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Industry Insights - Financial Performance & Valuation Trends

Healthcare Industry
September 23

Background (Coverage & Approach)

Transique Corporate Advisors takes immense pleasure in presenting its Seventh Industry Insight report capturing the financial performance and valuation trends over 3 year period across of “Healthcare Industry” and its Sub Industries including Biotechnology, Healthcare Research Analytics & Technology, Healthcare Service Provider, Hospital, Medical Equipment & Supplies and Pharmaceuticals. These trends are based on the data of last two audited financial years (FY 2020-21 and FY 2021-22) and trailing twelve months (TTM) consolidated financials as on July 2023.

The purpose of this “Healthcare Industry Insight Report” is to provide an executive summary of Healthcare Industry including its emerging Industry trends and Investment opportunities, macro understanding of the financial performance and movement in the median valuation multiples of companies operating in Healthcare Industry and its sub Industries.

For preparation of this Healthcare Industry Insight report on we have analysed 267 companies listed on NSE/BSE. After applying our proprietary filtration criteria for eliminating the outliers and adjusting for Infrequently Traded Companies, we have done detailed analysis of 105 companies which has been summarised in this report.

We hope this Industry Report Series: Financial performance and Valuation trends would be of use to the Corporates, Investors and Professionals. If you require any guidance or support or have any feedback, you may write to us at info@transique.in.

To read about more such Industry Insights and Valuations of 21 Industries and 193 Sub Industries, click here: https://www.transiqueadvisors.com/transique-insight/

Executive Summary : Healthcare Industry

Background	Healthcare has become one of India's largest sectors, both in terms of revenue and employment. The Indian healthcare sector is expected to record a three-fold rise, growing at a CAGR of 22% between 2016–22 to reach US$ 372 billion in 2022 from US$ 110 billion in 2016. India's public expenditure on healthcare touched 2.1 % of GDP in FY23 and 2.2% in FY22, against 1.6% in FY21, as per the Economic Survey 2022-23.
Contribution to GDP	Approximately 2.1%
Employment Generation	4.7 million people approx,
Key Achievements	During 2022-23 (up to December 2022) Foreign Direct Investment, (FDI) inflow in India stood at US$ 36,746 million. The number of allopathic doctors, with recognised medical qualifications (under the I.M.C Act), registered with state medical councils/national medical council increased to 1.3 million in June 2022, from 0.83 million in 2010.
Present Scenario	In the Union Budget 2023-24, the government allocated Rs. 89,155 crore (US$ 10.76 billion) to the Ministry of Health and Family Welfare (MoHFW).The hospital sub-industry in India, accounting for 80% of the total healthcare market, is witnessing a huge investor demand from both global as well as domestic investors. The hospital industry is expected to reach $132 Bn by 2023 from $61.8 Bn in 2017, growing at a CAGR of 16-17%. As of May 2023, the number medical colleges in India stood at 654.
Growth Drivers	The healthcare and pharmaceutical sector in India had M&A activity worth US$ 4.32 billion in the first half of 2022. Reduction in customs duty and other taxes on life-saving equipment. National Rural Health Mission allocated US$ 10 billion for healthcare facilities. According to India Tourism Statistics at a Glance 2020 report, around 697,300 foreign tourists came for medical treatment in India in FY19, which was nearly 7% of the total international tourists who visited the nation.
Future Outlook	Over US$ 500 billion is expected to be spent on medical infrastructure by 2030. The Government is planning to increase public health spending to 2.5% of the country's GDP by 2025. Indian medical tourism market was valued at US$ 2.89 billion in 2020 and is expected to reach US$ 13.42 billion by 2026.

Source: IBEF

Investment Opportunities

- The Indian Drugs & Pharmaceuticals Limited (IDPL), a public limited company, aims to encourage indigenous production of pharmaceuticals and to support various health programmes of the Central Government. It is currently manufacturing 86 products, under Public-Private Partnership, and 25 products, under non-Public Private Partnership mode.

- Japanese companies have been invited to invest in Indian Pharmaceutical and Medical Device Industry. Pharmaceutical Traders Association and Japan Federation of Medical Devices Associations have come to the mutual understanding that cooperation between the two countries can contribute to stabilize the global supply-chain especially of APIs and Medical Devices.

- A Bulk Drug Pharma Park has been proposed in Solan, Himachal Pradesh to give impetus to the Pharmaceutical industry. An amount of INR 200 cr has been sanctioned for the Bulk Drug Pharma Park and a Satellite extension centre of National Institute of Pharmaceutical Education and Research (NIPER).

- The Government of Assam has proposed a Pharmaceutical Park in Chaygaon, Kamrup Rural on a land area of 100 acres. The estimated project cost is INR 153.64 cr.

