

APOLLO HOSPITALS ENTERPRISE LIMITED

CIN : L85110TN1979PLC008035



26th April 2024

The Secretary,
Bombay Stock Exchange Ltd (BSE)
Phiroze Jheejheebhoy Towers,
Dalal Street,
Mumbai - 400 001.
Scrip Code - 508869
ISIN INE437A01024

The Secretary,
National Stock Exchange,
Exchange Plaza, 5th Floor
Plot No.C/1, 'G' Block
Bandra - Kurla Complex
Bandra (E)
Mumbai - 400 051.
Scrip Code-
APOLLOHOSP
ISIN INE437A01024

Dear Sir,

Subject: Disclosure under Regulation 30 the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

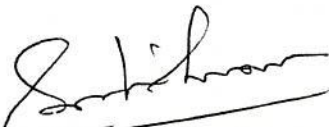
In compliance with Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we enclose herewith the Investor Presentation regarding update on Apollo Healthco transaction.

The presentation to be made to the Investors is enclosed and the same is also being uploaded on the Company's website www.apollohospitals.com.

Kindly note of the same.

Thanking You,

Yours faithfully,
For APOLLO HOSPITALS ENTERPRISE LIMITED

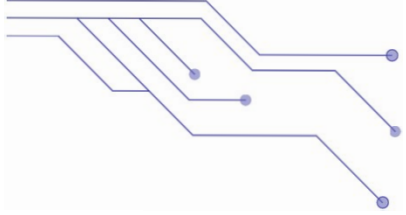

S.M. KRISHNAN
Sr. VICE PRESIDENT - FINANCE
AND COMPANY SECRETARY

IS/ISO 9001 : 2000

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Chennai - 600 006.

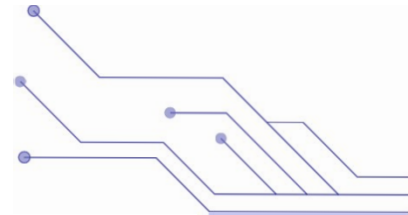
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Apollo Healthco Ltd

Proposed Transaction

April 26, 2024



Executive Summary



Overview

- Apollo Healthco Limited (“AHL”) proposes to **raise equity capital of INR 2,475 Cr (USD 300 Mn)** from Advent International, one of the largest global private equity investors with an AUM of over USD 94 Bn
- Proposes **integration of Keimed Private Limited (“Keimed”) with AHL** in a phased manner

Deal Rationale

- To create **India’s leading integrated pharmacy distribution business complemented by fast growing omni-channel digital health business**
- Keimed is the market leader in wholesale pharma distribution with 2x the scale of nearest competitor and industry leading operating metrics
- **Merged entity will have industry defining business model with Pan India presence – Target consolidated Year 3 revenues of ~INR 25,000 Cr¹ with operating margins* of 7-8%**
- AHL to leverage Keimed’s vast network of 70,000+ stores to accelerate its INR 1,500+ Cr private label portfolio

Valuation

- Aggregate Enterprise Value of AHL & Keimed is **INR 22,481 Cr (USD 2.725 Bn)**
- AHL is valued at INR 14,478 Cr **which implies over 15% premium to its closest peer’s listed multiple**
- Keimed is valued at INR 8,003 Cr **which implies over 20% discount to its closest peer’s listed multiple**
- Agreed swap ratio for proposed merger is capped at 0.81[#] shares of AHL for every 1 share of Keimed
- Post merger, Advent will hold 12.1% in the combined entity; Keimed shareholders will own a maximum of 25.7% while AHEL will continue to be the **largest controlling shareholder with at least 59.2%⁺**; ESOPs of 3%
- **Merger with Keimed estimated to be EPS accretive from Year 1**

