

**Price:** 6,612

**Recommendation:** Buy

**Industry:** Hospital

**Sector:** Healthcare

**Report Date:** 22-Mar-2025

Apollo Hospitals has shown strong performance in Q3 FY25, with a 14% revenue increase to INR 5,527 crore and a 24% rise in EBITDA to INR 762 crore. The focus on high-end specialties like Cardiac Sciences and Oncology has boosted margins. Apollo HealthCo and Apollo Health & Lifestyle reported 15% revenue growth. The company is expanding its digital platform, Apollo 24/7, and planning new facilities in Pune, Calcutta, and Delhi by H1 FY26, aiming for a 20% growth rate.

Sales		Profit & Loss		Profitability Matrix	
Current Year	8021 Cr	Operating Profit(Year)	1973 Cr	Operating Profit Margin	24.6 %
Previous Year	6525 Cr	Operating Profit(Quarter)	512 Cr	EBITDA Margin	24.19 %
Current Quarter	2055 Cr	PAT (Year)	982 Cr	Net Profit Margin	13.5 %
Previous Quarter	2135 Cr	PAT (Quarter)	342 Cr	EPS	83.6
Revenue (QYoY)	1824 Cr				
Valuation Matrix		Growth(YoY)		Growth(QoQ)	
Trailing P/E	79.1	Sales Growth	14.3 %	Sales Growth	-3.75 %
PEG Ratio	3.01	PAT Growth	-8.48 %	Sales Growth QYoY	12.66 %
EV/EBITDA	42.9	EPS Growth	18.92 %	PAT Growth	-7.57 %
P/B	11.6	Dividend Yield	0.24	PAT Growth QYoY	30.04 %
Capital Allocation		Holdings		Leverage	
RoE	13.4 %	Promoter	29.3 %	Debt/Equity	0.39
RoA	8.47 %	FII	45.3 %	Debt	3170 Cr
RoCE	15.1 %	DII	20.0 %	Market Cap	95064 Cr
RoIC	14.8 %	Public	5.21 %	Enterprise value	97533 Cr
		No of Shares	14.4 Cr	Cash Equivalents	702 Cr

source : Company filings

## Company's Overview Based on Recent Concall and Performance:

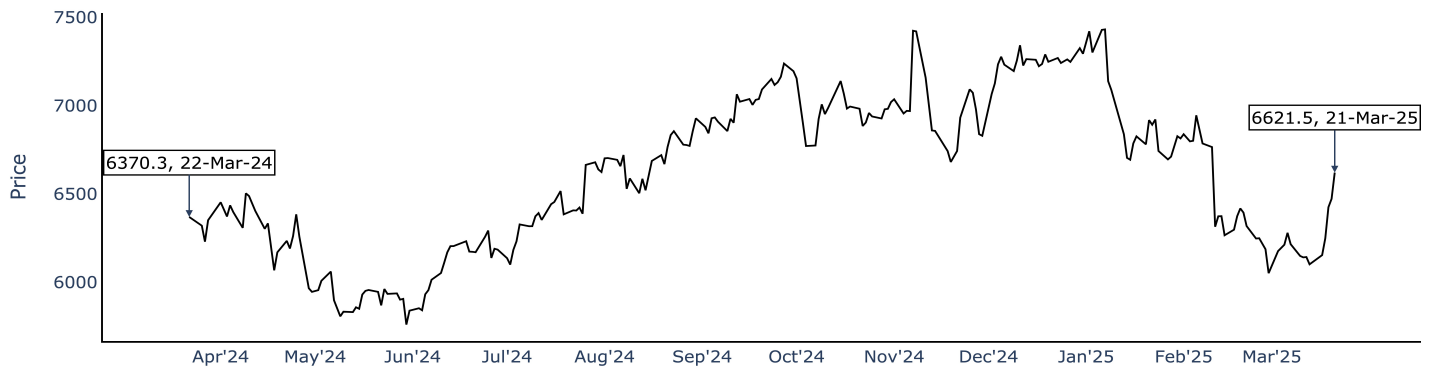
Apollo Hospitals has reported a robust performance in Q3 FY25, with consolidated revenue growing by 14% year-on-year to INR 5,527 crore and EBITDA increasing by 24% to INR 762 crore. The company has focused on high-end specialties such as Cardiac Sciences, Oncology, and Neurosciences, which have contributed significantly to revenue intensity and margin growth. The Healthcare Services business delivered a 13% revenue growth, driven by favorable trends in centers of excellence and payer mix optimization. The company has also seen a 15% increase in revenue from cash and insurance patients, which now account for 83% of inpatient revenue. Apollo HealthCo and Apollo Health & Lifestyle both reported a 15% year-on-year revenue growth, with Apollo HealthCo achieving its first quarterly profit in Q2 and further strengthening its performance in Q3.

The company is actively pursuing new initiatives and business strategies to drive growth. Apollo HealthCo's digital segment is on track to achieve breakeven within the next quarters, supported by a strategic focus on revenue growth, profitability enhancement, and operational excellence. The Keimed merger is progressing well, and the company is expanding its diagnostics and clinics business units to achieve a 15% to 18% growth rate over the next few years. Apollo is also leveraging its digital platform, Apollo 24/7, which added 2 million new users and recorded a GMV growth of 11%. The company is exploring partnerships with financial services institutions to expand its customer base without incurring high costs, and it plans to introduce new insurance products to enhance its revenue mix.

