



3rd November 2010



Fortis Healthcare

Investor Presentation – Q2FY2011



Safe Harbor

This presentation may not be copied, published, distributed or transmitted. The presentation has been prepared solely by the company. Any reference in this presentation to “Fortis Healthcare Limited” shall mean, collectively, the Company and its subsidiaries. This presentation has been prepared for informational purposes only. This presentation does not constitute a prospectus, offering circular or offering memorandum and is not an offer or invitation to buy or sell any securities, nor shall part, or all, of this presentation form the basis of, or be relied on in connection with, any contract or investment decision in relation to any securities. Furthermore, this presentation is not and should not be construed as an offer or a solicitation of an offer to buy securities of the company for sale in the United States, India or any other jurisdiction.

Securities may not be offered or sold in the United States absent registration or an exemption from registration. Any public offering in the United States may be made only by means of an offering document that may be obtained from the Company and that will contain detailed information about the Company and its management, as well as financial statements. Any offer or sale of securities in a given jurisdiction is subject to the applicable laws of that jurisdiction.

This presentation contains 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 or industry 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 presentation 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. Unless otherwise stated in this presentation, the information contained herein is based on management information and estimates. 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 presentation, without obligation to notify any person of such revision or changes.

By attending this presentation you acknowledge that you will be solely responsible for your own assessment of the market and the market position of the Company and that you will conduct your own analysis and be solely responsible for forming your own view of the potential future performance of the business of the Company.

This presentation is current as of November 3, 2010. Neither the delivery of this presentation nor any further discussions of the Company with any of the recipients shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since that date.

Agenda

➤ **Highlights of the quarter**

➤ **Snapshot – Financial and Operational Performance**

➤ **Hospital wise performance**

➤ **Update on projects**

Highlights for the quarter

➤ Operational Highlights

- **22 hospitals** in the network recorded all time high revenues; touching over 4 Lakh lives
- Growth momentum continues for the 10th consecutive quarter

➤ New Medical Programmes:

- Fortis BG Road launched the customised knee replacement program for the first time in Asia
- Fully equipped holistic Cancer Care including Radiation therapy was launched at Mulund
- First bone marrow transplant was successfully carried out at Fortis Noida
- Fortis Escorts Heart Delhi expanded its footprint overseas with the launch of a Heart Command Centre in Tanzania and a paediatric interventional cardiac unit at RAK Hospital in Dubai

➤ Projects Update:

- 350 bed tertiary care hospital at **Shalimar Bagh, New Delhi** commenced operations
- 414 bed Fortis Hospital at **Anandpur, Kolkata** was commissioned
- RCC structure at the company's flagship hospital at **Gurgaon** has been completed. Expected to commence in next 6 months
- Construction work begun for 200 bedded hospital at **Ludhiana**.

Other Highlights...

➤ Significant Developments

- Fortis Escorts Heart Institute (FEHI) received regulatory approval to participate in a clinical trial for using bio-absorbable cardiac stents. ICU capacity was enhanced by 11 beds
- Fortis Escorts Amritsar was recognised by the Punjab Pollution Control Board as the best hospital for management of bio-medical waste. Renal transplants were also started at the hospital during the quarter.
- The first shoulder replacement surgery was successfully conducted at Fortis Hospital, Mohali
- Fortis entered into an alliance for launching a Robotic Surgery Programme in its key hospitals. This step positions Fortis as a pioneer in contemporary care in the area of Urology, CTVS and Gynaecology with improved patient safety and better outcomes
- A 64 Slice CT Scanner and Holmium laser installed at Fortis Noida. New Cathlabs were installed at FEHI and Fortis Escorts Faridabad.

