



Fortis Healthcare Limited

Investor Presentation – Q1FY14



“ Saving and Enriching Lives ”



August 8, 2013

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

➤ **Highlights for Q1 FY14**

➤ **Financial Highlights – Q1 FY14**

➤ **India Business Performance**

➤ **International Business Performance**

Priorities for FY14

- Focus on consolidation and stabilization
- Enhanced focus on high growth market viz. India
 - ➡ India business to contribute a significantly higher proportion to overall revenues (currently 69%)
 - ➡ Sustained efforts to improve operational performance across the hospitals and the diagnostics business
 - ➡ Calibrated expansion led by the asset light strategy .i.e. Lower capex and faster incremental returns
 - ➡ Post 3 new greenfield launches (including FMRI), future expansion/capex primarily in existing hospital facilities in India
 - ➡ Ensure stabilization and early breakeven of newly launched facilities .i.e. FMRI, Ludhiana* & Chennai*
- Emphasis on further strengthening the Balance Sheet -target net debt to equity ratio at < 0.5x (currently at 0.7x)
- Continue to evaluate it's portfolio of international businesses to ensure the right strategic fit

** Planned for launch in H2 FY14*

Q1 FY14 – Highlights for the quarter

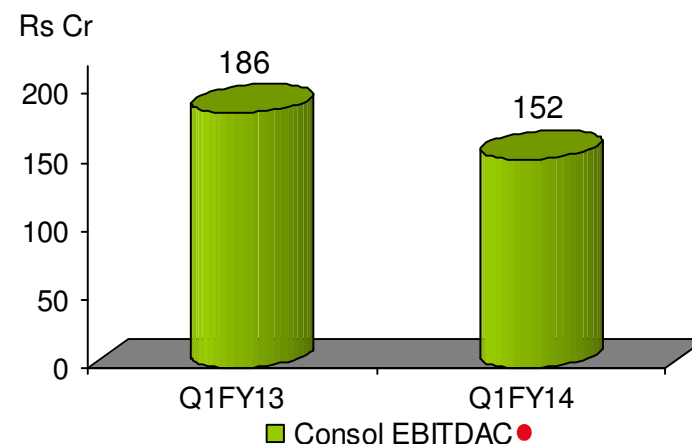
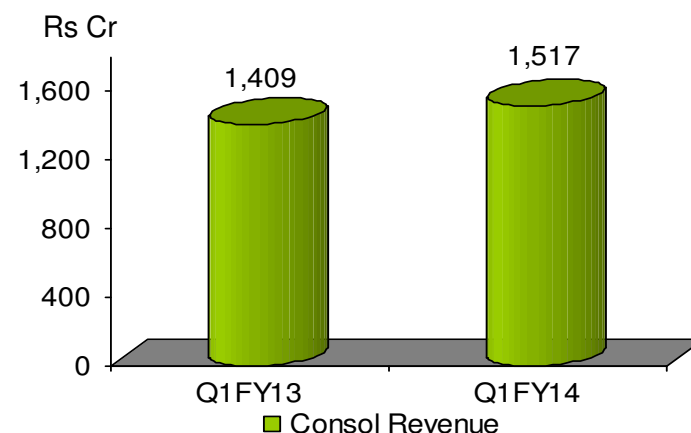
- Steady performance in the India business; robust revenue growth in the hospital vertical, diagnostics business continues to exhibit strong operational performance.
- Encouraging initial response to FMRI, the Company's quaternary care flagship facility in Gurgaon.
- Divestment of Dental Corporation, Australia completed on May 31st 2013; proceeds used for debt reduction. Announced divestment of Fortis Hoan My, Vietnam in June 2013 for USD 80 Mn - transaction to be completed shortly.
- Balance Sheet de-leveraging on track, net debt at Rs 3283 Cr, lower by Rs 2487 Cr from Q4 FY13; net debt to equity at 0.7x. To continue focus on further strengthening the Balance Sheet. Post Vietnam, net debt to equity to be approx. 0.6x
- Successfully concluded capital raising initiatives via the Institutional Placement Program, preferential allotment of equity shares* and issuance of FCCBs to financial/ strategic investors .

**Includes preferential allotment made to IFC, transaction for preferential allotment of upto USD 13.5 Mn to Standard Chartered Private Equity underway, subject to execution of necessary agreements and receipt of approvals and consents as may be required.*

Group Financial Highlights - Q1 FY14 vs Q1 FY13

Divestiture of Dental Corporation (DC) completed on May 31, 2013, numbers include financials of DC for April and May in Q1 FY14 versus the full quarter in Q1 FY13

