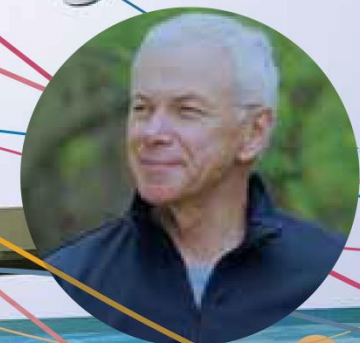
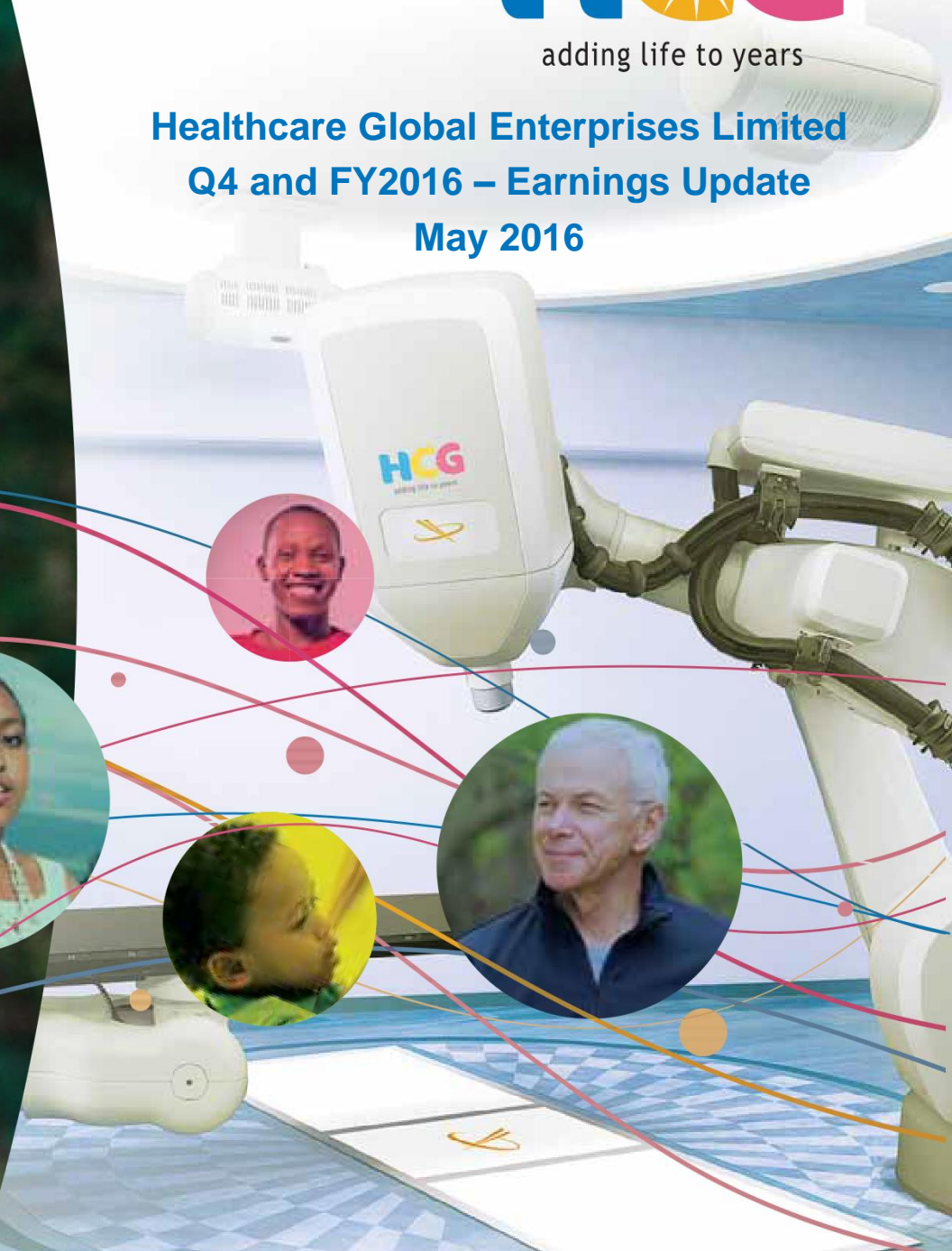




adding life to years

**Healthcare Global Enterprises Limited**  
**Q4 and FY2016 – Earnings Update**  
**May 2016**



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- ❑ **Financial Highlights**
  - ❑ **Operational Highlights**
  - ❑ **Consolidated Financial Results**
  - ❑ **Update on New Centres**

