

Fortis Healthcare Limited

Earnings Presentation – Q1 FY2020



“Saving and Enriching Lives”



August 6, 2019

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Agenda

1. Key Highlights
2. Key Financial Summary – Q1FY20
3. Executive Results Summary
4. Performance Review – Hospitals Business
5. Performance Review – Diagnostics Business
6. Appendix

1. Key Highlights

Key Highlights – Q1 FY20

Significant improvement in profitability

- Hospital business EBITDA increases 120% to INR 92 Cr i.e. 10.1% margin; Diagnostics business EBITDA at INR 53.7 Cr, 23.9% margins versus 18.7%
- Consolidated Operating earnings (PBT*) for the quarter stood at INR 20.4 Cr versus a loss of INR 118.2 Cr in Q1 FY19

Continuing momentum in business operations

- Noticeable facilities such as Anandapur, FMRI, Mohali, Mulund, Noida and Shalimar Bagh show healthy performance
- Investments continue in expansion and commissioning of new medical programs, advanced treatment technologies and select brownfield expansion

Healthy Balance Sheet and strengthening liquidity position

- Complete elimination of net BT costs and substantial reduction in finance cost. Further lowering of borrowing costs
- Divestment of 28.89% equity stake in The Medical and Surgical center Limited, Mauritius for INR 78 Cr. Non-core asset divestment plan on track

