

Apollo Healthco Ltd

**India's Largest Integrated pharmacy distribution
and Digital health platform**

Transaction Rationale, Valuation and Governance

12 July 2024

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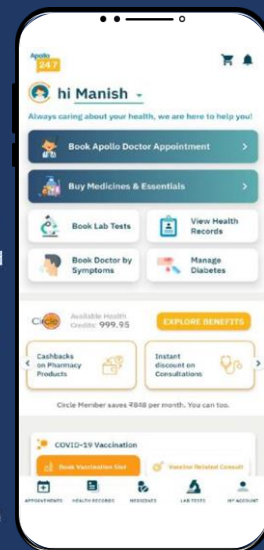
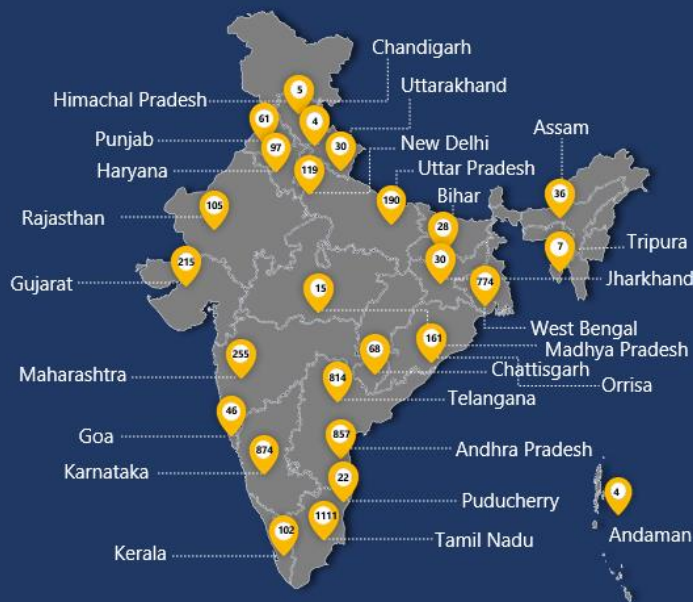
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Largest Omni-Channel Digital Health Offering

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01 Executive Summary



Overview

- Apollo Healthco Limited (“AHL”) proposes to **raise equity capital of INR 2,475 Cr (USD 300 Mn)** from Advent International (“Advent”)¹, one of the largest global private equity investors with an AUM of over USD 94 Bn
- Proposes **integration of Keimed Private Limited (“Keimed”) with AHL** in a phased manner

Deal Rationale

- To create **India’s leading integrated pharmacy distribution business complemented by fast growing omni-channel digital health business**
- Keimed is the market leader in wholesale pharma distribution with 2x the scale of nearest competitor and industry leading operating metrics. AHL to utilize Keimed’s vast network of 70,000+ stores to accelerate its INR 1,500+ Cr (USD 0.18 Bn) private label portfolio
- **Merged entity will have an industry defining business model with Pan India presence – Target consolidated Year 3 revenues of ~INR 25,000 Cr² (USD 3.03 Bn) with operating margins* of 7-8%**
- Leverage Advent’s industry and market expertise to **unlock the full-potential of the combination** while using the timely capital injection for growth investment into our **digital ventures without sacrificing legacy CAPEX**
- **In-houses Apollo Hospitals Enterprise Ltd’s (“AHEL”) related-party transactions with Keimed;** Keimed’s interest now fully aligned with our shareholders

Valuation

- Aggregate Enterprise Value of AHL & Keimed is **INR 22,481 Cr (USD 2.72 Bn)**
- AHL is valued at INR 14,478 Cr (USD 1.8 Bn) **which implies over 15% premium to its closest peer’s listed multiple**
- Keimed is valued at INR 8,003 Cr (USD 0.97 Bn) **which implies over 20% discount to its closest peer’s listed multiple**
- Agreed swap ratio for proposed merger is capped at 0.81[#] shares of AHL for every 1 share of Keimed
- Post merger, Advent will hold 12.1% in the combined entity³; Keimed shareholders will own a maximum of 25.7% while Apollo Hospitals Enterprise Ltd (“AHEL”) will continue to be the **largest controlling shareholder with at least 59.2%**⁴; ESOPs of 3%
- **Merger with Keimed estimated to be EPS accretive from Year 1**
- **Valuation multiple appropriate vs. industry and market peers**

Transaction Governance

- ✓ **Independent valuation for transactions, FEMA compliance and from RPT perspective⁴**
- ✓ **Approval by 100% Independent Audit Committee, led by our Lead Independent Director**
- ✓ **Unanimous approval by Independent Directors**
- ✓ **All Promoters recused** from relevant meetings, approval and voting
- ✓ **Engaged with our stakeholders**

¹ Rasmeli Limited, an affiliate of Advent International

² On a Proforma Basis

³ may be adjusted upwards pursuant to the adjustments in accordance with transaction agreements

⁴ Refer slide 25 for details

* Includes economic interest of AHEL holding of 49% in FHPL, which owns 18% in Keimed

[#] Post 24/7 Operating Cost

[#] subject to change on account of any bonus issue, ESOP Plan being amended and AHEL capitalizing a part of its receivables



“

Our mission has been to deliver high quality healthcare to all Indians, at an affordable cost, and with a high degree of reliability and trust. Apollo 24/7 has delivered on this promise and has reached over 33 million Indians in a short span of time. With Advent's investment and the merger of Keimed, the combined entity will be one of the country's leading retail health companies.”

