Dr Lal PathLabs

February 02, 2017

The National Stock Exchange of India Limited
Exchange Plaza
Bandra Kurla Complex, Bandra (E)
Mumbai - 400051

The Bombay Stock Exchange Limited
Phiroze Jeejeeboy Towers
Dalal Street,
Mumbai – 400001

Subject: Analyst/Investors Presentation on Unaudited Financial Results (Standalone and Consolidated) for the quarter and nine months ended December 31, 2016

Dear Sir/Madam,

Please find attached a copy of the Presentation, which the Company proposes to share with Analysts / Investors with respect to its Unaudited Financial Results (Standalone and Consolidated) for the quarter and nine months ended December 31, 2016, approved by the Board of Directors in their meeting held on February 02, 2017.

We request you to please take the same on record.

Thanking You,

Yours Faithfully,

For **Dr. Lal PathLabs Limited**

Dr. Lal PathLabs Limited

Rajat Kalra
Company Secretary & Legal Head

Encl: As above

Dr. Lal PathLabs Limited (LPL)

Q3 & 9M FY17 Results Presentation

February 02, 2017

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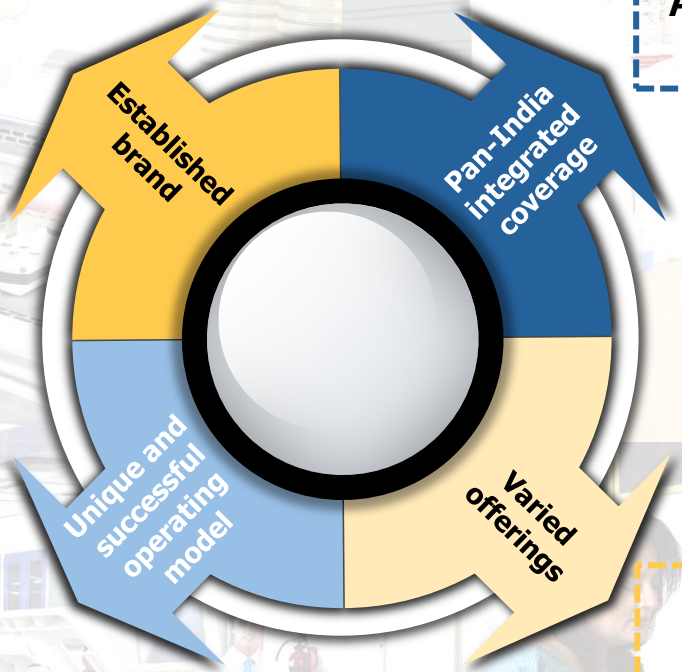
DISCLAIMER: This presentation may contain 'forward-looking' statements at places. The Company's business operations remain subject to undetermined contingencies and risks. Dr. Lal PathLabs Limited would not be liable for any action undertaken based on such 'forward-looking' statements and does not commit to revising/updating them publicly.

Overview of Dr Lal PathLabs

Established consumer healthcare brand in diagnostic services

172 clinical labs (including National Reference Lab at Delhi),1,559 Patient Service Centers (PSCs) and 4,967 Pick-up Points (PUPs)*



Scalable model integrated through centralized IT platform allows for network expansion

Catalogue of 1,110 test panels, 1,934 pathology tests and 1,561 radiology and cardiology tests

Well-positioned in one of the fastest-growing segments of the Indian healthcare industry

*As on March 31, 2016

Key Highlights

- Performance drivers remain intact and continue to support growth; Momentum decelerated on account of demonetization
- During Q3 FY17 :
  - Revenues witnessed 10% y-o-y growth to Rs 2,075 million
  - Volume growth slowed to 5% as bulk of walk-ins & network clients were dominated by cash transactions
  - Encouraged usage of digital payments by offering options across the network – traditional cards payments and e-wallets
  - Normalised EBITDA (excl ESOP) increased by 10% to Rs. 470 mn from Rs. 427 mn
    - Margins for the quarter stood at 22.6%
- Cash, FDs and Liquid Investments at Rs. 3711 mn as at December 31, 2016 from Rs. 3675 mn as at September 30, 2016
- Business strategies and growth plans remain resolute and poised for higher trajectory going forward
  - Disruption caused by demonetization are expected to be temporary; on ground situation expected to improve gradually over next 3-6 months
- Development of regional reference laboratories at Kolkata and Lucknow as per schedule
  - Civil work nearing completion at Kolkata Reference lab
- The Board of Directors considered and recommended an interim dividend of Rs 1.30 per share

