



# HealthCare Global Enterprises Limited

## Q2 - FY18 : Investor Presentation

### November 2017



# 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 These materials are not for publication or distribution, directly or indirectly, in or into the United States (including its territories and possessions, any state of the United States and the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.

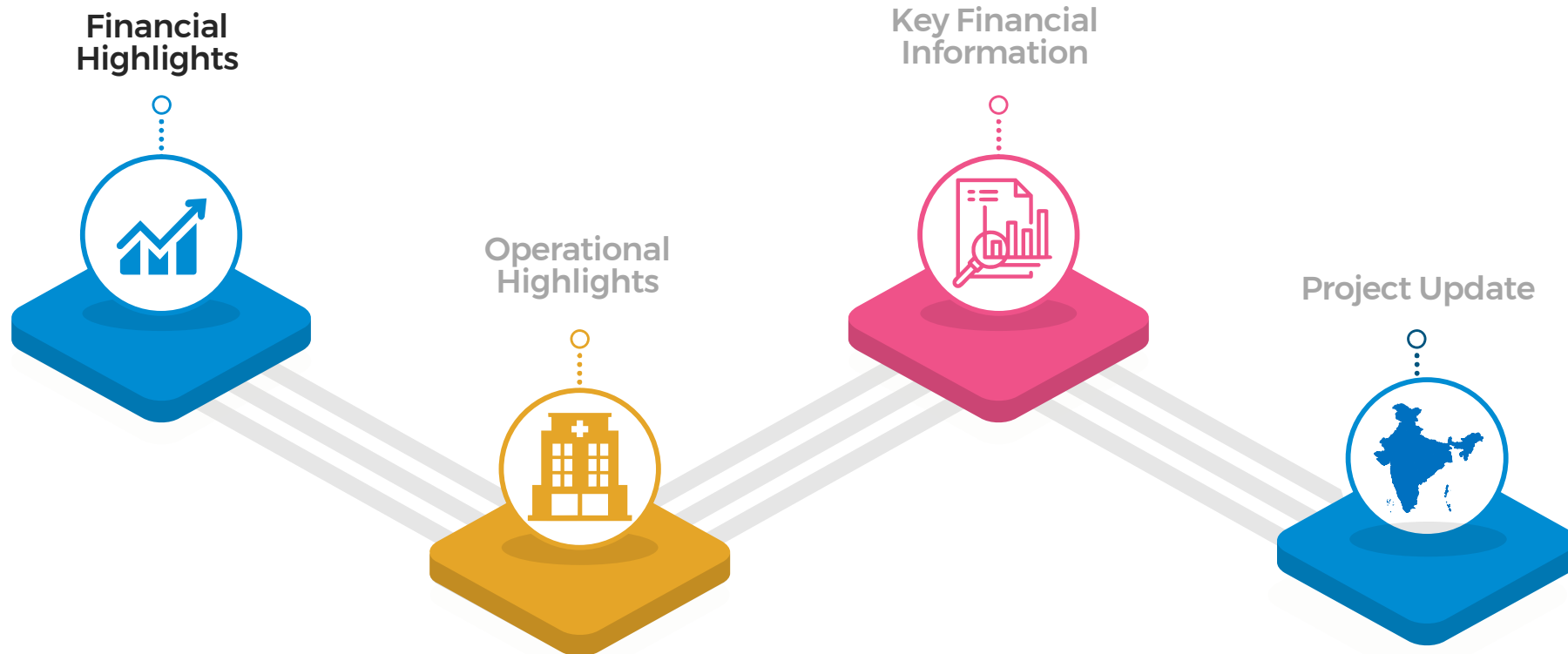
No person accepts any liability whatsoever for any loss howsoever arising from the use of this document or of its contents or otherwise arising in connection therewith. The information set out herein may be subject to updating, completion, revision, verification and amendment without notice and such 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.

