



Dr. Lal PathLabs Limited



Corporate Presentation

November 2016

Table of Contents

- 1 Our Evolution**
- 2 Dr Lal PathLabs at a glance**
- 3 Experienced Management team**
- 4 Investment Highlights**
- 5 Key Q2 & H1 FY17 Highlights**
- 6 Q2 & H1 FY17 Financial Performance**
- 7 LPL Strategy for future growth**
- 8 Annexures**

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.

Our Evolution

1949 – 2005

Foundation

- **1949:** Founded by Dr. Major S. K. Lal
- **1995:** Company incorporated as Dr. Lal PathLabs Private Ltd.
- **2000:** Three clinical labs receive NABL¹ accreditation
- **2001:** Received ISO 9001:2008 certification
- **2002:** Received 'International Accreditation' from CAP²

2005 – 2010

Building capabilities for scale up

- **2005:** onwards: Investment by WestBridge Capital
- **2008:** Acquisition of Paliwal Medicare Private Limited and Paliwal Diagnostics Private Limited
- **2010:** National Reference Lab set up in Delhi

2010 – 2016

Strong position in North India, building network in other geographies

- Investment by TA Associates
- Clinical laboratories expansion in North region
- Growing the business in East region
- Entry into the South and West regions
- Multiple acquisitions to scale network
- Successful listing in Dec 2015

1. NABL: National Accreditation Board for Calibration and Testing Laboratories.
2. CAP: College of American Pathologists.

Dr. Lal PathLabs at a glance

Established **consumer healthcare brand in diagnostic services**

Pan-India integrated coverage with **172** clinical labs (including National Reference Lab¹ at Delhi), **1,559** Patient Service Centers (PSCs) and **4,967** Pick-up Points (PUPs)²

Catalogue of **1,110** test panels, **1,934** pathology tests and **1,561** radiology and cardiology tests²

Collected and processed **~21.7mn** samples from **~9.9mn** patients in FY15³; **~26.3mn** samples from **~12.0mn** patients in FY16²; **~15.5mn** samples from **~7mn** patients in H1FY17

Customers include individual patients, corporates and institutions, healthcare providers as well as hospital and clinical labs (lab management)

~4,000 employees including full time consultants, pathologists, phlebotomists and radiologists²

FY16²: Revenue: **INR 7,913mn**; EBITDA: **INR 2,113mn**⁴ (Margin: **26.7%**); PAT: **INR 1,332mn** (Margin: **16.8%**)

Test Menu

Routine testing

- Bio-chemistry
- Hematology
- Clinical pathology
- Microbiology
- Basic radiology

Specialized testing

- Molecular diagnostics
- Flowcytometry
- Genetics / Cytogenetics
- Histopathology

Accreditations



NABL

27 Labs



ISO15189:2007
ISO9001:2008
ISO27001:2013

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



Manoj Garg

Chief Human Resources Officer



Shankha Banerjee

COO – Strategic Business Unit II



Munender Soperna

Chief Information Officer



Dr. Neelum Tripathi

National Director Lab Operations



Bhaskar Ghoshal

Vice President Commercial



Ved Prakash Goel

Vice President Finance



Bharath Uppiliappan

COO (Strategic Business Unit 1)



Rajat Kalra

Company Secretary and Compliance Officer



Manoj Sahay

Chief Marketing and Strategy Officer

Investment Highlights

1

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

2

Established consumer healthcare brand in diagnostic services

3

Scalable model integrated through centralized IT platform allows for network expansion

4

Attractive operating metrics and multiple levers in place to drive next phase of growth

5

Robust financial performance and return on invested capital

Indian Healthcare Services is a large growth opportunity

1

1.42 bn
India's expected population in 2026

7.6%
GDP growth in FY16¹

INR 4.2 trillion
FY14 India healthcare expenditure

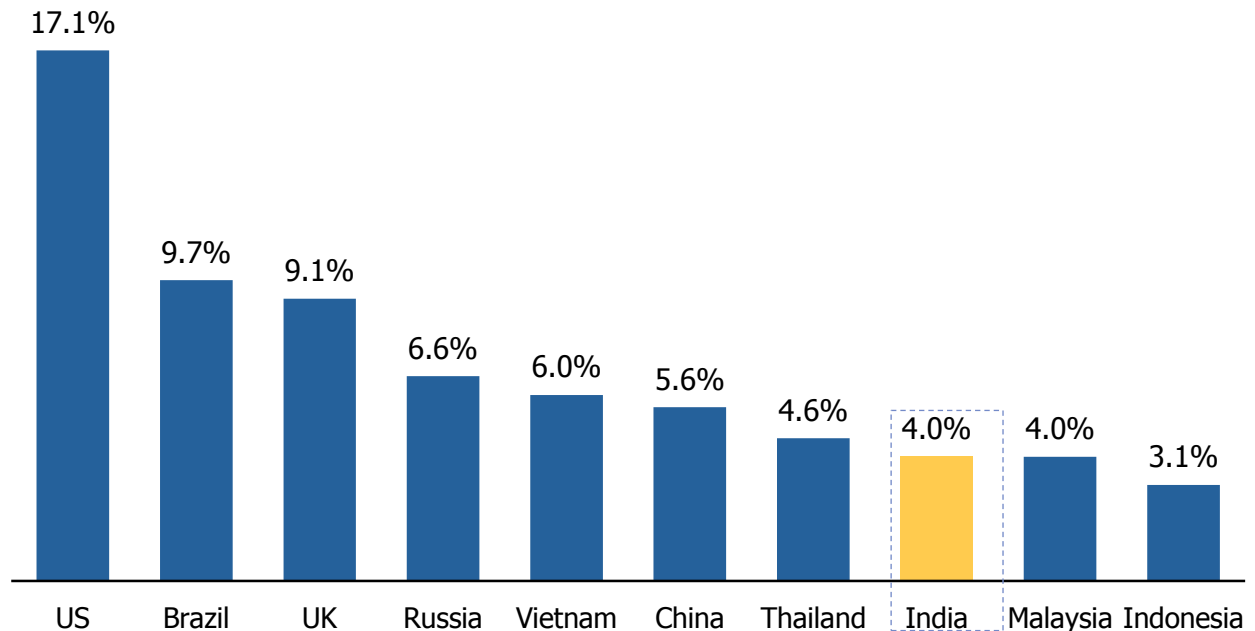
~68%
Private expenditure on healthcare in 2013

12% CAGR
Expected healthcare delivery market growth over the next 5 years

INR 175 bn
Health insurance premium market²
– growing rapidly given low insurance coverage

