



FORTIS HEALTHCARE LIMITED

EARNINGS PRESENTATION— Q3 FY23 & 9M FY23

February 10, 2023

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AGENDA

1. Performance Highlights
 - Earnings and Financial Summary – Q3 FY23 & 9M FY23
2. Performance Review - Hospital Business
3. Performance Review - Diagnostics Business
4. Appendix





Q3FY23 & 9MFY23

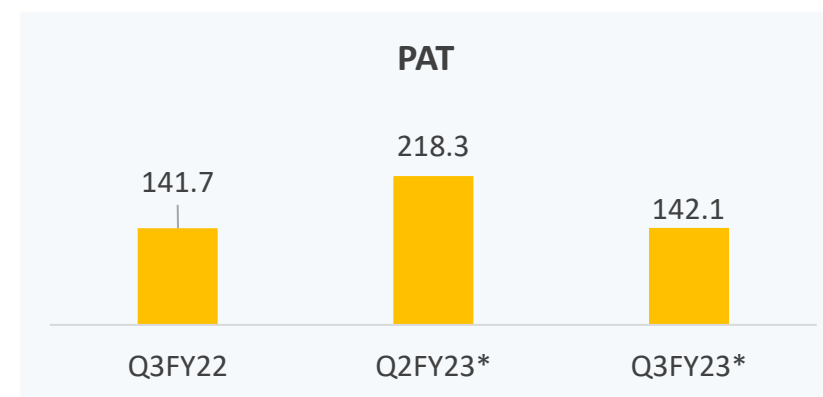
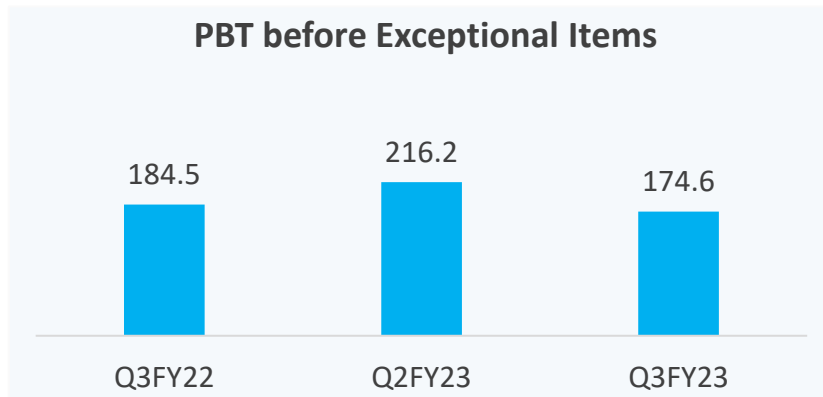
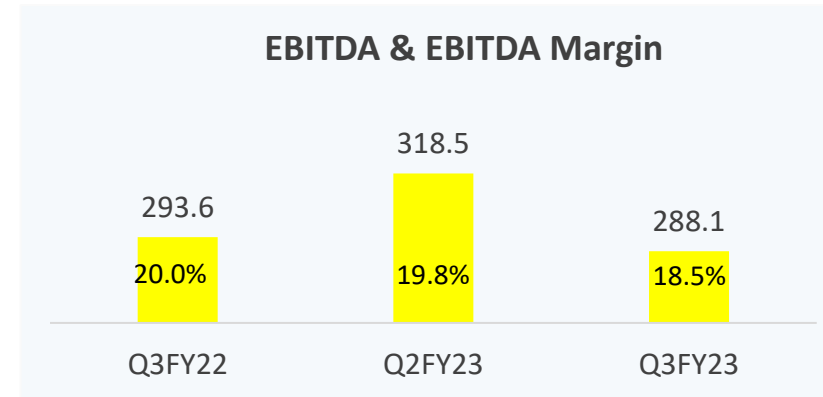
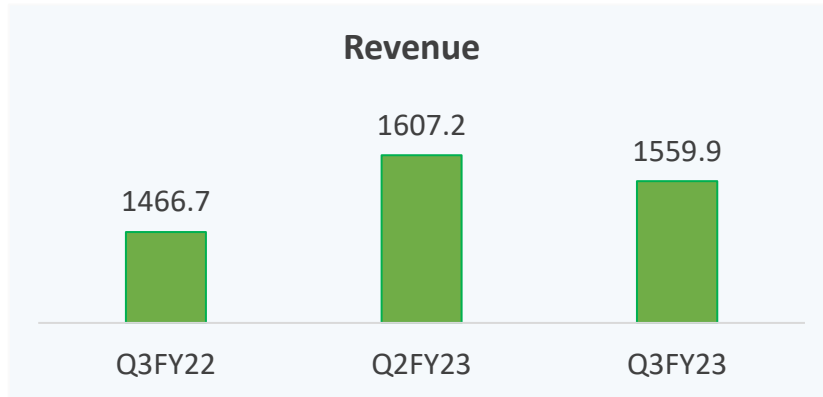
PERFORMANCE HIGHLIGHTS

Q3FY23 SNAPSHOT

- Consolidated revenues of the company grow 6.4% versus Q3FY22 to INR 1,560 Cr
- Hospital business revenues grow 13.3% versus Q3FY22. For 9MFY23 revenue grew at 16.6% versus corresponding previous period
- Hospital Business EBITDA up 14% YoY to INR 217 Crs, EBITDA margin of 17.1%.
- Hospital business EBITDA contribution to consolidated EBITDA increased to ~75% versus 65% in Q3 FY22
- Q3FY23 hospital business ARPOB at INR 2.02 Cr vs INR 1.86 Cr in Q3FY22, up 8.4% ; Surgical : non-surgical mix stood at 59 :41
- Overall diagnostics revenues were impacted due to lower covid volumes versus the corr. previous period. Adjusted for covid & covid allied tests, diagnostics business revenues grow 7.0% vs Q3 FY22.
- Net debt to EBITDA at 0.41x versus 0.53x in the corr. previous period, net debt was at INR 471 Crs, lower by ~INR 150 Crs versus corresponding period.

CONSOLIDATED EARNINGS SUMMARY – Q3FY23

All figures in INR Crs.

