



# HealthCare Global Enterprises Limited

Q1 - FY19 Investor Presentation - August 2018



[www.hcgel.com](http://www.hcgel.com)

@2018 HCGEL – All Rights Reserved



# Disclaimer

THIS PRESENTATION AND ITS CONTENTS ARE CONFIDENTIAL AND ARE NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION, IN WHOLE OR IN PART, DIRECTLY OR INDIRECTLY, IN OR INTO OR FROM THE UNITED STATES OF AMERICA, CANADA, AUSTRALIA, JAPAN OR ANY JURISDICTION WHERE SUCH DISTRIBUTION IS UNLAWFUL.

This presentation has been prepared by HealthCare Global Enterprises Limited (the "Company"). These materials are not for publication or distribution, directly or indirectly, in or into the United States (including its territories and possessions, any state of the United States and the District of Columbia). These materials are not an offer of securities for sale into the United States, Canada or Japan. Any securities of the Company have not been and will not be registered under the U.S. Securities Act of 1933, as amended, and may not be offered or sold in the United States, except pursuant to an applicable exemption from registration. No public offering of any securities of the Company is being made in the United States.

The information contained in this presentation is for information purposes only and does not constitute or form part of an offer or invitation for sale or subscription of or solicitation or invitation of any offer to buy or subscribe for any securities, nor shall it or any part of it form the basis of or be relied on in connection with any contract, commitment or investment decision in relation thereto in India, the United States or any other jurisdiction.

No person accepts any liability whatsoever for any loss howsoever arising from the use of this document or of its contents or otherwise arising in connection therewith. The information set out herein may be subject to updating, completion, revision, verification and amendment without notice and such information may change materially. Financial information contained in this presentation has been derived from the restated consolidated and standalone financial statements of the Company and have been rounded off to the next integer, except percentages which have been rounded off to one decimal point.

This presentation contains certain "forward looking statements". Forward-looking statements are based on certain assumptions and expectations of future events. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Although the Company believes that such forward-looking statements are based on reasonable assumptions, it can give no assurance that such expectations will be met. Neither the Company nor any of its advisors or representatives assumes any responsibility to update forward-looking statements or to adapt them to future events or developments.

This presentation includes certain industry data and projections that have been obtained from industry publications and surveys. Industry publications and surveys and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable, but there is no assurance that the information is accurate or complete. Neither the Company nor any of its advisors or representatives have independently verified any of the data from third-party sources or ascertained the underlying economic assumptions relied upon therein. No representation or claim is made that the results or projections contained in this presentation will actually be achieved. All industry data and projections contained in this presentation are based on data obtained from the sources cited and involve significant elements of subjective judgment and analysis, which may or may not be correct. For the reasons mentioned above, you should not rely in any way on any of the projections contained in this presentation for any purpose.

This presentation is based on information regarding the Company and the economic, regulatory, market and other conditions as in effect on the date hereof. It should be understood that subsequent developments may affect the information contained in this presentation, which neither the Company nor its advisors or representatives are under an obligation to update, revise or affirm.

# Contents

## Financial Highlights



## Operational Highlights



## Key Financial Information



## Project Update





# Financial Highlights: Q1-FY19

INR million except earnings per share

Period Ended June 30	Q1-FY19	Q1-FY18	Growth (y-o-y)
<b>Income from Operations</b>	<b>2,266</b>	<b>1,911</b>	<b>18.6%</b>
Other Income	9	24	
<b>EBITDA<sup>(1)</sup></b>	<b>315</b>	<b>319</b>	<b>-1.3%</b>
EBITDA Margin (%)	13.8%	16.5%	
<b>Operating EBITDA<sup>(2)</sup></b>	<b>306</b>	<b>295</b>	<b>3.6%</b>
EBITDA Margin (%)	13.5%	15.4%	
<b>PBT<sup>(3)</sup></b>	<b>-58</b>	<b>97</b>	<b>NM</b>
PBT Margin (%)	-2.6%	5.1%	
<b>PAT<sup>(4)</sup></b>	<b>-34</b>	<b>47</b>	<b>NM</b>
PAT Margin (%)	-1.5%	2.5%	
<b>Earnings Per Share</b>	<b>-0.39</b>	<b>0.55</b>	<b>NM</b>

- Q1'19 Revenue grew 18.6% y-o-y
  - HCG<sup>(1)</sup> centers: +20.8%
  - Milann<sup>(2)</sup> centers: -5.0%
- Q1'19 Operating EBITDA
  - Existing centers: INR 337 Mn (18.5% margin vs 17.8% margin in Q1-FY18)
  - New centers<sup>(3)</sup>: Loss of INR -32 Mn (vs. profit of INR 1 Mn in Q1-FY18)

