

# Max India Limited

## Investor Release

*Quarter and Half Year ended September 30, 2018*

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# Max India – Key Highlights (Q2FY19)

- 1** **Max Healthcare** : KKR to acquire LHC's equity stake in MHC at Rs 80/sh, implies an equity value of Rs 4,300 Cr. Transaction expected to close by Q4FY19 post regulatory approvals
- 2** **Max Healthcare** : Net revenue grows 4% sequentially to Rs 670 Cr. EBITDA more than doubles q-o-q to Rs. 65 Cr; margins improve to 9.7%, up 506 bps sequentially
- 3** **Max Bupa**: Gross Premium grows 30% to Rs 219 Cr; Net loss at Rs 23 Cr vs. Rs 6 Cr in PY. Normalising for reinsurance, net loss is Rs 29 Cr vs Rs 20 Cr in PY
- 4** **Max Bupa**: HDFC Bank - Branch banking and Net banking launched in the quarter; Telesales and Branch banking capacity scale up in the coming quarter
- 5** **Antara**: Dehradun community commenced operations in Apr'17; 100 units sold and 66 residents have moved in the community

# MHC Network\* (Financial Snapshot – Q2FY19)

## Revenue

- Net revenue grows 4% sequentially to Rs. 670 Cr.
- Revenue enhancement initiatives have been rolled out:
  - ✓ **Expansion of upcountry locations:** 3 new locations added in the quarter taking the overall count to 16 locations
  - ✓ **International channel:** Started new partner offices in Ethiopia & Nepal; 2nd international office, with success in Kenya, to be opened in Nigeria by Q4
  - ✓ **Digital initiatives:** Digital campaigns for tower specialties initiated – Rs 106 Cr revenue, up 104%
  - ✓ **Focus on rebalancing institutional mix:** Share of Navratna PSUs being increased, 6% growth. Exited tie-ups with 49 unpreferred accounts including NDMC, BSF and BSES Yamuna Power Ltd.

## Profitability

- EBITDA more than doubles to Rs. 65 Cr, up 118% sequentially, primarily on the back of cost actions. EBITDA Margins improve to 9.7%, up 506 bps sequentially.
- East Delhi complex margins improved to 14.7%, up 704 bps sequentially. Saket complex margins improved to 11.5%, up 302 bps sequentially
- Strong momentum built up in H1 on driving structured cost reduction, initiatives with savings of Rs 100 Cr + implemented

# MHC Network\* – Performance Dashboard (Q2 & H1FY19)

Rs Cr

Key Business Drivers	Quarter Ended			Growth (%)		Half Year Ended		Growth
	Sep-18	Jun-18	Sep-17	Q-o-Q	Y-o-Y	Sep-18	Sep-17	Y-o-Y
<b>a) Financial Performance</b>								
<b>Revenue (Gross)</b>	<b>727</b>	<b>694</b>	<b>712</b>	<b>5%</b>	<b>2%</b>	<b>1,420</b>	<b>1,414</b>	<b>0%</b>
Revenue (Net)	670	641	676	4%	-1%	1,311	1,342	-2%
<b>Direct Costs</b>								
Material Cost	163	167	169	-2%	-3%	330	336	-2%
Clincian Payout	109	112	116	-3%	-7%	221	234	-6%
<b>Contribution</b>	<b>398</b>	<b>362</b>	<b>390</b>	<b>10%</b>	<b>2%</b>	<b>760</b>	<b>773</b>	<b>-2%</b>
<i>Contribution Margin<sup>^</sup></i>	59.4%	56.5%	57.8%	297 bps	163 bps	58.0%	57.6%	41 bps
<b>Indirect Costs</b>								
Personnel Cost	184	185	170	-1%	8%	368	337	9%
Other Indirect overheads	118	114	117	3%	1%	232	232	0%
HO Costs	32	34	34	-5%	-5%	66	70	-6%
<b>EBITDA</b>	<b>65</b>	<b>30</b>	<b>69</b>	<b>118%</b>	<b>-6%</b>	<b>95</b>	<b>133</b>	<b>-29%</b>
<i>EBITDA Margin<sup>^</sup></i>	9.7%	4.6%	10.3%	506 bps	(54) bps	7.2%	9.9%	(269) bps
Finance Cost	33	28	32	18%	3%	61	64	-5%
<b>Cash Profit</b>	<b>32</b>	<b>2</b>	<b>37</b>	<b>&gt; 100%</b>	<b>-14%</b>	<b>34</b>	<b>69</b>	<b>-51%</b>
Depreciation	38	38	34	0%	10%	76	67	12%
<b>Profit /(loss) before tax</b>	<b>(6)</b>	<b>(36)</b>	<b>3</b>	<b>84%</b>	<b>&lt; -100%</b>	<b>(41)</b>	<b>2</b>	<b>&lt; -100%</b>
Tax	1	1	1	-6%	103%	3	2	10%
<b>Profit /(loss) after tax</b>	<b>(7)</b>	<b>(37)</b>	<b>2</b>	<b>82%</b>	<b>&lt; -100%</b>	<b>(44)</b>	<b>(0)</b>	<b>&lt; -100%</b>
<b>b) Financial Position</b>								
Net Worth	1,033	1,039	1,124	-1%	-8%	1,033	1,124	-8%
Net Debt	1,237	1,222	1,168	1%	6%	1,237	1,168	6%
Fixed Assets - Gross Block	2,187	2,188	2,056	0%	6%	2,187	2,056	6%

