

Fortis Healthcare reports Q1 FY23 Financial Results

Robust performance of the Hospitals Business takes consolidated revenues to INR 1,488 Crs with EBITDA margins at 18.3%

Hospital revenues up 18.5%; EBITDA at INR 208 Crs up 39% versus Q1 FY22

Diagnostics business impacted due to decline in covid volumes versus Q1 FY22

- Consolidated Revenues for Q1FY23 at INR 1,488 Crs vs INR 1,410 Crs in Q1FY22
- EBITDA at INR 272 Crs versus INR 283 Crs in Q1FY22
- PBT prior to exceptional items at INR 176 Crs versus INR 180 Crs in Q1 FY22
- PAT prior to exceptional items at INR 134 Crs versus INR 124 Crs in Q1FY22

Consolidated Financial Snapshot

Particulars (INR Crs)	Q1FY23	Q1FY22	% Change YoY	Q4FY22	% Change QotQ
Revenue - Hospitals	1,192.4	1,006.5	18.5%	1,040.9	14.6%
Diagnostics (<i>net</i>)	295.5	403.8	(26.8%)	337.2	(12.4%)
Consolidated	1,487.9	1,410.3	5.5%	1,378.1	8.0%
EBITDA – Hospitals	207.8	149.6	38.9%	143.5	44.8%
- Diagnostics	64.0	134.9	(52.5%)	83.8	(23.5%)
Consolidated	271.8	283.1	(4.0%)	227.2	19.6%
Margin - Hospitals	17.4%	14.9%		13.8%	
- Diagnostics	21.7%	33.1%		24.8%	
Consolidated	18.3%	20.1%		16.5%	

Profit Before Tax (<i>Before exceptional item</i>)	176.3	180.2	(2.2%)	126.2	39.7%
Profit After Tax (<i>Before exceptional item</i>)	134.3	124.5	7.9%	86.8	54.7%
Reported Profit After Tax*	134.3	430.6	(68.8%)	87.0	54.3%
Reported Profit After Tax after Minority Interest *	122.2	263.6	(53.6%)	68.0	79.9%

* Includes an exceptional gain of INR 306 Crs in Q1 FY22 on remeasurement of the previously held equity interest of SRL in the SRL-DDRC JV at its fair value post acquisition of the balance 50% stake in the said JV in April 2021.



Bengaluru, August 5, 2022: Fortis Healthcare Ltd. (“Fortis” or the “Company”), India’s leading healthcare delivery company, today announced its unaudited consolidated financial results for the quarter ended June 30, 2022.

- Q1FY23 hospital business revenues were at INR 1,192.4 Crs versus INR 1006.5 Crs in Q1FY22 and INR 1,040.9 Crs in Q4FY22.
- Hospital revenues increased 18.5% and 14.6% versus the corresponding and trailing quarters, respectively, led by a strong recovery in elective procedures. This resulted in a better occupancy mix and a higher ARPOB in the quarter.

<i>KPIs</i>	<i>Q1 FY23</i>	<i>Q1 FY22</i>	<i>Q4 FY22</i>
<i>Occupancy</i>	65%	65%	59%
<i>ARPOB (INR Cr)</i>	1.96	1.62	1.88
<i>ALOS (Days)</i>	3.58	4.49	3.53

- Both, Q1 FY22 and Q4 FY22 witnessed an impact on hospital revenues due to higher covid cases and a resultant decline in elective procedures. Covid revenues contribution to overall hospital revenues stood at 28% in Q1 FY22 and 6% in Q4 FY22 versus a negligible 0.6% in Q1 FY23
- Q1 FY23 diagnostics business gross revenues stood at INR 332.6 Crs versus INR 441.4 Crs in Q1 FY22 and INR 372.3 Crs in Q4 FY22. Net revenues (net of inter-company elimination) were INR 295.5 Crs for Q1 FY23 versus INR 403.8 Crs for Q1FY22.
- Net debt to EBITDA was at 0.54x vs 0.60x (basis annualized EBITDA of Q1FY23 and Q4FY22, respectively). Net debt was at INR 585 Crs versus INR 549 Crs in Q4 FY22.

