



 *Dr Lal PathLabs*

Dr. Lal PathLabs Limited (DLPL)

Q4 & FY17 Results Presentation

May 12, 2017

Table of Contents

- 1 Overview of Dr. Lal PathLabs
- 2 Key Highlights
- 3 Q4 & FY2017 Financial Performance
- 4 Financial Highlights
- 5 Operating Highlights
- 6 Management Commentary
- 7 Outlook
- 8 Corporate Overview
- 9 Contact Us

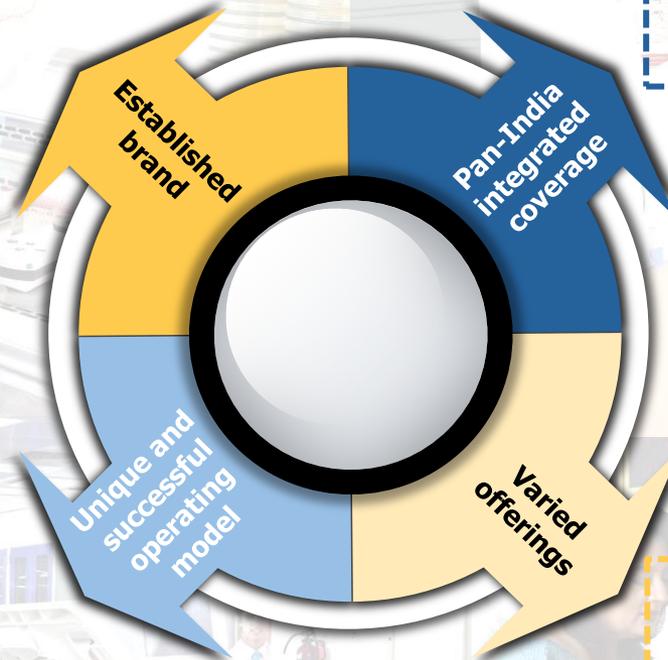


DISCLAIMER: This presentation may contain 'forward-looking' statements at places. The Company's business operations remain subject to undetermined contingencies and risks. Dr. Lal PathLabs Limited would not be liable for any action undertaken based on such 'forward-looking' statements and does not commit to revising/updating them publicly.

Overview of Dr Lal PathLabs

Established consumer healthcare brand in diagnostic services

189 clinical labs (including National Reference Lab at Delhi), 1,759 Patient Service Centers (PSCs) and 5,021 Pick-up Points (PUPs)*



Scalable model integrated through centralized IT platform allows for network expansion

Catalogue of 1,110 test panels, 2,028 pathology tests and 1,561 radiology and cardiology tests

Well-positioned in one of the fastest-growing segments of the Indian healthcare industry

*As on March 31, 2017

Key Highlights

- ❑ Growth is gradually normalising post demonetisation with volume trajectory showing improvement QoQ
- ❑ During Q4 FY17 :
 - Revenues showed 11.3% increase at Rs. 2199 million owing to sustained volume growth of 7.7% in Q4
 - Normalised EBITDA (after eliminating the impact of ESOP/other stock based remuneration charges and CSR expenses) reported muted growth of 1.8% at Rs. 528.2 million on the back of higher spends on promotions, new satellite lab infrastructure, senior hires and higher provisioning for doubtful debts
- ❑ For FY17 :
 - Revenues showed 15.3% increase at Rs. 9124 million with underlying volume growth of 10.5%
 - Normalised EBITDA (after eliminating the impact of ESOP/other stock based remuneration charges and CSR expenses) reported sustained growth of 16.8% at Rs. 2465 million
 - EPS growth 16.1% at Rs 18.55
- ❑ Cash, FDs and Liquid Investments at Rs. 3882 million as at March 31, 2017 from Rs. 2946 million as at March 31, 2016
- ❑ Company has also further built senior management bench strength during the year
- ❑ Business is poised to deliver sustained performance in line with market growth on the back of brand salience, expanding network and robust backend infrastructure
 - New regional reference laboratory at Kolkata nearing completion. Operations expected to commence as planned in Q3 FY18
- ❑ The Board has recommended a final dividend of Rs 1.70 per share of Rs 10 each in addition to Rs 1.30 interim dividend.