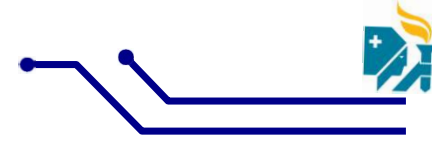
¹ On a Proforma Basis

*Post 24/7 Operating Cost

[#] subject to change on account of any bonus issue, ESOP issuance and AHEL capitalizing a part of its receivables

⁺ Includes economic interest of AHEL holding of 49% in FHPL, which owns 18% in Keimed

Key Terms of The Transaction



Investment Amount

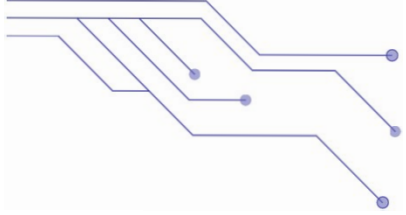
- **Advent to invest INR 2,475 Cr in 2 tranches**
 - 70% at first close – INR 1,732 Cr
 - Balance 30% at 12 months of the first close – INR 743 Cr

End Use Of Funds

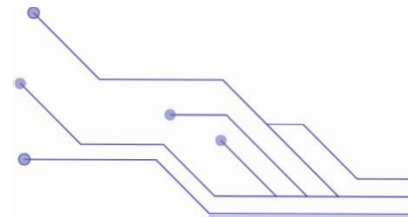
- **Growth capital for AHL of INR 860 Cr** – to provide AHL with further impetus to strengthen its position in the industry and unlock greater business opportunities
- **Retirement of INR 890 Cr of the INR 1,290 Cr slump sale consideration due to AHEL;** AHEL to convert the balance due of INR 400 Cr into equity in AHL at same as Advent's valuation
- **Acquisition of 11.1% Equity interest in Keimed for INR 725 Cr**

Keimed Acquisition (EV of INR 8,003 Cr)

- AHL to acquire 2.0% equity stake of Keimed at the first close from Keimed promoters
- To acquire additional 9.1% equity stake of Keimed within 12 months of the first close through a combination of primary investment & secondary stake purchase
- **To file for Keimed merger with AHL within 15 months of the first tranche** & target completion in ~24-30 months



AHL Overview



Apollo HealthCo | India's Largest Omni-channel Healthcare Platform



Unmatched Size

- **31 Mn.+** Registered Users
- **620,000** Daily Active Users
- Serving consumers through **network of 6,000+ pharmacies**

Industry-leading Growth at scale

- Platform GMV: INR 2,006 Cr. in YTD 9MDec 23, **growth of 91%** over YTD 9MDec 22

Seasoned and Agile Management Team

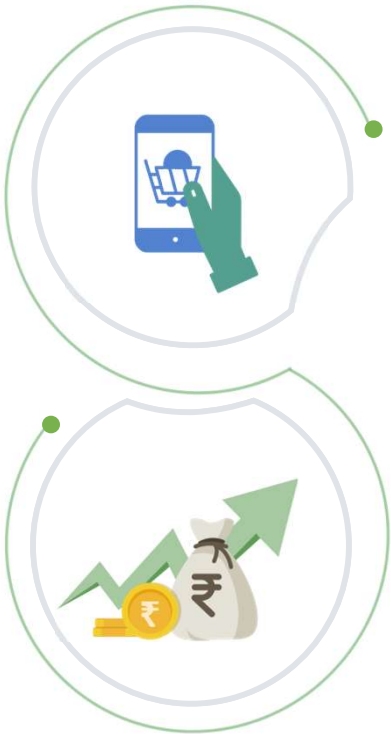
- **Unique combination** of a diverse management team with relevant experience across digital technologies and supply chain

Key Differentiators

Strong brand lineage & captive network resulting in distinctive advantage of **lowest CAC vs industry**

Full stack digital healthcare platform with first-in-class AI enabled technologies including India's first Clinical Intelligence Engine

