

# Fortis Healthcare Limited

## Earnings Presentation – Q3 & 9M FY2020



February 14, 2020

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# Agenda

1. Key Business Highlights – Hospitals and Diagnostics
2. Performance Review – Hospitals Business
3. Performance Review – Diagnostics Business
4. Appendix

# 1. Key Business Highlights

# Consolidated Reported Earnings Summary – Q3FY20

- Consolidated Revenues for Q3 grew 6% to reach INR 1,168.9 Crs. Consolidated EBITDA\*\* for Q3 increased 2x to INR 161.9 Crs.
  - Hospital business revenues stood at INR 953.5 Crs, a growth of 7.3%
  - The hospital business EBITDA\*\* was at INR 133.8 Crs vs an EBITDA of INR 41.4 Crs in Q3FY19.
  - Diagnostic business revenues (Gross) were at INR 249.4 Crs, + 2.8%
  - The diagnostic business EBITDA\*\* stood at INR 39.8 Crs versus INR 39.6 Crs in Q3 FY19.
- PBT for the quarter stood at INR 48.2 Crs versus a loss of INR 200.5 Crs in Q3 FY19.
- The company reported a net loss for the quarter at INR 76.3 Crs\*. This compares with a net loss of INR 197 Crs in Q3 FY19.

*\* In Q3, the Company on a conservative basis has chosen to derecognize net deferred tax asset (DTA) amounting to INR 102 Crs in certain entities. This non-cash adjustment has been reflected in the company's tax charge impacting profitability and would be reassessed at each time period.*

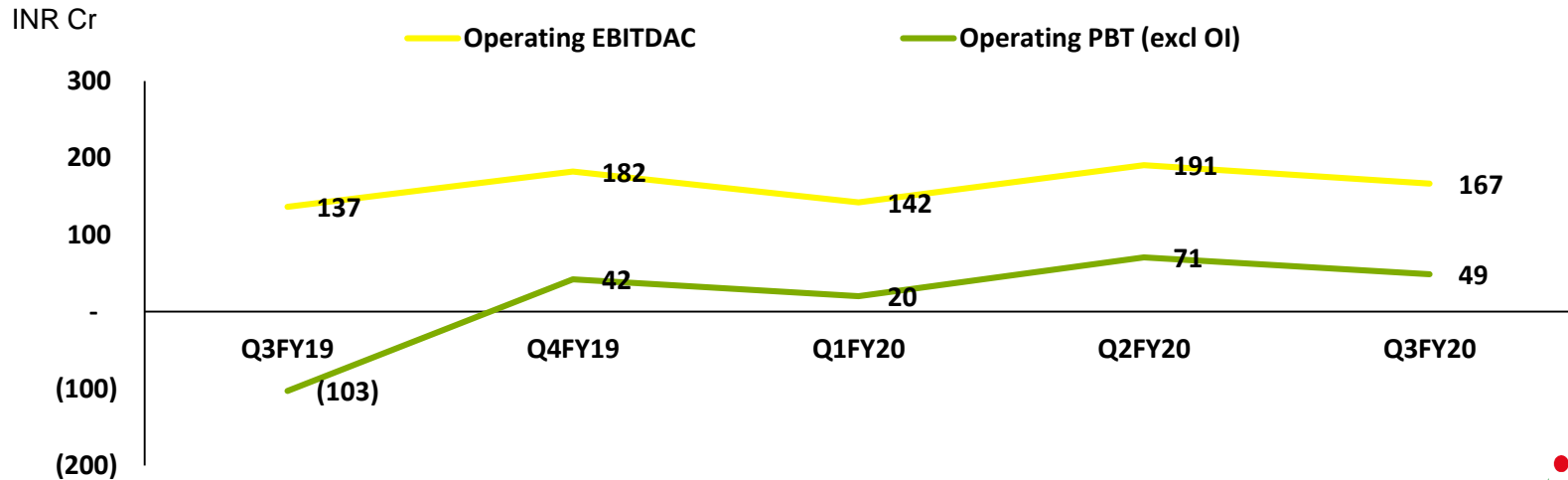
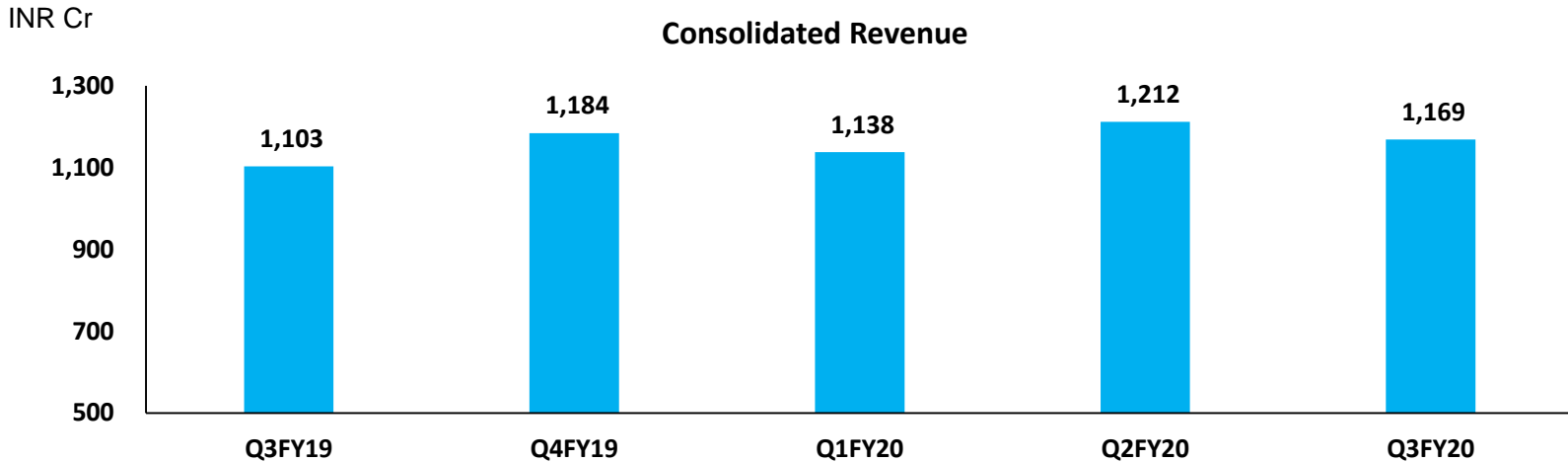
*\*\*Includes the impact on account of adoption of new accounting standard on leases w.e.f. April 1, 2019. EBITDA includes other income, forex and exceptional/one off expenses.*

