

# Fortis Healthcare Limited

## Investor Presentation – Q4FY15 & FY15



*“ Saving and Enriching Lives ”*



May 28, 2015

# Disclaimer

This presentation may not be copied, published, distributed or transmitted. The presentation has been prepared solely by the company.

Any reference in this presentation to “Fortis Healthcare Limited” shall mean, collectively, the Company and its subsidiaries. This presentation has been prepared for informational purposes only. This presentation does not constitute a prospectus, offering circular or offering memorandum and is not an offer or invitation to buy or sell any securities, nor shall part, or all, of this presentation form the basis of, or be relied on in connection with, any contract or investment decision in relation to any securities. Furthermore, this presentation is not and should not be construed as an offer or a solicitation of an offer to buy securities of the company for sale in the United States, India or any other jurisdiction.

Securities may not be offered or sold in the United States absent registration or an exemption from registration. Any public offering in the United States may be made only by means of an offering document that may be obtained from the Company and that will contain detailed information about the Company and its management, as well as financial statements. Any offer or sale of securities in a given jurisdiction is subject to the applicable laws of that jurisdiction.

This presentation contains forward-looking statements based on the currently held beliefs and assumptions of the management of the Company, which are expressed in good faith and, in their opinion, reasonable. Forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the actual results, financial condition, performance, or achievements of the Company or industry results, to differ materially from the results, financial condition, performance or achievements expressed or implied by such forward-looking statements. Given these risks, uncertainties and other factors, recipients of this presentation are cautioned not to place undue reliance on these forward-looking statements.

The Company assumes no responsibility to publicly amend, modify or revise any forward-looking statements, on the basis of any subsequent development, information or events, or otherwise. Unless otherwise stated in this presentation, the information contained herein is based on management information and estimates. The information contained herein is subject to change without notice and past performance is not indicative of future results. The Company may alter, modify or otherwise change in any manner the content of this presentation, without obligation to notify any person of such revision or changes.

By attending this presentation you acknowledge that you will be solely responsible for your own assessment of the market and the market position of the Company and that you will conduct your own analysis and be solely responsible for forming your own view of the potential future performance of the business of the Company.

Neither the delivery of this presentation nor any further discussions of the Company with any of the recipients shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since that date.

# Discussion Points

➤ **FY2015 – Year in Retrospect**

➤ **Highlights – FY15 and Q4 FY15**

➤ **Awards & Recognitions**

➤ **Business Performance – Hospitals & Diagnostics**

➤ **FY2016 Roadmap**

# FY2015 – Year in Retrospect

## India Focus

- Successfully completed exit from all major international assets

## Hospital Business

- Significant improvement in operational performance across facilities
- EBITDAC margin expands 320 bps to 14.3% in FY15

## Diagnostic Business

- Strengthening the business through network rationalisation
- EBITDA margin expands to 20.4% in FY15 from 17.9% in FY14

## Strong Balance Sheet

- Net debt to equity at 0.25x at end FY15
- With USD 100 mn FCCB redemption in May 2015, net debt to equity estimated at < 0.15x

# Highlights for the year – FY2015

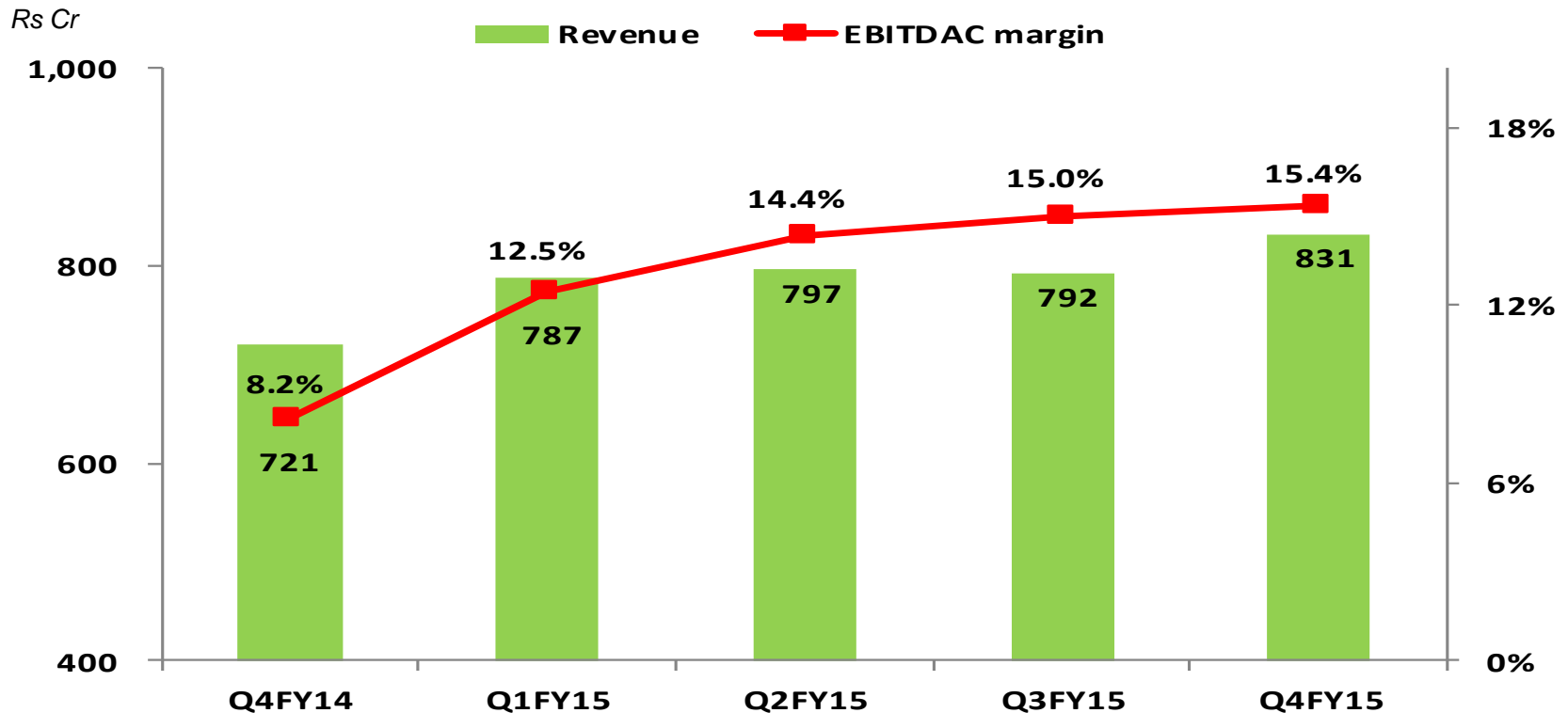
- India Consolidated business records robust growth, revenue up 14% to Rs 3,928 Cr; EBITDAC grows 42% to Rs 606 Cr, 15.4% margin
- Hospital business witnesses strong operational performance; 15% revenue growth , 48% EBITDAC growth. Margin expands by 320 bps to 14.3%
- Diagnostic business strengthens its operational performance through network rationalization; records 11% revenue growth, 26% EBITDA growth. Margins expand by 250 bps to 20.4%
- Management realignment to bring efficiencies and to augment and drive patient centric measures for improved clinical outcomes
- FMRI, the company's flagship facility, becomes second largest revenue contributor across the Fortis network. Recorded revenues of Rs 350 Cr, +52%
- Fortis Ludhiana, launched in January 2014, witnessed EBITDA breakeven within 1 year of its launch

# Highlights for the quarter - Q4FY15

- India consolidated business witnesses strong performance; 15% revenue growth, 91% EBITDAC growth. Margin expands by 660 bps to 16.5%
- Hospital business records robust performance; 15% revenue growth, 117% EBITDAC growth. Margin expands by 720 bps to 15.4%
- Diagnostic business registers 13% revenue growth, 37% EBITDA growth. Margins expand by 390 bps to 21.6%.
- Divestitures of International Assets completed – Fortis Surgical Hospital for SGD 55 Mn and RadLink, Singapore for SGD 111 Mn in April and May 2015 respectively.

# Hospital Business

Fourth consecutive quarter of margin improvement in the Hospitals Business



\*EBITDAC refers to EBITDA before net business trust costs

# Key Awards and Recognitions – FY2015

## Fortis Healthcare Limited

Received the prestigious 2014 '**Porter Prize, for Value Based Healthcare**' in recognition for its outstanding performance and for redefining the idea of patient care

## Fortis Memorial Research Institute, Gurgaon

Ranked No. 2 in the "30 Most technologically advanced hospitals" in the world list by topmastersinhealthcare.com, ahead of hospitals such as the Mayo clinic, Cleveland clinic and Bumrungrad

## Fortis Hospital, BG Road Bengaluru

Ranked 3rd amongst the Top 20 hospitals across the globe for medical tourists in the annual ranking published by the Medical Travel Quality Alliance (MTQUA).

