



 **NH** Narayana Health



Quarterly Presentation - Q1 FY17

July 2016

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Clinical highlights

- A rare neurosurgery procedure of 3rd anterior ventricle tumour removal through a trans lamina terminalis approach was conducted at our Jaipur hospital
- Our MS Ramaiah heart centre distinguished itself as one of the few centres in Bengaluru to utilize the Bio-Vascular Scaffold System for coronary stenting
- First cochlear implant performed at our superspeciality hospital at Howrah
- Our hospital at Cayman Islands expanded its service offerings through the programs of plastic surgery, interventional radiology and interventional neurology



Operational Performance

- Commissioned a 230 bedded multispeciality hospital at Kakriyal, Jammu in April 2016
- Successfully achieved the milestone of conducting 25 heart transplants till date across the network
- Paediatric surgery & liver transplant program at Health City, Bengaluru completed 10 years accomplishing 60 successful liver transplants on children till date
- Installed the da Vinci robotic surgical system at our Health City, Bengaluru



Awards and Honors

- NH was awarded "Firm of the Year in Healthcare" at the CNBC-TV18 India Risk Management Awards⁽¹⁾
- NH won the Frost & Sullivan India Price/Performance Value Leadership Award 2016 for the second consecutive year in 2016
- NH featured in Fortune India Next 500 Company's List in June 2016



Financial Performance

- Operating revenue of INR 4,520 mn, an increase of 19% YoY
- Robust 50% growth in EBITDA to INR 550 mn, reflecting an EBITDA margin of 12.2%
- Net debt as on 30th June, 2016 reduced to INR 1,742 mn, reflecting a net debt to equity ratio of 0.20

As on 30th June 2016



54 Healthcare Facilities

19	Owned / Operated hospitals ⁽¹⁾	4,144 Beds
4	Managed hospitals ⁽²⁾	716 Beds
7	Heart centres	376 Beds
23	Primary healthcare facilities ⁽³⁾	10 Beds
1	Hospital in Cayman Islands	101 Beds



