



# HealthCare Global Enterprises Limited

Q2 - FY19 Investor Presentation - November 2018



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# Financial Highlights: Q2-FY19



INR million except earnings per share

Period Ended Sep 30	Q2-FY19	Q2-FY18	Growth (y-o-y)	H1-FY19	H1-FY18	Growth (y-o-y)
<b>Income from Operations</b>	<b>2,453</b>	<b>2,111</b>	<b>16.2%</b>	<b>4,719</b>	<b>4,022</b>	<b>17.3%</b>
<b>EBITDA<sup>(1)</sup></b>	<b>358</b>	<b>330</b>	<b>8.5%</b>	<b>673</b>	<b>649</b>	<b>3.6%</b>
EBITDA Margin (%)	14.4%	15.5%		14.2%	16.0%	
<b>Operating EBITDA<sup>(2)</sup></b>	<b>335</b>	<b>311</b>	<b>7.8%</b>	<b>641</b>	<b>606</b>	<b>5.7%</b>
EBITDA Margin (%)	13.7%	14.7%		13.6%	15.1%	
<b>PBT<sup>(3)</sup></b>	<b>-103</b>	<b>118</b>	<b>NM</b>	<b>-180</b>	<b>215</b>	<b>NM</b>
PBT Margin (%)	-4.2%	5.6%		-3.8%	5.4%	
<b>PAT<sup>(4)</sup></b>	<b>-65</b>	<b>100</b>	<b>NM</b>	<b>-99</b>	<b>147</b>	<b>NM</b>
PAT Margin (%)	-2.6%	4.7%		-2.1%	3.7%	
<b>Earnings Per Share</b>	<b>-0.74</b>	<b>1.17</b>	<b>NM</b>	<b>-1.12</b>	<b>1.72</b>	<b>NM</b>

## • Q2'19 Revenue grew 16.2% y-o-y

- HCG<sup>(1)</sup> centers: **+18.1%**
- Milann<sup>(2)</sup> centers: **-5.5%**

## • Q2'19 Operating EBITDA

- Existing centers: INR 373 Mn (**19.2%** margin vs 18.8% margin in Q2-FY18)
- New centers<sup>(3)</sup>: Loss of INR **-38** Mn (vs. loss of INR -21 Mn in Q2-FY18)

## • H1'19 Revenue grew 17.3% y-o-y

- HCG<sup>(1)</sup> centers: **+19.4%**
- Milann<sup>(2)</sup> centers: **-5.3%**

## • H1'19 Operating EBITDA

- Existing centers: INR 712 Mn (**18.9%** margin vs 18.3% margin in H1-FY18)
- New centers<sup>(3)</sup>: Loss of INR **-70** Mn (vs. loss of INR -20 Mn in H1-FY18)

- 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; Includes loss from Forex reinstatement of INR 58 mn for Q2 and INR 101 mn for H1 FY19

- (1) 20 comprehensive cancer centers (including center in Kenya), 3 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) 9 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: Q2-FY19

**Revenue:**  
INR 2,453 Mn

**HCG Centers:**  
INR 2,294 Mn

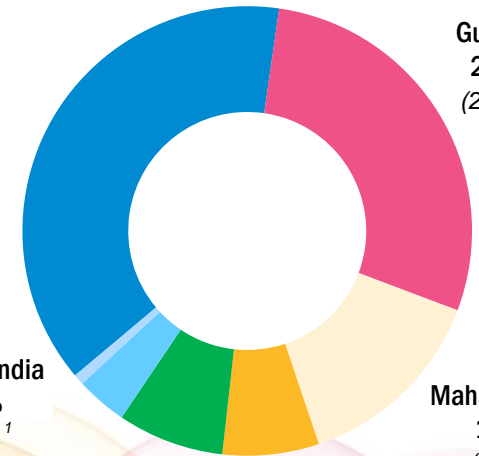


HCG (1)  
centers  
**93%**  
(92%)<sup>1</sup>



Fertility centers<sup>(2)</sup>  
**7%**  
(8%)<sup>1</sup>

Karnataka  
**38%**  
(44%)<sup>1</sup>



North India  
**1%**  
(2%)<sup>1</sup>

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

A.P.  
**8%**  
(6%)<sup>1</sup>

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

Maharashtra  
**14%**  
(8%)<sup>1</sup>

(1) 20 comprehensive cancer centers (including center in Kenya), 3 multispecialty hospitals, 3 diagnostic centers and 1 day care chemotherapy center operated under "HCG" brand and 1 multispecialty hospital managed by HCG, as at September 30 2018

