



# FORTIS HEALTHCARE LIMITED

Earnings Presentation – Q3FY21

February 5, 2021



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# Agenda

1. COVID - 19 - Update
2. Q3FY21 – Performance Highlights
  - Earnings and Financial Summary – Q3 FY21
  - Earnings and Financial Summary – YTD nine month Dec 2020
3. Performance Review - Hospitals Business
4. Performance Review - Diagnostics Business
5. Appendix

# 1. COVID-19 - Update

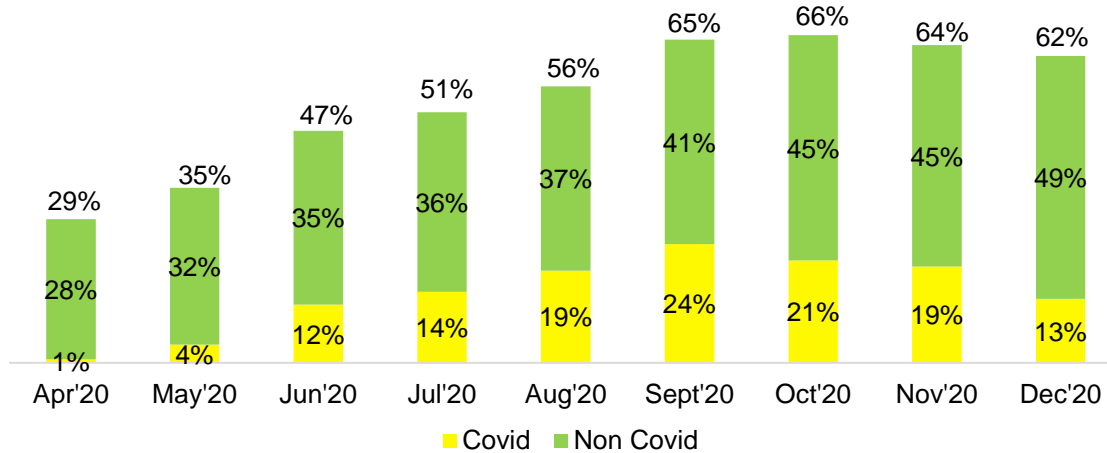
# Covid-19 – Industry Update

- The quarter witnessed a declining trend in daily Covid cases over the last 4 months. Versus an average high of daily cases between 90,000 - 98,000 in mid Sept'20, India is now witnessing an average of ~10,000 daily cases
- The recovery rate reached ~97% as compared to 79% in September with ~1.7 lakh active COVID cases currently as against ~10 lakh active cases in mid Sept'20
- Vaccination drive for frontline healthcare workers began in mid Jan'21 and over 3.4 million healthcare workers have been vaccinated to date
- Elective surgery procedures volumes have begun to increase compared to the trailing quarters
- With the economy opening up, international travel restrictions being eased and the vaccination roll out globally, many industries are seeing signs of a strong rebound and pick up in growth

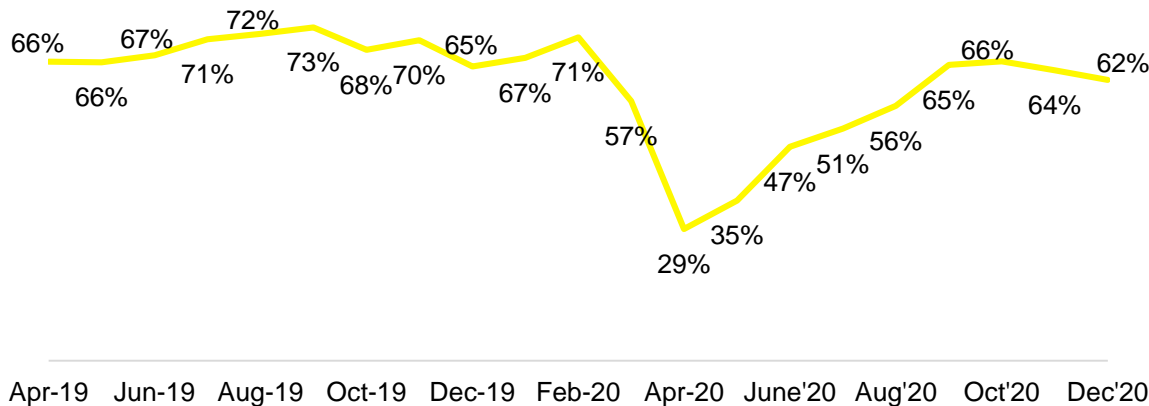
While business is expected to witness normalization by start of FY22, the pandemic in select countries is again seeing lockdowns due to the emergence of different strains of the virus

# Covid-19 – Update (Hospitals Business)

Hospital Occupancy (~3,700 op beds)

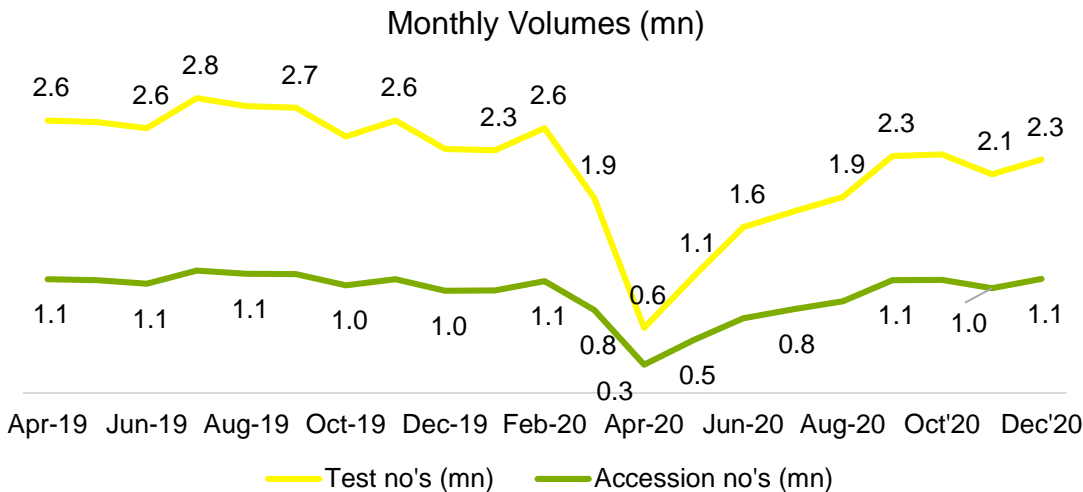
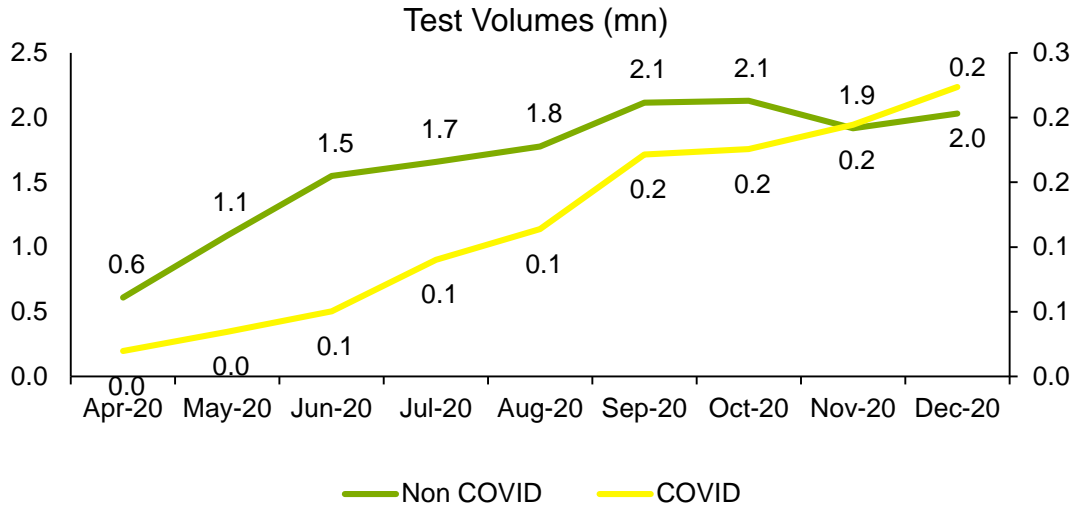


Hospital Overall Occupancy Trend



- In line with the national trend, COVID occupancy across Fortis declined post Sep'20 while Non-COVID occupancy witnessed a rise.
- While the Covid occupancy declined marginally from 19% in Q2FY21 to 18% in Q3FY21, Non-Covid occupancy rose from 38% in Q2 to 46% in Q3.
- Improving Non-Covid occupancy with recovery in elective surgery volumes led the hospital business to register healthy growth in revenues & profitability in the quarter