HOSPITAL BUSINESS HIGHLIGHTS

- In line with its brownfield expansion strategy, the Company commissioned approx. 55 additional beds in Fortis Mulund, Mumbai and FMRI, Gurugram.
- Extending its comprehensive cancer care program the Company commissioned the Fortis Cancer Institute at Defence Colony, New Delhi. This is a state of the art 12 bedded oncology center providing chemotherapy facilities and further supplements the Company’s oncology service offerings in a number of its existing facilities.
- The Company’s key medical specialties viz. oncology, orthopaedics, renal sciences and gastroenterology witnessed a strong growth in revenues both versus the corresponding and trailing quarters.



- During the quarter, the Company onboarded eminent clinicians in the medical specialties of urology, transplants, rheumatology and nephrology.
- The quarter witnessed an uptick in international patient revenues which stood at INR 89 Crs, a growth of 126% over Q1 FY22 and 30% over Q4 FY22.
- Revenues from digital channels such as websites, My Fortis app and online campaigns increased 74% over Q1 FY22 and 9% over Q4 FY22. Digital revenues contribution to overall hospital revenues stood at 23.2% (Q1 FY22: 15.8% and Q4 FY22: 24.4%).

DIAGNOSTICS BUSINESS HIGHLIGHTS

- During Q1FY23, SRL conducted approx. 9.96 Mn tests, a decline of 6% versus Q1'FY22 and a decline of 7.5% versus Q4'FY22. This was primarily on account of the drop in Covid and covid related test volumes compared to the corresponding and trailing quarters.
- Non covid revenues (excluding Covid and Covid allied tests) grew 29% versus Q1FY22 and 8% versus Q4FY22. However, the overall diagnostics revenues declined primarily due to the significantly lower covid volumes as compared to Q1 and Q4 of FY22 that had witnessed severe Covid waves.
- SRL's revenue contribution from the specialized test portfolio (non-covid) increased to 37% from 34% in Q1 FY22.
- SRL added 243 new collection centers to its network during the quarter, taking the total number of collection centers to 2,745.
- The customer touch points i.e. CTP / Lab ratio strengthened to 17.1 in Q1 FY23 versus 11.4 in Q1 FY22, signifying the increase in network optimization.

Ravi Rajagopal, Chairman, Board of Directors, Fortis Healthcare stated, "Q1 FY23 has witnessed an encouraging start to the fiscal. With covid abating, our hospital business has shown a strong uptrend relative to the diagnostics business which has seen a decline in volumes due to a higher covid led base in both Q1 and Q4 of FY22. We continue to further strengthen the business in terms of adding beds, expanding medical programs, and onboarding clinical talent. Our next phase of growth would be led by our brownfield expansion strategy which would see approx. 1500 beds coming onstream in the next few years: largely in key existing Fortis facilities such as the likes of FMRI, Mohali, Shalimar Bagh, BG Road and Noida. This coupled with our focus on digital initiatives in both the medical and non-medical related aspects should enable us to further fortify our longer-term business prospects"

Commenting on the results for the quarter, Dr Ashutosh Raghuvanshi, MD and CEO, Fortis Healthcare stated, "The quarter gone by has witnessed a robust hospital business

August 5, 2022



performance led by a better occupancy mix and a higher ARPOB which increased 21% versus Q1 FY22. We have added beds in select facilities such as Fortis Mulund and FMRI Gurugram and are well on track with our brownfield expansion plans. We have also expanded our oncology offerings with a new cancer care facility in New Delhi. Revenues from key specialties such as Oncology, Gastroenterology, Renal Sciences and Orthopedics have seen strong growth both versus the corresponding and the trailing quarters. The international patient revenues have also seen healthy traction in the quarter. With the pandemic receding significantly and covid volumes dropping, our diagnostics business has witnessed a decline. In addition, the diagnostics segment continues to witness competitive pressures and we are making all efforts to protect and further grow our market share in the business. We continue to maintain a healthy Balance Sheet allowing us to evaluate inorganic opportunities in-line with our cluster-based strategy. As we go through the year, I remain hopeful of a progressively better performance in the ensuing quarters”

About Fortis Healthcare Limited

Fortis Healthcare Limited is a leading integrated healthcare delivery service provider in India. The healthcare verticals of the company primarily comprise hospitals, diagnostics and day care specialty facilities. Currently, the company operates 26 healthcare facilities (including JVs and O&M facilities). The Company’s network comprises approximately 4,300 operational beds and approx. 400 diagnostics centres.

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