



Apollo Hospitals announces Q3 & 9MFY14 results

Q3 Standalone Revenues up 16.1% at Rs. 993 crores

New Units, in initial stages of operations, have reported operating losses of Rs. 5.4 crores in Q3FY14.

**Standalone EBITDA (including new units losses) up 7.8% at Rs. 158 Crore
PAT up 3.5% at Rs. 83 Crore**

**Q3 Consolidated Revenues up 16.0% at Rs. 1,129 Crore
Consolidated PAT up 4.3% at Rs. 78 Crore**

200 bed Specialty hospital in Trichy commenced in Q3FY14.

Expansion plans on track.

8 hospitals (Over 1,000 beds) to be added in FY15.

Nellore (200 beds), Nasik (125 beds) and Indore (120 beds) to be operational by Q1FY15.

Apollo Hospitals at Chennai, Delhi and Hyderabad included in the list of Top 15 Multi-Specialty Hospitals in India in 'The Week-Nielsen Best Hospital Survey 2013'

India, February 10, 2014: Apollo Hospitals Enterprise Ltd (AHEL), (BSE: 508869, NSE: INE437A01024), the Healthcare Pioneer and leading provider of quality clinical care today reported its financial results according to Indian GAAP for the quarter and nine months ended December 31, 2013.

Standalone Revenues grew by 16.1% at Rs. 9,933 million in Q3FY14 compared to Rs. 8,558 million in Q3FY13. EBITDA was higher by 7.8% from Rs. 1,464 million in Q3FY13 to Rs. 1,578 million in Q3FY14. PAT increased by 3.5% to Rs. 834 million in Q3FY14.

AHEL has launched 3 new hospitals in the last 12 months - a 200 bed Multispecialty hospital at Vanagaram - Ayanambakkam, Chennai; a 140 bed Ortho and Spine Specialty Hospital at Jayanagar, Bangalore and a 200 bed Specialty Hospital in Trichy. **Excluding the impact of the initial operating losses of these new facilities, AHEL reported a 11.5% (y-on-y) rise in EBITDA to Rs. 1,632 million in Q3FY14. Healthcare Services (existing hospitals) reported EBITDA margins of 24.3% in Q3FY14 as compared to 24.5% in Q3 FY13 while Standalone pharmacies further improved in EBITDA margins further to 3.4% from 2.7% in Q3FY13.**



Dr. Prathap C Reddy, Chairman said, “I am happy to state that core investments and strategies focused by us are on track to realize the results. We have further enhanced our focus on both clinical excellence and customer experience at all our hospitals across the group. The last quarter also validated our strategy on calibrated expansion plan with respect to new locations as our new unit at Jayanagar, Bangalore achieved EBITDA breakeven in December and Vanagaram in Chennai is on track for breakeven soon. This has helped in chalking out a robust roadmap of expansion right up to 2017. We expect this strategy to usher in greater predictability in the years ahead. The launch of the global first Apollo Personalized Health Check, the high growth potential program that we invested significant resources until last quarter is now seeing good momentum since launch. Given the disease burden facing the country, this I believe is a imperative need of the society. Calendar 2013 also marked the 15th Anniversary of the Solid Organ transplant Program at Apollo Hospitals. The one year old infant on whom our surgeons conducted a liver transplant in 1998 is now a healthy and lively 16 year old. We continue to be the World’s busiest solid organ transplant centre.”

He added, “Our hospitals have been repeatedly recognized as some of the best healthcare institutions in the country and I would like to give due credit to every single member of the Apollo Hospitals family.”

Financial Highlights

- **Standalone Q3FY14 Performance (*subject to Limited Review*)**
 - Revenues expanded 16.1% to Rs. 9,933 million compared to Rs. 8,558 million in Q3FY13.
 - EBITDA grew 7.8% to Rs. 1,578 million as against Rs. 1,464 million in Q3FY13.
 - PAT was Rs. 834 million compared to Rs. 806 million in Q3FY13, growth of 3.5%.
 - Diluted EPS of Rs. 6.00 per share in Q3FY14 (not annualised).