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

Notes:

- (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) 9 fertility centers operated under "Milann" brand
- (3) 7 HCG centers and 6 Milann centers that commenced operation after April 1, 2015
- (4) Financials of HCG Africa and Strand Life Sciences consolidated at equity level

# Revenue Mix: Q1-FY19

**Revenue:**  
INR 2,266 Mn

**HCG Centers:**  
INR 2,108 Mn



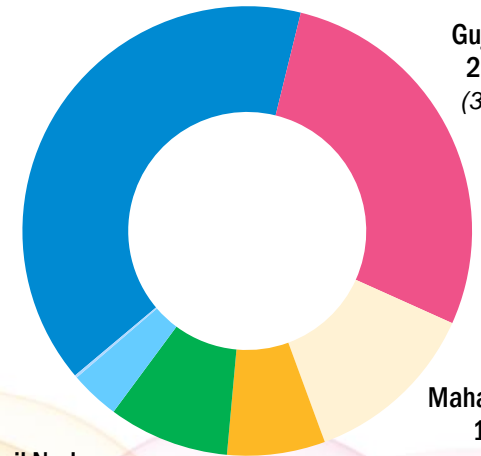
HCG <sup>(1)</sup>  
centers  
93%  
(91%)<sup>1</sup>



Fertility <sup>(2)</sup>  
centers  
7%  
(9%)<sup>1</sup>



Karnataka  
40%  
(42%)<sup>1</sup>



Maharashtra  
13%  
(7%)<sup>1</sup>

Tamil Nadu  
3%  
(4%)<sup>1</sup>

A.P.  
9%  
(7%)<sup>1</sup>

East India  
7%  
(8%)<sup>1</sup>

(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 June 30 2018

(2) 9 fertility centers operated under "Milann" brand

<sup>1</sup>(Q1-FY18)

# HCG Centers: Q1-FY19 Revenues

INR million

Period Ended June 30	Q1-FY19	Q1-FY18	Growth (y-o-y)
Karnataka	842	734	14.7%
Gujarat	588	526	11.7%
Maharashtra	267	122	118.1%
Andhra Pradesh	183	123	49.2%
East India	149	143	4.2%
Tamil Nadu	75	66	14.6%
North India	4	31	NM
	<b>2,108</b>	<b>1,745</b>	<b>20.8%</b>

- Strong growth continues at several existing and new centers in Q1-FY19
  - Baroda: +42.0% y-o-y
  - Nashik: +49.5% y-o-y
  - Vijayawada: +82.7% y-o-y
- Consolidation of partner business in Vijayawada for full quarter in Q1-FY19
- Ramp-up continues at Borivali center
- Out-patient services commenced in Rajkot and Jaipur
- New centers contributed Revenue of INR 415 Mn in Q1-FY19
- Revenue from existing HCG centers grew 12% in Q1-FY19 on y-o-y basis

# Contents

Financial Highlights



Key Financial Information



Operational Highlights



Project Update





# HCG Centers: Q1-FY19 Operating Metrics



## No. of Centers

Q1-FY19:  
**22**

Q1-FY18:  
**20**

## Beds

Q1-FY19:  
**1,684**

Q1-FY18:  
**1,365**

## Avg. Occupancy Rate

Q1-FY19:  
**47.1%**

Q1-FY18:  
**46.6%**

↑ **50 bps**

## ALOS (Days)

Q1-FY19:  
**2.37**

Q1-FY18:  
**2.48**

↓ **11 bps**

## ARPOB (INR / Day)

Q1-FY19:  
**30,429**

Q1-FY18:  
**30,120**

↑ **1.0%**

## Revenue (INR mn)

Q1-FY19:  
**2,108**

Q1-FY18:  
**1,745**

↑ **+20.8%**

## Operating EBITDA Margin

Q1-FY19:  
**18.1%**

Q1-FY18:  
**20.3%**

↓ **220 bps**

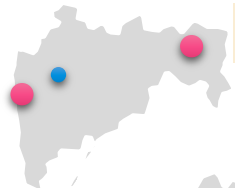
- 115 new bed additions on account of Nashik Phase II expansion of 75 beds and 40 beds at Vijayawada
- ARPOB for existing centers at INR 33,701 against INR 31,992 in Q1-FY'18
- Continuing reduction in ALOS to 2.37 on account of trend towards day care procedures and changing patient profile
- Operating EBITDA margins impacted with scale-up and losses of new centers
- Existing centers operating EBITDA margin improved by 60 bps to 23.7% in Q1-FY'19 from 23.1% in Q1-FY'18

