



FORTIS HEALTHCARE LIMITED

Earnings Presentation – Q2FY21

November 12, 2020



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Agenda

1. COVID - 19 - Update
2. Q2FY21 – Performance Highlights
 - Earnings and Financial Summary – Q2FY 21
3. Performance Review - Hospitals Business
4. Performance Review - Diagnostics Business
5. Appendix

1. COVID-19 - Update

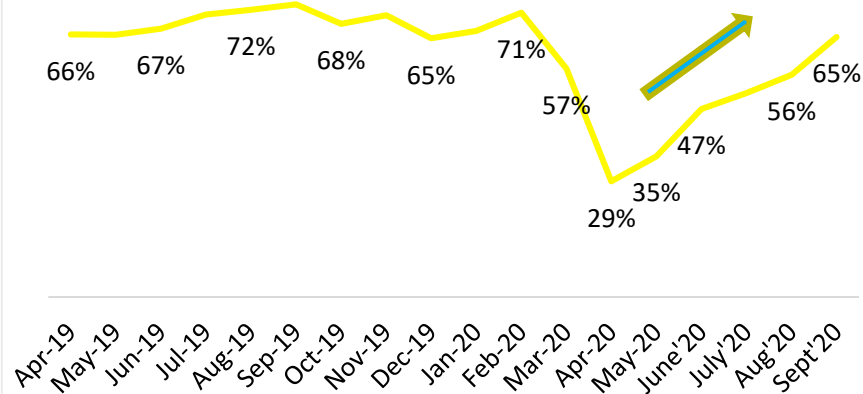
Covid-19 – Industry Update

- Over the last 6-7 weeks, India is witnessing a decreasing trend in daily cases. Compared to an average high of daily cases between 90,000 - 98,000 in mid Sept'20, India has on an average reported ~45,000 daily cases in first week of Nov'20.
- The country has managed to register a strong recovery rate – currently at ~92% compared to ~66% in July-Aug'20; Mortality Rate is at 1.5%
- While significant relaxations are being provided to further open up economic activities; international travel restrictions continue to pose a challenge for medical tourists
- State wise regulatory challenges persist in both the hospitals and diagnostics business, depending on the trend in covid cases (e.g. Delhi/NCR witnessing signs of a resurge in infection cases).
- Elective surgeries in hospitals showing a gradual uptick, significantly better than the trailing quarter.
- Ramp up in covid testing volumes continue; covid could be a significant growth driver for diagnostics business in the short term (*over 8 lac tests being conducted on daily basis*)

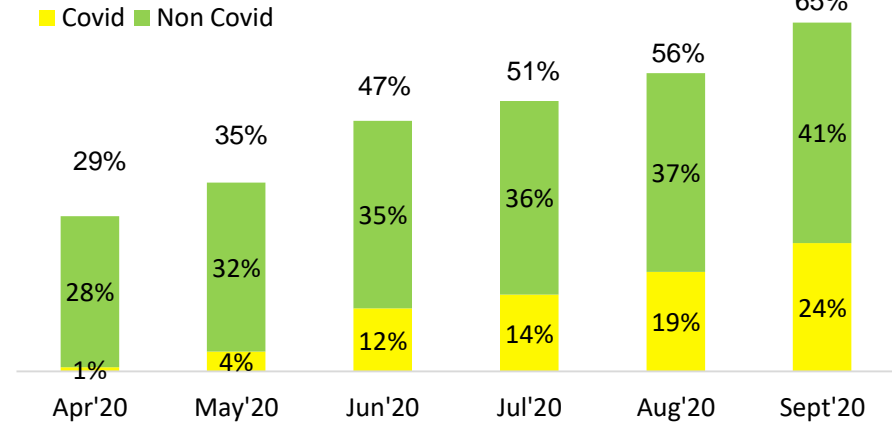
While Covid related challenges remain, business momentum witnessing improvement with full normalization expected by Q1 FY22

Covid-19 – Update (Hospitals Business)

Hospital Occupancy Trend



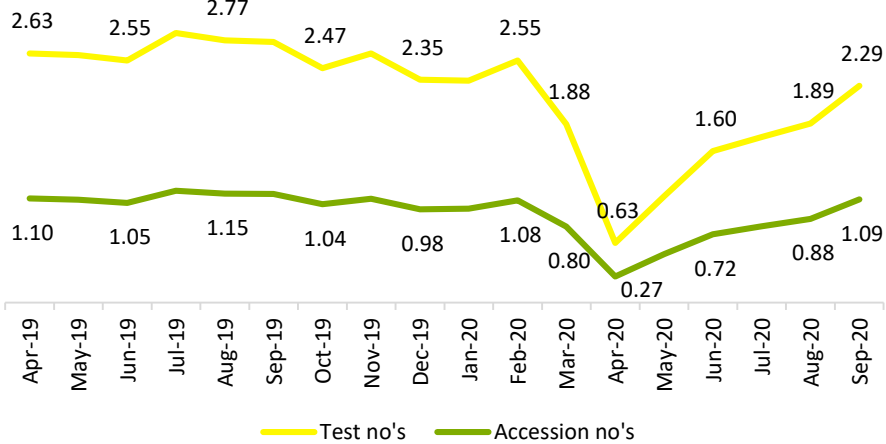
Hospital Occupancy (~3,700 Op beds)



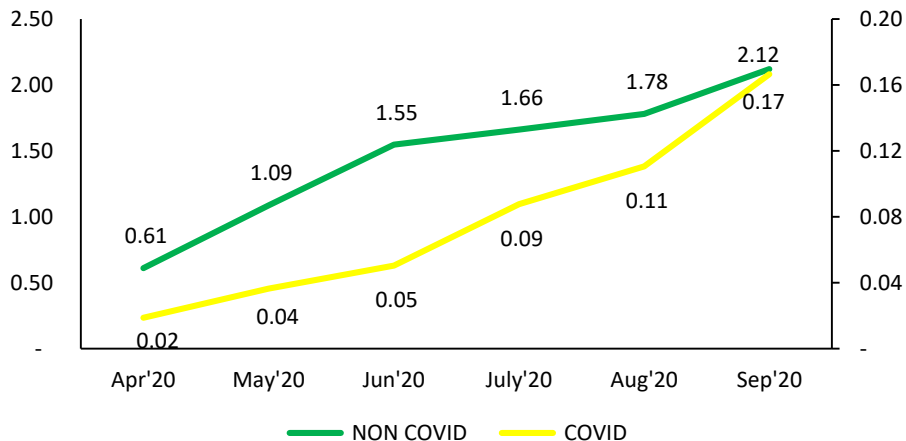
- Steady ramp-up in occupancy from 29% in April'20 to 65% in Sept'20. Oct month occupancy at 66%
- Occupancy on non-Covid beds increased from 28% in April'20 to 41% in Sept'20 (43% in Oct '20)
- Number of COVID patients increasing month on month; however Covid occupancy is currently stable ~23- 24%.
- Hospital business witnessed healthy growth in revenues & profitability versus Q1 FY21

Covid-19 – Update (Diagnostics Business)

Monthly Volumes (mn)



Test Volumes (mn)

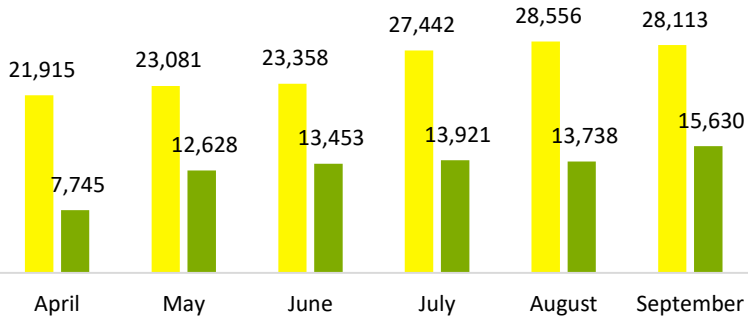


- August and September witnessed significant ramp up in volumes
- Overall business reached 100% and 125% of pre-covid revenues in Aug'20 and Sept '20 respectively. October continues with business at 133% of pre-covid revenues
- COVID revenues at approx. 27% to diagnostics revenues
- Scaling up testing facilities to capitalize on the increasing Covid testing opportunity – 10 centres across India

