

Investors & Analyst Presentation

May 13, 2019



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is in our veins
Empathy
is in our blood
Accuracy
is in our DNA

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Metropolis – one of the leading company in the Indian diagnostic sector

Who we are

1. Leadership in Indian diagnostics

2nd largest diagnostics player in India⁽¹⁾

17 million tests / 8.9 million patient visits (15.5% patient volume growth)⁽²⁾

Leadership position
in 7 large and high growth Indian cities

Widespread presence in 18 states and 210 Cities

2. Significant brand value

35+ years of credible operations⁽⁵⁾

Quality focused (ISO, NABL, APLAC, ILAC and CAP certified Global Reference Lab)

3. Robust and efficient network

119 / 1,761 / 9,575: Labs / Individual patient touch points/ Institutional touch points⁽⁶⁾

40% growth in individual patient touch points from 1650 to 2366⁽⁷⁾

Asset light approach / **85%** third party Individual patients touch points⁽⁶⁾

4. Attractive financial profile

18.1% Revenue growth in FY19
20% Revenue CAGR for Individual patients

27.3% EBITDA⁽⁹⁾ margin

62% ROCE Pre-tax, ex-cash for FY19 (adjusted for exceptional)

Way forward

- Continued organic growth
- Consolidate opportunity in the large unorganized sector
- Young Individual patients network to provide significant returns
- Further expand test menu
- Geographic expansion

(1) Among the four leading Pan India diagnostic chains – (Dr. Lal PathLabs: Revenue INR 10,567mn, EBITDA margin 25.0%; SRL Diagnostics: Revenue INR 8,540mn, EBITDA margin 18.9%; Thyrocare Technologies: Revenue INR 3,560mn, EBITDA margin – 40.7% and Metropolis Source: Frost & Sullivan (Based on FY2018 EBITDA)

(2) During FY2019

(3) As per management estimates

(4) Based on GDP and GDP growth for these cities

(5) Dr. Sushil Shah started a pathology business in 1980, which was converted to Metropolis Lab in 1995

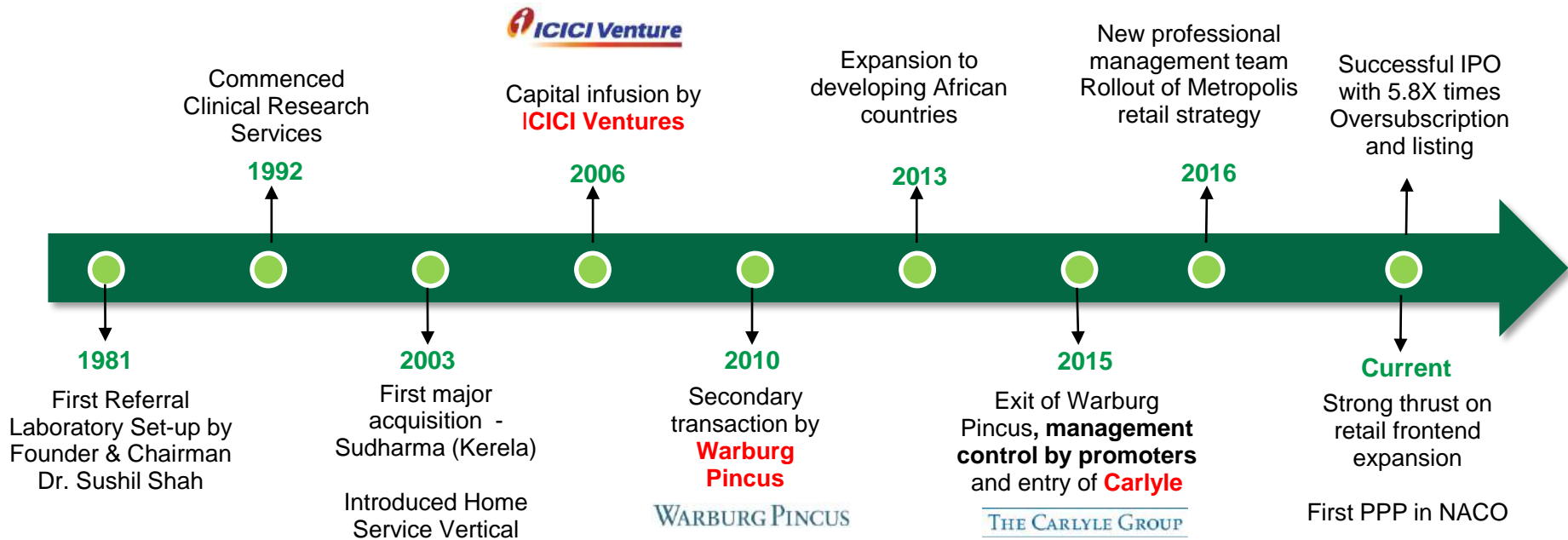
(6) As at 31 March 2019

(7) During FY2016-19

(8) Includes Bangalore, Chennai, Mumbai, Pune and Surat

(9) EBITDA excludes CSR, Provision for investment in IL&FS and one time share based and other expenses

Our Journey



Foundation: 1980 – 2001

Established by Dr. Sushil Kanubhai Shah

- Commenced pathology business in 1980 as a partnership firm
- Set up the medical base

Building pillars of the business: 2001–2015

Ameera Shah takes charge (Only 36% shareholding)

- Expanded foot print : Regional => Pan India => International
- Engineered several successful partnerships to expand presence
- PE investments in 2006, 2010 & 2015⁽³⁾

