



HealthCare Global Enterprises Limited  
**Q1-FY17 Earnings Update**

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**August 2016**



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# Financial Highlights: Q1 FY17



INR million except per share data

Period Ended June 30	Q1-FY17	Q1-FY16	Growth (y-o-y)	
<b>Income from Operations</b>	<b>1,675.5</b>	<b>1,417.4</b>	<b>18.2%</b>	↑
<b>EBITDA<sup>(1)</sup></b>	<b>236.3</b>	<b>188.4</b>	<b>25.4%</b>	↑
<i>EBITDA Margin (%)</i>	<i>14.1%</i>	<i>13.3%</i>		
<b>PBT<sup>(2)</sup></b>	<b>78.8</b>	<b>2.8</b>	<b>NM</b>	↑
<i>PBT Margin (%)</i>	<i>4.7%</i>	<i>0.2%</i>		
<b>PAT<sup>(3)</sup></b>	<b>49.8</b>	<b>(5.0)</b>	<b>NM</b>	↑
<i>PAT Margin (%)</i>	<i>3.0%</i>	<i>-0.4%</i>		
<b>Earnings Per Share</b>	<b>0.58</b>	<b>(0.07)</b>	<b>NM</b>	↑

**Note:** Financials prepared in accordance with Ind AS 34.

(1) Profit before other income, depreciation and amortisation, finance costs, exceptional items and tax

(2) Profit before tax

(3) Profit for the period after taxes and minority interests

- **Revenue grew 18.2% y-o-y**
  - HCG<sup>(1)</sup> centres: **+17.8%** y-o-y
  - Milann<sup>(2)</sup> centres: **+22.4%** y-o-y
- **EBITDA increased 25.4% y-o-y**
  - Existing Centres: **INR 263 Mn (16.6% margin; +31.2% growth y-o-y)**
  - New Centres<sup>(3)</sup>: **Loss of INR 27 Mn**
- **Previous Indian GAAP<sup>(4)</sup> (for comparison purposes)**
  - EBITDA: **INR 258 Mn (15.5% margin, +25.1% growth y-o-y)**
  - PAT: **INR 54 Mn**

(1) 17 comprehensive cancer centres, 2 multispeciality hospitals, 3 diagnostic centres and 1 day care chemotherapy centre operated under the “HCG” brand

(2) 6 fertility centres operated under the “Milann” brand

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

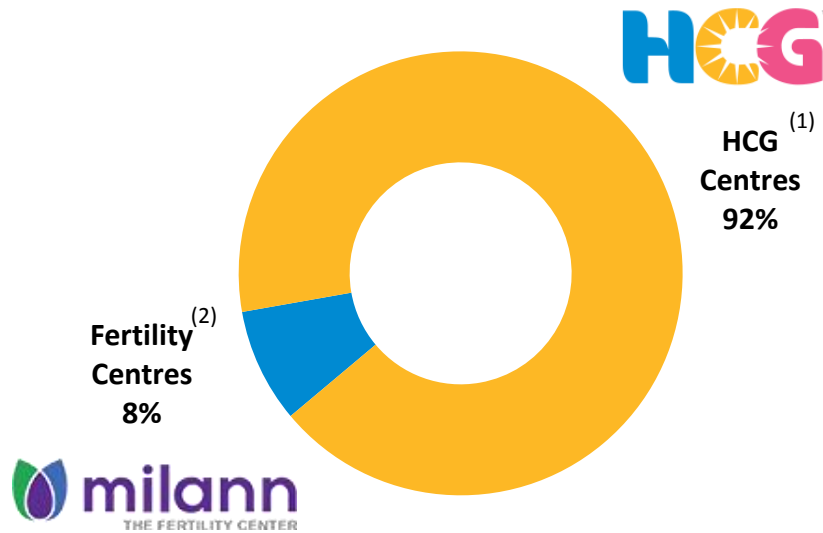
(4) Representation of Q1-FY17 Financials in accordance with previously prevalent Indian GAAP as the basis