Gradual Business Recovery

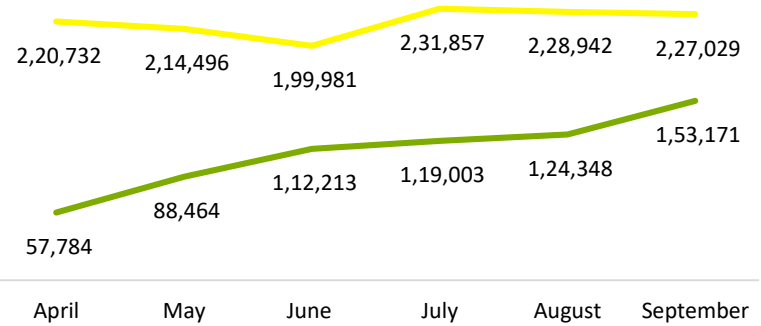
OPD Footfalls (Digital Channels)

FY20 FY21

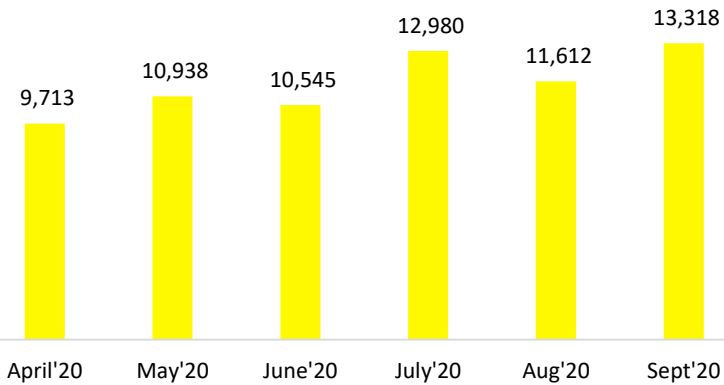


OPD Footfalls

FY20 FY21

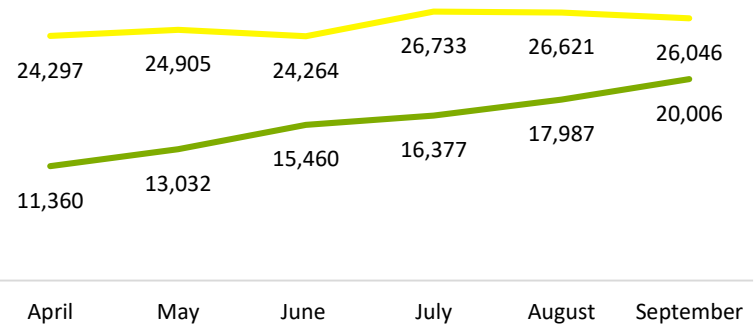


Tele-consults



IPD Admissions

FY20 FY21



2. Q2FY21 - Performance Highlights

Q2FY21 – Performance Highlights

Hospital Business Performance

- Non-covid occupancy improves versus Q1FY21; encouraging signs of recovery in elective surgery volumes
- Key hospitals witnessed significant jump in occupancy. Hospitals such as Vashi, Faridabad, Mulund, BG Road ,FMRI and Shalimar Bagh reached occupancy levels of 95%, 82%, 78%, 70%, 70% and 71% respectively in Sep'20.
- Fortis Hospital, Arcot Road, Chennai commissioned in October 2020
- Expansion plans underway in select facilities such as Shalimar Bagh, Noida, Mulund and Anandapur.

Diagnostics Business Performance

- Higher volume of covid tests in the diagnostics business leading to higher profitability
- Diagnostics business expansion to leverage covid testing opportunity - new testing centers commissioned in Chennai, Bengaluru, Kolkata, and Deogarh
- Robust increase in covid tests* (5.2 Lakh tests in Q2FY21 vs 1.25 lakh in Q1FY21)

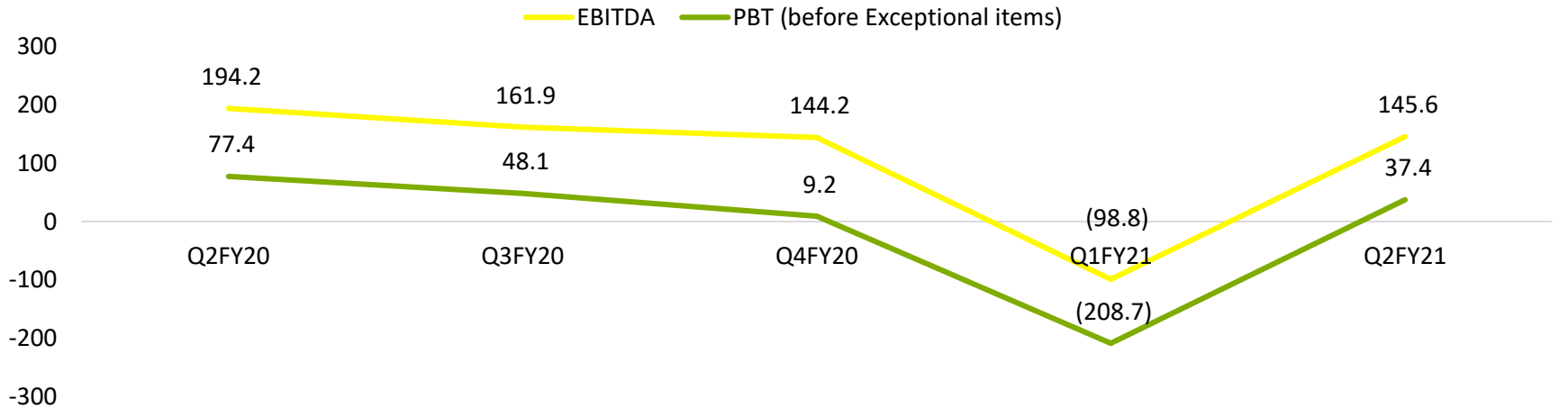
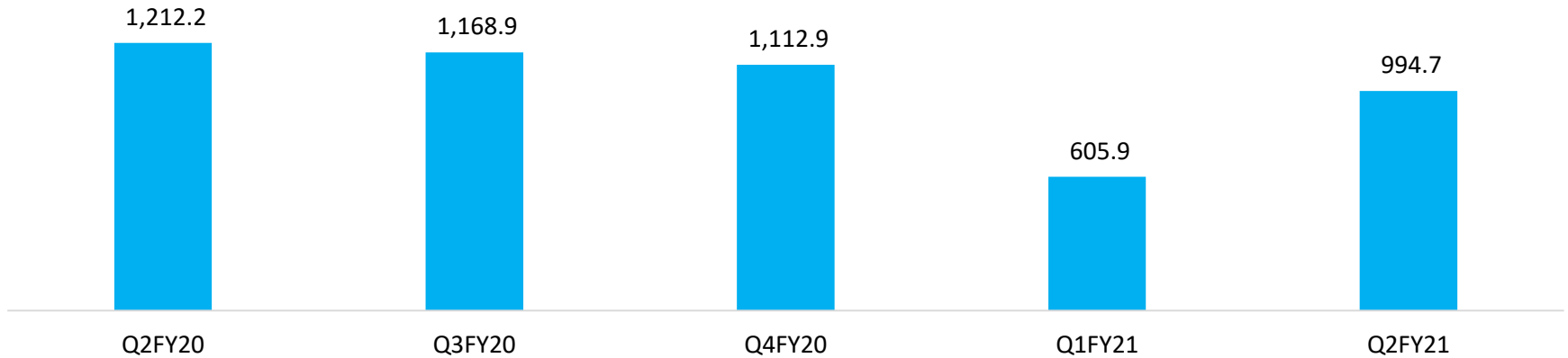
Balance Sheet