## Fortis Hospital, Mulund, Mumbai

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."



# Key Awards and Recognitions – FY2015

## **Fortis Hospital, Mulund, Mumbai**

Won three awards at the prestigious Asian Hospital Management Awards (AHMA), 2014, at Philippines in the categories of Human resources and Patient safety.

## **Fortis Memorial Research Institute, Gurgaon**

Bagged an award for “Green Hospital” for 2014 from the Association of Healthcare Providers India (AHPI), an apex national body of hospitals.

## **Fortis Escorts Jaipur**

Recognised as the ‘India’s Top Hospital in Patient Safety’ at the 4th National MT India Healthcare Award.

## **The Week Magazine Awards**

Fortis Hospital Jaipur, BG Road, Bengaluru and Fortis Mohali were ranked #2 in the best multispecialty hospitals in their respective cities; FEHI was ranked #2 in the best multispecialty hospitals by specialty category for Cardiology

# Successes in Clinical Excellence

Heart transplant surgery on a 16-year-old boy, suffering from Idiopathic Dilated Cardio Myopathy, an end-stage heart disease

Implanted India's first subcutaneous Implantable Defibrillator (S-ICD) in a 48-year-old heart patient

India's first liver transplant on a Nigerian patient suffering from a life threatening condition 'Budd Chiari Syndrome'

Successfully treated a 4 year old boy diagnosed with a stage IV Retroperitoneal Neuroblastoma

Successfully established the ABO incompatible kidney transplant program

Surgery to treat an enormous hydrocephalus on baby Roona

# Successes in Clinical Excellence

Performed India's first inter-state Heart & Lung transplant

Liver transplant on 3 Iraqi siblings suffering from a rare genetic disorder called progressive familial intrahepatic cholestasis

Tennis ball sized tumour removed from an Iraqi patient's brain

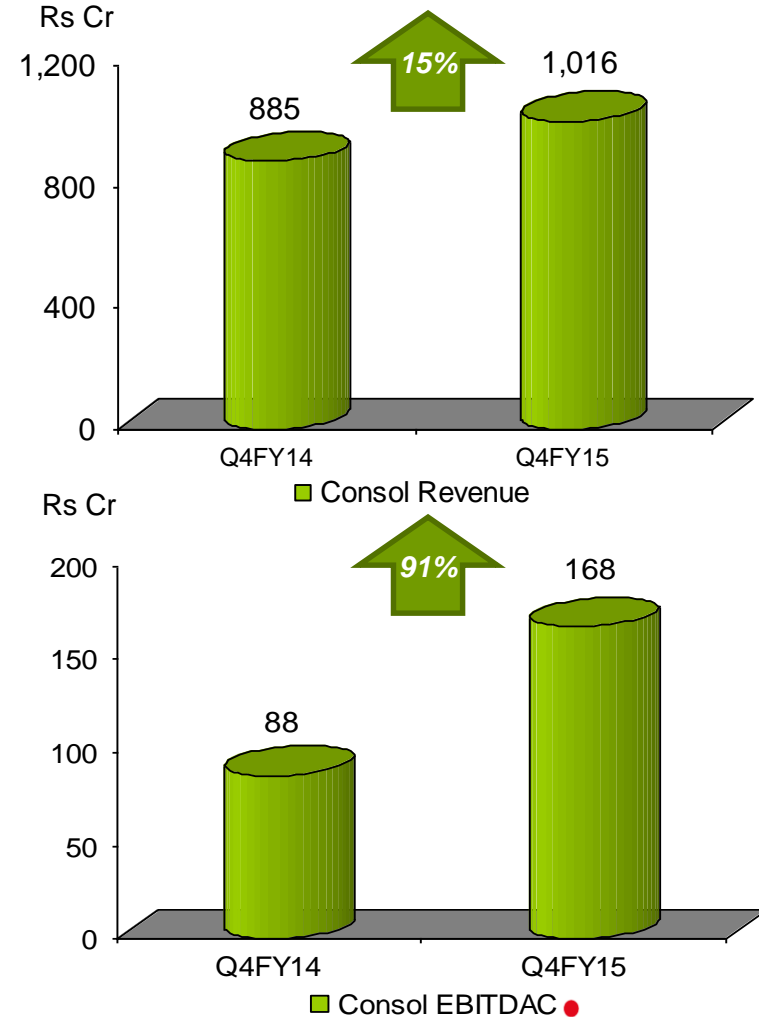
Successful pediatric heart transplant on a 2 year old Russian child - youngest patient in India to undergo such procedure

E-ICU - a technology platform to monitor and treat critically ill patients across locations

Needle in the heart removal surgery successfully performed on a 25 year old patient

# India Financial Highlights – Q4FY15 vs Q4FY14

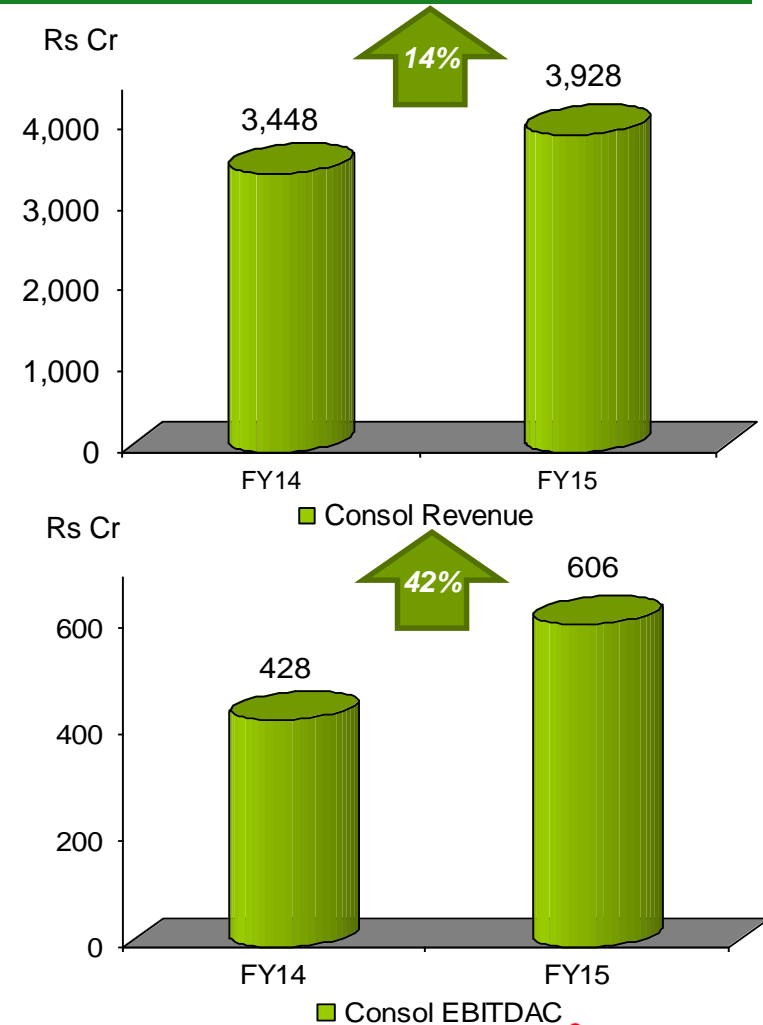
- Consolidated Revenues at Rs 1,016 Cr, + 15%.
  - ❖ Hospital Business – Rs 831 Cr, + 15%
  - ❖ Diagnostic Business – Rs 185 Cr, + 13%
- Consolidated Operating EBITDAC\* at Rs 168 Cr, 16.5% margin
  - ❖ Hospital Business – Rs 128 Cr, 15.4% margin
  - ❖ Diagnostic Business – Rs 40 Cr, 21.6% margin



\*EBITDAC refers to EBITDA before net business trust costs

# India Financial Highlights – FY15 vs FY14

- Consolidated Revenues at Rs 3,928 Cr, +14%
  - ❖ Hospital Business – Rs 3,207 Cr, +15%
  - ❖ Diagnostic Business – Rs 722 Cr, +11%
- Consolidated Operating EBITDAC\* at Rs 606 Cr, 15.4% margin
  - ❖ Hospital Business – Rs 459 Cr, 14.3% margin
  - ❖ Diagnostic Business – Rs 147 Cr, 20.4% margin



