



 *Dr Lal PathLabs*

# Dr. Lal PathLabs Limited (LPL)

## Q4 & FY16 Results Presentation

May 27, 2016

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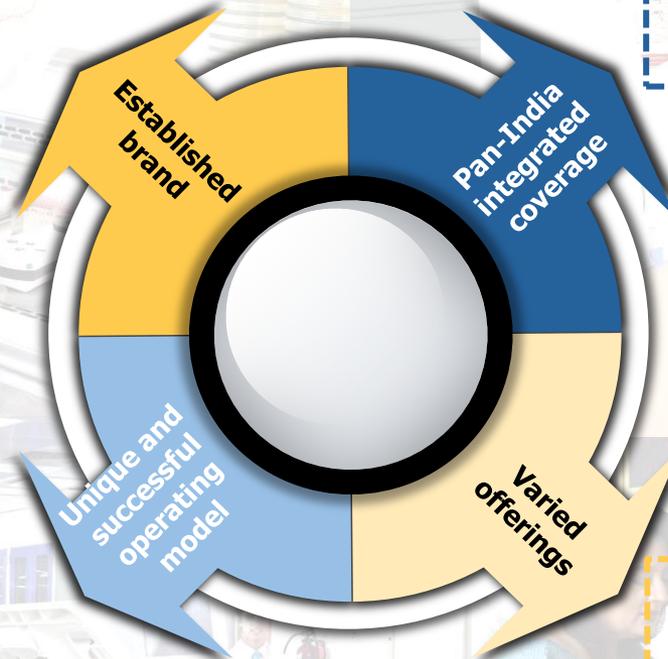


**DISCLAIMER:** This presentation may contain 'forward-looking' statements at places. The Company's business operations remain subject to undetermined contingencies and risks. Dr. Lal PathLabs Limited would not be liable for any action undertaken based on such 'forward-looking' statements and does not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

# Overview of Dr Lal PathLabs

***Established consumer healthcare brand in diagnostic services***

***172 clinical labs (including National Reference Lab at Delhi), 1,559 Patient Service Centers (PSCs) and 4,967 Pick-up Points (PUPs)\****



***Scalable model integrated through centralized IT platform allows for network expansion***

***Catalogue of 1,110 test panels, 1,934 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, 2016

## Key Highlights

- Focused on long-term growth and value creation
- Scale up in network progressing as per strategy, driving overall growth; Continued addition of centres
- During FY16 LPL reported:
  - Revenue growth of 20% to Rs. 7,913 mn from Rs. 6,596 mn
  - EBITDA (without ESOP Reversal) increase of 15% to Rs. 2,113 mn from Rs. 1,831 mn
  - PBT (without ESOP Reversal) higher by 20% to Rs. 1,973 mn from Rs. 1,639 mn
  - PAT increased by 38% from Rs 964 mn to Rs 1332 mn
- During Q4 FY16 LPL reported:
  - Revenue growth of 15% to Rs. 1,977 mn from Rs. 1,718 mn
  - EBITDA (without ESOP Reversal) increase of 16% to Rs. 520 mn from Rs. 449 mn
  - PBT (without ESOP Reversal) higher by 25% to Rs. 493 mn from Rs. 395 mn
  - PAT increased by 20.5% from Rs 288 mn to Rs 346 mn
- Cash and cash equivalents as on March 31, 2016 of Rs. 2,945 mn
- Focus on maintaining a strong balance sheet
  - Asset light approach with high level of emphasis on return generation
  - Zero debt at net level; business growth supported by internal reserves and linked to overall strategic plans
- Initiatives underway to grow presence in key and new markets
  - Prioritizing establishment of the new regional reference laboratories at Lucknow and Kolkata
- The Company has proposed a final dividend of 24.5% per equity share of FV Rs. 10