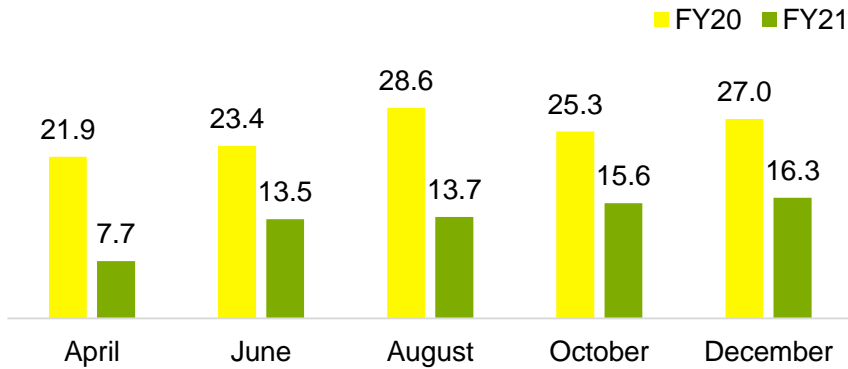
# Covid-19 – Update (Diagnostics Business)



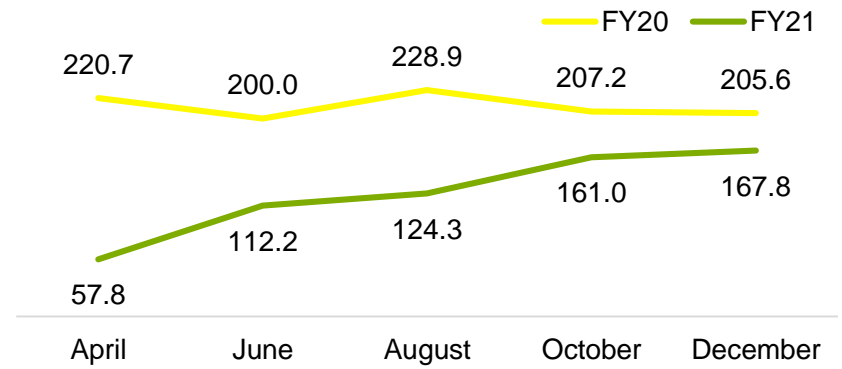
- An increasing trend was witnessed in Covid RT PCR test volumes with 1.76 lakh test in Oct'20 to 2.24 lakh in Dec'20. (Q2 at 3.8 lakh tests versus 5.9 lakh in Q3)
- However, Covid contribution to revenues declined from 25% in Oct'20 to 20% in Dec'20 largely due to price caps by Govt. (Q3 contribution at 24% versus 28% in Q2)
- Non Covid revenues reached 93.5% of pre-Covid levels in Q3 as compared to 73% in Q2 versus respective corr. quarters

# Gradual Business Recovery

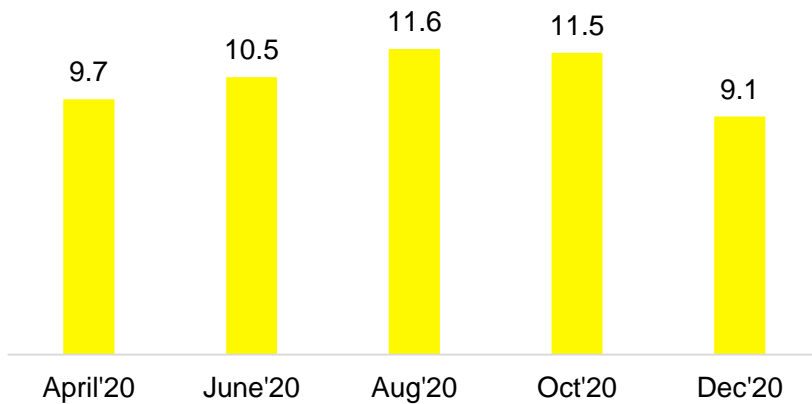
OPD Footfalls (digital channels) ('000)



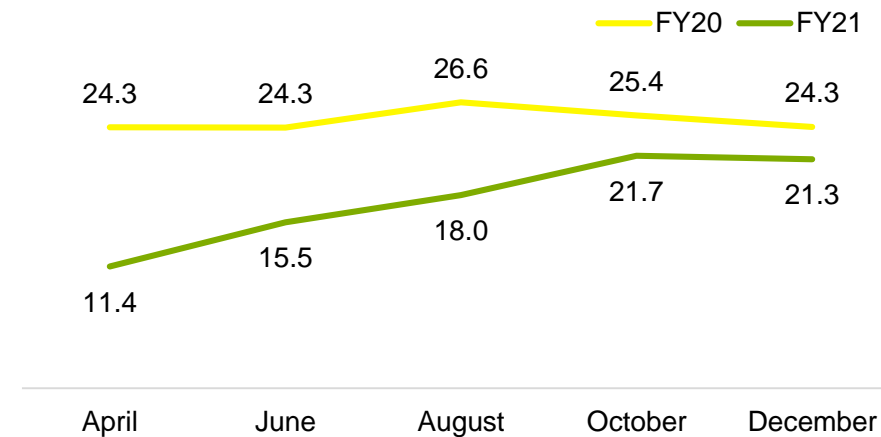
OPD Footfalls ('000)



Tele-consults ('000)



IPD Admissions ('000)





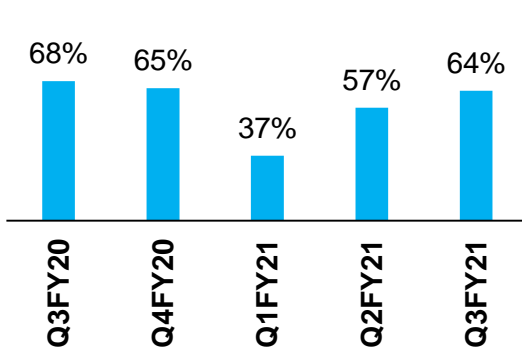
## 2. Q3FY21 - Performance Highlights

# Q3FY21 – Performance Highlights (Hospital Business)

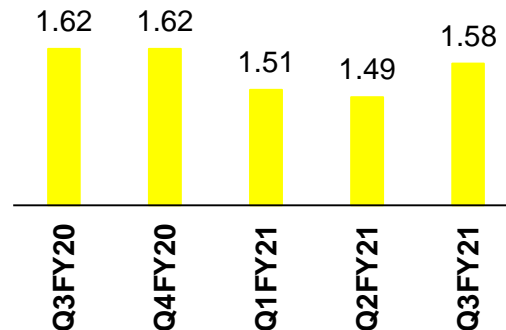
- Business momentum accelerates with Non-covid occupancy rising to 46% in Q3FY21 vs 38% in Q2FY21.
- Growth in specialty surgical volumes led to a higher ARPOB in the quarter at INR 1.58 Crs, +6%
- Key hospitals witnessed significant jump in occupancy versus Q2FY21. Hospitals such as Shalimar Bagh, Noida, Faridabad, Mulund, Anandapur, FMRI and Mohali reported occupancy levels at 71%, 69%, 81%, 74%, 74%, 68% and 65% respectively in Q3FY21.
- IP revenues from specialties such as Oncology, Renal , Cardiac & Neuros Sciences are at 80% + to 100% of pre-covid levels
- The Medical tourism business revenues improved from 1.3% of total revenues in Q2FY21 to 5.0% in Q3FY21 ( ~10% in FY20)

## Key Performance Indicators

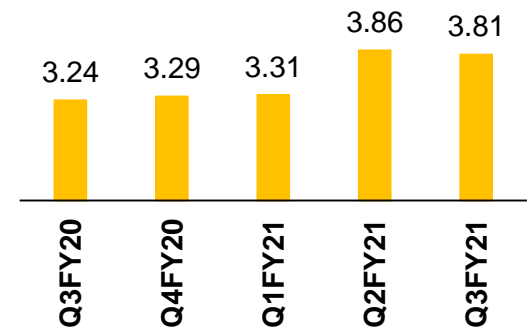
Occupancy (%)



ARPOB (INR Cr per annum)



ALOS (Days)