\*EBITDAC refers to EBITDA before net business trust costs

# India Consolidated P&L : Q4FY15

	Q4FY14	Q3FY15	Q4FY15
Particulars	(Rs Cr.)	(Rs Cr.)	(Rs Cr.)
Operating Revenue	885.3	970.6	1,016.0
Operating EBITDAC*	87.9	151.5	167.7
Operating EBITDAC margin	9.9%	15.6%	16.5%
Net BT Costs **	88.2	113.0	112.5
Other Income	43.5	14.6	29.9
<b>EBITDA</b>	<b>43.1</b>	<b>53.1</b>	<b>85.1</b>
Finance Costs	23.4	35.3	34.6
Depreciation & Amortization	45.7	64.5	53.0
Foreign Exchange (Loss)/ Gain	(19.7)	4.5	(7.0)
<b>PBT before Exceptional Item</b>	<b>(45.7)</b>	<b>(42.2)</b>	<b>(9.6)</b>
Exceptional (Loss)/ Gain	-	(0.0)	-
Tax Expense	3.1	(1.9)	2.3
<b>PAT before minority interest and share in associates</b>	<b>(48.8)</b>	<b>(40.3)</b>	<b>(12.0)</b>
Share in Associates	0.1	13.5	10.9
<b>PAT after minority interest and share in associates</b>	<b>(48.7)</b>	<b>(26.2)</b>	<b>(6.5)</b>

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

\*\* Net BT costs higher than as compared to Q4FY15 mainly due to FMRI beginning to contribute to service fees starting FY15

# India Consolidated P&L : FY15

Particulars	FY14	FY15
	(Rs Cr.)	(Rs Cr.)
<b>Operating Revenue</b>	<b>3,447.6</b>	<b>3,928.4</b>
% Growth		13.9%
<b>Operating EBITDAC*</b>	<b>427.6</b>	<b>606.5</b>
<b>Operating EBITDAC margin</b>	<b>12.4%</b>	<b>15.4%</b>
Net BT Costs **	324.0	444.7
Other Income	168.6	87.2
<b>EBITDA</b>	<b>272.3</b>	<b>249.0</b>
Finance Costs	145.3	141.3
Depreciation & Amortization^	170.0	224.3
Foreign Exchange (Loss)/ Gain	3.9	(12.7)
<b>PBT before Exceptional Item</b>	<b>(39.1)</b>	<b>(129.3)</b>
Exceptional (Loss)/ Gain	(5.2)	0.3
Tax Expense	1.8	4.6
<b>PAT before minority interest and share in associates</b>	<b>(46.1)</b>	<b>(133.6)</b>
Share in Associates	1.7	52.4
<b>PAT after minority interest and share in associates</b>	<b>(55.0)</b>	<b>(95.1)</b>

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

^Depreciation charge higher due to revision of remaining useful life of the assets

# Group Consolidated P&L : Q4FY15

	Q4FY14	Q3FY15	Q4FY15
Particulars	(Rs Cr.)	(Rs Cr.)	(Rs Cr.)
<b>Operating Revenue</b>	<b>940.7</b>	<b>1,024.5</b>	<b>1,063.7</b>
Operating EBITDAC*	77.2	146.8	153.9
<b>Operating EBITDAC margin</b>	<b>8.2%</b>	<b>14.3%</b>	<b>14.5%</b>
Net BT Costs	88.2	113.0	112.5
Other Income	43.6	15.3	32.3
<b>EBITDA</b>	<b>32.6</b>	<b>49.1</b>	<b>73.6</b>
Finance Costs	27.6	38.7	37.3
Depreciation & Amortization	53.5	74.6	61.0
Foreign Exchange (Loss)/ Gain	(19.8)	23.5	2.8
<b>PBT before Exceptional Item</b>	<b>(68.3)</b>	<b>(40.7)</b>	<b>(21.9)</b>
Exceptional (Loss)/ Gain	(0.1)	(0.0)	-
Tax Expense	11.4	(1.9)	4.0
<b>PAT before minority interest and share in associates</b>	<b>(79.8)</b>	<b>(38.8)</b>	<b>(25.8)</b>
Share in Associates	2.4	16.0	13.7
<b>PAT after minority interest and share in associates</b>	<b>(77.3)</b>	<b>(22.3)</b>	<b>(17.5)</b>

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



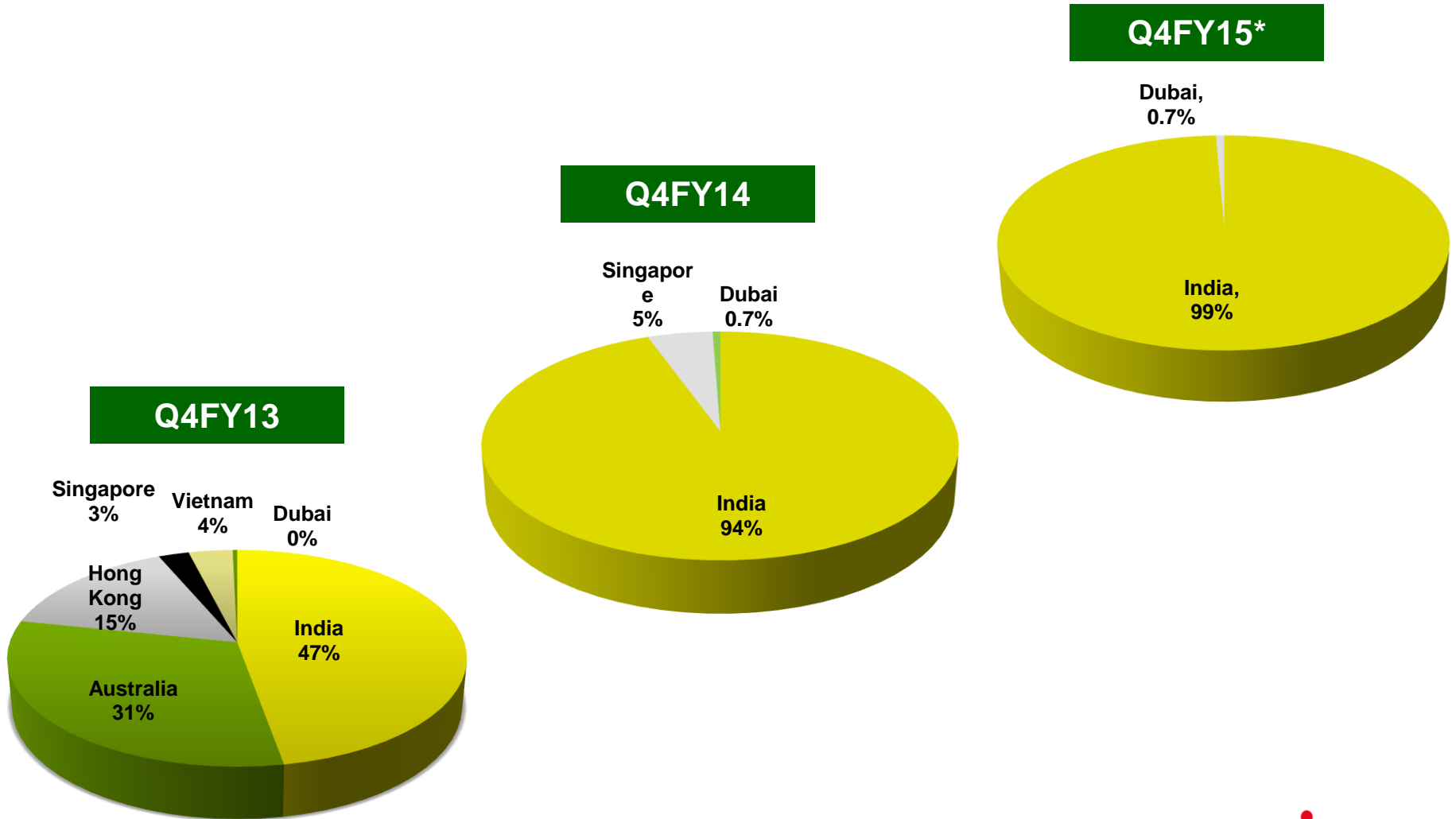
# Group Consolidated P&L : FY15

	FY14**	FY15**
Particulars	(Rs Cr.)	(Rs Cr.)
<b>Operating Revenue</b>	<b>4,759.2</b>	<b>4,140.1</b>
Operating EBITDAC*	524.4	578.5
<b>Operating EBITDAC margin</b>	<b>11.0%</b>	<b>14.0%</b>
Net BT Costs	324.0	444.7
Other Income	170.6	91.6
<b>EBITDA</b>	<b>371.0</b>	<b>225.4</b>
Finance Costs	316.3	153.3
Depreciation & Amortization	247.9	262.8
Foreign Exchange (Loss)/ Gain	(16.9)	7.1
<b>PBT before Exceptional Item</b>	<b>(210.1)</b>	<b>(183.6)</b>
Exceptional (Loss)/ Gain^	353.2	0.3
Tax Expense	26.5	6.3
<b>PAT before minority interest and share in associates</b>	<b>116.6</b>	<b>(189.5)</b>
Share in Associates	10.9	59.6
<b>PAT after minority interest and share in associates</b>	<b>122.5</b>	<b>(143.7)</b>

