



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.



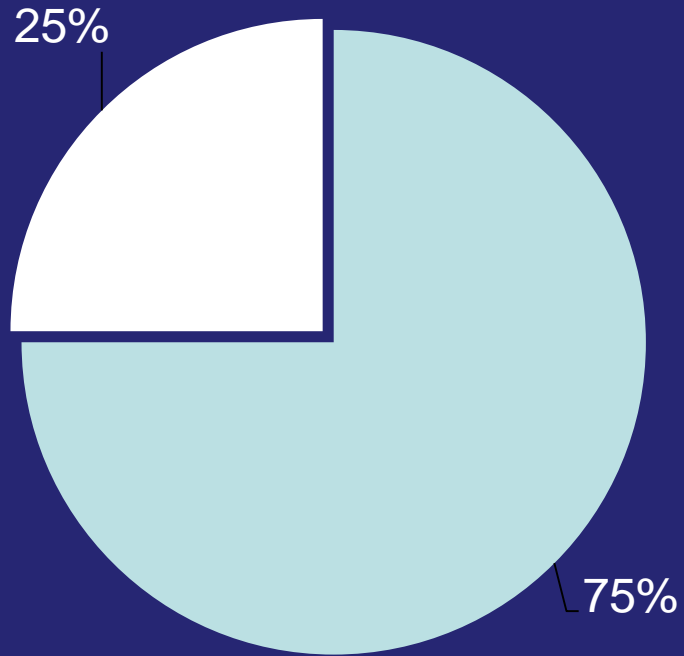
KPJ HEALTHCARE BERHAD

2Q2018

Healthcare Industry in Malaysia

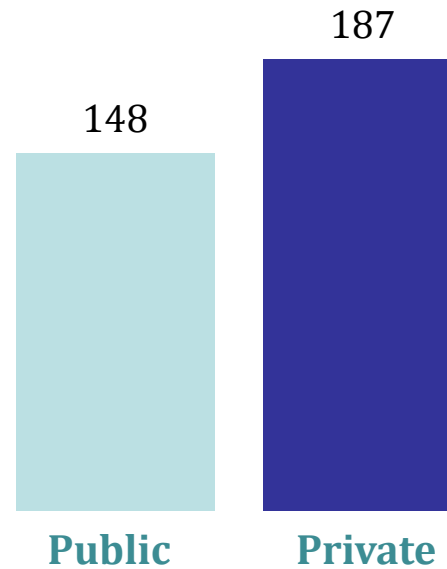
Malaysia Healthcare System 2016

Healthcare Provider

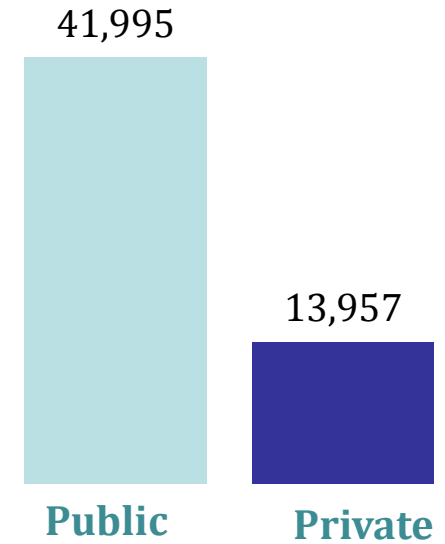


Legend :
Public ■
Private ■

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 March 2018*

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

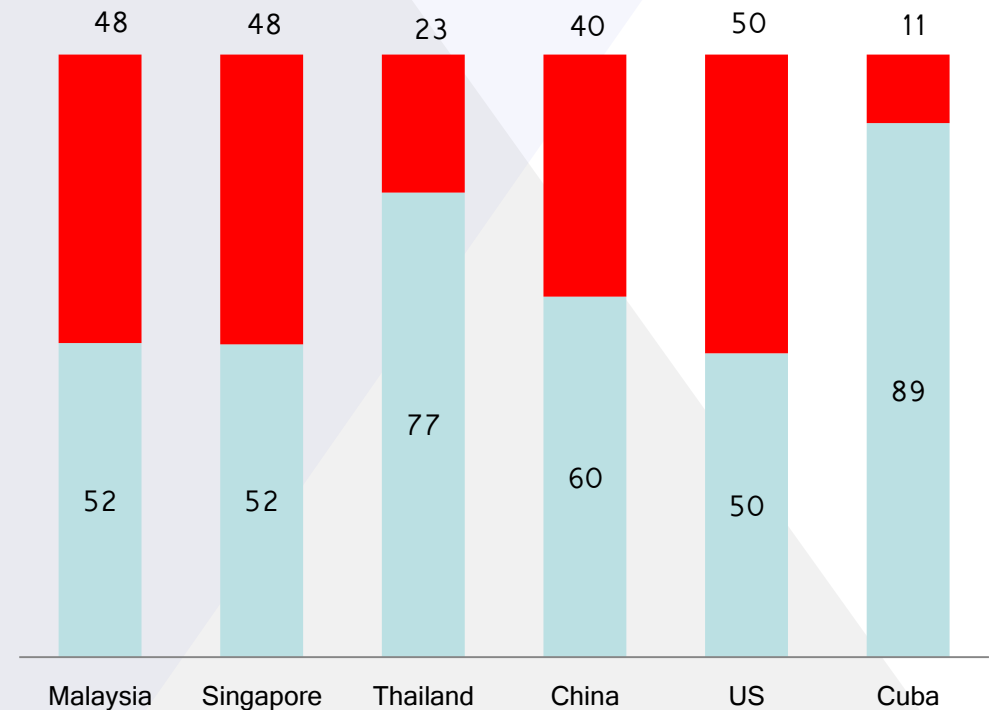


Out of Pocket

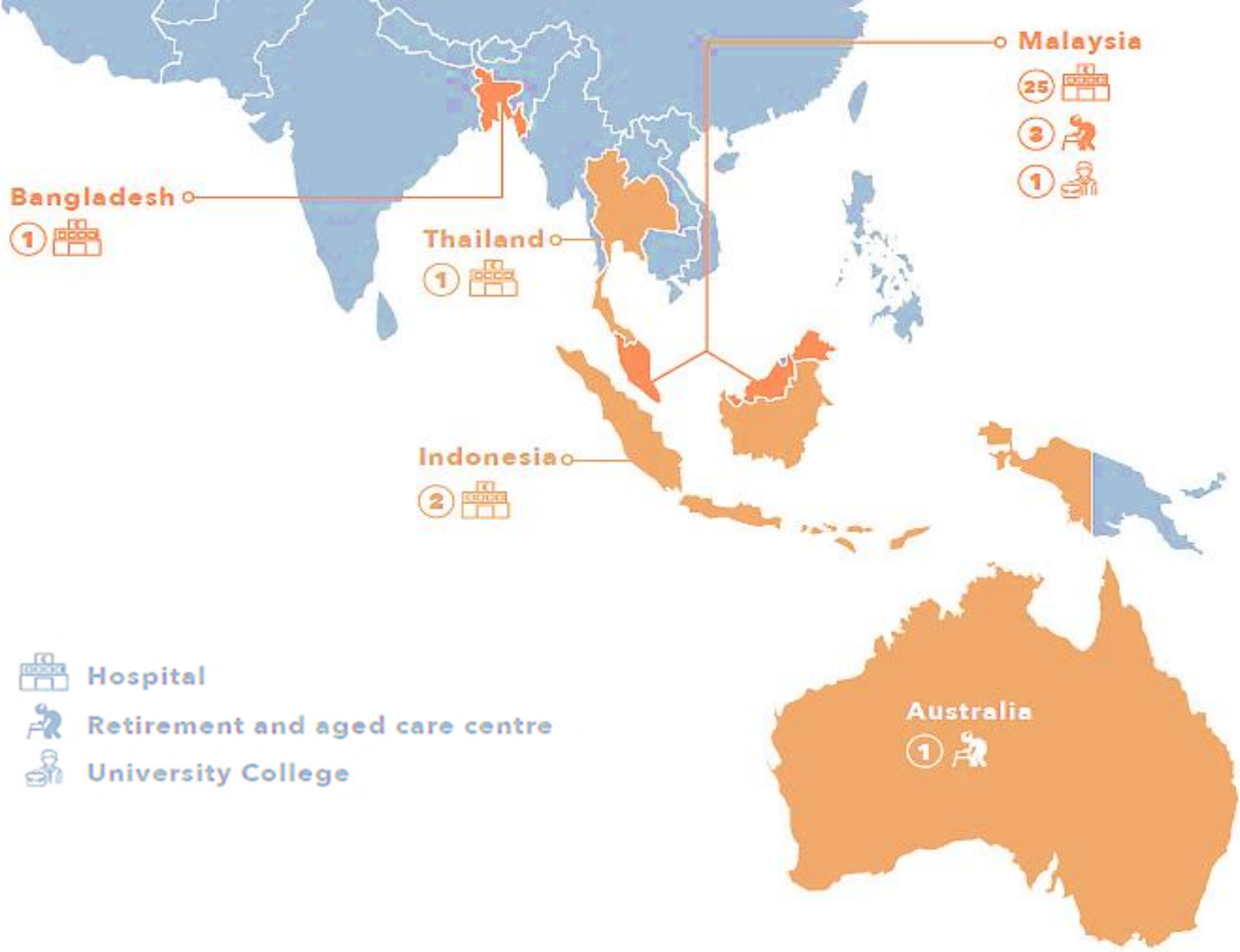
Public vs Private Healthcare Expenditure %

