

# Dr. Lal PathLabs Limited (DLPL)

## Corporate Presentation

August 2020



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# Company Overview

[Dr. Lal PathLabs at a glance](#)

[Our Evolution](#)

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# Dr. Lal PathLabs – At a Glance



Professionally managed operations; **7 decades of experience** in the world of diagnostics



Well diversified outside home market of 'Delhi NCR'



Created **strong intrinsic shareholder value** which continues till date



**Longest track record** of network build out, operational excellence and financial performance

## NO. 1 BRANDED NATIONAL DIAGNOSTICS CHAIN WITH HIGHEST REVENUES AND PROFITABILITY

**12%**  
3 Year Revenue  
CAGR

**15%**  
3-Year PAT  
CAGR

**Zero**  
Net Debt

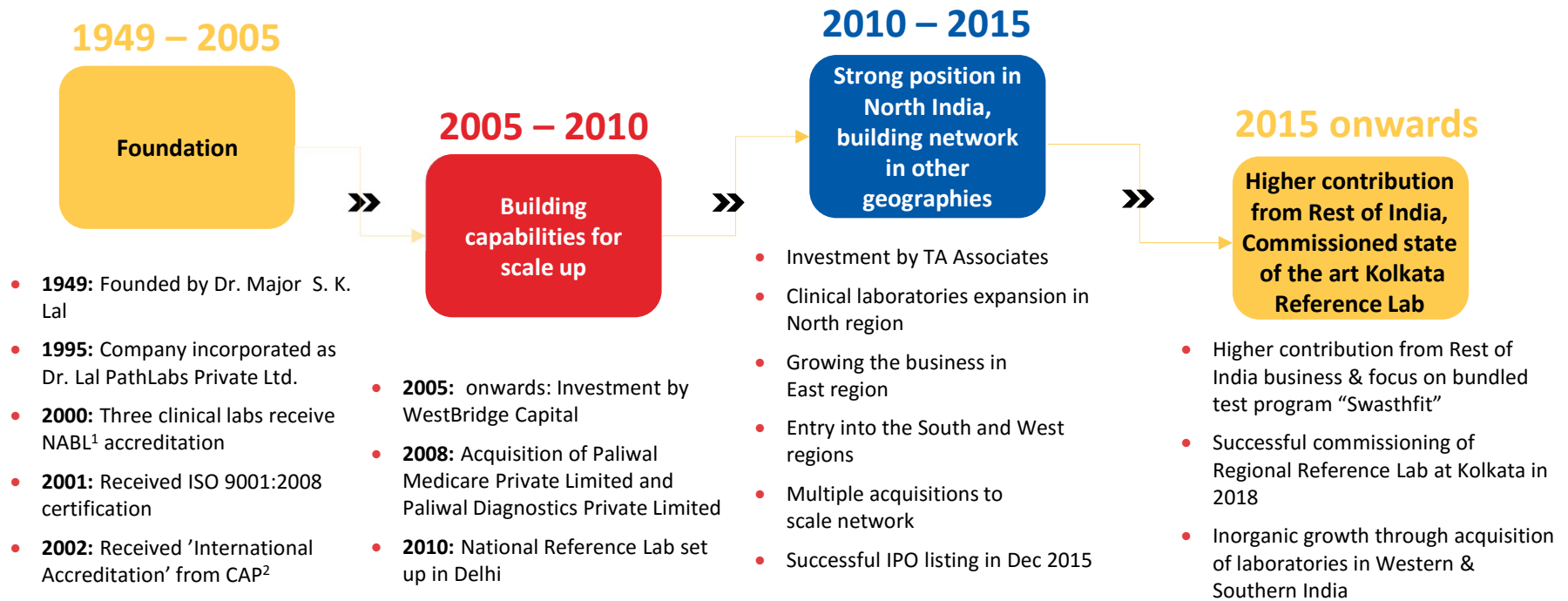
**60%**  
Revenue  
Contribution from  
Rest of India

**~67%**  
ROCE  
Excl. Cash &  
Investments

**4,953**  
Pathology &  
Radiology tests  
offered; highest  
in the industry

**CRISIL AA-  
/Stable**  
Long Term Rating

# Our Evolution



1. NABL: National Accreditation Board for Calibration and Testing Laboratories.  
 2. CAP: College of American Pathologists.

# Dr. Lal PathLabs overview

Established consumer healthcare brand in diagnostic services

**Pan-India integrated coverage** with 216 clinical labs (including National Reference Lab<sup>1</sup> at Delhi and Regional Ref Lab at Kolkata), 3,095 Patient Service Centers (PSCs) and 6,995 Pick-up Points (PUPs)<sup>2</sup>

Catalogue of 455 test panels, 2,537 pathology tests and 1,961 radiology and cardiology tests<sup>2</sup>

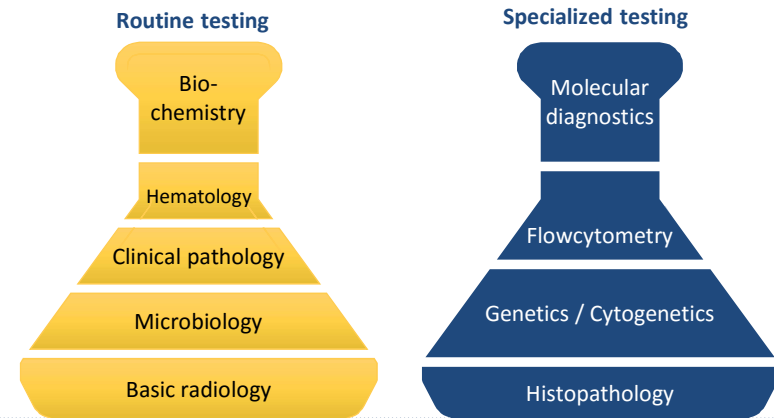
Collected and processed ~7.9 mn samples from ~3.5 mn patients in Q1 FY21; ~47.7 mn samples from ~19.4 mn patients in FY20; ~41.8 mn samples from ~17.6 mn patients in FY19

**Customers** include individual patients, corporates and institutions, healthcare providers as well as hospital and clinical labs (lab management)

FY20: Revenue: **INR 1,330.4 Cr.**; EBITDA: **INR 331.1 Cr**<sup>3</sup> (Margin: **24.9%**); PAT: **INR 227.6 Cr** (Margin: **17.1%**);  
 FY19: Revenue: **INR 1,203.4 Cr**; EBITDA : **INR 313.2 Cr** (Margin: **26%**); PAT: **INR 200.5 Cr** (Margin: **16.7%**)

1. Total area of 7,253 square meters  
 2. As on March 31, 2020.  
 3. Normalised EBITDA excl ESOP, CSR Cost & impact of Ind AS 116