- **Consolidated Q3FY14 Performance (*Unaudited Estimates*)**
 - Revenues expanded 16.0% to Rs. 11,288 million compared to Rs. 9,731 million in Q3FY13.
 - EBITDA grew 9.2% to Rs. 1,724 million as against Rs. 1,578 million in Q3FY13.
 - PAT was Rs. 778 compared to Rs. 746 million in Q3FY13, a growth of 4.3%.
 - Diluted EPS of Rs. 5.59 per share in Q3FY14 (not annualised).

- **Standalone 9MFY14 Performance (*subject to Limited Review*)**
 - Revenues expanded 16.0% to Rs. 28,634 million compared to Rs. 24,695 million in 9MFY13.
 - EBITDA grew 10.2% to Rs. 4,638 million as against Rs. 4,208 million in 9MFY13.
 - PAT was Rs. 2,494 million compared to Rs. 2,336 million in 9MFY13, growth of 6.7%.
 - Diluted EPS of Rs. 17.93 per share in 9MFY14 (not annualised).

- **Consolidated 9MFY14 Performance (*Unaudited Estimates*)**
 - Revenues expanded 16.2% to Rs. 32,616 million compared to Rs. 28,069 million in 9MFY13.
 - EBITDA grew 9.4% to Rs. 5,117 million as against Rs. 4,678 million in 9MFY13.
 - PAT was Rs. 2,450 compared to Rs. 2,351 million in 9MFY13, a growth of 4.2%.
 - Diluted EPS of Rs. 17.61 per share in 9MFY14 (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 13% to Rs. 6,363 million in Q3FY14 compared to Rs. 5,653 million in Q3FY13.

Apollo's major clusters in Chennai and Hyderabad reported y-on-y revenue growth of 12% and 11%, respectively, for 9MFY14. The Hyderabad cluster has reported improved occupancy of 628 beds (68% utilization on 930 beds) in 9MFY14 as compared to 618 beds (66%) in 9MFY13.

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

- Bhubaneswar occupancy at 209 beds (84% utilization on an increased capacity of 250 beds) as compared to 185 beds in 9MFY14.
- Hospitals in tier II cities in Mysore and Madurai demonstrated continued improvement in EBITDA margins on the back of sustained revenue growth.
- Hospitals at Karur and Karaikudi have reported positive EBITDA in 9MFY14 compared with a negative EBITDA in the same period last year.
- In addition to the sustained performance by the existing Standalone hospitals, AHEL reported robust growth in consolidated revenues on the basis of the performance by key Subsidiary & Associate Hospitals at Kolkata, Delhi, Ahmedabad and Bangalore. All four subsidiaries reported double digit revenue growth on a y-on-y basis. EBITDA growth was higher than revenue growth resulting in improved margins with Ahmedabad reporting highest growth in EBITDA.

The company is focused on ramping up medical teams and augmenting the specialty mix at its startup facilities in Chennai, Bangalore and Trichy to shorten time-to-breakeven.



Standalone Pharmacies

During the quarter, Apollo Pharmacies added 35 stores and closed 9 stores for a net addition of 26 stores – total store network as of December 31 stands at 1,586 operational stores.

Revenues grew by 23% from Rs. 2,905 million in Q3FY13 to Rs. 3,571 million in Q3FY14. Operational performance improved further as EBITDA grew by 56.6% from Rs. 78 million in Q3FY13 to Rs. 122 million in Q3FY14.

The rationalization of non-performing stores is largely complete resulting in a gradual reduction in number of store closures. The increasing proportion of mature stores (above 3 years) in the overall network mix is driving operational profitability higher with blended EBITDA margin for 9MFY14 at 3.42% - an expansion of 74 basis points over 2.69% in 9MFY13.

Same-store sales remained healthy with like-for-like growth in revenue per store for the batch of stores opened prior to March 2008 at 12% for Q3FY14. The EBITDA margin for mature stores (pre March 2008) was higher by 36 basis points from 5.4% in Q3FY13 to 5.8% in Q3FY14.

