

KPJ Healthcare Berhad (KPJ MK)

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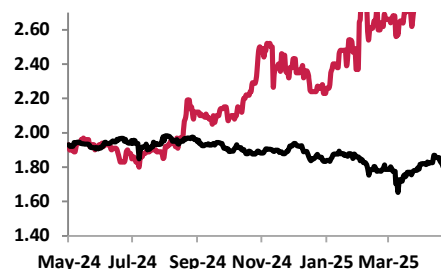
HOLD

Share Price RM2.96
Target Price RM2.70 -8.8%

1QFY25: Outpatient Visits Improved

- **Key highlights.** KPJ 1QFY25 PATAMI of RM57mn came in below both our in-house and consensus expectations, accounting for only 14% of the full-year forecast. The weaker-than-expected performance was primarily due to higher depreciation costs. The Group declared an interim dividend of 0.80 sen per ordinary share for the current quarter, compared to 1.0 sen in 1QFY24. 1QFY25 revenue and PBT declined by 7.5% QoQ and 46.1% QoQ respectively, mainly due to lower patient visits. On a YoY basis, revenue and PBT increased by 7% each respectively, driven by a 1.9% YoY rise in outpatient visits, which offset a 1.2% YoY decline in inpatient visits. This trend aligned with a lower bed occupancy rate (BOR) of 63% compared to 66% in 1QFY24.
- **Earnings forecast.** We slashed our earnings forecast for FY25F/FY26F/FY27F by 14%/5%/2% to RM343mn/RM394mn/RM424mn account for compressed margin.
- **Outlook.** For the remaining FY25, we foresee positive earnings growth, propelled by rising patient volumes and better contributions from hospitals in their gestation period, namely (i) Miri, (ii) Perlis, (iii) DSH2 and (iv) Kuala Selangor. For the medical tourism segment, we expect KPJ to experience steady earnings growth, driven by rising demand for premium healthcare services and a consistent influx of Indonesian patients.
- **Maintain HOLD (TP: RM2.70).** Despite the earnings downgrade, we maintain our **HOLD** rating with a revised **TP of RM2.70** (from RM2.52), as we roll forward our valuation basis to FY26. Our valuation is derived using a sum-of-parts (SOP) methodology.

Price Chart (RM)



Share Performance (%)	1m	3m	12m
Absolute	3.9	25.4	55.5
vs FBM KLCI	4.2	29.5	62.0

Stock Data

ESG Rating	Good
Mkt Cap (RM mn)	12,918.3
Adjusted Beta	0.8
Free float (%)	39.1
Issued shares (mn)	4,364.301
52w H/L (RM)	3.05 / 1.72
3m avg daily volume (m)	11,992,570

Major Shareholders (%)

Johor Corp	45.0
EPF	9.5
Waqaf AN Nur Corp	6.4

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Results Review

Healthcare

Equity

Table 1: Quarterly Figures

KPJ Healthcare Berhad	Quarterly			Change (%)		Cumulative		YTD	BIMB	
FYE 31 Dec (RMm)	1QFY24	4QFY24	1QFY25	QoQChg	YoYChg	FY24	FY25	%	FY25F	3M/F
Revenue	908	1,051	972	-7.5	7.0	908	972	7.0	3,961	25%
EBITDA	239	301	211	-29.7	-11.6	239	211	-11.6	1,047	20%
Pretax profit	92	181	98	-46.1	6.8	92	98	6.8	629	16%
Taxation	-31	-59	-32	-45.5	3.3	-31	-32	3.3	(205)	16%
Net profit	79	122	57	-53.3	-27.9	79	57	-27.9	400	14%
EPS (sen)	1.8	2.8	1.3	-53.3	-27.9	1.8	1.3	-27.9	9	14%
Chg (ppts)										
EBITDA margin (%)	26.3	28.6	21.7	-24.0	-17.4	26.3	21.7	-17.4		
PBT margin (%)	10.1	17.3	10.1	-41.7	-0.2	10.1	10.1	-0.2		
Net profit margin (%)	8.7	11.6	5.9	-49.5	-32.7	8.7	5.9	-32.7		
Effective tax rate (%)	34.1	32.6	33.0	1.2	-3.3	34.1	33.0	-3.3		

Source: BIMB Securities, Company

Chart 1: Number of Inpatients



Source: Company, BIMB Securities

Chart 2: Average Revenue/ Inpatients (RM)

