

Fortis Healthcare reports healthy Q2 FY23 Financial Results

Consolidated Revenues at INR 1,607 Crs; EBITDA at INR 319 Crs, 19.8% margin

Hospital business records robust growth with occupancy reaching 70%.

Revenues up 18% to INR 1,297 Crs and EBITDA up 30% to at INR 246 Crs.

(EBITDA margins at 18.9% vs 17.2% in Q2 FY22)

Adjusted for covid volumes, diagnostic business revenues grew 5.3% vs Q2 FY22

Net Debt to EBITDA strengthens to 0.44x against 0.74x in corr. previous period

- Consolidated Revenues for Q2FY23 at INR 1,607 Crs, up 9.9%
- EBITDA at INR 319 Crs, 19.8% margin vs 20.0% in Q2FY22
- PBT prior to exceptional items at INR 216 Crs versus INR 182 Crs in Q2 FY22
- PAT at INR 218 Crs versus INR 131 Crs in Q2FY22

Consolidated Financial Snapshot

Particulars (INR Crs)	Q2FY23	Q2FY22	% Change YoY	H1FY23	H1 FY22	% Change YoY
Revenue - Hospitals	1,297.0	1,098.5	18.1%	2,489.3	2,105.0	18.3%
- Diagnostics (net)	310.2	364.0	(14.8%)	605.7	767.8	(21.1%)
Consolidated	1,607.2	1,462.5	9.9%	3,095.1	2,872.9	7.7%
EBITDA - Hospitals^	245.7	189.1	30.0%	453.5	338.7	33.9%
- Diagnostics	72.7	103.3	(29.6%)	136.8	236.8	(42.2%)
Consolidated	318.5	292.4	8.9%	590.3	575.5	2.6%
EBITDA Margin - Hospitals	18.9%	17.2%		18.2%	16.1%	
- Diagnostics	23.4%	28.4%		22.6%	30.8%	
Consolidated	19.8%	20.0%		19.1%	20.0%	

Profit Before Tax (Before exceptional item)	216.2	181.7	19%	392.6	362.0	8.5%
Profit After Tax (Before exceptional item)	166.6	130.3	27.9%	301.0	254.8	18.1%
Reported Profit After Tax*	218.3	130.6	67.1%	352.6	561.2	(37.2%)

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Reported Profit After Tax after Minority Interest and Share in Associates *	204.4	106.9	91.3%	326.6	370.4	(11.8%)
Earnings per share (EPS)	2.71	1.42	91.3%	4.33	4.91	(11.8%)

* Includes an exceptional gain of INR 306 Crs in H1 FY22 on remeasurement of the previously held equity interest of SRL in the SRL-DDRC JV at its fair value post acquisition of the balance 50% stake in the said JV in April 2021. Q2FY23 & H1FY23 includes an exceptional gain of INR 51.6 Cr which pertains to reversal of impairment in an associate Company.

^ Excludes dividend income received from the Company's majority owed (57%) subsidiary SRL Limited as a result of inter-company elimination. Hospital business reported EBITDA with dividend income was INR 267.2 Crs.

Gurugram, November 11, 2022: Fortis Healthcare Ltd. ("Fortis" or the "Company"), amongst India's leading healthcare delivery companies, today announced its unaudited consolidated financial results for the quarter and half year ended September 30, 2022.

- Q2FY23 hospital business revenues were at INR 1,297 Crs versus INR 1,098.5 Crs in Q2FY22 and INR 1,192.4 Crs in Q1FY23.
- Hospital revenues increased 18.1% and 8.8% versus the corresponding and trailing quarters, respectively; led by higher occupancy, a better product mix and a 164% increase in international patient revenues versus the corresponding previous quarter.
- Occupancy and ARPOB were higher versus Q2 FY22 and were also better versus the trailing quarter.

KPIs	Q2 FY23	Q2 FY22	Q1 FY23	H1 FY23	H1 FY22
Occupancy	69.6%	64.2%	65.4%	67.5%	64.8%
ARPOB (INR Cr)	1.97	1.87	1.96	1.96	1.73
ALOS (Days)	3.75	3.51	3.58	3.67	3.95

- Covid revenue contribution to overall hospital revenues stood at 2.5% in Q2 FY22. Q2 FY23 and Q1 FY23 had negligible covid revenue contribution.
- Q2 FY23 diagnostics business gross revenues stood at INR 351.2 Crs versus INR 402.7 Crs in Q2 FY22, primarily impacted by lower covid volumes (including covid allied test volumes). Revenues for the quarter (excluding covid and covid allied tests) stood at INR 329 Crs versus INR 312.5 Crs for Q2FY22 and INR 311.8 Crs in Q1 FY23.
- Net debt to EBITDA was at 0.44 vs 0.74 (basis annualized EBITDA of Q2 FY23 and Q2 FY 22, respectively). Net debt was at INR 565 Crs as on Sept 30, 2022 versus INR 549 Crs as on March 31, 2022.



