

HealthCare Global Enterprises Limited

Investor Presentation Q1-FY20



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Leadership in specialty healthcare



Hope

For cancer patients





Financial Highlights



Operating Highlights



**Key Financial
Information**



Project Updates

Financial Highlights: Q1-FY20

INR million except earnings per share

Period Ended Jun 30	Q1-FY20 As per AS 116	Q1-FY19	Growth (y-o-y)	Q1-FY20 w/o AS 116
Income from Operations	2,689	2,266	18.7%	2,689
Other Income	13	9		13
EBITDA⁽¹⁾	462	315	46.6%	317
EBITDA Margin (%)	17.1%	13.8%		11.7%
Operating EBITDA⁽²⁾	449	306	46.8%	304
EBITDA Margin (%)	16.7%	13.5%		11.3%
PBT⁽³⁾	(228)	(77)	NM	(145)
PBT Margin (%)	-8.5%	-3.4%		-5.4%
PAT⁽⁴⁾	(180)	(34)	NM	(100)
PAT Margin (%)	-6.7%	-1.5%		-3.7%
Earnings Per Share	(2.05)	(0.39)	NM	(1.14)

- 1) Profit before depreciation/amortization, finance costs, exceptional items and taxes
- 2) EBITDA excluding other Income
- 3) Profit / (Loss) before tax and after share of profit / (loss) of equity accounted investee
- 4) Profit / (Loss) for the period after share of profit / (loss) of equity accounted investee, taxes and minority interests

Note: Effective 1 April 2019, the Company has adopted IND AS 116 'Leases' standards, applicable to lease contracts existing on 1 April 2019. The effects of this adoption have not been retrospectively adjusted for the year ended 31 March 2019 and previous period financials are not comparable. Unless specified, the EBITDA and margins are excluding IND AS 116 adjustments.

• Q1'20 Revenue grew 18.7% y-o-y

- HCG⁽¹⁾ centers: **+19.3%**
- Milann⁽²⁾ centers: **+11.0%**

• Q1'20 Operating EBITDA

- Existing centers⁽³⁾⁽⁴⁾: INR 394 Mn (**17.1%** margin vs 17.5% margin in Q1-FY19)
- New centers⁽⁵⁾: Loss of INR **(90)** Mn (vs. loss of INR (57) Mn in Q1-FY19)

- (1) 21 comprehensive cancer centers, 3 multispecialty hospitals, 3 diagnostic centers and 1 multispecialty hospital managed by HCG. Trichy is no longer included as HCG center
- (2) 8 fertility centers operated under "Milann" brand
- (3) Existing centers now include HCG centers in Gulbarga, Vizag, Bhavnagar and Baroda as well as Milann center in MSR Bangalore
- (4) Corporate cost allocated between existing and new centers in proportion to gross block
- (5) 5 HCG centers and 4 Milann centers that commenced operation after April 1, 2016

Revenue Mix: Q1-FY20

Revenue:
INR 2,689 Mn

HCG Centers:
INR 2,514 Mn



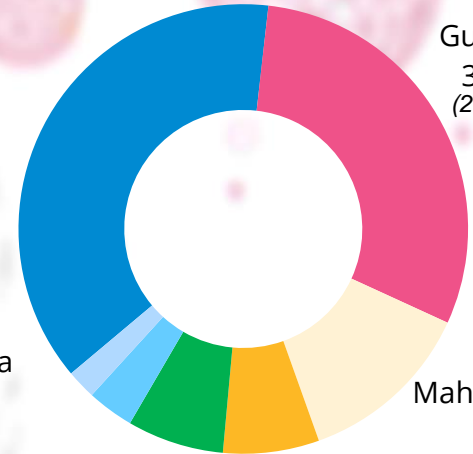
HCG (1)
centers
94%
(93%)¹



Fertility⁽²⁾
centers
6%
(7%)¹

Karnataka
35%
(40%)¹

Gujarat
31%
(28%)¹



North India
2%
(0%)¹

Tamil Nadu
4%
(3%)¹

A.P.
7%
(9%)¹

East India
7%
(7%)¹

Maharashtra
13%
(13%)¹

(1) 21 comprehensive cancer centers, 3 multispecialty hospitals, 3 diagnostic centers and 1 multispecialty hospital managed by HCG, as at June 30 2019

