

Fortis Healthcare Limited

Investor Presentation – Q4FY17 & FY17



“ Saving and Enriching Lives ”



May 30, 2017

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Discussion Points

➤ **Highlights – Q4FY17 & FY17**

➤ **Awards & Recognitions**

➤ **Successes in Clinical Excellence**

➤ **Financial Highlights**

➤ **Business Performance – Hospitals & Diagnostics**

Highlights – Q4FY17

➤ **Group Consolidated Business** (Q4 FY17 vs Q4 FY16)

- ➔ Net Revenues at Rs 1,123 Cr for the quarter, + 5%
- ➔ Consolidated operating EBITDAC* at Rs 148 Cr, 13.2% margin versus 14.9% margin
- ➔ Consolidated operating EBITDA at Rs 84 Cr, + 79%
- ➔ Consolidated PBT before forex and exceptional items at Rs 17 Cr vs Rs (29) Cr

➤ **Hospital Business** (Q4 FY17 vs Q4 FY16)

- ➔ Net Revenues at Rs 913 Cr, +5%
- ➔ Operating EBITDAC at Rs 110 Cr, 12.0% margin versus 14.8% margin
- ➔ Net BT costs down 43% , from Rs 113 Cr in Q4 FY16 to Rs 64 Cr in Q4 FY17
- ➔ Operating EBITDA at Rs 46 Cr, +179%

➤ **Diagnostics Business .i.e. SRL** (Q4 FY17 vs Q4 FY16)

- ➔ Net Revenues at Rs 203 Cr, +12.3%
- ➔ Operating EBITDA at Rs 40 Cr. Represents 19.9% margin versus 22.6% margin

*Refers to EBITDA before net business trust costs

Highlights – FY17

➤ **Group Consolidated Business** (FY17 vs FY16)

- Net Revenues at Rs 4,574 Cr versus Rs 4,210 Cr, + 8.7%
- Consolidated operating EBITDAC at Rs 734 Cr, 16.1% margin versus 15.8% margin
- Consolidated operating EBITDA at Rs 362 Cr, + 75%
- Consolidated PBT before forex and exceptional items at Rs 77 Cr vs Rs (53) Cr

➤ **Hospital Business** (FY17 vs FY16)

- Net Revenues at Rs 3,712 Cr versus Rs 3,428 Cr, +8.3%
- Operating EBITDAC at Rs 545 Cr. Represents 14.7% margin similar to FY16
- Net BT costs down 19%; from Rs 457 Cr in FY 16 to Rs 372 Cr in FY17 (*from the date of closure .i.e. October 2016*)
- Operating EBITDA at Rs 173 Cr vs Rs 47 Cr, a 3.6x increase over FY16

➤ **Diagnostics Business .i.e. SRL** (FY17 vs FY16)

- Net Revenues at Rs 795 Cr, +10.6%
- Operating EBITDA at Rs 175 Cr. Represents 21.9% margin versus 24.3% margin

➤ Net debt of the company as on March 31, 2017 stood at Rs 1,281 Cr, representing a net debt to equity ratio of 0.20 compared to 0.16x as on March 31, 2016 and 0.30x as on December 31, 2016.

Key Highlights of the Year

➤ **Update on Demerger of diagnostics business**

➡ In Q4FY17, the Company filed the Composite Scheme with the National Company Law Tribunal (NCLT), Chandigarh and has subsequently got approval from all the shareholders and creditors of Fortis Healthcare, SRL Limited, and Fortis Malar. The next hearing by NCLT is scheduled for June end.

➤ **Completion of acquisition of 51% economic interest in Fortis Hospotel Limited (FHTL)**

➡ Effective mid – October, FHTL became a subsidiary of Fortis and is being consolidated with Fortis. This has resulted in higher operating profitability (EBITDA) of the hospital business due to lower Business Trust fees.

➤ **Conversion of FCCBs into equity**

➡ During Q3FY17, the Company issued shares in lieu of the conversion notice received by it from the FCCB holders of its USD 30 Mn equivalent FCCBs that were listed on the SGX.

➡ During Q4FY17, the Company issued shares in lieu of the conversion notice received from International Finance Corporation (IFC) for the USD 55 Mn equivalent FCCBs held by them.

➡ The resulting capital post the conversion of both the FCCBs stands at approx. 51.7 Crore equity shares.

➡ Post the above conversions, there are no further outstanding FCCBs / other convertible instruments.

Key Awards and Recognitions in Q4

Dr Ashok Seth, Chairman - Fortis Escorts Heart Institute, New Delhi was conferred with the prestigious 'Life Time Achievement Award in Interventional Cardiology' by the Chien Foundation, Singapore at the premier annual meeting of the Asian Pacific Interventional Cardiology – AsiaPCR SingLIVE 2017 in Singapore.

Dr Vivek Jawali, Chairman - Cardiac Sciences, Fortis Hospitals, Bengaluru was recently awarded the Bangalore Management Association's Lifetime Achievement Award

Fortis Hospital, Mohali has been feted with the coveted Asia Pacific Hand Hygiene Award for 2016.

Fortis Hospital, Bannerghatta Road, Bengaluru has won a Gold at the Asian Hospital Management Awards (AHMA) held in HoChi MinhCity for its 'Mission AAA' (Avoid Antibiotic Abuse) in the Physician Leadership Programme category.

Fortis Bloom IVF Group has been recognised with the 'Best Infertility and IVF Centre – Delhi NCR' award at International Healthcare Summit & Awards 2016.

Successes in Clinical Excellence in Q4

A team of doctors at Fortis Hospital, Shalimar Bagh performed a meticulous two-hour laparoscopic procedure to remove 838 stones from the gall bladder of a patient.

A 60-year-old patient from Pithorgarh, Uttarakhand, who was bed-ridden due to a fractured spine caused by the spread of cancer from his lungs, was able to walk again after treatment at Fortis Hospital, Noida.

Doctors at Fortis BG Road, successfully treated a 2-month-old Iraqi baby suffering from a rare congenital condition, 'Bladder Exstrophy with Epispadias,' (urinary bladder is exposed and the urinary tract organs are malformed)

A team of Doctors at Fortis Hospital, Noida performed a lifesaving liver transplant surgery on a 5 year old girl from Pakistan suffering from Hyperoxaluria Type 1, a rare condition among children

