



HealthCare Global Enterprises Limited
Q3-FY17 Earnings Update

February 2017



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Financial Highlights: Q3-FY17



INR million except earnings per share

Period Ended Dec 31	Q3-FY17	Q3-FY16	Growth (y-o-y)	YTD-FY17	YTD-FY16	Growth (y-o-y)	
Income from Operations	1,761.5	1,434.5	22.8%	5,176.8	4,291.3	20.6%	↑
EBITDA⁽¹⁾	260.0	207.7	25.2%	750.3	598.2	25.4%	↑
EBITDA Margin (%)	14.8%	14.5%		14.5%	13.9%		
PBT⁽²⁾	76.8	15.3	402.0%	231.7	34.8	565.8%	↑
PBT Margin (%)	4.4%	1.1%		4.5%	0.8%		
PAT⁽³⁾	53.5	(21.9)	NM	152.7	(43.2)	NM	↑
PAT Margin (%)	3.0%	-1.5%		2.9%	-1.0%		
Earnings Per Share	0.62	(0.30)	NM	1.79	(0.60)	NM	↑

Note:

(1) Profit before other income, depreciation and amortisation, finance costs, exceptional items and tax

(2) Profit before tax and exceptional items

(3) Profit for the period after taxes and minority interests

- **Q3 Revenue grew 22.8% y-o-y**
 - HCG⁽¹⁾ centers: **+22.0%** y-o-y
 - Milann⁽²⁾ centers: **+33.1%** y-o-y
- **Q3 EBITDA increased 25.2% y-o-y**
 - Existing centers: **INR 274.4 Mn** (**17.3%** margin; **+25.6%** growth y-o-y)
 - New centers⁽³⁾: Loss of **INR 14.4 Mn**
- **YTD Revenue grew 20.6% y-o-y**
 - HCG⁽¹⁾ centers: **20.3%** y-o-y
 - Milann⁽²⁾ centers: **24.9 %** y-o-y
- **YTD EBITDA increased 25.4% y-o-y**
 - Existing centers: **INR 809.5 Mn** (**17.0%** margin; **+27.8%** growth y-o-y)
 - New centers⁽³⁾: Loss of **INR 59.2 Mn**

(1) 17 comprehensive cancer centers, 2 multispeciality hospitals, 3 diagnostic centers and 1 day care chemotherapy center operated under the “HCG” brand

(2) 7 fertility centers operated under the “Milann” brand

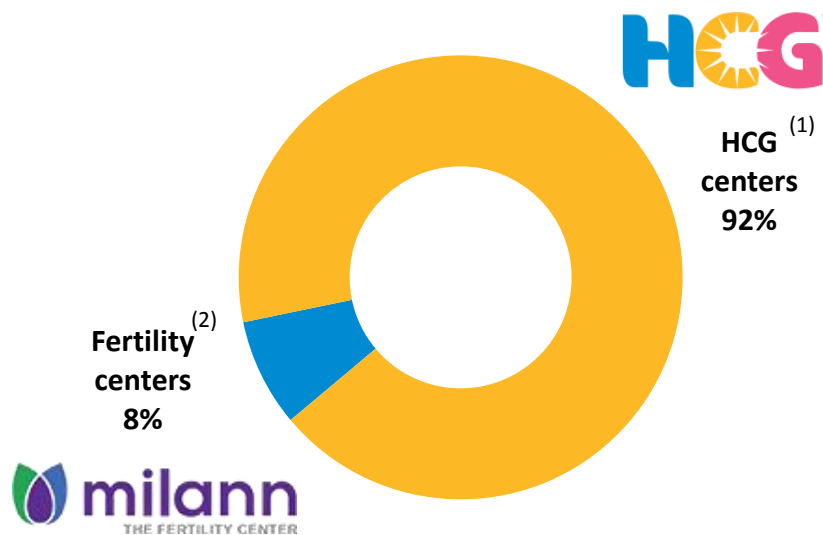
(3) 4 HCG centers and 4 Milann centers that commenced operation after April 1, 2015



