International Roadmap
FY 19 to FY 21
Presentation Flow

- Why focus more on international business?
- International business snapshot
  - Current State
  - Proposed State
- Drivers of growth – New models
- Improvement of existing infrastructure
- International channel as a separate BU?
Why Focus more on International business?

Opportunity in international business

- Contributes 11% of our topline; Likely to reach INR 300 Cr in CY
- Growing at 22% CAGR
- Higher profitability
- Total market ~ INR 1500 Cr in NCR, growing at 16% annually
- Govt. of India supporting medical value travel
- The overall business environment likely to improve significantly for this segment
- Opportunity to replace comparatively less profitable channels
Presentation Flow

- Why focus more on international business?
- **International business snapshot**
  - Current State
  - Proposed State
- Drivers of growth – New models
- Improvement of existing infrastructure
- International channel as a separate BU?
Current Business Spread

Afghanistan & Iraq together contributes to approx. 37% of total international business in Max.
91% business contribution from HCFs
Current State – Revenue growth path

Current projected growth path

<table>
<thead>
<tr>
<th>FY 14-15</th>
<th>FY 15-16</th>
<th>FY 16-17</th>
<th>FY 17-18</th>
<th>FY 18-19</th>
<th>FY19-20</th>
<th>FY20-21</th>
</tr>
</thead>
<tbody>
<tr>
<td>163</td>
<td>193</td>
<td>243</td>
<td>300.0</td>
<td>345.0</td>
<td>389.9</td>
<td>428.8</td>
</tr>
</tbody>
</table>

Rev in INR Cr
Current State – Snapshot – Revenue - Geography breakup

- Middle East: 27%
- SE Asia + SAARC: 22%
- CIS: 10%
- East Africa: 10%
- West Africa: 4%
- Central Africa: 3%
- Others/OPD: 24%
Current State –Snapshot –Revenue- Specialty breakup

- Cardiac: 16%
- Neuro: 19%
- Obs & Gyne: 2%
- Ortho: 11%
- Onco: 15%
- Liver: 12%
- MAMBS: 1%
- General: 2%
- Internal: 2%
- Gastro: 2%
- ENT: 2%
- Paeds: 4%
- Others: 3%
- Urology: 9%
### Current State - Summary

| Key Drivers | Business from HCFs  
Referrals from OPDs conducted abroad |
|-------------|--------------------------------------------------|
| Competition | Outside India  
Thailand, Turkey, Singapore  
Within India  
Fortis, Apollo, Medanta, BLK, Artemis |
| Headwinds | Regulatory environment for domestic channels, esp MAC  
Plateauing growth projection of international channel in Max considering existing models and increasing competition |
| Challenges | Overdependence on HCFs – they drive 91% of international business  
HCFs are unorganized – lack of systems, values, transparency  
Undifferentiated International Patient Services in Max hospitals currently |
| Tailwinds | Growing medical tourism  
The Indian Medical Tourism market is expected to grow from its current size of USD 3 billion to USD 7-8 billion by 2020 (Grant Thornton report, 2015)  
GOI’s increasing focus on promoting medical tourism in India  
Higher quality infrastructure expected at new MHC facility in coming years |

Hence, a major shift in strategy is needed to achieve higher growth.
Presentation Flow

- Why focus more on international business?
- International business snapshot
  - Current State
  - Proposed State
- Drivers of growth – New models
- Improvement of existing infrastructure
- International channel as a separate BU?
Proposed State
To increase the International revenue @23% CAGR to INR 569 Cr by FY 21

New models of engagement
- New offices
  - Own sales office
  - Franchise office
- Surgeries abroad
- O&M contracts
- Contracts for specific service lines
- Tele-radiology
- New markets – in unexplored territories

Creating a separate BU
- Separate team and structure
- P&L responsibility for international channel
Current v/s Proposed Revenue Growth Path