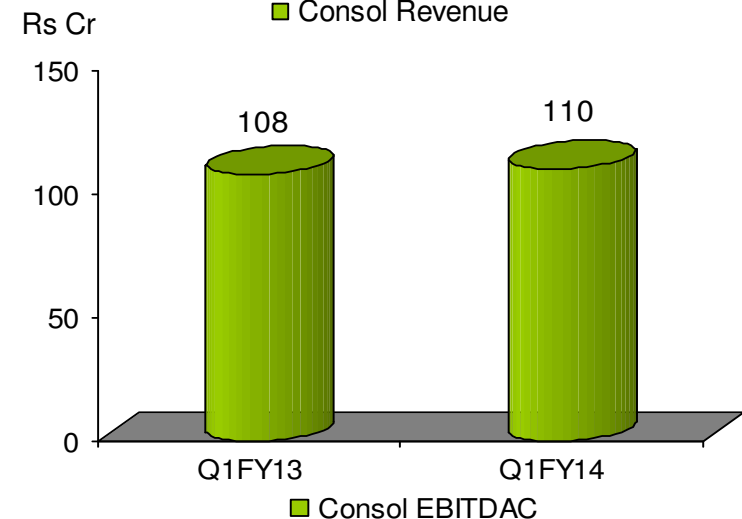
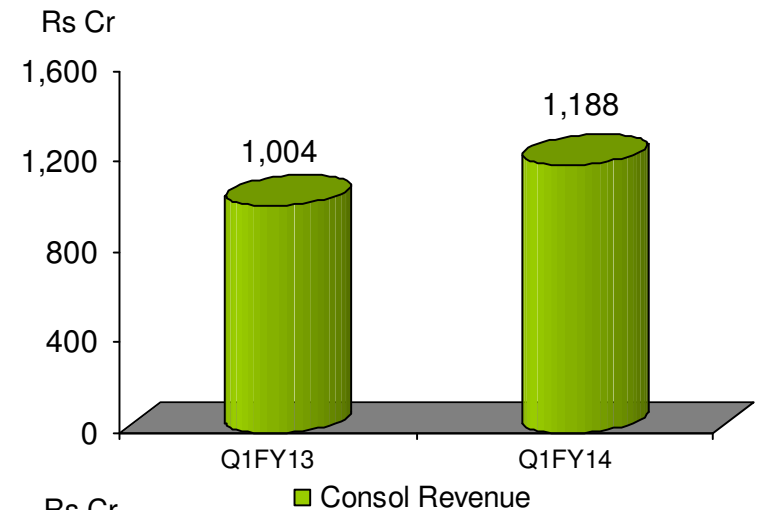
- Consolidated Revenues at Rs 1,517 Cr, +8 %
 - ❖ India Business – Rs 814 Cr, + 22%
 - ❖ International Business – Rs 703 Cr, -5%
- Consolidated Operating EBITDAC* at Rs 152 Cr, at 10% margin
 - ❖ India Business – Rs 96 Cr, 11.8% margin
 - ❖ International Business – Rs 56 Cr, 8% margin
- Consolidated Operating EBITDAC margin excluding start up and one off costs at 12.1% margin (India business – 14.5%, International – 9.4%)



*EBITDAC refers to EBITDA before net business trust costs

Group Financial Highlights - Q1FY14 vs Q1FY13 (Excluding Dental Corporation)

- Consolidated Revenues at Rs 1,188 Cr, +18 %
 - ❖ India Business – Rs 814 Cr, + 22%
 - ❖ International Business – Rs 374 Cr, +12%
- Consolidated Operating EBITDAC* at Rs 110 Cr, at 9.3% margin
 - ❖ India Business – Rs 96 Cr, 11.8% margin
 - ❖ International Business – Rs 14 Cr, 4% margin
- Consolidated Operating EBITDAC margin excluding start up and one off costs at 11.9% margin (India business – 14.5%, International – 6.4%)

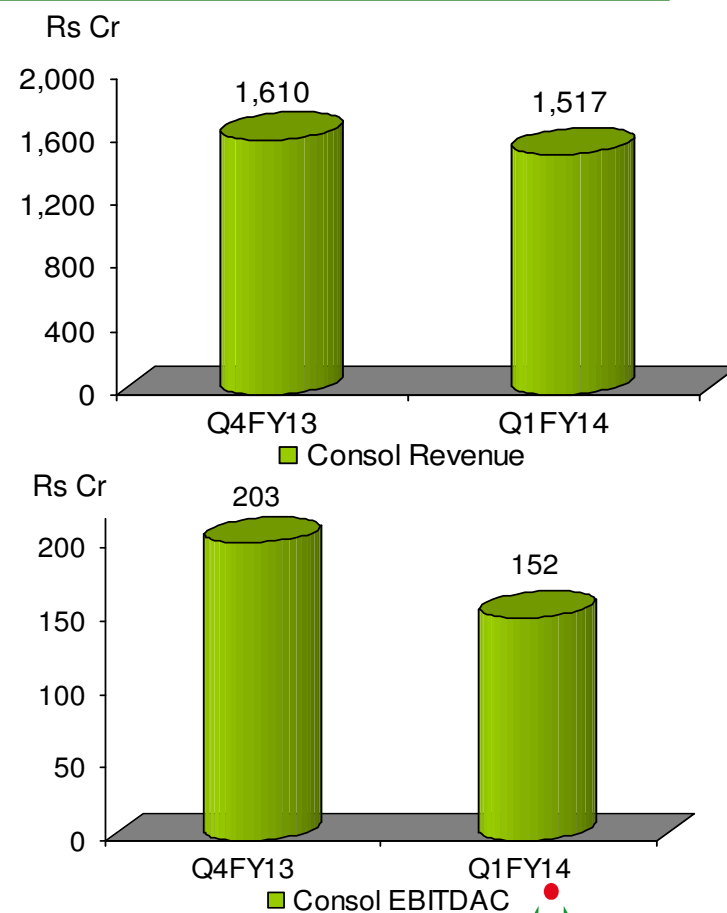


*EBITDAC refers to EBITDA before net business trust costs

Group Financial Highlights - Q1 FY14 vs Q4 FY13

Divestiture of Dental Corporation (DC) completed on May 31, 2013, numbers include financials of DC for April and May in Q1 FY14 versus the full quarter in Q1 FY13