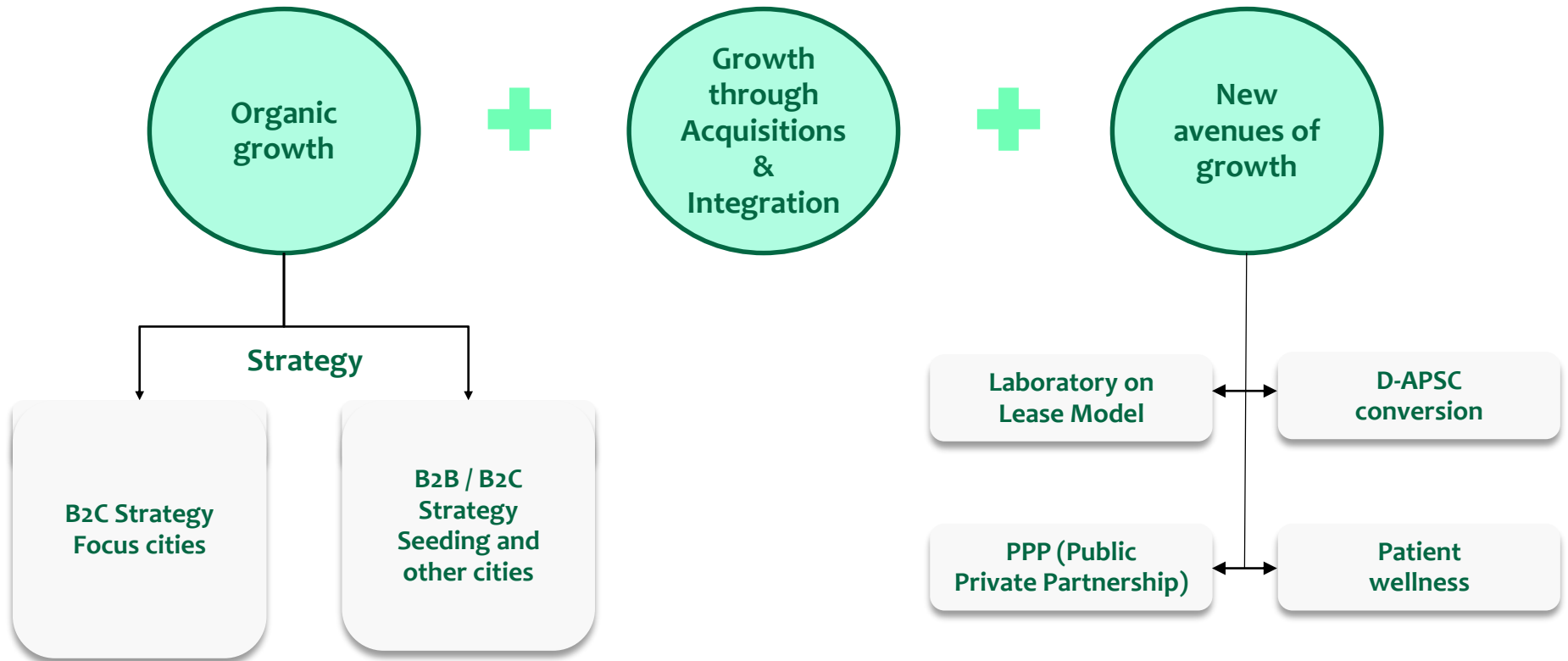
Transformation & expansion: 2015 onwards

Renewed focus on Individual patients

- Promoter stake increased to 68%
- Professional management team with diversified experience hired to drive growth plan
- Widespread presence with strong brand value
- Robust Information Technology Infrastructure
- Introduction of digital initiatives
- Foray into PPP segment

Metropolis' business strategy

One page strategy




Note:

- B2B: engagement with samples from hospitals, labs and other institutions
- B2C: engagement with patients through own and third party centers

Large markets in which Metropolis is growing extremely fast

Metropolis derives 58.61%⁽¹⁾ revenues from 5 focus cities which are amongst the top 8 highest GDP cities in India

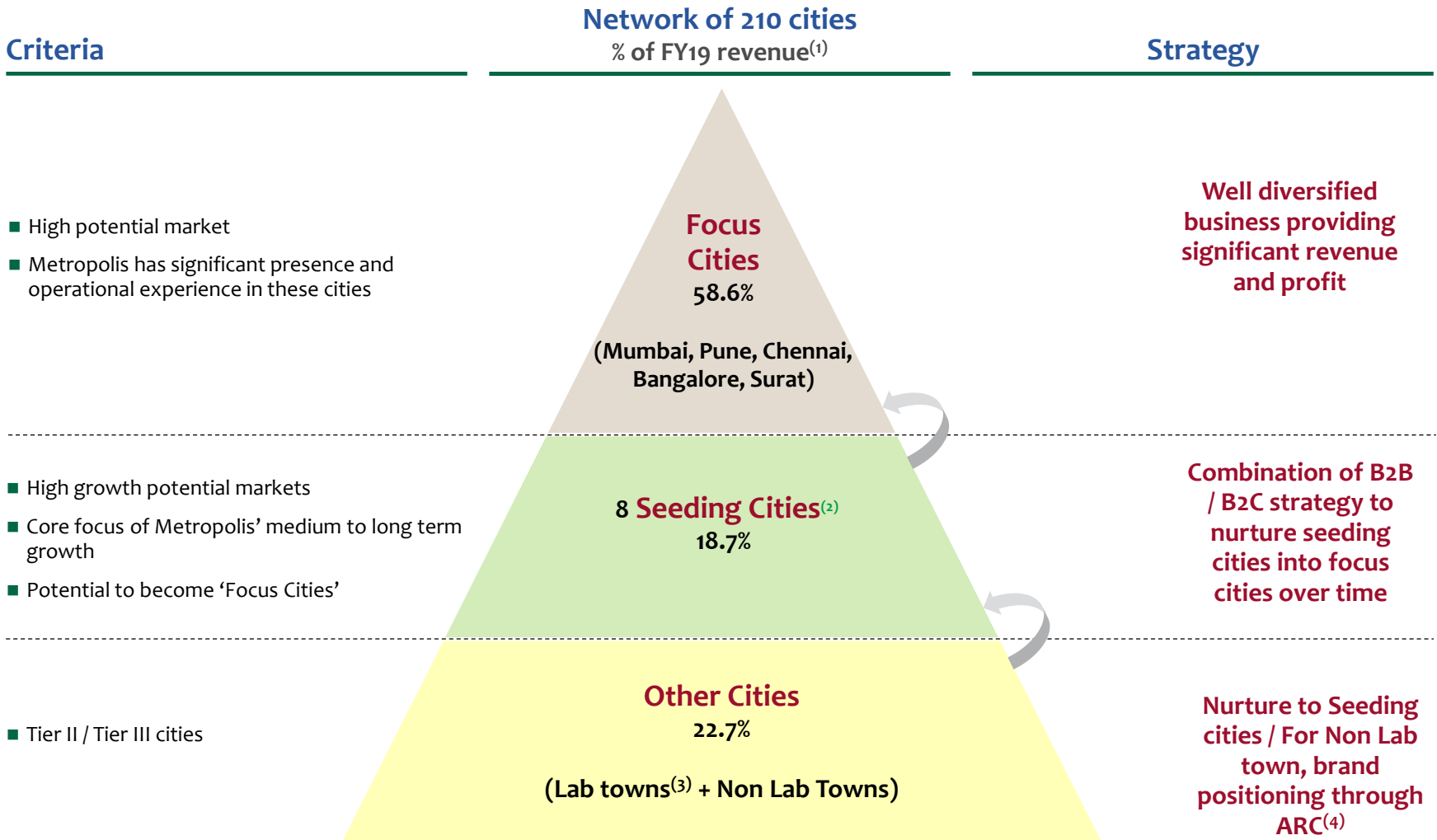
	Top cities	GDP ⁽²⁾ at PPP (US\$ billion)	Metropolis presence	
 Leadership Position	Mumbai	310.0	✓	‘Focus Cities’ for Metropolis – Significant presence and operational experience in these cities
	Bengaluru	110.0	✓	
	Chennai	75.2	✓	
	Surat	69.0	✓	
	Pune	68.0	✓	
	Rajkot	N.A	✓	
	Nasik	N.A	✓	
 Gaining Prominence	Delhi / NCR	293.6	✓	
	Kolkata	150.1	✓	
	Jaipur	32.0	✓	
	Nagpur	25.0	✓	

(1) Revenue from operations

(2) Source: Frost and Sullivan, Census of India , GDP data is for 2014

Metropolis' focused organic city based growth strategy

Consolidating the position in leadership markets and seed growth in potential markets