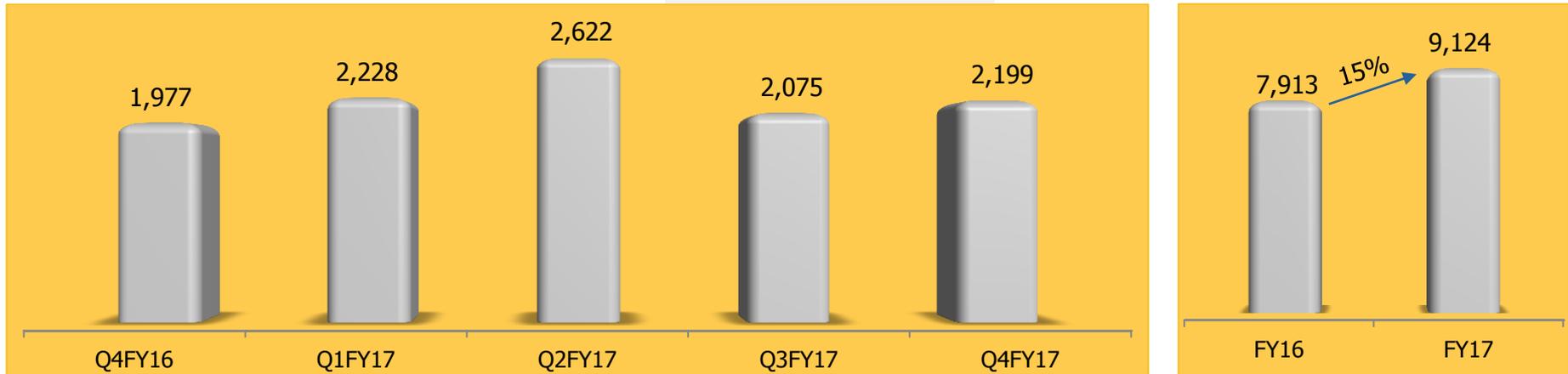
Q4 & FY17 Financial Performance

Particulars (Rs. mn)	Q4 FY17	Q4FY16	Growth %	FY17	FY16	Growth %
Revenues	2,199.0	1,977.1	11.2%	9,123.8	7,913.2	15.3%
Total Expenditure	1,705.5	1,435.8	18.8%	6,758.4	5,816.0	16.2%
EBITDA	493.5	541.3	(8.8)%	2365.4	2097.2	12.8%
ESOP/ ESPS/ RSU charges	26.0	(15.4)	-	80.5	8.9	-
CSR Expense	18.7	2.8	-	18.7	3.8	-
Normalised EBITDA excl stock based cost and CSR	538.2	528.7	1.8%	2,464.7	2,109.9	16.8%
Normalised Margins	24.5%	26.7%	(220) bps	27.0%	26.7%	30 bps
Other income incl interest	61.4	61.7	(0.5)%	251.3	197.7	27.1%
PBT	474.6	527.7	(10.1)%	2,332.9	2,007.2	16.2%
Margins	21.6%	26.7%	(510) bps	25.6%	25.4%	20 bps
PAT	311.6	346.5	(10.1)%	1,551.9	1,332.3	16.5%
Margins	14.2%	17.5%	(330) bps	17.0%	16.8%	20 bps
EPS (Diluted)	3.72	4.14	(10.1)%	18.55	15.98	16.1%