^The Exceptional gains in FY14 is due to gains arising from the divestment of Quality Healthcare, Honk Kong and Hoan MY, Vietnam

\*\*The two periods are not comparable due to the progressive divestments of international assets that were done during FY14

# Geographical Presence – Q4FY15



\*Excludes FSH and RadLink Singapore in Q4FY15; divested in April and May 2015, respectively

# Group Consolidated Balance Sheet – 31<sup>st</sup> March 2015

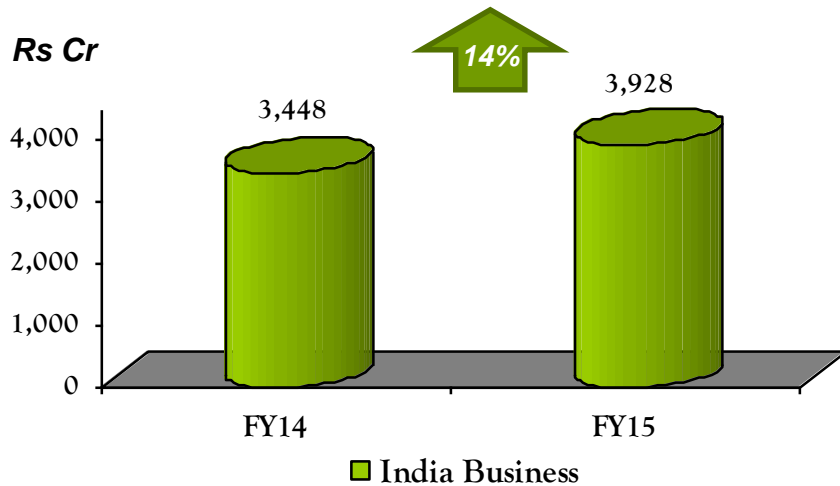
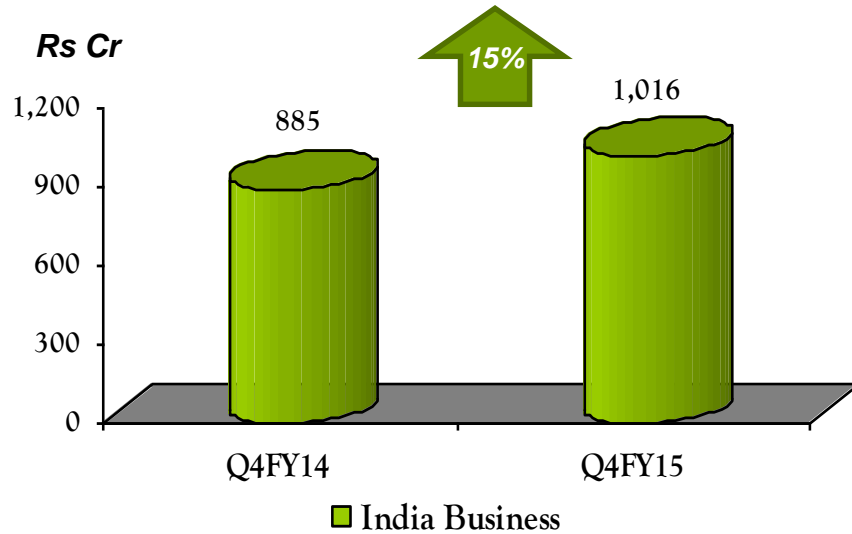
Balance Sheet	Rs Crore
Shareholder's Equity*	4,871
Foreign Currency Convertible Bonds (FCCB's) ^	1,153
Debt	632
<b>Total Capital Employed</b>	<b>6,656</b>
Net Fixed Assets (including CWIP of Rs 224 Crore)	2,059
Goodwill	2,387
Investments	1,055
Cash and Cash Equivalents	602
Net Current Assets	553
<b>Total Assets</b>	<b>6,656</b>

- As on 31<sup>st</sup> March 2015, Net Debt to equity ratio stood at 0.25 x
- ^ Includes USD 100 Mn FCCBs that were redeemed in May 2015

\*Shareholder's Equity includes Minority Interest.

# India Business Performance – Q4FY15 & FY15

# India Business - Snapshot



## Q4 FY15 – Consolidated

- Operating Revenue - Rs. 1,016 Cr ↑ 15%
- Hospital business -Rs. 831 Cr ↑ 15%
- Diagnostics business -Rs. 185 Cr ↑ 13%

Statutory	FY14	FY15
Occupancy	73%	70%
ARPOB (Annualized - Rs. Lacs)	112	126
ALOS (Days)	3.80	3.64

## FY15 –Consolidated

- Operating Revenue - Rs. 3,928 Cr ↑ 14%
- Hospital business -Rs. 3,207 Cr ↑ 15%
- Diagnostics business -Rs. 722 Cr ↑ 11%

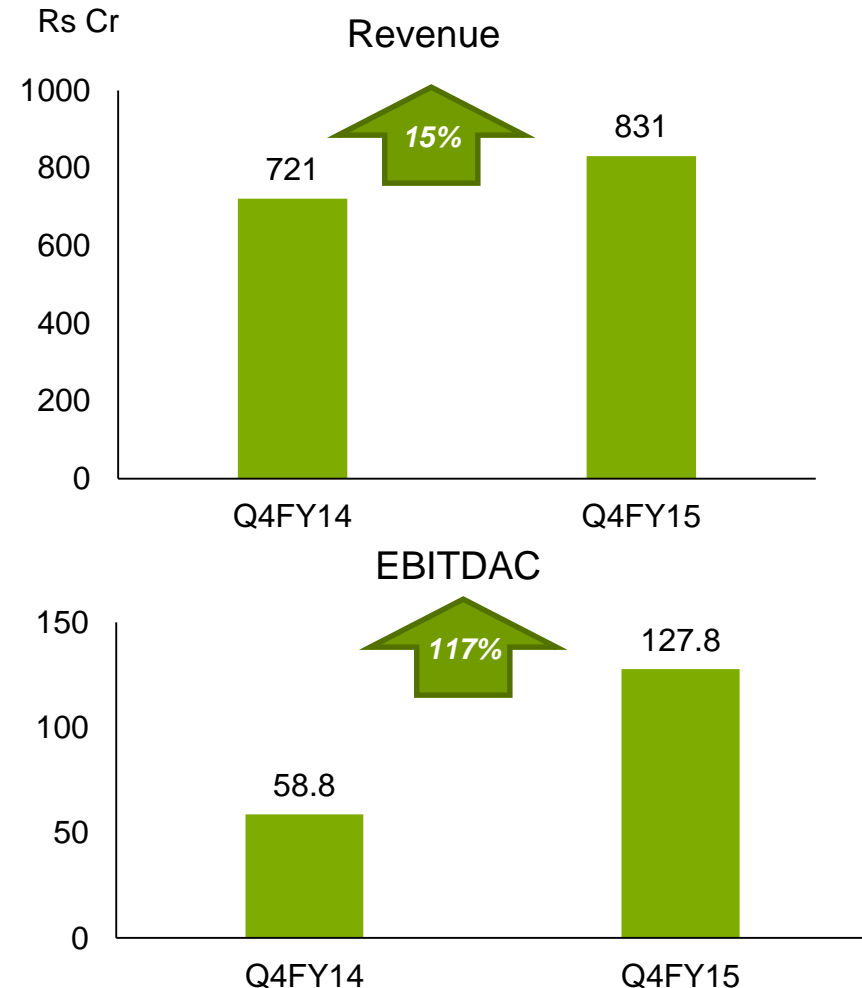
# India Hospital Business P&L : Q4 & FY15

	Q4FY14	Q3FY15	Q4FY15	FY14	FY15
Particulars	Total Consol	Total Consol	Total Consol	Total Consol	Total Consol
	(Rs Cr.)	(Rs Cr.)	(Rs Cr.)	(Rs Cr.)	(Rs Cr.)
<b>Operating Revenue</b>	<b>721.1</b>	<b>791.6</b>	<b>831.4</b>	<b>2,795.1</b>	<b>3,206.6</b>
% Growth			15.3%		14.7%
Operating EBITDAC*	58.8	118.9	127.7	310.9	459.4
<b>Operating EBITDAC margin</b>	<b>8.2%</b>	<b>15.0%</b>	<b>15.4%</b>	<b>11.1%</b>	<b>14.3%</b>
Net BT Costs	88.2	113.0	112.5	324	444.7
Other Income	42.1	14.1	24.8	163.9	76.7
<b>EBITDA</b>	<b>12.7</b>	<b>19.9</b>	<b>40.0</b>	<b>150.8</b>	<b>91.3</b>

