

# Fortis Healthcare Limited

## Investor Presentation – Q1FY15

*“ Saving and Enriching Lives ”*



**August 7, 2014**

# 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 Q1FY15**

➤ **Financial Highlights – Q1 FY15**

➤ **Business Performance – Hospitals & Diagnostics**

# Q1FY15 – Highlights for the quarter

- Robust start to FY15 with Q1 India Consolidated financials witnessing a healthy performance in both revenues and operating profitability
- India Centric focus with India revenues currently constituting 94% to the total revenues
- Company strengthens its Oncology medical program with the commissioning of the Fortis Cancer Institute (*in July 2014*), a 55 bed dedicated oncology facility in Mohali, Punjab.

## Hospitals Business

- Continuing strong growth momentum, revenues at Rs 787 Cr, +20% QoQ and +9% QotQ
- Op. EBITDAC at Rs 98 Cr, +41% QoQ and +67% on QotQ
- Healthy operating performance with Op. EBITDAC margins at 12.5% compared to 10.6% in the corresponding quarter and 8.2% in the trailing quarter

# Q1FY15 – Highlights for the quarter

## ➤ **Select Key Hospitals Performance**

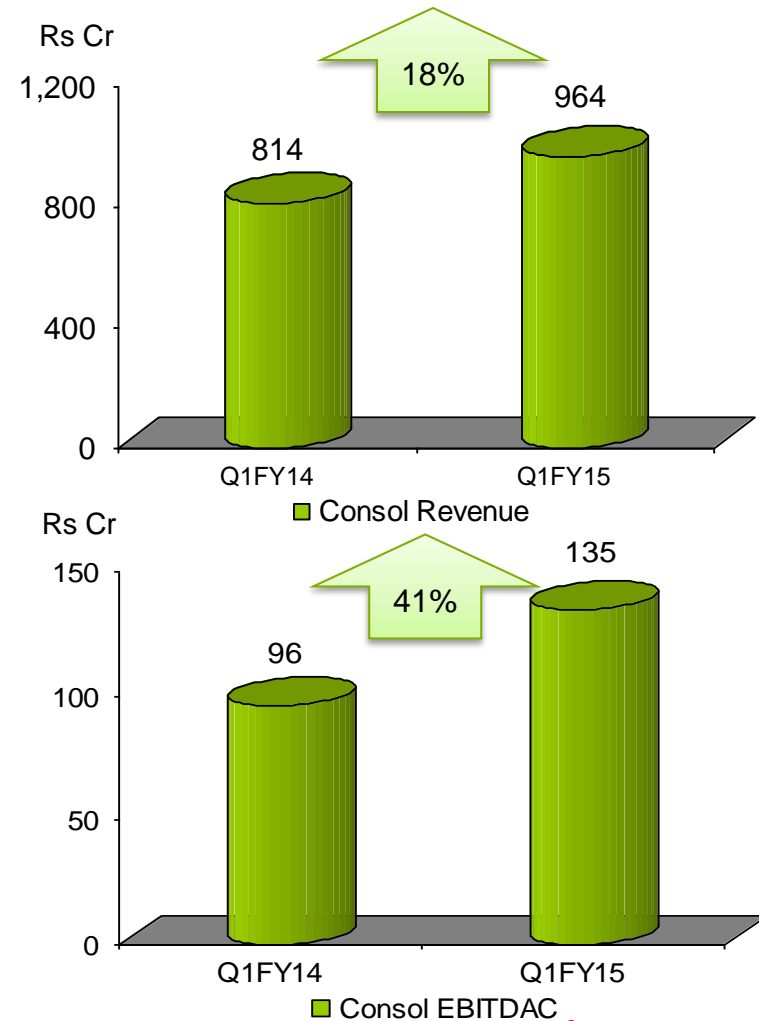
- FMRI continues to witness strong traction. More than doubles revenues over Q1 FY14 and further improves operating profitability
- Ludhiana facility gaining momentum; in line to achieve EBITDA breakeven at the earliest
- FEHI sees an encouraging performance. Revenues and operating profitability significantly better than the trailing quarter.

## ➤ **Diagnostics Business**

- Stable performance with net revenues at Rs 177 Cr, +11% QoQ and 8.0% QotQ.
- Robust operating profitability with EBITDA margins at 20.9% compared to 16.5% in the corresponding quarter and 17.7% in the trailing quarter.
- **Net debt to equity** at 0.21x; Net debt at Rs 1065 Cr versus Rs 845 Cr in the trailing quarter.