2015

Public Private

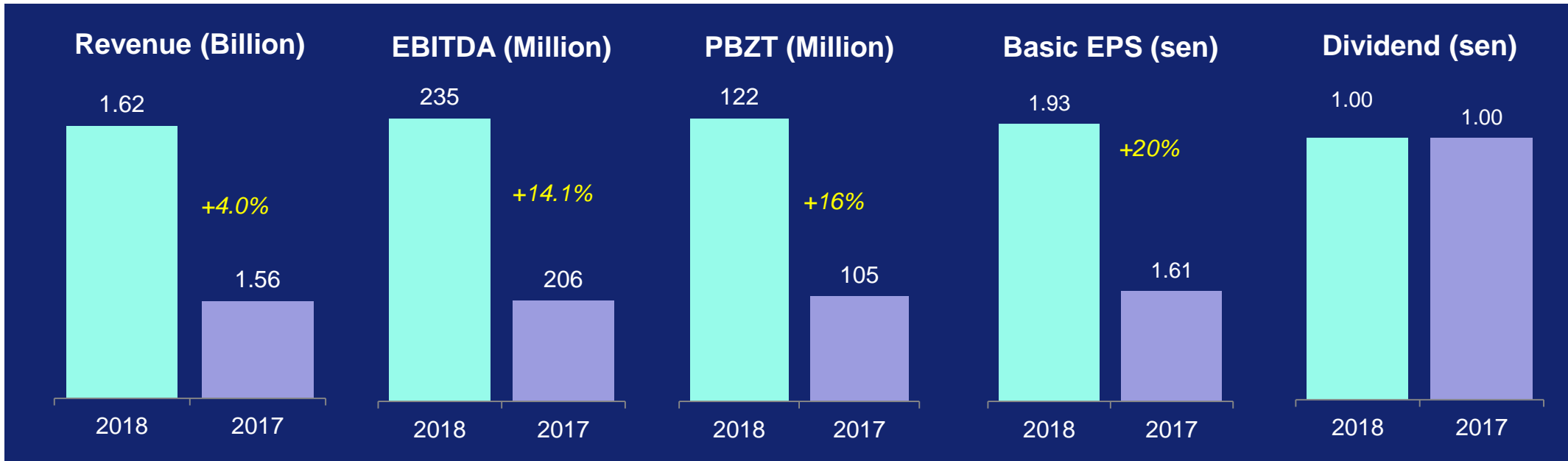


Source : 2018 World Development Indicators



Our Presence

2018 Highlights as at 2Q2018



+1.2%
Outpatients
 2018 – 1,252,659
 2017 – 1,237,935

+1.6%
Inpatients
 2018 – 146,128
 2017 – 143,810

-4.4%
Occupancy Rate
 2018 – 65%
 2017 – 68%

+2.6%
No. Operating Beds
 2018 – 3,094
 2017 – 3,015

-2.4%
Avg Length of Stay
 2018 – 2.49 days
 2017 – 2.55 days

+1.6%
Consultants
 2018 – 1,021
 2017 – 1,005

ABOUT KPJ Shareholdings Stats



44.14%



JOHOR CORPORATION

12.35%



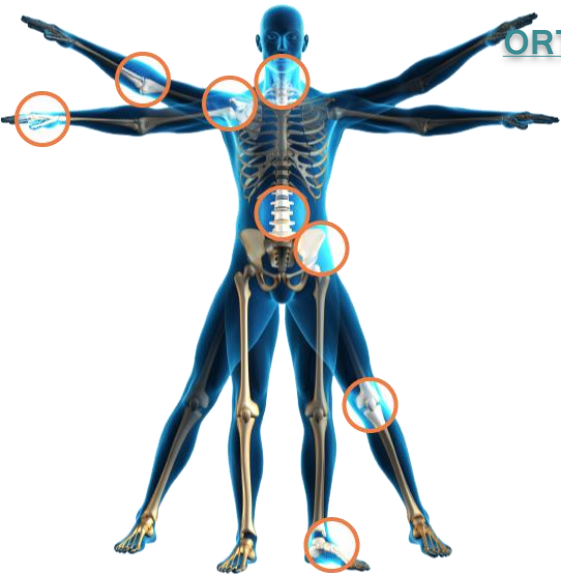
5.05%



6.60%

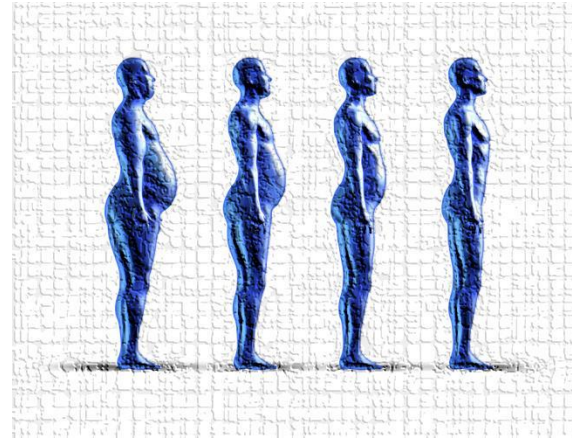
**FOREIGN
SHAREHOLDERS**

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

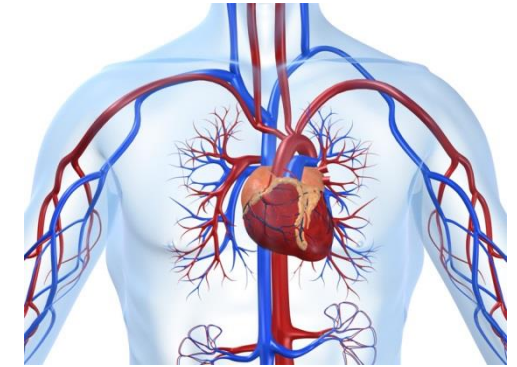


BARIATRIC (Obesity) SURGERY

- ✓ KPJ Damansara

CARDIOLOGY

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



RECONSTRUCTIVE & PLASTIC SURGERY

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

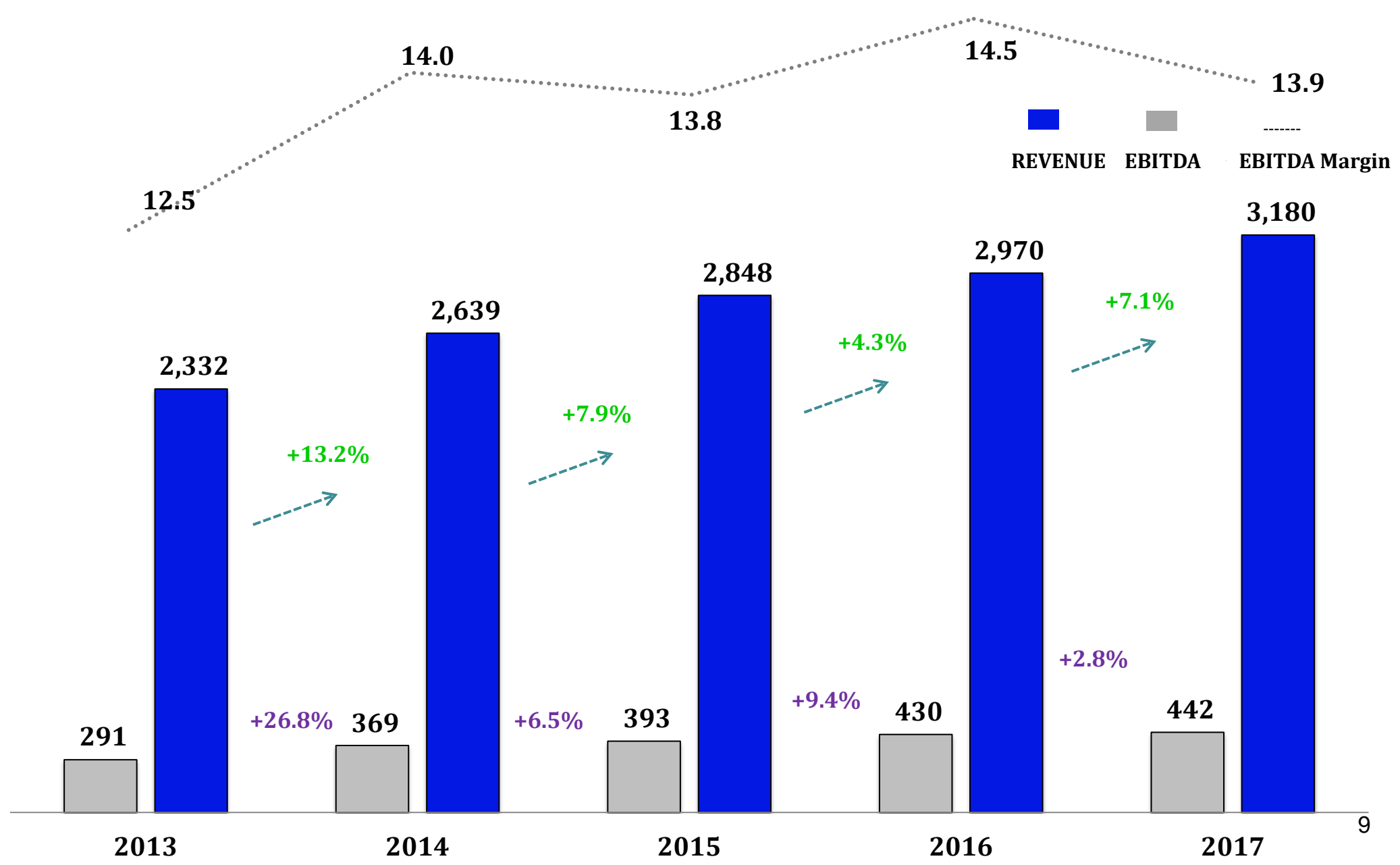
ONCOLOGY (Cancer)

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



FINANCIAL TRENDS

KPJ 5 years Revenue & EBITDA



KPJ Share Price vs FBMKLCI as at 2Q2018



Group Financials 3 months ended – 30 June 2018

| | 2Q/2018 | 1Q/2018 | 2Q/2017 | Sequential | Y-o-Y |
|--|----------------|----------------|----------------|--------------|-------------|
| RM'000 | RM ('000) | RM ('000) | RM ('000) | Var (%) | Var (%) |
| Revenue | 801,329 | 822,883 | 778,599 | (2.6) | 2.9 |
| Gross Profit | 242,716 | 250,773 | 233,159 | (3.2) | 4.1 |
| Profit from Operations | 73,963 | 70,802 | 55,889 | 4.5 | 32.3 |
| Finance Income | 3,161 | 1,020 | 4,247 | 209.9 | (25.6) |
| Finance Cost | (22,504) | (20,267) | (19,803) | 11.0 | 13.6 |
