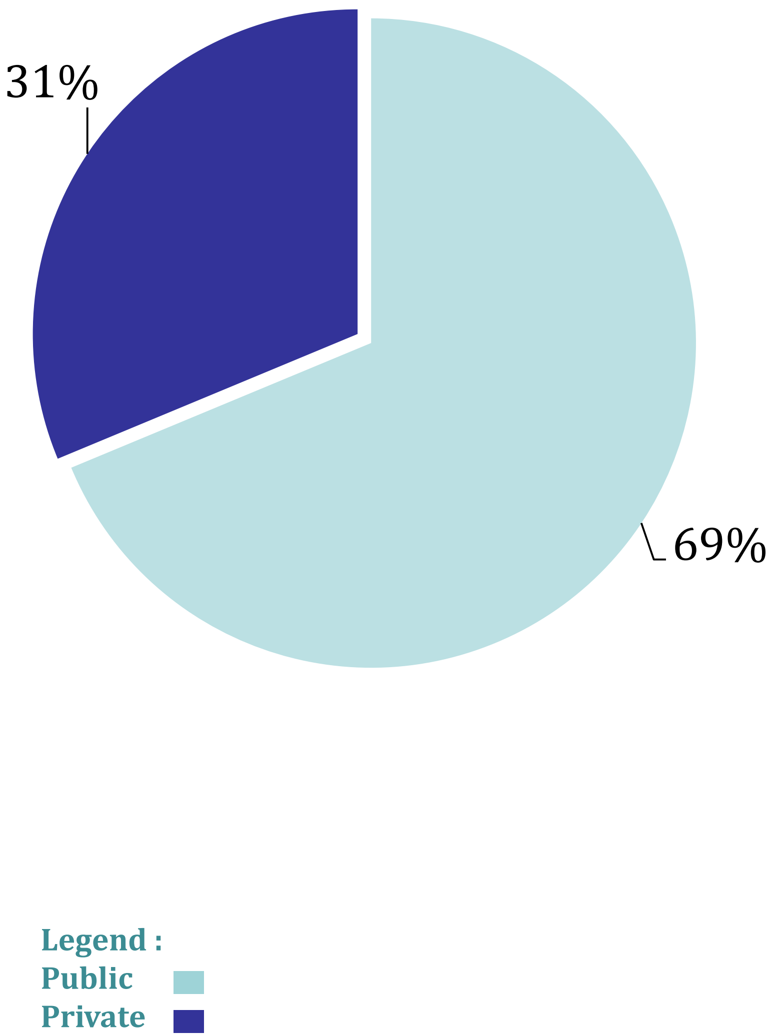
KPJ Healthcare Berhad
Investor Relations
2Q2017

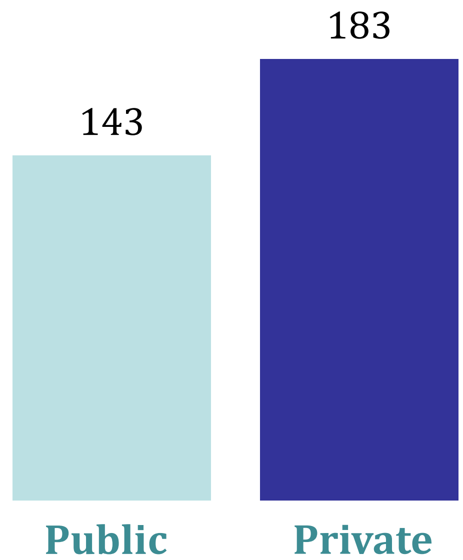
HEALTHCARE INDUSTRY IN MALAYSIA

Malaysia Healthcare System 2015

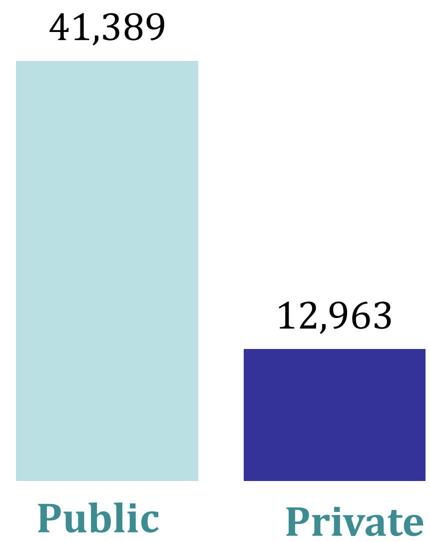
Healthcare Provider



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

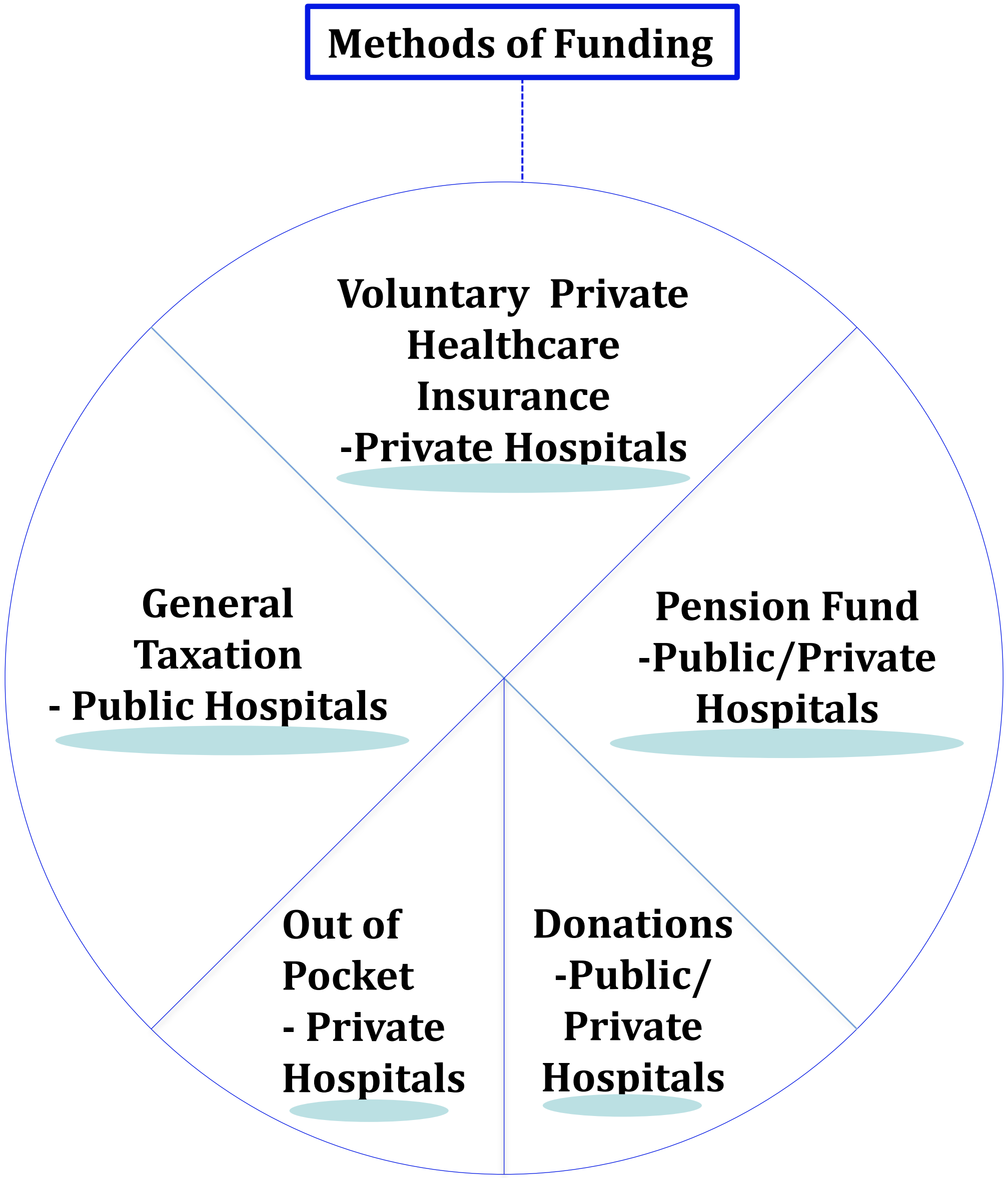
-low cost

-very competitive pricing

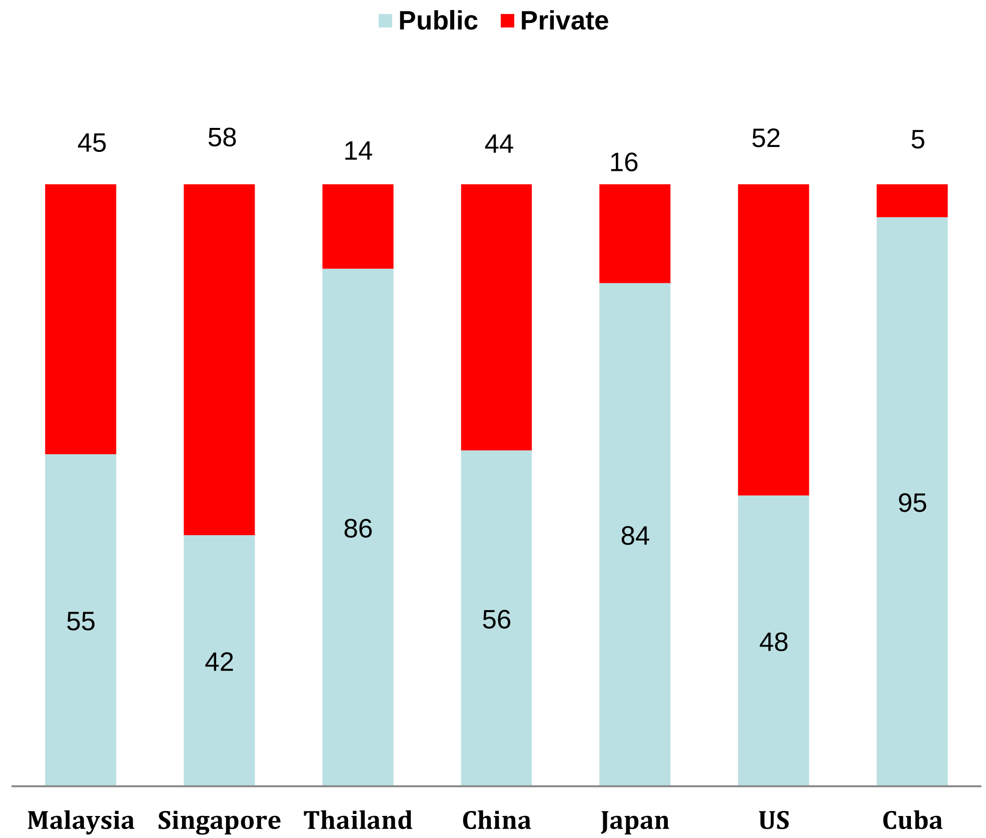
-lower than neighboring countries

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	2
in Australia	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	4
by MSQH	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
44.15%	12.90%	1.39%	8.40%