FY 14-15  | FY 15-16  | FY 16-17  | FY 17-18  | FY 18-19  | FY19-20  | FY20-21  \\
163       | 193       | 243       | 304.2     | 300.0     | 345.0    | 389.9    | 464.6    | 569.1    |

- Current growth path
- Proposed Growth

Revenue in INR Cr
# Summary of Revenue Growth Numbers

<table>
<thead>
<tr>
<th></th>
<th>FY 17-18 rev</th>
<th>FY 18-19 rev</th>
<th>FY19-20 rev</th>
<th>FY20-21 rev</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current projected Growth</td>
<td>300.0</td>
<td>345.0</td>
<td>389.9</td>
<td>428.8</td>
</tr>
<tr>
<td>O&amp;M contracts</td>
<td>0.0</td>
<td>9.0</td>
<td>21.6</td>
<td>44.4</td>
</tr>
<tr>
<td>Surgical Camps</td>
<td>1.2</td>
<td>7.0</td>
<td>18.5</td>
<td>43.8</td>
</tr>
<tr>
<td>Teleradiology</td>
<td>0.0</td>
<td>5.0</td>
<td>15.0</td>
<td>25.0</td>
</tr>
<tr>
<td>Sales Office</td>
<td>3.0</td>
<td>5.3</td>
<td>17.1</td>
<td>20.8</td>
</tr>
<tr>
<td>New markets</td>
<td>0.0</td>
<td>1.0</td>
<td>2.5</td>
<td>6.2</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>304.2</strong></td>
<td><strong>372.3</strong></td>
<td><strong>464.6</strong></td>
<td><strong>569.1</strong></td>
</tr>
</tbody>
</table>
# New initiatives – Proposed time spread

<table>
<thead>
<tr>
<th>Summary</th>
<th>FY 17-18</th>
<th>FY 18-19</th>
<th>FY19-20</th>
<th>FY20-21</th>
<th>Total (in 4 years)</th>
</tr>
</thead>
<tbody>
<tr>
<td>O&amp;M contracts</td>
<td>0</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td>Surgical Contracts</td>
<td>1(LTP in Dhaka)</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td>Sales Office</td>
<td>1</td>
<td>3</td>
<td>4</td>
<td>0</td>
<td>8 (Locations given in detail slide)</td>
</tr>
<tr>
<td>New markets</td>
<td>0</td>
<td>1</td>
<td>2</td>
<td>2</td>
<td>5 (Locations given in detail slide)</td>
</tr>
</tbody>
</table>

**Target Locations**
- Africa: Kenya, Nigeria, Ethiopia, Congo, Sudan, Ghana
- Middle east: Oman, Iraq
- S.E Asia: Myanmar, Indonesia
- CIS: Uzbekistan, Kyrgyzstan, Kazakhstan

**Revenue in INR Cr**
## Potential and Assessment of various markets

<table>
<thead>
<tr>
<th>Market</th>
<th>Market Size (INR Cr)</th>
<th>GDP ($ billion)</th>
<th>Political situation</th>
<th>Last Elections held in/Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kenya</td>
<td>225</td>
<td>70</td>
<td>Democracy</td>
<td>March 2013</td>
</tr>
<tr>
<td>Nigeria</td>
<td>225</td>
<td>400</td>
<td>Democracy</td>
<td>2015</td>
</tr>
<tr>
<td>Ethiopia</td>
<td>135</td>
<td>78</td>
<td>Democracy</td>
<td>May 2015</td>
</tr>
<tr>
<td>Congo</td>
<td>135</td>
<td>41</td>
<td>Dictatorship</td>
<td>Nov 2011 (next elections in Dec 2017)</td>
</tr>
<tr>
<td>Sudan</td>
<td>90</td>
<td>116</td>
<td>Democracy</td>
<td>April 2015</td>
</tr>
<tr>
<td>Ghana</td>
<td>45</td>
<td>43</td>
<td>Democracy</td>
<td>Dec 2016</td>
</tr>
<tr>
<td>Oman</td>
<td>180</td>
<td>71</td>
<td>Monarchy</td>
<td>Stable-Sultan is very well respected</td>
</tr>
<tr>
<td>Iraq</td>
<td>630</td>
<td>189</td>
<td>Unstable</td>
<td>Civil War going on</td>
</tr>
<tr>
<td>Myanmar</td>
<td>45</td>
<td>71</td>
<td>Democracy</td>
<td>Nov 2015</td>
</tr>
<tr>
<td>Indonesia</td>
<td>0 (USD 1 b goes to Singapore, Thailand, Malaysia)</td>
<td>1020</td>
<td>Democracy</td>
<td>April 2014</td>
</tr>
<tr>
<td>Uzbekistan</td>
<td>90</td>
<td>68</td>
<td>Democracy</td>
<td>Stable – dominant party rule</td>
</tr>
<tr>
<td>Kyrgyzstan</td>
<td>90</td>
<td>6.8</td>
<td>Democracy</td>
<td>Oct 2015/Stable – dominant party rule</td>
</tr>
<tr>
<td>Kazakhstan</td>
<td>45</td>
<td>158</td>
<td>Democracy</td>
<td>March 2016 /Stable – dominant party rule</td>
</tr>
</tbody>
</table>

