

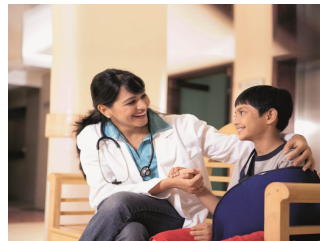


# Fortis Healthcare Limited

## Investor Presentation – Q2FY14



*“ Saving and Enriching Lives ”*



November 12, 2013

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## Discussion Points

➤ **Highlights for Q2 FY14**

➤ **Financial Highlights – Q2 FY14**

➤ **India Business Performance**

➤ **International Business Performance**

## Q2 FY14 – Highlights for the quarter

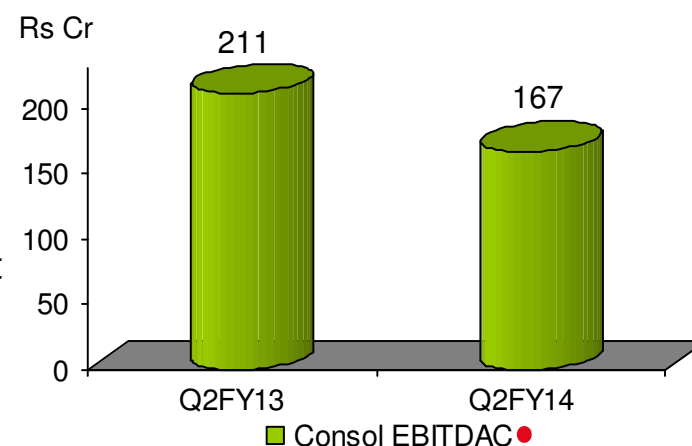
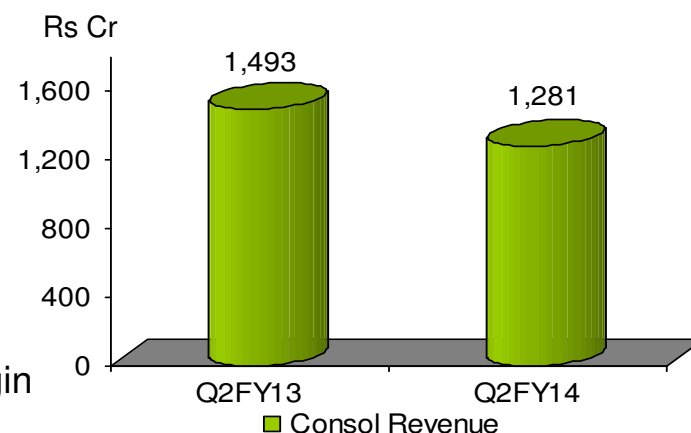
- Strengthened focus on India
  - India business contributes 69% to total revenues in the quarter, to contribute close to 95% of total revenues post Quality Healthcare (QHC) divestment completed in October 2013
- Healthy quarterly (Q2 FY14) operating performance in the India hospitals business
  - The recently launched FMRI flagship facility witnesses strong ramp-up and reaches EBITDAC\* breakeven for the quarter
  - Existing facilities continue to show steady improvement in operating performance.
- Diagnostics business records healthy growth; achieves its highest ever quarterly operating margin
- Significant de-leveraging achieved; net debt to equity at 0.6x down from 1.1x in Mar 2013; expected to be ~0.3x post QHC divestment completed in October 2013
- On-track for two greenfield launches in Ludhiana & Chennai in H2 FY14 – to add approximately 400 beds taking the total number of bed additions to ~ 1,000 in the fiscal
- Successful closure of the Fortis Hoan My & QHC divestments in August & October respectively

\* EBITDAC – EBITDA before net business trust costs

# Group Financial Highlights – Q2 FY14 vs Q2 FY13

\*Numbers for Q2 FY13 include financials of Dental Corporation, Australia (DC) and Fortis Hoan My for the full quarter whereas Q2 FY 14 excludes DC (divested) and includes Fortis Hoan My for approx. 2 months (divested in Q2 FY14)

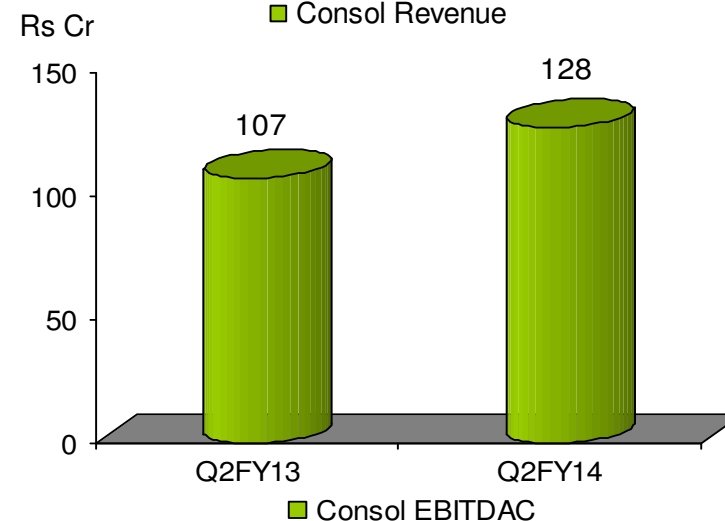
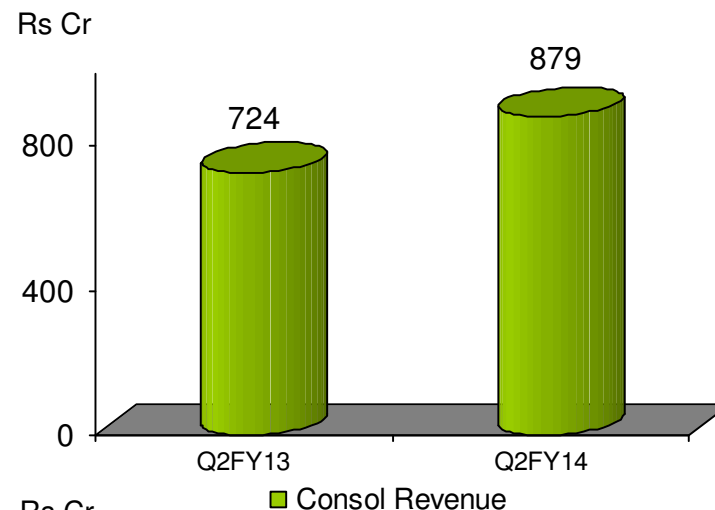
- Consolidated Revenues at Rs 1,281 Cr, (14%)\*
  - ❖ India Business – Rs 879 Cr, + 22%
  - ❖ International Business – Rs 402 Cr, (48%)\*
- Consolidated Operating EBITDAC\*\* at Rs 167 Cr, 13.1% margin
  - ❖ India Business – Rs 128 Cr, 14.6% margin
  - ❖ International Business – Rs 39 Cr, 9.8% margin
- Consolidated Operating EBITDAC margin excluding start ups at 14.8% margin ( India business – 15.7%, International – 12.9%)



