

Apollo Hospitals (APHS) - BUY

Company Update

Current Market Price (CMP) Rs. 7,498	Fair Value (FV) Rs. 8,530
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Rationale:

- Latest move paves way for listing of omnichannel pharmacy & digital health business.
- This move is an incremental positive because it will enable a better comparison of APHS' pure-play hospital financials/valuations with peers.
- Driving increased investor focus on the hospitals segment, ensuring no cash drain from hospitals into online and lowering complexity.
- While we stay less sanguine on 24/7, continued sturdy offline FCF should address any concerns; Maintain BUY.
- We incorporate this deal into SoTP, leading to FV increasing a notch to Rs8,530.

(FCF-Free Cash Flows; SOTP- Sum of the Parts; AHL-Apollo Healthco)

Company update:

Positives:

- Separate pharmacy listing to revive focus on flagship hospitals segment.
- This restructuring further addresses an earlier key investor concern of cash drain.
- This deal would also reduce the complexity in APHS' pharmacy business.

Negatives:

- APHS has marginally lowered its guidance for its omnichannel pharmacy segment.

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For detailed report dated 2nd July 2025. Note: CMP & valuation may differ due to difference in dates.



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