# Table of Contents





# Financial Highlights: Q2 – FY18



INR million except earnings per share

Period Ended Sep 30	Q2-FY18	Q2-FY17	Growth (y-o-y)	H1-FY18	H1-FY17	Growth (y-o-y)
<b>Income from Operations</b>	<b>2,111</b>	<b>1,740</b>	<b>21.3%</b>	<b>4,022</b>	<b>3,415</b>	<b>17.8%</b>
<b>EBITDA<sup>(1)</sup></b>	<b>311</b>	<b>254</b>	<b>22.3%</b>	<b>606</b>	<b>490</b>	<b>23.5%</b>
EBITDA Margin (%)	14.7%	14.6%		15.1%	14.4%	
<b>PBT<sup>(2)</sup></b>	<b>118</b>	<b>76</b>	<b>55.5%</b>	<b>215</b>	<b>155</b>	<b>39.1%</b>
PBT Margin (%)	5.6%	4.4%		5.4%	4.5%	
<b>PAT<sup>(3)</sup></b>	<b>100</b>	<b>49</b>	<b>102.6%</b>	<b>147</b>	<b>99</b>	<b>48.6%</b>
PAT Margin (%)	4.7%	2.8%		3.7%	2.9%	
<b>Earnings Per Share</b>	<b>1.17</b>	<b>0.58</b>	<b>101.7%</b>	<b>1.72</b>	<b>1.16</b>	<b>48.3%</b>

- 1) Profit before other income, depreciation and amortization, finance costs, exceptional items and taxes
- 2) Profit / (Loss) before tax
- 3) Includes gain of INR 64 Million in Q2 FY18 from accounting of investment in HCG Africa under equity method
- 4) Profit / (Loss) for the period after taxes and minority interests

- Q2 Revenue grew 21.3% y-o-y
  - HCG<sup>(1)</sup> centers: +22.1%
  - Milann<sup>(2)</sup> centers: +13.5%
- Q2 EBITDA increased 22.3% y-o-y
  - Existing centers: INR 332 Mn (18.8% margin vs 17.2% margin in Q2-FY17)
  - New centers<sup>(3)</sup>: Loss of INR 21 Mn (vs. loss of INR 18 Mn in Q2-FY17)
- H1 Revenue grew 17.8% y-o-y
  - HCG<sup>(1)</sup> centers: +17.9%
  - Milann<sup>(2)</sup> centers: +16.1%
- H1 EBITDA increased 23.5% y-o-y
  - Existing centers: INR 626 Mn (18.3% margin vs 16.9% margin in H1-FY17)
  - New centers<sup>(3)</sup>: Loss of INR 20 Mn (vs. INR 45 Mn in H1-FY17)

(1) 20 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) 7 fertility centers operated under “Milann” brand

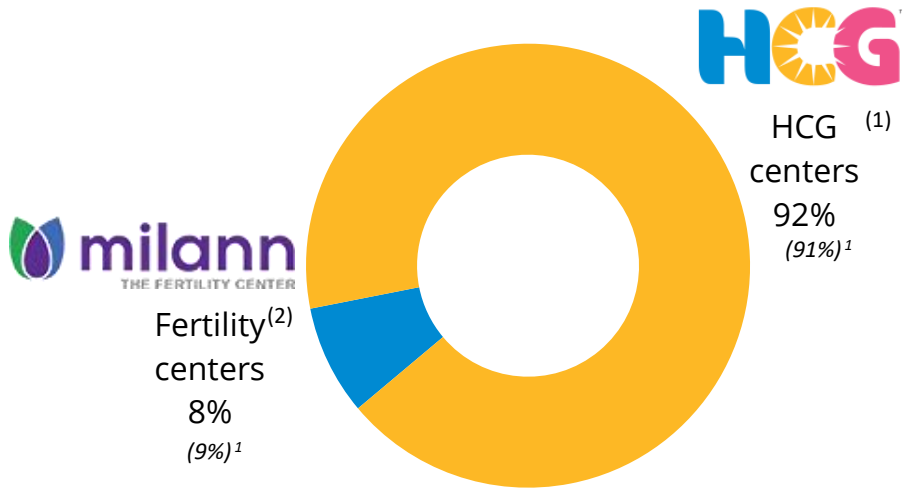
(3) 9 HCG centers and 4 Milann centers that commenced operation after April 1, 2015