**PBT is prior to other income, any exceptional items and forex gain or loss*

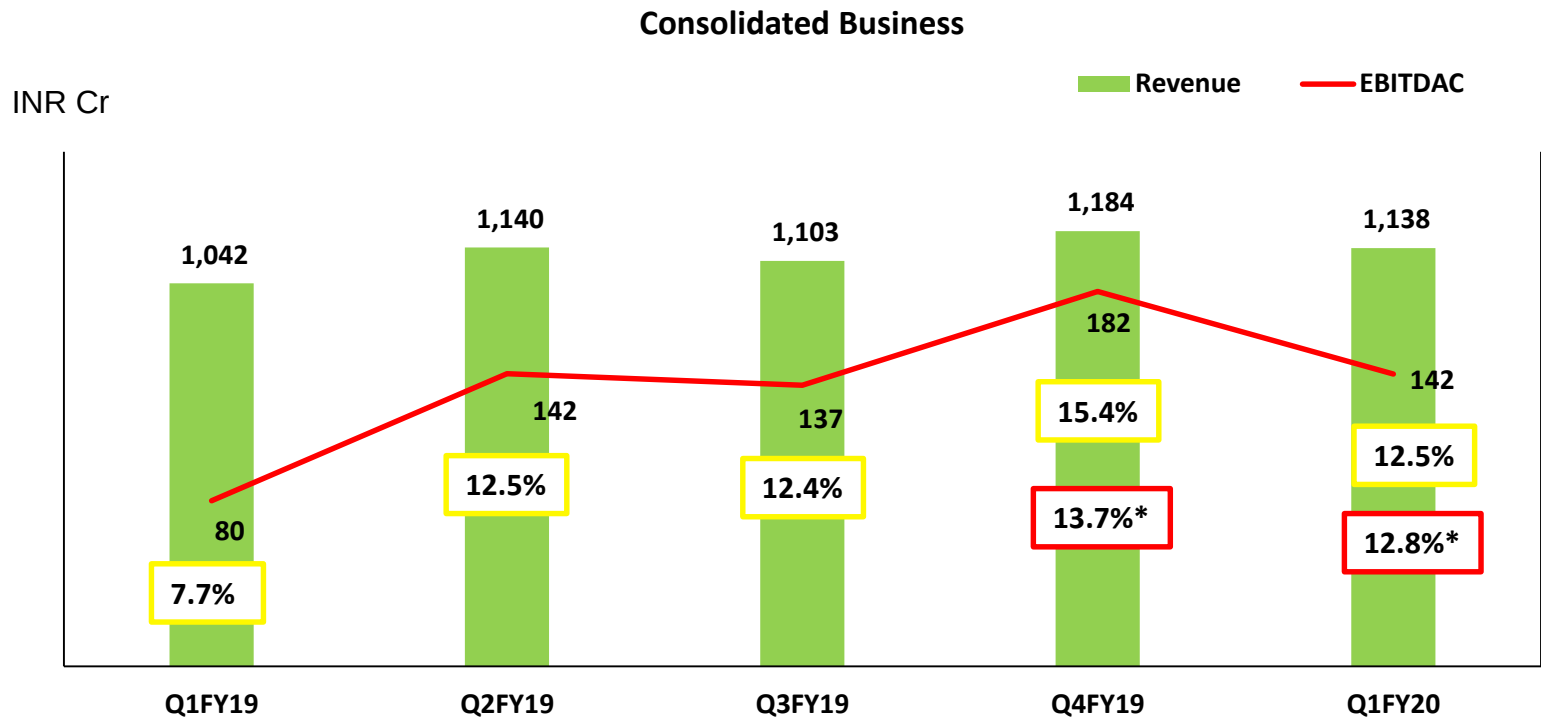
2. Key Financial Summary – Q1 FY20

Financial Highlights - Q1 FY20

- Consolidated Revenues at INR 1,138.3 Cr, up 9.2%
 - Hospital business revenues at INR 913 Cr, up 11.3% (*highest growth in last 11 quarters*)
 - Diagnostics business net revenues at INR 225 Cr, up 4.0%
- Operating margins (EBITDAC*) at 12.5% versus 7.7% in Q1 FY20
 - Hospital business EBITDAC margins at 10.1% versus 5.1% in Q1 FY19
 - Diagnostics business EBITDA margins at 23.9% versus 18.7% margin in Q1 FY 19
- Operating EBITDA margins improved to 12.5% from 1.4% in Q1FY19 as a result of
 - EBITDAC margin expansion of 480 bps reflecting operational performance improvement
 - Elimination of net BT costs of INR 65.3 Cr post the acquisition of RHT portfolio in Jan 19
- Interest cost reduction by 33% from Q1FY19 and 22% from Q4FY19
- PATMI at INR 67.8 Cr versus loss of INR 70.9 Cr in Q1 FY19

*EBITDAC refers to EBITDA before net business trust costs

Quarterly Revenues and Margins - Q1 FY20



- Consistent improvement in Operating Performance

**Excluding the financials of RHTTM, consolidated margins on a like to like basis have expanded from 7.7% in Q1FY19 to 12.8% in Q1FY20 (13.7% in Q4FY19)*

3. Executive Results Summary

Executive Summary – Q1 FY20

Consolidated Financials

Particulars (INR Cr)	Q1FY19	Q4FY19	Q1FY20	QoQ % Change
Revenue	1,042.0	1,184.1	1,138.3	9.2%
Operating EBITDAC*	80.4	182.2	142.3	76.9%
Operating EBITDAC margin	7.7%	15.4%	12.5%	
Operating EBITDA	15.1	167.1	142.3	
Operating EBITDA margin	1.4%	14.1%	12.5%	
PBT from operations - pre-exceptional / FX / Other Income	(118.2)	42.2	20.4	
PATMI	(70.9)	135.6	67.8	

- For Q1FY20, operating EBITDA increased significantly due improvement in operational performance for both hospitals and diagnostics business and complete elimination of business trust fees pursuant to acquisition of RHT India assets
- For Q4FY19, Operating EBITDA increased significantly due to acquisition of RHT India assets , one off income at RHTTM level and the operational margin expansion witnessed in the diagnostics business
- PATMI for Q4FY19 includes one time significant share in associate of approx. INR 333 Cr mainly due to RHT's profit as a result of the divestment of assets to Fortis in January 2019.

Balance Sheet – June 30, 2019

Balance Sheet (INR Cr)	June 30, 2018	March 31, 2019	June 30, 2019
Shareholder's Equity	5,299	7,175	7,191
Debt	1,657	2,009	1,388
Lease Liabilities (Ind AS 116)*	-	-	196
Total Capital Employed	6,955	9,184	8,775
Net Fixed Assets (includes CWIP)	3,128	5,206	5,351
Goodwill	2,049	3,716	3,721
Investments	1,346	190	189
Cash and Cash Equivalents	135	986	358
Net Current Assets	298	(918)	(843)
Total Assets	6,955	9,184	8,775
Net Debt / (cash)	1,522	1,023	1,031
Net Debt to Equity	0.29x	0.14x	0.14

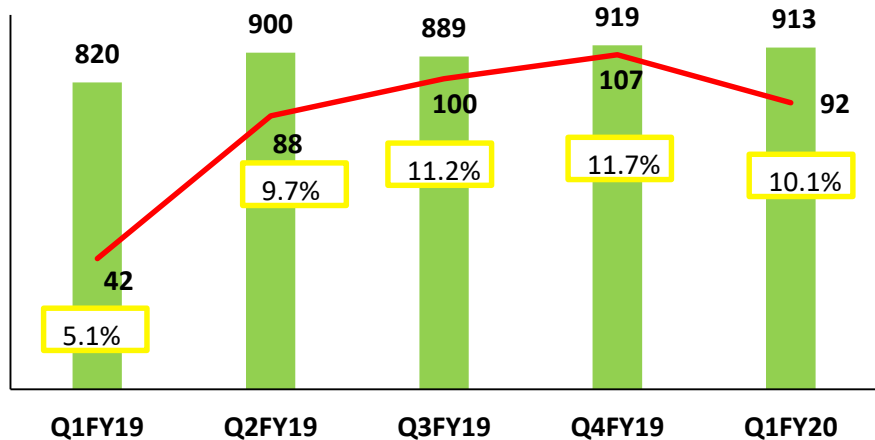
*Pertains to lease liability on account of adoption of new accounting standard on leases w.e.f. April 1, 2019.

