

Fortis Healthcare Limited

Investor Presentation – Q1FY18

“Saving and Enriching Lives”



August 4, 2017

Disclaimer

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.

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.

Discussion Points

➤ **Highlights – Q1FY18**

➤ **Awards & Recognitions**

➤ **Successes in Clinical Excellence**

➤ **Financial Highlights**

➤ **Business Performance – Hospitals & Diagnostics**

Highlights – Q1FY18

➤ **Group Consolidated Business** (Q1 FY18 vs Q1 FY17)

- ➡ Net Revenues at Rs 1,157 Cr for the quarter, + 3%
- ➡ Consolidated operating EBITDAC* at Rs 163 Cr, 14.1% margin versus 16.0% margin
- ➡ Consolidated operating EBITDA at Rs 96 Cr, + 53%
- ➡ Consolidated PBT before forex and exceptional items at Rs 30 Cr vs NIL

➤ **Hospital Business** (Q1 FY18 vs Q1 FY17)

- ➡ Net Revenues at Rs 939 Cr, +3%
- ➡ Operating EBITDAC at Rs 127 Cr, 13.5% margin versus 15.3% margin
- ➡ Net BT costs down 43% , from Rs 117 Cr in Q1FY17 to Rs 67 Cr in Q1FY18
- ➡ Operating EBITDA at Rs 59 Cr, +173%

➤ **Diagnostics Business .i.e. SRL** (Q1 FY18 vs Q1 FY17)

- ➡ Net Revenues at Rs 212 Cr, +10.7%
- ➡ Operating EBITDA at Rs 39 Cr. Represents 18.5% margin versus 22.4% margin

- Net debt of the company as on June 30, 2017 stood at Rs 1,216 Cr, representing a net debt to equity ratio of 0.19x compared to 0.06x as on June 30, 2016 and 0.20x as on March 31, 2017.

**Refers to EBITDA before net business trust costs*

Key Awards and Recognitions in Q1FY18

In a proud moment for all Fortisians, two Fortis luminaries, Dr Ashok Seth and Dr Ashok Rajgopal, received the prestigious Dr B. C. Roy National Award from the Hon'ble President of India, Shri Pranab Mukherjee, in March 2017.

Prof (Dr) Mukut Minz, eminent transplant surgeon (Renal & Pancreas Transplant Surgery) was honoured with the prestigious Padma Shri for his contribution to the field of Medicine. The Hon'ble President of India Shri Pranab Mukherjee presented the award at a ceremony at Rashtrapati Bhawan.

Dr Vivek Nangia, Director – Pulmonology, Fortis Flt Lt Rajan Dhall Hospital, Vasant Kunj and Fortis Escorts Heart Institute, New Delhi has been appointed as a member of an expert group formed under the leadership of Global Coalition against Tuberculosis.

Dr Aparna Jaswal, Electrophysiology, Fortis Escorts Heart Institute, New Delhi, was honoured with the International Board of Heart Rhythm Examiners (IBHRE) Ambassador of the Year Award 2017.

Dr Ashok Seth, Chairman – FEHI, New Delhi, received the prestigious Master Interventionalist Award and designation by the premier Society of Cardiovascular Angiography and Intervention, USA (SCAI) at their annual meeting in New Orleans.

Successes in Clinical Excellence in Q1FY18

A team of doctors at FMRI, treated two complex cases of Biliary Atresia, a rare congenital defect wherein the bile duct fails to develop completely, leading to impaired liver function.

Doctors at Fortis Hospital, Mulund conducted its first Paediatric Bone Marrow Transplant (BMT) on a 14-year-old patient suffering from Hodgkin's Lymphoma. The patient was not responding to standard chemotherapy and BMT was the only curative option.

A 32-year-old lady became the world's youngest recipient of a successful bilateral total knee replacement surgery for a rare case of Ankylosing Spondylitis at Hiranandani Hospital, Vashi

A team of Doctors at Fortis Noida performed a rare, lifesaving and complex surgery on a 48-year-old patient to remove a large tumour measuring 7x8 sqcm. The cricket ball-sized tumour occupied close to 60% of the heart.