6,651 Capacity Beds

5,347 Operational beds

2.6 mn ⁽⁴⁾ Average effective capital cost per operational bed



30+ Specialities

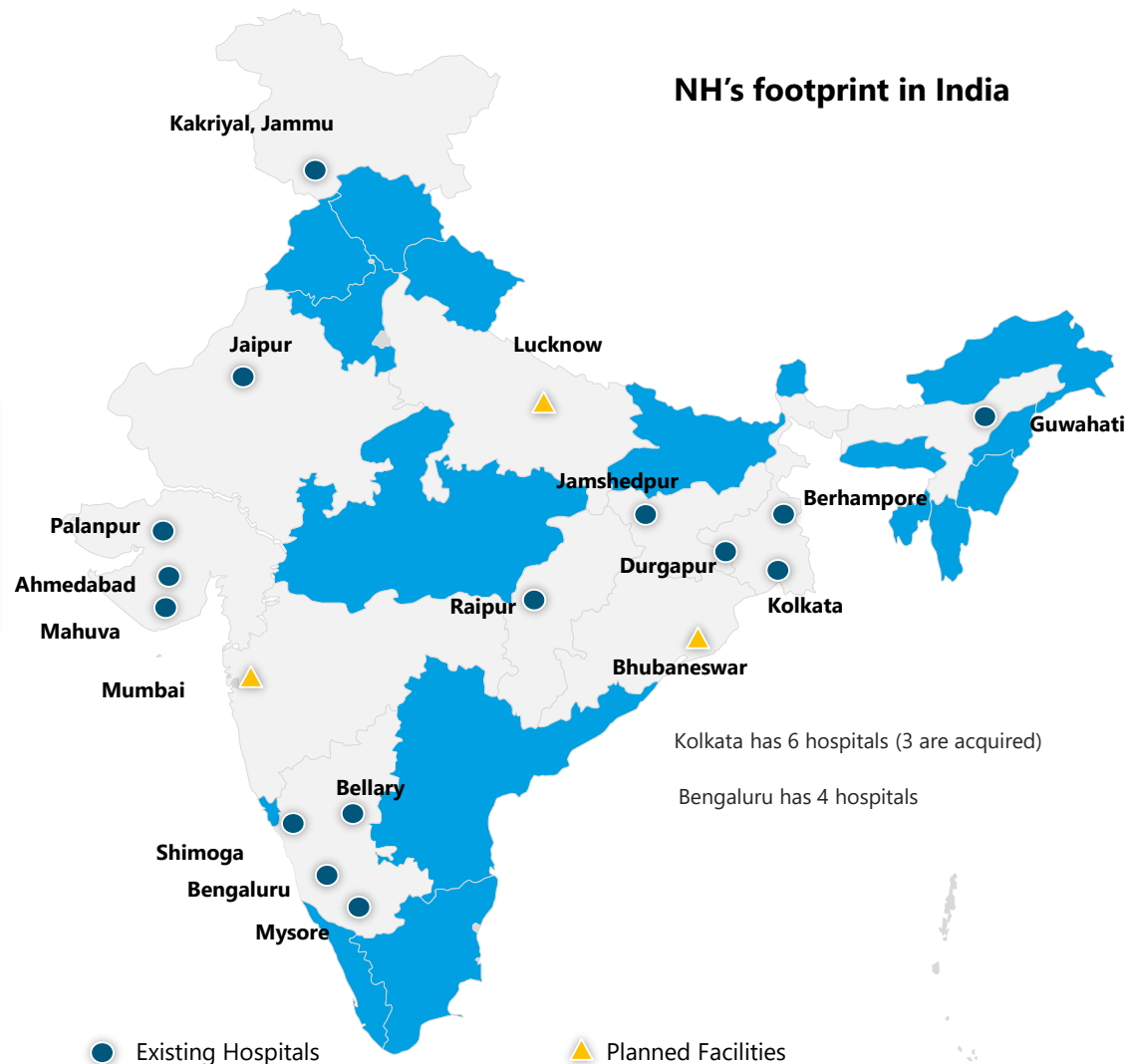


414 ⁽⁵⁾ Daily Average Surgeries and Procedures



13,856 Full-time employees with 2,722 doctors

NH's footprint in India



(1) NH owns the P&L responsibility

(2) NH manages 3rd party hospitals for Management Fees

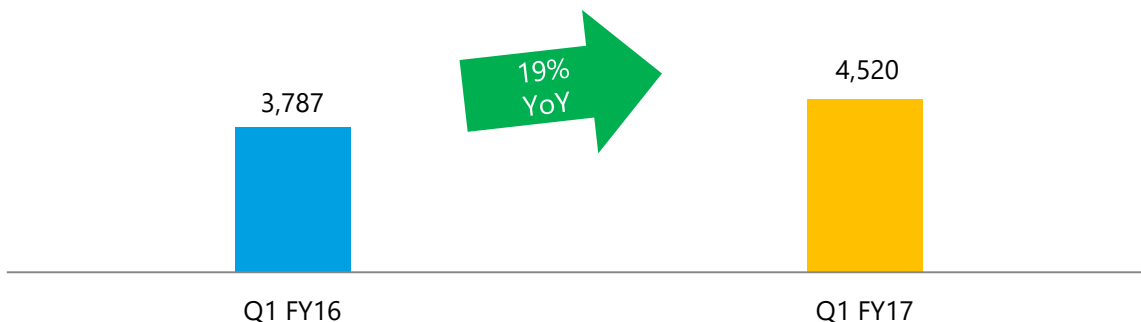
(3) Includes clinics, information centres, etc

(4) Based on (Gross Block for Fixed Assets + Capital Work in Progress (CWIP)) / Number of operational beds as of 30 June 2016. Excludes Managed Hospitals and Cayman facility

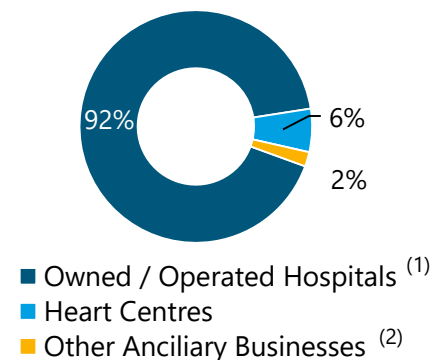
(5) Daily average calculated on a 91 days basis for Q1 FY17

