



Apollo Hospitals announces Q1FY17 results

**Q1FY17 Standalone Revenues up 12% at Rs. 1,465 crore
EBITDA up 5% at Rs. 187 crore
PAT at Rs. 72 crore**

Apollo Hospitals was recognized and felicitated under the Best Multi-Specialty Hospital category and Apollo Life, under the Health and Wellness category at the ET Best Brands awards 2016

Apollo Hospitals intensifies offerings for Cancer across its network. To set up 2 new Cancer institutes to complement 8 institutes within existing hospitals. Introduces precision oncology for personalised and targeted treatment to help predict patient response to specific cancer therapies.

Inspired by the Hon'ble Prime Minister, Shri Narendra Modi's clarion call to doctors in the country, 9000 doctors of Apollo Hospitals pledged their support to camps on the 9th of every month across India with guidance from State Governments

Apollo Hospitals performed the highest number of successful Endoventricular Patch Plasty (EVPP) procedures in India

Apollo Hospitals added 1,945 capacity beds in 12 hospitals in the last 36 months. On track to commission 480 beds hospital in Navi Mumbai in FY17

57 stores added in the Standalone Pharmacies in Q1FY17. Pan-India Pharmacy network at 2,383 stores as of end Q1FY17



Q1FY17 Standalone Revenues grew 12% to Rs. 14,654 million as compared to Rs. 13,057 million in Q1FY16. EBITDA was at Rs. 1,869 million in Q1FY17 as against Rs. 1,777 million in Q1FY16, up by 5.2%. The EBITDA margin was 12.8%. PAT was at Rs. 722 million in Q1FY17.

Dr. Prathap C Reddy, Chairman said, “Ever since its inception, Apollo Hospitals has been consistently driven by the mission to provide healthcare of international standards to patients here in India. Our efforts at innovation, clinical expertise, medical excellence and tender, loving care are not just restricted to treating a particular symptom, disease or patient but rather to holistically improve the overall health quotient of the nation by empowering the system from within. It was this persistence and commitment that enabled us to pledge support to medical camps one day of every month across India, following the Prime Minister’s clarion call to doctors in the country to serve underprivileged pregnant women.

We are taking the war against NCDs to the next level by reshaping our cancer practice into an Independent specialty which will be named as Apollo Cancer Institutes. The existing network of 8 Cancer Institutes within our existing hospitals will be supplemented by the addition of 2 new institutes over the next year at Bhubaneswar and Mumbai. These institutes will function from a common platform based on standard protocols which will ensure uniform quality of care for patients while elevating the track record and knowledge bank for specialists across the network.

We have already established a chain of diabetes clinics under AHLL which offer cutting edge solutions and treatment. Going forward, we will evaluate the potential to similarly elevate the Cardiac Sciences practice as the Apollo Network gears up to meet the challenge of tackling the increasing volumes of patients afflicted by cancer, diabetes and cardiac ailments – NCDs for which India is set to emerge with the highest number of cases globally.

He added, “Robust clinical and medical expertise, impeccable operational excellence and strategized investment has helped sustain our growth. We continue to make progress on clinical parameters and our focus on key specialties has paid rich dividends. Higher volumes of transplants and robotic surgeries across the group coupled with the increasing complexity of treatments being undertaken clearly showcase the further elevation of capabilities.

We are confident that with the impending roll out of GST, unifying the country under a single indirect tax will accelerate growth in healthcare sector.

Our hospitals across the country are continuing their deliberate pursuit of world class medical and clinical excellence for the benefit of our patients, accomplishing and performing extraordinary feats that are most often a first for India. Thus, we are pleased with the recognition accorded to the group by the Asian Hospital Management Awards, 2016. These awards rightly acknowledge the untiring efforts put in by our team in diverse areas such as Clinical Excellence, Nursing Excellence, Patient Safety as well as CSR efforts and digital initiatives.”

Financial Highlights

- Standalone Q1FY17 Performance
 - Revenues grew 12% to Rs. 14,654 million vs. Rs. 13,057 million in Q1FY16.
 - EBITDAR grew 8% to Rs. 2,321 million vs. Rs. 2,141 million in Q1FY16.
 - EBITDA grew 5% to Rs. 1,869 Million vs. Rs. 1,777 million in Q1FY16.
 - PAT de-grew 18% to Rs. 722 Million vs. Rs. 875 million in Q1FY16.
 - Diluted EPS of Rs. 5.19 per share in Q1FY17 (not annualised).
- Consolidated Q1FY17 Performance (Unaudited management estimates)
 - Revenues grew 15% to Rs. 16,563 Million vs. Rs. 14,400 million in Q1FY16.
 - EBITDAR grew 9% to Rs. 2,450 million vs. Rs. 2,248 million in Q1FY16.
 - EBITDA grew 3% to Rs. 1,798 million vs. Rs. 1,751 million in Q1FY16.
 - PAT de-grew 23% to Rs. 505 million vs. Rs. 655 million in Q1FY16.
 - Diluted EPS of Rs. 3.63 per share in Q1FY17 (not annualised).

