

Max India Limited

Investor Release

Quarter and Year ended March 31, 2019

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Max India – Key Highlights (Q4FY19)

- 1** **Max Healthcare to merge with Radiant:** CCI approval received; Application to Stock Exchanges & SEBI filed. NCLT filing by Jul'19. Expected completion 9-12 months
- 2** **Max Bupa divestment:** Shareholders approval received; Application filed with IRDAI. Expected completion 3-4 months
- 3** **Max Healthcare :** Net revenue grows 14% to Rs 708 Cr. EBITDA for Q4 at Rs. 85 Cr, grows 161%; EBITDA Margin for Q4 at 12%, improved by 673 bps
- 4** **Max Healthcare :** Smart turnaround in performance with a PAT of Rs. 19 Cr. In Q4FY19 against a Loss of Rs. 35 Cr. in the corresponding previous quarter
- 5** **Max Bupa:** GWP grows 29% to Rs 320 Cr, 43% growth in new sales; PBT of Rs 7 Cr vs Rs 33 Cr in PY. Normalising for reinsurance & IL&FS impairment, PBT of Rs 13 Cr vs 17 Cr in PY
- 6** **Antara:** Antara all set to pursue next phase of growth in Noida and New Chandigarh via an investment light model

MHC Network* (Financial Snapshot – Q4FY19)

Revenue

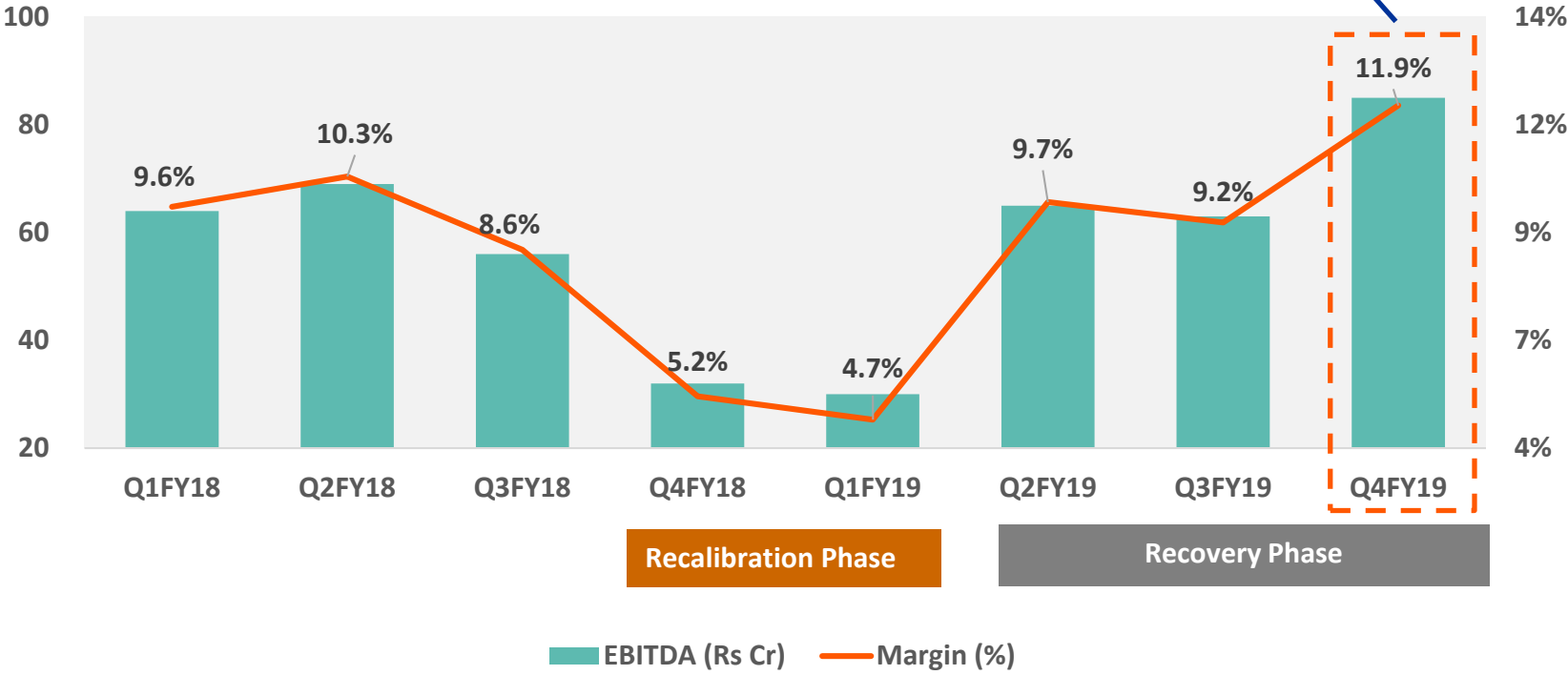
- Net revenue for Q4FY19 grows 14% to Rs. 708 Cr.
- East Delhi complex net revenue for Q4FY19 grows 20% to Rs. 193 Cr.
- Alternate business revenue for Q4FY19 at Rs 26 Cr, grows 109%
- Liver Transplant, Onco, Neuro and Renal specialities outpace overall growth, grows by 24%, 19%, 17% and 16% respectively
- TPA & Corporate channel outpace overall growth, grows 37%
- Avg. Revenue/Occupied Bed day in Q4FY19 improves to Rs 47,118, grows 8%
- Avg. Occupancy in Q4FY19 improves by 439 bps to 76%