## Test Menu



## Accreditations



**NABL**  
33 Labs



ISO15189:2007  
 IS9001:2008  
 ISO27001:2013

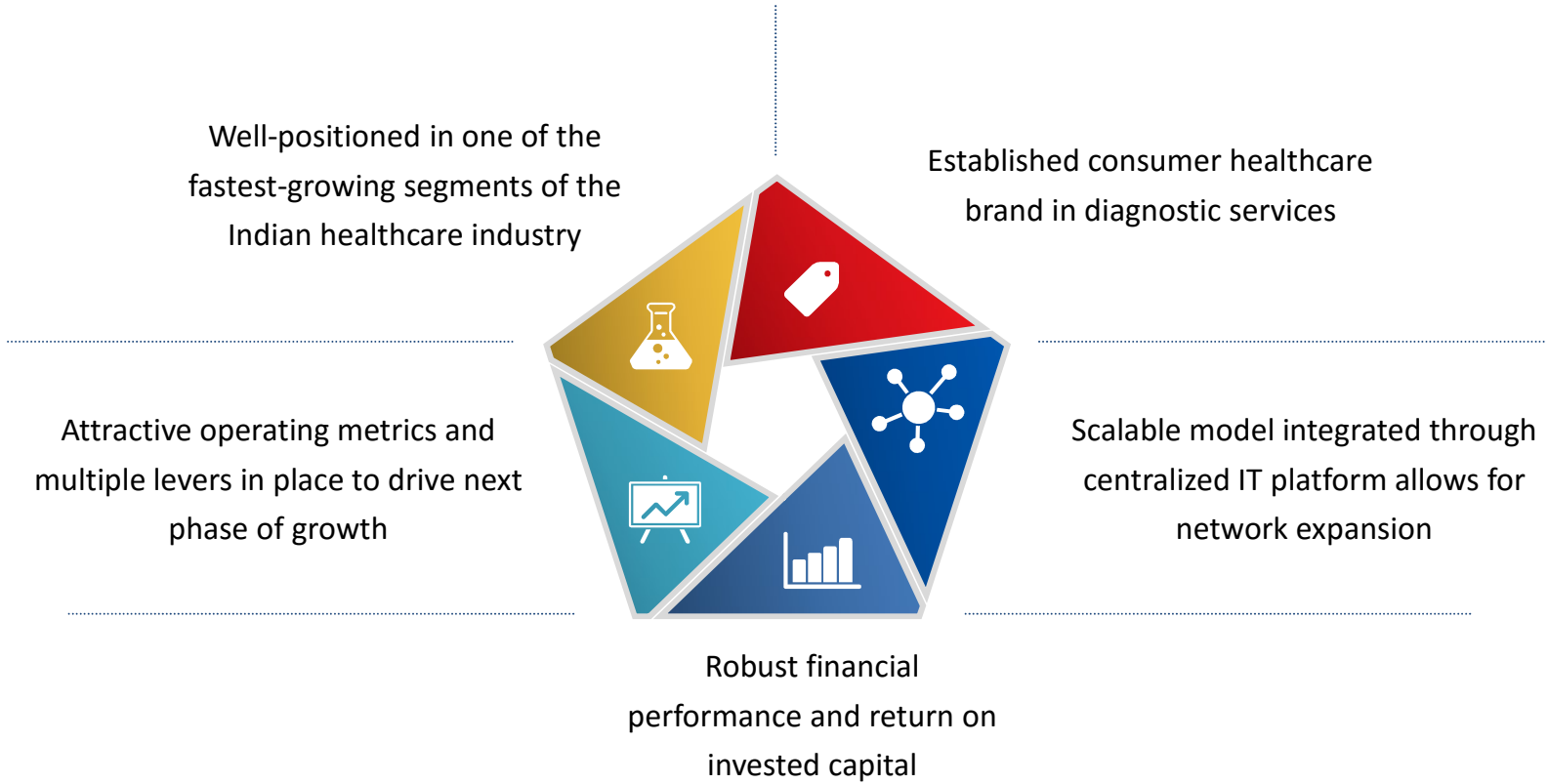
# Experienced Management team



# Investment Highlights



# Investment Highlights



# Indian Healthcare Services is a large growth opportunity

**1.42bn**

India's expected population in 2022

**USD 2,483 bn**

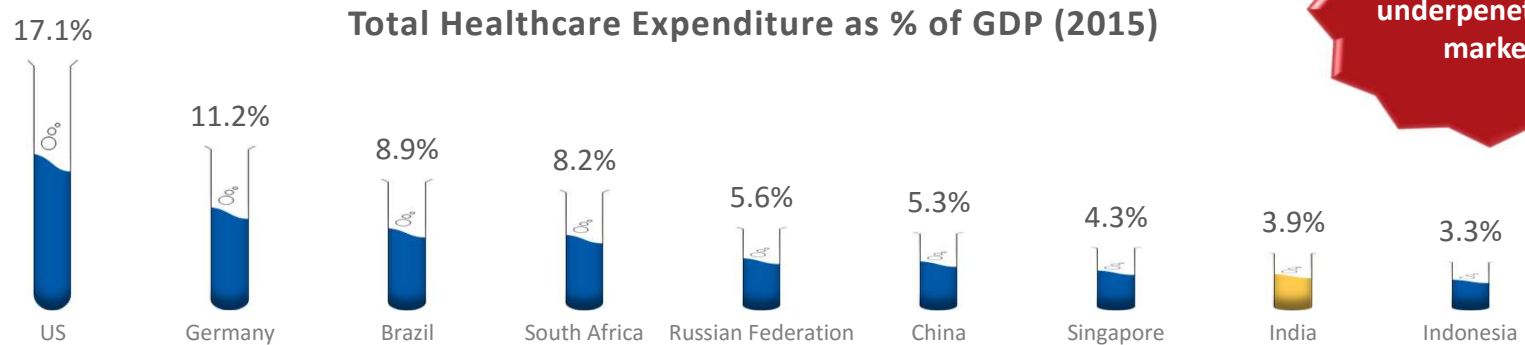
India GDP in FY20<sup>1</sup>

**USD 273 bn**

FY20 India healthcare expenditure

**~74%**

Private expenditure on healthcare in 2015



Source: CRISIL Report titled "Assessment of Diagnostics Industry in India".

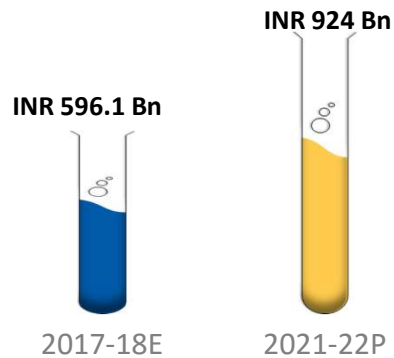
1. Financial Year ending March 31st.

2. Source: Report of the Insurance Regulatory and Development Authority ("IRDA")

3. Source: World Health Organization Global Health Expenditure database, October 2017, 4. IMF

# INR 596 Bn Diagnostic Services industry expected to grow to INR 924 Bn in 2022

## Diagnostic Services Industry Size



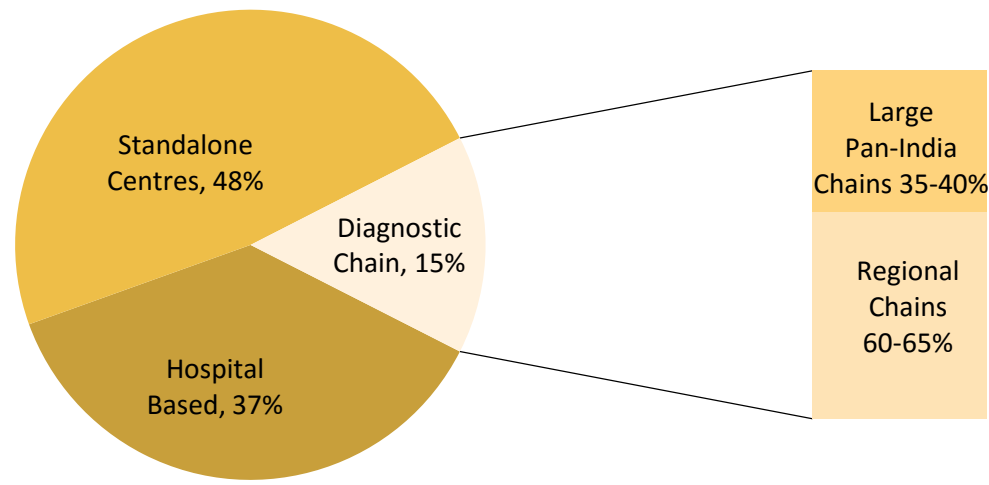
Screening, early detection,  
and monitoring reduce  
downstream costs