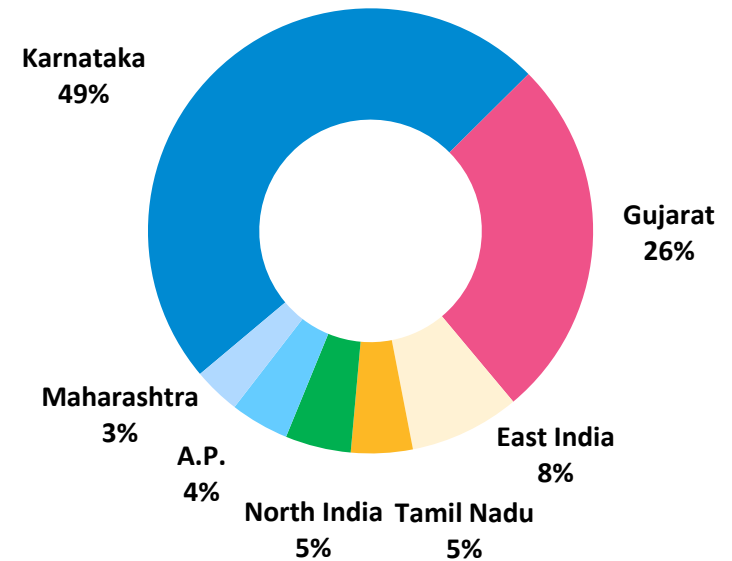
# Revenue Mix



Q1 FY17 Revenue:  
INR 1,676 Mn



HCG Centres Q1 FY17 Revenue:  
INR 1,536 Mn



- 1) Centres operated under the "HCG" brand – 17 comprehensive cancer centres, 2 multispeciality hospitals, 3 diagnostic centres and 1 day care chemotherapy centre, as at June 30, 2016
- 2) 6 fertility centres operated under the "Milann" brand, as at June 30, 2016



INR million

Period ended June 30	Q1-FY17	Q1-FY16	Growth (y-o-y)
Karnataka	748	628	19.1%
Gujarat	405	317	27.7%
East India	123	100	22.9%
Tamil Nadu	69	60	15.3%
North India	73	72	1.8%
Maharashtra	53	46	14.0%
Andhra Pradesh	66	42	57.0%
Centres exited in FY16 <sup>(1)</sup>	-	39	NM
	<b>1,536</b>	<b>1,303</b>	<b>17.8%</b>

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

- **Continuing strong ramp at several cancer centres in Q1-FY17**
  - Hubli: **+39%** y-o-y
  - Vijayawada: **+36%** y-o-y
  - Chennai: **+24%** y-o-y
  - Cuttack: **+28%** y-o-y
- **Vijayawada centre revamp on track**
- **New Centres added INR 75 Mn in Q1-FY17**
  - Bhavnagar (Q1 FY16)
  - Kalaburagi, i.e.Gulbarga (Q4 FY16)
  - Vadodara (Q1 FY 17)
  - Visakhapatnam (Q1 FY17)
- **Existing HCG Centres (excluding Centres exited) grew at 15.6% in Q1-FY17**

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# HCG Centres: Operating Metrics



Period ended June 30	Q1-FY17	Q1-FY16	Growth (y-o-y)
No. of Centres	19	17	
Beds	1,257	1,063	
Occupied Bed Days	54,997	48,375	13.7%
Average Occupancy Rate	48.1%	50.0%	
ALOS	2.93	2.97	
ARPOB (INR/Day)	27,929	26,944	3.7%
Revenue (INR mn)	1,536	1,303	17.8%
EBITDA Margin (%)	18.3%	18.0%	

## Notes:

1. New hospitals that commenced operation since April 1, 2015. Q1-FY16: Bhavnagar (33 beds), Q4-FY16 : Kalaburagi (85 beds), Q1-FY17: Vadodara (69 beds), Visakhapatnam (88 beds)
2. During FY16, the Company exited from its CCC at BNH in Mumbai and a diagnostic centre in Chennai
3. Number of beds in operation as at the last day of the period, accounting for reductions
4. Occupied Bed Days calculated based on mid-day census
5. Average Occupancy Rate ("AOR") calculated as Occupied Bed Days divided by available bed days in the period
6. Average Revenue per Occupied Bed ("ARPOB") calculated as Revenue divided by Occupied Bed Days
7. Average Length of Stay ("ALOS") calculated as Occupied Bed Days divided by number of admissions (including day care admissions)
8. EBITDA margin before corporate expenses

## Q1-FY17 Highlights

- **2 new centres** launched adding 157 beds
- **13.7% increase in occupied bed days**, driven by launch of new centres and growth at existing centres
- **4% increase in ARPOB**, driven by adoption of new technologies across the network, offset by lower ARPOB at new centres
- **Reduction in ALOS** in line with trend towards day care procedures and changing patient profile
- **1.7% improvement in EBITDA margin** from Existing Centres (i.e. excluding New Centres) to **20.8%** in Q1-FY17 from **19.1%** in Q1-FY16, driven by decrease in direct costs as a proportion of revenue