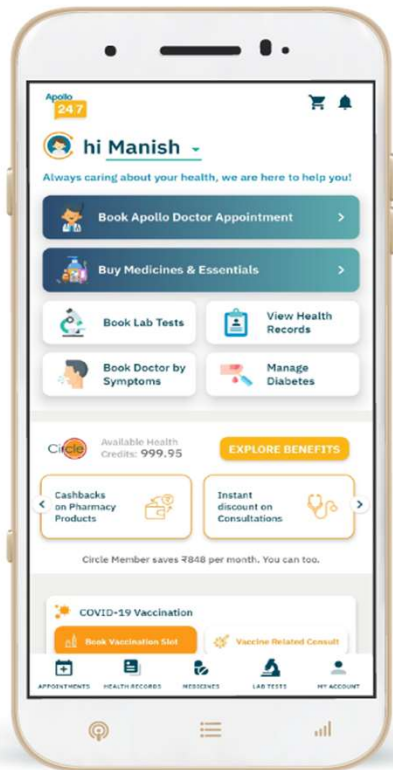
Built digital business scale in **1/3rd the time taken** by its peers; AHL **achieved EBITDA breakeven** ahead of its guidance by a quarter



Apollo 24|7 : Best-in-class Healthcare Platform



One stop integrated access for all healthcare services through a unified app



Virtual Doctor Consultations



Online Medicine Delivery



Online Diagnostic Booking

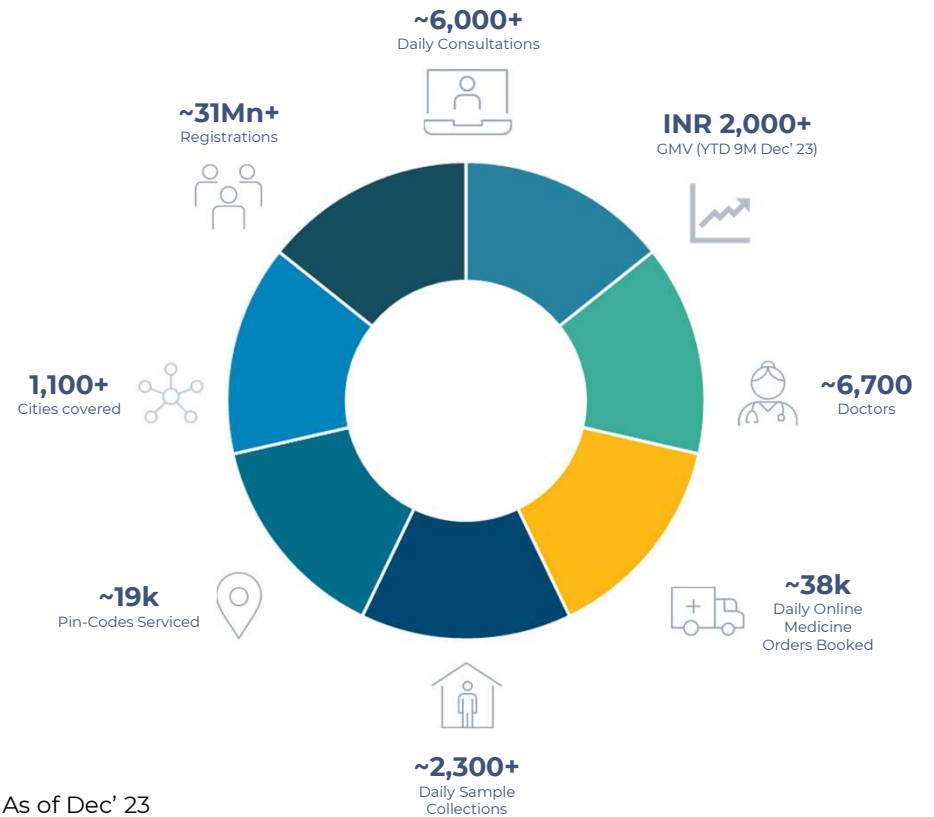


Patient E-Health Records

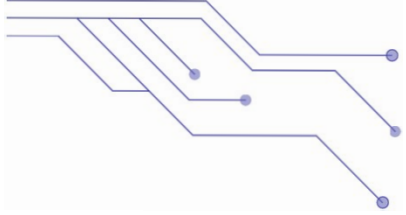


Condition Management, Health Insurance

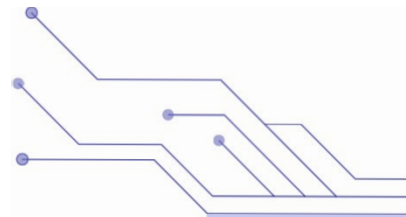
Key Business and Operational Metrics



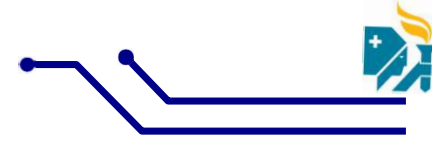
As of Dec' 23



Keimed Overview



Business Overview

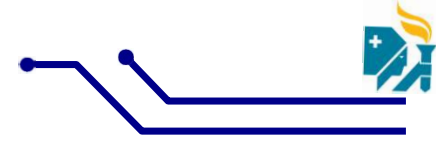


Keimed has established itself as India's largest pharma distributor with >2x the scale of the nearest competitor in a highly fragmented industry with 70,000+ distributors

