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Aster DM Healthcare reports Q2 net profit at Rs. 11 Crore

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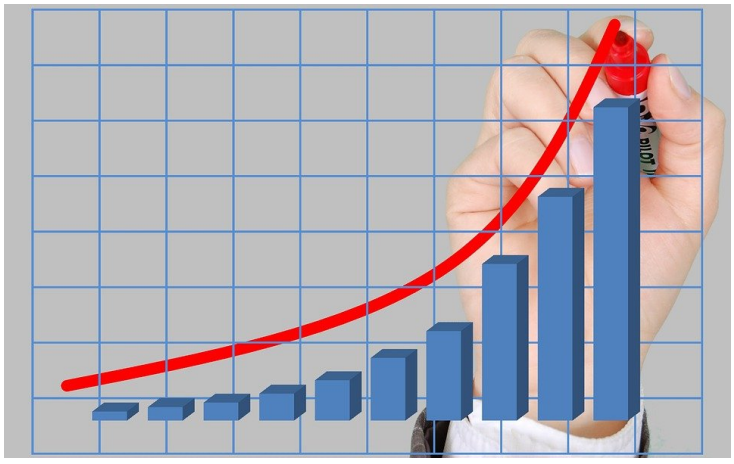
Quality healthcare combined with improving utilizations is driving the growth & profitability



Aster DM Healthcare, one of the largest private healthcare service providers in multiple GCC states and an emerging healthcare player in India has announced its financial results for the quarter & half year ended September 30, 2018.

According to the news reported by PTI, the Company recorded a net profit of Rs. 11 crore for the quarter ending September 30, 2018. This represents a year-on-year increase when compared to a PAT of Rs. 0.51 crore registered in the same quarter of 2017.

Revenue from operations for Q2FY19 recorded an increase of 17% reaching Rs. 1,837 crore on sustained organic growth from its existing operations that includes 21 hospitals, 113 clinics and over 216 pharmacies in nine countries, including India.

The Company's strong growth is a reflection of its focus on quality healthcare, the strength of its diversified healthcare offerings and a strong thrust on enhancing efficiencies.

Financial Performance Highlights

Performance Review for Q2FY19 vs. Q2FY18

- Revenue from operations improves by 17% to Rs. 1,837 crore compared to Rs. 1,566 crore
- EBITDA (excluding other income) reduces by 9% Y-o-Y to Rs. 125 crore compared to Rs. 138 crore
- PAT increases to Rs. 11 crore compared to Rs. 0.51 crore
- Diluted Earnings Per Share up to Rs. 0.22 as compared to Rs. 0.01

Performance Review for H1FY19 vs. H1FY18

- Revenue from operations improves by 16% to Rs. 3,612 crore compared to Rs. 3,123 crore
- EBITDA (excluding other income) grew by 40% Y-o-Y to Rs. 249 crore compared to Rs. 178 crore
- PAT increases to Rs. 23 crore compared to loss of Rs. 76 crore
- Diluted Earnings Per Share up to Rs. 0.47 as compared to loss of Rs. 1.65

Commenting on the performance for Q2 & H1FY19, Dr. Azad Moopen, Chairman, Aster DM Healthcare, said: "We are happy with our performance in a quarter that is generally more muted because of the seasonal nature of businesses in the GCC. Our results are a reflection of our continuous striving for clinical excellence, our light asset business model and thrust on efficiencies.

Our India operations too improved despite the unfortunate floods in Kerala. India has embarked on a potentially path breaking initiative of Ayushman Bharat which we believe will have far reaching consequences in the tackling of morbidity & mortality rates across states in India, enabling quality affordable healthcare to all and creating a strong collaborative opportunity between the public and private sectors.

As we enter the second half of the year we look forward to further improved financial and operating performance backed by enhanced levels of clinical excellence."

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 17,700+ 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 - Medcare 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.

H1 and H2 revenues in GCC are usually split in 45%-55% but the EBITDA split can vary as much as 30% and 70% for H1 and H2. Increase in revenue in H2 results in proportionately larger increase in profitability due to operating leverage. Seasonality variation has consistently been visible over several years and can be expected to continue.

Segmental Performance

Hospitals

Revenues increased by 18% to Rs. 1,825 crore in H1FY19 from Rs. 1,547 crore in H1FY18. EBITDA increased by 55% from Rs. 128 crore in H1FY18 to Rs. 198 crore in H1FY19. The EBITDA margin was at 10.8% in H1FY19 compared to 8.3% in H1FY18. This performance was driven by addition of new specialties, services and increase in beds. In-patient count was 106,200+ H1FY19 as compared to 100,200+ in H1FY18, a growth of 6%. Out-patient visit was 1.53 mn in H1FY19 as compared to 1.4 mn in H1FY18 with a growth of 9%.

Clinics

Revenues for GCC clinics increased by 13% to Rs. 915 crore in H1FY19 from Rs. 811 crore in H1FY18. EBITDA for GCC clinics increased 44% from Rs. 68 crore in H1FY18 to Rs. 98 crore in H1FY19. The EBITDA margin was at 10.7% in H1FY19 compared to 8.4% in H1FY18. 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

Revenues increased by 23% to Rs. 952 crore in H1FY19 from Rs. 774 crore in H1FY18. EBITDA increased 14% from Rs. 54 crore in H1FY18 to Rs. 62 crore in H1FY19.