

Fortis Healthcare Limited

Investor Presentation – Q1FY16



“ Saving and Enriching Lives ”

August 6, 2015

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Discussion Points

➤ **Highlights for the Quarter**

➤ **Awards & Recognitions**

➤ **Successes in Clinical Excellence**

➤ **Financial Highlights**

➤ **Business Performance – Hospitals & Diagnostics**

Mr Bhavdeep Singh rejoins Fortis as CEO

Company announces appointment of Mr Bhavdeep Singh as its new CEO, effective July 2015

- Rejoins Fortis from Ahold, USA – a USD 26 Bn retailer where Mr. Singh was on the Company's Executive Board and headed its US operations and new formats
- Brings continuity to the role having led a successful stint at Fortis from 2009 -2011 as its CEO
- Prior to 2009 held Chief Executive roles with Reliance Retail and Spencers in India



Highlights for the quarter

- India consolidated business witnesses a healthy 23% EBITDAC* growth. EBITDAC Margins expand 220 bps to 16.2% vs 14.0% in Q1FY15; Revenues at Rs 1028 Cr vs Rs 964 Cr in corr Q.
- Hospital business records a robust 26% growth in EBITDAC. EBITDAC Margins expand 220 bps to 14.7% vs 12.5% in Q1FY15. Revenue at Rs 839 Cr vs Rs 787 Cr in corr Q .
- Diagnostic business reports highest ever EBITDA margin at 23%, expands 210 bps over Q1FY15; net revenue at Rs 189 Cr vs Rs 177 Cr in corr Q.
- Company successfully completes exits from all the major International assets; divests Fortis Surgical Hospital and RadLink, Singapore in April and May 2015, respectively

**Refers to EBITDA before net business trust costs*

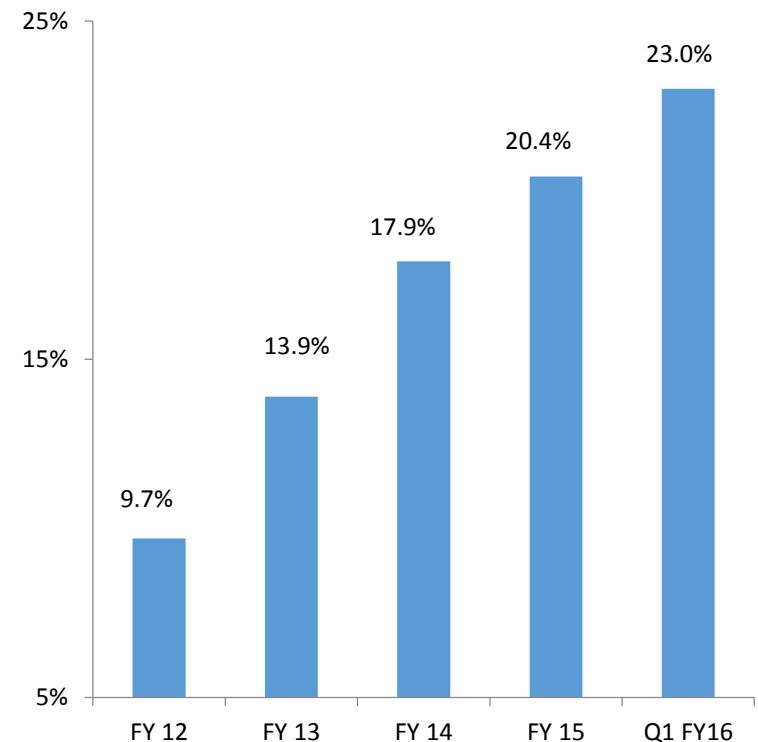
Highlights for the quarter (cont..)

- Company redeems USD 100 Mn Foreign Currency Convertible Bonds (FCCBs) issued in 2010; net debt to equity at 0.13x as on June 30, 2015 compared to 0.25x as on March 31, 2015
- Company rationalizes its network of facilities by exiting non core and low margin facilities i.e. Moradabad, Mysore and Agra. Approximately 170 beds discontinued as compared to the corr Q.

