

# Fortis Healthcare Limited

## Investor Presentation – Q3FY14

*“ Saving and Enriching Lives ”*



February 11, 2014

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# Discussion Points

➤ **Highlights for Q3FY14**

➤ **Financial Highlights – Q3FY14**

➤ **Business Performance**

## Q3 FY14 – Highlights for the quarter

- Strong revenue growth in India Business
- India consolidated business - contributes ~95% to overall Company revenues
- Hospital business records healthy growth
  - FMRI, the Company's flagship facility in Gurgaon turns EBITDAC positive; continues its strong growth trajectory
- Company commissions state of the art 250+ bed multi-specialty facility in Ludhiana in Jan 2014
- Announces plan to introduce the Fortis La Femme brand in Ludhiana, a 100 bed Mother & Child Health facility
- New Chennai facility (approx. 190 beds) expected to commence operations shortly

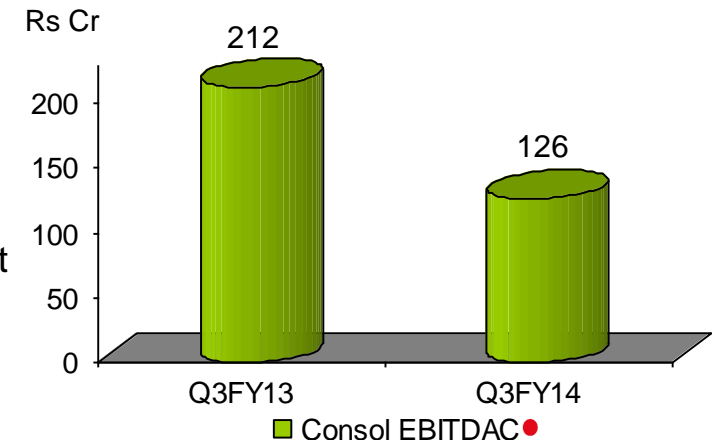
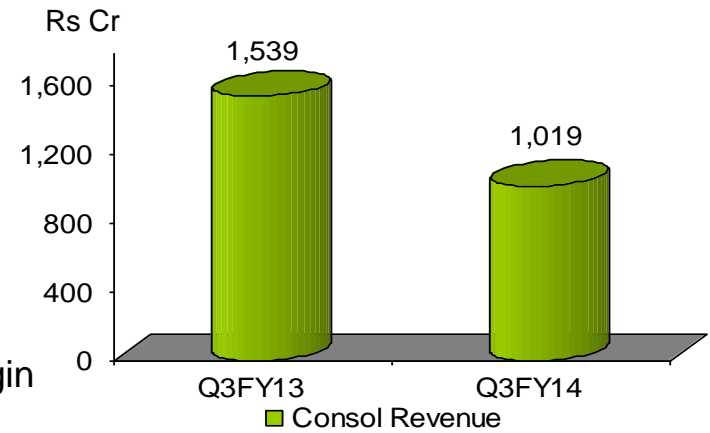
## Q3 FY14 – Highlights for the quarter

- Diagnostics business continues to record robust operational performance with significant margin expansion
- Divestiture of Quality Healthcare, Hong Kong completed
- Healthy Balance Sheet
  - Net debt at Rs 1,071 Cr down from Rs 5,351 Cr in corresponding previous quarter
  - Net debt to equity at 0.2x ( versus 1.0x in Q3FY13)
- Continues to evaluate its portfolio of assets for the right strategic fit

# Group Financial Highlights – Q3 FY14 vs Q3 FY13

\*Q3FY13 include financials of Dental Corporation, Australia (DC), Quality Healthcare, Hong Kong (QHC) and Fortis Hoan My (FHM) for the full quarter whereas Q3 FY14 excludes DC and FHM (divested) and includes QHC for approx. 1 month (divested in Q3FY14)

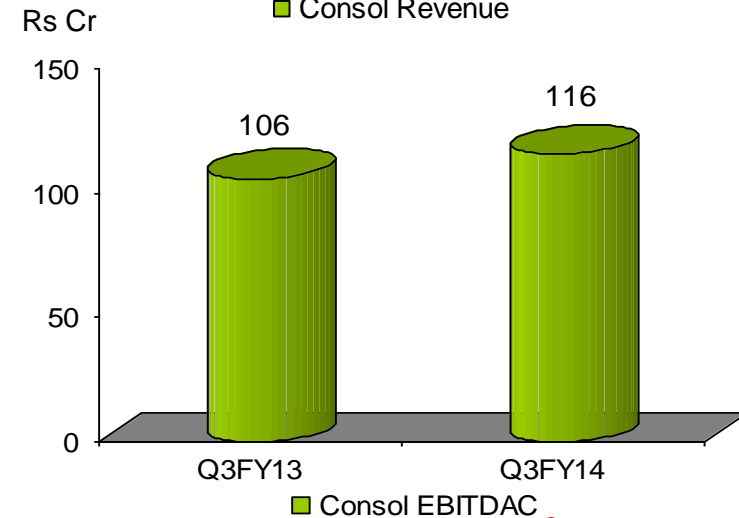
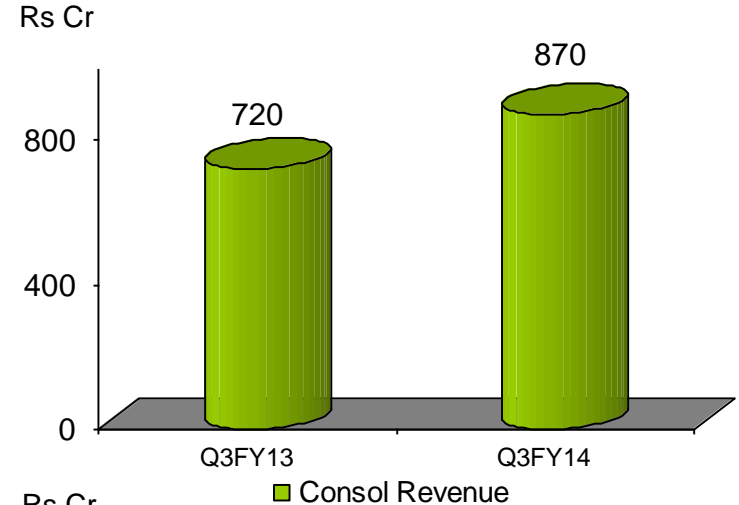
- Consolidated Revenues at Rs 1,019 Cr, (34%)\*
  - ❖ India Business – Rs 870 Cr, + 21%
  - ❖ International Business – Rs 149 Cr, (82%)\*
- Consolidated Operating EBITDAC\*\* at Rs 126 Cr, 12.4% margin
  - ❖ India Business – Rs 116 Cr, 13.3% margin
  - ❖ International Business – Rs 11 Cr, 7.1% margin
- Consolidated Operating EBITDAC margin excluding start ups at 14.5% margin ( India business – 14.6%, International – 13.7%)



