



**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?

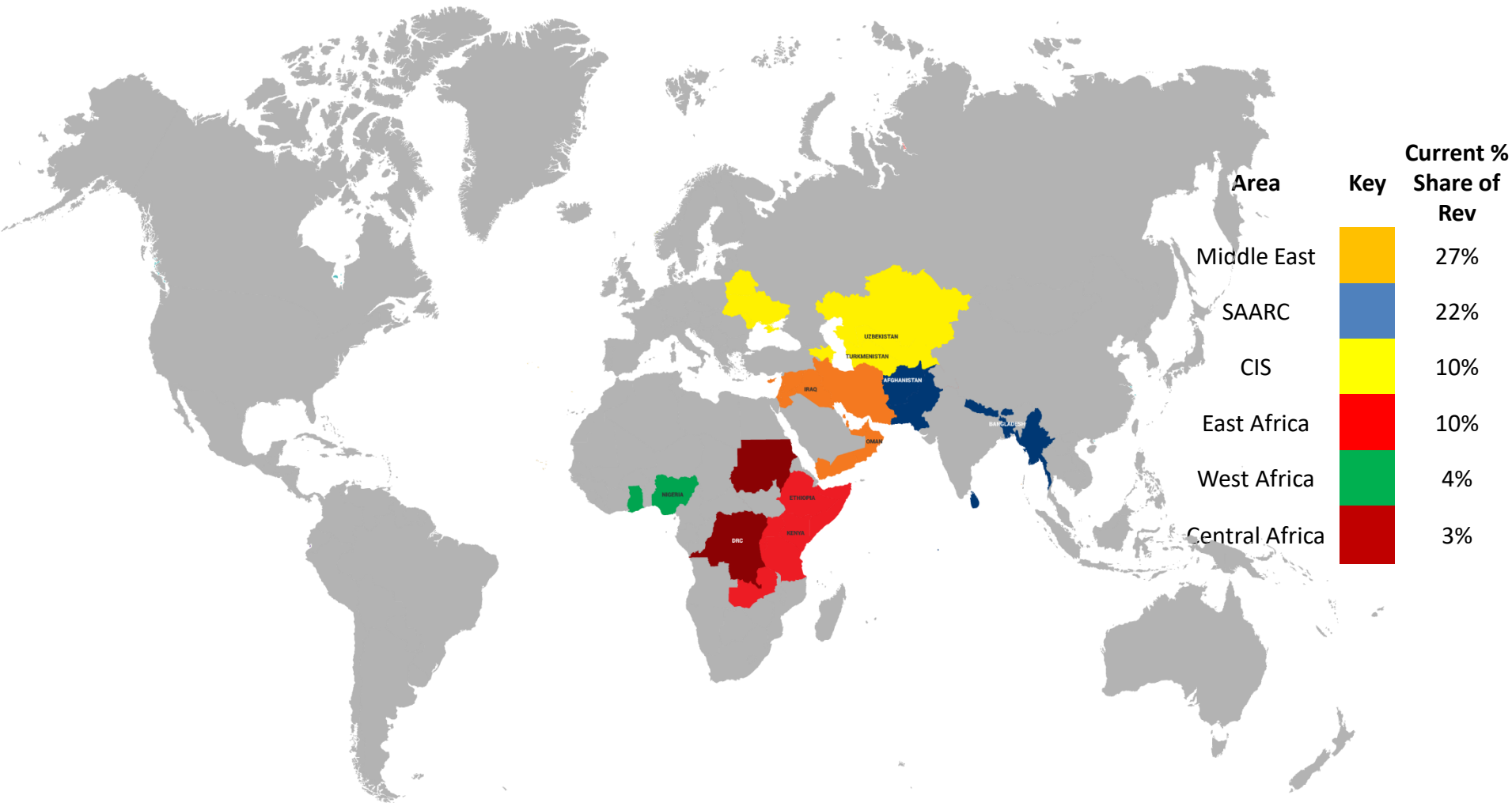
Opportunity in
international
business

- 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

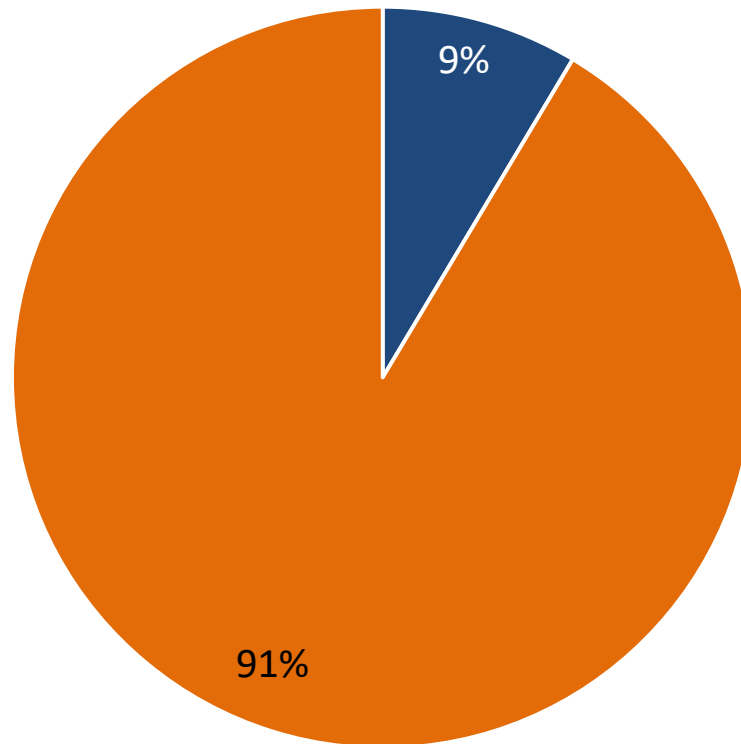
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Current Business Spread



Afghanistan & Iraq together contributes to approx. 37% of total international business in Max.