### 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



# HCG Centers: Q1-FY19 Regional Highlights



- New centers
- Existing centers

Centers	Beds	AOR	ARPOB (INR/Day)	Revenue (INR MN)	Operating EBITDA
<b>Karnataka</b>					
7	632	44.4%	33.6K	842	25.7%
		<span style="color: green;">↑</span> +31.2%(1)	<span style="color: orange;">↓</span> -11.0%	<span style="color: green;">↑</span> +14.7%	
<b>Gujarat</b>					
4	304	58.4 %	36.4K	588	13.4%
		<span style="color: green;">↑</span> +6.8%(1)	<span style="color: green;">↑</span> +4.6%	<span style="color: green;">↑</span> +11.7%	
<b>Maharashtra</b>					
3	336	36.0%	27.2K	267	1.7%
		<span style="color: green;">↑</span> +56.2%(1)	<span style="color: green;">↑</span> +40.3%	<span style="color: green;">↑</span> +118.1%	
<b>Andhra Pradesh</b>					
3	177	46.3%	24.6K	183	26.9%
		<span style="color: green;">↑</span> +112.2%(1)	<span style="color: orange;">↓</span> -29.7%	<span style="color: green;">↑</span> +49.2%	
<b>East India</b>					
2	165	72.9%	13.6K	149	26.0%
		<span style="color: orange;">↓</span> -5.4%(1)	<span style="color: green;">↑</span> +10.1%	<span style="color: green;">↑</span> +4.2%	

- COE ARPOB of INR 45.2k with 26.5% operating EBITDA margin
- COE ROCE improved to **23.5%** from **21.7%** in Q1-FY18
- ARPOB dip in region driven by scale-up of multi-specialty in Hubli

- Baroda cancer center and Bhavnagar multi-specialty continue strong ramp-up
- EBITDA margin of existing centers at **17.5%** for Q1-FY19

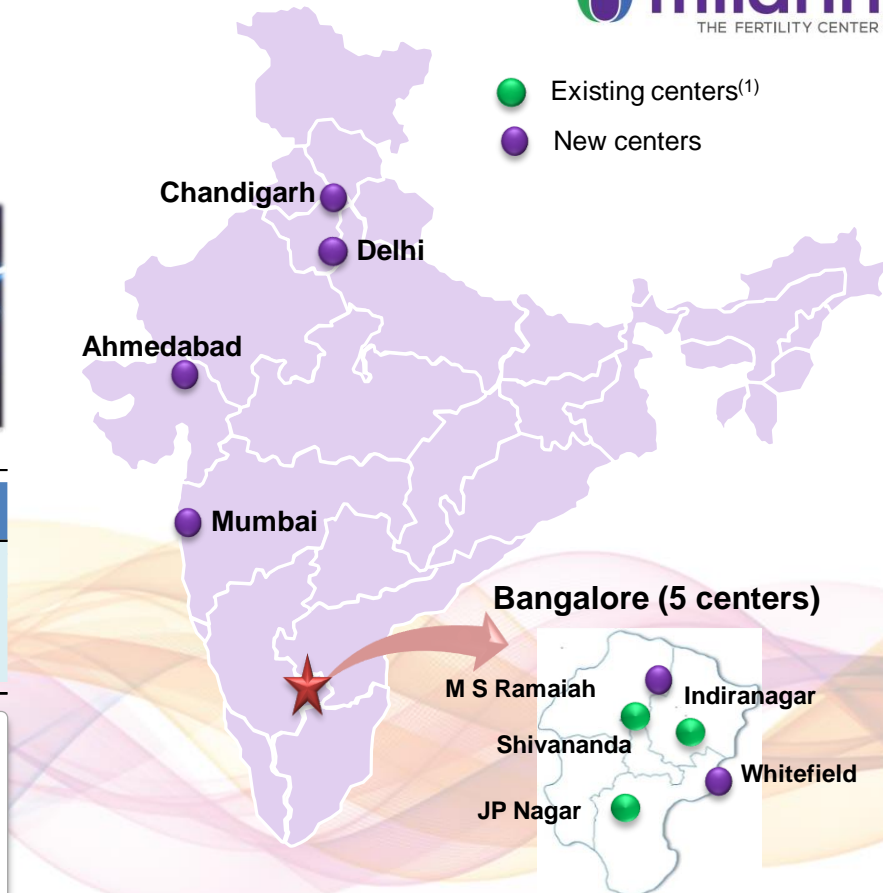
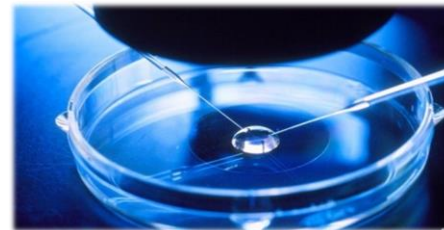
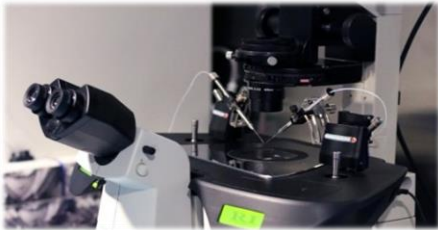
- Nashik Phase II commenced enhancing total operational capacity to 152 beds
- EBITDA margin at **29.2%** for Q1-FY19
- Borivali centre seeing good international patient flow and strong revenue ramp

