



HealthCare Global Enterprises Limited

Investor Presentation Q2 & H1-FY20



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Leadership in specialty healthcare



Hope

For cancer patients





Financial Highlights



Operating Highlights



**Key Financial
Information**



Project Updates

Financial Highlights: Q2-FY20

INR million except earnings per share

Period Ended Sep 30	Q2-FY20 As per AS 116	Q2-FY19	Growth (y-o-y)	Q2-FY20 w/o AS 116	Growth (y-o-y)
Income from Operations	2,785	2,453	13.5%	2,785	13.5%
Other Income	15	23		15	
EBITDA⁽¹⁾	471	358	31.7%	340	-4.9%
EBITDA Margin (%)	16.8%	14.4%		12.1%	
Operating EBITDA⁽²⁾	456	335	36.1%	325	-3.0%
Operating EBITDA Margin (%)	16.4%	13.7%		11.7%	
PBT⁽³⁾	(269)	(103)	NM	(179)	NM
PBT Margin (%)	-9.7%	-4.2%		-6.4%	
PAT⁽⁴⁾	(223)	(65)	NM	(141)	NM
PAT Margin (%)	-8.0%	-2.6%		-5.1%	
Earnings Per Share	(2.51)	(0.74)	NM	(1.60)	NM

- 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

- **Q2'20 Revenue grew 13.5% y-o-y**
 - HCG⁽¹⁾ centers: **+13.2%**
 - Milann⁽²⁾ centers: **+17.7%**
- **Q2'20 Operating EBITDA**
 - Existing centers⁽³⁾⁽⁴⁾: INR 417 Mn (**17.7%** margin vs 18.5% margin in Q2-FY19)
 - New centers⁽⁵⁾: Loss of INR **(92)** Mn (vs. loss of INR (73) Mn in Q2-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) 7 HCG centers and 4 Milann centers that commenced operation after April 1, 2016

Note: Effective 1 April 2019, the Company has adopted IND AS 116 'Leases' standards, applied to lease contracts existing on 1 April 2019. The effect of this adoption for the year ended 31 March 2019 have not been retrospectively adjusted. Unless specified, the EBITDA numbers exclude IND AS 116 adjustments.

Financial Highlights: H1-FY20

INR million except earnings per share

Period Ended Sep 30	H1-FY20 As per AS 116	H1-FY19	Growth (y-o-y)	H1-FY20 w/o AS 116	Growth (y-o-y)
Income from Operations	5,473	4,719	16.0%	5,473	16.0%
Other Income	28	32		28	
EBITDA⁽¹⁾	933	673	38.7%	658	-2.2%
EBITDA Margin (%)	16.9%	14.2%		12.0%	
Operating EBITDA⁽²⁾	904	641	41.2%	629	-1.7%
Operating EBITDA Margin (%)	16.5%	13.6%		11.5%	
PBT⁽³⁾	(497)	(180)	NM	(324)	NM
PBT Margin (%)	-9.1%	-3.8%		-5.9%	
PAT⁽⁴⁾	(403)	(99)	NM	(241)	NM
PAT Margin (%)	-7.4%	-2.1%		-4.4%	
Earnings Per Share	(4.56)	(1.12)	NM	(2.74)	NM

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

- **H1'20 Revenue grew 16.0% y-o-y**
 - HCG⁽¹⁾ centers: **+16.1%**
 - Milann⁽²⁾ centers: **+14.4%**
- **H1'20 Operating EBITDA**
 - Existing centers⁽³⁾⁽⁴⁾: INR 812 Mn (**17.4%** margin vs 18.0% margin in H1-FY19)
 - New centers⁽⁵⁾: Loss of INR **(182)** Mn (vs. loss of INR (129) Mn in H1-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
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- (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
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Revenue Mix: Q2-FY20

