

Fortis Healthcare Limited

Investor Presentation – Q2FY15

“ Saving and Enriching Lives ”



November 13, 2014

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Discussion Points

➤ **Strategic Milestone Achieved**

➤ **Highlights for Q2FY15**

➤ **Financial Highlights – Q2 FY15**

➤ **Business Performance – Hospitals & Diagnostics**

Strategic Milestone Achieved

- **Fortis completes major International divestments successfully**
- **CEO – Aditya Vij to move on by the year end; Executive Vice Chairman, Shivinder Singh takes interim charge**
- **Restructures team, infuses fresh talent and reassigns portfolios**

- **India Business – 98% of revenues**
- **Healthy Balance Sheet – net debt to equity at 0.24x (*as against 1.65x as on 30 June 2012*)**
- **RHT listing stabilizes; dividend flow from FY 15 onwards**

Q2FY15 – Highlights for the quarter

- Healthy performance in the quarter in both the hospital and diagnostic business. Continuing upward momentum in operating profitability.
- In line with the India focussed strategy; announced divestiture of RadLink Singapore for SGD 137 million (*Deal to be consummated shortly*)
- India Business (ex RadLink) contributes ~98% to the overall revenues
- Net debt at Rs 1205 Cr compared to Rs 2963 Cr in corr.Q and Rs 1065 Cr in the tQ. Net debt to equity at 0.24x against 0.63x in corr.Q and 0.21x in tQ

Hospitals Business

- Hospital Business revenues at Rs 797 Cr, +12% QoQ and +1.2% QotQ
- Op. EBITDAC at Rs 115 Cr, +21% QoQ and +16.5% versus QotQ

Q2FY15 – Highlights for the quarter

- Operating performance gaining momentum with Op. EBITDAC margins at 14.4% compared to 13.3% in the corresponding quarter and 12.5% in the trailing quarter
- Excluding startups and one offs*, Op. EBITDAC margins at 15.9% compared to 14.6% in corresponding quarter and 13.3% in the trailing quarter

Select Key Hospitals Performance

- FMRI witnessed strong traction both in revenues and operating profitability. Revenue at Rs 84 Cr compared to Rs 60 Cr in corresponding quarter .
 - Further Investments undertaken to introduce new specialties.
- Ludhiana facility achieves EBITDA breakeven in the quarter - within 9 months of launch
- Strategic exit from non-core facilities on track

* One off costs relate to the exit of select non-core facilities during the quarter

Q2FY15 – Highlights for the quarter

Diagnostics Business

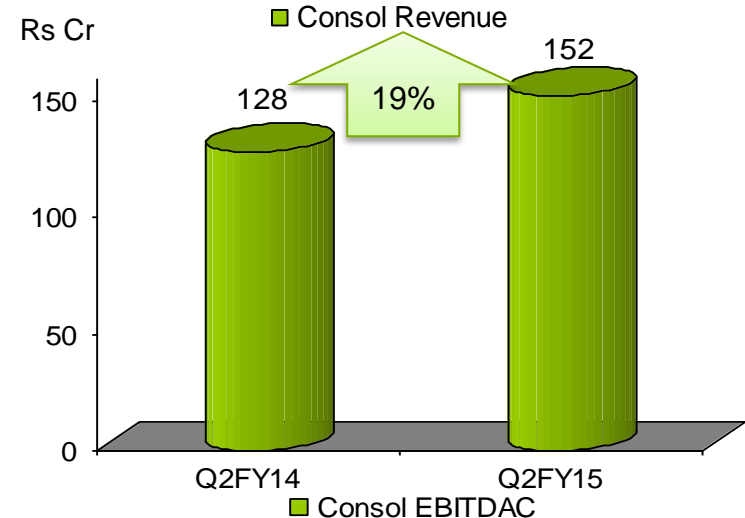
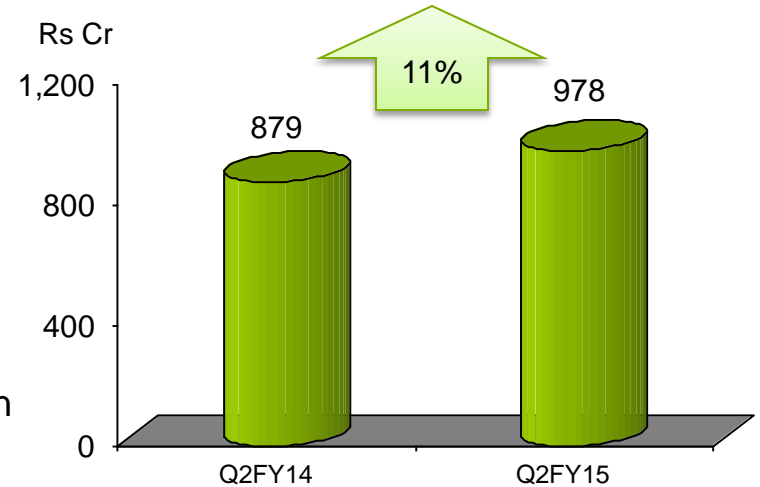
- Stable performance in the diagnostics business with net revenues at Rs 181 Cr, +6% QoQ and 2.1% QotQ.
- Continuing healthy operating performance with EBITDA margins at 20.7% vs 20.9% in the corr Q and 19.7% in tQ.
- During the quarter, SRL added 5 laboratories, 62 collection centres, 95 direct clients and 11 co-marketing clients.
- SRL further enhanced its service offerings by adding 9 new tests.