- Consolidated Revenues at Rs 1,517 Cr.
 - ❖ India Business – Rs 814 Cr
 - ❖ International Business – Rs 703 Cr
- Consolidated Operating EBITDAC* at Rs 152 Cr, at 10% margin
 - ❖ India Business – Rs 96 Cr, 11.8% margin
 - ❖ International Business – Rs 56 Cr, 8% margin
- Consolidated Operating EBITDAC margin excluding start up and one off costs at 12.1% margin

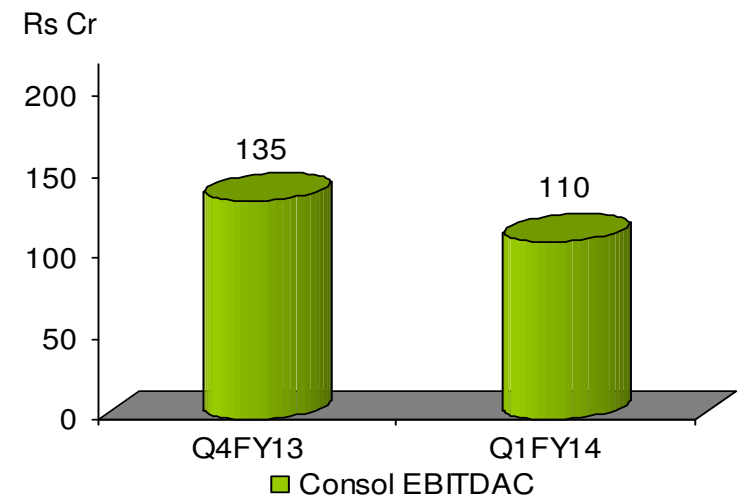
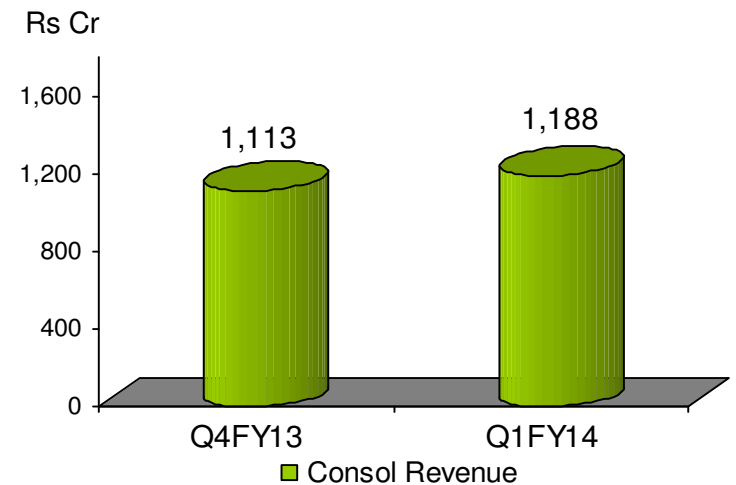


*EBITDAC refers to EBITDA before net business trust costs

Group Financial Highlights - Q1FY14 vs Q4FY13

(Excluding Dental Corporation)

- Consolidated Revenues at Rs 1,188 Cr, +7 %
 - ❖ India Business – Rs 814 Cr, + 7%
 - ❖ International Business – Rs 374 Cr, +6%
- Consolidated Operating EBITDAC* at Rs 110 Cr, at 9.3% margin
 - ❖ India Business – Rs 96 Cr, 11.8% margin
 - ❖ International Business – Rs 14 Cr, 4% margin
- Consolidated Operating EBITDAC margin excluding start up and one off costs at 11.9% margin



*EBITDAC refers to EBITDA before net business trust costs

Reported Consolidated P&L : Q1 FY14 (Including Dental Corporation)

| | Q1FY14** | Q1FY13 | Q4FY13 |
|--|--------------------------|--------------------------|--------------------------|
| Particulars | Total Consol (Rs Cr.) | Total Consol (Rs Cr.) | Total Consol (Rs Cr.) |
| Operating Revenue | 1,517.4 | 1,409.3 | 1,610.3 |
| % Growth | 7.7% | | |
| Operating Expense | 1,365.6 | 1,223.5 | 1,406.9 |
| Operating EBITDAC* | 151.8 | 185.8 | 203.4 |
| Operating EBITDAC margin | 10.0% | 13.2% | 12.6% |
| Net BT Costs | 77.7 | - | 74.5 |
| Other Income | 42.6 | 36.4 | 36.9 |
| EBITDA | 116.8 | 222.2 | 165.9 |
| Finance Costs ^^ | 148.1 | 179.7 | 127.7 |
| Depreciation & Amortization | 69.5 | 66.6 | 107.6 |
| Foreign Exchange (Loss)/ Gain | (18.1) | (2.4) | (16.0) |
| Exceptional (Loss)/ Gain^ | (84.6) | (2.2) | (0.2) |
| PAT after minority interest and share in associates | (221.3) | (60.4) | (116.2) |

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

** Includes financials of Dental Corporation , Australia (DC) for 2 months .i.e. April and May in Q1 FY14 versus the full quarter in Q1 FY13 and Q4 FY13

^ Exceptional Loss in Q1 FY14 primarily relates to realized foreign exchange fluctuation loss on settlement of loans within the group from sale proceeds of DC.

