

Fortis Healthcare Limited

Investor Presentation – Q3FY15

“ Saving and Enriching Lives ”



February 13, 2015

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Discussion Points

➤ **Highlights - Q3FY15**

➤ **Financial Highlights - Q3FY15**

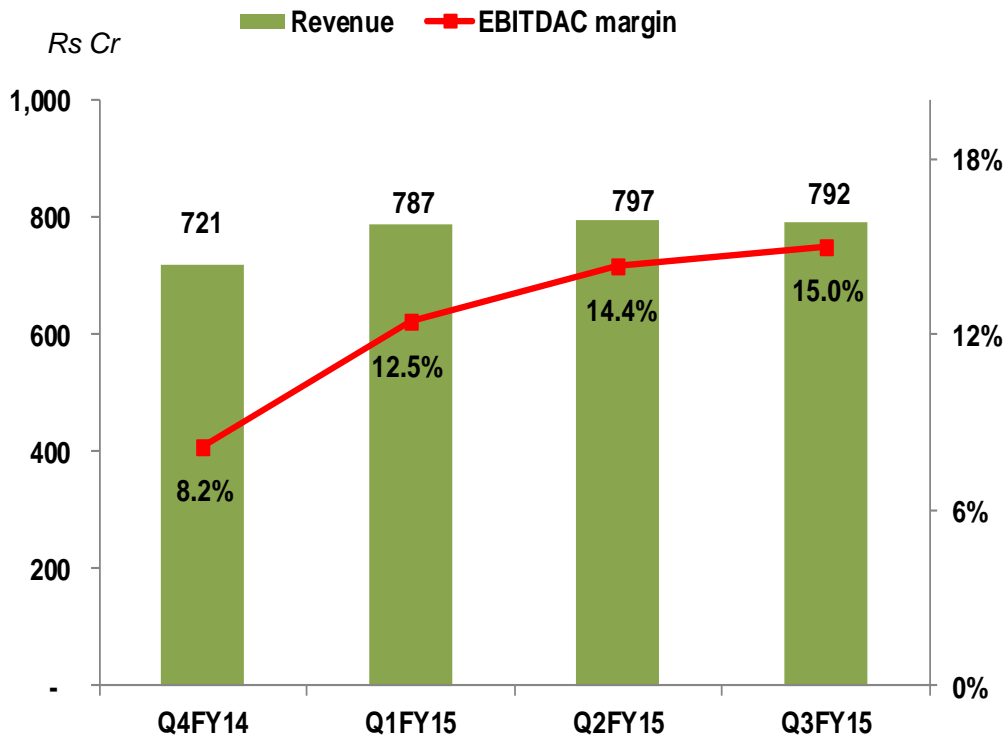
- **Business Performance**
 - **Hospitals**
 - **Diagnostics**

Q3FY15 – Highlights for the quarter

- India business witnesses healthy growth in revenues and operating performance.
- Hospital business operating margins at robust 15%; third consecutive quarter of margin improvement.
- RadLink divestiture for SGD 137 Mn announced in Q2FY15; approval awaited
- India Business (ex RadLink) contributes ~98% to the overall revenues
- Net debt at Rs 1,301 Cr compared to Rs 1,071 Cr in corr.Q. Net debt to equity at 0.27x against 0.21x.
- First dividend of approx. Rs 38 Cr for H1FY15 received from Religare Health Trust (RHT) for ~ 28% ownership in the trust as a sponsor

Q3FY15 – Highlights for the quarter

Third consecutive quarter of margin improvement in the Hospitals Business



- Revenues at Rs 792 Cr, +11% QoQ and similar versus QotQ
- Op. EBITDAC at Rs 119 Cr, +35% QoQ and +4% versus QotQ
- Excluding startups, Op. EBITDAC margins at 15.5% compared to 13.6% in corr. quarter and 15.9% in the trailing quarter

Q3FY15 – Highlights for the quarter

Select Key Hospitals Performance

- FMRI revenue at Rs 91 Cr compared to Rs 67 Cr in corr. quarter & Rs 84 Cr in the trailing quarter; continues to see uptrend in operating profitability
- FEHI's operating profitability continues to recover strongly; shows significant improvement as compared to FY14. Margins better than the trailing quarter and corr. quarter
- Strategic exit from non-core facilities & low margin businesses on track
- Overall Hospital ARPOB growth at a robust 17% versus the corr. Q. Reaches Rs 1.32 Cr in the quarter.
- Arcot Road, Chennai, a 200+ bed hospital, to be launched shortly.
- Fortis La Femme, Bengaluru, a 70 bed women & child care hospital planned to be launched in FY16

Q3FY15 – Highlights for the quarter

Diagnostics Business

- Healthy performance in the diagnostics business with net revenues at Rs 179 Cr, +13% QoQ and similar to trailing quarter
- Operating performance improves with EBITDA margins at 18.2% vs 17.5% in the corr Q (20.7% in trailing Quarter).
- SRL added 7 laboratories, 36 collection centres, 183 direct clients and 11 co-marketing clients.
- SRL further enhanced its service offerings by adding 11 new tests.

Awards and Recognitions – Q3FY15

**Fortis Escorts heart Institute,
New Delhi**

Ranked #2 in the best multispecialty hospitals **by specialty category** for Cardiology by the “The Week” magazine

Fortis Hospital,Jaipur

Ranked #2 in the best multispecialty hospitals **by city** in the “The Week” magazine

**Fortis Hospital,BG Road
Bengaluru**

Ranked #2 in the best multispecialty hospitals **by city** in the “The Week” magazine

Fortis Hospital, Mohali

Ranked #2 in the best multispecialty hospitals by city in the “The Week” magazine

Fortis CritiNext e-ICU initiative

The Healthcare Achievers Award, 2014, **in the “Innovation in Improving Care and Efficiency with Technology”** category.