DR. PRATHAP C. REDDY

Executive Chair



02 Parties to Transaction



Offline Pharmacy Distribution

- **India's largest Organized Pharmacy Platform** with presence in ~1,200 cities/towns spread across 22 States and 5 union territories.
- **6,030 Operating Stores** as on 31st March 2024.
- **Serving ~ 800,000 customers** 24 x 7 everyday.
- **FY24 Revenues of Rs. 6,927 crs with 7.3% EBITDA Margins.**
- **Private and Generic Label sales at 19% (offline).**

Apollo 24|7

Unmatched Size

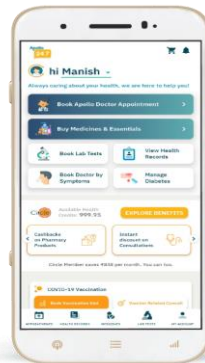
- **33 Mn.+** Registered Users - **609,000** Daily Active Users
- Serving consumers through **network of 6,000+ pharmacies**

Industry-leading Growth at scale

- Platform GMV: INR 2,687 Cr. (USD 0.33 Bn) in FY24, growth of 73% over FY23

Seasoned and Agile Management Team

- Unique combination of a diverse management team with relevant experience across digital technologies and supply chain



Key Differentiators

- Built digital business scale in **1/3rd the time taken** by its peers; AHL **achieved EBITDA breakeven** ahead of its guidance by a quarter
- **Strong brand lineage & captive network** resulting in distinctive advantage of **lowest CAC vs industry**
- **Full stack digital healthcare platform** with first-in-class AI enabled technologies including India's first Clinical Intelligence Engine



Online Diagnostic Booking



Patient E-Health Records



Online Medicine Delivery



Condition Management, Health Insurance



Virtual Doctor Consultations



Keimed | India's Largest Pharma Distributor

Keimed has >2x the scale of its nearest competitor in a highly fragmented industry with 70,000+ distributors

Unmatched Scale

Revenues of INR 10,600 Cr*
(USD 1.28 Bn) (with 5%
market share Pan-India)

~5%

Market share in Pan
India

High Quality Customer Base

Deepest network in
India covering 18 states
and presence across all
key markets

70,000+

high performing pharmacies
serviced

Preferred Sales Partner

Go-to partner for launch of
new formulations. Offers
widest assortment of SKUs
compared to peers

45,000+

SKUs

State-of-the-art Infrastructure

With primary focus on safety
and quality, has built a
robust cold chain and supply
infrastructure to ensure 24
hrs Pan-India delivery

96

Distribution centres

Trusted Relationships

Direct relationship with
most manufacturers -
Single largest customer
for all major pharma
companies

300+

Manufacturers

Experienced Management

Led by a group of
industry veterans with
decades of relevant
experience

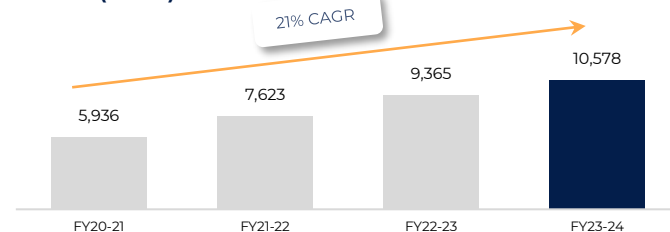
~6,000

Employees

Sound Financial Performance with 10-year revenue CAGR of
18+% with industry leading EBITDA Margins

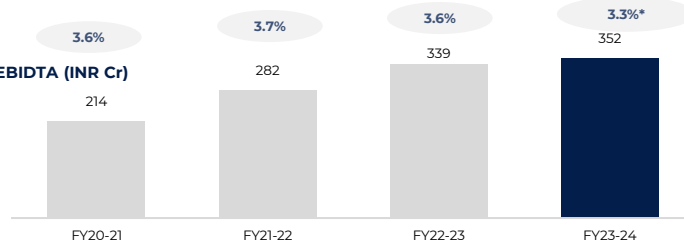
Consistent Revenue Growth

Revenues (INR Cr)



Industry Leading EBITDA Margins

EBITDA (INR Cr)



*EBITDA margins slightly dropped in FY24 due to one-time cost escalations and bandwidth constraints resulting from **restructuring of over [40+] subsidiaries**

Return on
Capital Employed
FY23 +18%

Return on
Equity
FY23 +19%



Advent International | Long-Term Partner for Success and Value Creation

One of the largest and most experienced global private equity firms globally and in India with a long-term value-creation orientation to investments and partnership

Advent is one of the largest PE funds Globally and in India

\$94bn+

Of Assets under management (AUM) globally

\$6bn+

Capital committed in India across 25+ deals across sectors

And Is India's most active and successful investors in Healthcare



A leading multi-specialty hospital chain in south India



India's #1 Women's health and fertility specialty pharma company

India's leading CDMO serving global leaders in pharma & chemicals



\$2.1Bn+ invested in Healthcare in India across 7 assets

With a long-term value creation potential and mindset

1. via a global pool of industry stalwarts as exclusive partners



Bhasker Iyer
former CEO
Abbott India



Tom Ryan
former CEO
CVS



Abhijit Mukherjee
former COO
Dr Reddy's



Glenn Murphy
former Chairman
Lululemon



Shweta Janan
Managing Partner
& Head of India,
Advent



Pankaj Patwari
Managing Director
Advent

2. and experience of scaling retail and consumer brands in India and globally

select India examples

Crompton



select Global examples





03 The Transaction



Key Terms of The Transaction

Investment Amount

- **Advent to invest INR 2,475 Cr (USD 0.30 Bn) in 2 tranches**
 - 70% at first close – INR 1,732 Cr (USD 0.21 Bn)
 - Balance 30% at 12 months of the first close – INR 743 Cr (USD 0.09 Bn)

