



# Investor Presentation

May 2018

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# NH at a Glance

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As on 1<sup>st</sup> May 2018



51 Healthcare Facilities	Operational beds
21 Owned / Operated Hospitals <sup>(1)</sup>	5,158 Beds
3 Managed Hospitals <sup>(2)</sup>	587 Beds
7 Heart Centres	371 Beds
19 Primary Healthcare Facilities <sup>(3)</sup>	10 Beds
1 Hospital in Cayman Islands	106 Beds



7,273	Capacity Beds
6,232	Operational Beds
3.0 mn <sup>(4)</sup>	Average Effective Capital Cost per Operational Bed



30+ Specialities

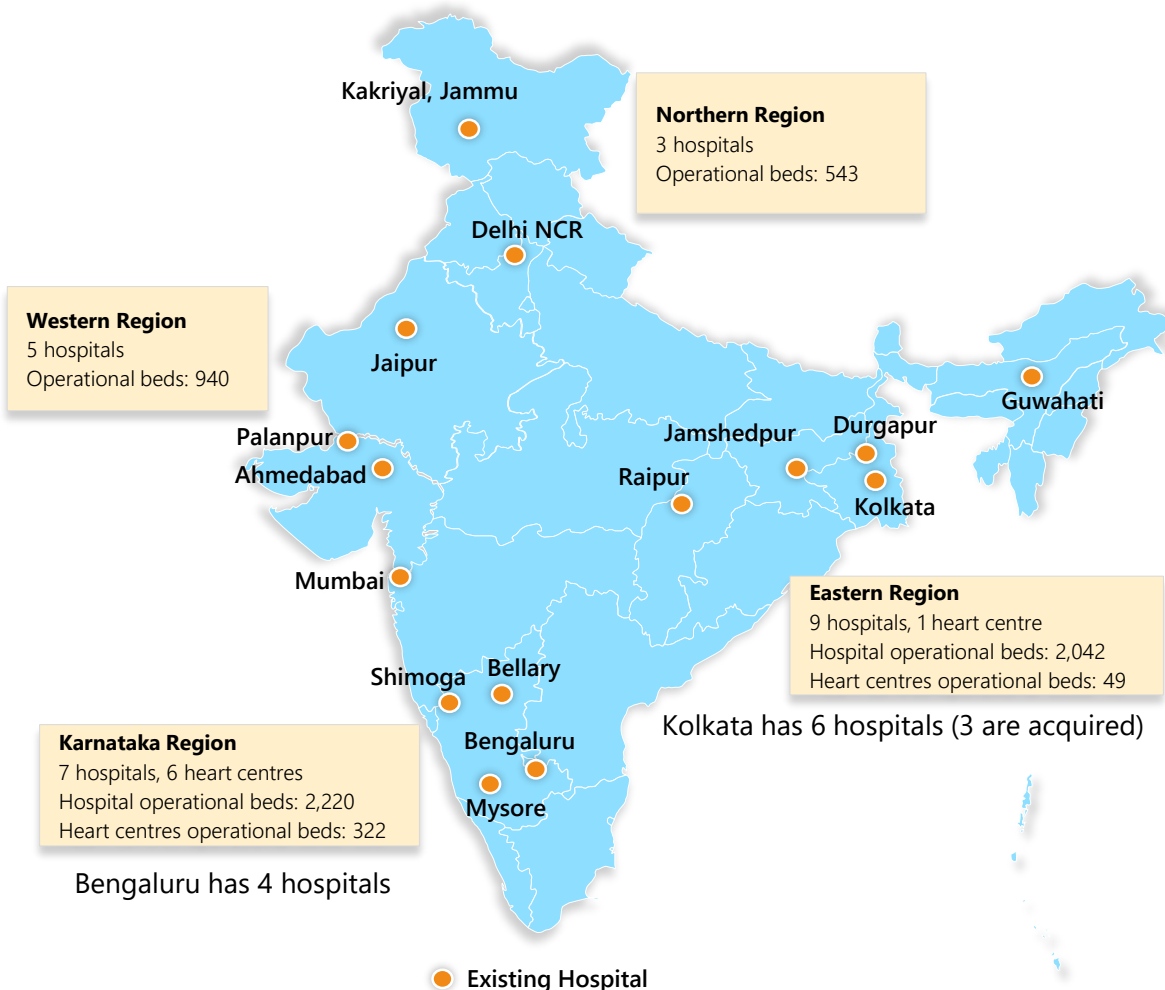


382<sup>(5)</sup> Daily Average Surgeries and Procedures



16,311 Full-time Employees and Associates including 3,491 doctors

## NH's footprint in India



(1) NH owns the P&L responsibility

(2) NH manages 3<sup>rd</sup> party hospitals for Management Fees

(3) Includes clinics, information centres, etc

(4) Based on (Gross Block for Fixed Assets (adjusted for non-cash government grant provision, non-cash financial lease for Dharamshila unit) + Capital Work in Progress (CWIP)) / Number of operational beds as of March 31<sup>st</sup> 2018 but excluding Managed Hospitals and Cayman facility

