

FORTIS RECORDS UPTICK IN CONSOLIDATED INDIA REVENUES AND MARGINS IN FY16

CONSOLIDATED REVENUE AT RS 4,213 CR VS RS 3,928 CR IN FY 15

MARGIN IMPROVES TO 16.4% in FY 16 VS 15.4% IN PRECEDING YR. OPERATING EBITDAC AT RS 692 CR;

OPERATING EBITDA UP 46% AT RS 235 CR

Q4 FY16 CONSOLIDATED INDIA REVENUES UP AT RS 1070 CR VS RS 1016 CR IN Q4 FY15 OPERATING EBITDAC AT RS 174 CR; MARGIN OF 16.3%

NET DEBT TO EQUITY RATIO AT A HEALTHY 0.16x

BOARD TO EVALUATE VALUE UNLOCKING OPTIONS FOR SRL, INCLUDING DEMERGER

Mumbai, May 26, 2016: Fortis Healthcare Ltd. (Fortis), India's leading healthcare delivery Company, today, announced its consolidated results for the quarter and year ended March 31, 2016 (Q4FY16 and FY16).

The Board of the Company has decided to assess and evaluate a demerger of the diagnostics business of the Company in addition to other options that may be available to unlock and monetize value inherent in this business. The same is subject to finalization by the Board and other stakeholders.

India Business - Key Financial Highlights for the year (FY16)

- Consolidated India Business Revenues at Rs 4,213 Cr, up 7.3%.
- Consolidated Operating EBITDAC for the India Business (EBITDA before net business trust costs) was at Rs 692 Cr, +14.2%, representing a margin of 16.4% versus 15.4% in the previous year.
- Consolidated Operating EBITDA for the India Business was at Rs 235 Cr, up 46%, representing a margin of 5.6% versus a margin of 4.1% in the previous year.

- PBT before exceptional and foreign exchange gain / (loss) witnessed significant improvement at Rs (30) Cr versus Rs (116.6) Cr in the previous year
- FY16 revenues for the India hospital business were at Rs 3,449 Cr, up 7.6% as compared to FY15. Operating EBITDAC was at Rs 508 Cr, a stable growth of 11%. The EBITDAC for the India hospital business represents a margin of 14.7%, up from 14.3% in FY15.
- Key operational parameters in the Company's hospital business continued to see a healthy uptrend. The ARPOB (Average Revenue per Occupied Bed) grew to Rs 1.37 Cr compared to Rs 1.26 Cr in FY15, an increase of 9%. ALOS (Average length of stay) was at 3.56 days versus 3.64 days showing that patients could be discharged earlier due to their faster recovery. In addition, Occupancy improved to 72% versus 70% in FY 15 respectively.
- The newly launched hospitals continued to witness good traction. FMRI, the Company's flagship facility recorded revenues of Rs 413 Cr in FY16, a healthy growth of 18% over the previous year. The flagship facility has become the highest ARPOB generating hospital in the Company's network of multi-specialty hospitals. In a short span of time following its launch in May 2013, the ARPOB at FMRI rose to Rs 2.51 Cr in FY16 (FY15: Rs 2.15 Cr). The hospital continues to record a strong improvement in operating profitability. Revenue at Fortis Ludhiana, the other new facility, continued to ramp up. It recorded a revenue of Rs 73 Cr, an increase of 32% over the corresponding previous period.
- The India diagnostics business recorded revenues (net of inter company elimination) of Rs 764 Cr, up 6%. The operating EBITDA was at Rs 184 Cr, up 25%, representing an EBITDA margin of 24.1% against 20.4% in FY15.

*EBITDAC refers to EBITDA before net business trust costs

India Business - Key Financial Highlights for the quarter (Q4FY16)

- Consolidated India Business Revenues were at Rs 1,070 Cr versus Rs 1,016 Cr in the corresponding previous quarter.
- Consolidated India Business Operating EBITDAC (EBITDA before net business trust costs) was at Rs 174 Cr, representing a 16.3% margin, comparable to the 16.5% in the corresponding previous quarter and better than the 15.7% margin in the trailing quarter.
- Consolidated India Business EBITDA at Rs 61 Cr, was up 11% representing a margin of 5.7% versus a margin of 5.4% in the corresponding previous quarter.