Strong focus on Clinical Excellence

- 20 Heart Transplants, 5 VADS (Ventricular Assist Device) and 6 ECMOs conducted successfully
- In December 2014, the first pediatric heart transplant was conducted on a 2 year old Russian toddler from Moscow.
- Fortis Escorts Heart Institute (FEHI) conducted its first Heart Transplant with active support from our team in Chennai
- FEHI continues to set the pace in Cardiac Sciences with the first subcutaneous Cardioversion Implant in India
- Web based portal developed in-house to capture Clinical Outcomes for 3 procedures across various Fortis units
 - PCI (Percutaneous cardiac intervention angioplasty)
 - CABG (Coronary artery bypass grafting)
 - TKR (Total knee replacement)

CANCERTHON

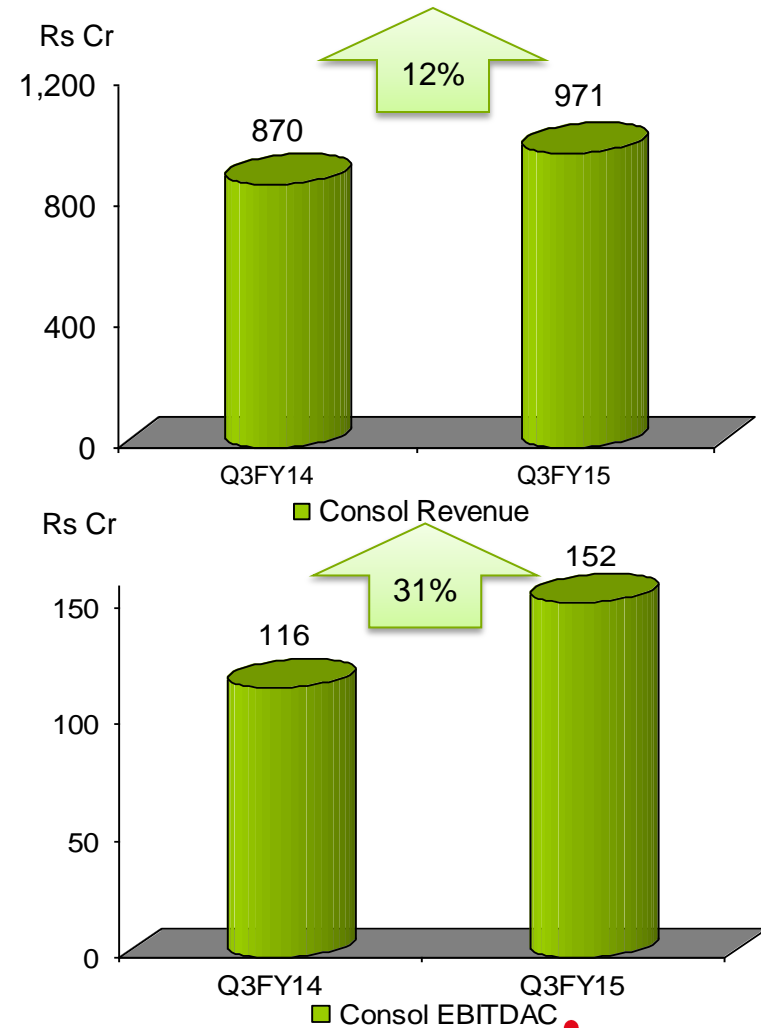
CAN
CER



- 8 hours LIVE fundraiser across the NDTV network on Feb 8, 2015
- Anchored by Vikram Chandra, event endorsed by eminent film and TV personalities, well-known singers, doctors and cancer survivors. Celebrities included Salman Khan, Shahid Kapoor, Kajol, Arjun Kapoor, Manisha Koirala, Anu Malik, Pankaj Udhas, Mohit Chauhan, Kailash Kher, Yuvraj Singh, Minissha Lamba, Diana Hayden, Ali Fazal, Priya Dutt, Richa Chadda, Neeraj Shridhar, RJ Sidhu, Ehsaan Noorani, Emraan Hashmi, Ram Naik, NDTV's Dr Prannoy Roy along with Fortis' EC Malvinder Mohan Singh & EVC Shivinder Mohan Singh.
- Live-tweeted, Live-blogged event yielded 200+ Tweets, 550+ RTs, Donation link clicks : 334
- INR 3 Crs raised for the treatment of lesser privileged children battling cancer

India Financial Highlights – Q3FY15 vs Q3FY14

- Consolidated Revenues at Rs 971 Cr, + 12%.
 - ❖ Hospital Business – Rs 792 Cr, + 11%
 - ❖ Diagnostic Business – Rs 179 Cr, + 13%
- Consolidated Operating EBITDAC* at Rs 152 Cr, +31%; 15.6% margin
 - ❖ Hospital Business – Rs 119 Cr, +35%; 15.0% margin
 - ❖ Diagnostic Business – Rs 33 Cr, +18%; 18.2% margin
- India Consolidated Operating EBITDAC margin excluding start ups at 16.1% vs 14.4% in corresponding quarter