(5) Daily average calculated on 365 days basis

\* By operational bed count as on 1<sup>st</sup> May 2018

# HCCI – NH Beyond India

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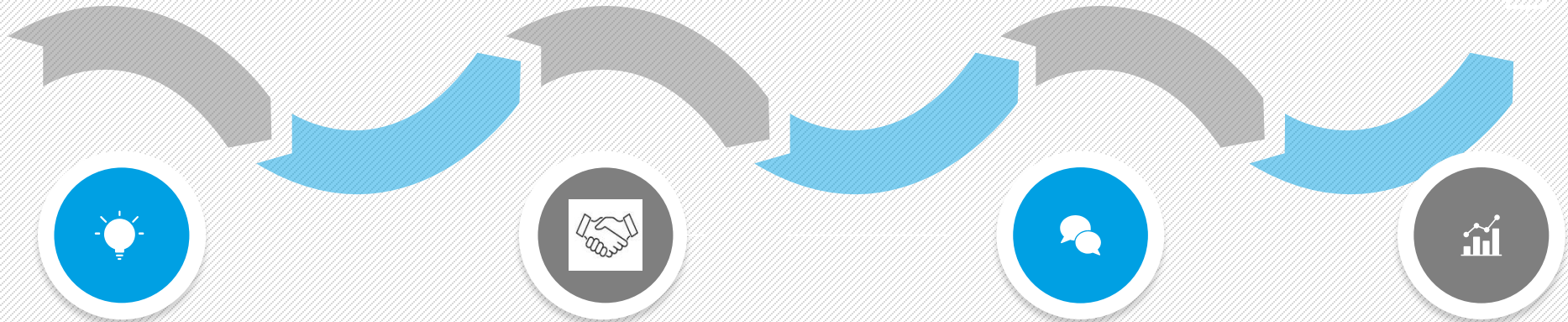
**With an eye to create a third leg of Cayman Islands' economy besides finance and tourism, healthcare became the government's focus and thus setting the stage for a healthcare player like NH to tap into an opportunity and set up a hospital in the region**

- The facility has broadened its catchment area beyond Cayman Islands and today caters to patients across the Caribbean region, North and Central Americas
- **Infrastructure at Par with International Standards:**

The 106 operational bedded hospital provides top-notch standard of care and safety with best-in-class medical equipment and civil infrastructure

  - Largest hospital in the Caribbean to receive JCI accreditation
  - "Category 5" hurricane proof building which is the highest level of protection against hurricanes
  - Built with an innovative design that respects the environment, reflecting a high level of accountability for the use of natural resources
- **A Comprehensive Healthcare Provider:**
  - Provides best-in class tertiary medical care across a host of specialities such as cardiac sciences, neuro sciences, orthopaedics etc
    - Performed the first ever Coronary Artery Bypass Graft (CABG) surgery in the Cayman Islands
    - Performed Cryo Ablation procedure, the first such case in the Caribbean
- **Strong Footing on the Financial Paddle:**
  - Clocked operating revenues of US\$ 44.6 Mn in FY18 reflecting a 3-year revenue CAGR of ~79% during FY15-FY18
  - Registered an EBITDA margin of 14.8% in Q4 FY18 translating into 13.5%<sup>(1)</sup> margin in FY18
  - Total Gross Block stands at US\$ 70.6 Mn and Net Debt at US\$ 30.7 Mn as on 31<sup>st</sup> March 2018

<sup>(1)</sup> Adjusted for one-time transaction cost of US\$ 0.96 Mn



## FY15- Germination of an Idea

- Commissioned state of the art medical facility in April 2014 in partnership with Ascension Health with NH as a minority equity partner (28.6%)
- Limited service offering restricted to orthopedics, cardiac sciences
- Tied up with major on-island insurance providers such as Cinico and Britcay
- Performed Left Ventricular Assist Device (LVAD) surgery, first such procedure in the Caribbean

## FY16- Forging Partnerships

- Earned the Gold Seal of Approval from Joint Commission International (JCI)
- Tied up with major cruise lines and self-funded insurance providers
- Tied up with "Have a Heart" foundation to perform free cardiac surgeries of children of Haiti and Belize (~100 surgeries done during the year)

## FY17- Multidimensional Play

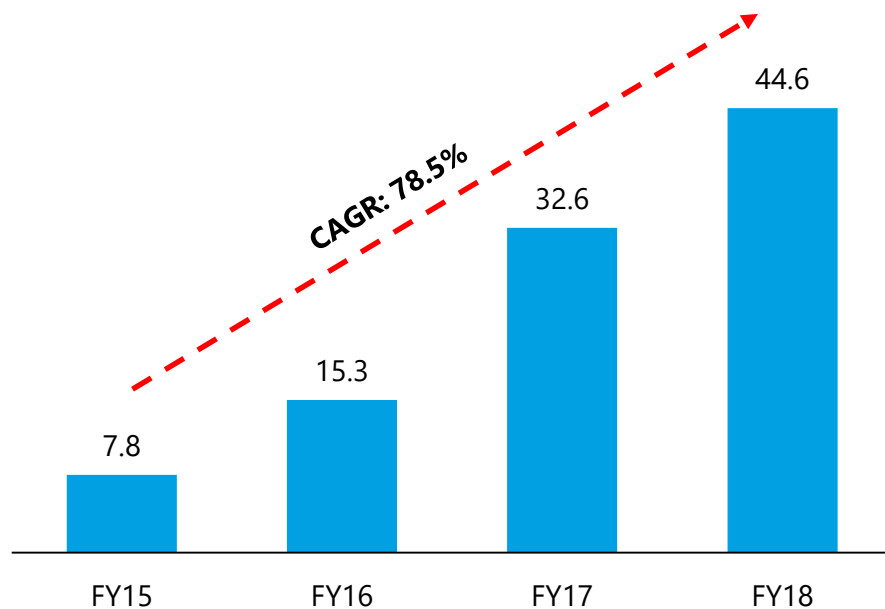
- Achieved breakeven at monthly EBITDA level in its 24th month of operations
- Forayed into other specialties such as Neuro Sciences, General Surgery, Sleep Lab Study
- Opened Canada office to create a strong patients' referral channel
- Increased focus on broader Caribbean market, North and Central Americas

