



## **Apollo Hospitals announces Q1FY15 results**

**Quarterly Standalone Revenues cross Rs. 1,000 crores  
Consolidated Revenues cross Rs 1,200 crores**

**Continues to be No 1 globally in Solid Organ Transplants**

**Q1FY15 Standalone Revenues up 18% at Rs. 1,054 crore  
Standalone EBITDA (including new units' losses) up 7% at Rs. 156 crore.  
Standalone PAT up 5% at Rs. 83 crore**

**Stand Alone Pharmacies continue on its growth trajectory  
Revenues up 27% and EBITDA up by 33%**

**On track to commission 3 Hospitals in Q2FY15  
Nellore (200 beds) and 2 hospitals in Chennai OMR- Perungudi (170 beds)  
and Chennai OMR - Women & Child (45 beds)**

**India, May 28, 2014:** Apollo Hospitals Enterprise Ltd (AHEL), (BSE: 508869, NSE: INE437A01024), a leading healthcare provider, today reported its financial results according to Indian GAAP for the quarter ended June 30, 2014.

Q1FY15 Standalone Revenues grew by 18% to Rs. 10,537 million compared to Rs. 8,950 million in Q1FY14. EBITDA was higher by 7% from Rs. 1,459 million in Q1FY14 to Rs. 1,563 million in Q1FY15. PAT increased by 5% to Rs. 827 million in Q1FY15.

**Healthcare Services (existing hospitals) reported EBITDA margins of 23.1 % in Q1FY15 while Standalone pharmacies EBITDA margins improved further to 3.11% in Q1FY15 from 2.97% in Q1FY14.**

**Dr. Prathap C Reddy, Chairman said,** “We continue to raise the bar on standards of clinical excellence as this quarter saw Apollo Hospitals enter a select club of global healthcare institutions to have successfully undertaken a triple organ transplant. The launch of clinical genomic tests in association with Strand will usher in next generation healthcare practices in the country. Our hospitals continue to witness a rise in high acuity cases with especially sharp increases in volumes of transplants and robotic surgeries as the impact of the Centres of Excellence initiative gains further momentum.

**He added,** Healthcare service providers will need to continually evolve to meet the growing disease burden of the nation. Our multi-faceted expansion plan aims to address the needs of



multiple categories of patients through different formats and we are on track to launch a significant number of beds over the next 3 years. Our efforts at driving clinical differentiation are yielding results by way of increasing footfalls at newer facilities. The increasing number of accredited facilities across the network further validates the quality of care and is helping us to serve larger numbers of international patients.

## **Financial Highlights**

- Standalone Q1FY15 Performance
  - Revenues grew 18% to Rs. 10,537 million compared to Rs. 8,950 million in Q1FY14.
  - EBITDA grew 7% to Rs. 1,563 million as against Rs. 1,459 million in Q1FY14.
  - PAT was Rs. 827 million compared to Rs. 789 million in Q1FY14, growth of 5%.
  - Diluted EPS of Rs. 5.95 per share in Q1FY15 (not annualised).
  
- Consolidated Q1FY15 Performance (*Unaudited estimates*)
  - Revenues grew 18% to Rs. 12,025 million compared to Rs. 10,218 million in Q1FY14.
  - EBITDA grew 8% to Rs. 1,731 million as against Rs. 1,608 million in Q1FY14.
  - PAT was Rs. 795 million compared to Rs. 783 million in Q1FY14, growth of 2%.
  - Diluted EPS of Rs. 5.71 per share in Q1FY15 (not annualised).



## **Segment-wise Performance Update**

### **Hospitals**

Standalone Revenues of healthcare services division increased by 13% to Rs. 6,675 million in Q1FY15 compared to Rs. 5,908 million in Q1FY14. Healthcare Services EBITDA grew by 5% from Rs. 1,369 million in Q1FY14 to Rs. 1,443 million in Q1FY15. EBITDA margin of healthcare services ( including new hospitals ) at 21.6% as compared to 23.2% Q1FY14 .

Apollo's major clusters in Chennai and Hyderabad reported y-on-y revenue growth of 8% and 11% respectively for Q1FY15. The Hyderabad cluster has reported improvement in occupancy of 603 beds (65 % utilization on beds) in Q1FY15 as compared to 592 beds (64%) in Q1FY14. More importantly however, the cluster witnessed EBITDA expansion aided by higher numbers of international patients, focused efforts on case mix rationalization, growth in robotics and transplants as well as cost management.

