UBS

Global Equity Research

India

Pharmaceuticals

12-month rating	Neutral
	Prior: Not Rated
12m price target	Rs170.00/US$3.73
Price	Rs145.40/US$3.19

RIC: FOHE.BO BBG: FORH IB

29 November 2010

UBS Investment Research

Fortis Healthcare

Rapid expansion, but fully valued

■ Initiate coverage with a Neutral rating and Rs170.00 price target

While we are optimistic about Fortis Healthcare's (FOHE) opportunities ahead, as well as its track record of rapid organic and inorganic expansion and its ability to improve the operating performance of its acquired hospitals, we believe the stock is fully valued. We initiate coverage of FOHE with a Neutral rating.

■ Opportunistic expansion and strong balance sheet should drive growth

FOHE has been opportunistic about increasing its bed capacity through organic and inorganic growth, and through management contracts. It acquired Wockhardt Hospitals (WHL) in December 2009 for Rs9.1bn. At the time of the acquisition, WHL had 856 beds in operation and 534 beds in hospitals under construction in Bangalore and Kolkata.

■ Group entity will expand internationally; lower risk of acquisitions

According to FOHE, Fortis Global, which is owned by FOHE's majority owners, will engage in international expansion and acquisitions. This should reduce the risk of FOHE making expensive international acquisitions. Fortis Global acquired Hong Kong-based Quality Healthcare for Rs8.82bn on 10 October 2010.

■ Valuation

We derive our price target from a DCF-based methodology and explicitly forecast long-term valuation drivers using UBS's VCAM tool. Our price target implies 55x FY12E PE and 25x FY12E EV/EBITDA. These multiples reflect our 43% profit after tax (PAT) CAGR and 28% EBITDA CAGR forecasts for FY12-15. Our FY11/12/13 EPS estimates are Rs1.75/3.09/4.94.

Highlights (Rsm)	03/09	03/10	03/11E	03/12E	03/13E
Revenues	6,419	9,558	15,174	20,058	25,207
EBIT (UBS)	371	814	1,193	1,698	2,559
Net Income (UBS)	213	679	716	1,263	2,020
EPS (UBS, Rs)	0.94	2.14	1.75	3.09	4.94
Net DPS (UBS, Rs)	0.00	0.00	0.00	0.00	0.00

Profitability & Valuation	5-yr hist av.	03/10	03/11E	03/12E	03/13E
EBIT margin %	-	8.5	7.9	8.5	10.2
ROIC (EBIT) %	-	4.0	4.1	5.0	6.8
EV/EBITDA (core) x	-	3.2	29.9	21.6	15.8
PE (UBS) x	-	52.9	83.0	47.0	29.4
Net dividend yield %	-	0.0	0.0	0.0	0.0

Source: Company accounts, Thomson Reuters, UBS estimates. (UBS) valuations are stated before goodwill, exceptionals and other special items. Valuations: based on an average share price that year, (E): based on a share price of Rs145.40 on 26 Nov 2010 17:32 HKT

Trading data (local/US$)

52-wk range	Rs183.50-104.35/US$4.08-2.24
Market cap.	Rs58.9bn/US$1.29bn
Shares o/s	405m (ORD)
Free float	18%
Avg. daily volume ('000)	245
Avg. daily value (m)	Rs40.1

Balance sheet data 03/11E

Shareholders' equity	Rs34.4bn
P/BV (UBS)	1.7x
Net Cash (debt)	Rs0.44bn

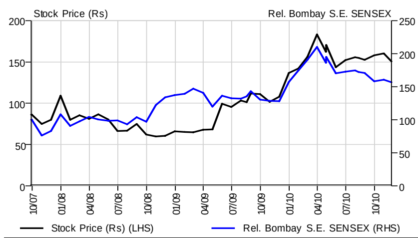
Forecast returns

Forecast price appreciation	+16.9%
Forecast dividend yield	0.0%
Forecast stock return	+16.9%
Market return assumption	13.0%
Forecast excess return	+3.9%

EPS (UBS, Rs)

	03/11E			03/10
	From	To	Cons.	Actual
Q1E	-	(0.45)	-	0.32
Q2E	-	2.36	-	0.53
Q3E	-	0.16	-	0.85
Q4E	-	0.19	-	0.86
03/11E	-	1.75	-	
03/12E	-	3.09	-	

Performance (Rs)



Source: UBS

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Investment Thesis

FOHE is the second-largest hospital operator in India with 3,228 operating beds—2,317 owned and 911 managed beds as at September 2010. We expect secular growth in the Indian healthcare services industry. With its strong balance sheet and flexible approach to growth, we believe FOHE is well-positioned to benefit from this.

Well-positioned to benefit from sector growth

According to the World Health Organization (WHO), there were only 0.86 beds/1,000 people in India in 2008 (down from 0.96 beds/1,000 in 1996). This is significantly below the global average of 2.6. India will need to add an estimated 1m beds to reach 1.8 beds/1,000 people. Of this, we estimate approximately 90% will need to be added by the private sector given the slow pace of bed additions in government hospitals. High pent up demand for hospitals can be seen in Kerala, where despite a per capita income lower than the national average, there are 3.45 beds/1,000 people and healthcare spending per capita is above the national average.

We believe FOHE has demonstrated an ability to exploit market opportunities by expanding its scale through organic and inorganic growth, as well as management contracts. Key FOHE acquisitions are Escorts (acquired a 90% stake in 2005), Malar (acquired a 50% stake in 2007) and WHL (acquired in December 2009). Revenue for the Malar hospital recorded an 85% CAGR over FY08-10; from Rs187m to Rs642m. FOHE's number of owned operating beds posted a 32% CAGR over FY07-10—from 1,005 beds in March 2007 to 2,317 beds in September 2010.

Management has indicated that Fortis Global will be the arm for international expansions. This should reduce the risk of expensive international acquisitions for FOHE. As a case in point, after FOHE acquired a 23.9% stake in Parkway Holdings (for US$685.3mm), its share price underperformed the NIFTY index by 15% over a three-month period. However, after selling its stake, it outperformed the NIFTY by 9%.

Our price target implies 55x FY12E PE and 25x FY12E EV/EBITDA. Our explicit long-term forecast model assumes an attractive incremental return on capital employed (ROCE) and strong secular growth. However, we believe the stock is fully valued. We think the key upside risks to our price target are attractively-priced acquisitions and a margin expansion ahead of our estimates.

Key catalysts

Key positive catalysts and upside risks

Unlocking value through a REIT listing

There have been media reports stating that FOHE is planning to list a real estate investment trust (REIT) in Singapore. This could unlock value for the company.

Potential catalysts—REIT listing and acquisitions

Attractively-priced acquisitions

FOHE has historically derived value from its acquisitions. Its most recent acquisition was WHL, which it acquired for Rs9.1bn. At the time of the acquisition, WHL had 856 operating beds, which we estimate would generate Rs5.13bn in revenue and an EBITDA of Rs0.92bn in FY12 (valuing the acquisition at 10x EV/EBITDA). We believe FOHE can increase bed capacity in WHL to 1,900 beds over the next two to three years, with an average capex of Rs4-5m/bed.

Risks

- **Intensifying competition, especially in the National Capital Region (NCR).** The NCR is likely to record significant bed capacity additions over 2010 and 2011, with Artemis, Medicity and FOHE adding over 1,000 beds in the Gurgaon area alone. Our channel checks indicate there is intense competition among these hospitals. However, given the large catchment area and inherently low bed density in India, we expect competition to ease over the next one to two years.

Land acquisitions and approvals—key hindrance to growth

- **Difficulty obtaining land and approvals.** Land prices have risen across India, especially in the metro and tier 1 cities. The conversion of outdoor patients to indoor patients is a key driver of the patient case mix and hospital profitability. Hence, hospitals need to be located closer to their market segments (that is, within city boundaries). We believe the high costs of land acquisitions and the long timelines involved for them are key risks to FOHE's expansion plans.

- **Regulatory changes.** Currently, under sub-section (11B) of section Sec 80-IB, hospitals with more than 100 beds set up between 1 April 2008 and 31 March 2013 qualify for a five-year tax break. However, the government could decide to remove this tax break.

