



Apollo Hospitals announces Q2FY17 results

**Q2FY17 Standalone Revenues up 16% at Rs. 1,634 crore
EBITDA up 13% at Rs. 222 crore
PAT at Rs. 92 crore**

**SAP continues strong performance - Revenues grow 22% y-on-y
EBITDA grows 50%, EBITDA margins at 4.9% in Q2FY17
Net addition of 47 stores in Q2FY17, Pan-India network now at 2,430 stores**

480 beds hospital in Navi Mumbai to be commissioned on November 14th, 2016

**With this commissioning there will be a 30% increase in capacity with the
addition of over 2,500 beds over the last 3 years.**

Over all bed capacity expected to surpass the 10,000 bed landmark

**Apollo Hospitals introduces Precision Oncology, a new paradigm in Cancer
Care - converts the cancer management infrastructure into an independent
functional division, Apollo Cancer Institutes**

**Apollo Hospitals, Ahmedabad becomes the first multispecialty care hospital
in Gujarat to receive certification for quality standards from the Joint
Commission International (JCI), USA.**

**Apollo Hospitals, Ahmedabad wins the Smartest Hospital Building 2016
award at the Network 18 and Honeywell Smart Building Awards 2016.**

**Apollo Hospitals venture into the medical rehabilitation space in a 50:50
joint venture with Italy-based post-acute care service provider Kos Group
ApoKos, commissioned its first 64-bedded medical rehabilitation facility in
Hyderabad**

Q2FY17 Standalone Revenues grew 16% to Rs. 16,341 million as compared to Rs. 14,097 million in Q2FY16. EBITDA was at Rs. 2,219 million in Q2FY17 as against Rs. 1,962 million in Q2FY16, up by 13%. PAT was at Rs. 920 million in Q2FY17, up by 3%. Q2FY16 Financials based on IGAAP have been restated in order to make them comparable with Q2FY17 based on Ind-AS.

Dr. Prathap C Reddy, Chairman said, *“The expansion of the pan-India Hospital network will cross a new frontier with the commissioning of the Navi Mumbai Hospital. Even as we launch and add the 71st hospital to the network with bed capacity set to surpass 10,000 beds, our commitment to uphold the highest standards of healthcare across the country remains the same as it was when we set up our first hospital in Chennai in 1983.*

Over this period there have been far reaching advancements in skills, knowhow and technology enabling us to serve patients better. Yet, the changing disease profile throws up new challenges. The emergence and rapid prevalence of Non-communicable Diseases has already reached alarming proportions and poses a grave threat to the demographic dividend of the nation. It is essential to develop a culture of proactive screening across the nation with an emphasis on preventive healthcare rather than curative.

Another major concern is the widespread pollution of air and water across the country. This represents a severe threat to citizens across the country and needs to be addressed on a war footing. The Hon’ble Prime Ministers vision in launching and sustaining the Swachh Bharat initiative must be respected and citizens should resolve to convert this into reality as it will provide far reaching benefits to healthcare and wellbeing.”

He added, *“We continue to incorporate innovative technologies with an emphasis on patient centricity. Technology must be leveraged to deliver benefits ranging from high efficiency of treatment, elevation in patient safety, wider coverage, cost effectiveness and increase in speed of healthcare delivery. We are maximizing the use of technology by our specialists, our patients, as well as the organization in both clinical and non-clinical areas as we truly believe in transforming healthcare delivery with technology.*

A key ingredient for the healthcare sector is skilled manpower. Apollo is blessed with a wonderful network of consultants and associates who are committed to giving the very best to each patient who walks through our doors. For the country to realise its immense potential to provide healthcare of the highest quality to all global citizens, it is imperative to upskill our human resources. Apollo has embarked on numerous programs towards developing, equipping and upskilling medical consultants and healthcare professionals.

Awards and accolades bestowed upon us motivate us to work even harder. We are delighted to be recognized for our efforts and will continue to work towards elevating the standards of healthcare across the country.”

