

HealthCare Global Enterprises Limited

Q4-FY18 and FY18 : Investor Presentation

May 2018



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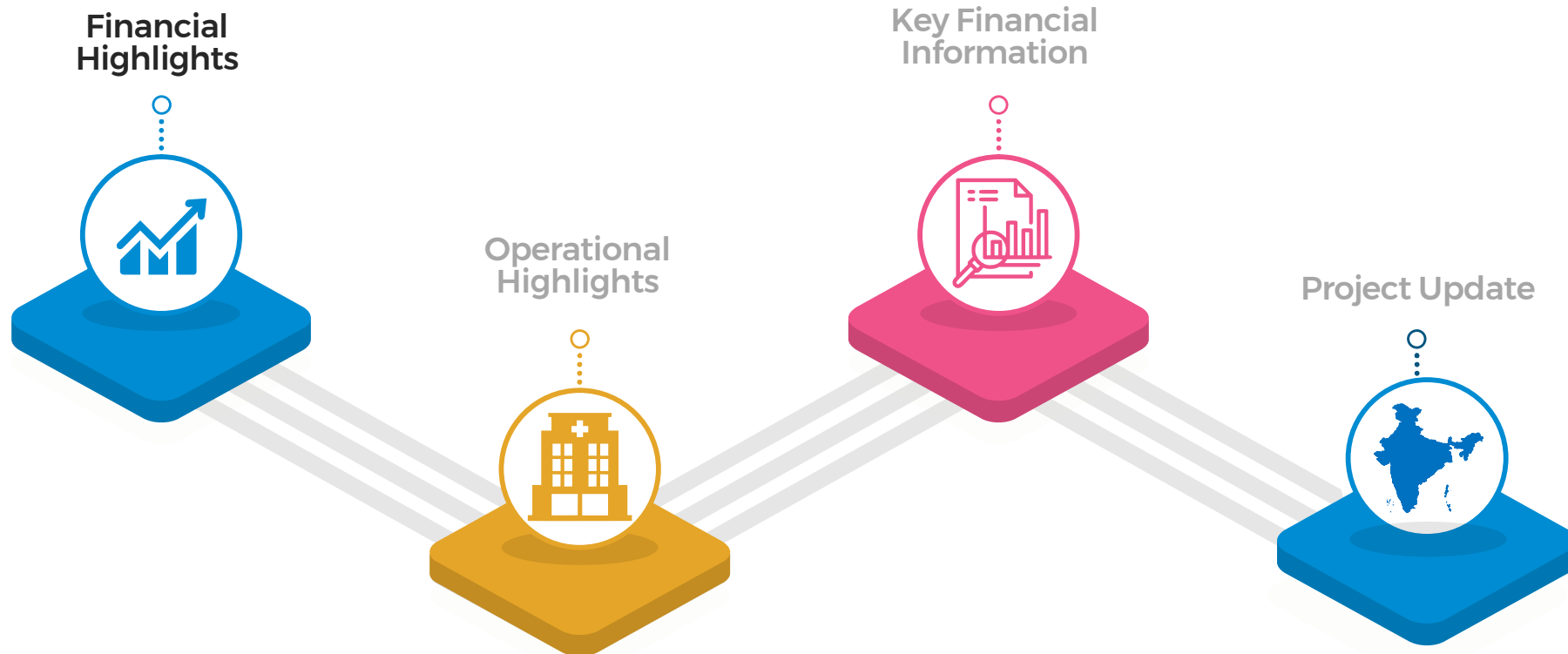
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Financial Highlights: Q4 and FY18