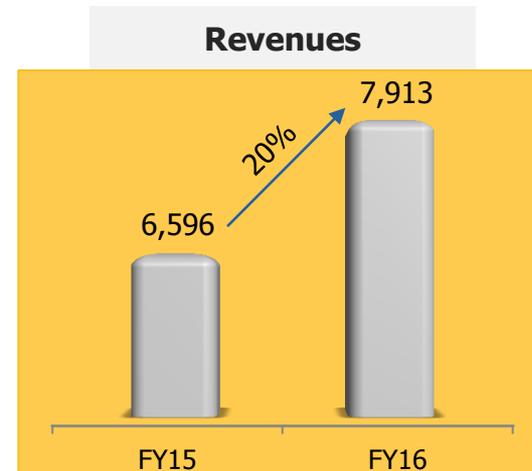
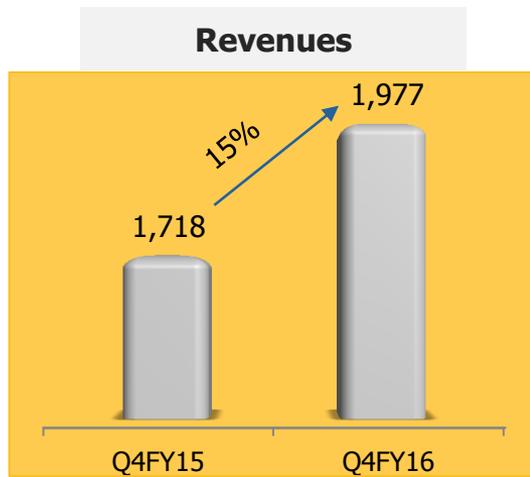
Note: Financial results of the Company are best monitored on a year to date basis, as there is a certain level of seasonality in business and specific quarter performance may be influenced by certain occurrences in that quarter. All figures in the presentation pertain to the consolidated results

- ESOP charges amounting to Rs. 35 mn have been reversed during Q4 FY16.
- EBITDA and PBT discussion in this note focusses on EBITDA and PBT performance without the prior period ESOP expenses reversal to provide a fair picture of the Company's normal business results during the quarter. "Without ESOP Reversal" EBITDA and PBT figures should be considered when evaluating the Q4 FY16 and FY16 performance.

## Q4 & FY Financial Performance

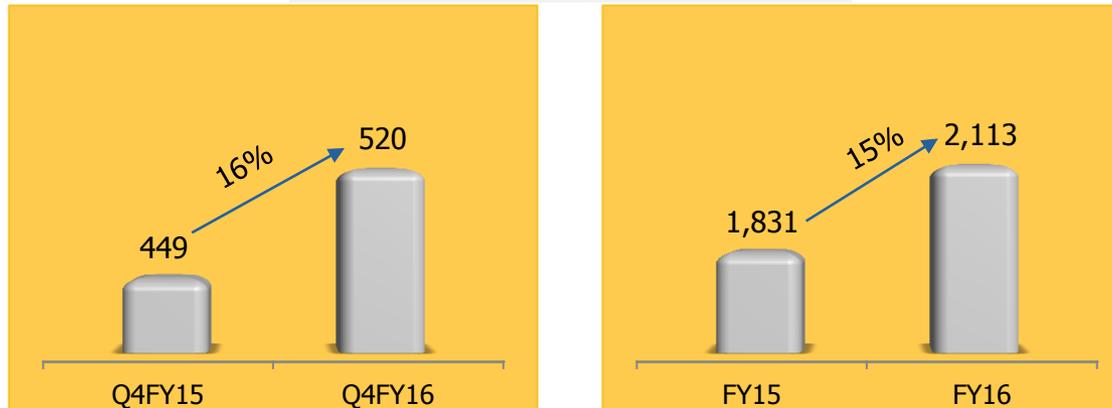
Particulars (Rs. mn)	Q4 FY16	Q4 FY15	Growth %	FY16	FY15	Growth %
Revenues	1,977	1,718	15.1%	7,913	6,596	20.0%
Total Expenditure	1,436	1,286	11.7%	5,816	5,036	15.5%
EBITDA	554	444	24.8%	2,148	1,589	35.1%
EBITDA (without ESOP reversal)	520	449	15.8%	2,113	1,831	15.4%
<i>Margins</i>	<i>26.3%</i>	<i>26.1%</i>	<i>20 bps</i>	<i>26.7%</i>	<i>27.8%</i>	<i>(110) bps</i>
PBT *	528	390	35.2%	2,007	1,397	43.7%
PBT (without ESOP reversal)	493	395	24.9%	1,973	1,639	20.3%
<i>Margins</i>	<i>24.9%</i>	<i>23.0%</i>	<i>190 bps</i>	<i>24.9%</i>	<i>24.9%</i>	<i>-</i>
PAT	346	288	20.5%	1,332	964	38.2%
EPS (Diluted)	4.14	3.48	19.0%	16.0	11.65	37.2%

