



# KPJ Healthcare Berhad 2Q2019

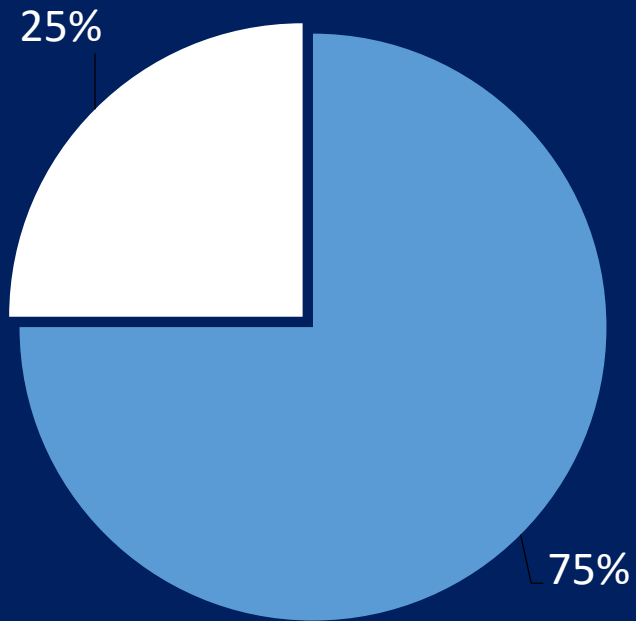


FTSE4Good

# Healthcare Industry in Malaysia

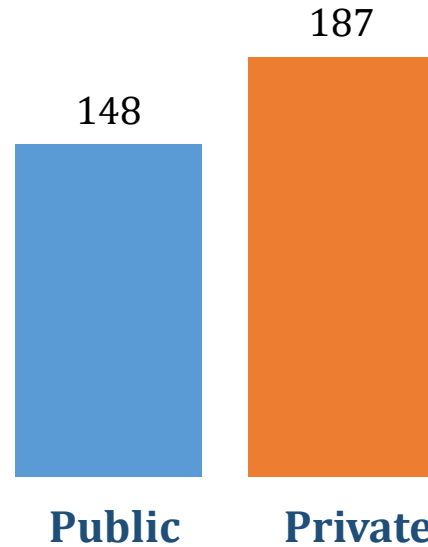
Malaysia Healthcare System 2016

## Healthcare Provider

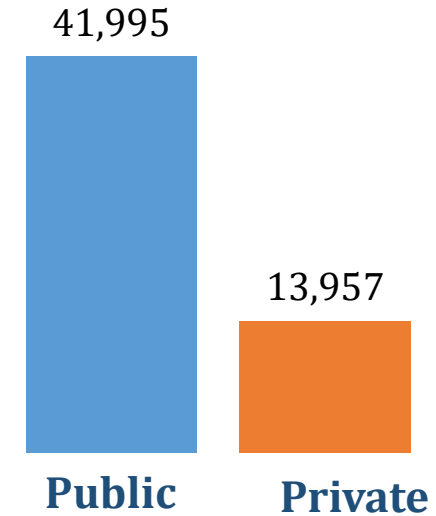


Legend :  
Public ■  
Private ■

## 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 – Top 6 Countries with the Best Healthcare in the World”

<https://internationalliving.com/countries-best-healthcare-world/>

*(updated: January 22, 2019)*

#### Hospital facilities

- modern & high international standards
- Accreditation by MSQH (\*52 Private Hospitals Nationwide of which 19 are KPJ Hospitals)
- Accreditation by JCI (13 Private Hospitals Nationwide of which 4 are KPJ Hospitals)

