

# METROPOLIS

The Pathology Specialist



Reaching Out **RESPONSIBLY**  
Investor Presentation - August 2020

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## Q1 FY21 Financial & Operational Performance

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Metropolis is a Strong Consumer  
Focused and Trusted Pathology Brand  
in the Indian Diagnostics space ...

**Rs. 143 Crs**

Revenues

**51%**

Revenue Share  
of B2C in  
Focused Cities in

**1.37 Mn**

Patient Visits

**2.65 Mn**

No. of Tests



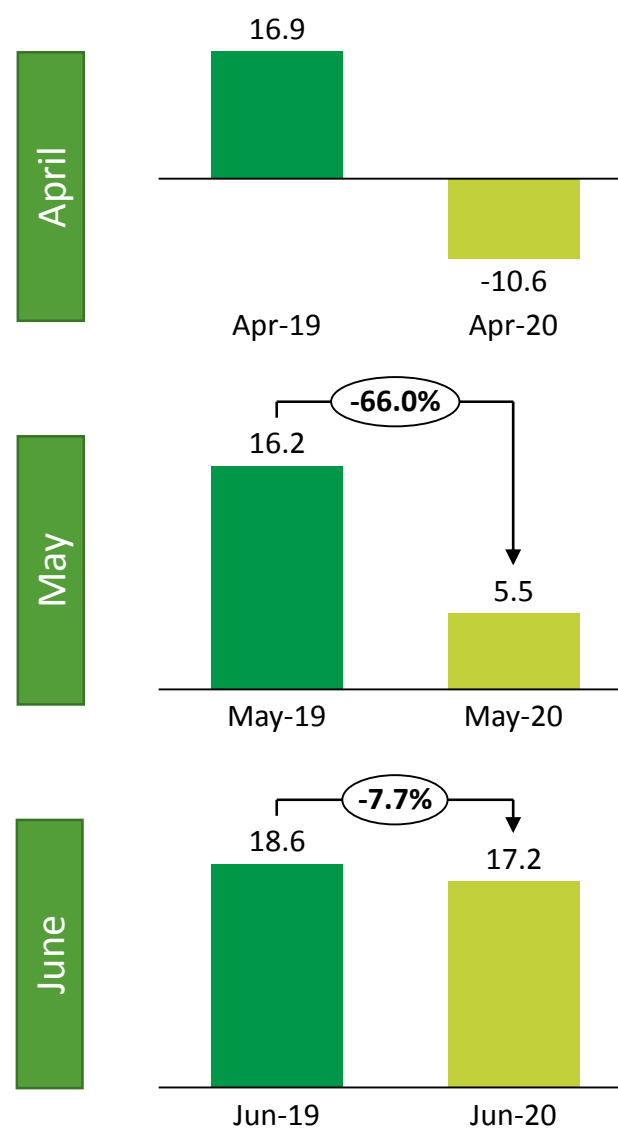
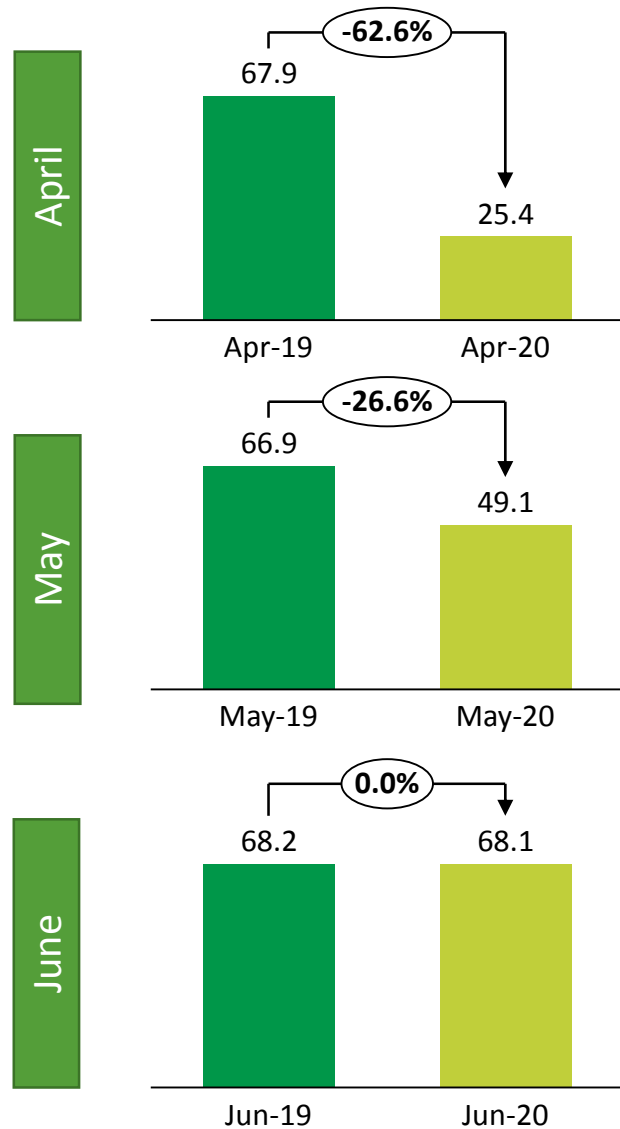
Quality Focus  
Large test Menu  
Customer Centricity Approach  
Technical & Scientific Team  
Pan India Presence



# Gradually Returning to Normalcy

Month-wise Revenue (In Crs.)

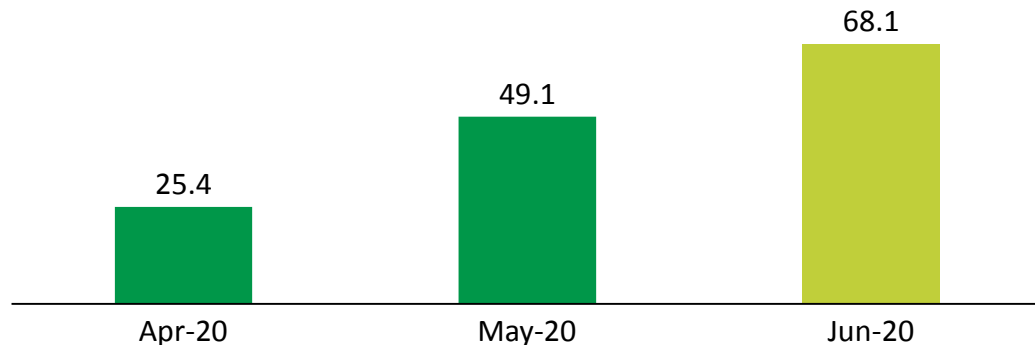
Month-wise EBIDTA\* (In Crs.)



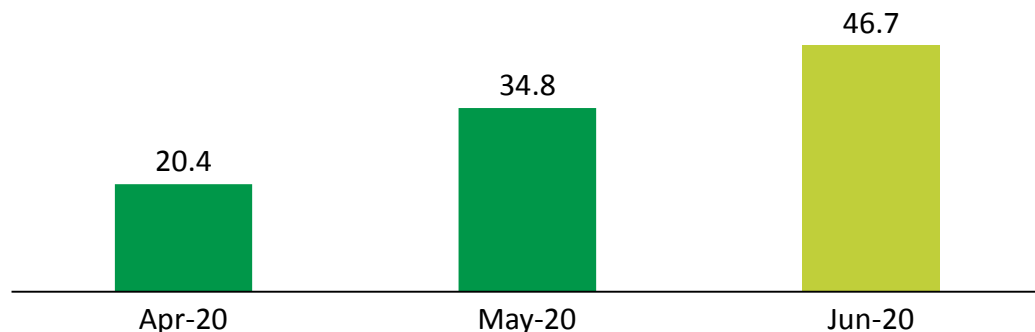
- ✓ On account of All India lockdown and subsequent travel restrictions, we witnessed 62.6% drop in revenues for April 2020 and 26.6% drop in revenues for May 2020 on a Y-o-Y basis
- ✓ Including Covid-19 testing, *we witnessed flat revenues for June 2020 v/s June 2019*
- ✓ Due to sharp dip in revenues in April 2020 we witnessed a negative EBIDTA of Rs. 10.6 crs. We initiated a cost rationalization program which coupled with increased testing resulted in a *sharp turnaround in EBIDTA which came in at Rs. 5.5 Crs in May 2020*
- ✓ In June 2020, with higher focus on non Covid-19 testing coupled with increased Covid-19 testing, *operating leverage benefits played out resulting in EBIDTA margin of 25.2%*

# Witnessing improving revenues on Month on Month basis

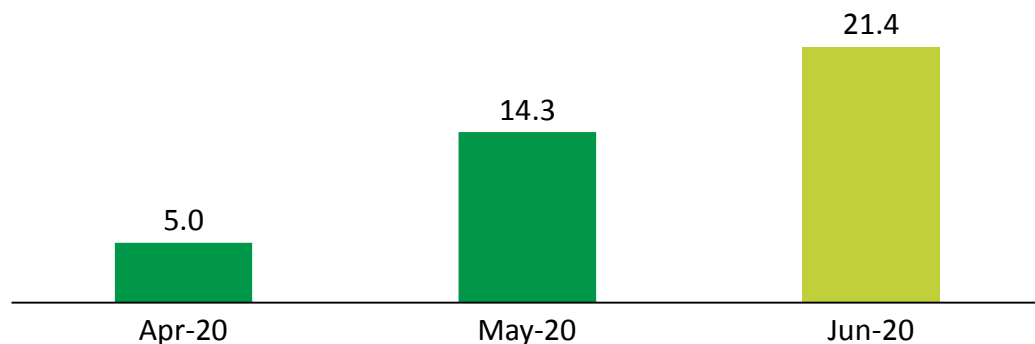
## Total Revenues



## Non-Covid Revenues

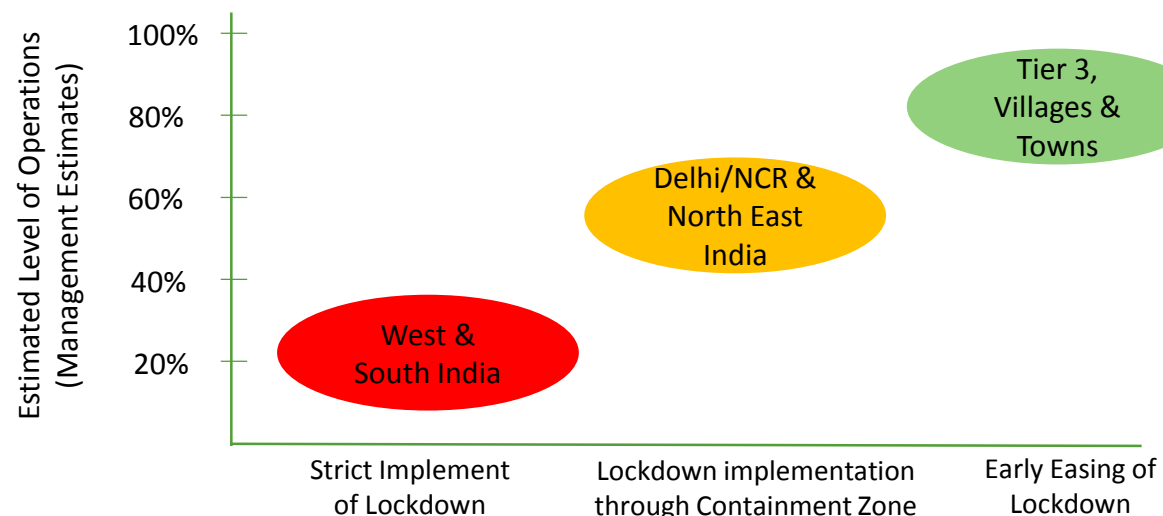


## Covid Revenues

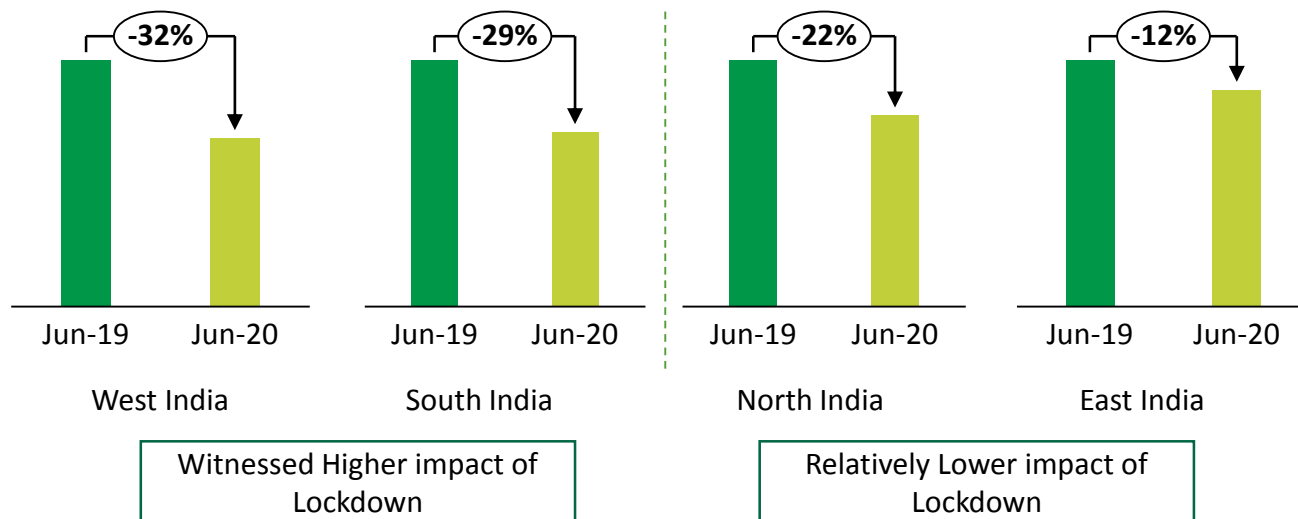


- ✓ With Increased operations across Lab & Collection network on a month on month basis, **revenues have scaled up substantially in June 2020 compared to April 2020**
- ✓ **Revenues could have been better**, however West & South India witnessed lower traction in revenues as compared to North & East on account of Pandemic spread and strict enforcement of lockdown
- ✓ Non-Covid revenues have **scaled up from Rs. 20.4 crs in April 2020 to Rs. 46.7 crs in June 2020**
- ✓ With increased Covid testing across our network, Covid revenue has increased sharply
- ✓ **Our efforts are to scale up non-covid testing** and subsequent revenues

# Challenges witnessed in our return to Normalcy

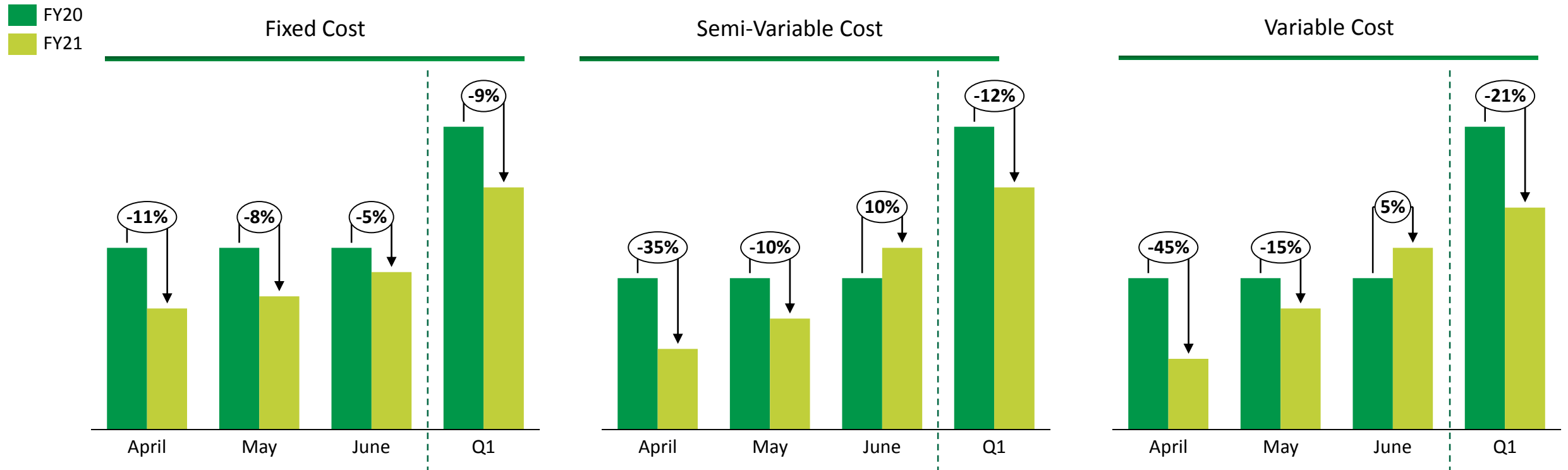


## Metropolis Region wise Revenues



- ✓ The Covid-19 Pandemic severely affected people movement due to strict implementation of lockdown **particularly in West & South Indian cities such as Mumbai, Chennai, Pune** etc while other regions in the country followed lockdown through containment zone mechanism where the impact was relatively lower
  - Major cities saw higher degree of de-growth than other cities
  - **Consumer behavior and economic activity was relatively better in North & East India** compared to the rest of the country
- ✓ On account of Covid-19 many **specialized hospitals were converted to Covid-19 Hospitals** leading to reduced flow of samples from Hospitals, Clinics & OPD centers affecting B2B business revenues
- ✓ Local clinics & Doctors operations were significantly reduced, and we have witnessed a drop in Doctor's Bleeding Point (DBP) by 50-60%
- ✓ B2G Business challenges (NACO & MCGM)
  - We collect samples from approximately 520 collection centers across India for the prestigious NACO project
  - Due to all India Lockdown and air travel restrictions across states **during April & May, the sample flow was negligible** thus impacting revenues
  - **Witnessed increase in B2G sample flows from June onwards** and expect normalised revenues for the full year

# Cost Rationalization Outcome...

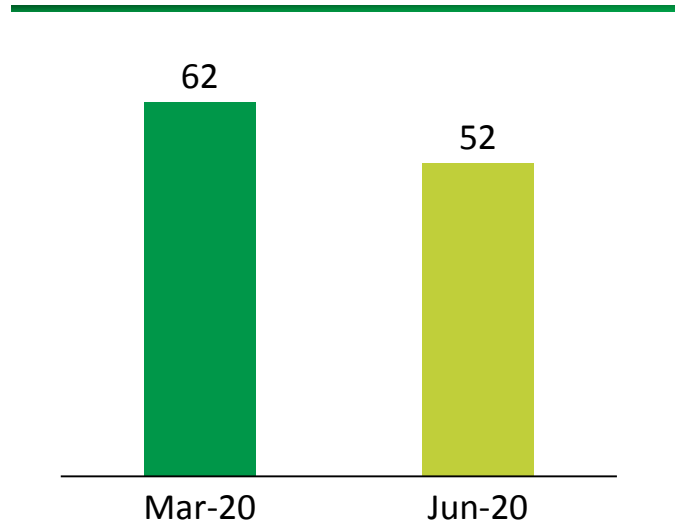


- ✓ We initiated cost rationalization program in April 2020 and were able to **reduce fixed costs by 9%, semi-variable cost by 12% and variable cost by 21%** for Q1FY21 on a Y-o-Y basis
- ✓ Some of the fixed cost savings has been re-invested in strengthening our digital initiatives, increase testing facilities and augmenting IT infrastructure; therefore **25-50% savings in Fixed and Semi-Variable costs may be retained in coming quarters**
- ✓ On account Covid-19 testing during lockdown, related expenses and higher consumables for Covid-19 testing, **our variable costs increased for June 2020 by 5% on a Y-o-Y basis. However, increasing contribution of Non-Covid Testing has resulted in an EBIDTA margin of 26.3% for the month of June 2020**
- ✓ The company is working very closely with raw material suppliers for better trade terms and rationalizing costs which is expected to reduce the variable costs on a sustainable basis