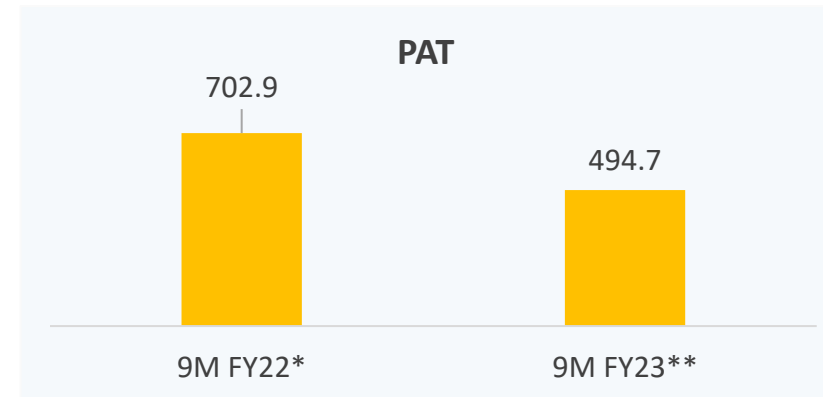
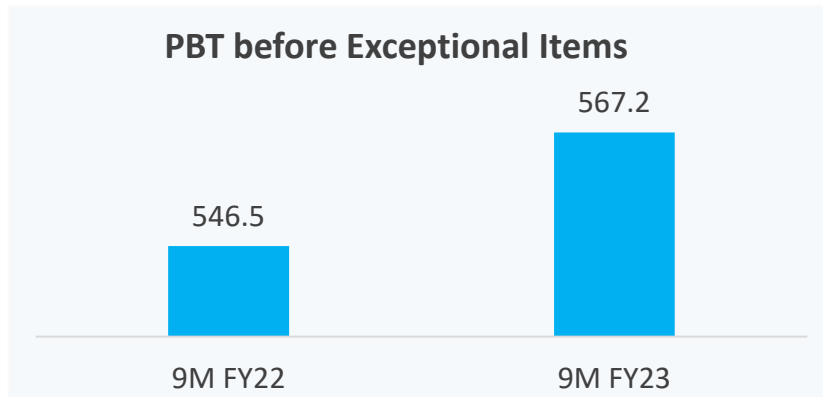
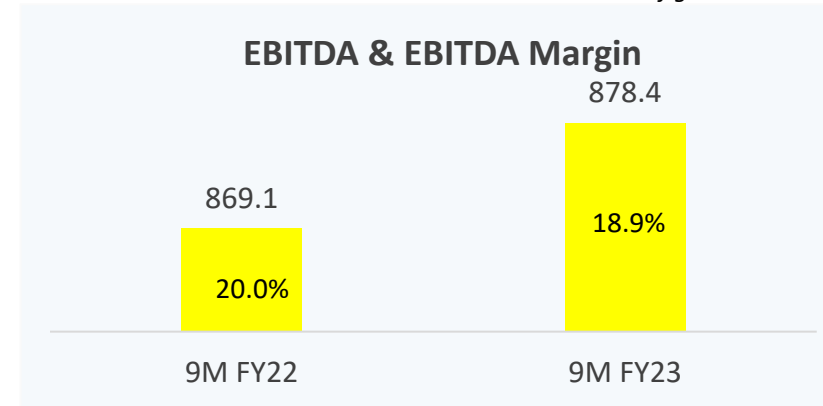
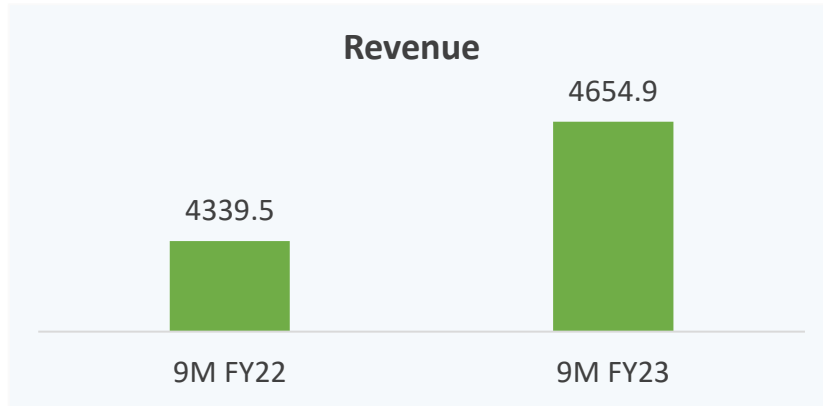


*Q2FY23 & Q3FY23 includes exceptional gain of INR 51.6 Cr & INR 11.5 Cr, respectively, which pertains to reversal of impairment in an associate Company



CONSOLIDATED EARNINGS SUMMARY – 9MFY23

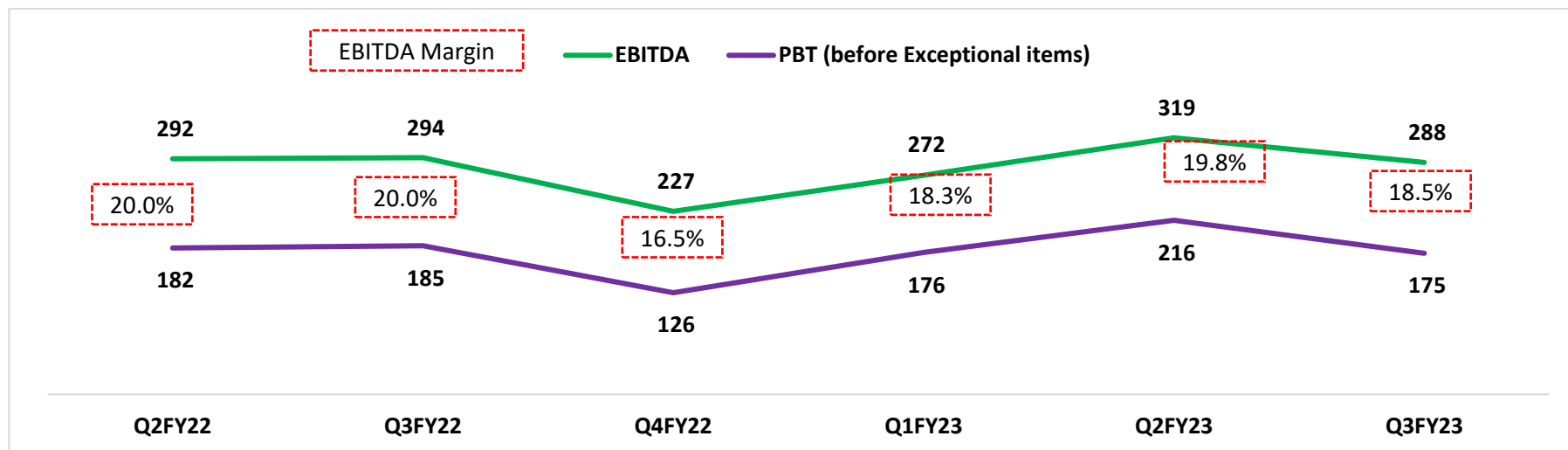
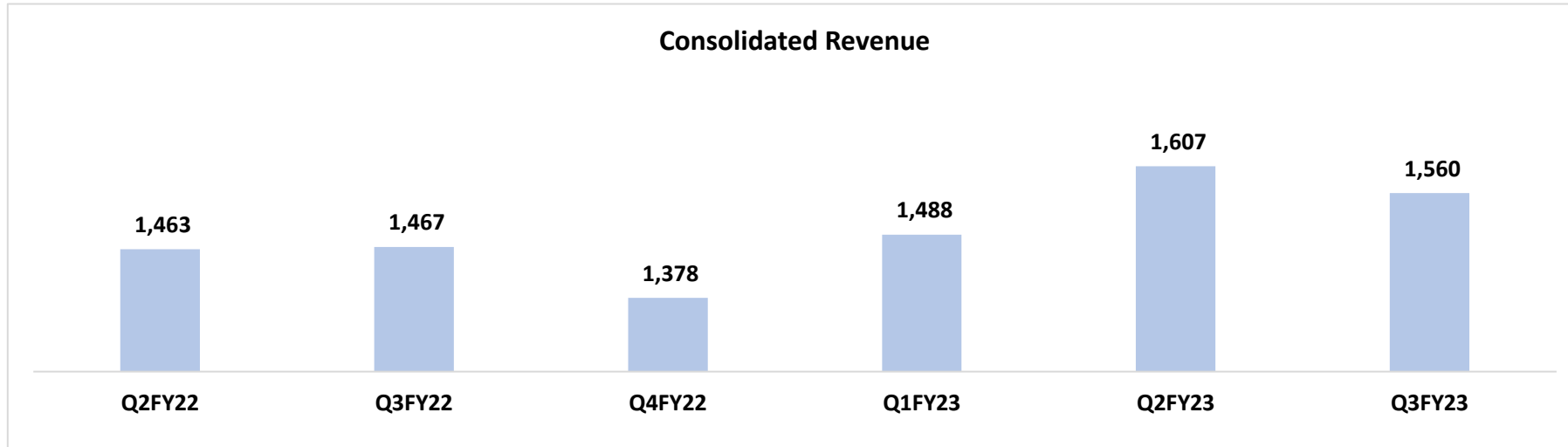
All figures in INR Crs.



