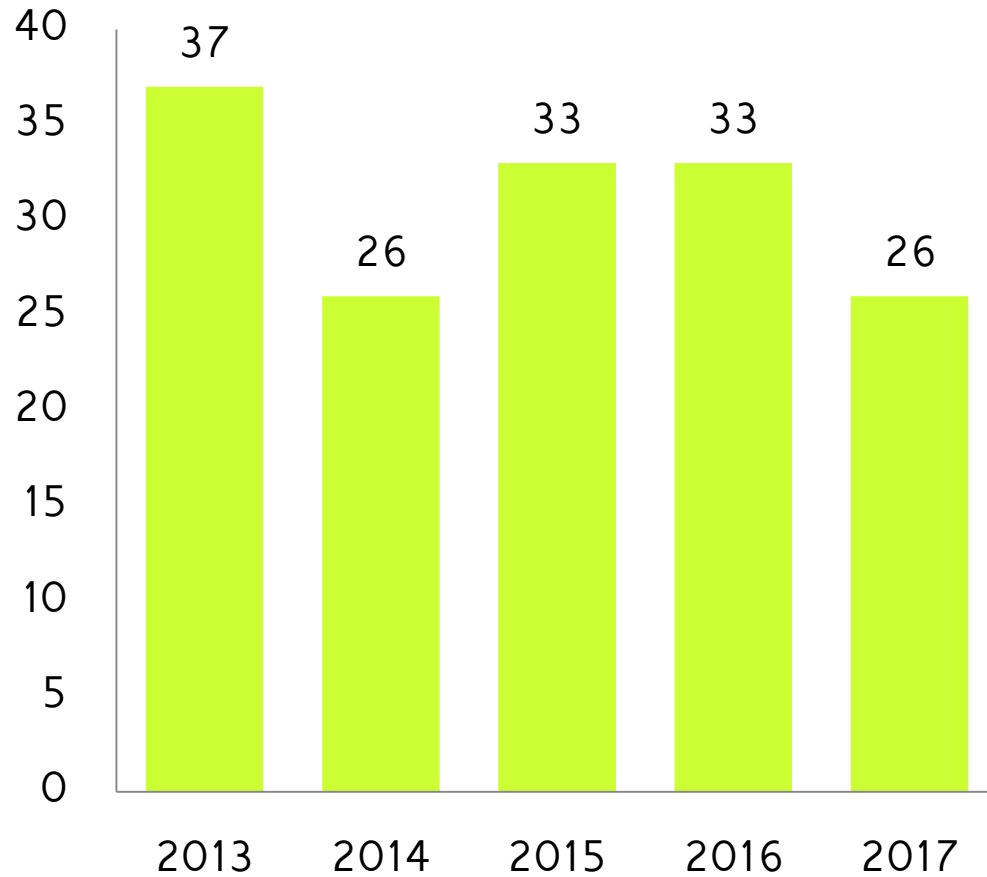
Education – KPJ Healthcare University College

Hospitals / Facilities	1Q2018	1Q2017	Var (%)
No of Students	2,362	2,536	(6.9)
<p>Academic Program</p> <p>KPJ offered 33 programmes ranging from the Foundation to PhD levels at all campus.</p>			
<p><u>Faculties</u></p> <ol style="list-style-type: none"> 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 			
<p><u>Courses</u></p> <ol style="list-style-type: none"> 1 PHD 7 Master 9 Bachelor 8 Diploma 8 Certificate / Foundation 			