➤ Corporate Social Responsibility (CSR)

- The Fortis Foundation provided medical relief services to victims of the flash floods in Leh
- The foundation continue to support increasing number of surgeries for under-privileged children

Agenda

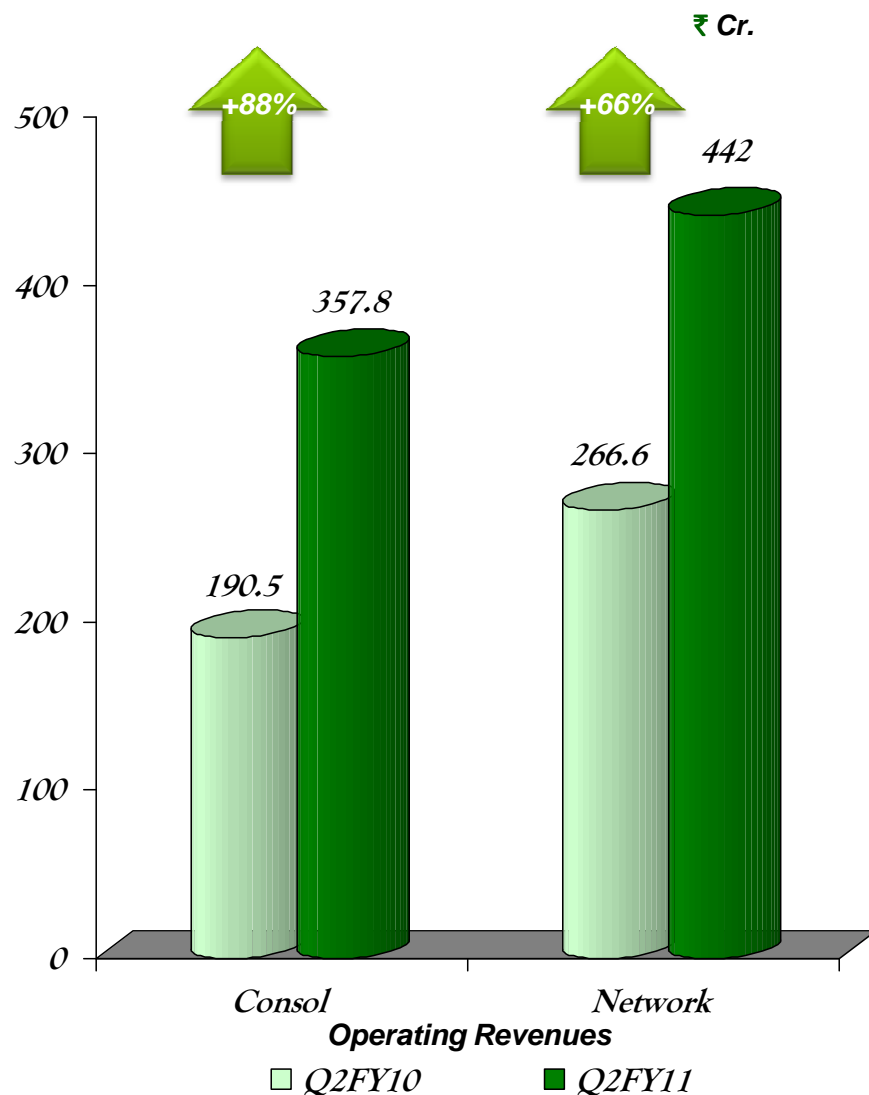
➤ Highlights of the quarter

➤ **Financial and Operational Performance**

➤ Hospital wise performance

➤ Update on projects

Snapshot – Financial Performance



➤ Q2FY 11

- Operating Revenue - ₹ 357.8 Cr ↑ 88 %
- EBITDA* - ₹ 59.4 Cr ↑ 78 %
- Net Operating Profit** - ₹ 20.9 Cr ↑ 61 %
- Net Profit - ₹ 74.8 Cr ↑ 477 %
- Network Revenue - ₹ 442.0 Cr ↑ 66 %

Consolidated	Q2FY10	Q2FY11
Occupancy	71%	75%
ARPOB (Annualized - ₹ Lacs)	85	83
ALOS (Days)	4.2	4.0

