Narayana Health™

Date of Submission: 29th May 2018

To	To
The Secretary Listing Department BSE Limited Department of Corporate Services Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001 **Scrip Code – 539551**	The Secretary Listing Department National Stock Exchange of India Limited Exchange Plaza, Bandra Kurla Complex Mumbai – 400 050 **Stock Code- NH**

Dear Sir/Madam,

Sub: Investor Presentation for FY 2017-18.

With reference to the captioned subject, please find enclosed Investor Presentation for the year ended **31st March 2018**.

Kindly take the above said information on record as per the requirement of Listing Regulations.

Thanking You,

Yours faithfully

For Narayana Hrudayalaya Limited

Sridhar S.
Group Company Secretary, Legal and Compliance Officer

Narayana Health

Investor Presentation

May 2018

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NH at a Glance

Narayana Health

India's 2nd* Largest Healthcare Operator with True Pan-India Presence

Narayana Health

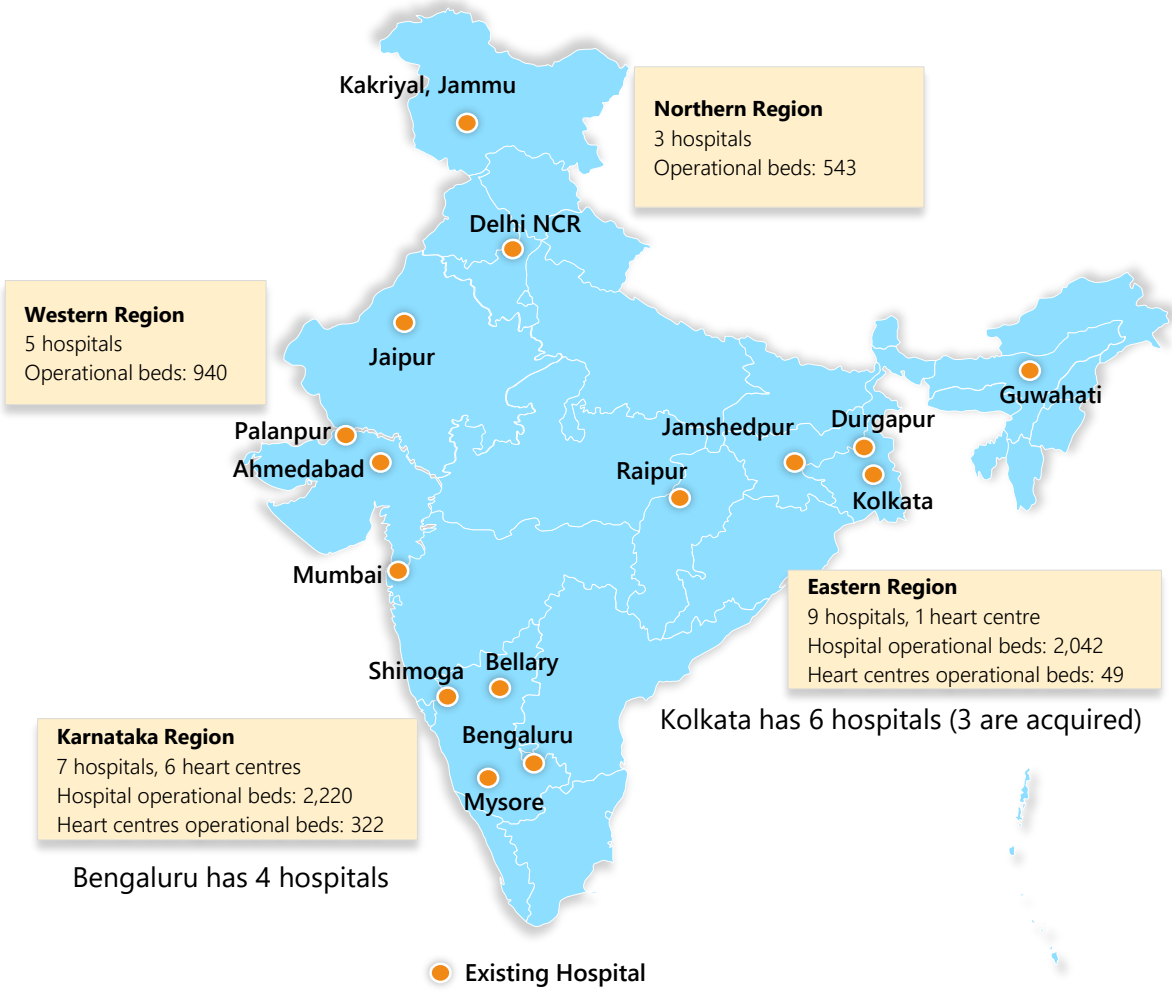
As on 1st May 2018

51	Healthcare Facilities	Operational beds
21	Owned / Operated Hospitals(1)	5,158 Beds
3	Managed Hospitals(2)	587 Beds
7	Heart Centres	371 Beds
19	Primary Healthcare Facilities(3)	10 Beds
1	Hospital in Cayman Islands	106 Beds

7,273	Capacity Beds
6,232	Operational Beds
3.0 mn(4)	Average Effective Capital Cost per Operational Bed