- 9M FY22 PAT includes exceptional gain of ~INR 315 Cr primarily related to 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.
- ** 9MFY23 includes an exceptional gain of INR 63.1 Cr which primarily pertains to reversal of impairment in an associate Company

CONSOLIDATED EARNINGS SUMMARY

All figures in INR Crs.



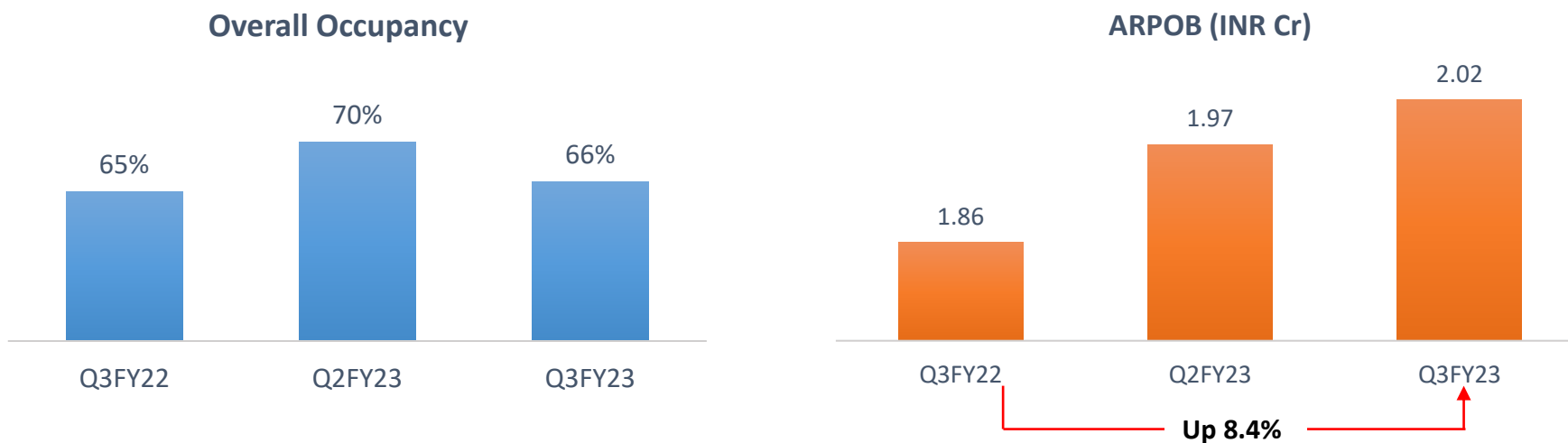
EBITDA includes other income and forex gain / (loss)

Q3FY23

HOSPITAL BUSINESS HIGHLIGHTS

- Revenues grow 13.3% to INR 1,267 Cr versus INR 1,118 Cr in Q3FY22. Revenues for Q2 FY23 stood at INR 1,297 Cr.
- EBITDA was at INR 217 Cr versus INR 190.2 Cr in Q3FY22 and INR 245.7 Cr in Q2FY23. Margins were at 17.1% in Q3 FY23 versus 17.0% in Q3FY22 and 18.9% in Q2FY23; (Q2FY23 EBITDA excludes dividend income of INR 21.5 Crs received from the Company's majority owed (57%) subsidiary SRL Limited)
- Hospital revenues increased 13.3% versus the corresponding previous quarter, led by an 8.4% growth in ARPOB at INR 2.02 Crs, better occupancy and a 73% increase in international patient revenues versus the corresponding previous quarter

Key Performance Indicators



Q3FY23

HOSPITAL BUSINESS HIGHLIGHTS (CONT.)

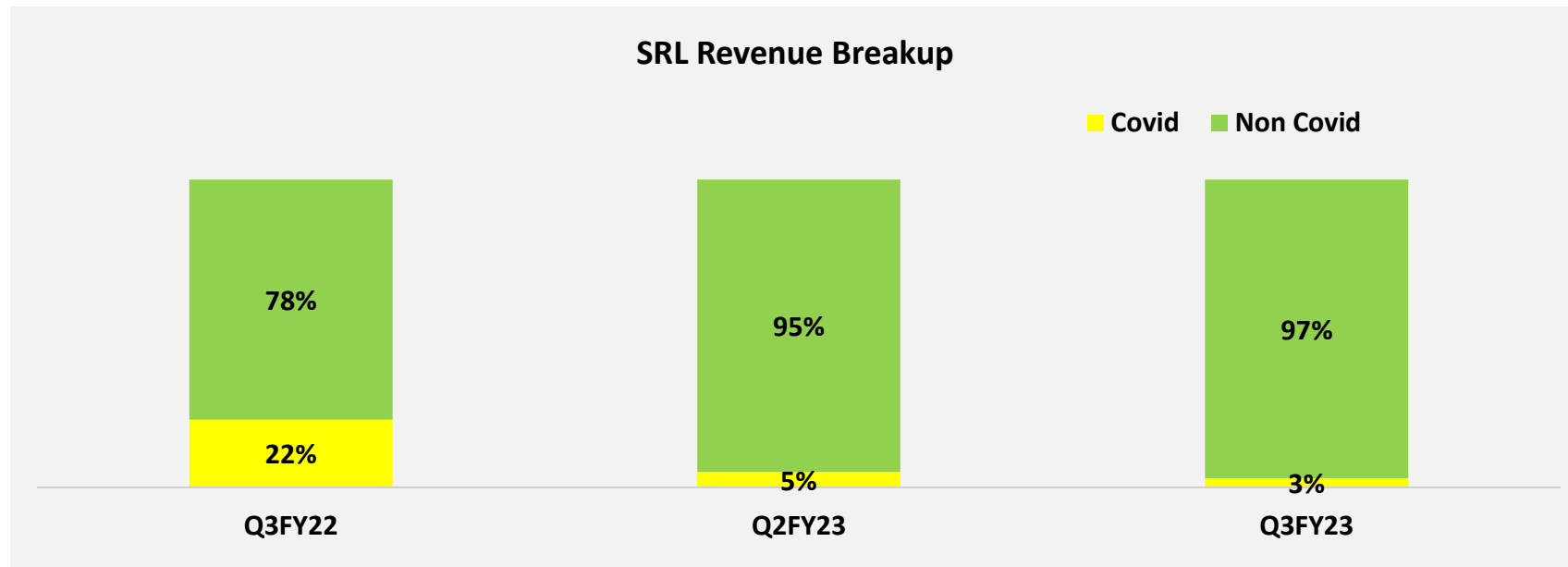
- Q3FY23 occupancy stood at 66% versus 65% Q3FY22 and 70% in Q2FY23. ARPOB for Q3FY23 was at INR 2.02 Crs, + 8.4% versus INR 1.86 Crs in Q3FY22
- Revenue contribution from Company's focus specialties comprising Oncology, Gastroenterology, Neurosciences, Renal Sciences, Orthopaedics and Cardiac Sciences grew 15.8% and contributed 60.9% to overall hospital revenues. (Q3FY22 : 59.3%)
- Many of the Company's key facilities i.e. FMRI, Shalimar Bagh, Anandapur, Amritsar, and Kalyan performed better in revenues versus the corresponding and trailing quarter
- International Patient revenues grow 73% to INR 114 Crs in Q3FY23 vs Q3FY22. The business contributed 9.0% to overall hospital business revenues versus 5.9% in Q3FY22 and 8.4% in Q2FY23.



