

# Fortis Healthcare Limited

## Investor Presentation – Q4 & FY14

*“ Saving and Enriching Lives ”*



May 29, 2014

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# Discussion Points

➤ **FY2014 – Year in Retrospect**

➤ **Highlights – Q4 & FY14**

➤ **Business Performance – Hospitals & Diagnostics**

➤ **Awards & Recognitions**

# FY 2014 – Year in Retrospect

Priorities outlined for FY 2014		Status as on 31 <sup>st</sup> March 2014
<ul style="list-style-type: none"> <li>➤ Focus on consolidation and stabilization</li> </ul>	<p>✓</p>	<p>Re-emphasizing focus on high growth India market.</p> <p>Divestitures of key International Assets at premium.</p>
<ul style="list-style-type: none"> <li>➤ Significant contribution from India business</li> </ul>	<p>✓</p>	<p>India business revenues currently at ~94% up from 47% in Q4 FY13</p>
<ul style="list-style-type: none"> <li>➤ Strengthen Balance Sheet &amp; reduce net debt equity ratio to &lt; 0.5x</li> </ul>	<p>✓</p>	<p>Reduced net debt by Rs 4,926 Cr from FY13. Net debt to equity at 0.2 x</p>

# FY 2014 – Year in Retrospect (cont.)

Priorities outlined for FY 2014		Status as on 31 <sup>st</sup> March 2014
➤ Enhance operational performance	✓	Diagnostics margins at 17.9%, up from 13.9% in FY 13 Start up facilities witness robust uptake
➤ Ensure early breakeven of new facilities	✓	FMRI EBITDAC breakeven in record time; encouraging start to Ludhiana facility
➤ Calibrated growth and expansion plans	✓	Bengaluru, Ludhiana, NCR, Chennai, Ahmedabad, Mumbai; focus on India growth
➤ Continue to evaluate existing portfolio of businesses	✓	RadLink Asia and Fortis Surgical Hospital in Singapore

# Highlights for the year – FY2014

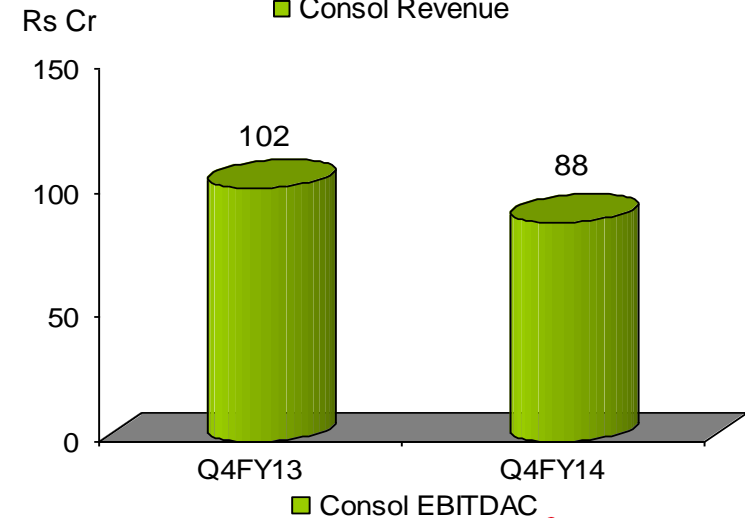
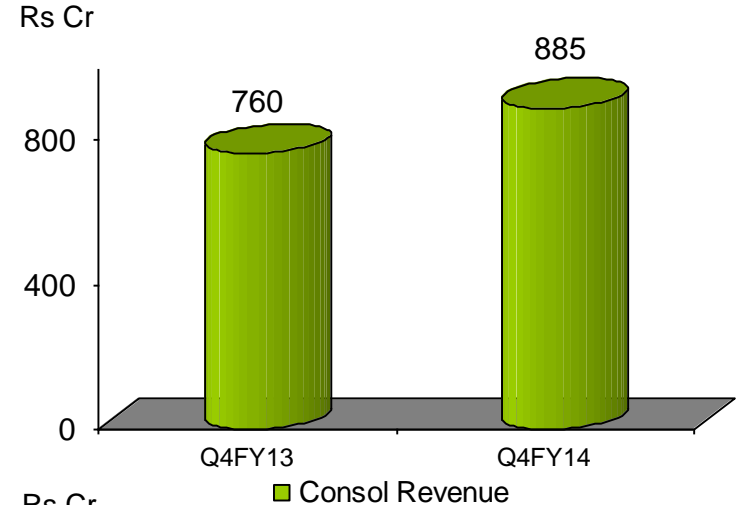
- Hospital business continues to witness robust revenue growth
- Diagnostic business further strengthens its operational performance; adds over 50 labs, 90 collection centers and over 1100 direct clients during the year
- FY14 witnesses bed capacity addition of approx.800 beds; led by the launch of FMRI, Gurgaon and Fortis Ludhiana
- FMRI, the company's flagship facility commissioned during the year, reaches EBITDAC breakeven within first year of launch.
- Divestitures of International Assets - Dental Corporation, Quality Healthcare & Hoan My
- Successful fund raising through a mix of equity & quasi equity; raised ~ Rs 1040 Cr.
- Net debt down to Rs 845 Cr from Rs 5,771 Cr in Q4FY13; net debt to equity at 0.2x from 1.1x in Q4FY13

# Highlights for the quarter - Q4FY14

- India business witnesses healthy growth; constitutes 94% of overall revenues
- Hospital business records robust revenue growth; healthy operating performance in the diagnostics business.
- Expansion at BG Road facility underway; to witness total bed addition of 210 beds taking total no. of beds in the facility to ~460.
- Strengthening the Mother & Child (M&C) specialty; 100 bed facility being developed in Ludhiana, development plan for a 70 bed M&C facility in Bengaluru underway
- FMRI reports a strong quarter with an ARPOB of Rs 1.97 Cr; strengthens operational performance further.
- Encouraging start for Fortis Ludhiana facility (commissioned in previous quarter); Arcott Road Chennai facility launch awaiting regulatory approvals

# India Financial Highlights – Q4FY14 vs Q4FY13

- Consolidated Revenues at Rs 885 Cr, + 17%.
  - ❖ Hospital Business – Rs 721 Cr, + 19%
  - ❖ Diagnostic Business – Rs 164 Cr, + 6%
- Consolidated Operating EBITDAC\* at Rs 88 Cr, 10% margin
  - ❖ Hospital Business – Rs 59 Cr, 8.2% margin
  - ❖ Diagnostic Business – Rs 29 Cr, 17.7% margin
- India Consolidated Operating EBITDAC margin excluding start ups and one offs at 13.7% margin vs 15.6% in corr. Quarter (Hospital business – 12.7% vs 15.8% in corresponding qtr)

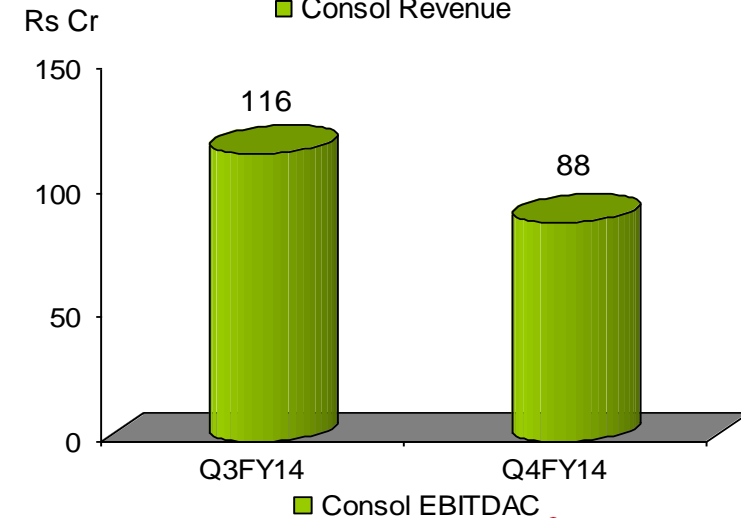
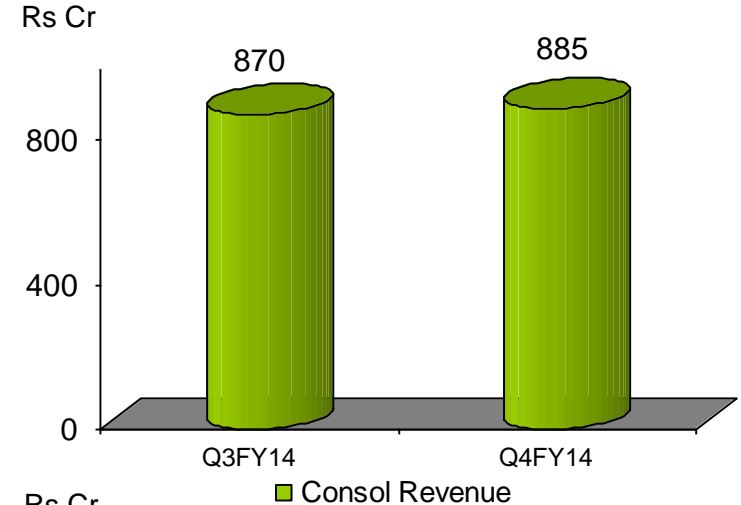


