



HealthCare Global Enterprises Limited

Q3 - FY18 : Investor Presentation

February 2018



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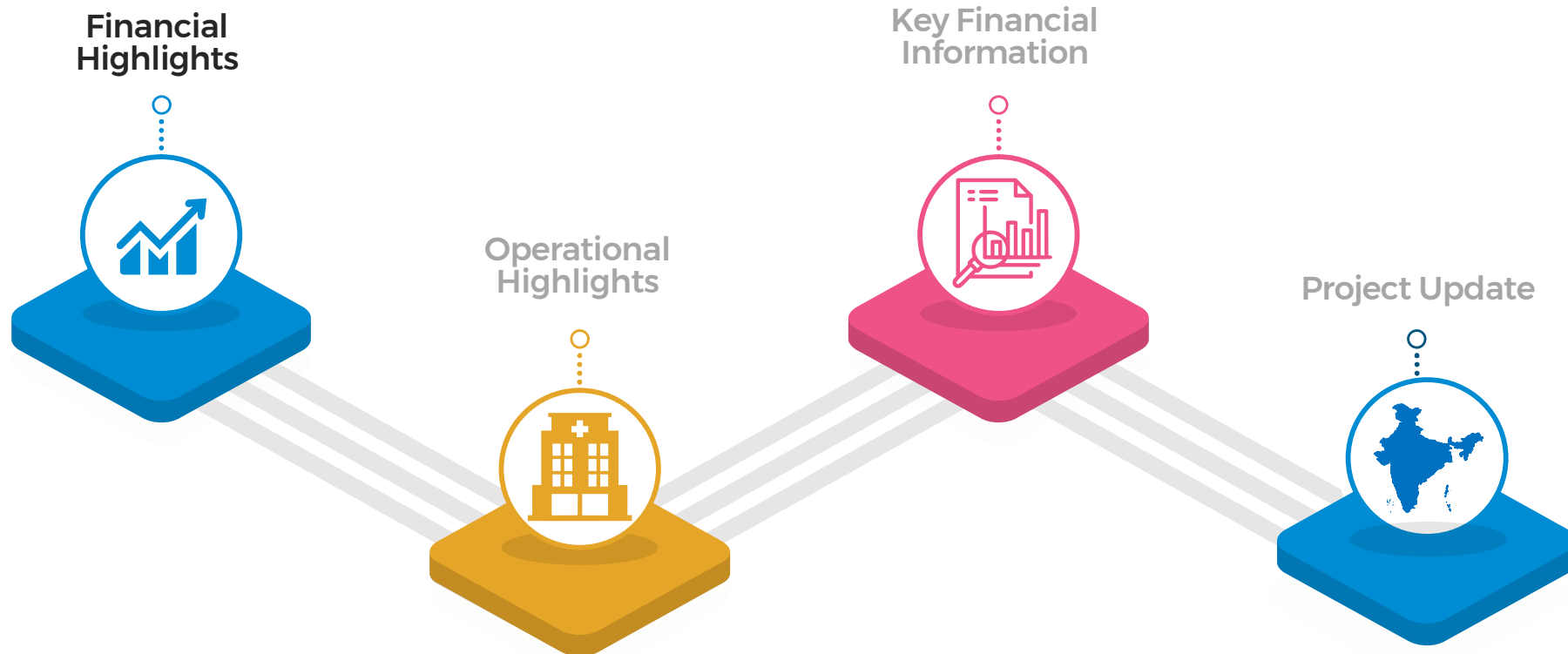
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Financial Highlights: Q3 – FY18



INR million except earnings per share

Period Ended Dec 31	Q3-FY18	Q3-FY17	Growth (y-o-y)	YTD-FY18	YTD-FY17	Growth (y-o-y)
Income from Operations	2,063	1,762	17.1%	6,084	5,177	17.5%
Other Income	59	17		102	61	
EBITDA⁽¹⁾	319	277	15.3%	968	811	19.4%
EBITDA Margin (%)	15.1%	15.6%		15.7%	15.5%	
Operating EBITDA⁽²⁾	261	260	0.3%	866	750	15.5%
EBITDA Margin (%)	12.6%	14.8%		14.2%	14.5%	
PBT⁽³⁾	35	77	-54.4%	250	232	8.1%
PBT Margin (%)	1.7%	4.4%		4.1%	4.5%	
PAT⁽⁴⁾	32	54	-40.4%	179	153	17.4%
PAT Margin (%)	1.5%	3.0%		2.9%	2.9%	
Earnings Per Share	0.37	0.62	-40.3%	2.09	1.79	16.8%