\*\*EBITDAC refers to EBITDA before net business trust costs

# India Financial Highlights – Q2FY14 vs Q2FY13

- Consolidated Revenues at Rs 879 Cr, + 22%.
  - ❖ Hospital Business – Rs 708 Cr, + 24%
  - ❖ Diagnostic Business – Rs 171 Cr, + 14%
- Consolidated Operating EBITDAC\* at Rs 128 Cr, 14.6% margin
  - ❖ Hospital Business – Rs 94 Cr, 13.2% margin
  - ❖ Diagnostic Business – Rs 34 Cr, 20.1% margin
- India Consolidated Operating EBITDAC margin excluding start ups at 15.7% margin (Hospital business – 14.5%)

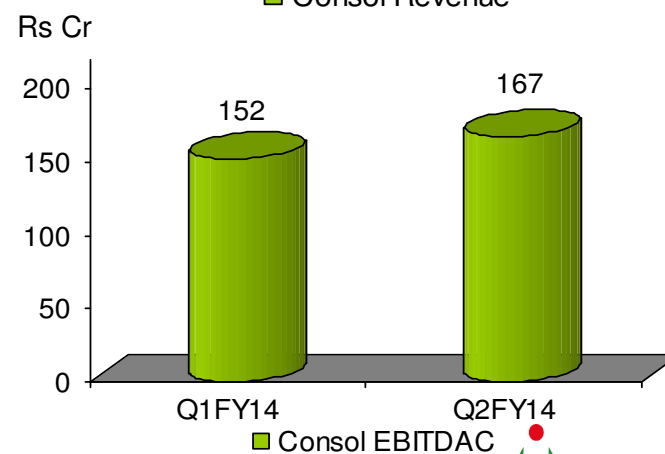
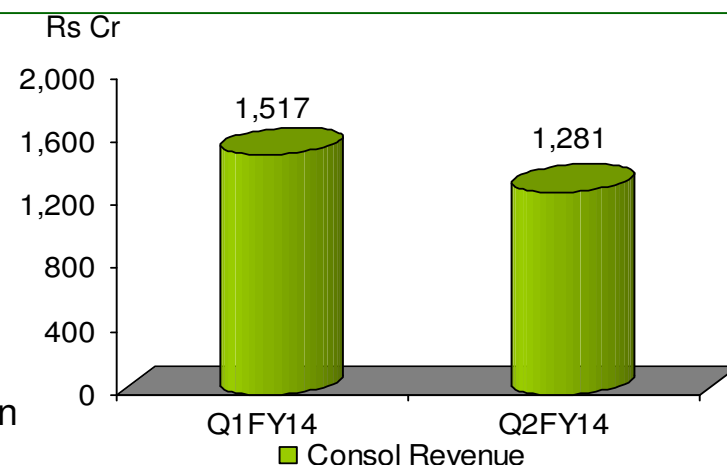


\*EBITDAC refers to EBITDA before net business trust costs

# Group Financial Highlights – Q2 FY14 vs Q1 FY14

\*Numbers for Q1 FY14 include financials of Dental Corporation, Australia (DC) for 2 months & Fortis Hoan My for the full quarter whereas Q2 FY14 excludes DC (divested) & includes Fortis Hoan My for approx. 2 months (divested in Q2 FY14)

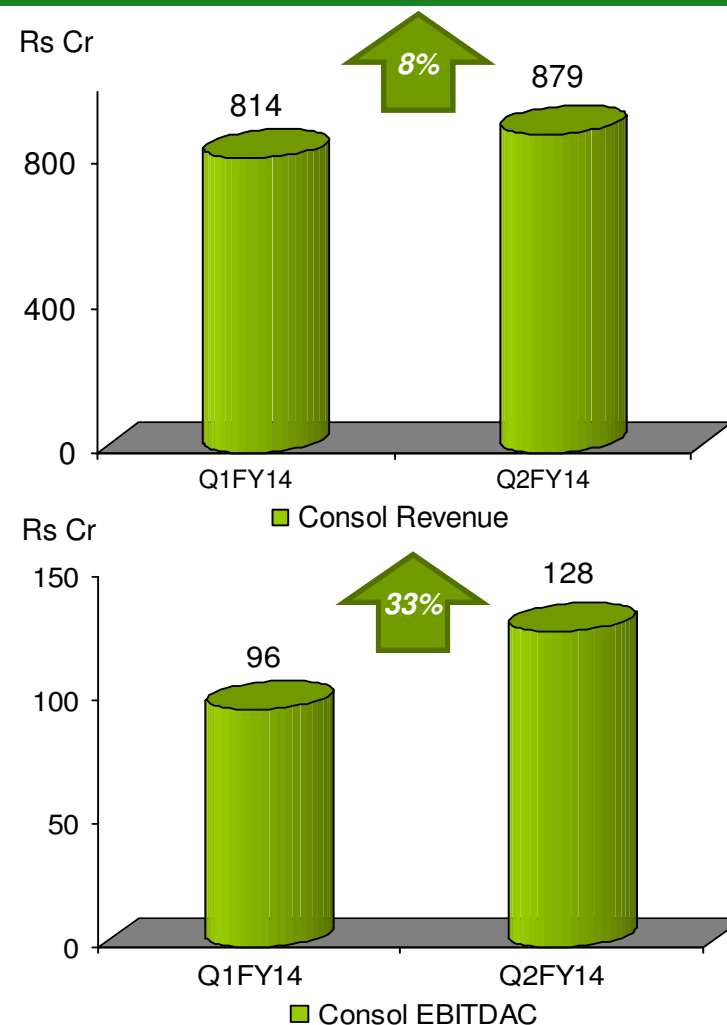
- Consolidated Revenues at Rs 1,281 Cr, (16%)\*
  - ❖ India Business – Rs 879 Cr, + 8%
  - ❖ International Business – Rs 402 Cr, (43%)\*
- Consolidated Operating EBITDAC\*\* at Rs 167 Cr, 13.1% margin
  - ❖ India Business – Rs 128 Cr, 14.6% margin
  - ❖ International Business – Rs 39 Cr, 9.8% margin
- Consolidated Operating EBITDAC margin excluding start ups at 14.8% margin ( India business – 15.7%, International – 12.9%)