# India Financial Highlights – Q1FY15 vs Q1FY14

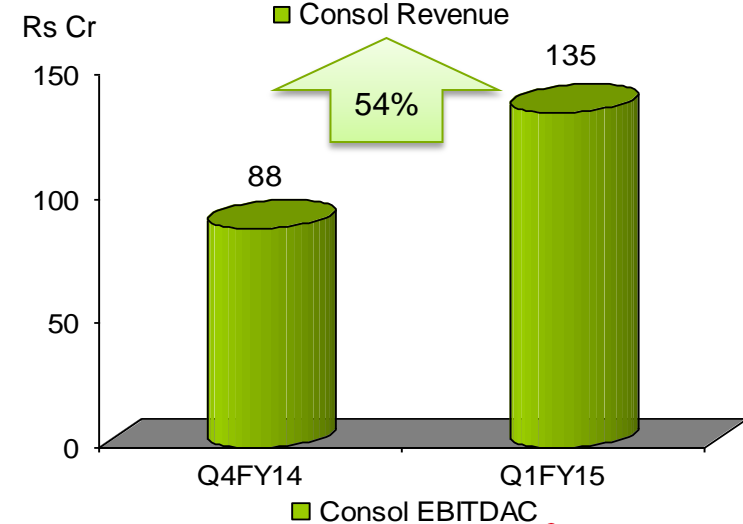
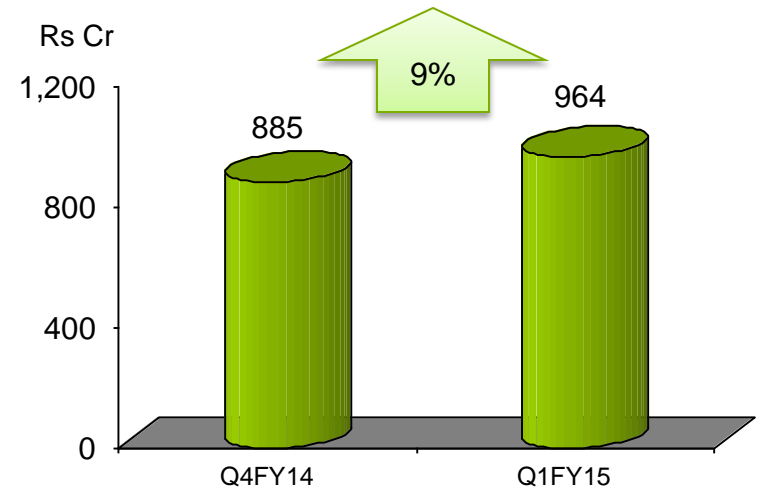
- Consolidated Revenues at Rs 964 Cr, + 18%.
  - ❖ Hospital Business – Rs 787 Cr, + 20%
  - ❖ Diagnostic Business – Rs 177 Cr, + 11%
- Consolidated Operating EBITDAC\* at Rs 135 Cr, 14% margin
  - ❖ Hospital Business – Rs 98 Cr, 12.5% margin
  - ❖ Diagnostic Business – Rs 37 Cr, 20.9% margin
- India Consolidated Operating EBITDAC margin excluding start ups and one offs at 14.6% margin vs 14.5% in corresponding quarter



\*EBITDAC refers to EBITDA before net business trust costs

# India Financial Highlights – Q1FY15 vs Q4FY14

- Consolidated Revenues at Rs 964 Cr, + 9%.
  - ❖ Hospital Business – Rs 787 Cr, + 9%
  - ❖ Diagnostic Business – Rs 177 Cr, + 8%
- Consolidated Operating EBITDAC\* at Rs 135 Cr, 14% margin
  - ❖ Hospital Business – Rs 98 Cr, 12.5% margin
  - ❖ Diagnostic Business – Rs 37 Cr, 20.9% margin
- India Consolidated Operating EBITDAC margin excluding start ups and one offs at 14.6% margin vs 13.7% in corresponding quarter



\*EBITDAC refers to EBITDA before net business trust costs

# India Consolidated P&L : Q1FY15

	Q1FY15	Q1FY14	Q4FY14
Particulars	Total Consol (Rs Cr.)	Total Consol (Rs Cr.)	Total Consol (Rs Cr.)
Operating Revenue	964.2	814.0	885.3
Operating EBITDAC*	135.2	95.9	87.9
Operating EBITDAC margin	14.0%	11.8%	9.9%
<i>Operating EBITDAC margin (Ex Startup and One Offs)</i>	<i>14.6%</i>	<i>14.5%</i>	<i>13.7%</i>
Net BT Costs **	108.1	77.7	88.2
Other Income	23.3	39.6	43.5
<b>EBITDA</b>	<b>50.4</b>	<b>57.8</b>	<b>43.1</b>
Finance Costs	36.0	39.3	23.4
Depreciation & Amortization^	53.1	39.9	45.7
Foreign Exchange (Loss)/ Gain	(7.5)	1.2	(19.7)
<b>PBT before Exceptional Item</b>	<b>(46.1)</b>	<b>(20.1)</b>	<b>(45.7)</b>
Exceptional (Loss)/ Gain	1.9	(5.1)	-
Tax Expense	2.1	14.5	3.1
<b>PAT before minority interest and share in associates</b>	<b>(46.3)</b>	<b>(39.8)</b>	<b>(48.8)</b>
Share in Associates^^	14.2	0.7	0.1
<b>PAT after minority interest and share in associates</b>	<b>(36.8)</b>	<b>(41.7)</b>	<b>(48.7)</b>

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

\*\* Net BT costs higher than previous quarters mainly due to FMRI beginning to contribute to service fees starting FY15

^Depreciation charge for Q1FY15 higher by Rs 10.7 Cr basis revised remaining useful life of the assets as per Schedule II of the Companies Act, 2013

^^ Share in associates primarily comprises Company's share of profits from the RHT for its 28% equity stake



# Group Consolidated P&L : Q1FY15

	Q1FY15***	Q1FY14**	Q4FY14***
Particulars	Total Consol (Rs Cr.)	Total Consol (Rs Cr.)	Total Consol (Rs Cr.)
<b>Operating Revenue</b>	<b>1,020.7</b>	<b>1,517.4</b>	<b>940.7</b>
Operating EBITDAC*	132.8	151.8	77.2
<b>Operating EBITDAC margin</b>	<b>13.0%</b>	<b>10.0%</b>	<b>8.2%</b>
<b>Operating EBITDAC margin (Ex Startup) and One Offs</b>	<b>14.4%</b>	<b>12.1%</b>	<b>12.7%</b>
Net BT Costs	108.1	77.7	88.2
Other Income	24.8	42.6	43.6
<b>EBITDA</b>	<b>49.6</b>	<b>116.8</b>	<b>32.6</b>
Finance Costs	39.0	148.1	27.6
Depreciation & Amortization	63.9	69.5	53.5
Foreign Exchange (Loss)/ Gain	(0.0)	(18.1)	(19.8)
<b>PBT before Exceptional Item</b>	<b>(53.3)</b>	<b>(119.0)</b>	<b>(68.3)</b>
Exceptional (Loss)/ Gain^	1.9	(84.6)	(0.1)
Tax Expense	4.4	15.8	11.4
<b>PAT before minority interest and share in associates</b>	<b>(55.8)</b>	<b>(219.4)</b>	<b>(79.8)</b>
Share in Associates	14.9	0.9	2.4
<b>PAT after minority interest and share in associates</b>	<b>(45.8)</b>	<b>(221.3)</b>	<b>(77.3)</b>