\*\*EBITDAC refers to EBITDA before net business trust costs

# India Financial Highlights – Q3FY14 vs Q3FY13

- Consolidated Revenues at Rs 870 Cr, + 21%.
  - ❖ Hospital Business – Rs 711 Cr, + 22%
  - ❖ Diagnostic Business – Rs 158 Cr, + 15%
- Consolidated Operating EBITDAC\* at Rs 116 Cr, 13.3% margin
  - ❖ Hospital Business – Rs 88 Cr, 12.4% margin
  - ❖ Diagnostic Business – Rs 28 Cr, 17.5% margin
- India Consolidated Operating EBITDAC margin excluding start ups and one offs at 14.6% margin vs 14.3% in corr. Quarter (Hospital business – 14.0%)

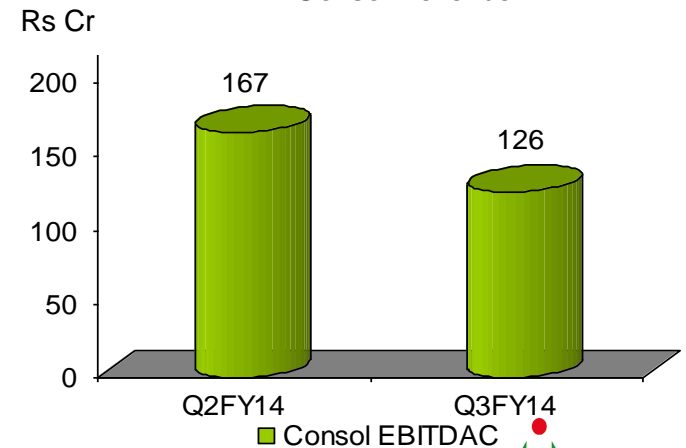
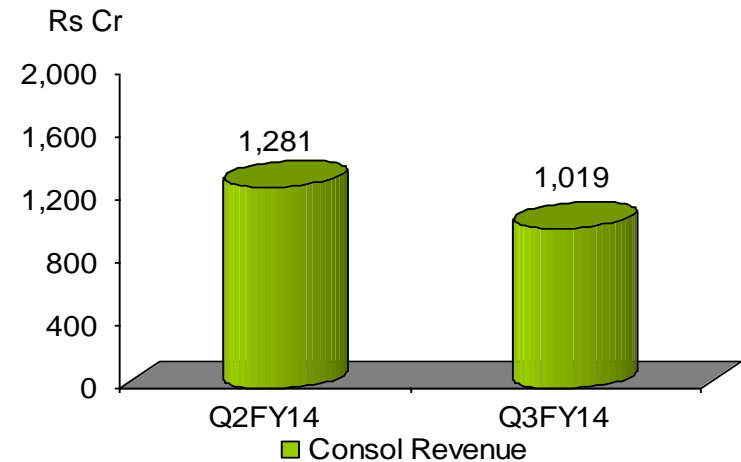


\*EBITDAC refers to EBITDA before net business trust costs

# Group Financial Highlights – Q3 FY14 vs Q2 FY14

\*Numbers for Q2 FY14 include financials of Fortis Hoan My (FHM) for 2 months and QHC for the full quarter whereas Q3 FY14 excludes FHM (divested) and includes QHC for approx. 1 month (divested in Q3FY14)

- Consolidated Revenues at Rs 1,019 Cr, (20%)\*
  - ❖ India Business – Rs 870 Cr, (1%)
  - ❖ International Business – Rs 149 Cr, (63%)\*
- Consolidated Operating EBITDAC\*\* at Rs 126 Cr, 12.4% margin
  - ❖ India Business – Rs 116 Cr, 13.3% margin
  - ❖ International Business – Rs 11 Cr, 7.1% margin
- Consolidated Operating EBITDAC margin excluding start ups at 14.5% margin ( India business – 14.6%, International – 13.7%)

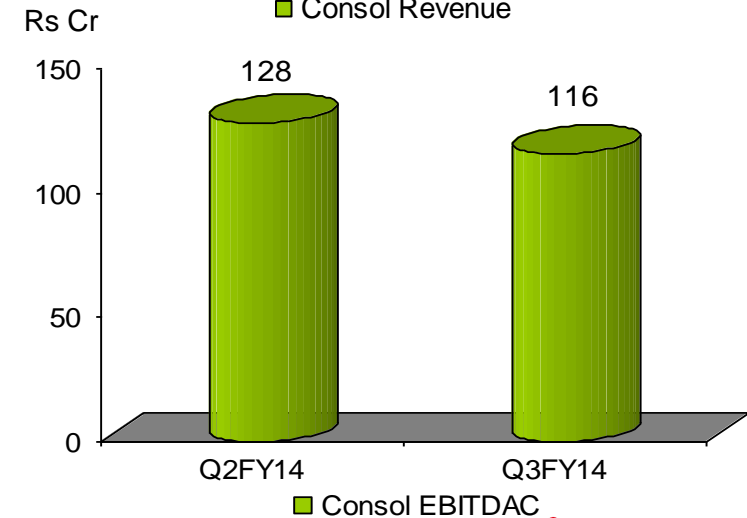
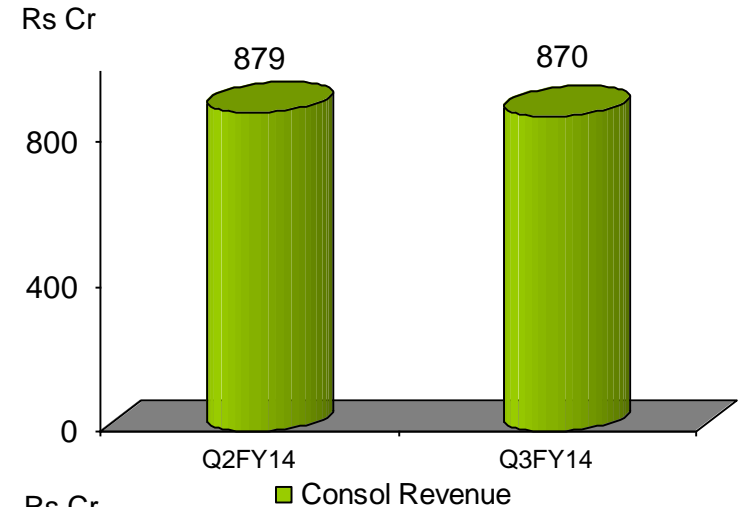


