

Fortis Healthcare Limited

Investor Presentation – Q2FY16



“ Saving and Enriching Lives ”

November 4, 2015

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Discussion Points

➤ **Highlights for the Quarter**

➤ **Awards & Recognitions**

➤ **Successes in Clinical Excellence**

➤ **Financial Highlights**

➤ **Business Performance – Hospitals & Diagnostics**

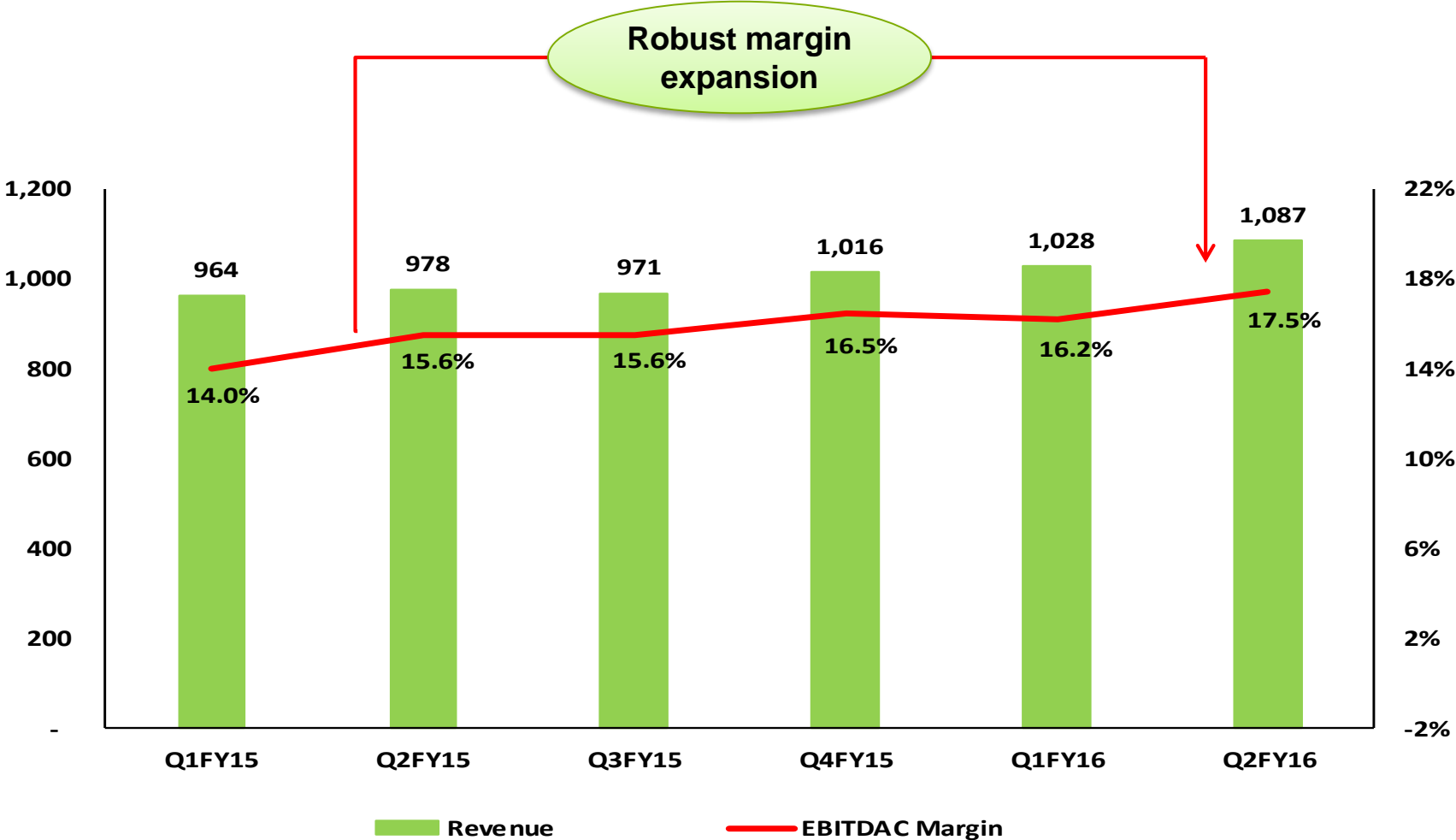
Highlights for the quarter

- India consolidated business witnesses a robust 25% EBITDAC* growth. EBITDAC Margins expand 190 bps to 17.5% vs 15.6% in Q2FY15; Revenues at Rs 1087 Cr vs Rs 978 Cr in corr Q, +11% .
- Hospital business records a 15.4% growth in EBITDAC. EBITDAC Margins expand 60 bps to 15.0% vs 14.4% in Q2FY15. Revenue at Rs 883 Cr vs Rs 797 Cr in corr Q, +11% .
- Diagnostic business reports another quarter with highest ever EBITDA margin at 28.3%, expands 760 bps over Q2FY15; net revenue at Rs 203 Cr vs Rs 181 Cr in corr Q, +12%.
- During the quarter, Fortis launched La Femme, Bengaluru; a comprehensive and distinctive boutique hospital for women offering a holistic range of medical services.
- FMRI, the company's flagship hospital in Gurgaon, becomes the largest revenue contributor in the network - reaching quarterly revenues of over Rs 100 Cr.

Highlights for the quarter (cont..)

- Company during the quarter has actively disengaged itself from its hospital operations in Kangra, Himachal Pradesh.
- Company increases its stake in its diagnostics subsidiary SRL Limited to 57% from 53.9% previously.
 - Acquires 3.1% equity stake from Sabre Partners, Spring Healthcare (P) Limited and Spring Healthcare India Trust.
 - Continues to work with the remaining private equity investors in SRL under its obligation to provide them an exit option for their respective stakes.
- Shivinder M. Singh to step down from the position of Executive Vice-Chairman and become the Non-Executive Vice-Chairman of the company with effect from January 1, 2016. To take up full time Sewa at Dera, Radha Soami Satsang Beas (RSSB), a philosophical and spiritual organization in Punjab.

