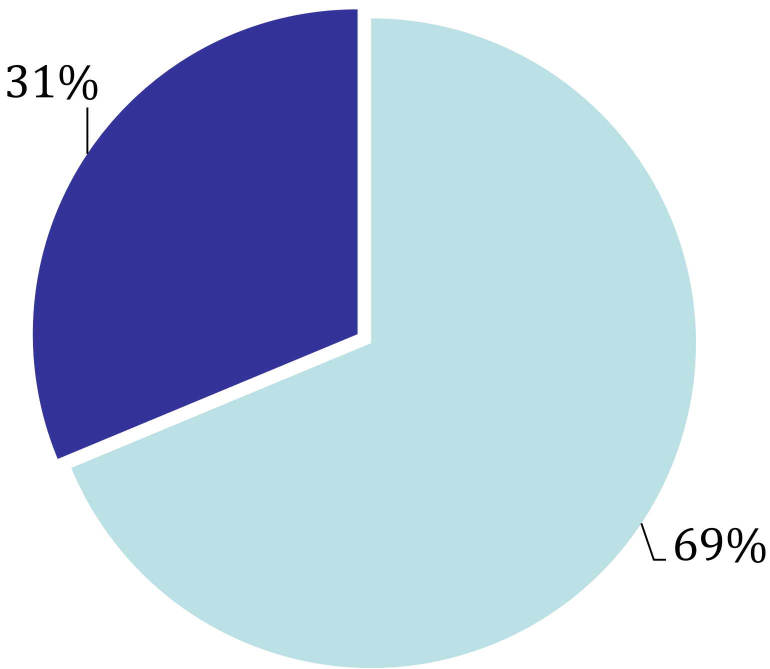
KPJ Healthcare Berhad
Investor Relations
3Q2017

HEALTHCARE INDUSTRY IN MALAYSIA

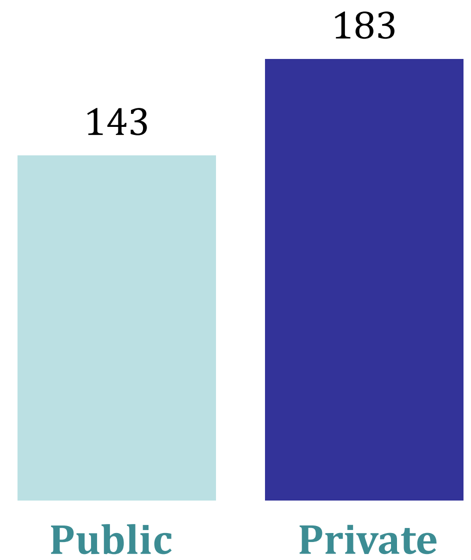
Malaysia Healthcare System 2015

Healthcare Provider

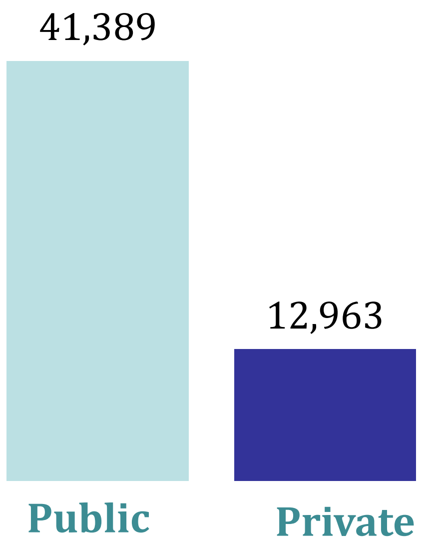


Legend :
Public
Private

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

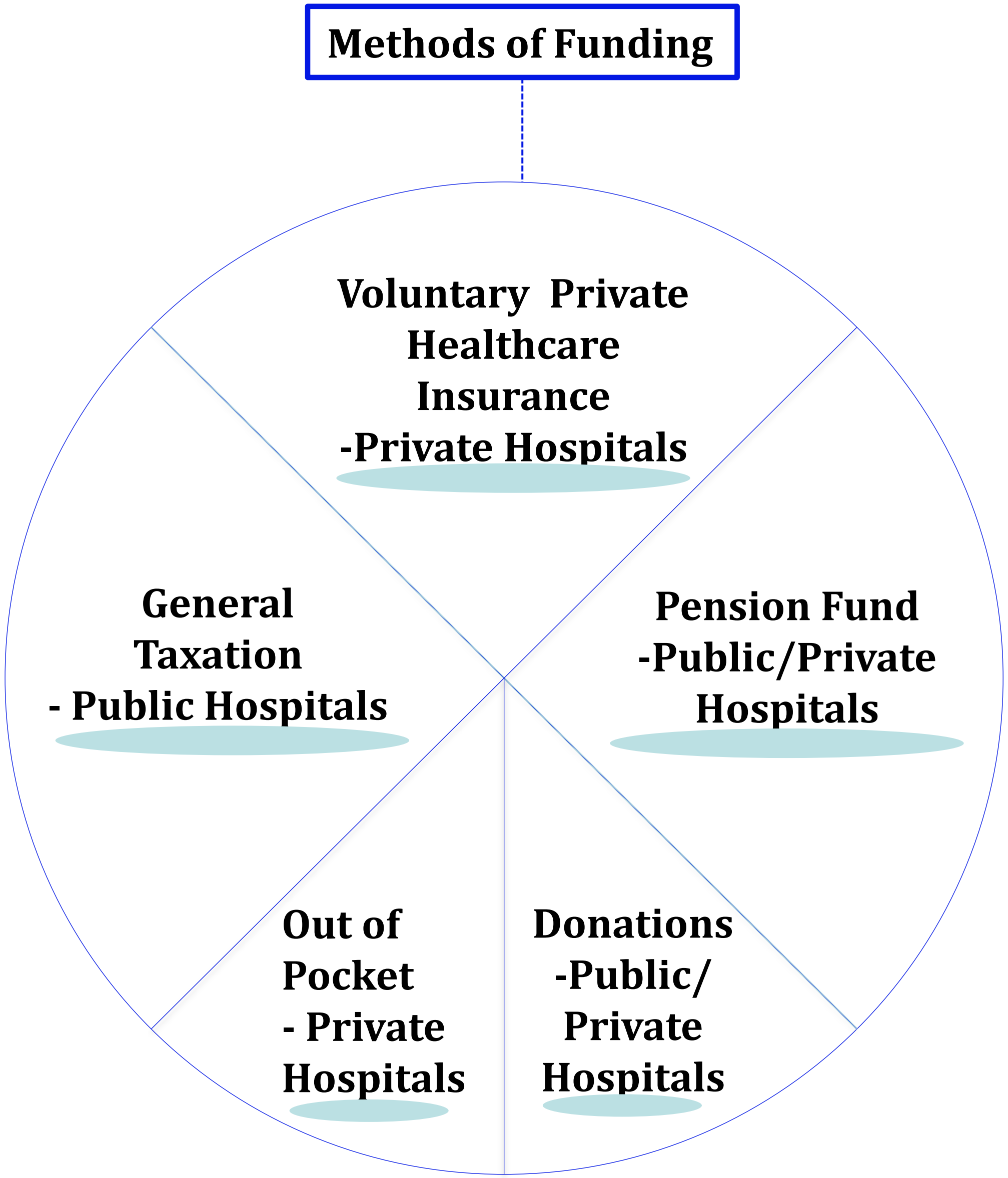
-among the world's most favored destinations

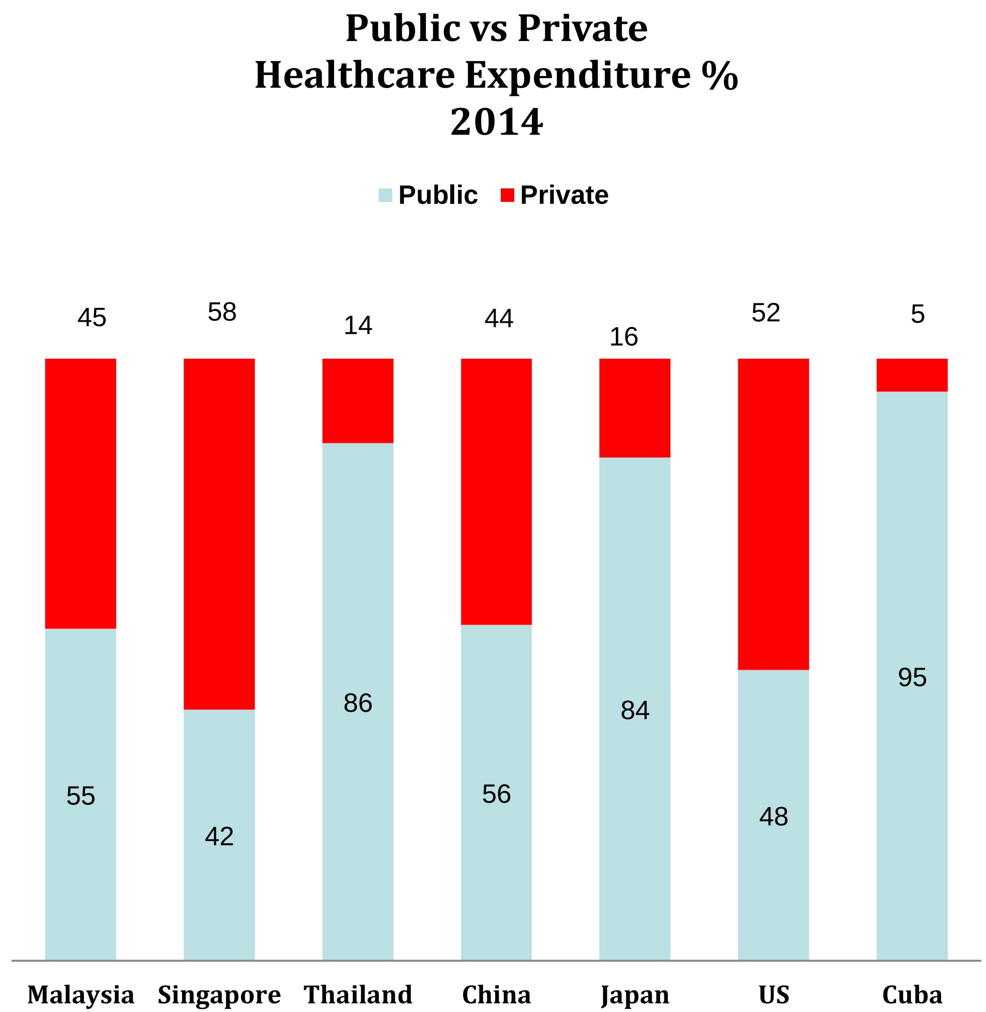
Cost

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

HEALTHCARE INDUSTRY IN MALAYSIA

Sources of Funding for Healthcare Expenses





Source : 2016 World Development Indicators

Facts at a Glance 3Q2017

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

1,015

INPATIENTS

215,499

OUTPATIENTS

1,856,916

NO OF BEDS

3,052

OCCUPANCY RATE

66%

EMPLOYEES

13,281

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

We collected and disposed of **1,170,870 kg** hazardous waste

AIR QUALITY

Related mechanical aspects are maintained in accordance with the hospital's requirement and standards

