

## KPJ Healthcare Q4 2021 EBITDA up 14% YoY; RM3.0 Billion Sukuk Wakalah Programme to Fund Future Growth

*“The 4<sup>th</sup> quarter witnessed continued improvement in the Malaysian economy as relaxations on restrictions have led to signs of recovery and improved consumer confidence. At KPJ Healthcare, we have seen improvement in our revenues generated over the year which has been enhanced through higher patient visits, ramping up of COVID-19 screening, laboratory testing, vaccinations and decanting from public healthcare sector. These new services contributed significantly to an increase in hospital activities and revenues over the previous year.”*

*“Last year, we celebrated 40 years of successful growth for the KPJ Group, but the tough competitive landscape in healthcare preclude large players from remaining unchallenged. In 2021, we have completed the first phase of our transformation programme, implementing a number of fundamental organisational changes. The second phase of our transformation, which we have named STAR 25, will focus on delivering growth. The proceeds raised from our Sukuk Wakalah Programme will allow us to rebalance our capital and will be utilised for our Shariah-compliant future expansion activities. This includes capital expenditure to push towards upgrading of our existing infrastructure, expanding into new markets such as ambulatory care centres and the digitalisation of hospital network.”*

**Ahmad Shahizam Mohd Shariff,  
President & Managing Director, KPJ Healthcare Berhad**

### GROUP RESULTS HIGHLIGHTS

#### Financial Summary Table

	Q4 2021 (RM'000)	Q4 2020 (RM'000)	VAR (%)	FY 2021 (RM'000)	FY 2020 (RM'000)	VAR (%)
Revenue	689,118	622,340	11	2,626,849	2,397,433	10
EBITDA	138,851	121,653	14	529,475	538,878	(2)
Profit before tax	37,831	20,622	83	115,598	150,810	(23)
PATAMI	18,460	25,285	(27)	51,033	110,443	(54)

#### **Q4 FY2021**

- Revenue grows 11% to RM689.1 million from the preceding quarter, with patient volume recorded at 801,999 in the fourth quarter of FY2021 (“Q4 FY2021”);
- Healthy growth in revenue was driven by an increase in hospital activities following the lifting of the Movement Control Order (“MCO”), higher vaccination rate and the implementation of the National Recovery Plan (“NRP”) by the Malaysian Government. The active management of selected COVID-19 cases in KPJ hospitals, provision of vaccination services and decanting of non COVID-19 patients from public hospitals also contributed to the revenue growth.
- Comparing Q4 FY2021 with the corresponding quarter (“Q4 FY2020”), EBITDA grew to RM138.9 million, an increase of 14% from RM121.7 million in Q4 FY2020, with profit before tax (“PBT”) increased by 83% from RM20.6 million to RM37.8 million.
- A gain on valuation of investment properties of RM13.4 million and increase in share of profit up to RM11.3 million gave rise to higher EBITDA and PBT.
- A third interim dividend of 20 sen was declared, making total dividends for the year 2021 of 75 sen.

#### **FY2021 Full Year Performance**

- Revenue was RM2,626.8 million, up 10% YoY mainly due to increased activities throughout the year, including greater collaboration with the public healthcare sector to treat COVID-19 patients, higher COVID-19 screening, laboratory testing, and vaccination services.
- The Group recorded 3.1 million patient visits in FY 2021 against 2.9 million in FY 2020. The Group also performed 87,051 surgery cases and 15,802 delivery cases, an increase of 7% and 31% respectively compared to the previous year.
- EBITDA was RM529.5 million in FY 2021, a marginal decrease of 2% compared to RM538.9 million in FY20, while PBT for FY 2021 was RM115.6 million, a decline of 23% from RM150.8 million from the same period in FY 2020.
- Despite higher revenues, EBITDA and PBT were lower mainly due to the increase in materials cost that can be evidenced with the increase in patient volumes. Discounts offered to inpatients and decanted patients, as well as additional costs absorbed, such as the COVID19 swab test costs, also resulted to lesser profit during the year. In addition, the Group made a reversal of provisions in 2020 that was not repeated in 2021.

#### **RM3.0 Sukuk Wakalah Programme**

KPJ Healthcare has announced plans for the establishment of an Islamic Medium Term Notes (“Sukuk Wakalah”) programme of RM3.0 billion in nominal value based on the shariah principle of Wakalah Bi Al-Istithmar. KPJ Healthcare has opted to pursue a rated programme to enable a wider pool of investors to participate in the fund raising programme and secure more favourable rates. The Sukuk Wakalah Programme will be perpetual and the tenure of each Sukuk Wakalah to be issued under the Programme shall be at least one (1) year up to twenty (20) years providing for more flexibility in meeting the future financing needs of the Company. The proceeds of each Sukuk Wakalah shall be utilised for Shariah-compliant purposes only and will go towards refinancing of KPJ Healthcare’s current sukuk programme and fund capital expenditure requirements, such as expansion and upgrading of existing hospitals and purchasing of medical equipment.