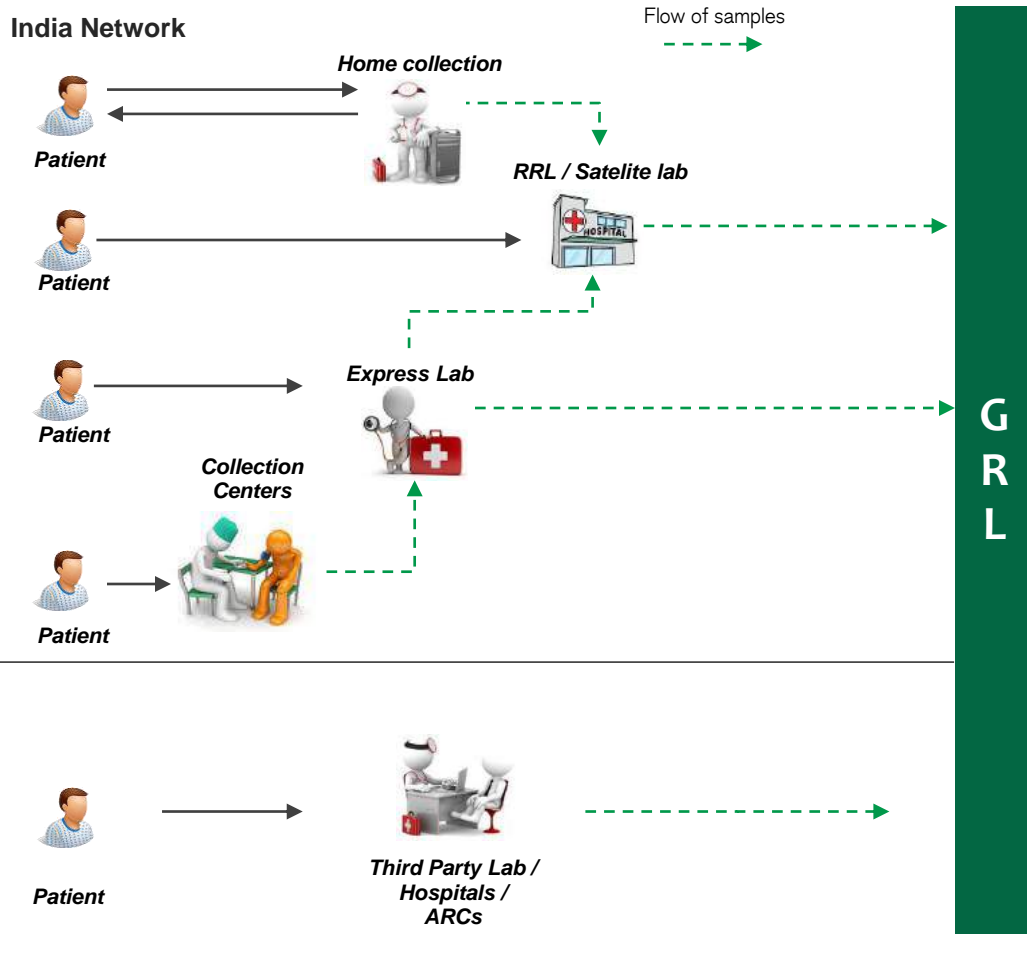
Notes:

- (1) Revenue from operations
- (2) Seeding cities include Nashik, Nagpur, Rajkot, Kochi, NCR, Raipur, Kolkata, Guwahati
- (3) Cities with Metropolis owned labs
- (4) Associate Retail Centre (ARC)

Hub & Spoke model for geographical coverage

Diversified network across various formats and business models

Network model & physical sample flow



Global Reference Lab (GRL)

- Conducts all ~4,000 tests on the menu in-house
- GRL for Metropolis is located in Mumbai

Regional Reference Lab (RRL)

- Conducts all ~500 tests on the menu in-house
- RRLs are located in key cities

Satellite & Express labs

- Conducts ~25 - 150 test on the menu in-house
- Forward samples of remaining tests to RRL / RGL

Collection centers

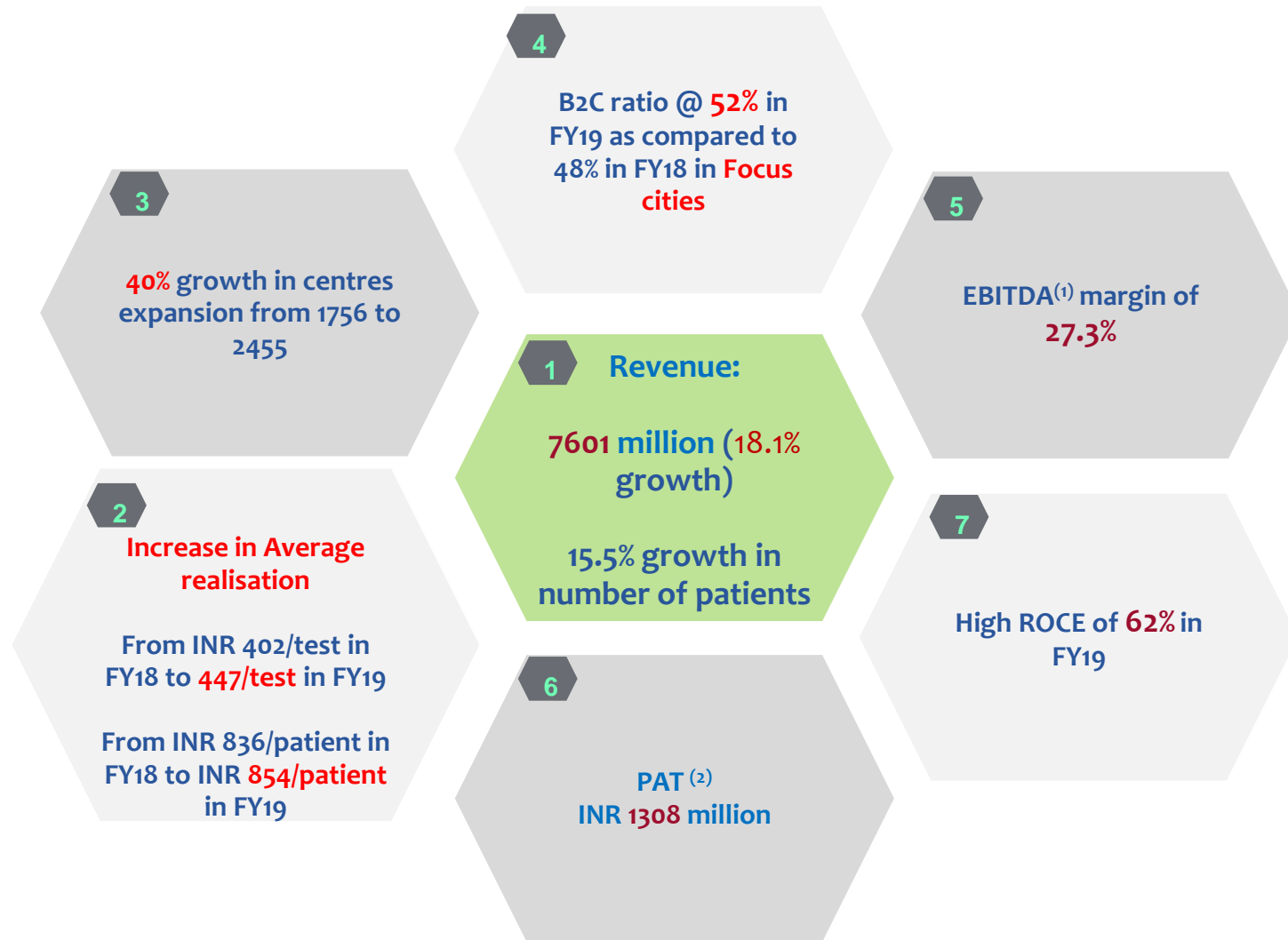
- Average size of ~200 – 1000 sqr ft
- Customer service points used for collecting samples – do not conduct any tests
- Types of Collection Centers
 - Owned Patient Service Centres (PSCs)
 - Third Party PSCs which includes Associate PSC (APSC) and Doctor Bleeding Point (DBP).