INR million except earnings per share

Period Ended March 31	Q4-FY18	Q4-FY17	Growth (y-o-y)	FY18	FY17	Growth (y-o-y)
Income from Operations	2,223	1,824	21.8%	8,307	7,001	18.7%
Other Income	26	36		128	97	
EBITDA⁽¹⁾	348	336	3.7%	1,316	1,147	14.8%
EBITDA Margin (%)	15.5%	18.0%		15.6%	16.2%	
Operating EBITDA⁽²⁾	322	300	7.4%	1,188	1,050	13.2%
Operating EBITDA Margin (%)	14.5%	16.4%		14.3%	15.0%	
PBT⁽³⁾	21	117	-81.7%	272	348	-22.0%
PBT Margin (%)	1.0%	6.4%		3.3%	5.0%	
PAT⁽⁴⁾	26	69	-62.5%	205	222	-7.4%
PAT Margin (%)	1.2%	3.8%		2.5%	3.2%	
Earnings Per Share	0.31	0.90	-65.6%	2.40	2.69	-10.8%

1) Profit before depreciation/amortization, finance costs, exceptional items and taxes

2) EBITDA excluding other Income

3) Profit before tax and exceptional items

4) Profit for the period after taxes and minority interests

- Q4'18 Revenue grew 21.8% y-o-y
 - HCG⁽¹⁾ centers: +23.2%
 - Milann⁽²⁾ centers: +8.0%
- Q4'18 Operating EBITDA increased 7.4% y-o-y
 - Existing centers: INR 343 Mn (19.6% margin vs 19.3% margin in Q4-FY17)
 - New centers⁽³⁾: Loss of INR -21 Mn (vs. loss of INR -9 Mn in Q4-FY17)
- FY18 Revenue grew 18.7% y-o-y
 - HCG⁽¹⁾ centers: +19.1%
 - Milann⁽²⁾ centers: +13.5%
- FY18 Operating EBITDA increased 13.2% y-o-y
 - Existing centers: INR 1278 Mn (18.7% margin vs 17.6% margin in FY17)
 - New centers⁽³⁾: Loss of INR -90 Mn (vs. INR -69 Mn in FY17)

(1) 19 comprehensive cancer centers (including center in Kenya), 2 multispecialty hospitals, 3 diagnostic centers and 1 day care chemotherapy center operated under "HCG" brand and 1 multispecialty hospital managed by HCG.

(2) 8 fertility centers operated under "Milann" brand

(3) 7* HCG centers and 5 Milann centers that commenced operation after April 1, 2015

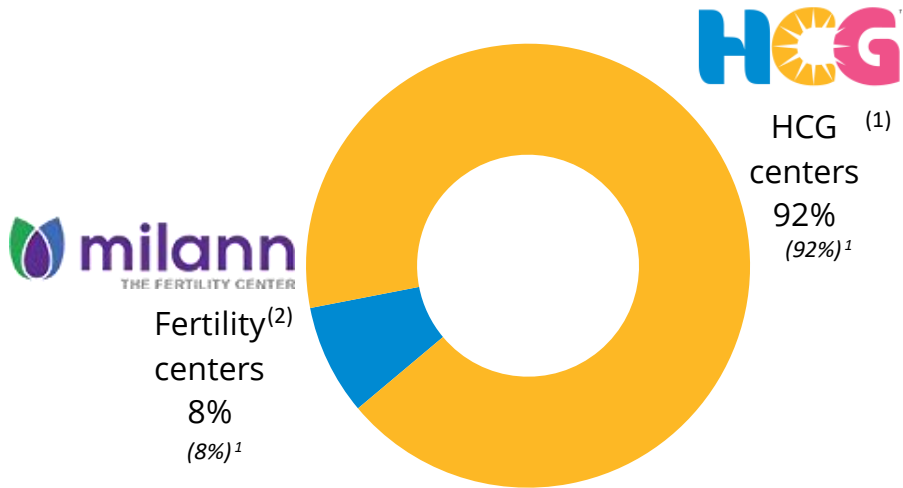
*Financials of HCG center in Kenya & Strand Life Science consolidated at equity level