FOREIGN SHAREHOLDERS

As at 30 June 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

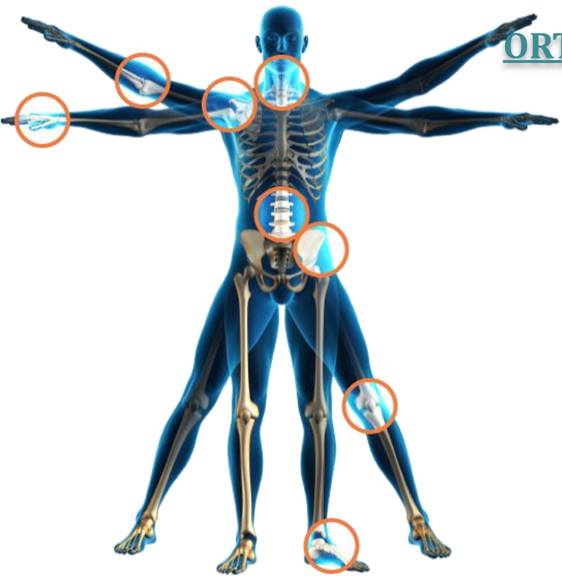
>1st private Healthcare Group Listed on the Bursa Malaysia

>Market Cap RM 4.4Billion

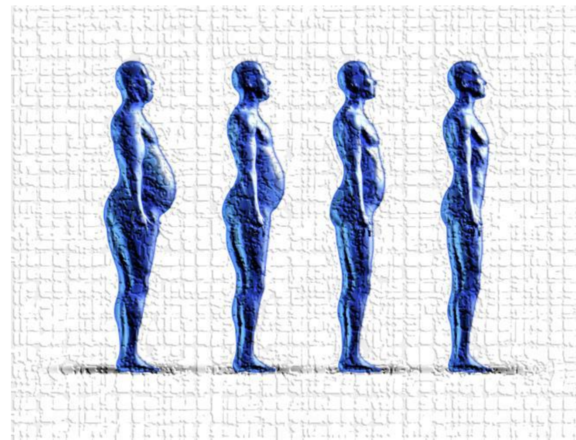
>25 hospitals & 2 Aged Care Centre

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

KPJ's NICHE SERVICES

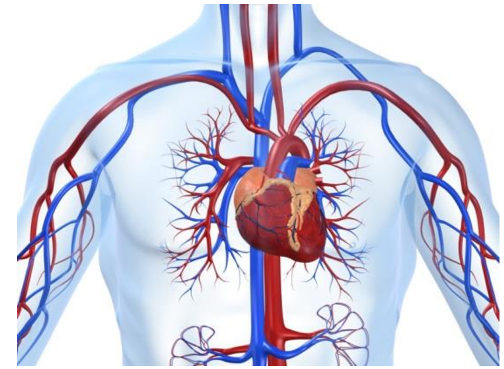


ORTHOPEDIC CARE
- ✓ KPJ Ampang Puteri
- ✓ KPJ Damansara
- ✓ KPJ Ipoh
- ✓ KPJ Johor
- ✓ KPJ Kajang
- ✓ Kedah
- ✓ KPJ Penang
- ✓ KPJ Perdana
- ✓ KPJ Selangor
- ✓ KPJ Seremban
- ✓ KPJ Tawakkal



BARIATRIC (Obesity) SURGERY
- ✓ KPJ Damansara

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



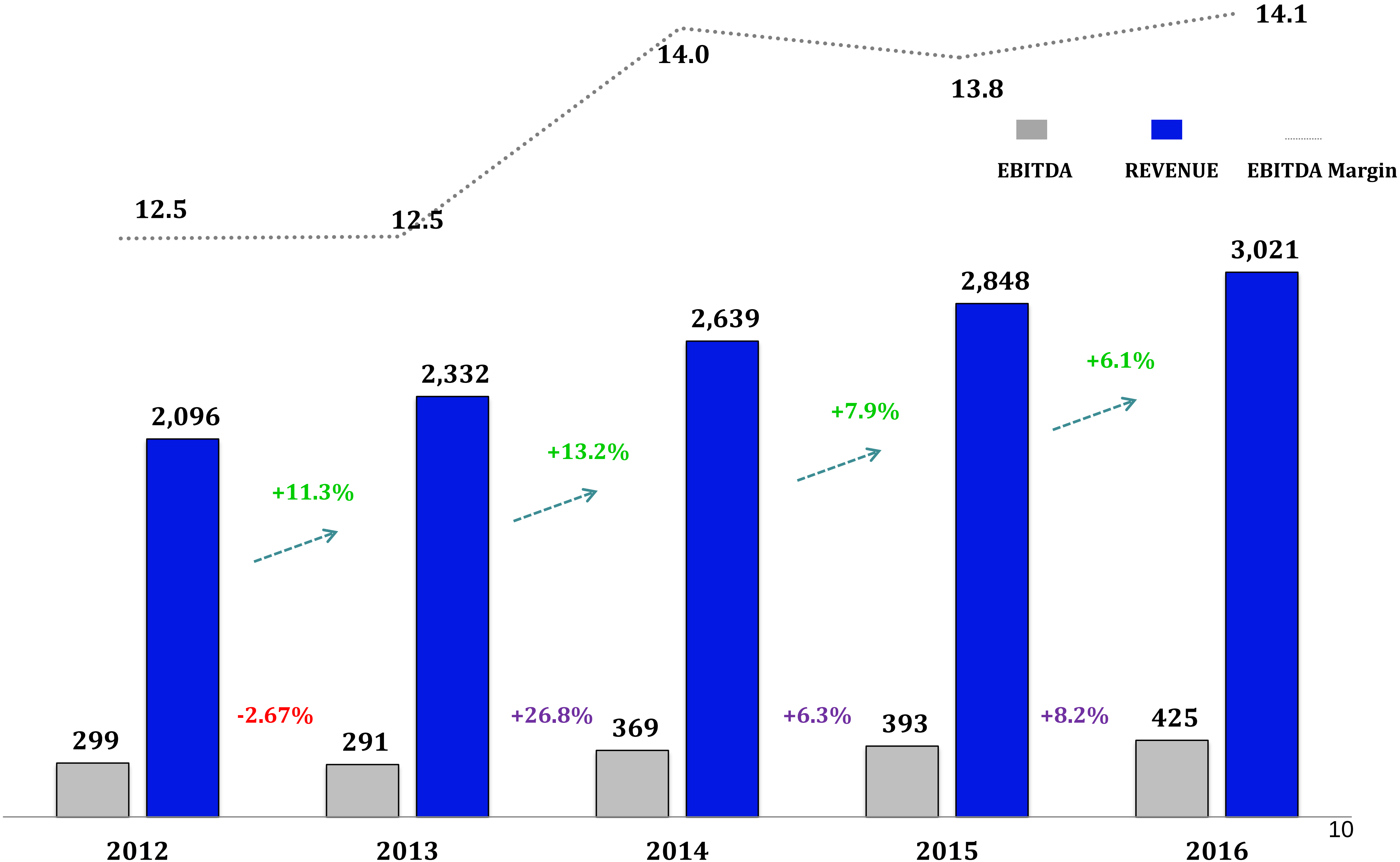
ONCOLOGY (Cancer)
- ✓ KPJ Damansara
- ✓ KPJ Ipoh
- ✓ KPJ Johor
- ✓ KPJ Selangor