Note: Financial results of the Company are best monitored on a year to date basis, as there is a certain level of seasonality in business and specific quarter performance may be influenced by certain occurrences in that quarter. All figures in the presentation pertain to the consolidated results

Q3 & 9M FY17 Financial Performance

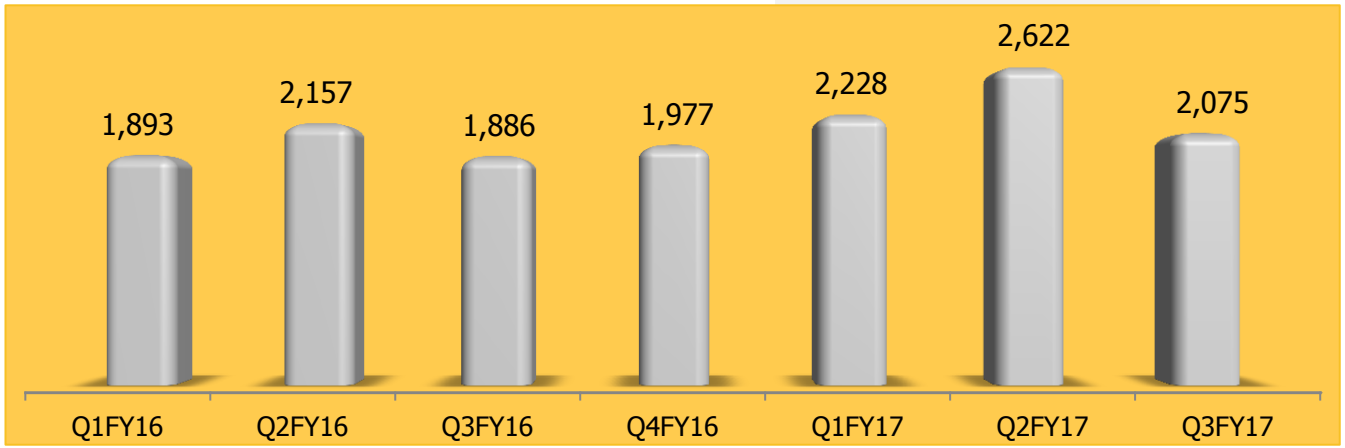
Particulars (Rs. mn)	Q3 FY17	Q3FY16	Growth %	9M FY17	9M FY16	Growth %
Revenues	2,074.7	1,885.7	*10.0%*	6,924.8	5,936.1	*16.7%*
Total Expenditure	1,605.0	1,185.1	*35.4%*	5,052.9	4,380.2	*15.4%*
ESOP charges reversal	-	(273.8)	-	-	(34.7)	-
Normalised EBITDA (excl ESOP)	469.7	426.8	*10.1%*	1,871.9	1,521.2	*23.1%*
Margins	*22.6%*	*22.6%*	-	*27.0%*	*25.6%*	*140 bps*
ESOP - Exceptional charges reversed	-	(166.3)	-	-	-	-
PBT (excl ESOP charge reversal & exceptional item)	465.1	396.2	*17.4%*	1,858.3	1,444.7	*28.6%*
PAT	310.0	611.1	*(49.3)%*	1,240.3	985.8	*25.8%*
Margins	*14.9%*	*32.4%*	-	*17.9%*	*16.6%*	*130 bps*
EPS (Diluted)	3.70	7.31	*(49.4)%*	14.79	11.83	*25.0%*

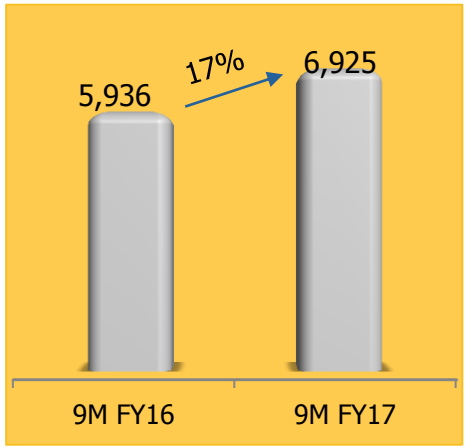
- The ESOP charge reversal of Rs. 273.8 mn and Rs 166.3 mn is shown as separate line items in the statutory financial results reporting. Therefore normalised PBT growth without ESOP reversals in Q3 last year is 17.4% for the quarter.
- PAT figures for FY16 are strictly not comparable as there were certain ESOP charges which were charged in Q1 & Q2 FY16 and later reversed in Q3'16