SRL Value Unlocking Update

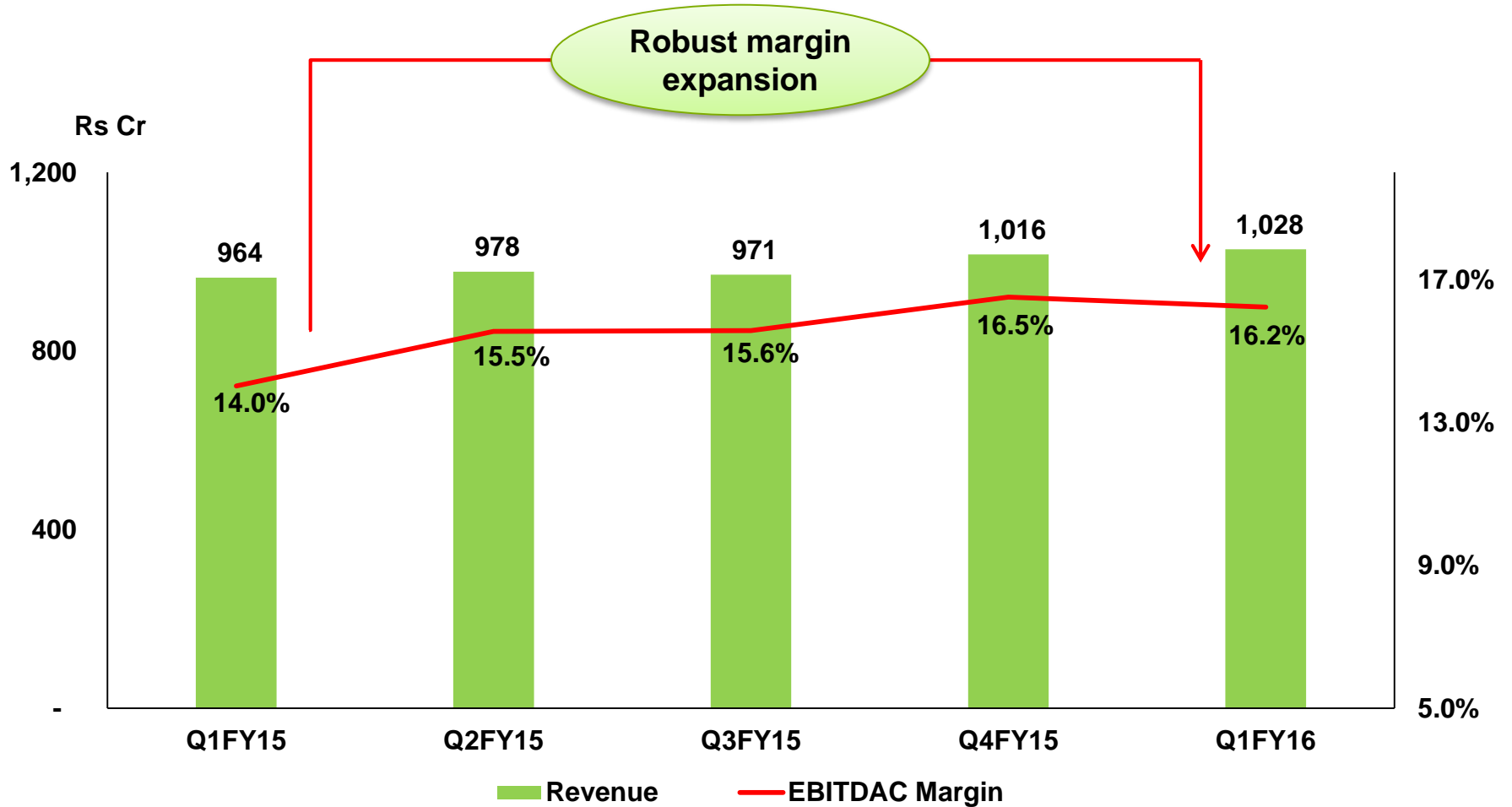
- As per terms of agreement, SRL is obliged to provide exit option to investors (*Investors entered SRL in Apr/ Jun 2011 and Jun 2012; total holding ~33.7%*)
- Option with the respective investors whether to participate in part / full or to continue in SRL
- After due deliberation , preferred option may converge to a secondary sale / exit led and facilitated by SRL
- SRL management in consultation with investors will proceed with the next steps including appointment of suitable investment bank and other related actions

EBITDA margins[^] more than doubled since FY12



[^] EBITDA margins basis net revenues

India Consolidated Business – Revenue & Margins



Fortis' first television led Brand Campaign

- Launched in cinema and digital
- First Healthcare brand to advertise at a national level
- Primarily visible on news & infotainment genres
- TVC driving traffic to Handsofhope microsite
- ➔ www.handsofhope.co.in – a social initiative to provide life saving medical treatment to the socially marginalized and deprived children suffering from critical illness

The screenshot displays the 'Hands of Hope' microsite interface. At the top, there is a navigation bar with 'Login', 'Home', 'About Us', and 'Contact Us'. A 'Funds Raised' counter shows 10,49,591 INR. The main content area features a video player for 'Fortis Healthcare | #AllForHope' with a 'Watch the Video' button. Below the video, a list of 'Hope Ambassadors' includes Kaillas..., Viveka..., nikhita..., Nikhita..., Chota..., Harish..., NEERA..., and Jojired... A disclaimer at the bottom states: 'Disclaimer: Creative visualisation only. Based on true story, identity of patient is concealed. Characters shown are models and not doctors. Transplantations are subject to applicable laws. Copyright 2015. Hands Of Hope. Powered by Fortis Healthcare.'

To view our TVC please visit: <https://youtu.be/-o-w06DKr0A>

Milestones, so far

- More than 1.16 million views on YouTube
- Over 70.34 Lac Twitter accounts reached
- Tweeted by Celebs – Salman Khan (13.2 mn), Shahid Kapur (6.5 mn)
- Facebook (Likes, Shares and Comments) – 70,846
- 650 + Hands of Hope joined
- Over INR 11.4 Lacs pledged towards treatment of under privileged children
- Over 20 Lac individuals reached through Cinema



Fortis Healthcare |
#AllForHope

1,160,350 views

388 

16 



Fortis Healthcare
2,665 subscribers

 Subscribed

Key Awards and Recognitions

Fortis Healthcare wins the Golden Globe Tigers Award for 'Best Patient Safety Initiative'

FEHI, New Delhi, named Best Single Speciality Hospital in Cardiology for the third time at the ICICI Lombard-CNBC TV18 India Healthcare Awards

