

Established in July 2007 by promoters of Apollo Tyres, Artemis Hospital is one of the leading health care service providers in Delhi NCR. Company operates one super specialty hospital in Gurgaon with 713 beds and has also diversified in assets light model with 5 small hospitals having 30-50 beds each. Company has set up 3 Hospitals under Daffodil by Artemis, for Luxury specialty healthcare services for mother and childcare, and 2 hospitals under Artemis Lite, a Friendly neighborhood multispecialty hospital. It also has a Joint venture with Philips Medical Systems Netherlands BV with company holding of 65%, wherein company has setup 7 Cardiac care centers again on an asset light model. These comprehensive cardiology centers at tier 2 and 3 cities provides affordable quality care services.

Expansion at Multi specialty Hospital: The company has a multi specialty hospital at Delhi with 2 towers which are fully operational. Further, company is in process of constructing Tower III which will further add 180 beds to existing 561 beds of the hospital. These beds will be added gradually from Q2FY25 to Q1FY26. Expansion at existing hospital helps faster improvement of utilization and also higher monetization of fixed cost leading to improvement in margins. The operating margin of this hospital has seen improvement from 12% in FY22 to 18% in FY24 partially benefitted from gradual recovery in operations of Tower 2. The management expects to deliver 20%+ operating margins post the full utilization of Tower 3 operations.

Increasing overseas presence: Company has inaugurated its first hospital in Mauritius under Operations and Management Agreement with ~80 beds branded as 'Artemis Curepipe Hospital'. The company is looking into increase its footprint in international market through Operations and Management Agreement. It is expected to receive royalty revenue from this agreement, which will be resulted in 1% uptick in its overall margins.

New Hospital expansion in Assets Light strategy: Artemis Lite and Daffodil collectively have delivered EBITDA loss worth ~Rs. 10 cr in FY24 and it is expected to incur half of this loss in FY25. The management indicated break even performance to be achieved in H2FY25. The expansion in Artemis Lite and Daffodil model has been deferred for FY26. In these hospitals, company do not invest in real estate, but tie up for long term lease.

Company's ARPOB has seen substantial improvement in Q4FY24 at Rs. 78,800 which was mainly led by higher number of surgeries and substantial revenue contribution from international patients. Company's 28% of revenue generated from international patients in FY24.

In May'24, Artemis has raised Rs. 330 cr from IFC to increase bed capacity organically or inorganically, and also introduce advanced specialty services.

We Expect Artemis to report ~9% CAGR growth in number of beds during FY23-FY26E. The Revenue and EBITDA is expected to grow at a CAGR of 22%/36% during FY23-FY26E respectively. With improvement in overall utilisation, the ROE is likely to improve to 21.2% in FY26E. Share is available at 15.5x FY26 EV/EBITDA. We recommend to **BUY** the stock with target price of Rs. 326 based on 1 year forward EV/EBITDA of 20x.

Figures in Rs Cr

Year	Revenues	Growth	EBITDA	Margin	PAT	EPS	PE	EV/EBITDA	ROE
FY23	737	32.9%	94	12.7%	39	2.9	86.9	39.1	9.4%
FY24E	879	19.1%	133	15.1%	49	3.6	69.2	27.7	10.9%
FY25E	1,010	14.9%	165	16.4%	75	4.9	51.1	22.2	14.5%
FY26E	1,322	30.9%	237	17.9%	136	8.9	28.1	15.5	21.2%

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