Revenue:
INR 2,785 Mn

HCG Centers:
INR 2,597 Mn



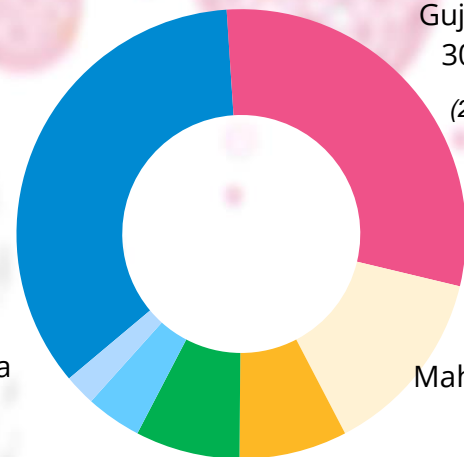
HCG (1)
centers
93%
(93%)¹



Fertility⁽²⁾
centers
7%
(7%)¹



Karnataka
35%
(38%)¹



Gujarat
30%
(28%)¹

North India
2%
(1%)¹

Tamil Nadu
4%
(4%)¹

A.P.
7%
(8%)¹

East India
8%
(7%)¹

Maharashtra
14%
(14%)¹

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

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

¹(Q2-FY19)

HCG Centers: Q2-FY20 Revenues

INR million

Period Ended Sep 30	Q2-FY20	Q2-FY19	Growth (y-o-y)	H1-FY20	H1-FY19	Growth (y-o-y)
Karnataka	911	880	3.4%	1,797	1,723	4.3%
Gujarat	773	653	18.4%	1,560	1,241	25.8%
Maharashtra	354	323	9.4%	686	590	16.3%
East India	202	159	26.8%	383	308	24.4%
Andhra Pradesh	195	176	11.1%	378	359	5.2%
Tamil Nadu	104	85	22.6%	192	160	20.1%
North India	58	18	232.7%	114	21	433.0%
	2,597	2,294	13.2%	5,111	4,402	16.1%

- Strong growth continues at several existing and new centers in Q2-FY20
 - Bhavnagar: +44.7% y-o-y
 - Borivali: +26.6% y-o-y
 - Suchirayu: +22.0% y-o-y
 - Chennai: +20.8% y-o-y
- New centers contributed Revenue of INR 373 Mn in Q2-FY20 vs 220 Mn in Q2-FY19
- Revenue from existing HCG centers grew 7% in Q2-FY20 on y-o-y basis



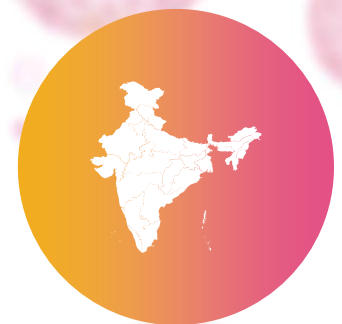
Financial Highlights



Operating Highlights



Key Financial
Information



Project Updates

HCG Centers: Q2-FY20 Operating Metrics

No. of Centers

Q2-FY20:
24

Q2-FY19:
24

Beds

Q2-FY20:
2,031

Q2-FY19:
1,872

Avg. Occupancy Rate

Q2-FY20:
43.1%

Q2-FY19:
45.3%

↓ **217 bps**

ALOS (Days)

Q2-FY20:
2.03

Q2-FY19:
2.27

↑ **24 bps**

ARPOB (INR / Day)

Q2-FY20:
32,769

Q2-FY19:
30,265

↑ **8.3%**

Revenue (INR mn)

Q2-FY20:
2,597

Q2-FY19:
2,294

↑ **13.2%**

Operating EBITDA Margin

Q2-FY20:
15.3%

Q2-FY19:
18.2%

↓ **297 bps**

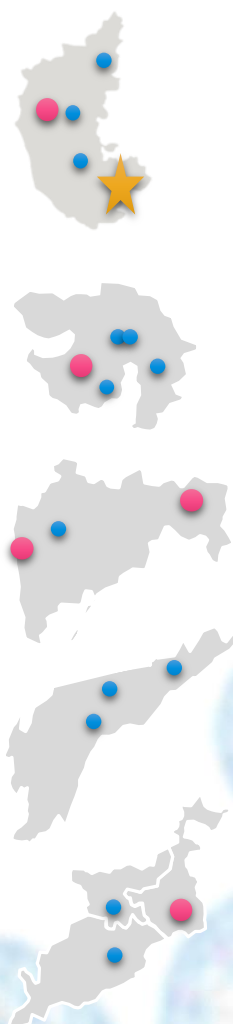
- ARPOB for existing centers at INR 33,536 against INR 30,306 in Q2-FY19
- Continuing reduction in ALOS to 2.03 on account of trend towards day care procedures and changing patient profile
- Operating EBITDA margins impacted with scale-up and losses of new centers
- Existing centers operating EBITDA margin declined by 176 bps to 20.6% in Q2-FY20 from 22.3% in Q2-FY19
- Existing centers operating EBITDA margin declined by 110 bps to 20.8% in H1-FY20 from 21.9% in H1-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

Note: Effective 1 April 2019, the Company has adopted IND AS 116 'Leases' standards, applied to lease contracts existing on 1 April 2019. The effect of this adoption for the year ended 31 March 2019 have not been retrospectively adjusted. Unless specified, the EBITDA numbers exclude IND AS 116 adjustments.