RADIATION

Management and utilisation of radiation emitting equipment complies with MOH Rules & Regulations

WATER

Rely on adequate supplies of quality water. Water consumption was **1,021,647 m^3**

ENERGY

Hospitals operate 24hours a day. Total electric consumption was **104,610,410 kWh**

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

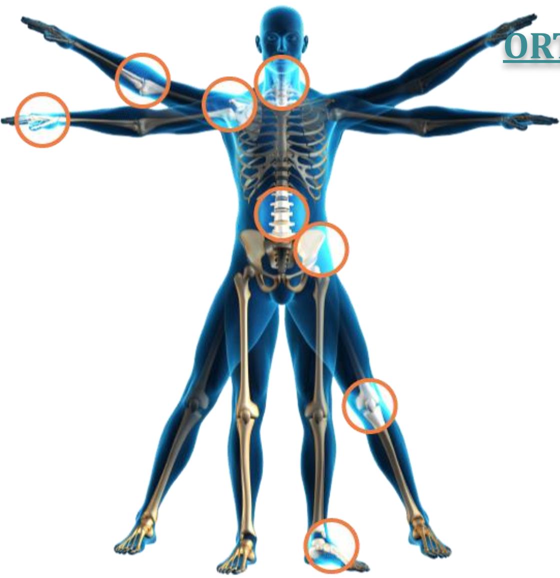
ABOUT KPJ Shareholdings Stats

KPJ HEALTHCARE

43.98%	12.83%	5.04%	7.65%
JOHOR CORPORATION	KWSP EPF	AMANAH SAHAM BUMIPUTERA	FOREIGN SHAREHOLDERS

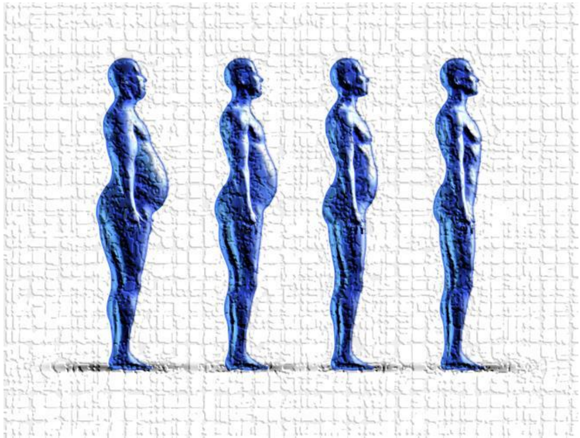
As at 30 September 2017

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

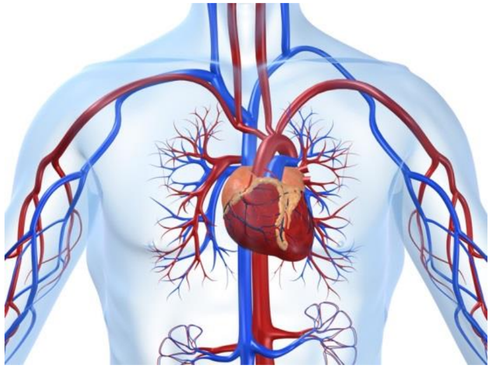


BARIATRIC (Obesity) SURGERY

- ✓ KPJ Damansara

CARDIOLOGY

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



ONCOLOGY (Cancer)

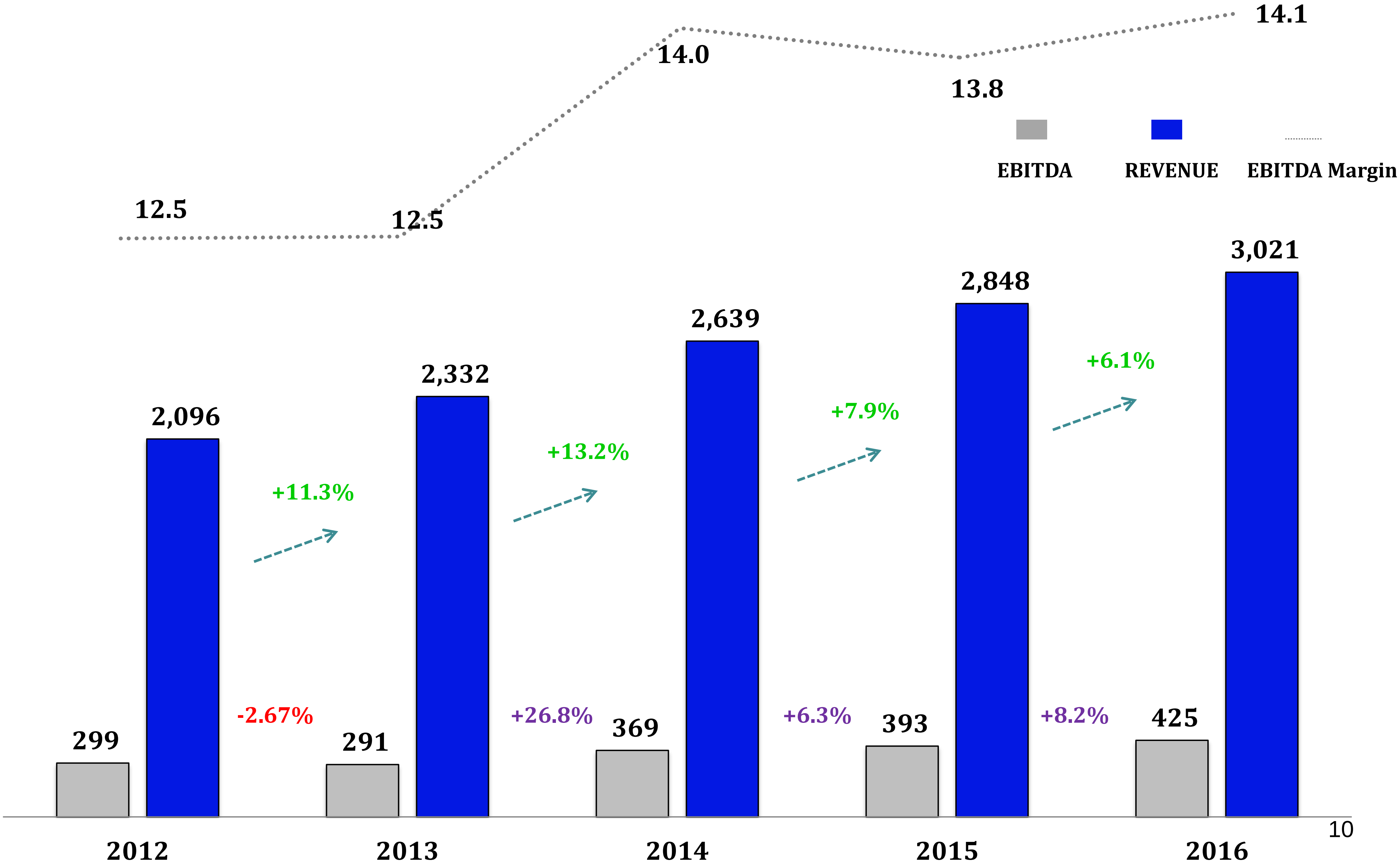
- ✓ KPJ Damansara
- ✓ KPJ Ipoh
- ✓ KPJ Johor
- ✓ KPJ Selangor