GDP numbers taken from www.statisticstimes.com
Region Wise revenue split

Current Revenue Split
- Middle East 27%
- SE Asia + SAARC 22%
- CIS 10%
- East Africa 10%
- West Africa 4%
- Central Africa 3%
- Others/OPD 24%

Proposed Revenue Split
- Middle East 26%
- SE Asia + SAARC 19%
- CIS 11%
- East Africa 13%
- West Africa 7%
- Central Africa 4%
- Others/OPD 20%

Increased focus on Africa
Region Wise revenue growth

<table>
<thead>
<tr>
<th>Region</th>
<th>CY projected revenue (FY 18)</th>
<th>Proposed projected revenue (FY 21)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Middle East</td>
<td>80</td>
<td>146</td>
</tr>
<tr>
<td>SE Asia + SAARC</td>
<td>66</td>
<td>105</td>
</tr>
<tr>
<td>CIS</td>
<td>32</td>
<td>64</td>
</tr>
<tr>
<td>East Africa</td>
<td>30</td>
<td>74</td>
</tr>
<tr>
<td>West Africa</td>
<td>11</td>
<td>42</td>
</tr>
<tr>
<td>Central Africa</td>
<td>9</td>
<td>25</td>
</tr>
<tr>
<td>Others/OPD</td>
<td>71</td>
<td>115</td>
</tr>
</tbody>
</table>

Revenue in INR Cr
Channel Wise revenue split

Current revenue split

- Direct: 9%
- HCF: 91%

Proposed revenue split (FY21)

- Direct: 31%
- HCF: 69%
Presentation Flow

- Why focus more on international business?
- International business snapshot
  - Current State
  - Proposed State
- Drivers of growth – New models
- Improvement of existing infrastructure
- International channel as a separate BU?
New Models
Target Locations
Target Regions for exploring new initiatives
New Models
Details
Sales Offices (8)

Models

- Mix of own and partner offices-
  - Own sales offices - At strategic locations
  - Partner Offices – At difficult to set up locations
  - Franchise offices – Over a period of time

Why Sales Office?

- To drive BD - tie-ups with local entities
- To execute ATL and BTL marketing
- To provide better logistics for OPDs and Surgical camps
- Local hub for Tele-radiology
- Local hub for Tele-consult
- Opportunity creation for O&M contracts

Proposed Locations

- Kenya
- Ethiopia
- Nigeria
- Uzbekistan
- Ukraine
- Indonesia
- Oman
- UK

Back to revenue summary slide
Revenue Details
Surgical Contract (4)

Opportunity

- Lack of good clinical talent despite good infrastructure in many countries
- Target regions: Central and East Africa, Middle East, S.E Asia