Business Summary Highlights

INR Crore

Hospitals Business

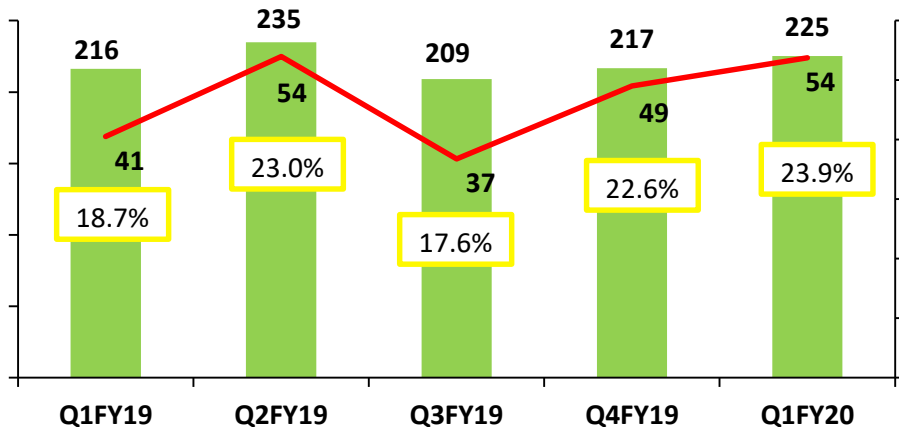
Revenue EBITDAC



INR Crore

Diagnostics Business

Net Revenue EBITDA



- Both Hospitals and Diagnostics business continues to witness traction in operations
- Hospital business performance witnessed steady improvement over Q1FY19; however witnessed seasonality impact compared to Q4FY19
 - EBITDAC margin improved from 5.1% in Q1 to 10.1% in Q1 FY20
 - Revenue growth of 11.3% vs corr qtr and -1% vs trailing qtr
 - Occupancy at 66% in Q1FY20 vs 62% in Q1 FY 19
- Diagnostic business margins expanded significantly from 18.7% in Q1FY19 to 23.9% in Q1 FY20.

4. Performance Review – Hospitals Business

India Hospital Business – Q1 FY20

Particulars	Q1FY19	Q4FY19	Q1FY20**	QoQ % Change
	(INR Cr.)	(INR Cr.)	(INR Cr.)	
Operating Revenue	819.9	918.5	913.0	11.3%
Operating EBITDAC*	41.8	107.2	92.1	120.1%
Operating EBITDAC margin	5.1%	11.7%	10.1%	
Net BT Costs	65.3	15.1	-	
Operating EBITDA	(23.5)	92.1	92.1	
Operating EBITDA margin	-2.9%	10.0%	10.1%	
Other Income	10.8	11.6	15.9	
EBITDA	(12.7)	103.7	108.0	

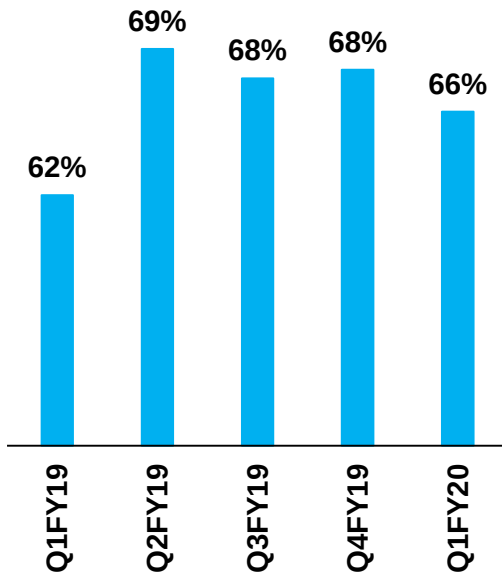
*EBITDAC refers to EBITDA before net business trust (BT) costs

**Includes the impact on account of adoption of new accounting standard on leases w.e.f. April 1, 2019.

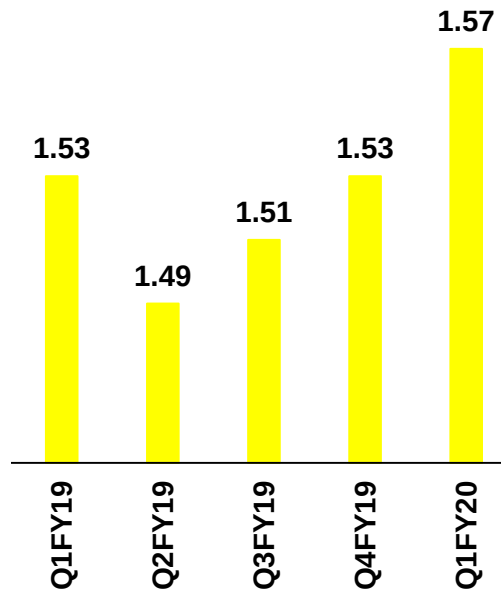
- International patient revenue at INR 92 Cr, + 2% growth over corr. quarter
- Key Hospitals revenue growth (over Q1 FY19)
 - Jaipur +22%
 - Shalimar Bagh + 19%
 - Anandapur +19%
 - FMRI +18%
 - Vashi +16%
- Key hospitals that witnessed operating profitability growth over Q1FY19 are Noida, Mulund, Shalimar Bagh, Anandapur, FMRI and Mohali