30+	Specialities
382(5)	Daily Average Surgeries and Procedures
16,311	Full-time Employees and Associates including 3,491 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 (adjusted for non-cash government grant provision, non-cash financial lease for Dharamshila unit)+ Capital Work in Progress (CWIP)) / Number of operational beds as of March 31st 2018 but excluding Managed Hospitals and Cayman facility
(5) Daily average calculated on 365 days basis
** By operational bed count as on 1st May 2018*

HCCI – NH Beyond India

Narayana Health

Ticking All the Right Boxes

With an eye to create a third leg of Cayman Islands' economy besides finance and tourism, healthcare became the government's focus and thus setting the stage for a healthcare player like NH to tap into an opportunity and set up a hospital in the region

- The facility has broadened its catchment area beyond Cayman Islands and today caters to patients across the Caribbean region, North and Central Americas

- **Infrastructure at Par with International Standards:**
  The 106 operational bedded hospital provides top-notch standard of care and safety with best-in-class medical equipment and civil infrastructure
  - Largest hospital in the Caribbean to receive JCI accreditation
  - "Category 5" hurricane proof building which is the highest level of protection against hurricanes
  - Built with an innovative design that respects the environment, reflecting a high level of accountability for the use of natural resources

- **A Comprehensive Healthcare Provider:**
  - Provides best-in class tertiary medical care across a host of specialities such as cardiac sciences, neuro sciences, orthopaedics etc
    - Performed the first ever Coronary Artery Bypass Graft (CABG) surgery in the Cayman Islands
    - Performed Cryo Ablation procedure, the first such case in the Caribbean

- **Strong Footing on the Financial Paddle:**
  - Clocked operating revenues of US$ 44.6 Mn in FY18 reflecting a 3-year revenue CAGR of ~79% during FY15-FY18
  - Registered an EBITDA margin of 14.8% in Q4 FY18 translating into 13.5%(1) margin in FY18
  - Total Gross Block stands at US$ 70.6 Mn and Net Debt at US$ 30.7 Mn as on 31st March 2018

(1) Adjusted for one-time transaction cost of US$ 0.96 Mn

Evolution of NH's Maiden International Venture

FY15- Germination of an Idea

- Commissioned state of the art medical facility in April 2014 in partnership with Ascension Health with NH as a minority equity partner (28.6%)
- Limited service offering restricted to orthopedics, cardiac sciences
- Tied up with major on-island insurance providers such as Cinico and Britcay
- Performed Left Ventricular Assist Device (LVAD) surgery, first such procedure in the Caribbean

FY16- Forging Partnerships

- Earned the Gold Seal of Approval from Joint Commission International (JCI)
- Tied up with major cruise lines and self-funded insurance providers
- Tied up with "Have a Heart" foundation to perform free cardiac surgeries of children of Haiti and Belize (~100 surgeries done during the year)

FY17- Multidimensional Play

- Achieved breakeven at monthly EBITDA level in its 24th month of operations
- Forayed into other specialties such as Neuro Sciences, General Surgery, Sleep Lab Study
- Opened Canada office to create a strong patients' referral channel
- Increased focus on broader Caribbean market, North and Central Americas

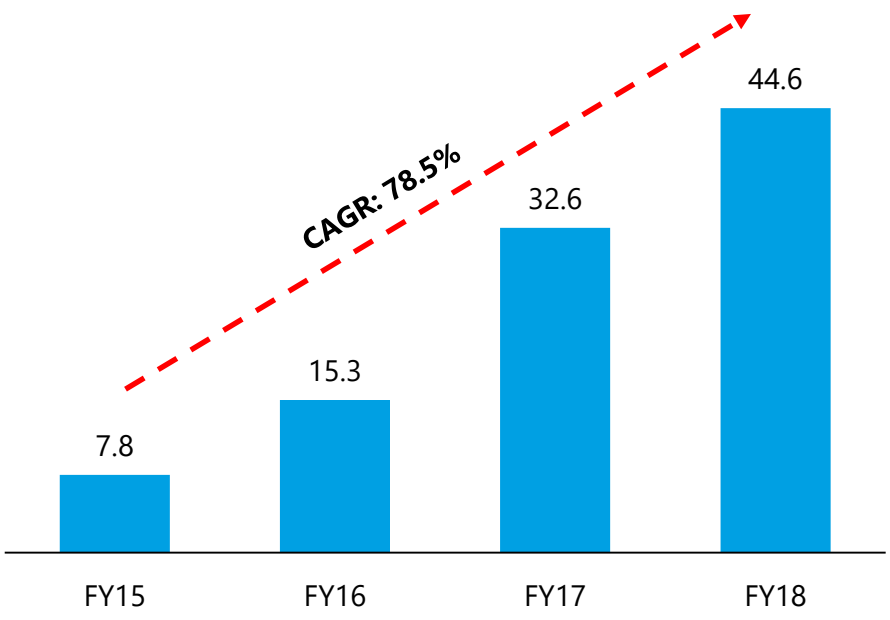
FY18- Unfolding the Arms

- Implanted Cardiac Contractility Modulation device, first such case in the Caribbean, to save a patient from heart failure
- Acquired the partner's entire stake in HCCI making it NH's wholly owned subsidiary
- With NH's investment of USD 48.4 Mn as on 31st Mar 2018, achieved break even at PAT and free cash flow to equity in FY 18