# Consolidated Reported Earnings Summary – 9MFY20

- Consolidated Revenues for 9MFY20 grew 7.1% to reach INR 3,519.4 Crs. Consolidated EBITDA\*\* for 9MFY20 increased 2.7x to INR 518 Crs.
  - Hospital business revenues stood at INR 2,838.8 Crs, a growth of 8.8%
  - The hospital business EBITDA\*\* margins stood at 13.1% versus 1.8% in 9MFY19.
  - Diagnostic business revenues (Gross) were at INR 784.4 Crs, + 3.3%
  - The diagnostics business EBITDA\*\* margins stood at 20.9% versus 18.2% in 9MFY19.
- PBT for 9M FY20 stood at INR 230.2 Crs versus a loss of INR 443.9 Crs in the corresponding previous period.
- Reported Net Profit (PATMI) stood at INR 102.5 Crs. This compares to a loss of INR 434.5 Crs for 9MFY19.

*\*\*Includes the impact on account of adoption of new accounting standard on leases w.e.f. April 1, 2019. EBITDA includes other income, forex and exceptional/one off expenses. .*

# Consolidated Operating Earnings Summary



EBITDAC refers to EBITDA before net business trust costs, Operating EBITDAC/PBT excludes other income and exceptional/one-off expenses

# Operating Performance – Hospital Business

INR Cr	Q3FY19	Q3FY20	% QoQ	9MFY19	9MFY20	% Change
Revenue	889.0	953.5	7.3%	2,608.5	2,838.8	8.8%
<b>EBITDAC</b>	<b>109.7</b>	<b>133.8</b>	<b>21.9%</b>	<b>248.2</b>	<b>371.4</b>	<b>49.7%</b>
<b>EBITDAC %</b>	<b>12.3%</b>	<b>14.0%</b>		<b>9.5%</b>	<b>13.1%</b>	
<b>Adjustments</b>						
Other Income (incl Fx)	40.4	8.6		67.5	31.1	
Exceptional Item <sup>^</sup>	(30.3)	(1.3)		(48.3)	(7.3)	
<b>Operating EBITDAC</b>	<b>99.7</b>	<b>126.5</b>	<b>26.9%</b>	<b>229.0</b>	<b>347.6</b>	<b>51.8%</b>
<b>Operating EBITDAC Margin</b>	<b>11.2%</b>	<b>13.3%</b>		<b>8.8%</b>	<b>12.2%</b>	

<sup>^</sup> Exceptional items in Q3 FY19 include one off expenses largely related to deal related, transaction and legal expenses. The BT fees for Q3FY19 and for 9MFY19, was INR 68.3 Cr & INR 200.7 Cr respectively.



# Operating Performance – Diagnostic Business

INR Cr	Q3FY19	Q3FY20	% QoQ	9MFY19	9MFY20	% Change
Net Revenue (net of inter-company)	209.2	214.6	2.6%	660.3	679.4	2.9%
<b>EBITDA</b>	<b>39.6</b>	<b>39.8</b>	<b>0.5%</b>	<b>138.4</b>	<b>163.6</b>	<b>18.2%</b>
<b>EBITDA %</b>	<b>18.9%</b>	<b>18.5%</b>		<b>21.0%</b>	<b>24.1%</b>	
<b>Adjustments</b>						
Other Income (incl Fx)	2.8	6.3		7.1	12.5	
Exceptional Item	-	(8.4)		-	(8.4)	
<b>Operating EBITDA</b>	<b>36.8</b>	<b>41.9</b>	<b>14.0%</b>	<b>131.3</b>	<b>159.5</b>	<b>21.5%</b>
<b>Operating EBITDA Margin</b>	<b>17.6%</b>	<b>19.6%</b>		<b>19.9%</b>	<b>23.5%</b>	

^ Exceptional items in Q3 FY20 include one off expense / provision related to a VAT charge in SRL Dubai.