*\* As at Aug 2019*

#### 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



Healthcare Insurance

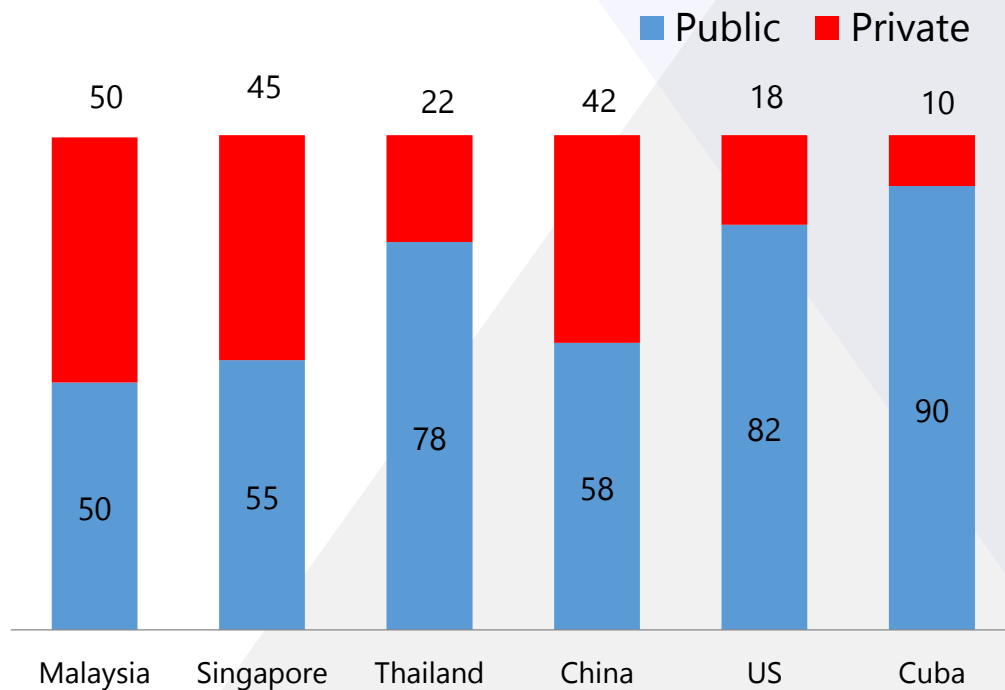


Corporate Clients



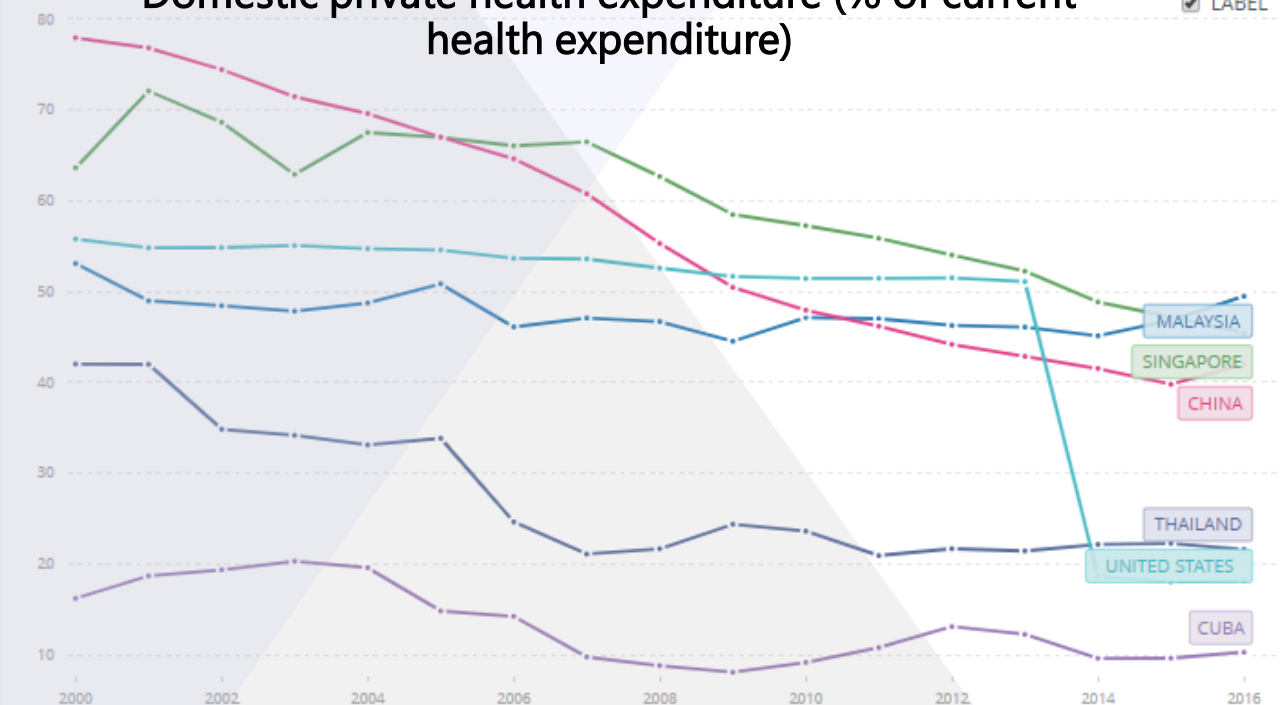
Out of Pocket

Public vs Private  
Healthcare Expenditure % 2016



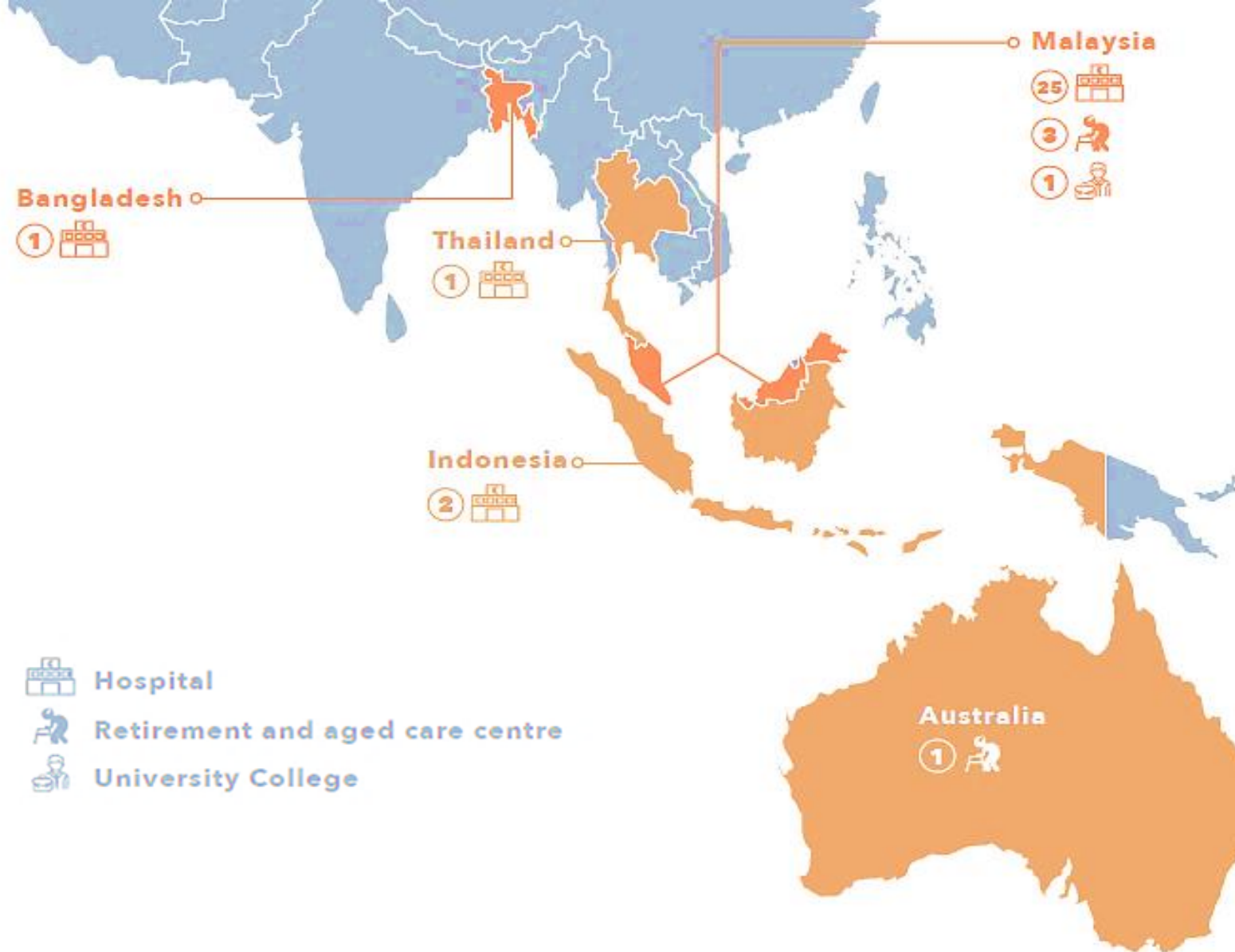
Source : 2018 World Development Indicators

Domestic private health expenditure (% of current health expenditure)



2000 - 2016

4



# Our Presence

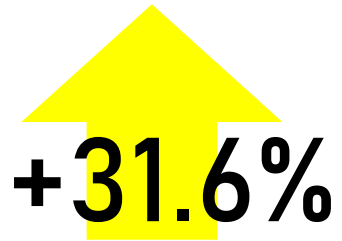
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**+6%**

Total revenue  
**RM1.72 billion**  
(2018 : RM 1.62 billion)

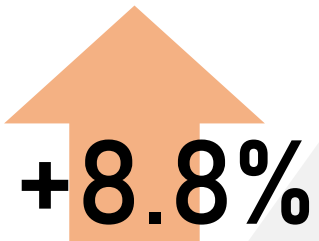
Dividend  
**0.50 sen**  
(2018 : 0.50 sen)



**+31.6%**

EBITDA  
**RM309.8 million**  
(2018 : RM 235.4 million)

## Group Financial Highlights 2Q2019



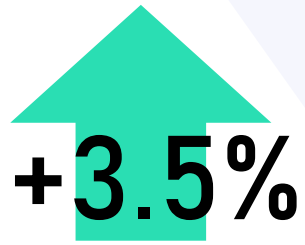
**+8.8%**

PBZT  
**RM133.1 million**  
(2018 : RM 122.3 million)

Basic EPS  
**1.87sen**  
(2018 : 2.01 sen)

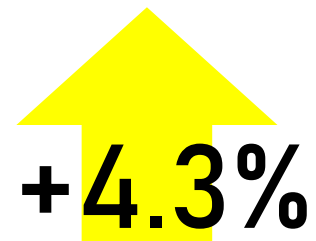


**-0.14 sen**



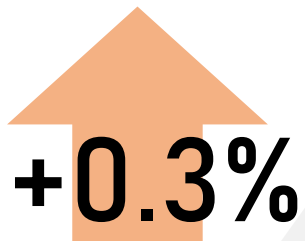
**+3.5%**

Outpatient  
**1,412,843**  
(2018 : 1,364,685)



**+4.3%**

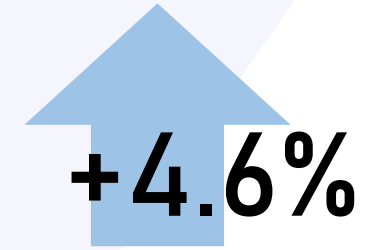
Inpatients  
**158,562**  
(2018 : 151,992)



**+0.3%**

Beds  
**3,299**  
(2018 : 3,288)

Consultants  
**1,226**  
(2018 : 1,172)



**+4.6%**

## Group Operational Highlights 2Q2019

Occupancy Rates  
Malaysia 66%  
Indonesia 61%  
Dhaka 82%

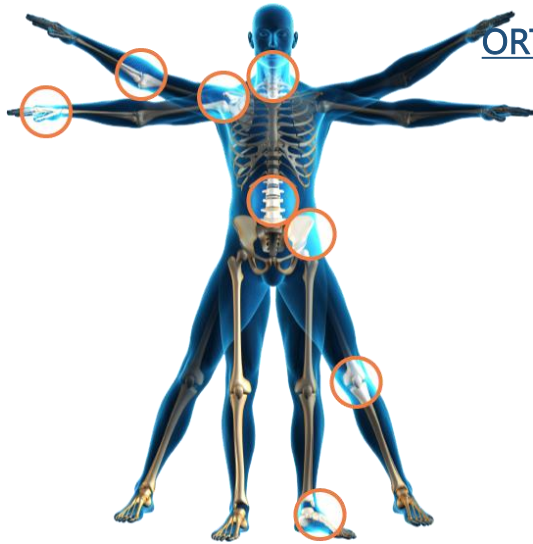
Avg Length of Stay (days)  
Malaysia 2.5  
Indonesia 3.3  
Dhaka 2.7