- Stronger Balance Sheet with a healthy DE ratio of 0.16x times and comfortable liquidity enabling re-initiation of expansion plans
- Interest cost reduction by 14.6% versus Q2FY20
- Efforts underway to optimize capital structure in certain wholly owned subsidiaries and JVs

Consolidated Earnings Summary – Q2 FY 21

INR Crs

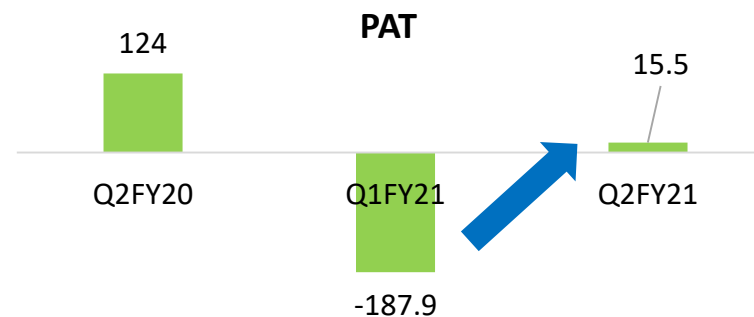
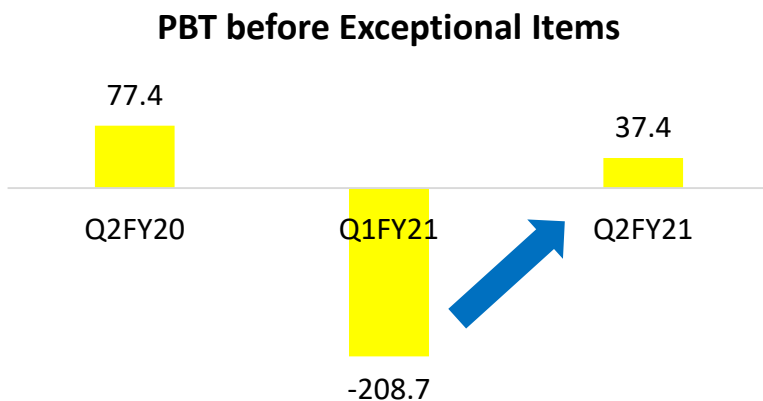
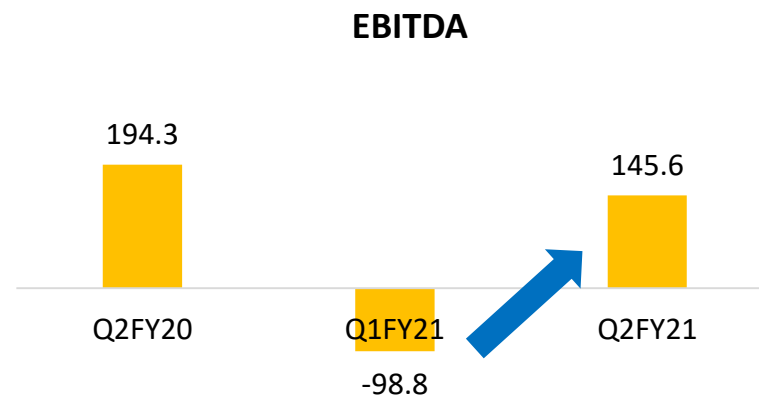
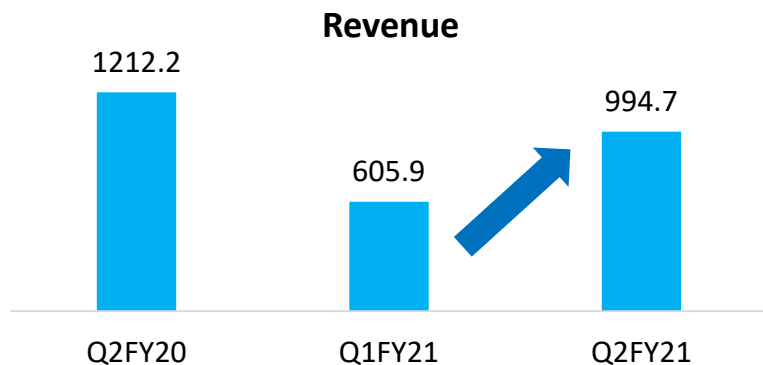
Consolidated Operating Revenue



EBITDA includes other income and forex gain / (loss)

Consolidated Earnings Summary – Q2FY21

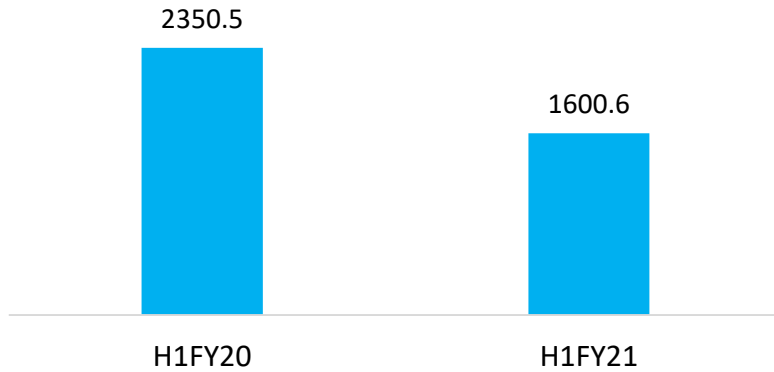
Significant turnaround in Company's revenues and profitability versus the trailing quarter



