



# Fortis Healthcare Limited Investor Presentation



*“ Saving and Enriching Lives ”*



22<sup>nd</sup> -24<sup>th</sup> October, 2012

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# Presentation Structure

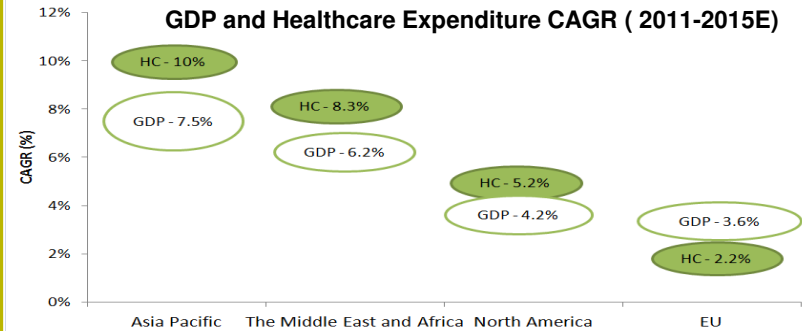
- **The Healthcare Industry in Asia Pacific**
- **Fortis - An Overview**
- **Our India Business**
- **The International Business**
- **Group Financial Highlights – FY12 & Q1 FY13**
- **An Asset Light Strategy – The Religare Health Trust\***

*\* Refer specific disclaimer on slide 2*

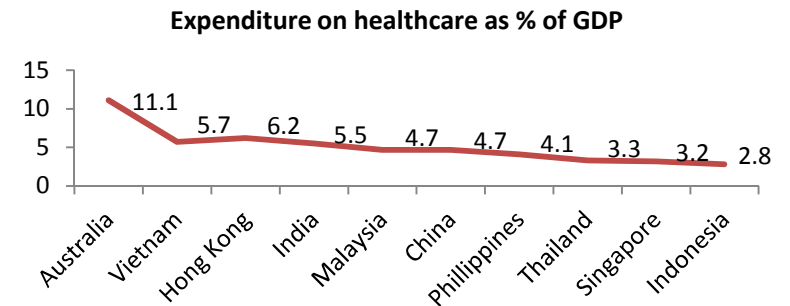
# The Asia Pacific ( APAC) Healthcare Industry

- **Buoyant Socio Economic outlook**

- Highest GDP growth rate
- Highest growth in healthcare expenditure
- ~ 60% of the worlds population

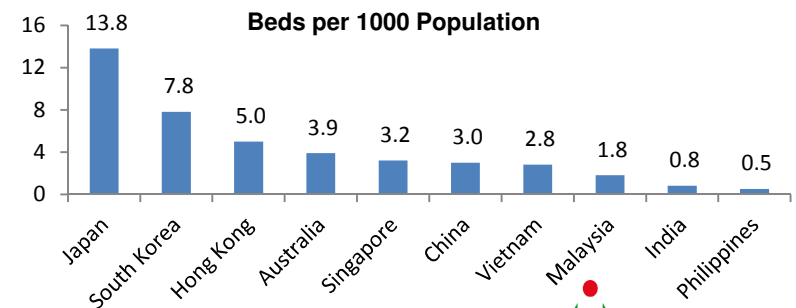


- **Historically a lower spend on healthcare vis-à-vis developed markets**



- **Lacking adequate infrastructure**

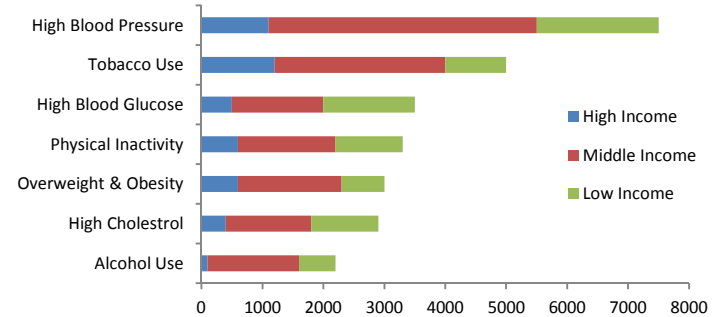
- WHO average of 4 beds / 1000 population



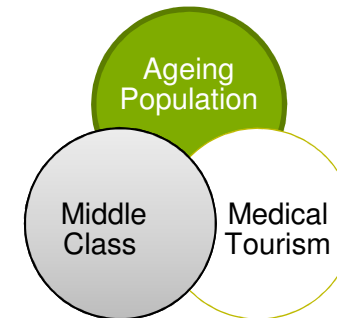
# The Asia Pacific ( APAC) Healthcare Industry (cont..)

- Non-communicable ailments on the rise**

Death attributes for leading risk factors by income level →



- By 2020, 2/3rd APAC popn > 65 yrs to have at least 1 chronic disease
- A third of the worlds middle class population is based in APAC
- Medical Tourism - Lower costs, availability, globally accredited facilities



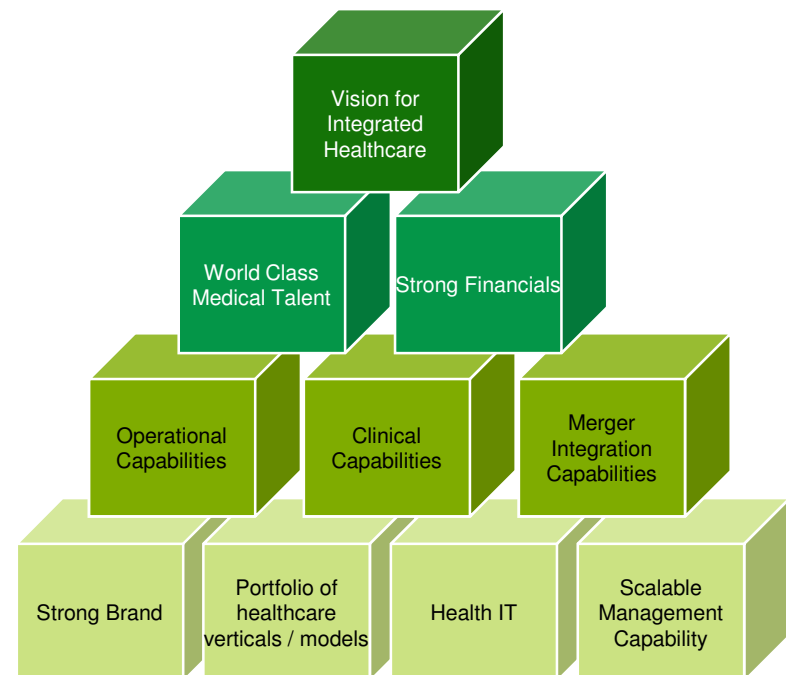
- Healthcare Paradigm shift**

<b>Focus</b>	Provider centric → Patient centric
<b>Monitor</b>	Centralized ~ Hospital → De-centralized
<b>Treatment</b>	Invasive → Less invasive
<b>Objective</b>	Treating Sickness → Preventing Sickness