# Q3FY21 – Performance Highlights

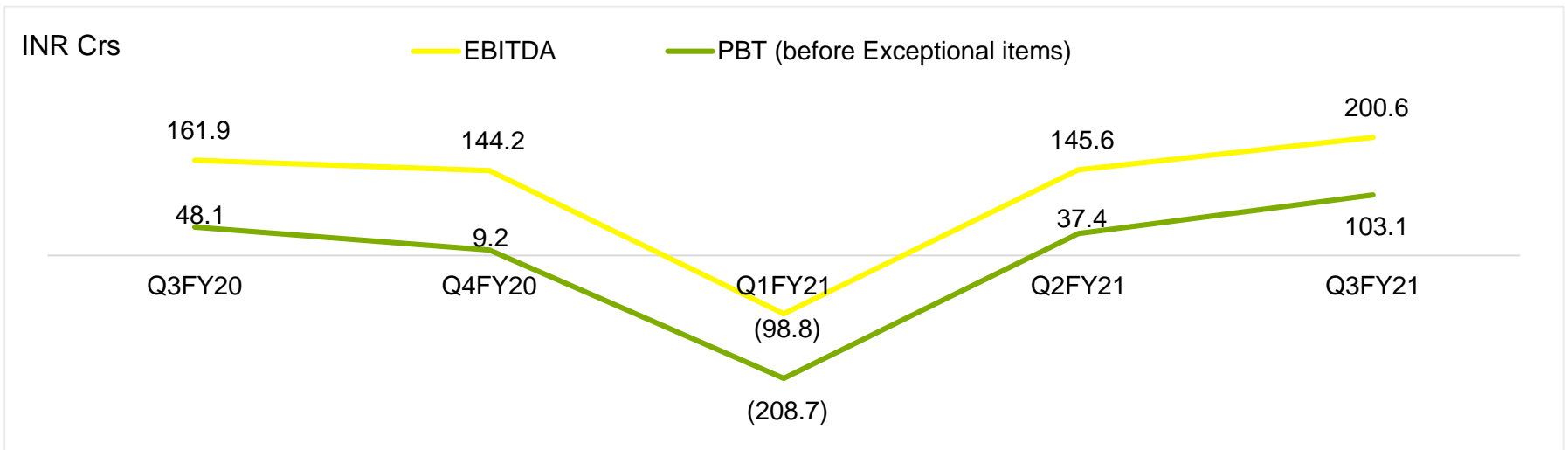
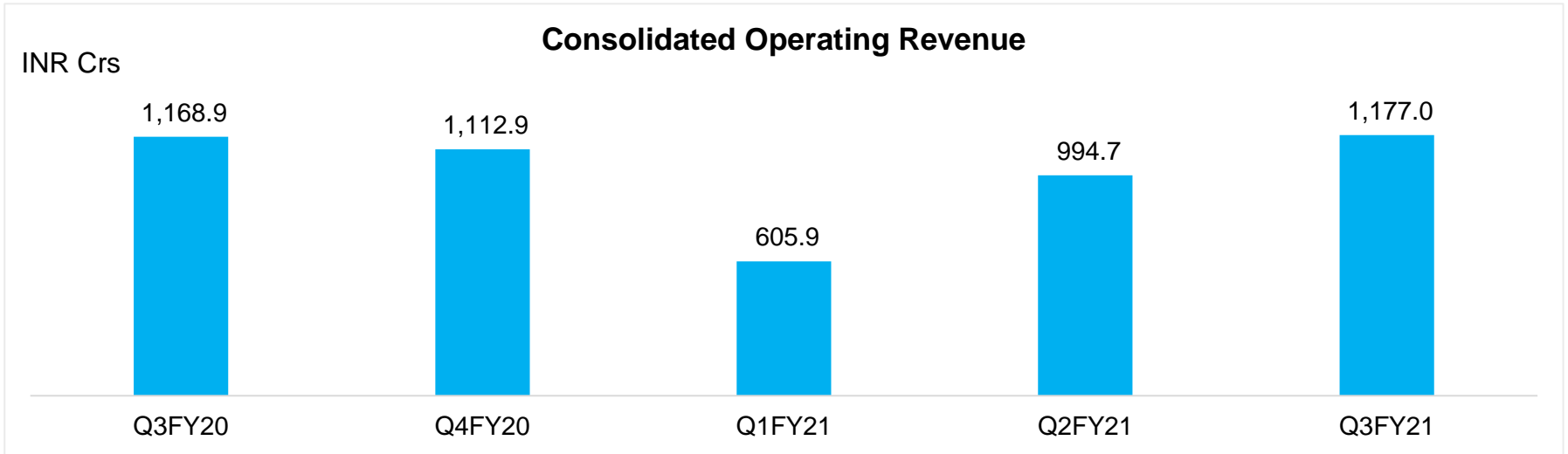
## Diagnostics Business Performance

- B2C revenue growth versus Q3FY20 was at 35% while B2B revenues grew 14%
- B2C : B2B revenue mix at 46 : 54 in Q3FY21 (Q3FY20 → 42 : 58)
- Home collection revenues gained traction growing 141% vs Q3FY20 and contributing 6% to overall revenues in Q3FY21
- Expanded Covid testing across 15 laboratories covering over 210 districts
- Significant increase in covid tests\* (8.4 Lakh tests in Q3FY21 vs 5.2 lakh in Q2FY21)

## Balance Sheet

- Balance Sheet with a DE ratio of 0.15x and a net debt of INR 1,041 Crs
- Comfortable liquidity & operational cash flows enabling re-initiation of expansion plans across key facilities
- Interest cost reduction by 12% versus Q3FY20

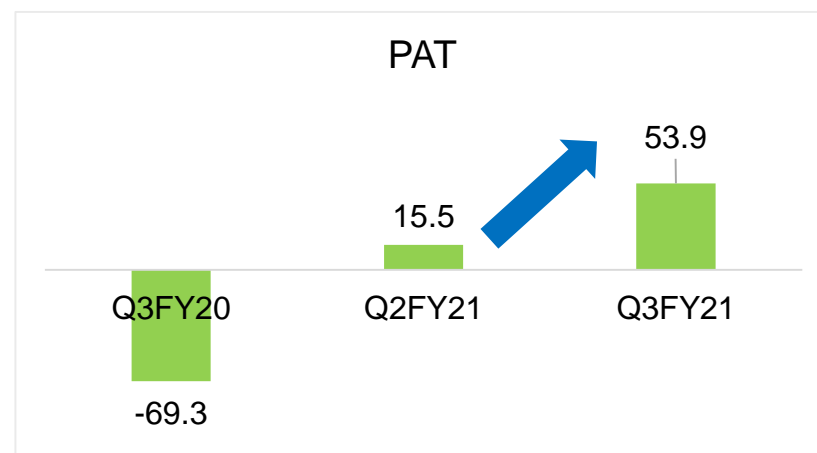
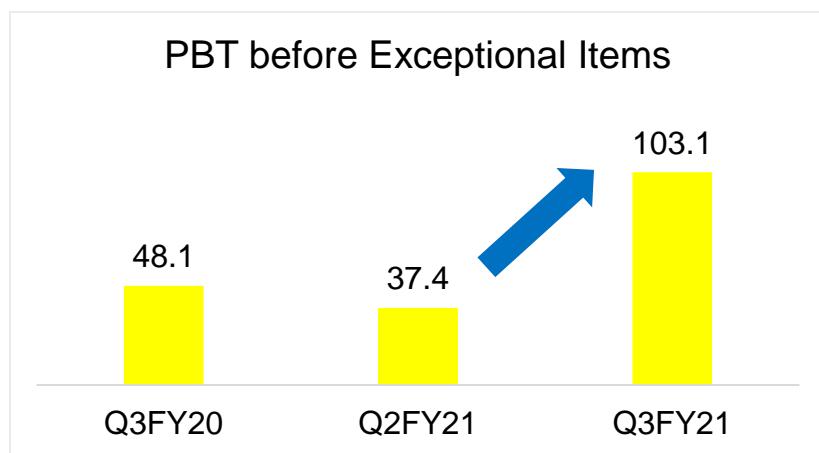
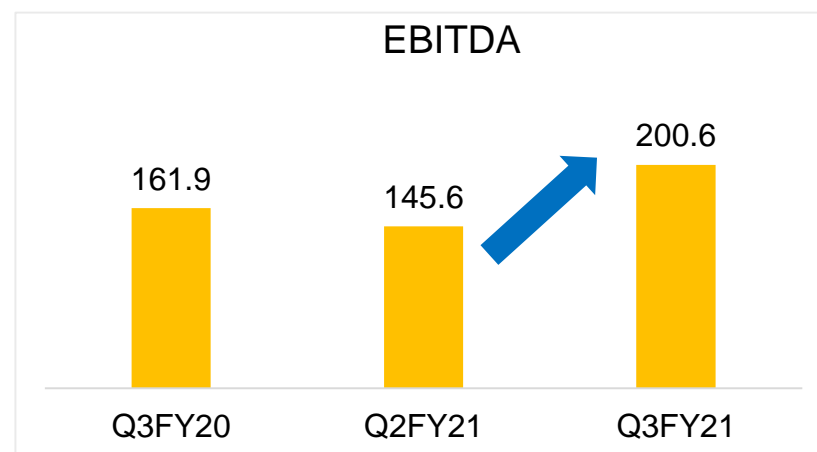
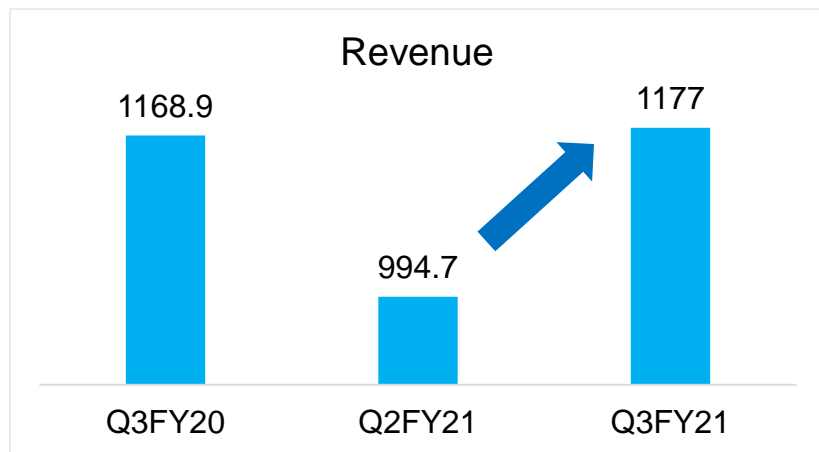
# Consolidated Earnings Summary – Q3FY21