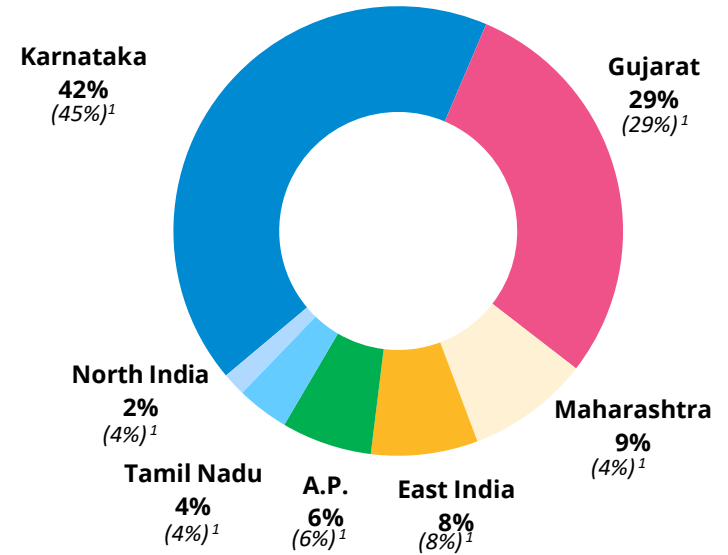
Revenue Mix: FY18



Revenue:
INR 8,307 Mn



HCG Centers:
INR 7,638 Mn



(1) 19 comprehensive cancer centers (including center in Kenya), 2 multispecialty hospitals, 3 diagnostic centers and 1 day care chemotherapy center operated under “HCG” brand and 1 multispecialty hospital managed by HCG, as at March 31 2018

(2) 8 fertility centers operated under “Milann” brand

¹(FY17)