Source: Bain research



Key Highlights

Key performance highlights of FY19

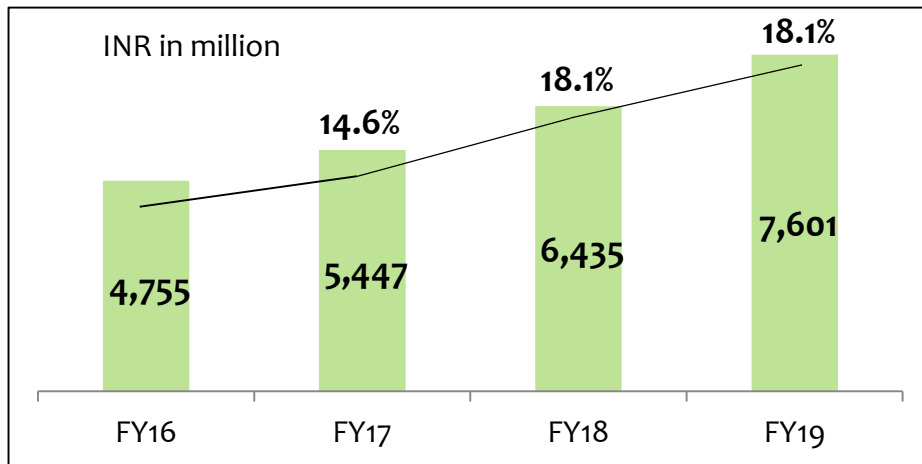


(1) EBITDA before CSR, Provision for investment in IL&FS and one time share based and other expenses

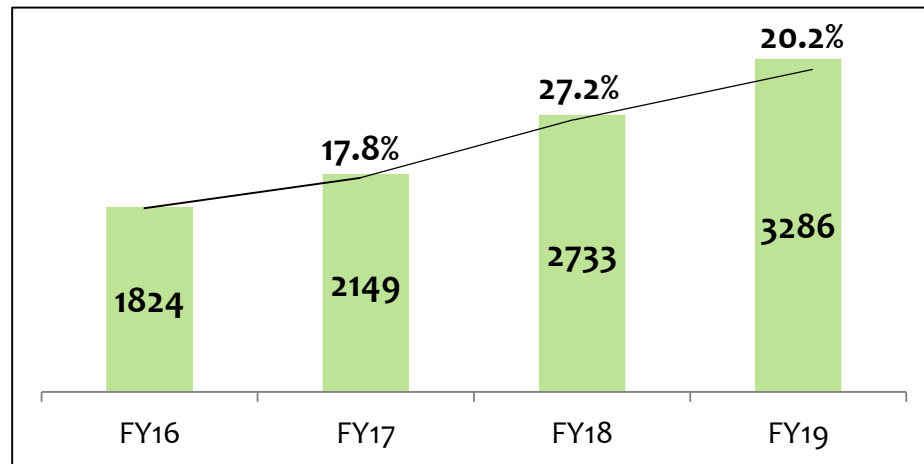
(2) PAT excludes CSR cost, Provision for investment in IL&FS, loss on new JV and Share based expenses.

1. Rapid revenue growth by 18.1%, better than industry benchmark

Revenue



Revenue growth for B2C



Domestic revenue from operations increased by 18.7%

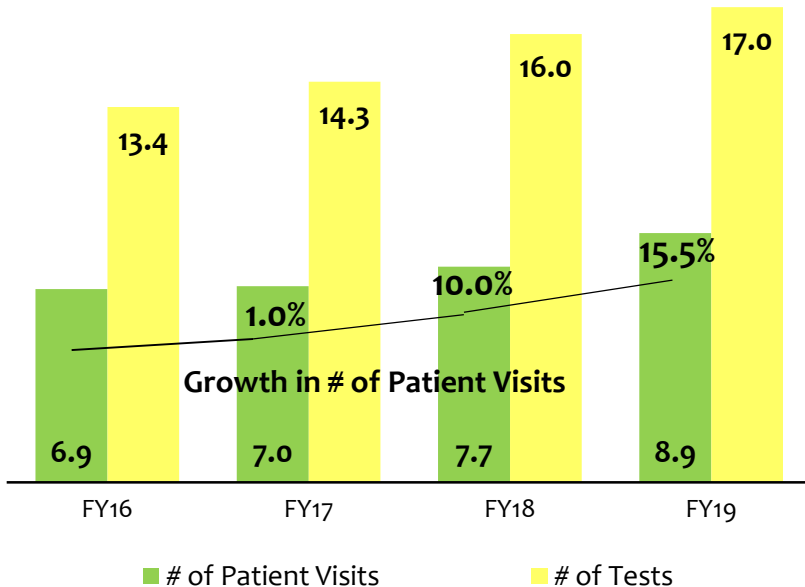
Bolstering growth in wellness segment

- The overall market for wellness and preventive diagnostics was 7 to 9% in Financial Year 2018 (Frost & Sullivan)
- Expected to grow at a CAGR of approximately 20% over the next three financial years (Frost & Sullivan)
- Customers today are serious about wellness and choose to undergo preventive screening to safeguard their health and diagnose conditions before they turn in to complications. This segment of the industry is termed as wellness as opposed to the illness wherein the patient has to undergo tests when they are prescribed tests during sickness.
- Metropolis Wellness revenue contribution to the group revenue is 5.5% with a growth of 27% in FY19.

