



FORTIS HEALTHCARE LIMITED

Earnings Presentation – Q1FY22

August 13, 2021



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Agenda

1. COVID - 19 - Update
2. Performance Highlights
 - Earnings and Financial Summary – Q1 FY22
3. Performance Review - Hospitals Business
4. Performance Review - Diagnostics Business
5. Appendix

1. COVID-19 - Update

Covid-19 update

- April and May'21 witnessed an intense second wave in the country with the highest ever number of daily cases averaging approx. 4.14 lakh at the peak.
- Various state governments announced lockdowns and travel restrictions impacting elective surgeries and patient flow, both domestic and international.
- From mid May, the pandemic showed signs of abating and the country witnessed a progressive decline in covid cases. Districts reporting high cases (>100 daily cases) fell from 379 districts during week the ending May 25th to 62 districts during the week ending July 25th 2021.
- The Government's vaccination drive which started in January 2021 witnessed significant acceleration. As of 6th August 2021, India witnessed 49.5 Cr doses being administered with ~11 Cr people being fully vaccinated. The current daily vaccination rate is ~54L doses.

Covid-19 update – Impact on Fortis in the quarter

- During the second wave, Fortis witnessed a significant rise in covid occupancy (from 7% in Q4FY21 to 27% in Q1 FY22) with a substantial decline in the non-covid occupancy (from 57% in Q4FY21 to 39% in Q1 FY21).
- Unlike the first wave where non covid occupancy recovery was slow, mid – May onward non covid occupancy witnessed a relatively faster recovery allowing the business to show a steady operating performance in the quarter.
- Non-covid occupancy improved from 30% in May 2021 to 47% in June 2021. Covid revenue contribution to overall hospital revenues stood at 27% for the quarter.
- The diagnostics business was also impacted in terms of the non-covid revenues which were partially offset by the contribution from covid revenues comprising covid and covid allied tests.
- Covid revenue contribution to overall diagnostics revenues stood at 26% in Q1FY22 vs 17% in Q4FY21. On a like to like basis, SRL undertook 1.24 Mn covid tests in the quarter as compared to 0.65 mn in Q4FY21.

Covid -19 update - Present status and Fortis preparedness

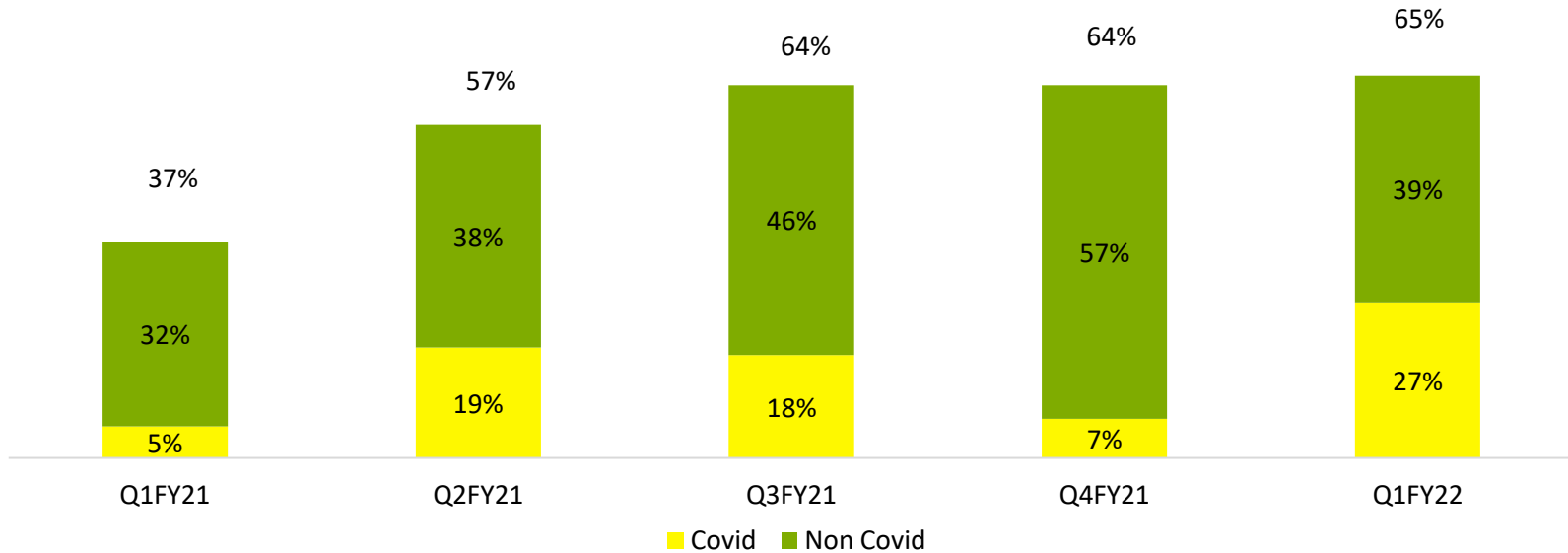
- Since many nations have begun to witness a third wave, there could be a possibility of a third wave in India as well.
- While Fortis is relatively better prepared to face this eventuality, the impact on business will depend on the severity and speed of transmission.

- Currently 10 states with 46 districts have positivity rate >10%
- Government focusing on strengthening health infrastructure to ensure provisioning of sufficient hospital beds, drugs, medical oxygen and other consumables
- Liquid medical oxygen (LMO) production increased from ~5,700 MTs per day in Aug'20 to 9,690 MTs per day in May'21

- Oxygen generating plants being installed at select **Fortis** facilities.
- Revised **Fortis** Clinical Protocols and Guidelines for management of COVID patients and for Paediatric COVID management in place
- **Fortis** medical staff and nurses being trained on NALS/PALS (Neonatal/Paediatric Advanced Life Support) and Paediatric Critical Care.