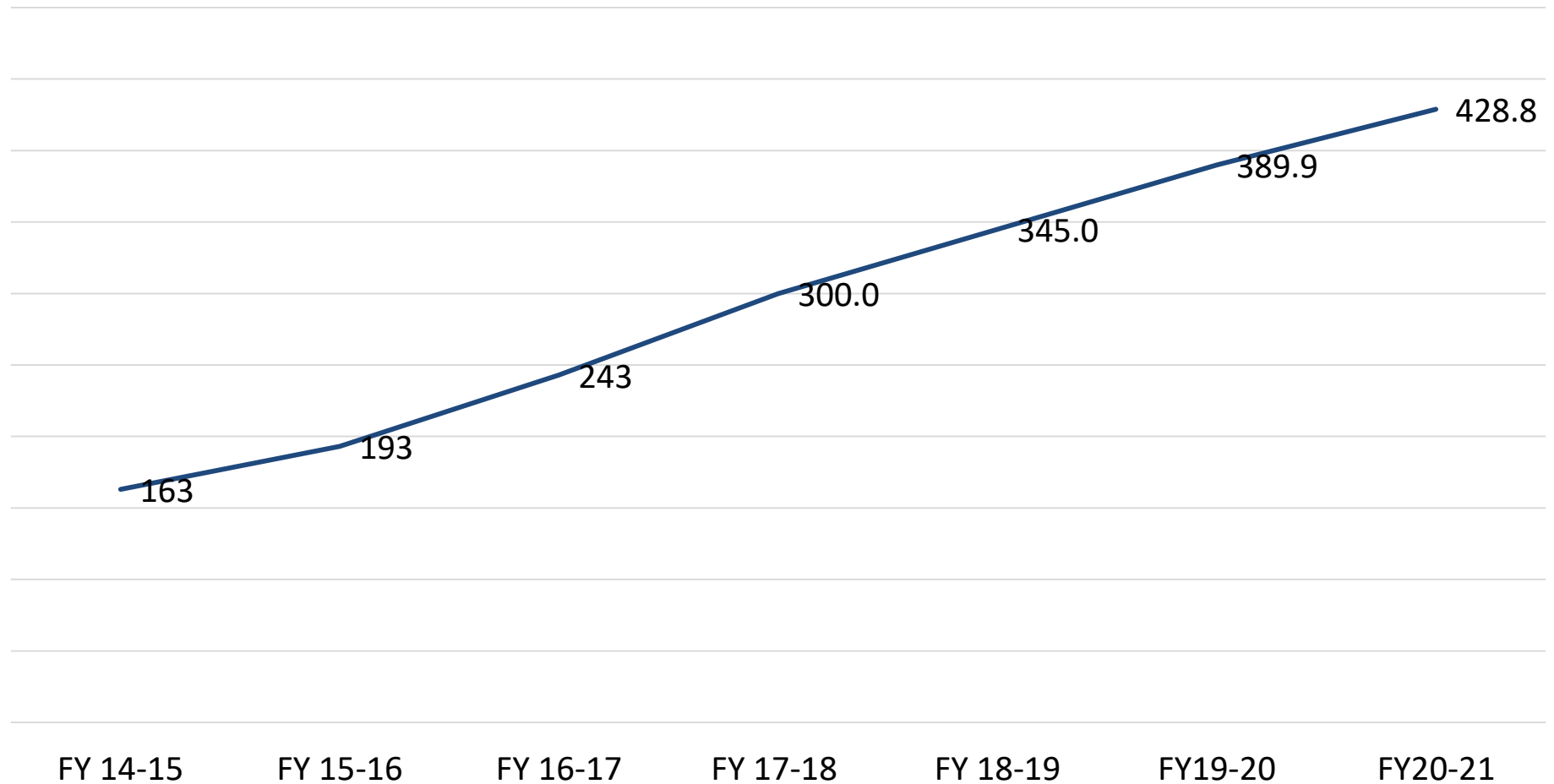
91% business contribution from HCFs



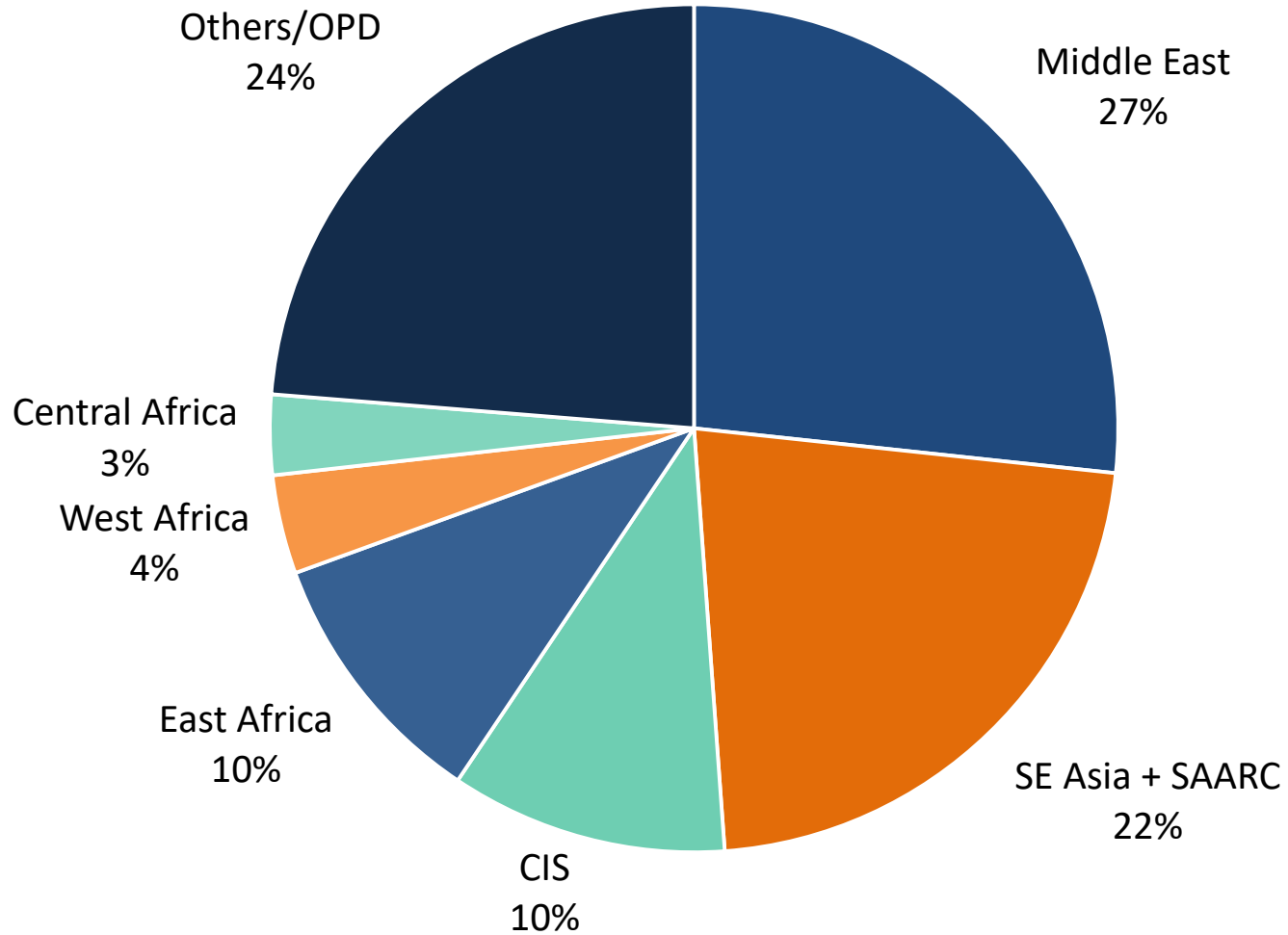
■ Direct ■ HCF

Current State –Revenue growth path

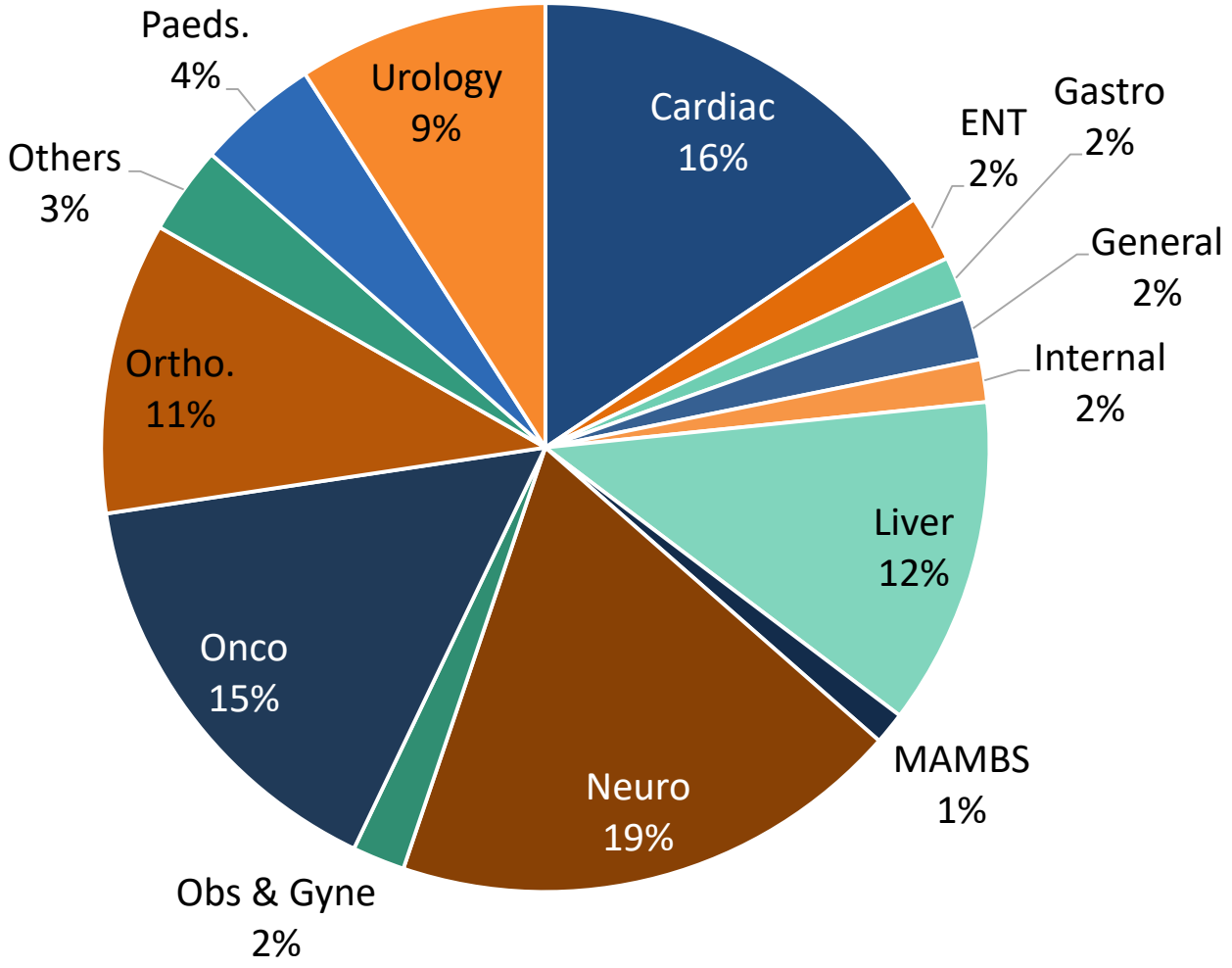
Current projected growth path



Current State –Snapshot – Revenue - Geography breakup



