



February 07, 2019

**National Stock Exchange of India Limited,**  
Compliance Department,  
Exchange Plaza, Bandra Kurla Complex,  
Bandra (East), Mumbai - 400051,  
Maharashtra, India

**BSE Limited,**  
Compliance Department,  
Phiroze Jeejeebhoy Towers,  
Dalal Street, Mumbai - 400001,  
Maharashtra, India

**Sub: Investor Presentation**

**Ref: HealthCare Global Enterprises Limited (“the Company”) (NSE Scrip Code: HCG/  
BSE Scrip Code: 539787)**

Dear Sir/Madam,

We wish to inform you that the Board of Directors of the Company, at their meeting held on this day, 7<sup>th</sup> February 2019, *inter alia*, has approved the Unaudited Standalone and Consolidated Financial Results (Limited Review) of the Company for the quarter and nine months ended December 31, 2018.

In this respect, we enclose herewith the Presentation on the Unaudited Financial Results (Limited Review) of the Company for the quarter and nine months ended December 31, 2018.

Request you to take this on record.

**For HealthCare Global Enterprises Limited**

**Sunu Manuel**  
**Company Secretary & Compliance Officer**

Encl: as above

**HealthCare Global Enterprises Limited**

HCG Tower, # 8, P Kalinga Rao Road, Sampangi Rama Nagar, Bangalore - 560027.

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# HealthCare Global Enterprises Limited

Q3 - FY19 Investor Presentation - February 2019



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# Financial Highlights: Q3-FY19



INR million except earnings per share

Period Ended Dec 31	Q3-FY19	Q3-FY18	Growth (y-o-y)	YTD-FY19	YTD-FY18	Growth (y-o-y)
<b>Income from Operations</b>	<b>2,488</b>	<b>2,063</b>	<b>20.6%</b>	<b>7,207</b>	<b>6,084</b>	<b>18.5%</b>
<b>EBITDA<sup>(1)</sup></b>	<b>299</b>	<b>319</b>	<b>-6.4%</b>	<b>971</b>	<b>968</b>	<b>0.3%</b>
EBITDA Margin (%)	12.0%	15.1%		13.4%	15.7%	
<b>Operating EBITDA<sup>(2)</sup></b>	<b>289</b>	<b>261</b>	<b>10.9%</b>	<b>930</b>	<b>866</b>	<b>7.3%</b>
Operating EBITDA Margin (%)	11.6%	12.6%		12.9%	14.2%	
<b>PBT<sup>(3)</sup></b>	<b>-73</b>	<b>35</b>	<b>NM</b>	<b>-252</b>	<b>250</b>	<b>NM</b>
PBT Margin (%)	-2.9%	1.7%		-3.5%	4.1%	
<b>PAT<sup>(4)</sup></b>	<b>-62</b>	<b>32</b>	<b>NM</b>	<b>-161</b>	<b>179</b>	<b>NM</b>
PAT Margin (%)	-2.5%	1.5%		-2.2%	2.9%	
<b>Earnings Per Share</b>	<b>-0.71</b>	<b>0.37</b>	<b>NM</b>	<b>-1.83</b>	<b>2.09</b>	<b>NM</b>

- **Q3'19 Revenue grew 20.6% y-o-y**
  - HCG<sup>(1)</sup> centers: **+22.1%**
  - Milann<sup>(2)</sup> centers: **2.7%**
- **Q3'19 Operating EBITDA**
  - Existing centers: INR 337 Mn (**17.5%** margin vs 18.5% margin in Q3-FY18)
  - New centers<sup>(3)</sup>: Loss of INR **-48** Mn (vs. loss of INR -48 Mn in Q3-FY18)
- **YTD'19 Revenue grew 18.5% y-o-y**
  - HCG<sup>(1)</sup> centers: **+20.3%**
  - Milann<sup>(2)</sup> centers: **-2.7%**
- **YTD'19 Operating EBITDA**
  - Existing centers: INR 1,048 Mn (**18.4%** margin vs 18.3% margin in YTD-FY18)
  - New centers<sup>(3)</sup>: Loss of INR **-119** Mn (vs. loss of INR -69 Mn in YTD-FY18)