India Consolidated Business – Revenue & Margins



Key Awards and Recognitions

Fortis feted as 'energy warriors of the country' as 3 hospitals (Mohali, Vashi, Anandpur) win honours at CII's Energy Management Awards

Fortis honoured for three outstanding Community Initiatives, at the 5th Asia Best CSR Practices Awards 2015

Fortis Escorts Hospital, Jaipur, wins top honours at the Quality Council of India- D.L. Shah Awards for the third time

Critinext wins Asia Healthcare Excellence Award for Innovation in Quality of Service Delivery

International journal to publish the case of a rare congenital heart defect in a child, treated at Fortis Hospital, Anandpur, Kolkata

Successes in Clinical Excellence

Heart transplant at Fortis Escorts, New Delhi, gives 23-year-old girl suffering from end-stage heart disease a new life

Fortis Mulund conducts Mumbai's first heart transplant in 4 decades; follows up with two more in the same month

Deep Brain Stimulation surgeries at Fortis Memorial, Gurgaon, cures 18 patients of Parkinson's Disease

Cancerous tumour weighing 7 kgs removed from the womb of a Nigerian lady after chance detection at Fortis Malar Hospital, Chennai

Doctors at Fortis Hiranandani Hospital, Vashi, perform first of its kind 3D printed mandible implant on an oral cancer survivor

Day-old pre-term baby saved after permanent pacemaker implant at Fortis Escorts, Amritsar

Successes in Clinical Excellence (cont..)

FEHI, New Delhi, performs India's first Left Ventricle Aneurysm repair and LVAD implant on the oldest patient

Multiple cardiac procedures at Fortis Hospital, Mohali, give neonate a fresh lease of life

Rare ALCAPA open heart surgery at Fortis Escorts, Jaipur, gives 50-day old baby a new lease of life

First Multi-layered Flow Modular Surgery in Asia Pacific performed at the Fortis Escorts Heart Institute, New Delhi

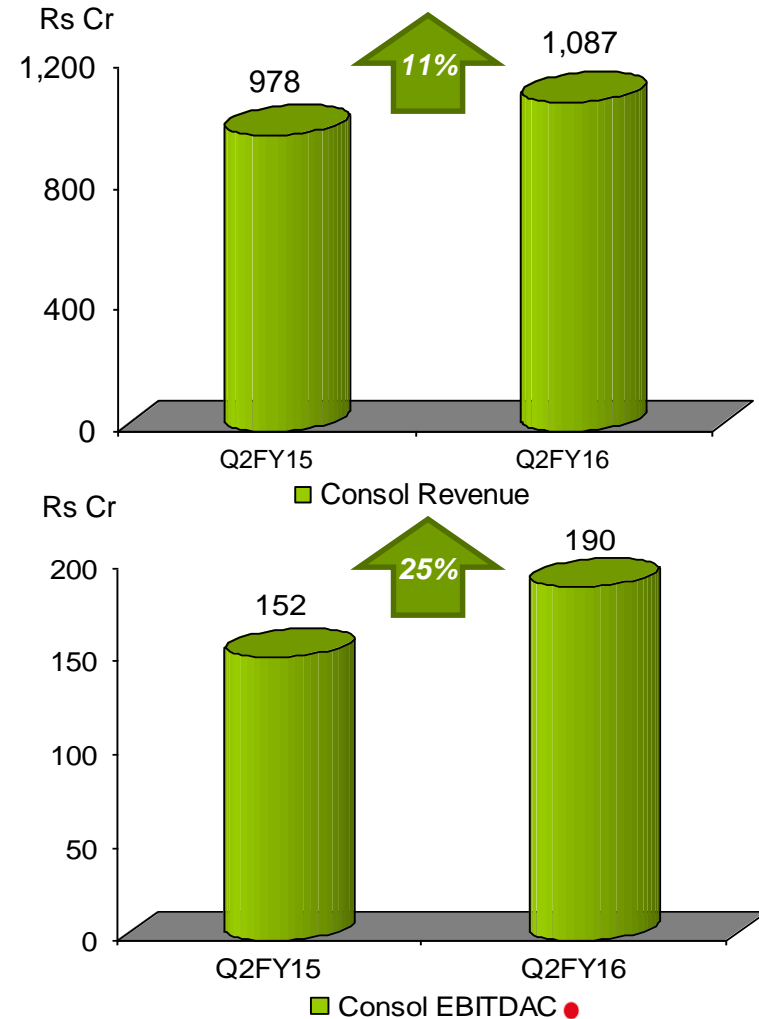
14-year-old Iraqi child suffering from Cerebral Palsy and Congenital Heart Disease treated successfully at Fortis, BG Road, Bengaluru

Doctors at Fortis Flt Lt Rajan Dhall Hospital, New Delhi, perform bariatric surgery on a 54-year old cancer survivor from Sudan