*EBITDAC refers to EBITDA before net business trust costs

India Consolidated P&L : Q3FY15

	Q3FY15	Q3FY14	Q2FY15
Particulars	(Rs Cr.)	(Rs Cr.)	(Rs Cr.)
Operating Revenue	970.6	869.5	977.6
Operating EBITDAC*	151.5	115.8	152.0
Operating EBITDAC margin	15.6%	13.3%	15.6%
Operating EBITDAC margin (Ex Startup and One Offs)	16.1%	14.4%	16.9%
Net BT Costs **	113.0	79.8	111.1
Other Income	14.6	41.9	19.4
EBITDA	53.1	78.0	60.4
Finance Costs	35.3	38.6	35.4
Depreciation & Amortization^	64.5	44.1	53.7
Foreign Exchange (Loss)/ Gain	4.5	15.6	(2.7)
PBT before Exceptional Item	(42.2)	10.8	(31.4)
Exceptional (Loss)/ Gain	-	-	(1.6)
Tax Expense	(1.9)	13.2	2.0
PAT before minority interest and share in associates	(40.3)	(2.3)	(35.1)
Share in Associates^^	13.5	0.3	13.8
PAT after minority interest and share in associates	(26.2)	(5.5)	(25.7)

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

** Net BT costs higher than corr. previous quarter mainly due to FMRI beginning to contribute to service fees starting FY15

^Depreciation charge for Q3 FY15 higher due to the to revision of remaining useful life of the assets in the diagnostics business

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

Group Consolidated P&L : Q3FY15

	Q3FY15***	Q3FY14**	Q2FY15***
Particulars	(Rs Cr.)	(Rs Cr.)	(Rs Cr.)
Operating Revenue	1,024.5	1,018.7	1,031.2
Gross Margin	77.5%	77.8%	77.0%
Operating EBITDAC*	146.8	126.4	143.9
Operating EBITDAC margin	14.3%	12.4%	14.0%
Net BT Costs	113.0	79.8	111.1
Other Income	15.3	42.1	20.3
EBITDA	49.1	88.7	53.1
Finance Costs	38.7	53.5	38.4
Depreciation & Amortization	74.6	60.6	63.3
Foreign Exchange (Loss)/ Gain^	23.5	10.8	(19.1)
PBT before Exceptional Item	(40.7)	(14.6)	(67.7)
Exceptional (Loss)/ Gain^^	-	424.2	(1.6)
Tax Expense	(1.9)	20.6	(0.2)
PAT before minority interest and share in associates	(38.8)	388.9	(69.1)
Share in Associates	16.0	3.6	15.1
PAT after minority interest and share in associates	(22.3)	389.1	(58.1)

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

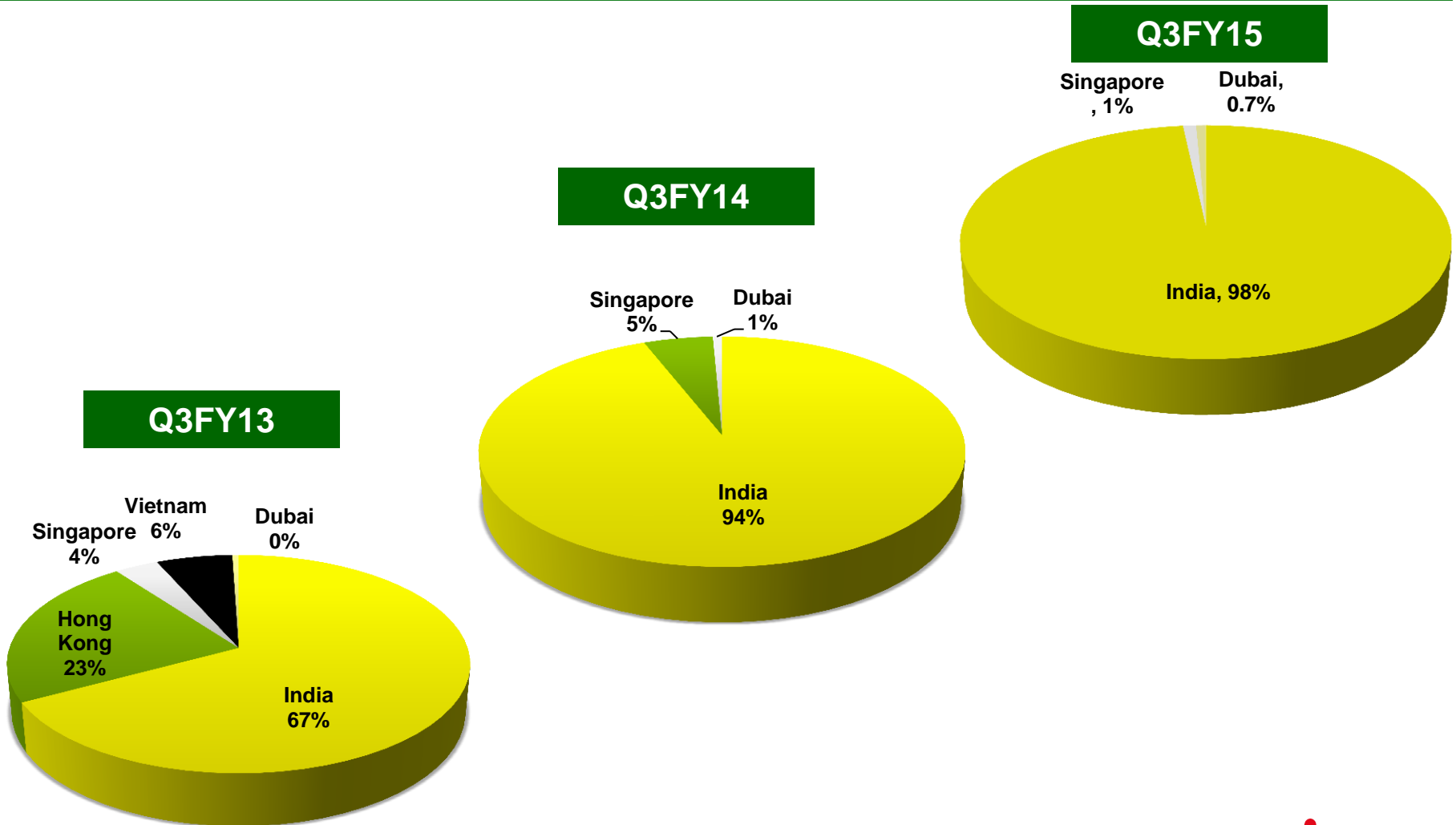
** Includes financials of Quality Healthcare for ~24 days and excludes financials of Fortis Hoan My and Dental Corp, Australia for the full quarter.