Insurance: Apollo Munich Health Insurance Company Limited

Total Income increased by 23% from Rs. 3,500 million in 9MFY13 to Rs. 4,319 million in 9MFY14. The incurred claim loss ratio was 66.5% in 9MFY14 compared to 60.5% in 9MFY13. The business reported a loss at the net level of Rs. 234 million in 9MFY14 compared to a loss of Rs. 56 million in 9MFY13.

The Company is focus on growing retail customers by introducing unique and innovative plans as well as gradually enhancing its network of distributors and agents. Assets under management amounted to Rs. 4,947 million as of December 31, 2013.

Clinical and Operational Highlights

- Apollo Hospitals surgeons at Chennai successfully separated Tanzanian Pygopagus conjoined Twins Ericana & Eluidi and created history in the medical field – first time in Asia.
- Apollo Hospital, Hyderguda undertook its first ever Heart Transplant on Nov 25 thereby enhancing the Group's track record in solid organ transplants and demonstrating continued strengthening of capabilities across the network
- Apollo celebrated the 15th Anniversary of the country's first ever Liver Transplant at an event which was graced by the presence of His Holiness the Dalai Lama. The infant recipient on whom our surgeons had performed the transplant in 1998 - Master Sanjay Kandaswamy, now aged 16, and healthy, was also subsequently felicitated by UPA Chairperson Ms. Sonia Gandhi.
- Apollo Hospitals signed an MoU with Ministry of Communication and Information Technology to introduce telemedicine centers in Rural India
- Apollo Gleneagles Hospitals achieved a milestone by completing 10 glorious years in healthcare
- The Group has made progress in expanding its network of Primary & Diagnostic Clinics with the inauguration of India's first ever Advanced Fever Clinic at Apollo Hospitals, Chennai. Other clinics focused on Blood Pressure, Sugar and Pain were also launched at centres across the country.
- In order to raise awareness about the growing incidence of diabetes, the Confederation of Indian Industry (CII) and Municipal Corporation of Greater Mumbai have launched a 'Drive against Diabetes' campaign, to commemorate World Diabetes Day. Apollo Hospitals came forward to support this unique public private partnership model in initiating the Drive Against Diabetes. Such an initiative promises both scale and sustainability in the efforts to combat this silent disease.
- Diabetes Clinic was set up on 'World Diabetes day' inside the hospital & also at 3 malls in (Royal Meenakshi – BG road, Big bazaar 9th block & Big bazaar-Kathriguppe) Bangalore & screened over 500 people on the same day. In Delhi, Diabetes event was organized at Red Fort – Dr. S K Wanganoo organized a day-long outing for Diabetic children and their families at Red Fort

- Apollo Hospitals, Ahmedabad organized a 'Stroke Workshop' where around 120 stroke patients with their family members attended this workshop. The workshop aimed at stressing on the need for urgent treatment of a brain attack and guiding people on how to live a stroke free life. It also emphasized on the multiple aspects of a stroke attack, its prevention, detection and incidence in the state of Gujarat.
- 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.

Awards, Accolades and Achievements

- Dr. Prathap C. Reddy, Chairman, Apollo Hospitals Group was conferred with Lifetime Achievement Award at Asian Business Leadership Forum Awards 2013.
- Dr. Prathap C Reddy was also conferred with the lifetime achievement award by CNBC TV18 at the 9th edition of India Business Leaders Awards 2013
- In the Week-Nielsen Hospital Awards 2013, 3 Hospitals from the Apollo Network were among the Top 15 Multi-specialty Hospitals in India. Chennai (#4), Delhi (#9) and Hyderabad (#14) have been conferred with this prestigious honour. Chennai and Delhi have featured in the list of Top 10 hospitals in India for the 6th year in a row. These two facilities have also featured in the list of Best Hospitals in India for the specialties of Cardiology and Oncology.
- Apollo Hospitals was selected as the Medical Partner for the Chennai Marathon held on Dec 1, 2013. Ready Response Teams and Expert Medical Services were on call for over 10,000 runners participating in the event.



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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 8,488 beds across 51 Hospitals, 1,586 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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