Q1 FY 2013 Earnings Update

Apollo
HOSPITALS
TOUCHING LIVES

Safe Harbour

No representation or warranty, express or implied, is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information or opinions contained in this presentation. Such information and opinions are in all events not current after the date of this presentation. Certain statements made in this presentation may not be based on historical information or facts and may be "forward looking statements" based on the currently held beliefs and assumptions of the management of the Company, which are expressed in good faith and in their opinion reasonable, including those relating to the Company's general business plans and strategy, its future financial condition and growth prospects and future developments in its industry and its competitive and regulatory environment.

Forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the actual results, financial condition, performance or achievements of the Company or industry results to differ materially from the results, financial condition, performance or achievements expressed or implied by such forward-looking statements, including future changes or developments in the Company's business, its competitive environment and political, economic, legal and social conditions. Further, past performance is not necessarily indicative of future results. Given these risks, uncertainties and other factors, viewers of this presentation are cautioned not to place undue reliance on these forward-looking statements. The Company disclaims any obligation to update these forward-looking statements to reflect future events or developments.

Numbers mentioned in this Presentation in respect of information provided on hospital operating parameters and other operating metrics have been compiled by the management and are being provided only by way of additional information. These are not to be construed as being provided under any legal or regulatory requirements. The accuracy of these numbers have neither been vetted nor approved by the Audit Committee and the Board of Directors of Apollo Hospitals Enterprise Limited (AHEL), nor have they been vetted or reviewed by the Auditors, and therefore may differ from the actual.

Important risk factors and uncertainties could make a material difference to the Company's operations. These risks include but are not limited to, the risk factors described in AHEL's prospectus, annual reports and other periodic filings made by the company. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statement, on the basis of any subsequent development, information or events, or otherwise.

This presentation is for general information purposes only, without regard to any specific objectives, financial situations or informational needs of any particular person. The Company may alter, modify or otherwise change in any manner the content of this presentation, without obligation to notify any person of such change or changes. This presentation may not be copied or disseminated in any manner.

The Company on a quarterly basis adopts and publishes Standalone financial results as per the stock exchange listing agreement requirements. The consolidated financial results provided for the Quarter are unaudited and for information purposes only.

Previous year figures have been reworked/regrouped /rearranged and reclassified wherever necessary to conform to the requirement of revised Schedule VI of the Companies Act 1956.

Contents

Highlights – (1/2)

Financial Performance

- Q1FY13 Consolidated Revenues of Rs. 8,813 mio (up 21.8% yoy)
- Q1FY13 Consolidated EBITDA of Rs. 1,480 mio (up 24.0% yoy)
- Q1FY13 Consolidated EBITDA margin at 16.8% as compared to 16.5% in Q1FY12
- Consolidated PAT of Rs. 787 mio (up 44.2% yoy)

Key Operational highlights

- Chennai cluster displayed a strong growth -19.4% increase in the revenues in Q1FY13 at Rs 2,446 mn as compared to Rs 2,048 mn in Q1FY12. The outpatient volumes increased by 13.2% and Inpatient volumes by 1.5% as compared to the same period in the previous year
- Hyderabad Revenues grew by 14.5% in Q1FY13 to Rs 976 mn as compared to Rs 853 mn in Q1FY12. The outpatient volumes increased by 9.6% and Inpatient volumes by 10.9% as compared to the same period in the previous year.
- Other Hospitals outside of Chennai & Hyderabad too displayed strong growth
    - Bhubaneswar occupancy at 174 beds (70% utilization on an increased capacity of 250 beds) as compared to 102 beds in Q1FY12
    - Madurai occupancy at 194 beds (86% utilization on a capacity of 225 beds) as compared to 155 beds in Q1FY12.
    - Mysore occupancy at 134 beds (73% utilization on a capacity of 185 beds) as compared to 135 beds in Q1FY12 despite having 30 beds under renovation
- SAP continues its EBITDA expansion trajectory. 26 stores were added in Q1 FY13 & 33 stores were closed taking the total count of stores as at 30th June to 1,357. SAP EBITDA at Rs 61.4 mn (2.5% margin) in Q1 FY13 as compared to Rs 22.6 mn (1.2% margin) in Q1 FY12.
- Apollo Munich achieved a Gross Written Premium of Rs. 1,017 mio in Q1FY13 against Rs. 718 mio achieved during the same period in the previous year representing a growth of 42%.