Critinext wins Golden Globe Tigers Award for Innovation in Quality Service Delivery

Fortis receives the Corporate Live Wire Innovation & Excellence 2015 Award for Healthcare Delivery

Fortis Hospital, Mulund, Mumbai, receives JCI re-accreditation for the fourth time in a row; amongst select few in Asia to do so

Successes in Clinical Excellence

Iraqi man's cancerous tumour weighing 5.6 kg removed surgically at Fortis Memorial Research Institute, Gurgaon

Doctors at Fortis Hospital, Noida, save construction worker after iron rods pierced him following a 30-feet fall

Fortis Hospital, Mulund, gives a new lease of life to 9-year-old girl suffering from a rare genetic disorder by placing bio-absorbable heart stent

Complex open heart surgery conducted on 18-hour-old neonate at Fortis Escorts, New Delhi

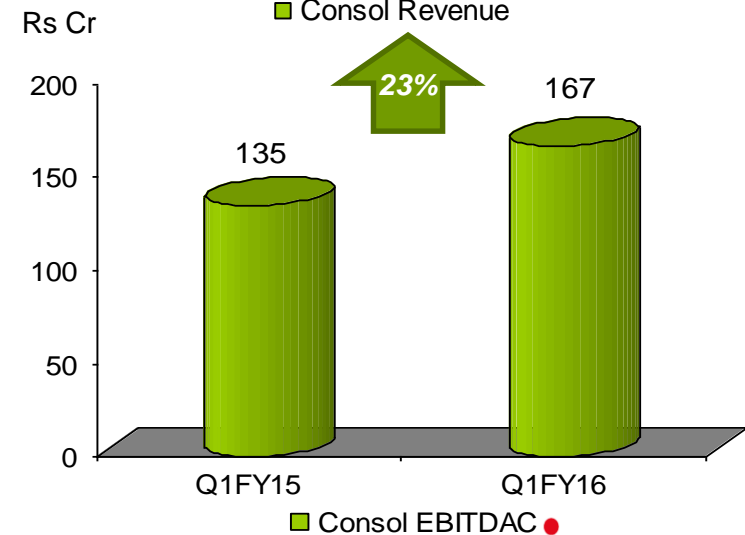
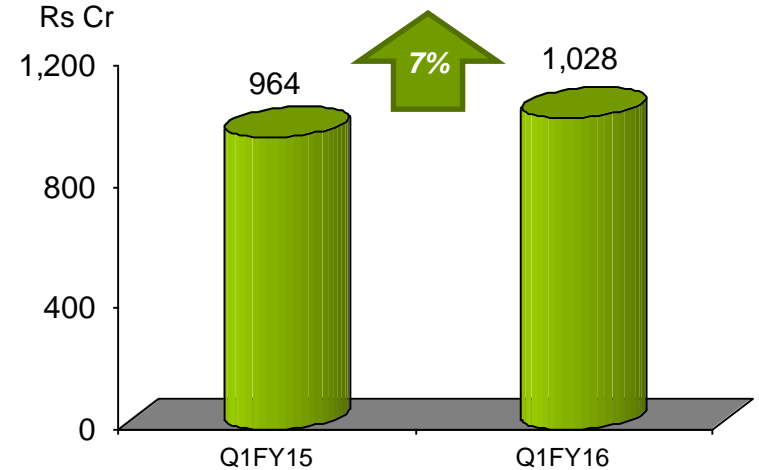
70-year-old from Manipur undergoes two lifesaving surgeries in 15 days at the Fortis, Vasant Kunj, New Delhi

Iraqi boy with rare birth deformities treated with non-surgical technique at Fortis Hospital, Mulund, Mumbai

Financial Highlights

India Financial Highlights – Q1FY16 vs Q1FY15

- Consolidated Revenues at Rs 1,028 Cr, + 7%.
 - ❖ Hospital Business – Rs 839 Cr, + 7%
 - ❖ Diagnostic Business – Rs 189 Cr, + 7%
- Consolidated Operating EBITDAC* at Rs 167 Cr, 16.2% margin
 - ❖ Hospital Business – Rs 123 Cr, 14.7% margin
 - ❖ Diagnostic Business – Rs 43 Cr, 23.0% margin



*EBITDAC refers to EBITDA before net business trust costs

India Consolidated P&L

	Q1FY15	Q1FY16	QoQ % Change
Particulars	(Rs Cr.)	(Rs Cr.)	
Operating Revenue	964.2	1,027.7	6.6%
Operating EBITDAC*	135.2	166.8	23.3%
Operating EBITDAC margin	14.0%	16.2%	-
Net BT Costs	108.1	115.4	-
Other Income	23.3	13.7	-
EBITDA	50.4	65.1	29.0%
Finance Costs	36.0	31.7	-12.0%
Depreciation & Amortization	53.1	51.7	-2.6%
Foreign Exchange (Loss)/ Gain	(7.5)	11.1	-
PBT before Exceptional Item	(46.1)	(7.2)	-
Exceptional (Loss)/ Gain	1.9	-	-
Tax Expense	2.1	8.1	-
PAT before minority interest and share in associates	(46.3)	(15.3)	-
Share in Associates	14.2	14.8	-
PAT after minority interest and share in associates	(36.8)	(6.2)	-