\*\*EBITDAC refers to EBITDA before net business trust costs



# India Financial Highlights – Q3FY14 vs Q2FY14

- Consolidated Revenues at Rs 870 Cr, (1%)
  - ❖ Hospital Business – Rs 711 Cr, + 0.4%
  - ❖ Diagnostic Business – Rs 158 Cr, (7%)
- Consolidated Operating EBITDAC\* at Rs 116 Cr, 13.3% margin
  - ❖ Hospital Business – Rs 88 Cr, 12.4% margin
  - ❖ Diagnostic Business – Rs 28 Cr, 17.5% margin
- India Consolidated Operating EBITDAC margin excluding start ups at 14.6% margin (Hospital business – 14.0%)



\*EBITDAC refers to EBITDA before net business trust costs

# Group Consolidated P&L : Q3FY14

	Q3FY14**	Q3FY13***	Q2FY14****
Particulars	Total Consol	Total Consol	Total Consol
	(Rs Cr.)	(Rs Cr.)	(Rs Cr.)
<b>Operating Revenue</b>	<b>1,018.7</b>	<b>1,538.6</b>	<b>1,281.0</b>
<b>Operating EBITDAC*</b>	<b>126.4</b>	<b>211.6</b>	<b>167.4</b>
<b>Operating EBITDAC margin</b>	<b>12.4%</b>	<b>13.8%</b>	<b>13.1%</b>
<i>Operating EBITDAC margin (Ex Startup)</i>	<i>14.5%</i>	<i>14.4%</i>	<i>14.8%</i>
Net BT Costs	79.8	59.0	78.3
Other Income	42.1	46.6	43.8
<b>EBITDA</b>	<b>88.7</b>	<b>199.2</b>	<b>132.8</b>
Finance Costs	53.5	158.1	87.1
Depreciation & Amortization	60.6	120.4	64.3
Foreign Exchange (Loss)/ Gain	10.8	-	10.3
Exceptional (Loss)/ Gain^	424.2	973.8	13.8
Tax Expense	20.6	167.3	(21.4)
<b>PAT after minority interest and share in associates</b>	<b>389.1</b>	<b>705.0</b>	<b>32.1</b>

\* EBITDAC refers to EBITDA before net business trust (BT) costs

\*\* Includes financials of Quality Healthcare for 1 month .i.e. October in Q3 FY14 versus the full quarter in Q3 FY13 and Q2 FY 14

\*\*\* Includes financials of Dental Corp, Fortis Haon My and Quality Healthcare for the full quarter.

\*\*\*\*Includes Fortis Hoan My for 2 months i.e. July & August in Q2FY14 and Quality Healthcare for the full quarter and excludes Dental Corp

^Gain arising out of QHC divestment in Q3FY14 and RHT transaction in Q3FY13



# India Consolidated P&L : Q3FY14

	Q3FY14	Q3FY13
Particulars	Total Consol	Total Consol
	(Rs Cr.)	(Rs Cr.)
<b>Operating Revenue</b>	<b>869.5</b>	<b>719.7</b>
% Growth	20.8%	
<b>Operating EBITDAC*</b>	<b>115.8</b>	<b>105.9</b>
<b>Operating EBITDAC margin</b>	<b>13.3%</b>	<b>14.7%</b>
<i>Operating EBITDAC margin (Ex Startup)</i>	<i>14.6%</i>	<i>14.3%</i>
Net BT Costs	79.8	59.0
Other Income	41.9	41.2
<b>EBITDA</b>	<b>78.0</b>	<b>88.1</b>
Finance Costs	38.6	66.5
Depreciation & Amortization	44.1	38.0
Foreign Exchange (Loss)/ Gain	15.6	-
Exceptional (Loss)/ Gain^	-	1,005.2
Tax Expense	13.2	139.8
<b>PAT after minority interest and share in associates</b>	<b>(5.5)</b>	<b>836.1</b>

EBITDAC refers to EBITDA before net business trust (BT) costs

^Gain arising out of RHT transaction in Q3FY13

# India Hospital Business P&L : Q3FY14

	Q3FY14	Q3FY13	Q2FY14
Particulars	Total Consol	Total Consol	Total Consol
	(Rs Cr.)	(Rs Cr.)	(Rs Cr.)
<b>Operating Revenue</b>	<b>711.3</b>	<b>582.5</b>	<b>708.7</b>
% Growth	22.1%		
<b>Operating EBITDAC*</b>	<b>88.2</b>	<b>91.8</b>	<b>94.5</b>
<b>Operating EBITDAC margin</b>	<b>12.4%</b>	<b>15.8%</b>	<b>13.3%</b>
<i>Operating EBITDAC margin (Ex Startup &amp; One offs)</i>	<i>14.0%</i>	<i>15.3%</i>	<i>14.5%</i>
Net BT Costs	79.8	59.0	78.3
Other Income	40.4	39.9	42.1
<b>EBITDA</b>	<b>48.8</b>	<b>72.7</b>	<b>58.2</b>

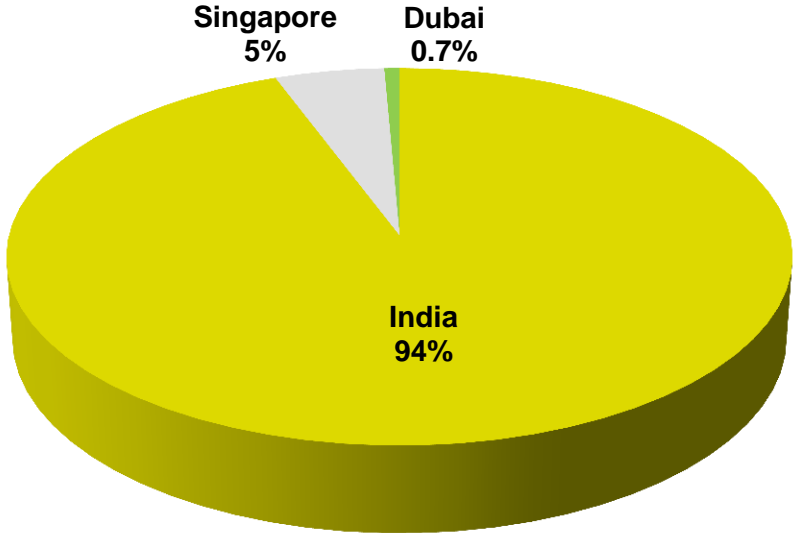
*EBITDAC refers to EBITDA before net business trust (BT) costs*