## FY18- Unfolding the Arms

- Implanted Cardiac Contractility Modulation device, first such case in the Caribbean, to save a patient from heart failure
- Acquired the partner's entire stake in HCCI making it NH's wholly owned subsidiary
- With NH's investment of USD 48.4 Mn as on 31<sup>st</sup> Mar 2018, achieved break even at PAT and free cash flow to equity in FY 18

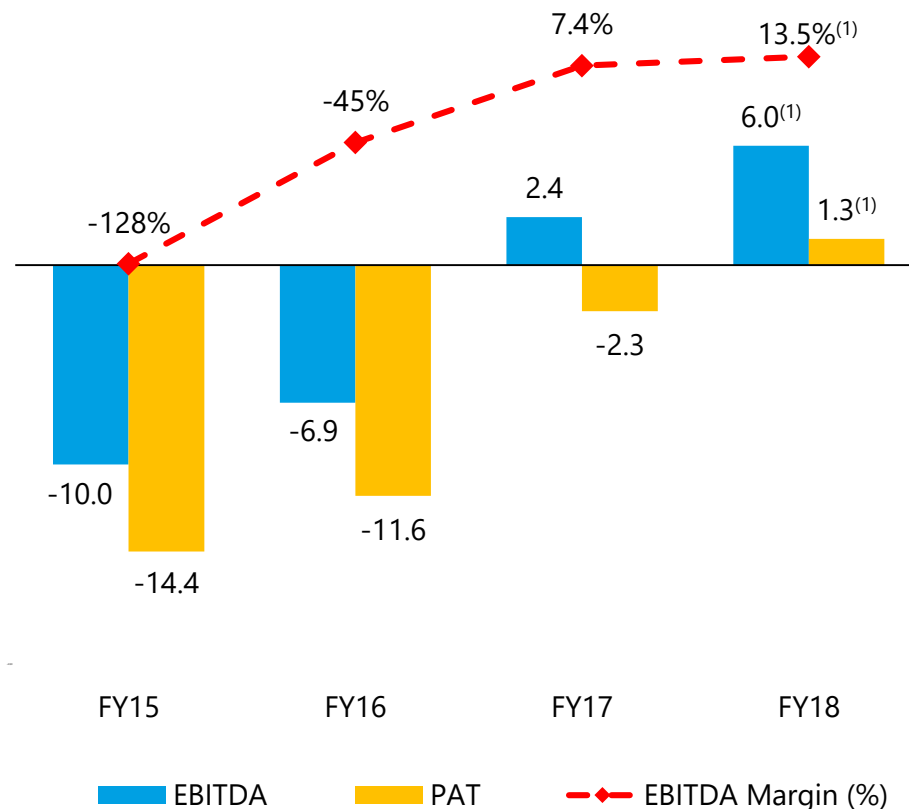
## Revenue (US\$ Mn)

Expansion of service offerings in line with facility's progression along the maturity curve leading to exemplary growth



## Profitability (US\$ Mn)

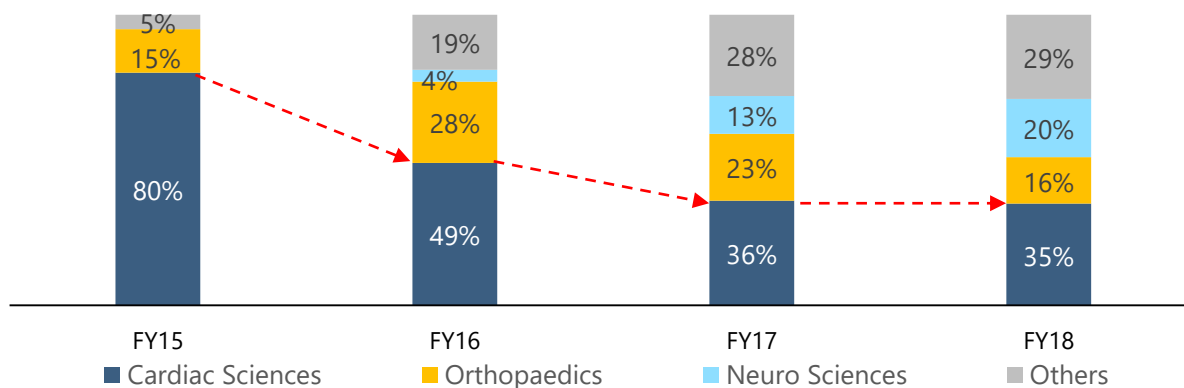
Operating Leverage into play as occupancy ramps up; resulting into improved profitability