HCG Centers: Q4 and FY18 Revenues

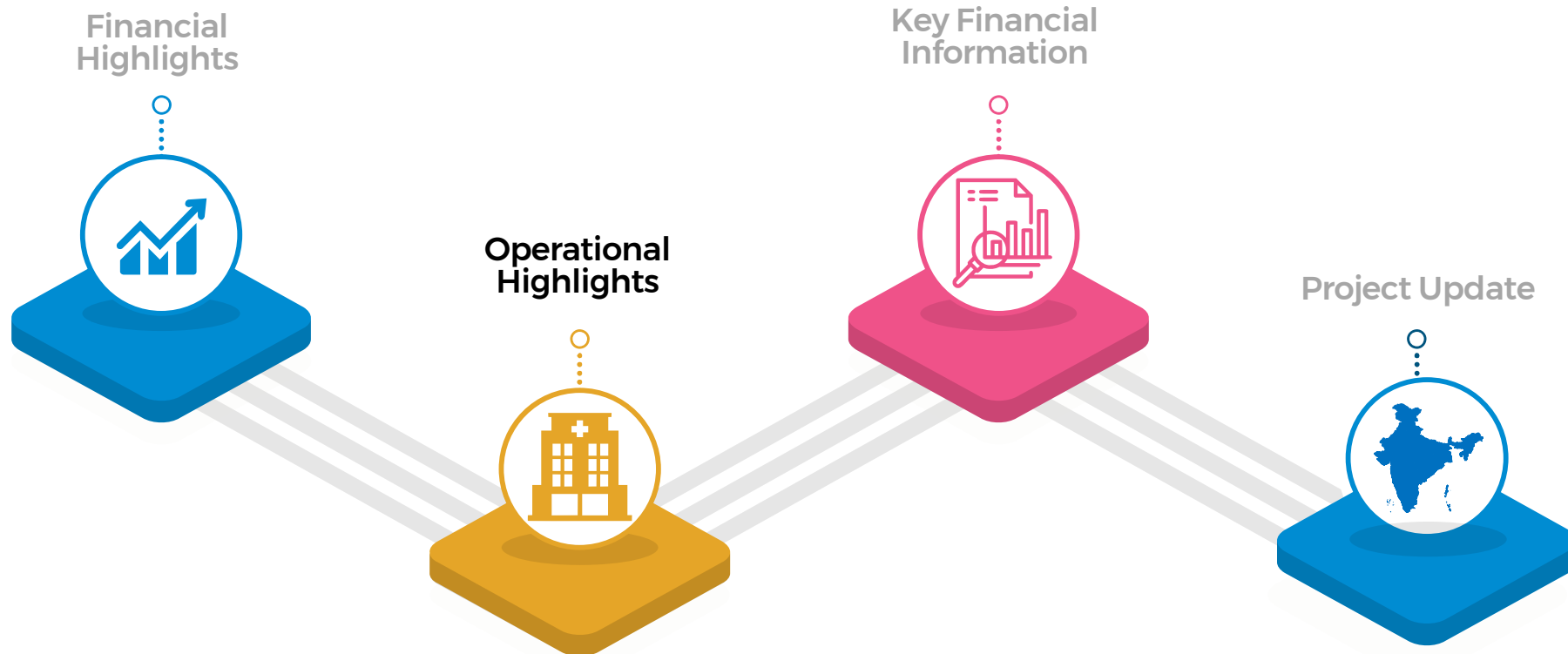


INR million

Period Ended March 31	Q4-FY18	Q4-FY17	Growth (y-o-y)	FY18	FY17	Growth (y-o-y)
Karnataka	835	725	15.2%	3,247	2,899	12.0%
Gujarat	588	514	14.3%	2,220	1,855	19.7%
Maharashtra	228	77	198.0%	672	244	175.0%
East India	148	126	17.4%	587	491	19.5%
Andhra Pradesh	144	110	30.4%	497	375	32.7%
Tamil Nadu	77	61	25.7%	287	278	3.3%
North India	27	48	-44.0%	128	270	-52.6%
	2,047	1,662	23.2%	7,638	6,412	19.1%

- Strong growth continues at several existing and new centers in Q4-FY18
 - Gulbarga: +37.2% y-o-y
 - Chennai (KMC): +36.1% y-o-y
 - Vizag: +32.3% y-o-y
- Maharashtra region showing momentum in scale-up across centers
- Completed consolidation of partner's cancer business in Andhra (Vijayawada)
- New centers contributed Revenue of INR 434 Mn in Q4-FY18
- Revenue from existing HCG centers, excluding centers being restructured, grew 12.5% in Q4-FY18 on y-o-y basis

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HCG Centers: FY18 Operating Metrics



<p>No. of Centers</p> <p>FY18: 22</p> <p>FY17: 20</p>	<p>Beds</p> <p>FY18: 1,569</p> <p>FY17: 1,364</p>	<p>Occupied Bed Days</p> <p>FY18: 253,738</p> <p>FY17: 220,158</p> <p>↑ +15.3%</p>	<ul style="list-style-type: none"> • 15.3% increase in occupied bed days on account of new centers, impacting AOR by 240 bps • ARPOB for existing centers at INR 33,406 • 90 beds reduced on account of Kanpur center exit • Continuing reduction in ALOS to 2.39 on account of trend towards day care procedures and changing patient profile • EBITDA margins impacted with scale-up and losses of new centers • Existing centers EBITDA margin improved by 100 bps to 23.0% in FY'18 from 22.0% in FY'17
<p>Avg. Occupancy Rate</p> <p>FY18: 44.5%</p> <p>FY17: 46.9%</p> <p>↓ 240 bps</p>	<p>ALOS (Days)</p> <p>FY18: 2.39</p> <p>FY17: 2.86</p>	<p>ARPOB (INR / Day)</p> <p>FY18: 30,832</p> <p>FY17: 29,122</p> <p>↑ 5.9%</p>	
<p>Revenue (INR mn)</p> <p>FY18: 7,638</p> <p>FY17: 6,412</p> <p>↑ +19.1%</p>	<p>EBITDA Margin</p> <p>FY18: 18.1%</p> <p>FY17: 19.2%</p> <p>↓ 110 bps</p>		

