



February 2012



Fortis Healthcare

Investor Presentation – Q3 FY2012



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Discussion Points

➤ Highlights for the quarter

➤ Snapshot – Financial and Operational Performance

➤ Hospital wise performance

➤ Annexure – Fortis Healthcare International

Highlights for the quarter

➤ Key Highlights :

- **15th consecutive quarter of revenue growth.** 11 hospitals achieved highest ever revenue
- The Company maintained its growth momentum and registered a robust performance with 63% revenue growth over the corresponding quarter
- The hospital business witnessed a 30% growth over the corresponding quarter
- Announced consolidation of Fortis Healthcare International, a Singapore based leading healthcare delivery company, to create one of the largest healthcare delivery network in the Pan Asia-Pacific. Deal consummated in January 2012.
- The company **added 225 beds** to its total capacity during the quarter.
 - 150 bed super-speciality hospital in Hyderabad
 - 75 bed Cardiac Care Centre in Agra, Uttar Pradesh
- Fortis Noida completed **Safe Surgery pilot project** in collaboration with Harvard School of Public Health
- Fortis Noida was awarded 2nd prize at the National Awards Ceremony for the energy conservation segment for industries/buildings by the Ministry of Power, GOI

Highlights for the quarter...

➤ **New Medical Programmes and Growth Initiatives:**

- **Liver Transplant Program** was launched at Fortis Noida hospital
- A **Neuro Cath lab** was inaugurated at Fortis Noida hospital
- Launched a **Birthing Program** at Fortis Anandpur
- **High Intensity Focused Ultrasound (HIFU)** based Interventional Radiology program launched at Fortis BG road for treatment of prostate cancer
- **Centre for Assisted Reproductive Medicine** was launched at Fortis BG Road
- Fortis launched **RENKARE**, a chain of stand-alone dialysis centres

➤ **Corporate Social Responsibility (CSR)**

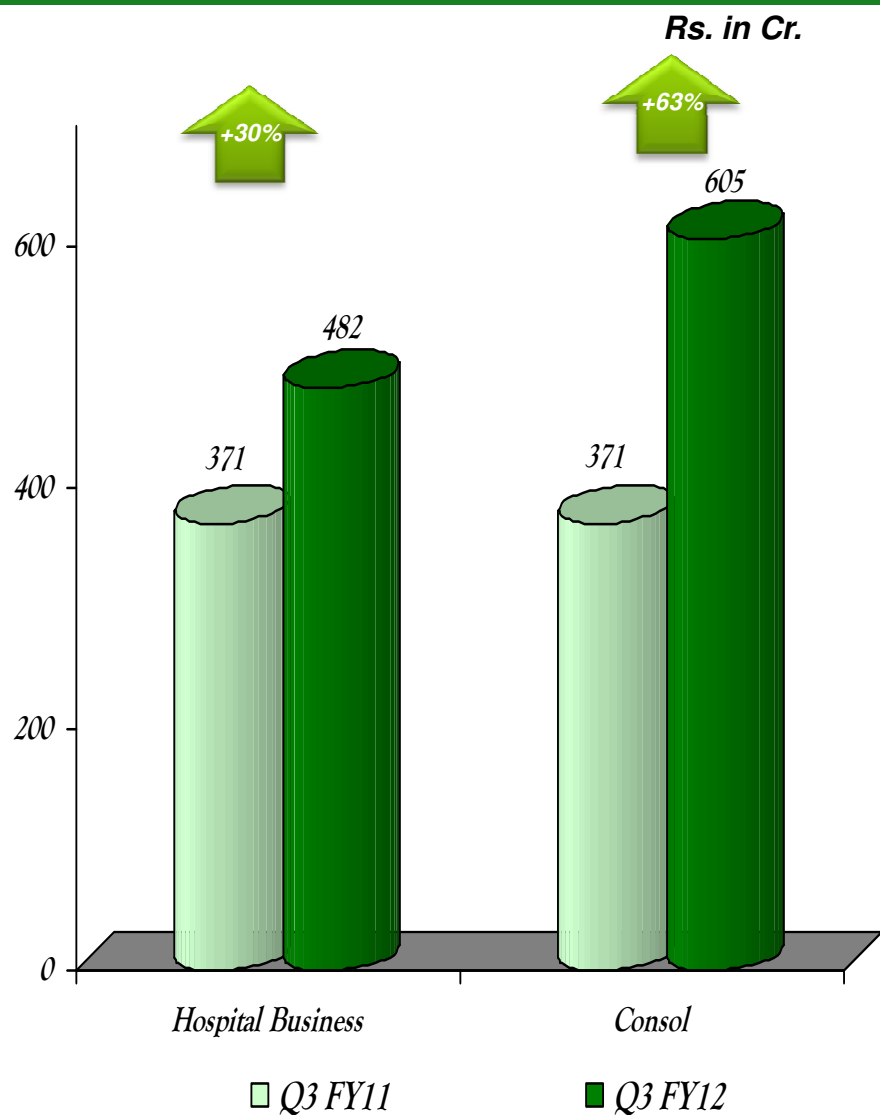
- On the completion of a decade in healthcare in June 2011, Fortis had pledged 10 free surgeries to be performed this year across its hospitals. As part of this initiative, the company performed around 90 free surgeries during the quarter.

