

## **Apollo Hospitals announces Q3FY13 results**

### **Strong Quarter with Well-rounded Performance**

**World's #1 Transplant Hospital Group with more than 1200 solid organ transplants for the year 2012**

**Apollo Specialty Hospital, Chennai successfully completed 500 Bone Marrow Transplants**

**Announces establishment of the first Proton Therapy center for Cancer treatment in Chennai**

**Q3FY13 Consolidated Revenues up 22.2% at Rs. 9,809 million  
Consolidated EBITDA up 18.9% at Rs. 1,587 million  
Consolidated PAT up 22.2% at Rs. 746 million**

**Q3FY13 Standalone Revenues up 19.7% at Rs. 8,558 million  
Standalone EBITDA up 20.5% at Rs. 1,464 million  
Standalone PAT up 24.7% at Rs. 806 million**

**Chennai, February 7, 2013:** Apollo Hospitals Enterprise Ltd (AHEL), (BSE: 508869, NSE: INE437A01024), the leading Healthcare provider of quality clinical care reported its consolidated financial results according to Indian GAAP for the quarter and nine months ended December 31, 2012.

Commenting on the performance, **Dr. Prathap C Reddy, Chairman said**, "We are pleased to report continued growth and operating improvements in Q3 driven by sustained focus on clinical excellence. We continue to pioneer the introduction of technology based treatment in India with our plan to set up the first ever Proton Therapy Center in the region at Chennai. This new facility will offer patients across Asia, Africa and Australia the most advanced radiation therapy technology and enhance Apollo Hospitals' ability to provide superior cancer treatment.

**He added**, "The improving performance of our pharmacies business is contributing to balanced growth. The sale of our stake in Apollo Health Street has also strengthened our balance sheet as we are embarking on a never before expansion plan with 14 hospitals scheduled to be added to our network over the next 30 months."

## **Financial Highlights**

- Standalone Q3FY13 Performance
  - Revenues grew 19.7% to Rs. 8,558 million compared to Rs. 7,148 million in Q3FY12.
  - EBITDA grew 20.5% to Rs. 1,464 million as against Rs. 1,215 million in Q3FY12.
  - PAT was Rs. 806 million vs. Rs. 647 million in Q3FY12, growth of 24.7%.
  - Diluted EPS of Rs. 5.80 per share in Q3FY13 (not annualised)
  
- Standalone 9MFY13 Performance
  - Revenues grew 20.1% to Rs. 24,695 million compared to Rs. 20,555 million in 9MFY12.
  - EBITDA grew 22.2% to Rs. 4,208 million as against Rs. 3,444 million in 9MFY12.
  - PAT was Rs. 2,336 million in 9MFY13 vs. Rs. 1,717 million in 9MFY12.
  - Diluted EPS of Rs. 16.79 per share in 9MFY13
  
- Consolidated Q3FY13 Performance\*<sup>#</sup>
  - Revenues grew 22.2% to Rs. 9,809 million compared to Rs. 8,029 million in Q3FY12.
  - EBITDA grew 18.9% to Rs. 1,587 million as against Rs. 1,335 million in Q3FY12.
  - PAT was Rs. 746 million vs. Rs. 610 million in Q3FY12, growth of 22.2%.
  - Diluted EPS of Rs. 5.36 per share in Q3FY13 (not annualised)
  
- Consolidated 9MFY13 Performance\*<sup>#</sup>
  - Revenues grew 22.2% to Rs. 28,242 million compared to Rs. 23,111 million in 9MFY12.
  - EBITDA grew 22.8% to Rs. 4,687 million as against Rs. 3,815 million in 9MFY12.
  - PAT was Rs. 2,351 million in 9MFY13 vs. Rs. 1,741 million in 9MFY12.
  - Diluted EPS of Rs. 16.90 per share in 9MFY13

*\* The Consolidated financials are unaudited management estimates*

*<sup>#</sup> Apollo Health Street financials have not been considered in the consolidated financials after the Share Purchase agreement for the divestiture has been signed with Sutherland.*

## **Operating Highlights**

- Standalone Pharmacies continued to report stellar growth – Q3 revenues grew 29.3% on a y-on-y basis to Rs. 2,905 million –aided by robust same store sales growth, focus

on private labels and renewed momentum in expansion of the pan-India network of stores.

- Apollo Hospitals has signed a definitive agreement with Sutherland Global Services (SGS) under which SGS will acquire a 100% stake in Apollo Health Street (AHS). The listed entity, AHSL, holds a 39% stake in AHS; the balance being held by promoters, Institutional Investors & Minority Shareholders. The deal is expected to close in Feb 2013 subject to regulatory and other conditions.
- Apollo Hospitals has announced plans to establish a Proton Therapy Center in Chennai. The center, with an approximate investment of Rs. 400 crores, is designed with state-of-the-art technology, Proteus®PLUS from IBA (Ion Beam Applications S.A.) to provide best-in-class treatment for cancer treatment.

### **Awards & Achievements**

- Apollo Hospitals was voted the No. 1 private hospital in India (Week – HANSA Best Hospital Survey, 2012).
- Apollo Hospitals bagged the 'Asia Responsible Entrepreneurship Awards' (AREA) South Asia 2012 under two categories organized by Enterprise Asia on 13th December in New Delhi. Group Chairman, Dr. Prathap Reddy won the prestigious Responsible Business Leader Category and Billion Hearts Beating Foundation won the praiseworthy Health Promotion Award.
- Indraprastha Apollo Hospitals won the "Times Research Media Healthcare Excellence Awards 2012" on 26th December 2012, in three categories - India's most innovative hospital, best diagnostic and imaging centre in North India and best heart care centre in North India.