\*\*EBITDAC refers to EBITDA before net business trust costs

# India Financial Highlights – Q2FY14 vs Q1FY14

- Consolidated Revenues at Rs 879 Cr, +8%.
  - ❖ Hospital Business – Rs 708 Cr, + 8%
  - ❖ Diagnostic Business – Rs 171 Cr, + 7%
- Consolidated Operating EBITDAC\* at Rs 128 Cr, 14.6% margin
  - ❖ Hospital Business – Rs 94 Cr, 13.2% margin
  - ❖ Diagnostic Business – Rs 34 Cr, 20.1% margin
- India Consolidated Operating EBITDAC margin excluding start ups at 15.7% margin ( Hospital business – 14.5%)



\*EBITDAC refers to EBITDA before net business trust costs



# Group Consolidated P&L : Q2 FY14

	Q2FY14***	Q2FY13	Q1FY14**
Particulars	Total Consol	Total Consol	Total Consol
	(Rs Cr.)	(Rs Cr.)	(Rs Cr.)
<b>Operating Revenue</b>	<b>1,281.0</b>	<b>1,493.4</b>	<b>1,517.4</b>
Operating Expense	1,113.6	1,282.5	1,365.6
<b>Operating EBITDAC*</b>	<b>167.4</b>	<b>210.9</b>	<b>151.8</b>
<b>Operating EBITDAC margin</b>	<b>13.1%</b>	<b>14.1%</b>	<b>10.0%</b>
Net BT Costs	78.3	-	77.7
Other Income	43.8	37.0	42.6
<b>EBITDA</b>	<b>132.8</b>	<b>247.9</b>	<b>116.8</b>
Finance Costs	87.1	168.6	148.1
Depreciation & Amortization	64.3	76.0	69.5
Foreign Exchange (Loss)/ Gain	10.3	18.5	(18.1)
Exceptional (Loss)/ Gain^	13.8	(6.9)	(84.6)
Tax Expense^^	(21.4)	22.6	15.8
<b>PAT after minority interest and share in associates</b>	<b>32.1</b>	<b>(28.4)</b>	<b>(221.3)</b>

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

\*\* Includes financials of Dental Corporation , Australia (DC) for 2 months .i.e. April and May in Q1 FY14 versus the full quarter in Q2 FY13

\*\*\* Includes financials of Fortis Hoan My , Vietnam for 2 months .i.e. July and August in Q2 FY14 versus the full quarter in Q2 FY13 and Q1 FY 14

^ Exc.Gain in Q2 FY14 relates to Fortis Hoan My divestment and exc. loss in Q1 FY14 relates to the forex fluctuation impact of DC divestment

^^Includes Rs. 42 Cr tax write back in Q2 FY 14 arising out of restructuring.9



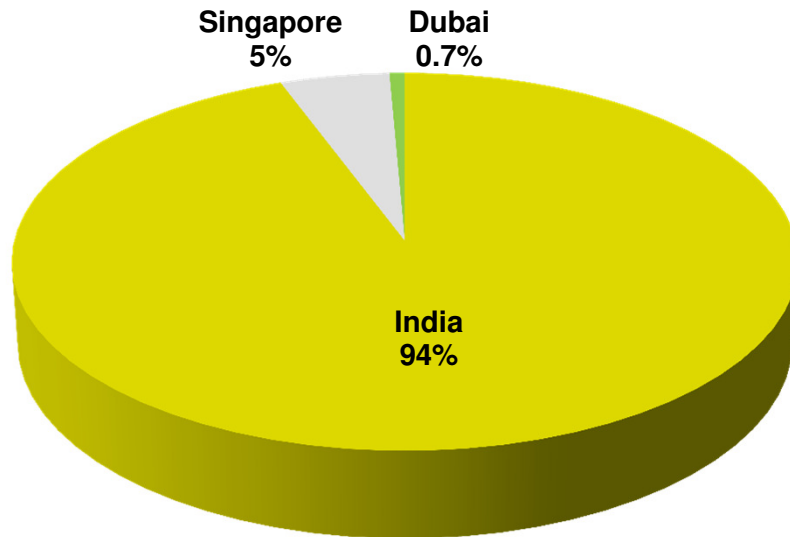
## India Consolidated P&L : Q2 FY14

	Q2FY14	Q2FY13	Q1FY14
Particulars	Total Consol	Total Consol	Total Consol
	(Rs Cr.)	(Rs Cr.)	(Rs Cr.)
<b>Operating Revenue</b>	<b>878.9</b>	<b>723.6</b>	<b>814.0</b>
% Growth	21.5%		-
Operating Expense	750.9	616.7	718.0
<b>Operating EBITDAC*</b>	<b>128.0</b>	<b>106.9</b>	<b>95.9</b>
<b>Operating EBITDAC margin</b>	<b>14.6%</b>	<b>14.8%</b>	<b>11.8%</b>
Net BT Costs	78.3	-	77.7
Other Income	43.8	30.4	38.3
<b>EBITDA</b>	<b>93.4</b>	<b>137.3</b>	<b>56.6</b>

