



# FORTIS HEALTHCARE LIMITED

Earnings Presentation – Q1FY21

August 14, 2020



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# Agenda

1. COVID - 19 - Update
2. Brand Transition Proposal
3. Q1FY21 – Performance Highlights
  - Earnings and Financial Summary – Q1FY 21
4. Performance Review - Hospitals Business
5. Performance Review - Diagnostics Business
6. Appendix

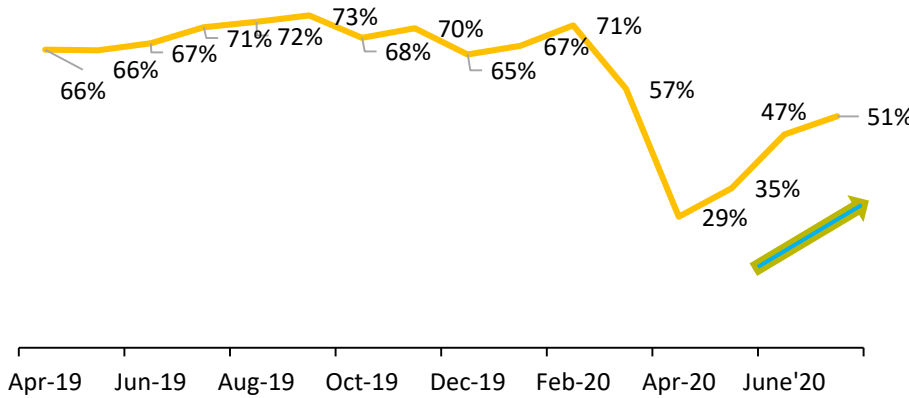
# 1. COVID-19 - Update

# Covid-19 – Industry Update

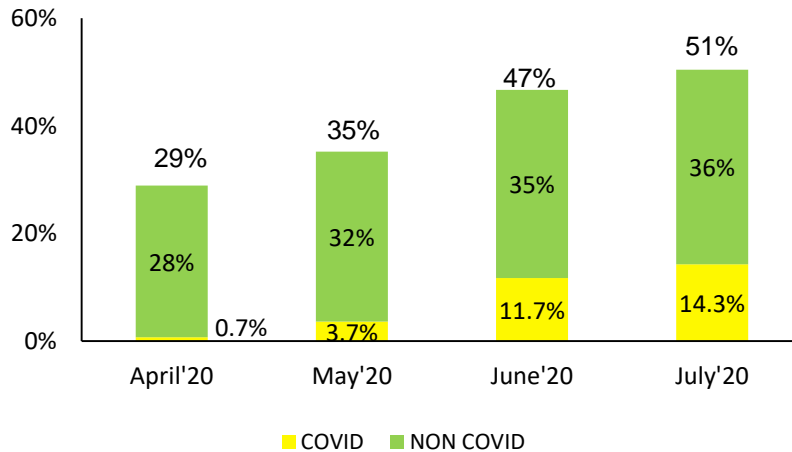
- Exponential rise in the number of cases in the country i.e. daily average of 50,000 new cases registered over last one week.
- Economy opening up gradually; however international travel restrictions and limited period lockdowns in select states continue to pose a challenge
- Regulatory uncertainty persists from state to state for both hospitals and diagnostics segment
- Select geographies witnessing plateauing of cases and less hospital admissions resulting in low covid bed occupancy
- Slower than expected pick up in elective surgeries as patients further postponing procedures
- Ramp up in covid testing volumes being encouraged by most states leading to more Companies entering and/or expanding existing Covid testing facilities (*~6.5 lac tests being conducted daily*)

# Covid-19 – Update (Hospitals Business)

**Hospital Occupancy Trends**



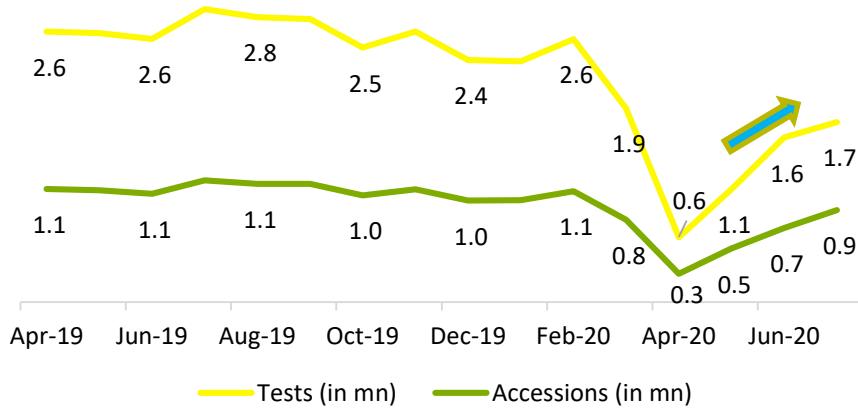
**Hospital Occupancy (~3,650 op beds)**



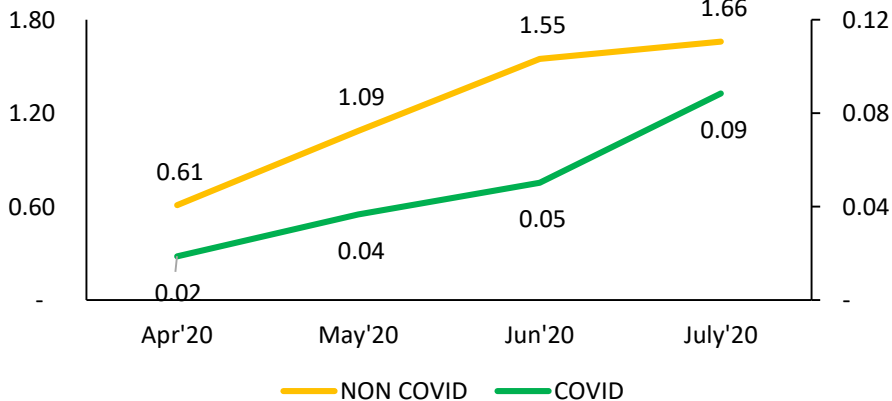
- Steady ramp-up in occupancy from 29% in April'20 to 51% in July'20
- Occupancy on non-Covid beds increased from 28% in April'20 to 36% in July'20
- Progressively improving profitability
- COVID revenues at approx. 8% of hospital revenues
- North India facilities (>60% of revenues) witnessing higher non-covid occupancy as covid cases reduce