# Diagnostic Business P&L : Q3FY14

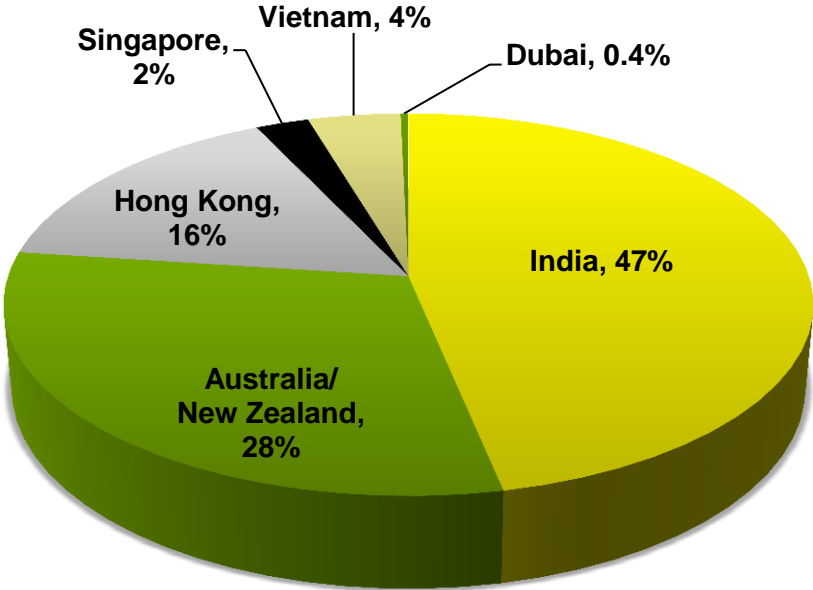
	Q3FY14	Q3FY13	Q2FY14
Particulars	Total Consol	Total Consol	Total Consol
	(Rs Cr.)	(Rs Cr.)	(Rs Cr.)
Operating Revenue	158.2	137.1	170.1
% Growth	15.4%		
Operating EBITDA	27.7	14.1	33.5
Operating EBITDA margin	17.5%	10.3%	19.7%
Other Income	1.5	1.3	1.6
<b>EBITDA</b>	<b>29.1</b>	<b>15.4</b>	<b>35.2</b>

# Geographical Presence – Q3 FY14

Q3FY14 \*



Q3FY13



\* The above chart on Q3FY14 excludes Quality Healthcare, Hong Kong



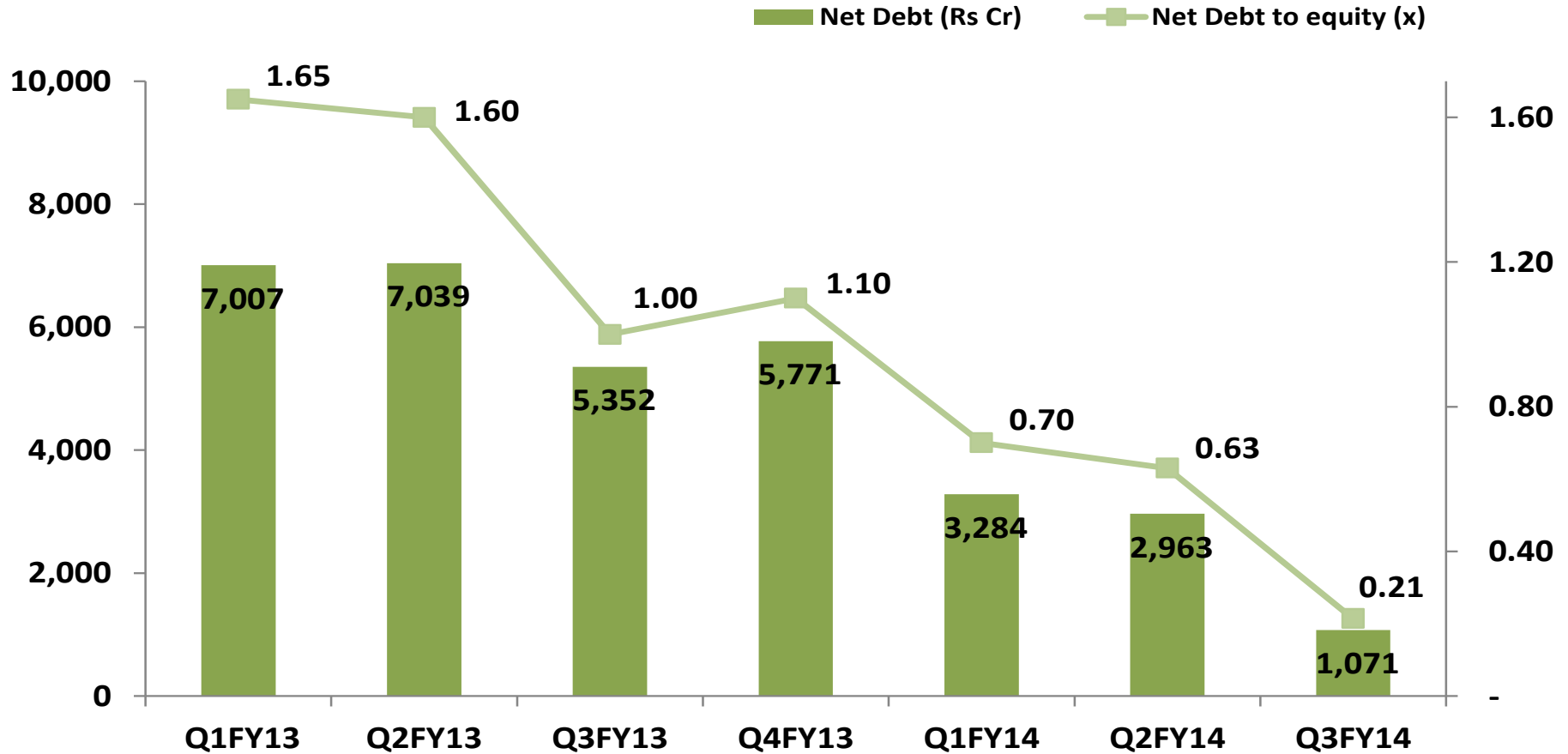
# Group Consolidated Balance Sheet – 31<sup>st</sup> December 2013

Balance Sheet	Rs Crore
Shareholder's Equity*	5,164
Foreign Currency Convertible Bonds (FCCB's)	1,144
Debt	802
<b>Total Capital Employed</b>	<b>7,111</b>
Net Fixed Assets (including CWIP of Rs 191 Crore)	1,856
Goodwill	2,313
Investments	1,041
Cash and Cash Equivalents	875
Net Current Assets	1,026
<b>Total Assets</b>	<b>7,111</b>

- As on 31<sup>st</sup> December 2013, Net Debt to equity ratio stood at 0.2 x

\*Shareholder's Equity includes Minority Interest.