\*The above results are for MHC Network of hospitals and includes results for Max Super Specialty Hospital, Saket, unit of Devki Devi Foundation, Max Super Speciality Hospital, Patparganj, unit of Balaji Medical and Diagnostic Research Centre ; Saket City Hospital unit of Gujarmal Modi Hospital & Research Centre & Max Multi Speciality Hospital Greater Noida unit of Four Season Foundation  
<sup>^</sup> on the basis of net revenue

# MHC Network\* – Performance Dashboard (Q2 & H1FY19)

Key Business Drivers	Quarter Ended			Growth (%)		Half Year Ended		Y-o-Y
	Sep-18	Jun-18	Sep-17	Q-o-Q	Y-o-Y	Sep-18	Sep-17	Growth
a) Patient Transactions (Nos. in lacs)								
Inpatient Procedures	0.49	0.47	0.53	3%	-9%	0.96	1.05	-9%
Day care Procedures	0.11	0.11	0.13	1%	-14%	0.23	0.26	-14%
Outpatient Registrations	17.74	17.20	17.99	3%	-1%	34.94	35.24	-1%
<b>Total</b>	<b>18.34</b>	<b>17.78</b>	<b>18.66</b>	<b>3%</b>	<b>-2%</b>	<b>36.12</b>	<b>36.56</b>	<b>-1%</b>
b) Average Inpatient Operational Beds	2,377	2,376	2,369	0%	0%	2,377	2,362	1%
c) Average Inpatient Occupancy	74.2%	70.9%	74.3%	333 bps	(4) bps	72.6%	73.6%	(101) bps
d) Average Length of Stay (days)	3.34	3.25	3.03	-3%	-10%	3.29	3.02	-9%
e) Average Revenue/Occupied Bed Day (Rs)	43,398	44,045	43,959	-1%	-1%	43,712	44,441	-2%
f) Other Operational Data								
Physicians	3,023	2,968	2,854	2%	6%	3,023	2,854	6%
Employees	9,597	9,388	9,202	2%	4%	9,597	9,202	4%
Customer Base (in lacs)	43.9	42.3	39.1	4%	12%	43.9	39.1	12%

\*The above results are for MHC Network of hospitals, includes results for Max Super Specialty Hospital, Saket, unit of Devki Devi Foundation, Max Super Speciality Hospital, Patparganj, unit of Balaji Medical and Diagnostic Research Centre; Saket City Hospital unit of Gujarmal Modi Hospital & Research Centre and Max Multi Speciality Hospital Greater Noida unit of Four Season Foundation

