



November 2011



Fortis Healthcare

Investor Presentation – Q2 FY2012



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Discussion Points

➤ Highlights for the quarter

➤ Snapshot – Financial and Operational Performance

➤ Hospital wise performance

➤ Update on projects

Highlights for the quarter

➤ Key Highlights :

- 14th consecutive quarter of revenue growth. 21 hospitals achieved highest ever revenue
- Network hospitals maintained growth momentum and registered robust performance with 9% growth over the trailing quarter and 26% over the corresponding quarter
- Announced consolidation of Fortis Healthcare International, a Singapore based leading healthcare delivery company, to create one of the largest healthcare delivery network in the Asia Pacific. Deal consummation by December end
- The company **consummated four deals thus added 600 beds** to the capacity.
 - 375 bed Tertiary care hospital at Marathallai, Bengaluru
 - 45 bed High end facility for women and child in Cochin
 - O&M contract with a 100 bed multi-speciality hospital at Bilaspur (HP) and
 - 50 bed Cardiac care centre in a running hospital at Asansol (WB).
- Awarded “*Healthcare Service Provider Company of the Year*” by Frost & Sullivan. Further, Fortis Escorts, Delhi and Fortis Mohali won “*Asian Hospital Management Awards 2011 in the Patient Safety Project category*” and “*Excellence in Healthcare*”.
- Network hospitals also bagged three awards at the FICCI Healthcare Excellence Awards 2011.

Highlights for the quarter...

➤ **New Medical Programmes and Growth Initiatives:**

- Fortis Escorts, Delhi launched its Robotic Surgery Programme with the installation of a new “Da Vinci 4 armed robot and performed high end urology and cardiac procedures
- Fortis Shalimar Bagh continues to widen its offering and launched Bariatric surgery programme and IVF Programme at the hospital.
- All the major network hospitals initiated Stem Cell therapy programme where under the Orthopaedics, Oncology and Gynaecology departments in the hospitals have started to engage with Totipotent Inc.
- NABH accreditations for Fortis Escorts Heart Institute, Delhi and Fortis Escorts, Jaipur Hospital were renewed post inspection

➤ **Corporate Social Responsibility (CSR)**

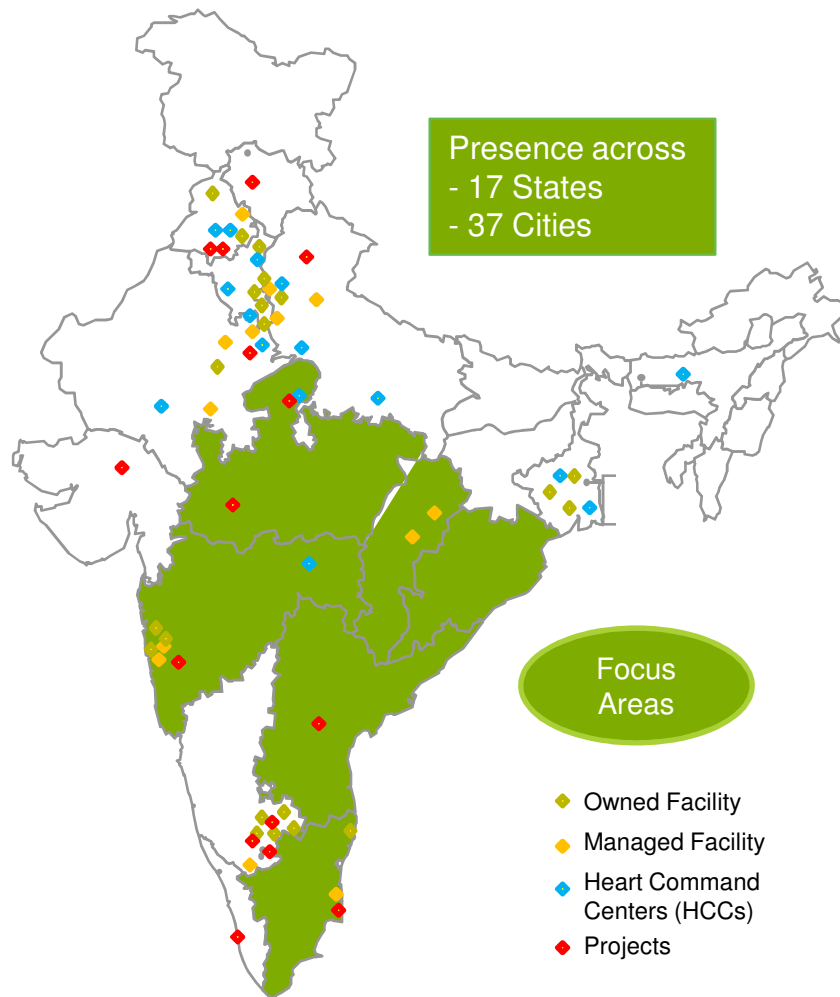
- Free cardiac surgeries of paediatric patients from South Africa were performed free of cost per commitments made on 10 the Anniversary Celebrations
- Fortis Foundation joined hands with PVR Nest for providing healthcare services to under-privileged children in Delhi (6 camps were organised under this)

