Narayana Health

Investor Presentation

May 2019

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Narayana Health

NH at a Glance

As on 1st May 2019

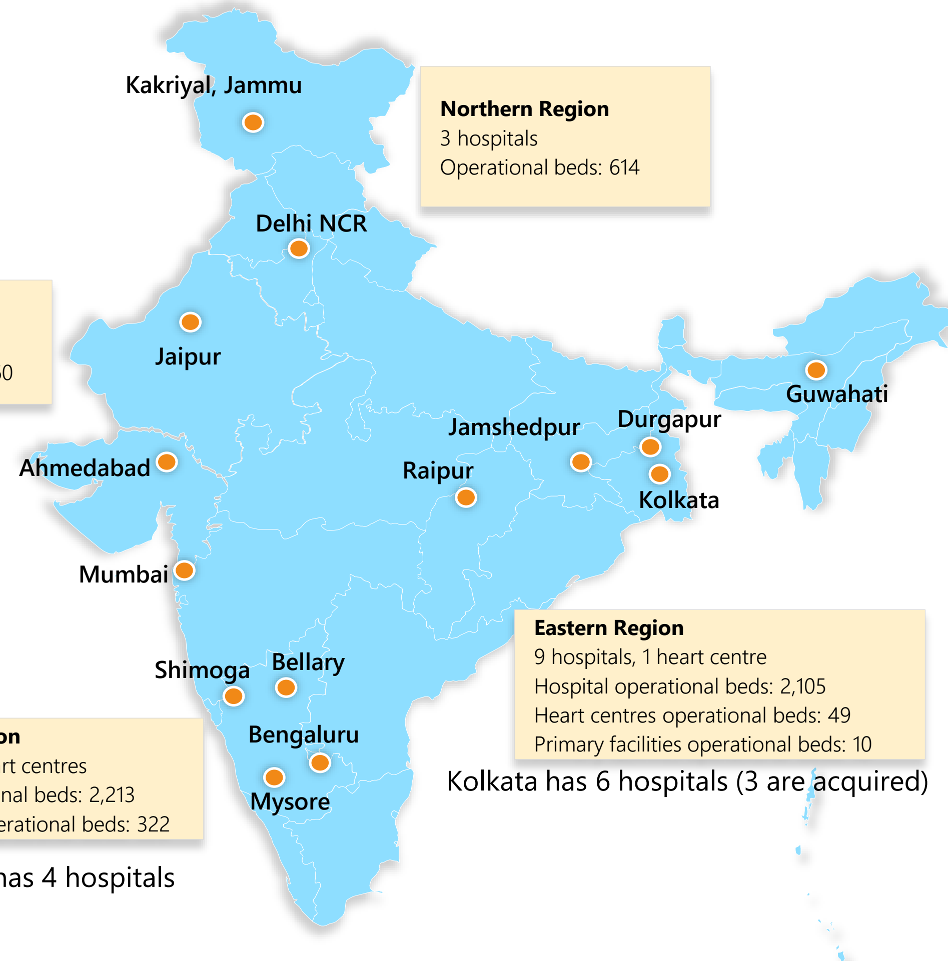
50	Healthcare Facilities	Operational beds
21	Owned / Operated Hospitals(1)	5,294 Beds
2	Managed Hospitals(2)	498 Beds
7	Heart Centres	371 Beds
19	Primary Healthcare Facilities(3)	10 Beds
1	Hospital in Cayman Islands	110 Beds

7,155	**Capacity Beds**
6,283	**Operational Beds**
3.0 mn(4)	**Average Effective Capital Cost per Operational Bed**

30+ **Specialities**

16,690 **Full-time Employees and Associates including 3,644 doctors**

NH's footprint in India



Northern Region
3 hospitals
Operational beds: 614

Western Region
4 hospitals
Operational beds: 860

Eastern Region
9 hospitals, 1 heart centre
Hospital operational beds: 2,105
Heart centres operational beds: 49
Primary facilities operational beds: 10

Kolkata has 6 hospitals (3 are acquired)

Karnataka Region
7 hospitals, 6 heart centres
Hospital operational beds: 2,213
Heart centres operational beds: 322

Bengaluru has 4 hospitals

(1) NH owns the P&L responsibility
(2) NH manages 3rd party hospitals for Management Fees
(3) Includes clinics, information centres, etc
(4) Based on (Gross Block for Fixed Assets (adjusted for non-cash government grant provision, non-cash financial lease for Dharamshila unit)+ Capital Work in Progress (CWIP)) / Number of operational beds as of March 31st 2019 but excluding Managed Hospitals and Cayman facility