Financial Highlights

- Consolidated H1FY17 Performance (*unaudited management estimates*)
 - Revenues grew by 16% to Rs. 35,104 Million compared to. Rs. 30,203 million in H1FY16.
 - EBITDAR grew 13 % to Rs. 5,294 million as against Rs. 4,697 million in H1FY16.
 - EBITDA grew 9 % to Rs. 3,989 million as against Rs. 3,662 million in H1FY16.
 - PAT was Rs 1,141 million compared to Rs 1,642 million in H1FY16, de-growth of 30.5 %
 - Diluted EPS of Rs. 8.20 per share in H1FY17 (not annualised)
- Consolidated Q2FY17 Performance (*unaudited management estimates*)
 - Revenues grew 18 % to Rs. 18,440 Million vs. Rs. 15,672 million in Q2FY16.
 - EBITDAR grew 17 % to Rs. 2,830 million vs. Rs. 2,411 million in Q2FY16.
 - EBITDA grew 16 % to Rs. 2,181 million vs. Rs. 1,883 million in Q2FY16.
 - PAT de-grew 36.8 % to Rs. 638 million vs. Rs. 1,010 million in Q2FY16.
 - Diluted EPS of Rs. 4.58 per share in Q2FY17.
- Standalone H1FY17 Performance
 - Revenues grew by 14 % to Rs. 30,995 Million compared to. Rs. 27,155 million in H1FY16.
 - EBITDA grew 9 % to Rs. 4,099 million as against Rs. 3,763 million in H1FY16.
 - PAT was Rs 1,642 million compared to Rs 1,771 million in H1FY16, de-growth of 7.3 %
 - Diluted EPS of Rs. 11.80 per share in H1FY17 (not annualised)
- Standalone Q2FY17 Performance
 - Revenues grew 16 % to Rs. 16,341 Million vs. Rs. 14,097 million in Q2FY16.
 - EBITDAR grew 14 % to Rs. 2,662 million vs. Rs. 2,344 million in Q2FY16.
 - EBITDA grew 13 % to Rs. 2,219 million vs. Rs. 1,962 million in Q2FY16.
 - PAT grew 2.7 % to Rs. 920 million vs. Rs. 896 million in Q2FY16.
 - Diluted EPS of Rs. 6.61 per share in Q2FY17.

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

Segment-wise Performance Update

Hospitals

Standalone Revenues of the healthcare services division grew by 9% to Rs. 17,574 million in H1FY17 compared to Rs. 16,143 million in H1FY16. There was healthy growth in volumes across the hospital network. This performance includes **revenue growth of 57% from new hospitals** (including HBP) added to the network.

Healthcare Services **EBITDAR grew by 6%** to Rs. 3,999 million in H1FY17 compared to Rs. 3,769 million in H1FY16. **EBITDAR from new hospitals grew 2.7 times** to Rs 331 million in H1FY17 from Rs 90 million in H1FY16 due to higher volumes driven by augmented clinical teams. EBITDAR from existing hospitals was stable at Rs. 3,668 million in H1FY17 compared to Rs. 3,679 million in H1FY16. The EBITDAR margin from Existing Hospitals declined marginally from 25.5% to 24.7% due to accounting changes which require Guarantee fees to doctors, which were earlier netted off against revenues, to now be accounted as costs.

Healthcare Services EBITDA grew 4% to Rs. 3,532 million in H1FY17 compared to Rs. 3,386 million in H1FY16. New hospitals posted an EBITDA of Rs. 150 million in H1FY17 as compared to a loss of Rs 39 million in H1FY16. Existing Hospitals posted a stable EBITDA performance. The overall EBITDA margin was 20.1% in H1FY17 compared to 21.0% in H1FY16 due to Ind-AS adjustments, higher lease rentals and increased contribution of revenues from New Hospitals.

The Chennai cluster reported a steady performance. Revenues grew from Rs. 7,097 million in H1FY16 to Rs. 7,437 million in H1FY17. Occupancy was at 919 beds (60% utilization on capacity of 1,531 beds) in H1FY17 as compared to 954 beds (63% utilization on 1,505 beds) in H1FY16. A rebound in volumes and positive trends in case mix **propelled ARPOB growth by 9% in Chennai**. Vanagaram and W&C – SMR in particular have seen good growth in volumes – 21% and 42% respectively and are into positive EBITDA and poised for further improvement in the coming quarters.

