

Aster DM Healthcare reports Q1 2019 profit of INR 20 crore up by 125%

Sustained organic growth YoY: Q1FY19 Revenue up by 14%;
EBITDA up by 188%; PAT up by 125%

Performance driven by improving utilisations, focus on quality
healthcare and operating efficiencies

Kochi, August 14, 2018: Aster DM Healthcare, one of the largest private healthcare service providers in multiple GCC states and an emerging healthcare player in India, today announced its financial results for the quarter ended June 30, 2018.

The second largest healthcare services provider in India by market cap, Aster DM Healthcare recorded a net profit of Rs. 20 crore for the quarter ending June 30, 2018. This represents a year-on-year increase of 125 per cent when compared to loss of Rs. 80 crore registered in the same quarter of 2017.

Revenue (excluding finance and investment income) for Q1FY19 recorded an increase of 14 per cent reaching Rs.1789 crore on sustained organic growth from its existing operations that includes 20 hospitals, 112 clinics and over 210 pharmacies in nine countries, including India.

Maintaining its strong financial performance in the quarter ended June 30, 2018, Aster DM Healthcare's EBITDA grew 188% Y-o-Y to Rs. 139 crore compared to Rs. 48 crore, on the back of performance. The Company's ability to report sustained profitability and achieve growth margins reflect the strength of its diversified healthcare offerings.

Financial Performance Highlights

Performance Review for Q1FY19 vs. Q1FY18

- Revenue (excluding finance and investment income) improves by 14% to Rs. 1789 crore compared to Rs. 1565 crore
- EBITDA higher by 188% Y-o-Y to Rs. 139 crore compared to Rs. 48 crore
- PAT (pre-NCI) increases to Rs. 20 crore compared to loss of Rs. 80 crore
- Diluted Earnings Per Share up to Rs. 0.25 as compared to loss of Rs. 1.66

Commenting on the performance for Q1FY19, Dr. Azad Moopen, Chairman, Aster DM Healthcare, said: *"We are encouraged by our performance which is a reflection of the appreciation for quality healthcare."*

Given the seasonal nature of businesses across the GCC region wherein the peak summer months of April to September tend to be muted, we track yearly performance as against sequential.

Seasonality variation during the summer, expatriates going on annual vacation has been a consistent feature for several years and we are confident of delivering a strong H2 with higher revenues and proportionately larger increase in profitability due to operating leverage.

The underlying profitability, returns profile and scalability of our GCC business; fast-growing India operations focused on large format hospitals in tier 1 cities pivoted around an asset light model and growing brand equity amongst doctors and patients all give us a unique sustainable platform of profitable growth. Our eyes are set on maintaining an optimal mix of growth and leverage. Margins will witness expansion led by improving maturity mix in the GCC hospitals and clinics, Saudi turnaround and ramp up in India hospitals. As a Company, the focus remains on value creation and making a positive difference in the lives of patients that we serve everyday."

Aster DM Healthcare is a 30-year-old integrated and comprehensive healthcare service organization. The Company is one of the few entities across the globe providing the complete circle of care from primary, secondary, tertiary to quaternary medical care. These are manned by its 17,691 employees from across the world, delivering on a simple yet strong promise to its people: "We'll treat you well."

The Company has the unique distinction of serving people by providing quality healthcare to all segments of the society regardless of their economic or social positioning. In line with this, Dr. Azad Moopen, Founder Chairman and Managing Director at Aster DM Healthcare conceptualized the Company's three brands - Medicare for the high income, Aster for the middle-income and Access for low-income strata of the population. The Company has an asset light business model wherein the land and civil structure of most of its hospitals are leased. It is also optimally positioned in the Medical tourism sector with a large number of GCC residents visiting India to avail quality and cost-effective healthcare.

Seasonality

Seasonality is unique to GCC businesses and skews the picture significantly for the first and second half-financial year results.

There is a decline in volumes across hospitals, pharmacies and segments during the summer months in the GCC countries. Expats form a major proportion of the population in GCC countries barring Saudi Arabia and during the extreme summer season and school holidays, a large amount of population leave the GCC region. Some doctors also travel back to their home country during this period as well. The impact is visible across industries and reflected particularly more in primary care facilities like clinics and pharmacies.