# Covid-19 – Update (Diagnostics Business)

Monthly Volumes



Test Volumes ( in Mn)



- Steady ramp up in volumes and revenues
- Overall business reaches 80% and 86% of pre-covid revenues in June '20 and July '20 respectively
- COVID revenues at approx. 29% to diagnostics revenues
- Scaling up testing facilities to capitalize on increasing Covid testing

# Covid-19: Initiatives

## Operational Initiatives

- Hospitals in the network continue to take appropriate measures to ensure business continuity and patient & staff safety
- Covid bed capacity scaled up to approx. 1260 beds presently across Fortis facilities
- Launched e-Consultations for remote patient care in 23 hospitals across the network. Other initiatives such as Home Healthcare , Post Covid rehabilitation packages being implemented.
- Fortis Hospital, Bannerghatta Road, Bengaluru, introduced robots for COVID -19 screening and FMRI, Gurugram , deployed an indoor disinfection Robot to disinfect premises without any human intervention.

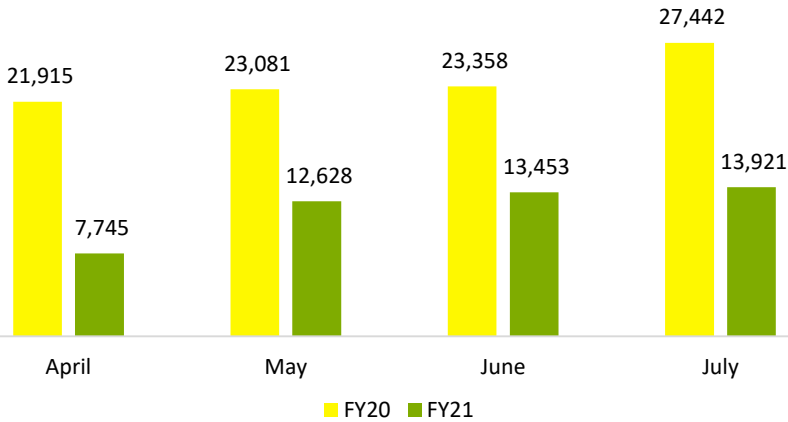
## Cost Optimisation Initiatives

- Cost optimization initiatives continues with ~25% reduction in fixed cost getting extended for further period.
- Judicious allocation of capex & reduction of other operational expenses continue to be the focus areas
- The company has adequate liquidity in place driven by cost optimization initiatives and better working capital management

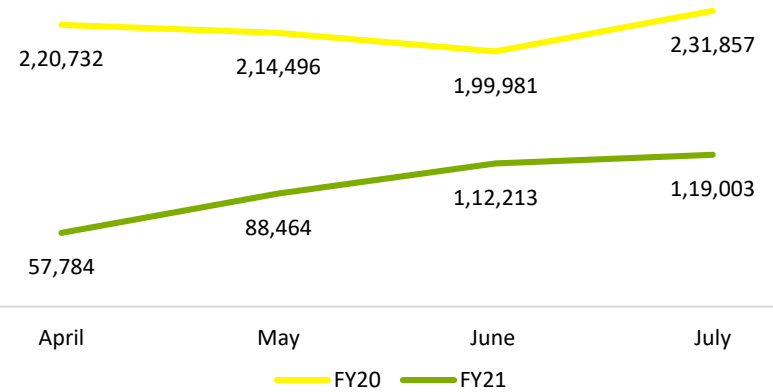


# Gradual Business Recovery

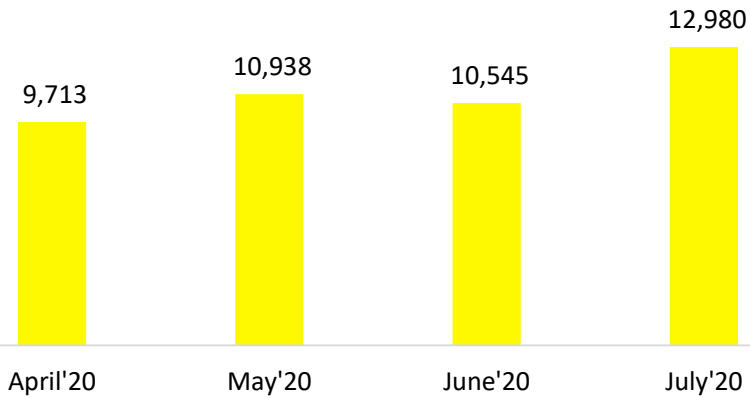
## OPD Footfalls (Digital Channels)



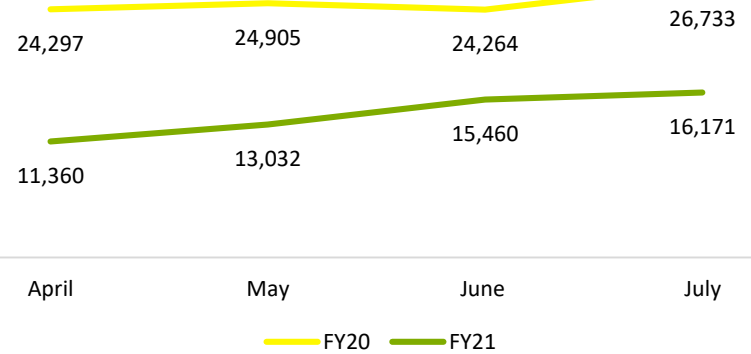
## OPD Footfalls



## Tele-consults



## IPD Admissions



## 2. Brand Transition Proposal

# Proposed Fortis and SRL's brand transition

- Board provides an in-principle approval for the change in the name, brand and logo of the Company and its subsidiaries both for Fortis and SRL
  - Brand license agreement expires in April / May 2021
  - Reinforces complete disassociation of the company from erstwhile promoters
- Proposal to obtain a license to use the name and brand 'Parkway' together with its associated logo for the hospital business. For SRL, a new neutral name & logo unrelated to IHH group and the Fortis brand would be considered.
  - Parkway brand is a renowned and internationally recognised brand in the healthcare space
- IHH nominee directors on the board of Fortis abstained from voting on the said proposal for the 'Parkway' Brand
- Application for consent to proceed with the proposal filed with the Honourable Supreme Court of India; the above is subject to directions of Hon'ble Supreme Court and the receipt of all requisite approvals