Key Performance Metrics – Hospitals Business

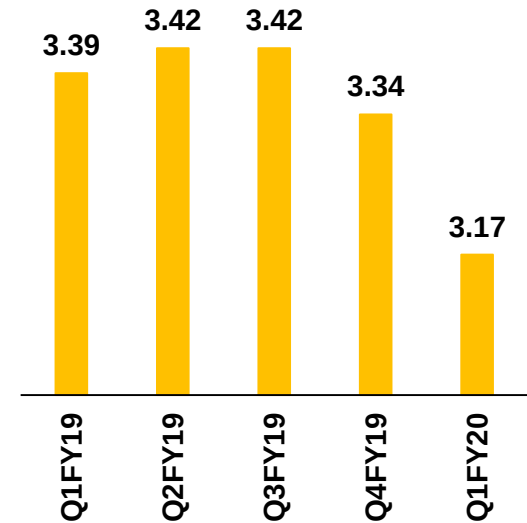
Occupancy (%)



ARPOB (INR Cr per annum)

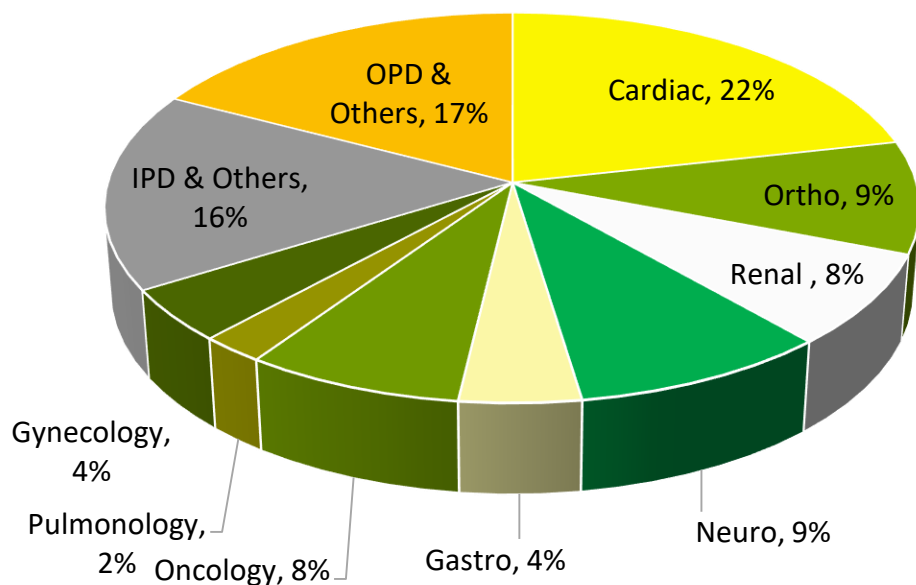


ALOS (Days)