Awards and Recognitions – Q2FY15

- **Fortis Healthcare** receives the prestigious **2014 'Porter Prize, for Value Based Healthcare'** in recognition for its outstanding performance and for redefining the idea of patient care.
- **Fortis Hospital Mulund** conferred with the **British Medical Journal (BMJ) Award** for 'The Medical Team of the Year 2014' for its outstanding "Antibiotic Review Program – and Antibiotic Restriction Policy."
- **Fortis Hospital Mohali** wins the **Best Multispecialty Hospital (Non Metro) Award** at the Doc N Doc Gammex Saviour Awards 2014
- **Fortis Hospital Shalimar Bagh** wins the **FICCI HEAL 2014 award** for Excellence in the Category of Branding, Marketing and Image Building
- **Fortis Escorts Jaipur** recognised as the '**India's Top Hospital in Patient Safety**' at the 4th National MT India Healthcare Award.

India Financial Highlights – Q2FY15 vs Q2FY14

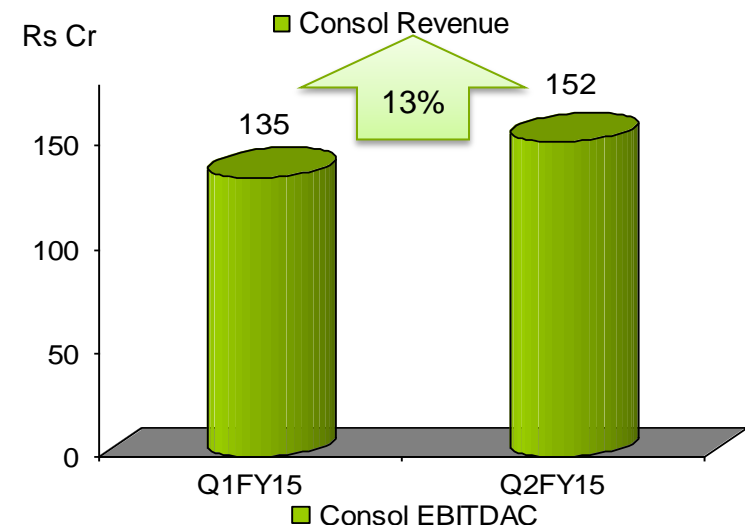
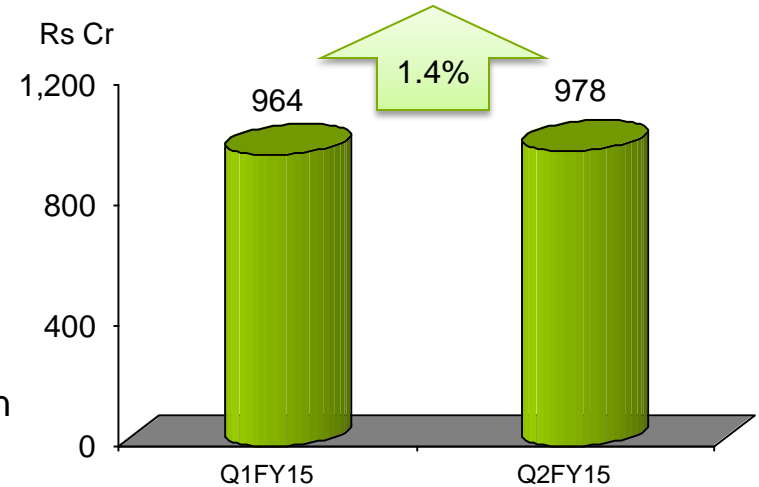
- Consolidated Revenues at Rs 978 Cr, + 11%.
 - ❖ Hospital Business – Rs 797 Cr, + 12%
 - ❖ Diagnostic Business – Rs 181 Cr, + 6%
- Consolidated Operating EBITDAC* at Rs 152 Cr, 15.6% margin
 - ❖ Hospital Business – Rs 115 Cr, 14.4% margin
 - ❖ Diagnostic Business – Rs 38 Cr, 20.7% margin
- India Consolidated Operating EBITDAC margin excluding start ups and one offs at 16.9% vs 15.6% in corresponding quarter



*EBITDAC refers to EBITDA before net business trust costs

India Financial Highlights – Q2FY15 vs Q1FY15

- Consolidated Revenues at Rs 978 Cr, + 1.4%.
 - ❖ Hospital Business – Rs 797 Cr, + 1.2%
 - ❖ Diagnostic Business – Rs 181 Cr, +2%
- Consolidated Operating EBITDAC* at Rs 152 Cr, 15.6% margin
 - ❖ Hospital Business – Rs 115 Cr, 14.4% margin
 - ❖ Diagnostic Business – Rs 38 Cr, 20.7% margin
- India Consolidated Operating EBITDAC margin excluding start ups and one offs at 16.9% vs 14.9% in the trailing quarter