- 1) Profit before depreciation and amortisation, finance costs, exceptional items and tax
- 2) Profit before other income, depreciation and amortisation, finance costs, exceptional items and tax
- 3) Profit before tax after exceptional items
- 4) Profit for the period after taxes and minority interests

- Q3 Revenue grew 17.1% y-o-y
 - HCG⁽¹⁾ centers: +17.3%
 - Milann⁽²⁾ centers: +14.6%
- Q3 EBITDA increased 0.3% y-o-y
 - Existing centers: INR 309 Mn (18.5% margin vs 17.3% margin in Q3-FY17)
 - New centers⁽³⁾: Loss of INR -48 Mn (vs. loss of INR -14 Mn in Q3-FY17)
- YTD-FY18 Revenue grew 17.5% y-o-y
 - HCG⁽¹⁾ centers: +17.7%
 - Milann⁽²⁾ centers: +15.6%
- YTD-FY18 EBITDA increased 15.5% y-o-y
 - Existing centers: INR 935 Mn (18.3% margin vs 17.0% margin in YTD-FY17)
 - New centers⁽³⁾: Loss of INR -69 Mn (vs. INR -59 Mn in YTD-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

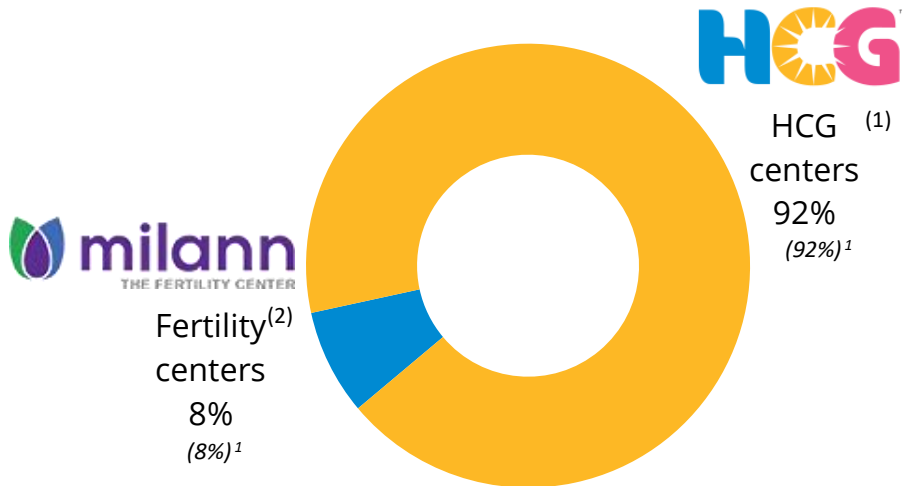
*Financials of HCG center in Kenya consolidated at equity level



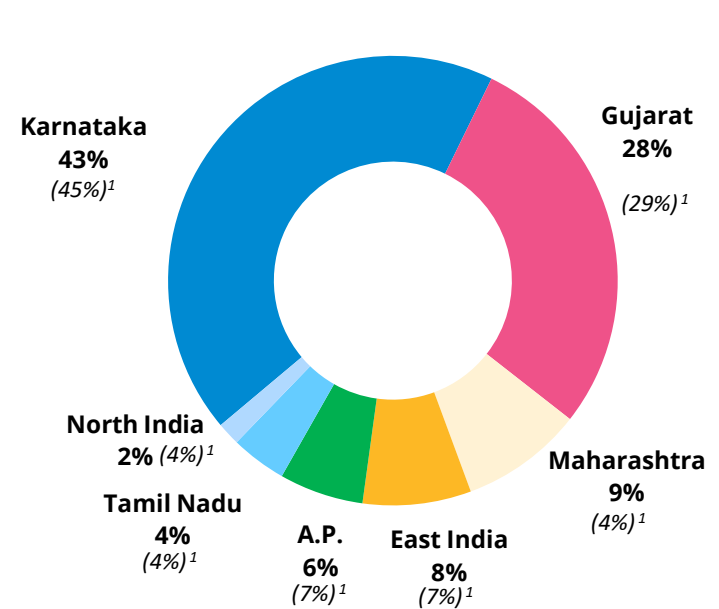
Revenue Mix: Q3 – FY18



Revenue:
INR 2,063 Mn



HCG Centers:
INR 1,904 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 Dec 31 2017

