



Apollo Hospitals announces Q2 & H1FY14 results

**Q2 Standalone Revenues up 17% at Rs. 975 crores
Standalone EBITDA up 11% at Rs. 160 crores
PAT up 5% at Rs. 87 Crores**

**Q2 Consolidated Revenues up 17% at Rs. 1,111 crores
Q2 Consolidated PAT up 7% at Rs. 90 Crores**

Apollo Hospitals completed 30 years as India's leading Healthcare Service Provider on September 18, 2013

**Expansion plan on track – 1,000 beds to be added in fiscal 2014
Oncology COE completes 1,000 successful treatments with Cyber Knife
Apollo Health City, Hyderabad celebrates its 25th Anniversary**

India, November 12, 2013: Apollo Hospitals Enterprise Ltd (AHEL), (BSE: 508869, NSE: INE437A01024), the Healthcare Pioneer and leading provider of quality clinical care today reported its consolidated financial results according to Indian GAAP for the quarter and half year ending September 30, 2013.

Standalone Revenues grew by 17% at Rs. 9,751 million in Q2FY14 compared to Rs. 8,363 million in Q2FY13. EBITDA was higher by 11% from Rs. 1,440 million in Q2FY13 to Rs.1,601 million in Q2FY14. Profit after Tax (PAT) increased from Rs. 832 million in Q2FY13 to Rs. 870 million in Q2FY14, growing by 5%.

AHEL launched two new hospitals in the fourth quarter of fiscal 2013 - a 200 bed Multi-specialty hospital at Vanagaram - Ayanambakkam, Chennai and a 140 bed Ortho and Spine Specialty Hospital at Jayanagar, Bangalore. ***Excluding the impact of the initial operating losses of these new facilities, AHEL reported a 15% (y-on-y) rise in EBITDA to Rs. 1,652 million in Q2FY14 with an improvement in EBITDA margins in both healthcare services and standalone pharmacy businesses. Healthcare services (existing hospitals) reported an EBITDA of 24.6% in Q2 FY14 from 24.3% in Q2 FY13 and Standalone pharmacies 3.3% from 2.9% in Q2 FY13.***



Dr. Prathap C Reddy, Chairman said, “For 30 years Apollo Hospitals has had a single focus – to deliver clinical outcomes at or above the best in the world. This focus has helped us to provide high quality healthcare across the length and breadth of the country, introduce advanced technology and path-breaking initiatives while offering a high value proposition to millions of Indian and International patients.

Healthcare delivery is evolving and service providers need to respond accordingly. As the market matures, patients are demonstrating a preference for differentiated levels of service and care. Retail healthcare is currently in its infancy but will certainly be the predominant delivery model in the healthcare landscape of the future.

He added, “Apollo Hospitals continues to make steady progress towards enrichment of case mix, enhancing the hospital network and promoting innovative methods of care.”

Financial Highlights

- Standalone Q2FY14 Performance (*subject to Limited Review*)
 - Revenues grew 17% to Rs. 9,751 million compared to Rs. 8,363 million in Q2FY13.
 - EBITDA grew 11% to Rs. 1,601 million as against Rs. 1,440 million in Q2FY13.
 - PAT was Rs. 870 million compared to Rs. 832 million in Q2FY13, growth of 5%.
 - Diluted EPS of Rs. 6.25 per share in Q2FY14 (not annualised).

- Consolidated Q2FY14 Performance (*Unaudited Estimates*)
 - Revenues grew 17% to Rs. 11,110 million compared to Rs. 9,525 million in Q2FY13.
 - EBITDA grew 10% to Rs. 1,785 million as against Rs. 1,620 million in Q2FY13.
 - PAT was Rs. 901 compared to Rs. 842 million in Q2FY13, a growth of 7%.
 - Diluted EPS of Rs. 6.48 per share in Q2FY14 (not annualised).

- Standalone H1FY14 Performance (*subject to Limited Review*)
 - Revenues grew 16% to Rs. 18,701 million compared to Rs. 16,137 million in H1FY13.
 - EBITDA grew 12% to Rs. 3,060 million as against Rs. 2,744 million in H1FY13.
 - PAT was Rs. 1,659 million compared to Rs. 1,530 million in H1FY13, growth of 8%.
 - Diluted EPS of Rs. 11.93 per share in H1FY14 (not annualised).

- Consolidated H1FY14 Performance (*Unaudited Estimates*)
 - Revenues grew 16% to Rs. 21,328 million compared to Rs. 18,338 million in H1FY13.
 - EBITDA grew 10% to Rs. 3,394 million as against Rs. 3,100 million in H1FY13.
 - PAT was Rs. 1,684 compared to Rs. 1,605 million in H1FY13, a growth of 5%.
 - Diluted EPS of Rs. 12.11 per share in H1FY14 (not annualised).