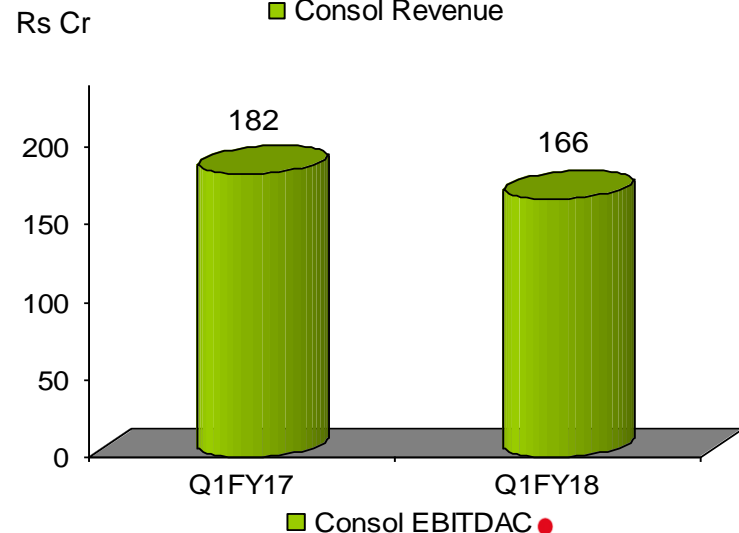
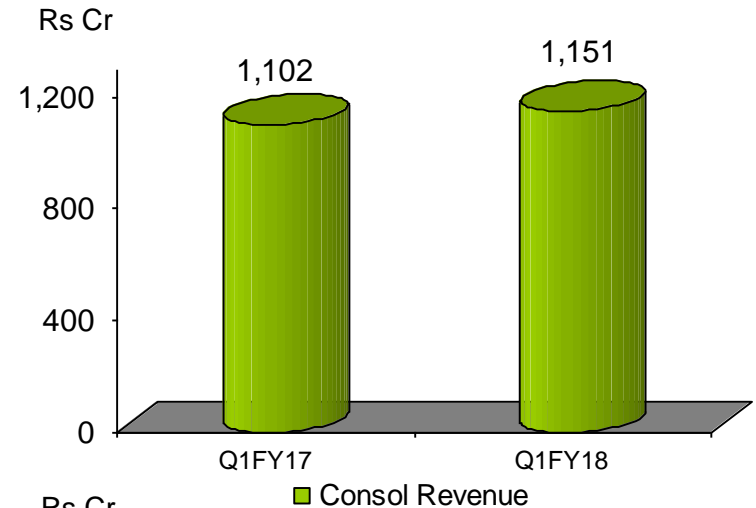
A team of Doctors at Fortis, Jaipur successfully conducted a complicated surgery to treat a case of Cancer of the bile duct (Hilar Cholangiocarcinoma). The only treatment for the condition was liver resection followed by reconstruction of the bile duct.

In a first-of-its kind transplant surgery, a team Doctors at Fortis Malar conducted a successful bilateral lung transplant on a 21 year old Ukrainian patient suffering from pulmonary hypertension (high lung blood pressure).

Financial Highlights

India Financial Highlights – Q1FY18 vs Q1FY17

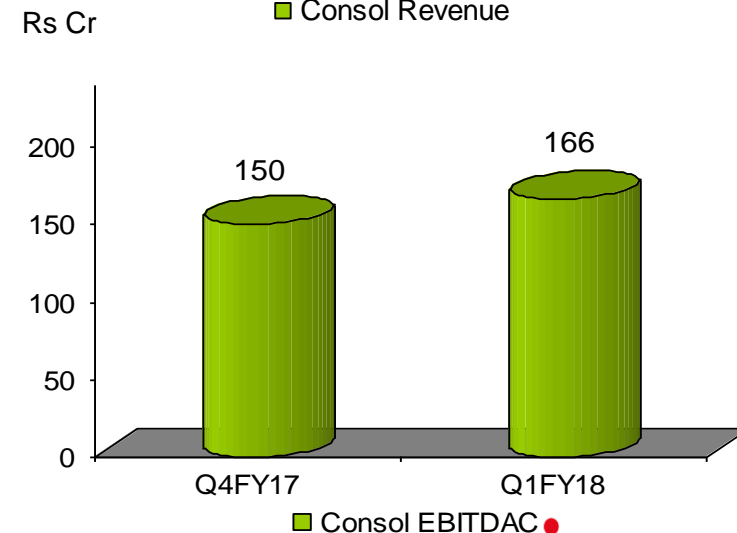
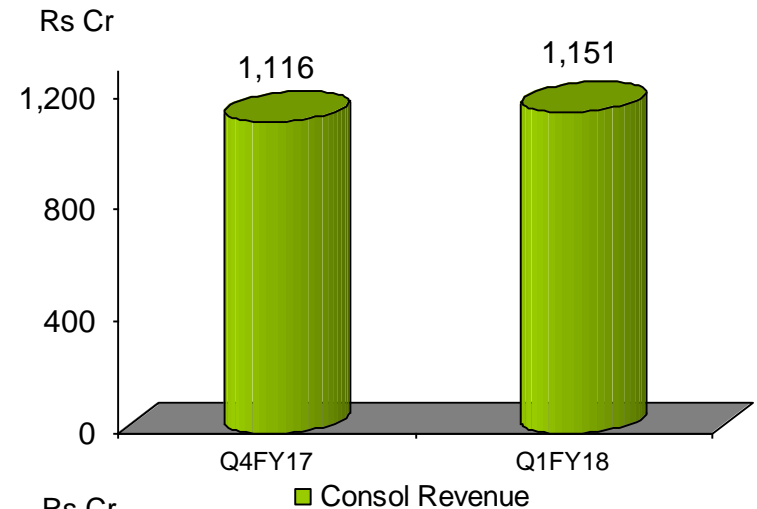
- Consolidated Revenues at Rs 1,151 Cr, + 5%.
 - ❖ Hospital Business – Rs 939 Cr, + 3%
 - ❖ Diagnostic Business – Rs 212 Cr, + 11%
- Consolidated Operating EBITDAC* at Rs 166 Cr, 14.4% margin
 - ❖ Hospital Business – Rs 127 Cr, 13.5% margin
 - ❖ Diagnostic Business – Rs 39 Cr, 18.5% margin