India, highly underpenetrated market

Total Healthcare Expenditure as % of GDP (2013)

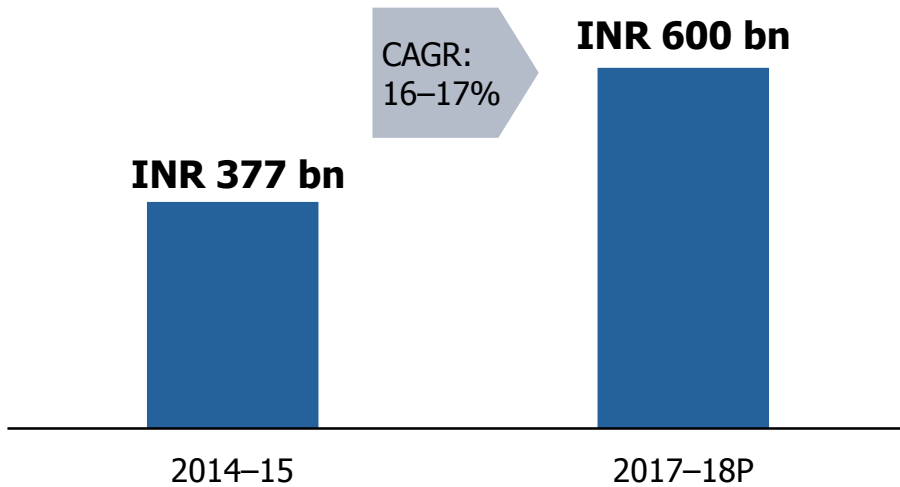


Source: CRISIL Report titled "Assessment of Diagnostics Industry in India".

1. Financial Year ending March 31st.

2. Source: Report of the Insurance Regulatory and Development Authority ("IRDA")

Diagnostic Services Industry Size

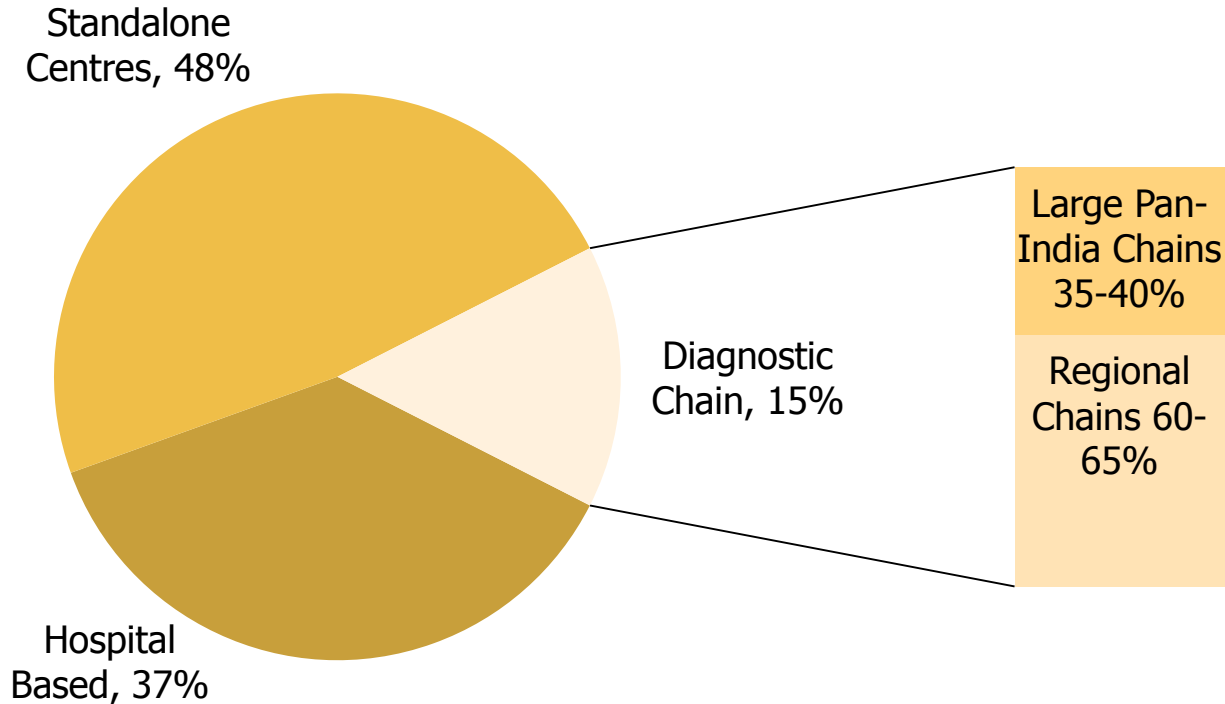


Screening, early detection, and monitoring reduce downstream costs

Growth Drivers

- 1 ***Increase in evidence-based treatments***
- 2 ***Demand for lifestyle diseases-related services to grow***
- 3 ***Focus on preventive diseases and wellness***

Highly Fragmented Industry



Largely fragmented and unorganized

Source: CRISIL Report titled "Assessment of Diagnostics Industry in India".