# ABOUT KPJ Shareholdings Stats



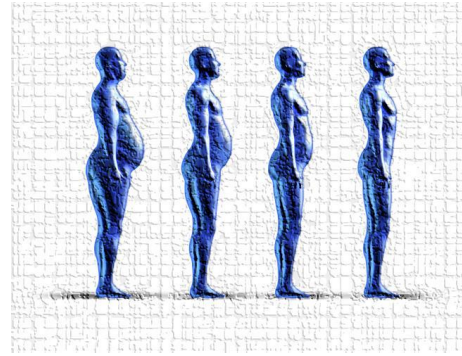


# KPJ's Niche Services



## 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

## CARDIAC ANGIOPLASTY

- ✓ KPJ Johor
- ✓ KPJ Penang
- ✓ KPJ Damansara
- ✓ KPJ Ipoh
- ✓ KPJ Selangor
- ✓ KPJ Tawakkal
- ✓ KPJ Perdana
- ✓ KPJ Sabah
- ✓ Kedah Medical Centre
- ✓ KPJ Klang
- ✓ KPJ Kuching



## ONCOLOGY (Cancer)

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

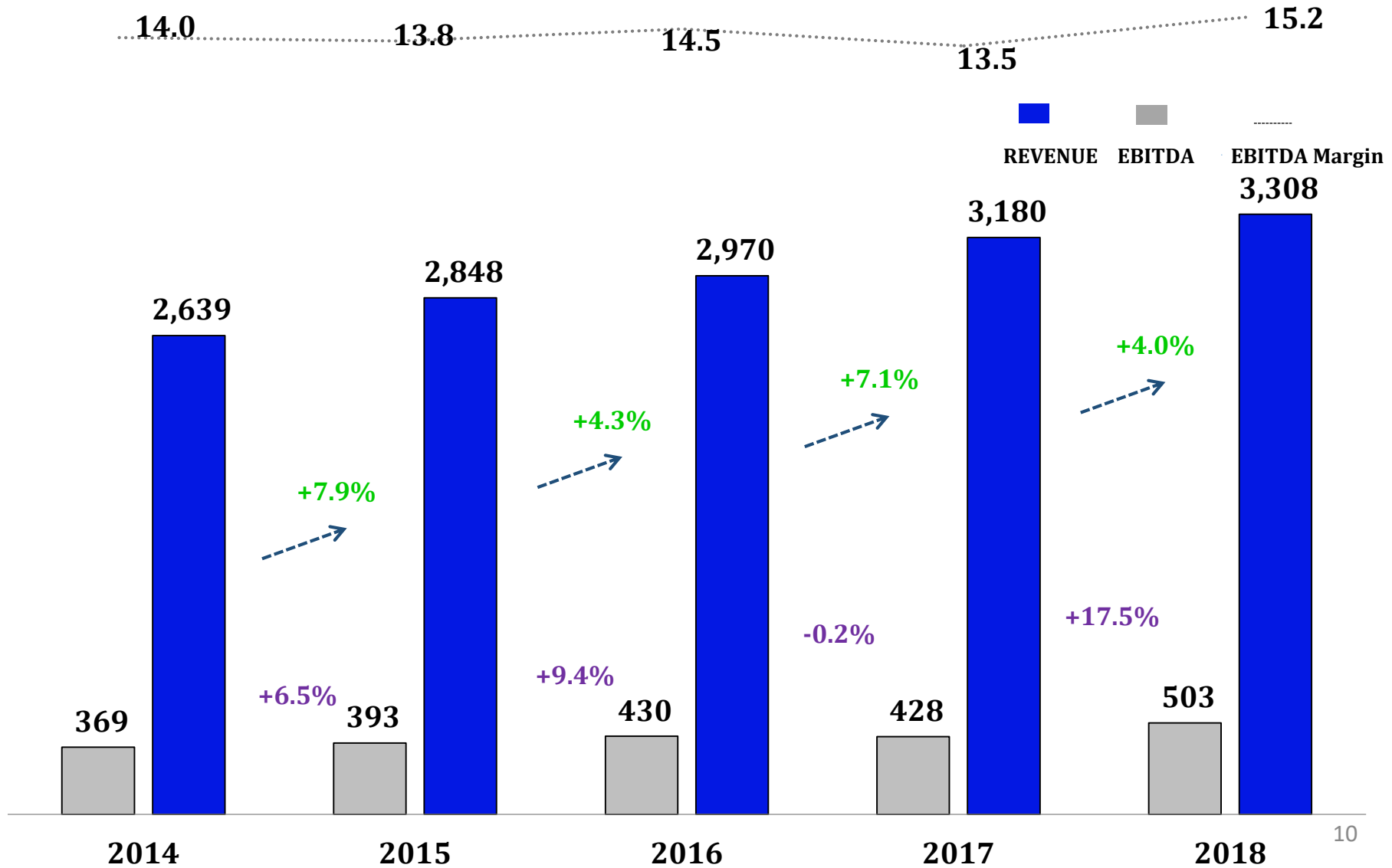
## RECONSTRUCTIVE & PLASTIC SURGERY

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

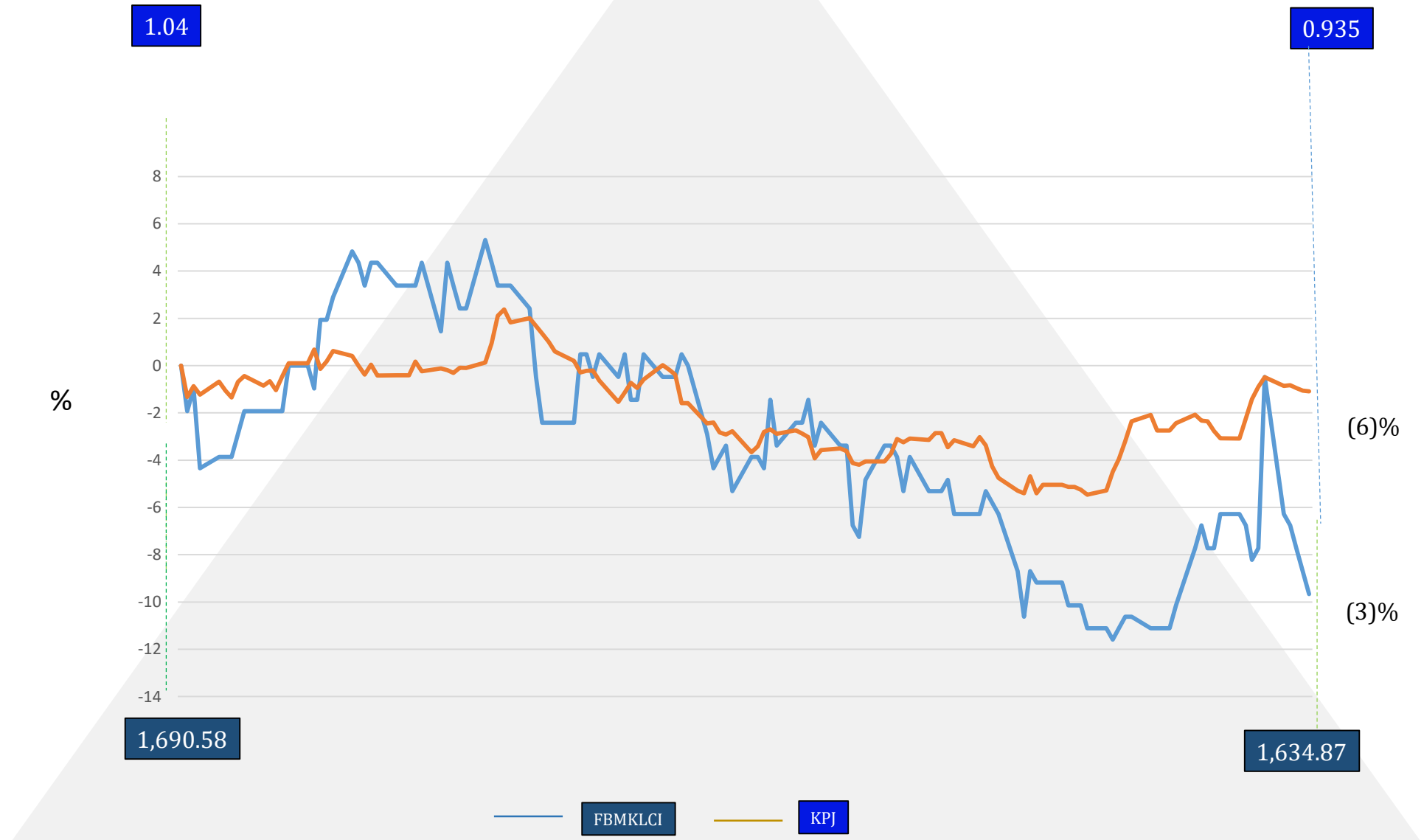


# FINANCIAL TRENDS

## KPJ 5 years Revenue & EBITDA



# KPJ Share Price vs FBMKLCI as at 30 June 2019



# Group Financials 3 months ended

	2Q/2019	1Q/2019	2Q/2018	Sequential	Y-o-Y
RM'000	RM ('000)	RM ('000)	RM ('000)	Var (%)	Var (%)
Revenue	847,311	868,129	801,329	(2.4)	5.7
<b>Gross Profit</b>	<b>253,839</b>	<b>270,070</b>	<b>242,716</b>	<b>(6.0)</b>	<b>4.6</b>
Profit from Operations	94,262	96,439	73,963	(2.3)	27.4
Finance Income	3,064	1,726	3,161	77.5	(3.1)
Finance Cost	(38,868)	(40,659)	(22,504)	(4.4)	72.7
Share of Results from associates	8,203	8,897	6,799	(7.8)	20.7
<b>Profit before zakat &amp; tax</b>	<b>66,661</b>	<b>66,403</b>	<b>61,419</b>	<b>0.4</b>	<b>8.5</b>
Zakat	(1,145)	(319)	(1,589)	258.9	(27.9)
Taxation	(19,499)	(20,686)	(14,837)	(5.7)	31.4
<b>Profit after zakat &amp; tax</b>	<b>46,017</b>	<b>45,398</b>	<b>44,993</b>	<b>1.4</b>	<b>2.3</b>
(Loss)/Profit from discontinuing	(2,150)	(2,074)	(417)	3.7	415.6
<b>Net profit for the year</b>	<b>43,867</b>	<b>43,324</b>	<b>44,576</b>	<b>1.3</b>	<b>(1.6)</b>
Equity holders of company	41,828	39,126	42,336	6.9	(1.2)
Non-controlling interest	2,039	4,198	2,240	(51.4)	(9.0)
<b>Net profit attributable to shareholders</b>	<b>43,867</b>	<b>43,324</b>	<b>44,576</b>	<b>1.3</b>	<b>(1.6)</b>
Basic EPS (sen)	0.97	0.90	0.96		

# Key Ratios 3 months ended

	2Q2019 %	1Q2019 %	2Q2018 %	Sequential Var	Y-o-Y Var
Gross Profit (GP) Margin	30.0	31.1	30.3	(1.1)	(0.3)
Profit Before Zakat Tax (PBZT) Margin	7.9	7.6	7.7	0.3	0.2
Net Profit Margin	5.2	5.0	5.6	0.2	(0.4)
EBITDA Margin	18.3	17.8	14.8	0.5	3.5
PATAMI Margin	4.9	4.6	5.3	0.3	(0.4)
Dividend per share (sen)	0.5	0.5	0.5	-	-
Debt Equity Ratio	0.9	0.9	0.8	-	0.1
Net assets per share (RM)	0.4	0.4	0.5	-	(0.1)

# Group Financials 6 months ended

RM'000	2Q/2019 RM ('000)	2Q2018 RM ('000)	Y-o-Y Var (%)
Revenue	1,715,440	1,624,212	5.6