*EBITDAC refers to EBITDA before net business trust costs

India Financial Highlights – Q1FY18 vs Q4FY17

- Consolidated Revenues at Rs 1,151 Cr, + 3%.
 - ❖ Hospital Business – Rs 939 Cr, + 3%
 - ❖ Diagnostic Business – Rs 212 Cr, + 4.6%
- Consolidated Operating EBITDAC* at Rs 166 Cr, 14.4% margin
 - ❖ Hospital Business – Rs 127 Cr, 13.5% margin
 - ❖ Diagnostic Business – Rs 39 Cr, 18.5% margin



*EBITDAC refers to EBITDA before net business trust costs

India Consolidated P&L – Q1FY18

	Q1FY17	Q4FY17	Q1FY18	QoQ % Change
Particulars	(Rs Cr.)	(Rs Cr.)	(Rs Cr.)	
Operating Revenue	1,101.7	1,115.7	1,150.9	4.5%
Operating EBITDAC*	182.0	150.0	165.6	-9.0%
Operating EBITDAC margin	16.5%	13.4%	14.4%	
Net BT Costs	117.3	63.8	67.2	-42.8%
Operating EBITDA	64.7	86.2	98.4	52.3%
Other Income	24.7	51.6	50.3	103.8%
EBITDA	89.3	137.8	148.7	66.5%
Finance Costs	41.6	66.3	64.1	
Depreciation & Amortization	46.1	62.4	58.3	
PBT before Forex	1.7	9.2	26.4	
Foreign Exchange (Loss)/ Gain	5.8	(20.5)	(5.7)	
PBT before Exceptional Item	7.4	(11.3)	20.7	
Exceptional (Loss)/ Gain^	0.1	(4.8)	(1.3)	
Tax Expense	2.3	8.2	11.9	
PAT before minority interest and share in associates	5.2	(24.3)	7.4	
Share in Associates^^	19.0	(0.9)	11.6	
PAT after minority interest and share in associates	15.1	(55.3)	1.9	

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

**Q1FY18 and Q4 FY17 financials includes the impact of FHTL consolidation

Group Consolidated P&L – Q1FY18

Particulars	Q1FY17	Q4FY17	Q1FY18	QoQ % Change
	(Rs Cr.)	(Rs Cr.)	(Rs Cr.)	
Operating Revenue	1,121.2	1,123.4	1,156.6	3.2%
Operating EBITDAC*	179.8	148.0	162.9	-9.4%
Operating EBITDAC margin	16.0%	13.2%	14.1%	
Net BT Costs	117.3	63.8	67.2	-42.8%
Operating EBITDA	62.5	84.2	95.7	53.2%
Other Income	27.0	62.5	57.5	112.6%
EBITDA	89.5	146.7	153.2	71.2%
Finance Costs	42.0	66.6	64.4	
Depreciation & Amortization	47.6	63.0	59.0	
PBT before Forex	(0.0)	17.1	29.8	
Foreign Exchange (Loss)/ Gain	6.0	(27.6)	(8.7)	
PBT before Exceptional Item	5.9	(10.5)	21.1	
Exceptional (Loss)/ Gain ^	0.1	(4.8)	(1.3)	
Tax Expense	2.9	22.5	12.2	
PAT before minority interest and share in associates	3.1	(37.8)	7.5	
Share in Associates ^^	22.1	4.1	15.1	
PAT after minority interest and share in associates	16.1	(63.8)	5.5	

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

**Q1FY18 and Q4 FY17 financials includes the impact of FHTL consolidation

Consolidated Balance Sheet

Balance Sheet (Rs Cr)	June 30, 2017
Shareholder's Equity*	6,341
Foreign Currency Convertible Bonds (FCCB's)	-
Debt	2,192
Total Capital Employed	8,533
Net Fixed Assets (including CWIP of Rs 285 Cr)	3,365
Goodwill	2,326
Investments	1,465
Cash and Cash Equivalents	976
Net Current Assets	401
Total Assets	8,533

