

Max India Limited

Investor Release

Quarter and nine months ended December 31, 2019

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Max India – Key Highlights (Q3FY20)

1



Max India and Radiant merger with Max Healthcare progressing on track : NCLT hearing process concluded; final order awaited. Listing of Max Healthcare & Advaita (New Max India) shares expected by **Apr/May'20**

2



Max Healthcare : Net revenue grows **12%** to **Rs. 749 Cr.** EBITDA at **Rs. 121 Cr.**, grows **92%**. Sequential expansion trend in EBITDA Margin continues with margin touching all time high of **16.2%** in Q3FY20

3



Max Healthcare : PAT of **Rs. 52 Cr.** in Q3FY20 against a loss of **Rs. 7 Cr.** in the corresponding previous quarter

4



Antara Growth : Antara launched second community in Noida on 15th Jan 20, encouraging initial response... **15** bookings received, **12** in hot pipeline. Care Homes (Assisted Living) Pilots - **Gurgaon** launch by **Mar'20** and **Delhi** launch by **Q1FY21**. Antara forays in **Care@Home for Seniors vertical (or Home Care)**, launch planned by Q1FY21

5



Antara Doon : **123** units sold (PY 107). **85** residents have moved in. Sales Collections of **Rs 332 Cr** (PY Rs 274 Cr). Of the investment of **Rs. 284 Cr.** in Doon; investment of **Rs 150 Cr.** in learnings from Doon and interest cost because of prolonged sales period caused by unprecedented slowdown in residential real estate impaired in Max India in line with shift in growth strategy of Antara from **asset heavy** model to **asset light** model

6



Max Bupa Divestment : Divestment of 51% stake in Max Bupa to True North concluded in Dec'19. Consequently, Max India has a treasury corpus of **Rs. 516 Cr.** to take care of its future plans

MAX INDIA LIMITED

MAX HEALTHCARE

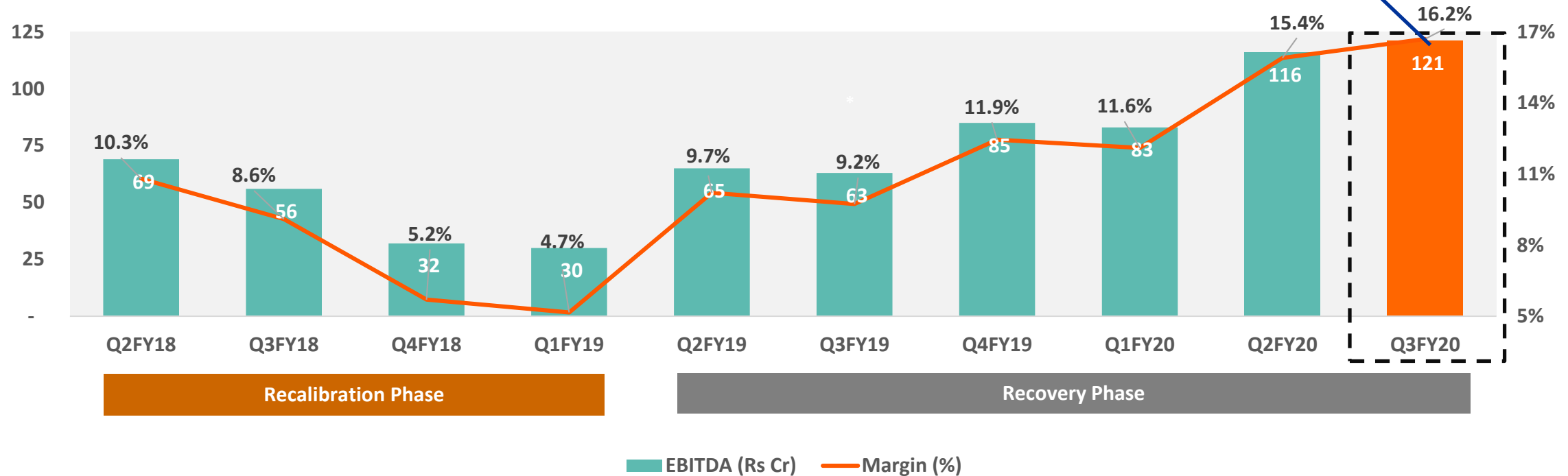
Revenue

- Net revenue for Q3FY20 grows **12%** to **Rs. 749 Cr.** This is 5th quarter in a row reporting growth in Revenues, EBITDA and Operating Margin y-o-y
- Oncology & Ortho specialities outpace overall growth, grows by **19%** and **15%**
- Seasoned physicians hired this quarter to spruce up Orthopaedics, Cardiac & Endocrinology specialties
- Avg. Revenue/Occupied Bed day in Q3FY20 improves to **Rs 50,250**, grows **11%**