➤ H1FY11

- Operating Revenue - ₹ 695.7 Cr ↑ 85 %
- EBITDA* - ₹ 118.7 Cr ↑ 84 %
- Net Operating Profit** - ₹ 42.5 Cr ↑ 107 %
- Net Profit - ₹ 60.5 Cr ↑ 195 %
- Network Revenue - ₹ 855.0 Cr ↑ 68 %

*EBITDA from base business

**NOPAT is arrived at after excluding costs and income relating to Parkway transaction

Financial Highlights

- Q2 operating revenue of ₹ 358 Cr include ₹ 105 Cr from Fortis Hospitals (FHsL) (consisting of newly acquired hospitals). The organic growth thus stood at 27% Y-o-Y. FHsL revenue grew by 11% over the trailing quarter
- Revenue from International Patients - ₹ 24.5 Cr (+200%) (5.6% of Network revenues)
- Mohali (+37%), Fortis Escorts Delhi (+10%), Noida (+50%), Malar (+38%), Vasant Kunj (+24%), Jaipur (+34%), BG Road Bangalore (21%) and La Femme (+18%) led the growth
- Revenue from Cardiac, Orthopaedics, Neuro sciences, Renal Sciences, Pulmonology, Gastroenterology and other Multi-Specialities grew by 43%, 53%, 117%, 21%, 57%, 39% and 122% respectively
- EBITDA and PAT were impacted by ~1.6% and ~2.1%, respectively due to launch of new facilities during the quarter
- Divested stake in Parkway Holdings Ltd. Q2 results include ₹ 53.9 Cr of profit after netting the costs incurred for interest and prepayment charges for loans, fees for investment bankers, lawyers, write-off of arrangement fees for funds and other related expenses
- Proceeds from Parkway stake have been applied for repayment of related loans. Net cash surplus as at quarter end is ₹ 1150 Cr

Summary – Consolidated Profit and Loss

Particulars	Q2FY11				H1FY11			
	Base operations (₹ Cr.)	%	Parkway (₹ Cr.)	Total (₹ Cr.)	Base operations (₹ Cr.)	%	Parkway (₹ Cr.)	Total (₹ Cr.)
Operating Revenue	357.8	97.4%		357.8	695.8	97.2%		695.8
Other Income *	9.5	2.6%	348.8	358.3	20.2	2.8%	371.4	391.6
Total Income	367.3		348.8	716.1	716.0		371.4	1,087.4
Direct Costs	93.9	25.6%	-	93.9	187.4	26.2%	-	187.4
Employee Costs	67.2	18.3%	-	67.2	129.9	18.1%	-	129.9
Other Costs	146.9	40.0%	164.8	311.7	280.0	39.1%	165.5	445.5
EBITDA	59.4	16.2%	184.0	243.3	118.7	16.6%	205.9	324.6
Finance Costs	12.7	3.5%	122.5	135.3	25.8	3.6%	180.4	206.2
Depreciation & Amortization	23.3	6.3%	-	23.3	44.8	6.3%	-	44.8
PAT	20.8	5.7%	53.9	74.8	42.5	5.9%	18.0	60.5

*Other income under Parkway include ~₹ 6 Cr as interest income.

Parkway Divestment

- Entire stake in Parkway Holdings Ltd was divested during the quarter and proceeds for the same were received in August.
- The entire transaction resulted in a gross profit of ₹ 343 Cr
- Consequent to receipt of proceeds, all related loans were pre-paid
- Further expenses were incurred on the following
 - Write-off of upfront arrangement fees on the loans
 - Merchant banker and Investment banker fees
 - Commitment fees for funds tied-up for VGO
 - Interest cost up-to repayment of loans and prepayment charges
 - Forex loss on currency conversion for repayments
 - Payment to parties acting in concert
 - Lawyers fees
 - Other G&A costs

