

17 February 2026

India | Equity Research | Results Update

Fortis Healthcare

Pharma

Growth momentum led by hospital vertical

Fortis Healthcare's (Fortis) Q3FY26 result was driven by its hospital vertical which grew ~19.4% YoY. Fortis added 750 beds in 9MFY26, boosting growth (occupied bed rose 13% YoY) and is on course to add another ~430 beds in FY27. Recently acquired Shrimann Superspecialty and People Tree Hospital (300 beds each) will also likely boost growth in the near term. Management expects ARPOB growth of 4–5% going ahead. At Q3-end, net debt stood at INR 25.5bn which may be retired via a preferential allotment of equity shares to promoter IHH. Upgrade to **BUY** with a higher TP of INR 1,050 (vs. INR 970 previously), valuing hospitals/diagnostics business at 25x/23x FY28E EV/EBITDA.

Decent Q3 print led by strong performance across hospitals

Revenue grew 17.5% YoY (-2.8% QoQ) to INR 22.7bn (I-Sec: INR 23.0bn) driven by hospitals business. Gross margin expanded 70bps YoY (+40bps QoQ) at 77.2%. EBITDA grew 34.8% YoY (-9.1% QoQ) to INR 5.1bn (I-Sec: INR 5.2bn) and margin expanded 290bps YoY (+150bps QoQ) to 22.3% (I-Sec: 22.6%). Adjusting for one-time impact of labour code and impairment reversal of INR 459mn, PAT grew a mere 0.7% YoY (-25.0% QoQ) to INR 2.3bn (I-Sec: INR 2.7bn).

Addition of new beds keeps a check on occupancy

Revenue from hospitals grew a strong 19.4% YoY (-1.8% QoQ) to INR 19.4bn driven by better traction at its Anandpur, Noida, Jaipur, FEHI and Mulund hospitals. Occupancy stood lower at 67% in Q3FY26 (occupied beds grew 13% YoY) as against 71% in Q2FY26 and 67% in Q3FY25. ARPOB rose 4.5% YoY to INR 70,137. ALOS stood at 4.29 days vs. 4.18/4.20 QoQ/YoY. Revenue from international patient's surge 18.2% YoY (-7.7% QoQ) to INR 1.56bn. Hospitals' margins stood at 21.7%, up 160bps YoY (-120bps QoQ) aided by better margins at Jalandhar and Nagarbhavi hospitals. 13 hospitals (~77% of revenue) achieved EBITDA margins of over 20%.

Margin profile of Agilus on course for improvement

Diagnostics business' (Agilus) revenue came in at INR 3.3bn, up 7.2% YoY (-8.5% QoQ). Number of tests grew 3.5% YoY to 9.94mn. Patient count was up 2.2% YoY at 4.1mn. Average revenue per test was up 3.5% YoY at INR 329. EBITDA margin expanded 1,020bps YoY (-280bps QoQ) to 26.3%.

Financial Summary

| Y/E March (INR mn) | FY25A | FY26E | FY27E | FY28E |
|--------------------|--------|--------|----------|----------|
| Net Revenue | 77,828 | 92,045 | 1,12,607 | 1,31,686 |
| EBITDA | 15,880 | 21,092 | 26,458 | 31,860 |
| EBITDA Margin (%) | 20.4 | 22.9 | 23.5 | 24.2 |
| Net Profit | 8,460 | 10,778 | 15,009 | 19,563 |
| EPS (INR) | 11.2 | 14.3 | 19.9 | 25.9 |
| EPS % Chg YoY | 44.2 | 27.4 | 39.3 | 30.3 |
| P/E (x) | 81.7 | 64.2 | 46.1 | 35.3 |
| EV/EBITDA (x) | 44.8 | 33.6 | 26.2 | 21.2 |
| RoCE (%) | 8.9 | 10.4 | 12.2 | 14.2 |
| RoE (%) | 10.2 | 11.4 | 14.0 | 15.7 |

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Market Data

| | |
|---------------------|-------------|
| Market Cap (INR) | 691bn |
| Market Cap (USD) | 7,627mn |
| Bloomberg Code | FORH IN |
| Reuters Code | FOHE.BO |
| 52-week Range (INR) | 1,105 / 521 |
| Free Float (%) | 69.0 |
| ADTV-3M (mn) (USD) | 29.9 |

| Price Performance (%) | 3m | 6m | 12m |
|-----------------------|-------|-------|------|
| Absolute | (2.3) | (1.7) | 51.7 |
| Relative to Sensex | (0.8) | (5.1) | 42.0 |

| ESG Score | 2024 | 2025 | Change |
|-------------|------|------|--------|
| ESG score | 63.3 | 67.3 | 4.0 |
| Environment | 45.4 | 54.0 | 8.6 |
| Social | 66.3 | 65.3 | (1.0) |
| Governance | 71.4 | 77.1 | 5.7 |

Note - Score ranges from 0 - 100 with a higher score indicating higher ESG disclosures.

