February 2011

Fortis Healthcare

Investor Presentation – Q3FY2011

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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

- **Operational Highlights**
  - **16 hospitals** in the network recorded all time high revenues; touching over 4 Lakh lives
  - Growth momentum continues for the 11^{th} consecutive quarter
- **New Medical Programmes:**
  - Introduced **bone marrow transplant** as part of Oncology Programme at **Fortis Noida**
  - To make the **Urology programme** comprehensive and expand the width of the speciality at various units, the company has spent significant amount on high end equipment
  - **Fortis Clinique Darne** launched a new **chemotherapy lounge** with upgraded facilities
  - **Fortis BG Road** launched an **Arrhythmia Clinic** to offer treatment on heart rhythm disorder
  - **Fortis Mulund** added **Uro-Nephro** and the **Women's programme**
  - Launched a **Stroke Clinic** and **Minimal Access Surgery** at Fortis Vashi
- **Significant Developments**
  - The newly commissioned greenfield hospitals at Shalimar Bagh, New Delhi, Anandpur, Kolkata and Oncology Block at Mulund, Mumbai were formally launched

Highlights for the quarter… contd.

- Pursuant to our strategy, added two facilities in tier II and tier III at Moradabad, Uttar Pradesh and Raigarh, Chhattisgarh thus adding 250 beds into the network
- To focus on the management of diabetes and other metabolic disorders, forayed into Speciality Medical Centres, through ‘Fortis C-DOC’
- Two more facilities received NABH accreditation. Fortis Jaipur for its blood bank and Fortis La Femme for hospital
- To enhance its offering with latest state of art technology, Fortis Noida installed a 64 slice CT scan
- Addressing the growing healthcare needs, Fortis Mohali and Escorts Delhi added ~50 beds

- **Corporate Social Responsibility (CSR)**
  - Adopted “Nanhi Chhaan” – A programme to create awareness around female foeticide and environmental protection
  - Fortis Shalimar Bagh was cited in a United Nations Environment publication as an example of a sustainable and energy efficient building

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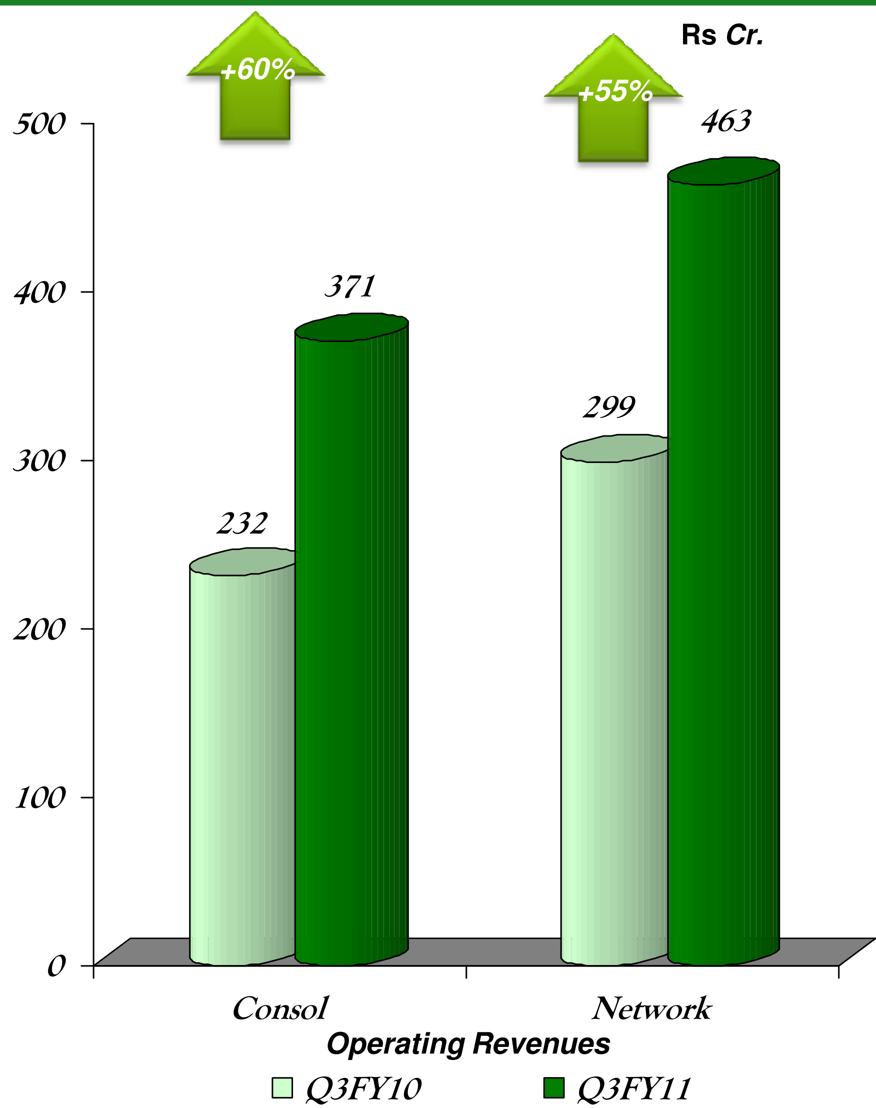
Snapshot – Financial Performance



