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FHL/SEC/STEX/RR/2017-18

March 1, 2018

The National Stock Exchange of India Ltd.
Corporate Communications Department
"Exchange Plaza", 5th Floor,
Bandra-Kurla Complex, Bandra (East),
Mumbai - 400051
Scrip Symbol: FORTIS

BSE Limited
Corporate Services Department
Phiroze Jeejeebhoy Towers
Dalal Street, Mumbai – 400 001

Scrip Code:532843

Sub: Update – Outcome of Board Meeting dated February 28, 2018

Dear Sir(s),

This is with reference to our letter ref. no. FHL/SEC/STEX/RR/2017-18, dated February 28, 2018, regarding submission of results for the Q2 and Q3, we would like to submit that there were two inadvertent typographical errors in **"Press Release – FORTIS REPORTS Q2FY18, Q3FY18 AND 9MFY18 EARNINGS"** attached with the results. The details of which are as follows:

On page no. 2 under heading **Diagnostics Business i.e. SRL (Q3FY18),** the corrected extract of press release is as follows:-

- **Diagnostics Business i.e. SRL (Q3FY18)**
  - Revenues at Rs 206 Cr in the quarter, up **10%** versus Q3FY17. In earlier Press Release the figure of 10% was mentioned as 22%.
  - Operating EBITDA at Rs 38 Cr in the quarter similar to Q3FY17. Represents 18.2% margin versus **19.9%** in Q3FY17. In earlier Press Release the figure of 19.9% was mentioned as 22.6%.

The revised Press Release – FORTIS REPORTS Q2FY18, Q3FY18 AND 9MFY18 EARNINGS is enclosed.

This is for your information and records please.

Thanking you,

Yours faithfully,

For Fortis Healthcare Limited

Fortis Healthcare Limited

Rahul Ranjan
Company Secretary
Membership No.: A17035

FORTIS REPORTS Q2FY18, Q3FY18 AND 9MFY18 EARNINGS

- **SIGNS DEFINITIVE AGREEMENTS WITH RHT ENTITIES TO ACQUIRE THE ENTIRE PORTFOLIO OF ASSETS OF RHT HEALTH TRUST (RHT), LISTED IN SINGAPORE**

- **BUSINESS OPERATIONS STAY ON COURSE; REMAIN STEADY DESPITE CURRENT EXTERNAL HEADWINDS**

- **PROMOTERS STEP OFF THE COMPANY'S BOARD; CURRENT SHAREHOLDING AT APPROX. 0.77%**

- **STEADY FINANCIAL PERFORMANCE FOR THE NINE MONTHS ENDED 31ST DECEMBER 2017**

  - GROUP CONSOLIDATED REVENUES FOR 9MFY18 AT RS 3474 CR, OPERATING EBITDAC MARGIN AT 14.8%; OPERATING EBITDA INCREASES 13% TO RS 313 Cr

  - GROUP CONSOLIDATED REVENUES FOR Q3FY18 AT RS 1121 CR, OPERATING EBITDAC MARGIN AT 13.6%; OPERATING EBITDA AT RS 85 Cr

  - GROUP CONSOLIDATED REVENUES FOR Q2FY18 AT RS 1197 CR, OPERATING EBITDAC MARGIN AT 16.7%; OPERATING EBITDA INCREASES 33% TO RS 132 Cr

Gurugram, February 28, 2018: Fortis Healthcare Ltd. (Fortis), India's leading healthcare delivery Company, today, announced its consolidated results for the quarter ended September 2017 (Q2 FY18) , quarter ended December 2017 (Q3 FY18) and nine months period ended December 31, 2017 (YTD 9M FY18).

