



# Investor Presentation

June 2013

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# Key highlights



✓ Leading Private Sector Healthcare Services Provider in India

✓ Attractive Industry Opportunity

✓ Clinical Excellence and Strong Brand Value

✓ Strong Operating and Financial Track Record

✓ Well Planned Strategy to Deliver the Next Phase of Growth

✓ Experienced Management Team



## Leading private sector healthcare services provider in India

### Business Overview

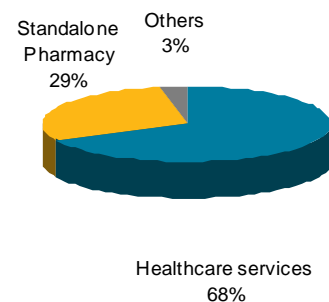
- Promoted by Dr. Prathap C. Reddy (Padma Vibhushan, 2010)
- **Key Businesses Includes :**
  - **Healthcare Services:** Operating one of the largest hospital networks in Asia with **6,382 owned and 2,038 managed beds** across **38 owned and 13 managed hospitals** as on March 31, 2013
    - Includes tertiary, super specialty and secondary care hospitals
    - 8 hospitals with Joint Commission International (JCI) accreditation
    - Team of 5,291 doctors including employed and “fee for service” doctors, 8,707 nurses and 3,981 paramedical personnel as on March 31, 2013
  - **Standalone Pharmacies:** Large network of pharmacies in India with 1,503 outlets across 20 states as of March 31, 2013
  - **Other Businesses:**
    - Comprises of Clinics, Health Insurance (JV (10.23%) with European Insurer Munich Health Holding AG), healthcare project and consultancy services, healthcare BPO, health education, skill development programs, telemedicine and research
- **A Typical Day at Apollo** consists of approximately 800 admissions, 7,500 outpatient volumes, 200 critical care cases, 140 key cardiac procedures, 60 neuro surgeries, 600 dialyses and 40,000 laboratory tests
- **Shareholding<sup>(2)</sup>:** Promoters (34.3%), FIIs & FCBs (54.6%), MF/FI/IC (2.6%), Others (8.5%)
- Market capitalization of Rs. 1,16,700 mn<sup>(2)</sup>. Debt of 12,179 mn<sup>(2)</sup> and Debt to Equity ratio of 0.44x<sup>(2)</sup>, Cash and Cash equivalents of Rs. 6,988 mn<sup>(2)</sup>

### Consolidated Financials<sup>(1)</sup> (Rs. mn)

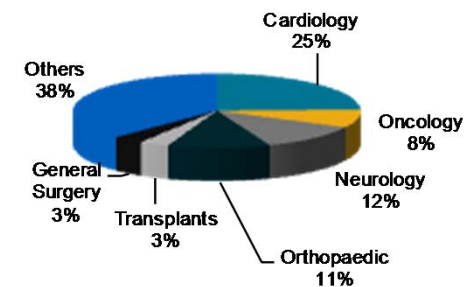
	FY09	FY10	FY11	FY12	FY13
Gross Revenue	16,142	20,265	26,054	31,475	37,687
<i>YoY Growth</i>	32.7%	25.5%	28.6%	20.8%	19.7%
EBITDA	2,274	3,013	4,190	5,131	6,082
<i>EBITDA Margin</i>	14.1%	14.9%	16.1%	16.3%	16.1%
Profit After Tax (PAT)	1,025	1,376	1,839	2,194	3,044
<i>PAT Margin</i>	6.3%	6.8%	7.1%	7.0%	8.1%
Net Worth	14,954	16,776	19,238	25,194	27,641
Total Loans	6,706	9,132	9,585	8,183	12,179
Cash and Cash Equivalents	2,930	3,117	2,664	3,588	6,988

### Segment Performance (Consolidated) (FY13)

#### Gross Revenue



#### Specialty Mix



(1) All financial are for fiscal year (FY) ended March 31.

(2) As on 31<sup>st</sup> March 2013

Source: Company audited financials and Q4FY13 Earnings Update.

## Business Evolution

1983–1988

- 🔥 Apollo Hospital, Chennai
- 🔥 Apollo Health City, Hyderabad

1989 –2000

- 🔥 Indraprastha Apollo Hospitals, Delhi
- 🔥 Apollo Specialty Hospital, Chennai

2001–2004

- 🔥 Apollo Gleneagles, Kolkata
- 🔥 Hospitals in Mysore, Ahmedabad, Bilaspur
- 🔥 Apollo Standalone Pharmacy

2005–2010

- 🔥 Imperial Hospital, Bangalore
- 🔥 2 REACH Hospitals, and hospitals in Bhubaneswar, Secunderabad, Mauritius, Lavasa, Dhaka, Kakinada
- 🔥 Apollo Munich Health Insurance
- 🔥 Apollo Health Street

2011–2016

- 🔥 Plan to add 2,685 beds by FY16
- 🔥 Hospitals in Ayanambakkam Chennai and Jayanagar Bangalore

## Pillars of success

### Clinical Excellence

- 8 JCI accredited hospitals
- 7 NABH accredited hospitals
- Outcomes benchmarked with world-class hospitals globally
- Strong, long term relationship with Doctors and medical professionals

### Technological Excellence

- Continue to bring world-class technology to our hospitals - 320 Slice CT scanner, G4 CyberKnife® Robotic Radiosurgery system, Novalis Tx™ Radiotherapy and Radiosurgery system, 64 slice PET-CT scan system, Digital mammography with tomosynthesis 3D system

### Care, Compassion and Commitment

- Follows value of TLC - 'Tender Loving Care' for our patients
- Commitment to our employees
- Commitment to medical education and research

### Cost Benefit

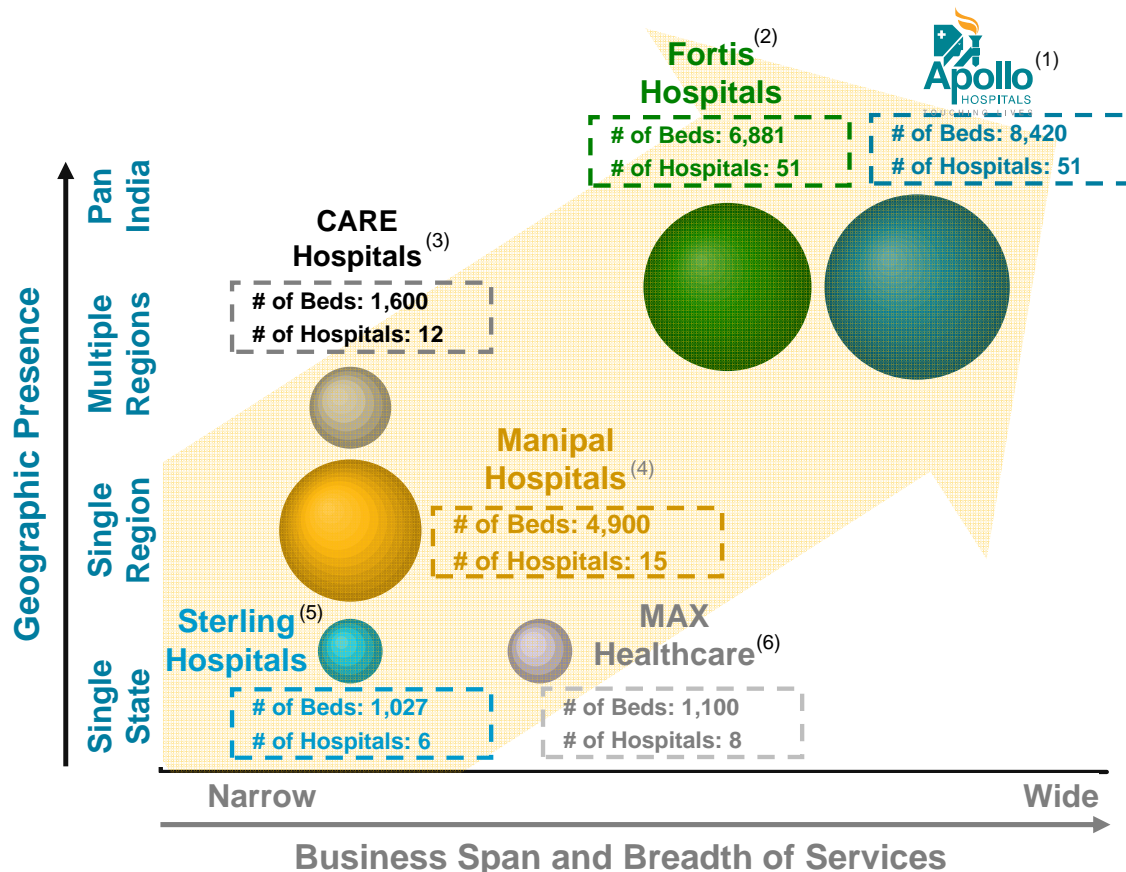
- Committed to world-class care at costs significantly lower than international benchmarks
- Continuous improvement in asset utilization and operating efficiencies

