



KPJ HEALTHCARE BERHAD

PRESS RELEASE

KPJ HEALTHCARE REPORTS REVENUE OF RM2.4 BILLION FOR FY2020

Positive outlook supported by healthy balance sheet

Kuala Lumpur, 18 February 2021. KPJ Healthcare Berhad (“KPJ” or the “Group”) today announced its fourth quarter results for the financial year ended 31 December 2020 (“Q4FY2020”). The Group recorded a revenue of RM586.8 million and profit before tax (“PBT”) of RM20.6 million compared to a revenue of RM717.9 million and PBT of RM78.3 million in the corresponding quarter in 2019.

For the quarter under review, the revenue was impacted by a lower number of patients and bed occupancy rate (“BOR”) due to the reinstatement of the Conditional Movement Control Order (“CMCO”) by the Malaysian Government in early November 2020 to curb the third wave of COVID-19 cases. The number of patients decreased by 7.6% from 827,451 to 764,899 while the BOR decreased by 25 percentage points from 68% to 43%. In addition to the reduced hospital activities, KPJ also incurred an impairment loss of RM24.1 million, which mainly comprised of a RM16.2 million loss from the revaluation of land in Jeta Gardens, Australia, a RM3.6 million of equity investment loss, and a RM3.5 million decrease in the share of profit from associates (mainly contributed by Al-Aqar Healthcare REIT). Although the current quarter’s performance was weaker than Q3FY2020 which was pent up demand after the lockdown, the result was much better than Q2FY2020 as KPJ gained more experience in handling the challenges of the COVID-19 pandemic and was better prepared to handle the situation.

For FY2020, KPJ registered a revenue of RM2.4 billion and PBT of RM150.8 million, a year-on-year decrease of 12.4% and 45.2% from RM2.7 billion and RM275.4 million respectively, mainly due to the various impacts caused by the Covid-19 pandemic and aggravated by the record financial performance in 2019. To further minimise the impact caused by the pandemic, KPJ designed a disruption-initiative plan for revenue growth and cost optimisation, supported by full digitalization and other strategic cost initiatives. This allowed the Group to reduce their total operating expenses during the year by RM104.6 million and maintain a healthy balance sheet with a cash and cash equivalent of RM215.0 million. In fact, the earnings before interest, tax, depreciation and amortisation (“EBITDA”) margin for FY2020 of 22.5% remained fairly close to FY2019’s 23.4%.

In November 2020, KPJ declared and paid its third interim dividend of 0.4 sen with a total value of RM17.1 million. This brings the total dividend paid to 1.2 sen per share

for FY2020, which amounted to a pay-out of RM51.4 million, equivalent to 46.4% of the Group's full-year net profit.

Commenting on the results, KPJ Healthcare Berhad president and managing director Ahmad Shahizam Mohd Shariff said, "2020 was a challenging year for the healthcare industry due to the restrictions imposed on public movement. We remain cautious as the pandemic situation is on-going. We will nonetheless continue to strike a balance in generating returns to the shareholders while supporting the nation in combating the disease. In January 2021, the government reimposed the second MCO due to the surge in Covid-19 cases. However, we remain cautiously optimistic due to the more liberalized movement restrictions as compared to the first MCO last year as well as the roll out of vaccines. We will continue to emphasize on people's safety while optimising our hospital operations."

To handle the pandemic, KPJ has made changes to its operating procedures to ensure that their hospitals are safe. Since the outbreak, KPJ has provided test for over 230,000 people across the country. To ensure the safety of the frontliners, patients and their families, KPJ has provided over 10 million personal protective equipment, conducted stringent screening at the hospitals' entry points and regular cleaning activities. To cap it all, Ahmad Shahizam elaborated, "We always strive to protect our staff, consultants and patients."

In 2021, KPJ embarked on a Transformation Journey, aimed at strengthening long term business continuity and competitiveness. He explained, "Among measures implemented was an internal restructuring of our functional roles for our key management team, aimed at improving operational and financial effectiveness. We are further enhancing our value creation process across the board, by consolidating our assets and services. In addition, supported by our strong balance sheet and resilient financials, we are investing and upgrading the Group's IT infrastructure, architecture and security, among others."

The Group would also like to highlight that in FY2020, a reassessment of its arrangements with its medical consultants was undertaken and it was established that the Group is an agent instead of a principal in the provision of healthcare consultation services to its customers. As the result of the reassessment, the Group, with concurrence from its auditors, has changed its revenue recognition in its financial statements which are now presented as net of fees paid to the consultants. This approach will also better align the Group to the common practice within the healthcare industry, making its financial disclosures more comparable to its peers. This change has no effect on the profit of the Group. In the Q4FY2020 financial statement, the Group's revenue and cost of sales for the year ended 31 December 2019 have been restated so that it is a like-for-like comparison with FY2020 performance.

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About KPJ Healthcare Berhad

KPJ operates 28 hospitals in Malaysia, located nationwide, as well as 2 hospitals in Indonesia, 1 in Bangladesh and 1 in Thailand.

With 1,318 medical specialists on board, KPJ 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).

In 2018, 2 KPJ hospitals became the first hospitals in the entire Asia Pacific region to receive the Gold-Level Excellence in Person-Centred Care certification by Planetree.

KPJ KL Dental Specialist Centre made history by becoming Malaysia's first MSQH-accredited dental centre.

KPJ 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 has a ready pool of experienced and well-trained talent.

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



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