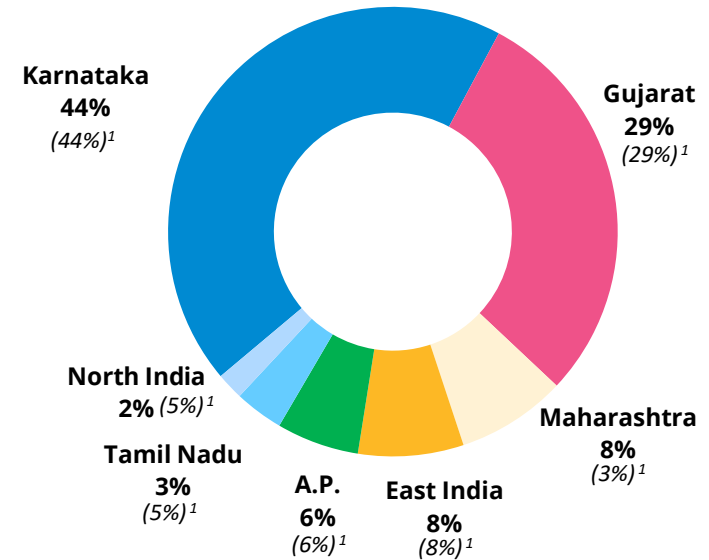
# Revenue Mix: Q2 – FY18



Revenue:  
INR 2,111 Mn



HCG Centers:  
INR 1,942 Mn



(1) 20 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 Sept 30 2017

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

<sup>1</sup>(Q2-FY17)