RECONSTRUCTIVE & PLASTIC SURGERY

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

FINANCIAL TRENDS

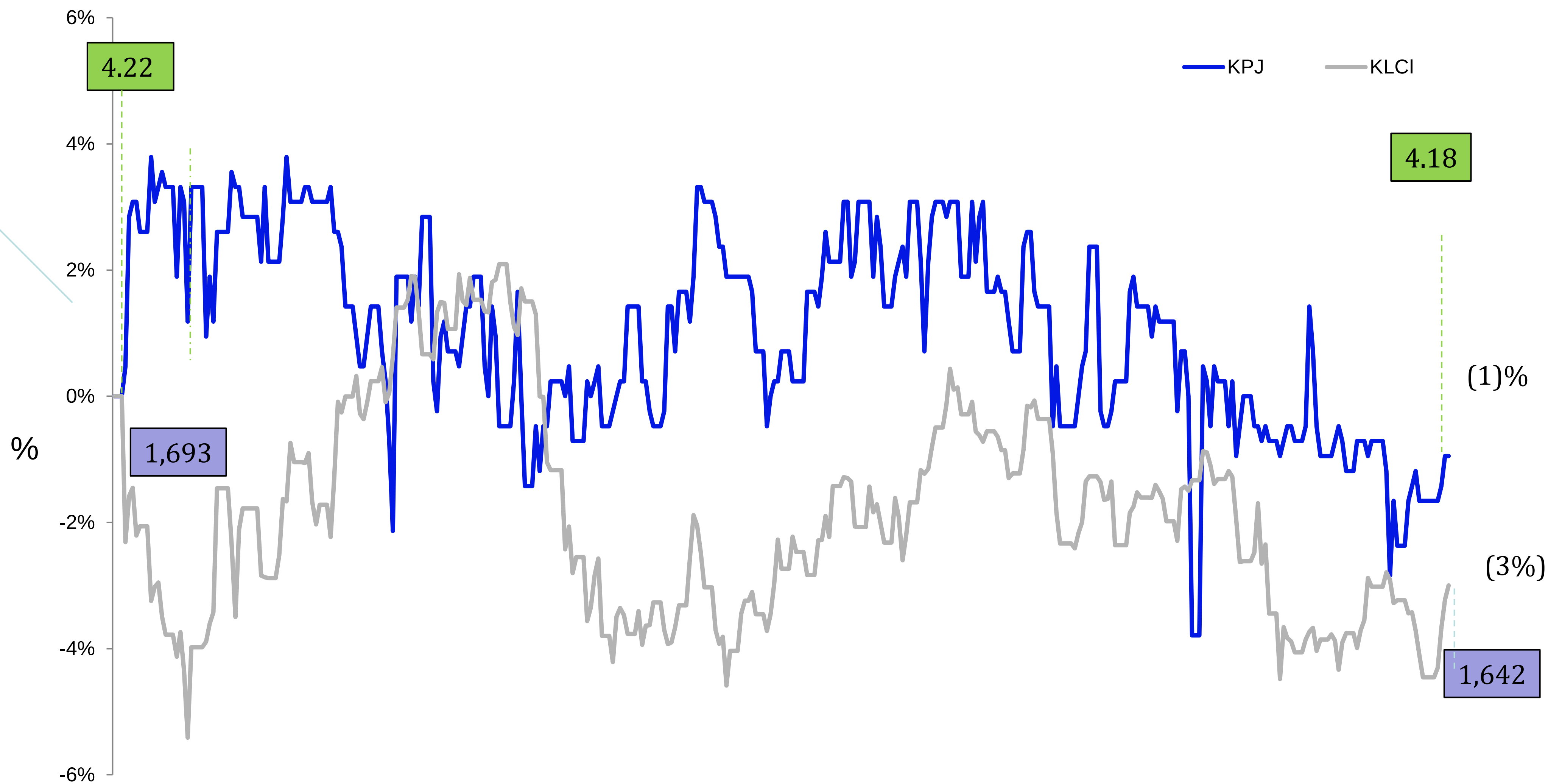
KPJ 5 years Revenue & EBITDA



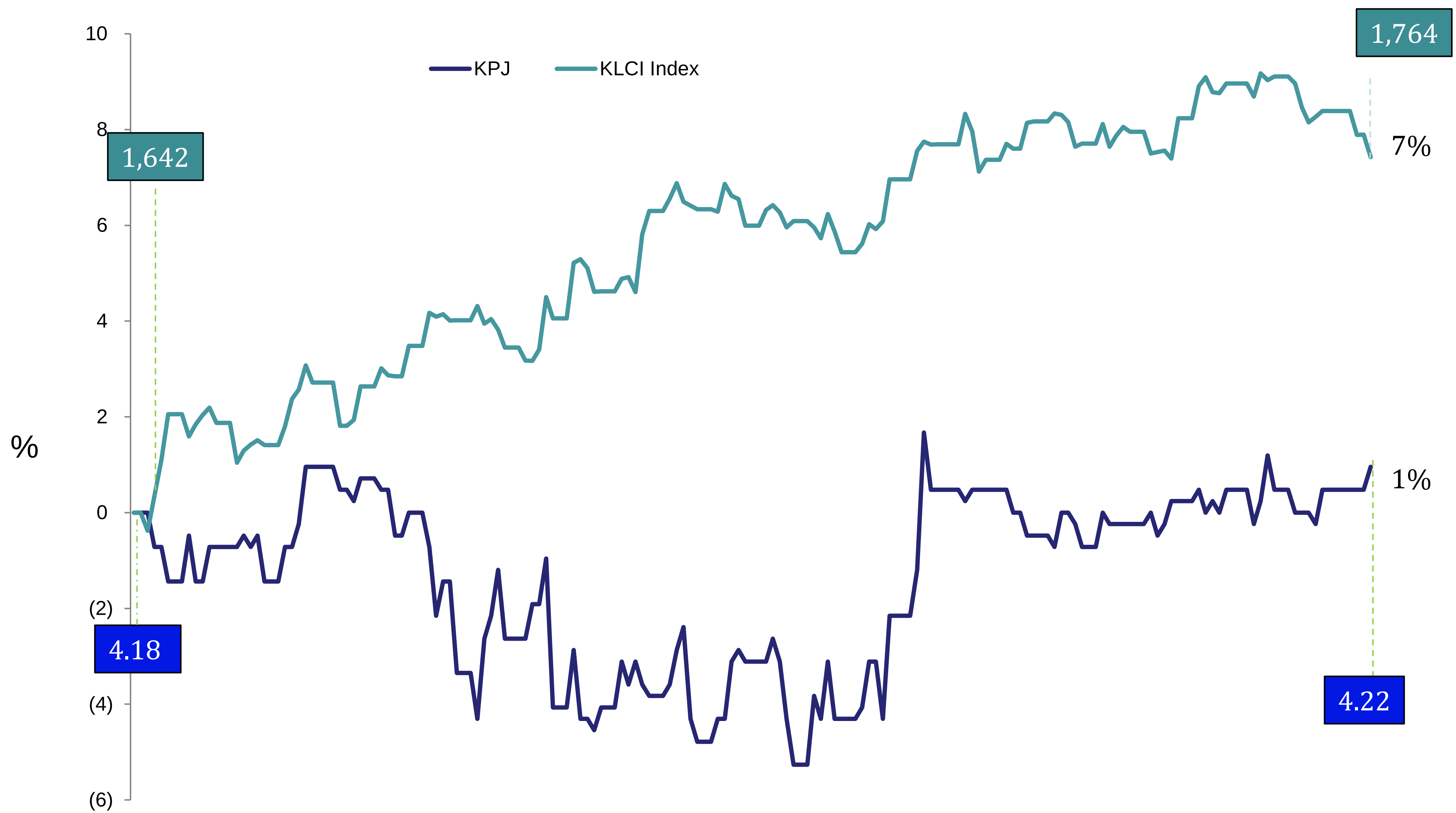
Key Ratios *YEAR END 2016*

	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



KPJ Share Price vs FBMKLCI as at 2Q2017



Group Financials *3 months ended – 30 June 2017*

RM'000	2Q/2017	1Q/2017	2Q/2016	Sequential Var (%)	Y-o-Y Var (%)
Revenue	793,025	793,909	765,124	(0.1)	3.6
Gross Profit	**237,030**	**239,477**	**222,151**	**(1.0)**	6.7
Profit from Operations	53,921	66,537	51,139	(19.0)	5.4
Finance Income	4,247	2,374	2,434	78.9	74.5
Finance Cost	(19,803)	(20,871)	(16,392)	(5.1)	20.8
Share of Results from associates	7,178	6,589	8,905	8.9	(19.4)
Profit before zakat and tax	**45,543**	**54,629**	**46,086**	**(16.6)**	**(1.2)**
Zakat	(1,811)	(400)	(740)	352.8	144.7
Taxation	(12,280)	(14,173)	(13,879)	(13.4)	(11.5)
Profit after zakat and tax	**31,452**	**40,056**	**31,467**	**(21.5)**	**(0)**
Equity holders of company	32,164	38,272	30,334	(16.0)	6.0
Non-controlling interest	(712)	1,784	1,133	(139.9)	(162.8)
Net profit attributable to shareholders	**31,452**	**40,056**	**31,467**	**(21.5)**	**(0)**
Basic EPS (sen)	2.94	3.51	2.81		

Group Financials *6 months ended – 30 June 2017*

RM'000	2Q/2017	2Q/2016		Var (%)
Revenue	1,586,934	1,509,070	↑	5.2
Gross Profit	**476,507**	**454,397**	↑	**4.9**
Profit from Operations	120,458	112,276	↑	7.3
Finance Income	6,621	5,127	↑	29.1
Finance Cost	(40,674)	(37,139)	↓	9.5
Share of Results from associates	13,767	17,243	↓	(20.2)
Profit before zakat and tax	**100,172**	**97,507**	↑	**2.7**
Zakat	(2,211)	(1,140)	↑	93.9
Taxation	(26,453)	(28,277)	↑	(6.5)
Profit after zakat and tax	**71,508**	**68,090**	↑	**5.0**
Equity holders of company	70,436	64,507	↑	9.2
Non-controlling interest	1,072	3,583	↓	(70.1)
Net profit attributable to shareholders	**71,508**	**68,090**		**5.0**
Basic EPS (sen)	6.45	6.06		

