

Max India Limited

Investor Release

Quarter and Half Year ended September 30, 2019

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Max India – Key Highlights (Q2FY20)

1

Max Healthcare and Radiant to merge and list separately: Shareholders approve merger with 99.6% votes in NCLT convened meeting, NCLT approval and re-listing of Max Healthcare & Advaita (New Max India) expected by Mar/Apr'20

2

Max Bupa divestment: Shareholder's approval received in May'19 with 95% shareholders supporting. IRDA approval being progressed. Transaction closure expected by Dec'19 end

3

Max Healthcare : Net revenue grows 13% to Rs. 753 Cr. EBITDA for Q2 at Rs. 116 Cr, grows 79%; EBITDA Margin for Q2 at 15.4%, improved by 436 bps

4

Max Healthcare : PAT of Rs. 30 Cr. in Q2FY20 against a loss of Rs. 7 Cr. in the corresponding previous quarter

5

Max Bupa: GWP grows 29% to Rs 281 Cr in Q2, 50% growth in new sales. Normalising for reinsurance and impairment impact, Pre-tax loss of Rs 5 Cr in Q2FY20 vs Rs 26 Cr in PY

6

Antara: Antara forays into Assisted living with two pilots with different offering at different price points in Gurgaon and South Delhi over next 9-12 months.

MHC Network* (Financial Snapshot – Q2FY20)