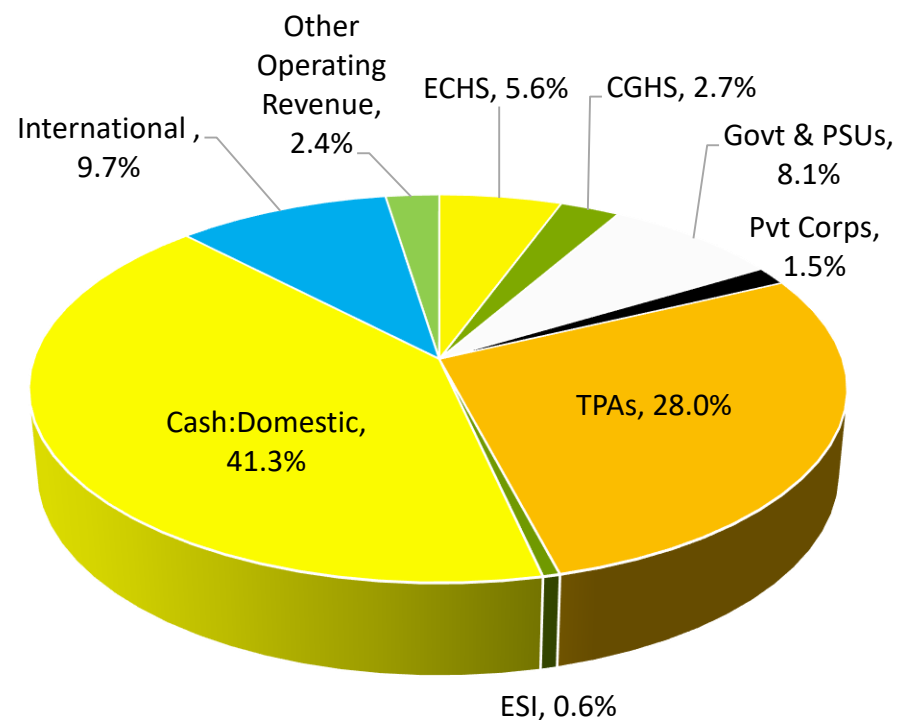


Specialty Mix & Payor Mix – Q1 FY20

Specialty Mix



Payor Mix



Key Initiatives – Q1 FY20

- **Fortis Hospital, Anandapur, Kolkata**, conducted a cardiac surgical camp at Asia Royal Hospital, Yangon, Myanmar. Under the initiative, a team of doctors from Fortis Anandapur travelled to Yangon and conducted three cardiac surgeries.
- **Fortis Hospital, Kalyan**, launched a dedicated Colorectal Clinic at the facility with the aim of creating awareness about colorectal diseases and to encourage patients to seek timely and proper medical intervention.
- **Fortis Hospital, Mulund**, in a first in Western India, launched a heart failure certificate course for nurses. Aimed at training heart failure specialist nurses, the six month course was kicked off during the quarter.
- **Fortis Hospital, Noida**, became the first hospital in Delhi NCR to launch a Specialist Training in Emergency Medicine (STEM) in association with EduMed, which is certified by Alfred Health & Monash University, Australia.
- **Fortis Hospital, Noida**, launched a training programme on Oncology nursing. Designed by an expert team in coordination with the Oncology and the Nursing Education teams, the course aims to develop advanced knowledge and clinical proficiency in intensive nursing care for Oncology patients.

Advanced Technology Treatments and Ongoing Expansions

- Robotic Program at Forti Mulund, Mumbai
- Oncology Block at Fortis BG Road, Bengaluru
- Multi-specialty facility at Arcot Road, Chennai
- Liver Transplant facility at Fortis Noida, NCR

Robotic Program launched at Fortis Mulund, Mumbai

Central Mumbai's
First
Advanced Surgical Robot
now at Fortis Hospital Mulund



Fortis Hospital, Mulund in line with its vision to provide best healthcare for its patients introduces Central Mumbai's First **Advanced Surgical Robot- da Vinci Xi Robot**. Robotic Surgery will now be performed by globally trained surgeons which will greatly benefit patients across **Oncology, Urology and Gynecology**.

WHY CHOOSE ROBOTIC SURGERY?

- ✓ Minimally invasive
- ✓ Smaller incision
- ✓ Increase precision
- ✓ Short hospital stay
- ✓ Lesser blood loss
- ✓ Lesser operating time
- ✓ Lesser pain
- ✓ Reduced post operative complications

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Contact Number: 0224365 4365 | Emergency Number: 022 4111 4111
Website: www.fortismumbai.com



Fortis
MULUND



Fortis BG Road, Bengaluru – Oncology Block Commissioned

Commissioned Basement + 3 floors – Total capacity ~200 beds



Lower basement Linac Corridor



Ground Floor Waiting Area



Ground Floor Chemo Area



First Floor Consultation Area



First Floor Endoscopy Area



Patient Relative Waiting Area

Fortis Arcot Road, Chennai – To be Commissioned Shortly

~200 bed multi-speciality facility



Clinical Excellence and Awards & Accolades – Q1 FY20

A team of Doctors at Fortis Escorts, New Delhi performed the rare, non-surgical catheter based Transcatheter Mitral Valve Replacement (TMVR) procedure on 2-patients (a male and a female), both aged 69 years.

Fortis Escorts Hospital, Dehradun, has been awarded the NABH Pre Accreditation Entry Level – Small Healthcare Organisation (SHCO) by National Accreditation Board for Hospitals & Healthcare Providers.

The NICU team of Fortis La Femme, GK-II, published an Article in the prestigious International journal called “Journal of Clinical Neonatology” on “Reducing incidence of Red Cell Transfusions among Pre-Term babies in a Tertiary care NICU – A retrospective Observational Study”.

Fortis Hospital, Noida, has received the Ethics Committee accreditation from National Accreditation Board for Hospitals and Healthcare Providers (NABH).