Highlights – (2/2)

Capacity

- 49 hospitals with total bed capacity of 7,946 beds as on June 30, 2012
  - 36 owned hospitals including JVs/ Subsidiaries and associates with 5,908 beds and 13 Managed hospitals with 2,038 beds.
- Of the 5,908 owned beds, 5,218 beds were operational and had an occupancy of 74%.
- The total number of pharmacies as on June 30, 2012 was 1,357.

Medical Initiatives & Accomplishments

- Apollo brings Robotic Surgery Capabilities to its hospitals in Delhi and Kolkata during the quarter
- Apollo extends Robotic capabilities to pediatrics – undertakes complex surgery to restore urinary bladder on 7 year old girl from Tanzania, Africa
- Apollo Gleneagles Hospital, Kolkata became the first hospital in Eastern India to perform Total Shoulder Replacement – this was conducted on a 70 year female patient
- The first Type III Thyroplasty in East India was conducted on a 52 year old patient.
- During the quarter, Apollo Hospitals, Ahmedabad performed 8 successful cadaver transplants including 3 liver transplants and 5 kidney transplants
- SPS Apollo Hospitals, Ludhiana successfully performed its first of the 3 kidney transplant surgeries during the quarter

Other key Developments

- REACH Hospital Initiative recognized for “Inclusive Business Innovation” at the prestigious G20 summit in Mexico. Apollo Hospitals Group was the only Healthcare organization in the world to be declared the winner at the G20 challenge.
- Apollo Hospitals, Hyderabad was reaccredited by Joint Commission International (JCI) during the quarter.

Contents

Consolidated Financial Performance

₹ Mio

	Q1 FY 12	Q1 FY 13	yoy (%)
Income from Operations	6,787	8,256	21.6%
Add: Share of JVs	447	557	24.5%
Total Revenues	7,234	8,813	21.8%
EBITDA	1,194	1,480	24.0%
margin (%)	16.5%	16.8%	29 bps
Profit After Tax	545	787	44.2%
Total Debt			7,979
Cash & Cash equivalents (includes investment in liquid funds)			2,507

- Revenue growth of 21.8% from Rs. 7,234 mio in Q1FY12 to Rs. 8,813 mio in Q1FY13
- Consolidated EBITDA grew by 24.0% (margin expansion by 29 bps) aided by expansion in Healthcare services EBITDA, improved EBITDA contribution by SAPs and reduction in negative EBITDA in Apollo Munich Health Insurance.
- Consolidated PAT grew 44.2% from Rs.545 mio in Q1FY12 to Rs. 787 mio in Q1FY13.

Previous year figures have been reworked/regrouped /rearranged and reclassified wherever necessary to conform to the requirement of revised Schedule VI of the Companies Act 1956.

- Basis of consolidation in the Appendix (page 20)
- JVs include Ahmedabad-50%, Kolkata-50% ,PET CT - 50%, Apollo Munich – 10.45%, Quintiles – 40%, Apollo Lavasa – 34.66% and Future Parking Pvt Ltd – 49%

Contents

Standalone Financial Performance – (1/2)

₹ Mio

	Q1 FY 12	Q1 FY 13	yoy (%)
Revenue	6,410	7,774	21.3%
Operative Expenses	3,381	3,997	18.2%
Employee Expenses	962	1,257	30.7%
Administrative & Other Expenses	1,008	1,215	20.6%
Total Expenses	5,352	6,470	20.9%
EBITDA	1,059	1,304	23.2%
margin (%)	*16.5%*	*16.8%*	*26 bps*
Depreciation	200	251	
EBIT	859	1,053	22.6%
margin (%)	*13.4%*	*13.5%*	*14 bps*
Financial Expenses	147	137	
Add Other Income	47	41	
Profit Before Tax	759	957	26.1%
Profit After Tax	513	697	36.0%
margin (%)	8.0%	9.0%	*97 bps*
ROCE (Annualized)	17.0%	17.6%	
Capital Employed①	20,210	23,958	

Key Highlights

- Revenues of Rs. 7,774 mio, 21.3% yoy growth.
- EBITDA at Rs. 1,304 mio, 23.2% yoy growth.
- EBIT at Rs. 1,053 mio, 22.6% yoy growth.
- PAT at Rs. 697 mio, 36.0% yoy growth.
- RoCE at 17.6% as compared to 17.0% in spite of additional capital employed of Rs. 3,748 mio in new facilities in Hyderabad, Karaikudi and Karur.

