

Fortis Healthcare announces Q3 FY20 Consolidated Financial Results

Revenues grow 6% to INR 1168.9 Crs

EBITDA at INR 161.9 Crs vs INR 81.2 Crs (13.8% margin versus 7.4%)

- *Hospital Business records third consecutive quarter of earnings growth; revenues for Q3 are up 7.3% to INR 953.5 Crs, EBITDA at INR 133.8 Cr versus INR 41.4 Crs.*
- *9MFY20 hospital business revenues are up 8.8% to INR 2838.8 Crs, EBITDA at INR 371.4 Crs vs INR 47.5 Crs*

Gurugram, February 14, 2020: Fortis Healthcare Ltd. ("Fortis" or the "Company"), India's leading healthcare delivery company, today announced its unaudited consolidated financial results for the quarter and nine months ended December 31, 2019.

COMPANY HIGHLIGHTS

- Q3 FY20 continues to witness earnings growth with margin expansion in the hospitals business.
- Hospital business contributes approx. 80% to overall revenues and EBITDA. Margins expand to 14.0% from 4.7% in Q3 FY 19 driven by operating performance and the elimination of the net Business Trust costs.
 - Occupancy for the quarter was at 68% similar to the corresponding previous quarter. ARPOB stood at INR 1.62 Crs, up 6% YoY while ALOS was at 3.24 days versus 3.42 days in the corresponding previous period.
- The diagnostic business gross revenue was at INR 249.4 Cr vs INR 242.6 Crs, a growth of 2.8%. This was impacted by the abnormally severe winter in North and Central India specially in the month of December.
- Diagnostic business EBITDA margins were at 16.0% vs 16.3% in Q3FY19

Other Highlights

- Net debt to equity ratio of 0.17 times. Net debt stood at INR 1,237 Crs in the quarter.
- Lower finance costs which witnessed a decline of 57% to INR 48 Crs in the quarter.

- Emphasis on better collection through timely bill submission and inventory management.
- Capex for growth and expansion on track with investments in new medical technologies, state of the art medical equipment and new / additional beds.
- Cost efficiency initiatives continue. Ongoing cost optimization actions comprise key elements related to manpower costs, doctor productivity, contract renegotiations, G&A, Power & Fuel and corporate office expenses.

KEY FINANCIAL HIGHLIGHTS FOR Q3 FY20 (versus Q3 FY19)

- **Consolidated Revenues for Q3** grew 6% to reach INR 1,168.9 Crs. Consolidated EBITDA** for Q3 increased 2x to INR 161.9 Crs.
 - Hospital business revenues stood at INR 953.5 Crs, a growth of 7.3%
 - The hospital business EBITDA was at INR 133.8 Crs versus an EBITDA of INR 41.4 Crs in Q3FY19.
 - Diagnostic business revenues (*Gross*) were at INR 249.4 Crs, + 2.8%
 - The EBITDA for the diagnostic business stood at INR 39.8 Crs versus INR 39.6 Crs in Q3 FY19.
- PBT for the quarter stood at INR 48.2 Crs versus a loss of INR 200.5 Crs in Q3 FY19.
- During the current quarter, the Company on a conservative basis has chosen to derecognize net deferred tax asset (DTA) amounting to INR 102 Crs in certain entities. This non-cash adjustment has been reflected in the company's tax charge and would be reassessed at each time period.
- Consequent upon the non-cash tax charge taken, the company reported a net loss for the quarter at INR 76.3 Crs. This compares with a net loss of INR 197 Crs in Q3 FY19.

***Includes the impact on account of adoption of new accounting standard on leases w.e.f. April 1, 2019.*

KEY FINANCIAL HIGHLIGHTS FOR 9M FY20 (versus 9M FY19)

- Consolidated Revenues for 9MFY20 grew 7.1% to reach INR 3,519.4 Crs. Consolidated EBITDA** for 9MFY20 increased 2.7x to INR 518 Crs.
 - Hospital business revenues stood at INR 2,838.8 Crs, a growth of 8.8%
 - The hospital business EBITDA was at INR 371.4 Crs versus INR 47.5 Crs in the corresponding previous period. Margins stood at 13.1% versus 1.8% in 9MFY19.
 - Diagnostic business revenues (*Gross*) were at INR 784.4 Crs, + 3.3%
 - The diagnostics business EBITDA was at INR 163.6 Crs versus INR 138.4 Crs in the corresponding previous period. Margins stood at 20.9% versus 18.2% in 9MFY19.
- PBT for 9M FY20 stood at INR 230.2 Crs versus a loss of INR 443.9 Crs in the corresponding previous period.
- Reported Net Profit (PATMI) stood at INR 102.5 Crs. This compares to a loss of INR 434.5 Crs for 9MFY19.

***Includes the impact on account of adoption of new accounting standard on leases w.e.f. April 1, 2019.*



Ravi Rajagopal, Chairman, Board of Directors, Fortis Healthcare stated, “We have come a long way to bring the business back on its path to growth and profitability. The Q3 results are the third successive quarter of an improved earnings performance specifically from the hospital business. While the diagnostics business has shown a stable performance, we are cognizant of the inherent potential that this business offers. As we conclude an eventful fiscal, we remain optimistic of the way forward and are supporting the management to chalk out key strategic imperatives as they pertain to clinical talent, medical programs and patient care. All these should expectedly strengthen the organization and further entrench its position as a leading healthcare delivery player in the country.”

Commenting on the results, Dr Ashutosh Raghuvanshi, MD and CEO, Fortis Healthcare stated, “I’m pleased with our hospital business operations having progressively improved over successive quarters as reflected in the continuous margin expansion being witnessed. We continue to focus on the key expense line items across the network in order to ensure that we run a leaner organization and our Balance Sheet remains robust with low gearing and a more efficient working capital cycle. The diagnostics business while maintaining its margins has seen a relatively stable growth but we do expect it to ramp up in the foreseeable future. Our impetus going forward will be to objectively look at our portfolio of assets and expansion strategy so as to judiciously allocate resources. In parallel, we are undertaking efforts to further strengthen the critical building blocks of the business in terms of doctor engagement, clinical specialties, quaternary care medical treatments and technology led initiatives in order to enhance growth and performance”

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 its healthcare delivery services in India, Dubai and Sri Lanka with 36 healthcare facilities (including projects under development), approximately 9,000 potential beds and over 415 diagnostics centres.

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