

# Fortis Healthcare Limited Investor Presentation

*“Saving and Enriching Lives”*



**Nomura Corporate Day  
Singapore and Hong Kong  
12<sup>th</sup> -13<sup>th</sup> March 2014**

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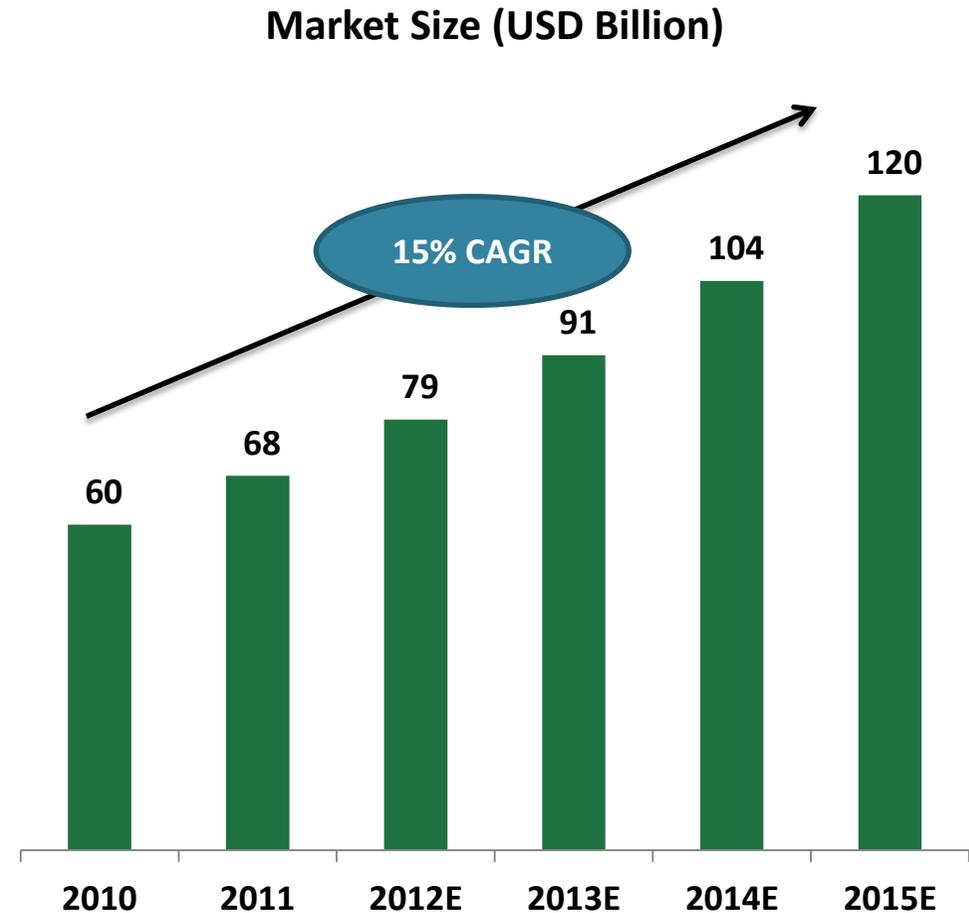
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# Indian Healthcare Sector: Strong Growth Prospects

➤ Over USD 150 Billion in revenues by 2017, a 2x rise

➤ Healthcare delivery .i.e. Hospitals the largest segment, but highly fragmented

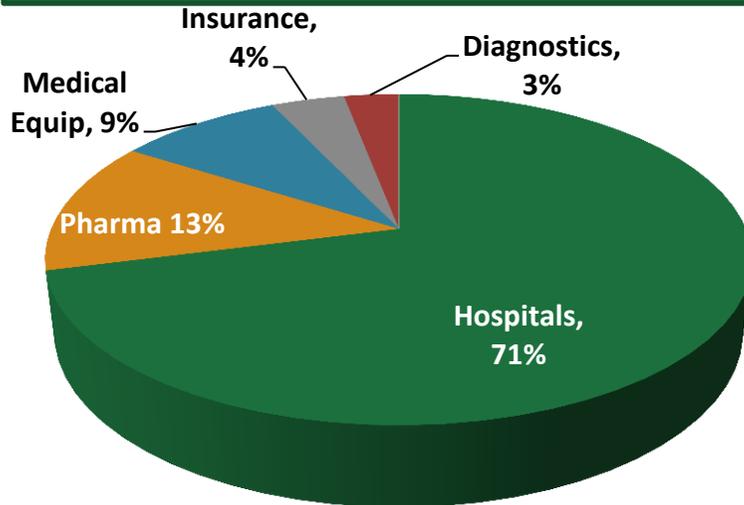
- Macro growth drivers
- Favorable Demographics
  - Rising Non-communicable diseases
  - Low Insurance Penetration
  - Relatively low healthcare spend