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

# India Hospital Business – Q4FY15

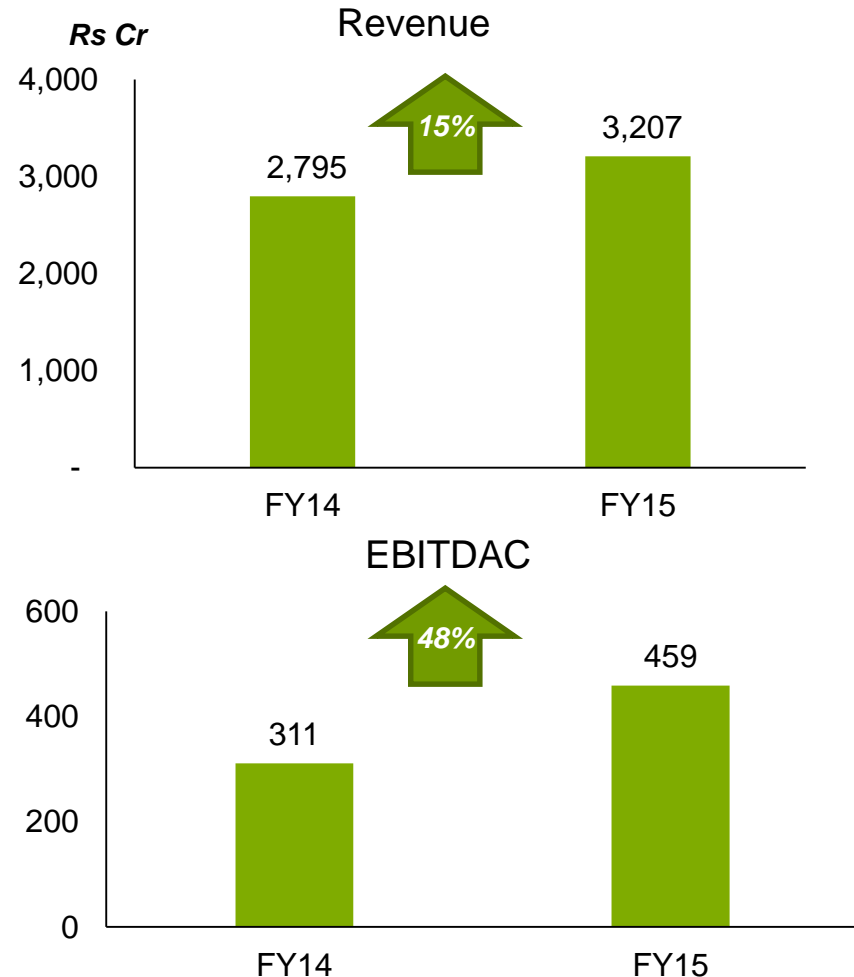
- Operating revenue at Rs 831 Cr, +15%
- Operating EBITDAC\* margins at 15.4%, up 720 bps.
- International patient revenue at Rs 83 Cr, +21 %; representing 9.8% of overall hospital business
- Operating margin improvement in most hospitals including BG Road, Mulund, Noida, Shalimar Bagh, FMRI and FEHI
- FMRI revenue at Rs 96 Cr, + 35% (qoq)
- FEHI revenue at Rs 83 Cr vs Rs 77 Cr in corr Q



\*EBITDAC refers to EBITDA before net business trust costs

# India Hospital Business – FY15

- Operating revenue at Rs 3,207 Cr, +15%
- Operating EBITDAC margin at 14.3%; expansion of 320 bps.
- International patient revenue at Rs 318 Cr, +33%; representing 9.8% of overall hospital business
- FMRI, Gurgaon continues to witness robust uptake – records revenue of Rs 350 Cr, a 52% growth
- Number of new medical programs and dedicated super specialty centers commissioned during the year.



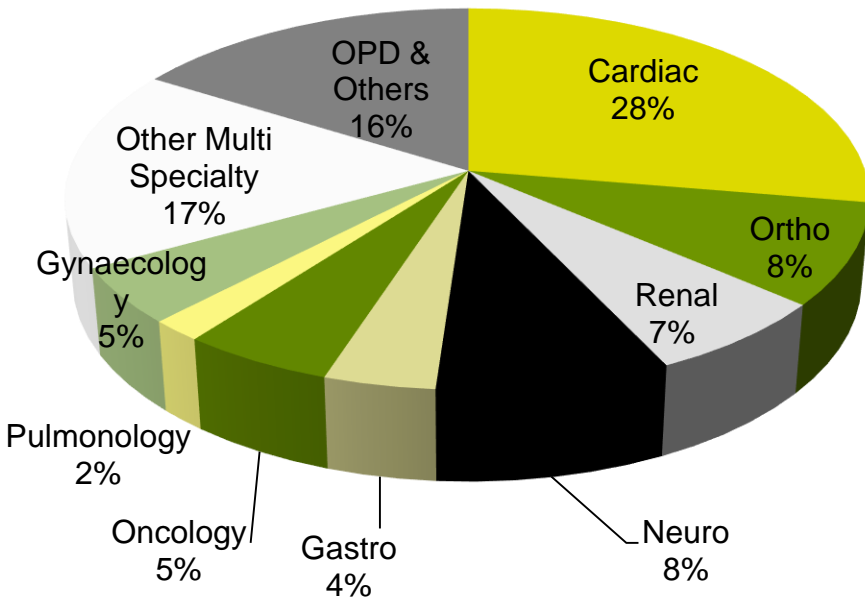


# Key Medical Programs launched in FY15

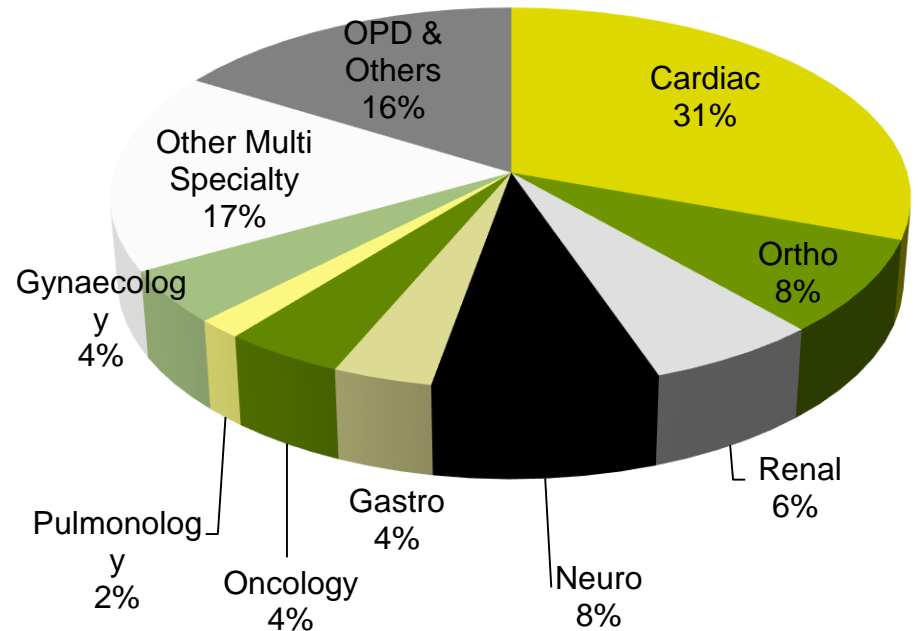
- Fortis Mohali launched the Fortis Cancer Institute, a 55 bed facility
- FMRI commissioned an advanced GI physiology laboratory for the advanced diagnosis and treatment in the area of Gastroenterology and Hepatobiliary sciences.
- FMRI launched Fortis Radiance, a centre for advanced procedures in Dermatology, Cosmetology, Aesthetics and Wellness
- Fortis Hospital BG Road launched a dedicated centre for Sports Orthopaedics and Arthroscopy
- Fortis Malar launched India's first comprehensive centre for the management of end stage heart failure called the Fortis Centre for Heart Failure Management and Heart Transplant.
- FEHI launched a high-end, fully integrated Orthopaedics and Spine super-speciality centre, Fortis Escorts Bone & Spine Institute (FEBSI).
- FEHI also launched The Gastroenterology Liver Pancreaticobiliary Sciences Institute