# HCG Centres: Q1-FY17 Regional Highlights



Centres	Beds	AOR	ARPOB (INR/Day)	Revenue (INR MN)	EBITDA (%)
<b>Karnataka</b>					
6	522	50.3%	31.3K	748	24.1%
		↑ +7.4%(1)	↑ +10.9%	↑ +19.1%	
<b>Gujarat</b>					
4	298	48.4%	30.9K	405	9.2%
		↑ +31.4%(1)	↓ -2.9%	↑ +27.7%	
<b>East India</b>					
2	165	70.9%	11.6K	123	25.6%
		↑ +12.8%(1)	↑ +8.9%	↑ +22.9%	

**Notes:**

- (1) Increase / (Decrease) in Occupied Bed Days
- (2) Growth numbers are on an year-on-year basis

- New Centres
- Existing Centres

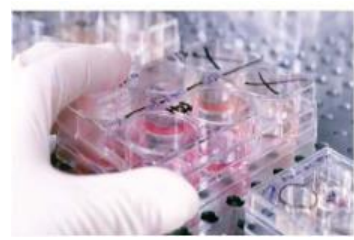
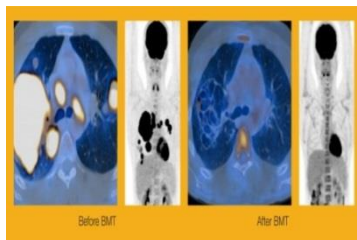
- Kalaburagi centre nearing breakeven
- Ramp at Hubli following expansion
- Technology initiatives at KR/DR

- Vadodara centre launched in Q1-FY17
- Bhavnagar centre nearing breakeven
- EBITDA margin excluding losses from new centres at 15.1%
- Volume growth offset by lower ARPOB at new centres

- Successful adoption of new technologies - PET-CT and TrueBeam at Cuttack



# Bengaluru: Centre of Excellence



## Overview:

- Kalinga Rao Rd. (KR) Centre: Established as Centre of Excellence in 2006
- Double Road (DR) Centre: Established in 1989

## 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
- 276 Beds
- Bone Marrow Transplant Unit

	Q1-FY17	Q1-FY16	Growth (y-o-y)
Beds	276	326	
Occupied Bed Days	14,139	14,040	0.7%
Average Occupancy Rate	56.3%	47.3%	
ARPOB (INR/Day)	41,689	36,970	12.8%
Revenue (INR mn)	589	519	13.6%
EBITDA Margin (%)	26.2%	22.6%	

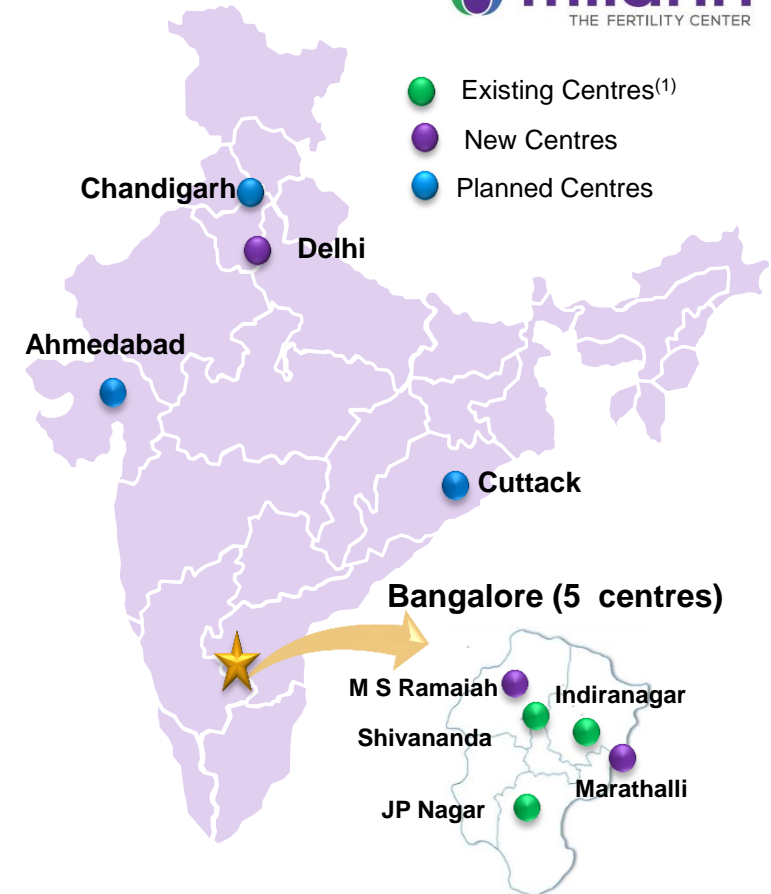
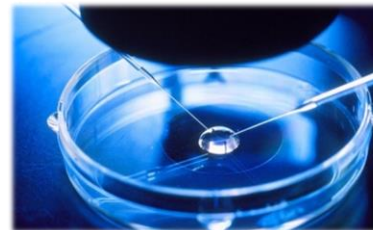
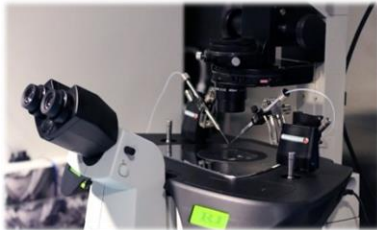
- **Successful commercialization of new technologies**
  - TomoTherapy, robotic surgery
- **Optimization of capacity, AOR at 56%+**
  - Reduction in 41 beds in Q1 FY17 (50 beds y-o-y)
- **EBITDA margin expansion of 3.6% y-o-y**
  - Service mix enhancement
  - Material cost reductions
- **ROCE<sup>(1)</sup> in Q1-FY17 increased to 21.0% as compared to 14.6% in Q1-FY16.**