Covid-19 – Hospital Business

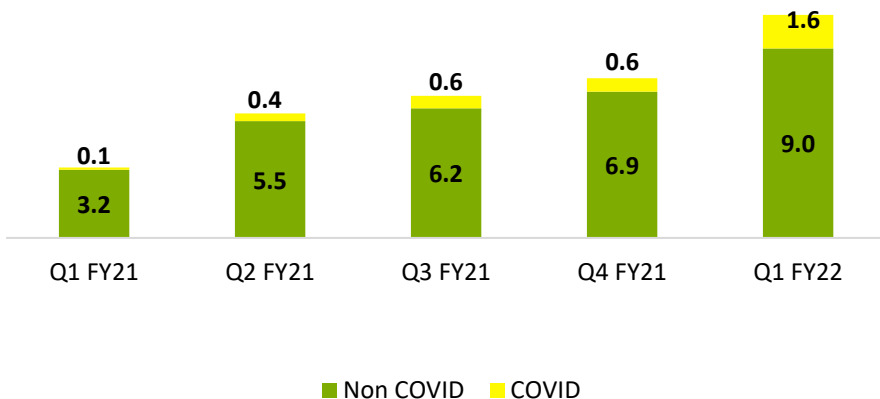
Occupancy Trend



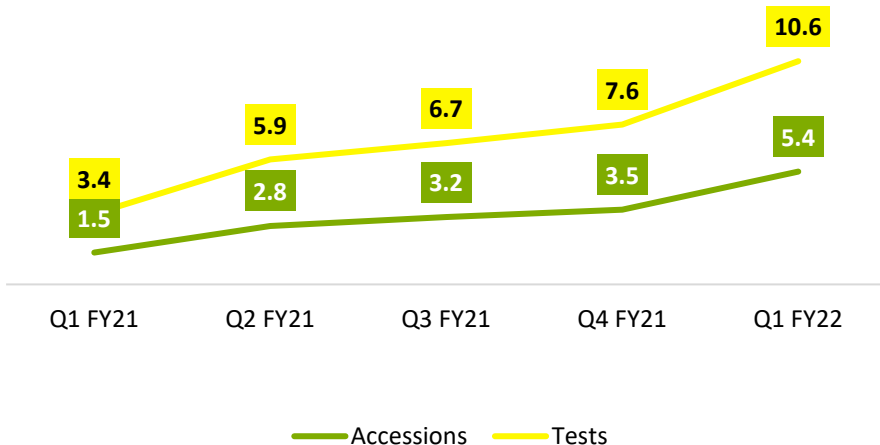
- Overall occupancy in Q1FY22 stood at 65% versus 37% in Q1 FY21.
- Non-covid business recovery has been faster relative to the first wave witnessed in Q1 FY21.

Covid-19 – Diagnostics Business

Test Volumes (mn)



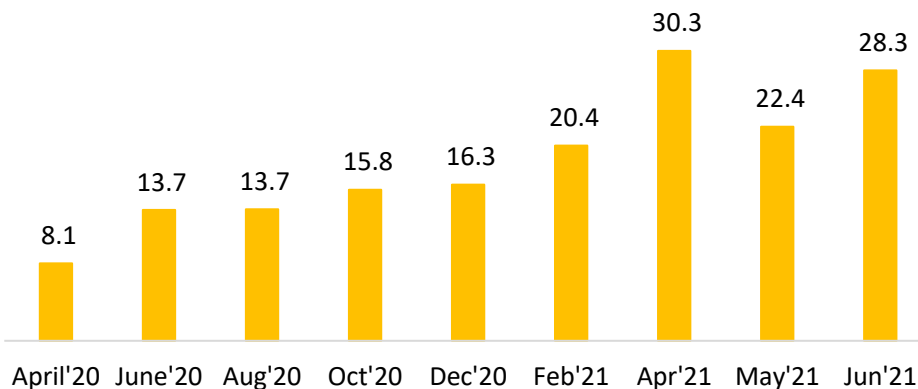
Quarterly Volumes (mn)



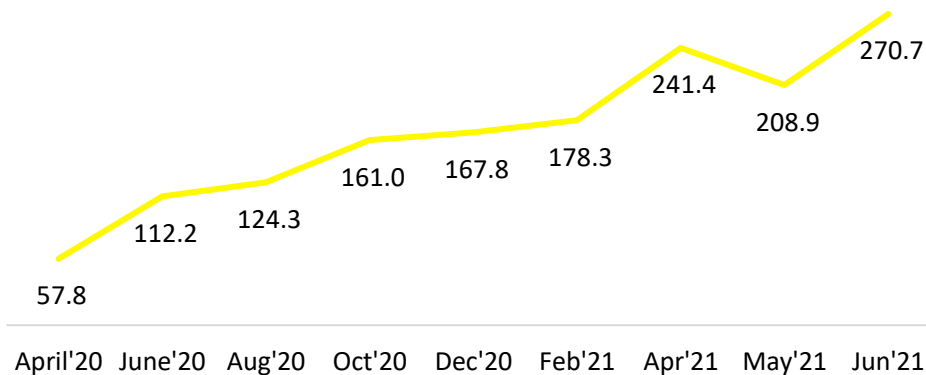
- Covid test volumes grew 148% in Q1 FY22 versus the trailing quarter. SRL conducted 1.60 mn test in Q1 FY22 vs 0.65 mn tests in Q4 FY22.
- SRL conducted the highest number of COVID-19 RT-PCR tests amongst all private players in Q1 FY22.
- Non-Covid revenue contribution increased to 74% in Q1 FY22 vs 73% in Q1FY21. Revenues increased 3x versus Q1 FY21 and grew 29.2% over Q4 FY21.

Business Recovery – Q1FY22

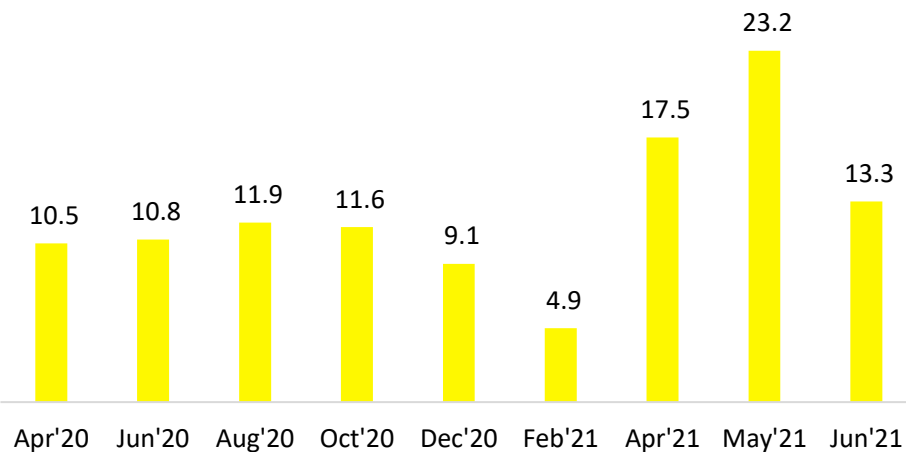
OPD Footfalls (through digital channels) ('000)



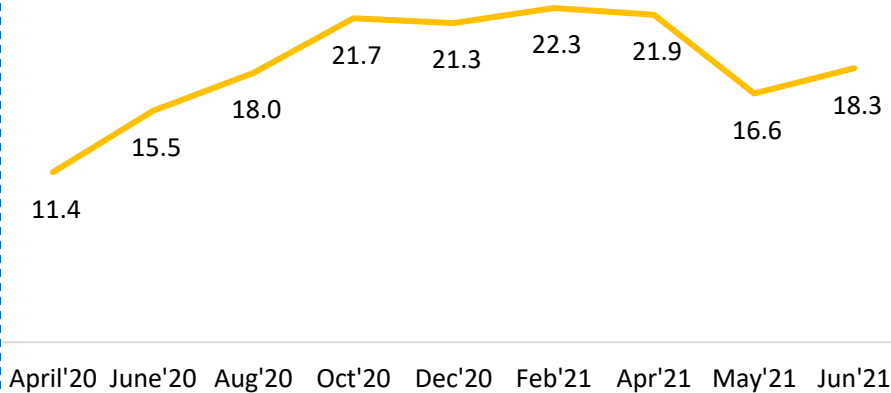
OPD Footfalls ('000)