Highlights for the quarter...

➤ **Diagnostic Business:**

- During the Quarter, SRL started two new labs and formally inaugurated two of its large facilities – the state-of-the-art imaging centre in Vasant Vihar, New Delhi and a full service Reference Lab in Bangalore.
- The company standardized and validated Serum Alpha-2-Macroglobulin and Urinary Alpha-2 Microglobulin tests and added 9 new Allergens and 4 Allergen mixes on ImmunoCAP 250 system.
- The test menu at all Reference Labs including the JV lab in Kathmandu, Nepal was further strengthened. The hospital labs were upgraded to support the new Hospital Information Management System.

Snapshot – Financial Performance



↑ Q3FY 12 – Consolidated

- ↑ Operating Revenue - Rs. 605 Cr ↑ 63%
- ↑ Operating EBITDA* - Rs. 83 Cr ↑ 54%
- Net Profit - Rs. 29 Cr

Statutory	Q3FY11	Q3FY12
Occupancy	76%	72%
ARPOB (Annualized - Rs. Lacs)	81	93
ALOS (Days)	3.8	4.0

↑ Q3FY12 –Revenue break-up

- ↑ Operating revenue -Rs. 605 Cr ↑ 63%
- ↑ Hospital business -Rs. 482 Cr ↑ 30%
- ↑ Diagnostics business -Rs. 122 Cr (Net)

Financial Highlights of the quarter

➤ Hospital Business

- Hospital business revenue at Rs 482 Cr (+30% q-o-q). The growth was led by Fortis Escorts Jaipur, Fortis Escorts Faridabad, Fortis Mulund, Fortis BG Road, Fortis Shalimar Bagh and Fortis Anandpur.
- Revenue from International Patients stood at Rs 33 Cr a growth of 19% on q-o-q basis
- Newly started hospitals performed well and clocked revenue of ~Rs 36.6 Cr which includes Fortis Shalimar Bagh, New Delhi, Fortis Anandpur, Kolkata, Moradabad and Alwar
- The revenue from Cardiac sciences, Orthopaedics, Neuro sciences, Renal sciences, Pulmonology, Gastroenterology and other Multi-Specialities grew by 10%, 33%, 19%, 29%, 18%, 42% and 21% respectively

➤ Diagnostic Business (SRL)

- Net Operating revenue stood at Rs 122 Cr. Contribution from Pathology and Radiology business stood at 75% and 20% respectively.
- Operating EBITDA for the period stood at Rs 9.3 Cr, a margin of 7.6%. The decline in margins compared to the trailing quarter was due to start-up expenses incurred for two state-of-the-art labs launched in New Delhi and Bangalore and a Wellness Centre in Kolkata.