Current State –Snapshot –Revenue- Specialty breakup



Current State - Summary



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Proposed State

To increase the International revenue @23% CAGR to INR 569 Cr by FY 21



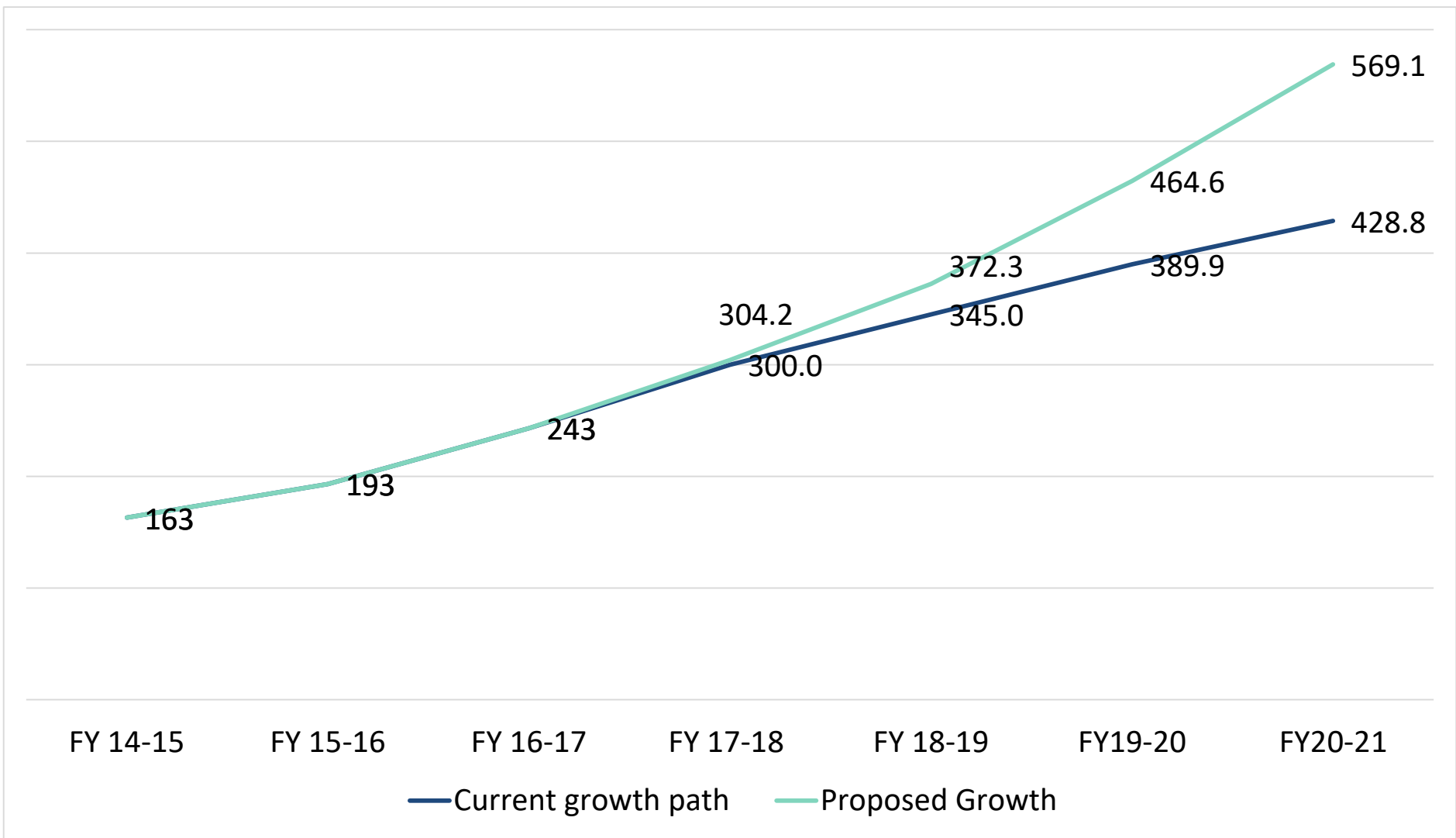
New models of engagement