| Share of Results from associates | 6,799 | 9,331 | 7,178 | (27.1) | (5.3) |
| Profit before zakat and tax | 61,419 | 60,886 | 47,511 | 0.9 | 29.3 |
| Zakat | (1,589) | (1,075) | (1,811) | 47.8 | (12.3) |
| Taxation | (14,837) | (14,805) | (12,280) | 0.2 | 20.8 |
| Profit after zakat and tax | 44,993 | 45,006 | 33,420 | (0.0) | 34.6 |
| (Loss)/Profit from discontinuing | (417) | 480 | (1,968) | (186.9) | 78.8 |
| Net profit for the year | 44,576 | 45,486 | 31,452 | (2.0) | 41.7 |
| Equity holders of company | 42,337 | 42,482 | 32,165 | (0.3) | 31.6 |
| Non-controlling interest | 2,239 | 3,004 | (713) | (25.5) | 414.0 |
| Net profit attributable to shareholders | 44,576 | 45,486 | 31,452 | (2.0) | 41.7 |
| Basic EPS (sen) | 0.96 | 0.97 | 0.71 | | |

Group Financials 6 months ended – 30 June 2018

| | 2Q/2018 | 2Q/2017 | Y-o-Y |
|--|----------------|----------------|-------------|
| RM'000 | RM ('000) | RM ('000) | Var (%) |
| Revenue | 1,624,212 | 1,557,837 | 4.3 |
| Gross Profit | 493,489 | 468,438 | 5.3 |
| Profit from Operations | 144,765 | 125,569 | 15.3 |
| Finance Income | 4,181 | 6,621 | (36.9) |
| Finance Cost | (42,771) | (40,674) | 5.2 |
| Share of Results from associates | 16,130 | 13,767 | 17.2 |
| Profit before zakat and tax | 122,305 | 105,283 | 16.2 |
| Zakat | (2,664) | (2,211) | 20.5 |
| Taxation | (29,642) | (26,453) | 12.1 |
| Profit after zakat and tax | 89,999 | 76,619 | 17.5 |
| (Loss) / Profit from discontinuing | 63 | (5,111) | 101.2 |
| Net profit for the year | 90,062 | 71,508 | 25.9 |
| Equity holders of company | 84,819 | 70,437 | 20.4 |
| Non-controlling interest | 5,243 | 1,071 | 389.5 |
| Net profit attributable to shareholders | 90,062 | 71,508 | 25.9 |
| Basic EPS (sen) | 1.93 | 1.61 | |