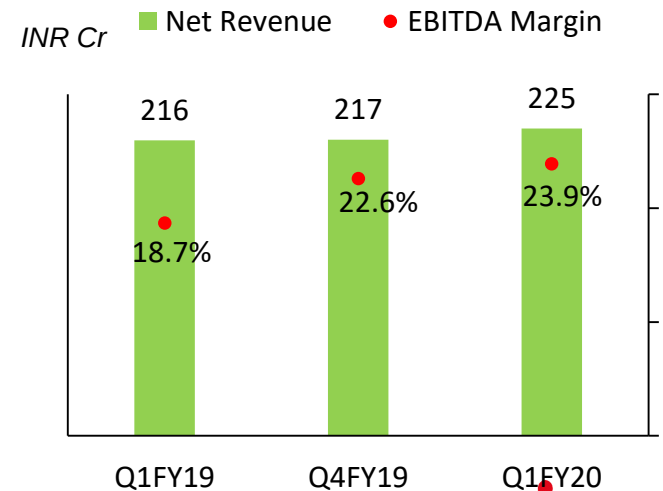
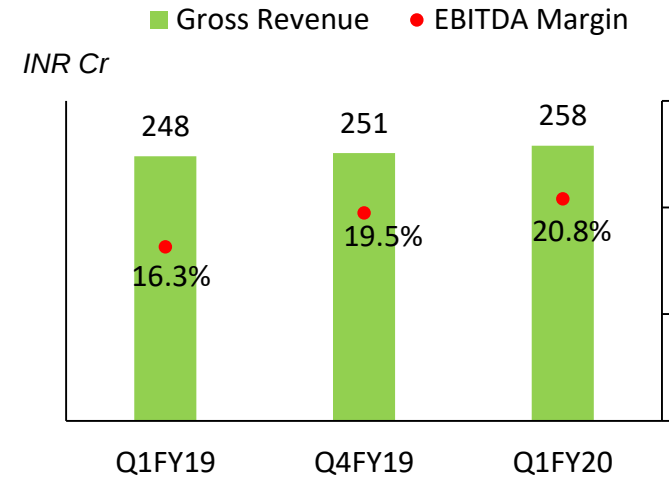
Fortis Hospital, Anandapur, received AHPI Award 2019 for ‘Quality beyond Accreditation.’ The judgement was based on certain key parameters, including clinical processes and outcomes, periodic clinical audits across specialties and physician engagement in quality improvement activities.

A paper on Nano Crush, a stenting technique developed by a team of Doctors at Fortis Hospital, Anandapur, was published in ‘AsiaIntervention Journal,’ the official publication of the Asian Pacific Society of Interventional Cardiology (APSIC) and the Interventional Cardiology Foundation of India (ICFI).

5. Performance Review – Diagnostics Business

Diagnostics Business – Q1 FY20

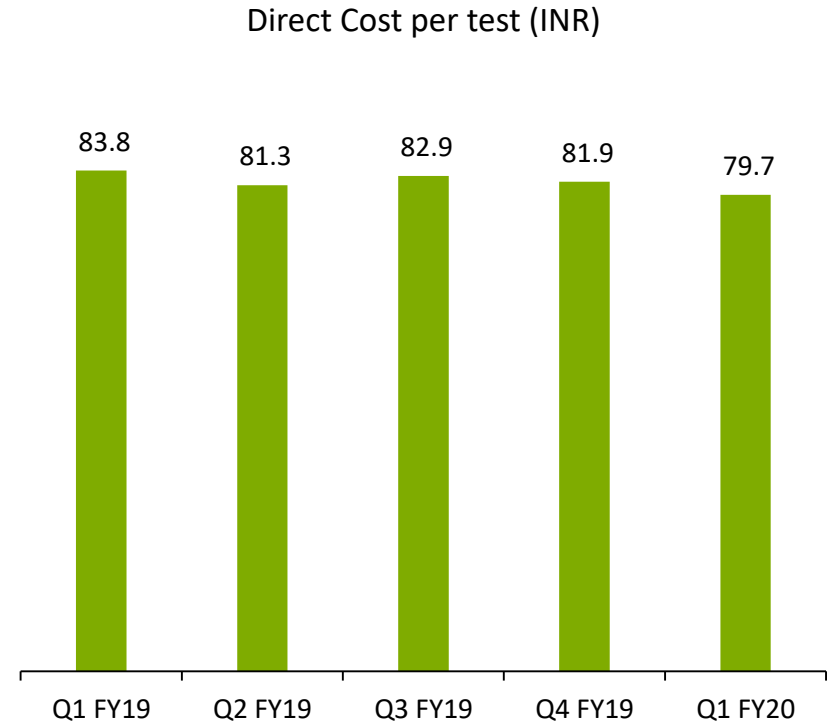
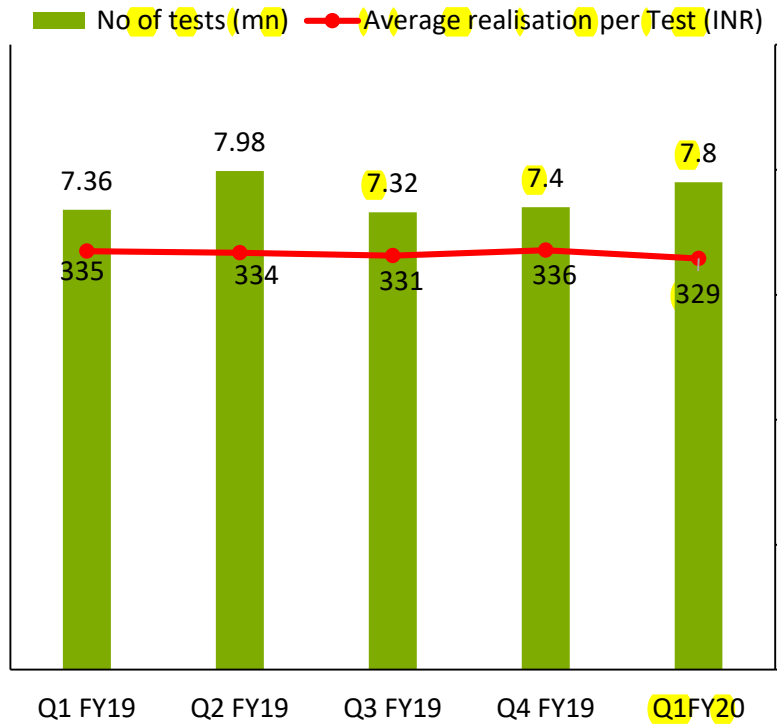
- Gross Operating revenue at INR 258 Cr, +4.2% (*like for like growth ~6%*); Growth driven by new direct clients as well as the hospitals segment
- Operating EBITDA margin basis gross revenue stood at 20.8% compared to 16.3% in Q1FY19 & 19.5% in Q4FY19
- SRL conducted over 7.80 million tests during Q1FY20 compared to 7.36 mn tests conducted in Q1FY19 (excluding joint ventures), a growth of 5.9%
- Business has achieved significant improvement in margins both on a quarter and YoY basis.
- Savings in direct cost as a result of improved lab efficiency and vendor costs negotiations