Profitability

- EBITDA for Q3FY20 at **Rs. 121 Cr**, grows **92%**; driven by higher revenue and strict cost actions. EBITDA Margin for Q3FY20 at **16.2%**, improved by **686 bps**
- Saket complex EBITDA for Q3FY20 at **Rs. 45 Cr**, grows **83%**; EBITDA Margin at **16.6%**, improved by **674 bps**
- East Delhi complex EBITDA for Q3FY20 at **Rs. 36.5 Cr**, grows **31%**; EBITDA Margin at **17.7%**, improved by **243 bps**
- Profit after tax for Q3FY20 at **Rs 52 Cr** vs net loss of **Rs 7 Cr** last year

Sharp recovery in EBITDA margins from Q2FY19, achieved all time high EBITDA margin of 16% in Q3FY20



Note: Operating EBITDA pre IND AS 116 adjustment for Q3FY20 is 14.7% and 9MFY20 is 13.1%

* Q1, Q2 & Q3FY20 EBITDA and EBITDA margin numbers are post IND AS 116 impact

| Key Business Drivers | Quarter Ended | | | Growth (%) | | Nine months Ended | | Y-o-Y |
|--|---------------|------------|------------|------------------|------------------|-------------------|--------------|------------------|
| | Dec-19 | Sep-19 | Dec-18 | Q-o-Q | Y-o-Y | Dec-19 | Dec-18 | Growth |
| a) Financial Performance | | | | | | | | |
| Revenue (Gross) | 806 | 820 | 738 | -2% | 9% | 2,405 | 2,158 | 11% |
| Revenue (Net) | 749 | 753 | 672 | -1% | 12% | 2,216 | 1,971 | 12% |
| Direct Costs | | | | | | | | |
| Material Cost | 184 | 184 | 168 | 0% | 10% | 549 | 498 | 10% |
| Clinician Payout | 122 | 122 | 112 | 1% | 10% | 364 | 332 | 9% |
| Contribution | 442 | 447 | 392 | -1% | 13% | 1,303 | 1,141 | 14% |
| <i>Contribution Margin[^]</i> | 59.0% | 59.4% | 58.4% | (35) bps | 66 bps | 58.8% | 57.9% | 92 bps |
| Indirect Costs | | | | | | | | |
| Personnel Cost | 193 | 193 | 186 | 0% | 4% | 583 | 548 | 6% |
| Other Indirect overheads | 97 | 109 | 106 | -10% | -9% | 308 | 329 | -6% |
| HO Costs | 31 | 30 | 37 | 4% | -15% | 93 | 107 | -13% |
| EBITDA* | 121 | 116 | 63 | 5% | 92% | 320 | 157 | 103% |
| <i>EBITDA Margin[^]</i> | 16.2% | 15.4% | 9.4% | 80 bps | 686 bps | 14.4% | 8.0% | 639 bps |
| Finance Cost* | 40 | 44 | 35 | -9% | 13% | 124 | 96 | 30% |
| Cash Profit | 81 | 72 | 28 | 13% | 191% | 195 | 61 | 219% |
| Depreciation* | 42 | 40 | 35 | - | 21% | 122 | 110 | 11% |
| Profit /(loss) before tax | 39 | 32 | (7) | > 100% | > 100% | 73 | (49) | > 100% |
| Tax | (12) | 2 | - | | | (9) | 3 | |
| Profit /(loss) after tax | 52 | 30 | (7) | > 100% | > 100% | 82 | (51) | > 100% |
| b) Financial Position | | | | | | | | |
| Net Worth** | | | | | | 771 | 848 | -9% |
| Shareholder Loan (from Radiant) | | | | | | 439 | - | |
| Net Debt** | | | | | | 1,019 | 1,272 | -20% |
| Tangible Fixed Assets - Gross Block** | | | | | | 2,407 | 2,291 | 5% |

Note : Dec 18 figures have been restated, wherever required, to make them comparable with those of Dec 19

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

* IND AS 116 Adjustment P&L Impact in FY20: Lower Lease Rentals (Q3 Rs 9 Cr; 9M Rs 26 Cr); Higher Finance cost (Q3 Rs 6 Cr; 9M Rs 17 Cr); Higher Depreciation (Q3 Rs 4 Cr; 9M Rs 13 Cr)