Pillars of a Strong Brand

Accreditations

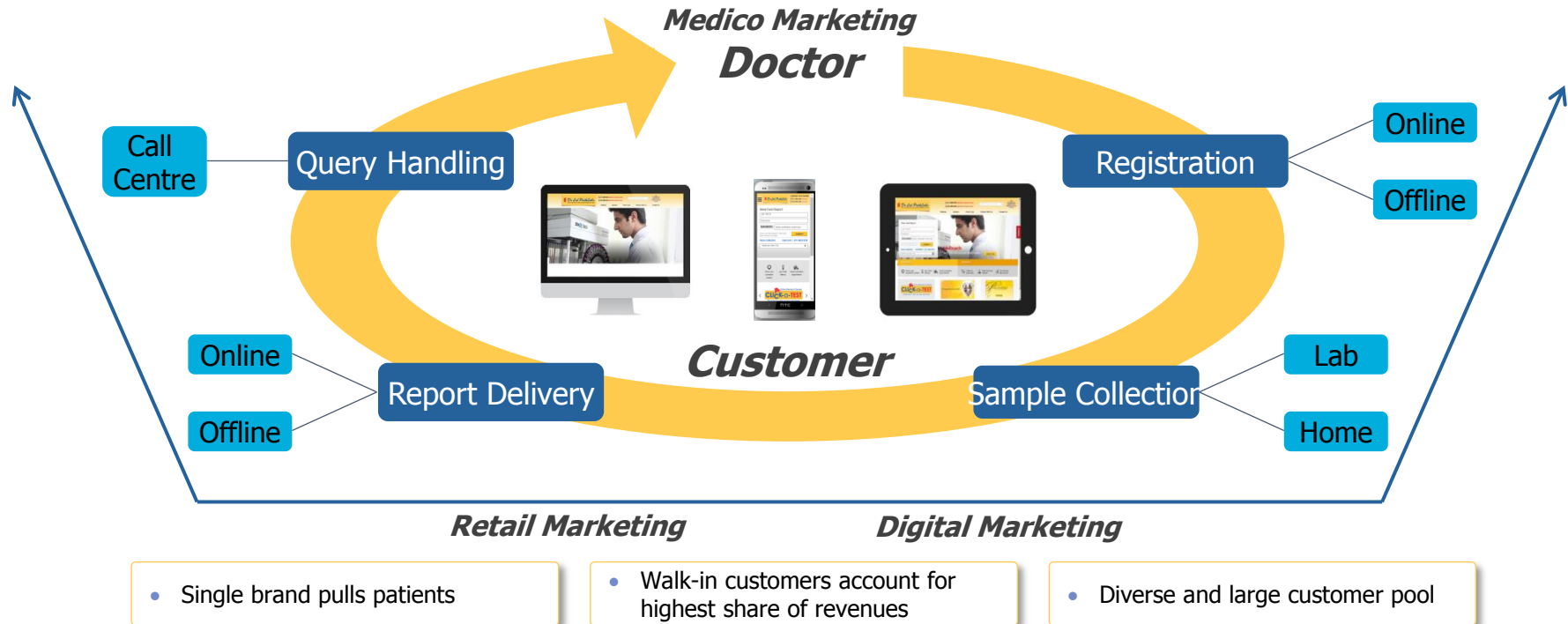
- Accreditations from CAP, NABL and ISO
- Centrally administered surveillance programs

Nationwide Network

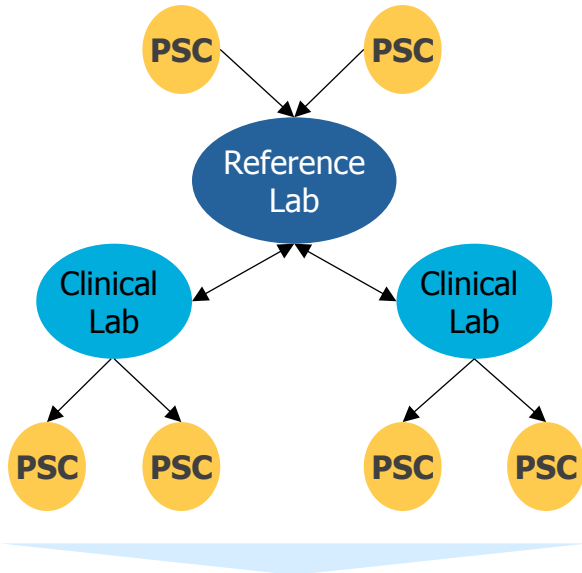
- Coverage in metros, Tier 1 and Tier 2 cities
- Wide reach through PSCs and PUPs

Fast Turnaround Time

- 24x7 access including online access and home collection
- Dedicated logistics team



Hub and Spoke Model

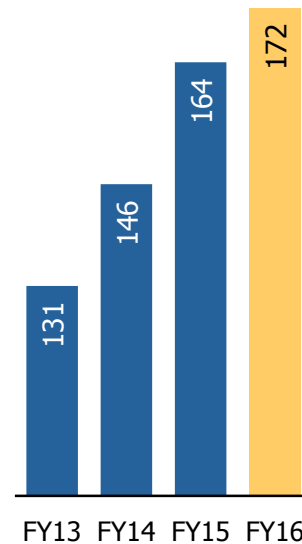


- Centralized diagnostic testing provides greater economies of scale
- PSCs and PUPs facilitate penetration within region and expand reach

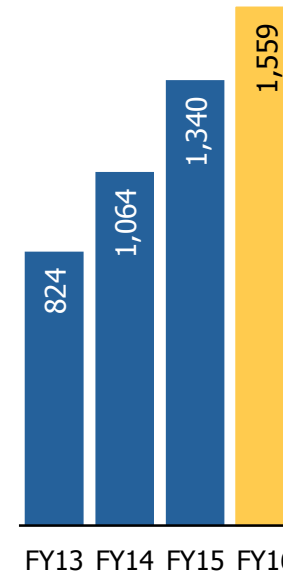
1. Includes National Reference Laboratory.

Network Expansion

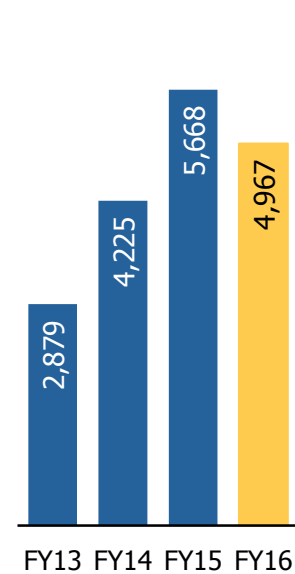
No. of Clinical Laboratories



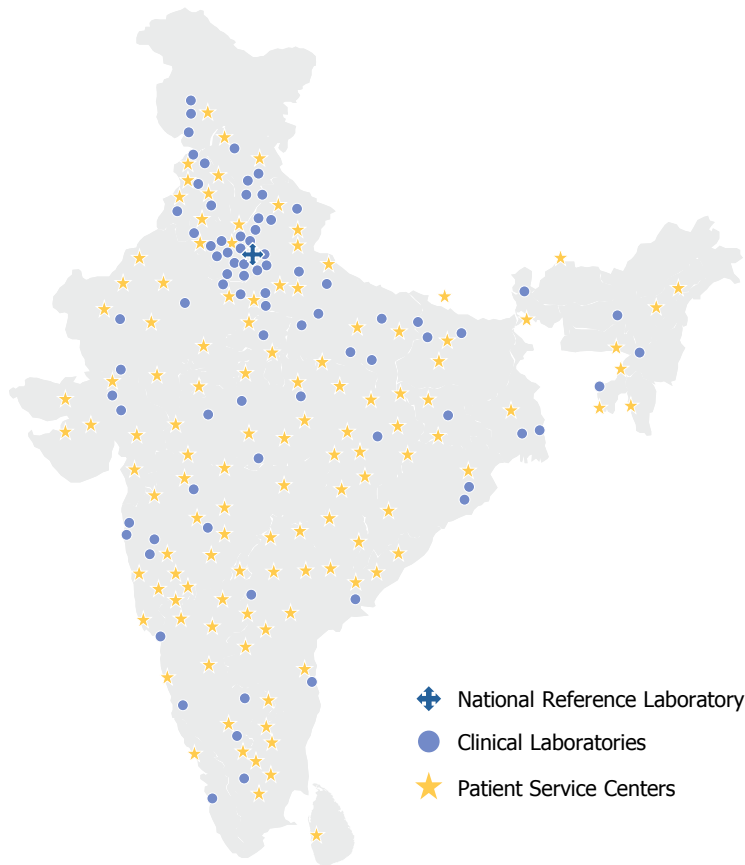
No. of PSCs



No. of PUPs



Integrated National Network...