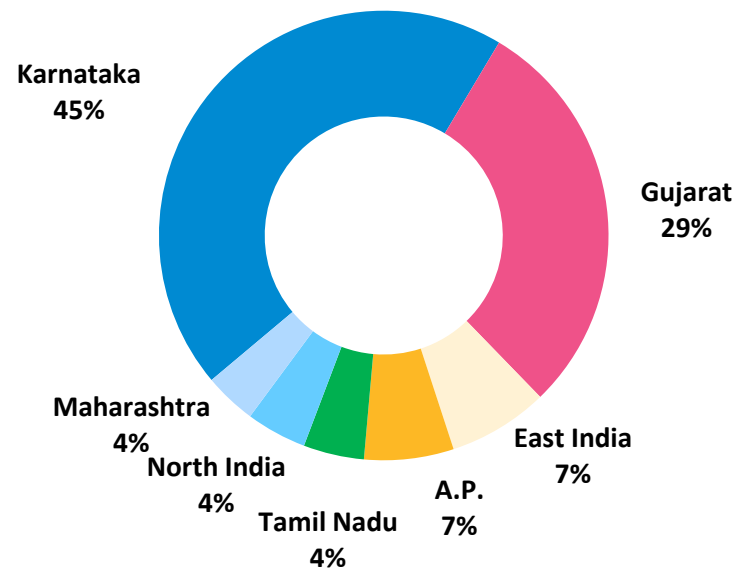
Revenue Mix



Q3-FY17 Revenue:
INR 1,762 Mn



HCG centers Q3-FY17 Revenue:
INR 1,623 Mn



- 1) Centers operated under the "HCG" brand – 17 comprehensive cancer centers, 2 multispeciality hospitals, 3 diagnostic centers and 1 day care chemotherapy center, as at Dec 31, 2016
- 2) 7 fertility centers operated under the "Milann" brand, as at Dec 31, 2016



HCG Centers - Revenue



INR million

Period Ended Dec 31	Q3-FY17	Q3-FY16	Growth (y-o-y)
Karnataka	725	670	8.3%
Gujarat	473	336	40.7%
East India	117	100	17.6%
Tamil Nadu	71	58	22.6%
North India	71	67	5.6%
Maharashtra	61	52	16.2%
Andhra Pradesh	105	47	120.9%
	1,623	1,330	22.0%

- **Continuing strong ramp at several cancer centers in Q3-FY17**
 - Vijayawada: +**71.7%** y-o-y
 - MSR: +**35.8%** y-o-y
 - Ahmedabad: +**25.2%** y-o-y
 - Cuttack: +**20.4%** y-o-y
- **Vijayawada center successfully revamped and showing strong operational performance**
- **New centers added INR 150 Mn in Q3-FY17**
 - Bhavnagar (Q1-FY16)
 - Kalaburagi, i.e.Gulbarga (Q4-FY16)
 - Vadodara (Q1-FY17)
 - Visakhapatnam (Q1-FY17)
- **Existing HCG centers grew at 12.8% in Q3-FY17**

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HCG Centers: Operating Metrics



INR million

Period Ended Dec 31	Q3-FY17	Q3-FY16	Growth (y-o-y)
No. of Centres	19	17	
Beds	1,263	1,057	
Occupied Bed Days	55,530	48,549	14.4%
Average Occupancy Rate	47.8%	49.9%	
ALOS	2.82	2.83	
ARPOB (INR/Day)	29,227	27,404	6.7%
Revenue (INR mn)	1,623	1,330	22.0%
EBITDA Margin (%)	19.2%	19.2%	

Notes:

1. Number of beds in operation as at the last day of the period
2. Occupied Bed Days calculated based on mid-day census
3. Average Occupancy Rate ("AOR") calculated as Occupied Bed Days divided by available bed days in the period
4. Average Revenue per Occupied Bed ("ARPOB") calculated as Revenue divided by Occupied Bed Days
5. Average Length of Stay ("ALOS") calculated as Occupied Bed Days divided by number of admissions (including day care admissions)
6. EBITDA margin before corporate expenses

Q3-FY17 Highlights

- **14.4% increase in occupied bed days**, driven by new centers and growth at existing centers
- **6.7% increase in ARPOB**, driven by adoption of new technologies across the network, offset by lower ARPOB at new centers
- **Reduction in ALOS** in line with trend towards day care procedures and changing patient profile
- **1.5% improvement in EBITDA margin** from Existing centers (i.e. excluding New Centers) to **21.9%** in Q3-FY17 from **20.4%** in Q3-FY16, driven by decrease in direct costs as a proportion of revenue



