

**KPJ HEALTHCARE BERHAD**  
(Incorporated in Malaysia)

**B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2019**

**B1 REVIEW OF THE PERFORMANCE OF THE COMPANY AND ITS PRINCIPAL SUBSIDIARIES**

Additional information as required by Appendix 9B of Bursa Malaysia Listing Requirements:

a. Review on statements of comprehensive income for current quarter compared to the corresponding quarter of the preceding year (3 months)

For the quarter ended 31 December 2019, the Group recorded a total revenue of RM944.0 million, an 8% growth from RM876.5 million as reported in quarter 4, 2018. This growth were contributed by hospitals operations, mainly from Malaysia segment.

In line with the revenue growth, current quarter EBITDA was recorded at RM180.7 million, 26% increased as compared to EBITDA of the corresponding quarter in 2018, at RM143.4 million. The adoption of MFRS 16 in financial year 2019 has therefore eliminate rental expenses in profit and loss and replaced by depreciation and finance costs hence affected the recorded Group's EBITDA for year 2019. [Refer to Note A5(d)(ii) on the reconciliation between EBITDA and profit before tax with MFRS 16 impact].

The revenue and EBITDA growth in current quarter was contributed by the existing and new hospitals, such as KPJ Rawang, KPJ Pasir Gudang, KPJ Tawakkal KL, KPJ Batu Pahat, KPJ Perlis and KPJ Bandar Dato' Onn. This is evidenced by increased in number of patients and procedures performed in particular, surgeries. The opening of the new block in KPJ Seremban has resulted in increased number of beds and consequently increased the revenue.

The profit before tax for the current quarter was recorded at RM78.3 million, an increase of 2% from RM77.1 million as reported in the same quarter in 2018. The growth of profit before tax was affected by lower gain on fair value of investment properties at balance sheet date of RM 1.0 million against RM10.9 million in comparative quarter in 2018.

**Malaysia**

Revenue from Malaysia segment for the current quarter was recorded at RM900.6 million, increased of RM64.7 million as compared to the same quarter in corresponding year, of RM835.9 million.

In the same quarter, Malaysia segment recorded an EBITDA of RM166.7 million, an increase of 12% from RM149.3 million in 2018.

In current quarter, Malaysia segment recorded profit before tax of RM97.0 million, 11% increased from RM87.5 million in 2018. The growth of profit before tax was in line with the increase in revenue and cost optimisation exercised, despite the losses from newly-opened hospitals, KPJ Batu Pahat and KPJ Miri which was opened in quarter 4, 2019.

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**B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTINUED)**

**B1 REVIEW OF THE PERFORMANCE OF THE COMPANY AND ITS PRINCIPAL SUBSIDIARIES (CONTINUED)**

Additional information as required by Appendix 9B of Bursa Malaysia Listing Requirements:

- a. Review on statements of comprehensive income for current quarter compared to the corresponding quarter of the preceding year (3 months) (continued)

Others

Revenue from Others segment was recorded at RM 43.4 million, an increase of 7% from RM40.7 million in 2018. Rumah Sakit Medika Bumi Serpong Damai contributed significantly as it had added 12 number of beds to expand its current capacity, where it recorded 19% growth in number of patients in current quarter. EBITDA from Others segment was reported at RM14.0 million, 100% higher than loss EBITDA of RM5.9 million as reported in the same quarter in corresponding year. Other than improved performance from Indonesian operations, Others segment's EBITDA also impacted by the adoption of MFRS 16 which resulted to recognition of depreciation from right-of-use assets and interest from lease liabilities by RM11.1 million and RM6.0 million respectively.

- b. Review on statements of comprehensive income for current financial year compared to prior financial year (12 months)

For the year ended 31 December 2019, the Group recorded a total revenue of RM3,604.4 million, a 7% growth from RM3,365.6 million as reported in year 2018. This growth were contributed by hospitals operations, mainly from Malaysia segment.

In line with the revenue growth, current year EBITDA was recorded at RM640.6 million, 29% increased as compared to EBITDA of the corresponding year, at RM497.0 million. The adoption of MFRS 16 in financial year 2019 has therefore eliminate rental expenses in profit and loss and replaced by depreciation and finance costs, hence affected the recorded Group's EBITDA for year 2019. [Refer to Note A5(d)(ii) on the reconciliation between EBITDA and profit before tax with MFRS 16 impact].

