



HealthCare Global Enterprises Limited

Q3 - FY19 Investor Presentation - February 2019



www.hcgel.com

© 2019 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 These materials are not for publication or distribution, directly or indirectly, in or into the United States (including its territories and possessions, any state of the United States and the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



Key Financial Information



Operational Highlights



Project Update



Financial Highlights: Q3-FY19



INR million except earnings per share

Period Ended Dec 31	Q3-FY19	Q3-FY18	Growth (y-o-y)	YTD-FY19	YTD-FY18	Growth (y-o-y)
Income from Operations	2,488	2,063	20.6%	7,207	6,084	18.5%
EBITDA⁽¹⁾	299	319	-6.4%	971	968	0.3%
EBITDA Margin (%)	12.0%	15.1%		13.4%	15.7%	
Operating EBITDA⁽²⁾	289	261	10.9%	930	866	7.3%
Operating EBITDA Margin (%)	11.6%	12.6%		12.9%	14.2%	
PBT⁽³⁾	-73	35	NM	-252	250	NM
PBT Margin (%)	-2.9%	1.7%		-3.5%	4.1%	
PAT⁽⁴⁾	-62	32	NM	-161	179	NM
PAT Margin (%)	-2.5%	1.5%		-2.2%	2.9%	
Earnings Per Share	-0.71	0.37	NM	-1.83	2.09	NM

- **Q3'19 Revenue grew 20.6% y-o-y**

- HCG⁽¹⁾ centers: **+22.1%**
- Milann⁽²⁾ centers: **2.7%**

- **Q3'19 Operating EBITDA**

- Existing centers: INR 337 Mn (**17.5%** margin vs 18.5% margin in Q3-FY18)
- New centers⁽³⁾: Loss of INR **-48** Mn (vs. loss of INR -48 Mn in Q3-FY18)

- **YTD'19 Revenue grew 18.5% y-o-y**

- HCG⁽¹⁾ centers: **+20.3%**
- Milann⁽²⁾ centers: **-2.7%**

- **YTD'19 Operating EBITDA**

- Existing centers: INR 1,048 Mn (**18.4%** margin vs 18.3% margin in YTD-FY18)
- New centers⁽³⁾: Loss of INR **-119** Mn (vs. loss of INR -69 Mn in YTD-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

(1) 20 comprehensive cancer centers (excluding 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. Bhavnagar multispecialty also includes comprehensive cancer services hence included in CCC count

(2) 8 fertility centers operated under "Milann" brand

(3) 9 HCG centers and 5 Milann centers that commenced operation after April 1, 2015

(4) Financials of HCG Africa and Strand Life Sciences consolidated at equity level

Revenue Mix: Q3-FY19

Revenue:
INR 2,488 Mn

HCG Centers:
INR 2,325 Mn



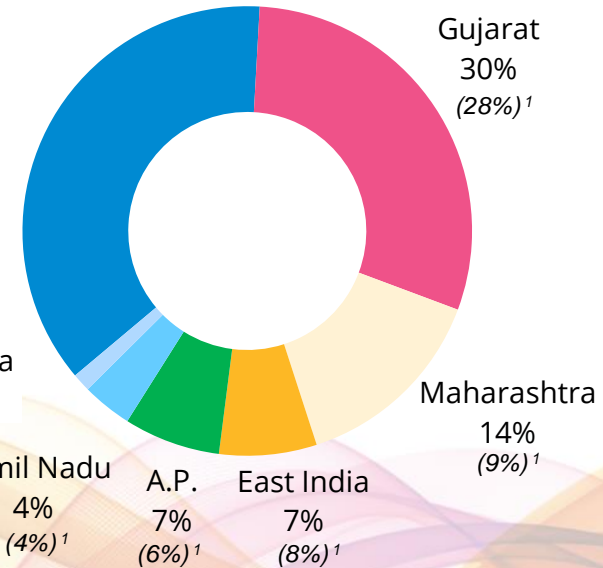
HCG (1)
centers
93%
(92%)¹



Fertility⁽²⁾
centers
7%
(8%)¹



Karnataka
37%
(43%)¹



(1) 20 comprehensive cancer centers (excluding 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 December 31 2018. Bhavnagar multispecialty also includes comprehensive cancer services hence included in CCC count

(2) 8 fertility centers operated under "Milann" brand

¹(Q3-FY18)

HCG Centers: Q3-FY19 Revenues

INR million

Period Ended Dec 31	Q3-FY19	Q3-FY18	Growth (y-o-y)	YTD-FY19	YTD-FY18	Growth (y-o-y)
Karnataka	860	825	4.2%	2,583	2,412	7.1%
Gujarat	693	539	28.5%	1,934	1,632	18.5%
Maharashtra	333	168	98.7%	923	444	108.2%
East India	163	149	9.8%	471	439	7.4%
Andhra Pradesh	161	115	39.8%	520	353	47.2%
Tamil Nadu	84	76	10.0%	244	210	16.0%
North India*	31	7	319.7%	52	24	114.8%
	2,325	1,880	23.7%	6,727	5,514	22.0%