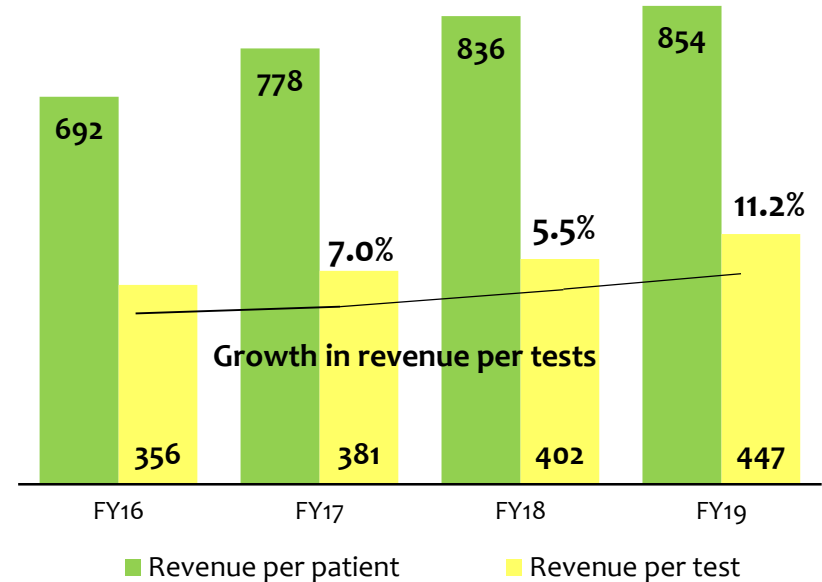
2. Robust operating and financial performance

15.5% growth in # of patients with increase in revenue per patient and revenue per test.

of Patient Visits and # of Tests in million



Revenue per Patient and Revenue per Test in INR

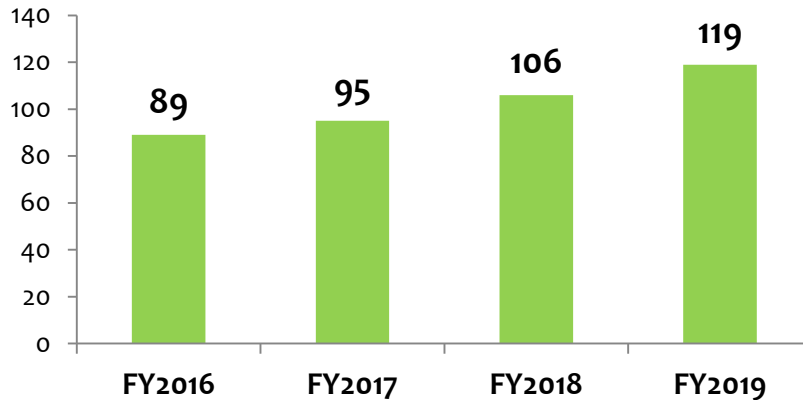


Metropolis realization per test and sample is higher than industry owing to

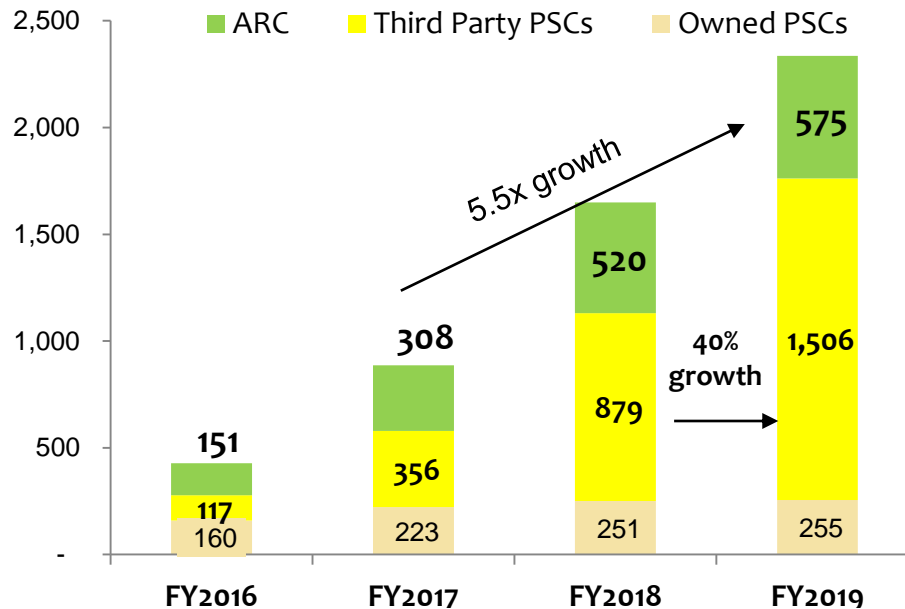
- Around 40% of super specialised and specialised test contributes to high revenue per test.
- International business leads to higher realization per test.
- Institutional customers contribute to higher realization per patient

3. Aggressive network expansion creating long runway for growth

Laboratory Network



Service Network



NETWORK STRATEGY HIGHLIGHTS

Fast pace of execution

- 5.5x patients network growth during FY2016-19
- 1938 patients touch points added during FY2016-18

Young Individual patients network

- 79% of the existing Individual patients touch points added during FY2017-19
- The average retail centre matures in five years. As the network matures, it is expected to contribute to short and mid term future growth

Asset light network

- 85% of the centre network is asset light.
- 10 of 13 labs added in FY19 via lab on lease model which is asset light with no capital requirement.

4. Increasing retail contribution to total revenue

Primary strategy of the company is to increase the retail share in focus cities to 65%

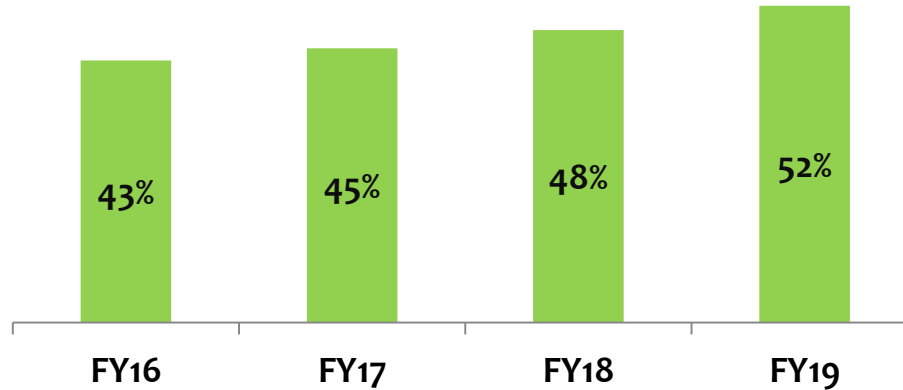


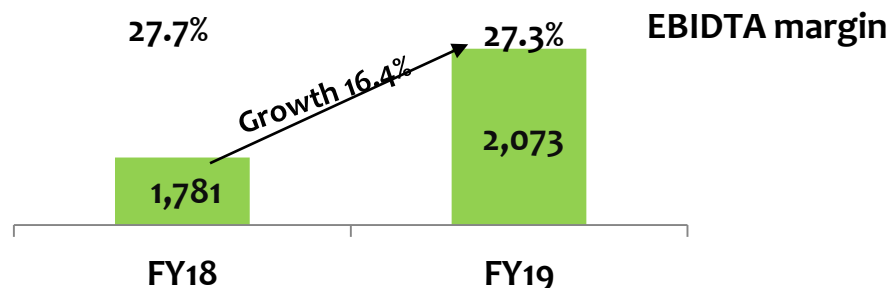
Chart shows B2C contribution over the years in focus cities; Mumbai, Chennai, Bangalore, Surat and Pune

B2C contribution in the last few years has seen an upward trend owing to

- Aggressive **network expansion** to go closer to the patient
- Integrated **Brand building campaigns** to establish Metropolis as a trusted brand in the mind of consumer and the doctor
- **Building awareness amongst doctors** for quality and service differentiators of Metropolis vs the unorganized sector.
- Obsessively monitoring **customer experience** and generating a NPS (***Net Promoters Score**) of 85 across the group

*Net Promoter Score is a management tool that is used to gauge the loyalty of a firm's customer relationships.