# HCG Centers: Q2 – FY18 Revenues

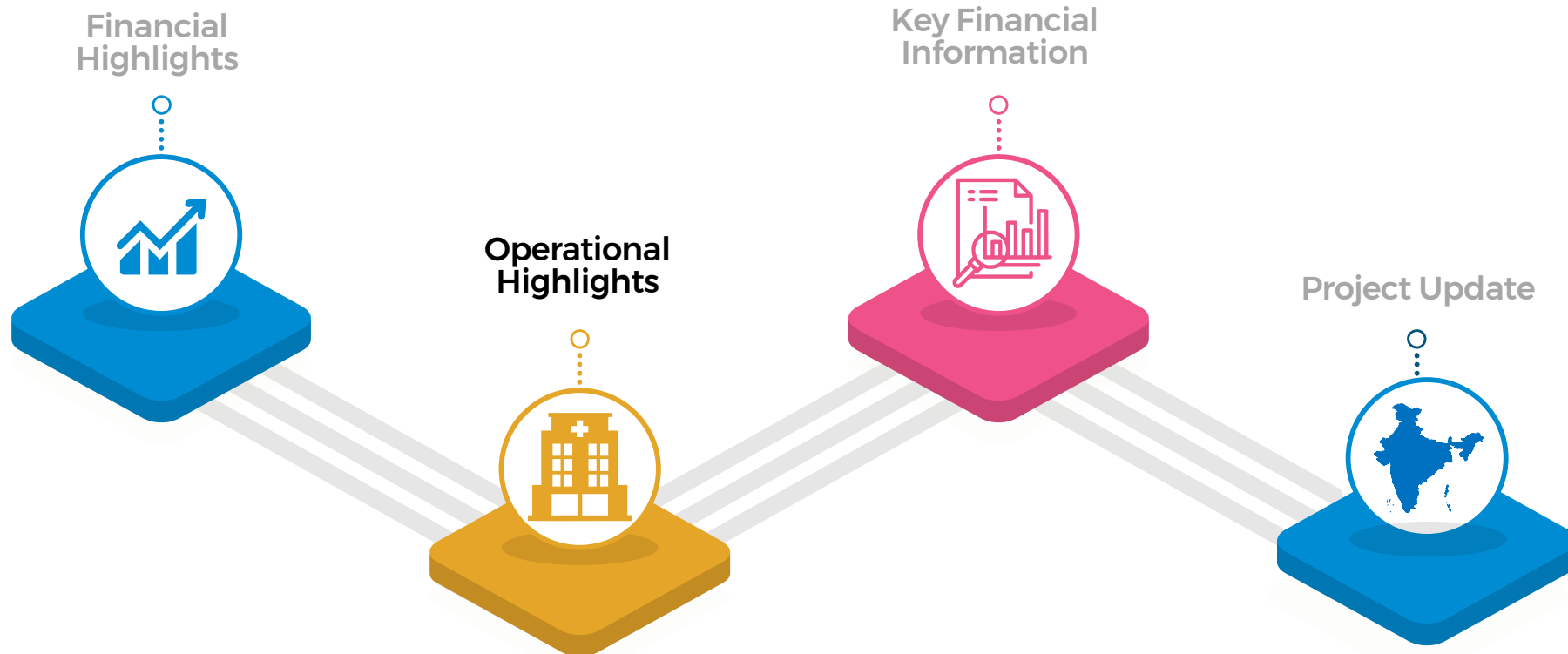


INR million

Period Ended Sep 30	Q2-FY18	Q2-FY17	Growth (y-o-y)	H1-FY18	H1-FY17	Growth (y-o-y)
Karnataka	853	701	21.6%	1,587	1,449	9.5%
Gujarat	567	463	22.6%	1,093	868	26.0%
Maharashtra	153	54	183.2%	276	107	158.5%
East India	147	124	18.5%	290	248	17.2%
Andhra Pradesh	115	95	21.9%	238	160	48.9%
Tamil Nadu	68	77	-11.3%	134	146	-8.1%
North India	38	77	-51.2%	69	151	-54.1%
	<b>1,942</b>	<b>1,591</b>	<b>22.0%</b>	<b>3,687</b>	<b>3,127</b>	<b>17.9%</b>

- Continuing strong growth at several existing centers in Q2-FY18
  - Hubli: +32% y-o-y
  - Cuttack: +21% y-o-y
  - KR-DR +20% y-o-y
- Maharashtra scaling up on account of growth across existing center in Nashik and new centers in Nagpur and Mumbai
- Delhi center successfully restructured. Tiruchi center in process of being restructured
- New centers contributed Revenues of INR 314 Mn in Q2-FY18
- Revenue from existing HCG centers, excluding centers being restructured, grew 18% in Q2-FY18 on y-o-y basis

# Table of Contents





# HCG Centers: Q2 - FY18 Operating Metrics



<p><b>No. of Centers</b></p> <p>Q2-FY18: <b>23</b></p> <p>Q2-FY17: 19</p>	<p><b>Beds</b></p> <p>Q2-FY18: <b>1,659</b></p> <p>Q2-FY17: 1,263</p>	<p><b>Occupied Bed Days</b></p> <p>Q2-FY18: <b>65,690</b></p> <p>Q2-FY17: 55,072</p> <p>↑ +19.3%</p>	<ul style="list-style-type: none"> <li>• Borivali and Kenya cancer centers and Hubli multispecialty operationalised in Q2-FY18</li> <li>• 19.3% increase in occupied bed days on account of new centers, offset partly by reduction in ALOS</li> <li>• 5.9% increase in ARPOB, driven by focus on quality of business across the network, offset by lower ARPOB at new centers</li> <li>• Continuing reduction in ALOS to 2.49 on account of trend towards day care procedures and changing patient profile</li> <li>• EBITDA margins maintained with new centers becoming operational and scaling-up. Existing centers EBITDA margin improved by 160bps to 23.7%</li> </ul>
<p><b>Avg. Occupancy Rate</b></p> <p>Q2-FY18: <b>45.8%</b></p> <p>Q2-FY17: 47.4%</p> <p>↓ -160 bps</p>	<p><b>ALOS</b></p> <p>Q2-FY18: <b>2.49</b></p> <p>Q2-FY17: 2.78</p>	<p><b>ARPOB (INR / Day)</b></p> <p>Q2-FY18: <b>30,598</b></p> <p>Q2-FY17: 28,889</p> <p>↑ +5.9%</p>	
<p><b>Revenue (INR mn)</b></p> <p>Q2-FY18: <b>1,942</b></p> <p>Q2-FY17: 1,591</p> <p>↑ +22.1%</p>	<p><b>EBITDA Margin</b></p> <p>Q2-FY18: <b>18.9%</b></p> <p>Q2-FY17: 19.1%</p> <p>↓ -20 bps</p>		