## Growth Drivers



# Diagnostic Services industry remains highly fragmented

## Highly Fragmented Industry

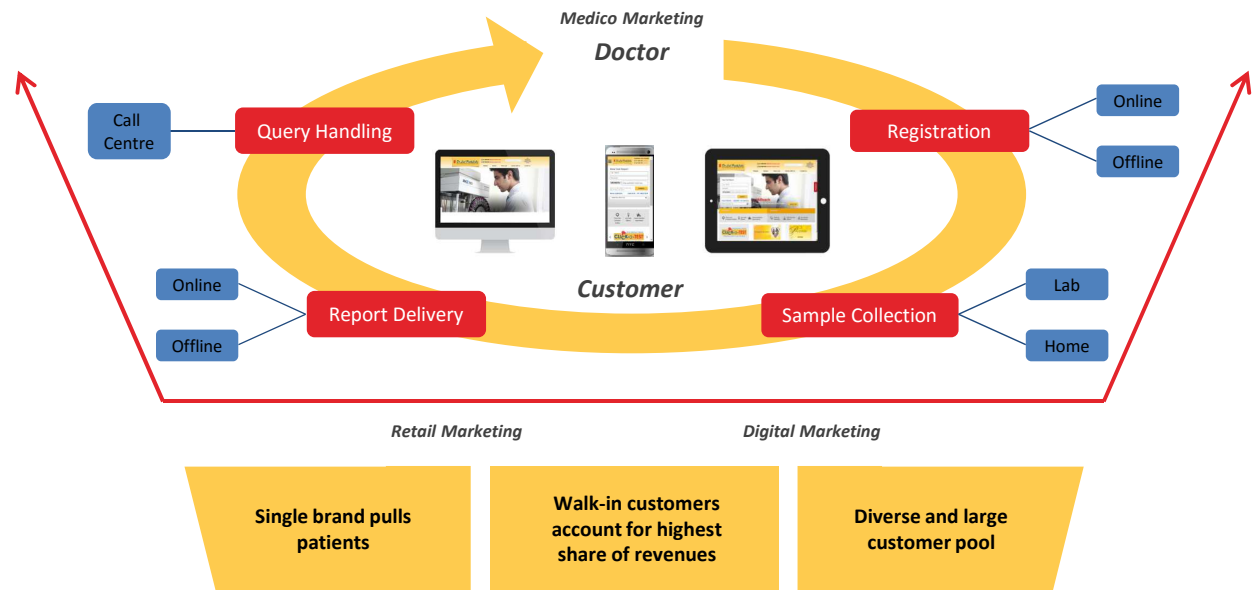
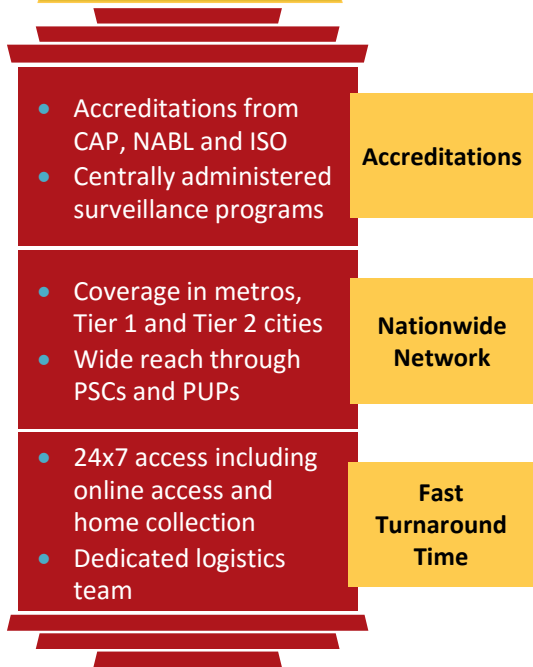


***Largely fragmented and unorganized***

Source: CRISIL Report titled "Assessment of Diagnostics Industry in India".

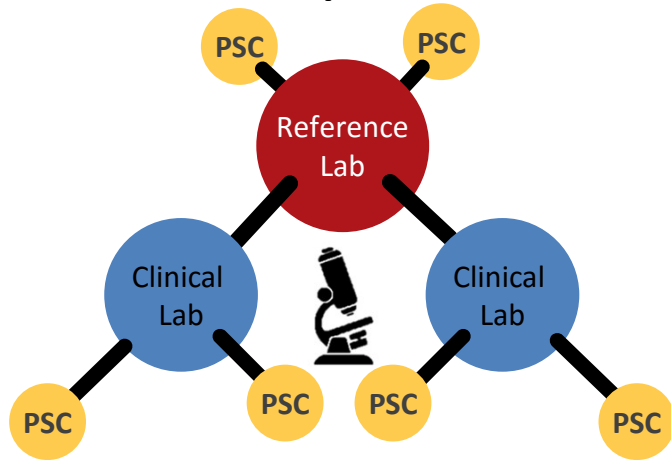
# Established consumer healthcare brand in Diagnostic Services

## Pillar of a Strong Brand



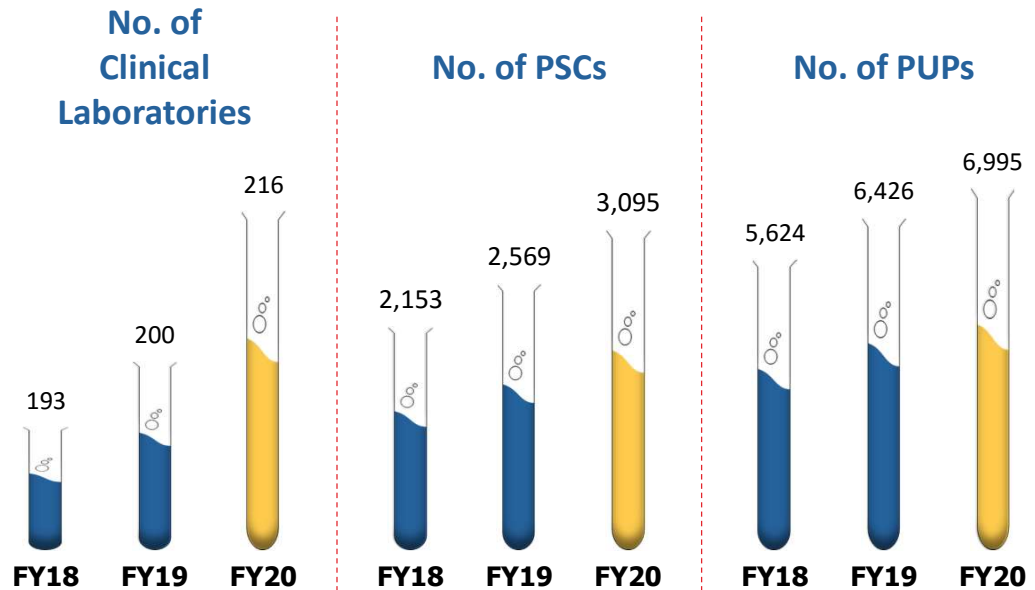
# Scalable Model integrated through centralized IT platform allows for network expansion

## Hub and Spoke Model



- Centralized diagnostic testing provides greater economies of scale
- PSCs and PUPs facilitate penetration within region and expand reach

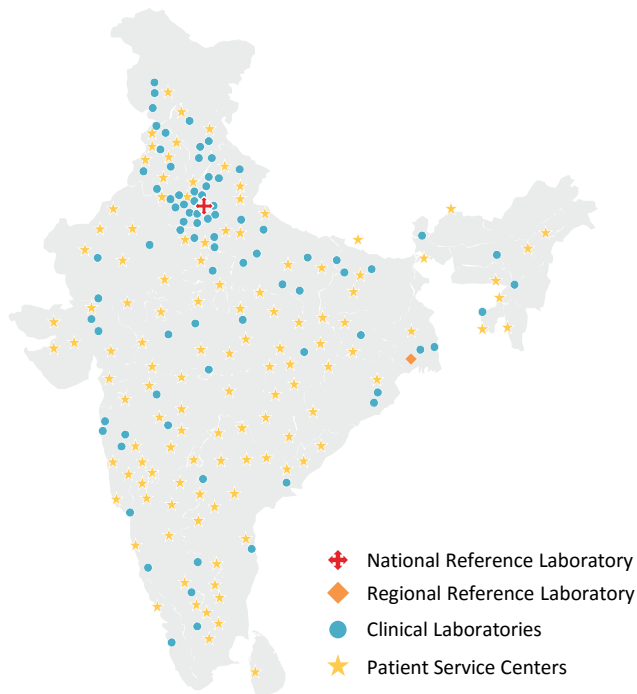
## Network Expansion



1. Includes National Reference Laboratory and Regional Reference Lab in Kolkata

## Scalable Model integrated through centralized IT platform allows for network expansion

### Integrated National Network...



### ...backed by Centralized IT platform which fully integrated network

#### Enterprise Resource Planning (ERP) System

- Payables, receivables, inventory, ledgers etc.
- Scalability and connectivity – web-based