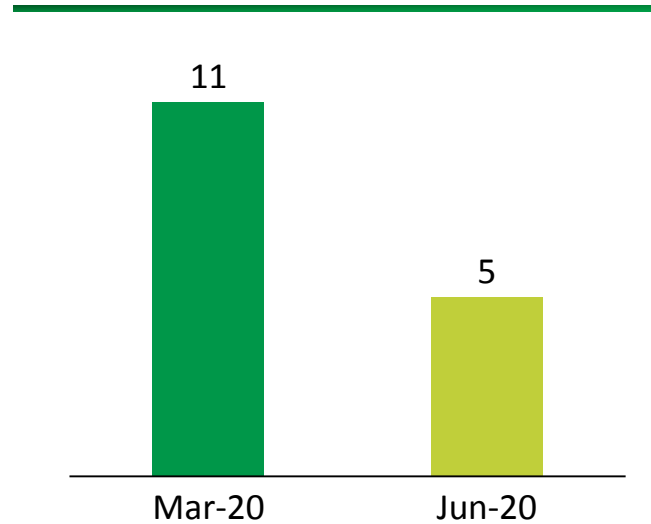


# ... with Focus on Balance Sheet

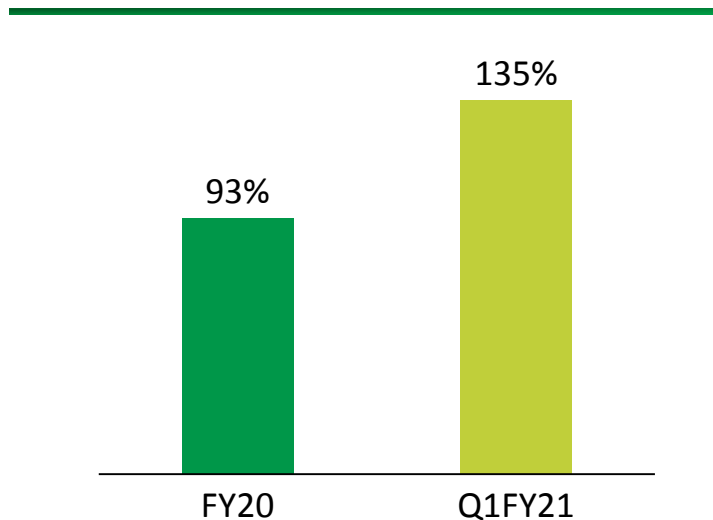
Debtors Days\*



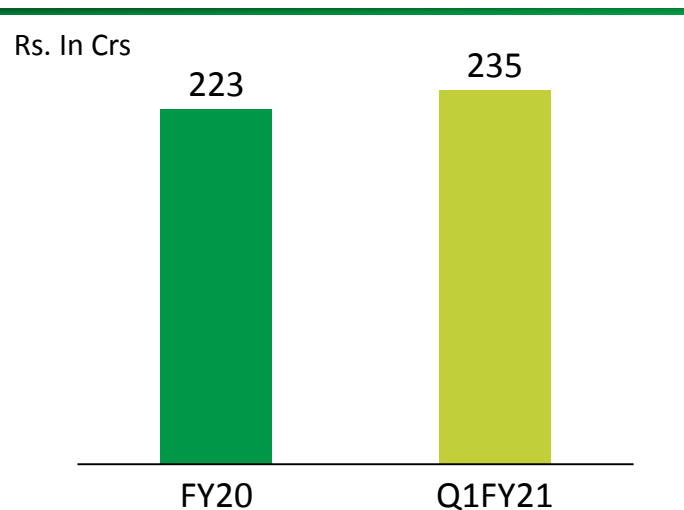
Working Capital Days\*



OCF to EBITDA

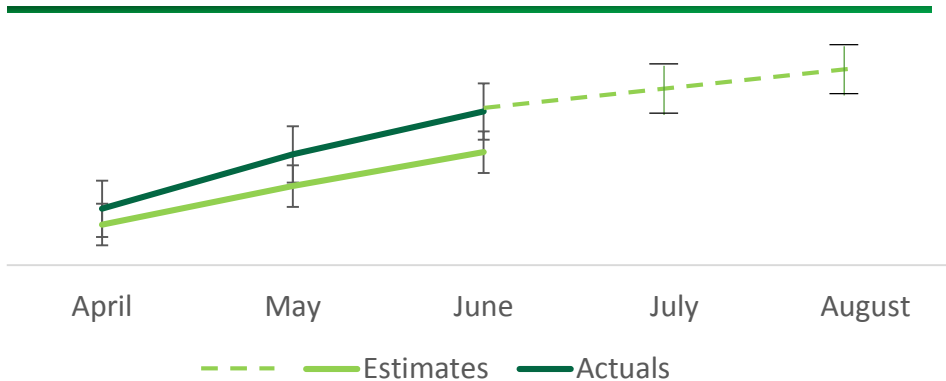


Cash and Cash Equivalents

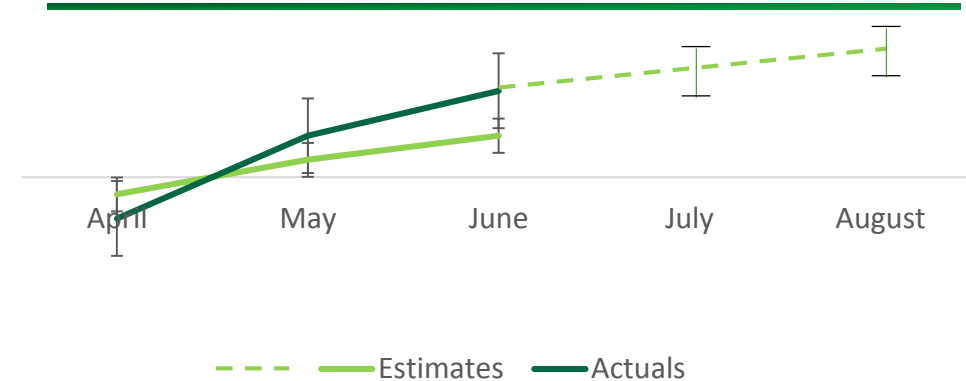


- ✓ Despite higher B2B revenues in Q1FY21, *we have continued to focus on collection efficiency* and improved our Debtor days & Overall Working Capital days
- ✓ Metropolis is a Zero-Debt company with growing cash & cash equivalents year on year basis. *Cash & Cash Equivalents as on June 2020 stood at Rs. 235 crs*
- ✓ OCF / EBITDA improved significantly to *135% in Q1FY21 from 93% in FY20*
- ✓ Our *OCF to EBITDA ratio is constantly increasing and with no large Capex requirements*, Free Cash flows of the company will further strengthen Balance Sheet to support growth

Revenue Trend\* (E)



Margin Trend\* (E)



- ✓ In the month of April 2020 on account of nation-wide lockdown and subsequent restrictions **large part of our revenues were contributed by Covid-19 testing.**
- ✓ In May 2020, as lockdown restrictions eased, while we continued to scale up Covid-19 testing simultaneously **our Non-Covid revenues started inching up**
- ✓ Combined with Covid-19 testing **we achieved 100% revenues in June 2020 as v/s June 2019**
- ✓ While Covid-19 testing is expected to increase in Q2FY21, **our efforts are directed towards achieving complete normalcy in Non-Covid testing, which we anticipate to achieve by end Q2FY21 or early Q3FY21**
- ✓ **We expect to improve margins in Q2FY21 on account of operating leverage benefits** accruing due to increase in overall revenues as well as substantial increase in Non-Covid revenues on Q-o-Q basis

## New Tests

- ✓ 5 new tests added to the Metropolis menu during Q1FY21 despite challenging times
- ✓ 4 tests were added Chemistry & 1 test was added in the specialized category of Molecular Biology

## Technological Initiatives

- ✓ New Financial module “Oracle NetSuite” is live from August 2020
- ✓ A new Inventory management software is live from Aug 2020. This will result in increased controls on inventory and will provide real time insights through automation
- ✓ Payment platform implementation initiated. Same will be integrated with the registration and invoicing system. This will enable Metropolis to accept payments in all modes available in the market thus providing customer ease and flexibility
- ✓ Home Visit Technician App will help automate the entire home visit experience with increased adoption adding up to the receivables.
- ✓ Corporate Portal integration with Payment gateway & R&I will open avenues of e-commerce capability.
- ✓ Feedback Management is live increasing percentage of patient providing instant feedback and rating

## Human Resource

- ✓ New IT head with 3 decades of experience with various companies has been introduced to the leadership team to drive the Digital Initiatives
- ✓ Manpower Availability during Lockdown for Lab Operations was managed
- ✓ New hiring done to Ramp up COVID-19 Capability building
- ✓ Capability Building sessions across the quarter. ~9500 total man hours of training conducted across Behavioural and Functional training during lockdown
- ✓ Extended out support for Covid positive patients through Welfare Fund

## 01 Strong Brands to benefit

Unorganised standalone labs are facing challenges in terms of operations due to stringent quality norms and lack of customer faith in their operations

## 03 Covid-19 capable labs

Covid-19 will become a new normal test in times to come;; consumers will view diagnostics chains as Covid-19 capable labs & Non-Covid-19 labs

## 05 Faster Consolidation and regulatory adoption

We expect faster consolidation in the industry & positive changes in the regulatory framework



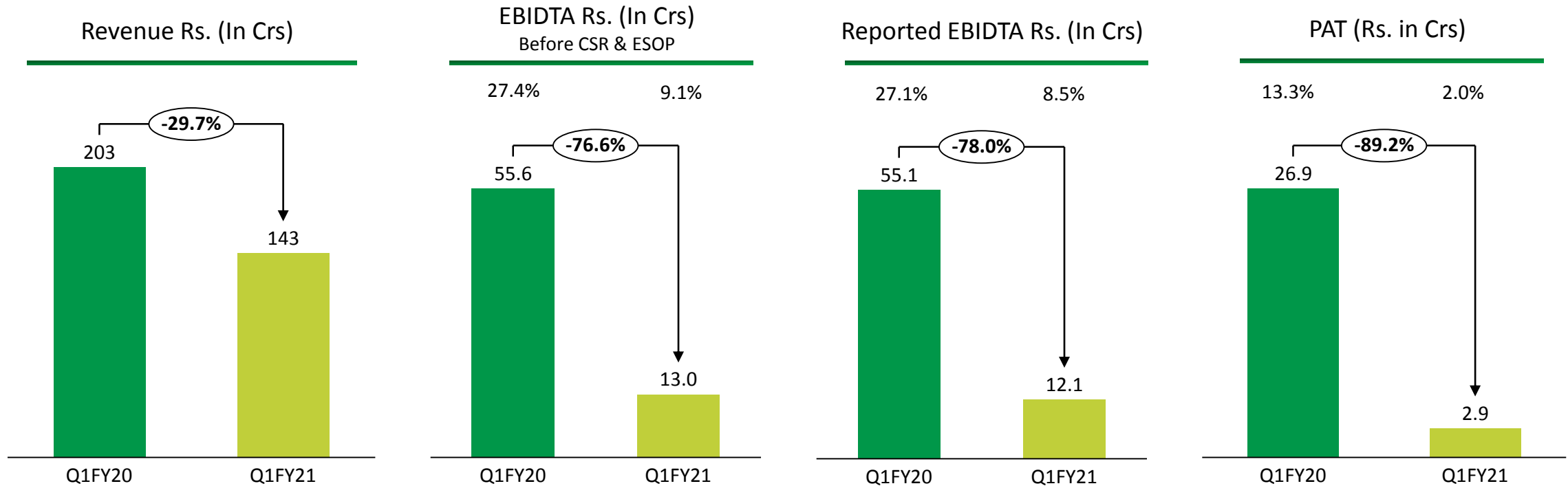
## 02 Customer to focus on Quality rather than pricing

Expecting the Indian consumer to be more quality conscious with respect to healthcare thereby benefiting the larger organized diagnostics chains

## 04 Consumer Connect

Diagnostics chain with lean Balance Sheet, Strong Consumer Connect & High focus on Quality will gain market share

# Q1 FY21 Consolidated Financial Performance



## Revenue

- ✓ Revenue was down 30% majorly due to impact of all India Lockdown
- ✓ We have seen a substantial jump in revenues for June 2020 as compared to previous months
- ✓ We anticipate that Non-Covid revenues will come back to normalcy by end of H1FY20

## Reported EBIDTA

- ✓ EBIDTA for Q1FY21 stood at Rs. 12.1 crs with EBIDTA margins of 8.5%
- ✓ Our EBIDTA for the month of June 2020 stood at 25.2%
- ✓ EBIDTA were impacted due to lower revenues and Covid-19 testing which has low margin profile

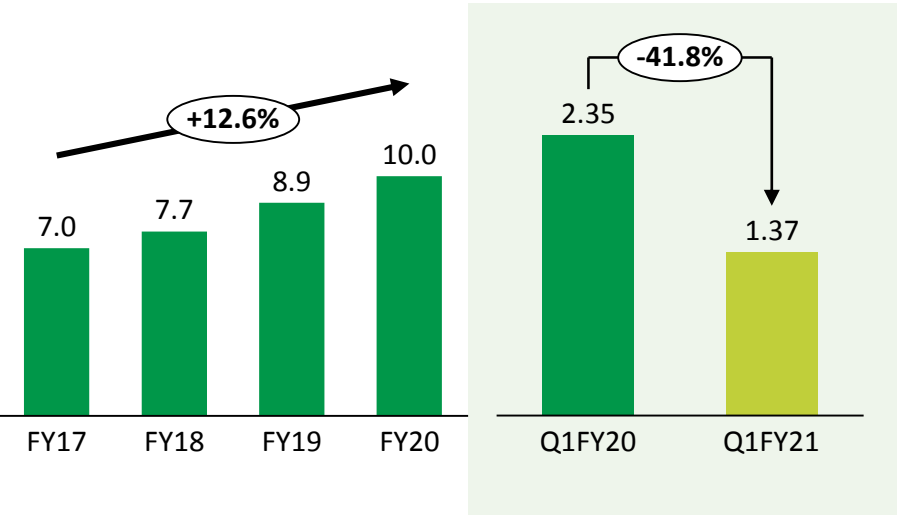
## PAT

- ✓ We reported a positive PAT for Q1FY21 despite challenging environment
- ✓ Our PAT for Q1FY21 stood at Rs. 2.9 crs with a PAT margin of 2%
- ✓ Dip in revenue led to negative operating leverage

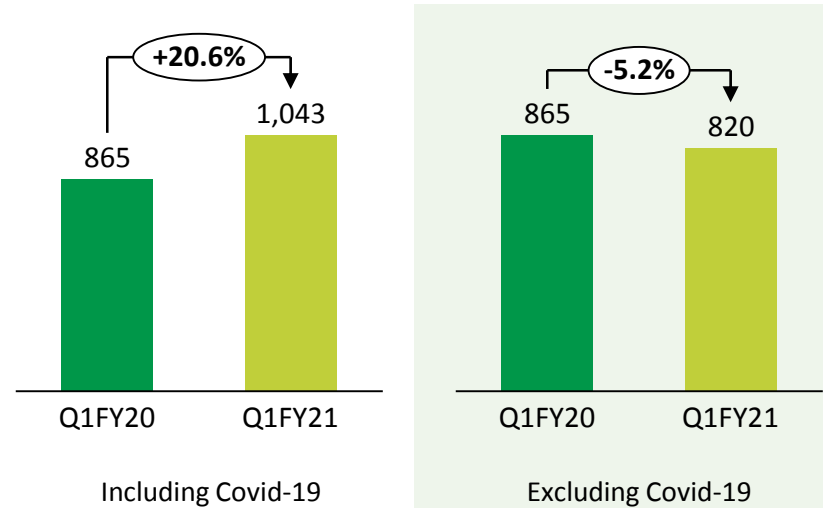


# Operating Performance

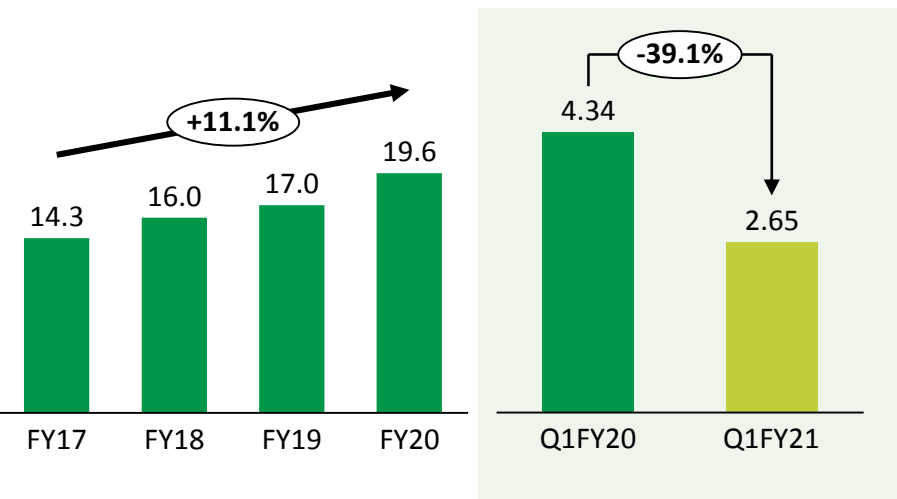
No. of Patient Visits (In Mn.)



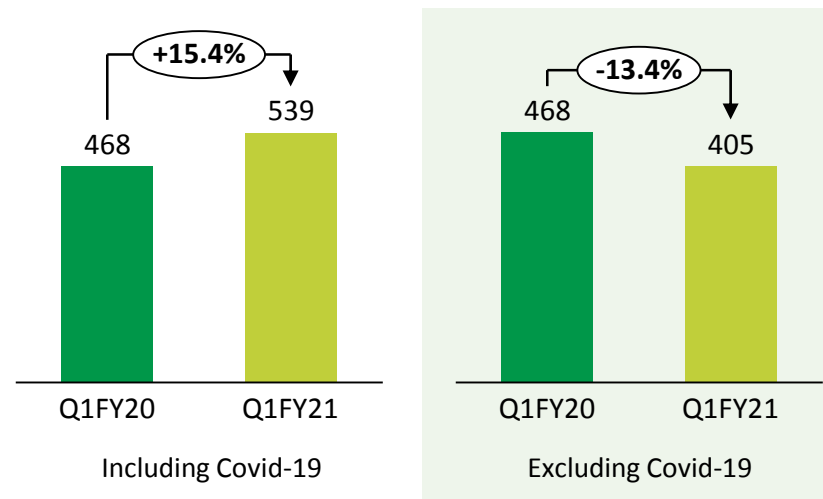
Revenue Per Patient (In Rs.)



No. of Tests (In Mn.)



Revenue per Test (In Rs.)



✓ Revenue per Patient & Revenue per Test has increased on account of high value Covid-19 test

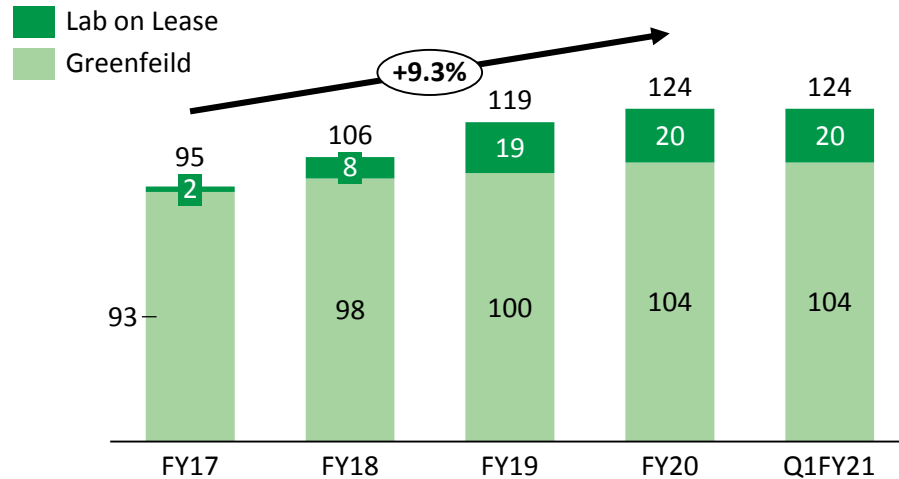
✓ On a like to like basis (Non-Covid) Revenue per Patient & Revenue per Test stands at Rs. 820 & Rs. 405 respectively

✓ We have witnessed a marginal drop in revenue per patient on account of lower contribution of specialized tests for Q1FY21

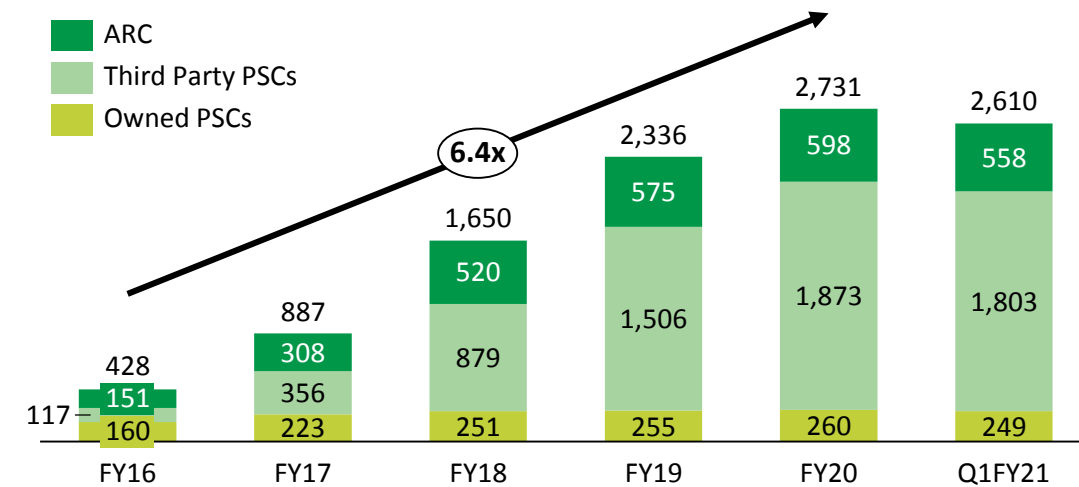
- Primarily due to low immunity patients suffering from Cancer, Kidney Failure, Neurological disorder and other chronic diseases avoided engagement with healthcare services currently because of the fear of catching Covid-19 infections

# Network Expansion

## Laboratory Network



## Service Network



## Network Strategy Highlights

### Young Individuals Patients Network

- ✓ The average retail centre matures in five years. As the network matures, it is expected to contribute to short and mid term future growth. There is an opportunity for our franchisee network which is opened in last four years to grow as per matured centres.
- ✓ We are seeing healthy growth in average revenue per centre in the third party centre segment.