Profitability

- EBITDA for Q4FY19 at Rs. 85 Cr, grows 161%; driven by strict cost actions
- EBITDA Margin for Q4FY19 at 12%, improved by 673 bps
- East Delhi complex EBITDA for Q4FY19 at Rs. 31 Cr, grows 194%; EBITDA Margin at 16%, improved by 954 bps
- Alternate business EBITDA for Q4 at Rs 4 Cr vs EBITDA loss of Rs 3 Cr last year
- Profit after tax for Q4FY19 at Rs 19 Cr vs net loss of Rs 35 Cr last year

MHC has delivered a sharp improvement in EBITDA and Margins that were temporarily hit by voluntary recalibration of business over 6 months

Sharp recovery in EBITDA margins from Q2FY19, achieved two years high EBITDA margin of 12% in Q4FY19



*The above results are for MHC Network of hospitals, includes results for Max Super Specialty Hospital, Saket, unit of Devki Devi Foundation, Max Super Specialty 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* – Performance Dashboard (Q4 & FY19)

Rs Cr

Key Business Drivers	Quarter Ended		Y-o-Y Growth	Year Ended		Y-o-Y Growth
	Mar-19	Mar-18		Mar-19	Mar-18	
a) Financial Performance						
Revenue (Gross)	763	670	14%	2,921	2,787	5%
Revenue (Net)	708	621	14%	2,696	2,619	3%
Direct Costs						
Material Cost	175	160	9%	672	657	2%
Clinician Payout	117	108	8%	449	458	-2%
Contribution	417	353	18%	1,575	1,504	5%
<i>Contribution Margin[^]</i>	58.9%	56.8%	206 bps	58.4%	57.4%	99 bps
Indirect Costs						
Personnel Cost	189	177	6%	746	688	8%
Other Indirect overheads	113	106	7%	455	458	-1%
HO Costs	31	37	-18%	132	136	-3%
EBITDA	85	32	> 100%	242	222	9%
<i>EBITDA Margin[^]</i>	11.9%	5.2%	673 bps	9.0%	8.5%	51 bps
Finance Cost	33	30	10%	129	129	-
Cash Profit	51	2	> 100%	113	92	22%
Depreciation	32	36	-12%	142	138	3%
Profit /(loss) before tax	19	(34)	> 100%	(29)	(46)	36%
Tax	-	1	0%	3	4	-39%
Profit /(loss) after tax	19	(35)	> 100%	(32)	(50)	36%
b) Financial Position						
Net Worth				1,041	1,071	-3%
Net Debt				1,248	1,227	2%
Tangible Fixed Assets - Gross Block				2,219	2,131	4%

*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
[^] on the basis of net revenue

MHC Network* – Performance Dashboard (Q4 & FY19)

Key Business Drivers	Quarter Ended		Y-o-Y Growth	Year Ended		Y-o-Y Growth
	Mar-19	Mar-18		Mar-19	Mar-18	
a) Patient Transactions (Nos. in lacs)						
Inpatient Procedures	0.47	0.44	5%	1.88	2.02	-7%
Day care Procedures	0.11	0.10	5%	0.45	0.48	-6%
Outpatient Registrations	17.63	16.47	7%	69.40	67.93	2%
Total	18.21	17.02	7%	71.73	70.44	2%
b) Average Inpatient Operational Beds	2,366	2,372	0%	2,376	2,378	0%
c) Average Inpatient Occupancy	76.0%	71.7%	439 bps	73.8%	73.1%	76 bps
d) Average Length of Stay (days)	3.48	3.45	-1%	3.40	3.14	-8%
e) Average Revenue/Occupied Bed Day (Rs)	47,118	43,810	8%	45,630	43,946	4%
f) Other Operational Data						
Physicians				3,057	2,882	6%
Employees				10,165	9,605	6%
Customer Base (in lacs)				46.6	42.3	10%

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

– Performance Dashboard (Q4 & FY19)