Doctor scarcity—retaining doctors a key operational challenge

- **Doctor attrition.** A hospital's brand image and reputation for quality are in part driven by the quality of its doctors and other employees. However, finding and retaining good doctors is a challenge in India.

Valuation and basis for our price target

Neutral rating

We derive our price target from a DCF-based methodology and explicitly forecast long-term valuation drivers using UBS's VCAM tool. We have a Neutral rating on the stock and a price target of Rs170.00, which is 17% above its current share price. Our price target implies 55x FY12E PE and 25x FY12E EV/EBITDA. These multiples are supported by secular growth and improving return on invested capital (ROIC). In general, hospitals are characterised by improving ROIC over time, driven by three key factors: 1) maintenance capex that is lower than depreciation; 2) average revenue per operating bed (ARPOB) growth driven by a better patient case mix and shorter lengths of stay; and 3) an EBITDA margin improvement driven by operating leverage.

Table 1: UBS-VCAM Valuation Summary for Fortis Healthcare [FOHE.BO]

Relative year	+1E	+2E	+3E	+4E	+5E	+6E	+7E	+8E	+9E	+10E
Fiscal year	2011E	2012E	2013E	2014E	2015E	2016E	2017E	2018E	2019E	2020E
EBIT	1,193	1,698	2,559	3,582	4,499	4,820	5,684	6,671	7,792	9,059
D&A*	939	1,263	1,495	1,641	1,733	2,066	2,386	2,744	3,141	3,581
Capex	(6,866)	(5,038)	(3,178)	(1,979)	(1,698)	(3,443)	(3,953)	(4,519)	(5,143)	(5,828)
Chg. in wkg. cap.	(449)	208	220	228	186	367	256	281	306	331
Tax (operating)	(215)	(306)	(461)	(645)	(810)	(627)	(739)	(867)	(1,013)	(1,178)
Other	(168)	(147)	(154)	(160)	(131)	(409)	(473)	(544)	(624)	(712)
Free Cash Flow	(5,568)	(2,321)	480	2,667	3,779	2,775	3,162	3,765	4,459	5,253
growth		*NM*	*NM*	*455.3%*	*41.7%*	*-26.6%*	*13.9%*	*19.1%*	*18.4%*	*17.8%*

Valuation	
PV of explicit cash flow	33,415
PV of terminal value (yr. 25)	16,776
Enterprise Value	50,191
% terminal	*33%*
Associates & other	12,906
- Minority interests	364
Surplus cash**	15,053
- Debt***	16,545
Equity value	61,241
Shares outstanding [m]	405.1
Equity per share (Rs/sh)	151.19
Cost of equity	12.26%
Dividend yield	0.00%
1-year Price Target (Rs/sh)	169.73

Long Term Assumptions			
Relative year	+10E	+15E	+25E
Sales growth	14.0%	12.0%	7.5%
EBIT margin	12.9%	13.9%	14.9%
Capex/sales	8.3%	8.2%	9.7%
ROIC	12.0%	18.8%	20.5%

Valuation-Implied Metrics			
Fiscal year	2011E	2012E	1-yr Fwd.
EV / EBITDA	23.5x	17.0x	18.8x
EV / EBIT	42.1x	29.6x	33.0x
FCF Yield	NM	NM	NM
P / E (PV)	86.3x	48.9x	57.6x
P / E (Target)	96.9x	54.9x	64.6x

WACC	
Risk free rate	8.00%
ERP	5.0%
Beta	0.85
Debt / equity***	26.9%
Marg. tax rate	19.8%
Cost of equity	12.26%
Cost of debt	9.80%
WACC	12.18%

Terminal Assumptions	
VCH (years)	25
Impl. FCF gr.	5.8%
Incr. ROIC	12.4%

Figures in Rs m, unless noted otherwise.

* Depreciation and non-goodwill amortization

** The portion of cash not required to maintain operations

*** Assumes market value of equity and includes market value/seasonal adjustments for debt and debt-deemed obligations.

Source: UBS-VCAM

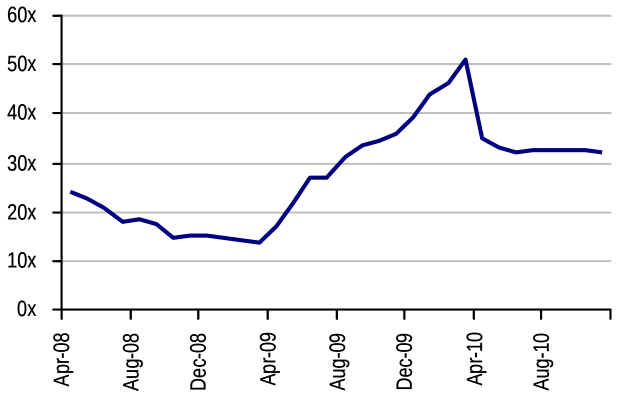
FOHE has historically traded at an EV/EBITDA range of 15x-50x and a PE range of 20x-70x. Its high historical multiples are a result of strong operating leverage and rapid operating profit growth. Over FY06-10, its revenue and operating profit recorded a 34% and a 57% CAGR, respectively.

Table 2: Comparables valuation

Hospitals	Market cap	EV	PE			EV/EBITDA			2-year growth		ROIC	FY
	US$m	US$m	FY11E	FY12E	FY13E	FY11E	FY12E	FY13E	Revenue	PAT		ending
Bangkok Dusit	1,565	1,840	17.7	15.1	NA	8.6	7.9	NA	17%	33%	9%	Dec
Bangkok Chain	357	386	14.7	14.2	NA	7.7	7.0	NA	6%	11%	23%	Dec
Bumrungrad	769	813	15.9	13.9	11.8	9.5	8.6	7.81	17%	15%	16%	Dec
Raffles	958	905	24.1	21.0	NA	16.8	14.8	NA	19%	23%	18%	Dec
Apollo (UBS est)	1,306	1,477	41.9	29.6	22.9	17.4	13.6	10.89	24%	23%	7%	Mar

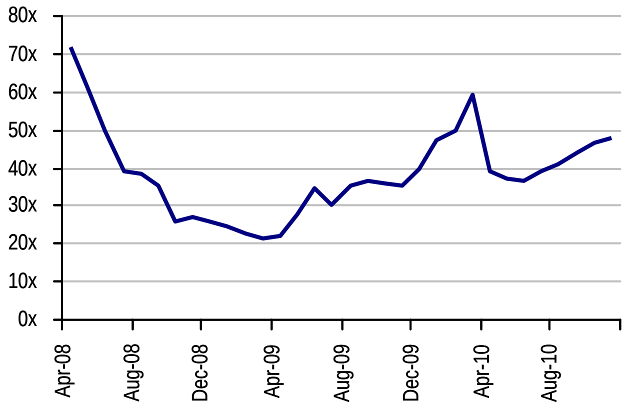
Note: Above data as of 26 November 2010.
Source: Bloomberg, UBS estimates

Chart 1: FOHE—historical one-year forward EV/EBITDA



Source: Company data, UBS estimates

Chart 2: FOHE—historical one-year forward PE



Source: Company data, UBS estimates

UBS versus consensus

We are below consensus estimates

Our earnings estimates are below consensus. This is likely partly driven by differences in the operating margin assumptions for FOHE's hospitals. Consensus could also be including other income in EBITDA. In H1 FY11, FOHE reported EBITDA and PAT of Rs985m and Rs425m, respectively. We forecast FY11 EBITDA and PAT of Rs2,131m and Rs867m, respectively.

Table 3: UBS versus consensus

Rs m	UBS estimates	Consensus	Difference
FY11			
Net revenue	15,174	15,776	-3.8%
EBITDA	2,131	2,522	-15.5%
Net profit	867	1,280	-32.3%
FY12			
Net revenue	20,058	19,578	2.5%
EBITDA	2,961	3,325	-10.9%
Net profit	1,213	2,007	-39.6%
FY13			
Net revenue	25,207	25,378	-0.7%
EBITDA	4,054	4,460	-9.1%
Net profit	1,939	2,835	-31.6%

Source: Bloomberg, UBS estimates

Sensitivity analysis

We conducted a sensitivity analysis of our valuation using the following parameters.

WACC. A 1ppt increase in WACC—from 12.19% to 13.19%—would result in a 14% decline in our valuation, while a 1% decrease would result in a 16% increase.