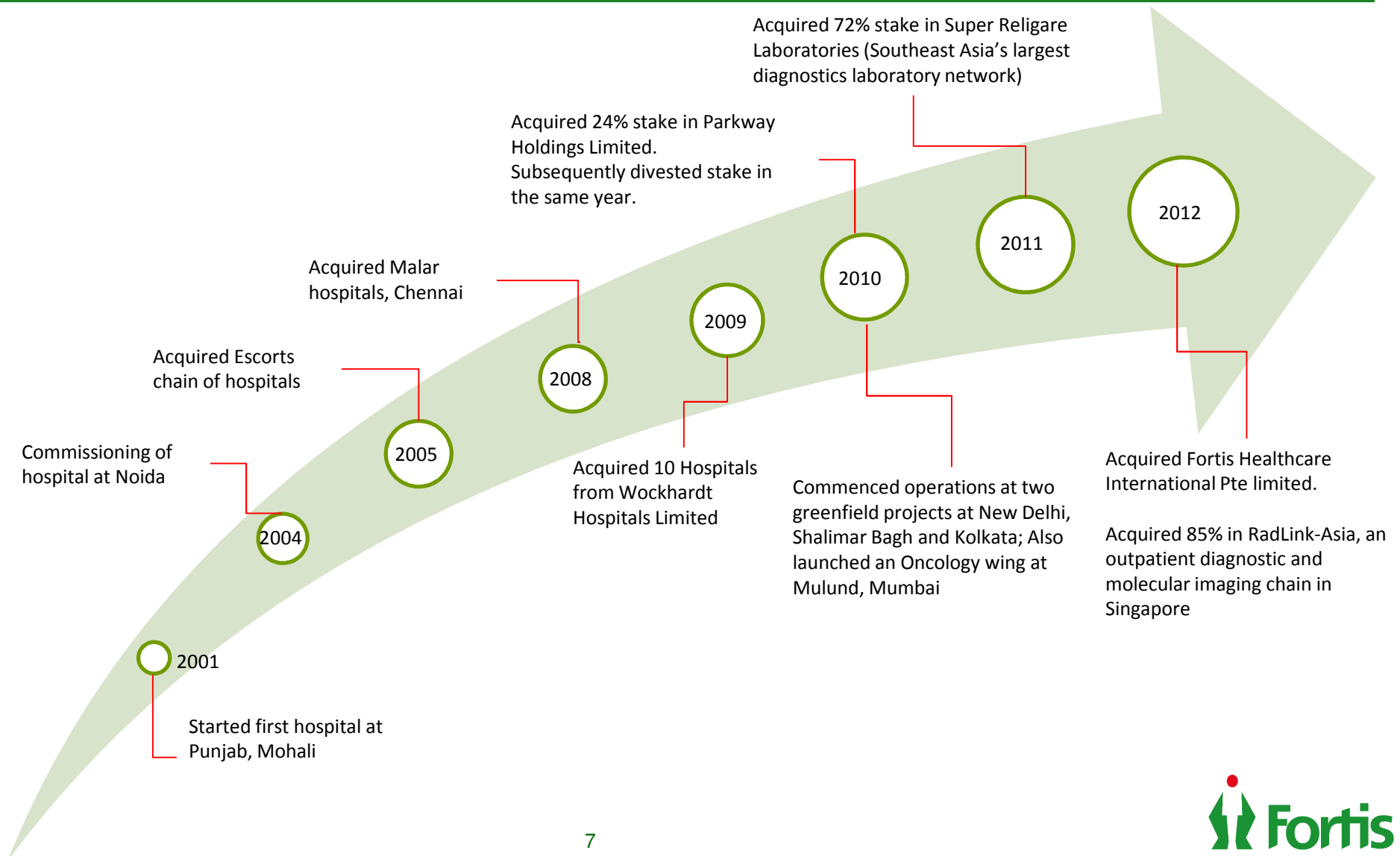
# Fortis : An Overview

- Amongst the fastest growing integrated healthcare delivery service provider in the Pan Asia Pacific region
- Presence across 10 countries with a population base of over 1.5 billion
- “Patients first” culture with world class clinical capabilities across various medical specialties
- Leadership in key markets and healthcare verticals
- Well balanced business mix between India and overseas

**Vision : “To become a leading integrated healthcare services player in Asia Pacific”**



# Build Up Of An Integrated Healthcare Platform



# Leading Healthcare Provider in Asia – Pacific



- Amongst the leading hospital operators in India > 10,000\* beds under management.
- Leadership across key specialties in tertiary care like cardiac sciences, neurology, ortho, etc.
- Leader in the organized diagnostics segment



- Australia's largest operator of Dental practices with over 175 practices
- Operates in top 30% of the Australian dental market



- Largest integrated primary healthcare service provider in Hong Kong with ~600 primary care centers . Market leader in the corporate client segment.
- Operates one of the largest radiology networks in Hong Kong
- Potential base for expansion into China



- One of the leading private healthcare providers in Vietnam
- 5 full service hospitals with ~800 beds and 3 clinics across Central & Southern Vietnam

\* Includes owned, managed and project under development



# Leading Healthcare Provider in Asia – Pacific (cont..)



- The largest private diagnostic and imaging Company in Singapore
- 7 state of the art diagnostics and molecular imaging centers and 5 GP clinics
- Robust business model with a strong referral network across 2000 specialist and physicians.

Fortis  
Colorectal  
Hospital,  
Singapore



- Greenfield specialty hospital for colorectal treatment, South East Asia's first.
- Formally inaugurated in July 2012



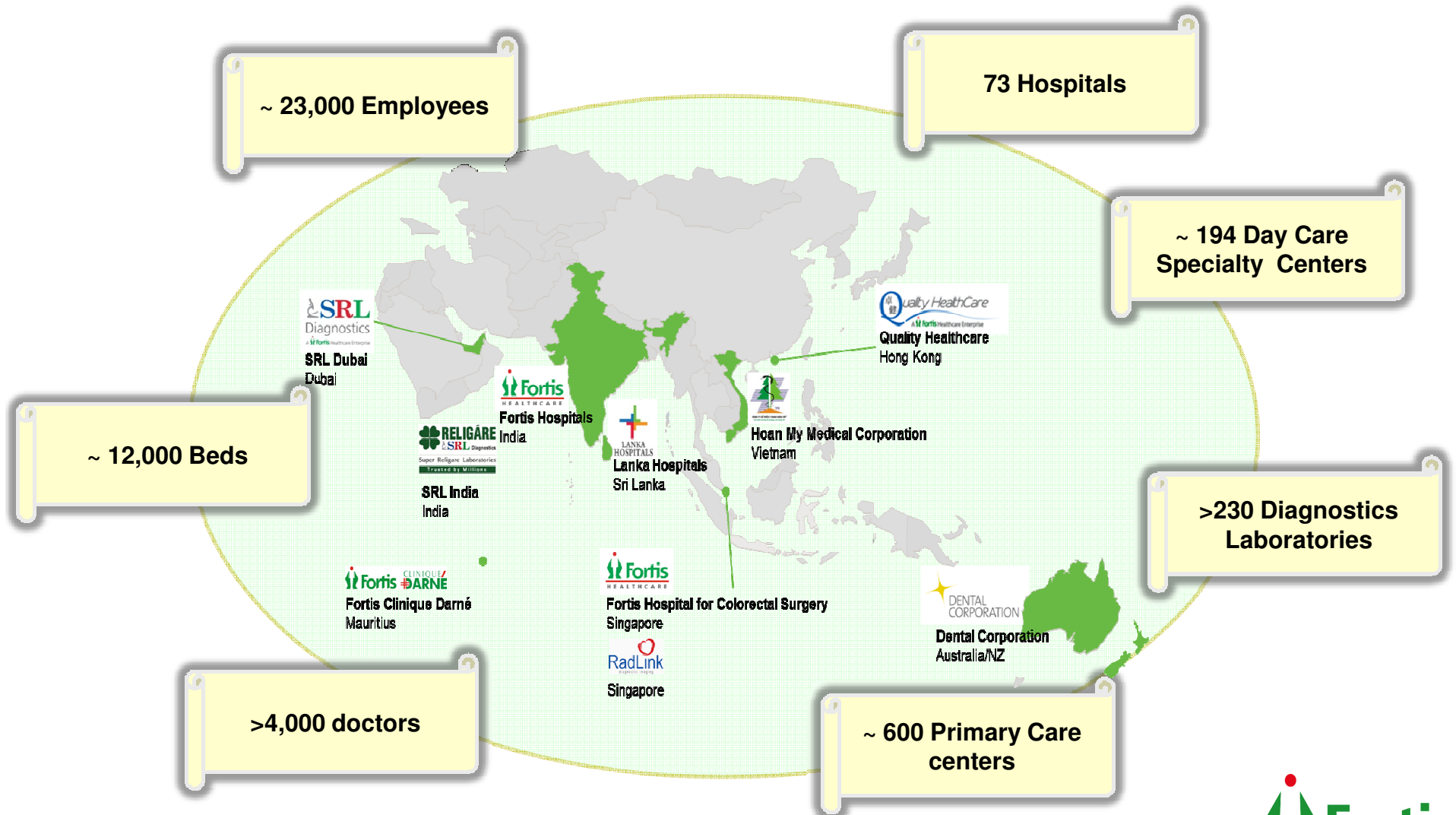
A Fortis Healthcare Enterprise

- A Hub-Spoke-Spike Model with 1 Reference Lab in UAE and 7 collection agents in GCC
- First CAP\* accredited private pathology Lab