<b>Gross Profit</b>	<b>523,909</b>	<b>493,489</b>	<b>6.2</b>
Profit from Operations	190,701	144,765	31.7
Finance Income	4,790	4,181	14.6
Finance Cost	(79,527)	(42,771)	85.9
Share of Results from associates	17,100	16,130	6.0
<b>Profit before zakat &amp; tax</b>	<b>133,064</b>	<b>122,305</b>	<b>8.8</b>
Zakat	(1,464)	(2,664)	45.0
Taxation	(40,185)	(29,642)	35.6
<b>Profit after zakat &amp; tax</b>	<b>91,415</b>	<b>89,999</b>	<b>1.6</b>
(Loss)/Profit from discontinuing	(4,224)	63	(6,604.8)
<b>Net profit for the year</b>	<b>87,191</b>	<b>90,062</b>	<b>(3.2)</b>
Equity holders of company	80,955	84,819	(4.6)
Non-controlling interest	6,236	5,243	18.9
<b>Net profit attributable to shareholders</b>	<b>87,191</b>	<b>90,062</b>	<b>(3.2)</b>
Basic EPS (sen)	1.87	2.01	

# Key Ratios 6 months ended

	2Q2019	2Q2018	Y-o-Y
	%	%	Var
Gross Profit (GP) Margin	30.5	30.4	0.1
Profit Before Zakat Tax (PBZT) Margin	7.8	7.5	0.3
Net Profit Margin	5.1	5.5	(0.4)
EBITDA Margin	18.1	14.5	3.6
PATAMI Margin	4.7	5.2	(0.5)
Dividend per share (sen)	1.0	1.0	-
Debt Equity Ratio	0.9	0.8	0.1
Net assets per share (RM)	0.4	0.4	-

# Segmental Financial Highlights 6 months ended

	2Q2019	2Q2018	Var (%)
Revenue	RM ('000)	RM ('000)	
Malaysia	1,659,740	1,575,043	5.4
Indonesia	27,829	20,136	38.2
Australia	25,817	29,688	(13.0)
PBZT			
Malaysia	135,580	127,857	6.0
Indonesia	1,275	(2,493)	151.1
Australia	(4,244)	63	(6,836.5)
EBITDA			
Malaysia	297,610	235,767	26.2
Indonesia	6,625	1,121	491.0
Australia	(3,076)	2,146	(243.3)



# Segmental Operational Highlights

	2Q2019	2Q2018	Var (%)
<b>Outpatients</b>			
Malaysia	1,284,464	1,252,659	2.5
Indonesia – RS PH	26,010	25,201	3.2
Indonesia – RS BSD	38,111	33,704	13.1
Dhaka -SFMMK	64,258	53,121	21.0
<b>Inpatients</b>			
Malaysia	150,592	146,128	3.1
Indonesia – RS PH	3,027	2,517	20.3
Indonesia – RS BSD	2,206	1,304	69.2
Dhaka -SFMMK	2,737	2,043	34.0
<b>Consultants</b>			
Malaysia	1,059	1,021	3.7
Indonesia – RS PH	66	63	4.8
Indonesia – RS BSD	61	53	15.1
Dhaka -SFMMK	40	35	14.3

# Segmental Operational Highlights

	2Q2019	2Q2018	Var (%)
<b>No of Beds</b>			
Malaysia	3,093	3,094	(0.0)
Indonesia – RS PH	88	88	0.0
Indonesia – RS BSD	68	56	21.4
Dhaka -SFMMK	50	50	0.0
<b>Occupancy Rates %</b>			
Malaysia	66	69	(4.3)
Indonesia – RS PH	70	54	29.6
Indonesia – RS BSD	52	32	62.5
Dhaka -SFMMK	82	70	17.1
<b>Average length of Stay</b>			
Malaysia	2.5	2.5	0.0
Indonesia – RS PH	3.7	3.4	8.8
Indonesia – RS BSD	2.9	2.6	11.5
Dhaka -SFMMK	2.7	3.1	(12.9)