...backed by Centralized IT platform which fully integrated network

Enterprise Resource Planning (ERP) System

- Payables, receivables, inventory, ledgers etc.
- Scalability and connectivity – web-based

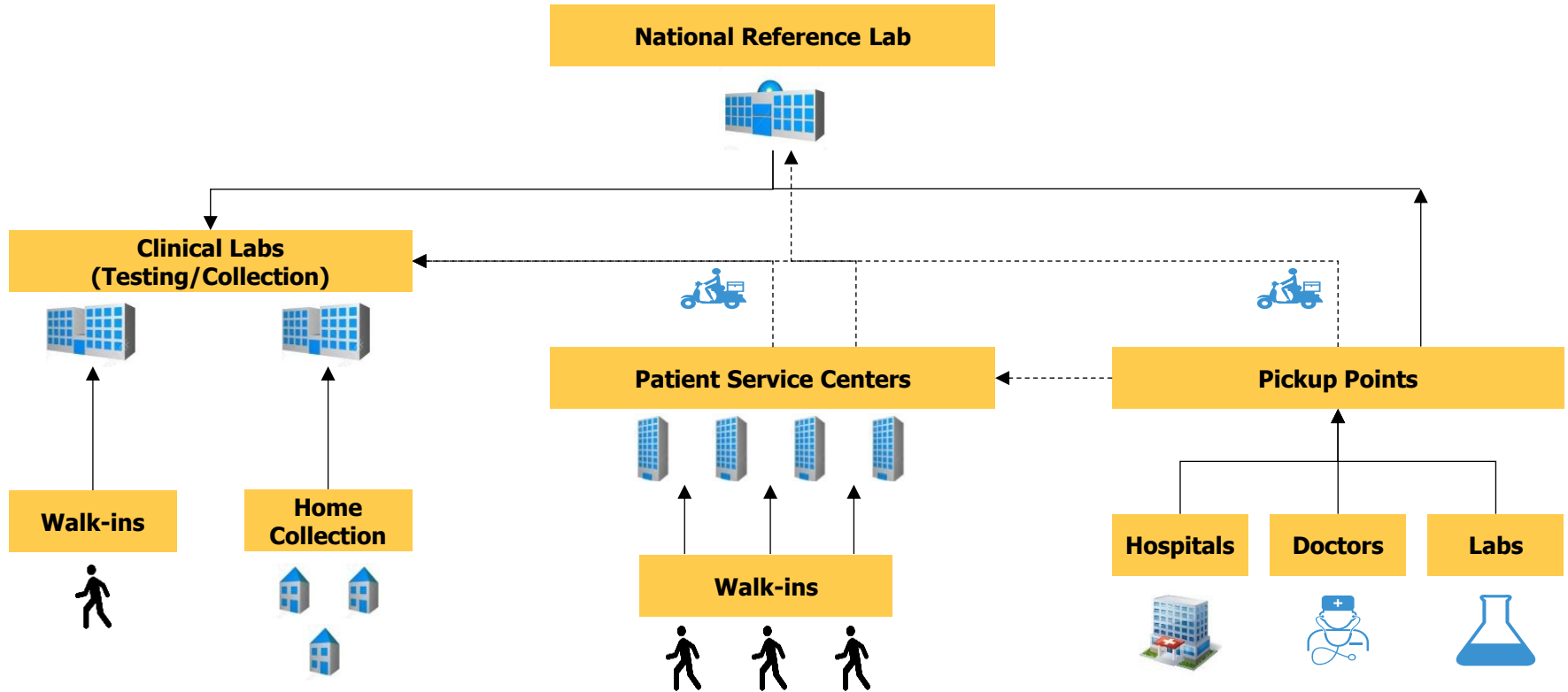
Laboratory Information Management System

- Bi-directional interface; tracks specimen collection, shipping and testing in real time
- Assigns unique ID / barcode for each sample

Data Collection and Analytics

- Improve diagnostic services via data analyses
- Demand for tests are analyzed using past data

LPL's scalable business model provides strategic advantage for expansion and consolidation



- Single brand pulls patients

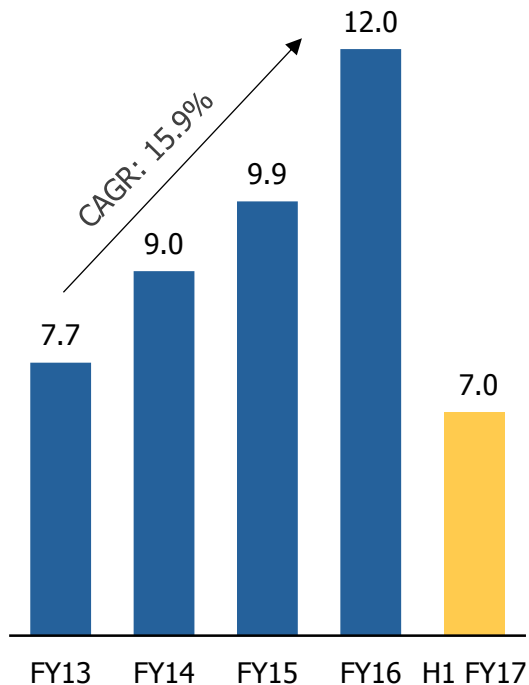
- Walk-in customers account for highest share of revenues

- Diverse, large customer pool offers monetization opportunities

No. of patients

(Mn)

