



FORTIS HEALTHCARE LIMITED

EARNINGS PRESENTATION— Q2 FY23 & H1 FY23

November 11, 2022

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AGENDA

1. Performance Highlights
 - Earnings and Financial Summary – Q2 FY23 & H1 FY23
2. Performance Review - Hospital Business
3. Performance Review - Diagnostics Business
4. Appendix





Q2FY23 & H1FY23

PERFORMANCE HIGHLIGHTS

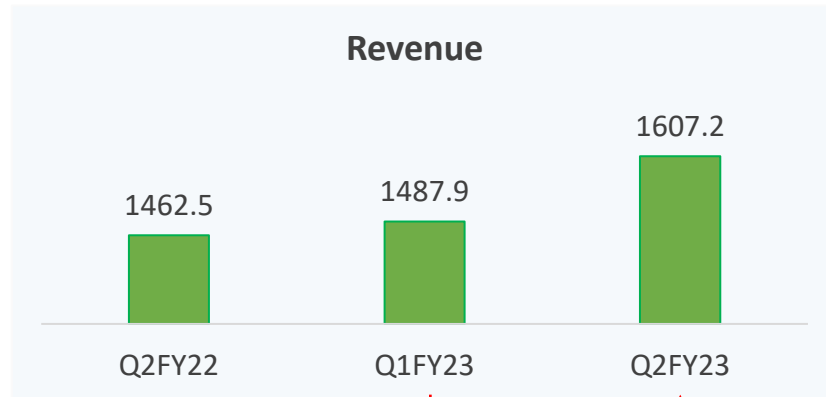
Q2FY23 SNAPSHOT

- Consolidated revenues of the company grew 9.9% versus Q2FY22 and 8.0% versus Q1 FY23
- Hospital business records robust performance - revenues grow 18.1% versus Q2FY22 and 8.8% versus Q1FY23
- Hospital Business EBITDA[^] up 30% YoY to INR 246 Crs, EBITDA margin of 18.9%.
- Hospital business EBITDA contribution to consolidated EBITDA increased to ~77% versus 65% in Q2 FY22
- ARPOB grew 5.3% to INR 1.97 Cr vs INR 1.87 Cr in Q2FY22; Surgical : non-surgical mix stood at 59 :41
- Adjusted for covid volumes, diagnostics business revenues grew 5.3% and 5.6% versus Q2FY22 and Q1 FY23 respectively. The overall diagnostics revenues were impacted due to lower covid volumes versus the corr. previous period.
- Net debt to EBITDA strengthened to 0.44x versus 0.74x in the corr. previous period, net debt was at INR 565 Crs, lower by ~INR 304 Crs

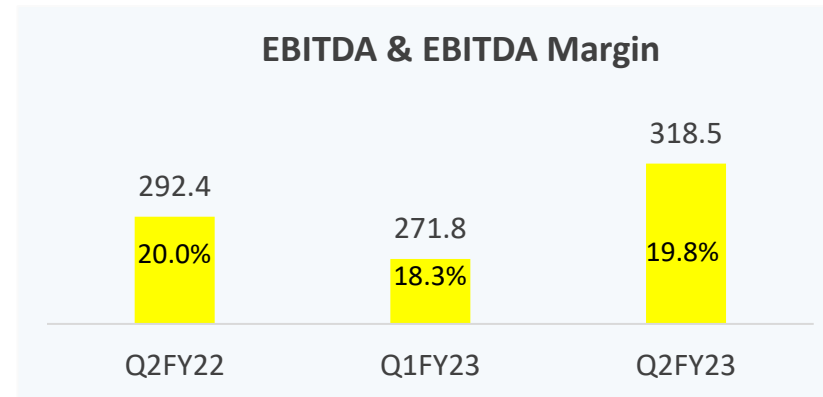
[^] Excludes dividend income received from SRL for the Company's 57% stake in SRL

CONSOLIDATED EARNINGS SUMMARY – Q2FY23

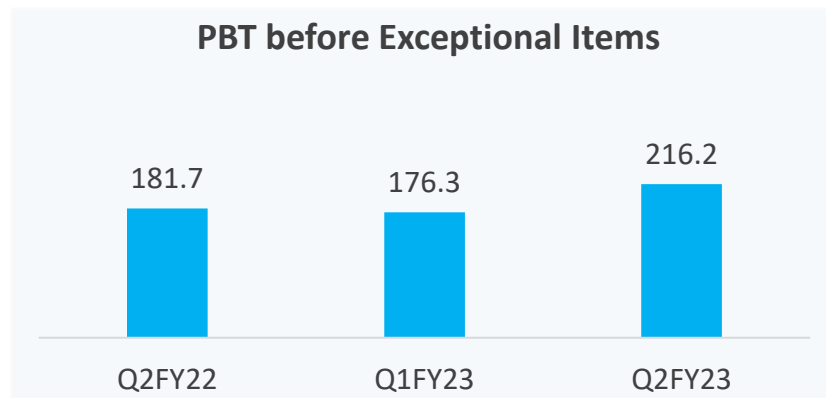
All figures in INR Crs.