Source: Make in India

Financial Performance & Valuation Multiples Trends Analysis Healthcare Industry

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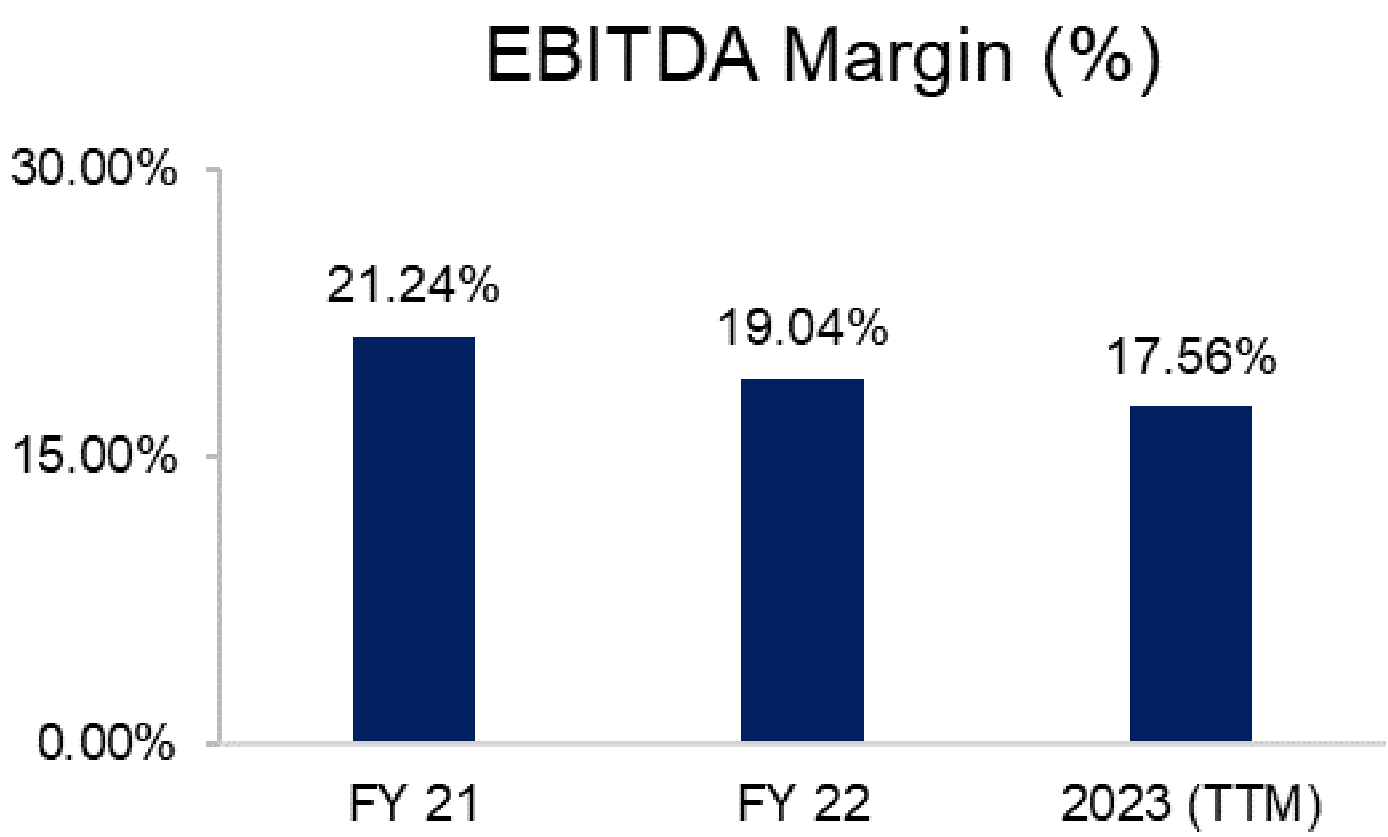
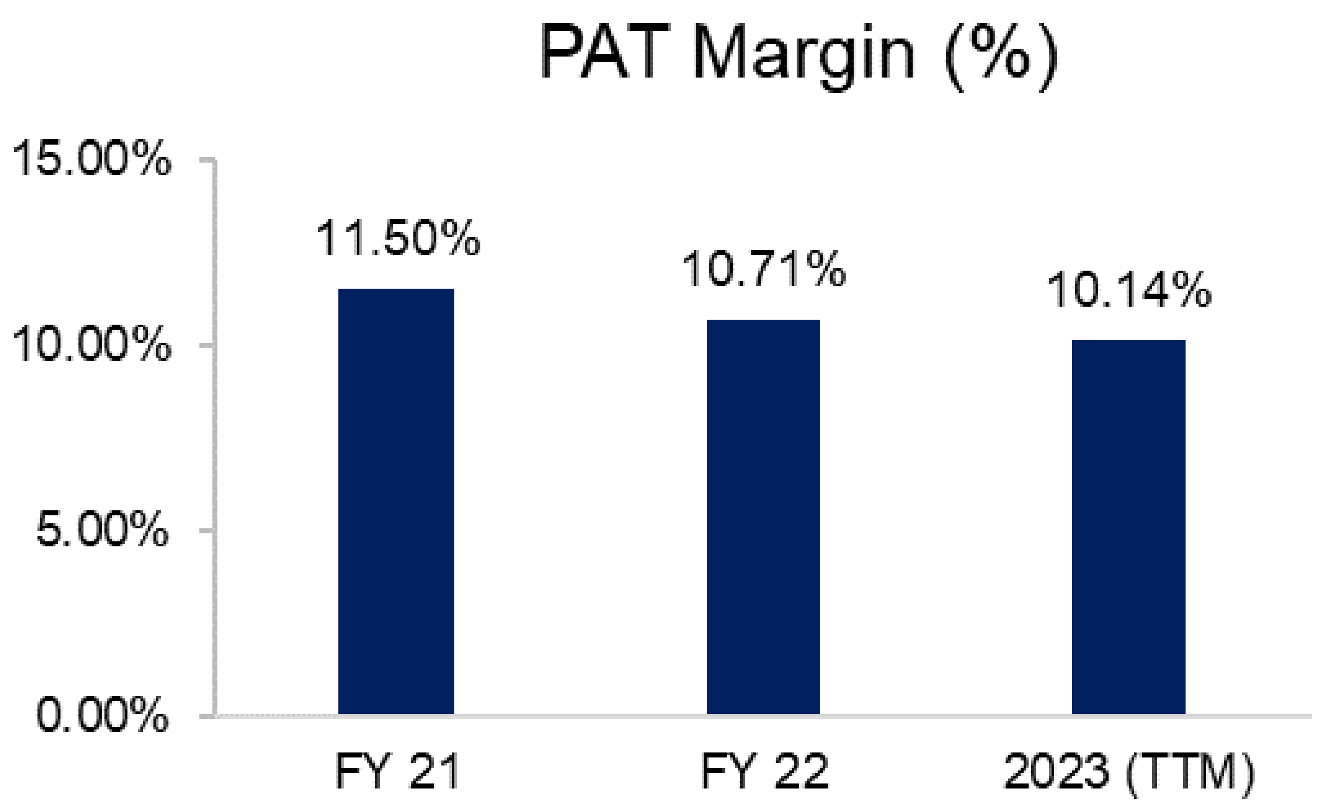
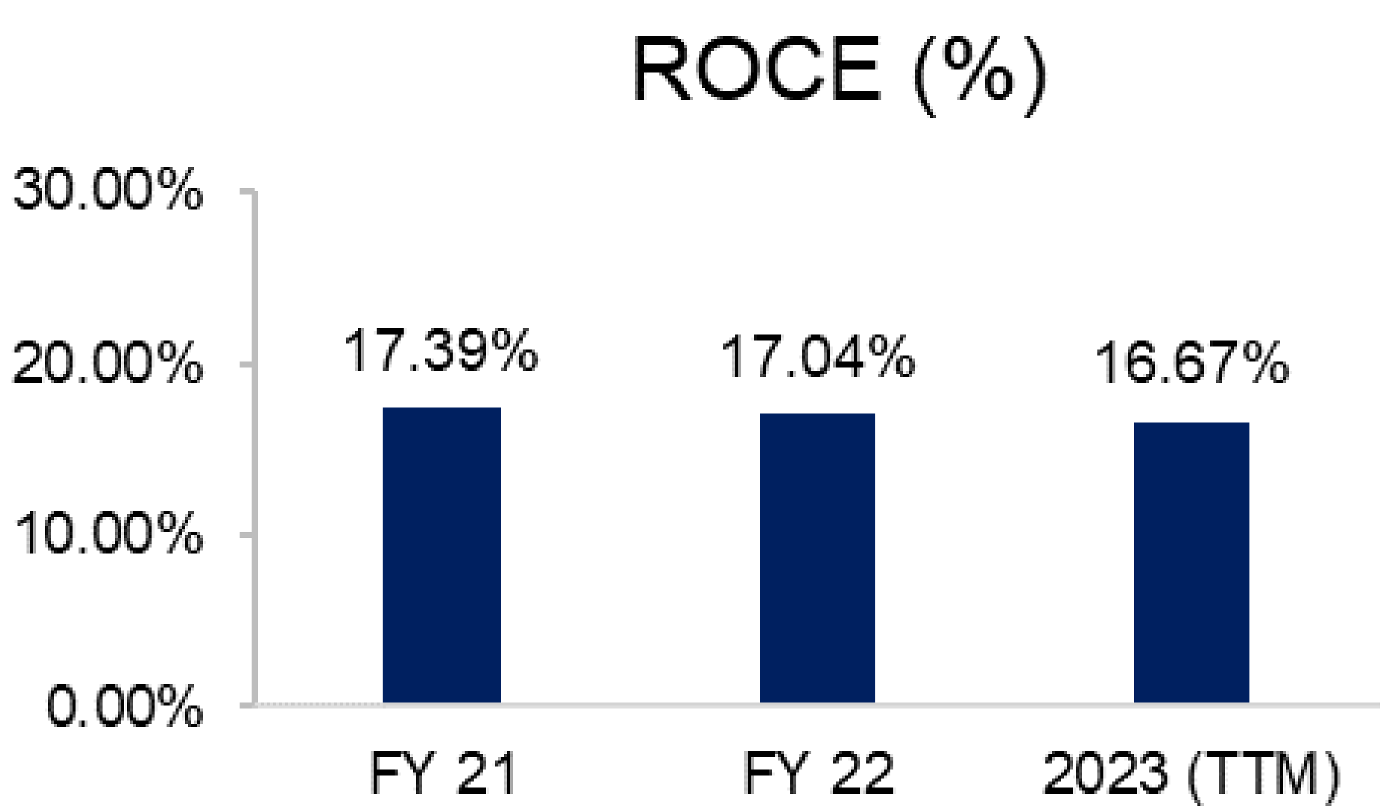
Sub-Industries	Financial Performance			Valuation Multiples
	Revenue Growth	EBITDA Margin	Debt to Market Cap	EV/EBITDA Multiple
Biotechnology	From FY 21 to 2023 at CAGR 7%	Decreased to 31% in 2023 from 34% in FY 21	Increased to 0.01 in 2023 from 0.007 in FY 21	Increased to 15x in 2023 from 5x in FY 21
Healthcare Research, Analytics & Technology	From FY 21 to 2023 at CAGR 21%	Decreased to 31% in 2023 from 34% in FY 21	Decreased to 0.03 2023 from 0.09 in FY 21	Increased to 31x in 2023 from 7x in FY 21
Healthcare Service Provider	From FY 21 to 2023 at CAGR 10%	Decreased to 26% in 2023 from 30% in FY 21	Increased to 0.03 in 2023 from 0.02 in FY 21	Decreased to 21x in 2023 from 23x in FY 21
Hospital	From FY 21 to 2023 at CAGR 23%	Increased to 16% in 2023 from 13% in FY 21	Decreased to 0.06 in 2023 from 0.09 in FY 21	Increased to 17x in TTM from 11x in FY 21
Medical Equipment & Supplies	From FY 21 to 2023 at CAGR 20%	Increased to 27% in 2023 from 21% in FY 21	Decreased to 0.02 2023 from 0.39 in FY 21	Increased to 24x in 2023 from 20x in FY 21
Pharmaceuticals	From FY 21 to 2023 at CAGR 10%	Decreased to 16% in 2023 from 20% in FY 21	Decreased to 0.03 2023 from 0.04 in FY 21	Increased to 14x in 2023 from 8x in FY 21