# Segmental Average Revenue Highlights

	2Q2019	2Q2018	Var (%)
<b>Average Revenue – per beds</b>			
Malaysia	382,603	342,215	11.8
Indonesia	118,022	86,381	36.6
Dhaka -SFMMK	76,209	62,852	21.3
<b>Average Revenue – per outpatient</b>			
Malaysia	343	329	4.3
Indonesia	162	138	17.4
Dhaka -SFMMK	74	68	8.8
<b>Average Revenue – per inpatient</b>			
Malaysia	7,858	7,246	8.4
Indonesia	3,518	3,255	8.1
Dhaka -SFMMK	1,392	1,538	(9.5)

# Senior & Assisted Living Care

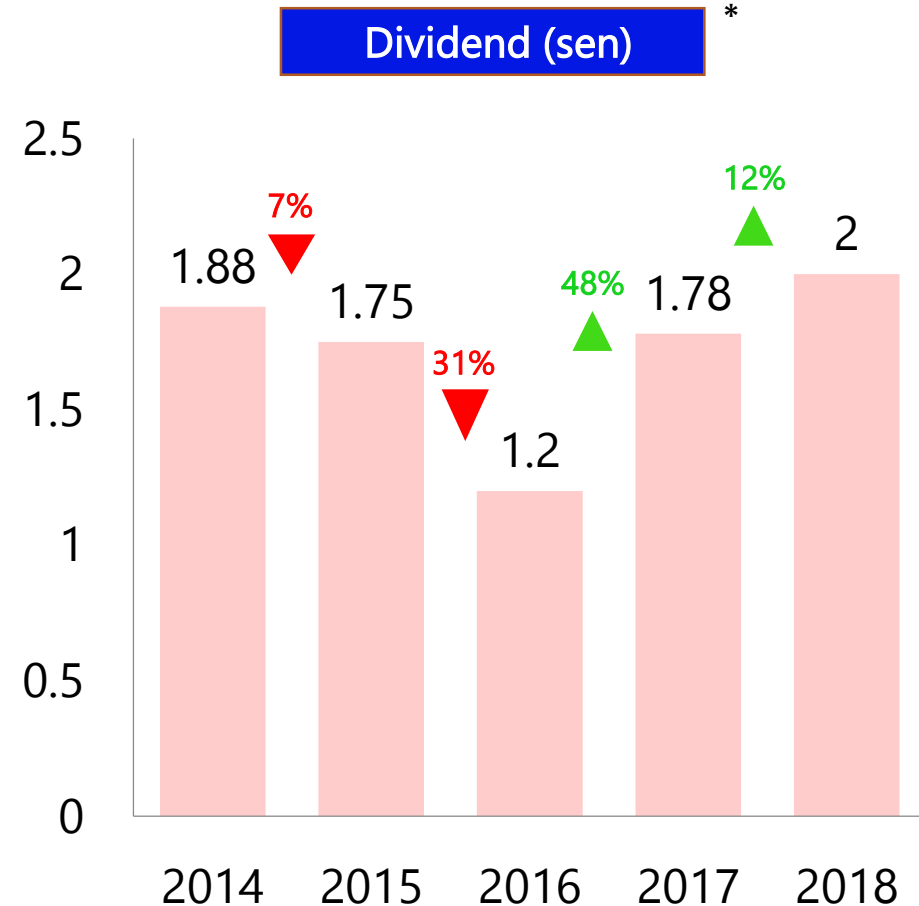
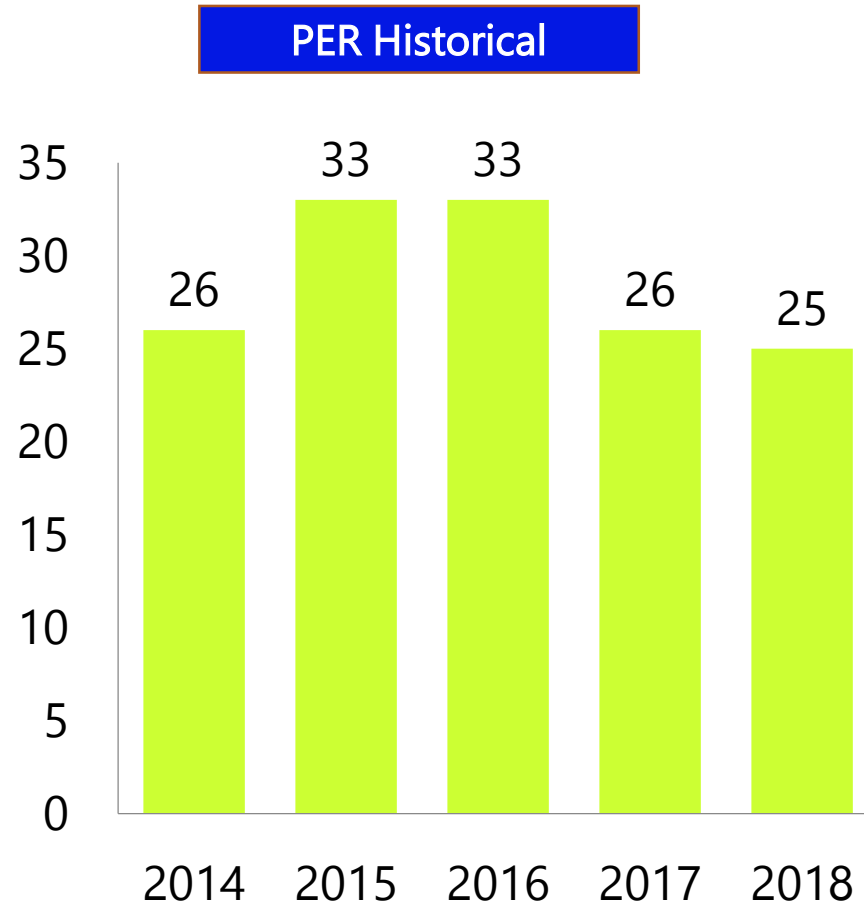
Hospitals / Facilities	2Q2019	2Q2018	Var (%)
<b>Australia - Jeta Gardens</b>			
Aged Care Facility (ACF)	180	180	-
Retirement Villas	33	33	-
Apartment Unit	32	32	-
No of Residents	153	170	(10.0)
Occupancy Rate (%) (ACF)	86	96	(10.4)
<b>Tawakkal Health Centre</b>			
No of Beds	42	42	
No of Residents	34	31	9.7
Occupancy Rate (%)	81	74	9.5
<b>Sibu Geriatric</b>			
No of Beds	28	28	0.0
No of Residents	23	28	(17.9)
Occupancy Rate (%)	82	100	(18.0)
<b>Kuantan Health Centre</b>			
No of Beds	20	20	-
No of Residents	18	17	5.9
Occupancy Rate (%)	90	85	5.9
<b>Damai Wellness Centre</b>			
No of Beds	21	-	-
No of Residents	63	-	-
Occupancy Rate (%)	42		

# Education - KPJ Healthcare University College

Hospitals / Facilities <sup>c</sup>	2Q2019	2Q2018	Var (%)
No of Students	1,820	2,265	(19.6)
Academic Program KPJ offered 33 programmes ranging from the Foundation to PhD levels at all campus.			
<u>Faculties</u> 1. School of Medicine 2. School of Pharmacy 3. School of Nursing 4. School of Health Sciences 5. School of Business & Management 6. Centre for Global Professional and Social Development			
<u>Courses</u> 1 PHD 7 Master 9 Bachelor 8 Diploma 8 Certificate / Foundation			