### Asset Light Network

- ✓ 90.5% of the centre network and 16.1% lab network is asset light.
- ✓ Major addition in the labs in FY19 and FY20 is through lab on lease model which is asset light with no capital requirement.

### Fast Pace of Execution

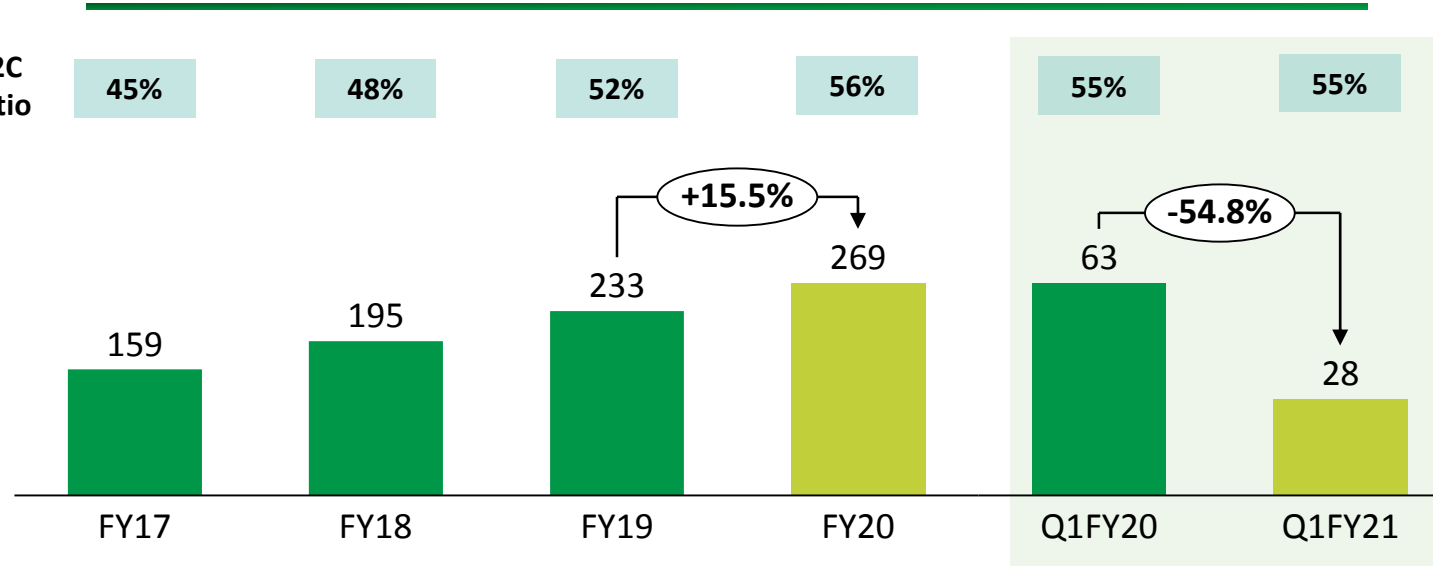
- ✓ 6.4x patients network growth during FY2016-FY20.
- ✓ 395 service network added during FY20, of which 93% are front end third party centres.
- ✓ 2,303 patients touch points added during FY2016-FY20.

### Rationalization of Service Network

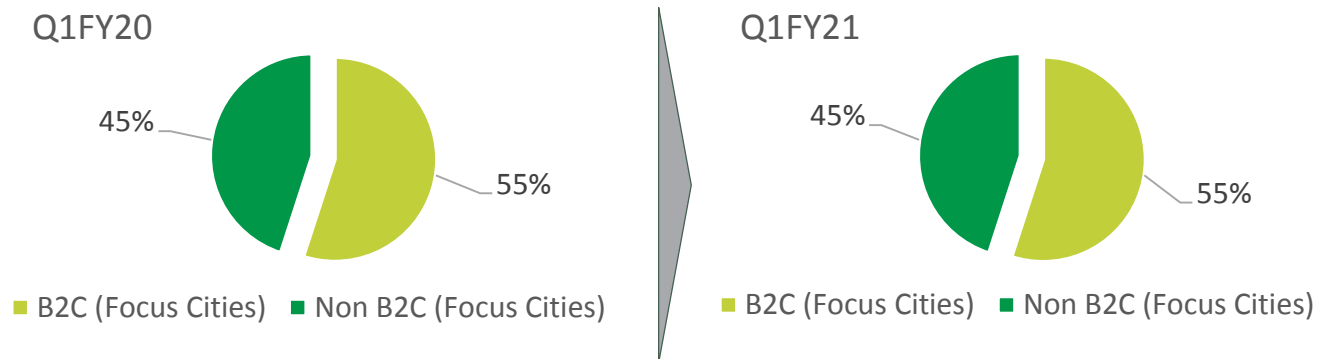
- ✓ Expect the service network to reduce by 10-15% between April to September 2020.
- ✓ Rationalization to lead to better productivity and efficiency as well as improvement in Management Bandwidth.
- ✓ Revenue contribution from closure of the following:
  - Third Party – Nil
  - Owned Network – Less than 1% of Annual revenues

# Share of B2C Business in Focus Cities

B2C Contribution in Focus Cities (excl. Covid-19 Revenues) (Rs. in Crs)



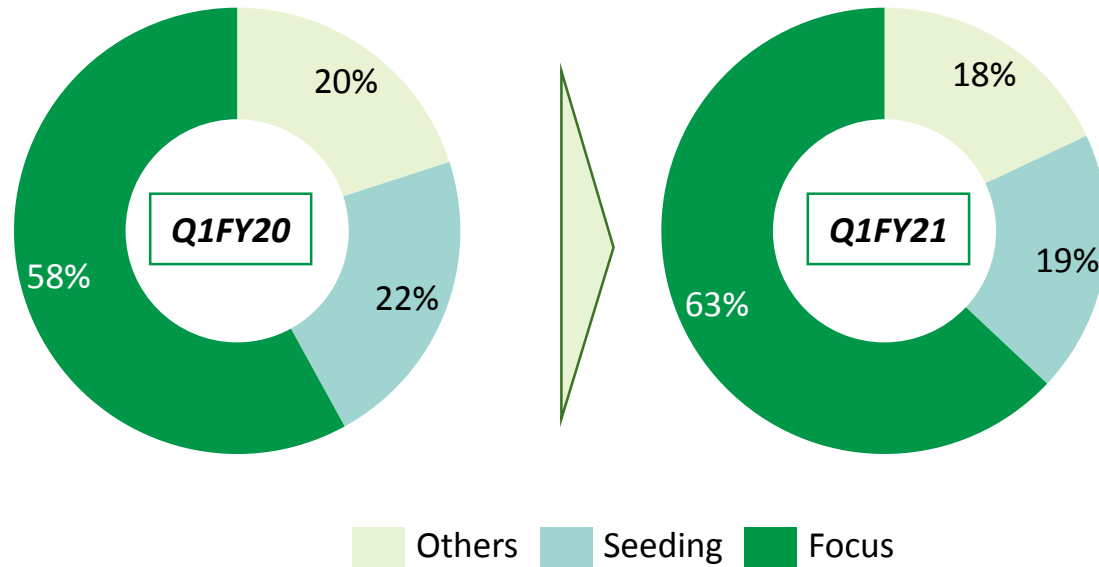
B2C Contribution in Focus Cities for Q1FY21 (excl. Covid-19 Revenues)



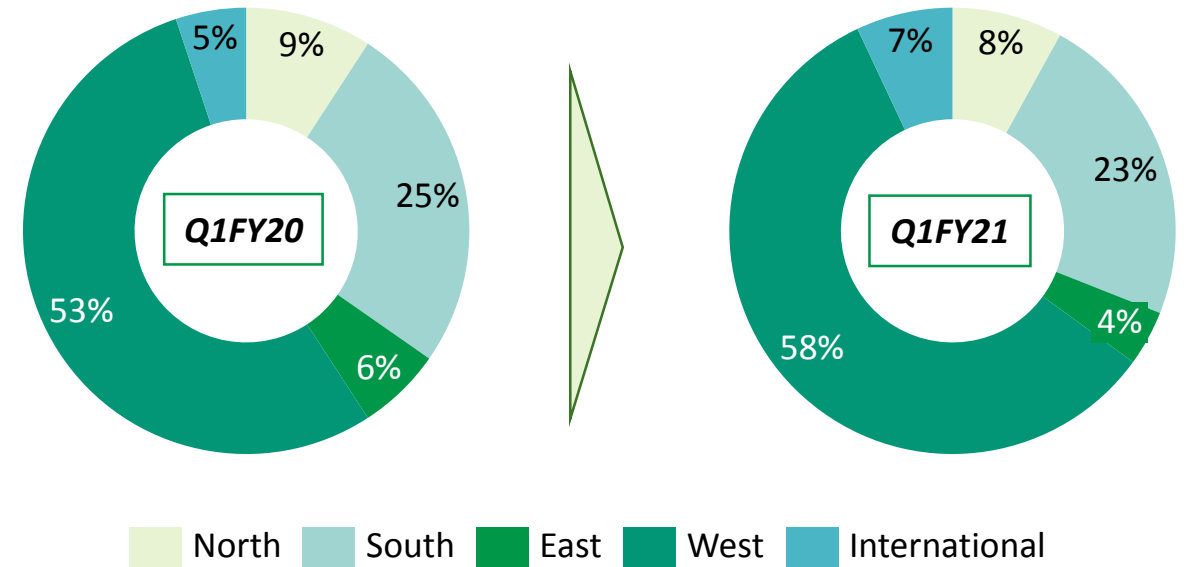
- ✓ Excluding Covid-19 revenues, our B2C contribution has remained intact despite large part of network facing operational challenges in April & May on account of lockdown restrictions
- ✓ As lockdown restrictions eased and Covid-19 testing restrictions were lifted in July 2020, we expect B2C contribution to increase in coming months
- ✓ Our aspirations is to achieve 65% B2C contribution in focused cities in coming years remains intact, driven by;
  - Aggressive **network expansion** to go closer to the patient
  - Integrated **Brand building campaigns** to establish Metropolis as a trusted brand in the mind of consumer and the doctor
  - **Building awareness** amongst doctors for quality and service differentiators of Metropolis vs the unorganized sector.
  - Obsessively monitoring customer experience and generating a **Net Promoters Score (NPS)**

# Market Dynamics – a long runway of growth

Revenue Mix between Focus, Seeding & Others Cities



Revenue Mix between Geographies

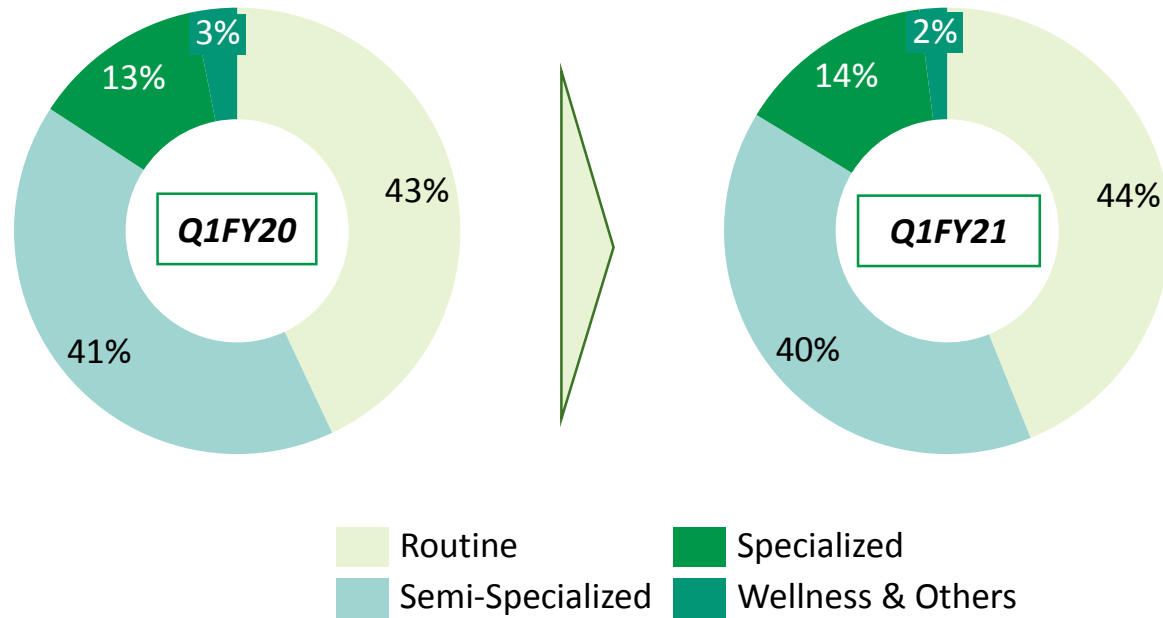


## *Improving Revenue Diversification*

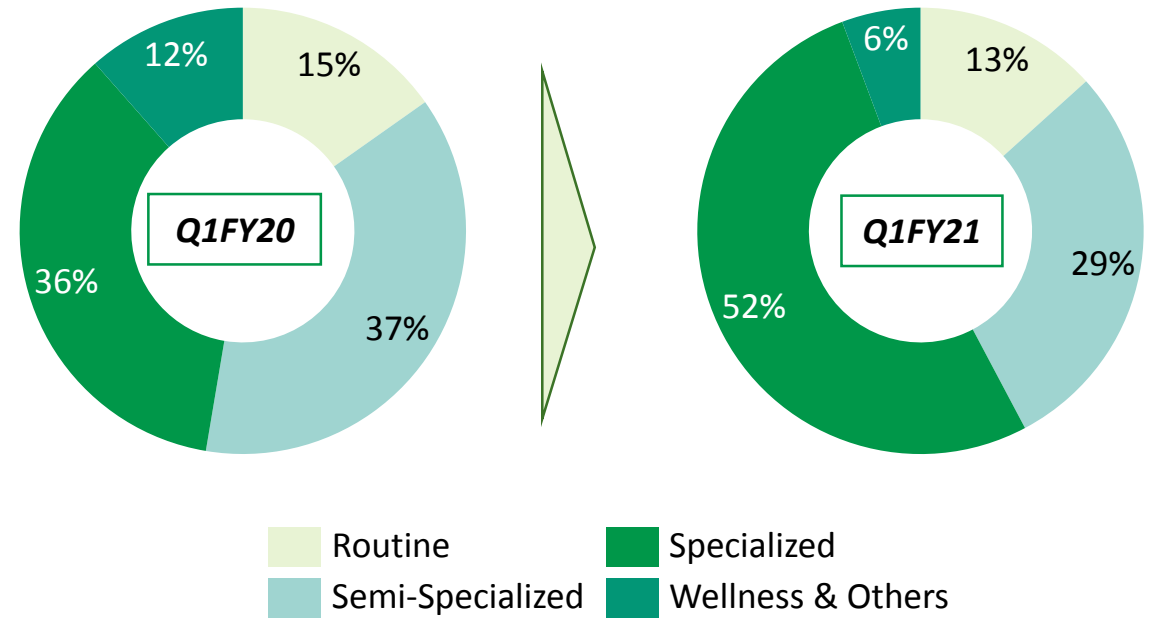
- ✓ Increased Covid testing in urban cities especially western India has led to increased contribution from focus cities in Q1FY21
- ✓ Opportunity to increase market share in focus cities is very high especially through the B2C route and a combination of our young network along with improving revenue per center; this will create a long runway for growth

# Specialized Test Menu capabilities creates a sustainable leadership position

Volume Mix



Value Mix



## *Improving Revenue Diversification*

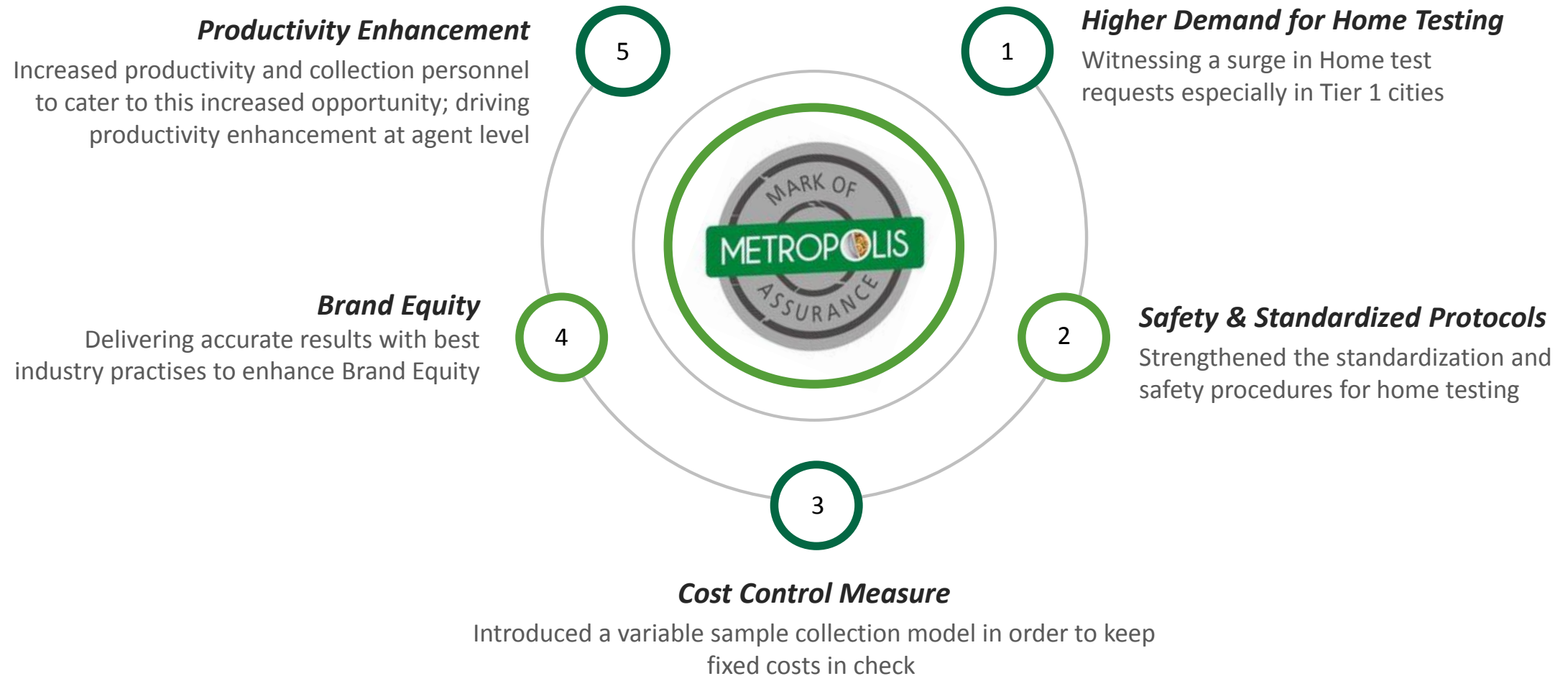
- ✓ Including Covid-19 Tests which are part of specialized tests the volume & value mix for specialized tests has seen an improvement
- ✓ Volume & Value mix for Non-Covid specialized tests has witnessed a drop on account of conversion of hospitals to Covid hospitals, postponement of surgeries and unwillingness of low immune patients to visit hospitals
- ✓ Our capabilities on testing on back of large test menu ensures faster penetration of metropolis brand in geographies thus creating a strong and trusted consumer brand