Sales growth. A 1% increase in our long-term sales growth assumption would result in an 11% increase in our valuation, while a 1% decrease would result in a 9% decline.

EBIT margin. A 1ppt increase in our long-term EBIT margin assumption would result in a 7% increase in our valuation, while a 1% decline would result in a 7% decline.

Capex to sales. A 1ppt increase in long-term capex (as a percentage of sales) would result in a 7% decline in our valuation, while a 1ppt decrease would result in a 7% increase.

Competitive analysis

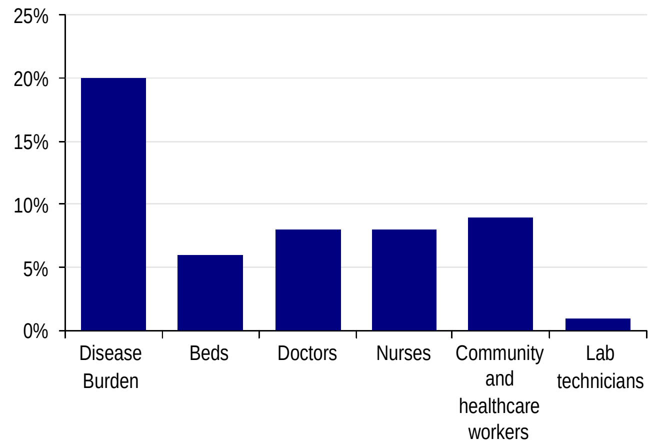
Assessment of industry attractiveness

Secular growth ahead

Significant growth potential

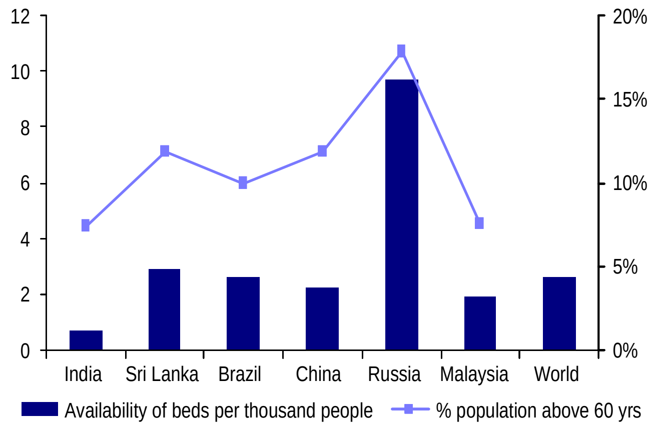
We believe there is significant growth potential for the healthcare delivery services segment in India, with the private sector driving growth. According to the Federation of Indian Chambers of Commerce and Industry (FICCI), India has one of the lowest bed densities in the world—in 2008, it had 0.83 beds/1,000 people compared with the global average of 2.6. This is also well below that of Brazil, China, Malaysia and Russia. While India contributes 20% of the global disease burden, it lacks medical resources such as beds, doctors, nurses and other healthcare staff.

Chart 3: India's share in the global healthcare market (2008)



Source: WHO Statistical Information Systems (2008), FICCI

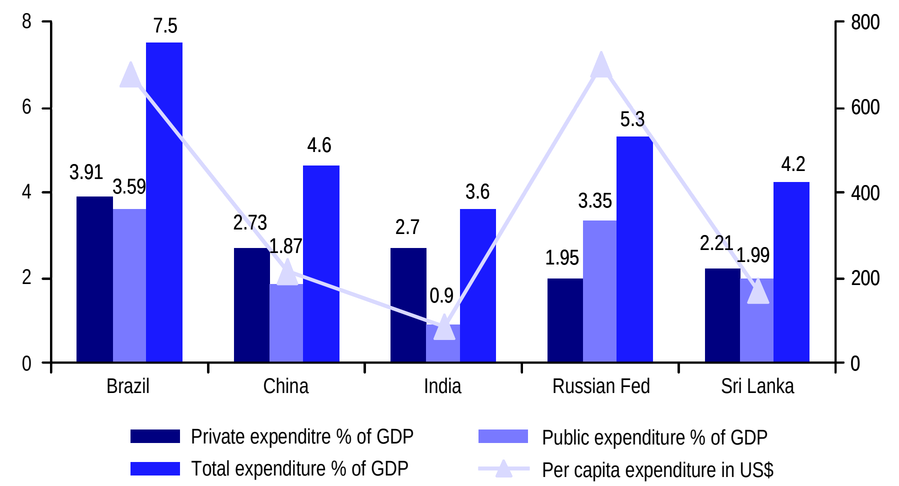
Chart 4: Bed density/1,000 people in India and the world (2008)



Source: WHO Statistical Information Systems (2008)

The following chart shows that India's healthcare spending is lower than those of the other developing economies.

Chart 5: India's healthcare spending per capita versus other emerging economies' (2008)

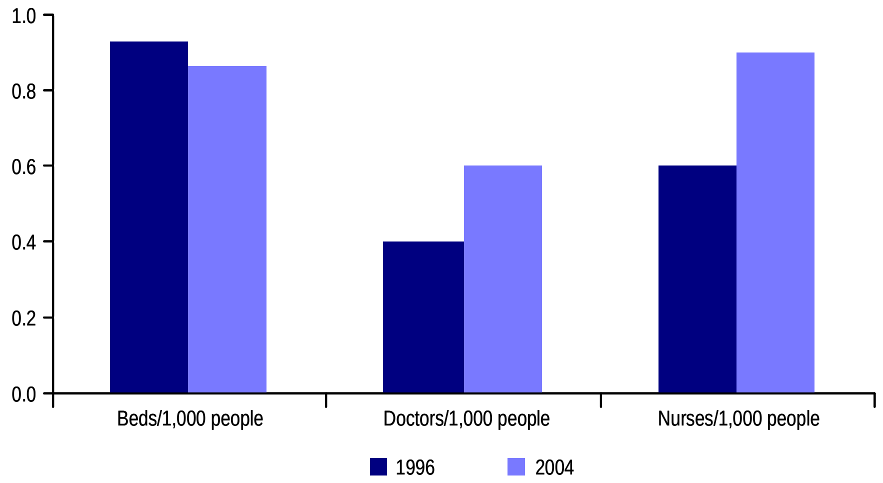


Source: AARP International

The number of beds/1,000 people declined from 1994 to 2004. While the private sector has added beds, public sector additions have lagged. As the private sector comprised only a small proportion of available beds in 1994, and the public sector has not added much bed capacity since then, bed growth has not kept pace with population growth.

Growth in the number of beds has not kept up with population growth

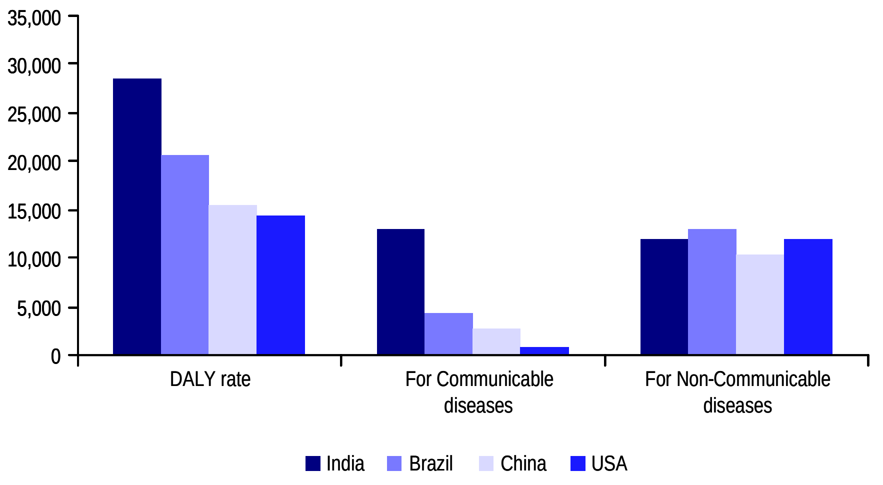
Chart 6: Hospital infrastructure in India (1996-2004)



Source: A Statistical Profile, Economic Surveys (2001-02 to 2005-06); Health Information of India (2004, 2005)

While bed density in India is lower than in many other countries, the burden of non-communicable diseases in India is comparable with those of other countries such as Brazil, China and the US.

