

12th February, 2021

Apollo Hospitals reports robust Q3FY21 earnings. Strong recovery in Healthcare Services with 17% Q-o-Q growth in revenue and doubling of EBITDA

Concludes QIP for Rs 1170 Crores at Rs 2,511 per share, the issue was over-subscribed 12.5 times

Launches Apollo ProHealth - India's first predictive, proactive & personalized health management program, powered by AI that is built on experience from 22 million health checks

Joins the nation's world's largest COVID vaccination programme vaccinating healthcare workers at 27 Apollo Vaccination Centres across the country

Continues to support government efforts to fight Covid alongside battling the non-communicable and lifestyle diseases challenge; Apollo Hospitals, TataMD collaborate to launch 'TataMD CHECK' test for Covid-19

Launches same-day discharge for Total Hip and Knee Replacement patients in Indore

Apollo Hospitals, Chennai recognized as the Best Multispecialty Hospital in India by the Times Health Survey. In addition, three of the top five hospitals and five of the top twenty in the National rankings are part of the Apollo Hospitals group

Q3FY21 Standalone Revenues degrew by 6 % at Rs. 2,367 crore; EBITDA (Pre IND AS 116) degrew by 6% at Rs.301 crore; EBITDA (Post IND AS 116) degrew by 15% at Rs.322 crore; PAT grew by 12 % at Rs. 106 crore

Q3FY21 Consolidated Revenues degrew by 5% at Rs. 2,760 crore EBITDA (Pre IND AS 116) degrew by 1% at Rs.350 crore; EBITDA (Post IND AS 116) degrew by 9% at Rs.390 crore ; PAT grew by 42% at Rs. 130 crore

**SAP business Revenues reported 9% degrowth in Q3FY21; EBITDA (Pre IND AS 116) degrew by 3%; EBITDA margins at 6.45% in Q3FY21
EBITDA (Post IND AS 116) degrew by 35 %; EBITDA margins at 6.61% in Q3FY21**

YTD Dec 20 Standalone Revenues degrew by 7% at Rs.6,743 crore; EBITDA (Pre IND AS 116) degrew by 46% at Rs.484 crore; EBITDA (Post IND AS 116) degrew by 43% at Rs.612 crore; PAT loss of Rs. (10) crore

YTD Dec 20 Consolidated Revenues degrew by 8% at Rs. 7,692 crore EBITDA (Pre IND AS 116) degrew by 45% at Rs. 541 crore; EBITDA (Post IND AS 116) degrew by 40% at Rs.726 crore ; PAT degrew by 107% at Rs. (17) crore

SAP business Revenues reported 9% growth in YTD Dec 20; EBITDA (Pre IND AS 116) grew by 17%; EBITDA margins at 6.38 % in YTD Dec 20; EBITDA (Post IND AS 116) degrew by 2 %; EBITDA margins at 8.31% in YTD Dec 20

Q3FY21 Standalone Revenues degrew 6% to Rs.23,670 mn compared to Rs.25,295 mn in Q3FY20, aided by growth in Healthcare services degrowth of 4% YoY and SAP business degrowth of 9%. EBITDA (Pre Ind AS 116) was at Rs.3,012 mn in Q3FY21 as against Rs. 3,195 mn in Q3FY20 a YoY degrowth of 6%. PAT grew by 12 % to Rs.1,062 mn in Q3FY21.

Pharmacy business degrew by 9% to Rs. 11,263 mn as against Rs. 12,326 mn in Q3FY20. Healthcare services degrew 4% YoY, mature hospitals degrew by 8% YoY and new hospitals grew 7%.

Dr. Prathap C Reddy, Chairman, Apollo Hospitals Group said, *“The first three quarters of the year have been a period of resilience and recovery for Apollo Hospitals. It is a testament to the strong foundation laid over our 37 years of experience in healthcare that we have been able to emerge stronger than ever before despite the challenges due to the Covid pandemic. The third quarter of the year saw robust growth as we increased focus on non-Covid patients, especially NCDs, which pose a substantial risk factor to the health of the people. This was also a result of our successful efforts in educating our patients on the risks of ignoring symptoms and addressing their fears of visiting a hospital during the pandemic.*

We were very clear that we would continue to leverage not just the latest medical technologies at our disposal, but also invest in new developments harnessing AI, ML and Big Data to benefit our patients. This was seen in our multiple collaborations during the quarter and I would like to highlight some of these.

We collaborated with Tata Medical and Diagnostics Ltd to introduce TataMD CHECK diagnostic test for Covid-19 in the country. This is the world’s first CRISPR Cas-9-based diagnostic test and gives faster and accurate results as compared to the conventional tests.