# Financial Highlights: Q4 FY16

## Strong Growth in Revenue, EBITDA and PAT



INR million except per share data

Period ended March 31	Q4-FY16	Q4-FY15	Growth (y-o-y)
<b>Income from Operations</b>	<b>1,537.5</b>	<b>1,321.7</b>	<b>16.3%</b>
<b>EBITDA<sup>(1)</sup></b>	<b>259.6</b>	<b>174.9</b>	<b>48.4%</b>
EBITDA Margin (%)	16.9%	13.2%	
<b>PAT<sup>(2)</sup></b>	<b>36.4</b>	<b>(2.5)</b>	<b>NM</b>
PAT Margin (%)	2.4%	-0.2%	
<b>Earnings Per Share</b>	<b>0.49</b>	<b>(0.04)</b>	<b>NM</b>



- **Revenue grew 16.3% y-o-y**
  - HCG<sup>(1)</sup> centres: +15.5% y-o-y
  - Milann<sup>(2)</sup> centres: +25.7% y-o-y
- **EBITDA margin improved to 16.9%**
  - EBITDA from existing centres: **INR 271.2 Mn**
  - EBITDA margin of existing centres: **18.1%**
  - EBITDA loss from new centres launched in FY16: INR 11.6 Mn

(1) EBITDA before Other Income and Exceptional Items

(2) Profit after taxes and minority interests

1) Centres operated under the “HCG” brand – 15 comprehensive cancer centres, 2 multispeciality hospitals, 3 diagnostic centres and 1 day care chemotherapy centre, as at March 31, 2016.

2) 5 fertility centres operated under the Milann brand, as at March 31, 2016.

# Financial Highlights: FY 2016

## Growth in revenues and margins across centres



INR million except per share data

Period ended March 31	FY16	FY15	Growth (y-o-y)
<b>Income from Operations</b>	<b>5,819.8</b>	<b>5,193.8</b>	<b>12.1%</b>
<b>EBITDA<sup>(1)</sup></b>	<b>896.6</b>	<b>762.5</b>	<b>17.6%</b>
EBITDA Margin (%)	15.4%	14.7%	
<b>PAT<sup>(2)</sup></b>	<b>12.4</b>	<b>8.4</b>	<b>47.6%</b>
PAT Margin (%)	0.2%	0.2%	
<b>Earnings Per Share</b>	<b>0.17</b>	<b>0.12</b>	<b>41.7%</b>



- **Revenue grew 12.1%**
  - HCG<sup>(1)</sup> centres: +11.9%
  - Milann<sup>(2)</sup> centres: +14.4%
- **EBITDA margin improved to 15.4%**
  - EBITDA from existing centres: **INR 930.1 Mn**
  - EBITDA margin of existing centres: **16.2%**
  - EBITDA loss from new centres launched in FY16: INR 33.5 Mn

(1) EBITDA before Other Income and Exceptional Items

(2) Profit after taxes and minority interests

1) Centres operated under the “HCG” brand – 15 comprehensive cancer centres, 2 multispeciality hospitals, 3 diagnostic centres and 1 day care chemotherapy centre, as at March 31, 2016.

2) 5 fertility centres operated under the Milann brand, as at March 31, 2016.