^^Includes a one time expense of Rs 12 Cr related to early settlement of loans and break fee costs.

Proforma Consolidated P&L : Q1 FY14 (Excluding Dental Corporation)

| | Q1FY14 | Q1FY13 | Q4FY13 |
|--|----------------|----------------|----------------|
| Particulars | Total Consol | Total Consol | Total Consol |
| | (Rs Cr.) | (Rs Cr.) | (Rs Cr.) |
| Operating Revenue | 1,187.7 | 1,003.9 | 1,112.5 |
| % Growth | 18.3% | | |
| Operating Expense | 1,077.7 | 896.0 | 977.5 |
| Operating EBITDAC* | 110.0 | 107.9 | 135.0 |
| Operating EBITDAC margin | 9.3% | 10.7% | 12.1% |
| Net BT Costs | 77.7 | - | 74.5 |
| Other Income | 41.8 | 34.7 | 35.4 |
| EBITDA | 74.2 | 142.6 | 96.0 |
| Finance Costs [^] | 100.6 | 140.8 | 98.6 |
| Depreciation & Amortization | 62.0 | 58.3 | 95.4 |
| Foreign Exchange (Loss)/ Gain | (10.2) | (2.4) | (16.0) |
| Exceptional (Loss)/ Gain | (5.1) | (2.2) | (0.2) |
| PAT after minority interest and share in associates | (124.3) | (72.3) | (123.8) |

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

Above exclude Dental Corporation financials in all quarters

[^]Includes a one time expense of Rs 12 Cr related to early settlement of loans and break fee costs.

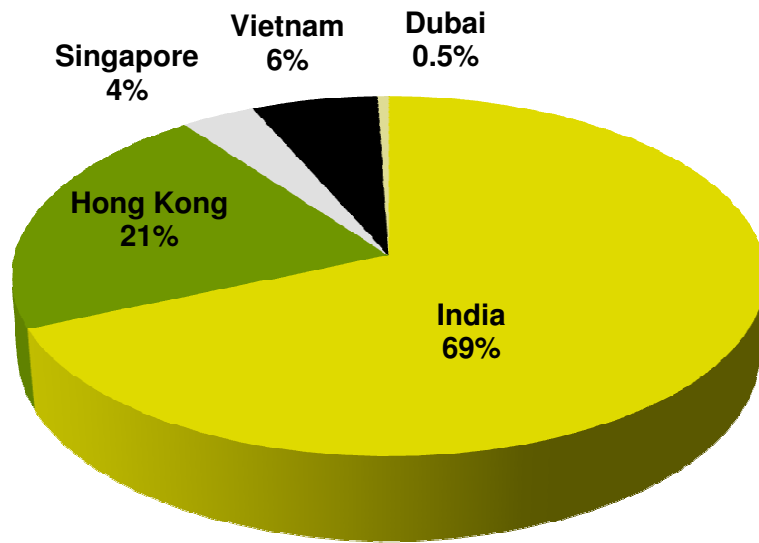
Group Business : Q1 FY14 vs Q1 FY13 (Excluding Dental Corporation)

| Particulars | Q1FY14 | | | Q1FY13 | | | Growth |
|--|----------------|------------------------|----------------|----------------|------------------------|----------------|--------------|
| | India Business | International Business | Total Consol | India Business | International Business | Total Consol | |
| | (Rs Cr.) | (Rs Cr.) | (Rs Cr.) | (Rs Cr.) | (Rs Cr.) | (Rs Cr.) | % |
| Operating Revenue | 814.0 | 373.8 | 1,187.8 | 668.6 | 335.3 | 1,003.9 | 18.3% |
| Operating EBITDAC* | 95.9 | 14.1 | 110.0 | 89.8 | 18.0 | 107.9 | |
| Operating EBITDAC margin | 11.8% | 3.8% | 9.3% | 13.4% | 5.4% | 10.7% | |
| Operating EBITDAC margin excluding start ups and one offs | 14.5% | 6.4% | 11.9% | 14.6% | 5.4% | 11.4% | |

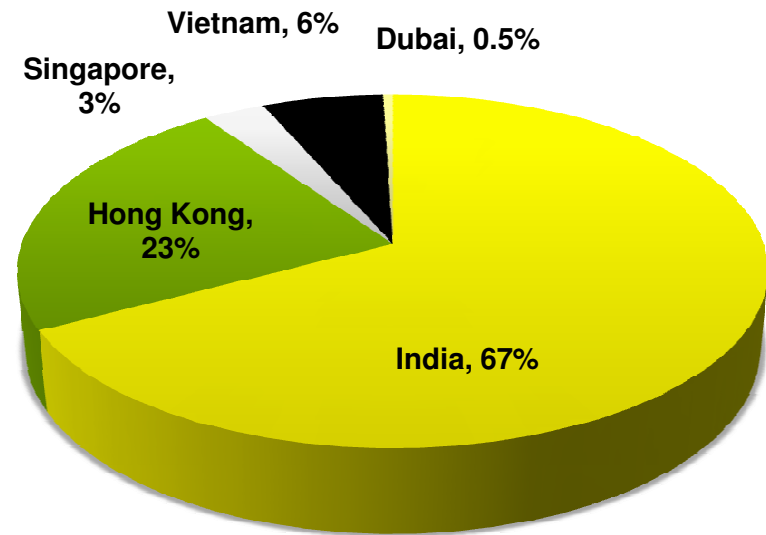
*EBITDAC refers to EBITDA before net business trust costs