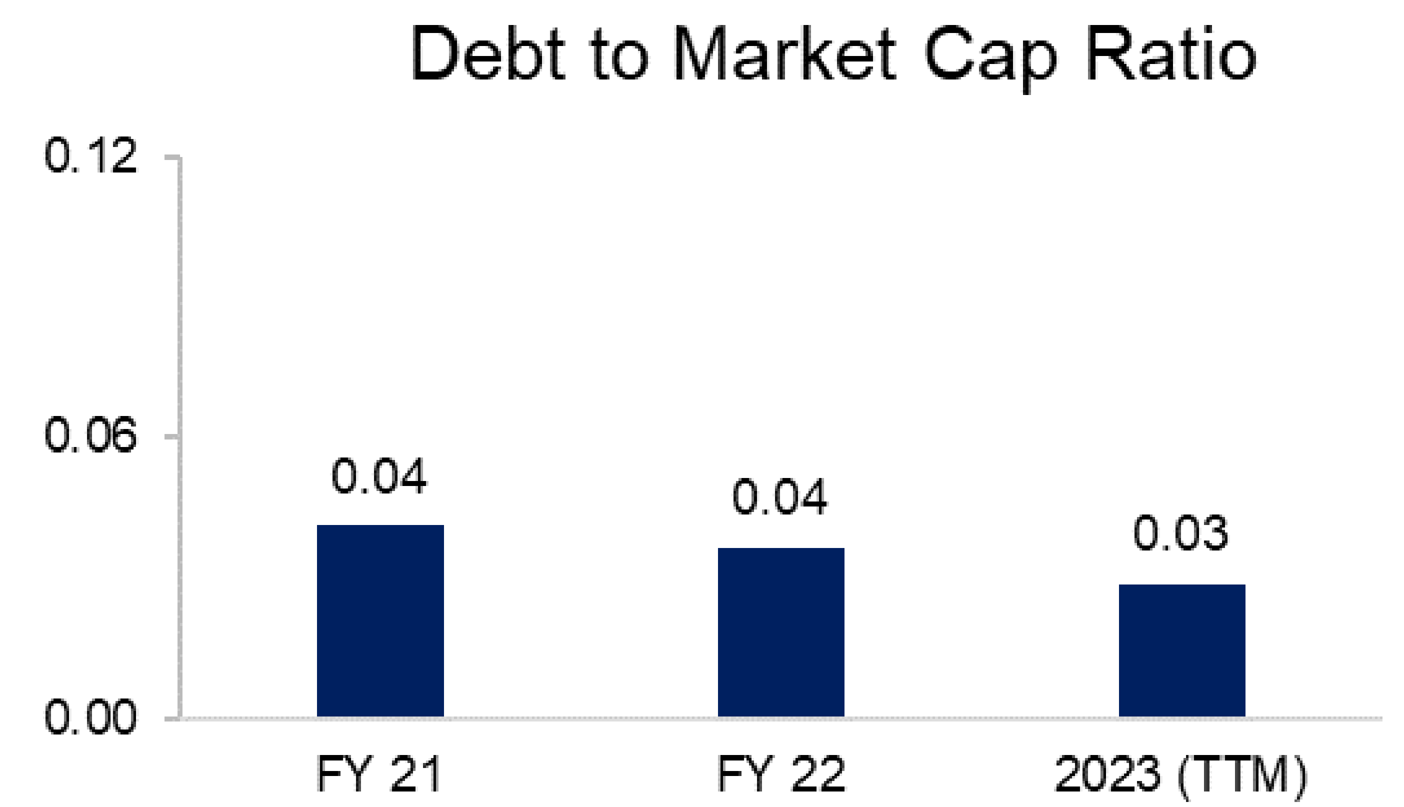
Source: Capitaline
*TTM as on 20 -07-2023