### 3. Q1FY21 - Performance Highlights

# Q1FY21 – Performance Highlights

## Hospital Business Performance

- Occupancy down from 66% in Q1FY20 to 37% in Q1FY21; impacted due to country-wide lockdown in April – May'20.
- Gradual ramp up in occupancy being witnessed (47% & 51% in June'20 & July'20, respectively)
- ARPOB down 4.5% from INR 1.58 Cr in Q1FY20 to INR 1.51 Cr in Q1FY21 (*Non-Covid bed ARPOB at INR 1.62 Cr versus COVID bed ARPOB at INR 0.84 Cr*)

## Diagnostics Business Performance

- Test volumes decline 57% to 3.35 mn vs 7.80 mn Q1FY20;
- Average realisation per test higher at INR 417 vs INR 329 in Q1FY20 due to COVID tests; excluding COVID tests, avg realization per test declined to INR 306.
- ~85% of the collection centers and 75% of the direct clients are now active

## Balance Sheet

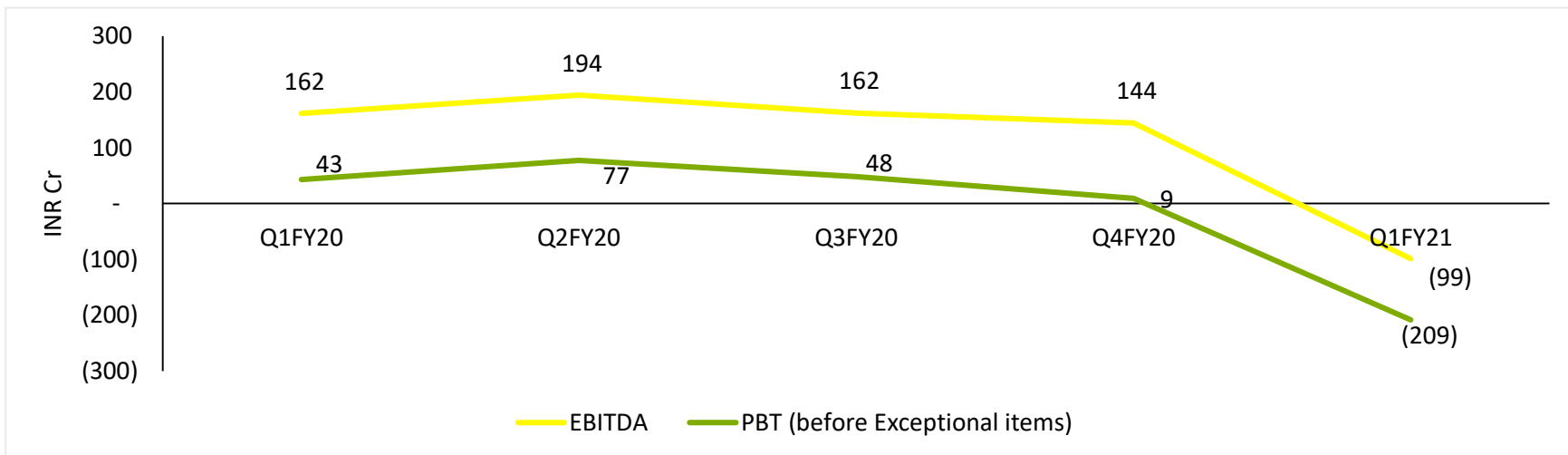
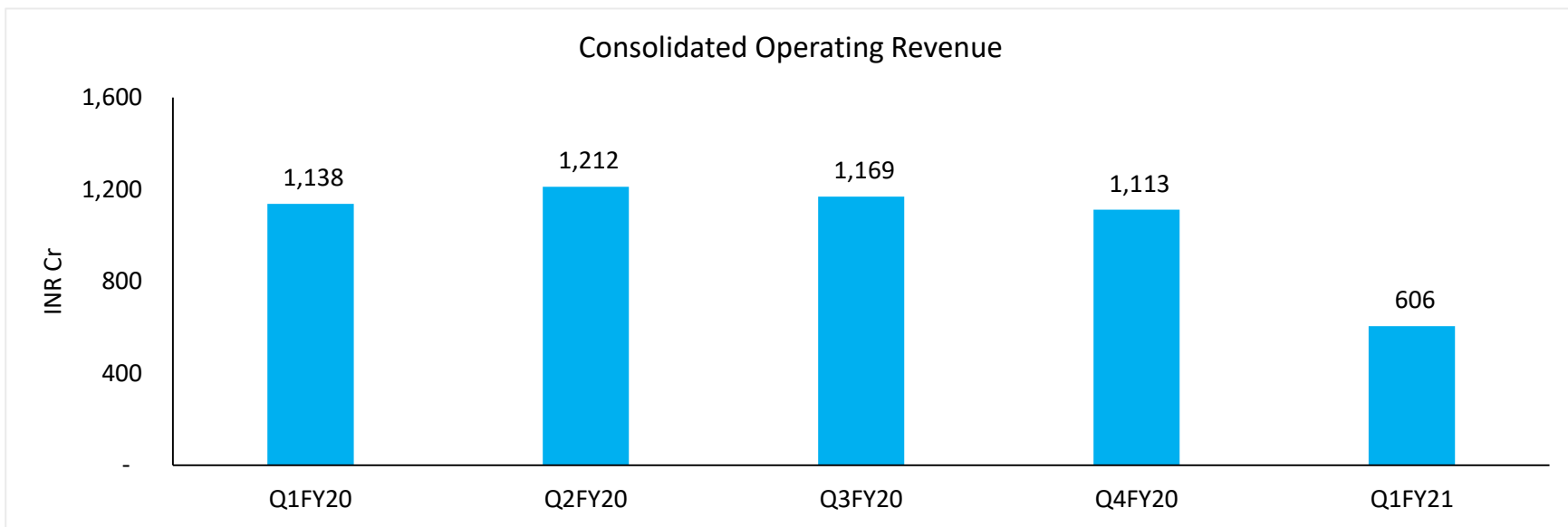
- Net debt to equity stood at 0.18x vs 0.14x in Q4FY20.
- Net debt as of June 30, 2020 was at INR 1,238 Crs vs INR 1,004 Crs as on March '20
- Company's finance expense reduced by 19% to INR 41.1 Crs from INR 50.9 Crs in Q1FY20