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 14% to Rs. 6,365 million in Q2FY14 compared to Rs. 5,589 million in Q2FY13.

We witnessed good QoQ traction in most of our large hospitals in both Standalone and Consolidated. Larger units like Ahmedabad, Hyderabad, Bangalore & Kolkatta have improved their performance over Q1.

Existing hospitals have demonstrated sustained improvements in operational performance through strategies to enrich the case mix at major clusters in Chennai & Hyderabad. This has been supported by robust volume growth at hospitals in Bangalore, Bhubaneswar and Mysore. A steady reduction in ALOS across the entire network is also contributing to the improved EBITDA margin

Newer hospitals continued to display steady progress and improvement in operating parameters:

- Bhubaneswar occupancy at 213 beds (85% utilization on an increased capacity of 250 beds) as compared to 189 beds in Q2FY13.
- Hospitals in tier II cities in Mysore and Madurai demonstrated improvements in EBITDA margins.
- Hospitals at Karur and Karaikudi have reported positive EBITDA in H1FY14 compared with a negative EBITDA in the same period last year.

Our focus is currently on aggressively strengthening our medical teams in our new start-ups in Vanagaram, Chennai and Jayanagar, Bangalore while adding new specialties too



Standalone Pharmacies

During the quarter, Apollo Pharmacies added 51 stores and closed 17 stores for a net addition of 34 stores – total store network as of September 30 stands at 1,560 operational stores. Revenues expanded by 22% from Rs. 2,776 million in Q2FY13 to Rs. 3,386 million in Q2FY14. Operational progress remained healthy with EBITDA expanding by 36% from Rs. 81 million in Q2FY13 to Rs. 111 million in Q2FY14.

Same-store sales were healthy with like-for-like growth in revenue per store for the batch of stores opened prior to March 2008 at 11% for Q2FY14. The EBITDA margin for mature stores (pre March 2008) expanded 13 basis points from 5.3% in Q2FY13 to 5.4% in Q2FY14.

Apollo Munich Health Insurance Company Limited

Total Income increased by 27% from Rs. 2,251 million in H1FY13 to Rs. 2,864 million in H1FY14. The Company disbursed Rs. 1,927 million towards claims & commissions during H1FY14 compared to Rs. 1,387 million during H1FY13. The incurred claim loss ratio was 70.9% in H1FY14 compared to 59.5% in H1FY13. The business reported a loss at the net level of Rs. 75 million in H1FY14 compared to a loss of Rs. 18 million in H1FY13. Assets under management amounted to Rs. 5,179 million as of September 30, 2013.



Operational and Clinical Highlights

Operational Highlights and New initiatives

- A focus on enriching the case mix within the network and leveraging cutting edge technology such as Robotics, Proton Therapy & Cyber Knife has helped AHEL to enhance the depth of its offerings. The group simultaneously focuses on enhancing the width of its offerings. In addition to expanding its network of REACH hospitals, AHEL plans to set up an extensive network of Retail Healthcare Centres (RHCs) such as Lifestyle Birthing Centres, Dental Specialty Centres and Primary & Diagnostic Clinics focused on ailments such as hypertension, diabetes, cardiac care, joint replacement and high fever.
- In addition to an enhanced focus on Retail Healthcare Centres, AHEL will leverage its existing network of over 1,500 retail pharmacies across India to optimize touch points for patients. Following the stabilization of operations and improved performance of the Retail Pharmacy network, there are plans to increase the pace of expansion of the pharmacy network to between 200 and 250 stores a year to drive the next stage of growth for this segment.
- The company is readying itself to launch the next version of its telemedicine platform which will enable users to consult with the hospital's panel of doctors anytime and anywhere in the world over video conferencing. The latest version of the telemedicine platform will be a cloud-based system eliminating the need for physical infrastructure.
- Apollo Hospitals announced collaboration with Medtronic, Inc. to bring to market an innovative, affordable and portable hemodialysis system in India to help improve access to care for patients suffering from End Stage Renal Disease.
- Apollo Hospitals & Saarum Innovations launch Sapien Biosciences, as a joint venture to create a world-class human bio-bank and personalized medicine company, which is first of its kind in India and will enable innovative research & clinical applications.
- HIMSS Analytics Asia Pacific has recognized three hospitals within Apollo Group for achieving Stage 6 on the Electronic Medical Record Adoption Model (EMRAM)SM. The hospitals are: Apollo Main Hospitals and Apollo Hospitals Ayanambakkam, Chennai and Apollo Health City, Jubilee Hills. These hospitals have been recognized for meeting all criteria for a Stage 6 hospital in the deployment and use of clinical information technology to improve patient safety, quality and efficiency.



- Apollo Hospitals in collaboration with HealthHiway, a cloud based Health Information Network launched its highly secure, web-based Personal Health Record (PHR) – Apollo Prism. Apollo Prism lets patients receive, create and manage their health information such as lab test results, discharge summary, medical history, medications and other health interventions. The patients can then choose to share all or part of their health information with their loved ones and Apollo hospital.