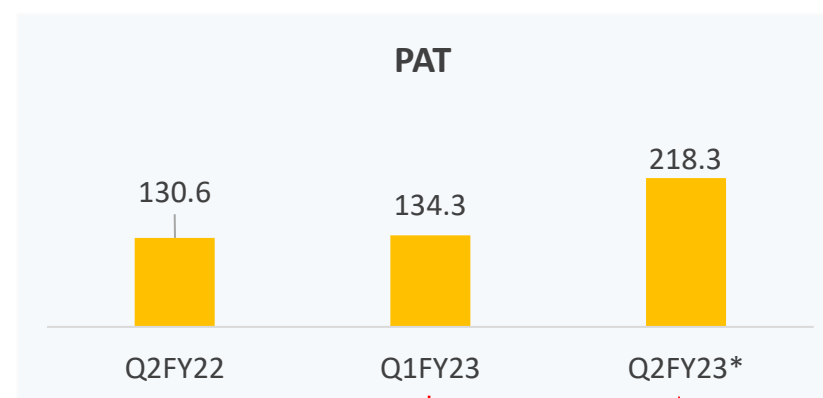
Up 8.0%



Up 17.2%



Up 22.6%

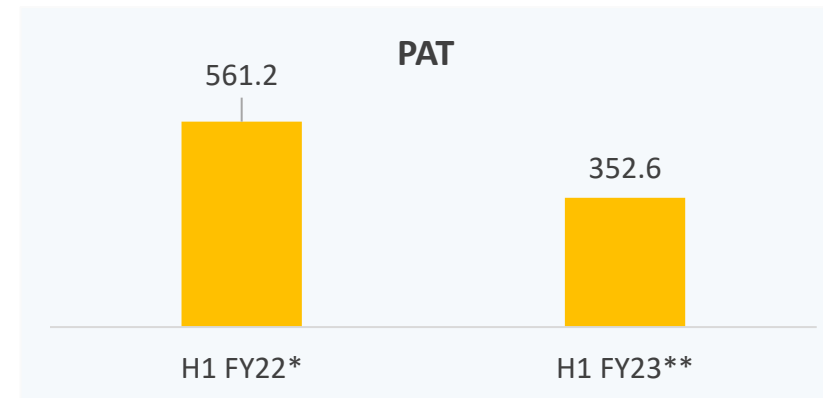
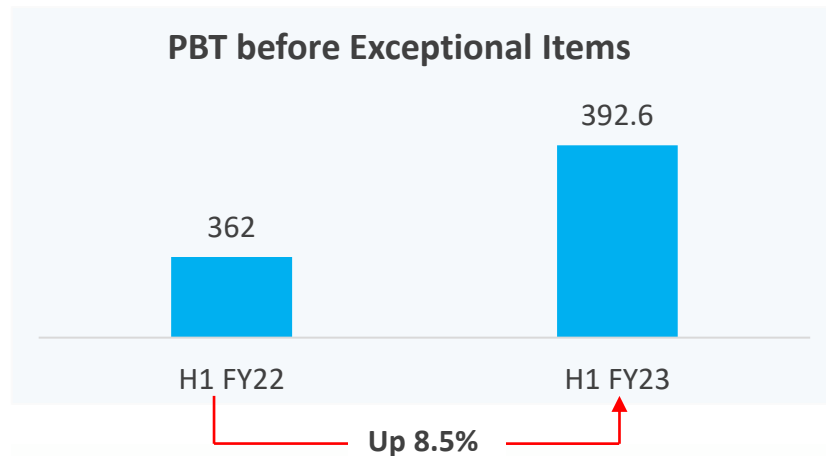
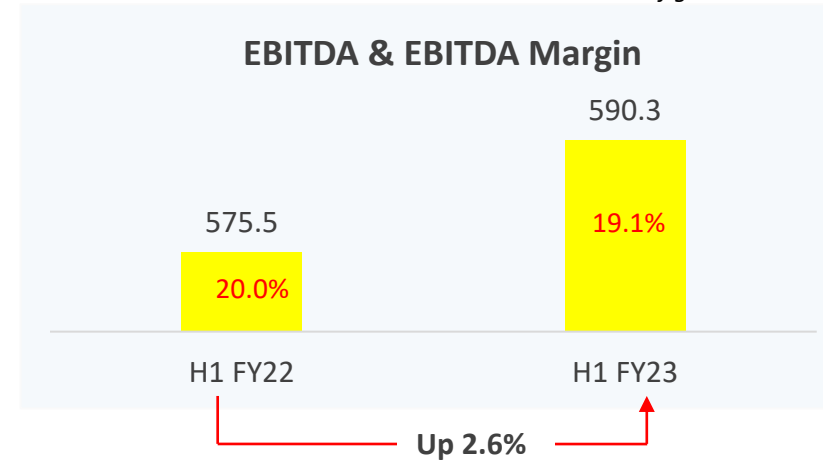
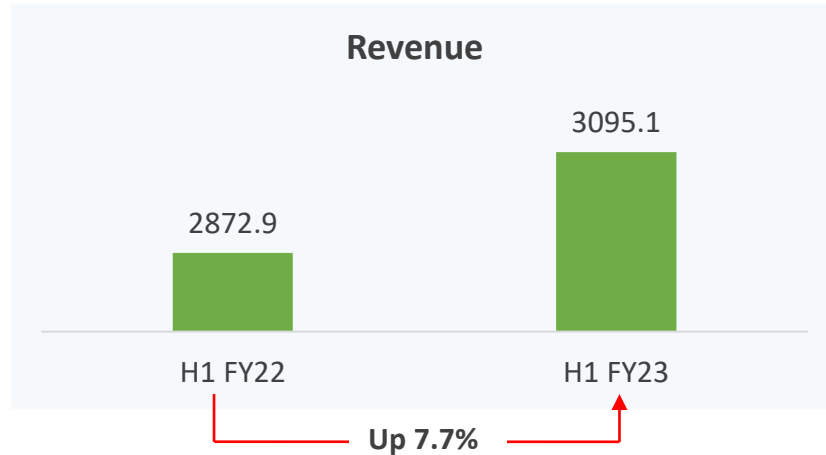


Up 62.5%

*Q2FY23 includes an exceptional gain of INR 51.6 Cr which pertains to reversal of impairment in an associate Company

CONSOLIDATED EARNINGS SUMMARY – H1FY23

All figures in INR Crs.

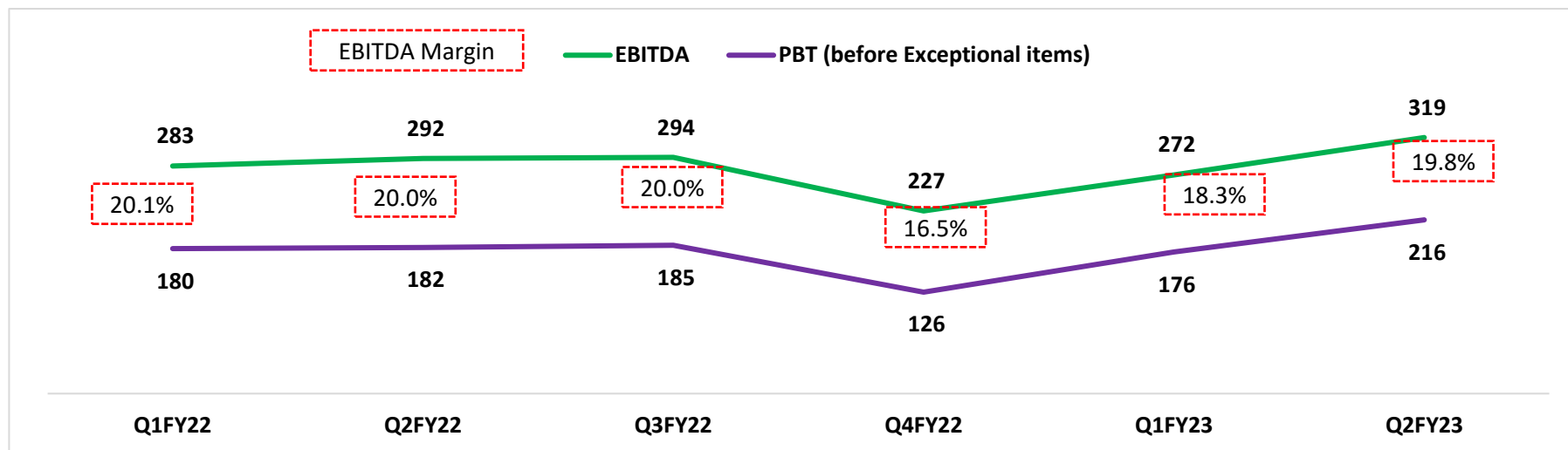
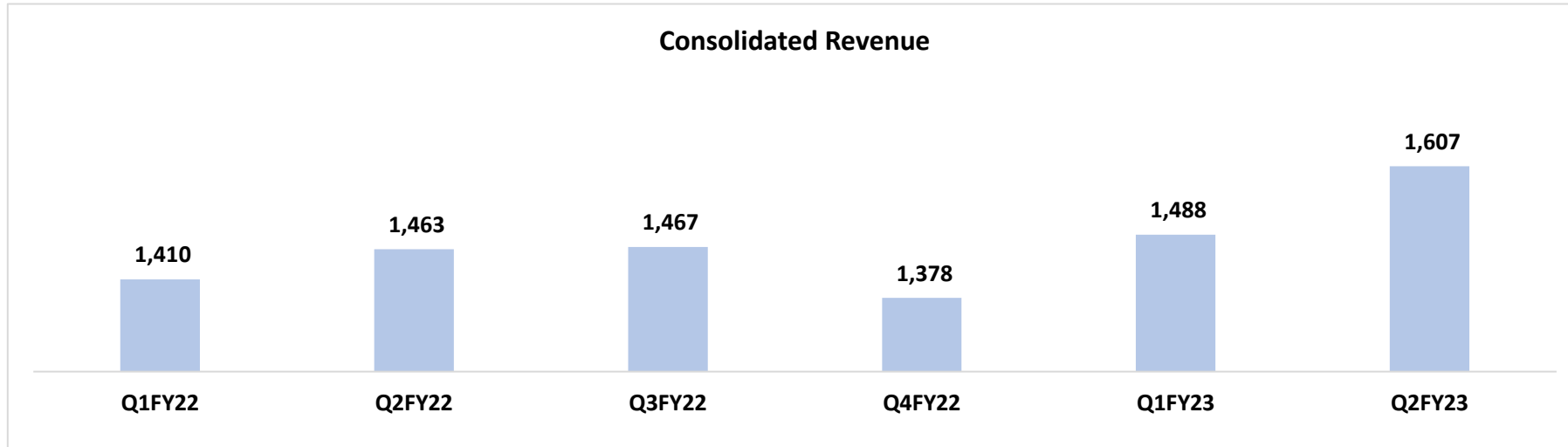


- H1 FY22 PAT includes exceptional gain of ~INR 306 Cr related to remeasurement of the previously held equity interest of SRL in the SRL-DDRC JV at its fair value post acquisition of the balance 50% stake in the said JV in April 2021.