The revenue and EBITDA growth in current year was contributed by the existing and new hospitals, such as KPJ Rawang, KPJ Pasir Gudang, KPJ Tawakkal KL, KPJ Batu Pahat, KPJ Perlis and KPJ Bandar Dato' Onn. This is evidenced by increased in number of patients and procedures performed in particular, surgeries. The opening of the new block in KPJ Seremban has resulted in increased number of beds and consequently increased the revenue.

The profit before tax for the year was recorded at RM275.4 million, an increase of 7% from RM258.1 million as reported in 2018. The growth of profit before tax in line with the increase in revenue and cost optimisation exercised within the Group.

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**B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTINUED)**

**B1 REVIEW OF THE PERFORMANCE OF THE COMPANY AND ITS PRINCIPAL SUBSIDIARIES (CONTINUED)**

Additional information as required by Appendix 9B of Bursa Malaysia Listing Requirements: (continued)

b. Review on statements of comprehensive income for current financial year compared to prior financial year (12 months) (continued)

Malaysia

Revenue from Malaysia segment for the year was recorded at RM3,436.9 million an increase of RM231.1 million as compared to the same quarter in corresponding year, of RM3,205.8 million. In 2019, Malaysia segment recorded an EBITDA of RM619.6 million, an increase of 24% from RM499.4 million in 2018.

In 2019, Malaysia segment recorded profit before tax of RM309.4 million, 13% increased from RM274.3 million in 2018, the growth was resulted from improved revenue by the hospitals.

Others

Revenue from Others segment was recorded at RM 167.5 million, an increase of 5% from RM159.8 million in 2018. Rumah Sakit Medika Bumi Serpong Damai contributed significantly as it had added 12 number of beds to expand its current capacity, where it recorded 16% growth in number of patients in current year. EBITDA from Others segment was reported at RM21.0 million, 100% higher than loss EBITDA of RM2.5 million reported in 2018. Other than improved performance from Indonesian operations, Others segment's EBITDA also impacted by the adoption of MFRS 16 which resulted to recognition of depreciation from right-of-use assets and interest from lease liabilities by RM15.3 million and RM11.5 million respectively.

c. Review on statements of financial position for current financial year compared to prior financial year

Group

The Group's total assets as at 31 December 2019 was RM5,985.8 million, an increase of 25% as compared to RM4,792.9 million as at 31 December 2018. The Group's total liabilities as at 31 December 2019 was RM3,936.6 million, increased by 48% as compared to RM2,656.2 million as at 31 December 2018. The increase was mainly contributed by the progress of new hospitals under development and expansion of existing hospitals.

In line with adoption of MFRS 16, both total assets and total liabilities were notably high during this quarter due to recognition of right-of-use assets and lease liabilities amounting to RM913.5 million and RM1,222.1 million respectively. There were no such balances during the corresponding year.

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**B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTINUED)**

**B1 REVIEW OF THE PERFORMANCE OF THE COMPANY AND ITS PRINCIPAL SUBSIDIARIES (CONTINUED)**

Additional information as required by Appendix 9B of Bursa Malaysia Listing Requirements: (continued)

c. Review on statements of financial position for current financial year compared to prior financial year (continued)

Malaysia

Malaysia segment expanded its total assets by 25% with RM5,396.2 million reported as at 31 December 2019 in comparison to RM4,328.0 million as at 31 December 2018. The increment was mainly attributable to the additional investments in property, plant and equipment arising from the newly-opened hospitals, KPJ Bandar Dato Onn, KPJ Perlis, KPJ Batu Pahat and KPJ Miri and soon-to-be opened hospital, KPJ BDC which is currently under construction. Meanwhile, KPJ Puteri, KPJ Seremban and KPJ Penang which are in the midst of expanding their hospital buildings have also contributed to the increase in total assets, correspondingly the total liabilities for current year of RM3,507.9 million had increased in comparison to RM2,407.6 million as at 31 December 2018 mainly due to financing of the construction costs and purchase of medical equipment.

