

Apollo Hospitals announces Q3FY16 results

**9M FY16 Standalone Revenues up 18% at Rs. 4,013 crores
EBITDA up 14% at Rs. 557 crores
PAT up 9% at Rs. 294 crores**

**Q3 FY16 Standalone Revenues up 17% at Rs. 1,381 crores
EBITDA up 5% at Rs. 183 crores
PAT up 15% at Rs. 109 crores**

Apollo Hospitals, Chennai retains its position as the Best Multi-Specialty Private hospital in India in The Week- Nielsen Best Hospital Survey 2015

Apollo Hospitals has leadership in 8 out of 10 specialties surveyed. Each Hospital has ranked well in its individual geography

SAP continues strong performance - Revenues grow 32% on a year-on-year basis. Pan-India Pharmacy network at 2,263 stores as of end Q3FY16

Apollo transplant program continues to be the busiest solid organ transplant in the world. In addition to bringing in innovative techniques in Liver & Kidney transplantation, the program has scaled new heights in clinical excellence in Heart-Lung transplantation too.

Intra-arterial Chemotherapy, a novel procedure for the Treatment of Intraocular Retinoblastoma done at Apollo Hospital, Hyderabad for the first time in south India

Apollo Specialty Hospital, Chennai rebranded as Apollo Cancer Hospital to augment focus on comprehensive cancer care and extend our geographical reach in line with our objective of launching Proton Therapy

Plans to add 495 beds by end FY16

North Bangalore (180 beds) & Vizag (250 beds) to be commissioned and Indore (65 beds – expansion) to be operationalized by end March 16

During the Chennai floods, Apollo Hospitals reached out and delivered Medical care to over 30,000 patients by conducting 36 medical camps in the worst hit areas with an average of 10 doctors and 15 nurses in each camp



India, February 12, 2016: Apollo Hospitals Enterprise Ltd (AHEL), a leading healthcare provider, today reported its financial results according to Indian GAAP for the quarter ended December 31, 2015.

Q3FY16 Standalone Revenues were at Rs. 13,805 million as compared to Rs. 11,825 million in Q3FY15, up by 16.7%. EBITDAR grew by 8.1% to Rs. 2,231 million in Q3FY16 at a margin of 16.26 % compared to Rs. 2,064 million at a margin of 17.45 % in Q3 last year. EBITDA grew by 4.5% from Rs. 1,747 million in Q3FY15 to Rs. 1,826 million in Q3FY16.

The company has delivered improved margins across all segments, i.e. existing hospitals, new Hospitals and SAPs. However, the EBITDA margin on a blended basis is at 13.2% in Q3FY16 compared to 14.8% in Q3FY15. This is due to the increased weightage of SAPs at 42.7% (38.2% in Q3FY15) and new hospitals at 5.7% (3.6% in Q3FY15) in total Standalone Revenues.

Profit after Tax (PAT) grew by 14.9% from Rs. 950 million in Q3FY15 to Rs. 1,092 million in Q3FY16.

Dr. Prathap C Reddy, Chairman said, During Q3, Chennai and surrounding areas witnessed an unforeseen event as excessive rainfall resulted in flooding and devastation bringing the city to a standstill. I am extremely proud of our Apollo family members who, despite the circumstances and of their own accord, went beyond their call of duty to be available 24/7 during this period and provide care when needed most.

Patient centricity is a way of life at Apollo and the bedrock of our success. We continue to enhance the degree of clinical differentiation across our hospitals in the areas of transplants, Oncology, Cardiology and Neurosciences. It is our constant endeavour to enhance healthcare accessibility for all by extending our presence in both Tier 1 and Tier 2 locations across India.

The innovation agenda has gained further momentum as we approach a phase of significant scaling up of new formats of healthcare delivery, both in India and internationally, which will offer substantial impetus to achieve our goal to touch a billion lives.”

He added, “We are delighted with the recognition for Apollo Hospitals, Chennai as the best private Multi-Specialty Hospital in the country – a position it has maintained for the second year. Even more heartening is that several hospitals in the network including Kolkata, Ahmedabad, Hyderabad, Delhi and Bengaluru have been recognized amongst the top institutes in their respective cities thereby reiterating that Apollo has successfully replicated excellence in healthcare delivery across the length and breadth of the country.”