- 1) Profit before depreciation/amortization, finance costs, exceptional items and taxes
- 2) EBITDA excluding other Income
- 3) Profit / (Loss) before tax and after share of profit / (loss) of equity accounted investee
- 4) Profit / (Loss) for the period after share of profit / (loss) of equity accounted investee, taxes and minority interests

- (1) 20 comprehensive cancer centers (excluding center in Kenya), 3 multispecialty hospitals, 3 diagnostic centers and 1 day care chemotherapy center operated under "HCG" brand and 1 multispecialty hospital managed by HCG. Bhavnagar multispecialty also includes comprehensive cancer services hence included in CCC count
- (2) 8 fertility centers operated under "Milann" brand
- (3) 9 HCG centers and 5 Milann centers that commenced operation after April 1, 2015
- (4) Financials of HCG Africa and Strand Life Sciences consolidated at equity level

# Revenue Mix: Q3-FY19

**Revenue:**  
INR 2,488 Mn

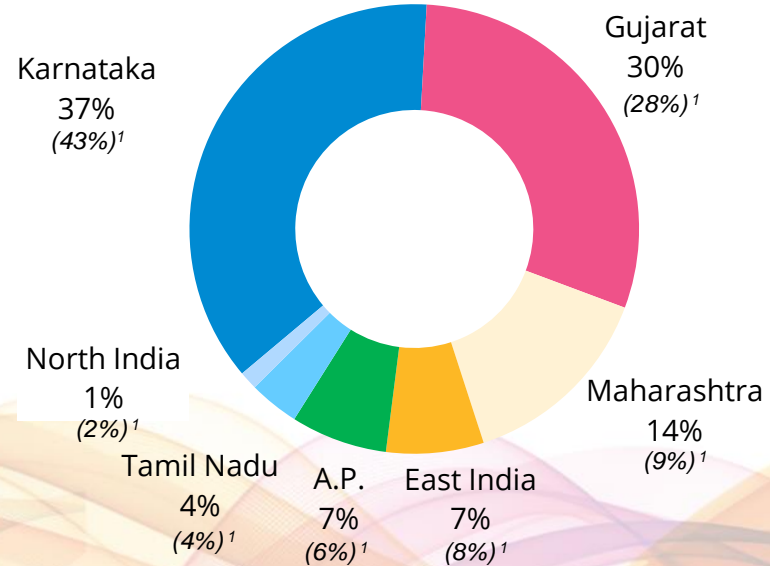
**HCG Centers:**  
INR 2,325 Mn



HCG (1)  
centers  
**93%**  
(92%)<sup>1</sup>



Fertility<sup>(2)</sup>  
centers  
**7%**  
(8%)<sup>1</sup>



(1) 20 comprehensive cancer centers (excluding center in Kenya), 3 multispecialty hospitals, 3 diagnostic centers and 1 day care chemotherapy center operated under "HCG" brand and 1 multispecialty hospital managed by HCG, as at December 31 2018. Bhavnagar multispecialty also includes comprehensive cancer services hence included in CCC count

(2) 8 fertility centers operated under "Milann" brand

<sup>1</sup>(Q3-FY18)

# HCG Centers: Q3-FY19 Revenues



INR million

Period Ended Dec 31	Q3-FY19	Q3-FY18	Growth (y-o-y)	YTD-FY19	YTD-FY18	Growth (y-o-y)
Karnataka	860	825	4.2%	2,583	2,412	7.1%
Gujarat	693	539	28.5%	1,934	1,632	18.5%
Maharashtra	333	168	98.7%	923	444	108.2%
East India	163	149	9.8%	471	439	7.4%
Andhra Pradesh	161	115	39.8%	520	353	47.2%
Tamil Nadu	84	76	10.0%	244	210	16.0%
North India*	31	7	319.7%	52	24	114.8%
	<b>2,325</b>	<b>1,880</b>	<b>23.7%</b>	<b>6,727</b>	<b>5,514</b>	<b>22.0%</b>

- Strong growth continues at several existing and new centers in Q3-FY19
  - Vijayawada: +72.6% y-o-y
  - Nashik: +79.5% y-o-y
  - Baroda: +31.6% y-o-y
- New centers contributed Revenue of INR 533 Mn in Q3-FY19
- Revenue from existing HCG centers grew 16% in Q3-FY19 on y-o-y basis

\*North India excludes revenue from Kanpur (discontinued operations) of INR 25 Mn in Q3-FY18 and INR 76 Mn in YTD-FY18.

