

Fortis Healthcare announces Q2 FY20 Consolidated Financial Results

Revenues grow 6.3% to INR 1212.2 Crs

Operating EBITDA increases 2.5x to INR 190.6 Crs (15.7% margin versus 6.6%)

Profit After Tax* at INR 111 Crs versus a loss of INR 166.6 Crs in Q2 FY19

- *Hospital revenues up 8.1% to INR 972.3 Crs, EBITDA grows 47.2% to INR 129 Crs*
- *Diagnostics business EBITDA margins at 26.6%, 360 bps expansion over Q2 FY19*

Gurugram, November 6, 2019: Fortis Healthcare Ltd. ("Fortis" or the "Company"), India's leading healthcare delivery company, today announced its unaudited consolidated financial results for the quarter and half year ended September 30, 2019.

COMPANY HIGHLIGHTS

- **Q2 FY20 continues to see a healthy business momentum with an improvement in operational profitability in both the hospitals and the diagnostics business.**
- **Hospital business, contributing 80% to overall revenues, records a robust improvement in margins as a result of a stronger operating performance and elimination of the net Business Trust costs.**
 - All Key operating metrics of the hospital business witness a robust improvement. Occupancy and ARPOB for the quarter stood at 72% and INR 1.54 Crs versus 69% and INR 1.49 Crs in Q2 FY19 respectively.
- **Further strengthening of cash flows and liquidity position reflected in:**
 - **A healthy net debt to equity ratio of 0.13 times. Net debt stood at INR 1194 Crs in the quarter.**
 - **Further improvement in credit rating by two notches to BBB+ from BBB-**
 - **Lower finance costs which witnessed a decline of 41.9% to INR 49.2 Crs in the quarter as result of lower debt and reduced borrowing costs.**
 - **Continuous focus on better collections and inventory management.**
- **Investments on track for upgrading and commissioning new medical equipment and advanced medical technologies in select facilities. Plans for new medical programs in select key hospitals progressing well.**
- **Operational improvement being supplemented by higher cost efficiencies primarily driven by rationalization of the non-medical manpower cost, reduction in other expenses including G&A and after absorbing inflationary pressures. Bad debts**

provision sees a reduction during the quarter due to a noticeable improvement in the collections and billing processes across the network.

** PAT after Minority Interest and Share in Associates.*

KEY FINANCIAL HIGHLIGHTS (versus Q2 FY19)

- **Consolidated Revenues for Q2** grew 6.3% to reach INR 1,212.2 Crs.
 - Hospital business revenues stood at INR 972.3 Crs, a growth of 8.1%
 - Diagnostic business revenues (*Gross*) were at INR 276.6 Crs, + 3.0%
- **Consolidated Operating EBITDA** for Q2** increased 2.5x to INR 190.6 Crs.
 - The hospital business operating EBITDA grew 6.3x to INR 129 Crs versus an EBITDA of INR 20.6 Crs in Q2FY19.
 - On a like for like basis (after excluding the impact of net BT fees) margins in the hospital business expanded 360 bps to 13.3% reflecting an operating EBITDA growth of 47.2%.
 - The diagnostics business operating EBITDA grew 18.2% to INR 63.8 Crs versus INR 54.0 Crs in Q2FY19
- Operational PBT* for the quarter stood at INR 70.6 Crs versus a loss of INR 65.3 Crs in Q2 FY19 (**prior to other income, exceptional item and forex*).
- Reported Net Profit (PATMI) after accounting for exceptional items stood at INR 111 Crs in the quarter versus a loss of INR 166.6 Crs in Q2 FY19.

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

KEY FINANCIAL HIGHLIGHTS (versus H1 FY19)

- **Consolidated Revenues for H1** grew 7.7% to reach INR 2,350.5 Crs.
 - Hospital business revenues stood at INR 1,885.3 Crs, a healthy growth of 9.6%
 - Diagnostic business revenues (*Gross*) were at INR 535.1 Crs, + 3.6%
- **Consolidated Operating EBITDA** for H1** increased 3.7x to INR 332.8 Crs.

- The hospital business operating EBITDA was at INR 221.1 Crs versus a negative EBITDA of INR 2.9 Crs in H1FY19.
 - On a like for like basis (after excluding the impact of net BT fees) margins in the hospital business expanded 420 bps to 11.7% reflecting an EBITDA growth of 70.8%.
- The diagnostics business operating EBITDA grew 24.4% to INR 117.5 Crs versus INR 94.5 Crs in H1FY19
- Operational PBT* for the first half stood at INR 91 Crs versus a loss of INR 183.6 Crs in H1 FY19 (**prior to other income, exceptional item and forex*).
- Reported Net Profit (PATMI) after accounting for exceptional items stood at INR 178.8 Crs in the H1 FY 20 versus a loss of INR 237.5 Crs in H1 FY19.

***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, “With Q2 FY20 results, the Company continues to witness progressively improving quarters in both the hospitals and the diagnostics business. Our focus would now be to channelize our efforts to ensure that strategic actions are in place to define the long-term roadmap of the business. This will lay emphasis on looking at the business holistically in its various elements including critical aspects such as talent, patient care outcomes, information technology and other important functional areas. The Board will support and enable management to drive future performance and create long term sustainable value in the business for all stakeholders.”

Commenting on the results, Dr Ashutosh Raghuvanshi, MD and CEO, Fortis Healthcare stated, “ We continue to witness an upward trend in our business operations and will remain focused on optimally leveraging our portfolio of assets. While challenges remain, our strategic actions and initiatives lay emphasis on consolidation and growth. With a stronger Balance Sheet and improving operational performance we are actively pursuing our investment and capex plans so as to enable and provide our clinicians and administrators a relatively stronger ecosystem for driving future performance. Simultaneously, we have and continue to foster a culture of cost consciousness across the organization without compromising on our quality and care. All these should gradually should also reflect in the performance of the Company over the medium and long term and I do believe that Q2 FY 20 results are reflective of this intent and direction.”

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 410 diagnostics centres.

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