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

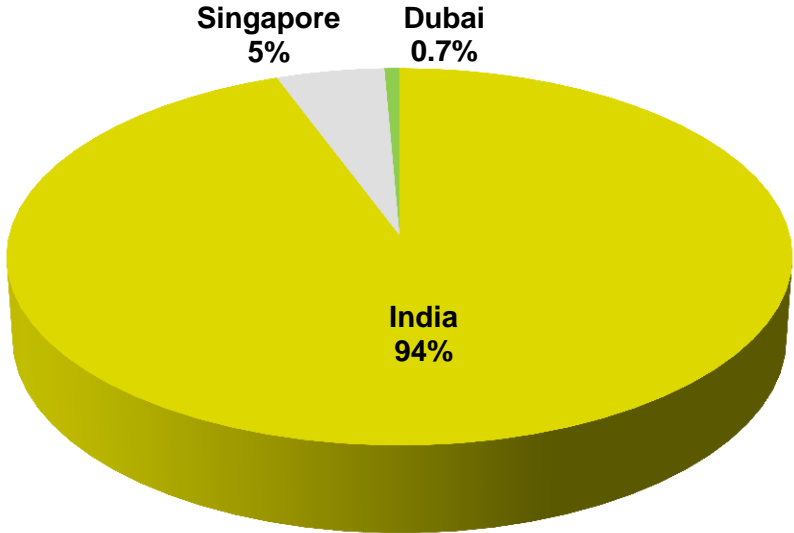
\*\* Includes financials of Dental Corporation, Australia for 2 months, and full quarter for Quality Healthcare and Fortis Hoan My

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

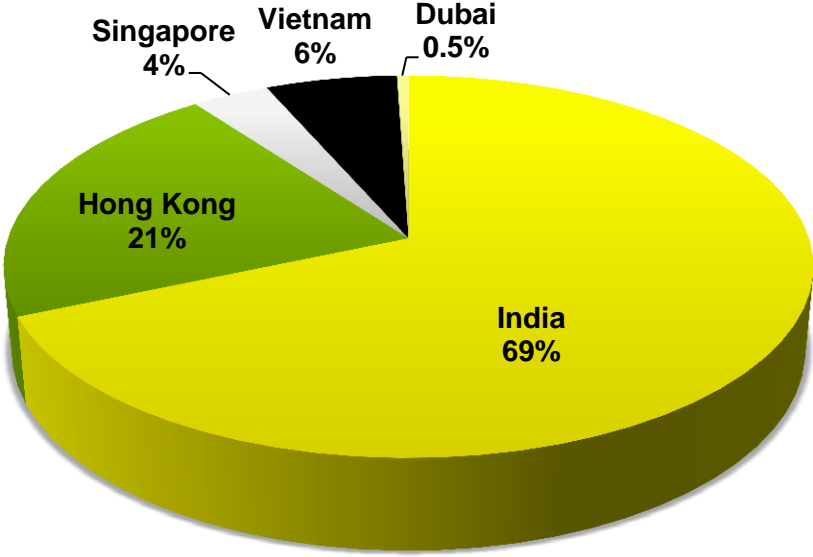
^ Exceptional Loss in Q1 FY14 primarily relates to realized foreign exchange fluctuation loss on settlement of loans within the group from sale proceeds of DC.

# Geographical Presence – Q1 FY15

Q1FY15



Q1FY14



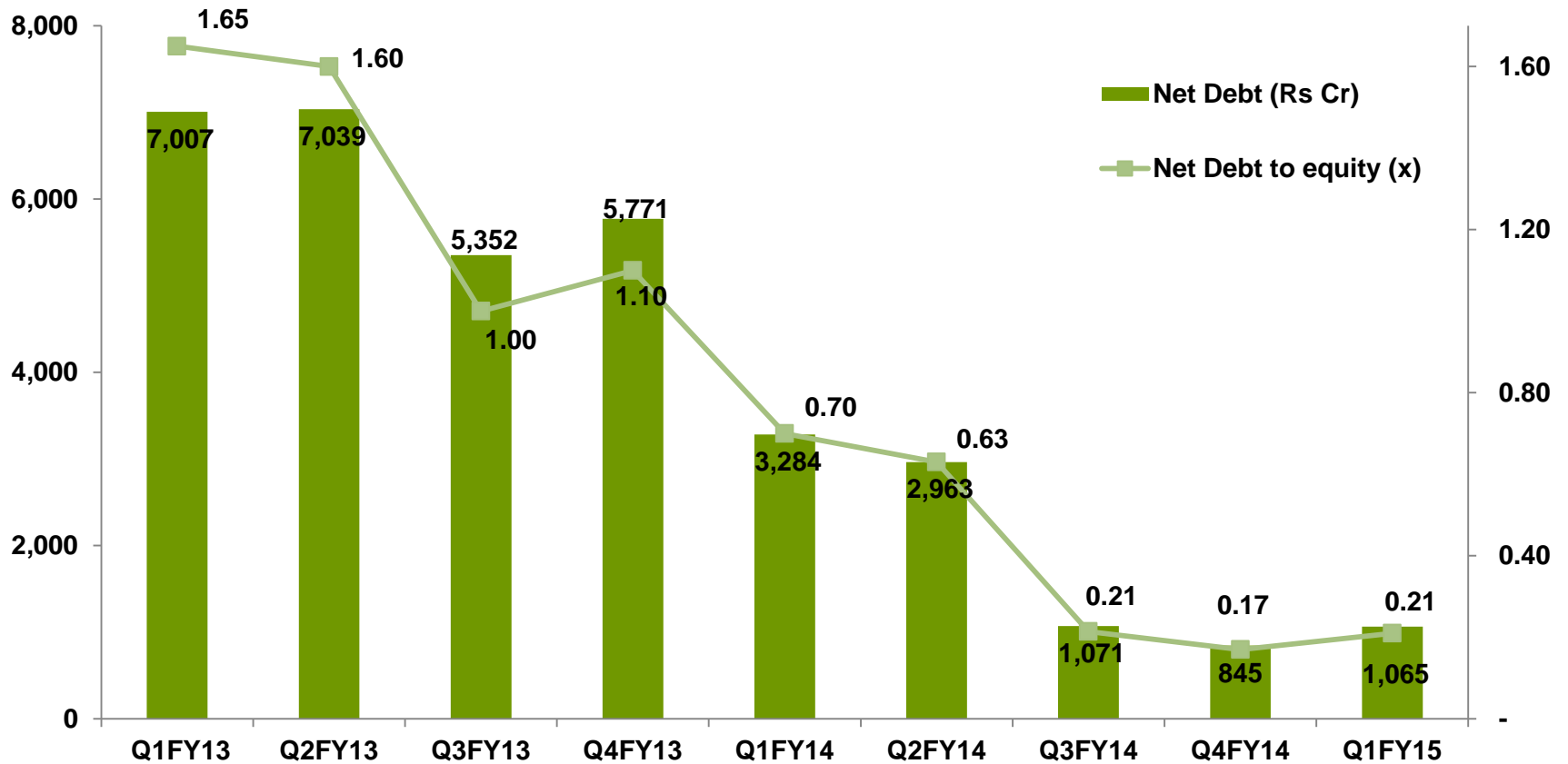
# Group Consolidated Balance Sheet – 30<sup>th</sup> June 2014