Notes:

- (1) No. of Centers includes Cancer and Multispecialty hospitals operated under HCG brand and managed by HCG
- (2) Number of beds in operation as at the last day of the period
- (3) Occupied Bed Days calculated based on mid-day census
- (4) Average Occupancy Rate ("AOR") calculated as Occupied Bed Days divided by available bed days in the period
- (5) Average Revenue per Occupied Bed ("ARPOB") calculated as Revenue (gross for the hospital) divided by Occupied Bed Days
- (6) Average Length of Stay ("ALOS") calculated as Occupied Bed Days divided by number of admissions (including day care admissions)
- (7) EBITDA margin before corporate expenses



HCG Centers: FY18 Regional Highlights



Centers	Beds	AOR	ARPOB (INR/Day)	Revenue (INR MN)	EBITDA (%)
Karnataka					
7	632	44.7%	34.1K	3,247	24.4%
		↑+10.3%(1)	↑+3.7%	↑+12.0%	
Gujarat					
4	304	57.2 %	35.0K	2,220	14.1%
		↑+9.9%(1)	↑+8.9%	↑+19.7%	
Maharashtra					
3	261	41.3%	23.1K	672	6.7%
		N.A.	N.A.	↑+175.0%	
East India					
2	165	67.0%	14.5K	587	25.5%
		↑+0.9%(1)	↑+18.4%	↑+19.5%	

Notes:

- (1) Increase / (Decrease) in Occupied Bed Days
- (2) Growth numbers are year-on-year basis
- (3) EBITDA before corporate expenses

- New centers
- Existing centers

- COE FY18 ARPOB of INR 46.5k, 11.5%+ (y-o-y)
- FY18 ROCE improved from 20.4% to 22.5%
- Continuing drive towards improving quality of business – patient and service mix

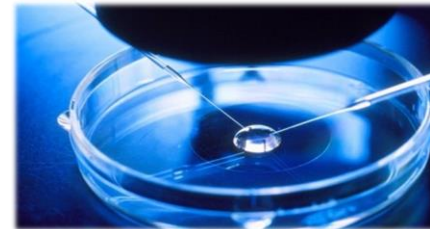
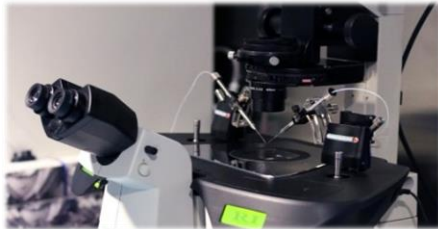
- Baroda cancer center and Bhavnagar multi-specialty continue strong ramp-up
- EBITDA margin of existing centers at 18.0% for FY18

- Region showing strong ramp-up and volume growth
- Leadership in radio-surgery segment

- Improved procedure mix and efficiencies in operations leading to optimal occupancy
- Strong growth across both centers in the region

