

Fortis Healthcare announces Q4 FY23 and FY23 Audited Financial Results

Board recommends maiden dividend of INR 1 per share (10% of Face Value)

Hospital Business Q4FY23 revenue up 29.7% to INR 1,350 Crs, Margins expand to 17.0% from 13.8% in Q4FY22

Hospital Business FY23 revenue up 19.8% to INR 5,107 Crs, Margins expand to 18.1% from 15.8% in FY22

Company's net debt to EBITDA at 0.29x versus 0.60x in FY22

FY23 vs FY22

- Consolidated Revenues at INR 6,298 Crs, up 10.1%
- EBITDA at INR 1,163 Crs, 18.5% margin (FY22: 19.2%)
- PAT at INR 633 Crs versus INR 790 Crs
- Adjusted PAT (excluding one off's) at INR 559 Crs versus INR 475 Crs

Q4 FY23 vs Q4 FY22

- Consolidated Revenues at INR 1,643 Crs, up 19.2%
- EBITDA at INR 285 Crs, 17.3% margin (Q4 FY22: 16.5%)
- PAT at INR 138 Crs versus INR 87 Crs

Gurugram, May 23, 2023: Fortis Healthcare Ltd. ("Fortis" or the "Company"), India's leading healthcare delivery company, today announced its audited consolidated financial results for the quarter and year ended March 31, 2023.

Consolidated Financial Snapshot

Particulars (INR Crs)	Q4FY22	Q4FY23	% Change	FY22	FY23	% Change
Revenue - Hospitals	1,041	1,350	29.7%	4,264	5,107	19.8%
- Diagnostics (net)	337	292	-13.3%	1,453	1,190	-18.1%
Consolidated	1,378	1,643	19.2%	5,718	6,298	10.1%
EBITDA - Hospitals^	143	230	60.3%	672	900	33.9%
- Diagnostics	84	55	-34.7%	424	263	-38.1%
Consolidated	227	285	25.3%	1,096	1,163	6.1%
EBITDA Margin - Hospitals	13.8%	17.0%		15.8%	17.6%	
- Diagnostics	24.8%	18.7%		29.2%	22.1%	
Consolidated	16.5%	17.3%		19.2%	18.5%	

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Particulars (INR Crs)	Q4FY22	Q4FY23	% Change	FY22	FY23	% Change
Profit Before Tax (Before exceptional item)	126	173	36.9%	673	740	10.0%
Profit After Tax*	87	138	58.9%	790	633	(19.9%)
Profit After Tax after Minority Interest *	68	133	95.0%	555	589	6.1%
Earnings Per Share (INR)	0.90	1.76		7.35	7.80	

* PAT includes an exceptional gain of INR 73.6 Crs in FY23 which pertains to reversal of impairment in an associate company; and

^ Excludes dividend income received during FY23 from the Company's majority owed (57%) subsidiary SRL Limited as a result of inter-company elimination. Hospital business FY23 reported EBITDA with dividend income was INR 922 Crs.

FY22 PAT includes an exceptional gain of INR 315 Crs, primarily due to the remeasurement of the previously held equity interest of SRL in the SRL-DDRC JV at its fair value post acquisition of the balance 50% stake in the said JV in April 2021.

KEY FINANCIAL HIGHLIGHTS

- Net debt reduced by INR 222 Crs to INR 330 Crs in FY23. The Company's net debt to equity was at 0.04x in FY 23 versus 0.08x in the corresponding previous period.
- Finance costs witnessed a decline of 12.1% to INR 129.1 Crs for the year as a result of lower borrowing costs and reduction in company borrowings.
- Cash flow from operations for FY23 stood at INR 583 Cr (post interest, tax, maintenance capex and change in working capital).

HOSPITAL BUSINESS HIGHLIGHTS

- The Hospital Business revenue growth both for Q4 and FY23 was led by:
 - A healthy improvement in occupancy reaching 67% both for the quarter and full year versus 59% and 63% in the corresponding previous periods.
 - ARPOB growth of 11.5% both for Q4 and FY 23 versus corresponding previous periods.