Key Highlights – Q4 FY19

Clinical & Operational

- Narayana Institute of Cardiac Sciences, Bengaluru performed India's first Interventional Fontan Completion, a hybrid treatment modality that reduces the number of surgeries required from 3 to 1 to treat congenital heart diseases
- SRCC, Mumbai now runs the 2nd largest paediatric cardiac surgery program in Maharashtra state
- NH completed its first year of liver transplant program and performed 18 such transplants across RTIICS at Kolkata, MSMC, MSRNH at Bengaluru and NSH at Gurugram
- Rabindranath Tagore International Institute of Cardiac Sciences, Kolkata, achieved the rare distinction of performing dual kidney transplant on a patient. It was the first ever such transplant in Eastern India
- Narayana Multispeciality Hospital, Jamshedpur removed 3 kg cancerous tumour from a patient, this is second largest parotid gland tumour removal in India

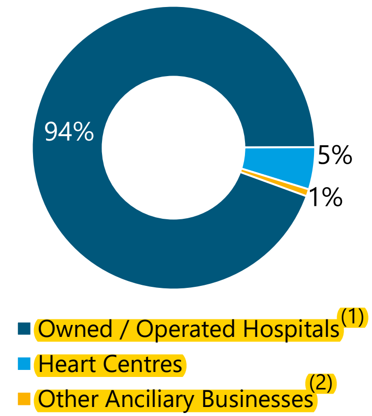
Financial Performance

- Consolidated operating revenues of INR 7,652 mn in Q4 FY19, an increase of 18.3% YoY translating into INR 28,609 mn in FY19, an increase of 25.4% YoY
- Consolidated EBITDA of INR 968 mn in Q4 FY19, reflecting a YoY growth of 71.1%, thus translating into EBITDA of INR 3,045 mn in FY19 i.e. an EBITDA margin of 10.6%
- Consolidated net debt of INR 7,127 mn as on 31st Mar, 2019, reflecting net debt to equity ratio of 0.66 (Out of which, debt worth US$ 54.3 mn is foreign currency denominated)

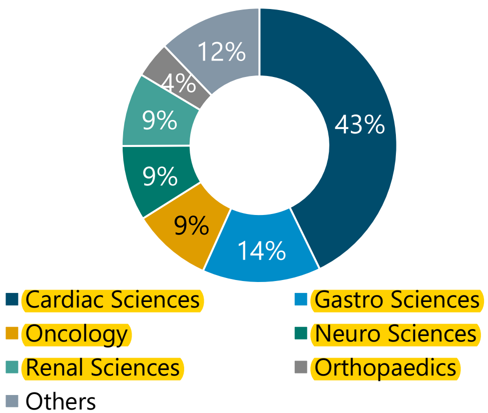
Revenue Mix – India Business (FY19)

Operating Revenues

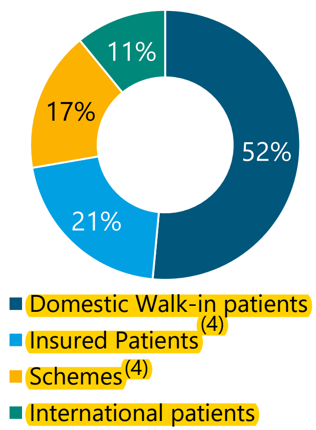
Business Mix



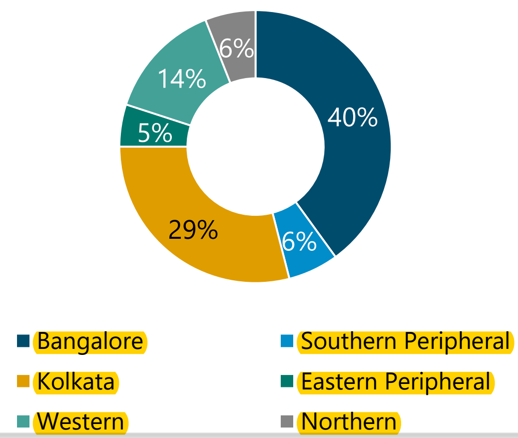
Speciality-Profile(6)



Payee-Profile(3,7)