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

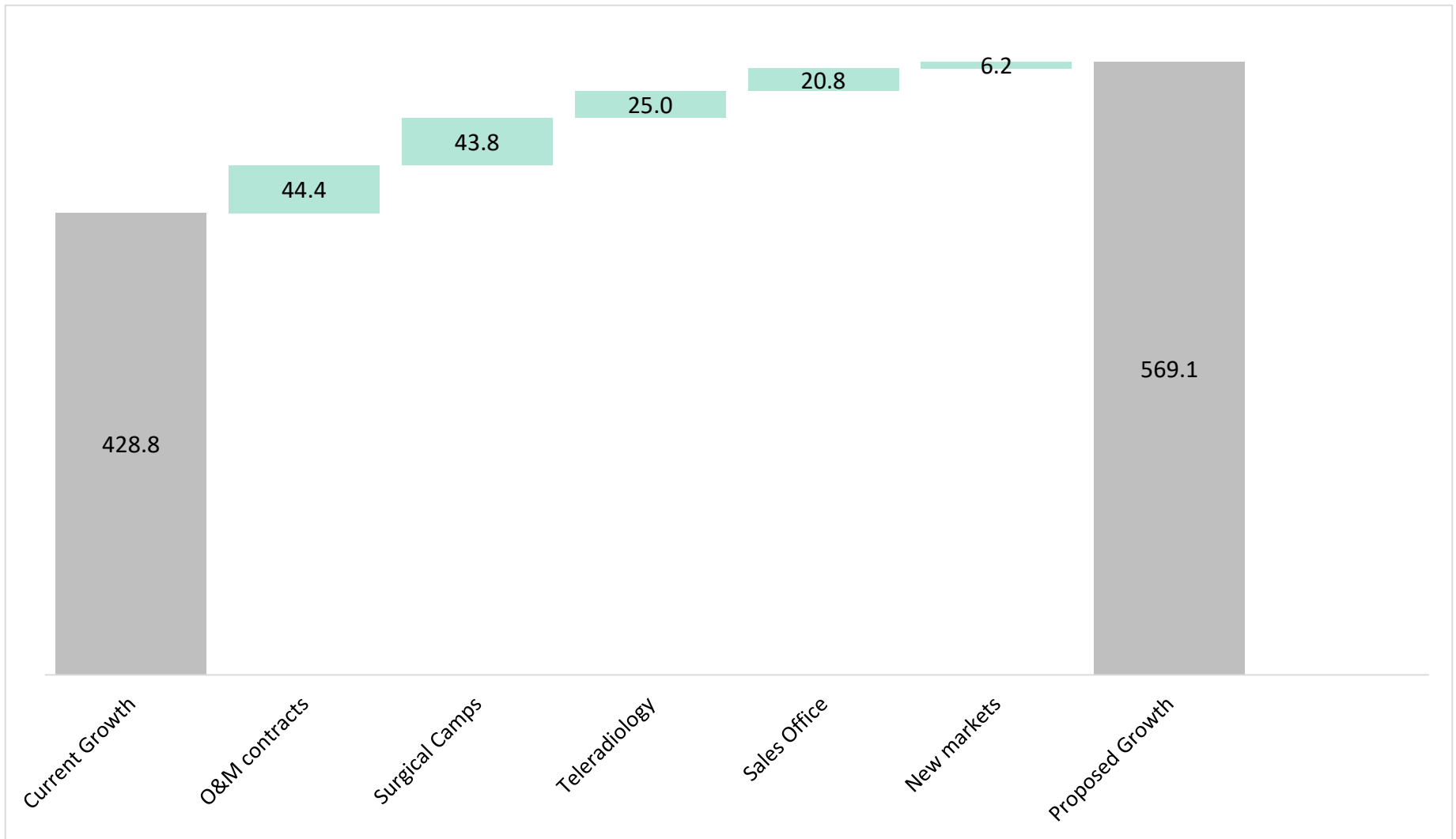
Creating a separate BU

- Separate team and structure
- P&L responsibility for international channel

Current v/s Proposed Revenue Growth Path



Current v/s Proposed Revenue Growth Path (FY 20-21)