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

Group Consolidated P&L

	Q1FY15	Q4FY15	Q1FY16
Particulars	(Rs Cr.)	(Rs Cr.)	(Rs Cr.)
Operating Revenue	1,020.7	1,063.7	1,049.3
Operating EBITDAC*	132.8	153.9	165.9
Operating EBITDAC margin	13.0%	14.5%	15.8%
Net BT Costs	108.1	112.5	115.4
Other Income	24.8	32.3	13.7
EBITDA	49.6	73.6	64.2
Finance Costs	39.0	37.3	31.8
Depreciation & Amortization	63.9	61.0	54.6
Foreign Exchange (Loss)/ Gain	(0.0)	2.8	18.4
PBT before Exceptional Item	(53.3)	(21.9)	(3.9)
Exceptional (Loss)/ Gain	1.9	-	87.3
Tax Expense	4.4	4.0	8.4
PAT before minority interest and share in associates	(55.8)	(25.8)	74.9
Share in Associates	14.9	13.7	18.2
PAT after minority interest and share in associates	(45.8)	(17.5)	87.3

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

Exceptional gain of Rs 87 Cr during Q1FY16 pertains to net gain arising due to divestment of RadLink and Fortis Surgical Hospital, Singapore.

Group Consolidated Balance Sheet – June 30, 2015

Balance Sheet	Rs Crore
Shareholder's Equity*	4,972
Foreign Currency Convertible Bonds (FCCB's)	541
Debt	601
Total Capital Employed	6,114
Net Fixed Assets (including CWIP of Rs 233 Crore)	1,793
Goodwill	2,072
Investments	1,075
Cash and Cash Equivalents	520
Net Current Assets	654
Total Assets	6,114

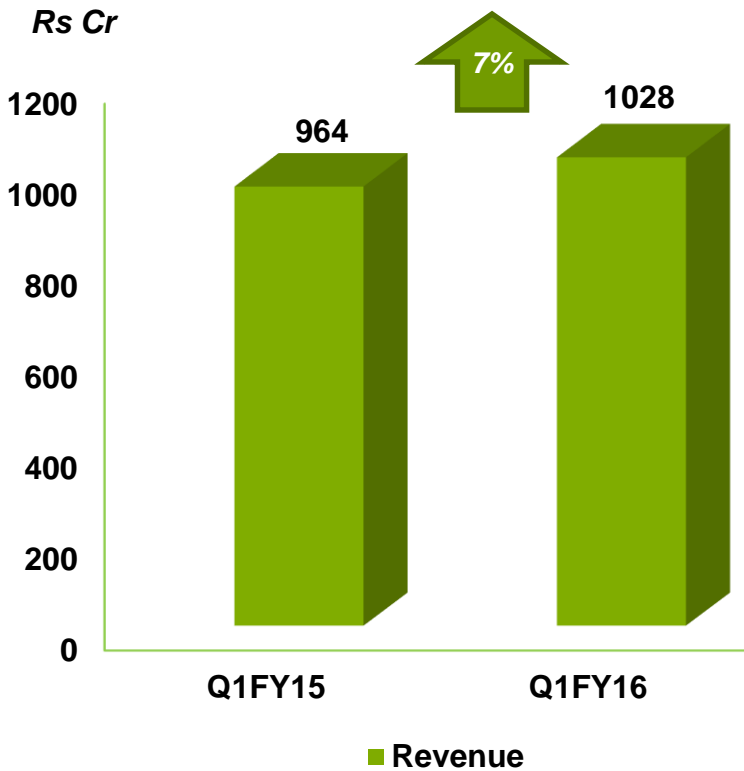
- As on June 30, 2015, Net Debt to equity ratio stood at 0.13 x

*Shareholder's Equity includes Minority Interest.

Business Performance – Hospitals & Diagnostics

India Business - Snapshot

India Business



Q1FY16 – Consolidated

- Operating Revenue - Rs. 1,028 Cr ↑ 7%
- Hospital business -Rs. 839 Cr ↑ 7%
- Diagnostics business -Rs. 189 Cr ↑ 7%

Statutory	Q1FY15	Q4FY15	Q1FY16
Occupancy	71%	72%	70%
ARPOB (Annualized - Rs. Lacs)	123	133	140
ALOS (Days)	3.72	3.66	3.53