KPIs	Q4 FY23	Q3 FY23	Q4 FY22	FY23	FY22
Occupancy	67.1%	66.1%	58.8%	67.1%	63.4%
ARPOB (INR per day)	57,476	55,224	51,626	55,101	49,408
ALOS (Days)	3.82	3.77	3.53	3.73	3.73

- A higher surgical business contribution at 59% for FY23 versus 53% in FY22 led by an increasing revenue contribution from key medical specialties of Oncology, Orthopedics, Renal Sciences and Gastroenterology.

Q4'FY23

- The combined revenue of the top 6 key medical specialties viz. Oncology, Gastroenterology, Neurosciences, Renal Sciences, Orthopaedics and Cardiac Sciences grew 27.4% YoY and contributed 60% to the overall hospital business revenues (similar to the corresponding previous quarter).
- Key facilities such as FMRI, BG Road, Noida, Anandapur, FEHI and Mulund performed better in revenues & EBITDA versus both the corresponding and trailing quarter.
- Medical tourism revenues grew 65.6% to INR 113 Crs in Q4 FY23 vs Q4 FY22. The business contributed 8.4% to overall hospital business revenues versus 6.6% in Q4 FY22 and 9.0% in Q3 FY23.
- Revenues from digital channels viz website, mobile application and digital campaigns witnessed a growth of 23.1% in Q4 FY23.

FY'23

- Key facilities such as FMRI, Mohali, Shalimar Bagh, BG Road, FEHI and Noida witnessed strong traction in both topline and EBITDA margins.
- Revenue from International business recorded growth of 97.9% in FY23 to reach INR 425 Crs compared to INR 215 Crs in FY22. Revenue contribution stood at 8.3% in FY23 vs 5.0% in FY22.
- The Company's focus specialties comprising oncology, gastroenterology, neurosciences, renal sciences, orthopedics and cardiac sciences grew 31.5% YoY. Revenue contribution from these specialties to overall hospital revenues increased to 61% from 55% in FY22.
- Capital expenditure for the year stood at approx. INR 300 Crs for growth and expansion purposes including investments in medical equipment and bed additions.
 - State of the Art medical equipment viz. cath labs, LINACs, neuro navigation systems, PET CTs were commissioned in select facilities further strengthening their medical infrastructure.
 - Approx. 140 beds were added during the year across facilities including Mulund, BG Road, FMRI, Shalimar Bagh and Ludhiana.

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- The Company added to its pool of clinical talent across various medical specialties with the onboarding of clinicians in neurosciences, oncology, gastroenterology and orthopedics during the year.
- Revenues from digital channels viz website, mobile application and digital campaigns witnessed a robust growth with a YoY increase of 34.8% in FY23. These contributed 23.2% to overall hospital revenues in FY 23 versus 20.6% in the corresponding previous year.

DIAGNOSTICS BUSINESS HIGHLIGHTS

- Q4 FY23 Diagnostics Business gross revenues declined by 10.8% to INR 332 Crs, primarily due to a decline in Covid volumes. During Q4 FY23, Covid business revenues contributed 3% to overall diagnostic revenues as compared to 22% in Q4 FY22.
- Non Covid revenues witnessed a 12% growth over the previous corresponding quarter.
- The diagnostics business EBITDA was at INR 54.7 Crs versus INR 83.8 Crs in Q4 FY22. (16.5% margin versus 22.5% in Q4 FY22).
- For FY23, Diagnostic Business gross revenues stood at INR 1,347 Crs, a decline of 16.0% due to a drop in covid volumes. Covid business revenues contributed 4% to overall diagnostic revenues in FY23 compared to 28% in FY22. Non Covid revenue witnessed 12% growth over FY22.
- EBITDA for the year was INR 263 Crs versus INR 425 Crs, reflecting a margin of 19.5% versus 26.5% in FY22

*(*Diagnostics business net revenues declined 13.3% to INR 292 Crs in Q4 FY 23 versus INR 337 Crs in Q4FY22; FY23 Net revenue stood at INR 1,190 Crs versus INR 1,453 Crs in FY22)*

Q4'23

- Continuing with its network expansion strategy, SRL added ~285 new customer touch points (CTP's) in its network in Q4 FY23.
- SRL's B2C: B2B revenue mix stood at 53:47 in Q4 FY23 vs 54:46 in Q4 FY22.
- SRL conducted ~9.8 million tests (covid and non-covid) during Q4 FY23 as against 10.7 million tests in Q4 FY'22. Decline in the tests conducted was primarily because of the lower COVID volumes.