Financial Highlights

India Financial Highlights – Q2FY16 vs Q2FY15

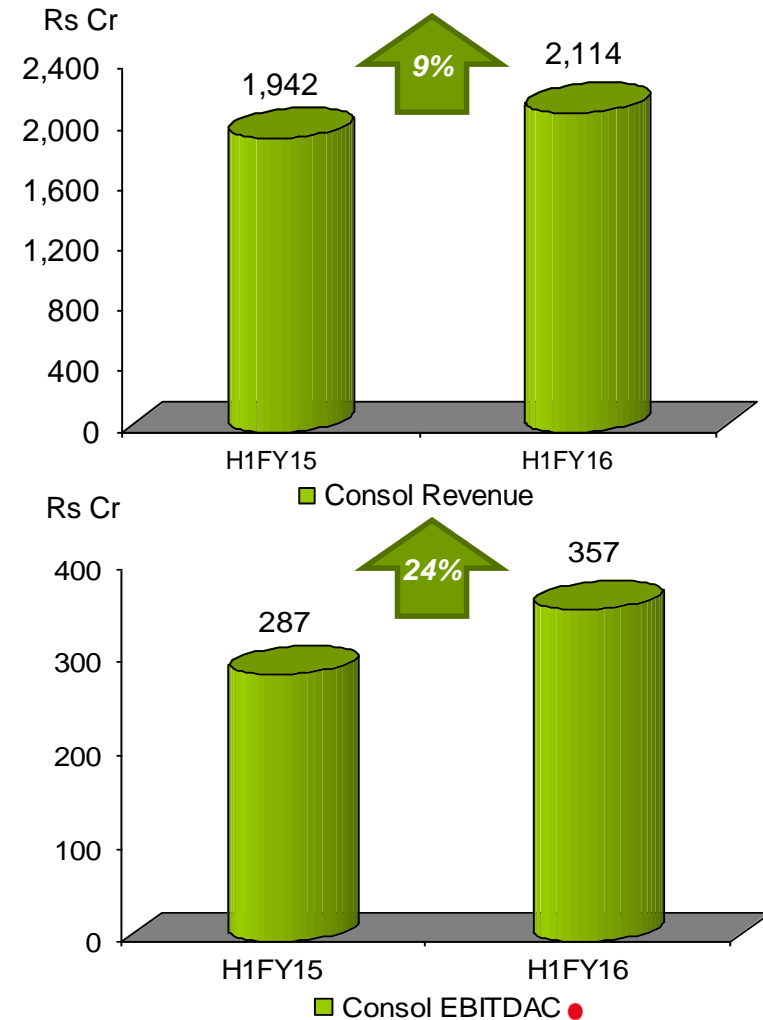
- Consolidated Revenues at Rs 1,087 Cr, + 11%.
 - ❖ Hospital Business – Rs 883 Cr, + 11%
 - ❖ Diagnostic Business – Rs 203 Cr, + 12%
- Consolidated Operating EBITDAC* at Rs 190 Cr, 17.5% margin
 - ❖ Hospital Business – Rs 132 Cr, 15.0% margin
 - ❖ Diagnostic Business – Rs 58 Cr, 28.3% margin



*EBITDAC refers to EBITDA before net business trust costs

India Financial Highlights – H1FY16 vs H1FY15

- Consolidated Revenues at Rs 2,114 Cr, + 9%.
 - ❖ Hospital Business – Rs 1,722 Cr, + 9%
 - ❖ Diagnostic Business – Rs 392 Cr, + 10%
- Consolidated Operating EBITDAC* at Rs 357 Cr, 16.9% margin
 - ❖ Hospital Business – Rs 256 Cr, 14.8% margin
 - ❖ Diagnostic Business – Rs 101 Cr, 25.7% margin



*EBITDAC refers to EBITDA before net business trust costs

India Consolidated P&L – Q2FY16

Particulars (Rs Crs)	Q2FY15	Q1FY16	Q2FY16
Operating Revenue	977.6	1,027.7	1,086.6
Operating EBITDAC*	152.0	166.8	190.2
Operating EBITDAC margin	15.6%	16.2%	17.5%
Net BT Costs	111.1	115.4	116.2
Other Income	19.4	13.7	20.5
EBITDA	60.4	65.1	94.5
Finance Costs	35.4	31.7	27.5
Depreciation & Amortization	53.7	48.2	51.4
PBT before Foreign Exchange (Loss) / Gain	(28.7)	(14.8)	15.7
Foreign Exchange (Loss)/ Gain	(2.7)	11.1	5.4
PBT before Exceptional Item	(31.4)	(3.7)	21.1
Exceptional (Loss)/ Gain**	(1.6)	(3.5)	(20.2)
Tax Expense	2.0	8.1	16.2
PAT before minority interest and share in associates	(35.1)	(15.3)	(15.3)
Share in Associates	13.8	14.8	12.3
PAT after minority interest and share in associates	(25.7)	(6.2)	(10.7)

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

**Exceptional item in Q2FY16 is wrt the exit of company's Kangra operations (Rs 12.6 Cr) and SRL's exit from select laboratories (Rs 7.6 Cr)

India Consolidated P&L – H1FY16

Particulars (Rs Crs)	H1FY15	H1FY16
Operating Revenue	1,941.8	2,114.3
Operating EBITDAC*	287.3	356.9
Operating EBITDAC margin	14.8%	16.9%
Net BT Costs	219.1	231.5
Other Income	42.7	34.2
EBITDA	110.8	159.6
Finance Costs	71.4	59.2
Depreciation & Amortization	106.8	99.6
PBT before Foreign Exchange (Loss) / Gain	(67.3)	0.9
Foreign Exchange (Loss)/ Gain	(10.2)	16.5
PBT before Exceptional Item	(77.5)	17.4
Exceptional (Loss)/ Gain**	0.3	(23.7)
Tax Expense	4.2	24.3
PAT before minority interest and share in associates	(81.4)	(30.6)
Share in Associates	28.0	27.1
PAT after minority interest and share in associates	(62.5)	(16.9)

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**Exceptional item in H1FY16 is wrt the exit of company's Kangra operations (Rs 12.6 Cr) and SRL's exit from select laboratories (Rs 7.6 Cr)