Balance Sheet	Rs Crore
Shareholder's Equity*	5,046
Foreign Currency Convertible Bonds (FCCB's)	1,111
Debt	732
<b>Total Capital Employed</b>	<b>6,889</b>
Net Fixed Assets (including CWIP of Rs 161 Crore)	2,046
Goodwill	2,412
Investments	1,046
Cash and Cash Equivalents	778
Net Current Assets	607
<b>Total Assets</b>	<b>6,889</b>

- As on June 30, 2014, Net Debt to equity ratio stood at 0.2x

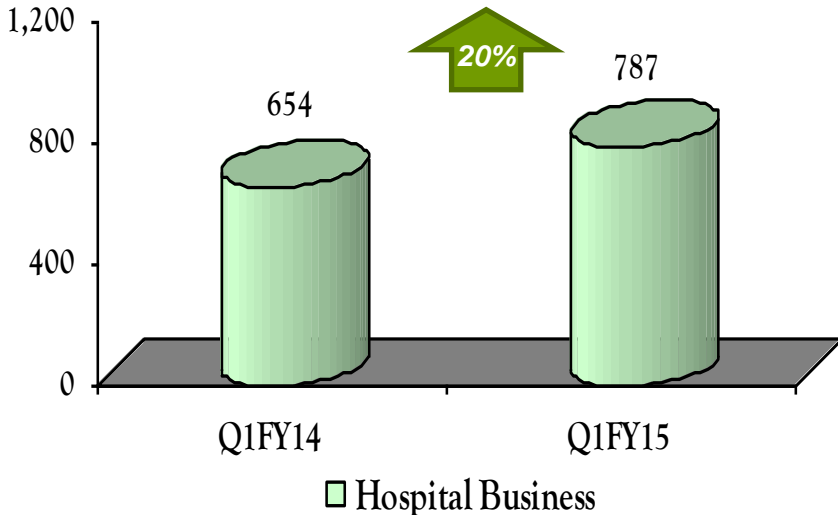
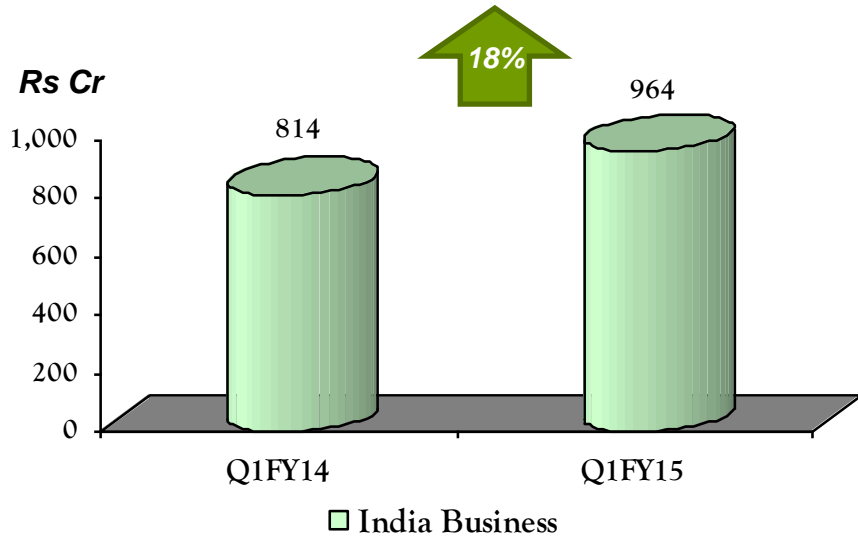
\*Shareholder's Equity includes Minority Interest.