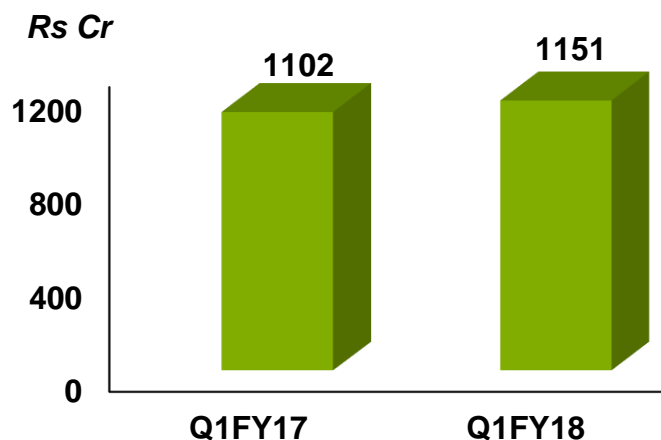
- As on June 30, 2017, Net Debt to equity ratio stood at 0.19 x

*Shareholder's Equity includes Minority Interest.

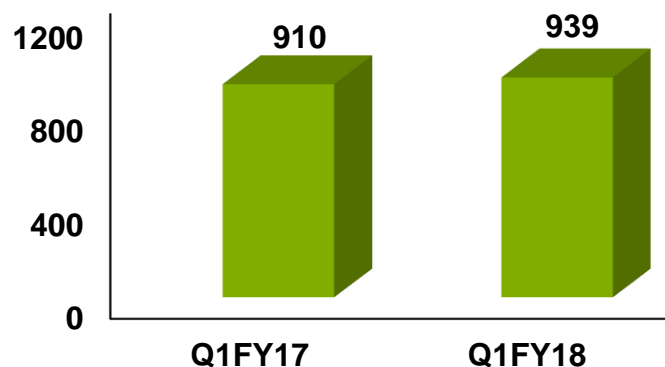
Business Performance – Hospitals Business

India Business - Snapshot

India Business Revenue



Hospital Business Revenue



Q1FY18 – Consolidated

- **Operating Revenue** - Rs. 1,151 Cr ↑ 5%
- **Hospital business** -Rs. 939 Cr ↑ 3%
- **Diagnostics business** -Rs. 212 Cr ↑ 11%

Statutory	Q4FY17	Q1FY17	Q1FY18
Occupancy	70%	74%	71%
ARPOB (Annualized - Rs. Lacs)	150	146	151
ALOS (Days)	3.50	3.53	3.53

India Hospital Business P&L

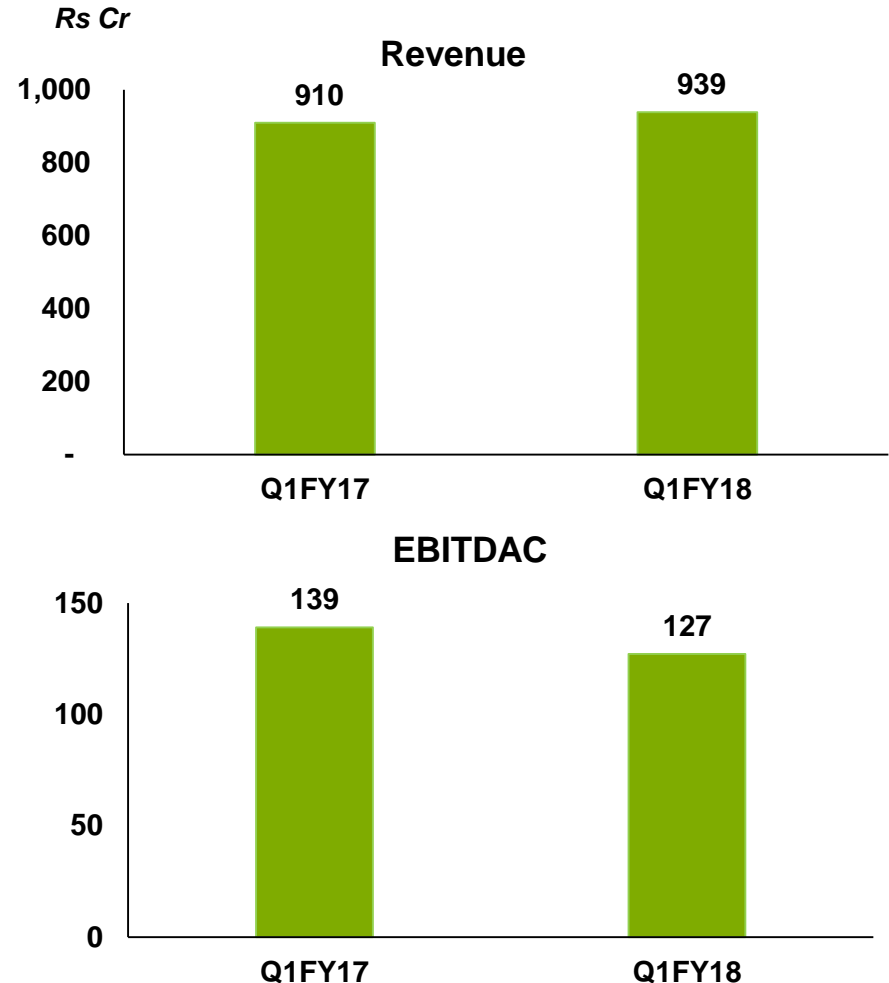
	Q1FY17	Q4FY17	Q1FY18	QoQ % Change
Particulars	(Rs Cr.)	(Rs Cr.)	(Rs Cr.)	
Operating Revenue	910.1	912.9	939.0	3.2%
Operating EBITDAC*	139.1	109.7	126.5	-9.1%
Operating EBITDAC margin	15.3%	12.0%	13.5%	
Net BT Costs^	117.3	63.8	67.2	-42.8%
Operating EBITDA	21.8	45.8	59.3	172.6%
Other Income	21.8	52.2	48.8	
EBITDA	43.6	98.1	108.1	148.1%