Group Consolidated P&L – Q2FY16

Particulars (Rs Crs)	Q2FY15	Q1FY16	Q2FY16
Operating Revenue	1,031.2	1,049.3	1,097.0
Operating EBITDAC*	143.9	165.9	187.1
Operating EBITDAC margin	14.0%	15.8%	17.1%
Net BT Costs	111.1	115.4	116.2
Other Income	20.3	13.7	21.2
EBITDA	53.1	64.2	92.2
Finance Costs	38.4	31.8	27.6
Depreciation & Amortization	63.3	51.1	53.1
PBT before Foreign Exchange (Loss) / Gain	(48.6)	(18.8)	11.5
Foreign Exchange (Loss)/ Gain	(19.1)	18.4	51.6
PBT before Exceptional Item	(67.7)	(0.4)	63.1
Exceptional (Loss)/ Gain**	(1.6)	83.7	(20.6)
Tax Expense	(0.2)	8.4	16.3
PAT before minority interest and share in associates	(69.1)	74.9	26.2
Share in Associates	15.1	18.2	15.4
PAT after minority interest and share in associates	(58.1)	87.3	34.0

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

** Exceptional gain during Q1FY16 pertains largely to gains arising due to divestment of RadLink and Fortis Surgical Hospital, Singapore.

Group Consolidated P&L – H1FY16

Particulars (Rs Crs)	H1FY15	H1FY16
Operating Revenue	2,051.9	2,146.3
Operating EBITDAC*	277.8	353.0
Operating EBITDAC margin	13.5%	16.4%
Net BT Costs	219.1	231.5
Other Income	44.0	34.9
EBITDA	102.7	156.4
Finance Costs	77.4	59.4
Depreciation & Amortization	127.2	104.3
PBT before Foreign Exchange (Loss) / Gain	(101.9)	(7.2)
Foreign Exchange (Loss)/ Gain	(19.2)	70.0
PBT before Exceptional Item	(121.1)	62.7
Exceptional (Loss)/ Gain**	0.3	63.1
Tax Expense	4.2	24.7
PAT before minority interest and share in associates	(124.9)	101.1
Share in Associates	29.9	33.6
PAT after minority interest and share in associates	(103.9)	121.3

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Group Consolidated Balance Sheet – September 30, 2015

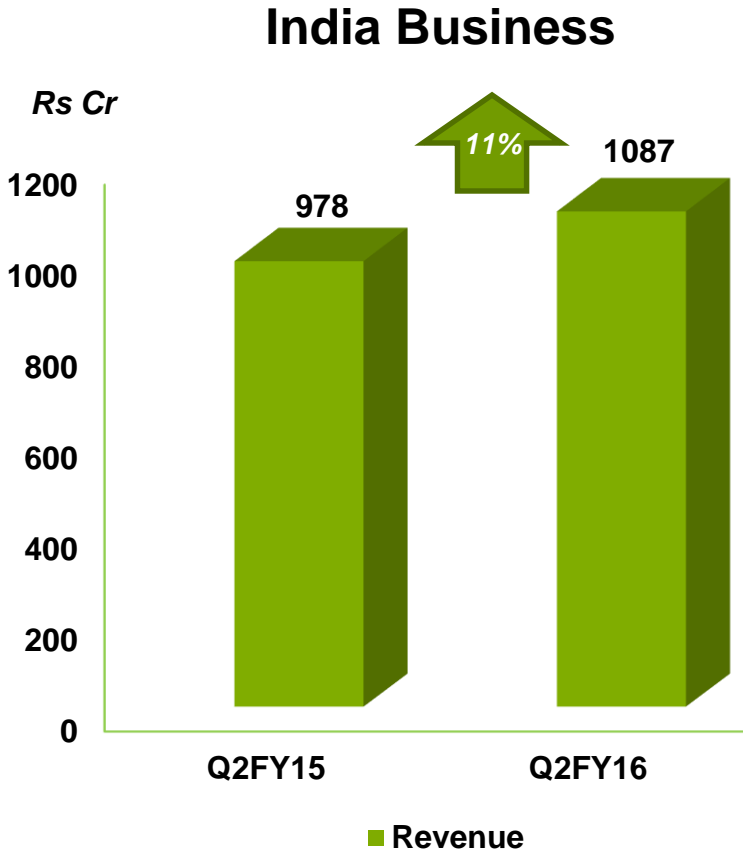
Balance Sheet	Rs Crore
Shareholder's Equity*	4,944
Foreign Currency Convertible Bonds (FCCB's)	557
Debt	549
Total Capital Employed	6,050
Net Fixed Assets (including CWIP of Rs 233 Crore)	1,792
Goodwill	2,065
Investments	1,036
Cash and Cash Equivalents	671
Net Current Assets	486
Total Assets	6,050

- As on September 30, 2015, Net Debt to equity ratio stood at 0.09 x

*Shareholder's Equity includes Minority Interest.