Chart 7: Disease burdens in India, Brazil, China and the US (2002)



Note: DALY stands for disability-adjusted life year.
Source: WHO

We believe non-communicable diseases are a better indicator of demand for higher-end secondary as well as tertiary healthcare. We believe India can absorb a significant increase in the number of hospital beds, and that hospitals will continue to generate meaningful returns.

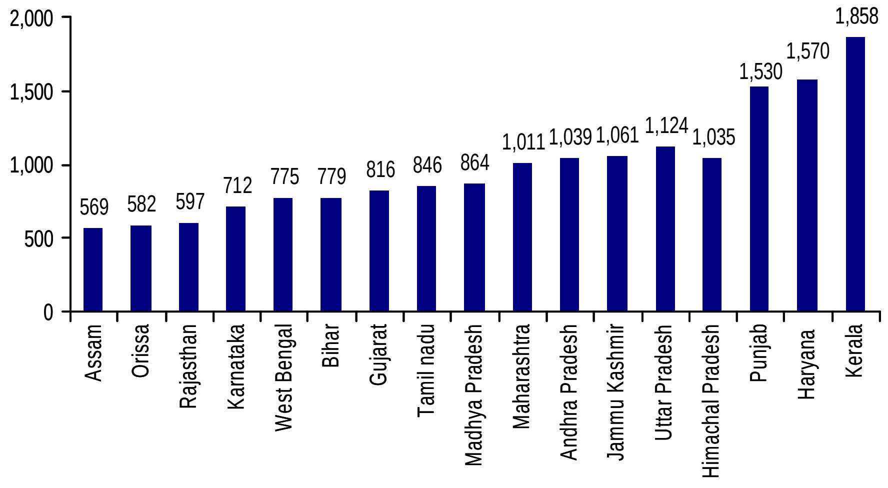
India is on par with other countries when it comes to the burden from non-communicable diseases

Kerala case study demonstrates market potential

Kerala is a telling case study

Kerala has 3.45 beds/1,000 people compared with the national average of 0.86 in 2008. Kerala's healthcare spending per capita is significantly higher than the national average. This is despite Kerala's per capita GDP being lower than the national average.

Chart 8: Healthcare spending per capita in different states in Rs (2001-02)



Source: National Health Account, FICCI

Competitive strengths

We think FOHE's experience in expanding inorganically gives it an edge in a growing industry with a number of small players. We believe the company will look out for good M&A opportunities, which would scale up its presence and services spectrum.

- **Recent successful M&As**. We believe the acquisition of WHL's hospitals was in line with FOHE's long-term strategy. The deal built up FOHE's pan India presence and provided access to a talent pool of more than 600 doctors, approximately 1,300 nurses and an established nursing college with 450 candidates.

Employing staff on a permanent basis supports its long-term strategy

- **A distinct business model.** FOHE employs its staff on a permanent basis, which we think creates room for clinical research and excellence. This also supports its long-term growth strategy. We believe the company's hub-and-spoke model widens its reach for specialist doctors and facilitates better service quality.
- **Building on key specialities.** The company has continued to focus on speciality care. Its acquisition of WHL in Q2 FY10 strengthened its growth in key speciality areas such as cardiac care, orthopaedic care, neurology and neurosurgery. The share of cardiac care procedures (its key area) to the total number of procedures has declined over time as a result of its efforts to diversify its revenue stream with other specialities.

Table 4: Key specialities

	FY09	Q1 FY10	Q2 FY10	FY10	Q1 FY11	Q2 FY11
Procedures						
Cardiac						
CTVS & paediatrics	5,456	1,605	1,535	6,924	2,622	2,472
PTCA	6,011	1,803	1,765	8,214	2,314	2,552
CAG	15,206	4,502	4,783	20,851	6,380	6,565
Others	2,802	837	771	3,662	909	1,023
Total cardiac	29,475	8,747	8,854	39,651	12,225	12,612
Orthopaedics						
Knee replacements	2,144	741	610	2,530	1,029	856
THR & others	2,872	964	971	4,553	1,630	1,641
Total orthopaedics	5,016	1,705	1,581	7,083	2,659	2,497
Neuro	1,352	630	554	3,040	1,152	1,282
Dialysis	29,214	9,840	9,866	46,993	12,187	13,680
Total specialty procedures	65,057	20,922	20,855	96,767	28,223	30,071
Cardiac as a % of total	45%	42%	42%	41%	43%	42%

Note: Total procedures exclude other specialties such as oncology, gastroenterology, renal care, and gynaecology. CTVS stands for cardio-thoracic and vascular surgery; PTCA stands for percutaneous transluminal coronary angioplasty; CAG stands for coronary angiograms.
Source: Company data, UBS estimates

Building on cardiac care, focusing more on other specialities

FOHE has traditionally been strong in cardiac care. However, over time it has diversified away from this segment. From Q1 FY10 to Q2 FY11, revenue contribution from cardiac care declined from 44% to 35%, respectively. In FY07, cardiac procedures represented 55% of total procedures performed. This declined to 42% in H1 FY11.

Management strategy

FOHE's strategy consists of a flexible approach to expansion, focusing on key specialities, the 'Shatabdi' approach/hub-and-spoke model for expansion around NCR, and moving from a doctor-centric to a hospital-centric approach with regard to healthcare delivery.

Flexible approach to expansion

Growth through owned as well as managed hospitals

FOHE has taken a flexible approach to expansion, which encompasses greenfield hospitals (Shalimar Bagh and Gurgaon are two key examples), acquisitions (it has acquired Escorts, Malar and WHL) and operations and management (O&M) contracts. We believe the company's flexible approach to growth has been a key pillar for its rapid revenue and EBITDA growth.

Table 5: FOHE—expansion plan

Location	No. of beds	Area (acres)	Land ownership	COD—company estimate	COD—UBS estimate	Status
Gurgaon	450	11 acres	Owned	Q1 FY12	Q3 FY12	Civil structure and electrical works completed. Rs.1.82bn invested.
Ludhiana - 2	75	60,000 sq ft	Lease	Q4 FY 12	Q3 FY14	Waiting for approval from government authorities.
Kangra	100	37,000 sq ft	Lease	Q1 FY12	Q3 FY12	Civil work completed, interiors nearly completed.
Ludhiana -1	200	155,00 sq ft	Lease	Q4 FY12	Q3 FY13	Design completed, turnkey contract awarded for civil work; construction started.
Ahmedabad	200	155,000 sq ft	Lease	Q1 FY13	Q3 FY13	Waiting for approval from government authorities, Design concept completed, GFC design ready.
Gwalior	200	2.5 acres	Lease	Q2 FY13	Q3 FY14	Design completed; CLU permission underway.
Peenya, Bangalore	120	~70,000 sq ft	Lease	Q3 FY12	Q3 FY13	Construction work underway.
Mulund	234	8 acres	Owned	Q4 FY12	Q3 FY13	110-bed Oncology Block launched. Phase II under construction.
Total	1,579					

Note: COD is the date of commissioning.
Source: Company data, UBS estimates

The 'Shatabdi' approach/hub-and-spoke model

Looking to capitalise on the capabilities of larger hospitals; smaller hospitals to act as feeder hospitals

FOHE has a strong presence in the NCR. It is expanding in locations around NCR/north India where there is connectivity using the Shatabdi Express (a series of fast passenger trains). FOHE's hospitals in the NCR are also able to offer medical treatments for more complex cases. This is reflected in the higher ARPOB for its NCR hospitals—the Escorts Delhi and Vasant Kunj hospitals have the highest ARPOB in FOHE's network of hospitals. FOHE intends to use facilities with lower ARPOB (due to their less complex cases) as referring facilities for those in the NCR.

Hospital-centric approach

Departure from celebrity doctor-centric model leading to more robust growth

In May 2007, when Dr Trehan (an eminent cardiothoracic surgeon) left FOHE (he was working with Escorts hospital), FOHE recorded a significant drop in occupancy and profitability at its Escorts Delhi facility. In FY08, Escorts Delhi reported a 34% decline in revenue YoY. FOHE then focused on a hospital-centric approach, by creating a team of specialist doctors at every hospital and educating its partners (referring physicians and nursing homes) about FOHE's broad-based medical expertise. We think this strategy was instrumental in the rapid revival of the Escorts Delhi facility as shown in the following table. In FY10, Escorts Delhi (EHIRC) reported 14% higher revenue compared to FY07.