# Key Financial Highlights

*FY2014-FY2018*

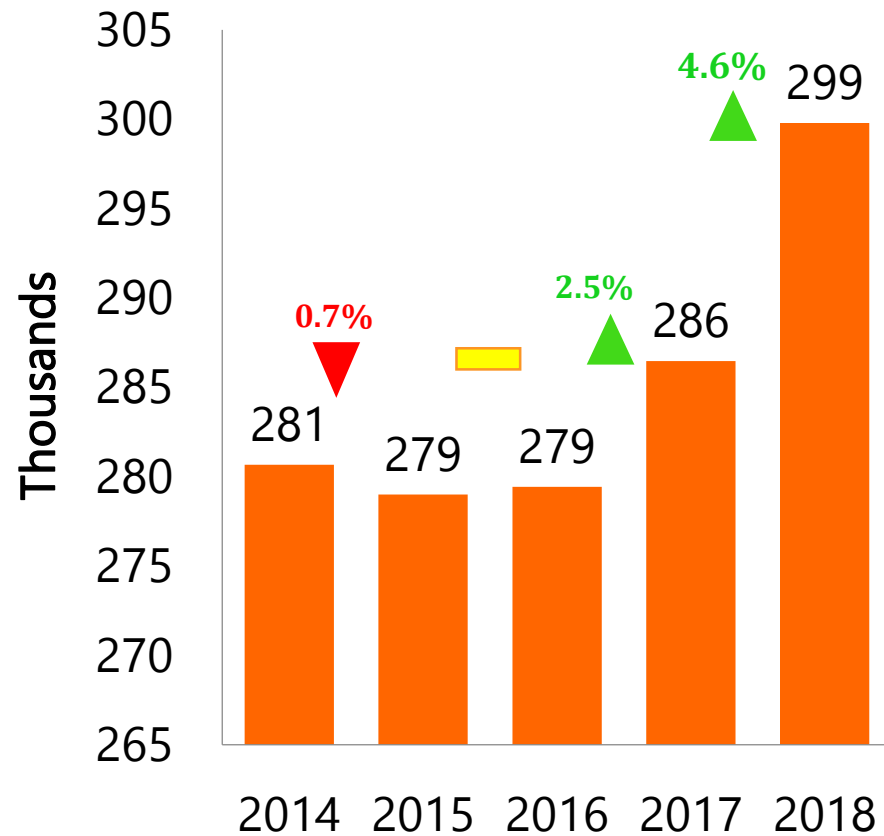


*\*Dividend per share re-stated to reflect subdivision of shares in Sept 2017*

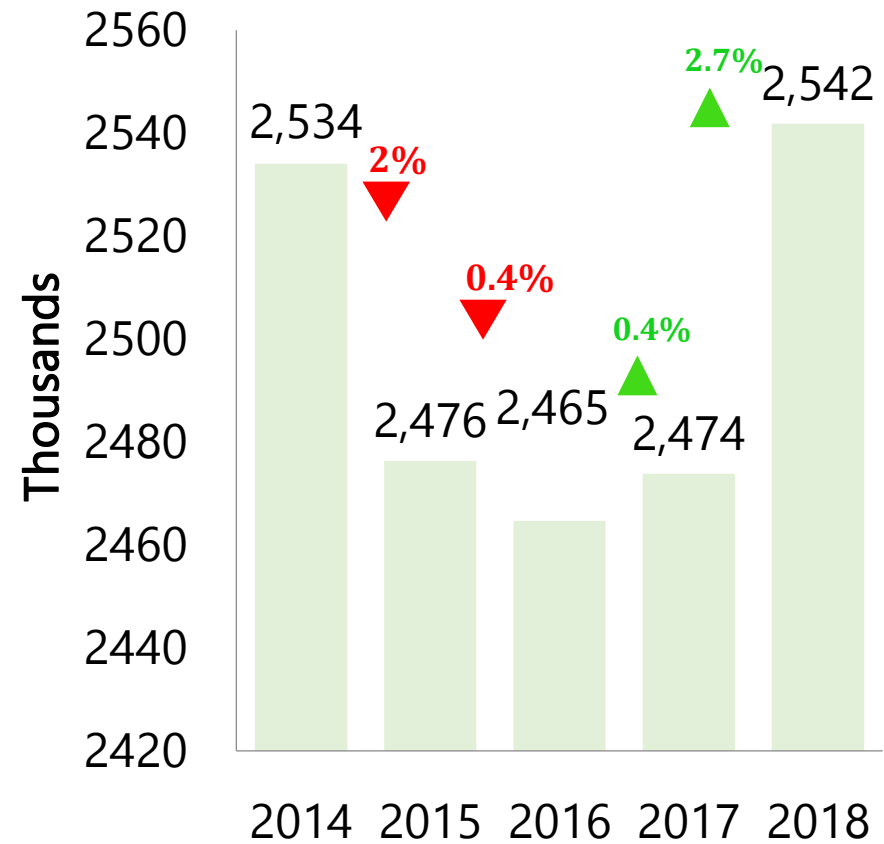
# Key Operational Highlights

*FY2014-FY2018*

No of Inpatients

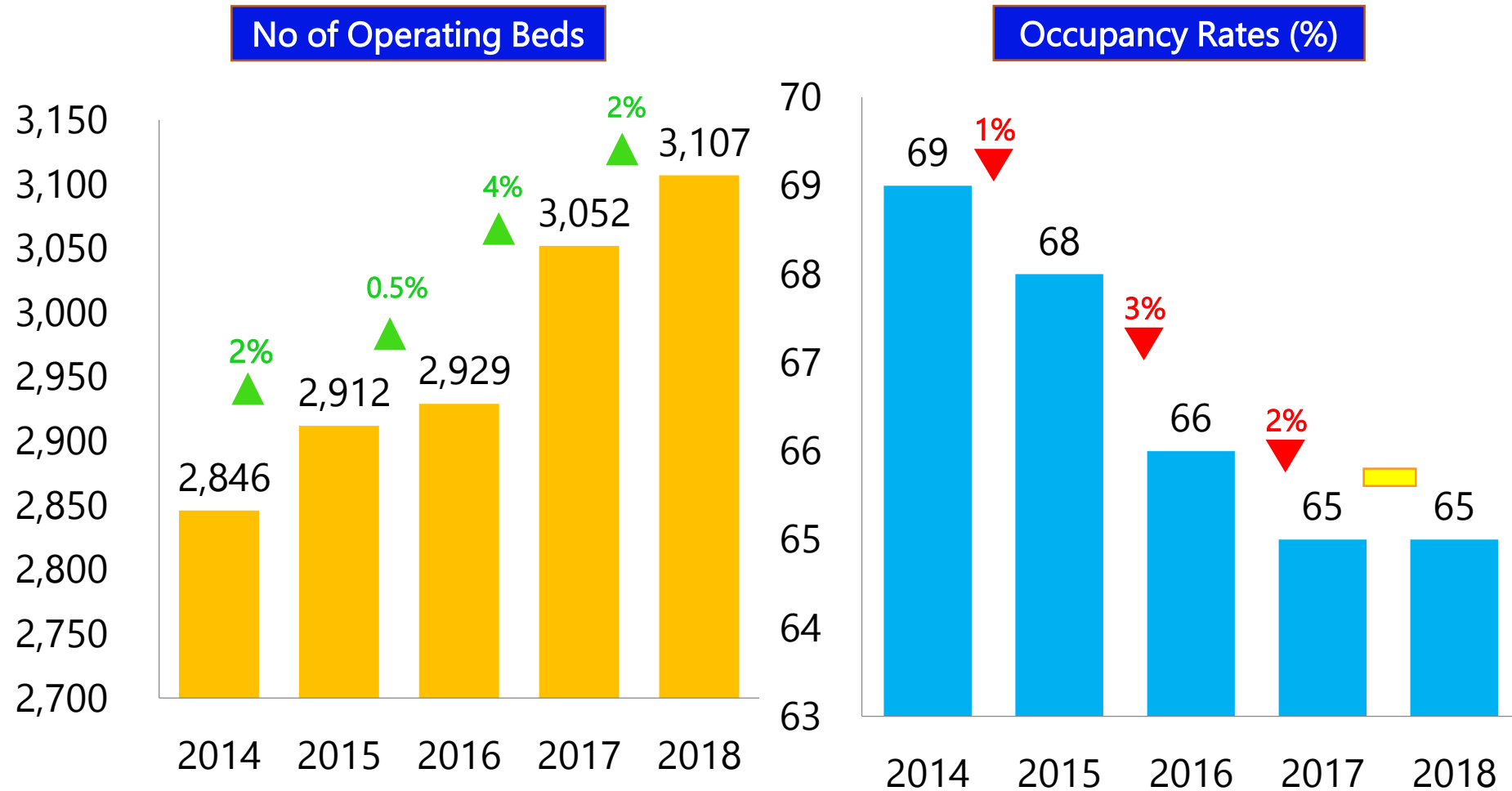


No of Outpatients



# Key Operational Highlights

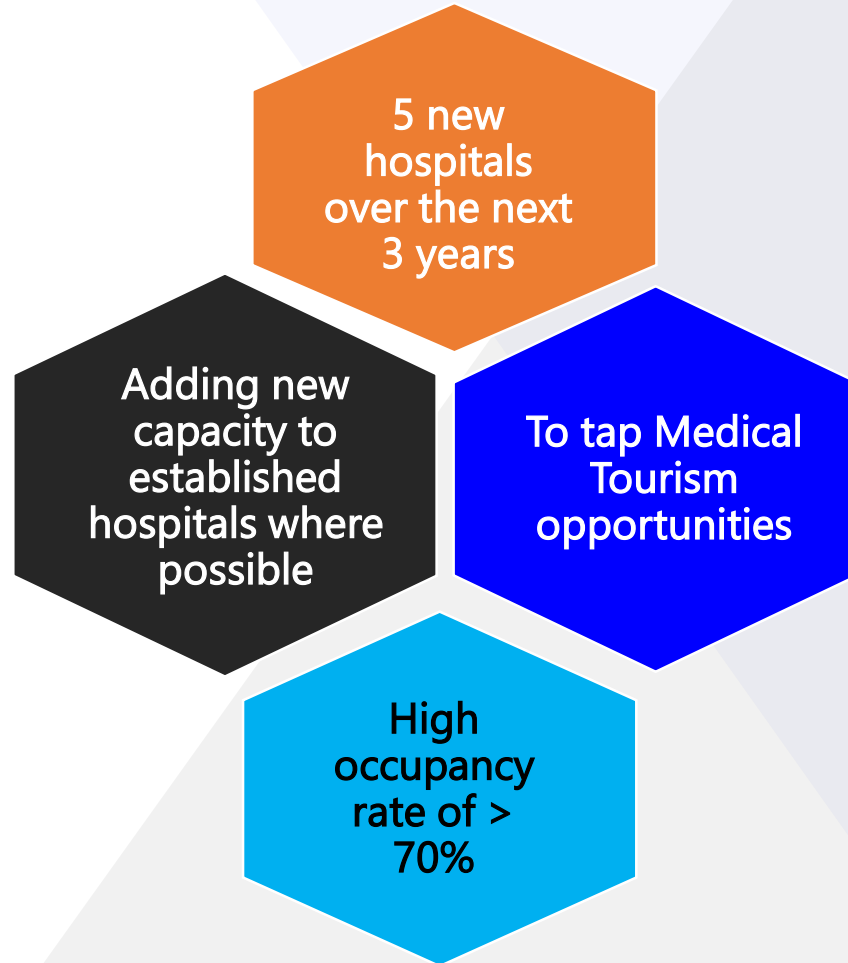
*FY2012-FY2018*





# Growth & Strengthening Capacity

## Expanding Network



## Growth Strategies

### > *Delivering Safe and Excellent Services*

Compliance with MOH & Clinical Governance guidelines

### > *Certification, Accreditation & Standards*

19 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 & Assisted Living Care~

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

~Pharmacy outlets~

(KPJ Selangor, KPJ Damansara, KPJ Pahang, KPJ Tawakkal, KPJ Johor, KPJ Ipoh & JX Pharmacy, Bangi)

