



Apollo Hospitals announces Q1FY16 results

**Q1 FY16 Standalone Revenues up 20% at Rs. 1,265 Crore
Standalone EBITDA up 16% at Rs. 181 crore
Standalone PAT up 10% at Rs. 91 crore**

**Q1 FY16 Consolidated Revenues up 18% at Rs.1,420 Crore
Consolidated PAT at Rs. 80 crore**

**Apollo transplant program is the busiest solid organ transplant in the world
for the third consecutive year.**

**In addition to bringing in innovative techniques in Liver & Kidney
transplantation, the program has excelled in heart-Lung transplantation.**

**Apollo continues to have excellent clinical outcomes which are comparable
to the best published international benchmarks. These are measured
through our ACE@25 clinical scorecard. This has resulted in invitations
from reputed institutions globally to collaborate.**

**Entered into an agreement for acquiring a controlling stake in Assam
Hospitals, Guwahati which runs a profitable 220 bedded hospital – thereby
extending presence in the North-eastern region**

Relaunched Nova Specialty Centers as Apollo Spectra Hospitals

**Integrated operations of Hetero Pharmacy in Q1FY16
Pan-India stores network at 2,171 stores as of end Q1FY16
SAP Revenues grow 35% on a year-on-year basis**

Plans to add 875 beds in FY16

**Vizag (250 beds), Belapur – Mumbai (350 beds) and North Bangalore (180
beds) to be operationalized in FY16**

India, August 11, 2015: Apollo Hospitals Enterprise Ltd (AHEL), a leading healthcare provider, today reported its financial results according to Indian GAAP for the quarter ended June 30, 2015.

Q1FY16 Standalone Revenues were at Rs. 12,650 million as compared to Rs. 10,537 million in Q1FY15, up by 20%. Given the increasing proportion of leased facilities across the hospital network, a new metric – EBITDAR (Earnings before Interest, taxes, Depreciation & Amortization



and Lease Rent) has been introduced – this was Rs. 2,172 million in Q1FY16 at a margin of 17.2% compared to Rs. 1,835 million at a margin of 17.4% in Q1 last year.

EBITDA grew by 15.8% from Rs. 1,563 million in Q1FY15 to Rs. 1,810 million in Q1FY16. The EBITDA margin was 14.3%. Profit after Tax (PAT) grew by 9.8% from Rs. 827 million in Q1FY15 to Rs. 908 million in Q1FY16.

Dr. Prathap C Reddy, Chairman said, *“I have been repeatedly pointing out that the increased incidence of Non-communicable diseases (NCDs) in India poses a challenge to its socio economic development. The clock I believe has started ticking and it’s time for us to wage a war against it. To combat this threat, we at Apollo are doing our bit on awareness, screening and treatment including education and counseling. The recent introduction of “Personalized Health checks” in all out hospitals including genetic testing is aimed at prevention, early detection and cure.”*

Our strong start to this financial year has been accomplished by further progress in clinical and operational parameters as we augmented our specialty mix at new hospitals and further enhanced our service offerings in our existing facilities. Our Clinical leadership was further reinforced by path-breaking treatments in transplants, breast cancer and knee replacements. We remain focused on elevating standards of patient care, consolidating our pharmacy leadership and fast-tracking performance at newer hospitals; all with an aim of driving profitable growth throughout the remainder of the year.

The integration of Nova Hospitals, now rebranded as Apollo Spectra, as well as the entry into Guwahati has deepened our pan-India presence and this will be further extended by the launch of our Hospital in Navi Mumbai towards the end of the year. The integration of Hetero stores has accelerated the roll out of retail pharmacies and taken us to over 2,100 stores nationally.

We wholeheartedly support the Digital India initiative by the government which is in sync with our philosophy of leveraging technology to widen healthcare access and improve outcomes.”