Financial Performance Charts for 3 Years of Healthcare Industry



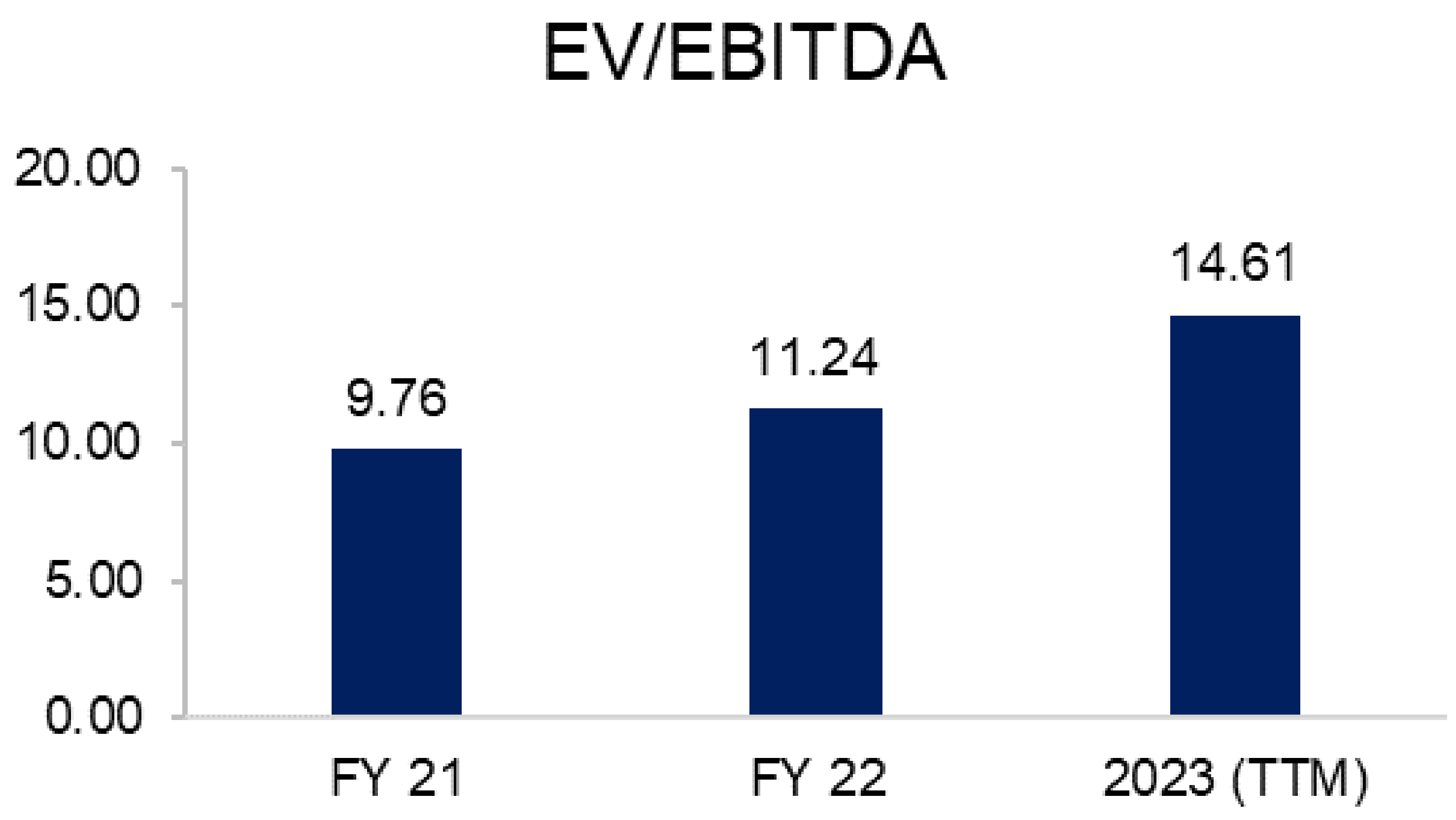


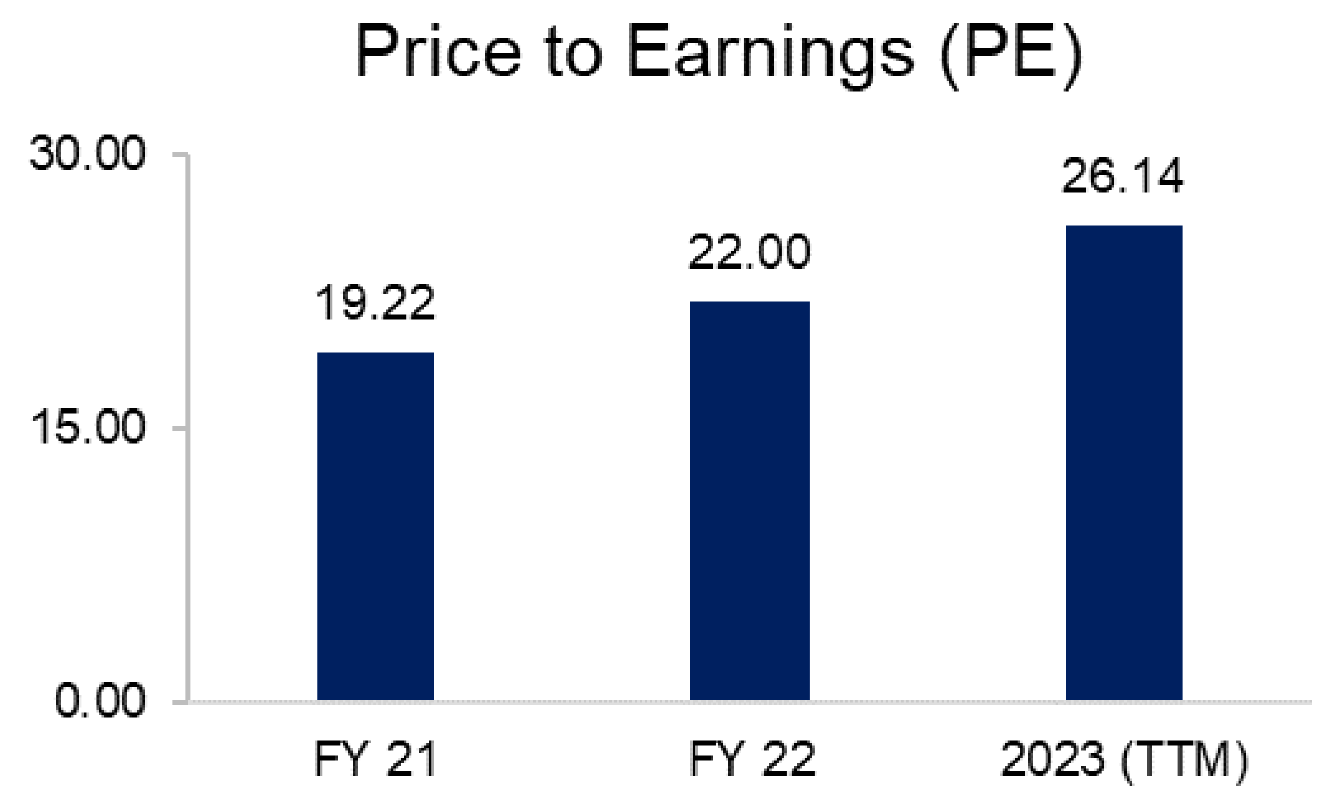


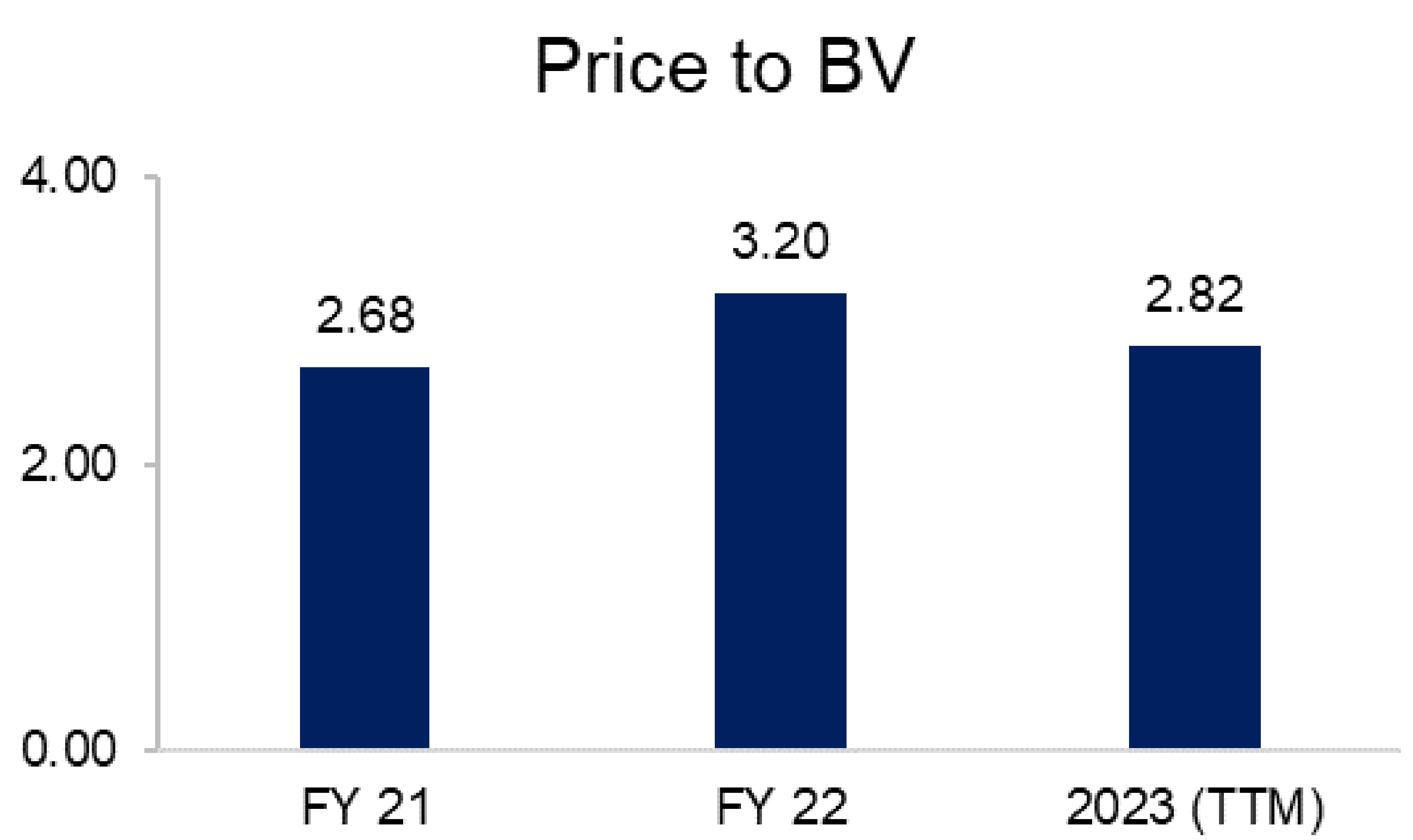


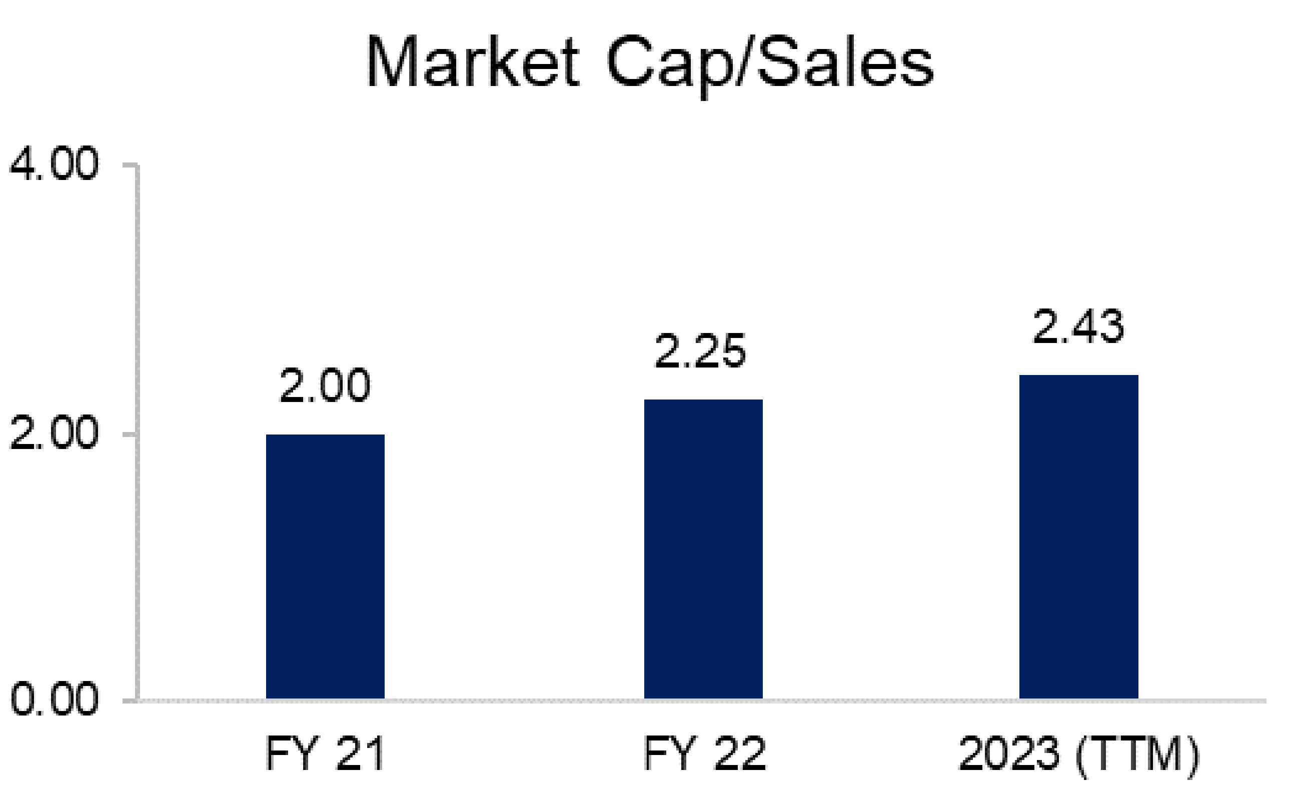
Source: Capitaline
*TTM as on 20 -07-2023

Valuation Multiples Trend analysis for 3 Years of Healthcare Industry









Source: Capitaline
*TTM as on 20 -07-2023

Top Performing Companies in Healthcare Industry

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Biotechnology	advanced enzymes — Where ENZYME is Life	SHREE GANESH BIOTECH LIMITED	Vivo Bio Tech Ltd. — Your Drug Discovery Partner
Healthcare Research, Analytics & Technology	Syngene	Vimta — Driven by Quality. Inspired by Science.	JS Jeevan Scientific Technology Limited — a symbol of quality and diverse solutions
Healthcare Service Provider	Dr Lal PathLabs	METROPOLIS — The Pathology Specialist	Thyrocare — Tests you can trust
Hospital	Apollo HOSPITALS	Aster — We'll Treat You Well	Kovai Medical Center and Hospital — MAKING THE IMPOSSIBLE, POSSIBLE
Medical Equipment & Supplies	POLYMED MEDICAL DEVICES — We Care As We Cure	Pacetronix — An ISO 9001 Company	
Pharmaceuticals	SUN PHARMA	Divis	Dr.Reddy's