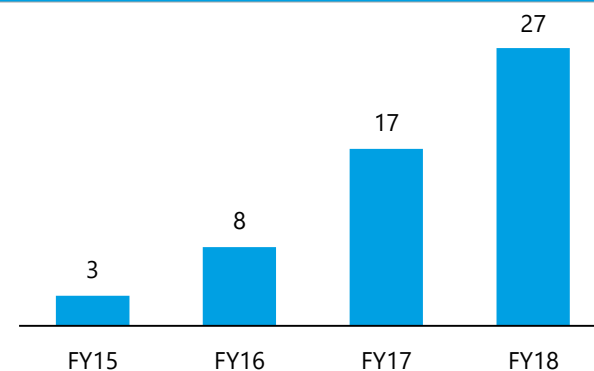
(1) Adjusted for one-time transaction cost of US\$ 0.96 Mn



## Evolving as a Multispecialty Healthcare Provider

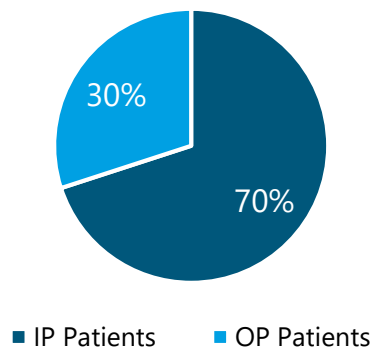


## Steady Ramp-up in Occupied Beds

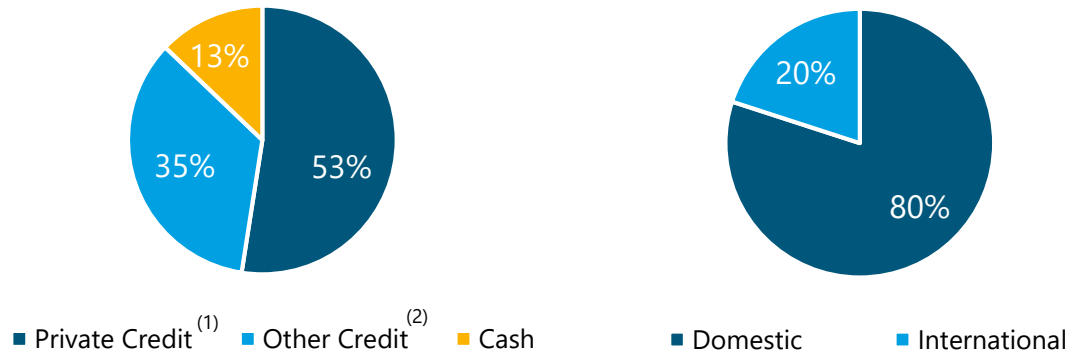


## Revenue Mix - FY18

### IP/OP Split



### Payee-Profile<sup>(3)</sup>



(1) Includes private insurance, corporates, employers

(2) Includes government departments, government insurance companies, foundations

(3) Figures might not add up to 100% due to rounding off

# Path towards Achieving the Goal of being a Preferred Healthcare Service Provider

## Foot forward to create Pan Caribbean presence

- **Partnership to tap larger catchment area:**
  - Conducting camps by sending doctors / clinical staff
  - Exploring to provide cardiac services at private hospitals
- **Scouting for opportunities on Asset Light Engagement Framework in broader Caribbean geography:**  
 NH is exploring opportunities to acquire their operations on Operations & Management basis

## Strategy Beyond Caribbean

- **Leverage upon existing information center in Canada:**  
 Collaborating with various doctor groups to create NH's brand awareness and refer patients to HCCI to overcome the long waiting time for patients
- **Creating referral network across Central Americas:**  
 Partnering with local physicians to refer complex cases to HCCI; doctor engagement through CMEs, camps etc.
- **Tie-ups with US Corporates:**  
 Creating patient base by engaging with companies who run self-insured plans for their employees



# Performance Review

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## Clinical and Operational

- NH commissioned its state-of-the art 211 capacity bedded Narayana Superspeciality Hospital, Gurugram, a world-class medical facility catering to the healthcare needs of the NCR region in March 2018
- Rabindranath Tagore International Institute of Cardiac Sciences, Kolkata performed the first advanced video assisted thoracoscopy surgery in Eastern India to treat lung cancer
- For the first time in the Caribbean region, doctors at our Cayman Islands hospital implanted Cardiac Contractility Modulation device to save a patient from heart failure
- M S Ramaiah Narayana Heart Centre, Bengaluru performed its first paediatric heart transplant surgery, bolstering NH's expertise in paediatric care