Key Ratios 3 months ended – 30 June 2018

| | 2Q/2018 | 1Q/2018 | 2Q/2017 | Sequential | Y-o-Y |
|---------------------------------------|---------|---------|---------|------------|-------|
| | % | % | % | Var | Var |
| Gross Profit (GP) Margin | 30.3 | 30.5 | 29.9 | (0.20) | 0.40 |
| Profit Before Zakat Tax (PBZT) Margin | 7.7 | 7.4 | 6.1 | 0.30 | 1.60 |
| Net Profit Margin | 5.6 | 5.5 | 4.0 | 0.10 | 1.60 |
| EBITDA Margin | 14.8 | 14.2 | 12.6 | 0.60 | 2.20 |
| PATAMI Margin | 5.3 | 5.2 | 4.3 | 0.10 | 1.00 |
| Dividend per share (sen) | 0.5 | 0.5 | 0.5 | - | - |
| Gearing Ratio: | | | | | |
| Gross | 1.3 | 1.0 | 0.9 | 30.00 | 44.44 |
| Net | 0.85 | 0.88 | | | |
| Net assets per share (RM) | 0.4 | 0.4 | 0.4 | - | - |

Key Ratios 6 months ended – 30 June 2018

| | 2Q/2018 | 2Q/2017 | Y-o-Y |
|---------------------------------------|---------|---------|-------------|
| | % | % | Var |
| Gross Profit (GP) Margin | 30.4 | 30.1 | 0.30 |
| Profit Before Zakat Tax (PBZT) Margin | 7.5 | 6.8 | 0.70 |
| Net Profit Margin | 5.5 | 4.6 | 0.90 |
| EBITDA Margin | 14.5 | 13.2 | 1.30 |
| PATAMI Margin | 5.2 | 4.5 | 0.70 |
| Dividend per share (sen) | 1.0 | 1.0 | - |
| Gearing Ratio: | | | - |
| Gross | 0.9 | 0.9 | - |
| Net | | | - |
| Net assets per share (RM) | 0.4 | 0.4 | - |

Segmental Financial Highlights

| | 2Q2018 | 2Q2017 | Var (%) |
|-----------|-----------|-----------|---------|
| Revenue | RM ('000) | RM ('000) | |
| Malaysia | 1,575,043 | 1,502,973 | 4.8 |
| Indonesia | 20,136 | 24,865 | (19.0) |
| Australia | 29,688 | 29,097 | 2.0 |
| PBT | | | |
| Malaysia | 127,857 | 105,361 | 21.4 |
| Indonesia | (2,493) | 913 | (373.1) |
| Australia | 63 | (5,111) | 101.2 |
| EBITDA | | | |
| Malaysia | 235,767 | 200,062 | 17.8 |
| Indonesia | 1,121 | 4,342 | (74.2) |
| Australia | 2,146 | (3,706) | 157.9 |

Segmental Operational Highlights

| | 2Q2018 | 2Q2017 | Var (%) |
|--------------------|-----------|-----------|---------|
| Outpatients | | | |
| Malaysia | 1,252,659 | 1,237,935 | 1.2 |
| Indonesia – RS PH | 25,201 | 22,789 | 10.6 |
| Indonesia – RS BSD | 33,704 | 36,702 | (8.2) |
| Dhaka –SFMMK | 53,121 | 34,805 | 52.6 |
| Inpatients | | | |
| Malaysia | 146,128 | 143,810 | 1.6 |
| Indonesia – RS PH | 2,517 | 2,217 | 13.5 |
| Indonesia – RS BSD | 1,304 | 1,899 | (31.3) |
| Dhaka –SFMMK | 2,043 | 1,221 | 67.3 |
| Consultants | | | |
| Malaysia | 1,021 | 1,005 | 1.6 |
| Indonesia – RS PH | 67 | 68 | (1.5) |
| Indonesia – RS BSD | 43 | 42 | 2.4 |
| Dhaka –SFMMK | 35 | 29 | 20.7 |

Segmental Operational Highlights

| | 2Q2018 | 2Q2017 | Var (%) |
|-------------------------------|--------|--------|---------|
| No of Beds | | | |
| Malaysia | 3,094 | 3,015 | 2.6 |
| Indonesia – RS PH | 88 | 92 | (4.3) |
| Indonesia – RS BSD | 56 | 50 | 12.0 |
| Dhaka –SFMMK | 50 | 50 | - |
| Occupancy Rates % | | | |
| Malaysia | 65 | 68 | (4.4) |
| Indonesia – RS PH | 54 | 37 | 45.9 |
| Indonesia – RS BSD | 32 | 41 | (22.0) |
| Dhaka –SFMMK | 70 | 40 | 75.0 |
| Average length of Stay | | | |
| Malaysia | 2.5 | 2.6 | (3.8) |
| Indonesia – RS PH | 3.4 | 2.3 | 47.8 |
| Indonesia – RS BSD | 2.6 | 2.2 | 18.2 |
| Dhaka –SFMMK | 3.1 | 2.9 | 6.9 |

Segmental Average Revenue Highlights

| | 2Q2018 | 2Q2017 | Var (%) |
|----------------------------------|---------|---------|---------|
| Average Revenue – per bed | | | |
| Malaysia | 342,215 | 335,176 | 2.10 |
| Indonesia | 86,381 | 106,222 | (18.68) |
| Dhaka –SFMMK | 62,852 | 37,493 | 67.64 |
| Average Revenue – per outpatient | | | |
| Malaysia | 329 | 325 | 1.23 |
| Indonesia | 138 | 150 | (8.00) |
| Dhaka –SFMMK | 68 | 83 | (18.07) |
| Average Revenue – per inpatient | | | |
| Malaysia | 7,246 | 7,027 | 3.11 |
| Indonesia | 3,255 | 4,078 | (20.18) |
| Dhaka –SFMMK | 1,538 | 1,535 | 0.19 |

Senior Living Care

| Hospitals / Facilities | 2Q2018 | 2Q2017 | Var (%) |
|---------------------------------|--------|--------|---------|
| Australia – Jeta Gardens | | | |
| Aged Care Facility (ACF) | 180 | 180 | – |
| Retirement Villas | 33 | 33 | – |
| Apartment Unit | 32 | 32 | – |
| No of Residents | 170 | 159 | 6.9 |
| Occupancy Rate (ACF) (%) | 96 | 89 | 7.9 |
| Tawakkal Health Centre | | | |
| No of Beds | 42 | 42 | – |
| No of Residents | 31 | 23 | 34.8 |
| Occupancy Rate (%) | 74 | 64 | 15.6 |
| Sibu Geriatric | | | |
| No of Beds | 28 | 28 | 0.0 |
| No of Residents | 28 | 25 | 12.0 |
| Occupancy Rate (%) | 100 | 89 | 12.4 |
| Kuantan Health Centre | | | |
| No of Beds | 20 | – | – |
| No of Residents | 17 | – | – |
| Occupancy Rate (%) | 85 | – | – |