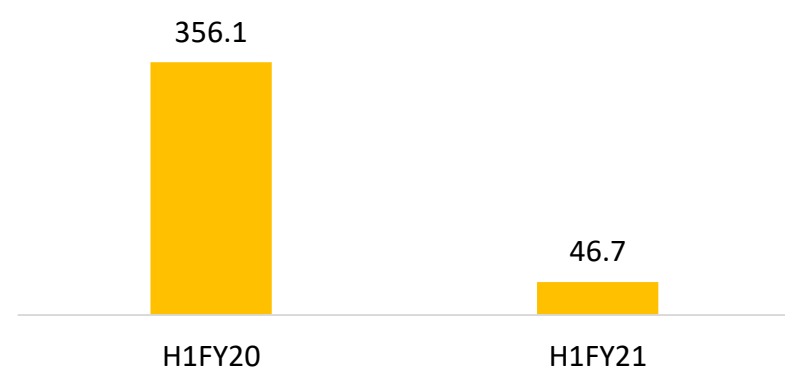
All figures in INR Crs

Consolidated Earnings Summary – H1FY21

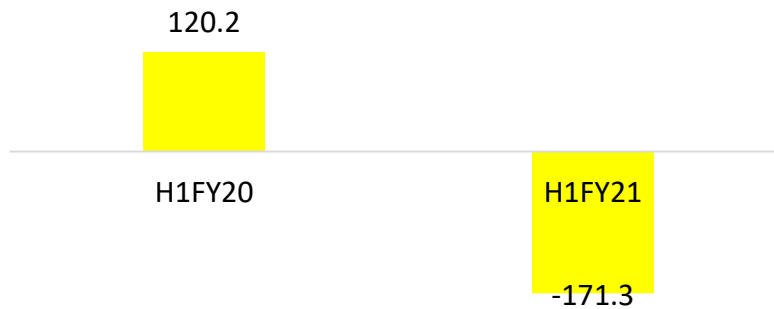
Revenue



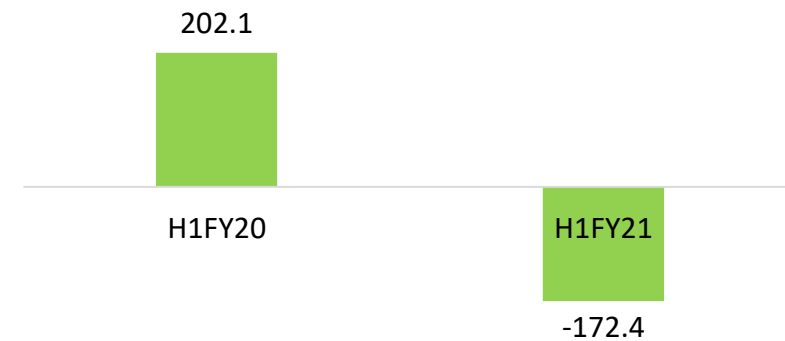
EBITDA



PBT before Exceptional Items



PAT



All figures in INR Crs

Operating Performance – Hospital Business

Particulars (INR Cr)	Hospital Business				
	Q2FY20	Q1FY21	Q2FY21	H1FY20	H1FY21
Operating Revenue	972.3	488.3	746.3	1,885.3	1,234.6
Reported EBITDA	125.4	(79.6)	84.4	237.6	4.8
Margin	12.9%	-16.3%	11.3%	12.6%	0.4%
Adj: Non Recurring expenses	-	-	-	-	-
Adj: Other Income incl FX	2.5	1.3	21.7	22.6	23.0
Operating EBITDA	122.9	(80.8)	62.6	215.0	(18.2)
Margin	12.6%	-16.6%	8.4%	11.4%	-1.5%

Operating Performance – Diagnostic Business

Particulars (INR Cr)	Diagnostic Business [^]				
	Q2FY20	Q1FY21	Q2FY21	H1FY20	H1FY21
Operating Revenue*	276.6	140.4	282.4	535.1	422.7
Reported EBITDA	69.0	(10.6)	70.5	123.8	59.9
Margin	24.9%	-7.5%	25.0%	23.1%	14.2%
Adj: Non Recurring expenses	-	-	-	-	-
Adj: Other Income incl FX	5.2	6.6	7.0	6.2	13.5
Operating EBITDA	63.8	(17.1)	63.5	117.5	46.4
Margin	23.1%	-12.2%	22.5%	22.0%	11.0%

* Diagnostics business revenue is on Gross Basis; ^ Diagnostic business Q2FY21 net revenue stood at INR 248.5 Cr versus INR 239.6 Cr in Q2FY20 and INR 117.6 Crs in Q1FY21

Balance Sheet – September 30, 2020

Balance Sheet (INR Cr)	Mar 31, 2020	June 30, 2020	Sept 30, 2020
Shareholder's Equity	7,206	7,022	7,045
Debt	1,354	1,505	1,413
Lease Liabilities (Ind AS 116)*	240	235	250
Total Capital Employed	8,800	8,763	8,708
Net Fixed Assets (includes CWIP)	5,285	5,262	5,288
Goodwill	3,721	3,722	3,722
Investments	175	180	182
Cash and Cash Equivalents	350	267	300
Net Other Assets	(732)	(668)	(784)
Total Assets	8,800	8,763	8,708
Net Debt / (cash)	1,004	1,238	1,113
Net Debt to Equity	0.14x	0.18x	0.16x

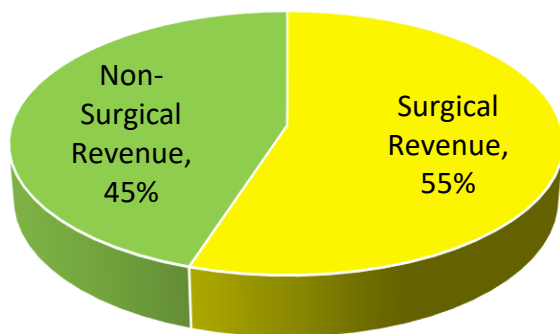
*Pertains to lease liability on account of adoption of new accounting standard on leases w.e.f. April 1, 2019.
Net debt excludes lease liabilities.