Unmatched Scale	High Quality Customer Base	Preferred Sales Partner	State-of-the-art Infrastructure	Trusted Manufacturer Relationships	Experienced Management
Revenues of INR 10,341 Cr* (with 5% market share Pan-India)	Deepest network in India covering 18 states and presence across all key markets	Go-to partner for launch of new formulations. Offers widest assortment of SKUs compared to peers	With primary focus on safety and quality, has built a robust cold chain and supply infrastructure to ensure 24 hrs Pan-India delivery	Direct relationship with most manufacturers - Single largest customer for all major pharma companies	Led by a group of industry veterans with decades of relevant experience
~15% Market share in core regions	70,000+ high performing pharmacies serviced	45,000+ SKUs	96 Distribution centres	300+ Manufacturers	~6,000 Employees

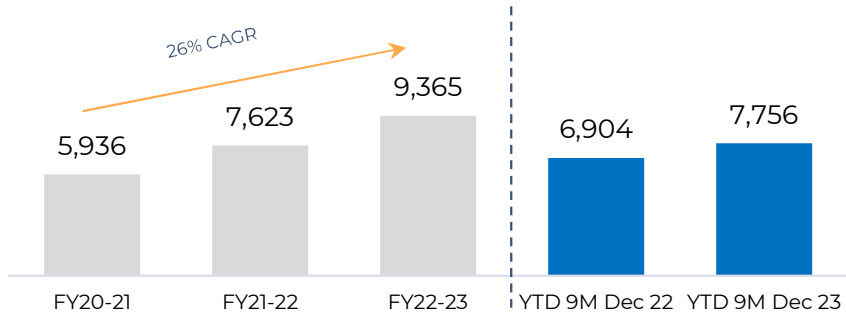
*YTD 9MDec' 23 Annualised

Financial Overview

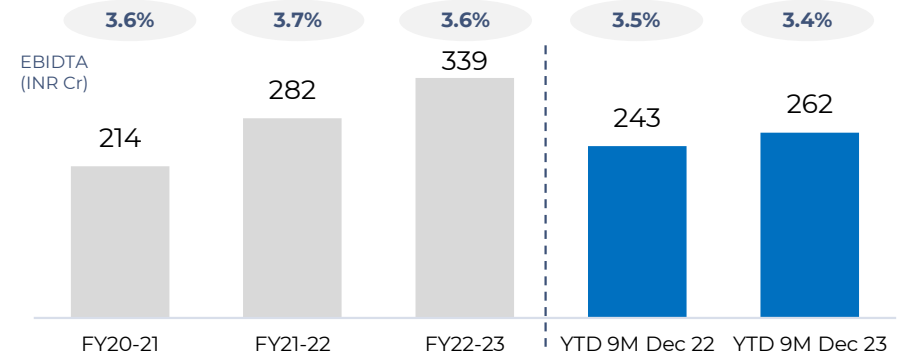


Consistent Revenue Growth

Revenues (INR Cr)