Segmental Performance

Hospitals

Our Hospital network consists of 9 hospitals in GCC states and 11 multi-specialty hospitals and 9 clinics in India. Our hospitals in India are located in Kochi, Kolhapur, Kozhikode, Kottakkal, Bengaluru, Vijayawada, Guntur, Ongole, Wayanad and Hyderabad and are generally operated under the "Aster", "MIMS", "Ramesh" or "Prime" brands.

Revenues increased by 18% to Rs. 897 crore in Q1FY19 from Rs. 763 crore in Q1FY18. EBITDA increased 184% from Rs. 38 crore in Q1FY18 to Rs. 108 crore in Q1FY19. The EBITDA margin was at 12% in Q1FY19 compared to 5% in Q1FY18. This performance was driven by addition of new specialties, services and increase in beds. In-patient count was 51,700+ in Q1FY19 as compared to 47,500+ in Q1FY18 with a growth of 9%. Out-patient visit was 0.73 mn in Q1FY19 as compared to 0.67 mn in Q1FY18 with a growth of 9%

Clinics

One of the largest and most widespread network of clinics across the Middle East. The Aster DM network has 112 clinics in total with 103 clinics in GCC states and 9 clinics in India.

Clinics have been critical in developing Aster's brand salience, principally in new locations and geographies. Clinics act as a referral for Aster hospitals. Clinics also crucial for pharmacies and most pharmacies are integrated with clinics, which ensure higher footfalls and faster breakeven. The asset light nature of clinics along with higher return ratios has helped Aster expand its network of clinics rapidly without impacting its balance sheet.

Revenues increased by 11% to Rs. 453 crore in Q1FY19 from Rs. 410 crore in Q1FY18. EBITDA increased 59% from Rs. 34 crore in Q1FY18 to Rs. 54 crore in Q1FY19. The EBITDA margin was at 11.8% in Q1FY19 compared to 8.3% in Q1FY18. This performance was driven by ramp up in new clinics set up in GCC states in the recent past and increase in footfalls from existing clinics.

Pharmacies

We are the largest pharmacy chain in the GCC with 213 retail stores including 180 in UAE, 7, 12, 6, 6 and 2 in Kuwait, Jordan, Qatar, Oman and Bahrain respectively. Healthy probability profile has been maintained by improvement in product mix, dynamic product selection with exclusive tie-ups, in-licensing and favorable deals with pharma companies.

Revenues increased by 20% to Rs. 472 crore in Q1FY19 from Rs. 394 crore in Q1FY18. EBITDA increased 16% from Rs. 25 crore in Q1FY18 to Rs. 29 crore in Q1FY19. The EBITDA margin was at 6.1% in Q1FY19 compared to 6.2% in Q1FY18.

Medical Excellence Highlights

Since inception, Aster DM Healthcare has been in continuous pursuit to push boundaries of excellence in health care and cater to the needs of patients, thereby setting global benchmarks in the field of medicine and patient care. It has accomplished numerous milestones and performed several surgeries that were "firsts". Mentioned below are some of the significant achievements, in the quarter under review, that are a testament to our clinical excellence:

- Doctors at Aster MIMS in Calicut, Kerala successfully performed their 500th Kidney transplant at the hospital
- The Integrated Liver Care team at Aster Medcity in Kochi, Kerala saved the lives of one-year old identical twins from liver failure. The fifteen-hour-long complicated transplant surgery was completed successfully making it one of the first such cases of identical twins to undergo simultaneous live liver transplant for acute liver failure in the world
- Doctors at Aster CMI Hospital in Bengaluru successfully performed a TIPS (Transjugular Intrahepatic Portosystemic Shunt) surgery on a 53 year old patient having reverse anatomy of organs (Situs Inversus Totalis), for the 3rd time in the world and 1st time in India. Situs Inversus Totalis, is a condition which involves total reversal of the usual anatomy of organs and is found to occur in about 1 in 10,000-20,000 live births
- Aster CMI Hospital in Bengaluru became the first in Asia to use normothermic machine perfusion to revitalise organs before transplantation in a liver transplant case
- Aster Pharmacy unveiled UAE's first Eco-friendly pharmacy made with 80% recyclable material
- Doctors at Aster Ramesh Hospitals, Vijaywada, saved a newborn baby with an unclosed hole in aorta or main artery of the heart, also known as patent ductus arteriosus, through stenting
- Doctors at Aster Ramesh Hospital in Vijaywada, in a rare device closure procedure saved a 40-day old baby suffering from severe pulmonary arterial hypertension along with Aortopulmonary window, an uncommon congenital cardiac defect
- A general surgeon at Medcare hospital Sharjah removed the gall bladder of a woman with a rare condition called Situs Inversus where her body organs were located in the 'reverse side', compared to a normal anatomy
- The surgical Team at Aster Hospital, Mankhool, Dubai recently removed a thyroid gland from a 46- year-old patient which was 20 times larger than its normal size, weighing half-a-kilogram

