



Apollo Hospitals announces Q2FY15 results

Standalone Revenues up 18% at Rs. 1,153 Crore in Q2FY15
Standalone EBITDA (including new unit's start-up losses) up 8% at Rs. 173 crore.
Standalone PAT up 5% at Rs. 92 crore

Q2FY15 Consolidated Revenues up 18% at Rs. 1,315 crore
Consolidated PAT at Rs. 88 crore

Expansion plan on track, rollout of 600 new beds in FY15 underway.
Women & Child, OMR (45 beds) launched during the quarter.
Nellore (200) and Chennai, OMR (170) to be commissioned in Q3.
Women & Child ACH (60 beds) & North Bangalore (180 beds) also in FY15 pipeline.

Hetero Acquisition to further strengthen pharmacy operations;
Organic growth of store network continues as planned

Collaboration with Sanofi to provide an integrated program for diabetes
Jointly striving for 'disease free' diabetes amongst patients
Plan to set up 50 sugar clinics in the first wave

India, November 12, 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 and half year ended September 30, 2014.

Q2FY15 Standalone Revenues were Rs. 11,529 million compared to Rs. 9,751 million in Q2FY14, growing by 18%. EBITDA grew by 8% from Rs. 1,601 million in Q2FY14 to Rs. 1,726 million in Q2FY15. PAT increased by 5% to Rs. 915 million in Q2FY15.

H1FY15 Standalone Revenues were Rs. 22,066 million compared to Rs. 18,701 million in H1FY14, growing by 18%. EBITDA was higher by 7% at Rs. 3,289 million in H1FY15 from Rs. 3,060 million in H1FY14. Profit after Tax (PAT) increased by 5% from Rs. 1,659 million in H1FY14 to Rs. 1,742 million in H1FY15.

Dr. Prathap C Reddy, Chairman said, "We have made further progress in expanding our network of hospitals, pharmacies and retail healthcare centres this quarter. However, we recognize that our ability to reach a larger number of patients is not limited to the linear growth of our healthcare infrastructure. We have and will continue to leverage technology to overcome the limitations to delivery of healthcare service. Initiatives like 'Ask Apollo' and 'eAccess' have enhanced healthcare accessibility by overcoming doctor availability and thereby improving efficiency for patients and healthcare service providers alike."



He added, “While on one hand, our focus is on increasing minimally invasive surgeries and day care procedures through adoption of newer techniques and technologies, on the other hand, we continue to enhance our tertiary and quaternary work by increasing the number of solid organ transplantations and robotic surgeries including those of higher complexity. We continue to work on elevating our standards of medical excellence and patient care, through a series of well planned initiatives and operational interventions across our network. Our focus over the next 12 months will be to successfully operationalise and integrate our new hospitals with the same underlying philosophy of clinical excellence and service differentiation which has helped us stand in good stead since inception. We are humbled by the title of the most admired healthcare company and resolve to work even harder in the years ahead.”

Financial Highlights

- Standalone H1FY15 Performance
 - Revenues grew by 18% to Rs. 22,066 million compared to Rs. 18,701 million in H1FY14.
 - EBITDA grew by 7% to Rs. 3,289 million as against Rs. 3,060 million in H1FY14.
 - PAT was Rs. 1,742 million compared to Rs. 1,659 million in H1FY14, growth of 5%.
 - Diluted EPS of Rs. 12.52 per share in H1FY15.

- Standalone Q2FY15 Performance
 - Revenues grew 18% to Rs. 11,529 million compared to Rs. 9,751 million in Q2FY14.
 - EBITDA grew 8% to Rs. 1,726 million as against Rs. 1,601 million in Q2FY14.
 - PAT was Rs. 915 million compared to Rs. 870 million in Q2FY14, growth of 5%.
 - Diluted EPS of Rs. 6.58 per share in Q2FY15 (not annualised).

- Consolidated H1FY15 Performance
 - Revenues grew by 18% to Rs. 25,175 million compared to Rs. 21,328 million in H1FY14.
 - EBITDA grew by 8% to Rs. 3,656 million as against Rs. 3,394 million in H1FY14.
 - PAT was Rs. 1,676 million compared to Rs. 1,684 million in H1FY14, less by 0.5%.
 - Diluted EPS of Rs. 12.05 per share in H1FY15.