Key Performance Metrics

Number of Tests and Average Realizations*

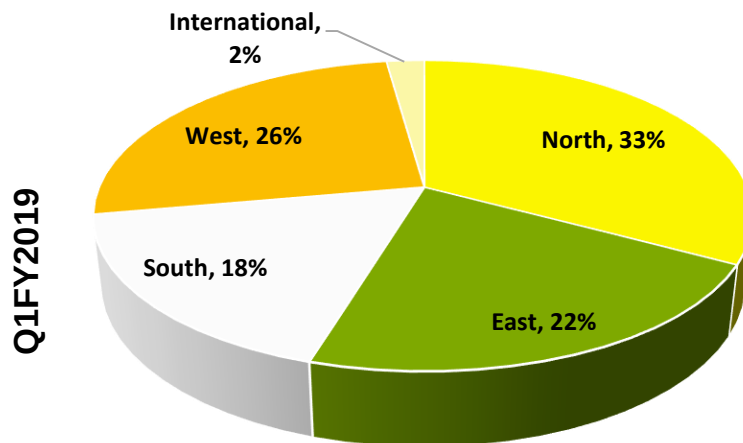
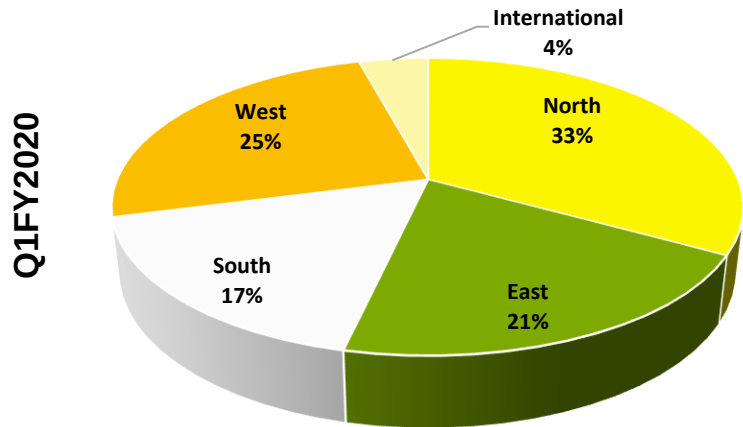
Direct Cost per test