RECONSTRUCTIVE & PLASTIC SURGERY

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

FINANCIAL TRENDS

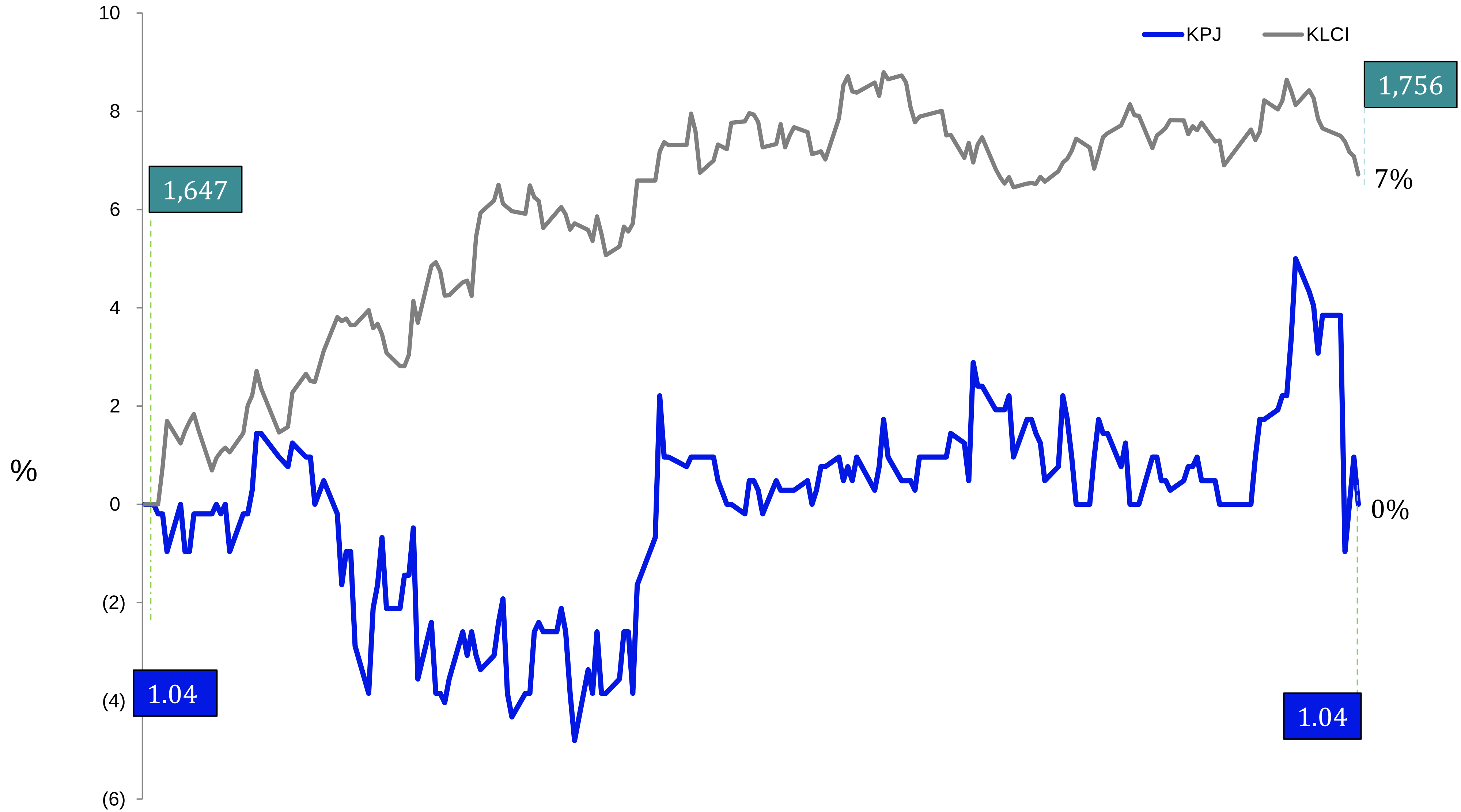
KPJ 5 years Revenue & EBITDA



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 as at 3Q2017



Group Financials *3 months ended – 30 September 2017*

RM'000	3Q/2017	2Q/2017	3Q/2016	Sequential Var (%)	Y-o-Y Var (%)
Revenue	803,203	793,025	767,039	1.3	4.7
Gross Profit	**233,788**	**237,030**	**230,532**	(1.4)	1.4
Profit from Operations	53,195	53,921	52,075	(1.3)	2.2
Finance Income	4,260	4,247	5,241	0.3	(18.7)
Finance Cost	(16,780)	(19,803)	(18,137)	(15.3)	(7.5)
Share of Results from associates	9,682	7,178	9,904	34.9	(2.2)
Profit before zakat and tax	**50,357**	**45,543**	**49,083**	10.6	2.6
Zakat	(726)	(1,811)	(570)	(59.9)	27.4
Taxation	(16,542)	(12,280)	(14,234)	34.7	16.2
Profit after zakat and tax	**33,089**	**31,452**	**34,279**	5.2	(3.5)
Equity holders of company	30,555	32,164	32,497	(5.0)	(6.0)
Non-controlling interest	2,534	(712)	1,782	455.9	42.2
Net profit attributable to shareholders	**33,089**	**31,452**	**34,279**	5.2	(3.5)
Basic EPS (sen)	1.58	2.94	1.71		

Group Financials *9 months ended – 30 September 2017*

RM'000	3Q/2017	3Q/2016	Var (%)
Revenue	2,390,137	2,276,109	⬆ 5.0
Gross Profit	**710,285**	**684,929**	⬆ 3.7
Profit from Operations	173,653	164,351	⬆ 5.7
Finance Income	10,881	10,368	⬆ 4.9
Finance Cost	(57,454)	(55,276)	⬆ 3.9
Share of Results from associates	23,449	27,147	⬇ (13.6)
Profit before zakat and tax	**150,529**	**146,590**	⬆ 2.7
Zakat	(2,937)	(1,710)	⬆ 71.8
Taxation	(42,995)	(42,551)	⬆ 1.0
Profit after zakat and tax	**104,597**	**102,329**	⬆ 2.2
Equity holders of company	100,991	97,004	⬆ 4.1
Non-controlling interest	3,606	5,365	⬇ (32.8)
Net profit attributable to shareholders	**104,597**	**102,369**	⬆ 2.2
Basic EPS (sen)	5.24	5.12	

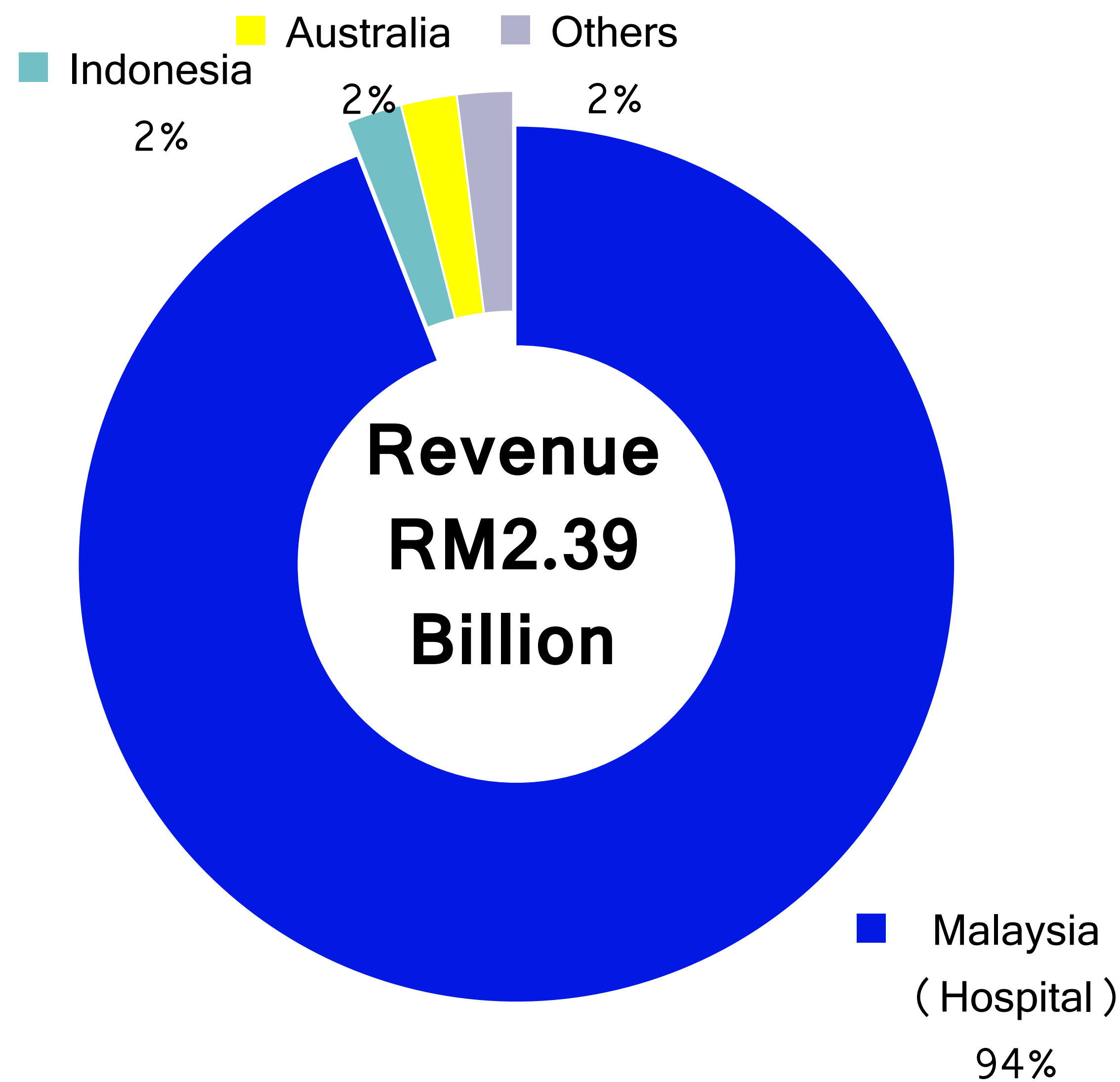
Key Ratios *as at 30 September 2017*

	3Q/2017 %	2Q/2017 %	3Q/2016 %	Sequential Var	Y-o-Y Var
Gross Profit (GP) Margin	29.7	30.0	30.1	(0.3)	(0.4)
Profit Before Tax (PBT) Margin	6.3	6.3	6.4	-	(0.1)
EBITDA Margin	13.1	13.2	13.2	(0.1)	(0.1)
Net Profit Margin	4.4	4.5	4.5	(0.1)	(0.1)
Dividend per share (sen)	0.38	0.45	0.38	0.07	-
Gearing Ratio:					
Gross	0.9	0.9	1.0	-	-
Net	0.7	0.8	0.7	-	-
Net assets per share (RM)	0.4	0.4	0.4	-	-

Segmental *as at 30 September 2017*

Segment	REVENUE			EBITDA			PBT		
	3Q/2017	3Q/2016	Var (%)	3Q/2017	3Q/2016	Var (%)	3Q/2017	3Q/2016	Var (%)
Malaysia	2,265,293	2,156,413	↑ 5.0	311,085	297,414	↑ 4.6	159,036	155,292	↑ 2.4
Indonesia	37,594	39,266	↓ (4.3)	6,990	6,858	↑ 1.9	1,256	1,543	↓ (18.6)
Australia	43,867	42,513	↑ 3.2	(3,714)	(6,155)	↑ 39.7	(5,694)	(8,090)	↑ 29.6
Others	43,383	37,917	↑ 14.4	(441)	863	↓ (151.1)	(4,069)	(2,155)	↓ (88.8)

