



Apollo Hospitals announces Q3FY18 results

Hospitals at Chennai, Kolkata, Bengaluru, Bhubaneswar, Hyderabad and Ahmedabad included among the top Hospitals in India in The Week-Nielsen Best Hospital Survey 2017

Apollo Remote healthcare a subsidiary of Apollo Group has received the 'Best Public Health Initiative' award at the Healthcare Leadership Awards 2017

Q3FY18 Standalone Revenues up 13%
(16% - adjusted for GST net off in Pharmacy) at Rs. 1,896 crore
EBITDA up 14% at Rs. 221 crore
PAT at Rs. 67 crore

9MFY18 Standalone Revenues up 14%
(16% - adjusted for GST net off in Pharmacy) at Rs. 5,432 crore
EBITDA up 2% at Rs. 616 crore
PAT at Rs. 174 crore

Healthcare services reported 13% revenue growth in Q3
aided by 37% growth in new hospitals, driven by volumes

SAP reported 16% (21% - adjusted for GST net off)
growth in Revenues in 9MFY18
EBITDA grew by 16%, EBITDA margins at 4.34% in 9MFY18
Net addition of 293 stores in 9MFY18,
Pan-India network now at 2,849 stores

Q3FY18 Standalone Revenues grew 13% to Rs. 18,961 million compared to Rs. 16,806 million in Q3FY17, aided by Healthcare services growth of 13% YoY, fully driven by volume growth and SAP growth of 13%. HC services growth of 13% YoY was led by new hospitals which reported 37% YoY Revenue growth while existing hospitals grew 8% YoY. EBITDA was at Rs. 2,213 million in Q3FY18 as against Rs. 1,941 million in Q3FY17. PAT was at Rs. 674 million in Q3FY18.

Overall Revenue adjusted for GST grew by 16% (against 13% reported) as SAP Revenues adjusted for GST would represent a growth of 19% (against 13% reported). All the hospitals in the network witnessed an across the board recovery in patient volumes in Q3, continuing the momentum from the start of the fiscal. **Overall occupancy across the group was at 4,794 beds or 67%. The occupancy in mature hospitals was at 3,779 beds or 70% while new hospitals had occupancy at 1,015 beds or 60%.**

Though Q3 is a seasonally weak quarter – this quarter witnessed a robust contribution to growth from new hospitals especially Navi Mumbai, Malleswaram, Trichy, Vizag, Nashik and Nellore. The focus is to now continue to build on this momentum into the next fiscal especially on the new hospitals.

***Dr.Prathap C Reddy, Chairman, Apollo Hospitals said,** “The Ayushman Bharat program, while ambitious, is a burning need of the hour and the Government must be congratulated for this bold step which is a game changer for the domestic healthcare industry. Importantly, this marks a shift of role for the Central Government from provider of health care to insurer which must be appreciated. By leveraging on Aadhaar and Digital India; the program holds tremendous ability to ensure that quality healthcare is extended to the truly deserving. While demand for healthcare in India is still largely unserved given the large population and the increasing prevalence of non-communicable diseases, there is a gap in ability to spend for a large section. The Ayushman Bharat program addresses this shortfall in an appropriate and effective manner and I am confident that it will prove to be an inflection point in the growth of the healthcare services industry in the country.*

Service providers have always welcomed the challenge of serving the large population of the country despite limited resources and will now have to be prepared to serve patients who were hitherto served by the informal and unorganised segments. This demand can no longer be addressed by just setting up capacities across the length and breadth of the country. The only alternative is to effectively leverage technology in order to amplify reach and enhance productivity.

At Apollo, we have added more than 2,400 beds in the last 3-4 years as we continue to elevate our pan India presence. Even as we have enhanced touch points across our network, the focus has been to embrace the latest medical equipment and techniques while embedding cutting

edge technology into our systems. This has enabled us to deliver more with less as we can now offer higher quality and more accessible healthcare at an optimal cost”.

Dr. Reddy added, “We are humbled to be recognised for our efforts and the Accolades bestowed upon our team motivate us to work even harder. We look forward to incorporating new technologies, methods and treatment philosophies as we continue to strive towards elevating the standards of healthcare across the country.”

Financial Highlights

Standalone 9MFY18 Performance

- o Revenues grew by 14% to Rs. 54,322 million compared to Rs. 47,801 million in 9MFY17.
- o EBITDAR grew by 5% to Rs. 7,776 million as against Rs. 7,407 million in 9MFY17.
- o EBITDA grew by 2% to Rs. 6,161 million as against Rs. 6,039 million in 9MFY17.
- o PAT was at Rs. 1,735 million compared to Rs. 2,370 million in 9MFY17.
- o Diluted EPS of Rs. 12.47 per share in 9MFY18 (not annualised).