We continued to be the torchbearer in adoption of digital technology as the first hospital group in South Asia to use AI for comprehensive stroke management and joined hands with Medtronic – a world leader in neuro-interventional devices to transform stroke treatment in the country.

We launched the first-of-a-kind knee replacement program in Bengaluru offering specialized partial and total knee replacement care with the use of advanced robotic technology, the NAVIO surgical system. This will help address the rising health concern of osteoarthritis, a painful crippling condition. Our hospital in Indore became the first day care centre in the country for both knee and hip replacement that allows the patient to be discharged on the same day.

We are committed to wellness, and have continued to lay emphasis on preventive health checks as the backbone of early detection and cure. We have completed over 22 million health checks so far, and have also completed over 1,00,000 health checks for members and dependents in the Apollo Family. Our flagship program ProHealth offers a comprehensive and holistic solution to good health, and we will take the program to a large part of our society through corporates, residential societies, civil society groups and retail outreach.

We stand by the Government wholeheartedly in its mission to ensure that every Indian is vaccinated against COVID-19. With 27 vaccination centres operational already, we are poised to leverage the strength of our robust pan India network of 19 medicine-supply hubs with cold chain facilities and our 70 hospitals, 400+ clinics, 500 corporate health centers, 4000 pharmacies alongside the Omni channel

digital platform Apollo 24/7 to ensure safe, comprehensive delivery and efficient and fast administration of vaccines with the highest safety standards. This will enable us to work with the Government to ensure that a large number of people get the vaccine, quickly and safely through the different phases of the mammoth vaccination program.

Our successful QIP fund raise is an acknowledgement of the faith of investors in our strong business fundamentals and strategy, and we shall continue to work to deliver growth and leverage opportunities in the healthcare industry to maintain our leadership position.

We are proud of the recognition we have received during the quarter with Apollo Hospitals, Chennai being recognized as the Best Multispecialty Hospital in India by the Times Health Survey. In addition, three of the top five hospitals and five of the top twenty in the National rankings are part of the Apollo Hospitals group. Even at the regional level, the top three in the South, the leader in the North, two among the top three in the East and one among the top fifteen in the West belong to the Apollo Hospital group.”

Major Financial Highlights

Quarterly

- Standalone Q3FY21 Performance

- Revenues degrew 6% to Rs.23,670 mn vs Rs.25,295 mn in Q3FY20
- EBITDA (Pre Ind AS116) degrew 6% to Rs.3,012 mn vs Rs.3,195 mn in Q3FY20
- EBITDA (Post Ind AS116) degrew 15% to Rs.3,219 mn vs Rs.3,767 mn in Q3FY20
- PAT grew 12% to Rs.1,062 mn vs Rs.948 mn in Q3FY20
- Diluted EPS of Rs.7.64 per share in Q3FY21 (not annualised)

- Consolidated Q3FY21 Performance

- Revenues degrew 5% to Rs.27,598 mn vs Rs.29,117 mn in Q3FY20
- EBITDA (Pre Ind AS116) degrew 1% to Rs.3,498 mn vs Rs.3,551 mn in Q3FY20
- EBITDA (Post Ind AS116) grew 9% to Rs.3,903 mn vs Rs.4,300 mn in Q3 FY20
- PAT grew 42% to Rs.1,304 mn vs Rs.921 mn in Q3FY20
- Diluted EPS of Rs.9.38 per share in Q3FY21 (not annualised)

YTD Dec 20

- Standalone YTD Dec 20 Performance

- Revenues degrew 7% to Rs.67,430 mn vs Rs.72,223 mn in YTD Dec'19
- EBITDA (Pre Ind AS116) degrew 46% to Rs.4,836 mn vs Rs.9,017 mn in YTD Dec'19
- EBITDA (Post Ind AS116) degrew 43% to Rs.6,116 mn vs Rs.10,669 mn in YTD Dec'19
- PAT degrew 104% loss of Rs.(104) mn vs Rs.2,647 mn in YTD Dec'19
- Diluted EPS of Rs.-0.74 per share (not annualised)

- Consolidated YTD Dec 20 Performance

- Revenues degrew 8% to Rs.76,921 mn vs Rs.83,244 mn in YTD Dec'19
- EBITDA (Pre Ind AS116) degrew 45% to Rs.5,405 mn vs Rs.9,892 mn in YTD Dec'19
- EBITDA (Post Ind AS116) degrew 40% to Rs.7,256 mn vs Rs.12,072 mn in YTD Dec'19
- PAT degrew 107%, loss of Rs.(175) mn vs Rs.2,356 mn in YTD Dec'19
- Diluted EPS of Rs.-1.26 per share (not annualised)

As on December 31, 2020, Apollo Hospitals had 7,366 operating beds across the network (excluding AHLL & managed beds), out of which 14 were new with 2,134 operating beds. The new hospitals have a utilization of over 55% and are expected to witness double digit growth in volumes and improvement in utilization and profitability going forward.