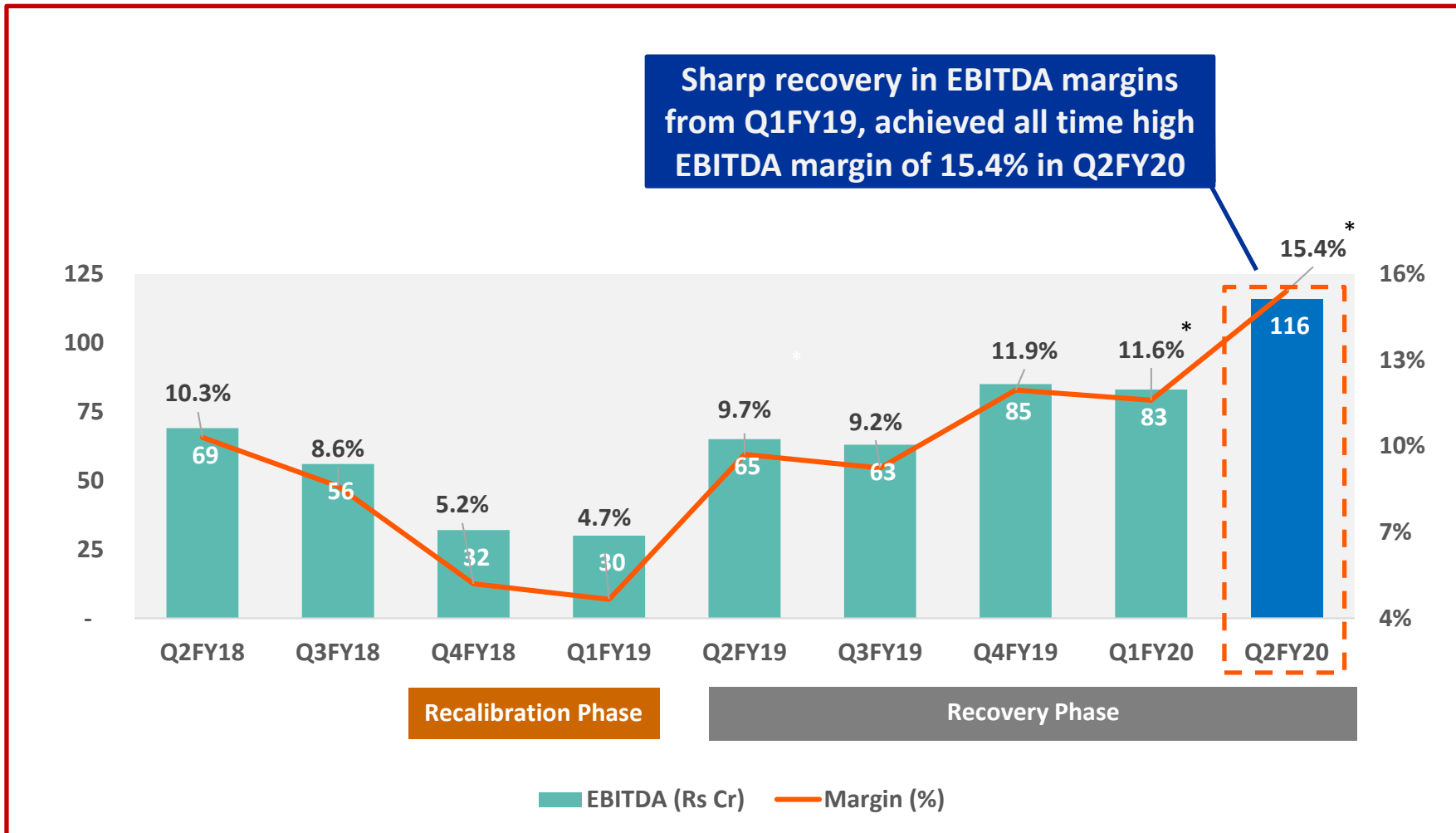
Revenue

- Net revenue for Q2FY20 grows 13% to Rs. 753 Cr.
- Outside NCR units gross revenue for Q2FY20 grows 19% to Rs. 118 Cr.
- Alternate business gross revenue for Q2FY20 at Rs 31 Cr, grows 39%
- Oncology & Renal specialities outpace overall growth, grows by 19% and 23%
- TPA & Corporate channel outpace overall growth, grows 17%
- Avg. Revenue/Occupied Bed day in Q2FY20 improves to Rs 49,607, grows 11%
- Avg. Occupancy in Q2FY20 improves by 100 bps to 75.2%

Profitability

- EBITDA for Q2FY20 at Rs. 116 Cr, grows 79%; driven by higher revenue and strict cost actions. EBITDA Margin for Q2FY20 at 15.4%, improved by 436 bps
- Saket complex EBITDA for Q2FY20 at Rs. 41 Cr, grows 42%; EBITDA Margin at 15.2%, improved by 345 bps
- East Delhi complex EBITDA for Q2FY20 at Rs. 36 Cr, grows 33%; EBITDA Margin at 17.4%, improved by 262 bps
- Profit after tax for Q2FY20 at Rs 30 Cr vs net loss of Rs 7 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



Note: Operating EBITDA pre IND AS 116 adjustment for Q2FY20 is 14.1% and H1FY20 is 12.3%

* Q1 & Q2FY20 EBITDA and EBITDA margin numbers are post IND AS 116 impact

MHC Network* – Performance Dashboard (Q2 & H1FY20)

Rs Cr

Key Business Drivers	Quarter Ended			Growth (%)		Half Year Ended		Y-o-Y Growth
	Sep-19	Jun-19	Sep-18	Q-o-Q	Y-o-Y	Sep-19	Sep-18	
a) Financial Performance								
Revenue (Gross)	820	778	727	5%	13%	1,599	1,420	13%
Revenue (Net)	753	714	664	5%	13%	1,467	1,300	13%
Direct Costs								
Material Cost	184	181	163	2%	13%	365	330	11%
Clincian Payout	122	120	109	1%	12%	241	221	9%
Contribution	447	413	392	8%	14%	861	749	15%
<i>Contribution Margin^</i>	59.4%	57.9%	59.1%	141 bps	23 bps	58.7%	57.6%	101 bps
Indirect Costs								
Personnel Cost	193	197	180	-2%	7%	390	362	8%
Other Indirect overheads	109	102	113	6%	-4%	211	223	-5%
HO Costs	30	31	34	-5%	-12%	61	70	-12%
EBITDA*	116	83	65	40%	79%	198	94	111%
<i>EBITDA Margin^</i>	15.4%	11.6%	9.7%	361 bps	436 bps	13.5%	7.2%	511 bps
Finance Cost*	44	40	33	9%	34%	84	61	39%
Cash Profit	72	42	32	70%	126%	114	33	243%
Depreciation*	40	40	38	-	6%	80	76	6%
Profit /(loss) before tax	32	2	(6)	> 100%	> 100%	34	(42)	> 100%
Tax	2	2	1	-	37%	3	3	34%
Profit /(loss) after tax	30	0.3	(7)	> 100%	> 100%	30	(45)	> 100%
b) Financial Position								
Net Worth **						884	873	1%
Net Debt**						1,342	1,254	7%
Tangible Fixed Assets - Gross Block**						2,399	2,270	6%