Standalone Q3FY18 Performance

- o Revenues grew by 13% to Rs. 18,961 million compared to Rs. 16,806 million in Q3FY17.
- o EBITDAR grew by 14% to Rs. 2,760 million as against Rs. 2,414 million in Q3FY17.
- o EBITDA grew by 14% to Rs. 2,213 million as against Rs. 1,941 million in Q3FY17.
- o PAT was at Rs. 674 million compared to Rs. 728 million in Q3FY17.
- o Diluted EPS of Rs. 4.85 per share in Q3FY18 (not annualised).

Consolidated 9MFY18 Performance (Unaudited Management Estimates)

- o Revenues were higher by 13% to Rs. 61,352 million compared to Rs. 54,171 million in 9MFY17.
- o EBITDAR grew by 7% to Rs. 8,336 million as against Rs. 7,757 million in 9MFY17.
- o EBITDA grew by 5% to Rs. 6,069 million against Rs. 5,807 million in 9MFY17.
- o PAT was at Rs. 936 million compared to Rs. 1,538 million in 9MFY17.
- o Diluted EPS of Rs. 6.73 per share in 9MFY18 (not annualised).

Consolidated Q3FY18 Performance (Unaudited Management Estimates)

- o Revenues were higher by 12% to Rs. 21,393 million compared to Rs. 19,057 million in Q3FY17.
- o EBITDAR grew by 17% to Rs. 2,934 million as against Rs. 2,509 million in Q3FY17.
- o EBITDA grew by 17% to Rs. 2,172 million against Rs. 1,860 million in Q3FY17.
- o PAT grew by 2% to Rs. 438 million compared to Rs. 429 million in Q3FY17.
- o Diluted EPS of Rs. 3.15 per share in Q3FY18 (not annualised).

Segment-wise Performance Update

Hospitals

Healthcare services revenues increased by 11% to Rs. 29,517 million in 9MFY18 compared to Rs. 26,489 million in 9MFY17. This was due to 13% growth in volumes. The Revenue of existing hospitals grew 7% while the new hospitals grew by 36% to Rs. 5,741 million.

Healthcare services EBITDA was at Rs. 5,084 million in 9MFY18 compared to Rs. 5,111 million in 9MFY17. This is after absorbing the impact of compression in margins due to regulatory capping of prices of Stents and Knee implants, higher GST on all input services and select consumables from 15% to 18%, Navi Mumbai startup losses of Rs. 33 crore and impact of unabsorbed guarantee money to doctors.

Revenues in the Tamil Nadu cluster grew by 6%, IP Volumes grew by 7%. ARPOB grew by 1% to Rs. 39,879 (including HBP). Overall occupancy in the cluster was 1,234 beds (59% occupancy) as compared to 1,178 beds (56% occupancy) in the previous year.

In AP Telengana region, revenues grew by 19% while IP volumes grew by 9%. ARPOB grew by 10% to Rs. 29,830. Occupancy in the cluster was 844 beds (62% occupancy) as compared to 782 beds (59% occupancy) in the previous year.

Karnataka region has seen good growth. Malleswaram which was commissioned last year recorded IP volume growth of 25%. Bangalore, Mysore & Jayanagar revenues grew by 5%, 14% and 14% respectively. Occupancy in the cluster was 522 beds (73% occupancy) as compared to 479 beds in the previous year.

New hospitals posted an EBITDA of Rs. 10 crore in 9MFY18 as compared to an EBITDA of Rs. 15.4 crore in 9MFY17. This is primarily due to loss of Rs. 33 crore this year in Navi Mumbai.

Standalone Pharmacies

In 9MFY18, we added 298 stores and closed 5 stores for a net addition of 293 stores. The total store network as of December 31, 2017 stands at 2,849 operational stores.

Revenues grew by 16.4% to Rs. 24,805 million in 9MFY18 from Rs. 21,312 million in 9MFY17. EBITDA grew 16.0% from Rs. 929 million in 9MFY17 to Rs. 1,077 million in 9MFY18. The EBITDA margin was at 4.34% in 9MFY18 compared to 4.36% in 9MFY17. Private label sales are now at 6.44%.

Revenue per store was at 2% for the pre 2008 batch of stores with EBITDA margins remaining

strong at 7.4%. The pre 2010 stores EBITDA growth was at 4% with an EBITDA margin of 6.8%.

Apollo Munich Health Insurance Company Limited

Gross Written Premium grew by 34% from Rs. 7,423 million in 9MFY17 to Rs. 9,928 million in 9MFY18. Earned premium increased by 2% from Rs. 7,166 million in 9MFY17 to Rs. 7,340 million in 9MFY18. The incurred claim loss ratio was at 78% in 9MFY18 compared to 60% in 9MFY17. The business reported a net loss of Rs. 929 million in 9MFY18 compared to a profit of Rs. 486 million in 9MFY17. AUMs stood at Rs. 10,140 million as of December 31, 2017.