# Pan India presence



Apollo is the leading player in the Indian hospitals segment by geographic presence as well as business span and breadth of services offered.

## Leading Hospital Players in India



Source:

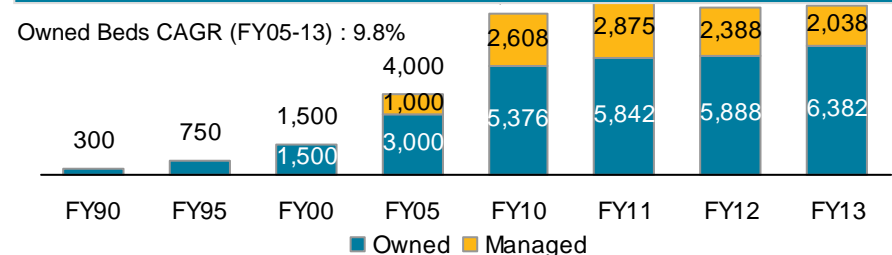
- (1) Company Earnings Release. Figures as of March 31, 2013.
- (2) Fortis corporate presentation as of September 2011. Excludes hospitals and beds as part of 'Projects'.
- (3) Care Hospitals website. Information retrieved on June 22, 2012.
- (4) Manipal Hospitals website. Information retrieved on June 22, 2012.
- (5) Sterling Hospitals website. Information retrieved on June 23, 2011.
- (6) Max India investor presentation as of August 2011, publicly available on Max India Ltd.'s website.
- (7) The number of beds for FY90, FY95, FY00 and FY05 are approximate figures.

Note: Bubble size denotes no. of beds (owned + managed). The Company has not independently verified the data presented on this slide, except for data relating to the Company.

## Details of Beds under operation <sup>(8)</sup>

	Total Capacity	Operational Beds	No. of Hospitals
<b>Category Wise</b>			
Owned	6,382	5,749	38
Managed	2,038	N.A	13
<b>Grand Total</b>	<b>8,420</b>	<b>N.A</b>	<b>51</b>
<b>Cluster Wise (Owned)</b>			
Chennai	1,465	1,241	10
Hyderabad	967	930	7
Kolkata	510	510	2
Delhi	875	737	2
Bangalore	297	269	1
Ahmedabad	320	266	2
Other India	1,748	1,596	13
International	200	200	1
<b>Grand Total</b>	<b>6,382</b>	<b>5,749</b>	<b>38</b>
<b>Maturity Wise (Owned)</b>			
> 5 years	3,959	3,896	23
3 - 5 years	1,011	893	7
1 - 3 years	1,012	771	6
< 1 year	400	189	2
<b>Grand Total</b>	<b>6,382</b>	<b>5,749</b>	<b>38</b>

## Bed Growth<sup>(7)</sup>



(8) Beds as on 31<sup>st</sup> March 2013



# Clinical excellence and quality healthcare services

## Focus on Excellence

- Strong, long standing relationship with doctors and medical professionals
- Focus on Key Specializations & Centers of Excellence (**CONNECT**) (1) with an objective to set benchmark standards in clinical outcomes
  - Aim to gain significant market share in specialized acute and tertiary healthcare services
  - Benchmarking clinical outcomes against the world's best centers
- Implemented clinical governance tools such as Apollo Clinical Excellence 25 ("ACE @ 25") and RACE 25.
- Dedicated team to monitor technological innovation and medical advances to keep abreast of local innovations in global healthcare

## Technological Excellence

- First to launch G4 Cyberknife® Robotic Radiosurgery System in India
- First to launch 320 slice computed tomography ("CT") scanner in India
- First to install 64 slice positron emission tomography-computed tomography ("PET-CT") scan system in India
- Installed Novalis Tx™ Radiotherapy and Radiosurgery system at Hyderabad, New Delhi and Kolkata
- Installed South Asia's first-of-its-kind, full-field digital mammography with tomosynthesis (3D) system
- Da Vinci Si' - the most advanced form of minimally-invasive robotic surgery that ensures greater precision and accuracy and leads to faster recovery and reduced hospital stay.

## Strong Brand Value

**JCI Accreditation for 8 hospitals-** Bangalore, Chennai, Delhi, Dhaka, Hyderabad, Kolkata, Ludhiana and Mauritius

**Best Multi-specialty Hospital In India (2011):** Apollo Hospitals Chennai. Ahmedabad, Delhi, Kolkata & Hyderabad hospitals ranked **No. 1 Multi specialty hospital** in their cities

**"India's Most Preferred Hospital"** - Viewer's choice award (2010)

Dr. Prathap C Reddy, Founder and Chairman, was awarded the **"Lifetime Achievement Award"** at the **FICCI healthcare Excellence Awards 2011**. FICCI also conferred the Best Private Sector Hospital award to Apollo Hospitals

Apollo Health City Hyderabad was recognized as the **"Best Medical Tourism Facility for 2009-2010"** by the Ministry of Tourism – Government of India

Dun & Bradstreet has ranked Apollo Hospitals 231<sup>st</sup> as per income and 227<sup>th</sup> as per Net profits under **India's Top 500 Companies 2011**.



**THEWEEK**



Decide with Confidence

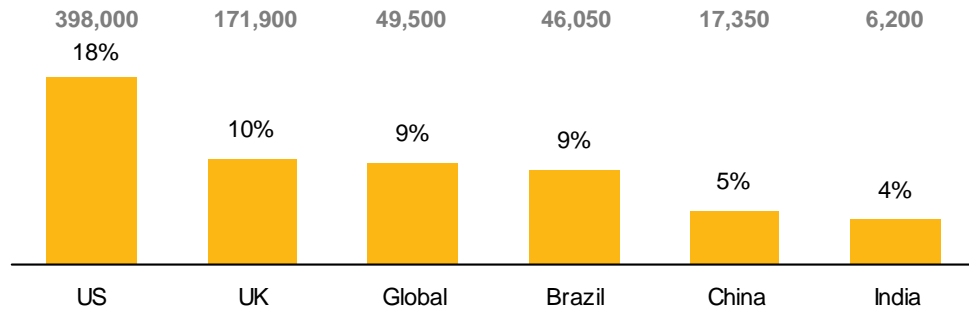


# Attractive industry opportunity

Demand for healthcare services in India is expected to rise owing to favorable demographics. Private sector players are well-positioned to leverage this opportunity given low contribution of government spending.