~Ambulatory Care Centre~

*4 Projects' locations: BB Bangi, Taman Maluri, Bandar Kinrara, Bukit Jalil*

# 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

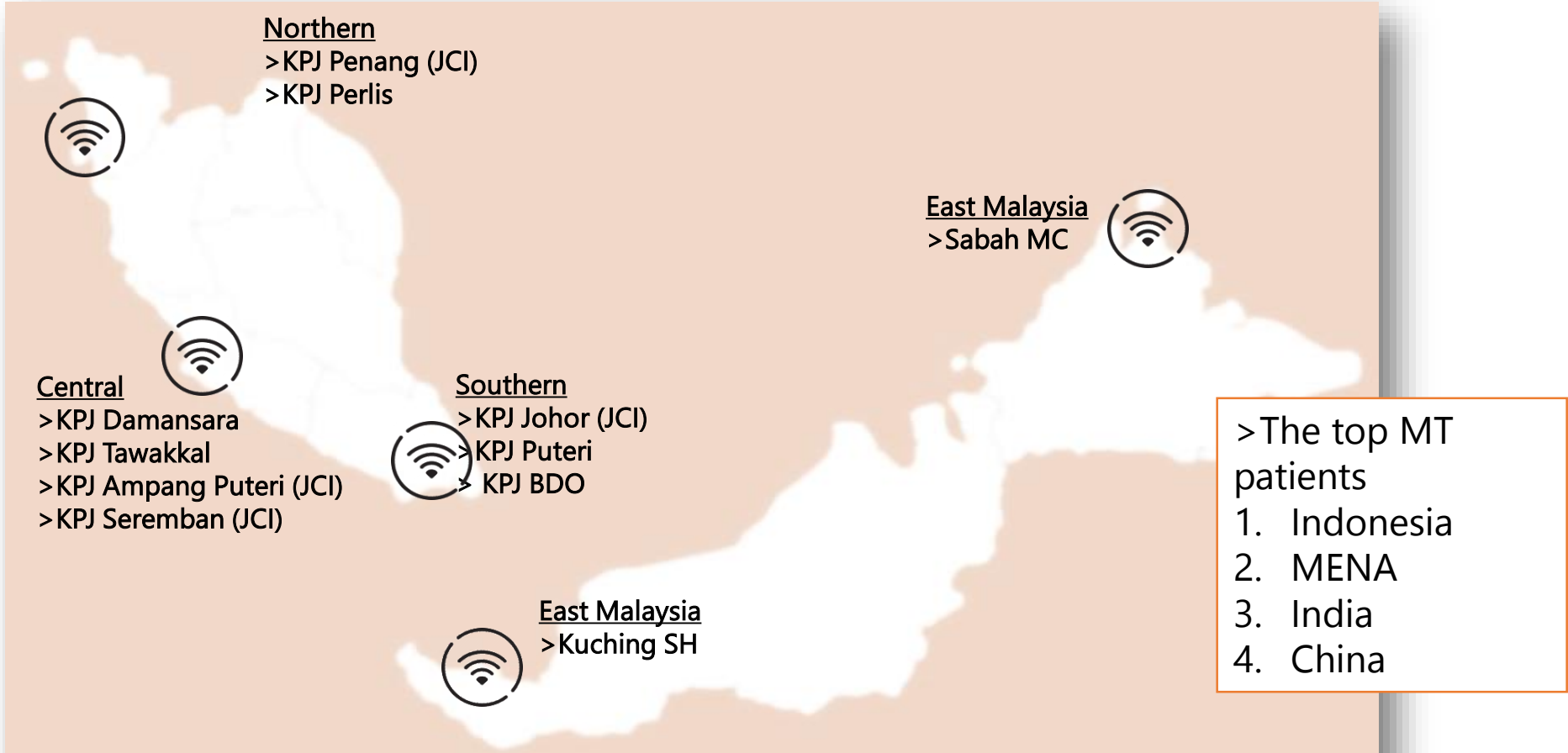


## Limitations

- Hospital capacity constraint
- No price differential
- Logistic ease



# Medical Tourism KPJ MT Hub



Comparison of Healthcare Travelers to Malaysia between 2011-2017

Year	2012	2013	2014	2015	2016	2017	2018
No. of Healthcare Travellers	728,800	881,000	882,000	850,000	921,000	1,050,000	1,200,000

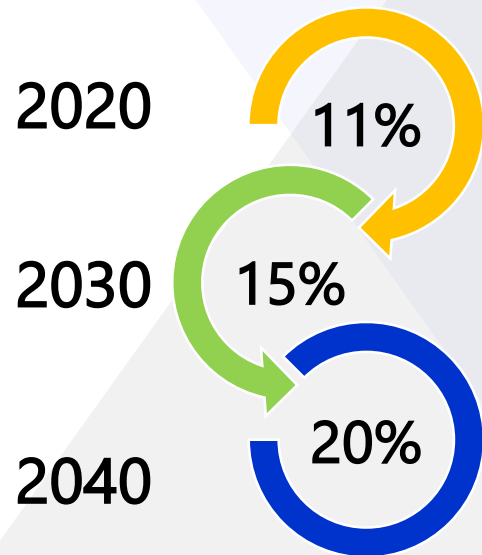
Source:  
 Malaysia Health Travel Council

# Aged Care Projection of Elderly Population

## Malaysia – Amongst the World's Best Places to Retire in 2018

<https://internationalliving.com/the-best-places-to-retire/>

> By 2040, 20% of Malaysian population will be over 60 years old.