HCG Centers: Q3-FY17 Regional Highlights



Centers	Beds	AOR	ARPOB (INR/Day)	Revenue (INR MN)	EBITDA (%)
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Karnataka



6	522	43.6%	34.6K	725	25.0%
		↓ -6.4%(1)	↑ +15.7%	↑ +8.3%	

Gujarat



4	304	51.8%	32.7K	473	12.1%
		↑ +31.8%(1)	↑ +6.8%	↑ +40.7%	

East India



2	165	64.8%	11.9K	117	24.5%
		↑ +16.2%(1)	↑ +1.2%	↑ +17.6%	

Notes:

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



COE



New centers



Existing centers

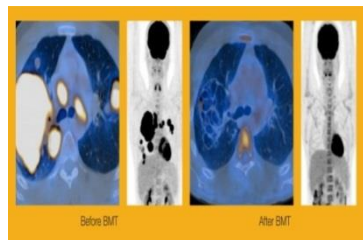
- Continuing shift in payor profile
- Moderate impact of demonetization, offset partly by continuing adoption of technology

- Vadodara center ramping as expected
- EBITDA margin of existing centers at 18.1%
- Margin improvement across the region

- Shift in payor profile underway
- Continuing patient growth at Cuttack



Bengaluru: Center of Excellence



	YTD FY17	YTD FY16	Growth (y-o-y)
Beds	276	326	
Occupied Bed Days	39,927	42,766	-6.6%
Average Occupancy Rate	52.6%	47.7%	
ARPOB (INR/Day)	42,285	36,761	15.0%
Revenue (INR mn)	1,688	1,572	7.4%
EBITDA Margin (%)	26.4%	23.0%	

Overview:

- Kalinga Rao Road (KR) center: Established in 2006
- Double Road (DR) center: Established in 1989

Key Facilities

- 4 Linear Accelerators (incl. CyberKnife and TomoTherapy radiotherapy systems)
- 2 PET-CT Scanners; Cyclotron to manufacture radioisotopes
- daVinci robotic surgery system; 11 Operation Theatres
- 276 Beds
- Bone Marrow Transplant Unit

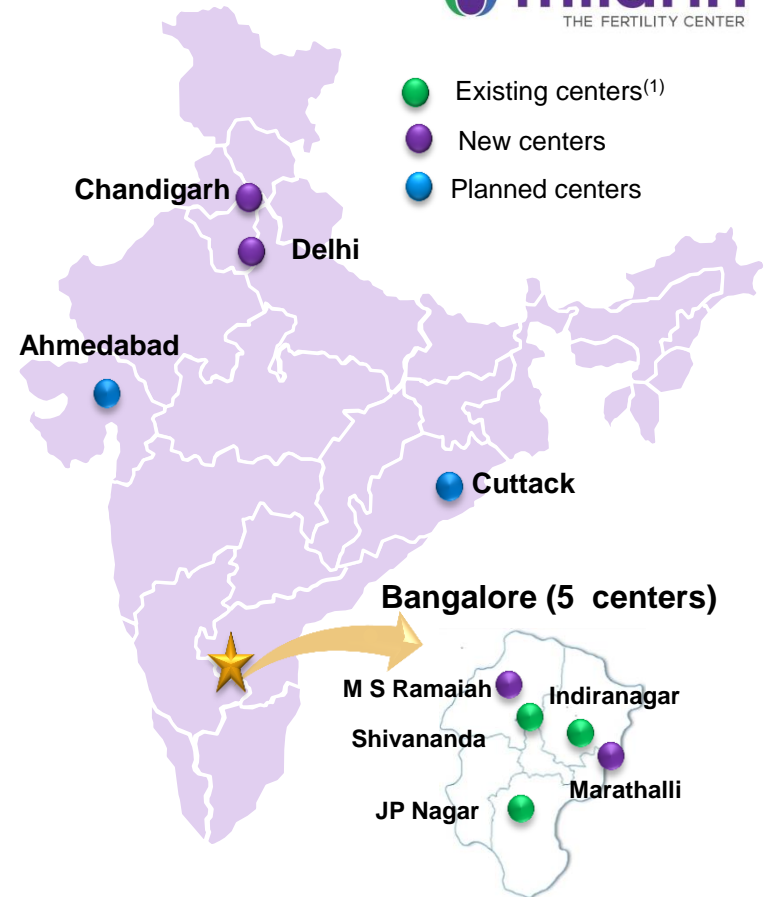
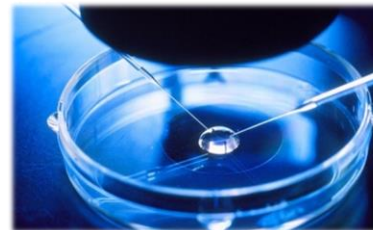
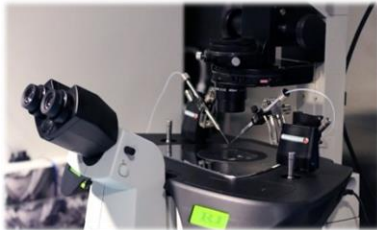
- **Successful commercialization of new technologies**
 - 100+ robotic surgery procedures completed
- **Optimization of capacity, AOR at 52.6%**
 - 50 beds reduced y-o-y
 - Continued focus on improving payor profile
- **EBITDA margin expansion of 3.4% y-o-y**
 - Service mix enhancement
- **ROCE⁽¹⁾ in YTD-FY17 increased to 20.5% as compared to 16.0% in YTD-FY16**