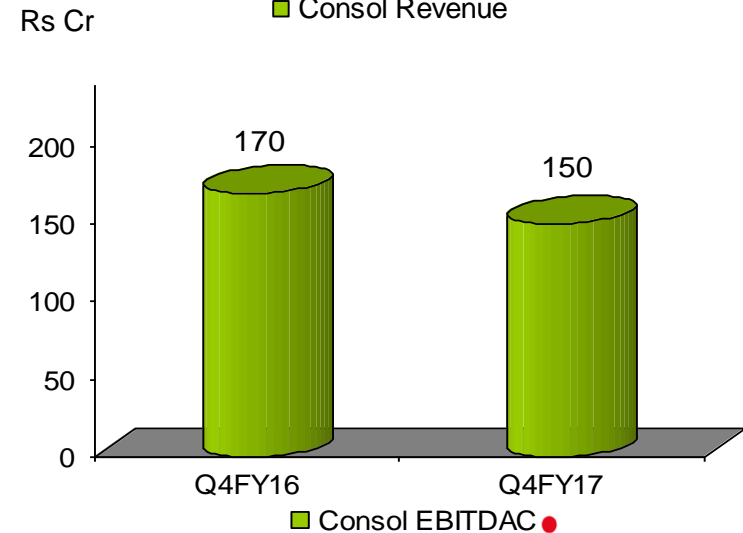
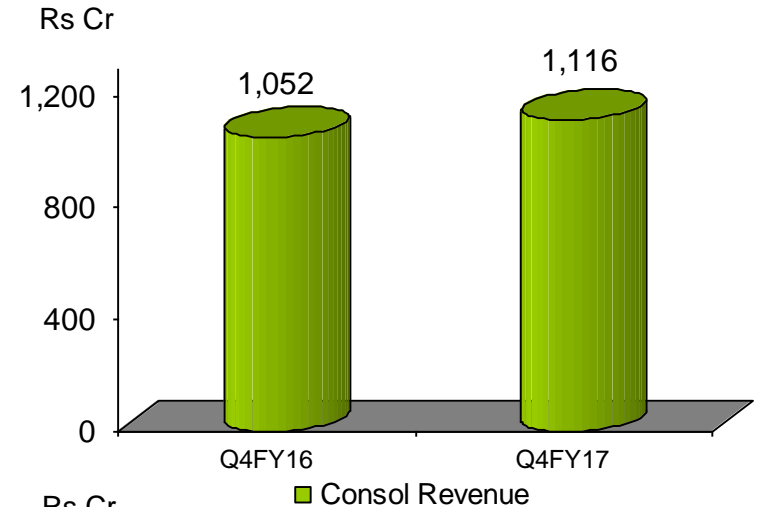
A team of Doctors at Fortis Vasant Kunj, created history by removing the world's largest adrenal tumour, weighing 11.5 kgs, from a 55-year-old patient's stomach.

A team of Doctors at Fortis S L Raheja Hospital, gave a fresh lease of life to a 35- day old baby suffering from Coarctation of Aorta (COA), a congenital heart defect that is often difficult to diagnose

Financial Highlights

India Financial Highlights – Q4FY17 vs Q4FY16

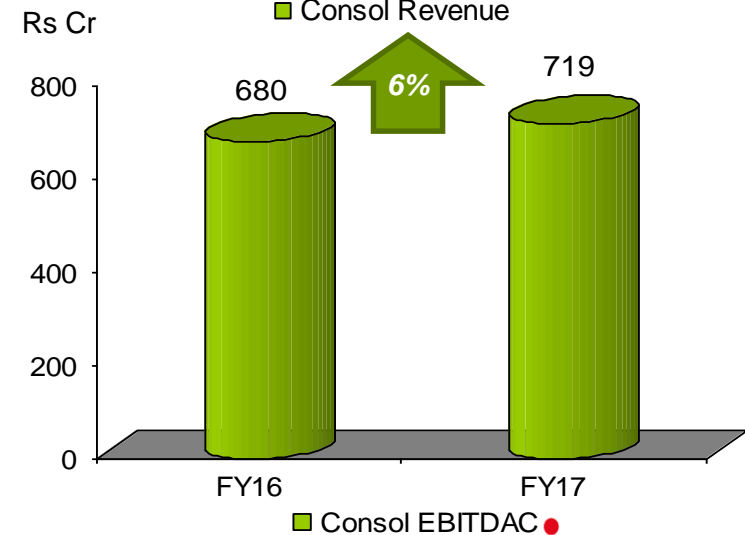
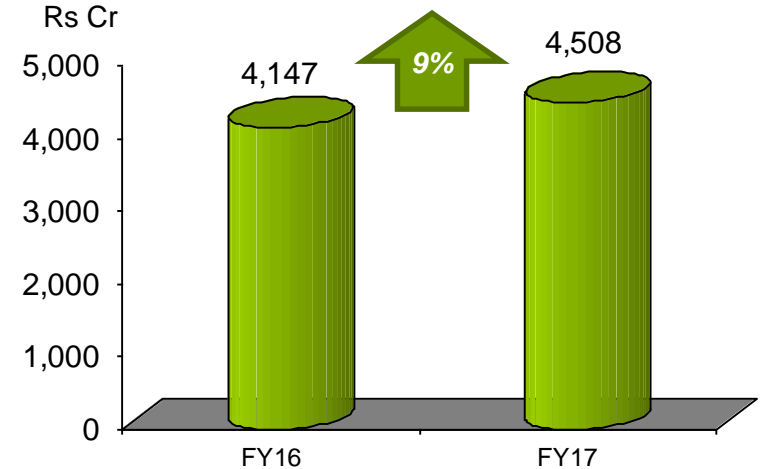
- Consolidated Revenues at Rs 1,116 Cr, + 6%.
 - ❖ Hospital Business – Rs 913 Cr, + 5%
 - ❖ Diagnostic Business – Rs 203 Cr, + 12%
- Consolidated Operating EBITDAC* at Rs 150 Cr, 13.4% margin
 - ❖ Hospital Business – Rs 110 Cr, 12.0% margin
 - ❖ Diagnostic Business – Rs 40 Cr, 19.9% margin



*EBITDAC refers to EBITDA before net business trust costs

India Financial Highlights – FY17 vs FY16

- Consolidated Revenues at Rs 4,508 Cr, + 9%.
 - ❖ Hospital Business – Rs 3,712 Cr, + 8%
 - ❖ Diagnostic Business – Rs 795 Cr, + 11%
- Consolidated Operating EBITDAC* at Rs 719 Cr, 16.0% margin
 - ❖ Hospital Business – Rs 545 Cr, 14.7% margin
 - ❖ Diagnostic Business – Rs 175 Cr, 21.9% margin



*EBITDAC refers to EBITDA before net business trust costs

India Consolidated P&L – Q4FY17

	Q4FY16	Q3FY17	Q4FY17	QoQ % Change
Particulars	(Rs Cr.)	(Rs Cr.)	(Rs Cr.)	
Operating Revenue	1,051.5	1,105.1	1,115.7	6.1%
Operating EBITDAC*	169.7	168.7	150.0	-11.6%
Operating EBITDAC margin	16.1%	15.3%	13.4%	
Net BT Costs	112.6	71.2	63.8	-43.3%
Operating EBITDA	57.1	97.5	86.2	51.0%
Other Income	30.3	33.1	51.6	
EBITDA	87.3	130.6	137.8	57.8%
Finance Costs	38.1	74.5	66.3	
Depreciation & Amortization	70.3	59.2	62.4	
PBT before Forex	(21.1)	(3.0)	9.2	
Foreign Exchange (Loss)/ Gain	0.8	11.5	(20.5)	
PBT before Exceptional Item	(20.3)	8.5	(11.3)	
Exceptional (Loss)/ Gain^	(14.2)	(4.9)	(4.8)	
Tax Expense	(8.0)	25.1	8.2	
PAT before minority interest and share in associates	(26.5)	(21.5)	(24.3)	
Share in Associates^^	17.1	434.8	(0.9)	
PAT after minority interest and share in associates	13.0	401.9	(55.3)	

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

**Q3 and Q4 FY17 financials includes the impact of FHTL consolidation

^Exceptional item in Q4FY16 is wrt the exit from select non core facilities; for Q4 FY 17 exceptional expense pertains to completed / ongoing corporate actions

^^Share in associate of Rs 434.8 Cr during Q3FY17 is primarily due to exceptional gains booked by RHT on FHTL disposal as per IND AS.