# Balance Sheet – December 31, 2019

Balance Sheet (INR Cr)	Sept 30, 2019	Dec 31, 2019
Shareholder's Equity	7,313	7,262
Debt	1,261	1,357
Lease Liabilities (Ind AS 116)*	232	231
<b>Total Capital Employed</b>	<b>8,806</b>	<b>8,850</b>
Net Fixed Assets (includes CWIP)	5,307	5,279
Goodwill	3,721	3,721
Investments	155	170
Cash and Cash Equivalents	299	351
Net Other Assets	(676)	(671)
<b>Total Assets</b>	<b>8,806</b>	<b>8,850</b>
<b>Net Debt / (cash)</b>	<b>1,194</b>	<b>1,237</b>
<b>Net Debt to Equity</b>	<b>0.16x</b>	<b>0.17x</b>

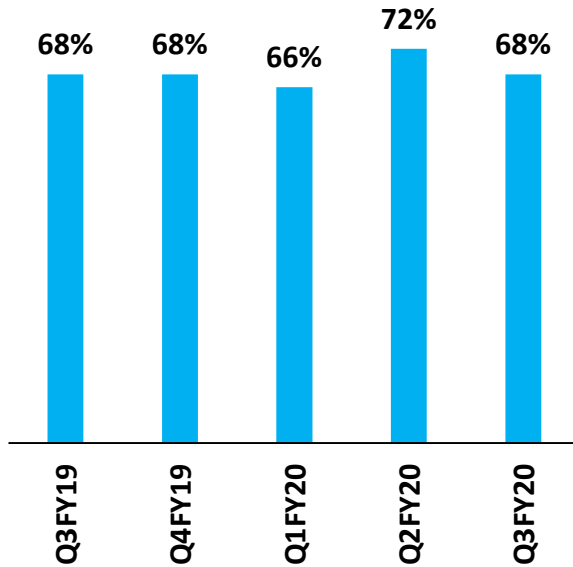
\*Pertains to lease liability on account of adoption of new accounting standard on leases w.e.f. April 1, 2019. Net debt assumes lease liabilities as part of overall debt.

## 2. Performance Review – Hospitals Business

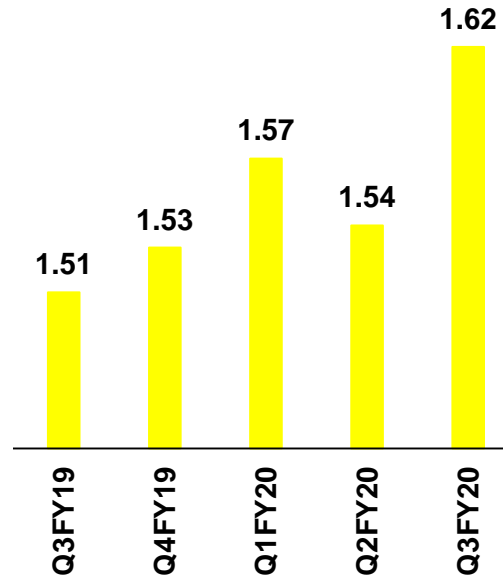
# Key Performance Metrics – Hospitals Business

➤ Consistent improvement in all operating parameters

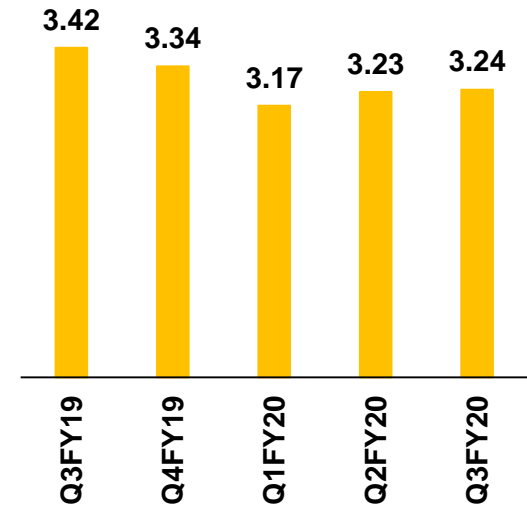
Occupancy (%)



ARPOB (INR Cr per annum)



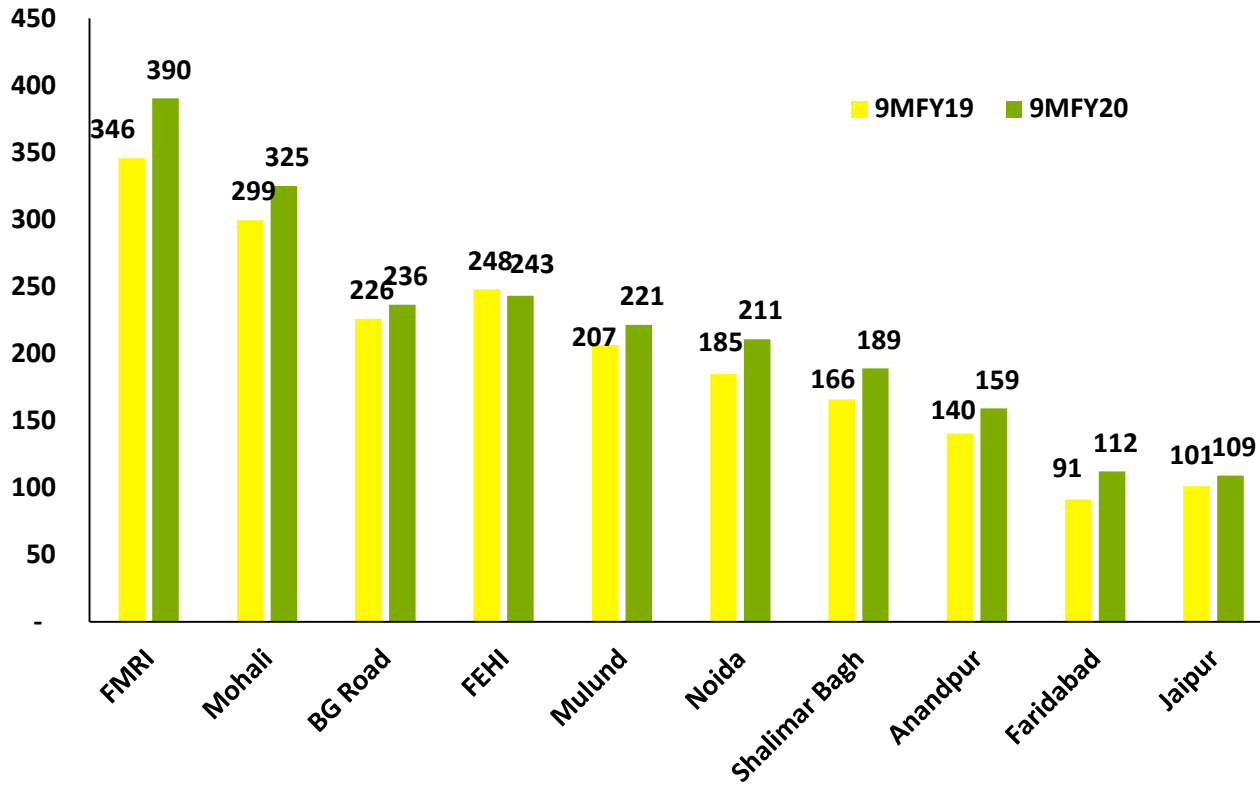
ALOS (Days)