Strong Momentum Across Financial Metrics

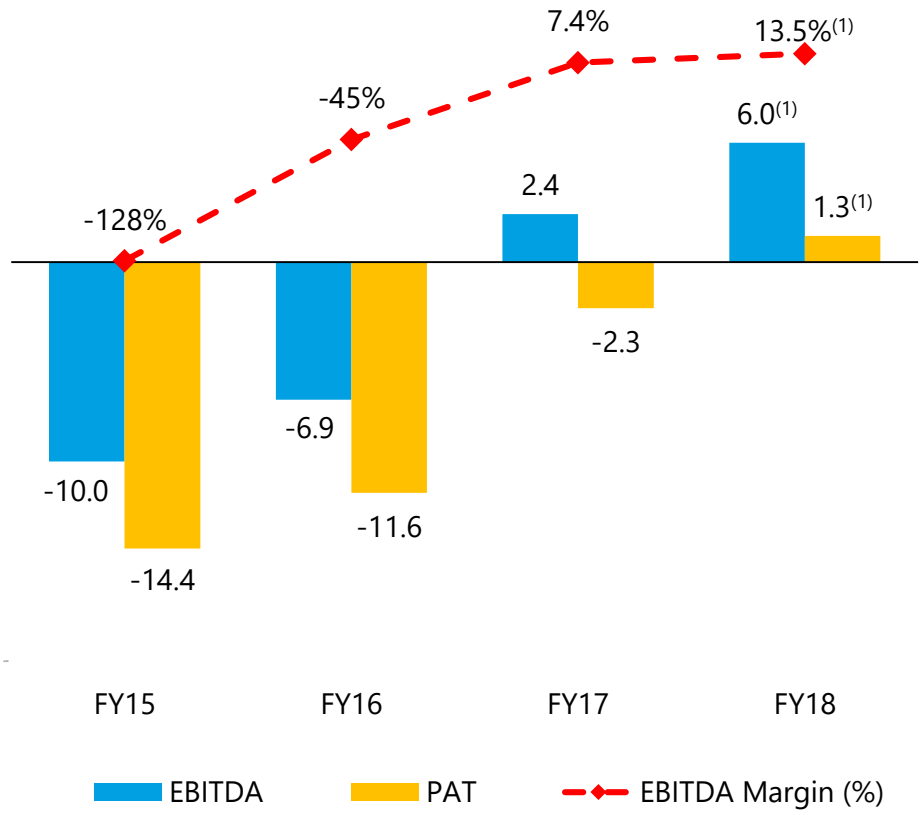
Revenue (US$ Mn)

Expansion of service offerings in line with facility's progression along the maturity curve leading to exemplary growth



Profitability (US$ Mn)

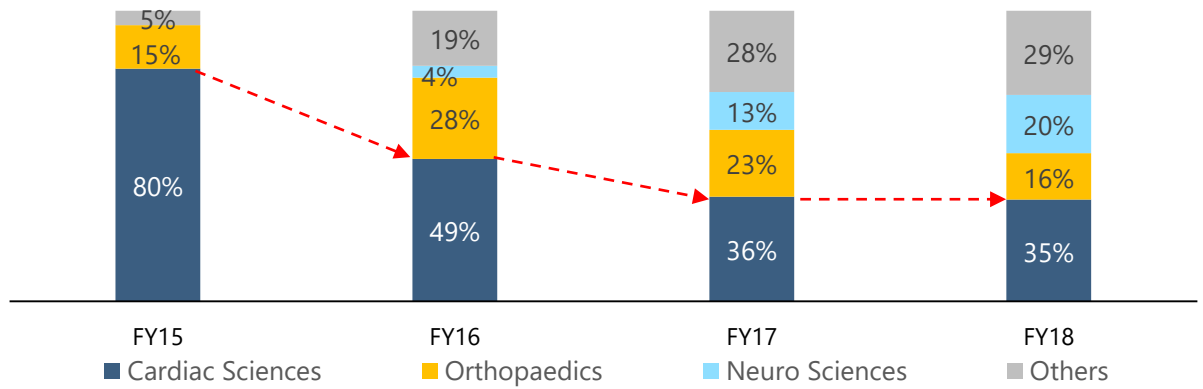
Operating Leverage into play as occupancy ramps up; resulting into improved profitability



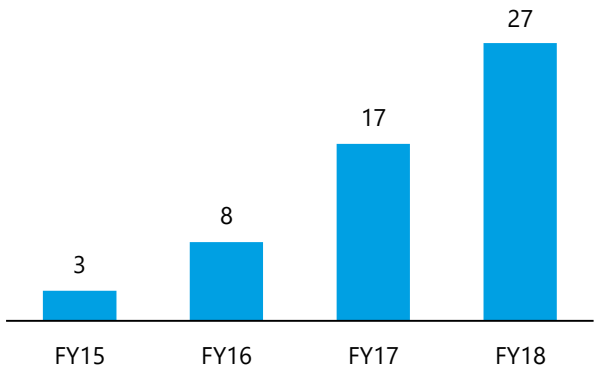
(1) Adjusted for one-time transaction cost of US$ 0.96 Mn