HCG Centers: Q2-FY20 Regional Highlights



Centers	Beds	AOR	ARPOB (INR/Day)	Revenue (INR MN)	Operating EBITDA %
Karnataka					
7	615	47.3%	35.6K	911	23.3%
		↓ -1.2%(1)	↑ +4.6%	↑ +3.4%	
Gujarat					
5	508	47.0%	35.2K	773	15.3%
		↑ +18.1%(1)	↑ +0.2%	↑ +18.4%	
Maharashtra					
3	336	40.8%	28.2K	354	NM
		↓ -1.4%(1)	↑ +11.3%	↑ +9.4%	
Andhra Pradesh					
3	177	31.8%	37.7K	195	21.3%
		↓ -17.9%(1)	↑ +35.4%	↑ +11.1%	
East India					
3	280	45.2 %	17.3K	202	16.0%
		↑ +19.9%(1)	↑ +5.8%	↑ +26.8%	

- COE ARPOB of INR 60.3k with 26.6% operating EBITDA margin
- H1-FY20 COE ROCE improved from 26.1% to **27.1%**
- Focus on margin and returns optimization across region

- Strong occupancy and revenue growth
- Bhavnagar oncology ramps-up with 45% revenue growth y-o-y
- EBITDA margin of existing cancer centers at **17%** for Q2-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

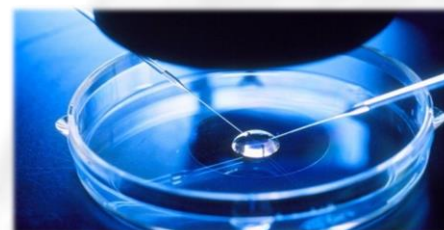
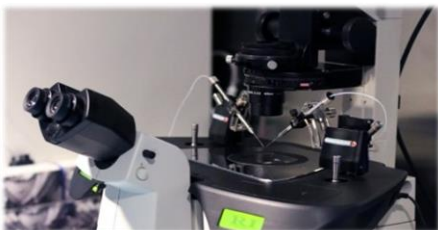
- Existing center EBITDA margin of 27.2%; improvement of 161 basis points
- Driven by improvements in patient and procedure mix
- Kolkata center operationalized

Note: Effective 1 April 2019, the Company has adopted IND AS 116 'Leases' standards, applied to lease contracts existing on 1 April 2019. The effect of this adoption for the year ended 31 March 2019 have not been retrospectively adjusted. Unless specified, the EBITDA numbers exclude IND AS 116 adjustments.