Source: SES ESG, I-sec research

| Earnings Revisions (%) | FY27E | FY28E |
|------------------------|-------|-------|
| Revenue | 0.2 | 0.3 |
| EBITDA | (0.2) | 1.3 |
| EPS | (0.1) | 1.4 |

Previous Reports

13-11-2025: [Q2FY26 results review](#)

08-08-2025: [Q1FY26 results review](#)

Valuation and risks

Fortis' existing network of hospitals has gained decent momentum as occupancy across FMRI (80%), Mulund (~65%) and a few more hospitals has improved significantly. Nearly 13 hospitals across the chain (accounting for 78% of hospital revenue) have EBITDA margins of ~20% which reflects the benefits of the past efforts taken by the management. The company added ~750 beds (500 via M&A and 250 organically) in 9MFY26 and plans to add ~430 beds in FY27. New bed addition and ARPOB hike (4-5%) are likely to ensure that growth momentum across the hospital vertical is maintained for the next couple of years. Management remains focused on acquisitions in existing regions and sustaining growth momentum over the next two years.

Fortis continues to demonstrate improving hospital-level profitability, stable ARPOB growth and disciplined expansion. We expect sustained revenue momentum led by new bed additions, rising contribution from high-end specialties and operating leverage across diagnostics to support healthy earnings growth over the medium term.

We expect a 26.1% EBITDA CAGR over FY25–28E driven by a revenue CAGR of 19.2%. EBITDA margin is likely to rise to ~24% over the next couple of years backed by improvement in ARPOB, surge in occupancy, divestment of loss-making hospitals and healthy growth in Agilus Diagnostics.

The stock currently trades at EV/EBITDA of 26.2x FY27E and 21.2x FY28E. We upgrade our rating to **BUY** (earlier *Hold*) with a revised target price of INR 1,050 (earlier INR 970), based on FY28E SoTP-based valuation, valuing hospitals/diagnostics business at 25x/23x FY28E EV/EBITDA (earlier 28x/27x FY27E EV/EBITDA).

Downside risks: Regulatory hurdles, and higher-than-expected competition.

Exhibit 1: Sum of the parts (SoTP) valuation

| | FY28E EBITDA (INR mn) | (x) | Values (INR mn) |
|------------------------|-----------------------|-----|-----------------|
| Hospitals | 27,044 | 25 | 6,76,378 |
| Agilus (89.2% stake) | 4,815 | 23 | 98,789 |
| EV | | | 7,75,167 |
| Less: Net debt | | | (17,420) |
| Implied Mkt Cap | | | 7,92,587 |
| Value per share | | | 1,050 |

Source: Company data, I-Sec research

Q3FY26 conference call highlights

Hospitals

- Occupancy remained steady at 67% while occupied beds increased by 14% YoY to 3,189 beds.
- ARPOB rose 4.5% YoY; mix of price and product miss led by an increased share of complex cases (+52% increase in robotic surgeries). It expects ARPOB increase of 4-5% ahead.
- In Q3FY26, 13 hospitals achieved EBITDA margins of over 20%. These hospitals accounted for 77% of revenue, as against 10 hospitals (73% of revenue) having 20%+ EBITDA in FY25.
- 100-bed hospital at Nagarbhavi registered an EBITDA margin of more than 25%.
- Manesar facility registered revenue of INR 150bn and positive EBITDA. It has initiated the work on oncology block which will further aid occupancy.
- It is working on improving occupancy at BG Road hospital. Earlier, Mulund had similar occupancy as BG Road, but it has now improved to ~65%.
- FMRI is operating at occupancy level of ~80%.
- It has recorded O&M fees of INR 50mn from Gleneagles. O&M revenue stood at INR 1.72bn and EBITDA was 3% after absorbing 3% fees.
- It is starting oncology department at Hyderabad and LG Nagar hospitals.
- Margins at Jaipur hospital continue to be weaker. The company is evaluating the introduction of oncology therapy at this hospital which will help it improve margins.
- Jalandhar and Greater Noida hospitals contributed 4% of revenue growth, balance came from existing units. Jalandhar registered EBITDA margin of ~25% while greater Noida had a slight drag in margin.
- Management is evaluating some acquisitions in its existing clusters.
- In Jan'26, it acquired 125-bed People Tree Hospital in Yeshwanthpur, Bengaluru for INR 4.3bn through a 100% acquisition of TMI Healthcare Pvt. Ltd along with the underlying land and building, and an adjacent land parcel enabling future expansion to over 300 beds.
- The People Tree Hospital is currently operating below Fortis' margins and would require some investments ahead. Construction of a new wing with 175 beds will be completed in 24-30 months.
- In Nov'25, it launched 'Adayu', a 36-bedded specialised mental health care facility in Gurugram.
- Added 750 beds (500 beds via M&A and 250 through organic route) to its network in 9MFY26, including the acquisition of hospitals in Bangalore and Jalandhar, Greater Noida lease facility, launch of Adayu facility and bed addition at existing hospitals at Manesar, Noida and Faridabad.
- New bed addition has led to an occupancy drag of 50bps primarily due to Greater Noida hospital and Adayu.
- It plans to add ~430 beds in FY27 (including ~200 at FMRI, of which it will commission ~100 beds by Apr'26).
- Net debt stood at INR 25.5bn with net debt/EBITDA at 1.24x in Dec'25.