** H1FY23 includes an exceptional gain of INR 51.6 Cr which pertains to reversal of impairment in an associate Company

CONSOLIDATED EARNINGS SUMMARY

All figures in INR Crs.



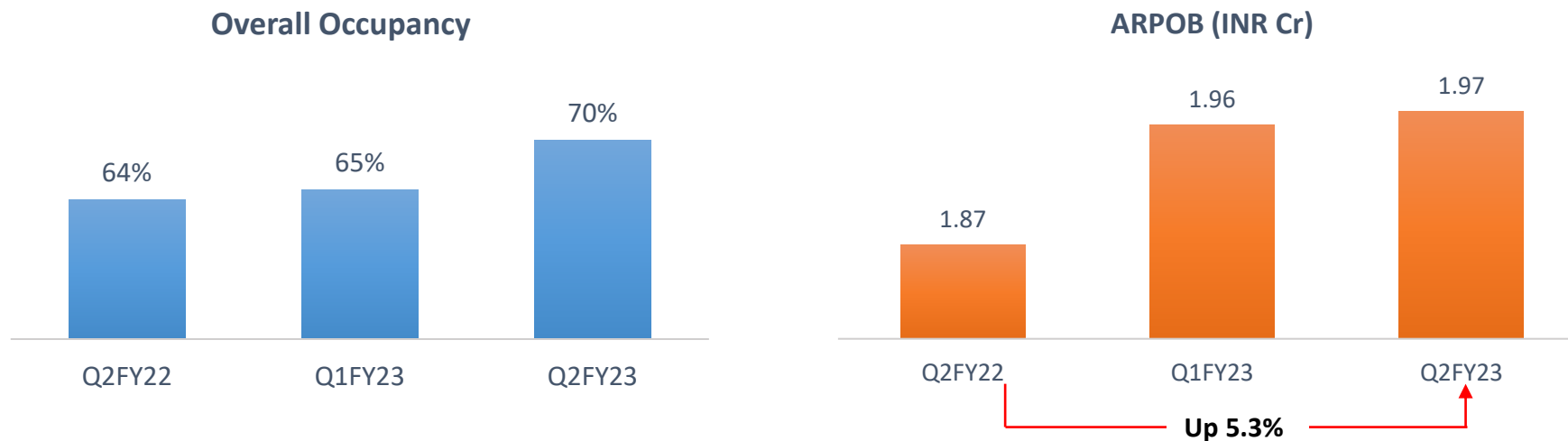
EBITDA includes other income and forex gain / (loss)

Q2FY23

HOSPITAL BUSINESS HIGHLIGHTS

- Revenues grew 18.1% to INR 1,297 Cr versus INR 1,098.5 Cr in Q2FY22. Revenues for Q1 FY23 stood at INR 1,192.4 Cr.
- EBITDA was at INR 245.7 Cr versus INR 189.1 Cr in Q2FY22 and INR 207.8 Cr in Q1FY23. Margins were at 18.9% in Q2 FY23 versus 17.2% in Q2FY22 and 17.4% in Q1FY23; (Q2FY23 EBITDA excludes dividend income of INR 21.5 Crs received from the Company's majority owned (57%) subsidiary SRL Limited)
- Revenue growth during Q2FY23 versus the trailing and corresponding quarters was led by higher occupancy, a better product mix and the pick-up witnessed in international patient revenues

Key Performance Indicators



Q2FY23

HOSPITAL BUSINESS HIGHLIGHTS (CONT.)

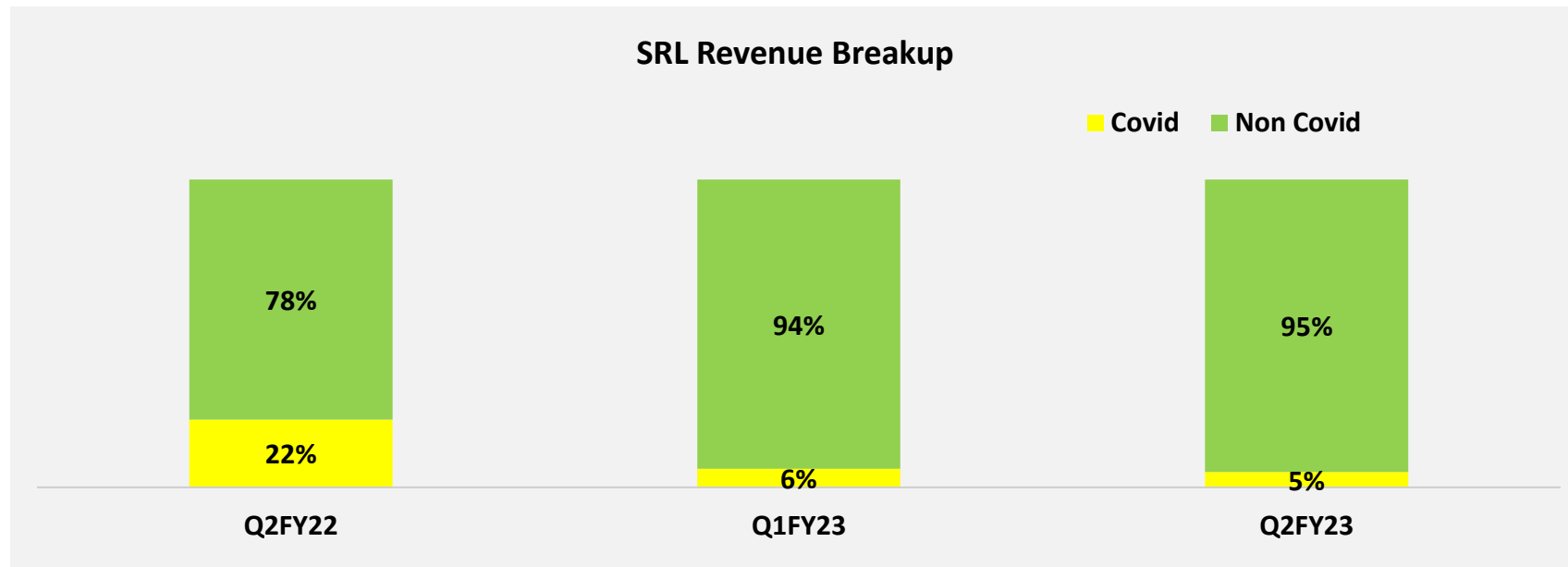
- Q2FY23 occupancy stood at 70% versus 64% Q2FY22 and 65% in Q1FY23. ARPOB for Q2FY23 was at INR 1.97 Crs, + 5.3% versus INR 1.87 Crs in Q2FY22
- Revenue contribution from Company's focus specialties comprising Oncology, Gastroenterology, Neurosciences, Renal Sciences, Orthopaedics and Cardiac Sciences grew 25% and contributed 60% to overall hospital revenues. (Q2FY22 : 57%)
- Many of the Company's key facilities i.e. FMRI, Noida, BG Road and Mohali recorded healthy growth in revenues and witnessed margin expansion both versus the corresponding and trailing quarter
- International Patient revenues grew 164% to INR 109 Crs in Q2FY23 vs Q2FY22. The business contributed 8.4% to overall hospital business revenues versus 3.8% in Q2FY22 and 7.5% in Q1FY23.