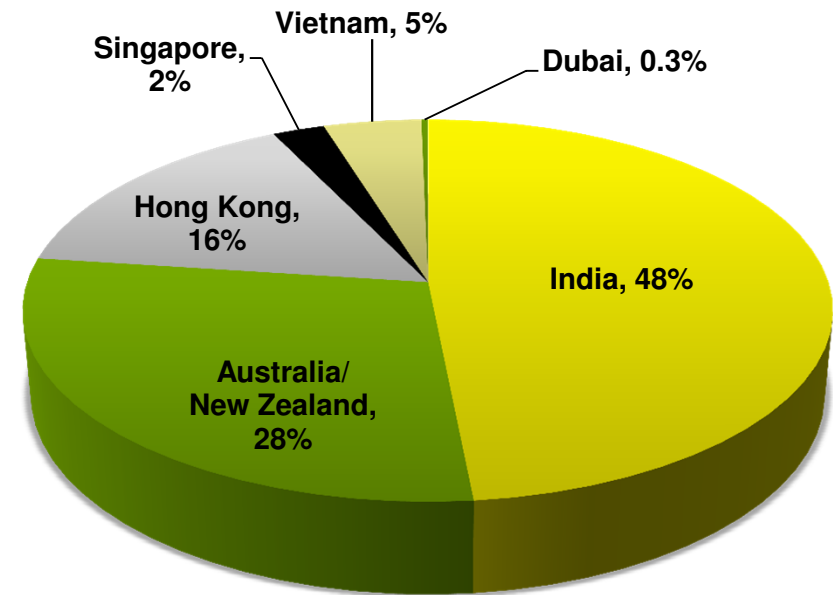
\*EBITDAC refers to EBITDA before net business trust (BT) costs

# Geographical Presence – Q2 FY14

Q2FY14 \*



Q2FY13



Strengthened focus on India business .i.e. hospitals and diagnostics

\* The above chart on Q2FY14 excludes Hoan My , Vietnam and Quality Healthcare, Hong Kong

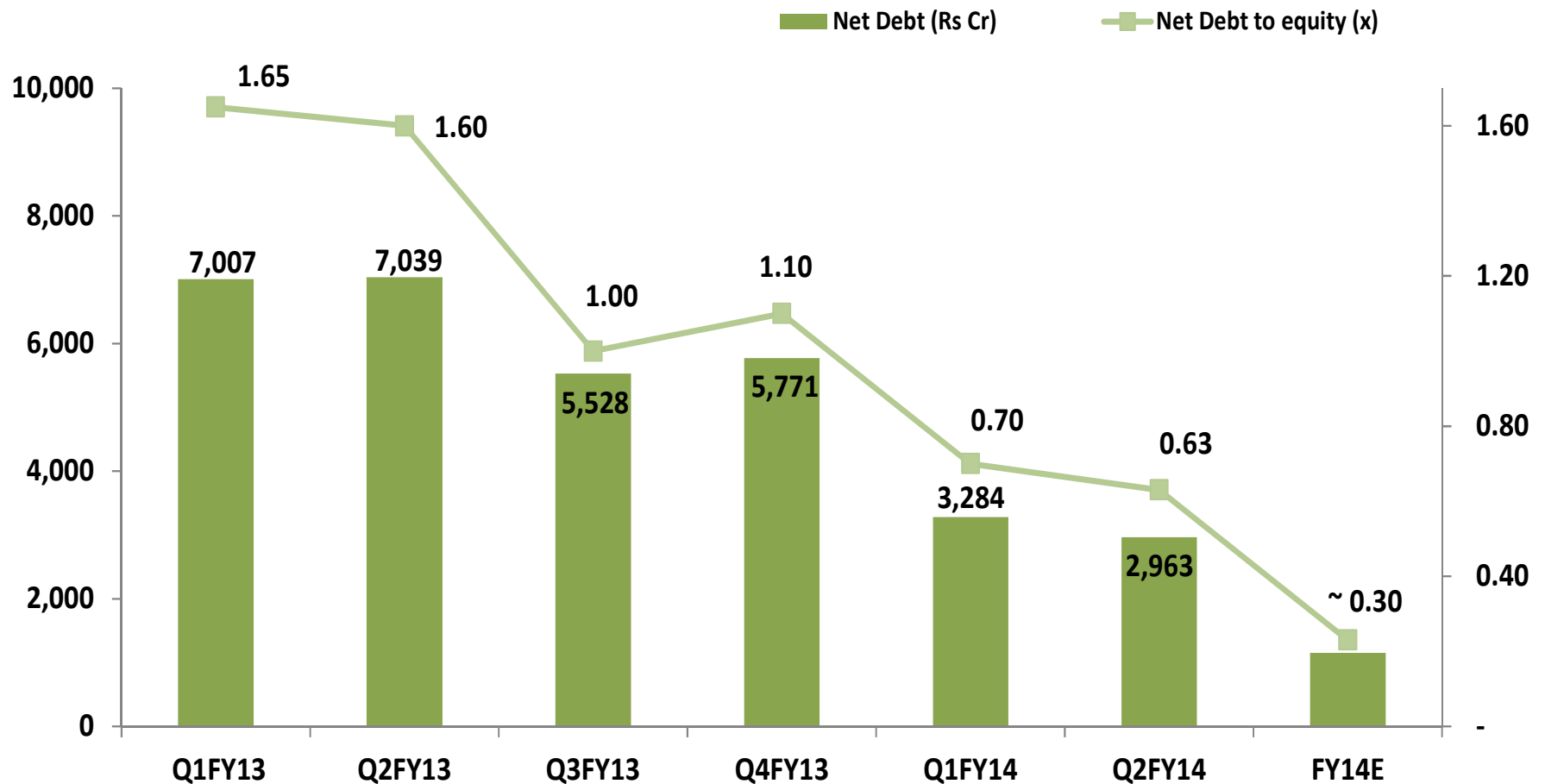
# Group Consolidated Balance Sheet – 30<sup>th</sup> September 2013