- **Q3FY 11**
  - **Operating Revenue** - Rs 371.4 Cr ⇧ 60 %
  - **Operating EBITDA*** - Rs 53.9 Cr ⇧ 51 %
  - **Net Profit** - Rs 34.5 Cr ⇧ 59 %
  - **Network Revenue** - Rs 462.5 Cr ⇧ 55%

Consolidated	Q3FY10	Q3FY11
Occupancy	74%	76%
ARPOB (Annualized - Rs Lacs)	86	81
ALOS (Days)	3.7	3.8

- **9MFY11**
  - **Operating Revenue** - Rs 1,067.2 Cr ⇧ 75%
  - **Operating EBITDA*** - Rs 153.0 Cr ⇧ 64 %
  - **Net Operating Profit**** - Rs 77.0 Cr ⇧ 82 %
  - **Net Profit** - Rs 95.0 Cr ⇧ 125%
  - **Network Revenue** - Rs 1,317.7 Cr ⇧ 63 %

****From base business***

*****NOPAT is arrived at after excluding costs and income relating to Parkway transaction***

Financial Highlights

- Q3 operating revenue of Rs 371 Cr include Rs 103 Cr from Fortis Hospitals (FHsL) (consisting of newly acquired hospitals). The organic growth stood at 23% Y-o-Y.
- Noida (+51%), Mohali (+31%), Malar (+24%), Jaipur (+24%), BG Road Bangalore (19%), La Femme (+19%), Vasant Kunj (+18%) and FEHI (+12%) led the growth
- Revenue from Cardiac, Orthopaedics, Neuro sciences, Renal Sciences, Pulmonology, Gastroenterology and other Multi-Specialities grew by 41%, 105%, 104%, 84%, 22%, 45% and 88% respectively
- Operating margins were impacted by ~1.9% due to recent launch of three new greenfield hospitals
- Net profit for Q3FY11 reported at Rs 34.5 Cr. Excluding the losses from three new Greenfield facilities, the Profit stood at Rs 46.6 Cr
- With the turnaround of all the major facilities and utilisation of tax shelters, the Company is under MAT regime/paying full taxes resulting to a tax rate of 16.7%
- Net Cash surplus of Rs. 953 Cr

Summary – Consolidated Profit and Loss

	Q3FY11		9MFY11			
Particulars	Total (Rs Cr.)	%	Base operations (Rs Cr.)	%	Parkway (Rs Cr.)	Total (Rs Cr.)
Operating Revenue	**371.4**	**91.0%**	**1,067.2**	**95.0%**	**-**	**1,067.2**
Other Income *	36.9	9.0%	56.5	5.0%	364.9	421.4
Total Income	408.4	100.0%	1,123.7	100.0%	364.9	1,488.6
Direct Costs	97.6	23.9%	285.0	25.4%	-	285.0
Employee Costs	65.6	16.1%	195.6	17.4%	-	195.6
Other Costs	154.3	37.8%	433.7	38.0%	159.0	592.7
EBITDA	**90.8**	**22.2%**	**209.5**	**19.2%**	**205.9**	**415.4**
Finance Costs	21.1	5.2%	46.9	4.2%	180.4	227.3
Depreciation & Amortization	26.9	6.6%	71.7	6.4%	-	71.7
PAT after minority interest and share in associates	**34.5**	**8.4%**	**77.0**	**6.9%**	**18.0**	**95.0**
Operating EBITDA	**53.9**	**14.5%**	**153.0**	**14.3%**		

* Other Income constitutes mainly interest income from deployment of surplus funds