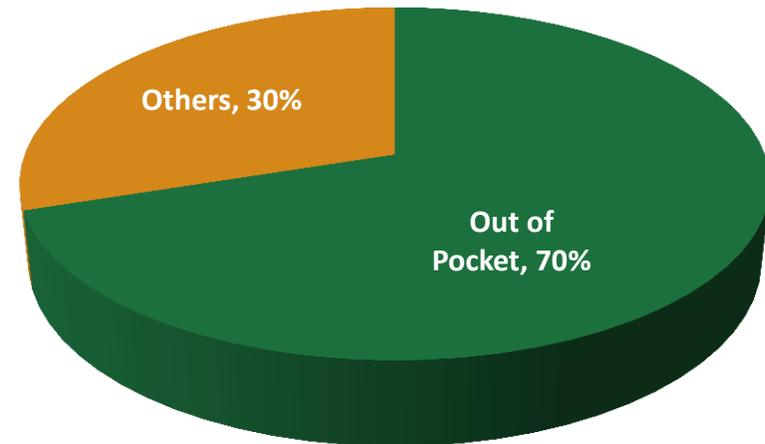
Source : Frost & Sullivan

# Healthcare Delivery Market

Market break-up by revenues (2012E)\*



Channel Mix\*\*

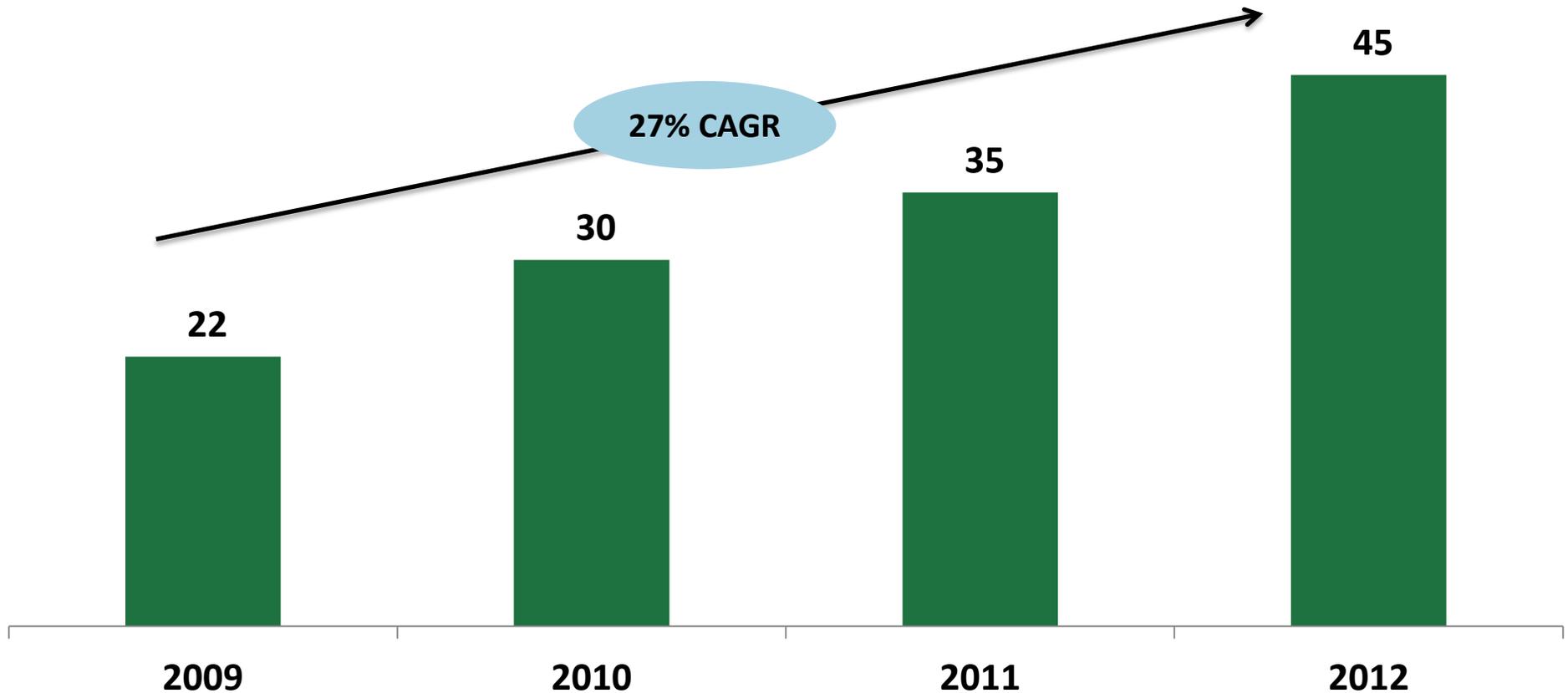


- ~USD 55 billion^ market; ~ 80% contribution from the private sector
- Significant Out of Pocket expenditure
- Limited reach of high quality healthcare delivery in tier II and III cities
- Varying delivery models i.e. Primary Care, Secondary Care, Tertiary Care – Emerging Single Specialty Facilities and Day Care centers.

# Robust growth in Private Healthcare Delivery Market

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Market size of Private Hospitals ^ (USD Billion)



Source : IBEF, August 2013; Figures mentioned have been rounded off as applicable

# Favorable Industry Dynamics

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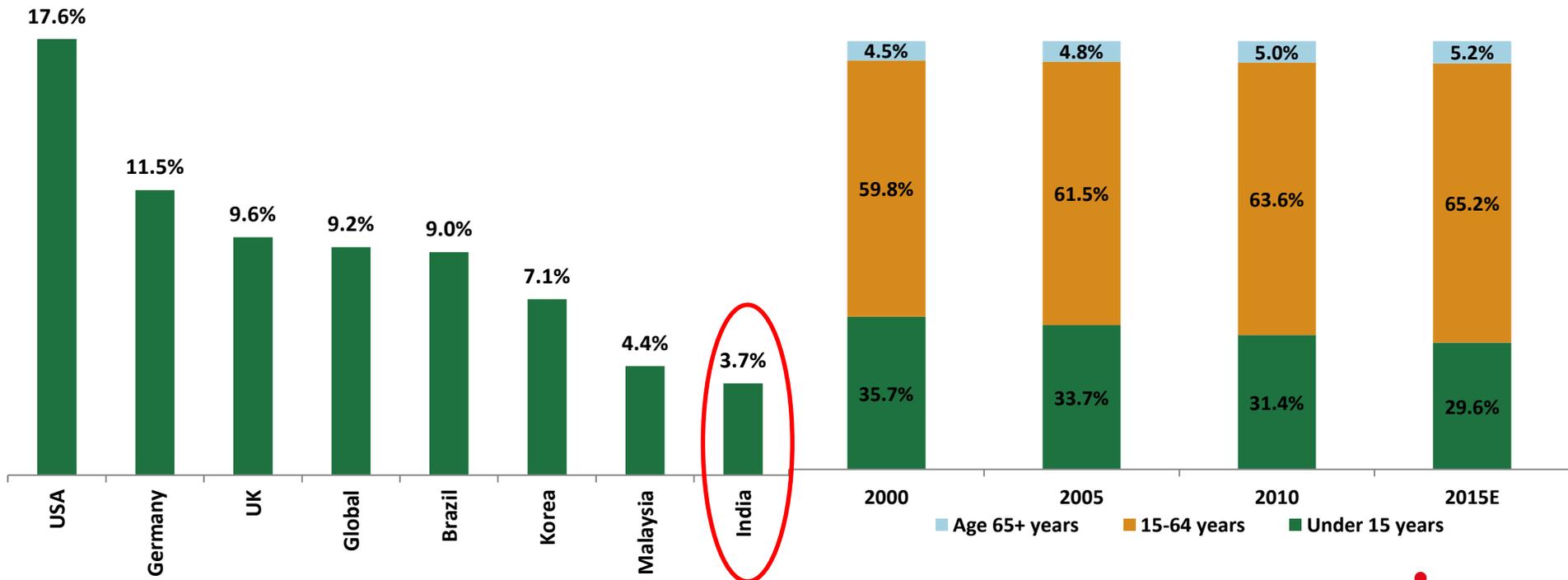


# Health Expenditure

- Developed nations ~ 10% of GDP
- Developing nations ~ 6% of GDP
- India ~ 4% of GDP

# Demographics

**By 2030, India is expected to have the world's largest population.**



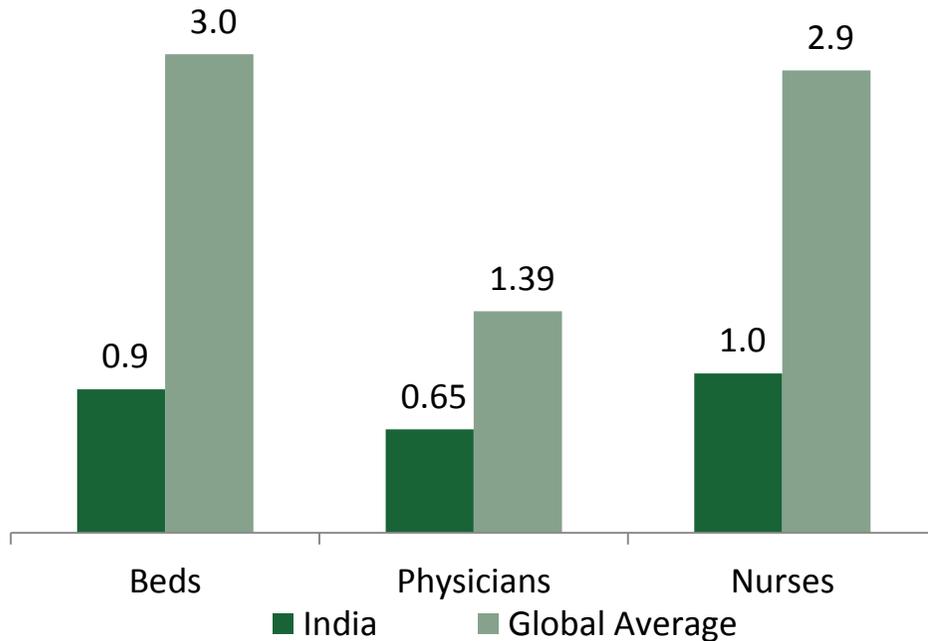
Source: WHO, World Health Statistics 2013

# Healthcare Infrastructure

Additional 1.5 million doctors and  
2.4 million nurses required

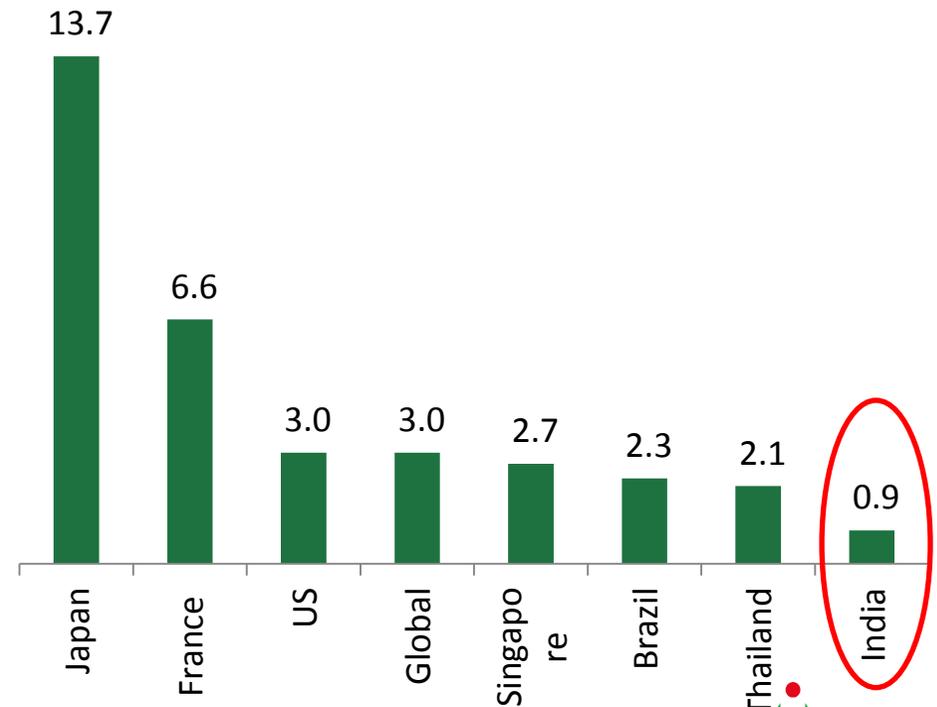
Additional 1.8 million beds required  
by 2025