## Awards and Honors



**AHPI Awards for Excellence in Healthcare 2018**



**THE TIMES OF INDIA**

**All India Critical Care Hospital Ranking Survey 2018**

**FAST COMPANY**

**NH among "Top 10 Most Innovative Companies in India"**

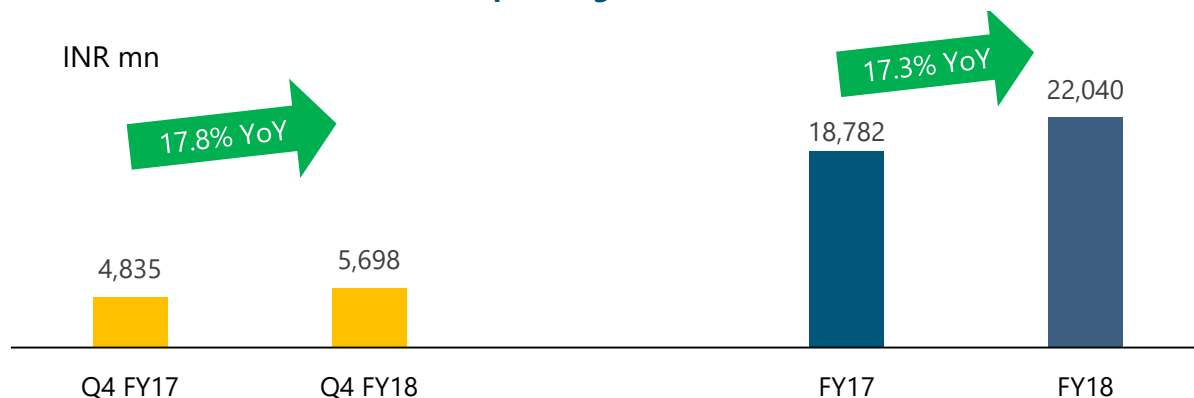


## Financial Performance

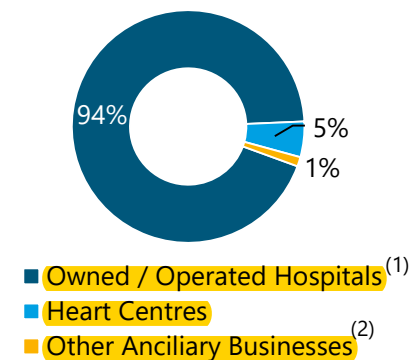
- Consolidated operating revenues of INR 6,468 mn in Q4 FY18, an increase of 33.8% YoY translating into INR 22,809 mn in FY18, an increase of 21.4% YoY
- Consolidated EBITDA of INR 566 mn in Q4 FY18 and thus translating into EBITDA of INR 2,312 mn in FY18
- Consolidated net debt of INR 7,662 mn as on 31<sup>st</sup> March, 2018, reflecting net debt to equity ratio of 0.74

Figures correspond to India business only

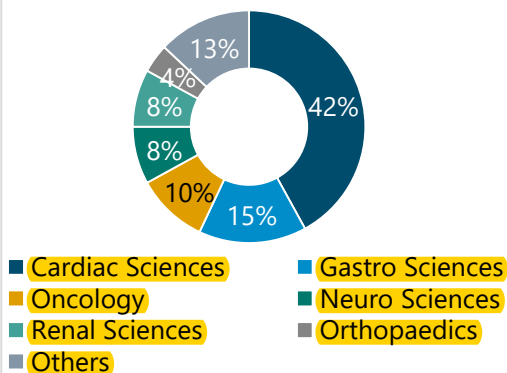
## Operating Revenue



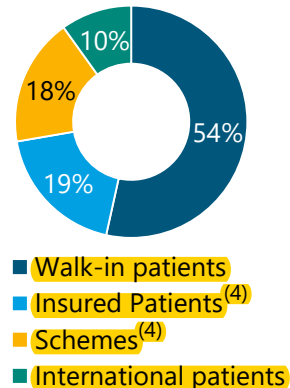
## Business Mix



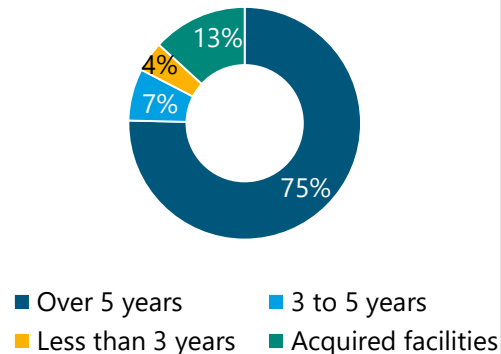
## Speciality-Profile<sup>(7)</sup>



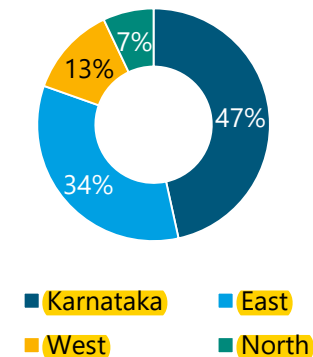
## Payee-Profile<sup>(3,8)</sup>



## Maturity-Wise<sup>(5,8)</sup>



## Cluster-Wise<sup>(5,6,8)</sup>



(1) NH owns the P&L responsibility

(2) Includes managed hospitals, clinics, learning and development, teleradiology, etc

(3) As percentage of IP and OP revenue, excludes Jammu VGF, Dharamshila and clinics

(4) Insured Patients include Insurance-covered patients, corporate patients (including public sector undertakings); Schemes include CGHS, ESIS, other state government schemes

(5) Calculated on operating revenue of owned / operated hospitals

(6) Western cluster include units at Ahmedabad, Jaipur, Raipur and SRCC; and Northern cluster includes Jammu, Dharamshila and Gurugram

(7) Calculated on IP revenue; 6 core specialities (cardiac sciences, renal sciences, oncology, neurosciences, gastroenterology and orthopaedics) account for ~87% of IP revenue in FY18, excludes clinics data, Jammu VGF