	9MFY19	9MFY20
Occupancy	66%	69%
ARPOB	1.52	1.58
ALOS	3.41	3.21

# Key Hospitals Performance

INR Crore



- International patient revenue at INR 102 Cr, 10.7% of the hospital business revenue
- Key Hospitals revenue growth (over Q3 FY19)
  - Noida +15%
  - Faridabad +24%
  - Anandapur +11%
  - FMRI +8%
  - BG Road +8%
- Key hospitals that witnessed operating profitability growth over Q3FY19 are FMRI, BG Road, Noida, Faridabad and Anandapur

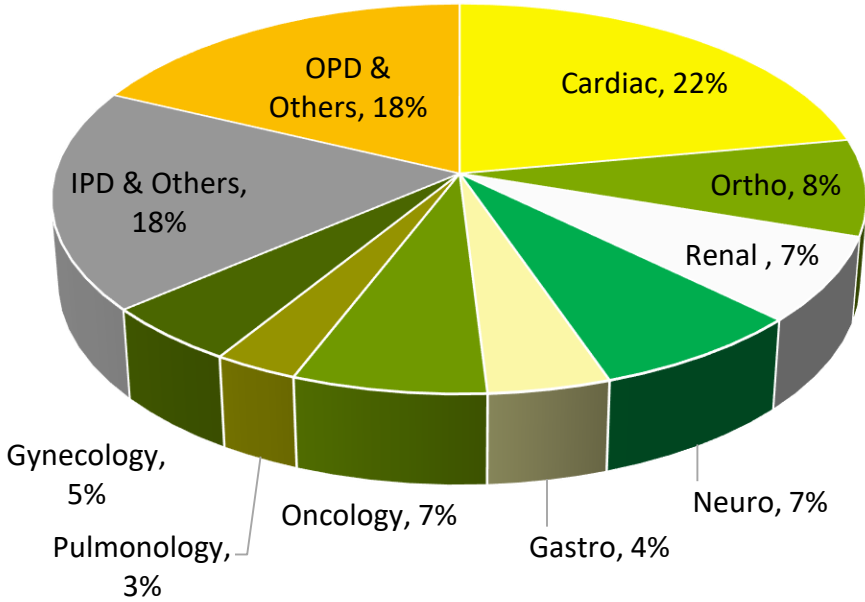
# Hospitals Margin Matrix - 9MFY20

EBITDA	No of Facilities	Revenue contribution	Operational beds	ARPOB (INR Cr)	Occupancy
>25%	1	2%	60	1.44	74%
20% - 25%	2	12%	396	1.63	74%
15% - 20%	5	36%	1,050	1.90	71%
10% - 15%	4	19%	693	1.47	72%
<10%	12	31%	1,408	1.33	64%
<b>Total/Average</b>	<b>24</b>	<b>100%</b>	<b>3,607</b>	<b>1.62</b>	<b>68%</b>

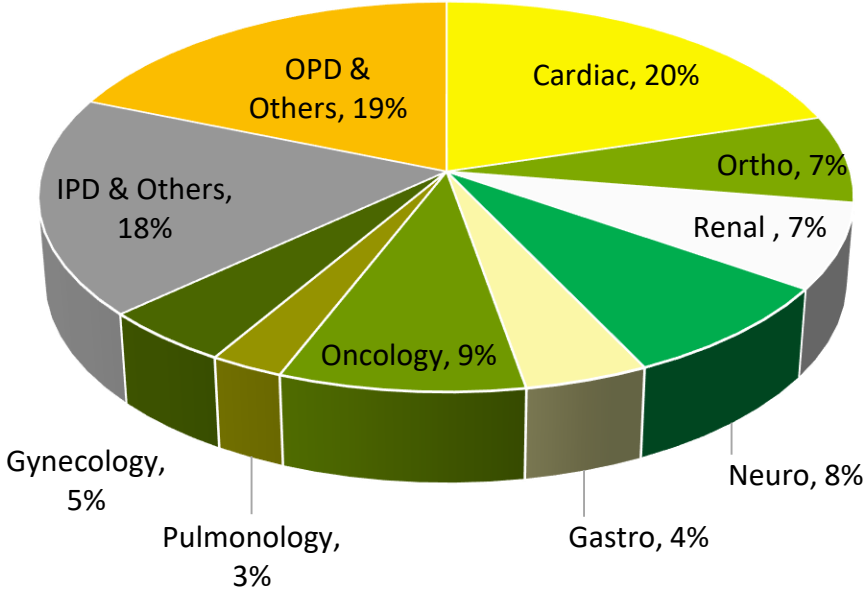
- EBITDA margins are prior to corporate cost allocation