Operational Performance on the Uptick

Evolving as a Multispecialty Healthcare Provider

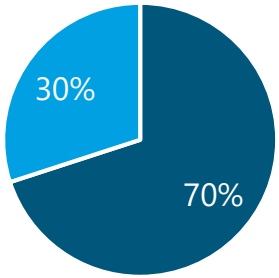


Steady Ramp-up in Occupied Beds

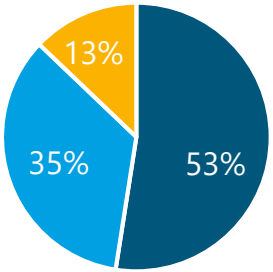


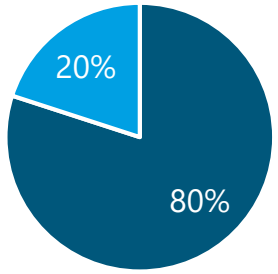
Revenue Mix - FY18

IP/OP Split



Payee-Profile[3]





(1) *Includes private insurance, corporates, employers*
(2) *Includes government departments, government insurance companies, foundations*
(3) *Figures might not add up to 100% due to rounding off*

Path towards Achieving the Goal of being a Preferred Healthcare Service Provider

Foot forward to create Pan Caribbean presence

- **Partnership to tap larger catchment area:**
  - Conducting camps by sending doctors / clinical staff
  - Exploring to provide cardiac services at private hospitals
- **Scouting for opportunities on Asset Light Engagement Framework in broader Caribbean geography:**
  NH is exploring opportunities to acquire their operations on Operations & Management basis

Strategy Beyond Caribbean

- **Leverage upon existing information center in Canada:**
  Collaborating with various doctor groups to create NH's brand awareness and refer patients to HCCI to overcome the long waiting time for patients
- **Creating referral network across Central Americas:**
  Partnering with local physicians to refer complex cases to HCCI; doctor engagement through CMEs, camps etc.
- **Tie-ups with US Corporates:**
  Creating patient base by engaging with companies who run self-insured plans for their employees

Performance Review

Narayana Health

Key Highlights – Q4 FY18

Clinical and Operational

- NH commissioned its state-of-the art 211 capacity bedded Narayana Superspeciality Hospital, Gurugram, a world-class medical facility catering to the healthcare needs of the NCR region in March 2018
- Rabindranath Tagore International Institute of Cardiac Sciences, Kolkata performed the first advanced video assisted thoracoscopy surgery in Eastern India to treat lung cancer
- For the first time in the Caribbean region, doctors at our Cayman Islands hospital implanted Cardiac Contractility Modulation device to save a patient from heart failure
- M S Ramaiah Narayana Heart Centre, Bengaluru performed its first paediatric heart transplant surgery, bolstering NH's expertise in paediatric care

Awards and Honors

AHPI Awards for Excellence in Healthcare 2018

All India Critical Care Hospital Ranking Survey 2018

NH among "Top 10 Most Innovative Companies in India"

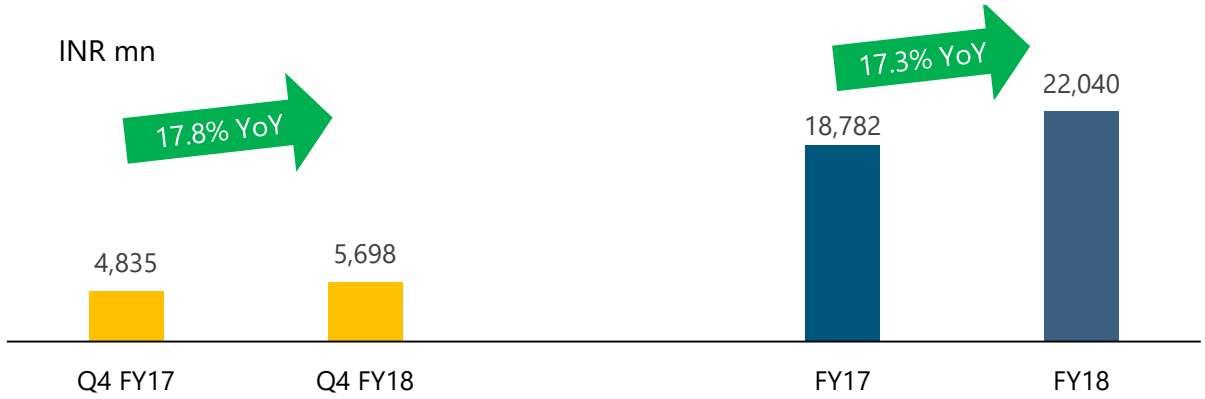
Financial Performance

- Consolidated operating revenues of INR 6,468 mn in Q4 FY18, an increase of 33.8% YoY translating into INR 22,809 mn in FY18, an increase of 21.4% YoY
- Consolidated EBITDA of INR 566 mn in Q4 FY18 and thus translating into EBITDA of INR 2,312 mn in FY18
- Consolidated net debt of INR 7,662 mn as on 31st March, 2018, reflecting net debt to equity ratio of 0.74

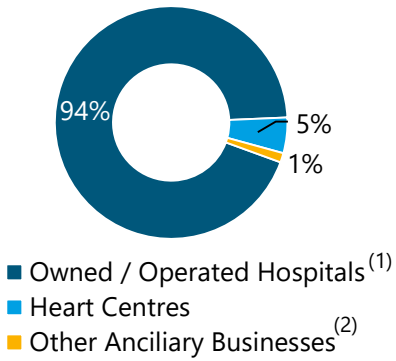
Revenue Mix FY18: Robust Growth in Topline