FY'23

- SRL's B2C: B2B revenue mix stood at 54:46 in FY23 vs 55:45 in FY22.

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- SRL added ~1,100+ customer touch points (CTP's) during the year. As on date SRL has a network of 3,700+ CTP's.
- SRL conducted ~39.1 million tests (covid and non-covid) during FY23 as against ~44.2 million tests in FY22.

Ravi Rajagopal, Chairman, Board of Directors, Fortis Healthcare stated, “The year gone by has seen the Company emerge stronger in the aftermath of the covid pandemic. I’m particularly pleased to state that the Board has recommended a dividend of INR 1.0 per share (10% of face value) for the first time since the Company listed; the same being subject to shareholders approval. This reflects the significant improvement in our performance and underscores the transformational journey of the Company in the last few years. We have clocked a consolidated topline growth of 10.1% to reach revenues of INR 6,298 Crs with an EBITDA margin of 18.5% in FY23.

Our hospitals business continues to perform well across all financial and operating parameters. We remain well positioned for our next phase of growth comprising brownfield bed expansion in order to expand and create larger format facilities. This would enable us to draw higher operating leverage from the business. We are also progressing well on our portfolio optimization strategy allowing us to reallocate capital from our non-core or underperforming assets to assets in our key geographic clusters. This was evidenced in our recent acquisition of a hospital in Manesar, Gurugram in NCR with a potential bed capacity of 350 beds. Our diagnostics business was impacted by the decline in covid volumes and the challenging industry environment which still persists. We remain keen to participate in the consolidation opportunities in the healthcare landscape. While our balance sheet allows us comfortable leveraging capacity, we may also look at raising capital so as to not miss out on larger growth opportunities that may present themselves. I do thank all our stakeholders for their continuing support and confidence in the Board and Management of the Company.”

Commenting on the results for the quarter and the year, Dr Ashutosh Raghuvanshi, MD and CEO, Fortis Healthcare stated, “I’m quite pleased with our performance for the quarter with consolidated revenues of INR 1,643 Crs, a growth of 19.2% and EBITDA margins improving to 17.3% from 16.5% in the Q4 FY22. Our hospital business has performed quite well in FY23 led by a higher occupancy and ARPOB with a significant 600 bps increase in contribution from surgical volumes. Our revenues from key specialties of orthopedics, oncology, renal sciences and gastroenterology have increased 49%, 53%, 29% and 36% respectively over FY22. International patient revenues continue to witness a robust uptick. In addition, ongoing cost saving initiatives including those related to drugs and consumables and procurement and consumption optimization have all enabled the hospital business to reach an EBITDA of INR 922 Crs for FY 23, a 37.1% increase and 18.1% margin. Our plans to expand and add beds to our key facilities like FMRI, Shalimar Bagh, Mulund and Mohali to over 500 beds each in the next few years remain on track with a cumulative incremental addition of close to 1,400 beds.

Dr. Raghuvanshi further added, “In addition, we continue to invest and expand our medical programs with a specific focus on oncology, neurosciences and cardiac sciences. The business both clinically and operationally is being primed to be aptly supported by an efficient digital

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ecosystem drawing the benefits of, amongst other things, an Electronic Medical Records system, an ERP based Business Solutions support program and a Picture Archive Communications system (PACS). The diagnostics business has witnessed a muted performance with the decline in covid volumes. Whilst SRL is undertaking a host of initiatives in terms of channel expansion and network optimization, given the challenging industry environment we expect improvement to be gradual. All in all, we believe that both our businesses with their investment and expansion priorities are better positioned to accelerate their growth in the current fiscal.”

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 29 healthcare facilities (including JVs and O&M facilities). The Company’s network comprises approximately 4,500 operational beds (including O&M) and ~410 diagnostics centres.

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