- It is awaiting clarity on CGHS and ECHS rate hikes; no meaningful benefit in Q3.
- International revenue is likely to be stable, in the range of ~8-9%. It is focusing on newer avenues in East Africa, Middle East and Central Asia.
- IHH may infuse equity capital (5% raise via preferential allotment). The proposal will be evaluated over the next 3-6 months.
- Management expects to sustain the current growth momentum for the next 2 years.

Diagnostics

- Preventive portfolio accounted for 12% of revenue supported by growing customer adoption of preventive panels and corporate wellness offerings.
- Agilus conducted 9.9mn tests in Q3FY26 vs. 9.6mn in Q3FY25.
- Added 175 customer touchpoints to its network in Q3FY26. Total customer touchpoints at end-Dec'25 stood at 4,370.
- B2C:B2B revenue mix stood at 52:48 in Q3.
- Specialised tests accounted for 35% of Agilus' revenue vs. 33% in Q3FY25; routine at 53% and wellness accounted for 12%.
- Growth across geographies and product lines remains well distributed with routine specialised and wellness portfolios contributing to the momentum.
- Revenue contribution from North stood at 29%, South at 34%, West at 20%, East at 12% and international markets at 5%.

Exhibit 2: Quarterly review

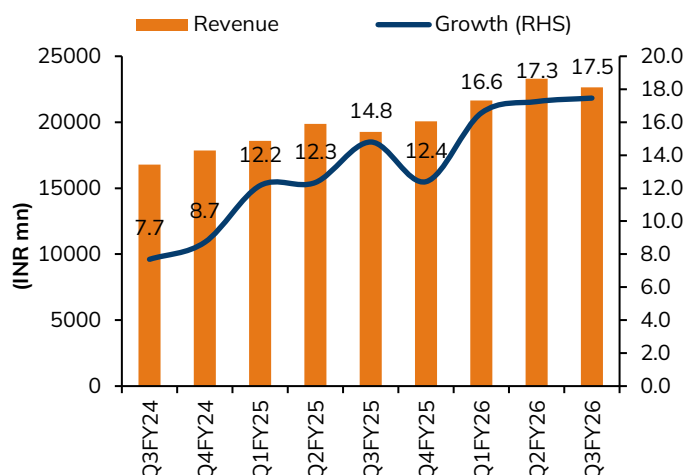
| Particulars (INR mn) | Q3FY26 | Q3FY25 | YoY % Chg | Q2FY26 | QoQ % Chg | 9MFY26 | 9MFY25 | YoY % Chg |
|-------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|-------------|
| Net Sales | 22,650 | 19,283 | 17.5 | 23,314 | (2.8) | 67,632 | 57,756 | 17.1 |
| Gross profit | 17,489 | 14,748 | 18.6 | 17,919 | (2.4) | 51,934 | 44,084 | 17.8 |
| Gross margins (%) | 77.2 | 76.5 | 70bps | 76.9 | 40bps | 76.8 | 76.3 | 50bps |
| EBITDA | 5,057 | 3,751 | 34.8 | 5,563 | (9.1) | 15,527 | 11,525 | 34.7 |
| EBITDA margins (%) | 22.3 | 19.5 | 290bps | 23.9 | -150bps | 23.0 | 20.0 | 300bps |
| Other income | 118 | 230 | (48.5) | 263 | (55.0) | 564 | 540 | 4.4 |
| PBITD | 5,175 | 3,981 | 30.0 | 5,826 | (11.2) | 16,091 | 12,065 | 33.4 |
| Depreciation | 1,201 | 973 | 23.4 | 1,058 | 13.5 | 3,275 | 2,834 | 15.6 |
| Interest | 857 | 452 | 89.9 | 749 | 14.5 | 2,302 | 1,169 | 97.0 |
| Extra ordinary income/ (exp.) | (459) | 238 | - | 235 | - | (98) | (358) | - |
| PBT | 2,657 | 2,794 | (4.9) | 4,254 | (37.5) | 10,417 | 7,705 | 35.2 |
| Tax | 683 | 251 | 172.1 | 966 | (29.3) | 2,487 | 1,491 | 66.7 |
| Tax Rate (%) | 25.7 | 9.0 | 1670bps | 22.7 | 300bps | 23.9 | 19.4 | 450bps |
| Minority Interest | 37 | 64 | (42.7) | 69 | (46.8) | 171 | 310 | (45.0) |
| Reported PAT | 1,937 | 2,479 | (21.9) | 3,219 | (39.8) | 7,759 | 5,903 | 31.4 |
| Adjusted PAT | 2,278 | 2,262 | 0.7 | 3,037 | (25.0) | 7,834 | 6,192 | 26.5 |
| NPM (%) | 10.1 | 11.7 | -170bps | 13.0 | -300bps | 11.6 | 10.7 | 90bps |