# De-leveraging



# India Business Performance – Q1FY15

# India Business - Financial Snapshot



## Q1 FY15 – Consolidated

- **Operating Revenue** - Rs. 964 Cr ↑ 18%
- **Hospital business** -Rs. 787 Cr ↑ 20%
- **Diagnostics business** -Rs. 177 Cr ↑ 11%

Statutory	Q1FY14	Q1FY15
Occupancy	72%	71%
ARPOB (Annualized - Rs. Lacs)	111	123
ALOS (Days)	3.8	3.7

# India Hospital Business P&L : Q1FY15

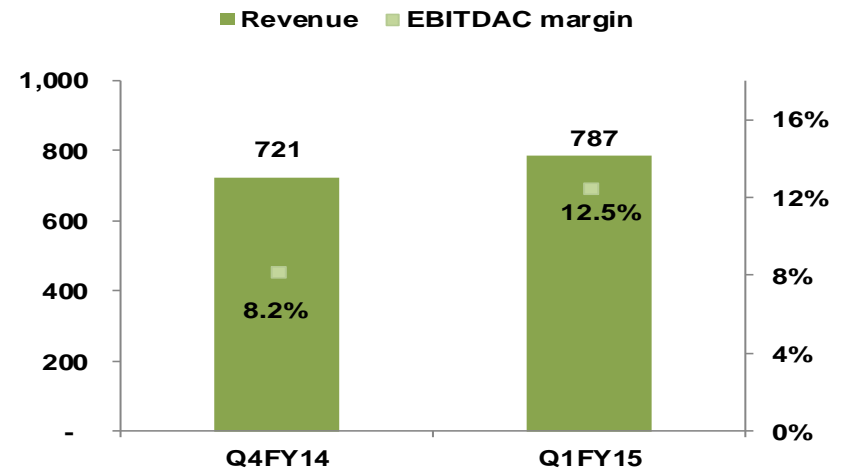
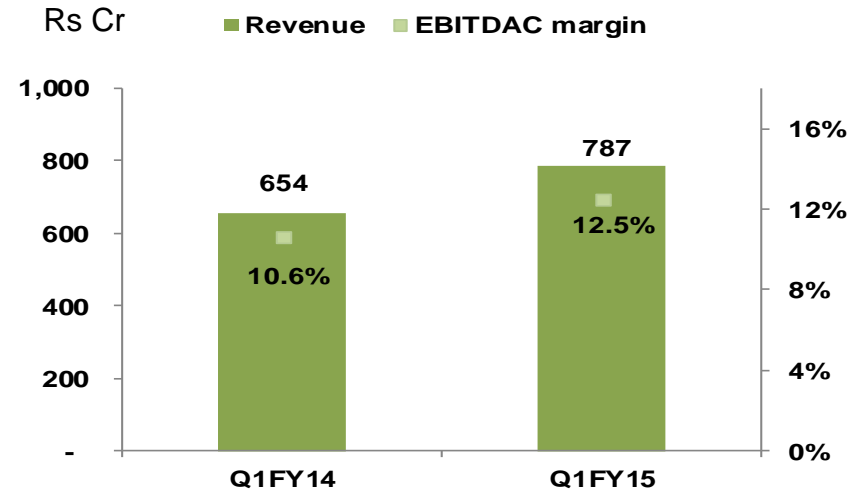
	Q1FY15	Q1FY14	Q4FY14
Particulars	Total Consol	Total Consol	Total Consol
	(Rs Cr.)	(Rs Cr.)	(Rs Cr.)
<b>Operating Revenue</b>	<b>786.9</b>	<b>653.9</b>	<b>721.2</b>
<i>Growth %</i>	20.3%		
<b>Operating EBITDAC*</b>	<b>98.3</b>	<b>69.5</b>	<b>58.8</b>
<b>Operating EBITDAC margin</b>	<b>12.5%</b>	<b>10.6%</b>	<b>8.2%</b>
Operating EBITDAC margin (Ex Startup) and One Offs	13.3%	14.0%	12.7%
Net BT Costs **	108.1	77.7	88.2
Other Income	20.6	39.2	42.1
<b>EBITDA</b>	<b>10.8</b>	<b>31.1</b>	<b>12.7</b>

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

\*\* Net BT cost higher than previous quarters mainly due to FMRI beginning to contribute to service fees starting FY15

# India Hospital Business – Q1FY15

- Operating revenue at Rs 787 Cr, +20%
- Operating EBITDAC\* margins at 12.5%; excluding start-ups and one offs margins at 13.3%.
- International patient revenue at Rs 76 Cr, +72%; representing 9.7% of overall hospital business
- FMRI becomes the third largest revenue contributor; second highest ARPOB in the network
- 55 bed Fortis Cancer Institute in Mohali, Punjab commissioned in July 2014