Looking ahead, Apollo Hospitals is well-positioned for future growth and scaling. The company plans to open new facilities in Pune, Calcutta, and Delhi by H1 FY26, with Gurgaon and Hyderabad to follow. These expansions are expected to achieve breakeven quickly due to Apollo's strong brand presence. The company is also focusing on international markets, including Indonesia, Iraq, Iran, Sri Lanka, and the Middle East, to support growth. Apollo's strategic clinician recruitment and clinical program development in key markets are expected to drive continued growth in high-margin specialties. The company aims to achieve a 20% growth rate in its core businesses, supported by the expansion of its diagnostics and insurance segments.

While Apollo Hospitals has demonstrated strong performance and growth potential, there are areas for improvement. The company faces challenges in certain clusters, such as Tamil Nadu and the West, where inpatient volume growth has been muted. The impact of reduced footfalls from Bangladesh has also affected revenue. To address these challenges, Apollo is focusing on optimizing its case mix and expanding its high-end specialties. The company is also working to improve its cost structure and achieve breakeven in its digital business. Overall, Apollo Hospitals is committed to delivering sustainable and profitable growth, with a focus on enhancing its integrated healthcare offerings and expanding its market presence.

APOLLOHOSP Daily Closing One Year Price Chart



Name	Mar Cap (Rs. Cr.)	P/E	ROE	Sales(G) QoQ	Sales(G) QYoY	PAT(G) QoQ	PAT(G) QYoY
<b>Apollo Hospitals</b>	95063.94	79.11	13.42%	-3.77%	12.63%	-7.58%	29.98%
<b>Fortis Health.</b>	47430.25	60.33	7.85%	-3.02%	14.80%	4.58%	76.38%
<b>Narayana Hrudaya</b>	34001.55	43.39	31.43%	-2.38%	13.55%	-2.86%	2.62%
<b>Global Health</b>	33980.33	66.98	17.93%	-1.37%	12.79%	9.21%	15.64%
<b>Krishna Institu.</b>	24574.53	70.58	17.63%	-0.63%	27.49%	-17.41%	23.47%

Aspect	Commentary
<b>Revenue</b>	The company experienced a notable revenue increase, reflecting strong market demand and effective sales strategies. This growth is indicative of the company's ability to capture market share and expand its customer base, positioning it well for future financial stability and expansion opportunities.
<b>Profit &amp; Loss</b>	The profit and loss statement reveals a healthy operating profit, underscoring efficient cost management and revenue generation. However, the net profit margin suggests room for improvement in cost control or revenue enhancement to maximize shareholder value.
<b>Profitability Matrix</b>	Profitability metrics indicate robust operational efficiency, with strong margins reflecting effective cost management and pricing strategies. The company's ability to maintain these margins will be crucial for sustaining long-term profitability and competitive advantage.
<b>Valuation Matrix</b>	Valuation metrics suggest the company is trading at a premium, possibly due to strong growth prospects or market positioning. Investors may view this as a sign of confidence in future performance, though it also implies higher expectations for continued growth.
<b>Growth (YoY)</b>	Year-over-year growth figures highlight the company's ability to expand its operations and increase its market presence. This growth trajectory is a positive indicator of the company's strategic initiatives and market adaptability.
<b>Growth (QoQ)</b>	Quarter-over-quarter growth analysis shows fluctuations that may reflect seasonal trends or operational adjustments. Understanding these patterns is essential for assessing the company's short-term performance and strategic responsiveness.
<b>Capital Allocation</b>	Capital allocation metrics demonstrate a balanced approach to resource management, with returns on equity and assets indicating effective use of capital. This suggests a strategic focus on maximizing shareholder returns while maintaining operational efficiency.
<b>Holdings</b>	The holdings structure reveals a diverse ownership base, with significant institutional investment. This diversity can provide stability and support strategic initiatives, though it also requires effective communication and alignment with shareholder interests.
<b>Leverage</b>	Leverage ratios indicate a conservative approach to debt management, with a manageable debt-to-equity ratio. This financial prudence supports the company's ability to invest in growth opportunities while maintaining financial flexibility and risk management.

**Analyst viewpoint:** Apollo Hospitals has continued to exhibit robust growth in the recent quarter, with a year-on-year revenue increase of 14%, reaching INR 5,527 crore, and EBITDA growth of 24% up to INR 762 crore. The company's strategic emphasis on high-margin specialties such as Cardiac Sciences and Oncology has significantly contributed to this performance, leveraging favorable payer mixes and revenue from cash and insurance patients which now account for a substantial 83% of their inpatient revenue. The expansion of digital health initiatives through Apollo 24/7 and ongoing plans to launch new facilities in key urban centers reinforce their growth trajectory. Notably, Apollo's competitive edge is further evidenced by its strategic expansions and brand strength, which are expected to support a swift breakeven for upcoming facilities.

Despite these positive strides, investors should be cognizant of certain challenges such as muted inpatient volume growth in specific regions like Tamil Nadu and the impact of reduced international patient arrivals. Nevertheless, Apollo remains committed to refining its operational efficiencies and enhancing its cost structures to deliver sustainable growth. The company's initiatives to expand its digital platform and the addition of new insurance products are set to augment future revenue streams, marking it as a strong contender in the healthcare sector for potential investors aiming for short to mid-term gains.

Please read detailed disclosure on next page.

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Investment Rating	Expected Return (over 12-month)
BUY	>=15%
SELL	<-10%
NEUTRAL	>-10% to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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