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

¹(Q3-FY17)



HCG Centers: Q3 – FY18 Revenues



INR million

Period Ended Dec 31	Q3-FY18	Q3-FY17	Growth (y-o-y)	YTD-FY18	YTD-FY17	Growth (y-o-y)
Karnataka	825	725	13.8%	2,412	2,174	11.0%
Gujarat	539	473	13.9%	1,632	1,341	21.7%
Maharashtra	168	61	175.0%	444	168	164.5%
East India	149	117	26.7%	439	365	20.2%
Andhra Pradesh	115	105	10.2%	353	264	33.7%
Tamil Nadu	76	71	7.5%	210	217	-3.0%
North India	32	71	-55.2%	101	221	-54.5%
	1,904	1,623	17.3%	5,591	4,750	17.7%

- Continuing strong growth at several existing and new centers in Q3-FY18
 - Bhavnagar: +36.5% y-o-y
 - Ranchi: +33% y-o-y
 - Gulbarga: +31.6% y-o-y
- Maharashtra scaling up continues across Nashik and new centers in Nagpur and Mumbai
- Excluding Tiruchi center being restructured, Tamil Nadu region showing good growth of ~19%
- New centers contributed Revenues of INR 357 Mn in Q3-FY18
- Revenue from existing HCG centers, excluding centers being restructured, grew 10.3% in Q3-FY18 on y-o-y basis

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HCG Centers: Q3 - FY18 Operating Metrics



<p>No. of Centers</p> <p>Q3-FY18: 23</p> <p>Q3-FY17: 19</p>	<p>Beds</p> <p>Q3-FY18: 1,659</p> <p>Q3-FY17: 1,263</p>	<p>Occupied Bed Days</p> <p>Q3-FY18: 66,900</p> <p>Q3-FY17: 55,530</p> <p>↑ +20.5%</p>	<ul style="list-style-type: none"> • 20.5% increase in occupied bed days on account of new centers, impacting AOR by 400 bps • ARPOB for existing centers at INR 33,667 • Continuing reduction in ALOS to 2.40 on account of trend towards day care procedures and changing patient profile • EBITDA margins impacted with scale-up and losses of new centers. Existing centers EBITDA margin improved by 0.4% at 22.3% in Q3'18 from 21.9% in Q3'17.
<p>Avg. Occupancy Rate</p> <p>Q3-FY18: 43.8%</p> <p>Q3-FY17: 47.8%</p> <p>↓ 400 bps</p>	<p>ALOS</p> <p>Q3-FY18: 2.40</p> <p>Q3-FY17: 2.82</p>	<p>ARPOB (INR / Day)</p> <p>Q3-FY18: 29,390</p> <p>Q3-FY17: 29,227</p> <p>↑ 0.6%</p>	
<p>Revenue (INR mn)</p> <p>Q3-FY18: 1,904</p> <p>Q3-FY17: 1,623</p> <p>↑ +17.3%</p>	<p>EBITDA Margin</p> <p>Q3-FY18: 15.8%</p> <p>Q3-FY17: 19.2%</p> <p>↓ -340 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: Q3 - FY18 Regional Highlights



Centers	Beds	AOR	ARPOB (INR/Day)	Revenue (INR MN)	EBITDA (%)
Karnataka					
7	632	49.1%	29.9K	825	23.7%
		↑ +36.5% ⁽¹⁾	↓ 13.7%	↑ +13.8%	
Gujarat					
4	304	54.4 %	35.4K	539	13.1%
		↑ +5.1% ⁽¹⁾	↑ +8.4%	↑ +13.9%	
Maharashtra					
3	261	31.4%	23.5K	168	-12.8%
		N.A.	N.A.	↑ +175.0%	
East India					
2	165	64.6%	15.2K	149	25.2%
		↓ -0.3% ⁽¹⁾	↑ +27.1%	↑ +26.7%	

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 Q3-FY18 ARPOB of INR 49.7k, grew 13% y-o-y; YTD ROCE improved from 20.5% to 22.6%,
- Continuing drive towards improving quality of business – patient and service mix