Financial Highlights

Revenues

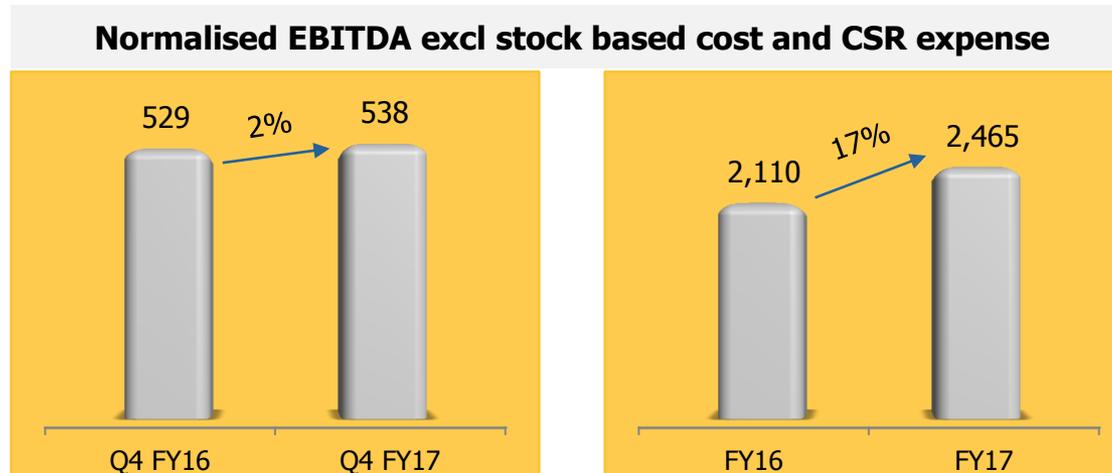
All figures in Rs mn



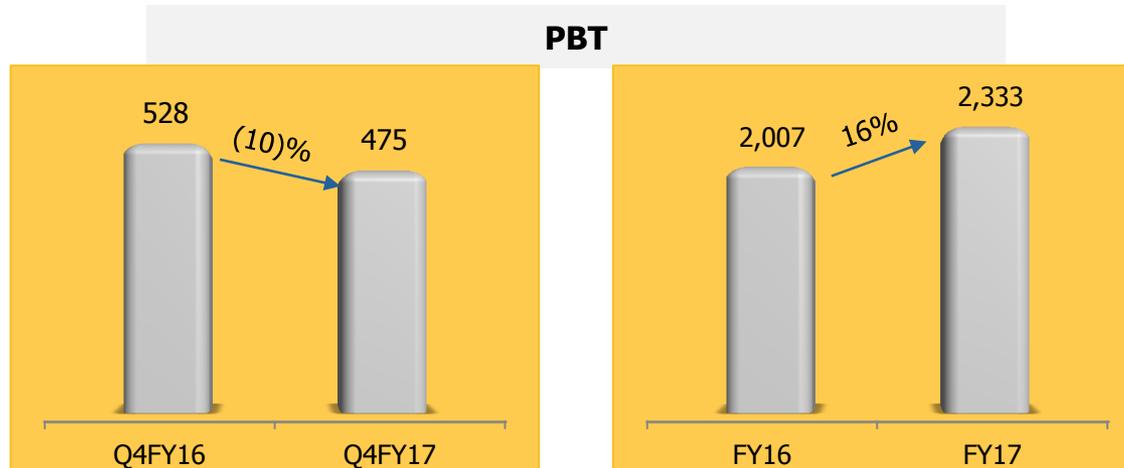
- ❑ Q4 FY17 revenues reported 11.3% growth on the back of expansion in volumes by 7.7% YoY. Improvement in business momentum QoQ indicates:
 - Increased footprint of network resulting in expansion in patient base and sample collection
 - Broader offering in terms of tests
- ❑ Effect of demonetisation has waned off – the annualised impact is estimated at 2-3% on the revenues
- ❑ Higher competitive intensity on the B2B and pick-up component of the operation resulted in impact on pricing
- ❑ FY17 revenues grew 15.3% with underlying patient volume growth of 10.5% and better realisation by 4.4% primarily on account of mix
 - Annualised growth in realisation per patient has shown expansion from Rs. 660 in FY16 to Rs. 688 during FY17

Financial results of the Company are best monitored on a year to date basis, as there is a certain level of seasonality in business and specific quarter performance may be influenced by certain occurrences in that quarter