#### Laboratory Information Management System

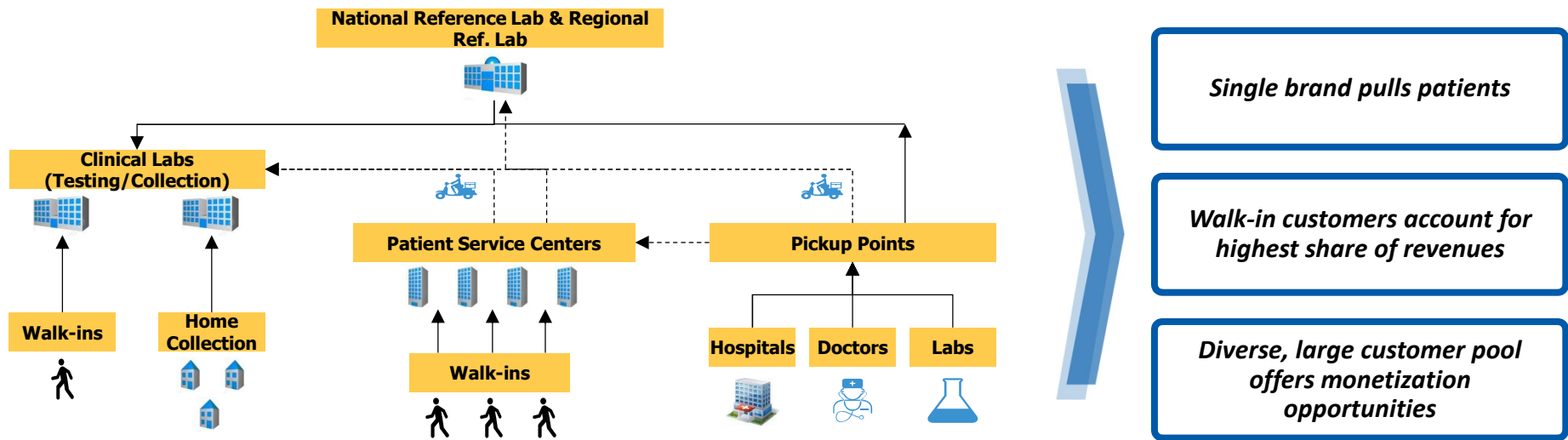
- Bi-directional interface; tracks specimen collection, shipping and testing in real time
- Assigns unique ID / barcode for each sample

#### Data Collection and Analytics

- Improve diagnostic services via data analyses
- Demand for tests are analyzed using past data

# Collection network

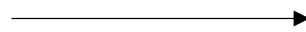
LPL's scalable business model provides strategic advantage for expansion and consolidation



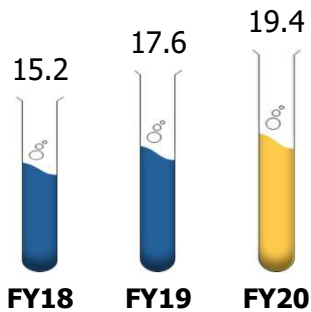
## Attractive operating metrics

### No. of patients

(Mn)



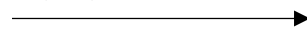
CAGR: 13.0%



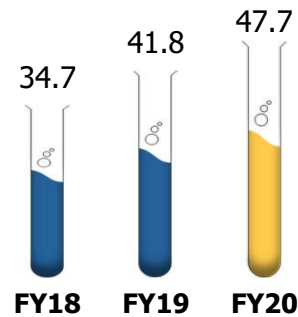
- Consumer brand and network expansion driving patient volumes

### No. of samples

(Mn)



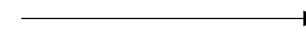
CAGR: 17.2%



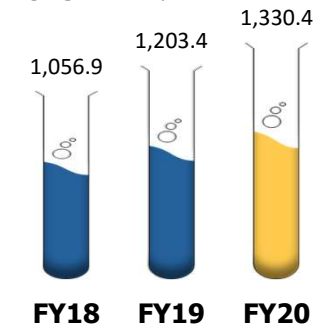
- Increase in samples with patient volumes growth

### Total Revenue

(INR Cr.)



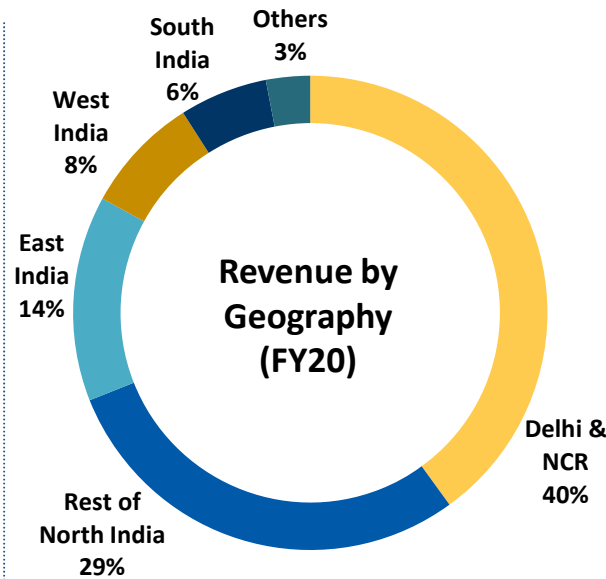
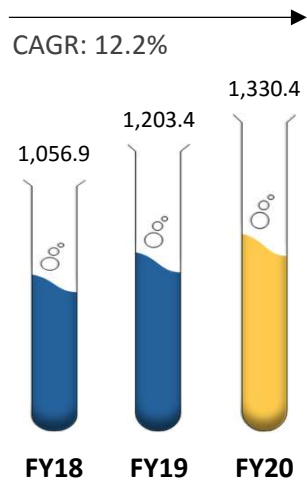
CAGR: 12.2%



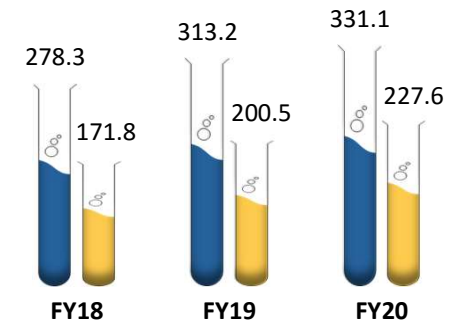
- FY20 Revenues increased on account of :
  - Marked gains in patient volumes at 10.3%
  - Increase in tests per patient at 2.5 vs 2.4

# Robust financial performance

## Total Revenue (INR Cr.)



## EBITDA\*, PAT and Return on Net Worth (INR Cr./%)



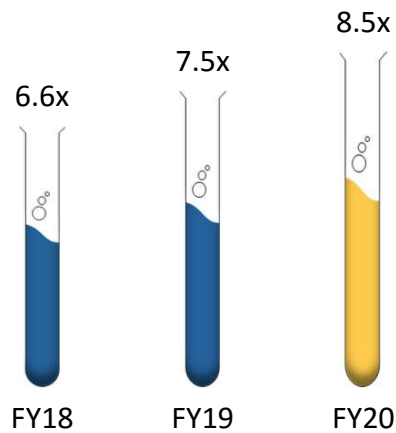
Legend: Blue = EBITDA before ESOP Expense, CSR & Ind AS 116 impact\*; Yellow = PAT

EBITDA Margin Before ESOP, CSR & Ind As 116 impact	26.3%	26.0%	24.9%
PAT Margin	16.3%	16.7%	17.1%
RONW	24.7%	23.0%	22.7%