*EBITDAC refers to EBITDA before net business trust costs

India Consolidated P&L : Q2FY15

	Q2FY15	Q2FY14	Q1FY15
Particulars	(Rs Cr.)	(Rs Cr.)	(Rs Cr.)
Operating Revenue	977.6	878.9	964.2
Operating EBITDAC*	152.0	128.0	135.2
Operating EBITDAC margin	15.6%	14.6%	14.0%
Operating EBITDAC margin (Ex Startup and One Offs)	16.9%	15.6%	14.9%
Net BT Costs **	111.1	78.3	108.1
Other Income	19.4	43.7	23.3
EBITDA	60.4	93.4	50.4
Finance Costs	35.4	43.9	36.0
Depreciation & Amortization^	53.7	40.3	53.1
Foreign Exchange (Loss)/ Gain	(2.7)	6.8	(7.5)
PBT before Exceptional Item	(31.4)	15.9	(46.1)
Exceptional (Loss)/ Gain	(1.6)	0.0	1.9
Tax Expense	2.0	(29.0)	2.1
PAT before minority interest and share in associates	(35.1)	44.9	(46.3)
Share in Associates^^	13.8	0.6	14.2
PAT after minority interest and share in associates	(25.7)	40.9	(36.8)

*EBITDAC refers to EBITDA before net business trust (BT) costs

** Net BT costs higher than corr. previous quarters mainly due to FMRI beginning to contribute to service fees starting FY15

^ Depreciation charge for Q2FY15 higher due to revision of remaining useful life of the assets as per Schedule II of the Companies Act, 2013

^^ Share in associates primarily comprises Company's share of profits from the RHT for its 28% equity stake

Group Consolidated P&L : Q2FY15

	Q2FY15***	Q2FY14**	Q1FY15***
Particulars	(Rs Cr.)	(Rs Cr.)	(Rs Cr.)
Operating Revenue	1,031.2	1,282.5	1,020.7
Gross Margin	77.0%	79.3%	75.9%
Operating EBITDAC*	143.9	168.9	132.8
Operating EBITDAC margin	14.0%	13.2%	13.0%
Operating EBITDAC margin (Ex Startup) and One Offs	16.2%	14.8%	14.6%
Net BT Costs	111.1	78.3	108.1
Other Income	20.3	42.3	24.8
EBITDA	53.1	132.9	49.6
Finance Costs	38.4	87.1	39.0
Depreciation & Amortization	63.3	64.3	63.9
Foreign Exchange (Loss)/ Gain^	(19.1)	10.3	-
PBT before Exceptional Item	(67.7)	(8.3)	(53.3)
Exceptional (Loss)/ Gain	(1.6)	13.8	1.9
Tax Expense	(0.2)	(21.4)	4.4
PAT before minority interest and share in associates	(69.1)	26.9	(55.8)
Share in Associates	15.1	3.9	14.9
PAT after minority interest and share in associates	(58.1)	32.1	(45.8)

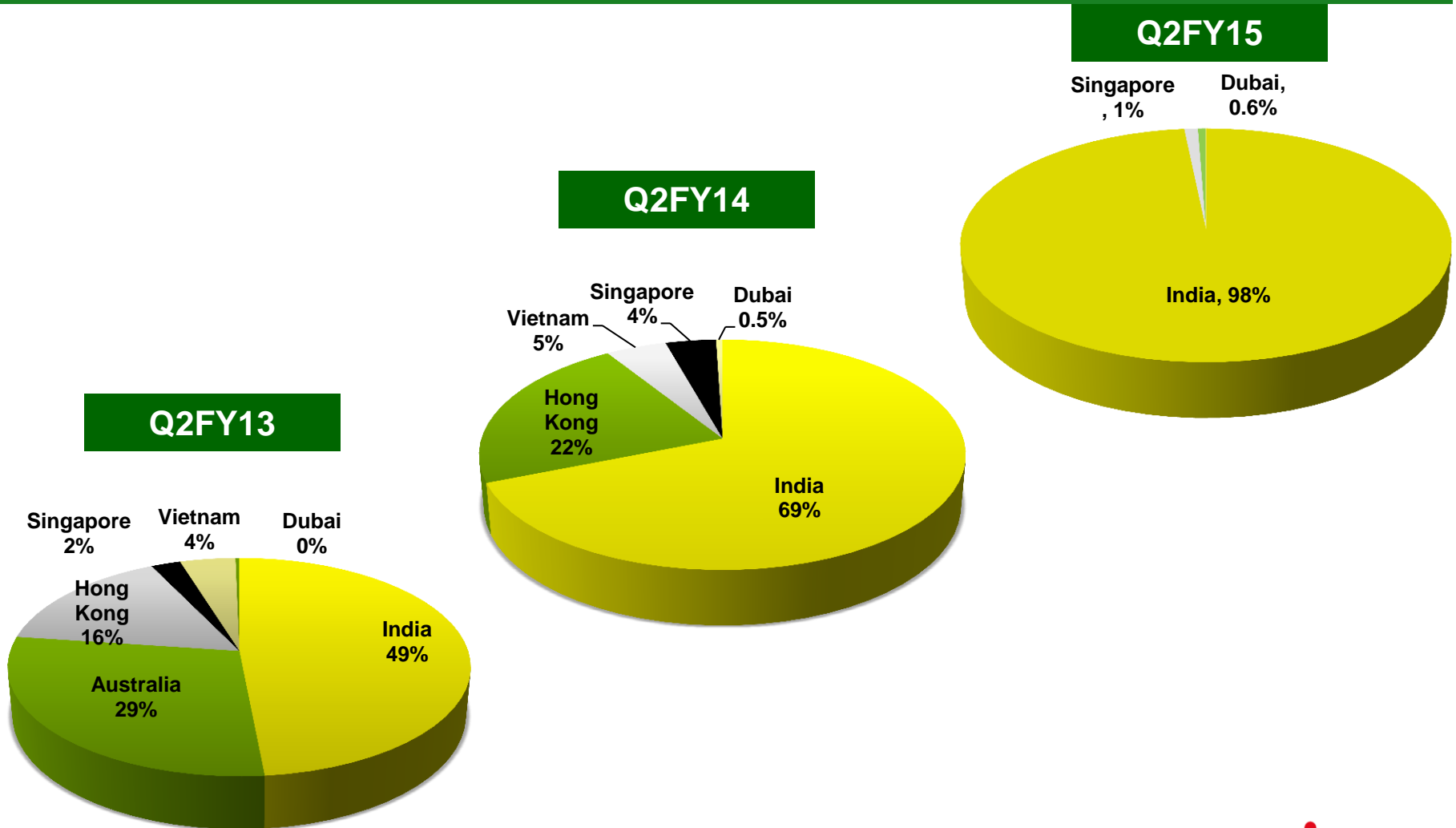
* EBITDAC refers to EBITDA before net business trust (BT) costs

