

FORTIS HEALTHCARE LIMITED

EARNINGS PRESENTATION— Q1 FY23

AUGUST 5, 2022



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AGENDA

1. Performance Highlights
 - Earnings and Financial Summary – Q1 FY23
2. Performance Review - Hospital Business
3. Performance Review - Diagnostics Business
4. Appendix





Q1FY23

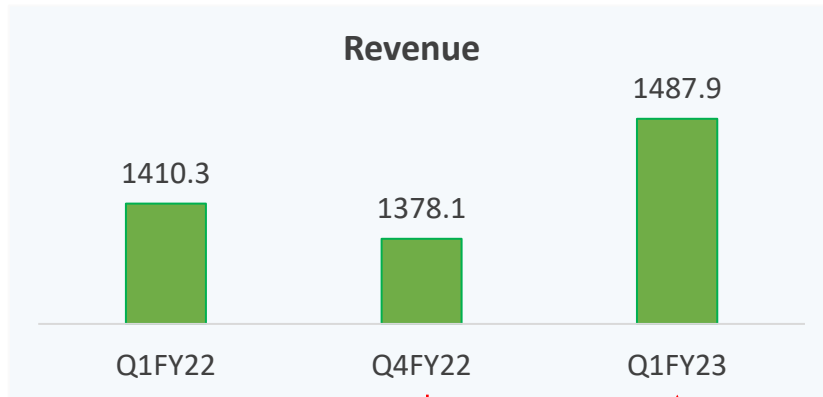
PERFORMANCE HIGHLIGHTS

Q1FY23 SNAPSHOT

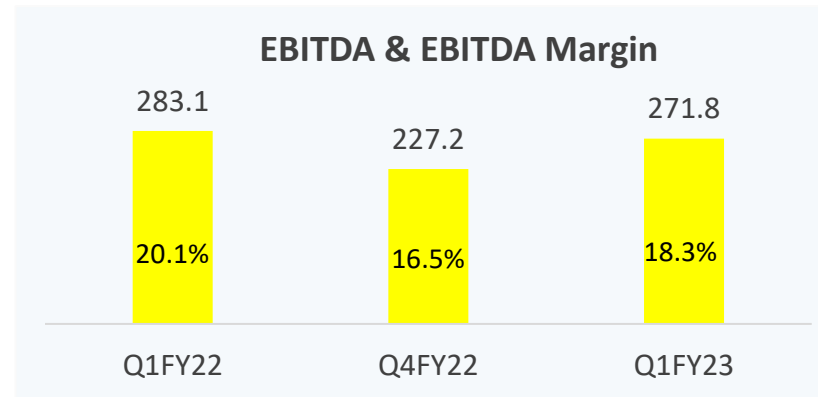
- Consolidated revenues of the company grew 5.5% versus Q1FY22 and 8% versus Q4 FY22
- Hospital business witnessed robust performance - revenue grows 18.5% versus Q1FY22 and 14.6% versus Q4FY22
- Hospital EBITDA grew 39% YoY to INR 208 Crs, translating into a 17.4% margin
- Hospital business EBITDA contribution to consolidated EBITDA increases to 76% versus 53% in Q1 FY22
- ARPOB at INR 1.96 Crs, up 21%. Surgical : non-surgical mix at an all time high of 61 :39
- Diagnostics business witnessed muted performance due to lower covid volumes; margins at 19.3%
- Healthy Balance Sheet – net debt to EBITDA at 0.54x, net debt at INR 585 Crs

CONSOLIDATED EARNINGS SUMMARY – Q1FY23

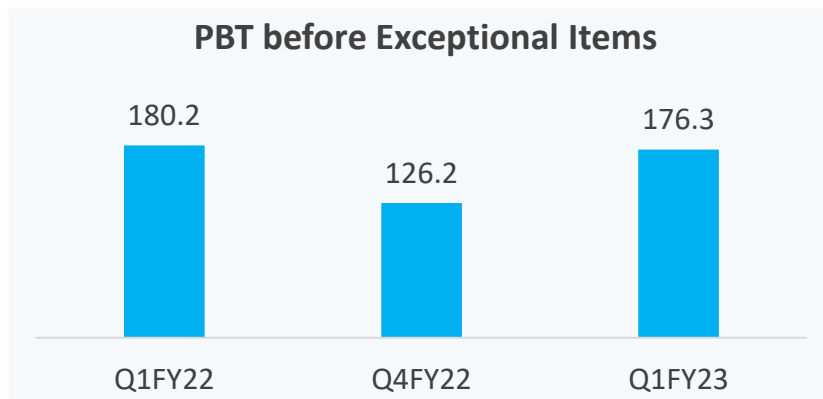
All figures in INR Crs.