Segment-wise Performance Update

Hospitals

Standalone Revenues of the healthcare services division decreased by 4% to Rs.12,407 mn in Q3FY21 compared to Rs.12,969 mn in Q3FY20. Revenue of existing hospitals degrew 8% while the new hospitals grew by 7%.

EBIT for the healthcare services division was at Rs.1,586 mn in Q3FY21 compared to Rs.1,784 mn in Q3FY20. EBIT was lower by 11% YoY.

Healthcare services YTD Dec 20 Revenues de-grew by 21%

Mature hospitals revenues de-grew by 26%.

New hospitals have reported 5% de-growth in revenues to Rs 793 crs (including HBP). EBITDA in the new Hospitals is Rs 37 crs as compared to Rs 75 crs in YTD Dec 19.

Revenues in the **Tamil Nadu region de-grew by 30%, IP Volumes de-grew by 45%.** Overall occupancy in the cluster was 917 beds (46% occupancy) as compared to 1,320 beds (60% occupancy) in YTD Dec 19.

In **AP Telangana region Revenues de-grew by 13%, IP Volumes de-grew by 44%.** Overall occupancy in the cluster was 578 beds (43% occupancy) as compared to 870 beds (65% occupancy) in YTD Dec 19.

Karnataka region Revenue de-grew by 18%. Overall occupancy in the cluster was 464 beds (60% occupancy) as compared to 568 beds (74% occupancy) last year.

Hospitals in the **Others Cluster revenues de-grew by 6%** while IP volumes de-grew by 17%. Overall occupancy in the cluster was 657 beds (66% occupancy) as compared to 789 beds (83% occupancy) last year

Pharmacy business

Post the NCLT approval, the demerger of the front-end of the Pharmacy business came into effect from 01.09.2020. AHEL continues to handle the back-end pharma distribution, within a vertical called “Pharmacy Distribution”. Due to the demerger, the figures of the current quarter for the pharmacy business are not comparable to the previous quarters.

Revenues degrew by 9% to Rs. 11,263 mn in Q3FY21 from Rs. 12,326 mn in Q3FY20. EBIT degrew by 5% from Rs.752 mn in Q3FY20 to Rs.715 mn in Q3FY21. The EBITDA margin was at 6.5% in Q3FY21 compared to 6.1% in Q3FY20.

Retail Health

Apollo Health & Lifestyle Ltd. (AHLL) is a subsidiary that houses the retail healthcare business of Apollo Hospitals. This includes the lifestyle birthing centers known as ‘CRADLES’, Daycare and short stay surgery centers, Diagnostic centers, Dialysis centers, Dental Care Centers and Apollo Clinics catering to a variety of ailments such as liver disease, joint pain, advanced fever and diabetes among others. The AHLL network has 1,073 centers in total as of December 31, 2020.

AHLL Consolidated Revenues grew to Rs. 1,973 mn in Q3FY21 compared to Rs.1,854 mn in Q3FY20. The business reported an EBITDA of Rs. 112 mn in Q3FY21 compared to an EBITDA of Rs. 57 mn in Q3FY20.

CLINICAL EXCELLENCE HIGHLIGHTS

- Two Double Lung Transplants performed by Apollo Hospitals, Chennai during the pandemic. First patient was a 39-year-old whose lung condition had deteriorated significantly in the months before when the country was in lockdown. Another patient was diagnosed with interstitial lung disease that caused fibrosis in the lungs. He was put on ECMO support for 46 days.
- Apollo Hospitals, Indore has successfully performed Central India's first Renal Denervation Therapy for treating uncontrollable hypertension on a 56-year old male.
- The first and the world's largest Artificial Pulmonary Valve without surgery was implanted by Apollo Hospitals, Chennai on a 61-year-old patient
- Apollo Gleneagles Hospitals, Kolkata successfully performed Eastern India's first breast cancer risk reduction surgery.
- Apollo Hospitals, Hyderabad successfully performed South India's first daycare Fast Track Total Knee Replacement surgery on a 65-year-old diabetic patient. This surgery reduces hospital stay to less than a day and enables the patient to be on his legs quickly.
- More than 250 young stroke patients given new lease of life during the COVID-19 lockdown situation by Apollo Specialty Hospitals, OMR where around 25 patients were admitted per month, and amongst that, 40% of the patients were between 20 to 40 years of age.
- Robotic Assisted Joint Replacement Program introduced by Apollo Hospitals, Bangalore. The Navio Surgical System is an advanced robotic technology that offers precision in bone cutting and better position of implant with alignment, gives a near normal knee motion for both total and partial knee replacement.
- Three life-saving procedures performed on an Ischemic stroke patient by Apollo Specialty Hospitals, Vanagaram. The patient underwent Thrombolysis followed by Mechanical Thrombectomy to remove the clot.
- Central India's first and India's second daycare hip replacement surgery on a 30-year-old patient performed by Apollo Hospitals, Indore. Patient underwent hip replacement surgery for the damaged left hip joint with prosthetic components.
- Apollo Recovery Clinic, Hyderabad saved an octogenarian COVID survivor with severe heart disease by performing Trans Aortic Valve Replacement (TAVR) procedure.