** Includes financials of Quality Healthcare and Fortis Hoan My for the full quarter; excludes financials of Dental Corp, Australia for the full quarter.

*** Excludes Dental Corp , Fortis Hoan My and Quality Healthcare for the full quarter

^ Fores loss relates to the currency movement between USD and SGD pertaining to loan given to subsidiary Company

Geographical Presence – Q2FY15



**Excludes RadLink in Q2 FY 15, Singapore; Divestment of RadLink Singapore announced during the quarter`*

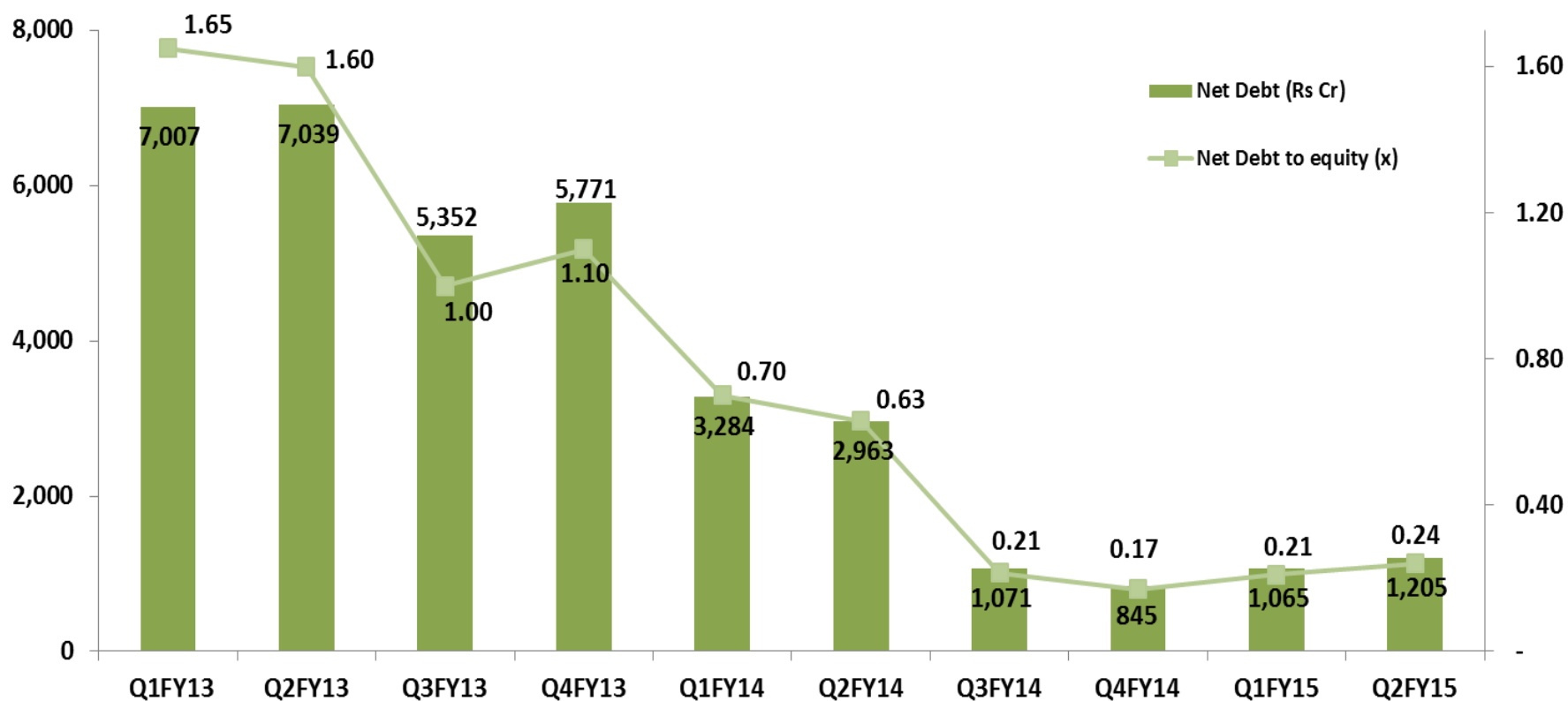
Group Consolidated Balance Sheet – 30 Sep 2014