Source: Company data, I-Sec research

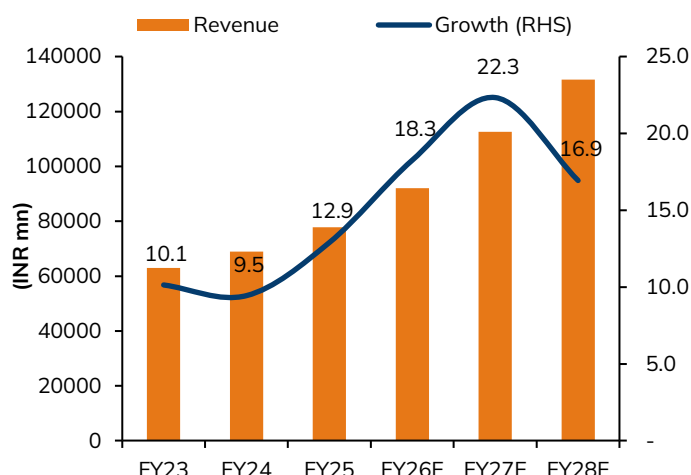
Exhibit 3: Business mix (INR mn)

| | Q3FY26 | Q3FY25 | YoY % Chg | Q2FY26 | QoQ % Chg | 9MFY26 | 9MFY25 | YoY % Chg |
|--------------------|---------------|---------------|-------------|---------------|--------------|---------------|---------------|-------------|
| Hospitals revenue | 19,378 | 16,230 | 19.4 | 19,738 | (1.8) | 57,495 | 48,269 | 19.1 |
| EBITDA margins (%) | 21.7 | 20.0 | 160bps | 22.9 | -120bps | 22.2 | 20.0 | 220bps |
| Agilus revenue | 3,272 | 3,053 | 7.2 | 3,576 | (8.5) | 10,137 | 9,487 | 6.9 |
| EBITDA margins (%) | 26.3 | 16.1 | 1020bps | 29.1 | -280bps | 27.1 | 19.4 | 770bps |
| Total | 22,650 | 19,283 | 17.5 | 23,314 | (2.8) | 67,632 | 57,756 | 17.1 |

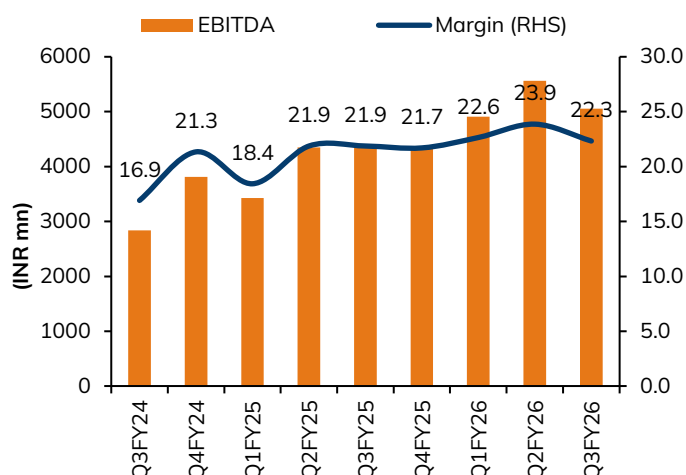
Source: Company data, I-Sec research

Exhibit 4: Momentum across segments is driving growth

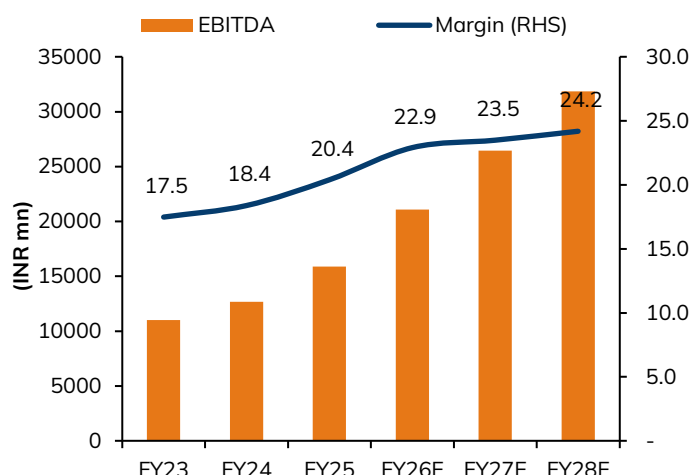
Source: I-Sec research, Company data

Exhibit 5: Hospital revenue to deliver healthy growth with improved occupancies and capacities

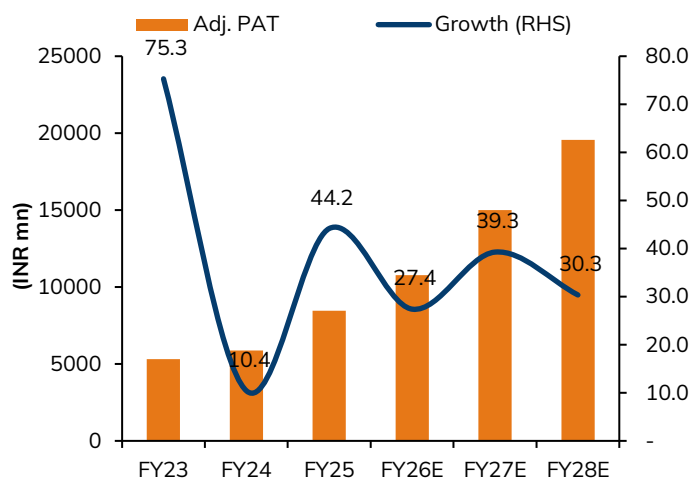
Source: I-Sec research, Company data

Exhibit 6: Hospital and diagnostics verticals contributed to overall improvement in margins