Summary of Revenue Growth Numbers



	FY 17-18 rev	FY 18-19 rev	FY19-20 rev	FY20-21 rev
Current projected Growth	300.0	345.0	389.9	428.8
O&M contracts	0.0	9.0	21.6	44.4
Surgical Camps	1.2	7.0	18.5	43.8
Teleradiology	0.0	5.0	15.0	25.0
Sales Office	3.0	5.3	17.1	20.8
New markets	0.0	1.0	2.5	6.2
Total	304.2	372.3	464.6	569.1

Details



Revenue in INR Cr

Revenue Details



New initiatives – Proposed time spread

Summary	FY 17-18	FY 18-19	FY19-20	FY20-21	Total (in 4 years)
O&M contracts	0	1	1	2	4
Surgical Contracts	1(LTP in Dhaka)	1	1	2	4
Sales Office	1	3	4	0	8 (Locations given in detail slide)
New markets	0	1	2	2	5 (Locations given in detail slide)

Target Locations

- Africa: Kenya, Nigeria, Ethiopia, Congo, Sudan, Ghana
- Middle east: Oman, Iraq
- S.E Asia: Myanmar, Indonesia
- CIS: Uzbekistan, Kyrgystan, Kazakstan

Revenue in INR Cr

Details



Revenue Details

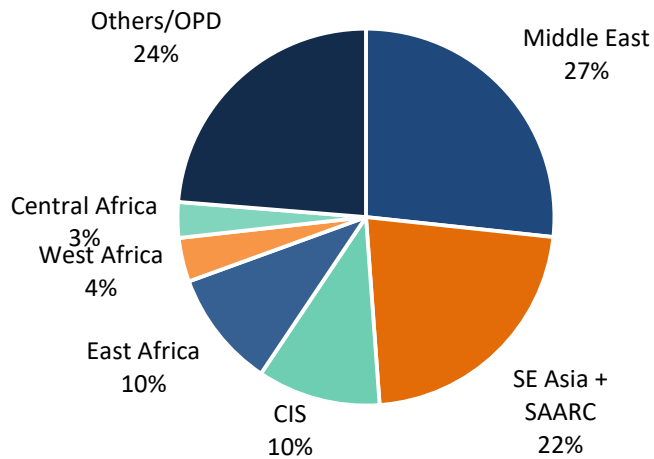


Potential and Assessment of various markets

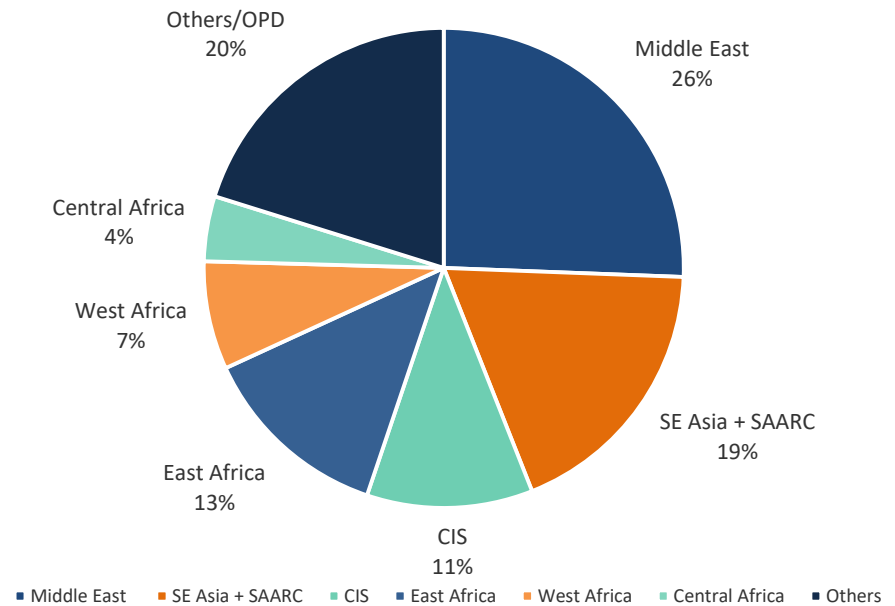
Market	Market Size (INR Cr)	GDP (\$ billion)	Political situation	Last Elections held in/Comments
Kenya	225	70	Democracy	March 2013
Nigeria	225	400	Democracy	2015
Ethiopia	135	78	Democracy	May 2015
Congo	135	41	Dictatorship	Nov 2011 (next elections in Dec 2017)
Sudan	90	116	Democracy	April 2015
Ghana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