Hospitals outside of the Major Cluster also displayed steady progress and improvement in operating parameters:

- Vanagaram, Chennai displayed good traction in Q1FY15. Occupancy at 85 beds (51% utilization on a capacity of 168 beds) as compared to 22 beds in Q1FY14. Revenues stood at Rs 152 million in Q1FY15.
- Jayanagar, Bangalore occupancy at 52 beds (48% utilization on a capacity of 109 beds) as compared to 35 beds in Q1FY14. Revenues stood at Rs 130 million in Q1FY15.
- New hospitals batch of FY13 - Vanagaram & Jayanagar turned EBITDA breakeven in Q1FY15
- FY14 hospitals commenced in the last 6 months - Trichy and Nashik are in their initial stages of operations and have Q1 revenues of Rs 68 mn and EBITDA loss of Rs 16 mn.
- Bhubaneswar occupancy at 208 beds (81% utilization on an increased capacity of 256 beds) as compared to 202 beds in Q1FY14. Revenues grew 20% accompanied by improvement in EBITDA margin.
- Rationalization of the case mix led to a dip in occupancy at Madurai. However, Revenues witnessed a marginal growth accompanied by an improvement in the EBITDA margin.



Apollo Hospitals Ahmedabad reported revenue growth of 15% and EBITDA growth of 65% in Q1FY15. The Hospital had an improved occupancy of 183 beds (63 % utilization on beds) in Q1FY15 as compared to 165 beds (58%) in Q1FY14. The hospital also witnessed EBITDA expansion aided by volumes & case mix improvement.

Apollo Hospitals Bangalore reported a y-on-y revenue growth of 10% and EBITDA growth of 9% in Q1FY15. The hospital reported improvement in occupancy of 207 beds (77% utilisation on beds) in Q1FY15 as compared to 204 beds (76%) in Q1FY14.

Apollo Gleneagles Kolkata reported a reported y-on-y revenue growth of 16% and EBITDA growth of 13% in Q1FY15, the hospital reported improvement in occupancy of 480 beds (89% utilisation on beds) in Q1FY15 as compared to 412 beds (81%) in Q1FY14.



### **Standalone Pharmacies**

During the quarter, Apollo Pharmacies added 53 stores and closed 21 stores for a net addition of 32 stores. The total store network as of June 30 stands at 1,664 operational stores.

Revenues grew by 27% from Rs. 3,042 million in Q1FY14 to Rs. 3,862 million in Q1FY15. Operational performance improved further as EBITDA grew by 33% from Rs. 90 million in Q1FY14 to Rs. 120 million in Q1FY15.

The blended EBITDA margin increased by 14 basis points from 2.97% in Q1FY14 to 3.11% in Q1FY15. The increasing proportion of Private label products in the revenue mix has helped to mitigate the impact of the Drug Price Control Order. The Standalone Pharmacy segment reported an ROCE in excess of 8% in Q1FY15.

The business continued to report healthy growth in same-store sales across various batches of stores with like-for-like growth in revenue per store at 14% for the pre 2008 batch of stores, 21% (2009 batch) and 18% (2010 batch). The EBITDA margin for mature stores (pre March 2008) expanded by 25 basis points from 5.6% in Q1FY14 to 5.8% in Q1FY15.

### **Apollo Munich Health Insurance Company Limited**

Gross Written Premium increased by 25% from Rs. 1,104 million in Q1FY14 to Rs. 1,383 million in Q1FY15. The incurred claim loss ratio rose from 59.1% in Q1FY14 to 62.6% in Q1FY15. The business reported a net loss of Rs. 14 million in Q1FY15 compared to a profit of Rs. 6 million in Q1FY14. AUMs stood at Rs. 6,593 million as of June 30, 2014.

### **Apollo Health & Lifestyle Limited (AHLL)**

AHLL is a wholly owned subsidiary which houses the retail healthcare business of Apollo Hospitals. This includes the lifestyle birthing centers known as 'CRADLE' and Apollo Clinics catering to a variety of ailments such as liver disease, joint pain, advanced fever, diabetes, etc.