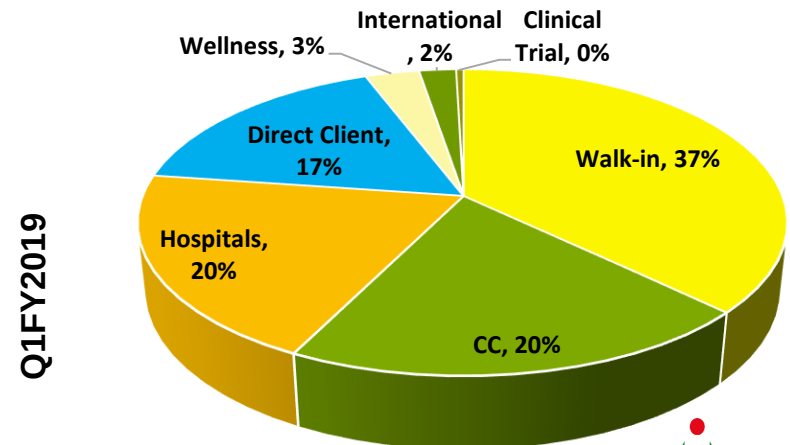
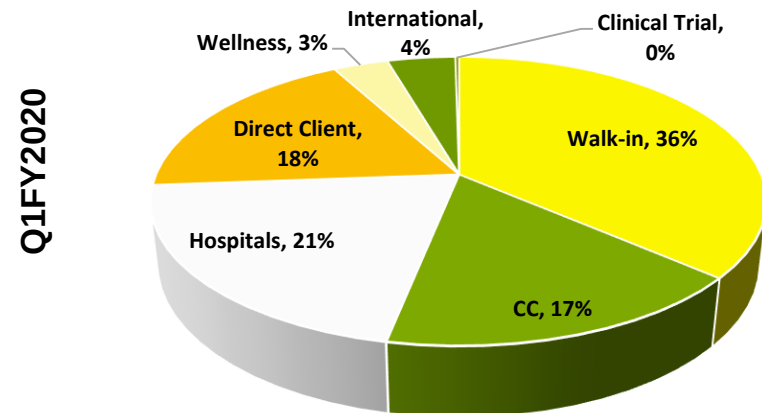
*Excluding joint ventures

Revenue Mix

Geographic Mix



Customer Mix



6. Appendix

Group Consolidated P&L – Q1 FY20

Particulars	Q1FY19	Q4FY19	Q1FY20^^	QoQ % Change
	(INR Cr.)	(INR Cr.)	(INR Cr.)	
Operating Revenue	1,042.0	1,184.1	1,138.3	9.2%
Operating EBITDAC*	80.4	182.2	142.3	76.9%
Operating EBITDAC margin	7.7%	15.4%	12.5%	
Net BT Costs	65.3	15.1	-	
Operating EBITDA	15.1	167.1	142.3	
Operating EBITDA margin	1.4%	14.1%	12.5%	
Other Income	11.9	10.5	17.6	
EBITDA	27.0	177.5	159.8	
Finance Costs	76.4	64.8	50.9	(33.4%)
Depreciation & Amortization	56.9	60.0	71.0	
PBT before Forex (excl Other Income)	(118.2)	42.2	20.4	
Foreign Exchange (Loss)/ Gain	16.6	(6.8)	2.0	
PBT before Exceptional Item (incl Other Income & Forex)	(89.7)	45.9	40.0	
Exceptional (Loss)/ Gain^	(5.9)	(45.5)	9.5	
Tax Expense	(33.8)	182.6	(25.7)	
PAT before minority interest and share in associates	(61.8)	(182.1)	75.2	
Share in Associates**	9.0	333.3	2.8	
PAT after minority interest and share in associates	(70.9)	135.6	67.8	

*EBITDAC refers to EBITDA before net business trust costs

^For Q4FY19, exceptional items primarily pertain to impairments related to the goodwill and of certain assets. These in addition, also include certain one off financial and legal expenses related to advisory fees for corporate transactions completed.

**Higher Share in Associate in Q4FY19 is mainly due to RHT's profit on divestment of assets to Fortis in January 2019.

^^Includes the impact on account of adoption of new accounting standard on lease w.e.f. April 1, 2019.

India Consolidated P&L – Q1 FY20

Particulars	Q1FY19	Q4FY19	Q1FY20^^	QoQ % Change
	(INR Cr.)	(INR Cr.)	(INR Cr.)	
Operating Revenue	1,036.3	1,135.3	1,138.1	9.8%
Operating EBITDAC*	82.4	156.2	145.9	77.0%
Operating EBITDAC margin	7.9%	13.8%	12.8%	
Net BT Costs	65.3	15.1	-	-100.0%
Operating EBITDA	17.0	141.1	145.9	
Operating EBITDA margin	1.6%	12.4%	12.8%	
Other Income	11.9	10.4	17.1	
EBITDA	28.9	151.6	163.0	
Finance Costs	76.1	64.7	50.9	(33.1%)
Depreciation & Amortization	56.9	59.9	70.9	
PBT before Forex (excl Other Income)	(116.0)	16.6	24.1	
Foreign Exchange (Loss)/ Gain	9.3	(7.3)	4.0	
PBT before Exceptional Item (incl Other Income & Forex)	(94.7)	19.7	45.2	
Exceptional (Loss)/ Gain^	(5.9)	(45.5)	9.5	
Tax Expense	(33.9)	177.7	(26.0)	
PAT before minority interest and share in associates	(66.8)	(203.5)	80.7	
Share in Associates**	6.3	329.9	1.1	
PAT after minority interest and share in associates	(78.6)	110.9	71.6	

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Thank You