- Strong growth continues at several existing and new centers in Q3-FY19
 - Vijayawada: +72.6% y-o-y
 - Nashik: +79.5% y-o-y
 - Baroda: +31.6% y-o-y
- New centers contributed Revenue of INR 533 Mn in Q3-FY19
- Revenue from existing HCG centers grew 16% in Q3-FY19 on y-o-y basis

*North India excludes revenue from Kanpur (discontinued operations) of INR 25 Mn in Q3-FY18 and INR 76 Mn in YTD-FY18.

Contents

Financial Highlights



Key Financial Information



Operational Highlights



Project Update



HCG Centers: Q3-FY19 Operating Metrics



No. of Centers

Q3-FY19:
24

Q3-FY18:
23

Beds

Q3-FY19:
1,872

Q3-FY18:
1,659

Avg. Occupancy Rate

Q3-FY19:
43.8%

Q3-FY18:
43.8%

↑ *0 bps*

ALOS (Days)

Q3-FY19:
2.23

Q3-FY18:
2.40

↑ *17 bps*

ARPOB (INR / Day)

Q3-FY19:
31,677

Q3-FY18:
29,390

↑ *7.8%*

Revenue (INR mn)

Q3-FY19:
2,325

Q3-FY18:
1,904

↑ *22.1%*

Operating EBITDA Margin

Q3-FY19:
16.3%

Q3-FY18:
15.8%

↑ *50 bps*

- ARPOB for existing centers at INR 36,275 against INR 33,667 in Q3-FY'18
- Continuing reduction in ALOS to 2.23 on account of trend towards day care procedures and changing patient profile
- Operating EBITDA margins improving with scale-up of new centers
- Existing centers operating EBITDA margin improved by 85 bps to 23.2% in Q3-FY'19 from 22.3% in Q3-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: Q3-FY19 Regional Highlights

Centers	Beds	AOR	ARPOB (INR/Day)	Revenue (INR MN)	Operating EBITDA %
Karnataka					
7	632	41.3% ↓ -3.8%(1)	35.9K ↑ +4.6%	860 ↑ +4.2%	23.9%
Gujarat					
5	447	48.0% ↑ +29.6%(1)	35.1K ↓ -0.9%	693 ↑ +28.5%	13.8%
Maharashtra					
3	336	39.1% ↑ +60.0%(1)	27.6K ↑ +17.5%	333 ↑ +98.7%	2.2%
Andhra Pradesh					
3	177	44.6% ↑ +82.9%(1)	22.2K ↓ -23.6%	161 ↑ +39.8%	21.0%
East India					
2	165	63.0% ↓ -2.4%(1)	17.1K ↑ +12.6%	163 ↑ +9.8%	28.9%

- COE ARPOB of INR 53.7k with 25.4% operating EBITDA margin
- YTD COE ROCE improved from 22.6% to **24.5%**
- Focus on margin and returns optimization across region

- Strong occupancy and revenue growth with stable ARPOB
- Growth across existing and new centers in oncology and multispecialty
- EBITDA margin of existing centers at **20.8%** for Q3-FY19 from 16.6% for Q3-FY18

- Strong growth at Nashik center with EBITDA margin at **19.8%**
- 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

- EBITDA margin improvement of 370 basis points across the region
- Driven by improvements in patient and procedure mix