- An Arthroscopic Discoid Meniscus Saucerization and Repair was performed successfully on a 7-year-old girl using the keyhole technique by Apollo Hospitals, Chennai.
- A 17-month-old Filipino baby was detected with a rare NF-E2 mutation in the blood at birth. The baby underwent multiple cycles of blood transfusion, before bone marrow transplant was performed by Indraprastha Apollo Hospitals, Delhi.
- Indraprastha Apollo Hospitals, Delhi successfully cured a 55-year-old patient of Post-COVID Encephalitis. The patient had developed over 400 micro blood clots post-covid with multiple swellings in the brain.

NEW LAUNCHES, INITIATIVES AND PARTNERSHIPS

- In a first-of-its-kind initiative in the country, HDFC Bank and Apollo Hospitals joined hands to launch The HealthyLife Programme, a holistic healthcare solution which makes healthy living accessible and affordable on Apollo's digital platform, Apollo 24|7.
- Apollo Hospitals and TataMD collaborated to launch TataMD CHECK for testing COVID-19 across India. TataMD CHECK, powered by FELUDA, is the world's first Covid19 diagnostic test based on the DNA genome editing tool CRISPR Cas-9.
- Apollo Hospitals and CSIR-CCMB collaborated to offer rapid, safe and cost-effective COVID-19 testing kits. The DArRT-PCR test allows for rapid, safer and more cost-effective SARS-COV-2 testing.
- Apollo Hospitals, Aragonda is the first rural hospital in Asia's to successfully perform 300 Knee Replacement surgeries in the remote village of Aragonda.
- The Group joined nation's vaccination programme by vaccinating healthcare workers at Apollo Vaccination Centre, Chennai. The Centre will vaccinate around 3 lakh healthcare workers.
- Raised Rs. 1,170 crore via Qualified Institutional Placement (QIP) programme with an objective to acquire a 50 per cent stake in a joint venture, seek inorganic growth opportunities, as well as, look to pare down debt in its balance sheet
- Apollo Fertility, a part of the Apollo Health & Lifestyle launched state-of-the-art facilities in Mumbai and Noida spread across 11,500 sq ft and 6,500 sq ft respectively

AWARDS AND ACCOLADES

- Apollo Hospitals, Chennai was recognized as the Best Multispecialty Hospital in India by the Times Health Survey conducted by the respected Times of India group, securing the top position in the National rankings. In addition, three of the top five hospitals and five of the top twenty in the National rankings are part of the Apollo Hospitals group.
- Apollo Hospitals Enterprise Ltd. earned the 2020 CHIME Digital Health Most Wired recognition as a certified level 8, conferred by The College of Healthcare Information Management Executives (CHIME). This recognizes the effectiveness of application of core and advanced technologies into the clinical and business programs to improve health and care in the communities.

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 Hospitals in Chennai. Over the years, Apollo Hospitals has established itself as home to the largest cardiac practice in India with over 160,000 cardiac surgeries. Apollo Hospitals is also the world's largest private cancer care provider and runs the world's leading solid organ transplant program. As Asia's largest and most trusted healthcare group, its presence includes 10,209 beds across 71 Hospitals, 4,000 Pharmacies, over 200 Primary Care and Diagnostic Clinics, 148 plus Telemedicine Centres.

As an integrated healthcare service provider with Health Insurance services, Global Projects Consultancy capability, over 15 medical education centers and a Research Foundation with a focus on global Clinical Trials, epidemiological studies, stem cell & genetic research Apollo Hospitals has been at the forefront of new medical breakthroughs with the most recent investment being that of commissioning the first Proton Therapy Center in Chennai across Asia, Africa, and Australia. Every four days, the Apollo Hospitals Group touches a million lives, in its mission to bring healthcare of International standards within reach of every individual.

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 37 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.

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