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

^ Forex gain during Q3FY15 is largely related to the change in functional currency in a subsidiary from USD to SGD (effective April 1, 2014) resulting in reversal of forex loss booked on consolidation in earlier quarters in the current financial year.

^^Exceptional gain of Rs 424 Cr in Q3FY14 was due to gain on divestment of Quality Healthcare, Hong Kong

Geographical Presence – Q3FY15



**Excludes RadLink in Q3 FY 15, Singapore; Divestment of RadLink Singapore announced in Q2FY15
Q3FY14 excludes Quality Healthcare; the asset was divested during the same quarter.*

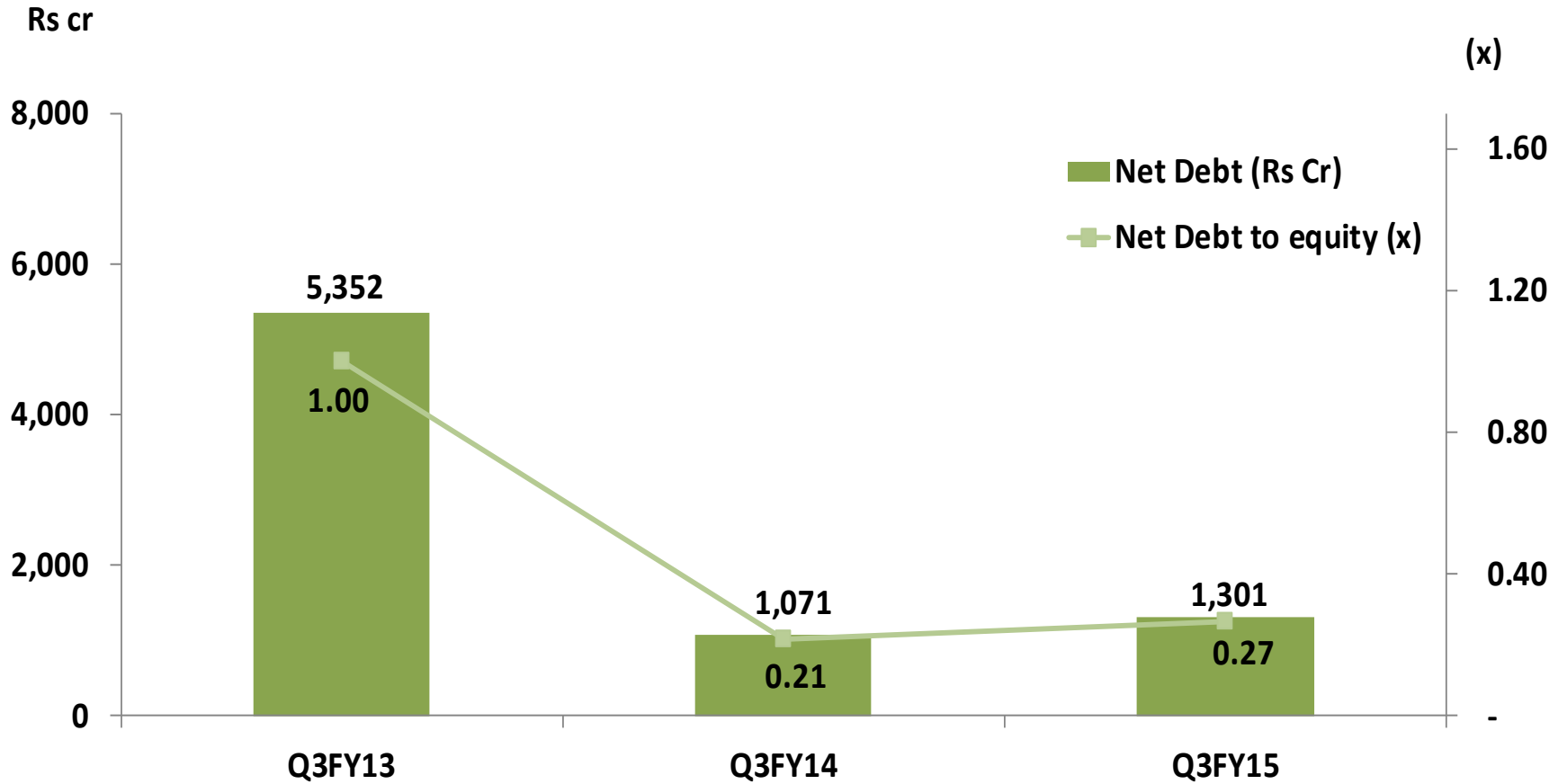
Group Consolidated Balance Sheet – 31 Dec 2014