# MHC Network Hospitals (Saket\* & East Delhi^ Complex)

## – Performance Dashboard (Q2 & H1FY19)

Rs Cr

Key Business Drivers	Unit	Quarter Ended			Growth (%)		Half Year Ended		Y-o-Y
		Sep-18	Jun-18	Sep-17	Q-o-Q	Y-o-Y	Sep-18	Sep-17	Growth
<b>Saket Complex</b>									
a) Financial Performance									
Revenue(Net)	Rs. Cr	250	242	257	3%	-3%	492	512	-4%
EBITDA	Rs. Cr	29	20	30	40%	-4%	49	62	-21%
EBITDA Margin	%	11.5%	8.4%	11.6%	302 bps	(10) bps	10.0%	12.1%	(216) bps
b) Average Inpatient Operational Beds	No.	769	769	721	0%	7%	769	728	6%
c) Average Inpatient Occupancy	%	75.1%	71.8%	78.1%	(331) bps	(300) bps	73.5%	76.8%	(333) bps
d) Average Revenue/Occupied Bed Day	Rs.	51,705	52,297	52,139	-1%	-1%	51,993	52,511	-1%
e) Average Length of Stay	(days)	3.69	3.61	3.25	-2%	-14%	3.65	3.23	-13%
<b>East Delhi Complex</b>									
a) Financial Performance									
Revenue(Net)		182	166	173	10%	5%	348	336	3%
EBITDA	Rs. Cr	27	12	21	121%	28%	39	41	-6%
EBITDA Margin	%	14.7%	7.3%	12.0%	740 bps	264 bps	11.2%	12.2%	(107) bps
b) Average Inpatient Operational Beds	No.	709	691	694	3%	2%	700	685	2%
c) Average Inpatient Occupancy	%	81.3%	77.6%	78.8%	373 bps	251 bps	79.5%	78.0%	150 bps
d) Avg. Revenue/Occupied Bed Day	Rs.	38,076	37,841	36,752	1%	4%	37,963	37,160	2%
e) Average Length of Stay	(days)	3.46	3.24	3.04	-7%	-14%	3.35	3.03	-11%

\*Saket Complex includes Saket West Block, Saket East Block (unit of Devki Devi Foundation) & Max Smart (unit of Smart Hospital & Research Centre) hospital

^East Delhi Complex includes Max Patparganj (unit of Balaji Medical and Diagnostic Research Centre) & Max Vaishali hospital

# Max Bupa (Financial Snapshot – Q2 & H1FY19)

## Revenue

- Gross Written Premium (GWP) for Q2FY19 grows 30% to Rs. 219 Cr, driven by 54% growth in new sales and 18% growth in renewals.
- Average premium realisation (B2C segment) for Q2FY19 at Rs 8,293 grows 3% y-o-y
- Urban lives-in-force crosses 2.1 million, ~ 580K lives covered in Q2FY19
- Conservation ratio (B2C) for Q2FY19 at 85%, improved by 302 bps over PY
- HDFC Bank - Branch banking and Net banking went live in Q2; Telesales and Branch banking capacity scale up in Q3

## Profitability / Others

- Net loss at Rs 23 Cr in Q2FY19 vs Rs 6 Cr in PY. Normalising for reinsurance impact net loss is Rs 29 Cr in Q2FY19 vs Rs 20 Cr in PY.
- B2C claims ratio for the quarter at 55%, improved by 500 bps over PY

## Award and Accolades

- Recognized 3<sup>rd</sup> time as a Superbrand in 2018
- Won 'The Assocham Brand Science 2018 and Excellence Awards' under the category of 'Best Innovative Brand'

# Max Bupa – Performance Dashboard (Q2 & H1FY19)

Key Business Drivers	Quarter Ended		Y-o-Y Growth	Half Year Ended		Y-o-Y Growth
	Sep-18	Sep-17		Sep-18	Sep-17	
a) Gross written premium income						
First year premium	83	54	54%	142	108	32%
Renewal premium	136	115	18%	262	219	19%
<b>Total</b>	<b>219</b>	<b>168</b>	<b>30%</b>	<b>404</b>	<b>327</b>	<b>24%</b>
b) Net Earned Premium	182	146	25%	345	279	24%
c) Cash Profit /(Loss)	(22)	(2)	< -100%	(30)	3	< -100%
d) Pre tax Profit /(Loss)	(26)	(6)	< -100%	(39)	(5)	< -100%
e) Claim Ratio (B2C Segment, normalized)	55%	60%	500 bps	53%	58%	530 bps
f) Avg. premium realization per life (B2C)	8,293	8,057	3%	8,399	7,952	6%
g) Conservation ratio (B2C Segment)	85%	82%	302 bps	85%	83%	193 bps
h) Lives In force in millions (including RSBY)				3.1	2.5	24%
i) Number of agents				26,505	21,915	21%
j) Paid up Capital				941	926	2%



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