\*EBITDAC refers to EBITDA before net business trust costs



# India Financial Highlights – Q4FY14 vs Q3FY14

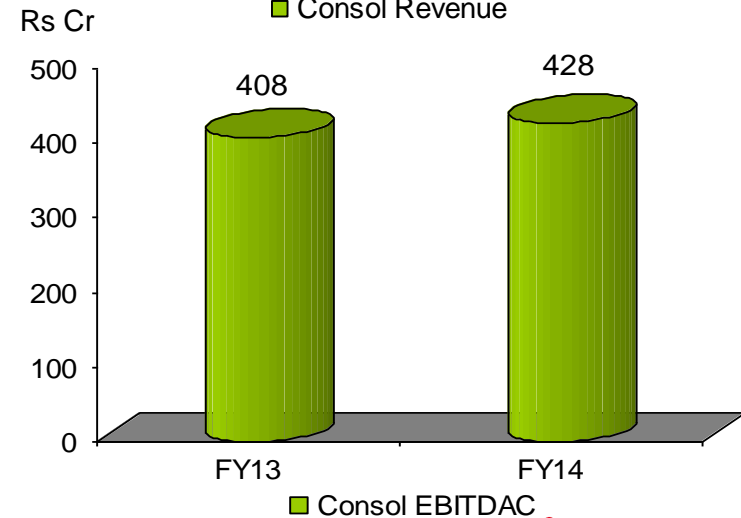
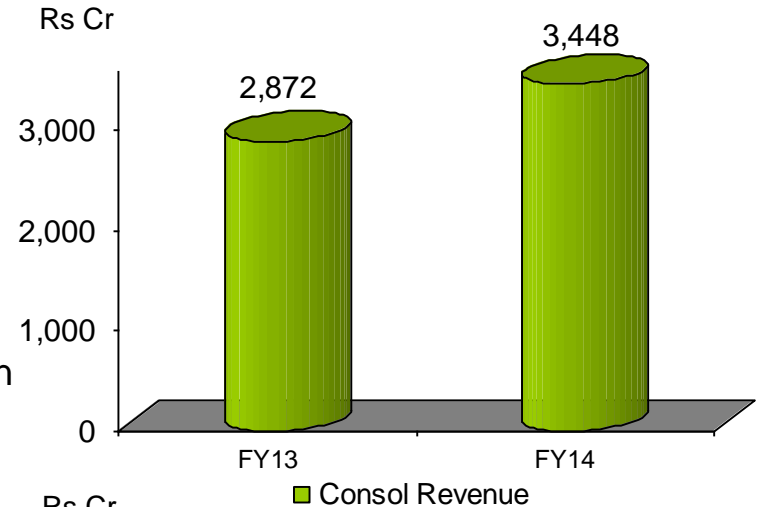
- Consolidated Revenues at Rs 885 Cr, + 2%.
  - ❖ Hospital Business – Rs 721 Cr, + 1%
  - ❖ Diagnostic Business – Rs 164 Cr, +4%
- Consolidated Operating EBITDAC\* at Rs 88 Cr, 10% margin
  - ❖ Hospital Business – Rs 59 Cr, 8.2% margin
  - ❖ Diagnostic Business – Rs 29 Cr, 17.7% margin
- India Consolidated Operating EBITDAC margin excluding start ups and one offs at 13.7% margin vs 14.6% in trailing Quarter (Hospital business – 12.7% vs 14.0% in trailing qtr)



\*EBITDAC refers to EBITDA before net business trust costs

# India Financial Highlights – FY14 vs FY13

- Consolidated Revenues at Rs 3448 Cr, +20%
  - ❖ Hospital Business – Rs 2,795 Cr, +22%
  - ❖ Diagnostic Business – Rs 653 Cr, +13%
- Consolidated Operating EBITDAC\* at Rs 428 Cr, 12.4% margin
  - ❖ Hospital Business – Rs 311 Cr, 11.1% margin
  - ❖ Diagnostic Business – Rs 117 Cr, 17.9% margin
- India Consolidated Operating EBITDAC margin excluding start ups and one offs at 14.5% against 14.7% in FY13 (Hospital business – 13.6% vs 14.9% in FY13)



\*EBITDAC refers to EBITDA before net business trust costs

# India Consolidated P&L : Q4FY14

	Q4FY14	Q4FY13	Q3FY14
Particulars	Total Consol (Rs Cr.)	Total Consol (Rs Cr.)	Total Consol (Rs Cr.)
<b>Operating Revenue</b>	<b>885.3</b>	<b>759.9</b>	<b>869.5</b>
% Growth	16.5%		
<b>Operating EBITDAC*</b>	<b>87.9</b>	<b>102.3</b>	<b>115.8</b>
<b>Operating EBITDAC margin</b>	<b>9.9%</b>	<b>13.5%</b>	<b>13.3%</b>
<b>Operating EBITDAC margin (Ex Startup and One Offs)</b>	<b>13.7%</b>	<b>15.6%</b>	<b>14.6%</b>
Net BT Costs	88.2	74.5	79.8
Other Income	43.5	38.0	41.9
<b>EBITDA</b>	<b>43.1</b>	<b>65.9</b>	<b>78</b>
Finance Costs	23.4	44.7	38.6
Depreciation & Amortization	45.7	45.0	44.1
Foreign Exchange (Loss)/ Gain	(19.7)		15.6
<b>PBT before Exceptional Item</b>	<b>(45.7)</b>	<b>(23.7)</b>	<b>10.9</b>
Exceptional (Loss)/ Gain^	(0.0)	(0.3)	-
Tax Expense	3.1	15.5	13.2
<b>PAT after minority interest and share in associates</b>	<b>(48.7)</b>	<b>(39.9)</b>	<b>(5.5)</b>

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

# India Consolidated P&L : FY14

	FY14	FY13
Particulars	Total Consol	Total Consol
	(Rs Cr.)	(Rs Cr.)
<b>Operating Revenue</b>	3,447.6	2,871.8
% Growth	20.1%	
Operating EBITDAC*	427.6	407.6
<b>Operating EBITDAC margin</b>	<b>12.4%</b>	<b>14.2%</b>
<b>Operating EBITDAC margin (Ex Startup and One Offs)</b>	<b>14.5%</b>	<b>14.7%</b>
Net BT Costs ^^	324.0	133.4
Other Income	168.6	148.2
<b>EBITDA</b>	<b>272.3</b>	<b>422.4</b>
Finance Costs	145.3	286.1
Depreciation & Amortization	170.0	171.9
Foreign Exchange (Loss)/ Gain	3.9	-
<b>PBT before Exceptional Item</b>	<b>(39.1)</b>	<b>(35.6)</b>
Exceptional (Loss)/ Gain^	(5.2)	995.9
Tax Expense	1.8	172.6
<b>PAT after minority interest and share in associates</b>	<b>(55.0)</b>	<b>769.2</b>

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

^Gain arising out of RHT transaction in FY13, ^^ Net BT costs in FY13 were only for part of the year .i.e. from the date of listing of the Religare Health Trust

