

19 April 2017 | Sector Update

## Healthcare

**Maintain POSITIVE**

### ***Health data warehouse to benefit healthcare service providers***

#### **INVESTMENT HIGHLIGHTS**

- **Malaysian Health Data Warehouse (MyHDW) launched**
- **Data warehouse to allow more informed and accurate medical treatments**
- **MyHDW expected to be cost-effective and productive for healthcare service providers**
- **Maintain POSITIVE stance on the Healthcare sector**

**Malaysian Health Data Warehouse (MyHDW) launched.** Malaysia's Ministry of Health (MoH) yesterday evening launched the country's first Malaysian Health Data Warehouse (MyHDW). The data warehouse which aims to be a one-stop centre for health-related data will comprise of health information gathered from both public and private hospitals across the country. The data warehouse which works on a query and analysis basis, also aims to eliminate the current practice of the public healthcare system where patients' data are stored in silos and requires information to be repetitively recorded on every visit. In addition, it is also to assist the MoH in policy making as well as planning for the sector.

**Data warehouse to allow more informed and accurate medical treatments.** We understand from the statements made by the MoH that the development of the data warehouse is to enable healthcare service providers to make a more informed, evidence-based and accurate medical diagnosis, treatments as well as prescription of medications based on the available information. The first data set that will flow into the data warehouse which is a project in the making since 2011 will be Sistem Maklumat Rawatan Perubatan (SMRP). SMRP is a system that will collect a patient's every inpatient visit and day-care, and later to include the outpatient and every other visit. Data collected in SMRP will then flow to Patient Registry Information System (PRIS). According to the MoH, general health data will be made available to the public, however, sensitive information with regards to patients' privacy and identity will not be revealed. The initial stage of this data warehouse will host data from 2.5m patients gathered from hospitals across Malaysia.

**Cost-effective and productive for healthcare service providers.** We are positive on this news as we opine that this new health data warehouse will be beneficial to the private healthcare players under our coverage as it will: (i) assist private healthcare service providers to reduce costs as it will reduce the need for unnecessary and repetitive diagnostics tests and; (ii) make healthcare spending for patients more affordable. In the longer run, we believe the data warehouse will help to enhance earnings for private hospital operators via cost reduction. However, at this juncture, we are still unable to quantify the amount of cost savings arising from this initiative as it is still at an early stage.

**Maintain POSITIVE on the sector.** Following this, we are reiterating our **POSITIVE** stance on the sector due to its continued robust medium to long term outlook. Within the sector, **IHH Healthcare (TP: RM6.58)** is our Top Pick due to its: (i) geographically diversified revenue base, (ii) strong earnings growth in FY17-18F arising from the opening of Gleneagles Hong Kong and; (iii) robust balance sheet. Despite being wary of the higher operational costs impacting the healthcare players due to the stronger USD against MYR, we opine that the sector is backed by strong demand due to continued favourable demographic factors (i.e: aging population, increase in health awareness etc) and that the private healthcare operators will continue to be the preferred choice for urban dwellers with higher disposable income and insurance coverage.

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## MIDF AMANAH INVESTMENT BANK : GUIDE TO RECOMMENDATIONS

### STOCK RECOMMENDATIONS

BUY	Total return is expected to be >15% over the next 12 months.
TRADING BUY	Stock price is expected to <i>rise</i> by >15% within 3-months after a Trading Buy rating has been assigned due to positive newsflow.
NEUTRAL	Total return is expected to be between -15% and +15% over the next 12 months.
SELL	Total return is expected to be <15% over the next 12 months.
TRADING SELL	Stock price is expected to <i>fall</i> by >15% 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.