# Specialty Revenue Split – India Hospital Business

FY15

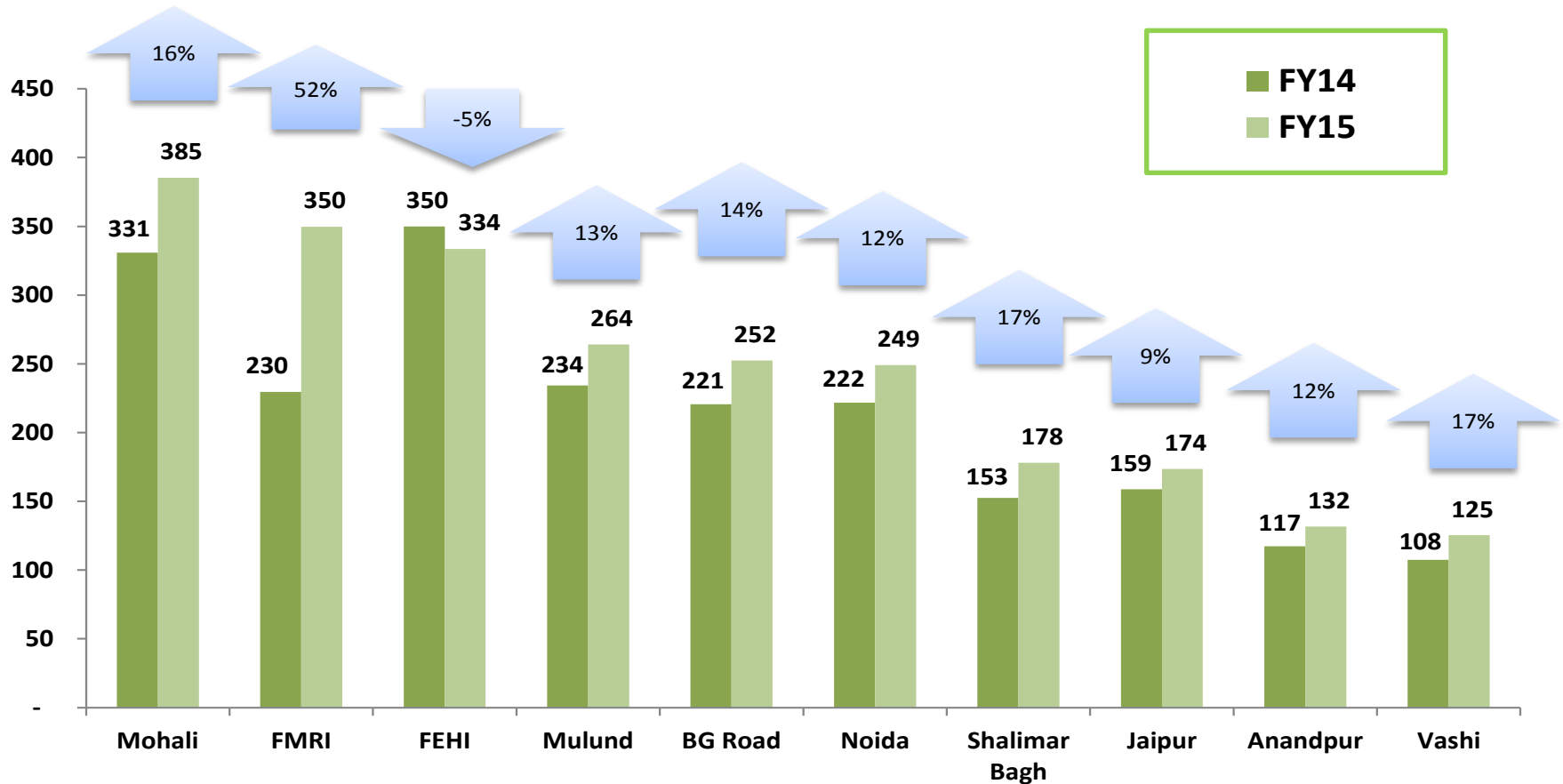


FY14

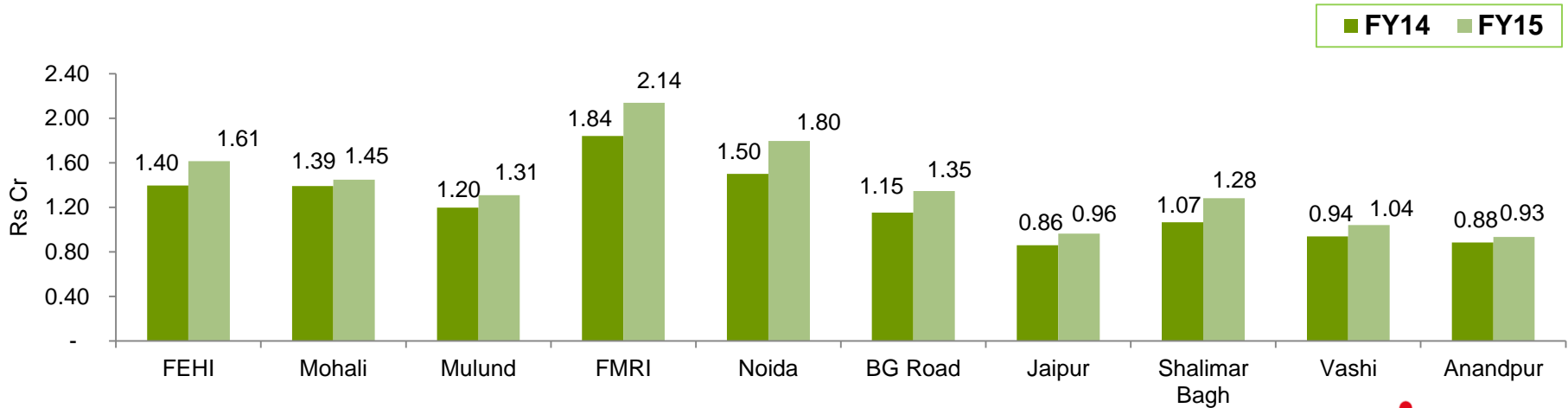
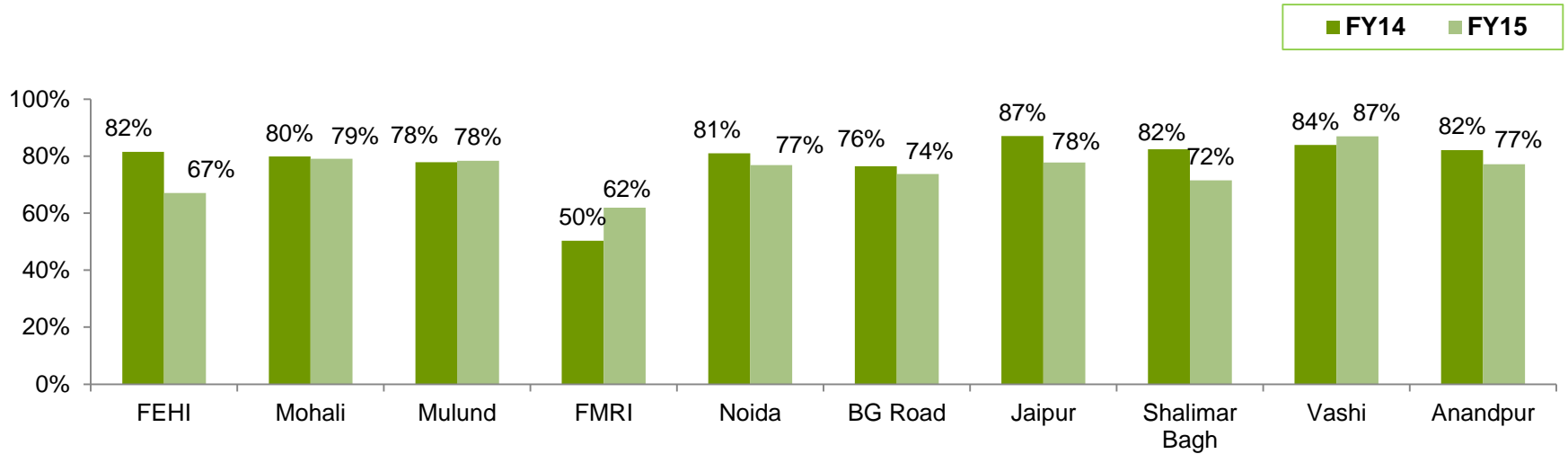