Industry Leading EBIDTA Margins



Sound Financial Performance with 10-year revenue CAGR of 18+% with industry leading EBITDA Margins

Return on
Capital Employed

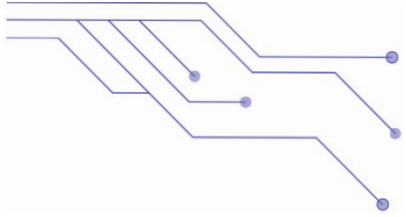
FY23

+18%

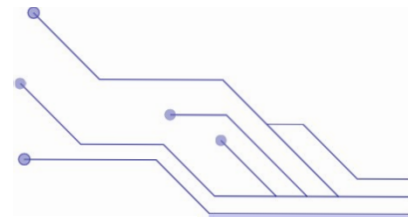
Return on
Equity

FY23

+19%



Combined Entity Overview



Unique combination of Consumer driven Digital health with Integrated Pharmacy distribution



Integrated business model will help **drive several synergies**

- Faster expansion in **Tier 2/ 3 markets** by leveraging on existing infrastructure
- Broader channel for AHL's **private label push**
- End-to-end supply chain capabilities with **wide scale of product** selection

Keimed's **vast network & library of historical data** combined with AHL's **digital capabilities** to feed into digital analytics engine creating more **reliable data analytics**

Several global examples of integrated supply chain businesses who have demonstrated sustained long-term growth with large market share

Combined Financial Metrics | Snapshot (YTD 9MDec'23)



INR Cr	Offline Pharmacy Distribution	+	Online Pharmacy Distribution + Apollo 24/7	=	Total Healthco	+	Keimed	=	Combined
Revenue	5,139		661		5,800		7,756		10,208*
EBIDTA (Pre-Ind AS 116) ¹	375		74		449		262		711
EBIDTA % (Pre-Ind AS 116) ¹	7.3%		11.2%		7.7%		3.4%		7.0%
24/7 Operating Cost	-		-478		-478		-		-478
ESOP Non-Cash Charge	-		-79		-79		-		-79
EBIDTA (Pre-Ind AS 116)	375		-483		-108		262		154
EBIDTA % (Pre-Ind AS 116)	7.3%		NM		NM		3.4%		1.5%

* Adjusted For Inter Company Sales (Keimed & AHL)

¹ Pre 24/7 Operating Cost and ESOP Non-Cash Charge

NM: Not Meaningful

Merged Entity | Financial Outlook (Proforma)



YTD 9M Dec 23
Annualized

Year 3
Target

Total
Revenues

INR 13,600
Cr



~INR 25,000
Cr

EBIDTA
(Pre-Ind AS 116)

1.5%

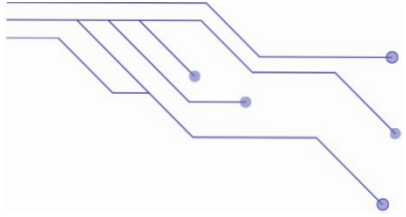


7-8%

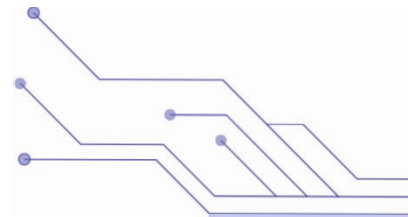
Targets to achieve EBIDTA breakeven for digital business in **6-8 quarters**

Proposed integration to enable **higher margin realisation** through supply chain efficiencies