Balance Sheet	Rs Crore
Shareholder's Equity*	4,904
Foreign Currency Convertible Bonds (FCCB's)	1,169
Debt	697
Total Capital Employed	6,770
Net Fixed Assets (including CWIP of Rs 212 Crore)	2,069
Goodwill	2,409
Investments	1,032
Cash and Cash Equivalents	565
Net Current Assets	695
Total Assets	6,770

- As on December 31, 2014, Net Debt to equity ratio stood at 0.27x (0.21x as on Dec 31, 2013)

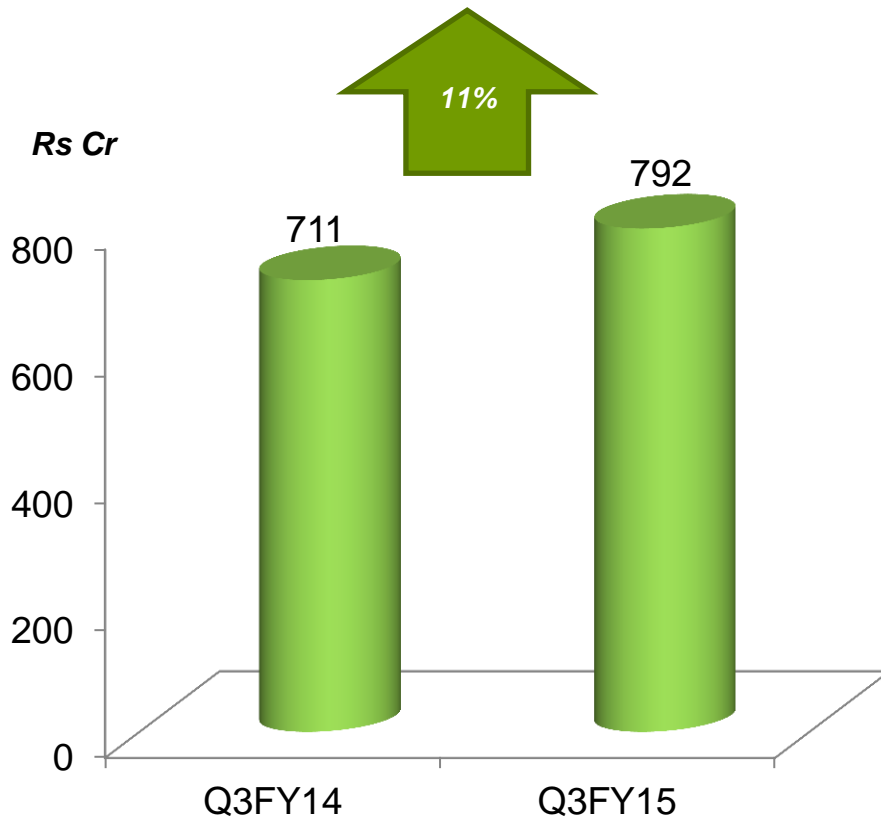
*Shareholder's Equity includes Minority Interest.

Debt Movement



India Business Performance – Q3FY15

Hospital Business - Financial Snapshot Q3FY15



- Operating Revenue - Rs. 792 Cr ↑ 11%
- Operating EBITDAC - Rs. 119 Cr ↑ 35%
- ARPOB - Rs 1.32 Cr ↑ 17%
- Operating EBITDAC Margin - 15.0%
 - Excl. startup - 15.5%

Statutory	Q3FY14	Q2FY15	Q3FY15
Occupancy	72%	71%	70%
ARPOB (Annualized - Rs. Lacs)	113	127	132
ALOS (Days)	3.81	3.60	3.56