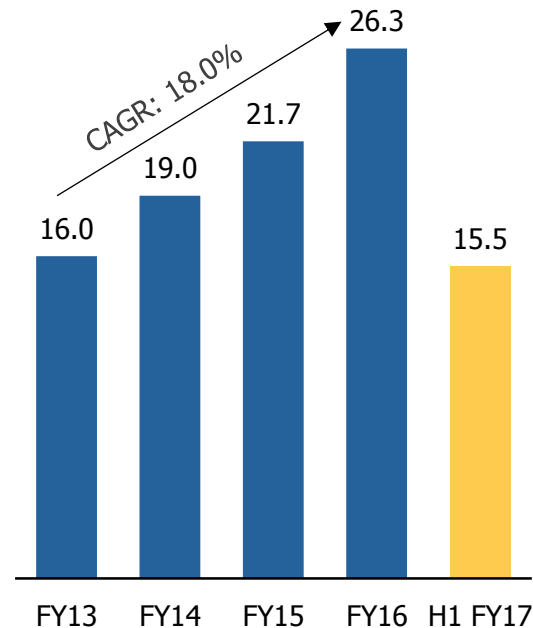
- Consumer brand and network expansion driving patient volumes



No. of samples

(Mn)

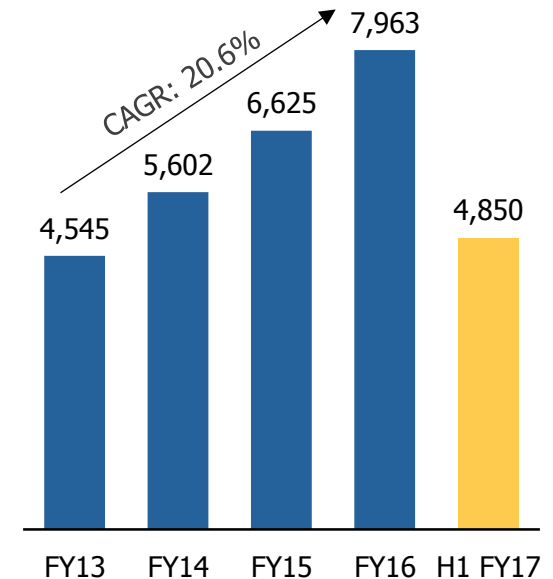
- Increase in samples with patient volumes growth



Total Revenue

(INR mn)

- Higher revenue realization per patient on account of:
 - Growth in walk-in customers
 - Higher no. of tests per patient
 - Demand for "higher-end" tests



Multiple levers in place to drive next phase of growth

4

Expand presence in existing markets

- Cluster and focused geography approach
 - Deepen presence in North India by developing additional reference labs (such as in Lucknow)
 - Scale up in East India by developing ecosystems via Kolkata reference lab
 - Targeted expansion in South and West India (focused city approach)

Expand through strategic acquisitions and partnerships

- M&A provides growth kicker
- Leverage prior track record
 - Completed several acquisitions since 2008
- Acquisition opportunities in select new geographies

Focus on hospital-based clinical labs

- Increase existing tie-ups
- Leverage scale and efficiency
- Provide lab management and specialized lab testing services to polyclinics

Increase breadth of diagnostic healthcare testing and services platform



Continuous focus on providing quality healthcare services

North India

East India

**South and
West India**

*Focus on
retail
network and
home
collection*

Commitment to **quality
and reliability** of
services

Online report;
data analytics

**Preventive healthcare
screening** and chronic
/ lifestyle disease
management services

*Focus on
hospital lab
management*

Provide both **lab
management** and
specialized lab testing to
polyclinics

Increase existing tie-ups
in hospital lab management –
leverage scale and efficiency
of network

*Focus on
corporate
customers*

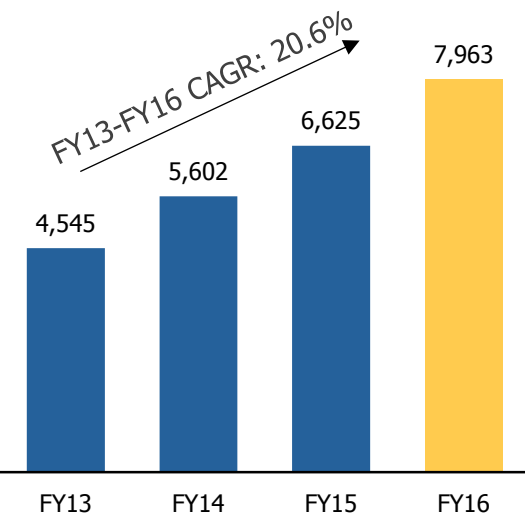
**Marketing to HR
departments** and other
decision makers

Healthcare packages
across test types

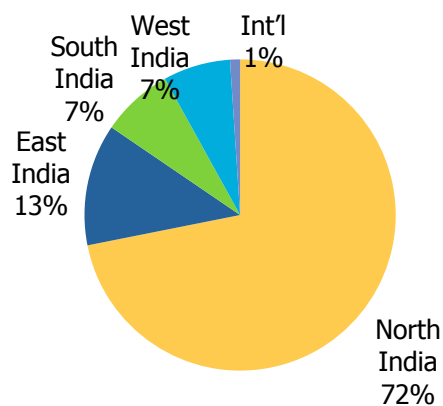
Robust financial performance

5

Total Revenue INR (Mn)

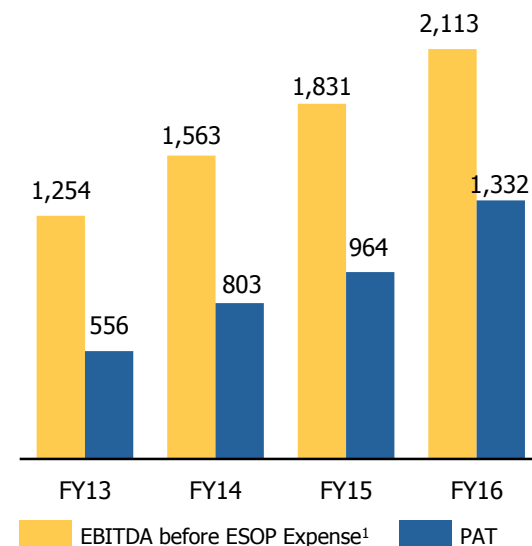
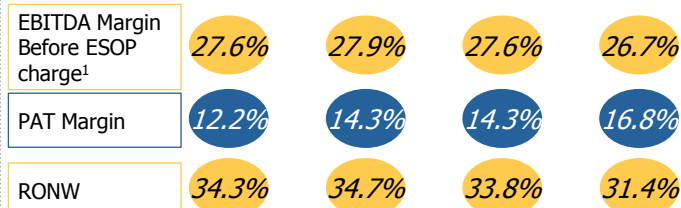


Revenue by Geography (FY16) (%)



Geography	FY13-16 CAGR (%)
North India	18.7%
East India	29.8%
South India	35.0%
West India	13.9%
International	21.5%

EBITDA¹, PAT and Return on Net Worth (INR mn / %)