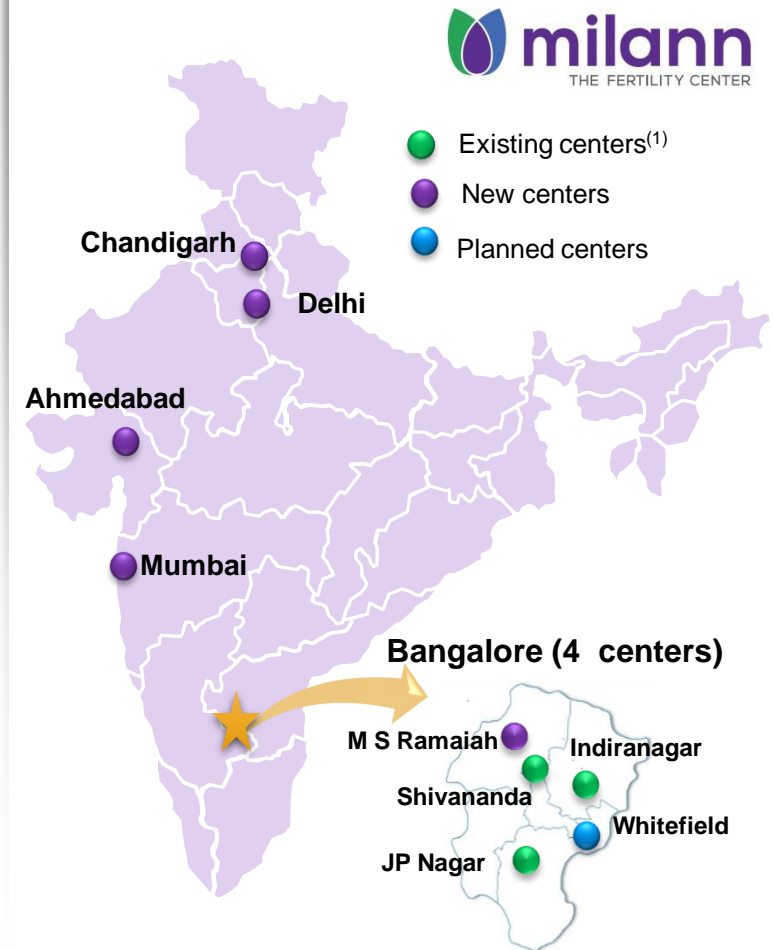


Milann: Expansion on Track



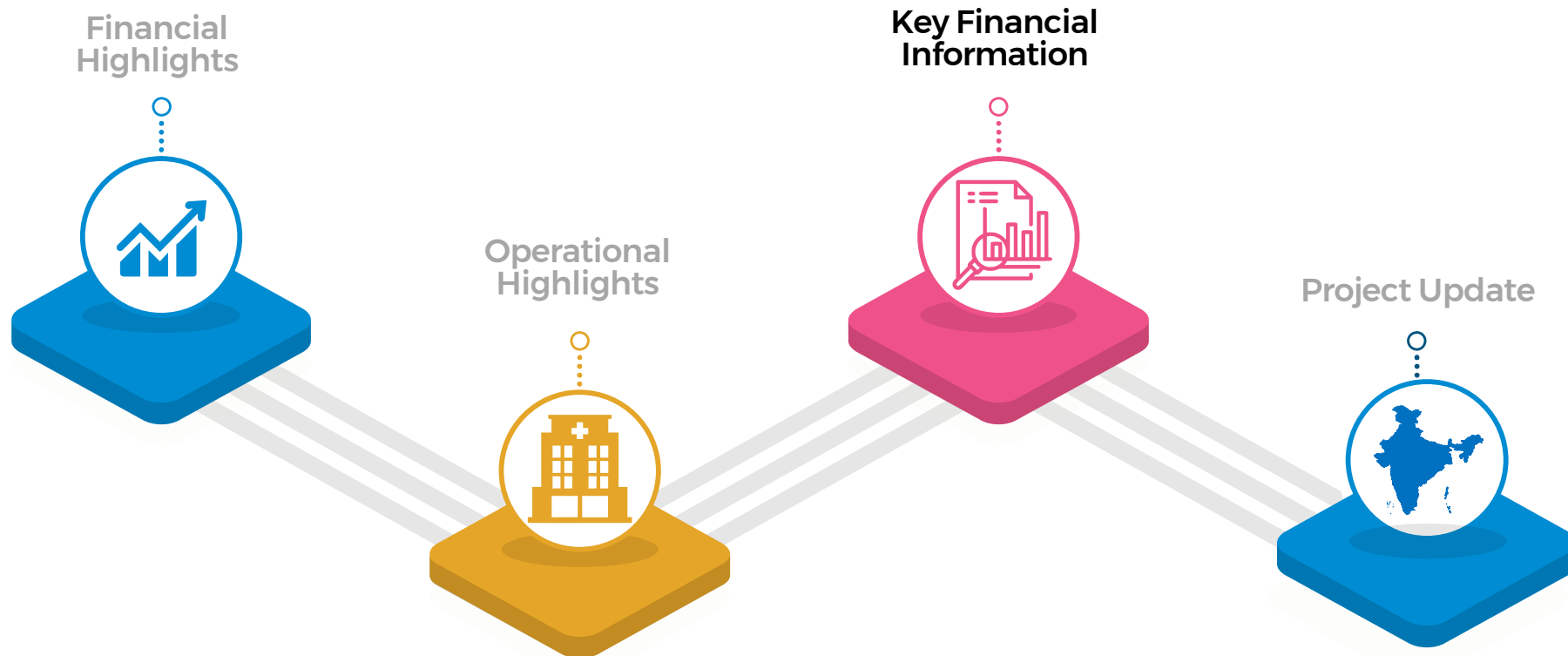
	FY18	FY17	Growth
New Registrations	5,083	4,273	19.0%
IVF Cycles	2,178	1,823	19.5%
Revenue (INR Mn)	669	590	13.5%