End Use Of Funds

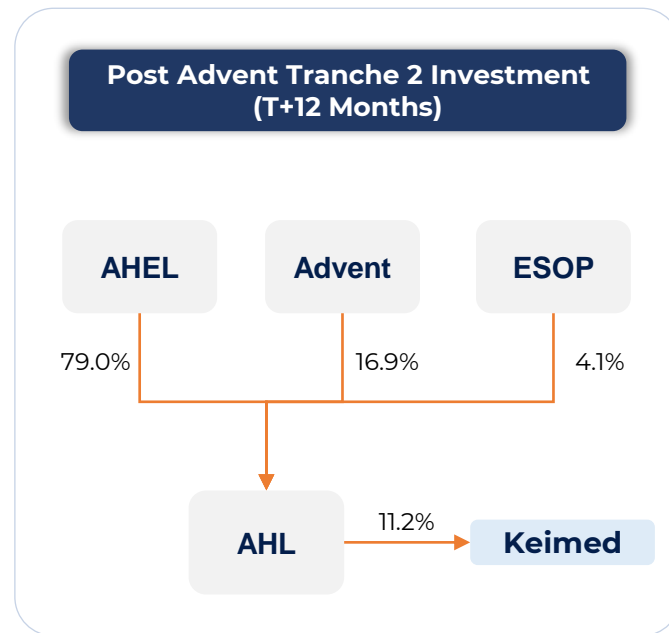
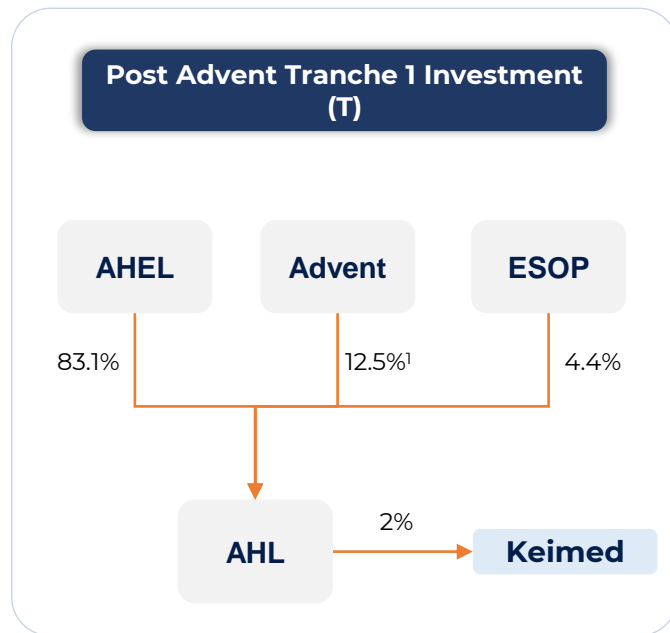
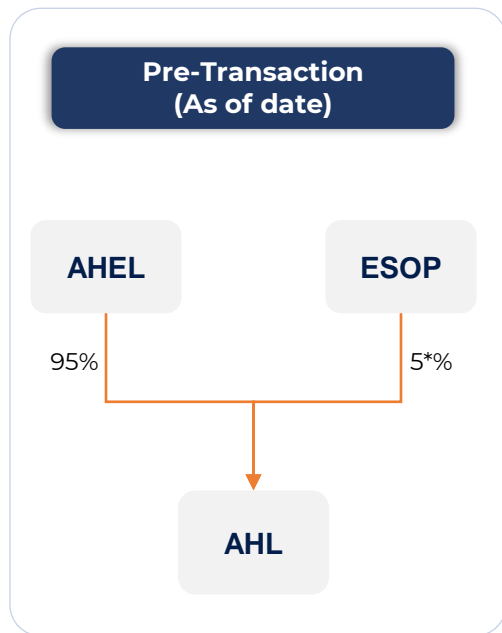
- **Growth capital for AHL of INR 860 Cr (USD 0.10 Bn)** – to provide AHL with further impetus to strengthen its position in the industry and unlock greater business opportunities
- **Retirement of INR 890 Cr (USD 0.11 Bn) of the INR 1,290 Cr (USD 0.16 Bn) slump sale consideration due to AHEL;** AHEL to convert the balance due of INR 400 Cr (USD 0.05 Bn) into equity in AHL at same as Advent's valuation
- **Acquisition of 11.2% Equity interest in Keimed for INR 725 Cr* (USD 0.09 Bn)**

Keimed Acquisition (EV of INR 8,003 Cr – USD 0.97 Bn)

- AHL to acquire 2.0% equity stake of Keimed at the first close from Keimed promoters
- To acquire additional 9.2% equity stake of Keimed within 12 months of the first close through a combination of primary investment & secondary stake purchase
- **To file for Keimed merger with AHL within 15 months of Advent's first tranche investment** & target completion in ~24-30 months

** includes INR 625 Cr of secondary purchase from Keimed promoters to enable them retire certain promoter debt and resultant release of the encumbrance over certain shares of Keimed Limited, thereby facilitating merger of Keimed into AHL*

Proposed Transaction Structure and Steps (1/2)



Tranche 1

- Advent investment of INR 1,732 Cr (USD 0.21 Bn) in AHL
- AHL to acquire stake in Keimed for INR 125 Cr (USD 0.02 Bn)

