



## Fortis Healthcare announces Q4 and FY21 Financial Results

### Q4 FY 21 records healthy performance post a challenging H1FY21

- Revenues for Q4 FY21 at INR 1,252 Crs, up 12.5% versus Q4FY20
- EBITDA margins at 16.3% versus 13.0%, EBITDA increases 41%
- PAT at INR 62 Crs versus a loss of INR 41 Crs in Q4 FY20
- Net Debt / EBITDA at 1.04x in Q4 FY21, down from 1.52x in FY20
  
- FY21 revenues at INR 4,030 Crs versus INR 4,632 Crs in FY20
  - FY 21 hospital business performance impacted due to the Covid pandemic.
  - Diagnostics business (SRL) records robust performance, second consecutive quarter of INR 300 Crs + revenues.
  
- SRL completes the balance 50% acquisition in the DDRC – SRL JV

### Consolidated Financials

Particulars (INR Crs)	Q4FY21	Q4FY20	% Change	FY21	FY20	% Change
Revenue	1,252.4	1,112.9	12.5%	4,030.1	4,632.3	-13.0%
EBITDA	203.6	144.2	41.2%	451.0	662.2	-31.9%
Profit Before Tax	110.4	9.2	-	43.3	239.4	-
Profit After Tax	62.4	(41.2)	-	(56.2)	91.5	-

- Q4FY21 Hospital Business revenues grew 7.5% to INR 982 Crs versus INR 913 Crs in Q4FY20. As compared to Q3FY21 revenues grew 8.3%. The hospital business EBITDA increased 22.2% to INR 139 Crs versus INR 114 Crs in Q4FY20 (14.2% margin versus 12.5% in Q4 FY20 and 14.4% margin in Q3 FY21).
- FY 21 Hospital Business revenues were at INR 3,124 Crs versus INR 3,754 Crs in FY20. EBITDA stood at INR 263 Crs versus INR 475 Crs in FY20.
- Q4 FY21 Diagnostics Business gross revenues increased 32% to INR 306 Crs versus INR 232 Crs in Q4FY20 and were similar to Q3FY21 revenues. The diagnostics business EBITDA increased 99.6% to INR 67.2 Crs versus INR 33.7 Crs in Q4FY20. The EBITDA for Q3FY21 stood at INR 73 Crs.

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- *FY 21 Diagnostic Business revenues were at INR 1,035 Crs versus INR 1,016 Crs in FY20. EBITDA stood at INR 200 Crs representing a margin of 19.3% similar to margins in FY20.*

**Gurugram, May 29, 2021:** Fortis Healthcare Ltd. (“Fortis” or the “Company”), India’s leading healthcare delivery company, today announced its audited consolidated financial results for the quarter and year ended March 31, 2021.

### **Covid Impact on Business Operations**

**Q4 FY21** witnessed a healthy performance in both the hospital and the diagnostics business with the covid pandemic receding significantly in the quarter allowing business to return to normalcy. Non-covid occupancy was at 57% in Q4 versus 46% in Q3 while the overall occupancy stood at 64% in the quarter, similar to both the trailing and the corresponding previous quarters. The diagnostics non-covid business in Q4 stood at 109% of pre-covid levels of the corr. previous quarter.

For **FY21**, both the hospitals and the diagnostics business have seen an impact due to the covid pandemic which began in end March FY20 and resulted in a nationwide lockdown for a large part of Q1FY21. Elective surgeries and test volumes reduced significantly in Q1. With economic and other restrictions being eased in May-June of 2020 a gradual improvement was witnessed in Q2 and Q3 but still much below normal levels. Non covid occupancy was at 32% for Q1 while in Q2 and Q3 it was at 38% and 46% respectively. For FY21 overall occupancy declined to 55% versus 68% in FY20. The diagnostics business fared relatively better than the hospital business as a result of the increased demand for covid and covid related tests which increased from a mere 1 lakh tests in Q1 to 6.5 lakh tests in Q4 of FY21.

While Q4 saw the business return to near normalcy, the second wave of the pandemic began in mid-March 2021. This accelerated intensely across the country in April and saw severe challenges being faced by both public and private healthcare organizations. Acute shortage of beds and other medical resources forced various State Governments to announce lockdowns impacting once again elective surgeries, international and domestic patient flow. The Company took immediate steps to increase covid beds across its facilities and earmarked approx. 50% of its operational bed capacity for covid patients. Despite resource constraints, the Company’s clinicians, nurses and para-medical employees worked non-stop to ensure that the best possible care was provided to all its patients. From beginning mid-May covid cases have started to recede and early but encouraging signs of an uptick in elective surgeries is being witnessed. With the same trend expected to continue, business could return to normal in the short to medium term.

### **FINANCIAL HIGHLIGHTS**

- For the quarter, Profit after tax after Minority interest (PATMI) stood at INR 43.2 Crs versus a loss of INR 44.5 Crs in Q4FY20. For the full year FY21, the Company recorded a PATMI loss of INR 109.8 Crs versus a profit INR 57.9 Crs in the previous year.



- The Company's maintained a healthy balance sheet despite the pandemic. Net debt reduced by INR 155 Crs and stood at INR 849 Crs for FY21 representing a net debt to equity ratio of 0.13 times.
- Pursuant to entering into an amendment agreement with the private equity investors in SRL, the exit option liability which was previously reflected as short-term liability was reclassified as a long-term liability further strengthening the Balance Sheet.
- Finance costs witnessed a decline of 19% to INR 166 Crs for the year as a result of lower borrowing costs in the covid environment.