# Specialty Mix – Q3 FY20

Q3FY19

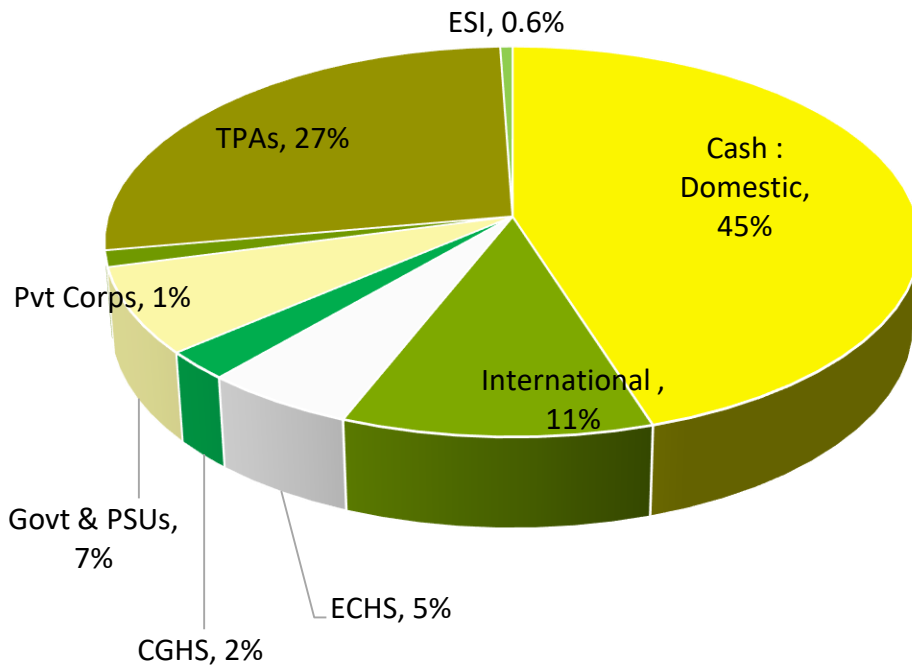


Q3FY20

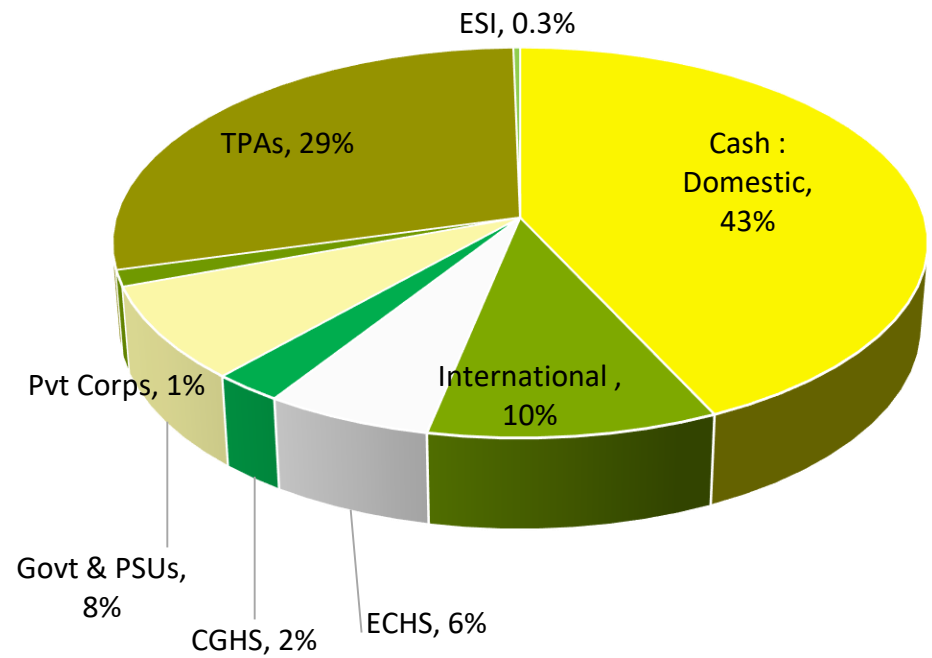


# Payor Mix – Q3 FY20

Q3FY19



Q3FY20





## Key Initiatives / milestones – Q3 FY20

- **Fortis Hospital, BG road**, launched a state of the art Cancer Institute. The 200-bed institute offers comprehensive cancer care under one roof. Services available at the institute include advanced surgical oncology, robotic cancer surgery, medical oncology, radiation oncology, haemato oncology, neuro oncology, uro oncology, nuclear medicine, psycho oncology, onco-pathology, interventional radiology, palliative and rehabilitative care among others.
- **Fortis Flt Lt Rajan Dhall Hospital, Vasant Kunj, New Delhi**, has launched a dedicated unit for Parkinson's disease. The clinic provides deep brain stimulation, physiotherapy, administration of apomorphine (injection and pump) and counselling services for those suffering from Parkinson's.
- **Fortis Escorts Hospital, Faridabad**, inaugurated a state-of-the-art and next generation Cath Lab and a comprehensive Mother & Child wing.
- **Fortis Hospital, Mohali**, earns the JCI Gold Seal for the fifth consecutive time. The Joint Commission International (JCI) is a USA based organisation that accredits more than 20,000 healthcare providers and inspires them to excel in providing safe and effective healthcare.
- The Nursing teams at **FMRI, Gurugram, Fortis Hospital, Vasant Kunj and Fortis Hospital, Shalimar Bagh**, have been honoured with the NABH Nursing Excellence Certificate for the second consecutive year.