India Consolidated P&L – FY17

	FY16	FY17	% Change
Particulars	(Rs Cr.)	(Rs Cr.)	
Operating Revenue	4,147.1	4,507.5	8.7%
Operating EBITDAC*	680.3	719.2	5.7%
Operating EBITDAC margin	16.4%	16.0%	
Net BT Costs	457.4	371.9	-18.7%
Operating EBITDA	222.9	347.2	55.8%
Other Income	86.7	142.5	64.4%
EBITDA	309.6	489.7	58.2%
Finance Costs	133.0	228.0	
Depreciation & Amortization	217.9	218.3	
PBT before Forex	(41.4)	43.4	
Foreign Exchange (Loss)/ Gain	21.3	(8.6)	
PBT before Exceptional Item	(20.0)	34.8	
Exceptional (Loss)/ Gain^	(72.5)	(11.7)	
Tax Expense	(8.7)	59.0	
PAT before minority interest and share in associates	(83.9)	(36.0)	
Share in Associates^^	63.3	472.3	
PAT after minority interest and share in associates	(35.1)	379.0	

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

**FY17 financials includes the impact of FHTL consolidation as applicable starting Q3FY17

^Exceptional loss during FY16 is largely due to closure of certain labs, exit from Kangra operations and amendment of Provision of Bonus Act

^^Significant increase in Share in associate during FY17 is primarily due to exceptional gains booked by RHT on FHTL disposal as per IND AS.

Group Consolidated P&L – Q4FY17

Particulars	Q4FY16	Q3FY17	Q4FY17	QoQ % Change
	(Rs Cr.)	(Rs Cr.)	(Rs Cr.)	
Operating Revenue	1,070.2	1,133.4	1,123.4	5.0%
Operating EBITDAC*	159.8	186.6	148.0	-7.4%
Operating EBITDAC margin	14.9%	16.5%	13.2%	
Net BT Costs	112.6	71.2	63.8	-43.3%
Operating EBITDA	47.1	115.4	84.2	78.6%
Other Income	34.2	35.2	62.5	83.1%
EBITDA	81.3	150.7	146.7	80.5%
Finance Costs	38.4	74.8	66.6	
Depreciation & Amortization	72.0	59.9	63.0	
PBT before Forex	(29.0)	16.0	17.1	
Foreign Exchange (Loss)/ Gain	(15.4)	23.7	(27.6)	
PBT before Exceptional Item	(44.4)	39.6	(10.5)	
Exceptional (Loss)/ Gain ^	(67.6)	(5.0)	(4.8)	
Tax Expense	(7.9)	18.6	22.5	
PAT before minority interest and share in associates	(104.2)	16.0	(37.8)	
Share in Associates ^^	17.1	437.6	4.1	
PAT after minority interest and share in associates	(90.7)	442.3	(63.8)	

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

**Q3 and Q4 FY17 financials includes the impact of FHTL consolidation

^Exceptional item in Q4FY16 is wrt the exit from select non core facilities and impairment loss of one of the company's subsidiaries.

^^Significant increase in Share in associate during Q3FY17 is primarily due to exceptional gains booked by RHT on FHTL disposal as per IND AS.



Group Consolidated P&L – FY17

Particulars	FY16	FY17	% Change
	(Rs Cr.)	(Rs Cr.)	
Operating Revenue	4,209.5	4,573.7	8.7%
Operating EBITDAC*	664.3	734.1	10.5%
Operating EBITDAC margin	15.8%	16.1%	
Net BT Costs	457.4	371.9	-18.7%
Operating EBITDA	206.9	362.2	75.1%
Other Income	99.2	166.0	67.4%
EBITDA	306.0	528.2	72.6%
Finance Costs	133.6	229.4	
Depreciation & Amortization	224.9	222.2	
PBT before Forex	(52.5)	76.6	
Foreign Exchange (Loss)/ Gain	54.7	(1.1)	
PBT before Exceptional Item	2.2	75.4	
Exceptional (Loss)/ Gain ^	(40.1)	(9.8)	
Tax Expense	(7.9)	68.2	
PAT before minority interest and share in associates	(30.1)	(2.6)	
Share in Associates ^^	72.5	486.1	
PAT after minority interest and share in associates	27.7	426.1	

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

**FY17 financials includes the impact of FHTL consolidation as applicable starting Q3FY17

^ **Exceptional loss during FY16 is the net gains arising due to divestment of RadLink and Fortis Surgical Hospital, Singapore (Rs 84 Cr) and adjusted with losses due to closure of certain labs & non core facilities, amendment of Provision of Bonus Act and impairment loss of one of the company's subsidiaries.

^^Significant increase in Share in associate during FY17 is primarily due to exceptional gains booked by RHT on FHTL disposal as per IND AS.

Consolidated Balance Sheet

Balance Sheet (Rs Cr)	March 31, 2016	March 31, 2017
Shareholder's Equity*	4,853	6,311
Foreign Currency Convertible Bonds (FCCB's)	559	-
Debt	961	2,220
Total Capital Employed	6,373	8,530
Net Fixed Assets (including CWIP)	1,761	3,361
Goodwill	2,106	2,326
Investments	883	1,486
Cash and Cash Equivalents	736	938
Net Current Assets	887	419
Total Assets	6,373	8,530

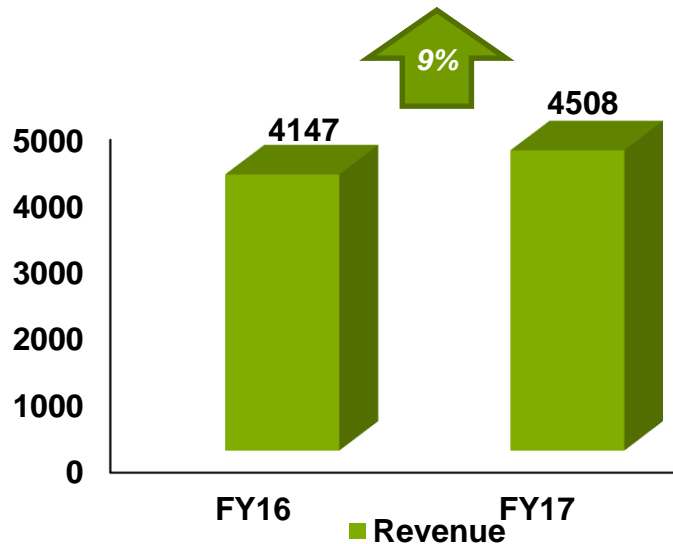
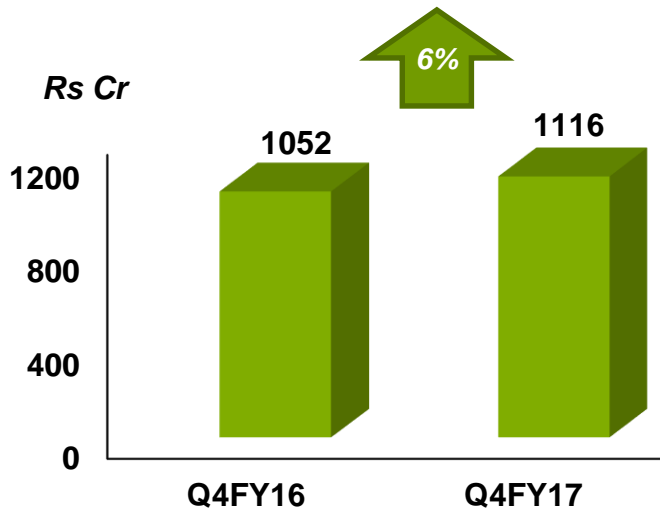
- Increase in shareholder's equity is due to FHTL consolidation and conversion of FCCBs (USD 85 Mn)
- Increase in debt is due to FHTL consolidation and loans to acquire 51% FHTL
- Increase in net fixed assets is due to addition of FHTL's assets at fair value
- Increase in Investments is due to FHTL acquisition and share in associate /dividend

- As on March 31, 2017, Net Debt to equity ratio stood at 0.20 x

*Shareholder's Equity includes Minority Interest.