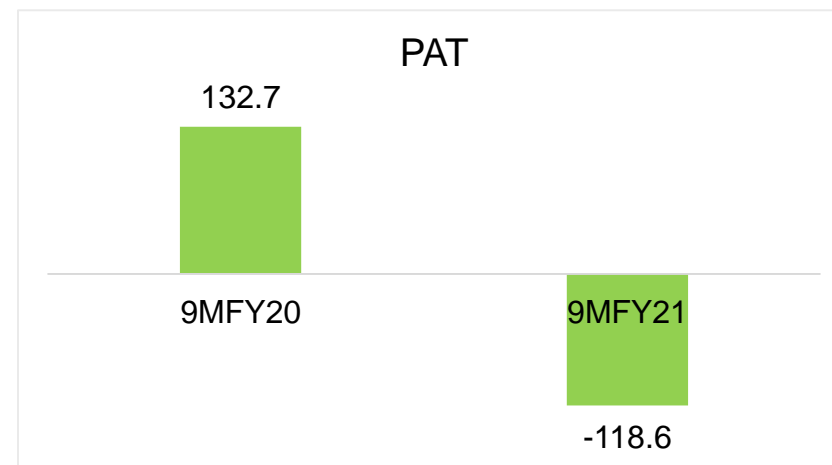
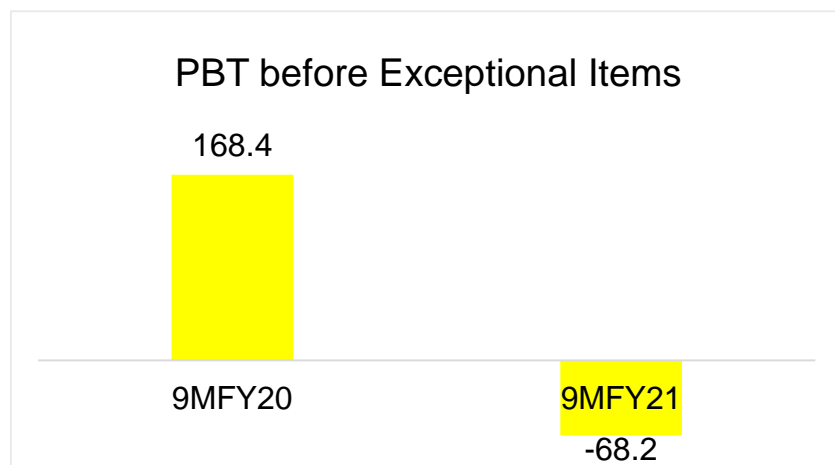
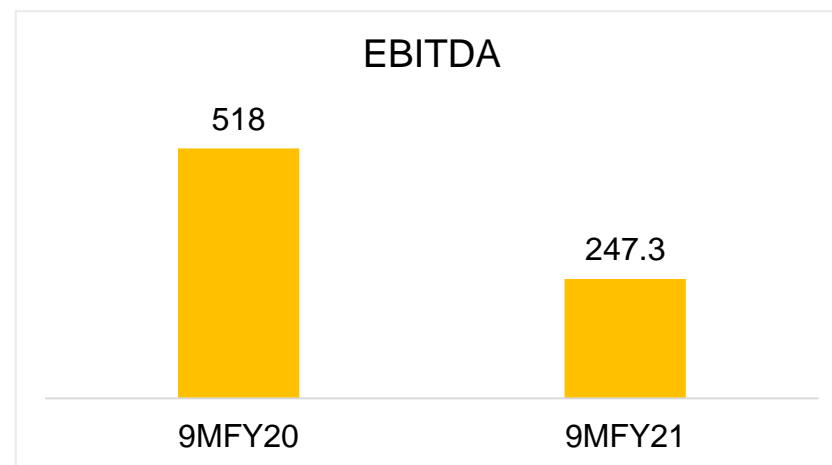
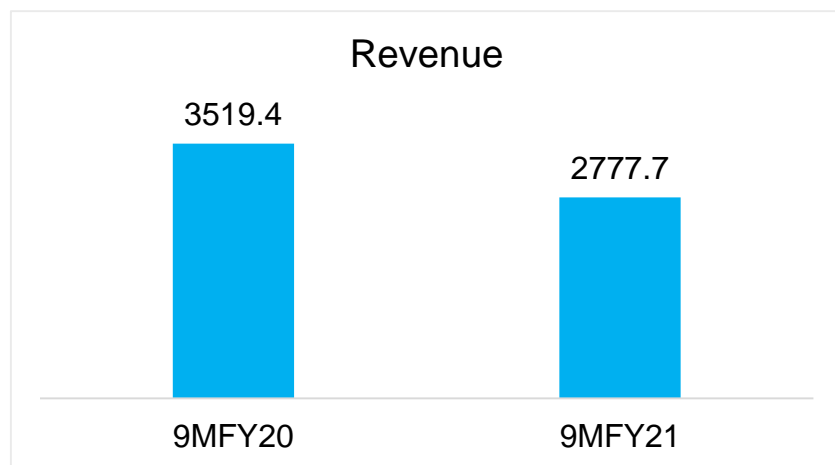
EBITDA includes other income and forex gain / (loss)

# Consolidated Earnings Summary – Q3FY21

Significant improvement in Company's profitability both versus the trailing & corresponding quarter



# Consolidated Earnings Summary – 9MFY21



9MFY21 performance includes impact of Covid in Q1 & Q2 FY21

# Operating Performance – Hospital Business

Particulars ( INR Cr)	Hospital Business				
	Q3FY20	Q2FY21	Q3FY21	9MFY20	9MFY21
Operating Revenue	953.5	746.3	906.8	2,838.8	2,141.3
Reported EBITDA*	133.8	84.4	138.7	371.4	143.5
Margin*	14.0%	11.3%	15.3%	13.1%	6.7%
<i>Adj: Other Income incl FX</i>	8.6	21.7	6.4	31.1	29.5
Operating EBITDA	125.3	62.6	132.3	340.3	114.1
Margin	13.1%	8.4%	14.6%	12.0%	5.3%

\*Adjusted for the newly commissioned hospital in Chennai, margin in Q3FY21 stood at 16.2% vs 14.3% in Q3FY20

# Operating Performance – Diagnostic Business

Particulars ( INR Cr)	Diagnostic Business				
	Q3FY20	Q2FY21	Q3FY21	9MFY20	9MFY21
Operating Revenue*	249.4	282.4	306.2	784.4	728.9
Reported EBITDA	39.8	70.5	73.0	163.6	133.0
Margin	16.0%	25.0%	23.9%	20.9%	18.2%
<i>Adj: Other Income incl FX</i>	6.3	7.0	6.9	12.5	20.2
Operating EBITDA	33.5	63.5	66.1	151.1	112.8
Margin	13.4%	22.5%	21.6%	19.3%	15.5%

\* Diagnostics business revenue is on Gross Basis; Diagnostic business Q3FY21 net revenue stood at INR 270.1 Cr versus INR 214.6 Cr in Q3FY20 and INR 248.3 Crs in Q2FY21. Net revenue for 9MFY21 stood at INR 636 Cr vs INR 679.4 Cr during 9MFY20



# SRL to acquire balance 50% stake in DDRC-SRL JV

- The Board of Directors of the Company approved the acquisition of the balance 50% stake in the existing Joint Venture company of SRL Ltd “DDRC SRL Diagnostics Pvt. Ltd” (DDRC SRL) by SRL Ltd.
- The total purchase consideration for the transaction would be INR 350 Crs (inclusive of the ownership of the DDRC brand)
- DDRC is the largest organized chain of Diagnostic centres in Kerala with 202 labs and 5 collection centres
- The 50% stake in the JV would be acquired from Dr Ajith Joy and Ms Elsy Joseph (JV partner) in an all cash transaction
- Consummation of the transaction will be subject to the Company’s shareholders approval and other regulatory approvals as required

- ✓ Acquisition provides SRL an opportunity to consolidate its leadership position in Kerala & a platform to enhance its presence in other markets in South India
- ✓ Further complements its strategy of growing the B2C business segment and expanding its product portfolio (lifestyle diseases tests, specialized tests and preventive packages)

# SRL + DDRC JV (100%)

Particulars ( INR Cr)	FY20	
	SRL	DDRC*
Operating Revenue*	1,016.3	160.4
Reported EBITDA	197.3	26.4
Margin	19.4%	16.4%
<i>Adj: Other Income incl FX</i>	20.3	0.2
Operating EBITDA	177.0	26.1
Margin	17.4%	16.3%