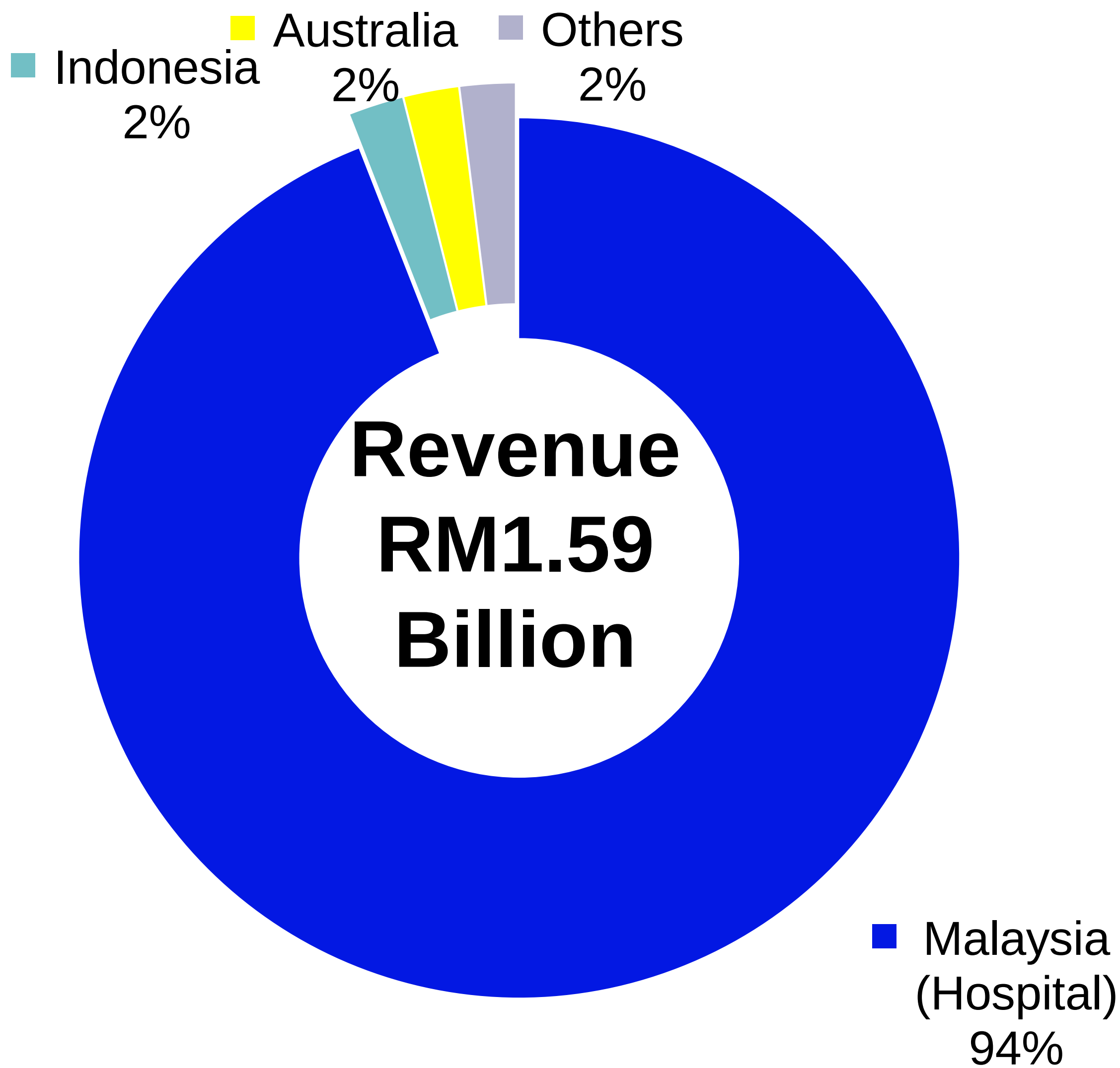
Key Ratios *2Q2017 vs 2Q2016*

	2Q/2017 %	2Q/2016 %	Var
Gross Profit (GP) Margin	30.0	30.1	(0.1)
Profit Before Tax (PBT) Margin	6.3	6.5	(0.2)
EBITDA Margin	13.2	13.1	0.8
Net Profit Margin	4.5	4.5	-
Dividend per share (sen)	1.5	1.8	(0.3)
Gearing Ratio:			
Gross	0.9	1.0	(0.01)
Net	0.8	0.8	-
Net assets per share (RM) - at par value RM0.50	1.5	1.4	0.04

Segmental 2Q2017 vs 2Q2016

Segment	REVENUE			EBITDA			PBT		
	2Q/2017	2Q/2016	Var (%)	2Q/2017	2Q/2016	Var (%)	2Q/2017	2Q/2016	Var (%)
Malaysia	1,502,973	1,431,986	5.0	206,108	199,181	3.5	105,361	104,197	1.1
Indonesia	24,865	28,262	(12.0)	4,719	2,497	89.0	913	837	9.1
Australia	29,097	23,874	21.9	(3,706)	(4,764)	(22.2)	(5,111)	(5,687)	10.1
Others	29,999	24,948	20.2	1,553	205	657.6	(991)	(1,840)	46.1

Revenue Contributions
YTD 2Q 2017



Jeta Gardens – Brisbane, Australia *Senior Living Care*

Financials	2Q/2017 (RM'000)	2Q/2016 (RM'000)	Var (%)
Revenue	29,097	23,874	⬆ 21.9
Profit/(Loss) Before Tax	(5,111)	(5,687)	⬆ 10.1

Facilities	2Q/2017	2016	2015
Aged-Care Facility	180	180	180
Retirement Villas	33	33	33
Apartments Unit	32	32	32
Occupancy Rate %	89.1	88.0	70.0

KPJ's Indonesian Hospitals

Financials Group Indonesia Hospitals	2Q/2017 (RM'000)	2Q/2016 (RM'000)	Var (%)
Revenue	24,865	28,262	(12.0)
Profit/(Loss) Before Tax	913	837	9.1

RS Permata Hijau	2Q/2017	2Q/2016	Var (%)
No. of Bed	92	92	-
Occupancy rate (%)	36.9	39.1	(5.6)
Outpatients	22,789	22,560	1.0
Inpatients	2,217	2,735	(18.9)

RS Bumi Serpong Damai	2Q/2017	2Q/2016	Var (%)
No. of Bed	66	75	(12.0)
Occupancy rate (%)	51.4	45.0	14.2
Outpatients	36,702	31,747	15.6
Inpatients	1,899	2,285	(16.9)

KPJ Investment in Thailand – Vejthani Hospital, Bangkok

Financials	2Q/2017 (RM'000)	2Q/2016 (RM'000)	Var (%)
Revenue	112,301	132,803	(15.4)
Net Profit	5,073	3,998	26.9
Outpatient	133,536	133,806	(0.2)
Inpatient	3,813	3,998	(4.6)

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

Financials	2Q/2017 (RM'000)	2Q/2016 (RM'000)	Var (%)
Revenue	5,340	3,393	57.4
Net Profit	(1,816)	(2,176)	16.5
Outpatient	34,805	14,163	145.7
Inpatient	1,221	957	27.6
Occupancy Rate(%)	42	34	23.5
No. of beds	50	50	-

Education – KPJ Healthcare University College

Financials	2Q/2017 (RM'000)	2Q/2016 (RM'000)	Var (%)
Revenue	23,473	22,017	6.6
PBT	1,338	245	446.1
Students	2,436	2,719	(10.4)

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

YTD Summary Performance -30 June 2017

Hospital Indicators	2Q2017	2Q2016	Var (%)
No of Outpatients	1,237,935	1,257,385	↓ (1.5)
No of Inpatients	143,810	142,339	↑ 1.0
No. of Operating Beds	3,015	2,946	↑ 2.3
Occupancy Rate %	67.7	68.6	↑ 1.3
Avg. Length of Stay (days)	2.55	2.61	↑ 2.3

Summary Performance QoQ- 2Q2017

Hospital Indicators	2Q/2017	1Q/2017	4Q/2016	Var (%) 2Q2017 vs 1Q2017	Var (%) 1Q2017 vs 4Q2016
No of Outpatients	617,485	620,450	604,372	(0.5)	2.7
No of Inpatients	71,075	72,735	67,596	(2.3)	7.6
No. of Operating Beds	3,015	2,997	2,929	0.6	2.3
Occupancy Rate %	67.7%	68.3%	66.2%	(0.9)	3.2
Avg. Length of Stay (days)	2.55	2.53	2.53	0.8	-

Summary Performance QoQ -2016

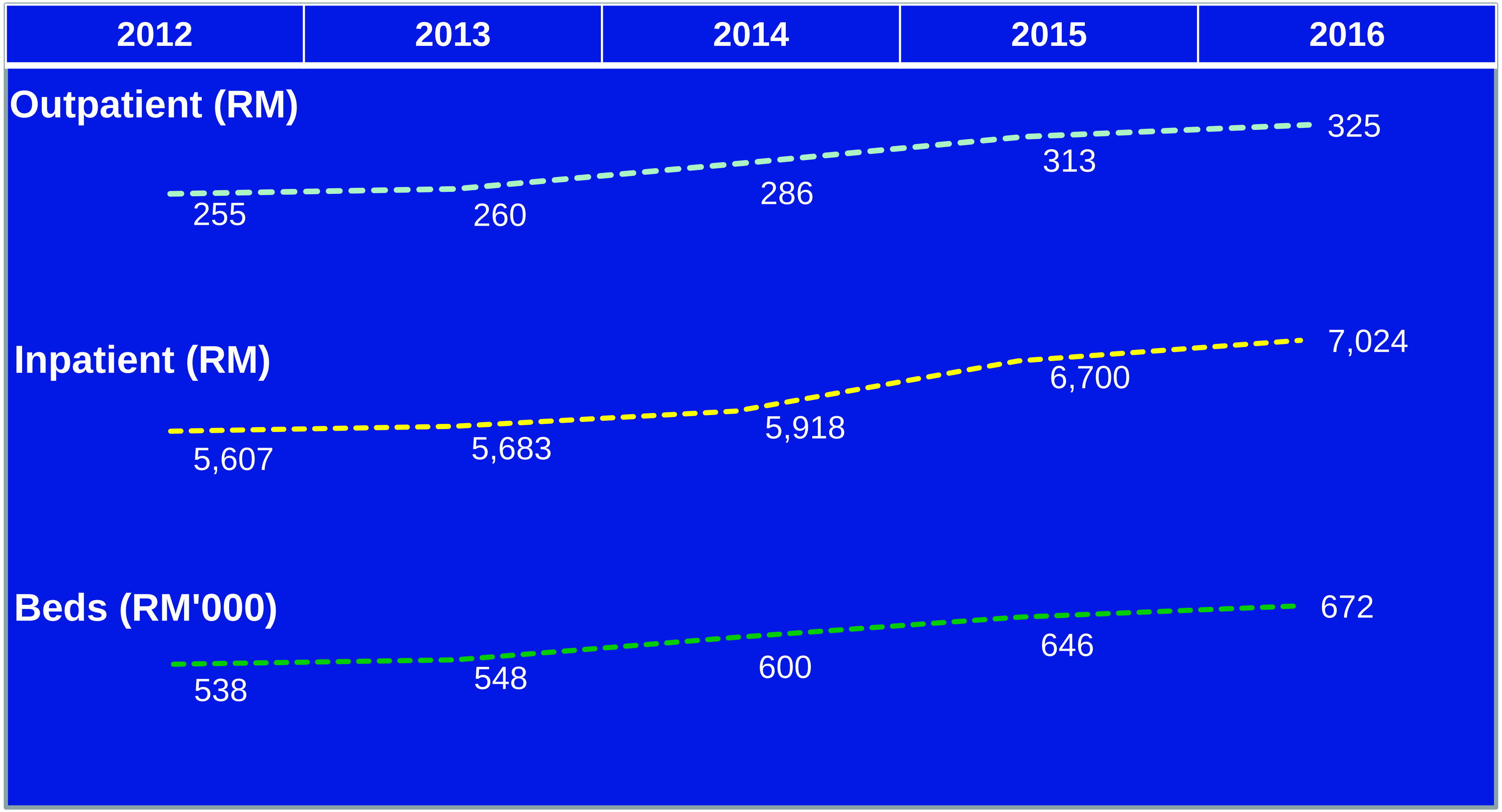
Hospital Indicators	4Q/2016	3Q/2016	Var %	2Q/2016	Var %	1Q/2016	Var %
No of Outpatients	604,372	602,947	0.2	623,632	(3.3)	633,753	(1.6)
No of Inpatients	67,596	69,859	(3.2)	68,737	1.6	73,602	(6.6)
No. of Operating Beds	2,929	2,924	0.2	2,946	(0.7)	2,903	1.5
Occupancy Rate	66.2	67.5	(1.9)	68.6	(1.6)	71.5	(4.1)
Avg. Length of Stay	2.53	2.55	0.8	2.61	2.3	2.57	(1.6)