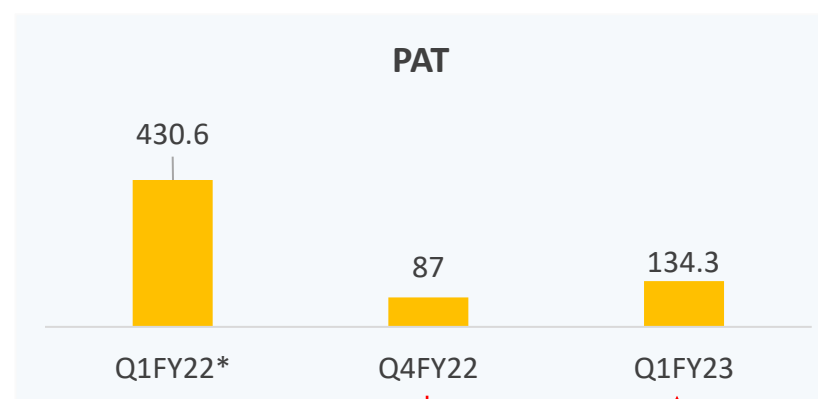
Up 8.0%



Up 19.6%



Up 39.7%

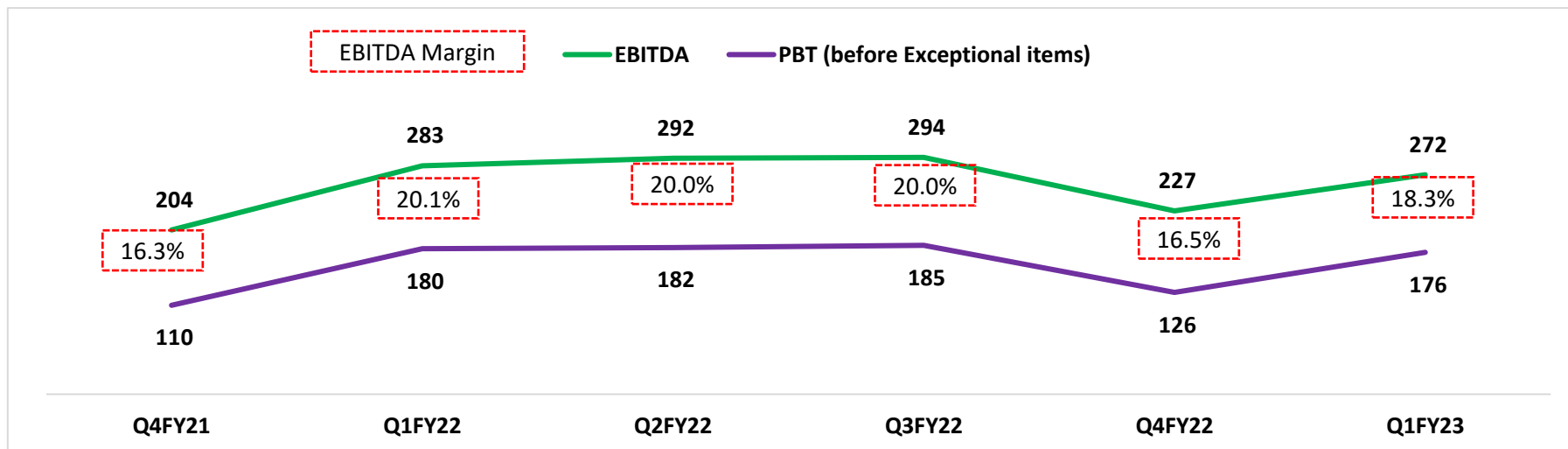
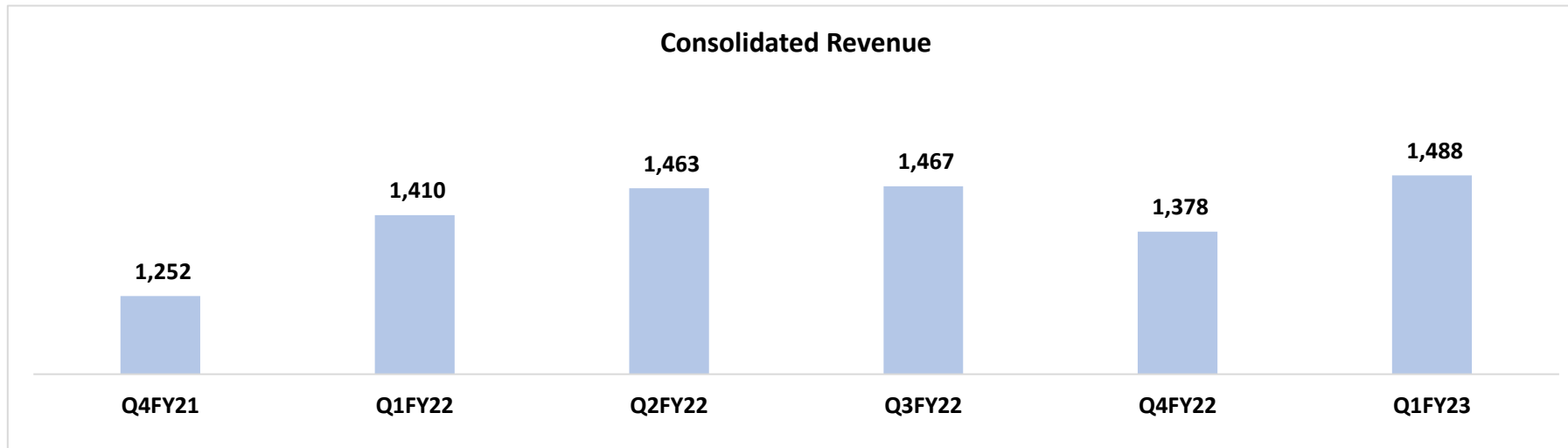


Up 54.3%

*Q1FY22 PAT includes exceptional gain of INR 306.1 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.

CONSOLIDATED EARNINGS SUMMARY

All figures in INR Crs.



EBITDA includes other income and forex gain / (loss)

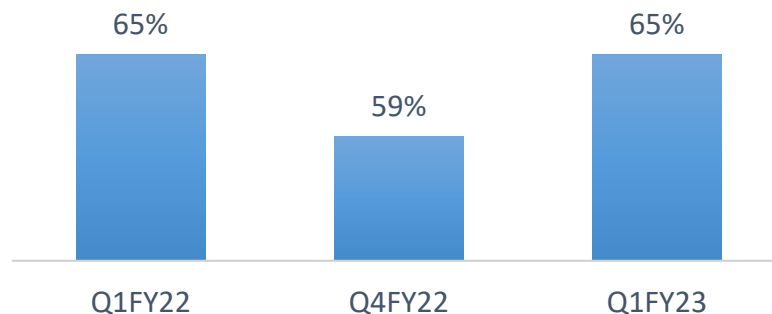
Q1FY23

HOSPITAL BUSINESS HIGHLIGHTS

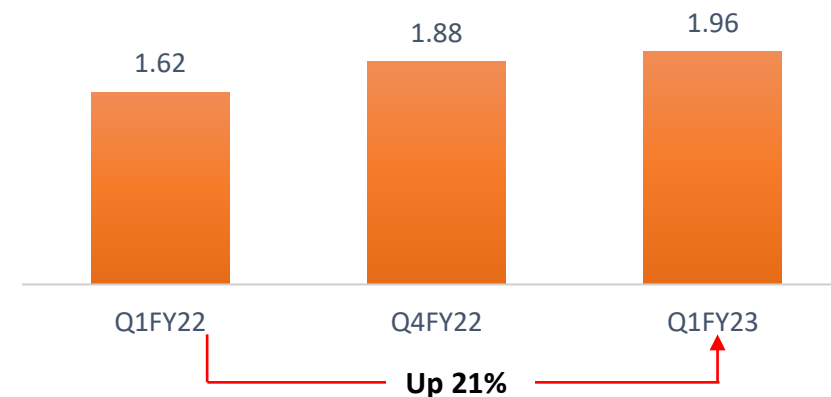
- Revenues grew 18.5% to INR 1,192.4 Cr versus INR 1,006.5 Cr in Q1FY22. Revenues for Q4 FY22 stood at INR 1,040.9 Cr.
- EBITDA was at INR 207.8 Cr versus INR 149.6 Cr in Q1FY22 and INR 143.5 Cr in Q4FY22. Margins at 17.4% in Q1 FY23 versus 14.9% in Q1FY22 and 13.8% in Q4FY22
- Revenue growth during Q1FY23 versus the trailing and corresponding quarters was due to a strong recovery in elective procedures; leading to a better occupancy mix and higher ARPOB (+21% YoY) for the quarter

Key Performance Indicators

Overall Occupancy



ARPOB (INR Cr)



Q1FY23

HOSPITAL BUSINESS HIGHLIGHTS (CONT.)