⁽¹⁾ROCE calculated as EBIT divided by average Capital Employed

⁽¹⁾Capital Employed = Net Block + Operating Current Assets - Operating Current Liabilities



Milann: Expansion on Track



	Q3-FY17	Q3-FY16	Growth
New Registrations	1,000	748	33.7%
IVF Cycles	423	298	41.9%
Revenue (INR Mn)	139	104	33.1%

- Successful launch of Milann , Chandigarh
- Upcoming new centers at Cuttack, Ahmedabad
- **Ranked #1 nationally for the second consecutive year by the Times of India "All India Fertility & IVF Ranking Survey 2017"**

(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

	Q3-FY17	Q2-FY17	Q1-FY17
HCG Centers			
Existing Centers	77	52	102
Expansions	139	31	37
New Centers	224	329	217
	441	412	356
Milann Centers			
Existing Centers	4	6	7
Expansions	-	-	-
New Centers	22	19	19
	26	25	26
Total CapEx	467	437	382

Includes amounts given as Security Deposit for New Centers of 62 mn in Q1-FY17, 31 mn in Q2-FY17 & 47 mn in Q3-FY17

- Pan-India SAP and HIS roll-out underway
- Expansion and addition of new technology at Ahmedabad

Net Debt

INR Million

	31-Dec-16	30-Sep-16	30-Jun-16
Net Debt			
Bank Debt ⁽¹⁾	1,171	1,013	850
Vendor Finance	1,586	1,552	1,542
Capital Leases	495	476	476
Other Debt	79	116	120
Less: Cash and Equivalents ⁽²⁾	(664)	(811)	(863)
	2,667	2,346	2,125
Debt in New Centres			
Bank Debt	665	553	455
Vendor Finance	924	905	781
Other Debt	14	14	15
	1,603	1,472	1,251
Net Debt (Excl. New Centres)	1,064	874	874

(1) Net of Bank balance held as margin money of INR 68 mn as at 30-Jun-16, INR 98 mn as at 30-Sep-16 and INR 116 mn as at 31-Dec-16

(2) Includes investment in mutual funds of INR 503 mn as at 30-Jun-16, INR 406 mn as on 30-Sep-16 and INR 134 mn as on 31-Dec-16

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Project Update



INR million

3 new HCG centers operational as of Dec. 31, 2016
Additional 3 new HCG centers by June 2017

Location	Bed Capacity	Project Cost	Start Date
Kalaburagi, Karnataka	85	240	Q4-FY16
Visakhapatnam, A.P.	88	278	Q1-FY17
Vadodara, Gujarat	69	395	Q1-FY17
Kanpur, U.P.	90	839	Q4-FY17E
Borivali, Maharashtra	105	584	Q1-FY18E
Nagpur, Maharashtra	115	457	Q1-FY18E

4 new Milann centers operational as of Dec 31, 2016.
Additional 2 new Milann centers by June 2017

Location	Start Date
M.S.Ramaiah, Bengaluru	Q2-FY16
Delhi	Q4-FY16
Marathalli, Bengaluru	Q1-FY17
Chandigarh	Q3-FY17
Cuttack	Q4-FY17E
Ahmedabad	Q1-FY18E





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