Tele-consults ('000)



IPD Admission ('000)



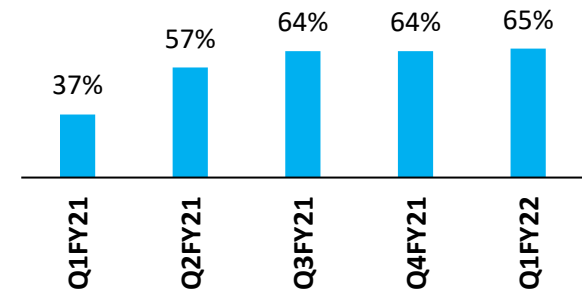
2. Q1FY22 - Performance Highlights

Q1FY22 – Hospital Business Highlights

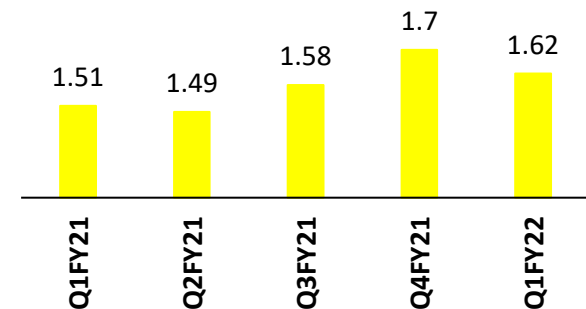
- The significant increase in contribution from Covid Business partially offset the decline in Non Covid business in Q1FY22. The hospital business reported revenues of INR 1,006.5 Cr versus INR 982.2 Cr in Q4FY21.
- EBITDA of the hospital business stood at INR 149.6 Cr versus an EBITDA loss of INR 85 Cr in Q1FY21 and INR 139.4 Cr in Q4FY21. (14.9% margin in Q1 FY22 versus 14.2% in Q4 FY21)
- Higher contribution from low ARPOB Covid business impacted the overall ARPOB of Q1 which stood at INR 1.62 Cr. Non Covid ARPOB was at INR 1.97 Cr, up 8.5% versus Q4 FY21.

Key Performance Indicators

Overall Occupancy (%)



ARPOB (INR Cr per annum)



Q1FY22 – Hospital Business Highlights (Cont.)

- While occupancy remained similar in Q1FY22 vs Q4FY21, select hospitals such as Shalimar Bagh, Jaipur, Anandpur, Road, FMRI and Vashi witnessed an increase in occupancy versus Q4FY21.
- After picking momentum in Q4FY21, medical tourism witnessed a decline in Q1FY22 due to travel restrictions. The revenue contribution from medical tourism business declined to 3.9% versus 5.9% in Q4FY21.
- The company strengthened its Clinical talent base with the on-boarding of eminent clinicians in the areas of Orthopedics, Oncology, Pulmonology, Anesthesia and Non-Invasive cardiology.
- The company is in the process of augmenting its medical infrastructure across select facilities viz. Pressure Swing Adsorption (PSA) oxygen generating plants at 8 units, new Cath labs at Noida and FMRI, a bone marrow transplant unit at Noida and a High-End Neuro-microscope at Jaipur

Q1FY22 – Diagnostics Business Highlights

- SRL recorded highest ever quarterly revenues of INR 441 Crs with margins at 30.6% versus revenues of INR 140.1 Crs in Q1 FY21 and margins of -7.5% (Q4 Revenues at INR 306 Crs, margins at 22.0%).
- Non-Covid revenue contribution declined to 74% in Q1 FY22 from 83% in Q4 FY21; while Covid test volumes contribution increased to 15% vs 8.5% in Q4 FY21
- The significant increase in revenue and margin is partly attributable to consolidation of the SRL : DDRC JV and the huge demand for covid and covid allied tests as a result of the second wave of the pandemic.

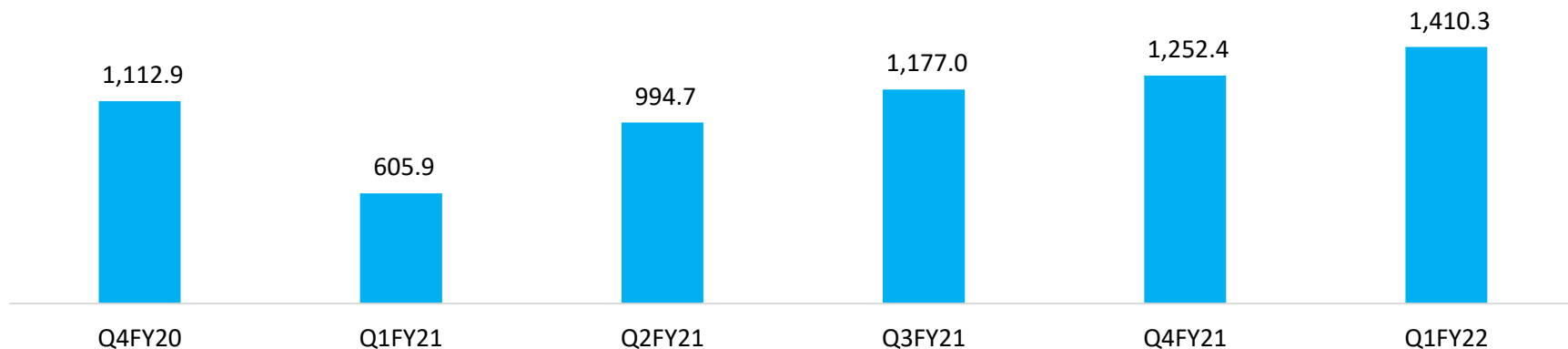
DDRC : SRL JV acquisition

- SRL completed its acquisition of the balance 50% stake in the DDRC SRL JV in April 2021.
- The acquisition fortifies SRL's leadership in the Kerala market and consolidates its position as the second largest diagnostics chain in the country (by revenue).
- With the DDRC acquisition, the B2C : B2B revenue mix improves significantly to 54:46 vs 45:55 in Q4FY21