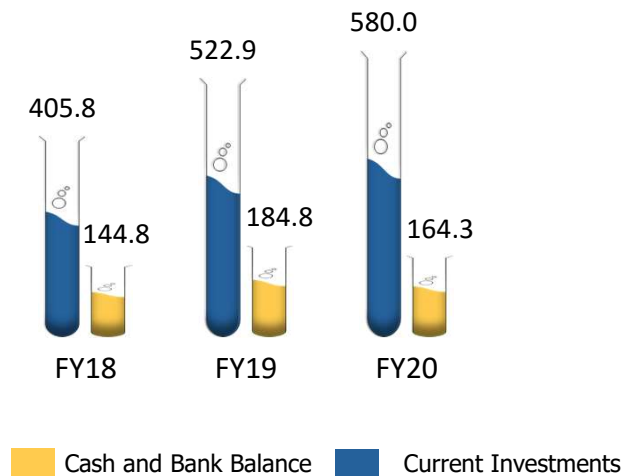
- Growth driven primarily by increasing patient volumes and samples
- Increase in operating margin due to economies of scale

## Robust financial performance (Cont'd)

### Fixed Asset Turnover<sup>1</sup> Times



### Cash and Cash Equivalents (INR Cr.)



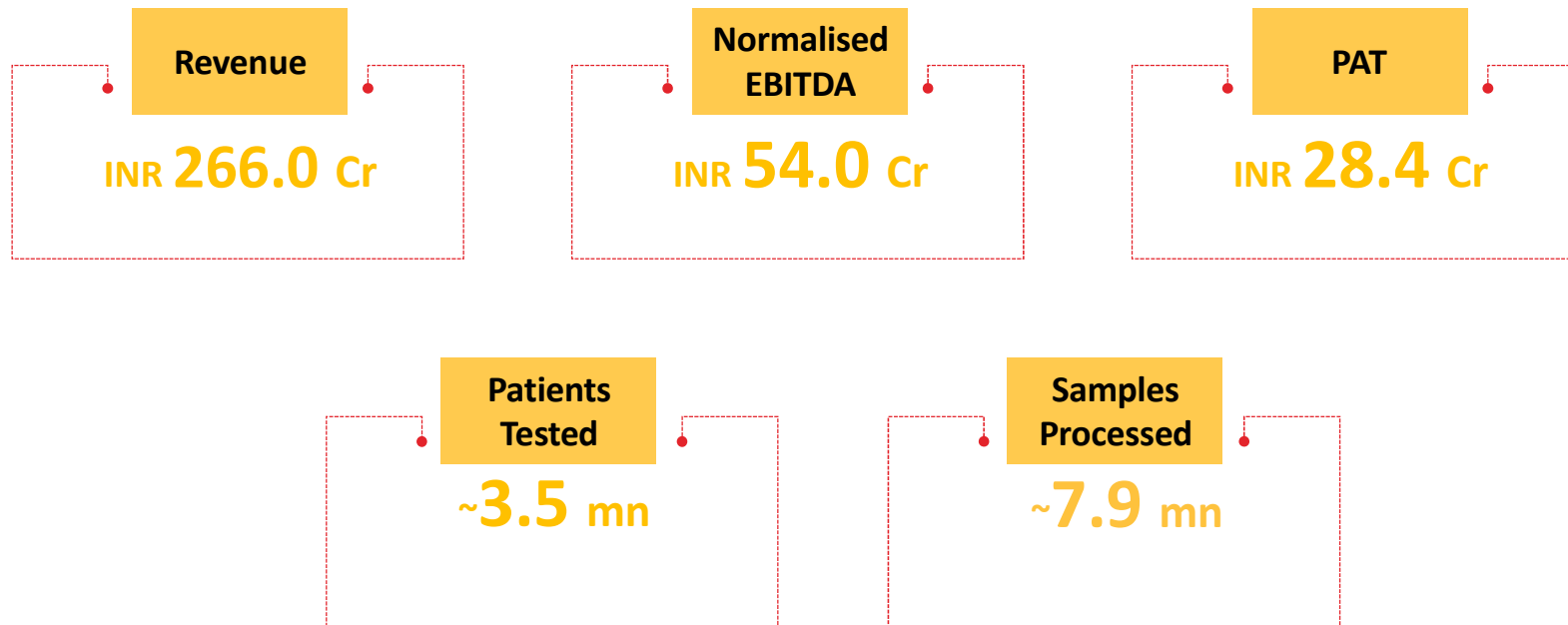
- Self funded growth on account of strong cash flow generation
- Attractive fixed asset turnover ratio given asset-light model
- Current net cash position and internal accruals expected to fund next phase of growth

1. Fixed Asset Turnover = Total Revenue / Net PP&E as per Ind AS

# Q1 FY21 Highlights & Financial Performance

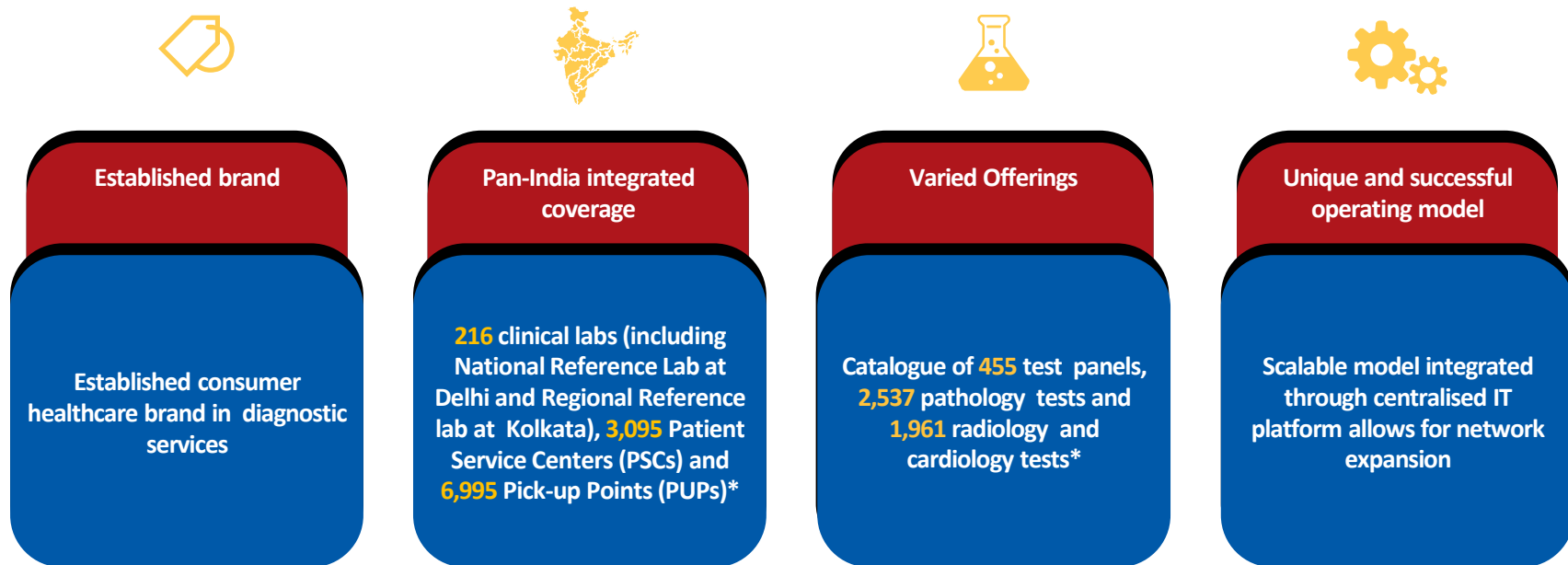


## Q1 FY21 Snapshot\*



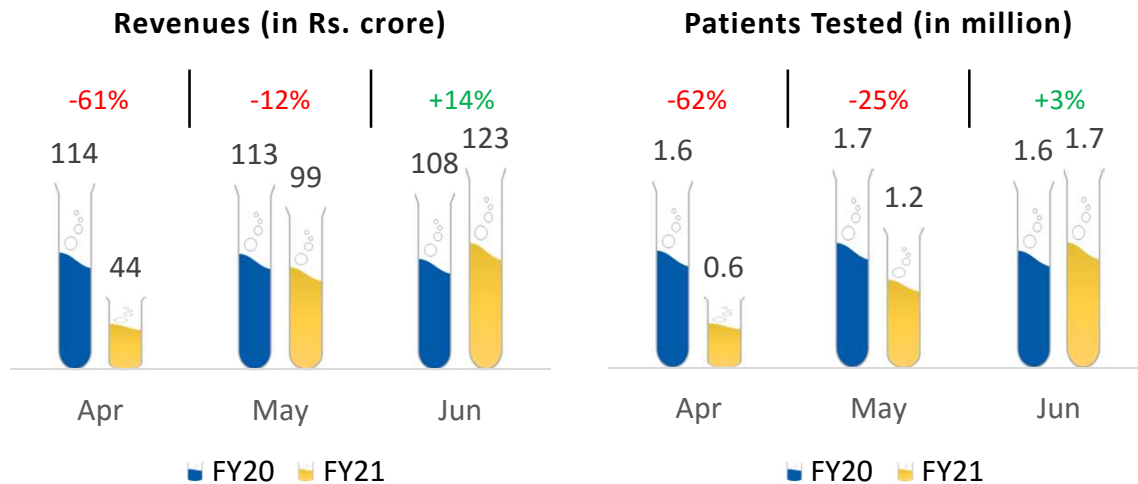
\* Q1 results have been adversely impacted due to COVID-19 pandemic and subsequent lockdown