Summary – Q3FY12 Consolidated Profit and Loss

Particulars	Q3FY12			Q3FY11		
	Hospital	Diagnostics *	Total business	Hospital	Parkway/ Diagnostics	Total business
	(Rs Cr.)	(Rs Cr.)	(Rs Cr.)	(Rs Cr.)	(Rs Cr.)	(Rs Cr.)
Operating Revenue	482.4	122.1	604.6	371.4	-	371.4
Direct Costs	115.5	39.2	154.7	97.6	-	97.6
Employee Costs	84.5	26.0	110.5	65.6	-	65.6
Other Costs	208.6	47.6	256.2	154.3	-	154.3
Operating EBITDA	73.8	9.3	83.1	53.9	-	53.9
Other Income	52.7	0.2	52.8	36.9	-	36.9
Finance Costs	50.0	9.5	59.5	21.1	-	21.1
Depreciation & Amortization	32.2	10.2	42.4	26.9	-	26.9
PAT after minority interest and share in associates	37.0	(7.7)	29.3	34.5	-	34.5

*Diagnostic revenues have been netted for inter-company sales

Hospital Business: Q3FY12 Base Operations

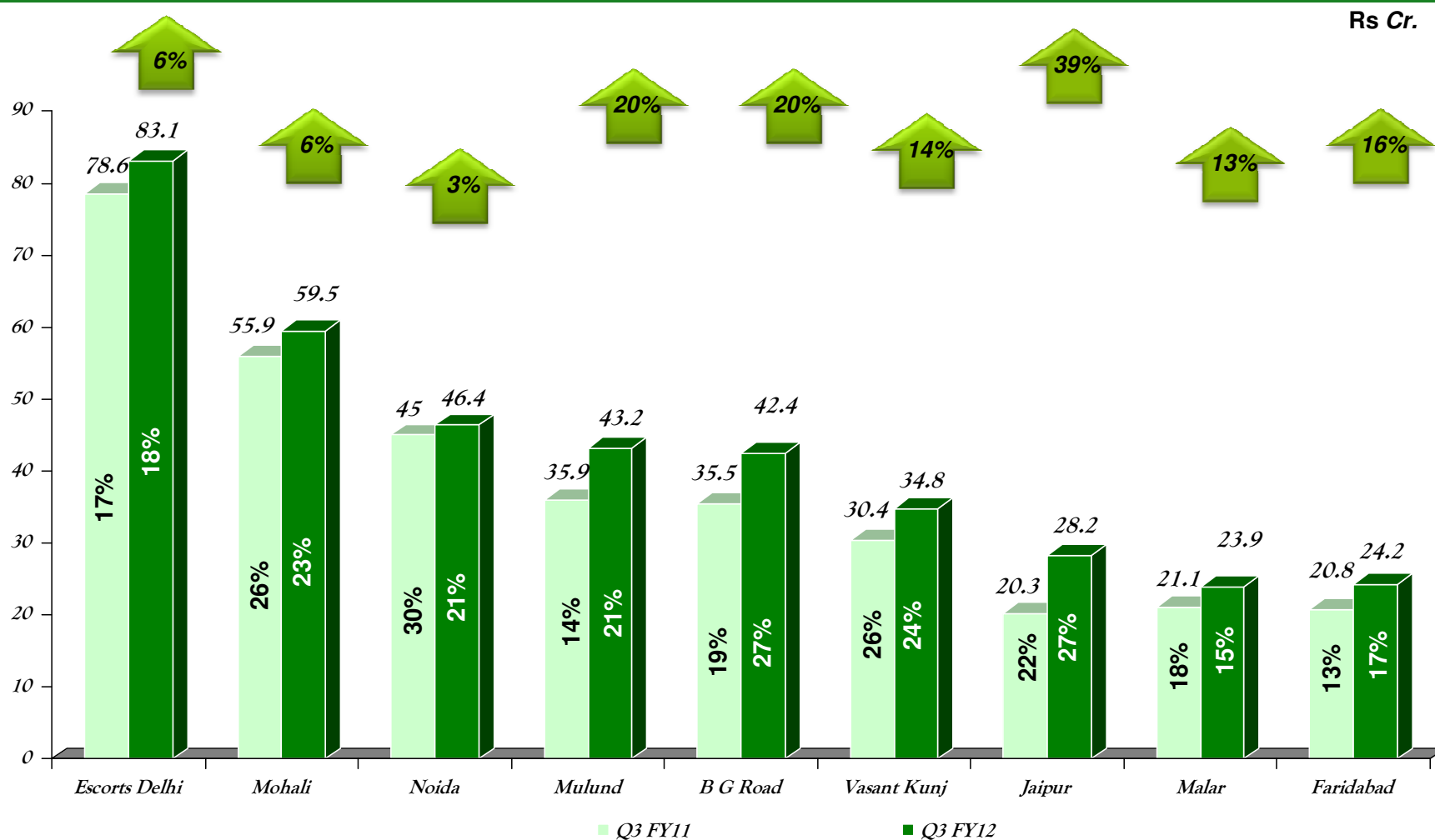
Particulars	Q3FY12 (Rs Cr.)	%	Q3FY11 (Rs Cr.)	%	Growth (%)
Operating Revenue	482.4	100.0%	371.4	100.0%	29.9%
Direct Costs	115.5	24.0%	97.6	26.3%	18.4%
Employee Costs	84.5	17.5%	65.6	17.7%	28.8%
Other Costs	208.6	43.2%	154.3	41.5%	35.2%
Operating EBITDA*	73.8	15.3%	53.9	14.5%	36.9%
Other Income	52.7	10.9%	36.9	9.9%	42.7%
Finance Costs **	50.0	10.4%	21.1	5.7%	137.1%
Depreciation & Amortization	32.2	6.7%	26.9	7.2%	19.6%
PAT after minority interest and share in associates	37.0	7.7%	34.5	9.3%	7.2%