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

^Reduction in net BT Costs is mainly due to consolidation of FHTL

India Hospital Business – Q1FY18

- Operating revenue at Rs 939 Cr, +3%
- Operating EBITDAC* margins at 13.5%, vs 15.3% in the corr qtr and 12.0% in trailing qtr.
- International patient revenue at Rs 105 Cr, representing 11.2% of overall hospital business
- FMRI revenue at Rs 132 Cr, + 14% over corr Q
- FEHI reported revenue growth of 8% to Rs 101 Cr with occupancy increasing from 77% in Q1FY17 to 81% in Q1FY18.



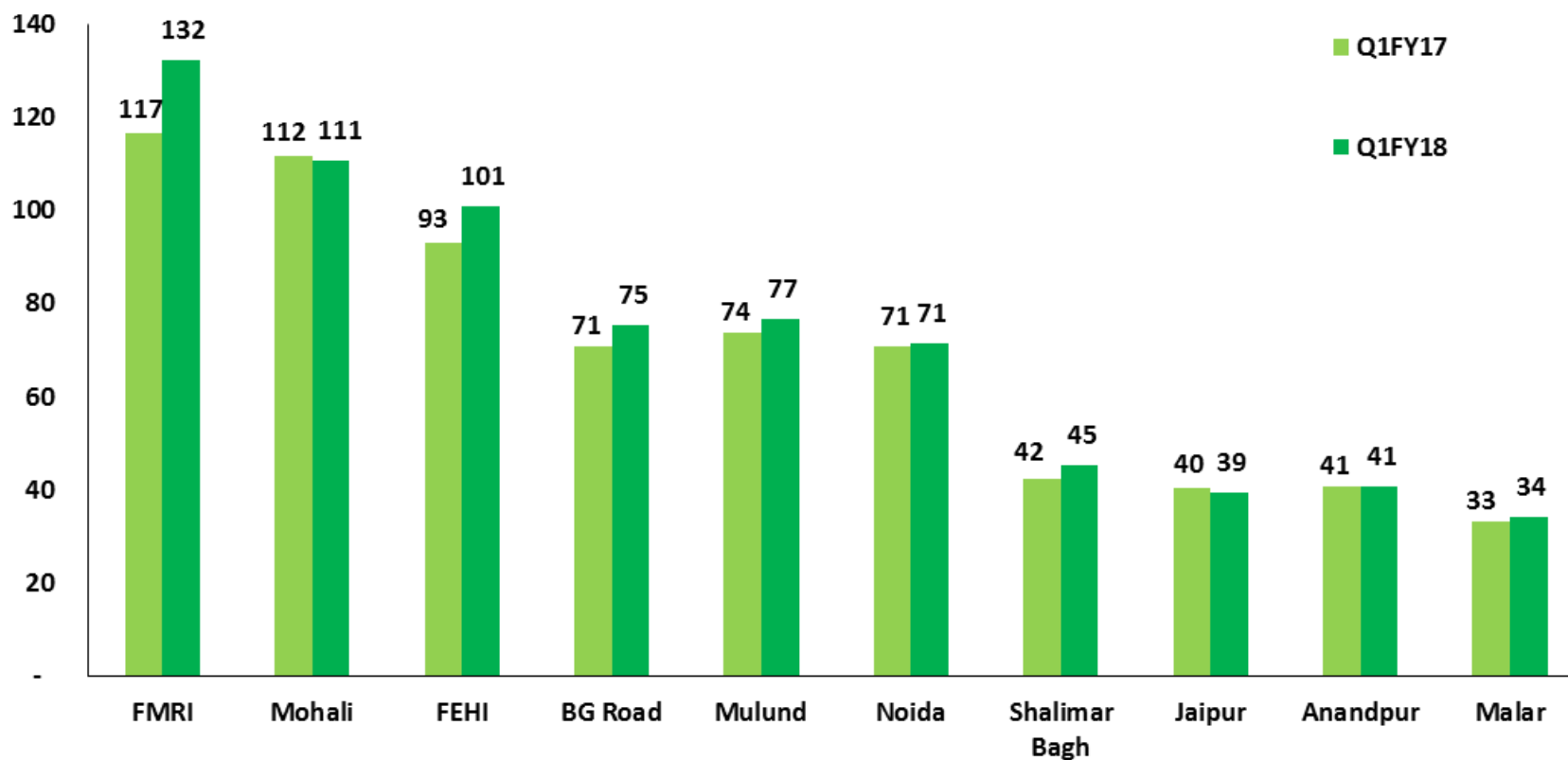
*EBITDAC refers to EBITDA before net business trust costs