HOSPITAL BUSINESS HIGHLIGHTS

- The revenue contribution from the Company's key medical specialties viz. Oncology, Orthopaedics, Renal Sciences, Cardiac Sciences, Neurosciences and Gastroenterology to overall hospital revenues increased to 60.5% in Q2 FY23 from 56.9% in Q2 FY22.
- Many of the Company's key facilities i.e. FMRI, Noida, BG Road and Mohali recorded healthy growth in revenues and witnessed margin expansion both versus the corresponding and trailing quarter.
- Q3 saw a strong momentum in international patient revenues which stood at INR 109.3 Crs, a growth of 164% over Q2 FY22 and 23.0% over Q1 FY23. International patient revenue contribution increased to 8.4% of hospital revenues versus 3.8% and 7.5% in Q2 FY22 and Q1 FY23 respectively.
- Revenues from digital channels such as websites, My Fortis app and online campaigns increased 48% over Q2 FY22 and 11% over Q1 FY23. Digital revenues contribution to overall hospital revenues stood at 22.6% (Q2 FY22: 16.7% and Q1 FY23: 23.8%).
- During the quarter, the Company onboarded eminent clinicians in the medical specialties of Oncology, Cardiology, Gastroenterology and Neuro-Sciences.

DIAGNOSTICS BUSINESS HIGHLIGHTS

- During Q2FY23, SRL conducted approx. 9.97 Mn tests similar to the trailing quarter and versus 11.57 Mn tests in Q2FY22.
- Non covid revenues (excluding Covid and Covid allied tests) grew 5.3% versus Q2FY22 and 5.6% versus Q1FY23. However, the overall diagnostics revenues declined primarily due to lower covid volumes as compared to Q2 FY22 which witnessed a severe Covid wave. For H1 FY23, non-covid revenues grew by 15.5% vs H1 FY22.
- SRL's revenue contribution from the specialized test portfolio (non-covid) increased to 34% from 30% in Q2 FY22.
- SRL added 207 new customer touch points (CTP's) to its network during the quarter, taking the total number of CTP's to 2,955 as on September 30, 2022.
- The customer touch points i.e. CTP / Lab ratio strengthened to 18.6 in Q2 FY23 versus 12.1 in Q2 FY22, signifying the increase in network optimization.



Ravi Rajagopal, Chairman, Board of Directors, Fortis Healthcare stated, “Our Q2 FY23 consolidated results reflect the robust performance of our hospital business that now contributes ~77% to our consolidated EBITDA and has seen healthy margin expansion. The hospital business performance has enabled us to maintain our consolidated margins at around 20% despite covid volumes significantly impacting the diagnostics business. I’m also pleased that for the first time ever, SRL, our majority 57% held diagnostics subsidiary has declared a dividend. This shows our commitment towards efforts on augmenting shareholder returns and reflects the growing confidence we have in our future expansion and growth prospects. Our brownfield expansion plans in facilities like Mulund, BG Road and Anandpur are progressing well. Simultaneously, digital transformation efforts such as implementation of Electronic Medical Records (EMR), ERP implementation and improving patient experience through website and apps are being worked upon. EMR implementation specifically, would significantly enhance patient care allowing quick access to healthcare records and faster diagnosis and treatment. Portfolio rationalization coupled with a well chalked out inorganic expansion strategy focusing on our key existing clusters will further drive our operational performance.”

Commenting on the results for the quarter, Dr Ashutosh Raghuvanshi, MD and CEO, Fortis Healthcare stated, “We have witnessed a strong set of earnings for the quarter with consolidated revenues growing ~10% to INR 1,607 Crs. Hospital business revenues grew 18% led by a better specialty mix and robust traction in our international patient revenues. Our occupancy increased to 70% versus 65% in Q2 FY22, while ARPOB grew 5% to INR 1.97 Crs. Our diagnostics business revenues and EBITDA have grown 5% and 14%, respectively versus the trailing quarter reflecting early but encouraging signs of pick-up in business post the covid impact seen previously. Efforts are ongoing to ensure that as our hospital bed expansion plans fructify, we have the requisite medical talent and infrastructure to support such expansion. Medical equipment, the likes of cath labs, neuro navigation systems, ortho robots, LINACs have been commissioned in select facilities during the quarter. Clinical talent in medical specialties vis cardiac, oncology, neuro sciences and gastroenterology have been further augmented. On SRL, the focus is on strengthening the business’s growth drivers by expanding our geographic footprint and channel network with further additions of Stat Labs and Customer Touch Points. We remain hopeful of a progressively improving performance as we go through the remaining of FY23.”

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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 27 healthcare facilities (including JVs and O&M facilities). The Company's network comprises approximately 4,100 operational beds and 400 diagnostics centres.

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