Figures correspond to India business only

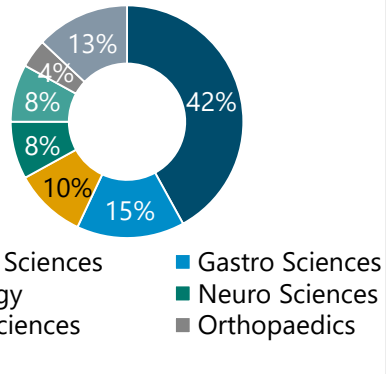
Operating Revenue



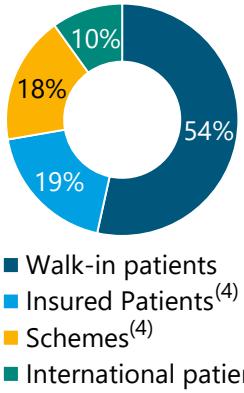
Business Mix



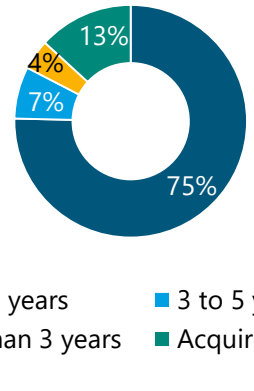
Speciality-Profile(7)



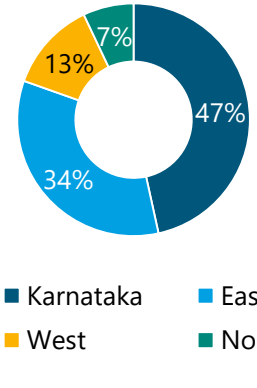
Payee-Profile(3,8)



Maturity-Wise(5,8)

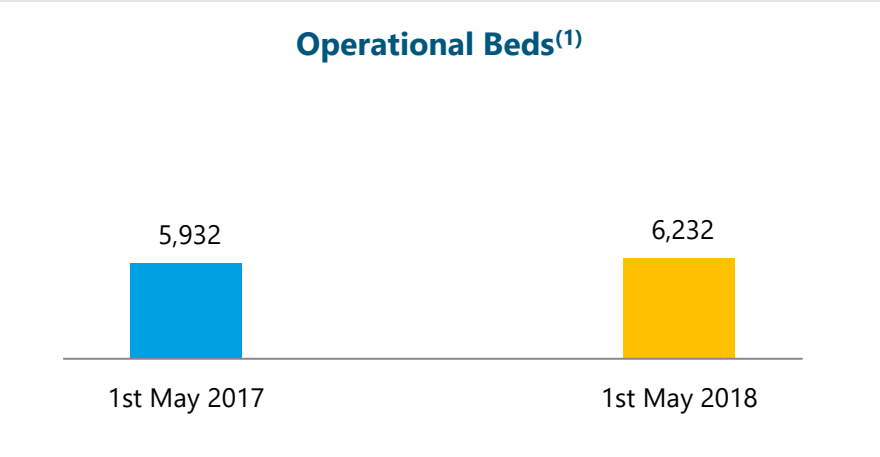


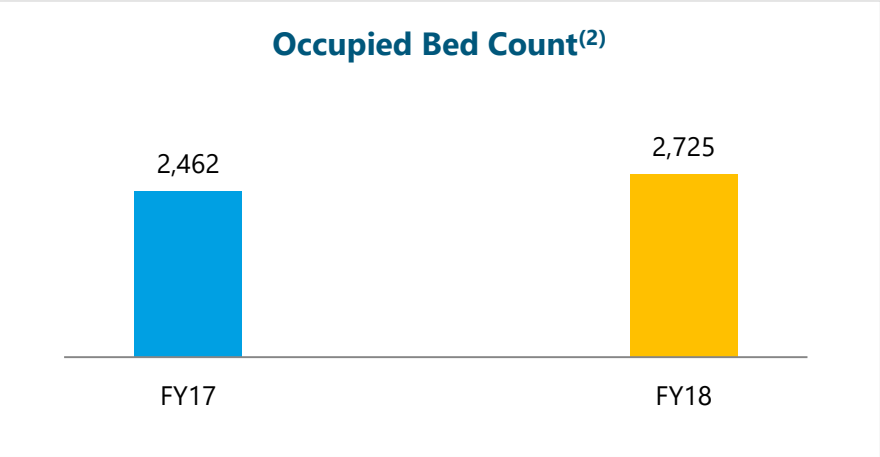
Cluster-Wise(5,6,8)

