

PRESS RELEASE

FORTIS CONSOLIDATED FY14 GROUP REVENUES AT RS 4759 CR

GROUP PATMI AT RS 123 CR

STRENGTHENS FOCUS ON HIGH GROWTH INDIA MARKET, CONSOLIDATED FY14 INDIA REVENUES AT RS 3448 CR, UP 20% , ACCOUNT FOR 94% OF TOTAL REVENUES IN Q4

SIGNIFICANTLY STRENGTHENS BALANCE SHEET, NET DEBT AT RS 845 CR IN FY14, DOWN FROM RS 5771 CR IN FY13; NET DEBT TO EQUITY AT 0.2x

New Delhi, May 29, 2014: Fortis Healthcare Ltd. (Fortis), India's leading healthcare delivery Company, today, announced its consolidated results for the quarter and year ended March 31, 2014 (Q4FY14 and FY14).

India Business - Key Financial Highlights for the year (FY14)

- Consolidated India Business Revenues at Rs 3,448 Cr, up 20%
- Consolidated India Business Operating EBITDAC (EBITDA before net business trust costs) at Rs 428 Cr, representing 12.4% margin versus 14.2% in the previous year.
- Consolidated Operating EBITDAC margin excluding start up and one off expenses at 14.5% versus 14.7% in the previous year.
- India hospital business revenues at Rs 2,795 Cr, up 22% from FY13. Excluding start up and one off expenses operating EBITDAC margins of the India hospital business at 13.6% versus 14.9% in the previous year.
- The performance in the India hospital business was suppressed due to a temporary reduction in occupancies in select facilities, arising from a drop in institutional business and a consequent decrease in revenues from this segment. In addition, due to the accelerated growth in new facilities such as the Fortis Memorial Research Institute, the revenue weightage from such facilities increased significantly leading to a dilution in operating margins. There has also been the impact of certain one off costs.
- FMRI, Gurgaon, the Company's flagship multispecialty facility commissioned during the year witnessed a robust ramp-up. FMRI achieved operational profitability (EBITDAC) in record time and turned EBITDAC positive within a year of launch. The facility is now the third largest revenue contributor to the Fortis network.*(basis annualised Q4FY14 revenues)*.
- The India diagnostics business continued to exhibit strong operating performance with revenues at Rs 653 Cr, up 13%. The operating EBITDA was at Rs 117 Cr, representing an EBITDA margin of 17.9% against 13.9% in FY13.

*EBITDAC refers to EBITDA before net business trust costs

India Business - Key Financial Highlights for the quarter (Q4FY14)

- Consolidated India Business Revenues at Rs 885 Cr, were up 17%.
- Consolidated India Business Operating EBITDAC (EBITDA before net business trust costs) was at Rs 88 Cr, representing a 9.9% margin versus 13.5% in the corresponding previous quarter and 13.3% in the trailing quarter.
- Consolidated Operating EBITDAC margin excluding start up and one off expenses stood at 13.7% versus 15.6% in the corresponding previous quarter and 14.6% in Q3FY14
- India hospital business revenues at Rs 721 Cr were up 19% from Q4FY13. Excluding start up and one off expenses operating EBITDAC margins of the India hospital business were at 12.7% versus 15.8% in the corresponding previous quarter and 14.0% in Q3 FY14.
- The performance in the India hospital business was suppressed due to a temporary drop in institutional business and one off expenses.
- The India diagnostics business witnessed a healthy operating performance with revenues at Rs 164 Cr. The operating EBITDA was at Rs 29 Cr, representing an EBITDA margin of 17.7% compared to 15% in Q4FY13.

Reported Group Financial Highlights for FY14 and Q4FY14

The reported results for FY14 and Q4FY14 are not comparable with the corresponding previous periods due to progressive divestments of the Company's international businesses namely Dental Corporation, Australia, Fortis Hoan My, Vietnam and Quality Healthcare, Hong Kong which took place during the course of FY2014.

- Consolidated Group Revenues for FY14 were at Rs 4,759 Cr versus Rs 6,052 Cr for the previous year. Consolidated Group Revenues for Q4FY14 were at Rs 941 Cr versus Rs 1,610 Cr for the corresponding previous quarter.
- Consolidated PAT after Minority Interest and share in associates (PATMI) for FY14 at Rs 123 Cr (including one-time gains due to the international divestitures) versus Rs 500 Cr in FY13 (including one-time gains arising due to Religare Health Trust (RHT) transaction). Consolidated PAT after Minority Interest and share in associates (PATMI) for Q4FY14 was at Rs (77) Cr against Rs (116) Cr in Q4FY13.