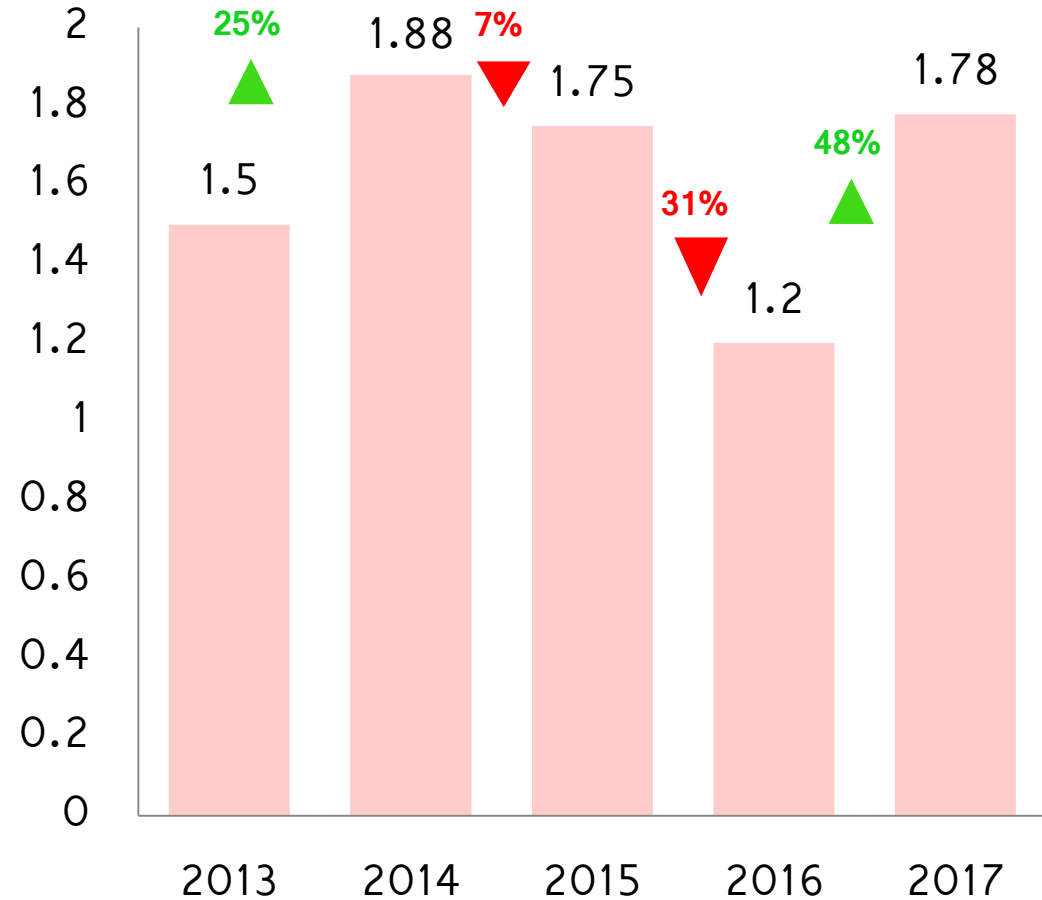
Key Financial Highlights

FY2012–FY2017

PER Historical



Dividend (sen) *

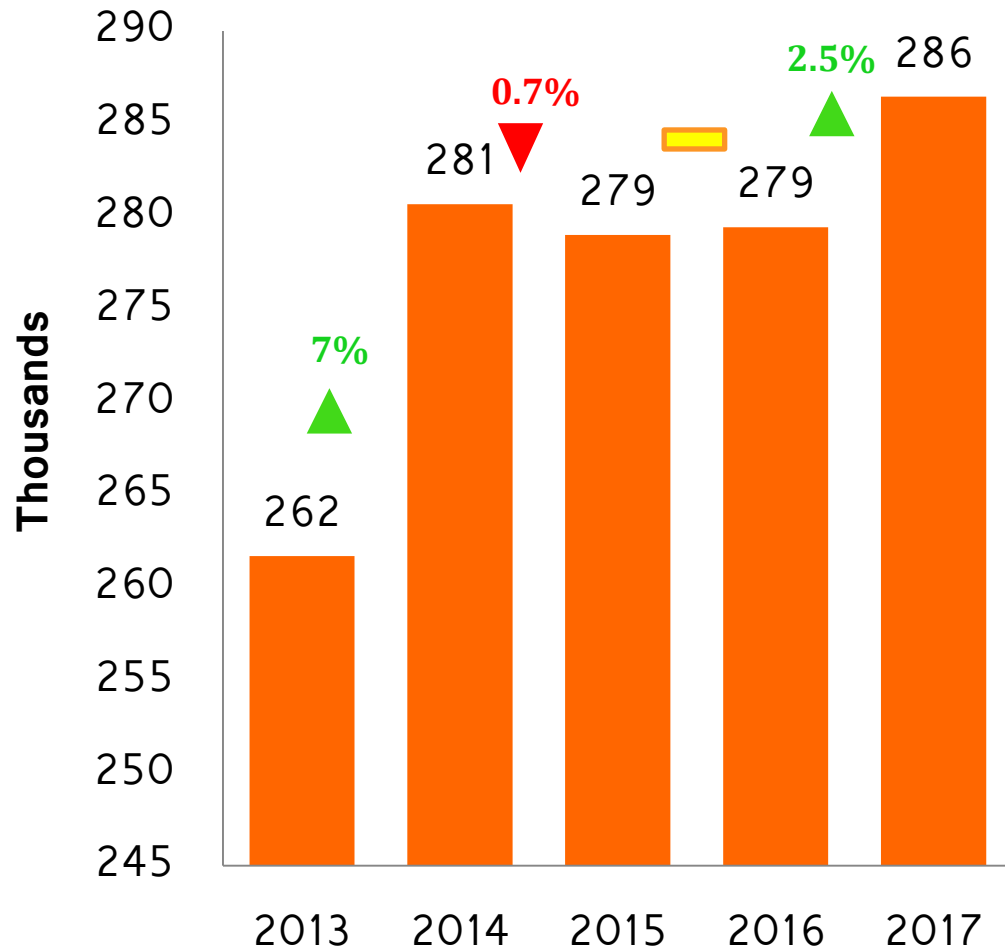