Highlights for the quarter...

➤ **Diagnostic Business:**

- SRL has been awarded the “Diagnostics Services provider of the year”. at the Alexandria Frost & Sullivan Healthcare Excellence Awards 2011
- The Company commissioned India's most modern integrated diagnostics centre in New Delhi. The centre has 500 slice CT modality, 3 Tesla MRI and host of other high end radio imaging modalities in addition to pathology testing capability
- SRL introduced 12 new tests including Release of Connexin 30 gene mutation test, FISH test for CLL and PCR Sequencing IGVH Gene mutation test for CLL.
- SRL concluded formal agreement with Lophius Biosciences, Germany for conducting a alpha trial study for a TB Immunodiagnostic assay developed by Lophius research.
- SRL also concluded a tie up with Cousyl Lab, US - a leading personalized genetic test provider in US and also signed a MOU with a leading hospital in Tanzania for a lab management contract.

Deep pan India presence

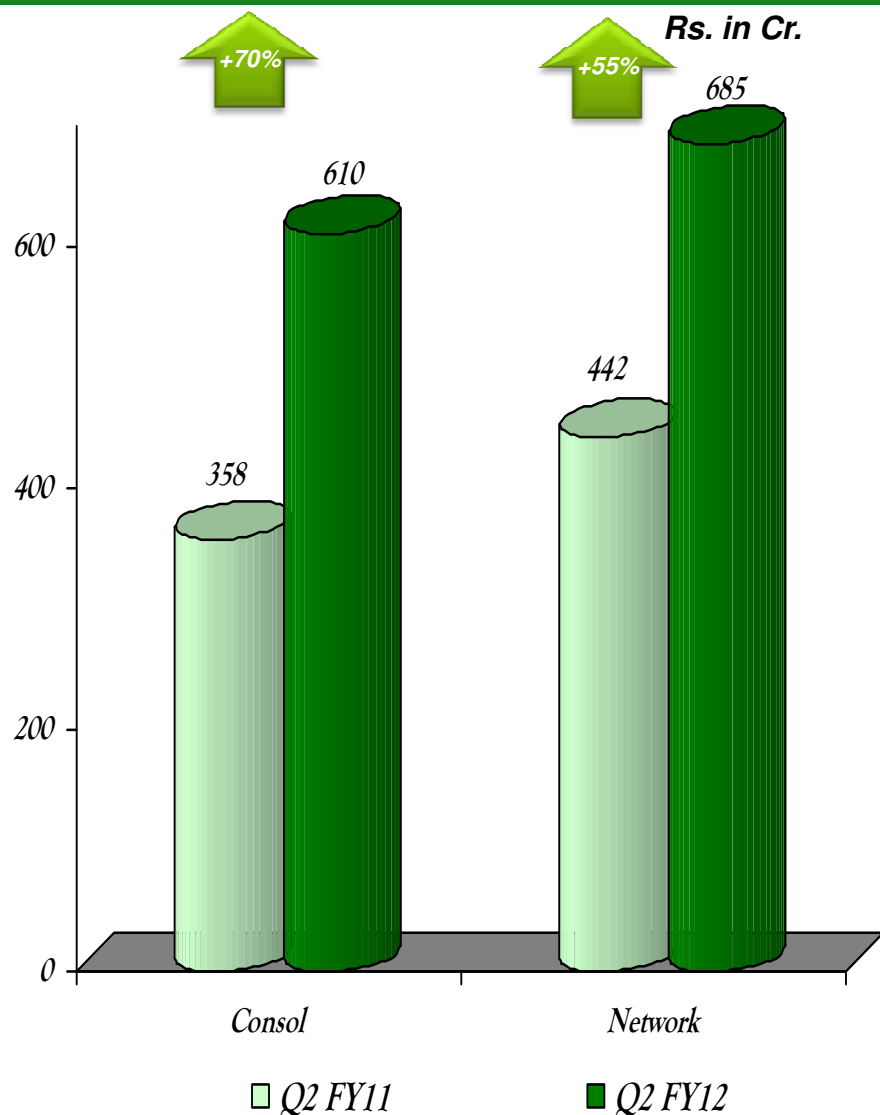


international hospitals not included in above map

	Total Capacity	Operational Beds	No. of Hospitals
Category wise			
Owned	4,835	2,894	21
Managed	2,046	1,047	30
Projects	3,715	-	15
Grand Total	10,596	3,941	66
Region wise			
North	4,957	2,055	30
South	2,639	712	15
West	1,870	688	8
East	990	356	10
International	140	130	3
Grand Total	10,596	3,941	66
Maturity wise			
More than 5 years	866	600	4
3 to 5 years	2,895	1,950	27
1 to 3 years	851	616	8
Less than 1 year	2,269	775	12
Projects	3,715	-	15
Grand Total	10,596	3,941	66

7 Expanded footprint in three new cities and one new state with addition of four new hospitals and 600 beds, during the quarter

Snapshot – Financial Performance



↑ Q2FY 12 – Consolidated

- ↑ Operating Revenue - Rs. 610 Cr ↑ 70%
- ↑ Operating EBITDA* - Rs. 87 Cr ↑ 74%
- Net Profit/(Loss) - Rs. (12.6) Cr

Statutory	Q2FY11	Q2FY12
Occupancy	75%	76%
ARPOB (Annualized - Rs. Lacs)	83	89
ALOS (Days)	4.0	3.9

↑ Q2FY12 – Network revenue

- ↑ Overall (incl diagnostics) -Rs. 685 Cr ↑ 55%
- ↑ Network hospitals -Rs. 557 Cr ↑ 26%
- ↑ Hospital (Consol) -Rs. 483 Cr ↑ 35%
- ↑ Diagnostics (Consol) -Rs. 127 Cr

Financial Highlights of the quarter

➤ Hospital Business

- Hospital network revenue at Rs 557 Cr (+26% q-o-q). This includes revenue from International Patients - Rs 33.2 Cr (+35% q-o-q) (6% of hospital network revenue).
- Newly started hospitals performed well and clocked revenue of ~Rs 35.4 Cr which includes Fortis Shalimar Bagh, New Delhi, Fortis Anandpur, Kolkata, Moradabad and Alwar
- On a Network-wide basis, the revenue from Cardiac sciences, Orthopaedics, Neuro sciences, Renal sciences, Pulmonology, Gastroenterology and other Multi-Specialities grew by 16%, 37%, 21%, 59%, 37%, 59% and 24% respectively
- Dependency on Cardiac sciences for the revenue has declined by 3% to 32%. Renal science' and Orthopedics' share in the overall revenue has increase by 2% and 1% respectively.