# Clinical Excellence and Awards & Accolades – Q3 FY20

The Liver Transplant team at Fortis Mulund successfully conducted a liver transplant on an infant from Chhattisgarh weighing just 5.5 kgs. This was the first paediatric liver transplant surgery at the hospital and is a landmark achievement.

Fortis Hospital, Mohali, has been honoured with the 'The National Award for Excellence in Energy Management, 2019' instituted by the Confederation of Indian Industry (CII)

The Nursing Team of Fortis Escorts Heart Institute, Okhla Road, New Delhi, has been honoured with the National Accreditation Board for Hospitals and Healthcare Providers (NABH) Nursing Excellence Certificate for the second consecutive year.

In a first, Fortis Hospital, Ludhiana, has performed a challenging Transcatheter Aortic Valve Replacement (TAVR) procedure for an elderly heart failure patient. With this, the hospital became one of the first hospitals in the region to have successfully conducted this procedure.

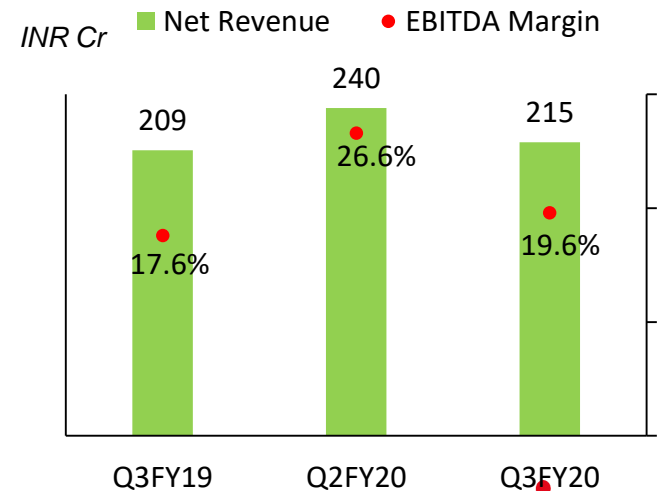
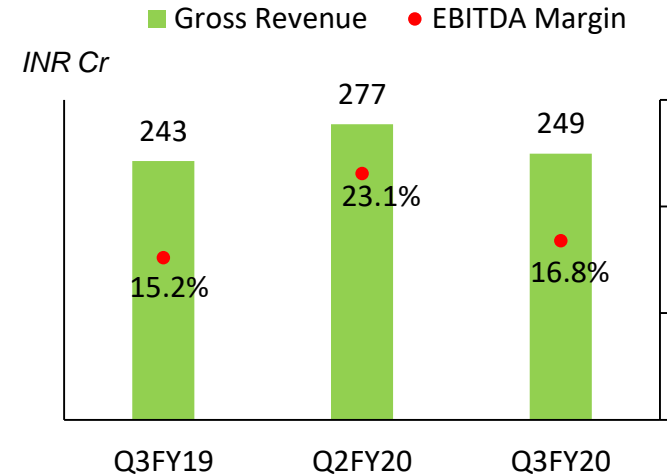
Fortis Hospital, Nagarbhavi, Bengaluru, has received the National Accreditation Board for Hospitals & Healthcare Providers (NABH) Nursing Excellence re-accreditation.

In a big win, Fortis Healthcare has bagged 10 awards in various categories at the FICCI Medical Travel Value Awards 2019. The awards have been instituted by the FICCI, and were presented on the sidelines of the Advantage Health Care India - 2019 Summit, held at Greater Noida near New Delhi.

## 3. Performance Review – Diagnostics Business

# Diagnosics Business – Q3 FY20

- Gross Operating revenue at INR 249 Cr, +2.8% (*like for like growth ~3.6%*);
- Operating EBITDA margin basis gross revenue stood at 16.8% vs 15.2% in Q3FY19
- Lower patient footfall in December mainly in North and Central India region due to severe cold impacted revenue growth as well as the operating profitability
- SRL conducted approximately 7.5 Mn tests during Q3FY20, a growth of 1.8% (excluding JVs).
- Focus continues to be on enhancing customer accessibility through retail expansion, both on B2B & B2C business segments & specific diseases portfolio.



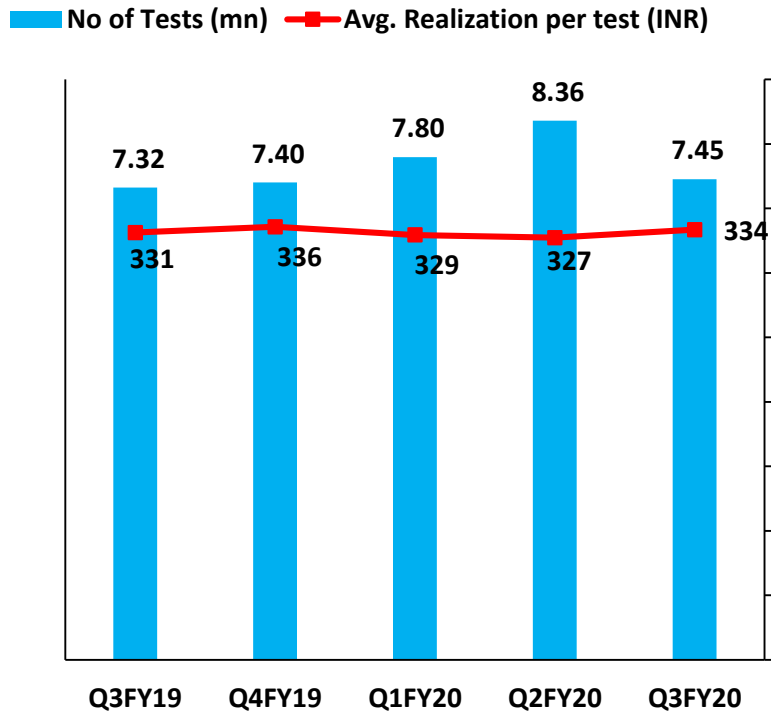
Operating EBITDA excludes other income and exceptional/one-off expenses