Operating Revenue

INR mn

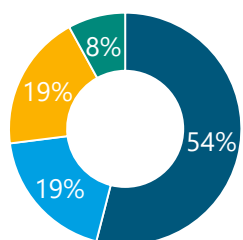


Business Mix



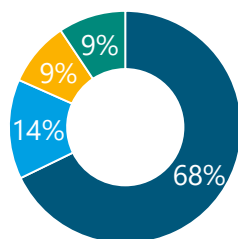
Significant growth in revenue across existing as well as new centres

Payee-Profile⁽³⁾



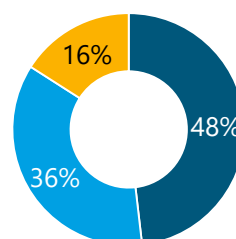
- Walk-in patients
- Schemes
- Insured Patients ⁽⁴⁾
- International patients

Maturity-Wise⁽⁵⁾



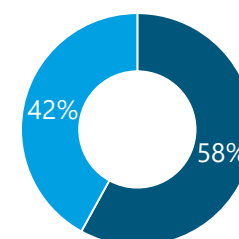
- Over 5 years
- 3 to 5 years
- Less than 3 years
- Acquired facilities

Cluster-Wise⁽⁵⁾



- Karnataka
- Eastern
- Others ⁽⁶⁾

Speciality-Profile⁽⁷⁾



- Cardiac & Renal
- Others

⁽¹⁾ NH owns the P&L responsibility

⁽²⁾ Includes managed hospitals, clinics, learning and development, teleradiology, etc