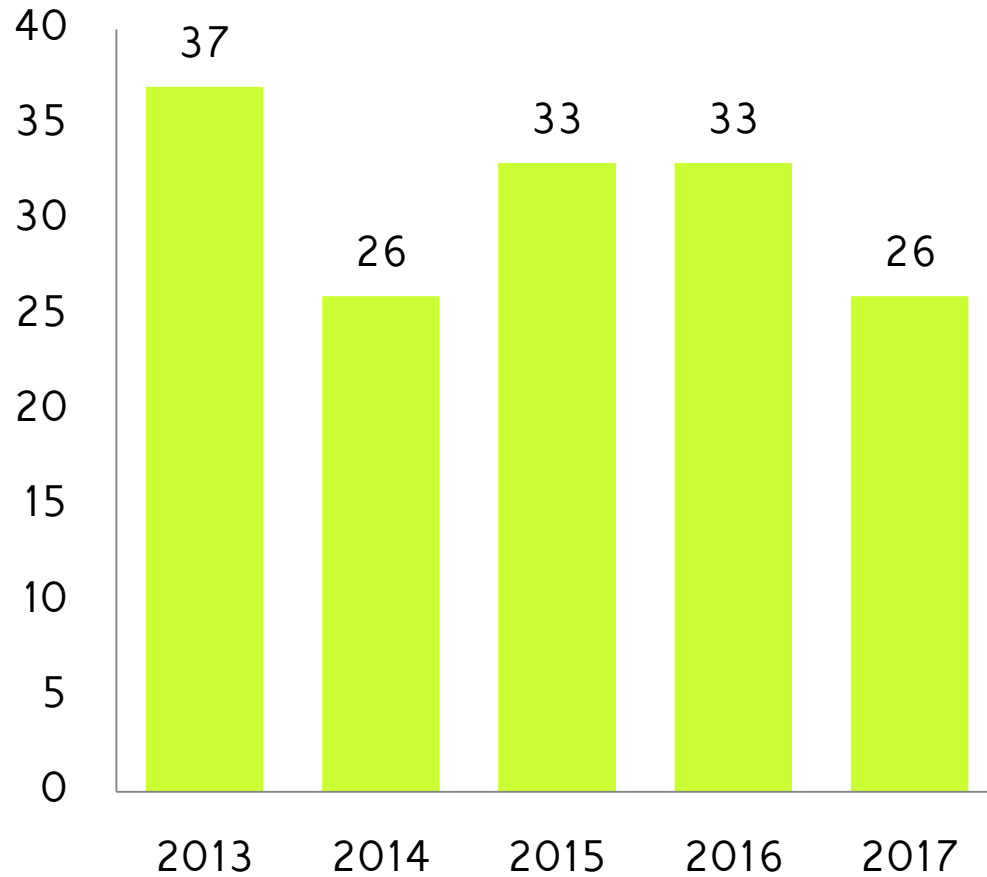
Education – KPJ Healthcare University College

| Hospitals / Facilities | 2Q2018 | 2Q2017 | Var (%) |
|---|--------|--------|---------|
| No of Students | 2,265 | 2,436 | (7.1) |
| <p>Academic Program 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 Central for Global Professional and Social Development | | | |
| <p><u>Courses</u></p> <ol style="list-style-type: none"> 1 PHD 7 Master 9 Bachelor 8 Diploma 8 Certificate / Foundation | | | |