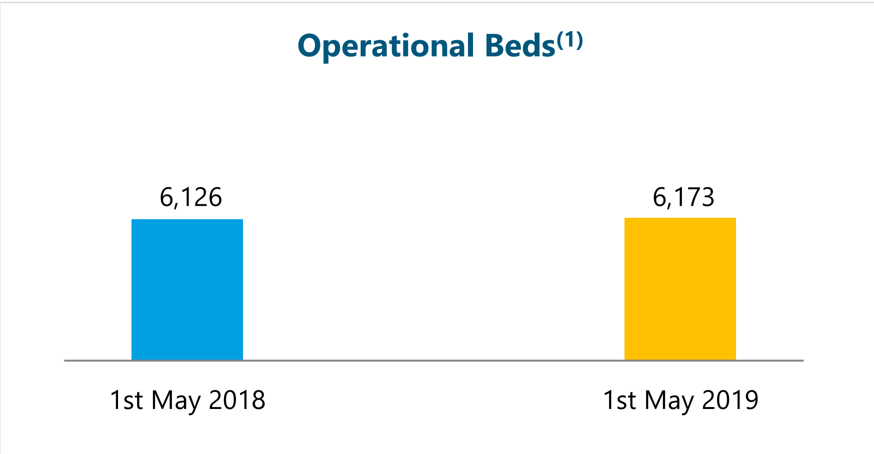


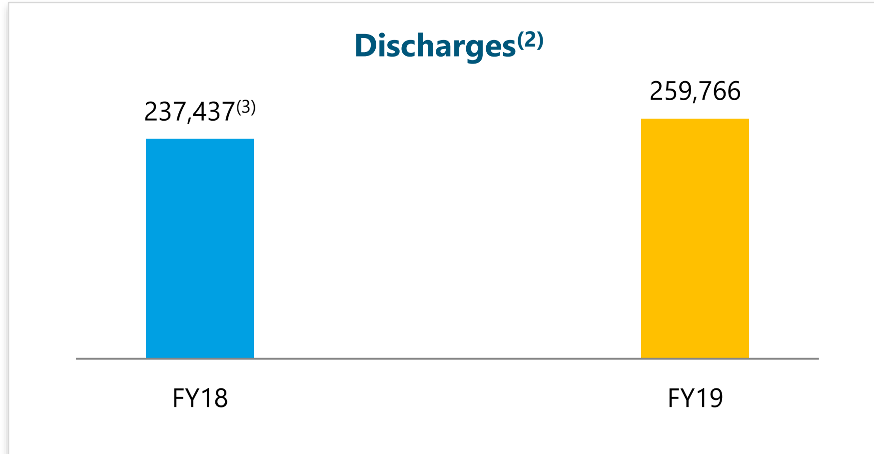
Cluster-Wise(5)