Geographical Presence – Q1 FY14

Q1 FY14



Q1 FY13



Strengthening focus on domestic business .i.e. hospitals and diagnostics

The above charts exclude the revenues from Dental Corporation, Australia in Q1 FY 13 and Q1 FY14

Group Consolidated Balance Sheet – 30th June 2013

| Balance Sheet | 30 June 2013 |
|---|--------------|
| Shareholder's Equity* | 4,786 |
| Foreign Currency Convertible Bonds (FCCB's) | 923 |
| Debt (including pref cap) | 2,977 |
| Total Capital Employed | 8,685 |
| Net Fixed Assets (including CWIP of Rs 127 Crore) | 2,174 |
| Goodwill | 4,136 |
| Investments | 1,024 |
| Cash and Cash Equivalents | 616 |
| Net Current Assets | 736 |
| Total Assets | 8,685 |

- As on 30th June 2013, Net Debt to equity ratio stood at 0.7x

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

India Business Performance – Q1FY14

India Business - Financial Snapshot



Q1 FY14 – Consolidated India Business

- **India Business** - Rs. 814 Cr ↑ 22%
- **Hospital Business** - Rs. 654 Cr ↑ 23%
- **Diagnostic Business** - Rs. 160 Cr ↑ 17%

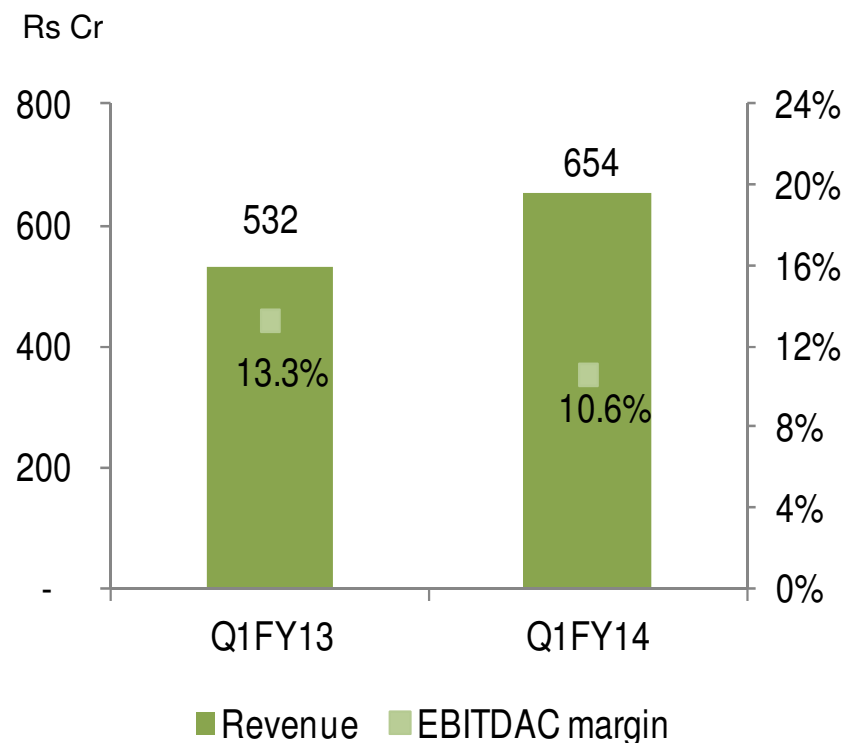
| Statutory | Q1FY13 | Q1FY14 |
|-----------------------------|--------|--------|
| Occupancy | 72% | 72% |
| ARPOB (Annualized - Rs. Cr) | 1.00 | 1.10 |
| ALOS (Days) | 3.9 | 3.8 |