➤ Diagnostic Business (SRL)

- Net Operating revenue of the Diagnostic business stood at Rs 127 Cr. Contribution from Pathology and Radiology business stood at 77% and 19% respectively.
- Operating EBITDA of SRL for the period stood at Rs 14.6 Cr, a margin of 11.5%
- Owing to high interest cost of Rs 9.4 Cr, the diagnostic business reported net loss of Rs 3.2 Cr for the quarter

Summary – Q2FY12 Consolidated Profit and Loss

Particulars	Q2FY12			Q2FY11		
	Hospital	Diagnostics *	Total business	Hospital	Parkway	Total business
	(Rs Cr.)	(Rs Cr.)	(Rs Cr.)	(Rs Cr.)	(Rs Cr.)	(Rs Cr.)
Operating Revenue	483.0	127.0	610.0	357.8	-	357.8
Direct Costs	118.7	39.7	158.4	93.9	-	93.9
Employee Costs	86.2	28.3	114.4	67.2	-	67.2
Other Costs	205.7	44.4	250.1	146.9	173.5	320.4
Operating EBITDA	72.5	14.6	87.2	49.8	(173.5)	(123.7)
Other Income	8.8	1.1	9.9	9.5	357.5	367
Finance Costs	50.5	9.4	59.9	12.7	122.5	135.3
Depreciation & Amortization	29.6	9.0	38.5	23.3	-	23.3
PAT after minority interest and share in associates	(9.4)	(3.2)	(12.6)	20.8	53.9	74.8