Health infrastructure per 1,000  
population



Source: WHO, World Health Statistics 2013

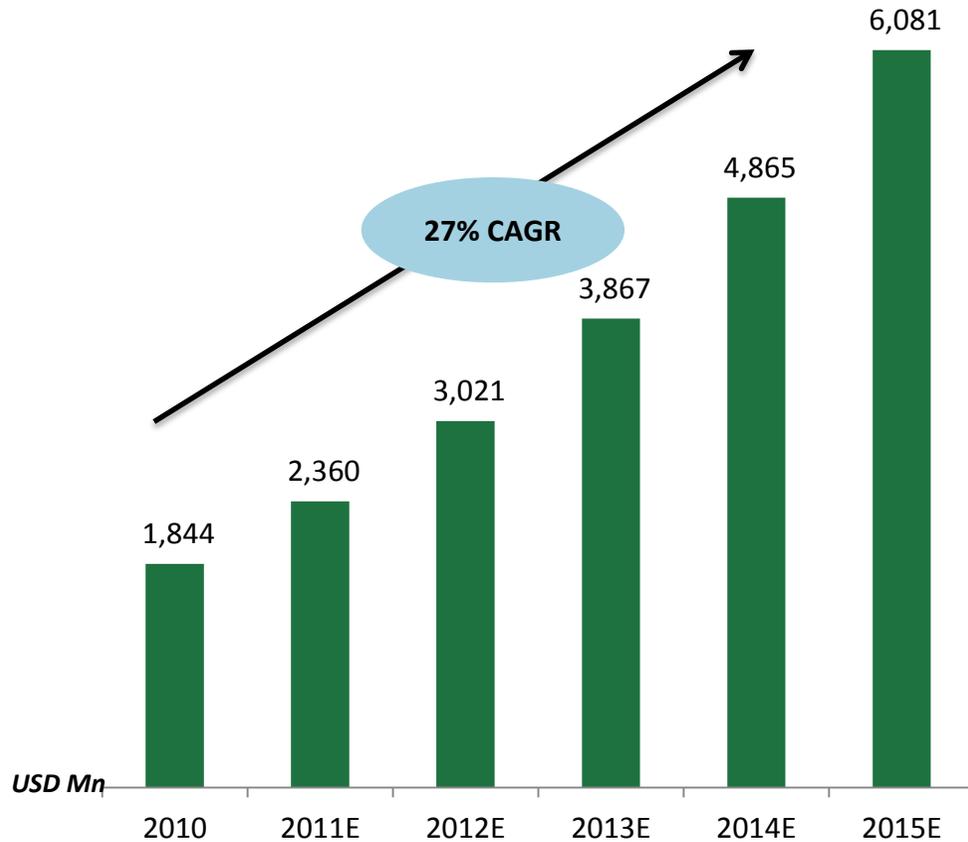
Beds per 1,000 population



Source: WHO, World Health Statistics 2013

# Health Insurance

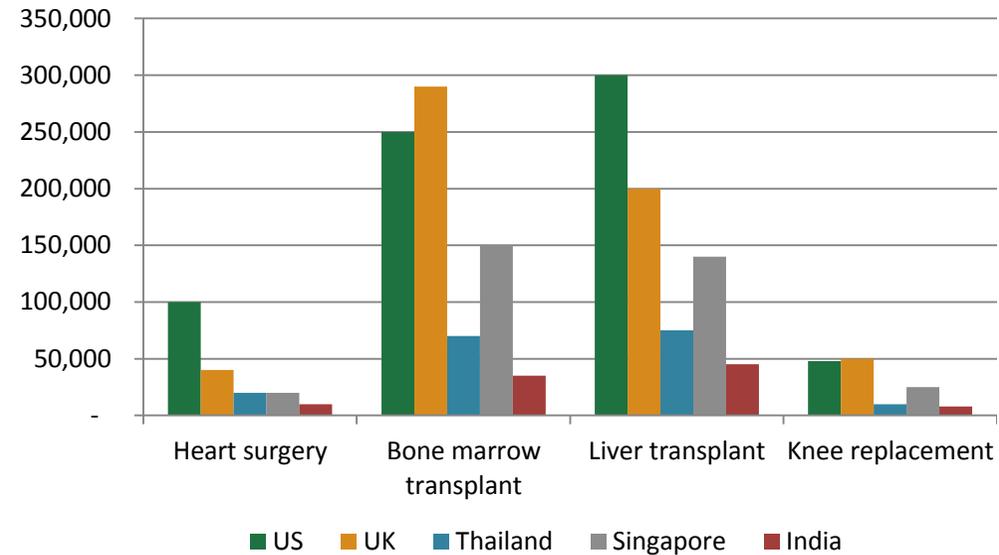
Market Size (Insurance Premium)



# Medical Tourism

USD

Cost of surgeries

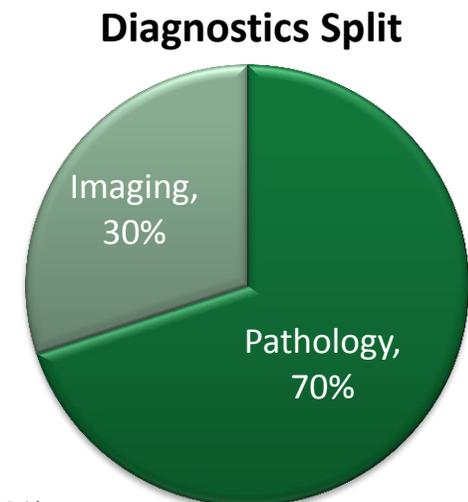
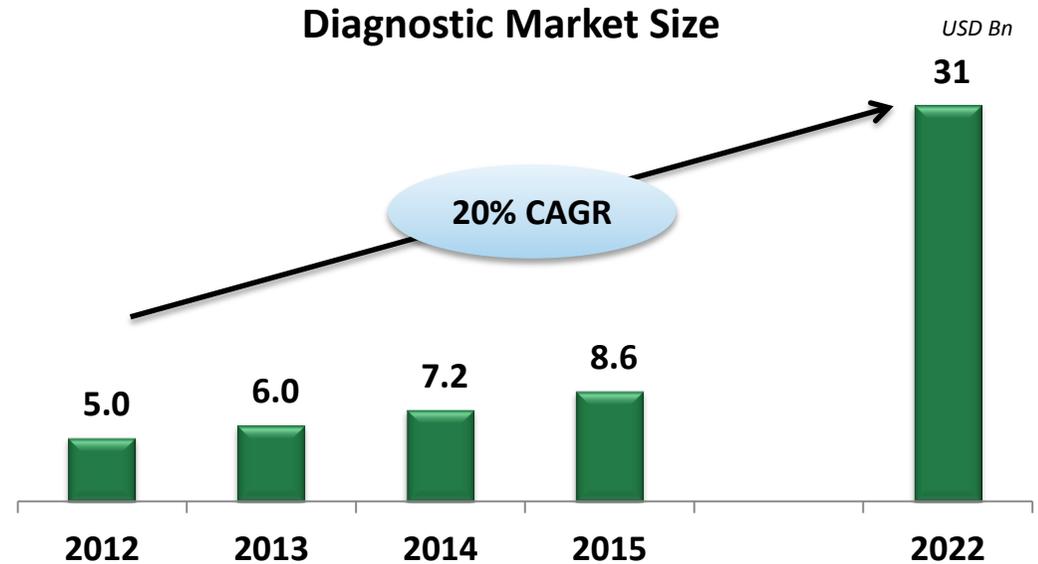


Market size ~ USD 3.9 billion (2014)

- WORLD CLASS QUALITY
- CLINICAL EXCELLENCE
- LOWER COSTS AND LESS WAITING TIME

# Indian Diagnostic Market

- USD 5 billion in market size, +20% CAGR through 2022
- Highly fragmented ~ 10% in organized segment (*hub and spoke model*)
- Lack of an appropriate regulatory framework
- No insurance coverage



# Fortis - An Overview

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- Amongst the largest healthcare service providers in India with ~4,100<sup>(1)</sup> operational beds across 63 healthcare facilities and total potential bed capacity of over 9,500<sup>(2)</sup> beds



- Leader in the organized diagnostics segment with 12 Reference Labs, approx. 260 network laboratories and a footprint spanning over 5000 Collection points across 450 cities in India.