## Diagnostics Business – Q3 FY20

- Contribution to revenue from Direct Clients and Hospitals increased to 19% and 23% respectively (versus 17% and 21% in Q3FY19 respectively).
- Successful addition of 194 collection centers in Q3FY20 to improve retail presence
- B2C segment which includes collections centers, Pathology Walk-Ins and Home collections has registered positive growth in Q3.
- B2B segment has shown a temporary reduction in revenue growth which is a short-term phenomenon and should recover in couple of quarters
- Initiated Automation in Biochemistry and Cytogenetics department in both Mumbai and Goregaon Reference Labs reducing TAT and improving accuracy

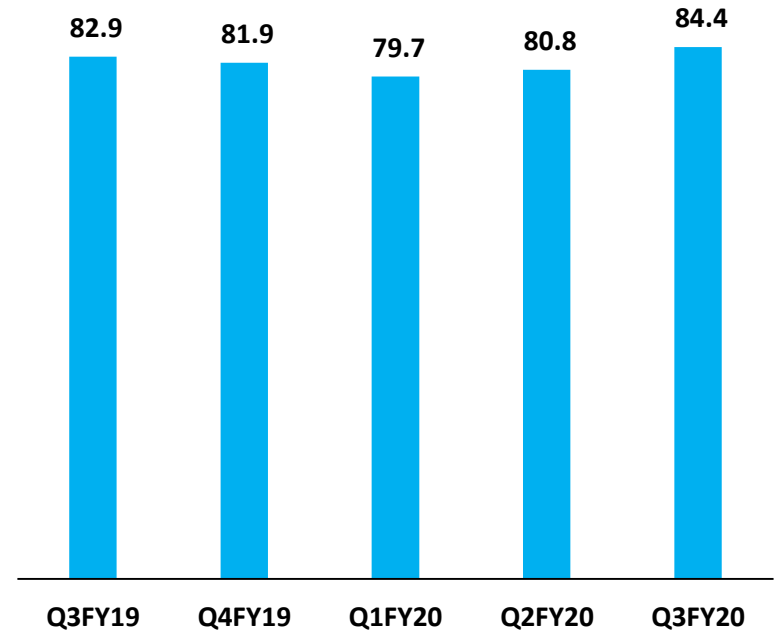
# Key Performance Metrics

## Number of Tests and Average Realizations\*



## Direct Cost per test

### Direct Cost per test (INR)

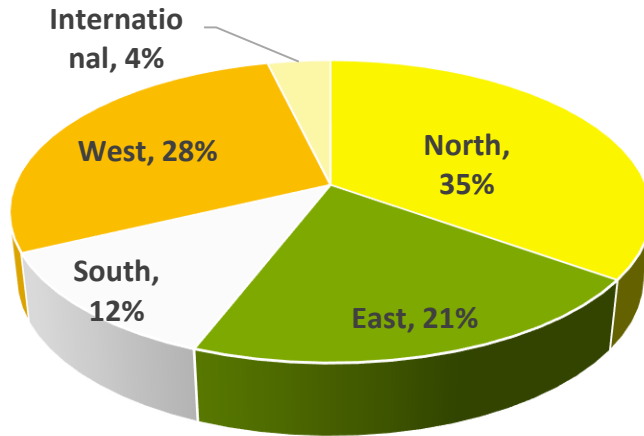


\*Excluding joint ventures

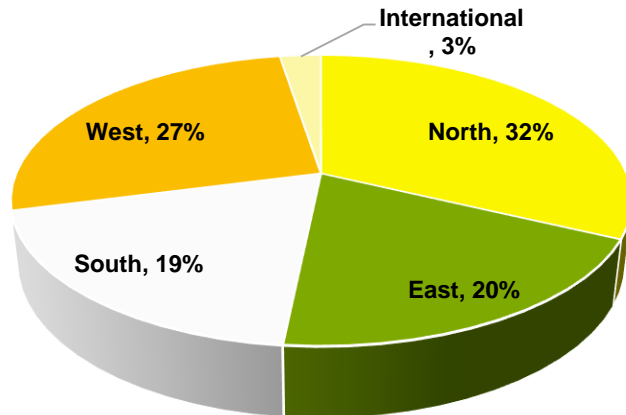
# Revenue Mix

## Geographic Mix

Q3FY2020

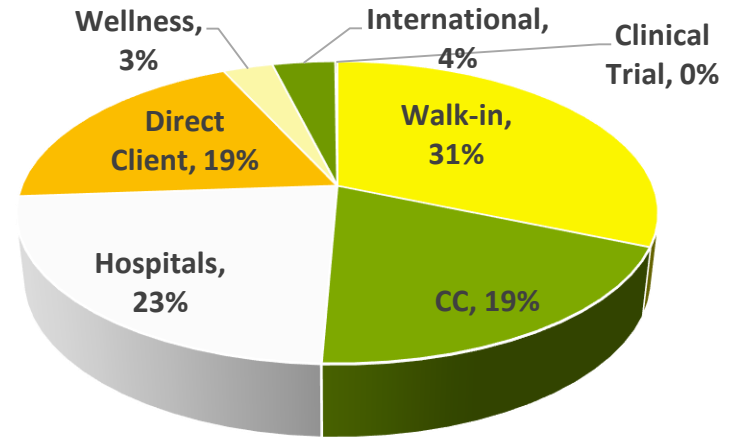


Q3FY2019

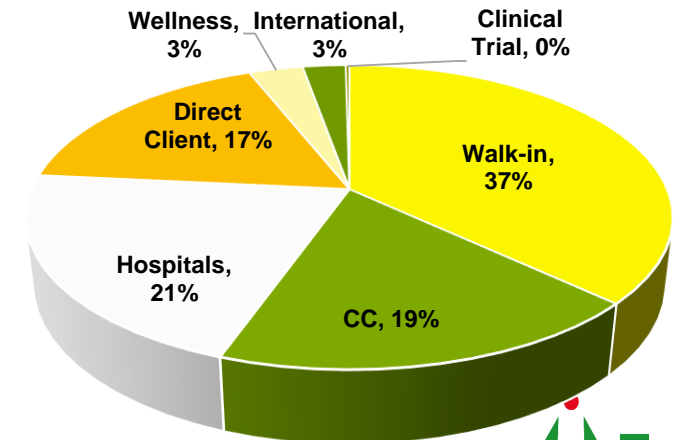


## Customer Mix

Q3FY2020



Q3FY2019



## 4. Appendix



# Group Consolidated P&L – Q3 FY20

Particulars	Q3FY19	Q2FY20^^	Q3FY20^^	% QoQ
	(Rs Cr.)	(Rs Cr.)	(Rs Cr.)	
Operating Revenue	1,103.3	1,212.2	1,168.9	6.0%
<b>Operating EBITDAC*</b>	<b>136.6</b>	<b>190.6</b>	166.6	22.0%
<b>Operating EBITDAC margin</b>	<b>12.4%</b>	<b>15.7%</b>	<b>14.3%</b>	
Net BT Costs	68.3	-	-	
<b>Operating EBITDA</b>	<b>68.3</b>	<b>190.6</b>	<b>166.6</b>	144.1%
<b>Operating EBITDA margin</b>	<b>6.2%</b>	<b>15.7%</b>	<b>14.3%</b>	
Other Income	45.3	4.7	7.0	
<b>EBITDA</b>	<b>113.6</b>	<b>195.3</b>	<b>173.7</b>	52.9%
Finance Costs	111.0	49.2	48.0	
Depreciation & Amortization	60.1	70.8	69.9	
<b>PBT before Forex (excl Other Income)</b>	<b>(102.8)</b>	<b>70.6</b>	<b>48.7</b>	
Foreign Exchange (Loss)/ Gain	(2.1)	5.0	(2.1)	
<b>PBT before Exceptional Item (incl Other Income &amp; Forex)</b>	<b>(59.6)</b>	<b>80.3</b>	<b>53.7</b>	
Exceptional (Loss)/ Gain^	(157.9)	46.3	(9.7)	
Tax Expense	(20.4)	5.7	117.5	