① Capital employed for the calculation of ROCE does not include Capital Work in progress on new hospital expansion projects of Rs. 3,086 mio for Q1FY13 and Rs. 2,418 mio for Q1FY12 & investments in mutual funds and associates.

Standalone Segment-wise Performance – (2/2)

₹ Mio

	Q1 FY 12	Q1 FY 13	yoy (%)
Revenues from each segment			
Heathcare Services *	4,514	5,299	17.4%
Stand-alone Pharmacy	1,898	2,477	30.5%
Other Income	47	41	
Total	6,458	7,816	21.0%
Less: Intersegmental Revenue	2	2	
Net Revenues (incl. other income)	6,457	7,815	21.0%
Profit before Tax & Interest (EBIT)			
Heathcare Services *	856	1,015	18.6%
Stand-alone Pharmacy	3	38	
Other Income	47	41	
Total EBIT (incl. other income)	906	1,094	20.8%
Profit before Tax & Interest (EBIT) margins			
Heathcare Services *	19.0%	19.2%	
Stand-alone Pharmacy	0.2%	1.5%	
Total EBIT margin (incl. other income)	14.0%	14.0%	*-3 bps*
Interest Expense	147	137	
Profit Before Tax	759	957	26.1%
Capital Employed Healthcare services ①	17,961	21,114	
Healthcare services - ROCE (Annualized)	19.1%	19.2%	

Key Highlights

- Healthcare services Revenues at Rs. 5,299 mio, 17.4% yoy growth.
- Standalone pharmacies Revenues at Rs. 2,477 mio, 30.5% yoy growth.
- EBITDA of Stand alone pharmacies stood at Rs. 61 mio from Rs. 23 mio in Q1FY12.
- EBIT of Standalone pharmacies stood at Rs. 38 mio as compared to Rs. 3 mio in Q1FY12.
- Healthcare services ROCE at 19.2% as compared to 19.1% in spite of additional capital employed in new facilities in Hyderabad, Karaikudi and Karur.

* Healthcare Services consists of Hospitals, Hospital Based Pharmacies and Consulting.

① Capital employed for the calculation of ROCE does not include Capital Work in progress on new hospital expansion projects of Rs. 3,086 mio for Q1FY13 and Rs. 2,418 mio for Q1FY12 & investments in mutual funds and associates.

Contents

- Highlights
- Consolidated Financial Performance
- Standalone Financial Performance
- **Operational Performance – Hospitals**
- Operational Performance – Standalone Pharmacies
- Update on Projects
- Update on non-hospital JVs, Associates

Operational Performance – Hospitals

₹ Mio

AHEL Standalone Hospitals

Particulars	Total [5]			Chennai cluster			Hyderabad cluster			Others [1]			Significant subs/ JVs/ associates [2]		
	Q1 FY 12	Q1 FY 13	Growth yoy (%)	Q1 FY 12	Q1 FY 13	Growth yoy (%)	Q1 FY 12	Q1 FY 13	Growth yoy (%)	Q1 FY 12	Q1 FY 13	Growth yoy (%)	Q1 FY 12	Q1 FY 13	Growth yoy (%)
No. of Operating beds	5,006	5,218		1,162	1,130		930	930		1,164	1,299		1,750	1,859	
Inpatient volume	66,357	74,819	12.8%	17,425	17,691	1.5%	10,642	11,804	10.9%	13,224	16,746	26.6%	25,066	28,578	14.0%
Outpatient volume [3]	230,463	260,905	13.2%	73,747	83,489	13.2%	31,278	34,291	9.6%	37,061	44,250	19.4%	88,377	98,875	11.9%
Inpatient ALOS (days)	4.87	4.70		4.65	4.63		4.78	4.44		5.66	5.14		4.64	4.59	
Bed Occupancy Rate (%)	71%	74%		80%	80%		60%	62%		71%	73%		78%	77%	
Inpatient revenue (Rs mio)	NA	NA		1,599	1,879	17.5%	687	809	17.8%	627	843	34.5%	2,149	2,551	18.7%
Outpatient revenue (Rs mio)	NA	NA		449	568	26.3%	166	168	0.8%	132	143	8.4%	432	477	10.4%
ARPOB (Rs /day) [4]	19,870	21,457	8.0%	25,301	29,852	18.0%	16,796	18,637	11.0%	10,083	11,447	13.5%	22,183	23,106	4.2%
Total Net Revenue (Rs mio) [4]	NA	NA		2,048	2,446	19.4%	853	976	14.5%	758	986	30.0%	2,581	3,028	17.3%