# Overview of Dr. Lal PathLabs



Well-positioned in one of the fastest-growing segments of the Indian healthcare industry

# Q1 FY21 Monthly Trends



- Performance was **impacted in April and May 2020** due to **extended lockdowns** caused by COVID-19 pandemic
- Business **momentum improved from June 2020** onwards based on several relaxations announced

- Revenue contribution from COVID-19 test is 21% in Q1FY21
- Number of COVID-19 tests performed in Q1FY21 is 1.97 lacs.

## Key Performance Highlights

### During Q1 FY21:

- Revenues decreased by 20.6% Y-o-Y at Rs. 266 crore
- Patient volumes declined by 28.4% Y-o-Y at 3.5 million
- Normalised EBITDA (after eliminating the impact of stock based compensation & CSR) came in at Rs. 54 crore
- Profit After Tax stood at Rs. 28.4 crore, representing a decline of 51.9% over the corresponding quarter of last year

**Cash, FDs and Mutual Funds at Rs. 759.8 crore as on June 30, 2020, as against Rs. 744.3 crore as on Mar 31, 2020**

**The COVID-19 outbreak continues to adversely impact patient volumes in the month of Apr'20 & May'20. Business momentum improves in Jun'20**

- Growth in patient volumes in Jun-20 as against a de-growth in Apr'20 & May'20
- COVID-19 testing contributed significantly to the turnover in Q1
- Social distancing and sanitization protocols being complied at all centers
- Initiatives to strengthen the brand through better digital experience and increased convenience covering home collections

## Financials

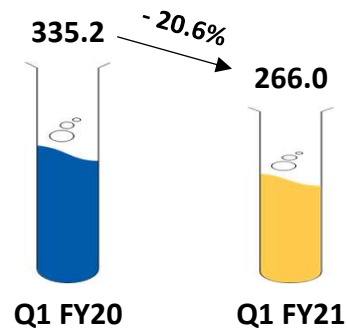
Particulars (Rs. Cr.)	Q1 FY21	Q1 FY20	Growth %	FY20
<b>Total Revenue</b>	<b>266.0</b>	<b>335.2</b>	<b>-20.6%</b>	<b>1330.4</b>
Total Expenditure	217.6	240.1		986.8
<b>EBITDA</b>	<b>48.4</b>	<b>95.1</b>	<b>-49.1%</b>	<b>343.6</b>
Adj for Stock based comp. & CSR Cost	5.6	3.9		22.0
<b>Normalised operating EBITDA</b>	<b>54.0</b>	<b>99.0</b>	<b>-45.5%</b>	<b>365.6</b>
<i>Normalised Margins</i>	<i>20.3%</i>	<i>29.5%</i>		<i>27.5%</i>
Other income incl interest	11.4	14.4		55.0
<b>PBT</b>	<b>38.1</b>	<b>89.4</b>	<b>-57.4%</b>	<b>310.5</b>
<i>Margins</i>	<i>14.3%</i>	<i>26.7%</i>		<i>23.3%</i>
<b>PAT</b>	<b>28.4</b>	<b>59.1</b>	<b>-51.9%</b>	<b>227.6</b>
<i>Margins</i>	<i>10.7%</i>	<i>17.6%</i>		<i>17.1%</i>
<b>EPS (Basic)</b>	<b>3.45</b>	<b>7.14</b>	<b>-51.7%</b>	<b>27.42</b>
<b>EPS (Diluted)</b>	<b>3.44</b>	<b>7.13</b>	<b>-51.7%</b>	<b>27.37</b>

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

# Financial Highlights

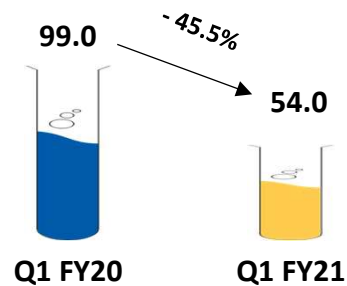
All figures in Rs. Crore

## Revenue



- Revenue declined in Q1 FY21 by 20.6% to Rs. 266.0 crore. This was due to :
  - Volumes which declined by 28.4% and
  - Decline in tests per patient from 2.42 to 2.27
- Realisation per patient in Q1 FY21 came in at Rs. 760, higher as compared to Rs. 685 in Q1 of FY20

## Normalised EBITDA (after eliminating the impact of stock based compensation, and CSR costs)

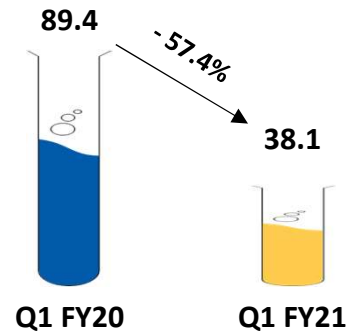


- Normalised operating EBITDA (after eliminating the impact of stock based compensation and CSR costs ) stood at Rs. 54.0 crore in Q1 FY21, lower by 45.5% Y-o-Y
- Q1 FY21 Normalised EBITDA margin (after eliminating the impact of stock based compensation and CSR costs) came in at 20.3%

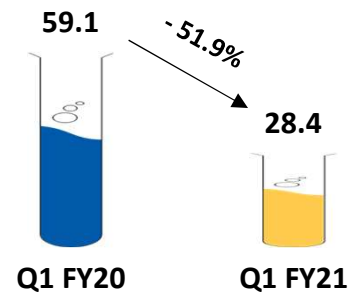
Financial results of the Company are best monitored on a year to date basis, as there is a certain level of seasonality in business and specific quarter performance may be influenced by certain occurrences in that quarter

# Financial Highlights

All figures in Rs. Crore



- PBT for Q1 FY21 came in at Rs. 38.1 crore vs. Rs. 89.4 crore in the corresponding quarter of last year, representing a decline of 57.4%
- Q1 FY21 PBT margin stood at 14.3%, as against 26.7% in the same period of last year



- PAT stood at Rs. 28.4 crore in Q1 FY21 as compared to Rs. 59.1 crore in Q1 FY20, lower by 51.9%
- Q1 FY21 PAT margin came in at 10.7% Vs. 17.6% in Q1 FY20

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

## Management Commentary

### Commenting on the results announcement, (Hony) Brig. Dr. Arvind Lal, Executive Chairman

*“This was a difficult quarter, not just for Dr. Lal Pathlabs, but for the entire nation and the economy. Business was impacted adversely, with volumes getting hit. However, we are confident of things returning to normal and the business performance getting back on track in some time post normalization. With the shift in trend from unorganized to organized players and our robust hub and spoke model, this will be achieved as we get back to providing accurate diagnostics services at affordable prices to our patients.”*

