



Apollo Hospitals announces FY18 results

Strong Standalone financial performance in Q4FY18, Revenues up 15%, EBITDA up by 26%. Full year Revenues up 14%.

Superior clinical outcomes, benchmarked with the best in the world. Most awarded Corporate Hospital Group in the All India Times Health Survey 2018. *

A giant leap for Artificial Intelligence in Healthcare in India – Apollo Hospitals partners with **Microsoft to develop and deploy new AI and machine learning models to predict patient risk for heart disease and assist doctors on treatment plans. Also deploys **IBM Watson** for Oncology and Genomics, which leverages cognitive computing to provide insights to oncologists while developing personalised treatment plans. Partners with **Google India** to launch a new feature in its Search offering called ‘Symptom Search’.**

Strong Digital thrust; finalizing strategic partnerships with IT majors and start-ups to enhance customer centricity.

Launched a three-year continuous Personalized Health cum wellness program for early diagnosis and holistic care to combat the rapidly increasing Non-Communicable Diseases (NCD) affecting the younger age group.

**FY18 Standalone Revenues up 14% at Rs. 7,183 crore
EBITDA at Rs. 830 crore
PAT at Rs. 233 crore**

**Q4FY18 Standalone Revenues up 15% at Rs. 1,863 crore
EBITDA at Rs. 214 crore
PAT at Rs. 60 crore**

**SAP reported 17% growth in Revenues in FY18
EBITDA grew by 20%, EBITDA margins at 4.5% in FY18**

**Net addition of 465 stores in FY18,
Pan-India network now at 3,021 stores**

Q4FY18 Standalone Revenues grew 15% to Rs. 18,630 million compared to Rs. 16,245 million in Q4FY17, aided by SAP growth of 20% and Healthcare services growth of 10% YoY, fully driven by volume growth. HC services growth of 10% YoY was led by new hospitals which reported 24% YoY Revenue growth while existing hospitals grew 7% YoY. EBITDA was at Rs. 2,137 million in Q4FY18 as against Rs. 1,700 million in Q4FY17. PAT was at Rs. 597 million in Q4FY18.

Apollo Hospitals witnessed an across the board increase in patient volumes in the fiscal. Overall occupancy across the group was at 4,670 beds or 65%. The occupancy in mature hospitals was at 3,661 beds or 67% while new hospitals had occupancy at 1009 beds or 58%.

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, *“Financial year 2017-18 was an eventful year for Apollo Hospitals. We strengthened our position as a responsible healthcare leader with the addition of capacity, augmentation of clinical offerings, wider adoption of new technology even as we witnessed deeper acceptance of new formats by patients. Along with this, we were able to register stronger growth from newer facilities.*

The Government’s endeavour to provide health insurance to 5 crore families through the Ayushman Bharat initiative is transformative both for patients and service providers. The program aims to address challenges pertaining to affordability and quality which, if achieved, will enhance access for a significantly large demographic and expand the market manifold.

We believe that healthcare systems cannot be restricted to testing, disease management and curative care. A holistic approach which considers social determinants of healthcare like clean drinking water, pure air, sanitation, adequate nutrition intake combined with preventive care is essential to address the present day challenges and truly benefit our communities. It is pleasing to note that the country is making rapid progress on several parameters though a lot remains to be done.

Dr. Reddy added, *“Technologies around the world are transforming healthcare delivery. We are rolling out a strategy to leverage technology across all aspects of our operations. We believe that our pan-India presence, distinct formats, multiple touch points, depth of clinical talent and rich repository of experience in complex, high end treatments provides us with a robust platform. A focused digital agenda will amplify the impact of these resources enabling us to better address the large and diverse market for healthcare delivery in the country.”*

Financial Highlights

• **Standalone FY18 Performance**

- Revenue grew by 14% to Rs. 71,830 million compared to Rs. 63,013 million in FY17.
- EBITDAR grew by 9% to Rs. 10,474 million as against Rs. 9,626 million in FY17.
- EBITDA grew by 7% to Rs. 8,297 million as against Rs. 7,740 million in FY17.
- PAT was Rs. 2,332 million compared to Rs. 2,852 million in FY17.
- Diluted EPS of Rs. 16.76 per share in FY18.