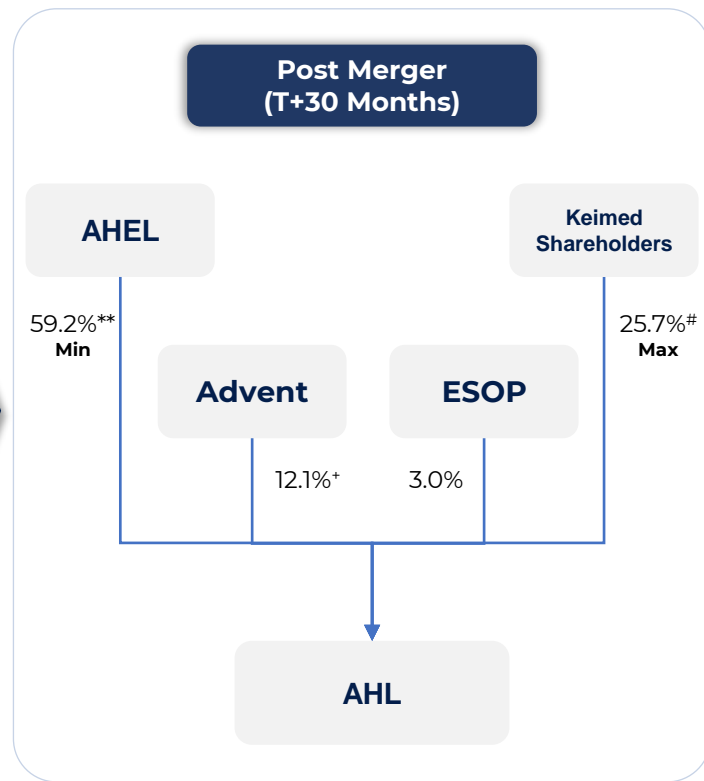
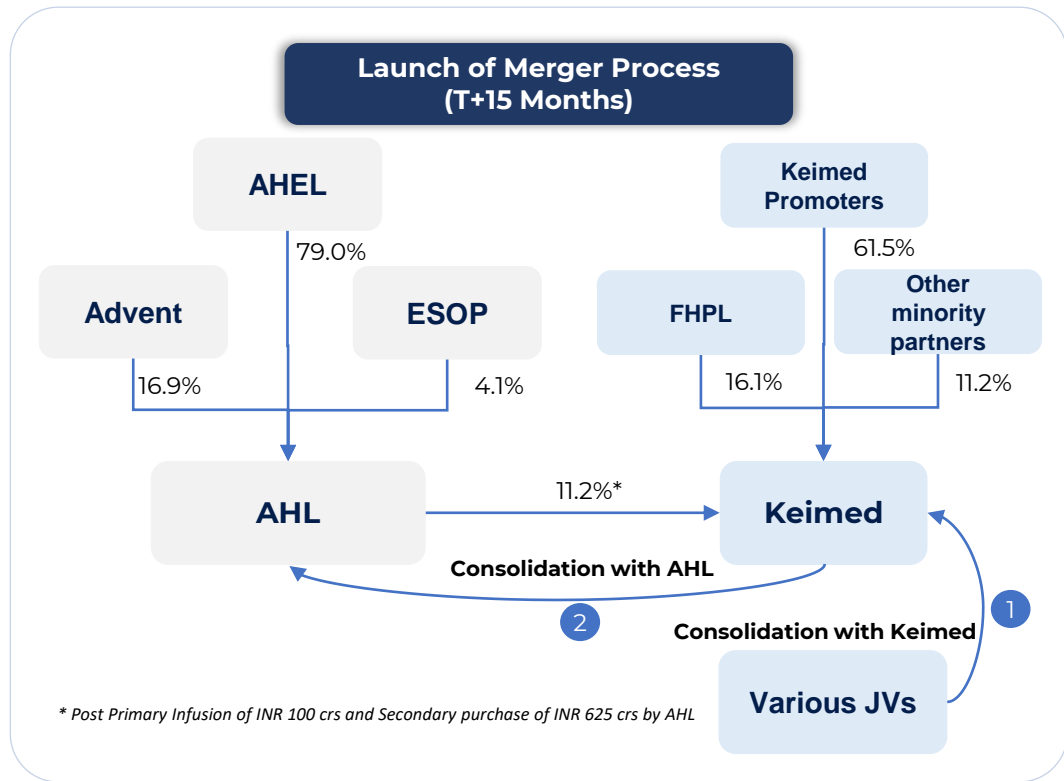
Tranche 2

- Advent investment of INR 743 Cr (USD 0.09 Bn) in AHL
- AHL to acquire stake in Keimed for INR 600 Cr (USD 0.07 Bn)

* ESOP Pool of 5% represents the increased pool which is yet to be implemented ; ¹ On an as-if converted basis, the stake would be 16.9%. However, since certain shares are partly paid-up, % has been shown to that extent.



Proposed Transaction Structure and Steps (2/2)



1

Internal restructuring of Keimed Group; Post restructuring all JV's to be 100% owned by Keimed

2

Keimed is proposed to be merged with AHL through a scheme of arrangement with NCLT approval

** Includes economic interest of AHEL holding of 49% in FHPL; AHEL effective economic interest through FHPL post merger process is 2.5%; # Includes 3.6% of Keimed minority partners; + may be adjusted upwards pursuant to the adjustments in accordance with transaction agreements



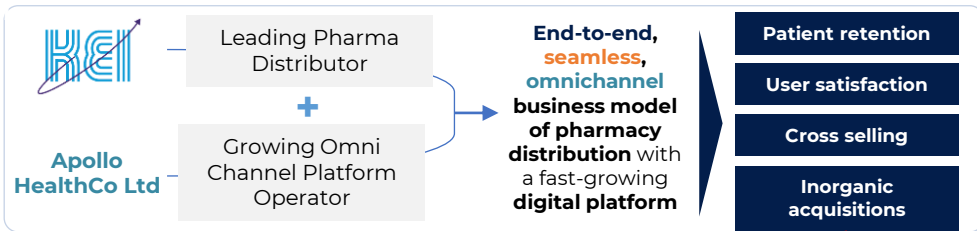
04 Strategic Rationale



Synergetic Benefit of the Keimed Merger

1

Becoming India's Leading Healthcare Provider



With increased balance sheet capability

2

Integrated Business Model Driving Revenue Growth...



This alone creates incremental EBITDA pool which is c.65% of Keimed EBITDA & Margin

3

... with Improving Cost Efficiency and Margins

Supply chain efficiencies, together with above permanently changes AHL's margins, allowing for a growth story that outpaces our status quo.



EBITDA expansion in both AHL and Keimed over the next 2 years

4

"In-houses" related party transactions (RPT)

Keimed's extensive scale and cost-efficiency, being the largest in India, were leveraged to distribute medical supplies across our vast network. Although these RPTs were negotiated at arm's length and overseen by the Audit Committee and PwC, they presented a governance overhang. By integrating Keimed into AHL, the, we eliminate the RPT and its overhang.

Corporate Governance Improvement Appreciated by Market



"Deal should help address concern on related party transaction with Keimed with interest now fully aligned with Apollo HealthCo"

J.P.Morgan

"More importantly, it removes the overhang of related-party transaction"



"The merger is likely to remove the corporate governance overhang of large related-party transaction"



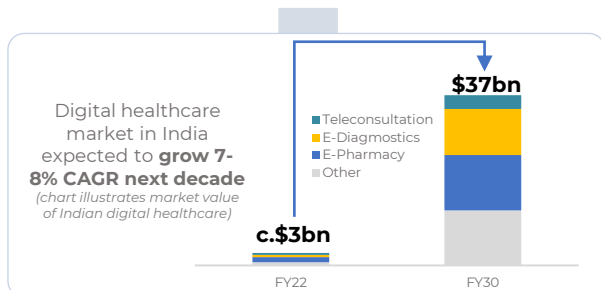
The integration would also significantly reduce related party transactions for APHS



CAPEX Flexibility with Advent's Timely Capital Injection

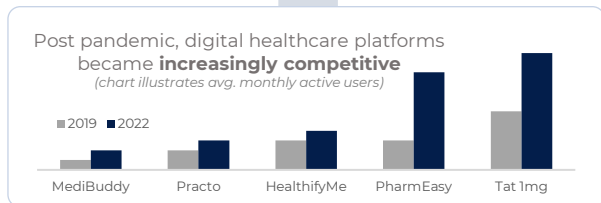
To capture a leading position in Traditional and Digital Healthcare

Profitable growth opportunities in India's digitalization



Source: BCG

With intensifying competition...