Select Key Highlights / Accomplishments in Q1FY18

- Fortis Hospital, Bannerghatta Road, Bengaluru, received the Joint Commission International (JCI) accreditation for the fourth consecutive time. With this achievement, Fortis Hospital, Bannerghatta Road, has become the third Fortis facility to maintain its accreditation status for the fourth consecutive term.
- A state-of-the-art Rehab Lab was launched at Fortis Escorts Heart Institute. The Rehab Lab is the first of its kind to offer benefits in the form of cure for individuals suffering from musculoskeletal problems ranging from arthritic aches; women's bone health issues; sports injuries and problems associated with the geriatric population.
- Fortis Hospital, Mohali introduced a new technique, Mechanico Chemical Ablation (MOCA), to treat varicose veins, for the first time in India. The procedure does not require the application of tumescent anaesthesia. A special catheter is introduced in the vein of the patient and the blood vessel is ablated along with foam sclerotherapy.
- Fortis Hospital, Mohali launched an 'Allergy Clinic' during the quarter. The specialised clinic caters to those patients who have a history of recurrent episodes of cough, cold, sneezing, bronchitis, eczema, perianal redness, redness of eyes among others.
- After publishing FEHI's Cardiac Clinical outcomes data and Fortis Vasant Kunj's Kidney Transplant (1 year Survival) clinical outcomes data, five other units joined this initiative. Fortis Mohali, Fortis Mulund, Fortis BG Road, Fortis CG Road and FMRI published clinical outcome data for CABG and PTCA procedures.

Revenue – Top 10 Hospitals

Rs Crore



Select Key Hospitals – Q1FY18

Fortis Escorts Heart Institute, Delhi



- 294 operational beds @ 81% occupancy
- ARPOB of Rs 1.71 Cr
- Largest cardiac program of Fortis

Fortis Hospital, BG Road, Bengaluru



- 255 operational beds @ 72% occupancy
- ARPOB of Rs 1.64 Cr
- Expansion underway for 210 bed block

Fortis Mulund, Mumbai



- 288 operational beds @ 67% occupancy
- ARPOB of Rs 1.59 Cr
- First hospital in the city to conduct heart transplant in four decades

FMRI, Gurugram



- 290 operational beds @ 67%
- ARPOB of Rs 2.81 Cr
- State of the art facility

Fortis Noida



- 191 operational beds @ 83% occupancy
- ARPOB of Rs 1.89 Cr
- Well established cancer care program