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

<sup>1</sup>(Q2-FY18)

# HCG Centers: Q2-FY19 Revenues

INR million

Period Ended Sep 30	Q2-FY19	Q2-FY18	Growth (y-o-y)	H1-FY19	H1-FY18	Growth (y-o-y)
Karnataka	880	853	3.2%	1,723	1,587	8.6%
Gujarat	653	567	15.2%	1,241	1,093	13.5%
Maharashtra	323	154	110.7%	590	276	114.0%
East India	159	147	8.0%	308	290	6.1%
Andhra Pradesh	176	115	52.5%	359	238	50.7%
Tamil Nadu	85	68	24.1%	160	134	19.4%
North India*	18	7	139.5%	21	17	26.0%
	<b>2,294</b>	<b>1,911</b>	<b>20.0%</b>	<b>4,402</b>	<b>3,635</b>	<b>21.1%</b>

- Strong growth continues at several existing and new centers in Q2-FY19
  - Vijayawada: +80.0% y-o-y
  - Nashik: +79.9% y-o-y
  - Chennai: +28.7% y-o-y
  - Baroda: +24.3% y-o-y
- New centers contributed Revenue of INR 486 Mn in Q2-FY19
- Revenue from existing HCG centers grew 11% in Q2-FY19 on y-o-y basis

\*North India excludes revenue from Kanpur (discontinued operations) of INR 30 Mn in Q2-FY18 and INR 52 Mn in H1-FY18.

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# HCG Centers: Q2-FY19 Operating Metrics



## No. of Centers

Q2-FY19:  
**24**

Q2-FY18:  
**23**

## Beds

Q2-FY19:  
**1,872**

Q2-FY18:  
**1,659**

## Avg. Occupancy Rate

Q2-FY19:  
**45.3%**

Q2-FY18:  
**45.8%**

↓ **49bps**

## ALOS (Days)

Q2-FY19:  
**2.27**

Q2-FY18:  
**2.49**

↑ **22 bps**

## ARPOB (INR / Day)

Q2-FY19:  
**30,265**

Q2-FY18:  
**30,598**

↓ **1.1%**

## Revenue (INR mn)

Q2-FY19:  
**2,294**

Q2-FY18:  
**1,942**

↑ **18.1%**

## Operating EBITDA Margin

Q2-FY19:  
**18.2%**

Q2-FY18:  
**18.9%**

↓ **68 bps**

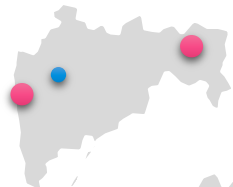
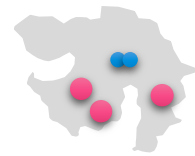
- 165 beds added in Q2-FY19 on account of new centers - Rajkot (120 beds) and Jaipur (45 beds)
- ARPOB for existing centers at INR 34,624 against INR 33,463 in Q2-FY'18
- Continuing reduction in ALOS to 2.27 on account of trend towards day care procedures and changing patient profile
- Operating EBITDA margins impacted with scale-up and losses of new centers
- Existing centers operating EBITDA margin improved by 69 bps to 24.4% in Q2-FY'19 from 23.7% in Q2-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: Q2-FY19 Regional Highlights