Revenue Contributions YTD 3Q 2017



Jeta Gardens – Brisbane, Australia *Senior Living Care*

Financials	3Q/2017 (RM'000)	3Q/2016 (RM'000)	Var (%)
Revenue	43,867	42,513	3.2
Profit/(Loss) Before Tax	(5,694)	(8,090)	29.6

Facilities	3Q/2017	2016	2015
Aged-Care Facility	180	180	180
Retirement Villas	33	33	33
Apartments Unit	32	32	32
Occupancy Rate %	91.0	88.0	70.0

KPJ's Indonesian Hospitals

Financials Group Indonesia Hospitals	3Q/2017 (RM'000)	3Q/2016 (RM'000)	Var (%)
Revenue	37,594	39,266	(4.3)
Profit/(Loss) Before Tax	1,256	1,543	(18.6)

RS Permata Hijau	3Q/2017	3Q/2016	Var (%)
No. of Bed	92	92	-
Occupancy rate (%)	34.9%	48.1%	(27.3)
Outpatients	35,047	33,062	6.0
Inpatients	3,313	3,794	(12.7)

RS Bumi Serpong Damai	3Q/2017	3Q/2016	Var (%)
No. of Bed	66	75	(12.0)
Occupancy rate (%)	34.3%	41.0%	(43.1)
Outpatients	56,891	47,403	20.0
Inpatients	2,948	3,083	(4.4)

KPJ Investment in Thailand – Vejthani Hospital, Bangkok

Financials	3Q/2017 (RM'000)	3Q/2016 (RM'000)	Var (%)
Revenue	185,201	169,782	9.0
Net Profit	13,504	12,284	9.9
Outpatient	217,514	204,635	6.2
Inpatient	6,374	6,317	0.9

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

Financials	3Q/2017 (RM'000)	3Q/2016 (RM'000)	Var (%)
Revenue	8,367	4,934	⬆ 69.6
Net Profit	(2,312)	(2,758)	⬆ 16.2
Outpatient	59,112	29,800	⬆ 98.4
Inpatient	2,717	1,113	⬆ 144.1
Occupancy Rate (%)	47%	34%	⬆ 38.2
No. of beds	50	50	-

Education – KPJ Healthcare University College

Financials	3Q/2017 (RM'000)	3Q/2016 (RM'000)	Var (%)
Revenue	35,517	32,920	7.9
PBT	278	651	(57.3)
Students	2,515	2,664	(5.6)

Academic Program KPJ offered 38 programmes ranging from the Foundation to PhD levels	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 September 2017

Hospital Indicators	3Q2017	3Q2016	Var （%）
No of Outpatients	1,856,916	1,862,371	(0.3)
No of Inpatients	215,499	212,187	1.6
No. of Operating Beds	3,052	2,924	4.4
Occupancy Rate %	65.7	67.5	(2.6)
Avg. Length of Stay (days)	2.55	2.55	-

Summary of Quarterly Performance 2017

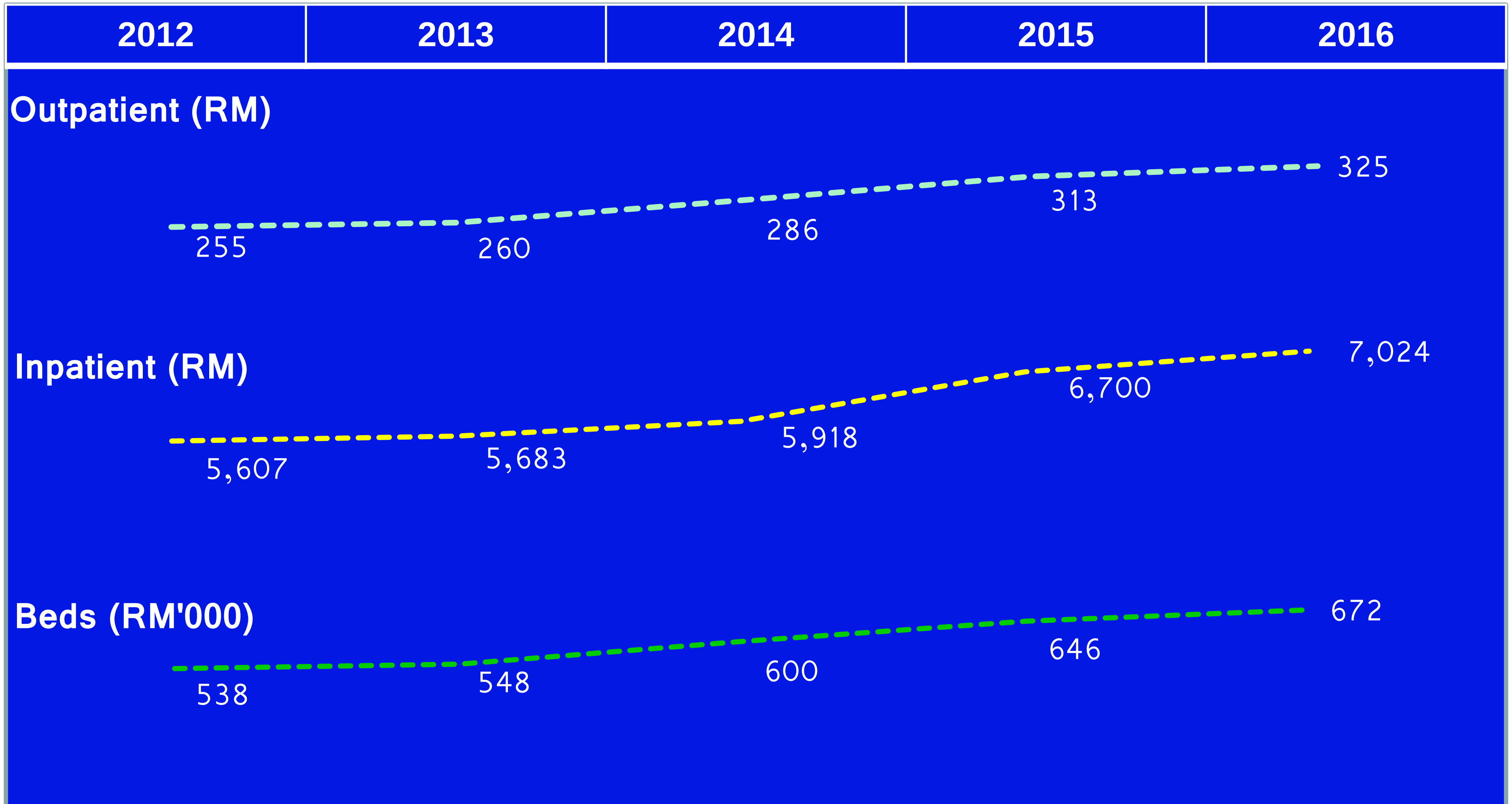
Hospital Indicators	3Q/2017	2Q/2017	1Q/2017	Var (%) 3Q2017 vs 2Q2017	Var (%) 2Q2017 vs 1Q2017
No of Outpatients	618,981	617,485	620,450	0.2	(0.5)
No of Inpatients	71,689	71,075	72,735	0.9	(2.3)
No. of Operating Beds	3,052	3,015	2,997	1.2	0.6
Occupancy Rate %	65.7%	67.7%	68.3%	(3.0)	(0.9)
Avg. Length of Stay (days)	2.55	2.55	2.53	0.0	0.8

Summary of Quarterly Performance 2016

Hospital Indicators	4Q/2016	3Q/2016	Var % 4Q vs 3Q	2Q/2016	Var % 3Q vs 2Q	1Q/2016	Var % 2Q vs 1Q
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- Group

	Outpatient （RM）	Inpatient （RM）	Beds （RM’000）
As at September 2017	339	7,370	499,786



Group Operational Highlights

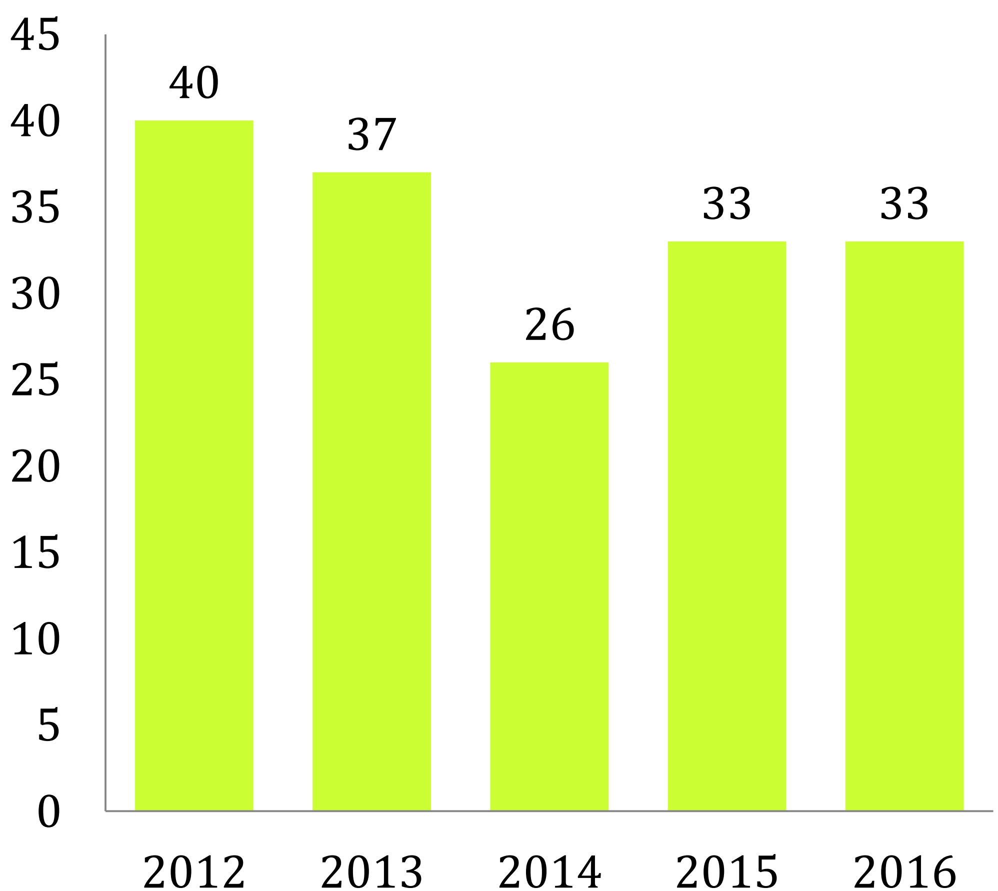
Summary of Quarterly Average Revenue-2017