Accelerated **growth in private label** business to drive margin expansion



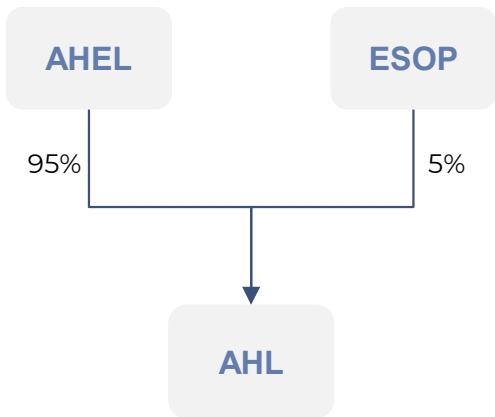
Structure and Transaction Timelines



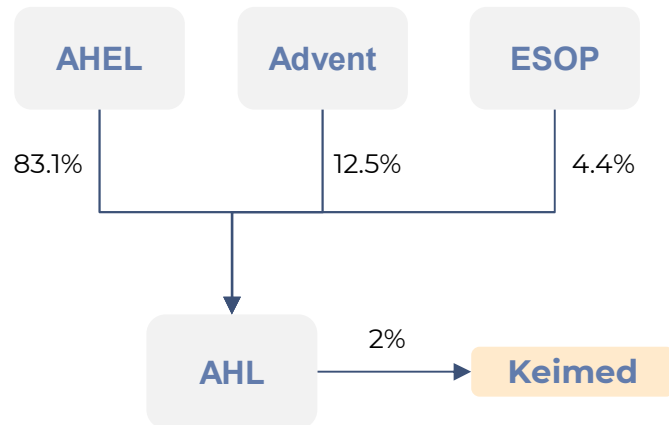
Proposed Transaction Structure (1/2)



Pre-Transaction (As of date)



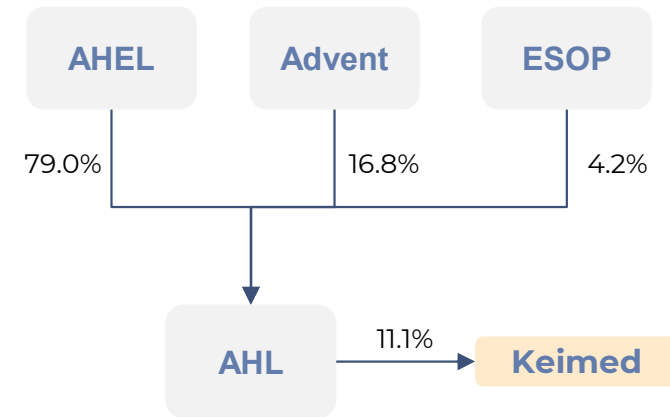
Post Advent Tranche 1 Investment (T)



Tranche 1

- Advent investment of INR 1,732 Cr in AHL
- AHL to acquire stake in Keimed for INR 125 Cr