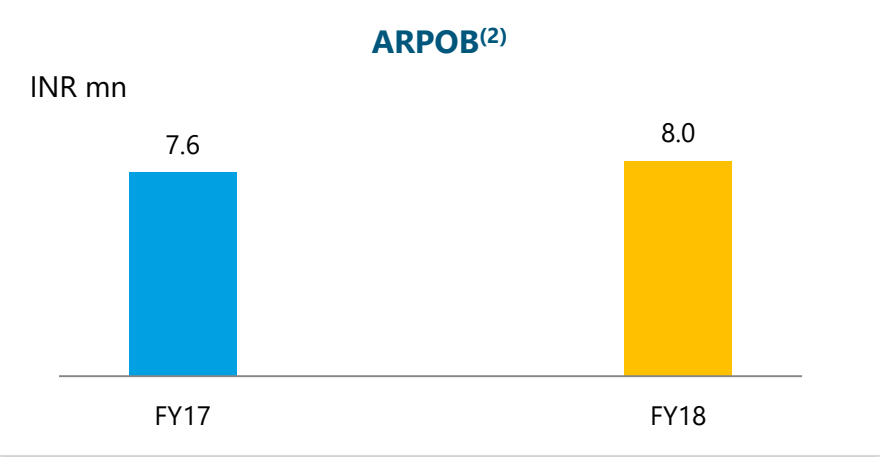


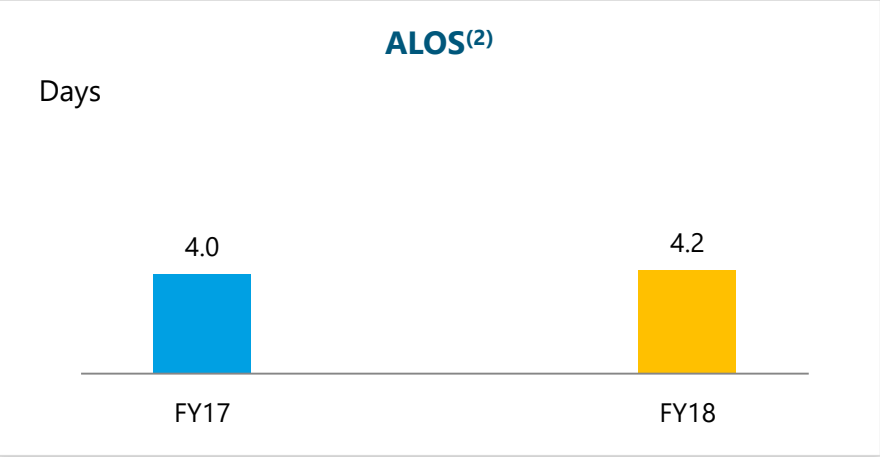
(1) *NH owns the P&L responsibility*
(2) *Includes managed hospitals, clinics, learning and development, teleradiology, etc*
(3) *As percentage of IP and OP revenue, excludes Jammu VGF, Dharamshila and clinics*
(4) *Insured Patients include Insurance-covered patients, corporate patients (including public sector undertakings); Schemes include CGHS, ESIS, other state government schemes*
(5) *Calculated on operating revenue of owned / operated hospitals*
(6) *Western cluster include units at Ahmedabad, Jaipur, Raipur and SRCC; and Northern cluster includes Jammu, Dharamshila and Gurugram*
(7) *Calculated on IP revenue; 6 core specialities (cardiac sciences, renal sciences, oncology, neurosciences, gastroenterology and orthopaedics) account for~87% of IP revenue in FY18, excludes clinics data, Jammu VGF*
(8) *Figures might not add up to 100% due to rounding off*

Key Growth Drivers Shaping Up to Fuel Next Phase of Growth









(1) Includes Cayman Islands Hospital and Managed Hospitals
(2) Excludes Gurugram, Managed Hospitals, Cayman facility

Shift from Regional Play to Pan-India Leadership

As of 31st March 2018, for the period FY18

Region	Hospitals[1]	Hospital Operating Revenues[1]		% of Hospital Operational Beds[1]	Operational Parameters[1]	
		% of Total[3]	YoY Growth		ARPOB (INR mn)	Occupancy
Karnataka Region	6	47%	15%	41%	8.3	63%
Eastern Region	8	34%	12%	32%	7.3	71%
Western Region	4	13%	16%	16%	7.6	52%
Northern Region	3	7%	219%[2]	11%	10.0	34%

(1) Exclude Managed hospitals and Cayman facility
(2) Dharamshila and Gurugram were not part of NH in FY17
(3) Figures might not add up to 100% due to rounding off

- *Karnataka cluster includes NICS, MSMC, units at Shimoga, Mysore, HSR and Whitefield*
- *Eastern cluster includes RTIICS, RNN, RTSC, Barasat, Guwahati, 2 units of MMRHI and Jamshedpur*
- *Western cluster includes units at Ahmedabad, Jaipur, Raipur and Mumbai*
- *Northern cluster includes units at Jammu, Dharamshila, Delhi and Gurugram*

Consistent Performance Across the Maturity Curve Well Led by Matured Centres

As of 31st March 2018, for the period FY18

Maturity[1]	Hospitals (Exc. Managed Hospitals)[2]	Hospital Operating Revenues[2]		% of Hospital Operational Beds[2]	Key Performance Indicators[2]		
		% of Total[5]	YoY Growth		ARPOB (INR mn)	Occupancy[4]	EBITDAR Margin[3]
Over 5 years	11	75%	12%	69%	7.9	65%	22.2%
3 to 5 Years	3	7%	17%	7%	9.5	57%	8.4%
Less than 3 years	3	4%	91%[6]	9%	7.4	52%	-33.7%[7]
Acquired Operations	4	13%	65%[8]	15%	7.7	58%	10.5%

(1) Maturity determined as on 31st March'18
(2) Excludes Managed hospitals and Cayman facility
(3) EBITDA before rental/revenue share and before allocation of any corporate expenses
(4) Occupancy is calculated on census beds
(5) Percentages in pie might not add up to 100% due to rounding off
(6) SRCC and Gurugram were not part of NH in FY17