Region Wise revenue split

Current Revenue Split

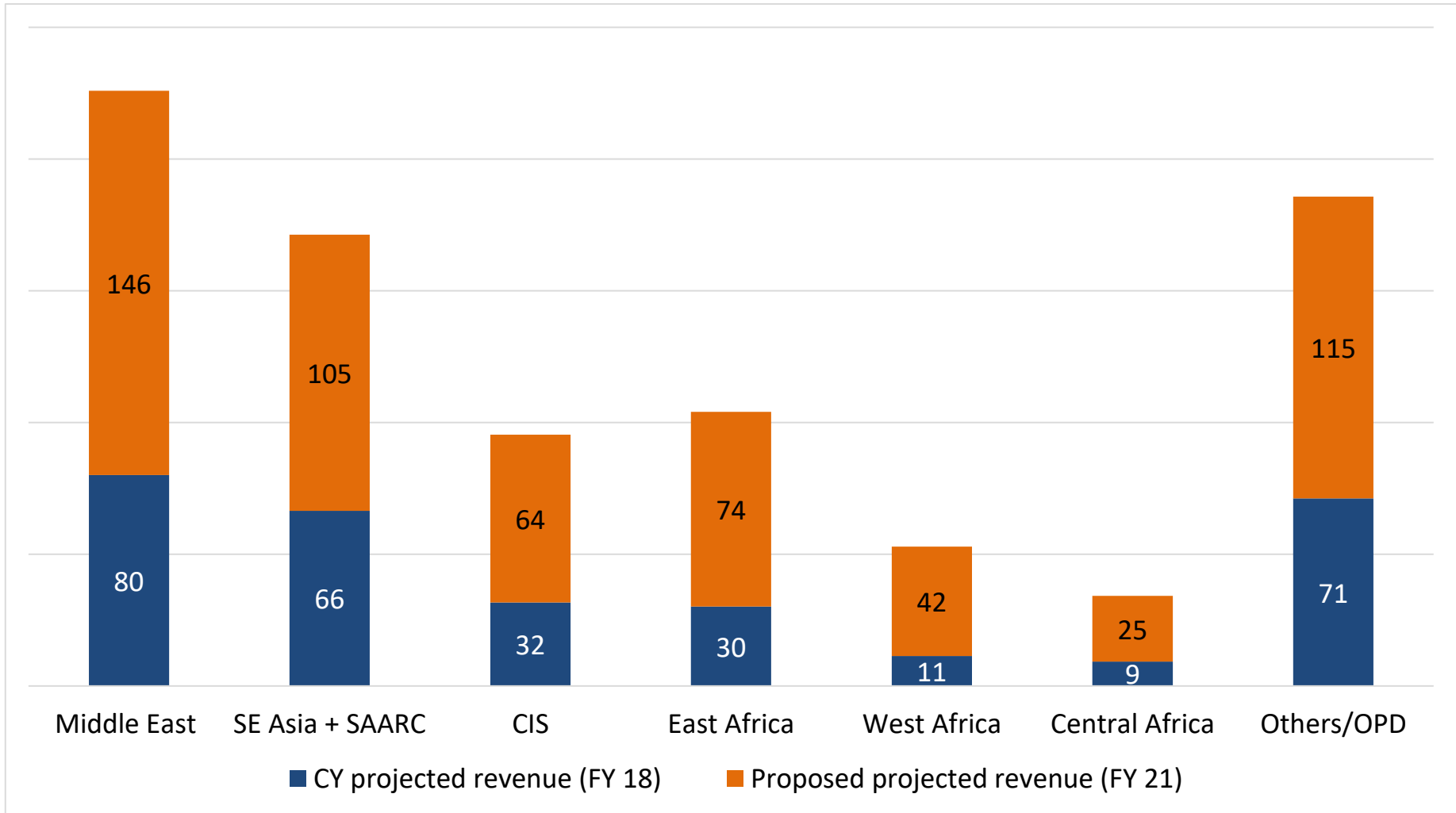


Proposed Revenue Split



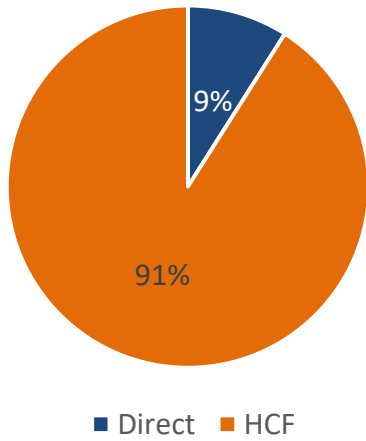
Increased focus on Africa

Region Wise revenue growth

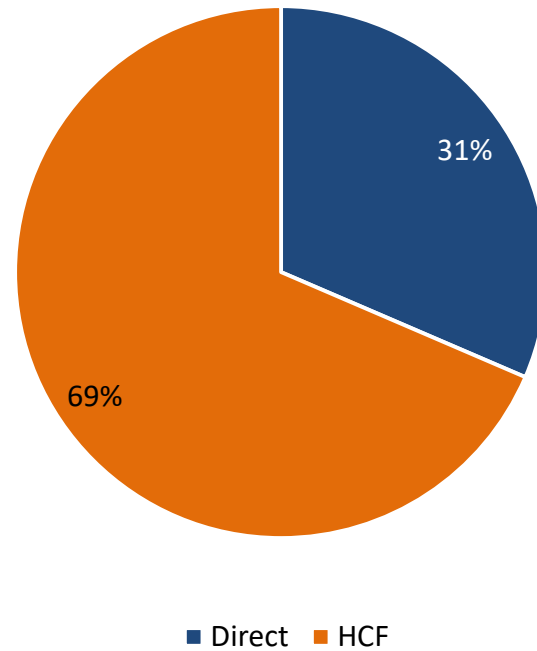


Channel Wise revenue split

Current revenue split



Proposed revenue split (FY21)



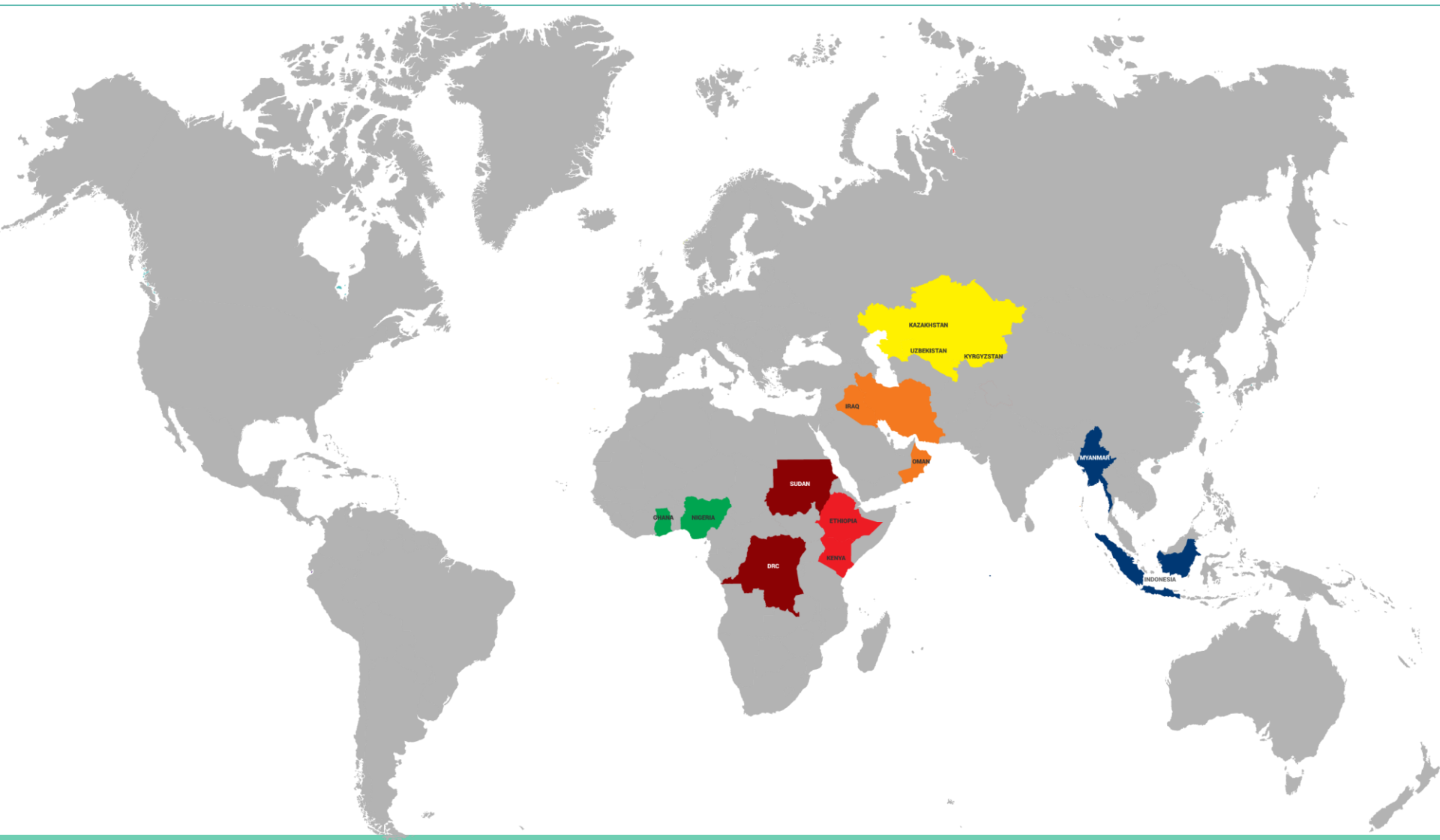
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**New Models
Target Locations**

