



Fortis Healthcare reports Q3 FY22 Financial Results

Q3 earnings reflect a continuing strong trend in both hospitals and diagnostics business

- Consolidated Revenues for Q3FY22 at INR 1,467 Crs, up 25%
- EBITDA at INR 294 Crs versus INR 201 Crs, up 46%. EBITDA margins at 20%, up 300bps
- PAT at INR 142 Crs versus INR 54 Crs in Q3FY21, up 163%

Consolidated Financial Snapshot

Particulars (INR Crs)	Q3FY22	Q3FY21	Q2FY22	% Change YoY	9M FY22	9M FY21	% Change YoY
Revenue	1,466.7	1,177	1,462.5	24.6%	4,339.5	2,777.7	56.2%
EBITDA	293.6	200.6	292.4	46.4%	869.1	247.4	251.3%
EBITDA margin	20.0%	17.0%	20.0%	-	20.0%	8.9%	-
Profit Before Tax <i>(Before exceptional item)</i>	184.5	103.1	181.7	78.9%	546.5	(68.2)	-
Profit After Tax*	141.7	53.9	130.6	163%	702.9	(118.5)	-
Profit After Tax after Minority Interest *	116.7	29.9	106.9	290.6%	487.2	(152.9)	-
Earnings Per Share (INR)	1.55	0.40	1.42	290.6%	6.45	(2.03)	-

* Includes an exceptional gain of INR 314.8 Crs in 9M FY22, primarily as a result of the remeasurement of the previously held equity interest of SRL in the SRL-DDRC JV at its fair value post acquisition of the balance 50% stake in the said JV in April 2021.

Gurugram, February 11, 2022: Fortis Healthcare Ltd. (“Fortis” or the “Company”), one of India’s leading healthcare delivery companies, today announced its unaudited consolidated financial results for the quarter and nine months ended December 31, 2021.

FINANCIAL HIGHLIGHTS

- Q3FY22 hospital business revenues grew 23.3% YoY to INR 1,118.2 Crs versus INR 906.9 Crs in Q3FY21. Revenues in Q2FY22 were at INR 1,098.5 Crs.
- Non-covid revenues contributed 98% to the overall hospital revenues in the quarter, similar to trailing quarter and compared to 81% in Q3 FY21.

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- The hospital business EBITDA grew 46% to INR 190.2 Crs versus INR 130.7 Crs in Q3FY21. EBITDA in Q2FY22 stood at 189.1 Crs. This was due to higher surgical volumes witnessed in select key medical specialties.
 - EBITDA Margins stood at 17.0% in Q3FY22 versus 14.4% in Q3 FY21 and 17.2% in Q2 FY22
- Q3 FY22 diagnostics business gross revenues grew 26.9% YoY to INR 388.5 Crs versus INR 306.2 Crs in Q3FY21. Revenues in Q2FY22 were at INR 402.7 Crs.
 - Non-covid revenues grew 33.8% versus Q3FY21. Covid contribution to overall diagnostics revenues was at 19.1% versus 24.1% in Q3FY21 and 17.7% in Q2FY22.
- The diagnostics business EBITDA was at INR 103.4 Crs versus INR 73 Crs in Q3 FY21. This was similar to the EBITDA in Q2FY22.
 - Margins improved to 26.6% in Q3 FY22 versus 23.9% in Q3 FY21 and 25.7% in Q2 FY22
- Net debt to EBITDA was at 0.53x for Q3FY22 versus 1.3x for Q3FY21. This was despite the acquisition of the balance 50% stake in the DDRC – SRL JV in April 2021, which was funded entirely through internal accruals.
- Net debt as of 31 December 2021 was at INR 621 Crs, lower by INR 248 Crs compared to Q2FY22 (INR 869 Crs) and reflecting a net debt to equity of 0.09x.
- For the period ended nine months December 2021 (YTD FY22), hospital business revenues grew 50.5% to reach INR 3,223.3 Crs. EBITDA stood at INR 528.9 Crs versus INR 123.9 Crs in Q3FY21. Margins stood at 16.4% versus 5.8% in the corresponding previous period.
- For the period ended nine months December 2021 (YTD FY22), diagnostic business gross revenues grew 69.1% to reach INR 1,232.6 Crs. EBITDA stood at INR 341.6 Crs versus INR 133 Crs in Q3FY21. Margins stood at 27.7% versus 18.2% in the corresponding previous period.