- 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) EBITDA margin before corporate expenses





# HCG Centers: Q2 - FY18 Regional Highlights



Centers	Beds	AOR	ARPOB (INR/Day)	Revenue (INR Mn)	EBITDA (%)
<b>Karnataka</b>					
7	632	48.3%	33.8K	853	24.4%
		↑+20.5% <sup>(1)</sup>	↑5.6%	↑+21.6%	
<b>Gujarat</b>					
4	304	61.5 %	32.9K	567	12.5%
		↑+13.1% <sup>(1)</sup>	↑+8.4%	↑+22.6%	
<b>Maharashtra</b>					
3	261	42.0%	20.5K	153	9.7%
		N.A.	N.A.	↑+183.2%	
<b>East India</b>					
2	165	62.9%	15.4K	147	25.4%
		↑+1.4% <sup>(1)</sup>	↑+16.9%	↑+18.5%	

**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

- COE EBITDA margin at 28% with ARPOB of INR 47k (15% growth y-o-y)
- Increasing presence within the region
- Continuing drive towards improving quality of business – patient and service mix

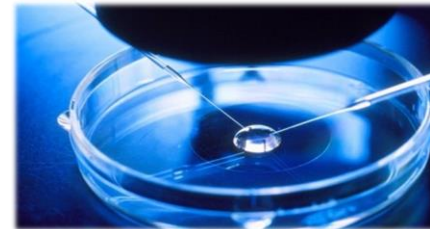
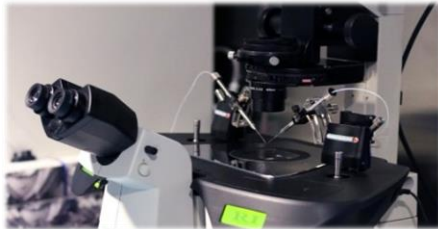
- Baroda center achieved break-even and Bhavnagar center ramping-up well
- EBITDA margin of existing centers at 15.7% for Q2 – FY18

- Nagpur center operationalised and commenced Borivali center
- Existing Nashik center EBITDA margins at 38% with strong growth

- Improved procedure mix and efficiencies in operations leading to optimal occupancy
- Strong growth across the region