Retail Health

Apollo Health & Lifestyle Ltd. (AHLL) is a wholly owned subsidiary which houses the retail healthcare business of Apollo Hospitals. This includes the lifestyle birthing centers known as 'CRADLES', Daycare and short stay surgery centers, Diagnostic centers, Dialysis centers, Dental Care Centers and Apollo Clinics catering to a variety of ailments such as liver disease, joint pain, advanced fever and diabetes among others. The AHLL network has 472 centers in total as of December 31, 2017.

AHLL Consolidated Revenues grew to Rs. 2,277 million in 9MFY18 compared to Rs. 2,014 million in 9MFY17. The business reported an EBITDA loss of Rs. (764) million in 9MFY18 compared to a loss of Rs. (777) million in 9MFY17.

CLINICAL AND OPERATIONAL HIGHLIGHTS

CLINICAL EXCELLENCE HIGHLIGHTS

- Apollo Hospitals, Chennai attained an applaudable feat by performing Asia's first-of-its kind Pancreas Kidney transplant on a 38-year-old Delhi-based diabetic patient by harvesting pancreas from a cadaveric donor and kidney from the patient's spouse. This case highlights the need to adapt to other strategies to help patients when the allocation rules for the kidney do not favour diabetics on dialysis.
- Apollo Hospitals achieved a rare milestone by performing over 100 Robot assisted Myomectomies; which is first of its kind in the country. Robot-assisted surgery is a major technological advancement that can complement the skills of a surgeon and also enables minimal invasive technology to even the most challenging cases.
- A 55 year old man survived a rare case of ruptured heart, after a cutting-edge surgery at Indraprastha Apollo Hospitals. The condition that occurs rarely, only among 1-2% of patients suffering a cardiac arrest was successfully treated and the patient made full recovery without any complications.
- Doctors at Apollo Hospitals Nellore conducted a complex surgery on 103-year-old woman, who suffered a fracture on her pelvis bone. Many doctors from other hospitals had earlier refused to perform this surgery as they feared the patient would not be able to cope up with anaesthesia and surgical risks. However, the doctors at Apollo Hospitals took up the challenge and conducted the surgery successfully leading to the lady's full recovery.
- Apollo Hospitals, Dhaka successfully conducted an 'Awake craniotomy'; which is an operation performed in the same manner as a conventional craniotomy but with the patient awake during the procedure. The patient who had developed an enhancing tumour just in front of his left motor area of the brain along with some other parts; now lives his life without any neurological problem.

NEW LAUNCHES, INITIATIVES AND PARTNERSHIPS

- The Apollo Group of Hospitals launched Apollo ILD Clinic, a specialty clinic to address 130 lung disorders also called Interstitial Lung Disease (ILD). The state-of-the-art clinic will help tackle instances of the rise in lung diseases across the twin cities, largely because of air pollution and passive smoking.
- Apollo Sugar Clinic recently partnered with 'GlucoMe - digital diabetes care solution' with an aim to benefit thousands of diabetes patients and clinics across India. Under

the terms of this exclusive strategic agreement, Apollo Sugar Clinic patients will receive a "Diabetes Home-Care Kit" from GlucoMe. This kit will include GlucoMe's wireless blood glucose monitor, which, among other deliverables, provides real-time data to both patient and medical professionals as well as continuous communication between the clinic and its patients.

- Apollo Hospitals partnered with 'Mobile ODT', a medical devices company, which deploys the Enhanced Visual Assessment (EVA) System at primary cervical cancer screenings. This leads to higher detection rate of suspected precancerous and cancerous lesions for women. The partnership was undertaken to improve the higher detection rate of suspected cervical cancer in both urban and rural areas.
- Apollo Hospitals, Chennai in association with Apollo Clinic, Lucknow launched a liver clinic in Lucknow. Liver transplantation being a very niche specialty with limited expertise; this clinic would give access to specialised treatment to patients from this region. Patients can seek advice, plan their treatment and then go to the Apollo network of hospitals for the transplant if necessary.
- A Society for Advanced Heart and Lung Disease (SAHLD) was launched by the heart-lung transplant team of the Apollo Hospitals, who will work with researchers at IIT-Madras to look into lung disease, transplant outcomes and genomics. The Society will also promote awareness of heart and lung disease and transplant options available, both among physicians and patients.
- Bank Muscat and Apollo Hospital Muscat, have joined hands to facilitate healthcare services with an easy payment plan (EPP) scheme. The new facility allows Bank Muscat credit card customers to avail services at Apollo Hospital Muscat and will give a boost and affordability to high-end healthcare services.
- Apollo Hospitals tied up with 'Credence Genomics', a biotechnology firm to offer diagnostic services for infectious diseases to patients in India starting with Chennai.