Rs Cr

Key Business Drivers	Unit	Quarter Ended		Y-o-Y Growth	Year Ended		Y-o-Y Growth
		Mar-19	Mar-18		Mar-19	Mar-18	
Saket Complex							
a) Financial Performance							
Revenue(Net)	Rs. Cr	265	245	8%	1,007	1,004	0%
EBITDA	Rs. Cr	32	31	3%	106	122	-13%
EBITDA Margin	%	12.2%	12.8%	(62) bps	10.5%	12.2%	(164) bps
b) Average Inpatient Operational Beds	No.	768	763	1%	768	744	3%
c) Average Inpatient Occupancy	%	76.6%	76.9%	(26) bps	74.5%	76.5%	(198) bps
d) Average Revenue/Occupied Bed Day	Rs.	54,245	49,800	9%	52,803	51,338	3%
e) Average Length of Stay	(days)	3.72	3.87	4%	3.68	3.41	-8%
East Delhi Complex							
a) Financial Performance							
Revenue(Net)		193	161	20%	725	671	8%
EBITDA	Rs. Cr	31	11	194%	98	75	31%
EBITDA Margin	%	16.1%	6.6%	954 bps	13.5%	11.2%	234 bps
b) Average Inpatient Operational Beds	No.	676	695	-3%	692	695	0%
c) Average Inpatient Occupancy	%	85.2%	76.2%	895 bps	81.6%	77.8%	377 bps
d) Avg. Revenue/Occupied Bed Day	Rs.	39,990	37,502	7%	38,435	37,115	4%
e) Average Length of Stay	(days)	3.81	3.49	-9%	3.66	3.16	-16%

*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 – Q4FY19)

Revenue

- Gross Written Premium (GWP) for Q4FY19 grows 29% to Rs. 320 Cr, driven by 43% growth in new sales and 20% growth in renewals.
- Bancassurance continues to gain traction as Banca & Alliances grows 50% in Q4, contribution to GWP increases to 33% in Q4FY19 vis-à-vis 28% in Q4FY18
- Urban lives-in-force crosses 2.5 million, ~ 767K lives covered in Q4FY19
- Conservation ratio (B2C) for Q4FY19 at 86%, improved by 503 bps over PY
- Selected as the exclusive SAHI partner of IDBI Bank, will increase the distribution reach by 2,000 branches and provide an access to 22 million customers

Profitability / Others

- Pre tax profit of Rs 7 Cr in Q4FY19 vs Rs 33 Cr in PY. Normalising for reinsurance impact & IL&FS impairment, Pre tax profit of Rs 13 Cr in Q4FY19 vs Rs 17 Cr in PY.
- B2C claims ratio for the quarter at 51%, improved by 240 bps over PY

Award and Accolades

- Won the 'The Economic Times Best Brands 2019' award, the only health insurance brand among 40 most preferred brands of Indian consumers
- Won the 'Digital Innovator Of The Year' award, in the 'India Insurance Summit and Awards 2019'

Max Bupa – Performance Dashboard (Q4 & FY19)

Key Business Drivers	Quarter Ended		Y-o-Y Growth	Year Ended		Y-o-Y Growth
	Mar-19	Mar-18		Mar-19	Mar-18	
a) Gross written premium income						
First year premium	127	89	43%	355	257	38%
Renewal premium	193	161	20%	592	497	19%
Total	320	249	29%	947	754	26%
b) Net Earned Premium	265	209	27%	797	638	25%
c) Cash Profit /(Loss)	11	37	-71%	(32)	39	< -100%
d) Pre tax Profit /(Loss)	7	33	-80%	(48)	23	< -100%
e) Claim Ratio (B2C Segment, normalized)*	51%	53%	240 bps	51%	55%	430 bps
f) Avg. premium realization per life (B2C)	7,979	8,176	-2%	8,141	8,063	1%
g) Conservation ratio (B2C Segment)	86%	81%	503 bps	86%	82%	387 bps
h) Urban Lives In force in millions				2.5	1.8	42%
i) Number of agents				31,555	25,376	24%
j) Paid up Capital				981	926	6%

Antara all set to pursue next phase of growth in Noida and New Chandigarh via an investment light model ...

Antara - Dehradun

- **110 apartments** sold as on date
- 86 units to be sold
- Average sales velocity from inception till date is **1.6**
- **73 residents** have moved in the Community

Antara - New Chandigarh

- Antara has entered into an agreement with Chandigarh based developer to **co-develop and sell ~ 650 units in 2 phases at under its brand**
- Units ranging from 1150 to 2250 Sqft to be sold at a launch price ranging from **INR 75 Lacs to INR 1.5 Cr**
- Antara to **invest** upto **Rs 20 Cr** in the project as secured loan carrying **18% RoI**. Additional, **investment of Rs. 26 Cr.** on account of corporate cost allocation & overheads related to project
- Developer to contribute land and organise debt for development of the Project
- Antara to get **17% of collections as fee** for sales & marketing and branding

Antara - Noida

- Antara had entered into an agreement with Noida based developer to **co-develop and sell ~ 550 senior living units in 2 phases at Sec 150 Noida under its brand**
- Commercial arrangement was similar to New Chandigarh; however project was put on hold as funding commitment to the developer was withdrawn on NBFC crisis
- Revised arrangement being finalised where Antara will have full control over the project, however will need to Guarantee the debt, which could be ~100 Cr.
- Antara to **invest refundable** upto **Rs 25 Cr** in the project. Additional, **investment of Rs. 26 Cr.** on account of corporate cost allocation and other overheads related to project
- Antara to get 10% of collections to meet sales & marketing and other overheads and 60% of share in net realisation from the Project
- Units ranging from 1150 to 2250 Sqft to be sold at a launch price ranging from INR 75 Lacs to INR 1.5 Cr

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