Corporate Social Responsibility (CSR) Highlights

The Company strongly believes that profit is a by-product and not the aim in healthcare, as a result of which there are key initiatives to give back to the society. Through the initiatives undertaken by Aster Volunteers Global Programme and the Aster DM

Foundation, around 142,614 lives were touched in Q1. Some of the key highlights include:

- “Aster Volunteers” a global programme launched on the occasion of Aster's 30th anniversary, aims to bridge the gap between people who would like to help with those in need. Some of the key achievement between April – June include:
 - 16891 individuals treated through mobile medical services in UAE and India (Jamshedpur, Thamarassery and Odisha)
 - Basic Life Support training conducted for 7641 individuals
 - Around 2938 free investigations and surgeries were conducted
 - Upto 52436 individuals were treated through 319 medical campsSince the launch of the programme, 738,610 lives have been touched since date.
- Aster DM Foundation has been contributing through the following activities across various geographies:
 - Free Dialysis benefitted 35,279 people
 - Free Treatment Subsidy worth INR 5.9 million provided
 - Community Good Health Programme benefitted 29,412 people
 - Diseases Detection & Cancer Screening Programme benefitted 2,182 people
 - Education & Social Empowerment Programmes– MILEs benefitted 92 people

Awards and Service Excellence Highlights

The Company has received several endorsements; some of which were:

- Dr. Azad Moopen, Founder Chairman & Managing Director of Aster DM Healthcare, received the Lifetime Achievement Award at the Gulf Indian Leadership Summit 2018
- Aster Ramesh Hospitals in Vijayawada, Guntur received
 - The AHPI healthcare award in 2018
 - Platinum Grading in Pharmacie De Qualite' by Bureau Veritas in 2018
 - The Asian Hospital Management Award for innovation in healthcare technology
- Dr. Shamsa Hammad , COO of Medcare Women & Children Hospital in Dubai received
 - An award for “Nursing Excellence” during the AHPI Global Conclave 2018 in Kerala, India
 - The Annual HEALTH Award, hosted by Health Magazine in Association with the Government of Dubai and Dubai Health Authority (DHA)
- Medcare Women and Children Hospital won the Asian Hospital Management Award for its patient safety project
- The department of cardiology at Medcare Hospital has been accredited by Joint commission international accreditation (JCI)
- Aster Pharmacy received the “Dubai Human Development Appreciation Award 2018” from Department of Economic Development(DED) in Dubai

- Aster Sanad Hospital in the Kingdom of Saudi Arabia won the Asian Hospital Management Award for its Talent Development project
- Aster Clinic Sanad in Bahrain received a Special Award and Appreciation from Ministry of Health, Bahrain for conduction of large scale Vitamin D screening
- The Ministry of Health, Kingdom of Bahrain has certified Aster Clinic Bahrain for their efforts and support in the development process of vaccination 2018

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About Aster DM Healthcare

Aster DM Healthcare Limited is one of the largest private healthcare service providers operating in multiple GCC states and is an emerging healthcare player in India. With an inherent emphasis on clinical excellence the Company is one of the few entities in the world with a strong presence across primary, secondary, tertiary and quaternary healthcare through its 20 hospitals, 112 clinics and 213 pharmacies. These are manned by our 17,600+ employees from across the geographies that we are present in, delivering on a simple yet strong promise to its people: "We'll treat you well." We reach out to all economic segments in the GCC states through our differentiated healthcare services across the "Aster", "Medcare" and "Access" brands,

For more information about us, please visit www.asterdmhealthcare.com or contact:

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