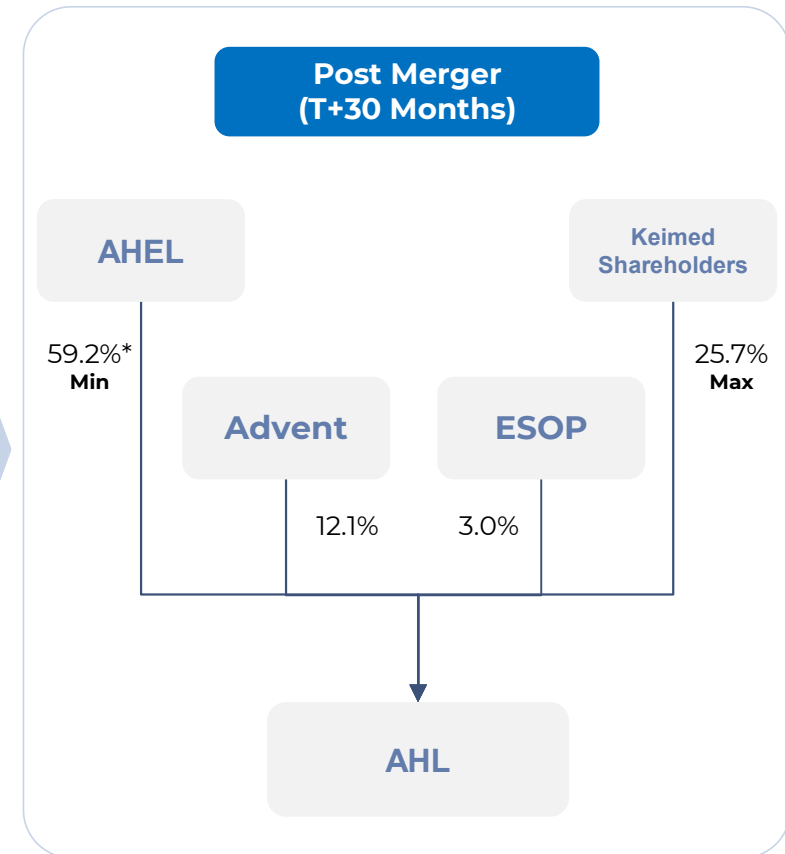
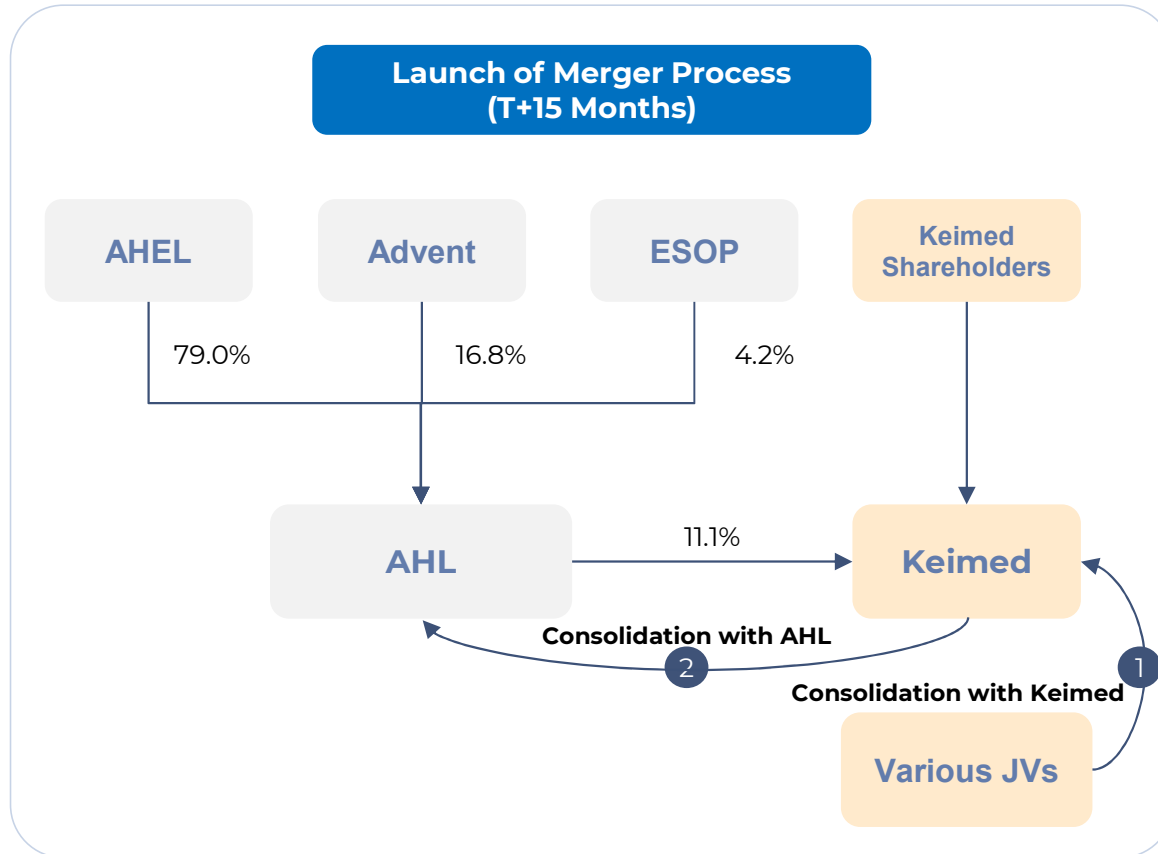
Post Advent Tranche 2 Investment (T+12 Months)