*Diagnostic revenues have been netted for inter-company sales

Hospital Business: Q2FY12 Base Operations

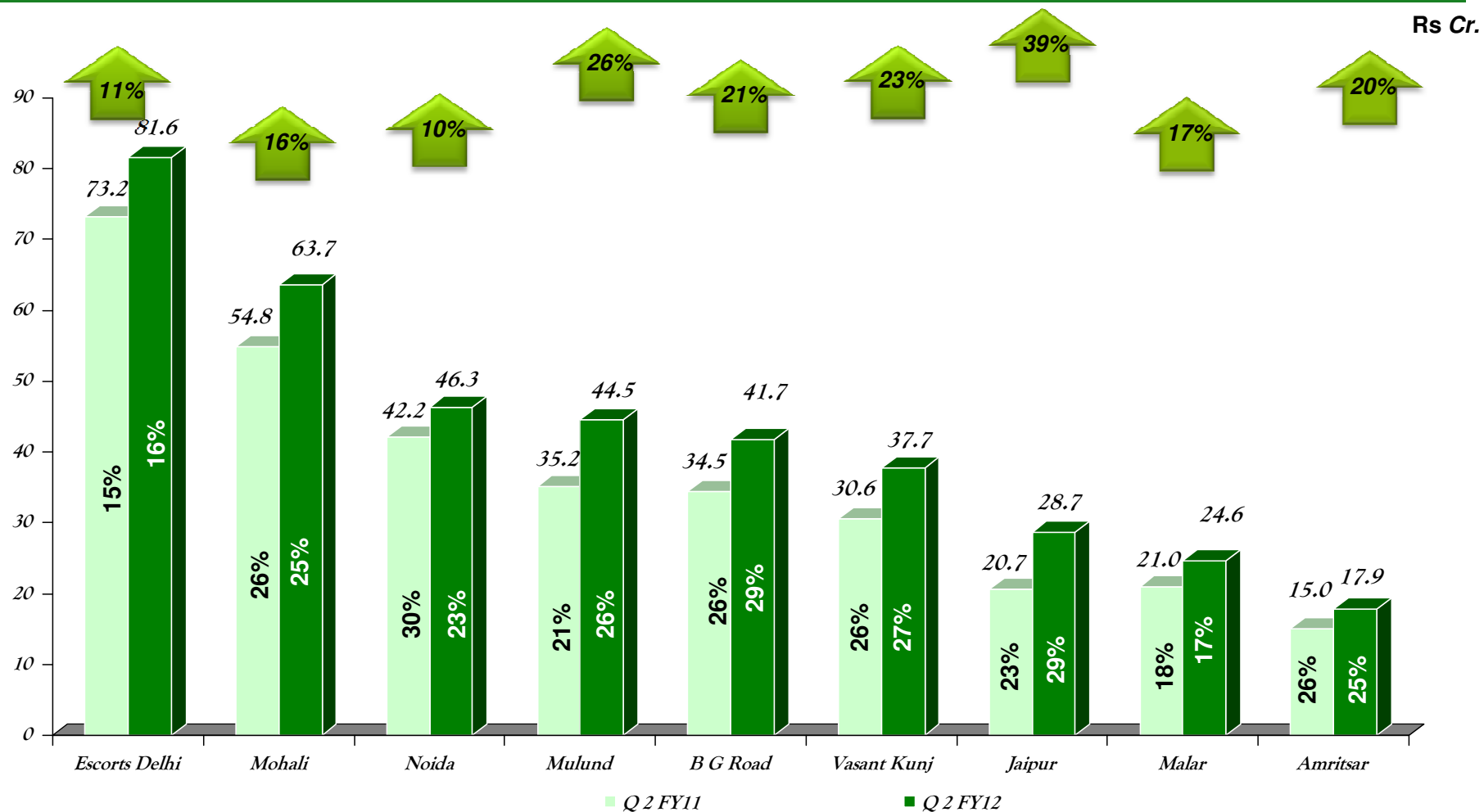
Particulars	Q2FY12 (Rs Cr.)	%	Q2FY11 (Rs Cr.)	%	Growth (%)
Operating Revenue	483.0	100.0%	357.8	100.0%	35.0%
Direct Costs	118.7	24.6%	93.9	26.2%	26.4%
Employee Costs	86.2	17.8%	67.2	18.8%	28.2%
Other Costs	205.7	42.6%	146.9	41.1%	40.0%
Operating EBITDA*	72.5	15.0%	49.8	13.9%	45.6%
Other Income	8.8	1.8%	9.5	2.7%	-7.3%
Finance Costs **	50.5	10.5%	12.7	3.5%	297.8%
Depreciation & Amortization	29.6	6.1%	23.3	6.5%	26.9%
PAT after minority interest and share in associates	(9.4)	-1.9%	20.8	5.8%	-145.0%

*EBITDA margin excluding start-up losses of new hospitals is Rs 75.2 Cr (15.9% margin). Further, Net Profit on comparable basis stood at Rs (2.3) Cr