Consolidated Earnings Summary

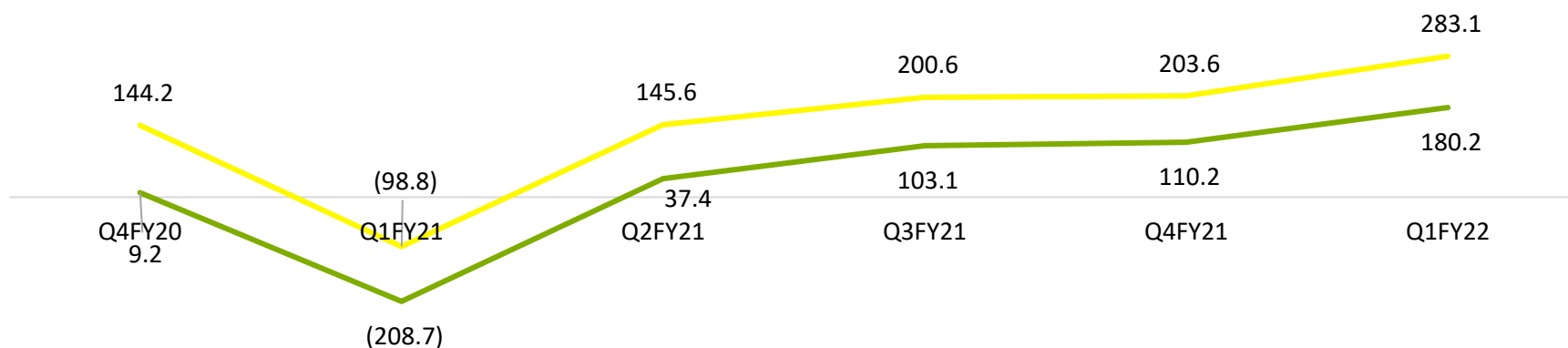
INR Crs

Consolidated Operating Revenue



INR Crs

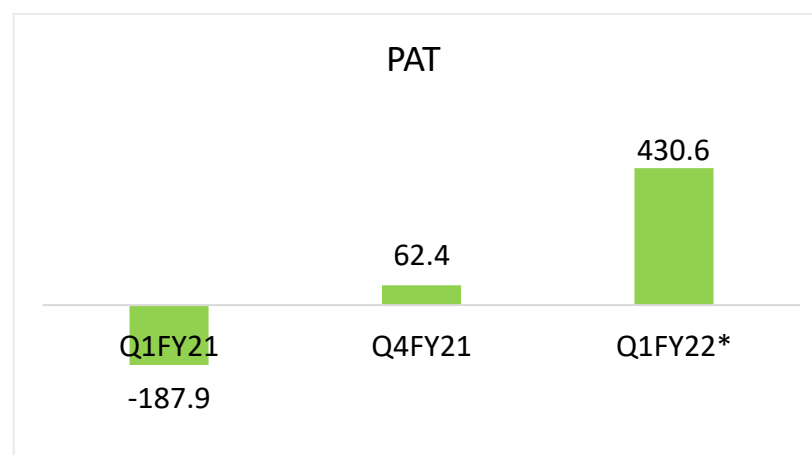
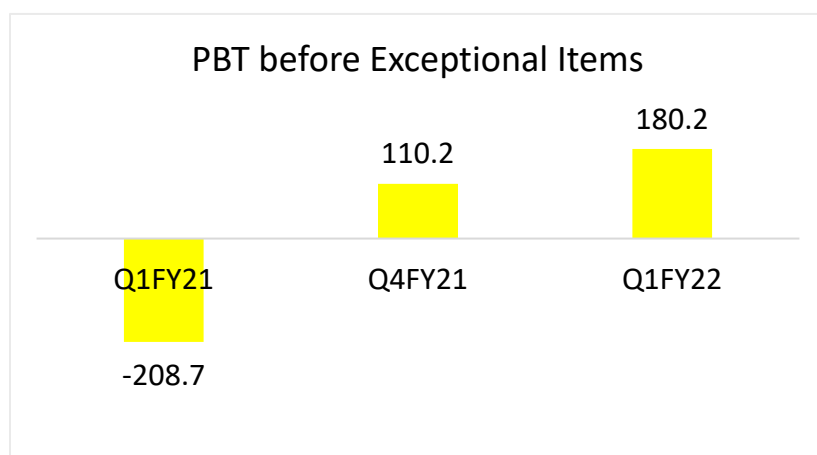
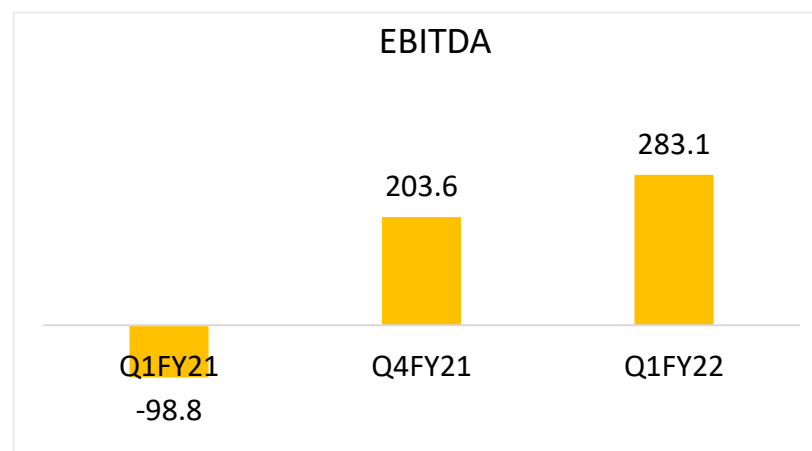
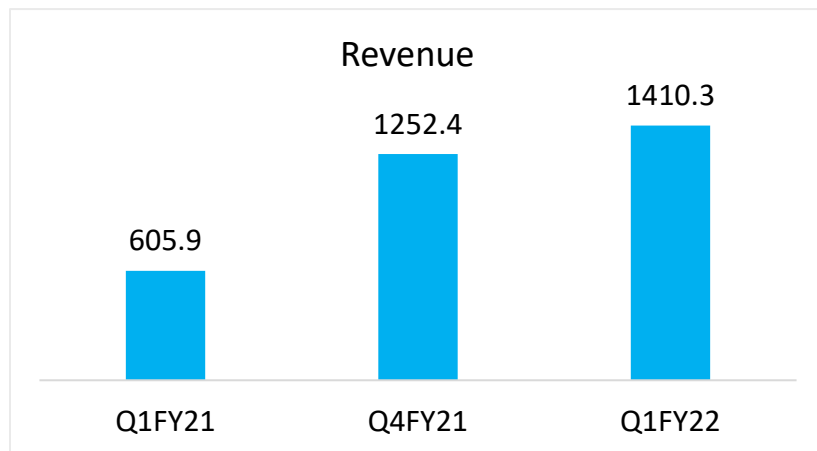
— EBITDA — PBT (before Exceptional items)



EBITDA includes other income and forex gain / (loss)

Consolidated Earnings Summary

Healthy improvement in Company's performance versus the corresponding previous and the trailing quarter



All figures in INR Crs

*Q1FY22 PAT includes exceptional gain of INR 306.1 Cr related to 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.