# Consolidated Earnings Summary – Q1FY21

- Consolidated Operating Revenues for Q1FY21 stood at INR 605.9 Crs compared to INR 1138.3 Crs reported in Q1FY20. Consolidated EBITDA for the quarter was a loss of INR 98.8 Crs versus a profit of INR 161.8 Cr.
  - Hospital business revenues stood at INR 488.3 Crs vs INR 913.0 Crs
  - The hospital business incurred an EBITDA loss of INR 79.6 Crs vs a profit of INR 112.2 Crs
  - Diagnostic business revenues<sup>^</sup> (Gross) were at INR 140.4 Crs vs INR 258.4 Crs
  - The diagnostic business incurred an EBITDA<sup>^</sup> loss of INR 10.6 Crs vs a profit of INR 54.8 Crs
- PBT before exceptional items was a loss of INR 208.7 Crs vs a profit of INR 42.8 Crs
- The company reported a net loss (PATMI\*) for the quarter at INR 178.9 Crs. This compares with a net profit of INR 67.8 Crs in Q1 FY20.

<sup>^</sup> Diagnostic business net revenue stood at INR 117.5 Cr versus INR 225.1 Cr in Q1FY20

# Consolidated Earnings Summary – Q1 FY 21



EBITDA includes other income and forex gain / (loss)

# Operating Performance

Particulars ( INR Cr)	Hospital Business			Diagnostic business		
	Q1FY20	Q4FY20	Q1FY21	Q1FY20	Q4FY20	Q1FY21
Operating Revenue	913.0	913.3	488.3	258.4	231.9	140.4
<b>Reported EBITDA</b>	<b>112.2</b>	<b>104.2</b>	<b>(79.6)</b>	<b>54.8</b>	<b>33.7</b>	<b>(10.6)</b>
<b>Margin</b>	<b>12.3%</b>	<b>11.4%</b>	<b>-16.3%</b>	<b>21.2%</b>	<b>14.5%</b>	<b>-7.5%</b>
Adj: Non Recurring expenses	-	0.5	-	-	-	-
Adj: Other Income incl FX	20.1	2.3	1.2	1.3	7.8	6.6
<b>Operating EBITDA</b>	<b>92.1</b>	<b>101.9</b>	<b>(80.8)</b>	<b>53.5</b>	<b>25.9</b>	<b>(17.1)</b>
<b>Margin</b>	<b>10.1%</b>	<b>11.2%</b>	<b>-16.6%</b>	<b>20.7%</b>	<b>11.2%</b>	<b>-12.2%</b>

*Diagnostics business revenue is on Gross Basis*



# Balance Sheet – June 30, 2020

Balance Sheet (INR Cr)	June 30, 2019	Mar 31, 2020	June 30, 2020
Shareholder's Equity	7,191	7,206	7,022
Debt	1,388	1,354	1,505
Lease Liabilities (Ind AS 116)*	196	240	235
<b>Total Capital Employed</b>	<b>8,775</b>	<b>8,800</b>	<b>8,763</b>
Net Fixed Assets (includes CWIP)	5,351	5,285	5,262
Goodwill	3,721	3,721	3,722
Investments	189	175	180
Cash and Cash Equivalents	358	350	267
Net Other Assets	(843)	(732)	(668)
<b>Total Assets</b>	<b>8,775</b>	<b>8,800</b>	<b>8,763</b>
<b>Net Debt / (cash)</b>	<b>1,031</b>	<b>1,004</b>	<b>1,238</b>
<b>Net Debt to Equity</b>	<b>0.14x</b>	<b>0.14x</b>	<b>0.18x</b>

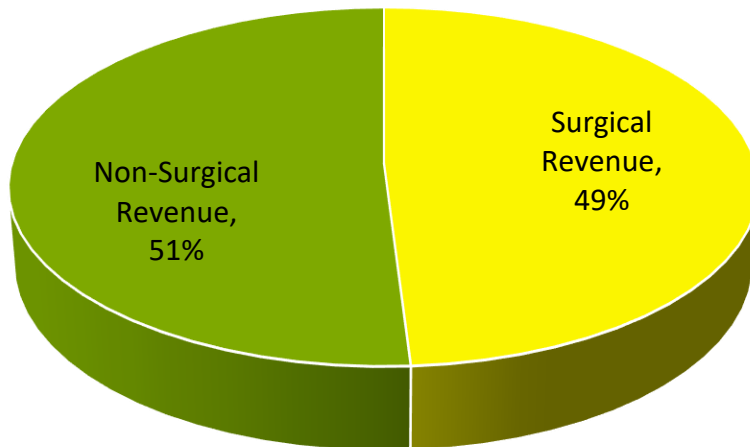
\*Pertains to lease liability on account of adoption of new accounting standard on leases w.e.f. April 1, 2019.  
Net debt excludes lease liabilities.