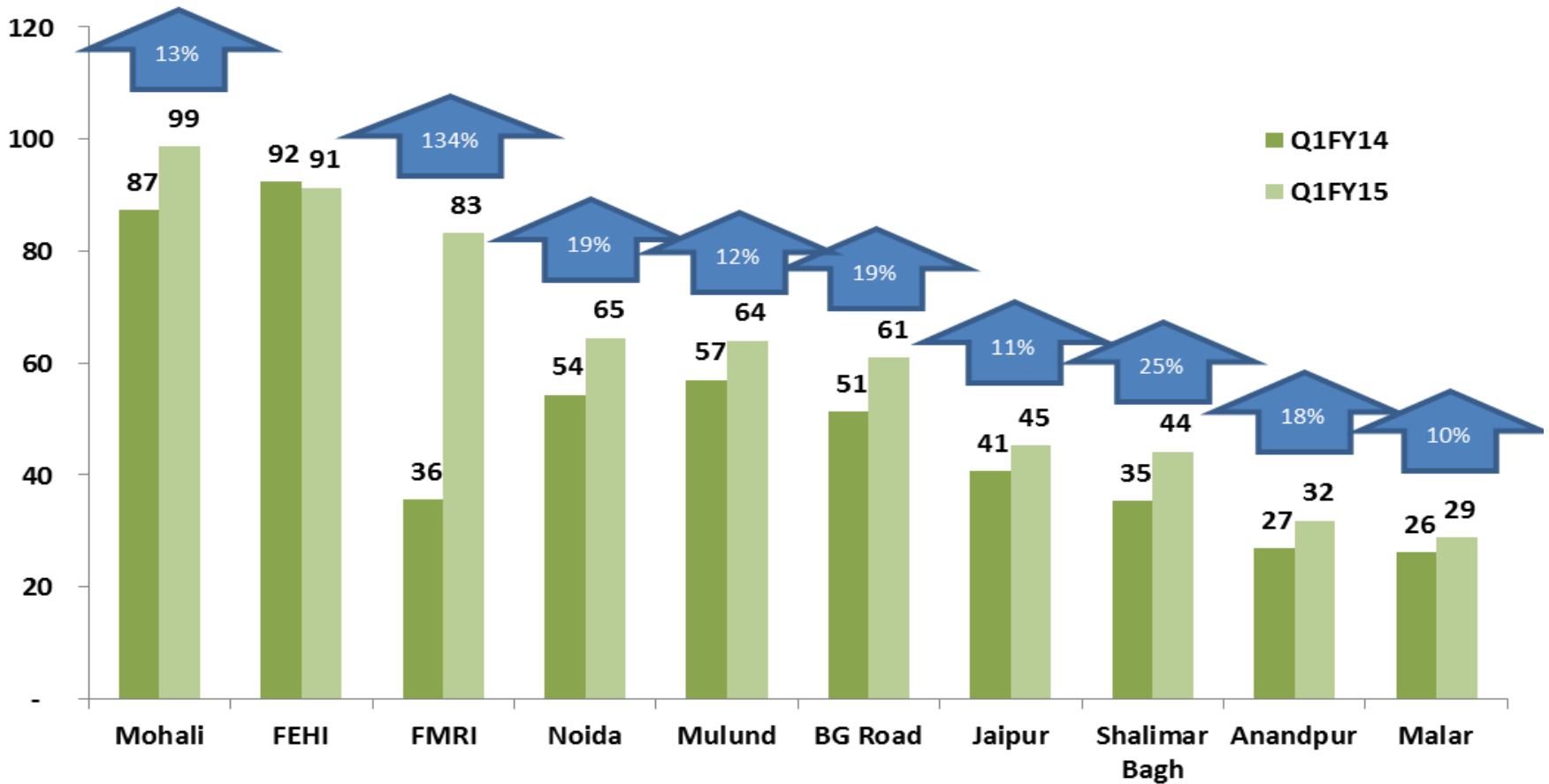


\*EBITDAC refers to EBITDA before net business trust costs



# Hospital-wise Revenue – Top 10 Hospitals

Rs Crore

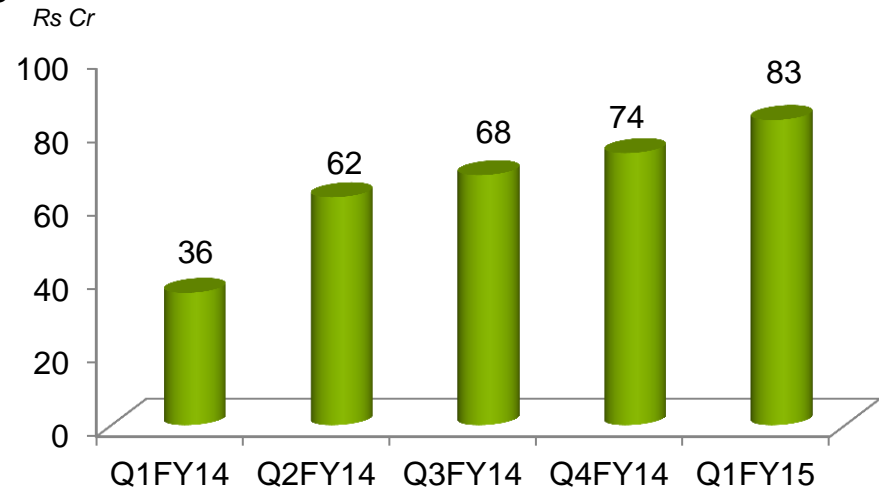


# FMRI Operational Performance

- FMRI ranked No.2 in a recent world-wide study of the '30 Most Technologically Advanced Hospitals in the World'\*
- 3<sup>rd</sup> largest revenue contributor
- Second highest ARPOB in the network ~ Rs 2.1 Cr
- Occupancy ~57% vs 37% in corr. Quarter



## Revenue

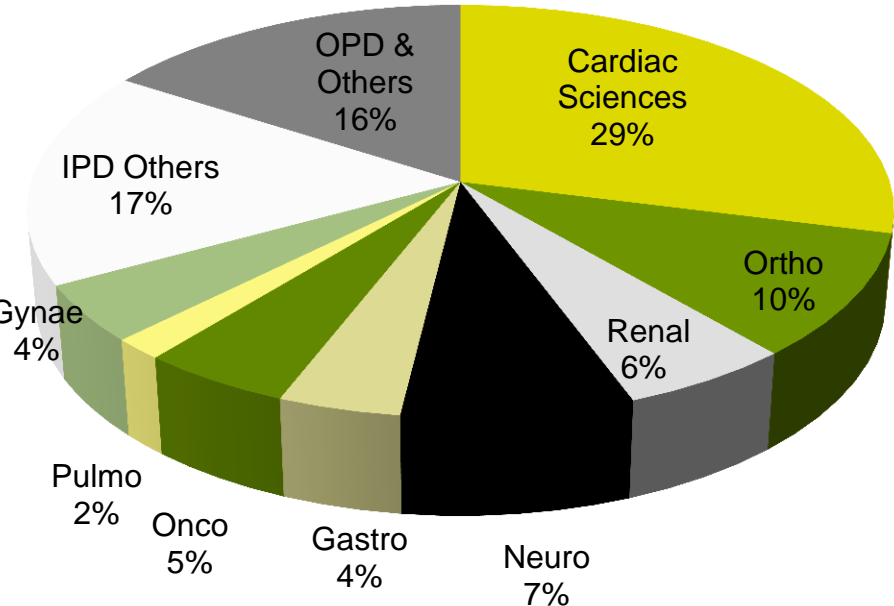


- **Holistic Patient Care**
- **Exceptional clinical talent**
- **World-class infrastructure**
- **Cutting edge technology**
- **Personalized service**