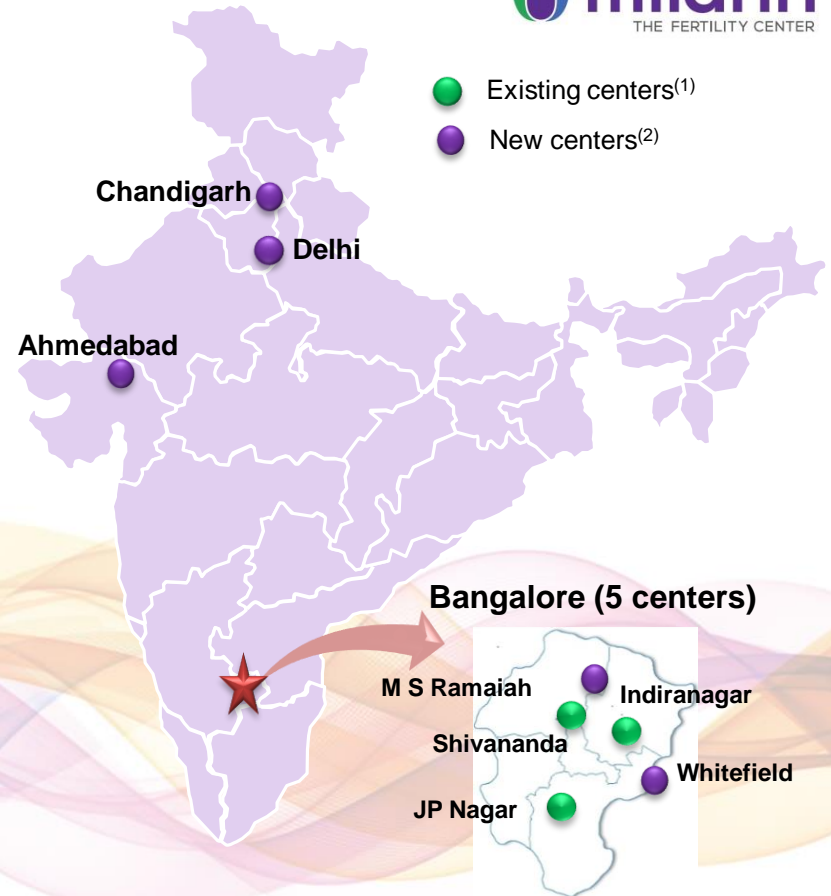
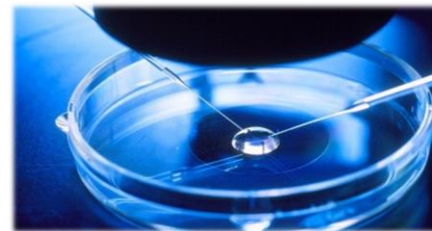
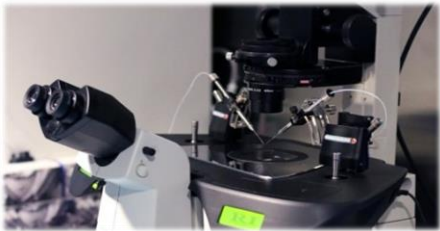
Notes:

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



● New centers
● Existing centers

Milann: Implementing Strategic Initiatives



	Q3-FY19	Q3-FY18	Growth
New Registrations	1,400	1,303	7.4%
IVF Cycles	504	506	-0.4%
Revenue (INR Mn)	163	159	2.7%

- Revenue degrowth curtailed through strategic initiatives
- Whitefield (Bangalore) center ramping-up well
- Realigning strategy in Mumbai, exited current center location

(1) Centers in operation prior to April 1, 2016, i.e. Shivananda, JP Nagar and Indiranagar
 (2) Mumbai Center exited in Q3-FY19

Contents

Financial Highlights



Key Financial Information



Operational Highlights



Project Update



Capital Expenditure and Net Debt



Capital Expenditure

INR Million

	Q3-FY19	Q2-FY19	Q1-FY19
HCG Centres			
Existing Centres	21	90	111
Expansions	207	48	115
New Centres	191	274	692
	419	412	919
Milann Centres			
Existing Centres	5	1	2
New Centres	-	1	4
	5	2	6
Total Capex	424	414	925

1. Includes Security Deposit for New Centers of INR 8 Mn in Q3-FY19, INR 20 Mn in Q2-FY19 and INR 21 Mn in Q1-FY19.

Net Debt

INR Million

	31-Dec-18	30-Sep-18
Net Debt		
Bank Debt ⁽¹⁾	4,114	3,778
Vendor Finance ⁽²⁾	1,660	1,698
Capital Leases	564	555
Other Debt	27	83
Less: Cash and Equivalents ⁽³⁾	(389)	(320)
	5,975	5,796
Debt in New Centres		
Bank Debt	3,687	3,570
Vendor Finance	1,608	1,532
Other Debt	-	1
	5,295	5,103
Net Debt (Excl. New Centres)	680	693

1. Net of Bank balance held as margin money of INR 226Mn and investment in fixed deposits of INR 28Mn as at 31st Dec-18, margin money of INR 167Mn and investment in fixed deposits of INR 78Mn as at 30-Sep-18. The unamortised portion of processing fees amounting to INR 75Mn as on 31st Dec-18 & INR 74 Mn as on 30-Sep-18 netted off against Bank Debt.
2. Includes Forex reinstatement of INR 79 Mn as at 31st Dec-18 and INR 93 Mn as at 30-Sep-18 on account of exchange rate fluctuation
3. Includes investment in mutual funds of INR 45 Mn as at 31st Dec-18 and INR 44Mn 30-Sep-18.

Contents

Financial Highlights



Operational Highlights



Key Financial Information



Project Update



Project Updates

Additional 3 new HCG centers in FY2019

Location	Bed Capacity	Project Cost (INR mn)	Start Date
Jaipur, Rajasthan	50	410	Q2-FY19
Bhavnagar, Gujarat	NA	150	Q2-FY19
Nashik Phase II, Maharashtra	92	623	Q2-FY19
Rajkot, Gujarat	120	310	Q1-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



For updates and specific queries, please visit www.hcgel.com
or feel free to contact 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.

