

Apollo Hospitals announces Q2FY13 results

**Continues to report stellar growth
Raises the bar on technological excellence as the first in
Asia to offer Robot-assisted spine surgery**

**Q2FY13 Consolidated Revenues up 22.6% at Rs. 9,621 million
Consolidated EBITDA up 25.9% at Rs. 1,620 million
Consolidated PAT up 52.2% at Rs. 838 million**

**Q2FY13 Standalone Revenues up 19.5% at Rs. 8,363 million
Standalone EBITDA up 23.0% at Rs. 1,440 million
Standalone PAT up 49.3% at Rs. 832 million**

Chennai, November 9, 2012: Apollo Hospitals Enterprise Ltd (AHEL), (BSE: 508869, NSE: INE437A01024), the Healthcare Pioneer and leading provider of quality clinical care reported its consolidated financial results according to Indian GAAP for the quarter and half year ended September 30, 2012.

Commenting on the performance, **Dr. Prathap C Reddy, Chairman said**, “We are pleased to report continued growth and operating improvements in Q2. The rising maturity of newer facilities and a focus on complex treatments through the ‘Centres of Excellence’ initiative have led to balanced growth. We continue to pioneer the adoption of technological advancements for patient care excellence and have extended the application of robotic techniques into the area of spinal surgery.”

He added, “The improving performance of our pharmacy & health insurance businesses is resulting in a significantly improved contribution. While the regulatory framework has become more conducive, we expect progress in a calibrated manner to enable us to balance growth and profitability while positioning ourselves to realise the long-term potential of these businesses. Visibility of growth remains high and we are excited to be on the cusp of an aggressive expansion plan with imminent bed additions scheduled over the next few months including a large proportion of REACH facilities.”

Financial Highlights

- Standalone Q2FY13 Performance
 - Revenues expanded 19.5% to Rs. 8,363 million compared to Rs. 6,998 million in Q2FY12.
 - EBITDA grew 23.0% to Rs. 1,440 million as against Rs. 1,170 million in Q2FY12.
 - PAT was Rs. 832 million vs. Rs. 558 million in Q2FY12, growth of 49.3%.
 - Diluted EPS of Rs. 5.98 per share in Q2FY13

- Standalone H1FY13 Performance
 - Revenues grew 20.4% to Rs. 16,137 million compared to Rs. 13,408 million in H1FY12.
 - EBITDA grew 23.1% to Rs. 2,744 million as against Rs. 2,229 million in H1FY12.
 - PAT was Rs. 1,530 million in H1FY13 vs. Rs. 1,070 million in H1FY12.
 - Diluted EPS of Rs. 11.00 per share in H1FY13

- Consolidated Q2FY13 Performance*
 - Revenues expanded 22.6% to Rs. 9,621 million compared to Rs. 7,847 million in Q2FY12.
 - EBITDA grew 25.9% to Rs. 1,620 million as against Rs. 1,286 million in Q2FY12.
 - PAT was Rs. 838 million vs. Rs. 550 million in Q2FY12, a growth of 52.2%.
 - Diluted EPS of Rs. 6.02 per share in Q2FY13

- Consolidated H1FY13 Performance*
 - Revenues grew 22.2% to Rs. 18,433 million compared to Rs. 15,081 million in H1FY12.
 - EBITDA grew 25.0% to Rs. 3,100 million as against Rs. 2,480 million in H1FY12.
 - PAT was Rs. 1,625 million in H1FY13 vs. Rs. 1,096 million in H1FY12.
 - Diluted EPS of Rs. 11.68 per share in H1FY13

** The Consolidated financials are unaudited management estimates*

Operating Highlights

- Standalone Pharmacies continues its strong performance – Q2 revenues grow 33.2% on a y-on-y basis to Rs. 2,776 million - driven by strong same store sales growth, improved efficiencies and renewed momentum in store additions

- The Apollo Hospitals Group has completed over 130,000 heart surgeries with a success rate of 99.6% - comparable to the best in the world.