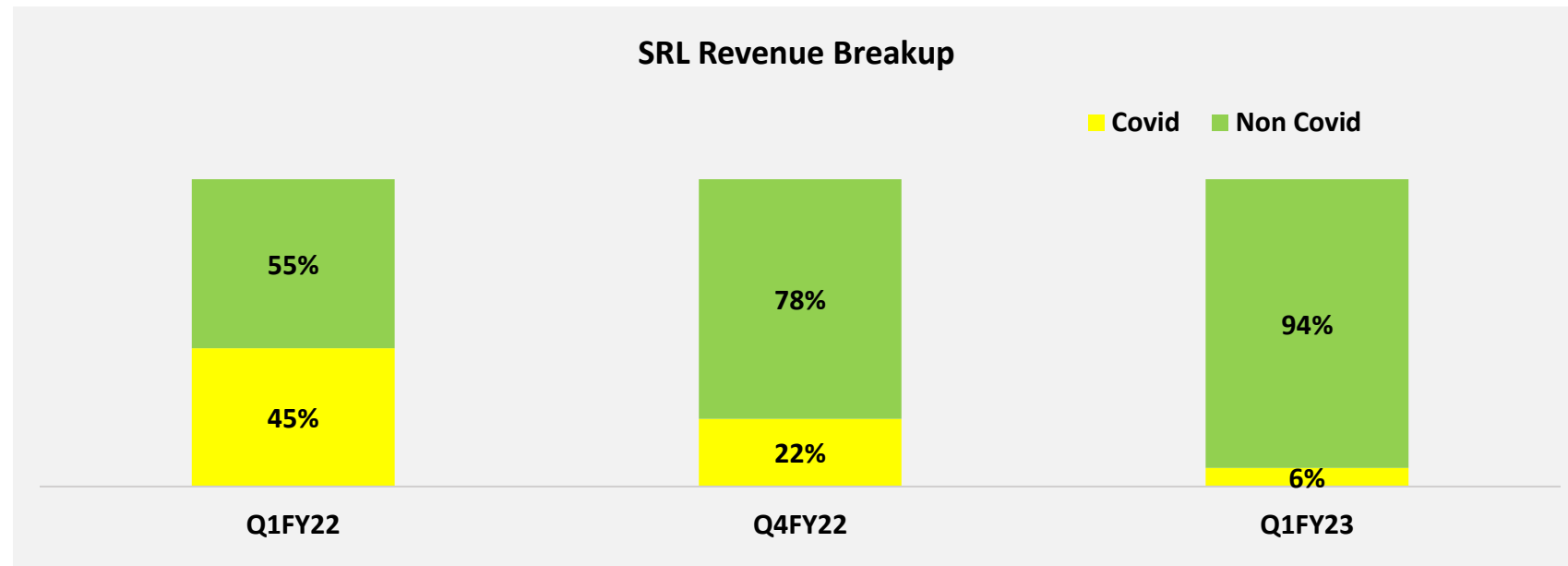
- Q1FY23 occupancy stood at 65% similar to Q1FY22 and versus 59% in Q4FY22. ARPOB for Q1FY23 was at INR 1.96 Crs, + 21% versus INR 1.62 Crs in Q1FY22
- Revenue contribution from Company's focus specialties comprising Oncology, Gastroenterology, Neurosciences, Renal Sciences, Orthopaedics and Cardiac Sciences grew 69% and contributed 63% to overall hospital revenues. (Q1FY22 : 43%)
- Revenues from digital channels viz website, mobile application and digital campaigns continue to witness strong growth with a YoY increase of 74%. These contributed 23% to overall revenues in Q1FY 23 versus 16% in Q1FY22 & 24% in Q4FY22
- International Patient revenues grew 126% to INR 89 Crs in Q1FY23 vs Q1FY22. The business contributed 7.5% to overall hospital business revenues versus 3.9% in Q1FY22 and 6.6% in Q4FY22.



Q1FY23

DIAGNOSTIC BUSINESS HIGHLIGHTS

- SRL revenues de-grew 25% to INR 332.6 Cr versus INR 441.4 Cr in Q1FY22. Revenues for Q4 FY22 were at INR 372.3 Cr. The decline was largely as a result of the drop in high covid test volumes in Q1 and Q4 of FY22 due to the pandemic.
- EBITDA for the quarter stood at INR 64 Cr versus INR 134.9 Cr in Q1FY22 and INR 83.8 Cr in Q4FY22. EBITDA Margins stood at 19.3% versus 30.6% in Q1FY22 while Q4FY22 margin was at 22.5%.



OPERATING PERFORMANCE

HOSPITAL BUSINESS

Particulars (INR Cr)	Hospital Business		
	Q1FY22	Q4FY22	Q1FY23
Operating Revenue	1,006.5	1,040.9	1,192.4
Revenue Growth vs LY		6.0%	18.5%
Reported EBITDA	149.6	143.5	207.8
EBITDA growth vs LY		3.0%	38.9%
Margin	14.9%	13.8%	17.4%
Adj: Other Income	6.2	2.1	14.5
Operating EBITDA	143.4	141.4	193.3
Margin	14.2%	13.6%	16.2%

- Above financials includes financials of International entities which are part of Fortis group; mainly RHTTM.
- Adjusted for the newly commissioned hospital in Chennai, reported EBITDA margin in Q1Y23 stood at 18.3% vs 14.6% in Q4FY22 & 15.3% in Q1FY22

OPERATING PERFORMANCE

DIAGNOSTIC BUSINESS

Particulars (INR Cr)	Diagnostic Business		
	Q1FY22	Q4FY22	Q1FY23
Operating Revenue*	441.4	372.3	332.6
Revenue Growth vs LY		21.8%	-24.6%
Reported EBITDA	134.9	83.8	64.0
EBITDA growth vs LY		24.6%	-52.5%
Margin	30.6%	22.5%	19.3%
Adj: Other Income incl FX	3.0	3.9	6.2
Operating EBITDA	131.9	79.9	57.8
Margin	29.9%	21.5%	17.4%

- Diagnostics business revenue is on Gross Basis; Diagnostic business Q1FY23 net revenue (net of inter company elimination) stood at INR 295 Cr versus INR 403.8 Cr in Q1FY22 and INR 337 Crs in Q4FY22.
- Above financials include DDRC SRL financials also.

BALANCE SHEET

June 30, 2022

Balance Sheet (INR Cr)	Mar 31, 2021	March 31, 2022	June 30, 2022
Shareholder's Equity	6,718	7,008	7,120
Debt	1,271	966	1,010
Lease Liabilities (Ind AS 116)*	260	289	298
Total Capital Employed	8,249	8,263	8,427
Net Fixed Assets (including intangibles & CWIP)	5,242	5,486	5,496
Goodwill	3,722	4,123	4,123
Investments	186	104	95
Cash and Cash Equivalents	422	416	425
Net Other Assets	(1,323)	(1,866)	(1,712)
Total Assets	8,249	8,263	8,427
Net Debt / (cash)	849	549	585
Net Debt to Equity	0.13x	0.08x	0.08x

- *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 0.54x vs 0.60x (basis annualized EBITDA of Q1FY23 & annualized EBITDA Q4FY22, respectively)



PERFORMANCE REVIEW

HOSPITALS BUSINESS

STRENGTHENING MEDICAL INFRASTRUCTURE

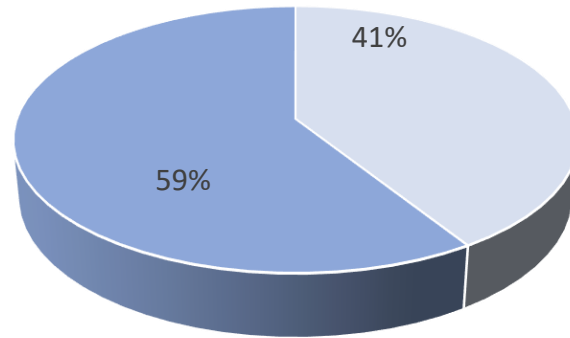
- During the quarter, the company extended its comprehensive cancer care program by commissioning **Fortis Cancer Institute** at Defence Colony, New Delhi. This is a state of the art 12 bedded oncology center providing chemotherapy facilities.
- **Fortis Mulund**, Mumbai added a new floor with 42 operational beds taking the total number of operational beds to over 330.
- **FMRI, Gurugram** optimized the current available space with the addition of 12 beds taking the total number of operational beds to ~310. A further addition of over 200 beds is being planned.
- During the quarter, the Company onboarded eminent clinicians in the specialties of **urology, transplants, rheumatology and nephrology**.
- **Fortis BG Road** introduced the **SOMATOM Drive with Dual Source Technology CT**; the imaging equipment, with its unique dual source technology, provides reliable diagnosis results across all clinical disciplines