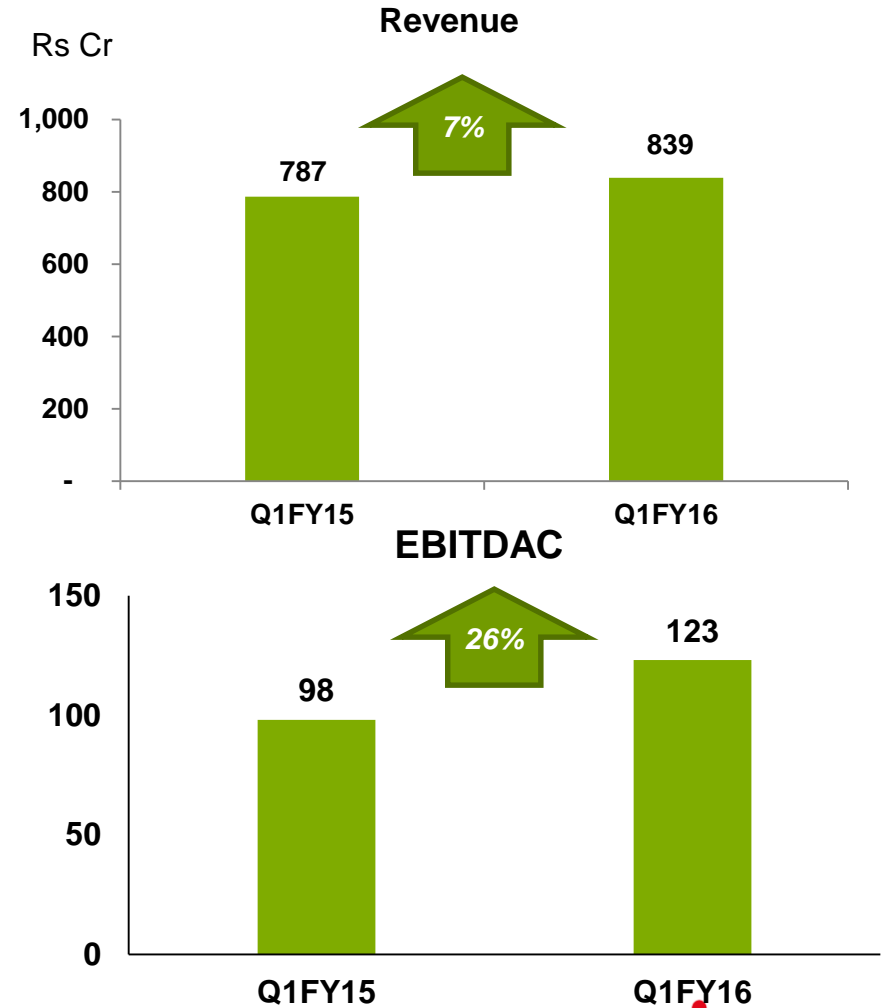
India Hospital Business P&L

	Q1FY15	Q1FY16	QoQ % change
Particulars	(Rs Cr.)	(Rs Cr.)	
Operating Revenue	786.9	838.7	6.6%
Operating EBITDAC*	98.3	123.4	25.6%
Operating EBITDAC margin	12.5%	14.7%	
Net BT Costs	108.1	115.4	
Other Income	20.6	11.5	
EBITDA	10.8	19.5	81.0%

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

India Hospital Business

- Operating revenue at Rs 839 Cr, +7%
- Operating EBITDAC* margins at 14.7%, up 220 bps.
- International patient revenue at Rs 84 Cr, +9%; representing 10% of overall hospital business
- FMRI revenue at Rs 97 Cr, + 20% over corr Q
- Ludhiana facility gains further momentum; witnesses revenue growth of 34% over corr Q.



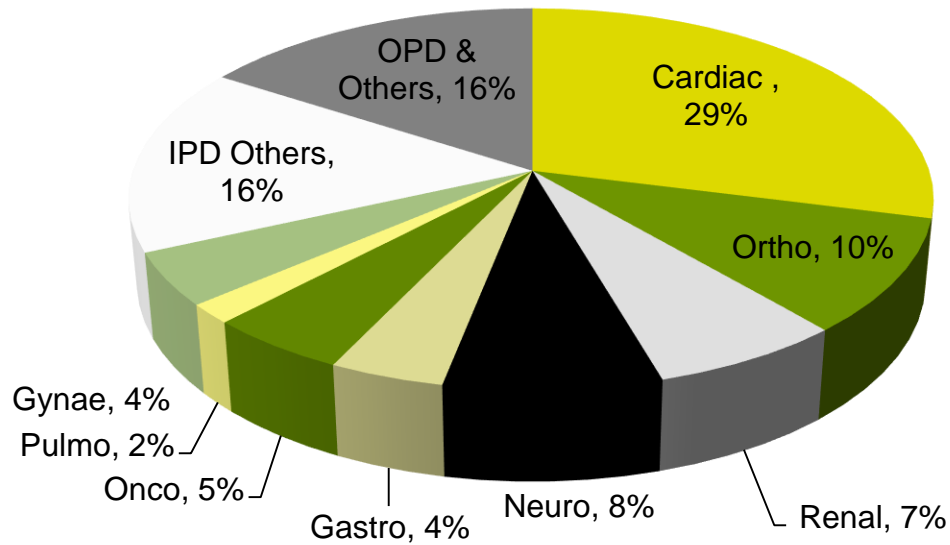
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Key Medical Programs launched