Balance Sheet	Rs Crore
Shareholder's Equity*	4,993
Foreign Currency Convertible Bonds (FCCB's)	1,146
Debt	715
Total Capital Employed	6,854
Net Fixed Assets (including CWIP of Rs 186 Crore)	2,092
Goodwill	2,417
Investments	1,066
Cash and Cash Equivalents	656
Net Current Assets	624
Total Assets	6,854

- As on September 30, 2014, Net Debt to equity ratio stood at 0.24x (0.63x as on Sep 30, 2013)

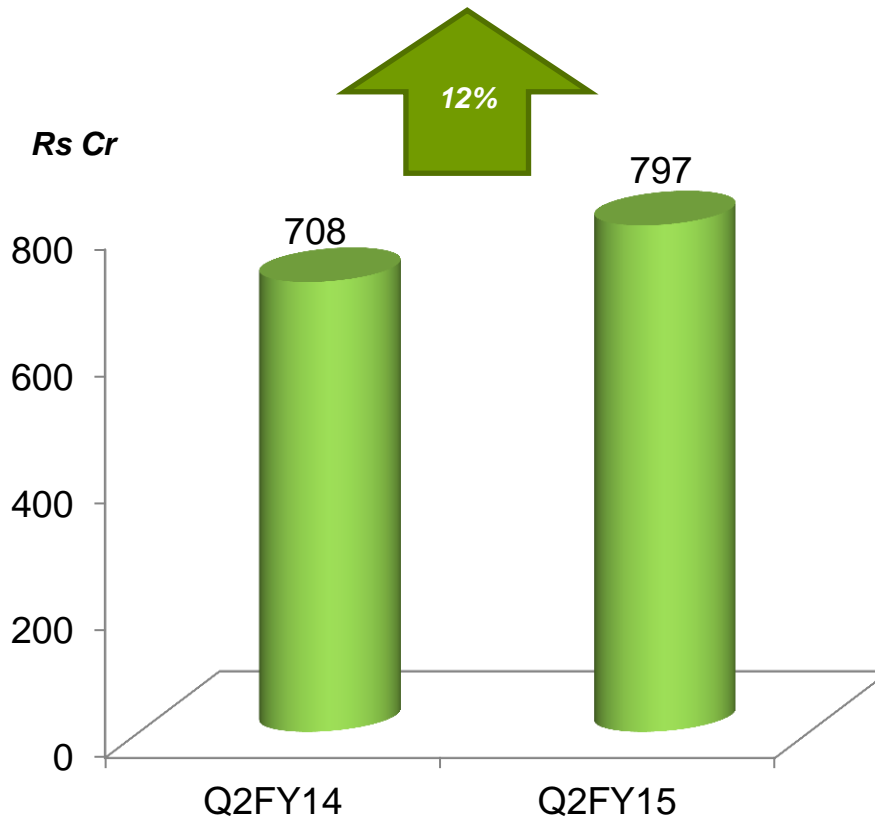
*Shareholder's Equity includes Minority Interest.

Debt Movement



India Business Performance – Q2FY15

Hospital Business - Financial Snapshot Q2 FY15



- **Operating Revenue** - Rs. 797 Cr ↑ 12%
- **Operating EBITDAC** - Rs. 115 Cr ↑ 21%
- **Excl. one off's and startup costs Op. EBITDAC Margin** - 15.9%
- **Operating EBITDAC Margin** - 14.4%

Statutory	Q2FY14	Q1FY15	Q2FY15
Occupancy	79%	71%	71%
ARPOB (Annualized - Rs. Lacs)	108	123	127
ALOS (Days)	3.9	3.7	3.6