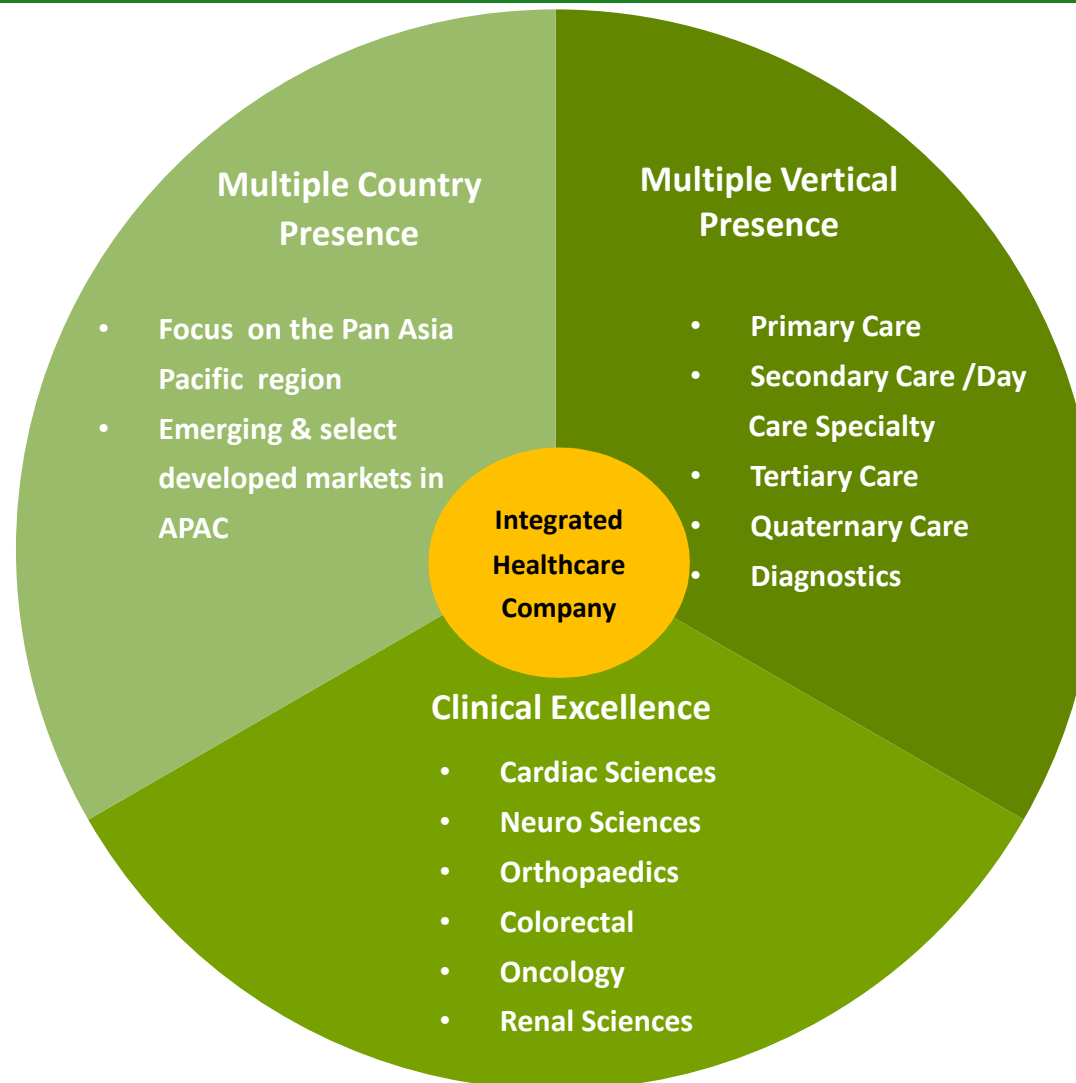


- One of the largest hospitals in Sri Lanka with an excellent brand image as a quality healthcare service provider
- Attractive growth opportunity on the back of rising income levels, higher insurance penetration and stronger emphasis on the quality of healthcare in Sri Lanka

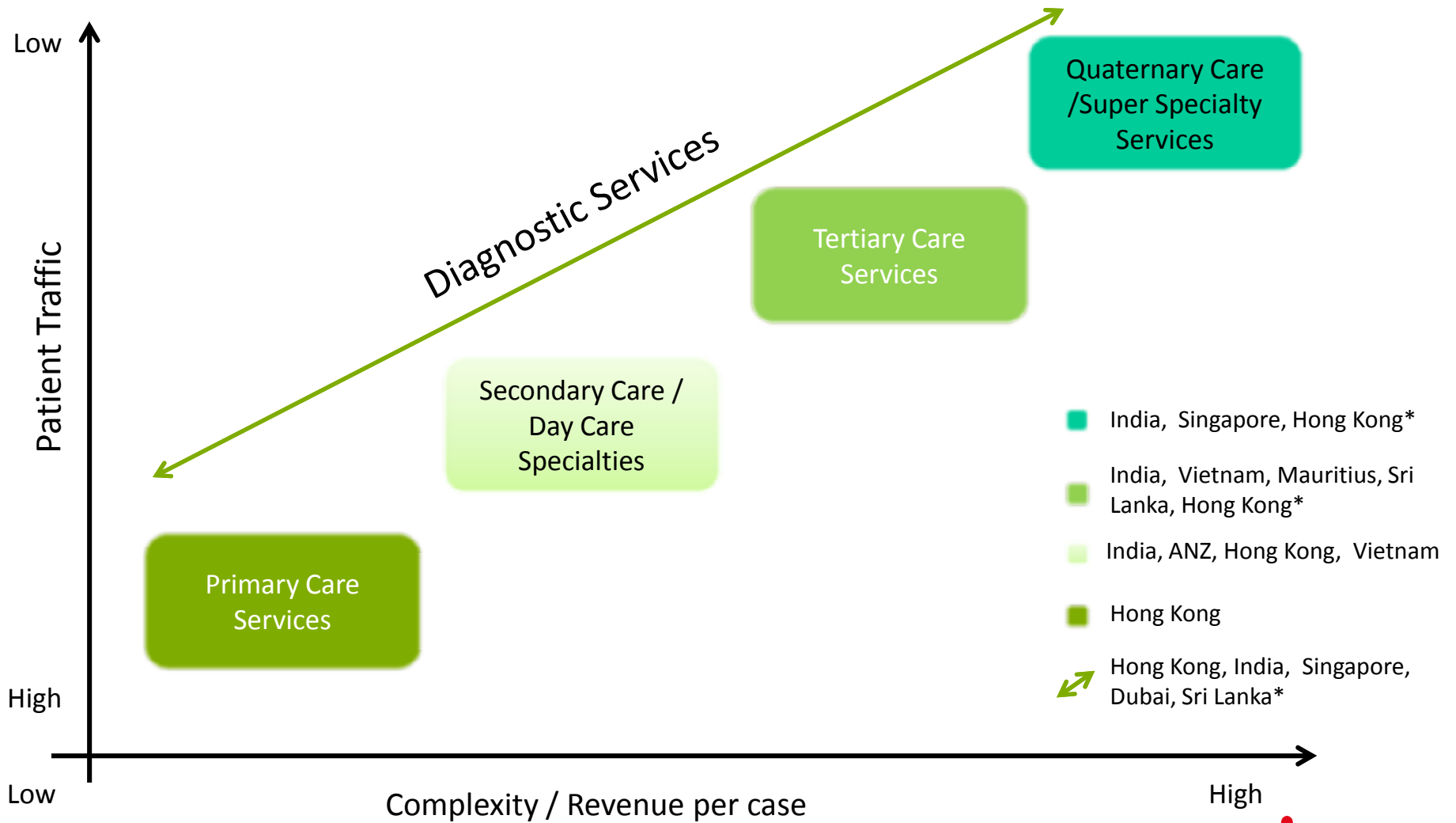
# Our Healthcare Businesses across Asia - Pacific