	Group	(Central Klang Valley)	Southern	East Coast	Northern	East
Outpatient						
3Q	348	386	452	307	283	207
2Q	336	348	438	296	271	290
1Q	333	351	443	306	266	255
Inpatient						
3Q	7,742	8,253	7,537	7,711	7,179	6,910
2Q	7,214	7,450	7,439	7,582	6,644	6,543
1Q	7,156	7,510	7,154	7,572	6,460	6,727
Beds						
3Q	181,858	186,734	208,281	162,498	167,331	152,419
2Q	170,073	171,309	206,919	147,212	156,428	138,447
1Q	173,680	178,838	192,405	175,488	159,867	137,620

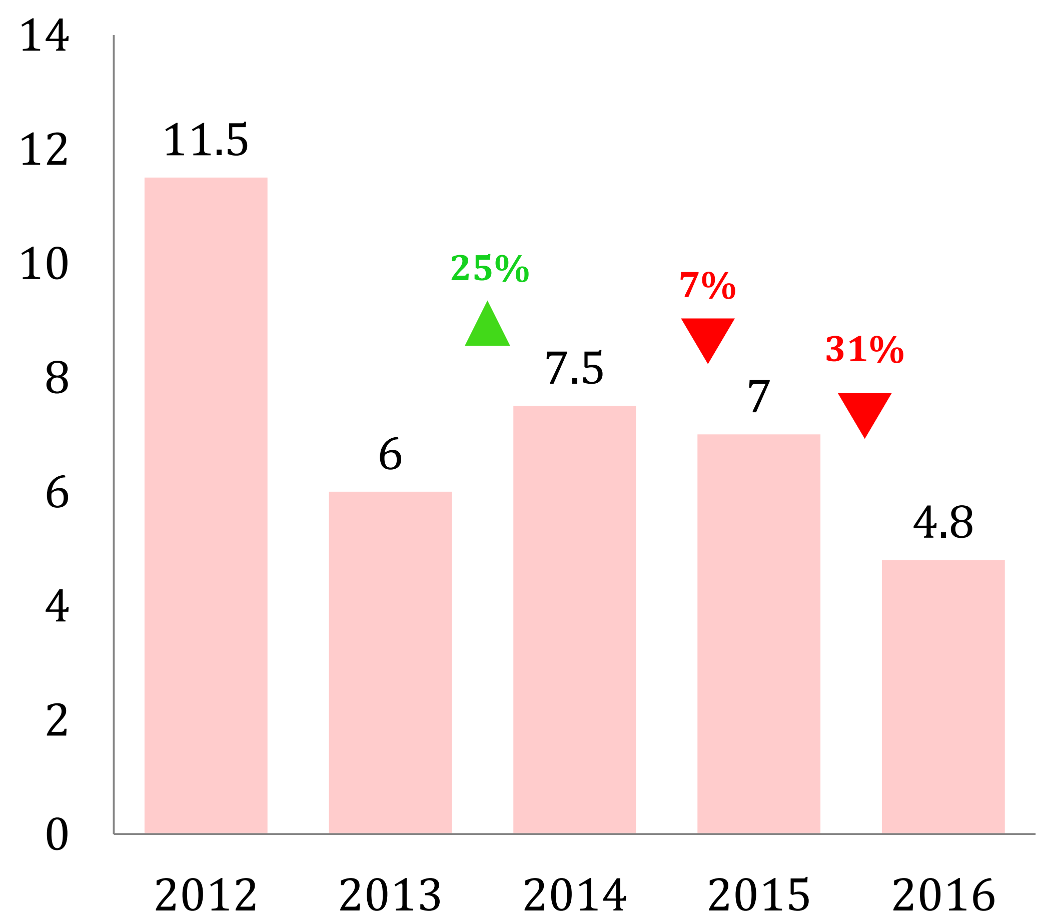
KEY FINANCIAL HIGHLIGHTS

FY2012-FY2016

PE R Historical

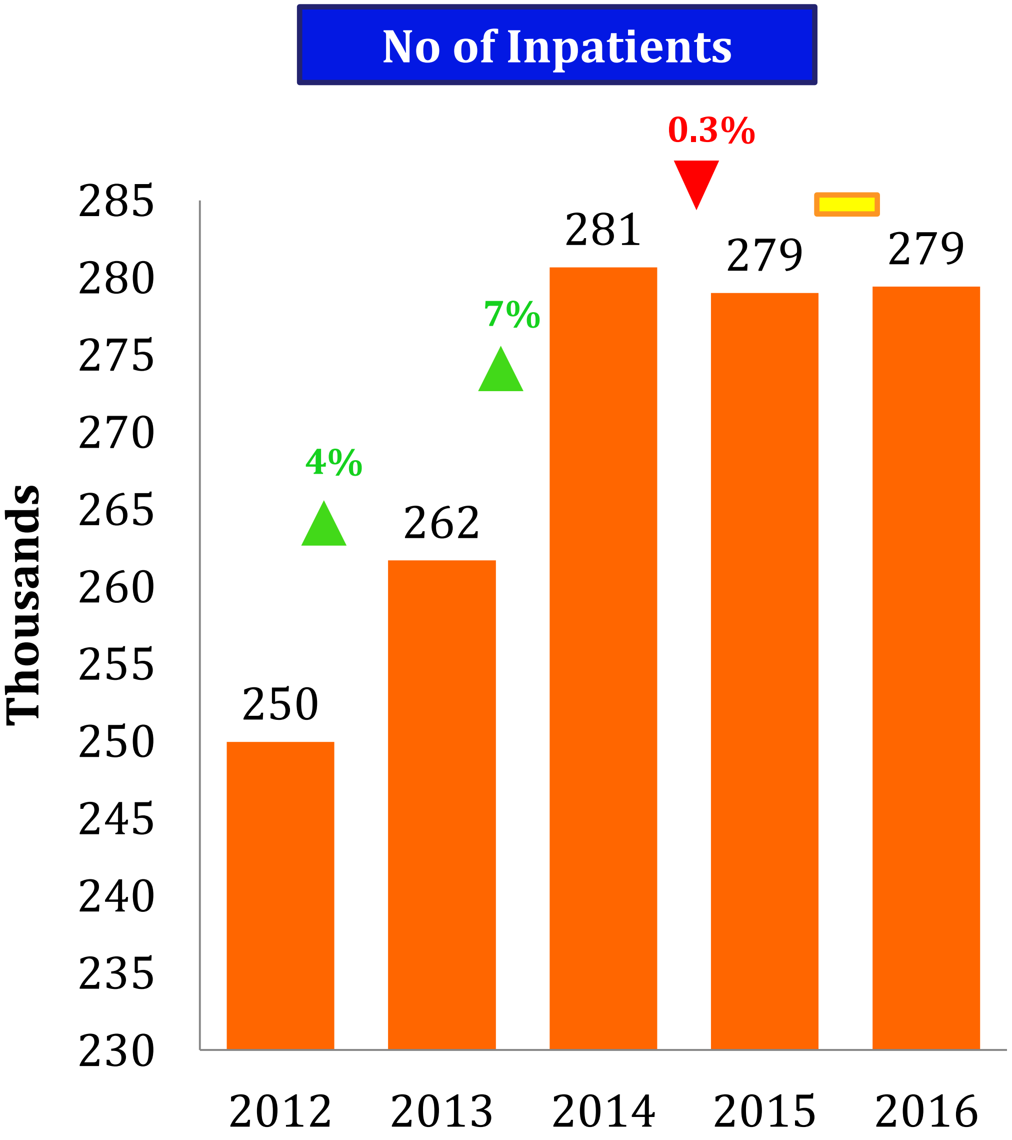


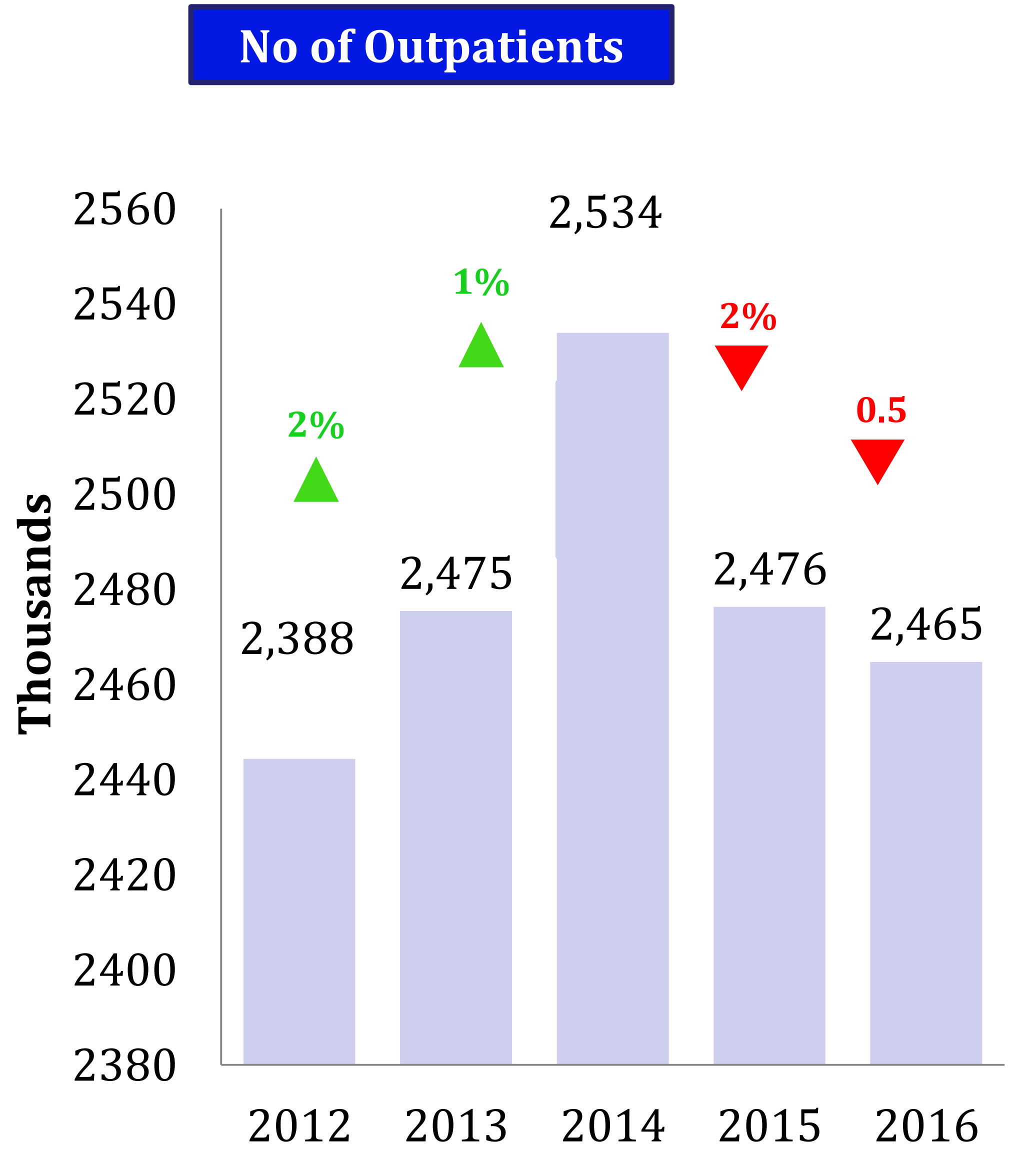
Dividend (sen)