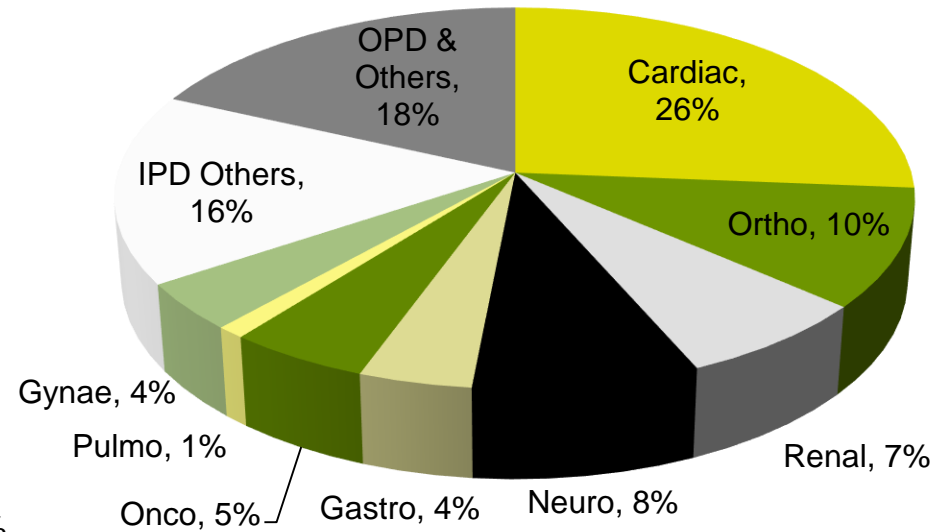
- Fortis Escorts Heart Institute added a new super-speciality center for Gastroenterology, the Fortis Escorts Liver & Digestive Diseases Institute.
- Fortis Mohali launched Mamma Mia, a comprehensive and distinctive bouquet of fitness, wellness and information solutions for maternity and child care
- FMRI launched the Liver Transplant programme
- Fortis Mulund successfully performed its first heart transplant (*August 2015*); a first in the city of Mumbai in over 4 decades. Becomes the third unit across the Fortis Network to do so.
- Fortis Malar launched a dedicated Fortis Stroke Centre to offer specialised treatment to patients suffering from acute ischemic stroke, resulting from obstruction in blood supply to the brain due to a clot.
- Fortis Escorts Hospital, Amritsar inaugurated the Neonatal Intensive Care Unit
- Fortis Escorts Hospital, Jaipur launched a Rheumatoid Arthritis Clinic