**Supreme Court Matter update-** The SC matter pertaining to the open offer witnessed a number of hearings in the Honorable Supreme Court since February 2021. These now stand concluded and the order has been reserved by the Honorable Court.

### **HOSPITAL BUSINESS HIGHLIGHTS**

- Higher contribution of specialty surgical procedures led to a higher ARPOB during the quarter at INR 1.70 Crs, +7.7% QotQ. For FY21 ARPOB was at INR 1.58 Crs similar to the ARPOB in FY20.
- The revenue contribution from medical tourism business improved to 5.9% in Q4FY21 vs 5.0% in Q3FY21 and 1.3% in Q2FY21. For FY21 revenues were at INR 131 Cr, 4.2% of the hospital business revenue vs INR 398 Cr in FY20 (~10.6% of the hospital business revenue).
- The Company during the year undertook several cost saving measures including temporary voluntary salary reductions, deferment of hiring, lower general and administration and sales and marketing expenses. These helped in strengthening cash flows, ensuring business continuity and also allowing the Company to re-initiate its growth and expansion plans in H2FY21.
- The Company commissioned a 250 bedded multi-specialty facility at Arcot Road, Chennai in October 2020. This is the Company's second facility in Chennai comprising state of the art medical infrastructure and offering high-end quaternary care services.



## **DIAGNOSTICS BUSINESS HIGHLIGHTS**

- The B2C: B2B revenue mix improved to 44 : 56 in FY21 vs 42: 58 in FY20.
- Despite the pandemic, the business witnessed an expansion in its B2C and B2B network adding ~500 new collection centers and approx. 2,100 Direct Clients, during the year. As on date SRL has a network of 1,600+ CC's and 5,400+ Direct clients.
- Home collection revenues gained significant traction and grew 2.5x over Q4FY20, contributing 5.4% to overall revenues in Q4FY21 versus 3.0% in Q4 FY20. For the full year FY21 home collection revenues grew 2.0x, contributing 6% to overall revenues.
- SRL conducted a total ~23.5 million tests (covid and non-covid) during FY21 as against 30.4 million tests in FY20.
- SRL acquired the balance 50% equity stake in its existing 50:50 JV i.e. DDRC SRL. The transaction was completed in April 2021 and will help consolidate SRL's position in the Kerala market; increase its overall contribution from B2C segment and provide a strong platform for expansion in other markets in South India.

**Ravi Rajagopal, Chairman, Board of Directors, Fortis Healthcare stated,** "FY21 has been a deeply anguishing year with the country facing one of its worst healthcare crisis in over a decade. The healthcare industry continues to be at the forefront against the pandemic and Fortis as amongst the largest healthcare organizations in the country has spared no effort in order to ensure the availability of beds, medical resources and the best possible care for its patients in such times. Despite the perils of being in a risk prone environment, our clinicians, nurses and para-medical workforce have been working dedicatedly and non-stop for the last year and a half in the battle with the pandemic and will continue to do so as long as required".

"On the quarter; as the business returned to normalcy in Q4, we have seen a healthy performance in both the hospitals and the diagnostics business. Our focus was to ensure sustainability and continuity of operations in these difficult times; something that we have successfully managed to do over the past year. Despite the current intense second wave of covid, which we are now seeing signs of ebbing; our investments in business over the past two quarters have gathered pace in terms of medical programs and infrastructure expansion. At the same time efforts continue towards building revenue streams, onboarding the right clinical talent and harnessing information technology enablers to further strengthen the organization. I'm also quite pleased with the way our diagnostics business has evolved over the last year despite the pandemic and we believe there is further potential to scale up the business both via organic and inorganic growth."

**Commenting on the results for the quarter and the year, Dr Ashutosh Raghuvanshi, MD and CEO, Fortis Healthcare stated,** "I'm saddened with the loss of lives and human suffering that covid has brought. The economic hardships of the people in all aspects has been overwhelming. At the same time, this has also made us realize the need to build a robust healthcare

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system with adequate infrastructure and capabilities for medical resources. As an eminent healthcare organization of the country, we continue to steadfastly work with and support Central and State governments in their efforts to mitigate this unfortunate calamity. We have made considerable efforts to provide all our resources as required to fight against the pandemic. Given our geographic expanse, we are also taking the necessary steps to accelerate our vaccination program at on-site and off-site locations. I would like to express my gratitude to all our employees, our clinicians and healthcare workers for their continuing support in such difficult times.”

“On the year gone by and specifically Q4; the quarter has given us a sense of confidence that the building blocks of the business are in place and the Company is well poised to capitalize on the opportunity once the current covid wave abates and the environment normalizes. At the same time the challenges of the past year have made us more resilient and wary of the need to adapt quickly and be flexible in our ways of working. We have seen a healthy second half in both businesses with the diagnostics business performing strongly. We have lowered our net debt over the last fiscal and reduced our finance costs. We launched the Chennai facility and a number of other medical programs across our facilities; ably supported by hiring clinicians of eminent repute. Digitization efforts like tele/video consults gathered momentum and IT initiatives like the myFortis app and a common HIS across the Fortis network were also rolled out. Our plans for portfolio rationalization and bed expansion in select geographies are also underway in the current fiscal.”

### **About Fortis Healthcare Limited**

Fortis Healthcare Limited is a leading integrated healthcare delivery service provider in India. The healthcare verticals of the company primarily comprise hospitals, diagnostics and day care specialty facilities. Currently, the company operates its healthcare delivery services in India, Dubai and Sri Lanka with 36 healthcare facilities (including projects under development), approximately 4,000 operational beds and over 400 diagnostics centres.

### DISCLAIMER

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