**Dividend per share re-stated to reflect subdivision of shares in Sept 2017*

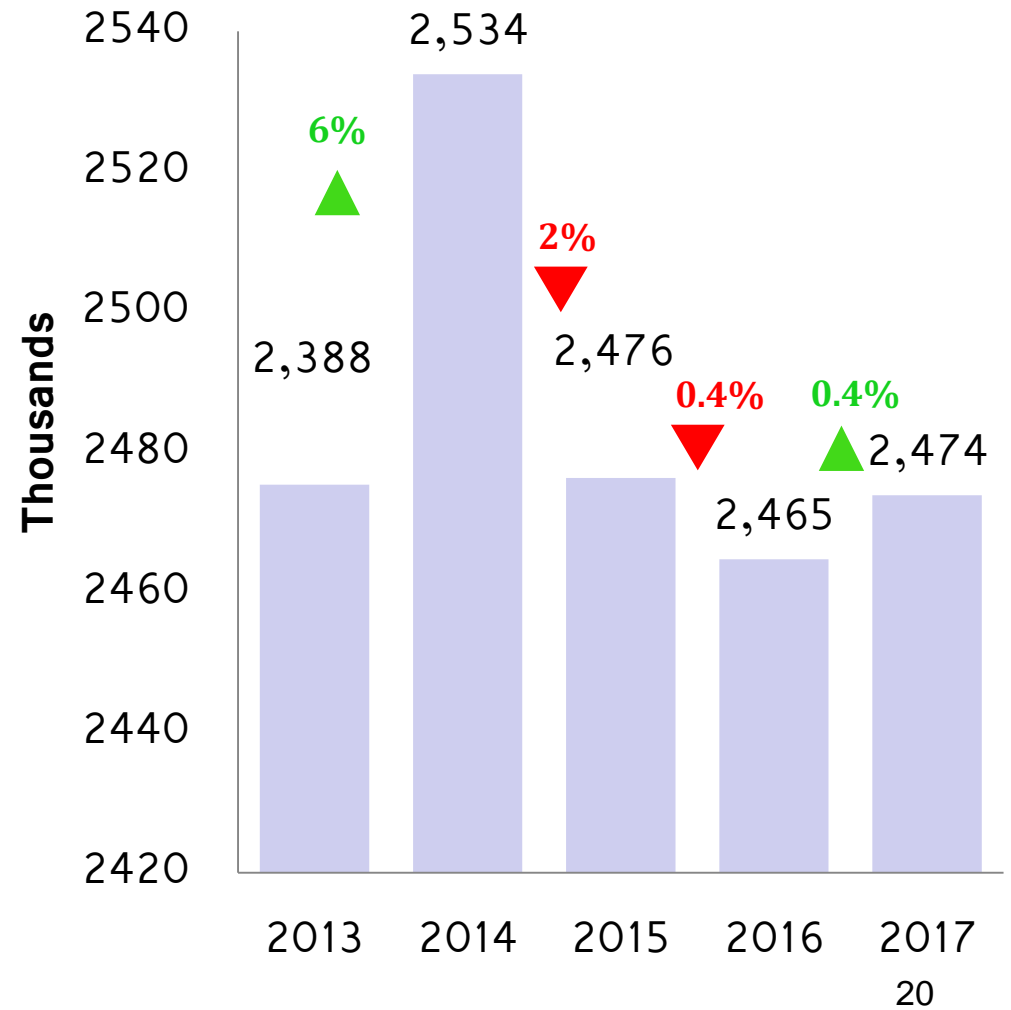