Q3FY23

DIAGNOSTIC BUSINESS HIGHLIGHTS

- SRL reported revenues of INR 331.5 Cr in Q3FY23 as compared to INR 388.5 Cr in Q3FY22. The decline was largely as a result of the drop in Covid test volumes from Q3FY22 due to the pandemic. Revenues for Q2 FY23 were at INR 351.2 Cr.
- EBITDA for the quarter stood at INR 71.1 Cr versus INR 103.4 Cr in Q3FY22 and INR 72.7 Cr in Q2FY23. EBITDA Margins were better than the trailing quarter (21.5% versus 20.7%), however lower versus Q3FY22 (26.6%)



OPERATING PERFORMANCE

HOSPITAL BUSINESS

Particulars (INR Cr)	Hospital Business				
	Q3FY22	Q2FY23	Q3FY23	9MFY22	9MFY23
Operating Revenue	1,118.2	1,297.0	1,267.4	3,223.3	3,756.6
Revenue Growth vs LY		18.1%	13.3%		16.6%
Reported EBITDA[^]	190.4	267.2	217.0	529.0	692.0
EBITDA growth vs LY		41.3%	14.1%		30.8%
Margin	17.0%	20.6%	17.1%	16.4%	18.4%
Adj: Other Income [^]	2.0	30.5	6.0	13.2	51.1
Operating EBITDA	188.3	236.7	211.0	515.7	640.9
Margin	16.8%	18.2%	16.7%	16.0%	17.1%

- Above financials includes financials of International entities which are part of Fortis group; mainly RHTTM.
- [^]Hospital business reported EBITDA for Q2FY23 & 9MFY23 includes other income primarily as a result of the dividend income received from the Company's majority owned (57%) subsidiary SRL Limited.

OPERATING PERFORMANCE

DIAGNOSTIC BUSINESS

Particulars (INR Cr)	Diagnostic Business				
	Q3FY22	Q2FY23	Q3FY23	9MFY22	9MFY23
Operating Revenue*	388.5	351.2	331.5	1,232.6	1,015.3
Revenue Growth vs LY		-12.8%	-14.7%		-17.6%
Reported EBITDA	103.4	72.7	71.1	341.6	207.9
EBITDA growth vs LY		-29.7%	-31.2%		-39.1%
Margin	26.6%	20.7%	21.5%	27.7%	20.5%
Adj: Other Income incl FX	3.4	6.5	5.7	9.6	18.4
Operating EBITDA	103.4	66.3	65.4	332.0	189.5
Margin	26.6%	18.9%	19.7%	26.9%	18.7%

- Diagnostics business revenue is on Gross Basis; Diagnostic business Q3FY23 net revenue (net of inter company elimination) stood at INR 292 Cr versus INR 348 Cr in Q2FY22 and INR 310 Crs in Q2FY23.

BALANCE SHEET

December 31, 2022

Balance Sheet (INR Cr)	March 31, 2022	Sept 30, 2022	Dec 31, 2022
Shareholder's Equity	7,008	7,788	7,937
Debt	966	940	839
Lease Liabilities (Ind AS 116)*	289	292	308
Total Capital Employed	8,263	9,020	9,084
Net Fixed Assets (including intangibles & CWIP)	5,486	5,660	5,693
Goodwill	4,123	4,133	4,133
Investments	104	151	169
Cash and Cash Equivalents	416	375	366
Net Other Assets	(1,866)	(1,299)	(1,279)
Total Assets	8,263	9,020	9,084
Net Debt / (cash)	549	565	471
Net Debt to Equity	0.08x	0.07x	0.06x

- *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.
- Net debt to EBITDA was at 0.41x vs 0.53x (basis annualized EBITDA of Q3FY23 & annualized EBITDA Q3FY22, respectively)



PERFORMANCE REVIEW

HOSPITALS BUSINESS

STRENGTHENING MEDICAL INFRASTRUCTURE

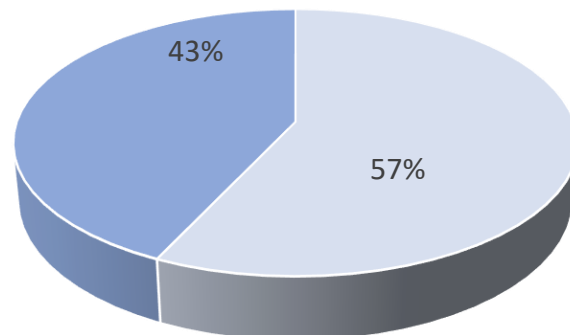
- During the quarter, Fortis commenced an **Electronic Medical Record (EMR)** implementation project. The Fortis EMR project would consist of an initial Discovery phase, followed by solution Analysis and Customization, followed by a pan-Fortis rollout across network hospitals, in a phased manner.
- A new Digital X-Ray Services suite was inaugurated at **Fortis Hospital, Vadapalani**, Chennai. The Ceiling-Mount DR helps in delivering high definition image quality for precise diagnosis.
- **Fortis Escorts Hospital, Amritsar**, has introduced the state-of-the-art Stealth Station™ S8 Surgical Navigation System/Neuro Navigation machine to provide neurosurgeons with improved workflows, efficiency and more complete data integration, as well as relevant surgical navigation information.
- **Fortis Hospital, Bannerghatta Road** organised an event announcing the launch of Mako Robotic Technology for joint replacements Fortis Bannerghatta is one of the few hospitals in Bengaluru and the only hospital across Fortis Network of Hospitals to adopt the cutting edge technology.