**Above data pertains to Q1FY23*

REVENUE MIX

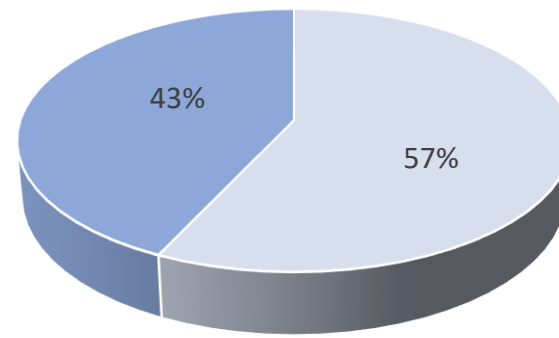
Q1 FY22

Gross Revenue : INR 1,064 CR



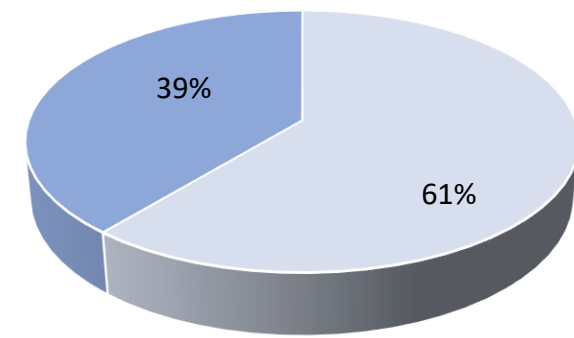
Q4 FY22

Gross Revenue : INR 1,090 CR



Q1 FY23

Gross Revenue : INR 1,248 CR

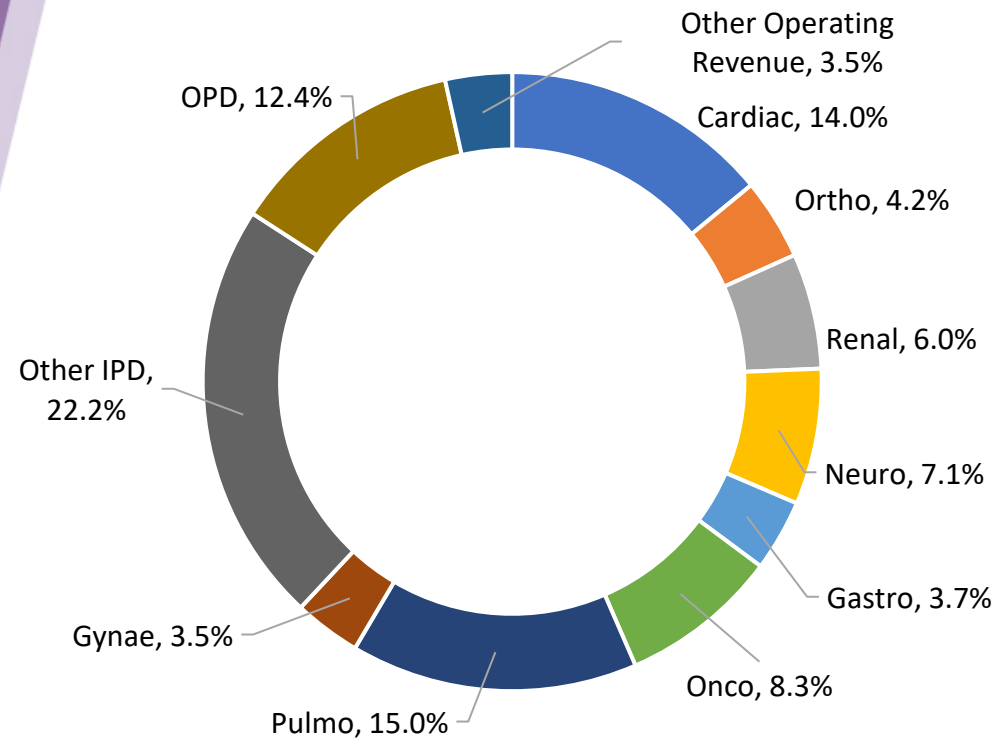


■ NonSurgical Revenue ■ Surgical Revenue

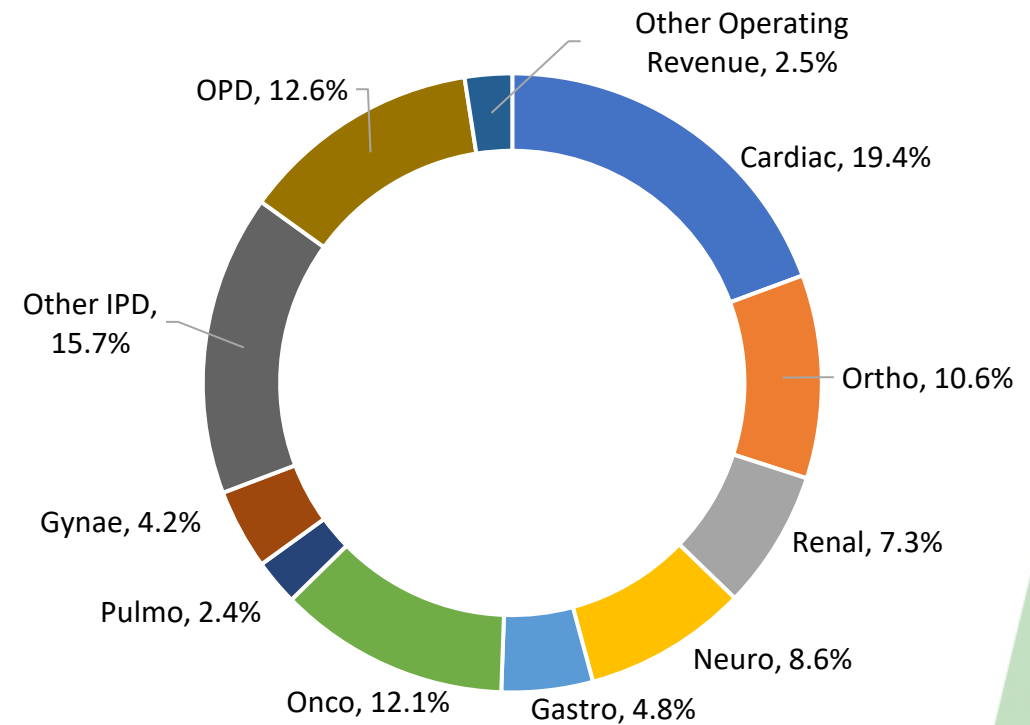
- Contribution from surgical revenue stood at 61% compared to 41% in Q1FY22 and 57% in Q4FY22