Q2FY11 Comparative Financials – Base Operations

Particulars	Q2FY11 (₹Cr.)	%	Q2FY10 (₹Cr.)	%	Growth (%)
Operating Revenue	357.8	97.4%	190.5	98.2%	87.9%
Other Income	9.5	2.6%	3.6	1.8%	
Total Income	367.3		194.1		89.3%
Direct Costs	93.9	25.6%	53.3	27.4%	76.2%
Employee Costs	67.2	18.3%	42.0	21.6%	60.1%
Other Costs	146.9	40.0%	65.4	33.7%	124.6%
EBITDA *	59.4	16.2%	33.4	17.2%	77.5%
Finance Costs	12.7	3.5%	7.8	4.0%	63.8%
Depreciation & Amortization	23.3	6.3%	11.8	6.1%	98.1%
PAT after minorities and share in associates	20.9	5.7%	13.0	6.7%	61.3%

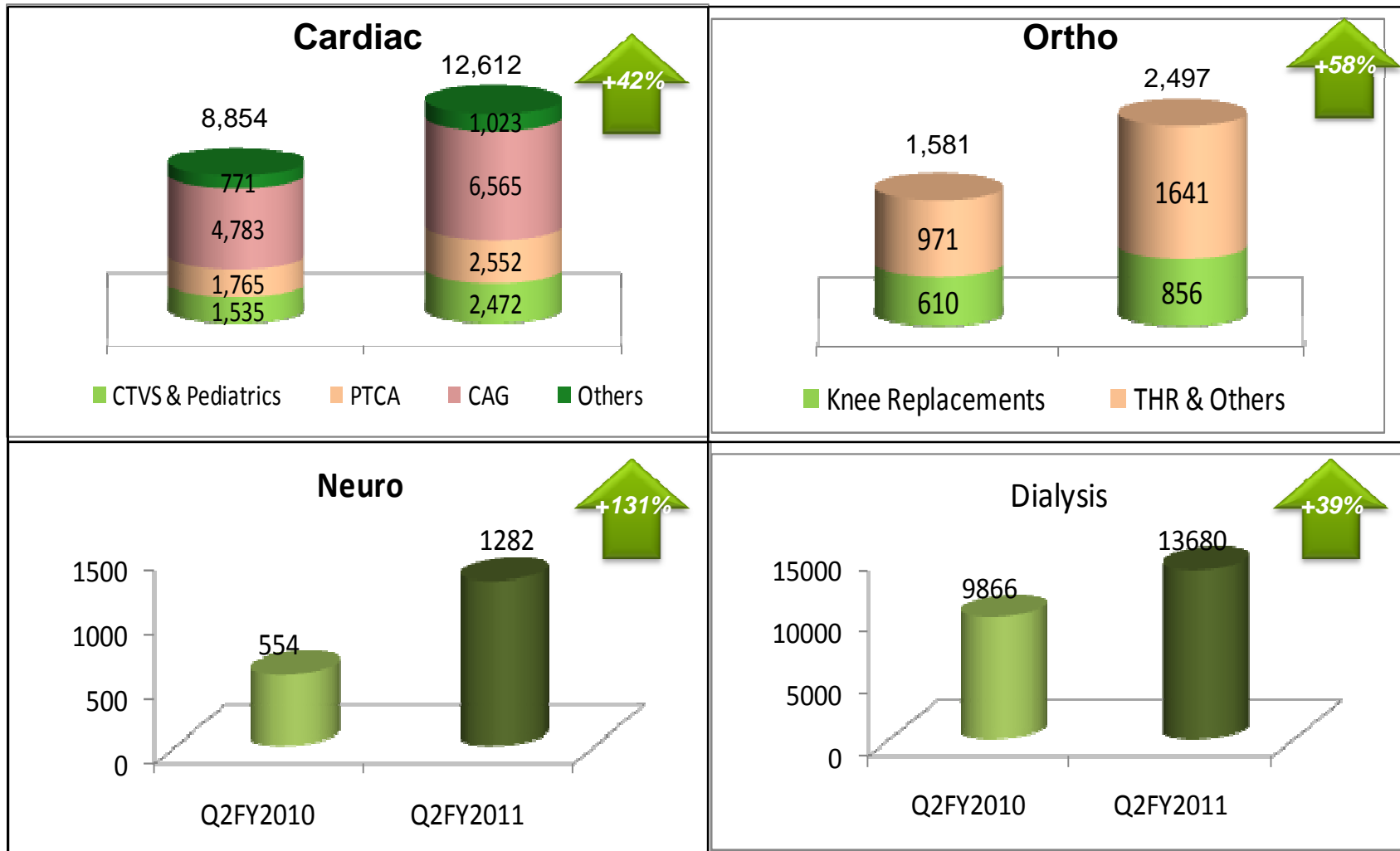
*Decline in EBITDA margin is attributed to start up cost at three new facilities launched during the quarter