Group Consolidated Business (9MFY18)

- Revenues at Rs 3474 Cr for the period versus Rs 3450 Cr in 9MFY17
- Consolidated EBITDAC at Rs 516 Cr versus Rs 586 Cr in previous period, 14.8% margin versus 17.0% margin in 9MFY17
- Consolidated operating EBITDA at Rs 313 Cr versus Rs 278 Cr in 9MFY17, an increase of 13%
- Consolidated PBT before forex and exceptional items at Rs 49 Cr versus Rs 59 Cr in 9MFY17
- Consolidated PATMI at Rs (77) Cr versus Rs 490 Cr in 9MFY17. PATMI for the current period includes exceptional item of Rs 45 Cr which pertains to goodwill amortization on closure of certain operations by the company. PATMI for 9MFY17 includes a one-time gain in Share in Associates which was the Company's share in the profits of RHT which includes the exceptional gain arising from the FHTL transaction.

Fortis Healthcare Limited

- **Hospital Business (9MFY18)**
    - Revenues at Rs 2815 Cr versus Rs 2799 Cr in 9M FY17
    - EBITDAC at Rs 395 Cr versus Rs 435 Cr in 9MFY17. Represents 14.0% margin versus 15.5% in 9MFY17.
    - Operating EBITDA at Rs 192 Cr, a 52% increase over 9MFY17

- **Diagnostics Business .i.e. SRL (9MFY17)**
    - Revenues at Rs 642 Cr, up 8.3% over 9MFY17.
    - Operating EBITDA at Rs 128 Cr versus Rs 134 Cr in 9MFY17. Represents 20% margin versus 22.7% margin in 9MFY17.

Group Consolidated Business (Q3FY18)

- Revenues at Rs 1121 Cr for the quarter compared to Rs 1133 Cr reported in the corresponding quarter
- Consolidated EBITDAC at Rs 153 Cr vs Rs 187 Cr in corresponding quarter
- Consolidated EBITDAC margin stood at 13.6% margin versus 16.5% margin in Q3 FY17
- Consolidated operating EBITDA at Rs 85 Cr compared to Rs 115 Cr in Q3FY17
- Consolidated PATMI stood at Rs (37) Cr vs Rs 442 Cr in Q3FY17. PATMI for Q3FY17 includes a one-time gain in Share in Associates. This was the Company's share in the profits of RHT which includes the exceptional gain arising from the FHTL transaction.

- **Hospital Business (Q3FY18)**
    - Revenues at Rs 909 Cr compared to Rs 917 Cr in the corresponding quarter.
    - Operating EBITDAC at Rs 117 Cr compared to Rs 131 Cr reported in Q3FY17
    - Operating EBITDAC margin stood at 13.0% vs 14.3% in Q3FY17
    - Operating EBITDA stood at Rs 50 Cr compared to Rs 60 Cr in the corresponding quarter

- **Diagnostics Business .i.e. SRL (Q3FY18)**
    - Revenues at Rs 206 Cr in the quarter, up 10% versus Q3FY17
    - Operating EBITDA at Rs 38 Cr in the quarter similar to Q3FY17. Represents 18.2% margin versus 19.9% in Q3FY17

Group Consolidated Business (Q2FY18)

- Revenues at Rs 1197 Cr for the quarter, similar to the corresponding quarter Consolidated EBITDAC at Rs 200 Cr vs Rs 219 Cr in corr qtr
- Consolidated EBITDAC margin stood at 16.7% margin versus 18.3% margin in Q2 FY17
- Consolidated operating EBITDA at Rs 132 Cr, an increase of 33% over Q2 FY17. Margins at 11% in Q2FY18 vs 8.3% margin in Q2FY17
- Consolidated PBT before forex and exceptional items was at Rs 23 Cr vs Rs 43 Cr in Q2FY17

Fortis Healthcare Limited

- Consolidated PATMI stood at Rs (46) Cr vs Rs 31 Cr in Q2FY17. PATMI for the quarter includes exceptional item of Rs 45 Cr which pertains to goodwill amortization on closure of certain operations by the company.