Commenting on the results, Mr, Aditya Vij, CEO, Fortis Healthcare Ltd, said, “During the year, we made significant headway with our strategy to focus on our India operations and have added approx 800 hospital beds to our installed base in the country, We have de-levered and strengthened our balance sheet and find ourselves in good shape to capitalise on opportunities that become available. Notably, we launched our flagship, the Fortis Memorial Research Institute, at Gurgaon. This has seen meteoric acceptance and has been our fastest ramp up of a new facility, breaking even, within a matter of months, following launch. Fortis, Ludhiana, our 250 bedded multispeciality hospital in the city, commissioned in Q3, FY 14 is also shaping up well and is fast becoming an important landmark for medical care in the region. ”

He added, “The overall quality of our business has improved with better realisations per occupied bed, the further strengthening of our medical programmes, improvement in clinical outcomes and greater diversification of our speciality mix.”

Fortis has seen an overall healthy growth in its speciality practices of Cardiology, Oncology, Neurosciences, Renal Sciences, Gynaecology as well as significant growth in its Diagnostics portfolio, at SRL.

In FY14, the Company successfully completed a series of fund raise programs, attracting over Rs 1,000 Cr of investment, through a mix of equity and quasi equity instruments (Institutional Placement Program, Foreign Currency Convertible Bonds, Preferential Allotment of Equity) bringing in high quality investors and marquee institutions such as the International Financial Corporation as long term investors into the Company. The proceeds in turn were utilized for debt reduction and for growth and expansion plans in India.

The net debt of the Company as on 31 March 2014 was at Rs 845 Cr, down from Rs 5,771 Cr as on 31 March 2013 and represented a net debt to equity ratio of 0.2x (as compared to 1.1x as on 31st March 2013).

Strategic Direction

The Company during the year enhanced its focus on the high growth India market, increasing its domestic revenue contribution from 47% in Q4FY13 to 94% in Q4FY14. It successfully completed the divestiture of most of its international assets viz. Dental Corporation, Australia, Quality Healthcare, Hong Kong and Fortis Hoan My, Vietnam at a consideration significantly higher than the cost of its investments. The proceeds have been utilized to reduce debt and strengthen its Balance Sheet. The Company continues to monitor the environment and evaluate its existing portfolio of businesses in order to ensure the right strategic fit.

A year and a half ago, Fortis decided to focus squarely on India due to the large opportunity for healthcare, its substantial scale and leadership position in the country. The Company expects that India, a high growth market will continue to perform well and will be its mainstay in the foreseeable future. Consequently, resources are being directed at strengthening its business and in evaluating growth and expansion opportunities within the country.

Growth & Expansion Plans

The asset light model which the Company had implemented through the listing of the Religare Health Trust in Singapore in FY 13 strategically positions the Company to take advantage of brownfield, bolt-on and select greenfield opportunities for expansion by incurring relatively lower capital expenditure. The Company's significantly stronger Balance Sheet will also allow it to evaluate greenfield opportunities on its own; while retaining its ability to optimally leverage its asset light growth strategy in the future.

Taking advantage of the significant demand supply gap for healthcare services and its stated India focus, the Company will continue to weigh its expansion and growth possibilities in the country taking a deliberated view to deepen its presence in its existing cities or in new markets. The company plans to capitalize on its leadership position and strong franchise in segments such as Mother&Child health and high potential specialties like Oncology. Some of the markets where the Company has or is expected to begin brownfield and greenfield expansions include the National Capital Region, Mumbai, Ahmedabad, Ludhiana, and Bengaluru.