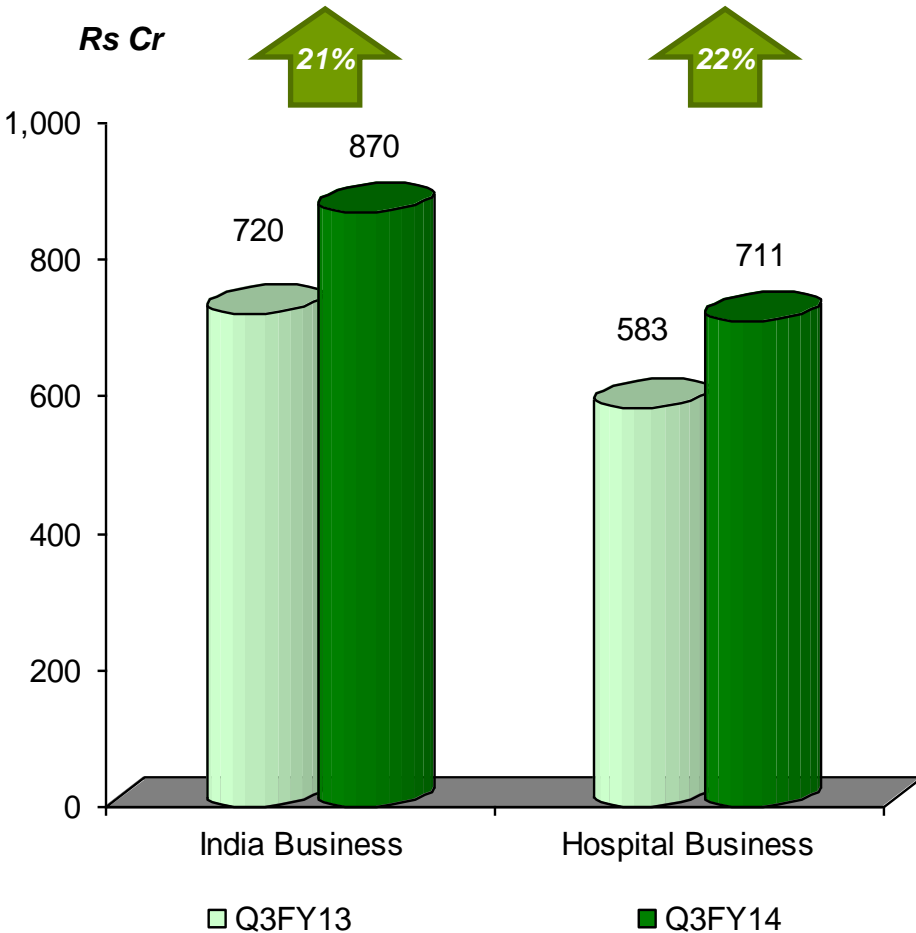
# Significant De-leveraging achieved





# India Business Performance – Q3FY14

# India Business Snapshot



## Q3 FY14 – Consolidated India Business

- India Business - Rs. 870 Cr ↑ 21%
- Hospital Business - Rs. 711 Cr ↑ 22%
- Diagnostic Business - Rs. 158 Cr ↑ 15%

Operating Metrics	Q3FY13	Q3FY14
Occupancy	73%	73%
ARPOB (Annualized - Rs. Cr)	1.08	1.13
ALOS (Days)	3.9	3.8

## Q3FY14 – India Hospital Business

- Operating Revenue - Rs. 711 Cr ↑ 22%
- Operating EBITDAC - Rs. 88 Cr
- Operating EBITDAC Margin - 12.4%

\*EBITDAC refers to EBITDA before net business trust costs

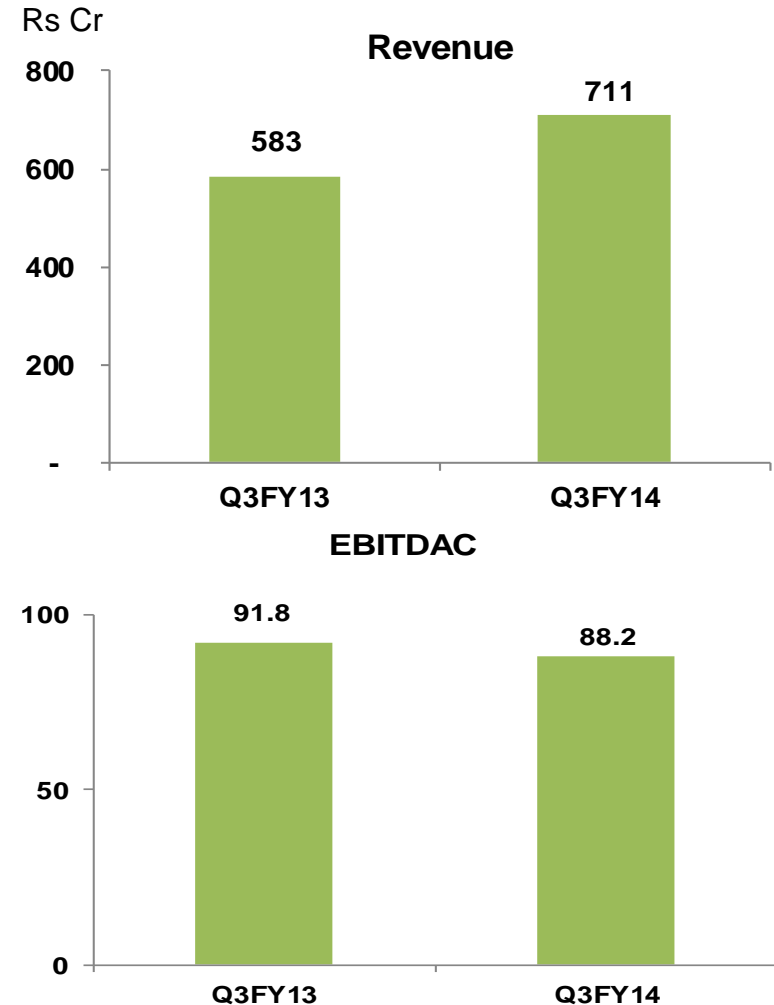
# India Hospital Business

## Q3 Highlights

- Operating revenue at Rs 711 Cr, +22%
- Operating EBITDAC\* margin at 12.4%. Ex start-ups margin at 14.0%.
- International patient revenue at Rs 65 Cr, +92 %
- Commences state of the art 250+ bed multi-specialty facility in Ludhiana in Jan 2014