Financial Highlights

- Standalone Q1 FY16 Performance
 - Revenues grew 20% to Rs. 12,650 million compared to Rs. 10,537 million in Q1FY15.
 - EBITDAR grew 18.4% to Rs. 2,172 million as against Rs. 1,835 million in Q1FY15.
 - EBITDA grew 15.8% to Rs. 1,810 million compared to Rs. 1,563 million in Q1FY15.
 - PAT was higher by 9.8% at Rs. 908 million against Rs. 827 million in Q1FY15.
 - Diluted EPS of Rs. 6.53 per share in Q1 FY16 (not annualised).



- Consolidated Q1 FY16 Performance (Unaudited management estimates)
 - Revenues grew 18.1% to Rs. 14,199 million compared to Rs. 12,025 million in Q1FY15.
 - EBITDAR grew 15.4% to Rs. 2,494 million as against Rs. 2,162 million in Q1FY15.
 - EBITDA grew 14.1% to Rs. 1,975 million as against Rs. 1,731 million in Q1FY15.
 - PAT was at Rs. 796 million.
 - Diluted EPS of Rs. 5.72 per share in Q1 FY16 (not annualised).

Segment-wise Performance Update

Healthcare Services

Standalone Revenues of the healthcare services division grew by 12% to Rs. 7,449 million in Q1FY16 compared to Rs. 6,675 million in Q1FY15. EBITDAR was at Rs. 1,809 million in Q1FY16 compared to Rs. 1,590 million in Q1FY15, registering a growth of 14%.

Healthcare Services EBITDA grew 12% to Rs. 1,621 million in Q1FY16 compared to Rs. 1,443 million in Q1FY15. Healthcare Services EBITDA excluding the impact of new facilities was higher by 14% at Rs. 1,662 million in Q1FY16 compared to Rs. 1,459 million in Q1FY15.

Apollo's core clusters in Chennai & Hyderabad exhibited steady growth. The Chennai cluster reported a 15.7% increase in revenues from Rs. 2,887 million in Q1FY15 to Rs. 3,340 million in Q1FY16. Occupancy was 933 beds (63% utilization on an increased capacity of 1,490 beds) in Q1 FY16 as compared to 911 beds (70% utilization on 1,305 beds) in Q1FY15.

The Hyderabad cluster reported 6.3% increase in revenues from Rs. 1,204 million in Q1FY15 to Rs. 1,279 million in Q1FY16. There was a moderation in Inpatient volumes & in the occupancy levels due to rationalization of patients under subsidised schemes. Occupancy was at 548 beds (59% utilization on 930 beds) in Q1FY16 as compared to 603 beds (65% utilization of 930 beds) in Q1FY15. However the cluster reported further improvements in profitability driven by higher number of international patients, benefits of case mix rationalization and reduction in ALOS from 4.10 in Q1FY15 to 4.01 in Q1FY16.

Likewise, Hospitals outside of the core clusters also performed well with continued progress on key operational matrices. The hospitals outside the core clusters reported a 13.6% growth in revenues from Rs.1, 491 million to Rs.1, 694 million in Q1FY16. The combined Occupancy was at 1134 beds (62% utilization on an increased capacity of 1,818 beds) in Q1FY16 as compared to 1,072 beds (64% utilisation on 1,683 beds) in Q1FY15.



Our Joint Venture & Subsidiary hospitals performed well with Hospitals in Ahmedabad, Bangalore & Kolkata reporting y-on-y revenue growth of 12%, 13% & 5% respectively. Indore reported y-on-y revenue growth of 24%. Growth was achieved through a mix of higher volumes as well as improvements in pricing and case-mix. Occupancy at Ahmedabad was at 181 beds (63%), Bangalore at 205 beds (76%) and at, Kolkata occupancy was at 441 beds (82%).