- \*Normalising the impact of lockdown due to pandemic in March'20, FY20 revenue of DDRC stood at INR 165 Cr with an EBITDA of ~INR 31 Crs (margin of ~18%)
- For the 9MFY21, DDRC SRL reported revenues stood at INR 205 Cr, aided partly by increased Covid-19 tests during the period.
- Post the consummation of the transaction, the JV would be entirely consolidated with SRL (currently being shown as Share in associate for SRL's existing 50% stake)

# Balance Sheet – December 31, 2020

Balance Sheet (INR Cr)	Mar 31, 2020	Sept 30, 2020	Dec 31, 2020
Shareholder's Equity	7,206	7,045	6,883
Debt	1,354	1,413	1,359
Lease Liabilities (Ind AS 116)*	240	250	251
<b>Total Capital Employed</b>	<b>8,800</b>	<b>8,708</b>	<b>8,493</b>
Net Fixed Assets (includes CWIP)	5,285	5,288	5,285
Goodwill	3,721	3,722	3,721
Investments	175	182	193
Cash and Cash Equivalents	350	300	318
Net Other Assets	(732)	(784)	(1,024)
<b>Total Assets</b>	<b>8,800</b>	<b>8,708</b>	<b>8,493</b>
<b>Net Debt / (cash)</b>	<b>1,004</b>	<b>1,113</b>	<b>1,041</b>
<b>Net Debt to Equity</b>	<b>0.14x</b>	<b>0.16x</b>	<b>0.15</b>

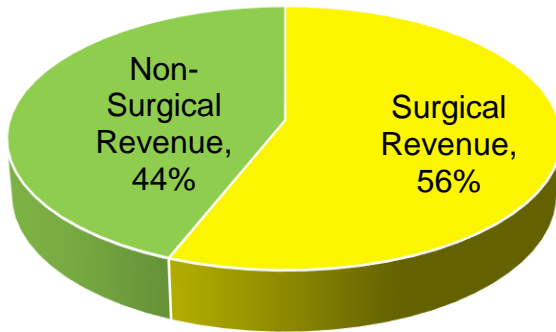
- \*Pertains to lease liability on account of adoption of new accounting standard on leases w.e.f. April 1, 2019.
- Net debt excludes lease liabilities.

## 3. Performance Review – Hospitals Business

# Revenue Mix

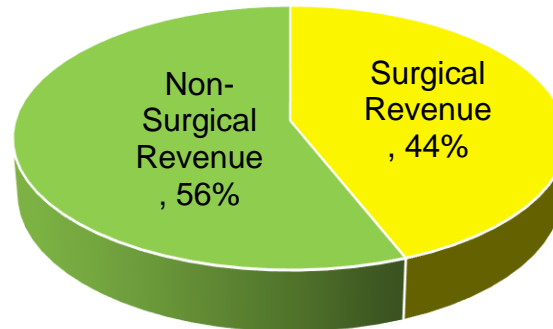
Q3FY20

Gross Revenue : INR 1001 CR



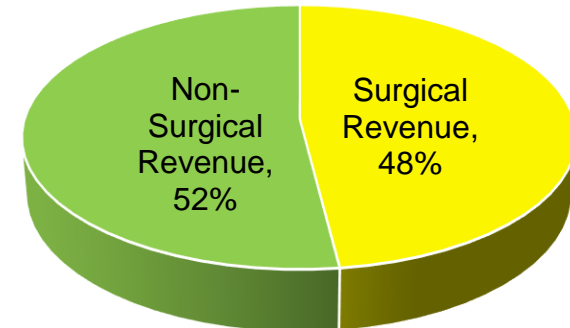
Q2FY21

Gross Revenue : INR 781 CR



Q3FY21

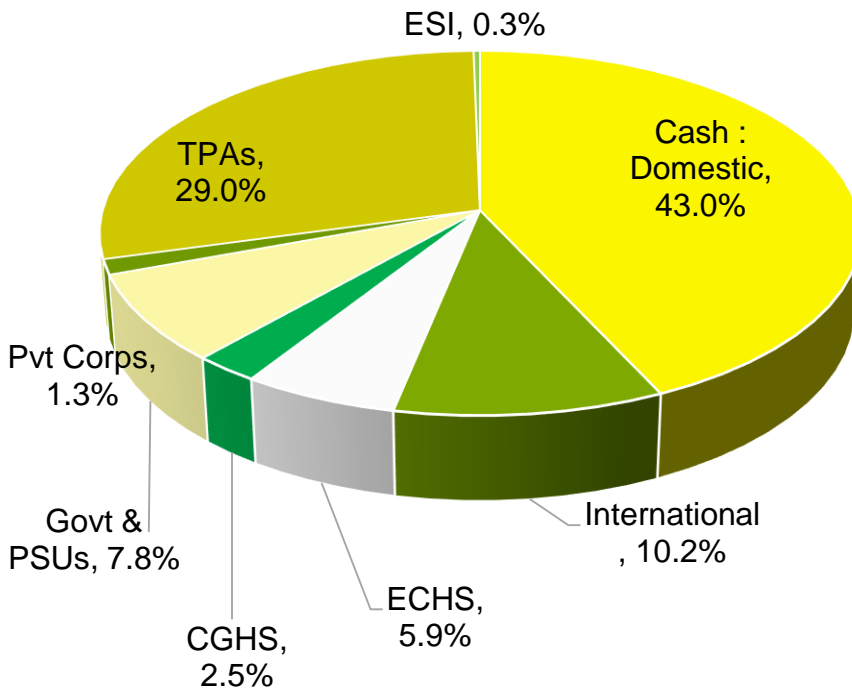
Gross Revenue : INR 955 CR



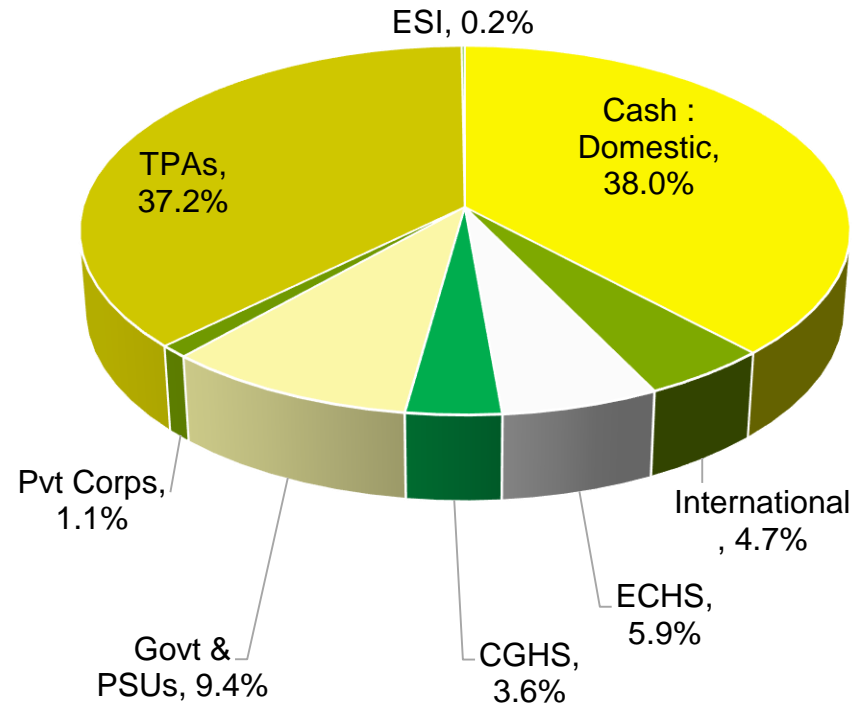
- Elective surgery revenues have grown 33% compared to the trailing quarter