Financial Highlights

- Consolidated 9MFY16 Performance (Unaudited management estimates)
 - Revenues grew by 17.3% to Rs. 45,273 million vs. Rs. 38,599 million for 9MFY15.
 - EBITDAR grew by 11.3% to Rs. 7,449 million vs. Rs. 6,693 million in 9MFY15
 - EBITDA grew by 7.8% at Rs. 6,002 million vs. Rs. 5,568 million for 9MFY15.
 - PAT was Rs. 2,421 million vs. Rs. 2,551 million for 9MFY15
 - Diluted EPS of Rs. 17.40 per share for 9MFY16. (not annualised)

- Consolidated Q3FY16 Performance (Unaudited management estimates)
 - Revenues grew by 15.8% to Rs. 15,548 million vs. Rs. 13,424 million in Q3FY15.
 - EBITDAR grew by 5.2% to Rs. 2,480 million vs. Rs. 2,357 million in Q3FY15
 - EBITDA de-grew by 0.2% to Rs. 1,908 million vs. Rs. 1,912 million in Q3FY15.
 - PAT de-grew by 39.5% to Rs. 530 million vs. to Rs. 875 million in Q3FY15.
 - Diluted EPS of Rs. 3.81 per share in Q3FY16 (not annualised).

- Standalone 9MFY16 Performance
 - Revenues grew by 18.4% to Rs. 40,128 million vs. Rs. 33,891 million in 9MFY15.
 - EBITDAR grew by 13.6% to Rs. 6,712 million vs. Rs. 5,910 million in 9MFY15
 - EBITDA grew by 10.6 % to Rs. 5,568 million vs. Rs. 5,036 million in 9MFY15.
 - PAT was at Rs. 2,937 million vs. Rs. 2,693 million in 9MFY15, growth of 9.1%.
 - Diluted EPS of Rs. 21.11 per share in 9MFY16. (not annualised)

- Standalone Q3 FY16 Performance
 - Revenues grew by 16.7% to Rs. 13,805 million vs. Rs. 11,825 million in Q3FY15.
 - EBITDAR grew by 8.1% to Rs. 2,231 million vs. Rs. 2,064 million in Q3FY15.
 - EBITDA grew by 4.5% to Rs. 1,826 million vs. Rs. 1,747 million in Q3FY15.
 - PAT was at Rs. 1,092 million vs. Rs. 950 million in Q3FY15, growth of 14.9%.
 - Diluted EPS of Rs. 7.85 per share in Q3 FY16 (not annualised).

Segment-wise Performance Update

Hospitals

Standalone Revenues of the healthcare services division increased by 10% to Rs. 22,981 million in 9MFY16 compared to Rs. 20,945 million in 9MFY15. This performance includes growth of 5% from existing healthcare services (like for like growth) as well as revenue growth of 86% from new hospitals (including HBP) added to the network.

Healthcare Services EBITDAR was Rs. 5,503 million in 9MFY16 compared to Rs. 5,090 million in 9MFY15, registering a growth of 8%. Of this, existing hospitals contributed Rs. 5,318 million up 5% from last year despite the disruption brought about by rains and flooding in Chennai. EBITDAR from new hospitals grew over 4 times to Rs 186 million in 9MFY16 from Rs 36 million in 9MFY15 due to increase in patient footfalls.

Healthcare Services EBITDA grew 6% to Rs. 4,921 million in 9MFY16 compared to Rs. 4,622 million in 9MFY15. Of this, existing hospitals EBITDA was higher by 5% at Rs. 4,923 million in 9MFY16 compared to Rs. 4,687 million in 9MFY15. New hospitals posted an EBITDA loss of Rs. 2 million in 9MFY16 as compared to a loss of Rs 65 million in 9MFY15.

The Chennai cluster reported a stable performance with broad-based growth in volumes. Revenues grew 11% from Rs. 9,209 million in 9MFY15 to Rs. 10,248 million in 9MFY16. This was despite the impact of floods which impacted revenues by Rs 200 million in the Chennai division for the quarter. Existing hospitals reported a 5% growth in revenues and the balance was from the new hospitals at Vanagram, Karapakkam, OMR and W&C – SMR. Occupancy was at 969 beds (64% utilization on capacity of 1,521 beds) in 9MFY16 as compared to 949 beds (69% utilization on 1,383 beds) in 9MFY15.