- **Hospital Business (Q2FY18)**
  - Revenues at Rs 966 Cr compared to Rs 972 Cr in corr qtr
  - Operating EBITDAC at Rs 150 Cr compared to Rs 164 Cr reported in Q2FY17
  - Operating EBITDAC margin stood at 15.5% vs 16.8% in Q2FY17
  - Operating EBITDA stood at Rs 82 Cr, a 87% improvement over Q2FY17

- **Diagnostics Business .i.e. SRL (Q2FY18)**
  - Revenues at Rs 224 Cr in the quarter, up 5% and 6% versus Q2FY17
  - Operating EBITDA at Rs 52 Cr in the quarter versus Rs 54 Cr in Q2 FY17. Represents 23.0% margin versus 25.3% in Q2 FY17.

**EBITDAC refers to EBITDA before net BT costs*

The Company witnessed a challenging environment over the past few months, primarily due to external headwinds in the healthcare environment, coupled with specific issues related to the group. Despite the aforesaid, the business both operationally and strategically stayed on course driven by a continuing focus on improving patient care and a renowned medical talent pool delivering world class healthcare services to patients. The broader healthcare environment has now begun to witness signs of improvement and stabilization and this is expected to augur well for the Company going forward.

The Company has also witnessed a significant change in its ownership and shareholding of the Promoters. The Promoters shareholding has declined to approx. 0.77% versus approx. 34.4% previously. Mr Malvinder Mohan Singh, Executive Chairman and Dr Shivinder Mohan Singh, Non-Executive Vice Chairman have resigned from the Board of the Company pursuant to the decision of the High Court in the Daiichi Sankyo matter. The Board has subsequently instituted a Management Committee to oversee the functioning of the Company both from a strategic and operational perspective.

The Company also continues to explore options related to fund raise and has a resolution in place to raise upto Rs 5000 Cr through equity, debt and/or quasi-equity instruments. In order to realign the current structure with the RHT Health Trust and further strengthen its operational performance, the Company has on February 12, 2018 signed documents for the acquisition of the entire RHT asset portfolio for an enterprise value of Rs 4,650 Cr. Fortis as a sponsor to the RHT Health Trust currently holds approx. 29.7% in the RHT Health Trust.

The Company maintained a healthy balance sheet with net debt as of September 30, 2017 and December 31, 2017 at Rs 1,655 Cr and Rs 1,339 Cr, respectively, representing a net debt to equity ratio of 0.27x and

Fortis Healthcare Limited

0.22x, respectively. This can be compared with a net debt to equity of 0.19x for June 30, 2017 and 0.20x for March 31, 2017.

Commenting on the results, Mr. Bhavdeep Singh, CEO Fortis Healthcare said "Garnering continuous profitability margins for private sector hospitals tend to be testing, given the multiple costs incurred in infrastructure, technological knowhow, training of clinicians, quality drugs, other facilities and services that need to be upgraded constantly. We are also facing regulatory challenges at this point of time which have made us closely monitor our operations, review our processes and delivery mechanisms. As a result of the challenges faced in the past few months we have witnessed a relatively muted Quarter 3 compared to a healthy Quarter 2. At the same time, we are also seeing signs of stabilization in the broader healthcare environment and remain confident of addressing our various issues. As we move forward we expect a progressive improvement in our performance in the ensuing quarters. "

Key Highlights – Hospital Business (9MFY18)

- The Company's top 10 facilities witnessed revenues of Rs 2152 Cr compared to Rs 2129 Cr during 9MFY17. These contributed 76.5% to total revenues similar to the corresponding previous period. Key hospitals such as FMRI, Fortis BG Road, Fortis Shalimar Bagh, and Fortis Malar continued to exhibit a healthy performance.

- Key operating metrics of hospitals continued to remain in a positive trajectory. ARPOB for the period was at Rs 1.51 Cr versus Rs 1.45 Cr in the corresponding previous period. ALOS stood at 3.48 days versus 3.57 days in 9MFY17.