- Over 5 years include NICS,MSMC, RTIICS, Jaipur, Raipur, Jamshedpur, Ahmedabad, Mysore, Shimoga, RNN, RTSC
- 3-5 years include HSR, Whitefield and Guwahati
- Less than 3 years include Jammu, SRCC and Gurugram
- Acquired operations include 2 units of MMRHL, Kolkata, units at Barasat (Kolkata) and Dharamshila. Delhi

(7) Excludes Gurugram's pre-commissioning expenses of INR 97.1 mn (Commissioned on 19th Mar 2018)
(8) Dharamshila was not a part of NH in FY17

Profitability Snapshot – India Business

EBITDA and EBITDA Margin

INR mn

Movement across New Hospitals'

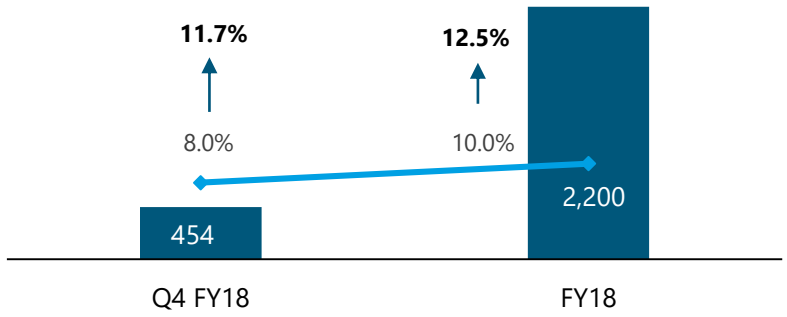
Q4 FY18

	Losses / Expenses*	Revenues
SRCC	70	77
Dharamshila	27	209
Gurugram*	78	4
Vaishno Devi#	0	40
Total	**175**	**330**

FY18

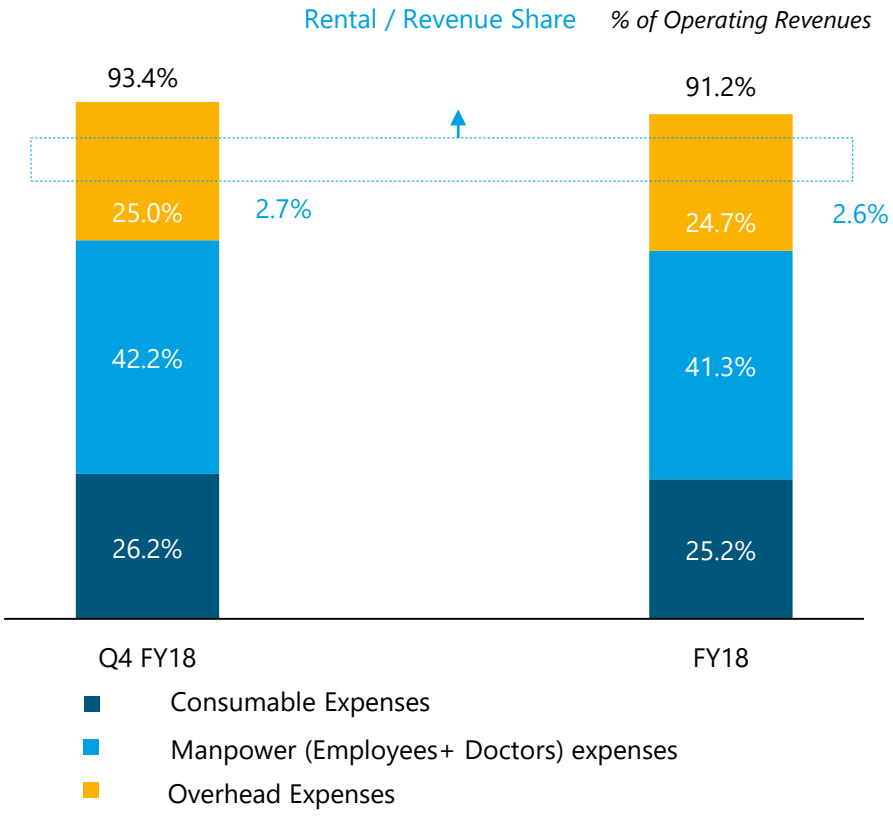
	Losses / Expenses*	Revenues
SRCC	288	182
Dharamshila	8	767
Gurugram*	109	4
Vaishno Devi#	0	227
Total	**405**	**1,180**

With the above, the adjusted EBITDA margins are as follows



- Heart Centres clocked an EBITDAR margin of 9.3%(1) in Q4 FY18 translating into a margin of 9.1%(1) in FY18

Cost Structure



(1) EBITDA before rental/revenue share and before allocation of any corporate expenses
 # indicates incremental revenues over the corresponding period last year
** Indicates pre-commissioning expenses and post-commissioning losses for Gurugram unit*

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;
Manpower (Employees and Doctors) expenses = Employee benefits + Professional fees to doctors;
Overhead expenses = all other expenses

Consolidated Financial Performance

Figures in INR mn, unless stated otherwise

Profit and Loss Statement[1]