New Hospitals

- New hospitals batch of FY13 - Vanagaram & Jayanagar delivered a robust performance with revenues growing from Rs. 281 million in Q1FY15 to Rs 384 million in Q1FY16.
- Vanagaram, Chennai delivered healthy growth. Occupancy was at 110 beds (56% utilization on a capacity of 197 beds) from 85 beds in Q1FY15.
- Jayanagar, Bangalore registered an occupancy of 60 beds (55% utilization) from 52 beds in Q1FY15.
- FY14 / FY15 hospitals batch – Operations at Trichy, Nashik, Karapakkam, Perungudi, Nellore and W&C- SMR gaining traction. Revenues stood at Rs 283 million with an EBITDA loss of Rs 76 million in Q1FY16, due to fixed costs which will get recovered as the occupancy increases.
- Revenues from Trichy, Nashik & Karapakkam have been encouraging and the teams are working on further augmenting the specialty mix as well as on ramping up the consultant teams at these centers to enable faster break evens.

Standalone Pharmacies

In Q1FY16, Apollo Pharmacies added 56 stores and closed 11 stores for a net addition of 45 stores on an organic basis. The integration of the Hetero Pharmacy network during the quarter resulted in the addition of 304 stores – the total store network as of June 30, 2015 stands at 2,171 operational stores.

Revenues were higher by 35% to Rs. 5,201 million in Q1FY16 from Rs. 3,862 million in Q1FY15. Excluding the Hetero network of stores, revenue growth was 31%. EBITDAR grew by 48% from Rs. 245 million in Q1FY15 to Rs. 363 million in Q1FY16. EBITDA growth was robust at 58% on a yoy basis from Rs. 120 million in Q1FY15 to Rs. 189 million in Q1FY16.

EBITDA margin expanded by 53 bps to 3.6% in Q1FY16 as compared to 3.1% in Q1FY15. The incremental costs of Hetero pharmacy operations were offset by the higher contribution of Private label products in the revenue mix at 6.2% in Q1FY16 as compared to 5.9% in Q1FY15.

The business continued to report strong traction in same-store sales across various batches of Stores with like-for-like growth in revenue per store at 16.5% for the pre- 2010 batch of stores.



Apollo Munich Health Insurance Company Limited

The Company achieved a Gross Written Premium of Rs 1,809 mn in Q1FY16 against Rs 1,383 mn achieved during the same period in the previous year representing a growth of 31%. The Earned premium grew by 12% from Rs. 1,597 million in Q1FY15 to Rs. 1,792 million in Q1FY16. The incurred claim loss ratio was higher at 64% in Q1FY16 compared to 62.6% in Q1FY15. The business reported a loss at the PAT level of Rs. 27 million in Q1FY16 compared to a loss of Rs. 14 million in Q1 FY15. AUMs stood at Rs. 7,234 million as of June 30, 2015.

Apollo Munich Health Insurance, introduced 'Dengue Care', the country's first exclusive over the counter health insurance policy focused only on dengue treatment which covers both hospitalization and outpatient treatment.

Retail Healthcare

Apollo Health & Lifestyle Ltd. (AHLL) is a wholly owned subsidiary which houses the retail healthcare business of Apollo Hospitals. This includes the lifestyle birthing centres known as 'CRADLE', Daycare and short stay surgery centres, diagnostic centres, and Apollo Clinics catering to a variety of ailments such as liver disease, joint pain, advanced fever and diabetes among others.

Total Income grew significantly by 14.5% to Rs. 203 million in Q1FY16 compared to Rs. 177 million in Q1FY15. The business reported an EBITDA loss of Rs. 80 million in Q1FY16. The current portfolio comprises 11 Day surgery centres, 5 Cradles, 25 Diagnostic centres and 66 Clinics housed under AHLL while 73 Dental Clinics, 27 Sugar Clinics and 5 Dialysis centres are a part of the extended network.

During the quarter, the Nova Specialty Hospitals acquisition was completed with the hospitals being launched as multi-specialty Apollo Spectra Hospitals. The hospitals will serve as 'Boutique' hospitals and operate in seven cities - Delhi, Jaipur, Kanpur, Mumbai, Pune, Bengaluru and Chennai. AHLL plans to open 11 Apollo Spectra Hospitals across the country by the end of Q3 FY16.