Business Performance – Hospitals Business

India Business - Snapshot



Q4FY17 – Consolidated

- **Operating Revenue** - Rs. 1,116 Cr ↑ 6%
- **Hospital business** -Rs. 913 Cr ↑ 5%
- **Diagnostics business** -Rs. 203 Cr ↑ 12%

Statutory	Q4FY16	Q4FY17	FY16	FY17
Occupancy	71%	70%	72%	75%
ARPOB (Annualized - Rs. Lacs)	143	150	137	145
ALOS (Days)	3.59	3.50	3.56	3.56

FY17 – Consolidated

- **Operating Revenue** - Rs. 4,508 Cr ↑ 9%
- **Hospital business** -Rs. 3,712 Cr ↑ 8%
- **Diagnostics business** -Rs. 795 Cr ↑ 11%

India Hospital Business P&L

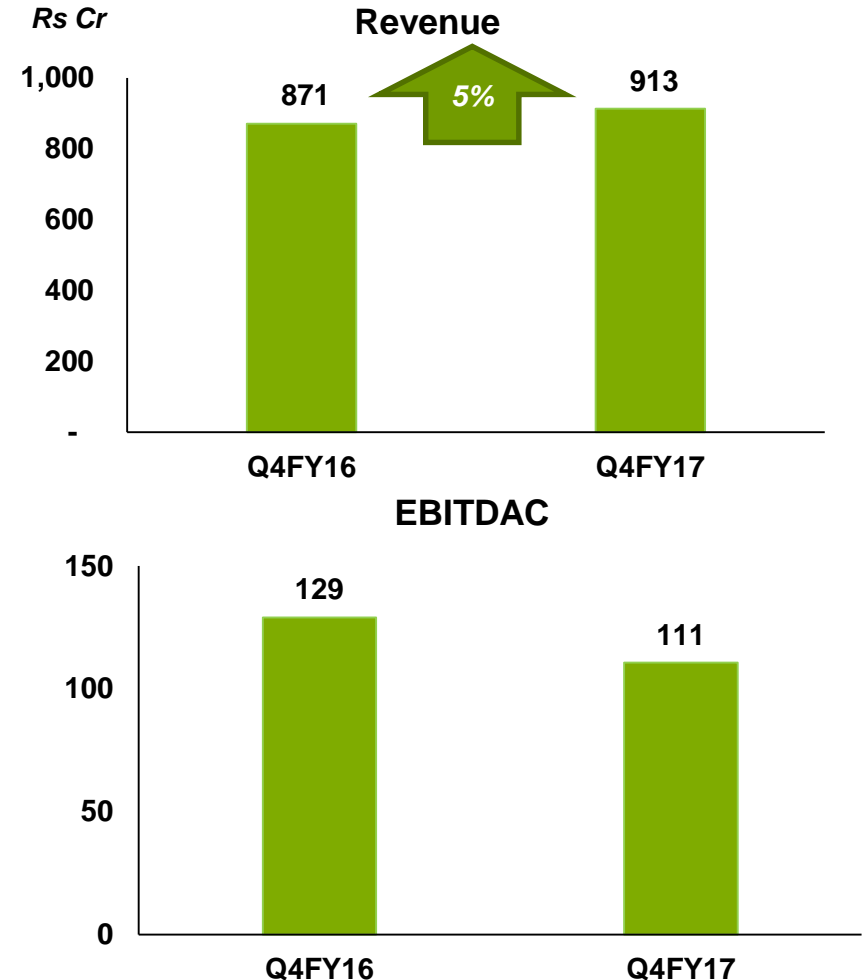
	Q4FY16	Q4FY17	QoQ % Change	FY16	FY17	% Change
Particulars	(Rs Cr.)	(Rs Cr.)		(Rs Cr.)	(Rs Cr.)	
Operating Revenue	871.1	912.9	4.8%	3,427.8	3,712.2	8.3%
Operating EBITDAC*	129.1	109.7	-15.0%	504.8	544.6	7.9%
Operating EBITDAC margin	14.8%	12.0%		14.7%	14.7%	
Net BT Costs^	112.6	63.8	-43.3%	457.4	371.9	-18.7%
Operating EBITDA	16.5	45.9	178.7%	47.4	172.7	264.1%
Other Income	26.4	52.2	98.1%	78.8	135.6	71.9%
EBITDA	42.8	98.1	129.0%	126.3	308.2	144.1%

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

^Reduction in net BT Costs is mainly due to consolidation of FHTL

India Hospital Business – Q4FY17

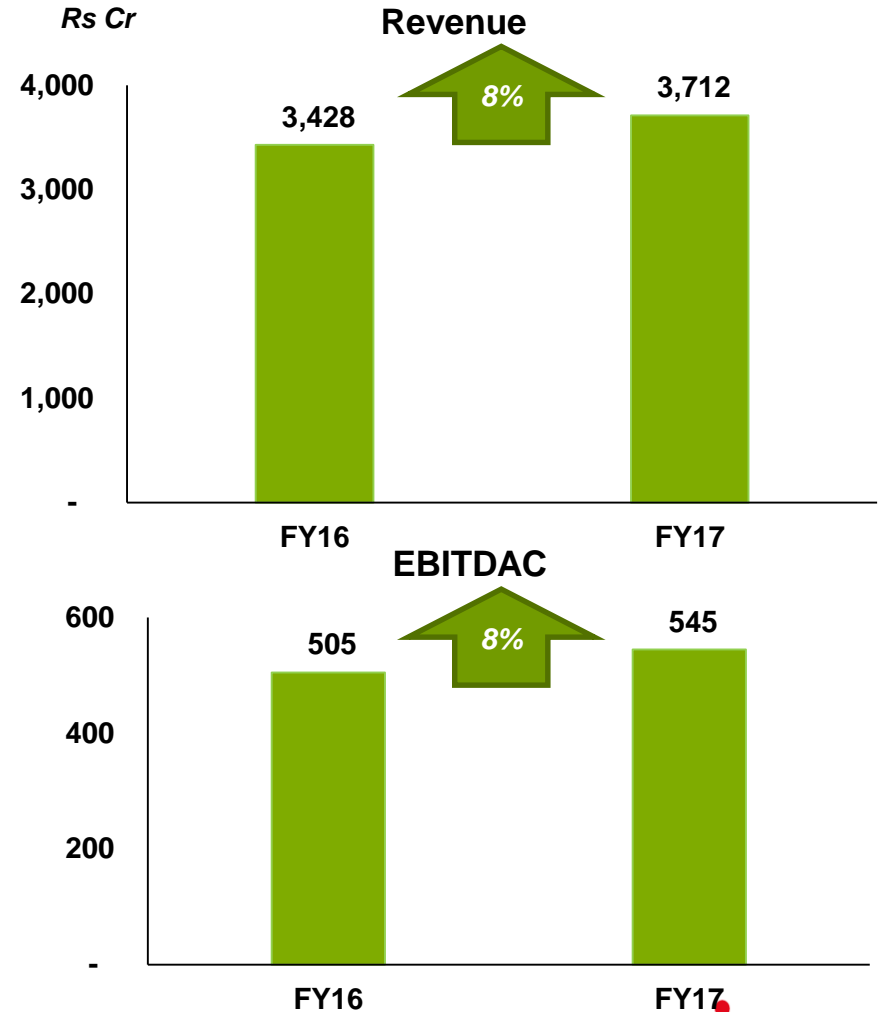
- Operating revenue at Rs 913 Cr, +5%
- Operating EBITDAC* margins at 12.0%, vs 14.8% in the corresponding quarter.
- International patient revenue at Rs 101 Cr, +10%; representing 11.1% of overall hospital business
- FMRI revenue at Rs 123 Cr, + 10% over corr Q
- FEHI reported strong revenue growth of 26% (Rs 108 Cr)
- Ludhiana facility continues on its growth trajectory with 14% qoq growth