Q2FY23

DIAGNOSTIC BUSINESS HIGHLIGHTS

- SRL reported revenue of INR 351.2 Cr in Q2FY23 as compared to INR 402.7 Cr in Q2FY22. The decline was largely as a result of the drop in Covid test volumes from Q2FY22 due to the pandemic. Revenues for Q1 FY23 were at INR 332.6 Cr.
- EBITDA for the quarter stood at INR 72.7 Cr versus INR 103.3 Cr in Q2FY22 and INR 64 Cr in Q1FY23. EBITDA Margins were better than trailing quarter (20.7% versus 19.3%), however lower versus Q2FY22 at 25.7%.



OPERATING PERFORMANCE

HOSPITAL BUSINESS

Particulars (INR Cr)	Hospital Business				
	Q2FY22	Q1FY23	Q2FY23	H1FY22	H1FY23
Operating Revenue	1,098.5	1,192.4	1,297.0	2,105.0	2,489.3
Revenue Growth vs LY		18.5%	18.1%		18.3%
Reported EBITDA[^]	189.1	207.8	267.2	338.7	475.0
EBITDA growth vs LY		38.9%	41.3%		40.3%
Margin	17.2%	17.4%	20.6%	16.1%	19.1%
Adj: Other Income [^]	5.2	14.5	30.5	11.4	45.0
Operating EBITDA	183.9	193.3	236.7	327.2	429.9
Margin	16.7%	16.2%	18.2%	15.5%	17.3%

• Above financials includes financials of International entities which are part of Fortis group; mainly RHTTM.

• [^]Hospital business reported EBITDA for Q2FY23 includes other income primarily as a result of the dividend income received from the Company's majority owned (57%) subsidiary SRL Limited.

OPERATING PERFORMANCE

DIAGNOSTIC BUSINESS

Particulars (INR Cr)	Diagnostic Business				
	Q2FY22	Q1FY23	Q2FY23	H1FY22	H1FY23
Operating Revenue*	402.7	332.6	351.2	844.1	683.8
Revenue Growth vs LY		-24.6%	-12.8%		-19.0%
Reported EBITDA	103.3	64.0	72.7	238.2	136.8
EBITDA growth vs LY		-52.5%	-29.6%		-42.6%
Margin	25.7%	19.3%	20.7%	28.2%	20.0%
Adj: Other Income incl FX	2.8	6.2	6.5	5.8	12.7
Operating EBITDA	100.5	57.8	66.3	232.4	124.1
Margin	25.0%	17.4%	18.9%	27.5%	18.1%

- Diagnostics business revenue is on Gross Basis; Diagnostic business Q2FY23 net revenue (net of inter company elimination) stood at INR 310 Cr versus INR 364 Cr in Q2FY22 and INR 295 Crs in Q1FY23.

BALANCE SHEET

Sept 30, 2022

Balance Sheet (INR Cr)	Sept 30, 2021	March 31, 2022	Sept 30, 2022
Shareholder's Equity	6,899	7,008	7,788
Debt	1,239	966	940
Lease Liabilities (Ind AS 116)*	284	289	292
Total Capital Employed	8,422	8,263	9,020
Net Fixed Assets (including intangibles & CWIP)	5,546	5,486	5,660
Goodwill	4,136	4,123	4,133
Investments	145	104	151
Cash and Cash Equivalents	369	416	375
Net Other Assets	(1,774)	(1,866)	(1,299)
Total Assets	8,422	8,263	9,020
Net Debt / (cash)	869	549	565
Net Debt to Equity	0.13x	0.08x	0.07x

- *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.
- Net debt to EBITDA was at 0.44x vs 0.74x (basis annualized EBITDA of Q2FY23 & annualized EBITDA Q2FY22, respectively)



PERFORMANCE REVIEW

HOSPITALS BUSINESS

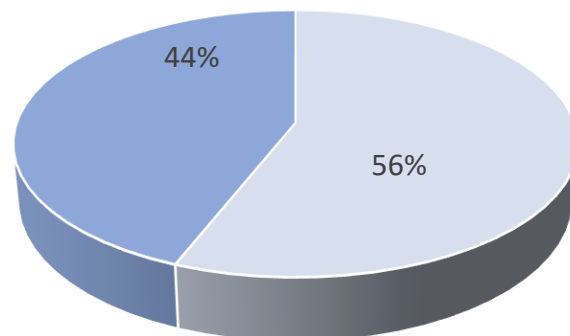
STRENGTHENING MEDICAL INFRASTRUCTURE

- During the quarter, **Fortis Escorts Hospital, Jaipur**, launched a state-of-the-art Lung Transplant Clinic and Pulmonary Medicine Unit to cater to serious patients requiring lung transplant
- **Fortis Mulund** witnessed commissioning of a new LINAC during the quarter.
- **Fortis Mohali** and **Fortis Faridabad** launched the Bone Marrow Transplant (BMT) program during the quarter
- A new Cath Lab was installed at **Fortis Mohali** Hospital; the hospital also witnessed the launch of a Sports medicine program in the quarter.
- **Fortis BG Road**, Bengaluru commissioned an Ortho Robot in the quarter.
- Installation of a neuro navigation system was completed at **Fortis Amritsar** during Q2FY23