Financials

Assumptions

We have assumed a delay of two to four quarters in the commissioning schedule of each new hospital.

Table 6: FOHE—assumptions for hospital

		FY09	FY10	FY11E	FY12E	FY13E	FY14E	FY15E
FOHE hospitals								
EHIRC, Delhi	Bed count	264	272	280	300	320	330	340
	Occupancy	71%	86%	86%	84%	82%	80%	80%
	ARPOB (Rs)	27,809	31,927	35,120	37,930	40,964	44,241	47,780
Fortis, Noida	Bed count	177	177	197	199	200	200	200
	Occupancy	65%	71%	82%	81%	82%	82%	82%
	ARPOB (Rs)	22,556	24,716	28,424	30,697	32,539	34,492	36,561
EHRC, Faridabad	Bed count	210	210	210	220	230	240	250
	Occupancy	77%	74%	74%	74%	75%	75%	76%
	ARPOB (Rs)	10,022	12,949	13,985	15,104	16,312	17,617	19,026
Fortis, Shalimar Bagh	Bed count			150	225	300	350	350
	Occupancy			50%	60%	70%	70%	70%
	ARPOB (Rs)			19,000	20,520	22,162	23,935	25,849
Fortis, Gurgaon	Bed count				200	300	400	450
	Occupancy				45%	55%	60%	65%
	ARPOB (Rs)				17,000	18,360	19,829	21,415
Fortis, Mohali	Bed count	215	214	300	340	380	390	400
	Occupancy	72%	73%	74%	75%	76%	77%	78%
	ARPOB (Rs)	28,194	29,887	31,681	33,583	35,600	37,737	40,003
Fortis, Amritsar	Bed count	133	137	137	147	157	167	167
	Occupancy	65%	76%	78%	77%	76%	76%	77%
	ARPOB (Rs)	13,906	13,313	13,978	14,677	15,411	16,182	16,991
Fortis, Jaipur	Bed count	108	150	190	220	240	255	270
	Occupancy	54%	65%	65%	67%	69%	69%	71%
	ARPOB (Rs)	17,992	20,764	22,840	24,667	26,641	28,772	31,074
Fortis, Malar	Bed count	161	170	200	225	250	275	300
	Occupancy	52%	65%	70%	72%	74%	76%	78%
	ARPOB (Rs)		16,377	18,015	19,817	21,798	23,978	26,376
New hospitals	Bed count				100	620	820	820
	Occupancy				45%	40%	55%	65%
	ARPOB (Rs)				6,500	6,890	7,303	7,742

Source: Company data, UBS estimates

Table 7: FOHE—assumptions for hospitals acquired from Wockhardt

		FY09	FY10	FY11E	FY12E	FY13E	FY14E	FY15E
Hospitals acquired from WHL								
Fortis, Mulund	Bed count	194	194	304	304	414	414	464
	Occupancy	83%	85%	71%	73%	75%	77%	79%
	ARPOB (Rs)	17,945	20,851	21,477	23,195	25,050	27,054	29,219
Fortis, Bangalore, BG Road	Bed count	200	220	220	230	250	250	250
	Occupancy			81%	80%	80%	80%	80%
	ARPOB (Rs)			21,000	22,050	23,153	24,310	25,526
Fortis, Bangalore, CG Road	Bed count	92	110	105	110	118	128	128
	Occupancy			72%	73%	73%	74%	74%
	ARPOB (Rs)			20,000	21,000	22,050	23,153	24,310
Fortis, Kolkata	Bed count		50	450	450	450	450	450
	Occupancy			30%	45%	55%	65%	70%
	ARPOB (Rs)			12,500	14,375	16,531	17,358	18,226

Source: Company data, UBS estimates

Profit and loss

We expect FOHE to maintain double-digit revenue growth over FY11-15. With higher revenue and an improving EBITDA margin (we estimate 14% in FY11 to 18% in FY15) and a rising net income margin (we estimate 5% in FY11 to 10% in FY15), we forecast a net income CAGR of 38% over FY10-15.

We forecast double-digit revenue growth over FY11-15

Table 8: FOHE P&L

Rs m	FY09	FY10	FY11E	FY12E	FY13E	FY14E	FY15E
Operating revenue	6,419	9,558	15,174	20,058	25,207	30,549	34,916
EBITDA	858	1,413	2,131	2,961	4,054	5,223	6,232
Depreciation	487	599	939	1,263	1,495	1,641	1,733
EBIT	371	814	1,193	1,698	2,559	3,582	4,499
Interest	437	573	1,113	962	701	759	827
Other income	348	493	967	941	690	685	922
PBT	282	734	873	1,540	2,463	3,408	4,482
Taxes (including deferred taxes)	41	34	157	277	443	613	807
Net income before minority & asso income	241	700	716	1,263	2,020	2,795	3,675
Minority interest	27	21	29	51	81	112	147
Profit & loss of associate companies	(5)	16	-	-	-	-	-
Net income before extraordinary items	208	694	687	1,213	1,939	2,683	3,528
Net income after extraordinary items	287	791	867	1,213	1,939	2,683	3,528
Revenue growth		49%	59%	32%	26%	21%	14%
EBITDA growth		65%	51%	39%	37%	29%	19%
Net income growth		233%	-1%	76%	60%	38%	32%
EBITDA margin	13%	15%	14%	15%	16%	17%	18%
Net income margin	3%	7%	5%	6%	8%	9%	10%

Source: Company data, UBS estimates

Balance sheet

Low debt should support growth

FOHE is on an expansion spree. Low debt on its balance sheet should support organic and inorganic growth, in our view. The disposal of its stake in Parkway Holdings and the resulting decline in its debt-to-equity ratio should create more room for future strategic investments.

Table 9: FOHE—balance sheet

Rs m	FY09	FY10	FY11E	FY12E	FY13E	FY14E	FY15E
Net tangible assets (inc CWIP)	9,970	16,575	22,503	26,277	27,960	28,298	28,264
Net intangible assets	4,035	8,701	8,701	8,701	8,701	8,701	8,701
Net working capital (ex cash)	586	263	163	215	270	328	375
Other long-term liabilities							
Total invested capital	14,591	25,538	31,366	35,193	36,931	37,326	37,339
Investments/other assets	541	35,270	2,175	2,175	2,175	2,175	2,175
Total capital employed	15,133	60,808	33,541	37,368	39,107	39,502	39,514
Net (cash)/debt	4,211	41,593	(438)	2,126	1,845	(555)	(8,714)
Minority interests	216	345	374	424	505	617	764
Shareholder funds	10,706	18,870	33,606	34,818	36,757	39,440	47,464
Total capital employed	15,133	60,808	33,541	37,368	39,107	39,502	39,514
Growth in fixed assets		66%	36%	17%	6%	1%	0%
Growth in working capital		-55%	-38%	32%	26%	21%	14%
Growth in capital employed		302%	-45%	11%	5%	1%	0%
Debt/equity ratio	0.39	2.20	(0.01)	0.06	0.05	(0.01)	(0.18)

Source: Company data, UBS estimates

Working capital

Table 10: Working capital

Rs m	FY09	FY10	FY11E	FY12E	FY13E	FY14E	FY15E
Inventories	133	238	378	500	628	761	870
Sundry debtors	1,335	1,567	2,913	3,851	4,839	5,865	6,703
Loans and advances	1,581	2,151	2,276	3,009	3,781	4,582	5,237
Payables	1,904	2,901	3,939	5,206	6,543	7,929	9,063
Other short-term liabilities/provisions	558	792	1,466	1,938	2,435	2,951	3,373
Net working capital	5,511	7,649	10,972	14,503	18,226	22,088	25,246
Days of inventory		7	8	7	7	7	8
Days of receivables		56	64	65	55	54	62
Days of loans and advances		60	102	101	71	53	48
Days of payables		157	79	90	92	82	83
Days of provisions		30	36	31	26	27	31
Days of net working capital (NWC)		(63)	59	53	16	5	3

Source: Company data, UBS estimates

Cash flow

In light of FOHE's rising income levels, we forecast an operating cash flow CAGR of 32% over FY10-15. Higher cash flows would maintain the company's low debt.