Operating Performance – Hospital Business

Particulars (INR Cr)	Hospital Business		
	Q1FY21	Q4FY21	Q1FY22
Operating Revenue	488.4	982.2	1,006.5
Operating EBITDA (before one off expenses)	(87.0)	162.7	143.4
Margin	-17.8%	16.6%	14.2%
One off Expenses (Net)	-	27.4	-
Operating EBITDA	(87.0)	135.3	143.4
Margin	-17.8%	13.8%	14.2%
<i>Other Income incl FX</i>	1.9	4.1	6.2
Reported EBITDA*	(85.0)	139.4	149.6
Margin*	-17.4%	14.2%	14.9%

- Above financials includes financials of International entities which are part of Fortis group; mainly RHTTM.
- *Adjusted for the newly commissioned hospital in Chennai, margin in Q1FY22 stood at 14.7% vs 14.9% in Q4FY21
- **Q4FY21** reported EBITDA includes one off expense related to potential impact of various legal cases and investigation, Electricity arrears, Penalty, Registration Charges, Property Tax and Unclaimed written back

Operating Performance – Diagnostic Business

Particulars (INR Cr)	Diagnostic Business		
	Q1FY21	Q4FY21	Q1FY22
Operating Revenue*	140.4	305.7	441.4
Revenue Growth vs LY	-	31.8%	214.5%
Reported EBITDA	(10.6)	67.2	134.9
EBITDA growth vs LY	-	99.6%	-
Margin	-7.5%	22.0%	30.6%
<i>Adj: Other Income incl FX</i>	6.6	5.4	3.0
Operating EBITDA	(17.2)	61.8	131.9
Margin	-12.2%	20.2%	29.9%

- Diagnostics business revenue is on Gross Basis; Diagnostic business Q1FY22 net revenue (net of inter company elimination) stood at INR 403.8 Cr versus INR 120.6 Cr in Q1FY21 and INR 270.2 Crs in Q4FY21.
- Q1FY22 financials include DDRC. DDRC reported Q1FY22 revenues of INR 69 Cr.

Balance Sheet – June 30, 2021

Balance Sheet (INR Cr)	Mar 31, 2020	Mar 31, 2021	June 30, 2021
Shareholder's Equity	7,206	6,718	7,148
Debt	1,354	1,271	1,329
Lease Liabilities (Ind AS 116)*	240	260	266
Total Capital Employed	8,800	8,249	8,743
Net Fixed Assets (including intangibles & CWIP)	5,285	5,242	5,549
Goodwill	3,721	3,722	4,136
Investments	175	186	140
Cash and Cash Equivalents	350	422	315
Net Other Assets	(732)	(1,323)	(1,397)
Total Assets	8,800	8,249	8,743
Net Debt / (cash)	1,004	849	1,014
Net Debt to Equity	0.14x	0.13x	0.14x

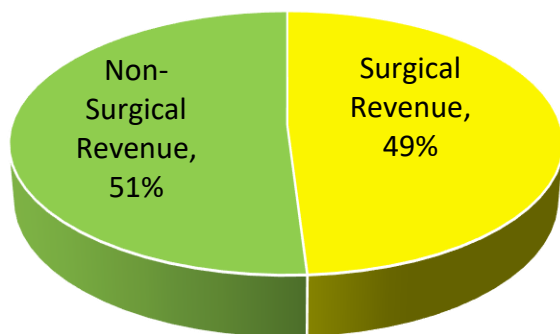
- *Pertains to lease liability on account of adoption of new accounting standard on leases w.e.f. April 1, 2019.
- Net debt excludes lease liabilities.
- Increase in shareholders equity, net Fixed Assets and Goodwill primarily due to DDRC acquisition by SRL during the quarter.
- Net debt to EBITDA was at 0.90x versus 1.04x in Q4 FY21 (on annualized basis)