*EBITDAC refers to EBITDA before net business trust costs

India Hospital Business – FY17

- Operating revenue at Rs 3,712 Cr, +8%
- Operating EBITDAC* margins at 14.7%, similar to the corresponding quarter.
- International patient revenue at Rs 395 Cr, +10%; representing 10.6% of overall hospital business
- FMRI revenue at Rs 479 Cr, + 16% over corr Q
- FEHI witnessed strong traction with 17% revenue growth (Rs 402 Cr)
- Fortis Ludhiana continues on its strong rampup with 40% qoq revenue growth



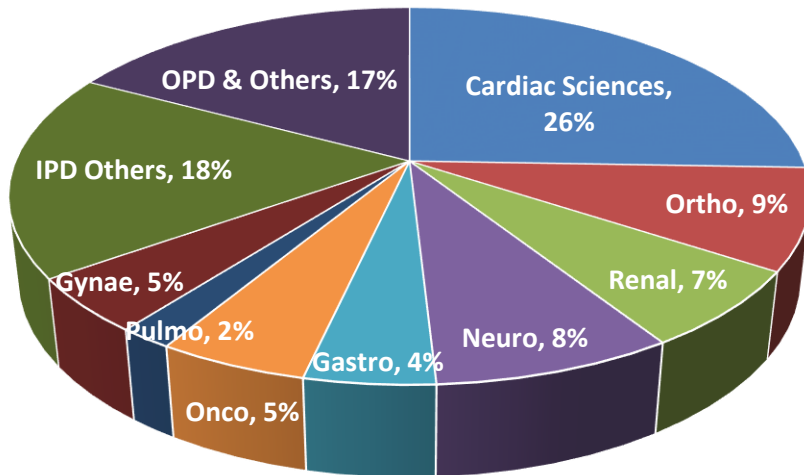
*EBITDAC refers to EBITDA before net business trust costs

Select Key Highlights / Accomplishments in Q4

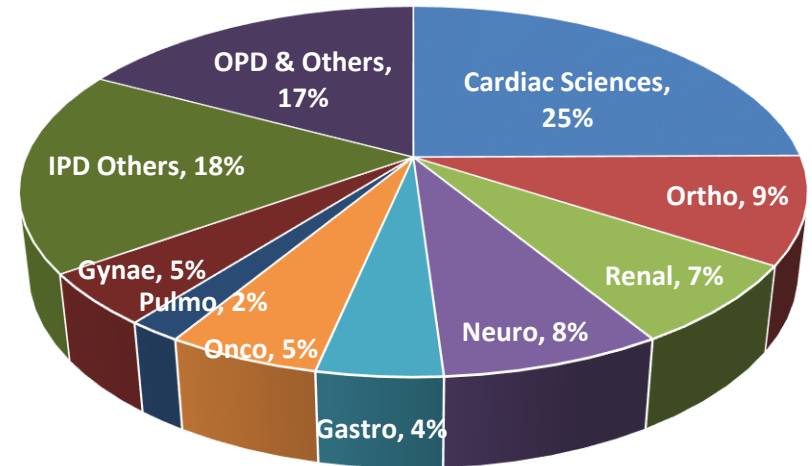
- During the quarter, a state-of-the-art Bone Marrow Transplant (BMT) unit was inaugurated at FMRI. The 14-bed BMT ICU has 12 beds for adults and 2 paediatric beds.
- Fortis Malar Hospital, Chennai has launched an All Women's Clinic. The multi-speciality clinic aims at providing a one-stop solution for women and is run by an all women team of clinicians and staff.
- After publishing FEHI's Cardiac Clinical outcomes data and Fortis Vasant Kunj's Kidney Transplant (1 year Survival) clinical outcomes data, five other Fortis hospitals joined this initiative. Fortis Mohali, Fortis Mulund, Fortis BG Road, Fortis CG Road and FMRI published clinical outcome data for CABG and PTCA procedures.
- To address the growing need for liver transplants and the treatment of liver related diseases, Fortis Hospital, Bannerghatta Road, has launched a dedicated Centre for Hepatobiliary Sciences and Liver Transplant.