SPECIALTY MIX

Q1 FY22

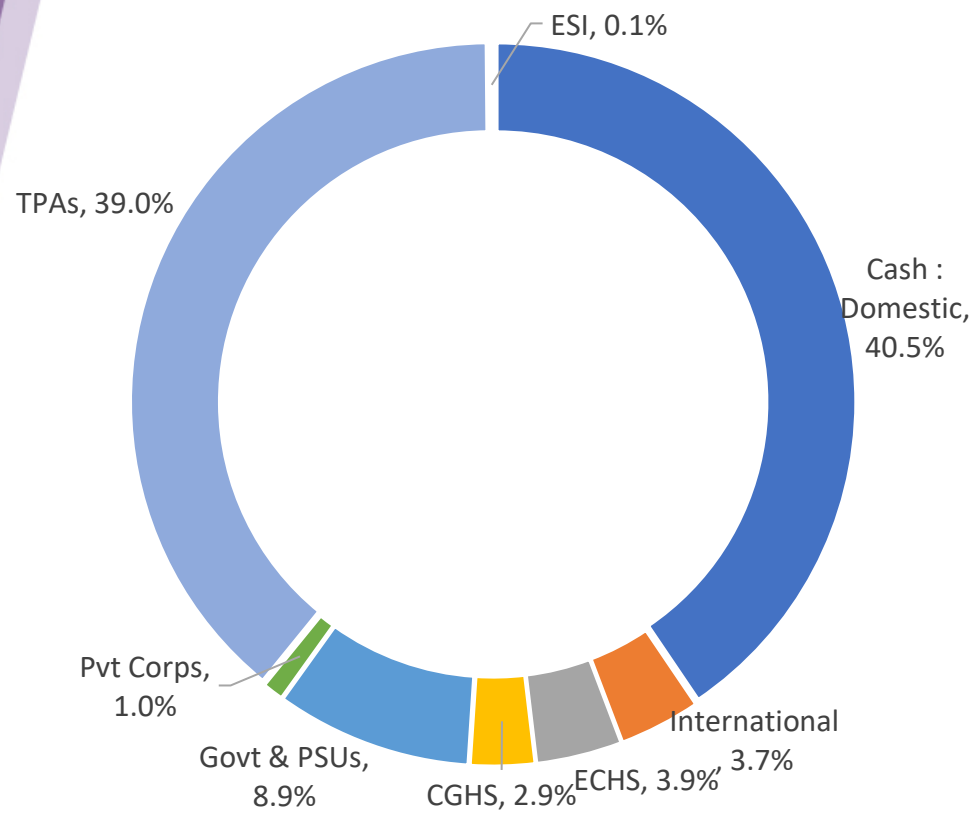


Q1 FY23

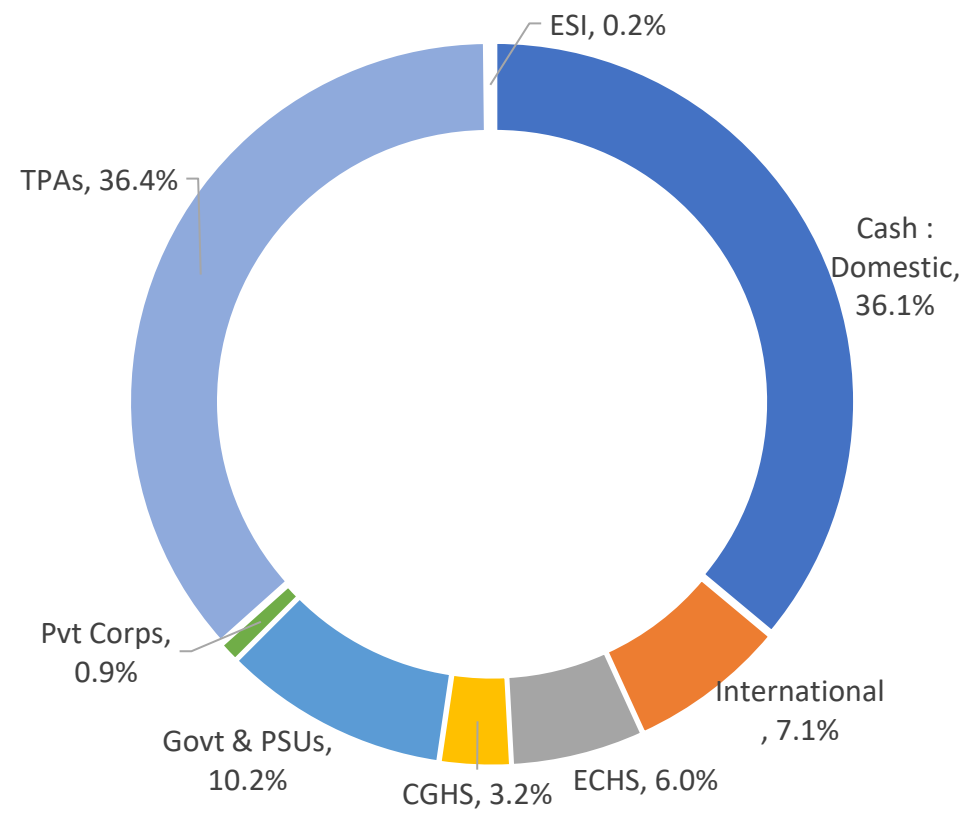


PAYOR MIX

Q1 FY22

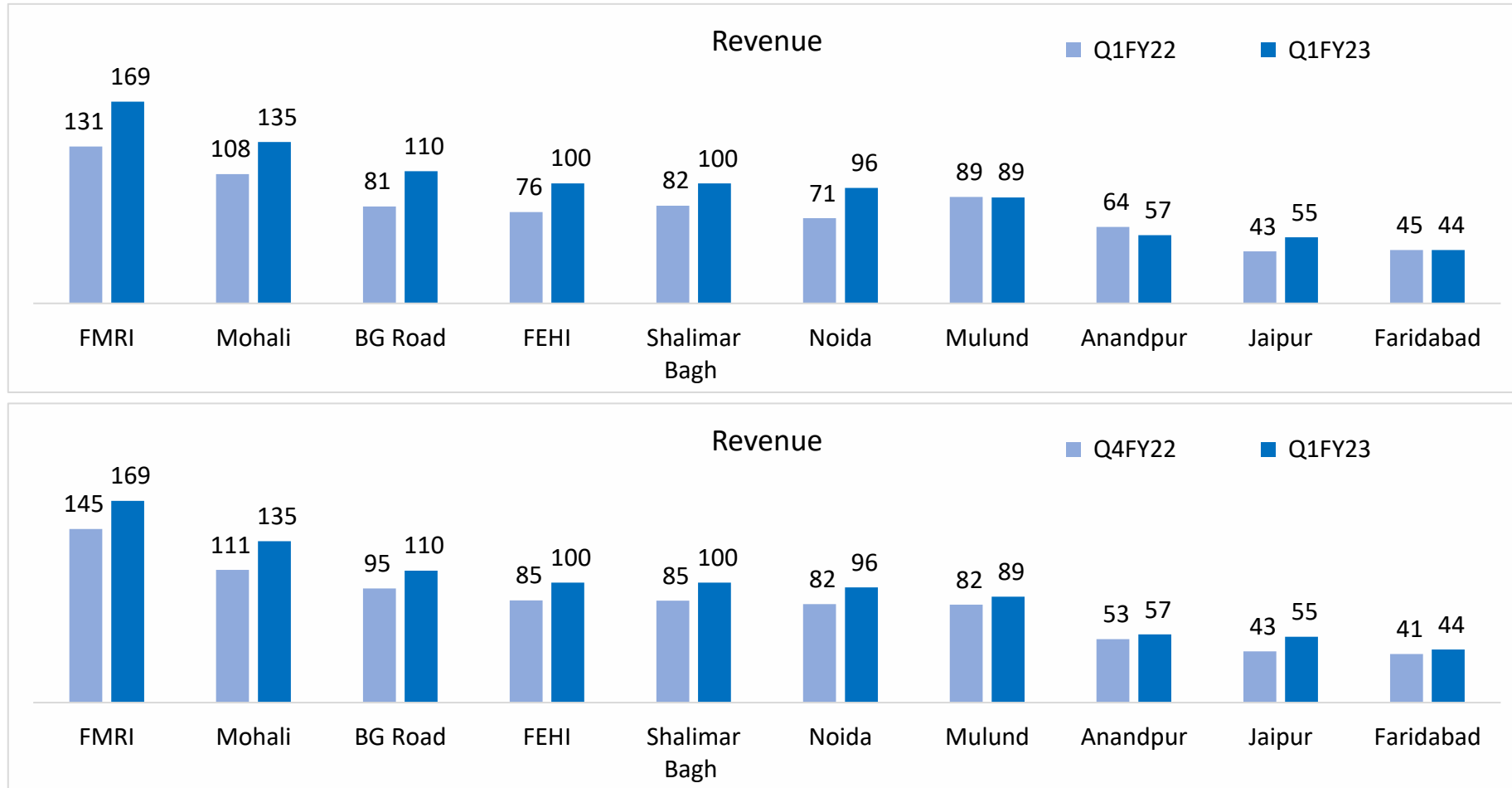


Q1 FY23



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

Q1 FY23

EBITDA	No of Facilities	Revenue Contribution	Operational beds	ARPOB (INR Cr)	Occupancy
>25%	4	43%	1,210	2.53	70%
20% - 25%	4	13%	561	1.70	66%
15% - 20%	5	20%	910	1.54	71%
10% - 15%	4	14%	514	2.07	65%
<10%	5	10%	706	1.44	50%

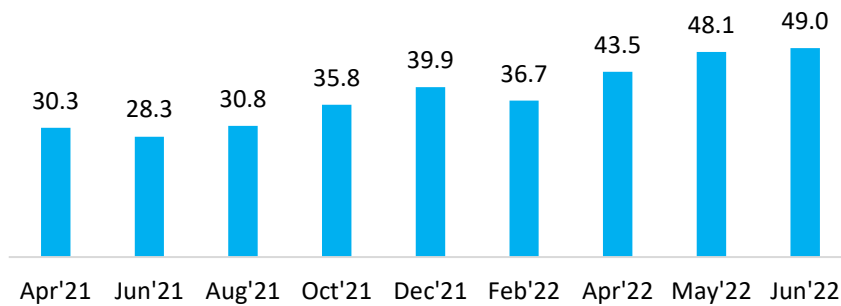
FY22