- India hospital business revenues were at Rs 878 Cr versus Rs 831 Cr in Q4FY15. Operating EBITDAC in the quarter stood at Rs 130 Cr, representing a margin of 14.8% versus 15.4% in the corresponding previous quarter and 14.3% in the trailing quarter.
- ARPOB (Average Revenue per Occupied Bed) in the quarter stood at Rs 1.43 Cr as compared to Rs 1.32 Cr in Q4FY15, a growth of 8%. ALOS (Average length of stay) was at 3.59 days versus 3.66 days in the previous corresponding quarter, while Occupancy stood at 71% versus 72% in Q4 FY15.

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- The India diagnostics business recorded net revenues of Rs 192 Cr compared to Rs 185 Cr in Q4FY15. The operating EBITDA was at Rs 44 Cr, representing an improved EBITDA margin of 22.8% compared to 21.6% in Q4FY15.

Reported Group Financial Highlights for FY16 and Q4FY16

The reported results for FY16 and Q4 FY16 are not comparable with the corresponding previous period due to progressive divestments of the Company's international businesses.

- Consolidated Group Revenues for FY16 were at Rs 4,276 Cr versus Rs 4,140 Cr for the previous year. Consolidated PAT after Minority Interest and share in associates (PATMI) for FY16 was at Rs (24.9) Cr versus Rs (143.7) Cr in FY15. The PATMI for the year includes a net exceptional loss of Rs 33.2 Cr.
- Consolidated Group Revenues for Q4FY16 were at Rs 1,088 Cr versus Rs 1,064 Cr for the corresponding previous quarter. Consolidated PAT after Minority Interest and share in associates (PATMI) for Q4FY16 was at Rs (91) Cr against Rs (17.5) Cr in Q4FY15. The PATMI for the quarter includes an exceptional loss of Rs 64.2 Cr.

Commenting on the results, Mr Bhavdeep Singh, CEO, Fortis Healthcare Ltd, said, "Our focus during the year has been on delivering clinical excellence and superior patient care. Our people work ceaselessly every single day at all our hospitals to make sure that our patients continue to receive the best. We have made substantial headway, in both these critical areas. I am confident that we are moving in the right direction and will continue to record gains as we go forward."

Other Business Highlights – FY16.

- In line with its stated strategy to focus on India, the Company in Q1 of FY 2016 completed the last of its international divestments i.e. RadLink and Fortis Surgical Hospital in Singapore for a sale consideration of SGD 166 Mn in total.
- The Company in Q1FY16 successfully redeemed USD 100 Mn Foreign Currency Convertible Bonds (FCCBs) issued in 2010. The redemption was made from the Company's existing cash proceeds.
- In Q2FY16, the Company increased its equity stake in SRL Limited taking its current stake to 56%. It acquired a 3.1% stake from Sabre Partners Trust, Spring Healthcare (P) Limited and Spring Healthcare India Trust.
- In Septemebr 2015, the Company launched La Femme, Bengaluru, a 70 bed comprehensive and distinctive boutique hospital for women offering a holistic range of medical services.
- During Q3FY16, the Company acquired a 100% equity stake in Religare Health Trust Trustee Manager Pte Ltd, [a company incorporated in Singapore that acts as Trustee Manager to Religare Health Trust (RHT), of which the Company is Sponsor].
- In February 2016, the Company's Board approved the acquisition of a 51% economic interest in Fortis Hospotel Limited (FHTL), a subsidiary of the Religare Health Trust (RHT). As a result of the majority acquisition of FHTL, it will become a subsidiary of Fortis and hence be consolidated with Fortis. The transaction would result in a lower service fees i.e. net business trust fees that Fortis pays to the RHT thereby benefitting its operating profitability (EBITDA). For FY16, the net business trust fees paid for these two clinical establishments was approx. Rs 196 Cr. The transaction which is awaiting the required regulatory and statutory approvals is expected to be completed soon.
- The Company continued to maintain a healthy Balance Sheet with a net debt to equity ratio of 0.16x as on 31st March 2016 (0.24x times as on 31st March 2015). Net debt was at Rs 753 Cr (including FCCBs of Rs 562 Cr). Excluding the said FCCBs which are significantly in the money (conversion at Rs 99 per share), the net debt of the Company was at a low Rs 190 Cr representing a net debt to equity of 0.04x times.