Fortis Mohali

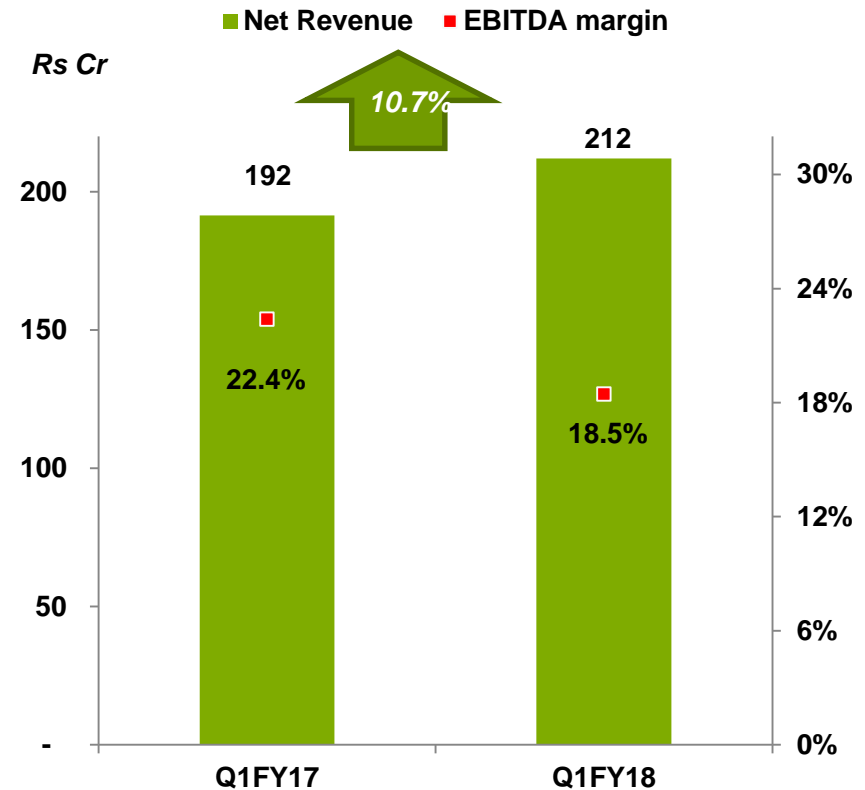


- 350 operational beds @ 78% occupancy
- ARPOB of Rs 1.65 Cr
- Fortis' First hospital, recently added oncology

Business Performance – Diagnostics Business

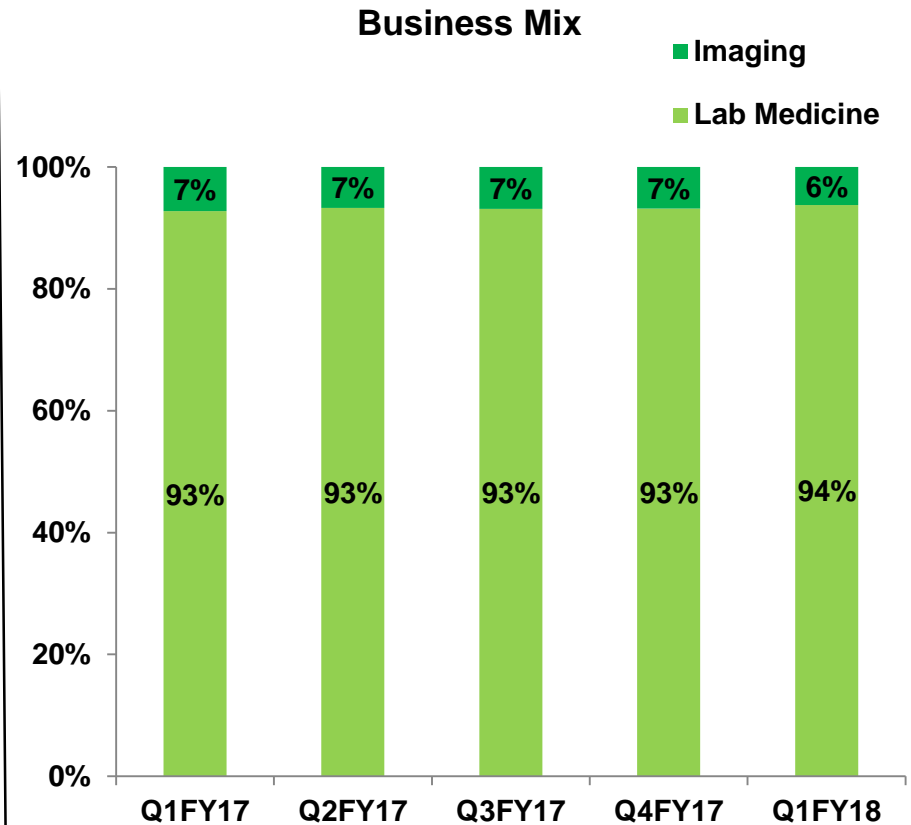
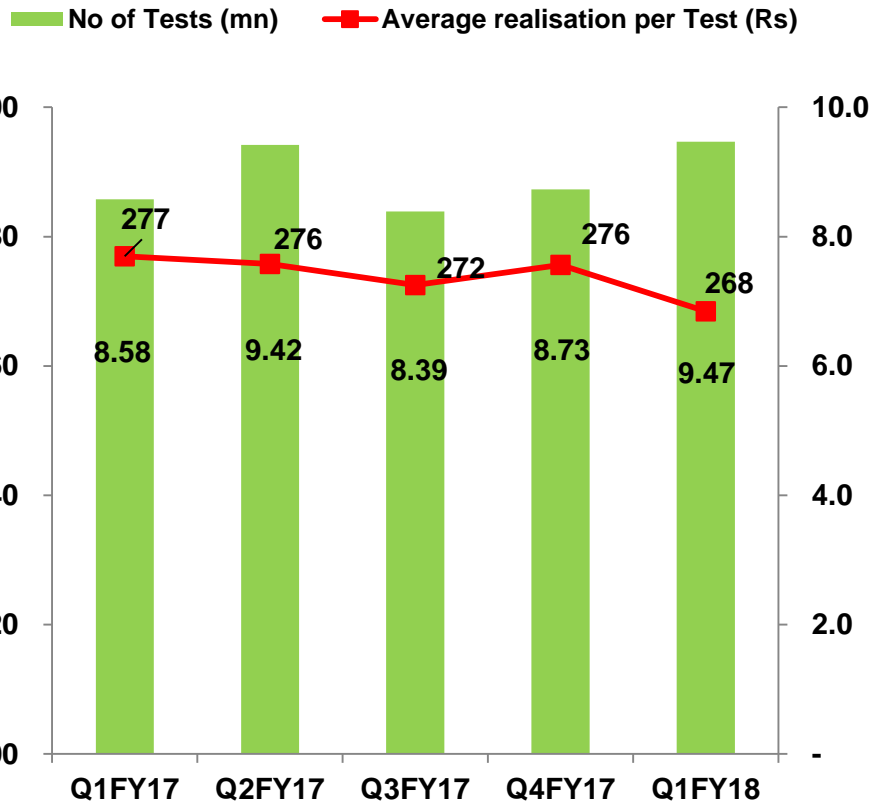
India Diagnostics Business – Q1FY18