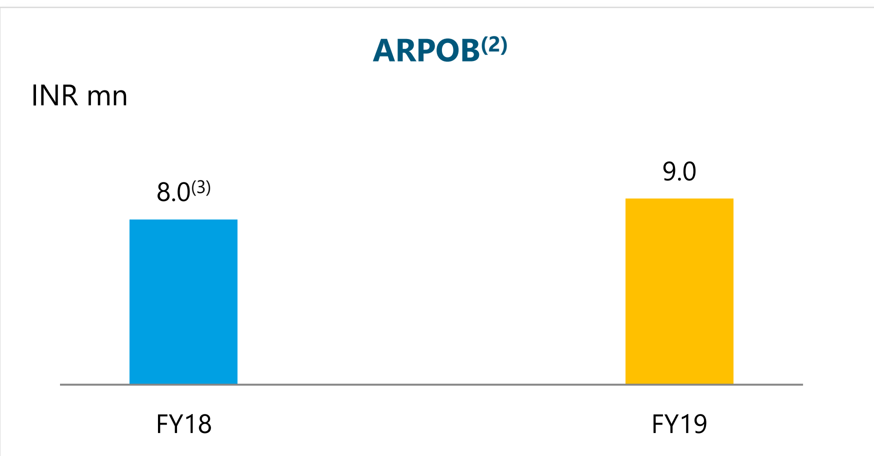


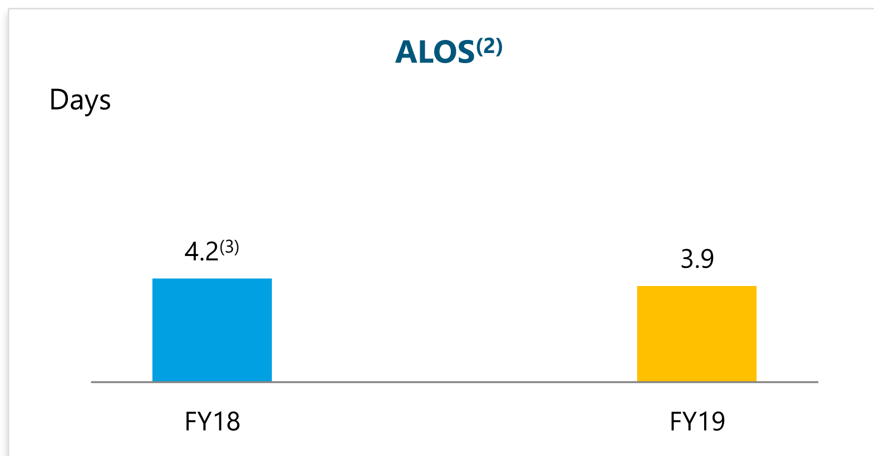
(1) NH owns the P&L responsibility
(2) Includes managed hospitals, clinics, learning and development, teleradiology, etc
(3) As percentage of IP and OP revenue, excludes Jammu VGF, clinics, other ancillary business
(4) Insured Patients include Insurance-covered patients, corporate patients (including public sector undertakings); Schemes include CGHS, ESIS, other state government schemes
(5) Calculated on operating revenue of owned / operated hospitals
(6) Calculated on IP revenue; 6 core specialities (cardiac sciences, renal sciences, oncology, neurosciences, gastroenterology and orthopaedics) account for~88% of IP revenue in FY19, excludes clinics data, Jammu VGF
(7) Figures might not add up to 100% due to rounding off