All figures in Rs mn



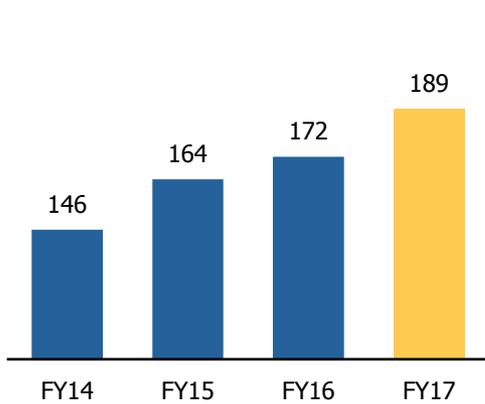
- ❑ During Q4FY17 the growth in normalised EBITDA (after eliminating the impact of stock based cost and CSR expenses) stood moderated at 1.8% on account of;
 - Higher investments in A&P given higher competitive intensity and extension of network presence
 - Expenditure related to new infrastructure ie satellite labs
 - Rise in personnel cost led by senior management hires
 - Enhanced provisioning for doubtful debts
- ❑ Correspondingly for FY17, normalised EBITDA growth stood at 16.8% with margins of 27%; Q4 FY17 margins were at 24.5%



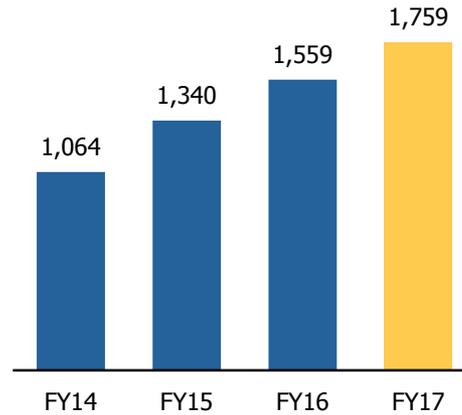
- FY17 PBT growth was at 16.2% at Rs. 2,332.9 million; PBT during Q4 was at Rs. 474.6 million
- Similarly full-year expansion in PAT was recorded at 16.5% at Rs 1552 mn. PAT margin stood improved at 17% from 16.8% in the previous year

Operating Highlights

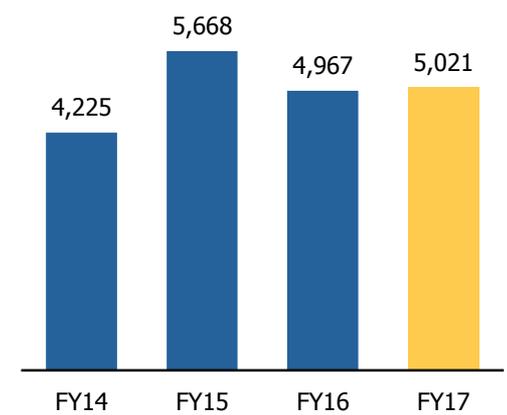
No. of Clinical Laboratories



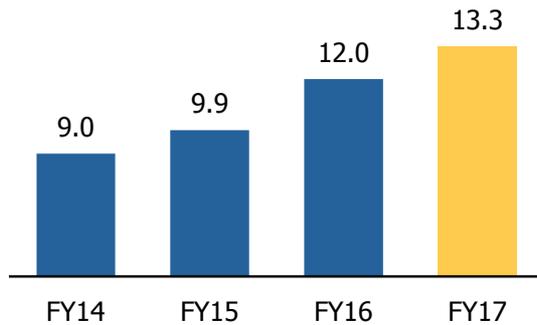
No. of PSCs



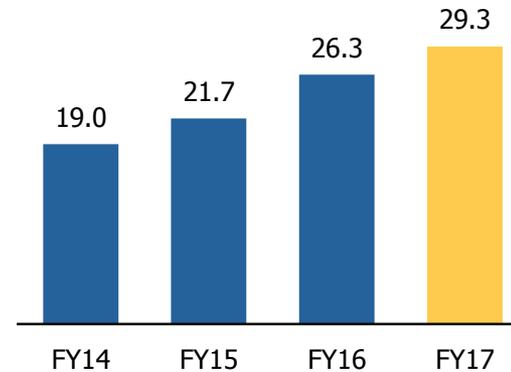
No. of PUPs



No. of patients (mn)



No. of samples (mn)



Commenting on the results announcement, Dr. Arvind Lal - Chairman and Managing Director said; "Our performance in FY17 illustrated that our strategy to deliver a complete scope of diagnostic solutions is working well and encourages us to strive for more. Our sustained and pragmatic investments over the years have enabled us to grow in a highly dynamic space giving us a distinct competitive advantage in the marketplace today. During the year as well as the quarter, we saw improvement by way of network expansion across our key as well as emerging markets.

