

Fortis Healthcare Limited

Transaction Overview



“Saving and Enriching Lives”



July 13, 2018

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Board of Fortis Healthcare approves the binding investment proposal from IHH Healthcare

- Board of Fortis Healthcare unanimously approves the binding investment proposal from IHH Healthcare for an investment of INR 4,000 Crs at a per share price of INR 170
- Price of INR 170/share offers a premium of c. 20% to the current market price and c.30% to the unaffected price as on 2nd July 2018
- Proposed investment of INR 4,000 Crs offers a comprehensive equity solution addressing Fortis' liquidity requirements, obligation towards RHT acquisition and providing an exit to private equity investors of SRL
- Offers a cash exit option to 26% shareholders (on expanded share capital) through the mandatory tender offer of upto c.INR 3,300 Crs at a price of not less than INR 170 per share
- The Transaction is subject to shareholder's approval and CCI approval

Leadership Perspectives

Chairman Message

“After a period of detailed consideration and evaluation, the Board of Directors is delighted to announce their approval of the IHH binding proposal. The IHH proposal offers a more strategically and financially compelling proposition along with simplicity and certainty. The process was relaunched on 29th May 2018 and has been conducted in a fair, time-bound and transparent manner. The release of the Audited FY 2018 financial statements was a key milestone in underpinning the overall success of the transaction. As part of the process, we look forward to continuing the dialogue with our shareholders ahead of the EGM to approve the transaction.”

Ravi Rajagopal

Chairman

CEO Message

“The proposed partnership with IHH presents exciting opportunities for Fortis while also delivering a number of synergistic avenues for the business. There is no doubt that the last twelve months have been challenging for us, however, I am confident we can collectively re-energize the entire organization. In addition to exchanging best practices and driving topline growth, we look forward to focusing back on our core business of providing world class healthcare services across India. I would like to also take this opportunity to thank all our employees, especially clinicians and nurses, for their continued commitment and support.”

Bhavdeep Singh

Chief Executive Officer



Key parameters evaluated by the Board

- Commercial terms such as valuation, quantum of investment and schedule thereof
- Plans to address FHL's liquidity requirements, including funding for RHT acquisition and for providing exit to private equity investors of SRL
- Bidder's vision and value proposition for the Company
- Deal certainty including simplicity of transaction structure, timelines, regulatory approvals required and financing arrangement

IHH's Bid – Salient Features

- Infusion of INR 4,000 Crs through subscription to the Preferential Allotment at a price of INR 170 per share
- Mandatory Open Offer to the public shareholders of Fortis as per the SAST Regulations at price which is higher of INR 170 per share or price determined under Regulation 8 of SAST Regulations for 26% of the outstanding shares post issuance
- Mandatory Open Offer for public shareholders of Fortis Malar Hospitals Limited at a price as determined under Regulation 8 of the SAST Regulations
- Proposal provides for refinance of debt to the extent of INR 2,500 Crs
- Funds infused to be used towards completion of acquisition of assets of RHT, SRL private equity minority shareholders and liquidity needs

TPG Manipal Consortium Bid – Salient Features

- Infusion of INR 2,100 Crs through subscription to the Preferential Allotment at a price of INR 160 per share
- Proposed acquisition of stake held by private equity investors in SRL by MHEPL for a consideration of INR 1,134 Crs
- Acquisition of assets of RHT partially by utilizing proceeds of preferential allotment and partially through debt financing
- Merger of Manipal Hospitals (“MHEPL”) with FHL at a valuation attributable to MHEPL of INR 6,070 Crs and valuation of FHL basis the price per share of INR 160
- A rights issue / QIP post the merger to repay the bridge funding raised to complete acquisition of assets of RHT

Rationale for approving IHH's Bid

- Significant primary funds infusion at highest available bid price (Rs 170/share); sufficient funds commitment for future requirements
 - c. 20% premium to current market price, c.30% premium to unaffected price (2nd July 2018) and close to 52 wk high
- Offers significant deal certainty given a simpler transaction structure and requirement for fewer approvals and a shorter timeframe
- Exit opportunity for shareholders given the open offer, in case they desire
- Offers potential to achieve scale driven synergies on operational and financing front
- Integrates Fortis into a large global healthcare platform with potential synergies

Post completion of the transaction the shareholding of the investor can vary between c.31% to c.57% depending on the level of subscription in the mandatory tender offer from a range of 0% to 26%

Next Steps

- The Company will call for a shareholder's meeting at the earliest to seek shareholder's approval
- The transaction is expected to be completed within 7 business days of receipt of shareholder's and CCI's approval
- CCI approval which will be obtained concurrently with shareholders approval which can take approximately 60-75 days

IHH Overview

- IHH Healthcare is the world's second largest healthcare group by market capitalisation. IHH operates more than 10,000 licensed beds across 49 hospitals in 9 countries worldwide, offering the full spectrum of integrated healthcare services from clinics to hospitals to quaternary care and a wide range of ancillary services including medical education.
- In Singapore, Parkway Pantai is the largest private healthcare operator with four JCI-accredited, multi-specialty tertiary hospitals - Mount Elizabeth Hospital, Mount Elizabeth Novena Hospital, Gleneagles Hospital and Parkway East Hospital. It also owns ParkwayShenton, a large network of primary healthcare clinics and services, ParkwayHealth Radiology, ParkwayHealth Laboratory and Parkway College.
- In Malaysia, Parkway Pantai is the second largest private healthcare provider operating ten Pantai Hospitals, four Gleneagles Hospitals and ancillary healthcare services including Pantai Integrated Rehab and Pantai Premier Pathology.
- India is now its third home market following the acquisition of Continental and Global Hospitals in 2015. Today, Parkway Pantai has a network of 7 hospitals and 3 medical centres in the key cities of Chennai, Bangalore, Hyderabad, Kolkata and Mumbai.
- Parkway Pantai also has more than 20 patient assistance centres across the globe, providing patients with seamless patient care and a one-stop referral source to its hospitals and services.

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For further details please contact:

Ajey Maharaj

Corporate Communication

+91-9871798573

Fortis Healthcare Limited

Anurag Kalra / Gaurav Chugh

Investor Relations

+91-9810109253 / 9958588900

Fortis Healthcare Limited

Ravi Gothwal

Investor Relations

+91-2261695988

Churchgate Partners

Thank You...