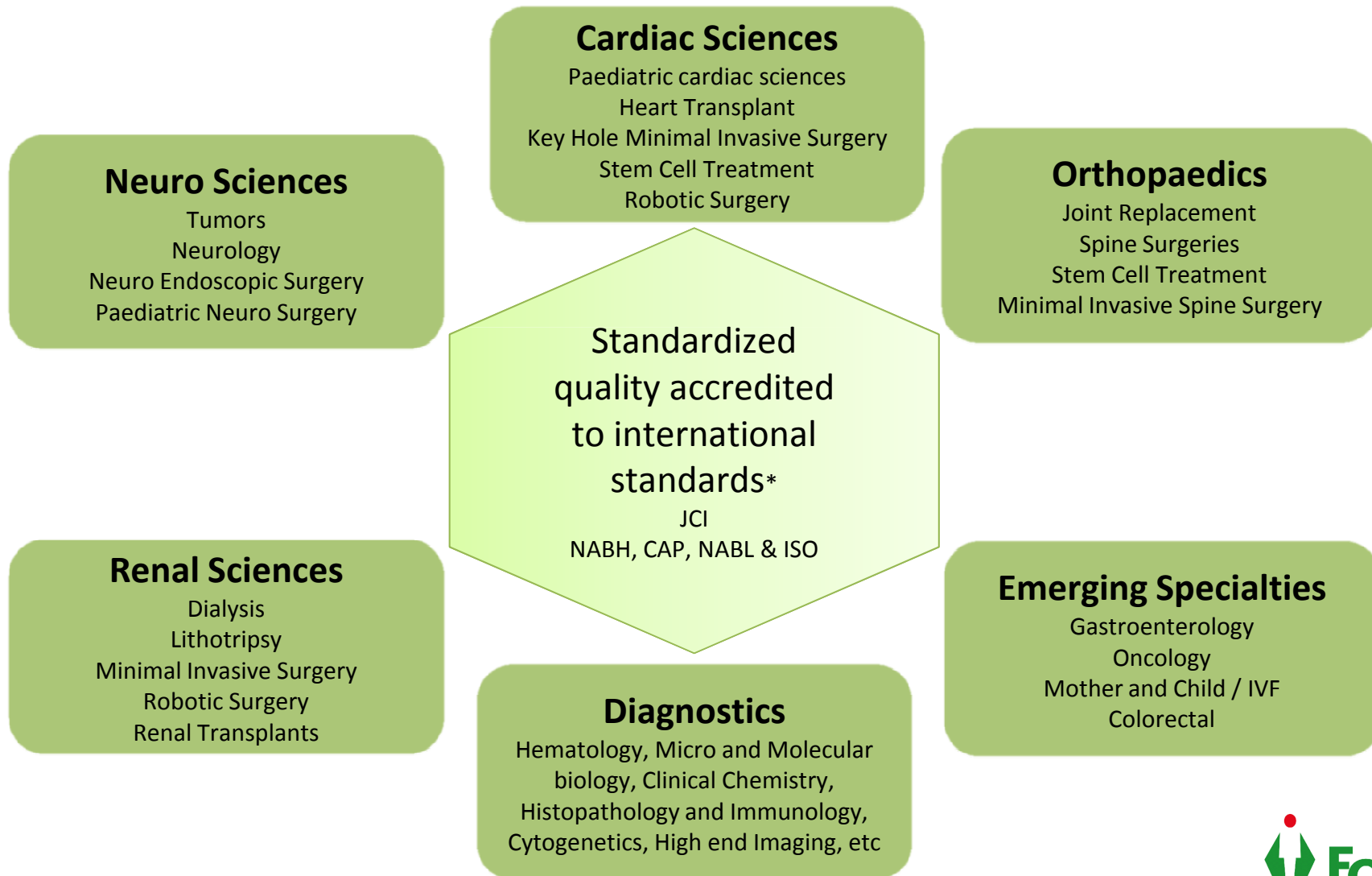
# Our Business Model



# Presence across the Value Chain

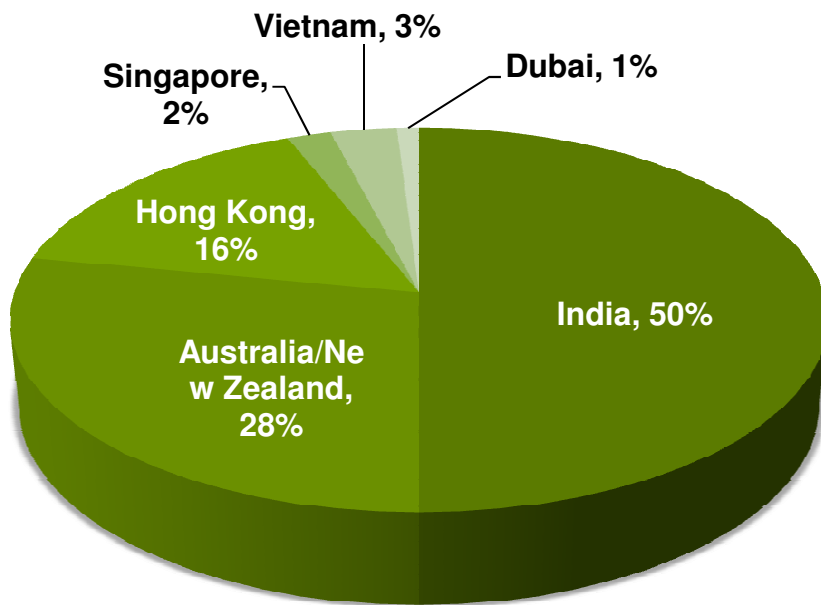


# Clinical Excellence and Quality

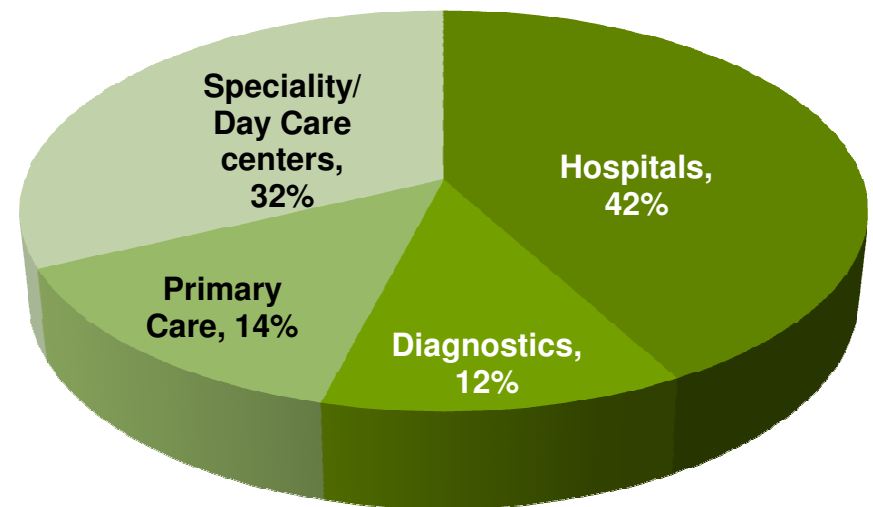


# Diversified Geographic & Vertical Presence (FY12\*)

## Geographic wise Revenue Mix



## Segment wise Revenue Mix



\* Based on proforma revenues for FY 2012

# Our India Business

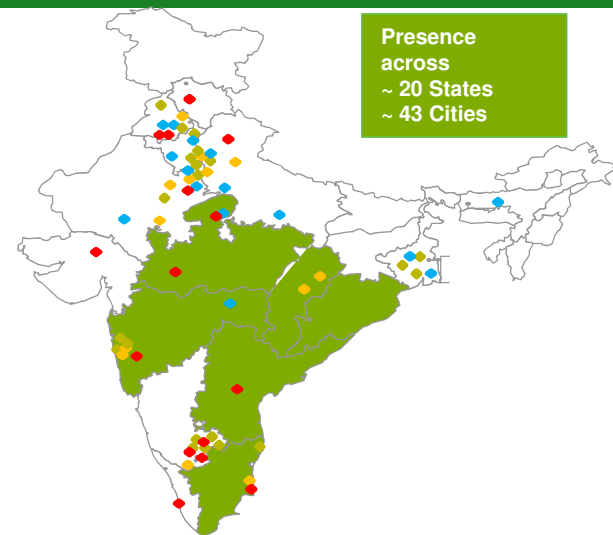
# Overview of India Business

## Hospital Business

- 68\* healthcare facilities with presence across 20 states and over 43 cities
- Leadership across key specialties in tertiary care like Cardiac Sciences, Neurology, Ortho, Renal, etc

## Diagnostics Business

- Commands the largest market share (48%) in the organized diagnostic sector in India
- Present in ~400 cities across the country
- Offers a comprehensive range of over 3,300 diagnostic tests



	India	International	Total
Reference Labs	6	2 <sup>(1)</sup>	8
Pathology Labs	199	-	199 <sup>(2)</sup>
Radiology Labs	24	-	24 <sup>(3)</sup>
Wellness Centers	24	-	23 <sup>(4)</sup>
Collection Centers	1,208	32	1,240

1 - Includes 1 ref lab in Nepal & a service agreement for a ref. lab in Dubai Healthcare City.

2 - Includes 31 pathology labs and 1 Imaging lab run through franchisee.

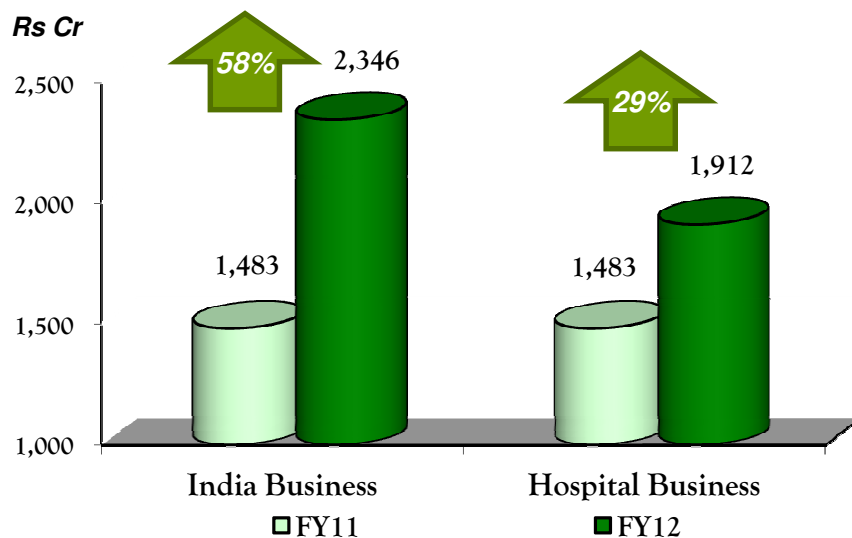
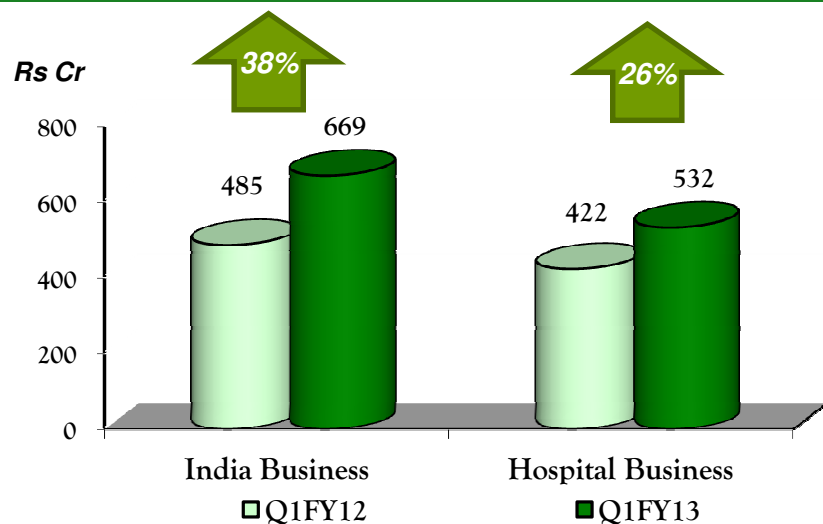
3 - 4 Radiology Centres and 13 wellness centers are in existing labs. ●