### **Attached: Details to the announcement**

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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 8,020 beds across 49 Hospitals, 1,445 Pharmacies, 100 primary care and diagnostic Clinics, 100 Telemedicine units across 10 countries (*added Burma in Q3*). 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 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**

*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.*

*Further, this document may make references to reports and publications available in the public domain. Apollo Hospitals Enterprise Ltd. makes no representation as to their accuracy or that the company subscribes to those views / findings.*

## Details to the announcement

### Other Clinical Highlights

- Apollo Hospitals Group performed more than 1200 solid organ transplants for the year, 2012, making it the World's Busiest Transplant Centre's. Indraprastha Apollo Hospitals has also completed 813 transplants (544 kidneys and 269 liver) in 2012. A 12-year-old Sudanese boy underwent a combined liver and kidney transplant at Indraprastha Apollo Hospital, Delhi. This complex surgery marks the continuous success of the transplant program at Apollo Hospitals.
- Apollo Specialty Hospital, Chennai successfully completed 500 Bone Marrow Transplants in January 2013.
- Doctors at Apollo Health City, Hyderabad performed a revolutionary Minimally Invasive Knee Replacement (Resurface) Surgery (MIKRS) using OrthoGlide Medial Knee system. It was a landmark surgery as it is the first time that a bilateral (on both the knees) OrthoGlide knee surgery has been conducted in India.
- Doctors at Apollo Health City, Hyderabad recently performed the first coronary angioplasty in India, using Abbott's recently launched fully absorbable stent-bioresorbable vascular scaffold (absorb-BVS). It is the first drug-eluting, fully bioresorbable device made of polylactide, a naturally dissolvable material commonly used in dissolving sutures.
- Apollo Hospitals has extended the reach of its telemedicine service with its launch in Yangon, Myanmar (formerly known as Burma) during the quarter. The launch of this facility will now enable live tele-consultation between doctors of the two countries. It will also facilitate ready access to specialists and super-specialists in India for referrals, consultation, second opinion, reviews, post treatment follow-ups and continuing medical education.
- Apollo Gleneagles Hospitals, Kolkata became the first hospital in Eastern India to conduct Lymphocytapheresis in a patient of Acute B Lymphoblastic Leukemia (B-ALL) with lymphocyte count 4 lacs / cumm. It also performed Thrombocytapheresis in a patient with secondary thrombocytosis with platelet count 16 lacs / cumm.
- Apollo Cancer Institutes at Apollo Gleneagles Hospitals, Kolkata launched Apollo-YOUWECAN mass cancer screening initiative in December 2012 in association with YOUWECAN. The Mobile Medical Unit went across various locations in Kolkata to carry out on-the-spot cancer detection. It was equipped with state-of-the art Auto Analyzers and Enzyme Analyzers for blood tests and X-Ray machine

to carry out on-the-spot blood tests and chest X-rays. All the tests and clinical examination were done by the on-board Doctor, Lab Technician, X-ray Technician and Nurses.

- Apollo Hospitals, Ahmedabad conducted 21 CME, 45 health camps, 16 Health Talks during the quarter.

### **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 15.3% to Rs. 5,653 million in Q3FY13 compared to Rs. 4,901 million in Q3FY12.

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

- Bhubaneswar occupancy at 185 beds (74% utilization on an increased capacity of 250 beds) as compared to 136 beds in 9MFY12.
- Other Hospitals in tier II cities in Madurai & Mysore displayed strong revenue growth of 33% and 24% respectively.
- Apollo REACH Hospitals at Karimnagar and Karaikudi also performed well with revenue growth of 37% and 176% respectively

#### **Standalone Pharmacies**

Apollo Pharmacies added 53 stores and closed 7 stores, to end Q3FY13, with a network of 1,445 operational stores. Revenue growth remained strong with overall revenues expanding 29.3% from Rs. 2,246 million in Q3FY12 to Rs. 2,905 million in Q3FY13. The business reported further improvements in profitability with an EBITDA of Rs. 78 million in Q3FY13 compared to an EBITDA of Rs.45 million in Q3FY12.

Same store sales demonstrated sustained traction with like-for-like growth in revenues per store for the batch of stores opened prior to March 2008 at 17.3% for 9MFY13. EBITDA-optimization strategies like rationalization of the store network, buying efficiencies and an increased proportion of self-branded goods have led to the batch of mature stores (pre March 2008) reporting an EBITDA margin of 5.4% in Q3FY13, an increase of 47 basis points over the EBITDA margin of 4.9% in Q3FY12.

Additional strategies such as the introduction of different store formats and widening of the product range to include FMCG products such as skin care, cosmetics, beauty and other healthcare related products are being implemented even as the company is embarking on the next leg of expansion of its pan-India network of stores.

### **Subsidiaries & JVs**

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

The Company reported an increase in Gross Written Premium of 37% from INR 2,621 mn in 9MFY12 to INR 3,591 mn in 9MFY13. In the same period, earned premium grew by 51% from INR 2,324 mn to INR 3,500 mn.

The Company disbursed INR 2,186 mn towards claims & commissions during 9MFY13 compared to INR 1,411 mn paid during 9MFY12 and the incurred claim loss ratio was 59.5% (9MFY13) as compared to 57.3% (9MFY12). The loss for YTD Dec FY13 was Rs 56 mn in comparison to a loss of Rs 263 mn YTD Dec FY 12. The assets under management stood at INR 4,650 mn as on December 31, 2012.

#### **Apollo Health Street (AHS)**

Sutherland Global Services (SGS) has entered into a definitive agreement to acquire 100% of AHS. AHEL held 39% of AHS, 12% was held by the promoter family and the balance 49% was held by Institutional Investors and Minority shareholders. The transaction is an all cash deal and is expected to close by February 2013, subject to customary regulatory and other conditions.