India Hospital Business P&L : Q2FY15

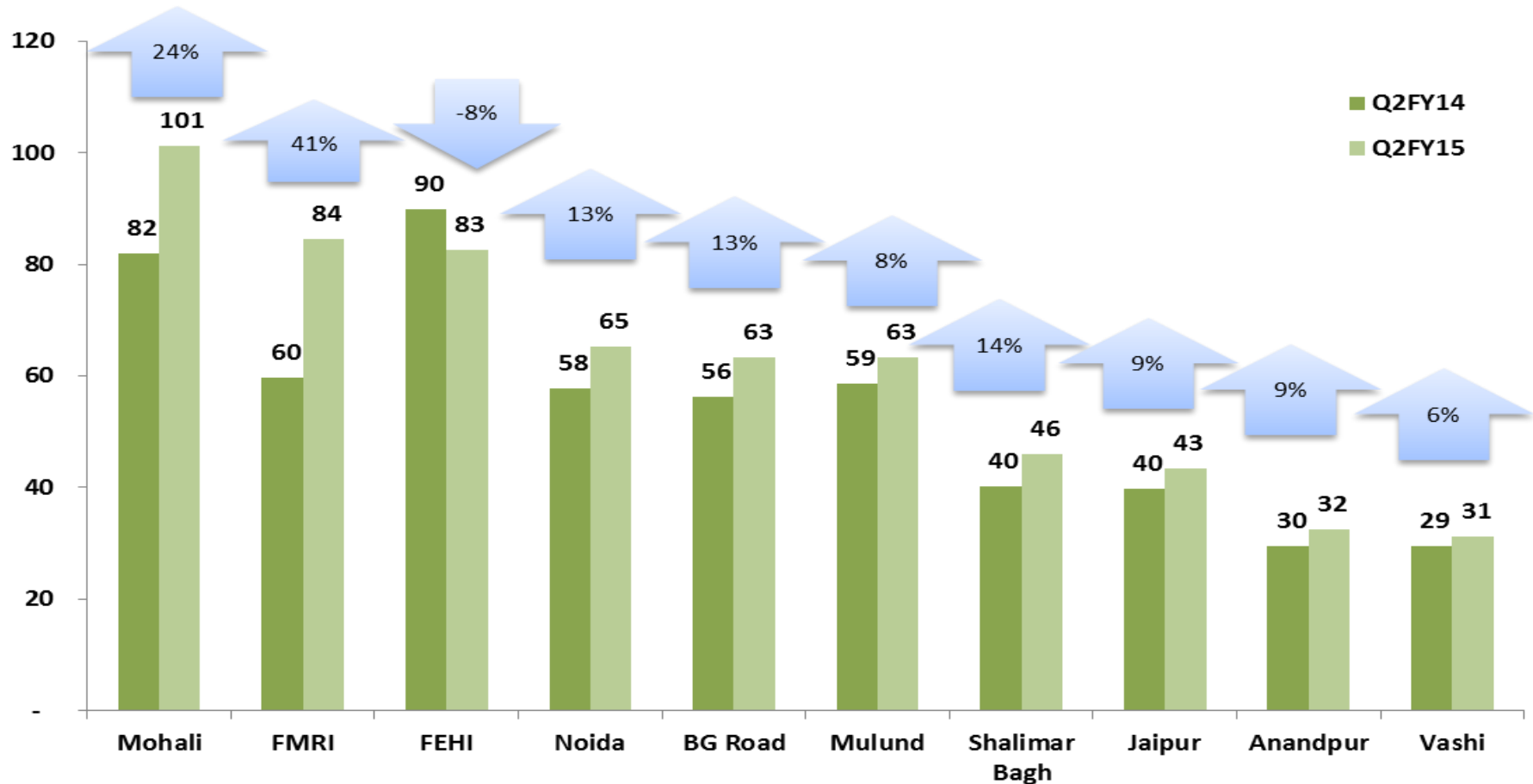
	Q2FY15	Q2FY14	Q1FY15
Particulars	Total Consol	Total Consol	Total Consol
	(Rs Cr.)	(Rs Cr.)	(Rs Cr.)
Operating Revenue	796.6	708.7	786.9
<i>Growth %</i>	12.4%		
Operating EBITDAC*	114.5	94.5	98.3
Operating EBITDAC margin	14.4%	13.3%	12.5%
Operating EBITDAC margin (Ex Startup and One Offs)	15.9%	14.6%	13.3%
Net BT Costs **	111.1	78.3	108.1
Other Income	17.2	42.1	20.6
EBITDA	20.6	58.2	10.8

*EBITDAC refers to EBITDA before net business trust (BT) costs

** Net BT cost higher than previous quarters mainly due to FMRI beginning to contribute to service fees starting FY15

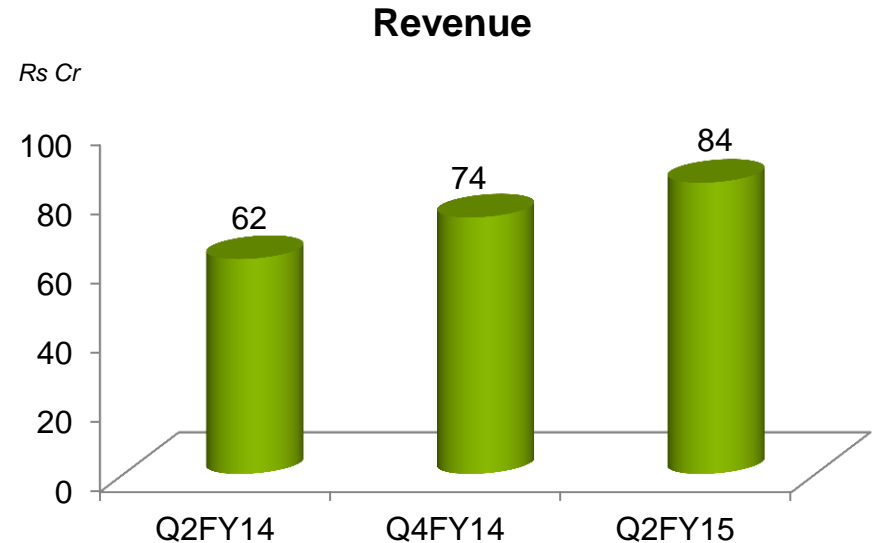
Hospital-wise Revenue (QoQ) – Top 10 Hospitals