Business Performance – Hospitals & Diagnostics

India Business - Snapshot



Q2FY16 – Consolidated

- Operating Revenue - Rs. 1,087 Cr ↑ 11%
- Hospital business -Rs. 883 Cr ↑ 11%
- Diagnostics business -Rs. 203 Cr ↑ 12%

Key Metrics	Q2FY15	Q2FY16
Occupancy	71%	77%
ARPOB (Annualized - Rs. Lacs)	127	134
ALOS (Days)	3.60	3.57

H1FY16 – Consolidated

- Operating Revenue - Rs. 2,114 Cr ↑ 9%
- Hospital business -Rs. 1,722Cr ↑ 9%
- Diagnostics business -Rs. 392 Cr ↑ 10%

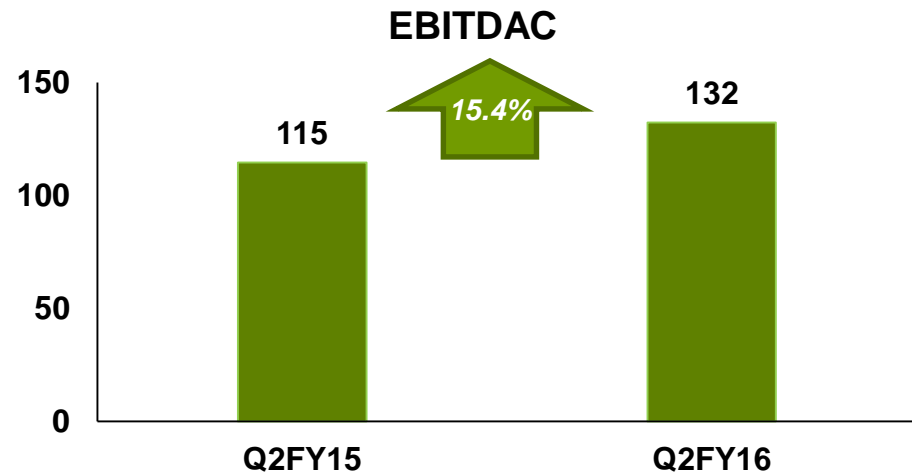
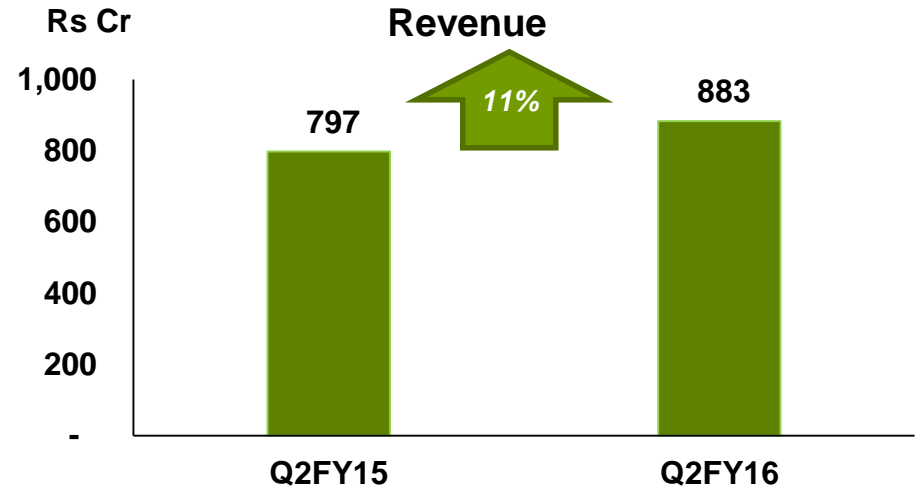
India Hospital Business P&L

	Q2FY15	Q1FY16	Q2FY16	H1FY15	H1FY16
Particulars	(Rs Cr.)	(Rs Cr.)	(Rs Cr.)	(Rs Cr.)	(Rs Cr.)
Operating Revenue	796.6	838.7	883.1	1,583.6	1,721.8
Operating EBITDAC*	114.5	123.4	132.2	212.8	255.5
Operating EBITDAC margin	14.4%	14.7%	15.0%	13.4%	14.8%
Net BT Costs	111.1	115.4	116.2	219.1	231.5
Other Income	17.2	11.5	19.9	37.8	31.4
EBITDA	20.6	19.5	35.9	31.4	55.4

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

India Hospital Business

- Operating revenue at Rs 883 Cr, +11%
- Operating EBITDAC* margins at 15.0%, up 60 bps.
- International patient revenue at Rs 87 Cr, +16%; representing 9.8% of overall hospital business
- FMRI becomes the largest revenue contributor in Fortis network with revenue of Rs 101 Cr, + 19% over corr Q
- Ludhiana facility continues to witness robust growth; 33% growth over corr Q.



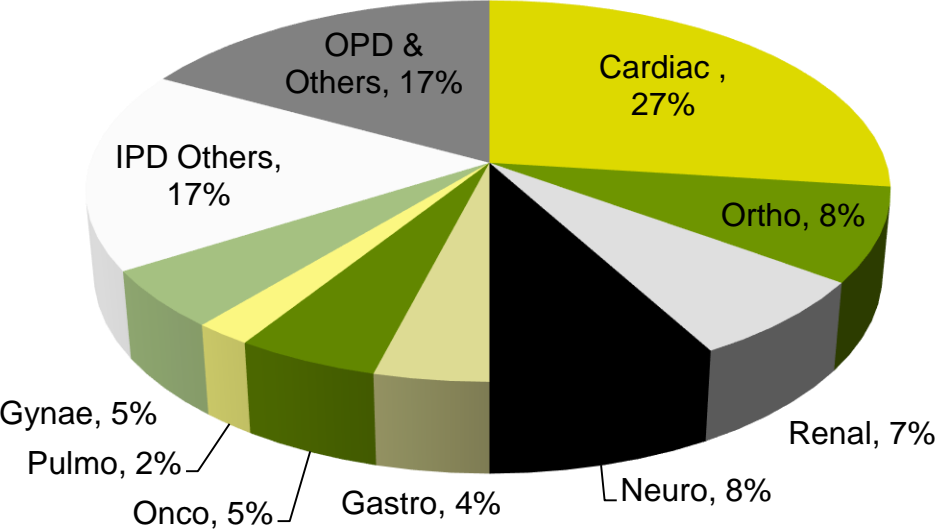
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New Initiatives