Balance Sheet	Rs Crore
Shareholder's Equity*	4,735
Foreign Currency Convertible Bonds (FCCB's)	1,159
Debt	2,173
<b>Total Capital Employed</b>	<b>8,067</b>
Net Fixed Assets (including CWIP of Rs 167 Crore)	1,924
Goodwill	3,908
Investments	1,040
Cash and Cash Equivalents	369
Net Current Assets	826
<b>Total Assets</b>	<b>8,067</b>

- As on 30<sup>th</sup> September 2013, Net Debt to equity ratio stood at 0.6 x

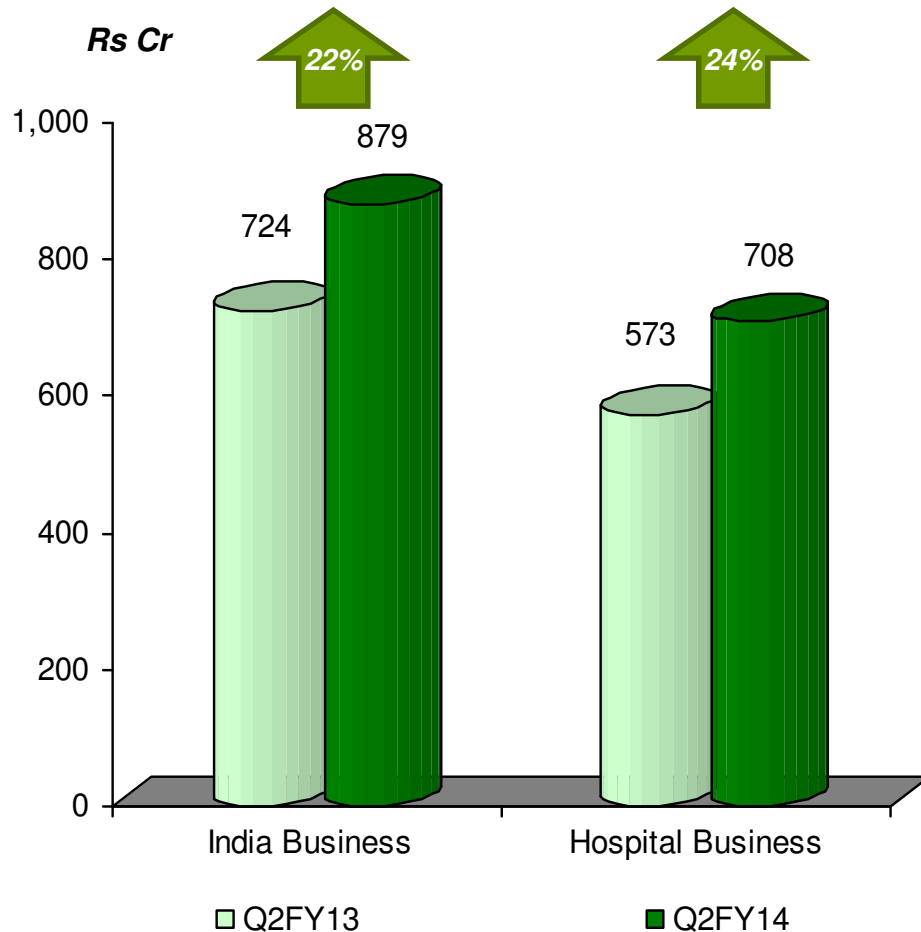
\*Shareholder's Equity includes Minority Interest.

# Significant De-leveraging achieved



# India Business Performance – Q2FY14

# India Business Snapshot



## Q2 FY14 – Consolidated India Business

- India Business - Rs. 879 Cr ↑ 22%
- Hospital Business - Rs. 708 Cr ↑ 24%
- Diagnostic Business - Rs. 171 Cr ↑ 14%

Operating Metrics	Q2FY13	Q2FY14
Occupancy	78%	79%
ARPOB (Annualized - Rs. Cr)	1.00	1.08
ALOS (Days)	3.9	3.9

## Q2FY14 – India Hospital Business

- Operating Revenue - Rs. 708 Cr ↑ 24%
- Operating EBITDAC - Rs. 94 Cr ↑ 16%
- Operating EBITDAC Margin - 13.2%

\*EBITDAC refers to EBITDA before net business trust costs

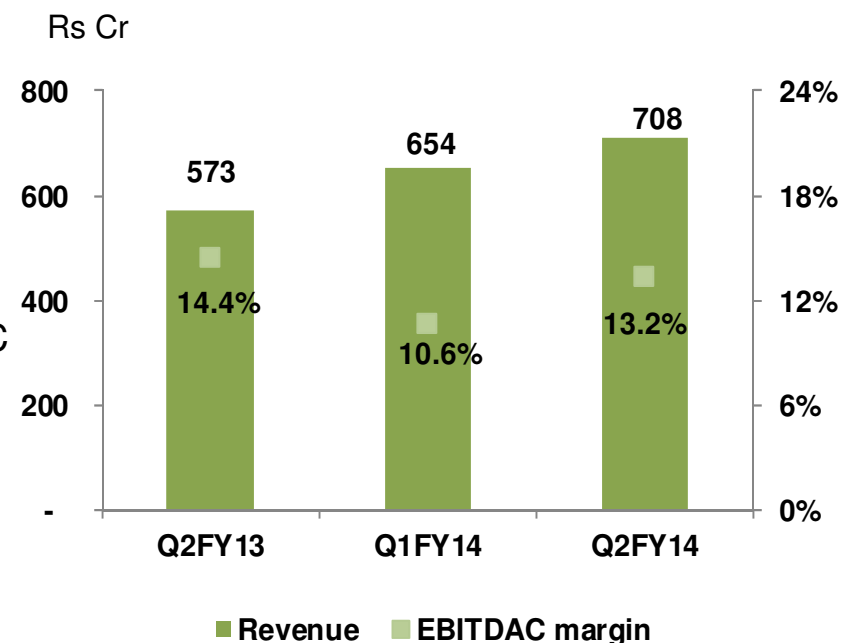
# India Hospital Business

## Q2 Highlights

- Operating revenue at Rs 708 Cr, +24%
- Operating EBITDAC\* margin at 13.2%.
- FMRI witnesses strong ramp up; achieves EBITDAC breakeven in the quarter
- International patient revenue at Rs 62 Cr, +83 %