# Hospital-wise Revenue – Top 10 Hospitals

Rs Crore

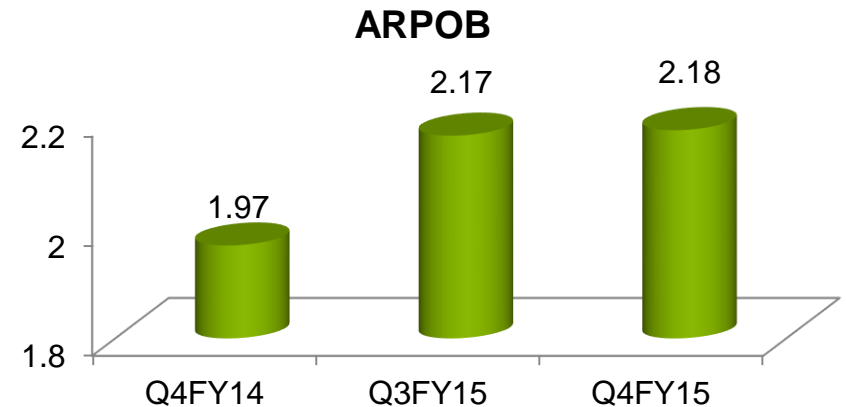
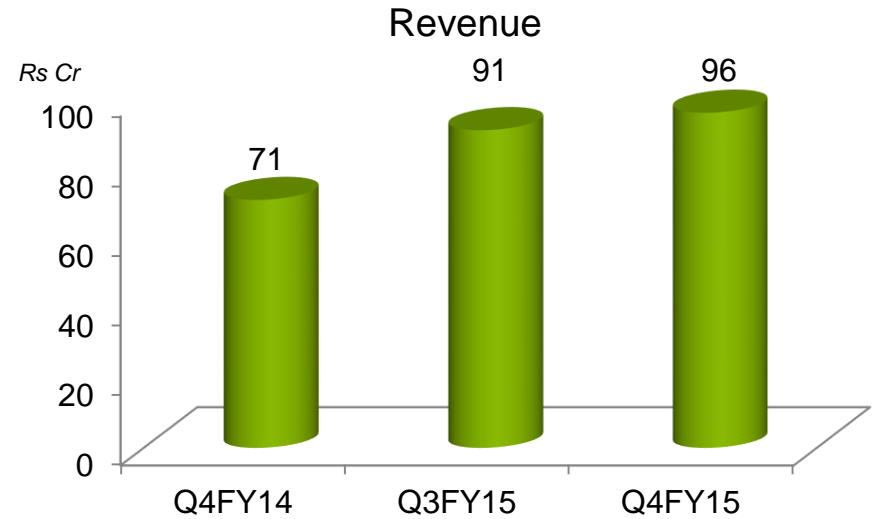


# Occupancy & ARPOB - Top 10 Hospitals



# FMRI Operational Performance

- 2<sup>nd</sup> largest revenue contributor in Fortis
- Highest ARPOB in multispecialty hospitals
- Installed capacity of 450 beds in Phase – I (300 operationalized). Total capacity of ~ 1000 beds
- Launches Liver transplant program in Q1FY16

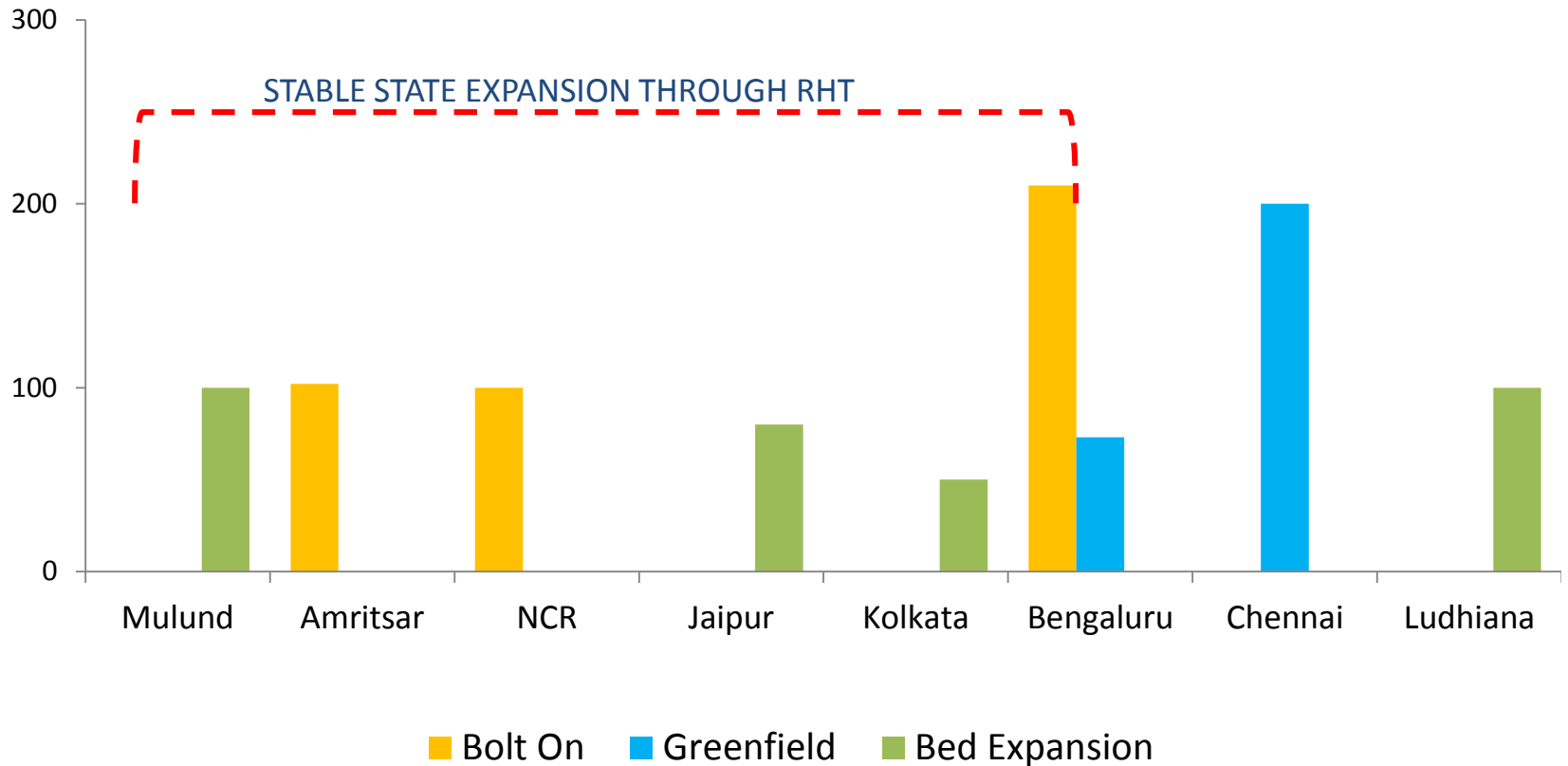


# Expansion Strategy

- No M&A till the company achieves robust profitability
- No greenfields in the short to medium term post the launch of Arcot Road, Chennai and Sacred Heart, Bengaluru (*to be commissioned shortly*)
- Calibrated expansion in our stable state group through Bolt on's
- **Earn the right to grow**
  - Defined metrics for future bolt on expansion
  - Expanding stable state margins
  - Margins accretive at the earliest
  - Investments by RHT
  - Adding high end medical programs

# Bed Addition

~ 400 BED ADDITIONS EACH YEAR OVER NEXT 3 YEARS



# Upcoming Hospitals



**Fortis La Femme, Bengaluru**

## **Fortis La Femme, Bengaluru**

- 70 bed facility focusing on Gynecology, Obstetrics & Cosmetology
- Expected to be commissioned shortly

## **Fortis Hospital, Bengaluru (Expansion)**

- 210 bed facility with a comprehensive cancer care facility
- To be operationalized in phases over the next 4 - 8 quarters



**Fortis Hospital, Arcot Road, Chennai**

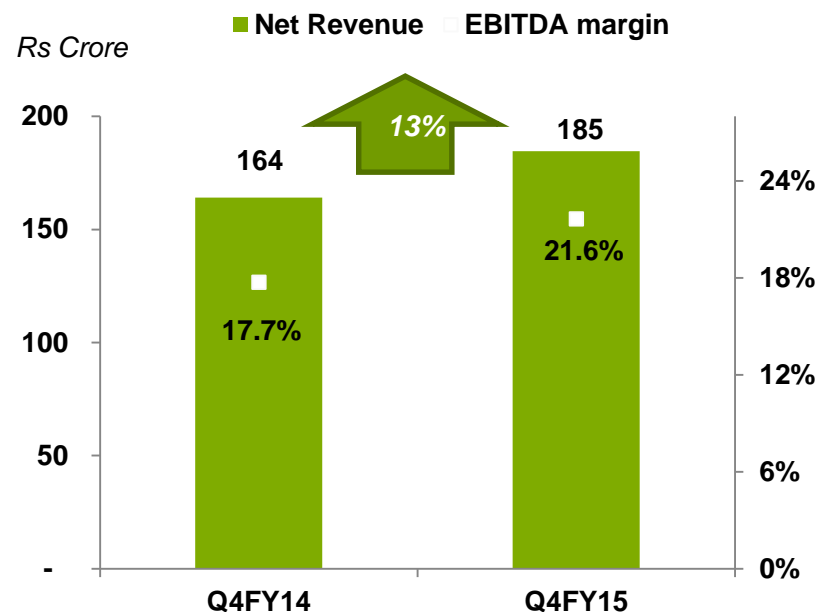
## **Fortis Hospital, Arcot Road, Chennai**

