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HCG reports a growth of 19% YoY

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Revenue for Q1 FY20 of Rs 2,689 Million



HealthCare Global Enterprises Limited ("HCG"), the leader in India in speciality healthcare services focused on oncology, fertility and precision diagnostics has announced its financial results for the quarter ("Q1") ended June 30 for fiscal year ("FY20").

Effective 1 April 2019, the Company has adopted IND AS 116 'Leases' standards, applied to lease contracts existing on 1 April 2019. The effect of this adoption have not been retrospectively adjusted for the year ended 31 March 2019 and previous period financials are not comparable.

Highlights for quarter ended 30th June 2019-

- Consolidated Income from Operations ("Revenue") was **Rs 2,689 mn** as compared to **Rs 2,266 mn** in the corresponding quarter of the previous year, reflecting a year-on-year increase of **19%.**
- Consolidated Profit Before Depreciation and Amortization, Finance Costs, Exceptional Items and Taxes ("EBITDA") was **Rs 462 mn** including IND AS116 adjustment and **Rs 317 mn** excluding IND AS116 adjustment, as compared to **Rs 315 mn** in the corresponding quarter of the previous year**.**
- Consolidated Profit Before Other Income, Depreciation and Amortization, Finance Costs, Exceptional Items and Taxes ("Operating EBITDA"), was **Rs 449 mn** including IND AS116 adjustment and **Rs 304 mn** excluding IND AS 116 adjustment, as compared to **Rs 306 mn** in the corresponding quarter of the previous year**.**
- Operating EBITDA for existing centers was **Rs 491 mn** including IND AS116 adjustment and **Rs 394 mn** excluding IND AS116 adjustment, reflecting an Operating EBITDA margin of **17%** excluding IND AS116 adjustment.
- Loss from new centers was **Rs 424 mn** including IND AS116 adjustment and **Rs 90 mn** excluding IND AS116, as compared to loss of **Rs 57 mn** in the corresponding quarter of the previous year**.**
- Consolidated Profit after Taxes and Minority Interest ("PAT")(4) was a loss of **Rs 180 mn** including IND AS116 adjustment and loss of **Rs 100 mn** excluding IND AS116 adjustment, as compared to loss of **Rs 34 mn** in the corresponding quarter of the previous year.

Business Updates for Q1 FY20-

- 34% growth in Gujarat as multiple new centres ramp up

o Presence across 4 cities, now contributes 31% to HCG centers revenues:

o 78% revenue growth at Bhavnagar driven by ramp up of the new oncology unit

o Baroda cancer center, launched in May' 2016, clocking double digit EBITDA margin consistently

o Rajkot center ramping up well with reduction in losses, nearing break-even point

- Continuing strong growth in Maharashtra region, with 25% revenue growth y-o-y:

o Continued reduction in losses from Borivali and Nagpur new centers

o Nashik center expansion driving enhancement of specialized service offerings in the region

- Kolkata cancer center launched, offering comprehensive services in an upcoming urban locality
- Positive trend at Milann reflected in growth in registrations, IVF cycles and revenues
- New first of its kind Oncology Information System goes live at Bengaluru - Center of Excellence which will drive digital transformation and set the foundations for data driven analytics and research towards improving clinical outcomes

Commenting on the results, Dr. B.S. Ajaikumar, Chairman and CEO, HealthCare Global Enterprises Ltd. said, "We are pleased to report Q1 FY20 results with continuing growth across ourbusinesses. Our core HCG oncology business continues to get stronger with enhanced presence and scale across attractive markets, at a time when cancer incidences are on a rising trend. Our oncology focused business model is fundamentally robust - clinical and operational excellence, economies of scale and especially with majority capex and investment cycle behind us, we remainexcited about the growth prospects for the business, in spite of short-term challenges and negative outlook in the ecosystem for healthcare, industry and economy at large. With strong performance of existing centers as the base foundation, and new centers nearing inflexion point to replicate the existing centers as the future growth drivers, we are positively looking forward towards superior cash flows and return generation from the capital deployed over the last few years. Having created a unique platform across oncology, fertility and precision diagnostics, with Pan-India leadership, we remain committed to driving value creation for all our stakeholders."