

Fortis reports robust Q2 and H1 FY17 results

Group Consolidated revenues for Q2 up 11%, Operating EBITDA up 40%

Group Consolidated revenues for H1 up 10%, Operating EBITDA up 40%

Hospital Business operating EBITDA more than doubled compared to trailing and corresponding quarter

Hospital Business continues to witness strong profitable growth with highest ever EBITDAC* for Q2 at Rs 164 Cr, 16.8% margin and for H1 at Rs 303 Cr, 16.1% margin

Diagnostics business records healthy margin at 25.3% for the quarter and 23.9% for H1

Gurugram, November 10, 2016: Fortis Healthcare Ltd. (Fortis), India's leading healthcare delivery Company, today, announced its consolidated results for the quarter ended September 30, 2016 (Q2FY17).

• Group Consolidated Business (Q2FY17)

- Revenues at Rs 1196 Cr for the quarter, up 11% versus Rs 1079 Cr in Q2 FY16
- Consolidated EBITDAC at Rs 219 Cr, 18.3% margin versus 17.3% margin in Q2 FY16
- Consolidated operating EBITDA at Rs 99 Cr, an increase of 40% over Q2 FY16
- Consolidated PBT before forex and exceptional items at Rs 43 Cr, up 86%
- Consolidated PATMI at Rs 31 Cr vs Rs 40 Cr in Q2FY16. Corresponding previous quarter PATMI includes net forex and exceptional gain of Rs 24 Cr

• Hospital Business (Q2FY17)

- Revenues at Rs 972 Cr in the quarter, up 11% versus Rs 876 Cr in Q2 FY16
- EBITDAC at Rs 164 Cr, +20%. Highest ever reported EBITDAC in a quarter. Represents 16.8% margin versus 15.6% margin in Q2 FY16.
- Operating EBITDA at Rs 44 Cr, a 120% improvement over Q2 FY16
- Fortis Hospotel Limited (FHTL) transaction completed in October, to impact EBITDA positively and further expected to strengthen operational performance in H2 FY17

• Diagnostics Business .i.e. SRL (Q2FY17)

- Revenues at Rs 213 Cr in the quarter, up 12% versus Rs 191 Cr in Q2 FY16.
- Operating EBITDA at Rs 54 Cr in the quarter versus Rs 53 Cr in Q2 FY16. Represents 25.3% margin versus 27.9% in Q2 FY16.
- Board of Directors approve demerger of diagnostics business, execution underway

**EBITDAC refers to EBITDA before net BT costs*

- **Group Consolidated Business (H1FY17)**

- Revenues at Rs 2317 Cr for the quarter, up 10% versus Rs 2113 Cr in H1 FY16
- Consolidated EBITDAC at Rs 399 Cr, 17.2% margin versus 16.4% margin in H1 FY16
- Consolidated operating EBITDA at Rs 162 Cr, an increase of 40% over H1 FY16
- Consolidated PBT before forex and exceptional items at Rs 43 Cr vs Rs 3.0 Cr in H1FY16
- Consolidated PATMI at Rs 48 Cr vs Rs 131 Cr in H1FY16. Corresponding previous period PATMI includes net forex and exceptional gains of Rs 129 Cr.

- **Hospital Business (H1FY17)**

- Revenues at Rs 1882 Cr, up 10% versus Rs 1710 Cr in H1 FY16
- EBITDAC at Rs 303 Cr, +19%. Represents 16.1% margin versus 14.9% in H1 FY16.
- Operating EBITDA at Rs 66 Cr, a 3x times increase over H1 FY16

- **Diagnostics Business .i.e. SRL (H1FY17)**

- Revenues at Rs 405 Cr, up 10% versus Rs 369 Cr in H1 FY16.
- Operating EBITDA at Rs 97 Cr versus Rs 96 Cr in H1 FY16. Represents 23.9% margin versus 26% in H1 FY16.

Commenting on the results, Mr. Bhavdeep Singh, CEO Fortis Healthcare said “I am particularly enthused by the superior quality of clinical work and patient care that has accentuated the consistent improvement in the operational indices of all our network hospitals. We have witnessed a considerable uptick in the occupancies, utilization and revenues of our hospitals and diagnostics business. Our costs have been under strict watch and this has resulted in strong margins and the improvement in the overall profit delta. The operations are in good nick and I am confident and sanguine about the future.”