**Increase in Finance cost is mainly due to incremental borrowings and forex movements on FCCBs



Hospital wise Revenue & Operating margins – Q2FY12



The above chart depicts revenue of hospitals managed by Fortis healthcare and its subsidiaries.

Maturity-wise Performance – Q2FY12: Network Hospitals

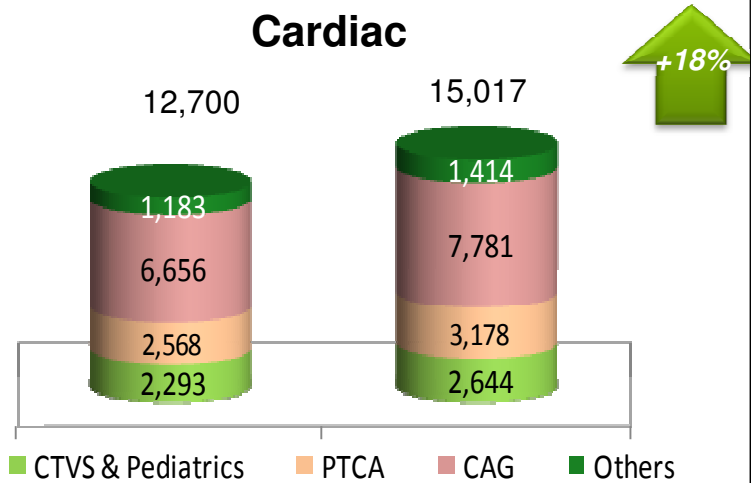
Maturity	Operating beds	Revenue Contribution	EBITDA Contribution	Average EBITDA margin *	Average Occupancy	Average ARPOB (Rs Cr)
5 Years and Above (Four hospitals)	14%	23%	30%	19.3%	79%	1.14
3 years to 5 Years (Nine Hospitals)	49%	55%	68%	17.9%	78%	0.80
One to three Years (Eight Hospitals)	16%	13%	5%	5.3%	63%	0.7
Upto one year (Three Hospitals)	20%	10%	(3%)	(3.8%)	41%	0.66