** IND AS 116 Adjustment Balance sheet Impact – Higher Net Debt - Finance lease liability Rs 226 Cr; Increase in Fixed Asset - Right of use Asset Rs 144 Cr & Lower Net worth Rs 82 Cr

*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

| Key Business Drivers | Quarter Ended | | | Growth (%) | | Nine months Ended | | Y-o-Y Growth |
|--|---------------|--------------|--------------|-------------|-----------|-------------------|--------------|--------------|
| | Dec-19 | Sep-19 | Dec-18 | Q-o-Q | Y-o-Y | Dec-19 | Dec-18 | |
| a) Patient Transactions (Nos. in lacs) | | | | | | | | |
| Inpatient Procedures | 0.49 | 0.51 | 0.46 | -4% | 6% | 1.48 | 1.42 | 5% |
| Day care Procedures | 0.13 | 0.15 | 0.12 | -14% | 7% | 0.41 | 0.34 | 18% |
| Outpatient Registrations | 17.41 | 19.51 | 16.83 | -11% | 3% | 55.61 | 51.77 | 7% |
| Total | 18.02 | 20.17 | 17.41 | -11% | 4% | 57.50 | 53.53 | 7% |
| b) Average Inpatient Operational Beds | 2,370 | 2,385 | 2,383 | -1% | -1% | 2,375 | 2,379 | 0% |
| c) Average Inpatient Occupancy | 73.6% | 75.2% | 74.2% | (163) bps | (60) bps | 74.0% | 73.1% | 93 bps |
| d) Average Length of Stay (days) | 3.53 | 3.48 | 3.42 | -1% | -3% | 3.45 | 3.41 | -1% |
| e) Average Revenue/Occupied Bed Day (Rs) | 50,252 | 49,607 | 45,367 | 1% | 11% | 49,717 | 45,120 | 10% |
| f) Other Operational Data | | | | | | | | |
| Physicians | 3,221 | 3,213 | 3,136 | 0% | 3% | 3,221 | 3,136 | 3% |
| Employees | 9,982 | 10,152 | 9,715 | -2% | 3% | 9,982 | 9,715 | 3% |
| Customer Base (in lacs) | 50.7 | 49.4 | 45.3 | 3% | 12% | 50.7 | 45.3 | 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

| Key Business Drivers | Unit | Quarter Ended | | | Growth (%) | | Nine months Ended | | Y-o-Y Growth |
|---------------------------------------|--------|---------------|--------|--------|------------|-----------|-------------------|--------|--------------|
| | | Dec-19 | Sep-19 | Dec-18 | Q-o-Q | Y-o-Y | Dec-19 | Dec-18 | |
| Saket Complex | | | | | | | | | |
| a) Financial Performance | | | | | | | | | |
| Revenue(Net) | Rs. Cr | 270 | 272 | 248 | -1% | 9% | 803 | 735 | 9% |
| EBITDA | Rs. Cr | 45 | 41 | 24 | 8% | 83% | 116 | 73 | 58% |
| EBITDA Margin | % | 16.6% | 15.2% | 9.9% | 140 bps | 674 bps | 14.5% | 10.0% | 446 bps |
| b) Average Inpatient Operational Beds | No. | 768 | 768 | 768 | 0% | 0% | 768 | 769 | 0% |
| c) Average Inpatient Occupancy | % | 71.4% | 73.8% | 74.5% | (239) bps | (305) bps | 72.9% | 73.8% | 95 bps |
| d) Average Revenue/Occupied Bed Day | Rs. | 58,601 | 57,584 | 52,944 | 2% | 11% | 57,509 | 52,314 | 10% |
| e) Average Length of Stay | (days) | 3.66 | 3.66 | 3.82 | 0% | 4% | 3.68 | 3.77 | 2% |
| East Delhi Complex | | | | | | | | | |
| a) Financial Performance | | | | | | | | | |
| Revenue(Net) | | 206 | 204 | 183 | 1% | 13% | 605 | 527 | 15% |
| EBITDA | Rs. Cr | 36 | 36 | 28 | 2% | 31% | 100 | 67 | 50% |
| EBITDA Margin | % | 17.7% | 17.4% | 15.3% | 26 bps | 243 bps | 16.6% | 12.7% | 395 bps |
| b) Average Inpatient Operational Beds | No. | 730 | 710 | 702 | 3% | 4.0% | 711 | 698 | 1.9% |
| c) Average Inpatient Occupancy | % | 78.8% | 80.7% | 82.2% | (191) bps | (342) bps | 80.4% | 80.4% | (6) bps |
| d) Avg. Revenue/Occupied Bed Day | Rs. | 41,956 | 42,790 | 37,779 | -2% | 11% | 42,070 | 37,900 | 11% |
| e) Average Length of Stay | (days) | 3.63 | 3.63 | 3.55 | 0% | -2% | 3.61 | 3.55 | -2% |