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

Surgical Contract (4)

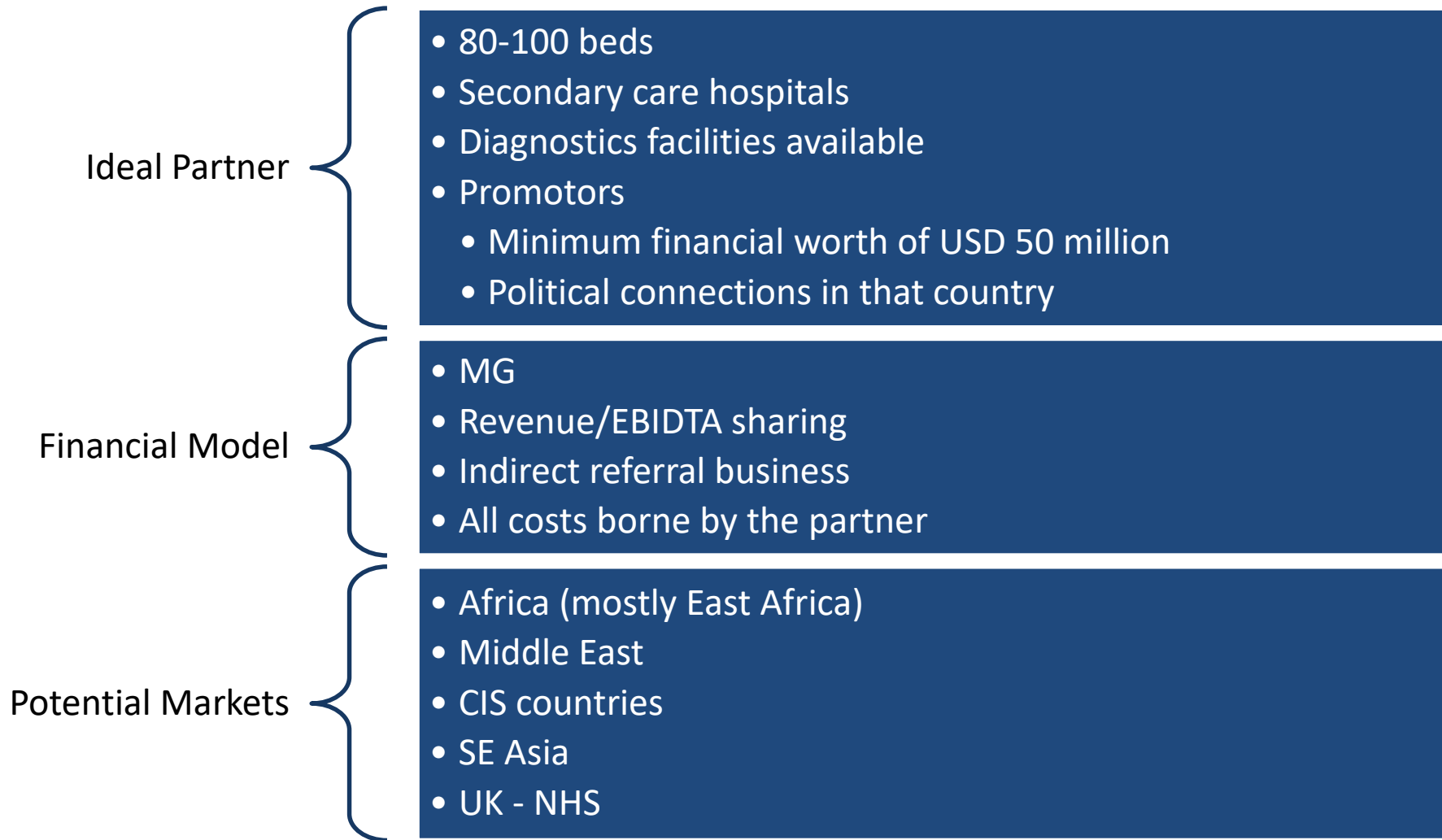
- Opportunity
- Lack of good clinical talent despite good infrastructure in many countries
 - Target regions- Central and East Africa, Middle East, S.E Asia

- 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

O&M contracts (4)



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)

New Target Markets

China

Russia

Scandenvia

East Europe

Fiji/Far pacific

Revenue Details 

Revenue in INR lakhs

 Back to revenue summary slide

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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