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%

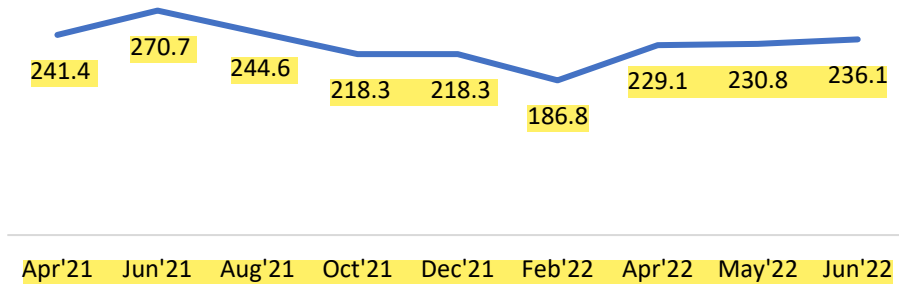
- EBITDA margins are prior to corporate cost allocation and IndAS adjustments; Total number of facilities in Q1 FY23 stands at 22 due to the exit from the Dehradun facility

HOSPITAL BUSINESS – PATIENT VOLUME

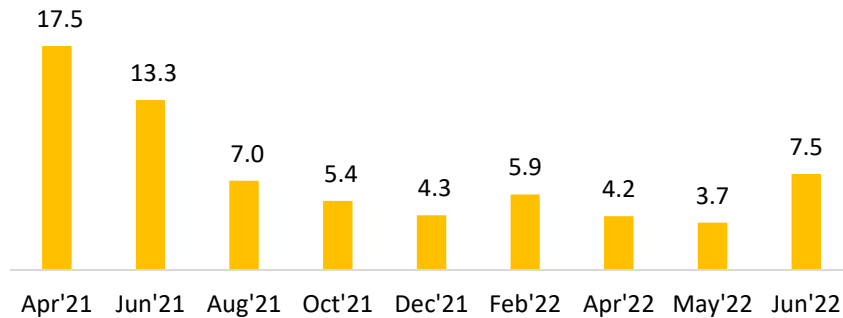
OPD Footfalls (through digital channels) ('000)



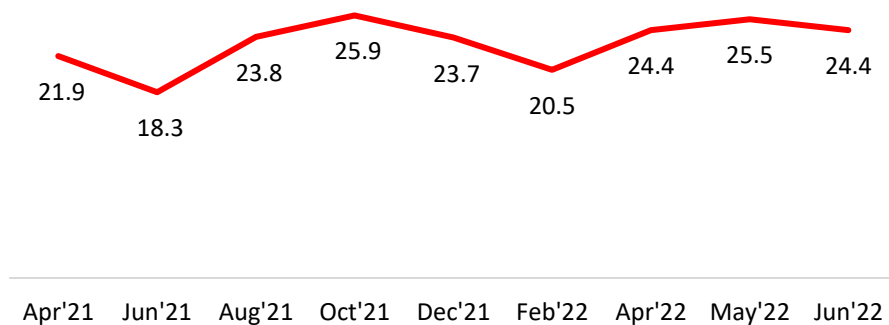
No. of Outpatient (OPD) ('000)



Tele-consults ('000)



Inpatient Admissions (IPD) ('000)