*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

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ADVAITA ALLIED HEALTH SERVICES LIMITED



ANTARA



Senior Living - Invested Capital (Rs 395 Cr)

Cash as at Dec'19 – Rs 516 Cr

**Max Towers (3 Floors; 61k sq ft)
Invested amount – Rs 93 Cr**

Antara 1.0 - Dehradun (Asset Heavy)

Invested Capital[^] (Rs 284 Cr)

| | Rs Cr |
|--|------------|
| Investment | 284 |
| Less: Impairment | (150) |
| Fair Value (Unsold inventory of 69 units, Ownership of Club House & Usable FSI) | 134 |

Utilization of cash received on Max Bupa divestment :

Annual Rental Income of Rs 6 Cr expected on fully leased out basis

- **Reserved for Proposed Capital Reduction – Rs. 200 Cr.** (exit option to shareholders who may choose not to participate in Max India's future growth prospects)
- **Antara Growth Capital – Rs. 300+ Cr.** (to be deployed over next 3-4 years)

- Lease agreement executed for renting out **one of the 3 floors**
- Search for Tenants for the other two floors underway

Antara 2.0 - Growth (Asset Light)

Invested Capital (Rs 110 Cr)

| |
|--|
| Residences for Seniors – Noida launched in Jan20 |
| Care Homes (Assisted Living) – Pilots in Gurgaon & Delhi |
| Care@Home (Home care) – Pilot launch by Q1FY21 |

[^] Equity – Rs 265 Cr; ICD – Rs 19 Cr

Antara Doon: 123 units sold (PY 107) out of total inventory 192 units; 85 residents have moved in the Community



ANTARA



| Inventory | 192 apartments | |
|---|---------------------|------------|
| Cumulative Sales | 123 apartments | |
| Cumulative Sales Collections | INR 332 Cr | |
| Sales velocity per month (9MFY20) – Gross Net | 2.8 1.7 | |
| Selling Price per Sqft (9M FY20) | INR 11,850 per Sqft | |
| Unsold inventory at current selling price | 37% ~ INR 270 Cr | |
| Investment in Clubhouse | INR 66 Cr | |
| Usable Land | INR 17 Cr | |
| External Term Debt | INR 176 Cr | |
| Max India Investment | Gross Equity | INR 265 Cr |
| | (-) Impairment | INR 150 Cr |
| | Net Equity | INR 115 Cr |
| | Debt (ICD) | INR 19 Cr |



Experience a new urban life, on your own terms.

Phase 1

4
Acres (16,513 Sqm)

3
Residences

300 +
Apartments

3
Apartment Types

Fully Finished Residences
Equipped with all white goods

Senior specific design features
for safety and comfort

Expansive Club spread over 3700 sq.m

24X7 Primary Healthcare Facilities & Emergency Response Team

Round-the- clock resident services team

Engagement Activities tailored for residents

Convenient location
of Sector 150 with easy connectivity

Trained professional team
at to fulfill all service requests




Like-minded neighborhood
for an active social lifestyle

Encouraging response till date

- **Leads generated:** 531
- **Conversions:** 15 bookings (application money collected)
- **Pipeline:** 55 meetings done
- **Hot pipeline:** 12 prospects
- **Channel Partners on Board:** 8, over 100 FOS trained from top 5 channel partners
- **Events done:** 9 including MHC doctors & Vendors, MLI agents, Channel Partners ~250 participants
- Received **positive response** on Product, Services & Pricing

- **Market size : \$ 1 billion**
- **Product offering** : Daily Living, Short and Long-Term stay, Respite Care, Memory care
- Differential pricing with **Value** and **Premium** version
- **Unit economics:** Steady state revenues of **Rs 6-9 Cr** with EBITDA of **19-23%** per center, with breakeven in Year 2
- Peak Funding requirement **Rs 3 Cr** per center

Update on Care Homes Pilot ~Gurgaon | Delhi

 *Completed*
  *On track*
  *Discussions ongoing*

Gurgaon

1. Property finalisation
2. Operational Planning incl SOP, Service delivery plan
3. Product offering & pricing
4. Design development & finalisation
5. Execution work at site
6. Annual Budget
7. Manpower planning & hiring started
8. Customer Acquisition ~BTL activities, Discussion with Doctors, end users
9. Contract and Documentation ~Customer, Hospital, Doctor contract

Update



Delhi

1. Property finalisation



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