*EBITDA margin excluding start-up losses of new hospitals/ventures is Rs 76.8 Cr (16.5% margin). Further, Net Profit on comparable basis stood at Rs 40.3 Cr.

**Increase in Finance cost is mainly due to incremental borrowings



Hospital wise Revenue & Operating margins – Q3FY12



The above chart depicts revenue of hospitals managed by Fortis healthcare and its subsidiaries.

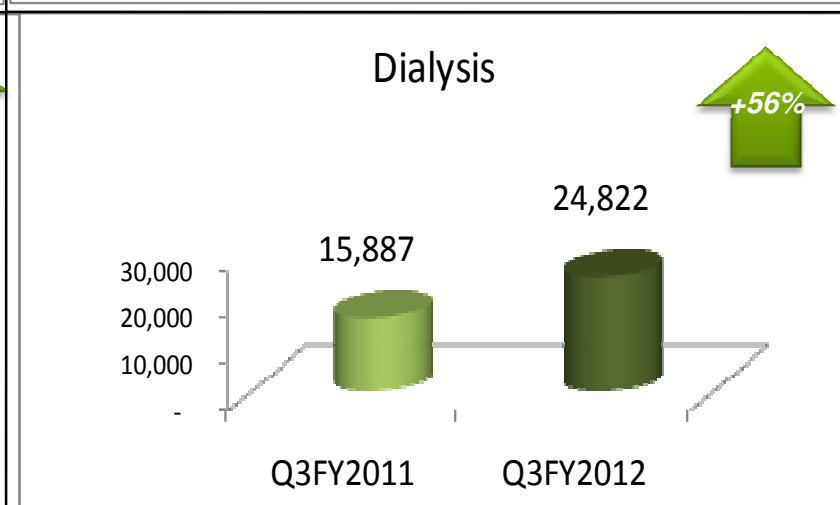
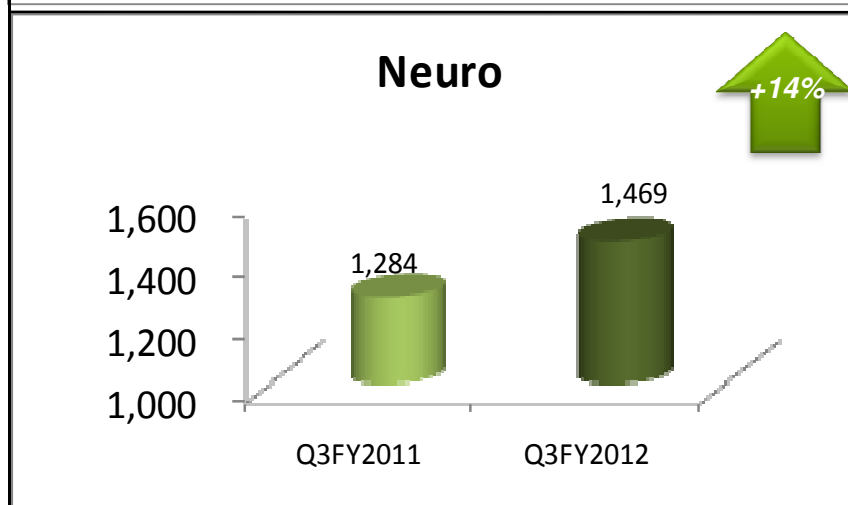
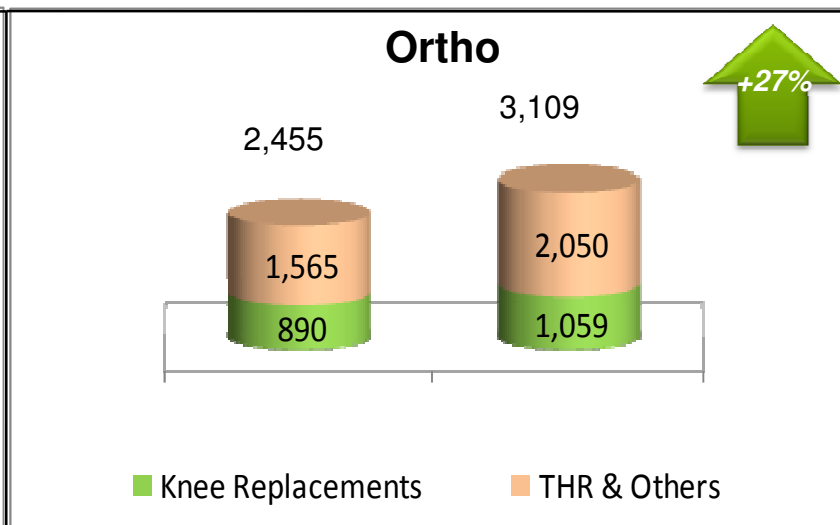
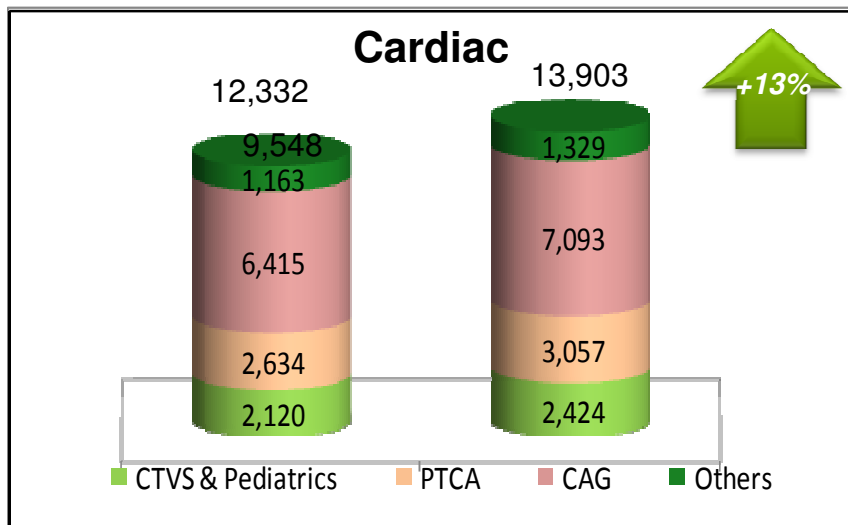
Maturity-wise Performance – Q3FY12