Financial Highlights

All figures in Rs mn

Revenues





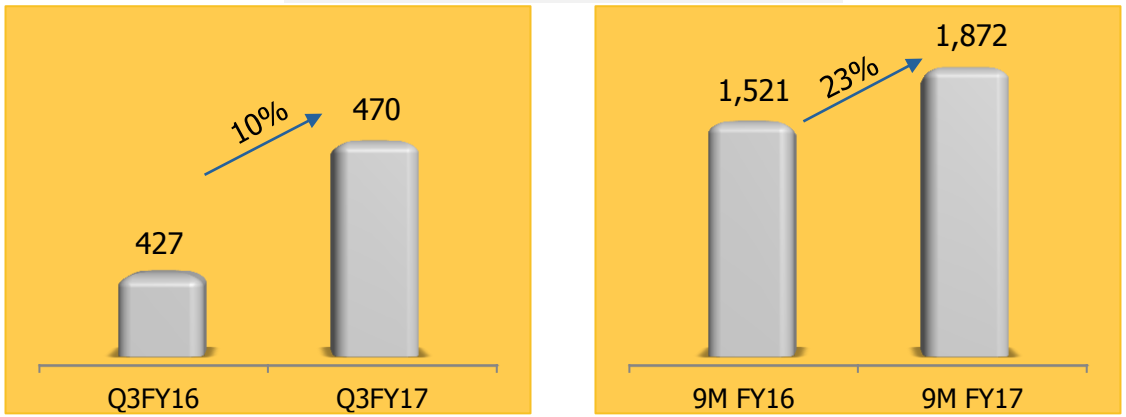
- Q3 FY17 revenue performance reflects underlying drivers:
  - Consistent focus on expansion
  - Reaching out to a wider patient pool
  - Innovation and increase in profile of tests
- However the momentum stood moderated on account of:
  - Subdued volume growth of 5% due to the impact of demonetization and increased competitive pressures
  - Proportion of cash transactions both for walk-ins and network clients is high
    - Estimated impact due to demonetization is 8-9% on volumes and revenues
  - LPL is focused on alleviating the situation by offering various noncash digital platforms for payments
- 9M FY17 performance showed revenue growth at 16.6% driven by volume growth of 11.4% and realization improvement by 4.6% mainly on account of price increases seen in Q2

Financial results of the Company are best monitored on a year to date basis, as there is a certain level of seasonality in business and specific quarter performance may be influenced by certain occurrences in that quarter

Financial Highlights

All figures in Rs mn

Normalised EBITDA excl ESOP

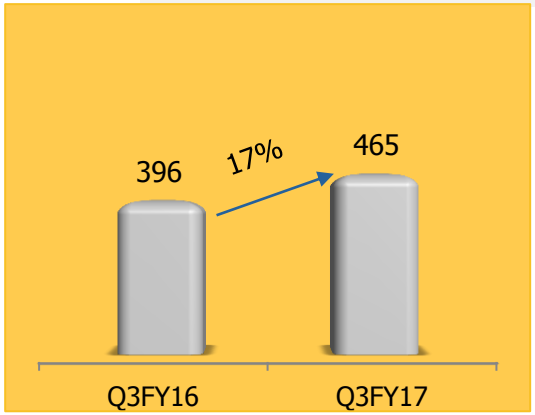


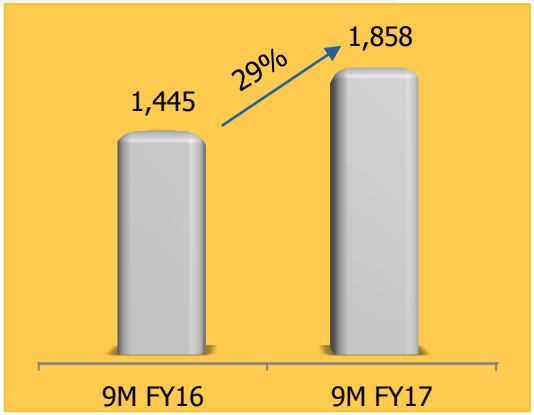
- Normalized EBITDA post ESOP for the quarter stood at Rs 470 million, growth of 10%, aligned with the moderated revenue trend and reduced operating leverage