Operational Review – India Business



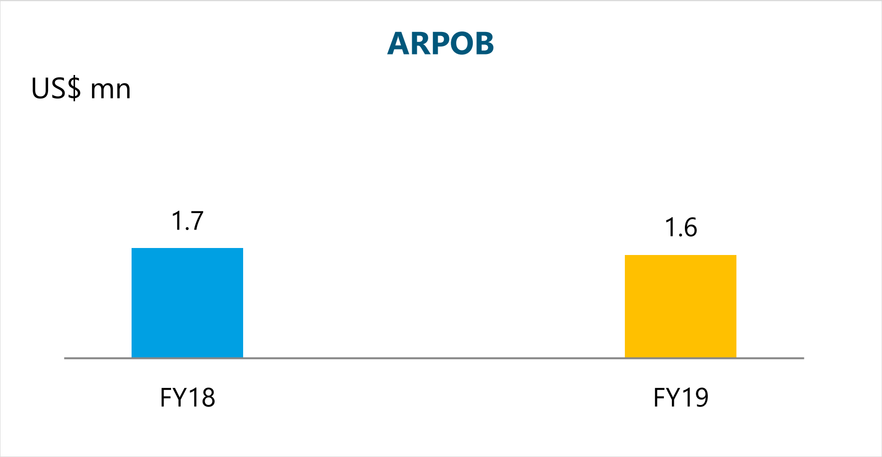


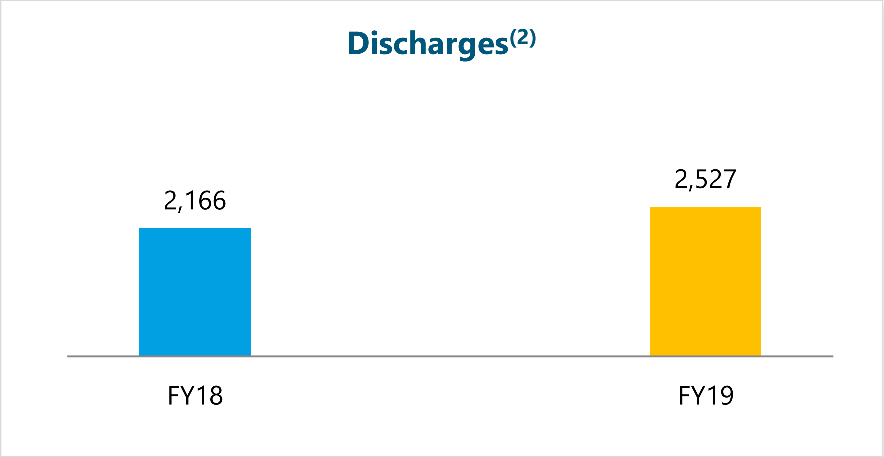


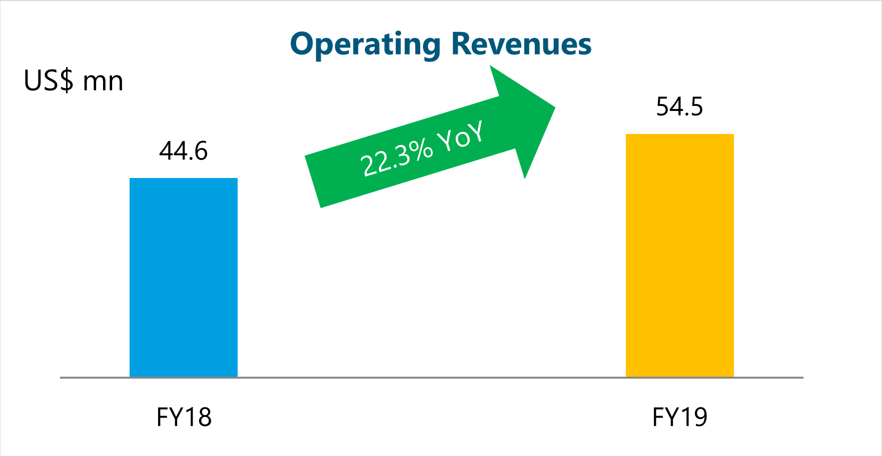


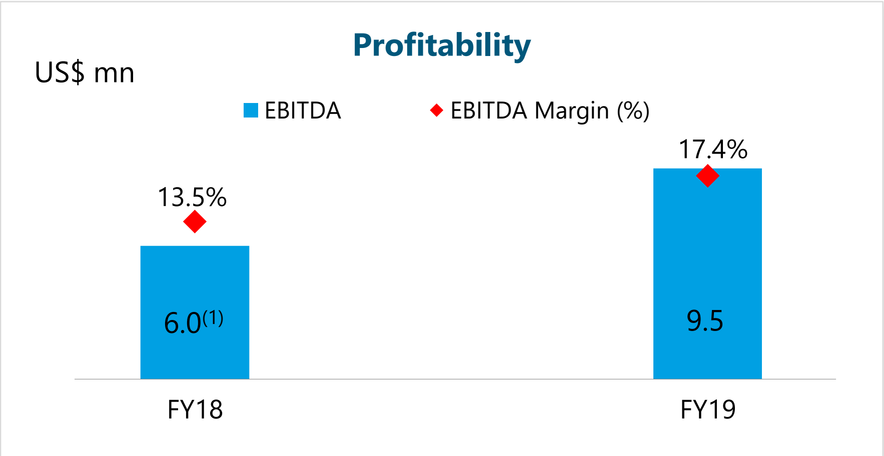
(1) *Includes Managed Hospitals*
(2) *Excludes Managed Hospitals*
(3) *Excludes Gurugram*

Operational Review – HCCI





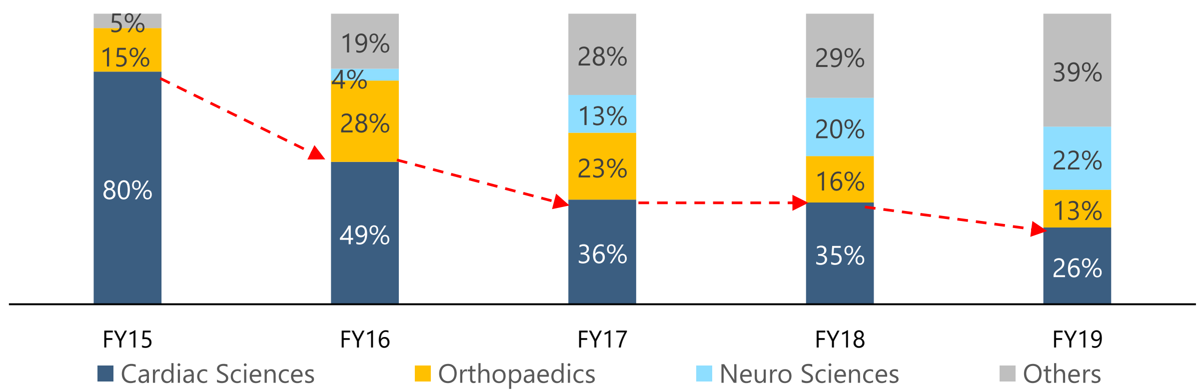




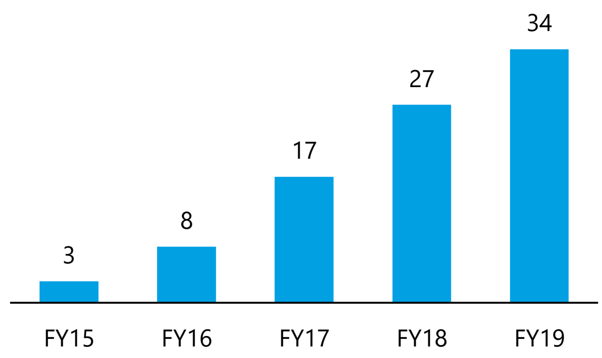
(1) Adjusted for one-time transaction cost of US$ 0.96 Mn
(2) ALOS for the period FY19 was 4.9 days and 4.5 days for FY18