- Consolidated Q2FY15 Performance
 - Revenues grew 18% to Rs. 13,150 million compared to Rs. 11,110 million in Q2FY14.
 - EBITDA grew 8% to Rs. 1,925 million as against Rs. 1,785 million in Q2FY14.
 - PAT was Rs. 881 million compared to Rs. 901 million in Q2FY14, less by 2%.
 - Diluted EPS of Rs. 6.33 per share in Q2FY15 (not annualised).



Segment-wise Performance Update

Hospitals

Overall healthcare services grew 13% yoy, aided by a 10% growth in volumes and a 3% increase from case-mix and price.

Chennai cluster showed a growth in occupancy of 949 beds (71% utilization on an increased capacity of 1,342 beds) in H1FY15 as compared to 901 beds (73% utilisation) in H1FY14. Vanagaram, Chennai displayed good traction in H1FY15. Occupancy has touched 100 beds (58% utilization on a capacity of 171 beds) as compared to 26 beds in H1FY14.

Hyderabad Cluster showed an occupancy of 608 beds (65% utilisation of 930 beds) in H1FY15 as compared to 622 beds (67% utilisation). More importantly however, the cluster witnessed expansion in profitability 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 core clusters also delivered good results with advancement in key operating parameters:

- New hospitals batch of FY13 - Vanagaram & Jayanagar had a positive EBITDA of Rs 13 million in H1FY15.
- Jayanagar, Bangalore occupancy at 55 beds (50 % utilization on a capacity of 109 beds) as compared to 36 beds in H1FY14. Revenues grew over 80% yoy.
- FY14 / FY15 hospitals batch – Trichy, Nashik & Karapakkam, Chennai are in their initial stages of operations and have H1FY15 revenues of Rs 159 mn and EBITDA loss of Rs 52 mn.
- Bhubaneswar occupancy was at 216 beds (84% utilization on an increased capacity of 256 beds) as compared to 213 beds in H1FY14. Revenues grew 16% accompanied by improvement in EBITDA margin.
- Rationalization of the case mix led to a dip in occupancy at Madurai. However, Revenues & EBITDA remained stable.

Apollo Hospitals Ahmedabad had an occupancy of 182 beds (63% utilisation) in H1FY15 as compared to 181 beds (65%) in H1FY14. The hospital also witnessed EBITDA expansion aided by volumes & case mix improvement.

Apollo Hospitals Bangalore reported an occupancy of 209 beds (78% utilisation) in H1FY15 as compared to 212 beds (79%) in H1FY14.



Apollo Gleneagles Kolkata reported an improvement in occupancy of 481 beds (89% utilisation) in H1FY15 as compared to 427 beds (84%) in H1FY14.

Standalone Pharmacies

During the quarter, Apollo Pharmacies added 61 stores and closed 8 stores for a net addition of 53 stores – total store network as of September 31 stands at 1,717 operational stores. For the half year, it added 114 stores and closed 29 for a net addition of 85 stores.

Revenues increased by 28% from Rs. 6,429 million in H1FY14 to Rs. 8,234 million in H1FY15. Operational performance improved further as EBITDA was higher by 31% from Rs. 201 million in H1FY14 to Rs. 263 million in H1FY15.

The EBITDA margin increased by 6 basis points from 3.13% in H1FY14 to 3.19% in H1FY15. The increasing proportion of Private label products in the revenue mix has helped to mitigate the impact of the Drug Price Control Order tariff compression.

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 15% for the pre 2008 batch of stores, 21% (2009 batch) and 18% (2010 batch). The EBITDA margin for mature stores (pre March 2008) was higher by 28 basis points from 5.5% in H1FY14 to 5.8% in H1FY15.