• **Standalone Q4FY18 Performance**

- Revenue grew by 15% to Rs. 18,630 million compared to Rs. 16,245 million in Q4FY17.
- EBITDAR grew by 22% to Rs. 2,699 million as against Rs. 2,219 million in Q4FY17.
- EBITDA grew by 26% to Rs. 2,137 million as against Rs. 1,700 million in Q4FY17.
- PAT was Rs. 597 million compared to Rs. 481 million in Q4FY17.
- Diluted EPS of Rs. 4.29 per share in Q4FY18 (not annualised).

• **Consolidated FY18 Performance**

- Revenue grew by 14% to Rs. 82,435 million compared to Rs. 72,557 million in FY17.
- EBITDAR grew by 11% to Rs. 11,019 million as against Rs. 9,965 million in FY17.
- EBITDA was at Rs. 7,932 million against Rs. 7,286 million in FY17.
- PAT was Rs. 1,174 million compared to Rs. 2,160 million in FY17.
- Diluted EPS of Rs. 8.44 per share in FY18.

• **Consolidated Q4FY18 Performance**

- Revenue grew by 14% to Rs.21,110 million compared to Rs.18,572 million in Q4FY17.
- EBITDAR grew by 21% to Rs. 2,683 million as against Rs. 2,208 million in Q4FY17.
- EBITDA grew by 26% to Rs. 1,864 million against Rs. 1,478 million in Q4FY17.
- PAT was at Rs. 357 million compared to Rs. 622 million in Q4FY17.
- Diluted EPS of Rs.2.57 per share in Q4FY18 (not annualised).

Segment-wise Performance Update

Hospitals

Standalone Revenues of the healthcare services division increased by 11% to Rs. 39,141 million in FY18 compared to Rs. 35,161 million in FY17. This growth was primarily driven by volumes. **The Revenues of existing hospitals grew by 7% to Rs. 31,353 million while the new hospitals grew by 33% to Rs. 7,788 million.**

EBITDA was at Rs. 6,818 million in FY18 compared to Rs. 6,507 million in FY17. EBITDA was higher by 5% y-o-y after absorbing the impact of compression in margins due to the extended effects of demonetization, regulatory capping of prices on Stents and Knee implants, higher GST on all input services and select consumables, Navi Mumbai startup losses of Rs. 35 crores and impact of unabsorbed guarantee money to doctors.

Revenues in the Tamil Nadu cluster grew by 6%, IP Volumes grew by 4%. ARPOB grew by 1% to Rs. 39,934. Overall occupancy in the cluster was 1,247 beds (57% occupancy) as compared to 1,174 beds (55% occupancy) in the previous year.

In AP Telengana region, Revenues grew by 16% while IP volumes grew by 5%. ARPOB grew by 8% to Rs. 30,240. Occupancy in the cluster was 836 beds (61% occupancy) as compared to 788 beds (59% occupancy) in the previous year.

The Karnataka region has seen good growth. Malleswaram which was commissioned last year recorded IP volume growth of 23%. Bangalore, Mysore & Jayanagar revenues grew by 2%, 8% and 10% respectively. Occupancy in the cluster was 521 beds (73% occupancy) as compared to 479 beds in the previous year.

New hospitals posted an EBITDA of Rs. 195 million in FY18 as compared to an EBITDA loss of Rs. (30) million in FY17. This EBITDA is after absorbing the Navi Mumbai EBITDA loss of Rs.352 million this year in Navi Mumbai.

Standalone Pharmacies

In FY18, we added 475 stores and closed 10 stores for a net addition of 465 stores. The total network as of March 31, 2018 stands at 3,021 operational stores.

Revenues grew by 17% to Rs. 32,689 million in FY18 from Rs. 27,852 million in FY17. EBITDA grew 20% from Rs. 1,233 million in FY17 to Rs. 1,479 million in FY18. The EBITDA margin was at 4.52% in FY18 compared to 4.43% in FY17. Private label sales are now at 6.39%.

The pre 2010 batch of stores had a 4% revenue growth per store with an EBITDA growth at 7% in FY18. The EBITDA margins were at 7.4%.

Apollo Munich Health Insurance Company Limited

Gross Written Premium grew by 32% from Rs. 12,999 million in FY17 to Rs. 17,174 million in FY18. Earned premium increased by 15% from Rs. 11,010 million in FY17 to Rs. 12,643 million in FY18. The incurred claim loss ratio was at 62% in FY18 compared to 55% in FY17. The business reported a net profit of Rs. 152 million in FY18 compared to a profit of Rs. 1,322 million in FY17. AUMs stood at Rs. 13,230 million as of March 31, 2018.