Operational Review – HCCI

Evolving as a Multispecialty Healthcare Provider

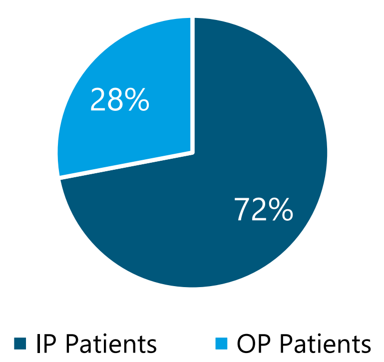


Steady Ramp-up in Occupied Beds

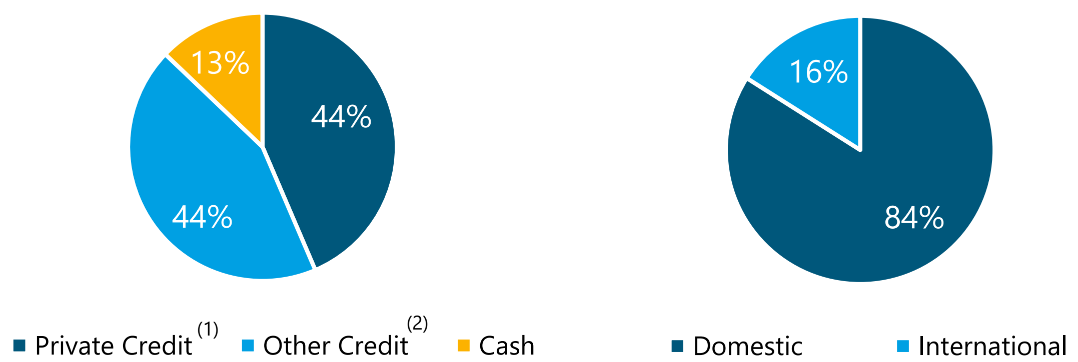


Revenue Mix - FY18

IP/OP Split



Payee-Profile



(1) *Includes private insurance, corporates, employers*
(2) *Includes government departments, government insurance companies, foundations*

Narayana Health

Regional Split – India Business (FY19)

This considers owned/operated hospitals in India (excl. Jammu)

Regions	Bangalore	Southern Peripheral	Kolkata	Eastern Peripheral	Western	Delhi NCR
% of Hospital Operating Revenues	40%	6%	29%	5%	14%	6%
YoY Revenue Growth	8%	6%	9%	6%	26%	79%*
% of Hospital Operational Beds	32%	10%	26%	7%	17%	8%
ARPOB (INR mn)	10.7	6.5	8.4	6.1	7.9	12.5
EBITDAR Margin	29.0%	15.4%	20.8%	3.8%	0.0%	-30.2%

Bangalore - NICS, MSMC, HSR, Whitefield
Southern Peripheral - Mysore, Shimoga
Kolkata - RTIICS, Barasat, MMRHL, RNN, NSC
Eastern Peripheral - Jamshedpur, Guwahati
Western - Mumbai, Ahmedabad, Jaipur, Raipur
Delhi NCR - Gurugram, Delhi
** Gurugram unit was not part of NH operations for whole of FY18*

Maturity Profile – India Business (FY19)

This considers owned/operated hospitals in India (excl. Jammu)

Maturity	Hospitals (Exc. Managed Hospitals & Jammu)[1]	Hospital Operating Revenues[1] – % of Total	Hospital Operating Revenues[1] – YoY Growth	% of Hospital Operational Beds[1]	Key Performance Indicators[1] – ARPOB (INR mn)	Key Performance Indicators[1] – Occupancy	Key Performance Indicators[1] – EBITDAR Margin[2]
Existing	17	92%	9%	90%	8.8	60.8%	21.5%
New	3	8%	92%[3]	10%	10.9	45.8%	-36.6%

New: Mumbai, Delhi and Gurugram

(1) Excludes Managed hospitals and Cayman facility
(2) EBITDA before rental/revenue share and before allocation of any corporate expenses
(3) Gurugram unit was not part of NH operations for whole of FY18

Profitability Snapshot – India Business

EBITDA and EBITDA Margin

INR mn

Movement across New Hospitals

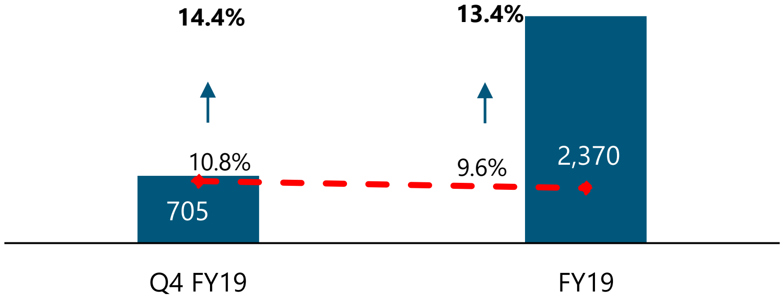
Q4 FY19

	Losses	Revenues
SRCC	59	127
Dharamshila	33	262
Gurugram	67	133
Total	**159**	**521**