4 - Data as on September 2012





# India Business - Snapshot



## Q1FY 13 – Revenue break up

- Operating Revenue - Rs. 669 Cr ↑ 38%
- Hospital business -Rs. 532 Cr ↑ 26%
- Diagnostics business -Rs. 137 Cr (Net)

Key Operating Metrics	FY11	FY12
Occupancy	72%	73%
ARPOB (Annualized - Rs. Lacs)	81	93
ALOS (Days)	3.7	4.0

## FY12 – Revenue break-up

- Operating revenue -Rs. 2,346 Cr ↑ 58%
- Hospital business -Rs.1,912 Cr ↑ 29%
- Diagnostics business -Rs. 434 Cr (Net)

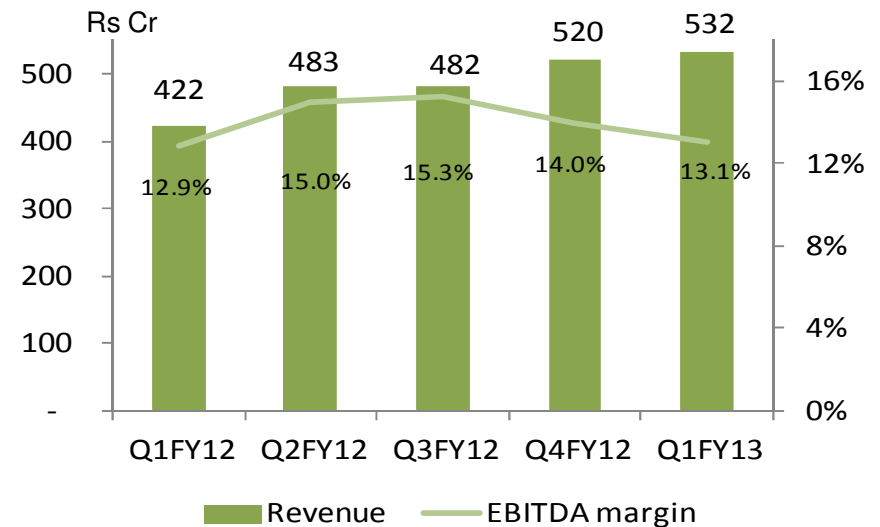
# India Hospital Business – Continuing growth momentum

## Q1FY13

- Operating revenue at Rs 532 Cr, +26%
- Operating EBITDA margins at 13.1%.
- Excluding initial start up costs margins at 15.1%
- FMRI, Gurgaon completed. To be commissioned in Q3FY13
- Operationalized a ~100 bed facility in Kangra, HP

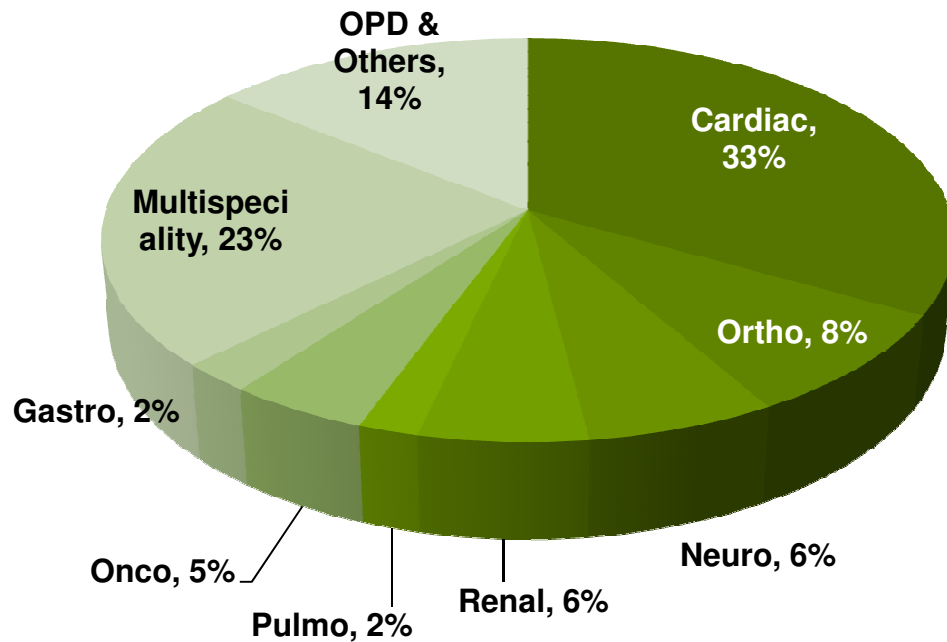
## FY 12

- Operating revenues at Rs 1,912 Cr, + 29%
- EBITDA margins at 14.6%.
- Excluding initial start up costs operating EBITDA margins at 16%



# India Hospital Business – FY12

## Specialty Revenue Split



## No of procedures

Specialty	Volume	Growth	Revenue Growth (FY12)
Cardiac Sciences	57,783	11%	15%
Orthopedics	13,285	23%	34%
Neuro Sciences	5,932	20%	27%
Renal Sciences	109,771	32%	36%

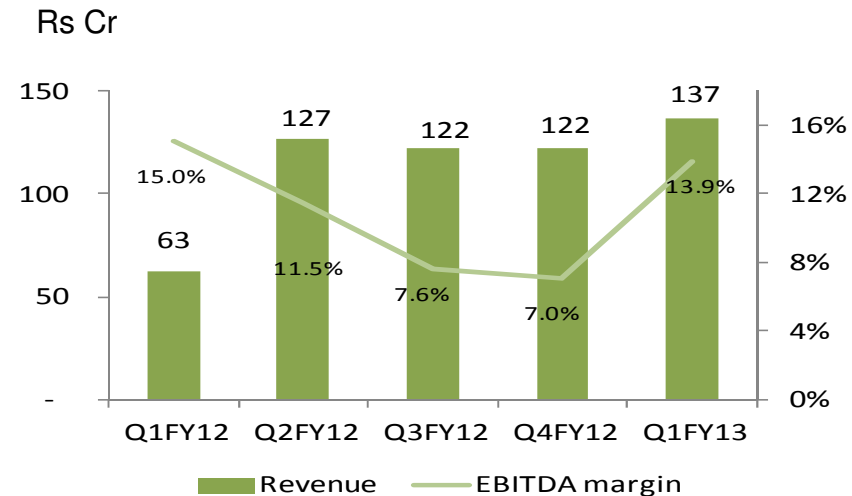
# India Diagnostics Business – a strong recovery

## Q1FY13

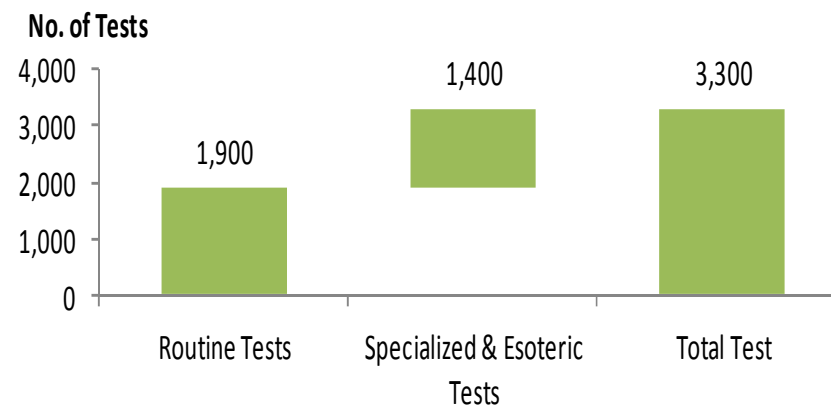
- Operating revenues at Rs 137 Cr
- Operating EBITDA margins at 13.9%
- PE investment of Rs 370 Cr primarily utilized for debt reduction
- Operational efficiencies, reduced interest burden to further strengthen performance going forward

## FY 12

- India revenues at Rs 434 Cr\*
- EBITDA margins at 9.7%
- Strengthened doctor coverage from 45,000 doctors in FY11 to 73,000 doctors in FY12



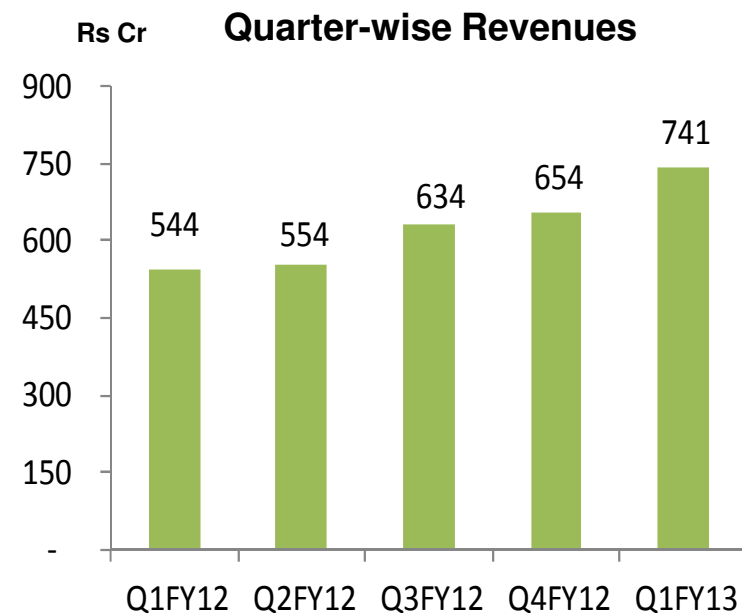
## Tests Offered



# The International Business

# International Business Performance - Q1 FY13

- Well diversified international business with presence in primary care, day care specialty, diagnostics and hospitals
- International revenues contribute ~52.5 % to overall revenues.
- Operational performance .i.e. EBITDA margins at 12.4% ( 12.3% in Q4 FY12)
- Excluding start up costs of new Fortis Colorectal Hospital, EBITDA margins at 13.2% in Q1 FY13
- Expanded partnership with Lanka Hospitals, Sri Lanka in the diagnostics business. (Fortis has a strategic stake of 28.6% in Lanka Hospitals)