## **Sustainability**

Sustainability is becoming increasingly an important issue with Malaysia committing to Glasgow Climate Pact at the COP 26 summit and large institutional investors in the country are beginning to incorporate sustainability criteria into their assessment of companies. With this in mind, KPJ Healthcare has formed a new sustainability working committee, comprising all sections of the organisation, to further strengthen and drive our sustainability initiatives at a strategic level, setting out long and medium term goals to become a champion for sustainability in the healthcare industry, in addition to incorporating sustainability performance indicators into the Company's corporate scorecard for the first time in 2022.

As part of our environmental initiatives, one of our key projects will be the streamlining processes at our hospitals through digitalisation, which will reduce use of paper and improve patient experience by reducing waiting times. Some of the Company's immediate efforts in the pipeline are upgrading to sustainable energy sources with energy management technologies that would result in electricity savings across its adoption at all KPJ Healthcare hospitals. In addition to reducing carbon emissions, the Company has also initiated the increase of green space and planting carbon-breathing plants within the hospital compound. The adoption of Solar Photovoltaic Systems for electricity usage, installation of Electric vehicle charging stations at hospitals' carpark, Reusing Reject Clean Water Programme from its Dialysis Centres for watering plants and general washing; and Food Waste Composter to convert waste to bio-organic fertiliser, are among other sustainability-centric initiatives being implemented at KPJ Healthcare.

On the social side, KPJ Healthcare also aim to improve its service delivery at its Klinik Waqaf An Nur (KWAN) community outreach programme, where KPJ Healthcare is currently running a pilot programme to help digitalise the service from the manual practice which is currently used.

On governance, KPJ Healthcare is currently working to draft a new supplier code of conduct policy to improve the Company's procurement process, working with all vendors to ensure they adhere to the highest ethical standards in their business dealings across KPJ Group's supply chain. Additionally, the Company does not tolerate any abuse of power or corruption, and that it is serious in ensuring that there are no elements of corruption throughout the organisation. This is further exemplified through various Anti-Bribery Management Systems ("ABMS") initiatives such as ABMS Policy & Guide, Code of Conduct for Employees, Corruption Risk Assessment, Conflict of Interest, Whistleblowing Policy as well as continuous communications, which include online learning on integrity, risk and compliance.

## **Outlook for FY2022**

In 2022, KPJ Healthcare will move into the second phase of its transformation programme where we plan to deliver on our drive for growth. Fuelling these efforts will be the launch of a new hospital, Damansara Specialist Hospital 2 ("DSH2") in second half of 2022 which will eventually reach a target capacity of 300 beds. Moving forward after DSH2, the Group will shift its focus towards upgrading and refurbishing existing hospitals after an aggressive expansion phase which resulted in the opening of four hospitals in the past five years. Under the upgrading and

refurbishment plan, KPJ Group intends to increase its overall bed capacity by progressively adding 1,000 beds at its new hospitals and existing hospitals up to the end of 2025. Major increases to bed capacity will be made at KPJ Damansara 2 Specialist Hospital, KPJ Puteri Specialist Hospital, KPJ Ampang Specialist Hospital, KPJ Klang Specialist Hospital and KPJ Penang Specialist Hospital. KPJ will also move to boost utilisation rates through continued collaboration with the Ministry of Health to decant patients from the public system in conjunction with enhanced marketing efforts, with new packages being introduced for our patients.

The current rise of COVID-19, where new daily cases have now surpassed the previous peak of 24,000 due to omicron is a reminder of the long lasting risks that we face from the pandemic. Despite the spike in numbers, the severity of cases and the number of individuals becoming seriously ill has been reduced due to vaccination. With government commitment towards living with the virus and the improvement in economic conditions expected to continue momentum following the relaxation of restrictions, we are in a stronger position to build and grow moving into the year 2022 as we move into the endemic phase of the pandemic.

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### **About KPJ Healthcare Berhad**

KPJ Healthcare operates 28 hospitals in Malaysia, located nationwide, as well as 2 hospitals in Indonesia, 1 in Bangladesh and 1 in Thailand. KPJ also has 1 Ambulatory Care Centre located in Taiping, Perak. With 1,322 medical specialists on board, KPJ Healthcare treats more than 2.9 million patients annually. 19 KPJ hospitals are accredited by the Malaysian Society for Quality in Health (MSQH) while 4 are accredited by the Joint Commission International (JCI).

As of 2020, there are 18 Klinik Waqaf An-Nur (KWAN) and five mobile clinics across Malaysia. Eight of our KWAN Clinics are MSQH-accredited, which ensures we provide quality healthcare and services to our communities.

KPJ Healthcare also operates senior and assisted living care centres in Kuala Lumpur, Sibul, Kuantan and Kota Kinabalu, which offer both short and long-term care. Services range from live-in care for the aged, rehabilitation services and after-birth care.

On the education front, the KPJ Healthcare University College (KPJUC) located in Negeri Sembilan offers more than 30 programmes from Foundation to PhD. The Group also has 3 colleges in Malaysia. This has helped KPJ's hospital network expansion strategies as it ensures KPJ Healthcare has a ready pool of experienced and well-trained talent.

KPJ Healthcare has been a constituent of the Bursa Malaysia FTSE4Good Index since 2016.



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