The initiatives to improve the case mix at the Hyderabad cluster yielded dividends as Revenues grew 8% to Rs. 3,982 million. Better case mix & higher volumes of international patients improved revenues. Occupancy was at 562 beds (60% utilization on 930 beds) in 9MFY16 as compared to 596 beds (64% utilization of 930 beds) in 9MFY15.

Larger Joint Venture & Subsidiary hospitals delivered a healthy performance with Hospitals in Bangalore, Ahmedabad & Kolkata reporting y-on-y revenue growth of 10%, 12% & 8% respectively. Indore reported y-on-y revenue growth of 52%, though on a small base. Growth was achieved through a mix of higher volumes as well as improvements in pricing and case-mix.

Hospitals outside of the core clusters also performed well with healthy growth in revenues as well as progress in key operational matrices:



- Jayanagar, Bangalore reported occupancy of 66 beds (60% utilization) as compared to 50 beds (46% utilization) in 9MFY15. Revenues grew 28% to Rs 459 million in 9MFY16.
- Case-mix improvements were visible in the performance of the Mysore hospital which reported revenue growth of 25% with an occupancy at 73%.
- Madurai reported a revenue growth of 12% in 9MFY16.
- Hospitals in OMR Chennai, W&C Karapakkam, W&C – SMR, Nashik & Nellore have too seen good momentum build up in operations aided by the new leadership & doctor teams.

Standalone Pharmacies

In Q3 FY16, we added 59 stores and closed 13 stores for a net addition of 46 stores. For the 9MFY16, 137 stores were added on a net basis – the total store network as of December 31, 2015 stands at 2,263 operational stores including 295 stores from Hetero.

Revenues grew by 32% to Rs. 17,147 million in 9MFY16 from Rs. 12,946 million in 9MFY15. Excluding the Hetero network of stores, revenue growth was 26%. EBITDA growth was robust at 56% on a yoy basis from Rs. 414 million in 9MFY15 to Rs. 647 million in 9MFY16.

The EBITDA margin expanded 58 bps to 3.77% in 9MFY16 compared to 3.2% in 9M FY15. Excluding the Hetero network the EBITDA margin was 4.1% in 9MFY16.

The trends in same-store sales across various batches of stores with like-for-like growth in revenue per store at 13.7% for the pre 2008 batch of stores, 16.3% (2009 batch) and 17.7% (2010 batch).

Apollo Munich Health Insurance Company Limited

Gross Written Premium improved by 34% from Rs. 4,788 million in 9M FY15 to Rs. 6,406 million in 9MFY16. The Earned premium grew by 17% from Rs. 4,882 million in 9MFY15 to Rs. 5,698 million in 9MFY16. The incurred claim loss ratio was higher at 65.9% in 9MFY16 compared to 64.7% in 9MFY15. The business reported a PAT of Rs. 30 million in 9MFY16 compared to a loss of Rs. 34 million in 9MFY15. AUMs stood at Rs. 7,139 million as of December 31, 2015.

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 centers known as 'CRADLE', Daycare and short stay surgery centers, diagnostic centers - under the brand Apollo Diagnostics, Dental Care Centers known as Apollo White and Apollo Clinics (including Apollo



Sugar and Apollo Dialysis) catering to a variety of ailments such as liver disease, joint pain, advanced fever and diabetes among others.

Total Income declined by 3% to Rs. 944 million in 9M FY16 compared to Rs. 973 million in 9M FY15. The business reported an EBITDA loss of Rs. 254 million in 9MFY16. The current portfolio comprises 11 Day surgery centers, 7 Cradles, 71 Diagnostic centers and 68 Clinics housed under AHLL while 72 Dental Clinics, 33 Sugar Clinics and 5 Dialysis centers are a part of the extended network.

The company operates in a large and rapidly growing healthcare market with a portfolio of formats that enjoy strong synergies among themselves. AHLL has undergone significant expansion in the past 3 years and plans for continued growth and expansion over the next 5 years. To that end, AHLL plans to invest Rs 5000 million to fund the growth of the business and plans to invite Private Equity investors to participate in this growth opportunity.