# Group Consolidated P&L : Q4FY14

	Q4FY14****	Q4FY13***	Q3FY14**
Particulars	Total Consol	Total Consol	Total Consol
	(Rs Cr.)	(Rs Cr.)	(Rs Cr.)
<b>Operating Revenue</b>	<b>940.7</b>	<b>1,610.3</b>	<b>1,018.7</b>
Operating EBITDAC*	77.2	187.4	126.4
<b>Operating EBITDAC margin</b>	<b>8.2%</b>	<b>11.6%</b>	<b>12.4%</b>
<b>Operating EBITDAC margin (Ex Startup) and One Offs</b>	<b>12.7%</b>	<b>13.5%</b>	<b>14.5%</b>
Net BT Costs	88.2	74.5	79.8
Other Income	43.6	36.9	42.1
<b>EBITDA</b>	<b>32.6</b>	<b>149.9</b>	<b>88.7</b>
Finance Costs	27.6	127.7	53.5
Depreciation & Amortization	53.5	107.6	60.6
Foreign Exchange (Loss)/ Gain	(19.8)	-	10.8
<b>PBT before Exceptional Item</b>	<b>(68.3)</b>	<b>(85.4)</b>	<b>(14.6)</b>
Exceptional (Loss)/ Gain^	(0.1)	(0.2)	424.2
Tax Expense	11.4	21.7	20.6
<b>PAT after minority interest and share in associates</b>	<b>(77.3)</b>	<b>(116.2)</b>	<b>389.1</b>

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

\*\* Includes financials of Quality Healthcare for 1 month .i.e. October in Q3 FY14

\*\*\* Includes financials of Dental Corp, Fortis Haon My and Quality Healthcare for the full quarter.

\*\*\*\*Excludes Dental Corp , Fortis Hoan My and Quality Healthcare for the full quarter

^Gain arising out of QHC divestment in Q3FY14

# Group Consolidated P&L : FY14

	FY14****	FY13***
Particulars	Total Consol (Rs Cr.)	Total Consol (Rs Cr.)
<b>Operating Revenue</b>	<b>4,759.2</b>	<b>6,051.6</b>
Operating EBITDAC*	524.4	812.1
Operating EBITDAC margin	11.0%	13.4%
<b>Operating EBITDAC margin (Ex Startup and One Offs)</b>	<b>13.3%</b>	<b>14.4%</b>
Net BT Costs **	324.0	133.4
Other Income	170.6	157.0
<b>EBITDA</b>	<b>371.0</b>	<b>835.7</b>
Finance Costs	316.3	634.0
Depreciation & Amortization	247.9	370.6
Foreign Exchange (Loss)/ Gain	(16.9)	-
<b>PBT before Exceptional Item</b>	<b>(210.1)</b>	<b>(168.9)</b>
Exceptional (Loss)/ Gain^	353.2	964.6
Tax Expense	26.5	231.3
<b>PAT after minority interest and share in associates</b>	<b>122.5</b>	<b>499.9</b>

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

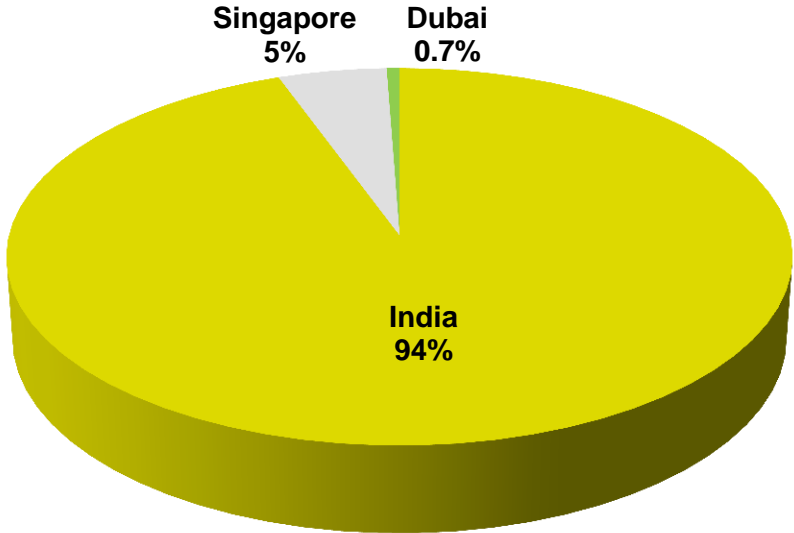
\*\*\* Includes financials of Dental Corp, Fortis Hoan My and Quality Healthcare for the full year. \*\* Net BT costs for FY 13 were only for part year i.e. from date of listing of the RHT

\*\*\*\*Includes financials of Dental Corp upto May 31, 2013, Fortis Hoan My upto August 20 2013 and Quality Healthcare upto October 24, 2013.

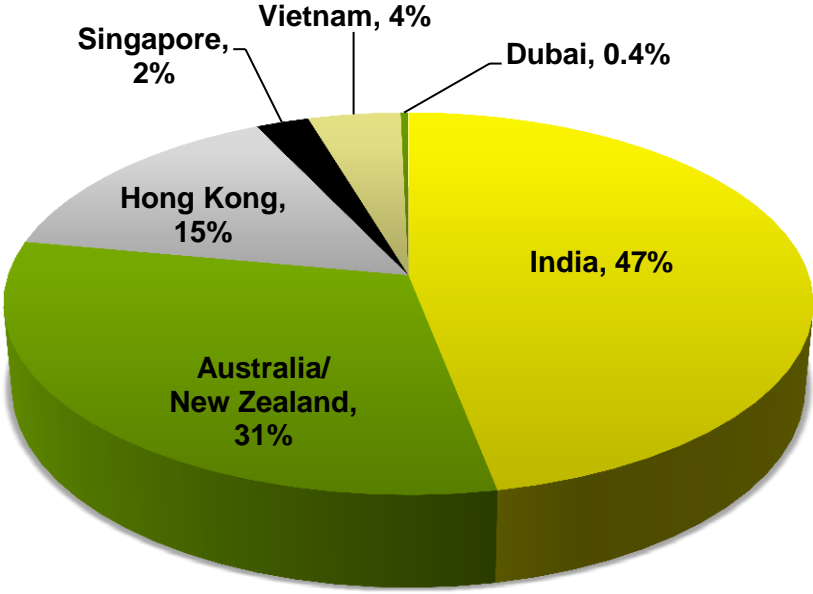
^Gain arising out of the International Asset divestitures completed in FY14 and RHT transaction in FY13