During the quarter, the Company acquired Hyderabad-based pharmacy chain Hetero Med Solutions Ltd (HMSL). HMSL is a natural fit for Apollo given its significant presence in the territories of Andhra Pradesh, Telegana and Tamil Nadu which helps Apollo to enrich its Leadership position in these markets and widen the gap over the next largest player. The potential is exciting for Apollo as HMSL's network comprises stores of varying sizes situated at favourable locations. Apollo will seek to enhance front-end operations of the acquired entity by improved stocking, widening of product portfolio, increased marketing and introduction of value added services. The back-end will be consolidated with Apollo's existing back-end operations to improve synergies.

Hetero pharmacies shall be rechristened to Apollo Pharmacy. The acquisition involves a purchase of the business undertaking on a slump sale basis for a maximum consideration of Rs 1460 million, subject to completion of due diligence and other statutory formalities.



Apollo Munich Health Insurance Company Limited

Gross Written Premium increased by 28% from Rs. 2,337 million in H1FY14 to Rs. 3,001 million in H1FY15. The incurred claim loss ratio reduced to 64% in H1FY15 from 71% in H1FY14. The business reported a net profit of Rs. 2 million in H1FY15 as compared to a loss of Rs. 75 million in H1FY14. AUMs stood at Rs. 6,102 million as of September 30, 2014.

During the quarter, Apollo Munich Health Insurance launched two new plans under its Optima series - Optima Vital and Optima Super. Optima Vital is a critical illness plan, which covers 37 critical illnesses and is superior to existing industry offerings of providing cover for between 7 to 20 such ailments. Optima Super, addresses the lacuna in the market for individuals who enjoy medical insurance benefits by their employers. This is a low cost plan which can be switched to a full-fledged plan anytime the individual chooses, thereby eliminating the risk of losing cover when most required.

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', Dental Care Centres and Apollo Clinics catering to a variety of ailments such as liver disease, joint pain, advanced fever, diabetes, etc.

Total Income was Rs. 420 million in H1FY15 compared to Rs. 344 million in H1FY14. The business reported an EBITDA loss of Rs. 100 million in H1FY15. This was due to the addition of 2 Birthing Centres, new clinics and corporate overheads. The current presence includes 2 Birthing Centres and 69 Clinics across India.

During the quarter, Apollo has partnered with pharma multinational Sanofi to offer integrated diabetes management services.

Apollo Sugar Clinics are a one-stop shop for diabetics and offer packages to better manage diabetes through higher medicine compliance, dietary, exercise regimens and other lifestyle changes as well as better management of diabetes related complications. In the coming quarters, Apollo Sugar Clinics plans to set up 50 sugar clinics as part of the first wave.

Apollo's Dental Care initiative called 'White Dental' has opened its sixth Dental Spa in the country and first in Pune during the quarter. This is a part of its current network of 73 Dental Care centres which will be expanded to 100 centres over the next 24 months.



CLINICAL AND OPERATIONAL HIGHLIGHTS

CLINICAL EXCELLENCE HIGHLIGHTS

Lack of advanced heart-care facilities that led to the death of a 32-year-old in the late 80's was what triggered Dr Prathap C Reddy to build a scientifically advanced healthcare ecosystem that could provide access to world-class healthcare right here in India. Since its establishment, Apollo Hospitals has achieved several milestones and performed several surgeries that were "India's firsts". Mentioned below are some of the significant achievements, during this quarter, that are a testimony to our technical expertise:

- *Indraprastha Apollo Hospitals, Delhi successfully performed the first-of-its-kind robotic surgery on a 10-year-old boy suffering from collapsed vertebra.*
- *Apollo Hospitals, Chennai made news by performing a key-hole surgery on an unstable angina patient in 20 minutes.*
- *In yet another medical marvel showcased in Chennai, a pregnant woman with a fracture was successfully treated without the use of conventional x-ray or radiation imaging.*
- *Apollo Hospitals, Chennai proved that it was perhaps time to move beyond conventional angiogram by employing two new imaging techniques (Optical Coherence Tomography) and Fractional Flow Reserve (FFR) that helped treat a heart block precisely and effectively.*
- *Apollo Hospitals, Ahmedabad successfully performed "Redo Bentall Surgery" (known to have high mortality rate) on a foreign patient. The life-saving operation involved replacement of the aortic valve and ascending aorta; and re-implantation of the left and right coronary arteries on the new aorta.*

FORGING PARTNERSHIPS

In line with the ambition to provide the best possible technology and care for patients, Apollo Hospitals, during this quarter, joined hands with leading medical technology and telecommunication players in the world to provide the best medical technological support to its patients.