**Above data pertains to Q2FY23*

REVENUE MIX

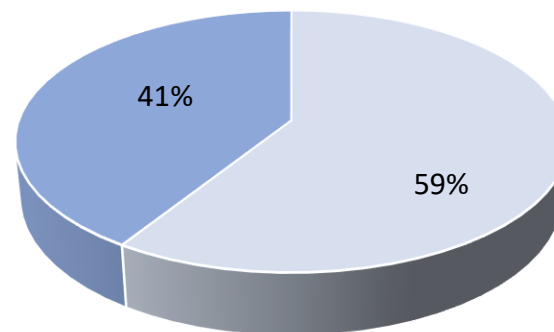
Q3 FY22

Gross Revenue : INR 1,179 CR



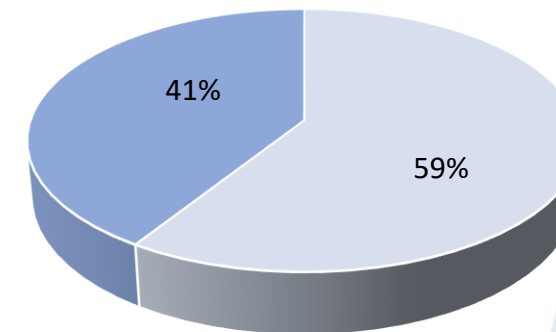
Q2 FY23

Gross Revenue : INR 1,365 CR



Q3 FY23

Gross Revenue : INR 1,331 CR

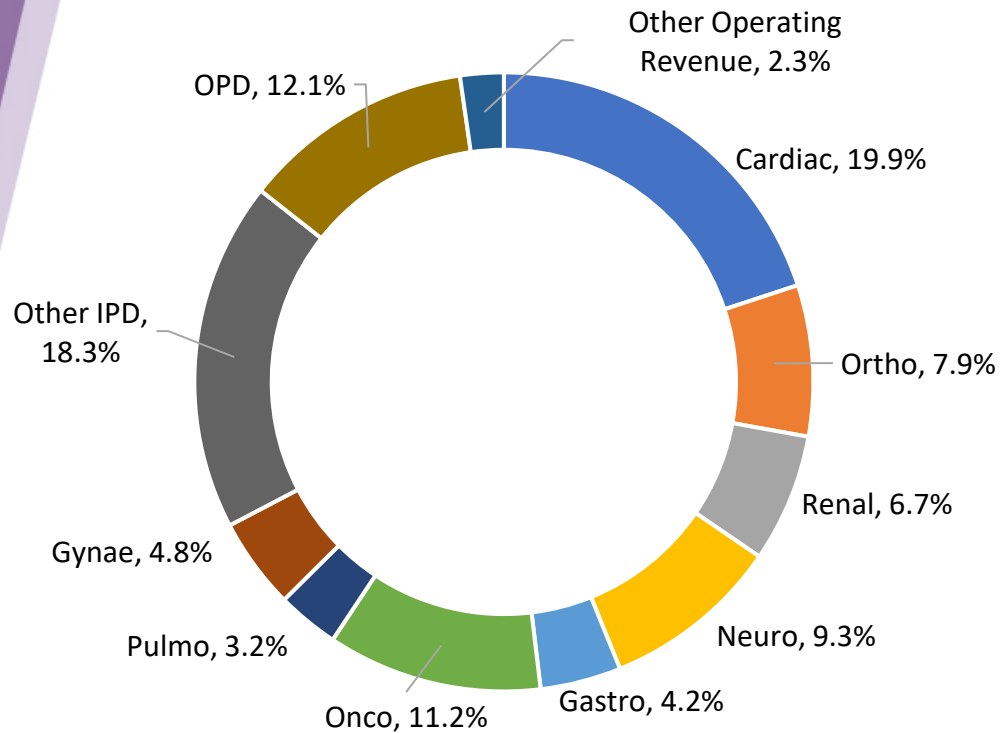


■ NonSurgical Revenue ■ Surgical Revenue

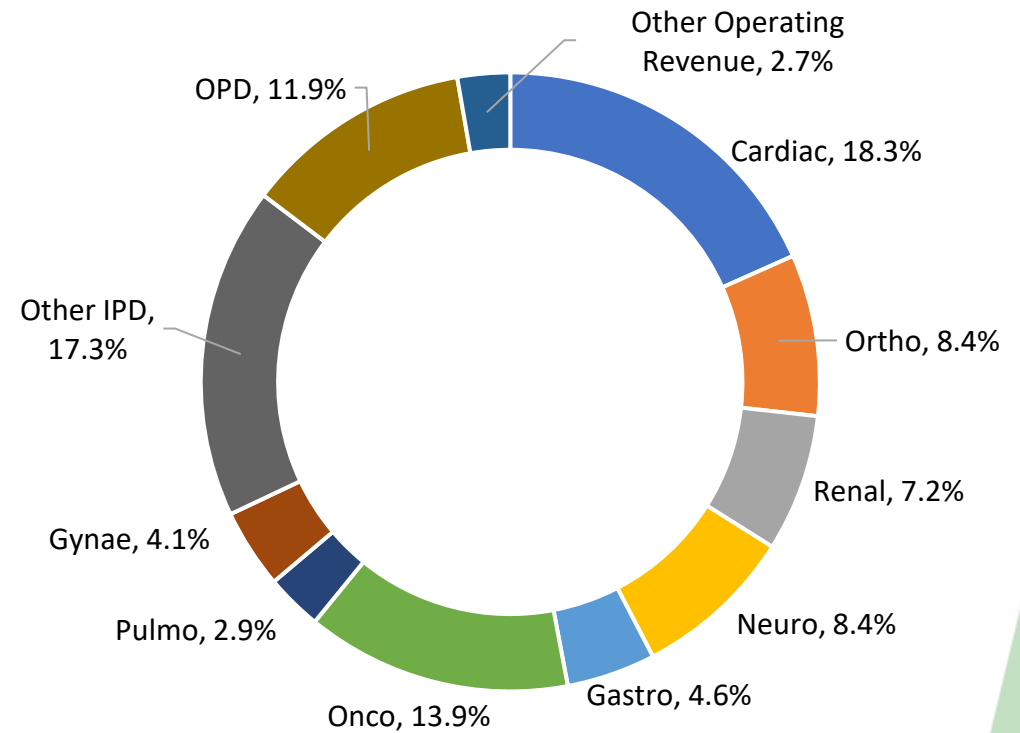
- Contribution from surgical revenue stood at 59% compared to 57% in Q3FY22 and similar to Q2FY23

