

## KPJ Healthcare Berhad

(5878 | KPJ MK) Health Care | Health Care Providers

**Maintain BUY**


### RM18m Renovation Contract Secured for KPJ BDOSH

**Unchanged Target Price: RM2.54**

#### DEVELOPMENT

- KPJ Healthcare (KPJ) has secured an RM18.3m contract for renovations of KPJ Bandar Dato Onn Specialist Hospital (KPJ BDOSH), through its unit Bandar Dato Onn Specialist Hospital Sdn Bhd.
- The contract was awarded to Tg Langsat Development Sdn Bhd (TLDSB), a subsidiary of Johor Corp (JCorp), which owns a 44.99% stake in KPJ.

#### OUR VIEW

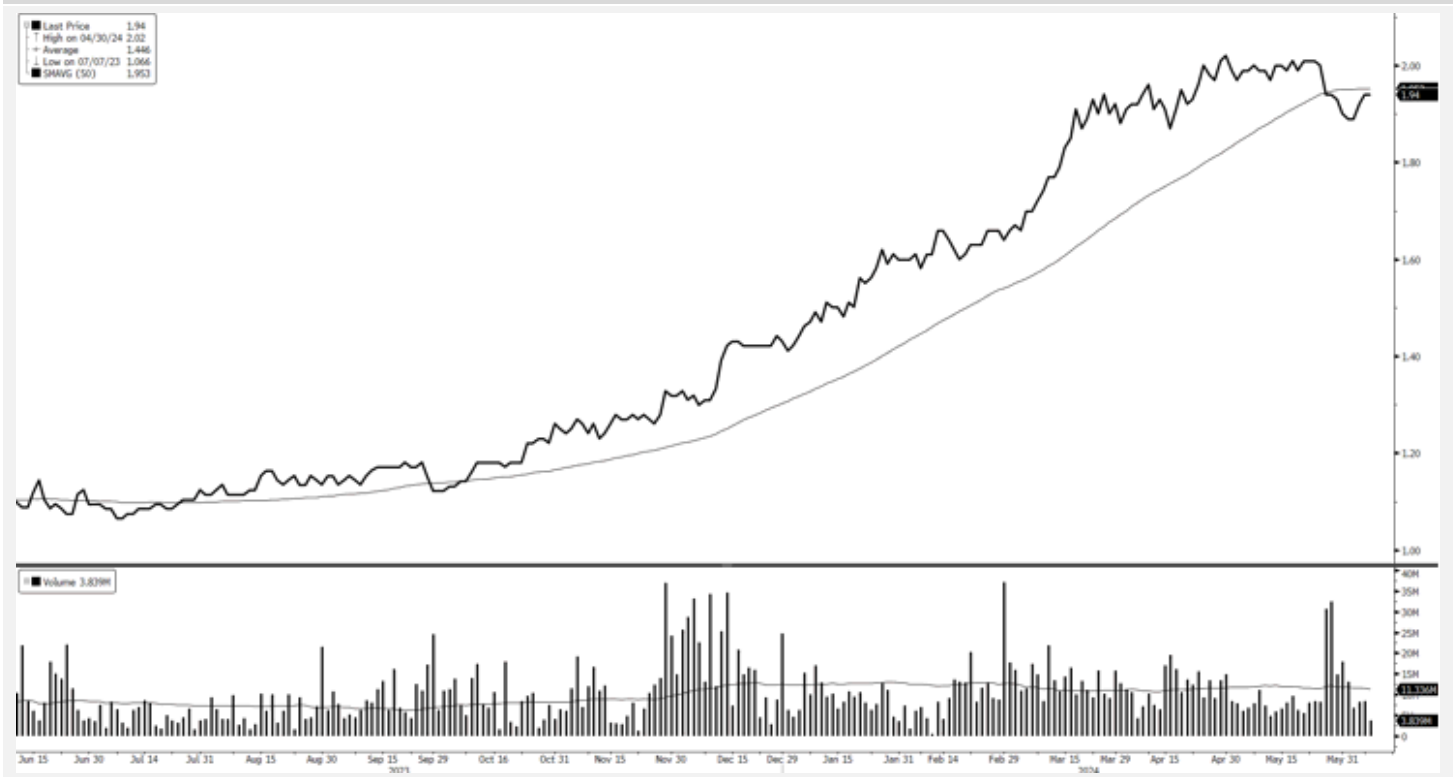
- **Increasing bed capacity.** The renovation is expected to increase the KPJ BDOSH's bed capacity from 90 to 150, enhancing its ability to cater to more patients and improving single bedded ward availability. This is also in line with KPJ's expansion plans to increase its bed capacity in its Malaysian hospitals by 400 beds in CY24.
- **In tandem with increasing healthcare services demand.** We opine that this renovation is in line with the increasing aging population in Malaysia, of which Malaysia would achieve the status of an aging country by 2030, with 15% of its population is expected be aged 60 years and above. While the state of Johor has currently a lower aging population (6.1%, national average: 6.8%), we believe the demand for healthcare services will continue an uptrend following increasing comorbid diseases and higher demand for healthcare tourism.
- Considering that this project is within KPJ's positive trajectory, and maintain our **BUY** call for KPJ, with a **target price of RM2.54**. 