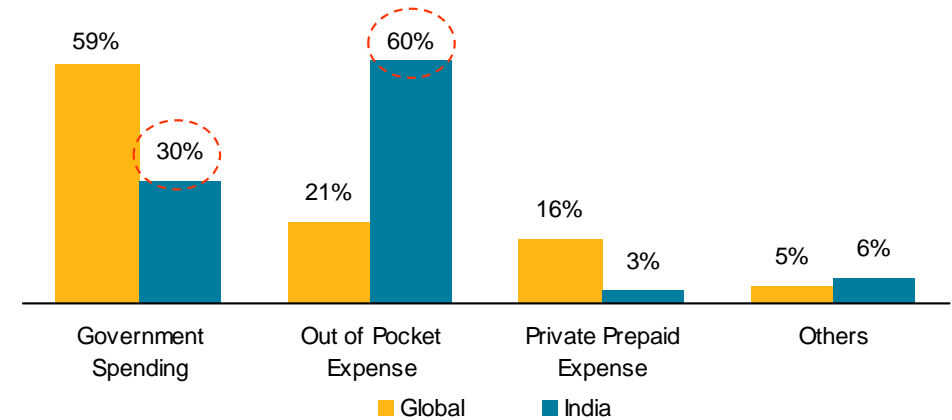
## Healthcare Expenditure (as % of GDP)<sup>(1)</sup> (2009)

India is an under-penetrated healthcare market  
Per Capita expenditure (Rs.)



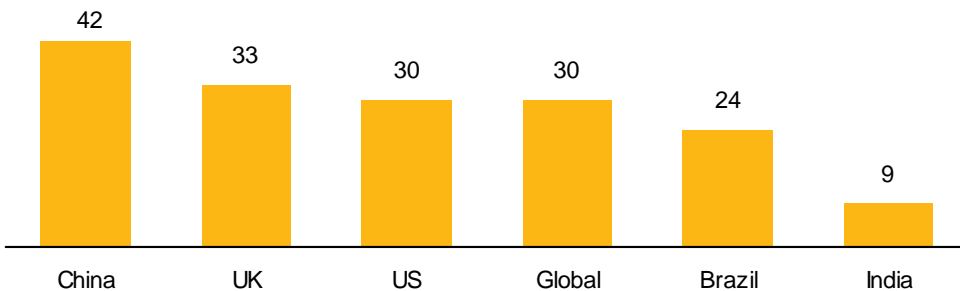
## Healthcare Expenditure Composition<sup>(1)</sup> (%) (2009)

Spending driven by out of pocket component



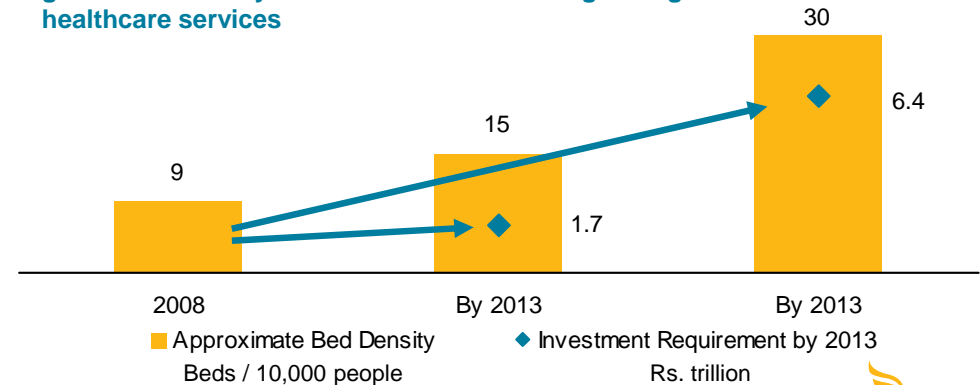
## Beds per 10,000 People (2009)<sup>(1)</sup>

India lags behind other developed and emerging economies in healthcare infrastructure



## Investment Requirements: Bed Density and Funds<sup>(2)</sup>

Large investments are required (Rs. 6.4 trillion) by FY13 to achieve global bed density benchmarks to meet the growing demand for healthcare services



Source:

(1) WHO – World Health Statistics 2012.

(2) CRISIL Research hospitals Annual Review – November 2010.

Exchange rate of 1 US\$ = Rs. 50,



# Attractive industry opportunity (cont'd)



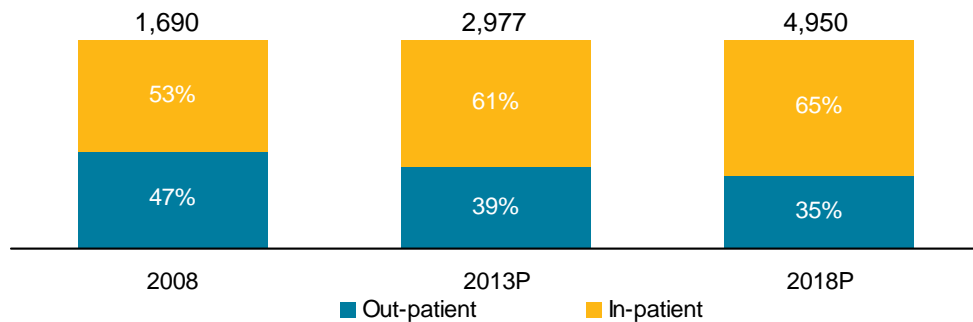
In-patient market and incidence of lifestyle diseases are on the rise.

## In-patient / Out-patient Market Size<sup>(1)</sup> (Rs. bn)

Patient volumes and spends are expected to grow rapidly, with the larger contribution coming from in-patients

In-patient CAGR (2008 - 18) – 14%

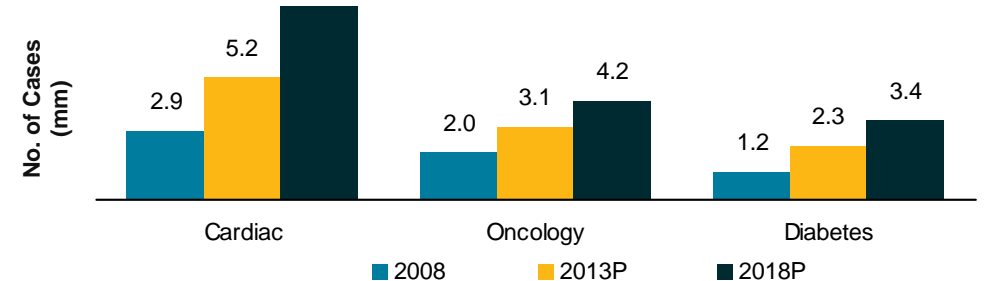
Out-patient CAGR (2008 - 18) – 8%



## No of Hospitalized Cases (mn) and In-patient Market<sup>(1)</sup> (Rs. bn)

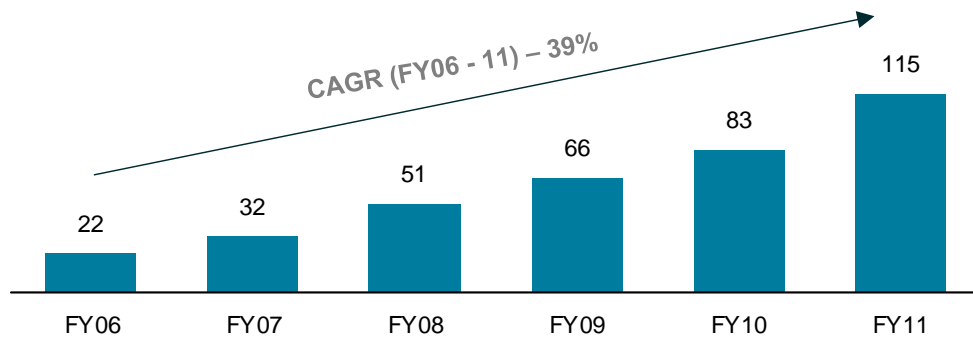
Increasing incidence of lifestyle diseases; estimated to contribute 48% of in-patient revenues by 2013E, up from 13.8% in 2008

Category	2008	2013P	2018P
In-patient Market size (Rs. bn)	201	509	1,030
Market size CAGR (2008-18)		18%	8.3%
No. of Hospitalized Cases (mn)	118	274	519
Market size CAGR (2008-18)		16%	19%



## Health Insurance Premiums<sup>(2)</sup> (Rs. bn)

Increasing insurance premiums driven by increasing awareness of healthcare and rising income levels



Source:  
 (1) CRISIL Research hospitals Annual Review – August 2009.  
 (2) IRDA Annual Report 2011.  
 (3) Source: CRISIL Research.  
 (4) Source: ASSOCHAM.