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

¹(Q1-FY19)

HCG Centers: Q1-FY20 Revenues

INR million

Period Ended Jun 30	Q1-FY20	Q1-FY19	Growth (y-o-y)
Karnataka	886	841	5.4%
Gujarat	788	587	34.2%
Maharashtra	333	267	24.7%
East India	181	148	22.1%
Andhra Pradesh	182	183	-0.4%
Tamil Nadu	88	75	17.3%
North India	56	7	680.7%
	2,514	2,108	19.3%

- Strong growth continues at several existing and new centers in Q1-FY20
 - Bhavnagar: +77.8% y-o-y
 - Nagpur: +32.3% y-o-y
 - Borivali: +31.2% y-o-y
 - Baroda: +21.0% y-o-y
- New centers contributed Revenue of INR 342 Mn in Q1-FY20 vs 174 Mn in Q1-FY19
- Revenue from existing HCG centers grew 12% in Q1-FY20 on y-o-y basis

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HCG Centers: Q1-FY20 Operating Metrics

No. of Centers Q1-FY20: 24 Q1-FY19: 22	Beds Q1-FY20: 1,935 Q1-FY19: 1,684	Avg. Occupancy Rate Q1-FY20: 45.8% Q1-FY19: 47.1% ↓ 131 bps
ALOS (Days) Q1-FY20: 2.01 Q1-FY19: 2.37 ↑ 36 bps	ARPOB (INR / Day) Q1-FY20: 32,084 Q1-FY19: 30,429 ↑ 5.4%	
Revenue (INR mn) Q1-FY20: 2,514 Q1-FY19: 2,108 ↑ 19.3%	Operating EBITDA Margin Q1-FY20: 15.8% Q1-FY19: 18.1% ↓ 228 bps	

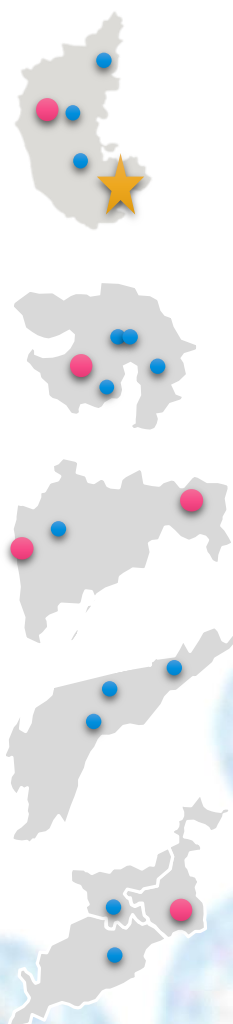
- ARPOB for existing centers at INR 33,162 against INR 31,244 in Q1-FY19
- Continuing reduction in ALOS to 2.01 on account of trend towards day care procedures and changing patient profile
- Operating EBITDA margins impacted with scale-up and losses of new centers
- Existing centers operating EBITDA margin declined by 42 bps to 21.1% in Q1-FY20 from 21.5% in Q1-FY19

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) Operating EBITDA margin before corporate expenses

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HCG Centers: Q1-FY20 Regional Highlights



Centers	Beds	AOR	ARPOB (INR/Day)	Revenue (INR MN)	Operating EBITDA %
Karnataka					
7	615	47.2%	35.0K	886	25.2%
		↑ +3.6% ⁽¹⁾	↑ +4.3%	↑ +5.4%	
Gujarat					
5	447	53.3%	36.3K	788	15.3%
		↑ +34.0% ⁽¹⁾	↑ +0.1%	↑ +34.2%	
Maharashtra					
3	336	38.2%	28.7K	333	NM
		↑ +18.4% ⁽¹⁾	↑ +5.5%	↑ +24.7%	
Andhra Pradesh					
3	177	42.6%	26.6K	182	25.2%
		↓ -8.0% ⁽¹⁾	↑ +8.2%	↓ -0.4%	
East India					
3	245	53.5 %	15.2K	181	22.9%
		↑ +9.0% ⁽¹⁾	↑ +12.0%	↑ +22.1%	