Key Operational Highlights

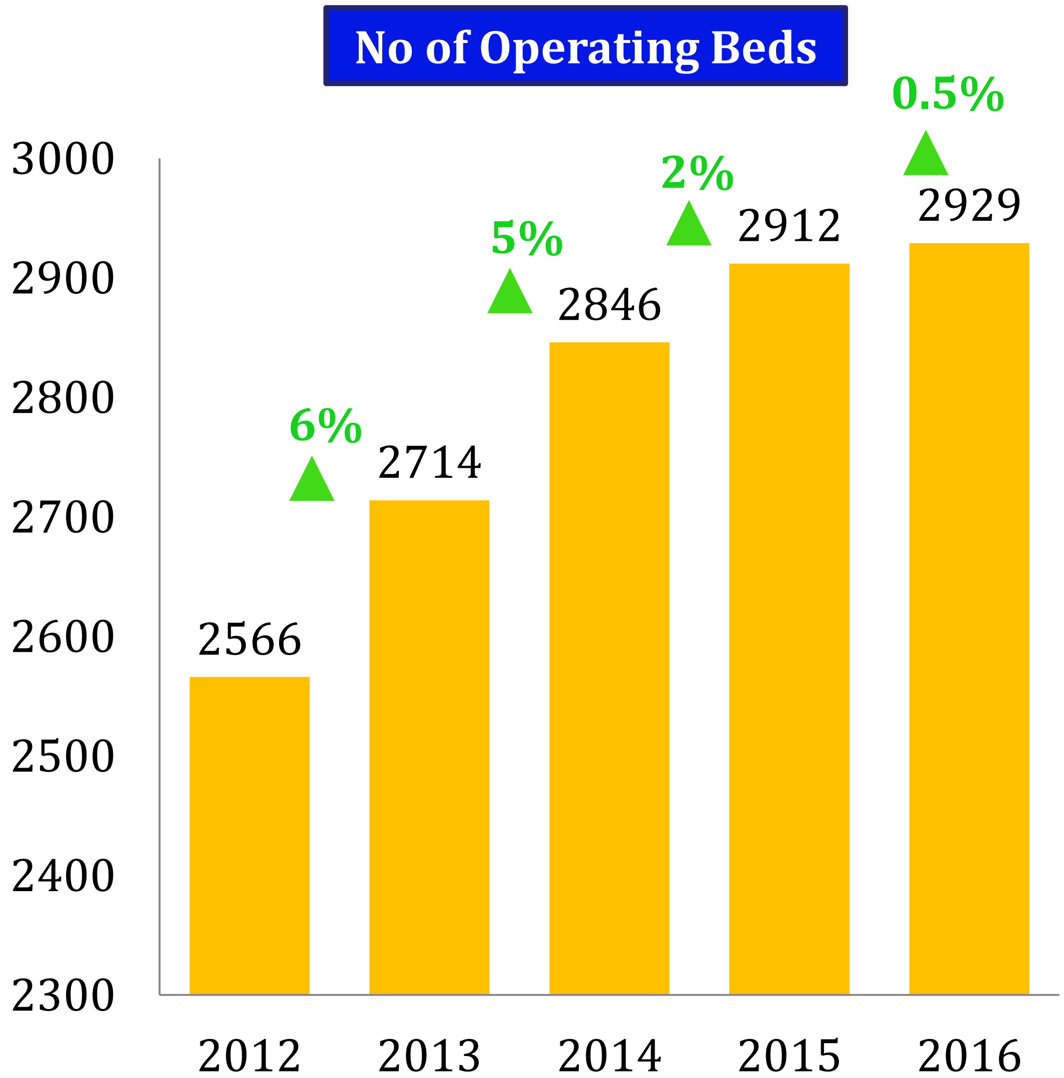
FY2012-FY2016

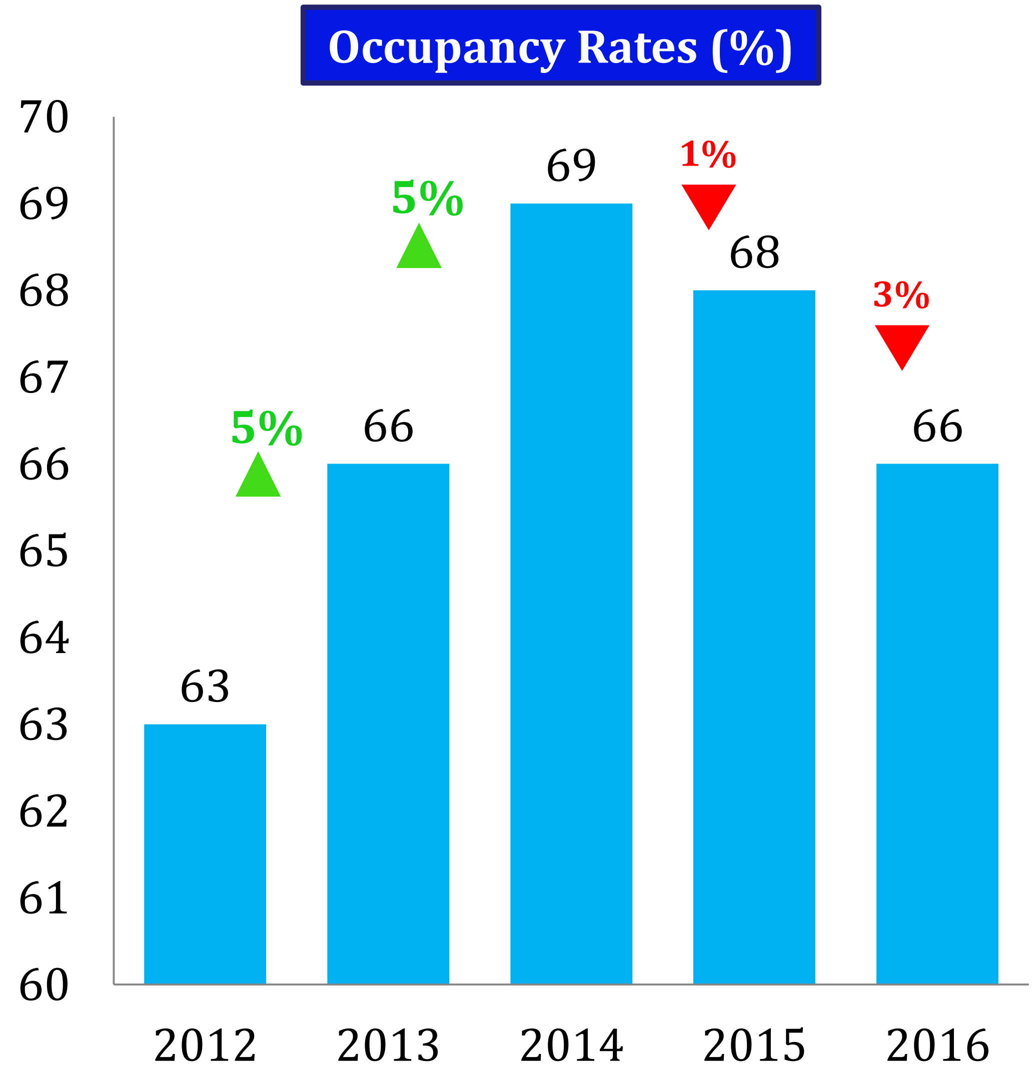




Key Operational Highlights

FY2012-FY2016





GROWTH & STRENGHTENING CAPACITY

Expanding Network

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

Delivering Safe and Excellent Services

Compliance with MOH & Clinical Governance guidelines

Certification, Accreditation & Standards

18 Accredited hospitals , 4 JCI Accredited hospitals

Patient Satisfaction

Qualified doctors 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

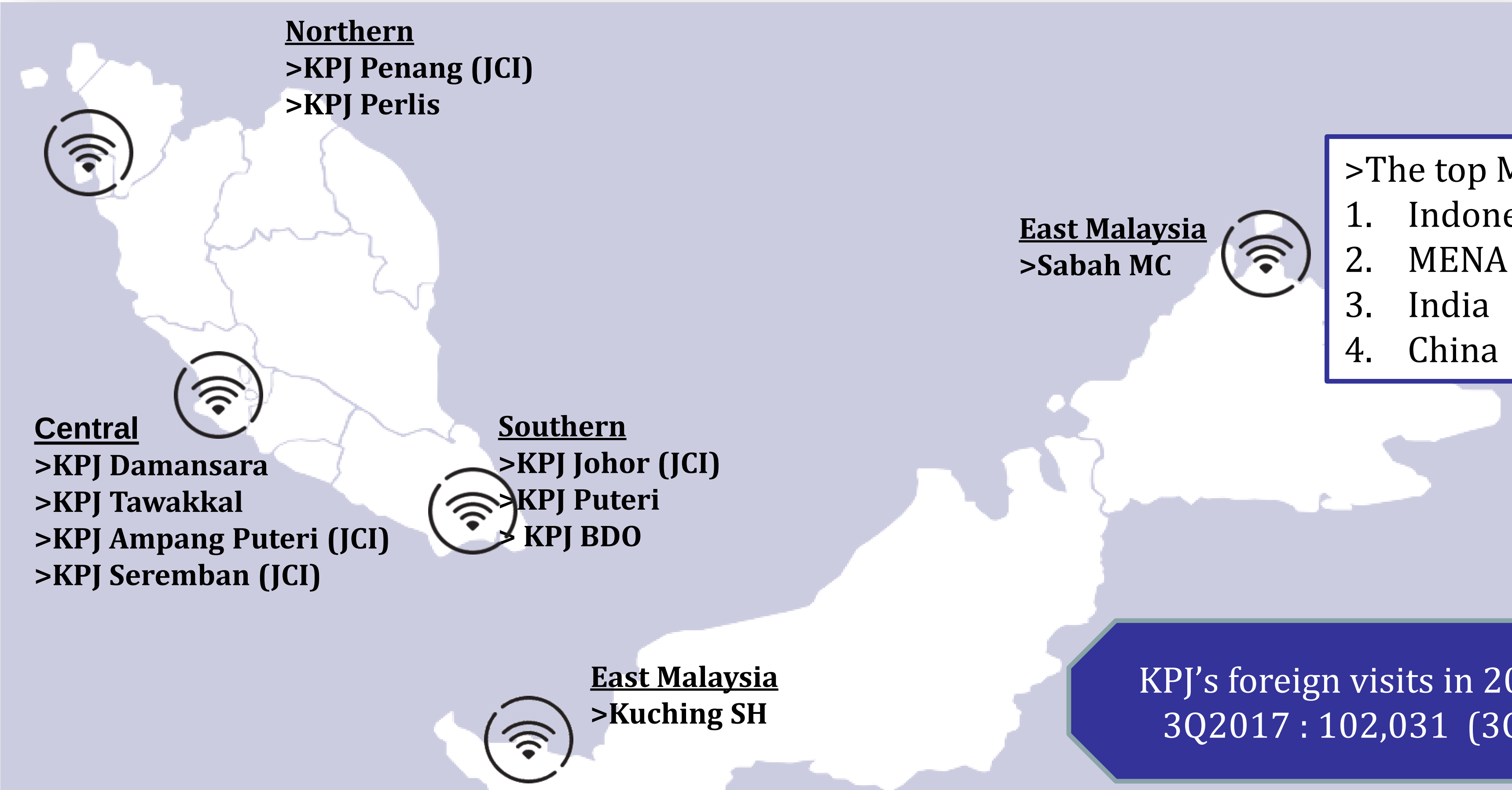
Opportunities

- 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
3Q2017 : 102,031 (3Q2016 : 96,315)

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