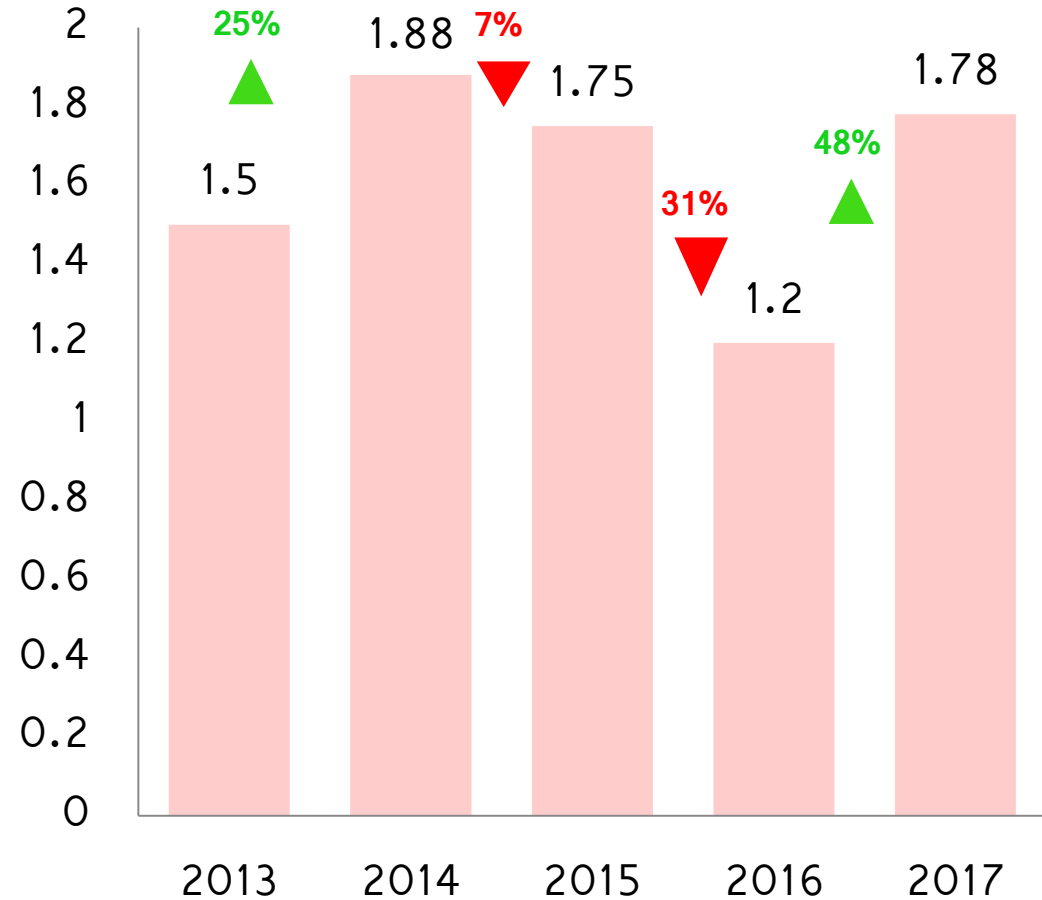
Key Financial Highlights

FY2012-FY2017

PER Historical



Dividend (sen) *

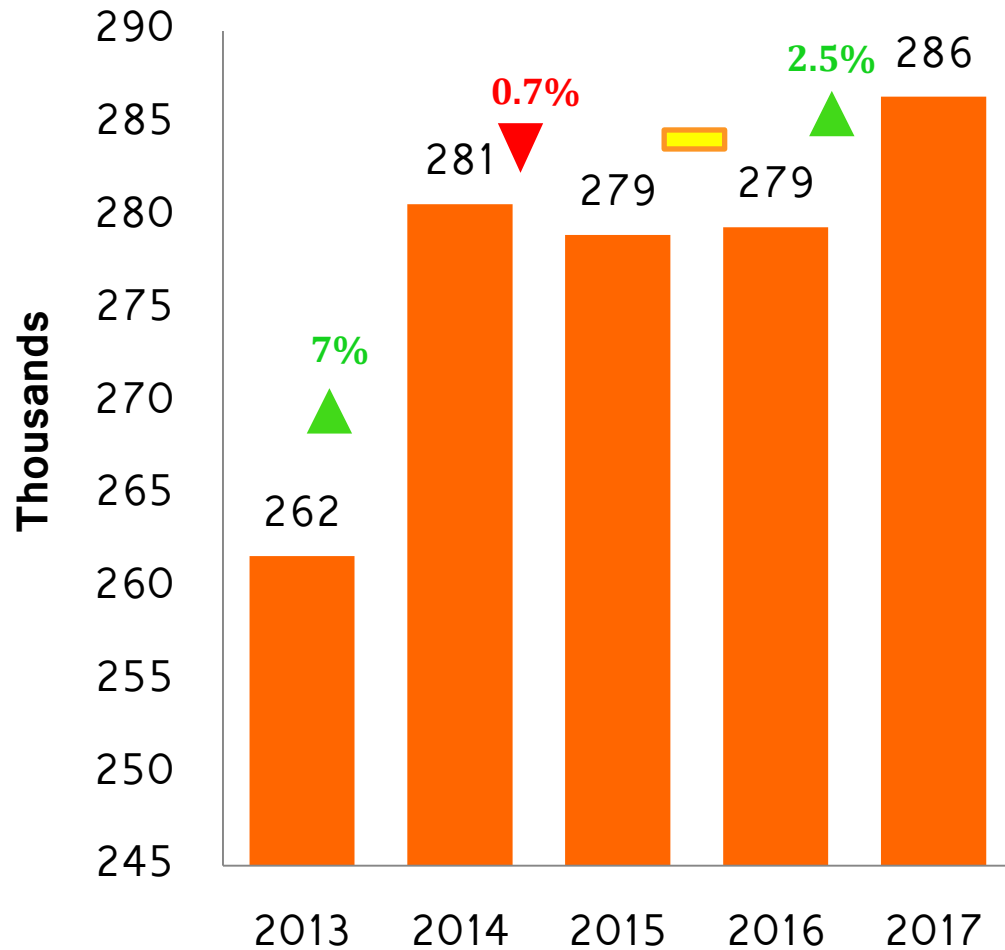


**Dividend per share re-stated to reflect subdivision of shares in Sept 2017*

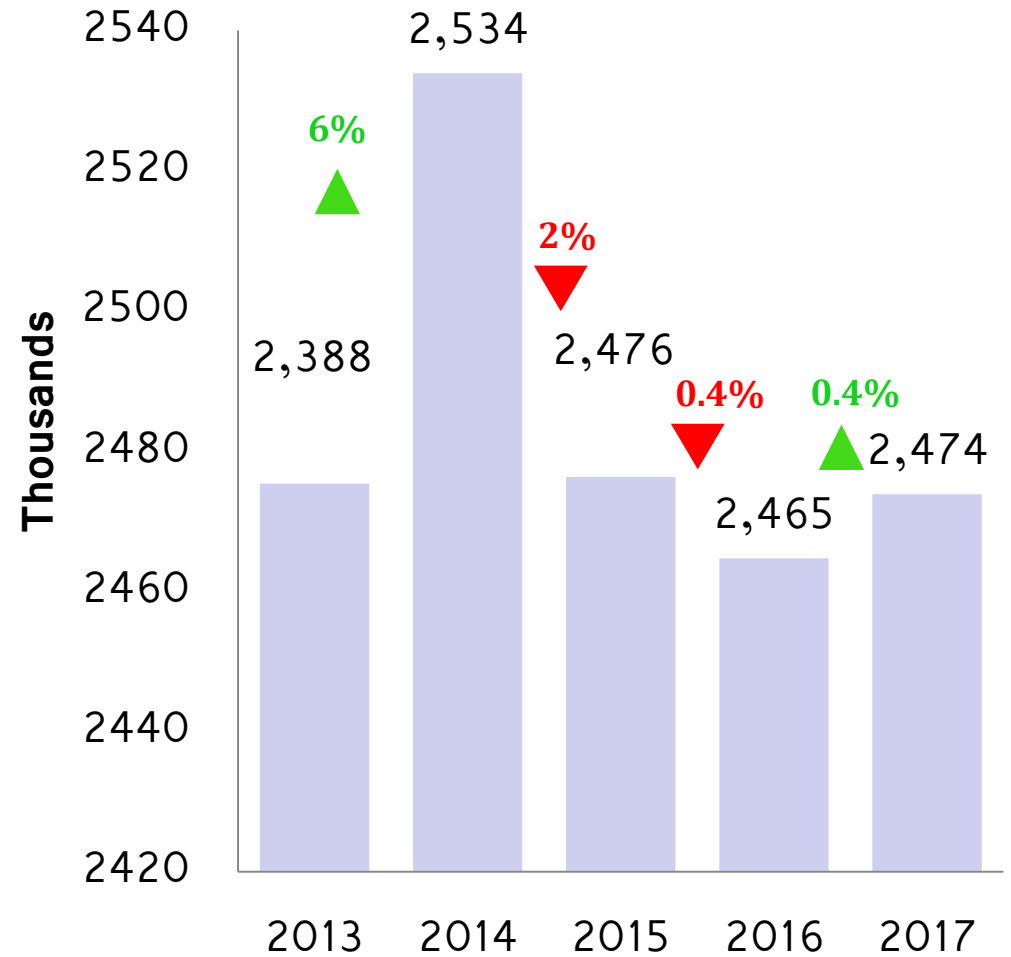