- Milann – Ranked #1 nationally for the second consecutive year by the Times of India “All India Fertility & IVF Ranking Survey 2017”
- Planned new center in Whitefield towards continuing leadership in attractive Bangalore market
- Clinical trials and outreach model showing good potential



(1) Centers in operation prior to April 1, 2015, i.e. Shivananda, JP Nagar, and Indiranagar.

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Capital Expenditure and Net Debt



Capital Expenditure

INR Million

	Q4-FY18	FY18	FY17
HCG Centres			
Existing Centres	117	444	260
Expansions	110	220	381
New Centres	651	2,116	1,336
	877	2,780	1,976
Milann Centres			
Existing Centres	-	8	21
New Centres	35	86	98
	35	93	119
Total Capex	912	2,873	2,095

1. Includes Security Deposit for New Centers of INR 58 mn in Q4-FY18, INR 139 mn in FY18 and INR 159 mn in FY17.
2. Capex includes investment for Kanpur center in HCG New Centres.
3. Investment of INR 238 mn in FY18 in HCG Africa not part of Capex.

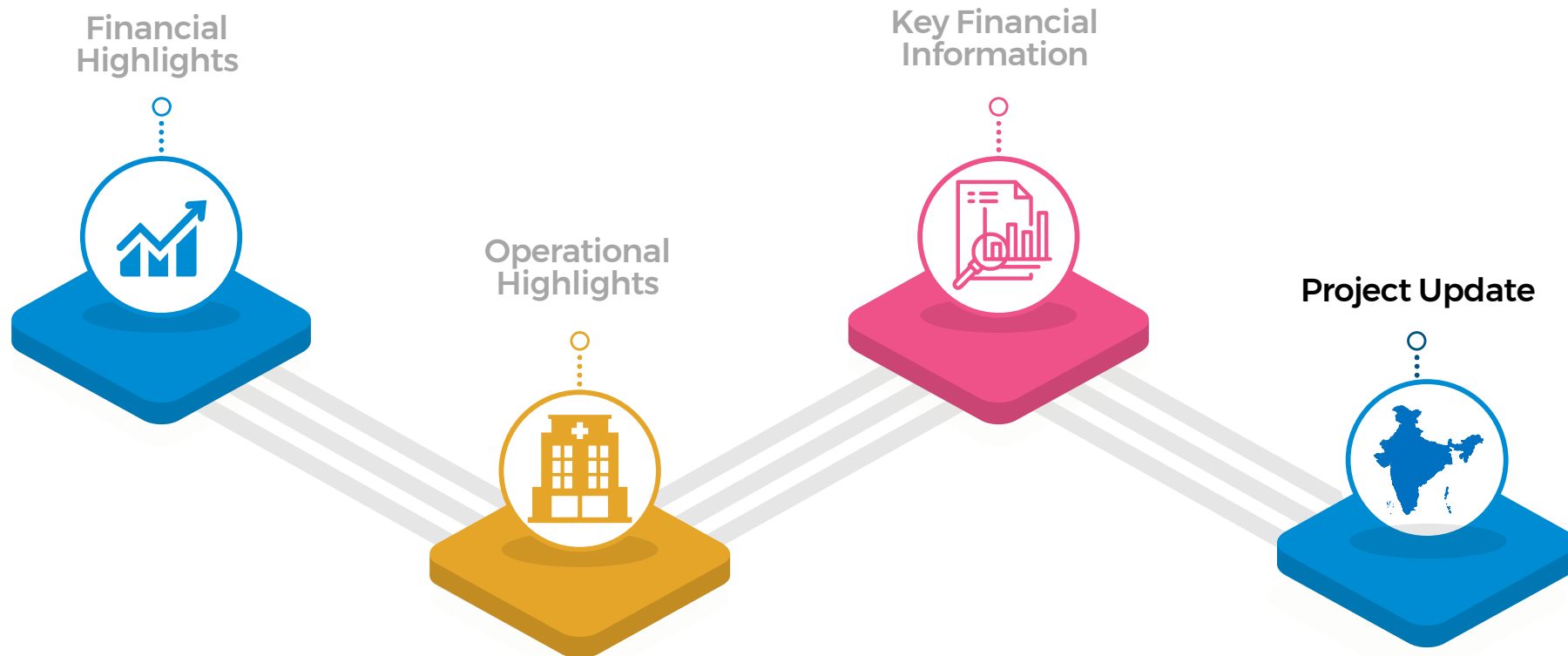
Net Debt

INR Million

	31-Mar-18	31-Dec-17	31-Mar-17
Net Debt			
Bank Debt ⁽¹⁾	2,374	2,842	1,320
Vendor Finance	1,503	1,797	1,834
Capital Leases	555	476	491
Other Debt	41	45	73
Less: Cash and Equivalents ⁽²⁾	(318)	(772)	(652)
	4,156	4,388	3,066
Debt in New Centres			