5. Robust EBIDTA growth of 16.4%.



EBIDTA excludes

- Non recurring share based and other expenses
- Provision for IL&FS Investment
- CSR Cost

Factors driving operating EBIDTA margin:

Increase in margin:

- Sri Lanka operation suffered 15 million in loss in FY19 as against loss of 42 million in FY18. The impact on EBIDTA improved by 0.5% (0.8% in FY18 against 0.3% in FY19). Further, As of April 19, these operations have been scaled down and therefore this loss is not anticipated in FY20.

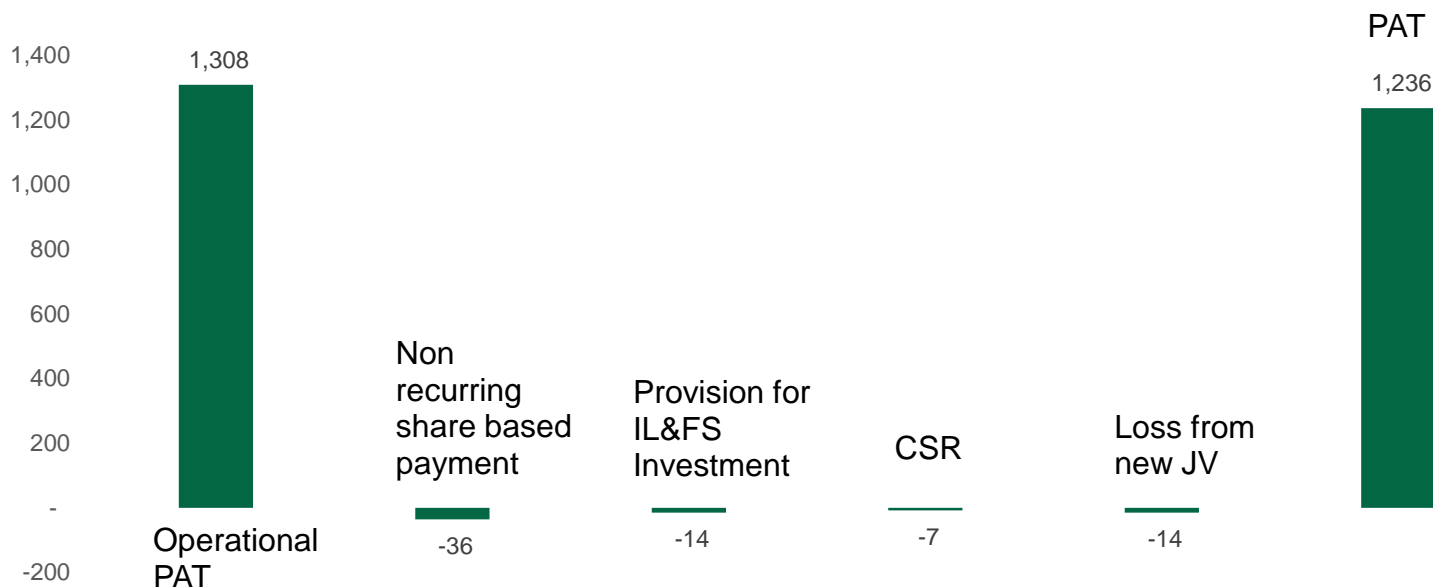
Drop in margin

- New 'Lab on Lease' model (non capital intensive management contracts) started in FY18. Third year profitability from starting of contract is estimated to be 25%. We currently have 19 such lab on lease contracts, some started in FY18 and some in FY19 which together have an average EBIDTA of 17.4% which has temporarily impacted overall margin by 0.3%.
- Public Private Partnership, being first year of operations, impacted 0.8% on EBIDTA. The volume is going to be double in FY20, with fixed cost frozen, expected margin in the range of overall EBIDTA Margin of group.

6. Robust PAT growth of 16.2%.

INR in million

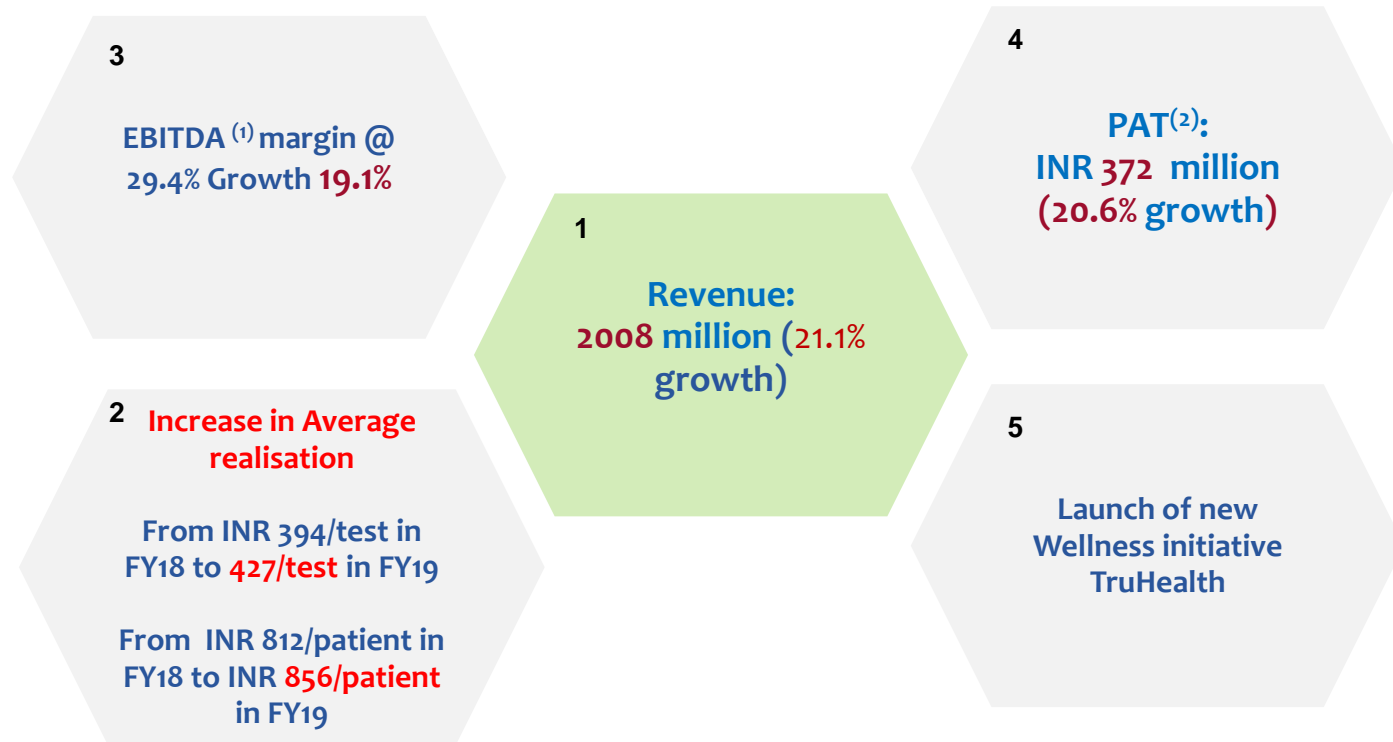
Bridge between PAT and Operational PAT



PAT excludes

- CSR and Non recurring Share based and other expenses (One time)
- Started a new JV called Histoxpert digital services in Apr 18 focused on building business in hospitals. Having operated only for six months in the year, the JV incurred a loss due to initial corporate overheads acquired to set up the business. As the business scales in 19-20, this loss is expected to reduce.