- A 200+ bed tertiary care multi specialty hospital
- Expected to be commissioned in H1FY16



# India Diagnostics Business – Q4FY15

- Operating revenue at Rs 185 Cr, +13%
- Operating EBITDA margin at 21.6% vs 17.7% in Q4FY14
- Network rationalization continued during the quarter; SRL added 11 labs while exiting 23 labs, added 45 direct clients and 18 co-marketing clients
- No of accession at 3.38 million, a 7% Q-o-Q growth
- Expanded service offerings by adding 6 new tests during the quarter

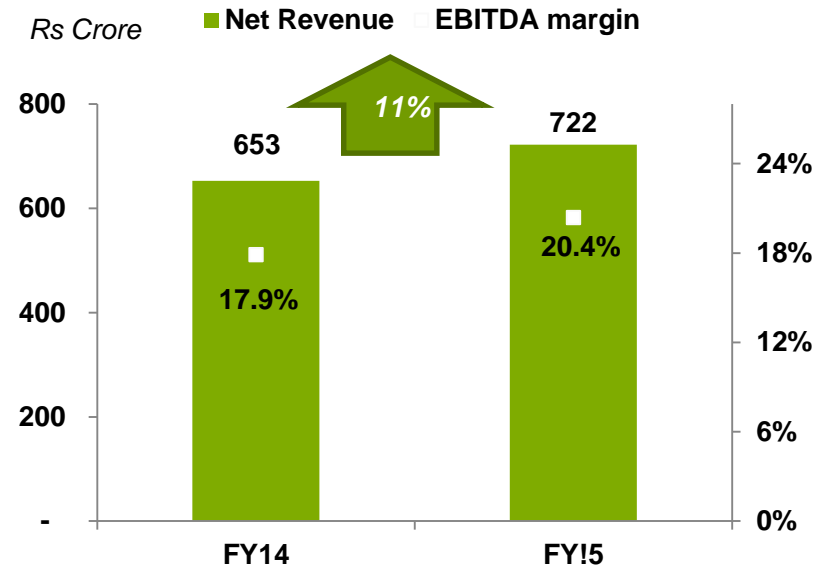


## SRL Standalone Financials

	Q4FY14	Q3FY15	Q4FY15
<b>Gross Revenue</b>	186.9	205.8	214.7
<b>EBITDA</b>	29.1	32.6	40.0
<b>EBITDA Margin</b>	15.6%	15.9%	18.6%

# India Diagnostics Business – FY15

- Operating revenue at Rs 722 Cr, +11%
- Operating EBITDA margin at 20.4% vs 17.9% in FY14
- SRL opened 29 new laboratories and exited 44; added approx. 460 collection points & launched 35 new tests.
- As on 31 March 2015, SRL network comprise of 264 labs and over 6,400 collection points.
- In FY15, 13.7 million accessions were performed, up 7%. Approx 30.4 mn tests were conducted.

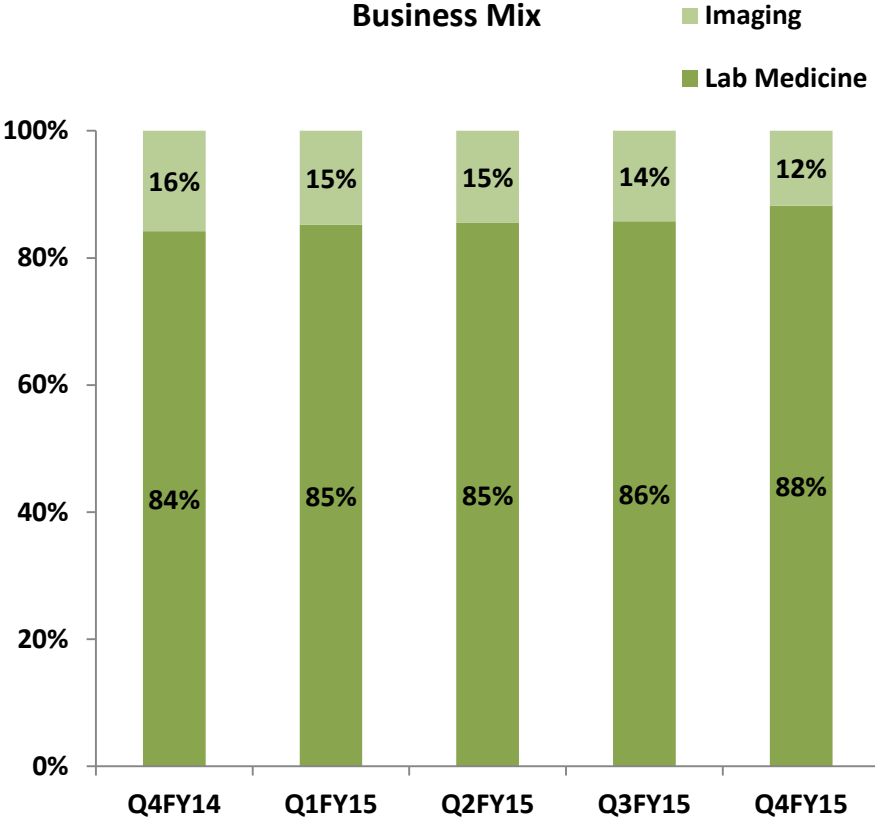


## SRL Standalone Financials

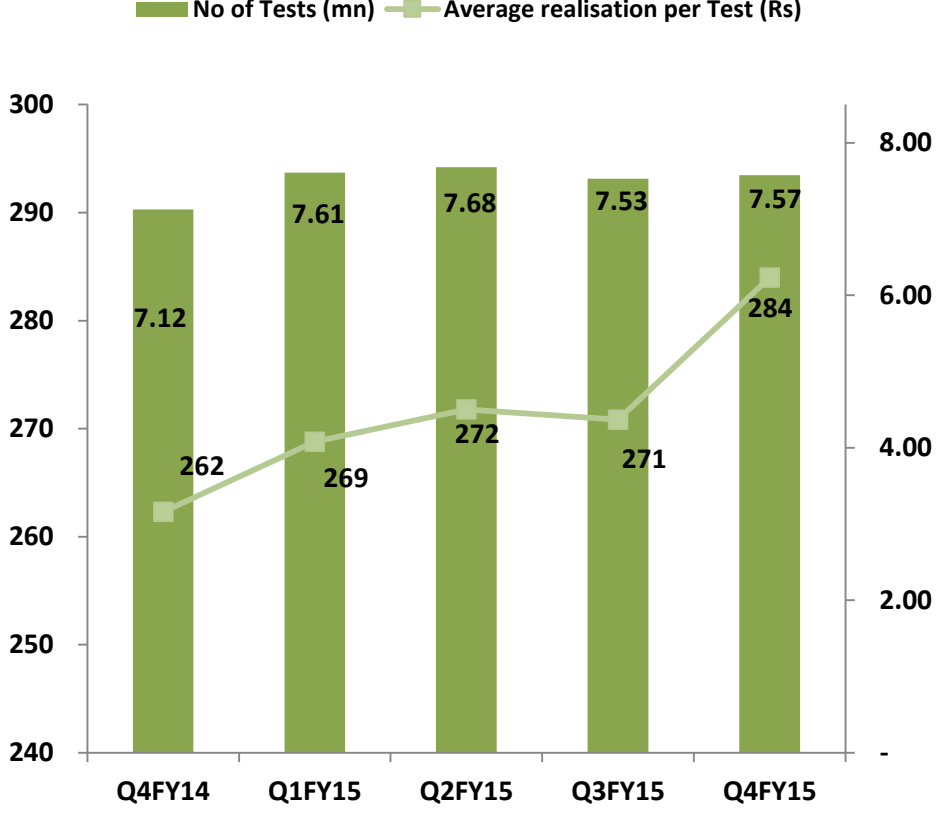
	FY14	FY15
Gross Revenue	741.1	834.9
EBITDA	116.7	147.1
EBITDA Margin	15.7%	17.6%

# India Diagnostics Business

Business Mix



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



# FY2016 Roadmap

## Operations

- Leverage existing network for optimal performance & further enhance operating efficiencies
- Ensure faster turnaround of new facilities

## Growth & Expansion

- Calibrated expansion through brownfield bed additions
- ~400 bed additions each year over next 3 years
- Investments to be done by the Religare Health Trust

## Strategic Direction

- EARN THE RIGHT TO GROW MINDSET
- PAT POSITIVE IN FY16

**Thank You...**