



Apollo Hospitals announces Q3FY15 results

Standalone Revenues up 19% at Rs. 1,183 Crore
Standalone EBITDA (including new units) up 11% at Rs. 175 crore
Standalone PAT up 14% at Rs. 95 crore

Consolidated Revenues up 19% at Rs. 1,342 crore
Consolidated PAT up 12% at Rs. 88 crore

New project Capex FY15 – set to operationalise 450 beds in 3 locations at Nellore (200 beds), Chennai, OMR (170 beds) and Chennai -Women & Child Hospital (60 beds) in Q4FY15

Collaborated with Sanofi to form Apollo Sugar Clinics – a SPV focused on comprehensive diabetes management.

Acquired 11 Day & Short stay surgery centers from Nova Specialty Hospitals with footprint in 8 cities across India.

Apollo hospitals continues to be regarded as the Best multi-specialty hospital in the private sector across Chennai, Hyderabad, Kolkata and Ahmedabad in 'The Week-Nielsen Best Hospital Survey 2014

India, February 14, 2015: Apollo Hospitals Enterprise Ltd (AHEL), a leading healthcare provider, today reported its financial results according to Indian GAAP for the quarter and nine months ended December 31, 2014.

Q3FY15 Standalone Revenues were Rs. 11,825 million compared to Rs. 9,933 million in Q3FY14, up by 19%. EBITDA was higher by 11% from Rs. 1,578 million in Q3FY14 to Rs. 1,747 million in Q3FY15. The EBITDA margin was at 14.8%, including the initial operating losses on new facilities launched recently. PAT grew by 14% to Rs. 950 million in Q3FY15.

Standalone Revenues for 9MFY15 were Rs. 33,891 million compared to Rs. 28,634 million for 9MFY14, growing by 18%. EBITDA grew by 8.6% at Rs. 5,036 million for 9MFY15 from Rs. 4,638 million for 9MFY14. Profit after Tax (PAT) improved by 8% from Rs. 2,494 million for 9MFY14 to Rs. 2,693 million for 9MFY15.



Dr. Prathap C Reddy, Chairman said, “We reinforced our focus on medical excellence as we made further progress across multiple parameters of our healthcare services delivery model. We have increased volumes of high acuity cases such as solid organ transplants and robotic surgeries at our centres even as the acquisition of Nova Specialty Hospitals will provide impetus to our efforts to multiply the number of day care and short-stay surgeries that we undertake.

In addition to setting up new hospitals under our defined expansion plan we are also ensuring that we optimize existing facilities by augmenting the specialty mix. We plan to hasten the integration process at new hospitals through a sustained focus on clinical differentiation to deliver the highest standards of medical care in a cost effective manner.

We remain at the forefront of the evolving healthcare landscape as our initiatives in the area of Retail healthcare delivery gain further momentum. The cementing of our partnership with Sanofi during the quarter is an encouraging step in the transition towards a self-sustaining model.

This quarter, we have undertaken several more initiatives to strengthen our emphasis on the medical tourism opportunity and are heartened by the Government’s decision to put in place mechanisms to accelerate the process for granting of medical visas, a step we have advocated for some time.

He added, “The recognition of our hospitals as among the best in the country is heartening. 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.”



Financial Highlights

- Standalone 9MFY15 Performance
 - Revenues grew by 18% to Rs. 33,891 million compared to Rs. 28,634 million for 9MFY14.
 - EBITDA grew by 9% to Rs. 5,036 million as against Rs. 4,638 million for 9MFY14.
 - PAT grew by 8% to Rs. 2,693 million compared to Rs. 2,494 million for 9MFY14.
 - Diluted EPS of Rs. 19.35 per share for 9MFY15.