- New centers
- Existing centers

Centers	Beds	AOR	ARPOB (INR/Day)	Revenue (INR MN)	Operating EBITDA %
<b>Karnataka</b>					
7	632	46.6% <span style="color: green;">↑</span> +2.5%(1)	34.0K <span style="color: green;">↑</span> +0.8%	880 <span style="color: green;">↑</span> +3.2%	26.7%
<b>Gujarat</b>					
5	447	45.2% <span style="color: green;">↑</span> +8.0%(1)	35.1K <span style="color: green;">↑</span> +6.7%	653 <span style="color: green;">↑</span> +15.2%	15.8%
<b>Maharashtra</b>					
3	336	41.3% <span style="color: green;">↑</span> +66.3%(1)	25.4K <span style="color: green;">↑</span> +23.7%	323 <span style="color: green;">↑</span> +110.7%	4.1%
<b>Andhra Pradesh</b>					
3	177	51.9% <span style="color: green;">↑</span> +157.3%(1)	20.8K <span style="color: orange;">↓</span> -40.8%	176 <span style="color: green;">↑</span> +52.5%	24.0%
<b>East India</b>					
2	165	64.0% <span style="color: green;">↑</span> +1.8%(1)	16.4K <span style="color: green;">↑</span> +6.1%	159 <span style="color: green;">↑</span> +8.0%	25.5%

- COE ARPOB of INR 48.4k with 28.3% operating EBITDA margin
- COE ROCE improved 110 bps to **28.8%** y-o-y
- ARPOB rise in the region driven by scale-up of multi-specialty managed by HCG in Hubli

- Commencement of oncology center in Bhavnagar offering comprehensive services
- Rajkot multi-specialty center operationalised
- EBITDA margin of existing centers at **19.1%** for Q2-FY19 from 15.7% for Q2-FY18

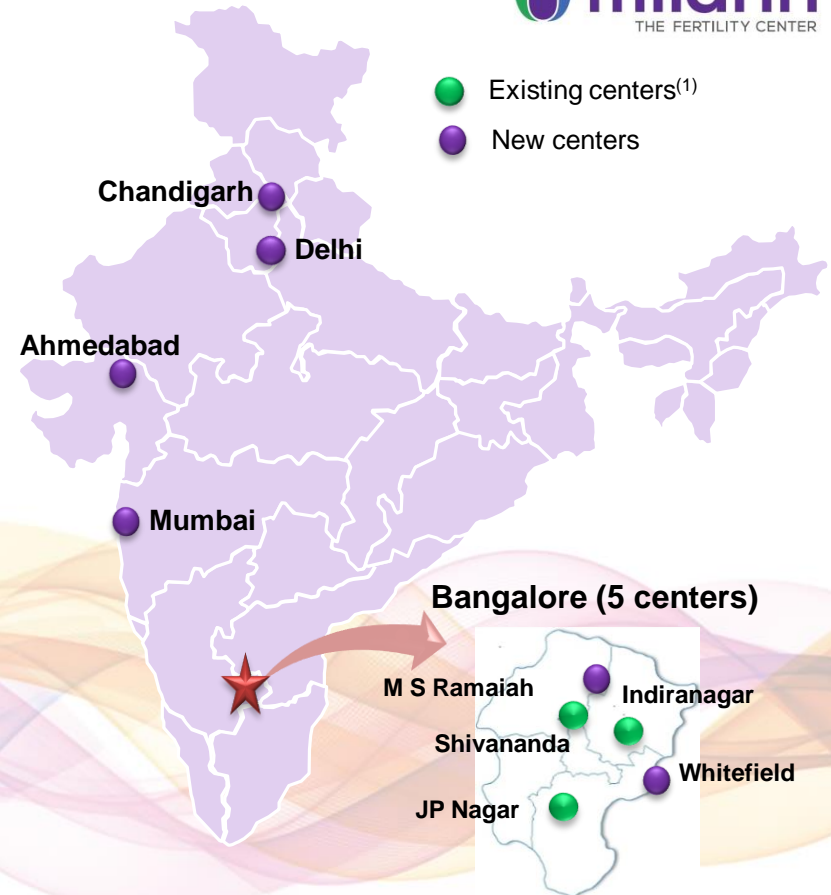
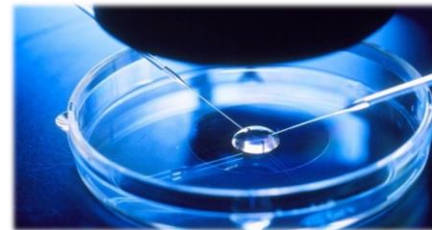
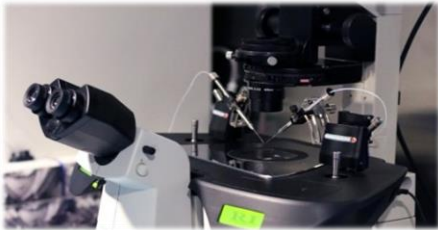
- Continued strong growth of Nashik center with Phase II operationalised and EBITDA margin at **23.4%**
- Borivali and Nagpur new centers ramping up with continued reduction in losses