* IND AS 116 Adjustment P&L Impact – Lower Lease Rentals (Q2FY20 8 Cr; H1FY20 17 Cr); Higher Finance cost (Q2FY20 6 Cr; H1FY20 11 Cr); Higher Depreciation (Q2FY20 4 Cr; H1FY20 8 Cr)

** IND AS 116 Adjustment Balance sheet Impact – Higher Net Debt - Finance lease liability Rs 215 Cr; Increase in Fixed Asset - Right of use Asset Rs 135 Cr & Lower Net worth Rs 80 Cr

Note: Marketing and Employee discount earlier being reported as part of expense now reduced from Revenue

*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 (Q2 & H1FY20)

Key Business Drivers	Quarter Ended			Growth (%)		Half Year Ended		Y-o-Y Growth
	Sep-19	Jun-19	Sep-18	Q-o-Q	Y-o-Y	Sep-19	Sep-18	
a) Patient Transactions (Nos. in lacs)								
Inpatient Procedures	0.51	0.48	0.49	5%	5%	0.99	0.94	6%
Day care Procedures	0.15	0.13	0.11	10%	29%	0.28	0.23	23%
Outpatient Registrations	19.51	18.63	17.74	5%	10%	38.14	34.94	9%
Total	20.17	19.25	18.34	5%	10%	39.41	36.10	9%
b) Average Inpatient Operational Beds	2,385	2,369	2,377	1%	0%	2,377	2,377	0%
c) Average Inpatient Occupancy	75.2%	73.2%	74.2%	199 bps	100 bps	74.2%	72.6%	167 bps
d) Average Length of Stay (days)	3.48	3.34	3.37	-4%	-3%	3.41	3.34	-2%
e) Average Revenue/Occupied Bed Day (Rs)	49,607	49,289	44,783	1%	11%	49,451	45,004	10%
f) Other Operational Data								
Physicians	3,213	3,108	3,023	3%	6%	3,213	3,023	6%
Employees	10,152	10,217	9,597	-1%	6%	10,152	9,597	6%
Customer Base (in lacs)	49.4	48.0	43.9	3%	13%	49.4	43.9	13%

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

– Performance Dashboard (Q2 & H1FY20)

Rs Cr

Key Business Drivers	Unit	Quarter Ended			Growth (%)		Half Year Ended		Y-o-Y
		Sep-19	Jun-19	Sep-18	Q-o-Q	Y-o-Y	Sep-19	Sep-18	Growth
Saket Complex									
a) Financial Performance									
Revenue(Net)	Rs. Cr	272	261	247	4%	10%	533	487	9%
EBITDA	Rs. Cr	41	30	29	39%	42%	71	50	42%
EBITDA Margin	%	15.2%	11.4%	11.8%	376 bps	345 bps	13.4%	10.3%	310 bps
b) Average Inpatient Operational Beds	No.	768	768	769	0%	0%	768	769	0%
c) Average Inpatient Occupancy	%	73.8%	73.4%	75.1%	47 bps	(131) bps	73.6%	73.5%	10 bps
d) Average Revenue/Occupied Bed Day	Rs.	57,584	56,357	51,705	2%	11%	56,976	51,993	10%
e) Average Length of Stay	(days)	3.66	3.69	3.82	1%	4%	3.68	3.77	2%
East Delhi Complex									
a) Financial Performance									
Revenue(Net)		204	195	180	5%	13%	399	345	16%
EBITDA	Rs. Cr	36	28	27	26%	33%	64	39	65%
EBITDA Margin	%	17.4%	14.5%	14.8%	292 bps	262 bps	16.0%	11.3%	476 bps
b) Average Inpatient Operational Beds	No.	710	694	701	2%	1.2%	702	696	0.8%
c) Average Inpatient Occupancy	%	80.7%	81.6%	81.3%	(87) bps	(61) bps	81.2%	79.5%	167 bps
d) Avg. Revenue/Occupied Bed Day	Rs.	42,790	41,453	38,087	3%	12%	42,129	37,969	11%
e) Average Length of Stay	(days)	3.63	3.58	3.55	-2%	-2%	3.61	3.55	-2%

Note: Marketing and Employee discount earlier being reported as part of expense now reduced from Revenue
EBITDA & EBITDA margin numbers are post IND AS 116 impact

Max Bupa (Financial Snapshot – Q2 & H1FY20)