REVENUE MIX

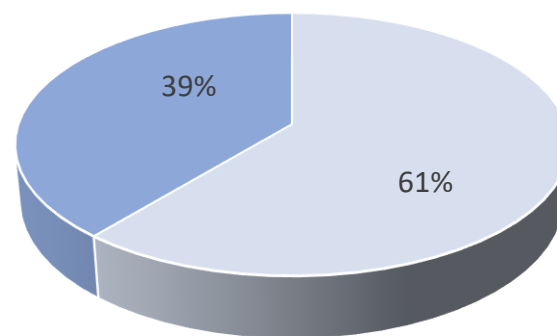
Q2 FY22

Gross Revenue : INR 1,160 CR



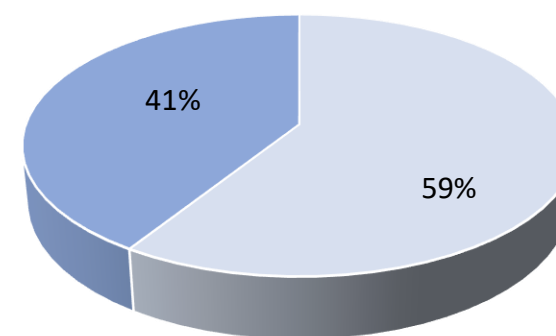
Q1 FY23

Gross Revenue : INR 1,248 CR



Q2 FY23

Gross Revenue : INR 1,365 CR

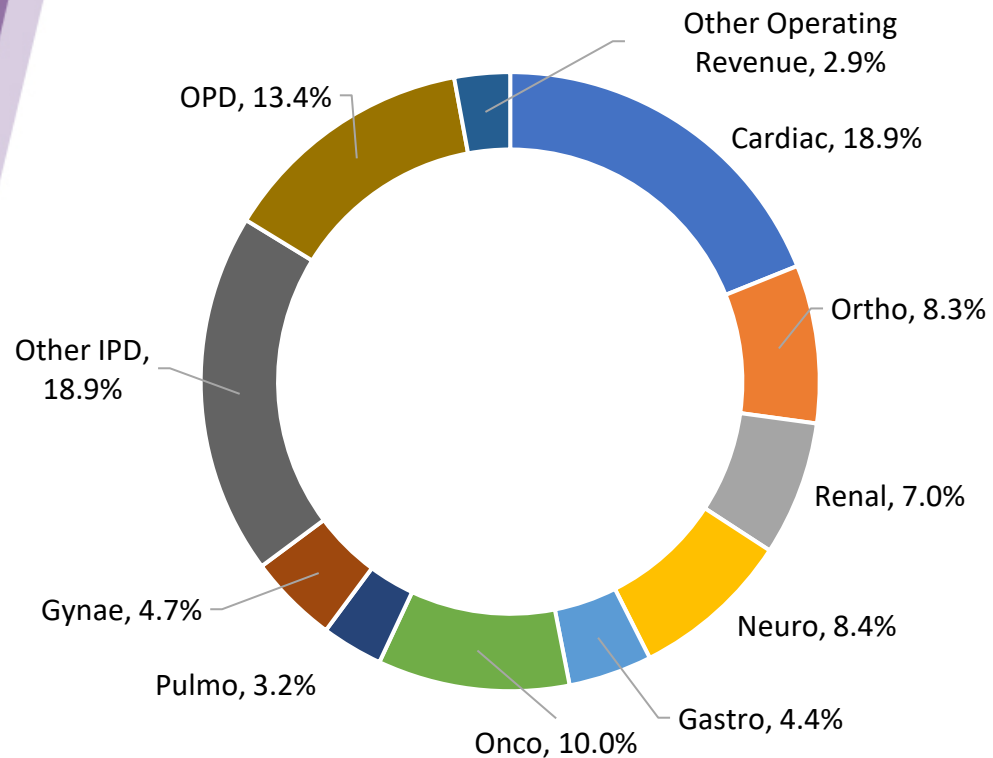


■ NonSurgical Revenue ■ Surgical Revenue

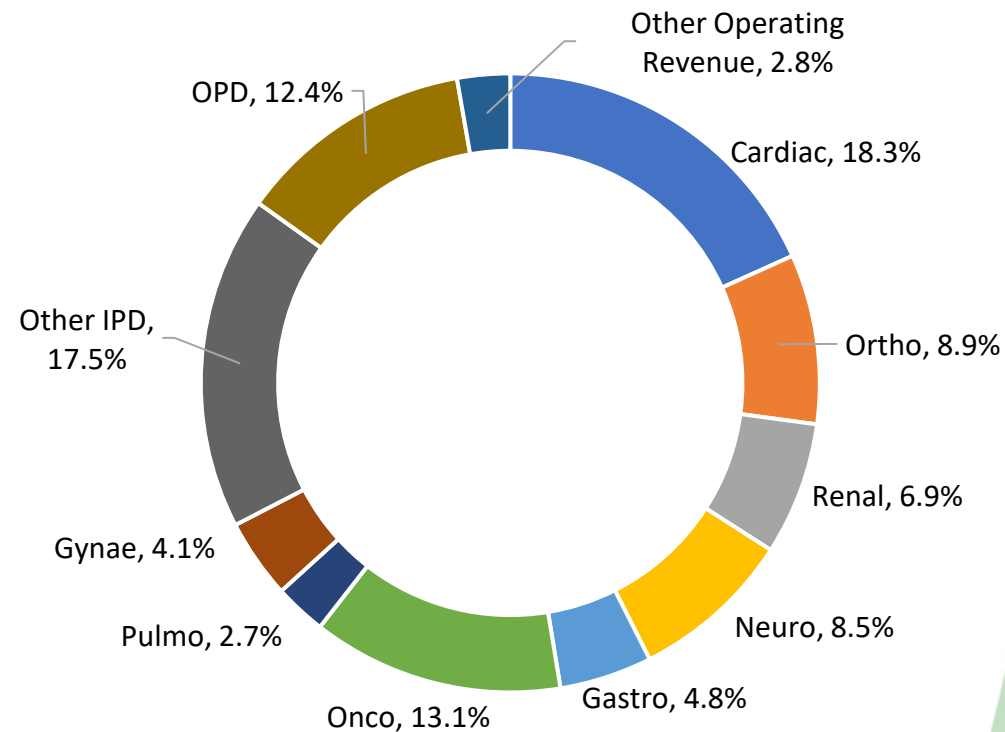
- Contribution from surgical revenue stood at 59% compared to 56% in Q2FY22 and 61% in Q1FY23