H1FY11 Comparative Financials – Base Operations

Particulars	H1FY11 (₹Cr.)	%	H1FY10 (₹Cr.)	%	Growth (%)
Operating Revenue	695.8	97.2%	375.9	98.3%	85.1%
Other Income	20.2	2.8%	6.7	1.7%	202.8%
Total Income	716.0		382.6		87.1%
Direct Costs	187.4	26.2%	107.6	28.1%	74.2%
Employee Costs	129.9	18.1%	84.5	22.1%	53.8%
Other Costs *	280.0	39.1%	126.0	32.9%	122.3%
EBITDA	118.7	16.6%	64.6	16.9%	83.7%
Finance Costs	25.8	3.6%	18.2	4.7%	42.0%
Depreciation & Amortization	44.8	6.3%	23.1	6.0%	93.9%
PAT after minorities and share in associates	42.5	5.9%	20.5	5.4%	107.1%
EPS for the period (₹)	1.16		0.91		

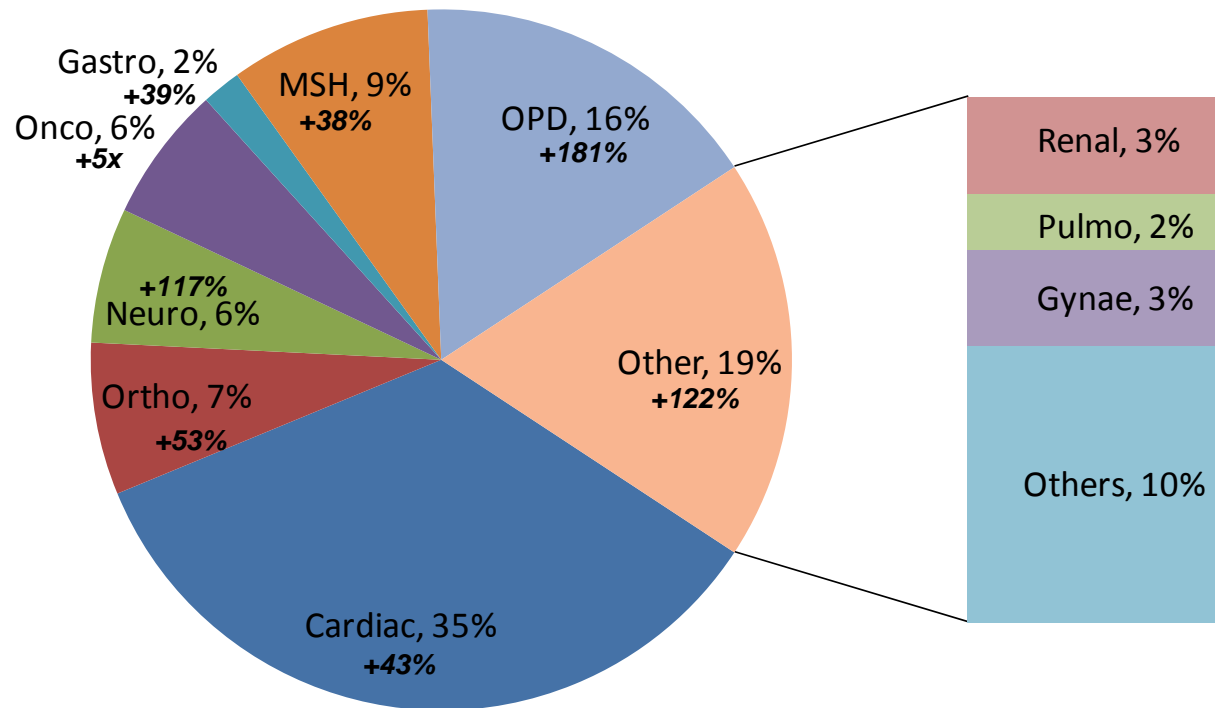
*Increase in other costs is primarily due to doctor engagement model at newly acquired hospitals