(8) Figures might not add up to 100% due to rounding off

# Key Growth Drivers Shaping Up to Fuel Next Phase of Growth

**Operational Beds<sup>(1)</sup>**

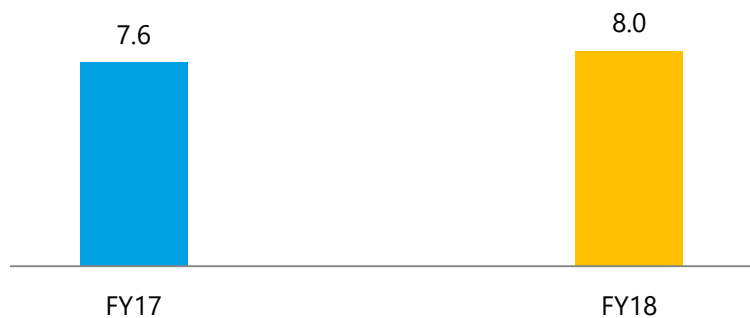


**Occupied Bed Count<sup>(2)</sup>**



**ARPOB<sup>(2)</sup>**

INR mn



**ALOS<sup>(2)</sup>**

Days



(1) Includes Cayman Islands Hospital and Managed Hospitals

(2) Excludes Gurugram, Managed Hospitals, Cayman facility

As of 31<sup>st</sup> March 2018, for the period FY18

Region	Hospitals <sup>(1)</sup>	Hospital Operating Revenues <sup>(1)</sup>		% of Hospital Operational Beds <sup>(1)</sup>	Operational Parameters <sup>(1)</sup>	
		% of Total <sup>(3)</sup>	YoY Growth		ARPOB (INR mn)	Occupancy
Karnataka Region	6	47%	15%	41%	8.3	63%
Eastern Region	8	34%	12%	32%	7.3	71%
Western Region	4	13%	16%	16%	7.6	52%
Northern Region	3	7%	219% <sup>(2)</sup>	11%	10.0	34%

(1) Exclude Managed hospitals and Cayman facility

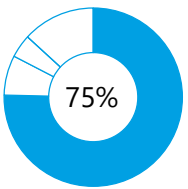
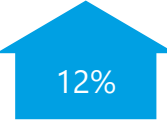
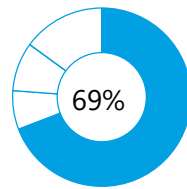
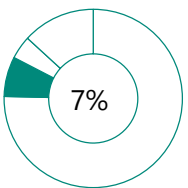
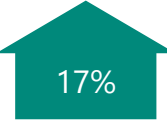
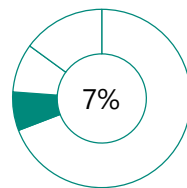
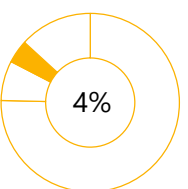
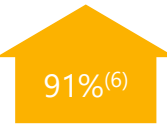
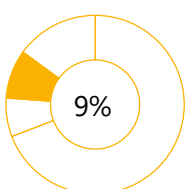
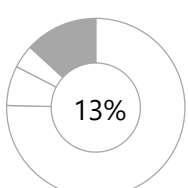
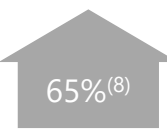
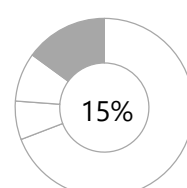
(2) Dharamshila and Gurugram were not part of NH in FY17

(3) Figures might not add up to 100% due to rounding off

- Karnataka cluster includes NICS, MSMC, units at Shimoga, Mysore, HSR and Whitefield
- Eastern cluster includes RTIICS, RNN, RTSC, Barasat, Guwahati, 2 units of MMRHL and Jamshedpur
- Western cluster includes units at Ahmedabad, Jaipur, Raipur and Mumbai
- Northern cluster includes units at Jammu, Dharamshila, Delhi and Gurugram

# Consistent Performance Across the Maturity Curve Well Led by Matured Centres

As of 31<sup>st</sup> March 2018, for the period FY18

Maturity <sup>(1)</sup>	Hospitals (Exc. Managed Hospitals) <sup>(2)</sup>	Hospital Operating Revenues <sup>(2)</sup>	% of Hospital Operational Beds <sup>(2)</sup>	Key Performance Indicators <sup>(2)</sup>		
		% of Total <sup>(5)</sup> YoY Growth		ARPOB (INR mn)	Occupancy <sup>(4)</sup>	EBITDAR Margin <sup>(3)</sup>
Over 5 years	11	 75%  12%	 69%	7.9	65%	22.2%
3 to 5 Years	3	 7%  17%	 7%	9.5	57%	8.4%
Less than 3 years	3	 4%  91% <sup>(6)</sup>	 9%	7.4	52%	-33.7% <sup>(7)</sup>
Acquired Operations	4	 13%  65% <sup>(8)</sup>	 15%	7.7	58%	10.5%

(1) Maturity determined as on 31<sup>st</sup> March '18

(2) Excludes Managed hospitals and Cayman facility

(3) EBITDA before rental/revenue share and before allocation of any corporate expenses

(4) Occupancy is calculated on census beds

(5) Percentages in pie might not add up to 100% due to rounding off

(6) SRCC and Gurugram were not part of NH in FY17

- Over 5 years include NICS,MSMC, RTIICS, Jaipur, Raipur, Jamshedpur, Ahmedabad, Mysore, Shimoga, RNN, RTSC

- 3-5 years include HSR, Whitefield and Guwahati

- Less than 3 years include Jammu, SRCC and Gurugram

- Acquired operations include 2 units of MMRHL, Kolkata, units at Barasat (Kolkata) and Dharamshila, Delhi

(7) Excludes Gurugram's pre-commissioning expenses of INR 97.1 mn (Commissioned on 19<sup>th</sup> Mar 2018)