## 4. Performance Review – Hospitals Business

# Revenue Mix – Q1FY21 vs Q1FY20

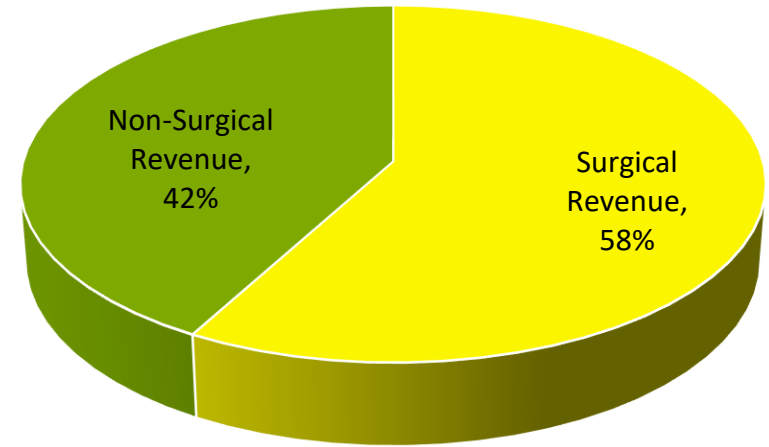
Q1FY21

Revenue : INR 488 CR



Q1FY20

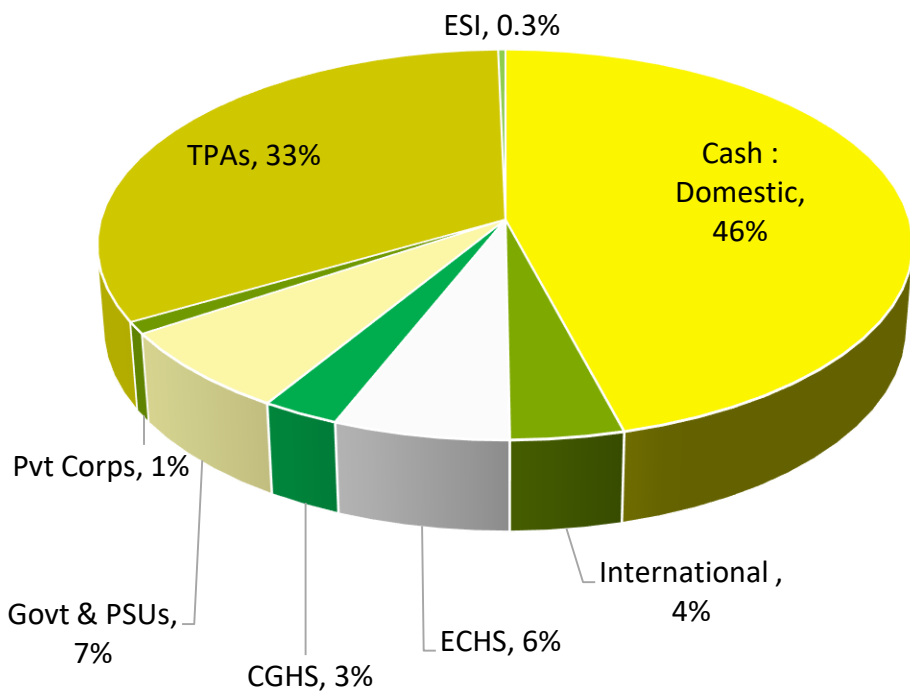
Revenue : INR 913 CR



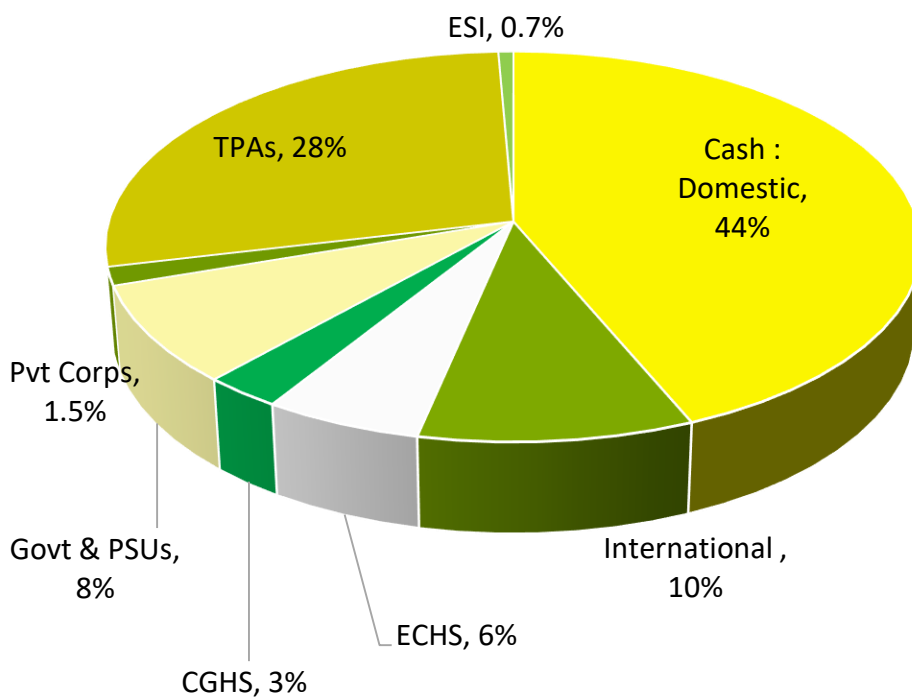
- Decline in surgical revenue contribution in Q1FY21 primarily due to delay in elective surgeries on account of Covid
- Covid related occupancy also impacted the contribution from surgical procedures