- Standalone Q3FY15 Performance
 - Revenues were higher by 19% to Rs. 11,825 million compared to Rs. 9,933 million in Q3FY14.
 - EBITDA was Rs. 1,747 million as against Rs. 1,578 million in Q3FY14, growth of 11%.
 - PAT grew by 14% to Rs. 950 million compared to Rs. 834 million in Q3FY14.
 - Diluted EPS of Rs. 6.83 per share in Q3FY15 (not annualised).

- Consolidated 9MFY15 Performance (Unaudited management estimates)
 - Revenues grew by 18% to Rs. 38,599 million compared to Rs. 32,616 million for 9MFY14.
 - EBITDA was higher by 8.8% at Rs. 5,568 million as against Rs. 5,117 million for 9MFY14.
 - PAT was Rs. 2,551 million compared to Rs. 2,450 million for 9MFY14, growth of 4%.
 - Diluted EPS of Rs. 18.33 per share for 9MFY15.

- Consolidated Q3FY15 Performance (Unaudited management estimates)
 - Revenues were higher by 19% to Rs. 13,424 million compared to Rs. 11,288 million in Q3FY14.
 - EBITDA grew by 11% to Rs. 1,912 million against Rs. 1,724 million in Q3FY14.
 - PAT grew by 12% to Rs. 875 million compared to Rs. 778 million in Q3FY14.
 - Diluted EPS of Rs. 6.29 per share in Q3FY15 (not annualised).



Segment-wise Performance Update

Hospitals

Overall healthcare services grew 12% yoy, driven by growth of 9% in volumes and growth of 3% driven by changes in case-mix and price for 9MFY15.

Standalone Revenues of the healthcare services division improved by 12% to Rs. 20,945 million for 9MFY15 compared to Rs. 18,635 million for 9MFY14. Healthcare services EBITDA (excluding the impact of new facilities) grew by 5% from Rs. 4,482 million for 9MFY14 to Rs. 4,687 million for 9MFY15.

Apollo's core clusters in Chennai and Hyderabad displayed healthy growth. The Chennai cluster reported an 11% increase in revenues from Rs. 8,325 million in 9MFY14 to Rs. 9,209 million for 9MFY15. Occupancy was 949 beds (69% utilization on an increased capacity of 1,383 beds) for 9MFY15 as compared to 910 beds (74% utilization on 1,228 beds) for 9MFY14. Occupancy has increased on an absolute basis due to increase in volumes of both inpatients and outpatients.

The Hyderabad cluster registered a decline in occupancy at 596 beds (64% utilization on 930 beds) for 9MFY15 as compared to 628 beds (68%) for 9MFY14 due to lower Average length of stay and rationalization of low value cases, however Inpatient Admissions & Outpatient volumes have grown by 4% & 9% respectively. Revenues have increased by 8% from Rs 3,427 million for 9MFY14 to Rs 3,689 million for 9MFY15. The improved case mix at Hyderabad has resulted in an EBITDA expansion in that cluster.

Our Joint venture & Subsidiary hospitals in Ahmedabad & Bangalore recorded a year on year revenue growth of 12%. Apollo Hospitals Kolkata reported a year on year growth of 13%. Occupancy at Ahmedabad was at 175 beds (64%), Bangalore at 207 beds (77%). Apollo hospitals Kolkata occupancy was at 471 beds (87%).

Similarly, momentum in our new as well as in Hospitals outside of the core clusters remained strong with notable uptick in operational matrices:

- New hospitals batch of FY13
 - Vanagaram & Jayanagar reported strong traction with revenues tripling from Rs. 316 million for 9MFY14 to Rs 957 million for 9MFY15.
 - Vanagaram, Chennai exhibited improved performance for 9MFY15. Occupancy has moved up to 106 beds (54% utilization on a capacity of 195 beds) from 30 beds for 9MFY14.
 - Jayanagar, Bangalore reported occupancy of 50 beds (46% utilization on a capacity of 109 beds) as compared to 39 beds for 9MFY14.