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# HCG Centers: Q3-FY19 Operating Metrics



## No. of Centers

Q3-FY19:  
**24**

Q3-FY18:  
**23**

## Beds

Q3-FY19:  
**1,872**

Q3-FY18:  
**1,659**

## Avg. Occupancy Rate

Q3-FY19:  
**43.8%**

Q3-FY18:  
**43.8%**

↑ *0 bps*

## ALOS (Days)

Q3-FY19:  
**2.23**

Q3-FY18:  
**2.40**

↑ *17 bps*

## ARPOB (INR / Day)

Q3-FY19:  
**31,677**

Q3-FY18:  
**29,390**

↑ *7.8%*

## Revenue (INR mn)

Q3-FY19:  
**2,325**

Q3-FY18:  
**1,904**

↑ *22.1%*

## Operating EBITDA Margin

Q3-FY19:  
**16.3%**

Q3-FY18:  
**15.8%**

↑ *50 bps*

- ARPOB for existing centers at INR 36,275 against INR 33,667 in Q3-FY'18
- Continuing reduction in ALOS to 2.23 on account of trend towards day care procedures and changing patient profile
- Operating EBITDA margins improving with scale-up of new centers
- Existing centers operating EBITDA margin improved by 85 bps to 23.2% in Q3-FY'19 from 22.3% in Q3-FY'18

### Notes:

- (1) No. of Centers includes Cancer and Multispecialty hospitals operated under HCG brand and managed by HCG
- (2) Number of beds in operation as at the last day of the period
- (3) Occupied Bed Days calculated based on mid-day census
- (4) Average Occupancy Rate ("AOR") calculated as Occupied Bed Days divided by available bed days in the period
- (5) Average Revenue per Occupied Bed ("ARPOB") calculated as Revenue (gross for the hospital) divided by Occupied Bed Days
- (6) Average Length of Stay ("ALOS") calculated as Occupied Bed Days divided by number of admissions (including day care admissions)
- (7) Operating EBITDA margin before corporate expenses

# HCG Centers: Q3-FY19 Regional Highlights

Centers	Beds	AOR	ARPOB (INR/Day)	Revenue (INR MN)	Operating EBITDA %
<b>Karnataka</b>					
7	632	41.3% ↓ -3.8%(1)	35.9K ↑ +4.6%	860 ↑ +4.2%	23.9%
<b>Gujarat</b>					
5	447	48.0% ↑ +29.6%(1)	35.1K ↓ -0.9%	693 ↑ +28.5%	13.8%
<b>Maharashtra</b>					
3	336	39.1% ↑ +60.0%(1)	27.6K ↑ +17.5%	333 ↑ +98.7%	2.2%
<b>Andhra Pradesh</b>					
3	177	44.6% ↑ +82.9%(1)	22.2K ↓ -23.6%	161 ↑ +39.8%	21.0%
<b>East India</b>					
2	165	63.0% ↓ -2.4%(1)	17.1K ↑ +12.6%	163 ↑ +9.8%	28.9%

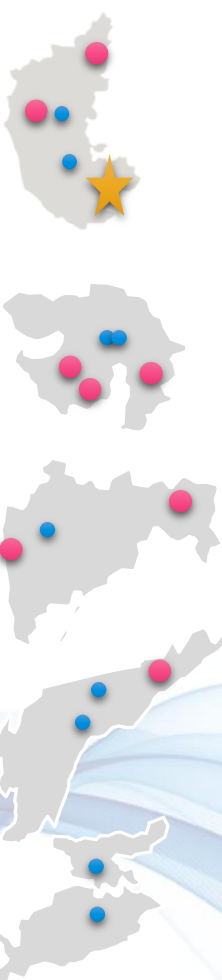
- COE ARPOB of INR 53.7k with 25.4% operating EBITDA margin
- YTD COE ROCE improved from 22.6% to **24.5%**
- Focus on margin and returns optimization across region