\* before exceptional items

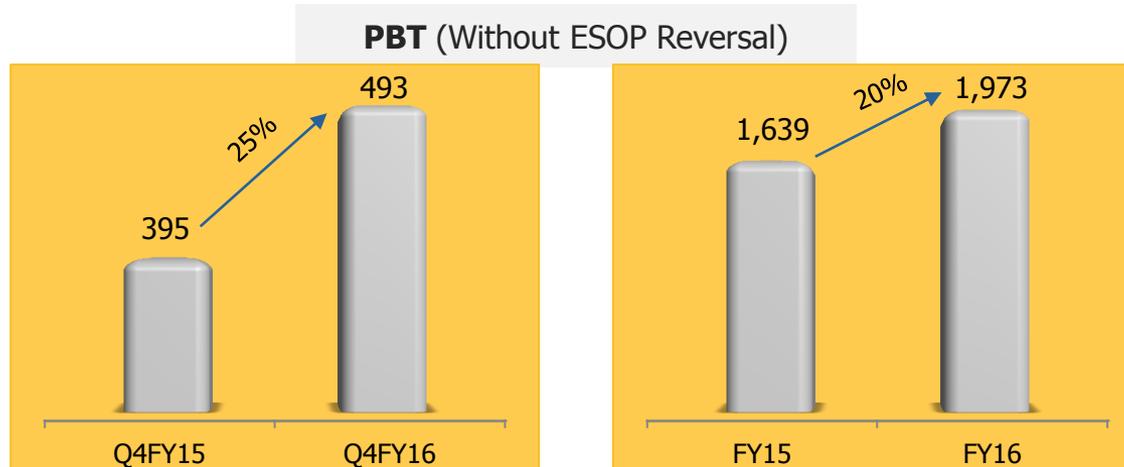


- Q4 FY16 revenues enhanced by 15% YoY driven by growth witnessed in volumes in combination with stable realizations
  - Excluding the favourable impact on account of increased testing for Swine Flu during Q4 FY15, the revenue growth stood at 21% in Q4 FY16
- Expansion in Full Year revenues driven largely by robust volume growth of 21%
- Volume growth attributable to consistent enhancement in LPL's network in the key geographies namely, North, Central and East India, which has helped the Company increase its reach and provide services to a larger patient base

## EBITDA (Without ESOP Reversal)



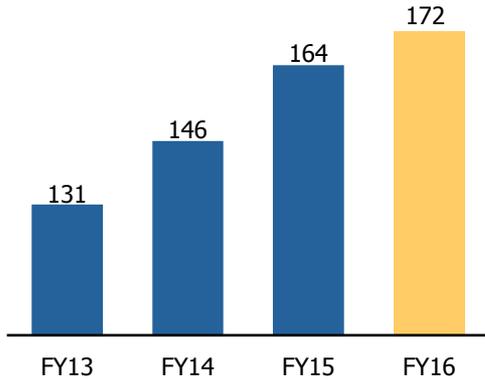
- EBITDA (Without ESOP Reversal) delivered 15% improvement during FY16, gains in Q4 FY16 stand at 16%
- EBITDA Margins (Without ESOP Reversal) stood at 26.7% for FY16 and at 26.3% for Q4 FY16
- EBITDA performance increased on the back of
  - Healthy increase in revenues led by network and volume growth
  - This was partially offset by higher costs associated with test mix and source of business
  - Considers the impact from high volume of dengue testing undertaken during Q3 FY16 and certain first time expenses in the form of listing fees, statutory bonus provision etc



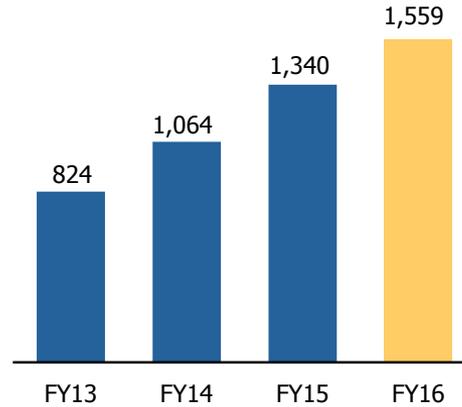
- PBT (Without ESOP Reversal) growth during Q4 FY16 and FY16 stood at 25% and 20% respectively
  - Margins were at 25% during both FY16 and in Q4 FY16
- PAT growth in Q4 FY16 and FY16 was at 21% and 38% respectively
  - These results are underpinned by strategy to capture growth in the evolving healthcare sector in the country backed by a robust and holistic business model
  - Also captures the effect of tax provision reversals done during the quarter