CLINICAL EXCELLENCE

- A team of doctors at **SL Raheja Hospital** removed multiple 'stones' from the right knee of a 70-year old patient suffering from Multiple Giant Synovial Chondromatosis of the knee joint
- Doctors at **Fortis BG Road**, gave a new lease of life to a 10-year-old patient from Bangladesh with liver transplant. The boy was diagnosed with hepato-pulmonary syndrome, a rare condition that affects the lungs and the liver.
- Doctors at **Fortis Nagarbhavi**, Bengaluru, removed 67-year-old's complex and recurrent Common Bile Duct stones along with broken stent
- Doctors at **FMRI, Gurugram**, used extremely challenging Intra-Arterial delivery of Chemotherapy (IAC) procedure to treat Nigerian infant's eye cancer
- A first in India: 74-year-old with congenital heart anomaly gets new lease of life after challenging TAVR at **FEHI, New Delhi**

**Above data pertains to Q1FY23*



AWARDS AND ACCREDITATIONS

- **Fortis Anandapur, Kolkata**, receives First Runners-up award at 34th CII Quality Circle Convention 2022, West Bengal
- **Fortis Hospitals** shine brightly on the 'Outlook Health Best Hospital Ranking 2022' list
- **Four Fortis hospitals viz. FMRI Gurgaon, Fortis Mulund, Fortis Mohali and FEHI**, won the prestigious AHPI Awards for Excellence in Healthcare-2022
- Paediatric Cardiology Team at **Fortis Escorts Heart Institute, Okhla Road, New Delhi** receives 'Solo Operator Certification for Percutaneous Melody Valve Implantation'



**Above data pertains to Q1FY23*

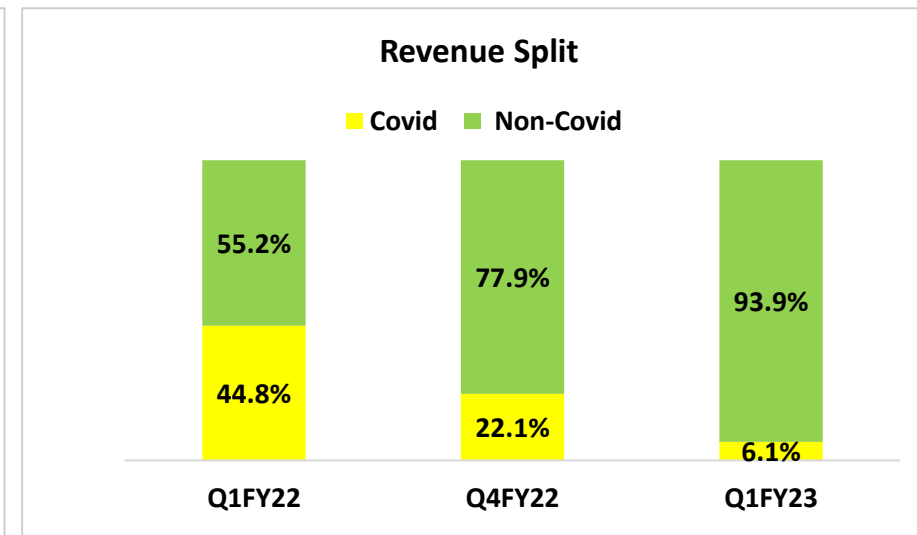
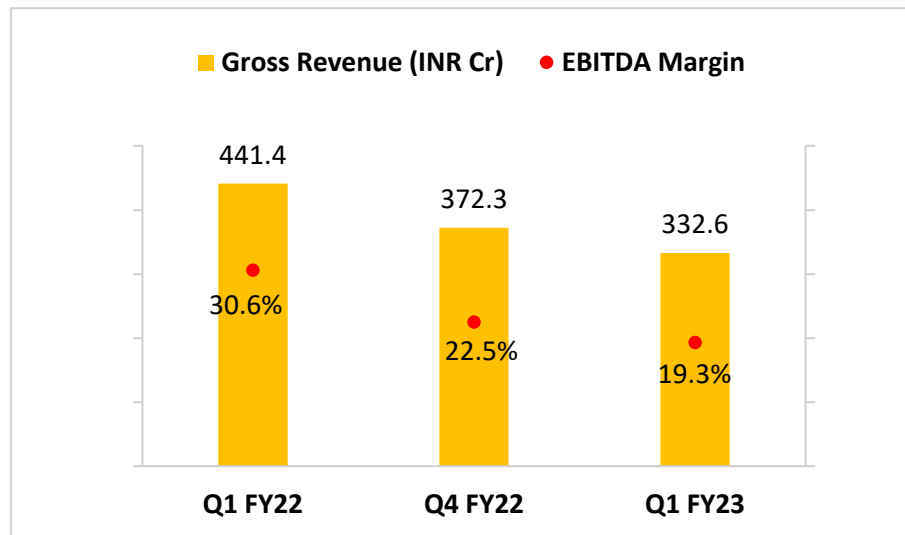


PERFORMANCE REVIEW

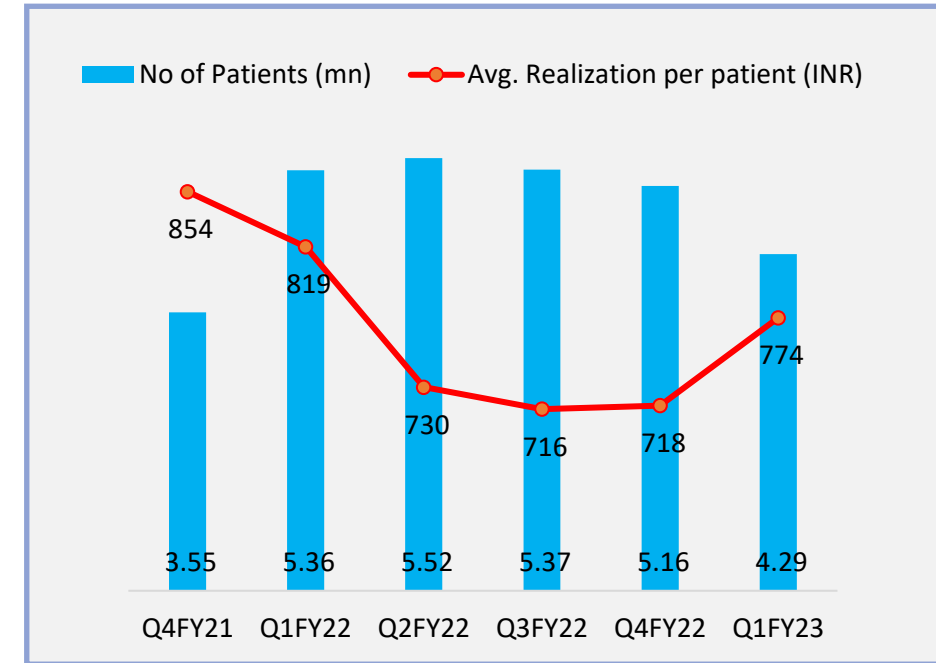
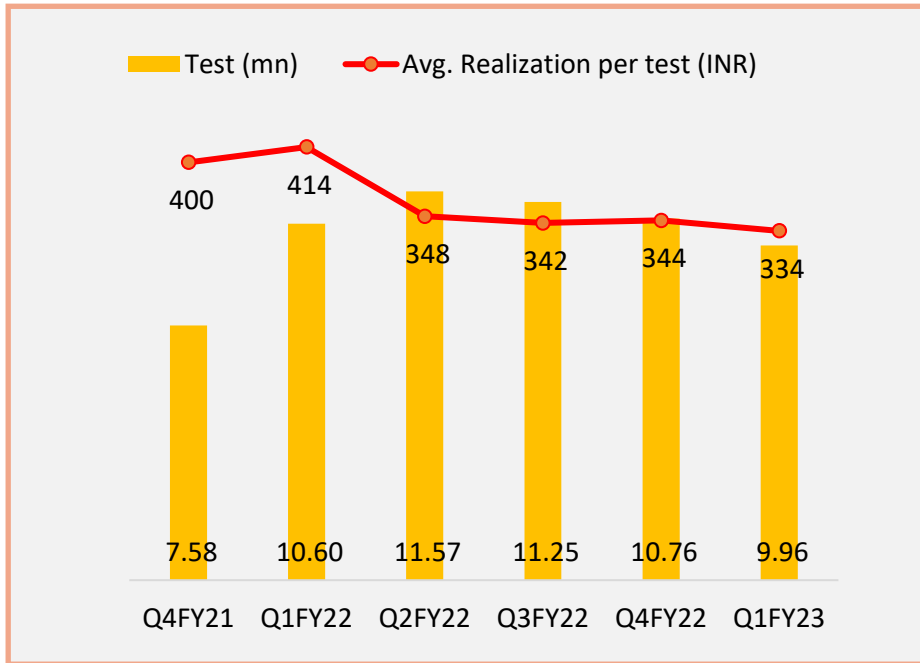
DIAGNOSTICS BUSINESS