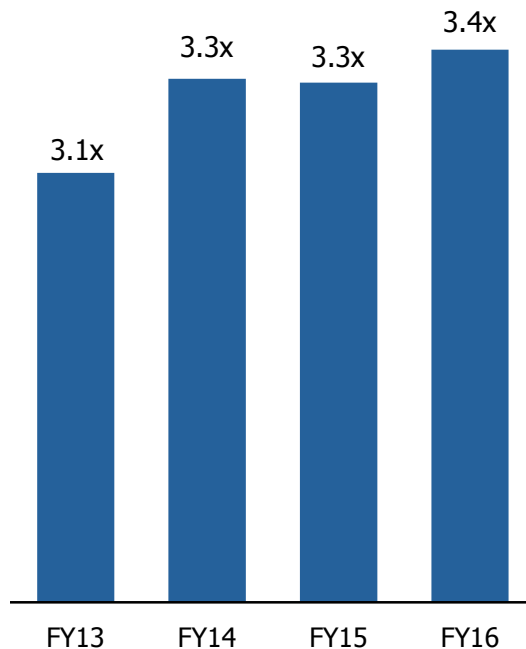


- Growth driven primarily by increasing patient volumes, samples and higher revenue realization per patient
- Increase in operating margin due to economies of scale

1. During FY14, LPL had reassessed the ESOP scheme as cash settled basis as against equity settled basis treated in earlier years' financial statements. As a result, LPL accounted for additional compensation cost of INR 6 mn in FY12, INR 250 mn in FY13, INR 155 mn in FY14, INR 242 mn in FY15 and INR -35 mn in FY16.

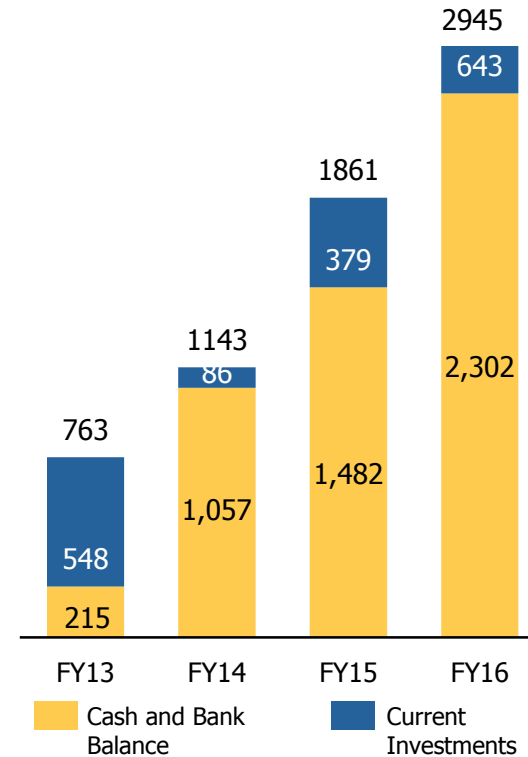
Fixed Asset Turnover¹

(Times)



Cash and Cash Equivalents

(INR mn)



- Self funded growth on account of strong cash flow generation
- Attractive fixed asset turnover ratio given asset-light model
- Current net cash position and internal accruals expected to fund next phase of growth

1. Fixed Asset Turnover = Total Revenue / Gross Fixed Assets

Key Q2 & H1 FY17 Highlights

- ❑ Performance gains driven by growth in volumes, seasonal factors, higher realization per patient, upward price revision and improved operational leverage
- ❑ During Q2 FY17 LPL :
 - Revenues grew 21.5% at Rs. 2,621.7 mn from Rs. 2,157.3 mn.
 - Price revision contributed 2.6% to revenue growth
 - EBITDA (excl ESOP) stood increased 37.7% to Rs. 798.2 mn from Rs. 579.8 mn
 - Surge in seasonal fevers and full quarter price increase impact contributed favourably to EBITDA
 - Normalised PBT (excl ESOP and Excp Item) stood higher by 42% at Rs. 793.8 mn from Rs. 557.6 mn
 - PAT at Rs 528.5 mn not strictly comparable with last year reported PAT of Rs 64.9 mn
- ❑ Cash, FDs and Liquid Investments at Rs. 3,675 mn as at September 30, 2016 from Rs. 3,288 mn as at June 30, 2016
- ❑ Operating growth resulted in augmented cash profits and strengthened balance sheet
 - Expansion underlined by asset light approach, helps maintain focus on ROI
 - Retains debt free status
- ❑ Strategic initiatives cover establishment of regional reference laboratories at Kolkata and Lucknow
 - Construction activity at Kolkata progressing as per schedule

Q2 & H1 FY17 Financial Performance

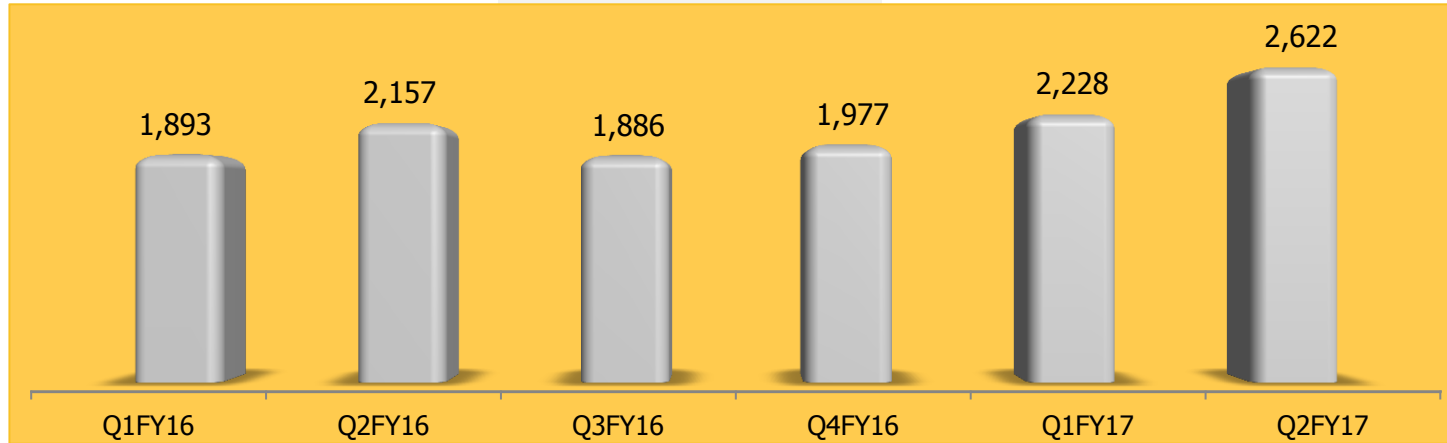
Particulars (Rs. mn)	Q2 FY17	Q2 FY16	Growth %	H1 FY17	H1 FY16	Growth %
Revenues	2,621.7	2,157.3	21.5%	4,850.1	4,050.4	19.7%
Total Expenditure	1,823.5	1,794.1	1.6%	3,447.9	3,195.1	7.9%
ESOP	-	216.6	-	-	239.1	-
EBITDA (excl ESOP)	798.2	579.8	37.7%	1,402.2	1,094.4	28.1%
<i>Margins</i>	30.4%	26.9%	350 bps	28.9%	27.0%	190 bps
PBT (excl ESOP + Excp Item)	793.8	557.7	42.3%	1,393.1	1,048.5	32.9%
<i>Margins</i>	30.3%	25.9%	440 bps	28.7%	25.9%	284 bps
PAT	528.5	64.9	714.3%	930.2	374.7	148.3%
<i>Margins</i>	20.2%	3.0%	-	19.2%	9.3%	-
EPS (Diluted)	6.30	0.75	-	11.08	4.47	-