# Payor Mix – Q1FY21 vs Q1FY20

Q1FY21

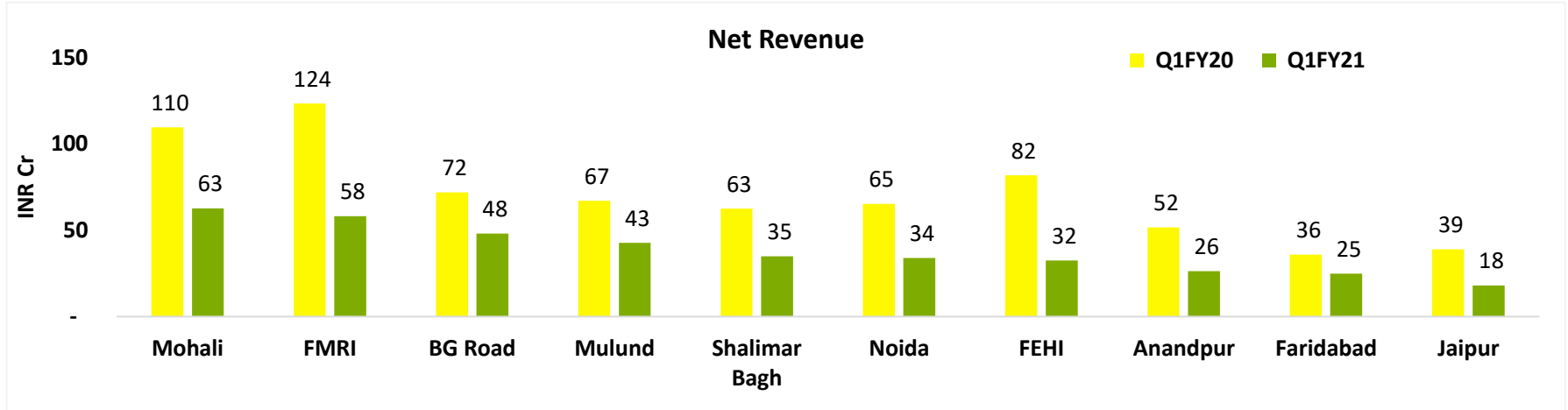


Q1FY20



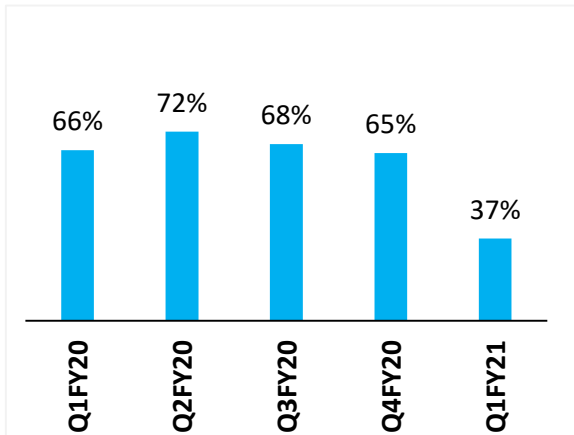
# Hospitals Business Performance – Q1FY21

## Hospital Wise Performance

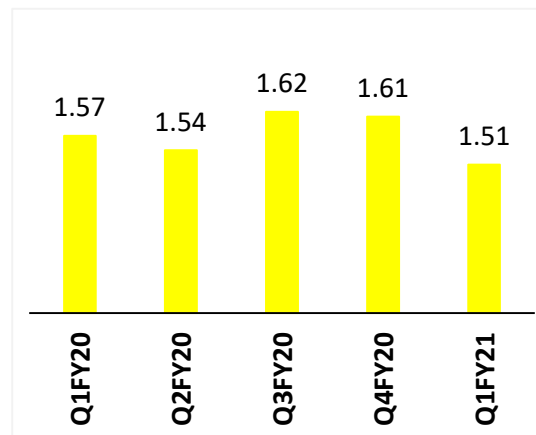


## Key Performance Indicators

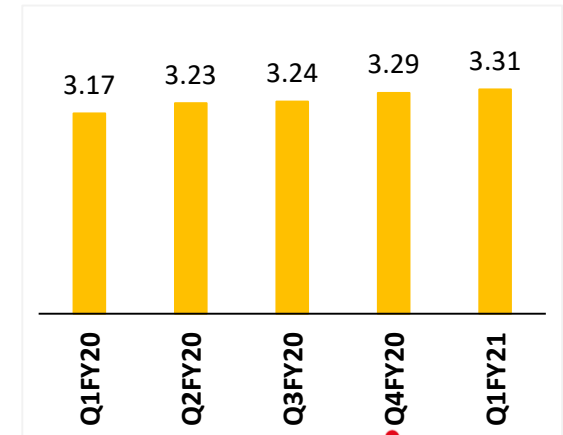
### Occupancy (%)



### ARPOB (INR Cr per annum)



### ALOS (Days)



# Key Initiatives – Q1FY21

- **FMRI, Gurugram** in association with Healthcare at Home, launched a Home Isolation Support Programme for COVID -19 positive patients who are asymptomatic / with mild symptoms.
- To enhance patient safety during COVID-19, **Fortis Hospital, Noida**, launched a first-of-its-kind drive-in clinic that helps patients to do all the necessary activities such as doctor consultation, providing samples, collecting medication etc. without entering hospital building.
- The Department of Mental Health and Behavioural Sciences launched a special series of webinars for school students, parents, principals, teachers and counsellors to enhance emotional well-being during COVID-19. Sessions were conducted along the themes of Coping Mechanisms in Uncertain Times, Keeping Children Engaged During Lockdown and Positive Social Media Use

# Clinical Excellence – Q1FY21

An 82-year-old patient with underlying lung and heart conditions, hypertension and diabetes recovered from COVID-19 infection after treatment at Fortis Hospital, Anandapur, Kolkata. The patient stayed in the hospital for 24 days, which included two extremely critical stints in the ICU.

A 43-year-old patient, a known case of hypertension, presented with bilateral pneumonia due to COVID 19 infection, requiring mechanical ventilation was successfully treated. The patient needed intensive monitoring and supportive care & had a difficult clinical course. He was cautiously weaned off the ventilator after 11 days. The patient was discharged after he was asymptomatic with normal oxygen saturation and 3 successive negative COVID tests.

Two critically ill patients with severe COVID-19 infection were successfully treated at FMRI, Gurugram. One patient had bilateral pneumonia with severe breathing problems and had intractable hypoxemia (low oxygen in blood) requiring care in the prone position. Another case presented with severe Acute Kidney Injury with very high creatine count, requiring hemodialysis. Predominant severe kidney injury is a rare presentation of COVID-19 infection.

A 27-day-old baby became the youngest patient at Hiranandani Hospital, Vashi - A Fortis Network Hospital to beat COVID-19. The infant was admitted with mild symptoms, after he tested positive for COVID-19. The baby's parents, along with the entire family comprising of 14 members, tested positive and were admitted to the hospital.