Key Operational Highlights

FY2012–FY2017

No of Inpatients



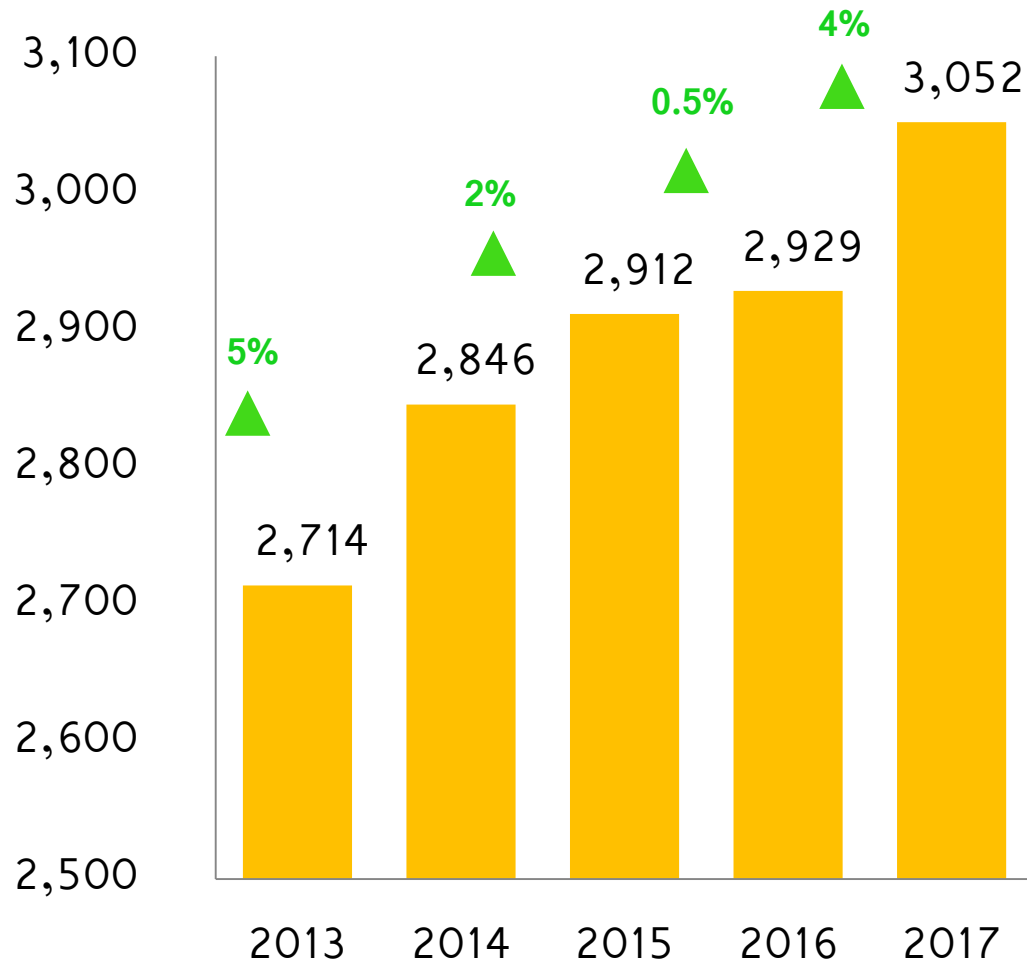
No of Outpatients



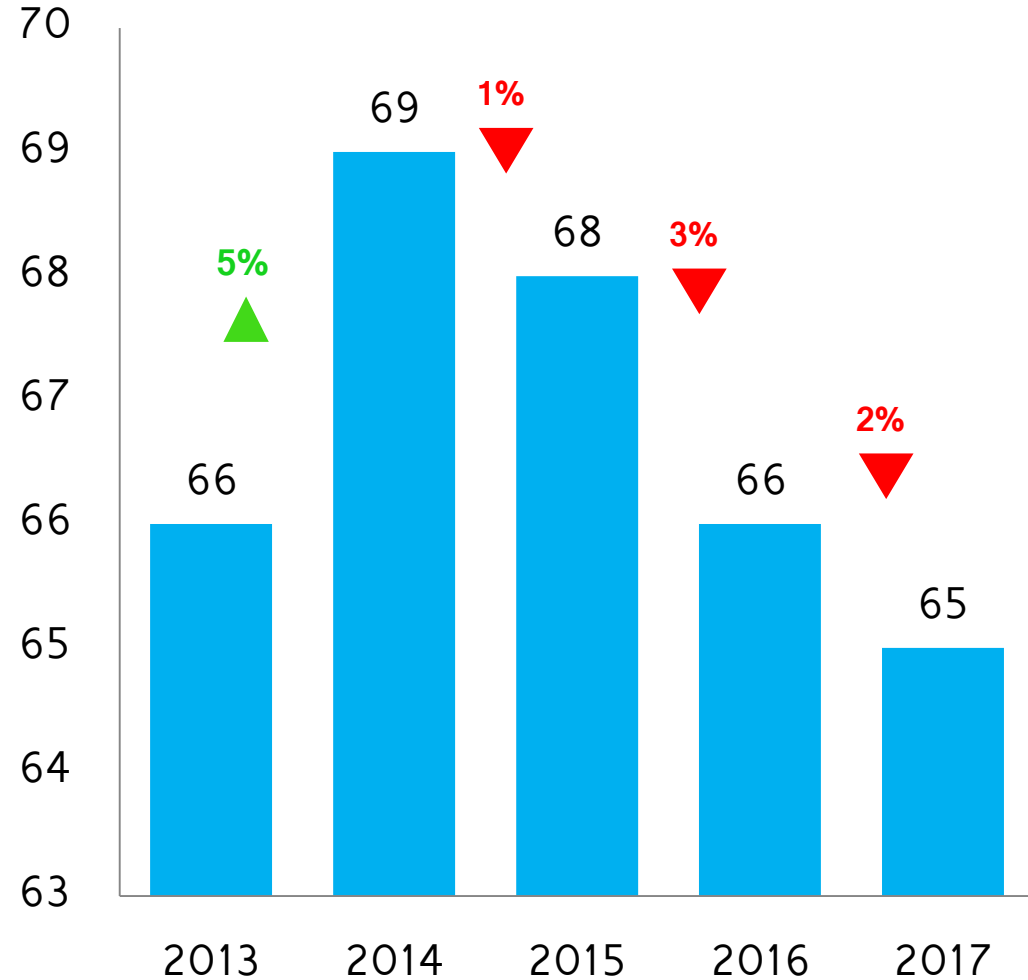