Q3FY11 Comparative Financials – Base Operations

Particulars	Q3FY11 (Rs Cr.)	%	Q3FY10 (Rs Cr.)	%	Growth (%)
Operating Revenue	**371.4**	**100.0%**	**232.5**	**100.0%**	**59.8%**
Direct Costs	97.6	26.3%	64.3	27.7%	51.8%
Employee Costs	65.6	17.7%	48.2	20.7%	36.2%
Other Costs	154.3	41.6%	84.4	36.3%	82.9%
Operating EBITDA*	**53.9**	**14.5%**	**35.6**	**15.3%**	**51.3%**
Other Income	36.9	9.9%	8.7	3.7%	324.5%
Finance Costs	21.1	5.7%	6.9	3.0%	205.8%
Depreciation & Amortization	26.9	7.2%	13.8	5.9%	94.8%
PAT after minority interest and share in associates	**34.5**	**9.3%**	**21.7**	**9.3%**	**59.0%**

*Decline in EBITDA margin is due to start up cost of three new greenfield facilities for the first quarter after the launch in September'10

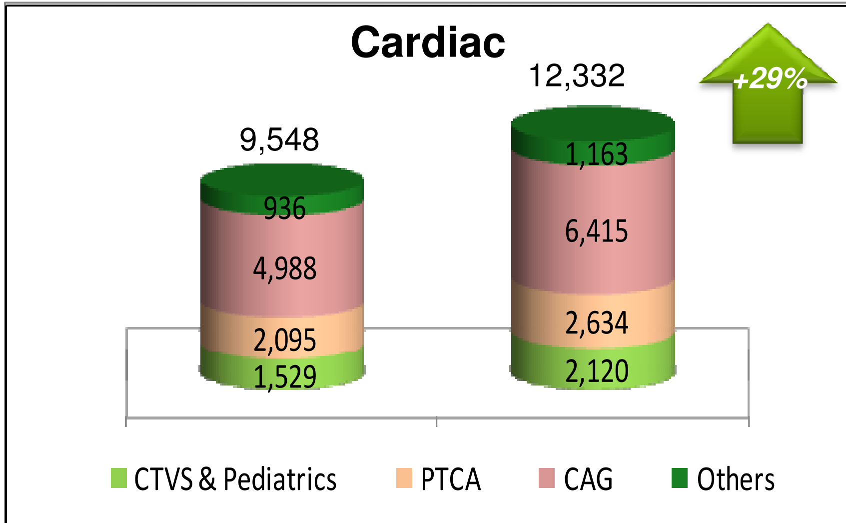
9MFY11 Comparative Financials – Base Operations

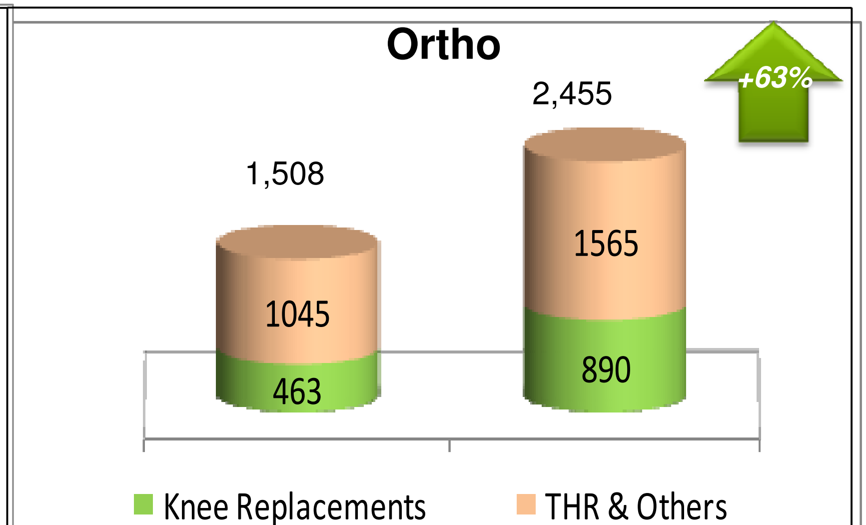
Particulars	9MFY11 (Rs Cr.)	%	9MFY10 (Rs Cr.)	%	Growth (%)
Operating Revenue	**1,067.2**	**100.0%**	**608.4**	**100.0%**	**75.4%**
Direct Costs	285.0	26.7%	171.9	28.3%	65.8%
Employee Costs	195.6	18.3%	132.7	21.8%	47.4%
Other Costs *	433.7	40.6%	210.3	34.6%	106.2%
Operating EBITDA	**153.0**	**14.3%**	**93.5**	**15.4%**	**63.6%**
Other Income	56.5	5.3%	15.4	2.5%	266.9%
Finance Costs	46.9	4.4%	25	4.1%	87.5%
Depreciation & Amortization	71.7	6.7%	36.9	6.1%	94.3%
PAT after minority interest and share in associates	**77.0**	**7.2%**	**42.3**	**7.0%**	**82.0%**
EPS for the period** **(Rs)**	2.51		1.70		