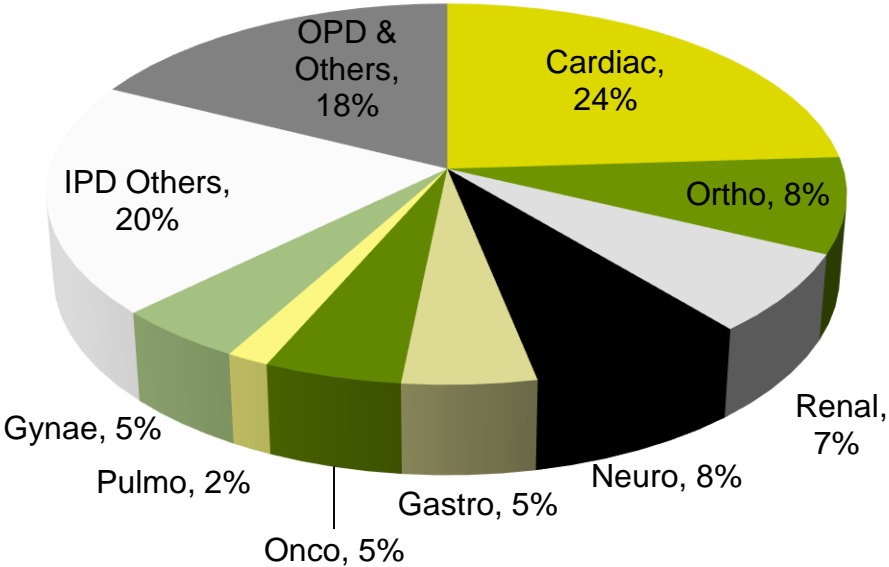
- 'Fortis Good Medical Practice Guidelines' booklet was formally launched in September 2015. The booklet has been prepared to help our clinicians render the best possible clinical care to patients.
- Following the success of Fortis Escorts Heart Institute, New Delhi, for over 25 years in the field of Cardiology, the healthcare leader has brought together the best talent and technology to establish a fully integrated Centre of Excellence for Liver and Digestive Diseases.
- During the quarter, Sports Psychology Programme was launched at Fortis Memorial Research Institute, Gurgaon, to help sportspersons overcome emotional challenges and excel in their fields.
- Fortis Escorts Hospital, Faridabad, introduces the new Cardiothoracic & Vascular Surgery (CTVS) Team
- Fortis Malar, Chennai, launches Seniors First, a privilege programme for the elderly
- Fortis BG Road, Bengaluru, launches privileges programme, '*Fortis Foremost*' directed at top corporates