Source: BCG

... securing an early advantage = Creating Long-Term Value

1

CAPITAL INJECTION: Capital injection provides **CAPEX flexibility** to front-run competition in capturing worthwhile **Traditional and Digital Healthcare growth**



Provides liquidity to AHL to the extent of Rs 860Cr and AHEL Rs 890Cr

2

NET DEBT REDUCTION: Portion of capital used to retire AHL debt, thereby reducing the interest-rate burden in today's monetary policy environment. **Allows more capital to be spent on growth.**



3

LEVERAGING EXPERIENCE: Leveraging Advent's best-in-class network of senior advisors with deep subsector and functional expertise will **unlock the full potential of the merger**



- Global experience in consumer and healthcare
- Scaling Private Label Portfolio
- Integration and Synergy Realization
- Efficiency and Cost Takeout
- Best-in-Class Governance
- Transaction Discipline





Collective Impact on Our Equity Story

Merger with Keimed

India's leading integrated healthcare provider

End-to-end supply chain, with omni-channel digital business. Improving customer satisfaction, retention, accessibility, and more.

Permanently changed margin outlook

Cross-selling via Keimed's industry-leading infrastructure + supply chain efficiencies leading to meaningful margin improvements.

Governance profile improvements

In-housing of RPTs aligns Keimed for the full benefit of Apollo Hospitals shareholders.



Advent International

Timely capital to capture growth...

Allows front-running of increasing competition to secure a leading market position.

... without sacrificing investment into our traditional venture

Grows our digital venture whilst creating value across our entire portfolio.

Reducing net-debt position of AHL

Which is appropriate in today's high-interest rate policy environment.

Leveraging Advent's experience to unlock AHL's full potential

Deep industry and market expertise, with invaluable track record of value creation.



Independent Valuation



Overseen by Independent Body



Promoters Recused from Approval



Robust Rationale and Timely Disclosure

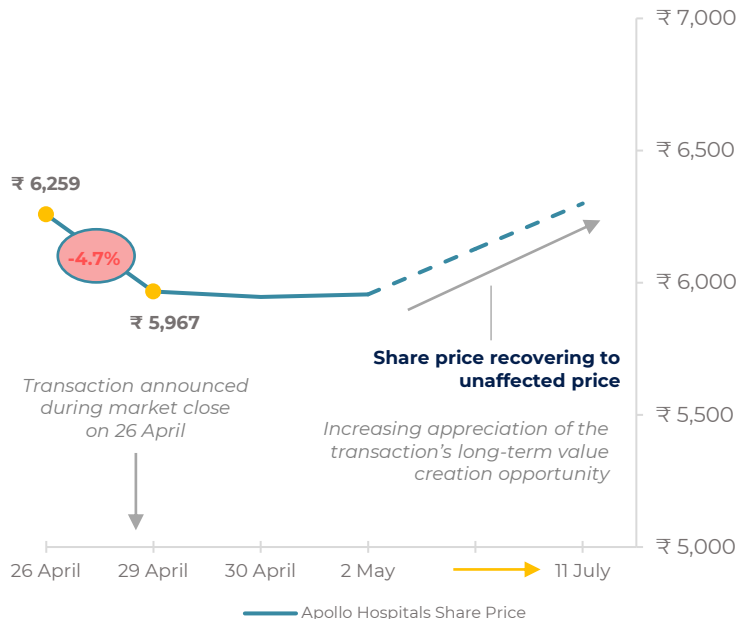


Arm's Length Negotiation Process



Market's Strong Belief in Transaction's Value Creation

1 Initial market correction owing to expected higher AHL valuation, but gaining confidence in our strategic rationale...



2 ... further evidenced by Analyst's view that the Transactions will create long-term value...



"We think the margin expansion of the integrated business does provide meaningful upside over the medium-term"

"The FY27 guidance for merged AHL business (7% margin) with positive EBITDA in 24/7 will help re-rate the valuation for the entity meaningfully"



"Rising traction in non-hospitals businesses should lead to step-up in [Apollo Hospitals] revenue growth, margins and RoCE."



"We do note the significant value unlock potential the combined entity can achieve if management guidance of 22%/110% rev/EBITDA CAGR is achieved in 3 years"



"We see meaningful upside and a rerating potential for the combined entity"

"We believe the market is not fully pricing in the early success of Apollo's digital strategy [...] the market could be positively surprised by Apollo's success on multiple fronts"

3 ... and ultimately satisfy a standing request of our shareholders due to its benefits



"Integration of Keimed into APHS has been a longstanding investor ask given synergy benefits"



“

Today marks a new milestone and gives us the ability to double down on what we do best. The size of the merged supply chain will allow 1.4 billion Indians access to genuine medicines within 24 minutes to 24 hours, 7 days a week! The platform will continue to strengthen and evolve to deliver market-leading and curated omni-channel health offerings, and make high quality care accessible to all."

”

SHOBANA KAMINENI

Executive Chairperson, Apollo Health Co Ltd



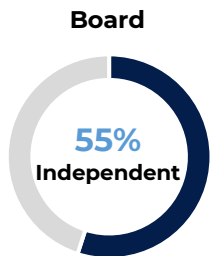
05 **Transaction Governance and Process**



AHEL : Led by a Board that Represents All Stakeholders...