Rs Crore



FMRI Operational Performance

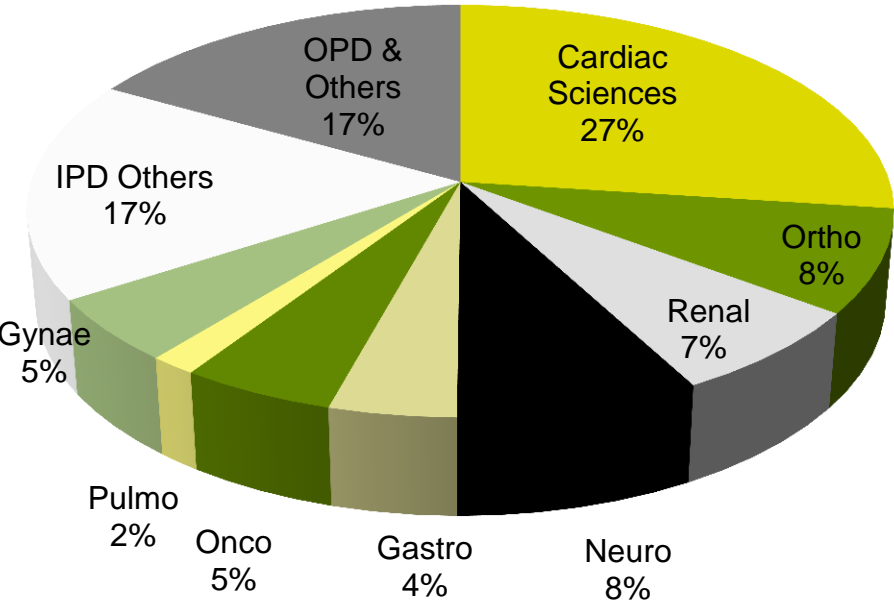
- FMRI continues to witness healthy growth
- 2nd largest revenue contributor in the network
- Second highest ARPOB in the network ~ Rs 2.1 Cr
- Investments for future growth for new medical specialties undertaken in the quarter



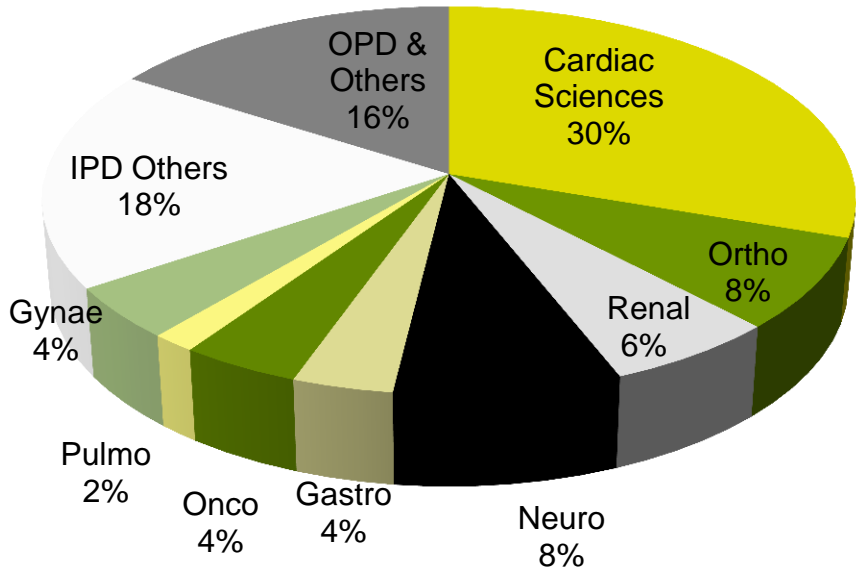
- **Holistic Patient Care**
- **Exceptional clinical talent**
- **World-class infrastructure**
- **Cutting edge technology**
- **Personalized service**

Specialty Revenue Split – India Hospital Business

Q2FY15



Q2FY14



Growth – Key Projects underway

Fortis Hospital Arcot Road, Chennai

- 200+ bed tertiary care multi specialty hospital
- To be commissioned shortly

Fortis La Femme, Bengaluru

- 70-bed facility focusing on Gyn., Obstetrics & Cosmetology
- Expected launch 2015

Fortis Hospital, Bengaluru

- 210 bed facility with a comprehensive cancer-care facility
- Expected launched 2016

Fortis La Femme, Ludhiana

- 100 bed greenfield facility focusing on Mother & Child Health
- Expected launch 2016