## Key Specialties – No of procedures

Volume**	Q2FY14	Q2FY13	Growth
Cardiac	27,454	26,367	4%
Ortho	6,100	5,180	18%
Neuro	4,262	3,311	29%
Renal	6,959	5,518	26%



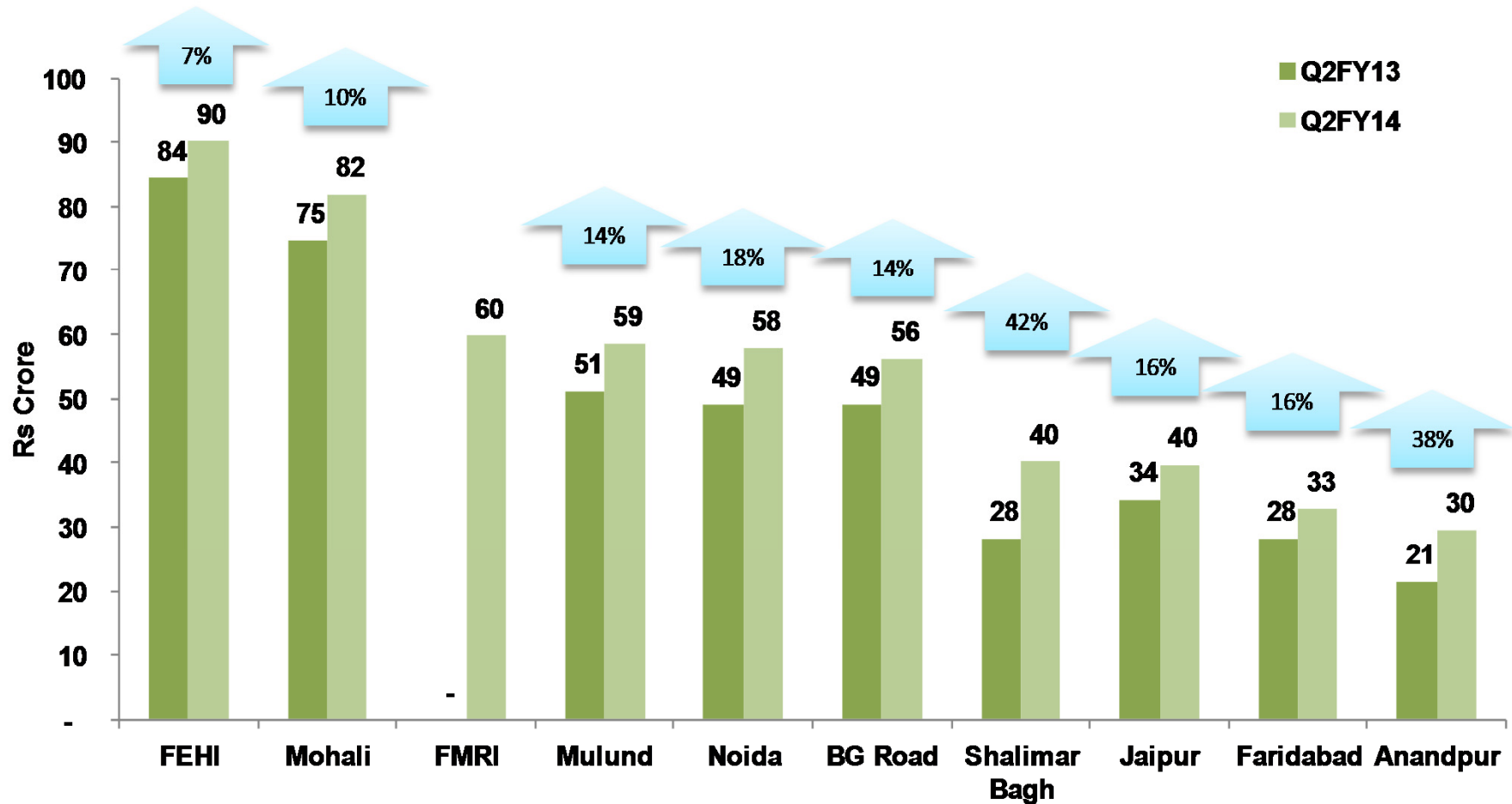
	Q2FY13	Q1FY14	Q2FY14
EBITDAC margins (Excl. Start ups)	14.1%	14.0%	14.5%