Clinical Highlights

- Apollo Gleneagles Hospital, Kolkata continued the Groups legacy of pioneering healthcare technology as it becomes the first hospital in East India to offer the advanced OCT (Optical Coherence Tomography) technology which enhances the diagnostic ability of an Angioplasty. This technology was introduced on the occasion of World Heart Day.
- Apollo Hospitals, Chennai has successfully performed a double-lung transplantation on a patient suffering from a rare genetic condition known as the Hermansky-Pudlak Syndrome (HPS). The double-lung transplantation for this genetic condition is the first such case in India and only the second in the world.
- Apollo Hospitals continues to raise the bar on healthcare service offerings in geriatrics. A medical team at Apollo Hospitals, Secunderabad has performed a hip replacement surgery on a 103 year old patient while a team of six doctors at Indraprastha Apollo Hospital, New Delhi successfully treated a 110 year old patient for stomach cancer.
- Apollo Gleneagles Hospital, Kolkata has enhanced its ability to offer autologous blood transfusion with the addition of a state-of-the-art intraoperative blood cell salvage machine known as CELL SAVER. This machine suctions, washes and filters blood so it can be given back to the patient's body thereby reducing blood loss and eliminating risk of contracting external diseases.
- Apollo Hospitals, Bilaspur received NABH accreditation on July 31, 2013. The Apollo Hospitals Network now includes 12 NABH Accredited facilities in addition to 8 JCI Accredited Hospitals. [*Development took place in Q2, i.e. between July 1 and September 30*]



Awards, Accolades and Achievements

Dr. Prathap C. Reddy, Chairman, Apollo Hospitals has been elected as the first President of NATHEALTH – the industry body for the Healthcare Sector. NATHEALTH has been founded with 50 members ranging from healthcare service providers to medical device manufacturers. It aims to be a unified voice for the sector and will work towards improvement of the funding environment, positively influencing regulatory focus, optimising healthcare infrastructure and encouragement of the overall development of the healthcare sector in the country.

Ms. Preetha Reddy, Managing Director, Apollo Hospitals has been selected as the new president of All India Management Association (AIMA). She makes history as the first woman president of AIMA in its 57 year existence. Ms. Reddy will be responsible for leading AIMA's initiatives for the year and creating strategies to support the association's mission of building management capabilities in the country.

The Apollo Hospitals Group won multiple awards at the 12th edition of Asian Hospital Management Awards 2013 held in Bangkok in September, 2013. Apollo Hospitals was a winner in 9 out of 10 categories and won 10 awards out of a total of 39 Gold and Excellence Awards. The winners were chosen out of 298 entries representing 78 hospitals across 13 countries.

Apollo Hospitals was honored with the following Awards:

- A Gold Award for **Bio Medical Equipment / Facilities** Improvement Project was awarded to Apollo Gleneagles Hospitals, Kolkata for its Project on “Severity Index Scoring For Biomedical Equipment”.
- In the same category, an Excellence Award was awarded to Apollo Hospitals, Chennai for its efforts in “Phasing out Mercury” from Apollo Hospital
- An Excellence Award for a **Corporate Social Responsibility Project** was awarded to Indraprastha Apollo Hospital, Delhi for the “Billion Hearts Beating” Initiative
- An Excellence Award for a **Cost Reduction Project** was awarded to Apollo Speciality Hospitals, Madurai for its efforts in control of expenses for CAG and PTCA Procedures.
- An Excellence Award for **Human Resource Development Project** was awarded to Apollo Hospital, Hyderabad for its Apollo Simulation Laboratory.



- An Excellence Award for **Service Improvement for Internal Customers** Project was awarded to Apollo Hospital, Hyderabad for its Apollo Simulation Laboratory
- An Excellence Award for **Patient Safety** Project was awarded to Apollo Hospital, Chennai for its Antimicrobial Stewardship Programme
- An Excellence Award for **Clinical Service Improvement Project** was awarded to Indraprastha Apollo Hospital, Delhi for its Pressure ulcer: zero tolerance
- An Excellence Award for **Customer Service Project** was awarded to Apollo Hospitals, Chennai for its efforts in **Patient Satisfaction Tracking System (PSTS)**- A break through Innovation in Healthcare for Voice of Customer Process.
- An Excellence Award in the category of **Innovation in Hospital Management and Governance** was won by Apollo Hospitals, Dhaka for its Passion Led Patient Care

Lastly, the Apollo Hospitals Group also won the special award for Outstanding Achievement by a Hospital / Hospital Group.

<http://hospitalmanagementasia.com/ahma-2013-list-of-winners/>



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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 8,438 beds across 51 Hospitals, 1,560 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 and 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 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.

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