- The ESOP charge of Rs. 216.6 mn is shown as a separate line item in the statutory financial results reporting and the EBITDA and PBT discussion in this note focusses on EBITDA and PBT performance without the prior period ESOP expenses to provide a fair picture of the Company's normal business results during the quarter
- PAT figures for FY16 are strictly not comparable as there were certain ESOP charges which were charged in Q1 & Q2 FY16 and later reversed in Q3'16

Financial Highlights

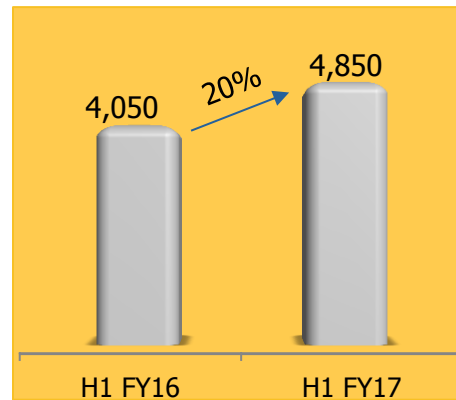
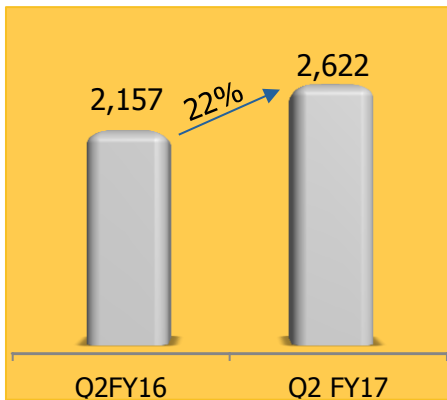
Revenues

All figures in Rs mn



- Q2 FY17 revenues increased 22% on the basis of improved volumes and benefit of better realizations;

- 13.6% higher sample volumes in Q2 was the result of:
 - Better than expected uptrend due to seasonal fevers
 - Volume and revenue increase stood at 2% and 3% respectively on account of such fevers
 - Growth in patient walk-ins across regions and build-up in network business
- Realization/patient increased from Rs 699 in Q2 FY17 to Rs 654 in Q2 FY16 given the price revision taken earlier during the year in Delhi NCR and some other markets

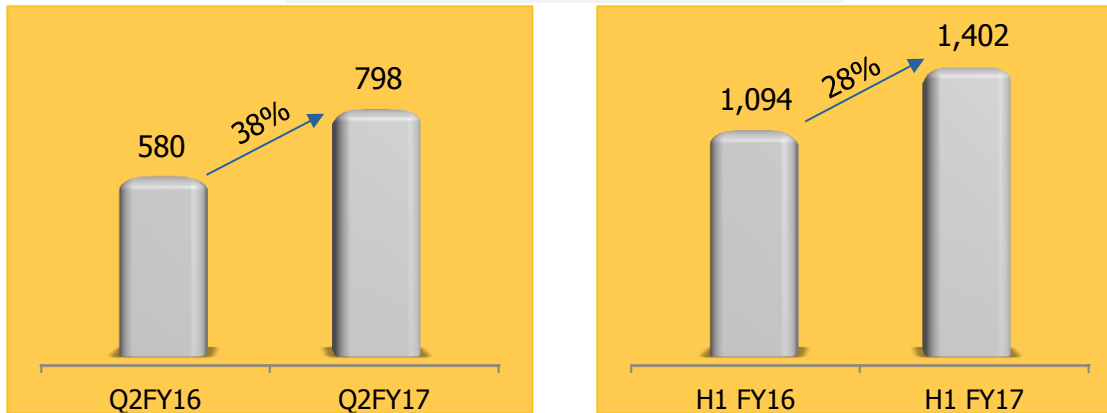


Financial results of the Company are best monitored on a year to date basis, as there is a certain level of seasonality in business and specific quarter performance may be influenced by certain occurrences in that quarter

Financial Highlights

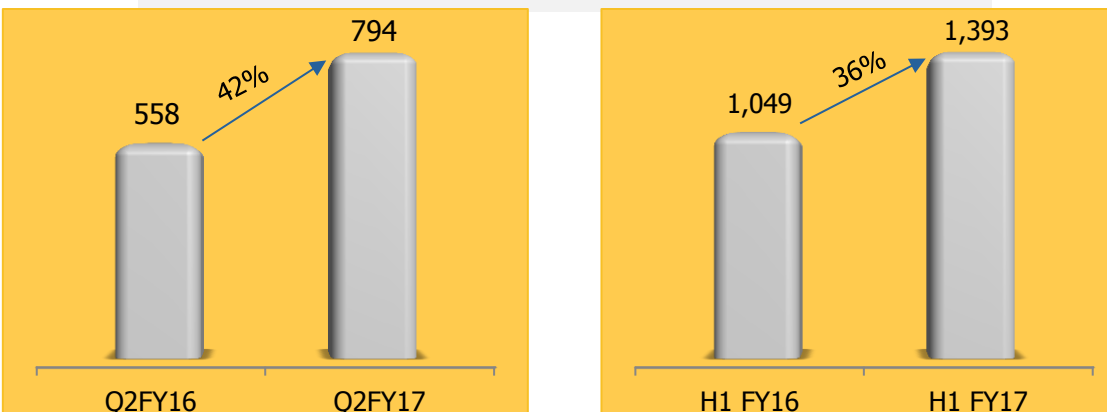
All figures in Rs mn

EBITDA (excl ESOP)