DIAGNOSTICS BUSINESS

- During Q1FY23, SRL conducted approx. 9.96 Mn tests, a de-growth of 6% versus Q1'FY22 and a decline of 7% versus Q4'FY22 due to drop in Covid testing volumes.
- SRL added 243 new collection centers to its network in Q1FY23 taking the total number of collection centers to 2,745.
- SRL's B2C: B2B revenue mix stood at 55 : 45 in the quarter compared to 57 : 43 in Q1'FY 22.
- Covid revenue contribution is 6% in Q1FY23 compared to 45% in Q1FY22



KEY PERFORMANCE METRICS

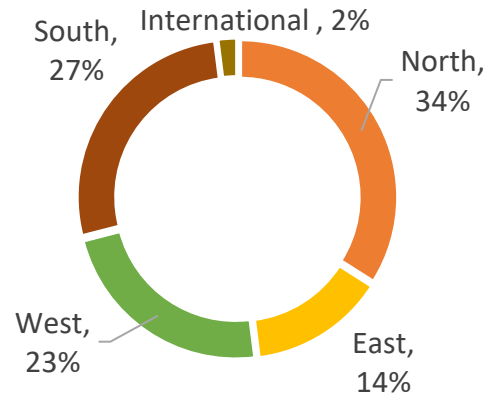


Significant decline in covid test pricing and volumes resulted in decline in overall average realisation per test and average realisation per patient in Q1FY23 versus Q1FY22.

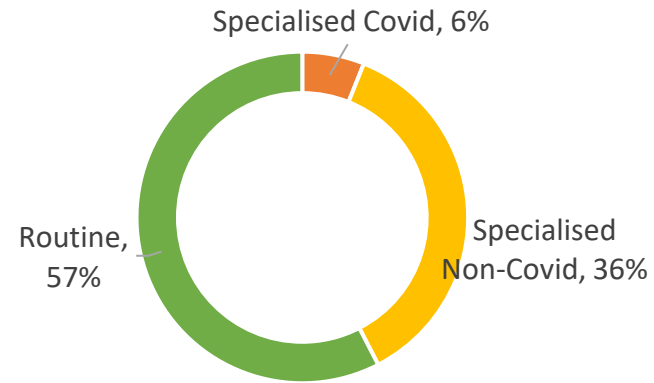
REVENUE MIX

Geographic mix

Q1FY23



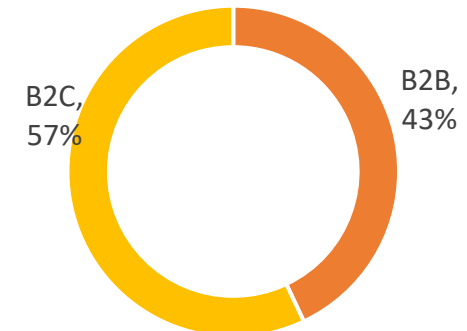
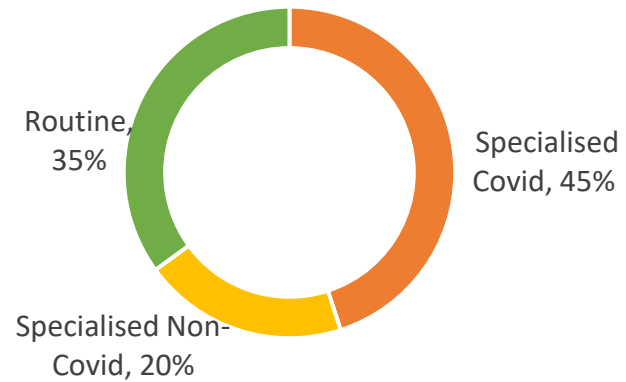
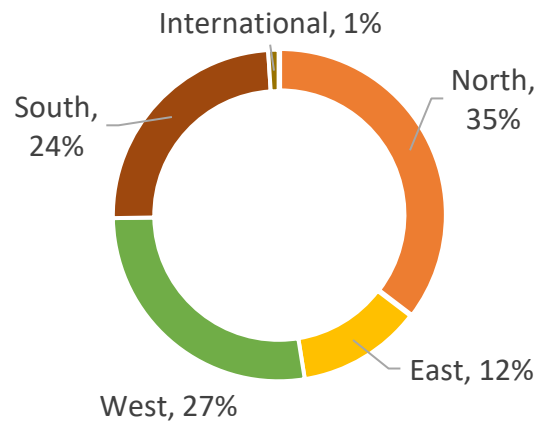
Product Mix



Segment Mix



Q1FY22





APPENDIX

GROUP CONSOLIDATED P&L – Q1FY23

Particulars (INR Cr)	Q1FY22	Q4FY22	Q1FY23
Revenue from operations	1,410.3	1,378.1	1,487.9
Other income	7.8	6.0	20.7
Total income	1,418.2	1,384.1	1,508.6
Expenses	1,135.1	1,156.9	1,236.8
EBITDA*	283.1	227.2	271.8
Margin	20.1%	16.5%	18.3%
Finance costs	38.4	30.0	31.2
Depreciation and amortisation expense	72.9	77.3	74.3
PBT	171.7	119.9	166.3
Share of profit / (loss) of associates and joint ventures (net)	8.5	6.3	10.0
Net profit / (loss) before exceptional items and tax	180.3	126.3	176.3
Exceptional gain	306.1	0.2	0.0
Profit / (loss) before tax from continuing operations	486.4	126.4	176.3
Tax expense / (credit)	55.8	39.4	42.0
Net profit / (loss) for the period from continuing operations	430.6	87.0	134.3
Profit / (loss) from continuing operations attributable to Owners of the company	263.5	68.0	122.3

- *EBITDA includes other income, forex and exceptional/non-recurring expenses
- Exceptional gain of INR 306.1 Cr in Q1FY22 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.



THANK YOU