India Hospital Business – Specialty Mix

FY16

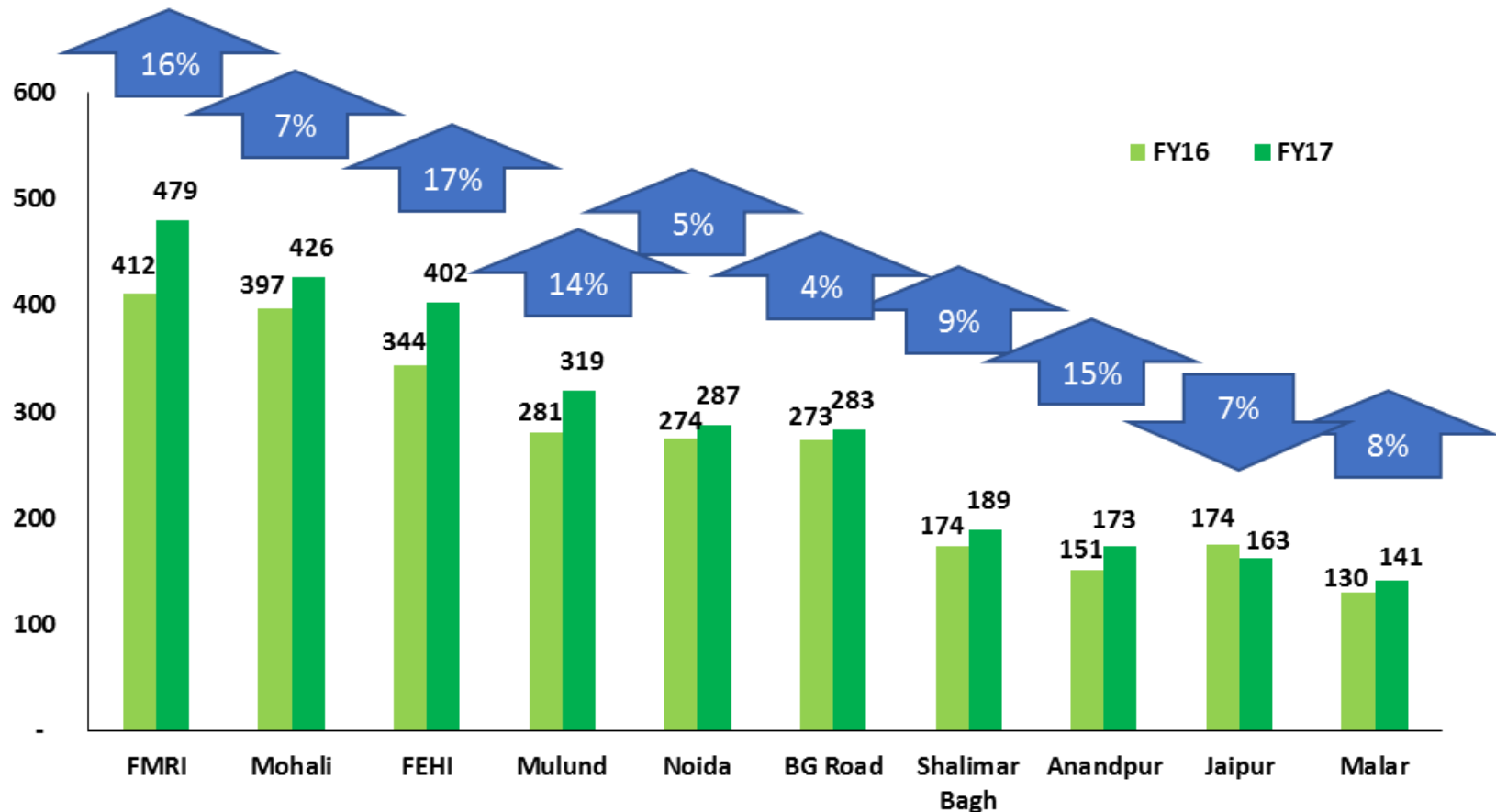


FY17



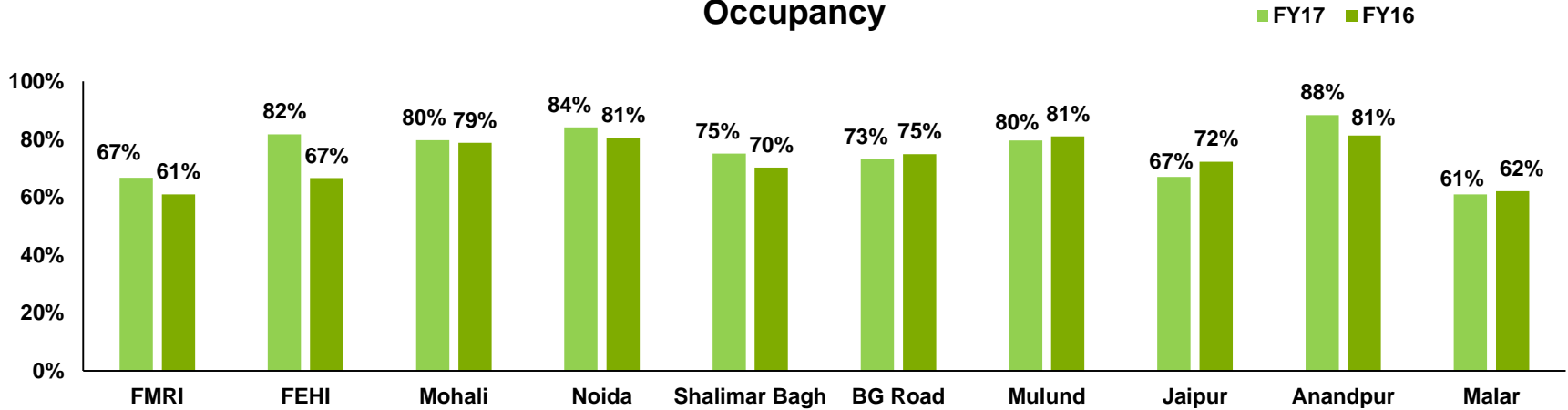
Revenue – Top 10 Hospitals (FY17 vs FY16)

Rs Crore

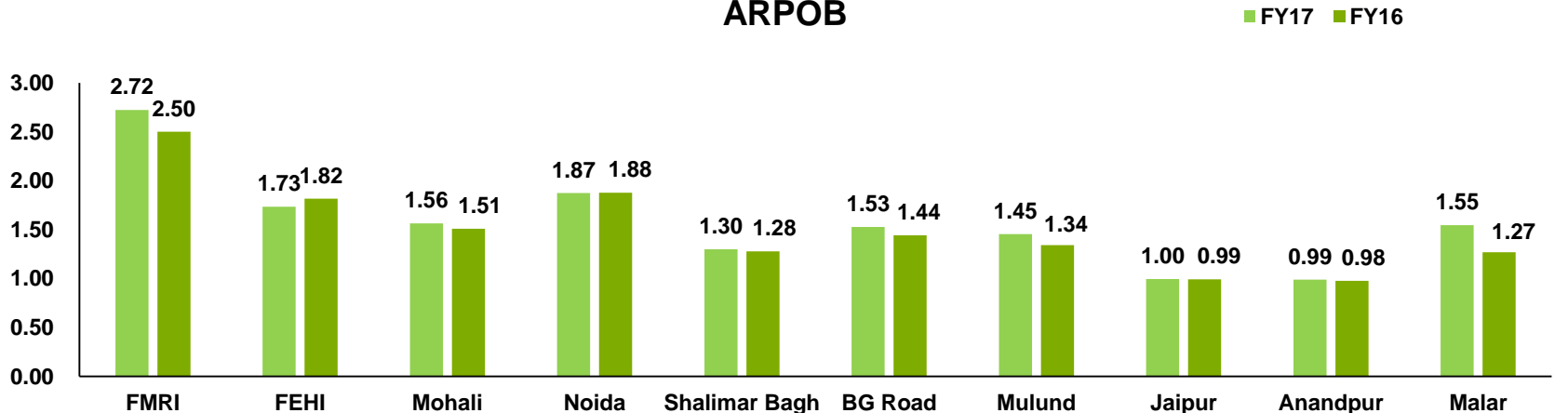


Occupancy & ARPOB - Top 10 Hospitals

Occupancy



ARPOB



Select Key Hospitals – FY17

Fortis Escorts Heart Institute, Delhi



- 294 operational beds @ 82% occupancy
- ARPOB of Rs 1.73 Cr
- Largest cardiac program of Fortis

Fortis Mulund, Mumbai



- 279 operational beds @ 80% occupancy
- ARPOB of Rs 1.45 Cr
- First hospital in the city to conduct heart transplant in four decades

Fortis Noida



- 191 operational beds @ 84% occupancy
- ARPOB of Rs 1.87 Cr
- Well established cancer care program

Fortis Hospital, BG Road, Bengaluru



- 255 operational beds @ 73% occupancy
- ARPOB of Rs 1.53 Cr
- Expansion underway for 210 bed block