Bank Debt	2,261	2,262	885
Vendor Finance	1,261	1,405	1,123
Other Debt	2	2	13
	3,524	3,669	2,021
Net Debt (Excl. New Centres)	632	719	1,045

1. Net of Bank balance held as margin money of INR 183 mn as at 31-Mar-18, INR 327 mn as at 31-Dec-17, and INR 145 mn as at 31-Mar-17. For 31-Mar-18, unamortised portion of processing fees amounting to INR 59 Mn netted off against Bank Debt.
2. Includes investment in mutual funds of INR 43 mn as at 31-Mar-18, INR 40 mn as at 31-Dec-17, and INR 113 mn as at 31-Mar-17 and investment in fixed deposits of INR 47 mn as at 31-Mar-18 and INR 489 mn as at 31-Dec-17.
3. Sale of stake to partner in Kanpur centre completed on 28th March'18 and excluded from Net Debt.

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Project Update



Additional 4 new HCG centers in FY19

Location	Bed Capacity	Project Cost (INR mn)	Start Date
Nashik Phase II, Maharashtra	92	623	Q1-FY19E
Jaipur, Rajasthan	50	410	Q1-FY19E
Kolkata, West Bengal	50	450	Q2-FY19E
Bhavnagar, Gujarat	NA	150	Q2-FY19E
South Mumbai, Maharashtra	32	430	Q3-FY19E

1 new Milann centers launched during FY2018 1 new Milann centers planned for next quarter

Location	Start Date
Delhi	Q1-FY17
Chandigarh	Q3-FY17
Mumbai	Q4-FY17
Ahmedabad	Q4-FY18
Whitefield (Bangalore)	Q1-FY19E





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