Key Operational Highlights

FY2012–FY2017

No of Operating Beds

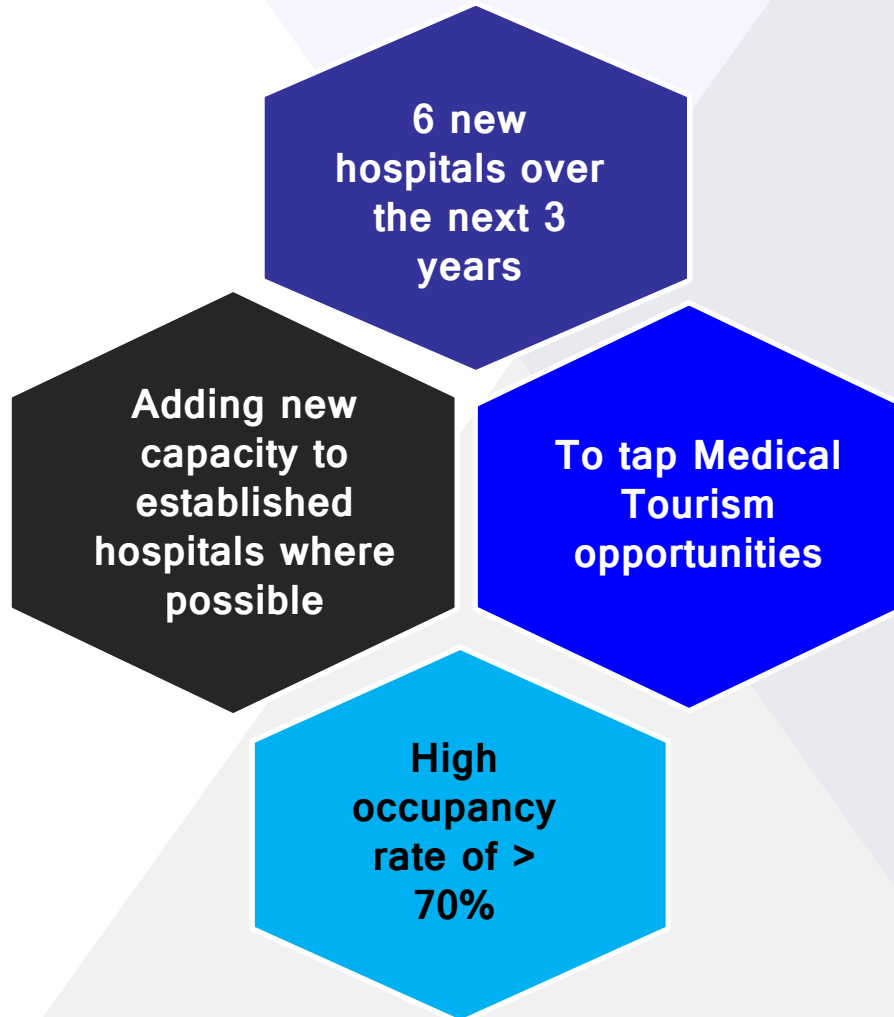


Occupancy Rates (%)