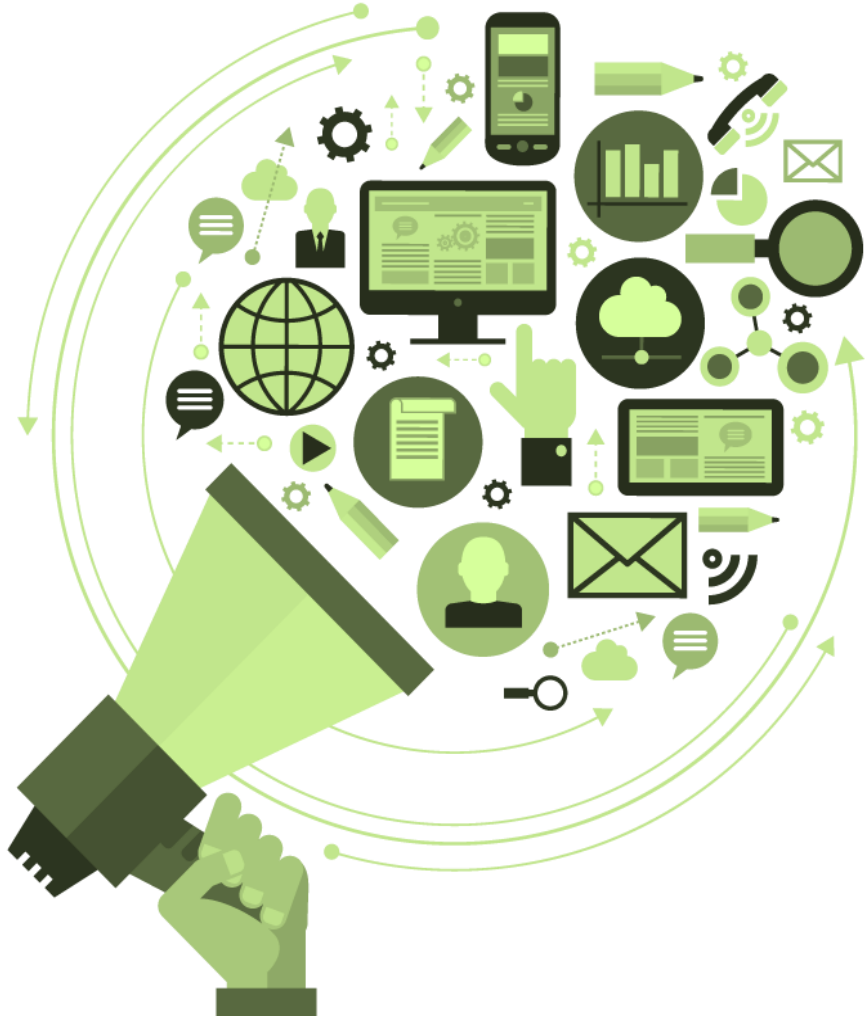
# Consolidated Profit & Loss Statement

Particulars (Rs. Crs.)	Q1FY21	Q1FY20
<b>Revenue from Operations</b>	<b>142.7</b>	<b>203.0</b>
Cost of Raw Material Consumed	38.3	48.4
Laboratory Testing Charges	2.1	1.5
Employee Expenses	50.8	54.3
Other Expenses	38.4	43.2
<b>EBIDTA before CSR and ESOP</b>	<b>13.0</b>	<b>55.6</b>
CSR	0.1	0.3
ESOP	0.9	0.2
<b>Reported EBIDTA</b>	<b>12.1</b>	<b>55.1</b>
<b>Reported EBIDTA (%)</b>	<b>8.5%</b>	<b>27.1%</b>
Other Income net of Finance Cost	1.3	-0.2
Depreciation	9.9	8.3
Exceptional Items	-	6.9
Share of loss for equity accounted investee (net of tax)	-	-0.3
<b>Profit Before Tax</b>	<b>3.5</b>	<b>39.3</b>
<b>Margin (%)</b>	<b>2.5%</b>	<b>19.4%</b>
Tax	0.6	12.4
<b>Reported Profit After Tax</b>	<b>2.9</b>	<b>26.9</b>
<b>Reported Profit After Tax (%)</b>	<b>2.0%</b>	<b>13.3%</b>

# Ramping up Home Testing offerings



Home Visit Sale Growth by **2X** as compared to previous high's  
July 2020 revenues for Home testing have been highest in YTD-2020 with increased efficiency levels



Increased communication efforts through **Rigorous Campaigns** to assure customers on safety and hygiene of Metropolis centers and Home testing services

Fully **Integrated Website and APP** for Online booking, multiple payment modes, digital reports, report storage as well as enabling doctor engagement through Digital medium

Introduced **'Symptom checker'** on website and APP as part of our initiative to educate customers

Extensive communication efforts through **Social Media Platforms** to reach out to our Target audience to make the aware of our Presence for testing

Through Our Digital engagement efforts, we have substantially increased our Brand equity, in the mind of Customers, as a **Trusted and Reliable Healthcare Service Provider**

## Current Metropolis Trends

**3x** increase in website traffic, compared to pre-COVID period

Call centre Centres Volumes increased by **2X** due to digital outreach

Website **2X** traffic Jump via google organic Traffic

Our Daily Conversion **1K/Day** via lead generation route

Reached **20Mn Audiences** through digital campaigns during lock down

*Digital strategy is playing important role & will be the key driver for*



*Brand Creation*



*Lead Generation*



*Customer Experience*

WE'RE KEEPING YOUR **SAFETY**  
& **WELLBEING** ON TOP IN THE  
**FIGHT AGAINST COVID-19**

Under ICMR Approved Covid19 testing registration no: Metro001



[Click here](#) to watch the full video



## TEST ASSURED REST ASSURED

*Some of the safety measure include having separate resource for Covid-19 and regular tests, maintaining social distancing, disinfecting our premises regularly monitoring our staff's health and ensuring proper use of protecting gear & more*



Be it Covid-19 or otherwise, at Metropolis we never compromise on Anything especially when it comes to safeguarding your health. By adhering to the highest safety and hygiene standards, we help you focus on the only thing that should be on top of your mind –  
**Your Test Report Results**





# Overview

# We are Metropolis: The Pathology Specialist

## Vision

To be a respected healthcare brand trusted by clinicians, patients and stakeholders. Positively impact lives of patients in their most anxious times and turn their anxiety in to assurance.

## Mission

Helping people stay healthy, by accurately revealing their inner health



## INTEGRITY

is in our  
**VEINS**



## EMPATHY

is in our  
**BLOOD**



## ACCURACY

is in our  
**DNA**



**35+ Years of  
Credible Operations**



**Leading Diagnostic  
player in India**



**4,000+ Tests &  
Profiles**

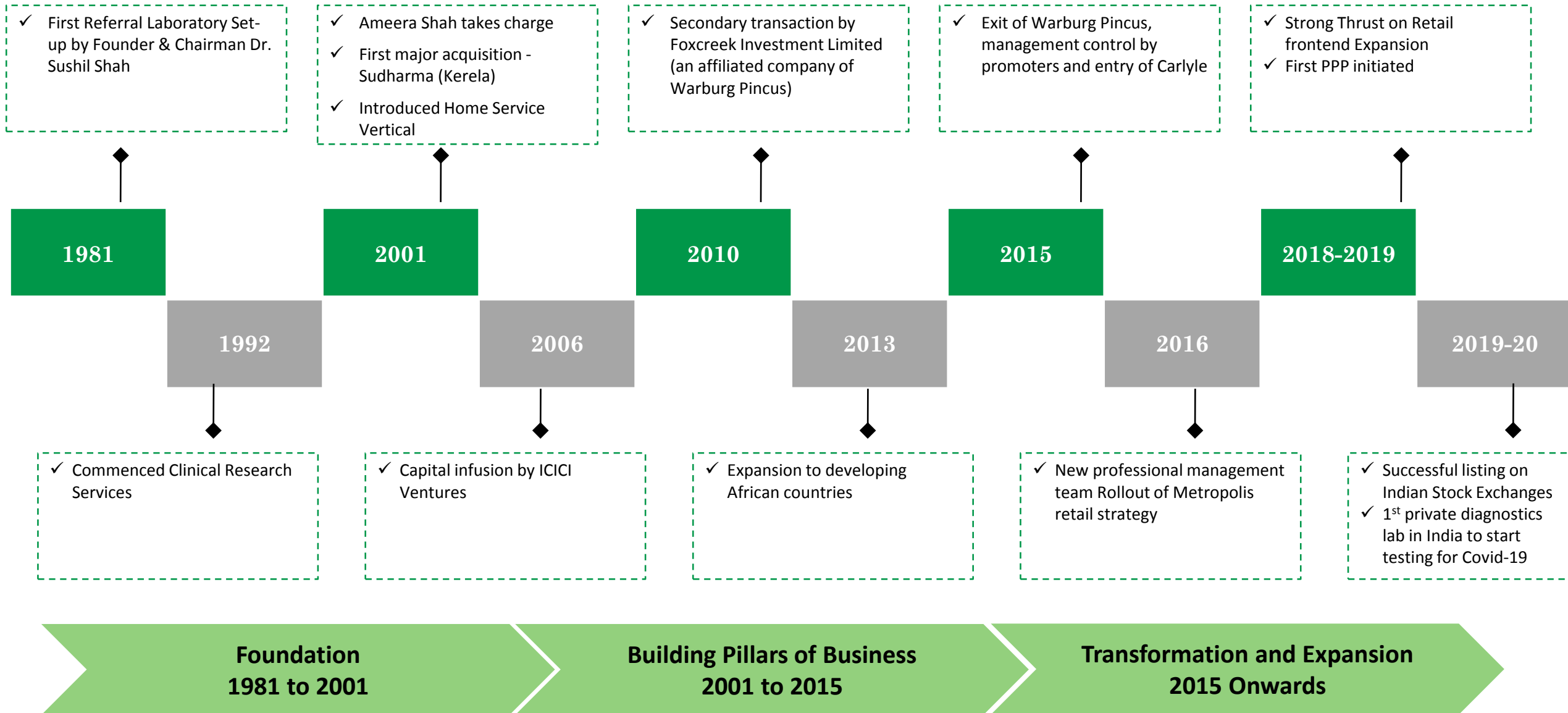


**Presence in 19  
States & 210 Cities**



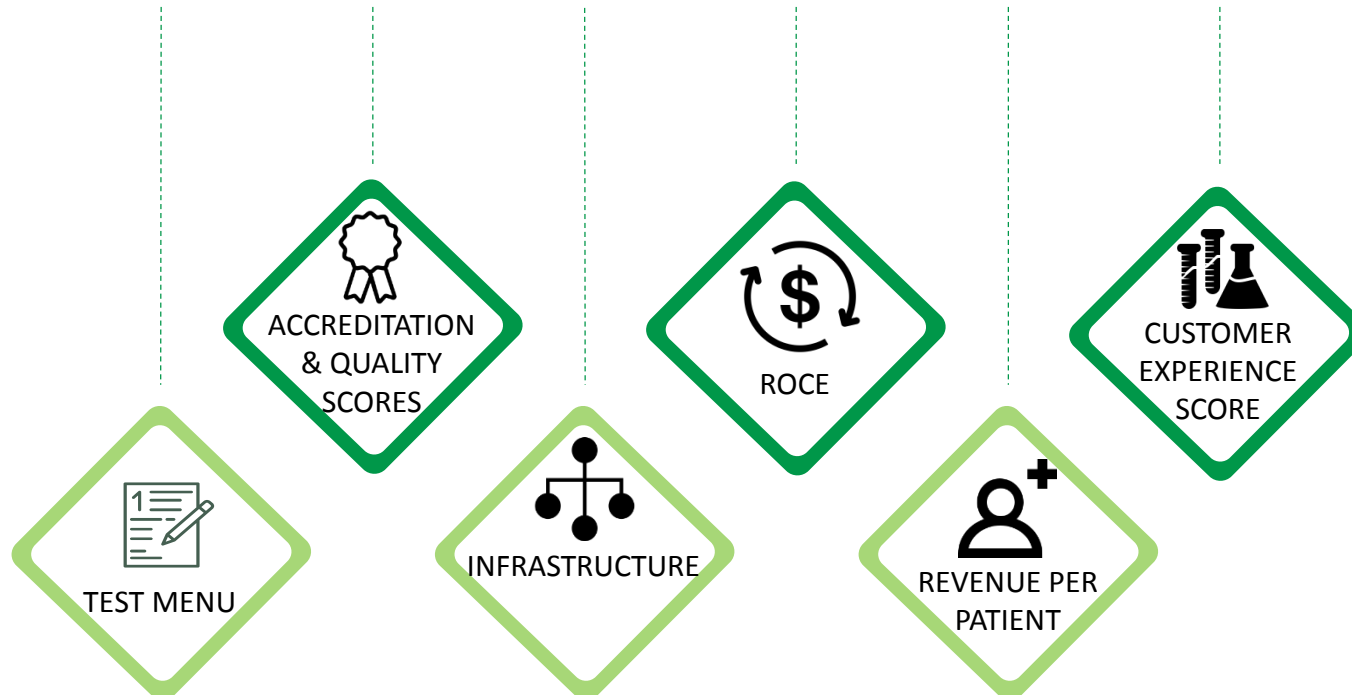
**20 Mn Tests & 10 Mn  
Patient Visit in FY20**

# Journey to Leadership Position





## Leadership Position Across Industry



## METROPOLIS Focus Area





# Key Drivers for Growth

01

Industry Growth

02

Value Chain

03

Business Model

04

Service Network

05

Expansion Plan

06

Quality

07

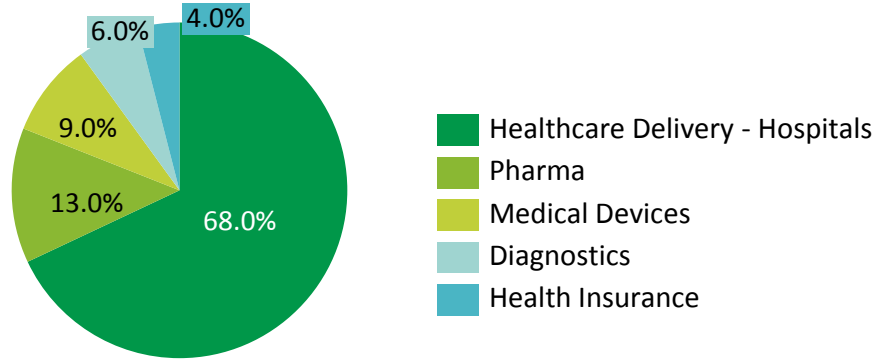
People

08

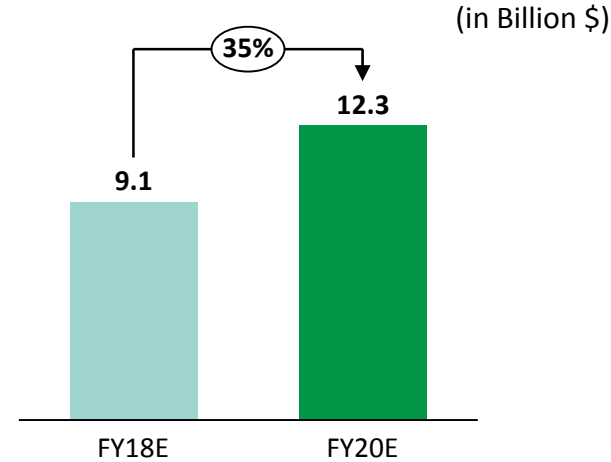
Digital Transformation

# 1a. Diagnostic Industry Poised to grow...

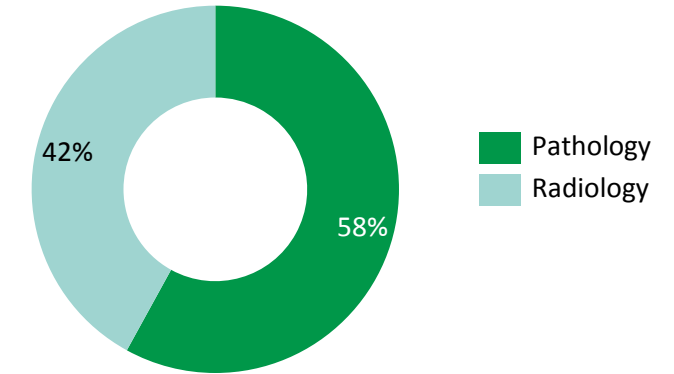
**Size of Indian Healthcare Industry**



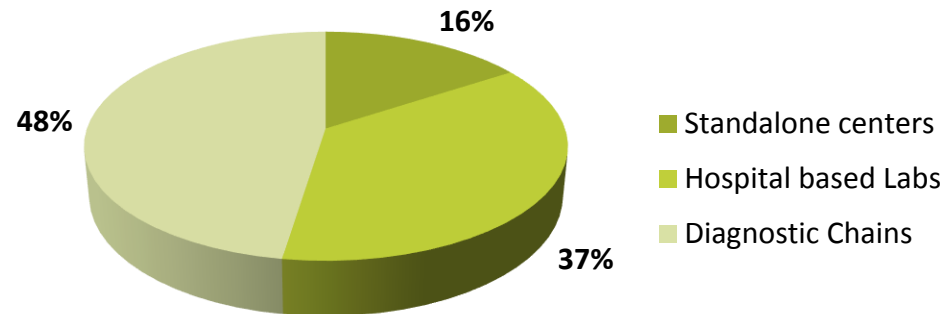
**Size of Indian Diagnostics Market**



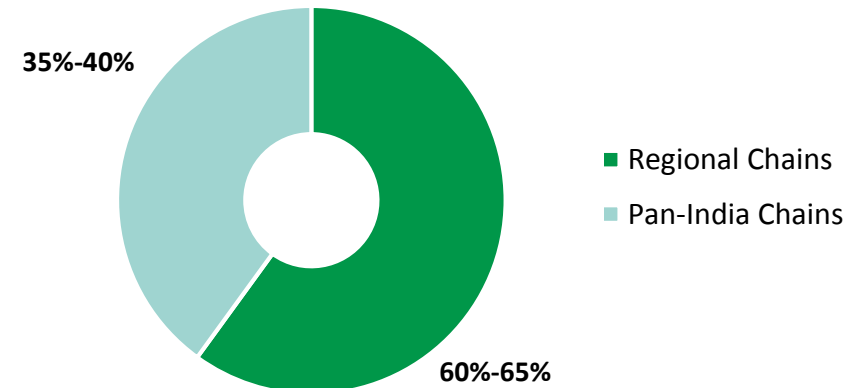
**Indian Diagnostics Industry Breakup**



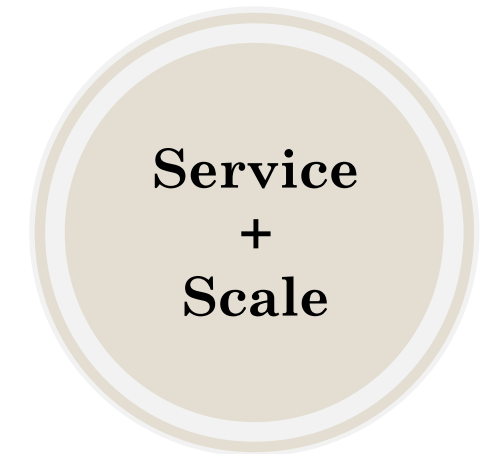
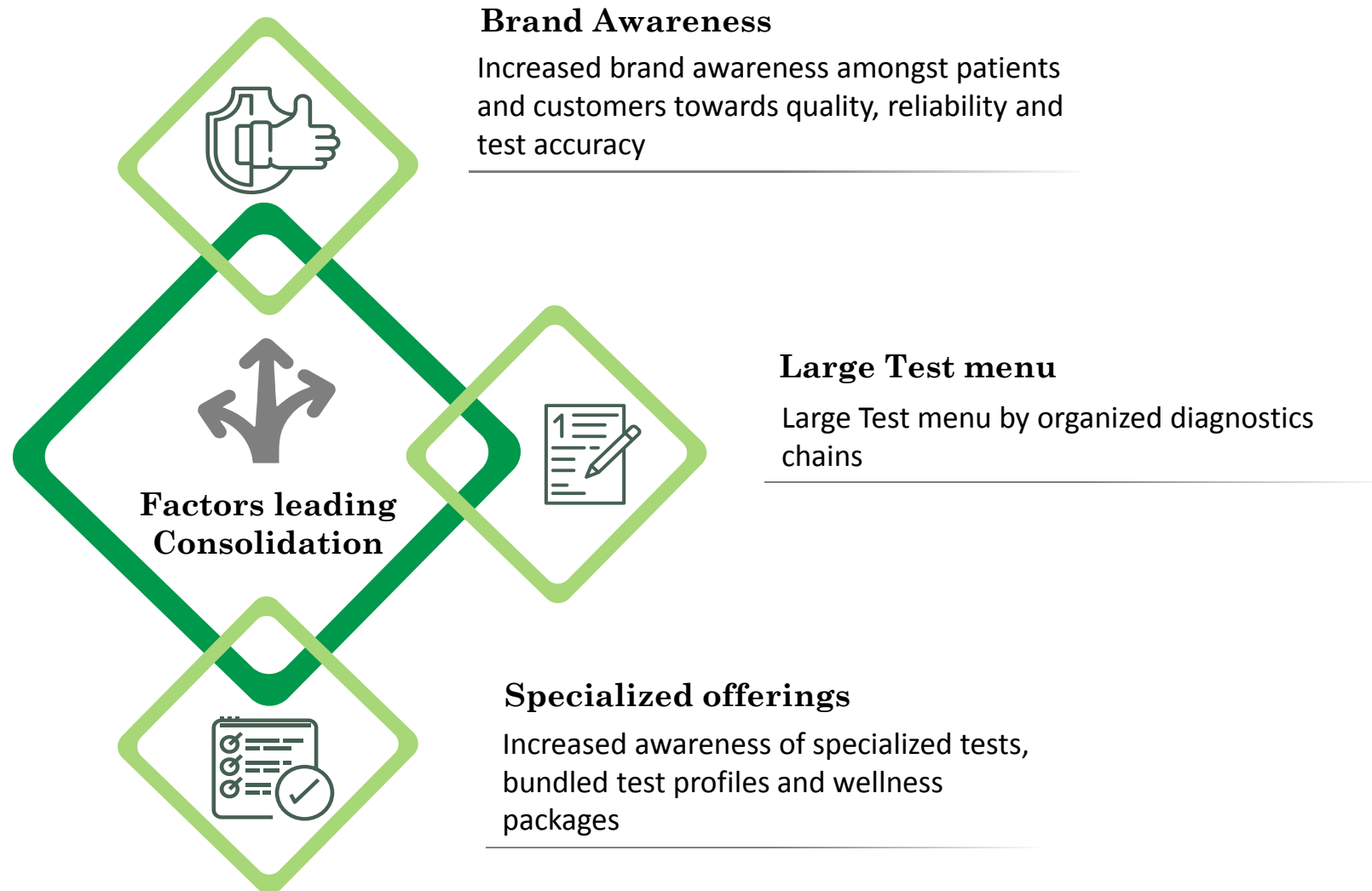
**Diagnostic Industry highly fragmented**