Board Composition as at 2023 AGM

	Dr.Prathap C. Reddy	Dr.Preetha Reddy	Shobana Kamineni	Dr.Suneeta Reddy	Dr.Sangita Reddy	MBN Rao	Kavitha Dutt	Som Mittal	Dr. Murali Doraiswamy	Vinayak Chatterjee	Rama Bijapurkar
	Chair	Executive Vice Chair	Executive Vice Chair	Managing Director	Joint Managing Director	Lead Ind. Director	NED	NED	NED	NED	NED
Independence Classification											
Company						✓	✓	✓	✓	✓	✓
ISS + Glass Lewis						✓	✓	✓	✓	✓	✓
Board Skills Matrix											
Healthcare Expertise	✓	✓	✓	✓	✓				✓	✓	
Finance	✓	✓	✓	✓	✓	✓	✓	✓		✓	
Strategy / Corporate Leadership	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓



As at 2023 AGM



Apollo Hospitals has been awarded a Quality Score of 1 by ISS, underscoring our unwavering commitment to top-tier corporate governance and positioning us as a leader in industry best practices.

QualityScore

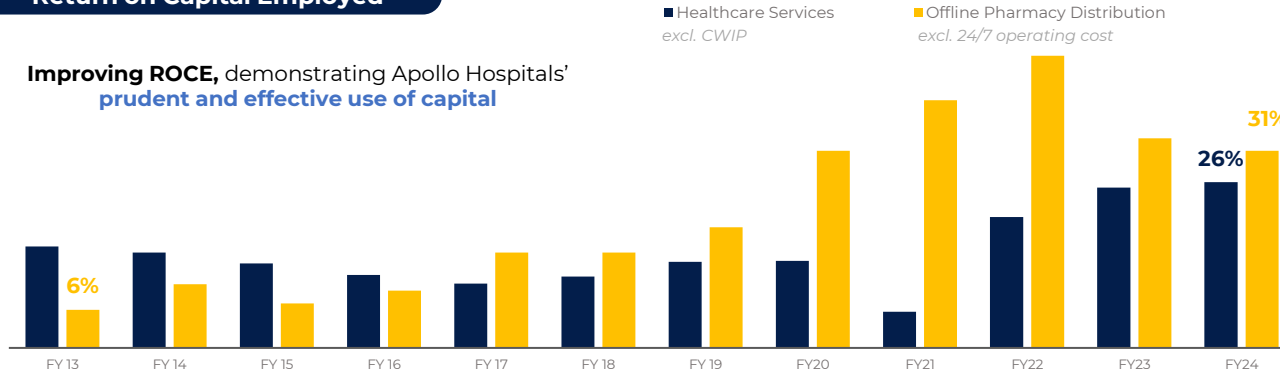


... and Creates Long-Term Value



Return on Capital Employed

Improving ROCE, demonstrating Apollo Hospitals' prudent and effective use of capital



Our Capital Allocation Success Factors

- **Early communication** and feedback from stakeholders
- Robust **Boardroom expertise** on capital allocation
- Prudent approach to **utilization and expansion**
- Strong project **execution** capabilities

Source: AHEL Investor Presentation

Total Shareholder Return

5-Year TSR vs. SENSEX & NIFTY 50

Excess TSR vs. market, showcasing our Board and Executives' ability to create long-term shareholder value



3-Year TSR vs. SENSEX & NIFTY 50



Transaction Overseen by Robust Governance...

Transaction Governance that is Aligned with Shareholders' Expectations

- ✓ **Arm's length process**
- ✓ Approved by the **100% independent Audit Committee**
- ✓ Unanimously **supported by Independent Directors**
- ✓ **Independent valuation** for transactions, FEMA compliance and from Related Party Transaction perspective*
- ✓ **Valuation appropriate** among peer multiples
- ✓ Robust strategic rationale for **long-term value creation**
- ✓ Independent **appreciation by market analysts**
- ✓ In-houses RPTs, fully **aligns interest** of Keimed with stakeholders
- ✓ **Engaged** with our stakeholders for feedback
- ✓ Transactions reflect **long-standing stakeholder requests**
- ✓ **Timely disclosure** of all materials

* Please refer slide 25 for details

Independent Audit Committee, Chaired by MBN Rao, Approved the Transaction



MBN Rao
Lead Independent
NED, Chair of Audit
Committee



V. Kavitha Dutt
Independent NED



Som Mittal
Independent NED

Transaction Process undertaken



A Outreach to **marquee investors** by our **Investment Bankers (VedaCorp)**

B **Detailed Commercial, Financial, Tax, Legal and ESG due diligence on AHL & Keimed** by incoming investor

C **Financial due diligence (Deloitte) on Keimed**

D AHL retained **Shardul Amarchand** as its legal advisor for the transaction while AHIL has retained **AZB & Partners** as its legal advisors

E **Independent valuation conducted** by :
(1) #KPMG on Keimed and AHL for arm's length testing.
(2) Ernst & Young on Keimed from RPT perspective and on AHL to ensure compliance with FEMA valuation guidelines.

#Shareholders can find the valuation Report on our website under the corporate actions tab as below
<https://www.apollohospitals.com/corporate/corporate-actions/>



06 **Combined Entity – Valuation, Value Creation & Financial Outlook**

Fair Valuation and Unique Combination of Consumer-driven Digital Health with Integrated Pharmacy Distribution



Swap Ratio Basis :

	AHL	Keimed
Enterprise Value	₹ 14,478 Cr	₹ 8,003 Cr
Equity Value	₹ 11,780 Cr	₹ 6,383 Cr
# of Shares Outstanding ¹	10,120,000	6,766,930
Price Per Share ¹	11,640	9,433
Swap Ratio	1.00	0.81 *

Valuation in relation to Peer Multiples

	Enterprise Value	EV/ FY24 EBITDA [@]	EV/ FY24 Sales		Enterprise Value	EV/ FY24 EBITDA [@]	EV/ FY24 Sales		
AHL	₹ 14,478 Cr	NM	1.8x	↑ Premium	Keimed	₹ 8,003 Cr	24.1x	0.8x	↓ Discount
Listed Peer [#]	₹ 7,856 Cr	45.4x	1.4x		Listed Peer [#]	₹ 4,439 Cr	47.1x	1.1x	

Integrated business model will help drive several synergies

- Faster expansion in Tier 2/3 markets by leveraging on existing infrastructure
- Broader channel for AHL's private label push
- End-to-end supply chain capabilities with wide scale of product selection

Keimed's vast network & library of historical data combined with AHL's digital capabilities to feed into digital analytics engine creating more reliable data analytics

Several global examples of integrated supply chain businesses who have demonstrated sustained long-term growth with large market share

* Agreed swap ratio for proposed merger is capped at 0.81 shares of AHL for every 1 share of Keimed. # Valuation as on April 26, 2024 @ On pre-Ind AS EBITDA basis; ¹ # of shares outstanding and price per share are based on the current ESOP pool of 2.5% and would change accordingly once ESOP pool is increased to 5% prior to investment in Advent; Equity value will change on account of preferential allotment of shares to AHL.