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, DentalCare 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 487 centers in total as of March 31, 2018.

AHLL Consolidated Revenues grew to Rs. 4,589 million in FY18 compared to Rs. 3,854 million in FY17. The business reported an EBITDA loss of Rs. (1,146) million in FY18 compared to a loss of Rs. (1,069) million in FY17.

CLINICAL AND OPERATIONAL HIGHLIGHTS

CLINICAL EXCELLENCE HIGHLIGHTS

- Apollo Main Hospitals, Chennai successfully operated on a 57-year-old businessman with a heart attack that blocked the triple vessel coronary artery. The doctors at Apollo Hospitals followed the 'Minimally Invasive Hybrid Revascularisation' Procedure', making it India's First ever procedure that allowed the surgeon to work on a beating heart with the help of HD camera and monitor. The procedure helps in quick recovery.
- Doctors at Apollo Hospital, Jubilee Hills gave a 56-year-old man dying of heart failure a new lease of life. As the donor's heart was too small for the patient a procedure colloquially referred to as "Piggyback Heart Transplant" that does not require removal of the deceased heart was performed. Under this procedure, two hearts in the patient complement each other to facilitate circulation, but beat at different rates. The donor's heart was squeezed between the right lung and the original heart in a successful procedure that lasted seven hours.
- A double hip replacement surgery was successfully performed on a 53-year-old Somalian patient using the latest minimally invasive procedure at Apollo Hospitals, Hyderabad enabling him to walk freely after 31 years. The procedure, known as the 'Direct Hip Anterior', was used for the first time in India. The patient has since recovered well and is undergoing physiotherapy and rehabilitation.
- Bronchial Thermoplasty (BT) was successfully completed on a 66-year-old woman patient with severe asthma at Apollo Hospitals. The patient was suffering with persistent, drug-resistant asthma that not only restricted her breathing but her daily life for over 40 years. This was the first non-drug procedure for Asthma performed at Apollo Hospitals, Chennai.
- Apollo Main Hospital, Chennai successfully harvested cartilage cells from a 22-year-old tennis player to be grown in the lab and then re-implanted them to restore cartilage damage following a sports injury. 'Chondron Cartilage Cell Therapy' is an exclusive therapy available at Apollo Hospitals which includes patient-specific regenerative minimally invasive medical treatment facilitating the growth of natural cartilage in the lab.
- Apollo Main Hospital, Chennai successfully conducted the country's first 'Trans catheter Mitral Valve Replacement' on a 73-year-old patient suffering from bio prosthetic valve degradation and severe valve leakage along with atrial fibrillation with pulmonary oedema and heart failure.

- Paediatric surgeons at Apollo Hospitals, Chennai performed a rare complex surgery ‘laparoscopically’ for the first time in India. They performed ‘Laparoscopic Kasai’s Portoenterostomy’ on a 2 month old girl who was suffering from Biliary Atresia.

NEW LAUNCHES, INITIATIVES AND PARTNERSHIPS

- Apollo Hospitals collaborated with Microsoft's ‘Healthcare NExT’ to predict and manage heart disease through path-breaking artificial intelligence (AI) and cloud computing technologies. The partnership between Microsoft and Apollo will work to develop and deploy new machine learning models to predict patient risk for heart disease and assists doctors on treatment plans. This unique partnership brings together Microsoft’s learning in artificial intelligence and machine learning areas and Apollo’s experience and expertise in cardiology.
- Google India partnered with Apollo Hospitals to launch a new feature in its Search offering called ‘Symptom Search’. The feature will provide users with better and informative search results whenever someone searches for a medical symptom. Google has partnered up with Apollo Hospitals' team of doctors to generate the results and has been working closely with a team of doctors at Apollo Hospitals to make sure the information is tailored to India.
- The Lagos State University Teaching Hospital (LASUTH) collaborated with Apollo Hospital, India in order to improve and provide best treatment to its kidney patients. This collaboration with Apollo Hospitals will help to further improve the skills of the doctors in Lagos as well as reduce number of patients dying from kidney diseases. Some cases that cannot be done in LASUTH will be taken to Apollo Hospital, India. This collaboration was not just shifting patients from Nigeria to India but exchange of knowledge among the doctors.
- Apollo Hospitals collaborated with MyHealth Centre, Canada for International Coordinated Care. This tie up will aid to increase the global reach and enable better experience and outcomes for the patients who travel between Canada and India. Transcending geographical barriers, the patients will be directed to a Single Point of Contact (SPOC) for MyHealth clinics in Ontario, Canada and Apollo Hospitals in India.
- Society for Advanced Heart and Lung Disease (SAHLD) was launched by the heart-lung transplant team of the Apollo Hospitals 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.
- Apollo Hospitals Dhaka introduced a Bone Marrow Transplant Unit, with all necessary facilities, a dedicated team and all advanced technologies needed for fast diagnosis. The

new unit has latest facilities to facilitate autologous and allogeneic bone marrow transplantation. With this, Apollo Hospitals Dhaka becomes the only private hospital in Bangladesh equipped to help the country's blood cancer patients.