Highlights of Q4 FY19

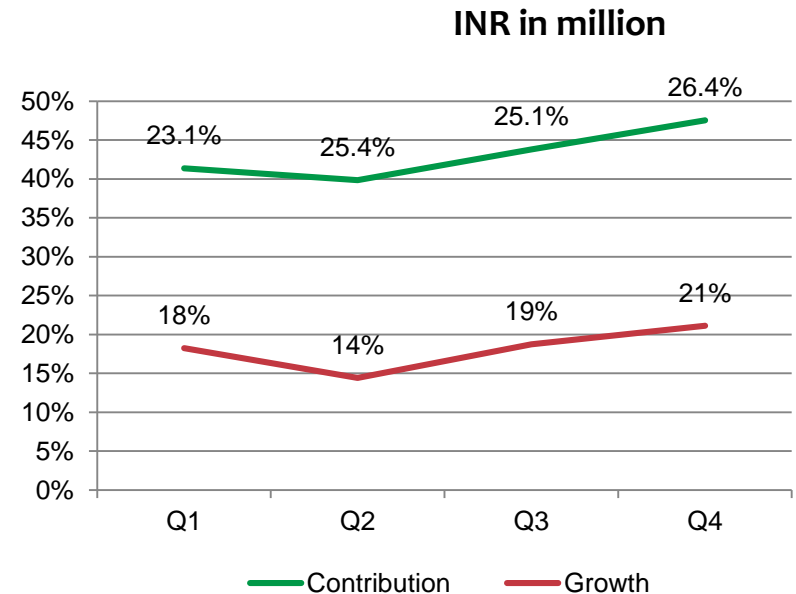


(1) EBITDA before CSR, Provision for investment in IL&FS and one time share based and other expenses

(2) PAT excludes CSR cost, Provision for investment in IL&FS , loss on new JV and Share based expenses.

I. High revenue growth with increase in contribution to total year

Quarter	Revenue			
	FY19	Contribution	FY18	Contribution
Q1	1,758	23.1%	1,487	23.1%
Q2	1,931	25.4%	1,687	26.2%
Q3	1,904	25.1%	1,604	24.9%
Q4	2,008	26.4%	1,658	25.8%
Total	7,601		6,435	



Fast pace of execution

- Highest growth in Q4 @ 21%
- Ratio of H1:H2 @ 48.5%:51.5% in Fy19
- Revenue per patient increased by 5.4% and Revenue per test increased by 8.5%
- Launched wellness initiative 'TruHealth' across 36 cities which will help bolster position in the fast growing wellness segment. TruHealth comprises of mass awareness on the need of preventive healthcare and promotion of customised wellness packages.

II. Robust revenue and profit growth in Q4





INR in million

Particulars	Q4 FY19	Q4 FY18	Growth
Revenue from Operations	2,008	1,658	21.1%
EBIDTA before CSR and one time share based and other expenses	590	495	19.1%
<i>Margin</i>	29.37%	29.86%	
Less:			
CSR	5	3	
Provision for IL&FS Investment	14		
One time Share based and other expenses	10	48	
EBIDTA	560	444	26.3%
<i>Margin</i>	27.90%	26.77%	
Other Income net of finance cost	17	51	
Depreciation	54	48	
PBT	519	447	
PAT before CSR, one time share based and other expenses	372	308	20.6%
<i>Margin</i>	18.51%	18.59%	
Less:			
CSR	5	3	
One time Share based and other expenses	-	-	
Provision for IL&FS Investment	14	-	
Share of Loss for equity accounted investees (net of tax)	4	-	
PAT	348	305	14.2%



Information Technology

Big investments in information technology to drive future efficiency and connect with consumer

Improving Business revenue generation capabilities	Cost saving and optimisation	Improve Operational Efficiency	Improve Customer Experience
<p>IBM Watson Campaign Automation will help improve in additional leads and tracking.</p> <p>Lead Management system will help improve lead conversion rate</p> <p>Data Analytics model on customer data will improve Cross-Sell and Upsell.</p> 	<p>Launching a pricing engine for better revenue assurance.</p> <p>Payment platform improving controls in Cash Management Process.</p> <p>Network Bandwidth Optimization (SD-WAN)</p> 	<p>Zero data loss. 100% data replication in remote location</p> <p>Implementation of Sample tracking process to improve visibility of customers & turn around time of reports.</p> <p>Automating HR processes through HRMS for better tracking and possible productivity.</p> <p>Introduction of Learning Management System to training and development goals.</p> <p>Automated Quality system to track quality standards across the group</p> 	<p>Mobility applications for consumer's ease of access.</p> <p>Service CRM implementation will help improve NPS.</p> <p>Feedback Management will increase% of patient providing instant feedback and rating.</p> 



Quality Assurance

Exceptional performance in analytical quality

GLOBAL LAB ACCREDITATIONS



Mumbai Lab is CAP accredited since 2005
*(College of American Pathologists, global gold standard in laboratory accreditations)



NABL Accreditation follows ISO-15189 Standard and is recognized by ILAC & APLAC

GRL and 11 RRLs have NABL accreditation.

More than 75% reports are generated by accredited labs.

Many of our doctor's are assessors, lead assessors for NABL.

Some senior doctors are committee members of NABL, WHO, Government & NGO committees.



NUMBER OF AUDITS CONDUCTED BY PAC TEAM

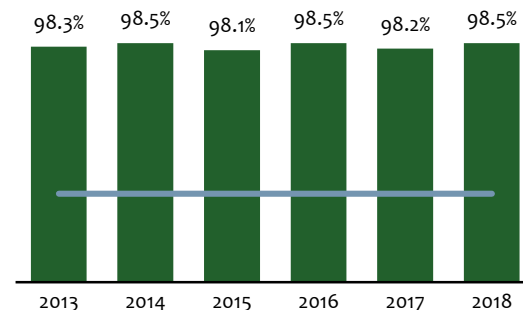
FY	2017-18	2018-19
Total	665	1312

PAC Team: Special Pre Analytical Care Team constituted as part of the Quality Assurance Team

This team conducts thorough internal audits as per NABL Checklist to ensure compliance for our collection centers and facilities

*CAP PT results is a tool that is indicative of quality results delivered by laboratory thereby insuring quality patient care.