Specialty Revenue Split – India Hospital Business

Q1FY15

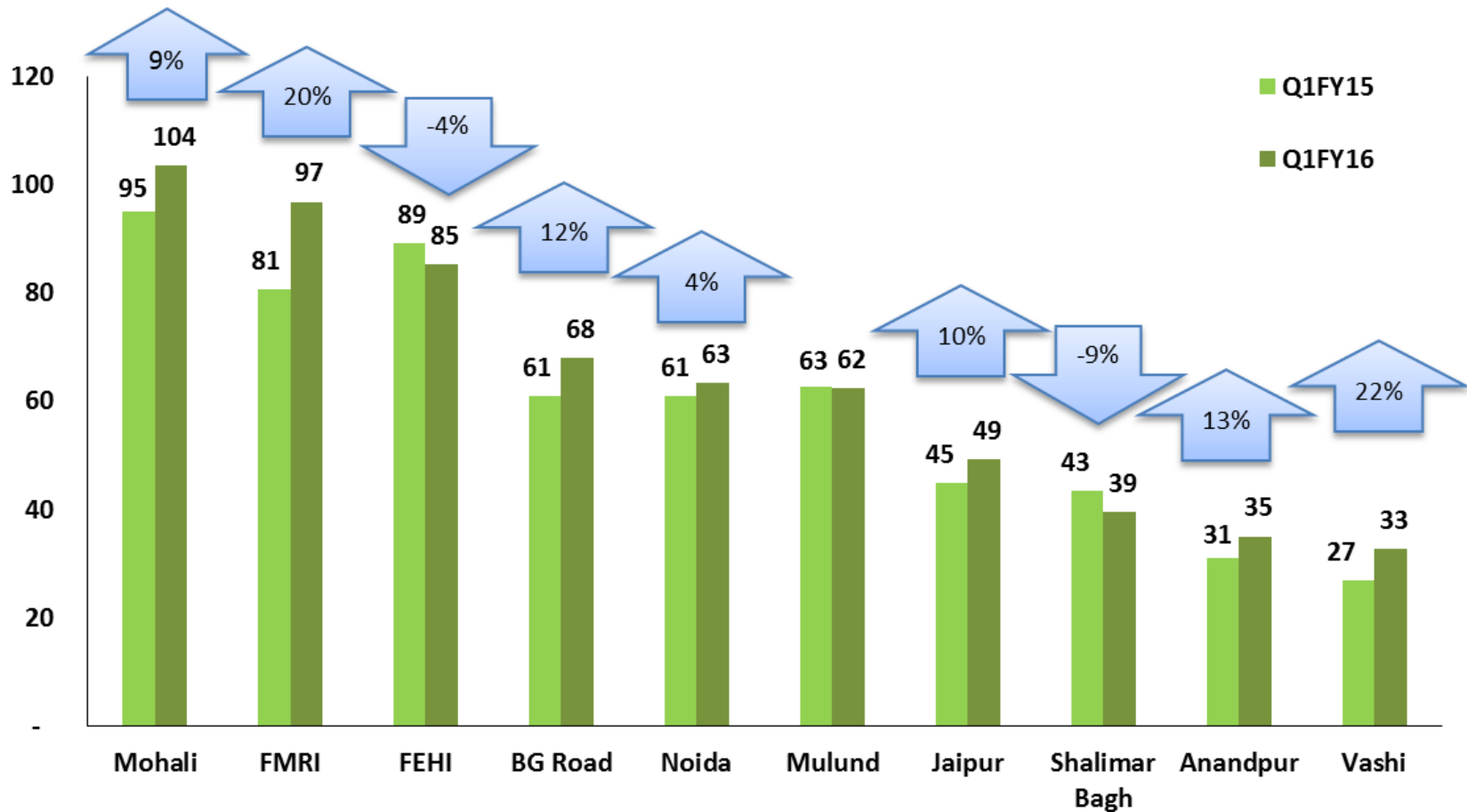


Q1FY16



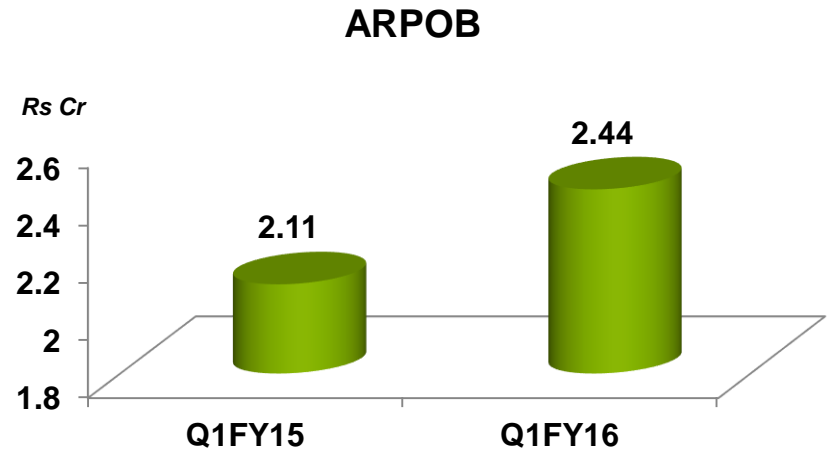
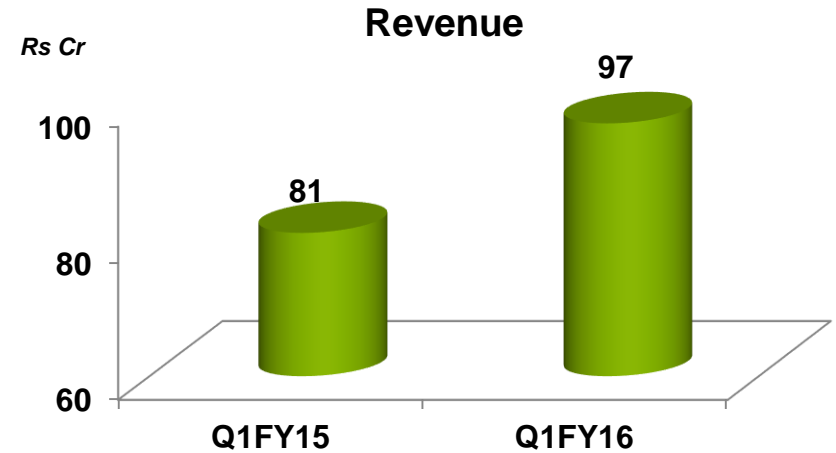
Hospital-wise Revenue – Top 10 Hospitals

Rs Crore



FMRI Operational Performance

- 2nd largest revenue contributor in Fortis
- Highest ARPOB in multispecialty hospitals
- Healthy EBITDAC growth over corr Q
- Launches Liver transplant program in the quarter



Upcoming Hospitals



Fortis La Femme, Bengaluru

Fortis La Femme, Bengaluru

- 70 bed facility focusing on Gynecology, Obstetrics & Cosmetology
- Expected to be commissioned in September 2015

Fortis Hospital, Bengaluru (Expansion)

- 210 bed facility with a comprehensive cancer care facility
- To be operationalized in phases over the next 4 - 6 quarters



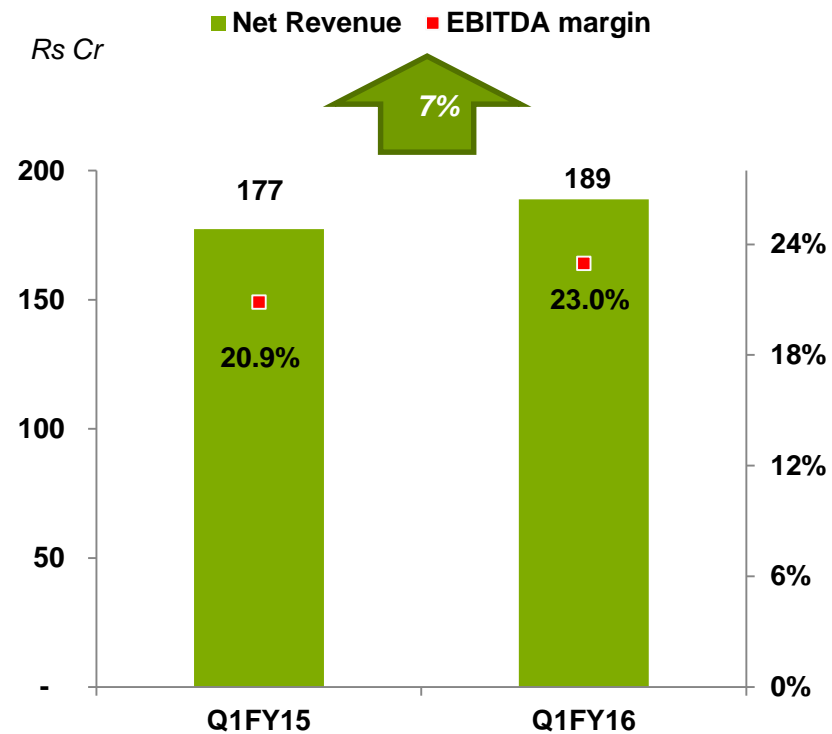
Fortis Hospital, Arcot Road, Chennai

Fortis Hospital, Arcot Road, Chennai

- A 200+ bed tertiary care multi specialty hospital
- Expected to be commissioned shortly; awaiting regulatory approval