In line with adoption of MFRS 16, both total assets and total liabilities were notably high during this quarter due to recognition of right-of-use assets and lease liabilities amounting to RM766.4 million and RM1,037.9 million respectively. There were no such balances in the corresponding year.

Others

Total assets in this segment was significantly derived from Indonesian and Australian operations which registered at RM150.8 million and RM208.5 million respectively, and the remaining is assets recorded in the other support services companies. Meanwhile, total liabilities from Indonesia and Australian operations was reported at RM36.2 million and RM 233.0 million with the balance of RM159.4 million from other support services companies. The increase in assets and liabilities are significantly contributed by the increased in operation activities from the two hospitals in Indonesia.

Included in total assets and total liabilities from Others segment is amount recognised in relation to MFRS 16, which are right-of-use assets and lease liabilities amounting to RM147.1 million and RM184.2 million respectively.

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**B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTINUED)**

**B1 REVIEW OF THE PERFORMANCE OF THE COMPANY AND ITS PRINCIPAL SUBSIDIARIES (CONTINUED)**

Additional information as required by Appendix 9B of Bursa Malaysia Listing Requirements: (continued)

d. Review on statements of cash flows for current financial year compared to prior financial year (12 months)

Group

The net cash generated from operating activities is RM592.7 million, increased by 14% from previous year. This increase was contributed by profit improvement and coupled with operating efficiencies specifically improvement on debtors' turnover days to 40 days, 4 days faster as compared to 44 days in 2018.

Cash outflows from investing activities was largely used for purchase of property, plant and equipment of new hospitals, namely KPJ Perlis, KPJ Bandar Dato' Onn, KPJ Batu Pahat and KPJ Miri. Other outflows were used for development and expansion of hospital buildings, such as KPJ Ampang Puteri, KPJ Penang, KPJ Seremban and KPJ Puteri. The significant inflows of cash within investing activities was dividend received from associates mainly from Al-'Aqar Healthcare REIT amount to RM21.1 million.

The cash inflows from financing activities were from issuance of shares through warrants and ESOS amounting to RM38.7 million, government grant received by KPJ Bandar Dato' Onn in relation to the incentives for the development of hospital building amounting to RM10.4 million and drawdown of borrowings amounting to RM52.3 million. The cash outflows was mainly dividends paid to shareholders amounting to RM86.2 million, and repurchased of 47.1 million ordinary shares from the open market amounting to RM44.0 million.

Registration No.

199201015575 (247079-M)

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**B2 MATERIAL CHANGES IN QUARTERLY RESULTS**

	Quarter ended <u>31.12.2019</u>	Quarter ended <u>30.09.2019</u>	Var
	RM'000	RM'000	%
Revenue	944,003	919,104	3
Operating profit	98,944	92,492	7
EBITDA	180,722	154,659	17
Profit / (loss) before tax	78,334	69,683	12
Net profit / (loss) for the financial period	90,788	48,718	86
Total comprehensive income for the financial period	96,814	48,718	99
Profit attributable to Owners of the Company	84,001	46,413	81
No. of inpatient (episode)	85,920	87,001	(1)
No. of outpatient (episode)	745,377	744,335	0

Revenue in the current quarter was recorded at RM944.0 million, an increase of 3% as compared to the revenue in preceding quarter of RM919.1 million. EBITDA of RM180.7 million has increased by 17% as compared to RM154.6 million and profit before tax improved by 12% and closed at RM78.3 million as compared to RM69.7 million, in the preceding quarter. Net profit had significantly improved due to tax credit from recognition of investment tax allowance during this quarter, resulting to reduction in tax expense. This has subsequently improved the total comprehensive income and profit attributable to Owners of the Company during this quarter.

**B3 CURRENT YEAR PROSPECTS**

Group

The additional capacity from new hospitals which has started its operation, coupled with the completion of the expansion at the existing hospitals will complement to the rising demand for healthcare services by the local and foreign patients. Notwithstanding the slower growth rate of Malaysia's economic in 2019, the Group is optimistic to continue its performance in 2020.

**B4 PROFIT FORECAST / GUARANTEE**

The Company is not subject to any variance of actual profit from forecast profit/profit guarantee for the current period under review.