**Diagnostic Chains Presence**



## 1b. Top players to continue to acquire market share of standalone centers



**Metropolis is amongst the Front runners for Consolidation**

Established track record of successful acquisition and integration in India and overseas

**Less than 20% of the Diagnostics Sector in India is organized with limited Pan India presence and focus on Quality Parameters in Testing**

# 2. Presence in key pockets of Value Chain

## Diagnostic Industry - Fragmented

Highly Fragmented Market  
Low Quality Standard



**Technician  
Run Lab**

Low on Technical Qualifications & Accreditations (99.9% labs remain un-accredited)



**Pathologist  
Run Lab**

Non-Compliant: Governance, Legal, Medical



**Hospital  
Run Lab**

No Technology Up-gradation  
No Customer Service

Un-sustainable and un-scalable business model



**Leading  
Diagnostics Chains  
at an advantage**

Years of experience,  
brand value and  
delivering value to all  
stakeholders

High Quality Standards with  
Large Test Menu

Customer Convenience

Highly Compliant w.r.t  
Governance, Legal & Medical  
regulations

Sustainable and Scalable  
Business Model

### Routine Test

Majority Diagnostic Players  
+  
Moderate Competition  
+  
High Margins in %

### Semi-Specialized Test

Few Focused Players  
+  
Intense Competition and Highly  
Commoditized  
+  
Packages and Test Menu is Key

### Specialized Test

Few Players as market demands high  
accuracy and Quality Parameters  
+  
Low Competition  
+  
High absolute margin but low volumes

## Metropolis Focus

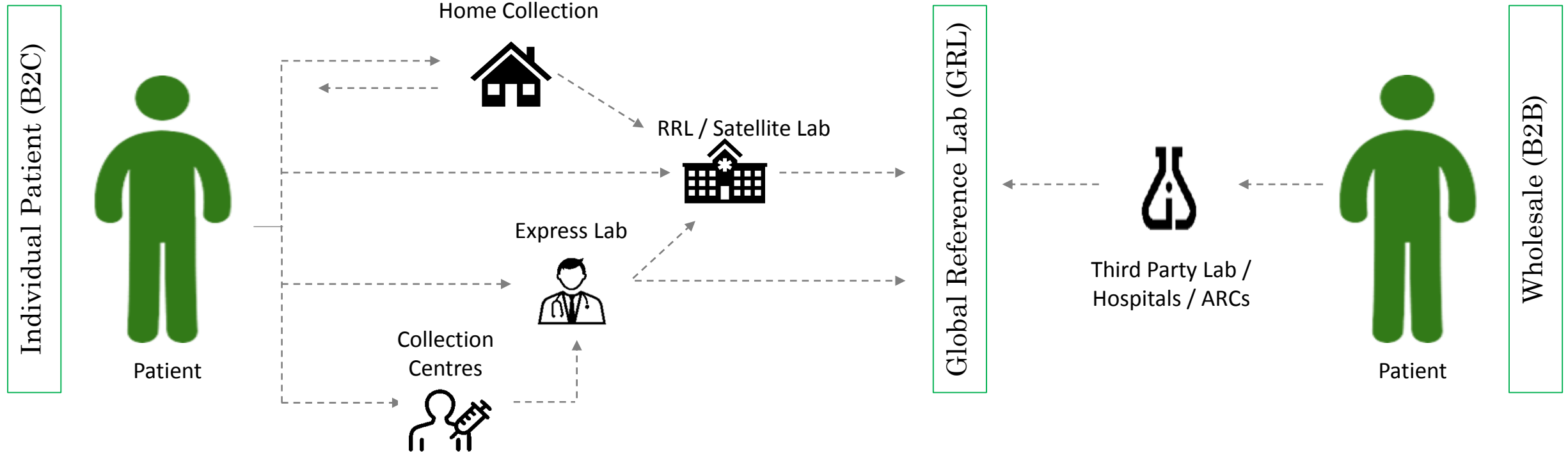
Presence across  
Value Chain as  
we are a  
National Player

Focus on High  
Value added  
Specialized Test

Resulting High  
Quality Earnings  
and Profitability

Metropolis - Test Mix	FY19		FY20	
	Volumes Mix	Value Mix	Volumes Mix	Value Mix
Routine	35%	17%	39%	18%
Semi Specialized	41%	37%	38%	37%
<b>Specialized</b>	<b>16%</b>	<b>41%</b>	<b>15%</b>	<b>37%</b>
Wellness	8%	5%	8%	8%

### 3. Hub & Spoke Model to scale efficiently



# 4. Patient Centric Network

More than **~4,000**  
Test's & Profiles

Present in **19 States**  
& **210 cities**

**Global and  
National  
Quality  
Accreditations**

**Over 10,000** Patient  
Touch Points

**35+ Years**  
of Credible Operations



**1**

Global Reference Lab in  
Mumbai

Routine + Semi-Specialized  
+ Specialized

**~4,000+ Test**  
**~40,000 Sq. Ft**



**13**

Regional Labs

**10** in India; **3** Outside India

Routine + Semi-Specialized  
+ Few Specialized

**~500+ Test**  
**~8,000 – 10,000 Sq. Ft**



**47**

Express Labs; 5 outside India

**64**

Satellite Labs; 1 outside India

Routine  
Tests

**~25-150 Test**  
**~1,000-2,500 Sq. Ft**



**2,731** Collection Centers

**260**

Owned PSC's

**1,873**

3rd Party PSC's

**598**

ARC's

Collection  
Centers

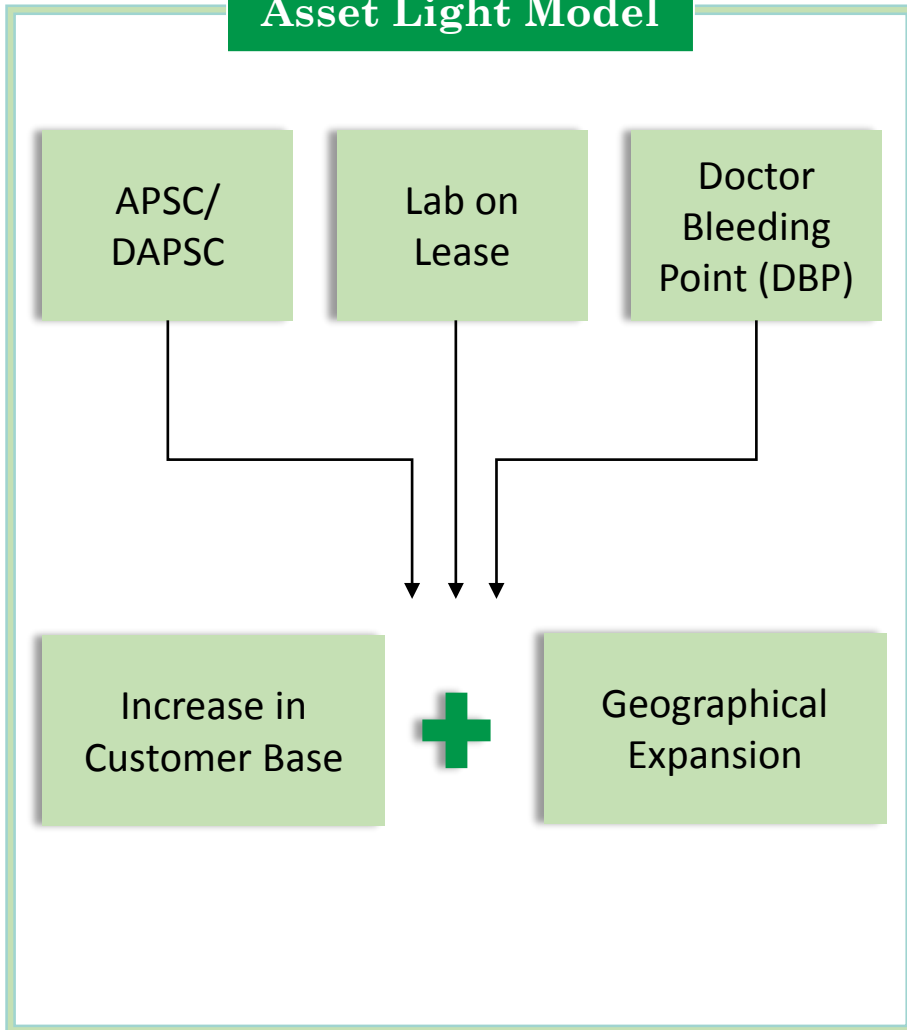
**~200 – 1,000 Sq. Ft**

## Why Metropolis ?

- ✓ Conclusive Diagnosis with Large test Menu backed by Highest standards of Quality
- ✓ Customer Focused Services with convenience and test accuracy at the core of service standard
- ✓ Large Un-Paralleled Service network with Pan India Presence
- ✓ Consistency in operations in every single visit from seamless blood collection, hygienic collection setup to timely report delivery

## 5. Asset Lite Expansion Plan

### Asset Light Model

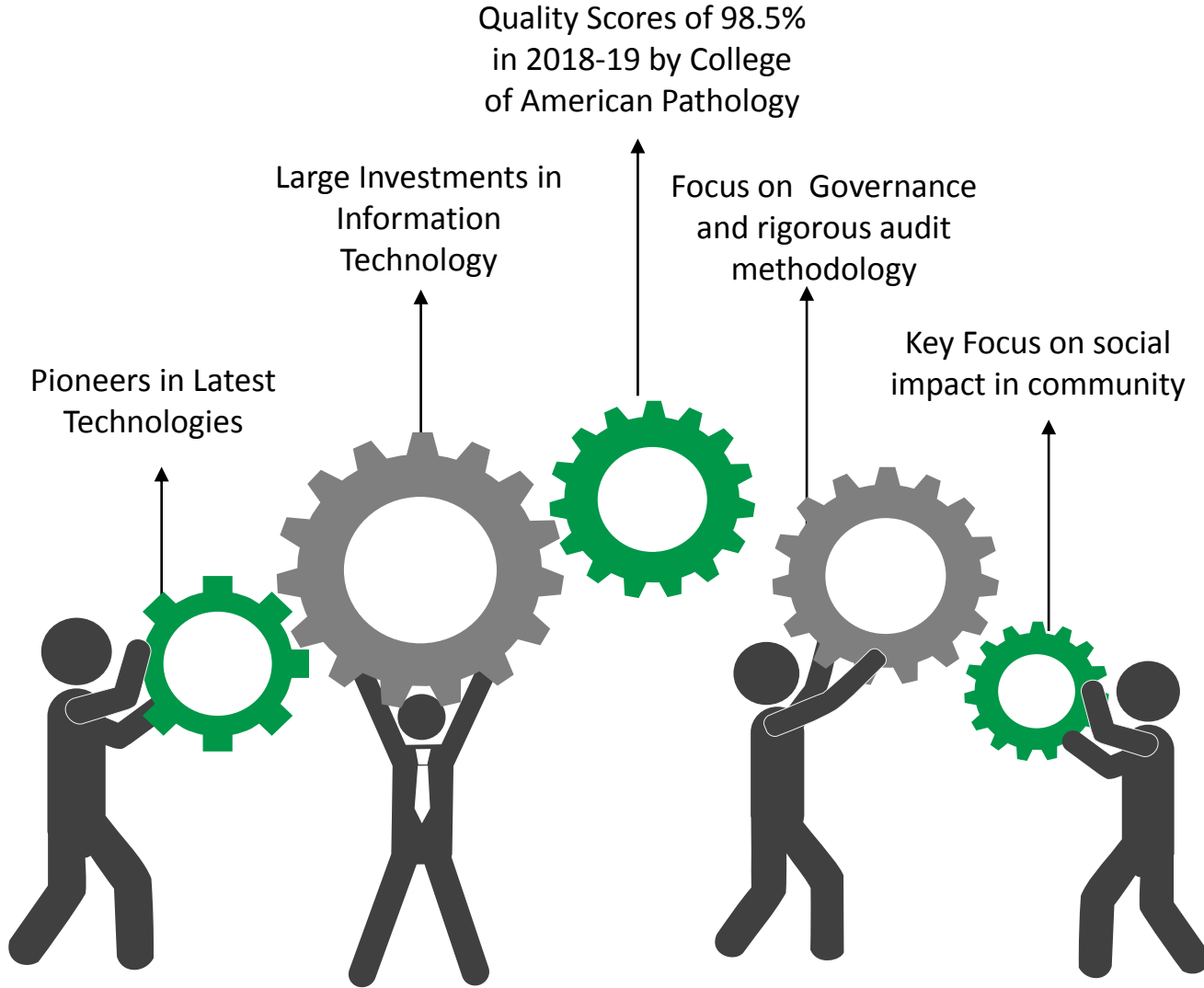


### Network Expansion Strategy

- ✓ Focus on **Asset Light Model** to achieve Geographic Expansion with High Scalability
- ✓ The **A-PSC and D-APSC** Model allows us to grow our revenues by providing management and branding support while continuing to focus on increased penetration in our PSCs
- ✓ Better **Leverage of our Existing Infrastructure** by establishing a wider geographic reach which will enable customer base expansion and improvement in profitability matrix
- ✓ Establish strategic partnerships with **3rd Party Patient Service Centers** in India, Africa and Middle East to boost our Geographic reach



# 6a. Quality in Core



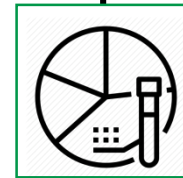
## Quality protocols following global standards

99.9% of industry labs remain un-accredited with lack of minimum standards in the industry



## Best medical talent trained in the Metropolis way

Talent in the industry remains un-trained with no benchmarks of minimum standards



## Quality of materials used are USFDA or CE marked

Commonly used materials by industry labs are low quality



## Patient experience score as per NPS is at 91%

Patient experience in industry labs is of poor infrastructure, lack of hygiene and safety and un-professional service



## Ethical philosophy of putting patient first

Common practice in industry is to take shortcuts to enhance profit

**Trust & Sustainability of our Brand is “CRITICAL TO OUR SUCCESS”**

“Global Lab Accreditations”



- ✓ Mumbai Lab is CAP accredited since 2005 \*(College of American Pathologists, global gold standard in laboratory accreditations)
- ✓ NABL Accreditation follows ISO-15189 Standard and is recognized by ILAC & APLAC
- ✓ GRL and 11 RRLs have NABL accreditation.
- ✓ More than 75% reports are generated by accredited labs. Many of our doctor’s are assessors, lead assessors for NABL.
- ✓ Some senior doctors are committee members of NABL, WHO, Government & NGO committees.

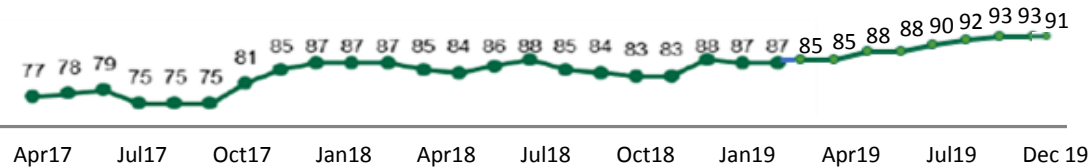


No. of Audits Conducted by PAC Team

FY	17-18	18-19	H1 20	FY 20
	665	1,312	597	1,057

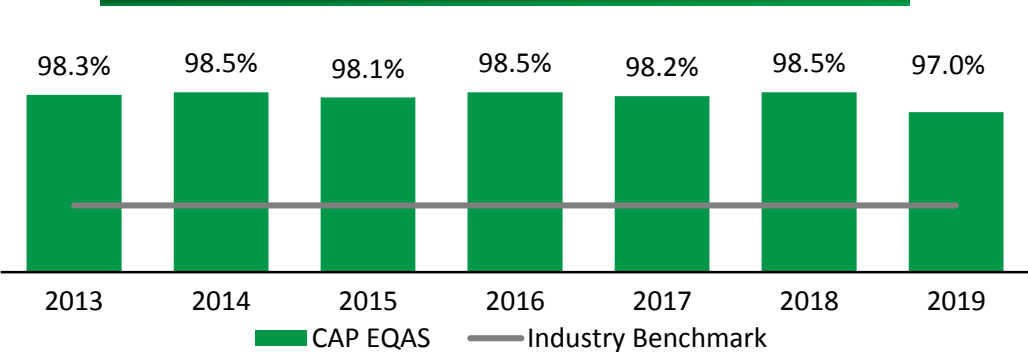
- ✓ PAC Team: Special Pre Analytical Care Team constituted as part of the Quality Assurance Team
- ✓ This team conducts thorough internal audits as per NABL Checklist to ensure compliance for our collection centres and facilities

NPS Score – PSC & Home Service

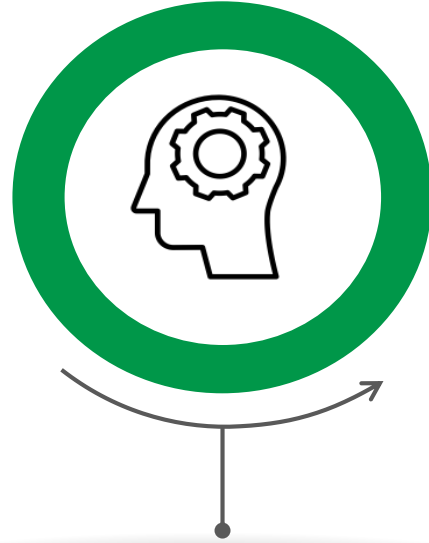


- ✓ Net Promoter Score (NPS for Owned & Home Service) is a scoring giving weightage to all those consumers who would recommend Metropolis after their experience minus any detractors who are unsatisfied with Metropolis Services.