- Increased thrust on Robotic surgery:
 - The Apollo Hospitals Group is the first healthcare organization in the Asia-Pacific to offer the Renaissance Robotic System which is a surgical guidance system for minimally-invasive spine surgery

- Company and leadership continue to win accolades:
 - Ms. Preetha Reddy, Joint Managing Director at AHEL was elected as an Independent Director to the Board of Directors of Medtronics, Inc. - an NYSE listed leading provider of Medical Technology and Therapies

 - Apollo Hospitals was declared the 'Healthcare Service Provider Company of the Year' at the 4th Annual India Healthcare Excellence Awards 2012.

 - Apollo Hospitals was declared a winner in four categories at The Asian Hospital Management Awards 2012.

Attached: Details to the announcement

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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 8,500 beds across 50 Hospitals, 1,350 Pharmacies, 100 primary care and diagnostic Clinics, 100 Telemedicine units across 9 countries, medical business process outsourcing services, Health Insurance services, Global Projects Consultancy, 15 colleges of Nursing and Hospital Management and a Research Foundation with a focus on global Clinical Trials, epidemiological studies, stem cell and genetic research.

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 28 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.

Details to the announcement

Other Operating Highlights

- On the occasion of World Heart Day, Apollo Hospitals announced that the Group has completed over 130,000 heart surgeries, by far the largest cardiac program across the globe, with a success rate of 99.6%.
- During the quarter, Apollo Hospitals, the first healthcare organization in the Asia-Pacific region to offer the Renaissance™ Robotic System, successfully completed 12 successful spine surgeries in just 10 days of its launch, including:
 - Treating a lumbar spine defect in a 14 year old girl from Maharashtra
 - Correcting a congenital anomaly from birth, that caused a 10 year old girl from Gujarat to suffer with a severely deformed spine. The patient will now be able to lead a normal, active life
- The first navigation surgery in India for maxillofacial surgery / trauma was performed at Apollo Specialty Hospital, Chennai. This surgery enables reconstruction of damaged tissues while eliminating risk of injury to highly sensitive nerves.
- A specially designed dedicated Nile Pax stent was used for a complex bifurcation angioplasty at Apollo Hospitals, Chennai in August, 2012. This procedure was conducted for the first time in the state of Tamil Nadu.

Segment-wise Performance Update

Hospitals

Revenues of the hospital division of Apollo Hospitals Enterprise Limited (Standalone) (consisting of hospital services, hospital-based pharmacies and consulting) increased by 13.7% to Rs. 5,589 million in Q2FY13 compared to Rs. 4,915 million in Q2FY12.

Apollo's newer hospitals continued to display steady progress and improvement in operating parameters:

- Bhubaneswar occupancy at 189 beds (76% utilization on an increased capacity of 250 beds) as compared to 127 beds in H1FY12.
- Karim Nagar occupancy at 80 beds as compared to 72 beds in H1FY12.

- Apollo REACH Hospitals at Karimnagar and Karaikudi also performed well with revenue growth of 171% and 288% respectively

Standalone Pharmacies

Apollo Pharmacies added 56 stores and closed down 14 stores, to end Q2FY13, with a network of 1,399 operational stores. Revenue Growth on an overall basis continued to be robust expanding 33.2% from Rs. 2,085 million in Q2FY12 to Rs. 2,776 million in Q2FY13. The business reported further improvements in profitability with an EBITDA of Rs. 81 million in Q2FY13 compared to an EBITDA of Rs. 38 million in Q2FY12.

The like-for-like growth in revenues per store for the batch of stores opened prior to March 2008 was 17.5% and for H1FY13 indicating healthy same store revenue growth. Strategies to improve operating performance like rationalization of the store network, buying efficiencies and a higher proportion of self-branded goods are providing the desired results with the batch of mature stores (pre March 2008) reporting an EBITDA margin of 5.3% in Q2FY13, an increase of 58 basis points over the EBITDA margin of 4.7% in Q2FY12.

The business is now embarking on the next leg of growth and in order to optimize customer reach and enhance transaction sizes, additional strategies are being implemented such as the introduction of different store formats and widening of the product range to include more FMCG products such as skin care, cosmetics, beauty and other healthcare related products.