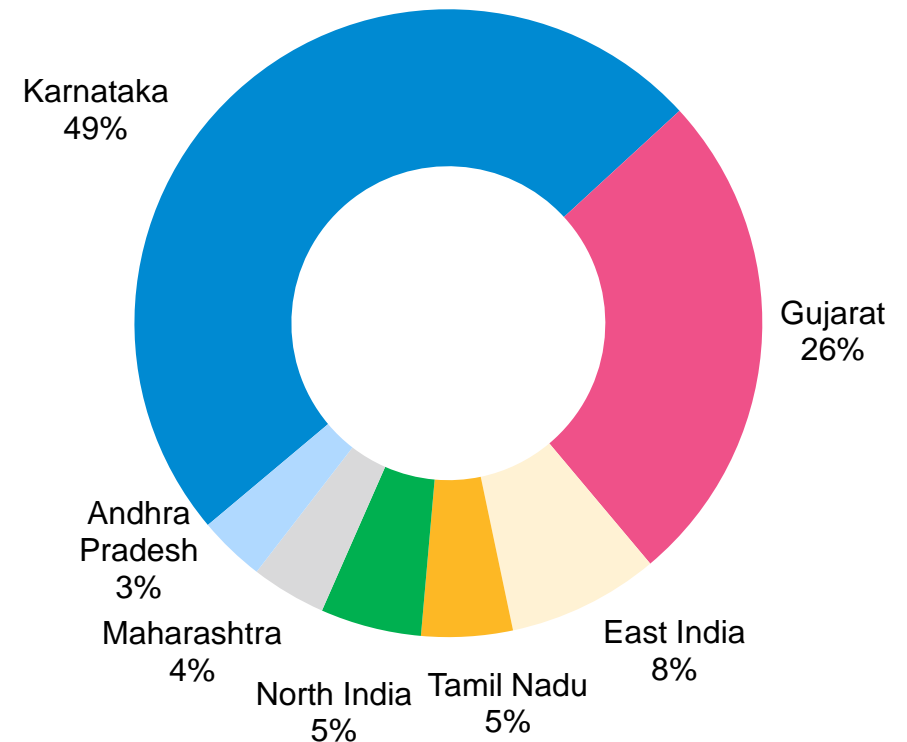
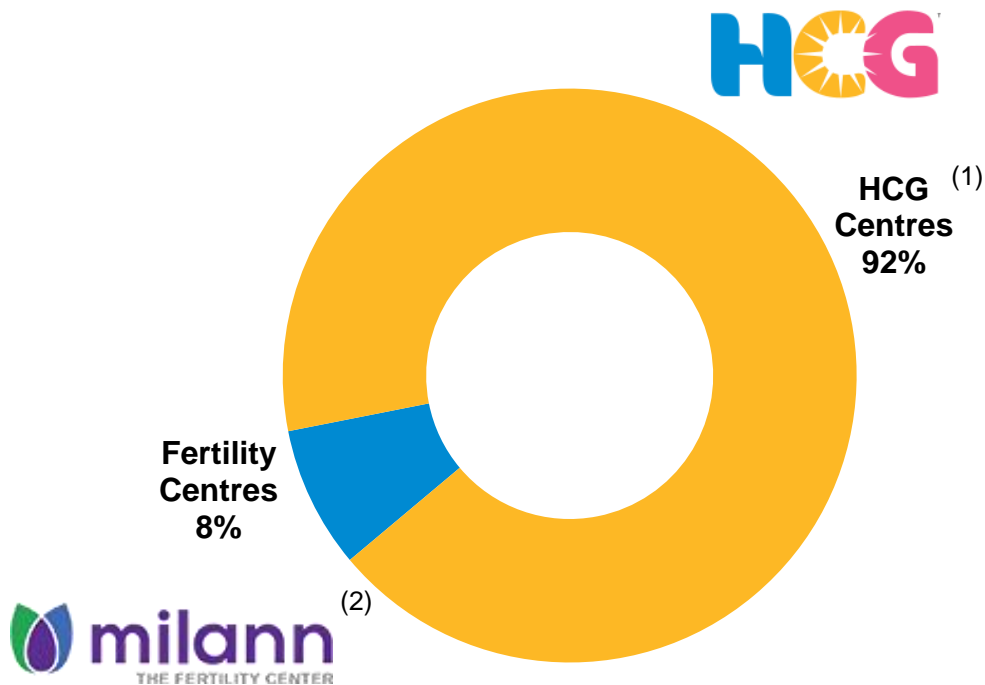
# Operating Highlights

## Revenue Break-up (FY2016)



**Consolidated FY16 Revenue:**  
**INR 5,820 Mn**

**HCG Centres FY16 Revenue:**  
**INR 5,358 Mn**



- Centres operated under the "HCG" brand – 15 comprehensive cancer centres, 2 multispeciality hospitals, 3 free standing diagnostic centres and 1 day care centre, as at March 31, 2016.
- 5 fertility centres operated under the Milann brand, as at March 31, 2016.