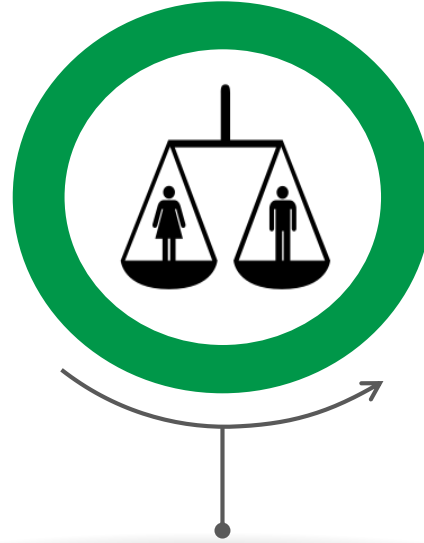
GRL CAP Proficiency Testing Score



## 7. People are our greatest asset



- ✓ New HR Management System for automated processes improving productivity and ensuring availability of employee data on demand
- ✓ System for nurturing second in line high performers
- ✓ Young, energetic and motivated team. Over 60% of workforce are millennial
- ✓ Hungry and experienced management team aligned to vision of the company

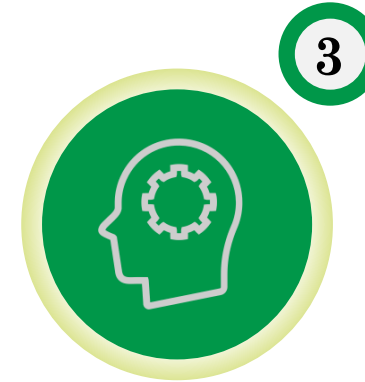


- ✓ Strong culture equal opportunity workplace
- ✓ Female : Male Ratio = 41:59
- ✓ 4,500 + Highly skilled and motivated Member base



- ✓ Full Fledged Learning Management System that is used for daily training across the Company.
- ✓ Strong scientific team led by expert MD Doctors and pathologists
- ✓ 216 - Doctors
- ✓ 2,626 – Scientific & Technical Team

# 8. Leveraging IT for Competitive Advantage



## Improving Business revenue generation capabilities

- ✓ **IBM Watson Campaign** Automation will help improve in additional leads and tracking
- ✓ Lead Management system will help **improve lead conversion rate**
- ✓ Data Analytics model on customer data will **improve Cross-Sell and Upsell**

## Cost Saving & Optimization

- ✓ Launching a Pricing Engine for better Revenue Assurance
- ✓ **Payment Platform** improving controls in Cash Management Process
- ✓ **Network Bandwidth Optimization (SD-WAN)**

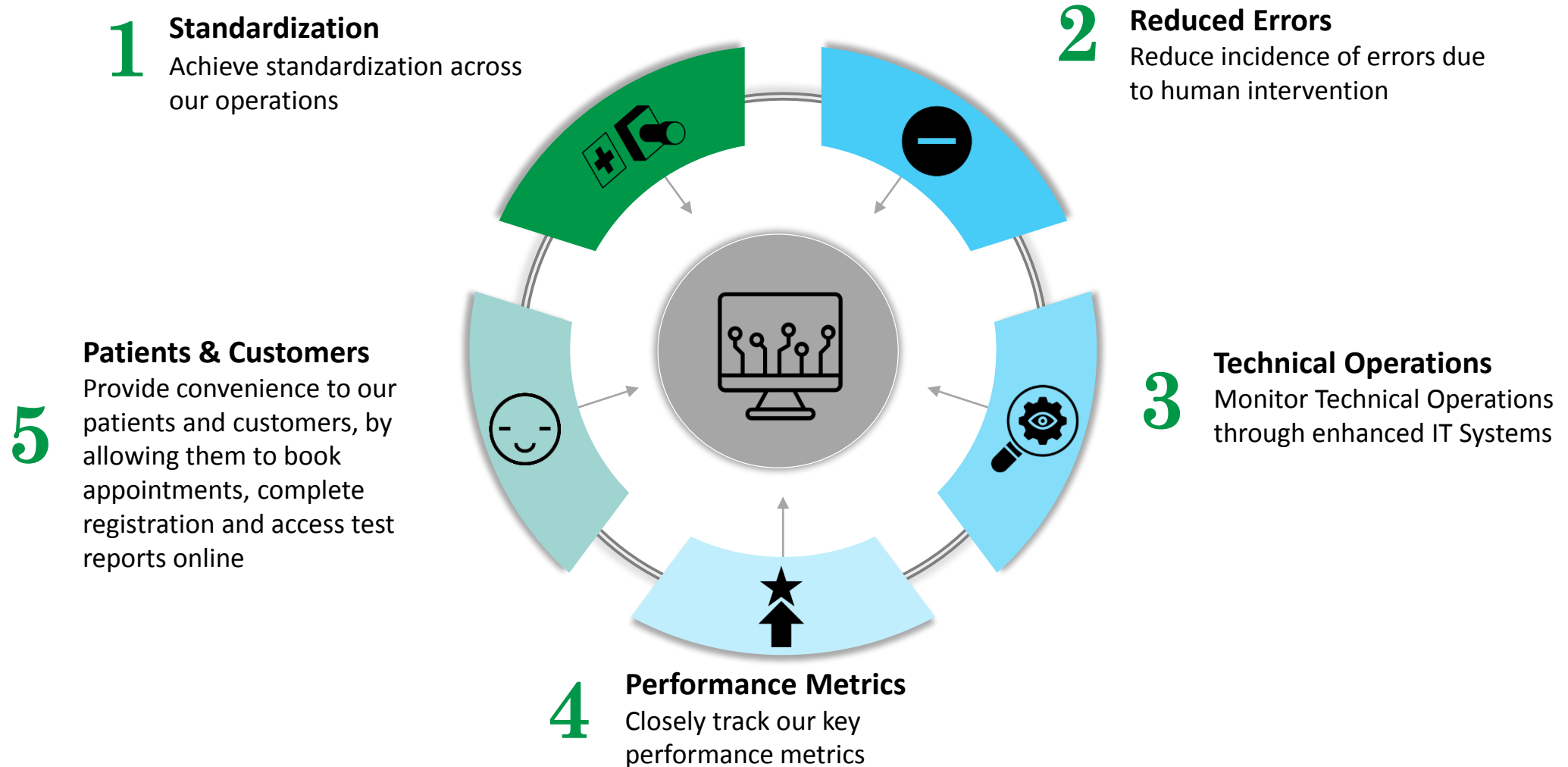
## Improved Operational Efficiency

- ✓ **Zero Data Loss;** 100% data replication in remote location
- ✓ Implementation of Sample tracking process to **Improve Visibility of Customers & Turn Around Time (TAT) of reports.**
- ✓ **Automating HR processes through HRMS** for better tracking and possible productivity.
- ✓ Introduction of Learning Management System to training and development goals.
- ✓ **Automated Quality System** to track quality standards across the group

## Improve Customer Experience

- ✓ **Mobility Applications** for consumer's ease of access
- ✓ **Service CRM implementation** will help improve NPS
- ✓ **Feedback Management** will increase percentage of patient providing instant feedback and rating

## 8a. Digital Transformation to improve efficiency



Our information technology system allows us to fully Integrate and Automate processes ranging from **Registration, Bar-Coding and Billing of specimens to Analysis and Reporting of Test Results**

# Mobile App Launched in Q3FY20 with features enabling ease of access

## Expert TruHealth Risk Assessment TruHRA

Customized Check-ups

Booking Appointments

See, Share & Store Reports

Fitness Tracker

Inner Health Tracking Parameters

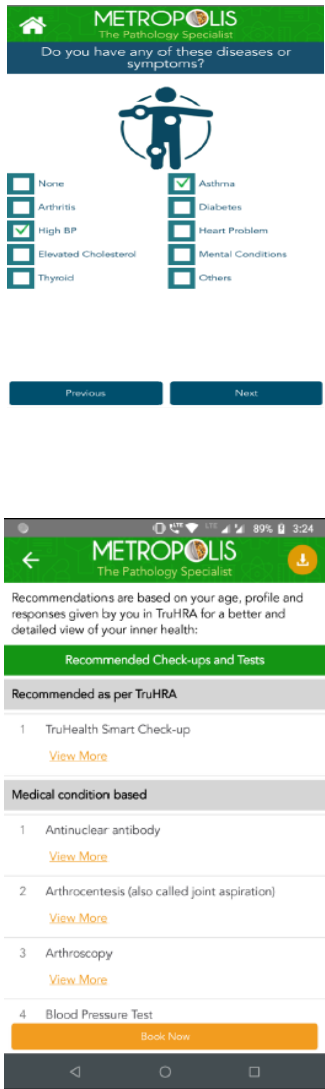
Medication Tracker

Doctor's, Hospital's & Metropolis nearby

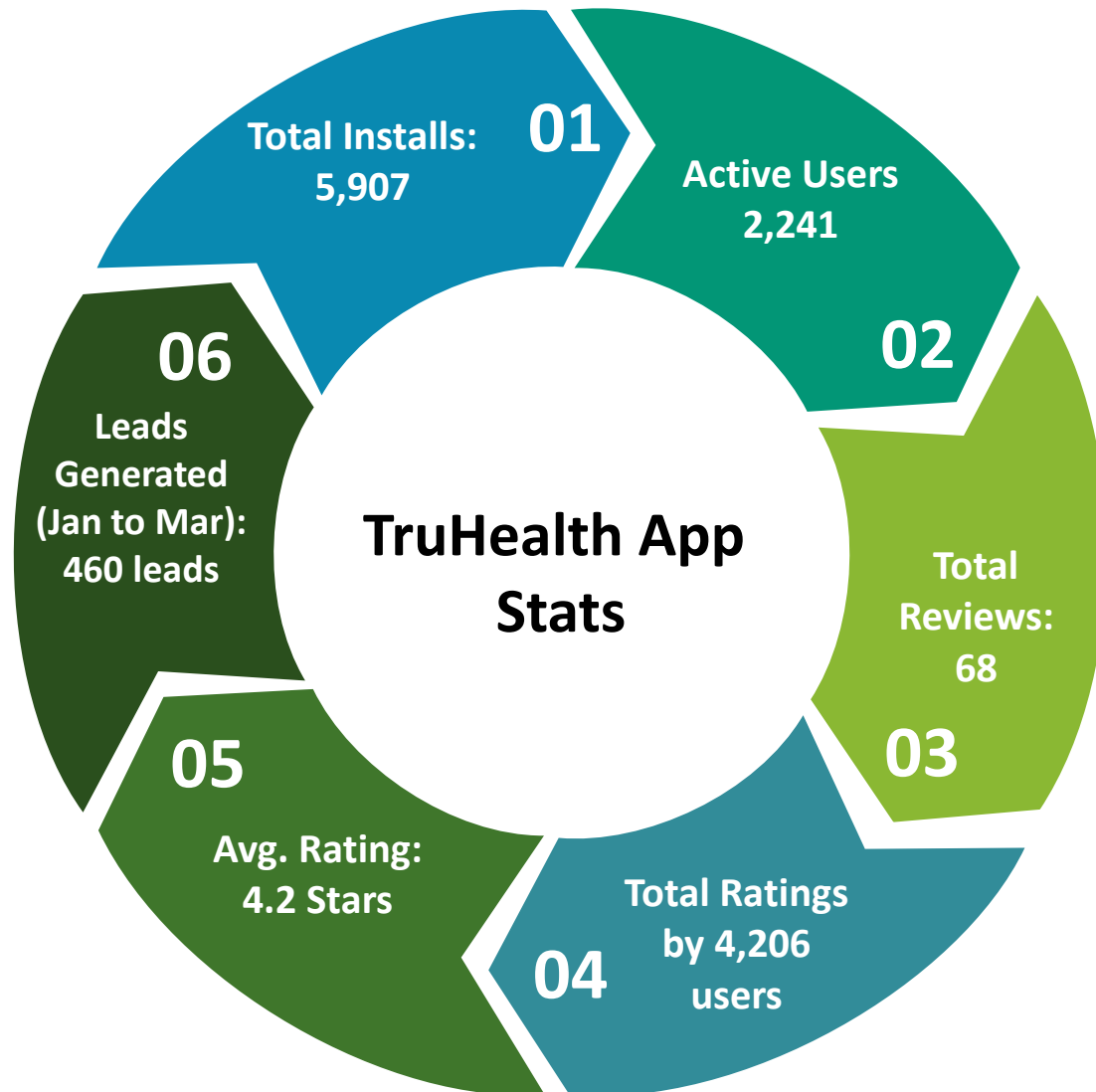
Chat with Experts

Notification Center

Google of Test & Ailments – Health Hub







## App Review snapshots

**Nikki shehzaadii**  
★★★★★ 20 December 2019  
Had a good experience of this app it is easy to book a home visit and track the report easily and also help to guide the center near me m happy with this app very usefull which also save time. 😊

**Ankush Chavan**  
★★★★★ 24 December 2019  
Nice app. Take care about my health. Providing my health reports also and much more about health. Am happy use this app.thank you so much provide great app.

**Minal R**  
★★★★★ 20 December 2019  
Very useful all-in-one health app. Many useful features for booking appointments, getting health score etc. A must have app

**Rehana Khan**  
★★★★★ 20 December 2019  
Excellent app very helpful and useful....can find the details sitting anywhere and book visit as per our requirement on fingertips.....helpful and friendly app

Our Pilot Launch is successful with Positive reviews & Rating along with increased traction in Home booking

We will be going live from Q2 Onwards & expected to gain increase in transaction in Q3 & Q4





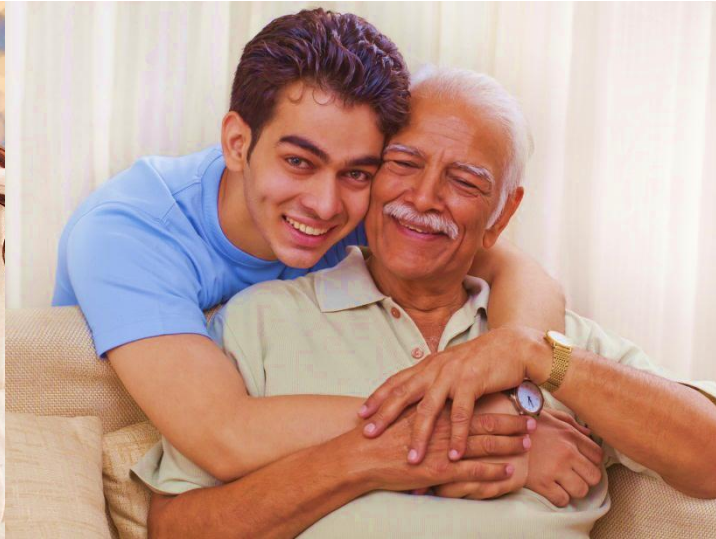
**01**

**Increase Services**



**02**

**Increase Scale**



01

## Easy to Interpret Test Report

We offer our patients a Detailed Test Report which covers Result Trend Analysis and Patient Specific Interpretations and comments by our Doctors for certain tests and conditions

02

## Sample Collection from Doorstep

We have increased scope of our Home Collection service to ~200 cities in India

03

## Conclusive Diagnosis

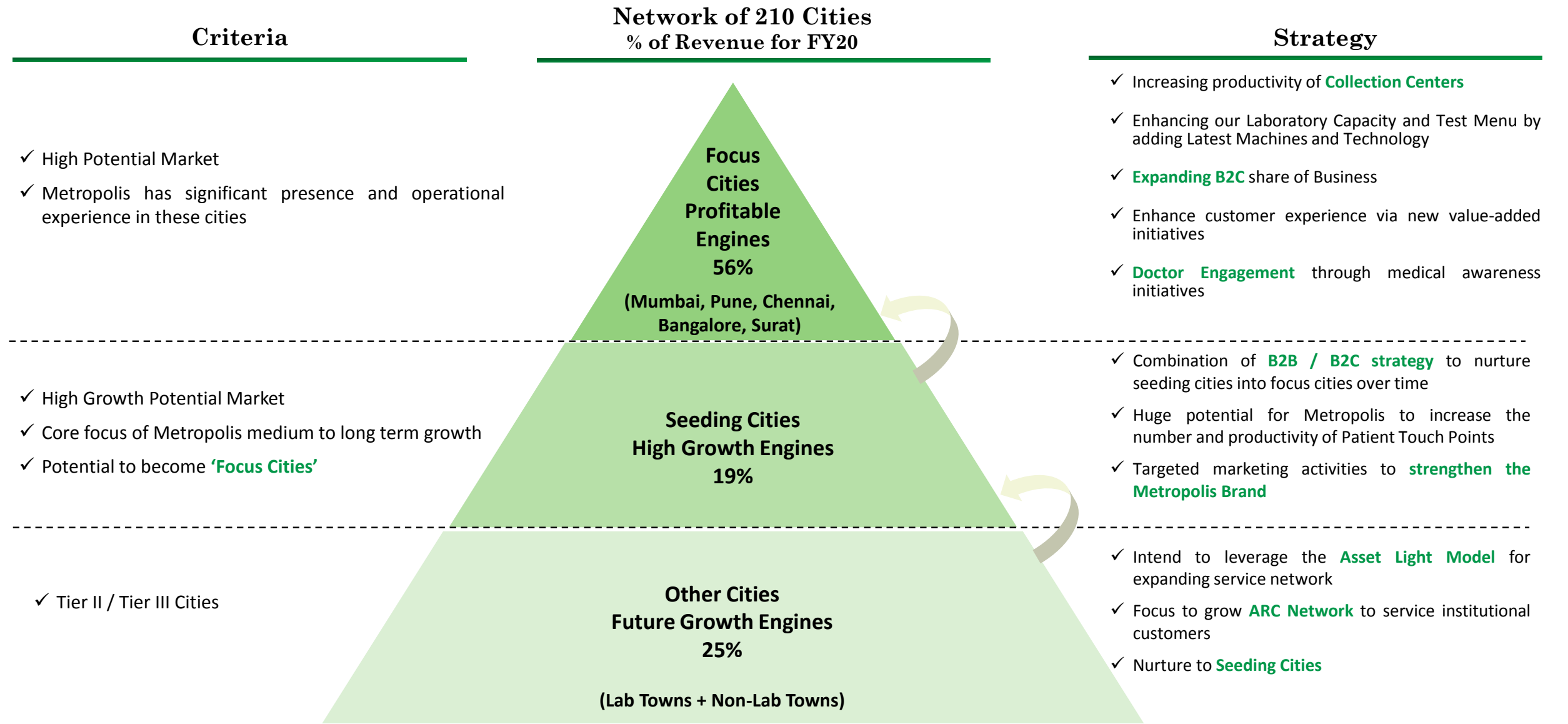
We also have a policy of ensuring Conclusive Diagnosis to our patients, even if it involves incurring additional costs for us, by way of Re-Checks and Reflex testing on alternate technology

04

## Digital Access

We have developed a Mobile Application

- ✓ For scheduling house calls
- ✓ Accessing Test reports
- ✓ Receiving Test Reminders
- ✓ Online requests for Billing Information



## Increase B2C sales mix

### Deeper Network Penetration



Deeper centre penetration in Focused Cities on back of strong brand recognition to drive Individual patients to Metropolis Centres by promoting convenience.

### Strengthen Metropolis Brand



Expand Branded third-party PSCs to help create increased visibility and presence with limited investments and do a Direct to Patient approach.

### Productivity of existing young network



Increase number of referring doctors through a more efficient sales force leading to higher number of footfalls per centre.

### Wellness initiatives for consumers



Creating an easy and engaging way for consumers to directly interact with Metropolis and start making decisions about their own inner health.

## Build Industry Best practices

Introducing Standardized Machines and SOPs in a phased manner resulting in efficiency and quality enhancement

## Access to Metropolis Network

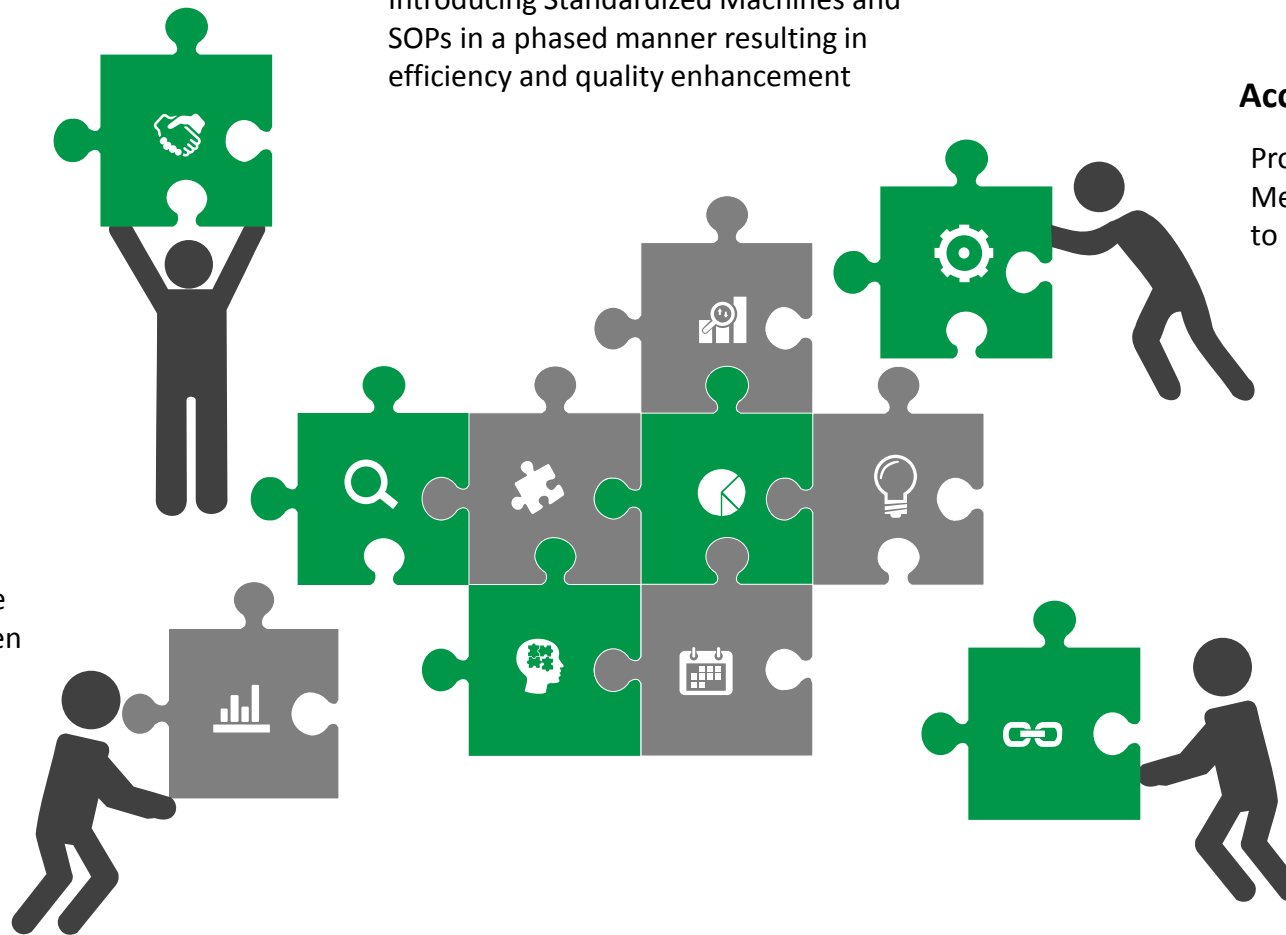
Providing acquired entities access to Metropolis Sales and Marketing Network to improve the Customer experience

## Brand Strength

Metropolis Brand allows the Acquired Entity to strengthen its position in the Local Market

## Test Menu Enhancement

Introducing Metropolis range of Test Menu to increase the capabilities of the Acquired Entity and thereby Customer experience



**Established Track Record of Successful Acquisition and Integration**

# Successful Track Record of Inorganic Strategy : 22 Acquisitions in 15 years

Few of the Acquired Companies	Year of Acquisition	Location	Revenue at the time of acquisition	Revenue for FY20
Sudharma Metropolis Health Services Private Limited	2003	Kerala	Rs. 1.8 Crores	Rs. 49.6 Crores
Golwilkar Metropolis Health Services (India) Private Limited	2006	Pune	Rs. 3.9 Crores	Rs. 41.3 Crores
Desai Metropolis Health Services Private Limited	2008	Surat	Rs. 3.4 Crores	Rs. 39.2 Crores
R.V. Metropolis Diagnostics & Healthcare Centre Private Limited	2008	Bangalore	Rs. 3.6 Crores	Rs. 43.5 Crores
Dr. Patel Metropolis Healthcare Private Limited	2012	Nasik	Rs. 1.8 Crores	Rs. 14.6 Crores
Sanjeevani Rajkot	2017	Rajkot	Rs. 12.0 Crores	Rs. 18.1 Crores

Metropolis has successfully improved the Performance of the Acquired Businesses as well as grow scale of operations, achieve economies of scale and increase operating efficiency thereby improving Market Position



# Plenty of Opportunities for Growth...



## Test Packages

Growing our offering of Test Packages to Increase Revenue Metrics. Customized packages to Institutional Customers and Personalized Packages to Individual Patients are key



## Scientific Upselling

Leverage our vast capabilities in Molecular Diagnostics, Oncology, Cytogenic where there is Less Competition and Higher Margins due to Advanced Technology, Skilled Manpower and Complex Processes Involved



## Public Private Partnership

Selectively Participate in PPP Tenders in India by leveraging our experience with the execution of the NACO Order. Large opportunities exist in African markets on PPP basis



## Preventive and Wellness Services

Targeting healthy individuals with sedentary lifestyles are prone to diseases such as cardiovascular and diabetes ailments. Precision medicine, focus on preventive care, walk-in/direct-to-customer services to drive growth



## Expansion

Aggressive Network Expansion to go closer to Patient

+

Seeding Cities emerging as New Focused Cities

67% of Existing Patient Touch Points added during FY17-20.