## Medical Tourism<sup>(3)</sup>

Medical tourism is a burgeoning industry in India

Ailments (US\$)	US	UK	Thailand	Singapore	India
Heart Surgery	100,000	41,726	14,250	15,312	4,500
Bone Marrow Transplant	250,000	292,470	62,500	150,000	30,000
Liver Transplant	300,000	200,000	75,000	140,000	45,000
Knee Replacement	48,000	50,109	8,000	25,000	6,000

- India is competitive in healthcare costs as compared to the developed countries and other nations in Asia
- By 2015, India likely to see 32 lakh medical tourists annually as compared to the current number of 8.5 lakh<sup>(4)</sup>

# Robust financials



Consistent improvement in financial performance across hospitals (mature and new), as well as across businesses (hospitals and standalone pharmacies).

## Performance Highlights

- Healthcare services: Improvement in operating metrics**
  - Strong continued revenue growth in mature clusters
  - New Hospitals<sup>(3)</sup> – driving substantial revenue growth (50% in-patient and 31% out-patient) – through quick ramp up
- Standalone Pharmacies: Revenue growth and margin improvement**
  - Standalone pharmacies reported a positive EBITDA for each of the last three years FY11, FY12 and FY13
  - All stores are in the growth phase with relatively mature stores growing at a consistent rate with increasing EBITDA margins
    - improvement in first year store performance due to better ramp-up and lower losses

(1) Revenue is net of doctor fees.

(2) Net profit after minority interest and associates.

(3) New Hospitals include Bhubaneswar, Karaikudi, Karur, Karim Nagar, Ayanambakkam and Jayanagar

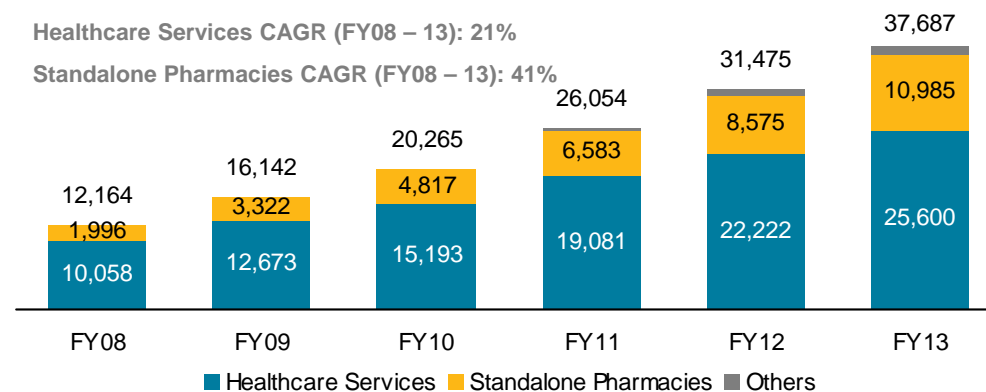
Source: Company audited financials.

## Total Consolidated Revenue <sup>(1)</sup> (Rs. mn)

Strong growth in revenue across businesses driven by strong operating performance

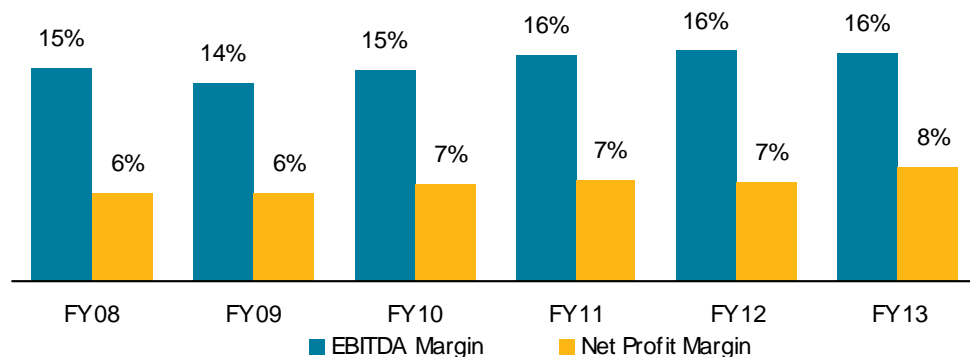
Healthcare Services CAGR (FY08 – 13): 21%

Standalone Pharmacies CAGR (FY08 – 13): 41%



## EBITDA Margin (%) and Net Profit <sup>(2)</sup> Margin (%)

EBITDA margin and Net Profit margin has consistently improved



# Robust financials (cont'd)



Apollo is one of the few companies in India across capital-intensive industries to generate healthy returns on capital employed in the business.

## Rapid Improvement in ROCE

$$\text{ROCE} = \text{1 Efficiency (Asset Turnover)} \times \text{2 Profitability}$$

### 1 Efficient use of capital

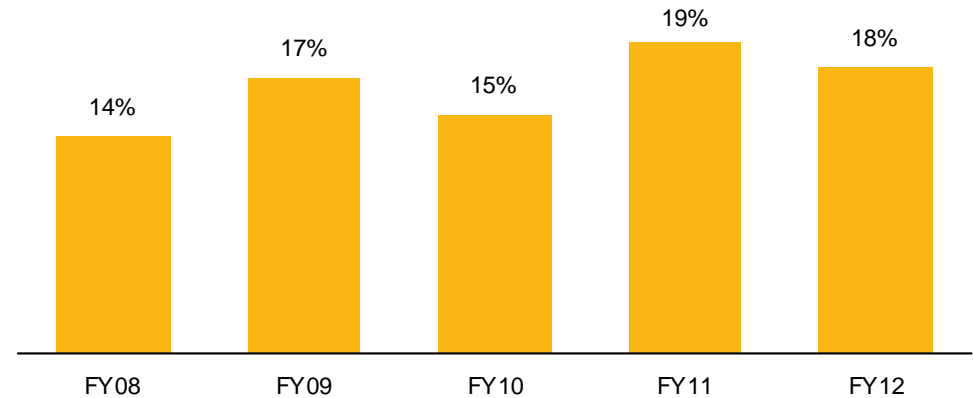
- Lower investment per bed
- Strong project execution capabilities
- Quick ramp up of new hospitals—increasing patient flow