- FY14 / FY15 hospitals batch
 - Trichy, Nashik & Karapakkam, Chennai gathering momentum in operations reported revenues of Rs 265 million for 9MFY15 and an EBITDA loss of Rs 101 million for 9MFY15.
- Bhubaneswar occupancy was at 217 beds (83% utilization on an increased capacity of 262 beds) as compared to 209 beds for 9MFY14. Revenues up 17% complemented by higher EBITDA margin.

Standalone Pharmacies

In Q3 FY15, Apollo Pharmacies added 75 stores and closed 8 stores for a net addition of 67 stores. Total store network as of December 31 stands at 1,784 operational stores. Added 189 stores and closed 37 for a net addition of 152 stores in 9MFY15.

Revenues improved by 29% from Rs. 10 billion for 9MFY14 to Rs. 12.9 billion for 9MFY15. EBITDA grew by 28% from Rs. 323 million for 9MFY14 to Rs. 414 million for 9MFY15.

The EBITDA margin compressed marginally by 4 basis points from 3.23% for 9MFY14 to 3.20% in 9MFY15. Margins have held up despite the impact of the Drug Price Control Order, enabled by robust same store sales growth and a 6% contribution of Private label products over all revenue mix. The Standalone Pharmacy segment ROCE was at 6.85% for 9MFY15.

The business maintained robust growth in same-store sales across various batches of stores with like-for-like growth in revenue per store at 15% for the pre 2008 batch of stores, 21% (2009 batch) and 18% (2010 batch). The revenue growth for the pre 2010 batch of stores was at 17% with an EBITDA growth of 25%, the EBITDA margins were at 5%. The EBITDA margin for mature stores (pre March 2008) was higher by 19 basis points from 5.6% for 9MFY14 to 5.8% for 9MFY15.

Apollo Munich Health Insurance Company Limited

Gross Written Premium increased by 28% from Rs. 3,729 million for 9MFY14 to Rs. 4,788 million for 9MFY15. The Earned premium grew 23% from Rs. 3,957 million for 9MFY14 to Rs. 4,882 million in the same period. The incurred claim loss ratio reduced from 66.5% for 9MFY14 to 63.9% for 9MFY15. The business reported a net loss of Rs. 34 million for 9MFY15 compared to a loss of Rs. 234 million for 9MFY14. AUMs stood at Rs. 6,350 million as of December 31, 2014.



Retail Health

AHLL is a wholly owned subsidiary which houses the retail healthcare business of Apollo Hospitals. This includes the lifestyle birthing centres known as 'CRADLE', Day surgery centers and Clinics.

Total Income grew by 21% at Rs. 652 million for 9MFY15 compared to Rs. 538 million for 9MFY14. The business reported an EBITDA loss of Rs. 141 million for 9MFY15. The current portfolio comprises 2 Birthing Centres, 1 Day Surgery Centre & 68 Clinics across India and overseas locations.

During the quarter, AHLL Acquired 11 Day & Short stay surgery centers from Nova Specialty Hospitals with footprint in 8 cities across India. AHLL is currently present in the primary and secondary care segment through the clinics, Day Surgery & Cradle formats. Given the immense potential and the need for quality healthcare delivery closer to the home, this acquisition will enable AHLL to significantly expand its' footprint and will catapult it into a leadership position in this segment of healthcare. The format has strong potential and Apollo plans to leverage its brand equity combined deep hospital expertise to significantly grow this business in the next few years. This acquisition will also mark the entry of Apollo in new markets such as Mumbai, Jaipur and Kanpur. In the coming months, these centres will be re-launched with new branding, an expanded portfolio of services and quality systems built on Apollo's deep expertise in the hospitals space.

In addition, AHLL will strengthen the service offerings in these centres by introducing Apollo's Preventive Health Checks and also establishing Sugar Clinics.