NEW GROWTH INITIATIVES

- Continuing with its asset light growth strategy, Fortis has embarked on a well- defined plan through the "O&M" model to capitalise on the opportunities available in select geographies with negligible healthcare infrastructure and a burgeoning population requiring affordable good quality healthcare services. The Company (Fortis) is working actively to enter into collaborations with third parties for operations and management contracts. Fortis under its brand, will lend its

expertise in the field of hospital operations along with its systems and processes for a management fee. It will also supplement this by providing project consultancy services and technical inputs during the planning and implementation phase. While a number of such options are currently under evaluation, the Company has as on date signed definitive agreements each in Rajasthan, Assam, Bangladesh and Congo (Africa).

Key Highlights FY 16 - Hospital Business

- In FY16, the top 10 facilities contributed approx. 76% of the hospital business revenue. Most facilities, including the larger ones at FMRI, BG Road, Mulund, Noida, Anandpur, Vashi, CH Road and Ludhiana continued to exhibit growth momentum both in terms of revenues and operating margins.

- The contribution of International sales to the overall revenue of the Hospital business stood at 10 % (Rs 342 Cr), a growth of 8% over the the previous year. The Company with its high quality infrastructure and world class clinical talent, has further strengthened its focus on international sales and expects to see a strong uptick from this segment going forward.

- The Company's transplant program has been encouraging and has picked up in the year gone by. Revenue from transplant procedures grew by 36%. There was also a 2x increase in the number

of heart transplant procedures performed at Fortis. Healthy growth was also visible in Liver and kidney transplant procedures. This further signifies that the Company is making headway in moving towards complex , high end tertiary and quaternary care treatments.

- The Company introduced and expanded its clinical programs and service offerings in several facilities in its network. These included :

- The setting up of a a fully integrated Center of Excellence for Liver and Digestive diseases, at the Fortis Escorts Heart Institute (FEHI), Delhi.

- The Da Vinci XI System, was commissioned at FMRI. This is an advanced robotic surgical technology for performing minimally invasive surgery. It allows surgeons to operate with pin point accuracy and is patient friendly as it provides a number of benefits that include reduced blood loss, fewer complications and a shorter hospital stay.

- The Company; in line with its core value of patient centricity became the first private healthcare chain in India to monitor clinical outcomes starting with different cardiac procedures undertaken at the Fortis Escorts Heart Institute (FEHI). The plan is to gradually expand coverage to other key specialties.

Key Highlights FY 16 - Diagnostics Business

- The lab medicine i.e. the pathology business contributed 88% to total revenues and grew 14% over the previous year. The contribution of the imaging business to total revenues declined to 8% from 13% in the corresponding previous period, mainly due to network rationalization. Clinical Trials, Wellness and the International segment contributed 4% to the overall revenues of the Diagnostics business.
- SRL performed over 14.5 million accessions during the year, a 6% growth over last year. Through these accessions it undertook 32.7 million tests, up 8% as compared to 30.4 million tests in FY 15.
- SRL continued to grow its laboratory and collection centre network; adding 66 new laboratories and 141 collection centers while rationalising its portfolio with the closure of 15 laboratories and 388 collection centers.
- As of March 31, 2016, SRL had a network of 314 labs and approx. 7,200 collection points. (FY15 264 labs and 6400 collection points)

Awards & Accolades - Q4FY16

- Mr Malvinder Mohan Singh, Executive Chairman, Fortis Healthcare, was honoured with the 'Entrepreneur of the Year' award at the Asia Pacific Entrepreneurship Awards (APEA) 2016.
- Two Fortis facilities – Fortis Noida and Fortis Mohali – won the first and second prizes respectively in the Hospitals Sector (with more than 10 lakh kwh/year consumption category).
- Fortis Hospital, Noida, and Fortis Hospital, Anandapur, were recognised as Centres of Excellence in Emergency Medicine by the Society for Emergency Medicine, India.
- The Nursing Teams at Fortis Hospital, Mulund, and Fortis Hospital, Bannerghatta Road, Bengaluru, won the coveted Association of Healthcare Providers of India (AHPI) Award for Nursing Excellence.
- Dr Ashok Seth, Chairman, Fortis Escorts Heart Institute, New Delhi, became the first Indian doctor to be invited by the US Food & Drug Administration's (FDA) Medical Panel in Washington to present his experience regarding the use of Bioabsorbable Stents.
- Fortis Hiranandani, Vashi, won two Quality Excellence awards for 'Best Healthcare Services' and 'Dedicated Service' at the 5th CMO Asia World Quality Congress, held in Mumbai.
- Dr Priyadarshi Ranjan, Kidney Transplant Surgeon, Fortis Hospital, Mohali, was recognised by the Limca Book of Records 2015 for performing a successful kidney transplant on the heaviest patient so far in India, weighing 160 kgs.