SPECIALTY MIX

Q3 FY22

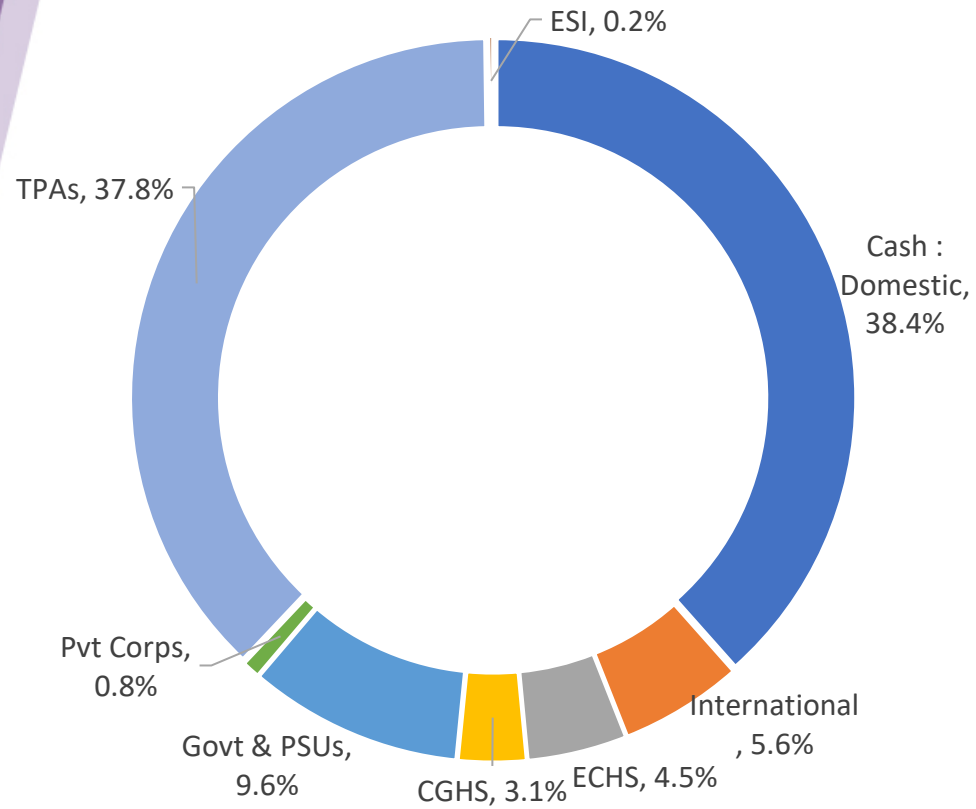


Q3 FY23

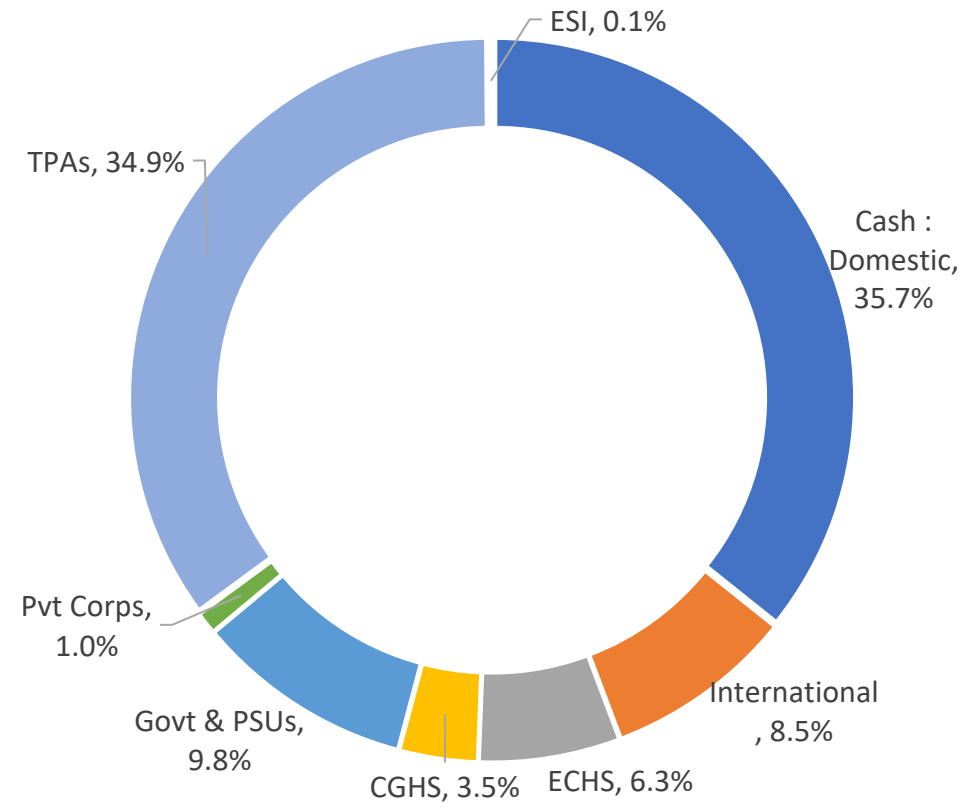


PAYOR MIX

Q3 FY22

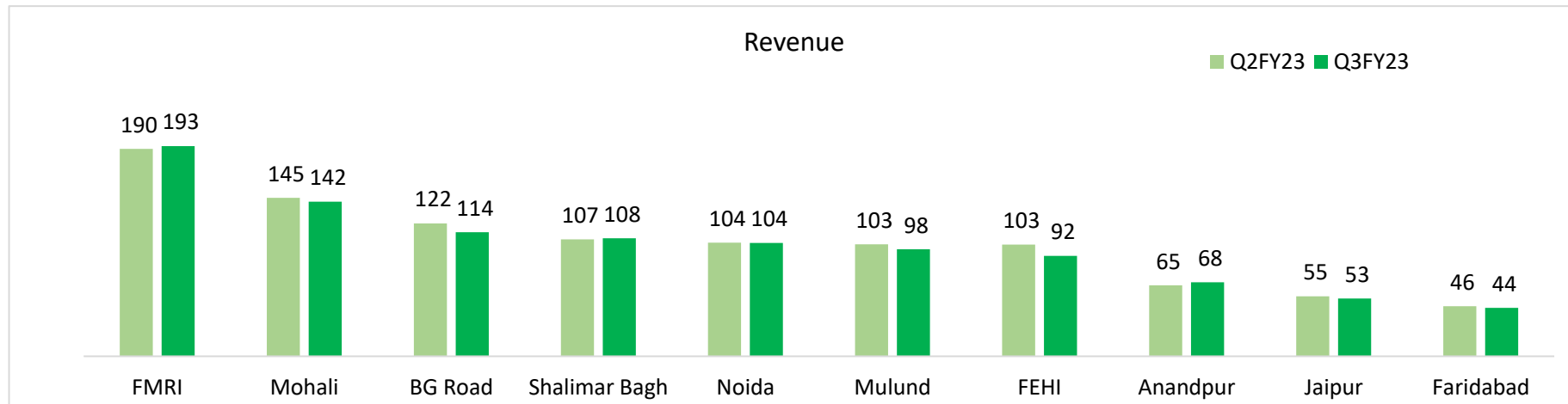
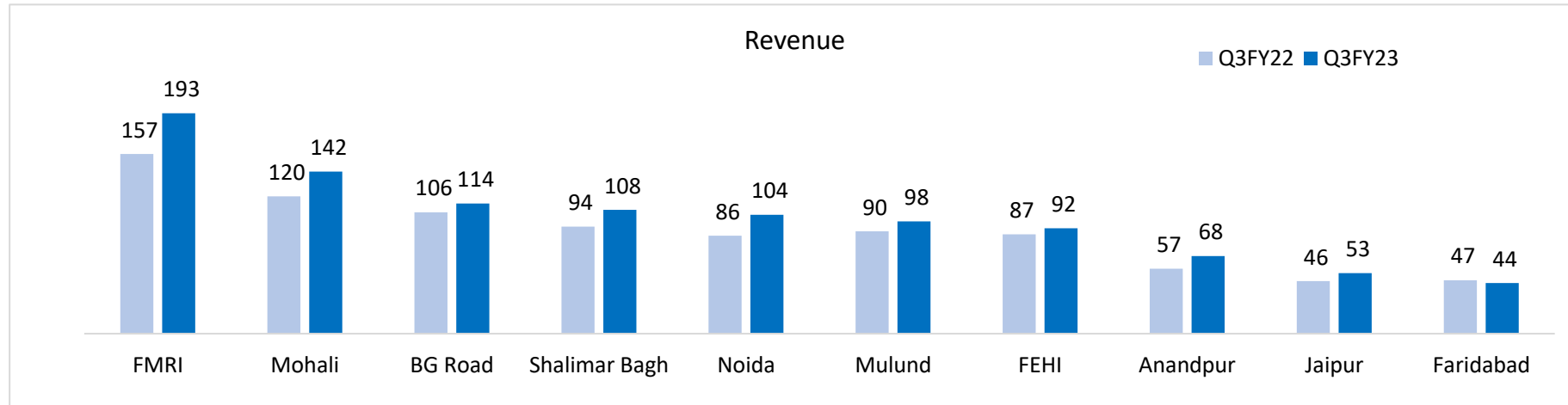


Q3 FY23



HOSPITAL BUSINESS PERFORMANCE

Majority of the healthcare facilities continue to witness an upward momentum in revenues



All figures in INR Crs.

HOSPITAL MARGIN MATRIX

9M FY23

EBITDA	No of Facilities	Revenue Contribution	Operational beds	ARPOB (INR Cr)	Occupancy
>25%	3	29%	914	2.33	71%
20% - 25%	6	31%	1,035	2.22	71%
15% - 20%	5	18%	831	1.53	72%
10% - 15%	3	12%	466	2.17	65%
<10%	5	10%	713	1.40	52%

FY22

EBITDA	No of Facilities	Revenue Contribution	Operational beds	ARPOB (INR Cr)	Occupancy
>25%	3	20%	679	1.96	67%
20% - 25%	7	44%	1,544	1.87	68%
15% - 20%	3	5%	266	1.28	63%
10% - 15%	2	9%	283	2.23	65%
<10%	8	22%	1,159	1.57	55%

- EBITDA margins are prior to corporate cost allocation and IndAS adjustments; Total number of facilities in Q1 FY23 & Q2FY23 stands at 22 due to the exit from the Dehradun facility

CLINICAL EXCELLENCE

- In a first of its kind case in India, doctors at **Fortis Anandapur, Kolkata**, treated a 53-year-old patient's rare Rosai-Dorfman Heart Disease
- India's first laparoscopic Urinary Bladder & Ureter Reconstruction was done at **Fortis Hospital & Kidney Institute, Kolkata**
- Doctors at **Fortis Hospital, Vasant Kunj**, New Delhi, treated an obese woman with extremely high BMI , who was suffering from multiple complications
- A team of doctors at **Fortis Memorial Research Institute, Gurugram**, used Power Spiral Enteroscopy technology to treat a 66-year-old patient's bleeding intestine.
- Fortis Escorts Heart Institute, Okhla, New Delhi performed a successful Transcatheter Heart Valve Implantation using “latest generation Accurate Neo
- 2 valve” which has been introduced for the first time in India. The device was used on two patients aged 87 & 69 years.