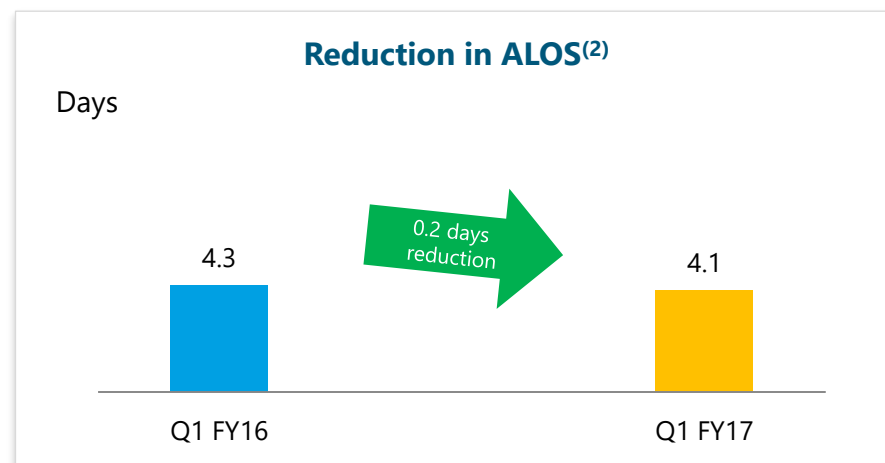
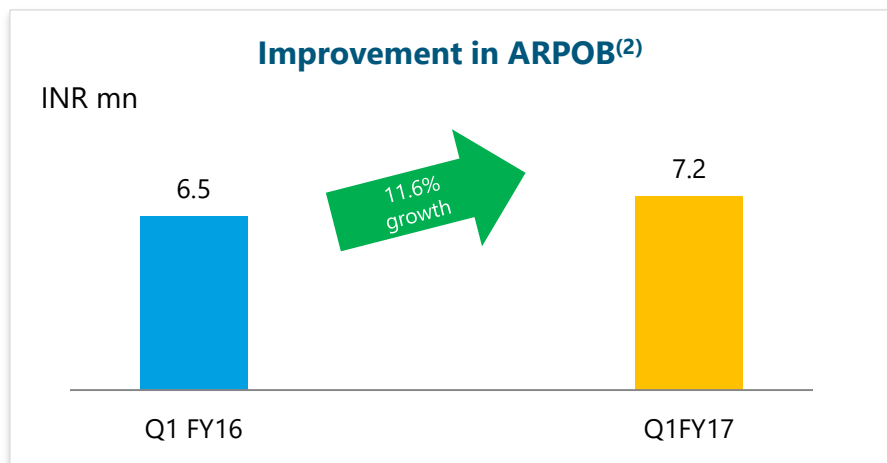
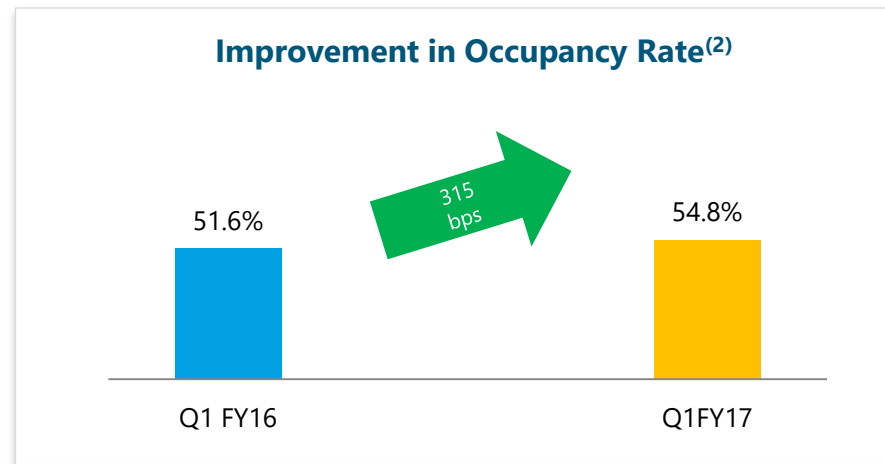
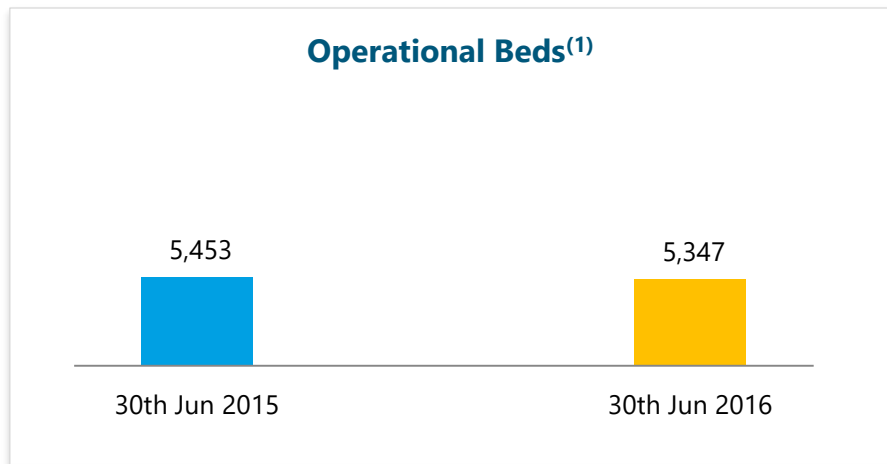
⁽³⁾ As percentage of IP and OP revenue excluding Kakriyal (Jammu) unit: Schemes include CGHS, ESIS, other state government schemes.

⁽⁴⁾ Includes Insurance-covered patients, corporate patients (including public sector undertakings)

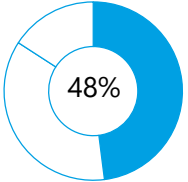

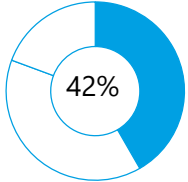
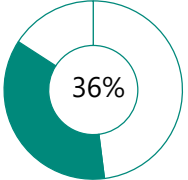

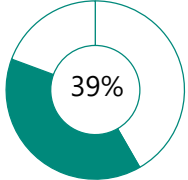
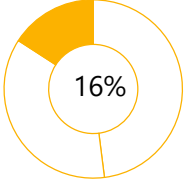

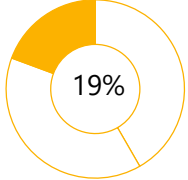
⁽⁵⁾ Calculated on operating revenue of owned / operated hospitals

⁽⁶⁾ Others include hospitals at Jaipur, Raipur, Ahmedabad and newly commissioned facility at Kakriyal, Jammu

⁽⁷⁾ Calculated on IP revenue; 6 core specialities (cardiac sciences, renal sciences, oncology, neurosciences, gastroenterology and orthopaedics) account for ~88% of IP revenue in Q1 FY17