Maturity of this Young Network will fuel growth

Inorganic Strategy of Expanding Metropolis Reach to more locations in existing cities of presence and new cities

**STRENGTHEN METROPOLIS BRAND TO**

**'BE THE ONLY CHOICE OF PATIENTS'**

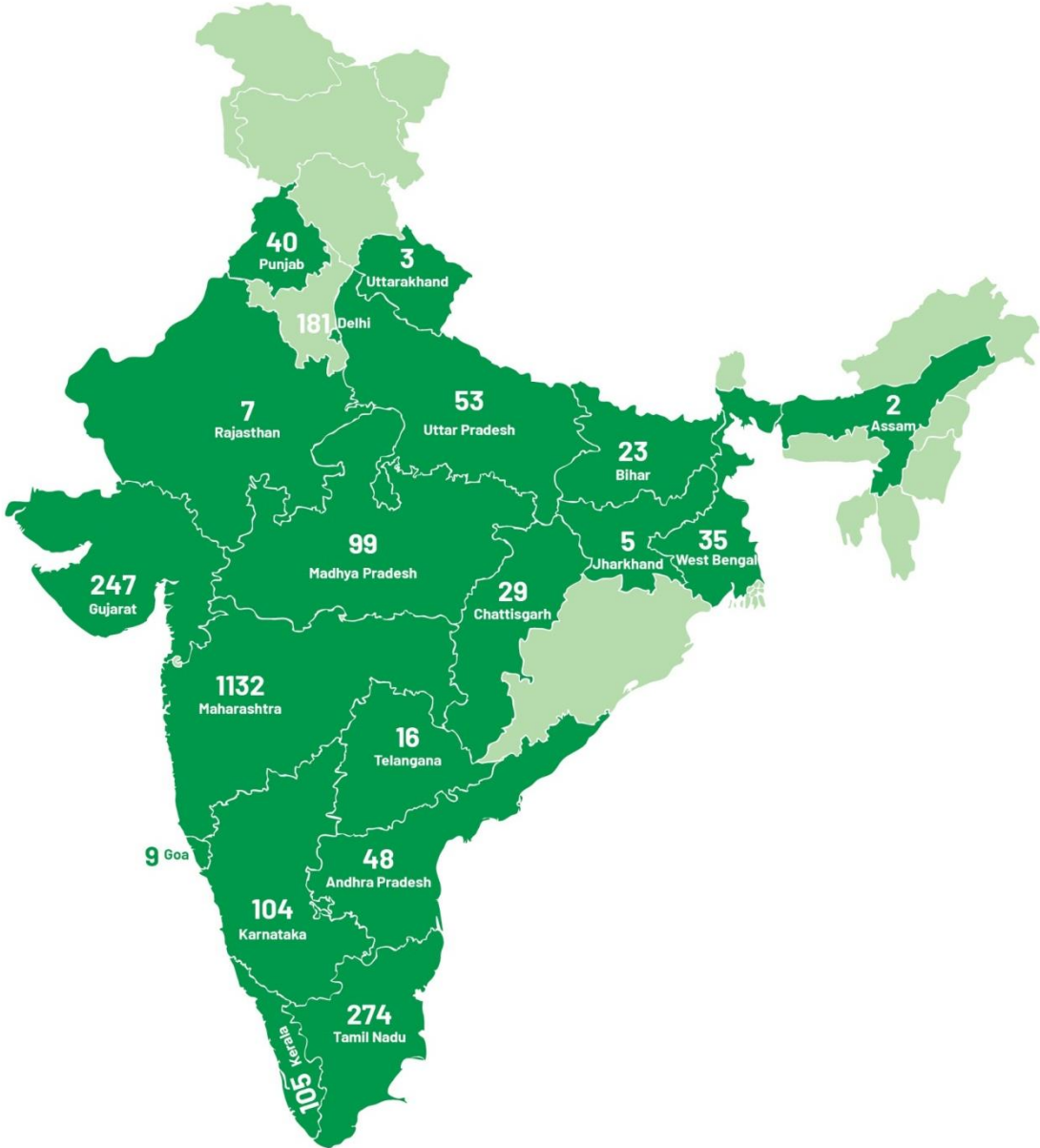




# Historical Financial & Operational Performance

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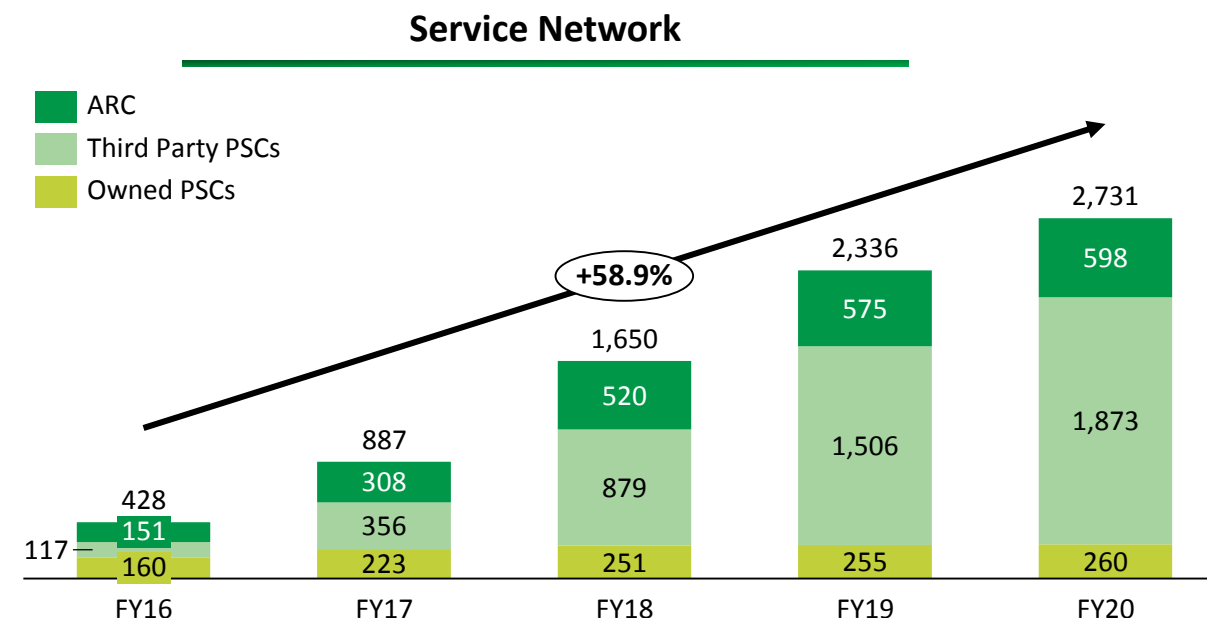
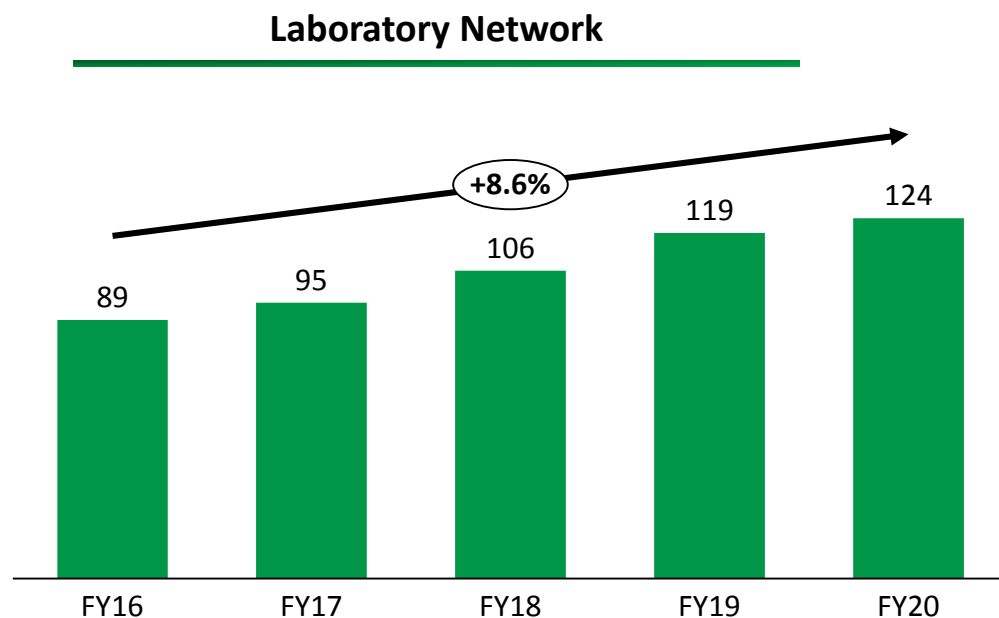
# Pan India Presence...



## Metropolis Service Network

Metropolis Service Network	FY19	FY20
Laboratories	119	125
Owned PSC's	255	260
Third Party PSC's	1,506	1,873
ARC's	575	598
Total	2,455	2,731

# ... with Aggressive Network Expansion Strategy



## Network Strategy Highlights

### Young Individuals Patients Network

- ✓ 67% of the existing Individual patients touch points added during FY2017-20
- ✓ The average retail centre matures in five years. As the network matures, it is expected to contribute to short and mid term future growth

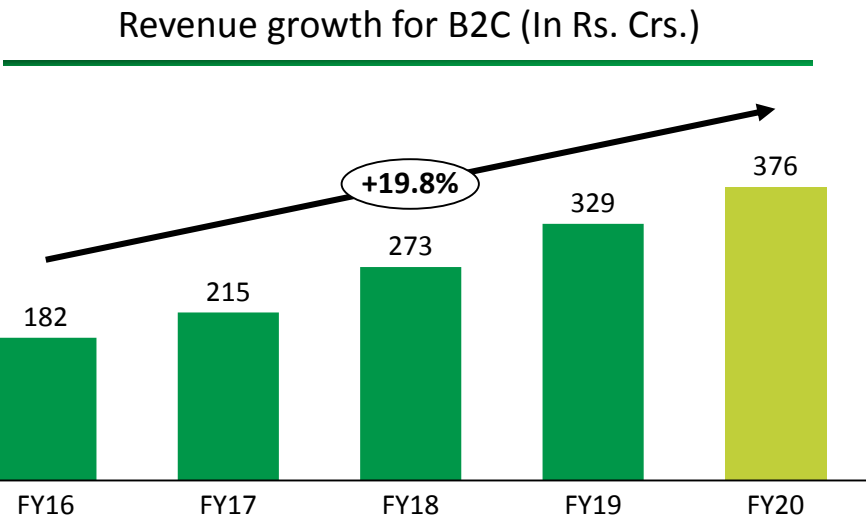
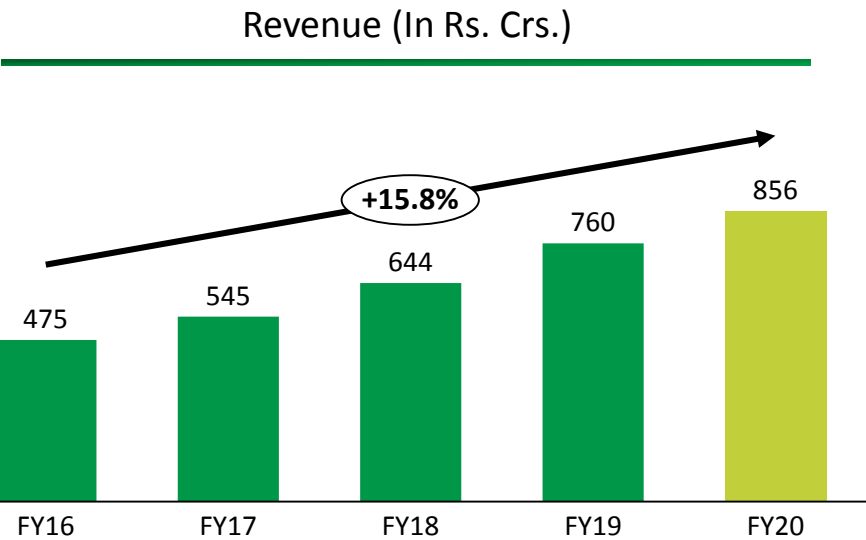
### Asset Light Network

- ✓ 90.5% of the centre network is asset light
- ✓ 10 of 13 labs added in FY19 via lab on lease model which is asset light with no capital requirement
- ✓ one of five labs added in FY20 via lab on lease model which is asset light with no capital requirement

### Fast Pace of Execution

- ✓ 6.4x patients network growth during FY2016-20
- ✓ 2,303 patients touch points added during FY2016-20

# Better than industry growth

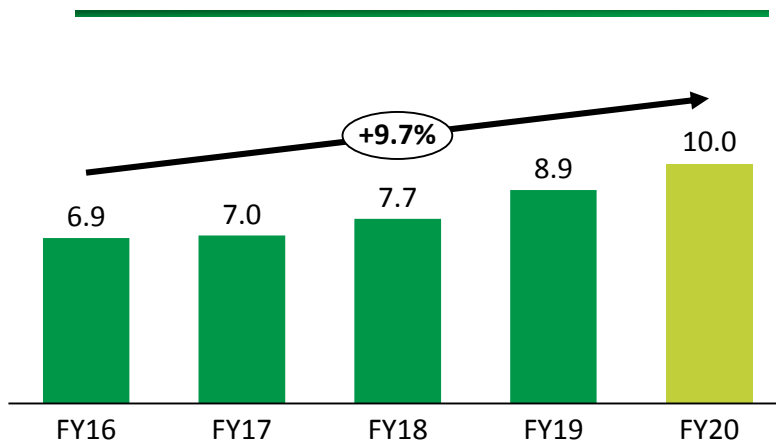


## Bolstering Growth in Wellness Segment

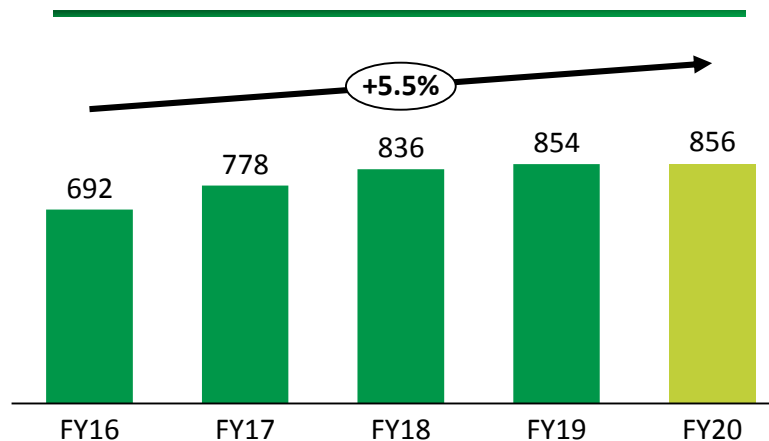
- ✓ Metropolis Wellness revenue contribution for Metropolis is 7.9% in FY20
- ✓ This market is expected to grow at a CAGR of 20% over next 3 financial years (Frost & Sullivan)
- ✓ Customers today are serious about wellness and choose to undergo preventive screening to safeguard their health and diagnose conditions before they turn in to complications
- ✓ This segment is termed as wellness as opposed to the illness wherein the patient has to undergo tests when they are prescribed tests during sickness
- ✓ Wellness & Preventive Diagnostics market is 7% to 9% in FY2018 (Frost & Sullivan)

# Robust Operating & Financial Performance

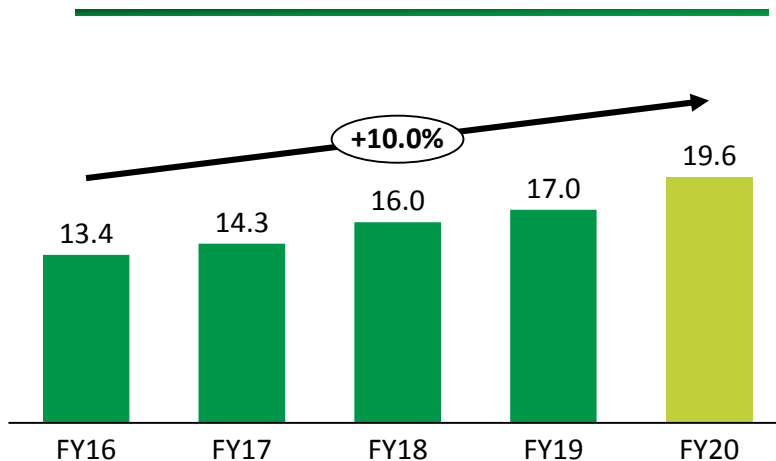
No. of Patient Visits (In Mn.)



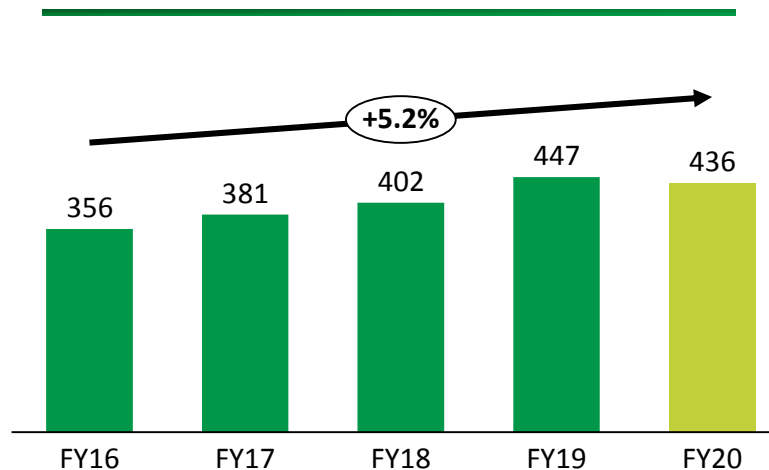
Revenue Per Patient (In Rs.)



No. of Tests (In Mn.)