CLINICAL AND OPERATIONAL HIGHLIGHTS

CLINICAL EXCELLENCE HIGHLIGHTS

- *In our endeavor to provide healthcare of the uppermost quality and safety, Apollo completed ten years of JCI accreditation in India. AHIL, Delhi had become the first hospital in the country to be accredited by JCI in 2005. AHIL, has pioneered in introducing newer trends in quality and patient safety. This year Apollo Hospitals revised and updated Clinical Dashboards to compare outcomes with best in class international benchmarks.*
- *“Patient centricity” is the key trend in healthcare and it is leading to a steady growth in adoption of Electronic - Medical Records, Health Records, Personal Health Records, and technologies related to integrated care, all related to patient safety. Cloud technologies significantly facilitate this trend and allow physicians to better diagnose and treat their patients. Apollo Prism is one such initiative which helps patients to receive vital information related to their health reports directly from hospitals. Apollo Prism is a secure environment to store and access all health information on any mobile and web enabled device.*
- *On the occasion of World Diabetes Day in November 2015 Apollo Sugar launched an ambitious campaign which emphasizes on the importance of early detection and provides insights on diabetes management through a disciplined approach involving ‘clinical care’ and lifestyle management to achieve half a million diabetes screenings in a year.*
- *Apollo Hospitals has entered into an educational partnership with Varian Medical Systems to educate students with web-based content from international universities and sophisticated simulation tools which replicate a comprehensive radiotherapy center clinical workflow.*

COLLABORATIONS

- *‘Ask Apollo’ is a patient-centric service, initiative program by Apollo Hospitals in collaboration with the Government of India which combines the expertise of world-renowned Apollo doctors, with the convenience of consulting them at any time, from anywhere around the world. The idea is to establish 60,000 Common Service Centres (CHCs) in internet enabled villages through international standards.*
- *In a bid to ensure that Nigerian children do not die from terminal illnesses like cancer, Apollo Hospitals in India and Hope Alive Childcare Initiative HACCI, a Nigerian Non-Governmental Organisation, has signed a Memorandum of Understanding, MOU, with Apollo Hospitals in India. The agreement was to raise funds for children who cannot afford treatment as well as give reasonable discount to those that can afford the cost of treatment with a view to ensuring that Nigerian children do not die for lack of access to health.*
- *Apollo Hospitals has signed a memorandum of understanding (MoU) with Health Education England (HEE) to promote cooperation and interaction in healthcare education between India*

and England. The idea behind this is for clinical rotation of doctors, nurses, midwives, other health professionals and undergraduate healthcare students through mutual exchange. It will explore the possibility of establishing a 'global healthcare school' to ensure that an opportunity for global learning is available to all healthcare workforce in both countries.

AWARDS, ACHIEVEMENTS & OUTREACH

Hospitals within the network continued to be recognized and awarded.

- In The Week – Nielsen Best Hospital Survey 2015 :
 - *Apollo Hospital, Chennai has retained its position as the best multi-specialty private hospital in the country. It is also the pre-eminent facility in Chennai in the ranking by city*
 - *Apollo Gleneagles, Kolkata also retained the top spot as it was ranked as the best private multi-specialty hospital in Kolkata in the citywide ranking*
 - *Hospitals in Delhi, Bengaluru and Hyderabad were voted 3rd and 5th in the respective city-wide ranking which have regularly featured Apollo Hospitals in the top tier in the cities it is present.*
- *Apollo Hospitals, Bhubaneswar has been awarded the Best Emerging Hospital in the Eastern India at the Worldwide Achievers Healthcare Excellence Summit and Awards-2015.*



For further information, please contact:

For Media

Harinath M

Apollo Hospitals Ltd.

Harinath_m@apollohospitals.com

For Investors

R Krishnakumar

Apollo Hospitals Ltd.

Krishnakumar_r@apollohospitals.com

+91 44 2829 7840

Mayank Vaswani

CDR India

mayank@cdr-india.com

+91 22 6645 1230

About Apollo Hospitals Enterprise Ltd. (AHEL)

It was in 1983, that Dr. Prathap Reddy made a pioneering endeavor 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 65 Hospitals, 2,263 Pharmacies, 130 Primary Care and Diagnostic Clinics, 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 honor, 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.

Further, this document may make references to reports and publications available in the public domain. Apollo Hospitals Enterprise Ltd. makes no representation as to their accuracy or that the company subscribes to those views / findings.