(1) Over FY16 and FY17, added 70 new beds at our unit at Kakriyal, Jammu & decommissioned 195 beds due to closure of hospital at Hyderabad & exited operations from heart centres at Kuppam & Suguna
 (2) Excludes Managed Hospitals & Cayman facility for Q1 FY17 and also excludes MMRHL for Q1 FY16

Regional Cluster	Hospitals ⁽¹⁾	% of Hospital Operating Revenue ⁽²⁾	% of Hospital Operational Beds ⁽¹⁾	Operational Parameters ⁽²⁾	
Karnataka Cluster	7 ⁽³⁾	 48% YoY Growth  22%	 42%	ARPOB (INR mn)	Occupancy ⁽⁴⁾
Eastern Cluster	10 ⁽³⁾	 36%  20%	 39%	7.4	57%
Others	6 ⁽³⁾	 16%  34%	 19%	7.0	57%
				6.3	54%

(1) Includes Managed hospitals and excludes Cayman facility

(2) Excludes Managed hospitals and Cayman facility

(3) Karnataka and Eastern clusters include 1 managed hospital each while Others include 2 managed hospitals

(4) Occupancy is calculated on total operational beds which includes census and non census beds viz. recovery, pre operative, dialysis, emergency, day care, etc

Maturity ⁽¹⁾	Hospitals ⁽²⁾	% of Hospital Operating Revenue ⁽³⁾	YoY Growth	% of Hospital Operational Beds ⁽²⁾	Key Performance Indicators ⁽³⁾		
					ARPOB (INR mn)	Occupancy	EBITDAR Margin ⁽⁴⁾
Over 5 years	7	68%	15%	51%	7.6	60%	24.4%
3 to 5 Years	4	14%	33%	16%	5.7	53%	10.3%
Less than 3 years	8	9%	82%	22%	8.0	45%	4.5%
Acquired Facilities	4	9%	43%	11%	5.6	52%	3.7%

(1) Maturity determined as on 31st March'16 except Jammu, commissioned on 8th April'16

(2) Includes Managed hospitals and excludes Cayman facility

(3) Excludes Managed hospitals and Cayman facility

(4) EBITDA before rental/revenue share and before allocation of any corporate expenses

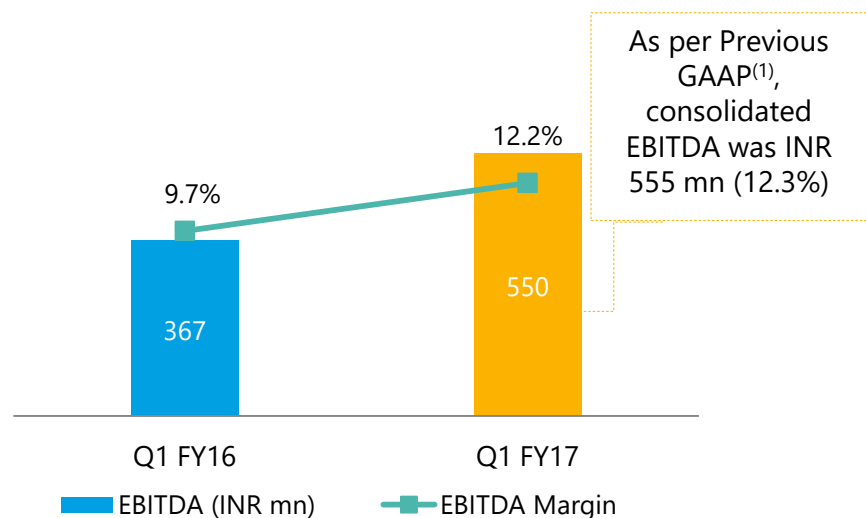
- Over 5 years include NICS,MSMC, RTIICS, units at Jaipur, Jamshedpur and 2 other units at Kolkata viz. RTSC, RNN

- 3-5 years include units at Raipur, Ahmedabad, Mysore, and Shimoga

- Less than 3 years include 4 managed hospitals and 4 units at Whitefield, HSR, Guwahati and Kakriyal