SPECIALTY MIX

Q2 FY22

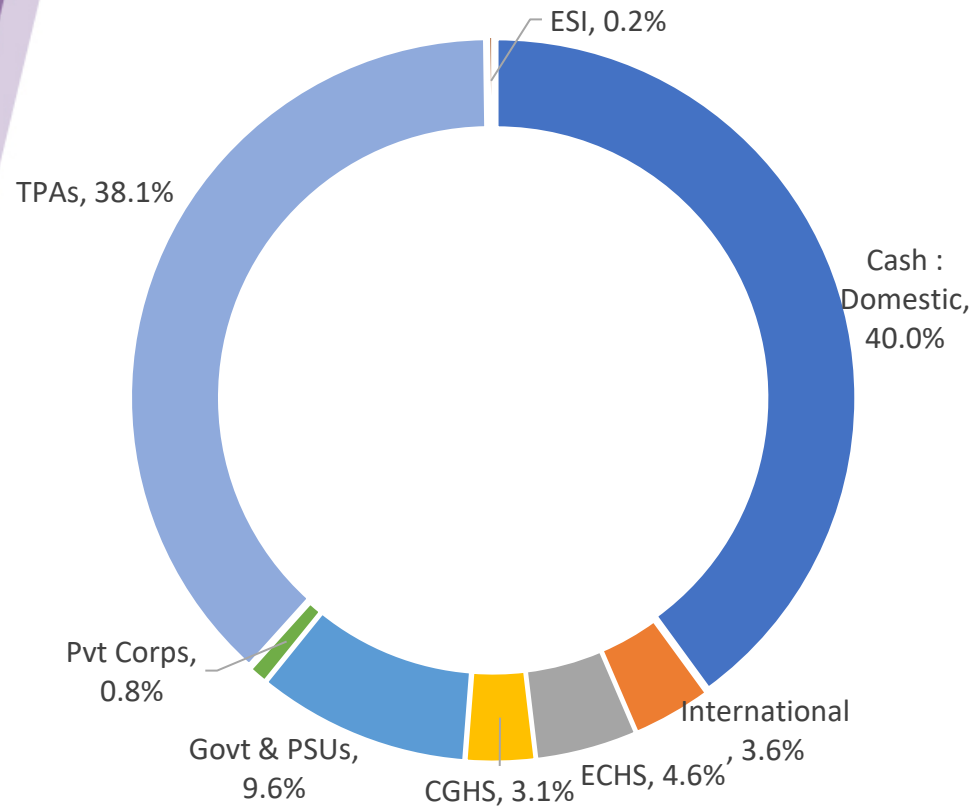


Q2 FY23

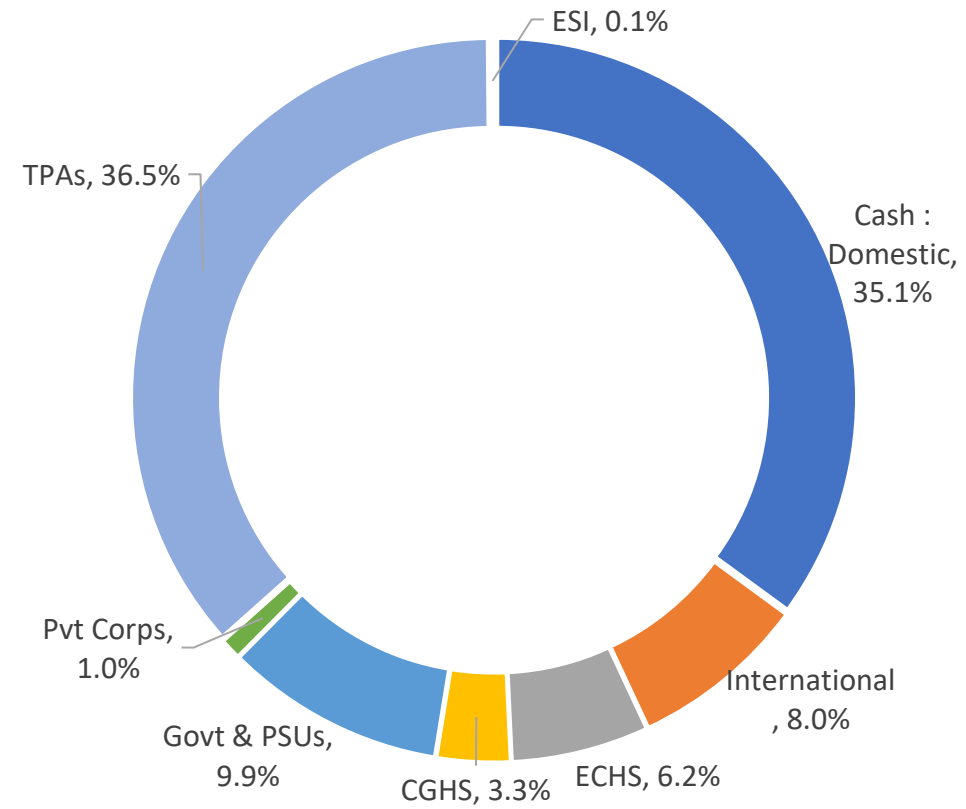


PAYOR MIX

Q2 FY22

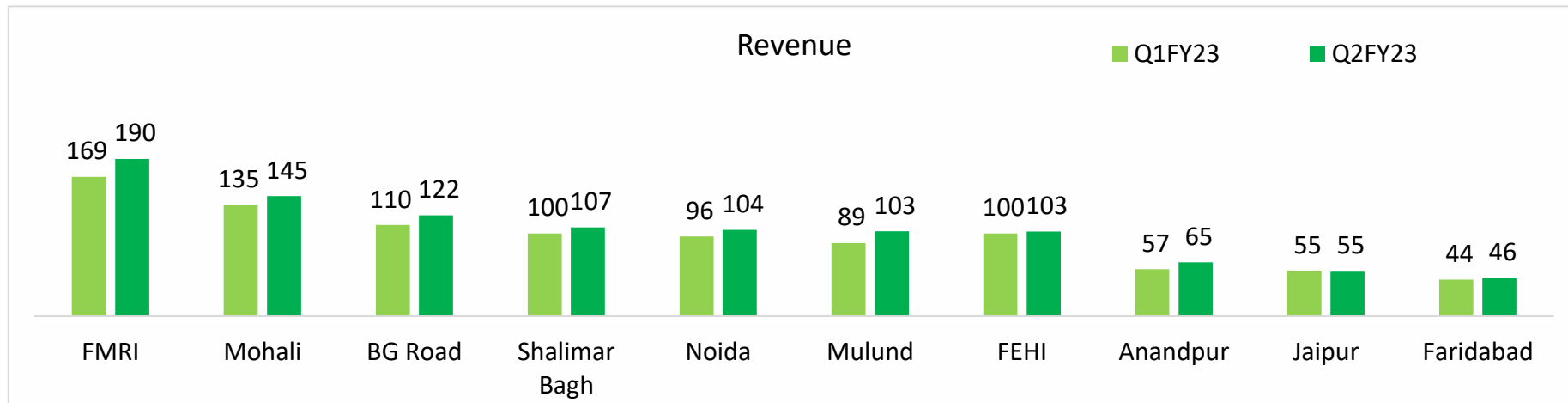
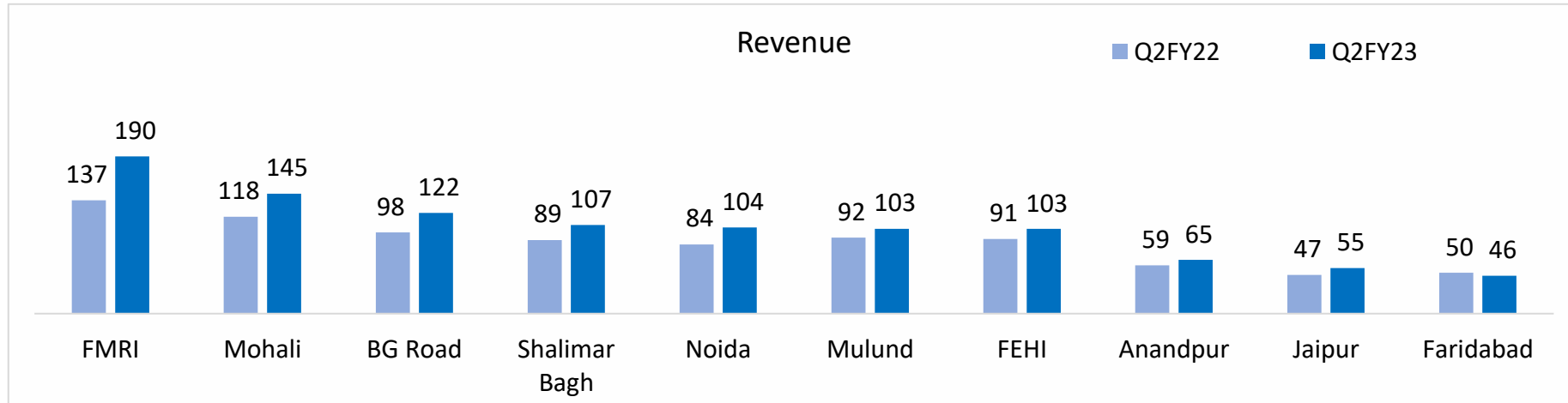


Q2 FY23



HOSPITAL BUSINESS PERFORMANCE

Most of the facilities across the network continue to witness a strong traction in revenues



All figures in INR Crs.

HOSPITAL MARGIN MATRIX

Q2 FY23

EBITDA	No of Facilities	Revenue Contribution	Operational beds	ARPOB (INR Cr)	Occupancy
>25%	4	34%	1,176	2.13	73%
20% - 25%	7	30%	1,003	2.21	73%
15% - 20%	5	19%	774	1.78	72%
10% - 15%	1	8%	310	2.02	71%
<10%	5	10%	716	1.37	55%

FY22

EBITDA	No of Facilities	Revenue Contribution	Operational beds	ARPOB (INR Cr)	Occupancy
>25%	3	20%	679	1.96	67%
20% - 25%	7	44%	1,544	1.87	68%
15% - 20%	3	5%	266	1.28	63%
10% - 15%	2	9%	283	2.23	65%
<10%	8	22%	1,159	1.57	55%

- EBITDA margins are prior to corporate cost allocation and IndAS adjustments; Total number of facilities in Q1 FY23 & Q2FY23 stands at 22 due to the exit from the Dehradun facility

CLINICAL EXCELLENCE

- In a rare feat, a team of doctors at **Fortis Escorts, Okhla, New Delhi**, removed the world's largest floating loose body weighing about 400 gm, from the knee joint of a 77-year-old patient.
- A 104-year-old man's hip fracture was successfully treated through Complex Primary Revision Hip Replacement Surgery at **Fortis Anandapur, Kolkata**.
- Doctors at **Fortis Escorts, Faridabad**, saved the life and voice of a 28-year-old kite string injury victim. The sharp string had caused grievous injuries to the neck blood vessels and the voice box.
- A rare case of Adult Congenital Bochdalek Diaphragmatic Hernia was treated laparoscopically at **Fortis Escorts, New Delhi**