*EBITDAC refers to EBITDA before net business trust costs

India Hospital Business

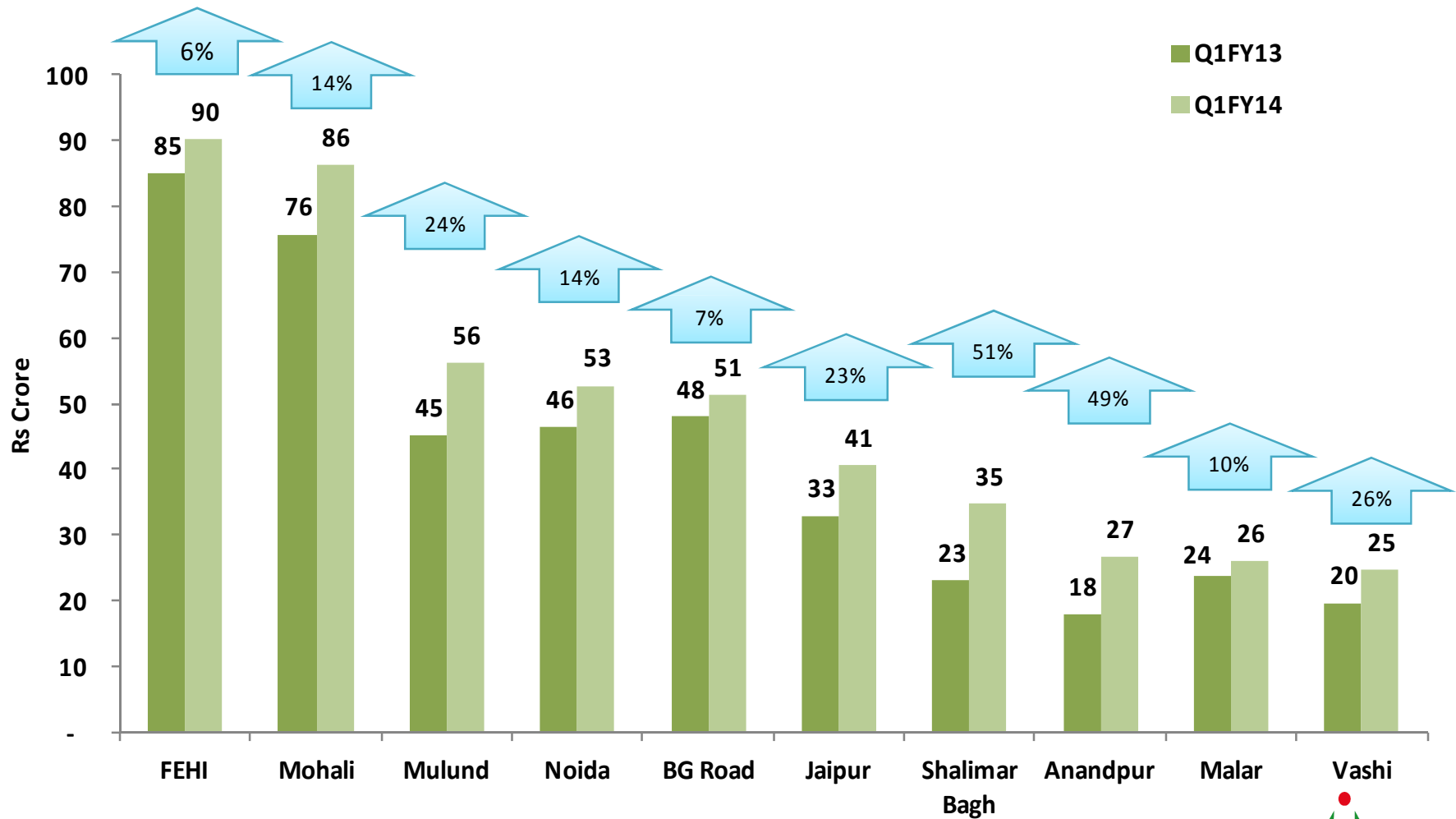
Q1 Highlights

- Operating revenue at Rs 654 Cr, +23%
- Operating EBITDAC* margin at 10.6%.
- Encouraging initial response to FMRI, the Company's recently launched multi specialty facility.
- International patient revenues at Rs 44 Cr, +61%
- Excluding start up and one off items operating EBITDAC margin at 14.0%



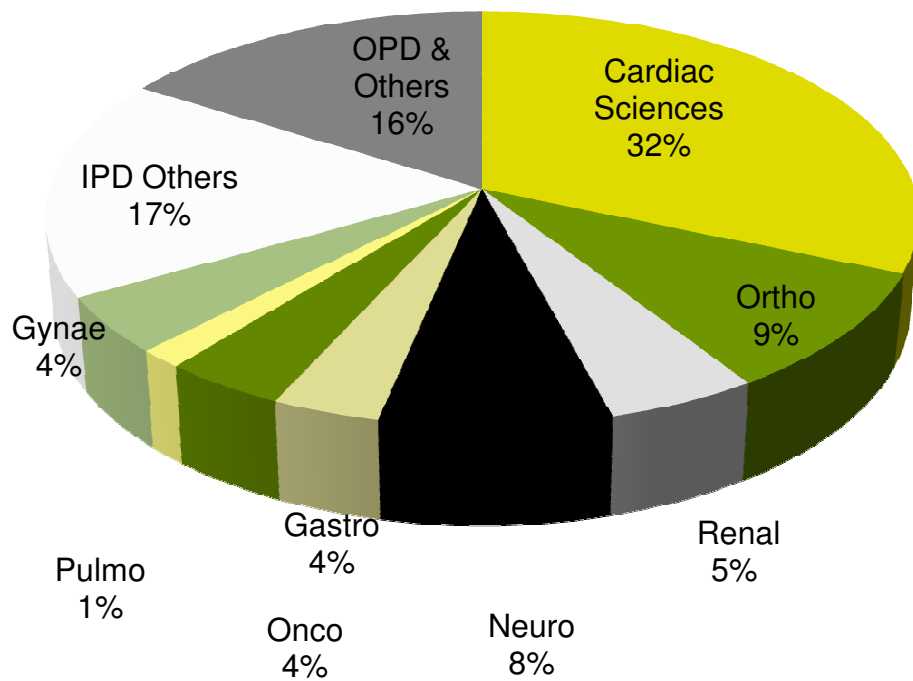
*EBITDAC refers to EBITDA before net business trust costs