Details



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Separate BU

Need

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

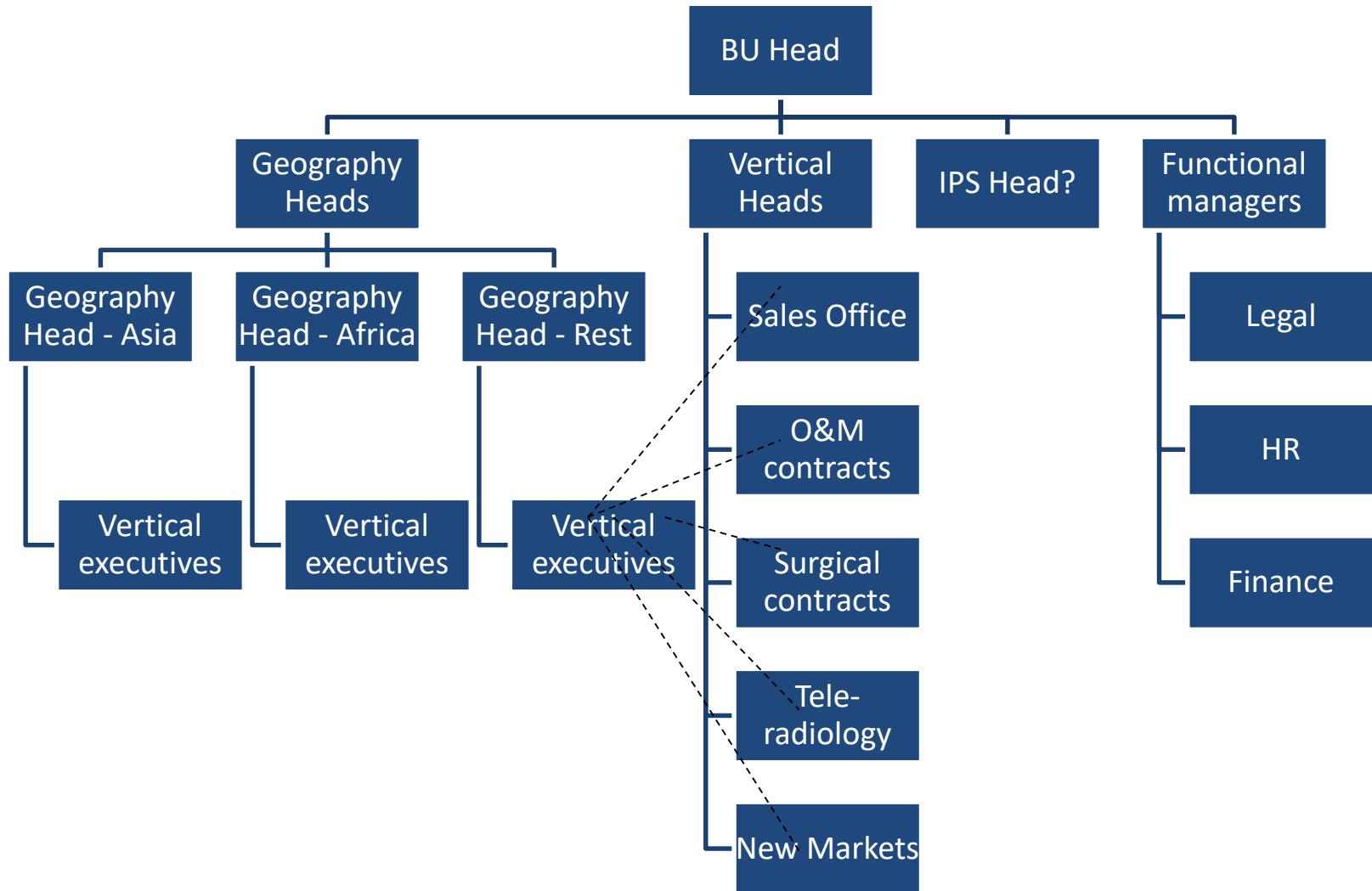
Proposed Structure

- 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



Thank-You

Sales Office– Revenue details

	FY 17-18	FY 18-19	FY19-20	FY20-21
Kenya	300	180	212	251
Ethiopia			302	363
Nigeria		180	207	238
Uzbekistan		123	141	163
Ukraine			243	316
Indonesia			325	423
Oman			216	259
UK		50	60	72
Sub Total	300	533	1707	2084

Additional revenue only due to sales office; Sales office would assist in other initiatives as well

Revenue in INR Lacs



Back to revenue summary slide



Back to Sales office slide

Surgical Contracts – Revenue details

	FY 17-18	FY 18-19	FY19-20	FY20-21
Number of contracts	1 (LTP – Dhaka)	1	1	2
Net revenue - direct				
Cardiac/Onco/Spine		156	468	936
Cardiac/Onco/Spine			156	624
Ortho/Gi/Urology		120	360	720
Ortho/Gi/Urology				240
LTP	120	120	120	120
Sub-total	120	396	1104	2640
Net revenue - indirect (referral)				
Cardiac/Onco/Spine		90	270	540
Cardiac/Onco/Spine			90	360
Ortho/Gi/Urology		90	270	540
Ortho/Gi/Urology				180
LTP	120	120	120	120
Sub-total	120	300	750	1740
Total rev - Surgeries abroad	240	696	1854	4380

Revenue in INR Lacs



Back to revenue summary slide

Back to Surgical contract slide

O&M contracts – Revenue Details

O&M Contracts	FY 18-19	FY19-20	FY20-21
Number of new contracts	1	1	2
Direct - MG	100	200	400
Direct - revenue/EBIDTA sharing	0	322	842
Indirect-referrals	800	1640	3200
Sub total	900	2162	4442



Back to O&M contract slide



Back to revenue summary slide

Revenue in INR Lacs

New Markets

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

New Markets	FY 18-19	FY19-20	FY20-21
China	100	150	200
Russia	0		120
Scandenia	0	100	150
East Europe	0		150
Fiji/Far pacific	0	200	300
Sub Total	100	250	620

Differentiated Services

Benchmarking with Bumrungrand Hospital

Interpreters for all major languages, specially Afghani, Arabic, French and Russian

Hospital-wide **Wi-Fi** network coverage

A spacious **Sky Lobby** featuring a premium member lounge

Pre booking of custom food for attendants for late night arrivals to the hospital (international patient)

Dressing: Staff wears traditional Thai silk dresses, instead of respect-demanding white coats

Patient is always **accompanied by one hospital staff** 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

Fully **automated drug management system** 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

Website : Look & Feel : Apart from specialties, many medical conditions and related diseases are mentioned for a layman to understand



Back to main slide show

MHC exploring models across the spectrum ranging from sales outposts to O&Ms

Reputational/
political Risk

High				<ul style="list-style-type: none"> Complete control of local facility Highest referral potential
Medium		<ul style="list-style-type: none"> Better control of sales processes 	<ul style="list-style-type: none"> Better profitability leveraging existing local infrastructure 	
Low	<ul style="list-style-type: none"> Low scalability Very little control 			
	HCF	Sales outposts	Surgical camps	O&Ms

Current Status

On-going

Nairobi underway

Done in Iraq previously

Exploring in Congo

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? *ILLUSTRATIVE*

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

What do we get? *ILLUSTRATIVE*

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

Low potential

Med potential

High potential