



Fortis Healthcare reports Q1 FY 22 Financial Results

Strong rebound in Hospitals and Diagnostics as impact of Covid abates

SRL completes acquisition of balance 50% stake in DDRC JV, making it a 100% subsidiary

Acquisition enables SRL to consolidate its position as the 2nd largest diagnostics chain pan – India

- Revenues for Q1FY22 at INR 1,410 Crs vs INR 606 Crs in Q1FY21
- EBITDA at INR 283 Crs versus a loss of INR 99 Crs in Q1FY21
- PAT at INR 431 Crs versus a loss of INR 188 Crs in Q1FY21

Consolidated Financial Snapshot

| Particulars (INR Crs) | Q1FY22 | Q1FY21 | % Change YoY | Q4FY21 | % Change QotQ |
|---|--------------|----------------|--------------|--------------|---------------|
| Revenue | 1,410.3 | 605.9 | 132.7% | 1,252.4 | 12.6% |
| EBITDA | 283.1 | (98.8) | - | 203.6 | 39.0% |
| EBITDA margin | 20.1% | - | - | 16.3% | - |
| Profit Before Tax <i>(Before exceptional item*)</i> | 180.2 | (208.7) | - | 110.2 | 63.5% |
| Profit After Tax* | 430.6 | (187.9) | - | 62.4 | - |
| Profit After Tax after Minority Interest * | 263.5 | (178.9) | - | 43.2 | - |

* Includes an exceptional gain of INR 306 Crs on remeasurement of the previously held equity interest of SRL in the SRL-DDRC JV at its fair value post acquisition of the balance 50% stake in the said JV in April 2021.

- Q1FY22 hospital business revenues were at INR 1,006.5 Crs versus INR 488.4 Crs in Q1FY21 and INR 982.2 Crs in Q4FY21.
- The hospital business EBITDA was at INR 149.6 Crs versus a loss of INR 85 Crs in Q1FY21. EBITDA in Q4 FY21 stood at 139.4 Crs. (14.9% margin in Q1 FY22 versus 14.2% in Q4 FY21)
- SRL registered the highest growth in revenues in the diagnostics space. Q1 FY22 diagnostics business gross revenues grew 214% YoY to INR 441.4 Crs versus INR 140.4 Crs in Q1FY21. Revenues were up 44% versus Q4FY21.

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- *The diagnostics business EBITDA was at INR 134.9 Crs versus a loss of INR 10.6 Crs in Q1 FY21. EBITDA in Q4 FY21 stood at INR 67.2 Crs. (30.6% margin in Q1 FY22 versus 22.0% margin in Q4 FY21)*
- *Net debt to EBITDA was at 0.90x versus 1.04x in Q4 FY21. Net debt was at INR 1,014 Crs versus INR 849 Crs in Q4 FY21.*

Gurugram, August 13, 2021: Fortis Healthcare Ltd. (“Fortis” or the “Company”), India’s leading healthcare delivery company, today announced its unaudited consolidated financial results for the quarter ended June 30, 2021.

The Covid- 19 pandemic and impact on business

Q1FY22 witnessed the second wave of the covid pandemic which began in mid-March and accelerated rapidly across the country. Various state governments announced lockdowns and travel restrictions impacting elective surgeries and patient flow, both domestic and international. From mid-May the pandemic showed initial signs of abating and progressively declined in a perceptible manner by the end of the quarter. The vaccination program which was initiated in January this year gathered further momentum with Government support, widespread awareness campaigns and active private healthcare participation.

In light of the second wave, the Company ensured that beds and related infrastructure for covid patients was immediately expanded across its network. It earmarked approx. 50% of its operational bed capacity for covid patients and made sure that all medical protocols and guidelines were adhered to for patient treatment and workforce safety. Despite resource constraints, the Company’s clinicians and medical staff made all efforts to provide the best possible care for its patients. The Company actively collaborated with the Government to ensure the timely availability of critical medical resources such as oxygen and medicines for covid patients across its various facilities.

Presently, while the second wave has declined substantially, globally, some nations have begun to see an increase in infection rates, giving rise to the possibility of a third wave which could impact India as well. The Company in anticipation has augmented its medical resources and clinical protocols making it relatively better placed than before for such an eventuality.

For the quarter, the hospital business witnessed a significant rise in covid occupancy between the period April to mid- May with a decline in the non-covid occupancy. However, unlike the first wave of the pandemic last year where non covid occupancy recovery was slow, mid – May onward non covid occupancy witnessed a relatively faster rebound allowing the business to show a steady performance in the quarter. Non-covid occupancy improved from 30% in May to 47% in June 2021. The higher occupancy trend is expected to continue in subsequent quarters. Overall occupancy for the quarter stood at 65% as compared to 37% in Q1 FY 21 and 64% in Q4FY21. Covid contribution to overall hospital revenues stood at 27% in the quarter.