FY19

	Losses	Revenues
SRCC	259	453
Dharamshila	96	1,003
Gurugram	348	375
Total	**703**	**1,831**

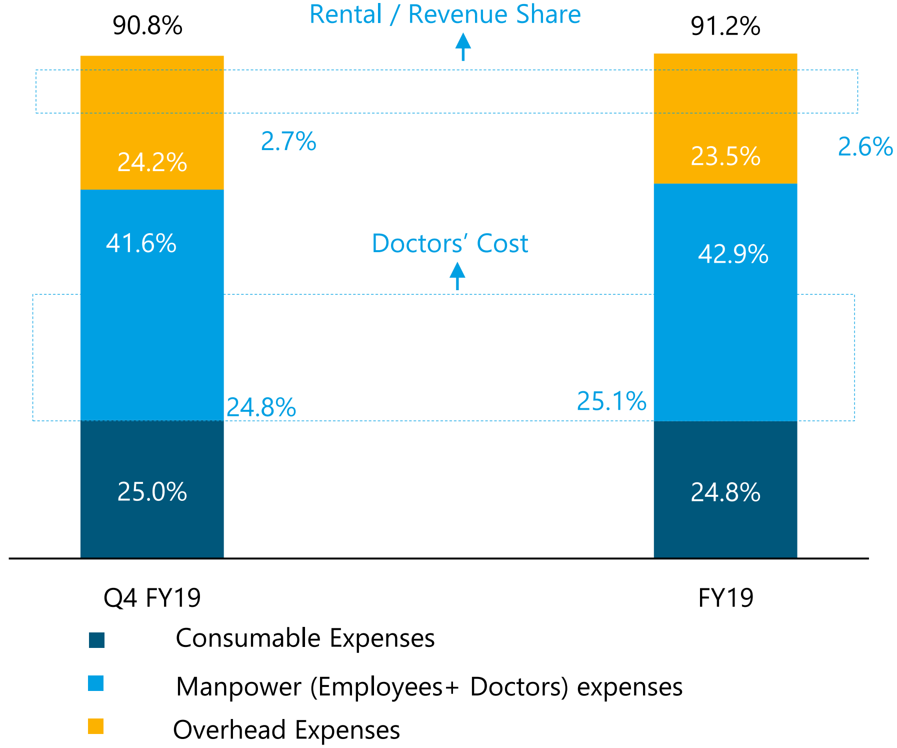
With the above, the adjusted EBITDA margins are as follows



- Heart Centres clocked an EBITDAR margin of 3.5%[1] in Q4 FY19 translating into an EBITDAR margin of 9.9%[1] for FY19

Cost Structure

% of Operating Revenues



(1) EBITDA before rental/revenue share and before allocation of any corporate expenses

Categories have been calculated as
Consumable Expenses = Purchase of medical consumables, drugs and surgical equipment net of changes in inventories of medical consumables, drugs and surgical equipment;
Manpower (Employees and Doctors) expenses = Employee benefits + Professional fees to doctors;
Overhead expenses = all other expenses

Consolidated Financial Performance

Figures in INR mn, unless stated otherwise

Profit and Loss Statement(1)

Particulars (INR mn)	Q4 FY19	FY19
Total Operating Revenue	**7,652**	**28,609**
Purchase of Medical Consumables, Drugs and Surgical Equipment	1,856	6,875
Doctors Expenses	1,762	6,762
Employee (Excluding Doctors) Expenses	1,346	5,377
Other Admin Expenses	1,793	6,717
Total Expenses	**6,757**	**25,731**
Other Income	72	167
EBITDA	**968**	**3,045**
Depreciation and Amortization	359	1,374
Finance Costs	175	714
Exceptional Items	-	-
Profit before share of loss of equity accounted investees and income tax	**434**	**957**
Share of (loss)/ profit of equity accounted investees	37	(23)
Profit Before Tax	**471**	**934**
Tax Expense	99	341
PAT for the period	**372**	**593**
Total Comprehensive Income, net of tax	277	589

Key Balance Sheet Items(1)

Particulars	31st March 2019
Shareholder Equity	**10,811**
Total Debt	**8,135**
Long-Term Debt	8,019
Short-Term Debt	115
Net Block	**17,124(2)**
CWIP	362
Goodwill	660
Non-Current Investment	29
Net Receivables	2,664
Cash and Cash Equivalents	**1,007**

As on March 31st, 2019, the consolidated net debt was Rs 7,127 mn, representing a net debt to equity ratio of 0.66 (Out of which, debt worth US$ 54.3 mn is foreign currency denominated).

