

Fortis Healthcare reports Q1 FY24 Financial Results

Consolidated revenues at INR 1,657 Crs, up 11.4%; Operating EBITDA margins at 16.5%

Diagnostics Business of the company renamed as “Agilus Diagnostics Limited”

Board of Fortis & Agilus have granted approval for Agilus to initiate an initial public offer process[^], by way of an offer for sale

Company divests its hospital business at Vadapalani, Chennai to enhance focus on key strategic clusters

- Consolidated Revenues for Q1FY24 at INR 1,657 Crs vs INR 1,488 Crs in Q1FY23, a growth of 11.4%
- Consolidated Operating EBITDA at INR 273 Crs versus INR 251 Crs, a growth of 8.7%
- PBT prior to exceptional items at INR 169 Crs versus INR 176 Crs
- PAT prior to exceptional items at INR 122 Crs versus INR 134 Crs

Consolidated Financial Snapshot

Particulars (INR Crs)	Q1FY24	Q1FY23	% Change QoQ	Q4FY23	% Change QotQ
Revenue - Hospitals	1,354.1	1,192.4	13.6%	1,350.5	0.3%
Diagnostics (net)	303.3	295.5	2.6%	292.3	3.8%
Consolidated	1,657.4	1,487.9	11.4%	1,642.7	0.9%
Op EBITDA - Hospitals	206.4	193.3	6.8%	221.2	-6.7%
- Diagnostics	66.4	57.8	14.8%	49.5	34.2%
Consolidated	272.9	251.1	8.7%	270.7	0.8%
Margin - Hospitals	15.2%	16.2%		16.4%	
- Diagnostics	21.9%	19.6%		16.9%	
Consolidated	16.5%	16.9%		16.5%	

Profit Before Tax (Before exceptional item)	169.2	176.3	-4.0%	172.9	-2.1%
Profit After Tax (Before exceptional item)	122.5	134.3	-8.8%	127.8	-4.1%
Reported Profit After Tax after Minority Interest *	111.8	122.2	-8.6%	132.6	-15.7%

* Includes an exceptional gain of 10.5 Cr in Q4FY23 & INR 1.5 Cr in Q1FY24.

[^] subject to receipt of requisite approvals, market conditions and other considerations

August 4, 2023



Mohali, August 4, 2023: Fortis Healthcare Ltd. (“Fortis” or the “Company”), today announced its unaudited consolidated financial results for the quarter ended June 30, 2023.

- Q1FY24 hospital business revenues were at INR 1,354.1 Crs versus INR 1,192.4 Crs in Q1FY23 and INR 1,350.5 Crs in Q4FY23. Operating margins stood at 15.2% for the quarter versus 16.2% in Q1FY23 impacted in part due to a lower occupancy and a less than favorable payor mix.
- Occupancy of the hospital business was down to 64% in Q1FY24 from 65% in Q1FY23. ARPOB witnessed a growth of 12.1% reaching at INR 2.19 Crs (INR 60,076 per day) for Q1FY24 from INR 1.96 Crs (INR 53,589 per day) in Q1FY23.

<i>KPIs</i>	<i>Q1 FY24</i>	<i>Q1 FY23</i>	<i>Q4 FY23</i>
<i>Occupancy</i>	<i>64%</i>	<i>65%</i>	<i>67%</i>
<i>ARPOB (INR'000 per day)</i>	<i>60,076</i>	<i>53,589</i>	<i>57,476</i>
<i>ALOS (Days)</i>	<i>3.58</i>	<i>3.58</i>	<i>3.82</i>

- In Q1FY24, the diagnostics business achieved gross revenues of INR 342.7 Crs versus INR 332.6 Crs in Q1FY23. Operating margins stood at 19.4% versus 17.4% in Q1FY23 led by a non-covid revenue growth of 9%. Net revenues (net of inter-company elimination) was at INR 303.3 Crs in Q1FY24 versus INR 295.5 Crs in Q1FY23.
- Net debt to EBITDA was at 0.35x vs 0.54x (basis annualized EBITDA of Q1FY24 and Q1FY23, respectively). Net debt was at INR 393 Crs as of 30 June 2023 versus INR 340 Crs as of 31 March 2023.

HOSPITAL BUSINESS HIGHLIGHTS

- The Company’s key medical specialties viz. oncology, orthopaedics, renal sciences, gastroenterology, neurosciences and cardiac sciences witnessed a growth of 14% in revenues versus the previous corresponding quarter. Within this, the Oncology and Gastro Sciences specialties witnessed a growth of 34% and 26%, respectively. The combined revenue contribution of these six specialties stood at 63% similar to Q1FY23.
- In Q1FY24, medical tourism revenues grew 29.1%, reaching INR 115 Crs compared to Q1FY23. The segment's contribution to the overall hospital business revenues increased to 8.5% from 7.5% in Q1FY23 and 8.4% in Q4FY23.

August 4, 2023



- The company's key facilities such as FMRI, Mohali, Noida, Shalimar Bagh, and Anandapur witnessed revenue growth of 21%, 23%, 21%, 15% and 11%, respectively, versus the corresponding previous quarter.
- Revenues from digital channels viz website, mobile application and digital campaigns witnessed a robust growth of 16.1% in Q1 FY24 compared to Q1FY23. Digital revenues contributed 23.7% to the overall hospital business revenues in Q1FY24 versus 23.2% in Q1FY23.