The quarter witnessed formalization of the partnership with Sanofi, a global leader in diabetes management. Sanofi acquired a 20% stake in Apollo Sugar Clinics. The partnership is on course to set up 100 such clinics in the first wave of expansion. This is an encouraging start towards Apollo's vision of offering a multi-faceted Diabetes management programme in India which will provide a new approach to Diabetes care to benefit patients in India and other parts of the world. The objective is to grow the Sugar Clinic's footprint to offer services at many more clinics across India, and provide millions of diabetic customers' access to world class care at their doorstep.



CLINICAL AND OPERATIONAL HIGHLIGHTS

CLINICAL EXCELLENCE HIGHLIGHTS

- *In yet another medical marvel showcasing clinical excellence, Apollo Hospitals, Chennai doctors successfully separated conjoined Thoraco Omphalopagus Tanzanian twins Abriana and Adriana. The twins were joined at the lower chest and abdomen.*
- *In yet another example of medical excellence at Apollo Hospitals, a 2 year old from Tanzania underwent a successful reconstructive surgery for a lost lip and lower mandible. The child, mauled by a donkey in Tanzania was severely injured and traumatized. Unable to chew or bite, the child who was on a liquid diet since the incident was treated at Apollo Hospitals Chennai and is now recovering.*
- *Apollo Hospitals, Chennai recognised the efforts of emergency staff and technicians during World Trauma Day and highlighted the need for efficient and prompt medical response during emergencies.*
- *Apollo Hospitals, Chennai arranged for an emergency medical drug to be flown in on a few hours' notice by Air Costa to help a patient in Chennai. The drug was airlifted from Ahmedabad.*
- *Showcasing technological expertise at Apollo Hospitals, Chennai, Dr (Major) GB Rajan, department of plastic surgery at Apollo Specialty Hospital introduced, for the first time in India, a new Endoscopic technique of carpal tunnel release (ECTR) for treating Carpal Tunnel Syndrome.*
- *An American patient underwent a successful second liver transplant at Apollo Hospitals Delhi after being denied a transplant in the US.*

NEW GEOGRAPHIES AND LAUNCHES

Apollo Hospitals aims at extending its leading healthcare services to every remote corner across the globe. It has been the collective vision of the hospital to make Apollo's medical and technical excellence to all.

- *Apollo Hospitals announced an information centre in Saudi Arabia for providing assistance to patients in the Gulf country. The Apollo Information Center would be established in collaboration with India-based spice exporters Moolan Inc.*
- *In another first from the Apollo Hospitals Group, an exclusive preventive health travel package was launched for the passengers of Sri Lankan Airlines flying into India.*
- *Apollo Hospitals, announced the launch of Apollo Information Center and Telemedicine Center in Pakistan with the intent to establish collaboration and improve clinicians across the nation's patient care network.*
- *In this quarter Apollo Hospitals & Fiji National University agreed to work together to develop healthcare in Fiji. This MoU was signed on the eve of the visit of the Hon'ble Prime Minister of India, Shri Narendra Modi to Fiji National University and envisages enhancement of healthcare infrastructure in Fiji and immediate access to high quality care through telemedicine.*



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.

- *Medvarsity, a first medical e-learning initiative from Apollo group of hospitals, will work with the University of New South Wales (Australia) to collaborate in the healthcare e-learning space with a focus on the management of infectious diseases*
- *The Apollo Hospitals Education and Research Trust is setting up a Medical College in Batanagar near Kolkata to set up medical science and research institute and a hospital for providing quality education and training. This will have a 1,000 bed hospital on the campus.*