Financial Highlights

All figures in Rs mn

Normalised PBT (excl ESOP and Excp items)

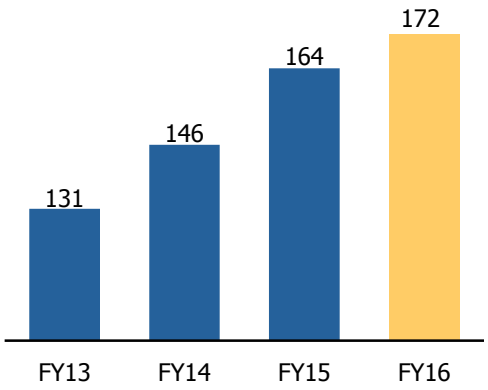




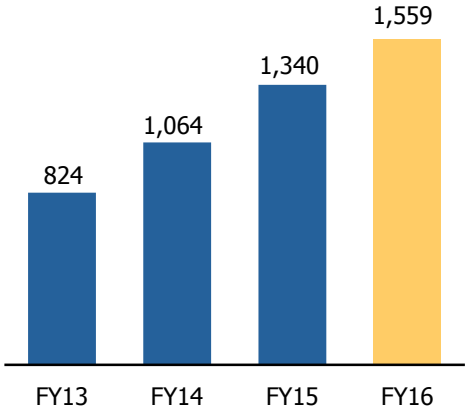
- Normalised PBT (excl ESOP & Excp Item) was at Rs 465 million in Q3 FY17; Margins were at 22.4%

Operating Highlights

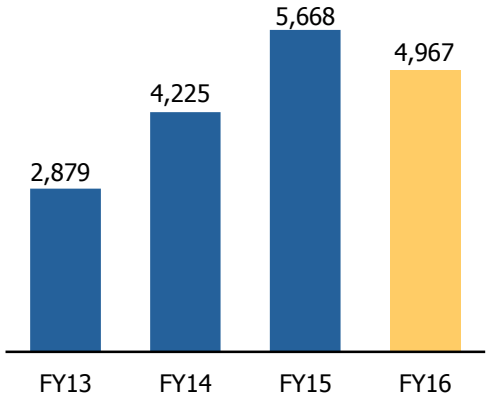
No. of Clinical Laboratories



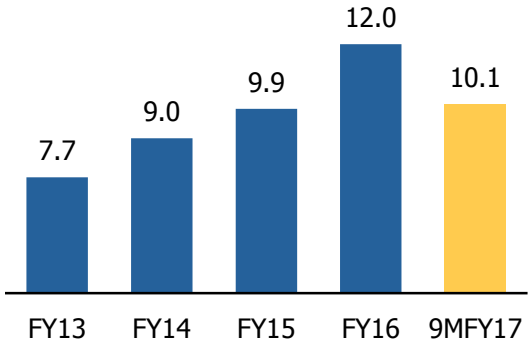
No. of PSCs



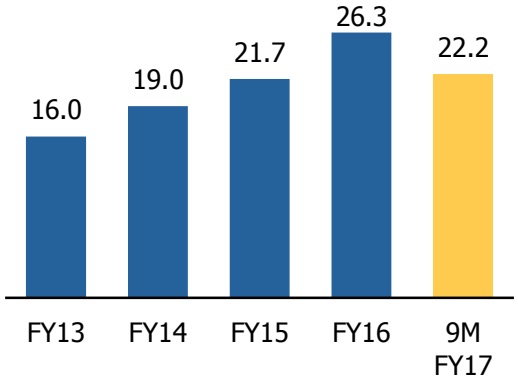
No. of PUPs



No. of patients (mn)



No. of samples (mn)



Management Commentary

Commenting on the results announcement, Dr. Arvind Lal - Chairman and Managing Director said; *"We have designed LPL's model to deliver sustainable results on the back of a robust infrastructure, systems and processes and built the dexterity to sustain short term incidences which may impact business. Our Q3 performance was mainly led by the momentum seen in key markets, initiatives to expand geographic presence along with focus on increasing awareness related to diagnostic testing. However external factors such as demonetization, translated into a challenging operating environment, which moderated the pace in Q3.*

Going ahead with patient satisfaction as the key agenda, we will remain committed towards brand building."