## Key Specialties – No of procedures

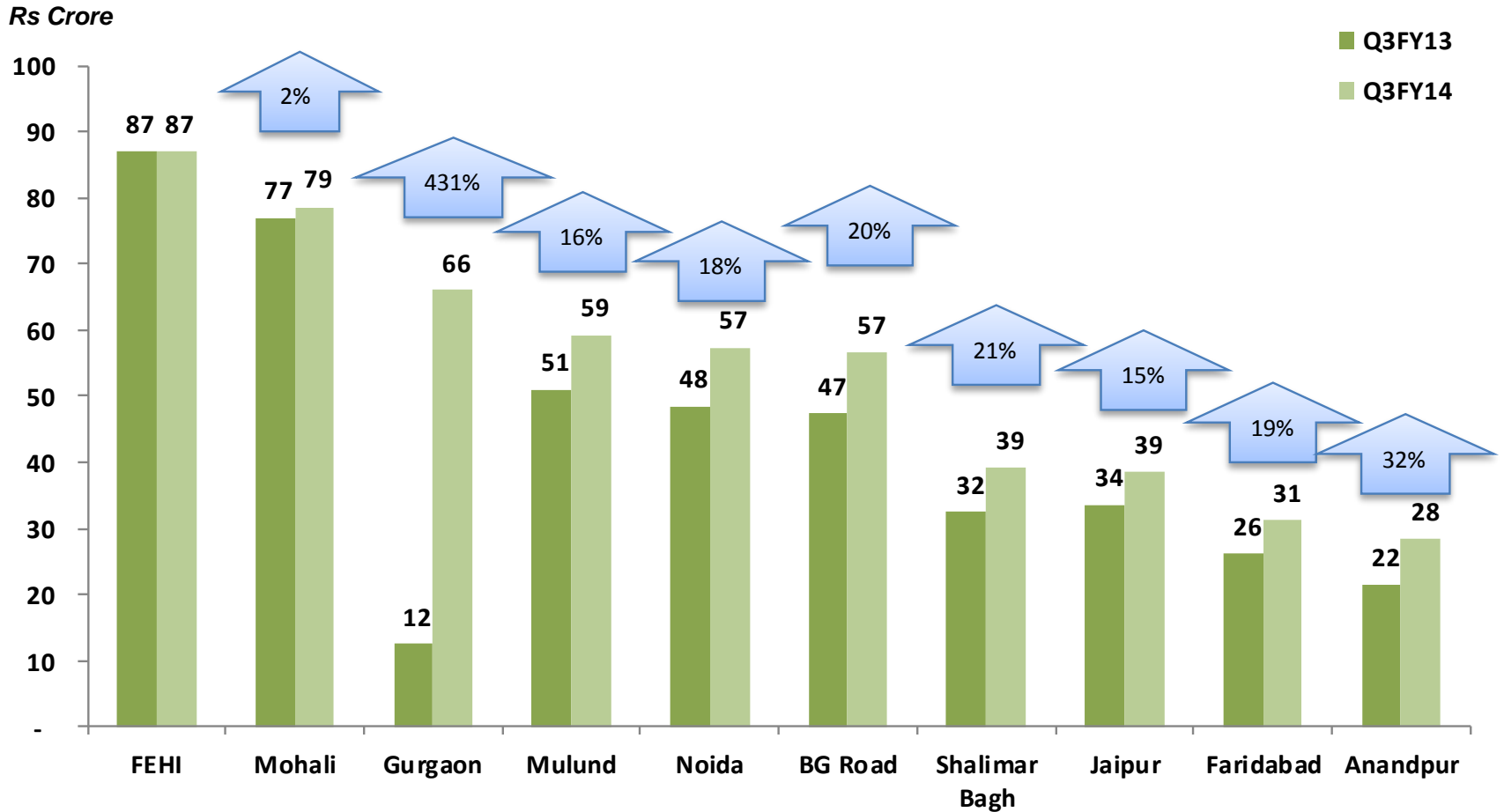
Volume**	Q3FY14	Q3FY13	Growth
Cardiac	21,516	20,233	6%
Ortho	4,512	4,060	11%
Renal	6,451	5,114	26%
Neuro	4,265	3,207	33%



\*EBITDAC refers to EBITDA before net business trust costs

\*\*Basis Network numbers

# Hospital-wise Revenue – Key Hospitals

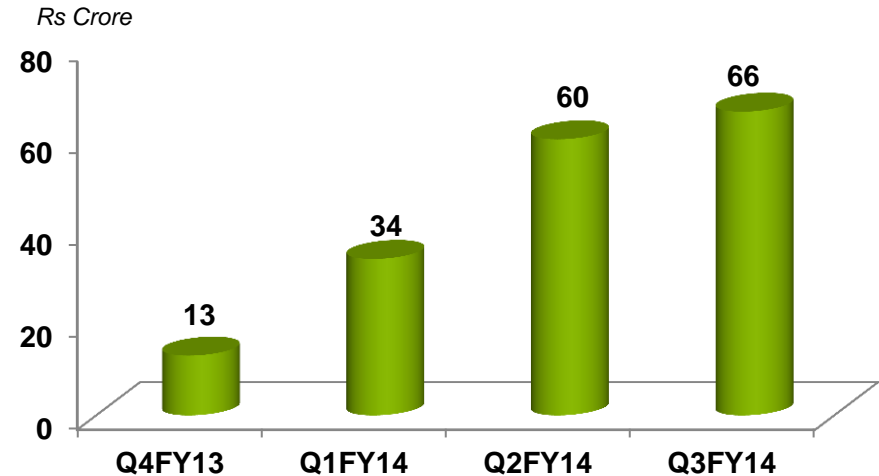


# FMRI Operational Performance

- Strong start to the flagship FMRI facility
- 3<sup>rd</sup> largest revenue contributor in the Fortis N/W
- All medical specialties initiated with reputed clinicians at the helm
- Installed capacity of 450 beds in Phase – I (300 operationalized). Total capacity of ~ 1000 beds