In August 2016, the Board of Directors of Fortis Healthcare Limited approved a proposal to demerge its diagnostics business, including that housed in its majority owned subsidiary SRL Limited into another majority owned subsidiary, Fortis Malar Hospitals Limited pursuant to a composite scheme of arrangement and amalgamation. A Press Release dated August 19, 2016 detailing the entire transaction, pre and post shareholding structure, rationale and share entitlement and exchange ratios is available on the Company website www.fortishealthcare.com

In October 2016, the Company completed its acquisition of 51% economic interest in Fortis Hospotel Limited (FHTL). FHTL, was a subsidiary of the RHT Health Trust (RHT), and comprised 2 key clinical establishments of the Fortis Hospital Shalimar Bagh, New Delhi and the Fortis Memorial Research Institute (FMRI), Gurgaon amongst the other clinical establishments in the RHT portfolio. As a result of the majority acquisition of FHTL, FHTL will become a subsidiary of Fortis effective mid - October and hence will be consolidated with Fortis. The transaction would result in a lower service fees .i.e. net business trust fees that Fortis pays to RHT thereby positively impacting its operating profitability (EBITDA).

The Company maintained a healthy balance sheet with net debt as of 30 September 2016 at Rs 728 Cr, representing a net debt to equity ratio of 0.15x versus 0.09x in the corresponding previous quarter and 0.18x in the trailing quarter.

Key Highlights – Hospital Business

- Majority of the Company's hospital facilities continued to exhibit strong growth momentum. The Company's top 10 facilities grew 12% to reach revenues of Rs 748 Cr. These contributed 77% to total revenues versus 76% in the corresponding previous period. Key hospitals such as Fortis Mohali, FMRI, FEHI, Fortis Mulund, Fortis Malar, Fortis Anandpur, Fortis Faridabad and Fortis Ludhiana continued to exhibit a healthy operational performance.
- Key operating metrics of hospitals continued to remain in a positive trajectory. ARPOB for the quarter was at Rs 1.39 Cr versus Rs 1.34 Cr in the corresponding previous period. ALOS stood at 3.62 days versus 3.57 days in Q2 FY16.
- Occupancy across facilities grew significantly to reach 82% versus 77% in the corresponding previous period. In facilities' such as Mohali, FEHI, Mulund, Noida, Shalimar Bagh, Vashi and Anandapur occupancy was in excess of 80% signifying an improvement and uptick in business performance.
- The various initiatives undertaken by the Company to increase revenues from medical tourism are beginning to show results. Revenue from International patients for the quarter stood at Rs 97 Cr, a growth of 13% over the corresponding previous period, contributing 10% to overall revenues. For H1, international patient revenue stood at Rs 199 Cr, +17%.

- While most facilities continued to show improvement, FMRI, the Company's Gurugram facility witnessed a 73% occupancy with ARPOB at Rs 2.60 Cr. With 268 operational beds FMRI generated revenues of Rs 124 Cr in the quarter. For H1, revenues stood at Rs 240 Cr. The healthy performance in FMRI was led by a better product mix supported by the addition of reputed clinicians to the team in Q1FY17. The international patient mix at FMRI witnessed a 26% growth contributing 37% to its revenues for the quarter.
- FEHI recorded revenues of Rs 105 Cr a growth of 19%. It witnessed a strong occupancy of 86% and an ARPOB of Rs 1.72 Cr. A focus on expanding medical programs in specialties such as urology and nephrology, ably supported by top clinical talent has resulted in the improvement in FEHI's business performance.
- The Company continued to see healthy growth in the procedures performed across its facilities. Joint replacement surgeries (Knee and Hip) witnessed a strong growth of 44% with 2736 surgeries being performed during the quarter. Transplant surgeries (Heart, Liver and Kidney) also witnessed a robust growth of 27%. A total of 17500 cardiac procedures were done in the quarter versus 16500 procedures in the corresponding previous period.

Key Highlights – Diagnostics Business

The lab medicine i.e. the pathology business contributed 87% to total revenues and grew 10% over the previous corresponding quarter. The contribution of the imaging business to total revenues declined to 6.7% from 7.7% in the corresponding previous period, mainly due to network rationalization. Clinical Trials, Wellness and the International segment contributed 6.0% to the overall revenues of the Diagnostics business.

SRL performed over 4.1 million accessions during the quarter, a 7% growth over the previous quarter. Through these accessions it undertook 9.42 million tests as compared to 8.54 million tests in Q2FY16.