- COE ARPOB of INR 49.2k with 27.6% operating EBITDA margin
- Q1-FY20 COE ROCE improved from 23.5% to **26.6%**
- Focus on margin and returns optimization across region

- Strong occupancy and revenue growth
- Bhavnagar oncology ramps-up with 78% revenue growth y-o-y
- EBITDA margin of existing cancer centers at **18%** for Q1-FY20

- Nashik center expansion driving enhancement of specialized service offerings in the region
- Borivali and Nagpur new centers ramping up with continued reduction in losses

- Center in Vizag continues to ramp up well
- Focus on improving revenue mix through reduction of scheme business

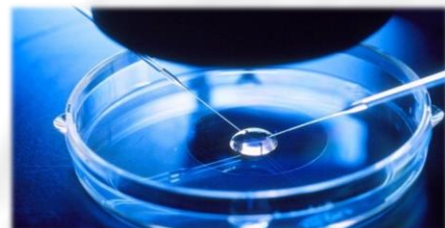
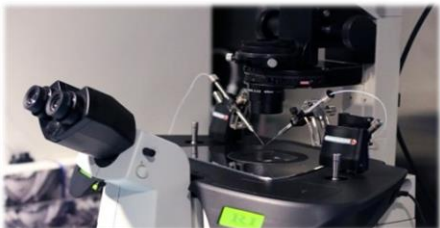
- Existing center EBITDA margin improvement of 539 basis points
- Driven by improvements in patient and procedure mix
- Kolkata center operationalized

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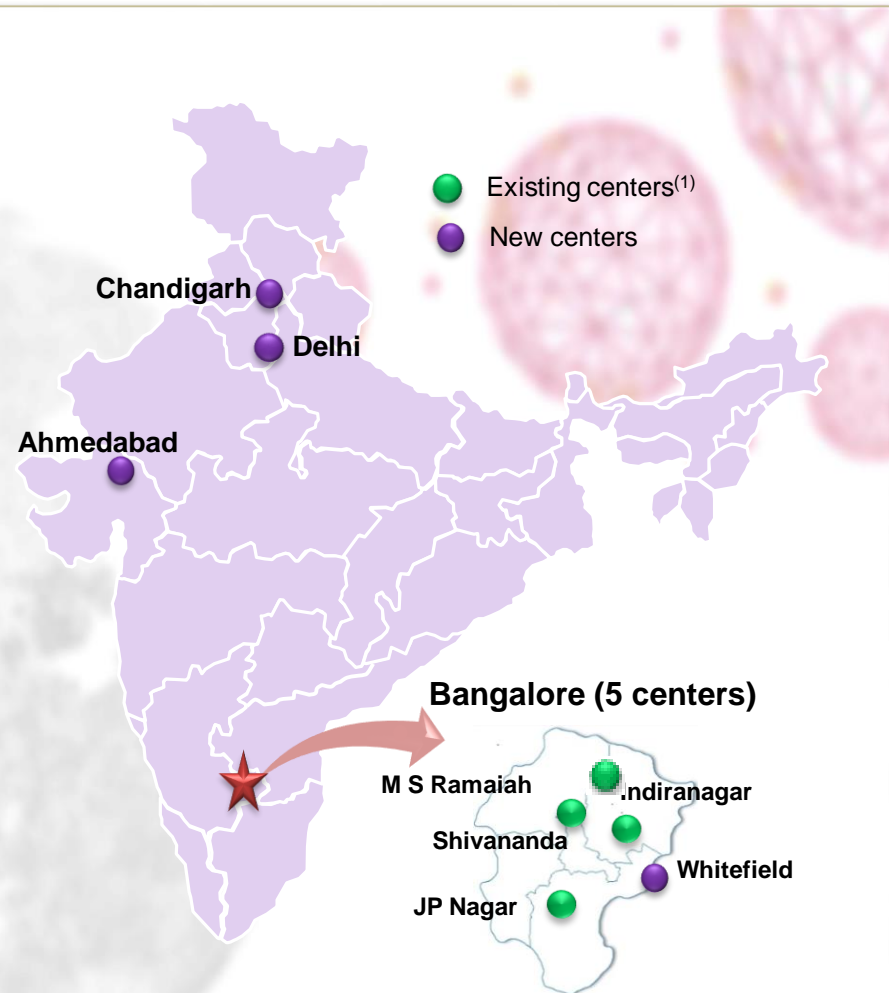
- Increase / (Decrease) in Occupied Bed Days
- Growth numbers are year-on-year basis
- EBITDA before corporate expenses