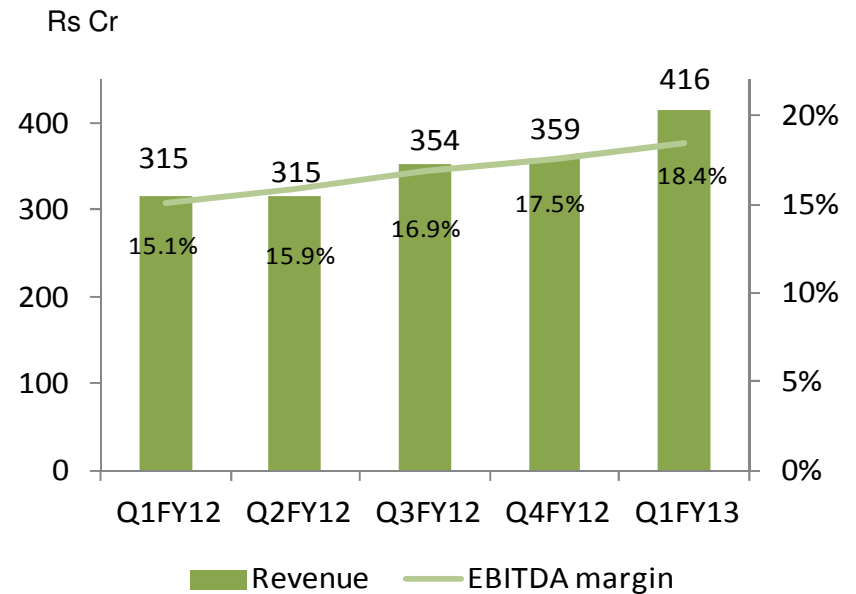
# Dental Corporation, Australia

## Q1FY13

- Revenues of Rs 416 Cr with EBITDA margin at 18.4%
- Added 5 practices during the quarter
  - 178 practices currently
  - ~ 550 principal & associated dentists

## FY 12

- FY 12 proforma revenues of Rs 1,340 Cr / AUD 260 Mn
- Consolidated leadership position in FY12 by acquiring 25 practices taking the total number to 173 practices



(AUD Mn)	FY12	Q1 FY13
No of Sites	173	178
Average annualised Rev. per site	1.50	1.68

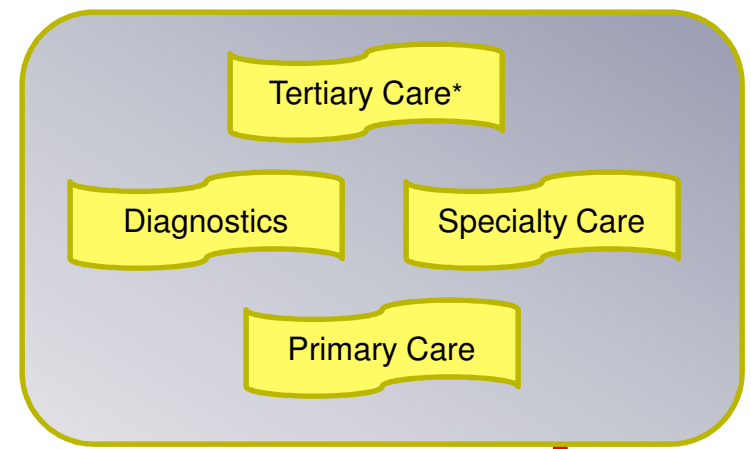
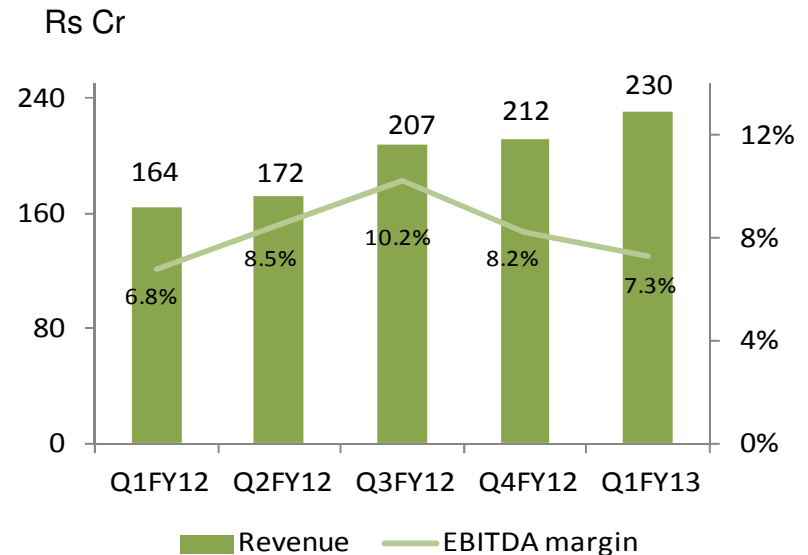
# Quality Healthcare, Hong Kong

## Q1FY13

- All key verticals i.e. western medicine, diagnostics & imaging and dental witnessed buoyant growth
- Participation in the tender process by the Government of the Hong Kong SAR for the development and operation of two hospitals

## FY12

- FY 12 proforma revenues of Rs 755 Cr / HKD 1.2 bn
- Integration across the healthcare value chain by capturing the diagnostics business opportunity
  - ➡ Central Medical Diagnostics Centre Limited
  - ➡ Quality Healthcare Diagnostics & Imaging Centre





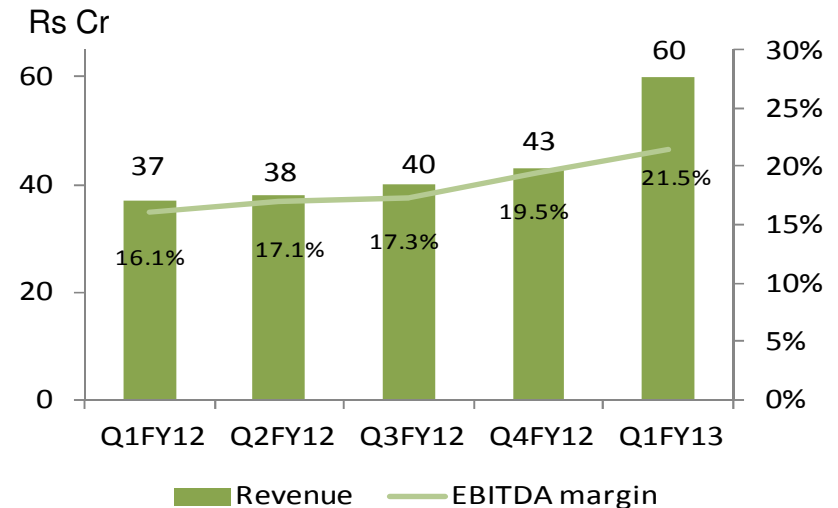
# Hoan My, Vietnam

## Q1FY13

- Revenues at Rs 60 Cr with 21.5% EBITDA margins
- Operational performance driven by standardization of prices across major facilities & clinics
- New Phan Xich Long facility witnessed fast ramp up with occupancy reaching 71% in June 2012
  - ➡ Key specialties of cardiac & Obstetrics / Gynaecology to be operationalized shortly

## FY12

- FY 12 proforma revenues of Rs 158 Cr
- Commenced a new 200 bed facility in Ho Chi Minh City in December 2011 (Phan Xich Long)