### Commenting on the results announcement, Dr. Om Manchanda, Managing Director

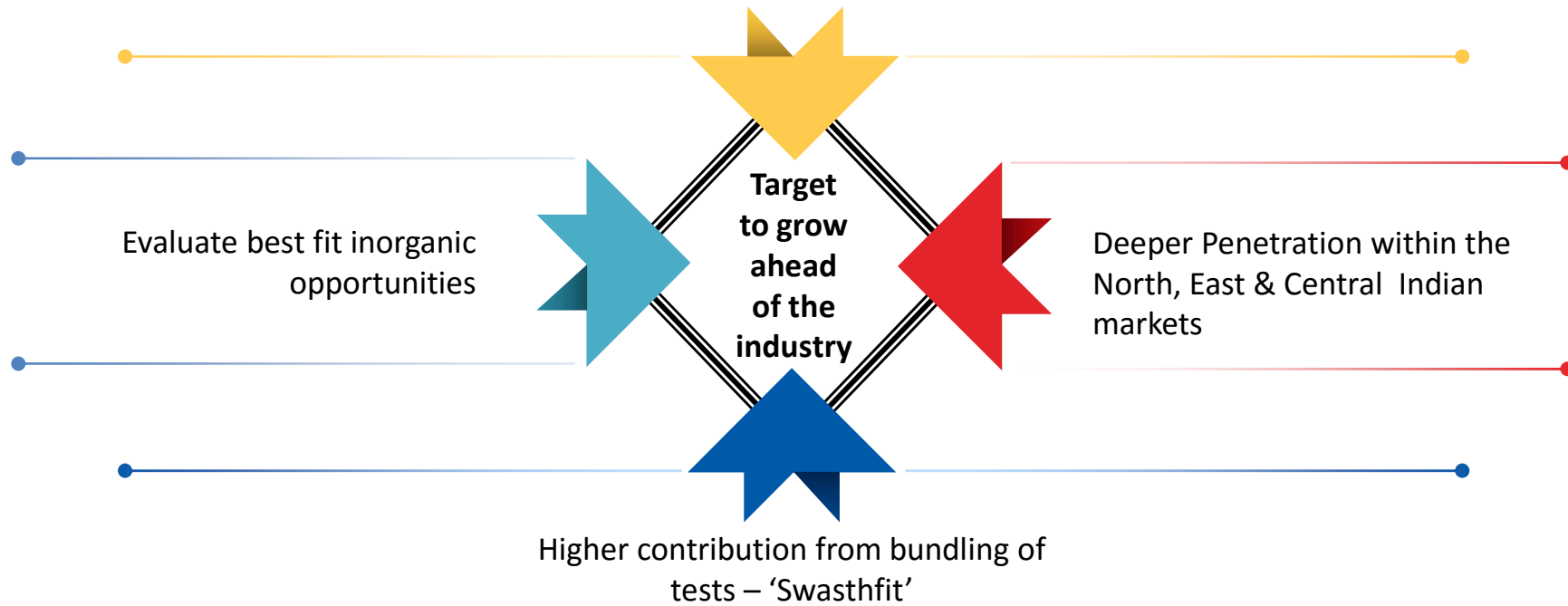
*“With our normal business getting impacted, we were at the forefront of testing for COVID-19, while also testing for non-COVID cases as much as possible. Despite such a tough environment, our performance for the quarter has been satisfactory as per the circumstances and the underlying trends. We are continuously pursuing our stated strategy of increasing scale, improving the test mix and our geographical presence while leveraging technology in order to give our patients an overall quality diagnostics experience.”*

### Commenting on the results announcement, Bharath Uppiliappan, Chief Executive Officer

*“While Q1FY21 has been extremely challenging for us, we have started to witness improvement in patient volumes as the lockdown is being relaxed. We are seeing good traction in the month of June over last year. We are focused on improving our service levels and test offerings to our patients and clients ”*

# Vibrant Outlook

Strongly develop Rest of India geographies, through Kolkata National Laboratory and cluster city approach for attractive markets

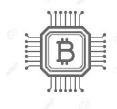


# Leveraging digital to make life easier for patient



## Digital Lab

- Self Registration Kiosk for patients
- Integrated payment gateway for online payment
- Self Report printing Kiosks for 24 by 7 Report printing similar to a bank ATM



## e-Commerce

- Online test / health package booking
- Online payment, order related notifications at various touch points
- Integrated Cross Channel communication with strong automated backend using cloud, predictive analytics & AI
- Phlebo Mobile App for home collection booking along with route plan.



## Mobile app

- Test booking, view and download current and historical test reports
- Trend chart along with Cumulative Reporting
- Find a Lab near you
- Self Monitoring – My Wellness



## Logistics Automation

- Field Executive Mobile App for Route Traceability & Field Executive Tracking
- Real Time visibility of patient samples



## Lab Operations Automation

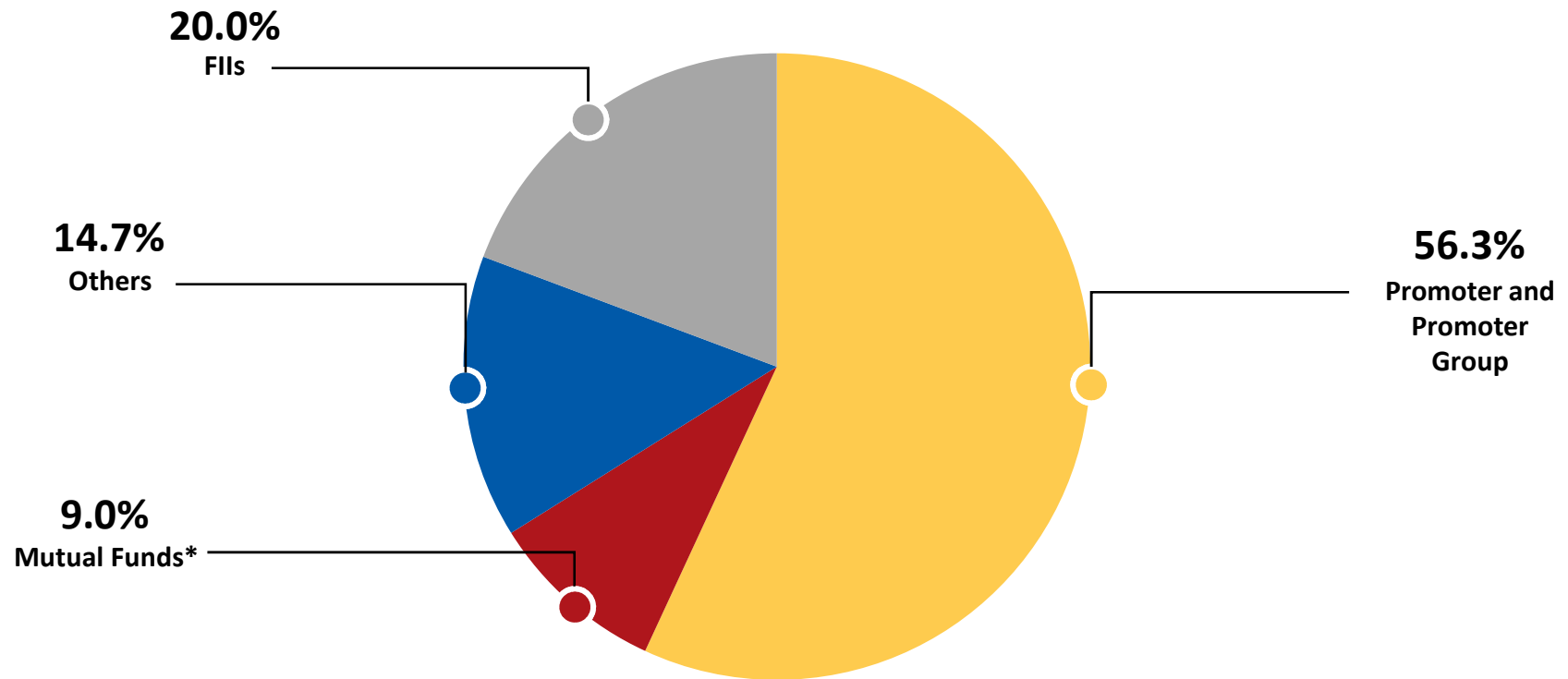
- Totally integrated Track with centralized LIMS for higher Output and faster processing, built in analytics and Business Intelligence capabilities



## Business Continuity Plan

- 'Multi Site' model
- Quick recovery in case of disaster
  - Real time Data Replication between sites
  - Centrally Hosted and real time monitored