# Geographical Presence – Q4 FY14

Q4FY14



Q4FY13



# Group Consolidated Balance Sheet – 31<sup>st</sup> March 2014

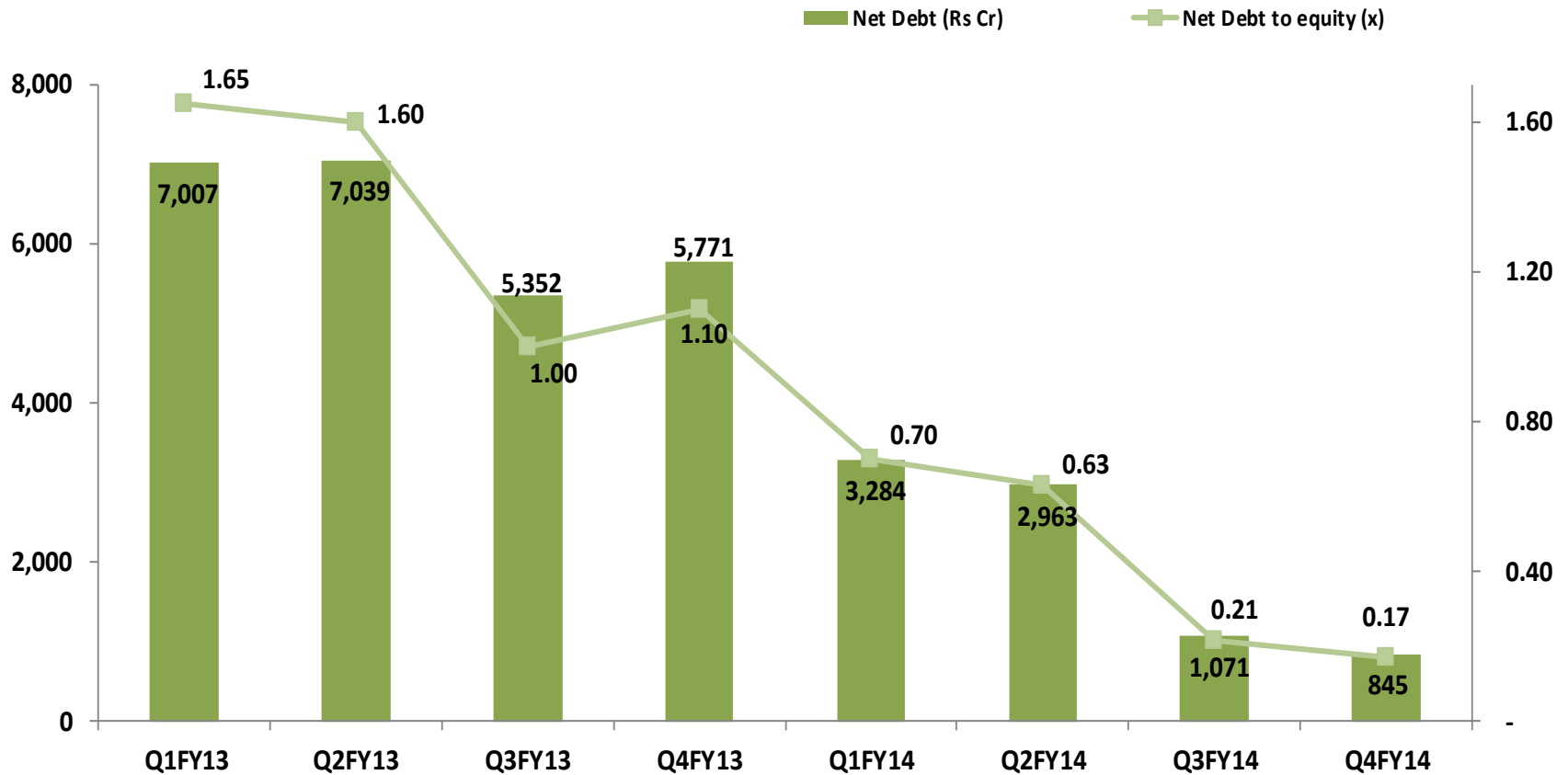
Balance Sheet	Rs Crore
Shareholder's Equity*	5,089
Foreign Currency Convertible Bonds (FCCB's)	1,111
Debt	778
<b>Total Capital Employed</b>	<b>6,977</b>
Net Fixed Assets (including CWIP of Rs 147 Crore)	1,992
Goodwill	2,299
Investments	1,032
Cash and Cash Equivalents	1,044
Net Current Assets	611
<b>Total Assets</b>	<b>6,977</b>

- As on 31<sup>st</sup> March 2014, Net Debt to equity ratio stood at 0.2x

\*Shareholder's Equity includes Minority Interest.

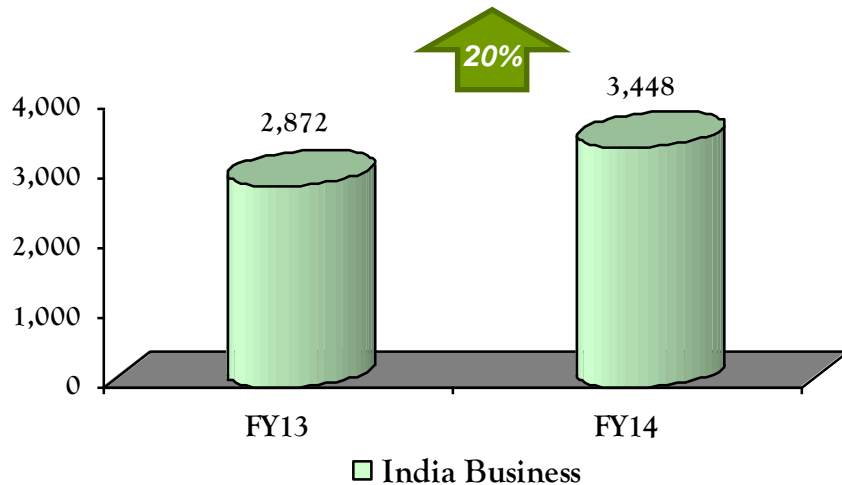
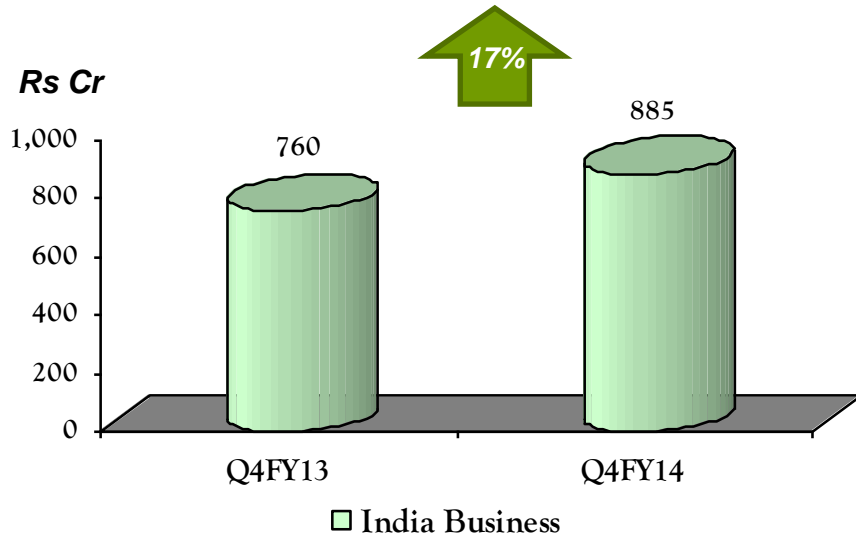


# De-leveraging



# India Business Performance – Q4FY14 & FY14

# India Business - Financial Snapshot



## Q4 FY14 – Consolidated

- **Operating Revenue** - Rs. 885 Cr ↑ 17%
- **Hospital business** -Rs. 721 Cr ↑ 19%
- **Diagnostics business** -Rs. 164 Cr ↑ 6%

Statutory	FY13	FY14
Occupancy	72%	73%
ARPOB (Annualized - Rs. Lacs)	103	112
ALOS (Days)	3.8	3.8

## FY14 –Consolidated

- **Operating Revenue** - Rs. 3,448 Cr ↑ 20%
- **Hospital business** -Rs. 2,795 Cr ↑ 22%
- **Diagnostics business** -Rs. 653 Cr ↑ 13%

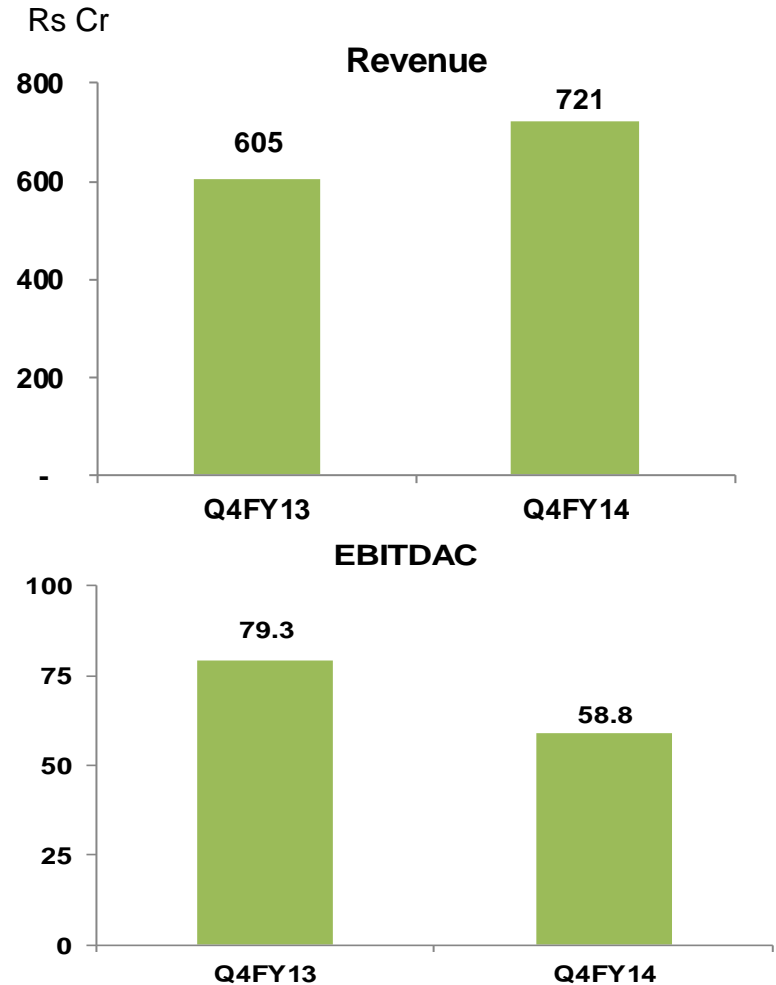
# India Hospital Business P&L : Q4 & FY14