**Fortis Hoan My ~ 800 beds across 5 facilities**



Fortis Hoan My Danang



Fortis Hoan My Sai Gon Premier



Fortis Hoan My Minh Hai



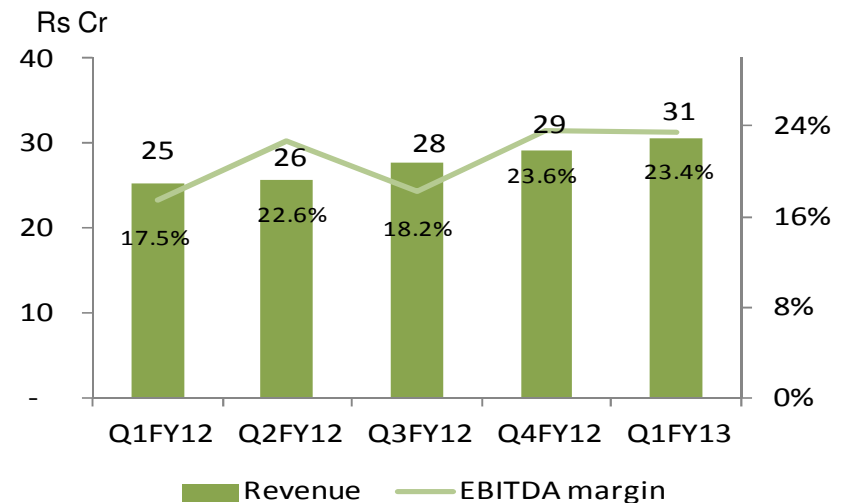
Fortis Hoan My Cuu long



# Singapore Operations

## RadLink Asia

- Q1 FY 13 Revenues at Rs 31 Cr , 23.4% EBITDA margin
- Opportunities for contracting work from third party large private and public hospitals
- FY12 proforma revenues of Rs 108 Cr (21% EBITDA margins )
- 5 diagnostics imaging and nuclear medicine centers, one cyclotron and radio-pharma facility and 5 GP clinics



## Fortis Colorectal Hospital

- A super specialty hospital for colorectal diseases – first & only such hospital in SE Asia
- First greenfield hospital overseas by an India based healthcare delivery organization
- Formally inaugurated on 31<sup>st</sup> July 2012



# Potential Synergies

## Growth Synergies

- Leadership position to unlock economies of scale from regional scale and network effects
- Global Brand with an enhanced market positioning
- Wider customer interface and mindshare

## Verticals Synergies

- Cross-leverage competencies across verticals
- Enhanced talent pool of clinical and management professionals
- Increased service offerings - expertise in cardiology & nephrology
- Expansion of verticals across geographies

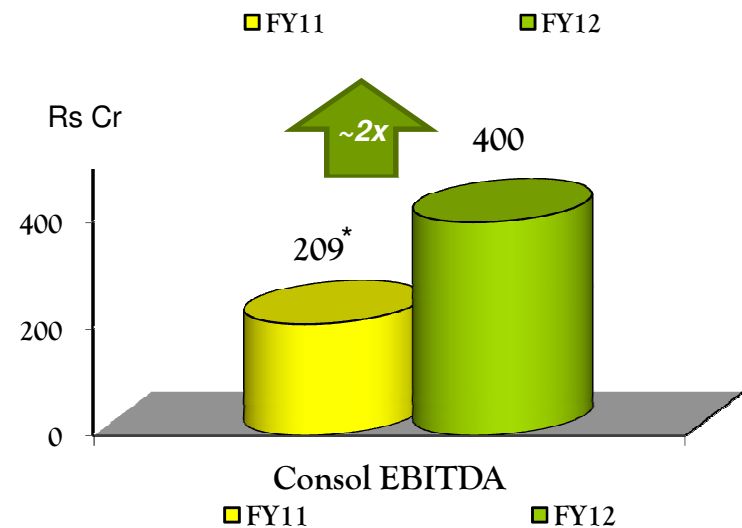
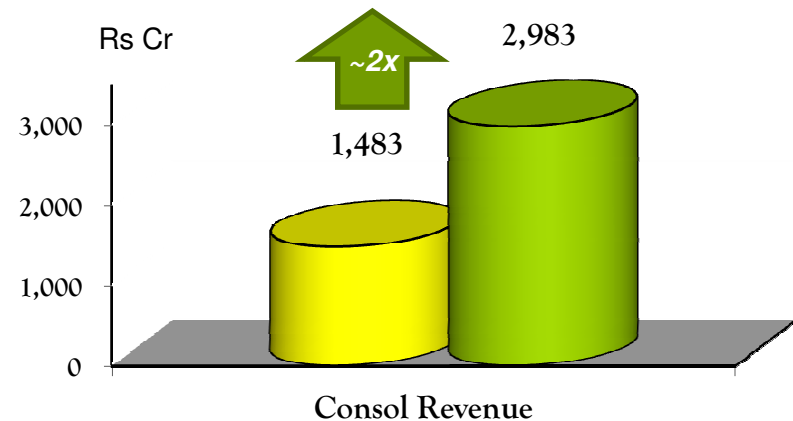
## Cost Synergies

- Shared services project underway
  - Information technology
  - Integrated supply chain management

# Group Financial Highlights – FY 12 & Q1 FY 13

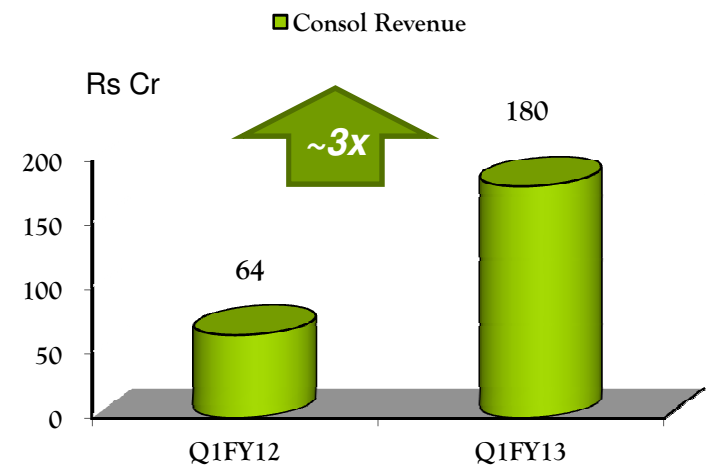
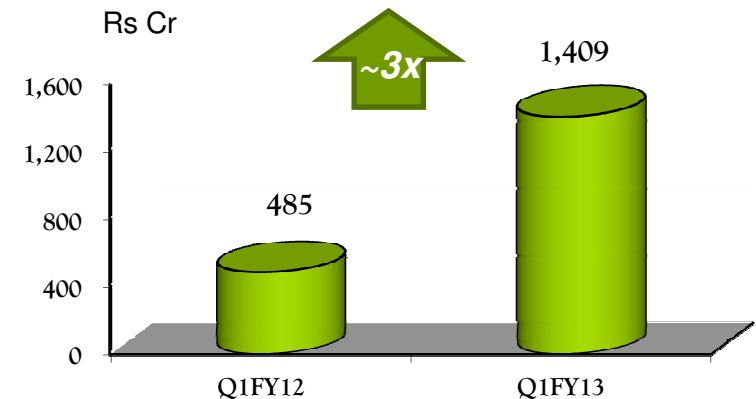
# Group Financial Highlights - FY12

- Consolidated Revenues grew 101% to Rs 2,983 Cr
  - India Business – Rs 2346 Cr, +58%
  - International Business – Rs 637 Cr
- Consolidated Operating EBITDA stood at Rs 400 Cr, a growth of 91%
  - India Business – Rs 322 Cr, +54% (13.7% margin)
  - International Business – Rs 78 Cr (12.3% margin)
- Consolidated Operating EBITDA margin at 13.4%
- Net profit at Rs 72 Cr



# Group Financial Highlights - Q1 FY13

- Consolidated Revenues at Rs 1,409 Cr, + 191%.
  - ❖ India Business – Rs 669 Cr, + 38%
  - ❖ International Business – Rs 741 Cr
- Consolidated Operating EBITDA at Rs 180 Cr, +182%
  - ❖ India Business – Rs 88 Cr, + 39% (13.2% margin)
  - ❖ International Business – Rs 92 Cr (12.4% margin)
- Consolidated EBITDA margin at 12.8%



■ Consol EBITDA



# Group Consolidated P&L: FY12 & Q1 FY13

Particulars	FY12	FY11	Growth %	Q1FY13	Q1FY12	Growth QoQ %	Growth QotQ %
	Total Consol (Rs Cr.)	Total Consol (Rs Cr.)		Total Consol (Rs Cr.)	Total Consol (Rs Cr.)		
<b>Operating Revenue</b>	<b>2,982.8</b>	<b>1,482.8</b>	<b>101%</b>	<b>1,409.3</b>	<b>484.8</b>	<b>191%</b>	<b>10%</b>
Direct Costs	666.5	393.0	70%	256.2	131.3	95%	15%
Employee Costs	738.2	273.1	170%	472.8	91.9	414%	12%
Other Costs	1,178.0	768.6	53%	500.4	198.0	153%	5%
<b>Operating EBITDA</b>	<b>400.0</b>	<b>48.1</b>	<b>732%</b>	<b>179.9</b>	<b>63.7</b>	<b>182%</b>	<b>13%</b>
Operating EBITDA margin	13.4%	3.2%		12.8%	13.1%		
Other Income*	184.9	458.9	(60%)	36.4	20.9	74%	(67%)
<b>EBITDA</b>	<b>584.8</b>	<b>507.0</b>	<b>15%</b>	<b>216.2</b>	<b>84.6</b>	<b>156%</b>	<b>(20%)</b>
Finance Costs	294.6	250.0	18%	178.3	30.1	492%	23%
<b>Depreciation &amp; Amortization</b>	<b>182.3</b>	<b>104.5</b>	<b>74%</b>	<b>66.6</b>	<b>34.5</b>	<b>93%</b>	<b>-</b>
PAT after minority interest and share in associates	72.2	124.4	(42%)	(60.4)	16.0		-