Maturity	Operating beds	Revenue Contribution	EBITDA Contribution	Average EBITDA margin *	Average Occupancy	Average ARPOB (Rs Cr)
5 Years and Above (Five Hospitals)	14%	24%	29%	23.5%	76%	1.17
3 years to 5 Years (Ten Hospitals)	56%	57%	67%	22.5%	67%	0.82
One to three Years (ten Hospitals)	23%	18%	5%	5.2%	64%	0.69
Upto one year (Four Hospitals)	7%	1%	-1%	-15.2%	32%	0.19

Revenue and Profitability to improve as increasing number of beds enter the maturity phase

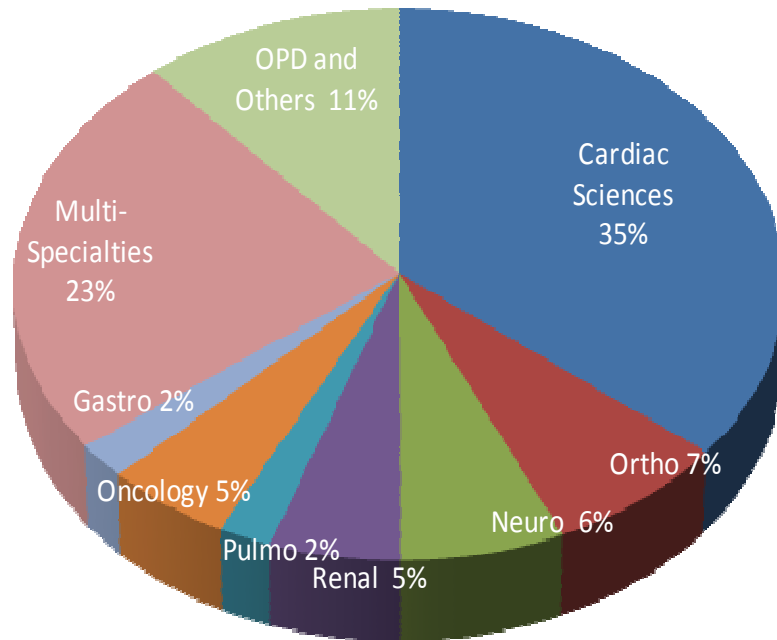
* Average EBITDA margin has been calculated on Unit basis