HOSPITAL BUSINESS HIGHLIGHTS

- Overall occupancy for the quarter was at 65.4% versus 63.8% in Q3FY21. This was marginally better compared to the occupancy in Q2FY22 which stood at 64.2%.
- Higher complex procedure volumes across key medical specialties led to a robust ARPOB of INR 1.86 Crs witnessed in the quarter. ARPOB grew 18% versus Q3FY21 and was similar to the ARPOB of INR 1.87 Crs in Q2 FY22. Oncology, Neuro-Sciences and the Cardiology specialties contributed 40.5% to overall revenues versus 37.3% in Q2 FY22.

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- Further augmenting its medical infrastructure, the Company introduced state of the art medical equipment such as neuro surgical microscopes, neuro navigation systems, Cath labs and endoscopy units in facilities such as Mulund, Shalimar Bagh and Vashi; with plans afoot to expand these in select other facilities. Medical oxygen generating plants were commissioned in FEHI, FMRI and Faridabad with a few more facilities to shortly commission these as well.
- The Company strengthened its clinical talent pool with the induction of eminent clinicians in specialties of cardiology and surgical oncology in select facilities.
- Revenues from the international business regained traction with a healthy growth in the quarter. Revenues stood at INR 65.7 Crs, a growth of 45% and 58.7% versus the corresponding and trailing quarters respectively.
- Revenues from digital channels viz website, mobile application and digital campaigns witnessed a robust growth with a YoY increase of 125%. Compared to Q2 FY22 revenues from digital channels grew 24%.

DIAGNOSTIC BUSINESS HIGHLIGHTS

- SRL conducted approx. 11.25 Mn tests in Q3 FY22, a growth of 69% versus Q3 FY21 and similar to Q3 FY22. Non-covid test volumes grew 63% while covid test volumes grew 129% versus Q3FY21. However, the average revenue per test (ARPT) witnessed a decline largely as a result of the significant reduction in pricing of covid tests as compared to Q3 FY21.
- The Company added 284 net customer touch points to its network in Q3 FY22 taking the total number of touch points to 2,232. SRL has been aggressively expanding its network having opened approx.100 such touch points each month since August 2021.
- Aided by its customer touch points expansion and the acquisition of the DDRC – SRL JV, SRL's B2C: B2B revenue mix strengthened to 52 : 48 in the quarter (Q3 FY 21 at 46 : 54). Revenues from walk in patients in the B2C segment have increased 1.75x as compared to the corresponding previous quarter.
- SRL's revenue from preventive healthcare packages grew 23% over the corresponding previous quarter.

Ravi Rajagopal, Chairman, Board of Directors, Fortis Healthcare stated, “Our efforts to drive operations both in terms of revenue accretion and cost optimization initiatives have yielded positive results as witnessed in the Q3 performance and over the last few quarters. Strategic plans for further strengthening clinical specialties, medical programs and infrastructure are actively being pursued. Investments in brownfield bed expansion should see the Company add close to 250-300 beds each year for the next few years, taking our operational bed capacity to over 5000 beds. Consistent endeavours towards improving patient experience, led by technology and digital

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enablers such as enhanced websites and apps have seen good traction and are being further evaluated for a larger healthcare platform. The Company's healthy Balance Sheet and cash flows also allow it to partake in growth and consolidation prospects in the industry. All these should augur well for future business growth and profitability."

Commenting on the results for the quarter, Dr Ashutosh Raghuvanshi, MD and CEO, Fortis Healthcare stated, "Q3 continues to build on the business momentum we witnessed in Q2. Despite it being a festive season in some of our larger geographies, both the hospital and the diagnostics businesses have performed well. Hospital occupancy was at 65.4% in the quarter versus approx. 64% in both the trailing and corresponding quarters. Higher complex procedure surgical volumes resulted in the ARPOB increasing 18% versus Q3 FY21. Further augmenting our medical infrastructure along with strengthening our clinical talent base continue to be high priority areas. Led by a higher B2C revenue component, the diagnostics business recorded robust margins; higher than both the trailing and corresponding quarters. The third wave of covid has had an impact primarily in the month of January though we are now seeing a gradual recovery in business which we expect should accelerate going forward. This would hopefully enable us to end FY22 on a sound note."

About Fortis Healthcare Limited

Fortis Healthcare Limited is a leading integrated healthcare delivery service provider in India. The healthcare verticals of the company primarily comprise hospitals, diagnostics, and day care specialty facilities. Currently, the company operates 27 healthcare facilities (including JVs and O&M facilities). The Company's network comprises approximately 4,100 operational beds and 422 diagnostics centres.

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