Key Highlights - Hospital Business

- The hospital business witnessed the addition of approximately 800 beds in FY14 primarily from the launch of two new facilities during the year viz. FMRI, Gurgaon and Fortis Ludhiana. The Company also announced plans to develop two more facilities in Mother&Child health care, in Ludhiana and Bengaluru respectively.
- The Company's Chennai facility is expected to become operational soon and will add approx. 200 beds. The Oncology block in Mohali is also expected to come on stream in the near future.
- In addition to the Mother&Child facility being developed in Bengaluru, the Company has started expansion work at its existing B.G. Road facility in Bengaluru. This expansion should take the total number of operational beds to 460, an addition of 210 beds to the current bed strength of approx.250 at the facility.
- In FY14, the top 10 facilities contributed approx. 77% of the hospital business revenue compared to 80% in the corresponding previous period. Most facilities, including the larger ones at Mulund, Jaipur, Shalimar Bagh, Faridabad, Anandpur, Amritsar and Vashi continued to show good growth momentum both in revenues and operating margins.
- Key operating metrics of the hospital business continued to show robust momentum with the ARPOB for the year increasing to Rs 1.12 Cr., a healthy growth of 9%, versus FY13. Occupancy stood at 73% while the average length of stay (ALOS) was at 3.81 days. Both indices showed steady progress when compared to the previous year in which occupancy was at 72% and ALOS at 3.83 days. A lower average length of stay makes it possible for a hospital to turn around its bed inventory faster, enabling it to accommodate more patients.
- During the year, the hospital business consolidated its super speciality position and achieved growth in all its core specialities. The revenue from Cardiac sciences (which represents 31% of

the India Business revenue) grew by 11% over the corresponding period. Similarly, revenue from Orthopaedics, Neuro sciences, Renal sciences, Pulmonology, Gynaecology and Oncology grew by 19%, 58%, 43%, 28%, 34% and 53% respectively.

Key Highlights - Diagnostics Business

- The Company's diagnostics business witnessed a significant improvement in its operational performance recording EBITDA margins of 17.9% in FY14 compared to 13.9% in FY13. The two major business verticals of Pathology and Radiology contributed 84% and 16% respectively.
- The business undertook a total of over 12.8 million accessions for Pathology and Radiology during the year, a 8% growth over the corresponding previous period. SRL performed approximately 29 million tests in FY14 as compared to 27 million tests in FY13.
- SRL further expanded its presence in the country by adding 51 labs, 90 collection centers, over 1,100 direct clients and released 28 new tests in the market. As of 31 March 2014, SRL had 12 reference laboratories, over 265 network laboratories, over 5,700 collection points and a service portfolio of over 3,600 tests.
- During the year, SRL further strengthened its presence in North India. It signed an MOU with the Government of Himachal Pradesh to set up and manage pathology laboratories in a number of state run hospitals. At the end of FY14, SRL had operationalised approx. 20 laboratories out of the 24 that were agreed upon.
- SRL also signed an exclusive association agreement with Lanka Hospitals, a Government of Sri Lanka enterprise, to provide technical and management knowhow for upgrading the existing laboratory and to set up new ones.

Board appointment

The Board of the company also approved the appointment of an additional independent director, Ms. Lynette Joy Hepburn Brown. Ms Brown with her vast global experience in healthcare brings considerable expertise, value, diversity and gender balance to the Board. Ms Brown is a former executive manager, chief executive and board member of regulatory authorities, aged care facilities, mental health facilities, public and private hospitals, clinical services, nursing and healthcare agencies in Australia..

Awards and Recognitions

Fortis Healthcare continued to excel in its sphere of work and won the Best Integrated Healthcare award in 2013, instituted by the premier travel publication '*Today's Traveler*'. Many Fortis hospitals and, affiliates also won accolades. The Fortis Escorts Heart Institute (FEHI) was feted with the Best Single Speciality Hospital-Cardiology Award at the CNBC TV18- India Healthcare Awards, 2013. Fortis Hospital, Mulund, Mumbai, received the FICCI Special Jury Recognition during the year, while Fortis's diagnostics arm SRL received the FICCI Healthcare Excellence Award for 2013. Two Fortis facilities, Fortis Memorial Research Institute, Gurgaon, and Fortis Hospital, Shalimar Bagh, New Delhi, received the TERI GRIHA ratings of four and three stars

respectively. Fortis Hospital, Anandpur, Kolkata, received the National Energy Conservation Award 2013 for reducing electricity consumption substantially while Fortis Hospital, Mohali, won the 14th CII National Award for Excellence in Energy Management. The Fortis Escorts Hospital, Jaipur, did us proud by winning three Six Sigma Healthcare Excellence Awards, 2013, in the Patient Care, Patient Safety and Quality Initiatives categories.

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 speciality facilities. Currently, the company operates its healthcare delivery services in India, Singapore, Dubai, Mauritius and Sri Lanka with 66 healthcare facilities (including projects under development), over 10,000 potential beds and approx. 280 diagnostic centres.

DISCLAIMER

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