- **Chennai & Hyderabad clusters**
  - Chennai cluster witnessed growth in revenues driven by OP volumes, improvement in case mix and pricing.
  - Revenue growth of 14.5% in Hyderabad .Volume growth on focus COEs like Cardiology, Neurosciences , Gastroenterology and Oncology.
  - Focus on Increasing ARPOB through reduced ALOS, pricing and case-mix improvement.
- **Others** – driving substantial growth (30.0%) – focus on Inpatient growth (34.5%). 8.4% growth in OP Revenues driven by Volumes in Bhubaneswar, Madurai, Karur , Karaikudi & Karimnagar. **Good traction in Bhubaneswar** with average occupancy at 70% (174 beds) .
- **Significant Subsidiary / JVs & Associates** hospitals' continued improving performance - revenue growth of 17.4%. Over 17% yoy growth in Kolkata and Ahmedabad.

Notes:

(1) Others include Madurai, Karur, Karaikudi, Mysore, Vizag, Pune, Karimnagar, Bilaspur and Bhubaneswar.

(2) Significant Hospital JVs/Subs//Associates are – Ahmedabad, Bangalore, Kolkata, Kakinada and Delhi (full revenues shown in table above).

(3) Outpatient volume represents New Registrations only. OP Volumes of Clinics have now been included in Chennai Cluster, Others and Significant Subs/JVs/Associates.

(4) Net Revenue is net of doctor fees and ARPOB calculated above does not include revenues from doctor fees.

(5) Revenues under the head "Total" have not been provided as Consolidated actual results will differ from Total due to proportionate consolidation.

* Inpatient volumes are based on discharges.

** Previous year financial and operational numbers have been regrouped and reclassified wherever necessary to conform with current year classification and full year audited numbers.

Contents

Operational Performance – Standalone Pharmacy

₹ Mio

Batch	Particulars	Q1 FY 12	Q1 FY 13	yoy %
Upto FY 2007 Batch	No of Stores	311	291	
	Revenue/store	2.20	2.55	15.7%
	EBITDA /store	0.11	0.15	31.7%
	EBITDA Margin %	5.1%	5.8%	*71 bps*
FY 2008 Batch	No of Stores	196	177	
	Revenue/store	1.69	2.12	25.5%
	EBITDA /store	0.02	0.07	
	EBITDA Margin %	1.1%	3.5%	*238 bps*
Total	No of Stores	1,220	1,357	
	Revenue/store	1.55	1.82	17.4%
	EBITDA /store	0.02	0.05	
	EBITDA Margin %	1.2%	2.5%	*129 bps*
	Total Revenues	1,897.6	2,476.6	30.5%
	EBITDA	22.6	61.4	
	EBITDA Margin %	1.2%	2.5%	*129 bps*
Capital Employed (Rs Mio)		2,329	2,546	
Capex (Rs Mio)		28.2	28.3	
Total No. of Employees		7,446	8,401	

- Standalone pharmacies continues its EBITDA expansion trajectory on the back of buying efficiencies and operating leverage.
- EBITDA of Rs. 61.4 mio in Q1FY13.
- Gross stores added 26 and stores closed 33. No. of stores as on 30th June 2012 is 1,357 .
- LFL (Like-for-like) Revenue per store growth for the pre FY2007 batch of stores is 15.7% (yoy) and FY 2008 batch is 25.5% (yoy).
- LFL EBITDA per store growth for the up to FY 2007 batch of stores is 31.7% (yoy) and EBITDA margin improved by 71 bps to 5.8%.and EBITDA margin for FY 2008 batch is 3.5% as compared to 1.1% in Q1FY13, an improvement of 238 bps.