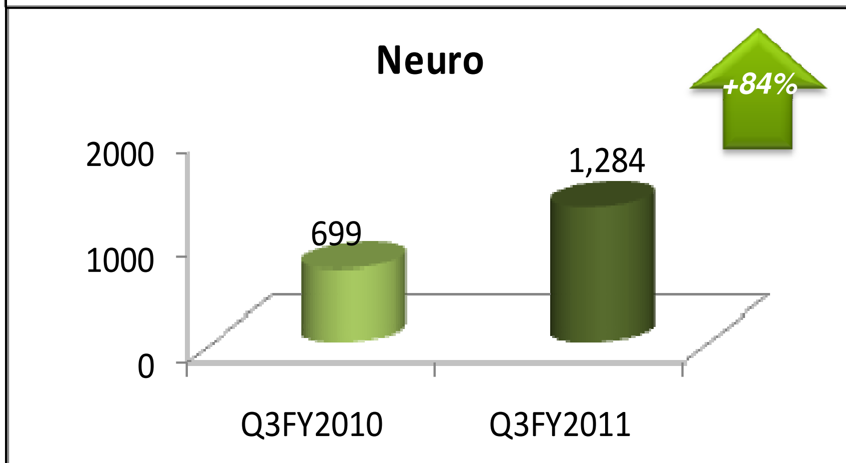
*Increase in other costs is primarily due to doctor engagement model at newly acquired hospitals

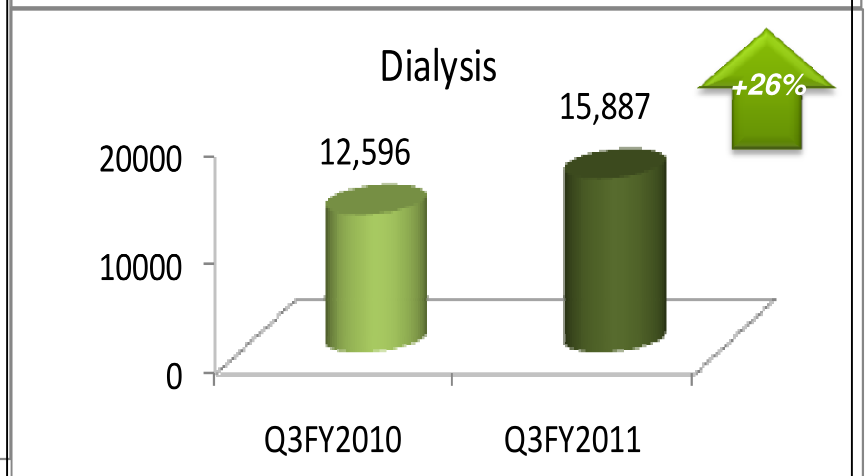
**EPS calculated on reported consolidate net profit of Rs 95 Cr during 9MFY11