Specialties Targeted

- Any four out of
  - Cardiac
  - Neuro
  - Ortho
  - GI
  - Urology

Revenue Streams

- Direct revenue: Surgeries abroad
- Indirect revenue: Patient referrals to India

Challenges

- Difficult local laws to adhere to
- Difficult to source clinical talent ready to work on terms like periodic rotation

Back to revenue summary slide Revenue Details
O&M contracts (4)

Ideal Partner
- 80-100 beds
- Secondary care hospitals
- Diagnostics facilities available
- Promotors
  - Minimum financial worth of USD 50 million
  - Political connections in that country

Financial Model
- MG
- Revenue/EBIDTA sharing
- Indirect referral business
- All costs borne by the partner

Potential Markets
- Africa (mostly East Africa)
- Middle East
- CIS countries
- SE Asia
- UK - NHS

Back to revenue summary slide
Revenue Details
Tele-radiology

Models

• Reporting for diagnostics done at partner centers
• Radiology O&M
New Markets

- Plan to expand to new markets (Significantly different from existing countries/regions)

<table>
<thead>
<tr>
<th>New Target Markets</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
</tr>
<tr>
<td>Russia</td>
</tr>
<tr>
<td>Scandanavia</td>
</tr>
<tr>
<td>East Europe</td>
</tr>
<tr>
<td>Fiji/Far pacific</td>
</tr>
</tbody>
</table>
Presentation Flow

- Why focus more on international business?
- International business snapshot
  - Current State
  - Proposed State
- Drivers of growth – New models
- Improvement of existing infrastructure
- International channel as a separate BU?
## Challenges

### Operational bandwidth
- Managers
- Clinicians
- Nurses

### Management Bandwidth
- Legal
  - Different local laws
- Finance
  - Different taxation systems
  - Funds transfer
- HR
  - Hiring local resources

### Perspective transformation
- Need greater risk appetite to venture into these locations
- Need flexibility of thought for new breakthroughs

### Differentiated services
- We need differentiated services in order to attract international patients
Presentation Flow

- Why focus more on international business?

- International business snapshot
  - Current State
  - Proposed State

- Drivers of growth – New models

- Improvement of existing infrastructure

- International channel as a separate BU?
Separate BU

Need
- Different functional skill set needed in international arena
  - Legal, Finance, HR, Operations
  - Quicker decision making and execution
  - Higher risk appetite

Proposed Structure
- International Business head
- Geography heads – P&L owners
  - Geography Regional offices in Dubai, Nairobi, Lagos, Jakarta
- Vertical heads – one for each model
- International Patient Services head (for support services in the hospital)
- A dedicated resource for international HR, Legal, Finance, Operations

Financial reporting
- Separate P&L for the BU
- Periodic quarterly reporting as part of functional review
- Additional cost would be covered from the additional revenue generated by this BU (to be limited to 20% of the delta revenue generated)
Organization Structure for the separate BU

BU Head

Geography Heads
- Geography Head - Asia
  - Vertical executives
- Geography Head - Africa
  - Vertical executives
- Geography Head - Rest
  - Vertical executives

Vertical Heads
- Sales Office
  - O&M contracts
  - Surgical contracts
  - Tele-radiology
  - New Markets
- IPS Head?
  - Functional managers
  - Legal
  - HR
  - Finance
Thank-You
## Sales Office – Revenue details