RAISING AWARENESS

- *Indraprastha Apollo Hospitals organised a counselling session for Cancer Survivors to extend awareness and emotional support to women suffering from breast cancer & cervical cancer. The aim of the event was to expel the stigma associated with the disease by empowering women to deal with the critical issue of cancer and make them aware that early detection is the cure for cancer.*
- *Apollo Gleneagles Hospitals, Kolkata commemorated World Stroke Day 2014, by releasing a special brochure and video on Stroke Awareness and its Prevention in presence of renowned celebrity and actor, Parambrata Chatterjee Dr Jayanta Roy, Senior Consultant Neurologist & Stroke specialist, Apollo Gleneagles Hospitals and Dr Rupali Basu, President & CEO, Apollo Gleneagles Hospitals.*
- *Apollo Hospitals, Chennai organised an art Show in aid of ailing artist R.Udhayakumar in his fight against Spinal Muscular Atrophy (SMA).*
- *In an effort to increase awareness on organ donation, Apollo Hospitals, Chennai organised Chennai's first Dusk to Dawn Marathon, which witnessed participation from over 7000 runners.*
- *Themed "CREATE THE FUTURE" the Pediatric Haemato Oncology (PHOCON) conference saw delegates from India and Southeast Asia deliberate on the need for educating pediatricians in enabling them ensure early detection of pediatric cancer with advanced screening procedures, help reduce its occurrence and possibly even bridge the gender gap in treatment.*
- *Indraprastha Apollo Hospitals along with Indian Society of Critical Care Medicine (ISCCM) and Indian Association of Palliative Care (IAPC) organized a symposium for creating awareness and establishing consensus about the difficult ethical, legal and medical issues in "End of Life Care" in India. Dr Rajesh Chawla addressed the gathering and discussed on the controversial issue of euthanasia.*



GIVING BACK TO SOCIETY

Understanding the need to bridge the supply and demand gap of medicines among the elderly, Apollo Hospitals as part of their CSR initiatives has begun supplying the elders living in 15 old age homes in the city, with customised medicine kits.

In order to equip even deep seated villages with quality and holistic healthcare services, Apollo Hospitals launched an integrated rural healthcare system called “Total Health” at Aragonda of Tavanampalle Mandal in Chittoor district of Andhra Pradesh. Total Health aims to provide physical, mental, social and spiritual health at the doorstep of residents at affordable cost. Apollo Total Health Nutrition Center – an initiative to provide quality nutritional guidance and care to people from across sections was also launched at Aragonda.

Not only will the initiative provide primary care, training, and facilities for risk screening, disease management, and project management, it will also improve the health of the communities through education, promotion of healthy lifestyle, healthcare research with a focus on innovative healthcare solutions. Initially launched at Aragonda, Total Health will gradually be implemented in other rural areas well.

SUPPORT DURING NATURAL CALAMITIES

In October, 2014 the city of Vizag was hit by Cyclone Hudhud, disrupting normal life of the people. The team of Apollo Vizag rose up to the occasion, worked day and night to help the victims of the cyclone and made a significant difference to several lives that were affected by the severest natural calamity in living memory in the region.

AWARDS, ACHIEVEMENTS & OUTREACH

- *Apollo Hospitals Enterprise Ltd. was awarded the I.C.O.N.I.C IDC Insights Award 2014 for industry best practices by displaying innovation & creativity and, raising the bar for adoption of technology in Health & Life Sciences Vertical. International Data Corporation (IDC) rolled out the I.C.O.N.I.C Insights Awards in India on completing 50 glorious years of providing strategic insights to help clients achieve their key business objectives.*
- *Apollo Hospitals was announced the Best Multispecialty Hospital, in Chennai at TOI's 'Healthcare Achievers Awards 2014'.*
- *Continues to be regarded as the Best multi-specialty hospital in the private sector across Chennai, Hyderabad, Kolkata and Ahmedabad in 'The Week-Nielsen Best Hospital Survey 2014.*



OTHER DEVELOPMENTS

Shri Ravi Shankar Prasad, Hon'ble Minister of Communications and Information Technology, and Minister of Law and Justice released a commemorative stamp to celebrate the 15th anniversary of India's first successful liver transplant at Apollo Hospitals, New Delhi.

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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 9,091 beds across 54 Hospitals, 1,784 Pharmacies, 92 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 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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