Average Revenue QoQ – 2Q2017

Region	Per outpatient			Per inpatient			Per beds		
	2Q	1Q	Var (%)	2Q	1Q	Var (%)	2Q	1Q	Var (%)
Group	336	333	0.9	7,214	7,156	0.8	170,073	173,680	(2.1)
Central (Klang Valley)	348	351	(0.9)	7,450	7,510	(0.8)	171,309	178,838	(4.2)
Southern	438	443	(1.1)	7,439	7,154	4.0	206,919	192,405	7.5
East Coast	296	306	(3.3)	7,582	7,572	0.1	281,280	175,488	60.3
Northern	271	266	1.9	6,644	6,460	2.8	156,428	159,867	(2.2)
East	290	255	13.7	6,543	6,727	(2.7)	138,447	137,620	0.6

Average Revenue- Group

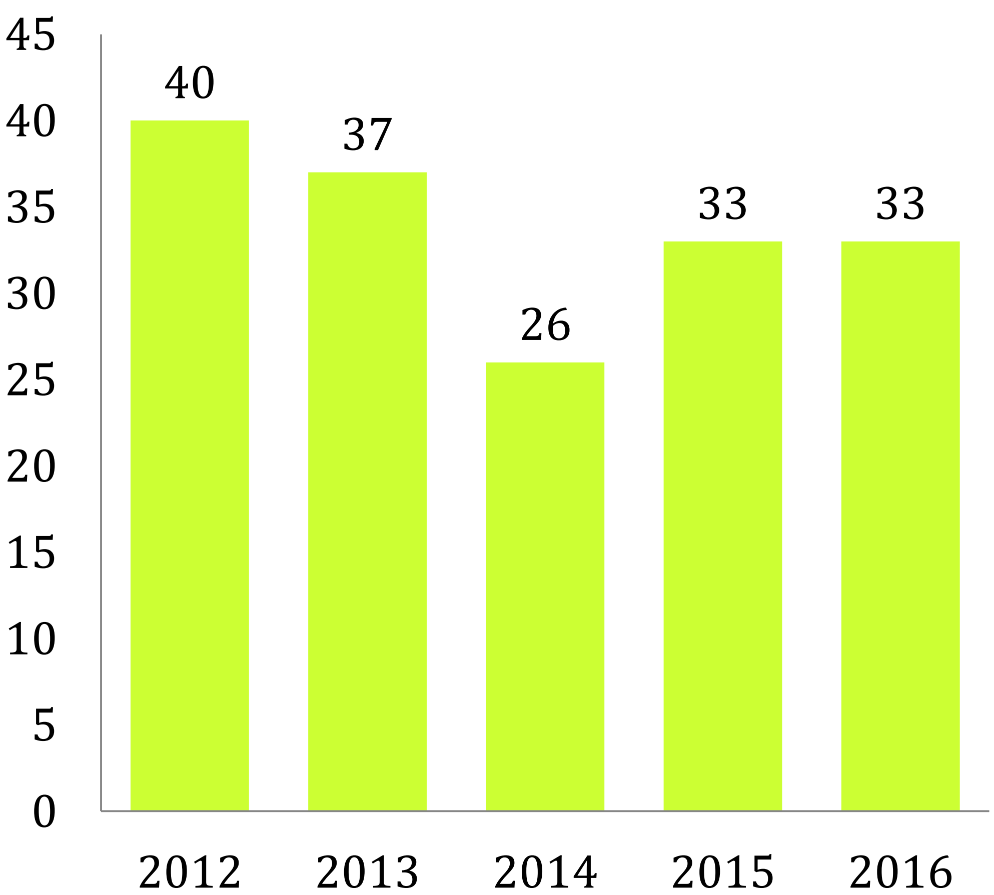
	Outpatient (RM)	Inpatient (RM)	Beds (RM'000)
As at 2Q2017	335	7,185	345,680