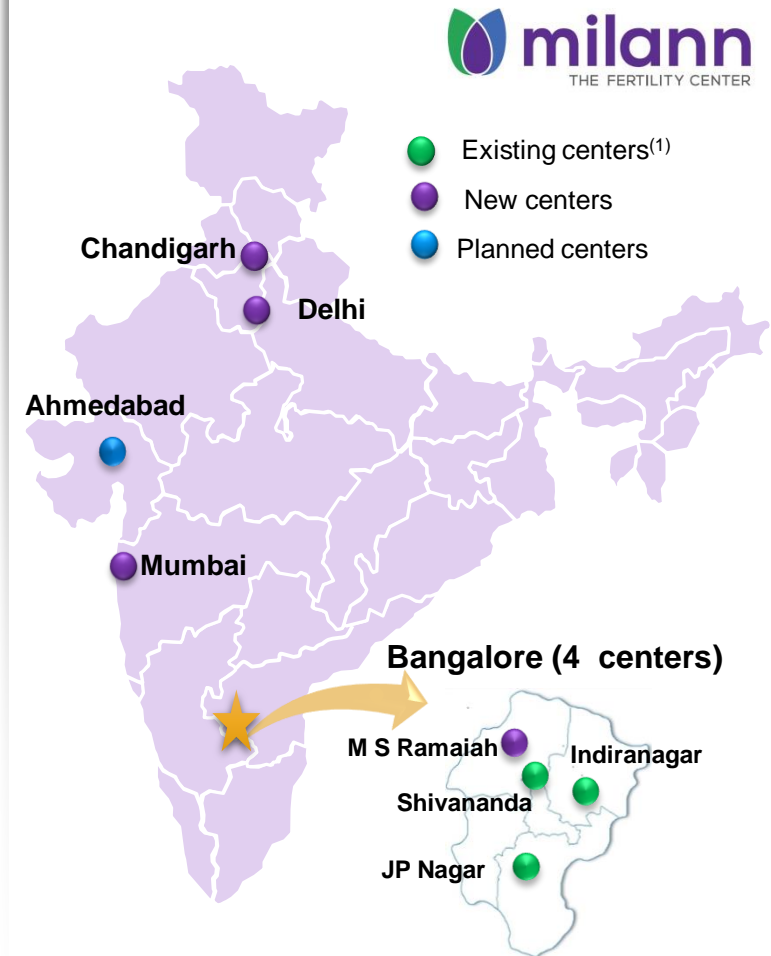


# Milann: Expansion on Track



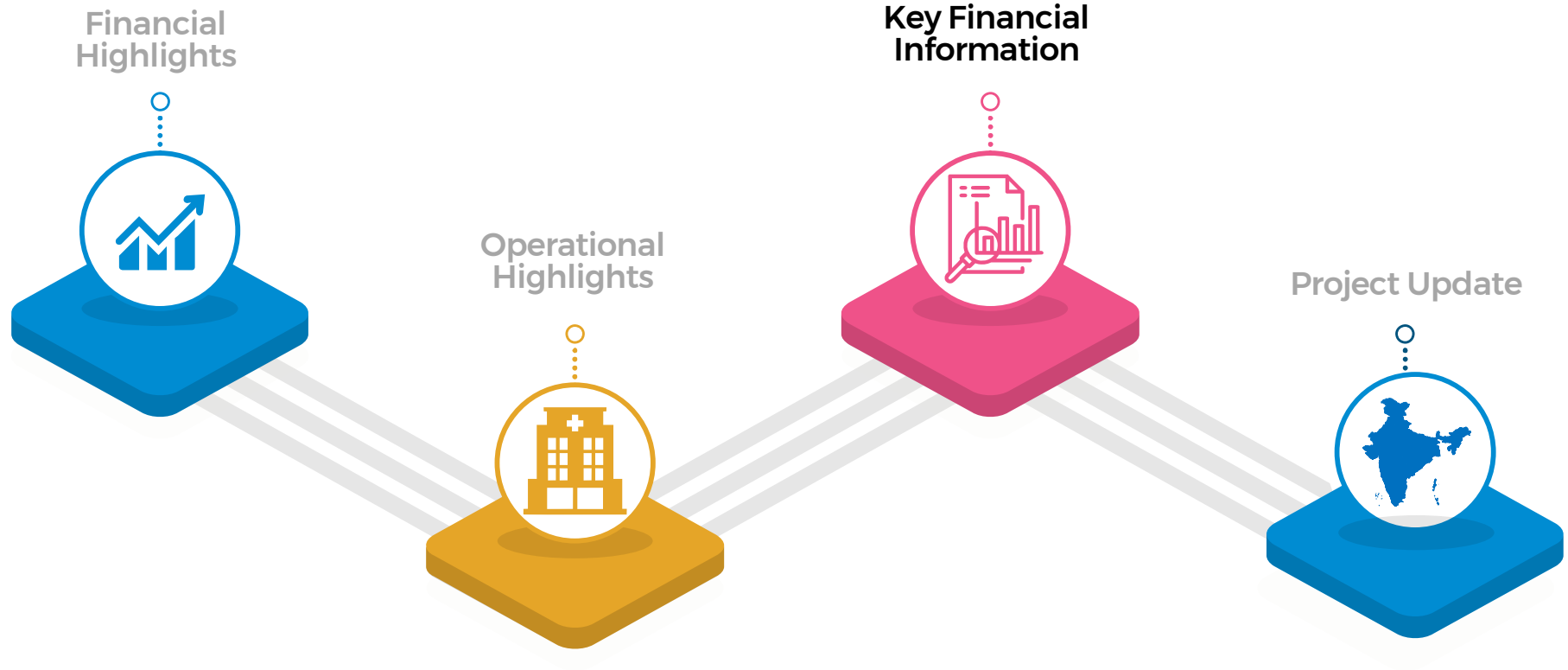
	H1-FY18	H1-FY17	Growth
New Registrations	2,432	2,231	9.0%
IVF Cycles	1,070	903	18.5%
Revenue (INR Mn)	335	288	16.1%