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

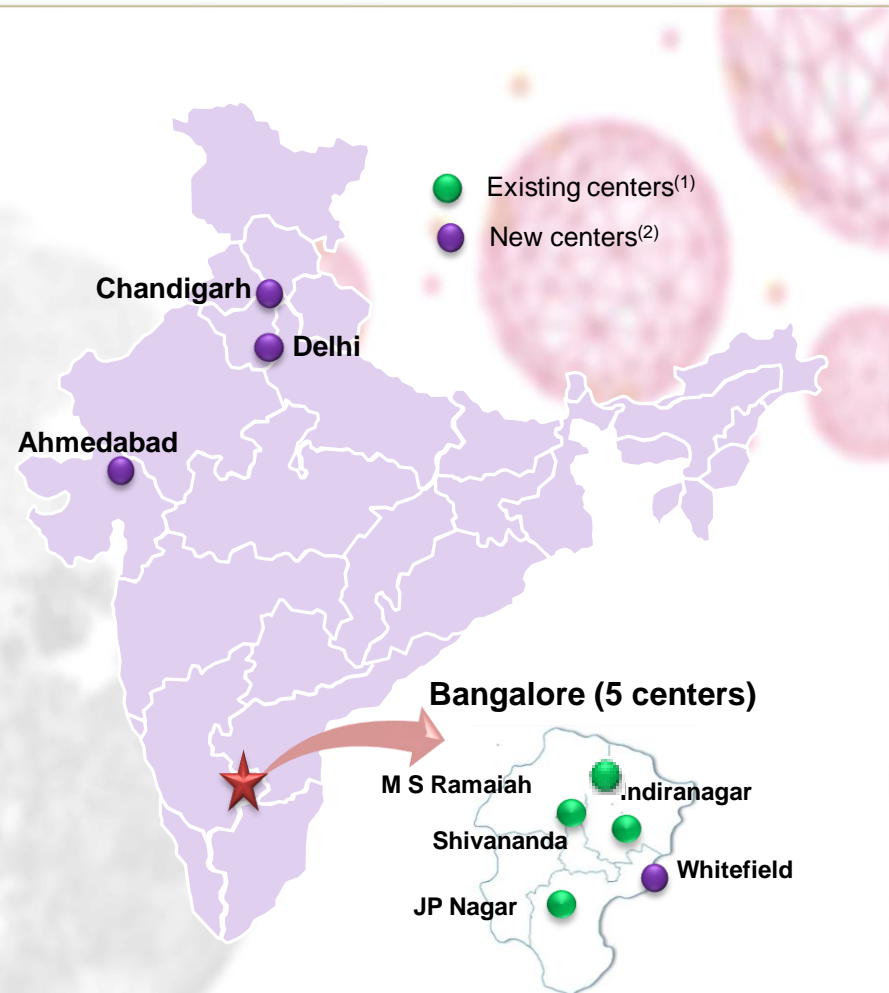
● New centers
 ● Existing centers

Milann: Implementing Strategic Initiatives



	Q2-FY20	Q2-FY19	Growth
New Registrations	1,506	1,394	8.0%
IVF Cycles	579	510	13.5%
Revenue (INR Mn)	188	160	17.7%

- New Registrations growth at 8% y-o-y for Q2-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 and Indiranagar
 (2) Mumbai Center exited in Q3-FY19



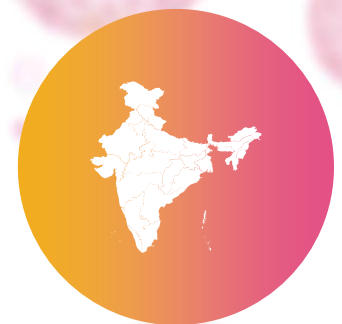
Financial Highlights



Operating Highlights



**Key Financial
Information**



Project Updates

Capital Expenditure and Net Debt

Capital Expenditure

INR Million

	Q2-FY20	Q1-FY20
HCG Centres		
Existing Centres	65	44
Expansions	88	65
New Centres	285	240
	438	349
Milann Centres		
Existing Centres	0	5
New Centres	-	-
	0	5
Total Capex	438	354

1. Includes Security Deposit of INR 48 Mn in Q2-FY20.

Net Debt

INR Million

	30-Sep-19	30-Jun-19
Net Debt		
Bank Debt ⁽¹⁾	5,151	4,626
Vendor Finance ⁽²⁾	1,123	1,350
Capital Leases	563	563
Other Debt	7	18
Less: Cash and Equivalents ⁽³⁾	(203)	(328)
Capital Leases - IND AS 116	5,567	5,748
Net Debt post Ind AS adj.	12,207	11,977
Net Debt before Ind AS adj.	6,640	6,229
Debt in New Centres		
Bank Debt	4,007	3,591
Vendor Finance	736	957
Other Debt	-	-
	4,743	4,548
Net Debt (Excl. New Centres)	1,897	1,680

1. Net of Bank balance held as margin money of INR 187 Mn and investment in fixed deposits of INR 43 Mn as at 30th Sep-19, margin money of INR 224 Mn and investment in fixed deposits of INR 39 Mn as at 30st Jun-19. The unamortised portion of processing fees amounting to INR 68 Mn as on 30th Sep-19 & INR 68 Mn as on 30th Jun-19 netted off against Bank Debt.
2. Includes Forex reinstatement of INR 25 Mn as at 30th Sep-19 and INR 0 Mn as at 30th Jun-19 on account of exchange rate fluctuation
3. Includes investment in mutual funds of INR 13 Mn as at 30th Sep-19 and INR 13 Mn as at 30th Jun-19.



Financial Highlights



Operating Highlights



Key Financial
Information



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	610	Q3-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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