Particulars (INR mn)	Q4 FY18	FY18
Total Operating Revenue	**6,468**	**22,809**
Purchase of Medical Consumables, Drugs and Surgical Equipment	1,612	5,565
Professional Fees to Doctors	1,303	4,788
Employee Benefit Expenses	1,422	4,657
Other Admin Expenses	1,609	5,677
Total Expenses	**5,945**	**20,686**
Other Income	42	189
EBITDA	**566**	**2,312**
Depreciation and Amortization	261	1,000
Finance Costs	205	468
Exceptional Items	17	5
Profit before share of loss of equity accounted investees and income tax	**117**	**850**
Share of loss of equity accounted investees (Share in loss of associates and MI)	(25)	(46)
Profit Before Tax	**92**	**804**
Tax Expense	(6)	290
PAT after MI and share of associate	**98**	**514**
Total Comprehensive Income, net of tax	133	549

Key Balance Sheet Items[1]

Particulars	31st March 2018
Shareholder Equity	**10,357**
Total Debt	**8,015**
Long-Term Debt	7640
Short-Term Debt	376
Net Block	**17,117[2]**
CWIP	350
Goodwill	660
Non-Current Investment	37
Net Receivables	2,790
Cash and Cash Equivalents	**353**

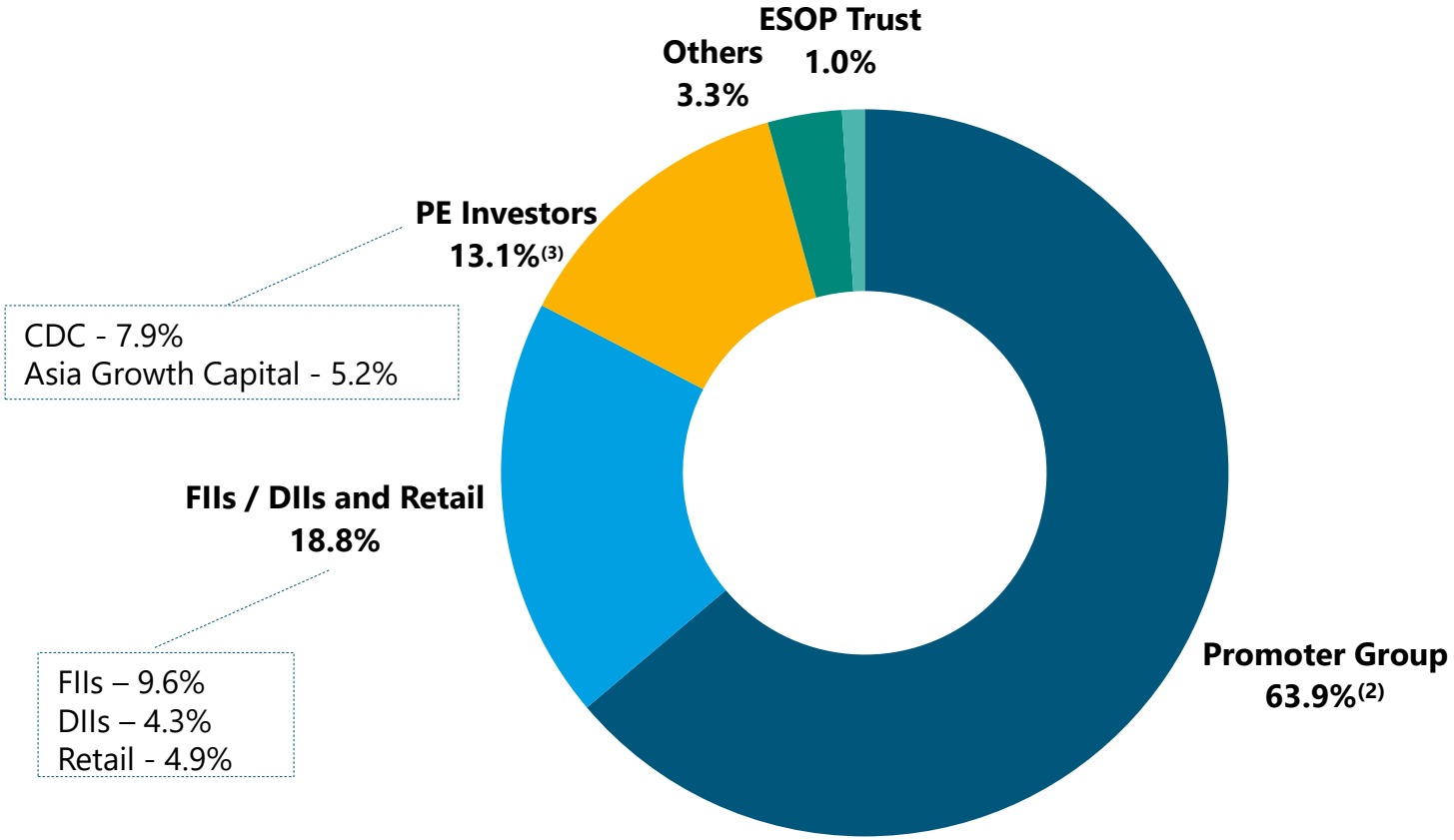
As on March 31st, 2018, the consolidated net debt was Rs 7,662 mn, representing a net debt to equity ratio of 0.74.

(1) Figures might not equal the reported numbers due to rounding off
(2) Net Block includes non-cash government grant provision of Rs 1,300 mn and non-cash lease provision of Rs 1,062 mn

Shareholding Pattern

Shareholding as on 31st March 2018(1)

Total Number of Shares
204,360,804



(1) *Percentages might not add up to 100% due to rounding off*
(2) *Includes 2.8% held by NHAPL (Narayana Health Academy Private Limited)*
(3) *PE investors have been shareholders prior to the IPO*