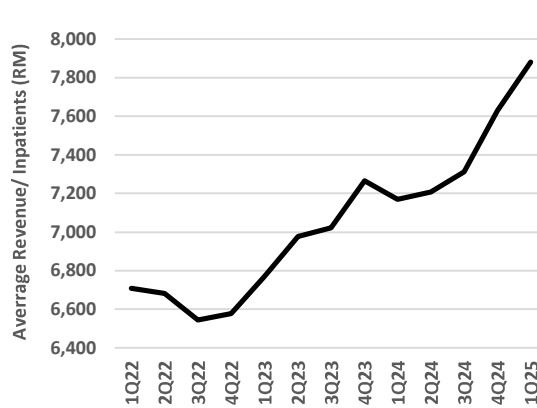
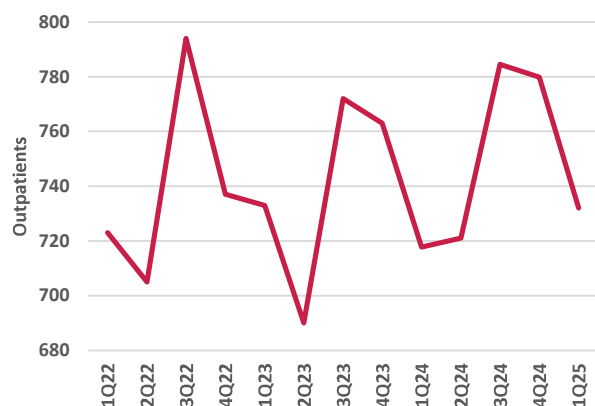


Chart 3: Number of Outpatients



Source: Company, BIMB Securities

Chart 4: Average Revenue/ Outpatients (RM)

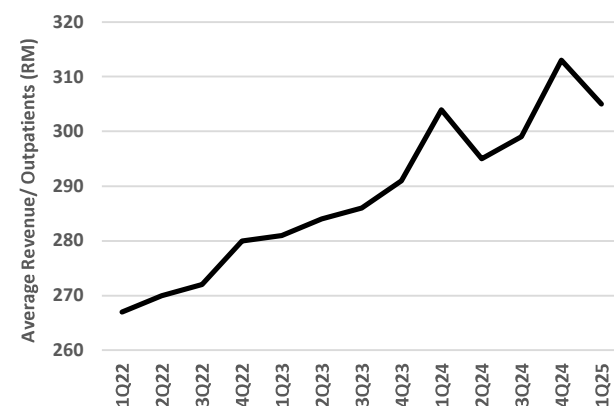


Table 2: Change in Earnings Forecast

FYE June (RM mn)	Previous			After			Change (%)		
	2025F	2026F	2027F	2025F	2026F	2027F	2025F	2026F	2027F
Revenue	3961	4059	4168	3961	4059	4168	0%	0%	0%
EBITDA	1047	1058	1066	1047	1066	,087	0%	1%	2%
Pretax profit	629	635	644	542	620	639	-14%	-2%	-1%
PATAMI	400	413	432	343	394	424	-14%	-5%	-2%

Source: Company, BIMB Securities

Table 3: Earnings Forecast

FYE Dec (RM mn)	2023	2024	2025F	2026F	2027F
Turnover	3,419	3,922	3,961	4,059	4,168
EBITDA	838	988	1,047	1,066	1,087
Pretax profit	378	531	542	620	639
Net Profit	258	374	343	394	424
Consensus			393	435	493
EPS (sen)					
PER (x)	6.4	7.6	7.9	9.0	9.7
DPS (sen)	45.9	39.0	37.7	32.8	30.5
Div. Yield (%)	3.4	4.2	4.8	5.7	6.2
P/B (x)	1.1	1.4	1.6	1.9	2.1
Key Ratios (%)					
ROE	11.8	13.4	13.4	14.5	14.8
EBITDA margin	24.5	25.2	26.4	26.3	26.1
Pretax margin	11.1	13.5	13.7	15.3	15.3
Net margin	8.2	8.4	8.7	9.7	10.2

Source: Bloomberg, BIMB Securities

DEFINITION OF RATINGS

BIMB Securities uses the following rating system:

STOCK RECOMMENDATION

BUY	Total return (price appreciation plus dividend yield) is expected to exceed 10% in the next 12 months.
TRADING BUY	Share price may exceed 15% over the next 3 months, however longer-term outlook remains uncertain.
HOLD	Share price may fall within the range of +/- 10% over the next 12 months
TAKE PROFIT	Target price has been attained. Fundamentals remain intact. Look to accumulate at lower levels.
TRADING SELL	Share price may fall by more than 15% in the next 3 months. SELL Share price may fall by more than 10% over the next 12 months.
NOT RATED	Stock is not within regular research coverage.

SECTOR RECOMMENDATION

OVERWEIGHT	The Industry as defined by the analyst's coverage universe, is expected to outperform the relevant primary market index over the next 12 months
NEUTRAL	The Industry as defined by the analyst's coverage universe, is expected to perform in line with the relevant primary market index over the next 12 months
UNDERWEIGHT	The Industry as defined by the analyst's coverage universe, is expected to underperform the relevant primary market index over the next 12 months

Applicability of ratings

The respective analyst maintains a coverage universe of stocks, the list of which may be adjusted according to needs. Investment ratings are only applicable to the stocks which form part of the coverage universe. Reports on companies which are not part of the coverage do not carry investment ratings as we do not actively follow developments in these companies.

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