# Payor Mix

Q3FY20



Q3FY21

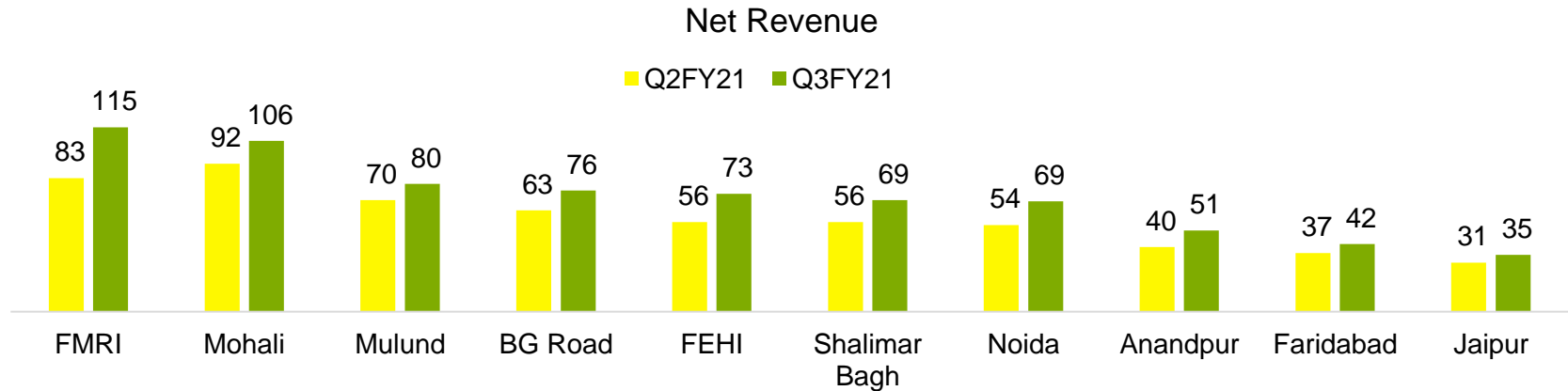
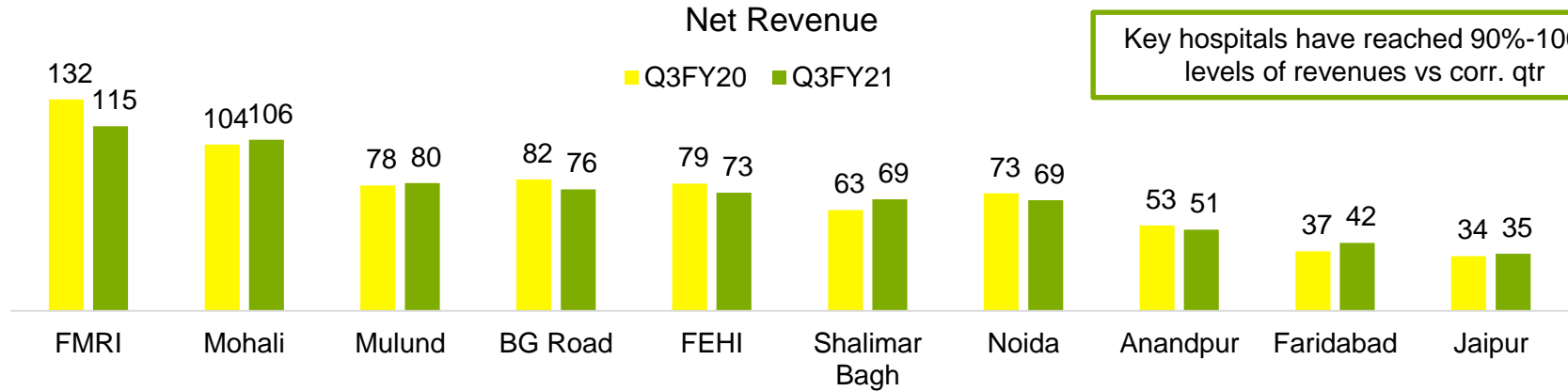


Decline in Domestic Cash and International patients business being compensated by TPAs and Govt. / PSUs business

# Hospitals Business Performance – Q3FY21 (QoQ & QotQ)

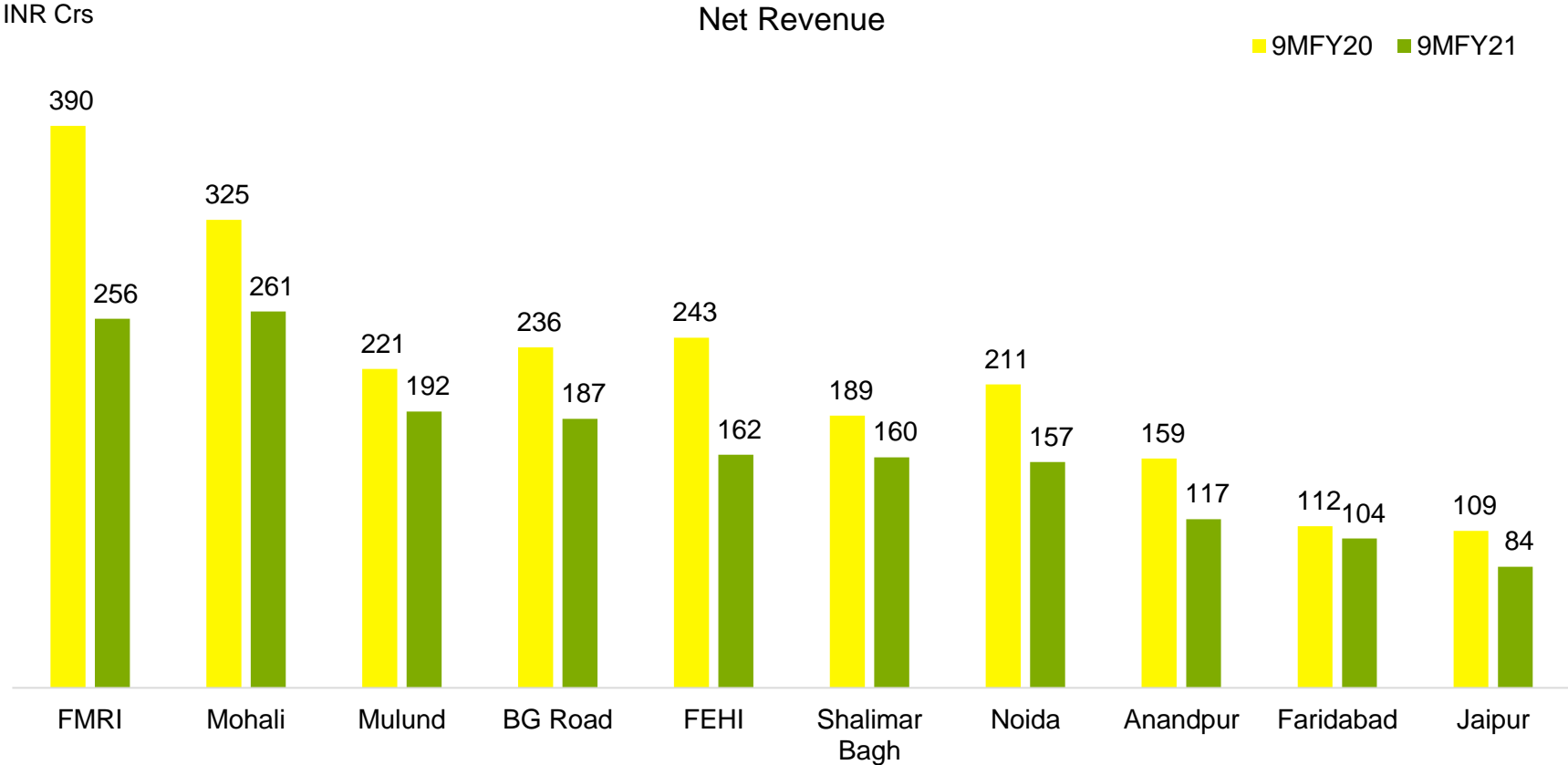
## Hospital Wise Performance

INR Crs



# Hospitals Business Performance – 9MFY21

## Hospital Wise Performance





# Clinical Excellence – Q3FY21

A team led by doctors from the Obstetrics & Gynaecology and Neuro Surgery departments at Fortis Hospital, Mulund, conducted a simultaneous delivery and brain decompression procedure on a 40-year-old expectant mother who was also suffering from a brain tumour.

A multi-disciplinary team comprising of doctors from Surgical Oncology, Neurosurgery, Skull base Surgery and Internal Medicine at Fortis BG Road, Bengaluru successfully conducted a rare and lifesaving surgery on a 66-year-old male suffering from teratocarcinoma or Sinonasal Teratocarcinoma, an extremely rare malignant growth that arises in the nasal cavity.

A team of Doctors at FMRI, Gurgaon successfully treated a 48-year-old female patient from Mauritius who underwent simultaneous robotic removal of a rare pancreatic tail tumour along with robotic total abdominal hysterectomy. This is one of the first cases to be operated completely robotically in Delhi NCR and second in North India.