As we start a new fiscal, we believe the potential to expand is immense. With a strong infrastructure base which includes our national and regional labs, and integrated IT system along with high technical expertise, we believe we are well positioned to take our growth ahead in a well-planned and systematic manner."

Commenting on the results announcement, Dr. Om Manchanda, CEO - Dr Lal PathLabs said; "While we were impacted by demonetisation in Q3, we remained focused in Q4 and committed to invest in business infrastructure and people which we believe positions us well to capture future growth.

Q4FY17 topline performance witnessed an improvement of 11.2% led by a volume growth of 7.7%. This is reflective of our strategy to enhance geographic reach in existing and new regions. Our concentrated efforts to continually raising the bar for quality diagnostic services has enabled us to cater to a larger patient base of 13.3 mn. Pricing in the quarter, however did witness some pressure mainly in the B2B segment and pick up business.

For the coming fiscal, we will continue to build upon our goal to be the premier provider of diagnostic healthcare solutions with the target of becoming more accessible, offering greater convenience and a continuum of tests. Our new reference lab at Kolkata is progressing very smoothly. While this will enable us to spread our presence more efficiently, we do expect its effect on margins to be dilutive in the immediate term."

Robust operating model best-positioned to capitalize on growth trends in diagnostic services -one of the fastest-growing segments of the Indian healthcare industry

Will leverage established position of a strong consumer healthcare brand in diagnostic services Initiatives to improve brand connect to continue

To grow model with holistic approach with emphasis on scalability of reach and IT processes

Driving profitable growth while continuously strengthening our balance sheet

Corporate Overview

- **DLPL Strategy for future growth**
- **Experienced Management team**



1) Strengthen Existing Operations



2) Expansion in Offering

3) Expand management of hospital based and clinical laboratories



4) Geographic expansion



DLPL Strategy for future growth

1 Strengthen Existing Operations

Boosting quality & reliability standards

Improving turnaround times for testing

Grow basic radiology practice

Online initiatives and data analytics

Investment in branding

2 Expansion in Offering

Improve breadth of diagnostic testing

Cutting edge technology

Preventive healthcare screening

Chronic & Lifestyle disease mgmt. services

Expand reach in corporate segment

3 Expand management of hospital based and clinical laboratories

Tap incremental contracts for in sourcing test of hospitals and other clinical laboratories

Tap polyclinics

4 Geographic expansion

Focus city approach

Set up more clinical laboratories

Set up Regional Reference Laboratories at Lucknow and Kolkata

Consider alliances and acquisitions

Experienced Management team



(Hony.) Brig. Dr. Arvind Lal

Chairman and Managing Director



Dr. Om Manchanda

Whole-time Director and Chief Executive Officer



Dr. Vandana Lal

Whole-time Director



Dilip Bidani

Chief Financial Officer



Bharath Uppiliappan

COO (Strategic Business Unit 1)



Shankha Banerjee

COO – Strategic Business Unit II



Munender Soperna

Chief Information Officer



Dr. Neelum Tripathi

National Director Lab Operations



Manoj Garg

Chief Human Resources Officer



Ved Prakash Goel

Vice President Finance



Rajat Kalra

Company Secretary and Compliance Officer



Manoj Sahay

Chief Marketing and Strategy Officer

About Dr Lal PathLabs Limited (DLPL)

Dr Lal PathLabs Limited is one of India's leading consumer healthcare brand in diagnostic services.

It has an integrated nationwide network, where patients and healthcare providers are offered a broad range of diagnostic and related healthcare tests and services for use in: core testing, patient diagnosis and the prevention, monitoring and treatment of disease and other health conditions. The services of DLPL are aimed at individual patients, hospitals and other healthcare providers and corporates. The catalogue of services includes 1,110 test panels, 2,028 pathology tests and 1,561 radiology and cardiology tests.

As on March 31, 2017 DLPL's has 189 clinical labs (including National Reference Lab at Delhi), 1,759 Patient Service Centers (PSCs) and 5,021 Pick-up Points (PUPs). In FY16 & FY17, DLPL collected and processed approximately 26.3 million samples and 29.3 million samples from approximately 12.0 million and 13.3 million patients, respectively.

Additional information on Dr Lal PathLabs Limited:

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