### 2 Higher revenue and profitability

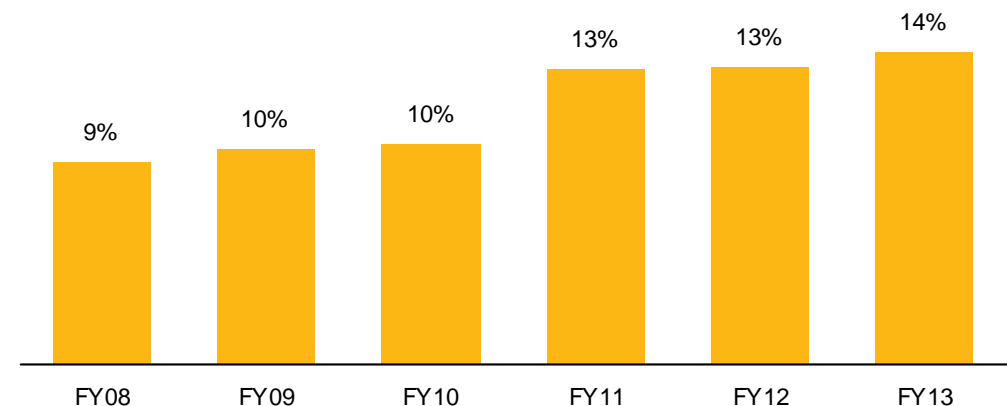
- Reduced ALOS
- Increasing ARPOB
- Improving case mix
- Strong financial position – Apollo has a healthy Balance Sheet with a Debt/ Equity ratio of 0.44x as on March 31, 2013

Source: Company audited financials.

## Return on Capital Employed<sup>#</sup>—Healthcare Services (%)\*



## Return on Capital Employed<sup>#</sup>—Consolidated (%)



Note: \*Healthcare services includes owned hospitals, hospital-based pharmacies and consulting projects and services.

#ROCE = EBIT / Capital Employed (excludes CWIP and investments in liquid mutual funds).

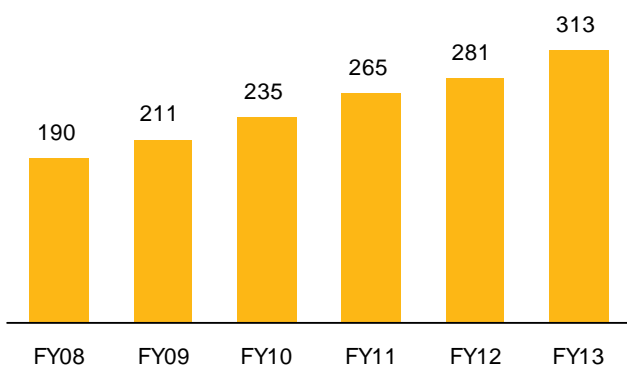
# Strong operating metrics



Continuous improvement in key operating metrics is helping drive revenues and profitability.

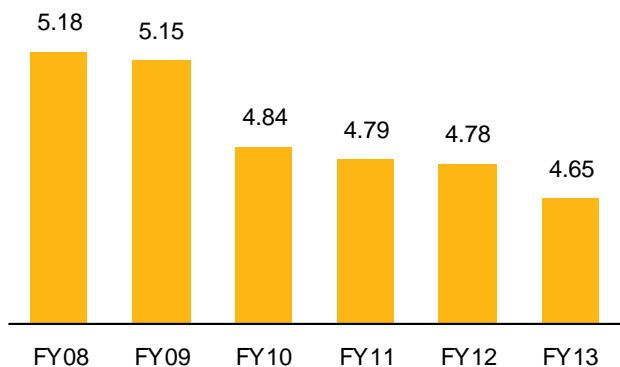
## In-patient Admissions ('000) <sup>(1)</sup>

Continued in-patient volumes growth



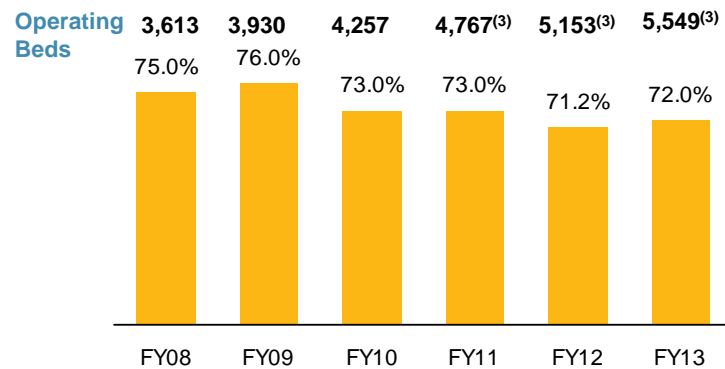
## Average Length of Stay (Days) <sup>(4)</sup>

Reduction in ALOS



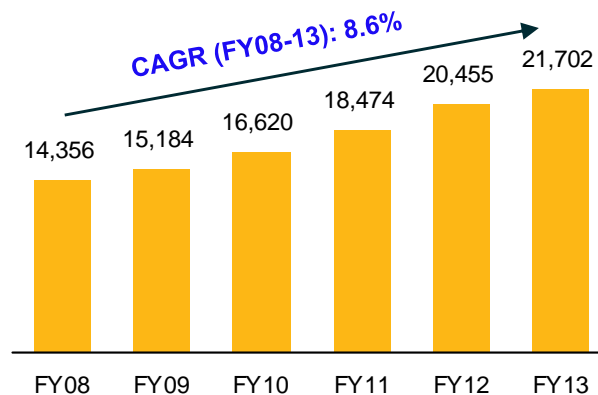
## Bed Occupancy Rate <sup>(2)</sup> (%)

Consistent bed utilization



## Average Revenue per Occupied Bed <sup>(5)</sup> (Rs. / Day)

Increased ARPOB



## Operational Highlights

- **Occupancy rates remain high**
  - Growth of in-patient volumes in line with addition of beds
  - New hospitals are ramping up quickly
- **Average length of stay (ALOS) has reduced across the portfolio**
  - Reduced in mature hospitals due to advancement in treatments
  - Increase in minimally-invasive procedures
- **Average revenue per occupied bed (ARPOB) has grown at a healthy CAGR of 8.6% over the last five years**
  - Culmination of high occupancy, higher tariffs, better case mix and decreasing ALOS
  - FY08-13 CAGR in core therapeutic areas: Transplants (26%), Orthopedics (17%), Neurosciences (14%), Oncology (22%) and Cardiology (10%)

Note: All operating data for owned hospitals.

(1) Inpatients are patients admitted in the facility for more than 23 hours.

(2) Bed Occupancy Rate: Total Occupied Bed Days / Total Operating Bed Days. Represents % of available hospital beds occupied by patients.

(3) Excludes our hospitals located outside India.

(4) ALOS represents average number of days patients stay in our hospitals.

(5) ARPOB: Total Hospital Revenue / Patient Days (Total Occupancy in Numbers (Average Daily Census) \* No of days) (Net of doctor fees).

Source: Company MIS reports.

# Cluster wise operational performance



Apollo has consistently delivered improvement across various operational parameters over the past few years, driving growth even in mature hospitals.