## Revenue



- **Holistic Patient Care**
- **Exceptional clinical talent**
- **World-class infrastructure**
- **Cutting edge technology**
- **Personalized service**

# Upcoming Hospitals



**Fortis Hospital, Ludhiana, Punjab**

## **Fortis Hospital, Ludhiana, Punjab**

- Commissioned a new 250+ bed state of the art oncology led, multi-specialty facility in Ludhiana in January 2014.
- Focus on Cardiac, Neuro, Ortho, Renal & Oncology

## **Fortis La Femme, Ludhiana**

- Foundation stone laid for Fortis La Femme brand in Ludhiana
- A 100 bed greenfield facility to come up by 2016 focusing on Mother & Child Health

## **Fortis Hospital, Arcot Road, Chennai**

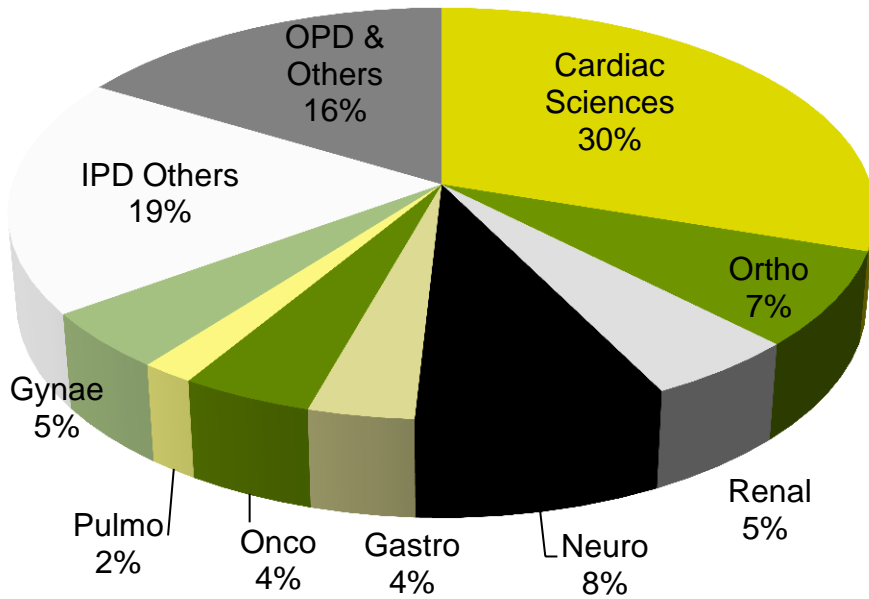
- A 190 bed tertiary care multi specialty hospital
- Expected to be commissioned shortly



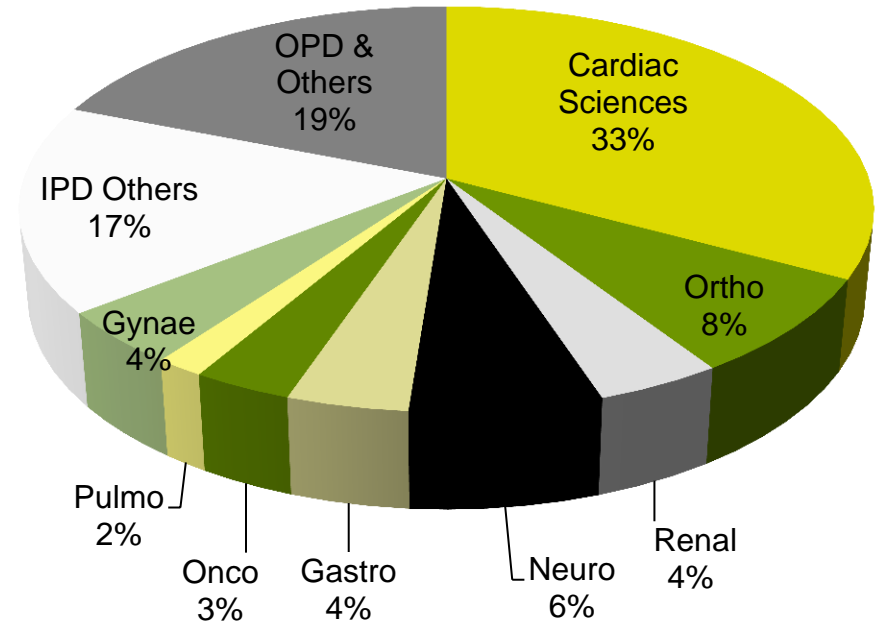
**Fortis Hospital, Arcot Road, Chennai**

# Specialty Revenue Split – India Hospital Business

Q3FY14



Q3FY13

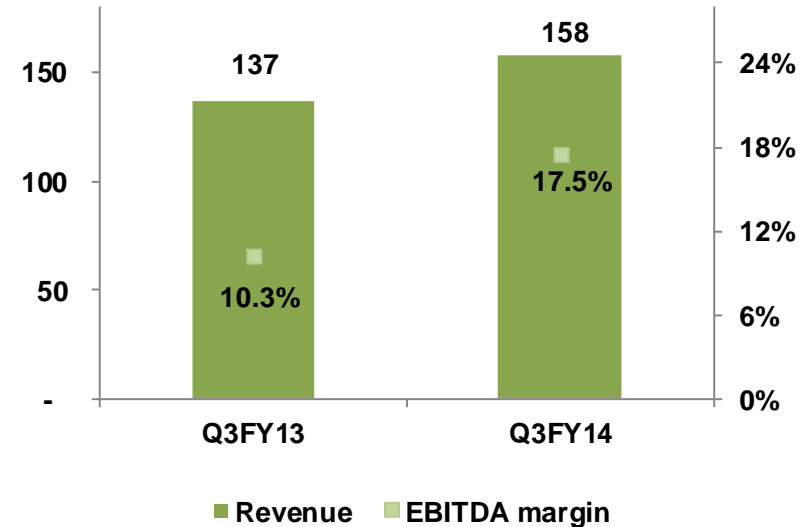


# India Diagnostics Business – SRL Ltd.

## Q3 Highlights

- Operating revenue at Rs 158 Cr, +15%
- Operating EBITDA margin at 17.5%
- SRL added 19 new laboratories, 39 collection centres, 394 direct clients and 15 co-marketing clients.
- No of accession at 3.12million, a Q-o-Q growth of 6%
- Expanded service offerings by adding 7 new tests during the quarter