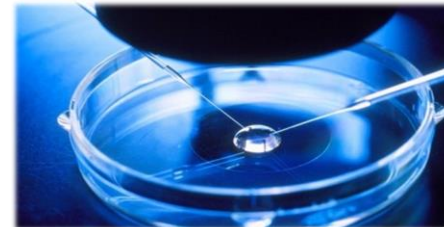
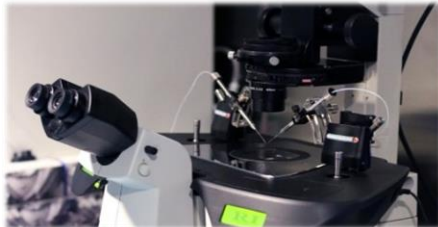
- Baroda cancer center and Bhavnagar multi-specialty continue strong ramp-up
- EBITDA margin of existing centers at 16.6% for Q3 – FY18

- Comprehensive oncology services operationalised at Borivali center; Nagpur center continuing ramp-up
- Existing Nashik center EBITDA margins at 36% with strong growth

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

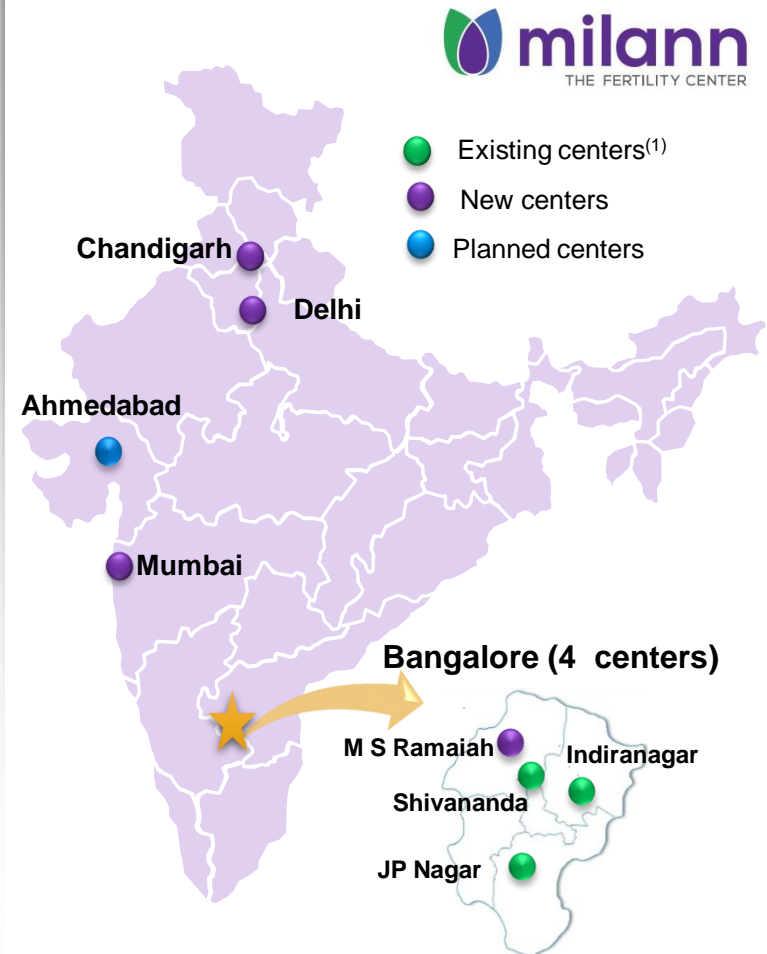


Milann: Expansion on Track



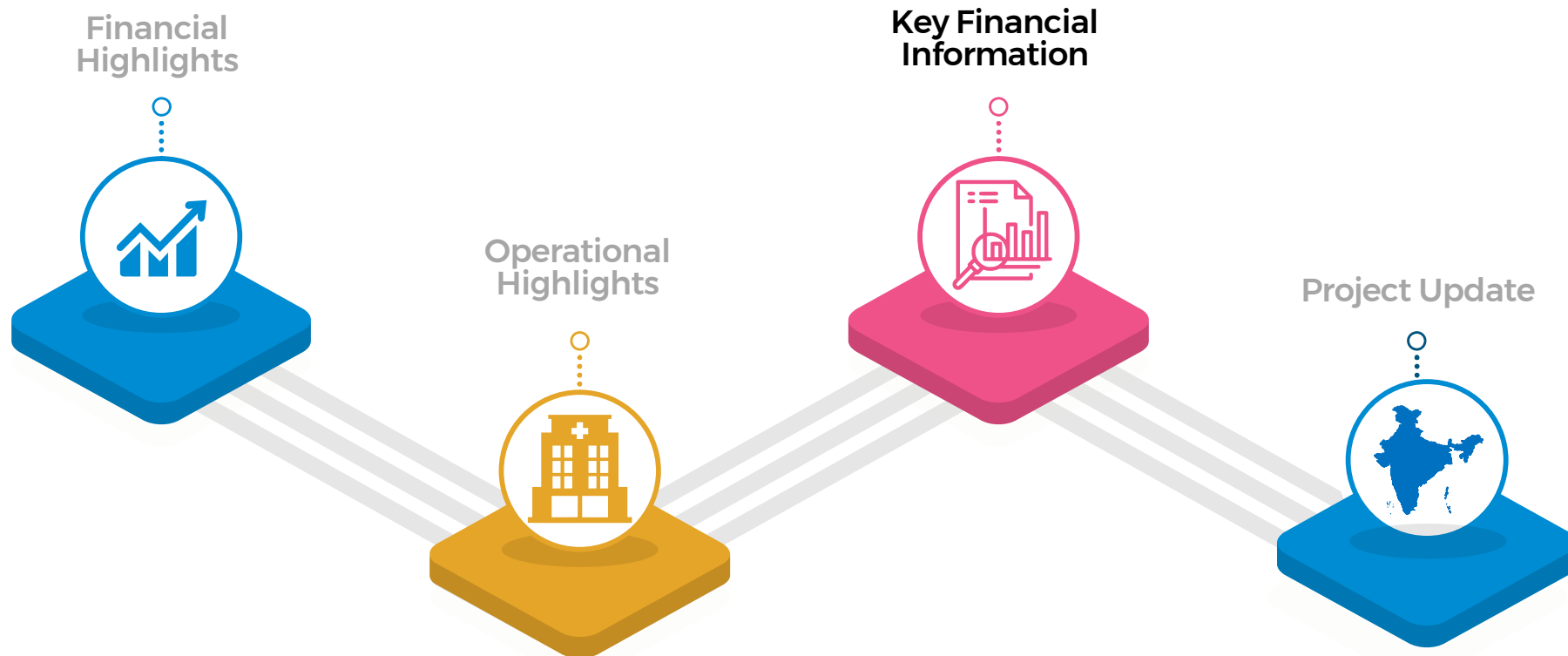
	Q3-FY18	Q3-FY17	Growth
New Registrations	1,303	1,000	30.3%
IVF Cycles	506	423	19.6%
Revenue (INR Mn)	159	139	14.6%

- Milann – Ranked #1 nationally for the second consecutive year by the Times of India “All India Fertility & IVF Ranking Survey 2017”
- Plan to launch new center in Whitefield towards continuing leadership in attractive Bangalore market



(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-FY18	Q2-FY18	Q1-FY18
HCG Centres			
Existing Centres	129	72	126
Expansions	19	30	62
New Centres	441	504	520
	589	606	708
Milann Centres			
Existing Centres	-	3	5
New Centres	20	20	11
	20	23	16
Total Capex	609	629	724

1. Includes amount given as Security Deposit for New Centers of INR 51 mn in Q3-FY18, INR 10 mn in Q2-FY18 and INR 21 mn in Q1-FY18
2. Investment of INR 186 mn in Q2-FY18 and INR 52 mn in Q3-FY18 in HCG Africa not part of Capex