# HCG Centres

## Strong Growth From Centres Across India



### Q4 – FY16

INR million

Period ended March 31	Q4-FY16	Q4-FY15	Growth (y-o-y)
Karnataka	695	606	14.7%
Gujarat	381	291	31.0%
East India	109	86	26.9%
Tamil Nadu	69	55	26.0%
North India	66	68	-3.8%
Maharashtra	49	45	8.4%
Andhra Pradesh	49	36	33.9%
Centres exited in FY16 <sup>(1)</sup>	-	39	NM
	<b>1,417</b>	<b>1,226</b>	<b>15.5%</b>

(1) Diagnostic centre in Chennai: Q3-FY16; BNH cancer centre in Mumbai: Q2-FY1

- Continuing strong ramp at several cancer centres in Q4 FY16
  - Ahmedabad: +32% y-o-y
  - Cuttack: +40% y-o-y
  - Chennai: +27% y-o-y
- Vijaywada and Delhi centre being revamped
- New centres added INR 33 Mn in Q4-FY16

### FY 2016

INR million

Period ended March 31	FY16	FY15	Growth (y-o-y)
Karnataka	2,613	2,415	8.2%
Gujarat	1,363	1,095	24.5%
East India	414	318	30.2%
Tamil Nadu	249	205	21.8%
North India	276	289	-4.5%
Maharashtra	205	177	15.6%
Andhra Pradesh	182	147	24.1%
Centres exited in FY16 <sup>(1)</sup>	57	146	NM
	<b>5,359</b>	<b>4,790</b>	<b>11.9%</b>

(1) Diagnostic centre in Chennai: Q3-FY16; BNH cancer centre in Mumbai: Q2-FY1

- Strong ramp at several cancer centres in FY16:
  - Ahmedabad: +29%
  - Cuttack: +38%
  - Chennai: +38%
- Vijayawada turning around with +25% y-o-y growth
- Revamp Delhi centre underway
- Excluding centres exited in the year, growth in revenue of 14% over prior year

# HCG Centres

## Operating Metrics



<i>Period ended March 31</i>	<b>Q4-FY16</b>	<i>Growth (y-o-y)</i>	<b>FY16</b>	<i>Growth (y-o-y)</i>
No. of Centres	17		17	
Beds	1,146	15.4%	1,146	15.4%
Occupied Bed Days	53,422	11.2%	2,01,513	3.9%
Average Occupancy Rate	51.2%		51.0%	
ALOS	2.97	-8.5%	2.93	-4.5%
ARPOB (Rs./Day)	26,523	3.9%	26,592	7.6%
Revenue (INR mn)	1,417	15.5%	5,359	11.9%
<i>EBITDA Margin (%)</i>	21.1%		20.2%	



### **Q4-FY16 Results**

- Occupied Bed Days: +11%
- 3.9% increase in ARPOB
- Ahmedabad, Cuttack, Chennai and Vijayawada centres primary drivers of growth in occupancy

### **FY 2016 Results**

- Occupied Bed Days: +4%
- 7.6% increase in ARPOB
- KR-DR refocus primary driver of increase in ARPOB and lower occupancy

1. Includes 15 Comprehensive Cancer Centres and 2 multispeciality hospitals operated under the HCG brand.
2. New hospitals that commenced operation in FY16. Q1-FY16: Bhavnagar (33 beds), Q4-FY16 : Gulbarga (85 beds)
3. During FY16, the Company exited from its CCC at BNH in Mumbai and a diagnostic centre in Chennai.
4. No of beds is as at the last day of the period.
5. Occupied Bed Days is calculated based on mid-day occupancy of beds.
6. Average Occupancy Rate is calculated as Occupied Bed Days divided by the Available Bed Days.
7. Average Revenue per Occupied Bed (ARPOB) is calculated as Operating Revenue divided by the Occupied Bed Days.
8. Average Length of Stay (ALOS) is calculated as Occupied Bed Days divided by number of Admissions.
9. EBITDA margin before corporate expenses