<sup>(1)</sup>ROCE calculated as EBIT divided by average Capital Employed.

<sup>(1)</sup>Capital Employed = Net Block + Operating Current Assets - Operating Current Liabilities



# Milann: Commences Nationwide Expansion



	Q1-FY17	Q1-FY16	Growth
New Registrations	1,166	968	20.5%
IVF Cycles	453	311	45.7%
Revenue (INR Mn)	140	114	22.4%

- Successful launch of Milann Delhi
- Launch of Milann at Apollo Cradle, Marathalli, Bangalore
- Upcoming new centres at Chandigarh, Cuttack and Ahmedabad

(1) Centres 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

	FY16	Q1-FY17
<b>HCG Centres</b>		
Existing Centres	332	103
Expansions	527	37
New Centres	1,201	217
	<b>2,060</b>	<b>356</b>
<b>Milann Centres</b>		
Existing Centres	48	7
Expansions	-	-
New Centres	52	19
	<b>100</b>	<b>26</b>
<b>Total CapEx</b>	<b>2,160</b>	<b>382</b>

Includes Security Deposit for New Centres of 62 million in Q1-FY17

- Triesta's NGS Reference Lab inaugurated
- SAP and HIS implementation underway
- Vadodara and Visakhapatnam centres launched
- Kanpur, Borivali and Nagpur centres under development

## Net Debt

INR Million

	31-Mar-16	30-Jun-16
<b>Net Debt</b>		
Bank Debt <sup>(1)</sup>	694	850
Vendor Finance	1,520	1,542
Capital Leases	476	476
Other Debt	137	120
Less: Cash and Equivalents <sup>(2)</sup>	(883)	(863)
	<b>1,944</b>	<b>2,125</b>
<b>Debt in New Centres</b>		
Bank Debt	315	455
Vendor Finance	776	781
Other Debt	16	15
	<b>1,107</b>	<b>1,251</b>
<b>Net Debt (Excl. New Centres)</b>	<b>837</b>	<b>874</b>

(1) Net of Bank balance held as margin money of INR 70 mn as at 31-Mar-16 and INR 68 mn as at 30-Jun-16

(2) Includes investment in mutual funds of INR 635 mn as at 31-Mar-16 and INR 503 mn as at 30-Jun-16

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# Project Update



INR million

**3 new HCG Centres operational as of June 30, 2016.  
Additional 3 new HCG Centres by June 2017**

Location	Bed Capacity	Project Cost	Start Date
Kalaburagi, Karnataka	85	240	Q4-FY16
Visakhapatnam, A.P.	88	278	Q1-FY17
Vadodara, Gujarat	69	395	Q1-FY17
Kanpur, U.P.	90	839	Q3-FY17E
Borivali, Maharashtra	105	584	Q4-FY17E
Nagpur, Maharashtra	115	457	Q1-FY18E

**3 new Milann Centres operational as of June 30, 2016.  
Additional 3 new Milann Centres by June 2017**

Location	Start Date
M.S.Ramaiah, Bengaluru	Q2-FY16
Delhi	Q4-FY16
Marathalli, Bengaluru	Q1-FY17
Chandigarh	Q2-FY17E
Cuttack	Q3-FY17E
Ahmedabad	Q1-FY18E





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For updates and specific queries, please visit [www.hcgel.com](http://www.hcgel.com)  
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