Revenue and Profitability to improve as increasing number of beds enter the matured phase

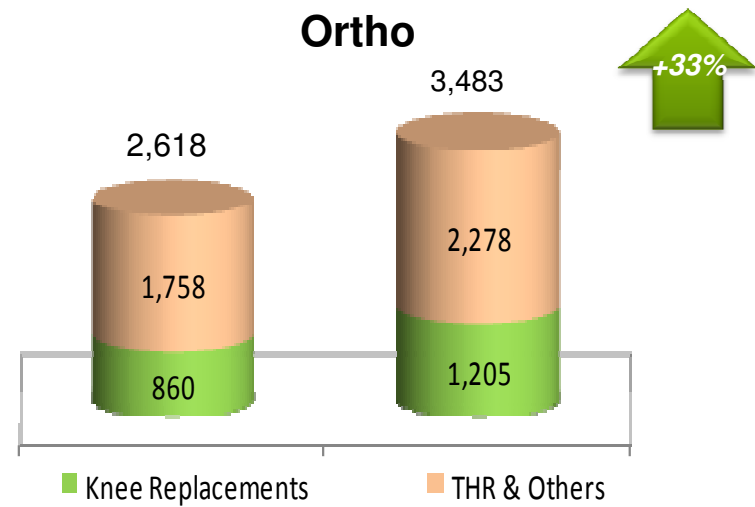
* Average EBITDA margin has been calculated on Unit basis