	Q4FY14	Q4FY13	Q3FY14	FY14	FY13
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>605.3</b>	<b>711.3</b>	<b>2,795.1</b>	<b>2,292.9</b>
% Growth	19.1%			21.9%	
Operating EBITDAC*	58.8	79.1	88.2	310.9	327.2
<b>Operating EBITDAC margin</b>	<b>8.2%</b>	<b>13.1%</b>	<b>12.4%</b>	<b>11.1%</b>	<b>14.3%</b>
<b>Operating EBITDAC margin (Ex Startup &amp; One offs)</b>	<b>12.7%</b>	<b>15.8%</b>	<b>14.0%</b>	<b>13.6%</b>	<b>14.9%</b>
Net BT Costs	88.2	74.5	79.8	324.0	133.4
Other Income	42.1	37.5	40.4	163.9	145.6
<b>EBITDA</b>	<b>12.7</b>	<b>42.2</b>	<b>48.8</b>	<b>150.8</b>	<b>339.4</b>

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

# India Hospital Business – Q4 FY14

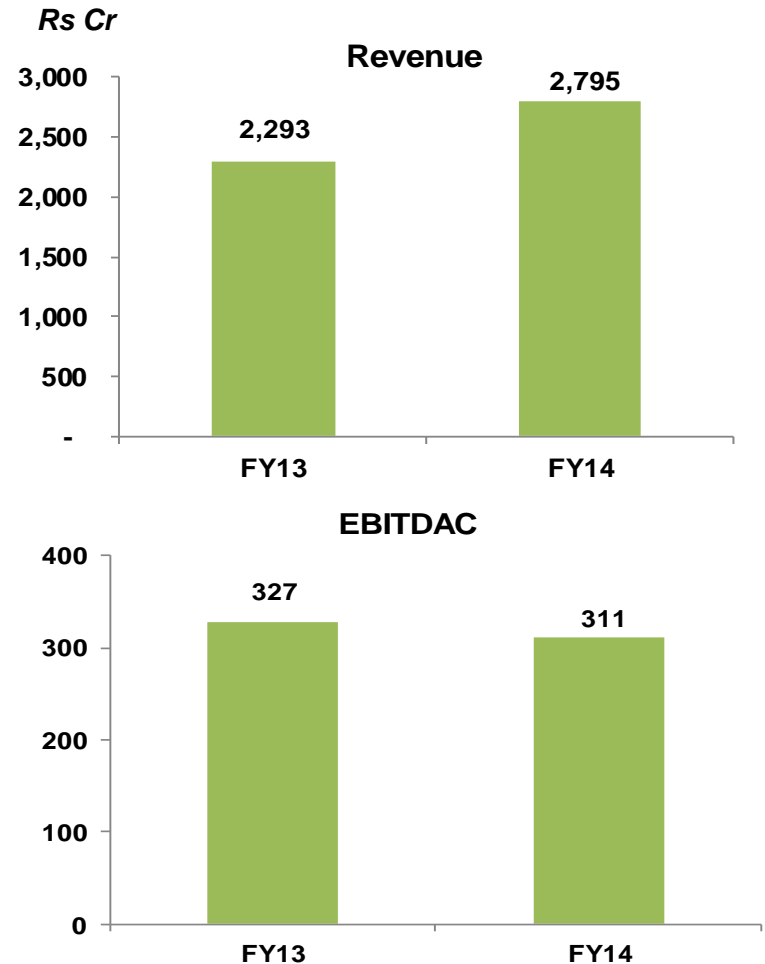
- Operating revenue at Rs 721 Cr, +19%
- Operating EBITDAC\* margins excluding start-ups and one offs at 12.7%.
- International patient revenue at Rs 69 Cr, +65 %; representing 9.5% of overall hospital business
- FMRI becomes the third largest revenue contributor; continues robust performance
- Expansion of the BG road Bengaluru facility underway. To see addition of approx. 210 beds; emphasis on comprehensive cancer care services
- Development plans underway for an exclusive Fortis La Femme facility, dedicated to Mother and Child care, at Richmond Road, Bengaluru



\*EBITDAC refers to EBITDA before net business trust costs

# India Hospital Business – FY 14

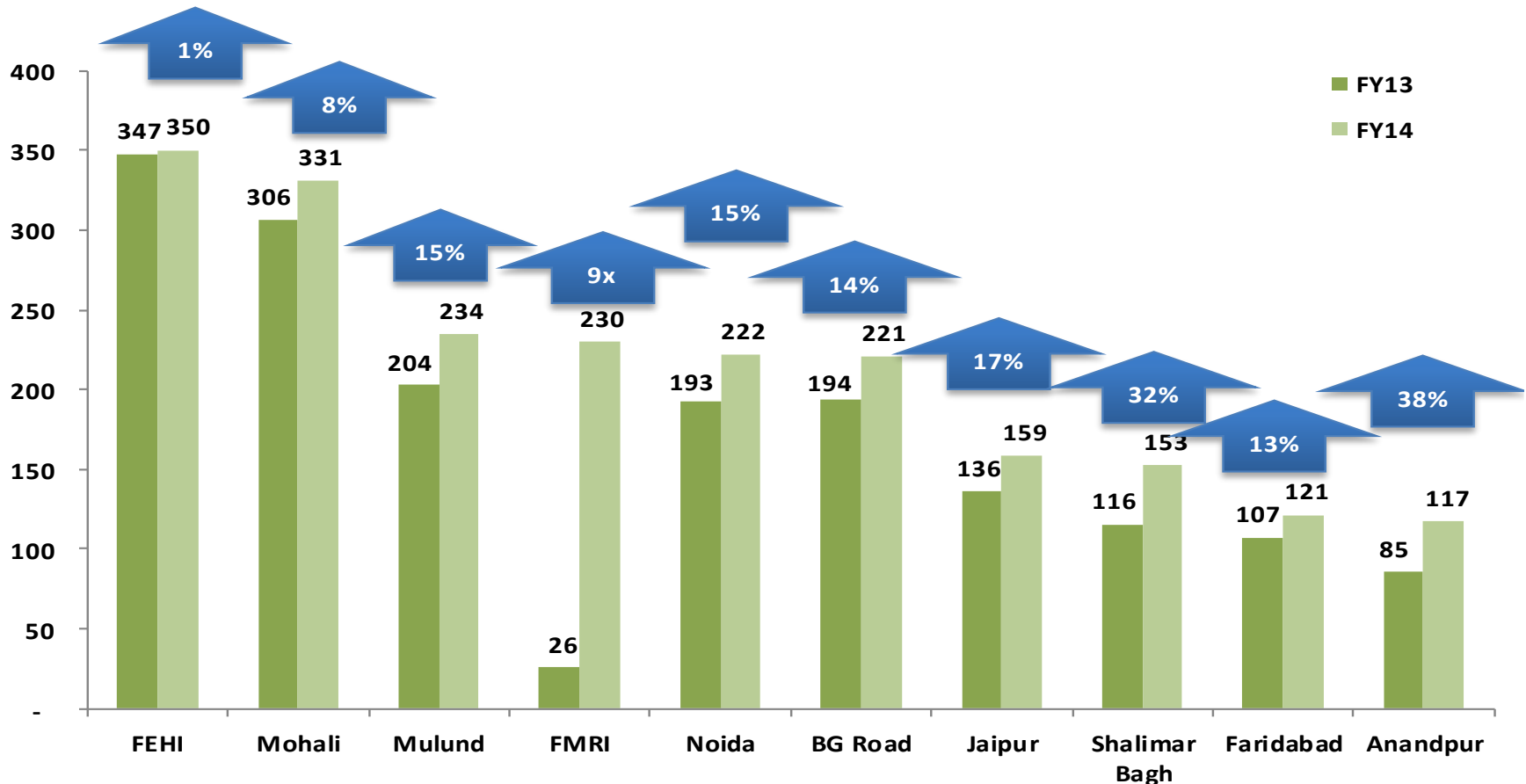
- Operating revenue at Rs 2,795 Cr, +22%
- Operating EBITDAC\* margin excluding start-ups and one offs at 13.6%.
- International patient revenue at Rs 240 Cr, +75%; representing 8.6% of overall hospital business
- Added approximately 800 beds in FY14. Launched two hospitals during the year viz. FMRI, Gurgaon and Fortis Ludhiana.
- FMRI, Gurgaon continues to witness robust uptake - turns EBITDAC positive within a year of its launch