(8) Dharamshila was not a part of NH in FY17



## EBITDA and EBITDA Margin

INR mn

### Movement across New Hospitals'

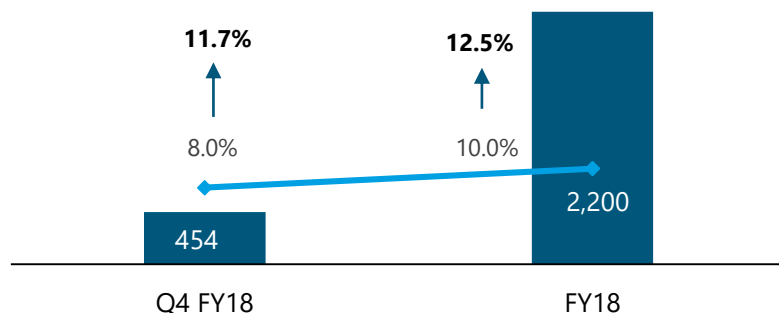
**Q4 FY18**

**FY18**

	Losses / Expenses*	Revenues
SRCC	70	77
Dharamshila	27	209
Gurugram*	78	4
Vaishno Devi <sup>#</sup>	0	40
<b>Total</b>	<b>175</b>	<b>330</b>

	Losses / Expenses*	Revenues
SRCC	288	182
Dharamshila	8	767
Gurugram*	109	4
Vaishno Devi <sup>#</sup>	0	227
<b>Total</b>	<b>405</b>	<b>1,180</b>

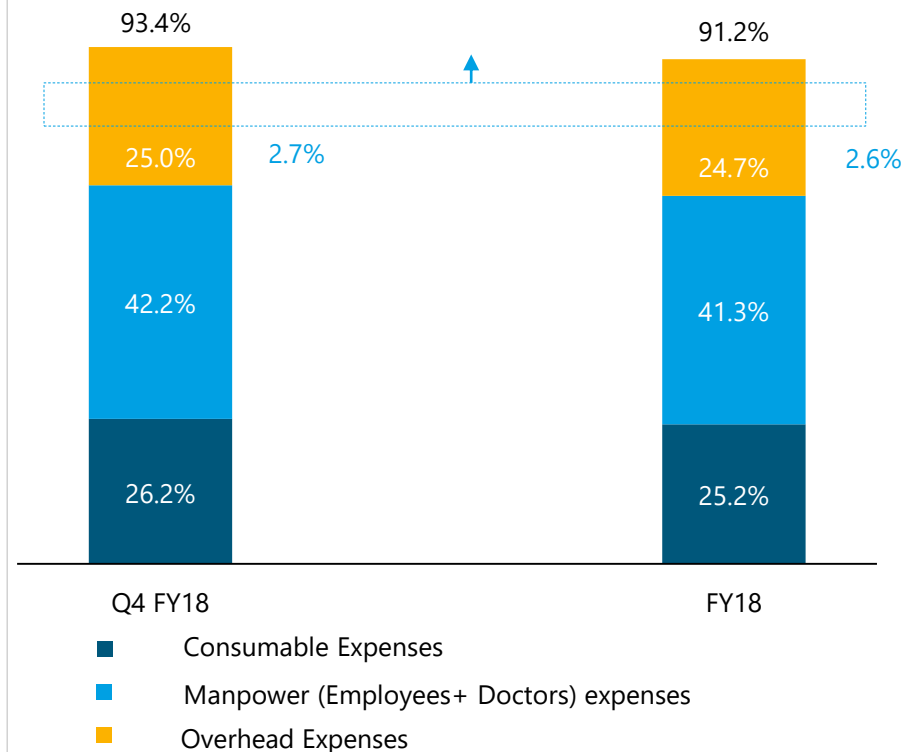
**With the above, the adjusted EBITDA margins are as follows**



- Heart Centres clocked an EBITDAR margin of 9.3%<sup>(1)</sup> in Q4 FY18 translating into a margin of 9.1%<sup>(1)</sup> in FY18

## Cost Structure

Rental / Revenue Share    % of Operating Revenues



(1) EBITDA before rental/revenue share and before allocation of any corporate expenses  
<sup>#</sup> indicates incremental revenues over the corresponding period last year  
<sup>\*</sup> Indicates pre-commissioning expenses and post-commissioning losses for Gurugram unit

Categories have been calculated as  
 Consumable Expenses = Purchase of medical consumables, drugs and surgical equipment net of changes in inventories of medical consumables, drugs and surgical equipment;  
 Manpower (Employees and Doctors) expenses = Employee benefits + Professional fees to doctors;  
 Overhead expenses = all other expenses

Figures in INR mn, unless stated otherwise

## Profit and Loss Statement<sup>(1)</sup>

Particulars (INR mn)	Q4 FY18	FY18
<b>Total Operating Revenue</b>	<b>6,468</b>	<b>22,809</b>
Purchase of Medical Consumables, Drugs and Surgical Equipment	1,612	5,565
Professional Fees to Doctors	1,303	4,788
Employee Benefit Expenses	1,422	4,657
Other Admin Expenses	1,609	5,677
<b>Total Expenses</b>	<b>5,945</b>	<b>20,686</b>
Other Income	42	189
<b>EBITDA</b>	<b>566</b>	<b>2,312</b>
Depreciation and Amortization	261	1,000
Finance Costs	205	468
Exceptional Items	17	5
<b>Profit before share of loss of equity accounted investees and income tax</b>	<b>117</b>	<b>850</b>
Share of loss of equity accounted investees (Share in loss of associates and MI)	(25)	(46)
<b>Profit Before Tax</b>	<b>92</b>	<b>804</b>
Tax Expense	(6)	290
<b>PAT after MI and share of associate</b>	<b>98</b>	<b>514</b>
Total Comprehensive Income, net of tax	133	549