## INTERNATIONAL BUSINESSES



- Amongst the largest private diagnostic and imaging companies in Singapore



- A state of the art Greenfield multi-specialty medical and surgical hospital in Singapore

<sup>(1)</sup>Includes owned, managed, leased and operated beds

<sup>(2)</sup>Includes existing capacity, potential expansion in existing facilities and new projects.

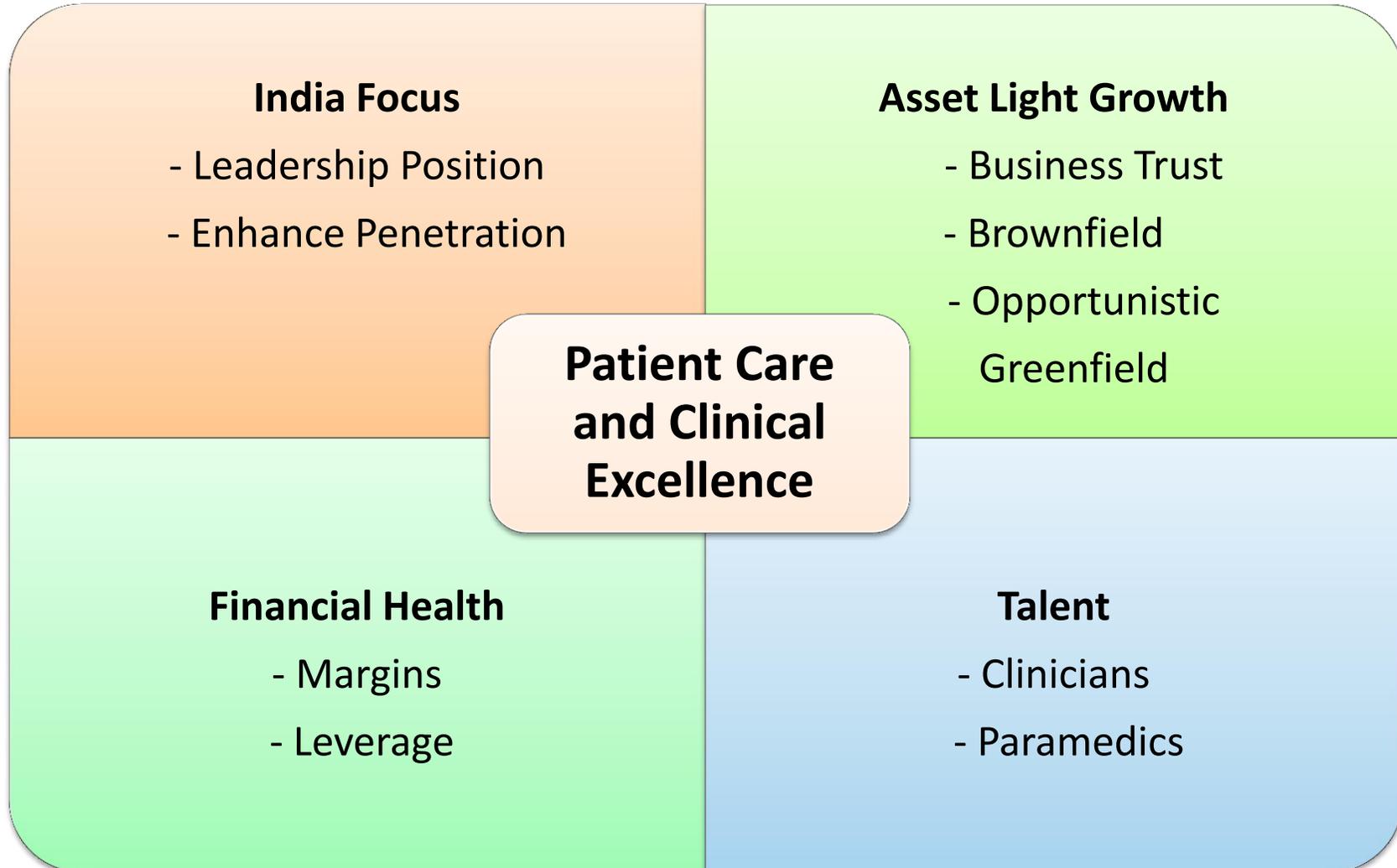
# Fortis Values

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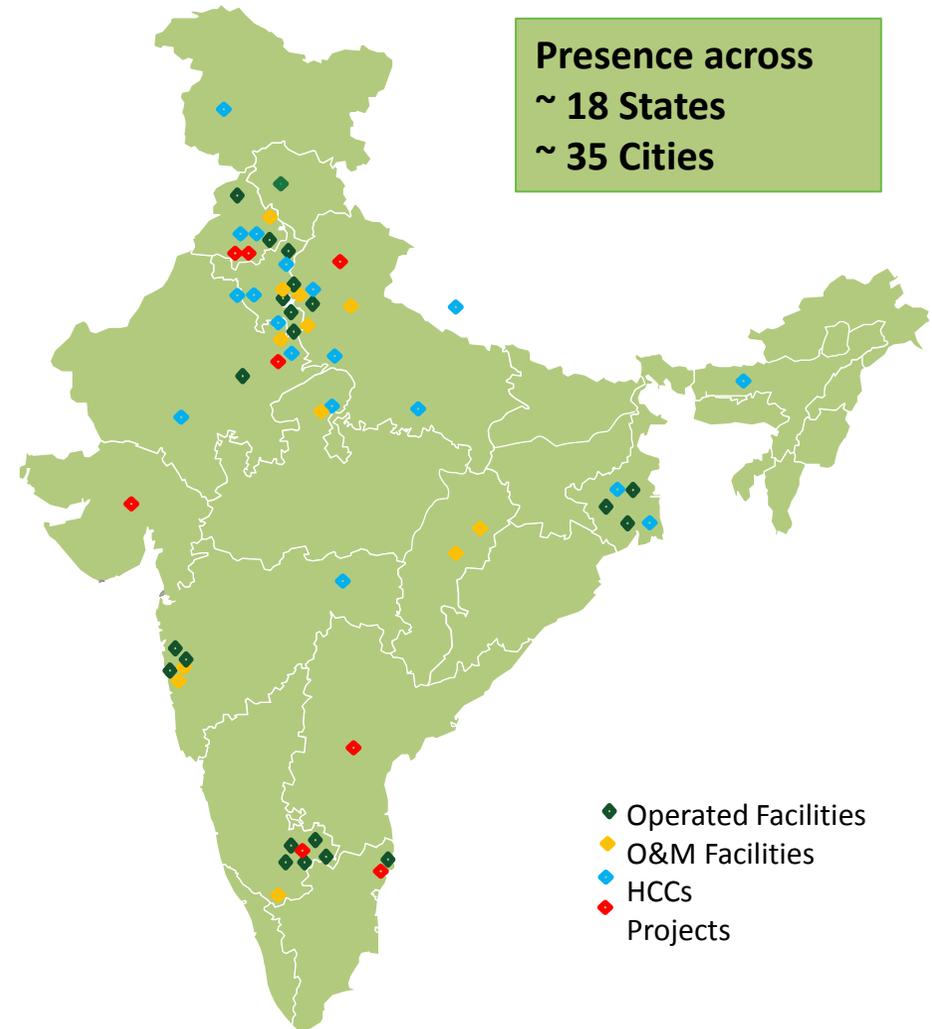
# Strategic Focus

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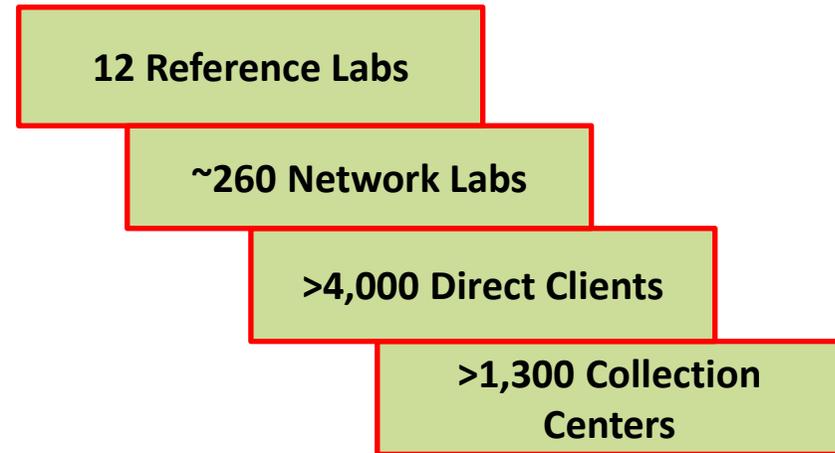
# Leading Healthcare Service Provider