# Operating Highlights

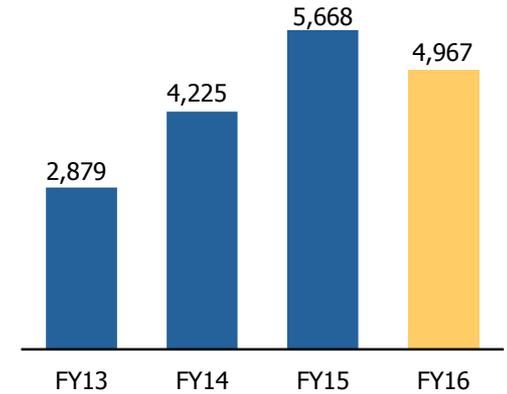
### No. of Clinical Laboratories



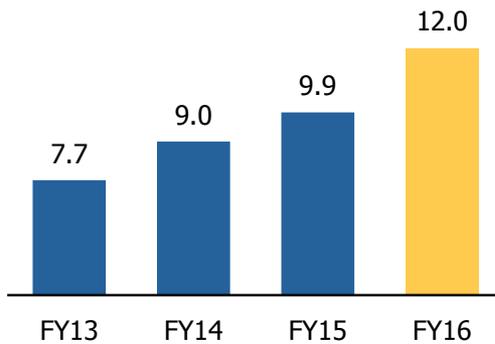
### No. of PSCs



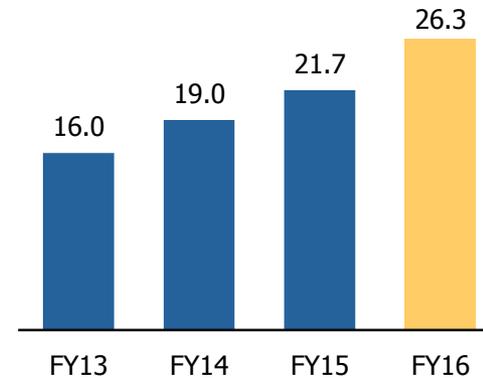
### No. of PUPs



### No. of patients (mn)



### No. of samples (mn)



**Commenting on the results announcement, Dr. Arvind Lal - Chairman and Managing Director said;** "The momentum of growth for LPL has continued throughout FY 2016 and we await several milestones to mark our growth going ahead too. Our performance during this quarter shows the progress that we made on executing our strategic plan of creating a solid and robust business foundation, which we are utilizing to drive innovative and value creating diagnostic solutions in the healthcare industry. Our wide range of tests, focus on quality and our expertise in this field, all enable us to be dynamic and drive our growth engines to progress and gain market share.

Going ahead, we are excited about the future given the scope to do so much more within this dynamic space. We believe there is a solid demand potential for quality analytics. LPL stands equipped and has the requisites to successfully expand and penetrate in this large and growing market to capture revenue and growth opportunities in FY 2017 and beyond."

**Commenting on the results announcement, Dr. Om Manchanda, CEO - Dr Lal PathLabs said;** "I am pleased to announce our Q4 & FY16 results, which are reflective of our commitment to execute as per our strategic plan which entails focus on fortifying our operations, business development in terms of services offered and geographic expansion. We have delivered healthy topline and earnings on the back of a scalable model which we have leveraged to drive growth and create value.

Our revenue growth was led by our efforts to drive volumes through enhanced sample collection efforts and by servicing a wider audience. All along we have tried and improved the efficiency of our operations with the agenda of reducing turnaround time and delivering high quality results to our patients. This we believe is the true mantra for us and a crucial element in our business.

As we progress, we are determined to enhance our industry-leading breadth and depth through our systematic geographic expansion plan and focus on superior quality. In doing so, we stand anchored by our commitment to drive business progress and create value for all our shareholders."

***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

- **LPL 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**



## 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*



**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**

*Commercial Controller*



**Ved Prakash Goel**

*Financial Controller*



**Rajat Kalra**

*Company Secretary and Compliance Officer*

### 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 FY2015 and FY16, LPL collected and processed approximately 21.7 million samples and 26.3 million samples from approximately 9.9 million and 12 million patients, respectively.

Additional information on Dr Lal PathLabs Limited:

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