Contents

Key Hospital Expansion Plan & Update on Execution

Location	CoD*	Type of Hospital	No of Beds	Total Estimated Project Cost (Rs.mio)	AHEL's Share of Cost (Rs.mio)
Mumbai Cluster					
Navi Mumbai	FY14	Super Specialty	350	3,500	3,500
Byculla, Mumbai	FY14	Super Specialty	300	1,400	1,400
Thane[1]	FY14	Super Specialty	250	2,200	550
Sub Total			**900**	**7,100**	**5,450**
Chennai Cluster					
Chennai-Main (Expansion)	FY13	Super Specialty	30	100	100
Ayanambakkam	FY13	REACH	200	700	700
MLCP	FY13		-	337	83
Women & Child	FY14	Super Specialty	60	740	740
Chennai (OMR)	FY14	Super Specialty	45	310	310
South Chennai	FY15	Super Specialty	350	2,940	2,940
Sub Total			**685**	**5,127**	**4,873**
REACH					
Nashik	FY14	REACH	125	520	520
Nellore	FY14	REACH	200	667	667
Trichy	FY13	REACH	200	655	655
Sub Total			**525**	**1,842**	**1,842**
Others					
Patna Phase I	FY15	Super Specialty	240	2,760	2,760
Vizag	FY14	Super Specialty	300	1,150	1,150
Bangalore Ortho & Spine	FY13	Super Specialty	125	558	558
North Bangalore	FY14	Super Specialty	180	770	770
Bilaspur – Oncology Block [2]	FY13	Super Specialty	-	80	80
Indore	FY14	Super Specialty	185	668	668
Sub Total			**1,030**	**5,986**	**5,986**
Total			**3,140**	**20,055**	**18,151**

(1) Held through JVs. AHEL share of costs is lower than total estimated project cost since it excludes share of JV partner
(2) Refers to the expansion of the Oncology wing only

*Expected date of completion

Strategy for Expansion

- **Focus on owned hospitals**
  - Plan to add 15 hospitals from the current 36
  - Plan to add 3,140 beds to the current 5,908
- **3 pronged approach towards expansion**
  - Expansion of beds and facilities / units in existing clusters
  - address increasing demand and focus on key specialties
    - Become dominant healthcare provider in key locations
  - New hospitals in metros and large cities with no existing presence – reaching to wider urban population
  - Expansion in tier II and tier III cities through REACH hospitals, garnering first mover advantage and leveraging strong brand
    - Operational REACH hospitals in Karimnagar, Karur, and Karaikudi
    - Four REACH hospitals coming up in Aynambakkam, Nellore, Trichy and Nashik
- **Funding**
  - As at June 30, 2012 Apollo has already invested Rs.3,224 mn of the Rs. 18,151 mn of its share of total capex

Contents

Update on non hospital JVs, Associates

₹ Mio

Apollo Health Street Ltd

Particulars	Q1 FY 12	Q1 FY 13	yoy (%)
Total Income	1,220	1,344	10.2%
EBITDA	192	287	49.4%
margin (%)	15.7%	21.3%	*560 bps*
Profit after Tax	(44)	60	

- Y-O-Y revenue growth of 10.2%.
- Expansion in EBITDA margins by 560 bps at 21.3% in Q1FY13 as compared to 15.7% in Q1FY12.

Apollo Munich Health Insurance Co Ltd

Particulars	Q1 FY 12	Q1 FY 13	yoy (%)
Total Income	676	1,080	59.6%
EBITDA	(73)	(0)	
Profit after Tax	(95)	(21)	

- During Q1FY13, the company achieved a Gross Written Premium (GWP) of Rs. 1,017 million against a GWP of Rs. 718 million in Q1FY12. Similarly, the earned premium demonstrated traction expanding 59.6% to Rs 1,080 million in Q1FY13 compared to Rs. 676 million in Q1FY12. The claim loss ratio has been sustained at 58% in Q1FY13.
- The Company now has 50 offices across the country.
- The Assets under Management stood at Rs. 4,256 mio as on June 30,2012.