3. Performance Review – Hospitals Business

Revenue Mix

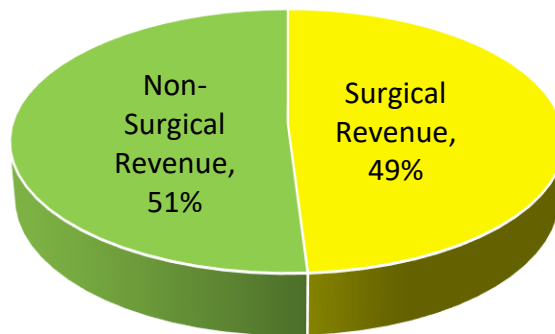
Q2FY20

Gross Revenue : INR 1018 CR



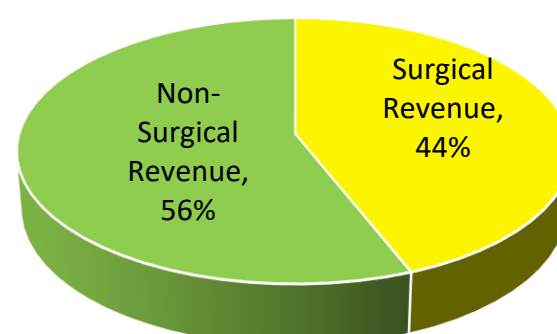
Q1FY21

Gross Revenue : INR 509 CR



Q2FY21

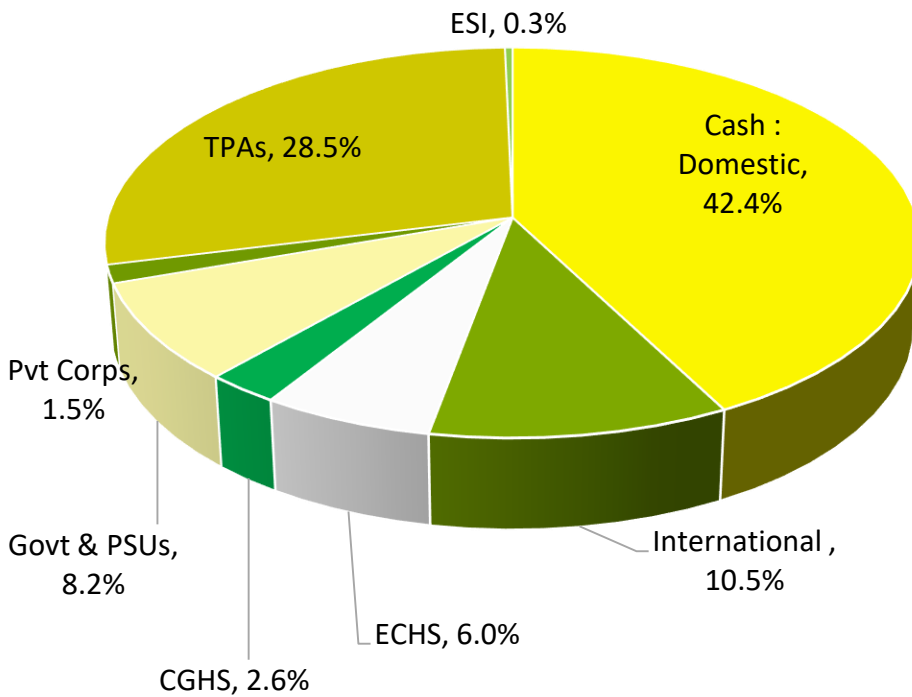
Gross Revenue : INR 781 CR



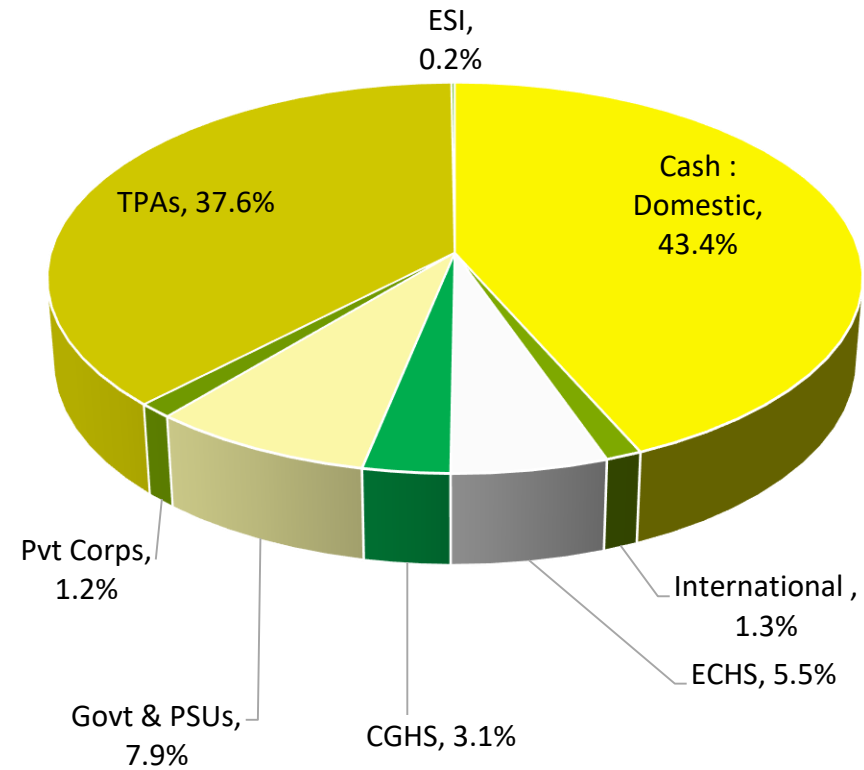
- Decline in elective surgeries on account of Covid resulting in lower surgical revenue contribution

Payor Mix

Q2FY20

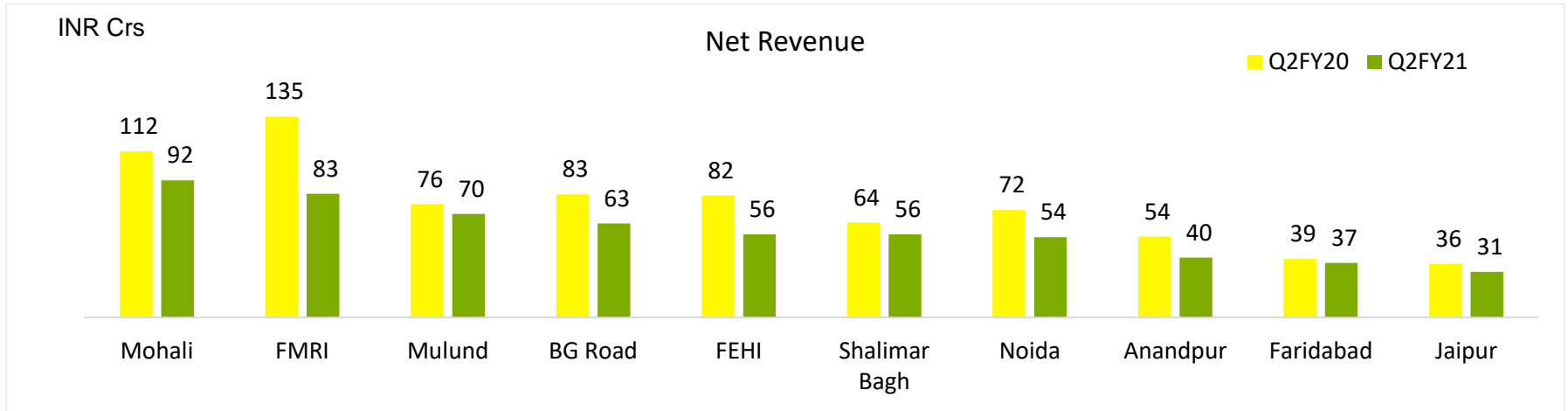


Q2FY21



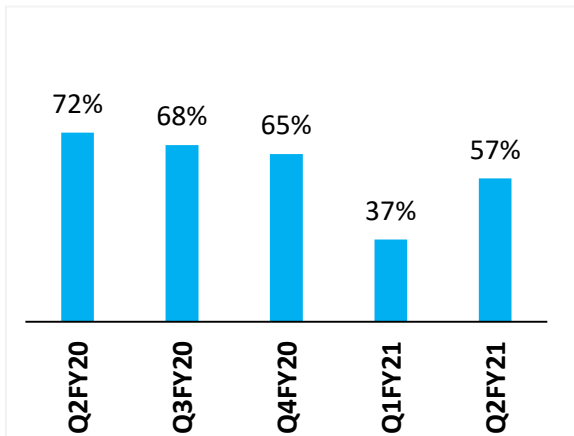
Hospitals Business Performance – Q2FY21

Hospital Wise Performance

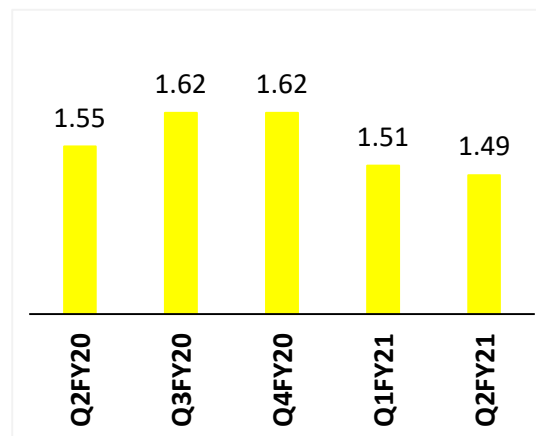


Key Performance Indicators

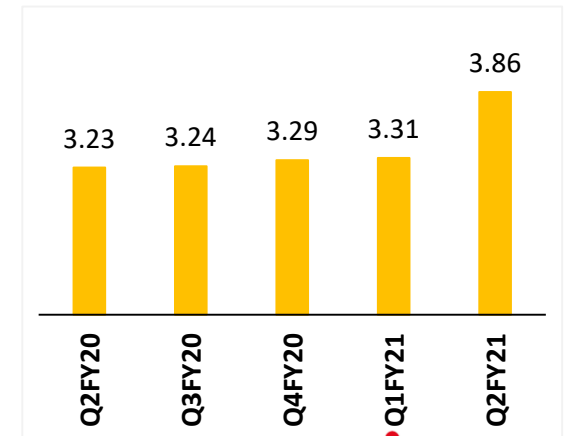
Occupancy (%)



ARPOB (INR Cr per annum)



ALOS (Days)



FORTIS hospital at Vadapalani (Arcot Road, Chennai)

- Fortis Vadapalani, Chennai, a 250-bedded multi-specialty hospital, was inaugurated in October 2020.
- Hospital features 75 ICU Beds, 6 Operation Theatres (OTs), 3 Minor OTs and Procedure Rooms, a state-of-the-art Cath Lab.
- Other salient features of the hospital include
 - A 3 Tesla MRI with a wide bore to facilitate the ease of scanning
 - 256-slice dual source CT.
 - An advanced ultrasound machine offering high-end liver elastography, the first-of-its-kind in India
 - A Cath lab featuring the Azurion 7 M20 with 20-inch detector, along with inbuilt IVUS that is attached to a dedicated CCU



Key Initiatives – Q2FY21

- **Fortis Anandapur, Kolkata**, launched the city's only Dual Source Dual Energy Somatom Drive CT scanner, which is 24 times faster than any other CT scan machine, making it a fast and clinically superior means of diagnosis for geriatric, paediatric and trauma patients.
- A unique Body Plethysmography machine was launched at **Fortis Flt Lt Rajan Dhall Hospital, Vasant Kunj**. Body Plethysmograph, also commonly known as Body Box, allows doctors to assess function residual capacity and specific airway resistance as primary measures.
- **Fortis Hospital, Mulund**, introduced Central Mumbai's first Tesla Advanced Biomatrix MRI to ramp up the Radiology offerings. The machine offers a combination of powerful magnet and advanced features, resulting in high resolution scanning at maximum speed.
- **Fortis Hospital, BG Road , Bengaluru** installed an advance Biplane Cath Lab on the occasion of world stroke day on October 29, 2020. This is the first state of the art Biplane Cath lab in the state of Karnataka. The facility will provide advanced care for neurovascular disorder.