DIAGNOSTICS BUSINESS HIGHLIGHTS

- In Q1FY24, Agilus conducted approximately 9.95 million tests, similar to Q1FY23.
- Non covid revenues (excluding Covid and Covid allied tests) grew 9% versus Q1FY23 and 6% versus Q4FY23.
- Agilus's B2C: B2B revenue mix stood at 53:47 in Q1FY24 vs 55:45 in Q1FY23.
- Agilus's revenue contribution from the specialized test portfolio (non-covid) was 36% in Q1FY24 similar to Q1FY23.
- Agilus added 165+ customer touch points to its network during the quarter.

Ravi Rajagopal, Chairman, Board of Directors, Fortis Healthcare stated, "For Q1FY24, our consolidated revenues grew 11.4% to INR 1657.4 Crs while our operating margins stood at 16.5% similar to trailing quarter and marginally lower than Q1FY 23. More importantly and signifying our intent to move forward, the quarter witnessed key strategic corporate actions related to both our hospitals and diagnostic business. On the hospital side our portfolio rationalization strategy gained momentum with the divestment of our loss making Arcot Road facility in Chennai in July 2023. With an impetus on inorganic growth, we acquired a 350 bedded hospital in Manesar, Gurugram, enabling us to further augment our presence in Delhi-NCR. This we expect to close shortly. Our plans for brownfield bed expansion of close to 1400 beds in the next 2-3 years, increasing our focus on key medical specialties such as oncology and attracting the right clinical talent remain on track. We have initiated the name change of the diagnostics business which is now known as Agilus Diagnostics Limited. I'm also pleased to share that the Board of Fortis and Agilus, today, have granted approval for Agilus to initiate an initial public offer process, by way of an offer for sale of its equity shares, subject to receipt of requisite approvals, market conditions and other considerations".

August 4, 2023



Commenting on the results for the quarter, Dr Ashutosh Raghuvanshi, MD and CEO, Fortis Healthcare stated, “We have witnessed a steady start in Q1FY24 for both the hospitals and diagnostics business. Our hospital business revenues grew 13.6% to INR 1,354 Crs while operating EBITDA was at INR 206.4 Crs reflecting a margin of 15.2% versus 16.2% in Q1 FY23. This was in part due to a lower occupancy and a comparatively less favorable payor mix, both of which we expect should improve going forward. Our investments in bed expansion and medical equipment are on track with the latter seeing the commissioning of a Da Vinci Xi Robotic system at Fortis Noida. International patient revenues grew 29% YoY at INR 115 Crs and similar to the trailing quarter. On the M&A front, we signed definitive agreements to acquire a 350 bedded facility in Manesar Gurugram which complements well with our FMRI flagship facility. Given our healthy Balance Sheet, we would continue to pursue and evaluate opportunities for inorganic growth in our key geographic clusters. Further, the divestment of our Arcot road facility in July 2023 would also help improve our hospital margins. Our diagnostics business, now known as Agilus Diagnostics Limited, has witnessed a 9% growth in non-covid business revenues and has added approx.165 customer touch points in the quarter. Operating margins of Agilus have expanded to 19.4% versus 17.4% in the corresponding previous period. Going forward, we do expect a progressively improving performance through the rest of FY24.”

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 28 healthcare facilities (including JVs and O&M facilities). The Company’s network comprises approximately 4,500 operational beds (including O&M) and ~410 diagnostics centres.

DISCLAIMER

This press release may contain forward-looking statements based on the currently held beliefs and assumptions of the management of the Company, which are expressed in good faith and, in their opinion, reasonable. Forward-looking statements involve known and unknown risks, uncertainties, and other factors, which may cause the actual results, financial condition, performance, or achievements of the Company results, to differ materially from the results, financial condition, performance or achievements expressed or implied by such forward-looking statements. Given these risks, uncertainties and other factors, recipients of this press release are cautioned not to place undue reliance on these forward-looking statements. The Company assumes no responsibility to publicly amend, modify or revise any forward-looking statements, on the basis of any subsequent development, information or events, or otherwise. The information contained herein is subject to change without notice and past performance is not indicative of future results. The Company may alter, modify or otherwise change in any manner the content of this press release, without obligation to notify any person of such revision or changes.

Agilus Diagnostics Limited (“ADL”), a subsidiary of Fortis Healthcare Limited (“Company”), is proposing, subject to receipt of requisite approvals, market conditions and other considerations, an initial public offer of its equity shares in the near future and is in the process of filing a draft red herring prospectus with the Securities and Exchange Board of India. The board of directors of ADL has approved the proposed initial public offer in its board meeting held on [August 4, 2023]. In light of the publicity restrictions imposed on ADL and the Company, no further information other than that contained in this presentation can be disclosed. The equity shares have not been and will not be registered under the United States Securities Act of 1933, as amended (the “U.S. Securities Act”) or any other applicable law of the United States and, unless so registered, may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. The equity shares may only be offered and sold (a) in the United States only to “qualified institutional buyers” (as defined in Rule 144A), in private transactions exempt from the registration requirements of the U.S. Securities Act, and (b) outside of the United States in offshore transactions as defined in and in compliance with Regulation S and the applicable laws of the jurisdiction where any such offers and sales are made. There will be no public offering in the United States.

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