## Shareholding as of 30th June, 2020

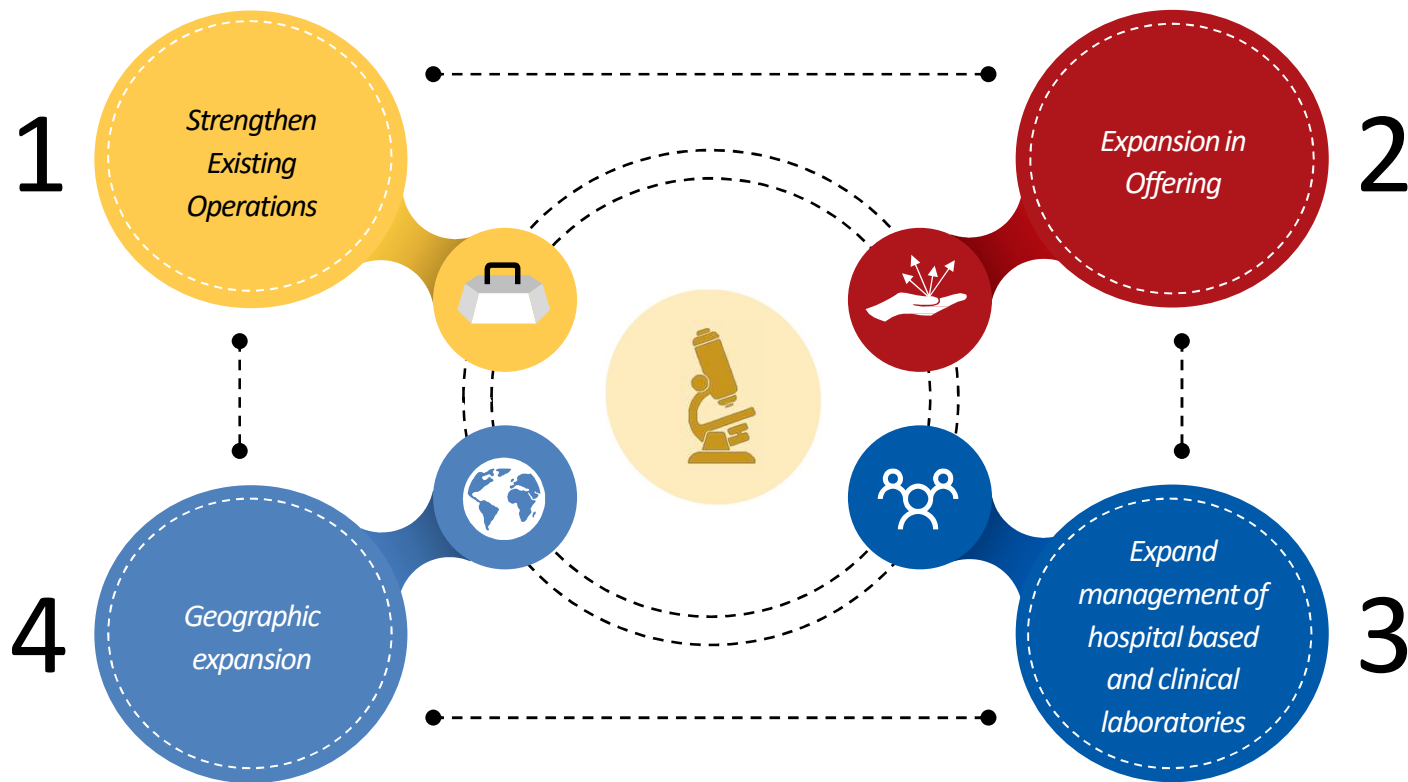


\*Mutual Funds includes Alternate Investment Funds as well

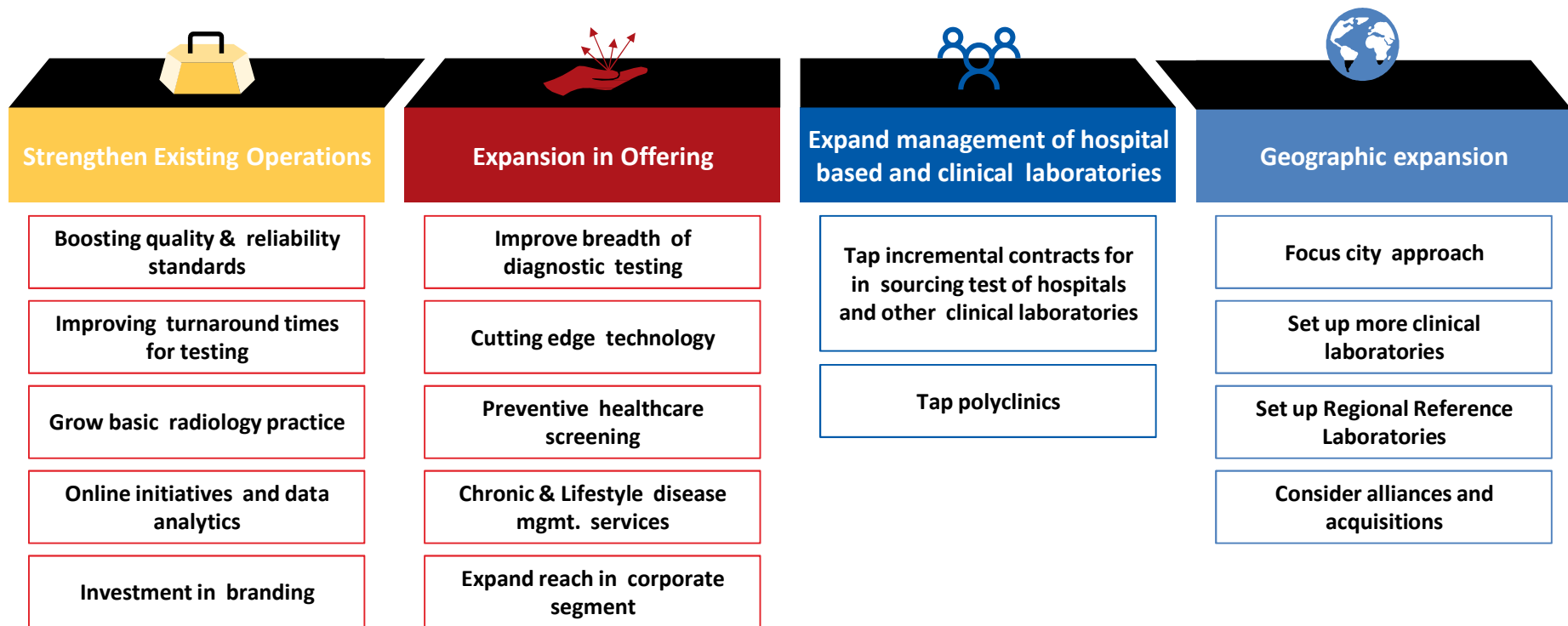
# DLPL Strategy for future growth



# DLPL Strategy for future growth



# DLPL Strategy for future growth



# Contact Us

## About Dr. Lal PathLabs Limited (DLPL)

Dr. Lal PathLabs Limited is one of India's leading consumer healthcare brand in diagnostic services.

It has an integrated nationwide network, where patients and healthcare providers are offered a broad range of diagnostic and related healthcare tests and services for use in: core testing, patient diagnosis and the prevention, monitoring and treatment of disease and other health conditions. The services of DLPL are aimed at individual patients, hospitals and other healthcare providers and corporates. The catalogue of services includes 455 test panels, 2,537 pathology tests and 1,961 radiology and cardiology tests as on March 31, 2020.

As on March 31, 2020, DLPL's has 216 clinical labs (including National Reference Lab at Delhi & Regional Reference Lab at Kolkata), 3,095 Patient Service Centers (PSCs) and 6,995 Pick-up Points (PUPs). In FY19 & FY20, DLPL collected and processed approximately 41.8 million samples and 47.7 million samples from approximately 17.6 million and 19.4 million patients, respectively.

**Additional information on Dr. Lal PathLabs Limited: Corporate Identification No: L74899DL1995PLC065388**

**Website:** <https://www.lalpathlabs.com>

**For further  
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