**Above data pertains to Q3FY23*



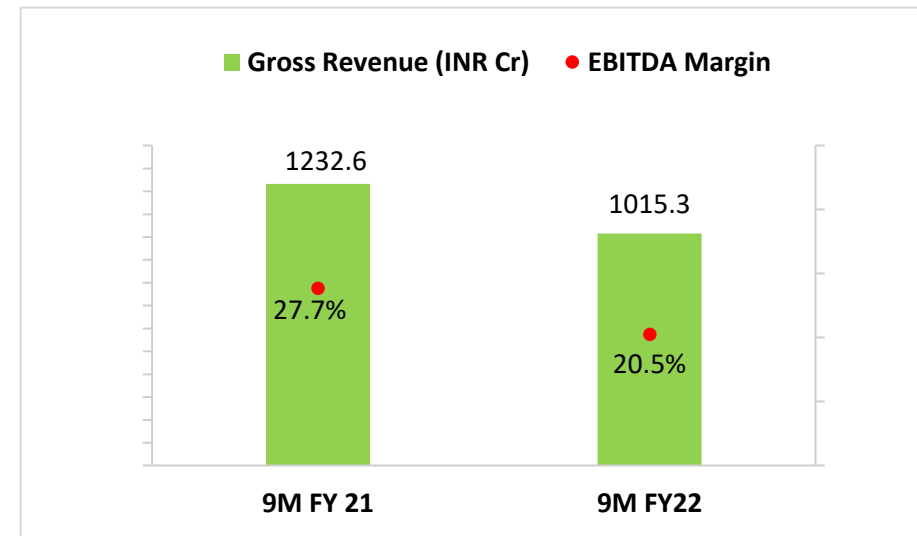
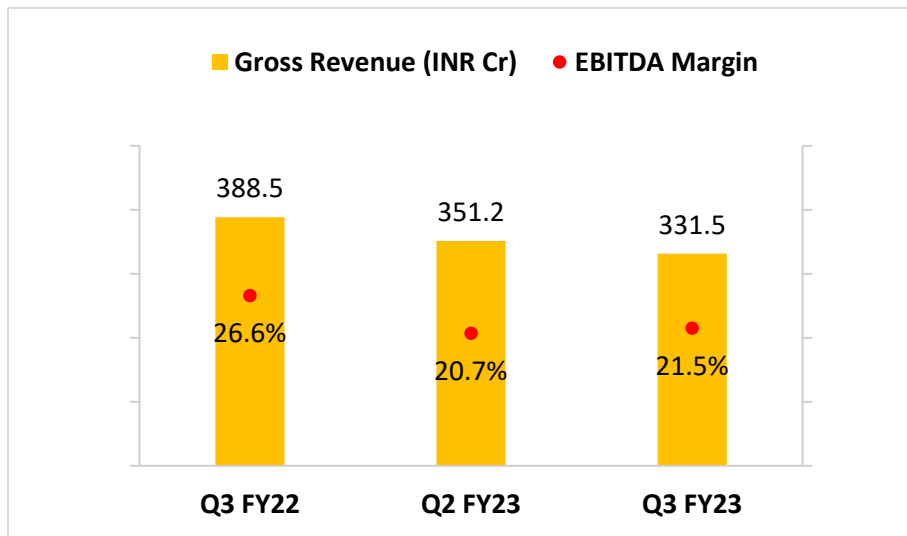


PERFORMANCE REVIEW

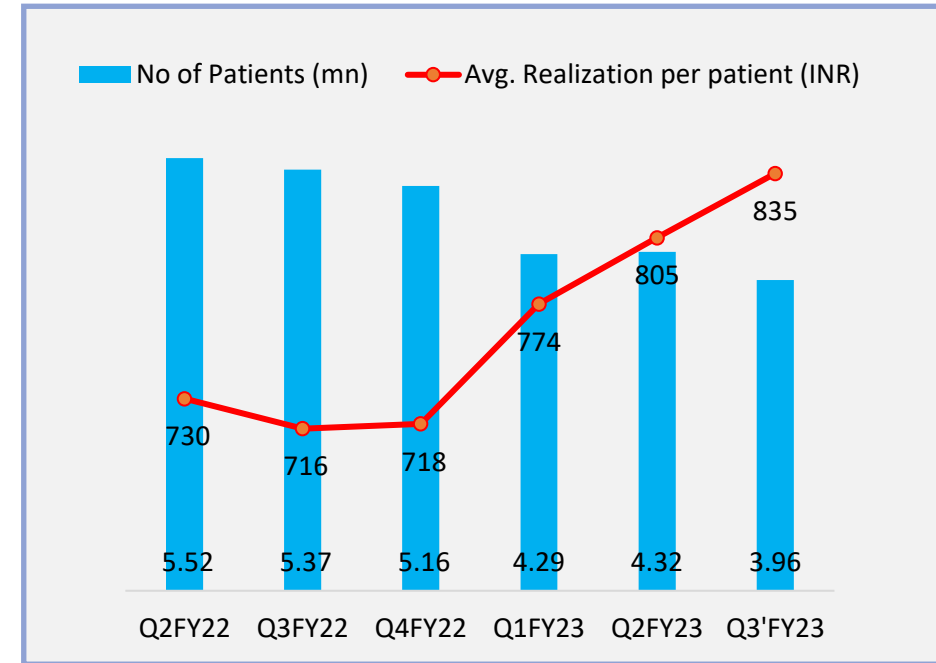
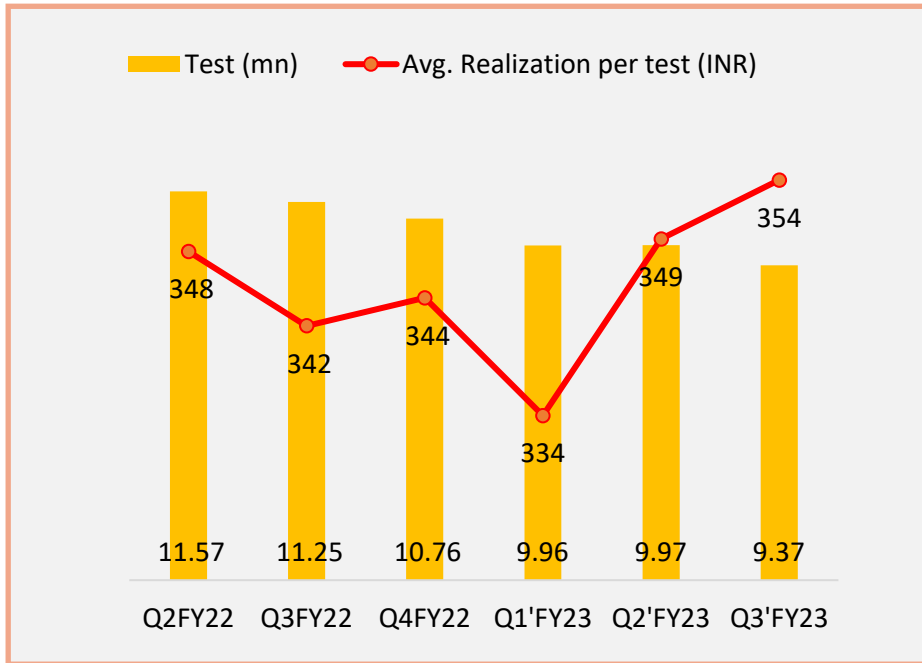
DIAGNOSTICS BUSINESS

DIAGNOSTICS BUSINESS

- During Q3 FY23, SRL conducted approx. 9.37 Mn tests, a de-growth of 17% versus Q3 FY22 due to change in volume mix. In Q2 FY23 SRL conducted 9.97 Mn tests.
- SRL added 362 Customer touchpoints to its network in Q3 FY23.
- SRL's B2C: B2B revenue mix stood at 55 : 45 in the quarter vs 53:47 in Q3 FY22.
- Covid & CAT revenue contribution was at 3% in Q3 FY23 compared to 22% in Q3 FY22 & 5% in Q2 FY23.
- Non Covid revenue grew by 7% and 12% in Q3'FY23 and 9M FY23 versus corresponding previous periods.