## 5. Performance Review – Diagnostics Business

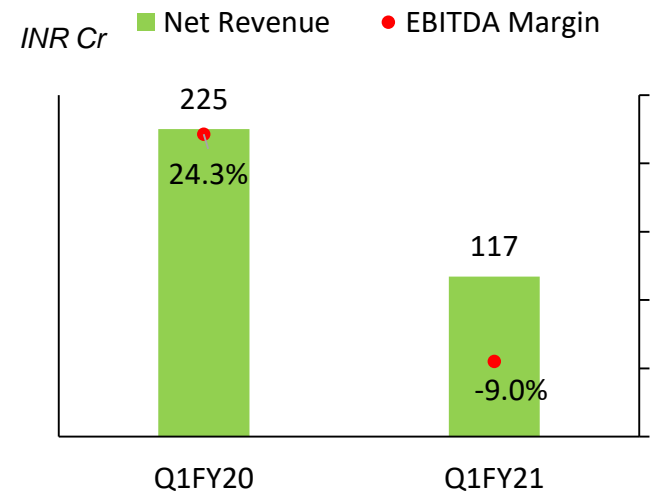
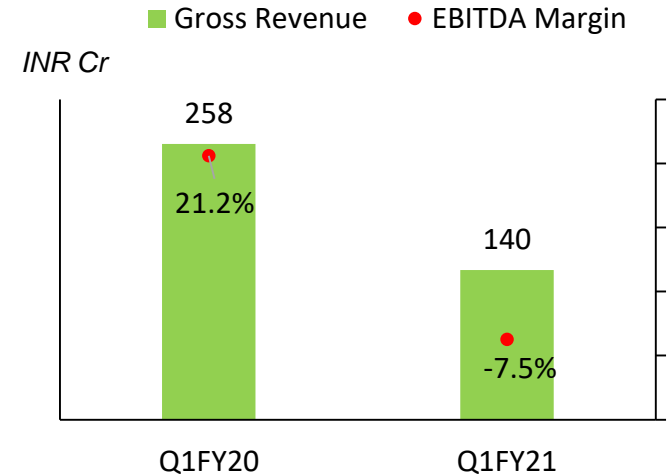


# Diagnostics Business – Q1 FY21

- SRL conducted approximately 3.3 Mn\* tests during Q1FY21, a decline of 57.0%. Launched 6 new labs and added 25 collection centers to its network in Q1FY21
- Month on month acceleration in revenues from Collection Centers ahead of other channels
- In addition to Covid testing facilities in NCR, Mumbai and Kerala; work for 5 new Labs underway at Bengaluru, Chennai, Hyderabad, Jharkhand and Kolkata.
- Initiated new product promotions in Q1 to address current hospital and patient needs .i.e. immune check panel, smart plus health report, etc
- Achieved significant cost rationalization with ~19% reduction in fixed costs