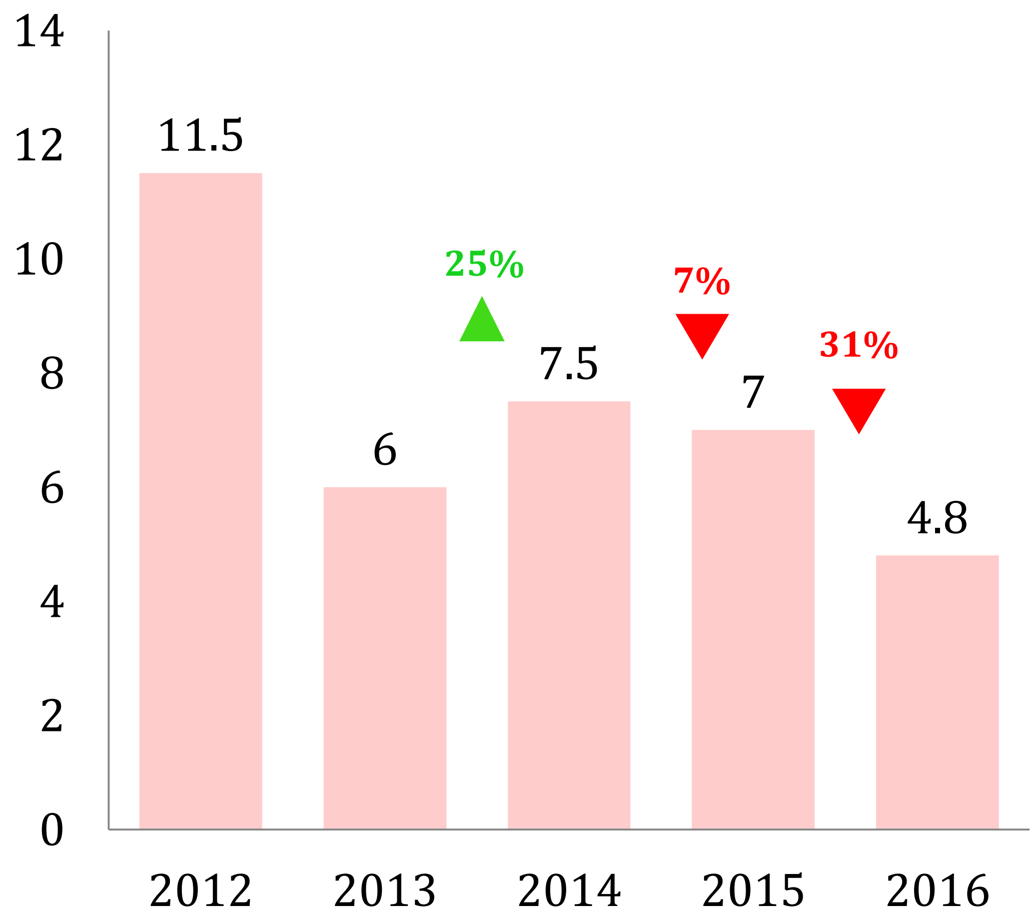
KEY FINANCIAL HIGHLIGHTS

FY2012-FY2016

PE R Historical

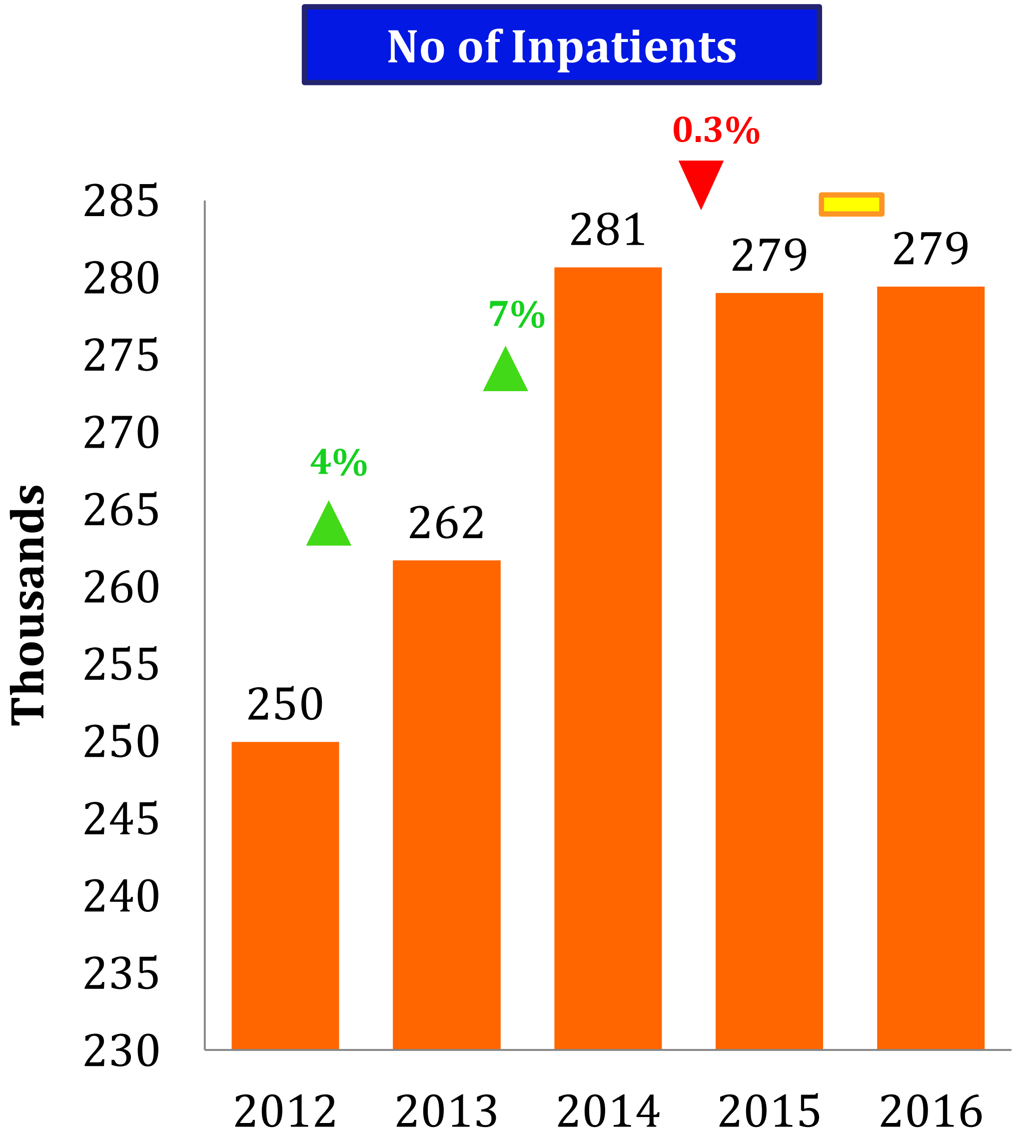


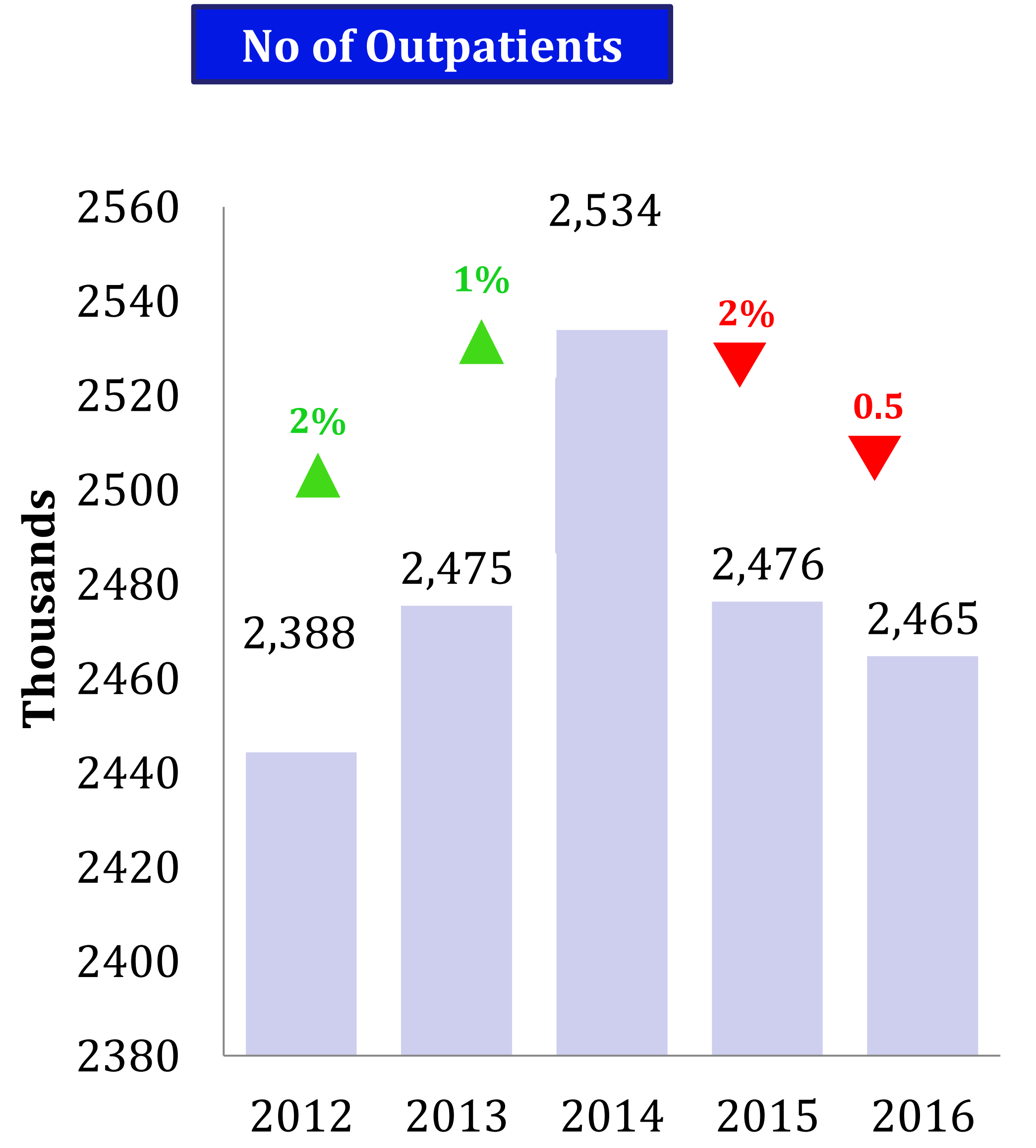
Dividend (sen)