- Milann – Ranked #1 nationally for the second consecutive year by the Times of India “All India Fertility & IVF Ranking Survey 2017”
- Focus on Southern region with growing presence in North and West



(1) Centers in operation prior to April 1, 2015, i.e. Shivananda, JP Nagar, and Indiranagar.

# Table of Contents





# Capital Expenditure and Net Debt



## Capital Expenditure

INR Million

	Q2-FY18	Q1-FY18	FY17
<b>HCG Centres</b>			
Existing Centres	72	126	260
Expansions	30	62	381
New Centres	<u>504</u>	<u>520</u>	<u>1,336</u>
	<b>606</b>	<b>708</b>	<b>1,976</b>
<b>Milann Centres</b>			
Existing Centres	3	5	21
New Centres	<u>20</u>	<u>11</u>	<u>98</u>
	<b>23</b>	<b>16</b>	<b>119</b>
<b>Total Capex</b>	<b>629</b>	<b>724</b>	<b>2,095</b>

1. Includes amount given as Security Deposit for New Centers of INR 10 mn in Q2-FY18, INR 21 mn in Q1-FY18, and INR 159 mn in FY17
2. Investment of INR 186 mn in HCG Africa is additional

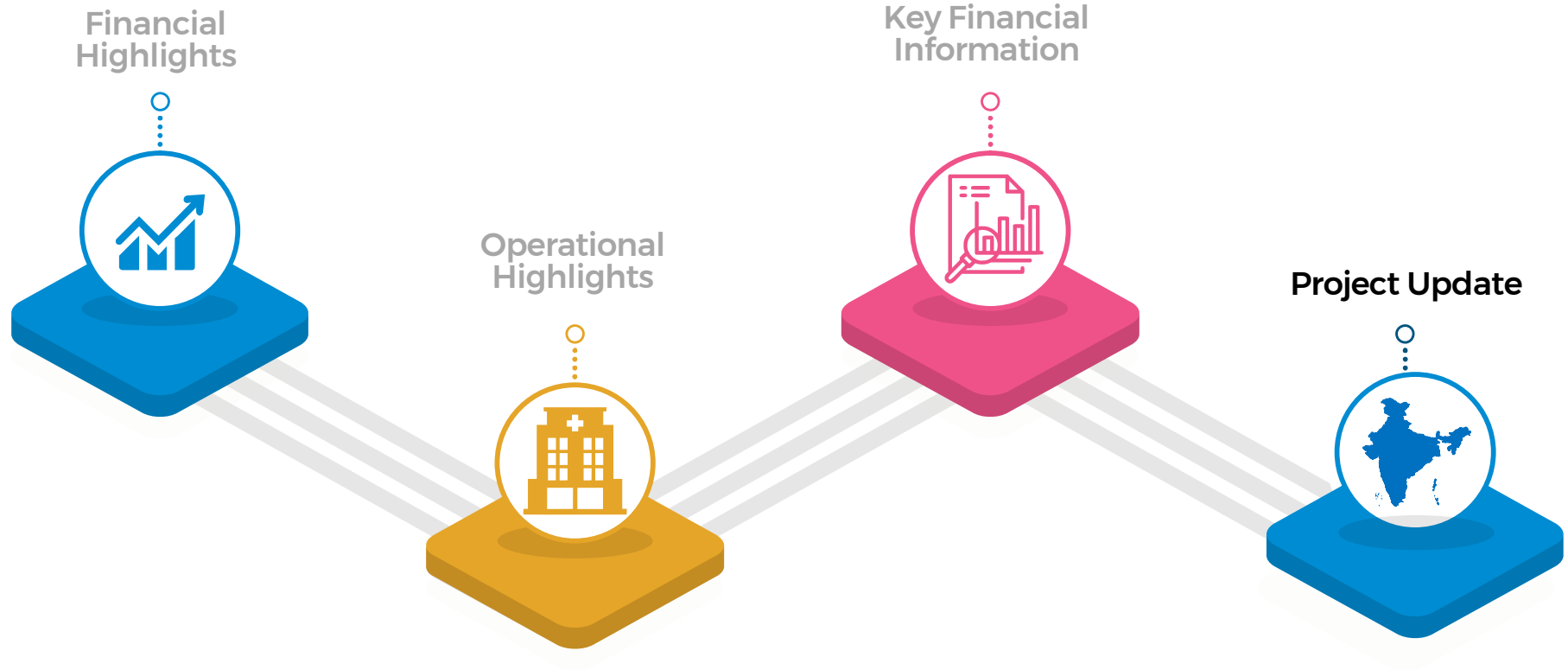
## Net Debt

INR Million

	30-Sep-17	30-Jun-17	31-Mar-17
<b>Net Debt</b>			
Bank Debt <sup>(1)</sup>	2,422	1,911	1,320
Vendor Finance	1,993	1,961	1,834
Capital Leases	481	486	491
Other Debt	54	60	73
Less: Cash and Equivalents <sup>(2)</sup>	<u>(743)</u>	<u>(782)</u>	<u>(652)</u>
	<b>4,207</b>	<b>3,636</b>	<b>3,066</b>
<b>Debt in New Centres</b>			