- *Apollo Hospitals joined hands with pharma multinational Sanofi to offer comprehensive diabetes management services through the launch of Apollo Sugar Clinics. The plan is to roll out 150 clinics over the period of next two-three years, to manage and treat diabetes.*
- *Apollo Hospitals entered into a partnership with US based AliveCor to make an innovative mobile device The "AliveCor Heart Monitor". This smartphone enabled, FDA-cleared device will provide patients easy access to screening tools for arrhythmia and stroke.*
- *Apollo Hospitals launched "eAccess", in collaboration with Philips, with a capacity to monitor 500 beds remotely from a command centre, thus advancing the telemedicine concept further. Through*

eAccess, one will be able to monitor 40-50 patients and help the care team on-site to take relevant actions in real time to prevent complications.

- *Apollo partnered with leading mobile telecommunications provider, Airtel Nigeria, to enhance access to world-class healthcare services to the people of Nigeria. Under the partnership, video consultation will be enabled by Airtel Nigeria Premier customers with Apollo doctors in India with prior appointment.*

TRANSPLANT PROGRAMME

Apollo's transplant journey started in 1998, when young Sanjay Kandaswamy became the first child in India to successfully undergo a liver transplant. Now, Apollo's transplant program is perhaps the busiest in the world performing more than a 1000 transplants every year. This remarkable foray into organ transplantation has made India a global leader in the field by providing access to high quality and affordable transplant program. Today, we have innovated in the field of transplantation to provide access to a larger number of people in need liver transplantation. Patients of 121 countries have received treatment at Apollo Hospitals. Some of the transplant highlights for this quarter are given below.

- *In a rare medical event ever recorded in India's medical history, a 68-year-old patient was successfully operated for a heart and double lung transplant at Apollo Hospitals, Chennai.*
- *Apollo Institute of Gastroenterology, Kolkata performed a breakthrough liver transplant surgery by successfully treating a young girl suffering from acute liver disease through a live donor.*

NEW GEOGRAPHIES

It has been the collective vision of Apollo Hospitals to make world class healthcare accessible to all and ensure that every city, town and district has access to Apollo's medical and technical excellence. In a move to strengthen its presence in the north, Apollo Hospitals unveiled its super specialty hospital in Indore this quarter. The 125 bedded super specialty hospital with over 50 specialties and super specialties was inaugurated by Hon'ble Chief Minister Shivaraj Singh Chauhan.

SUPPORT DURING NATURAL CALAMITIES

This quarter was unfortunately marked with incidents of flooding across Kashmir and Andhra Pradesh and Apollo Hospitals provided support to flood ravaged people of both the locations and assisted in providing medical relief to the victims.



AWARDS, ACHIEVEMENTS & OUTREACH

- *The Department of Posts has released a commemorative stamp to celebrate the 15th Anniversary of India's first successful liver transplant at Apollo Hospitals, New Delhi in 1998. Apollo's transplantation program is currently the largest solid organ transplantation program globally.*
- *Several hospitals in the Apollo network were proud winners of a record 11 awards in 9 categories at The Hospital Management Asia Awards 2013 at Cebu City, Philippines.*
- *Apollo Hospitals along with FICCI inaugurated an annual healthcare conference FICCI HEAL 2014 with the theme "Innovating Enabling Access".*
- *Apollo Hospitals hosted the 4th International Congress on Patient Safety and the 5th Transforming Health Care with Information Technology 2014 conferences in Kolkata.*
- *Apollo Hospitals partnered with Jet Airways to train its ground staff on assisting guests with physical and visual impairment.*
- *Apollo Specialty Hospital, Nandanam, Chennai achieved HIMSS Analytics Electronic Medical Records Adoption Model Stage 6 award. This is the first single specialty oncology hospital to have received this distinction. Only 8.49% of hospitals globally and less than 2.5% of hospitals in Asia Pacific have reached stage 6.*

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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 54 Hospitals, 1,717 Pharmacies, 69 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.

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