Rs Crore



### New Initiatives for further growth

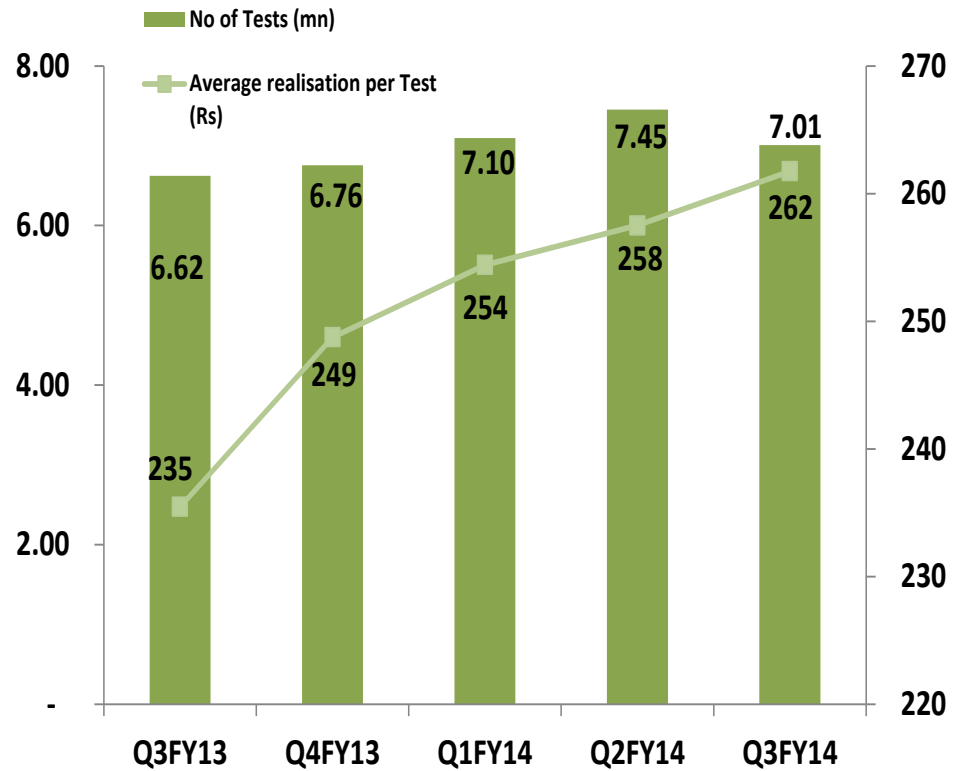
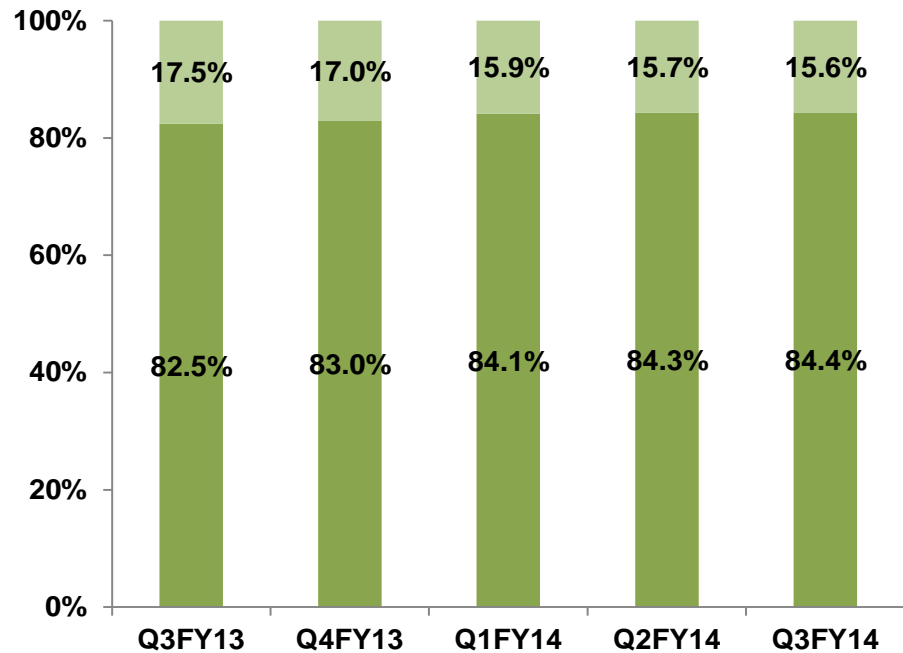
- Conducted various CME programs in new and high end tests in the areas of TB, Haematology, Diabetes, Oncology (cervical/ovarian)



# India Diagnostics Business

## Business Mix

■ Imaging  
■ Lab Medicine



# Strategic Focus

## India Focus

- Leadership Position
- Enhance Penetration

## Growth Model

- Business Trust
- Brownfield
- Opportunistic Greenfield

**Patient Care  
and Clinical  
Excellence**

## Financial Health

- Margins
- Leverage

## Talent

- Clinicians
- Paramedics

# Awards and Recognitions

- Fortis Escorts Heart Institute (FEHI) ranked No. 1 private hospital in Delhi in the field of cardiology by The Week and AC Nielsen Survey 2013. The Hospital ranked No. 5 in the All India Ranking.
- FEHI was ranked as the Best Single Specialty Hospital – Cardiology at the CNBC-TV18's India Healthcare Awards 2013 among over 3,000 hospitals
- Fortis Jaipur awarded 'Six Sigma Healthcare Excellence Awards – 2013' for Best Hospital in Patient Care, Best Hospital in Patient Safety and Best Hospital in Quality Initiatives.
- Fortis Hospital, Anandpur has been ranked as No 2. Best hospital in Multi specialty category in Kolkata in a survey conducted by AC Nielsen for The Week Magazine.
- Fortis Bloom Fertility Center awarded "Best IVF Service Provider Company of the Year" award at the 5th Annual India Healthcare Excellence Awards 2013 organized by Frost & Sullivan Group.

**Thank You...**