- Occupancy across facilities stood at 72% versus 76% in the corresponding previous period. In facilities' such as FEHI, Noida, Anandapur and Amritsar occupancy was in excess of 80% signifying an improvement and uptick in business performance.

- Revenue from International patients for the 9 month period stood at Rs 305 Cr compared to Rs 296 Cr reported in the corresponding previous period, contributing 11% to overall revenues.

- The Company's Gurugram facility, FMRI, witnessed a 66% occupancy with ARPOB at Rs 2.81 Cr. With 290 operational beds FMRI generated revenues of Rs 392 Cr during 9MFY18. Better product mix supported by reputed clinicians led to the continuing healthy performance of the hospital. The international patient mix at FMRI witnessed a 14% growth contributing 41% to its revenues for the quarter.

- FEHI recorded revenues of Rs 289 Cr compared to Rs 294 Cr in 9MFY17. It witnessed an occupancy of 83% and an ARPOB of Rs 1.62 Cr.

Fortis Healthcare Limited

Key Highlights – Diagnostics Business (9MFY18)

The lab medicine .i.e. the pathology business contributed 87.4% to total revenues and grew 8% over the corresponding period. The contribution of the imaging business to total revenues stood at 6.3% down from 6.9% in the corresponding previous period. Clinical Trial, Wellness and the International segment revenues contributed 5.6% to overall revenues.

SRL performed over 12.25 million accessions during 9MFY18, a 6% growth over the previous period. Through these accessions it undertook 28.8 million tests as compared to 26.4 million tests during 9MFY17.

During Q3FY18, SRL added 10 new labs while it closed 13 labs. During the same period, SRL added 39 collection centres and closed 34. During Q2FY18, SRL added 13 new labs and closed 8; it added 47 collection centres and closed 15. The total network of SRL as of December 31, 2017 spans 374 laboratories and approximately 6,640 collection points.

The business continued to have a well -diversified geographical mix with no over dependence on any region, allowing it to optimally capitalize on its pan India network. The business witnessed 32% revenues from the north, 27% from the west, 20% from the east & Central India, 18% from the south and 2% from International for the nine month period ended December 31, 2017.

CLINICAL EXCELLENCE

- Doctors at Fortis Hospital, BG Road, Bengaluru, gave a new lease of life to a baby born with two critical congenital heart defects, Coarctation of the Aorta and Ventricular Septal Defect (VSD).
- A team of doctors led by Dr Z. S. Meharwal, Director, Cardio Thoracic Vascular Surgeon, at Fortis Escorts, New Delhi, performed a life-saving heart transplant in a 50-year-old patient from Muzzafarnagar, Uttar Pradesh. The transplant was made possible after the family of a 21-year-old brain dead patient in Jaipur consented to donate their kin's organs.
- Dr H. K. Bali, Director - Cardiology, Fortis Hospital, Mohali, presented a new technique of Ostial Coronary Artery Stenting at the prestigious Interventional Cardiology conference, 'Transcatheter Therapeutics,' held at Denver, United States. The technique can potentially change the way ostial coronary artery disease is treated. The technique has been successfully used on several patients at Fortis Mohali.
- The Cardiac Transplant Team at Fortis Hospital, Mulund, achieved the 50th heart transplant milestone by conducting a transplant surgery on a 32-year-old patient from Ukrain. Dr Anvay Mulay, Head of the Cardiac Transplant Team, led the surgery.
- The Fortis Centre for Heart Failure and Transplant at Fortis Malar Hospital, Chennai, under the leadership of Dr K. R. Balakrishnan, Director Cardiac Sciences and Dr Suresh Rao K. G., Chief of Cardiac Anaesthesia and Critical Care, performed 8 consecutive organ transplant surgeries in a span of just 10 days, setting a new benchmark.