## Key Balance Sheet Items<sup>(1)</sup>

Particulars	31 <sup>st</sup> March 2018
<b>Shareholder Equity</b>	<b>10,357</b>
<b>Total Debt</b>	<b>8,015</b>
Long-Term Debt	7640
Short-Term Debt	376
<b>Net Block</b>	<b>17,117<sup>(2)</sup></b>
CWIP	350
Goodwill	660
Non-Current Investment	37
Net Receivables	2,790
<b>Cash and Cash Equivalents</b>	<b>353</b>

**As on March 31<sup>st</sup>, 2018, the consolidated net debt was Rs 7,662 mn, representing a net debt to equity ratio of 0.74.**

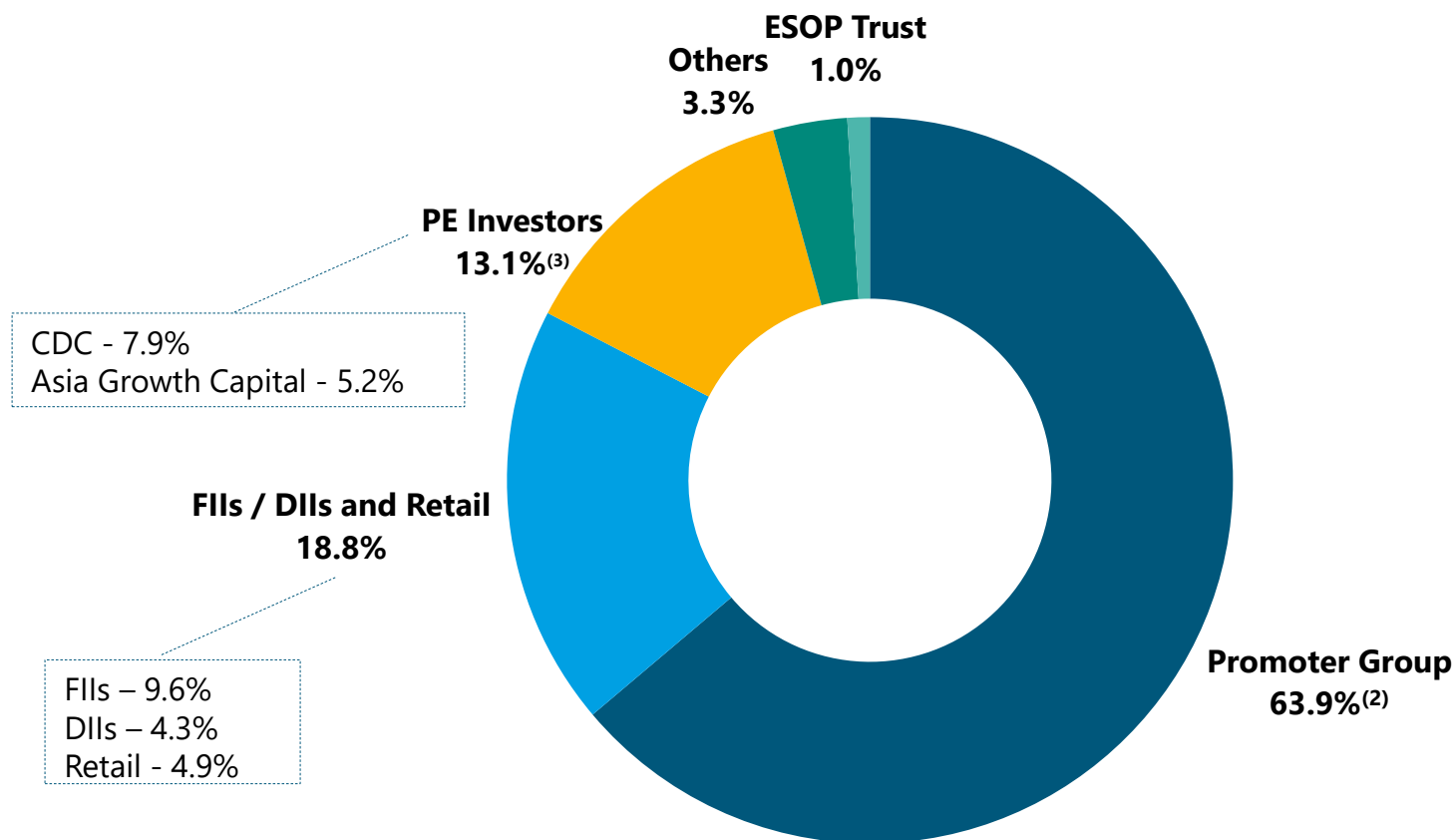
(1) Figures might not equal the reported numbers due to rounding off

(2) Net Block includes non-cash government grant provision of Rs 1,300 mn and non-cash lease provision of Rs 1,062 mn

Shareholding as on 31<sup>st</sup> March 2018<sup>(1)</sup>

Total Number of Shares

204,360,804



(1) Percentages might not add up to 100% due to rounding off

(2) Includes 2.8% held by NHAPL (Narayana Health Academy Private Limited)

(3) PE investors have been shareholders prior to the IPO