Based on Market Capitalization

Industry, Sub Industry & Sub Group Classification

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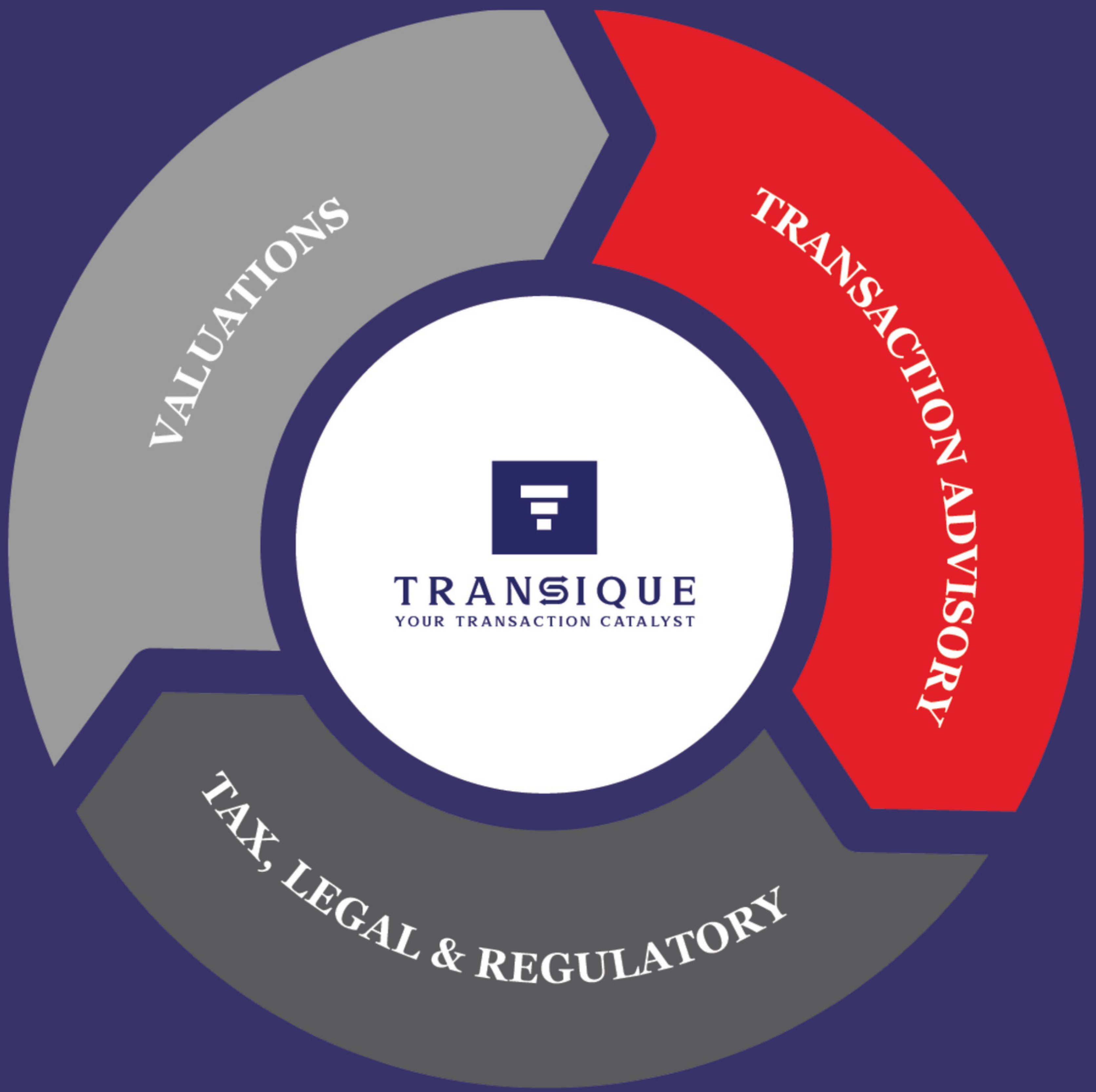
Industry	Sub Industry	Sub Group	No. of Companies
Healthcare	Biotechnology	Biotechnology	1
		Chemicals - Speciality - Medium / Small	1
		Pharmaceuticals - Indian - Bulk Drugs	1
	Healthcare Research, Analytics & Technology	Biotechnology	1
		Miscellaneous - Medium / Small	2
	Healthcare Service Provider	Diagnostic Services	2
		Hospitals / Medical Services	4
	Hospital	Hospitals / Medical Services	8
	Medical Equipment & Supplies	Medical Equipment	2
	Pharmaceuticals	Biotechnology	1
		Chemicals - Inorganic - Medium / Small	1
		Chemicals - Speciality - Medium / Small	1
		Pharmaceuticals - Gelatin Capsules	1
		Pharmaceuticals - I V Fluids	1
		Pharmaceuticals - Indian - Bulk Drugs	21
		Pharmaceuticals - Indian - Bulk Drugs & Formln Lrg	9
		Pharmaceuticals - Indian - Bulk Drugs & Formln M/S	21
		Pharmaceuticals - Indian - Formulations	23
		Pharmaceuticals - Multinational	4
		Total Companies	**105**



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