## AHEL Standalone

Particulars	Total <sup>(5)</sup>			Chennai cluster			Hyderabad cluster			Others <sup>(1)</sup>			Significant subs/ JVs/ associates <sup>(2)</sup>		
	FY 12	FY 13	Growth yoy (%)	FY 12	FY 13	Growth yoy (%)	FY 12	FY 13	Growth yoy (%)	FY 12	FY 13	Growth yoy (%)	FY 12	FY 13	Growth yoy (%)
No. of Operating beds	5,153	5,549		1,159	1,237		930	930		1,246	1,416		1,818	1,966	
Inpatient volume	281,020	313,348	11.5%	70,520	72,608	3.0%	45,575	49,362	8.3%	59,314	71,988	21.4%	105,611	119,390	13.0%
Outpatient volume (3)	984,106	1,097,702	11.5%	327,668	365,166	11.4%	141,204	143,806	1.8%	158,937	194,244	22.2%	356,297	394,486	10.7%
Inpatient ALOS (days)	4.78	4.65		4.50	4.57		4.64	4.55		5.43	5.17		4.66	4.43	
Bed Occupancy Rate (%)	71%	72%		75%	74%		62%	66%		71%	72%		74%	74%	
Inpatient revenue (Rs mio)	NA	NA		6,703	7,619	13.7%	3,027	3,405	12.5%	2,942	3,697	25.7%	9,176	10,840	18.1%
Outpatient revenue (Rs mio)	NA	NA		2,141	2,368	10.6%	629	713	13.4%	528	633	19.8%	1,776	1,907	7.4%
ARPOB (Rs /day) (4)	20,455	21,702	6.1%	27,853	29,996	7.7%	17,307	18,280	5.6%	10,784	11,603	7.6%	22,275	24,055	8.0%
Total Net Revenue (Rs mio) (4)	NA	NA		8,844	9,987	12.9%	3,656	4,118	12.6%	3,470	4,330	24.8%	10,952	12,747	16.4%

### ➤ Chennai & Hyderabad clusters

- ❑ Chennai cluster witnessed growth in revenues driven by OP volumes, improvement in case mix and pricing.
- ❑ Revenue growth of 12.6% in Hyderabad .Volume growth on focus COEs like Neurosciences , Oncology and Orthopaedics.
- ❑ Focus on Increasing ARPOB through reduced ALOS, pricing and case-mix improvement.

### ➤ Others – driving substantial growth ( 24.8%) – focus on Inpatient revenue growth (25.7%). 19.8% growth in OP Revenues driven by Volumes in Bhubaneswar, Madurai, Karur , Karaikudi & Karimnagar. Good traction in Bhubaneswar with average occupancy at 74% (185 on 250 beds) .

### ➤ Significant Subsidiary / JVs & Associates hospitals' continued improving performance - revenue growth of 16.4%. Over 14% yoy growth in Kolkata and Ahmedabad.

#### Notes:

(1) Others include Madurai, Karur, Karaikudi, Mysore, Vizag, Pune, Karimnagar, Bilaspur , Bhubaneswar and Jayanagar.

(2) Significant Hospital JVs/Subs//Associates are – Ahmedabad, Bangalore, Kolkata, Kakinada and Delhi (full revenues shown in table above).

(3) Outpatient volume represents New Registrations only. OP Volumes of Clinics have now been included in Chennai Cluster and Significant Subs/JVs/Associates.

(4) ARPOB and Net Revenue is net of doctor fees.

(5) Revenues under the head "Total" have not been provided as Consolidated actual results will differ from Total due to proportionate consolidation.

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\* Inpatient volumes are based on discharges.

\*\* Previous year financial and operational numbers have been regrouped and reclassified wherever necessary to conform with current year classification and full year audited numbers.

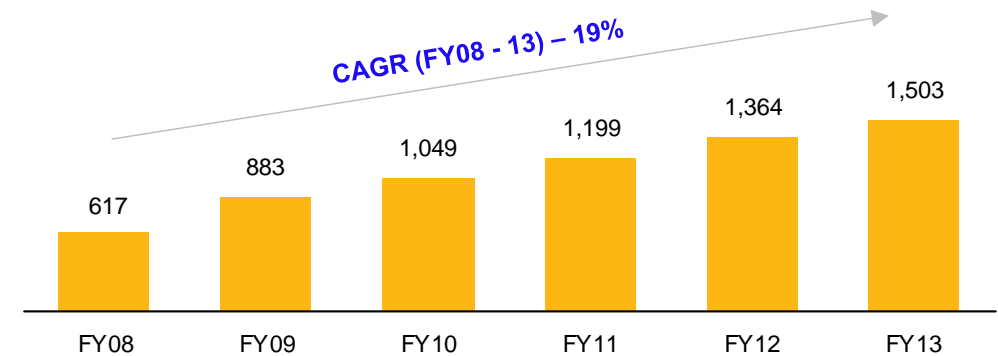
# Standalone Pharmacies: capturing the growth potential

 India's largest organized pharmacy retail chain with a network of 1,503 stores.

## Overview

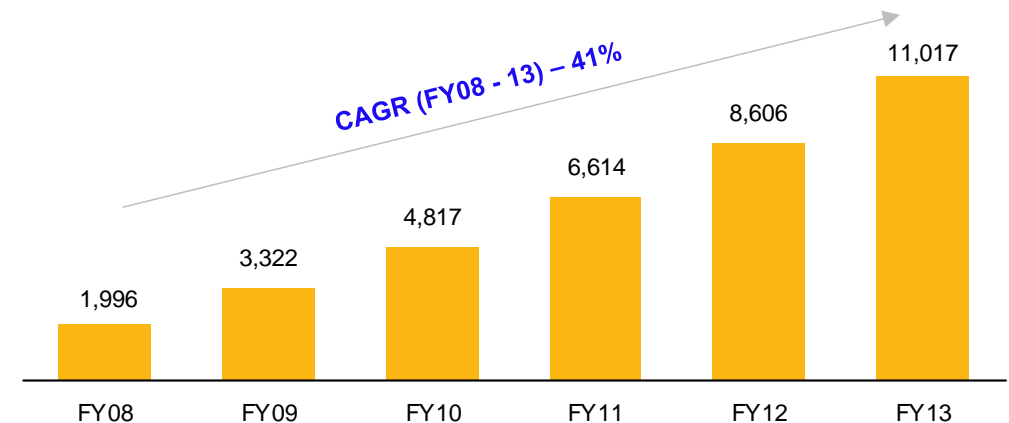
- Offers a wide range of medicines and surgical products, hospital consumables and over-the-counter products
- Asset light business model with an established track record
- Presence in affluent centers such as Hyderabad, Chennai, Bangalore, Pune, Ahmedabad and NCR regions
- Introduced generic and in-house brands (Private Labels)
- Consistent growth in standalone pharmacy revenue
  - Calibrated rollout: 139 stores opened in FY13, 165 stores opened in FY12, 150 in FY11 and 166 in FY10
  - Increased penetration of private label sales
  - Integrate supply chain network and optimize inventory levels
- Emphasis on margin improvement
  - Mature cohort of pre-2007 stores have achieved 6.0% EBITDA margins in FY13
  - Positive overall EBITDA margin FY 11 , FY 12 and FY13
- **Regulatory Update:** In September 2012, the Central Government approved the DIPP proposal to permit 51% FDI in multi-brand retail, subject to certain conditions<sup>(1)</sup>

## Number of Standalone Pharmacies



## Financial Performance

Revenue (Rs. mn)



Source: Company audited financials and MIS reports.

(1) Conditions include, a) Individual States to decide whether to opt for 51% FDI, b) Minimum investment of US\$100mn, c) At least 50% of total FDI brought in to be invested in back-end infrastructure d) At least 30% of the procurement of manufactured processed products shall be sourced from small industries in India e) Retail sales locations may be set up only in cities with a population of more than 1 million as per 2011 Census and may also cover an area of 10 km around municipal / urban agglomeration limits of such cities f) Government will have the first right to procurement of agriculture products, g) Fresh agricultural produce, including fruits, vegetables, flowers, grains, pulses, fresh poultry, fishery and meat products, may be unbranded.