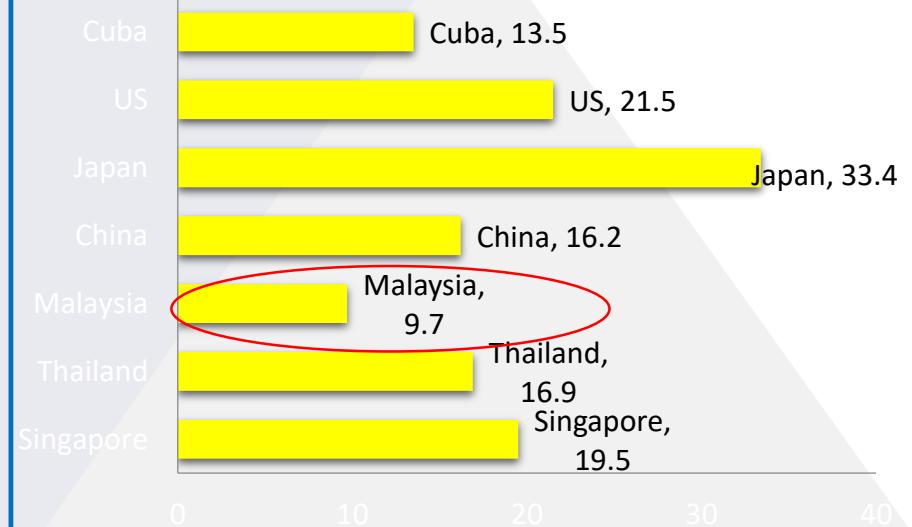


### Challenges

- . Culture
- . Legal framework
- . Funding mechanism



% Population & Aged > 60 years 2017



Source : United Nations, World Population Ageing 2017 Highlights

Source :

> Department of Statistic Malaysia, Population Quick Info

# Aged Care & KPJ Business of the future

## Facilities

- MALAYSIA – Senior & Assisted Living Care
  - Tawakkal Health Centre, Kuala Lumpur
  - Sibu Geriatric, Sarawak
  - KPJ Kuantan Wellness, Pahang
  - Damai Wellness Centre, Sabah



## > KPJ Presence in Aged Care Segment

Distribution of elderly population (above 60) by state (2025 projection)

State	% elder population	Remarks
Selangor	12%	*KPJ Ampang *KPJ Damansara
Johor	14%	*Coronation Square *KPJ BDO *KPJ Puteri *KPJ Johor
Sarawak	4%	Sibu Geriatric
Sabah	9%	^^ Damai Wellness
Kuala Lumpur	14%	Tawakkal Health Centre
Pahang	13%	^ KPJ Kuantan Wellness

\* Planning

^ Opened in Feb 2018

^^ Opened in Dec 2018

Source :

> Department of Statistic Malaysia, Population Quick Info

# KPJ Tawakkal Health Centre Senior Living Care



The longest ALOS : 4 years, 8 months

# KPJ Kuantan Health Centre *Senior Living Care*



Opened in  
Feb 2018



The longest ALOS 1 year, 7 months

# *MOVING HEALTHCARE OUTSIDE HOSPITAL WALLS*

## **Senior & Assisted Living Care – Damai Wellness Centre**



**Opened in  
Dec 2018**



The longest ALOS : 9 months



# Network Expansion *New Hospitals*

PROJECT	LOCATION	TOTAL CAPACITY (Beds)	OPERATING BEDS	COMPLETION	OPENING
Miri	Sarawak	96	60	2Q2019	4Q2019
Kuching	Sarawak	150	114	Q2019	4Q2019
UTM	Johor	150	90	TBA	TBA
K/Bayuemas	Selangor	90	90	TBA	TBA
Melaka	Melaka	150	60	TBA	TBA

**Total Beds**

**636**

**414**

# Network Expansion - New Hospitals 2018

KPJ Perlis – Opened on 17 May 2018

**KPJ PERLIS OPENS  
IN THE NATION'S NORTHERN-MOST STATE**



**Official Launch of KPJ  
Perlis Specialist Hospital**

**1<sup>st</sup> November 2018**



# Network Expansion - New Hospitals 2018

KPJ Perlis – Opened on 17 May 2018



# Network Expansion - New Hospitals 2018

KPJ Perlis – Opened on 17 May 2018



**Beds** Capacity : 90  
First phase : **21 beds**



**10 Specialist  
Consultants**

**8 Services :**

Anaesthesiology  
ENT  
General Surgery  
Internal Medicine  
Obstetric & Gynaecology  
Orthopaedic  
Paediatrics  
Radiology



# Network Expansion - New Hospitals

KPJ Bandar Dato' Onn Specialist Hospital, Johor Bahru- opened 19 February 2019



# Network Expansion - New Hospitals

KPJ Bandar Dato' Onn Specialist Hospital, Johor Bahru- opened 19 February 2019



# Network Expansion - New Hospitals

KPJ Bandar Dato' Onn Specialist Hospital, Johor Bahru- opened 19 February 2019



**Beds** Capacity : 150  
First phase : **30 beds**



**36 Specialist  
Consultants**

## **9 Services:**

Anaesthesiology  
General Internal Medicine  
Internal Medicine & Geriatrics  
Internal Medicine & Cardiology  
Gynaecology  
Orthopaedic  
Oncology  
Paediatrics  
Radiology



# Network Expansion – New Hospitals 2019

## BDC Kuching Specialist Hospital, Kuching





# Network Expansion – New Hospitals 2019

KPJ Miri Specialist Hospital, Miri



# Network Expansion – New Hospitals beyond 2019

KPJ UTM



KPJ Melaka



KPJ Kota Bayuemas



# Network Expansion *New Hospitals- lease*

PROJECT	LOCATION	TOTAL CAPACITY (Beds)	OPERATING BEDS	COMPLETION	OPENING	LEASE PERIOD
KPJ Batu Pahat	Batu Pahat	90	60	2Q2019	3Q2019	30 years (6+3yrs up to 30 years)
Kluang Specialist	Kluang	90	90	3Q2019	4Q2019	30 years (15+15yrs)
KPJ Damansara	Sg Penchala	300	120	2020	TBA	30 years (15+15yrs)

<b>Total Beds</b>	<b>480</b>	<b>270</b>
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# Network Expansion- New hospital-lease

KPJ Batu Pahat Specialist Hospital  
Batu Pahat



Kluang Specialist Hospital  
Kluang



KPJ Damansara Empire  
Specialist Hospital  
Kuala Lumpur

# Network Expansion *Hospital Expansion*

HOSPITALS	DESCRIPTION		COMPLETION	OPENING
	Beds	Clinics		
KPJ Seremban	87	30	1Q2017*	3Q2019
KPJ Ampang	87	24	3Q2019	4Q2019
KPJ Klang (1 <sup>st</sup> phase)	40	14	3Q2019	4Q2019
Sri Manjung	30	13	4Q2019	1Q2020
KPJ Perdana	45	35	1Q2020	2Q2020
KPJ Puteri	101	20	4Q2019	1Q2020
Taiping	20	16	1Q2020	2Q2020
KPJ Penang	155	32	1Q2021	2Q2021
KPJ Tawakkal	120	24	TBA	TBA

<b>Total Beds</b>	<b>685</b>
<b>Total Clinics</b>	<b>208</b>

*\* Completed*

# Network Expansion – Existing hospitals 2018

KPJ Johor Specialist Hospital



KPJ Seremban Specialist Hospital



Taiping Medical Centre



KPJ Ampang Puteri Specialist Hospital



# KPJ CHALLENGES



- ***Cost of Healthcare Services***



- ***Quality of Service Standards***



- ***Managing and Retaining Talent***

- ***Funders of Healthcare Services***

- ***Government Regulations  
- Drug price controls***