No. of Procedures – Q2FY12

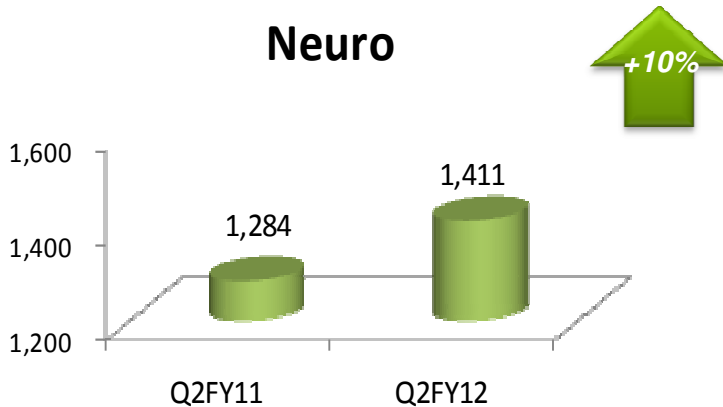
Cardiac



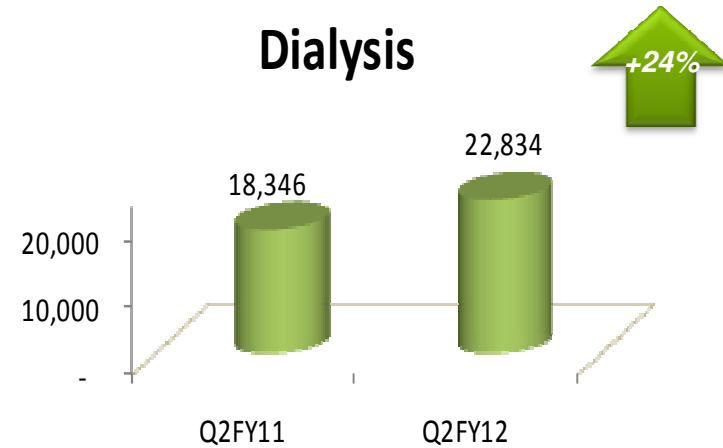
Ortho



Neuro

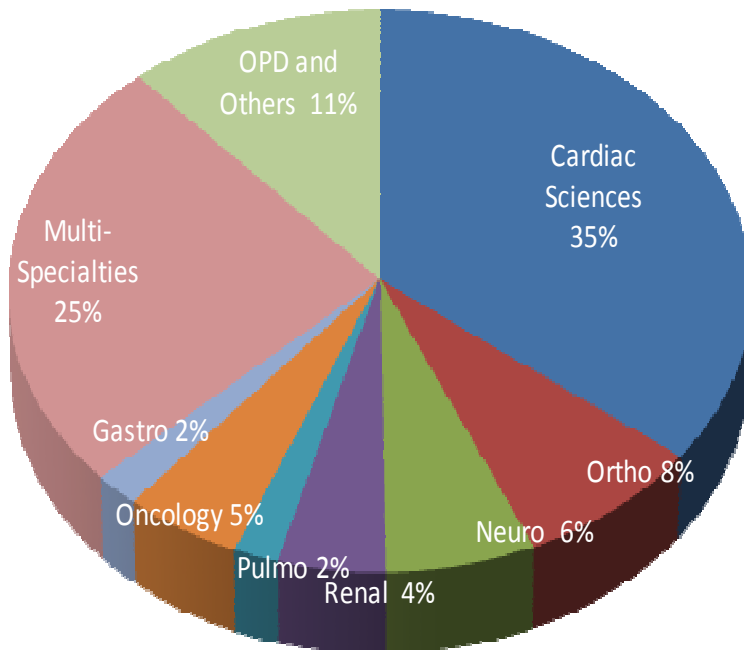


Dialysis

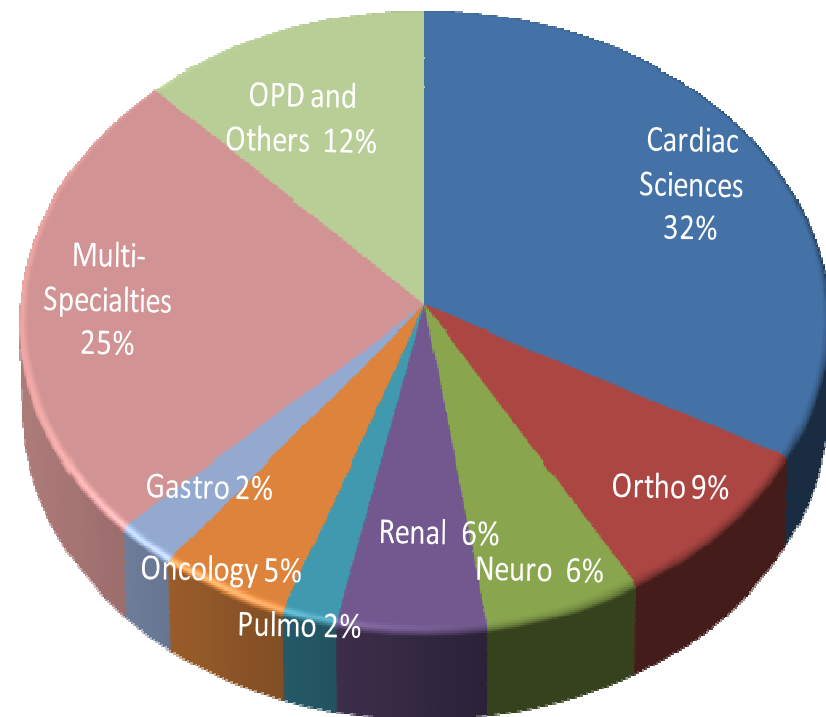


Specialty Revenue Split

Q2FY 11



Q2FY12



- Cardiac Share declined by 3% despite increase in value by ~Rs.24 Cr,
- Orthopedics Share grew by 1% mainly due to TKRs in Mohali, Anandpur, Shalimar Bagh and Jaipur
- Renal Sciences revenue grew faster in wake of new Kidney Transplant programmes