3. Performance Review – Hospitals Business

Revenue Mix

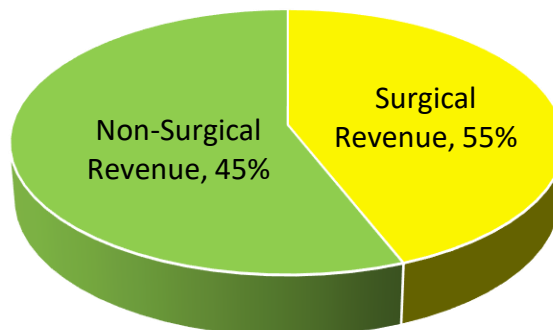
Q1FY21

Gross Revenue : INR 488 CR



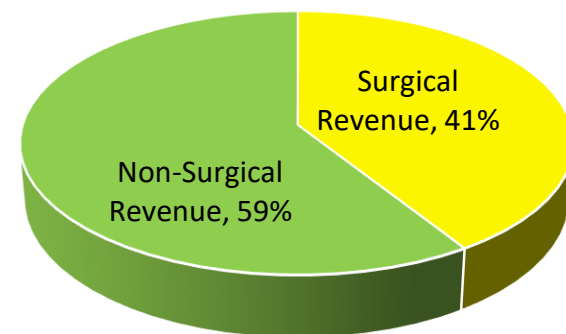
Q4FY21

Gross Revenue : INR 1,031 CR



Q1FY22

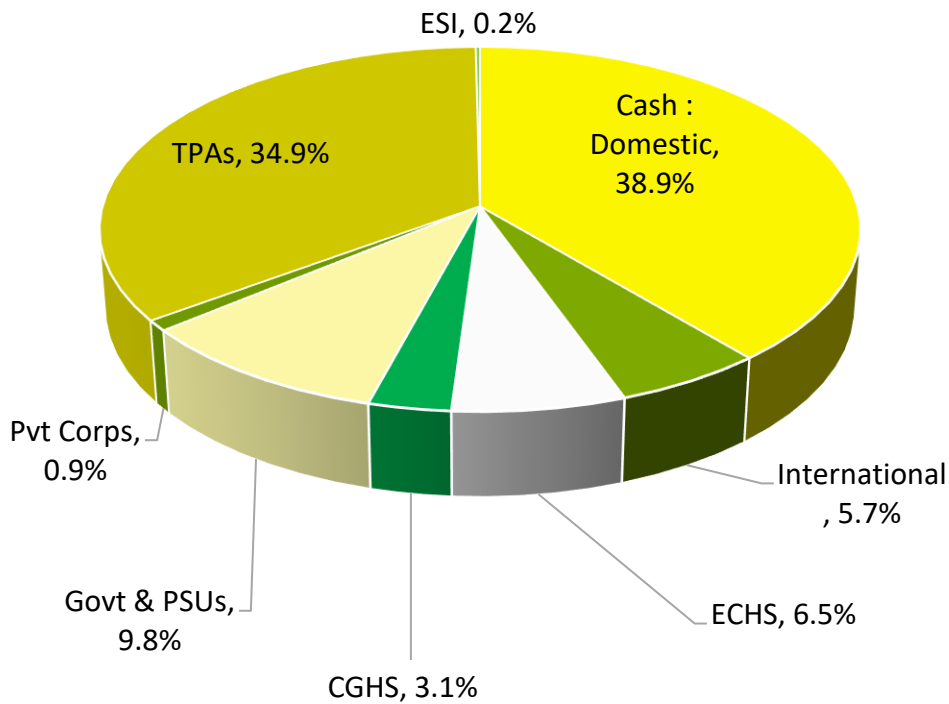
Gross Revenue : INR 1,064 CR



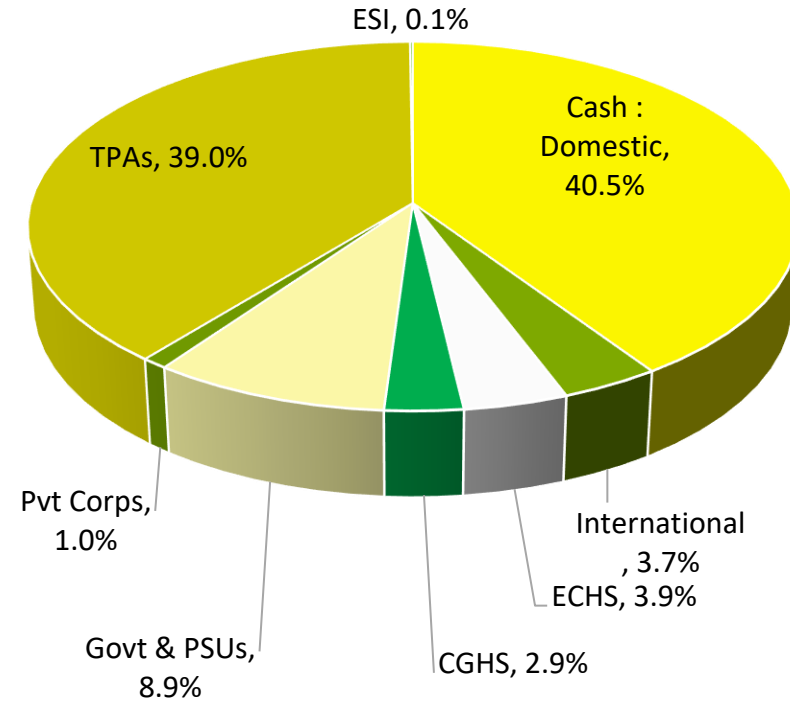
- Decline in surgical revenue contribution in Q1FY22 vs Q4FY21 is primarily due to second wave of Covid -19 pandemic during April and May'2021.
- However, higher revenue in Q1FY22 can be partly attributed to the steady Oncology business along with the higher revenue contribution from Covid and covid vaccinations.

Payor Mix

Q4 FY21



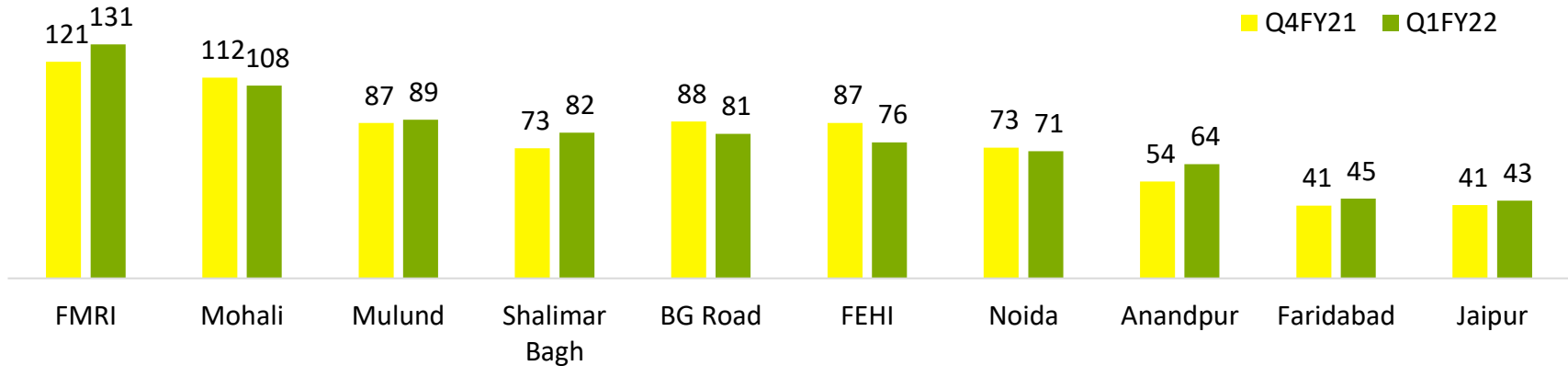
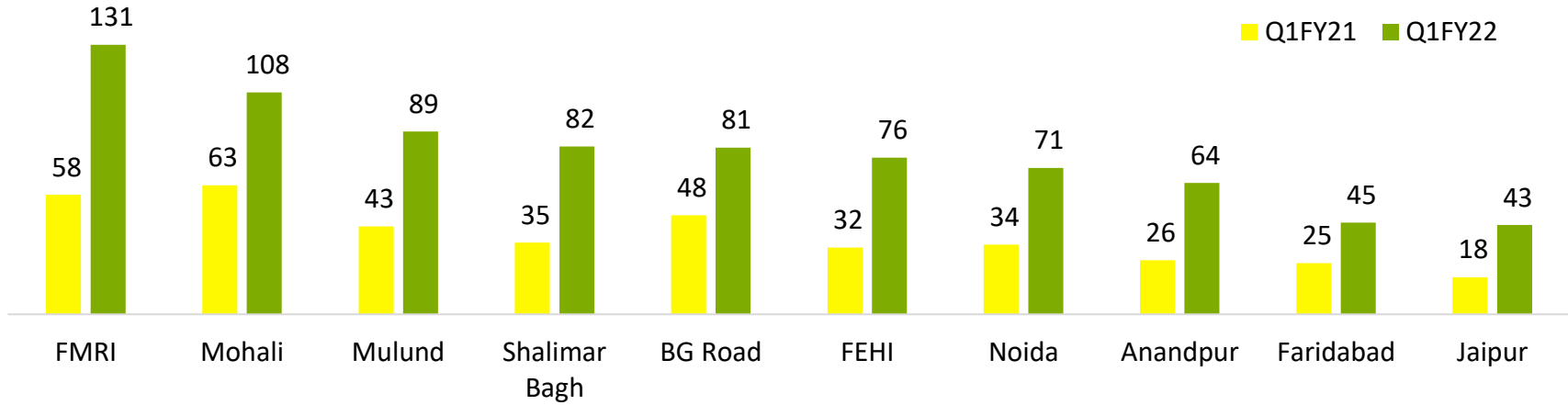
Q1 FY22



Decline in International and ECHS patients business being primarily compensated by TPAs

Hospitals Business Performance

Most hospitals reached pre-covid level revenues in Q4 FY21 however growth in Q1FY22 over trailing quarter was impacted due to Second wave of Covid-19 in April & May'21



All figures in INR Crs

Clinical Excellence & Awards

Clinical Excellence

- The Orthopaedics Team at **Fortis Memorial Research Institute (FMRI), Gurugram**, implanted India's largest custom-made 3D printed hip prosthesis in a 60-year-old Tanzanian patient. The challenging surgery took around seven hours.
- A team of doctors at **Fortis Hospital, Ludhiana**, performed the endoscopic removal of a rare, giant 17 cm tumour from the food pipe of a 65-year-old female patient. Only 37 such cases have reported worldwide and only one case of endoscopic removal has been previously reported.
- Doctors at **Fortis Escorts Heart Institute (FEHI), Okhla, New Delhi**, successfully conducted a Transcatheter Aortic Valve Replacement (TAVR) on a 92-year-old patient, who is possibly the oldest person to undergo such a procedure in India.