Hospital-wise Revenue – Key Hospitals

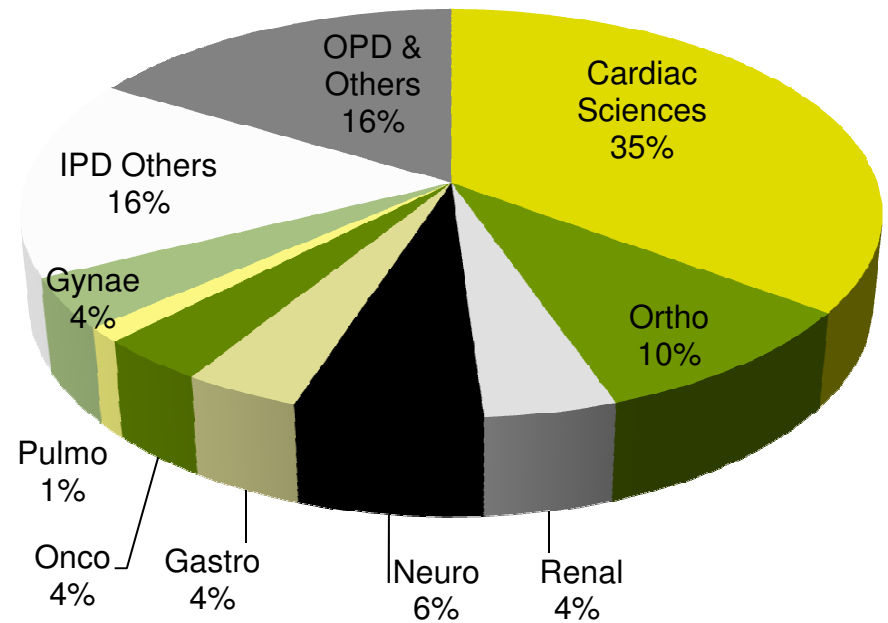


Specialty Revenue Split – India Hospital Business

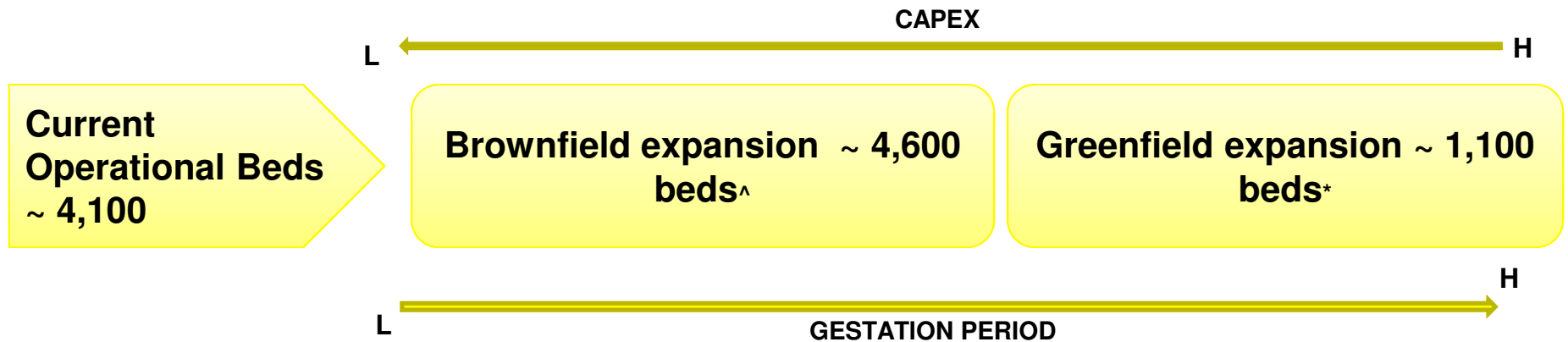
Q1FY14



Q1FY13



India Hospital Potential Bed Capacity ~ 9,800



Focus on brownfield bed additions

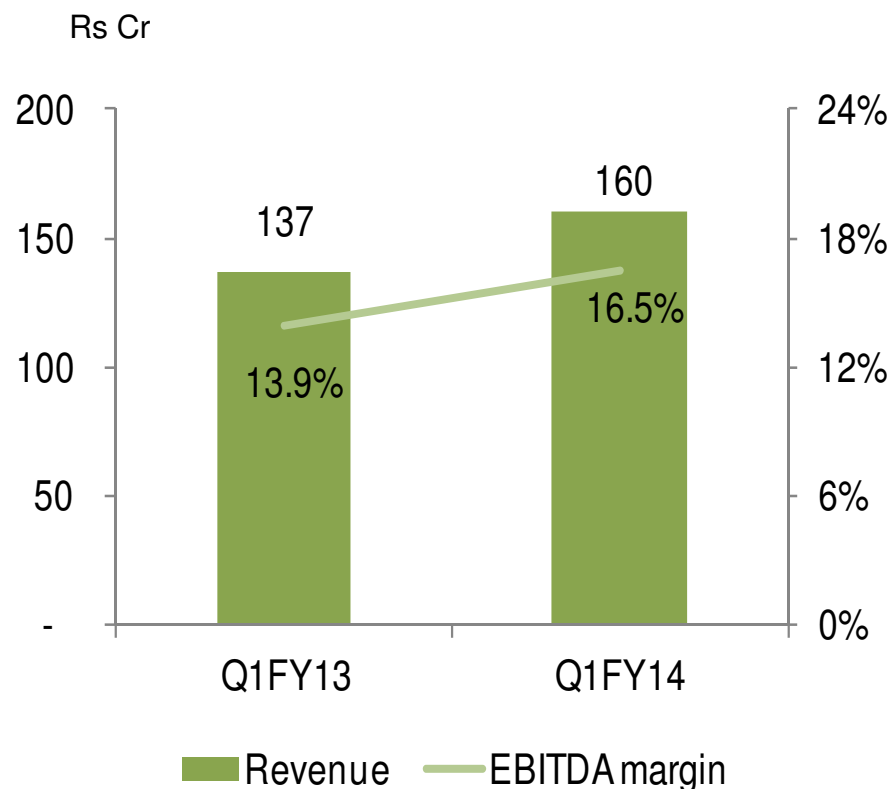
- 80% of total potential bed additions .i.e. 4,600 beds pertaining to installed capacity and brownfield expansion
- Majority capital expenditure based on an asset light model
- Fortis capex primarily towards medical equipment
- Low investment and faster turnaround time to improve return metrics / profitability