Hospital Business P&L : Q3FY15

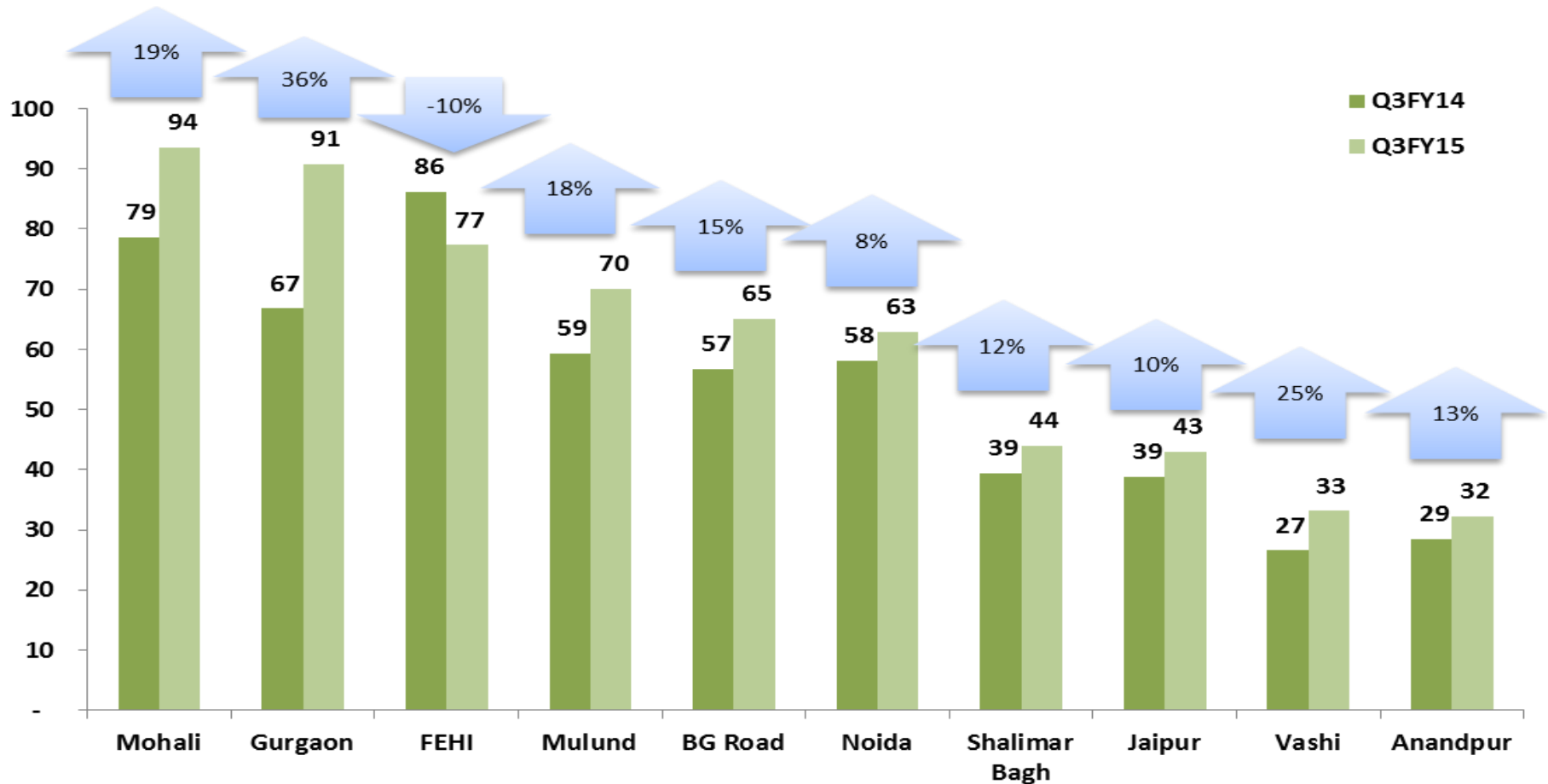
	Q3FY15	Q3FY14	Q2FY15
Particulars	(Rs Cr.)	(Rs Cr.)	(Rs Cr.)
Operating Revenue	791.6	711.3	796.6
<i>Growth %</i>	<i>11.3%</i>		
Gross Margin	79.6%	77.6%	78.8%
Operating EBITDAC*	118.9	88.2	114.5
Operating EBITDAC margin	15.0%	12.4%	14.4%
Operating EBITDAC margin (Ex Startup and One Offs)	15.5%	13.6%	15.9%
Net BT Costs **	113.0	79.8	111.1
Other Income	14.1	40.4	17.2
EBITDA	19.9	48.8	20.6

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

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

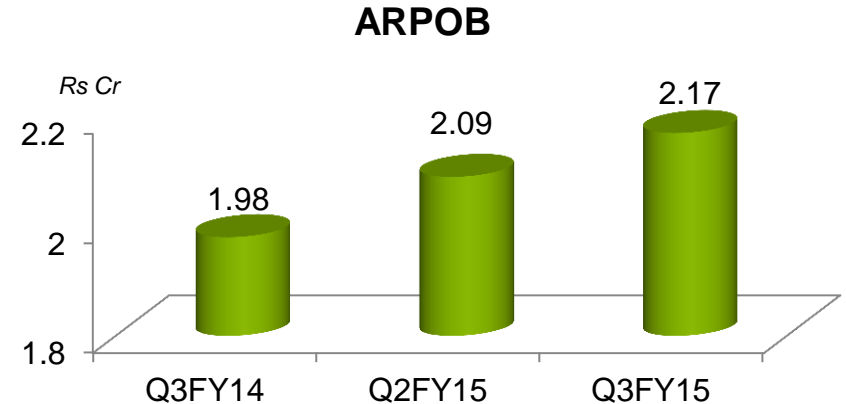
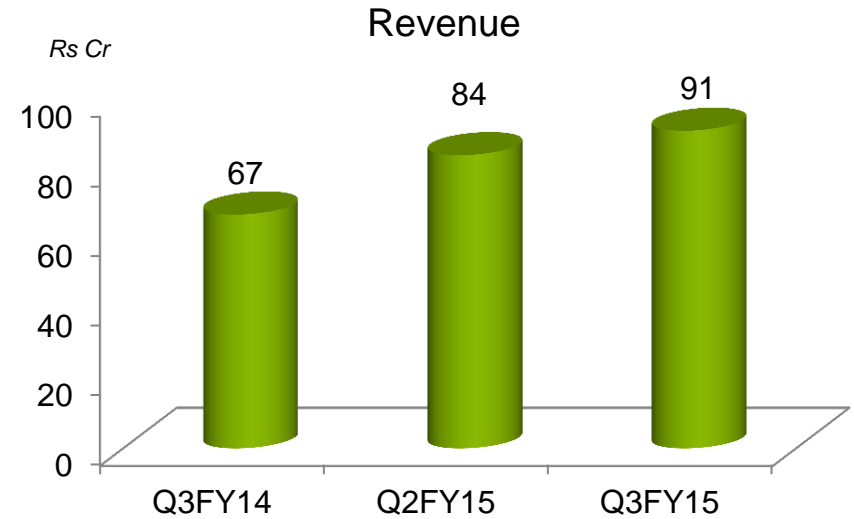
Hospital-wise Revenue (QoQ) – Top 10 Hospitals