Total Income in Q1FY15 was stable on a y-on-y basis at Rs. 177 million. The business reported an EBITDA loss of Rs. 48 million in Q1FY15, primarily due to marketing costs and overheads pertaining to the two new Birthing Centers and corporate overheads.



## **Clinical and Operational Highlights**

- Apollo Hospitals through its subsidiary Sapien Biosciences has collaborated with Strand Centre for Genomics and Personalized Medicine to launch clinical genomic tests. This will be offered at all Hospitals across the network and enhance the precision in both diagnosis and treatment in areas such as oncology, cardiovascular disease, heritable eye diseases and rare genetic disorders. These tests can facilitate detection of possible gene mutations, genetic diseases, detect hereditary link to breast and ovarian cancer and even variations associated with risk in cardiac disorders. These tests are at the cusp of next generation healthcare which will allow the physician to tailor treatment to the patients' genomic profile.
- Surgeons at Apollo Hospital, Chennai conducted a triple organ transplant in a patient with multi-organ failure. The recipient, a middle aged patient, received a new liver, intestine and pancreas in a marathon 14 hour surgery undertaken by 4 senior surgeons.
- Our team of skilled surgeons successfully conducted the first simultaneous kidney and pancreas transplant in South India. The patient, who was diabetic, is now living an insulin free life.
- Apollo Gleneagles Hospital - Kolkata, the only hospital in Eastern India with Multi-specialist expertise in surgical treatment of tumors on the pituitary gland & on skull base lesions, successfully operated on a young female patient utilizing the Expanded Endonasal Endoscopic Approach. This gave a new lease of life to the patient suffering from a critical tumor.
- Apollo Gleneagles continued to elevate standards of healthcare technology application in the region by introducing the first Transcranial Doppler Ultrasound machine in Eastern India for its Stroke Unit. The machine is used to assess intra-cerebral blood flow.
- The Centres of Excellence initiative to enhance the case mix across the network of hospitals has gained further momentum resulting in a sharp rise of high end tertiary care cases being undertaken across the network. Volumes of treatments such as transplants and robotic surgeries have shown a very healthy increase when compared to the same period last year.
- Apollo Hospitals enhanced its attractiveness as the first port of call for international patients by rolling out industry leading initiatives. These include:
  - The Group has entered into a strategic partnership with Emirates Airlines. As part of this tie-up, patients and their attendants from 19 countries across Middle East and



Africa coming to the hospital's flagship locations in Chennai, Hyderabad, New Delhi, Kolkata, Ahmadabad and Bangalore can avail of specially formulated fares for round-trip flights on Emirates.

- An increasing number of marketing activities and medical camps have been undertaken in key international markets. These include in-person consultations with specialists, events, clinics and Continuing Medical Education for local specialists to appraise them of latest technology offered at Network Hospitals and its application.
- Apollo Hospitals is steadily enhancing the width and depth of its Retail Healthcare Service offerings. Some key initiatives include:
  - Apollo Clinics has launched 'Sunday Clinics' to offer superior quality healthcare services while maximizing convenience & comfort for the consumers. This offering takes Apollo Clinics a step ahead in offering complete healthcare solutions under one roof.
  - Apollo Hospitals, Ahmedabad has launched an 'Evening Clinic' to offer greater access to basic consulting services and medical investigations to working professionals.
  - Apollo Hospitals, Dhaka has launched an out-patient service centre in close proximity to the Hospital Building. Outpatients can avail of diagnostic services, consultancy, cardiac ambulances and health check-ups in the centre which matches the Hospital in terms of service, ambience, aesthetics and health record repository. The centre will be open every day of the week and will free up space in the Hospital Building for enhanced treatment and offerings to in-patients.

### **Awards, Accolades and Achievements**

- Indraprastha Apollo Hospital, Delhi was re-accredited by the Joint Commission International (JCI) for the 4<sup>th</sup> Consecutive year. This facility, which was the first facility in India to receive a JCI Certification continues to service a high proportion of International patients.
- Indraprastha Apollo Hospital, Noida was accredited by the NABH during the quarter.



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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 9,000 beds across 53 Hospitals, 1,664 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 honor, 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**

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