FMRI, Gurugram



- 272 operational beds @ 67%
- ARPOB of Rs 2.72 Cr
- State of the art facility

Fortis Mohali

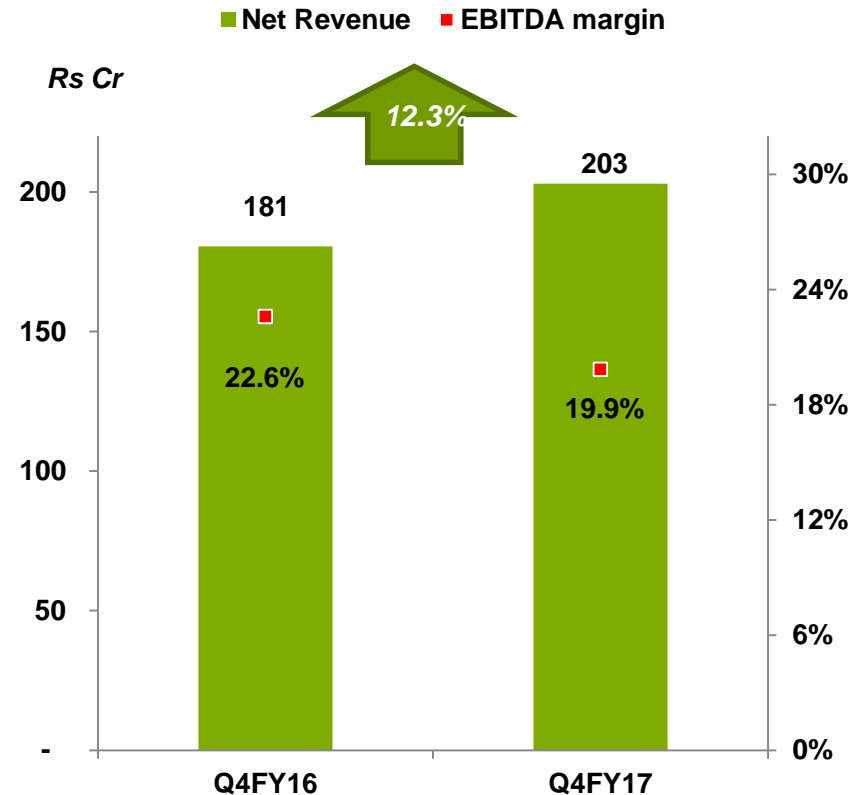


- 347 operational beds @ 80% occupancy
- ARPOB of Rs 1.56 Cr
- Fortis' First hospital, recently added oncology

Business Performance – Diagnostics Business

India Diagnostics Business – Q4FY17

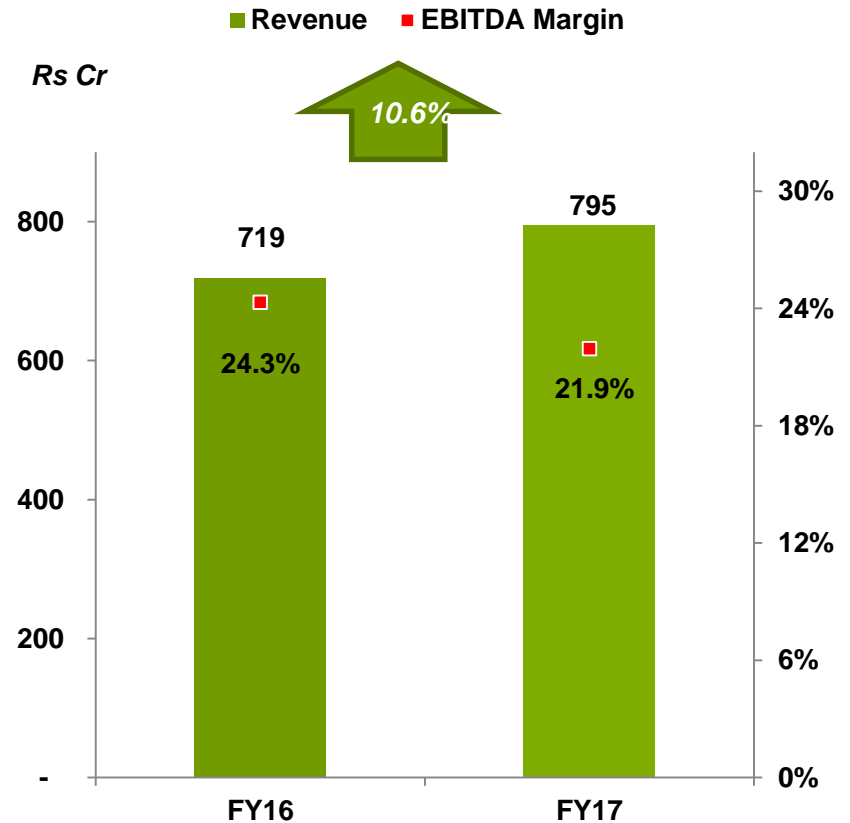
- Net Operating revenue at Rs 203 Cr, +12.3%
- Operating EBITDA margin stood at 19.9% compared to 22.6% in Q4FY16
- Network rationalisation continues.
 - 13 new labs added and 4 exited.
 - 31 collection centres added and 34 closed.
- No of accession at 3.63 million, a 4% Q-o-Q growth
- Conducted over 8.7 million tests during Q4FY17, a 6.5% growth over Q4FY16



**Net operating revenue is net of inter-company elimination*

India Diagnostics Business – FY17

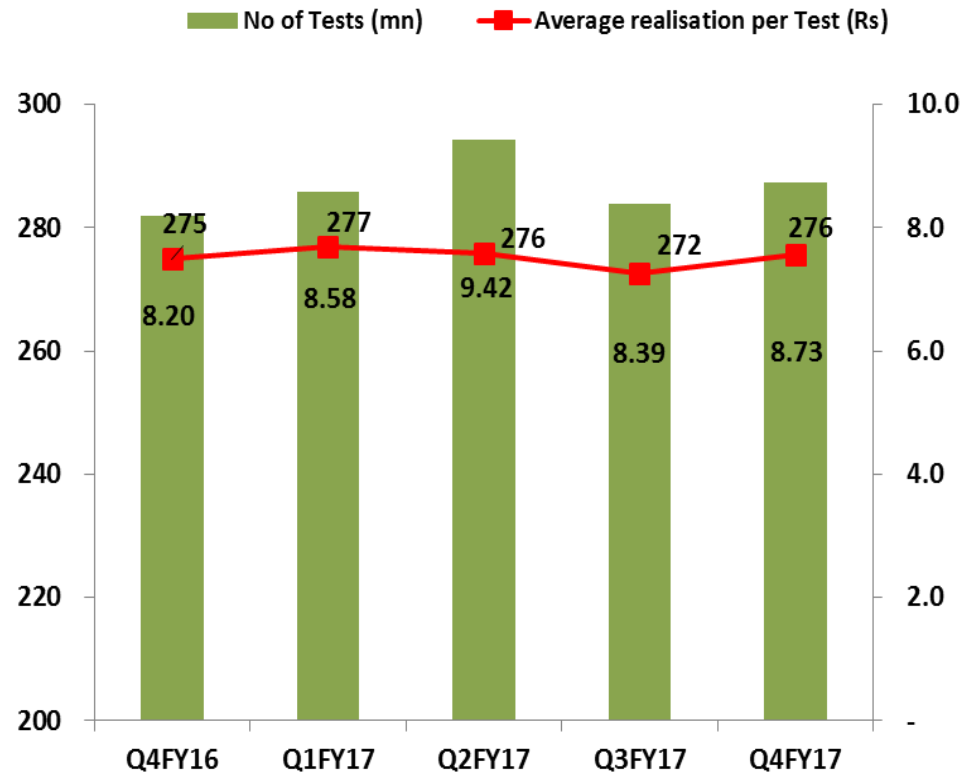
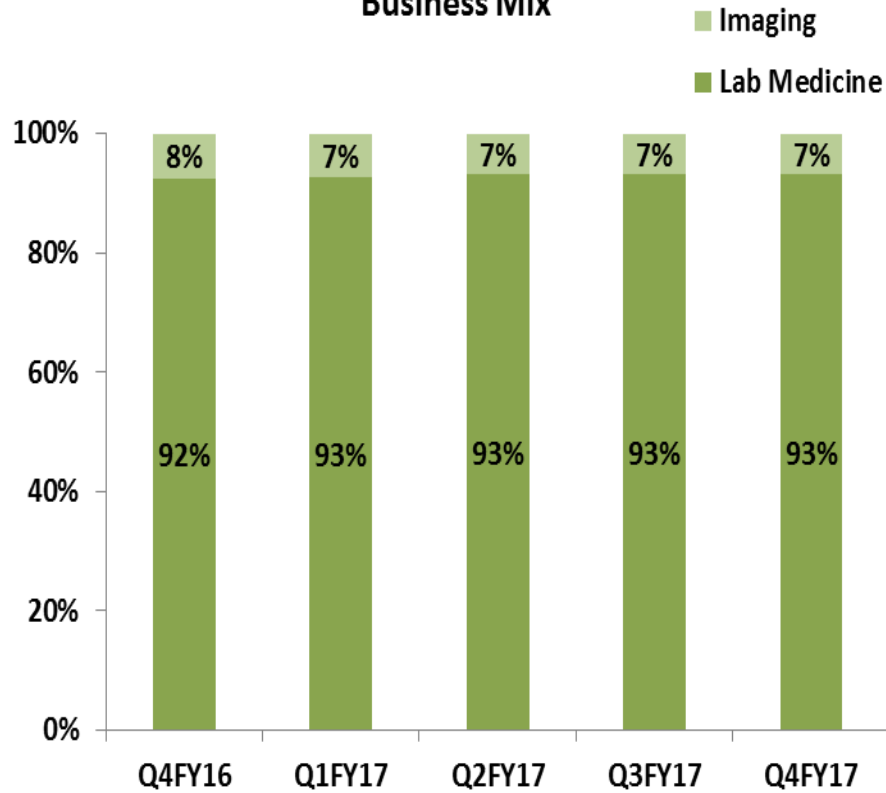
- Net Operating revenue at Rs 795 Cr, +10.6%
- Operating EBITDA margin stood at 21.9% compared to 24.3% in FY16
- No of accession at 15.3 million, a 6% growth
- Conducted over 35 million tests during FY17, a 7.3% growth over FY16
- As of March 31, 2017, SRL had a network of 356 laboratories and 5,245 collection points