Milann: Implementing Strategic Initiatives



	Q1-FY20	Q1-FY19	Growth
New Registrations	1,374	1,333	3.1%
IVF Cycles	563	521	8.1%
Revenue (INR Mn)	175	157	11.0%

- New Registrations growth at 3% y-o-y for Q1-FY20
- Whitefield continues to ramp-up well
- Leadership in attractive Bangalore market



(1) Centers in operation prior to April 1, 2016, i.e. Shivananda, JP Nagar, Indiranagar and MSRamaiah



Financial Highlights



Operating Highlights



**Key Financial
Information**



Project Updates

Capital Expenditure and Net Debt

Capital Expenditure

INR Million

	Q1-FY20	FY19
HCG Centres		
Existing Centres	44	301
Expansions	65	467
New Centres ⁽¹⁾	240	1,330
	349	2,099
Milann Centres		
Existing Centres	5	9
New Centres	-	7
	5	16
Total Capex	354	2,115

1. Includes Security Deposit for New Centers of INR 82 Mn in FY19.

Net Debt

INR Million

	30-Jun-19	31-Mar-19
Net Debt		
Bank Debt ⁽¹⁾	4,626	4,255
Vendor Finance ⁽²⁾	1,350	1,481
Capital Leases	563	564
Other Debt	18	22
Less: Cash and Equivalents ⁽³⁾	(328)	(252)
Capital Leases - IND AS 116	5,748	
Net Debt post Ind AS adj.	11,977	6,071
Net Debt before Ind AS adj.	6,229	
Debt in New Centres		
Bank Debt	3,591	3,318
Vendor Finance	957	985
Other Debt	-	-
	4,548	4,303
Net Debt (Excl. New Centres)	1,680	1,768

1. Net of Bank balance held as margin money of INR 224 Mn and investment in fixed deposits of INR 39 Mn as at 30th Jun-19, margin money of INR 226 Mn and investment in fixed deposits of INR 31 Mn as at 31st Mar-19. The unamortised portion of processing fees amounting to INR 68 Mn as on 30th Jun-19 & INR 75 Mn as on 31st Mar-19 netted off against Bank Debt.
2. Includes Forex reinstatement of INR 0 Mn as at 30th Jun-19 and INR 19 Mn as at 31st Mar-19 on account of exchange rate fluctuation
3. Includes investment in mutual funds of INR 13 Mn as at 30th Jun-19 and INR 46 Mn 31st Mar-19.

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Project Updates

Additional 2 new HCG centers in FY2020

Location	Bed Capacity	Project Cost (INR mn)	Start Date
Jaipur, Rajasthan	50	410	Q2-FY19
Bhavnagar, Gujarat	NA	150	Q2-FY19
Nashik Phase II, Maharashtra	92	623	Q2-FY19
Rajkot, Gujarat	120	310	Q1-FY19
Kolkata, West Bengal	80	450	Q1-FY20
South Mumbai, Maharashtra	32	430	Q2-FY20

1 new Milann center launched in Q1 FY2019

Location	Start Date
Delhi	Q1-FY17
Chandigarh	Q3-FY17
Ahmedabad	Q4-FY18
Whitefield (Bangalore)	Q1-FY19

- **Existing centers** – HCG KR Road, HCG DR, HCG MSR, HCG Hubli, HCG Gulbarga, HCG MHIO Shimoga, HCC Ahmedabad, HMS Ahmedabad, HCG Bhavnagar, HCG Baroda, HCG Nashik, HCG Chennai, HCG Vijayawada, HCG Ongole, HCG Vizag, HCG Cuttack, HCG Ranchi
- **New centers** – HCG Suchirayu, HCG Rajkot, HCG Borivali, HCG Nagpur, HCG Jaipur, HCG Kolkata, HCG Africa

THANK YOU



For updates and specific queries, please visit www.hcgel.com
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