The business opened 13 new laboratories and exited 2. It added over 172 collection points and exited 30 while launching 5 new tests in the quarter. As of September 30, 2016, SRL had a network of 337 labs and approx. 7400 collection points.

The business continued to have a well-diversified geographical mix with no over dependence on any region, allowing it to optimally capitalize on its pan India network. The business witnessed 33%

revenues from the north, 26% from the west, 19% from the south, 20% from East and Central India and 2% from International for the period ended 30th September, 2016.

CLINICAL EXCELLENCE Q2 FY 17

- Three rare plastic and reconstructive surgeries were conducted at Fortis Hospital, Noida, by a team led by Dr Vishwanath Dudani, Senior Consultant. Two of the patients were road accident victims, while one was an 8-year-old who had suffered severe injuries to the right hand in an accident involving a fodder cutting machine.
- A nine-month-old infant born with a large gap in her food pipe was successfully treated at Fortis Hospital, Shalimar Bagh, New Delhi. A team headed by Dr Amit Javed, Consultant and Head, G. I. Surgery, and Dr Anju Gambhir, Senior Consultant, Paediatric Surgery, reconstructed a new food pipe through a laparoscopic procedure that lasted six hours.
- A 54-year-old patient admitted under the care of Dr Ashok Seth, Chairman - Fortis Escorts Heart Institute (FEHI), New Delhi, became the fourth person to receive a heart transplant at the hospital. The transplant surgery was conducted by Dr Z. S. Meharwal, Director - Cardiac Surgery.
- A 36-year-old Nigerian became the 900th patient to undergo a successful kidney transplant at Fortis Flt Lt Rajan Dhall Hospital, Vasant Kunj, New Delhi. The Fortis Institute of Renal Science & Transplantation (FIRST) team achieved the milestone in 9 years. The success rate of 99% is a testimony to the dedicated team's clinical efficiency.
- A 23-year-old patient suffering from Ebstein's Anomaly, a rare congenital heart defect, was successfully operated upon by a team led by Dr Neerav Bansal, Senior Consultant & HOD and Dr Biju S. Pillai, Senior Consultant - Department of Cardio Thoracic & Vascular Surgery, Fortis Escorts Hospital, Faridabad.

AWARDS & ACCOLADES Q2 FY 17

- Four Fortis hospitals won the top honours at the CII 17th National Awards for Excellence in Energy Management in the Building Category. While Fortis Hiranandani Hospital, Vashi, was declared as the winner, Fortis Mohali, BG Road and Anandapur were named the runners-up.
- Fortis hospitals at BG Road, Anandapur, Mohali, Mulund, Vashi, Jaipur and the Fortis Hospital & Kidney Institute, Kolkata received the coveted NABH Nursing Excellence Certification, in recognition of their excellent Nursing services.
- Fortis Hospital, Mulund, Mumbai was recognised as the "Best Hospital Unit in Cardiac Care" and the "Best Medical Tourism Facility" at the CIMS Healthcare Excellence Awards 2016. The hospital was also won the "Patient Safety" award for its Insulin Super League programme and

the “Outstanding Achievement in Healthcare (Social Causes)” award for its efforts in the Organ Donation space at the CMO Asia Healthcare Excellence Awards 2016.

- Two Fortis luminaries, Dr Ashok Seth, Chairman – Fortis Escorts Heart Institute, New Delhi and Dr Ashok Rajgopal, Executive Director & Chairman, the Fortis Bone and Joint Institute, were selected for the prestigious Dr B. C. Roy Award. While Dr Seth was selected for the ‘Eminent Medical Person’ award, Dr Rajgopal was recognised as the ‘Best Talent in Development of a Medical Speciality’.
- Dr A. K. Kriplani, Director and HOD, Minimal Access, Bariatric & GI Surgery, Fortis Memorial Research Institute, Gurgaon, was honoured with the prestigious Dr B. C. Roy National Award in recognition of his contributions to the development of the speciality of Minimal Access and Bariatric Surgery.

About Fortis Healthcare Limited

Fortis Healthcare Limited is a leading integrated healthcare delivery service provider in India. The healthcare verticals of the company primarily comprise hospitals, diagnostics and day care specialty facilities. Currently, the company operates its healthcare delivery services in India, Dubai, Mauritius and Sri Lanka with 45 healthcare facilities (including projects under development), approximately 10,000 potential beds and over 330 diagnostic centres.

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