## INVESTMENT STATISTICS

(in RM'm, unless otherwise stated)	2022A	2023A	2024F	2025F	2025F
Revenue	2920.7	3418.7	3870.5	4009.6	4190.8
Cost of Sales	-1751.2	-1986.8	-2258.0	-2393.5	-2417.4
<b>Gross profit</b>	1169.5	1431.9	1612.4	1616.1	1773.4
<b>Profit before tax</b>	263.5	377.9	450.3	536.8	687.9
<b>PATANCI (RM'm)</b>	190.3	302.6	403.2	477.5	484.8
<b>PATANCI ex-EI (RM'm)</b>	182.7	281.3	395.1	472.7	480.0
EPS (sen)	3.9	6.5	8.7	10.4	10.6
EPS growth (%)	241.5	67.5	35.3	19.6	1.5
PER (x)	66.0	39.4	29.1	24.3	0.0
Dividend per share (sen)	1.6	3.4	3.6	4.0	5.0
Dividend yield (%)	0.6	1.3	1.4	1.6	2.0
Effective tax rate (%)	27.8	19.9	22.0	22.4	29.5

Source: Company, MIDFR

## SHARE PRICE CHART



Source: Company, Bloomberg, MIDFR

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### MIDF AMANAH INVESTMENT BANK: GUIDE TO RECOMMENDATIONS

#### STOCK RECOMMENDATIONS

BUY	Total return is expected to be >10% over the next 12 months.
TRADING BUY	Stock price is expected to <i>rise</i> by >10% within 3-months after a Trading Buy rating has been assigned due to positive newsflow.
NEUTRAL	Total return is expected to be between -10% and +10% over the next 12 months.
SELL	Total return is expected to be <-10% over the next 12 months.
TRADING SELL	Stock price is expected to <i>fall</i> by >10% within 3-months after a Trading Sell rating has been assigned due to negative newsflow.

#### SECTOR RECOMMENDATIONS

POSITIVE	The sector is expected to outperform the overall market over the next 12 months.
NEUTRAL	The sector is to perform in line with the overall market over the next 12 months.
NEGATIVE	The sector is expected to underperform the overall market over the next 12 months.

#### ESG RECOMMENDATIONS\* - source Bursa Malaysia and FTSE Russell

☆☆☆☆	Top 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆☆	Top 26-50% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆	Top 51%- 75% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆	Bottom 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell

\* ESG Ratings of PLCs in FBM EMAS that have been assessed by FTSE Russell in accordance with FTSE Russell ESG Ratings Methodology