<b>PAT before minority interest and share in associates</b>	<b>(197.1)</b>	<b>120.9</b>	<b>(73.5)</b>	
Share in Associates	17.0	3.2	4.2	
<b>PAT after minority interest and share in associates</b>	<b>(197.0)</b>	<b>111.0</b>	<b>(76.3)</b>	

\*EBITDAC refers to EBITDA before net business trust costs

^For Q3FY19, exceptional items primarily pertain to impairments related to the goodwill and of certain investments. These in addition, also include certain one off financial and legal expenses related to advisory fees for corporate transactions completed.

^^Includes the impact on account of adoption of new accounting standard on leases w.e.f. April 1, 2019. PATMI in Q2 FY 20 includes one time gain of INR 38.6 Crs largely on account of the MSCL (Mauritius) equity stake sale

# Group Consolidated P&L – 9M FY20

Particulars	9MFY19	9MFY20^^	% Change
	(Rs Cr.)	(Rs Cr.)	
Operating Revenue	3,285.2	3,519.4	7.1%
<b>Operating EBITDAC*</b>	<b>359.2</b>	499.5	39.1%
<b>Operating EBITDAC margin</b>	<b>10.9%</b>	<b>14.2%</b>	
Net BT Costs	200.7	-	
<b>Operating EBITDA</b>	<b>159</b>	<b>499.5</b>	215.1%
<b>Operating EBITDA margin</b>	<b>4.8%</b>	<b>14.2%</b>	
Other Income	69.9	29.3	
<b>EBITDA</b>	<b>228</b>	<b>528.8</b>	<b>131.5%</b>
Finance Costs	272.0	148.1	
Depreciation & Amortization	172.9	211.7	
<b>PBT before Forex (excl Other Income)</b>	<b>(286)</b>	<b>139.7</b>	
Foreign Exchange (Loss)/ Gain	12.5	4.9	
<b>PBT before Exceptional Item (incl Other Income &amp; Forex)</b>	<b>(204)</b>	<b>174.0</b>	
Exceptional (Loss)/ Gain^	(270.9)	46.1	
Tax Expense	(69.0)	97.5	
<b>PAT before minority interest and share in associates</b>	<b>(406)</b>	<b>122.6</b>	
Share in Associates**	31.1	10.1	
<b>PAT after minority interest and share in associates</b>	<b>(434.5)</b>	<b>102.5</b>	

\*EBITDAC refers to EBITDA before net business trust costs

^For 9MFY19, exceptional items primarily pertain to impairments related to the goodwill and of certain investments. These in addition, also include certain one off financial and legal expenses related to advisory fees for corporate transactions completed.

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Fortis Healthcare Limited

**Thank You**