\*EBITDAC refers to EBITDA before net business trust costs

# Hospital-wise Revenue – Top 10 Hospitals

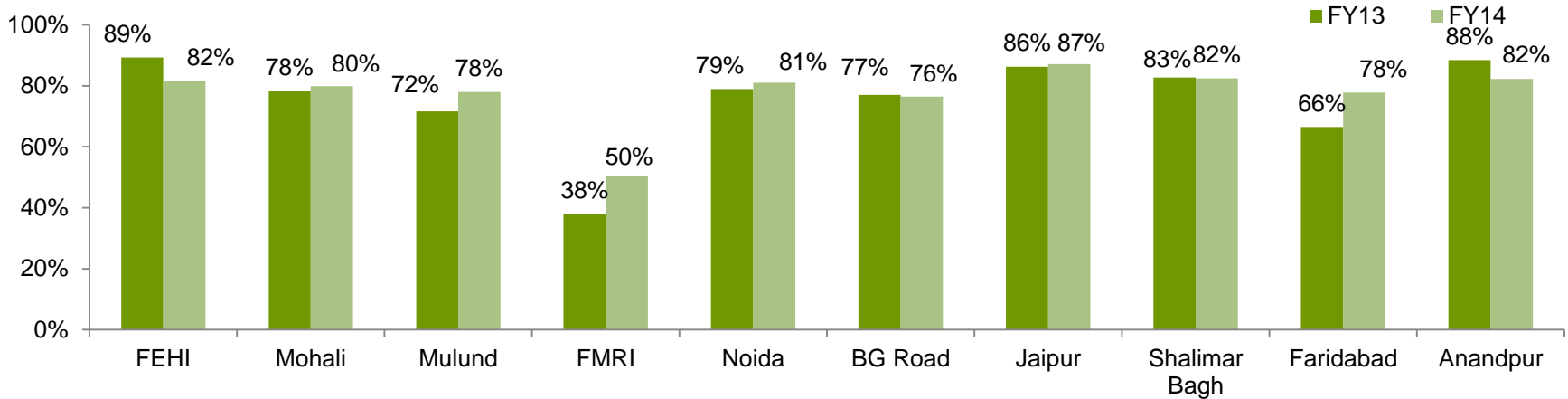
Rs Crore



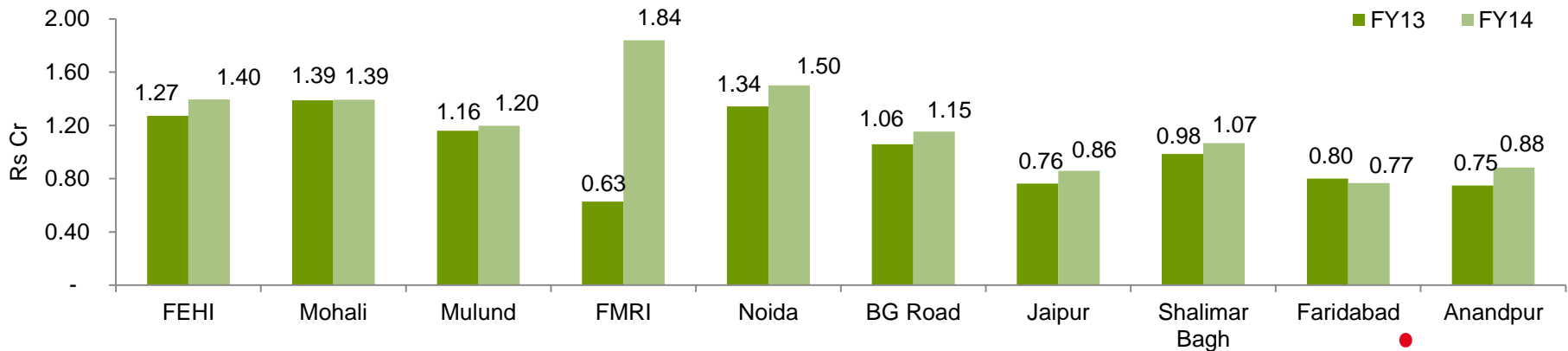
FMRI FY 13 revenues were in the initial launch period

# Occupancy & ARPOB - Top 10 Hospitals

Consolidated Occupancy for India hospital business stood at 73% in FY14 vs 72% in FY13



Consolidated ARPOB for hospital business improved to Rs 1.12 Cr in FY14 from Rs 1.03 Cr in FY13





# Growth & Expansion Strategy

✓ Large scope for brownfield expansion

✓ Stronger Balance Sheet allows Fortis to develop greenfield projects itself

✓ Strategically well placed through the asset light model to potentially transfer new facilities to the RHT in future

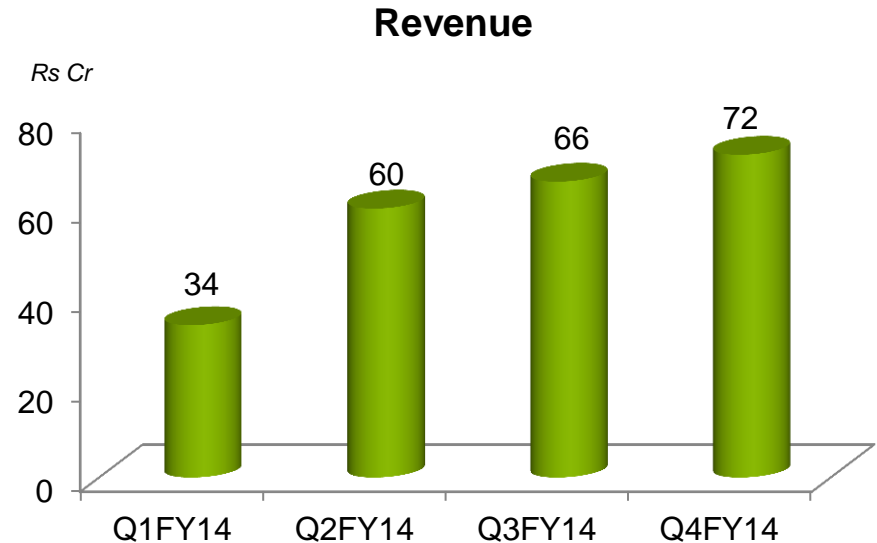
- Entering new markets
- Deepening presence in existing markets
- Capitalizing on its strong franchises like Mother & Child
- Strengthening presence & services in high end medical specialties like oncology

# FMRI Operational Performance

- FMRI continues to witness a robust performance
- 3<sup>rd</sup> largest\* revenue contributor in the Fortis N/W
- All medical specialties initiated with reputed clinicians at the helm
- Installed capacity of 450 beds in Phase – I (300 operationalized). Total capacity of ~ 1000 beds