Commenting on the results announcement, Dr. Om Manchanda, CEO - Dr Lal PathLabs said; *"During the quarter we remained true to our commitment of further developing the diagnostic industry and our drive to offer comprehensive test profiles and reach out to a wider audience. Hinged on these drivers we have delivered 10% growth in topline, which trended below our average growth rates mainly reflective of the demonetization exercise. We have made efforts to mitigate the impact of cash transactions which held dominance amongst both our walk-ins and network clients, by extending various non-cash payment options across our network. The situation is undergoing a gradual improvement by each day.*

Going ahead, we believe the landscape for us to cover is challenging with increased competition led by players backed by Private Equity funding. We are committed to taking advantage of our spread, industry expertise, and technological breadth to deliver as per growth opportunities. We continue to plan carefully and invest prudently, a financial philosophy that has served us well."

Outlook

Robust operating model best-positioned to capitalize on growth trends in diagnostic services -one of the fastest-growing segments of the Indian healthcare industry

Will leverage established position of a strong consumer healthcare brand in diagnostic services . Initiatives to improve brand connect to continue

To grow model with holistic approach with emphasis on scalability of reach and IT processes

Driving profitable growth while continuously strengthening our balance sheet

Corporate Overview

- **LPL Strategy for future growth**
- **Experienced Management team**

LPL Strategy for future growth

1) Strengthen Existing Operations

2) Expansion in Offering

3) Expand management of hospital based and clinical laboratories

4) Geographic expansion

LPL Strategy for future growth

1 Strengthen Existing Operations

- Boosting quality & reliability standards
- Improving turnaround times for testing
- Grow basic radiology practice
- Online initiatives and data analytics
- Investment in branding

2 Expansion in Offering

- Improve breadth of diagnostic testing
- Cutting edge technology
- Preventive healthcare screening
- Chronic & Lifestyle disease mgmt. services
- Expand reach in corporate segment

3 Expand management of hospital based and clinical laboratories

- Tap incremental contracts for in sourcing test of hospitals and other clinical laboratories
- Tap polyclinics

4 Geographic expansion

- Focus city approach
- Set up more clinical laboratories
- Set up Regional Reference Laboratories at Lucknow and Kolkata
- Consider alliances and acquisitions

Experienced Management team

(Hony.) Brig. Dr. Arvind Lal

Chairman and Managing Director

Dr. Om Manchanda

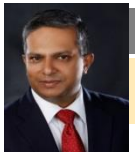
Whole-time Director and Chief Executive Officer

Dr. Vandana Lal

Whole-time Director

Dilip Bidani

Chief Financial Officer



Bharath Uppiliappan

COO (Strategic Business Unit 1)

Shankha Banerjee

COO – Strategic Business Unit II

Munender Soperna

Chief Information Officer

Dr. Neelum Tripathi

National Director Lab Operations

Manoj Garg

Chief Human Resources Officer

Ved Prakash Goel

Vice President Finance

Bhaskar Ghoshal

Vice President Commercial

Manoj Sahay

Chief Marketing and Strategy Officer

Rajat Kalra

Company Secretary and Compliance Officer

Contact us

About Dr Lal PathLabs Limited (LPL)

Dr Lal PathLabs Limited is one of India's leading consumer healthcare brand in diagnostic services.

It has an integrated nationwide network, where patients and healthcare providers are offered a broad range of diagnostic and related healthcare tests and services for use in: core testing, patient diagnosis and the prevention, monitoring and treatment of disease and other health conditions. The services of LPL are aimed at individual patients, hospitals and other healthcare providers and corporates. The catalogue of services includes 1,110 test panels, 1,934 pathology tests and 1,561 radiology and cardiology tests.

As on March 31, 2016 LPL's has 172 clinical labs (including National Reference Lab at Delhi), 1,559 Patient Service Centers (PSCs) and 4,967 Pick-up Points (PUPs). In FY16 & H1 FY17, LPL collected and processed approximately 26.3 million samples and 15.5 million samples from approximately 12.0 million and 7.0 million patients, respectively.

Additional information on Dr Lal PathLabs Limited:
Corporate Identification No: L74899DL1995PLC065388
Website: https://www.lalpathlabs.com/

For further information please contact:

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