Key Operational Highlights

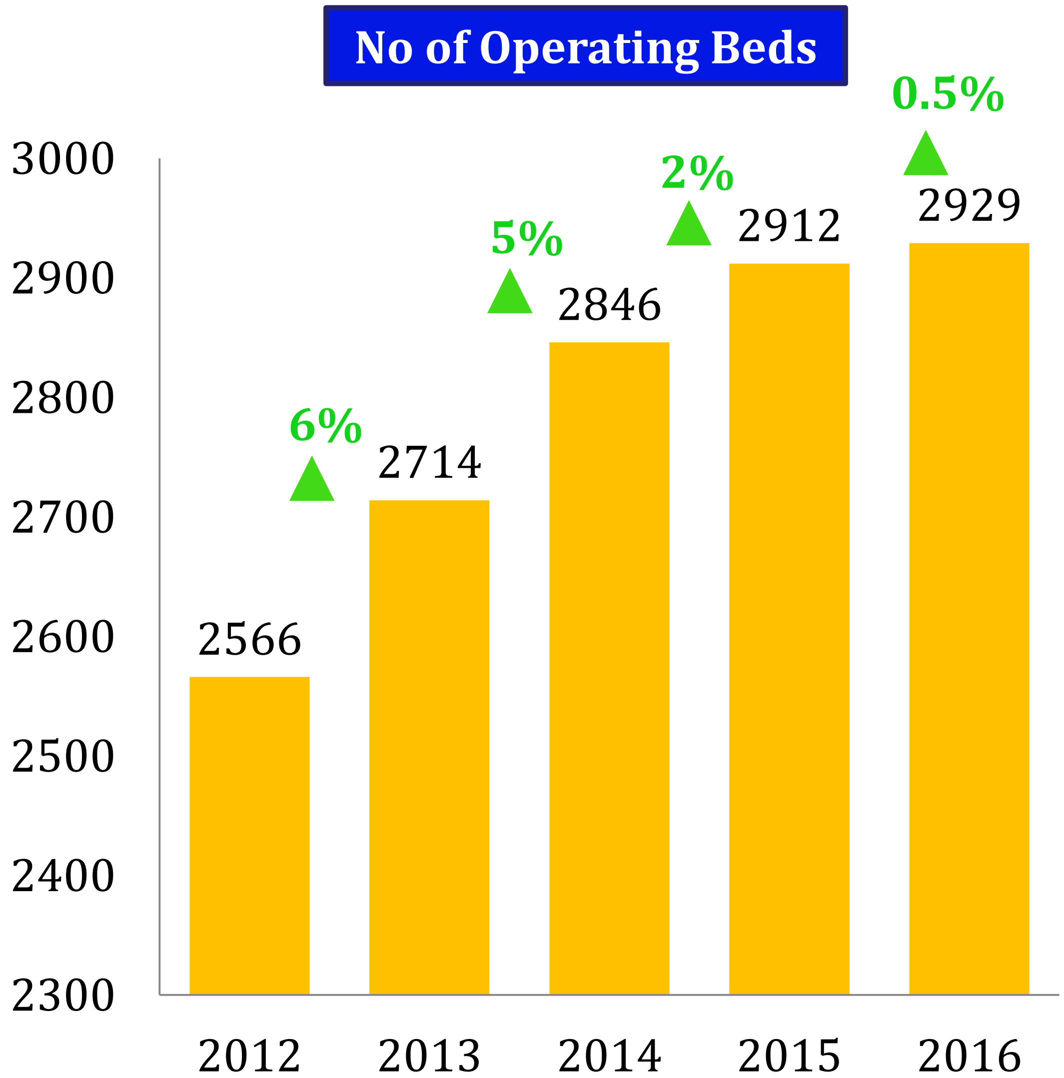
FY2012-FY2016

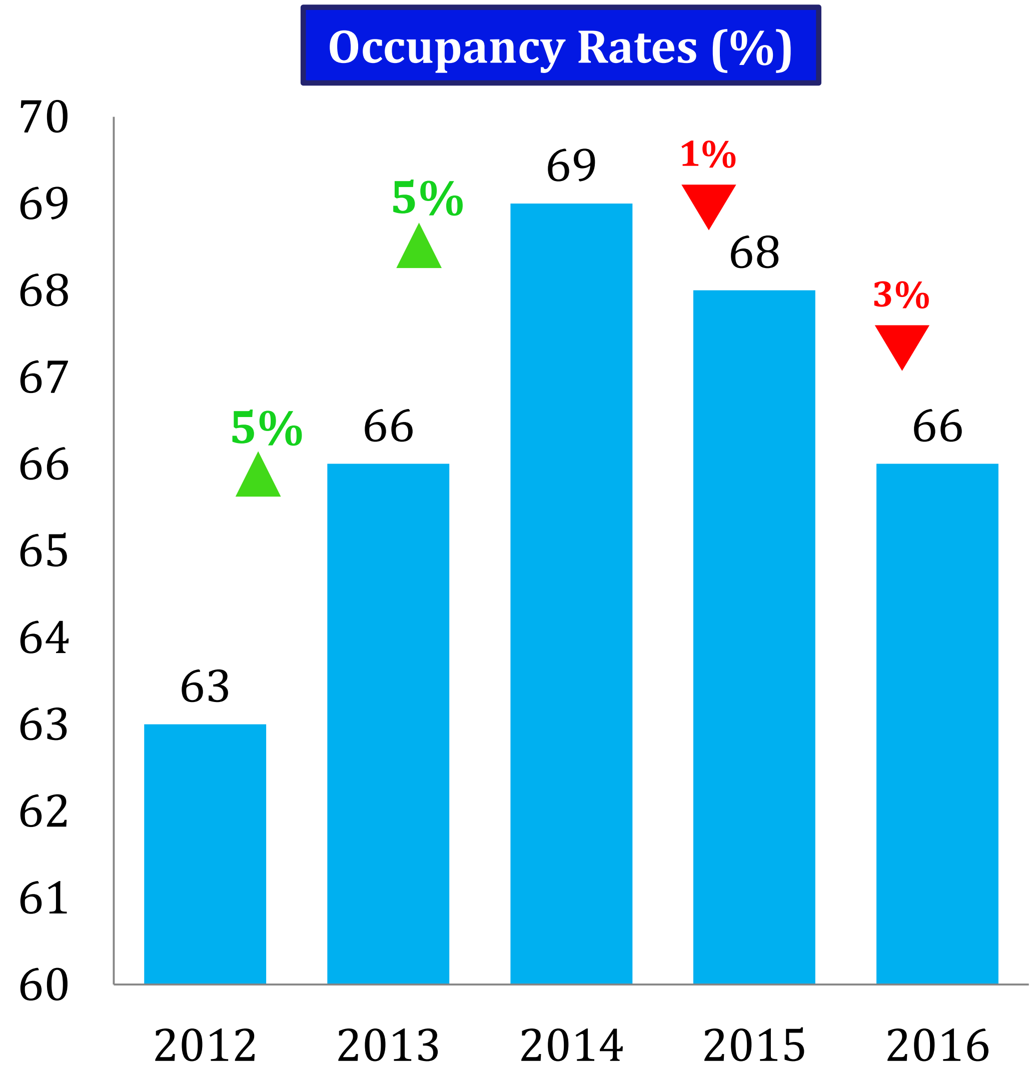




Key Operational Highlights

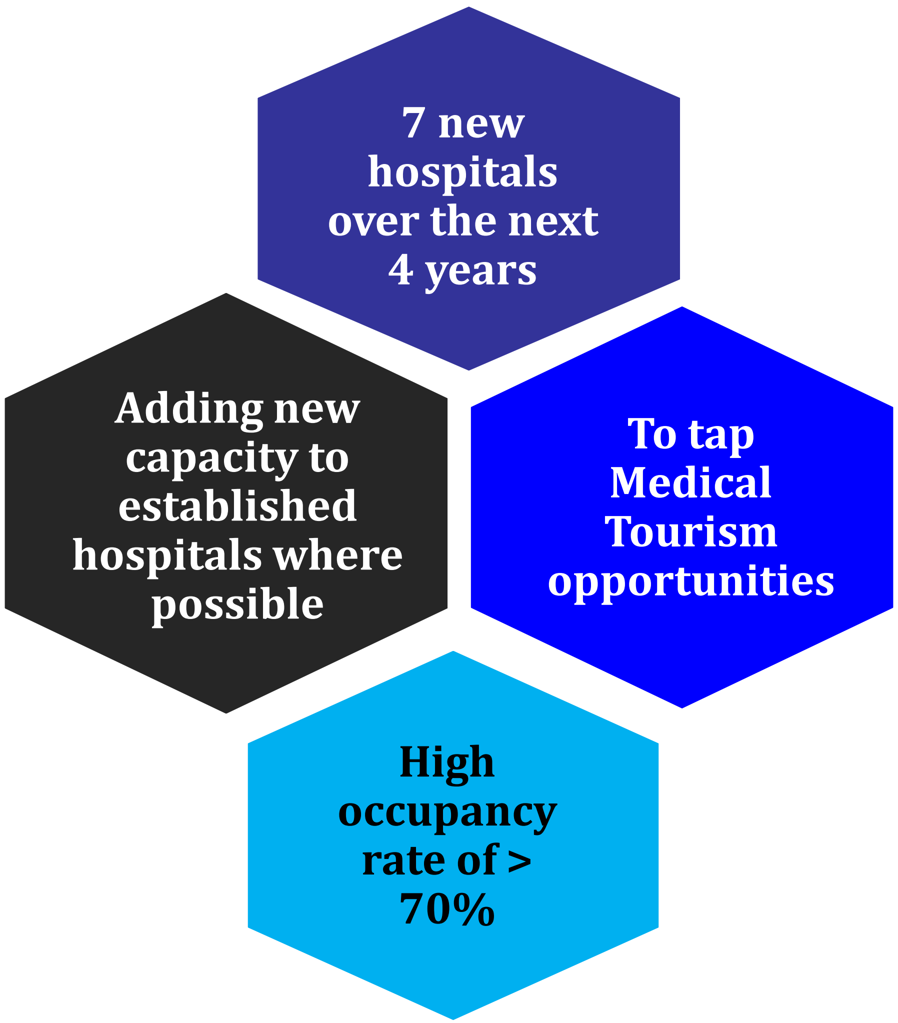
FY2012-FY2016





GROWTH & STRENGHTENING CAPACITY

Expanding Network



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

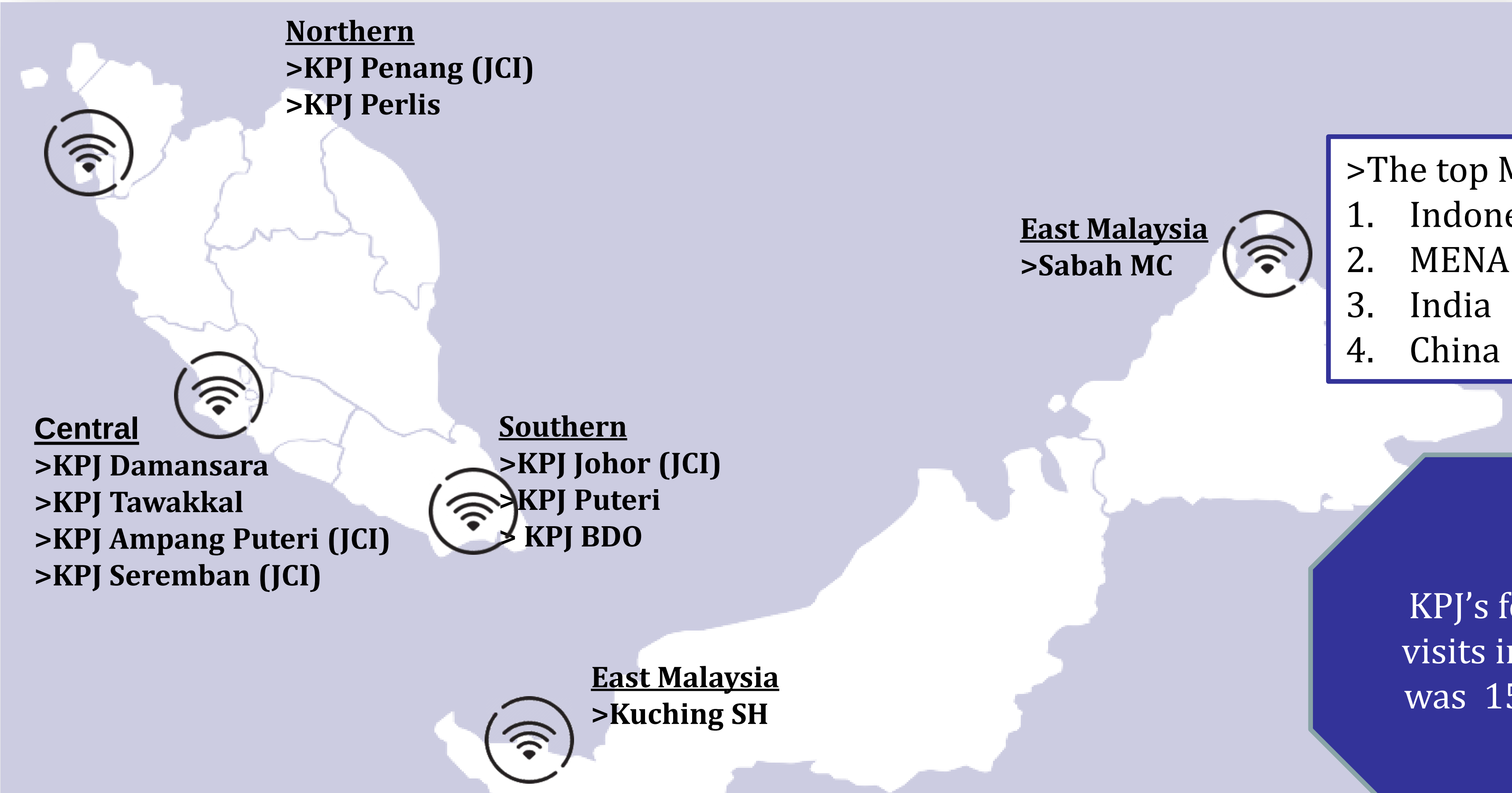
Opportunities

- 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

KPJ's foreign visits in 2016 was 155,052

Comparison of Healthcare Travelers to Malaysia between 2011-2016

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

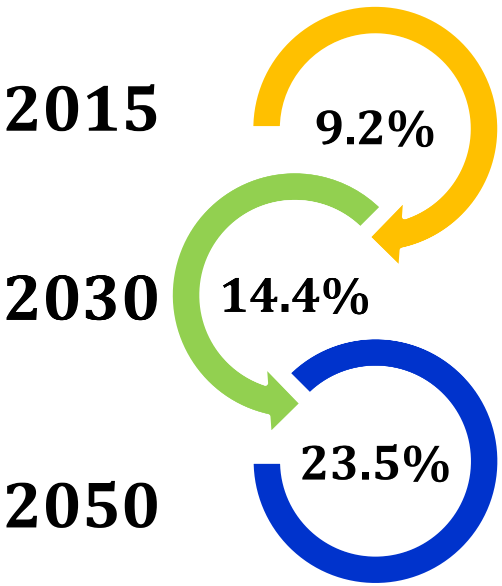
Source:
Malaysia Health Travel Council

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.