Tranche 2

- Advent investment of INR 743 Cr in AHL
- AHL to acquire stake in Keimed for INR 600 Cr

Proposed Transaction Structure (2/2)



- 1 Internal restructuring of Keimed Group; Post restructuring all JV's to be 100% owned by Keimed
- 2 Keimed is proposed to be merged with AHL through a scheme of arrangement with NCLT approval

* Includes economic interest of AHEL holding of 49% in FHPL, which currently owns 18% in Keimed; Excluding the economic interest, AHEL holding post merger is 56.7%

Transaction Process



A Outreach to **marquee investors** by our **Investment Bankers (VedaCorp)**

B **Detailed Commercial, Financial, Tax, Legal and ESG due diligence on AHL & Keimed** by incoming investor

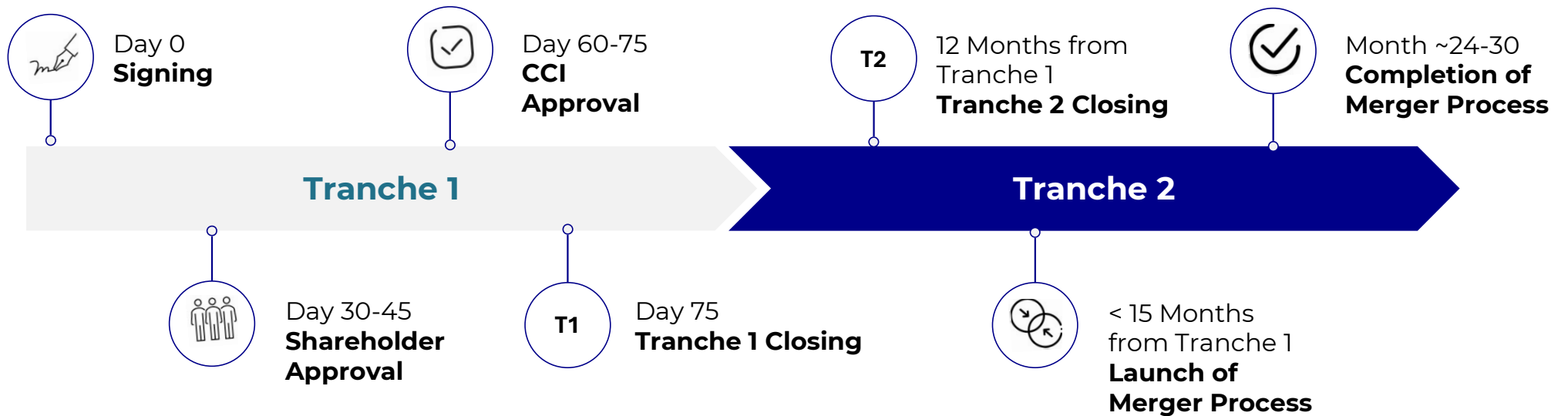
C **Financial due diligence (Deloitte) and Legal due diligence (Cyril Amarchand) on Keimed** by AHL

D AHL has retained **Shardul Amarchand** as its legal advisor for the transaction while AHEL has retained **AZB & Partners** as its legal advisors

E **Independent valuation conducted by**

- KPMG (BSR) on AHL and Keimed on behalf of AHEL and AHL
- Ernst & Young on Keimed on behalf of AHEL and AHL
- Ernst & Young on AHL to ensure compliance with FEMA valuation guidelines on behalf of AHL

Steps and Timelines





Thank You