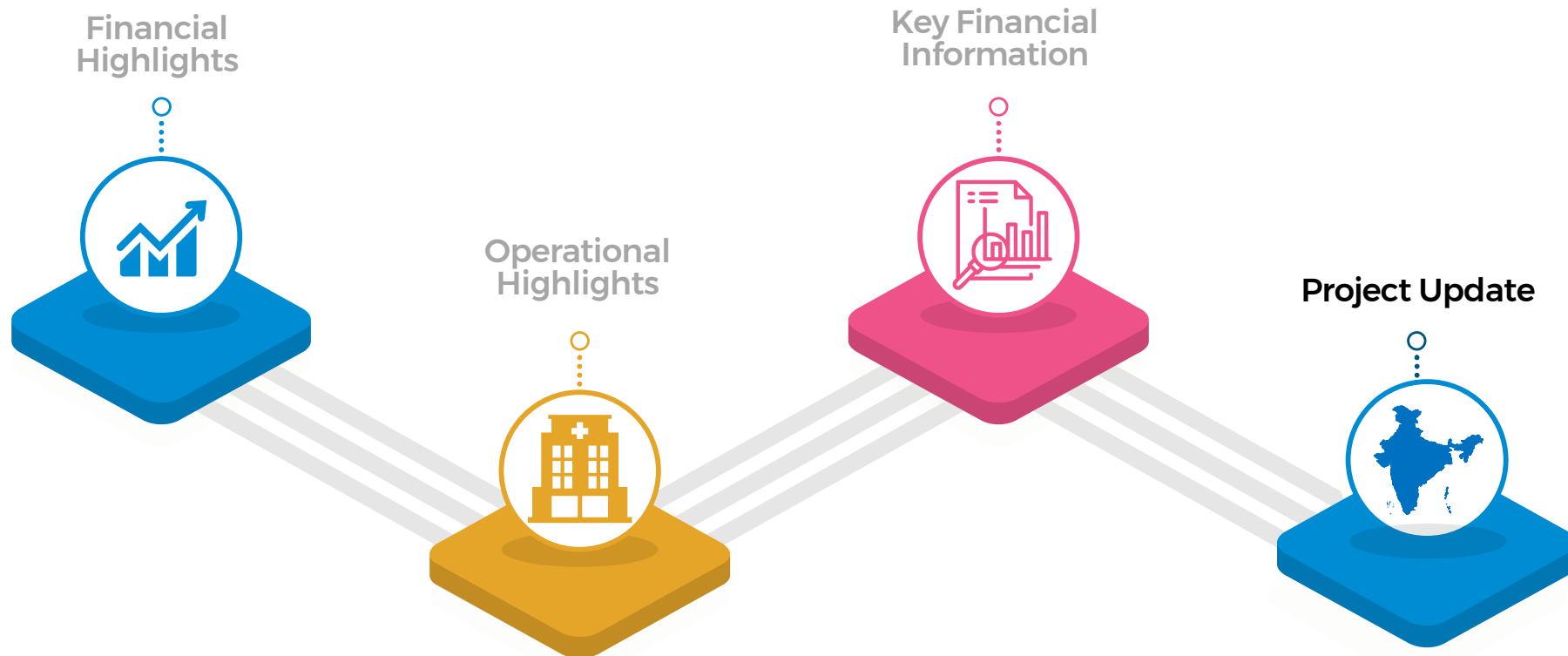
Net Debt

INR Million

	31-Dec-17	30-Sep-17	30-Jun-17
Net Debt			
Bank Debt ⁽¹⁾	2,842	2,422	1,911
Vendor Finance	1,797	1,993	1,961
Capital Leases	476	481	486
Other Debt	45	54	60
Less: Cash and Equivalents ⁽²⁾	(772)	(743)	(782)
	4,388	4,207	3,636
Debt in New Centres			
Bank Debt	2,262	1,812	1,306
Vendor Finance	1,405	1,277	1,212
Other Debt	2	6	11
	3,669	3,095	2,529
Net Debt (Excl. New Centres)	719	1,112	1,107

1. Net of Bank balance held as margin money of INR 327 mn as at 31-Dec-17, INR 306 mn as at 30-Sep-17 and INR 147 mn as at 30-Jun-17.
2. Includes investment in mutual funds of INR 40 mn as at 31-Dec-17, INR 40 mn as at 30-Sep-17 and INR 39 mn as at 30-Jun-17 and investment in fixed deposits of INR 489 mn as at 31-Dec-17

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Project Update



2 new HCG center launched YTD FY18 Additional 1 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 II, Maharashtra	92	623	Q4-FY18E
Jaipur, Rajasthan	50	410	Q4-FY18E
Kolkata, West Bengal	50	370	Q1-FY19E
South Mumbai, Maharashtra	32	410	Q1-FY19E

3 new Milann centers launched during FY2017 2 new Milann centers planned for next 2 quarters

Location	Start Date
Delhi	Q1-FY17
Chandigarh	Q3-FY17
Mumbai	Q4-FY17
Ahmedabad	Q4-FY18E
Whitefield (Bangalore)	Q1-FY19E





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