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The diagnostics business was also impacted in terms of the non-covid revenues which were partially offset by a sizeable contribution from covid revenues comprising covid and covid allied tests. Covid revenue contribution to overall diagnostics revenues stood at 26% in the quarter. On a like to like basis, SRL undertook 1.24 Mn covid tests in Q1 FY22 as compared to 0.65 Mn in Q4 FY21.

HOSPITAL BUSINESS HIGHLIGHTS

- ARPOB for the quarter stood at INR 1.62 Crs versus INR 1.51 Crs in the corresponding previous quarter and INR 1.70 Crs in Q4 FY 21. Non-covid ARPOB was at INR 1.97 Crs and grew 8.5% versus Q4 FY21.
- The Company initiated investments in select facilities for advanced medical equipment and infrastructure such as Cath labs in Noida and FMRI, high end neuro-sciences equipment in Jaipur, a bone marrow transplant unit in Noida and pressure swing adsorption oxygen generating plants across 8 facilities.
- During the quarter the Company onboarded eminent clinicians in the specialties of cardiology, pulmonology, oncology and orthopedics to further strengthen its clinical talent base.
- Digital initiatives have enabled the Company to further increase its patient footfalls. Tele/ video consultations increased 3x in Q1 FY22 over Q4 FY21 with Fortis facilities conducting over 50,000 tele/ video consults in the quarter. Revenues from digital channels such as websites, My Fortis app and online campaigns increased 2.5x over the corresponding previous quarter.

DIAGNOSTICS BUSINESS HIGHLIGHTS

- SRL completed its acquisition of the 50% stake in the DDRC SRL JV consolidating its leadership position in the Kerala market. DDRC recorded revenues of INR 69 Crs for the quarter.
- With the above acquisition, SRL's B2C: B2B revenue mix has significantly strengthened to 54 : 46 in the quarter (*Q4 FY 21 at 45 : 55*)
- SRL added 3 new labs and 108 new collection centers taking the total number of customer touch points to 2,354 as on 30 June 2021. It conducted a total of ~10.6 million tests (covid and non-covid) in Q1 FY22 versus 7.6 Mn tests in Q4 FY21 and 3.3 Mn tests in Q1 FY21.
- In order to optimally utilize its collection center (CC) and lab infrastructure, SRL has significantly improved its CC to lab ratio which now stands at 10.8 CC's per lab versus 8.6 over a year ago.

Ravi Rajagopal, Chairman, Board of Directors, Fortis Healthcare stated, "The second wave of the pandemic in Q1 FY22 witnessed the Company reserving approx.50% of its operational

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bed capacity and making all efforts to provide the best possible care for its patients. We continue to actively support the government in its vaccination program with 24 Fortis facilities currently providing vaccinations. The recovery in business in the latter half of Q1 enabled us to maintain traction in our investment plans in the hospital business. Aiding our recognition globally, our flagship facility in Gurugram; Fortis Memorial Research Institute (FMRI), was ranked No 23 and the only Indian hospital to be listed in Newsweek's top 25 'World's Best Smart Hospitals 2021'. Our diagnostics business has done well and the completion of the DDRC acquisition has helped SRL fortify its presence in the state of Kerala. The Company today is well placed to capitalise on the opportunities for growth and consolidation given its expanse, infrastructure and capabilities in clinical excellence and patient care."

Commenting on the results for the quarter, Dr Ashutosh Raghuvanshi, MD and CEO, Fortis Healthcare stated, "Our efforts and the resilience of our workforce has enabled us to respond to the second wave as effectively as possible and simultaneously ensure that our core business remains on track. Month on month non covid occupancy improved from 30% in May to approx. 47% in June. We expect the momentum to continue allowing the business to return to near normal in the short term. We are also progressing well on our strategic initiatives and have also initiated investments for advanced medical equipment such as Cath Labs, neuro microscopes, bone marrow transplant units and the likes in select facilities. The diagnostics business I believe is now well positioned for accelerating its growth and profitability. At the same time, we cannot discount the possibility of a third wave which could impact operations in future. However, having augmented our resources both on the clinical and non-clinical fronts, we are relatively better prepared for such eventualities. FY22 has seen a challenging start but business has recovered well and I expect to see progressively better quarters going forward."

About Fortis Healthcare Limited

Fortis Healthcare Limited is a leading integrated healthcare delivery service provider in India. The healthcare verticals of the company primarily comprise hospitals, diagnostics and day care specialty facilities. Currently, the company operates 27 healthcare facilities (including JVs and O&M facilities). The Company's network comprises approximately 4,100 operational beds and over 420 diagnostics centres.

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