Rs Crore



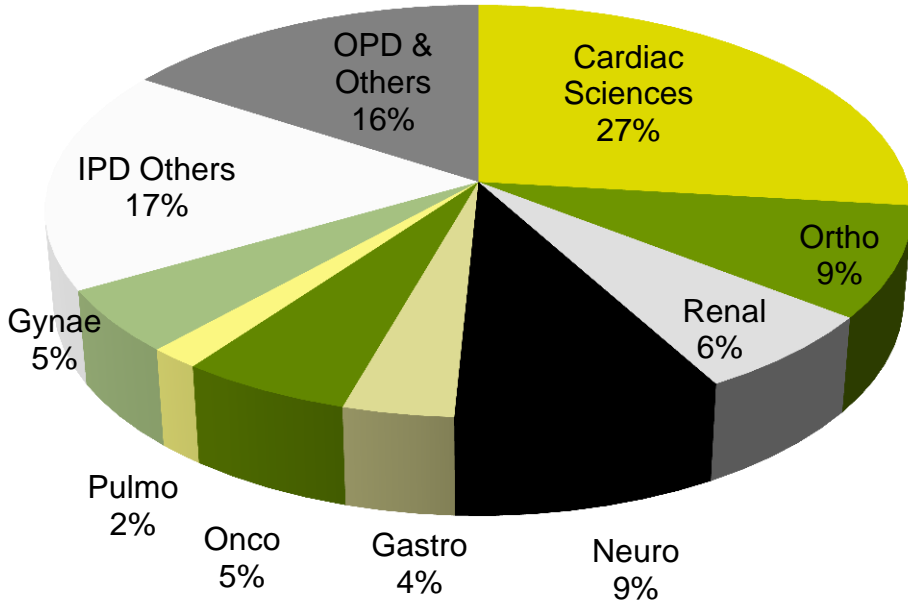
FMRI Operational Performance

- FMRI continues to witness healthy growth
- 2nd largest revenue contributor in the network already
- Highest ARPOB in the network for a multi-specialty hospital ~ Rs 2.17 Cr
- Investments for future growth for new medical specialties being undertaken in this FY

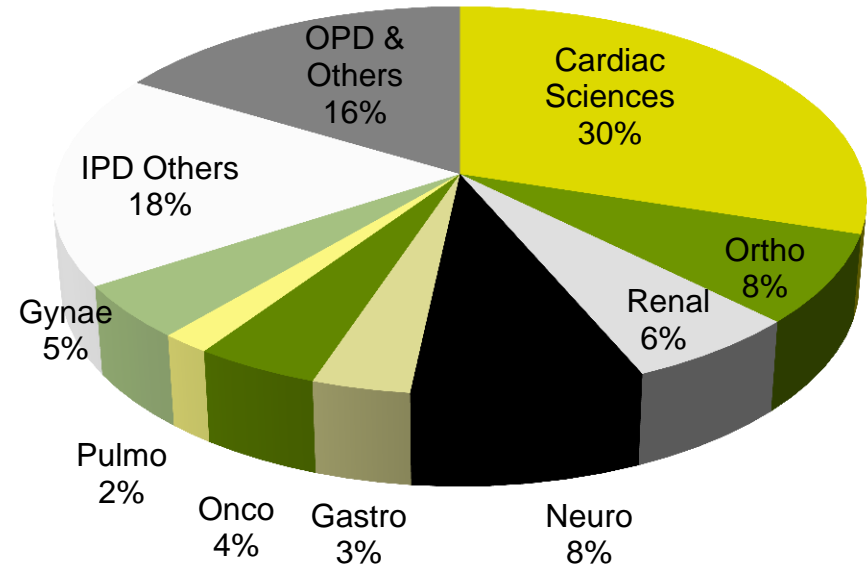


Hospital Business - Specialty Revenue Split

Q3FY15



Q3FY14



Growth – Key Projects underway

Fortis Hospital Arcot Road, Chennai

- 200+ bed tertiary care multi specialty hospital
- To be commissioned shortly

Fortis La Femme, Bengaluru

- 70-bed facility focusing on Gyn., Obstetrics & Cosmetology
- Expected launch 2015

Fortis Hospital, Bengaluru (Expansion)

- 210 bed facility with a comprehensive cancer-care facility
- Expected launched 2016

Fortis La Femme, Ludhiana

- 100 bed greenfield facility focusing on Mother & Child Health
- Expected launch 2017