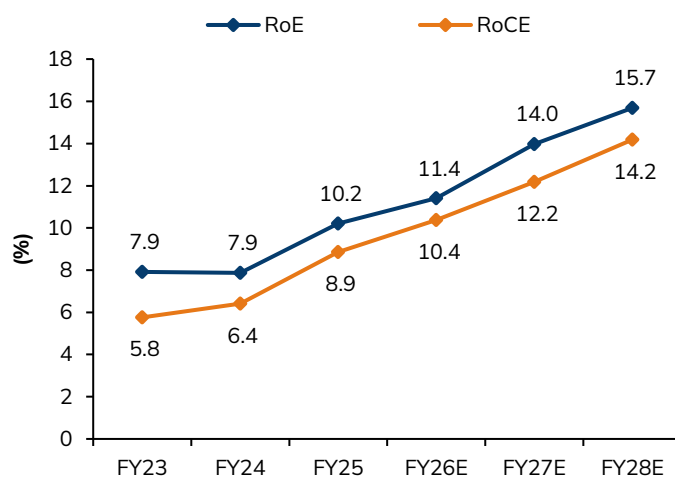
Source: I-Sec research, Company data

Exhibit 7: Expect ~380bps improvement in margin over FY25-28E

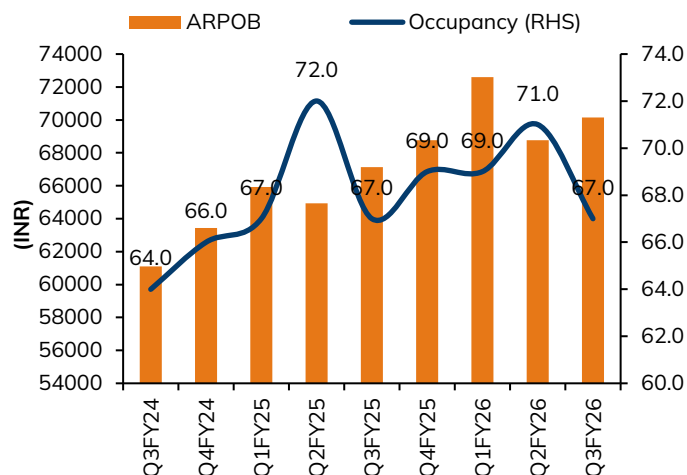
Source: I-Sec research, Company data

Exhibit 8: Sustained improvement in profitability

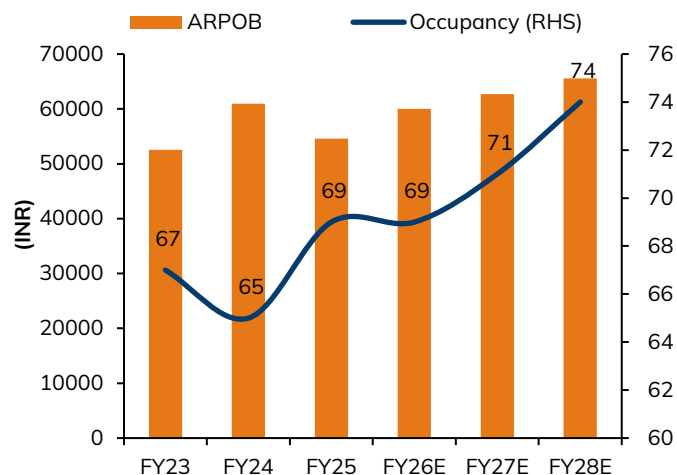
Source: I-Sec research, Company data

Exhibit 9: Return ratios may grow at a healthy rate

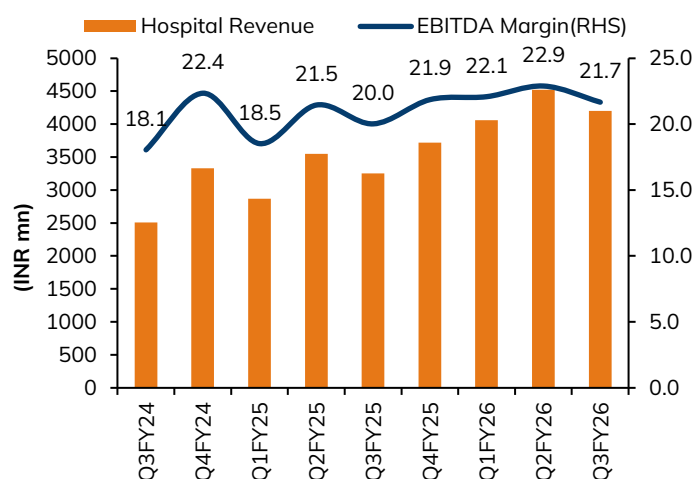
Source: I-Sec research, Company data

Exhibit 10: ARPOB rose 4.5% YoY

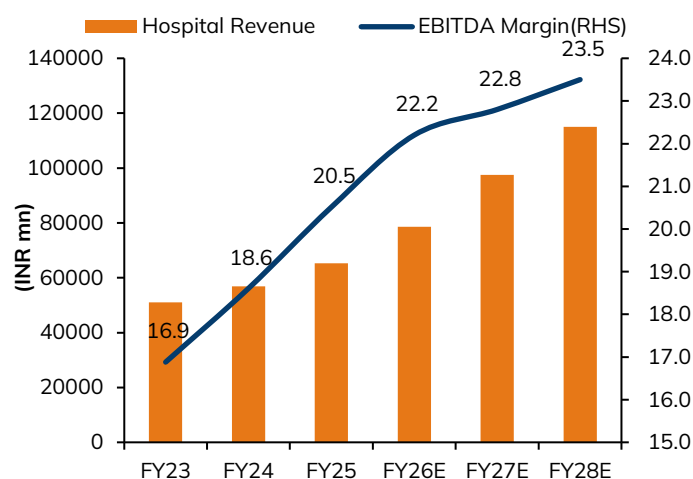
Source: I-Sec research, Company data

Exhibit 11: New bed addition to drive ARPOB growth

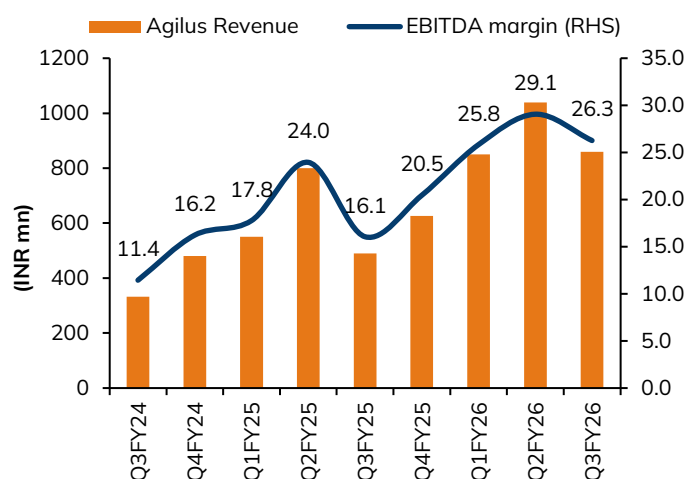
Source: I-Sec research, Company data

Exhibit 12: Better case mix boosts margins

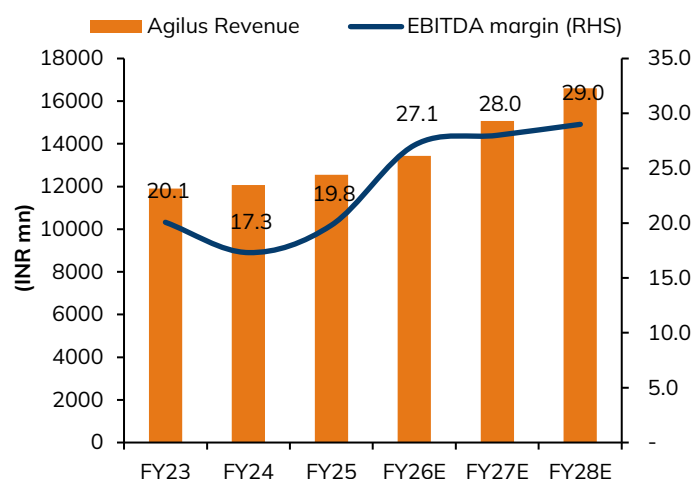
Source: I-Sec research, Company data

Exhibit 13: Hospital business margin may be ~24% in FY28E

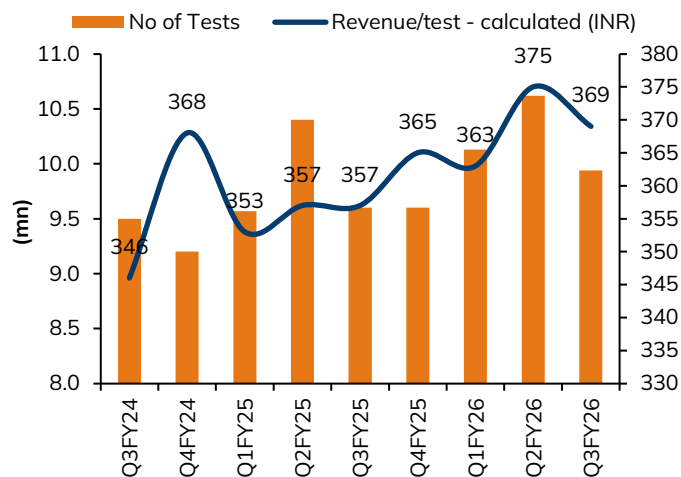
Source: I-Sec research, Company data