GRL CAP PROFICIENCY TESTING SCORE

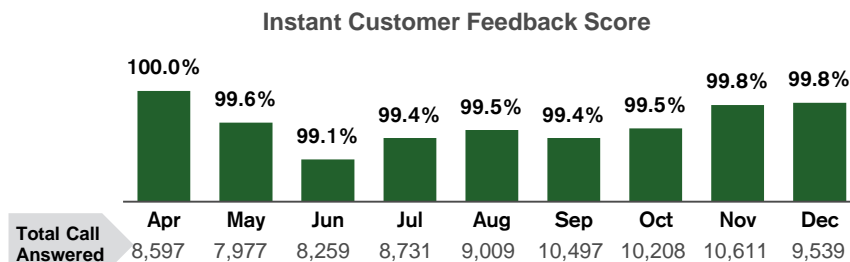


■ CAP EQAS — Industry Benchmark

■ CAP PT Scores* are above 98% indicating consistently good proficiency

■ PT (Proficiency Testing) score puts Metropolis amongst the top 2% of laboratories worldwide

CALL CENTER PERFORMANCE



Well trained customer care team that responds to patient queries



Assured quality standard in non-analytical areas

PSCs, Home Service and Call Centre

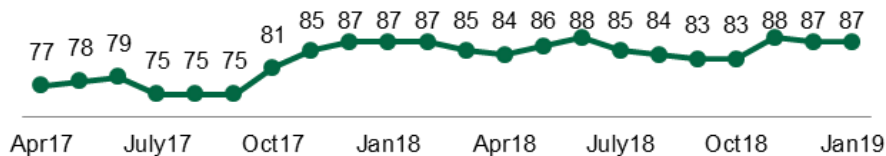
Measures

- As 70% of errors are known to occur in pre-analytical phase, special efforts are put to minimize it
- Each patient service center undergoes 14 audits per month from:
 - Cluster heads and
 - Trained PAC-Pre-analytical care team
- Additional audits are done by:
 - Third party as mystery shopper
 - NABL for accredited centers

Actions on non-compliance

- Aggressive timelines are given for closing the NCs
 - Support and trainings are provided by us to help
- Consistent non-compliant centers (third party) are terminated
- In FY19, 19 center's agreements are terminated on quality, standard and compliance grounds in Mumbai alone

NPS Score – PSC and Home Service



MHL EQAS PROGRAM

- Only private laboratory to have in-house developed and NABL accredited EQAS program
- Used to monitor analytical quality of our group labs.
- 115 group labs covered and is ready for commercial launch for customers.
- Multiple USPs over other international and national programs available.
- Would be used as a tool to create quality leadership impact in industry

Only Indian lab with accredited in-house EQAS program demonstrating quality leadership

***Net Promoter Score is a management tool that is used to gauge the loyalty of a firm's customer relationships.**

On an average 85% of our customers are willing to recommend Metropolis to their family and friends



Talent Management

Talent Management

Putting People First

New HR Management System for automated processes improving productivity and ensuring availability of employee data on demand

Full Fledged Learning Module System with over 100 modules that cover the entire gamut of operations & Quality Assurance

Strong culture equal opportunity workplace

System for nurturing second in line high performers

Strong scientific team led by expert MD Doctors and pathologists

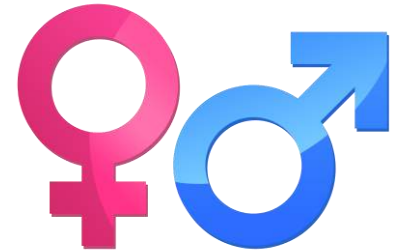
Young, energetic and motivated team. Over 60% of workforce are millennial



Very stable senior management team with less than 3% Attrition



HR HIGHLIGHTS



41:59

Female: Male Ratio



Number of doctors: 201
Scientific & Technical Team:
2228



Financial Performance

Financial Performance – FY19 and Q4 FY19

INR in million

Particulars	Q4 FY19	Q4 FY18	Growth	FY19	FY18	Growth
Revenue from Operations	2,008	1,658	21.1%	7,601	6,435	18.1%
EBIDTA before CSR and one time share based and other expenses	590	495	19.1%	2,073	1,781	16.4%
<i>Margin</i>	29.37%	29.86%		27.3%	27.7%	
Less:						
CSR	5	3		8	8	
Provision for IL&FS Investment	14			14	-	
One time Share based and other expenses	10	48		59	48	
EBIDTA	560	444	26.3%	1,992	1,725	15.5%
<i>Margin</i>	27.90%	26.77%		26.21%	26.81%	
Other Income net of finance cost	17	51		88	102	
Depreciation	54	48		201	190	
PBT	519	447		1,865	1,637	
PAT before CSR, one time share based and other expenses	372	308	20.6%	1,308	1,126	16.2%
<i>Margin</i>	18.51%	18.59%		17.21%	17.50%	
Less:						
CSR	5	3		8	8	
One time Share based and other expenses	-	-		36	-	
Provision for IL&FS Investment	14	-		14	-	
Share of Loss for equity accounted investees (net of tax)	4	-		14	-	
PAT	348	305	14.2%	1,236	1,118	10.5%

Notable Recent Awards & Accolades

The Global Reference Laboratory of Metropolis holds accreditation from the College of American Pathologists (CAP) since 2005 which is the gold standard in accreditations in our industry, globally.

Our clinical laboratories hold one or more of CAP, NABL, KENAS, ILAC or APLAC* accreditations.

Our Company was awarded **Iconic Pathology Lab** Award by Mid-Day Health & Wellness Awards in September 2018

Metropolis received the '**Best Diagnostic Laboratory**' in India award at the Women's Health Conference 2019 supported by the Ministry of AYUSH & Ministry of Health & Family Welfare.

Our Company was awarded special jury mention for "**Service Excellence (Diagnostic Centre)**" by FICCI at the Healthcare Excellence Awards 2018

Our Company was awarded for "**Excellence in Customer Service & Delivery**" by Biotrains, 2018

Metropolis Healthcare won the **Best Temperature Controlled Project of the year** at the Cold Chain Summit Awards held in Mumbai, 2018

Metropolis Healthcare honored for **Excellence in Customer Service & Delivery** at the Home Healthcare Summit & Awards 2018

Our Company was awarded for "**Best in Health and Fitness**" in the Digital Campaign Awards by LH Insights 2018.

ACCOLADES WON BY OUR KEY MANAGEMENT TEAM

Our Chairman, Dr Suhsil Shah was presented with **Lifetime Achievement Award** at Six Sigma Healthcare Excellence Awards

Dr Sushil Shah awarded the Maharashtra Gaurav Award for Distinguished service to the state and outstanding individual achievements.

Our Managing Director, Ms Ameera Shah was featured in

Listed amongst **Tycoons of Tomorrow** feature by Forbes India Fortune India's **Most Powerful Women in Business** feature 2018 & 2017

Business Today '**Most Powerful Women in Business**' feature 2018

India Today's **8 most powerful change-makers** of business world 2018

The company's academic team published 11 scientific papers in National and International Indexed Journals.

MHL group of doctors have done **180 CME/RTM** programs in FY19 there by sensitizing 6000 plus doctors.

MHL Doctors have presented 14 papers and won 12 poster competition run by prestigious healthcare institutions and hospitals across the country

Thank you