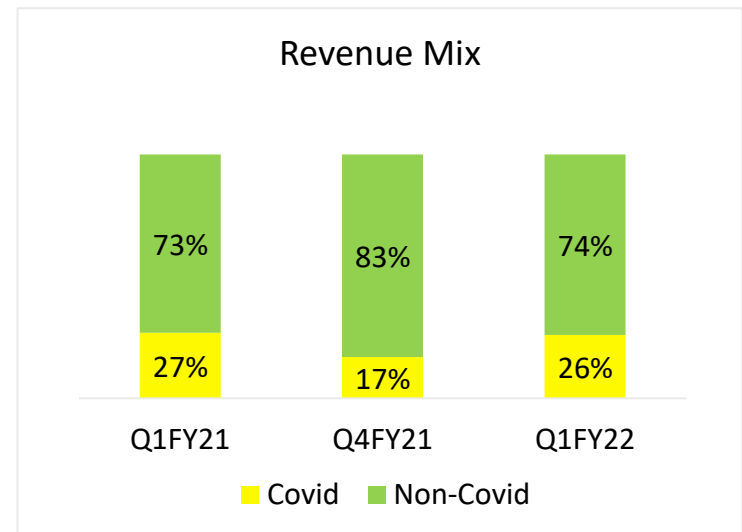
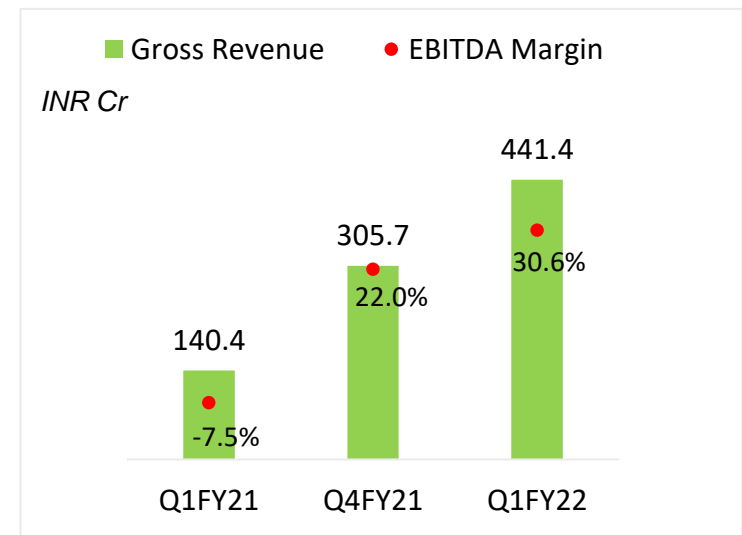
Awards

- **Fortis Memorial Research Institute (FMRI), Gurugram**, was listed at the 23rd position among the 'World's Best Smart Hospitals, 2021,' as per a survey published by Newsweek. Out of 250 participating premier medical institutions, FMRI was the only Indian hospital to feature in the top 25.
- **Fortis La Femme, GK 2, New Delhi**, was recognised by the Federation of Obstetric and Gynaecological Societies of India (FOGSI) as a Manyata-certified hospital. The certification recognises the facility as an institution where mothers and new-borns receive safe, respectful and quality care.
- Dr Rahul Pandit, Director - Critical Care, **Fortis Hospitals, Mumbai** and Member of Maharashtra's COVID-19 Taskforce, was appointed by the Hon'ble Supreme Court as a member of the National COVID-19 Taskforce.

4. Performance Review – Diagnostics Business

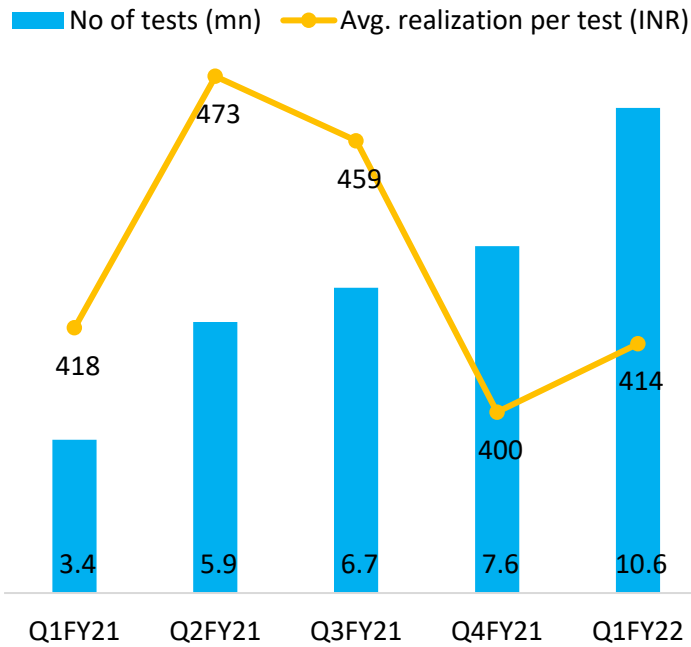
Diagnostics Business – Q1 FY22

- SRL conducted approx. 10.6 Mn tests in Q1 FY22, a growth of 216% versus Q1 FY21. (3.3 Mn tests in Q1 FY21)
- Launched 3 labs and added 108 new collection centers to its network in Q1 FY22.
- SRL has significantly improved its CC to lab ratio which now stands at 10.8 CC's per lab versus 8.6 over a year ago.
- Home collection visits increased by 6.7x versus Q1 FY21, contributing 12% of total B2C revenues in Q1 FY22
- Launched 15 new tests: Covinow, Gastro Panel, MucoREAL, Fungi-real, Clinical Exome analysis & Gene rearrangement..