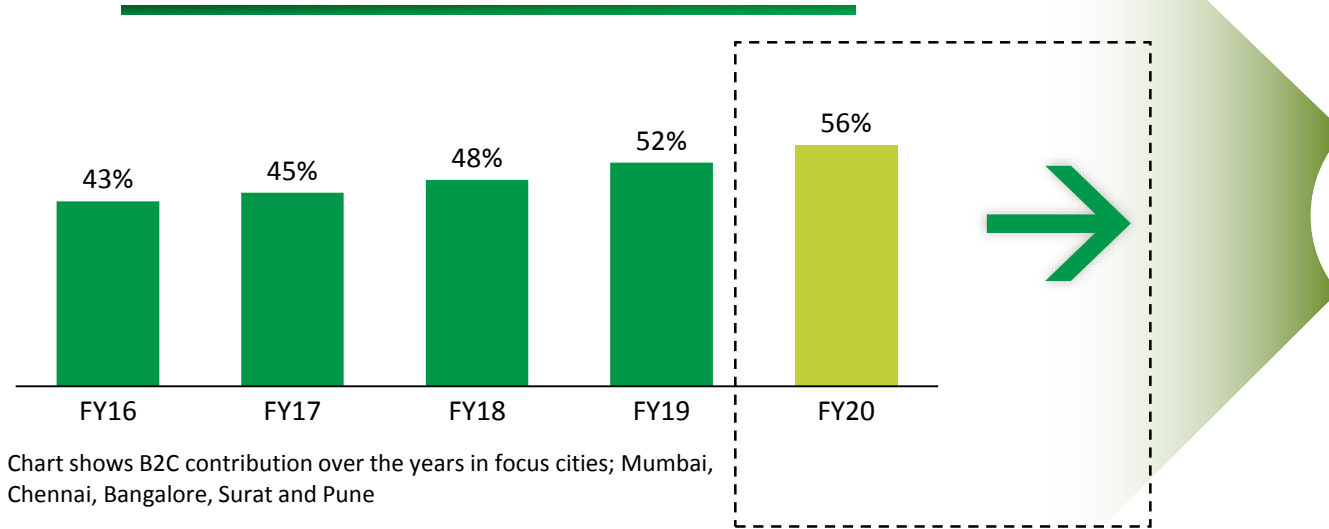
Revenue Per Test (In Rs.)



**Metropolis realization per test and sample is higher than industry owing to:-**

- ✓ ~37% of specialised test contributes to high revenue per test
- ✓ International business leads to higher realization per test
- ✓ Institutional customers contribute to higher realization per patient

Retail contribution in Focus Cities to Total Revenue



Primary Strategy of the Company is to increase the Retail share in focus cities to **65%**

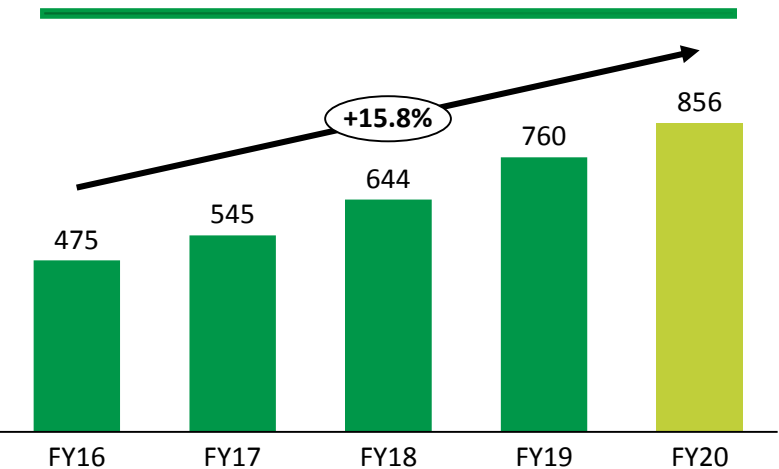
## B2C contribution in the last few years has seen an upward trend owing to:-

- ✓ Aggressive network expansion to go closer to the patient
- ✓ Integrated Brand building campaigns to establish Metropolis as a trusted brand in the mind of consumer and the doctor
- ✓ Building awareness amongst doctors for quality and service differentiators of Metropolis vs the unorganized sector
- ✓ Obsessively monitoring customer experience and generating an NPS (\*Net Promoters Score) of 91 across the group

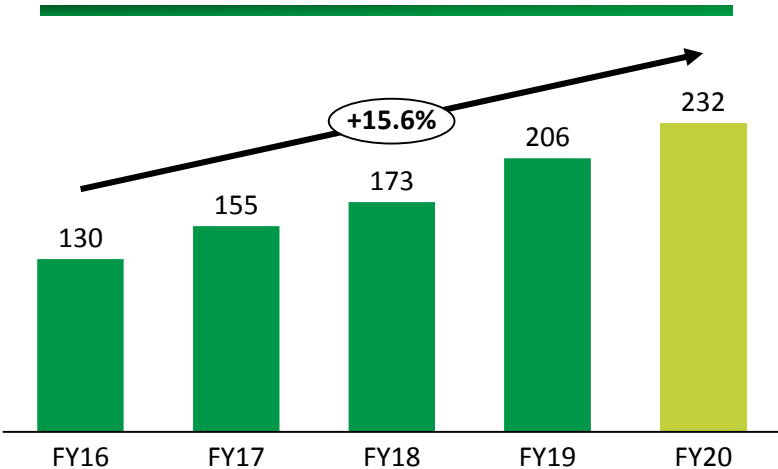


# Financial Highlights

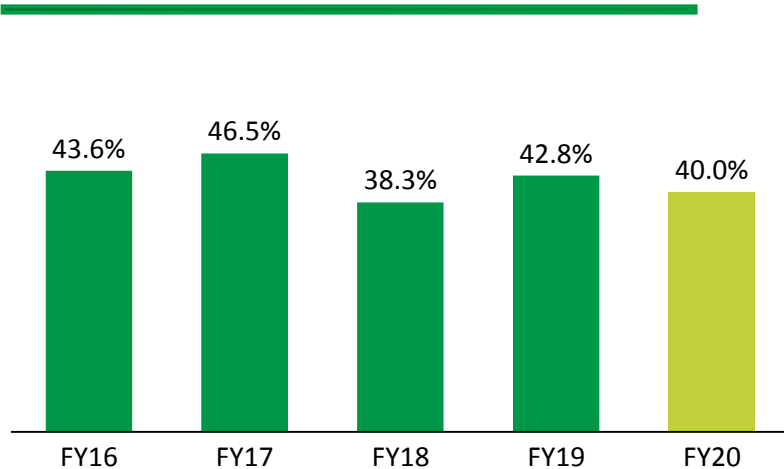
Revenue (In Rs. Crs.)



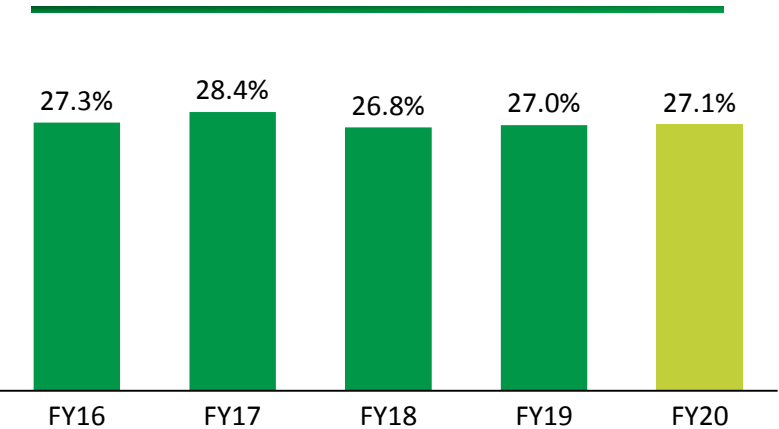
Reported EBITDA (In Rs. Crs.)



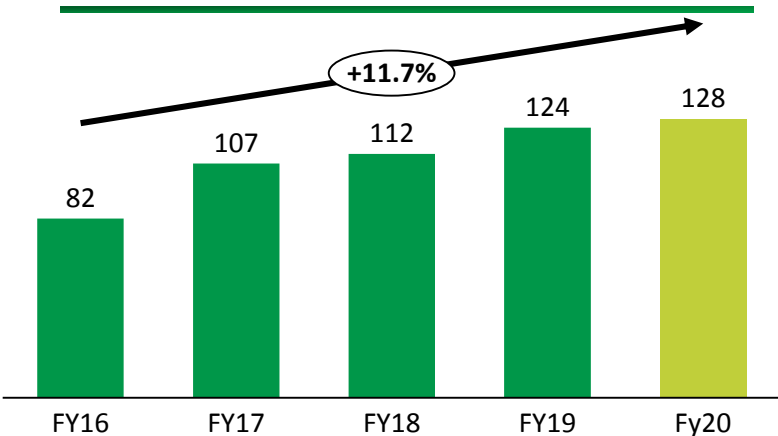
ROCE (%)



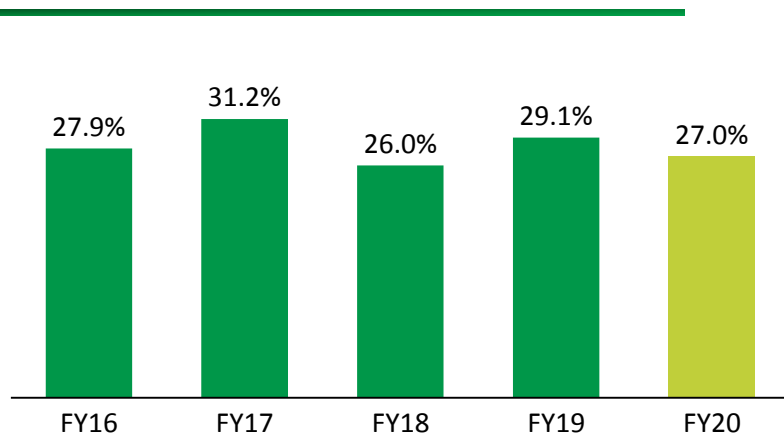
EBITDA (%)



Reported PAT (In Rs. Crs.)



ROE (%)



# Profit & Loss Statement

Profit & Loss (Rs. Crs.)	FY20	FY19	FY18	FY17	FY16
<b>Revenue from Operations</b>	<b>855.5</b>	<b>760.1</b>	<b>643.6</b>	<b>544.7</b>	<b>475.5</b>
Cost of Material Consumed	204.1	173.5	145.9	135.1	124.6
Laboratory testing charges	6.9	5.6	5.7	2.5	3.1
<b>Total Raw Material</b>	<b>211.0</b>	<b>179.1</b>	<b>151.6</b>	<b>137.6</b>	<b>127.7</b>
<b>Gross Profit</b>	<b>644.5</b>	<b>581.0</b>	<b>492.0</b>	<b>407.1</b>	<b>347.8</b>
<b>Gross Profit (%)</b>	<b>75.33%</b>	<b>76.44%</b>	<b>76.44%</b>	<b>74.74%</b>	<b>73.14%</b>
Employee Expenses	190.2	172.7	145.8	127.7	108.2
Other Expenses	222.4	202.8	173.7	124.8	109.8
<b>Reported EBITDA</b>	<b>231.9</b>	<b>205.4</b>	<b>172.5</b>	<b>154.6</b>	<b>129.8</b>
<b>Reported EBITDA (%)</b>	<b>27.11%</b>	<b>27.04%</b>	<b>26.80%</b>	<b>28.38%</b>	<b>27.30%</b>
Other Income	8.3	8.8	11.3	22.9	15.2
Depreciation	39.3	20.1	19.2	17.2	16.6
<b>EBIT</b>	<b>201.0</b>	<b>188.4</b>	<b>164.6</b>	<b>160.3</b>	<b>128.4</b>
<b>EBIT (%)</b>	<b>23.49%</b>	<b>24.79%</b>	<b>25.57%</b>	<b>29.43%</b>	<b>27.00%</b>
Finance Cost	7.2	0.5	1.2	0.4	0.8
Exceptional Items	24.5	6.3	-	-	-
Share of Profit/Loss from JV	-0.5	-1.4	-	-	-
<b>Profit Before Tax</b>	<b>168.7</b>	<b>186.5</b>	<b>163.4</b>	<b>159.9</b>	<b>127.6</b>
<b>Profit Before Tax (%)</b>	<b>19.72%</b>	<b>24.54%</b>	<b>25.39%</b>	<b>29.36%</b>	<b>26.83%</b>
Tax	41.2	62.9	51.8	52.7	45.6
<b>Profit After Tax</b>	<b>127.6</b>	<b>123.6</b>	<b>111.6</b>	<b>107.2</b>	<b>82</b>
<b>Profit After Tax (%)</b>	<b>14.91%</b>	<b>16.36%</b>	<b>17.34%</b>	<b>19.68%</b>	<b>17.25%</b>

# Balance Sheet

Assets (Rs. Crs.)	Mar-20	Mar-19	Mar-18	Mar-17	Mar-16
<b>Non-current assets</b>	<b>355.2</b>	<b>247.9</b>	<b>230.1</b>	<b>230.1</b>	<b>170.6</b>
Property, Plant and Equipment	121.2	116.7	112.3	105.2	105.6
Capital Work In-Progress	0.0	0.0	0.0	1.0	0.6
Goodwill	90.3	78.6	78.4	82.5	35.1
Other intangible assets	25.2	17.6	16.8	14.7	1.0
Intangible assets under development	3.0	5.8	0.0	0.0	0.0
ROU Assets	59.7	0.0	0.0	0.0	0.0
Equity accounted investees	0.0	0.5	0.0	6.0	5.4
<b>Financial Assets</b>					
(i) Investments	1.8	1.8	1.8	1.8	1.8
(ii) Loans	5.5	4.2	3.3	3.7	8.3
(iii) Other Financial Assets	12.4	10.2	8.3	2.2	0.0
Deferred Tax Assets (Net)	13.9	3.7	5.3	3.4	5.2
Other non-current assets	6.4	1.6	2.0	8.6	5.8
Non-current tax assets (net)	15.9	7.5	1.9	1.0	1.8
<b>Current assets</b>	<b>397.1</b>	<b>304.7</b>	<b>300.4</b>	<b>285.1</b>	<b>225.3</b>
Inventories	24.4	26.1	21.2	14.1	15.6
<b>Financial Assets</b>					
(i) Investments	12.6	31.0	100.4	134.1	94.2
(ii) Trade receivables	128.2	136.8	100.7	80.3	70.2
(iii) Cash and cash equivalents	107.2	51.4	43.5	25.5	26.8
(iv) Bank balances other than (iii)	103.3	28.9	16.7	15.0	6.8
(v) Loans	11.2	15.1	10.8	9.6	7.3
(vi) Other Financial Assets	2.2	8.4	1.4	0.5	0.5
Current tax assets (net)	0.0	0.0	0.0	0.1	0.3
Other Current Assets	8.0	7.0	5.7	5.9	3.6
<b>TOTAL - ASSETS</b>	<b>752.2</b>	<b>552.6</b>	<b>530.5</b>	<b>515.2</b>	<b>395.9</b>

Equity & Liabilities (Rs. Crs.)	Mar-20	Mar-19	Mar-18	Mar-17	Mar-16
<b>Equity</b>	<b>525.2</b>	<b>420.0</b>	<b>429.1</b>	<b>344.1</b>	<b>293.9</b>
Equity Share capital	10.1	10.0	9.5	9.5	9.5
Other equity	513.4	408.5	405.2	313.6	269.2
Non Controlling Interest	1.7	1.4	14.4	21.0	15.2
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>	<b>57.6</b>	<b>8.2</b>	<b>10.5</b>	<b>19.3</b>	<b>11.1</b>
<b>Financial Liabilities</b>					
(i) Borrowings	0.0	0.0	0.2	0.4	0.5
(ii) Lease Liabilities	45.8	0.0	0.0	0.0	0.0
(iii) Other Non-Current Liabilities	4.7	2.1	2.4	8.7	0.3
Provisions	5.4	3.2	3.5	3.2	2.4
Deferred tax liabilities (Net)	1.7	2.9	4.4	7.0	7.9
<b>Current liabilities</b>	<b>169.5</b>	<b>124.5</b>	<b>90.9</b>	<b>151.8</b>	<b>90.9</b>
<b>Financial Liabilities</b>					
(i) Borrowings	0.0	17.6	0.4	0.4	0.4
(ii) Lease Liabilities	20.9	0.0	0.0	0.0	0.0
(iii) Trade Payables	85.0	53.4	35.4	35.9	32.8
(iv) Other Current Financial Liabilities	34.4	31.3	34.8	88.3	22.9
Other Current Liabilities	18.8	8.0	7.8	14.1	21.1
Provisions	6.6	4.9	4.4	3.7	3.7
Current tax liabilities (Net)	3.7	9.3	8.1	9.4	10.0
<b>TOTAL - EQUITY AND LIABILITIES</b>	<b>752.2</b>	<b>552.6</b>	<b>530.5</b>	<b>515.2</b>	<b>395.9</b>



## Board of Directors and Management Team

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**Dr. Sushil Kanubhai Shah**  
Chairman & Executive Director

Holds a bachelor's degree in Medicine and Surgery and a degree of Doctor of Medicine in Pathology and Bacteriology from University of Bombay. More than 3 decades of experience in Pathology business



**Ameera Sushil Shah**  
Managing Director

Holds a bachelor's degree in Business Administration from the University of Texas and also completed Owner-President Management Programme from Harvard Business School. More than 2 decades of experience in Pathology business



**Sanjay Bhatnagar**  
Independent Director

Holds a master's degree in Engineering from Stanford University and also master's degree in business administration from Harvard University



**Vivek Gambhir**  
Independent Director

Holds a bachelor's degree in Science & Arts from Lafayette College, Pennsylvania and a master's degree in Business Administration from Harvard University



**Milind Shripad Sarwate**  
Independent Director

Holds a bachelor's degree in Commerce from University of Bombay and is an associate of the ICAI, ICSI & ICWA



**Anita Ramachandran**  
Independent Director

MBA (Finance) from the Jamnalal Bajaj Institute, Mumbai and has won several academic honours



**Vijender Singh**  
Chief Executive Officer

Holds a bachelor's degree in Science from Kurukshetra University and completed an Executive Education Programme from the Indian School of Business, Hyderabad. More than 30 years of experience in business operations & Business Development



**Dr. Nilesh Shah**  
President and Chief of Science & Innovation

Holds a master's degree in Engineering from University of Mumbai and a Diploma in Medical Laboratory Technology from K.J Somaiya College of Science. More than 30 years of experience in science & innovation



**Ameera Sushil Shah**  
Managing Director



**Rakesh Agarwal**  
Chief Financial Officer

Holds a Master's in Business Administration with Finance Specializations from AIM Institute and CS from ICSI. He has over 20 years of progressive experience in Finance Domain including Business Finance, Financial Management & Operations Management.



**Ishita Medhekar**  
Chief Human Resource Officer

She has 20+ years of experience in varied industries such as telecom, Consultancy and Pharma with 15 years of experience in strategy and system designing and operations. In her recent assignments she has been associated with other organizations like Bharti Airtel, Avaya Global Connect, AF Ferguson & Co.



# Recent Awards and Accolades



Period	Particulars
February 2020	Our MD, <b>Ms. Ameera Shah</b> won the <b>Leader of the Year: NextGen</b> award at the CNBC-AWAAZ CEO Award organized by CNBC Awaaz held at Raipur
February 2020	Metropolis won the <b>Most Admired Healthcare Company of the Year</b> and our CEO, <b>Mr. Vijender Singh</b> won the <b>"Best Business Leader of the Year"</b> award at Business Leader of the Year Awards, 2020
February 2020	Lister Metropolis won the <b>Best Medical Diagnostic Company in Quality Excellence</b> award at the TANCARE 2020 organized by FICCI in association with the New Indian Express.
December 2019	Our Chairman, <b>Dr. Sushil Shah</b> , won the <b>'Lifetime Achievement Award'</b> at the South Asia Pacific Healthcare Summit & Business Awards, 2019 for his immense contribution to the diagnostic industry.
December 2019	Our MD, <b>Ms. Ameera Shah</b> won the <b>'Best Woman Entrepreneur of the Year'</b> in Healthcare Sector award at the ASSOCHAM Women Leadership & Empowerment Summit & Awards for her outstanding leadership and achievements in the diagnostic industry.
December 2019	Metropolis won the <b>Patient Experience team of the Year Award</b> at PEXA Awards 2019 in Delhi
December 2019	Metropolis bagged <b>'Excellence in Logistics'</b> award at the CII SCALE Awards 2019 - Supply Chain & Logistics Excellence Awards organized by Confederation of Indian Industries
December 2019	Metropolis won a special mention as the <b>Best Performance-Driven Digital Campaign Award</b> at the InkSpell Drivers of Digital Awards 2019
November 2019	Metropolis won the <b>'Best Logistics Network Optimization'</b> & <b>'Best use of Technology in Logistics'</b> awards announced at the 5th Asian Supply Chain Thought Leadership Summit & Awards in Mumbai.
October 2019	Metropolis won the award for <b>Best IT Practices</b> at the Data Center Summit, 2019

For further information, please contact:

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**Investor Relations Advisors :**



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