Fortis Healthcare Limited

- The Fortis Bone & Joint Institute (FBJI), under the leadership of Dr Ashok Rajgopal, Executive Director & Chairman, completed a year of operation, blazing a trail of clinical excellence. The Institute achieved the 3,000th surgery milestone and conducted the first robotic knee replacement surgery in north India.
- A team of doctors led by Dr Susheen Dutt, Consultant - ENT, Head and Neck Surgeon at Fortis Hospital, Nagarbhavi, Bengaluru successfully performed a rare tongue reconstruction surgery on a 37-year-old patient diagnosed with tongue cancer.
- A team of doctors led by Dr Swapna Misra, Additional Director, Obstetrics and Gynaecology, Fortis Hospital, Mohali, performed robotic surgery on three women using the Da Vinci Surgical System, making these the first such operations in Punjab.

AWARDS & ACCOLADES

- Fortis Hospital, Mulund, won an award for its project, 'One Fortis: Training in Action' at the Asian Hospital Management Awards 2017. This was the fourth consecutive award at AHMA for the hospital.
- Fortis Escorts Hospital, Jaipur, won the National Quality Council of India (QCI) D. L. Shah Award for the fifth time in a row.
- Fortis Escorts Hospital, Faridabad, was recognised as the 'Best Heart Hospital' at the Double Helical State Health Awards 2017. The prestigious award was presented by the Hon'ble Chief Minister of Haryana, Shri Manohar Lal Khattar, at a ceremony in Chandigarh.
- Fortis Healthcare won the prestigious 'Gurgaon Best Employer Brand Award 2017.' The award, instituted by the World HRD Congress, was presented at a ceremony in New Delhi.
- Fortis Hospital, Mohali, was recognised as the Best Hospital in Paediatric Cardiac Sciences at the 3rd Advantage Healthcare India 2017, an international summit on medical value travel (medical tourism), jointly organized by FICCI, Dept. of Commerce, Ministry of Commerce & Industry, Govt. of India, and Services Export Promotion Council (SEPC). The event was held at Bengaluru.
- Fortis Hospitals, Bengaluru, bagged three awards, 'Best Patient Safety Initiative,' 'Best CSR Practices in Healthcare' and 'Best Use of Social Media and Digital Marketing' at Times Television Network - National Marketing Excellence Awards – 2017.
- Four Fortis hospitals – Mohali, Malar, Mulund and S. L. Raheja – won the top honours at the CII 18th National Awards for Excellence in Energy Management in the Building Category.
- Fortis La Femme won the Social Initiative (Corporate) Award at the FICCI Healthcare Excellence Awards 2017 for Amaara, the only human milk bank at a corporate hospital in Delhi NCR.
- Dr K. R. Balakrishnan, Director – Cardiac Sciences and Chief Cardiothoracic & Transplant Surgeon, Fortis Malar Hospital, Chennai, was honoured with the Best Medical Practitioner's Award, 2017 by the Government of Tamil Nadu. He also received the FICCI Special Jury Award for contribution to Healthcare and Medical Science.

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About Fortis Healthcare Limited

Fortis Healthcare Limited is a leading integrated healthcare delivery service provider in India. The healthcare verticals of the company primarily comprise hospitals, diagnostics and day care specialty facilities. Currently, the company operates its healthcare delivery services in India, Dubai, Mauritius and Sri Lanka with 45 healthcare facilities (including projects under development), approximately 10,000 potential beds and over 374 diagnostic centres.

DISCLAIMER

This press release may contain forward-looking statements based on the currently held beliefs and assumptions of the management of the Company, which are expressed in good faith and, in their opinion, reasonable. Forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the actual results, financial condition, performance, or achievements of the Company results, to differ materially from the results, financial condition, performance or achievements expressed or implied by such forward-looking statements. Given these risks, uncertainties and other factors, recipients of this press release are cautioned not to place undue reliance on these forward-looking statements. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent development, information or events, or otherwise. The information contained herein is subject to change without notice and past performance is not indicative of future results. The Company may alter, modify or otherwise change in any manner the content of this press release, without obligation to notify any person of such revision or changes.

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