Clinical Excellence – Q2FY21

A team of doctors at **Fortis Memorial Research Institute (FMRI), Gurugram** successfully treated a COVID-19 positive patient who had developed a sudden life-threatening heart problem. The patient, a known case of diabetes, had undergone pacemaker implantation earlier. On admission, the patient had bilateral pneumonia and COVID-19 infection with haemoptysis (coughing up of blood or blood-stained mucus)

A 92-year-old patient with diabetes, high blood pressure, heart disease and previous history of heart surgery was successfully treated by a team of Doctors at **Fortis Hospital, Shalimar Bagh**. The patient had chest pain, nausea and breathlessness. A COVID-19 test turned out positive which had affected both the lungs.

A team of Doctors from the Department of Surgical Oncology, **Fortis Hospital, Bannerghatta Road, Bengaluru**, operated upon a 31-year-old female foreign national suffering from Stage IVA Thymoma (cancer of Thymus gland). The case was extremely rare and challenging. Detailed evaluation revealed that a tumour had grown and spread within the chest cavity (intrathoracic metastases).

The Department of Hematology, Haemato- Oncology and Bone Marrow Transplant (BMT) at **Fortis Memorial Research Institute (FMRI), Gurugram**, has successfully completed 30 BMT procedures during the COVID-19 pandemic.

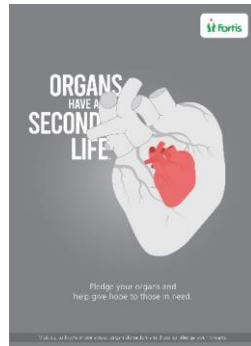
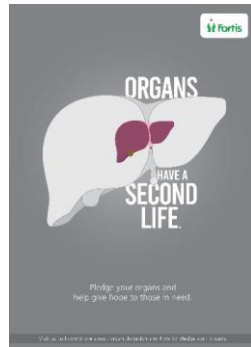
A team of doctors at **Fortis Malar, Chennai**, diligently handled a 49-year-old patient who had suffering a black-out spell at home. The patient, a known case of Type 2 Diabetes and Ischemic heart disease (IHD), was found to be COVID-19 positive on testing but initially remained largely asymptomatic. However, on Day 7, a CT scan revealed that his lungs had exploded with infiltrates and barely 15% of clear lung field had been left untouched by COVID.

Health Days Campaigns

Doctors Day



Organ Donor Day



Patient Safety Day

AT FORTIS, EVERY DAY IS PATIENT SAFETY DAY.
17000 infection-free surgeries done during the pandemic.

PATIENT SAFETY MEASURES

- Temperature checks at entry.
- Round-the-clock sanitization of OT and ICU using Hypochlorite solution.
- Rigorous safety training for the staff.
- Appropriate PPE used by the staff and doctors to ensure patient safety.
- Reduced shift timings to prevent fatigue.
- Decontamination shower mandatory for the staff after duty.
- Dedicated Air Handling Unit for each OT.

WHILE VISITING US, PLEASE:

- Wear a mask at all times.
- Maintain social distancing.
- Carry hand sanitizer.

To know more about our infection control measures or to book a surgery today, please feel free to contact XXXXX XXXXX.

*As per available medical records.

World Heart Day

FOR SOME, STAYING IN CAN BE RISKIER THAN STEPPING OUT.

Blocked arteries or any other heart ailment - acting at the right time may make all the difference. So, don't let the pandemic delay your cardiac treatment. **Consult our cardiac experts today.**

Get A Free Second opinion

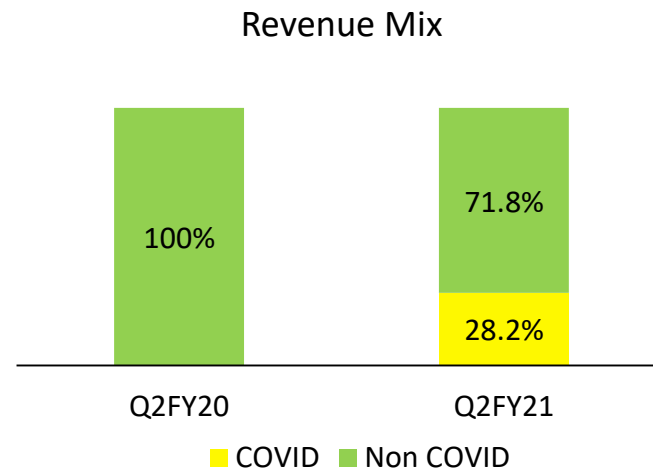
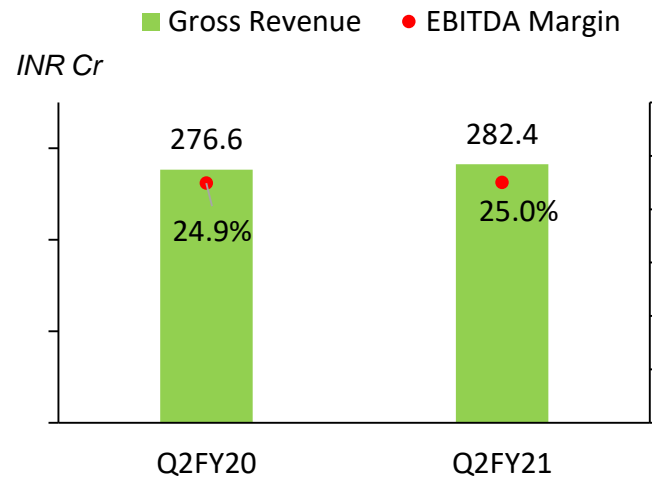
World Heart Day
23rd SEP 2020
Let's make every heart a healthy heart.

Log on to www.fortishealthcare.com to book an appointment.

4. Performance Review – Diagnostics Business

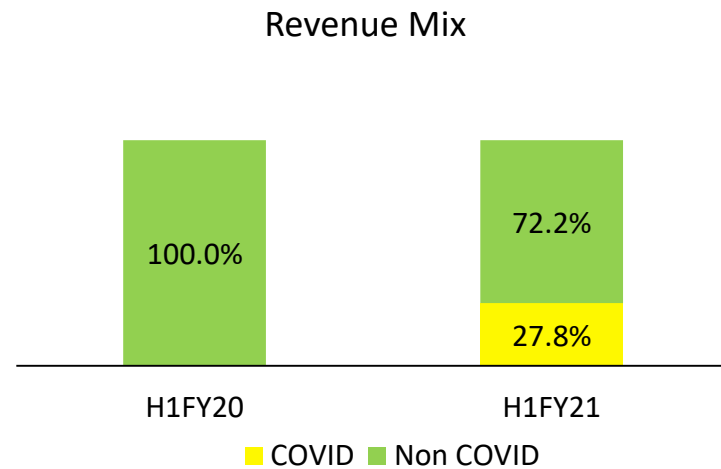
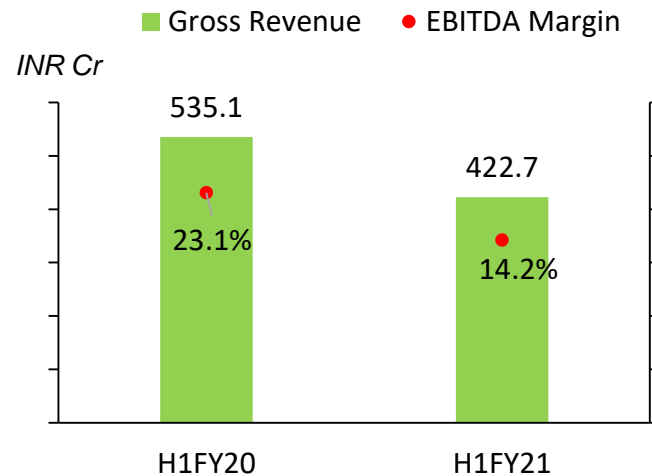
Diagnostics Business – Q2 FY21