- Net Operating revenue at Rs 212 Cr, +10.7%
- Operating EBITDA margin stood at 18.5% compared to 22.4% in Q1FY17
- Network rationalisation continues.
 - 31 new labs added and 19 exited.
 - 28 collection centres added and 42 closed.
- No of accession at 4.06 million, a 7.3% Q-o-Q growth
- Conducted over 9.47 million tests during Q1FY18, a 10.3% growth over Q1FY17



**Net operating revenue is net of inter-company elimination*

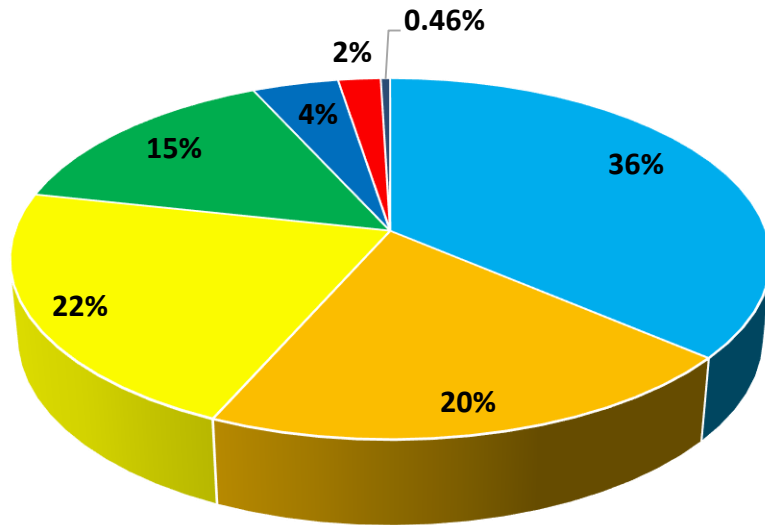
India Diagnostics Business



Lab medicine business also includes a small proportion (~ 7%) from clinical trials, wellness and the international segment

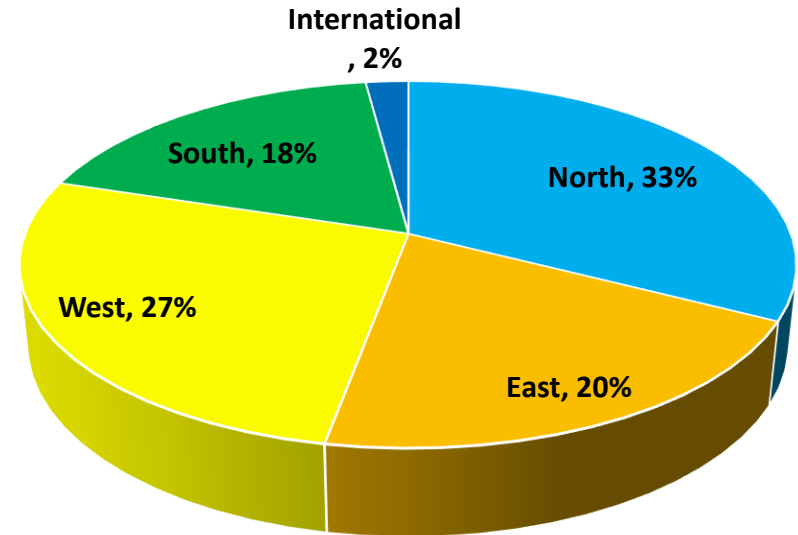
Diagnostic Business - Revenue Mix (Q1FY18)

Customer Mix



■ Walk-in ■ CC ■ Hospitals ■ Direct Client
■ Wellness ■ International ■ Clinical Trial

Geographical Mix



Thank You...