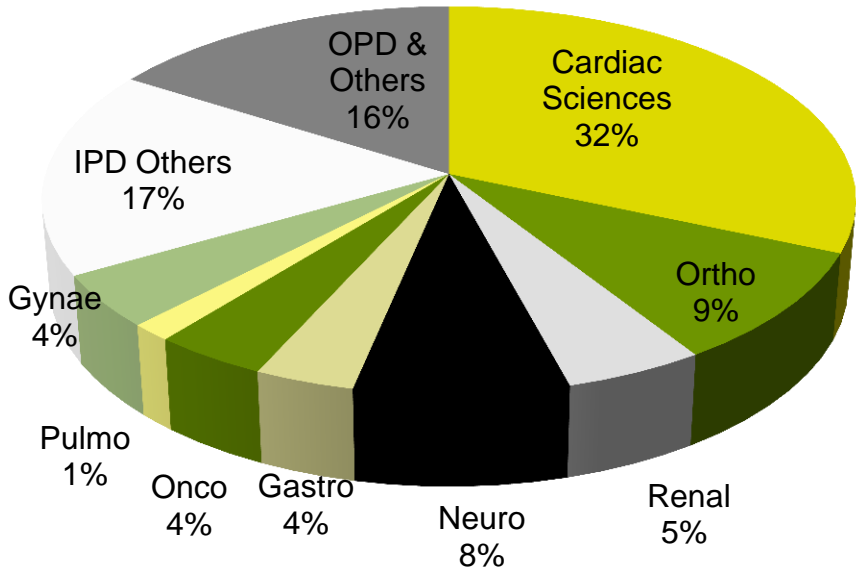
\* Conducted by [topmastersinhealthcare.com](http://topmastersinhealthcare.com)

# Specialty Revenue Split – India Hospital Business

Q1FY15



Q1FY14



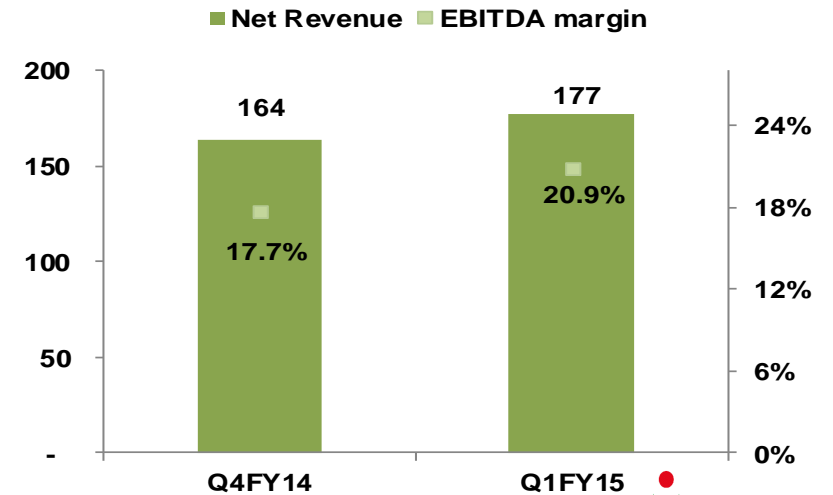
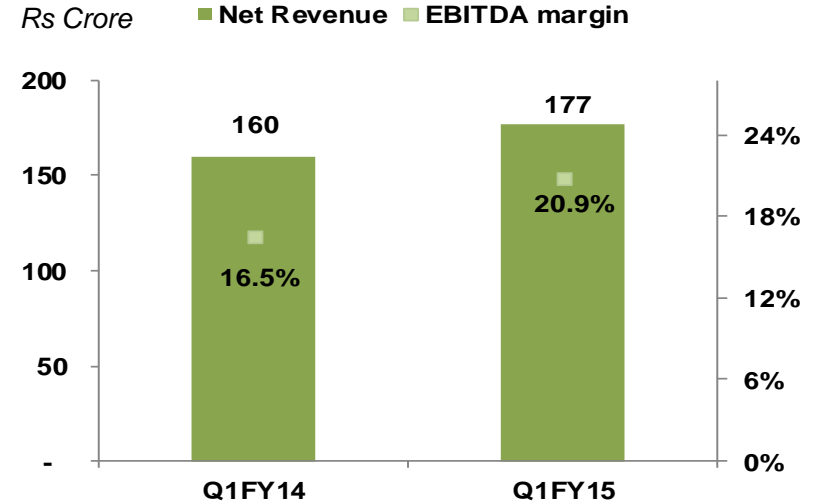
# India Diagnostics Business

## Q1 Highlights

- Net revenue at Rs 177 Cr, +11%
- Operating EBITDA margin at 20.9%
- Added 6 new labs, 72 collection centres, 95 direct clients and 14 co-marketing clients. Network comprise of 281 labs and over 5800 collection points.
- No of accession at 3.42 million, a Q-o-Q growth of 8%
- Expanded service offerings by adding 9 new tests during the quarter