Combined Financial Metrics | Snapshot (FY24)



INR Cr	Offline Pharmacy Distribution	+	Online Pharmacy Distribution + Apollo 24 7	=	Total Health Co	+	Total Keimed	=	Combined*
Revenue	6,927		900		7,827		10,578		13,770
EBITDA (Pre 116 AS) ¹	506		103		609		352		961
EBITDA % (Pre-Ind 116 AS) ¹	7.3%		11.4%		7.8%		3.3%		7.0%
24 7 Operating Cost	-		-619		-619		-		-619
ESOP Non-Cash Charge	-		-89		-89		-		-89
EBITDA (Pre-Ind 116 AS)	506		-605		-99		352		253
EBITDA % (Pre-Ind 116 AS)	7.3%		-		-		3.3%		1.8%

*Adjusted For Inter Company Sales (Keimed & AHL)

¹Pre 24|7 Operating Cost and ESOP Non-Cash Charge



Balance Sheet position – Mar'24 | Stronger post the transaction

INR Cr	Pre-Transaction		Proforma #
	AHL	Keimed *	AHL + Keimed
Net Worth	(649)	793	3,119
Net Debt/ (Cash)	1,843	1,668	1,261
Non-current liabilities	168	-	168
Sources of Funds	1,362	2,461	4,548
Net Working Capital	929	2,124	3,053
Other assets	433	337	1,495
Application of Funds	1,362	2,461	4,548
Key Ratios			
Debt/ Equity Ratio	NM	2.1	0.4
Net Assets/ Debt	0.7	1.5	3.6

- **Debt to Equity** is expected to improve to 0.4 times on a pro forma basis, primarily on account of reduction in the consolidated net debt post the proposed fund raise. The current net worth of AHL is negative.
- **Net Assets/ Debt** is set to improve with a relatively better asset coverage in Keimed compared to AHL prior to the transaction.
- AHL Net debt includes an amount of Rs. 1,286 crs towards slump sale consideration & ICD dues to AHEL

* Keimed is on Pre-Ind AS Basis, AHL is on a Post-Ind AS Basis | Keimed figures are subject to changes upon completion of ongoing group restructuring process

Management estimate of aggregate balance sheet; this is not constructed in accordance with Ind-AS / merger accounting; considers Keimed on Pre-Ind AS Basis





	FY24	FY27
Revenue (INR Cr)	6,927	~11,600
3 Yr Rev. CAGR	16.5%	18.8%
EBITDA (INR Cr)	506	~1,050
EBITDA Margin (%)	7.3%	~9.0%

EBITDA margin increase of **170 bps**

Growth Levers:

- Increased contribution from Private Label (PL) & Generics segments
 - PL & Generics will continue to grow at their historical growth rate of **25-30%** leading to an increase in share of revenues from **19% to 25%**
 - The 3 largest PL categories will be **personal hygiene & diapers, vitamin and mineral supplements and point of care health devices.**
- Store network expansion to continue at **~500+ stores each year** for next 3 years

Margin Levers:

- GM for PL & Generics is **~60%**, compared to ~30% for Pharma & FMCG
- Maturing of recently opened stores - Mature stores have higher throughput and favorable product mix with superior EBITDA margins



(INR Cr)	FY24	FY27
Revenue	900	~4,000
EBITDA*	(516)	~75
EBITDA %	N.M.	~1.9%
<hr/>		
24 7 GMV	2,687	~9,400
Pharmacy	1,211	~5,500
VC & Diagnostics	1,472	~3,200
New Initiatives	4	~700

Growth Levers:

- **Pharmacy GMV** has historically grown at **5x in the last 2 years** and is expected to grow 3x in the next 7-8 quarters. Primary factors:
 - AOV has increased from **650 to 1,000 (55% increase)** in last 3 years by improving user mix, product initiatives and tiered discounting
 - Further improvement in AOVs through leveraging Apollo ecosystem for acquiring high quality / frequency users particularly in **top 5 cities**
 - Increased contribution from PL and Generics share from **~3.5% to 15%** of GMV
- Increased thrust on **VC & Diagnostics business** – historically has grown more than **10x** in the last 2 years
- Introduction of **Insurance** (launched pilot – received great traction and **full roll-out planned in FY25**) & **Digital Therapeutics**

Margin Levers:

- PL & Generics share to gradually increase as we replicate key learnings from the offline experience
- New initiatives (i.e. insurance, Digital therapeutics) have intrinsically high margins (**80%+**)

* EBITDA excludes ESOP Charges



	FY24	FY27
Revenue (INR Cr)	10,578	~18,300
3 Yr Rev CAGR	20.0%	20.0%
EBITDA (INR Cr)	352	~700
EBITDA Margin (%)	3.3%	~3.8%

EBITDA margin increase of ~50 bps

Growth Levers:

- 3-year historical growth of Keimed is **20%** and is expected to grow at a similar rate through a combination of:
 - **Existing business** organics growth;
 - **Entry into new markets** in **Tier-II and Tier-III** cities;
 - **Acquisition** of operating companies in new and existing markets

Margin and Return Profile:

- EBITDA margins slightly dropped in FY24 due to one-time cost escalations and bandwidth constraints resulting from **restructuring of over [40+] subsidiaries**
- **Operating leverage** was offset by lower margins of new branches & acquired partners. As inorganic share reduces, larger scale will lead to higher margins
- **RoCE is 18%**, and the business will continue to deliver similar returns



Proforma AHL + Keimed [FY27]

	AHL Offline PD	Digital	Keimed	Consol
Revenue (INR Cr)	~11,600	~4,000	~18,300	~25,000*
3-Year Growth	18.8% CAGR	4.4x growth	20.0% CAGR	24.3% CAGR
	Largely in line with market growth & historical CAGR	Last 2 years 10x growth	Largely in line with historical CAGR	
EBITDA (INR Cr)	~1,050	~75	~700	~1,825
EBITDA Margin (%)	9.0%	1.9%	3.8%	~7.3%

Consol business is factoring in additional 0.4% increase in margins largely led by digital break-even (Excluding digital business, the Consol margins are already at 7%)

*Revenue consolidation is post Keimed-AHL intercompany elimination



Ms. Shobana Kamineni (Executive Chairperson, Apollo Health Co Ltd) spearheaded significant initiatives, including the development of three of the largest verticals within the Apollo Group.