# Operating Highlights

## Strong Growth in and Expansions at Ahmedabad and Cuttack



Karnataka	Q4 FY16	Q4 FY15	Growth	FY 16	FY 15	Growth
No of Centres	6	5		6	5	
Beds	563	459		563	459	
Occupied Bed Days	24,510	23,428	4.6%	92,298	97,911	-5.7%
AOR	47.8%	56.1%		50.9%	59.5%	
ARPOB (INR/day)	28,345	25,860	9.6%	28,308	24,662	14.8%
Revenue (INR Mn)	694.7	605.8	14.7%	2,612.8	2,414.7	8.2%
EBITDA Margin	25.5%	26.7%		24.3%	24.3%	

Gujarat	Q4 FY16	Q4 FY15	Growth	FY 16	FY 15	Growth
No of Centres	3	2		3	2	
Beds	229	196		229	196	
Occupied Bed Days	12,057	9,762	23.5%	44,200	36,191	22.1%
AOR	57.9%	54.7%		52.9%	53.2%	
ARPOB (INR/day)	31,604	29,800	6.1%	30,839	30,243	2.0%
Revenue (INR Mn)	381.0	290.9	31.0%	1,363.1	1,094.5	24.5%
EBITDA Margin	14.6%	18.3%		13.4%	15.0%	

East India	Q4 FY16	Q4 FY15	Growth	FY 16	FY 15	Growth
No of Centres	2	2		2	2	
Beds	165	154		165	154	
Occupied Bed Days	9,942	8,015	24.0%	37,299	30,553	22.1%
AOR	66.2%	57.2%		61.0%	56.4%	
ARPOB (INR/day)	10,988	10,739	2.3%	11,106	10,416	6.6%
Revenue (INR Mn)	109.2	86.1	26.9%	414.2	318.2	30.2%
EBITDA Margin	28.1%	28.2%		26.7%	23.2%	

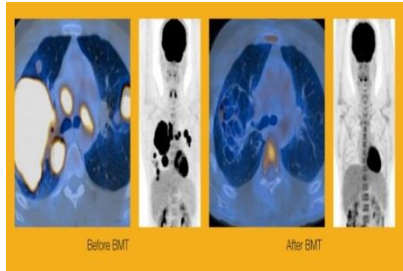
- Addition of OT's, bed capacity and PET-CT at Hubli
- Launch of daVinci, Tomotherapy at KR/DR
- Gulbarga centre launched in Q4 -FY16
- Change in payer mix in FY16

- Ahmedabad cancer centre under expansion in FY17: adding daVinci, Tomotherapy, PET-CT and additional day beds
- Excluding losses from Bhavnagar centre EBITDA margin ~16%

- Cuttack expansion completed in FY16: PET-CT, new beds and TrueBeam added.

# Bangalore – KR and DR Centres

Improving trend with Q4 ROCE above 20%



## Overview

- Established in 1989. Centre of Excellence created in 2006.
- 83 oncologists, 50+ other specialist physicians

## Key Facilities

- 4 Linear Accelerators (incl. Cyberknife and TomoTherapy radiotherapy systems)
- 2 PET-CT Scanners; Cyclotron to manufacture radioisotopes
- daVinci Robotic surgery system; 11 Operation Theatres
- 317 Beds
- Bone Marrow Transplant Unit

Period ended March 31	Q4-FY16	Growth (y-o-y)	FY16	Growth (y-o-y)
Beds	317		317	
Occupied Bed Days	14,533	3.8%	57,299	-9.1%
Average Occupancy Rate	50.4%		48.5%	
ALOS	3.02	-1.4%	2.91	-5.7%
ARPOB (Rs./Day)	38,180	9.0%	37,278	18.8%
Revenue (INR mn)	555	13.2%	2,136	8.0%
EBITDA Margin (%)	26.6%		24.9%	

### Shift in payer mix in FY16:

- Government payers decreased from 15.1 % to 9.0 % of total revenue in FY16
- Revenue from international patients increased by 29% in FY16

### ROCE<sup>(1)</sup> in Q4-FY16 increased to 20.2% as compared to 16.6% in FY16.

- (1) ROCE calculated as EBIT divided by average Capital Employed  
 (2) Capital Employed = Net Block + Operating Current Assets - Operating Current Liabilities

# Operating Highlights

## Milann commences national expansion



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	Q4 FY 16	Q4 FY 15	Growth (y-o-y)
New Registrations	1,122	1,023	9.7%
IVF cycles	340	284	19.7%
Revenue	119	96	24.5%