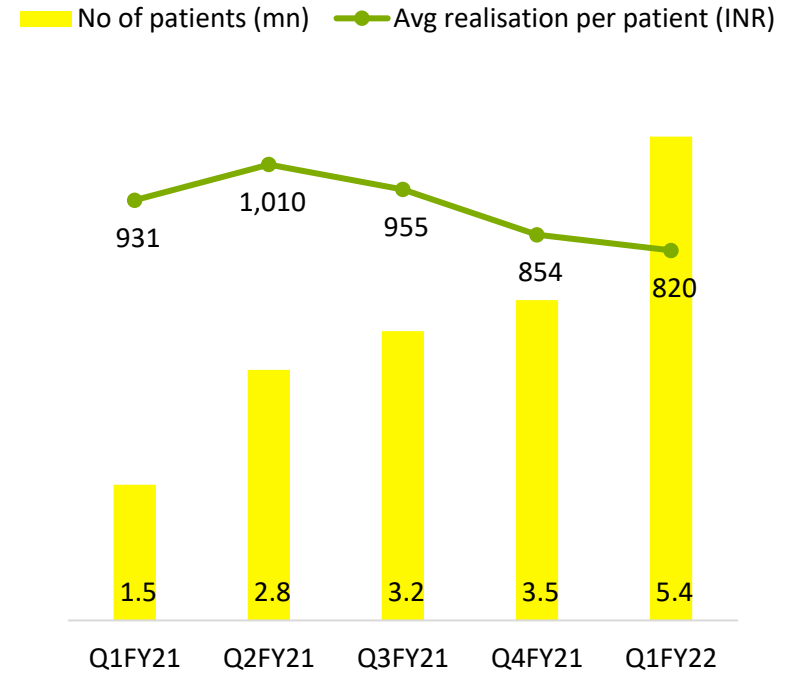


Key Performance Metrics

Number of Tests and Average Realizations



Number of Patients and ARPA



Average realisation per test (ARPT) has increased while average realisation per patient (ARPA) declined due to acquisition of DDRC where test per accession (TPA) is 1.8 as compared to SRL's TPA at 2.0

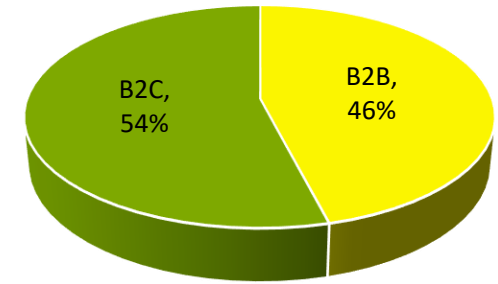
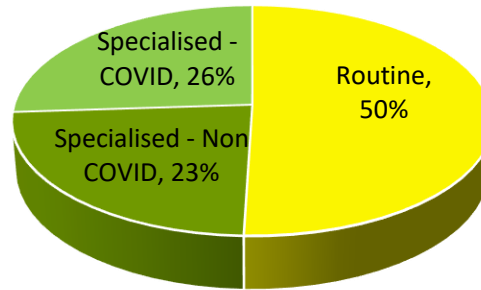
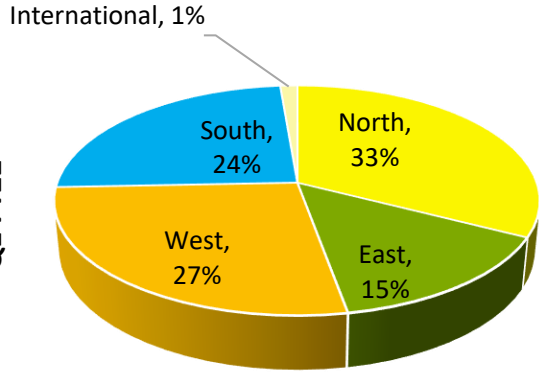
Revenue Mix

Geographic Mix

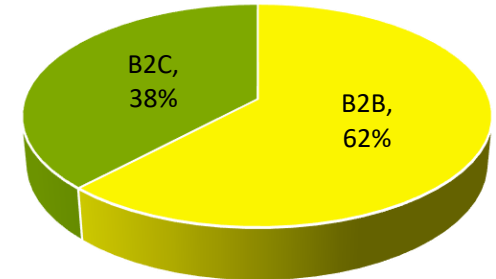
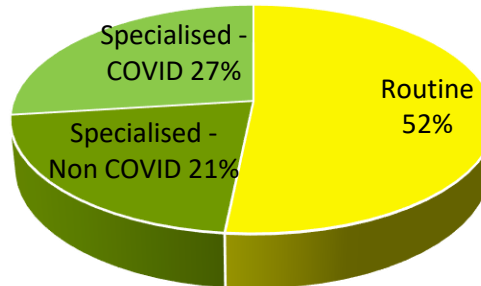
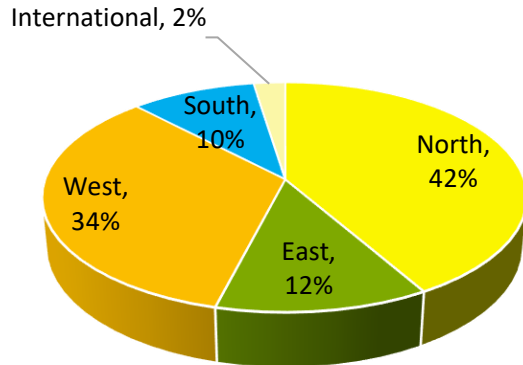
Product Mix

Segment Mix

Q1 FY22



Q1 FY21



5. Appendix

Group Consolidated P&L – Q1FY22

Particulars (INR Cr)	Q1FY21	Q4FY21	Q1FY22
	Unaudited	Audited	Unaudited
Revenue from operations	606.0	1,252.4	1,410.3
Other income	4.5	6.3	7.8
Total income	610.4	1,258.8	1,418.2
Expenses	709.2	1,055.1	1,135.1
EBITDA*	-98.8	203.6	283.1
Margin	-16.3%	16.3%	20.1%
Finance costs	41.1	40.6	38.4
Depreciation and amortisation expense	71.7	71.5	72.9
PBT	-211.6	91.5	171.7
Share of profit / (loss) of associates and joint ventures (net)**	2.9	18.7	8.5
Net profit / (loss) before exceptional items and tax	-208.7	110.2	180.3
Exceptional gain	0.5	0.2	306.1
Profit / (loss) before tax from continuing operations	-208.3	110.4	486.4
Tax expense / (credit)	-20.4	48.0	55.8
Net profit / (loss) for the period from continuing operations	-187.9	62.4	430.6
Profit / (loss) from continuing operations attributable to Owners of the company	-178.9	43.2	263.5

• *EBITDA includes other income, forex and exceptional/non-recurring expenses

• **Share of profit of associate in Q4 FY21 due to joint ventures of SRL, primarily DDRC-SRL

• Q4FY21 reported EBITDA includes one off expense related to potential impact of various legal cases and investigation INR 15.8 Cr, Electricity arrear INR 6.5 Cr, Penalty, Registration, Property Tax of INR 4.4 Cr, Other Exp of INR 0.7 Cr; (Net amount of INR 27.4 Cr)

• Exceptional gain of INR 306.1 Crs in Q1FY22 related to 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.

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Fortis Healthcare Limited

Thank You