Exhibit 14: Margin improved 1020bps YoY

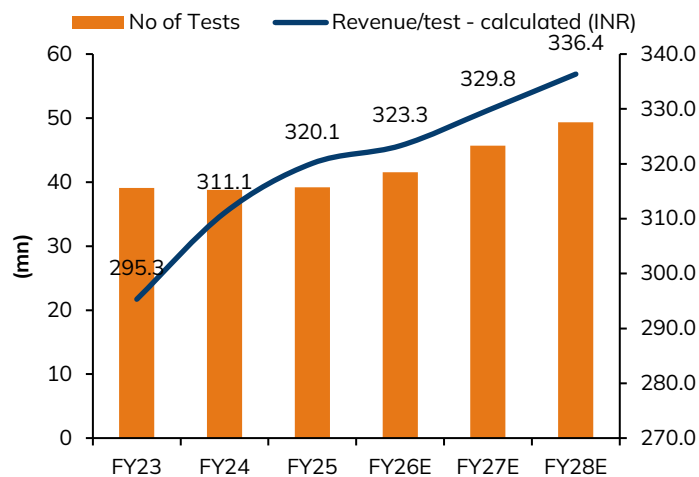
Source: I-Sec research, Company data

Exhibit 15: Adding spokes to the network may drive growth

Source: I-Sec research, Company data

Exhibit 16: Number of tests grew 3.5% YoY

Source: I-Sec research, Company data

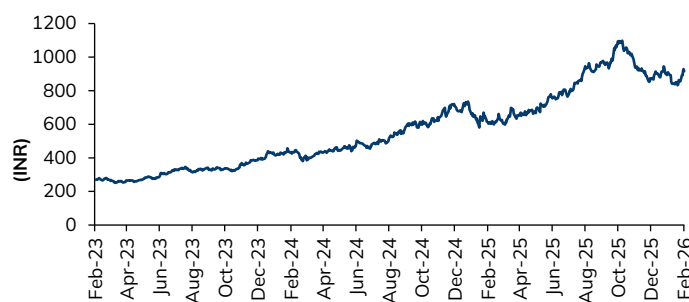
Exhibit 17: Efforts to improve test volumes underway

Source: I-Sec research, Company data

Exhibit 18: Shareholding pattern

| % | Jun'25 | Sep'25 | Dec'25 |
|-------------------------|--------|--------|--------|
| Promoters | 31.2 | 31.2 | 31.2 |
| Institutional investors | 56.8 | 56.9 | 57.2 |
| MFs and others | 26.1 | 24.9 | 24.2 |
| FIs/Banks | 1.2 | 1.4 | 1.4 |
| Insurance | 2.4 | 2.7 | 3.7 |
| FIIIs | 27.2 | 27.9 | 27.8 |
| Others | 12.0 | 11.9 | 11.7 |

Source: Bloomberg

Exhibit 19: Price chart

Source: Bloomberg

Financial Summary

Exhibit 20: Profit & Loss

(INR mn, year ending March)

| | FY25A | FY26E | FY27E | FY28E |