Specialty Revenue Split – India Hospital Business

Q2FY15

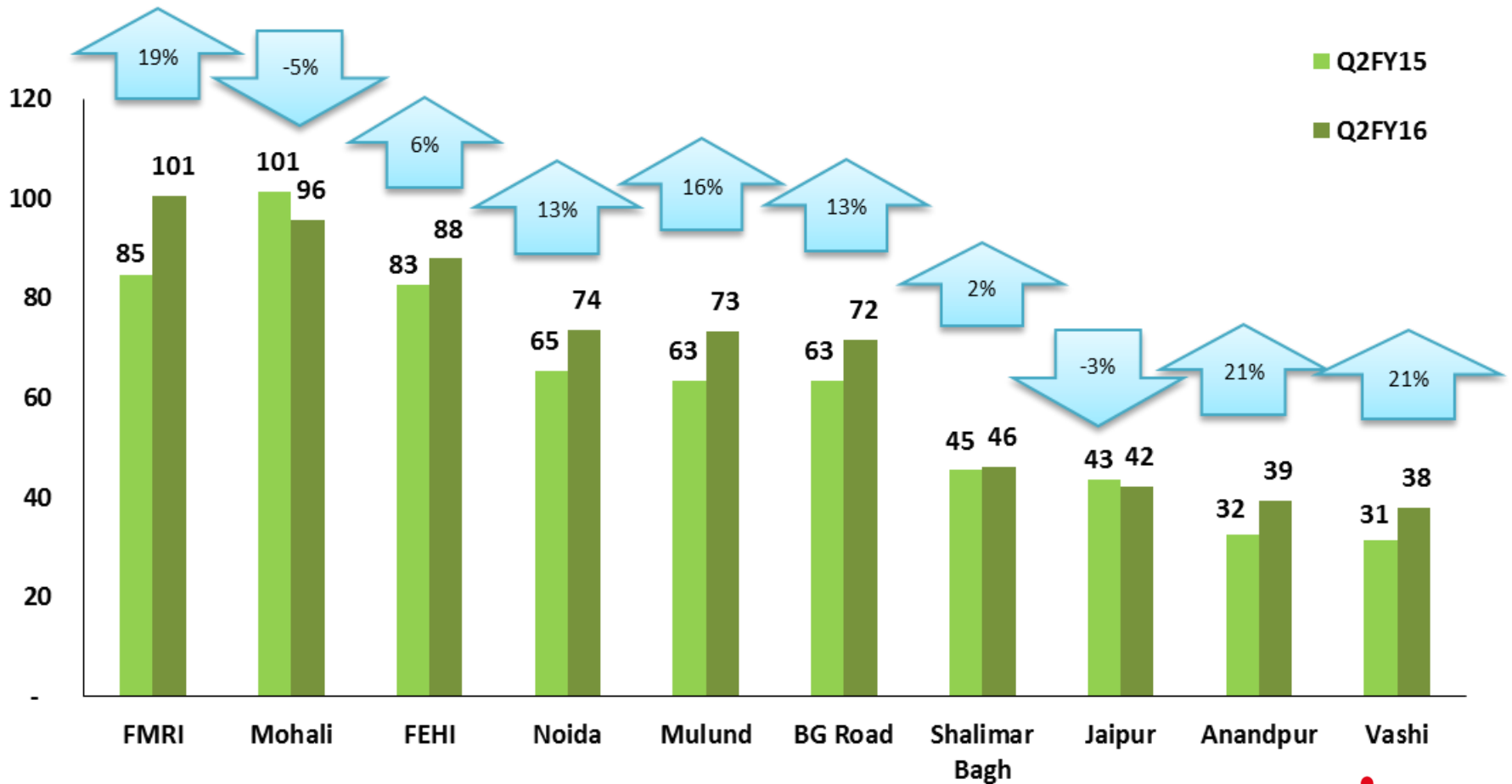


Q2FY16



Hospital-wise Revenue – Top 10 Hospitals

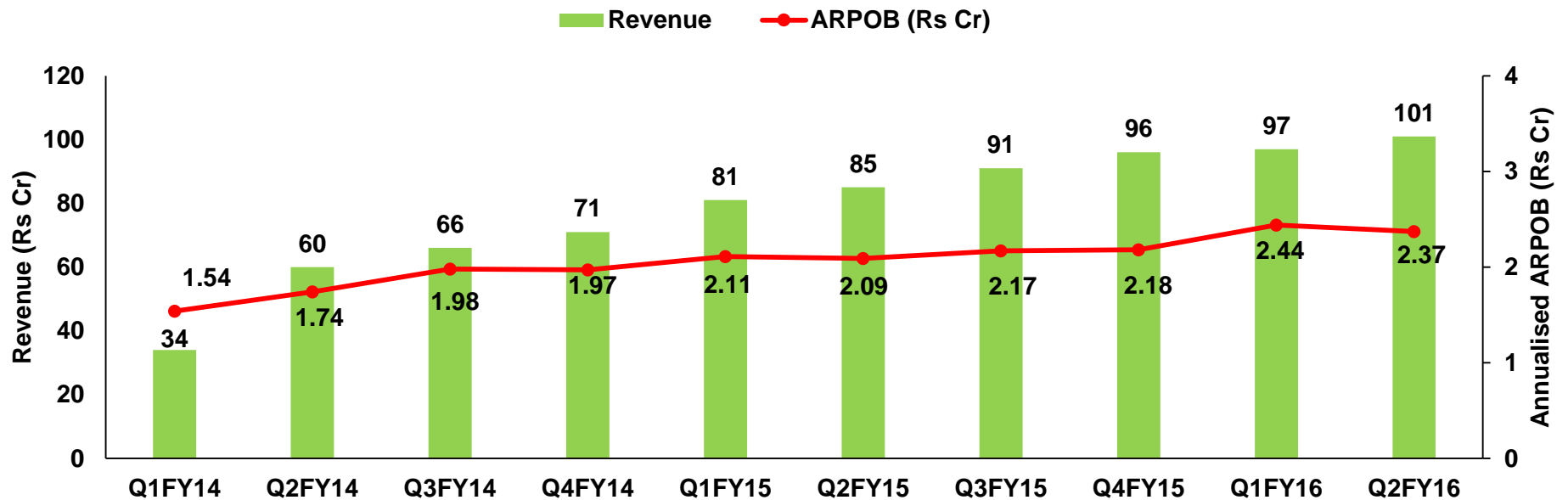
Rs Crore



FMRI - Company's Flagship facility

Becomes largest revenue contributor in the Fortis Network

Reaches a quarterly revenue run-rate of Rs 100 Cr



Fortis La Femme - Bengaluru



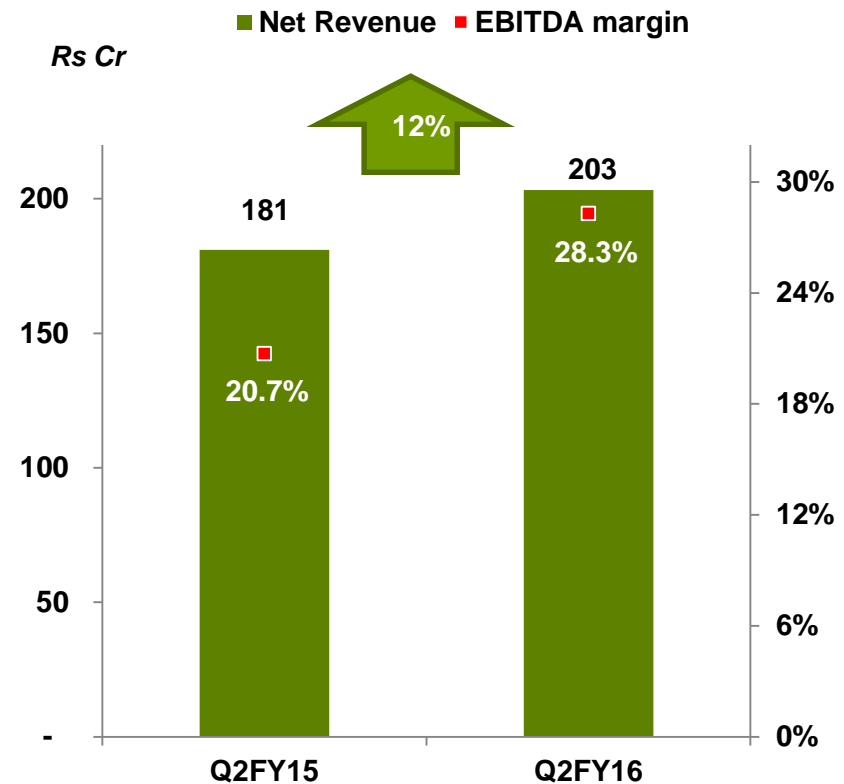
A 70 bed Tertiary care facility spread across 70,000 sq.ft at Richmond Road, in the heart of Bengaluru – commissioned in

Sep'15.