- Strong occupancy and revenue growth with stable ARPOB
- Growth across existing and new centers in oncology and multispecialty
- EBITDA margin of existing centers at **20.8%** for Q3-FY19 from 16.6% for Q3-FY18

- Strong growth at Nashik center with EBITDA margin at **19.8%**
- Borivali and Nagpur new centers ramping up with continued reduction in losses

- Strong revenue growth, occupancy increase and ARPOB dilution driven by consolidation of partners business in Vijayawada
- New center in Vishakhapatnam continues to ramp up well

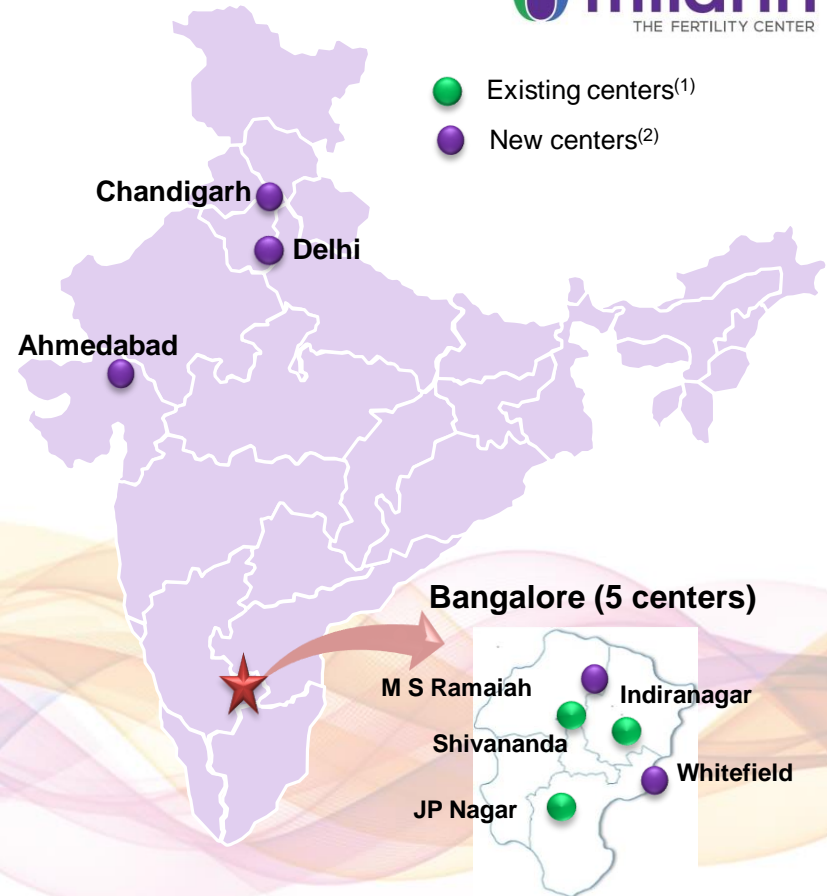
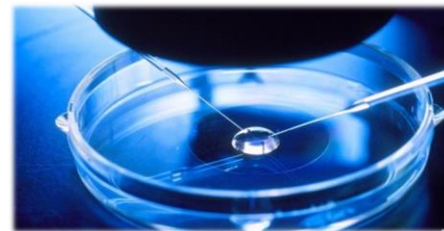
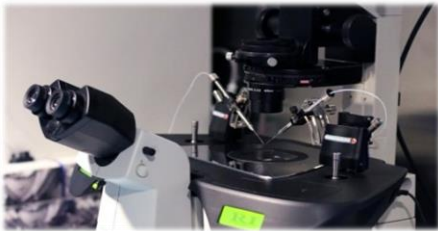
- EBITDA margin improvement of 370 basis points across the region
- Driven by improvements in patient and procedure mix