Subsidiaries & JVs

Apollo Munich Health Insurance Company Limited

The Company achieved a Gross Written Premium of Rs. 2,140 million against Rs. 1,550 million achieved during the same period in the previous year representing a growth of 38%. Earned premium of the Company grew by 54% from Rs. 1,457 million to Rs. 2,251 million.

The Company disbursed Rs. 1,387 million towards claims & commissions during H1FY13 compared to Rs. 876 million paid during H1FY12. The incurred claim loss ratio was 59 % (H1FY13) as compared to 58 % (H1FY12). The assets under management stood at Rs. 4,144 million as on September 30, 2012. The business has turned PAT positive in Q2FY13 and reported a Net Profit of Rs. 3.6 million as compared to a loss of Rs. 71 million in Q2 FY12.

Apollo Health Street (AHS)

For H1FY13, AHS reported revenues of Rs. 2,667 million, an increase of 9.2% compared to revenues of Rs. 2,441 million in H1FY12. AHS' strategic initiatives to augment its sales and marketing team and a concerted focus on cost management are now resulting in a significantly improved performance. During H1FY13, it reported an EBITDA of Rs. 476 million compared to Rs. 376 million in the same period last year, with an improvement of 243 basis points in the EBITDA margin.

Awards & Achievements

- The Board of Directors of Medtronic, Inc. an NYSE listed leading provider of Medical Technology and Therapies, has unanimously voted to elect Ms. Preetha Reddy, Joint Managing Director at AHEL, to the Medtronic Board as an Independent Director.
- Apollo Hospitals was declared the healthcare service provider company of the year (revenues above Rs. 1,000 crore) by Frost & Sullivan at the 4th Annual India Healthcare Excellence Awards 2012. The awards recognized innovative growth strategies and solutions adopted by top companies in the healthcare industry for 2011-12.
- Apollo Hospitals was declared a winner in four categories at The Asian Hospital Management Awards 2012 at Hanoi, Vietnam. The event was attended by over 800 delegates from 25 countries. The Indraprastha Apollo Hospitals, Delhi was awarded for its "Apollo Community Outreach Programme" and "Improving Patient Satisfaction Levels" while the Apollo Gleneagles Hospital, Kolkata was awarded for its efforts in ensuring "Increased Productivity through reduction of length of stay" and Project ESCALATE (Eleven Strategies to Combat Antimicrobial Resistance Rate).
- Apollo Telemedicine Networking Foundation was the only invitee to represent India at the 8th edition of the prestigious Swedish American Life Sciences Summit held at Stockholm in August, 2012. The Swedish-American Life Science Summit, started 8 years ago, features some of the best known Life Science executives and investors in the world.
- To mark World Heart Day on 29th September 2012, the 'Billion Hearts Beating Foundation' partnered with the National Cadet Corps (NCC) in New Delhi, Chennai, Hyderabad, Kolkata and Bangalore. 3000 NCC cadets across India pledged to spread the message of a healthy heart.

- Apollo Hospitals Group signed a MOU with Afro-India Medical services to set up 30 Telemedicine units in East and West Africa.
- Indraprastha Apollo Hospitals, New Delhi won the 'Asian Hospital Management Awards' 2012 in two categories Corporate Social Responsibility and Customer Service. The event was held in Hanoi, Vietnam.
- Apollo Gleneagles Hospitals, Kolkata became the 10th center outside UK to host the prestigious MRCP PACES (Practical Assessment of Clinical Examination Skills).
- Apollo Gleneagles Hospitals, Kolkata initiated to use Single Use Forceps for all endoscopic biopsies for first time in India to keep up with this ongoing revolution.
- Apollo Hospitals - Hyderguda organized third Live Complex Angioplasty & Chronic Total Occlusion (CACTO) Summit 2012 at Hyderabad in this quarter.
- Second International Patient Safety Congress third International Conference on Transforming Healthcare with IT was organized at Hyderabad from 31st Aug – 2nd Sep September.