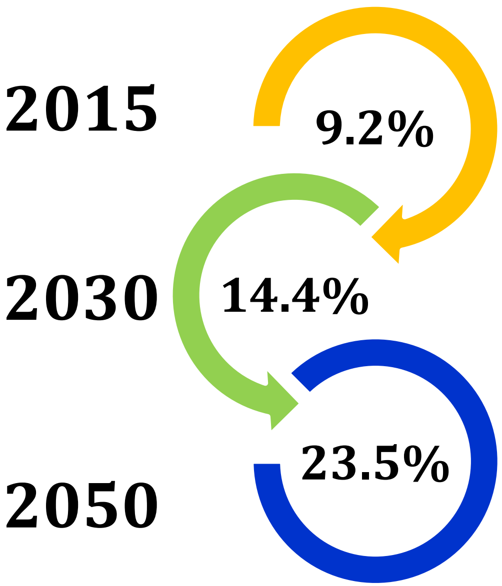
Source:
Malaysia Health Travel Council

Aged Care Projection of Elderly Population

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

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

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



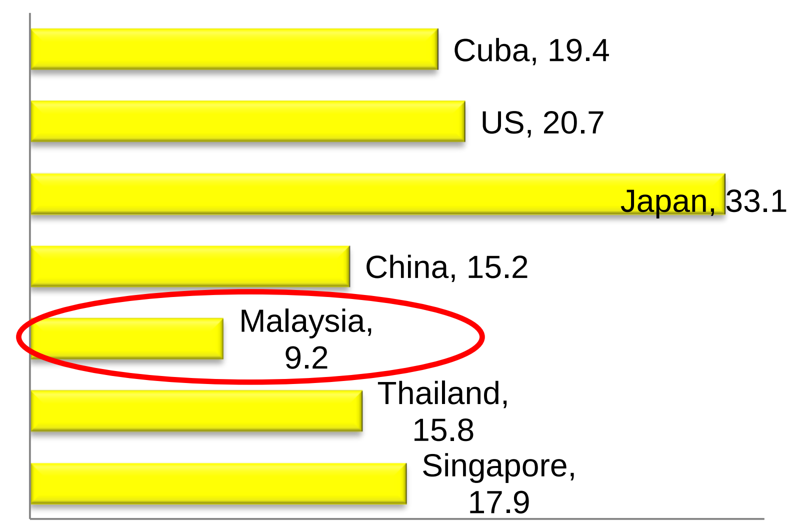
Source :

*>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

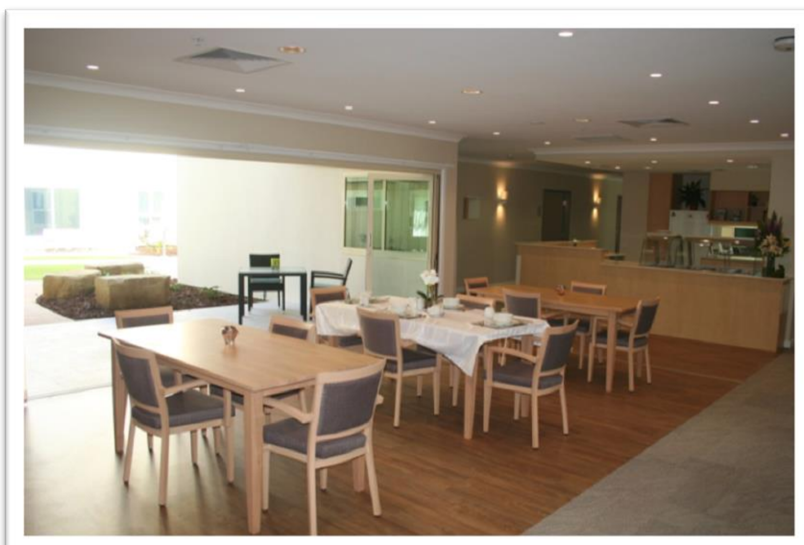
Distribution of elderly population (above 60) by state (2020 projection)

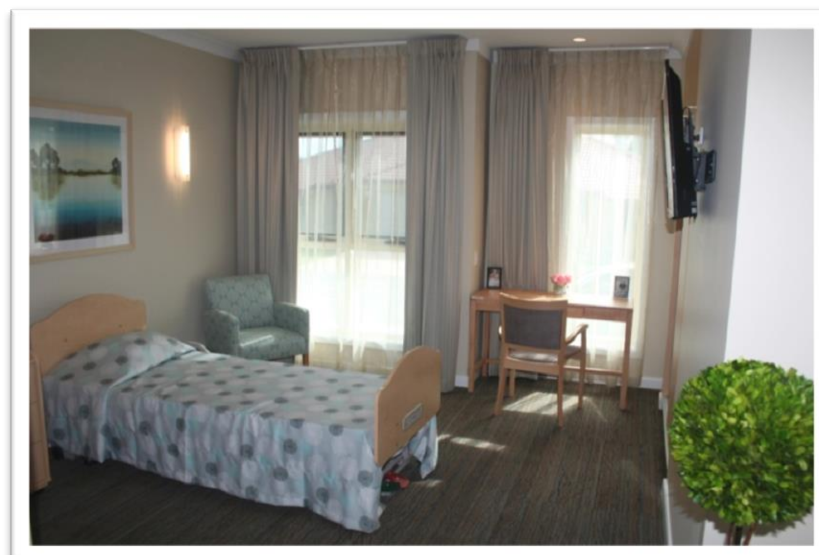
State	% elder population	Remarks
Selangor	16%	*KPJ Ampang *KPJ Damansara
Johor	12%	*Coronation Square *BDO *KPJ Puteri *KPJ Johor
Sarawak	9%	Sibu Geriatric
Kuala Lumpur	6%	Tawakkal Health Centre
Pahang	6%	*KPJ Pahang