Table 11: Cash flow

Rs m	FY11E	FY12E	FY13E	FY14E	FY15E
PBT	873	1,540	2,463	3,408	4,482
Add increase in accumulated depr	939	1,263	1,495	1,641	1,733
Add Interest expenses	1,287	1,098	786	859	939
Operating profit before WC changes	2,131	2,961	4,054	5,223	6,232
(Increase) in working capital	100	(52)	(55)	(57)	(47)
Taxes paid	(157)	(277)	(443)	(613)	(807)
(Increase) Other	180	0	0	0	0
Operating cash flow	2,254	2,631	3,555	4,552	5,378
Capex	(6,866)	(5,038)	(3,178)	(1,979)	(1,698)
(Investments)/divestments in associates	33,094	0	0	0	0
Investing cash flow	26,228	(5,038)	(3,178)	(1,979)	(1,698)
Increase in debt	(38,635)	(2,481)	(3,411)	990	(3,647)
Interest expenses	(133)	77	(517)	(174)	(17)
Dividend paid	0	0	0	0	0
Equity issuances	13,869	0	0	0	4,496
Financing cash flow	(24,899)	(2,404)	(3,928)	816	832
Total cash flow	3,583	(4,811)	(3,551)	3,389	4,512

Source: UBS estimates

Return on capital

We expect its EBIT margin to improve on higher EBITDA. With a low effective tax rate and higher EBIT margin, we estimate ROCE will rise from 2% in FY09 to 9% in FY15.

Table 12: Return on capital

	FY09	FY10	FY11E	FY12E	FY13E	FY14E	FY15E
Asset turnover	42%	16%	45%	54%	64%	77%	88%
EBIT margin	6%	9%	8%	8%	10%	12%	13%
EBIT ROIC	2%	1%	4%	5%	7%	9%	11%
Taxes	85%	95%	82%	82%	82%	82%	82%
Return on invested capital (post tax)	2%	1%	3%	4%	5%	7%	9%

Source: Company data, UBS estimates

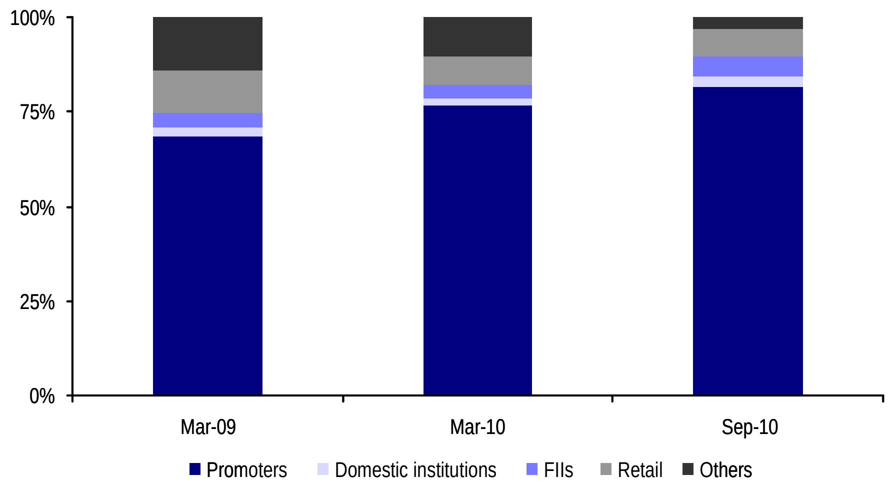
Company background

FOHE is the second-largest healthcare services delivery company in India. Its primary business is healthcare delivery services. It also has a presence in the telemedicine and education segments. FOHE operates 39 hospitals with 2,317 operating beds and 911 beds under management as of September 2010. The company has expanded its hospital footprint through organic and inorganic growth. It has acquired Escorts (a 90% stake in 2005), Malar (a 50% stake in 2007) and WHL (acquired in December 2009). The Malar and WHL acquisitions have provided FOHE a presence in the western, southern and eastern regions of India.

Shareholding structure

As of September 2010, the majority stakeholders (promoters) owned 81.5% of the outstanding shares.

Chart 9: FOHE—shareholding structure



Note: FII stands for foreign institutional investors.
Source: Company data, National Stock Exchange of India (NSE)

Key management

- **Shivinder Mohan Singh, Managing Director.** Shivinder Singh is one of the principal promoters and a director on the boards of Religare Enterprises, Super Religare Laboratories and Fortis Clinical Resarch.
- **Bhavdeep Singh, CEO.** Bhavdeep Singh joined FOHE in February 2009. He has over two decades of general management experience that spans marketing, operations, finance and supply chain functions, in various industries and locations. Prior to joining FOHE, he was Chief Executive at Spencer's Retail and Reliance Fresh.
- **Yogesh Sareen, Chief Financial Officer.** Yogesh Sareen has over 20 years of experience in the healthcare industry and over seven years of experience in management and finance functions.

- **Daljit Singh, President—Strategy and Organisational Development.** Daljit Singh has three decades of management experience. Prior to FOHE, he was the director in charge of human resources, external relations and safety, and the health and environment divisions of ICI India.
- **Dr Narottam Puri, President—Medical Strategy and Quality.** Dr Puri has over 40 years of experience in the healthcare sector. Prior to joining FOHE, Dr Puri was involved in establishing the Max Institute of Medical Excellence, which trains medical, nursing and paramedic staff.

Fortis Healthcare

Income statement (Rsm)	03/06	03/07	03/08	03/09	03/10	03/11E	% ch	03/12E	% ch	03/13E	% ch
Revenues	2,926	5,194	5,344	6,419	9,558	15,174	58.8	20,058	32.2	25,207	25.7
Operating expenses (ex depn)	(2,695)	(4,657)	(5,135)	(5,561)	(8,145)	(13,043)	60.1	(17,097)	31.1	(21,153)	23.7
EBITDA (UBS)	230	537	209	858	1,413	2,131	50.8	2,961	38.9	4,054	36.9
Depreciation	(450)	(838)	(468)	(487)	(599)	(939)	56.6	(1,263)	34.6	(1,495)	18.4
Operating income (EBIT, UBS)	(220)	(301)	(260)	371	814	1,193	46.6	1,698	42.3	2,559	50.7
Other income & associates	46	60	410	348	493	0	-	0	-	0	-
Net interest	(363)	(660)	(555)	(437)	(573)	(320)	-44.2	(157)	-50.9	(96)	-39.1
Abnormal items (pre-tax)	0	0	0	0	0	0	-	0	-	0	-
Profit before tax	(537)	(901)	(404)	282	734	873	19.0	1,540	76.5	2,463	59.9
Tax	9	(73)	(195)	(41)	(34)	(157)	361.4	(277)	76.5	(443)	59.9
Profit after tax	(528)	(974)	(600)	241	700	716	2.3	1,263	76.5	2,020	59.9
Abnormal items (post-tax)	(1)	(1)	20	79	97	0	-	0	-	0	-
Minorities / pref dividends	38	(6)	50	(27)	(21)	0	-	0	-	0	-
Net income (local GAAP)	(490)	(981)	(529)	292	775	716	-7.7	1,263	76.5	2,020	59.9
Net Income (UBS)	(489)	(980)	(549)	213	679	716	5.4	1,263	76.5	2,020	59.9
Tax rate (%)	0	0	0	15	5	18	287.9	18	0.0	18	0.0
Pre-abnormal tax rate (%)	0	0	0	15	5	18	287.9	18	0.0	18	0.0

Per share (Rs)	03/06	03/07	03/08	03/09	03/10	03/11E	% ch	03/12E	% ch	03/13E	% ch
EPS (local GAAP)	(5.77)	(5.73)	(2.37)	1.29	2.44	1.75	-28.3	3.09	76.5	4.94	59.9
EPS (UBS)	(5.76)	(5.73)	(2.46)	0.94	2.14	1.75	-18.1	3.09	76.5	4.94	59.9
Net DPS	0.00	0.00	0.00	0.00	0.00	0.00	-	0.00	-	0.00	-
Cash EPS	(0.47)	(0.83)	(0.36)	3.09	4.03	4.05	0.6	6.19	52.7	8.61	39.1
BVPS	4.35	17.98	51.53	49.14	61.64	84.11	36.5	87.33	3.8	97.02	11.1