<table>
<thead>
<tr>
<th>Country</th>
<th>FY 17-18</th>
<th>FY 18-19</th>
<th>FY 19-20</th>
<th>FY 20-21</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kenya</td>
<td>300</td>
<td>180</td>
<td>212</td>
<td>251</td>
</tr>
<tr>
<td>Ethiopia</td>
<td></td>
<td>302</td>
<td>363</td>
<td></td>
</tr>
<tr>
<td>Nigeria</td>
<td>180</td>
<td>207</td>
<td>238</td>
<td></td>
</tr>
<tr>
<td>Uzbekistan</td>
<td>123</td>
<td>141</td>
<td>163</td>
<td></td>
</tr>
<tr>
<td>Ukraine</td>
<td></td>
<td>243</td>
<td>316</td>
<td></td>
</tr>
<tr>
<td>Indonesia</td>
<td></td>
<td>325</td>
<td>423</td>
<td></td>
</tr>
<tr>
<td>Oman</td>
<td></td>
<td>216</td>
<td>259</td>
<td></td>
</tr>
<tr>
<td>UK</td>
<td>50</td>
<td>60</td>
<td>72</td>
<td></td>
</tr>
<tr>
<td><strong>Sub Total</strong></td>
<td><strong>300</strong></td>
<td><strong>533</strong></td>
<td><strong>1707</strong></td>
<td><strong>2084</strong></td>
</tr>
</tbody>
</table>

Additional revenue only due to sales office; Sales office would assist in other initiatives as well
# Surgical Contracts – Revenue details

<table>
<thead>
<tr>
<th></th>
<th>FY 17-18</th>
<th>FY 18-19</th>
<th>FY 19-20</th>
<th>FY 20-21</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of contracts</td>
<td>1 (LTP – Dhaka)</td>
<td>1</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td><strong>Net revenue - direct</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cardiac/Onco/Spine</td>
<td>156</td>
<td>468</td>
<td>936</td>
<td></td>
</tr>
<tr>
<td>Cardiac/Onco/Spine</td>
<td>156</td>
<td>624</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ortho/Gi/Urology</td>
<td>120</td>
<td>360</td>
<td>720</td>
<td></td>
</tr>
<tr>
<td>Ortho/Gi/Urology</td>
<td></td>
<td></td>
<td></td>
<td>240</td>
</tr>
<tr>
<td>LTP</td>
<td>120</td>
<td>120</td>
<td>120</td>
<td>120</td>
</tr>
<tr>
<td><strong>Sub-total</strong></td>
<td><strong>120</strong></td>
<td><strong>396</strong></td>
<td><strong>1104</strong></td>
<td><strong>2640</strong></td>
</tr>
<tr>
<td><strong>Net revenue - indirect</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(referral)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cardiac/Onco/Spine</td>
<td>90</td>
<td>270</td>
<td>540</td>
<td></td>
</tr>
<tr>
<td>Cardiac/Onco/Spine</td>
<td></td>
<td>90</td>
<td>360</td>
<td></td>
</tr>
<tr>
<td>Ortho/Gi/Urology</td>
<td>90</td>
<td>270</td>
<td>540</td>
<td></td>
</tr>
<tr>
<td>Ortho/Gi/Urology</td>
<td></td>
<td></td>
<td></td>
<td>180</td>
</tr>
<tr>
<td>LTP</td>
<td>120</td>
<td>120</td>
<td>120</td>
<td>120</td>
</tr>
<tr>
<td><strong>Sub-total</strong></td>
<td><strong>120</strong></td>
<td><strong>300</strong></td>
<td><strong>750</strong></td>
<td><strong>1740</strong></td>
</tr>
<tr>
<td><strong>Total rev - Surgeries abroad</strong></td>
<td><strong>240</strong></td>
<td><strong>696</strong></td>
<td><strong>1854</strong></td>
<td><strong>4380</strong></td>
</tr>
</tbody>
</table>

Revenue in INR Lacs

Back to Surgical contracts slide
Back to revenue summary slide
<table>
<thead>
<tr>
<th>O&amp;M Contracts</th>
<th>FY 18-19</th>
<th>FY19-20</th>
<th>FY20-21</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of new contracts</td>
<td>1</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Direct - MG</td>
<td>100</td>
<td>200</td>
<td>400</td>
</tr>
<tr>
<td>Direct - revenue/EBIDTA sharing</td>
<td>0</td>
<td>322</td>
<td>842</td>
</tr>
<tr>
<td>Indirect-referrals</td>
<td>800</td>
<td>1640</td>
<td>3200</td>
</tr>
<tr>
<td>Sub total</td>
<td>900</td>
<td>2162</td>
<td>4442</td>
</tr>
</tbody>
</table>
New Markets