- Building on the successful La Femme brand know for its top notch clinical care for women
- Second of its kind facility in the Fortis Network after La Femme, New Delhi
- Integrated approach to women's health encompassing
 - Obstetrics
 - Gynaecology
 - Neonatology
 - Cosmetic Surgery
 - Genetics & Foetal Medicine
- Holistic Birthing care offering - Mama Mia programme

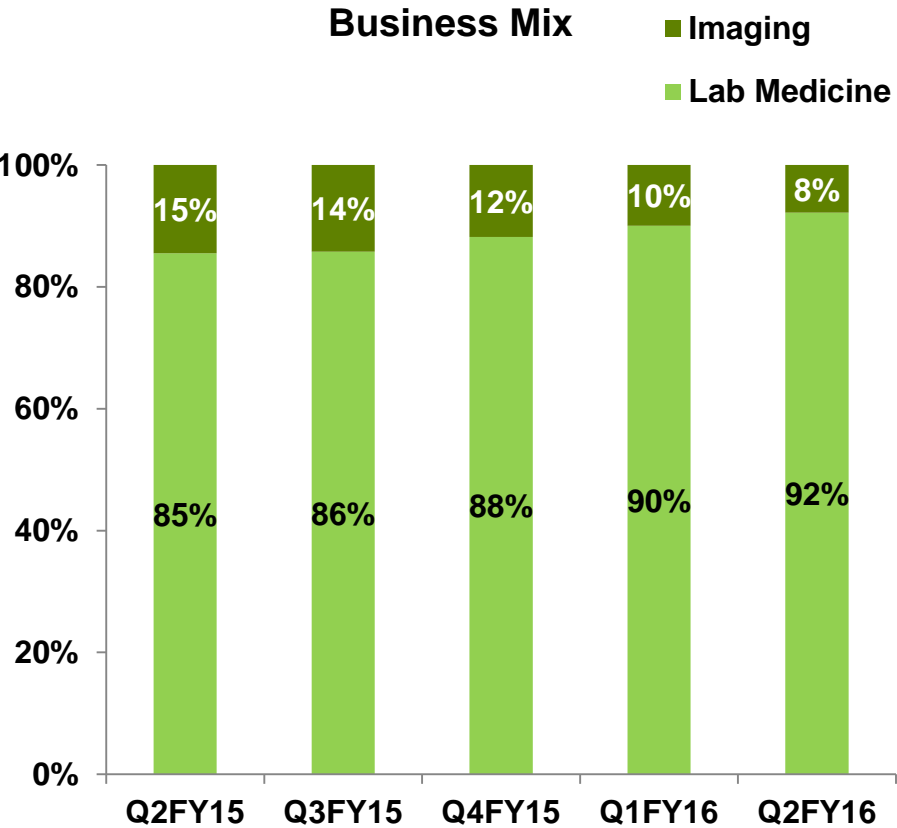
India Diagnostics Business

- Operating revenue at Rs 203 Cr, +12%
- Pathology segment records healthy growth of 22%
- Operating EBITDA margin improved to 28.3% compared to 20.7% in Q2FY15
- Network rationalisation continues.
 - 26 new labs added and 8 exited.
 - 27 collection centres added and 59 closed.
- No of accession at 3.85 million, a 11% Q-o-Q growth
- Expands service offering by adding 3 new tests

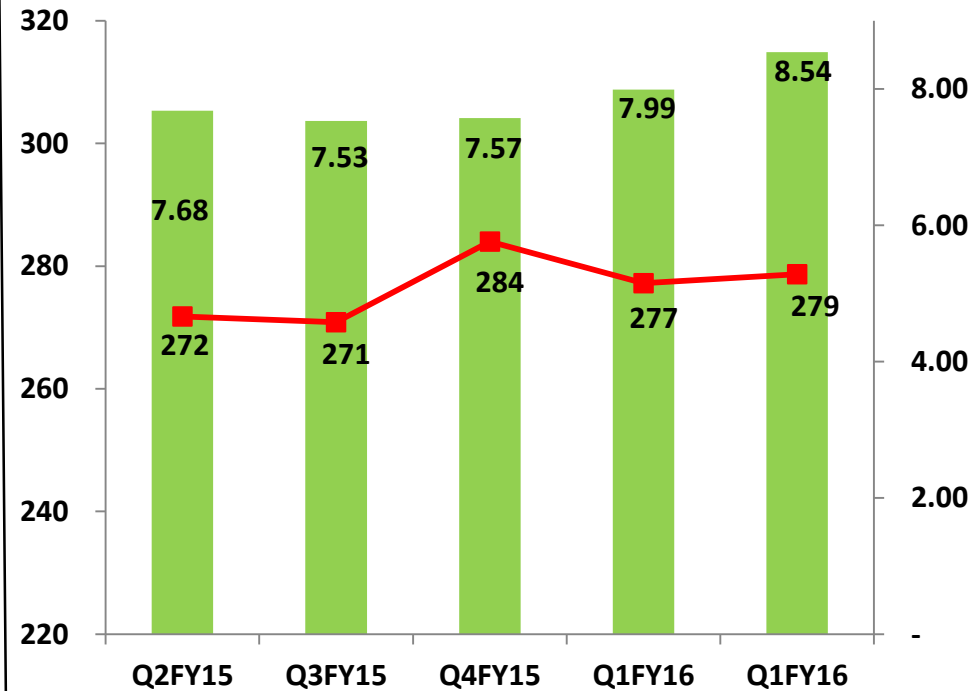


India Diagnostics Business

Business Mix



No of Tests (mn) Average realisation per Test (Rs)



Lab medicine business also includes a small proportion (~ 6%) from clinical trials, wellness and the international segment

Thank You...