\*EBITDAC refers to EBITDA before net business trust costs

\*\*Basis Network numbers

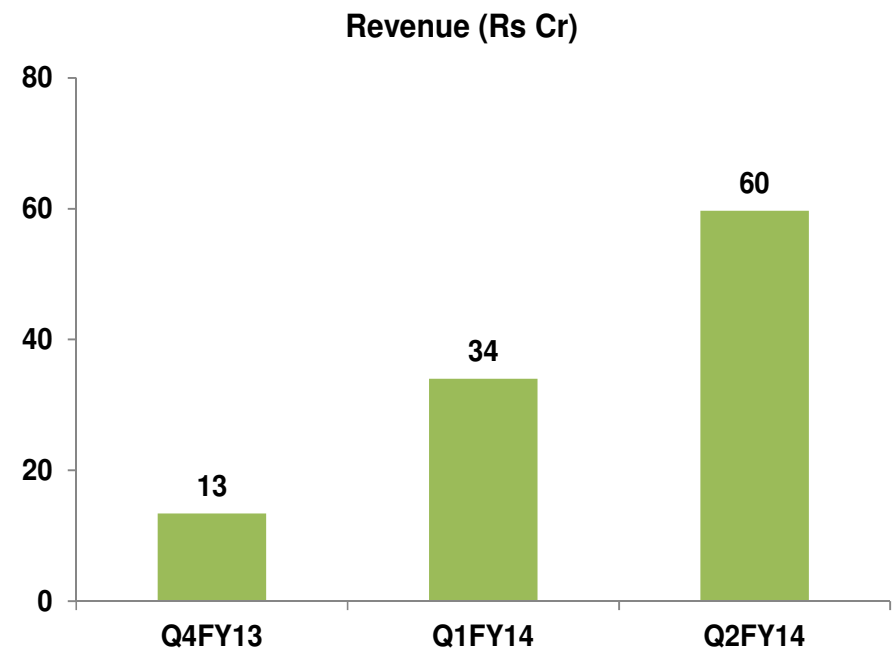


# Hospital-wise Revenue – Key Hospitals



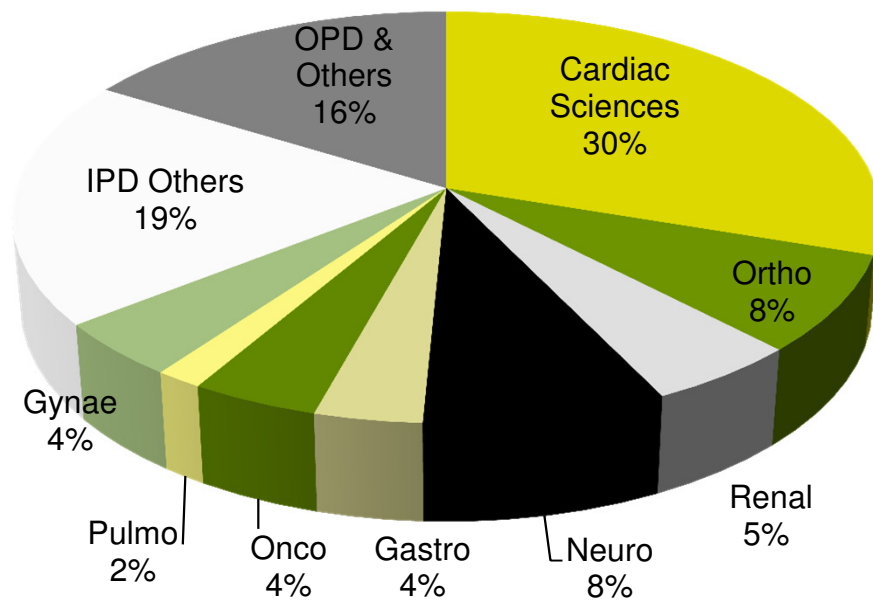
# FMRI Operational Performance

- Strong start to the flagship FMRI facility
- 3<sup>rd</sup> largest revenue contributor in the Fortis N/W
- All medical specialties initiated with reputed clinicians at the helm
- ~ 300 beds operationalized

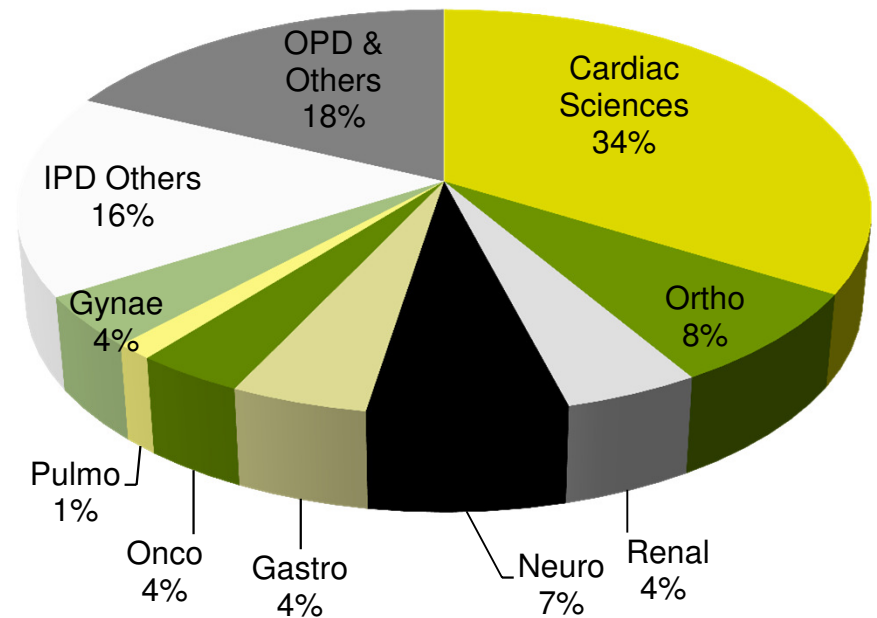


# Specialty Revenue Split – India Hospital Business

Q2FY14



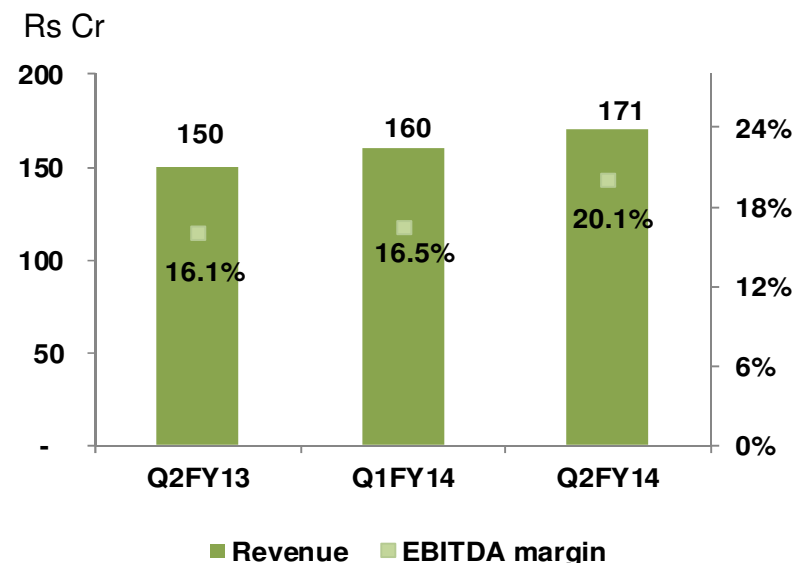
Q2FY13



# India Diagnostics Business

## Q2 Highlights

- Operating revenue at Rs 171 Cr, +14%
- Operating EBITDA margin at 20.1%
- Expanded network strength by adding 8 new laboratories, 58 collection centres, 406 direct clients and 17 co-marketing clients
- No of accession at 3.39 million, a Q-o-Q growth of 8%
- Expanded service offerings by adding 5 new tests during the quarter