Two (Nehru Place, Delhi and Jubilee Hills, Hyderabad) of the above have been remodeled as 'CRADLES' – the boutique maternity centres.

CLINICAL AND OPERATIONAL HIGHLIGHTS

CLINICAL EXCELLENCE HIGHLIGHTS

- *In yet another move to improve cancer treatment outcomes in the Country, Apollo Cancer Specialty hospital launched India's first comprehensive registry Software OncoCollect, an initiative that stands to revolutionize cancer care. Today, cancer accounts among ten leading causes of death in India with 0.4 million deaths occurring every year. At present, there are 2.5 million cancer cases with an average 0.8 million new cases being recorded each year*
- *Apollo Hospitals Chennai introduced 'Attune Rotating Platform Knee Replacement', a revolutionary new technique in the field of surgical medicine and orthopaedics. Using a minimally invasive subvastus, this surgical approach involves less cutting of the tissues around the knee.*
- *Apollo Hospitals Chennai in a first of its kind initiative used an artificial heart lung machine - Extracorporeal Membrane Oxygenation (ECMO) to treat a 12 year old H1N1 patient.*
- *Apollo Gleneagles Hospitals, Kolkata introduced a new technology "Radionuclide-labelled sentinel lymph node biopsy" for the treatment breast cancer.*
- *This quarter witnessed world-class medical excellence when Apollo Delhi performed a successful rare bone replacement surgery of a 35 year old man from Afghanistan to remove a growing giant cell tumor of the bone that could have threatened an amputation of his arm if not treated immediately.*
- *Spreading the message of global healthcare amongst masses, Apollo Hospitals across locations celebrated International Yoga Day along with doctors, medical staff, patients, and local residents.*
- *Conducted a complex split liver transplant from a cadaver into two adults. This is the first such surgery in Delhi and the second ever in the country.*

NEW GEOGRAPHIES AND LAUNCHES

- *Nephrology & Dialysis services were launched at Apollo Speciality Hospital in Jayanagar, Bangalore*



KNOWLEDGE PROGRAMME

Apollo Hospitals has been the harbinger of the healthcare movement in India and has been continually in pursuit of creating benchmark standards in the field of medicine. Apollo Hospitals aims to be at the forefront of medical education too which is part of the larger plan to adopt non-linear ways to help save capital costs and widen reach.

- *Apollo MedSkills inaugurated its first center of excellence in Healthcare Skilling in Chennai. Inaugurated by Shri Rajiv Pratap Rudy, Hon'ble Minister of Skill Development and Entrepreneurship, the state of the art training facility aims to train 30,000 students during 2015-16*
- *Apollo Gleneagles Hospitals, Kolkata tied up with The University of Maryland, USA for a Master's Degree Course in Emergency Medicine.*

COLLABORATIONS

A combination of best-in-class clinical excellence, high standards of patient care and cutting edge technology which are accessible to all remains the centerpiece of the Apollo story. Collaborations and partnerships offer immense strategic support in this direction.

- *In a major boost for members of the Jain community, Apollo Hospitals signed a MoU with Jain International Trade Organization (JITO), and released two co-branded health cards and a privilege card. These will provide quality healthcare services of international standards at subsidized cost to the members of the JITO*
- *HealthXL and Apollo Hospitals announced a partnership to aid the concerted efforts towards innovation in healthcare. Apollo Hospitals joins a network of 15 HealthXL partners including leading global healthcare brands such as Bupa, Cleveland Clinic, Becton Dickinson, IBM, ICON, ResMed, Janssen Healthcare Innovation, Linde Healthcare, Novartis, Partners HealthCare, Silicon Valley Bank, EY, SoftServe, Hermitage Medical Clinic and SoftLayer, all working towards a common goal of holistic approach towards optimal healthcare delivery*
- *In an effort to strengthen its campaign towards promoting preventive healthcare, AHEL has initiated the Apollo SHINE program, a Student Health Initiative that envisions building a strategic partnership between Apollo Hospitals and Schools and Colleges in establishing a safe and supportive environment with practices that support healthy behavior among the students through annual health screening, regular health talks and onsite health support. The Apollo SHINE initiative has been mandated with the clear objective of taking the tenets of healthy living to schools and colleges, and to sow the seeds of good health among the youth of India when they are at their most impressionable age. It is intended not only to create awareness about the common health problems faced by the student age group, and to identify and treat health problems at a nascent stage, but also to completely equip the institutions to handle all sorts of medical emergencies that might arise in the school and college environment*