|--|---------------|---------------|-----------------|-----------------|
| Net Sales | 77,828 | 92,045 | 1,12,607 | 1,31,686 |
| Operating Expenses | 61,948 | 70,953 | 86,149 | 99,827 |
| EBITDA | 15,880 | 21,092 | 26,458 | 31,860 |
| EBITDA Margin (%) | 20.4 | 22.9 | 23.5 | 24.2 |
| Depreciation & Amortization | 3,856 | 4,478 | 4,920 | 5,215 |
| EBIT | 12,024 | 16,614 | 21,538 | 26,645 |
| Interest expenditure | 1,844 | 3,168 | 2,015 | 995 |
| Other Non-operating Income | 669 | 696 | 731 | 768 |
| Recurring PBT | 10,849 | 14,142 | 20,255 | 26,418 |
| Profit / (Loss) from Associates | 115 | 138 | 166 | 199 |
| Less: Taxes | 1,977 | 3,262 | 5,105 | 6,654 |
| PAT | 8,988 | 11,018 | 15,315 | 19,963 |
| Less: Minority Interest | 352 | 218 | 306 | 399 |
| Extraordinaries (Net) | (893) | (98) | - | - |
| Net Income (Reported) | 7,743 | 10,702 | 15,009 | 19,563 |
| Net Income (Adjusted) | 8,460 | 10,778 | 15,009 | 19,563 |

Source Company data, I-Sec research

Exhibit 21: Balance sheet

(INR mn, year ending March)