Growth & Strengthening Capacity

Expanding Network



Growth Strategies

> *Delivering Safe and Excellent Services*

Compliance with MOH & Clinical Governance guidelines

> *Certification, Accreditation & Standards*

18 Accredited hospitals , 4 JCI Accredited hospitals

> *Patient Satisfaction*

Hospitals expansion

Qualified consultants and quality nurses

> *Health 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*

~Ageing population – Senior Living Care~

(Jeta Gardens Australia, Sibu Geriatric & Tawakkal Health Centre, Kuala Lumpur)

~Pharmacy outlets~

(KPJ Selangor, KPJ Damansara & KPJ Pahang)

Medical Tourism

KPJ's Involvement

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

Marketing agents in target market

- INDONESIA
- MENA Countries
- CHINA
- PACIFIC ISLAND

Opportunities

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

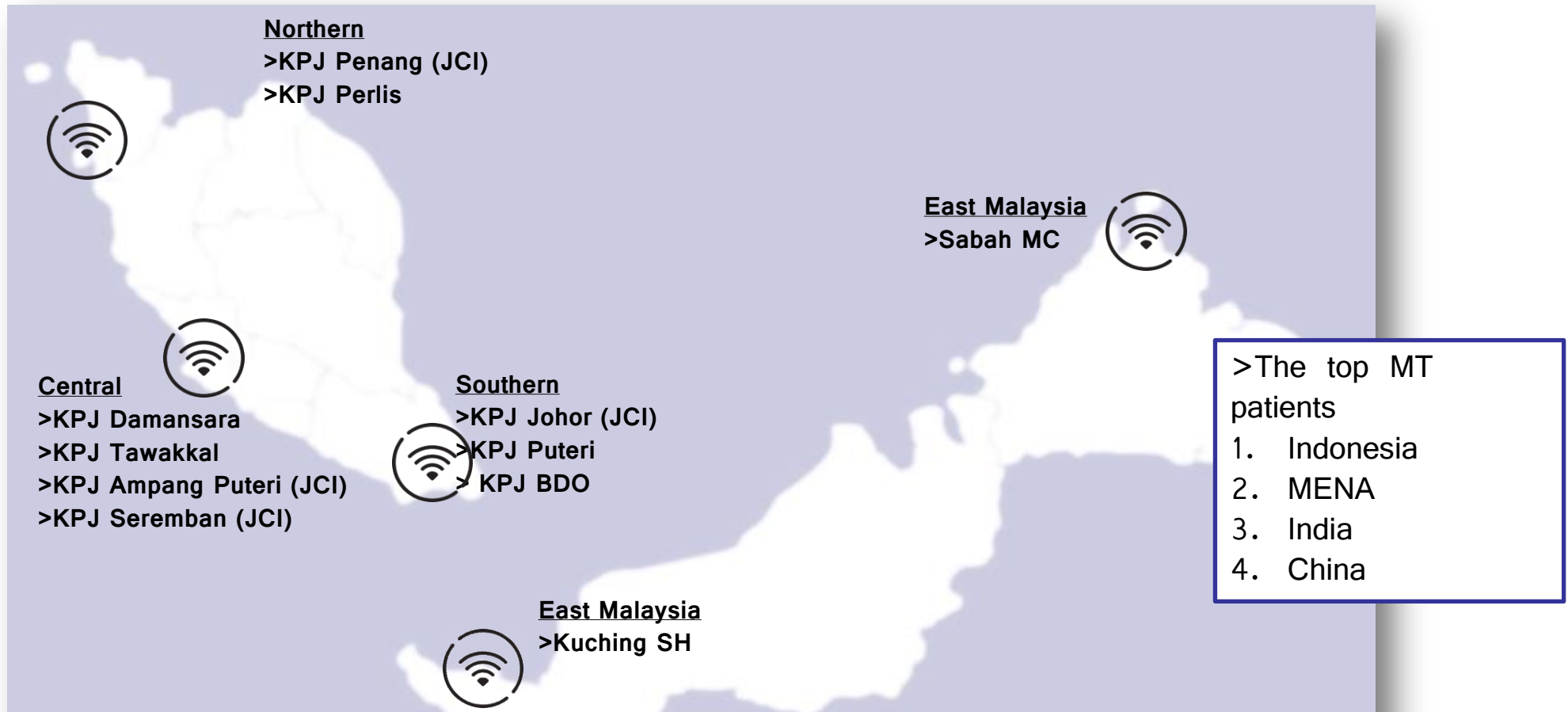


Limitations

- Hospital capacity constraint
- No price differential