June 2016 figures have been presented on the basis of the IND AS. June 2015 have been restated for comparative purposes as required by SEBI.



Segment-wise Performance Update

Hospitals

Standalone Revenues of the healthcare services division increased by 6% to Rs. 8,330 million in Q1FY17 compared to Rs. 7,865 million in Q1FY16. This performance Includes revenue growth of 56% from new hospitals (including HBP) added to the network.

Healthcare Services EBITDAR was Rs. 1,880 million in Q1FY17 compared to Rs. 1,794 million in Q1FY16, registering growth of 5%. EBITDAR from new hospitals grew over 2 times to Rs 109 million in Q1FY17 from Rs 28 million in Q1FY16 due to increase in patient footfalls.

Healthcare Services EBITDA grew 3% to Rs. 1,650 million in Q1FY17 compared to Rs. 1,603 million in Q1FY16. New hospitals posted an EBITDA of Rs. 18 million in Q1FY17 as compared to a loss of Rs 38 million in Q1FY16.

The Chennai cluster reported a stable performance. Revenues grew from Rs. 3,452 million in Q1FY16 to Rs. 3,498 million in Q1FY17. Occupancy was at 901 beds (59% utilization on capacity of 1,529) in Q1FY17 as compared to 933 beds (63% utilization on 1,490 beds) in Q1FY16.

At the Hyderabad cluster revenues grew 11% to Rs. 1,507 million. There was a moderation in occupancy levels due to rationalization of patients under subsidized schemes. Occupancy was at 509 beds (61% utilization on 839 beds) in Q1FY17 as compared to 548 beds (59% utilization of 930 beds) in Q1FY16.

Joint Venture & Subsidiary hospitals delivered a healthy performance with Hospitals in Ahmedabad, Bangalore, & Kolkata reporting y-on-y revenue growth of 5%, 8% & 10% respectively. Indore reported y-on-y revenue growth of 66%, though on a small base. Growth was achieved through a mix of higher volumes as well as improvements in pricing and case-mix.

Hospitals outside of the core clusters performed well with healthy growth in revenues as well as recording progress in key operational metrics. At the Other hospitals cluster revenues grew 13% to Rs. 2,145 million. Occupancy was at 1,165 beds (57% utilization on 2,040 beds) in Q1FY17 as compared to 1,134 beds (62% utilization of 1,818 beds) in Q1FY16.



Standalone Pharmacies

In Q1FY17, we added 79 stores and closed 22 stores for a net addition of 57 stores. The total store network as of June 30, 2016 stands at 2,383 operational stores including 278 stores from Hetero.

Revenues grew by 22% to Rs. 6,325 million in Q1FY17 from Rs. 5,192 million in Q1FY16. Excluding the Hetero network of stores, revenue growth was 19%. EBITDA growth was robust at 26% on a y-o-y basis from Rs. 174 million in Q1FY16 to Rs. 219 million in Q1FY17.

The EBITDA margin expanded 11 bps to 3.5% in Q1FY17 compared to 3.3% in Q1FY16. Excluding the Hetero network the EBITDA margin was 3.9% in Q1FY17.

There was steady progress in the trends in same-store sales across various batches of stores with like-for-like growth in revenue per store at 10% for the pre 2008 batch of stores with 6.9% EBITDA margins while the total of all the stores added pre FY2010 reported a revenue growth of 9.1% with 6.1% EBITDA margins.

Apollo Munich Health Insurance Company Limited

Gross Written Premium grew by 16% from Rs. 1,809 million in Q1FY16 to Rs. 2,095 million in Q1FY17. The Earned premium grew by 21% from Rs.1,792 million in Q1FY16 to Rs.2,167 million in Q1FY17. The incurred claim loss ratio was at 64.3% in Q1FY17. The business reported a net profit of Rs. 57 million in Q1FY17 compared to a loss of Rs. 27 million in Q1FY16. AUMs stood at Rs. 8,449 million as of Jun 30, 2016.

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', Day-care and short stay surgery centres, Diagnostic centres, Dental Care Centers and Apollo Clinics catering to a variety of ailments such as liver disease, joint pain, advanced fever and diabetes among others.