Key Operational Highlights

FY2012–FY2017

No of Inpatients



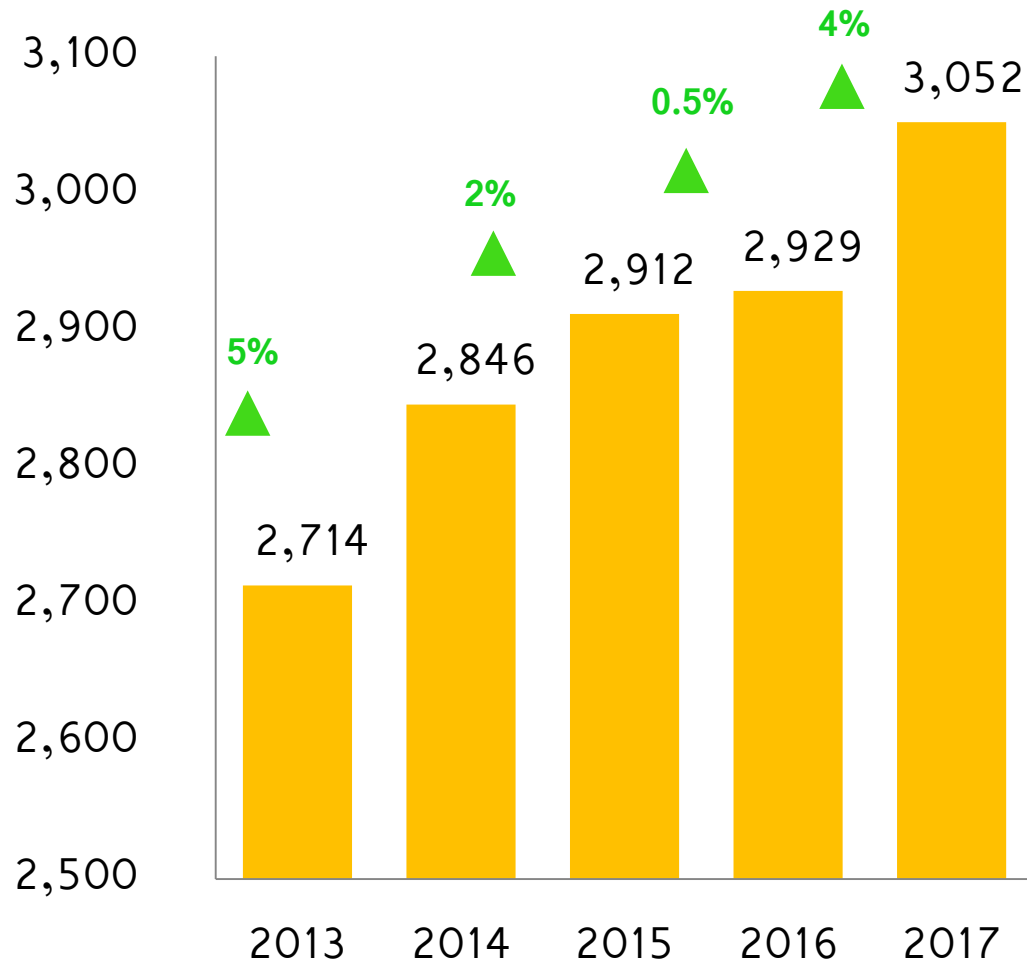
No of Outpatients



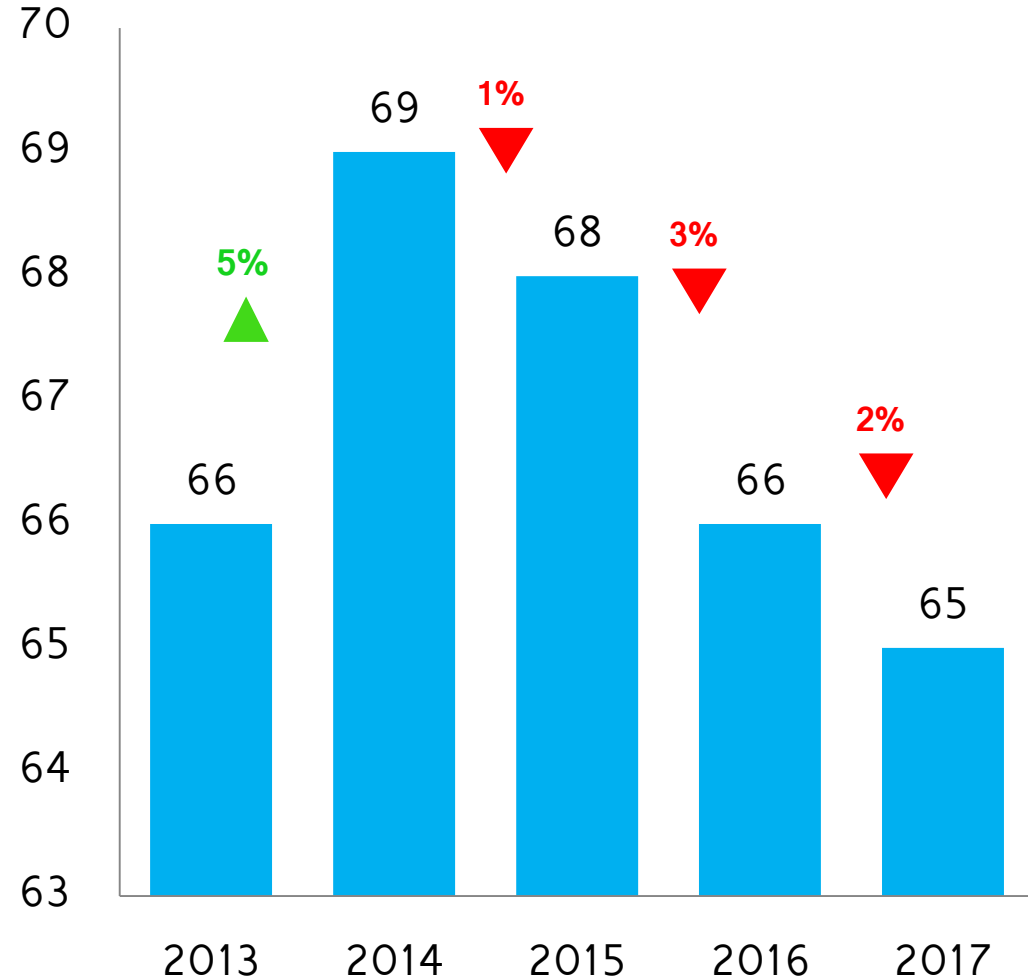
Key Operational Highlights

FY2012–FY2017

No of Operating Beds

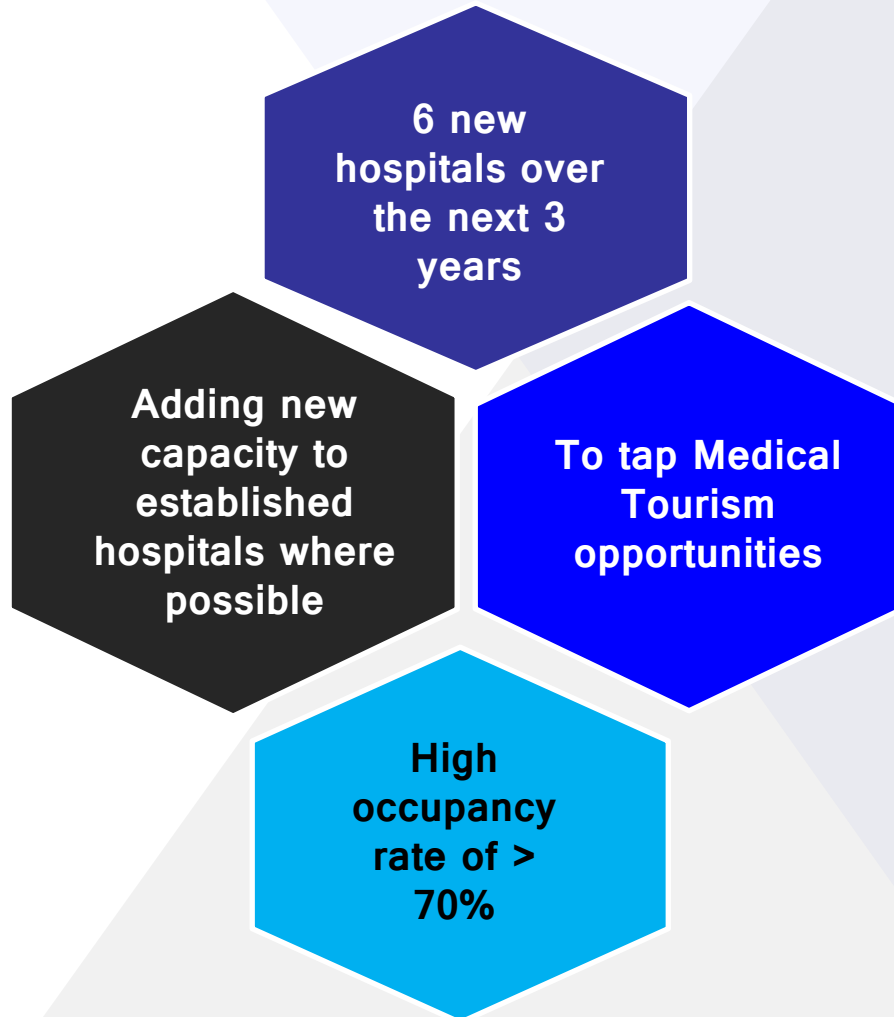


Occupancy Rates (%)