Planning

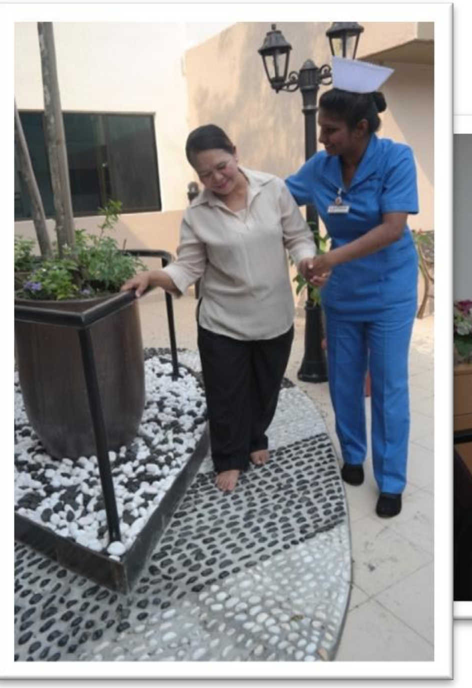
Jeta Gardens –Brisbane, Australia

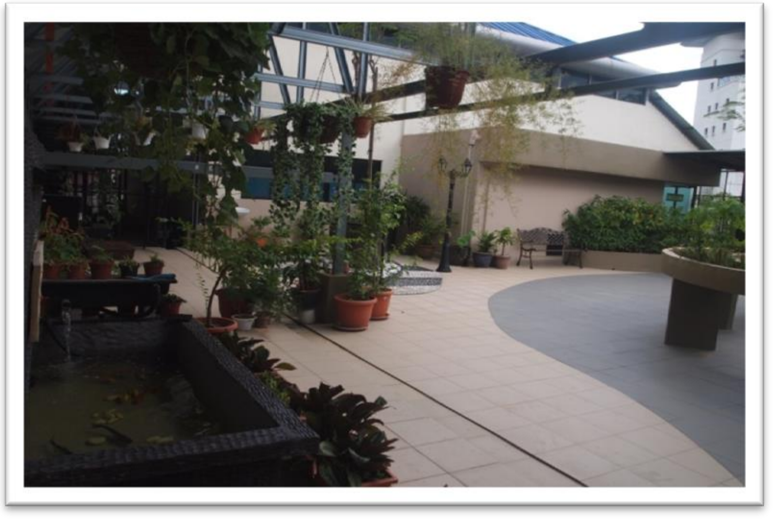
Senior Living Care – New Building





KPJ Tawakkal Health Centre *Senior Living Care*





	2016				***2017***		
2016	*1Q*	*2Q*	*3Q*	***4Q***	***1Q***	***2Q***	***3Q***
Beds	42	42	42	42	42	42	42
Occupancy Rate (%)	74	64	70	68	62	64	57
ALOS	32.3	31.1	28.7	25.0	24.0	26.0	30.0

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	3Q2018	4Q2018
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*

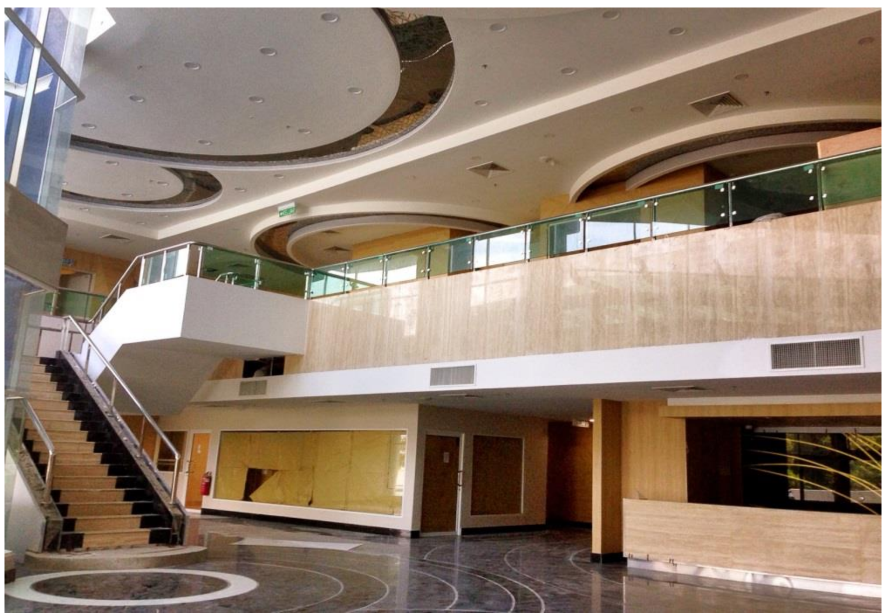
HOSPITALS	DESCRIPTION	CAPACITY	COMPLETION	OPENING
*KPJ Selangor	Clinics	54	Oct 2016	1Q2017
*KPJ Seremban	Beds	90	1Q2017	1Q2018
Taiping	Clinics	16	1Q2018	2Q2018
Sri Manjung	Beds	30	1Q2018	2Q2018
KPJ Johor	Beds	31	1Q2018	2Q2018
KPJ Ampang	Beds	150	1Q2018	2Q2018
	Clinics	33		
KPJ Puteri	Beds	66	2Q2019	3Q2019
KPJ Penang	Beds	138	1Q2021	2Q2021

Total Beds	**505**
Total Clinics	**103**

* Completed

Network Expansion - *New Hospitals*

KPJ Pahang Specialist Hospital – Opened 23rd May 2016



Network Expansion – *New Hospitals 2018*

Bandar Dato' Onn Specialist Hospital, ***Johor Bahru***

BDC 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)*

Network Expansion – ***Existing hospitals 2018***

KPJ Seremban Specialist Hospital

Seremban

Sri Manjung Medical Centre

Manjung

Taiping Medical Centre

Taiping

KPJ Johor Specialist Hospital

Johor Bahru

Network Expansion – *Existing hospitals 2018 & beyond*

KPJ Ampang Puteri Specialist Hospital
Kuala Lumpur *(2018)*

KPJ Puteri Specialist Hospital
Johor Bahru *(2019)*

KPJ Penang Specialist Hospital
Bukit Mertajam (2021)

1. Limited pool of healthcare professionals for sub-specialty

– potential high cost

2. Highly regulated industry

>Lower margin compared to regional peers

> High compliance cost

3. Keeping new hospital development on track

> costs & timeline

4. Managing bottom line during gestation period of greenfield projects

> between 3 to 5 yrs

5. Potential structural changes

>1 Care, AEC, AFTA

6. Competition

>from other players & government hospitals

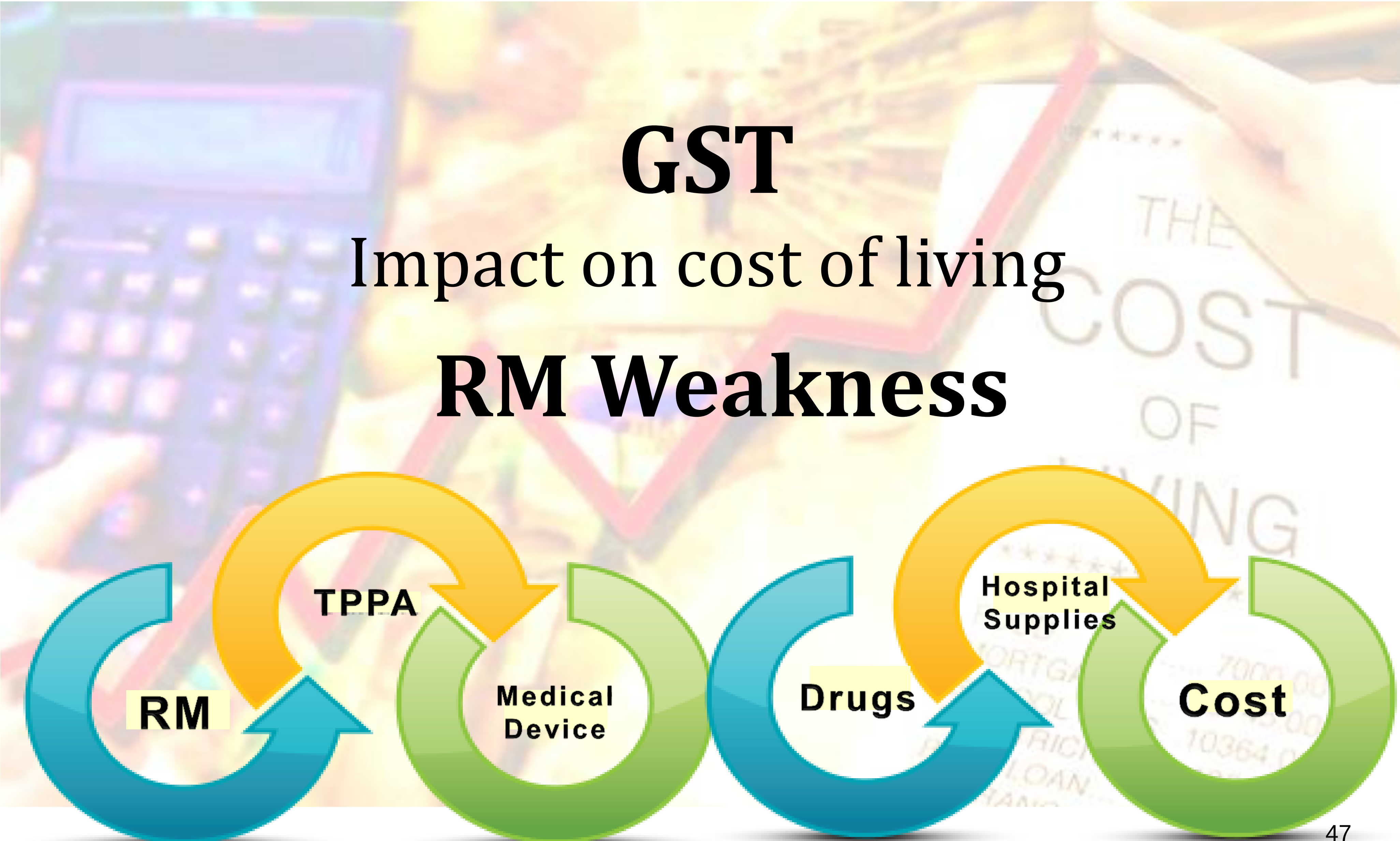
KPJ

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