The Hyderabad cluster delivered a robust performance as revenues grew 13% to Rs. 3,126 million. IP Volumes grew by 3% leading to an occupancy to 547 beds (65% utilization on capacity of 839 beds) in H1FY17 as compared to 567 beds (61% utilization on capacity of 930 beds) in H1FY16 resulted in **a sharp 17% rise in ARPOB in Hyderabad**. Additional diagnostic and consulting rooms and reconfigured beds have resulted in a reduction of beds to 839.

The Bangalore region, including Mysore has seen good growth this year in the local client base. The Bangalore region revenues grew by 21%. The Occupancy was at 67%.

Among the new hospitals, Vizag has started off well with occupancy 53 beds in H1FY17. OMR,

Trichy, and W&C Karapakkam have grown 39%, 14%, 10% and have turned EBITDA positive. Nellore is expected to take more time in pick up and the focus now is on augmenting our resources and Doctor Pool in particular in these locations to get them to break even.

Standalone Pharmacies

In H1FY17, we added 148 stores and closed 44 stores for a net addition of 104 stores. The total store network as of Sept. 30, 2016 stands at 2,430 operational stores including 261 stores from Hetero.

Revenues grew by 21.9 % to Rs. 13,424 million in H1FY17 from Rs. 11,014 million in H1FY16. Excluding the Hetero network of stores, revenue growth was 20.2%. **EBITDA growth** continued to **be robust at 50% on a yoy basis** from Rs. 377 million in H1FY16 to Rs. 567 million in H1FY17.

The EBITDA margin expanded 80 bps to 4.22 % in H1FY17 compared to 3.42% in H1FY16. Excluding the Hetero network the EBITDA margin was 4.54 % in H1FY17. This was supported by continued profitability at mature stores and increasing proportion of private label sales which stand at 6.57%.

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 EBITDA margins breaching new highs at 7.3% while the total of all the stores added pre FY2010 reported a revenue growth of 9% with an EBITDA margin of 6.6%.

Apollo Munich Health Insurance Company Limited

Gross Written Premium grew by 14% from Rs. 4,051 million in H1FY16 to Rs. 4,615 million in H1FY17. The Earned premium grew by 25% from Rs. 3,693 million in H1FY16 to Rs. 4,621 million in H1FY17. The incurred claim loss ratio was at 64.8% in H1FY17. The business reported a net profit of Rs. 245 million in H1FY17 compared to Rs. 20 million in H1FY16. AUMs stood at Rs. 8,305 million as of Sept. 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', Daycare and short stay surgery centers, Diagnostic 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 366 centers in total as of Sept 30, 2016.

Consolidated Revenues were Rs. 1,198 million in H1FY17 compared to Rs. 870 million in H1FY16, higher by 37.6%. The business reported an EBITDA loss of Rs. 518 million in H1FY17 compared to loss of Rs. 478 million in H1FY16.

CLINICAL AND OPERATIONAL HIGHLIGHTS

CLINICAL EXCELLENCE HIGHLIGHTS

- During this quarter, Indraprastha Apollo Hospitals organised 25 CME's, 35 health camps, 18 seminars & conferences & 13 foreign visits for consultants.
- The first ever liver transplant without any blood transfusion was performed on 54 year old male at Apollo Hospitals at Visakhapatnam.
- Indraprastha Apollo Hospitals celebrated 10 years of Fetal Medicine Unit. More than 300 parents attended the event with their children.
- The first successful Cadaver Liver Transplant in entire eastern India was performed at the Apollo Gleneagles hospital in July, 2016.

AWARDS AND ACCOLADES

- Apollo Hospitals, Ahmedabad becomes the first multispecialty care hospital in Gujarat to receive certification for quality standards from the Joint Commission International (JCI), USA.
- Apollo Hospitals group won the HIMSS - Elsevier Outstanding ICT Innovation Award for Asia Pacific as part of the HIMSS Asia Pacific 2016 Conference and Exhibition, held in Bangkok. A global platform to recognize outstanding achievements and innovations in the use of health information and technology to advance patient care and safety.
- Apollo Hospitals Enterprise Limited won three awards under categories – Health City Award, Smart Health Project and Smart CSR Initiative, at an event in Singapore organized by CMO Asia.
- Apollo Gleneagles hospital has been recognized as an International Centre of Excellence by the American College of Cardiology. This is the first time ever that an Indian healthcare facility has received this unique recognition. The announcement was made at a gala event attended by the renowned director duo Sudeshna Roy and Abhijit Gupta, and popular actress Gargi Roychowdhury.
- On the occasion of National Doctors' Day, Dr. Yash Gulati, Orthopaedic Surgeon and Dr. Subhash Gupta, Liver Transplant Surgeon, Indraprastha Apollo Hospitals, New Delhi, have been conferred with Dr. B.C. Roy National Award by the President of India at Rashtrapati Bhawan.
- Apollo Hospitals (Kolkata, Chennai, Hyderabad and Delhi) were among the top 20 trusted hospitals in India by Readers Digest, Trusted Hospitals awards 2016.