Balance sheet (Rsm)	03/06	03/07	03/08	03/09	03/10	03/11E	% ch	03/12E	% ch	03/13E	% ch
Net tangible fixed assets	3,629	4,025	8,313	8,134	12,319	19,513	58.4	24,229	24.2	26,830	10.7
Net intangible fixed assets	4,266	3,837	3,947	4,035	8,701	8,701	0.0	8,701	0.0	8,701	0.0
Net working capital (incl. other assets)	(1,184)	1,681	2,494	2,422	5,303	3,937	-25.8	3,048	-22.6	4,045	32.7
Other liabilities	0	0	0	0	0	0	-	0	-	0	-
Operating invested capital	6,711	9,543	14,754	14,591	26,323	32,151	22.1	35,978	11.9	39,576	10.0
Investments	5	4	331	541	34,485	1,391	-96.0	1,391	0.0	1,391	0.0
Total capital employed	6,717	9,547	15,084	15,132	60,808	33,541	-44.8	37,368	11.4	40,966	9.6
Shareholders' equity	986	4,076	11,680	11,138	19,559	34,353	75.6	35,666	3.8	39,626	11.1
Minority interests	(190)	(194)	(214)	(216)	(345)	(374)	8.3	(424)	13.5	(505)	19.1
Total equity	796	3,882	11,465	10,922	19,214	33,979	76.8	35,242	3.7	39,121	11.0
Net debt / (cash)	5,921	5,665	3,619	4,211	41,593	(438)	-	2,126	-	1,845	-13.2
Other debt-deemed items	0	0	0	0	0	0	-	0	-	0	-
Total capital employed	6,717	9,547	15,084	15,132	60,808	33,541	-44.8	37,368	11.4	40,966	9.6

Cash flow (Rsm)	03/06	03/07	03/08	03/09	03/10	03/11E	% ch	03/12E	% ch	03/13E	% ch
Operating income (EBIT, UBS)	(220)	(301)	(260)	371	814	1,193	46.6	1,698	42.3	2,559	50.7
Depreciation	450	838	468	487	599	939	56.6	1,263	34.6	1,495	18.4
Net change in working capital	0	(91)	(101)	(476)	(2)	100	-	(52)	-	(55)	5.4
Other (operating)	160	117	363	513	675	180	-73.3	0	-	0	-
Operating cash flow (pre tax/interest)	390	563	470	895	2,086	2,411	15.6	2,909	20.6	3,999	37.5
Net interest received / (paid)	(363)	(660)	(555)	(437)	(573)	(320)	-44.2	(157)	-50.9	(96)	-39.1
Dividends paid	0	0	0	0	0	0	-	0	-	0	-
Tax paid	(67)	(137)	(78)	(91)	(140)	(157)	11.9	(277)	76.5	(443)	59.9
Capital expenditure	(679)	(717)	(1,119)	(1,396)	(10,440)	(6,866)	-34.2	(5,038)	-26.6	(3,178)	-36.9
Net (acquisitions) / disposals	0	0	0	0	0	0	-	0	-	0	-
Other	-	(529)	(1,103)	423	(34,844)	33,094	-	0	-	0	-
Share issues	0	66	6,140	0	9,845	13,869	40.9	0	-	0	-
Cash flow (inc)/dec in net debt	(719)	(1,530)	3,392	(1,055)	(34,741)	42,031	-	(2,564)	-	281	-
FX / non cash items	-	1,786	(1,346)	463	(2,641)	0	-	0	-	0	-
Balance sheet (inc)/dec in net debt	-	256	2,046	(592)	(37,383)	42,031	-	(2,564)	-	281	-
Core EBITDA	230	537	209	858	1,413	2,131	50.8	2,961	38.9	4,054	36.9
Maintenance capital expenditure	(29)	(52)	(53)	(64)	(96)	(152)	58.8	(201)	32.2	(252)	25.7
Maintenance net working capital	0	0	0	0	0	0	-	0	-	0	-
Operating free cash flow, pre-tax	201	485	155	794	1,317	1,980	50.3	2,760	39.4	3,802	37.7

Source: Company accounts, UBS estimates. (UBS) valuations are stated before goodwill, exceptionals and other special items. Note: For some companies, the data represents an extract of the full company accounts.

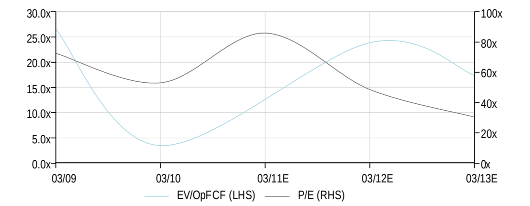
Fortis Healthcare

12-month rating	Neutral
12m price target	Rs170.00

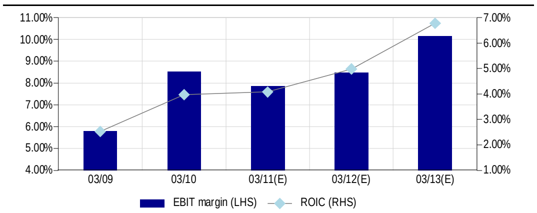
Company profile

Fortis Healthcare (Fortis) is an India-based healthcare company. Its primary business is healthcare delivery services. It also has a presence in the telemedicine and education segments. Fortis operates 39 hospitals with 2,317 operating beds and 911 beds under management as of September 2010. The company has expanded its hospital footprint through organic and inorganic growth; it acquired Escorts (a 90% stake in 2005), Malar (a 50% stake in 2007) and Wockhardt (acquired in December 2009). The Malar and Wockhardt acquisitions have provided Fortis a presence in the western, southern and eastern regions of India.

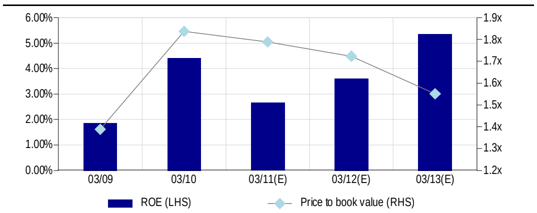
Value (EV/OpFCF & P/E)



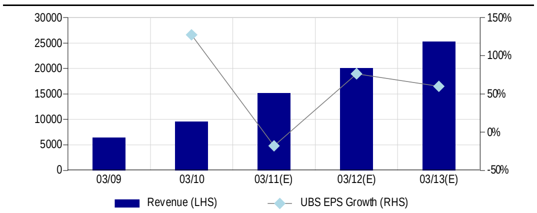
Profitability



ROE v Price to book value



Growth (UBS EPS)



Valuation (x)	5Yr Avg	03/09	03/10	03/11E	03/12E	03/13E
P/E (local GAAP)	-	52.9	46.4	NM	47.0	29.4
P/E (UBS)	-	72.5	52.9	83.0	47.0	29.4
P/CEPS	-	22.1	28.1	35.9	23.5	16.9
Net dividend yield (%)	-	0.0	0.0	0.0	0.0	0.0
P/BV	-	1.4	1.8	1.7	1.7	1.5
EV/revenue (core)	-	3.3	0.5	4.2	3.2	2.5
EV/EBITDA (core)	-	24.5	3.2	29.9	21.6	15.8
EV/EBIT (core)	-	NM	5.6	NM	NM	25.0
EV/OpFCF (core)	-	26.5	3.5	NM	23.1	16.8
EV/op. invested capital	-	1.4	0.2	2.2	1.9	1.7

Enterprise value (Rsm)	03/09	03/10	03/11E	03/12E	03/13E
Average market cap	15,460	32,773	58,896	58,896	58,896
+ minority interests	216	345	374	424	505
+ average net debt (cash)	5,921	5,921	5,921	5,921	5,921
+ pension obligations and other	0	0	0	0	0
- non-core asset value	(541)	(34,485)	(1,391)	(1,391)	(1,391)
Core enterprise value	21,056	4,554	63,799	63,850	63,931