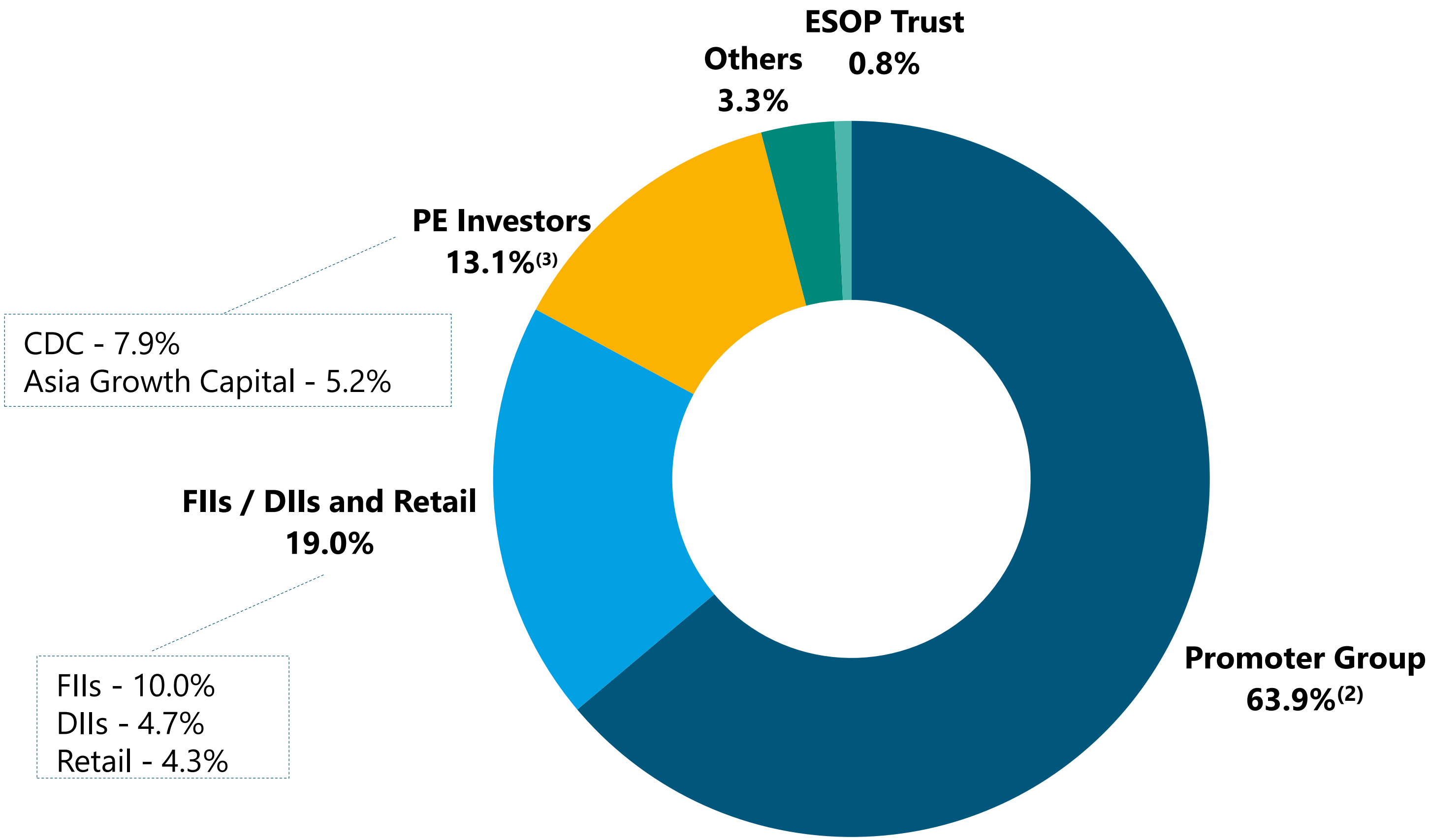
(1) Figures might not equal the reported numbers due to rounding off
(2) Net Block includes non-cash government grant provision of Rs 1,265 mn and lease provision of Rs 1,016 mn

Shareholding Pattern

Total Number of Shares

204,360,804

Shareholding as on 31st March 2019(1)



(1) Percentages might not add up to 100% due to rounding off
(2) Includes 2.8% held by NHAPL (Narayana Health Academy Private Limited)
(3) PE investors have been shareholders prior to the IPO