- Logistic ease



Medical Tourism KPJ MT Hub



Comparison of Healthcare Travelers to Malaysia between 2013-2016

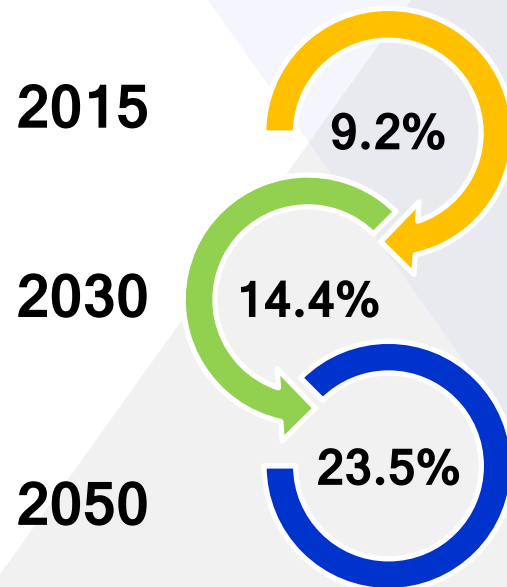
Year	2011	2012	2013	2014	2015	2016
No. of Healthcare Travellers	641,000	728,800	881,000	882,000	850,000	921,000

Aged Care Projection of Elderly Population

Malaysia is in the Top 10 ranked for The World Best Places to Retire 2018

Annual Global Retirement Index 2018 (<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)

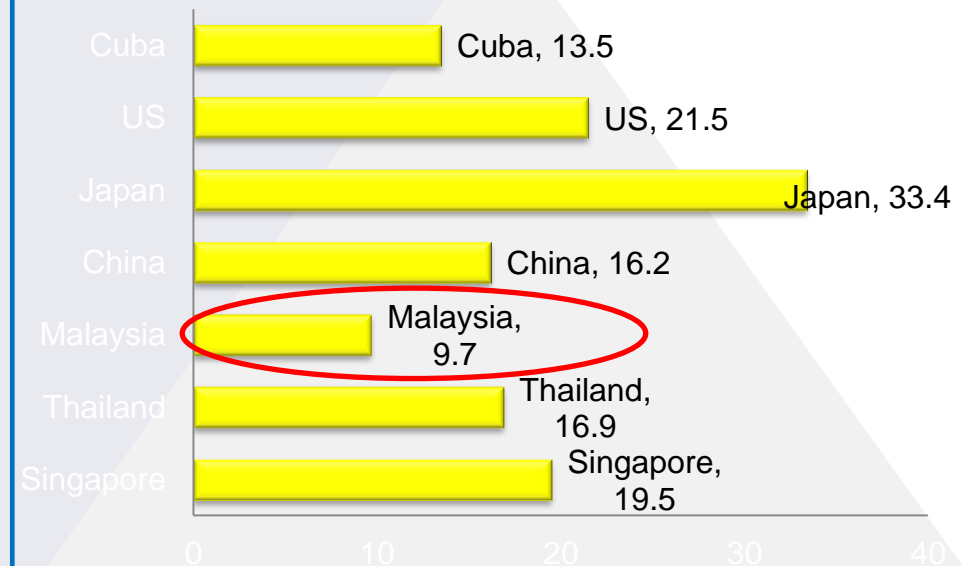
>Global Age Watch Index 2015

Challenges

- . Culture
- . Legal framework
- . Funding mechanism



% Population & Aged > 60 years 2017



Source : United Nations, World Population Ageing 2017 Highlights

Aged Care & KPJ Business of the future

Facilities

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



> KPJ Presence in Aged Care Segment

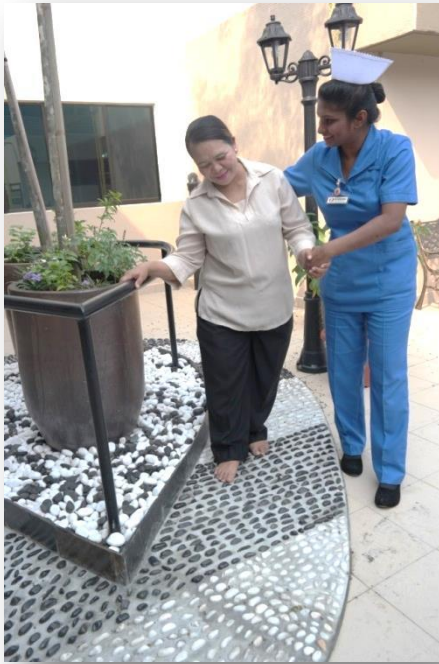
Distribution of elderly population (above 60) by state (2020 projection)