- SRL achieved the 100 Cr+ monthly revenue mark for the first time in Sep'20, achieved growth of 2.4% in Q2 FY 2021.
- SRL conducted approximately 5.9 Mn tests during Q2 FY21, a decline of 29.0%. Average Revenue Per Test (ARPT) increased by 44%, driven by COVID RT-PCR tests.
- Launched 7 new labs (8 including JVs) and added 179 collection centers to its network in Q2FY21.
- Company witnessed a QoQ acceleration in revenues from Collection Centers, Home collection (nearly doubled the number of visits vs Q2 FY20), and Direct clients ahead of other channels.
- COVID: SRL conducted 5.2 lacs tests in Q2 FY2021 vs. 1.25 lacs tests in Q1 FY2021 (including JVs).



Diagnostics Business – H1 FY21

- In addition to COVID testing facilities in Delhi NCR, Mumbai, and Kerala; SRL launched its 10th RTPCR Lab* recently expanding its network in Hyderabad, Chennai, Bangalore, Kolkata, and Deogarh (Jharkhand) as well.
- Initiated new product promotions in Q2 to address current hospital and patient needs .i.e. immune check panel, with addition of 3 preventive packages with smart plus health reports.
- Achieved significant cost rationalization with ~19% reduction in fixed costs.

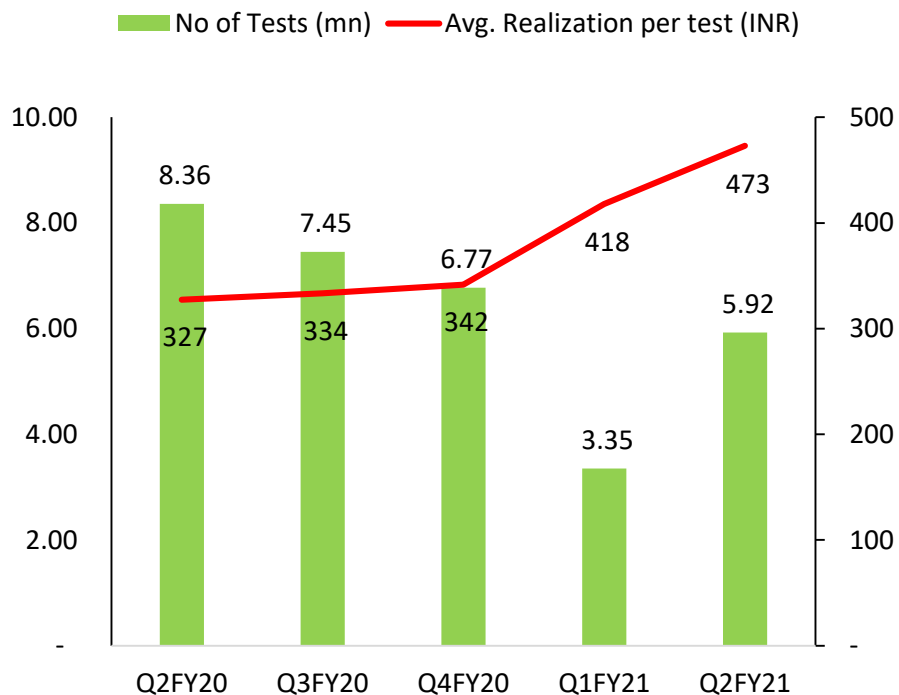


* Including JVs

• EBITDA includes other income

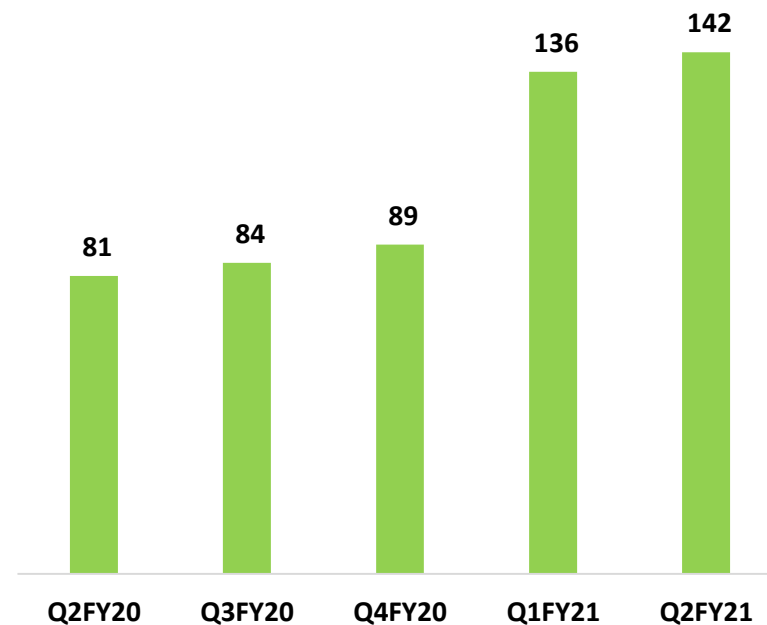
Key Performance Metrics

Number of Tests and Average Realizations*



Direct Cost per test

Direct Cost per test (INR)



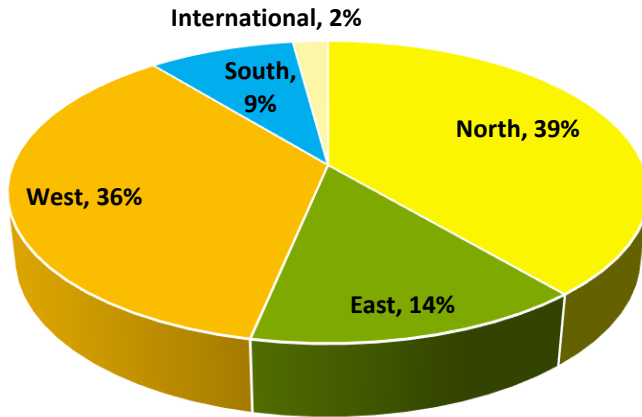
Higher average realisation per test in Q1FY21 & Q2FY21 is primarily due to increase in COVID test volumes; higher direct cost for COVID tests along with lower volumes in non COVID tests negatively impacted direct costs