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- Growth in revenues driven by increased procedure volume
- First centre outside Bangalore opened in South Delhi in Q4-FY16
- Milann **Ranked #1 Fertility Sciences in India**

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	FY 16	FY 15	Growth (y-o-y)
New Registrations	3,753	3,533	6.2%
IVF cycles	1,311	1,111	18.0%
Revenue	461	403	14.4%

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- Milann's 4<sup>th</sup> centre in Bangalore launched in FY16
- New centres in Chandigarh and Cuttack in advanced development

# Capital Expenditures

## Expansions and New Centres primary drivers of FY16 CapEx



(INR Million)	FY15	FY16
<b>Cancer Centres</b>		
Existing Centres	362	339
Expansions	173	528
New Centres	480 <sup>(1)</sup>	1,250
	<b>1,015</b>	<b>2,117</b>
<b>Fertility Centres</b>		
Existing Centres	11	48
Expansions	99	-
New Centres	23	64
	<b>133</b>	<b>112</b>
<b>Grand Total</b>	<b>1,148</b>	<b>2,229</b>

(1) Includes INR 253 million of assets at HCG Regency as a result of consolidation

(2) Capital expenditures include security deposits

### Cancer Centres

- Maintenance CapEx of INR 339 Mn
- Expansions, technology enhancements completed at Hubli, KR/DR, Cuttack and Ahmedabad.
- 3 New Centres started as of May-16
- 3 more New Centres planned to start in FY17.

# Net Debt Position – FY 2016

Year of capex / expansion along with reduction of debt through IPO proceeds



<i>INR Million</i>	As at 31-Mar-15	As at 30-Jun-15	As at 30-Sep-15	As at 31-Dec-15	As at 31-Mar-16
<b>Net Debt</b>					
Bank Debt	1,983 <sup>(1)</sup>	1,983	2,199 <sup>(1)</sup>	2,145 <sup>(1)</sup>	694 <sup>(1)</sup>
DPO	650	683	1,050	1,350	1,558
Capital Leases	600	599	600	600	599
Other Debt	190	174	150	130	137
Less: Cash and Equivalents	<u>(270)</u>	<u>(257)</u>	<u>(270)</u>	<u>(206)</u>	<u>(882)</u> <sup>(2)</sup>
<b>Net Debt</b>	<b>3,153</b>	<b>3,181</b>	<b>3,729</b>	<b>4,019</b>	<b>2,106</b>
<b>Debt in New Projects</b>					
Bank Debt	150	165	211	253	315
Vendor Finance	<u>-</u>	<u>77</u>	<u>444</u>	<u>534</u>	<u>764</u>
	150	242	656	787	1,079
<b>Net Debt (Excl. New Projects)</b>	<b>3,003</b>	<b>2,939</b>	<b>3,073</b>	<b>3,232</b>	<b>1,027</b>

- IPO proceeds of INR 2,364 Mn
- Bank term loan retired from IPO proceeds of INR 1,470 Mn.
- INR 764 Mn in new vendor finance against CapEx for New Centres
- Net Debt of INR 2,106 Mn at 31-Mar-06.

(1) Net of bank balance held as margin money, INR 67 mn as at March 31, 2015, INR 66 mn as at Jun 31, INR 71 mn as at Sep 30, 2015, INR 85 mn as at Dec 31, 2015 and INR 70 mn as at March 31, 2016

(2) Includes 635 mn investment in mutual fund as at March 31, 2016

# Project Update



INR in millions

3 New Cancer Centres operational as of May 2016  
Additional 3 Cancer Centres will be operational by March 2017

Location	Bed Capacity	Project Cost	Expected Start Date
Gulbarga, Karnataka	85	245	Q4-FY16
Vishakhapatnam, A.P.	88	295	Q1-FY17
Baroda, Gujarat	60	412	Q1-FY17
Kanpur, U.P.	90	842	Q3-FY17
Borivali, Maharashtra	105	586	Q4-FY17
Nagpur, Maharashtra	115	442	Q4-FY17

3 New Milann Fertility Centres will be operational by March 2017

Location	Start Date
Delhi	Q4-FY16
Chandigarh	Q2-FY17
Cuttack	Q3-FY17





# THANK YOU

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