- A young organisation starting in 2001, gone on to become one of the largest healthcare delivery providers in the country
- 63 healthcare delivery facilities – 36 operating facilities, 20 satellite and heart command centers and 7 hospitals under development
- International and Nationally accredited facilities by JCI, NABH\*, NABL\*.
- Presence across key specialties in tertiary care like Cardiac Sciences, Neuro Sciences, Ortho, Renal Sciences, Gastroenterology, Oncology and Pulmonology

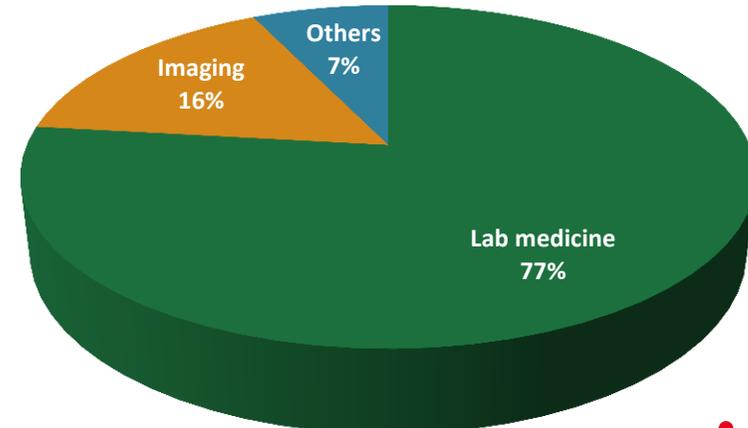


# SRL Ltd – Largest Laboratory Network In India

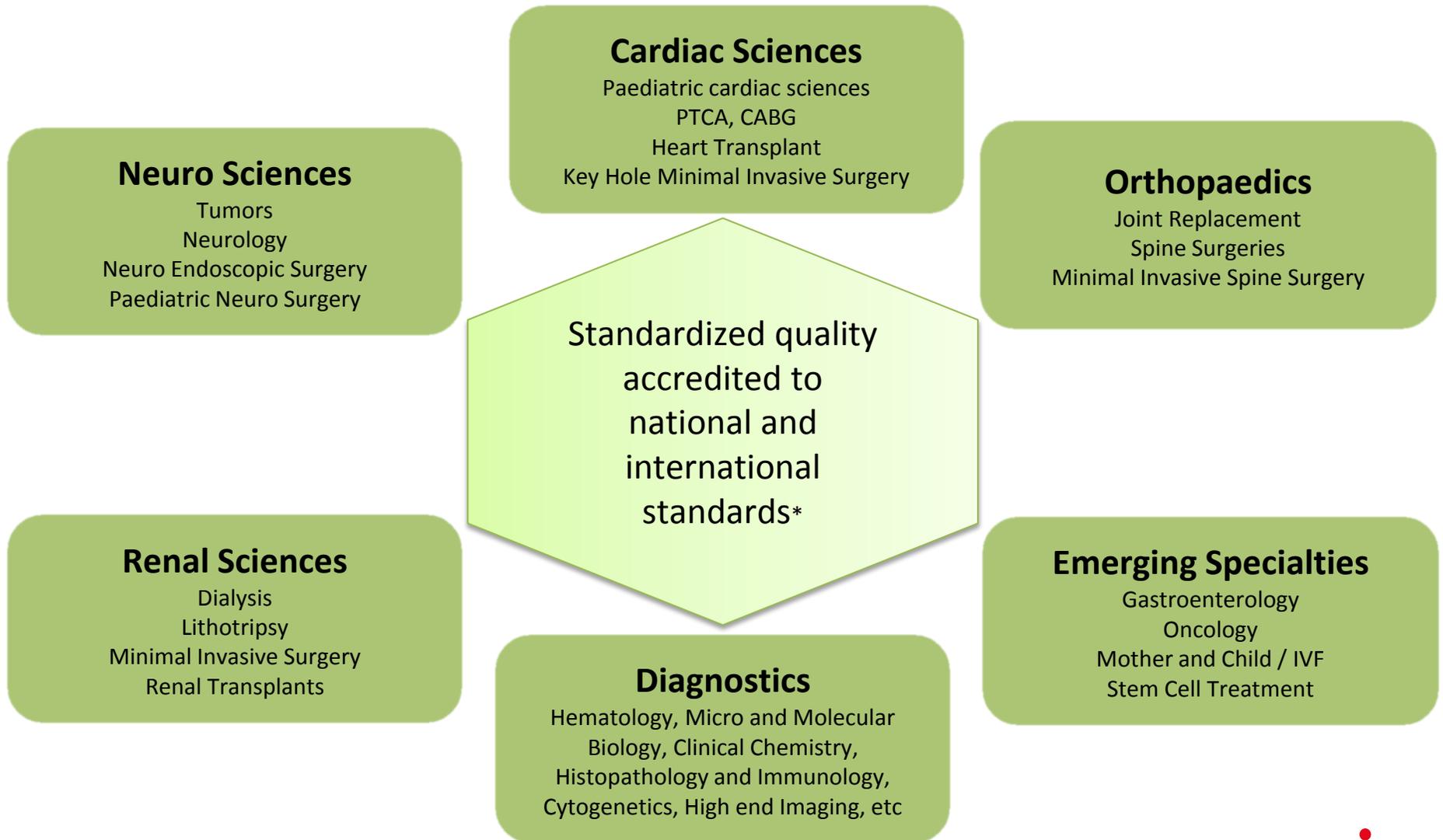
- The largest private player in the organized diagnostic sector in India with over 40% market share
- Presence across > 450 towns and cities across the country
- Offering a comprehensive range of investigations in Pathology and Imaging with over 3,500 types of diagnostic tests
- Managing a large number of hospital implants – the largest by any diagnostics network in India



Revenue breakup – Q3FY14



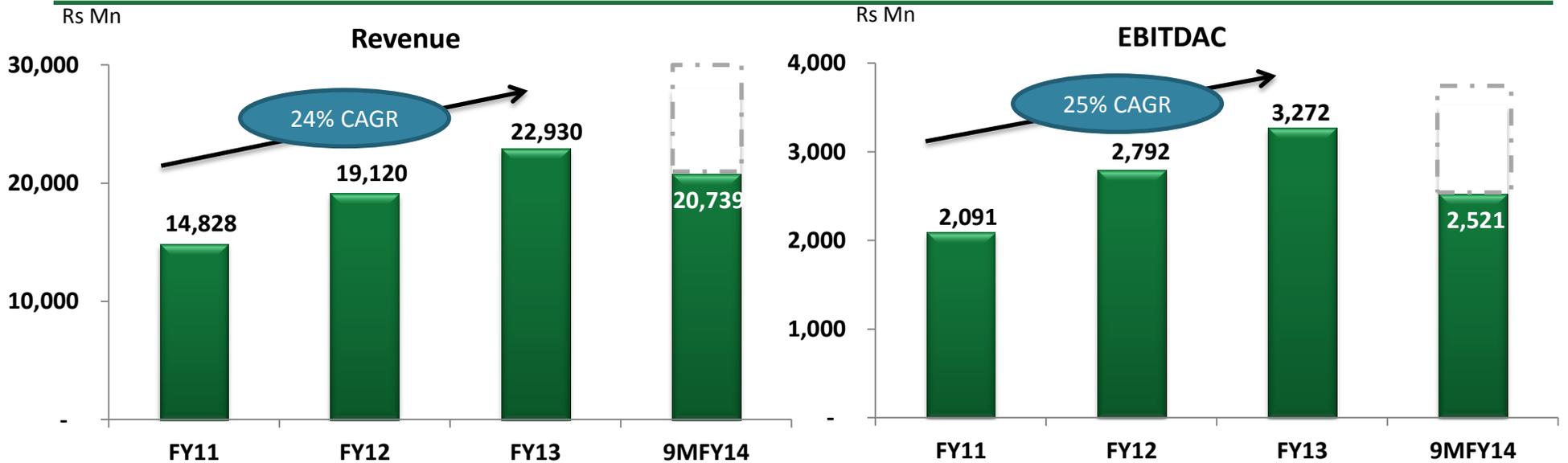
# Key Medical Specialties and Focus on Quality