Total Income was at Rs. 598 million in Q1FY17 compared to Rs. 411 million in Q1FY16, higher by 45%.The business reported an EBITDA loss of Rs. 276 million in Q1FY17 compared to loss of Rs. 212 million in Q1FY16.

The current portfolio comprises of 11 Day surgery centres, 9 Cradles, 137 Diagnostic centres and 70 Clinics housed under AHLL while 72 Dental Clinics, 44 Sugar Clinics and 6 Dialysis centres were also part of the extended network.

CLINICAL AND OPERATIONAL HIGHLIGHTS

CLINICAL EXCELLENCE HIGHLIGHTS

- Apollo Hospitals, Chennai achieved another milestone by successfully performing the highest number of successful Endoventricular Patch Plasty (EVPP) procedures in India.
- Apollo Gleneagles Hospitals, Kolkata successfully performed Cochlear Implantation on a 5 year old, a first of its kind for Eastern India.
- Renowned Heart Surgeon and Chief Cardio-Thoracic Surgeon of Apollo Health City, Hyderabad, Dr Vijay Dikshit, was felicitated by Dr Prathap C Reddy and eminent citizens and doctors from the city, for accomplishing a rare distinction of performing over 20,000 cardiac surgeries. This is the largest experience of Open Heart Surgery that any surgeon has had in India.
- Apollo Hospitals conducted the first ever liver transplant without any blood or blood product transfusion in Andhra Pradesh.
- Doctors at Apollo Specialty Hospital, Madurai performed an ABO-incompatible kidney transplantation (ABOi-KT) which is a transplant received from a donor with an incompatible blood group. This is the first such procedure in the region.

AWARDS AND ACCOLADES

- Apollo Hospitals set a new Guinness world record with the largest Hand Sanitizing Relay organized at Indraprastha Apollo Hospitals, Delhi on World Hand Hygiene Day. Indraprastha Apollo Hospitals became the first in India to hold such a distinction.
- Apollo Hospital won 13 awards at The Asian Hospital Management Awards 2016 which saw entries from 92 hospitals across 15 countries under categories namely – Clinical Service Improvement, Corporate Social Responsibility, Patient Safety, Nursing Excellence, Innovations in Hospital Management and Governance, Biomedical Facilities Improvement, Cost Reduction/Waste Elimination, Customer Service, Digital Marketing, Physician Leadership Program and Human Resource Development.



NEW GEOGRAPHIES AND LAUNCHES

- The First Apollo Hospitals in the Middle East (GCC region) was launched in Muscat, Oman enhancing Apollo's clinical bandwidth. The Apollo Hospitals, Muscat was upgraded into a full-fledged hospital with world class facilities in April 2016.
- Apollo Hospitals launched a unique multidisciplinary centre for colorectal diseases in Chennai. The centre has a multidisciplinary clinical team comprising colorectal surgeons, oncologists, pathologists, radiologists and specialist nurses.
- Apollo Cradle launched its first standalone centre for fertility treatment in Chennai. The centre boasts of state-of-the-art medical infrastructure, a leading consultant panel, personalized patient care & complete compliance with the ICMR (Indian Council of Medical Research) guidelines.
- Apollo Gleneagles Hospitals, Kolkata launched a specialized Elder Care Clinic to address and deliver to the distinct needs of the senior populace.
- Apollo Emergency 1066 ambulance facility was launched at the RBI building on Beach Road, Chennai. The "Hospital on Wheels" with state of the art infrastructure facility was made available at the exclusive parking area of the RBI campus building, for the benefit of over 1000 employees of RBI and other companies in the vicinity, in case of any emergency.

COLLABORATIONS AND INITIATIVES

- William Osler Health System (Osler) and Apollo Hospitals signed a historic Memorandum of Understanding (MoU) formalizing a unique partnership between the two organizations. The agreement brings together two leading health care organizations in efforts to improve health outcomes across the world.
- Hainan Ecological Smart City Group, China and Apollo Hospitals signed a MoU to jointly develop a highly integrated modern health care service facility and systems in the Hainan Province of China.

KNOWLEDGE PROGRAMME

- Apollo Hospitals Group, India in collaboration with Mediterranean Conferences Organizing (MCO) conducted "The Recent Advances in Surgical Management" Conference at Abu Dhabi, UAE. Renowned experts from Departments of Neurosurgery, Orthopaedics, GI Surgery and Cardiothoracic Surgery presented their experiences of extending medical care to international patients.



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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 160,000 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 9,774 beds across 70 Hospitals, 2,383 Pharmacies, over 172 Primary Care and Diagnostic Clinics, 148 plus Telemedicine Centres and 80 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 30 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.

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