She oversees the omni-channel Apollo Pharmacy platform, comprising over 6000+ stores nationwide, India's largest integrated digital healthcare platform, Apollo 24/7 and founder and chairperson of Apollo Munich Health Insurance (divested to HDFC Ergo).

She has made history as the first female President of the Confederation of Indian Industry (CII) in over a century. Additionally, she holds roles at the World Economic Forum (WEF), advocating for India's workforce preparation for the Fourth Industrial Revolution and digital inclusion in healthcare.

Apollo Healthco Ltd



Madhivanan B
CEO

IIM Calcutta with 30+ years experience across Banking, Technology & FMCG



Sanjiv Gupta
CFO

CA, CFA, MBA;
20+ years. experience in Strategy, M&A, Financial Planning



Vijayendra Singh
COO

IIT (Kharagpur), IIM (Cal);
15+ years experience,
Ex-MD Foodpanda



Shamik Banerjee
CMO

18+ years of experience across strategic marketing and brand management



Apollo Pharmacies Ltd



S.Obul Reddy
Managing Director



P.Jayakumar
CEO



Vinodh Kumar Srinivasan
CFO



R.Balamurugan
COO



C G Balaji
CIO



... Who Have Delivered on Past Promises

Our Commitment in November 2018 during APL Reorganization.....

- 1 Build a multi-year growth platform to achieve **5000 pharmacy outlets in 5 years and INR 10,000 Crores in Revenues.** ✓
- 2 Enhance **Private Label Business share to over 12%**, by broadening and deepening the product portfolio ✓
- 3 Strengthen the Direct-to-Consumer (D2C) front-end operations to **drive same-store growth, prescription fill rates and overall experience ; Overall Business ROCE target of 30 + %** in 5 years. ✓
- 4 **Foray into Digital Commerce and execute an Omni-Channel strategy**, leading to increased consumer convenience ✓
- 5 Build an **integrated customer loyalty platform** centred around a satisfied and engaged customer, leading to repeat business and higher customer retention ✓

FY24 Delivered

6,000 + Outlets

¹Rs.9,800crs
Revenue

India's largest
integrated digital
healthcare
platform, Apollo
24/7

16.1% Private
label sales

²ROCE 31%

1.4 Mn Circle
Membership

¹ Combined Pharmacy

² Offline pharmacy distribution



07 Next Steps



Proposals for Shareholders Approval

Agenda Items Requesting your Support

At the 2024 EGM, Apollo Hospitals will request shareholder support for the below items, which each are subject to different vote thresholds. Given the related nature, **execution of one transaction is contingent on the other passing.**

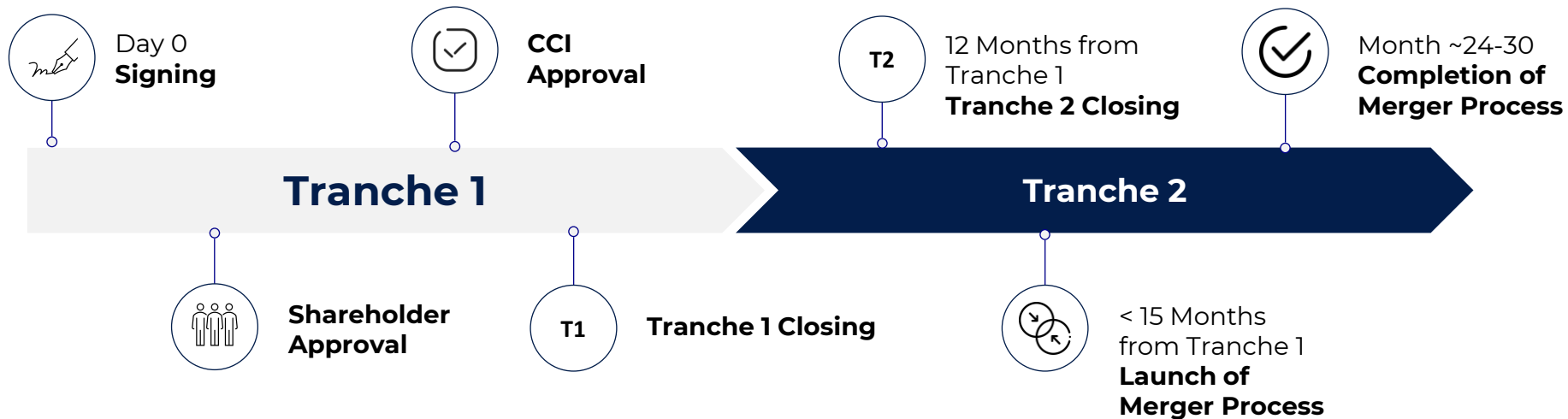
We strongly encourage the **participation of all our shareholders in shaping the future** of Apollo Hospitals.

	Agenda Item	Purpose	Pass Requirement
1	Material related-party transactions entered into by Apollo HealthCo, a material subsidiary of the Company.	Merger with Keimed	>50% approval by minority shareholders . Promoters recused from voting.
2	Approval for dilution of shareholding in Apollo HealthCo Limited, a material subsidiary of the Company.	Raise Capital From Advent International	75% approval of all shareholders AND >50% approval by minority shareholders

Agenda and explanatory notice published separately



Steps and Timelines





Thank You.