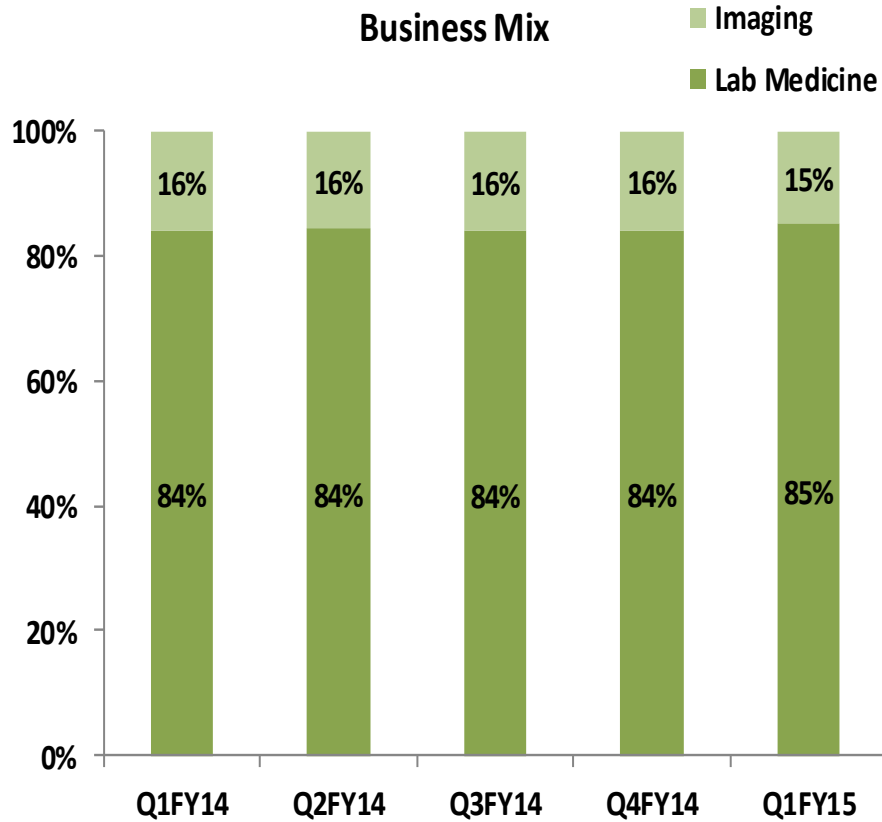
## SRL Standalone Financials

	Q1FY15	Q1FY14	Q4FY14
Gross Revenue	205	180	187
EBITDA	37	26	29
EBITDA Margin	18.0%	14.7%	15.6%

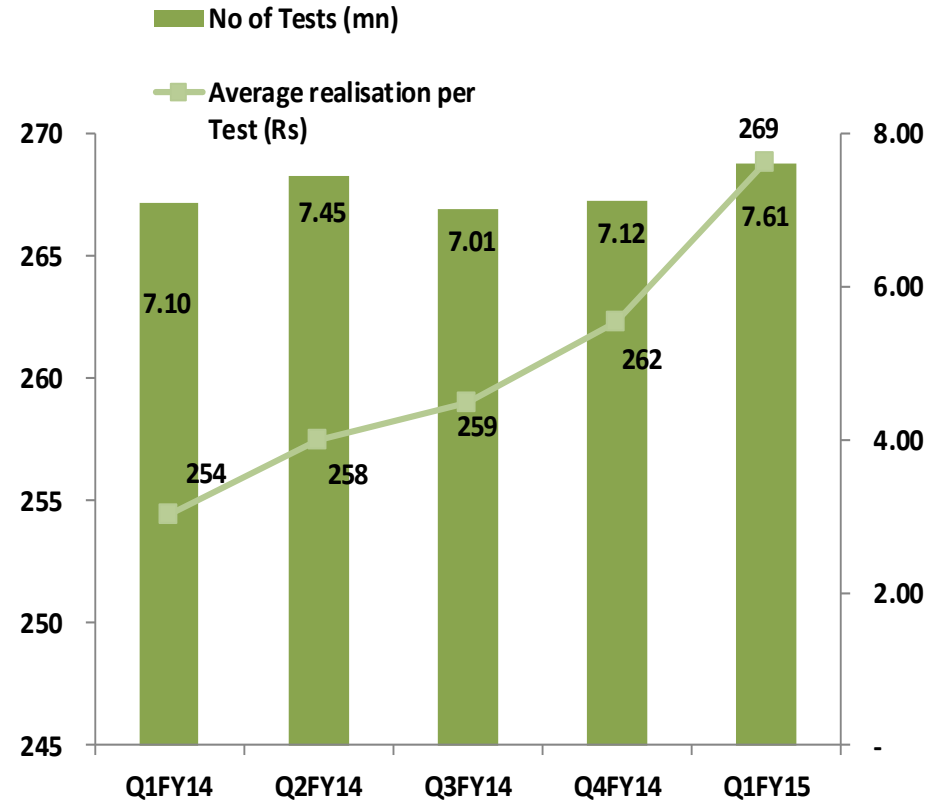


# India Diagnostics Business

Business Mix



No of Tests (mn)



# Awards and Recognitions

- FMRI ranked No. 2 in the “30 Most technologically advanced hospitals” in the world list by topmastersinhealthcare.com, ahead of hospitals such as the Mayo clinic, Cleveland clinic and Bumrungrad
- Fortis C-DOC awarded 'Best Hospital in India in Diabetes care' at CIMS healthcare awards, 2014
- Fortis, Mulund won three awards at the prestigious Asian Hospital Management Awards (AHMA), 2014, at Philippines in the categories of Human resources and Patient safety. AHMA awards are judged by an international panel comprising members from Johns Hopkins & JCI
- Fortis, Mohali won the Best Multispecialty Hospital (Non Metro) Award during the glittering first edition of “Doc N Doc Gammex Saviour Awards”, 2014 organized in New Delhi

**Thank You...**