- The Apollo Hospitals Foundation (AHF) and World Wildlife Fund (WWF), India have collaborated to provide medical facilities to forest field staff in Telangana. As part of the collaboration, Apollo Hospitals will organize health screening camps and provide treatment for grievous injuries due to animal attacks, falls from hills, accidents while patrolling, injuries in crowd control operations, life threatening diseases like malaria, dengue, etc.
- For further strengthening India-Africa ties in healthcare, Apollo Hospitals Group announced the commencement of a specialized training program for paramedical staff from nine African countries. This training program highlights the further deepening of the ties between Ministry of External Affairs, Apollo and African Governments to strengthen healthcare human resources in the continent.
- Apollo Hospitals Group partnered with the Royal College of Radiologists (RCR), UK, to help address the shortage of skilled radiologists in India and UK. As part of the collaboration, eligible Indian radiologists will work and train in the NHS partner hospitals for a three-year period. The partnership will ensure that Indian radiologists get an opportunity to enhance their skills through exposure to the NHS system.
- Bridging the gap between the patient and the doctor, Apollo Hospital launched Euroscore II, a risk measurement tool to predict outcomes of heart operations and assess the risk of death. The tool analyses the data provided and predicts a mortality outcome score. This score helps doctors and patients to have an open discussion about the risks and benefits of cardiac procedures.

AWARDS AND ACCOLADES

- Dr. Reena Sethi, Senior Consultant Ophthalmology, Indraprastha Apollo Hospital, was awarded 'Eye Health Hero award' by the International Agency for the Prevention of Blindness (IAPB). Over 1.3 million needy patients have had their sight restored under her dynamic leadership.
- Dr. Arun Sethi, Senior Consultant Ophthalmology, Indraprastha Apollo Hospital, was honoured by the prestigious S. Fyodorov Eye Institute and the Ministry of Health, Russian Federation for his long standing co-operation and scientific research in the field of ophthalmology.
- At the Times Health Icon Award 2018, Apollo Hospitals was ranked first as 'Hub for Medical Tourism'

ALL INDIA CRITICAL CARE HOSPITAL RANKING SURVEY 2018 – THE TIMES OF INDIA

Times Health Survey 2018

Cardiology: Apollo has six mentions in Top 20

- | | |
|-------------------------------|--------------------------------|
| ❑ Chennai – 1 st | ❑ Bengaluru – 7 th |
| ❑ Delhi – 3 rd | ❑ Kolkata – 14 th |
| ❑ Hyderabad – 5 th | ❑ Ahmedabad – 16 th |

Neurology: Apollo has four mentions in Top 20

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|-------------------------------|-----------------------------|
| ❑ Chennai – 1 st | ❑ Kolkata – 9 th |
| ❑ Delhi – 2 nd | |
| ❑ Hyderabad – 8 th | |

Emergency Medicine: Apollo has six mentions in Top 20

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|-------------------------------|--------------------------------|
| ❑ Chennai – 1 st | ❑ Kolkata – 9 th |
| ❑ Delhi – 2 nd | ❑ Bengaluru – 13 th |
| ❑ Hyderabad – 6 th | ❑ Ahmedabad – 14 th |

Oncology: Apollo has five mentions in Top 20

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|-------------------------------|--------------------------------|
| ❑ Chennai – 1 st | ❑ Bengaluru – 11 th |
| ❑ Delhi – 3 rd | ❑ Kolkata – 12 th |
| ❑ Hyderabad – 7 th | |

Out of total 180 positions (20 for each specialty) Apollo Hospitals have 47 mentions in the survey

Apollo Hospitals, Chennai has been ranked as the best hospital for the specialties of Cardiology, Neurology, Emergency and Trauma, Oncology in India.

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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 9,844 beds across 70 Hospitals, 3,021 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.

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