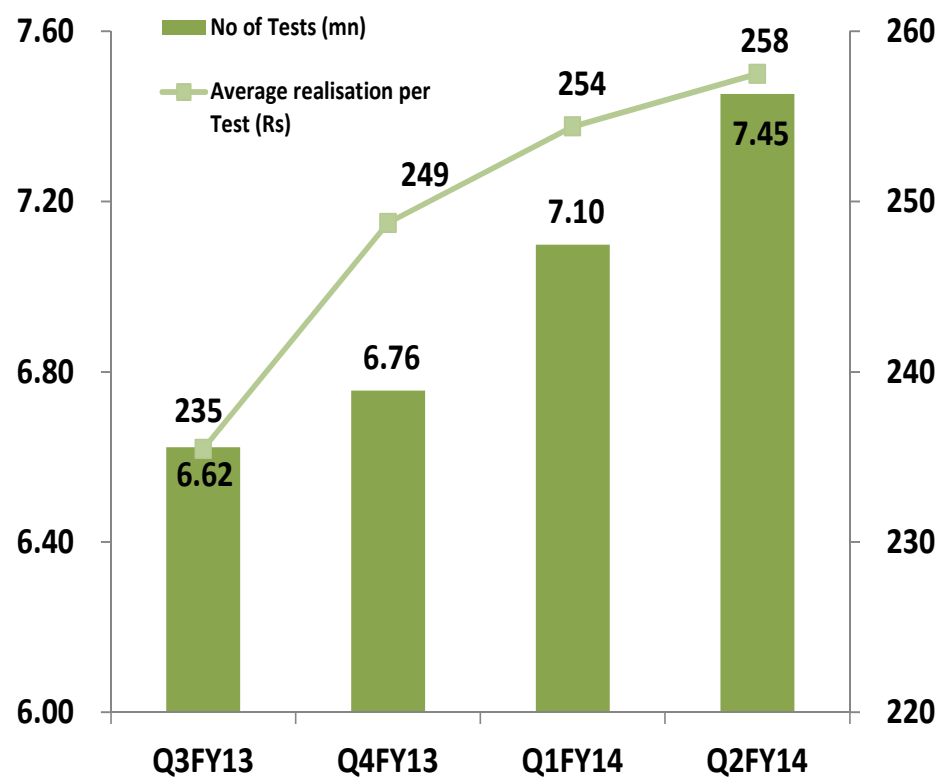
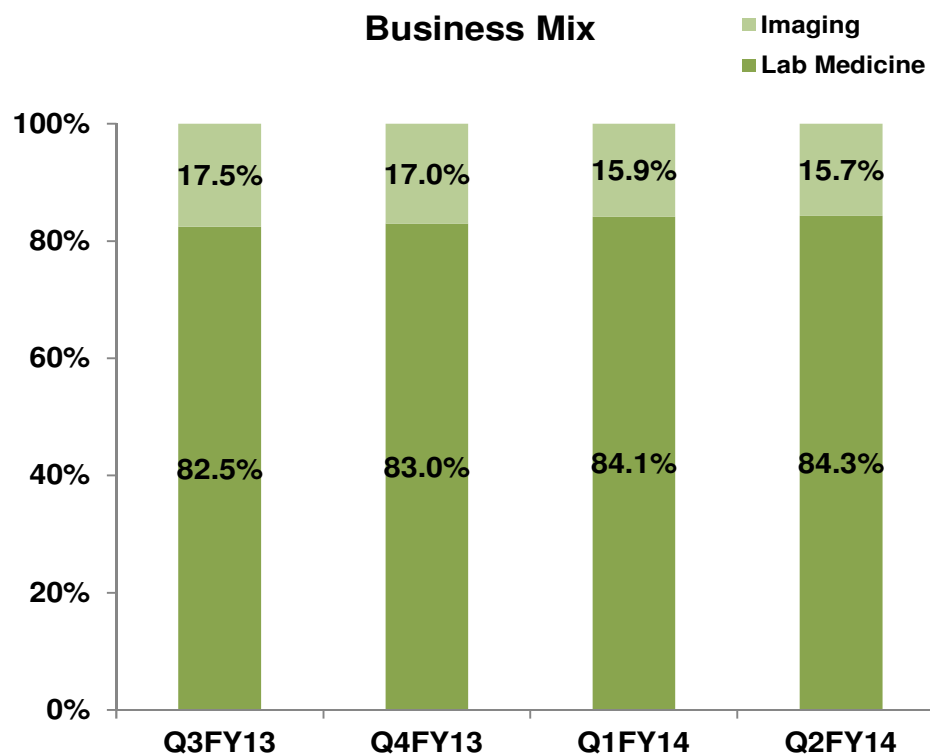


## New Initiatives for further expansion

- Increasing presence in Sri Lanka through Lanka Hospitals, an associate investment
- MOU with the Government of Himachal Pradesh (HP) to provide Path lab services through State run hospitals across HP

# India Diagnostics Business

## Business Mix



## International Business Performance - Q2FY14

- International revenues contributed ~31 % to overall revenues to reach Rs 402 Cr with EBITDA margin of 9.8% ( 12.9% excl. start up costs)
- Divestiture of Fortis Hoan My to Chandler Corporation for USD 80 Mn completed in August 2013.
- Announced divestment of Quality Healthcare, Hong Kong to Bupa for USD 355 Mn in October 2013. Deal completed on 24 October 2013.
- Company continues to evaluate business portfolio to ensure right strategic fit

(Rs Cr)	Q2FY14	Q2FY13	% change
<b>Quality Healthcare</b>			
Revenue	282	234	21%
EBITDA %	12.5%	9.3%	
<b>RadLink Asia</b>			
Revenue	37	30	23%
EBITDA %	25.7%	22.8%	
<b>Fortis Hoan My*</b>			
Revenue	59	67	-
EBITDA %	24.4%	21.8%	

\* Fortis Hoan My revenues [divested in August 2013] in Q2 FY 14 are for a period of 2 months as against the full quarter in Q2 FY 13.

**Thank You...**