# Operational performance: Standalone Pharmacy

## Key Financials (INR mn)

Batch	Particulars	FY 12	FY 13	YoY%
<b>Upto FY08 Batch</b>	No. of Stores	481	455	
	Revenue/Store	8.89	10.33	16.2%
	EBITDA/Store	0.41	0.55	33.0%
	EBITDA Margin %	4.6%	5.3%	67 bps
<b>FY09 Batch</b>	No. of Stores	212	201	
	Revenue/Store	7.37	8.77	19.1%
	EBITDA/Store	0.06	0.21	233.5%
	EBITDA Margin %	0.8%	2.3%	151 bps
<b>FY10 Batch</b>	No. of Stores	199	189	
	Revenue/Store	6.38	7.89	23.8%
	EBITDA/Store	0.07	0.23	
	EBITDA Margin %	1.1%	3.0%	184 bps
<b>Total</b>	No. of Stores	1,364	1,503	
	Revenue/Store	6.30	7.33	16.2%
	EBITDA/Store	0.12	0.20	
	EBITDA Margin %	1.9%	2.7%	76 bps
	Total Revenues	8,605.8	11,017.0	28.0%
	EBITDA	164.1	293.3	
	EBITDA Margin %	1.9%	2.7%	76 bps
	Capital Employed (Rs. mn)	2,716	3,147	
	Capex (Rs. mn)	208	208	

## Key Comments

- Standalone pharmacies continues its EBITDA expansion trajectory on the back of buying efficiencies and operating leverage.
- All stores upto FY 2010 batch representing over 800 stores now significantly EBITDA positive
- 38 stores were shutdown in the FY 2009 batch of stores in the last 24 months mostly in Mumbai and Delhi due to unviable operations (high rentals)
- Gross stores added 215 and stores closed 76 during the year. No. of stores as on 31<sup>st</sup> March 2013 is 1,503.
- EBITDA of Rs. 293 mio in FY13.
- EBITDA margins of FY 2007 batch of stores (most mature) at 6.0%
- LFL (Like-for-like) Revenue per store growth for pre FY2008 batch of stores is 16.2% (yoy) and FY 2009 batch is 19.1% (yoy).
- LFL EBITDA per store growth for up to FY 2008 batch of stores is 33.0% (yoy) and EBITDA margin improved by 67 bps to 5.3%.

## Standalone Financials

	FY 12	FY 13	yoy (%)
Revenue	28,001	33,178	18.5%
Operative Expenses	14,555	17,198	18.2%
Employee Expenses	4,285	5,244	22.4%
Administrative & Other Expenses	4,517	5,200	15.1%
Total Expenses	23,357	27,642	18.3%
EBITDA	4,644	5,536	19.2%
margin (%)	16.6%	16.7%	10 bps
Depreciation	911	1,085	
EBIT	3,733	4,450	19.2%
margin (%)	13.3%	13.4%	8 bps
Financial Expenses	636	726	
Add Other Income	278	310	
Profit Before Tax	3,375	4,034	19.5%
Profit After Tax	2,310	3,091	33.8%
margin (%)	8.2%	9.3%	107 bps
ROCE (Annualized)	16.1%	15.7%	
Capital Employed <sup>(1)</sup>	23,227	28,258	

- Revenues of Rs. 33,178 mio, 18.5% yoy growth.
- EBITDA at Rs. 5,536 mio, 19.2% yoy growth.
- EBIT at Rs. 4,450 mio, 19.2% yoy growth.
- PAT at Rs. 3,091 mio, 33.8% yoy growth.
- RoCE at 15.7% as compared to 16.1% in spite of additional capital employed of Rs. 5,031 mio in new facilities in Hyderabad, Karaikudi, Karur, Ayanambakkam & Jayanagar.

(1) Capital employed for the calculation of ROCE does not include Capital Work in progress on new hospital expansion projects of Rs. 3,727 mio for FY13 and Rs. 2,009 mio for FY12 & investments in mutual funds and associates.

## Consolidated Financials

	FY 12	FY 13	yoy (%)
Income from Operations	29,530	35,328	19.6%
Add: Share of JVs	1,945	2,359	21.3%
Total Revenues	31,475	37,687	19.7%
EBITDA	5,131	6,082	18.5%
margin (%)	16.3%	16.1%	-16 bps
Profit After Tax	2,193	3,044	38.8%
Total Debt		12,179	
Cash & Cash equivalents (includes investment in liquid funds)		6,988	

- Revenue growth of 19.7% from Rs. 31,475 mio in FY12 to Rs. 37,687 mio in FY13.
- Consolidated EBITDA grew by 18.5% aided by expansion in Healthcare services EBITDA, improved EBITDA contribution by SAPs and reduction in negative EBITDA in Apollo Munich Health Insurance.
- Consolidated PAT grew 38.8% from Rs.2,193 mio in FY12 to Rs. 3,044 mio in FY13.

Previous year figures have been reworked/regrouped /rearranged and reclassified wherever necessary to conform to the requirement of revised Schedule VI format  
Apollo Health Street (recently divested) financials have not been considered in the Consolidated financials in FY12 as well as in FY13 for like to like comparison

JVs include Ahmedabad-50%, Kolkata-50%, PET CT - 50%, Apollo Munich – 10.23%, Quintiles – 40%, Apollo Lavasa – 34.66% and Future Parking Pvt Ltd – 49%



# Well Planned Strategy to Deliver the Next Phase of Growth (1/2)

## Optimise Asset Utilisation in flagship facilities and locations

- **Garner higher market share in select acute and tertiary care services.**
- Specific plan to further penetrate deeper into **Cardiology and Oncology specialties.**
- **Enhance Out-Patients focus** by creating value differentiators and leveraging on personalised health checks advantage with the aim of increasing topline contribution from out-patients.

## Stabilise new facilities and compress time-to-maturity of planned capacity expansions

- **Bhubaneswar** : Currently at 74% occupancy – Ahead of plan ; Currently focused on: Enhancing specialization mix and adding Oncology
- **Hyderabad and Bangalore** : New capacity additions being utilised for high-end tertiary care; Recruitment of specialist consultants for COEs
- **Shorter time-to-maturity is being planned for new facilities like:** Ayanambakkam (260 beds), Trichy (200 beds), Nellore (200 beds)

## Focus on Centers of Excellence

- Set benchmark standards in clinical outcomes , technology and practices in select acute and tertiary care services – **Cardiology, Oncology, Neurosciences, Critical Care, Orthopedics and Transplants (CONNECT)**
- Strengthen core value proposition by well **defined clinical pathways and protocols**
- Aim to gain significant market share in each of the key specialties

# Well Planned Strategy to Deliver the Next Phase of Growth(2/2)

Cluster Strategy for expansion with Greenfield Projects in attractive newer Markets

- **Chennai** : Ensure continued dominance by expanding into West and South. New specialist standalone hospitals to both support COE as well as increase dominance – Eg : Heart center / Birthing centre (CRADLE) , Women & Child hospital
- **Bangalore** : Widen market reach by adding two hospitals - North and South. Specialist hospitals : Ortho, Cradle
- New hospitals in metros like **Mumbai and large cities like Patna, Indore** with no existing presence – reaching to wider urban population
- **Tier II cities** – Expansion through REACH hospitals, first mover advantage and leveraging Apollo's strong brand.

Cost Efficiencies and Focus on Improving Key Operating Metrics

- **Optimised asset utilisations** and **minimum waste** of all resources through standardised SOP's and Lean Management
- Higher patient turnover by **reducing average length of stay** and optimised ward processes for faster turnaround time of all diagnostic process
- Improving **average revenue per bed day** through richer case mix

Increase Presence in Indian Healthcare Retail Space

- **Standalone pharmacy business** - Calibrated expansion plans with focus on same store growth, increased private label sales and margin improvement
- Leverage brand value and enhance customer reach through **investment in Primary clinics, Sugar Clinics, dialysis centres and dental care** as separate focus verticals.

# Planned Expansion



Well planned strategy to address growing demand for healthcare service delivery in existing markets, new large markets and semi-urban markets.