Upcoming Greenfield Hospitals in India

No.	Location	Beds	Area & Land Ownership	Date of Commencement	Estimated Capex (INR Cr)	Status
1	Kangra	100	37,000 sq. ft., B. Lease	Q3 FY12	24	Medical equipment is being installed Facility will be launched in Q3FY12
2	Dehradun	50	27,000 sq..ft., Public Private Partnership	Q3FY12	3	OPD launched; Cathlab under installation
3	Gurgaon	450**	11 Acres, Owned	Q4 FY12	325	Interior work, services installation and external developmet underway.. Medical equipment starts to arrive in last week of November Rs 232 Cr has been spent till Sept'11.
4	Cochin	45	43,000 sq.ft., B Lease	Q2FY13	18	Semi-warm Shell, under modification
5	Ludhiana – 1	200	1,55,000 sq. ft., B. Lease	Q2 FY13	50	Construction in full swing. Casting of columns in progress
6	Richmond Road, Bangalore	100	52,000 sq.ft., B Lease	Q3FY 13	35	Cold Shell, under modification to suit to a hospital
7	Arcot Road, Chennai	200	138,000 sq.ft., B Lease	Q2FY13	92	Cold Shell, under modification to suit to a hospital

** Only for Phase – 1, total size of the project is 1000 beds

Upcoming Greenfield Hospitals in India

No.	Location	Beds	Area & Land Ownership	Date of Commencement	Estimated Capex (INR Cr)	Status
8	Ludhiana – 2	75	60,000 sq ft. B. Lease	Q3FY 13	20	Approval from govt. authorities received; Design finalised and building plan under approval
9	Peenya, Bangalore	120	~70,000 Sq ft; B. Lease	Q4 FY13	18	Construction work underway
10	Kharadi, Pune	350	252,000 sq.ft., B Lease	Q4FY13	63	Cold Shell, Being modified for a tertiary care facility
11	Gwalior	200	2.5 Acres, L. Lease	FY14	72	CLU permission received; building approval by the local authorities and high rise committee underway
12	Ahmedabad	200	1,55,000 sq. ft., B. Lease	FY14	50	Approval from govt. authorities for CLU underway
13	AB Road, Indore	250	175,000 sq.ft., B Lease	FY14	50	Build to suit arrangement; CLU obtained and building plans being firmed up
14	Marathalli, Bangalore	375	270,000 sq.ft., B Lease	FY14	200	Greenfield hospital, possession of land being taken over
15	Hyderabad	450	300,000 sq.ft., Owned	FY15	210	Greenfield hospital, possession of land being taken over, Architectural plans being firmed up
Total		3,165			1,230	

Balance Sheet as at September 30, 2011

Balance Sheet	Rs Crore
Shareholder's Equity*	3,320
Foreign Currency Convertible Bonds (FCCB's)	490
Debt	1,684
Total Capital Employed	5,494
Goodwill	1,820
Net Fixed Assets (including CWIP of Rs 372 Crore)	2,318
Investments	
- in Associates	9
- Deposits (including Inter-Corporate Deposits)	527
- Liquid and Mutual Funds	6
Cash and Bank Balances	73
Net Current Assets	740
Total Fixed Assets	5,494
Net Debt (0.28 :1)	1,077

*Shareholder's Equity is inclusive of Revaluation Reserve and Minority Interest

Thank You...