\* Annualizing Q4FY14 revenue



- **Holistic Patient Care**
- **Exceptional clinical talent**
- **World-class infrastructure**
- **Cutting edge technology**
- **Personalized service**

# Upcoming Hospitals



**Fortis Hospital, Ludhiana, Punjab**

## **Fortis Hospital, Ludhiana, Punjab**

- Commissioned a new 250+ bed state of the art oncology led, multi-specialty facility in Ludhiana in January 2014.
- Focus on Cardiac, Neuro, Ortho, Renal & Oncology

## **Fortis La Femme, Ludhiana**

- Foundation stone laid for Fortis La Femme brand in Ludhiana
- A 100 bed greenfield facility to come up by 2016 focusing on Mother & Child Health

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

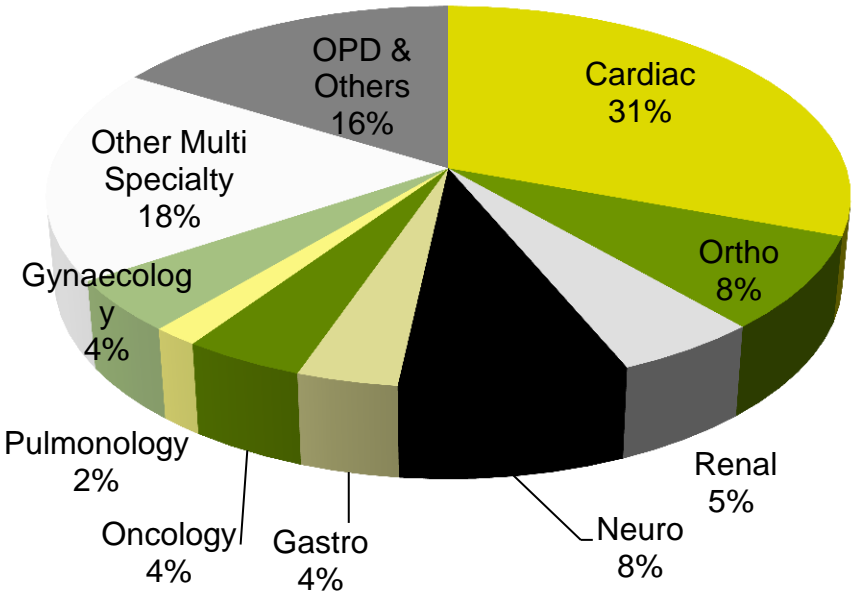
- A 200+ bed tertiary care multi specialty hospital
- Expected to be commissioned shortly



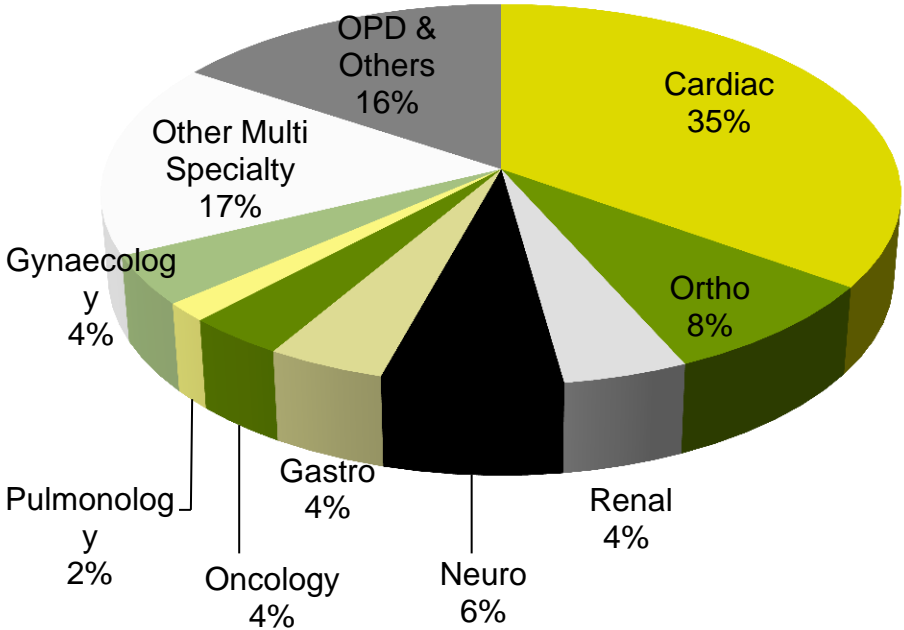
**Fortis Hospital, Arcot Road, Chennai**

# Specialty Revenue Split – India Hospital Business

FY14



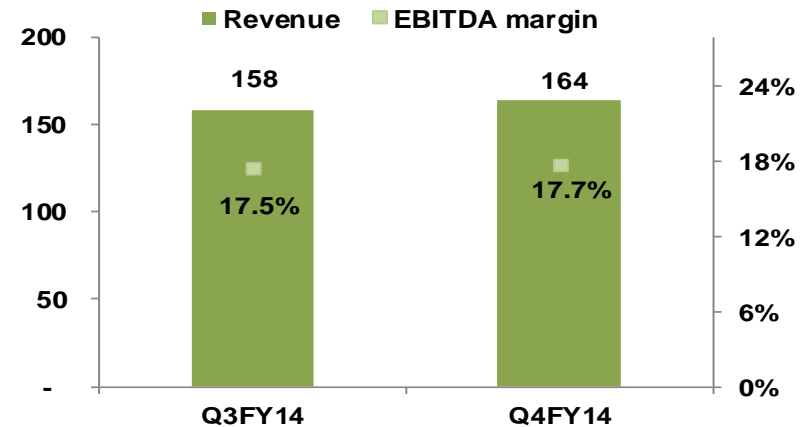
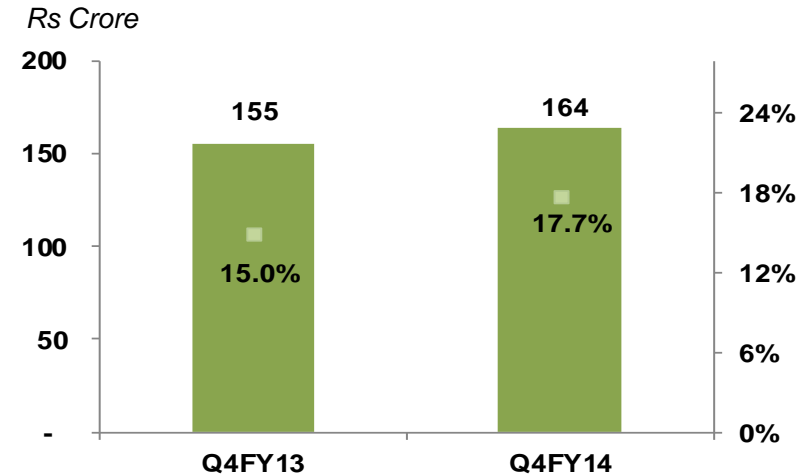
FY13



# India Diagnostics Business

## Q4 Highlights

- Operating revenue at Rs 164 Cr, +6%
- Operating EBITDA margin at 17.7%
- Added 21 new laboratories, 53 collection centres, 24 direct clients and 16 co-marketing clients.
- No of accession at 3.17 million, a Q-o-Q growth of 6%
- Expanded service offerings by adding 10 new tests during the quarter