AWARDS AND ACCOLADES

- Apollo Hospitals, Ahmedabad won the 'smartest building of the year' award at the 'Network 18 and Honeywell smart building awards 2017'. This is the second time in a row that Apollo Hospitals has won this prestigious award.
- In the WEEK-Nielsen Best Hospital Survey, 2017 three facilities (Chennai, Kolkata and Ahmedabad) of the Group were included among the Best private Hospitals in India – the most by any single healthcare group in the country. Hospitals at Kolkata, Chennai, Bengaluru were rated as the number one facility in their respective cities while Ahmedabad hospital was ranked 3rd in the West Zone.

- Apollo Hospitals won the ASSOCHAM's India-Africa Champion at the Biz Awards 2017 for its outstanding contribution in Africa's Healthcare sector.
- Apollo Remote healthcare a subsidiary of Apollo Group has received the 'Best Public Health Initiative' award at the Healthcare Leadership Awards 2017, held at Mumbai.
- At the TV5 Business Leader Awards 2017, Dr. Prathap C. Reddy was conferred upon with a 'Lifetime Achievement Award'.
- Ms. Shobana Kamineni, Vice Chairperson, Apollo Hospitals was conferred with the Prestigious "First Ladies Award" by the honorable President of India.
- Dr. Vijay Anand Reddy, Sr. Consultant, Radiation Oncologist & Director, Apollo Cancer Centre, Hyderabad won the prestigious American Ophthalmologists Society (AOS) Achievement Award for excellence in Ocular Oncology.
- Dr. Sharmila Kaza received 'Vaidya Ratna Award' for excellence in Pediatrics from the speaker of Telangana assembly honorable Shri Madhusudhanachary.
- Dr. Rajendra Prasad, Spine Surgeon, Indraprastha Apollo Hospitals, Delhi bagged the award for "Non-Communicable Disease Initiative of the Year" at the BMJ Awards South Asia 2017.

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About Apollo Hospitals Enterprise Ltd. (AHEL)

It was in 1983, that Dr. Prathap Reddy made a pioneering endeavour by launching India's first corporate hospital - Apollo Hospitals in Chennai. Over the years Apollo Hospitals has established itself as home to the largest cardiac practice in India with over 170,000 cardiac surgeries. Apollo Hospitals is also the world's largest private cancer care provider and runs the world's leading solid organ transplant program having conducted over 1,500 solid organ transplants in 2014-15 alone.

Now, as Asia's largest and most trusted healthcare group, its presence includes 9,948 beds across 71 Hospitals, 2,849 Pharmacies, over 200 Primary Care and Diagnostic Clinics, 148 plus Telemedicine Centres and over 100 plus Apollo Munich Insurance branches panning the length and breadth of the country. As an integrated healthcare service provider with health insurance services, projects consultancy services, medical education centres and a Research Foundation with a focus on global clinical trials, epidemiological studies, stem cell & genetic research, Apollo Hospitals has been at the forefront of new medical breakthroughs with the most recent investment being that of commissioning the first Proton Therapy Centre across Asia, Africa and Australia in Chennai, India. Every four days, the Apollo Hospitals Group touches a million lives, in its mission to bring healthcare of International standards within the reach of every individual.

In a rare honour, the Government of India issued a commemorative stamp in recognition of Apollo's contribution, the first for a healthcare organization. Apollo Hospitals Chairman, Dr. Prathap C Reddy, was conferred with the prestigious Padma Vibhushan in 2010. For more than 34 years, the Apollo Hospitals Group has continuously excelled and maintained leadership in medical innovation, world-class clinical services and cutting-edge technology. Our hospitals are consistently ranked amongst the best hospitals globally for advanced medical services and research.

Disclaimer

Some of the statements in this document that are not historical facts are forward looking statements. These forward-looking statements include our financial and growth projections as well as statements concerning our plans, strategies, intentions and beliefs concerning our business and the markets in which we operate.

These statements are based on information currently available to us, and we assume no obligation to update these statements as circumstances change. There are risks and uncertainties that could cause actual events to differ materially from these forward-looking statements. These risks include, but are not limited to, the level of market demand for our services, the highly-competitive market for the types of services that we offer, market conditions that could cause our customers to reduce their spending for our services, our ability to create, acquire and build new businesses and to grow our existing businesses, our ability to attract and retain qualified personnel, currency fluctuations and market conditions in India and elsewhere around the world, and other risks not specifically mentioned herein but those that are common to industry.

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