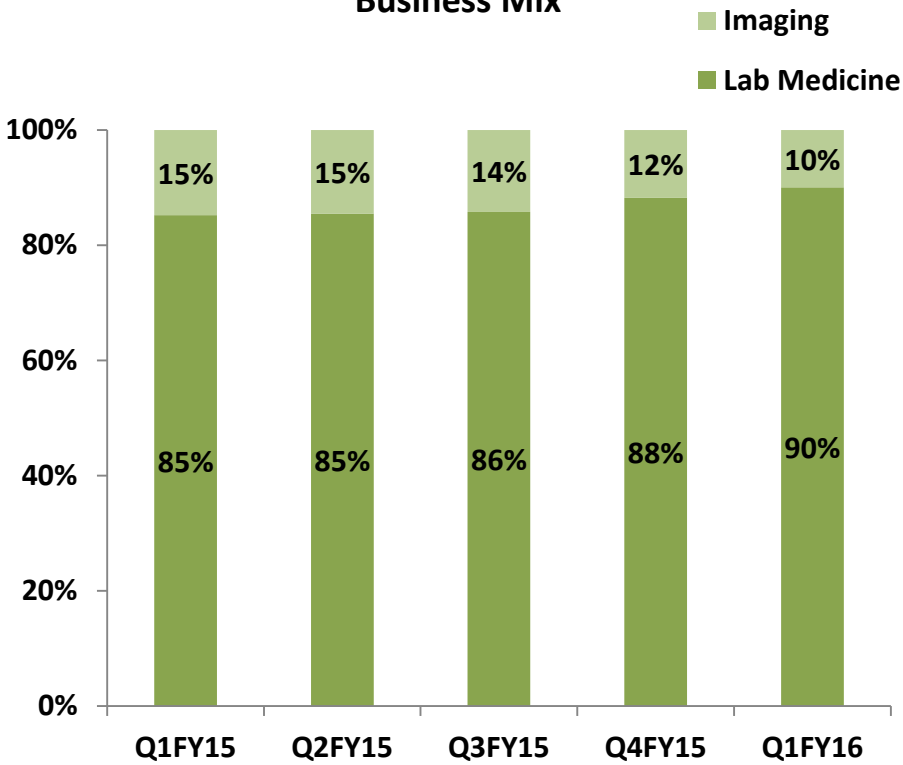
India Diagnostics Business

- Operating revenue at Rs 189 Cr, +7%
- Pathology segment records healthy growth of 13%
- Operating EBITDA margin improved to 23.0% compared to 20.9% in Q1FY15
- Network rationalisation continues.
 - 6 new labs added and 4 exited.
 - 36 collection centres added and 216 closed.
- No of accession at 3.57 million, a 5% Q-o-Q growth
- Expands service offering by adding 2 new tests

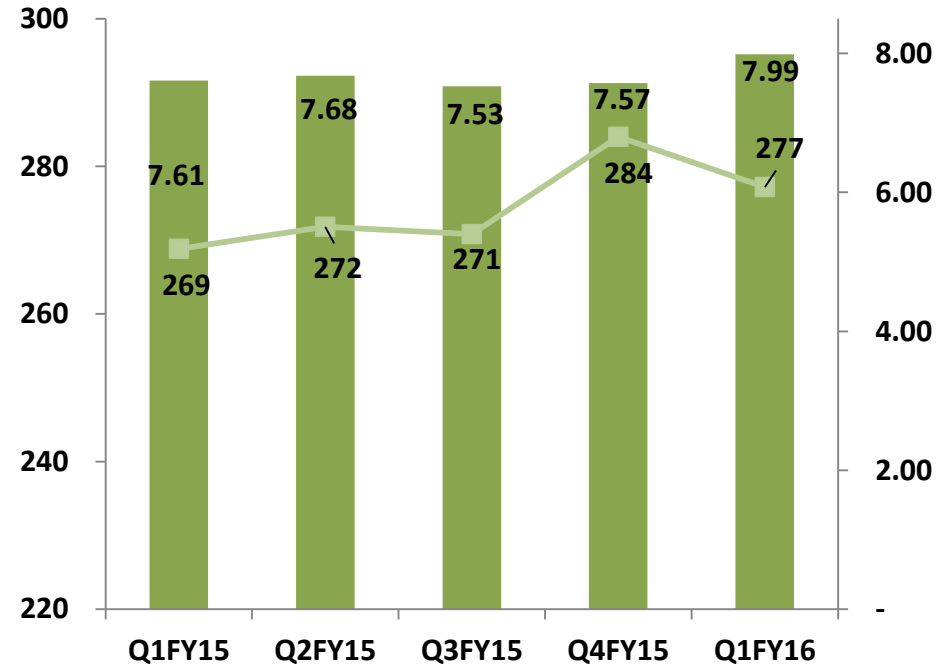


India Diagnostics Business

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...