KEY PERFORMANCE METRICS

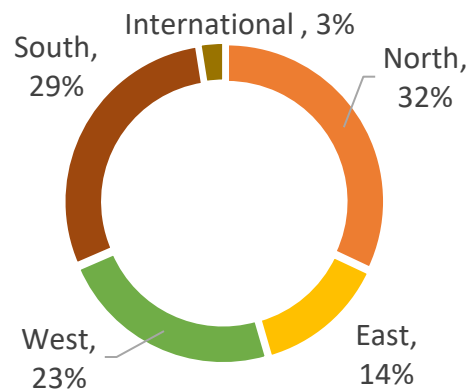


Average realisation per test and average realisation per patient witnessing an uptrend primarily due to change in test mix.

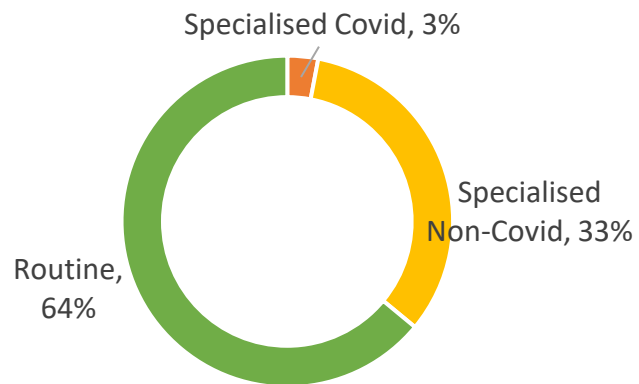
REVENUE MIX

Q3FY23

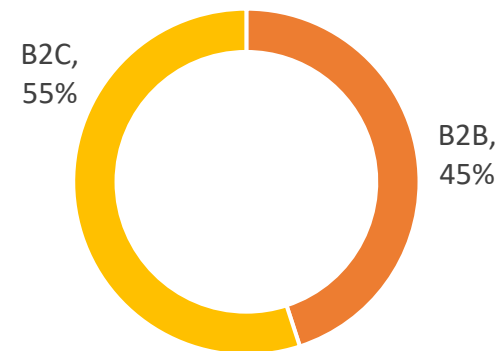
Geographic mix



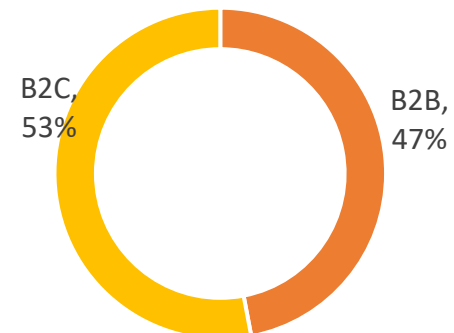
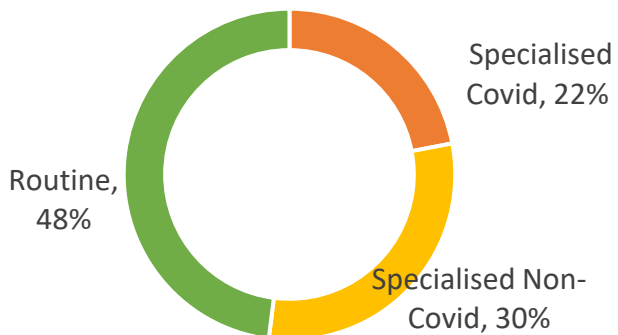
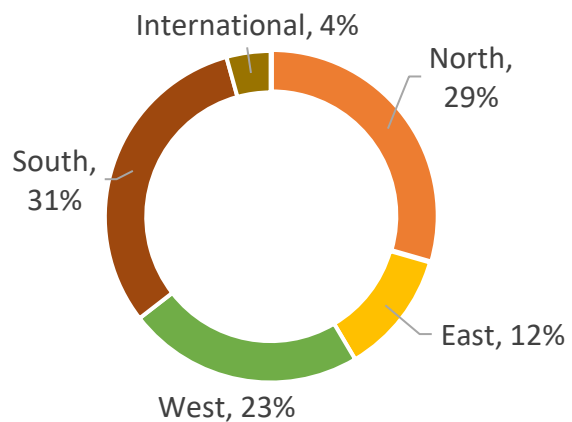
Product Mix



Segment Mix



Q3FY22





APPENDIX



GROUP CONSOLIDATED P&L – Q2FY23

Particulars (INR Cr)	Q3FY22	Q2FY23	Q3FY23
Revenue from operations	1,466.7	1,607.2	1,559.9
Other income	6.7	15.5	11.7
Total income	1,473.3	1,622.7	1,571.6
Expenses	1,179.7	1,304.3	1,283.4
EBITDA*	293.6	318.5	288.1
Margin	20.0%	19.8%	18.5%
Finance costs	38.1	32.8	33.4
Depreciation and amortisation expense	76.1	76.9	82.8
PBT	179.5	208.7	172.0
Share of profit / (loss) of associates and joint ventures (net)	5.1	7.5	2.6
Net profit / (loss) before exceptional items and tax	184.5	216.2	174.6
Exceptional gain**	8.4	51.6	11.5
Profit / (loss) before tax from continuing operations	192.9	267.8	186.1
Tax expense / (credit)	51.2	49.6	44.0
Net profit / (loss) for the period from continuing operations	141.7	218.2	142.1
Profit / (loss) from continuing operations attributable to Owners of the company	116.7	204.4	129.6

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

**Q2FY23 and Q3 FY23 includes an exceptional gain which pertains to reversal of impairment in an associate Company

GROUP CONSOLIDATED P&L – 9M FY23

Particulars (INR Cr)	9M FY22	9M FY23
Revenue from operations	4,339.5	4,654.9
Other income	21.4	47.9
Total income	4,360.9	4,702.9
Expenses	3,491.8	3,824.5
EBITDA*	869.1	878.4
Margin	20.0%	18.9%
Finance costs	116.8	97.4
Depreciation and amortisation expense	223.6	234.0
PBT	528.7	547.1
Share of profit / (loss) of associates and joint ventures (net)	17.8	20.1
Net profit / (loss) before exceptional items and tax	546.5	567.2
Exceptional gain**	314.8	63.1
Profit / (loss) before tax from continuing operations	861.3	630.3
Tax expense / (credit)	158.4	135.6
Net profit / (loss) for the period from continuing operations	702.9	494.7
Profit / (loss) from continuing operations attributable to Owners of the company	487.2	456.2

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

• ** Exceptional gain of INR 306.4 Cr in H1FY22 is related to 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.

9M FY23 includes an exceptional gain which pertains to reversal of impairment in an associate Company



THANK YOU