Fortis Hospital, Chennai



Fortis Hospital, Bengaluru

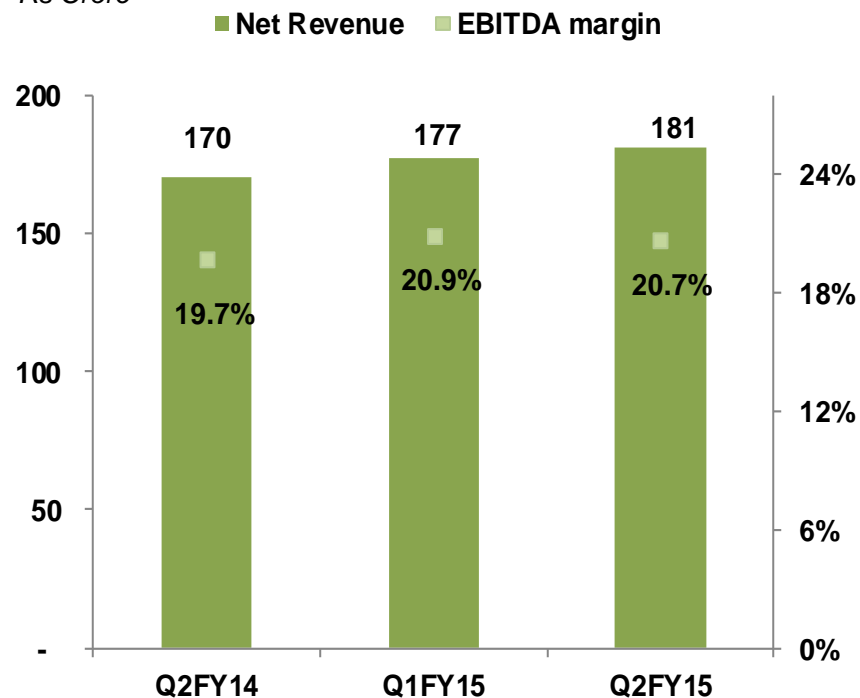
India Diagnostics Business – Q2FY15

- Net revenue at Rs 181 Cr, +6%
- Operating EBITDA margin at 20.7% (basis net revenue)
- Added 5 laboratories, 62 collection centres, 95 direct clients and 11 co-marketing clients. Network comprise of 270 labs and over 6,000 collection points.
- No of accessions at 3.47 mn vs 3.39 mn in Q2FY14

SRL Standalone Financials

	Q2FY15	Q2FY14	Q1FY15
Gross Revenue	209.0	192.7	205.5
EBITDA	37.5	33.5	37.0
EBITDA Margin	18.0%	17.4%	18.0%

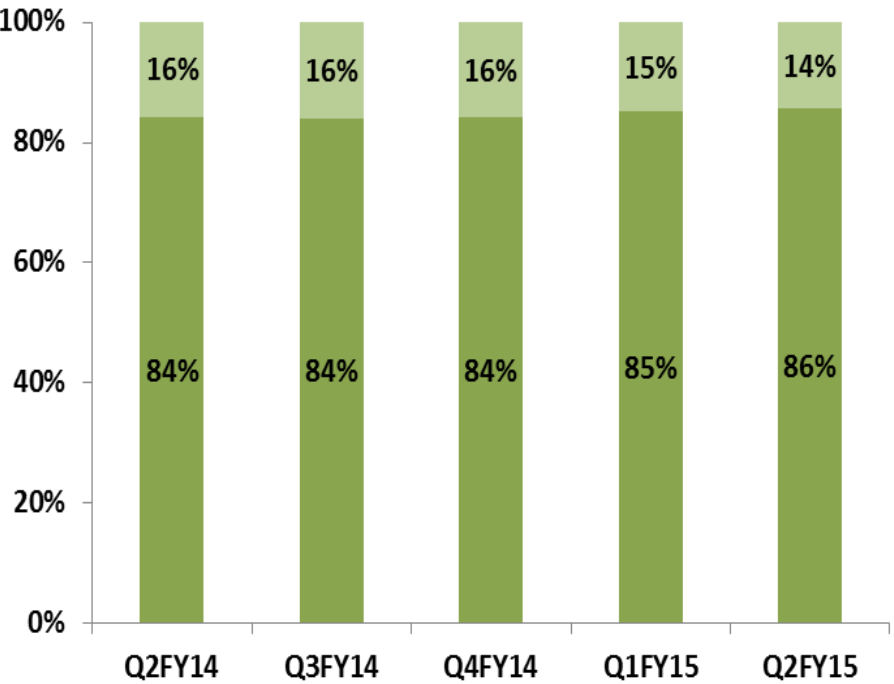
Rs Crore



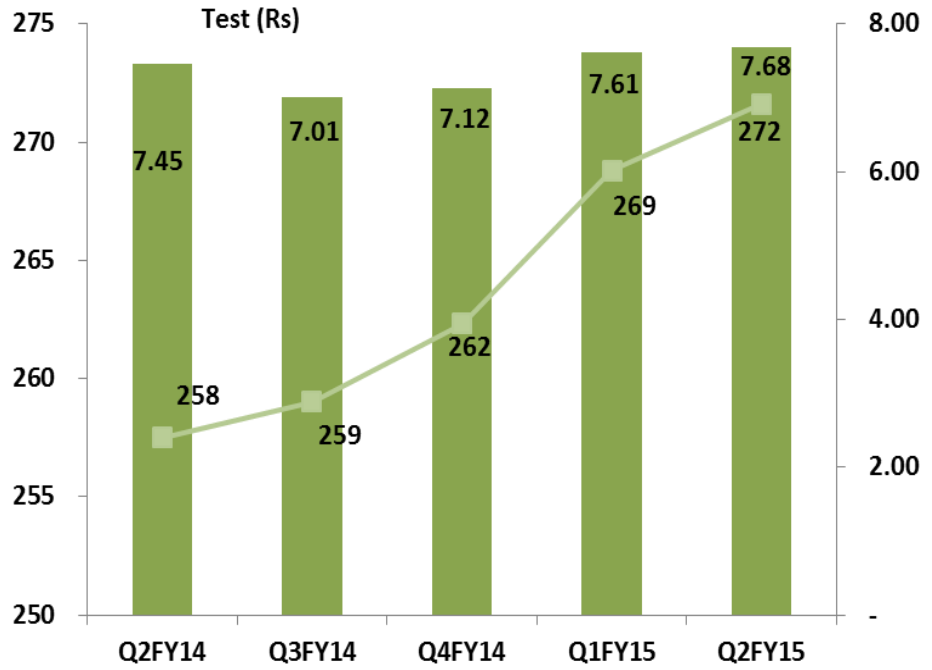
India Diagnostics Business

Business Mix

Imaging
Lab Medicine



No of Tests (mn)
Average realisation per Test (Rs)



Thank You...