● New centers  
● Existing centers

**Notes:**  
 (1) Increase / (Decrease) in Occupied Bed Days  
 (2) Growth numbers are year-on-year basis  
 (3) EBITDA before corporate expenses

# Milann: Implementing Strategic Initiatives



	Q3-FY19	Q3-FY18	Growth
New Registrations	1,400	1,303	7.4%
IVF Cycles	504	506	-0.4%
Revenue (INR Mn)	163	159	2.7%

- Revenue degrowth curtailed through strategic initiatives
- Whitefield (Bangalore) center ramping-up well
- Realigning strategy in Mumbai, exited current center location

(1) Centers in operation prior to April 1, 2016, i.e. Shivananda, JP Nagar and Indiranagar  
 (2) Mumbai Center exited in Q3-FY19

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# Capital Expenditure and Net Debt

## Capital Expenditure

INR Million

	Q3-FY19	Q2-FY19	Q1-FY19
<b>HCG Centres</b>			
Existing Centres	21	90	111
Expansions	207	48	115
New Centres	191	274	692
	<b>419</b>	<b>412</b>	<b>919</b>
<b>Milann Centres</b>			
Existing Centres	5	1	2
New Centres	-	1	4
	<b>5</b>	<b>2</b>	<b>6</b>
<b>Total Capex</b>	<b>424</b>	<b>414</b>	<b>925</b>

1. Includes Security Deposit for New Centers of INR 8 Mn in Q3-FY19, INR 20 Mn in Q2-FY19 and INR 21 Mn in Q1-FY19.

## Net Debt

INR Million

	31-Dec-18	30-Sep-18
<b>Net Debt</b>		
Bank Debt <sup>(1)</sup>	4,114	3,778
Vendor Finance <sup>(2)</sup>	1,660	1,698
Capital Leases	564	555
Other Debt	27	83
Less: Cash and Equivalents <sup>(3)</sup>	(389)	(320)
	<b>5,975</b>	<b>5,796</b>
<b>Debt in New Centres</b>		
Bank Debt	3,687	3,570
Vendor Finance	1,608	1,532
Other Debt	-	1
	<b>5,295</b>	<b>5,103</b>
<b>Net Debt (Excl. New Centres)</b>	<b>680</b>	<b>693</b>

1. Net of Bank balance held as margin money of INR 226Mn and investment in fixed deposits of INR 28Mn as at 31<sup>st</sup> Dec-18, margin money of INR 167Mn and investment in fixed deposits of INR 78Mn as at 30-Sep-18. The unamortised portion of processing fees amounting to INR 75Mn as on 31<sup>st</sup> Dec-18 & INR 74 Mn as on 30-Sep-18 netted off against Bank Debt.
2. Includes Forex reinstatement of INR 79 Mn as at 31<sup>st</sup> Dec-18 and INR 93 Mn as at 30-Sep-18 on account of exchange rate fluctuation
3. Includes investment in mutual funds of INR 45 Mn as at 31<sup>st</sup> Dec-18 and INR 44Mn 30-Sep-18.

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# Project Updates

## Additional 3 new HCG centers in FY2019

Location	Bed Capacity	Project Cost (INR mn)	Start Date
Jaipur, Rajasthan	50	410	Q2-FY19
Bhavnagar, Gujarat	NA	150	Q2-FY19
Nashik Phase II, Maharashtra	92	623	Q2-FY19
Rajkot, Gujarat	120	310	Q1-FY19
Kolkata, West Bengal	50	450	Q4-FY19E
South Mumbai, Maharashtra	32	430	Q4-FY19E

## 1 new Milann center launched in Q1 FY2019

Location	Start Date
Delhi	Q1-FY17
Chandigarh	Q3-FY17
Mumbai	Q4-FY17
Ahmedabad	Q4-FY18
Whitefield (Bangalore)	Q1-FY19





# THANK YOU



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For updates and specific queries, please visit [www.hcgel.com](http://www.hcgel.com)  
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