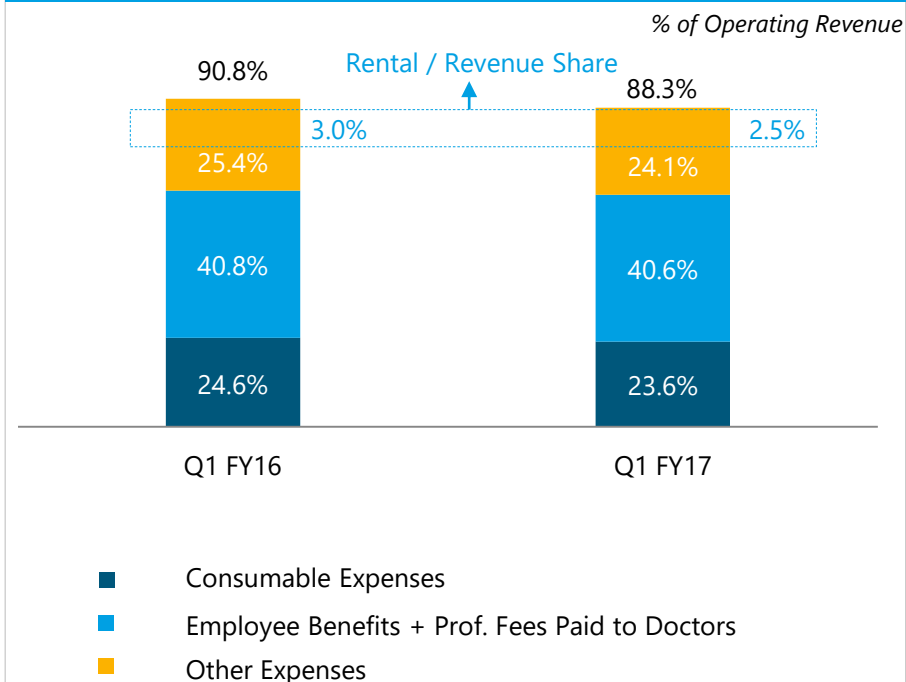
- Acquired facilities include 2 units of MMRHL, Kolkata and units at Barasat (Kolkata) and Berhampore

EBITDA and EBITDA Margin



- EBITDA grew by 50% YoY, reflecting an improvement of 247 bps in margin
- Heart centres clocked an EBITDAR margin of 18.6%⁽²⁾ in Q1 FY17
- Hospital at Cayman Islands achieved operating revenue of USD 7 mn and negative EBITDA of USD 15,589 in Q1 FY17

Cost Structure⁽³⁾



(1) Previously applicable Generally Accepted Accounting Principles

(2) EBITDA before rental/revenue share and before allocation of any corporate expenses

(3) Categories have been calculated as Consumable Expenses = Purchase of medical consumables, drugs and surgical equipment net of changes in inventories of medical consumables, drugs and surgical equipment; Employee Benefits and Prof. Fees Paid to Doctors = Employee benefits + Professional fees to doctors; Others = all other expenses

Profit and Loss Statement

Particulars (INR mn)	Q1 FY17	Q1 FY16
Total Operating Revenue	4,520	3,787
Purchase of medical consumables, drugs and surgical equipment	1,067	931
Employee benefits	915	792
Doctors Fees	921	754
Other Admin Expenses	1,089	963
Total Expenses	3,991	3,440
Other Income	22	20
EBITDA	550	367
Depreciation and Amortization	185	177
Finance Costs	55	89
Profit Before Tax After Exceptional Items	310	101
Tax Expense	118	48
PAT before MI and share of associate	191	53
Share in (loss)/profit of associate and MI	24	67
PAT after MI and share of associate	167	(5)
Total Comprehensive Income, net of tax	176	(6)

Key Balance Sheet Items

Particulars (INR mn)	30 th June 2016	31 st March 2016
Shareholder Equity	8,885	8,672
Total Debt	2,109	2,575
Long term debt including current maturities	2,081	2,130
Short term debt	28	446
Net Block	8,440	8,466
Goodwill	590	590
Non Current Investment	865	872
Net receivables	1,628	1,520
Cash and cash equivalents	367	241

As on 30th June 2016, the consolidated net debt was INR 1,742 mn, representing a net debt to equity ratio of 0.20