Some Cases of Clinical Excellence at Fortis - (Q4)

- Fortis Centre for Heart Failure & Transplant at Fortis Malar, Chennai, under the astute leadership of Dr K. R. Balakrishnan, Director, Cardiac Sciences and Dr Suresh Rao K. G., Head Cardiac Anaesthesia and Critical Care, created history by crossing the 75th successful heart transplant milestone. The hospital also created a record by performing two heart transplants in a span of 7 hours.
- The Bone Marrow Transplant Team at Fortis Memorial Research Institute (FMRI), Gurgaon, conducted its 100th Bone Marrow Transplant in less than three years of becoming operational. This puts FMRI amongst the top few centres across India to have crossed the 100-BMT mark.
- A team of doctors led by Dr K. S. Iyer, Executive Director, Paediatric & Congenital Heart Diseases, FEHI, performed a complex 7-hour long open heart surgery on a month-old baby from Nairobi, Kenya, suffering from three major cardiac ailments — Transposition of Great Arteries (TGA), Ventricular Septal Defect (VSD) and Patent Ductus Arteriosus (PDA).
- A 44-day-old child from Bhilwara, Rajasthan, became India's youngest patient to be revived after a successful surgery for Tetralogy of Fallot (TOF), a complex congenital heart disease, at Fortis Escorts Hospital, Jaipur. The Primary Single Stage Corrective surgery was conducted by a team led by Dr Sunil Kaushal, Director and Chief Paediatric Cardiac Surgeon.
- A 30-year-old patient from Jamshedpur suffering from Hemangioblastoma, a rare benign tumour that occurs in blood vessels of the brain and spinal cord, was successfully operated upon by a team of doctors led by Dr Amitabha Chanda, Consultant Neurosurgeon, Fortis Hospital, Anandapur.
- An 8-year old girl from Oman suffering from Cerebral Palsy and severe spasticity was successfully treated by a team led by Dr Rahul Gupta, Senior Consultant, Neurosurgery, Fortis Noida.
- A 21-year old patient from Saudi Arabia was cured of a congenital abnormal curvature of spine (Kyphoscoliotic Deformity) after a 12-hour long operation, conducted by a team led by Dr Ashwani Maichand, Head, Minimal Access Orthopaedic Surgery, at Fortis Hospital, Shalimar Bagh, New Delhi.
- 3D printing was used by a team led by Dr Vijay Agarwal, Chief of Paediatric Surgery, and Dr Swati Garekar, Paediatric Cardiologist, Fortis Hospital, Mulund, to meticulously plan a rare surgery, the Nikaidoh Operation. Very few centres around the world are capable of performing the operation.
- A combined team of highly skilled surgeons from the Urology, Cardio-thoracic Surgery and Anaesthesiology departments at Fortis Hospital, Bannerghatta Road, Bengaluru, successfully treated a 65-year old patient of Renal Cell Carcinoma, a type of Kidney Cancer. The team, led by Dr Mohan Keshavamurthy, Director - Urology, Uro-oncology, Andrology & Transplantation Surgery, and Dr Murali Manohar V, Consultant Cardiovascular Thoracic Surgeon, was able to remove the malignant tumour completely after a complex and specialised operation.

About Fortis Healthcare Ltd.:

Fortis Healthcare Limited is a leading integrated healthcare delivery service provider in India. The healthcare verticals of the company primarily comprise hospitals, diagnostics and day care specialty facilities. Currently, the company operates its healthcare delivery services in India, Dubai, Mauritius and Sri Lanka with 54 healthcare facilities (including projects under development), approximately 10,000 potential beds and 306 diagnostic centres.

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