Previous year figures have been reworked/ regrouped /rearranged and reclassified wherever necessary to conform to the requirement of revised Schedule VI of the Companies Act 1956.

Q & A

Appendix: Basis of Consolidation

AHEL Standalone	Location	Description	
Chennai Main	Chennai	Hospital	
ASH - Chennai	Chennai	Hospital	
Tondiarpet - Chennai	Chennai	Hospital	
FirstMed - Chennai	Chennai	Hospital	
Apollo Children's Hospital	Chennai	Hospital	
Madurai	Madurai	Hospital	
Karur	Karur	Hospital	
Karaikudi	Karaikudi	Hospital	
Hyderabad	Hyderabad	Hospital	
Bilaspur	Bilaspur	Hospital	
Mysore	Mysore	Hospital	
Vizag	Vizag	Hospital	
Pune	Pune	Hospital	
Karim Nagar	Karim Nagar	Hospital	
Bhubaneswar	Bhubaneswar	Hospital	
Subsidiaries			**AHEL Ownership**
Samudra Healthcare Enterprises Ltd.	Kakinada	Hospital	100.0%
Apollo Hospitals (UK) Ltd	UK	Hospital	100.0%
Imperial Hospital and Research Centre Ltd.	Bangalore	Hospital	85.8%
Pinakini Hospitals Ltd.	Nellore	Hospital	74.9%
Unique Home Healthcare Limited	Chennai	Paramedical Services	100.0%
Apollo Health and Lifestyle Ltd.	Hyderabad	Apollo Clinics	100.0%
AB Medical Centres Limited	Chennai	Infrastructure	100.0%
Apollo Cosmetic Surgical Centre Pvt Ltd	Chennai	Cosmetic Surgery	69.4%
Alliance Medicorp (India) Ltd	Mumbai	Hospital	51.0%
Western Hospitals Corporation Pvt Ltd	Belapur	Hospital	100.0%
JVs			
Apollo Hospitals International Ltd.	Ahmedabad	Hospital	50.0%
Apollo Gleneagles Hospitals Ltd.	Kolkota	Hospital	50.0%
Apollo Gleneagles PET-CT Pvt. Ltd.	Kolkota	Hospital	50.0%
Apollo Munich Health Insurance Company Ltd		Health Insurance	10.5%
Quintiles Phase One Clinical Trials India Pvt Ltd		Clinical Trial	40.0%
Apollo Lavasa Health Corporation Ltd	Maharashtra	Hospital	34.7%
Future Parking Pvt Ltd	Chennai	Infrastructure	49.0%
Associates			
Indraprastha Medical Corporation Ltd.	Delhi, Noida	Hospital	22.0%
Family Health Plan Ltd.		TPA, Health Insurance	49.0%
Apollo Health Street Ltd.		Healthcare BPO	39.4%
Stemcyte India Therapautics Pvt Ltd	Ahmedabad	Stemcell Banking	24.5%

Hospitals – Understanding Key Operating Metrics

	Description	Formula / Calculation	Key Driver
Operating Beds	➢ Number of operating beds	➢ -	➢ Project execution ➢ Capital Expenditure
x			
Occupancy	➢ In-patient Bed Days	➢ In-patient Bed Days Billed	➢ Brand ➢ Doctor reputation ➢ Quality of outcomes ➢ Competition
x			
AvLOS	➢ Average Length of Stay per In-patient	➢ In-Patient Bed Days / In-Patient Admissions	➢ Case-Mix / Type of procedures ➢ Leverage technology to shorten stay
x			
ARPOB / day	➢ Average Revenue Per Occupied Bed Day	➢ (IP Revenue[1] + OP Revenue + Hospital Based Pharmacy Revenue) / IP Bed Days	➢ Case-Mix / Type of procedures ➢ Better utilization of operational theatres, medical equipment ➢ Pricing
x			
Contribution	➢ Contribution	➢ Revenue – Variable costs	➢ Purchasing efficiency ➢ Operating efficiency

1. Apollo does not include consultant fee in its IP Revenue reporting as consultants at Apollo operate on a fee-for-service model.