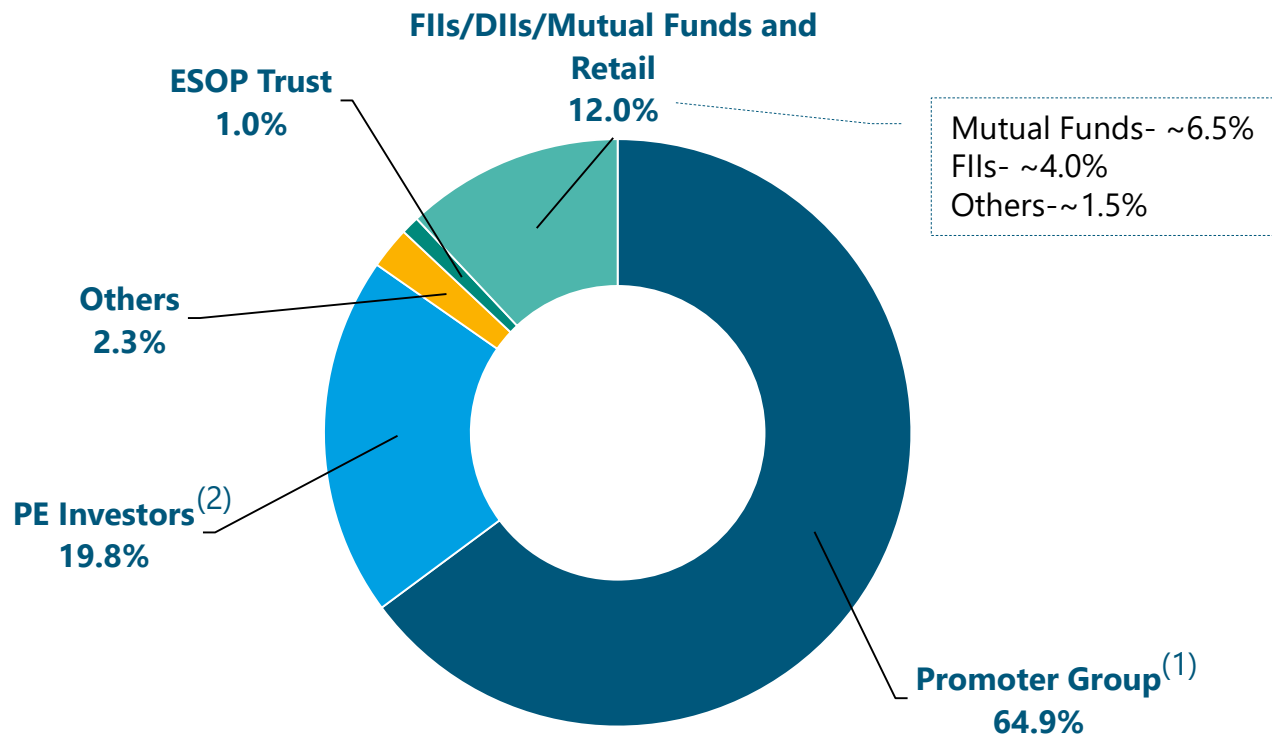
Location	Estimated time for Commencement	Type of hospital	No of beds	Type
Mumbai	Within next 9 months	Multispeciality, paediatric	297	Operations and management basis
Lucknow	Within next 24 months	Multispeciality	326	Operations and management basis
Bhubaneshwar	NA	Multispeciality	220	Construct and operate hospital on leasehold land (Awaits Govt of Odisha's acceptance for alternate land parcel)
Kenya	Within next 48 months	Multispeciality	130	Minority equity stake and management agreement with NH

- Growth trajectory on track through the above projects as well as several projects under discussion
- Emphasis on “asset right” capital deployment model and the engagement framework which provide us the flexibility to limit our capital investments primarily to medical equipment
- Focus to maintain a balanced approach while evaluating organic and inorganic opportunities to fuel future expansion

Shareholding as on 30th June 2016

Total Number of Shares

204,360,804



(1) Includes 2.8% held by NHAPL (Narayana Health Academy Private Limited)

(2) PE investors include CDC, Asia Growth Capital and JP Morgan who have been shareholders prior to the IPO