*Excluding joint ventures

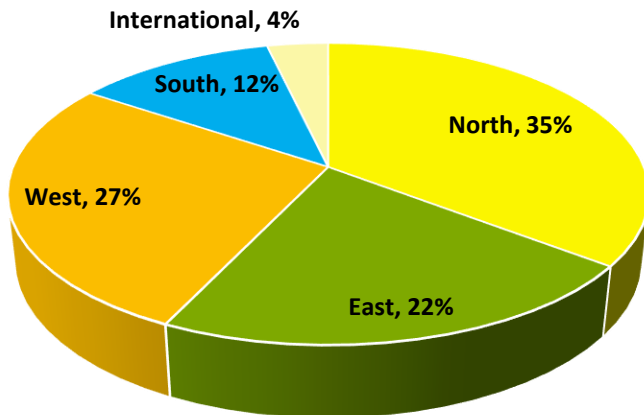
Revenue Mix

Geographic Mix*

Q2 FY21

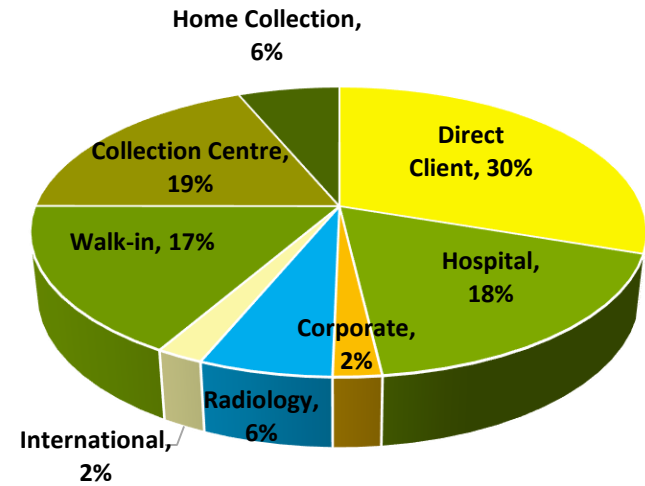


Q2 FY20

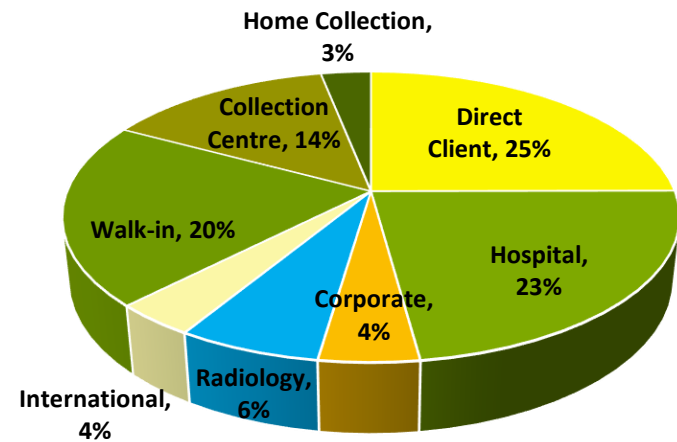


Customer Mix*

Q2 FY21



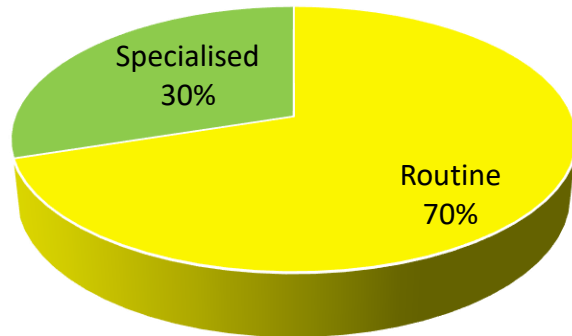
Q2 FY20



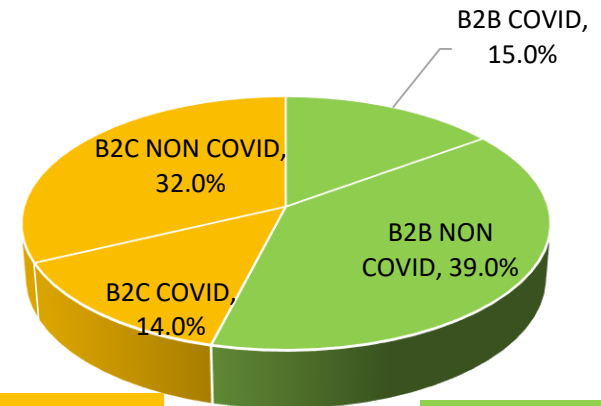
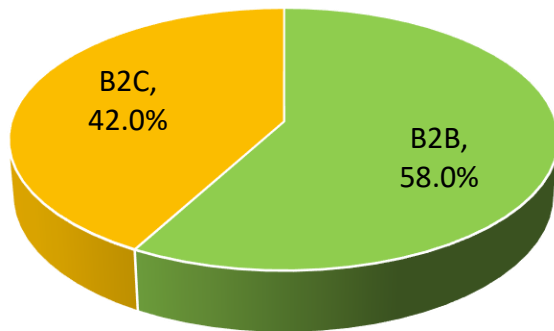
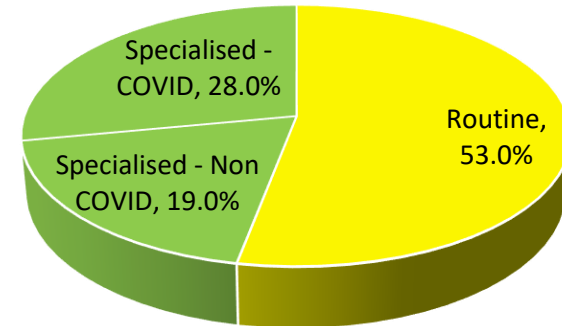
* Excluding JVs

Revenue Mix by Product and Segment

Q2FY20



Q2FY21



B2C – 46%

B2B – 54%

5. Appendix

Group Consolidated P&L – Q2FY21

Particulars (INR Cr)	Q2FY20	Q1FY21	Q2FY21
	Unaudited	Unaudited	Unaudited
Revenue from operations	1,212.2	606.0	994.7
Other income	9.8	4.4	25.6
Total income	1,221.9	610.4	1,020.3
Expenses	1,027.7	709.2	874.7
EBITDA*	194.2	(98.8)	145.6
Margin	16.0%	-16.3%	14.6%
Finance costs	49.2	41.1	42.1
Depreciation and amortisation expense	70.8	71.6	74.3
PBT	74.3	(211.6)	29.2
Share of profit / (loss) of associates and joint ventures (net)	3.2	2.9	8.3
Net profit / (loss) before exceptional items and tax	77.4	(208.7)	37.4
Exceptional gain^	52.3	0.5	0.6
Profit / (loss) before tax from continuing operations	129.7	(208.3)	38.0
Tax expense / (credit)**	5.7	(20.4)	22.6
Net profit / (loss) for the period from continuing operations	124.0	(187.9)	15.5
Profit / (loss) from continuing operations attributable to Owners of the company	111.0	(178.9)	(3.9)

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

^Exceptional gain in Q2FY20 was primarily due to profit on divestment of MSCL, Mauritius

**Tax credit in Q1FY21 mainly due to non-recognition of DTA in certain Fortis subsidiaries

Group Consolidated P&L – H1FY21

Particulars (INR Cr)	H1FY20	H1FY21
	Unaudited	Unaudited
Revenue from operations	2,350.5	1,600.7
Other income	29.3	30.1
Total income	2,379.8	1,630.8
Expenses	2,023.7	1,583.9
EBITDA*	356.1	46.7
Margin	15.1%	2.9%
Finance costs	100.2	83.2
Depreciation and amortisation expense	141.7	146.0
PBT	114.2	(182.4)
Share of profit / (loss) of associates and joint ventures (net)	6.0	11.1
Net profit / (loss) before exceptional items and tax	120.2	(171.3)
Exceptional gain^	61.8	1.1
Profit / (loss) before tax from continuing operations	182.0	(170.2)
Tax expense / (credit)**	(20.0)	2.2
Net profit / (loss) for the period from continuing operations	202.0	(172.4)
Profit / (loss) from continuing operations attributable to Owners of the company	178.8	(182.8)

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

^Exceptional gain in H1FY20 was primarily due to profit on divestment of MSCL, Mauritius

**Tax credit in H1FY21 mainly due to non-recognition of DTA in certain Fortis subsidiaries

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Thank You