## Defined Expansion Plan for Owned Bed Capacity

Location	CoD <sup>(3)</sup>	Type of Hospital	No of Beds	Total Estimated Project Cost (Rs.mio)	AHEL's Share of Cost (Rs.mio)
<b>Mumbai Cluster</b>					
Navi Mumbai	FY15	Super Specialty	350	3,500	3,500
Byculla, Mumbai	FY16	Super Specialty	300	1,400	1,400
<b>Sub Total</b>			<b>650</b>	<b>4,900</b>	<b>4,900</b>
<b>Chennai Cluster</b>					
Chennai-Main (Expansion)	FY14	Super Specialty	30	100	100
Chennai-Main (Expansion)	FY15	Super Specialty	100	820	820
MLCP	FY14		-	337	83
Women & Child (ACH)	FY14	Super Specialty	60	740	740
Chennai (OMR)	FY14	Super Specialty	45	316	316
Chennai (OMR)	FY14	Multi Specialty	170	1,180	1,180
South Chennai	FY16	Super Specialty	200	2,000	2,000
Proton	FY17			4,200	4,200
<b>Sub Total</b>			<b>605</b>	<b>9,693</b>	<b>9,439</b>
<b>REACH</b>					
Nashik	FY14	REACH	125	520	520
Nellore	FY14	REACH	200	850	850
Trichy	FY14	REACH	200	945	945
<b>Sub Total</b>			<b>525</b>	<b>2,315</b>	<b>2,315</b>
<b>Others</b>					
Patna Phase I	FY16	Super Specialty	240	2,760	2,760
Vizag	FY15	Super Specialty	300	1,150	1,150
North Bangalore	FY14	Super Specialty	180	770	770
Bilaspur – Oncology Block (1)	FY14	Super Specialty	-	80	80
Indore	FY15	Super Specialty	185	668	668
<b>Sub Total</b>			<b>905</b>	<b>5,428</b>	<b>5,428</b>
<b>Total</b>			<b>2,685</b>	<b>22,336</b>	<b>22,082</b>

(1) Refers to the expansion of the Oncology wing only  
\*Expected date of completion

## Strategy for Expansion

- **Focus on owned hospitals**
  - Plans to add 13 hospitals from the current 38
  - Plans to add 2,685 beds to the current 6,382
- **3 pronged approach towards expansion**
  - Expansion of beds and facilities / units in **existing clusters** – address increasing demand and focus on key specialties
    - Become dominant healthcare provider in key locations
  - New hospitals in **metros and large cities** with no existing presence – reaching to wider urban population
  - **Expansion in tier II and tier III cities** through **REACH** hospitals, garnering first mover advantage and leveraging strong brand
    - Operational REACH hospitals in Karimnagar, Karur, Karaikudi and Ayanambakkam
    - Three REACH hospitals coming up in Nellore, Trichy and Nashik
- **Funding Plans**
  - Favorable leverage metrics provides significant headroom to raise capital
    - Debt to Equity ratio of 0.35x and Debt to EBITDA of 1.75x<sup>(4)</sup>
  - As at March 31, 2013 Apollo has already invested Rs.4,776 mio of the Rs. 22,082 mio of its share of total capex
- **Funding Plans**
  - As per recent amendments to sec. 35AD of the Income Tax Act, 150% of the capex for building and operating hospitals with minimum 100 beds is tax deductible

# Board of directors and key senior management team

## Board Members

<b>Dr. Prathap C. Reddy</b>	<ul style="list-style-type: none"> <li>Executive Chairman, Founder (M.D, MBBS, FCCP, FICA and FRCS)</li> <li>Conferred the Padma Vibhushan in 2010</li> <li>Conferred the Padma Bhushan in 1991</li> <li>Spent 28 years with Apollo Hospitals</li> </ul>
<b>Dr. Preetha Reddy</b>	<ul style="list-style-type: none"> <li>Managing Director</li> <li>On the Board since the year 1989</li> </ul>
<b>Suneeta Reddy</b>	<ul style="list-style-type: none"> <li>Joint Managing Director</li> <li>On the Board since the year 2000</li> </ul>
<b>Sangita Reddy</b>	<ul style="list-style-type: none"> <li>Executive Director (Operations), on the Board since 2000</li> <li>Received “Young Manager of the year 1998” award from Hyderabad Management Association</li> <li>Was a member of the Prime Minister’s delegation to Malaysia organized by the CII</li> </ul>
<b>Shobana Kamineni</b>	<ul style="list-style-type: none"> <li>Executive Director (Special Initiatives), on the Board since 2010</li> <li>Over 20 years of experience in the healthcare industry</li> </ul>
<b>Khairil Anuar Abdullah</b>	<ul style="list-style-type: none"> <li>Independent Director</li> <li>On the Board since 2005</li> </ul>
<b>Shashank Singh</b>	<ul style="list-style-type: none"> <li>Nominee of Apax Mauritius FDI One Ltd</li> </ul>
<b>N. Vaghul</b>	<ul style="list-style-type: none"> <li>Independent Director, on the Board since 2000</li> <li>Conferred the Padma Bhushan in 2009</li> </ul>
<b>T.K. Balaji</b>	<ul style="list-style-type: none"> <li>Independent Director, on the Board since 2001</li> </ul>
<b>Deepak Vaidya</b>	<ul style="list-style-type: none"> <li>Independent Director, on the Board since 2000</li> <li>Chairman of the Audit committee</li> </ul>
<b>Other Independent Directors</b>	<ul style="list-style-type: none"> <li>G Venkatraman, Habibullah Badsha, Rafeeqe Ahamed and Rajkumar Menon</li> </ul>

## Key Senior Management Team

<b>K. Padmanabhan</b>	<ul style="list-style-type: none"> <li>Group President and has been with the company since 1996</li> <li>Responsible for business and strategic initiatives across the group</li> </ul>
<b>S. Premkumar</b>	<ul style="list-style-type: none"> <li>Group Chief Executive Officer – Healthcare Services and has joined the company this year</li> <li>Responsible for business, strategy and operations across the group</li> </ul>
<b>S. K. Venkataraman</b>	<ul style="list-style-type: none"> <li>Chief Strategy Officer and has been with the company since 1991</li> <li>Served as the Chief Financial Officer and Company Secretary of the Company since 2002</li> <li>Responsible for strategic initiatives across the group</li> </ul>
<b>Krishnan Akhileswaran</b>	<ul style="list-style-type: none"> <li>Chief Financial Officer and has been with the Company since 2010</li> <li>Over 15 years of experience in the field of Finance</li> <li>Responsible for the finance function of the Company and its subsidiaries</li> </ul>
<b>V. Satyanarayana Reddy</b>	<ul style="list-style-type: none"> <li>Chief Executive Officer – Chennai Division and has been with Company since 1989</li> <li>Responsible for hospital operations of the Chennai Region</li> </ul>
<b>Dr. K. Hariprasad</b>	<ul style="list-style-type: none"> <li>Chief Executive Officer – Central Division and has been with the Company since 1999</li> <li>Responsible for hospital operations for the Central Region</li> </ul>
<b>Dr. Rupali Basu</b>	<ul style="list-style-type: none"> <li>Chief Executive Officer – Eastern Region and has been with the Company since 2008</li> <li>Responsible for hospital operations of the Eastern Region</li> </ul>
<b>Jacob Jacob</b>	<ul style="list-style-type: none"> <li>Chief People Officer of the Company</li> <li>Responsible for people initiatives – over 12 years of experience</li> </ul>
<b>Arvind Sivaramakrishnan</b>	<ul style="list-style-type: none"> <li>Chief Information Officer of the Company</li> <li>Responsible for driving IT initiatives and projects</li> </ul>



*Thank you*