- Strong revenue growth, occupancy increase and ARPOB dilution driven by consolidation of partners business in Vijayawada
- New center in Vishakhapatnam continues to ramp up well

- Investments in enhancing quality of care at Cuttack center
- Improved patient and procedure mix augmenting ARPOB increase

**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



	Q2-FY19	Q2-FY18	Growth
New Registrations	1,394	1,205	15.7%
IVF Cycles	510	527	-3.2%
Revenue (INR Mn)	160	169	-5.5%

- Improvement in New Registrations driven by new center additions
- Newly opened center in attractive Whitefield (Bangalore) market ramping-up well
- Ongoing implementation of new Strategic initiatives across the business

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

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# Capital Expenditure and Net Debt

## Capital Expenditure

INR Million

	Q2-FY19	Q1-FY19
<b>HCG Centres</b>		
Existing Centres	90	111
Expansions	48	115
New Centres	274	692
	<b>412</b>	<b>919</b>
<b>Milann Centres</b>		
Existing Centres	1	2
New Centres	1	4
	<b>2</b>	<b>6</b>
<b>Total Capex</b>	<b>414</b>	<b>925</b>

1. Includes Security Deposit for New Centers of INR 20 Mn in Q2-FY19 and INR 21 Mn in Q1-FY19.
2. Capex excludes stake purchase for INR 253 Mn towards minority interest of partner in Borivali center entity

## Net Debt

INR Million

	30-Sep-18	30-Jun-18
<b>Net Debt</b>		
Bank Debt <sup>(1)</sup>	3,778	3,195
Vendor Finance <sup>(2)</sup>	1,699	1,605
Capital Leases	555	555
Other Debt	84	36
Less: Cash and Equivalents <sup>(3)</sup>	(320)	(350)
	<b>5,796</b>	<b>5,042</b>
<b>Debt in New Centres</b>		
Bank Debt	3,570	2,852
Vendor Finance	1,532	1,439
Other Debt	1	2
	<b>5,103</b>	<b>4,293</b>
<b>Net Debt (Excl. New Centres)</b>	<b>693</b>	<b>749</b>

1. Net of Bank balance held as margin money of INR 167 Mn as at 30-Sep-18, investment in fixed deposits of INR 78 Mn as at 30-Sep-18, and margin money of INR 146 Mn as at 30-Jun-18. The unamortised portion of processing fees amounting to INR 74 Mn as on 30-Sep-18 & INR 60 Mn as on 30-Jun-18 netted off against Bank Debt
2. Includes Forex reinstatement of INR 93 Mn as at 30-Sep-18 and INR 62 Mn as at 30-Jun-18 on account of exchange rate fluctuation
3. Includes investment in mutual funds of INR 44 Mn as at 30-Sep-18 and INR 43 Mn 30-Jun-18 and investment in fixed deposits of INR 93 Mn as at 30-Jun-18

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# Project Updates

## Additional 2 new HCG centers in FY2019

Location	Bed Capacity	Project Cost (INR m)	Start Date
Jaipur, Rajasthan	50	410	Q2-FY19
Bhavnagar, Gujarat	NA	150	Q2-FY19
Nashik Phase II, Maharashtra	92	623	Q2-FY19
Kolkata, West Bengal	50	450	Q4-FY19E
South Mumbai, Maharashtra	32	430	Q4-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



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