*\*Our select facilities have been accredited by organisations which include JCI, CAP, NABH, NABL and ISO*

*CAP – College of American Pathologists, ISO – International Organization for Standardization*

# India Hospital Business

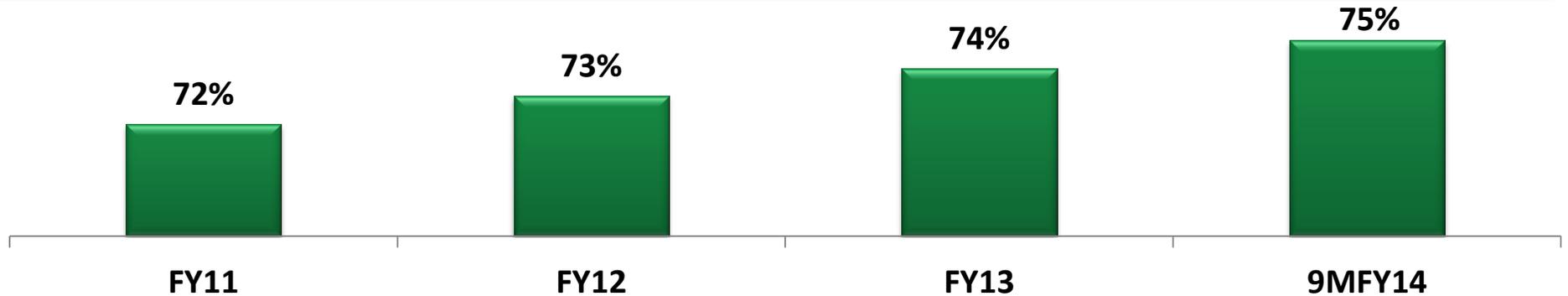


- Revenue CAGR of 24% , EBITDAC CAGR of 25% (FY11-13)
- Steady improvement in key operational parameters (ARPOB\*, ALOS\* and Occupancy)
- FY14 expected to add ~ 800 beds to take the total number of operational beds to approx. 4700; potential to reach approx. 9800 beds
- Key differentiating factor – Doctor engagement model

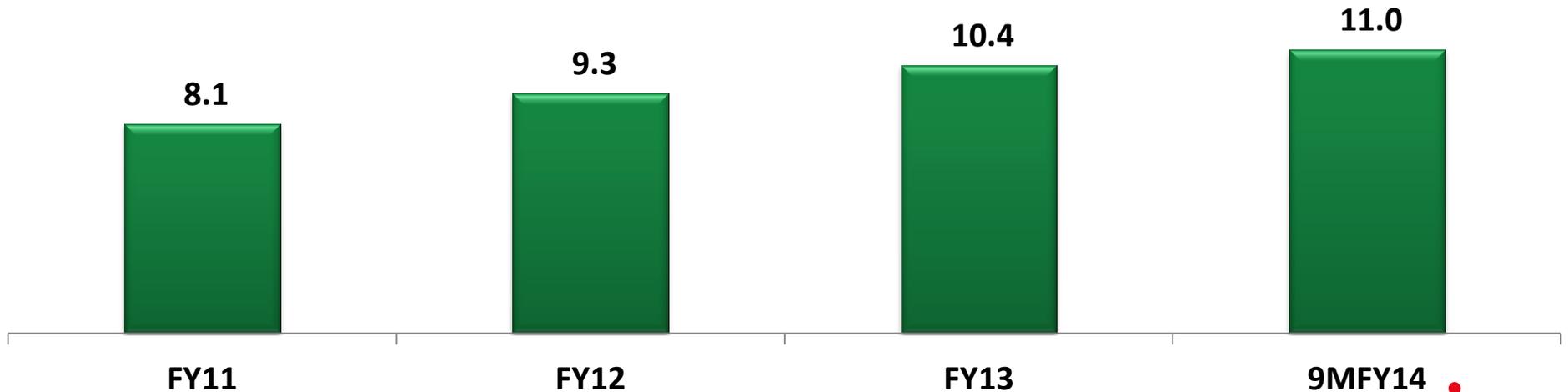
\*EBITDAC refers to EBITDA before net business trust costs., \* ARPOB – Average Revenue per Occupied Bed, ALOS – Average Length of Stay

# Key Operating Metrics – India Hospital Business

## Occupancy

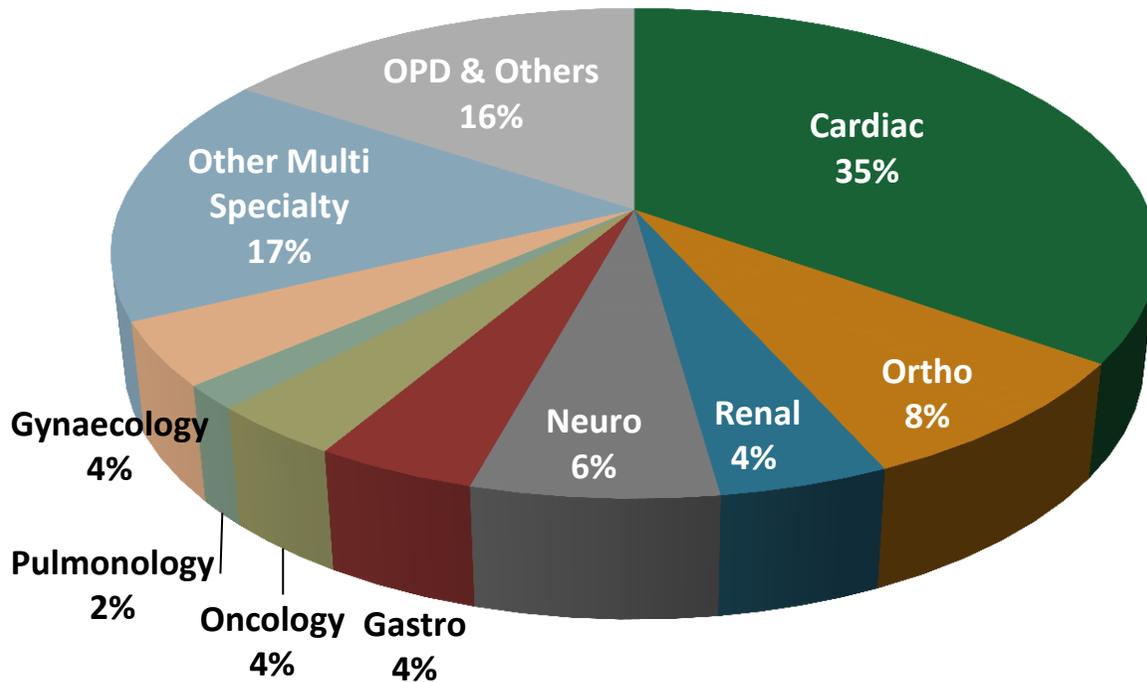


## Average Revenue per Occupied Bed (Rs Mn)



# Specialty Revenue Split & Procedure Volumes – FY13

Specialty Revenue Split



Key Specialties	Procedure Volumes
Cardiac Sciences	64,339
Orthopedics	15,313
Renal Sciences	14,013
Neuro Sciences	5,467
Gastroenterology	10,688
Oncology	17,652
Gynaecology	16,822

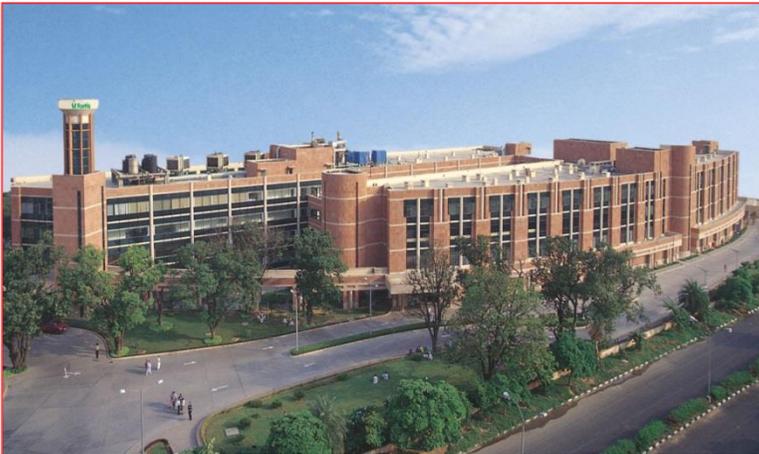
# Select Key Hospitals

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## Fortis Escorts Heart Institute, Delhi