**Above data pertains to Q2FY23*



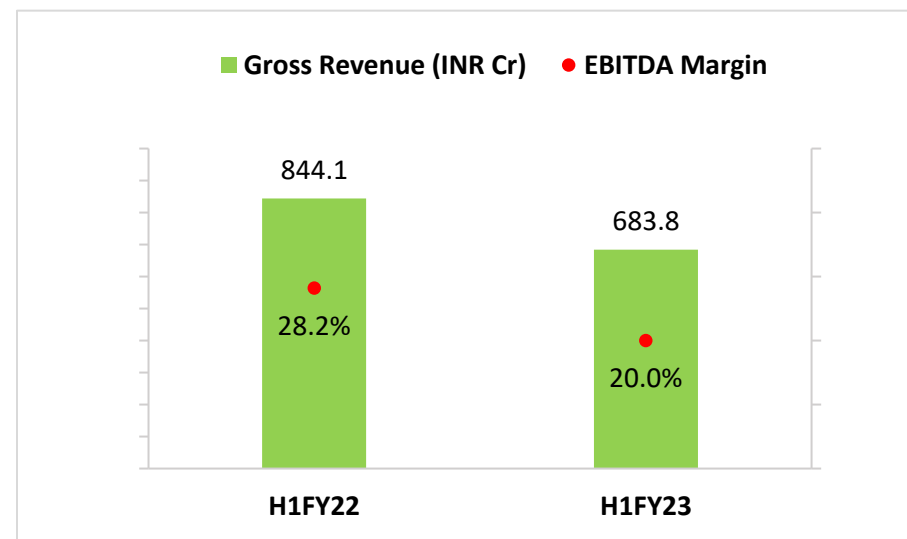
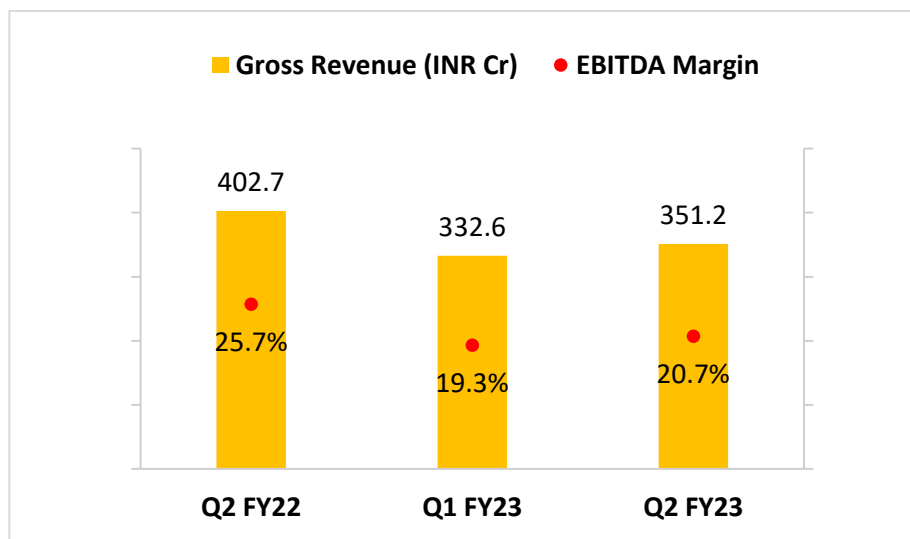


PERFORMANCE REVIEW

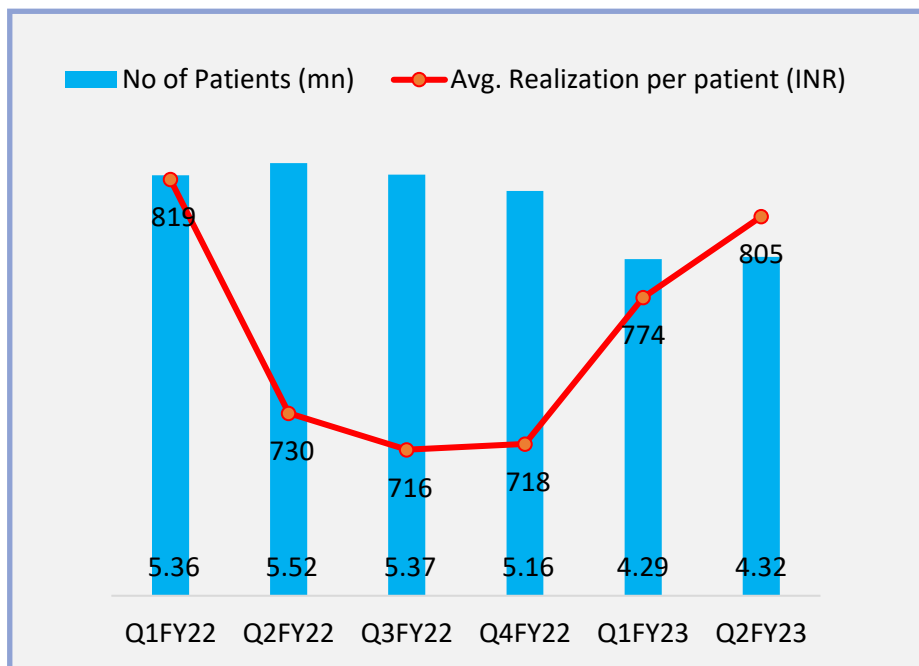
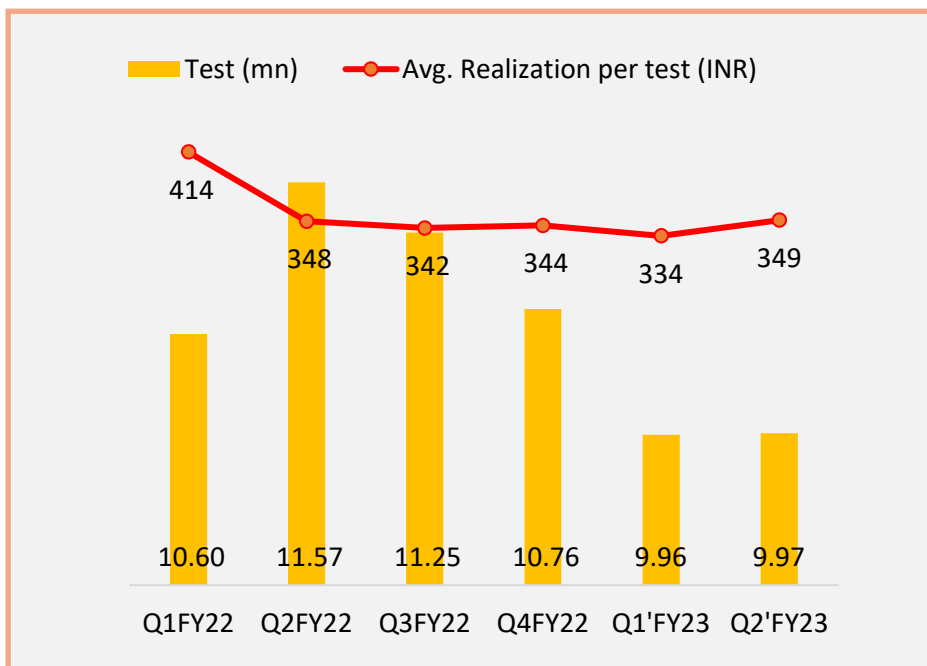
DIAGNOSTICS BUSINESS