NEW GEOGRAPHIES AND LAUNCHES

- **Apollo Hospitals introduced Precision oncology, a new paradigm in Cancer Care - Apollo Hospitals, has now converted the cancer management infrastructure into an independent functional entity, Apollo Cancer Institutes. Apart from creating independent institutes, Apollo has networked these institutes to leverage the strengths of all its specialists and the technology across the country. Apollo Cancer Institutes in Chennai, Hyderabad, New Delhi, Kolkata, Ahmedabad, Bilaspur, Bengaluru and Madurai are part of this new initiative.**
- **Apollo Hospitals, Hyderabad launched Tomotherapy Oncology at Apollo Cancer Institute.**
- **Apollo Hospitals launched a world class Trauma Care Centre in Vizag. The Centre will focus on emergency and critical care services.**
- **Apollo Information & OPD Centre was inaugurated in Patna during this quarter.**
- **A multi-disciplinary Back Pain Clinic was inaugurated at the hospital on July 20, 2016 in Kolkata**

COLLABORATIONS AND INITIATIVES

- **Apollo Hospitals Chennai signed a MoU with Stanford University for the Stanford South Asian Translational Heart Initiative (SAATHI) related to South Asians and Chronic Disease.**
- **In this quarter, the eUPHC, first of its kind in the State, has been set up in public private participation (PPP) mode in association with Apollo Hospitals enabling access to specialist doctors through telemedicine and diagnostics in the local neighbourhoods itself.**
- **Apollo Hospitals has inked MoUs to enhance the healthcare cooperation with Kenya. The MoU with Kenyatta National Hospital is focused on capacity building in the Kenyan Healthcare sector. Kenyatta National Hospital is the oldest and most trusted Govt. hospital besides being the largest referral and teaching hospital in Kenya. Apollo Hospitals and Kenyatta National Hospital have identified various areas of collaboration and knowledge transfer to build local capacity in tertiary healthcare services.**
- **Indian Institute of Management, Bangalore (IIMB) and Apollo Medskills have launched a Certificate Programme in General Management for the Healthcare professionals. William Osler Health System, Ontario and Apollo Hospitals signed a historic MoU aiming to collaborate on research and continuity of patient care to positively impact and improve health outcomes across the world**

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.
- Continuing with its tradition of clinical excellence & offering state-of-the art tertiary care in various paediatric specialties, Indraprastha Apollo hospitals commenced the fourth Kunwar Viren Oswal Course in Pediatric Gastroenterology, Hepatology, Liver Transplantation and Nutrition. The course was conducted under the able guidance of National and International faculty and covered important topics in Pediatric Diagnostic Upper GI endoscopy & Colonoscopy, PEG Insertion and Polypectomy
- Indraprastha Apollo Hospitals hosted a workshop on the Contemporary issues related to Liver Transplant, Physiotherapy, Nursing, and current Advances in Adult and Paediatric Liver Transplantation.
- A daylong robot-assisted surgery workshop for Head and neck Cancers was organized at the Apollo Gleneagles hospital on August 25, 2016. Dr Yoon Woo Koh, Professor at Seoul's Yonsei College of Medicine, Yonsei Head and Neck Cancer Centre, and Severance Hospitals, was the main faculty at the live workshop, possibly the first of its kind in Eastern India.
- Apollo Hospitals Bangalore organised a workshop on Cadaveric Head & Neck Onco Surgery. More than 100 PG's attended, two day workshop which was conducted for ENT Post Graduates on cadaveric dissection of Head & Neck Onco Surgery.

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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 9,739 beds across 70 Hospitals, 2,430 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 28 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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