Growth (%)	5Yr Avg	03/09	03/10	03/11E	03/12E	03/13E
Revenue	-	20.1	48.9	58.8	32.2	25.7
EBITDA (UBS)	-	NM	64.6	50.8	38.9	36.9
EBIT (UBS)	-	-	119.4	46.6	42.3	50.7
EPS (UBS)	-	-	127.4	-18.1	76.5	59.9
Cash EPS	-	-	30.3	0.6	52.7	39.1
Net DPS	-	-	-	-	-	-
BVPS	-	-4.6	25.4	36.5	3.8	11.1

Margins (%)	5Yr Avg	03/09	03/10	03/11E	03/12E	03/13E
EBITDA / revenue	-	13.4	14.8	14.0	14.8	16.1
EBIT / revenue	-	5.8	8.5	7.9	8.5	10.2
Net profit (UBS) / revenue	-	3.3	7.1	4.7	6.3	8.0

Return on capital (%)	5Yr Avg	03/09	03/10	03/11E	03/12E	03/13E
EBIT ROIC (UBS)	-	2.5	4.0	4.1	5.0	6.8
ROIC post tax	-	2.2	3.8	3.3	4.1	5.6
Net ROE	-	1.9	4.4	2.7	3.6	5.4

Coverage ratios (x)	5Yr Avg	03/09	03/10	03/11E	03/12E	03/13E
EBIT / net interest	-	1.6	2.3	3.7	10.8	26.7
Dividend cover (UBS EPS)	-	-	-	-	-	-
Div. payout ratio (%, UBS EPS)	-	-	-	-	-	-
Net debt / EBITDA	-	4.9	NM	NM	0.7	0.5

Efficiency ratios (x)	5Yr Avg	03/09	03/10	03/11E	03/12E	03/13E
Revenue / op. invested capital	-	0.4	0.5	0.5	0.6	0.7
Revenue / fixed assets	-	0.5	0.6	0.6	0.7	0.7
Revenue / net working capital	-	6.9	22.5	71.4	NM	NM

Investment ratios (x)	5Yr Avg	03/09	03/10	03/11E	03/12E	03/13E
OpFCF / EBIT	-	2.1	1.6	1.7	1.6	1.5
Capex / revenue (%)	-	21.8	NM	NM	25.1	12.6
Capex / depreciation	-	2.9	NM	7.3	4.0	2.1

Capital structure (%)	5Yr Avg	03/09	03/10	03/11E	03/12E	03/13E
Net debt / total equity	-	37.8	NM	(1.3)	6.0	4.7
Net debt / (net debt + equity)	-	27.4	68.0	(1.3)	5.6	4.4
Net debt (core) / EV	-	28.1	NM	9.3	9.3	9.3

Source: Company accounts, UBS estimates. (UBS) valuations are stated before goodwill, exceptionals and other special items.
Valuations: based on an average share price that year, (E): based on a share price of Rs145.40 on 26 Nov 2010 17:32 HKT Market cap(E) may include forecast share issues/buybacks.

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■ Fortis Healthcare

Fortis Healthcare (Fortis) is an India-based healthcare company. Its primary business is healthcare delivery services. It also has a presence in the telemedicine and education segments. Fortis operates 39 hospitals with 2,317 operating beds and 911 beds under management as of September 2010. The company has expanded its hospital footprint through organic and inorganic growth; it acquired Escorts (a 90% stake in 2005), Malar (a 50% stake in 2007) and Wockhardt (acquired in December 2009). The Malar and Wockhardt acquisitions have provided Fortis a presence in the western, southern and eastern regions of India.

■ Statement of Risk

Hospitals require high upfront investment and have high fixed costs. Consequently we believe any increase in competition can impact volumes and pricing, and subsequently impact operating profit. Additionally, land prices in India have been rising and it is becoming increasingly more expensive to acquire land for expansion and this could affect future profitability. Other risks include regulatory and tax changes, doctor attrition and the lack of an internationally recognised auditor.

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UBS Investment Research: Global Equity Rating Allocations

UBS 12-Month Rating	Rating Category	Coverage[1]	IB Services[2]
Buy	**Buy**	51%	37%
Neutral	**Hold/Neutral**	40%	33%
Sell	**Sell**	9%	22%
UBS Short-Term Rating	**Rating Category**	**Coverage[3]**	**IB Services[4]**
Buy	**Buy**	less than 1%	20%
Sell	**Sell**	less than 1%	0%

1:Percentage of companies under coverage globally within the 12-month rating category.
2:Percentage of companies within the 12-month rating category for which investment banking (IB) services were provided within the past 12 months.
3:Percentage of companies under coverage globally within the Short-Term rating category.
4:Percentage of companies within the Short-Term rating category for which investment banking (IB) services were provided within the past 12 months.

Source: UBS. Rating allocations are as of 30 September 2010.

UBS Investment Research: Global Equity Rating Definitions

UBS 12-Month Rating	Definition
Buy	FSR is > 6% above the MRA.
Neutral	FSR is between -6% and 6% of the MRA.
Sell	FSR is > 6% below the MRA.
UBS Short-Term Rating	**Definition**
Buy	Buy: Stock price expected to rise within three months from the time the rating was assigned because of a specific catalyst or event.
Sell	Sell: Stock price expected to fall within three months from the time the rating was assigned because of a specific catalyst or event.

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Forecast Stock Return (FSR) is defined as expected percentage price appreciation plus gross dividend yield over the next 12 months.
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Short-Term Ratings reflect the expected near-term (up to three months) performance of the stock and do not reflect any change in the fundamental view or investment case.
Equity Price Targets have an investment horizon of 12 months.

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UBS Securities India Private Ltd: Ajay Nandanwar; Gautam Chhaochharia.

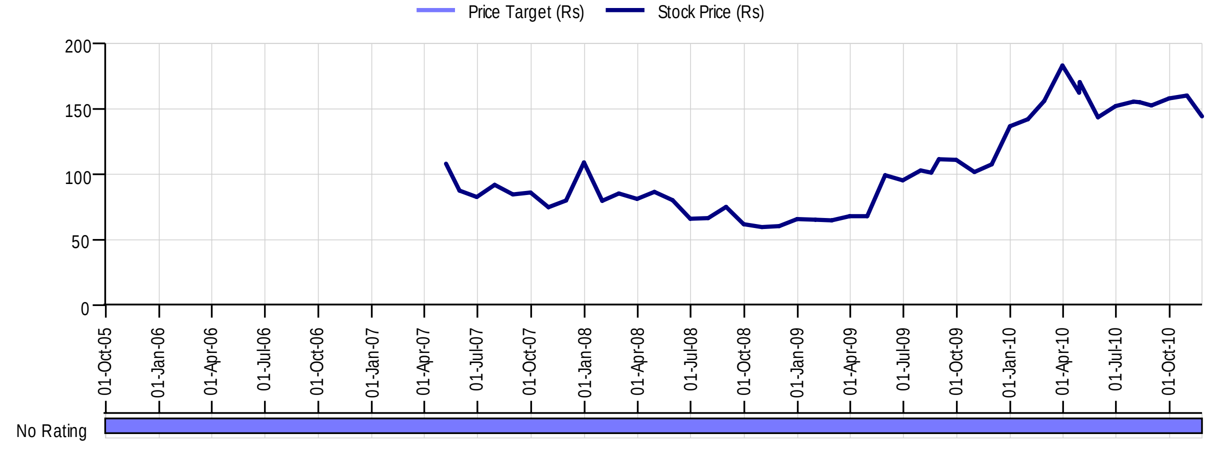
Company Disclosures

Company Name	Reuters	12-mo rating	Short-term rating	Price	Price date
Fortis Healthcare	FOHE.BO	Not Rated	N/A	Rs144.45	26 Nov 2010

Source: UBS. All prices as of local market close.
Ratings in this table are the most current published ratings prior to this report. They may be more recent than the stock pricing date

Unless otherwise indicated, please refer to the Valuation and Risk sections within the body of this report.

Fortis Healthcare (Rs)



Source: UBS; as of 26 Nov 2010

Additional Prices: Bangkok Dusit Medical Services PCL, Bt37.25 (26 Nov 2010); Bumrungrad Hospital PCL, Bt32.75 (26 Nov 2010); Raffles Medical Group, S$2.31 (26 Nov 2010); Source: UBS. All prices as of local market close.

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