** Excludes FMRI, Gurgaon launched in May 2013, includes Ludhiana facility planned for launch in FY 14 (215 beds), ^ Includes Chennai Arcot Road facility (205 beds) planned for launch in FY14*

India Diagnostics Business

Q1 Highlights

- Operating revenue at Rs 160 Cr, +17%
- Operating EBITDA margin at 16.5%
- Expanded network strength by adding 1 new laboratory, 43 collection centres, 352 direct clients and 16 co-marketing clients
- No of accession at 3.16 million, a Q-o-Q growth of 11%
- Expanded service offerings by adding 6 new tests during the quarter



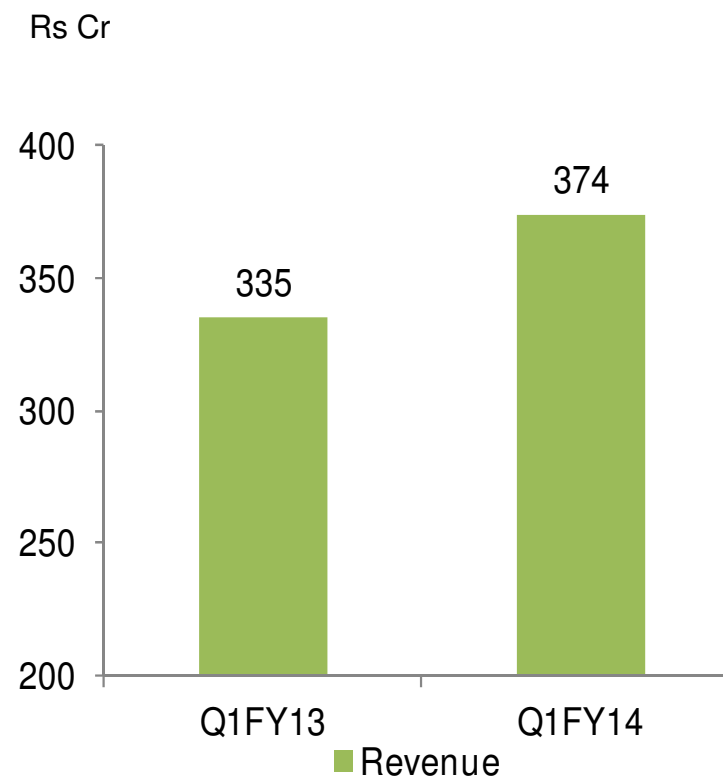
International Business Performance

International Business Performance - Q1 FY14 (Excluding Dental Corporation)

- International revenues contributed ~31 % to overall revenues to reach Rs 374 Cr, +11.5%
- Divestiture of Fortis Hoan My to Chandler Corporation for USD 80 Mn. Proceeds to be utilized for further de-leveraging
- Excluding start up and one off costs operating EBITDA margins as follows

| Particulars | Q1FY13 | Q1FY14 |
|------------------|--------|--------|
| Operating EBITDA | 5.4% | 6.4% |

- Company continues to evaluate business portfolio to ensure right strategic fit



International Business Key Entity Performance - Q1 FY14

| (Rs Cr) | Q1FY14 | Q1FY13 | % change |
|----------|--------|--------|----------|
| Revenue | 253 | 230 | 10% |
| EBITDA % | 6.0% | 7.3% | |
| Revenue | 34 | 31 | 10% |
| EBITDA % | 29% | 23% | |
| Revenue | 72 | 60 | 12% |
| EBITDA % | 22.1% | 21.3% | |

Quality Healthcare, Hong Kong

- Launched the new super specialty center for oncology in June 2013
- Network and consolidation strategy implementation continues

RadLink Asia, Singapore

- Operating efficiencies result in improved performance
- Strategic collaboration to develop tracers for select severe chronic disorders

Fortis Hoan My, Vietnam

- Sale of entire stake for USD 80 mn. Transaction to be completed shortly.
- Proceeds to be utilized for further debt reduction

Fortis Colorectal Hospital, Singapore

- Revenues of Rs 9 Cr in the quarter (launched in July FY 13)
- Enlisting with reputed institutions for screening facilities and panel hospital

Thank You...