Fortis Hospital, Chennai



Fortis Hospital, Bengaluru

India Diagnostics Business – Q3FY15

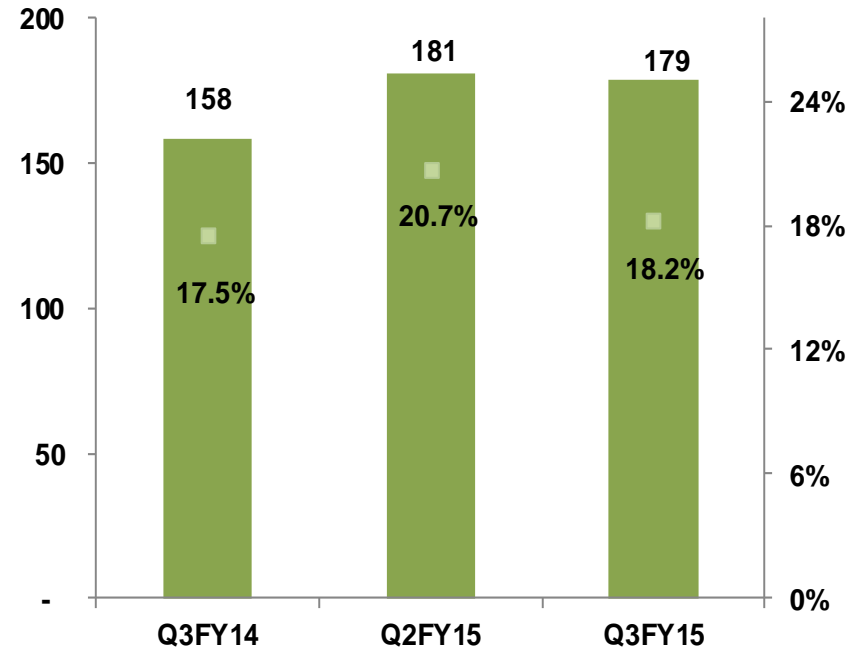
- Net revenue at Rs 179 Cr, +13%
- Operating EBITDA margin at 18.2% (basis net revenue)
- Added 7 laboratories, 36 collection centres, 183 direct clients and 11 co-marketing clients.
- No of accessions at 3.45 mn vs 3.17 mn in Q3FY14

SRL Standalone Financials

	Q3FY15	Q3FY14	Q2FY15
Gross Revenue	205.8	181.0	209.0
EBITDA	32.6	27.7	37.5
EBITDA Margin	15.9%	15.3%	18.0%

Rs Crore

■ Net Revenue ■ EBITDA margin

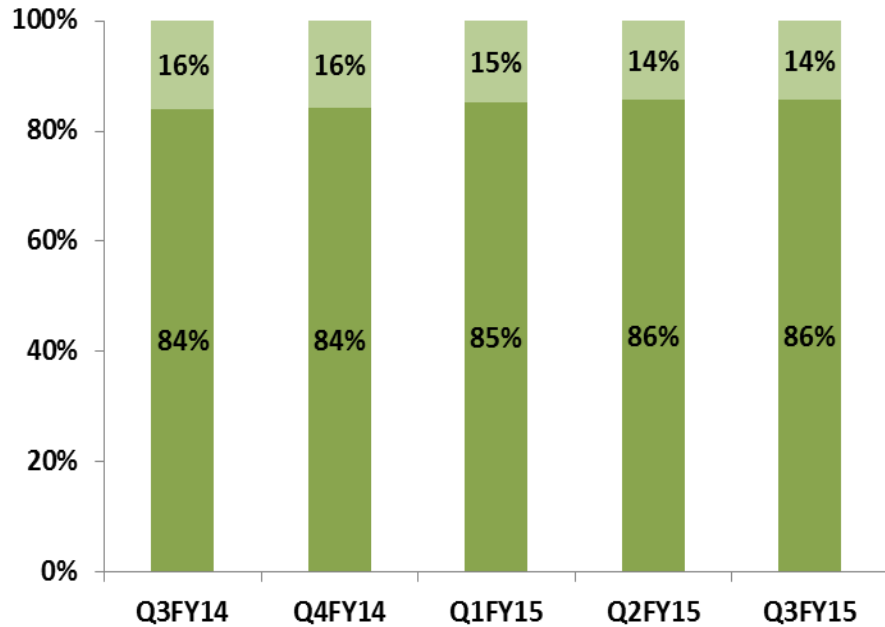


- 276 labs
- 6,000 collection points
- ~85,000 tests / day

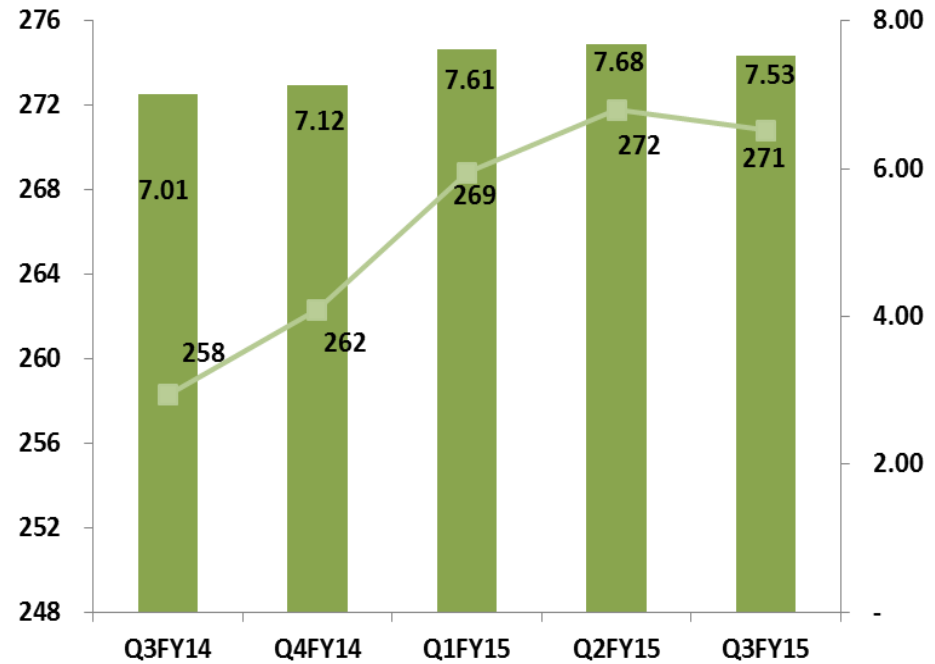
India Diagnostics Business

Business Mix

Imaging
Lab Medicine



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



Thank You...