Bank Debt	1,812	1,306	885
Vendor Finance	1,277	1,212	1,123
Other Debt	<u>6</u>	<u>11</u>	<u>13</u>
	<b>3,095</b>	<b>2,529</b>	<b>2,021</b>
<b>Net Debt (Excl. New Centres)</b>	<b>1,111</b>	<b>1,107</b>	<b>1,045</b>

1. Net of Bank balance held as margin money of INR 306 mn as at 30-Sep-17, INR 147 mn as at 30-Jun-17 and INR 145 mn as at 31-Mar-17
2. Includes investment in mutual funds of INR 40 mn as at 30-Sep-17, INR 39 mn as at 30-Jun-17 and INR 113 mn as at 31-Mar-17 and investment in fixed deposits of INR 487 mn as at 30-Sep-17, 30-Jun-17

# Table of Contents





# Project Update



## 1 new HCG center operational during Q2-FY18 Additional 4 new HCG centers in FY18

Location	Bed Capacity	Project Cost (INR mn)	Start Date
Kanpur, U.P.	90	839	Q4-FY17
Nagpur, Maharashtra	125	465	Q1-FY18
Borivali, Maharashtra	105	643	Q2-FY18
Nashik, Maharashtra	92	623	Q3-FY18E
Jaipur, Rajasthan	50	410	Q3-FY18E
Kolkata, West Bengal	50	370	Q3-FY18E
South Mumbai, Maharashtra	32	410	Q4-FY18E

## 3 new Milann centers launched during FY2017 1 new Milann center planned for launch by Q3-FY18

Location	Start Date
Delhi	Q1-FY17
Chandigarh	Q3-FY17
Mumbai	Q4-FY17
Ahmedabad	Q3-FY18E





---

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)

---

© 2017 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.