

# Pick of the week

## Apollo Hospitals (APHS)

Recommendation: **ADD**

Current Price: ₹4691

Potential Upside: **10.9%**

Date: **24th January 2022**

Time Period: **12 Months**

Target Price: ₹5200

### Why invest?

- APHS continues to move from strength to strength and is executing well on leveraging its large and widespread existing infrastructure to create a strong digital ecosystem.
- 24/7 has also enhanced its brand visibility through robust marketing and is witnessing strong traction
- With an impending fund raise in HealthCo, we believe APHS can better compete with other e-health players and accelerate its digital journey.
- Offline pharmacy stores will continue to be added at a rate of 350-400 stores per year (net 174 added in 1HFY22).
- APHS has demonstrated a track record of creating new verticals in the past while the market remains competitive.
- We are impressed by APHS' execution across segments and raise our FY2022-24 EBITDA estimates by 8-14% led by higher growth in pharmacy and healthcare business.
- We have also raised our multiple for the healthcare business to 24X (versus 22X earlier) thereby revising Fair Value to Rs.5,200. Retain ADD.