| | FY25A | FY26E | FY27E | FY28E |
|--|-----------------|-----------------|-----------------|-----------------|
| Total Current Assets | 14,714 | 19,880 | 26,895 | 38,472 |
| of which cash & cash eqv. | 5,080 | 8,486 | 12,956 | 22,171 |
| Total Current Liabilities & Provisions | 14,435 | 16,203 | 18,983 | 21,382 |
| Net Current Assets | 278 | 3,677 | 7,912 | 17,090 |
| Investments | 1,690 | 1,690 | 1,690 | 1,690 |
| Net Fixed Assets | 46,967 | 54,488 | 55,569 | 56,354 |
| ROU Assets | 11,515 | 11,515 | 11,515 | 11,515 |
| Capital Work-in-Progress | 4,065 | 4,065 | 4,065 | 4,065 |
| Total Intangible Assets | 45,756 | 45,756 | 45,756 | 45,756 |
| Other assets | 9,039 | 9,039 | 9,039 | 9,039 |
| Deferred Tax Assets | 3,146 | 3,146 | 3,146 | 3,146 |
| Total Assets | 1,22,480 | 1,33,401 | 1,38,716 | 1,48,679 |
| Liabilities | | | | |
| Borrowings | 21,953 | 21,953 | 11,953 | 1,953 |
| Deferred Tax Liability | 4,398 | 4,398 | 4,398 | 4,398 |
| provisions | 1,629 | 1,629 | 1,629 | 1,629 |
| other Liabilities | 8 | 8 | 8 | 8 |
| Equity Share Capital | 7,550 | 7,550 | 7,550 | 7,550 |
| Reserves & Surplus | 81,616 | 92,318 | 1,07,327 | 1,26,891 |
| Total Net Worth | 89,165 | 99,868 | 1,14,877 | 1,34,440 |
| Minority Interest | 2,529 | 2,747 | 3,053 | 3,453 |
| Total Liabilities | 1,22,480 | 1,33,401 | 1,38,716 | 1,48,679 |

Source Company data, I-Sec research

Exhibit 22: Cashflow statement

(INR mn, year ending March)

| | FY25A | FY26E | FY27E | FY28E |
|--|---------------|---------------|---------------|---------------|
| Operating Cashflow | 14,239 | 18,575 | 22,484 | 26,209 |
| Working Capital Changes | (1,104) | (343) | (273) | (433) |
| Capital Commitments | (8,296) | (12,000) | (6,000) | (6,000) |
| Free Cashflow | 5,943 | 6,575 | 16,484 | 20,209 |
| Other investing cashflow | 503 | - | - | - |
| Cashflow from Investing Activities | (7,794) | (12,000) | (6,000) | (6,000) |
| Issue of Share Capital | 15,500 | - | - | - |
| Interest Cost | - | - | - | - |
| Inc (Dec) in Borrowings | (2,392) | - | (10,000) | (10,000) |
| Dividend paid | (1,089) | - | - | - |
| Others | (19,158) | (3,168) | (2,015) | (995) |
| Cash flow from Financing Activities | (7,138) | (3,168) | (12,015) | (10,995) |
| Chg. in Cash & Bank balance | (693) | 3,406 | 4,470 | 9,215 |
| Closing cash & balance | 5,291 | 8,486 | 12,956 | 22,171 |

Source Company data, I-Sec research

Exhibit 23: Key ratios

(Year ending March)

| | FY25A | FY26E | FY27E | FY28E |
|-----------------------------|-------|-------|-------|-------|
| Per Share Data (INR) | | | | |
| Reported EPS | 10.3 | 14.2 | 19.9 | 25.9 |
| Adjusted EPS (Diluted) | 11.2 | 14.3 | 19.9 | 25.9 |
| Cash EPS | 16.3 | 20.2 | 26.4 | 32.8 |
| Dividend per share (DPS) | 1.4 | - | - | - |
| Book Value per share (BV) | 118.1 | 132.3 | 152.2 | 178.1 |
| Dividend Payout (%) | 14.1 | - | - | - |
| Growth (%) | | | | |
| Net Sales | 12.9 | 18.3 | 22.3 | 16.9 |
| EBITDA | 25.3 | 32.8 | 25.4 | 20.4 |
| EPS (INR) | 44.2 | 27.4 | 39.3 | 30.3 |
| Valuation Ratios (x) | | | | |
| P/E | 89.3 | 64.6 | 46.1 | 35.3 |
| P/CEPS | 56.1 | 45.3 | 34.7 | 27.9 |
| P/BV | 7.8 | 6.9 | 6.0 | 5.1 |
| EV / EBITDA | 44.8 | 33.6 | 26.2 | 21.2 |
| P / Sales | 8.9 | 7.5 | 6.1 | 5.3 |
| Dividend Yield (%) | 0.2 | - | - | - |
| Operating Ratios | | | | |
| Gross Profit Margins (%) | 76.5 | 76.9 | 76.9 | 77.2 |
| EBITDA Margins (%) | 20.4 | 22.9 | 23.5 | 24.2 |
| Effective Tax Rate (%) | 16.8 | 22.9 | 25.2 | 25.2 |
| Net Profit Margins (%) | 10.9 | 11.7 | 13.3 | 14.9 |
| NWC / Total Assets (%) | - | - | - | - |
| Net Debt / Equity (x) | 0.2 | 0.1 | 0.0 | (0.2) |
| Net Debt / EBITDA (x) | 1.0 | 0.6 | (0.1) | (0.7) |
| Profitability Ratios | | | | |
| RoCE (%) | 8.9 | 10.4 | 12.2 | 14.2 |
| RoE (%) | 10.2 | 11.4 | 14.0 | 15.7 |
| RoIC (%) | 8.6 | 10.3 | 12.5 | 15.4 |
| Fixed Asset Turnover (x) | 1.8 | 1.8 | 2.0 | 2.4 |
| Inventory Turnover Days | 6 | 6 | 6 | 6 |
| Receivables Days | 39 | 40 | 40 | 40 |
| Payables Days | 40 | 40 | 41 | 40 |

Source Company data, I-Sec research

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