**Net operating revenue is net of inter-company elimination*

India Diagnostics Business

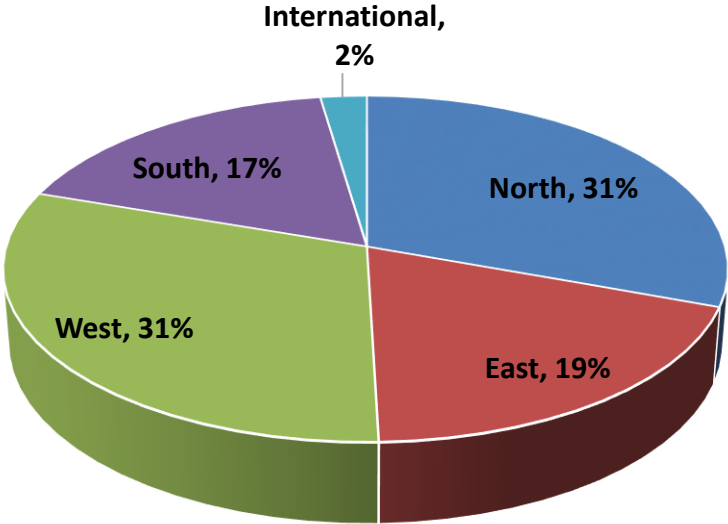
Business Mix



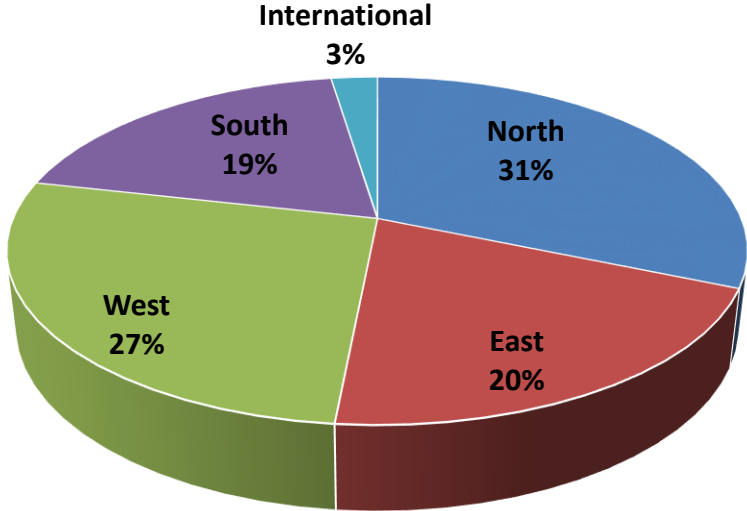
Lab medicine business also includes a small proportion (~ 6%) from clinical trials, wellness and the international segment

Geographical Revenue Mix

FY16

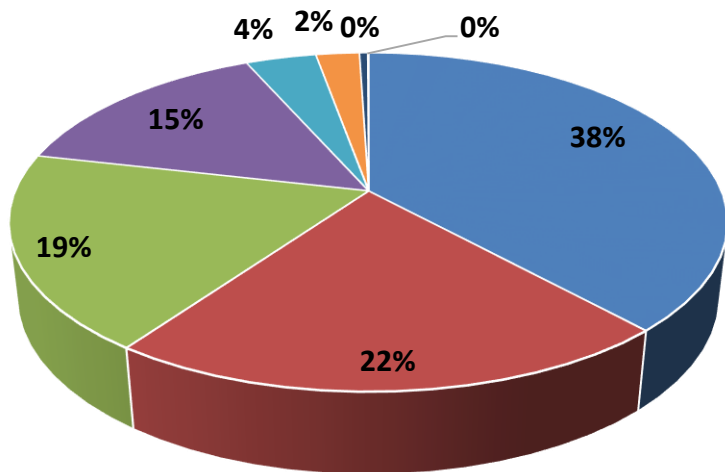


FY17



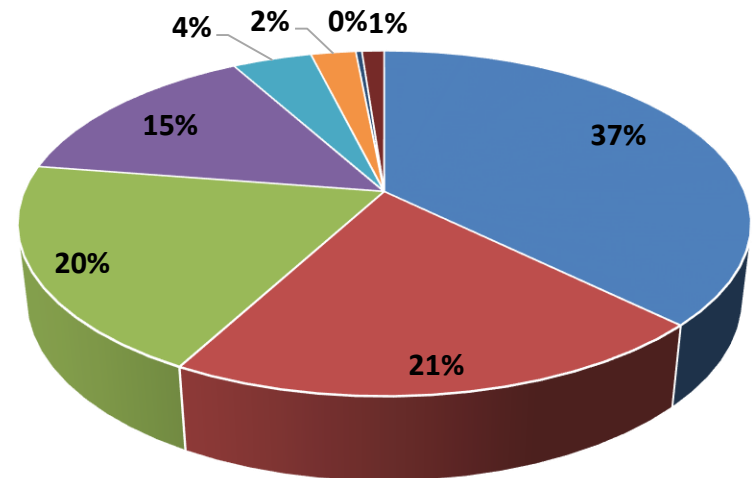
Customer Wise Revenue Mix

FY16



- Walk-in
- Direct Client
- Clinical Trial
- CC
- Wellness
- Others (UNICEF)
- Hospitals
- International

FY17



- Walk-in
- Direct Client
- Clinical Trial
- CC
- Wellness
- Others (UNICEF)
- Hospitals
- International

Thank You...