■ Revenue ■ EBITDA margin

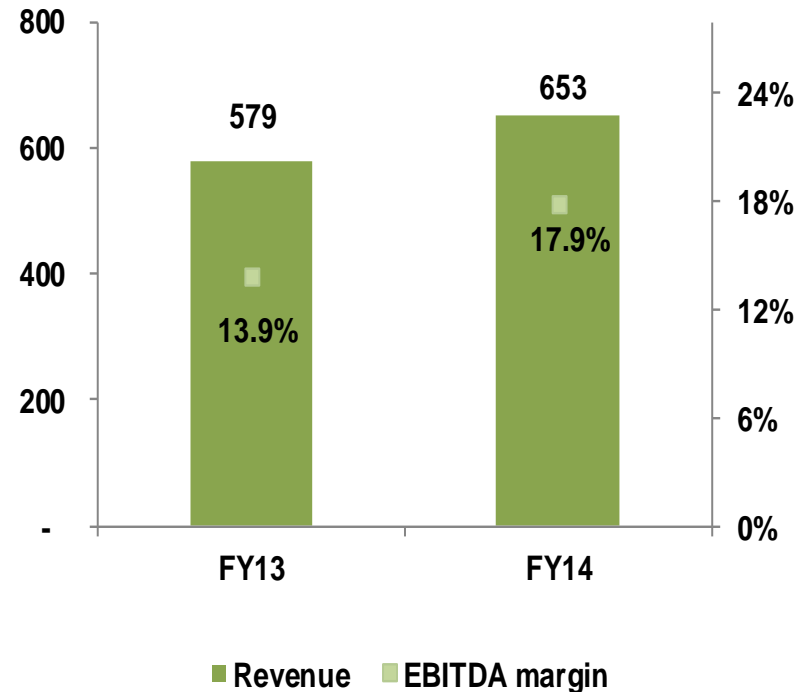


# India Diagnostics Business

## FY14 Highlights

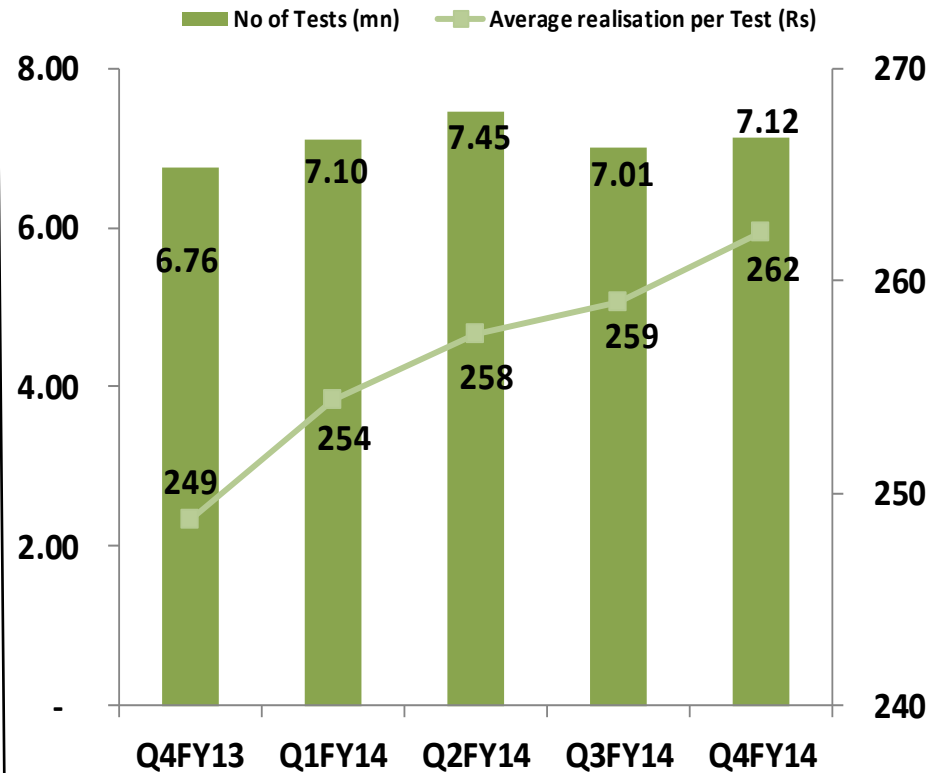
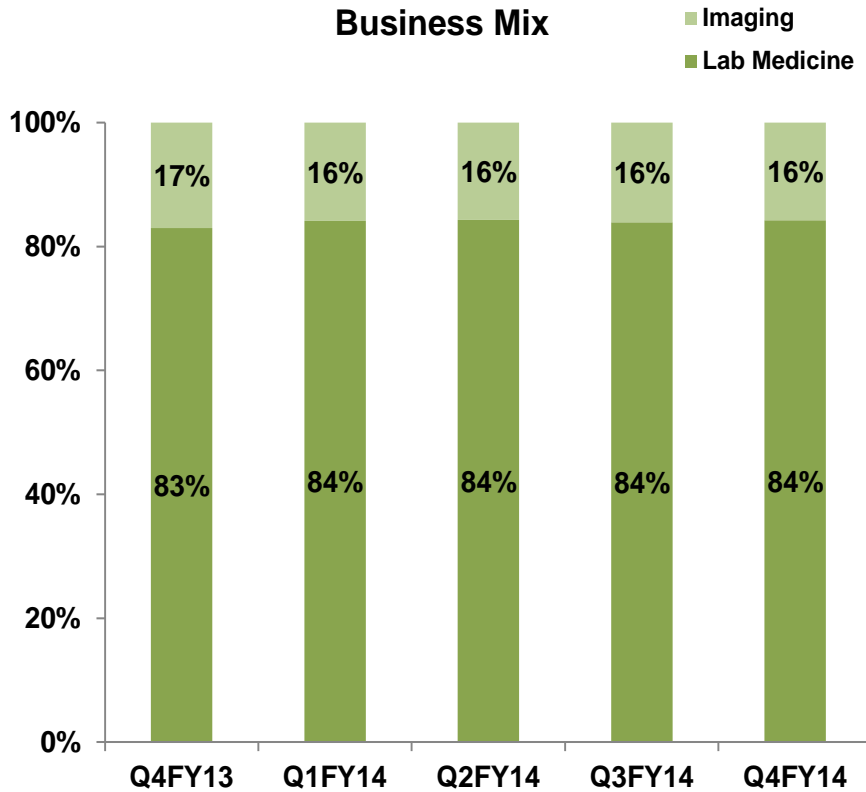
- Operating revenue at Rs 653 Cr, +13%
- Operating EBITDA margin at 17.9%
- SRL added 51 new laboratories, 90 collection centres, over 1150 direct clients
- No of accession at 12.8 million, a growth of 8%
- Expanded service offerings by adding 28 new tests during the year
- SRL signed an MOU with Govt of Himachal Pradesh; operationalised 20 labs in the state as per the MOU

Rs Crore



# India Diagnostics Business

**Business Mix**



# Strategic Focus

## India Focus

- Leadership Position
- Enhance Penetration

## Growth Model

- Business Trust
- Brownfield
- Opportunistic Greenfield

**Patient Care  
and Clinical  
Excellence**

## Financial Health

- Margins
- Leverage

## Talent

- Clinicians
- Paramedics



# Awards and Recognitions – FY2014

- Fortis Memorial Research Institute (FMRI) was recognised as a Green Building and awarded a Four Star rating by TERI GRIHA (Green Rating for Integrated Habitat Assessment). Fortis Hospital, Shalimar Bagh, also received a Three Star rating.
- Fortis Hospital, Mulund won the Stars of the Industry Healthcare Leadership Award in the Patient Safety category for its project on Medical Reconciliation. The facility also won the FICCI Healthcare awards for Operational Excellence.
- Fortis Hospital, Anandpur, Kolkata, received the prestigious National Energy Conservation Award from The President of India.
- Fortis Escorts Heart Institute (FEHI) was ranked the No. 1 private hospital in Delhi in the field of cardiology by The Week and AC Nielsen Survey 2013. The Hospital ranked No. 5 in the All India Ranking.

# Awards and Recognitions – FY 2014

- FEHI was ranked as the Best Single Specialty Hospital – Cardiology at the CNBC-TV18's India Healthcare Awards 2013 among over 3,000 hospitals
- Fortis Jaipur was awarded the 'Six Sigma Healthcare Excellence Awards – 2013' for Best Hospital in Patient Care, Best Hospital in Patient Safety and Best Hospital in Quality Initiatives.
- Fortis Hospital, Anandpur has been ranked as No 2. Best hospital in Multi specialty category in Kolkata in a survey conducted by AC Nielsen for The Week Magazine.
- Fortis Bloom Fertility Center was awarded the “Best IVF Service Provider Company of the Year” award at the 5th Annual India Healthcare Excellence Awards 2013 organized by Frost & Sullivan Group.

**Thank You...**