DIAGNOSTICS BUSINESS

- During Q2'FY23, SRL conducted approx. 9.97 Mn tests, a de-growth of 14% versus Q2'FY22 due to change in volume mix .In Q1'FY23 SRL conducted 9.95 Mn tests.
- SRL added 207 Customer Touch Points (CTP's) to its network in Q2'FY23.
- SRL's B2C: B2B revenue mix stood at 55 : 45 in the quarter similar to Q2 FY22.
- Covid & CAT revenue contribution was at 5% in Q2'FY23 compared to 22% in Q2'FY22 & 6% in Q1'23.
- Non Covid revenue grew by 5.3% in Q2'FY23 compared to Q2'FY22 & 5.6% compared to Q1'FY23.
- Non Covid revenue grew by 15.5% in H1 FY23 compared to H1 FY22



KEY PERFORMANCE METRICS

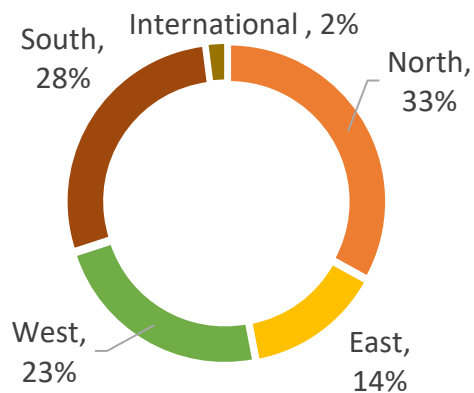


Average realisation per test and average realisation per patient witnessing an uptrend primarily due to change in test mix

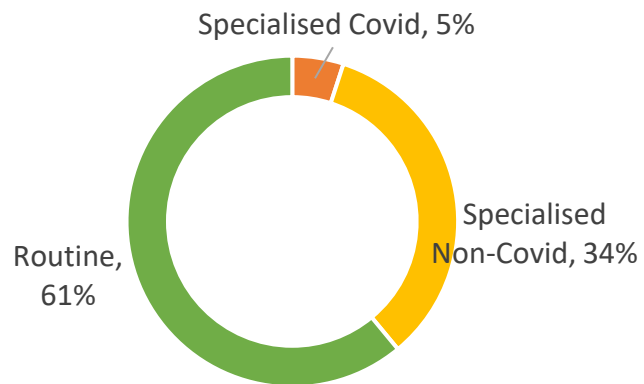
REVENUE MIX

Q2FY23

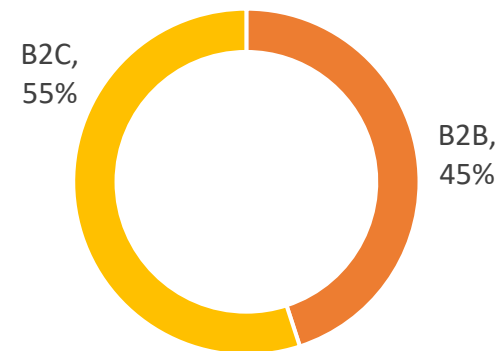
Geographic mix



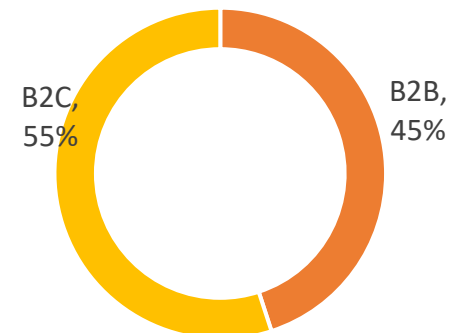
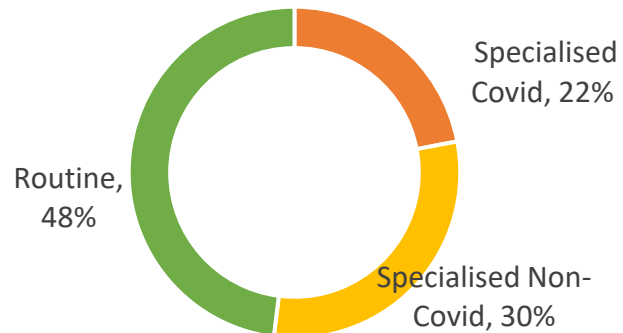
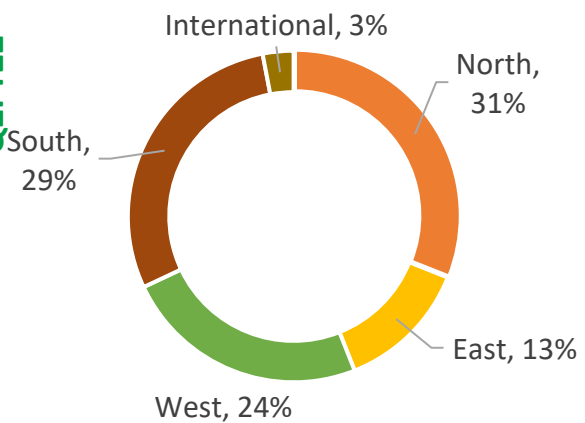
Product Mix



Segment Mix



Q2FY22





APPENDIX



GROUP CONSOLIDATED P&L – Q2FY23

Particulars (INR Cr)	Q2FY22	Q1FY23	Q2FY23
Revenue from operations	1,462.5	1,487.9	1,607.2
Other income	8.0	20.7	15.5
Total income	1,470.6	1,508.6	1,622.7
Expenses	1,178.2	1,236.8	1,304.3
EBITDA*	292.4	271.8	318.5
Margin	20.0%	18.3%	19.8%
Finance costs	40.3	31.2	32.8
Depreciation and amortisation expense	74.5	74.3	76.9
PBT	177.5	166.3	208.7
Share of profit / (loss) of associates and joint ventures (net)	4.2	10.0	7.5
Net profit / (loss) before exceptional items and tax	181.7	176.3	216.2
Exceptional gain**	0.3	0.0	51.6
Profit / (loss) before tax from continuing operations	182.0	176.3	267.8
Tax expense / (credit)	51.4	42.0	49.6
Net profit / (loss) for the period from continuing operations	130.6	134.3	218.2
Profit / (loss) from continuing operations attributable to Owners of the company	106.9	122.3	204.4

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

**Q2FY23 includes an exceptional gain of INR 51.6 Cr which pertains to reversal of impairment in an associate Company

GROUP CONSOLIDATED P&L – H1 FY23

Particulars (INR Cr)	H1 FY22	H1 FY23
Revenue from operations	2,872.9	3,095.1
Other income	15.9	36.2
Total income	2,888.7	3,131.3
Expenses	2,313.3	2,541.0
EBITDA*	575.5	590.3
Margin	20.0%	19.1%
Finance costs	78.8	64.0
Depreciation and amortisation expense	147.5	151.2
PBT	349.2	375.0
Share of profit / (loss) of associates and joint ventures (net)	12.7	17.5
Net profit / (loss) before exceptional items and tax	362.0	392.6
Exceptional gain**	306.4	51.6
Profit / (loss) before tax from continuing operations	668.4	444.2
Tax expense / (credit)	107.2	91.6
Net profit / (loss) for the period from continuing operations	561.2	352.6
Profit / (loss) from continuing operations attributable to Owners of the company	370.4	326.6

- *EBITDA includes other income, forex and exceptional/non-recurring expenses;
- Exceptional gain of INR 306.4 Cr in H1FY22 is related to 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.

**H1FY23 includes an exceptional gain of INR 51.6 Cr which pertains to reversal of impairment in an associate Company



THANK YOU