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

** Planning*

^ Opened in Feb 2018

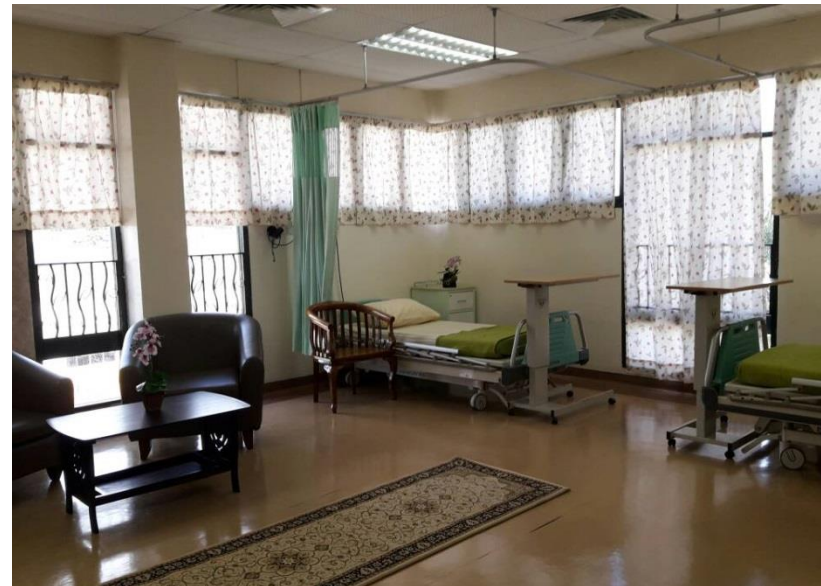
KPJ Tawakkal Health Centre Senior Living Care



KPJ Kuantan Health Centre *Senior Living Care*



Opened in 19
Feb and
received 1st
patient on 23
Feb



Network Expansion *New Hospitals*

PROJECT	LOCATION	TOTAL CAPACITY (Beds)	OPERATING BEDS	COMPLETION	OPENING
*Perlis	Perlis	90	60	3Q2017	2Q2018
BDO	Johor	150	90	2Q2018	3Q2018
Miri	Sarawak	96	60	1Q2019	2Q2019
Kuching	Sarawak	150	114	1Q2019	2Q2019
UTM	Johor	150	90	TBA	TBA
K/Bayuemas	Selangor	90	90	TBA	TBA

Total Beds

726

504

* Opened

Network Expansion *New Hospitals – lease*

PROJECT	LOCATION	TOTAL CAPACITY (Beds)	OPERATING BEDS	COMPLETION	OPENING	LEASE PERIOD
KPJ Batu Pahat	Batu Pahat	150	90	2018	TBA	30 years (6+3yrs up to 30 years)
Kluang Specialist	Kluang	120	90	2019	TBA	30 years (15+15yrs)
KPJ Damansara	Sg Penchala	300	150	2019	TBA	30 years (15+15yrs)

Total Beds	570	330
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Network Expansion *Hospital Expansion*

HOSPITALS	DESCRIPTION	CAPACITY	COMPLETION	OPENING
*KPJ Seremban	Beds	90	1Q2017	3Q2018
*KPJ Johor	Beds	40	2Q2018	3Q2018
Taiping	Clinics	16	2Q2018	3Q2018
KPJ Ampang	Beds	149	3Q2018	4Q2018
	Clinics	24		
Sri Manjung	Beds	30	4Q2018	1Q2019
	Clinics	14		
KPJ Puteri	Beds	101	2Q2019	3Q2019
KPJ Penang	Beds	138	1Q2021	2Q2021

Total Beds	548
Total Clinics	54

* Completed

Network Expansion – New Hospitals 2018

KPJ Perlis – Opened on 17 May 2018



Network Expansion – New Hospitals

KPJ Bandar Dato' Onn Specialist Hospital, Johor Bahru

(will be opened in 3Q2018)



Network Expansion — Existing hospitals 2018

KPJ Seremban Specialist Hospital



KPJ Ampang Puteri Specialist Hospital



Taiping Medical Centre



KPJ Johor Specialist Hospital



Network Expansion — New Hospitals 2019

BDC Kuching Specialist Hospital, Kuching



KPJ Miri Specialist Hospital, Miri



Network Expansion– New hospital–lease 2018/2019

KPJ Batu Pahat Specialist Hospital
Batu Pahat (2018)



Kluang Specialist Hospital
Kluang (2019)



KPJ Damansara Empire
Specialist Hospital
Kuala Lumpur (2019)

KPJ

3. Keeping new hospital development on track

> costs & timeline

4. Managing bottom line during gestation period of greenfield projects

> between 3 to 5 yrs

2. Highly regulated industry

>Lower margin compared to regional peers

> High compliance cost

5. Potential structural changes

>Pedulisihat, AEC, AFTA

1. Limited pool of healthcare professionals for sub-specialty

- potential high cost

6. Competition

>from other players & government hospitals



CHALLENGE

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