AWARDS, ACHIEVEMENTS& OUTREACH

- *Indraprastha Apollo Hospitals has been awarded the IMTJ Medical Travel Awards 2015 for best quality initiative. The Awards celebrate the very best in innovation, improvement and excellence in the medical travel, medical tourism and health tourism industry.*
- *Indraprastha Apollo Hospitals has completed 10 years of accreditation by Joint Commission International (JCI)*

OTHER DEVELOPMENTS

- *Apollo Hospitals Bangalore tied up with ICICI securities for their activities with HNI's of Bangalore for health checks, health camps & health talks*
- *On the occasion of the International Women's health Day, and in the lead-up to the Paris Climate Change Conference (COP21), the French Embassy in India organized a workshop entitled "Tackling climate change for healthier women", in partnership with Apollo Hospitals, Delhi and Public Health Foundation of India (PHFI).*
- *Apollo Hospitals Bangalore, set up a health camps for citizens of Bangalore on designated health days to generate awareness amongst masses on staying healthy. A pulmonology screening camp was organized on World No Tobacco Day where over 250 people were screened and given consultation by senior doctors. Health Talk for senior citizens was delivered by Apollo Specialists on World Parkinson's Disease Day; yet another multi-speciality camp was done for 2400 residents.*

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About Apollo Hospitals Enterprise Ltd. (AHEL)



It was in 1983, that Dr. Prathap Reddy made a pioneering endeavour by launching India's first corporate hospital - Apollo Hospital in Chennai. Now, as Asia largest and most trusted healthcare group, its presence includes over 9,000 beds across 64 Hospitals, 2,171 Pharmacies, 107 Retail Health Centres including Primary Care & Diagnostic Clinics, birthing centres, day surgery centres and sugar clinics apart from 100 Telemedicine units across 10 countries. Health Insurance services, Global Projects Consultancy, 15 colleges of Nursing and Hospital Management, a Research Foundation with a focus on global Clinical Trials, epidemiological studies, stem cell & genetic research and the first Proton Therapy Center across Asia, Africa and Australia.

In a rare honour, the Government of India issued a commemorative stamp in recognition of Apollo's contribution, the first for a healthcare organization. Apollo Hospitals Chairman, Dr. Prathap C Reddy, was conferred with the prestigious Padma Vibhushan in 2010. For more than 30 years, the Apollo Hospitals Group has continuously excelled and maintained leadership in medical innovation, world-class clinical services and cutting-edge technology. Our hospitals are consistently ranked amongst the best hospitals globally for advanced medical services and research.

Disclaimer

Some of the statements in this document that are not historical facts are forward looking statements. These forward-looking statements include our financial and growth projections as well as statements concerning our plans, strategies, intentions and beliefs concerning our business and the markets in which we operate.

These statements are based on information currently available to us, and we assume no obligation to update these statements as circumstances change. There are risks and uncertainties that could cause actual events to differ materially from these forward-looking statements. These risks include, but are not limited to, the level of market demand for our services, the highly-competitive market for the types of services that we offer, market conditions that could cause our customers to reduce their spending for our services, our ability to create, acquire and build new businesses and to grow our existing businesses, our ability to attract and retain qualified personnel, currency fluctuations and market conditions in India and elsewhere around the world, and other risks not specifically mentioned herein but those that are common to industry.

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