- Strong revenue growth, occupancy increase and ARPOB dilution driven by consolidation of partners business in Vijayawada
- New center in Vishakapatnam ramping up well

- Reduction in scheme patients along with investments in enhancing quality of care at Cuttack center
- Improved procedure mix and efficiencies in leading to optimal occupancy

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

# Milann: Implementing Strategic Initiatives



	Q1-FY19	Q1-FY18	Growth
New Registrations	1,333	1,227	8.6%
IVF Cycles	521	533	-2.3%
Revenue (INR Mn)	157	166	-5.0%

- Implementation of new Strategic initiatives with:
  - Appointment of CEO having strong IVF experience
  - New center in Whitefield launched with good potential
  - Mumbai center being restructured to strategically address large market

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

# Contents

Financial Highlights



Key Financial Information



Operational Highlights



Project Update





# Capital Expenditure and Net Debt

## Capital Expenditure

INR Million

	Q1-FY19	FY18
<b>HCG Centres</b>		
Existing Centres	111	444
Expansions	115	220
New Centres	692	2,116
	<b>919</b>	<b>2,780</b>
<b>Milann Centres</b>		
Existing Centres	2	8
New Centres	4	86
	<b>6</b>	<b>93</b>
<b>Total Capex</b>	<b>925</b>	<b>2,873</b>

1. Includes Security Deposit for New Centers of INR 21 mn in Q1-FY19 and INR 139 mn in FY18
2. Investment of INR 238 mn in FY18 in HCG Africa not part of Capex
3. Expansions for Q1-FY19 includes investment of INR 70mn towards Vijayawada consolidation

## Net Debt

INR Million

	30-Jun-18	31-Mar-18
<b>Net Debt</b>		
Bank Debt <sup>(1)</sup>	3,195	2,374
Vendor Finance <sup>(2)</sup>	1,605	1,503
Capital Leases	555	555
Other Debt	36	41
Less: Cash and Equivalents <sup>(3)</sup>	(350)	(318)
	<b>5,042</b>	<b>4,156</b>
<b>Debt in New Centres</b>		
Bank Debt	2,852	2,261
Vendor Finance	1,439	1,261
Other Debt	2	2
	<b>4,293</b>	<b>3,524</b>
<b>Net Debt (Excl. New Centres)</b>	<b>749</b>	<b>632</b>

1. Net of Bank balance held as margin money of INR 146 mn as at 30-Jun-18, INR 183 mn as at 31-Mar-18. The unamortised portion of processing fees amounting to INR 59 Mn as on 31-Mar-18 & INR 60 Mn as on 30-Jun-18 netted off against Bank Debt
2. Includes Forex reinstatement of INR 62 mn as at 30-Jun-18 and INR 18 mn as at 31-Mar-18 on account of exchange rate fluctuation
3. Includes investment in mutual funds of INR 43 mn as at 30-Jun-18 and 31-Mar-18 and investment in fixed deposits of INR 93 mn as at 30-Jun-18 and INR 47 mn as at 31-Mar-18.

# Contents

Financial Highlights



Key Financial Information



Operational Highlights



Project Update



# Project Updates

## Additional 4 new HCG centers in FY2019

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

## 1 new Milann center launched in Q1 FY2019

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







# THANK YOU



---

For updates and specific queries, please visit [www.hcgel.com](http://www.hcgel.com)  
or feel free to contact [investors@hcgoncology.com](mailto:investors@hcgoncology.com)

---

© 2018 HealthCare Global Enterprises Limited., All Rights Reserved.

HCG Logo is trademarks of HealthCare Global Enterprises Limited

In addition to Company data, data from market research agencies, Stock Exchanges and industry publications has been used for this presentation. This material was used during an oral presentation; it is not a complete record of the discussion. This work may not be used, sold, transferred, adapted, abridged, copied or reproduced in whole or in part in any manner or form or in any media without the prior written consent. All product names and company names and logos mentioned herein are the trademarks or registered trademarks of their respective owners.