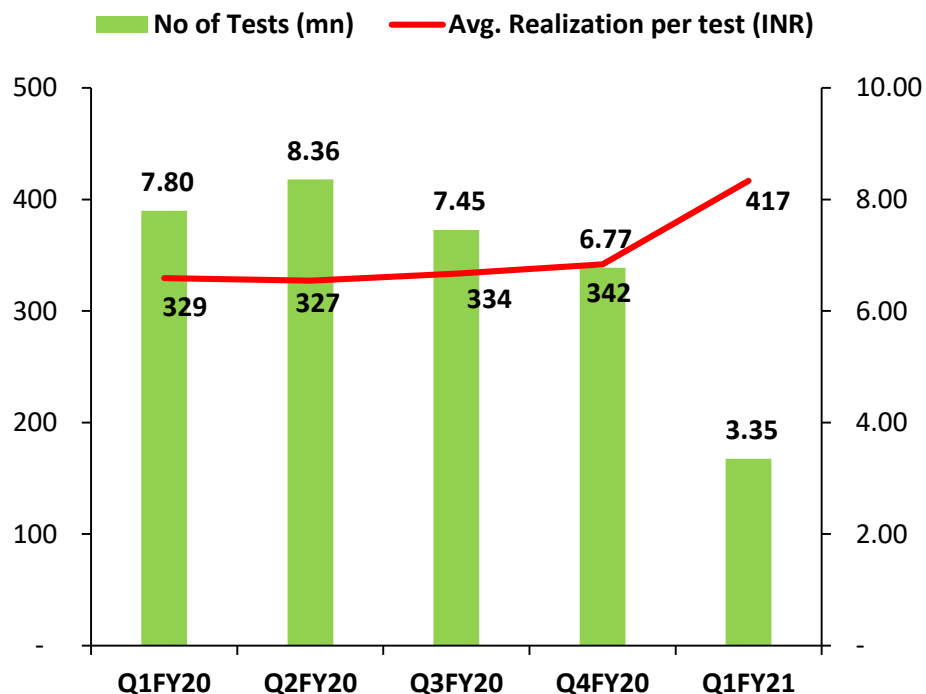
\* Excluding JVs

• EBITDA includes other income

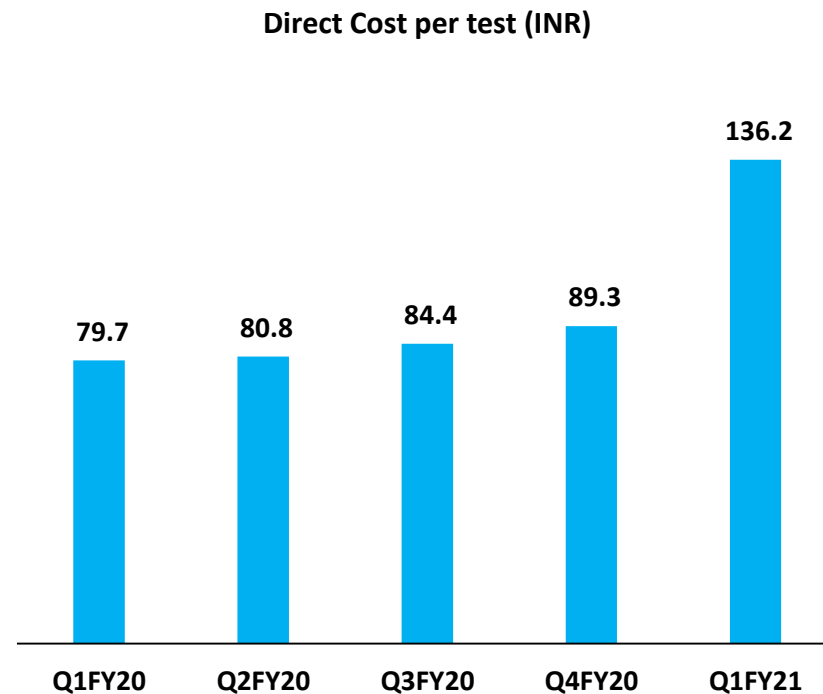


# Key Performance Metrics

## Number of Tests and Average Realizations\*



## Direct Cost per test



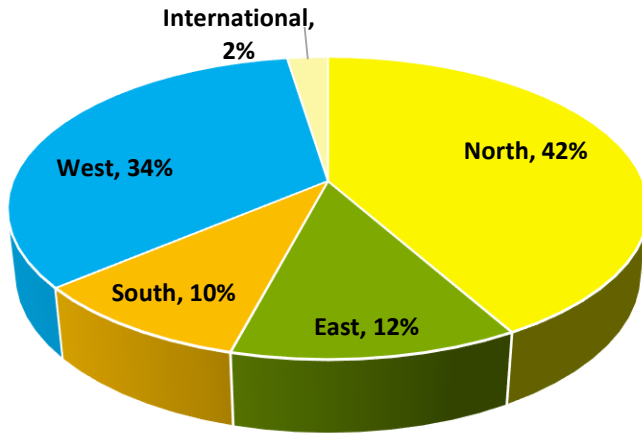
Higher average realisation per test in Q1FY21 is primarily due to COVID tests; higher direct cost for COVID tests along with lower volumes in non COVID tests negatively impacted direct costs

\*Excluding joint ventures

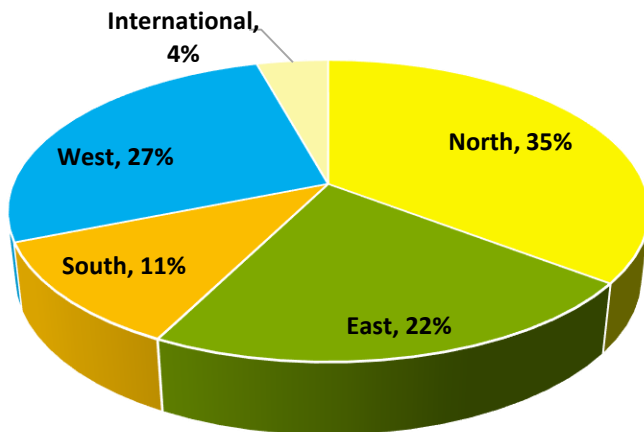
# Revenue Mix

## Geographic Mix\*

Q1 FY21

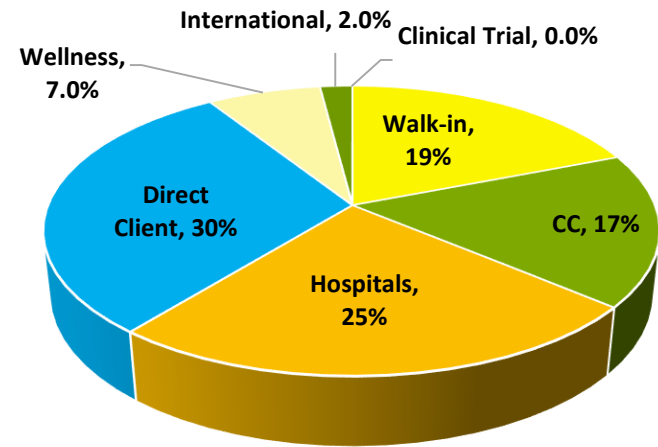


Q1 FY20

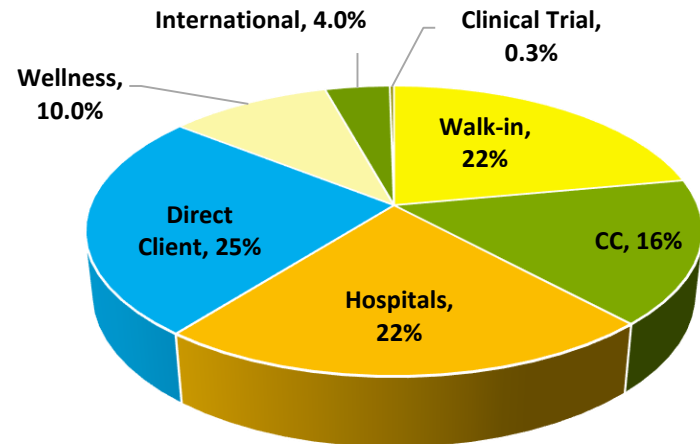


## Customer Mix\*

Q1 FY21



Q1 FY20



\* Excluding JVs

## 6. Appendix

# Group Consolidated P&L – Q1FY21

Particulars ( INR Cr)	Q1FY20	Q4FY20	Q1FY21
	Unaudited	Audited	Unaudited
<b>Revenue from operations</b>	<b>1,138.3</b>	<b>1,112.9</b>	<b>605.9</b>
Other income	19.6	18.4	4.4
<b>Total income</b>	<b>1,157.9</b>	<b>1,131.3</b>	<b>610.4</b>
Expenses	996.0	987.1	709.2
<b>EBITDA*</b>	<b>161.8</b>	<b>144.2</b>	<b>(98.8)</b>
<b>Margin</b>	<b>14.2%</b>	<b>12.7%</b>	<b>-16.3%</b>
Finance costs	50.9	57.0	41.1
Depreciation and amortisation expense	71.0	80.1	71.6
<b>PBT</b>	<b>40.0</b>	<b>7.2</b>	<b>(211.6)</b>
Share of profit / (loss) of associates and joint ventures (net)	2.8	2.0	2.9
<b>Net profit / (loss) before exceptional items and tax</b>	<b>42.8</b>	<b>9.2</b>	<b>(208.7)</b>
Exceptional gain / (loss)	9.5	-	0.4
<b>Profit / (loss) before tax from continuing operations</b>	<b>52.3</b>	<b>9.2</b>	<b>(208.3)</b>
Tax expense / (credit)**	(25.7)	50.4	(20.4)
<b>Net profit / (loss) for the period from continuing operations</b>	<b>78.0</b>	<b>(41.2)</b>	<b>(187.9)</b>
<b>Profit / (loss) from continuing operations attributable to Owners of the company</b>	<b>67.8</b>	<b>(44.5)</b>	<b>(178.9)</b>

\*EBITDA includes other income, forex and exceptional/non-recurring expenses

\*\*Tax credit in Q1FY21 mainly due to non-recognition of DTA in certain Fortis subsidiaries

**For further details please contact:**

**Anurag Kalra / Gaurav Chugh**

Investor Relations

+91-9810109253 / 9958588900

Fortis Healthcare Limited

**Thank You**