- A 331 bed cardiac specialty hospital
- Annualised revenue of Rs 3,650 Mn
- Occupancy in excess of 80%
- ARPOB at Rs 14.0 Mn



## Fortis Mohali, Punjab

- A 300 bed multi specialty hospital
- Annualised revenue of Rs 3,500 Mn
- Occupancy in excess of 80%
- ARPOB at Rs 13.5 Mn

# Select Key Hospitals (Contd..)

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## Fortis Hospital, Banergheta Road, Bengaluru

- A 250 bed multi specialty hospital
- Annualised revenue of Rs 2,200 Mn
- Occupancy at around 80%
- ARPOB at Rs 11.0 Mn



## Fortis Hospital, Noida, Uttar Pradesh

- A 200 bed multi specialty hospital
- Annualised revenue of Rs 2,300 Mn
- Occupancy at 83%
- ARPOB at Rs 15.0 Mn

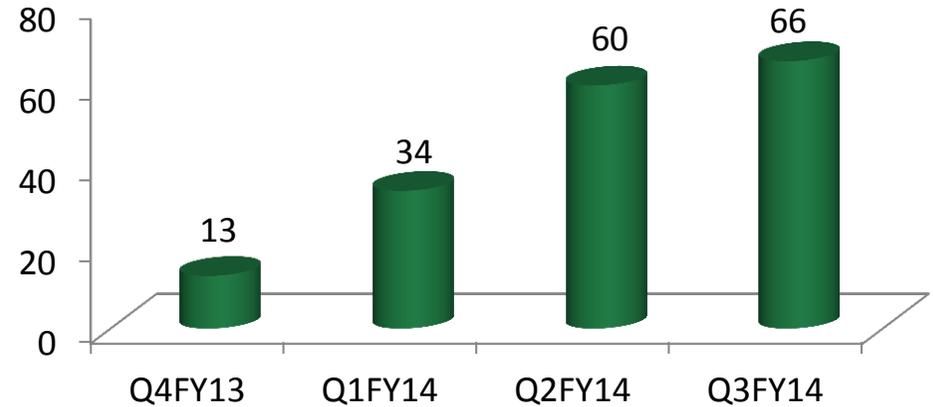
# FMRI Operational Performance

- Strong start to the flagship FMRI facility
- 3<sup>rd</sup> largest revenue contributor in the Fortis N/W
- All medical specialties initiated with reputed clinicians at the helm
- Installed capacity of 450 beds in Phase – I (300 operationalized). Total capacity of ~ 1000 beds



## Revenue

Rs Crore



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

# FMRI – Cutting Edge Medical Technology

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- One of its kind **CT based Brain Suite**, equipped with intra operative CT for brain and Spine.



- An installation with **Time of Flight (TOF)** reconstruction for exceptional image quality. Can detect lesions as small as 0.1 inches.



- A **256 Slice Brilliance iCT scanner** with the ability to capture an image of the entire heart in just 2 heart beats

# Upcoming Hospitals

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**Fortis Hospital, Ludhiana, Punjab**

## **Fortis Hospital, Ludhiana, Punjab**

- Commissioned a new 250+ bed state of the art oncology led, multi-specialty facility in Ludhiana in January 2014.
- Focus on Cardiac, Neuro, Ortho, Renal & Oncology

## **Fortis La Femme, Ludhiana**

- Foundation stone laid for Fortis La Femme brand in Ludhiana
- A 100 bed greenfield facility to come up by 2016 focusing on Mother & Child Health

## **Fortis Hospital, Arcot Road, Chennai**

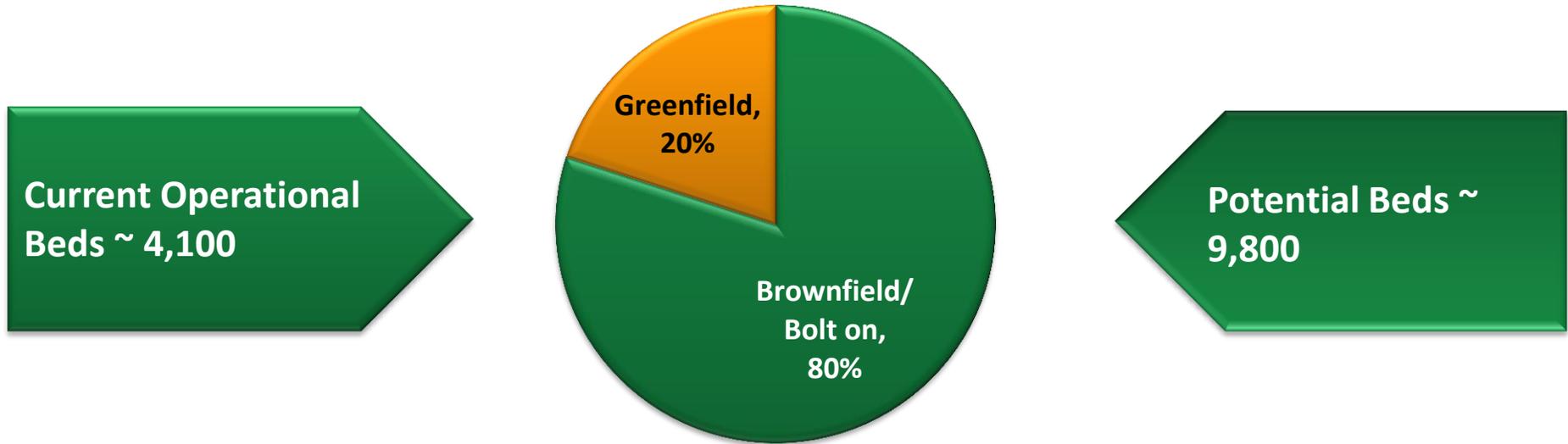
- A 200+ bed tertiary care multi specialty hospital
- Expected to be commissioned shortly



**Fortis Hospital, Arcot Road, Chennai**

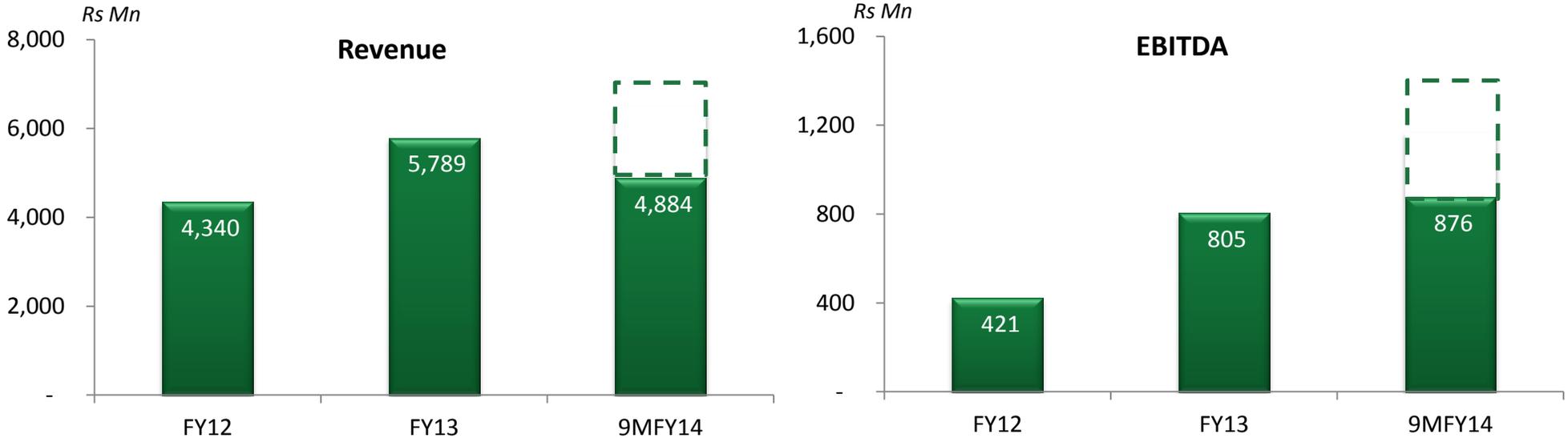
# Substantial headroom for capacity expansion

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- Potential to add ~5,700 beds, 4,600 beds through brownfield / bolt on expansion and 1100 through Greenfield expansion.
- Optimally leveraging the asset light model through the Religare Health Trust (RHT)
- Additional Greenfield opportunities beyond RHT will continue to be evaluated

# India Diagnostics Business



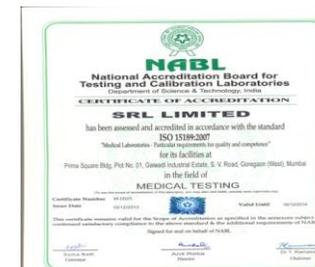
- Robust business performance
- Added over 75 labs, 450 collection centers and 200 tests in the last 2 years.
- Increased capacity utilisation from ~52000 tests/day in Q1FY12 to ~80000 tests / day in Q3FY14.
- Focus on enhancing reach through increase in doctors coverage, direct clients, co-marketing alliances.