- EBITDA (excl ESOP) stood 38% higher with corresponding EBITDA Margins at 30.4% during Q2 FY17
 - This EBITDA growth was favourably impacted by seasonal fevers, price increase and operating leverage

PBT (excl ESOP + Excp Item)



- PBT (excl ESOP + Excp Item) growth during Q2 FY17 stood at 42%
 - Margins were at 25.9%
- PAT during Q2 FY17 is not comparable on YoY basis due to ESOP charge taken in Q2 FY16

LPL 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

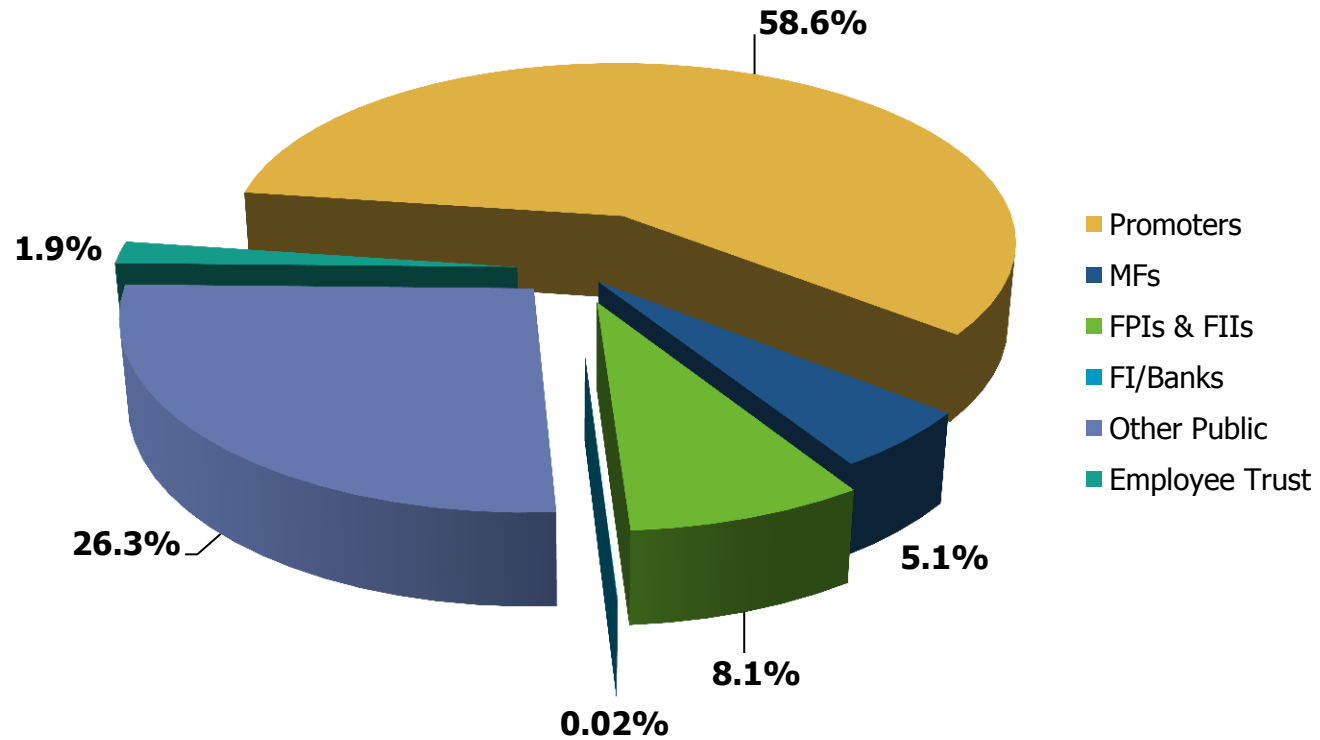
Annexures

- **IPO transaction**
- **Present Shareholding**

IPO transaction

Issuer	<ul style="list-style-type: none"> • Dr. Lal PathLabs Limited (“LPL” or “the Company”)
Transaction Type	<ul style="list-style-type: none"> • Initial public offering of up to 11,600,000 shares (Face Value Rs.10 each)
Issue Open and Close Dates	<ul style="list-style-type: none"> • December 8, 2015 – December 10, 2015
Type of Offering	<ul style="list-style-type: none"> • Offer for Sale by existing shareholders
Total Offer Size	<ul style="list-style-type: none"> • INR 6,203 – 6,319 million (implied equity valuation of INR 44.63 – 45.45 bn)
Price Band	<ul style="list-style-type: none"> • INR 540 – 550 per share. Issued at INR 550 per share
Retail Discount	<ul style="list-style-type: none"> • INR 15
Total Offer Size as % of Post Issue Capital	<ul style="list-style-type: none"> • ~14%
Percentage of Offer Size Available for Allocation	<ul style="list-style-type: none"> • QIB Tranche: 50% of the Offer Size (5,800,000 shares) <ul style="list-style-type: none"> • QIB Anchor Investors: Can be allocated up to 60% of the QIB Tranche (3,480,000 shares) • Non-Institutional Investor Tranche: Minimum 15% of the Offer Size (1,740,000 shares) • Retail Individual Investor Tranche: Minimum 35% of the Offer Size (4,060,000 shares)
Distribution	<ul style="list-style-type: none"> • Reg S and Rule 144A
Use of Proceeds	<ul style="list-style-type: none"> • Not applicable

Shareholding as on Sep 30, 2016



Contact us

About Dr Lal PathLabs Limited (LPL)

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 LPL are aimed at individual patients, hospitals and other healthcare providers and corporates. The catalogue of services includes 1,110 test panels, 1,934 pathology tests and 1,561 radiology and cardiology tests.

As on March 31, 2016 LPL's has 172 clinical labs (including National Reference Lab at Delhi), 1,559 Patient Service Centers (PSCs) and 4,967 Pick-up Points (PUPs). In FY16 & H1 FY17, LPL collected and processed approximately 26.3 million samples and 15.5 million samples from approximately 12.0 million and 7.0 million patients, respectively.

Corporate Identification No: L74899DL1995PLC065388

Website: <https://www.lalpathlabs.com/>

For further information please contact:

Dilip Bidani

Dr Lal PathLabs Limited

Tel: +91 124 301 6500

Fax: +91 124 423 4468

E-mail: dilip.bidani@lalpathlabs.com

Siddharth Rangnekar / Urvashi Butani

CDR,India

Tel: +91 22 66451209 / 1219

Fax: +91 22 66451213

Email: siddharth@cdr-india.com

urvashi@cdr-india.com