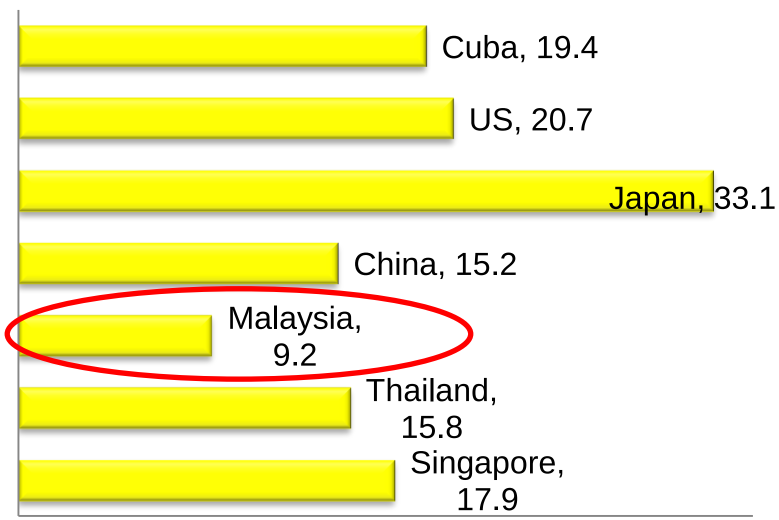
Source :

*>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*

Facilities

- **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

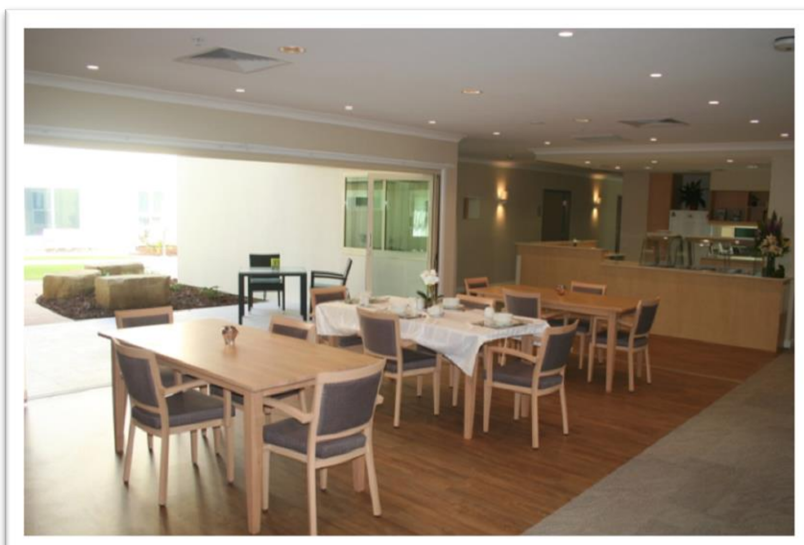
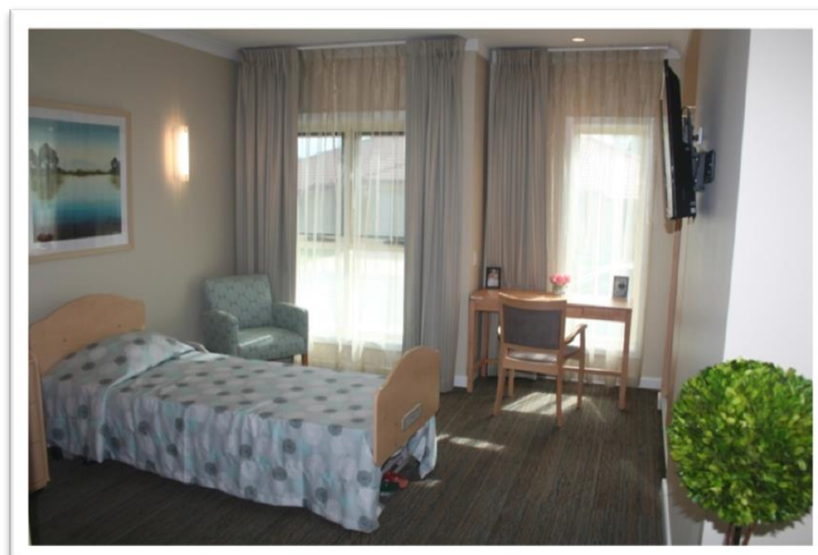
Distribution of elderly population (above 60) by state (2020 projection)

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

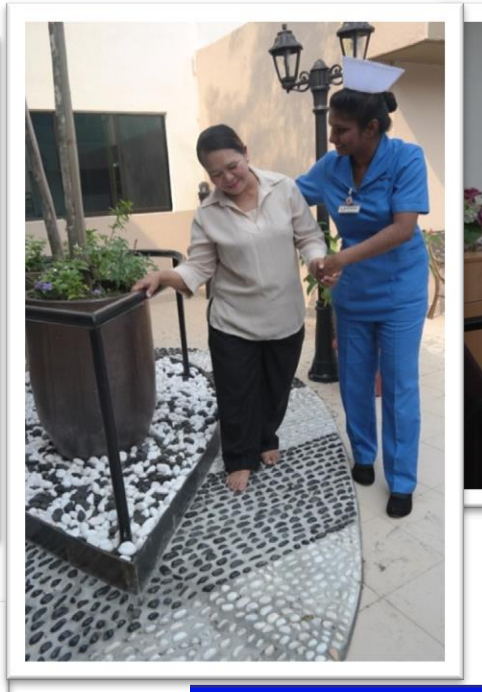
***Planning**

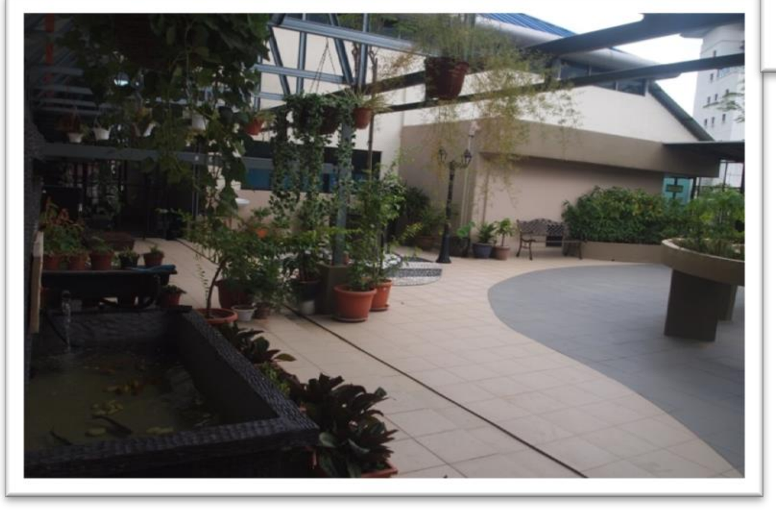
Jeta Gardens –Brisbane, Australia
Senior Living Care – New Building



KPJ Tawakkal Health Centre *Senior Living Care*





	2016				*2017*	
2016	*1Q*	*2Q*	*3Q*	*4Q*	*1Q*	*2Q*
Beds	42	42	42	42	42	42
Occupancy Rate (%)	74	64	70	68	62	64
ALOS	32.3	31.1	28.7	25.0	24.0	26.0

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
BDO	Johor	150	90	1Q2018	2Q2018
Kuching	Sarawak	150	114	2Q2018	3Q2018
Miri	Sarawak	96	61	1Q2018	2Q2018
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	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**

Network Expansion *Hospital Expansion*

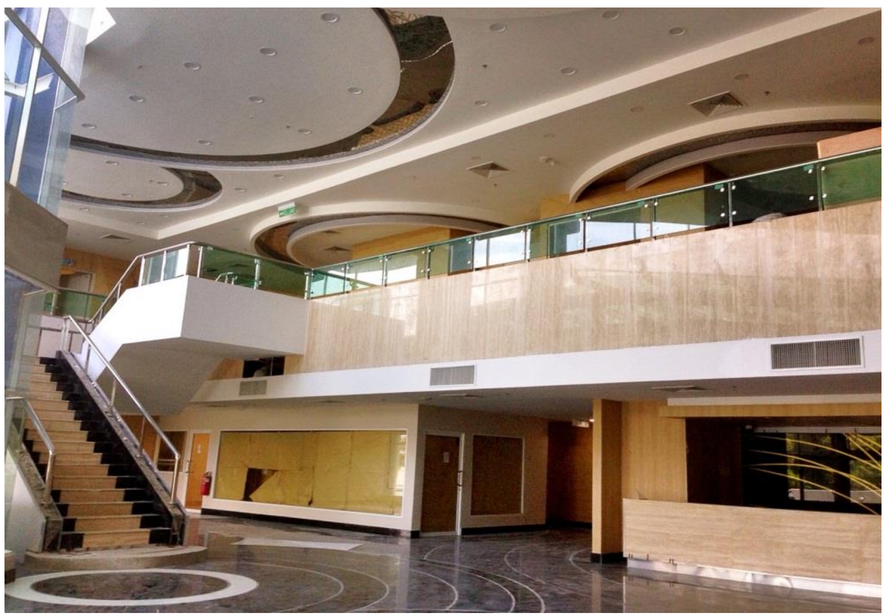
HOSPITALS	DESCRIPTION	CAPACITY	COMPLETION	OPENING
*KPJ Selangor	Clinics	54	Oct 2016	1Q2017
*KPJ Seremban	Beds	90	1Q2017	4Q2017
Taiping	Clinics	16	4Q2017	1Q2018
Sri Manjung	Beds	30	4Q2017	1Q2018
KPJ Johor	Beds	53	4Q2017	1Q2018
KPJ Ampang	Beds	150	1Q2018	2Q2018
	Clinics	33		
KPJ Puteri	Beds	66	1Q2019	2Q2019
KPJ Penang	Beds	138	1Q2021	2Q2021

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

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