\* Other income includes forex impact due to foreign currency loans

# AN ASSET LIGHT STRATEGY THE RELIGARE HEALTH TRUST\*

*\* Refer specific disclaimer on slide 2*



# Strategic Rationale for the Business Trust

## Rationale

**Long Term Finance Vehicle**

**De-lever Balance Sheet**

**Adopting Internationally Emerging & Successfully Proven Trends**

## Key Highlights

## Advantages

- Provides a perpetual source of long term capital
- Provides visible valuation and shareholding in a listed entity .i.e. creates a liquid instrument
- Proceeds from listing to be utilized to reduce overall debt of the Company and strengthen Balance Sheet
- Expected improvement in net debt to equity\* ratio from ~1.6 x to ~1.0 x.
- Globally, healthcare delivery models are evolving towards innovative methods, such as transformation to asset light models.
- Healthcare sector being capital intensive requires a constant source of funds for expansion and thereby allows Fortis to pursue its strong and sustainable growth agenda.
- Allows Company to continue focus on its core activity of providing medical healthcare services

- **Largest IPO of a business trust sponsored by an Indian Company in Singapore**
- **Sponsor .i.e. Fortis's stake : 28%**
- **Total IPO proceeds: SG\$ 511 Million**
- **Initial Portfolio: 11 clinical establishments, 4 Greenfield clinical establishments , 2 operating hospitals**

\*Net debt includes FCCB, Preference Capital and CCPS  
For further details / other terms and conditions please refer to the RHT prospectus

# Initial Portfolio

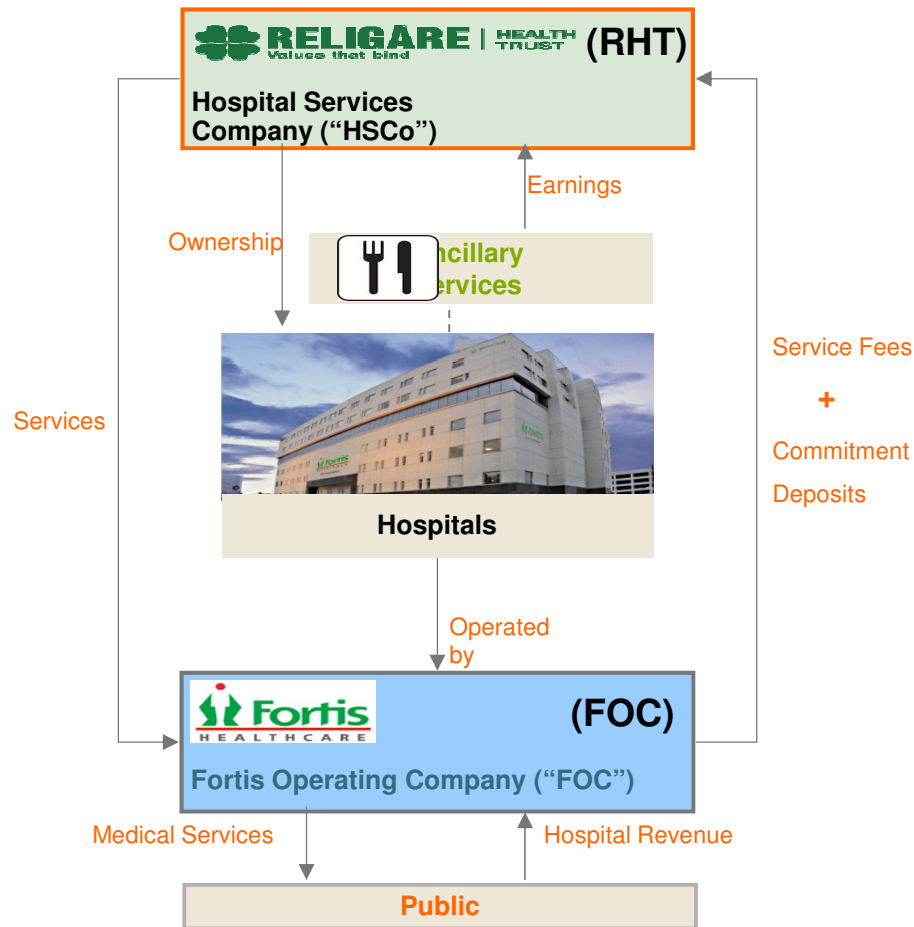
Initial portfolio comprises 11 Clinical establishments including specific out-patient and day care medical and healthcare services and radiology and imaging diagnostic services, 4 Greenfield clinical establishments and 2 operating hospitals.

Asset	Type of Medical Care	Operational Beds <sup>(1)</sup>
<b>Clinical Establishments</b>		
Amritsar	Secondary and Tertiary	153
Bengaluru, BG Road	Quaternary	239
Chennai, Malar	Secondary and Tertiary	170
Faridabad	Secondary	210
Gurgaon	Tertiary	-
Jaipur	Tertiary	207
Kolkata	Tertiary	126
Mumbai, Kalyan	Tertiary	44
Mumbai, Mulund	Quaternary	236
New Delhi, Shalimar Bagh	Tertiary	130
Noida	Quaternary	191
<b>Greenfield Clinical Establishments</b>		
Ludhiana	Quaternary	-
Chennai	Tertiary	-
Hyderabad	Tertiary	-
Greater Noida	Tertiary	-
<b>Operating Hospitals</b>		
Bengaluru, Nagarbhavi	Secondary	45
Bengaluru, Rajajinagar	Secondary	31
<b>Total</b>		<b>1,782</b>

(1) The number of beds available for use at each hospital as at 30 June 2012.

For further details / other terms and conditions please refer to the RHT prospectus

# Key terms of Hospital and Medical Services Agreements ( HMSA)



- ▶ The RHT .i.e. HSCo to maintain and operate the Clinical Establishments to allow Fortis .i.e. FOC to run a full fledged hospital for providing healthcare services
- ▶ Provision of OPD and radio diagnostic services for and on behalf of FOC
- ▶ Provision of ancillary services

- ▶ FOC to run the hospital and provide all additional healthcare services including inpatient and emergency services
- ▶ FOC to pay to the HSCo service fees ( base + variable) and commitment deposit on capex for future expansion.

For further details / other terms and conditions please refer to the RHT prospectus

# Key terms of Hospital and Medical Services Agreements ( HMSA)

<b>Term of Agreement</b>	<ul style="list-style-type: none"> <li>▶ 15 years with option to extend by another 15 years by mutual consent</li> </ul>
<b>Service Fee</b>	<ul style="list-style-type: none"> <li>▶ <b>Base Service Fee</b> <ul style="list-style-type: none"> <li>▶ Fixed quarterly payments increasing by 3% at the beginning of each financial year*</li> </ul> </li> <li>▶ <b>Variable Service Fee</b> <ul style="list-style-type: none"> <li>▶ 7.50% of the operating income of the FOC during each quarter</li> </ul> </li> </ul>
<b>Right of First Refusal ( ROFR)</b>	<ul style="list-style-type: none"> <li>▶ Sponsor .i.e. Fortis to grant a ROFR to the Trustee Manager of the RHT.</li> <li>▶ Trustee Manager to grant a reverse ROFR to the sponsor</li> </ul>
<b>Future Capex</b>	<ul style="list-style-type: none"> <li>▶ Maintenance and expansion capex to be borne by HSCo (as per terms of HMSA)</li> <li>▶ Total estimated capex spend to be incurred by the HSCo ~ Rs 700 cr</li> </ul>
<b>OPD &amp; Radiology Costs</b>	<ul style="list-style-type: none"> <li>▶ OPD and Radiology costs to be borne by HSCo.</li> </ul>

For further details / other terms and conditions please refer to the RHT prospectus

# Indicative P&L Impact

Particulars	Year 1 INR Cr
<b>Net Impact on EBITDAS (a + b )</b>	<b>92</b>
Savings on Expenses (a)	103
Less: Operating and ancillary income (b)	(11)
Total Service fees (c)	(379)
<b>Net Impact on EBITDA (a + b + c)</b>	<b>(287)</b>
Interest Savings (d)	288
Less: Depreciation	31
Net Impact on PBT	32
Net Cost of Fund	(300)
<b>Net Cost of Funds (as % of total funds raised)</b>	<b>10.9%</b>

- a) Expenses on radiology/ OPD transferred to RHT; costs related to land and building to be borne by RHT
- b) Operating profits of two hospitals and ancillary income
- c) Total Service fees includes :
  - i. Fixed Service Fee Rs 283 Cr
  - ii. Variable Service fee Rs 96 Cr
- d) Interest Savings on Debt repayment, interest savings on debt for estimated capex for year 1 (~Rs 55 Cr). Also includes potential interest savings on capital raised by leveraging Fortis' stake in the RHT.

Above numbers have been considered on impact basis. Expenses / costs have been shown as negative, savings on costs, interest, depreciation have been shown as positive. The above excludes any exceptional / one-off items.

**Thank You...**

**Fortis Healthcare**

**Investor Presentation**

**22<sup>nd</sup> – 24<sup>th</sup> October, 2012**