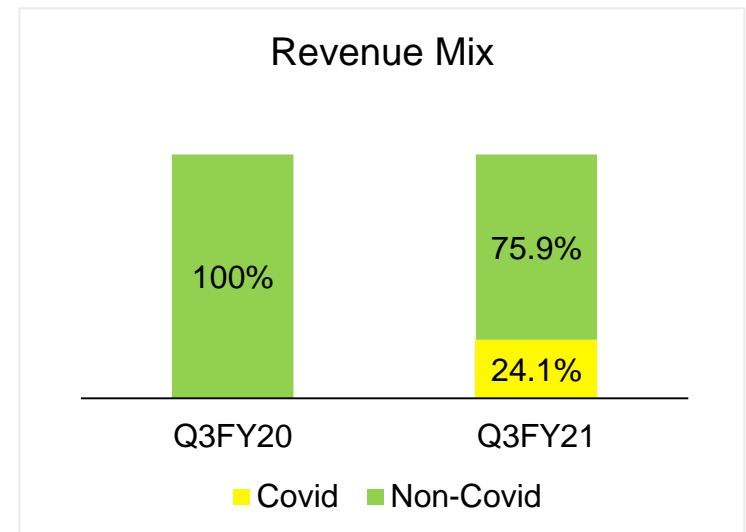
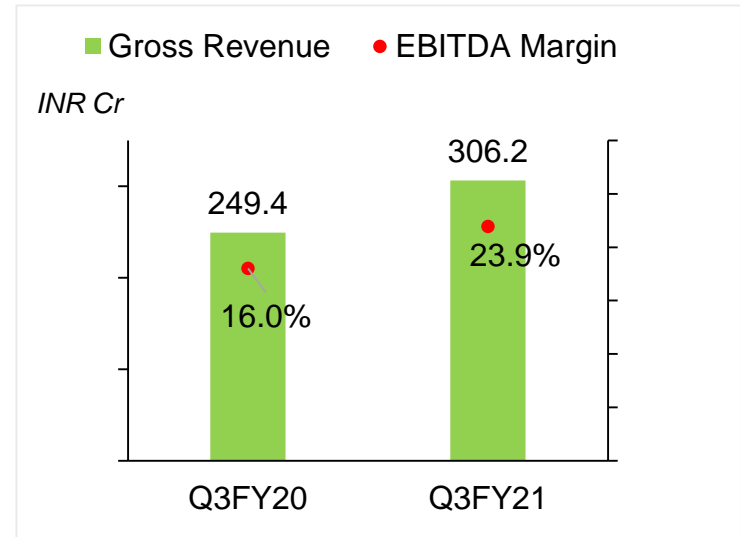
A 40-year-old female COVID positive patient who was also suffering from Refractory Anti-Neutrophil Cytoplasmic Antibody (ANCA) associated Vasculitis (Wegener's Granulomatosis), a severe autoimmune disease affecting the small blood vessels in her eyes, was successfully treated by a team at FMRI, Gurugram.

A team of doctors at FMRI, Gurugram, successfully treated a 32-year-old male patient who had severe bilateral COVID pneumonia with acute respiratory distress requiring mechanical ventilation. He had developed recurrent bilateral pneumothorax and surgical emphysema (accumulation of air within the lungs and subcutaneous tissue) due to the rupture of the lung alveoli. He also had recurrent episodes of severe sepsis with shock and multi-organ dysfunction.

## 4. Performance Review – Diagnostics Business

# Diagnostics Business – Q3 FY21

- SRL achieved 300 Cr+ quarterly revenue mark for the first time, revenues grew 22.8% in Q3 FY21.
- SRL conducted approximately 6.7 Mn tests during Q3 FY21, a growth of 12.7% versus Q2 FY21. (7.45 Mn tests in Q3 FY20)
- Average Revenue Per Test (ARPT) increased by 37% versus Q3FY20, driven by COVID RT-PCR tests. Average Revenue Per Accession (ARPA) also grew by 20%
- Launched 8 new labs (including JVs) and added 167 new collection centers to its network in Q3 FY21.
- Company witnessed a QoQ acceleration in revenues from both B2C and B2B segments with increase in B2C salience to 46% of overall revenue versus 42% in Q3FY20
- SRL doubled the Home collection visits versus Q3 FY20.

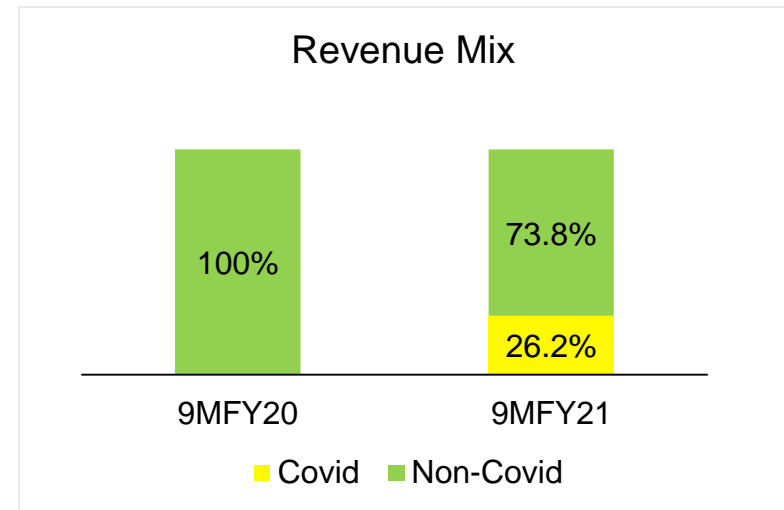
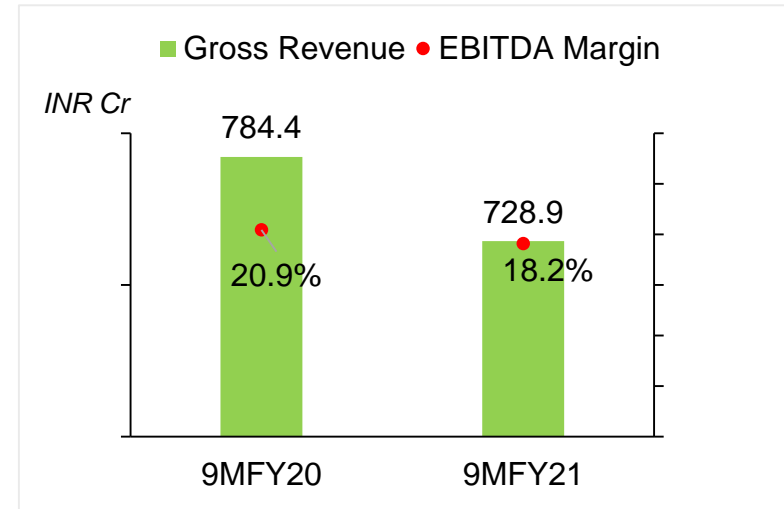


# Diagnostics Business – 9M FY21

- SRL launched its 15<sup>th</sup> RTPCR Lab\* in Pune (as on date). This adds to its existing network of RTPCR labs in Delhi NCR, Mumbai, Kerala, Hyderabad, Chennai, Bangalore, Raipur, Ludhiana, Guwahati, Kolkata, Deogarh (Jharkhand) and Dubai.
- COVID: SRL conducted 8.4 lacs tests in Q3 FY21 vs. 5.2 lacs tests in Q2 FY21. Till Date, SRL has serviced more than 17.5 lacs consumers (including JVs).
- Enhanced focus on COVID allied tests & Infection Recovery Panels to address demands by hospitals during COVID.