# Accreditations

- ✓ SRL has the highest number of accredited labs in the country
- ✓ Accreditation by CAP, NABL and NGSP
- ✓ Compliance with Clinical Pathology Accreditation (CPA), U.K standards and US Clinical Laboratory Standards Institute

# Logistic Capabilities

- ✓ Over 500 Cities connected nationally & internationally with on-line tracking
- ✓ 24-48 hours transit for International shipments (*per specimen stability norms*)
- ✓ All shipments under temperature controlled conditions



# Financial Highlights – 9MFY14

# India Consolidated P&L : 9M FY14

Particulars	9MFY14	9MFY13	FY13
	(Rs Mn)	(Rs Mn)	(Rs Mn)
Operating Revenue	25,623	21,119	28,718
% Growth	21.3%		22%
Operating EBITDAC*	3,397	3,026	4,076
Operating EBITDAC margin	13.3%	14.3%	14.2%
<i>Operating EBITDAC margin (excl. startups)</i>	<i>14.9%</i>	<i>14.6%</i>	<i>14.7%</i>
Net BT Costs	2,358	590	1,334
Other Income	1,252	1,129	1,482
<b>EBITDA</b>	<b>2,291</b>	<b>3,565</b>	<b>4,224</b>

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

# Group Consolidated P&L : 9M FY14<sup>^</sup>

Particulars	9MFY14	FY13
	(Rs Mn)	(Rs Mn)
<b>Operating Revenue</b>	<b>34,875</b>	<b>42,432</b>
<b>Operating EBITDAC*</b>	4,038	<b>4,805</b>
<b>Operating EBITDAC margin</b>	<b>11.6%</b>	<b>11.3%</b>
Net BT Costs	2,358	1,334
Other Income	1,277	1,520
<b>EBITDA</b>	<b>2,958</b>	<b>4,992</b>
Finance Costs	2,411	4,864
Depreciation & Amortization	1,869	2,786
Foreign Exchange (Loss)/ Gain	108	-
Exceptional/Forex (Loss)/ Gain**	4,329	9,646
<b>PAT after minority interest and share in associates</b>	<b>2,969</b>	<b>4,907</b>

<sup>^</sup> Financial for both FY13 and 9M FY14 exclude the financials of Dental Corporation, Australia due to its divestiture in May 2013. However, 9MFY14 includes financials of FHM for 5 months and QHC for 7 months .i.e. till the date of their respective divestments whereas FY 13 comprise FHM & QHC financials for full 12 months.

\*EBITDAC refers to EBITDA before net business (BT) trust costs., \*\*Primarily on account of profit on sale of investment (Quality Healthcare (QHC) and Fortis Hoan My (FHM) Divestment in 9MFY14 and RHT transaction in FY13)

# Group Consolidated Balance Sheet – 31<sup>st</sup> December 2013

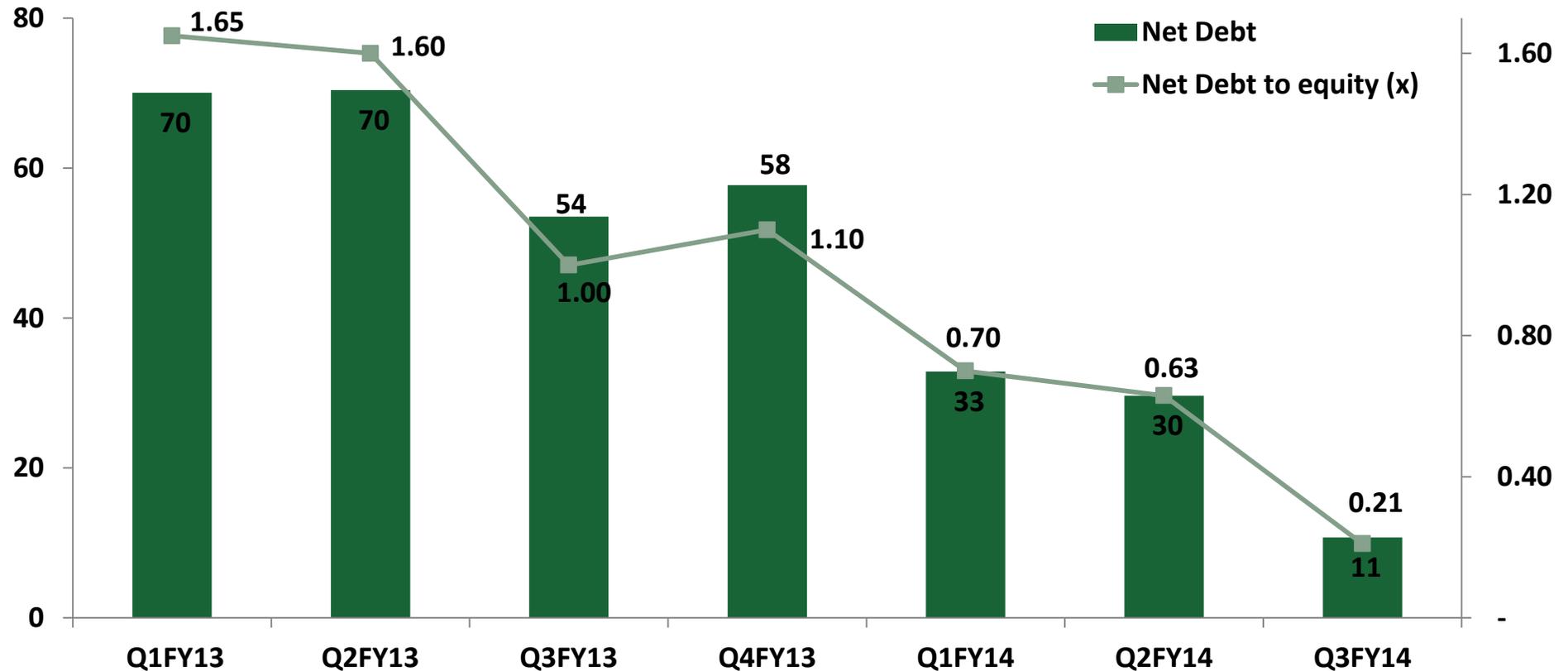
Balance Sheet	Rs Mn
Shareholder's Equity*	51,643
Foreign Currency Convertible Bonds (FCCB's)	11,444
Debt	8,024
<b>Total Capital Employed</b>	<b>71,111</b>
Net Fixed Assets (including CWIP of Rs 1,905 Million)	18,561
Goodwill	23,126
Investments	10,405
Cash and Cash Equivalents	8,755
Net Current Assets	10,264
<b>Total Assets</b>	<b>71,111</b>

- As on 31<sup>st</sup> December 2013, Net Debt to equity ratio stood at 0.2 x

\*Shareholder's Equity includes Minority Interest.

# Significant De-leveraging achieved

Rs Bn



# In Summary

## Indian Healthcare Sector

- Large unmet demand
- Growth drivers – Demographics, Lifestyle related diseases, Insurance, healthcare infrastructure and medical tourism
- Only supply side constraints – Medical Talent and Capital

## Fortis Healthcare

- Relatively young organization; one of the largest private healthcare delivery players with a pan India footprint (95% revenues from India)
- Strong Brand Equity, focus on Clinical Excellence and Patient Centricity
- Wide spectrum of medical programs “From womb to tomb”
- The only healthcare player in India with a vehicle for pursuing Asset Light growth (Business Trust)
- Inherent potential to double bed capacity on an asset light basis

# THANK YOU...

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## Fortis Healthcare Limited

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