No. of Procedures – Q2FY11



*The data shown above is on Network Hospitals excluding the numbers of Clinique Darne - Mauritius

Specialty Mix – Q2FY11



Focus on key specialties Cardiac, Neuro, Ortho, Renal & Onco to continue...

**The data shown above is on Network Hospitals excluding the numbers of Clinique Darne – Mauritius*

Agenda

➤ Highlights of the quarter

➤ Snapshot – Financial and Operational Performance

➤ Hospital wise performance

➤ Update on projects

Hospital wise Revenue & EBITDA – Q2FY11

₹ Cr.



The above chart depicts revenue of hospitals managed by Fortis healthcare and its subsidiaries.
 *FY10 revenues are based on unaudited information available with the company



Balance Sheet as at September 30, 2010

Balance Sheet	₹ Crore
Shareholder's Equity*	3,272
Foreign Currency Convertible Bonds (FCCB's)	449
Debt	965
Net Current Liabilities**	78
Total Capital Employed	4,764
Goodwill	863
Net Fixed Assets (including CWIP of ₹ 325 Crore)	1,752
Investments	
- in Associates	33
- Liquid and Mutual Funds	1,059
Cash and Bank Balances	1,057
Total Fixed Assets	4,764
Net Cash Surplus***	1,150

* Shareholder's Equity is inclusive of Revaluation Reserve and Minority Interest

** Net Current Liabilities are inclusive of Miscellaneous Expenses to the extent not written off and Deferred Tax Assets



Agenda

➤ Highlights of the quarter

➤ Snapshot – Financial and Operational Performance

➤ Hospital wise performance

➤ Update on projects

Upcoming Greenfield Hospitals in India

No.	Location	Beds	Area & Land Ownership	Date of Commencement	Estimated Capex (₹ Cr)	Status
1.	Gurgaon	450**	11 Acres, Owned	Q1 FY12	375	<ul style="list-style-type: none"> •RCC structure has been completed •DG Sets, transformers, LT Panel, HT Panel and cooling towers have been erected. Total amount of ₹182 Cr has been spent.
2.	Ludhiana – 2	75	60,000 sq ft. B. Lease	Q4 FY 12	20	<ul style="list-style-type: none"> •Approval from govt. authorities awaited
3.	Kangra	100	37,000 sq. ft., B. Lease	Q1 FY12	24	<ul style="list-style-type: none"> • Civil work completed • Interiors nearly complete
4.	Ludhiana – 1	200	1,55,000 sq. ft., B. Lease	Q4 FY12	50	<ul style="list-style-type: none"> •Design Completed •Turnkey contract awarded for civil work; Construction started
5.	Ahemdabad	200	1,55,000 sq. ft., B. Lease	Q1 FY13	50	<ul style="list-style-type: none"> •Approval from govt. authorities awaited • Design concept completed •GFC design ready
6.	Gwalior	200	2.5 Acres, L. Lease	Q2 FY13	72	<ul style="list-style-type: none"> •Design completed •CLU permission underway
7.	Peenya, Bangalore	120	~70000 Sq ft; B. Lease	Q3 FY12	18	<ul style="list-style-type: none"> •Construction work underway
8.	Mulund*	234	8 Acres, Owned	Q4FY12	60	<ul style="list-style-type: none"> •110 bedded Oncology Block launched. Phase II under construction
Total		1,579			669	

** Only for Phase – 1, total size of the project is 1000 beds

Thank You...