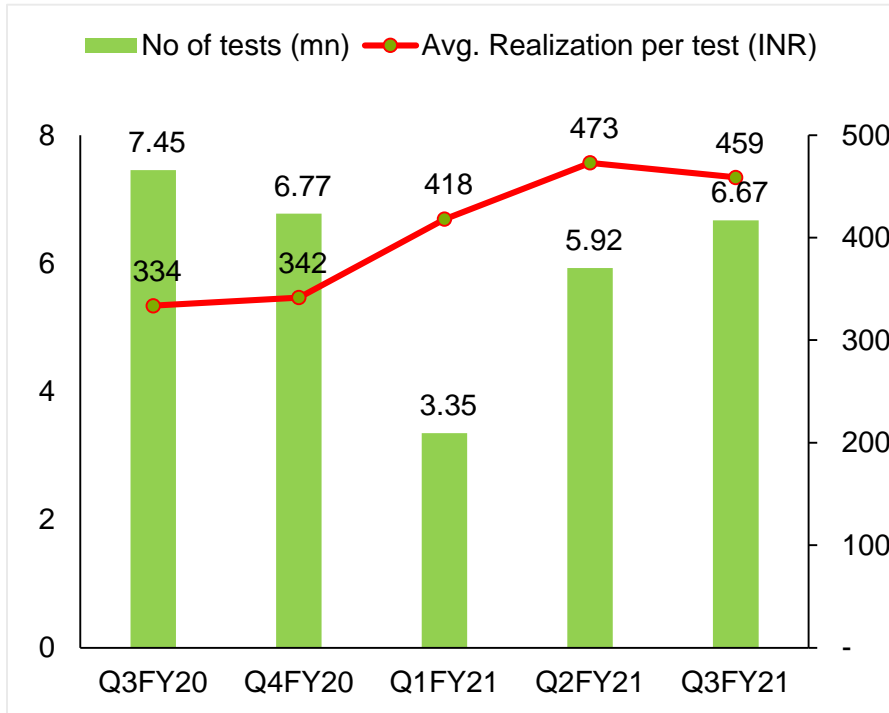
\* Including JVs

• EBITDA includes other income

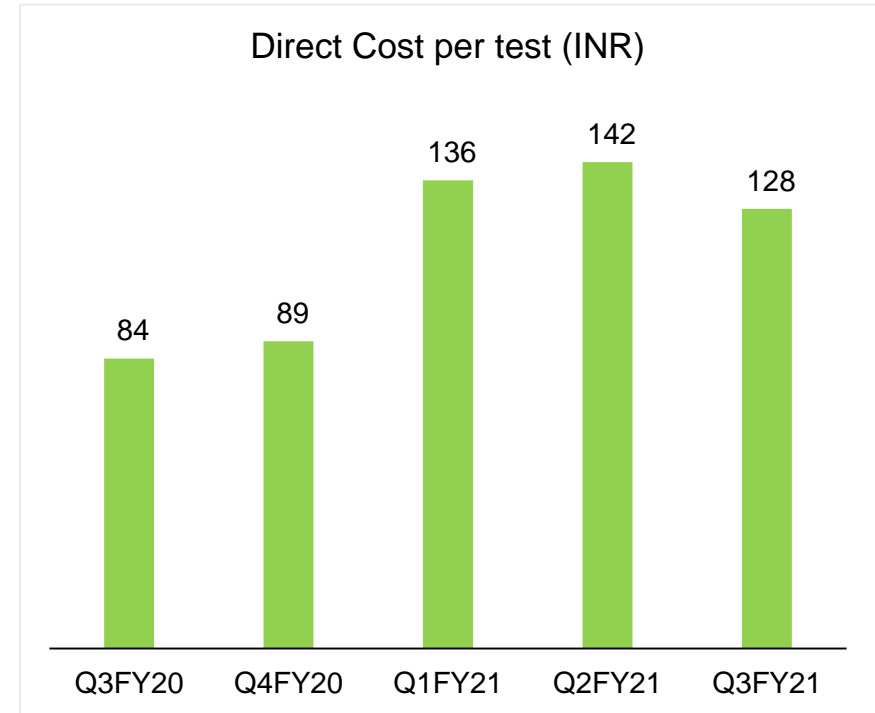


# Key Performance Metrics

## Number of Tests and Average Realizations\*



## Direct Cost per test



Average realisation & Direct Cost per test in previous quarters have been impacted primarily by Covid pricing & test volumes

\*Excluding joint ventures

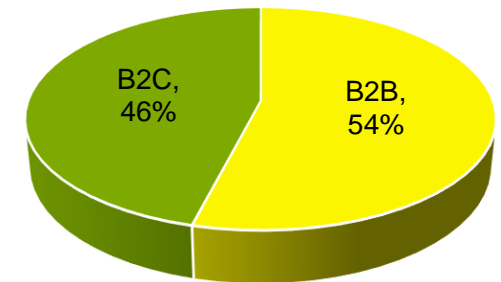
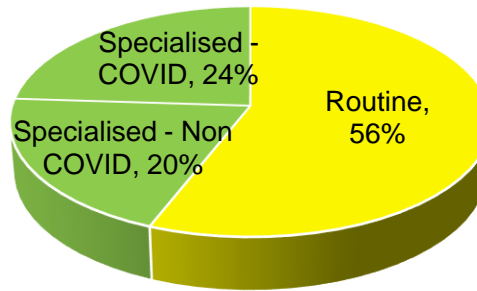
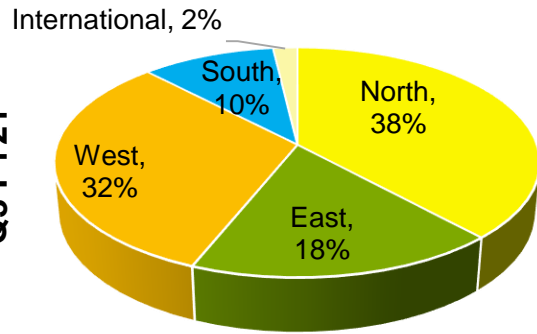
# Revenue Mix

## Geographic Mix

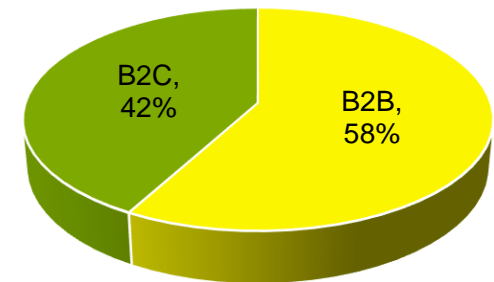
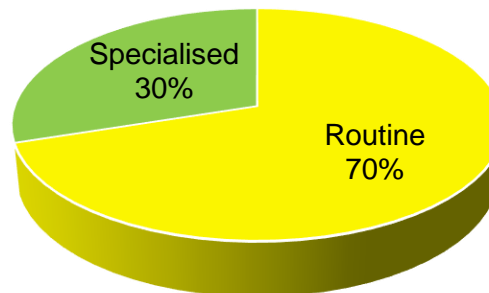
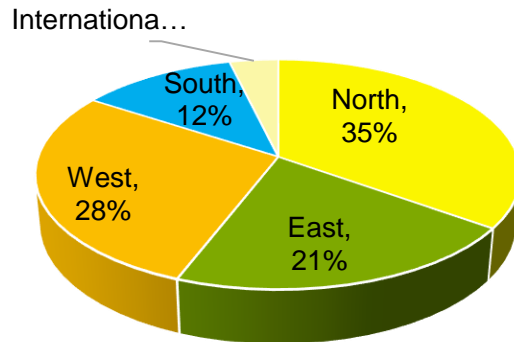
## Product Mix

## Segment Mix

Q3 FY21



Q3 FY20



## 5. Appendix

# Group Consolidated P&L – Q3FY21

Particulars ( INR Cr)	Q3FY20	Q2FY21	Q3FY21
	Unaudited	Unaudited	Unaudited
<b>Revenue from operations</b>	<b>1,168.9</b>	<b>994.7</b>	<b>1,177.0</b>
Other income	4.9	25.7	10.3
<b>Total income</b>	<b>1,173.8</b>	<b>1,020.3</b>	<b>1,187.2</b>
Expenses	1,012.0	874.7	986.6
<b>EBITDA*</b>	<b>161.9</b>	<b>145.6</b>	<b>200.6</b>
<b>Margin</b>	<b>13.8%</b>	<b>14.6%</b>	<b>17.0%</b>
Finance costs	48.0	42.1	42.1
Depreciation and amortisation expense	69.9	74.3	73.1
<b>PBT</b>	<b>44.0</b>	<b>29.2</b>	<b>85.4</b>
Share of profit / (loss) of associates and joint ventures (net)**	4.2	8.2	17.7
<b>Net profit / (loss) before exceptional items and tax</b>	<b>48.1</b>	<b>37.4</b>	<b>103.1</b>
Exceptional gain	-	0.6	-
<b>Profit / (loss) before tax from continuing operations</b>	<b>48.1</b>	<b>38.0</b>	<b>103.1</b>
Tax expense / (credit)^	117.5	22.6	49.3
<b>Net profit / (loss) for the period from continuing operations</b>	<b>-69.3</b>	<b>15.5</b>	<b>53.9</b>
<b>Profit / (loss) from continuing operations attributable to Owners of the company</b>	<b>-76.3</b>	<b>-3.9</b>	<b>29.9</b>

\*EBITDA includes other income, forex and exceptional/non-recurring expenses

\*\*Share of profit of associate in Q3FY21 due to joint ventures of SRL, primarily DDRC-SRL

^During Q3FY20, the Company on a conservative basis chose to derecognize net deferred tax asset (DTA) amounting to INR 102 Crs in certain entities. This non-cash adjustment has been reflected in the company's tax charge



# Group Consolidated P&L – 9MFY21

Particulars ( INR Cr)	9MFY20	9MFY21
	Unaudited	Unaudited
<b>Revenue from operations</b>	<b>3,519.4</b>	<b>2,777.7</b>
Other income	34.2	40.2
<b>Total income</b>	<b>3,553.6</b>	<b>2,817.9</b>
Expenses	3,035.7	2,570.5
<b>EBITDA*</b>	<b>518.0</b>	<b>247.3</b>
<b>Margin</b>	<b>14.7%</b>	<b>8.9%</b>
Finance costs	148.1	125.3
Depreciation and amortisation expense	211.7	219.1
<b>PBT</b>	<b>158.2</b>	<b>-97.0</b>
Share of profit / (loss) of associates and joint ventures (net)**	10.1	28.8
<b>Net profit / (loss) before exceptional items and tax</b>	<b>168.4</b>	<b>-68.1</b>
Exceptional gain^	61.8	1.1
<b>Profit / (loss) before tax from continuing operations</b>	<b>230.2</b>	<b>-67.1</b>
Tax expense / (credit)	97.5	51.5
<b>Net profit / (loss) for the period from continuing operations</b>	<b>132.7</b>	<b>-118.6</b>
<b>Profit / (loss) from continuing operations attributable to Owners of the company</b>	<b>102.5</b>	<b>-152.9</b>

\*EBITDA includes other income, forex and exceptional/non-recurring expenses

^Exceptional gain in 9MFY20 was primarily due to profit on divestment of MSCL, Mauritius

\*\*Share of profit of associate in 9MFY21 due to joint ventures of SRL, primarily DDRC-SRL

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**Thank You**