No. of Major Procedures – Q3FY11



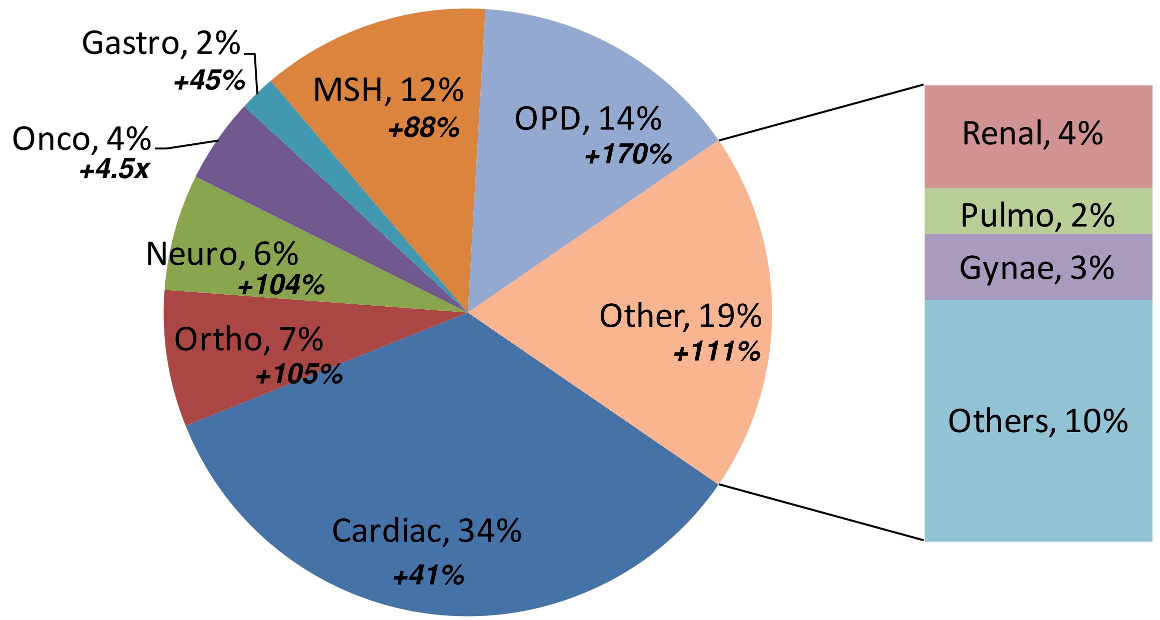






**The data shown above is on Network Hospitals excluding the numbers of Clinique Darne - Mauritius*

Specialty Mix – Q3FY11



Focus on key specialties Cardiac, Neuro, Ortho, Renal & Onco to continue…

The data shown above is on Network Hospitals excluding the numbers of Clinique Darne – Mauritius

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Hospital wise Revenue & Operating margins – Q3FY11

The above chart depicts revenue of hospitals managed by Fortis healthcare and its subsidiaries.
*FY10 revenues are based on unaudited information available with the company

Fortis

Balance Sheet as at December 31, 2010

Balance Sheet	Rs Crore
Shareholder's Equity*	3,300
Foreign Currency Convertible Bonds (FCCB's)	447
Debt	868
Total Capital Employed	**4,615**
Goodwill	863
Net Fixed Assets (including CWIP of Rs 244 Crore)	1,780
Investments	
- in Associates	37
- Deposits (including Inter-Corporate Deposits)	1,633
- Liquid and Mutual Funds	98
Cash and Bank Balances	90
Net Current Assets**	114
Total Fixed Assets	**4,615**
Net Cash Surplus* **	**953**

** Shareholder's Equity is inclusive of Revaluation Reserve and Minority Interest*
*** Net Current Assets includes Deferred Tax Assets*
**** Net Cash Surplus is arrived after clubbing ICD, Cash & Bank Balances and Mutual Funds subtracted by the amount of loans outstanding (excluding FCCB's)*

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Upcoming Greenfield Hospitals

No.	Location	Beds	Area & Land Ownership	Date of Commencement	Estimated Outlay (Rs Cr)	Status
1.	Gurgaon	450**	11 Acres, Owned	Q2 FY12	325	•Interior work, installation of utility equipment & external devlpt. underway. •Medical equipment under order •Rs 210 Cr has been spent till Dec'10.
2.	Ludhiana – 2	75	60,000 sq ft. B. Lease	Q4 FY 12	20	•Approval from govt. authorities received; design work underway
3.	Kangra	100	37,000 sq. ft., B. Lease	Q1 FY12	24	•Medical equipment have been ordered •Facility will be launched in Q1FY12 •Civil and interior work near completion
4.	Ludhiana – 1	200	1,55,000 sq. ft., B. Lease	Q4 FY12	50	•Construction in full swing. Casting of columns in progress •Project on schedule
5.	Ahmedabad	200	1,55,000 sq. ft., B. Lease	Q1 FY13	50	•Approval from govt. authorities awaited
6.	Gwalior	200	2.5 Acres, L. Lease	Q2 FY13	72	•CLU permission awaited from authorities
7.	Peenya, Bangalore	120	~70000 Sq ft; B. Lease	Q3 FY12	18	•Construction work underway
	Total	**1,579**			**619**	

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

Thank You…