No. of Major Procedures – Q3FY12

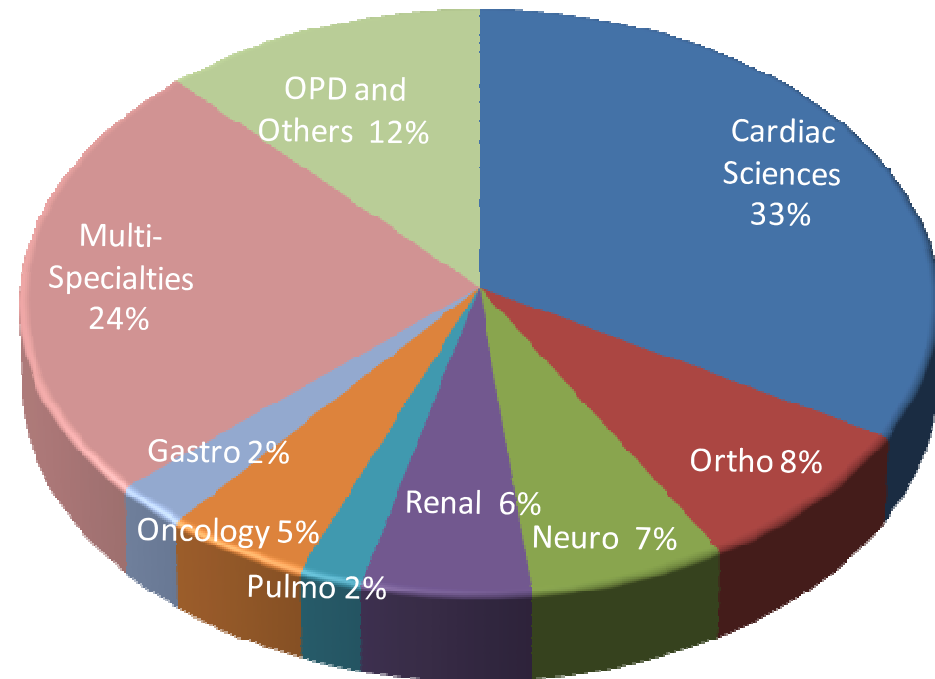


*The data shown above is on Network Hospitals excluding the numbers of Clinique Darne - Mauritius

Specialty Revenue Split



Q 3 FY 11



Q 3 FY 12

- Cardiac Share declined by 2% despite increase in value by ~Rs.16 Cr,
- Orthopedics Share grew by 1% mainly due to TKRs in Jaipur, Mohali, Anandpur, Mulund, and Vasant Kunj
- Renal Sciences revenue grew faster in wake of new Kidney Transplant programs and dialysis procedures

Balance Sheet as at December 31, 2011

Balance Sheet	Rs Crore
Shareholder's Equity*	3,346
Foreign Currency Convertible Bonds (FCCB's)	531
Debt	1,726
Total Capital Employed	5,604
Goodwill	1,820
Net Fixed Assets (including CWIP of Rs 414 Crore)	2,378
Investments	
- in Associates and subsidiaries	11
- Deposits (including Inter-Corporate Deposits)	1,159
- Liquid and Mutual Funds	2
Cash and Bank Balances	52
Net Current Assets	182
Total Fixed Assets	5,604
Net Debt (0.13 :1)	514

*Shareholder's Equity is inclusive of Revaluation Reserve and Minority Interest

ANNEXURE - Fortis Healthcare International

Leading Healthcare Provider in the Pan Asia – Pacific region



- Australia's largest operator of Dental practices with 177 sites
- Operates in top 30% of the Australian dental market



- Largest primary integrated healthcare service provider in Hong Kong with 60 owned and 580 affiliated centers
- 70% of Client base is the Corporate Segment
- Operates one of the largest radiology networks in Hong Kong
- Potential to utilize Hong Kong as an base for expansion into China



- One of the leading private healthcare providers in Vietnam
- 5 full service hospitals and 3 clinics across Central & Southern Vietnam
- Significant expansion plan including a brand new 204 bed hospital at the centre of Ho Chi Minh city, one of the fastest growing cities in Asia

Leading Healthcare Provider in the Pan Asia – Pacific region



- 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
Hospital,
Singapore
(Adam Road)



- Greenfield 3 storey specialty hospital for colorectal treatment
- Expected completion in Q2FY13



- Operates on a Hub-Spoke-Spike Model with 1 Reference Lab in UAE and 7 collection agents in GCC
- Flexible operations through owned, O&M and franchisee model



- 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



Leveraging Synergies across Geographies and Verticals

- Expand capability and scope of current operations by leveraging existing market presence and brands
- Gain efficiencies from a combined network across Geographies
- Realize strong operational synergies through cost savings
 - Streamlining, driving economies of scale from back-office functions, centralized purchasing, etc
- Platform for further enhancing operational capabilities via incorporating the “best in class” medical know how, business models and management experience.
- Integrated platform to further participate in growth opportunities & consolidation

International Business - Proforma Q3FY12 Financials

- Proforma international revenues at Rs 618 Crs
- EBIDTA at Rs 79 Crs, 13% margin
- Key entities of Dental Corporation, Australia & Quality Healthcare, Hong Kong record a stable performance in the quarter
- Hoan My , Vietnam & RadLink– both will be part of International business in Q4
- Singapore Specialty Hospital scheduled to be launched in Q2FY13

(Rs Crs)	Q3FY12		
Entity	Revenue	EBITDA	EBITDA %
Dental Corp	407	61	15%
Quality Healthcare	207	21	10%
SRL, Dubai	4	(3)	-
Total International	618	79	13%

Thank You...