Revenue

- Gross Written Premium (GWP) for Q2FY20 grows 29% to Rs. 281 Cr, driven by 50% growth in new sales and 15% growth in renewals.
- Bancassurance continues to gain traction as Banca & Alliances grows 45% in Q2, contribution to GWP increases to 36% in Q2FY20 vis-à-vis 32% in Q2FY19
- Urban lives-in-force crosses 2.9 million, ~ 740K lives covered in Q2FY20
- Conservation ratio (B2C) for Q2FY20 at 88%, improved by 231 bps over PY
- Commenced business with IDBI Bank and corporate agency agreement signed with Indian Bank

Profitability / Others

- Pre tax loss of Rs 20 Cr in Q2FY20 vs Rs 26 Cr in PY. Normalising for reinsurance and impairment impact, Pre tax loss of Rs 5 Cr in Q2FY20 vs Rs 26 Cr in PY.
- B2C claims ratio for the quarter at 51%, improved by 450 bps over PY

Award and Accolades

- Won accolades for Digital Excellence in Insurance / Financial Services and Emerging Technology of the Year at 3rd Digital Enterprise Awards & B2B Marketing Awards 2019, Best Media Innovation: Digital – Social Media (#DonateYourWeight) at Emvies 2019, Asia's Best Employer Brand Awards 2019

Max Bupa – Performance Dashboard (Q1FY20)

Key Business Drivers	Quarter Ended		Y-o-Y Growth	Half Year Ended		Y-o-Y Growth
	Sep-19	Sep-18		Sep-19	Sep-18	
a) Gross written premium income						
First year premium	127	85	50%	234	146	61%
Renewal premium	154	134	15%	297	259	15%
Total	281	219	29%	532	404	32%
b) Net Earned Premium	234	182	28%	438	345	27%
c) Cash Profit /(Loss) ^	(16)	(22)	29%	(87)	(30)	< -100%
d) Pre tax Profit /(Loss) ^	(20)	(26)	25%	(96)	(39)	< -100%
e) Claim Ratio (B2C Segment, normalized)*	51%	55%	450 bps	50%	53%	310 bps
f) Avg. premium realization per life (B2C)	8,127	8,293	-2%	8,127	8,399	-3%
g) Conservation ratio (B2C Segment)	88%	85%	231 bps	88%	85%	305 bps
h) Urban Lives In force in millions				2.9	2.1	38%
i) Number of agents				35,042	26,505	32%
j) Paid up Capital				1,098	941	17%

^ Includes the impact of Additional Unearned premium reserve (Rs 57 Cr) created for reinsurance arrangement due to change in IRDAI regulations and Impairment of Investment (Rs 25 Cr) in H1FY20

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

Antara - Dehradun

- **116 apartments** sold; total inventory 192 units
- **81 residents** have moved in the Community

Antara - Noida

Progress since last board meeting ...

- Definitive Agreement signed with the developer to **co-develop and sell ~ 550 senior living units in 2 phases**
- Building Plans approval expected by Nov-19 end
- Design work re-initiated. Sales launch by mid Jan'20.

Recap of key specs of the project...

- **Unit size** : 1500 to 2800 Sqft
- **Price** : Rs 1 Cr to Rs 1.8 Cr
- **Approved Investment** : Rs 25 Cr (secured loan carrying 18% RoI) + Rs. 26 Cr. for corporate cost & Project overheads + CG for Project debt of Rs. 130 Cr.
- **Revenue** : 10% of collections + 62.5% of net realisation
- **Developer's contribution** : Land

Antara – Assisted Living

- **Market size** : \$ 1 billion
- Testing the concept by launching **2 pilots** in the **NCR**
- **Product offering** : Daily Living, Long-Term & Respite Care
- Differential pricing with **Value** and **Premium** version
- **Funding requirement** (for 2 centers): **Rs 6 Cr**
- **Revenue** Rs 5 Cr per center; **EBITA margin 15-18%**

Antara - New Chandigarh

Progress since last board meeting ...

- Definitive Agreement signed with the developer to **co-develop and sell ~ 650 units in 2 phases**
- Land & Project Debt related CPs to be completed by Dec'19. Design development work thereafter.

Recap of key specs of the project...

- **Unit size** : 1150 to 2250 Sqft
- **Price** : Rs 75 Lacs to Rs 1.5 Cr
- **Approved Investment** : Rs 20 Cr (secured loan carrying 18% RoI) + Rs. 26 Cr. for corporate cost & Project overheads
- **Revenue** : 17% of collections as fee
- **Developer's contribution** : land + project debt

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