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

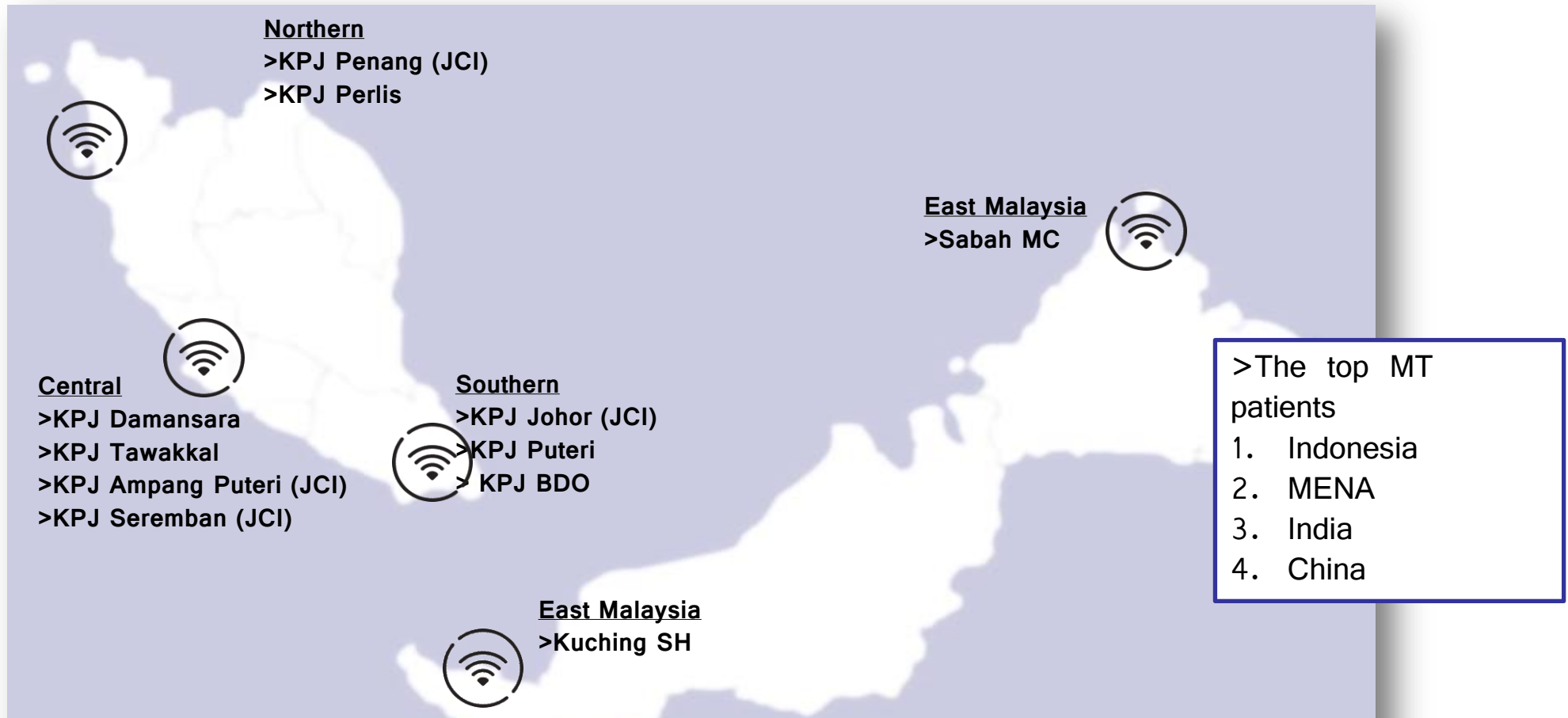


Limitations

- 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 |

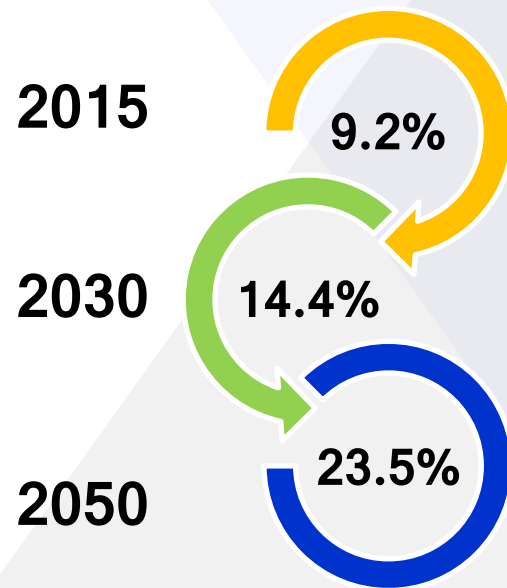
Source:
 Malaysia Health Travel Council

Aged Care Projection of Elderly Population

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

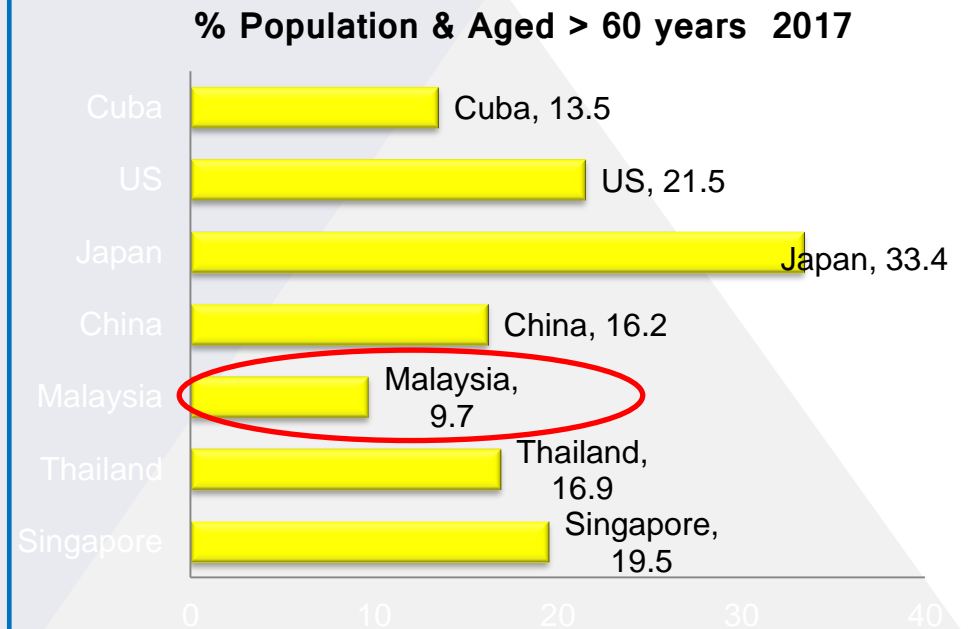
Annual Global Retirement Index 2018 (<http://internationalliving.com>)

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



Challenges

- . Culture
- . Legal framework
- . Funding mechanism



Source :

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

>Global Age Watch Index 2015

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

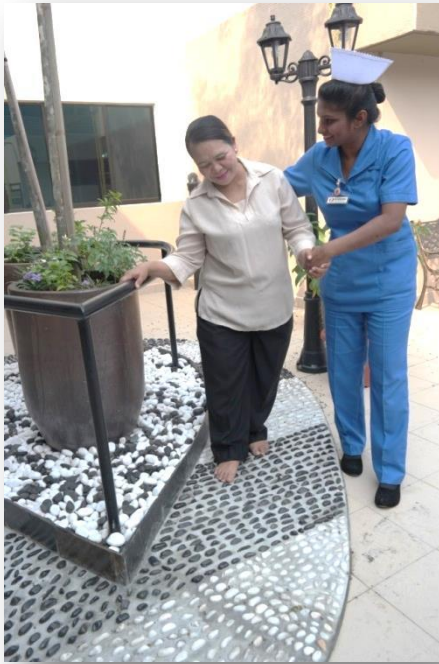
Distribution of elderly population (above 60) by state (2020 projection)

| 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 | 4Q2018 | 1Q2019 |
| Miri | Sarawak | 96 | 60 | 4Q2018 | 1Q2019 |
| 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 |
|-------------------|------------|------------|

Network Expansion *Hospital Expansion*

| HOSPITALS | DESCRIPTION | CAPACITY | COMPLETION | OPENING |
|---------------|-------------|----------|------------|---------|
| *KPJ Johor | Beds | 40 | 2Q2018 | 3Q2018 |
| *KPJ Seremban | Beds | 90 | 1Q2017 | 1Q2019 |
| Taiping | Clinics | 16 | 3Q2018 | 4Q2018 |
| KPJ Ampang | Beds | 149 | 4Q2018 | 1Q2019 |
| | 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



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