- Plan to expand to new markets (Significantly different from existing countries/regions)

<table>
<thead>
<tr>
<th>New Markets</th>
<th>FY 18-19</th>
<th>FY19-20</th>
<th>FY20-21</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>100</td>
<td>150</td>
<td>200</td>
</tr>
<tr>
<td>Russia</td>
<td>0</td>
<td></td>
<td>120</td>
</tr>
<tr>
<td>Scandenavia</td>
<td>0</td>
<td>100</td>
<td>150</td>
</tr>
<tr>
<td>East Europe</td>
<td>0</td>
<td></td>
<td>150</td>
</tr>
<tr>
<td>Fiji/Far pacific</td>
<td>0</td>
<td>200</td>
<td>300</td>
</tr>
<tr>
<td><strong>Sub Total</strong></td>
<td><strong>100</strong></td>
<td><strong>250</strong></td>
<td><strong>620</strong></td>
</tr>
</tbody>
</table>

Revenue in INR lakhs
## Differentiated Services

### Benchmarking with Bumrungrad Hospital

<table>
<thead>
<tr>
<th><strong>Interpreters</strong> for all major languages, specially Afghani, Arabic, French and Russian</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hospital-wide <strong>Wi-Fi</strong> network coverage</td>
</tr>
<tr>
<td>A spacious <strong>Sky Lobby</strong> featuring a premium member lounge</td>
</tr>
<tr>
<td><strong>Pre booking of custom food</strong> for attendants for late night arrivals to the hospital (international patient)</td>
</tr>
<tr>
<td><strong>Dressing:</strong> Staff wears traditional Thai silk dresses, instead of respect-demanding white coats</td>
</tr>
<tr>
<td>Patient is always <strong>accompanied by one hospital staff</strong> all the time the moment he walks into the premises: As the patient is from another country, he is not aware of the ways of host country – so handholding impacts satisfaction a lot</td>
</tr>
<tr>
<td>Fully <strong>automated drug management system</strong> called ‘pharmacy robot’ to improve its patient care and safety: This automated technology is used to replace the human routine tasks concerned with the packaging, storing and dispensing processes, which aims to minimize medication error. Moreover, since the system helps to reduce the number of routine jobs of pharmacists and technicians, it allows these professionals to be able to spend more time on patient care</td>
</tr>
<tr>
<td><strong>Website</strong> : Look &amp; Feel : Apart from specialties, many medical conditions and related diseases are mentioned for a layman to understand</td>
</tr>
</tbody>
</table>
MHC exploring models across the spectrum ranging from sales outposts to O&Ms

<table>
<thead>
<tr>
<th>Reputational/political Risk</th>
<th>HCF</th>
<th>Sales outposts</th>
<th>Surgical camps</th>
<th>O&amp;Ms</th>
</tr>
</thead>
<tbody>
<tr>
<td>High</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Medium</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Low</td>
<td></td>
<td>Better control of sales processes</td>
<td>Better profitability leveraging existing local infrastructure</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Low scalability</td>
<td>Very little control</td>
<td>Complete control of local facility</td>
<td>Highest referral potential</td>
</tr>
</tbody>
</table>

**International O&Ms**

*What does it mean?*
Managing a hospital abroad with MHC committing
- Management team and oversight from India
- Clinical teams to bridge gaps in services

*What does it take?*
- Suitable local partner
- Management bandwidth
- New team of 1 GM + 5 Manco members
- Gestation of ~9-12 months
- No *up-front* investment; owner to *fund losses* till EBITDA breakeven is achieved

*What do we get?*
- A fixed MG
- Share of EBITDA
- Referrals for high end work from the region
- Prevents referral leakage
- Other local and govt. contracts

**Current Status**
- On-going
- Nairobi underway
- Done in Iraq previously
- Exploring in Congo

**Potential**
- Low potential
- Med potential
- High potential